

Annual Securities Report

(Report in accordance with Article 24, paragraph (1) of the Financial Instruments and Exchange Act)
The 97th Business Term
From April 1, 2023 to March 31, 2024

MITSUBISHI GAS CHEMICAL COMPANY,
INC.

5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan

(E00815)

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Independent Auditors' Report

Internal Control Report

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[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 25, 2024
[Fiscal year]	The 97th business term (from April 1, 2023 to March 31, 2024)
[Company name]	三菱瓦斯化学株式会社 (<i>Mitsubishi Gas Kagaku Kabushiki Kaisha</i>)
[Company name in English]	MITSUBISHI GAS CHEMICAL COMPANY, INC.
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[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part I. Company Information

I. Overview of the Company

1. Trends in key financial indicators

(1) Consolidated financial indicators

Fiscal year		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	613,344	595,718	705,656	781,211	813,417
Ordinary profit	(Millions of yen)	31,116	50,240	74,152	69,764	46,040
Profit attributable to owners of parent	(Millions of yen)	21,158	36,070	48,295	49,085	38,818
Comprehensive income	(Millions of yen)	13,988	53,101	66,232	69,751	87,753
Net assets	(Millions of yen)	548,141	581,411	630,887	671,249	684,832
Total assets	(Millions of yen)	771,733	836,364	928,651	1,029,317	1,068,010
Net assets per share	(Yen)	2,368.11	2,520.34	2,733.86	2,970.07	3,284.96
Basic earnings per share	(Yen)	100.50	173.41	232.15	239.08	190.97
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	63.82	62.68	61.25	59.03	61.59
Return on equity	(%)	4.25	7.09	8.84	8.35	6.14
Price earnings ratio	(Times)	11.70	15.65	8.96	8.21	13.56
Cash flows from operating activities	(Millions of yen)	74,234	55,464	52,090	55,222	73,473
Cash flows from investing activities	(Millions of yen)	(33,922)	(40,370)	(64,954)	(64,071)	(76,172)
Cash flows from financing activities	(Millions of yen)	(49,563)	5,154	(3,666)	7,996	(40,689)
Cash and cash equivalents at end of period	(Millions of yen)	70,043	91,075	92,257	101,185	65,397
Number of employees	(Persons)	8,954	8,998	9,888	10,050	7,918

Notes: 1. Information on diluted earnings per share is omitted due to an absence of potential shares.

2. Since the beginning of FY2021, the Company applies the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., and key financial indicators for FY2021 onward are those after applying the accounting standard, etc.

(2) Financial indicators of reporting company

Fiscal year		FY2019	FY2020	FY2021	FY2022	FY2023
Fiscal year ended		March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Net sales	(Millions of yen)	351,348	344,898	427,927	439,525	400,848
Ordinary profit	(Millions of yen)	30,066	26,443	46,116	40,528	37,561
Profit	(Millions of yen)	29,332	23,966	35,812	37,371	31,730
Share capital	(Millions of yen)	41,970	41,970	41,970	41,970	41,970
Total number of issued shares	(Thousands of shares)	225,739	225,739	225,739	222,239	217,239
Net assets	(Millions of yen)	290,955	306,478	323,002	331,922	343,671
Total assets	(Millions of yen)	425,713	469,634	529,631	584,435	609,326
Net assets per share	(Yen)	1,398.96	1,473.36	1,552.56	1,622.47	1,716.39
Dividends per share	(Yen)	70.00	70.00	80.00	80.00	80.00
[Interim dividends per share]	(Yen)	(35.00)	(35.00)	(45.00)	(40.00)	(40.00)
Basic earnings per share	(Yen)	139.33	115.22	172.15	182.03	156.09
Diluted earnings per share	(Yen)	–	–	–	–	–
Equity ratio	(%)	68.35	65.26	60.99	56.79	56.40
Return on equity	(%)	10.08	8.02	11.38	11.41	9.39
Price earnings ratio	(Times)	8.44	23.56	12.09	10.78	16.59
Dividend payout ratio	(%)	50.24	60.75	46.47	43.95	51.25
Number of employees	(Persons)	2,391	2,427	2,461	2,448	2,486
Total shareholder return	(%)	78.9	180.7	145.7	143.3	188.1
[Comparison benchmark: Dividend-included TOPIX]	(%)	(90.5)	(128.6)	(131.2)	(138.8)	(196.2)
Highest share price	(Yen)	1,876	2,858	2,823	2,234	2,685.5
Lowest share price	(Yen)	1,051	1,108	1,842	1,766	1,899

- Notes:
- Information on diluted earnings per share is omitted due to an absence of potential shares.
 - The highest and lowest share prices are those quoted on the Tokyo Stock Exchange Prime Market on or after April 4, 2022, and on the Tokyo Stock Exchange 1st Section before April 4, 2022.
 - Since the beginning of FY2021, the Company applies the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., and key financial indicators for FY2021 onward are those after applying the accounting standard, etc.

2. History

April 1951	Established Nippon Gas Chemical Industry Co., Ltd. with the aim of engaging in natural gas chemical industry
September 1952	Began operations at the methanol production facilities of the Enoki Plant (production ceased in December 1974)
February 1954	Listed on the Tokyo Stock Exchange
April 1957	Absorbed Japan Urea Industry Co., Ltd., and began operations as the Matsuhama Plant (currently Niigata Plant)
May 1960	Began operations at the Mizushima Plant of Japan Resin Chemical Industry Co., Ltd. (currently the Mizushima Plant)
January 1962	Established Japan Styrene Paper Co., Ltd (currently JSP Corporation, an entity accounted for using equity method)
January 1968	Began operations of a xylene separation and isomerization unit developed by the Company at the Mizushima Plant
October 1971	Merged with Mitsubishi Edogawa Chemical Co., Ltd. and renamed Mitsubishi Gas Chemical Company, Inc.
October 1978	Began operations at Kashima Plant, started manufacturing hydrogen peroxide
November 1979	Established Japan Saudi Arabia Methanol Co., Inc. (currently an entity accounted for using equity method)
October 1982	Established Mitsubishi Gas Chemical Singapore Pte. Ltd. (currently a consolidated subsidiary)
June 1983	Began operations at Japan Saudi Arabia Methanol Co., Inc. for the Saudi Methanol Project promoted mainly by the Company
October 1984	Established Mitsubishi Gas Chemical America, Inc. (currently a consolidated subsidiary)
March 1991	Established Electrotechno Co., Ltd. (currently MGC Electrotechno Co., Ltd., a consolidated subsidiary)
March 1992	Metanol de Oriente, Metor, S.A. (currently an equity method affiliate) established as a joint venture with local capital and Mitsubishi Corporation
March 1994	Mitsubishi Engineering-Plastics Corporation (currently a consolidated subsidiary) established as a joint venture with Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation)
January 1995	Established MGC Pure Chemicals America, Inc. (currently a consolidated subsidiary)
July 1995	Established Thai Polyacetal Co., Ltd. as a joint venture with local capital (currently a consolidated subsidiary)
July 2000	In-house company system established
June 2003	Adopted the Executive Officer system
October 2005	Established MGC Filsheet Co., Ltd. (currently a consolidated subsidiary) by integrating Osaka Plant with Fuji Kasei Co., Ltd.
March 2006	Established BRUNEI METHANOL CO., SDN. BHD. (currently an equity-method affiliate) in joint venture with local capital and Itochu Corporation
August 2009	Established LingYou Engineering-Plastics (Shanghai) Co., Ltd. (currently Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd., a consolidated subsidiary)
January 2012	Established MGC Electrotechno (Thailand) Co., Ltd. (currently a consolidated subsidiary)
March 2013	Established Caribbean Gas Chemical Limited
July 2018	Established Mitsubishi Gas Chemical Trading, Inc. (currently a consolidated subsidiary)
December 2018	Established Taixing MGC Lingsu Co., Ltd. (currently a consolidated subsidiary)
April 2020	Restructured and integrated corporate and company divisions into six divisions
April 2022	Transitioned from the 1st Section of the Tokyo Stock Exchange to the Prime Market following the market segment review

3. Description of business

The Group (the Company and its affiliates) consists of the Company (Mitsubishi Gas Chemical Company, Inc.), 84 subsidiaries and 31 affiliates, and the business activities of the Group and the positioning of the Company and its affiliates in relation to these businesses are as described below.

The following business segments are the same as those described in “V. Financial Information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements - Notes (Segment Information, etc.)”

Basic Chemicals Business Sector

Mainly produces and sells methanol, chemical products for methanol and ammonia, life science products, general aromatic products, specialty aromatic products, foaming plastics and electric power.

Major subsidiaries and associates

Japan Finechem Co., Inc., MGC Terminal Co., Inc., Toho Earthtech, Inc., Japan U-Pica Co., Ltd., MGC Specialty Chemicals Netherlands B.V., Mitsubishi Gas Chemical Trading, Inc., Mitsubishi Gas Chemical Singapore Pte. Ltd., Mitsubishi Gas Chemical America, Inc., MGC Energy Co., Ltd., MGC Woodchem Corporation, Kokuka Sangyo Co., Ltd., Japan Saudi Arabia Methanol Co., Inc., Metanol de Oriente, Metor, S.A., Brunei Methanol Company Sdn. Bhd., Japan Trinidad Methanol Company, Inc., Yuzawa Geothermal Power Corporation, JSP Corporation

Specialty Chemicals Business Sector

Mainly produces and sells inorganic chemicals, plastic lens monomer, engineering plastics, electronic materials and oxygen absorbers.

Major subsidiaries and associates

Taixing MGC Lingsu Co., Ltd., Samyoung Pure Chemicals Co., Ltd., MGC Pure Chemicals America, Inc., MGC Pure Chemicals Singapore Pte. Ltd., MGC Pure Chemicals Taiwan, Inc., MGC Filsheet Co., Ltd., Global Polyacetal Co., Ltd., Thai Polyacetal Co., Ltd., Korea Polyacetal Co., Ltd., Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd., Mitsubishi Gas Chemical Trading, Inc., Mitsubishi Gas Chemical Singapore Pte. Ltd., Mitsubishi Gas Chemical America, Inc., MGC Electrotechno Co., Ltd., MGC Electrotechno (Thailand) Co., Ltd., Eiwa Chemical Industry Co., Ltd., Mitsubishi Engineering-Plastics Corporation, Thai Polycarbonate Co., Ltd., Korea Engineering Plastics Co., Ltd., Otsuka-MGC Chemical Company, Inc., Ryoden Kasei Co., Ltd., Tai Hong Circuit Industrial Co., Ltd., Granopt Co., Ltd., Samyang Kasei Co., Ltd.

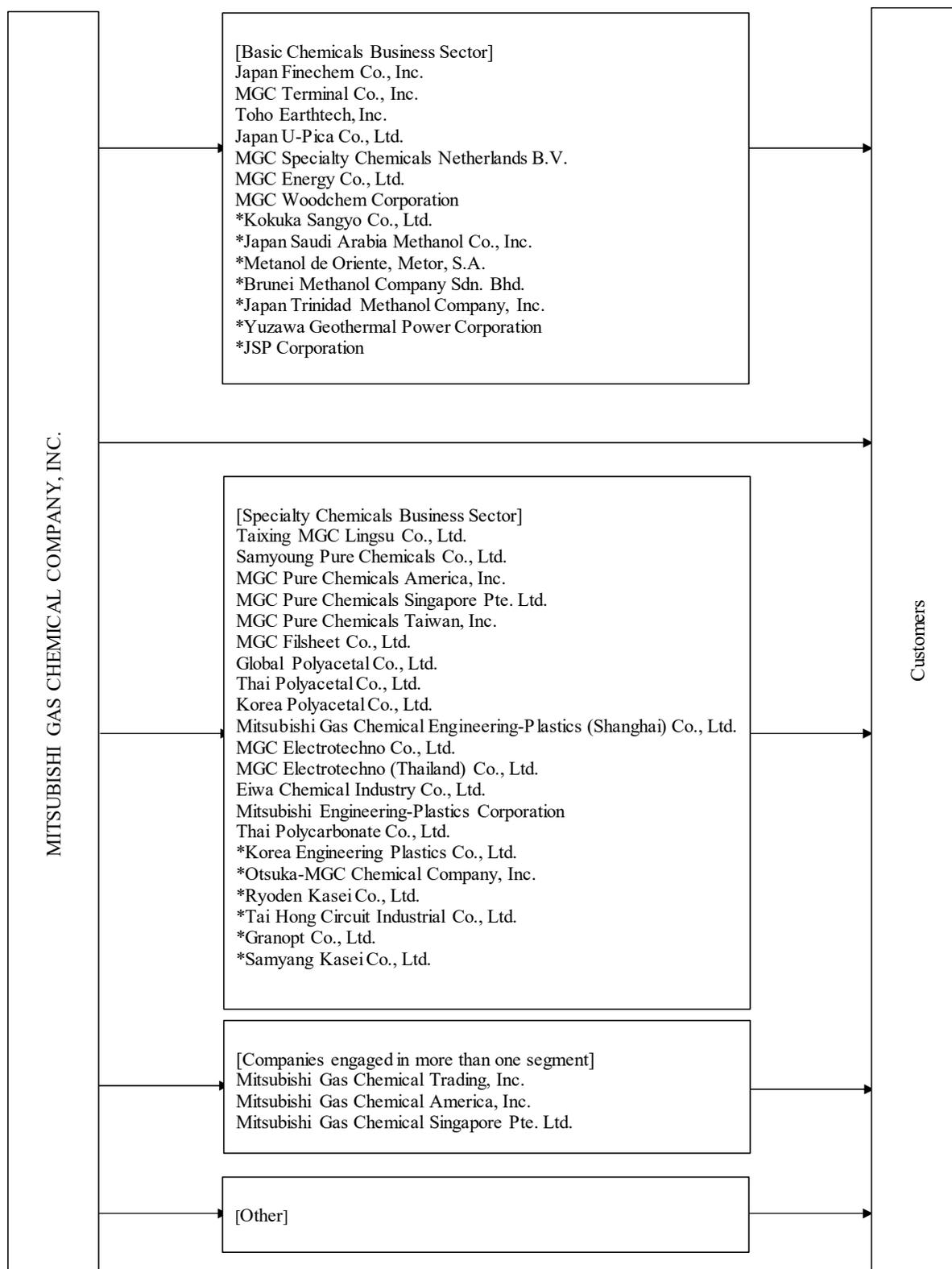
Other

Includes the real estate business, etc., which is not included in the above businesses.

Note: Affiliates engaged in more than one segment are included in each segment.

Group business organization chart

The above-mentioned matters are shown in the following business organization chart.



Notes: 1. Only major subsidiaries and associates are listed.

Unmarked: Consolidated subsidiaries *: Entities accounted for using equity method

2. The arrows denote sale of products, purchase of raw materials, supply of manufacturing technology and/or provision of services.

4. Overview of subsidiaries and associates

Consolidated subsidiaries

Name	Address	Share capital (Millions of yen)	Principal business	Ratio of voting rights held (%)	Relationship
Japan Finechem Co., Inc.	Chiyoda-ku, Tokyo	274	Basic Chemicals	100.0	Customer for the Company's products (raw materials for organic synthesis products) Interlocking officers
MGC Terminal Co., Inc.	Chiyoda-ku, Tokyo	100	Basic Chemicals	100.0 [14.2]	Storage services, etc. for the Company's products Interlocking officers
Toho Earthtech, Inc.	Niigata-shi, Niigata	240	Basic Chemicals	50.3	Interlocking officers
MGC Specialty Chemicals Netherlands B.V. (Note 5)	Rotterdam, The Netherlands	(Thousands of Euro) 20,000	Basic Chemicals	100.0	Manufacture of the Company's products (MXDA) Interlocking officers
Japan U-Pica Co., Ltd.	Chiyoda-ku, Tokyo	1,100	Basic Chemicals	100.0	Customer for the Company's products (paint resin raw materials) Interlocking officers
MGC Energy Co., Ltd.	Chiyoda-ku, Tokyo	5	Basic Chemicals	100.0	Purchase and sales of the Company's products (electric power) Interlocking officers
MGC Woodchem Corporation	Chiyoda-ku, Tokyo	80	Basic Chemicals	100.0	Manufacture of the Company's products (formalin) Interlocking officers
Taixing MGC Lingsu Co., Ltd. (Note 5)	Jiangsu, China	(Thousands of RMB) 334,256	Specialty Chemicals	100.0	Provision of the Company's hydrogen peroxide production technology Interlocking officers
Samyoung Pure Chemicals Co., Ltd.	Cheonan, Korea	(Millions of KRW) 3,500	Specialty Chemicals	51.0	Provision of the Company's production technology for ultra-pure hydrogen peroxide Interlocking officers
MGC Pure Chemicals America, Inc. (Note 5)	Arizona, U.S.A.	(Thousands of USD) 137,079	Specialty Chemicals	100.0 [7.3]	Provision of the Company's production technology for ultra-pure hydrogen peroxide Interlocking officers
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	(Thousands of USD) 7,106	Specialty Chemicals	100.0 [5.2]	Provision of the Company's production technology for ultra-pure hydrogen peroxide Interlocking officers
MGC Pure Chemicals Taiwan, Inc.	Taichung, Taiwan	(Millions of NTD) 80	Specialty Chemicals	100.0	Provision of the Company's production technology for ultra-pure hydrogen peroxide Interlocking officers
MGC Filsheet Co., Ltd.	Tokorozawa-shi, Saitama	50	Specialty Chemicals	100.0 [45.4]	Manufacture of the Company's products (polycarbonate sheets/films) Interlocking officers
Global Polyacetal Co., Ltd.	Minato-ku, Tokyo	301	Specialty Chemicals	100.0	Interlocking officers
Thai Polyacetal Co., Ltd.	Bangkok, Thailand	(Thousands of THB) 840,571	Specialty Chemicals	70.0 [70.0]	Interlocking officers
Korea Polyacetal Co., Ltd.	Seoul, Korea	(Millions of KRW) 1,060	Specialty Chemicals	100.0 [100.0]	Interlocking officers

Name	Address	Share capital (Millions of yen)	Principal business	Ratio of voting rights held (%)	Relationship
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd. (Note 5)	Shanghai, China	(Thousands of RMB) 2,072,661	Specialty Chemicals	100.0	Provision of the Company's production technology for polycarbonate resin Interlocking officers
MGC Electrotechno Co., Ltd. (Note 5)	Chiyoda-ku, Tokyo	500	Specialty Chemicals	100.0	Manufacture of the Company's products (materials for printed wiring boards) Interlocking officers
MGC Electrotechno (Thailand) Co., Ltd.	Rayong Province, Thailand	(Thousands of THB) 710,000	Specialty Chemicals	100.0 [100.0]	Manufacture of the Company's products (materials for printed wiring boards) Interlocking officers
Eiwa Chemical Industry Co., Ltd.	Kyoto-shi, Kyoto	420	Specialty Chemicals	90.9	Interlocking officers
Mitsubishi Engineering-Plastics Corporation	Minato-ku, Tokyo	3,000	Specialty Chemicals	75.0	Customer for the Company's products (synthetic resins) Interlocking officers
Thai Polycarbonate Co., Ltd.	Bangkok, Thailand	(Millions of THB) 1,000	Specialty Chemicals	65.0 [60.0]	Provision of the Company's production technology for polycarbonate resin Interlocking officers
Mitsubishi Gas Chemical Trading, Inc. (Note 5)	Chiyoda-ku, Tokyo	210	Basic Chemicals/ Specialty Chemicals	100.0	Purchase and sales, etc. of the Company's products Interlocking officers
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	(Thousands of USD) 1,161	Basic Chemicals/ Specialty Chemicals	100.0	Purchase and sales of the Company's products (methanol, etc.) Interlocking officers
Mitsubishi Gas Chemical America, Inc.	New York, U.S.A.	(Thousands of USD) 1,084	Basic Chemicals/ Specialty Chemicals	100.0	Purchase and sales of the Company's products (methanol, etc.) Interlocking officers
Other 21 companies					

Entities accounted for using equity method

Name	Address	Share capital (Millions of yen)	Principal business	Ratio of voting rights held (%)	Relationship
Kokuka Sangyo Co., Ltd.	Minato-ku, Tokyo	100	Basic Chemicals	50.0	Marine transportation of the Company's products Interlocking officers
Japan Saudi Arabia Methanol Co., Inc.	Chiyoda-ku, Tokyo	2,310	Basic Chemicals	47.4	Import of the Company's products (methanol) Investment in and finance for foreign manufacturing companies Interlocking officers
Metanol de Oriente, Metor, S.A.	Anzoategui, Venezuela	(Thousands of USD) 134,689	Basic Chemicals	25.0	Manufacture of the Company's products (methanol) Interlocking officers
Brunei Methanol Company Sdn. Bhd.	Belait District, Brunei	(Thousands of USD) 189,400	Basic Chemicals	50.0	Manufacture of the Company's products (methanol) Interlocking officers
Japan Trinidad Methanol Company, Inc.	Chiyoda-ku, Tokyo	12,025	Basic Chemicals	50.0	Investment in and finance for foreign manufacturing companies Interlocking officers
Yuzawa Geothermal Power Corporation	Yuzawa-shi, Akita	3,802	Basic Chemicals	20.0	Interlocking officers
JSP Corporation (Note 4)	Chiyoda-ku, Tokyo	10,128	Basic Chemicals	47.7	Interlocking officers
Korea Engineering Plastics Co., Ltd.	Seoul, Korea	(Millions of KRW) 12,600	Specialty Chemicals	50.0 [10.0]	Interlocking officers
Otsuka-MGC Chemical Company, Inc.	Osaka-shi, Osaka	450	Specialty Chemicals	49.0	Customer for the Company's products (hydrogen peroxide) Interlocking officers
Ryoden Kasei Co., Ltd.	Mita-shi, Hyogo	300	Specialty Chemicals	45.0	Interlocking officers
Tai Hong Circuit Industrial Co., Ltd.	Hsinchu County, Taiwan	(Millions of NTD) 1,104	Specialty Chemicals	50.0	Customer for the Company's products (materials for printed wiring boards) Interlocking officers
Granopt Co., Ltd.	Noshiro-shi, Akita	150	Specialty Chemicals	49.0	Interlocking officers
Samyang Kasei Co., Ltd.	Seoul, Korea	(Millions of KRW) 20,000	Specialty Chemicals	25.0 [25.0]	Interlocking officers

- Notes:
1. Descriptions in the principal business column are names of segments.
 2. The figures in brackets of the ratio of voting rights held represent the percentage of voting rights indirectly held by the Company's subsidiaries, included in totals.
 3. Interlocking officers in relationship include both the Company's officers and employees.
 4. This company files its Annual Securities Report.
 5. This company falls under the category of specified subsidiary.

5. Information about employees

(1) Consolidated companies

As of March 31, 2024

Segment name	Number of employees (Persons)
Basic Chemicals Business Sector	2,592
Specialty Chemicals Business Sector	4,849
Other	23
Corporate (shared)	454
Total	7,918

- Notes:
1. Only employees working within the Group are included in the number of employees (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).
 2. The employees in the corporate (shared) segment are individuals who belong to administrative departments that cannot be classified into specific segments.
 3. The number of employees in the Basic Chemicals Business Sector decreased by 2,929 from 5,521 at the end of the fiscal year ended March 31, 2023, mainly due to the sale of shares of JSP Corporation, which was a consolidated subsidiary, and the exclusion of JSP Corporation and its subsidiaries from the scope of consolidation.
 4. The number of employees in the Specialty Chemicals Business Sector increased by 780 from 4,069 at the end of the fiscal year ended March 31, 2023, mainly due to the inclusion of Mitsubishi Engineering-Plastics Corporation and its subsidiaries in the scope of consolidation following the acquisition of additional shares of Mitsubishi Engineering-Plastics Corporation. Ltd. and its subsidiaries.

(2) Reporting company

As of March 31, 2024

Number of employees (Persons)	Average age (Years/months)	Average duration in employment (Years/months)	Average annual salary (Yen)
2,486	40.9	17.5	8,817,978

Segment name	Number of employees (Persons)
Basic Chemicals Business Sector	1,103
Specialty Chemicals Business Sector	929
Other	—
Corporate (shared)	454
Total	2,486

- Notes:
1. Only employees working within the Company are included in the number of employees (excludes individuals on assignment from the Company to other companies and includes individuals on assignment from other companies to the Company).
 2. Average annual salary includes bonuses and extra wages.
 3. The employees in the corporate (shared) segment are individuals who belong to administrative departments that cannot be classified into specific segments.

(3) Status of labor union

The reporting company has the Mitsubishi Gas Chemical Workers Union, which is a member of the Japan Federation of Energy and Chemistry Workers' Unions (JECF), the upper organization, and the number of members of the union is 1,843 as of March 31, 2024.

In addition, several consolidated subsidiaries have company-based labor unions, with a total of 635 members as of March 31, 2024.

Labor-management relations are stable.

(4) Ratio of female employees in management positions, rate of male employees taking childcare leave, and wage gap between male and female employees

(i) Reporting company

Fiscal year ended March 31, 2024				
Ratio of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1)		
		All workers	For permanent, full-time workers	For non-permanent workers
4.2	73.5	73.1	75.5	68.9

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 3. The percentage of female workers promoted to managerial positions over the past five years was 10.9%, and the average age at the time of promotion was the same between male and female workers.
 4. The wage gap between male and female employees is mainly due to a difference in the distribution of grades. There is no difference in wages for the same work.

(ii) Consolidated subsidiaries

Fiscal year ended March 31, 2024					
Name	Ratio of female employees in management positions (%) (Note 1)	Rate of male employees taking childcare leave (%) (Note 2)	Wage gap between male and female employees (%) (Note 1)		
			All workers	For permanent, full-time workers	For non-permanent workers
Japan U-Pica Co., Ltd.	5.7	–	82.0	81.7	*
MGC Advance Co., Ltd.	0.0	55.6	75.8	78.0	87.9
MGC Filsheet Co., Ltd.	3.1	–	–	–	–
MGC Electrotechno Co., Ltd.	–	100.0	–	–	–
MGC AGELESS Co., Ltd.	7.7	–	–	–	–
Toho Earthtech, Inc.	–	75.0	–	–	–

- Notes:
1. Calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
 2. Childcare leave uptake, etc. calculated as in Article 71-4, item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 3. "–" indicates that there is no disclosure pursuant to the provisions of Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015) and Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 4. "*" indicates that the applicable worker is either male or female and therefore cannot be calculated.

5. The wage gap between male and female employees is mainly due to a difference in the distribution of grades. There is no difference in wages for the same work.

II. Overview of Business

1. Management policy, management environment, key challenges for the Group, etc.

The Group's management policy, management environment, and key challenges, etc. are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year ended March 31, 2024.

In FY2023, the final fiscal year of the previous medium-term management plan "Grow UP 2023," of the management indicators targeted for the final fiscal year, the Group achieved its target for net sales, but missed its targets for operating profit, ordinary profit, ROIC, and ROE.

During the period of the previous medium-term management plan, the methanol business and energy resources and environment business were shifted to differentiating businesses, and the Group achieved its target of reaching a percentage of net sales from differentiating businesses of over 40%. On the other hand, although the Group advanced its plan for large-scale investment in differentiating businesses (including new plants and plant expansion for electronic chemicals in Japan and overseas, expansion of its electronic materials plant in Thailand, and a new meta-xylenediamine plant in Europe), it saw a decrease in profitability and capital efficiency, mainly due to a general sales volume decrease following a semiconductor market slump and the economic slowdown in China, and also cost increases. In addition, new business creation was delayed despite aggressive investment of R&D resources. In reevaluating and rebuilding unprofitable businesses, the Group concentrated its formalin production sites, and decided to withdraw from the orthoxylene-phthalate-plasticizer chain, and others. However, there are still businesses facing challenges. As described above, the Group is currently mid-way through shifting to a profit structure resilient to changes in the business environment. Under the new medium-term management plan "Grow UP 2026," it will work on strengthening the resiliency of its business portfolio.

New medium-term management plan "Grow UP 2026"

The medium-term management plan "Grow UP 2026," launched in FY2024 is positioned as a guideline for realizing "Vision for MGC in 2030," as the second part of the previous medium-term management plan "Grow UP 2023." The Group has established new objectives of "Strengthen the resiliency of our business portfolio" and "Promote sustainability management," and will pursue strategies comprised of three items for each to realize these objectives.

Under this plan, the differentiating businesses category has been renamed "Uniqueness & Presence (U&P) businesses," and redefined as businesses that excel from the perspectives of being "growing," "winning," and "sustainable" (= business potential, economic value, and social value), with the potential to grow sustainably while delivering both social and economic value.

- Objective 1: Strengthen the resiliency of our business portfolio

Strategy

- Focus on "Uniqueness & Presence"
- Build new value through innovation
- Restructure businesses requiring intensive management

Objective 1 is to strengthen the resiliency of our business portfolio. As Strategy 1 to realize this objective, the Group will focus on Uniqueness & Presence. We will allocate management resources to the U&P business with a focus on the three ITC businesses of electronic materials, inorganic chemicals (EL chemicals, etc.), and optical materials, and reap the fruits of large-scale investment projects. Furthermore, the Group will work to maintain added value by passing on costs to prices and also to strengthen management based on capital efficiency using the ROIC tree. Strategy 2 is to build new value through innovation. Here, the Group will focus particularly on the three target areas of ICT, mobility, and medical/food, while promoting R&D that contributes to solutions for climate change issues. For Strategy 3, which is to restructure businesses requiring intensive management, the Group will position PC-related products and xylene separators/derivatives as

businesses requiring intensive management and promote cost reduction, balance-sheet streamlining, and other measures.

- Objective 2: Promote sustainability management

Strategy

- Accelerate initiatives for realizing carbon neutrality
- Enhance human capital management
- Promote materiality management

Objective 2 is to promote sustainability management. As one of its strategies for this objective, the Group is promoting initiatives for realizing carbon neutrality. Specifically, the Group will accelerate the circular carbon methanol concept leveraging our technology and initiatives to reduce GHG emissions. In addition, the Group's environment-friendly products for reducing society's environmental impact have been newly designated as Sharebeing products, and the Group will further expand products that contribute to the environment. The Group will continue to focus on developing and utilizing human resources as its most important management resource and enhance its human capital management.

- Target management indicators (final fiscal year of Grow UP 2026)

We will promote measures to improve corporate value to achieve management that is conscious of cost of capital and stock price, and aim to achieve targets that exceed those set in the previous medium-term management plan.

	FY2026 target
Net sales (Billions of yen)	850.0
Operating profit (Billions of yen)	85.0
Operating profit ratio (%)	10% or higher
Ordinary profit (Billions of yen)	95.0
EBITDA*1 (Billions of yen)	150.0
ROE (%)	9% or higher
ROIC*2 (%)	8% or higher

*1 EBITDA = Ordinary profit + Interest expenses + Depreciation and amortization

*2 ROIC = (Operating profit - Income taxes + Equity in earnings (losses) of affiliates) / Invested capital
(Definitions have been revised for Grow UP 2026)

(Assumption) Exchange rate: ¥135/US\$, Crude oil price (Dubai): US\$80/bbl

In addition, to promote sustainability management, we will set materiality KPIs such as Sharebeing product sales, reduction of GHG emissions, and ratio of employees who feel fulfilled in their work to promote materiality management.

The plans, targets, and other forward-looking statements in this management policy, management environment, and key challenges for the Group are based on information available to the Company as of the end of the fiscal year ended March 31, 2024 and on certain assumptions that are judged to be reasonable, and are therefore subject to uncertainty. Various factors may cause actual performance to differ significantly from forecasts.

2. Approach and initiatives for sustainability

The Group's approach and initiatives for sustainability are as follows.

Please note that matters concerning the future in this article were determined by the Group as of the end of the fiscal year ended March 31, 2024.

(1) General matters regarding sustainability

(i) Governance

Important matters related to sustainability are discussed at the Sustainability Promotion Committee, an advisory body attended by general managers of the head office's corporate sector, etc. (held four times in FY2023). Following these discussions, matters are deliberated and decided at the Sustainability Promotion Council, chaired by the President and primarily made up of all Directors, including Outside Directors, with Audit & Supervisory Board members also attending (held three times in FY2023).

Particularly important matters related to sustainability are resolved by the Board of Directors after deliberation at the Sustainability Promotion Council.

Please refer to our website here for details on our sustainability management system (<https://www.mgc.co.jp/sustainability/management.html#ac03>).

(ii) Risk management

As stated in "II. Overview of Business, 1. Management policy, management environment, key challenges for the Group, etc.," the Group has set the promotion of sustainability management as a goal in our medium-term management plan starting from FY2024, and has identified the most critical management issues (materiality) and implemented risk management by understanding the associated risks and opportunities.

In identifying materiality, we evaluate various social issues from the perspectives of importance to the economy, environment, and society, and importance to the Group, and after deliberation at the Sustainability Promotion Council described above, these are resolved by the Board of Directors.

(iii) Strategy

As described in "(ii) Risk management," our goal is to achieve a sustainable society and sustained corporate growth by identifying materiality and then fully understanding the risks and opportunities related to materiality, striving to reduce the risks while creating a new business model that solves social issues.

Please refer to our website here for details on the risks and opportunities for each materiality (<https://www.mgc.co.jp/sustainability/management.html#ac03>).

(iv) Metrics and targets

The Group sets KPIs for each materiality and conducts progress management for materiality management.

Please refer to our website here for details on strategies, metrics and targets for each materiality (<https://www.mgc.co.jp/sustainability/management.html#ac03>).

(2) Response to climate change (initiatives for TCFD recommendations)

(i) Governance

In May 2019, the Company declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Risks and opportunities posed to the Group by climate change are examined by the Sustainability Promotion Committee, an advisory body

attended by general managers of the head office's corporate sector, based upon which they are deliberated and decided by a Sustainability Promotion Council described above.

To address climate change, we have organized a company-wide Carbon Neutrality Promotion Technical Committee to provide specialized recommendations and report to the Sustainability Promotion Committee.

(ii) Risk management

To gain a quantitative understanding of climate change risks, the Company introduced an internal carbon pricing system. In capital investment plans involving an increase or decrease in CO₂ emissions, the cost or effect of applying and converting the internal carbon price (¥10,000/MT-CO₂ equivalent) will be used to help make investment decisions, and encourage the creation of technologies and products that promote CO₂ emission reductions and contribute to building a low-carbon society.

The Group has assessed the risks and opportunities climate change represents for the Group, and is now endeavoring to strengthen resilience through scenario analysis while also promoting in sound dialogue with stakeholders.

We conducted a scenario analysis of the Group's foundation businesses and differentiated businesses (MXDA, MX-nylon, hydrogen peroxide, polycarbonate, optical materials, oxygen absorbers, electronics chemicals, and electronic materials), analyzed the impact of climate change on our businesses based on two scenarios, and examined measures to respond to climate change.

Under the scenario of limiting the temperature increase from pre-industrial times to less than +2°C, the introduction of a carbon tax for decarbonization and increased costs due to stricter regulations on greenhouse gas ("GHG") emissions could affect our business performance. The Group will work to limit the impact of such risks by restructuring its business portfolio, conserving energy, introducing renewable energy, and utilizing electricity generated from LNG with low GHG emissions. We analyze that further weight reduction through the substitution of metals and traditional materials in a decarbonized society, the establishment of renewable energy infrastructure, and the expansion of the high-value-added product market are opportunities for the Group's business expansion.

On the other hand, in a scenario where global warming is not sufficiently prevented and the temperature increase from pre-industrial times is +4°C, soaring fossil resource prices, rising utility costs, and the impact of natural disasters on our plant operations could affect our business performance. The Group will work to mitigate these risks through means such as shifting away from fossil-based raw materials, adding more value to its products, and strengthening its business continuity plan. In addition, we will accelerate market development in emerging countries, where the population is expected to grow significantly.

As described above, although there is concern that climate change may have an adverse impact on the Group's operations, the possibility of reducing the financial impact on the Group has been identified because the Group can respond to the risk through its diverse business portfolio ranging from chemical and materials products to functional products.

(iii) Strategy

The Group has formulated targets for reducing GHG emissions and is working toward their steady reduction. We will expand from existing businesses that have strengths in this initiative, utilize our R&D capabilities, and collaborate with other businesses and external parties. In the transition phase, we will promote the use of electricity generated from LNG with low GHG emissions and the introduction of renewable energy, and we will also promote reduction efforts by establishing and implementing various carbon-free energy systems, CCUS (*), and recycling systems as specific measures.

*CCUS (carbon dioxide capture, utilization and storage): Technology to capture and store carbon dioxide emissions and to use stored carbon dioxide as a raw material for chemical products

(iv) Metrics and targets

The Group (*) has set long-term objectives for reducing GHG emissions in order to achieve carbon neutrality by 2050.

*Including the Company on a non-consolidated basis and consolidated subsidiaries with Scope 1 and 2 emissions

2030 target	2050 target
39% reduction in Scope 1 + 2 GHG emissions compared to FY2013	Achieve carbon neutrality

Please refer to the Integrated Report for trends in GHG emissions of the Group (<https://www.mgc.co.jp/corporate/report.html>).

(3) Addressing human capital

(i) Governance

Important sustainability-related matters concerning addressing human capital are reviewed, deliberated, and decided by the aforementioned Sustainability Promotion Committee and Sustainability Promotion Council, and particularly important matters are resolved by the Board of Directors after such deliberation.

(ii) Risk management

The Group has identified “Cultivating a corporate culture of job satisfaction” and “Promotion of diversity and inclusion” as materialities related to addressing human capital, and implements risk management by understanding risks and opportunities related to these issues.

(iii) Strategy

1. Approach to human resource development

The Group’s defining philosophy is “creating value to share with society,” and the Group promotes management that considers human resources as the most important capital for value creation under a management concept that includes “striving to create a place where there is job satisfaction and a dynamic group in which motivations and abilities are respected.” To realize this, Group companies are engaged in the establishment and expansion of systems, along with education, etc.

With the aim of realizing the MGC Group’s mission of “creating value to share with society,” we have established a human resource development basic policy to enable employees to refine their individuality as professionals, improve their knowledge and capabilities and set high goals, and also to create workplaces that are infused with vibrancy for realizing self-improvement through the achievement of these. The human resource vision articulated in the policy is to be “autonomous and highly-motivated employees,” “warmhearted and sensitive employees” and “employees that think and learn through work,” and we have established “development leveraging the characteristics of all employees” as our development policy as we engage in the establishment of a company environment enabling diverse employees to participate by utilizing their individuality.

Under the corporate culture that we have developed, we will continuously produce human resources who can respond to change and grow autonomously over the long term, thereby continuously creating businesses with unique characteristics and enhancing our corporate value over the medium to long term.

2. Specific initiatives

- Cultivating a corporate culture of job satisfaction

The Company promotes work style reforms as an initiative essential for improving both employee job satisfaction and productivity, and for the creation of innovation. We have implemented initiatives such as reviewing workflow and shortening meeting times in order to enable work styles that do not rely on long work hours. We are also working to create an

environment that allows for a more flexible work style, with a super flextime with no core time system starting in 2020 and a work-from-home system implemented in 2023.

In addition, although our annual paid leave acquisition rate has been approximately 80% to 85% each year, we set the KPI as “percentage taking fewer than 10 days of annual paid leave: 0% for FY2023” to deepen employees’ awareness of taking annual paid leave from the perspective of work-life balance. By issuing internal newsletters and displaying posters to foster employee awareness and improve the workplace atmosphere, we focused on creating an environment where even employees who take fewer annual paid leave days can easily do so, resulting in achieving our goal of a percentage taking fewer than 10 days of annual paid leave of 0%, and reaching a ratio of taking annual paid leave of approximately 90% in FY2023.

[Changes in ratio of taking annual paid leave (all employees)]



* On non-consolidated basis

- Promotion of diversity and inclusion

The Company defines diversity and inclusion (D&I) as all employees utilizing their individuality to diversely work together while recognizing one another, and it has established a Diversity and Inclusion Basic Policy of promoting awareness about respect for diverse values and ways of thinking, creating an environment that ensures diverse work styles, diversifying human resources and creation of an organization that makes the most of each and every employee, developing human resources able to demonstrate individual strengths, and promoting mental and physical health. The Company aims to maximize the performance of people and organizations through the diverse participation of personnel with varied talents and abilities, and to engender innovation and improve decision-making quality through collaboration among human resources with diverse values, approaches, views and knowledge.

With Japan's labor force shrinking in tandem with demographic aging and a falling birthrate, promotion of women's empowerment is considered to be essential for maintaining and improving corporate competitiveness over the medium to long term. We are proceeding with career development support for female employees such as various training for female employees and the managers handling their development, and have set a target of "number of female managerial personnel: 60 in FY2026" as a KPI. Furthermore, we are promoting the hiring of diverse human resources who bring new perspectives and ideas, such as foreign mid-career hires with different cultures, customs, experiences, and skills, in order to further engender innovation and improve decision-making quality.

(iv) Metrics and targets

As described in "(iii) Strategy, Cultivating a corporate culture of job satisfaction," we have set the "percentage taking fewer than 10 days of annual paid leave: 0% for FY2023" as a KPI, and the results for FY2023 were as follows.

	Result			Target
	FY2021	FY2022	FY2023	FY2023
Percentage taking fewer than 10 days of annual paid leave	12%	4%	0%	0%

* Because the target value for the percentage taking fewer than 10 days of annual paid leave is a KPI for the Company on a non-consolidated basis, the target and result for the Company on a non-consolidated basis are shown.

As described in "(iii) Strategy, Promotion of diversity and inclusion," we have set "number of female managerial personnel: 60 in FY2026" as a KPI.

	Result			Target	
	FY2021	FY2022	FY2023	FY2026	FY2030
Number of female managerial personnel	26 persons	31 persons	40 persons	60 persons	90 persons

* The target for the number of female managerial personnel is set as a KPI for the Company on a non-consolidated basis. For the ratio of female managerial personnel for some consolidated subsidiaries, please refer to "I. Overview of the Company, 5. Information about employees."

(4) Respect for human rights

(i) Governance

The MGC Corporate Behavior Principles and the MGC Group Code of Conduct call for respect for human rights, and the Group has also been a signatory of the UN Global Compact. In fiscal 2023, the Board of Directors newly established the Mitsubishi Gas Chemical Group Human Rights

Principle (published on the external website in December 2023), and organized a new company-wide Human Rights Expert Committee as an advisory body to the Sustainability Promotion Committee in order to address respect for human rights. Important issues related to sustainability, including human rights, are deliberated and decided by the Sustainability Promotion Council mentioned above, and particularly important issues are resolved by the Board of Directors.

On its own initiative, the Company also promotes responsible business, which includes protection of human rights, through such actions as showing the “Mitsubishi Gas Chemical CSR Procurement Guidelines” and other documents to its supply chain partners in order to gain their understanding and cooperation.

(ii) Risk management

Awareness of human rights continues to increase, primarily in developed nations, and companies are now being required to make efforts at a global level to respect and protect human rights in the course of business, including the supply chain. In the event that the Group does not address these issues appropriately, the Group’s operating results and/or financial condition could be adversely affected by not only legal and regulatory responsibility but also the termination of transactions, social sanctions, and loss of trust.

The Group has set “Respect for human rights” as the most important issue (materiality) to be addressed as management, and implements risk management by understanding risks and opportunities related to this issue. The Group works to provide appropriate relief measures if it becomes evident that its businesses, products or services have had or promoted negative effects on the human rights of those affected. We set up consultation desks inside and outside the Group to quickly understand and address any negative effects on human rights that the Group may have caused or could possibly cause.

(iii) Strategy

The Group has created its due diligence system based on the United Nations Guiding Principles on Business and Human Rights to identify and prevent or reduce any negative effects on the human rights of those affected by the Group’s operations.

(iv) Indexes and targets

The Group (*) will systematically promote human rights due diligence and awareness-raising activities while setting materiality KPIs for “Respect for human rights” and implementing progress management.

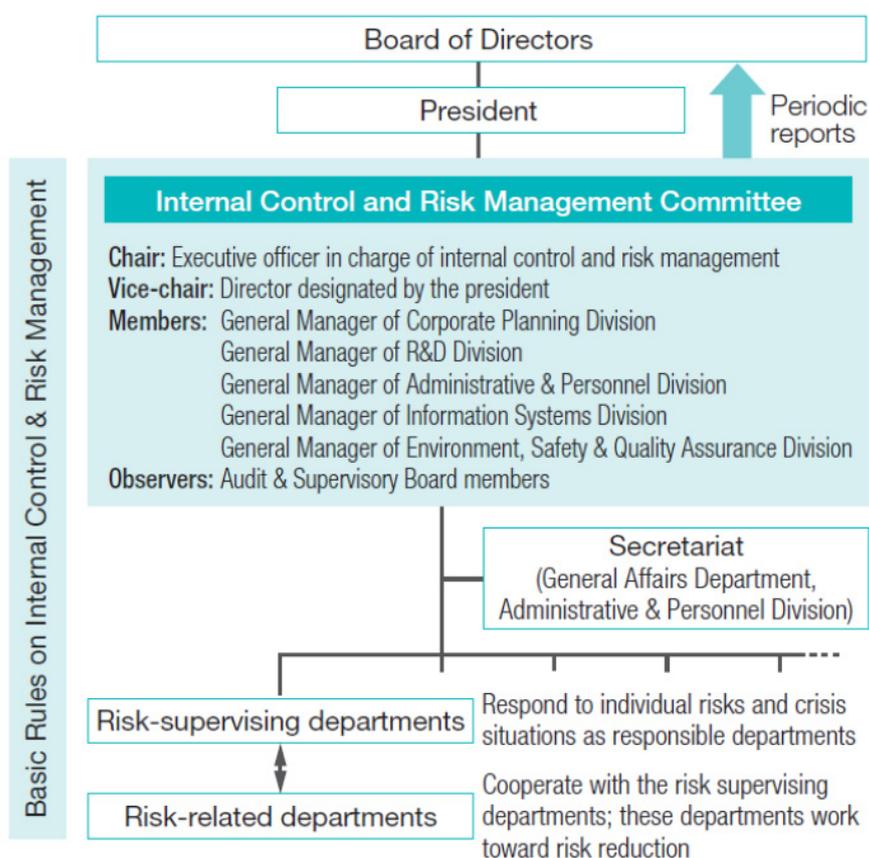
FY2026 target	FY2030 target
Implementation of human rights due diligence 100%	Establish human rights management and ensure support for human rights policy by all stakeholders

* Non-consolidated + consolidated subsidiaries

3. Business and other risks

The Group defines “risk” as possibilities or hazards that, if they were to manifest, could inflict economic losses on the Company due to human casualties, property damage, reputational damage, opportunity losses or other such detriments. The Group has built a risk management regime designed for both routine and exigent circumstances. Specifically, it has established Basic Rules on Internal Control & Risk Management, formulated risk management/mitigation policies and established an Internal Control & Risk Management Committee chaired by the officer in charge of internal control and risk management as a decision-making body that reports directly to the president. The committee makes decisions on matters related to risk management policies, initiatives and plans; matters related to business and operational risk management and guidance, direction and oversight incidental thereto; and matters related to guidance, direction and oversight related to business continuity planning. Additionally, it periodically reports to the Board of Directors on the state of risk management.

The main foreseeable risks that could affect the Group’s business results, share price, or financial condition are enumerated from (i) through (xiii) below. They are all risks that the Group deems to be a realistic possibility, though specifics such as the degree and timing of their manifestation and their impacts are impossible to estimate as of the end of the fiscal year ended March 31, 2024 (however, they do not necessarily include every risk to which the Group is exposed).



(i) Endogenous business risk

- Nature of risk

The Group is primarily a manufacturer. With many of its products used as raw materials, intermediate goods or pharmaceutical inputs in customers’ business activities, its sales are sensitive to economic conditions in the countries and regions where its customers’ products are sold, and to the operating environment in its customers’ business areas. In particular, market-priced commodities such as methanol, methanol derivatives, general-purpose aromatic chemicals and polycarbonate resins are generally prone to declines in unit sales and sales prices during economic downturns. Some specialty and high-value-added product markets are also subject to the silicon cycle and other

drivers of ebbs and flows in customer demand, and reduced volumes could adversely affect the Group's operating results and/or financial condition.

In specialty and high-value-added product markets, the Group competes on multiple dimensions, including price, quality, functionality, delivery time and customer service. Intensification of competition due to, for example, the advent of products offering alternative functionality, could adversely affect the Group's operating results and/or financial condition. For example, products that are supplied mainly to the electronics industry, which includes advanced semiconductors, typically have a short product lifecycle and are constantly exposed to competition through technological innovation. The Group's net sales consequently could decline as a result of existing products' obsolescence or product development delays. Additionally, some of the Group's products are sold to only a limited number of customers. If one customer stops using such a product, the Group's net sales could decrease.

The Group externally sources electric power and raw materials like xylene, and in addition to using logistics and other outside services in sales, it is constantly performing maintenance on existing production facilities and installing new equipment. Its manufacturing operations could be disrupted if a required input, material, facility, or service were to become unavailable. Its operating results and/or financial condition could be adversely affected by a sharp rise in input prices also.

The Group's operations depend on the work of many and diverse employees across multiple areas of business, including research and development, production, sales, distribution, planning, and administration. The impact of increasingly fluid movement of human resources and of the declining birthrate and aging population in Japan could make it impossible or excessively burdensome to secure such personnel. In such an event, the Group's operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

In order to achieve further improvements in productivity, the Group endeavors to develop new, high-added value markets and businesses as well as conducting basic and applied research to develop new products and manufacturing processes and improve existing ones. Other risk mitigation measures include close communication and collaboration, inclusive of R&D, with customers, use of long-term supply contracts with both suppliers and customers, sourcing of raw materials and other inputs from multiple suppliers, and tackling logistics issues by a specialized department.

We are working to utilize IT systems and other new technologies to improve productivity not only in manufacturing operations but in all the business activities of the Group. In order to secure human resources, we create workplace environments in which employees mutually respect each other's individuality, and in which they can fully participate and grow as people. To this end we are working to nurture an invigorated culture of collaboration between individuals with diverse values that is of new ideas and technological innovation and establishing dedicated departments in addition to implementing various other measures.

(ii) Overseas business risk

- Nature of risk

The Group sources, manufactures, and sells either directly from Japan or through its subsidiaries in Asia, North America, South America, the Middle East and elsewhere. Depending on country-specific conditions or the geopolitical situation, such overseas operations and funds or dividend remittances from overseas subsidiaries could be disrupted by political instability or societal or economic turmoil due to a natural disaster, war, infrastructure failure, a widespread infectious disease outbreak or other unforeseeable circumstances. Other risks that could adversely affect the Group's operating results and/or financial condition include problems due to differences in legal systems, investment restrictions imposed by foreign governments, nationalization or expropriation of assets, and personnel or labor issues.

- Main risk mitigation measures

To respond to overseas risks as effectively and expeditiously as possible, while monitoring the latest developments in the global situation, the Group endeavors to gather information from various sources, including locally stationed expat personnel, joint venture partners, attorneys and

government authorities. The Group works to tailor its response to the specifics of each business or region in order to achieve its objectives, which include ensuring the safety of those working locally.

(iii) Joint venture risk

- Nature of risk

The Group has numerous manufacturing joint ventures in not only Japan but also foreign countries such as Saudi Arabia, Venezuela, Thailand, China, South Korea, and Trinidad and Tobago. It sources and sells products such as methanol and engineering plastics through its joint ventures. The Group's joint venture partners are not under the control of the Group. There is consequently no assurance they will make decisions in the best interests of the Group or even the joint ventures themselves. In the event of a joint venture's dissolution or other such circumstances, the Group's operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

The Group seeks to maintain and further improve good communication, share targets and objectives and maintain relationships with its joint venture partners while mitigating risks through joint venture agreements and other operational agreements.

(iv) Product quality risk

- Nature of risk

As noted above, the Group manufactures many products that are used as raw materials, intermediate goods or pharmaceuticals in customers' business activities and that conform to specifications agreed upon with the customer. In addition, some of our products are used as raw materials for foods and other products. If it sells a qualitatively defective product, it may have to compensate customers that used the defective product, end-product users and/or other parties for not only direct damages but also opportunity losses. Its societal reputation also may be impaired. In such an event, the Group's operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

Even though most Group manufacturing sites operate in conformance with globally recognized quality control standards, the Group has liability insurance coverage that includes product liability insurance as a precaution against risk. Other means by which the Group mitigates risk include explicitly limiting the scope of its liability as necessary in agreements with customers.

(v) Natural disaster and accident risks

- Nature of risk

The Group has numerous manufacturing sites in Japan and elsewhere. Their production activities could be disrupted by earthquakes, storms, flooding or other natural disasters, war, terrorism, civil unrest, labor actions, communication infrastructure failures, lockdowns and other measures taken in response to outbreaks of infectious diseases, equipment malfunctions, human error or other unforeseeable circumstances. Given that the Group handles hazardous chemical substances on a daily basis, it cannot completely eliminate the possibility of explosions, fires, toxic gas leaks or other accidents that damage production facilities, harm employees, inflict losses on neighboring property owners or customers, pollute the environment or otherwise inflict damages. Additionally, many Group manufacturing sites have multiple production facilities that share utilities such as electricity, water and steam. Interruption of utility service to a manufacturing site consequently could shut down the site's entire production operations. In such an event, the Group's operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

While pursuing continuous improvement based on the promotion of Responsible Care activities as part of its comprehensive environmental safety management, the Group diligently strives to upgrade its safety and disaster preparedness regime through better risk assessment and thorough safety training. In addition to, of course, endeavoring to maintain and ensure stable operation of its manufacturing facilities, the Group also formulates business continuity plans and builds redundancy into its network of production sites, including those overseas. Additionally, the Group mitigates risk

with broad insurance coverage that includes fire, business interruption, oil pollution and liability insurance.

Measures taken to improve productivity, such as the usage of online video conferencing throughout the Group, also contributed to initiatives to address the spread of infectious disease. In addition to continuing their use going forward, we will customize thoroughgoing measures to prevent infection to specific operations, on a workplace-by-workplace basis.

(vi) Information security risk

- Nature of risk

The Group possesses confidential and personal information required for its business activities and uses various information systems in its operations amid ongoing digitalization of its businesses. In the event of a leak of such information, an information system failure, a cyberattack, fraud committed by a malicious third-party or other such event, the Group's business activities and/or operating results could be adversely affected.

- Main risk mitigation measures

The Group has established an information security regime and internal regulations based on various guidelines and educates its employees to increase their information-security literacy. It also conducts ongoing initiatives to ensure the adequacy of and upgrade its information security.

(vii) Compliance risk

- Nature of risk

The Group handles toxic and otherwise hazardous chemical substances, including high-pressure gases, as an inherent aspect of its operations. As such, it is globally subject to various legal and regulatory restrictions at every stage from manufacturing to storage, distribution and sales. In all its business activities and transactions, the Group is required to not only comply with laws and regulations but also to fulfill social responsibilities that are not limited to such rules. However, in the event that an infringement of laws and, regulations, or social norms, including the rules described above, is deemed to have occurred, the Group's operating results and/or financial condition could be adversely affected as a result of incurring legal liability and rectification costs, social sanctions and loss of trust.

- Main risk mitigation measures

In addition to establishing specialized organizational units to oversee environmental and other regulatory compliance, the Group has built a compliance regime, including an internal whistleblowing system, and endeavors to fully comply with laws and regulations. It also implements various measures to foster a general compliance consciousness among its personnel.

The Group takes a broad view of compliance, one that involves not only abiding by laws but also upholding the fair, transparent, and flexible conduct of business, while respecting social and other norms, in acknowledgment of its responsibilities to society, and makes this known to all employees.

(viii) Human rights risk

- Nature of risk

Awareness of human rights continues to increase, primarily in developed nations, and companies are now being required to make efforts at a global level to respect and protect human rights in the course of business, including the supply chain. In the event that the Group does not address these issues appropriately, the Group's operating results and/or financial condition could be adversely affected by not only legal and regulatory responsibility but also the termination of transactions, social sanctions, and loss of trust.

- Main risk mitigation measures

The MGC Corporate Behavior Principles and the MGC Group Code of Conduct call for respect for human rights, and the Group has also been a signatory of the UN Global Compact, and in fiscal 2023, it newly established the Mitsubishi Gas Chemical Group Human Rights Principle and organized a company-wide committee to address respect for human rights. On its own initiative, the Company also promotes responsible business, which includes protection of human rights, through

such actions as showing the “Mitsubishi Gas Chemical CSR Procurement Guidelines” and other documents to its supply chain partners in order to gain their understanding and cooperation.

(ix) Climate change risk

- Nature of risk

The Group recognizes that climate change caused by greenhouse gases emitted in the course of its business and other activities, and a variety of related changes that occur in the natural and business environments constitute material risk factors. In the event that the Group’s initiatives to address greenhouse gas emissions are inadequate, social sanctions and loss of trust may result. In addition, for example, if various emissions control measures are introduced, such as new carbon taxes or emissions trading systems, the Group’s operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

In May 2019, the Company declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Risks and opportunities posed to the Group by climate change are examined by an advisory body attended by general managers of the head office’s corporate sector, based upon which they are deliberated and approved by a Sustainability Promotion Council chaired by the Company’s president and comprised primarily of directors, including outside directors, but also attended by audit & supervisory board members and others.

In addition to mitigating risks due to climate change through analyses based on decarbonization scenarios and scenarios in which no specific action is taken, the Group will strengthen its resilience to be better able to transform risks into business opportunities. In fiscal 2023 the Group implemented scenario analyses for the electronic chemicals and electronic materials businesses, and identified the potential for mitigating financial impacts in the decarbonization scenario through enhancing product performance, strengthening the lineup, and other measures.

By developing the Company’s existing businesses with strengths in carbon-neutral initiatives and leveraging R&D capabilities, we are promoting the use of electricity generated from LNG, which has low greenhouse gas emissions, and the adoption of renewable energy in the transition stage, while working in collaboration with other Group businesses and external entities. Going forward, we will take specific steps toward helping to achieve carbon neutrality by 2050 in the form of establishing and installing a variety of carbon-free energy systems, CCUS, and recycling systems.

(x) Investment risk

- Nature of risk

The Group invests in capital assets and R&D to grow its businesses and increase its competitiveness. In doing so, it focuses its efforts on strengthening existing businesses and developing new businesses aligned with prospective market needs. The Group also invests and intends to continue investing in business expansion in Japan and overseas through such means as establishing or co-founding new companies, including joint ventures, and acquiring existing companies.

If the Group fails to earn adequate returns on such investments or if the value of securities that it holds declines significantly, leading to impairments on non-current assets, securities valuation losses or equity-method investment losses, its operating results and/or financial condition could be adversely affected.

- Main risk mitigation measures

The Group has established and carries out internal investment screening procedures and performs additional due diligence as warranted by the nature of the prospective investment. Additionally, involved organizational units endeavor to devise appropriate risk mitigation measures.

(xi) Currency risk

- Nature of risk

Export, import, and other transactions denominated in foreign currencies could adversely affect the Group’s operating results and/or financial condition, including by reducing net sales or exacerbating losses, as a result of exchange rate movements.

Additionally, financial statement accounts denominated in the Group overseas subsidiaries' local currencies are translated into yen to prepare the Company's consolidated financial statements. Such currency translation could adversely affect the Group's operating results and/or financial condition depending on then-prevailing exchange rates.

- Main risk mitigation measures

The Group partially hedges currency risk associated with foreign-currency receivables and payables, mainly using currency forward contracts, in accord with internal regulations.

(xii) Financing and interest rate risks

- Nature of risk

The Group partially meets its financing needs by borrowing from financial institutions. In the event of a precipitous change in the financial environment, the Group's operating results and/or financial condition could be adversely affected, including by inability to access funding or increased interest expense due to a rise in interest rates.

- Main risk mitigation measures

The Group strives to maintain adequate financial soundness as measured by indicators such as debt/equity ratio and shareholders' equity ratio. It also endeavors to optimize its mix of fixed- and variable-rate debt and maintain healthy, favorable relationships with financial institutions and other sources of capital.

(xiii) Litigation risk

- Nature of risk

In the event of an unfavorable outcome to litigation or other legal proceedings brought against the Group in connection with its domestic or overseas operations, the Group's operating results and/or financial condition could be adversely affected. For example, the Group seeks to protect its intellectual property through such means as applying for and obtaining patents in Japan and overseas. It also endeavors to avoid infringing on other parties' rights. However, if litigation pertaining to intellectual property rights was to be decided against the Company, the Group's operating results and/or growth could be adversely affected.

- Main risk mitigation measures

The Group endeavors to not only comply with all laws and regulations applicable to its operations but also avoid disputes through such means as researching other parties' rights and drafting proper agreements that explicitly delineate rights and obligations with the assistance of attorneys and other expert advisors.

4. Management analysis of financial position, management performance and cash flows

(1) Overview of management performance, etc.

The Group's (the Company, consolidated subsidiaries and entities accounted for using equity method) financial position, management performance and cash flows (hereinafter "management performance, etc.") for the fiscal year ended March 31, 2024 were as follows.

(i) Management performance

During the fiscal year ended March 31, 2024, the global economy was negatively affected by lingering economic stagnation in China. Reflecting this, the pace of global economic recovery has been slower than expected. In addition, prolonged inflation, the continuation of monetary tightening policies and other negative factors led to the deceleration of European and U.S. economies. With stagnation in overall economic activities leading to sluggish demand for goods, the economic environment thus remained harsh. Furthermore, in addition to the continuing situation in Ukraine, geopolitical volatility was exacerbated by increasing tensions centered around the Middle Eastern region. Because of these factors, formulating the future economic outlook remains challenging.

The overall business environment for the Group remained harsh, even though the Group's operating results were positively affected by the depreciation of the yen, ongoing recovery in sales of semiconductor-related products, such as electronic materials, and other factors. This harshness was primarily attributable to stagnant product prices as well as sluggish demand for basic chemicals due to the lingering stagnation of the Chinese economy and economic deceleration in Europe and elsewhere.

Against this backdrop, in the fiscal year ended March 31, 2024 the Group concluded the final year of its medium-term management plan "Grow UP 2023." In line with this plan, the Group has continued to pursue a basic policy of shifting to a profit structure resilient to changes in the business environment. To this end, the Group has striven to:

- "Further strengthen competitively advantageous ("differentiating") businesses,"
- "Accelerate creation and development of new businesses," and
- "Reevaluate and rebuild unprofitable businesses."

Through these efforts, the Group has pushed ahead with business portfolio reforms.

As a result, the Group's net sales increased. Although the exclusion of JSP Corporation from the scope of consolidation at the end of the third quarter of the fiscal year ended March 31, 2024 and downturns in methanol and ammonia market prices affected sales negatively, these factors were more than offset by positive effects arising from the inclusion of Mitsubishi Engineering-Plastics Corporation into the scope of consolidation in the first quarter, the depreciation of the yen, and other factors.

On the other hand, operating profit decreased, despite the depreciation of the yen, improvement in the profitability of polycarbonates, recovery in demand for electronic materials and other positive factors. The decrease was due mainly to stagnant polyacetal market prices in contrast with robust market prices seen in the previous fiscal year, as well as lower sales volumes of meta-xylenediamine, aromatic aldehydes, and other offerings.

Ordinary profit decreased, reflecting a decrease in equity in earnings of affiliates due to downturns in methanol market prices, impairment losses recorded at overseas methanol producing companies in the Republic of Trinidad and Tobago, and the absence of non-operating income recorded in the previous fiscal year through the reversal of deferred tax liabilities at an overseas methanol producing company in Venezuela.

Moreover, profit attributable to owners of parent decreased due primarily to lower ordinary profit, despite the positive impact on profit arising from the recording of gain on step acquisitions in connection with the inclusion of Mitsubishi Engineering-Plastics Corporation into the scope of consolidation.

In the fiscal year ended March 31, 2024, the Group achieved ¥813.4 billion in consolidated net sales, an increase of ¥32.2 billion (4.1%) from the previous year. Consolidated operating profit was ¥47.3 billion, a decrease of ¥1.6 billion (3.5%). As a result of recording equity in losses of affiliates of ¥5.6 billion, a decrease of ¥23.2 billion, consolidated ordinary profit was ¥46.0 billion, a

decrease of ¥23.7 billion (34.0%). The Group achieved a profit attributable to owners of parent of ¥38.8 billion, a decrease of ¥10.2 billion (20.9%).

Operating results by segment are as described below.

Basic Chemicals Business Sector

The methanol business saw decreases in both net sales and earnings due primarily to lower market prices compared with the previous fiscal year and deterioration in equity in earnings of affiliates.

Methanol and ammonia-based chemicals posted a decrease in net sales due mainly to downturns in market prices for ammonia and other offerings, but recorded an increase in earnings thanks to the successful structural reform of formalin-related operations and a resulting improvement in their profitability.

The energy resources and environmental business saw a decrease in net sales due mainly to the lower sales volume of LNG for power generation use, but posted earnings on par with the previous fiscal year due to the higher sales volume of iodine and rising market prices for this offering.

High-performance products posted decreases in both net sales and earnings, due mainly to lower sales volumes of meta-xylenediamine and aromatic aldehydes, which reflected stagnant demand among overseas customers.

Xylene separators and derivatives saw decreases in both net sales and earnings due primarily to downturns in sales prices of purified isophthalic acid (PIA), phthalic anhydride and other offerings in general.

In the fiscal year ended March 31, 2024, Basic Chemicals Business achieved consolidated net sales of ¥404.5 billion, a decrease of ¥67.6 billion (14.3%) from the previous year, operating profit of ¥17.7 billion, a decrease of ¥1.0 billion (5.7%) and ordinary profit of ¥10.1 billion, a decrease of ¥20.4 billion (66.8%).

Specialty Chemicals Business Sector

Inorganic chemicals posted increases in both net sales and earnings due mainly to the successful upward revision of sales prices of chemicals for use in semiconductor manufacturing in order to reflect higher raw material and fuel prices as well as growing transportation costs.

Engineering plastics saw an increase in net sales and a decrease in earnings. The inclusion of Mitsubishi Engineering-Plastics Corporation into the scope of consolidation led to sales growth, while the profitability of polycarbonates improved due primarily to growing sales for high-value-added products. However, overall earnings declined due mainly to downturns in polyacetal market prices.

Optical materials posted increases in both sales and earnings, as demand for smartphones, a primary application of optical polymers, remained on an ongoing recovery track from the second quarter onward on the back of the commencement of production of new models in that quarter.

Electronic materials saw increases in net sales and earnings, due mainly to recovery in demand for smartphone and PC-related BT materials for IC plastic packaging, the core product category for electronic materials.

Oxygen absorbers such as AGELESS™ posted earnings on par with the previous fiscal year, with the depreciation of the yen and the resulting improvement of export prices offsetting such negative factors as a recoil from the temporary surge (due to stay-at-home demand) for products marketed in Japan for food applications and higher raw material prices.

In the fiscal year ended March 31, 2024, Specialty Chemicals Business achieved consolidated net sales of ¥408.7 billion, an increase of ¥99.8 billion (32.3%) from the previous year and operating profit of ¥33.0 billion, an increase of ¥0.4 billion (1.3%) and ordinary profit of ¥38.6 billion, a decrease of ¥0.0 billion (0.1%).

Other

Other business remained unchanged, with net sales of ¥0.1 billion, operating profit was ¥0.0 billion, and ordinary profit was ¥0.1 billion.

(ii) Financial position

Total assets at the end of the fiscal year ended March 31, 2024 were 1,068.0 billion yen, up 38.6 billion yen from the end of the fiscal year ended March 31, 2023.

Current assets decreased by 20.1 billion yen to 463.1 billion yen. The decrease was mainly due to a decrease in cash and deposits.

Non-current assets increased 58.7 billion yen to 604.8 billion yen. The increase was mainly due to an increase in investment securities.

Total liabilities increased 25.1 billion yen to 383.1 billion yen. Current liabilities increased 21.0 billion yen, mainly due to an increase in notes payable-trade and accounts payable-trade. Non-current liabilities increased 4.0 billion yen, mainly due to an increase in bonds payable.

Net assets increased by 13.5 billion yen to 684.8 billion yen. The increase was mainly due to an increase in foreign currency translation adjustments.

As a result, the equity-to-asset ratio was 61.6%.

(iii) Cash flows

Cash and cash equivalents at the end of the fiscal year ended March 31, 2024 were 65.3 billion yen, a decrease of 35.7 billion yen from the end of the fiscal year ended March 31, 2023.

Cash flows from operating activities

Net cash provided by operating activities increased by 18.2 billion yen from the fiscal year ended March 31, 2023 to 73.4 billion yen in the fiscal year ended March 31, 2024. The increase was mainly due to a decrease in decrease (increase) in inventories.

Cash flows from investing activities

Net cash used in investing activities amounted to 76.1 billion yen, an increase of 12.1 billion yen from the fiscal year ended March 31, 2023. The increase was mainly due to an increase in expenditures for the purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities amounted to 40.6 billion yen, an increase of 48.6 billion yen from the fiscal year ended March 31, 2023. The increase was mainly due to a decrease in proceeds from long-term loans.

(iv) Results of production, orders and sales

a. Production

Production by segments for the fiscal year ended March 31, 2024 are as follows.

Segment name	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Year-on-year comparison (%)
Basic Chemicals Business Sector (Millions of yen)	250,084	(13.4)
Specialty Chemicals Business Sector (Millions of yen)	319,745	27.9
Other (Millions of yen)	–	(100.0)
Total (Millions of yen)	569,830	5.7

Note: The production amount is calculated by multiplying the amount of production for sale, which is the total production minus the amount for in-house consumption, by the unit sales price for the fiscal year ended March 31, 2024, before internal transfers between segments.

b. Orders received

Because the Group (the Company and its consolidated subsidiaries) generally conducts production based on forecasts, this is not applicable.

c. Sales

Sales by segments for the fiscal year ended March 31, 2024 are as follows.

Segment name	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)	Year-on-year comparison (%)
Basic Chemicals Business Sector (Millions of yen)	404,562	(14.3)
Specialty Chemicals Business Sector (Millions of yen)	408,724	32.3
Other (Millions of yen)	130	(5.9)
Total (Millions of yen)	813,417	4.1

(2) Details of analysis and considerations regarding the status of management performance, etc., from management's perspective

The details of analysis and considerations regarding the status of management performance, etc. of the Group, from management's perspective are as follows. Please note that matters concerning the future in this article were determined as of the end of the fiscal year ended March 31, 2024.

(i) Details of recognition as well as analysis and considerations regarding the status of management performance, etc.

The management performance for the fiscal year ended March 31, 2024, which is the final year of the previous medium-term management plan "Grow UP 2023," is as follows. Although net sales targets were achieved, operating profit, ordinary profit, ROIC, and ROE fell short.

Connection index	FY2023 result	FY2023 target	Difference
Net sales (Billions of yen)	813.4	730.0	83.4
Operating profit (Billions of yen)	47.3	70.0	(22.7)
Ordinary profit (Billions of yen)	46.0	80.0	(34.0)
ROIC*	5.4%	10% or higher	(4.6)%
ROE	6.1%	9% or higher	(2.9)%

* ROIC = Ordinary profit / Invested capital

The failure to meet the plan was due to an overall decline in sales volume, rising raw material prices, lower-than-expected demand for optical materials, and impairment losses at methanol producing companies.

To address medium to long-term issues, as described in "II. Overview of Business, 1. Management policy, management environment, key challenges for the Group, etc.," Grow UP 2026 has set two goals, to strengthen the resiliency of our business portfolio and promote sustainability management, and we plan to invest 250 billion yen in the Uniqueness & Presence (U&P) business, focusing on the ICT field that is expected to grow, with a cumulative investment of 300 billion yen over three years. We will continue investments that enhance research and development and human capital management, and implement measures to improve corporate value, conscious of cost of capital and stock price.

The details of recognition as well as analysis and considerations regarding the status of management performance, etc. by segments are as follows.

Basic Chemicals Business Sector

The management performance of the Basic Chemicals Business Sector is as follows.

Connection index	FY2023 result	FY2023 target	Difference
Net sales* (Billions of yen)	412.8	410.0	2.8
Operating profit (Billions of yen)	17.7	25.0	(7.3)
Ordinary profit (Billions of yen)	10.1	31.0	(20.9)

* Includes transactions with other segments.

Although the plan was achieved for the energy resource and environment business, the overall decline in sales volume of other products, rising raw material prices, and impairment losses at the methanol production company in Trinidad and Tobago led to unmet profit targets for the previous medium-term management plan.

Going forward, we will ensure the reliable startup of the European production facility for metaxylenediamine, promote the circular carbon methanol concept Carbopath™, and pursue efforts towards the practical application of CCS. In addition, for the xylene separators and derivatives designated as a business requiring intensive management, we have decided to withdraw from the orthoxylene chain. Going forward, we will continue to undertake further structural reform, including cost reductions.

Specialty Chemicals Business Sector

The management performance of the Specialty Chemicals Business Sector is as follows.

Connection index	FY2023 result	FY2023 target	Difference
Net sales* (Billions of yen)	409.2	330.0	79.2
Operating profit (Billions of yen)	33.0	49.0	(16.0)
Ordinary profit (Billions of yen)	38.6	53.0	(14.4)

* Includes transactions with other segments.

Despite achieving the plan for polyacetal and electronic materials, the demand forecast for optical materials fell short, and the sales volume of electronics chemicals decreased, along with poor performance of polycarbonates, leading to profit targets being unmet.

Going forward, we will strengthen the domestic and overseas production systems for electronics chemicals, enhance the production capacity of overseas subsidiaries for electronic materials, establish a new lens monomer plant, and implement other measure as we focus on the growing ICT field to drive the growth of the U&P business. The polycarbonate business, facing a challenging market environment, is positioned as a business requiring intensive management. We will consolidate sheet film production sites, and also work to improve profitability and capital efficiency by consolidating sheet film production sites and reviewing production capacity to match the business environment while accelerating the shift to high-value-added fields where we can differentiate ourselves.

(ii) Major factors impacting management performance, etc.

Major factors impacting management performance, etc. of the Group are as described in “II. Overview of Business, 3. Business and other risks.”

(iii) Sources of capital and liquidity

The Group's working capital needs are mainly for operating expenses such as manufacturing expenses and selling, general and administrative expenses. Capital needs for investments are primarily for capital investments. These funds are generally procured through the Company's own resources and borrowings from financial institutions.

The analysis of cash flows for the fiscal year ended March 31, 2024 is described in "(1) Overview of management performance, etc., (iii) Cash flows."

As of the end of the fiscal year ended March 31, 2024, the balance of interest-bearing debt is 173 billion yen, and the balance of cash and cash equivalents is 65.3 billion yen.

(iv) Management policies, management strategies, and objective indicators for judging the achievement of management goals

Management policies, management strategies, and objective indicators for judging the achievement of management goals of the Group are as described in "II. Overview of Business, 1. Management policy, management environment, key challenges for the Group, etc." In addition to the scale of sales and the amount of profits, capital efficiency is added to the analysis value in order to speed up management decision making, such as investment and withdrawal decisions for businesses.

(v) Major accounting estimates and assumptions used for estimates

The major accounting estimates used in the preparation of the consolidated financial statements and the assumptions used in making such estimates are described in "V. Financial Information, 1. Consolidated financial statements, etc., (1) Consolidated financial statements - Notes (Major accounting estimates)."

5. Material management contracts, etc.

(1) Agreement on capital and business alliance

From the third quarter of the fiscal year ended March 31, 2024, as the Company tendered to a tender offer conducted by JSP Corporation (“JSP”) to repurchase its treasury shares (the “Tender Offer”) and the Tender Offer was completed, JSP has been excluded from the scope of consolidation and included in the scope of equity method.

As a result, the basic agreement on capital and business (below, the “basic agreement”) that was signed between the Company and JSP on February 4, 2015 has been terminated and the capital and business alliance under the basic agreement has been dissolved.

(2) Technology licensing agreement relationship

Name of contracting company	Contract party	Date of the contract	Contract items	Consideration	Contract period
Mitsubishi Gas Chemical Company, Inc. (the Company)	Metanol de Oriente, Metor, S.A. (entity accounted for using equity method)	December 19, 2006	Non-exclusive license for patents and know-how related to the production of methanol	Upfront income	No fixed term
Mitsubishi Gas Chemical Company, Inc. (the Company)	Brunei Methanol Company Sdn. Bhd. (entity accounted for using equity method)	April 12, 2007	Non-exclusive license for patents and know-how related to the production of methanol	Upfront income	No fixed term
Mitsubishi Gas Chemical Company, Inc. (the Company)	Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd. (consolidated subsidiary)	July 30, 2010	Patented and proprietary technologies related to the manufacture of polycarbonate resin	Upfront income and certain royalties on net sales of contracted products	14 years from April 2012
Mitsubishi Gas Chemical Company, Inc. (the Company)	Caribbean Gas Chemical Limited	April 10, 2015	Non-exclusive license for patents and know-how related to the production of methanol and DME	Upfront income	20 years from April 2015

(3) Joint venture contract relationship

Name of contracting company	Contract party	Month of establishment	Description	Name of joint venture
Mitsubishi Gas Chemical Company, Inc. (the Company)	Japan International Cooperation Agency (JICA) Mitsui Chemicals, Inc. Sumitomo Chemical Company, Limited Kuraray Co., Ltd. ITOCHU Corporation Mitsubishi Chemical Corporation NIPPON STEEL Chemical & Material CO., LTD.	November 1979	Investment in a Japanese investment corporation to operate a joint venture with Saudi Basic Industries Corporation (SABIC) in the Kingdom of Saudi Arabia for the purpose of producing and distributing methanol	Japan Saudi Arabia Methanol Co., Inc. (entity accounted for using equity method) The Company's shareholding ratio: 47%
Mitsubishi Gas Chemical Company, Inc. (the Company)	Celanese Services Germany GmbH Global Polyacetal Co., Ltd.	March 1987	Joint venture for production and sales of polyacetal resin	Korea Engineering Plastics Co., Ltd. (entity accounted for using equity method) The Company's shareholding ratio: 40%
Mitsubishi Gas Chemical Company, Inc. (the Company)	Hansol Chemical Co., Ltd.	October 1989	Joint venture for production and sales of ultra-pure hydrogen peroxide	Samyoung Pure Chemicals Co., Ltd. (consolidated subsidiary) The Company's shareholding ratio: 51%
Mitsubishi Gas Chemical Company, Inc. (the Company)	Petroquimica de Venezuela, S.A. Mitsubishi Corporation International Petrochemical Holdings Ltd.	March 1992	Joint venture for production and sales of methanol	Metanol de Oriente, Metor, S.A. (entity accounted for using equity method) The Company's shareholding ratio: 23.75%
Mitsubishi Gas Chemical Company, Inc. (the Company)	Mitsubishi Chemical Corporation	March 1994	Joint venture for sales of engineering plastics	Mitsubishi Engineering-Plastics Corporation (consolidated subsidiary) The Company's shareholding ratio: 75%
Global Polyacetal Co., Ltd. (consolidated subsidiary)	TOA Dovechem Industries Co., Ltd.	July 1995	Joint venture for production and sales of polyacetal resin	Thai Polyacetal Co., Ltd. (consolidated subsidiary)
Mitsubishi Gas Chemical Company, Inc. (the Company)	ITOCHU Corporation Mirkhas Sdn. Bhd.	March 2006	Joint venture for production and sales of methanol	Brunei Methanol Company Sdn. Bhd. (entity accounted for using equity method) The Company's shareholding ratio: 50%
Mitsubishi Gas Chemical Company, Inc. (the Company)	Mitsubishi Corporation National Gas Company of Trinidad and Tobago Limited Mitsubishi Heavy Industries Engineering, Ltd. Massy Holdings Ltd.	March 2013	Joint venture for production and sales of methanol	Caribbean Gas Chemical Limited

Note: The Company acquired additional shares of Mitsubishi Engineering-Plastics Corporation, a joint venture, on April 3, 2023. After the share acquisition, the Company's investment ratio became 75%, and Mitsubishi Engineering-Plastics Corporation became a consolidated subsidiary of the Company.

Furthermore, due to the additional acquisition of shares by Mitsubishi Engineering-Plastics Corporation in Mitsubishi Gas Chemical Engineering Plastics (Shanghai) Co., Ltd., the joint

venture agreement concerning the manufacture and sale of polycarbonate resin with Mitsubishi Engineering-Plastics Corporation as the contract party has been terminated.

6. Research and development activities

Along with the start of the previous medium-term management plan, Grow UP 2023, the R&D organization was integrated and reorganized to improve the research promotion system. The Research & Development Division and the Intellectual Infrastructure Center are working as a research group to create innovations with the Company's collective strength. Under this new structure, we allocated management resources from a company-wide perspective to further accelerate R&D, thereby strengthening the profitability of existing businesses and promoting the creation of new businesses. In addition, as a result of the placement of DX teams dedicated to computational chemistry and data science analysis in the three laboratories, DX technology is being used for many research themes and is helping to accelerate research and development. Moreover, we have developed our own data science analysis software for our researchers and are conducting data science education, thereby spreading DX technology company-wide. In addition, the Technology Information Group of the Intellectual Infrastructure Center has launched IP Landscape, which proposes R&D strategies by combining intellectual property, market information, etc., and is spreading it company-wide.

The Research & Development Division (Next Generation Strategy Group and New Business Development Group) continued to create businesses in new business fields through R&D activities conducted in collaboration with external partners, including partnerships and investments with venture companies and joint research with public research institutions. In addition, we promoted the commercialization of medical packaging materials and solid electrolytes, which we created ourselves, and worked on business development in new areas such as allergy diagnostics and nucleic acid medicine through open innovation. We provide safe and reliable vegetables to society in our factory-grown vegetable business in Shirakawa City, Fukushima Prefecture.

Including the R&D departments of our subsidiaries, the total number of R&D staff in the Group is 1,078, or about 14% of the total number of employees in the Group. Total research expenses amounted to 25,629 million yen. Research activities, results, and R&D expenses for each segment in the fiscal year ended March 31, 2024 are as follows.

Basic Chemicals Business Sector

Research and development is being conducted on themes related to the six businesses within the Basic Chemicals Business Sector and their surrounding areas.

Chemicals Business Division: This business develops manufacturing technologies and synthetic catalysts that form the core of the Company's methanol business, which extends from the procurement of raw materials to derivatives. As we move toward a recycling-oriented society and carbon neutrality even faster, we are conducting demonstration tests of methanol production technology from various raw materials such as CO₂, waste plastic, and digestion gas, while utilizing pilot equipment at our Niigata Plant. We have defined the methanol produced from these diverse resources as "circular carbon methanol," and we are conducting branding activities to achieve this concept by naming our concept, technology, services, and products Carbopath™. In addition, we are also advancing plans for further market development through the operation of plants that incorporate DX and automated operations, and a review of methanol reforming and hydrogen production.

High Performance Products Division: Main products include chemical products such as meta-xylenediamine and aromatic aldehydes, and polymer materials products such as MX nylon, specialty polyesters, and cyanates. Sales of meta-xylenediamine, including derivatives, have been strong for curing agents, isocyanates, and polyamides, and we are working on various technological developments, cost improvements, and new market developments in Japan and overseas. Sales of aromatic aldehydes for use in fragrances and high-performance resin additives have been strong, and we have increased production. We are striving to strengthen our profitability through further market expansion and the development of high-value-added products. In MX nylon products, the new grade biobased polyamide has been increasing sales volumes in applications such as automotive and electronic components, and including the basic grade for food packaging barrier materials, we are making technical improvements and enhancements to TS for further expansion. Specialty polyesters and cyanates are being newly developed and marketed as high-heat-resistant resins and high-functionality thermosetting resin materials, with each being increasingly adopted for applications such as baby bottles and composite material raw materials. In addition, we are conducting research and development to enter the composite materials market and are working on market development in the US, EU, and Japan. In other areas, development for raw materials for semiconductor-related products is progressing and user evaluations have been favorable, and further expansion of adoption is expected. We are also considering the market development of transparent polyimide and thermoplastic polyimide with the aim of expanding their adoption as soon as possible.

Basic Chemicals Business Division 1: This department handles methylamine, ammonia, and MMA products. We are the only producer of methylamine in Japan and have received many inquiries about its derivatives, so we are considering increasing production. In MMA products, we are promoting technological improvements for stable production and developing unique new derivatives.

Basic Chemicals Business Division 2: This department handles two product groups: formalin and polyol-related products and xylene separation and derivatives. We are collaborating with affiliates, reducing process costs for xylene separation and isomerization, and enhancing the competitiveness of special polyol products. We are expanding into downstream special chemical products to mitigate the impact of market fluctuations and other external environmental changes.

Energy Resources & Environmental Business Division: We are also involved in the development and production of natural gas, LNG and geothermal power generation, and the study of CCS using depleted oil and gas fields. Among these, the water-soluble natural gas found in Niigata is a resource that can be locally produced and consumed, and it also contains a significant amount of valuable export resource iodine, for which we are developing related technologies for iodine derivatives. In addition, we are developing, manufacturing, and selling direct methanol fuel cells as part of our energy and resources research.

Life Sciences Division: We are developing and marketing new supplement ingredients such as pyrroloquinoline quinone (PQQ), an anti-aging material that meets the needs of an aging society, dried yeast containing S-adenosylmethionine (SAME), which is rich in nutritional components, and dried yeast containing spergimine (SPD), by utilizing our accumulated fermentation, cultivation and purification technologies. We are conducting in-depth functional investigations of these products, developing new functional lactic acid bacteria, and planning to strengthen our earnings base with facility expansions. In the antibody drugs, we are engaged in contract manufacturing of several investigational drugs and drug substances in 1,000L and 2,000L culture tanks at Cultivecs Inc., which was established as a joint venture company.

Research and development expenses for this business sector amounted to 10,753 million yen.

Specialty Chemicals Business Sector

The Specialty Chemicals Business Sector is engaged in the following research and development activities in five business fields and their peripheral areas, targeting the information and telecommunications, medical and food, mobility, and infrastructure domains.

Inorganic Chemicals Division: For hydrogen peroxide and its derivatives, we are continuing to strengthen cost competitiveness by refining production technologies. In addition, we have developed hydrogen peroxide derivatives as new products for food and medical applications, and are working to expand sales and increase adoption. In chemical products for the electronics industry, we are expanding our main products, such as super pure hydrogen peroxide, functional chemical liquids (HBC), and chemical polishing agents, and particularly high performance electronic industry chemicals represented by HBC, and through the strengthening of development systems at overseas business sites, we are promoting the development and market introduction of new grades for cutting-edge semiconductor devices, striving to increase our track record of adoption.

Electronics Materials Division: In electronic materials, we are advancing the development of materials for high-frequency circuits to meet the increasing sophistication and diversity of information communication technologies, multilayer materials for memory and logic semiconductor package substrates to support the increasing data transmission capacity, and thin-layer and fine-circuit-forming materials to achieve lower profiles and higher functionality of electronic components.

Engineering Plastics Division: In polycarbonate resins, we are developing technologies to improve material quality and functional films such as hard coat films for thermoforming and new optical films, as well as high value-added products such as fiber-reinforced thermoplastics (FRTP). In addition, as a carbon neutral and SDG's initiative, we are developing polycarbonate intermediates and resin materials made from carbon dioxide (adopted as a Green Innovation Fund Projects by NEDO), and are working on process development and scale-up studies. In addition, we are also studying the production of polycarbonate using biomass BPA and polyacetal using green methanol.

Optical Materials Division: In optical polymers, we are expanding into the AR/VR and sensor fields with a focus on materials for small camera lenses for smartphones, and are developing new grades to meet specific applications and introducing them to the market. Furthermore, we are working to establish recycling technologies. In the lens monomers for eyeglasses, we have been developing and launching new products to meet user needs, and we have recently developed a new biomass-derived lens monomer and plan to launch it

in the market. We are also working on developing new optical materials for next-generation devices, leveraging our accumulated expertise.

Oxygen Absorbers Division: Oxygen absorbers are currently being used not only for preserving the freshness of food but also for maintaining the storage stability of pharmaceuticals, preventing rust on metal parts, and protecting cultural properties, extending their application to various aspects of daily life. We are committed to environmentally conscious product design, and we are developing smaller products with reduced plastic use and products that comply with the latest regulations. We are developing technologies to reduce food waste for fresh meat and produce by applying our accumulated environment (atmosphere) control technology.

In addition to the above, we are actively developing new materials, expanding peripheral materials and core technologies in various fields to other markets and applications.

Research and development expenses for this business sector amounted to 14,875 million yen.

III. Information About Facilities

1. Overview of capital investments, etc.

The amount of capital investments of the Group (the Company and its consolidated subsidiaries) during the fiscal year ended March 31, 2024 is as follows:

The amount of capital investments includes intangible fixed assets, and the primary purposes of the capital investments include expansion, rationalization, labor-saving, and maintenance and renewal.

(Millions of yen)

Segment name	Fiscal year ended March 31, 2024
Basic Chemicals Business Sector	37,026
Specialty Chemicals Business Sector	41,930
Other	1
Elimination or corporate	2,794
Total	81,753

2. Major facilities

Major facilities of the Group (the Company and its consolidated subsidiaries) are as follows:

(1) Reporting company

Name (Location)	Segment name	Details of facilities	Carrying amount (As of March 31, 2024)						Number of employees (Persons)
			Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) [Area: thousand m ²]	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Head Office (Chiyoda-ku, Tokyo)	Corporate (Shared), Basic Chemicals Business Sector, Specialty Chemicals Business Sector	Geothermal power generation facility, production facility for oxygen absorbers, and other facilities	3,117	702	1,007 [225]	82	2,884	7,794	600
Niigata Plant (Kita-ku, Niigata-shi, Niigata)	Basic Chemicals Business Sector, Specialty Chemicals Business Sector	Production facility for derivatives of methanol and ammonia	11,266	12,446	2,685 [1,047]	–	12,420	38,819	463
Mizushima Plant (Kurashiki-shi, Okayama)	Basic Chemicals Business Sector	Production facility for xylene isomers, derivatives thereof, and polyol	5,180	17,318	3,373 [557]	–	999	26,871	425
Yokkaichi Plant (Yokkaichi-shi, Mie)	Specialty Chemicals Business Sector	Chemicals for electronics industry, and hydrogen peroxide	3,305	2,733	1,112 [219]	0	1,981	9,133	185
Yamakita Plant (Yamakita- machi, Ashigarakami- gun, Kanagawa)	Specialty Chemicals Business Sector	Production facility for persulfates and chemicals for electronics industry	1,152	699	439 [65]	0	160	2,453	82

Name (Location)	Segment name	Details of facilities	Carrying amount (As of March 31, 2024)					Number of employees (Persons)	
			Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) [Area: thousand m ²]	Leased assets (Millions of yen)	Other (Millions of yen)		Total (Millions of yen)
Kashima Plant (Kamisu-shi, Ibaraki)	Specialty Chemicals Business Sector	Production facility for hydrogen peroxide and engineering plastics	6,657	6,810	1,313 [344]	–	1,924	16,706	235
Naniwa Plant (Taisho-ku, Osaka-shi, Osaka)	Specialty Chemicals Business Sector	Production facility for lens monomers	835	497	1,715 [45]	–	144	3,193	40
Tokyo Research Laboratory (Katsushika-ku, Tokyo)	Corporate (Shared), Specialty Chemicals Business Sector	Research facilities	3,649	1,522	860 [134]	–	1,238	7,270	262
Hiratsuka Research Laboratory (Hiratsuka-shi, Kanagawa)	Corporate (Shared), Basic Chemicals Business Sector	Research facilities	1,161	617	2,413 [52]	–	1,137	5,331	87
QOL Innovation Center Shirakawa (Shirakawa-shi, Fukushima)	Corporate (Shared), Specialty Chemicals Business Sector	Production facility for oxygen absorbers, factory vegetable cultivation facilities	615	40	1,796 [301]	–	179	2,631	5

(2) Domestic subsidiaries

Company name	Name (Location)	Segment name	Details of facilities	Carrying amount (As of March 31, 2024)						Number of employees (Persons)
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) [Area: thousand m ²]	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
MGC Electrotechno Co., Ltd.	Shin-shirakawa Plant (Nishigo-mura, Nishi-shirakawa-gun, Fukushima)	Specialty Chemicals Business Sector	Production facility for materials for printed wiring boards	3,528	2,532	2,099 [202]	–	604	8,764	233
MGC Terminal Co., Inc.	Niigata Production Site (Kita-ku, Niigata-shi, Niigata)	Basic Chemicals Business Sector	Chemical storage facilities	1,976	561	1,063 [88]	–	93	3,696	40
Japan Finechem Co., Inc.	Niigata Factory (Kita-ku, Niigata-shi, Niigata)	Basic Chemicals Business Sector	Production facility for chemicals	845	1,582	508 [58]	–	216	3,153	111
Toho Earthtech, Inc.	Head Office Plant (Nishi-ku, Niigata-shi, Niigata)	Basic Chemicals Business Sector	Production facility for natural gas and iodine	1,364	3,024	1,380 [108]	–	4,839	10,608	88
MGC AGELESS Co., Ltd.	Shirakawa Production Site (Shirakawa-shi, Fukushima)	Specialty Chemicals Business Sector	Production facility for oxygen absorbers	2,827	870	102 [17]	–	78	3,879	291

(3) Foreign subsidiaries

Company name	Name (Location)	Segment name	Details of facilities	Carrying amount (As of March 31, 2024)						Number of employees (Persons)
				Buildings and structures (Millions of yen)	Machinery, equipment and vehicles (Millions of yen)	Land (Millions of yen) [Area: thousand m ²]	Leased assets (Millions of yen)	Other (Millions of yen)	Total (Millions of yen)	
Thai Polyacetal Co., Ltd.	Map-Ta-Phut Plant (Rayong, Thailand)	Specialty Chemicals Business Sector	Production facility for engineering plastics	721	5,933	856 [83]	–	408	7,920	166
Thai Polycarbonate Co., Ltd.	Map-Ta-Phut Plant (Rayong, Thailand)	Specialty Chemicals Business Sector	Production facility for engineering plastics	582	3,864	1,315 [121]	–	496	6,259	365
Samyoung Pure Chemicals Co., Ltd.	Headquarters Plant (Cheonan, Korea)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	3,008	1,919	771 [26]	–	1,153	6,852	92
Taixing MGC Lingsu Co., Ltd.	Head Office Plant (Taizhou, Jiangsu, China)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	2,719	4,325	– [114]	–	13	7,059	75
MGC Pure Chemicals Taiwan, Inc.	Head Office Plant (Taichung, Taiwan)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	2,578	1,103	– [90]	–	22,574	26,256	128
MGC Pure Chemicals America, Inc.	Head Office Facility (Arizona, United States)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	4,017	3,036	626 [112]	101	1,769	9,551	106
MGC Pure Chemicals America, Inc.	Oregon Facility (Oregon, United States)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	5,284	1,826	721 [87]	–	4,670	12,502	41
MGC Pure Chemicals America, Inc.	Texas Facility (Texas, United States)	Specialty Chemicals Business Sector	Production facility for chemicals for electronics industry	5,152	1,320	– [114]	–	8,747	15,220	43
MGC Electrotechno (Thailand) Co., Ltd.	Head Office Plant (Rayong, Thailand)	Specialty Chemicals Business Sector	Production facility for materials for printed wiring boards	2,690	1,338	698 [123]	–	4,407	9,135	293

- Notes:
1. The carrying amount of “Other” assets represents the total of tools, furniture and fixtures and construction in progress.
 2. Land, buildings, etc. of the reporting company include land and buildings for welfare and training facilities at each office.
 3. The carrying amount of MGC Electrotechno Co., Ltd., Japan Finechem Co., Inc., and MGC AGELESS Co., Ltd. include assets leased from the reporting company.
 4. The land of Taixing MGC Lingsu Co., Ltd., MGC Pure Chemicals Taiwan, Inc., and the Texas Facility of MGC PURE CHEMICALS AMERICA, INC. are leased from non-consolidated companies.
 5. The carrying amount and number of employees of MGC Pure Chemicals Taiwan, Inc. are as of December 31, 2023.

3. Planned additions, retirements, etc. of facilities

Due to the diverse range of businesses conducted by the Group (the Company and its consolidated subsidiaries) both in Japan and overseas, planned additions and expansion of facilities as of the fiscal year ended March 31, 2024 are disclosed by segment.

The capital investment plan (additions and expansion, etc.) for the next year following the fiscal year ended March 31, 2024 is ¥94,000 million, and the breakdown by segment is as follows. There were no plans for significant retirement, sale, etc. of facilities.

Segment name	Estimated investment amount (Millions of yen)	Main contents and purpose of facilities, etc.	Method of financing
Basic Chemicals Business Sector	39,000	Expansion, rationalization, labor-saving, maintenance and renewal, etc.	The Company's own resources and borrowings
Specialty Chemicals Business Sector	49,000	Expansion, rationalization, labor-saving, maintenance and renewal, etc.	The Company's own resources and borrowings
Other	6,000	Expansion, rationalization, labor-saving, maintenance and renewal, etc.	The Company's own resources and borrowings
Total	94,000		

IV. Information About Reporting Company

1. Information about shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares (Shares)
Common shares	492,428,000
Total	492,428,000

(ii) Issued shares

Class	Number of shares issued as of the end of the fiscal year (Shares) (March 31, 2024)	Number of shares issued as of the filing date (Shares) (June 25, 2024)	Name of listed financial instruments exchange or registered or licensed financial instruments firms association	Description
Common shares	217,239,199	217,239,199	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit: 100 shares
Total	217,239,199	217,239,199	–	–

(2) Stock acquisition rights, etc.

(i) Description of stock option plan

Not applicable.

(ii) Description of rights plan

Not applicable.

(iii) Other information about stock acquisition rights

Not applicable.

(3) Exercise status of bonds with stock acquisition rights containing a clause for exercise price adjustment

Not applicable.

(4) Changes in total number of shares issued, share capital, etc.

Date	Increase (decrease) in total number of shares issued (Shares)	Balance of total number of shares issued (Shares)	Increase (decrease) in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Increase (decrease) in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
May 27, 2019 (Note)	(2,700,000)	229,039,199	–	41,970	–	35,668
January 31, 2020 (Note)	(3,300,000)	225,739,199	–	41,970	–	35,668
July 29, 2022 (Note)	(3,500,000)	222,239,199	–	41,970	–	35,668
January 31, 2024 (Note)	(5,000,000)	217,239,199	–	41,970	–	35,668

Note: The decrease was due to the cancellation of treasury shares.

(5) Shareholding by shareholder category

As of March 31, 2024

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one share unit (Shares)
	Government and municipality	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals, etc.	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	–	95	41	409	353	44	29,552	30,494	–
Number of shares held (Units)	–	1,015,342	81,796	164,270	528,373	157	379,937	2,169,875	251,699
Shareholding ratio (%)	–	46.79	3.77	7.57	24.35	0.01	17.51	100.00	–

- Notes: 1. 17,009,734 treasury shares are included in “Individuals, etc.” as 170,097 units and “Shares less than one unit” as 34 shares.
2. “Other corporations” column includes five units of shares held in the name of Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2024

Name	Address	Number of shares held (Thousands of shares)	Ratio of shares held to total number of shares issued (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	28,460	14.21
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	18,483	9.23
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	8,797	4.39
Nippon Life Insurance Company	5-12, Imabashi 3-chome, Chuo-ku, Osaka-shi, Osaka	5,858	2.93
The Norinchukin Bank	2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	5,026	2.51
SSBTC CLIENT OMNIBUS ACCOUNT	One Congress Street, Suite 1, Boston, Massachusetts	3,374	1.69
National Mutual Insurance Federation of Agricultural Cooperatives	7-9, Hirakawa-cho 2-chome, Chiyoda-ku Tokyo	3,235	1.62
The Bank of New York Mellon 140042	240 Greenwich Street, New York, NY 10286, U.S.A.	3,232	1.61
AGC Inc.	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,223	1.61
The Bank of Yokohama, Ltd.	1-1, Minatomirai 3-chome, Nishi-ku, Yokohama-shi, Kanagawa	3,085	1.54
Total	–	82,777	41.34

- Notes: 1. In addition to the above, the number of treasury shares held by the Company is 17,009 thousand shares.
2. During fiscal year ended March 31, 2024, although Nomura Securities Co., Ltd. and its co-owners, Mizuho Bank, Ltd. and its co-owners, and Mitsubishi UFJ Financial Group, Inc. and its co-owners, were stated as holding the following shares in the large shareholding report available for public inspection, the actual number of shares substantially owned by the Company as of March 31, 2024, could not be confirmed, so they are not included in the major shareholders above.

Date of reporting obligation: April 14, 2023

Name	Address	Number of shares, etc. held (Thousands of shares)	Ratio of shares, etc. held (%)
Nomura Securities Co., Ltd.	13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo	97	0.04
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-chome, Koto-ku, Tokyo	11,277	5.07

Date of reporting obligation: October 9, 2023

Name	Address	Number of shares, etc. held (Thousands of shares)	Ratio of shares, etc. held (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	2,700	1.22
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,828	2.62
Mitsubishi UFJ Asset Management Co., Ltd.	9-1, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo	2,258	1.02
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	930	0.42

Date of reporting obligation: November 30, 2023

Name	Address	Number of shares, etc. held (Thousands of shares)	Ratio of shares, etc. held (%)
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	1,771	0.80
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	9,422	4.24

(7) Voting rights
(i) Issued shares

As of March 31, 2024

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common shares 17,083,200	–	The number of shares constituting one unit: 100 shares
Shares with full voting rights (Other)	Common shares 199,904,300	1,999,043	Same as above
Shares less than one share unit	Common shares 251,699	–	Shares less than one share unit (100 shares)
Total number of shares issued	217,239,199	–	–
Total number of voting rights	–	1,999,043	–

- Notes: 1. The following treasury shares and cross-held shares are included in “Shares less than one share unit.”
Treasury shares: 34 shares, Yamada Kasei Co., Ltd.: 5 shares
2. “Shares with restricted voting rights (Other)” column includes 500 shares (the number of voting rights: 5 units) held in the name of Japan Securities Depository Center, Incorporated.

(ii) Treasury shares, etc.

As of March 31, 2024

Name of shareholder	Location of shareholder	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Proportion of number of shares held against total number of issued shares (%)
The Company	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	17,009,700	–	17,009,700	7.83
Yamada Kasei Co., Ltd.	8-4, Uchi-Kanda 2-chome, Chiyoda-ku, Tokyo	70,500	–	70,500	0.03
RYOKO LOGISTICS CO., LTD.	2-81, Kamisucho, Toyonaka-shi, Osaka	3,000	–	3,000	0.00
Total	–	17,083,200	–	17,083,200	7.86

2. Acquisition and disposal of treasury shares

Class of shares, etc.: Acquisition of common shares that falls under Article 155, items (iii) and (vii) of the Companies Act

(1) Acquisition by resolution at the General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution at the Board of Directors meeting

Category	Number of shares (Shares)	Total value (Yen)
Resolution of the Board of Directors of November 8, 2023 (Acquisition Period: November 9, 2023 to January 31, 2024)	5,000,000	10,000,000,000
Treasury shares acquired before the fiscal year ended March 31, 2024	–	–
Treasury shares acquired during the fiscal year ended March 31, 2024	4,380,300	9,999,980,650
Total number and total amount of shares remaining as balance of resolved number of shares to be purchased	619,700	19,350
Percentage of treasury shares yet to be acquired as of March 31, 2024 (%)	12.39	0.00
Treasury shares acquired during the period after the reporting period to the filing date of this report	–	–
Percentage of treasury shares yet to be acquired as of filing date (%)	12.39	0.00

(3) Acquisition not based on resolution at the General Meeting of Shareholders or Board of Directors meeting

Category	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the fiscal year ended March 31, 2024	2,363	5,091,206
Treasury shares acquired during the period after the reporting period to the filing date of this report	271	761,359

Note: Treasury shares acquired during the period after the reporting period to the filing date of this report does not include the shares acquired through the purchase of odd-lot shares from June 1, 2024 until the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended March 31, 2024		Period after the reporting period to the filing date of this report	
	Number of shares (Shares)	Total value of disposal (Yen)	Number of shares (Shares)	Total value of disposal (Yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were cancelled	5,000,000	7,670,857,529	–	–
Acquired treasury shares that were transferred due to a merger, share exchange, share allotment, or company split	–	–	–	–
Other (Disposal of treasury shares through requests to purchase shares less than one unit)	69	176,881	–	–
Other (Disposal of treasury shares associated with the restricted share-based remuneration plan)	33,600	70,576,800	–	–
Number of treasury shares held	17,009,734	–	17,010,005	–

Note: Treasury shares acquired during the period after the reporting period to the filing date of this report does not include the shares acquired through the purchase of odd-lot shares from June 1, 2024 until the filing date of this Annual Securities Report.

The calculation of treasury shares held during the period after the reporting period to the filing date of this report does not include the shares acquired through the repurchase or additional purchase of odd-lot shares from June 1, 2024 until the filing date of this Annual Securities Report.

3. Dividend policy

The Group places the improvement of corporate value as a challenge on the management of the greatest importance. Based on the view that the improvement of corporate value will lead to the benefits of all stakeholders including shareholders, the Group takes into consideration investment and lending plans, financial health, and future business trends in order to realize future business growth, and works to achieve a balanced allotment of retained earnings and returns to shareholders. Retained earnings are allotted to be used as investment and lending funds for business expansion and growth and to strengthen the corporate structure. The Company's basic policy is to continue stable dividends, determines taking into consideration such as trends in business performance, to pay dividends from retained earnings twice a fiscal year, once as an interim dividend and once as a year-end dividend, and to flexibly implement acquisition of treasury shares in consideration of the level of retained earnings and shareholder returns to improve capital efficiency and enhance shareholder returns, with a medium-term guideline for total payout ratio of 40%.

The Company provides in its Articles of Incorporation that, "except as otherwise prescribed by laws and regulations, it may make decisions on dividends of surplus and other matters set forth in each item of Article 459, paragraph (1) of the Companies Act by resolution of the Board of Directors," and the Board of Directors is the decision-making body for dividends from surplus.

Dividends for the fiscal year ended March 31, 2024 were determined based on the above policy, and the year-end dividend for the fiscal year ended March 31, 2024 was set at ¥40 per share. Since the interim dividend payout was ¥40, the annual dividend for the fiscal year ended March 31, 2024 is ¥80 per share, which resulted in 41.9% of dividend payout ratio on a consolidated basis.

Dividends for the record date for the fiscal year ended March 31, 2024 were as follows.

Date of resolution	Total dividends (Millions of yen)	Dividends per share (Yen)
Resolution at the Board of Directors meeting on November 8, 2023	8,184	40
Resolution at the Board of Directors meeting on May 27, 2024	8,009	40

Furthermore, in the medium-term management plan "Grow Up 2026" that covers the three years from FY2024 (the fiscal year ending March 31, 2025) to FY2026 (the fiscal year ending March 31, 2027), the Group will lift the medium-term guideline for total payout ratio from 40% under the previous medium-term management plan to 50%, and adopt a progressive dividend policy that aims to progressively increase dividends while avoiding dividend decreases to the extent that it does not impair the Group's financial soundness.

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Basic policy regarding corporate governance

Based on its mission of “contribute to harmony and the development of society through the creation of broader values based on chemistry,” the Company believes that it can meet the expectations of all its stakeholders, including its shareholders, by aiming to achieve both social and economic value, enhancing corporate value through its business activities, and contributing to the realization of a sustainable society, and to this end, the Company will strive to operate an effective corporate governance system and continuously strengthen and enhance it.

The specific basic policies are as follows.

(Basic policies)

- (1) Ensure the rights of and equality among shareholders.
- (2) Engage in appropriate collaboration with shareholders and other stakeholders.
- (3) Conduct appropriate information disclosures and maintain transparency.
- (4) Properly carry out the responsibilities of the Board of Directors and other bodies.
- (5) Engage in constructive dialogue with shareholders.

(ii) Summary of system of corporate governance and reasons for adopting the system

The Company has elected to have an Audit & Supervisory Board. The Company has, for the purpose of business execution, established an executive officer system that clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides basic management policies, matters relating to items stipulated by law and the Company’s Articles of Incorporation, and other important management matters. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs.

Directors are appointed to one-year terms to clearly delineate management responsibilities.

Directors who concurrently serve as non-Group companies’ directors and/or Audit & Supervisory Board members are limited to a maximum of three directorships or Audit & Supervisory Board memberships in principle so they can concentrate sufficiently on the Company’s management.

For matters arising in the course of business execution that may have a significant effect on the Company, the Board of Directors makes its decisions on the basis of multifaceted deliberations, including deliberations on management policies by the Management Council and deliberations on plans for executing specific policies by the Operations Council. The Board of Directors receives advice from attorneys and other experts when necessary in the course of its decision making on the corporate management and supervision of business execution.

To ensure the transparency, objectivity and reasonableness of the Company’s decision-making processes for directors and executive officers’ compensation and director, Audit & Supervisory Board member and executive officer nominations/appointments, the Board of Directors consults with the Compensation and Nominating Committee, majority of which is comprised of outside directors, before any compensation or nomination/appointment proposal is placed on a Board of Directors’ meeting agenda.

The Company’s Articles of Incorporation stipulate that the number of Directors shall not exceed 15, that the election of Directors shall be made by a majority of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that cumulative voting shall not be used. In addition, to enable the flexible implementation of dividends of surplus, matters stipulated in each item of Article 459, paragraph (1) of the Companies Act shall be determined by a resolution of the Board of Directors instead of a resolution of the General Meeting of Shareholders unless otherwise stipulated by laws and regulations, and to ensure that the Board of Directors and the Audit & Supervisory Board can fully fulfill their expected roles, the Company’s Articles of Incorporation stipulate, in accordance with Article 426, paragraph (1) of the Companies Act, that the Board of Directors may exempt Directors (including former Directors) and Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from

liability for damages under Article 423, paragraph (1) of the Companies Act to the extent permitted by law, and for the smooth operation of the General Meeting of Shareholders, the quorum for special resolutions is set at one-third or more of the total number of voting rights.

The activity status of the Board of Directors in FY2023 is as follows:

Position (As of March 31, 2024)	Name	Attendance at the Board of Directors meetings
Chairman and Representative Director	Toshikiyo Kurai	13/13
President and Representative Director	Masashi Fujii	13/13
Representative Director	Nobuhisa Ariyoshi	13/13
Director	Naruyuki Nagaoka	13/13
Director	Motoyasu Kitagawa	13/13
Director	Ryozo Yamaguchi	13/13
Director	Ko Kedo	10/10
Director	Yoshinori Isahaya	10/10
Outside Director	Haruko Hirose	13/13
Outside Director	Toru Suzuki	13/13
Outside Director	Yasushi Manabe	13/13
Outside Director	Kazue Kurihara	10/10
Full-time Audit & Supervisory Board Member	Masamichi Mizukami	13/13
Full-time Outside Audit & Supervisory Board Member	Go Watanabe	13/13
Full-time Audit & Supervisory Board Member	Masato Inari	13/13
Outside Audit & Supervisory Board Member	Yasuomi Matsuyama	13/13

Note: The number of meetings of the Board of Directors held from April 2023 to March 2024 was 13, and the number of meetings of the Board of Directors held since the appointment of Director Ko Kedo, Director Yoshinori Isahaya, and Outside Director Kazue Kurihara was 10.

The Board of Directors decides important matters pertaining to management policies, business, and management based on laws, regulations, the Company's Articles of Incorporation, and the regulations of the Board. It also receives reports from each director and others on the status of execution of duties, management performance, etc., and supervises the execution of duties by directors. Specific matters considered by the Board of Directors during the fiscal year under review included the medium-term management plan, annual management policy, annual policy for the implementation and operation of internal controls, verification of policy stockholdings, evaluation of the effectiveness of the Board of Directors, and important investment projects.

The activity status of the Compensation and Nominating Committee in FY2023 is as follows:

Position (As of March 31, 2024)	Name	Attendance at the Compensation and Nominating Committee meetings
Chairman and Representative Director	Toshikiyo Kurai	6/6
President and Representative Director	Masashi Fujii	6/6
Outside Director	Haruko Hirose	6/6
Outside Director	Toru Suzuki	6/6
Outside Director	Yasushi Manabe	6/6
Outside Director	Kazue Kurihara	6/6

The Compensation and Nominating Committee functions both to determine executive officer compensation and to nominate and appoint key members of senior management. The majority of the committee is comprised of independent outside directors. The Board of Directors is responsible for appointing and dismissing key members of management, including the Chairman and President, and for nominating candidates for director and Audit & Supervisory Board member. In making decisions on total annual amounts regarding executive officer compensation, and in determining allocation of those amounts, the Compensation and Nominating Committee is consulted prior to those matters being put before the Board of Directors for discussion.

The members of each council are as follows.

*Outside Directors and Outside Audit & Supervisory Board Members

<Board of Directors>

(Directors)

Toshikiyo Kurai (Chair), Masashi Fujii, Nobuhisa Ariyoshi, Motoyasu Kitagawa, Ryozo Yamaguchi, Ko Kedo, Yoshinori Isahaya, Hideaki Akase, Haruko Hirose^(*), Toru Suzuki^(*), Yasushi Manabe^(*) and Kazue Kurihara^(*)

(Audit & Supervisory Board Members)

Masamichi Mizukami, Go Watanabe^(*), Masato Inari and Tsuneaki Teshima^(*)

<Management Council>

Toshikiyo Kurai, Masashi Fujii (Chairperson), Nobuhisa Ariyoshi, Motoyasu Kitagawa, Ryozo Yamaguchi, Ko Kedo, Yoshinori Isahaya and Hideaki Akase

<Operations Council>

Toshikiyo Kurai, Masashi Fujii (Chairperson), Nobuhisa Ariyoshi, Motoyasu Kitagawa, Ryozo Yamaguchi, Ko Kedo, Yoshinori Isahaya, Hideaki Akase, Akio Hashimoto, Tomoyuki Azuma, Hiroshi Ogawa, Yoshio Nishimura, Chika Kobayashi, Yasuaki Matsumi, Toru Harada, Hiroshi Kiyama, Kinji Kato, Takashi Nakase, Yuuichi Sugano, Masatoshi Sato, Yasumoto Aoki and Kojiro Abe

<Compensation and Nominating Committee>

Toshikiyo Kurai (Chair), Masashi Fujii, Haruko Hirose^(*), Toru Suzuki^(*), Yasushi Manabe^(*) and Kazue Kurihara^(*)

(iii) Other matters regarding corporate governance

The Company has established an Internal Control & Risk Management Committee chaired by the officer in charge of Internal Control & Risk Management to properly implement and operate internal controls, both the Company's own and Group companies', and to monitor risk management and oversee and provide guidance on priority-setting and formulation of risk mitigation measures.

The Company has established a Compliance Committee chaired by the officer in charge of Compliance, largely in the aim of dealing with compliance violations on a case-by-case basis. The Compliance Committee investigates compliance violations involving the Company and its Group companies and formulates, deliberates on and makes recommendations on corrective measures and recurrence-prevention measures. The Company has also established Compliance Hotline as an internal reporting channel to promote early detection and rectification of compliance violations.

In addition, the Company has established the Sustainability Promotion Council as a body to deliberate on and decide important matters concerning sustainability management (particularly important matters are resolved by the Board of Directors after such deliberations), and receive reports regarding the status of implementation, etc.

In the course of business execution, the Company identifies and assesses various business risks within the execution process and its internal control systems, and devises appropriate risk prevention, avoidance, mitigation and transfer measures. Whenever a severe risk manifests, the Company responds by forming an ad hoc task force in accord with its internal regulations.

The Company has entered into a Limitation of Liability Agreement with six Outside Directors and Outside Audit & Supervisory Board Members to limit their liabilities with respect to Article 423, paragraph (1) of the Companies Act up to the amount stipulated by the law, based on Article 427, paragraph (1) of said Act.

The Company has entered into a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3, paragraph (1) of the Companies Act, with the insured parties thereto consisting of the Company's directors, Audit & Supervisory Board members, executive officers, important employees, outside dispatched officers and retired officers. The insurance policy provides coverage for legal damages, litigation expenses and other such costs that may be incurred by an insured party if he or she becomes subject to a legal claim for damages filed by a shareholder, third-party or otherwise. However, the insurance policy does not provide coverage for damages caused by an insured party as a result of he or she having engaged in criminal acts or other such behavior. The Company shall assume payment of the insurance policy premiums in full.

The members of each council are as follows.

*Outside Directors and Outside Audit & Supervisory Board Members

<Internal Control & Risk Management Committee>

Nobuhisa Ariyoshi (Chair), Motoyasu Kitagawa (Vice-chair), Chika Kobayashi, Yasumoto Aoki, Hiroshi Ogawa, Masahiro Sasa and Kazumasa Seta

<Compliance Committee>

Motoyasu Kitagawa (Chair), Ko Kedo (Vice-chair), Masahiko Tanaka, Masahiro Sasa, Sachiko Arie and Motoyuki Yamaguchi

<Sustainability Promotion Council>

Toshikiyo Kurai, Masashi Fujii (Chair), Nobuhisa Ariyoshi, Motoyasu Kitagawa, Ryoza Yamaguchi, Ko Kedo, Yoshinori Isahaya and Hideaki Akase,
Haruko Hirose (*), Toru Suzuki (*), Yasushi Manabe (*), Kazue Kurihara (*)

(2) Information about officers

(i) Officers

Men: 14, Women: 2 (Ratio of female officers: 12.5%)

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Chairman and Representative Director	Toshikiyo Kurai	January 9, 1952	<p>April 1975 Joined the Company</p> <p>June 2003 General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2006 Executive Officer, and General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2008 Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2009 Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2010 Director, Managing Executive Officer, President of Specialty Chemicals Company, and General Manager, Engineering Plastics Division, Specialty Chemicals Company</p> <p>October 2011 Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2012 Representative Director, Senior Managing Executive Officer, Assistant to President, and President of Specialty Chemicals Company</p> <p>June 2013 President and Representative Director</p> <p>April 2019 Chairman and Representative Director (to the present)</p>	(Note 1)	60

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
President and Representative Director	Masashi Fujii	March 10, 1959	<p>April 1981 Joined the Company</p> <p>June 2010 General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2012 Executive Officer, and General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2014 Executive Officer, and General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2015 Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>June 2015 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company Outside Director, Co-op Chemical Co., Ltd (currently Katakura & Co-op Agri Corporation)</p> <p>April 2018 Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>April 2019 President and Representative Director (to the present)</p>	(Note 1)	42
Representative Director Senior Managing Executive Officer In charge of Internal Control & Risk Management, responsible for Administrative & Personnel, in charge of Finance & Accounting Division and Information Systems Division	Nobuhisa Ariyoshi	November 26, 1961	<p>April 1984 Joined the Company</p> <p>June 2012 General Manager, Administrative & Personnel Center</p> <p>April 2016 Executive Officer, General Manager, Electronic Materials Division, Information & Advanced Materials Company</p> <p>April 2018 Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center</p> <p>June 2018 Director, Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center</p> <p>April 2019 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, in charge of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division,</p>	(Note 1)	26

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
			<p>June 2019 Administrative & Personnel Center and Corporate Communications Division, General Manager, Tokyo Techno Park Director, Managing Executive Officer, in charge of Compliance, Risk Management, Finance & Accounting Center, Information Systems Division, Administrative & Personnel Center and Corporate Communications Division, General Manager, Tokyo Techno Park</p> <p>April 2020 Director, Managing Executive Officer, in charge of Internal Control & Risk Management, Corporate Management Sector</p> <p>April 2021 Director, Managing Executive Officer, in charge of Internal Control & Risk Management, responsible for Administrative & Personnel, Finance & Accounting, in charge of Information Systems Division</p> <p>April 2022 Representative Director, Senior Managing Executive Officer, in charge of Internal Control & Risk Management, responsible for Finance & Accounting, in charge of Administrative & Personnel Division and Information Systems Division</p> <p>April 2023 Representative Director, Senior Managing Executive Officer, in charge of Internal Control & Risk Management, Administrative & Personnel Division, Finance & Accounting Division, Information Systems Division and Purchasing & Logistics Division</p> <p>April 2024 Representative Director, Senior Managing Executive Officer, in charge of Internal Control & Risk Management, responsible for Administrative & Personnel, in charge of Finance & Accounting Division and Information Systems Division (to the present)</p>		

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Director Managing Executive Officer In charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR & IR Division	Motoyasu Kitagawa	April 2, 1963	<p>April 1986 Joined the Company</p> <p>June 2014 President, Mitsubishi Gas Chemical America, Inc.</p> <p>April 2018 General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>April 2019 Executive Officer, General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2019 Executive Officer, Manager, Corporate Planning Division</p> <p>April 2021 Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR & IR Division</p> <p>June 2021 Director, Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR & IR Division</p> <p>June 2022 Director, Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division, CSR & IR Division (to the present)</p>	(Note 1)	19
Director Managing Executive Officer In charge of Specialty Chemicals Business Sector	Ryozo Yamaguchi	August 24, 1965	<p>April 1988 Joined the Company</p> <p>April 2009 General Manager, Mitsubishi Gas Chemical Shanghai Commerce Ltd., and General Manager, Shanghai Office, Administrative & Personnel Center</p> <p>June 2011 Manager, General Affairs Department, Administrative & Personnel Center</p> <p>June 2014 Manager, Personnel Department, Administrative & Personnel Center</p> <p>April 2016 Manager, Administrative & Personnel Center</p> <p>April 2020 Executive Officer, Manager, Administrative & Personnel Division, Corporate Management Sector</p> <p>April 2021 Executive Officer, in charge of Administrative & Personnel Division</p> <p>April 2022 Managing Executive Officer, in charge of Specialty Chemicals Business Sector</p> <p>June 2022 Director, Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to the present)</p>	(Note 1)	12

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Director Managing Executive Officer Responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division	Ko Kedo	February 5, 1964	<p>April 1988 Joined the Company</p> <p>April 2015 Manager, Planning & Development Division, Natural Gas Chemicals Company</p> <p>June 2018 Manager, Planning & Development Division, Natural Gas Chemicals Company, and Manager, Life Science Division, Natural Gas Chemicals Company</p> <p>April 2019 Executive Officer, Plant Manager, Mizushima Plant, Aromatic Chemicals Company</p> <p>April 2020 Executive Officer, Plant Manager, Mizushima Plant, Basic Chemicals Business Sector</p> <p>April 2021 Executive Officer, in charge of Research & Development</p> <p>April 2023 Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division</p> <p>June 2023 Director, Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division</p> <p>June 2024 Director, Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division (to the present)</p>	(Note 1)	16
Director Managing Executive Officer Responsible for Research & Development, in charge of Intellectual Infrastructure	Yoshinori Isahaya	April 18, 1965	<p>April 1991 Joined the Company</p> <p>April 2019 General Manager, Tokyo Research Laboratory, Specialty Chemicals Company</p> <p>April 2020 Executive Officer, Vice Manager, Corporate Planning Division</p> <p>April 2021 Executive Officer, in charge of Corporate Planning</p> <p>April 2023 Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure</p> <p>June 2023 Director, Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure (to the present)</p>	(Note 1)	14

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Director Managing Executive Officer In charge of Green Energy & Chemicals Business Sector	Hideaki Akase	January 13, 1967	<p>April 1989 Joined the Company</p> <p>October 2016 Manager, Administrative Division, Aromatic Chemicals Company</p> <p>April 2020 Manager, Business Administrative Division, Basic Chemicals Business Sector</p> <p>April 2021 Executive Officer, General Manager, Basic Chemicals Division II, Basic Chemicals Business Sector</p> <p>April 2024 Managing Executive Officer, in charge of Green Energy & Chemicals Business Sector</p> <p>June 2024 Director, Managing Executive Officer, in charge of Green Energy & Chemicals Business Sector (to the present)</p>	(Note 1)	6
Director	Haruko Hirose	September 23, 1945	<p>December 1968 Appointed to the National Personnel Authority of Japan</p> <p>January 1992 Director, Bureau of Human Resources Management of Headquarters (Paris), United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p>September 2002 Deputy to the Director General and Managing Director of Field Operations Division of Headquarters (Vienna), United Nations Industrial Development Organization (UNIDO)</p> <p>November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco</p> <p>April 2013 Specially Appointed Professor, Academy for Global Leadership Tokyo Institute of Technology</p> <p>May 2014 President, Japan Morocco Association (to the present)</p> <p>June 2016 Outside Director, S&B Foods Inc.</p> <p>April 2017 Director, Ochanomizu University</p> <p>March 2018 Outside Director, Nikkiso Co., Ltd. (to the present)</p> <p>June 2020 Outside Director, the Company (to the present)</p>	(Note 1)	0

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Director	Toru Suzuki	July 14, 1955	<p>April 1979 Joined Mitsui & Co., Ltd.</p> <p>April 2011 Managing Officer, Performance Chemicals Business Unit, Mitsui & Co., Ltd.</p> <p>April 2014 Managing Officer, Mitsui & Co., Ltd. and President of Mitsui & Co. Vietnam Ltd.</p> <p>April 2015 Executive Managing Officers, Mitsui & Co., Ltd. and President of Mitsui & Co. Vietnam Ltd.</p> <p>June 2015 Executive Managing Officers, Chief Regional Representative of Southwest Asia, Mitsui & Co., Ltd., and President of Mitsui & Co. India Pvt Ltd.</p> <p>June 2017 Outside Audit & Supervisory Board Member, Mitsui Sugar Co., Ltd. (currently Mitsui DM Sugar Holdings Co., Ltd.)</p> <p>December 2018 Audit & Supervisory Board Member, Nutri Co., Ltd.</p> <p>June 2020 Outside Director, the Company (to the present)</p>	(Note 1)	2
Director	Yasushi Manabe	December 15, 1956	<p>April 1979 Joined Hitachi, Ltd.</p> <p>April 2012 General Manager, Sales Division Infra System Group Infra System, Hitachi, Ltd.</p> <p>April 2013 Executive Officer, General Manager Kansai Area Operation, Hitachi, Ltd.</p> <p>June 2013 Outside Audit & Supervisory Board Member, ShinMaywa Industries, Ltd.</p> <p>April 2016 Executive General Manager, Deputy Director General Corporate Sales & Marketing Group, CMO of Industry & Distribution, Water & Urban Business Unit, Hitachi, Ltd.</p> <p>April 2017 Vice President and Executive Officer, Deputy Director General Corporate Sales & Marketing Group, CMO of Industry & Distribution Business, Water & Urban Business, Hitachi, Ltd.</p> <p>April 2021 Executive Advisor, Yashima Denki Co., Ltd.</p> <p>June 2021 Outside Director, the Company (to the present)</p>	(Note 1)	1

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Director	Kazue Kurihara	January 24, 1951	<p>October 1992 Associate Professor, Department of Applied Physics, Faculty of Engineering, Nagoya University</p> <p>April 1997 Professor, Institute for Chemical Reaction Science (currently Institute of Multidisciplinary Research for Advanced Materials), Tohoku University</p> <p>April 2010 Professor, Advanced Institute for Materials Research and Institute of Multidisciplinary Research for Advanced Materials, Tohoku University</p> <p>April 2016 Professor Emeritus, Tohoku University (to the present)</p> <p>April 2017 Professor, New Industry Creation Hatchery Center, Tohoku University (to the present)</p> <p>December 2020 Outside Director, Hamamatsu Photonics K.K. (to the present)</p> <p>April 2021 Research Professor, Tohoku University (to the present)</p> <p>January 2022 Director, SMILEco Measurement Co., Ltd. (to the present)</p> <p>June 2023 Outside Director, the Company (to the present)</p>	(Note 1)	0
Full-time Audit & Supervisory Board Member	Masamichi Mizukami	September 11, 1958	<p>April 1983 Joined the Company</p> <p>June 2012 Plant Manager, Yamakita Plant, Specialty Chemicals Company</p> <p>June 2013 Executive Officer, and Plant Manager, Yamakita Plant, Specialty Chemicals Company</p> <p>December 2013 Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company</p> <p>April 2016 Managing Executive Officer, Chairman of The Committee on Future R&D, in charge of Research & Development Division and Advanced Business Development Division</p> <p>June 2016 Director, Managing Executive Officer, Chairman of The Committee on Future R&D, in charge of Research & Development Division and Advanced Business Development Division, and General Manager, Advanced Business Development Division</p>	(Note 2)	25

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
			<p>January 2017 Director, Managing Executive Officer, in charge of Research & Development Division and Advanced Business Development Division</p> <p>April 2019 Representative Director, Senior Managing Executive Officer, in charge of Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager, QOL Innovation Center Shirakawa</p> <p>June 2019 Representative Director, Senior Managing Executive Officer, Chairperson of Internal Control Promotion Committee, in charge of Internal Audit Division, Research & Development Division, Advanced Business Development Division, Business Strategy Division, General Manager, QOL Innovation Center Shirakawa</p> <p>April 2020 Director</p> <p>June 2020 Audit & Supervisory Board Member (to the present)</p>		

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Full-time Audit & Supervisory Board Member	Go Watanabe	September 19, 1958	<p>April 1982 Joined The Mitsubishi Bank, Ltd.</p> <p>June 2009 Executive Officer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), Deputy President, General Manager of Shanghai Branch of The Bank of Tokyo-Mitsubishi UFJ (China), Ltd.</p> <p>July 2011 Executive Officer, General Manager, Global Corporate Banking Division of BTMU</p> <p>May 2012 Managing Executive Officer, Group Head, Nagoya Corporate Banking Group of BTMU</p> <p>June 2013 Managing Executive Officer, Chief Executive Officer for Asia and Oceania of BTMU</p> <p>July 2016 First Senior Vice President of Nidec Corporation</p> <p>August 2018 Senior Managing Executive Officer, Chief Administrative Officer (CAO) of Nidec Corporation</p> <p>September 2020 Chairman and Representative Director, MST Insurance Service Co., Ltd.</p> <p>June 2021 Outside Director, Mitsubishi HC Capital Inc.</p> <p>June 2022 Outside Audit & Supervisory Board Member, the Company (to the present)</p>	(Note 2)	3

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)	
Full-time Audit & Supervisory Board Member	Masato Inari	January 23, 1961	April 1985	Joined the Company	(Note 3)	24
			June 2011	Plant Manager, Niigata Plant, Natural Gas Chemicals Company		
			June 2014	Executive Officer, Plant Manager, Niigata Plant, Natural Gas Chemicals Company		
			April 2016	Executive Officer, President of Aromatic Chemicals Company		
			June 2016	Director, JSP Corporation		
			April 2017	Managing Executive Officer, President of Aromatic Chemicals Company, the Company		
			June 2017	Director, Managing Executive Officer, President of Aromatic Chemicals Company		
			April 2019	Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety & Quality Assurance Division		
			June 2019	Outside Director, Katakura & Co-op Agri Corporation		
			April 2020	Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector, the Company		
			April 2021	Director, Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division, Purchasing & Logistics Division		
			April 2022	Representative Director, Senior Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division, Purchasing & Logistics Division		
			April 2023	Director		
			June 2023	Audit & Supervisory Board Member (to the present)		

Title and position	Name	Date of birth	Profile	Term of office	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member	Tsuneaki Teshima	October 21, 1960	<p>April 1983 Joined Nippon Life Insurance Company (“Nissay”)</p> <p>March 2010 Executive Officer, Manager, Product Planning Department, Nissay</p> <p>March 2011 Executive Officer, Head of Sendai Branch and Manager, Tohoku Corporate Relations Management Department, Nissay</p> <p>March 2013 Executive Officer, General Manager of Agency Marketing Headquarters and Financial Institution Relations Headquarters, Nissay</p> <p>March 2014 Managing Executive Officer, General Manager of Agency Marketing Headquarters and Financial Institution Relations Headquarters, Nissay</p> <p>July 2014 Director and Managing Executive Officer, General Manager of Agency Marketing Headquarters and Financial Institution Relations Headquarters, responsible for Agency Operations Department, Agency Marketing Headquarters, Financial Institution Relations Department and Financial Institution Relations Headquarters, Nissay</p> <p>March 2017 Director and Senior Managing Executive Officer, General Manager of Agency Marketing Headquarters and Financial Institution Relations Headquarters, responsible for Agency Operations Department, Agency Marketing Headquarters, Financial Institution Relations Department and Financial Institution Relations Headquarters, Nissay</p> <p>March 2018 Director, Nissay Director, NLI Research Institute</p> <p>April 2018 Representative Director, NLI Research Institute (to the present)</p> <p>June 2018 Outside Audit & Supervisory Board Member, Nitta Corporation</p> <p>June 2021 Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (to the present)</p> <p>June 2024 Outside Audit & Supervisory Board Member, the Company (to the present)</p>	(Note 2)	–
Total					256

Notes: 1. Until the conclusion of the Annual General Meeting of Shareholders concerning the last fiscal year ending within one

year after appointment from June 25, 2024

2. Until the conclusion of the Annual General Meeting of Shareholders concerning the last fiscal year ending within four years after appointment from June 27, 2023
3. Until the conclusion of the Annual General Meeting of Shareholders concerning the last fiscal year ending within four years after appointment from June 25, 2024
4. Director, Ms. Haruko Hirose is listed as above in her preferred name. Her name in the family register is Haruko Makinouchi.
5. Director, Mr. Yasushi Manabe is scheduled to be appointed as an Outside Director of NICHIAS Corporation on June 27, 2024.
6. Directors, Ms. Haruko Hirose, Mr. Toru Suzuki, Mr. Yasushi Manabe and Dr. Kazue Kurihara are Outside Directors.
7. Full-time Audit & Supervisory Board Member, Mr. Go Watanabe and Audit & Supervisory Board Member, Mr. Tsuneaki Teshima are Outside Audit & Supervisory Board Members.
8. The Company has elected one substitute outside Audit & Supervisory Board member provided for in Article 329, paragraph (3) of the Companies Act to be ready to fill a vacant position should the number of outside Audit & Supervisory Board members fall below the number required by laws and regulations. The profile of the Substitute Outside Audit & Supervisory Board Member is as follows:

Name	Date of birth	Profile	Number of shares held (Thousands of shares)
Hiroaki Kanzaki	November 2, 1962	<p>April 1991 Admitted to the bar, Daiichi Tokyo Bar Association, Joined Sugimoto Law Office</p> <p>April 1992 Committee Member of the Committee on Human Rights Protection, Daiichi Tokyo Bar Association (to the present)</p> <p>April 1997 Joined Ichibancho Sogo Law Office</p> <p>June 2004 Director, Orifa Servicer Corporation</p> <p>April 2010 Member of the Central Election Management Council of Japan</p> <p>May 2010 Attorney at law, Representative Partner, Ichibancho Sogo Law Offices L.P.C (to the present)</p> <p>June 2010 Member of the Society for Contract Law, Ministry of Defense (to the present)</p> <p>July 2010 Director, Orifa Servicer Corporation</p> <p>April 2012 Vice-President of Daiichi Tokyo Bar Association</p> <p>April 2013 Member of Attorneys Recommendation Committee, Daiichi Tokyo Bar Association</p> <p>Member of the Finance Committee, Japan Federation of Bar Associations</p> <p>Chairperson, Central Election Management Council of Japan</p> <p>Member of the Finance Committee, Daiichi Tokyo Bar Association (to the present)</p> <p>April 2018 Auditor, Japan Federation of Bar Association</p> <p>April 2023 Executive Governor, Japan Federation of Bar Association (to the present)</p>	-

9. The Company has established an executive officer system to strengthen governance and enhance the executive management system by clarifying functions and responsibilities. The Company has 22 Executive Officers, including 8 concurrently serving as Directors, and the number of Executive Officers, excluding those concurrently serving as Directors, as of June 25, 2024, is as follows.

Title and position	Name	Title and position	Name
Executive Officer Division Director of GEC Business Planning Division, Green Energy & Chemicals Business Sector	Akio Hashimoto	Executive Officer Plant Manager of Mizushima Plant, Green Energy & Chemicals Business Sector	Hiroshi Kiyama
Executive Officer General Manager of Electronic Materials Division, Specialty Chemicals Business Sector	Tomoyuki Azuma	Executive Officer In charge of Production Technology Division General manager of Production Technology Division	Kinji Kato
Executive Officer In charge of Research and Development Division General Manager of Research and Development Division	Hiroshi Ogawa	Executive Officer Deputy General Manager of Corporate Planning Division	Takashi Nakase
Executive Officer Plant Manager of Yokkaichi Plant, Specialty Chemicals Business Sector	Yoshio Nishimura	Executive Officer Plant Manager of Niigata Plant, Green Energy & Chemicals Business Sector	Yuuichi Sugano
Executive Officer In charge of Corporate Planning Division General Manager of Corporate Planning Division	Chika Kobayashi	Executive Officer Head of Task Force, High- performance Products Business in Europe, Green Energy & Chemicals Business Sector	Masatoshi Sato
Executive Officer General Manager of Engineering Plastics Division, Specialty Chemicals Business Sector	Yasuaki Matsumi	Executive Officer In charge of Administrative & Personnel Division General Manager of Administrative & Personnel Division	Yasumoto Aoki
Executive Officer Head of Task Force, Inorganic Chemicals Business in North America, Specialty Chemicals Business Sector	Toru Harada	Executive Officer General Manager of Optical Materials Division, Specialty Chemicals Business Sector	Kojiro Abe

(ii) Information about outside corporate officers

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside corporate officers (outside directors and outside Audit & Supervisory Board members), in accordance with criteria set by the Tokyo Stock Exchange regarding independence. The Company appoints only candidates who have no conflict of interest with general shareholders.

The Company nominates as independent all outside directors and outside Audit & Supervisory Board members who satisfy the requirements for being an independent director/auditor.

A candidate is deemed to qualify as an independent officer as long as none of the following matters apply.

1. If any of the following applies to the candidate.

- 1) Has been a business execution manager^(Note 1) of the Group^(Note 2).
- 2) Is a major shareholder of the Company^(Note 3) or is or has been a business execution manager for a major shareholder company within the previous five years.
- 3) Is or has been a business execution manager within the previous five years of an important business partner^(Note 4).
- 4) Has been dispatched from a company or organization that has established a relationship with the Group through the reciprocal appointment of outside corporate officers.

- 5) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of the Company.
 - 6) Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation^(Note 5).
2. If any of the following applies to a close relation^(Note 6) of the candidate.
 - 1) Is or has been an important business execution manager^(Note 7) of the Group within the previous five years.
 - 2) Is a major shareholder of the Company or a business execution manager for a major shareholder company.
 - 3) Is or has been a business execution manager within the previous five years of an important business partner.
 - 4) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of the Company.
 - 5) Provides or has provided consulting services other than statutory auditing to the Group within the previous three years, for which he or she has received high compensation.
 3. The candidate has another important vested interest in the Group and has been reasonably deemed to be unable to fulfill his or her duties as an independent officer.

- Notes:
1. Business execution manager: Either a director overseeing business execution, an executive officer, other officer involved in business execution, or an employee.
 2. The Group: The Company or one of its subsidiaries.
 3. Major shareholders of the Company: A shareholder currently holding, either directly or indirectly, 10% or more of total shares issued.
 4. Important business partner: A business partner that has made transactions, including buying and selling, amounting to 2% or more of consolidated net sales over the previous three consecutive years.
Consolidated net sales pertains to the Company in the event the Group is the seller, or to the partner in the event the Group is the buyer.
 5. High compensation: In the case of an individual, an annual amount of ¥10 million or more, or in the case of a member of company or organization, compensation exceeding 2% of its consolidated net sales or total revenue.
 6. Close relation: Either a spouse, first- or second-degree relative, or financial dependent.
 7. Important business execution manager: Either a director overseeing business execution, an executive officer, or other officer involved in business execution.

The Company has four outside directors and two outside Audit & Supervisory Board members. There is no special interest between the Outside Director, Ms. Haruko Hirose and the Company. While there are transactional relationships between the Company and Nikkiso Co., Ltd. where she serves as an outside director, including the purchase of equipment, the amount was less than 1% of consolidated net sales of said company for the fiscal year ended March 31, 2024. There is no special interest between the Outside Director, Mr. Toru Suzuki and the Company. Although he was a business execution manager until June 2017 at Mitsui & Co., Ltd., a business partner of the Company, over six years have passed since his retirement. While there are transactional relationships between the Company and said company including the sale of products and materials, the amount was less than 1.5% of consolidated net sales of the Company for the fiscal year ended March 31, 2024. Also, while there are transactional relationships between the Company and said company including the purchase of materials, the amount was less than 1% of consolidated net sales of said company for the fiscal year ended March 31, 2024. There is no special interest between the Outside Director, Mr. Yasushi Manabe and the Company. He was a business execution manager until March 2021 at Hitachi, Ltd. While there are transactional relationships between the Company and said company including the sale of products,

the amount was less than 1% of consolidated net sales of the Company for the fiscal year ended March 31, 2024. Also, while there are transactional relationships between the Company and said company including payment of equipment maintenance cost, the amount was less than 1% of consolidated net sales of said company for the fiscal year ended March 31, 2024. Furthermore, he was Executive Advisor until March 2024 at Yashima Denki Co., Ltd. While there are transactional relationships between the Company and said company including the purchase of machines, the amount was less than 1% of consolidated net sales of said company for the fiscal year ended March 31, 2024.

There is no special interest between the Outside Director, Dr. Kazue Kurihara and the Company. There are transactional relationships between the Company and Hamamatsu Photonics K.K. where she serves as an outside director, including the sale of products, the amount was less than 1% of consolidated net sales of the Company for the fiscal year ended March 31, 2024. Also, while there are transactional relationships between the Company and Tohoku University, where she serves as Professor Emeritus, including payment of consideration for joint research, the amount during the fiscal year ended March 31, 2024 was insignificant, totaling ¥13 million.

There is no special interest between the Outside Audit & Supervisory Board Member, Mr. Go Watanabe and the Company. Although he was a business executive manager until June 2016 at The Bank of Tokyo-Mitsubishi UFJ (currently MUFG Bank, Ltd.), over seven years have passed since his retirement. While there are transactional relationships between the Company and said company including the borrowing of funds, the amount of borrowings from said company was less than 2.4% of consolidated total assets as of March 31, 2024. Furthermore, although said company holds shares of the Company, the percentage is 1.2% of issued shares.

There is no special interest between the Outside Audit & Supervisory Board Member, Mr. Tsuneaki Teshima and the Company. Although he was a business executive manager until July 2018 at Nippon Life Insurance Company, over five years have passed since his retirement. While there are transactional relationships between the Company and said company including the borrowing of funds, the amount of borrowings from said company was less than 0.6% of consolidated total assets as of March 31, 2024. Furthermore, although said company holds shares of the Company, the percentage is 2.7% of issued shares.

Based on the above, the Company believes that the six Outside Directors and Outside Audit & Supervisory Board Members have no special interest in the Company and are able to perform their duties fairly and objectively from an independent standpoint, and has designated them as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the exchange of such designation.

Outside Director, Ms. Haruko Hirose has many years of abundant experience overseas and insight as director at international organizations on a global scale, and provides appropriate supervision and advice to the Company's management including actively expressing her opinions based on these at the Board of Directors. So, she is expected to continue to contribute to ensuring the validity and appropriateness of the Company's decision making. Although she has not been directly involved in corporate management, other than as Outside Director, since she has served in important positions at an international organization, etc., it is deemed that she would continue to contribute to ensuring the validity and appropriateness of the Company's decision making.

Outside Director, Mr. Toru Suzuki has many years of experience overseas at a company operating on a global scale as well as insight and experience in general management as a manager, and provides appropriate supervision and advice to the Company's management including actively expressing his opinions based on these at the Board of Directors. So, he is expected to continue to contribute to ensuring the validity and appropriateness of the Company's decision making.

Outside Director, Mr. Yasushi Manabe has many years of experience at a company operating on a global scale as well as insight and experience in general management as a manager, and provides appropriate supervision and advice to the Company's management including actively expressing his opinions based on these at the Board of Directors. So, he is expected to continue to contribute to ensuring the validity and appropriateness of the Company's decision making.

Outside Director, Dr. Kazue Kurihara has highly advanced expertise in wide fields of study in

chemicals, and provides appropriate supervision and advice to the Company's management including actively expressing her opinions based on these at the Board of Directors. So, she is expected to continue to contribute to ensuring the validity and appropriateness of the Company's decision making.

Outside Audit & Supervisory Board Member Go Watanabe has abundant experience at a financial institution and a manufacturing industry etc., both in Japan and overseas, as well as possesses insight and experience in general management as a manager and considerable expertise in finance and accounting. Therefore, he is suited for an Outside Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of directors' duties. Outside Audit & Supervisory Board Member, Mr. Tsuneaki Teshima has many years of experience at a financial institute, etc. as well as possesses insight and experience in general management as a manager and considerable expertise in finance and accounting. Therefore, he is suited for an Outside Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of directors' duties.

The Company has appointed two outside Audit & Supervisory Board members who have no special interests in the Company and in whom the Company has no special interest. The Company believes they are objectively fulfilling a neutral management oversight function through their audits and involvement in important decision-making processes. Additionally, the Company has appointed four independent outside directors in the aim of further enhancing management transparency and impartiality vis-à-vis shareholders by obtaining appropriate oversight of its management and advice from an outsider's perspective. The Company accordingly considers its existing governance regime as stated above to be the best fit for itself in terms of ensuring management transparency and impartiality.

The shareholding status of each Outside Director and Outside Audit & Supervisory Board Member in the Company is as described in "(i) Officers."

- (iii) Relationship between supervision or audit by Outside Directors or Outside Audit & Supervisory Board Members, and internal audits, audits by Audit & Supervisory Board Members, and accounting audits, and relationship with internal control division

Each Outside Director attends meetings of the Board of Directors and receives regular reports on matters including basic policies and plans for the implementation and operation of internal controls, and the status of internal audits. To give part-time outside directors and outside Audit & Supervisory Board members a better understanding of Board of Directors meetings' agenda items, the Company briefs them beforehand. Outside directors also engage in discussions with Audit & Supervisory Board members to share information.

Additionally, outside directors and outside Audit & Supervisory Board members hold regular discussions solely among themselves to share information.

For newly appointed outside directors and outside Audit & Supervisory Board members, individual business units provide briefings on their business and its operations and the Company offers opportunities to tour plants and other sites.

One of the Outside Audit & Supervisory Board Members performs duties as a Full-time Audit & Supervisory Board Member.

The activities of the Full-time Audit & Supervisory Board Member are as described in "(3) Information about audit, (i) Information about auditing by Audit & Supervisory Board members, 2. Activity status of Audit & Supervisory Board members and the Audit & Supervisory Board."

(3) Information about audit

- (i) Information about auditing by Audit & Supervisory Board members

1. Organization, personnel, and procedures

The Audit & Supervisory Board consists of four Audit & Supervisory Board members (including three full-time Audit & Supervisory Board members), two of whom are outside Audit & Supervisory Board members.

Audit & Supervisory Board Member, Mr. Masamichi Mizukami served in important positions in

the Company's Specialty Chemicals Business Sector, Research & Development, Internal Control, etc. and possesses abundant experience in the Company's business and corporate management. Full-time Outside Audit & Supervisory Board Member Go Watanabe worked for financial institutions for many years and has experience in corporate management at a manufacturing industry etc., giving him considerable finance, accounting and risk management expertise as well as abundant experience regarding corporate management both in Japan and overseas. Full-time Audit & Supervisory Board Member, Mr. Masato Inari served in important positions in the Company's Basic Chemicals Business Sector, Production Technology, Environment Safety, etc. and possesses abundant experience in the Company's business and corporate management. Outside Audit & Supervisory Board Member, Mr. Tsuneaki Teshima worked for financial institutions for many years and possesses insight and experience in general management as a manager as well as a considerable degree of knowledge regarding finance and accounting. One staff member dedicated to audit functions based on instructions from Audit & Supervisory Board members is placed, and in the case that the Audit & Supervisory Board requests the use of independent external specialists, the Company shall bear those costs. The Audit & Supervisory Board sets auditing policies, assigns auditing duties and formulates audit plans. Audit & Supervisory Board members perform their duties in accord with the Company's audit standards for Audit & Supervisory Board members.

2. Activity status of Audit & Supervisory Board members and the Audit & Supervisory Board
 The Audit & Supervisory Board's topics includes formulation of auditing policies and audit plans, internal control systems' implementation/operation status and the reasonableness of the Independent Auditor's audit methods and findings. Additionally, the Audit & Supervisory Board endeavors to form audit opinions by sharing individual Audit & Supervisory Board members' audit findings.

The three full-time Audit & Supervisory Board members endeavor to stay informed of important decision-making processes and the state of business execution through such means as attending important meetings, including Operations Council meetings in addition to Board of Directors meetings, auditing individual organizational units, surveying subsidiaries and reviewing key documents.

Audit & Supervisory Board members regularly exchange views with directors, periodically and promptly receive reports on the status of business execution and other important matters from directors and office staff, request explanations whenever necessary, and express opinions. Additionally, the Audit & Supervisory Board members endeavor to improve audit effectiveness through such means as coordinating with the Independent Auditor and Internal Audit Division and attending Internal Control & Risk Management Committee and Compliance Committee meetings. The one part-time Audit & Supervisory Board member's role includes conferring about and offering opinions on important auditing-related matters in accord with auditing policies set by the Audit & Supervisory Board. Furthermore, all Audit & Supervisory Board members have regular exchanges of opinions with the representative director, directors, and outside directors regarding the status of internal controls, and related matters.

In the fiscal year under review, the Audit & Supervisory Board met 14 times, and the status of attendance of each individual Audit & Supervisory Board Member is as follows.

Title and position	Name	Attendance at the Audit & Supervisory Board meetings
Full-time Audit & Supervisory Board Member	Masamichi Mizukami	14/14
Full-time Audit & Supervisory Board Member	Masato Inari	9/9
Full-time Audit & Supervisory Board Member (Outside)	Go Watanabe	14/14
Audit & Supervisory Board Member (Outside)	Yasuomi Matsuyama	14/14

(ii) Information about internal audit

1. Organization, personnel, and procedures

To enhance internal control and improve management efficiency, the Internal Audit Division conducts internal audits based on an annual plan to ensure that the operations of the Company and its Group companies are properly executed. All internal audit reports are reported to the President and Representative Director and the director in charge of the Internal Audit Division, and are also reported at the same time to the full-time Audit & Supervisory Board members. The Board of Directors receives one regular report per year as well as reports from the director in charge of the Internal Audit Division as necessary. Moreover, the Internal Audit Division also assesses and reports on the effectiveness of internal controls over financial reporting in accord with the Financial Instruments and Exchange Act.

The Internal Audit Division is staffed with a total of 14 personnel, including nine internal auditors (three of whom are exclusively internal auditors; the other six split their time between internal auditing and other duties) and five staff in charge of the internal control reporting system.

2. Mutual cooperation among internal audits, audits by Audit & Supervisory Board Members, and accounting audits

1) Status of cooperation between internal audits and audits by Audit & Supervisory Board Members

The Internal Audit Division forwards copies of its internal audit reports to Audit & Supervisory Board members on an ad hoc basis to help them perform their audits more efficiently, holds quarterly reporting meetings with full-time Audit & Supervisory Board members and reciprocally shares and discusses audit plans and findings with Audit & Supervisory Board members. Audit & Supervisory Board members are also briefed by the Internal Audit Division on its assessments of the effectiveness of internal controls over financial reporting and discuss prospective corrective measures with the Internal Audit Division in the aim of improving the reliability of financial reporting.

2) Status of cooperation between internal audits and audits by Audit & Supervisory Board Members

The Internal Audit Division discusses auditing matters with the Independent Auditor whenever necessary in addition to meeting regularly with the Independent Auditor.

3) Status of cooperation between audits by Audit & Supervisory Board Members and accounting audits

Early in the fiscal year, Audit & Supervisory Board members are briefed by the Independent Auditor on its audit plan. They also receive first-hand input on accounting procedures and internal controls from the Independent Auditor while accompanying its staff during accounting audits of the Company's plants, Group companies and other sites. Additionally, they discuss issues pertaining to quarterly financial reporting procedures and internal controls with the Independent Auditor on a quarterly basis.

Audit & Supervisory Board Members have conferred with the Independent Auditor and the Company's executive staff on individual risks posed by potential KAMs (key audit matters) identified by the Independent Auditor and received reports on audit status with respect to such risks. Throughout the fiscal year, Audit & Supervisory Board members engaged in in-depth discussions with the Independent Auditor in connection with the Independent Auditor's process of finalizing its KAM selections, taking into account management impact, materiality and other relevant factors.

3. Relationship between the Internal Audit Division, Audit & Supervisory Board Members, and the Independent Auditor and the internal control division

The Internal Audit Division, Audit & Supervisory Board Members, and the Independent Auditor hold regular meetings with each other to report on internal controls and exchange opinions. The

Independent Auditor also exchanges opinions with other related departments through the Finance & Accounting Department as necessary.

(iii) Information about accounting audit

a. Name of the audit firm
Crowe Toyo & Co.

b. Length of continuous tenure
65 years

The rotation of the Engagement Partners is appropriately implemented, and in principle, they are not involved in the audit work for more than seven consecutive accounting periods.

The Lead Engagement Partner not been involved in audit work for more than five consecutive accounting periods.

c. Certified public accountants who executed audit duties

Akio Enokura
Takayuki Kawakubo
Shoichi Oyama

d. Assistants who participated in audits

Assistants who participated in accounting audit operations of the Company are ten certified public accountants and six other persons.

e. Policy and reason for selecting the audit firm

• Policy for selecting the audit firm

The Audit & Supervisory Board of the Company has a policy of establishing evaluation and selection criteria for the Independent Auditor, which are deliberated and decided by the Audit & Supervisory Board each fiscal year.

Specifically, it makes a comprehensive judgment of the appropriateness and appropriateness of the Independent Auditor's audit activities, quality control system, independence, appropriateness of the audit plan and audit fees, and opinions from the executive management division.

• Policy for dismissal and non-reappointment of Independent Auditors

In the case that any of the items in Article 340, paragraph (1) of the Companies Act apply to an Independent Auditor, that Independent Auditor's dismissal will be considered, and in the case that their dismissal is judged to be appropriate, the Audit & Supervisory Board of the Company will dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board members.

Also, in the case that the Audit & Supervisory Board recognizes that it has become difficult for the Independent Auditor to appropriately execute duties, or if otherwise judged necessary, the Audit & Supervisory Board will determine the detail of an agenda item to be proposed to the General Meeting of Shareholders, regarding the dismissal or non-reappointment of the Independent Auditor.

f. Evaluation of the audit firm conducted by the Audit & Supervisory Board members and Audit & Supervisory Board

The Audit & Supervisory Board of the Company has decided to reappoint the current audit firm after careful consideration based on the above evaluation and selection criteria of the Independent Auditor.

(iv) Details of audit fee, etc.

a. Compensation for certified public accountants, etc. for audits (Millions of yen)

Category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	74	0	74	2
Consolidated subsidiaries	34	2	47	2
Total	108	2	122	4

The non-audit services provided to the Company and its consolidated subsidiaries in the fiscal year ended March 31, 2023 consisted of agreed-upon procedures.

The non-audit services provided to the Company and its consolidated subsidiaries in the fiscal year ended March 31, 2024 consisted of agreed-upon procedures.

b. Compensation excluding a. for the same network of certified public accountants, etc. for audits (Crowe Global) (Millions of yen)

Category	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	–	–	–	–
Consolidated subsidiaries	15	10	16	21
Total	15	10	16	21

Non-audit services provided to consolidated subsidiaries in the fiscal year ended March 31, 2023 included tax consulting and other services.

Non-audit services provided to consolidated subsidiaries in the fiscal year ended March 31, 2024 included tax consulting and other services.

c. Details of other major compensation for audit certification services

Fiscal year ended March 31, 2023

Certain consolidated subsidiaries of the Company paid 67 million yen to Deloitte Touche Tohmatsu LLC as fees for audit certification services.

Fiscal year ended March 31, 2024

There are no matters to be noted.

d. Policy on determining audit fee

Fees for audit certification services for the Independent Auditor of the reporting company for audit certification services is determined with the consent of the Audit & Supervisory Board based on discussions with the Independent Auditor, taking into consideration the items to be audited, the number of days, and the efficiency of audit operations, in light of factors including the Company's size and business structure.

e. Reasons for approval of the compensation, etc. for the Independent Auditor by the Audit & Supervisory Board

The Audit & Supervisory Board of the Company agreed to the above amount of fees for audit certification services borne by the reporting company for the fiscal year ended March 31, 2024 after confirming the content of the Independent Auditor's audit plan, quality management systems, the state of execution of audit, estimates of audit compensation, etc.

- (4) Directors' and Audit & Supervisory Board members' compensation and other benefits
- (i) Policy for determining amounts of compensation and other benefits paid to directors/Audit & Supervisory Board members and the method of calculating such amount as well as the method of determination thereof

Director's compensation

The Company has determined policies on making decisions regarding compensation and other benefits for individual directors, per resolution at the Board of Directors meeting held on February 17, 2021.

Having taken into account discussions regarding compensation and other benefits for individual directors pertaining to the fiscal year under review, subsequent to consultation with the Compensation and Nominating Committee with a majority of outside directors, the Board of Directors deems that such compensation and other benefits for individual directors conforms with the methods for deciding details of compensation and other benefits and also conforms with such policies on details regarding compensation and other benefits that have been determined.

The policy on making decisions pertaining to compensation and other benefits for individual directors is as follows.

Compensation for the Company's directors, excluding outside directors, consists of annual compensation and restricted stock compensation.

The annual compensation consists of fixed basic compensation decided in accordance with each director's position and duties, in conjunction with performance-based compensation based on various indicators of corporate performance. As for method payment, the eligible directors receive annual compensation paid on a monthly basis, divided into monthly installments, a certain percentage of which is set aside each year as part of a reserved retirement benefit, which is paid to directors upon their retirement. The Company may take action to reduce such amounts depending on a director's performance and other grounds. The performance-based compensation is determined based on factors that include quantitative financial results and the extent to which targets have been achieved, using ordinary profit and other such indicators, with the aim of furnishing incentive with respect to corporate performance. Moreover, as a general guideline, performance-based compensation accounts for roughly 30% of annual compensation, which mainly consists of basic compensation. This is a suitable compensation mix given distinctive characteristics of the Company's business particularly in terms of its many years of monetizing respective businesses as a result of having engaged in various initiatives such as R&D, manufacturing process development, and market development.

The restricted stock compensation involves granting a certain volume of shares to directors in alignment with their positions and duties, in a manner whereby compensation furnished for the sake of granting the Company's own shares is paid to the directors each fiscal year on a lump-sum basis. Such shares are subject to transfer restrictions so that recipients are required maintain holdings for a certain period of time. This helps encourage a sense of shared value with shareholders and furthermore provides incentive for recipients to help achieve sustainable growth with respect to the Company's corporate value.

In addition to these forms of compensation, the Company may pay an amount considered appropriate as a bonus upon resolution of a General Meeting of Shareholders.

Compensation paid to outside directors who maintain positions of independence from business execution is limited to fixed amounts of basic compensation.

Total amounts of annual compensation for directors shall be determined by the Board of Directors, subsequent to consultation with the Compensation and Nominating Committee and after having reviewed comprehensive factors such as corporate performance, world standards, and employee salary trends. In addition, the Board of Directors entrusts the distribution of individual compensation to the Director and President, based on the judgment that the Director and President is the most appropriate person to evaluate each Director while overseeing the Company as a whole, and the Director and President makes decisions based on discussions on the distribution of compensation at meetings of the Compensation and Nominating Committee.

The policy above shall be determined by the Board of Directors, subsequent to consultation with

the Compensation and Nominating Committee with a majority of outside directors.

Audit & Supervisory Board members' compensation

Audit & Supervisory Board members' compensation consists only of a basic compensation and is decided among the Audit & Supervisory Board members within the amount stipulated by the General Meeting of Shareholders.

(ii) Total amount of compensation and other benefits, total amount of compensation and other benefits by type and number of payees by category

Category of officers	Total amount of compensation and other benefits (Millions of yen)	Total amount of compensation and other benefits by type (Millions of yen)			Number of eligible officers (Persons)
		Basic	Performance-based	Restricted Stock	
Directors (excluding outside directors)	483	296	149	37	10
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	52	52	–	–	3
Outside directors/Audit & Supervisory Board members	75	75	–	–	7
Total	612	425	149	37	20

- Notes:
- The amount of restricted stock compensation to directors is that of the provision for restricted stock compensation for the fiscal year under review.
 - Monetary compensation paid to Directors is to amount to within ¥600 million per annum, including reserved retirement benefits for each term of office (of which, the amount shall be within ¥50 million for outside directors who shall not be eligible for of the reserved retirement benefits), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors upon conclusion of said General Meeting of Shareholders was 12 (of whom, two are outside directors).
Meanwhile, in a framework separate from the monetary compensation, compensation that involves granting restricted stock shall amount to within ¥100 million per annum (outside directors shall not be eligible for payment thereof), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of directors (excluding outside directors) upon conclusion of said General Meeting of Shareholders was ten.
 - The Board of Directors has entrusted President and Representative Director Masashi Fujii with the decision on the distribution of compensation to each Director, based on the judgment that the Director and President is the most appropriate person to evaluate each Director while overseeing the Company as a whole, and the Director and President makes decisions based on discussions on the distribution of compensation at meetings of the Compensation and Nominating Committee.
 - The indicators for performance-based compensation are intended to serve as incentives for corporate performance and utilize a combination of factors including ordinary profit and ROIC, with the initial forecast figures set at ¥81,500 million for ordinary profit and 10.4% for ROIC, and the actual results being ¥69,764 million for ordinary profit and 8.8% for ROIC.
 - Monetary compensation paid to Audit & Supervisory Board members is to amount to within ¥10 million per month, per resolution of the 80th Ordinary General Meeting of Shareholders held on June 28, 2007. The number of Audit & Supervisory Board members upon conclusion of said General Meeting of Shareholders was five.

(iii) Total amount of consolidated compensation, etc. of each Director of the reporting company
The scope of disclosure is persons whose total amount of consolidated compensation, etc. is 100 million yen or more, but this information is omitted because there is no such person.

(5) Share ownership

(i) Policy and concept of the classification of investment shares

The Company defines and distinguishes between investment shares whose purpose of holding is for net investment and investment shares whose purpose of holding is other than for net investment, with net investment purposes defined as “cases where the sole objective is to profit from fluctuations in the value of the shares or from dividends associated with the shares.”

(ii) Investment shares whose purpose of holding is other than for net investment

a. Method for inspecting the holding policy and the rationality of ownership, and the details of inspections by the Board of Directors and the like concerning the propriety of the ownership of individual issues

The Company owns listed equity holdings that it deems beneficial to its Group’s businesses in pursuit of medium/long-term growth in its corporate value. Its Board of Directors annually reassesses the objectives and risks of owning each of these equity holdings, the state of transactions with the investee and returns accruing from ownership, including returns from actual transactions with the investee, relative to earnings targets with cost of capital factored in. If the Board of Directors deems the Company’s equity stake in any investee to be larger than appropriate, the Company sells down its equity holdings in the investee as appropriate.

b. Number of issues and balance sheet amount

	Number of issues (Issues)	Total value on balance sheet (Millions of yen)
Unlisted shares	56	2,197
Shares other than unlisted shares	35	30,487

(Issues whose number of shares increased in the fiscal year under review)

	Number of issues (Issues)	Total acquisition costs associated with increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted shares	3	123	<ul style="list-style-type: none">• Because it is judged to contribute to the Group’s business operations, mainly in the Basic Chemicals Business
Shares other than unlisted shares	2	0	<ul style="list-style-type: none">• Because it is judged to contribute to the Group’s business operations, mainly in the Specialty Chemicals Business• Classified as specified investment shares due to initial public offering (IPO) in the fiscal year under review

(Issues whose number of shares decreased in the fiscal year under review)

	Number of issues (Issues)	Total sale value associated with decrease in number of shares (Millions of yen)
Unlisted shares	3	352
Shares other than unlisted shares	4	3,973

- c. Information about the numbers of specified investment shares and deemed shareholdings by issue, balance sheet amounts, etc.

Specified investment shares

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Corporation	1,216,200	405,400	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. During the fiscal year under review, the number of shares held increased due to a stock split. 	Yes
	4,240	1,926		
Mitsubishi UFJ Financial Group, Inc.	2,454,600	2,454,600	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	3,821	2,081		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
AGC Inc.	643,400	736,300	<ul style="list-style-type: none"> The company is primarily an important supplier in the Specialty Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	3,556	3,626		
NITTO BOSEKI CO., LTD.	500,400	500,400	<ul style="list-style-type: none"> The company is primarily an important supplier in the Specialty Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,987	1,008		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Iwatani Corporation	249,800	249,800	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,133	1,446		
Mitsubishi Logistics Corporation	363,500	363,500	<ul style="list-style-type: none"> The company's shares are held because mainly because it is deemed to contribute to the Group's business operations in terms of logistics. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,808	1,130		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Kansai Paint Co., Ltd.	787,000	787,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,712	1,407		
Veritas In Silico Inc.	731,256	–	<ul style="list-style-type: none"> The shares are held with the aim of expanding our business domain in the medical and food fields, which we have designated as one of our future business areas through collaboration with the company. The company's shares were listed on the stock exchange on February 8, 2024, and are therefore included from the fiscal year under review. 	No
	1,450	–		
Daishi Hokuetsu Financial Group, Inc.	311,200	311,200	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,387	899		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Chemical Group Corporation	1,070,500	1,070,500	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Specialty Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	980	841		
MITSUBISHI ESTATE CO., LTD.	318,000	318,000	<ul style="list-style-type: none"> The company's shares are held because it is deemed to contribute to the operations of the Group's business, primarily in the real estate-related field. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	885	501		
Mebuki Financial Group, Inc.	1,519,830	1,519,830	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	777	492		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Nissan Chemical Corporation	127,700	127,700	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	731	764		
NIKON CORPORATION	464,000	464,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	710	628		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Arisawa Mfg. Co., Ltd.	505,860	505,860	<ul style="list-style-type: none"> The company is primarily a joint venture partner and an important supplier in the Basic Chemicals Business and the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of these businesses. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	575	634		
Gun Ei Chemical Industry Co., Ltd.	148,500	148,500	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	571	384		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
The Nanto Bank, Ltd.	127,900	127,900	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	392	297		
The Hyakugo Bank, Ltd.	529,000	529,000	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	343	196		
Oji Holdings Corporation	476,000	476,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	303	249		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Sumitomo Mitsui Trust Holdings, Inc.	88,804	44,402	<ul style="list-style-type: none"> The company's shares are held because it is believed it will contribute to the stability of the Company's financing. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. During the fiscal year under review, the number of shares held increased due to a stock split. 	Yes
	293	201		
Hokuetsu Corporation	84,000	84,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	161	74		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Hodogaya Chemical Co., Ltd.	35,400	35,400	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	129	106		
Mitsubishi Kakoki Kaisha, Ltd.	29,200	29,200	<ul style="list-style-type: none"> The company's shares are held because it is deemed to contribute to the operations of the Group's business, primarily in the facilities-related field. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	120	65		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
DAI NIPPON TORYO CO., LTD.	68,400	68,400	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	82	57		
Mitsubishi Paper Mills Limited	105,000	105,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	64	36		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Daio Paper Corporation	48,000	48,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	55	49		
NATORI CO., LTD.	24,000	24,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	51	46		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
TOYOBO Co., Ltd.	36,400	36,400	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	41	37		
DAISHIN CHEMICAL CO., LTD.	20,000	20,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	31	23		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
MITSUBISHI MOTORS CORPORATION	60,000	60,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	30	31		
Tokuyama Corporation	10,000	10,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	27	21		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Kawaguchi Chemical Industry Co., Ltd.	14,400	14,400	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	20	17		
Hagoromo Foods Corporation	1,119	1,066	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Shares are acquired through regular contributions to the shareholding association to further this objective. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	3	3		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Origin Materials, Inc.	45,000	45,000	<ul style="list-style-type: none"> The company is primarily a related party of a new business in the Basic Chemicals Business, and the company's shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	3	25		
DELSOLE Corporation	1,000	1,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held because the company is deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	0	0		
Mitsubishi Electric Corporation	–	1,211,000	<ul style="list-style-type: none"> The sale of all shares held was completed. 	No
	–	1,911		
Nippon Paint Holdings Co., Ltd.	–	890,000	<ul style="list-style-type: none"> The sale of all shares held was completed. 	No
	–	1,101		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Heavy Industries, Ltd.	–	60,000	<ul style="list-style-type: none"> The sale of all shares held was completed. 	Yes
	–	292		

- Notes: 1. At the stage of selecting the top shares in terms of balance sheet amount, specified investment shares and deemed shareholdings are not combined.
2. A dash “–” indicates that the issue is not held.

Deemed shareholdings

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Concordia Financial Group, Ltd.	3,647,000	3,647,000	<ul style="list-style-type: none"> The company's shares are held primarily to contribute to the stability of the Company's financing and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,807	1,779		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Japan Petroleum Exploration Co., Ltd.	397,752	397,752	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Basic Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,728	1,775		
Mitsubishi UFJ Financial Group, Inc.	1,740,000	1,740,000	<ul style="list-style-type: none"> The company's shares are held primarily to contribute to the stability of the Company's financing and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,709	1,475		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Tokio Marine Holdings, Inc.	498,600	498,600	<ul style="list-style-type: none"> The company's shares are held as they are deemed to contribute to the operations of the Group's business, primarily in the insurance-related field, and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	2,344	1,269		
Mitsubishi Heavy Industries, Ltd.	1,500,000	150,000	<ul style="list-style-type: none"> The company's shares are held as they are deemed to contribute to the operations of the Group's business, primarily in the facilities-related field, and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. The number of shares held increased due to a stock split with a record date of March 31, 2024. 	Yes
	2,172	731		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Corporation	600,000	200,000	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Basic Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. During the fiscal year under review, the number of shares held increased due to a stock split. 	Yes
	2,092	950		
Otsuka Holdings Co., Ltd.	200,000	200,000	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,262	840		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Electric Corporation	500,000	500,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	No
	1,256	789		
Sompo Holdings, Inc.	356,475	118,825	<ul style="list-style-type: none"> The company's shares are held as they are deemed to contribute to the operations of the Group's business, primarily in the insurance-related field, and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. The number of shares held increased due to a stock split with a record date of March 31, 2024. 	Yes
	1,137	624		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Nippon Yusen Kabushiki Kaisha	270,900	270,900	<ul style="list-style-type: none"> The company's shares are held because mainly because it is deemed to contribute to the Group's business operations in terms of logistics. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,103	836		
Arisawa Mfg. Co., Ltd.	966,306	966,306	<ul style="list-style-type: none"> The company is primarily a joint venture partner and an important supplier in the Basic Chemicals Business and the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of these businesses. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	1,098	1,211		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
NIKON CORPORATION	500,000	500,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of mainly this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	765	677		
Daicel Corporation	380,000	380,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Basic Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	575	380		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
AGC Inc.	100,000	100,000	<ul style="list-style-type: none"> The company is primarily an important supplier in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	552	492		
The Hachijuni Bank, Ltd.	520,000	520,000	<ul style="list-style-type: none"> The company's shares are held primarily to contribute to the stability of the Company's financing and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	540	299		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mizuho Financial Group, Inc.	174,100	174,100	<ul style="list-style-type: none"> The company's shares are held primarily to contribute to the stability of the Company's financing and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	530	326		
Chugin Financial Group, Inc.	334,800	334,800	<ul style="list-style-type: none"> The company's shares are held primarily to contribute to the stability of the Company's financing and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	440	297		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
MITSUBISHI ESTATE CO., LTD.	100,000	100,000	<ul style="list-style-type: none"> The company's shares are held as they are deemed to contribute to the operations of the Group's business, primarily in the real estate-related field, and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	278	157		
Mitsubishi Chemical Group Corporation	300,000	300,000	<ul style="list-style-type: none"> The company is primarily a joint venture partner, an important customer, and a supplier in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	274	235		

Issue name	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Purpose of holding, overview of business alliance, etc., quantitative effect of holding and reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
Mitsubishi Paper Mills Limited	360,000	360,000	<ul style="list-style-type: none"> The company is primarily an important customer in the Specialty Chemicals Business, and the shares are held for the purpose of directing the exercise of voting rights under the retirement benefit trust agreement, as they are deemed to contribute to the operations of this business. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	220	125		
IINO KAIUN KAISHA, LTD.	175,100	175,100	<ul style="list-style-type: none"> The company's shares are held as they are deemed to contribute to the operations of the Group's business, primarily in the logistics-related field, and for directing the exercise of voting rights under the retirement benefit trust agreement. Although quantitative holding effects are not stated due to our judgment that they are trade secrets with our business partners, we hold stocks after verifying the status of transactions, returns from actual transactions, etc., against earnings targets based on the cost of capital, risks associated with the holdings, and the purposes for which the stocks are held. 	Yes
	214	175		

- Notes:
- At the stage of selecting the top shares in terms of balance sheet amount, specified investment shares and deemed shareholdings are not combined.
 - Deemed shareholdings held are fair value at the end of the fiscal year multiplied by the number of shares subject to the authority to exercise voting rights.

(iii) Investment shares whose purpose of holding is for net investment
No such shares are held.

V. Financial Information

Basis of preparation of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976; hereinafter the “Regulations on Consolidated Financial Statements”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulations for Non-consolidated Financial Statements”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-consolidated Financial Statements.

Auditing and attestation

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024) were audited by Crowe Toyo & Co., pursuant to the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

Particular efforts to secure the appropriateness of the consolidated financial statements

The Company makes particular efforts to secure the appropriateness of its consolidated financial statements. Specifically, in order to properly understand the details of the accounting standards and other regulations, and to develop a system that can accurately respond to changes in accounting standards and other regulations, the Company has joined the Financial Accounting Standards Foundation (FASF) and strives to secure the appropriateness of the consolidated financial statements. The Company also participates in workshops and other events held by the FASF.

1. Consolidated financial statements and other information

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	108,378	71,447
Notes and accounts receivable - trade, and contract assets	*1 176,626	*1, *6 165,648
Securities	93	–
Merchandise and finished goods	89,367	111,668
Work in process	22,331	19,769
Raw materials and supplies	66,444	69,092
Other	20,775	26,175
Allowance for doubtful accounts	(767)	(651)
Total current assets	483,249	463,148
Non-current assets		
Property, plant and equipment		
Buildings and structures	265,074	232,324
Accumulated depreciation	(162,931)	(144,676)
Buildings and structures, net	102,143	87,647
Machinery, equipment and vehicles	550,543	535,257
Accumulated depreciation	(462,653)	(448,906)
Machinery, equipment and vehicles, net	87,890	86,350
Land	43,843	34,023
Leased assets	6,603	5,148
Accumulated depreciation	(2,224)	(1,731)
Leased assets, net	4,379	3,417
Construction in progress	66,467	94,631
Other	57,618	52,715
Accumulated depreciation	(48,576)	(44,161)
Other, net	9,042	8,553
Total property, plant and equipment	*3, *4 313,767	*3, *4 314,624
Intangible assets		
Goodwill	4,425	16,868
Leased assets	34	54
Software	3,479	4,921
Other	4,041	3,026
Total intangible assets	11,980	24,871

(Millions of yen)

		As of March 31, 2023		As of March 31, 2024
Investments and other assets				
Investment securities	*2, *3	200,101	*2, *3	236,354
Long-term loans receivable		8,184		8,488
Deferred tax assets		3,863		3,180
Retirement benefit asset		1,387		11,005
Other	*2	8,706	*2	7,854
Allowance for doubtful accounts		(1,922)		(1,518)
Total investments and other assets		220,320		265,365
Total non-current assets		546,068		604,861
Total assets		1,029,317		1,068,010

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024	
Liabilities				
Current liabilities				
Notes and accounts payable - trade		88,342	*6	109,013
Short-term borrowings	*3	47,913	*3	51,818
Accrued expenses		23,413		19,781
Lease liabilities		1,074		1,001
Income taxes payable		5,274		6,134
Provision for bonuses		6,220		5,116
Provision for bonuses for directors (and other officers)		32		27
Provision for business restructuring		421		683
Other provisions		40		94
Asset retirement obligations		39		–
Other	*5	47,670	*5	47,809
Total current liabilities		220,442		241,480
Non-current liabilities				
Bonds payable		20,000		30,000
Long-term borrowings	*3	74,680	*3	69,671
Lease liabilities		3,276		2,511
Deferred tax liabilities		12,514		16,334
Provision for retirement benefits for directors (and other officers)		279		340
Provision for environmental measures		23		23
Provision for business restructuring		2,499		1,875
Provision for loss on business of subsidiaries and associates		59		15
Other provisions		521		364
Retirement benefit liability		4,453		4,257
Asset retirement obligations		5,272		5,707
Other		14,044		10,593
Total non-current liabilities		137,625		141,696
Total liabilities		358,068		383,177
Net assets				
Shareholders' equity				
Share capital		41,970		41,970
Capital surplus		34,293		35,551
Retained earnings		521,426		536,232
Treasury shares		(23,838)		(26,127)
Total shareholders' equity		573,852		587,627
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		8,950		17,573
Deferred gains or losses on hedges		110		171
Foreign currency translation adjustment		22,894		40,143
Remeasurements of defined benefit plans		1,805		12,229
Total accumulated other comprehensive income		33,760		70,117
Non-controlling interests		63,636		27,087
Total net assets		671,249		684,832
Total liabilities and net assets		1,029,317		1,068,010

(ii) Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Net sales	*1	781,211	*1	813,417
Cost of sales	*2, *4	613,031	*2, *4	640,227
Gross profit		168,179		173,189
Selling, general and administrative expenses	*3, *4	119,149	*3, *4	125,852
Operating profit		49,030		47,337
Non-operating income				
Interest income		1,157		1,775
Dividend income		3,021		3,205
Foreign exchange gains		2,677		3,472
Share of profit of entities accounted for using equity method		17,546		–
Other		2,802		2,964
Total non-operating income		27,205		11,417
Non-operating expenses				
Interest expenses		1,745		2,564
Personnel expenses for seconded employees		1,852		1,405
Loss on disposal of non-current assets		858		1,165
Rental expenses		735		660
Share of loss of entities accounted for using equity method		–		5,696
Other		1,279		1,221
Total non-operating expenses		6,470		12,714
Ordinary profit		69,764		46,040

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Extraordinary income				
Gain on step acquisitions		–	*5	15,085
Gain on sale of investment securities		3,732		2,830
Insurance claim income	*6	151	*6	1,434
Subsidy income		–	*7	893
Gain on liquidation of subsidiaries and associates		–		325
Compensation income	*8	649		–
Gain on recovery of money transfer scam at subsidiary	*9	215		–
Reversal of provision for loss on business of subsidiaries and associates		128		–
Total extraordinary income		4,876		20,568
Extraordinary losses				
Loss on sale of shares of subsidiaries and associates		–		2,843
Impairment losses	*10	1,128	*10	1,488
Loss on tax purpose reduction entry of non-current assets		–	*11	704
Loss on disposal of non-current assets	*12	872	*12	307
Provision of allowance for doubtful accounts	*13	410	*13	200
Loss on disaster		–	*14	177
Provision for business restructuring	*15	870		–
Loss on valuation of shares of subsidiaries and associates		846		–
Expenses for land maintenance		275		–
Total extraordinary losses		4,402		5,722
Profit before income taxes		70,239		60,887
Income taxes - current		13,831		14,528
Income taxes - deferred		1,619		(456)
Total income taxes		15,450		14,072
Profit		54,788		46,815
Profit attributable to non-controlling interests		5,703		7,996
Profit attributable to owners of parent		49,085		38,818

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	54,788	46,815
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,430)	8,789
Deferred gains or losses on hedges	51	(84)
Foreign currency translation adjustment	9,408	16,189
Remeasurements of defined benefit plans, net of tax	901	10,995
Share of other comprehensive income of entities accounted for using equity method	7,033	5,048
Total other comprehensive income	*	14,963
		* 40,938
Comprehensive income	69,751	87,753
Comprehensive income attributable to:		
Owners of parent	61,319	75,162
Non-controlling interests	8,432	12,591

(iii) Consolidated statement of changes in net assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,339	492,455	(21,525)	547,239
Changes during period					
Dividends of surplus			(15,464)		(15,464)
Profit attributable to owners of parent			49,085		49,085
Purchase of treasury shares				(7,083)	(7,083)
Disposal of treasury shares		23		47	70
Cancellation of treasury shares		(4,724)		4,724	(0)
Transfer from retained earnings to capital surplus		4,647	(4,647)		–
Change in scope of consolidation			(1)		(1)
Change in ownership interest of parent due to transactions with non-controlling interests		7			7
Net changes in items other than shareholders' equity					–
Total changes during period	–	(46)	28,971	(2,312)	26,612
Balance at end of period	41,970	34,293	521,426	(23,838)	573,852

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,376	(326)	9,861	614	21,526	62,121	630,887
Changes during period							
Dividends of surplus							(15,464)
Profit attributable to owners of parent							49,085
Purchase of treasury shares							(7,083)
Disposal of treasury shares							70
Cancellation of treasury shares							(0)
Transfer from retained earnings to capital surplus							–
Change in scope of consolidation							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							7
Net changes in items other than shareholders' equity	(2,426)	436	13,032	1,191	12,234	1,514	13,748
Total changes during period	(2,426)	436	13,032	1,191	12,234	1,514	40,361
Balance at end of period	8,950	110	22,894	1,805	33,760	63,636	671,249

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,293	521,426	(23,838)	573,852
Changes during period					
Dividends of surplus			(16,367)		(16,367)
Profit attributable to owners of parent			38,818		38,818
Purchase of treasury shares				(10,005)	(10,005)
Disposal of treasury shares		25		45	70
Cancellation of treasury shares		(7,670)		7,670	–
Transfer from retained earnings to capital surplus		7,645	(7,645)		–
Change in ownership interest of parent due to transactions with non-controlling interests		1,258			1,258
Net changes in items other than shareholders' equity					–
Total changes during period	–	1,258	14,805	(2,288)	13,775
Balance at end of period	41,970	35,551	536,232	(26,127)	587,627

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,950	110	22,894	1,805	33,760	63,636	671,249
Changes during period							
Dividends of surplus							(16,367)
Profit attributable to owners of parent							38,818
Purchase of treasury shares							(10,005)
Disposal of treasury shares							70
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Change in ownership interest of parent due to transactions with non-controlling interests							1,258
Net changes in items other than shareholders' equity	8,622	61	17,249	10,423	36,356	(36,549)	(192)
Total changes during period	8,622	61	17,249	10,423	36,356	(36,549)	13,582
Balance at end of period	17,573	171	40,143	12,229	70,117	27,087	684,832

(iv) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	70,239	60,887
Depreciation	33,565	36,304
Loss (gain) on disposal of non-current assets	1,653	1,254
Amortization of goodwill	405	1,929
Share of loss (profit) of entities accounted for using equity method	(17,546)	5,696
Impairment losses	1,128	1,488
Insurance claim income	(163)	(1,493)
Loss (gain) on sale of shares of subsidiaries and associates	–	2,843
Increase (decrease) in allowance for doubtful accounts	531	172
Increase (decrease) in retirement benefit liability	(851)	(407)
Interest and dividend income	(4,179)	(4,980)
Interest expenses	1,745	2,564
Loss (gain) on sale of short-term and long-term investment securities	(3,980)	(2,866)
Loss (gain) on valuation of short-term and long-term investment securities	4	118
Loss (gain) on step acquisitions	–	(15,085)
Decrease (increase) in trade receivables	2,412	16,865
Decrease (increase) in inventories	(19,711)	(742)
Increase (decrease) in trade payables	(6,868)	(14,286)
Increase (decrease) in accrued consumption taxes	(192)	(772)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(63)
Provision for business restructuring	870	–
Other, net	(1,101)	(15,755)
Subtotal	57,957	73,671
Interest and dividends received	4,361	4,986
Dividends received from entities accounted for using equity method	15,082	8,473
Interest paid	(1,654)	(2,565)
Income taxes paid	(20,686)	(12,588)
Proceeds from insurance income	163	1,496
Net cash provided by (used in) operating activities	55,222	73,473

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Cash flows from investing activities				
Purchase of non-current assets	(62,721)		(80,815)	
Proceeds from sale of non-current assets	202		404	
Purchase of investment securities	(1,795)		(550)	
Proceeds from sale of investment securities	5,739		5,372	
Loan advances	(2,354)		(4,179)	
Proceeds from collection of loans receivable	469		296	
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2	11,894	
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	*3	(7,941)	
Other, net	(3,612)		(653)	
Net cash provided by (used in) investing activities	(64,071)		(76,172)	
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings	(7,062)		(1,528)	
Proceeds from long-term borrowings	50,289		10,254	
Repayments of long-term borrowings	(7,965)		(23,234)	
Proceeds from issuance of bonds	–		9,952	
Purchase of treasury shares	(7,083)		(10,005)	
Proceeds from sale of treasury shares	0		0	
Dividends paid	(15,464)		(16,367)	
Dividends paid to non-controlling interests	(4,695)		(7,023)	
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,195)		–	
Other, net	2,173		(2,736)	
Net cash provided by (used in) financing activities	7,996		(40,689)	
Effect of exchange rate change on cash and cash equivalents	7,737		7,601	
Net increase (decrease) in cash and cash equivalents	6,885		(35,787)	
Cash and cash equivalents at beginning of period	92,257		101,185	
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	2,041		–	
Cash and cash equivalents at end of period	*1	101,185	*1	65,397

Significant matters forming the basis for preparation of consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 46

Names of major consolidated subsidiaries:

Omitted because they are provided in “I. Overview of the Company, 4. Status of subsidiaries and associates.”

- (2) Mitsubishi Engineering-Plastics Corporation, Thai Polycarbonate Co., Ltd., Kashima Polymers Corporation, MEP Europe GmbH, MEP Engineering-Plastics (Thailand) Co., Ltd., MEP Singapore Pte Ltd., MEP Shanghai Limited, MEP Shanghai Co., Ltd., MEP Guangzhou Limited, MEP Taiwan Limited, MEP Hong Kong Limited and MEP America, Inc. have been included in the scope of consolidation, due to the acquisition of additional shares of Mitsubishi Engineering-Plastics Corporation.

As the Company tendered to a tender offer conducted by JSP Corporation to repurchase its own shares (the “Tender Offer”) and the Tender Offer was completed, JSP Corporation has been excluded from the scope of consolidation and included in the scope of equity method.

In addition, JSP Foam Products (Thailand) Co., Ltd., JSP International Ltd., JSP Packaging Corporation, KP Corporation, Mirax Corporation, JSP Molding Corporation, Sansho Foam Tech Corporation, Hokuryo EPS Co., LTD., Honshu Petrochemistry Co., LTD., NK Kasei Co., LTD., Seihoku Package Co., LTD., JSP International Group LTD., JSP International S.A.R.L., JSP Foam Products PTE. LTD., KOSPA Corporation, Taiwan JSP Chemical Co., LTD., JSP Advanced Materials (Wuxi) Co., LTD., JSP Plastics (Shanghai) Co., LTD., Kunshan JSP Seihoku Packaging Material Co., LTD., JSP Advanced Materials (Dongguan) Co., LTD., JSP Foam India Private Limited, JSP Brasil Industria de Plasticos LTDA., JSP International, LLC, JSP International de Mexico S.A. de C.V., JSP Mold, LLC., JSP Specialty Foams, LLC, JSP Resins, LLC., JSP Realty, LLC, JSP International GmbH, JSP International GmbH & Co. KG, JSP International SRL, JSP International s.r.o., JSP International ooo, JSP International sarl and JSP Advanced Materials (Wuhan) Co., LTD. have been excluded from the scope of consolidation due to the completion of the Tender Offer.

Suzhou MGC Suhua Peroxide Co., Ltd. was excluded from the scope of consolidation due to liquidation.

- (3) Hubei Lingyong Electronic Materials Co., Ltd. and other non-consolidated subsidiaries are excluded from the scope of consolidation due to the fact that the total assets, net sales, profit or loss, retained earnings corresponding to the Company’s interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

2. Application of the equity method

(1) Number of associates accounted for using equity method: 13

Names of major entities accounted for using equity method

Omitted because they are provided in “I. Overview of the Company, 4. Status of subsidiaries and associates.”

- (2) Mitsubishi Engineering-Plastics Corporation and Thai Polycarbonate Co., Ltd. have been excluded from the scope of equity method and included in the scope of consolidation due to additional acquisition of shares of Mitsubishi Engineering-Plastics Corporation, and Samyang Kasei Co., Ltd. has been included in the scope of equity method.

As the Company tendered to a tender offer conducted by JSP Corporation to repurchase its own shares (the “Tender Offer”) and the Tender Offer was completed, JSP Corporation has been excluded from the scope of consolidation and included in the scope of equity method.

In addition, Sanin Kasei Kougyo Co., LTD. and GHEPI S.r.l. have been excluded from the scope of equity method due to the completion of the Tender Offer.

CG Ester Corporation has been excluded from the scope of equity method due to the sale of all of its shares.

(3) The equity method was not applied to non-consolidated subsidiaries including Hubei Lingyong Electronic Materials Co., Ltd. and affiliates such as Polyxylenol Singapore Pte. Ltd. since the profit or loss, retained earnings, and the like corresponding to the Company's interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

3. Fiscal year, etc. of consolidated subsidiaries

The business years of the consolidated subsidiaries are the same as the fiscal year of the Company with the exception of MGC Pure Chemicals Singapore Pte. Ltd., MGC Pure Chemicals Taiwan, Inc., and 11 other companies. In the case of the foregoing companies, December 31 marks the end of the business year, and non-consolidated financial statements as of said date are used. However, adjustment required in terms of consolidated financial statements is made with respect to major transactions taking place from January 1 to the end of the fiscal year-end date of the Company.

4. Accounting policies

(1) Valuation standard and method for important assets

(i) Valuation standard and method for securities

Held-to-maturity bonds:

Stated at amortized cost (straight-line method).

Available-for-sale securities

(Securities apart from shares, etc. without market prices):

Stated at fair value (valuation differences are directly recorded in net assets, and the cost of securities sold is computed based on the moving-average method).

(Shares, etc. without market prices):

Stated at cost using the moving average method.

(ii) Valuation standard and method for derivatives

Mainly stated at fair value.

(iii) Valuation standard and method for inventory

Mainly stated at cost based on weighted average method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)

(2) Depreciation or amortization method for important depreciable or amortizable assets

(i) Property, plant and equipment (excluding leased assets)

Mainly straight-line method

Major useful lives are as follows:

Buildings and structures 7 to 50 years

Machinery, equipment and vehicles 8 to 15 years

(ii) Intangible assets (excluding leased assets)

Straight-line method

Software for internal use is amortized using the straight-line method over the useful life for internal use (5 years).

(iii) Leased assets

Finance lease transactions that do not transfer ownership to the lessee:
Straight-line method for the duration of the lease period with a residual value of zero.

(3) Standards for recording significant provisions and allowances

(i) Allowance for doubtful accounts

Estimated uncollectible amounts are accounted for based on historical rate of credit loss in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against credit losses on trade receivables, loans receivable, and the like.

(ii) Provision for bonuses

Estimated bonus payments for the fiscal year ended March 31, 2024 are accounted for in preparation for payment of bonuses to employees.

(iii) Provision for business restructuring

A reasonably estimated amount is accounted for in preparation for loss expected to be incurred in the structural reform of businesses.

(iv) Provision for retirement benefits for directors (and other officers)

Some of the consolidated subsidiaries account for an amount to be paid to directors and executive officers at the end of the fiscal year ended March 31, 2024 pursuant to internal rules in preparation for payment of retirement benefits.

(v) Provision for loss on business of subsidiaries and associates

An estimated loss amount to be borne by the Company is accounted for in preparation for loss concerning the business of subsidiaries and associates, in consideration of the financial condition, etc. of those subsidiaries and associates.

(4) Accounting methods for retirement benefits

(i) Method of attributing expected retirement benefits to periods

In the calculation of retirement benefit obligations, the method for attributing expected retirement benefits to the period up to the end of the fiscal year ended March 31, 2024 is based on the benefit formula standard.

(ii) Method of amortizing actuarial gains and losses and past service cost

Past service cost is amortized mainly by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred. Actuarial gains and losses are amortized mainly by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees at the time the gains or losses are incurred, from the following fiscal year.

(5) Basis for recognizing significant revenue and expenses

The Group mainly engages in the manufacture and sale of products in the Basic Chemicals and Specialty Chemicals Businesses, and revenue from sales of these products is recognized when they are delivered to the customer, as the Group determines that the customer acquires control over the products at the time of delivery of the products to the customer and the performance obligations are deemed to be satisfied. For transactions in which the Group's role in the sale of merchandise, etc. to the customer is that of an agent, revenue from sales of such merchandise, etc. is recognized at the net amount of the amount received from the customer less the amount to be paid to the suppliers of such merchandise, etc.

(6) Accounting policy for translation of significant foreign currency assets or liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and translation differences are accounted for as profit or loss.

Assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rate prevailing as of the fiscal year-end date, and their revenue and expenses are translated into Japanese yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant hedge accounting methods

(i) Hedge accounting methods

Deferred hedge accounting methods are applied. Also, allocation treatment is applied to exchange fluctuation risk hedging in cases where requirements are met and “Exceptional accounting” is applied to interest rate swaps in cases where conditions are met.

(ii) Hedging instruments and hedged items

Forward exchange contracts hedge against accounts receivable and payable denominated in foreign currencies and forecasted transactions denominated in foreign currency, and interest rate swaps hedge against interest rate transactions associated with borrowings.

(iii) Hedging policy

The Company follows the policy of utilizing hedging instruments in the amount of the actual demand based on the maximum limit of the derivative transactions and does not enter into derivative transactions for speculative purposes.

(iv) Method of evaluation of effectiveness of hedging

Comparison is made between market fluctuations of the hedged items or their cumulative cash flow fluctuations, and market fluctuations of the hedging instruments or their cumulative cash flow fluctuations, and effectiveness is evaluated based on the proportion of the amount of fluctuation.

However, effectiveness evaluation is omitted for interest rate swaps applying exceptional accounting.

(8) Method and period for amortization of goodwill

Periods for which the effects of investments are generated are estimated for each investment target, and goodwill is amortized over that period, within 20 years, using the straight-line method.

(9) Scope of cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows are comprised of cash in hand, deposits that can be withdrawn at any time, and short-term investments with maturities of three months or less from the acquisition date that are readily convertible into cash and are exposed to only an insignificant risk of fluctuations in value.

Significant accounting estimates

Impairment of non-current assets

(1) Amounts recognized in the consolidated financial statements for the fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Property, plant and equipment	313,767	314,624
Intangible assets (excluding goodwill)	7,555	8,002
Goodwill	4,425	16,868
Impairment losses	1,128	1,488

(2) Information on details of significant accounting estimates pertaining to identified items

Non-current assets held by the Company and consolidated subsidiaries are to be accounted for on the basis of the “Accounting Standard for Impairment of Fixed Assets.” Accordingly, certain assumptions have been made regarding years of remaining economic useful life, future cash flows, discount rates and other such variables in calculating recoverable amounts used in measuring impairment.

Goodwill represents the expected future excess earning power of the acquired company as a result of its future business development and is recorded as the difference between the acquisition price and the fair value of the acquired company’s identifiable assets and liabilities at the date of the business combination.

Whereas these assumptions are based on best estimates of management, they may be subject to changes with respect to future uncertainties in terms of economic conditions. Accordingly, any necessary revision in that regard could materially affect amounts recognized in the consolidated financial statements of subsequent fiscal years.

Details of impairment losses recorded in the consolidated financial statements for the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024 are presented in “Notes to consolidated financial statements, Consolidated statements of income *10.”

New accounting standards not yet applied

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan (ASBJ))
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022, ASBJ)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, ASBJ)

(1) Overview

In February 2018, ASBJ issued ASBJ Statement No. 28, “Partial Amendments to Accounting Standard for Tax Effect Accounting,” etc. (hereinafter, “ASBJ Statement No. 28, etc.”), and the transfer of the practical guidelines on tax effect accounting from the Japanese Institute of Certified Public Accountants (JICPA) to ASBJ was completed. However, in the course of the deliberation process, the following two issues were to be reviewed again after the release of ASBJ Statement No. 28, etc. Subsequently, they were deliberated and released.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on sales of shares of subsidiaries, etc. (shares of subsidiaries or associates) in the case where the group taxation regime is applied

(2) Scheduled date of application

The accounting standards and other relevant ASBJ regulations will be applied from the beginning of the fiscal year ending March 31, 2025.

(3) Impact from the application of the accounting standards and other relevant ASBJ regulations

The impact from the application of the “Accounting Standard for Current Income Taxes” and other relevant ASBJ regulations on the consolidated financial statements is currently under evaluation.

Changes in presentation

Consolidated statements of income

“Foreign exchange gains,” which was included in “Other” under “Non-operating income” in the fiscal year ended March 31, 2023, is separately stated from the fiscal year ended March 31, 2024 because it exceeded 10% of the total amount of non-operating income. The consolidated financial statements for the fiscal year ended March 31, 2023 have been reclassified to reflect this change in presentation.

As a result, ¥5,479 million presented as “Other” under “Non-operating income” in the consolidated statements of income for the fiscal year ended March 31, 2023 has been reclassified as “Foreign exchange gains” of ¥2,677 million and “Other” of ¥2,802 million.

Additional information

Assumptions regarding impact of novel coronavirus (COVID-19) in making accounting estimate

Although there are concerns about a decrease in demand, etc. due to the impact of the COVID-19, the Company believes that the impact on the accounting estimates for impairment of non-current assets, etc. will be immaterial.

Consolidated balance sheets

*1 Notes and accounts receivable - trade, and contract assets from contracts with customers are as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Notes receivable - trade	18,479	10,749
Accounts receivable - trade	158,010	154,800
Contract assets	137	98

*2 Investments and other assets invested in unconsolidated subsidiaries and associates are as follows:

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Investment securities (shares)	168,497	195,705
Other (investments in capital)	1,631	1,517

*3 Pledged assets and secured liabilities

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Land	3,338 (3,338)	765 (738)
Buildings and structures	1,280 (861)	513 (483)
Machinery, equipment and vehicles	682 (682)	666 (666)
Investment securities ^(Note)	6,847 (-)	6,738 (-)
Total	12,149 (4,883)	8,683 (1,887)

As of March 31, 2023

Note: ¥2,625 million in shares of Yuzawa Geothermal Power Corporation is pledged for its borrowings, and others.

As of March 31, 2024

Note: ¥2,614 million in shares of Yuzawa Geothermal Power Corporation is pledged for its borrowings, and others.

Secured liabilities are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Current portion of long-term borrowings	370 (370)	328 (328)
Long-term borrowings	735 (735)	753 (753)
Total	1,106 (1,106)	1,082 (1,082)

Of the above, the figures in parentheses indicate factory foundation mortgages and related liabilities.

*4 Accumulated depreciation includes accumulated impairment losses.

*5 The amounts of contract liabilities are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Contract liabilities	700	1,047

*6 Regarding accounting treatment of notes that mature at the end of the fiscal year, they are settled on the clearance date or settlement date. As the last day of the fiscal year ended March 31, 2024 was a holiday of financial institutions, the following notes that mature at the end of the fiscal year are included in the balance at the end of the fiscal year.

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Notes receivable - trade	-	1,438
Notes payable - trade	-	939

7 Guarantee obligations

The Company has the following guarantee obligations as contingent liabilities.

(Millions of yen)

As of March 31, 2023		As of March 31, 2024	
DP Engineering Plastics (Nantong) Co., Ltd.	158	DP Engineering Plastics (Nantong) Co., Ltd.	6,031
Hubei Lingyong Electronic Materials Co., Ltd.	2,437	Hubei Lingyong Electronic Materials Co., Ltd.	2,269
Abashiri Biomass Power 3 LLC.	1,809	Abashiri Biomass Power 3 LLC.	1,686
Abashiri Biomass Power 2 LLC.	1,905	Abashiri Biomass Power 2 LLC.	1,584
Employee	26	Employee	7
5 other companies	2,019	6 other companies	2,909
Total	8,355	Total	14,489

Consolidated statements of income

*1 Revenue from contracts with customers

For net sales, revenue from contracts with customers and other revenue are not presented separately. The amount of revenue from contracts with customers is presented in “Notes to consolidated financial statements, Revenue recognition, 1. Breakdown of revenue from contracts with customers.”

*2 Ending inventory is the amount after reducing book value based on declining profitability, and the following loss on valuation of inventories is included in cost of sales.

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
1,397	385

*3 Main items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Freight cost	30,964	25,923
Stevedoring and warehouse fee	4,537	5,731
Salaries	21,402	24,696
Bonuses, provision for bonuses	6,023	6,360
Retirement benefit expenses	1,129	1,173
Legal and other welfare expenses	5,348	5,500
Travel and transportation expenses	1,772	2,572
Depreciation	7,069	7,802

R&D costs included in selling, general and administrative expenses are as follows and are included in each of the above items and others.

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
22,264	24,362

*4 R&D costs included in general and administrative expenses and manufacturing costs for the current fiscal year are as follows:

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
23,512	25,629

*5 Details of gain on step acquisitions are as follows:

(Millions of yen)

Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Gain on step acquisitions	15,085

“Gain on step acquisitions” in the fiscal year ended March 31, 2024 is due to the additional acquisition of shares of Mitsubishi Engineering-Plastics Corporation, which had been accounted for using equity method, and making it a consolidated subsidiary during the fiscal year ended March 31, 2024.

*6 Details of insurance claim income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Insurance claim income	151	1,434
<p>“Insurance claim income” in the fiscal year ended March 31, 2023 relates to losses from a fire at a consolidated subsidiary in South Korea.</p> <p>“Insurance claim income” in the fiscal year ended March 31, 2024 relates to the suspension of production facilities, etc.</p>		

*7 Details of subsidy income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Subsidy income	–	893
<p>“Subsidy income” in the fiscal year ended March 31, 2024 represents subsidies granted by the National Research and Development Agency New Energy and Industrial Technology Development Organization (NEDO) and other organizations.</p>		

*8 Details of compensation income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Compensation income	649	–
<p>“Compensation income” in the fiscal year ended March 31, 2023 represents compensation for the relocation of a manufacturing base of a consolidated subsidiary.</p>		

*9 Details of gain on recovery of money transfer scam at subsidiary are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Gain on recovery of money transfer scam at subsidiary	215	–
<p>“Gain on recovery of money transfer scam at subsidiary” in the fiscal year ended March 31, 2023 is due to the partial recovery of funds lost in an outflow incident at a European consolidated subsidiary.</p>		

*10 Details of impairment losses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Impairment losses	1,128	1,488

Significant impairment losses recorded in the fiscal year ended March 31, 2023 are as follows:

Significant impairment losses

Location	Usage	Category	Impairment losses
Shanghai City, China	Production facilities for synthetic resins	Buildings, machinery and equipment, etc.	¥699 million
Yokkaichi-shi, Mie	Storage facilities	Structures, etc.	¥210 million
State of Michigan, U.S.A.	Production facilities	Machinery and equipment	¥115 million

The long-lived assets that are used for business are grouped according to the classification which is used for monitoring the profit and loss continuously under the management accounting system, and the idle assets are grouped individually by each item.

Regarding the production facilities for synthetic resins owned by a consolidated subsidiary, Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd., the storage facilities owned by the Company, and the idle production facilities owned by consolidated subsidiaries, their carrying amount was reduced to the recoverable amount as the recoverable amount fell below the carrying amount, and the reduction was recorded as an impairment loss of ¥1,026 million. The breakdown is ¥551 million for machinery, equipment and vehicles, ¥386 million for buildings and structures, and ¥87 million for others.

The recoverable amount of the production facilities for synthetic resins owned by Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd. is measured based on value in use, and the future cash flows used in the measurement of value in use are discounted at 10.03%. The recoverable amount of the storage facilities owned by the Company is normally measured based on value in use. However, due to negative future cash flows, it is valued based on the memorandum value. The recoverable amount of the idle production facilities owned by consolidated subsidiaries is evaluated using the estimated selling price.

The information on impairment losses other than the above is omitted as it is immaterial.

Significant impairment losses recorded in the fiscal year ended March 31, 2024 are as follows:

Significant impairment losses

Location	Usage	Category	Impairment losses
Toyonaka-shi, Osaka	Production facilities for synthetic resins	Machinery and equipment, etc.	¥859 million
Tainai-shi, Niigata	Production facilities for natural gas and crude oil	Machinery and equipment, etc.	¥429 million

The long-lived assets that are used for business are grouped according to the classification which is used for monitoring the profit and loss continuously under the management accounting system, and the idle assets are grouped individually by each item.

Regarding the production facilities for synthetic resins owned by consolidated subsidiaries, and the production facilities for natural gas and crude oil owned by the Company, their carrying amount was reduced to the recoverable amount as the recoverable amount fell below the carrying amount, and the reduction was recorded as an impairment loss of ¥1,289 million. The breakdown is ¥789 million for machinery and equipment, and ¥500 million for others.

The recoverable amount of the production facilities for synthetic resins owned by a consolidated subsidiary is measured by the net selling value, which is calculated mainly based on the real estate appraisal value. The recoverable amount of the production facilities for natural gas and crude oil owned by the Company is measured based on value in use, and the future cash flows used in the measurement of value in use are discounted at 6%.

The information on impairment losses other than the above is omitted as it is immaterial.

*11 Details of loss on tax purpose reduction entry of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss on tax purpose reduction entry of non-current assets	-	704
<p>“Loss on tax purpose reduction entry of non-current assets” in the fiscal year ended March 31, 2024 is the amount directly deducted from the acquisition cost due to subsidy income.</p>		

*12 Details of loss on disposal of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss on disposal of non-current assets	872	307
<p>“Loss on disposal of non-current assets” in the fiscal year ended March 31, 2023 is due to the disposal of buildings, machinery and equipment, land, etc.</p>		
<p>“Loss on disposal of non-current assets” in the fiscal year ended March 31, 2024 is due to the removal of buildings, etc.</p>		

*13 Details of provision of allowance for doubtful accounts are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Provision of allowance for doubtful accounts	410	200
<p>“Provision of allowance for doubtful accounts” in the fiscal year ended March 31, 2023 is for subsidiaries and associates, etc.</p>		
<p>“Provision of allowance for doubtful accounts” in the fiscal year ended March 31, 2024 is for subsidiaries and associates.</p>		

*14 Details of loss on disaster are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss on disaster	-	177
<p>“Loss on disaster” in the fiscal year ended March 31, 2024 includes repair costs of non-current assets related to the 2024 Noto Peninsula Earthquake at consolidated subsidiaries.</p>		

*15 Details of provision for business restructuring are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Provision for business restructuring	870	-
<p>“Provision for business restructuring” in the fiscal year ended March 31, 2023 is to provide for expenses for the removal of facilities associated with business restructuring.</p>		

Consolidated statements of comprehensive income

* Reclassification adjustments and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Arising during the year	202	13,321
Reclassification adjustment	(3,732)	(2,682)
Before tax amount	(3,529)	10,638
Tax benefit (expense)	1,098	(1,849)
Net-of-tax amount	(2,430)	8,789
Deferred gains or losses on hedges:		
Arising during the year	73	(122)
Reclassification adjustment	–	–
Before tax amount	73	(122)
Tax benefit (expense)	(22)	37
Net-of-tax amount	51	(84)
Foreign currency translation adjustment:		
Arising during the year	9,408	16,837
Reclassification adjustment	–	(648)
Before tax amount	9,408	16,189
Tax benefit (expense)	–	–
Net-of-tax amount	9,408	16,189
Remeasurements of defined benefit plans, net of tax:		
Arising during the year	1,349	11,989
Reclassification adjustment	(499)	(730)
Before tax amount	849	11,258
Tax benefit (expense)	52	(262)
Net-of-tax amount	901	10,995
Share of other comprehensive income of entities accounted for using equity method:		
Arising during the year	7,033	5,048
Reclassification adjustment	–	–
Net-of-tax amount	7,033	5,048
Total other comprehensive income	14,963	40,938

Consolidated statement of changes in net assets

Fiscal year ended March 31, 2023

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at end of the fiscal year (shares)
Issued shares				
Common stock ^(Note 1)	225,739,199	–	3,500,000	222,239,199
Total	225,739,199	–	3,500,000	222,239,199
Treasury shares				
Common stock ^(Notes 2, 3)	17,693,673	3,501,937	3,534,870	17,660,740
Total	17,693,673	3,501,937	3,534,870	17,660,740

- Notes:
1. The decrease of 3,500,000 shares of common stock is due to the cancellation of treasury shares.
 2. The increase of 3,501,937 shares in the number of common stock held as treasury stock reflects the increase of 3,500,000 shares from acquisition of treasury shares in accordance with a resolution of the Board of Directors and the increase of 1,937 shares from the purchase of fractional shares.
 3. The decrease of 3,534,870 shares in the number of common stock held as treasury stock was attributable to the decrease of 3,500,000 shares from cancellation of treasury shares, the decrease of 34,800 shares from disposal of treasury shares as restricted stock compensation to Directors (excluding Outside Directors) and Executive Officers of the Company, and the decrease of 70 shares due to sale of shares less than one unit to shareholders upon request.

2. Dividends

(1) Dividends paid

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 26, 2022	Common stock	7,281	35	March 31, 2022	June 9, 2022
Board of Directors meeting on November 8, 2022	Common stock	8,183	40	September 30, 2022	December 6, 2022

(2) Dividends for which record date falls in the fiscal year ended March 31, 2023 but effective date falls in the following fiscal year

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 26, 2023	Common stock	8,183	Retained earnings	40	March 31, 2023	June 8, 2023

Fiscal year ended March 31, 2024

1. Class and total number of issued shares, and class and number of treasury shares

	Number of shares at beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at end of the fiscal year (shares)
Issued shares				
Common stock ^(Note 1)	222,239,199	–	5,000,000	217,239,199
Total	222,239,199	–	5,000,000	217,239,199
Treasury shares				
Common stock ^(Notes 2, 3)	17,660,740	4,382,663	5,033,669	17,009,734
Total	17,660,740	4,382,663	5,033,669	17,009,734

- Notes:
1. The decrease of 5,000,000 shares of common stock is due to the cancellation of treasury shares.
 2. The increase of 4,382,663 shares in the number of common stock held as treasury stock reflects the increase of 4,380,300 shares from acquisition of treasury shares in accordance with a resolution of the Board of Directors and the increase of 2,363 shares from the purchase of fractional shares.
 3. The decrease of 5,033,669 shares in the number of common stock held as treasury stock was attributable to the decrease of 5,000,000 shares from cancellation of treasury shares, the decrease of 33,600 shares from disposal of treasury shares as restricted stock compensation to Directors (excluding Outside Directors) and Executive Officers of the Company, and the decrease of 69 shares due to sale of shares less than one unit to shareholders upon request.

2. Dividends

(1) Dividends paid

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 26, 2023	Common stock	8,183	40	March 31, 2023	June 8, 2023
Board of Directors meeting on November 8, 2023	Common stock	8,184	40	September 30, 2023	December 6, 2023

(2) Dividends for which record date falls in the fiscal year ended March 31, 2024 but effective date falls in the following fiscal year

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on May 27, 2024	Common stock	8,009	Retained earnings	40	March 31, 2024	June 6, 2024

Consolidated statement of cash flows

*1 Reconciliation of closing balance of cash and cash equivalents and the related account on the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash and deposits	108,378	71,447
Time deposits with maturity of over three months	(7,286)	(6,049)
Short-term investments in securities with maturities of three months or less from the acquisition date (negotiable certificates of deposit, etc.)	93	–
Cash and cash equivalents	101,185	65,397

*2 Major components of assets and liabilities of consolidated subsidiaries acquired by purchase of shares

Fiscal year ended March 31, 2024

The components of assets and liabilities of Mitsubishi Engineering-Plastics Corporation at the time of its consolidation due to the purchase of its shares, and the relationship between the acquisition cost and the proceeds from the purchase (net amount) are as follows.

(Millions of yen)

Current assets	118,376
Non-current assets	11,101
Goodwill	16,835
Current liabilities	(101,007)
Non-current liabilities	(4,310)
Non-controlling interests	(9,495)
Investment value accounted for by the equity method prior to obtaining control	(5,914)
Gain on step acquisitions	(15,085)
Stock acquisition cost	10,500
Cash and cash equivalents of the new consolidated subsidiary	(22,394)
Net: Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	11,894

*3 Major components of assets and liabilities of companies excluded from scope of consolidation due to sale of shares

Fiscal year ended March 31, 2024

The components of assets and liabilities of JSP Corporation at the time of sale of its share that resulted in JSP Corporation ceasing to be a consolidated subsidiary, and the relationship between the selling value of shares of JSP Corporation and the payment for the sale are as follows.

	(Millions of yen)
Current assets	79,909
Non-current assets	73,516
Current liabilities	(41,502)
Non-current liabilities	(11,843)
Valuation difference	(2,615)
Purchase of treasury shares through tender offer	5,979
Non-controlling interests	(50,088)
Valuation difference on available-for-sale securities	(40)
Foreign currency translation adjustment	(635)
Remeasurements of defined benefit plans, net of tax	159
Goodwill	2,548
Investment account after sale of shares	(46,331)
Other	(233)
Loss on sale of shares	(2,843)
<hr/>	
Selling value of shares of JSP Corporation	5,979
Commission on sale of shares of JSP Corporation	(22)
Cash and cash equivalents of JSP Corporation	(13,855)
<hr/>	
Net: Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(7,897)

Leases

(As lessee)

1. Finance lease transactions

Finance lease transactions that do not transfer ownership to the lessee

(i) Components of leased assets

Mainly storage facilities (buildings and structures)

(ii) Depreciation or amortization method for leased assets

The information is as stated in Significant matters forming the basis for preparation of consolidated financial statements, “4. Accounting policies (2) Depreciation or amortization method for important depreciable or amortizable assets.”

2. Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Due within one year	444	248
Due after one year	1,583	415
Total	2,027	664

Financial instruments

1. Status of financial instruments

(1) Policy on Financial Instruments

The Group primarily takes the plans for future cash flow into account when procuring necessary funds (mainly through bank loans and bond issues). Temporary surplus of funds is managed through secure financial assets and short-term working capital is financed through bank loans. The Group uses derivatives for the purpose of mitigating the risks described below and does not engage in transactions for speculative purposes.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade are trade receivables, which are subject to the credit risks of the customers. Notes and accounts payable - trade are trade payables due within one year. Although a portion of the Group's trade receivables and trade payables, being denominated in foreign currencies, are subject to risks associated with changes in the foreign currency exchange rates, the net position is basically hedged through the use of forward exchange contracts.

Securities and investments in securities mainly comprise stocks of companies with which the Group has business relations, and are subject to risks associated with fluctuations of their market prices.

Borrowings, bonds payable and lease liabilities associated with finance lease transactions (see Note 2 for repayment schedule) are primarily for the procurement of funds necessary for capital expenditures and working capital. Although a portion of these funds, having floating interest rates, is subject to risks associated with fluctuating interest rates, such risks are hedged through the use of derivative transactions (interest rate swap agreements).

Derivative transactions include forward exchange contracts used for the purpose of hedging against risks of exchange rate fluctuations of foreign-currency denominated trade receivables and payables and forecasted transactions denominated in foreign currency, and interest rate and currency swap contracts used for the purpose of hedging against risks associated with the payment of interest and changes in the foreign currency exchange rates of borrowings.

For hedging instruments, hedged items and hedging policy related to hedge accounting, please refer to the aforementioned Significant matters forming the basis for preparation of consolidated financial statements "4. Accounting policies (7) Significant hedge accounting methods."

(3) System of risk management for financial instruments

(i) Management of credit risks (risks associated with breach of contract by the customer)

The Company and its consolidated subsidiaries, in accordance with the Rules on the Management of Trade Receivables, manage their trade receivables by having the Sales Administration Department at each Division regularly monitor the status of their major customers and keep track of the payment dates and outstanding balances of each customer, while also enabling early recognition and mitigation of cases where there is concern for collection due to deteriorating

financial conditions and other factors. Held-to-maturity bonds, pursuant to the Rules on Investment of Surplus Funds, are managed as bonds that may be converted into cash at any time.

The maximum risk amount as of the end of the fiscal year ended March 31, 2024 has been represented as the amount on the balance sheet for the financial assets subject to credit risk.

(ii) Management of market risks (risks associated with changes in exchange and interest rates)

The Company and its consolidated subsidiaries, in accordance with the Financial Rules and the Rules for the Management of Derivatives, engage in transactions entailing market risks only after the division in charge of finances has obtained the approval of the officer in charge or other authorized decision-making parties.

Risks associated with trade receivables and payables denominated in foreign currencies, forecasted transactions denominated in foreign currency and surplus funds that have been monitored on a monthly basis and according to each currency are basically hedged through the use of forward exchange contracts. Additionally, interest rate and currency swap contracts are used to hedge against the risks associated with the payment of interest and changes in the foreign currency exchange rates of borrowings.

In terms of short-term and long-term investment securities, their fair values and the financial status of the issuers (customers) are monitored on a regular basis; while the holding status of securities classified in categories other than held-to-maturity bonds are continuously reviewed.

(iii) Management of liquidity risk (risk of not being able to execute payment on payment date)

The Company and its consolidated subsidiaries manage liquidity risks by having the divisions in charge of finances prepare and update cash flow plans, as necessary, and maintain a certain level of liquidity at hand.

(4) Supplementary explanation of fair value, etc. of financial instruments

Since certain variable factors are incorporated into the calculation of the fair values of financial instruments, they may differ when adopting different assumptions. The contract amount, etc. for derivative transactions in “2. Fair value, etc. of financial instruments” does not in itself indicate the market risks associated with derivative transactions.

2. Fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheet, fair values and the differences between them are as follows:

As of March 31, 2023

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Short-term and long-term investment securities (*2)	28,354	28,354	–
Total assets	28,354	28,354	–
(1) Bonds payable	20,000	19,649	[350]
(2) Long-term borrowings	74,680	73,214	[1,465]
Total liabilities	94,680	92,864	[1,815]
Derivative transactions(*4)			
(i) Derivative transactions not qualifying for hedge accounting	[295]	[295]	–
(ii) Derivative transactions qualifying for hedge accounting	25	25	–
Total derivative transactions	[270]	[270]	–

(*1) Notes on cash are omitted, as are notes on deposits, notes and accounts receivable - trade, and contract assets, notes and accounts payable - trade, short-term borrowings, accrued expenses and income taxes payable, as these are settled in a short period of time, and the carrying amount approximates fair value.

(*2) Shares, etc. without market prices are not included in “(1) Short-term and long-term investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows:

Category	As of March 31, 2023 (Millions of yen)
Unlisted shares	171,572

(*3) Investments in partnerships, etc., which are carried on the consolidated balance sheet at the net value of the equity interest, are not included in “(1) Short-term and long-term investment securities” as the Company applies the provisions of Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of these financial instruments on the consolidated balance sheet are as follows:

Category	As of March 31, 2023 (Millions of yen)
Investments in partnerships, etc.	268

(*4) Net receivables and payables generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net payable, such amounts are shown in square brackets.

As of March 31, 2024

	Consolidated balance sheet amount (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Short-term and long-term investment securities (*2)	38,323	38,323	–
Total assets	38,323	38,323	–
(1) Bonds payable	30,000	29,611	[388]
(2) Long-term borrowings	69,671	67,409	[2,262]
Total liabilities	99,671	97,021	[2,650]
Derivative transactions(*4)			
(i) Derivative transactions not qualifying for hedge accounting	75	75	–
(ii) Derivative transactions qualifying for hedge accounting	[97]	[97]	–
Total derivative transactions	[21]	[21]	–

(*1) Notes on cash are omitted, as are notes on deposits, notes and accounts receivable - trade, and contract assets, notes and accounts payable - trade, short-term borrowings, accrued expenses and income taxes payable, as these are settled in a short period of time, and the carrying amount approximates fair value.

(*2) Shares, etc. without market prices are not included in “(1) Short-term and long-term investment securities.” The carrying amount of these financial instruments on the consolidated balance sheet are as follows:

Category	As of March 31, 2024 (Millions of yen)
Unlisted shares	197,809

(*3) Investments in partnerships, etc., which are carried on the consolidated balance sheet at the net value of the equity interest, are not included in “(1) Short-term and long-term investment securities” as the Company applies the provisions of Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021). The carrying amount of these financial instruments on the consolidated balance sheet are as follows:

Category	As of March 31, 2024 (Millions of yen)
Investments in partnerships, etc.	220

(*4) Net receivables and payables generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net payable, such amounts are shown in square brackets.

Note 1. Projected future redemption of monetary receivables and securities with a maturity after the fiscal year-end date
As of March 31, 2023

	Within 1 year (Millions of yen)	After 1 year through 5 years (Millions of yen)	After 5 years through 10 years (Millions of yen)	After 10 years (Millions of yen)
Cash and deposits	108,378	–	–	–
Notes and accounts receivable - trade, and contract assets	176,489	–	–	–
Short-term and long-term investment securities				
Held-to-maturity bonds:				
Government bonds, municipal bonds, etc.	–	–	–	–
Negotiable certificates of deposit	–	–	–	–
Available-for-sale securities with a maturity (bonds)	–	–	–	1,563
Total	284,867	–	–	1,563

As of March 31, 2024

	Within 1 year (Millions of yen)	After 1 year through 5 years (Millions of yen)	After 5 years through 10 years (Millions of yen)	After 10 years (Millions of yen)
Cash and deposits	71,447	–	–	–
Notes and accounts receivable - trade, and contract assets	165,550	–	–	–
Short-term and long-term investment securities				
Held-to-maturity bonds:				
Government bonds, municipal bonds, etc.	–	–	–	–
Negotiable certificates of deposit	–	–	–	–
Available-for-sale securities with a maturity (bonds)	–	–	–	1,476
Total	236,997	–	–	1,476

Note 2. Projected future repayment of bonds payable, long-term borrowings and lease liabilities with a maturity after the fiscal year-end date
As of March 31, 2023

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)
Bonds payable	–	–	10,000	–	–	10,000
Long-term borrowings	12,542	7,057	6,717	11,076	5,842	43,987

As of March 31, 2024

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)
Bonds payable	–	10,000	–	–	10,000	10,000
Long-term borrowings	7,071	4,502	12,597	5,965	7,512	39,093

3. Breakdown of financial instruments by level of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair values: Fair values calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair values: Fair values calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheet at fair value

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities				
Shares	26,697	–	–	26,697
Bonds	–	1,563	–	1,563
Other	93	–	–	93
Total assets	26,791	1,563	–	28,354
Derivative transactions				
Derivative transactions not qualifying for hedge accounting				
Currency-related	–	[420]	–	[420]
Interest-related	–	125	–	125
Derivative transactions qualifying for hedge accounting				
Currency-related	–	25	–	25
Total derivative transactions	–	[270]	–	[270]

(*) Net receivables and payables generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net payable, such amounts are shown in square brackets.

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term and long-term investment securities				
Available-for-sale securities				
Shares	36,857	–	–	36,857
Bonds	–	1,466	–	1,466
Total assets	36,857	1,466	–	38,323
Derivative transactions				
Derivative transactions not qualifying for hedge accounting				
Currency-related	–	[17]	–	[17]
Interest-related	–	93	–	93
Derivative transactions qualifying for hedge accounting				
Currency-related	–	[97]	–	[97]
Total derivative transactions	–	[21]	–	[21]

(*) Net receivables and payables generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net payable, such amounts are shown in square brackets.

(2) Financial instruments other than those carried on the consolidated balance sheet at fair value

As of March 31, 2023

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	19,649	–	–	19,649
Long-term borrowings	–	73,214	–	73,214
Total liabilities	19,649	73,214	–	92,864

As of March 31, 2024

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	29,611	–	–	29,611
Long-term borrowings	–	67,409	–	67,409
Total liabilities	29,611	67,409	–	97,021

Note: Explanation of the valuation techniques used to calculate fair value and inputs for the calculation of fair value

Short-term and long-term investment securities

Because shares are traded in active markets, their fair value is classified as Level 1. However, because the markets for bonds are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.

Derivative transactions

Fair value is calculated based on the prices provided by the Company's partner financial institutions, etc., and is classified as Level 2.

Bonds payable

The fair value of bonds issued by the Company is calculated based on market prices, etc., and is classified as Level 1.

Long-term borrowings

Fair value is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates for new borrowings, and is classified as Level 2.

Securities

1. Held-to-maturity bonds

As of March 31, 2023

Not applicable.

As of March 31, 2024

Not applicable.

2. Available-for-sale securities

As of March 31, 2023

	Category	Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Shares	25,357	11,804	13,552
	(2) Bonds	1,563	1,563	0
	(3) Other	–	–	–
	Subtotal	26,920	13,368	13,552
Securities whose amount recorded on the consolidated balance sheet do not exceed acquisition cost	(1) Shares	1,340	1,632	(292)
	(2) Bonds	–	–	–
	(3) Other	93	93	–
	Subtotal	1,433	1,726	(292)
Total		28,354	15,094	13,260

Unlisted shares (consolidated balance sheet amount: ¥3,074 million) are not included in "Available-for-sale securities" in the above table because they do not have market prices.

As of March 31, 2024

	Category	Consolidated balance sheet amount (Millions of yen)	Acquisition cost (Millions of yen)	Difference (Millions of yen)
Securities whose amount recorded on the consolidated balance sheet exceeds acquisition cost	(1) Shares	36,739	11,969	24,769
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	36,739	11,969	24,769
Securities whose amount recorded on the consolidated balance sheet do not exceed acquisition cost	(1) Shares	118	125	(6)
	(2) Bonds	1,466	1,476	(10)
	(3) Other	–	–	–
	Subtotal	1,584	1,601	(16)
Total		38,323	13,571	24,752

Unlisted shares (consolidated balance sheet amount: ¥2,104 million) are not included in “Available-for-sale securities” in the above table because they do not have market prices.

3. Available-for-sale securities sold

Fiscal year ended March 31, 2023

Category	Sale proceeds (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
Shares	5,639	3,923	–
Other	100	57	–
Total	5,739	3,980	–

Fiscal year ended March 31, 2024

Category	Sale proceeds (Millions of yen)	Total gain on sale (Millions of yen)	Total loss on sale (Millions of yen)
Shares	5,372	2,839	–
Other	–	–	–
Total	5,372	2,839	–

4. Securities for which impairment losses were recognized

For the fiscal year ended March 31, 2023, impairment losses of ¥850 million was recorded for securities.

For the fiscal year ended March 31, 2024, impairment losses of ¥46 million was recorded for securities.

For those securities with market prices, if their fair value at the end of the fiscal year declines by 50% or more from the acquisition cost, the Company records an impairment loss, and if their fair value declines by at least 30% but less than 50%, the Company records an impairment loss when deemed necessary in consideration of the recoverability and other factors. The Company recognizes impairment losses on shares, etc. without market prices when the value declines significantly due to deterioration in the financial condition of the issuer.

Derivatives

1. Derivative transactions not qualifying for hedge accounting

(1) Currency-related

As of March 31, 2023

Category	Type of transaction	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)	Gain (loss) on valuation (Millions of yen)
Transactions other than market transactions	Forward exchange contract				
	To sell foreign currency:				
	U.S. dollar	30,055	—	(4)	(4)
	Euro	4,843	—	(5)	(5)
	New Taiwan dollar	784	—	29	29
	Chinese Yuan	3,404	—	(3)	(3)
	To buy foreign currency:				
	U.S. dollar	265	—	2	2
	Currency swaps				
	Receive U.S. dollar/Pay Japanese Yen	907	—	21	21
Receive U.S. dollar/Pay Thai Baht	597	—	(35)	(35)	
Receive Japanese Yen/Pay Chinese Yuan	1,942	—	(424)	(424)	
Total		42,800	—	(420)	(420)

As of March 31, 2024

Category	Type of transaction	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)	Gain (loss) on valuation (Millions of yen)
Transactions other than market transactions	Forward exchange contract				
	To sell foreign currency:				
	U.S. dollar	16,023	—	(5)	(5)
	Euro	2,988	—	1	1
	New Taiwan dollar	896	—	(6)	(6)
	Chinese Yuan	5,943	—	(7)	(7)
To buy foreign currency:					
Chinese Yuan	6	—	(0)	(0)	
Total		25,858	—	(17)	(17)

(2) Interest-related

As of March 31, 2023

Category	Type of transaction	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)	Gain (loss) on valuation (Millions of yen)
Transactions other than market transactions	Interest rate swaps Receive floating and pay fixed	3,259	2,376	125	125
Total		3,259	2,376	125	125

As of March 31, 2024

Category	Type of transaction	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)	Gain (loss) on valuation (Millions of yen)
Transactions other than market transactions	Interest rate swaps Receive floating and pay fixed	2,680	1,706	93	93
Total		2,680	1,706	93	93

2. Derivative transactions qualifying for hedge accounting

Currency-related

As of March 31, 2023

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)
Allocation treatment of forward exchange contracts, etc.	Forward exchange contract				
	To sell foreign currency:	Accounts receivable - trade			
	U.S. dollar		1,841	—	23
	To buy foreign currency:	Accounts payable - trade			
	U.S. dollar		68	—	1
To sell foreign currency:	Forecast transactions				
U.S. dollar			1,523	—	24
To buy foreign currency:	Forecast transactions				
U.S. dollar			68	—	1
Total			3,501	—	50

As of March 31, 2024

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc. (Millions of yen)	Contract amount, etc. of over 1 year (Millions of yen)	Fair value (Millions of yen)
Allocation treatment of forward exchange contracts, etc.	Forward exchange contract				
	To sell foreign currency:	Accounts receivable - trade	5,033	–	(437)
	U.S. dollar				
	To buy foreign currency:	Accounts payable - trade	532	–	6
	U.S. dollar				
	To sell foreign currency:	Forecast transactions	2,706	–	(97)
	U.S. dollar				
	To buy foreign currency:	Forecast transactions	223	–	0
	U.S. dollar				
	Total		8,495	–	(527)

Retirement benefits

1. Overview of retirement benefit plans adopted

The Company and its consolidated subsidiaries have lump-sum retirement benefit plans and defined benefit corporate pension plans as defined benefit plans, and defined contribution pension plans as defined contribution plans.

The Company has also established a retirement benefit trust.

For defined contribution pension plans and lump-sum retirement benefit plans that certain consolidated subsidiaries have, retirement benefit liability and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plans

(1) Reconciliation between balances of retirement benefit obligations at beginning of period and end of period (excluding plans applying the simplified method, as described in (3))

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of retirement benefit obligations at beginning of period	43,076	42,010
Service cost	2,177	2,054
Interest cost	382	357
Actuarial gains and losses incurred	(607)	(119)
Retirement benefits paid	(3,109)	(2,496)
Increase (decrease) due to change in scope of consolidation	–	(8,481)
Other	91	111
Balance of retirement benefit obligations at end of period	42,010	33,434

(2) Reconciliation between balances of plan assets at beginning of period and end of period (excluding plans applying the simplified method, as described in (3))

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of plan assets at beginning of period	40,800	41,472
Expected return on plan assets	528	435
Actuarial gains and losses incurred	704	11,339
Contribution from employer	1,288	821
Retirement benefits paid	(1,907)	(1,488)
Increase (decrease) due to change in scope of consolidation	–	(9,337)
Other	57	59
Balance of plan assets at end of period	41,472	43,301

(3) Reconciliation between balances of retirement benefit liability at beginning of period and end of period of plans applying the simplified method

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance of retirement benefit liability at beginning of period	2,750	2,529
Retirement benefit expenses	11	575
Retirement benefits paid	(70)	(98)
Contribution to plans	(92)	(175)
Increase (decrease) due to change in scope of consolidation	–	219
Effect of change in retirement benefit plan at consolidated subsidiaries	(98)	–
Other	28	68
Balance of retirement benefit liability at end of period	2,529	3,118

(4) Reconciliation between ending balance of retirement benefit obligations and plan assets, and retirement benefit liability/asset recorded in the consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Retirement benefit obligations of funded plans	42,647	35,203
Plan assets	(44,443)	(47,025)
	(1,796)	(11,822)
Retirement benefit obligations of unfunded plans	4,862	5,073
Net amount of liabilities and assets recorded in the consolidated balance sheet	3,066	(6,748)
Retirement benefit asset	(1,387)	(11,005)
Retirement benefit liability	4,453	4,257
Net amount of liabilities and assets recorded in the consolidated balance sheet	3,066	(6,748)

(5) Amounts of retirement benefit expenses and their components

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Service cost	2,177	2,054
Interest cost	382	357
Expected return on plan assets	(528)	(435)
Amortization of actuarial gains and losses	(425)	(721)
Amortization of past service cost	(25)	(25)
Retirement benefit expenses applying the simplified method	11	575
Loss (gain) on change in retirement benefit plan at consolidated subsidiaries	(98)	–
Other	6	–
Retirement benefit expenses for defined benefit plans	1,499	1,803

(6) Remeasurements of defined benefit plans included in other comprehensive income

The breakdown of remeasurements of defined benefit plans (before deduction of tax effects) is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Past service cost	4	(95)
Actuarial gains and losses	844	11,354
Total	849	11,258

(7) Remeasurements of defined benefit plans included in accumulated other comprehensive income

The breakdown of remeasurements of defined benefit plans (before deduction of tax effects) is as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Unrecognized past service cost	(265)	(170)
Unrecognized actuarial gains and losses	(2,725)	(14,040)
Total	(2,991)	(14,210)

(8) Plan assets

(i) Major components of plan assets

The ratio of major categories to total plan assets is as follows:

	As of March 31, 2023	As of March 31, 2024
Debt securities	20 %	12 %
Equity securities	44	63
Cash and deposits	13	8
Other	23	17
Total	100	100

(ii) Method for determining expected long-term rate of return on plan assets

To determine the expected long-term rate of return on plan assets, the Company takes into account current and expected allocation of plan assets, and current and expected long-term return rate on various types of assets constituting plan assets.

(9) Actuarial assumptions

Major actuarial assumptions are as follows:

	As of March 31, 2023	As of March 31, 2024
Discount rate	Mainly 0.8%	Mainly 0.8%
Expected long-term rate of return on plan assets	Mainly 2.0%	Mainly 2.0%

3. Defined contribution plans

The required contribution of the Company and consolidated subsidiaries to the defined contribution plans amounted to ¥903 million and ¥967 million as of March 31, 2023 and 2024, respectively.

Share options, etc.

Not applicable.

Tax effect accounting

1. Breakdown of deferred tax assets and liabilities by major components

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Tax loss carryforwards ^(Note 2)	8,108	9,224
Retirement benefit liability	7,281	6,994
Loss on valuation of investment securities	1,600	1,334
Provision for bonuses	1,684	1,429
Elimination of intercompany profits	2,888	2,419
Depreciation	469	329
Impairment losses	2,855	2,925
Asset retirement obligations	1,672	1,763
Other	5,171	3,835
Subtotal deferred tax assets	31,732	30,257
Valuation allowance for tax loss carryforwards ^(Note 2)	(6,772)	(7,176)
Valuation allowance for the total amount of deductible temporary differences	(14,011)	(13,436)
Total valuation allowance ^(Note 1)	(20,783)	(20,613)
Total deferred tax assets	10,949	9,643
Deferred tax liabilities		
Valuation difference on available-for-sale securities	(3,865)	(7,316)
Gain on contribution of securities to retirement benefit trust	(1,255)	(1,255)
Tax purpose reserves, etc.	(2,070)	(1,959)
Asset retirement cost for asset retirement obligations	(121)	(154)
Retained earnings of overseas consolidated subsidiaries and others	(7,211)	(8,214)
Other	(5,075)	(3,898)
Total deferred tax liabilities	(19,600)	(22,797)
Net deferred tax assets (liabilities)	(8,651)	(13,154)

Note 1. The change in valuation allowance is mainly due to a decrease in the valuation allowance as a result of the exclusion of JSP Corporation from the scope of consolidation.

Note 2. Amounts of tax loss carryforwards and their deferred tax assets by expiration
As of March 31, 2023

	Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards ^(*)	151	763	1,506	1,003	1,002	3,681	8,108
Valuation allowance	(52)	–	(1,276)	(997)	(1,002)	(3,443)	(6,772)
Deferred tax assets	98	763	229	6	–	237	1,336

(*) Tax loss carryforwards represent the amount multiplied by the effective statutory tax rate.

As of March 31, 2024

	Within 1 year (Millions of yen)	Due after 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)	After 5 years (Millions of yen)	Total (Millions of yen)
Tax loss carryforwards ^(*)	1,328	1,244	1,889	1,648	408	2,704	9,224
Valuation allowance	(1,183)	(1,095)	(1,108)	(1,413)	(408)	(1,966)	(7,176)
Deferred tax assets	144	149	781	235	–	738	2,048

(*) Tax loss carryforwards represent the amount multiplied by the effective statutory tax rate.

2. Reconciliation of significant differences between the statutory tax rate and the effective income tax rate after application of deferred tax accounting by major components causing the differences

	As of March 31, 2023		As of March 31, 2024	
		%		%
Statutory tax rate	30.6	%	30.6	%
(Adjustments)				
Share of profit of entities accounted for using equity method	(8.9)		2.8	
Effect of dividend income eliminated in consolidation	12.4		15.6	
Gain on step acquisitions	–		(7.6)	
Changes in valuation allowance	3.2		(0.3)	
Income not taxable permanently, such as dividend income	(8.7)		(13.7)	
Foreign taxes	0.3		0.6	
Other	(6.9)		(4.9)	
Effective income tax rate after application of deferred tax accounting	22.0		23.1	

Business combinations

Business combination by acquisition

1. Overview of business combination

(1) Name and description of the business of acquired company

- (i) Name of acquired company: Mitsubishi Engineering-Plastics Corporation
Description of business: Development, production and sales of polycarbonate products
- (ii) Name of acquired company: Thai Polycarbonate Co., Ltd.
Description of business: Producing and selling polycarbonate resin

The Company acquired 11 other companies.

(2) Main reason for business combination

The Group is promoting business portfolio reforms in its medium-term management plan. The polycarbonate (PC) business, as a core business, aims to increase profitability through higher added value.

Since its establishment in 1994 as a 50-50 joint venture between the Company and Mitsubishi Kasei Corporation (currently Mitsubishi Chemical Corporation), Mitsubishi Engineering-Plastics Corporation has expanded its business operations to 27 locations in Japan and overseas, providing customer-focused technical services and a wide range of products to meet customer needs. The company's global market share of PC exceeds 10%, making it the third largest seller in the world.

By making Mitsubishi Engineering-Plastics Corporation a consolidated subsidiary, the Group will maximize the use of the company's management resources, such as its technical services and marketing functions. This will accelerate our high-value-added strategy, including leveraging our strength in quality of interface method PC, and thereby improve the competitiveness of our PC business.

(3) Date of business combination

April 3, 2023

(4) Legal form of business combination

Share acquisition in consideration for cash

(5) Name of company after business combination

There is no change in the name of company.

(6) Ratio of voting rights acquired

- (i) Mitsubishi Engineering-Plastics Corporation

Ratio of voting rights held immediately before the business combination	50%
Ratio of voting rights acquired on the date of business combination	25%
Ratio of voting rights after acquisition	75%
- (ii) Thai Polycarbonate Co., Ltd.

Ratio of voting rights held immediately before the business combination	35%
(including 30% held indirectly)	
Ratio of voting rights acquired on the date of business combination	15%
(including 15% held indirectly)	
Ratio of voting rights after acquisition	50% (including 45% held indirectly)

(7) Main grounds for determining the acquiring company

The Company is the acquiring company as it acquired the shares in consideration for cash.

2. Period for which operating results of the acquired company were included in the consolidated financial statements

From April 1, 2023 to March 31, 2024

3. Acquisition cost of acquired company and breakdown by type of consideration

Fair value of shares held immediately before the business combination as of the date of business combination ¥21,000 million

Consideration for additional shares acquired on the date of the business combination (cash) ¥10,500 million

Acquisition cost ¥31,500 million

4. Difference between the acquisition cost of the acquired company and the total amount of the acquisition costs of the respective transactions leading to the acquisition

Gain on step acquisitions ¥15,085 million

5. Amount of goodwill recognized, the reason for recognition, and the method and period of amortization

(1) Amount of goodwill recognized

¥16,835 million

A provisional accounting treatment was applied in the first quarter of the fiscal year ended March 31, 2024, as the allocation of acquisition costs was not completed, but was finalized at the end of the fiscal year ended March 31, 2024.

(2) Reason for recognition

It arose from the difference between the fair value of the net assets related to the acquired company and the acquisition cost.

(3) Method and period of amortization

Straight-line method over 12 years

6. Amounts of assets received and liabilities assumed on the date of the business combination and the major components thereof

Current assets	¥118,376 million
Non-current assets	¥11,101 million
Total assets	¥129,477 million
Current liabilities	¥101,007 million
Non-current liabilities	¥4,310 million
Total liabilities	¥105,317 million

Transfer of a portion of shares of subsidiaries

From the third quarter of the fiscal year ended March 31, 2024, as the Company tendered to a tender offer conducted by JSP Corporation (“JSP”) to repurchase its own shares (the “Tender Offer”) and the Tender Offer was completed, JSP has been excluded from the scope of consolidation and included in the scope of equity method.

Main details are as follows:

1. Overview of share transfer

(1) Name of company to which shares were transferred and method of transfer

Name of company to which shares were transferred: JSP Corporation

Method of transfer: Transfer of shares of JSP held by the Company to JSP (share repurchase by JSP)

(2) Description of business of the transferred subsidiary

Manufacture, sale and export of foamed plastics and other synthetic resin products; design, contracting and management of civil engineering and construction work

(3) Main reason for share transfer

The Company has repeatedly examined the future relationship with JSP, in light of promoting business portfolio reforms based on its medium-term management plan, the outcomes of efforts to enhance corporate value of the Group between the two companies, and responding to the capital market's demands for corporate governance. As a result, the Company concluded that it would be desirable to enhance the corporate value of the Group by pursuing the respective growth strategies of each company independently. Therefore, the Company decided to tender to the Tender Offer and transfer a portion of its shares.

(4) Date of share transfer

December 22, 2023

(5) Matters related to the overview of other transactions including legal forms

Transfer of shares for cash as consideration

2. Overview of the accounting treatment applied

(1) Amount of gain or loss on transfer

Loss on sale of shares of subsidiaries and associates ¥2,843 million

(2) Fair carrying amount of the assets and liabilities pertaining to the transferred business and the major breakdown thereof

Current assets	¥79,909 million
Non-current assets	¥73,516 million
Total assets	¥153,425 million
Current liabilities	¥41,502 million
Non-current liabilities	¥11,843 million
Total liabilities	¥53,345 million

(3) Accounting treatment

The difference between the selling value of the transferred shares and their carrying amount on a consolidated basis is recorded as "Loss on sale of shares of subsidiaries and associates" in extraordinary losses.

3. Name of reportable segment in which the transferred business was included

Basic Chemicals Business Sector

4. Estimated amount of profit or loss pertaining to the transferred subsidiary recorded in the consolidated statements of income for the fiscal year ended March 31, 2024

Net sales	¥102,437 million
Operating profit	¥6,426 million

Asset retirement obligations

1. Asset retirement obligations carried on the consolidated balance sheet

Overview of the asset retirement obligations

The Company is obligated to restore the natural gas mining facilities it owns (excluding those described in 3. below) to their original condition in accordance with laws and regulations and land lease contracts. The Company has recorded asset retirement obligations for the facilities based on a reasonable estimate of future cash flows required to fulfill the obligations. The timing for fulfilling the obligations is set at the end of the estimated mine life (19 to 76 years), and discount rates ranging from 0.735% to 2.385% are applied.

Asbestos is used in certain non-current assets held by the Company and certain consolidated subsidiaries. The Company is obligated to take a special treatment when removing asbestos. Asset retirement obligations are recognized based on reasonable estimates of future cash flows required to fulfill such obligations. As a general rule, the timing for fulfilling the obligations is set at the end of the useful life of property, plant and equipment that is the principal component (mainly 8 years), and a discount rate of 1.035% is mainly applied.

Increase or decrease in the total amount of the asset retirement obligations

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Balance at beginning of period	5,334	5,312
Increase due to acquisition of assets	1	88
Increase due to change in estimate	–	590
Adjustments due to passage of time	43	39
Decrease due to fulfillment of obligations	(81)	(39)
Other Increase (decrease)	13	(284)
Balance at end of period	5,312	5,707

2. Change in estimate of the amount of asset retirement obligations

In the fiscal year ended March 31, 2024, the Company revised its estimate for the asset retirement obligations previously recorded for a portion of its natural gas mining facilities to restore them to their original condition in accordance with laws and regulations, based on new information obtained regarding mine abandonment costs and other items.

The increase of ¥590 million due to this change in estimate has been added to the balance of asset retirement obligations before the change.

With this change, the Company recorded property, plant and equipment and recognized impairment losses for certain non-current assets of the natural gas mining facilities, and therefore, as a result of the revision of the estimate, the profit before income taxes for the fiscal year ended March 31, 2024 decreased by ¥429 million.

3. Asset retirement obligations not carried on the consolidated balance sheet

The Company is obliged to restore its natural gas mining facilities to their original condition in accordance with laws and regulations and land lease contracts. However, for some of these facilities, the Company plans to continue using them as business facilities for the storage of natural gas after mining. In addition,

the Company and certain consolidated subsidiaries are obliged to restore their piers and pipelines to their original condition in accordance with laws and regulations and lease contracts, but the piers and pipelines can be used for a substantially long-term with appropriate repairs. Asset retirement obligations are not recognized relating to these assets because it is extremely difficult to reasonably estimate the timing for fulfilling the obligations.

Rental property

1. Overview of rental property

The Company and certain subsidiaries have land and buildings for rent in Tokyo and other regions.

2. Amounts recorded on consolidated balance sheet for rental property, increase or decrease during period and fair value at end of period

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Consolidated balance sheet amount		
Balance at beginning of period	6,314	6,516
Increase (decrease) during period	202	(2,100)
Balance at end of period	6,516	4,416
Fair value at end of period	8,883	7,895

- Notes:
- The amount recorded on the consolidated balance sheet is the amount of acquisition cost less accumulated depreciation and accumulated impairment losses.
 - Of the increase (decrease) during period, the increase for the fiscal year ended March 31, 2023 was mainly due to new rents executed by the Company of ¥469 million. The decrease for the fiscal year ended March 31, 2024 was mainly due to a decrease of ¥1,855 million resulting from changes in the scope of consolidation.
 - Fair value at end of period is mainly based on roadside value and other indices.

3. Profit or loss relating to rental property

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit or loss from rent on rental property	137	156
Profit or loss on sales of rental property	(124)	(13)

Revenue recognition

1. Breakdown of revenue from contracts with customers

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment		Other (Note)	Adjustments	Total
	Basic Chemicals Business Sector	Specialty Chemicals Business Sector			
Japan	236,568	86,085	65	–	322,720
Asia (China)	36,209	60,950	–	–	97,160
Asia (Other)	87,836	112,329	–	–	200,166
U.S.A.	41,287	27,568	–	–	68,856
Other regions	70,265	21,969	2	–	92,237
Revenue from contracts with customers	472,167	308,904	68	–	781,141
Other revenue	–	–	69	–	69
Revenues from external customers	472,167	308,904	138	–	781,211

Note: “Other” includes businesses such as real estate that do not belong to a reportable segment.

Fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment		Other (Note)	Adjustments	Total
	Basic Chemicals Business Sector	Specialty Chemicals Business Sector			
Japan	190,835	120,611	67	–	311,515
Asia (China)	37,392	93,992	–	–	131,384
Asia (Other)	81,791	139,423	–	–	221,215
U.S.A.	30,547	30,787	–	–	61,334
Other regions	63,995	23,909	1	–	87,906
Revenue from contracts with customers	404,562	408,724	68	–	813,355
Other revenue	–	–	61	–	61
Revenues from external customers	404,562	408,724	130	–	813,417

Note: “Other” includes businesses such as real estate that do not belong to a reportable segment.

2. Information that provides a basis for understanding revenue from contracts with customers

The Group recognizes revenue in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to customers, based on the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

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

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

The main business of the Group is the manufacture and sale of various products in the Basic Chemicals Business and Specialty Chemicals Business. Revenue from the sale of these products is recognized at the time of delivery, because the Group considers that, at the time of delivery, the customer gains control over the product, and the Group has therefore satisfied its performance obligations.

Revenue is estimated as the net consideration promised under the contract with the customer, after deducting discounts, rebates, returns, etc. Moreover, for transactions where the role of the Group in the sale of products, etc. to customers is that of an agent, the Group only recognizes the net amount after deducting the amount payable to the supplier of the products, etc. as revenue.

The consideration under product sales contracts is generally collected within one year after control over the product is transferred to the customer, and therefore does not include a significant element of finance.

3. Information to enable an understanding of the amount of revenue for the fiscal year ended March 31, 2024 and the following fiscal years

(1) Balance of contract assets and contract liabilities

The balance of contract assets and contract liabilities for the Group is omitted because the amounts are immaterial and there has been no significant change in the amounts. The amount of revenue recognized in the fiscal year ended March 31, 2024 from performance obligations satisfied (or partially satisfied) in previous periods is also immaterial.

(2) Transaction prices allocated to remaining performance obligations

The Group has applied practical expediency and omitted presentation of the transaction price allocated to remaining performance obligations for the Group because there are no material contracts for which the initially expected contract term exceeds one year, with the exception of royalties based on net sales or usage volumes. Moreover, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

Segment information, etc.

Segment information

1. Overview of reportable segments

The Company's reported segments consist of "Basic Chemicals Business Sector" and "Specialty Chemicals Business Sector" for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business results.

"Basic Chemicals Business Sector" mainly produces and sells methanol, chemical products for methanol and ammonia, life science products, general aromatic products, specialty aromatic products, foaming plastics and electric power.

"Specialty Chemicals Business Sector" mainly produces and sells inorganic chemicals, plastic lens monomer, engineering plastics, electronic materials and oxygen absorbers.

2. Method for calculating amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Segment sales, profit, assets, liabilities and others are calculated by accounting methods similar to those employed to prepare the consolidated financial statements. Profits of the reportable segments are figures based on ordinary profit. Intersegment revenue or transfers are primarily based on actual market price.

3. Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other (Note 1)	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
Net sales					
Revenues from external customers	472,167	308,904	138	–	781,211
Intersegment sales or transfers	6,806	129	7	(6,943)	–
Total	478,974	309,034	145	(6,943)	781,211
Segment profit (Ordinary profit)	30,558	38,745	(13)	474	69,764
Segment assets	531,556	457,916	26,447	13,396	1,029,317
Other items					
Depreciation	17,971	13,774	17	1,802	33,565
Amortization of goodwill	405	–	–	–	405
Interest income	658	531	0	(33)	1,157
Interest expenses	501	1,593	0	(350)	1,745
Share of profit (loss) of entities accounted for using equity method	11,418	6,137	–	(8)	17,546
Investments in entities accounted for using equity method	95,370	56,116	–	(31)	151,455
Increase in property, plant and equipment and intangible assets	32,051	28,658	1	3,940	64,650

Notes: 1. “Other” includes businesses such as real estate that do not belong to a reportable segment.

2. Adjustments are as follows:

(1) Adjustments in segment profit of ¥474 million consist of ¥121 million in elimination of intersegment transactions and ¥353 million in company-wide income or expenses which are not allocated to reportable segments.

Company-wide income or expenses are administrative expenses, financial income and expenses and other income and expenses which are not allocated to reportable segments

(2) Adjustments in segment assets of ¥13,396 million consist of ¥(76,969) million in elimination of intersegment transactions and ¥90,366 million in company-wide assets which are not allocated to reportable segments.

Company-wide assets include cash and deposits which are not allocated to reportable segments.

- (3) Adjustments in depreciation of ¥1,802 million are mainly related to company-wide assets which are not allocated to reportable segments.
 - (4) Adjustments in interest income of ¥(33) million are mainly elimination of intersegment transactions.
 - (5) Adjustments in interest expenses of ¥(350) million are mainly elimination of intersegment transactions.
 - (6) Adjustments in investments in entities accounted for using equity method of ¥(31) million are mainly investments which are not allocated to reportable segments.
 - (7) Adjustments in increase in property, plant and equipment and intangible assets of ¥3,940 million are mainly related to company-wide assets which are not allocated to reportable segments.
3. Segment profit is adjusted to ordinary profit in the consolidated financial statements.

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other (Note 1)	Adjustments (Note 2)	Amount recorded in the consolidated financial statements (Note 3)
Net sales					
Revenues from external customers	404,562	408,724	130	0	813,417
Intersegment sales or transfers	8,316	492	12	(8,821)	–
Total	412,878	409,217	142	(8,821)	813,417
Segment profit (Ordinary profit)	10,138	38,689	110	(2,898)	46,040
Segment assets	451,530	590,343	28,259	(2,123)	1,068,010
Other items					
Depreciation	17,364	16,886	18	2,034	36,304
Amortization of goodwill	343	1,413	–	–	1,757
Interest income	990	1,190	1	(406)	1,775
Interest expenses	525	2,386	0	(348)	2,564
Share of profit (loss) of entities accounted for using equity method	(8,487)	2,782	–	7	(5,696)
Investments in entities accounted for using equity method	133,831	42,330	–	(0)	176,162
Increase in property, plant and equipment and intangible assets	37,026	41,930	1	2,794	81,753

- Notes: 1. “Other” includes businesses such as real estate that do not belong to a reportable segment.
2. Adjustments are as follows:
- (1) Adjustments in segment profit of ¥(2,898) million consist of ¥(170) million in elimination of intersegment transactions and ¥(2,727) million in company-wide income or expenses not allocated to reportable segment.
- Company-wide income or expenses are administrative expenses, financial income and expenses and other income and expenses which are not allocated to reportable segments
- (2) Adjustments in segment assets of ¥(2,123) million consist of ¥(72,527) million in elimination of intersegment transaction and ¥70,403 million in company-wide assets which are not allocated to reportable segments.
- Company-wide assets include cash and deposits which are not allocated to reportable segments.
- (3) Adjustments in depreciation of ¥2,034 million are mainly related to company-wide assets which are not allocated to reportable segments.
- (4) Adjustments in interest income of ¥(406) million are mainly elimination of intersegment transactions.
- (5) Adjustments in interest expenses of ¥(348) million are mainly elimination of intersegment transactions.
- (6) Adjustments in investments in entities accounted for using equity method of ¥(0) million are mainly investments which are not allocated to reportable segments.
- (7) Adjustments in increase in property, plant and equipment and intangible assets of ¥2,794 million are mainly related to company-wide assets which are not allocated to reportable segments.
3. Segment profit is adjusted to ordinary profit in the consolidated financial statements.

Related information

Fiscal year ended March 31, 2023

1. Information about products and services

This information is omitted because the classification of products and services is the same as the classification of reportable segments, and are disclosed in “Segment information.”

2. Information about geographical areas

(1) Net sales

(Millions of yen)

Japan	Asia		U.S.A.	Other regions	Total
	China	Other			
322,789	97,160	200,166	68,856	92,237	781,211

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	U.S.A.	Other regions	Total
199,735	64,338	37,750	11,942	313,767

3. Information about main customers

This information is omitted because there were no external customers who accounted for 10% or more of net sales in the consolidated statements of income.

Fiscal year ended March 31, 2024

1. Information about products and services

This information is omitted because the classification of products and services is the same as the classification of reportable segments, and are disclosed in “Segment information.”

2. Information about geographical areas

(1) Net sales

(Millions of yen)

Japan	Asia		U.S.A.	Other regions	Total
	China	Other			
311,576	131,384	221,215	61,334	87,906	813,417

Note: Net sales are classified by country or region based on customers' location.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	U.S.A.	Other regions	Total
175,981	74,292	40,093	24,256	314,624

3. Information about main customers

This information is omitted because there were no external customers who accounted for 10% or more of net sales in the consolidated statements of income.

Information about impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2023

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Adjustments	Total
Impairment losses	358	770	–	–	1,128

Fiscal year ended March 31, 2024

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Adjustments	Total
Impairment losses	489	934	–	64	1,488

Information about amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2023

Goodwill

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Adjustments	Total
Balance at end of period	4,425	–	–	–	4,425

Negative goodwill

Not applicable.

Note: Information on amortization of goodwill is omitted because the same information is disclosed in “Segment information.”

Fiscal year ended March 31, 2024

Goodwill

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Adjustments	Total
Balance at end of period	1,436	15,432	–	–	16,868

Negative goodwill

Not applicable.

Note: Information on amortization of goodwill is omitted because the same information is disclosed in “Segment information.”

Information about gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

Related party information

Fiscal year ended March 31, 2023

The information is omitted as it is immaterial.

Fiscal year ended March 31, 2024

The information is omitted as it is immaterial.

Per share information

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	2,970.07 yen	3,284.96 yen
Basic earnings per share	239.08 yen	190.97 yen

Notes: 1. The amount of diluted earnings per share in the fiscal years ended March 31, 2023 and 2024 is not provided because there are no potential dilutive shares.

2. The bases for calculating basic earnings per share are as follows:

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent (Millions of yen)	49,085	38,818
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to common shares (Millions of yen)	49,085	38,818
Average number of shares during the period (shares)	205,305,427	203,277,084

Significant subsequent events

Not applicable.

(v) Annexed consolidated detailed schedules

Consolidated detailed schedule of corporate bonds

Company name	Issue name	Date of issuance	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Collateral	Date of redemption
Mitsubishi Gas Chemical Company, Inc.	The 22nd Series Unsecured Bonds	Sept. 3, 2020	10,000	10,000	0.170	None	Sept. 3, 2025
Mitsubishi Gas Chemical Company, Inc.	The 23rd Series Unsecured Bonds	Sept. 3, 2020	10,000	10,000	0.340	None	Sept. 3, 2030
Mitsubishi Gas Chemical Company, Inc.	The 24th Series Unsecured Bonds	Oct. 18, 2023	–	10,000	0.608	None	Oct. 18, 2028
Total		–	20,000	30,000	–	–	–

Note: The redemption schedule of bonds for the five years after the fiscal year-end date is as follows:

Within 1 year (Millions of yen)	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)
–	10,000	–	–	10,000

Consolidated detailed schedule of borrowings, etc.

Category	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term borrowings	101,048	131,747	1.2	–
Current portion of long-term borrowings	36,651	9,382	0.4	–
Current portion of lease liabilities	1,074	1,001	–	–
Long-term borrowings (excluding current portion)	78,458	72,161	0.3	2025 to 2037
Lease liabilities (excluding current portion)	3,276	2,511	–	2025 to 2056
Other interest-bearing debt Commercial papers (due within 1 year)	20,000	18,000	0.0	–
Subtotal	240,510	234,804	–	–
Elimination of internal transactions	(93,565)	(91,801)	–	–
Total	146,944	143,002	–	–

- Notes:
1. Average interest rate represents weighted average interest rate with respect to the ending balance of borrowings, etc. at the end of the current fiscal year
 2. The average interest rate on lease liabilities is not presented because lease liabilities are recorded on the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in the total lease payments.
 3. The repayment schedule of long-term borrowings and lease liabilities (excluding current portion) for the five years after the fiscal year-end date is as follows:

	After 1 year through 2 years (Millions of yen)	After 2 years through 3 years (Millions of yen)	After 3 years through 4 years (Millions of yen)	After 4 years through 5 years (Millions of yen)
Long-term borrowings	4,502	12,597	5,965	7,512
Lease liabilities	814	305	181	123

Consolidated detailed schedule of asset retirement obligations

Pursuant to the provision of Article 92-2 of the Regulations on Consolidated Financial Statements, the information is omitted, because the amounts of asset retirement obligations at the beginning and the end of the fiscal year ended March 31, 2024 were not more than 1% of the total of liabilities and net assets at the beginning and the end of the fiscal year ended March 31, 2024, respectively.

(2) Other information

Quarterly information for the fiscal year ended March 31, 2024

Cumulative period	Three months ended June 30, 2023	Six months ended September 30, 2023	Nine months ended December 31, 2023	Fiscal year ended March 31, 2024
Net sales (Millions of yen)	187,008	399,652	621,739	813,417
Profit before income taxes (Millions of yen)	24,448	42,694	58,756	60,887
Profit attributable to owners of parent (Millions of yen)	19,844	31,235	40,068	38,818
Basic earnings per share (Yen)	97.00	152.67	196.18	190.97

Accounting period	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Yen)	97.00	55.67	43.40	(6.23)

2. Non-consolidated financial statements and other information

(1) Non-consolidated financial Statements

(i) Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	51,278	33,043
Notes and accounts receivable - trade, and contract assets	108,902	117,287
Merchandise and finished goods	44,301	39,787
Work in process	17,140	14,388
Raw materials and supplies	40,791	43,845
Prepaid expenses	1,658	2,151
Short-term loans receivable	43,819	30,169
Accounts receivable - other	7,428	8,206
Other	5,419	5,923
Allowance for doubtful accounts	(918)	(894)
Total current assets	319,822	293,908
Non-current assets		
Property, plant and equipment		
Buildings	24,961	26,957
Structures	13,009	14,526
Machinery and equipment	33,629	44,533
Vehicles	34	34
Tools, furniture and fixtures	4,814	4,982
Land	19,100	19,115
Leased assets	173	83
Construction in progress	24,317	18,776
Total property, plant and equipment	*2 120,040	*2 129,008
Intangible assets		
Patent right	37	79
Software	1,773	2,914
Other	16	19
Total intangible assets	1,828	3,013
Investments and other assets		
Investment securities	*1 26,786	*1 34,150
Shares of subsidiaries and associates and investments in capital of subsidiaries and associates	*1 106,334	*1 140,103
Long-term loans receivable	9,177	8,718
Long-term prepaid expenses	503	663
Other	1,252	1,557
Allowance for doubtful accounts	(1,309)	(1,797)
Total investments and other assets	142,744	183,394
Total non-current assets	264,613	315,417
Total assets	584,435	609,326

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	188	164
Accounts payable - trade	49,653	55,787
Short-term borrowings	59,231	57,208
Commercial papers	20,000	18,000
Lease liabilities	94	53
Accounts payable - other	8,819	9,597
Income taxes payable	813	911
Accrued expenses	19,416	16,829
Deposits received	382	363
Provision for bonuses	3,054	2,906
Provision for business restructuring	350	683
Asset retirement obligations	39	–
Other	4,872	5,340
Total current liabilities	166,915	167,847
Non-current liabilities		
Bonds payable	20,000	30,000
Long-term borrowings	51,000	51,000
Lease liabilities	91	40
Provision for retirement benefits	2,903	2,432
Provision for business restructuring	2,390	1,789
Provision for loss on business of subsidiaries and associates	59	15
Asset retirement obligations	3,660	4,288
Deferred tax liabilities	3,816	6,559
Other	1,675	1,681
Total non-current liabilities	85,597	97,808
Total liabilities	252,513	265,655

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus		
Legal capital surplus	35,668	35,668
Total capital surplus	35,668	35,668
Retained earnings		
Legal retained earnings	6,999	6,999
Other retained earnings		
Reserve for mine prospecting	2,240	2,119
Reserve for tax purpose reduction entry of non-current assets	2,762	2,617
General reserve	76,500	76,500
Retained earnings brought forward	181,556	189,540
Total retained earnings	270,058	277,775
Treasury shares	(23,838)	(26,127)
Total shareholders' equity	323,859	329,287
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,063	14,383
Total valuation and translation adjustments	8,063	14,383
Total net assets	331,922	343,671
Total liabilities and net assets	584,435	609,326

(ii) Non-consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024	
Net sales		439,525		400,848
Cost of sales		368,664		336,217
Gross profit		70,861		64,631
Selling, general and administrative expenses	*2	51,716	*2	48,985
Operating profit		19,144		15,645
Non-operating income				
Interest and dividend income		22,304		24,444
Other		4,414		3,186
Total non-operating income		26,718		27,631
Non-operating expenses				
Interest expenses		626		1,179
Other		4,708		4,536
Total non-operating expenses		5,334		5,715
Ordinary profit		40,528		37,561
Extraordinary income				
Gain on sale of shares of subsidiaries and associates		–		4,028
Gain on sale of investment securities		3,732		2,830
Insurance claim income		–	*3	1,434
Subsidy income		–	*4	893
Gain on liquidation of subsidiaries and associates		–		317
Reversal of provision for loss on business of subsidiaries and associates		128		–
Total extraordinary income		3,860		9,504
Extraordinary losses				
Loss on valuation of shares of subsidiaries and associates		347		8,296
Loss on tax purpose reduction entry of non-current assets		–	*5	704
Impairment losses	*6	312	*6	628
Provision of allowance for doubtful accounts	*7	410	*7	510
Loss on disposal of non-current assets	*8	541	*8	307
Provision for business restructuring	*9	690		–
Total extraordinary losses		2,302		10,448
Profit before income taxes		42,086		36,617
Income taxes - current		5,078		4,738
Income taxes - deferred		(362)		148
Total income taxes		4,715		4,887
Profit		37,371		31,730

(iii) Non-consolidated statement of changes in net assets

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for mine prospecting	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	41,970	35,668	53	35,722	6,999	2,365	2,920	76,500	167,871	256,656
Changes during period										
Dividends of surplus									(15,464)	(15,464)
Profit									37,371	37,371
Reversal of reserve for tax purpose reduction entry of non-current assets							(157)		157	–
Provision of reserve for mine prospecting						340			(340)	–
Reversal of reserve for mine prospecting						(465)			465	–
Purchase of treasury shares										
Disposal of treasury shares			23	23						
Cancellation of treasury shares			(4,724)	(4,724)						
Transfer from retained earnings to capital surplus			4,647	4,647					(4,647)	(4,647)
Decrease by corporate division									(3,857)	(3,857)
Net changes in items other than shareholders' equity										
Total changes during period	–	–	(53)	(53)	–	(125)	(157)	–	13,685	13,402
Balance at end of period	41,970	35,668	–	35,668	6,999	2,240	2,762	76,500	181,556	270,058

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(21,525)	312,823	10,179	323,002
Changes during period				
Dividends of surplus		(15,464)		(15,464)
Profit		37,371		37,371
Reversal of reserve for tax purpose reduction entry of non-current assets		–		–
Provision of reserve for mine prospecting		–		–
Reversal of reserve for mine prospecting		–		–
Purchase of treasury shares	(7,083)	(7,083)		(7,083)
Disposal of treasury shares	47	70		70
Cancellation of treasury shares	4,724	–		–
Transfer from retained earnings to capital surplus		–		–
Decrease by corporate division		(3,857)		(3,857)
Net changes in items other than shareholders' equity			(2,116)	(2,116)
Total changes during period	(2,312)	11,036	(2,116)	8,919
Balance at end of period	(23,838)	323,859	8,063	331,922

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for mine prospecting	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	41,970	35,668	–	35,668	6,999	2,240	2,762	76,500	181,556	270,058
Changes during period										
Dividends of surplus									(16,367)	(16,367)
Profit									31,730	31,730
Reversal of reserve for tax purpose reduction entry of non-current assets							(144)		144	–
Provision of reserve for mine prospecting						330			(330)	–
Reversal of reserve for mine prospecting						(451)			451	–
Purchase of treasury shares										
Disposal of treasury shares			25	25						
Cancellation of treasury shares			(7,670)	(7,670)						
Transfer from retained earnings to capital surplus			7,645	7,645					(7,645)	(7,645)
Net changes in items other than shareholders' equity										
Total changes during period	–	–	–	–	–	(121)	(144)	–	7,983	7,717
Balance at end of period	41,970	35,668	–	35,668	6,999	2,119	2,617	76,500	189,540	277,775

	Shareholders' equity		Valuation and translation adjustments	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
Balance at beginning of period	(23,838)	323,859	8,063	331,922
Changes during period				
Dividends of surplus		(16,367)		(16,367)
Profit		31,730		31,730
Reversal of reserve for tax purpose reduction entry of non-current assets		–		–
Provision of reserve for mine prospecting		–		–
Reversal of reserve for mine prospecting		–		–
Purchase of treasury shares	(10,005)	(10,005)		(10,005)
Disposal of treasury shares	45	70		70
Cancellation of treasury shares	7,670	–		–
Transfer from retained earnings to capital surplus		–		–
Net changes in items other than shareholders' equity			6,320	6,320
Total changes during period	(2,288)	5,428	6,320	11,748
Balance at end of period	(26,127)	329,287	14,383	343,671

Notes to non-consolidated financial statements

Significant accounting policies

1. Valuation standard and method for securities
 - (i) Shares of subsidiaries and associates
Stated at cost using the moving average method.
 - (ii) Available-for-sale securities
(Securities apart from shares, etc. without market prices):
Stated at fair value (valuation differences are directly recorded in net assets, and the cost of securities sold is computed based on the moving-average method)
(Shares, etc. without market prices):
Stated at cost using the moving average method
2. Valuation standard and method for derivatives
Stated at fair value
3. Valuation standard and method for inventory
Stated at cost based on weighted average method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)
4. Depreciation or amortization method for non-current assets
 - (i) Property, plant and equipment (excluding leased assets)
Straight-line method
 - (ii) Intangible assets (excluding leased assets)
Straight-line method
Software for internal use is amortized using the straight-line method over the useful life for internal use (5 years).
 - (iii) Leased assets
Finance lease transactions that do not transfer ownership to the lessee:
Straight-line method for the duration of the lease period with a residual value of zero.
5. Standards for recording provisions and allowances
 - (i) Allowance for doubtful accounts
Estimated uncollectible amounts are accounted for based on historical rate of credit loss in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against credit losses on trade receivables, loans receivable, and the like.
 - (ii) Provision for bonuses
Estimated bonus payments for the fiscal year ended March 31, 2024 are accounted for in preparation for payment of bonuses to employees.
 - (iii) Provision for business restructuring
A reasonably estimated amount is accounted for in preparation for loss expected to be incurred in the structural reform of businesses.

(iv) Provision for loss on business of subsidiaries and associates

An estimated loss amount to be borne by the Company is accounted for in preparation for loss concerning the business of subsidiaries and associates, in consideration of the financial condition, etc. of those subsidiaries and associates.

(v) Provision for retirement benefits

To prepare for retirement benefits for employees, a provision is recorded based on the estimated amounts of retirement benefit obligations and plan assets at the end of the fiscal year ended March 31, 2024.

The Company has also established a retirement benefit trust.

In the calculation of retirement benefit obligations, expected retirement benefits are attributed to the period up to the end of the fiscal year ended March 31, 2024 on a benefit formula basis.

Past service cost is amortized by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred.

Actuarial gains and losses are amortized by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees at the time the gains or losses are incurred in each fiscal year, from the following fiscal year.

6. Basis for recognizing revenue and expenses

The Company mainly engages in the manufacture and sale of products in the Basic Chemicals and Specialty Chemicals Businesses, and revenue from sales of these products is recognized when they are delivered to the customer, as the Company determines that the customer acquires control over the products at the time of delivery of the products to the customer and the performance obligations are deemed to be satisfied.

7. Other significant matters forming the basis for preparation of non-consolidated financial statements

(i) Hedge accounting treatment

Exceptional accounting is applied to interest rate swaps that meet the requirements.

(ii) Accounting methods for retirement benefits

The accounting methods for unrecognized actuarial gains and losses and unrecognized past service cost related to retirement benefits differ from those used in the consolidated financial statements.

Significant accounting estimates

Impairment of non-current assets

(1) Amounts recognized in the non-consolidated financial statements for the fiscal year

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Property, plant and equipment	120,040	129,008
Intangible assets	1,828	3,013
Impairment losses	312	628

(2) Information on details of significant accounting estimates pertaining to identified items

Non-current assets held by the Company are to be accounted for on the basis of the “Accounting Standard for Impairment of Fixed Assets.”

Accordingly, certain assumptions have been made regarding years of remaining economic useful life, future cash flows, discount rates and other such variables in calculating recoverable amounts used in measuring impairment.

Whereas these assumptions are based on best estimates of management, they may be subject to changes with respect to future uncertainties in terms of economic conditions. Accordingly, any necessary revision in that regard could materially affect amounts recognized in the non-consolidated financial statements of subsequent fiscal years.

Details of impairment losses recorded in the non-consolidated financial statements for the fiscal years ended March 31, 2023 and 2024 are presented in “Notes to non-consolidated financial statements, Non-consolidated statements of income*6.”

Additional information

Assumptions regarding impact of novel coronavirus (COVID-19) in making accounting estimate

Although there are concerns about a decrease in demand, etc. due to the impact of the COVID-19, the Company believes that the impact on the accounting estimates for impairment of non-current assets, etc. will be immaterial.

Non-consolidated balance sheets

*1 Pledged assets

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Investment securities ^(Note 1)	1,671	1,574
Shares of subsidiaries and associates ^(Note 2)	4,243	4,243

As of March 31, 2023

(Note 1) Investment securities of ¥1,671 million are pledged as collateral for bonds and borrowings of Fukushima Gas Power Co., Ltd.

(Note 2) Shares of subsidiaries and associates of ¥2,550 million are pledged as collateral for borrowings of Appi Geothermal Energy Corporation and ¥1,693 million are pledged as collateral for borrowings of Yuzawa Geothermal Power Corporation.

As of March 31, 2024

(Note 1) Investment securities of ¥1,574 million are pledged as collateral for bonds and borrowings of Fukushima Gas Power Co., Ltd.

(Note 2) Shares of subsidiaries and associates of ¥2,550 million are pledged as collateral for borrowings of Appi Geothermal Energy Corporation and ¥1,693 million are pledged as collateral for borrowings of Yuzawa Geothermal Power Corporation.

*2 Reduction entry directly deducted from the acquisition price of property, plant and equipment is as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Buildings	3,923	4,189
Structures	1,005	994
Machinery and equipment	2,589	3,012
Tools, furniture and fixtures	217	243
Land	1,527	1,527
Vehicles	15	15
Total	9,277	9,983

3. The Company has the following guarantee obligations as contingent liabilities.

(Millions of yen)

	As of March 31, 2023		As of March 31, 2024
DP Engineering Plastics (Nantong) Co., Ltd.	158	DP Engineering Plastics (Nantong) Co., Ltd.	6,031
Taixing MGC Lingsu Co., Ltd.	5,945	Taixing MGC Lingsu Co., Ltd.	5,103
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	5,371	Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	5,020
MGC Pure Chemicals America, Inc.	–	MGC Pure Chemicals America, Inc.	3,694
Korea Polyacetal Co., Ltd.	–	Korea Polyacetal Co., Ltd.	3,150
MGC Specialty Chemicals Netherlands B.V.	–	MGC Specialty Chemicals Netherlands B.V.	2,033
Abashiri Biomass Power 3 LLC.	1,809	Abashiri Biomass Power 3 LLC.	1,686
Abashiri Biomass Power 2 LLC.	1,905	Abashiri Biomass Power 2 LLC.	1,584
Hubei Lingyong Electronic Materials Co., Ltd.	1,218	Hubei Lingyong Electronic Materials Co., Ltd.	1,134
Appi Geothermal Energy Corporation	625	Appi Geothermal Energy Corporation	1,122
Employee	10	Employee	7
3 other companies	1,911	4 other companies	2,304
Total	18,955	Total	32,872

4. Monetary receivables from and monetary payables to subsidiaries and associates (excluding those presented separately) are as follows:

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Short-term monetary receivables	120,929	107,999
Long-term monetary receivables	7,304	7,178
Short-term monetary payables	65,448	78,673

Non-consolidated statements of income

1 Transactions with subsidiaries and associates are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Volume of business transactions		
Net sales	270,567	243,702
Purchase of goods	135,907	120,410
Volume of non-business transactions	24,246	35,131

*2 Main items and amounts of selling, general and administrative expenses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Freight cost	13,804	9,023
Stevedoring and warehouse fee	1,427	1,317
Salaries	7,058	7,146
Bonuses and provision for bonuses	3,016	2,837
Retirement benefit expenses	516	442
Legal and other welfare expenses	2,395	2,445
Rent expenses	1,940	1,931
Depreciation	3,729	4,112
Research supplies expenses	4,729	4,533
Outsourced labor cost	4,767	4,779
Outsourcing expenses	1,676	1,843

Of selling, general and administrative expenses, the approximate ratio of expenses categorized as selling expenses was 47% in the fiscal year ended March 31, 2023 and 41% in the fiscal year ended March 31, 2024, while the approximate ratio of expenses categorized as general and administrative expenses was 53% in the fiscal year ended March 31, 2023 and 59% in the fiscal year ended March 31, 2024.

*3 Details of insurance claim income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Insurance claim income	–	1,434

“Insurance claim income” in the fiscal year ended March 31, 2024 relates to the suspension of production facilities, etc.

*4 Details of subsidy income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Subsidy income	–	893

“Subsidy income” in the fiscal year ended March 31, 2024 represents subsidies granted by the National Research and Development Agency New Energy and Industrial Technology Development Organization (NEDO) and other organizations.

*5 Details of loss on tax purpose reduction entry of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss on tax purpose reduction entry of non-current assets	–	704

“Loss on tax purpose reduction entry of non-current assets” in the fiscal year ended March 31, 2024 is the amount directly deducted from the acquisition cost due to subsidy income.

*6 Details of impairment losses are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Impairment losses	312	628

Significant impairment losses recorded in the fiscal year ended March 31, 2023 are as follows:

Significant impairment losses

Location	Usage	Category	Impairment losses
Yokkaichi-shi, Mie	Storage facilities	Structures, etc.	¥210 million

The long-lived assets that are used for business are grouped according to the classification which is used for monitoring the profit and loss continuously under the management accounting system, and the idle assets are grouped individually by each item.

Regarding the storage facilities owned by the Company, the carrying amount was reduced to the recoverable amount as the recoverable amount fell below the carrying amount, and the reduction was recorded as an impairment loss of ¥210 million. The breakdown is ¥155 million for buildings and structures, and ¥55 million for others.

The recoverable amount of the storage facilities owned by the Company is normally measured based on value in use. However, due to negative future cash flows, it is valued based on the memorandum value.

The information on impairment losses other than the above is omitted as it is immaterial.

Significant impairment losses recorded in the fiscal year ended March 31, 2024 are as follows:

Significant impairment losses

Location	Usage	Category	Impairment losses
Tainai-shi, Niigata	Production facilities for natural gas and crude oil	Machinery and equipment, etc.	¥429 million

The long-lived assets that are used for business are grouped according to the classification which is used for monitoring the profit and loss continuously under the management accounting system, and the idle assets are grouped individually by each item.

Regarding the production facilities for natural gas and crude oil owned by the Company, the carrying amount was reduced to the recoverable amount as the recoverable amount fell below the carrying amount, and the reduction was recorded as an impairment loss of ¥429 million. The breakdown is ¥422 million for machinery, equipment and vehicles, and ¥7 million for others.

The recoverable amount of the production facilities for natural gas and crude oil is measured based on value in use, and the future cash flows used in the measurement of value in use are discounted at 6%.

The information on impairment losses other than the above is omitted as it is immaterial.

*7 Details of provision of allowance for doubtful accounts are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Provision of allowance for doubtful accounts	410	510
“Provision of allowance for doubtful accounts” in the fiscal year ended March 31, 2023 is for subsidiaries and associates, etc.		
“Provision of allowance for doubtful accounts” in the fiscal year ended March 31, 2024 is for subsidiaries and associates.		

*8 Details of loss on disposal of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Loss on disposal of non-current assets	541	307
“Loss on disposal of non-current assets” in the fiscal year ended March 31, 2023 is due to removal of buildings, machinery and equipment, etc.		
“Loss on disposal of non-current assets” in the fiscal year ended March 31, 2024 is due to removal of buildings, etc.		

*9 Details of provision for business restructuring are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Provision for business restructuring	690	–
“Provision for business restructuring” in the fiscal year ended March 31, 2023 is to provide for expenses for the removal of facilities associated with business restructuring.		

Securities

Shares of subsidiaries and associates

As of March 31, 2023

Category	Amount recorded on balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	10,844	24,848	14,003
Shares of associates	–	–	–
Total	10,844	24,848	14,003

As of March 31, 2024

Category	Amount recorded on balance sheet (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
Shares of subsidiaries	–	–	–
Shares of associates	8,407	28,568	20,160
Total	8,407	28,568	20,160

Note: Amount of shares, etc. without market prices recorded on the balance sheet not included in the above

Category	As of March 31, 2023 (Millions of yen)	As of March 31, 2024 (Millions of yen)
Shares of subsidiaries	56,898	103,143
Shares of associates	37,076	27,036

Tax effect accounting

1. Breakdown of deferred tax assets and liabilities by major components

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Deferred tax assets		
Provision for retirement benefits	5,757	5,703
Allowance for doubtful accounts	682	824
Revision to the carrying amount of investments	321	321
Depreciation	79	116
Impairment losses	1,203	1,212
Loss on valuation of shares of subsidiaries and associates	7,052	9,574
Loss on valuation of investment securities	593	622
Provision for bonuses	935	889
Asset retirement obligations	1,179	1,360
Other	2,314	3,168
Subtotal deferred tax assets	20,119	23,794
Valuation allowance	(17,170)	(21,067)
Total deferred tax assets	2,949	2,727
Deferred tax liabilities		
Gain on contribution of securities to retirement benefit trust	(1,255)	(1,255)
Reserve for tax purpose reduction entry of non-current assets	(1,219)	(1,155)
Valuation difference on available-for-sale securities	(3,340)	(5,935)
Reserve for mine prospecting	(827)	(782)
Asset retirement cost for asset retirement obligations	(94)	(130)
Other	(28)	(28)
Total of deferred tax liabilities	(6,765)	(9,287)
Net deferred tax assets	(3,816)	(6,559)

2. Reconciliation of significant differences between the statutory tax rate and the effective income tax rate after application of deferred tax accounting by major components causing the differences

	As of March 31, 2023	As of March 31, 2024
	_____	_____
Statutory tax rate	30.6 %	30.6 %
(Adjustments)		
Expenses not deductible permanently, such as entertainment expenses	0.1	0.1
Income not taxable permanently, such as dividend income	(14.5)	(20.9)
Proportional resident tax	0.1	0.1
Foreign taxes	0.5	1.0
Tax credit for experimental and research expenses	(3.1)	(3.1)
Changes in valuation allowance	(0.1)	10.6
Enterprise tax-exempt income	(0.1)	(0.2)
Other	(2.3)	(4.9)
Effective income tax rate after application of deferred tax accounting	_____ 11.2 _____	_____ 13.3 _____

Business combinations

Business combination by acquisition

Notes are omitted because the same information is presented in “Notes to consolidated financial statements, Business combinations.”

Transfer of a portion of shares of subsidiaries

Notes are omitted because the same information is presented in “Notes to consolidated financial statements, Business combinations.”

Revenue recognition

Information that provides a basis for understanding revenue from contracts with customers is omitted because the same information is presented in “Notes to consolidated financial statements, Revenue recognition.”

Significant subsequent events

Not applicable.

(iv) Supplemental schedules

Schedule of property, plant and equipment

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Depreciation during period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	24,961	4,277	271 [2]	2,009	26,957	37,059
	Structures	13,009	2,861	81 [60]	1,261	14,526	38,568
	Machinery and equipment	33,629	21,965	1,060 [556]	10,002	44,533	247,129
	Vehicles	34	24	0 [0]	24	34	846
	Tools, furniture and fixtures	4,814	2,145	71 [8]	1,906	4,982	23,910
	Land	19,100	15	–	–	19,115	–
	Leased assets	173	–	–	89	83	118
	Construction in progress	24,317	27,145	32,687	–	18,776	34
	Total	120,040	58,435	34,172 [628]	15,293	129,008	347,665
Intangible assets	Patent right	37	55	–	13	79	–
	Software	1,773	1,929	3 [0]	785	2,914	–
	Other	16	3	–	0	19	–
	Total	1,828	1,988	3 [0]	799	3,013	–

Notes: 1. The amount in parentheses in decrease during the period is the amount of impairment loss recorded.

2. Major components of the increase during the period are as follows:

Buildings	Head Office training facility, etc.	¥1,915 million
	Niigata Plant building, etc.	¥1,140 million
Machinery and equipment	Mizushima Plant production facilities, etc.	¥13,554 million
	Niigata Plant production facilities, etc.	¥4,386 million
Construction in progress	Niigata Plant production facilities, etc.	¥10,390 million
	Mizushima Plant production facilities, etc.	¥5,846 million
	Head Office training facility equipment, etc.	¥3,045 million

3. Accumulated depreciation includes accumulated impairment losses.

Schedule of provisions

(Millions of yen)

Account	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	2,227	555	90	2,692
Provision for bonuses	3,054	2,906	3,054	2,906
Provision for loss on business of subsidiaries and associates	59	–	43	15
Provision for business restructuring	2,740	186	454	2,473

(2) Details of major assets and liabilities

This information is omitted because the Company prepares the consolidated financial statements.

(3) Other information

Not applicable.

VI. Overview of Share-related Administration of the Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	In June
Record date	March 31
Record date for dividends of surplus	September 30 March 31
Number of shares per stock transaction unit	100 shares
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation, 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Handling fees for repurchase or additional purchase of shares less than one unit	Free
Method of public notice	Public notices are published electronically. In case the method of electronic public notice is not available due to unavoidable circumstances, such notice shall be given by Nihon Keizai Shimbun published in Tokyo. Website for public notices https://www.mgc.co.jp/ir/publicinfo.html (in Japanese)
Special benefits to shareholders	None

- Notes:
1. The Company has introduced the additional purchase program for shares less than one unit.
 2. Pursuant to the provisions of the Company's Articles of Incorporation, holders of shares less than one unit may not exercise rights other than rights provided for in each item in Article 189, paragraph (2) of the Companies Act, that is, rights to demand acquisition of shares with put option, rights to receive the allotment of shares for subscription or share options for subscription, and rights to demand purchase of additional shares less than one unit.

VII. Reference Information on the Reporting Company

1. Information on the parent company or equivalent of the reporting company

The Company has no parent company or equivalent as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

The Company filed the following documents in the period from the beginning of the fiscal year ended March 31, 2024 to the date of submission of the Annual Securities Report.

(1) Annual Securities Report and its attachments and Confirmation Letter

The 96th fiscal year (from April 1, 2022 to March 31, 2023)

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2023

(2) Amendment Report of Annual Securities Report and Confirmation Letter

Submitted to the Director-General of the Kanto Local Finance Bureau on September 8, 2023

Amendment Report and Written Confirmation pertaining to Annual Securities Report for the 96th fiscal year (From April 1, 2022 to March 31, 2023).

(3) Internal Control Report and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2023

(4) Quarterly Securities Reports and Confirmation Letter

First quarter of the 97th fiscal year (from April 1, 2023 to June 30, 2023)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 10, 2023

Second quarter of the 97th fiscal year (from July 1, 2023 to September 30, 2023)

Submitted to the Director-General of the Kanto Local Finance Bureau on November 13, 2023

Third quarter of the 97th fiscal year (from October 1, 2023 to December 31, 2023)

Submitted to the Director-General of the Kanto Local Finance Bureau on February 14, 2024

(5) Extraordinary Report

Submitted to the Director-General of the Kanto Local Finance Bureau on June 29, 2023

Extraordinary Report based on the provisions of Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (Results of the exercise of voting rights at the General Meeting of Shareholders)

Submitted to the Director-General of the Kanto Local Finance Bureau on December 5, 2023

Extraordinary Report based on the provisions of Article 19, paragraph (2), item (iii) of the Cabinet Office Order on Disclosure of Corporate Affairs (Changes in specified subsidiaries)

(6) Share Buyback Report

Submitted to the Director-General of the Kanto Local Finance Bureau on December 14, 2023

Submitted to the Director-General of the Kanto Local Finance Bureau on January 12, 2024

Submitted to the Director-General of the Kanto Local Finance Bureau on February 15, 2024

(7) Securities Registration Statement and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on June 27, 2023

The statement is the securities registration statement concerning allotment of designated restricted stock.

(8) Amended Securities Registration Statement

Submitted to the Director-General of the Kanto Local Finance Bureau on June 29, 2023

Amendment Report pertaining to Securities Registration Statement submitted on June 27, 2023.

(9) Shelf Registration Statement (for issuance of shares and bonds, etc.) and its attachments

Submitted to the Director-General of the Kanto Local Finance Bureau on October 20, 2023

(10) Amended Shelf Registration Statement

Amended Shelf Registration Statement pertaining to Shelf Registration Statement (for issuance of shares and bonds, etc.) submitted on October 20, 2023. Submitted to the Director-General of the Kanto Local Finance Bureau on December 5, 2023

Part II. Information on Guarantors for the Reporting Company

Not applicable.

Independent Auditors' Audit Report and Internal Control Audit Report

June 25, 2024

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo office

Akio Enokura, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Shoichi Oyama, CPA
Designated Partner,
Engagement Partner

<Audit of Consolidated Financial Statements>

Opinion

For the purpose of audit certification pursuant to the provisions in Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Mitsubishi Gas Chemical Company, Inc. (the "Company") included in the "Financial Information" section, namely, the consolidated balance sheets, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statement of changes in net assets, the consolidated statement of cash flows, significant matters forming the basis for preparation of consolidated financial statements, other notes and annexed consolidated detailed schedules for the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2024, and their financial performance and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 fiscal year under review. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and measurement of impairment losses on non-current assets for Mitsubishi Gas Chemical Company, Inc.	
Description of key audit matters and reasons for determination	Auditor's responses
<p>Mitsubishi Gas Chemical Company, Inc. (the "Company") is primarily a manufacturer, and has many manufacturing bases in Japan, as stated in "III. Information About Facilities." The balance of property, plant and equipment and intangible assets as of March 31, 2024 totaled ¥314,624 million (including ¥129,008 million for the Company's portion) and ¥24,871 million (including ¥3,013 million for the Company's portion), respectively, which represents a significant 31.8% of the total assets in the consolidated financial statements. As stated in "Significant accounting estimates" in the Notes to consolidated financial statements, the Company recorded an impairment loss on non-current assets of ¥1,488 million (including ¥628 million for the Company's portion) in the fiscal year ended March 31, 2024.</p> <p>Reaching the final year of the medium-term management plan, "Grow Up 2023," the Company has been promoting initiatives to "Further strengthen competitively advantageous ("differentiating") businesses," "Accelerate creation and development of new businesses," and "Reevaluate and rebuild unprofitable businesses" as measures for shifting to a profit structure resilient to changes in the business environment, which is called for in the plan. The business environment surrounding the Company during the fiscal year ended March 31, 2024 continued to be uncertain due to the lingering economic stagnation in China, the deceleration of European and U.S. economies, the prolonged crisis in Ukraine, and increasing geopolitical tensions in the Middle East.</p> <p>Under the above-mentioned management policy and management environment, indicators of impairment of non-current assets may arise due to deterioration of business profit or loss, withdrawal from businesses, new idle and non-operating assets arising, etc. If the total amount of future cash flows of a business related to the asset fell below the carrying amount of the non-current asset, an impairment loss on the non-current asset will be recognized.</p> <p>The business plan, which is the basis for future cash flow projection, is largely comprised of management's judgement and estimate and has possibilities to be subject to future market trends of products. Consequently, as the estimates and assumptions by the management include high uncertainty, we determined the recognition and measurement of impairment losses on non-current assets to be a key audit matter.</p>	<p>In regard to examining the recognition and measurement of impairment losses on non-current assets by the Company, we performed mainly the following audit procedures.</p> <ul style="list-style-type: none"> • Evaluating the effectiveness of design and operation of internal control over the impairment losses on non-current assets. • Holding discussions with the management and the person in charge of business, and understanding the management policy in the business plan and the capital investment plan, which are the basis of future cash flow. • Obtaining reports of market research companies on future market size and price trends, and examining the rationality of the estimates with regard to selling unit prices and sales volume of products in the business plan. • Confirming the consistency with budget approved by the Budgeting Conference with regard to the business plan for the next fiscal year. • It was confirmed that the sale prices of movable assets and real estate in the business plan were consistent with the appraisal reports of external experts. • We engaged our experts to review the valuation methods and assumptions used in the appraisal reports of external experts utilized by management.

Measurement of goodwill arising from the consolidation due to the additional acquisition of shares in an entity accounted for using equity method	
Description of key audit matters and reasons for determination	Auditor's responses
<p>The Company acquired 25% of the outstanding shares of Mitsubishi Engineering-Plastics Corporation ("MEP") on April 3, 2023, and has accounted for MEP as a consolidated subsidiary instead of an entity accounted for using equity method. In acquiring these shares, the acquisition price of MEP's shares was determined through negotiations based on the share value of the company's excess earning capacity, and an external expert was used to calculate the share value. The Company recorded goodwill of ¥16,835 million due to the difference between the identifiable assets and liabilities of MEP on the date of the business combination and the acquisition cost of the company's shares, including the excess earning power, as described in "Business combinations" in Notes to consolidated financial statements.</p> <p>Business combination transactions are not recurring transactions and require complex considerations and specialized knowledge regarding the calculation of acquisition cost and accounting treatment. In addition, the business plan, which is the basis for calculating the acquisition cost, is largely comprised of management's judgement and estimate and has possibilities to be subject to future market trends of products. Consequently, the estimates and assumptions in the business plan include high uncertainty. Therefore, the auditor has determined that the measurement of goodwill arising from the acquisition of MEP's shares to make it a consolidated subsidiary is a key audit matter.</p>	<p>We primarily performed the following procedures in reviewing the measurement of goodwill arising from the acquisition of MEP's shares to make it a consolidated subsidiary.</p> <ul style="list-style-type: none"> • We reviewed the Operations Council minutes, shareholder agreement, and share transfer agreement to understand the details of acquisition of MEP's shares by the Company. • We confirmed that the calculation method and calculated amount of the MEP share transfer price were approved by the Operations Council and were consistent with the stock valuation reports of external expert, and evaluated its reasonableness. • We engaged our experts to review the valuation methods and assumptions used in the stock valuation reports of external experts utilized by management. • We evaluated the reasonableness of the sales volume and sales price of products in the business plan, which is the basis for the stock price calculation, by analyzing the difference in actual results from previous years and comparing them with external research reports. • We verified the accuracy of the capital consolidation journal entries for the new consolidation of MEP and its subsidiaries by checking their consistency with the reports of external experts and recalculating the amounts of the journal entries.

Other Information

Other information consists of information contained in the Annual Securities Report other than the consolidated financial statements and non-consolidated financial statements and the audit reports thereon. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the establishment and operation of the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

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

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, consider internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Conclude whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, conclude whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While our conclusions are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. We are responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and are solely responsible for the audit opinion.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence and any measures that are taken to eliminate obstacles or any safeguards that are applied to reduce obstacles to an acceptable level.

Of the matters discussed with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine the matters that are considered to be particularly important for the audit of the consolidated financial statements for the fiscal year ended March 31, 2024 as key audit matters, and shall include them in the audit report. However, we do not include such matters in the audit report if the disclosure of such matters is prohibited by laws and regulations or if, although in extremely rare circumstances, we determine that such matters should not be reported because the disadvantages of reporting such matters in the audit report are reasonably expected to outweigh the public interest.

<Internal Control Audit>

Opinion

For the purpose of providing audit certification in accordance with Article 193-2, paragraph (2) of the Financial Instruments and Exchange Act, we have audited the internal control report of Mitsubishi Gas Chemical Company, Inc. as of March 31, 2024.

In our opinion, the internal control report referred to above, which represents that the internal control over financial reporting of Mitsubishi Gas Chemical Company, Inc. as of March 31, 2024 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for the Opinion

We conducted our internal control audit in accordance with auditing standards on internal control over financial reporting generally accepted in Japan. Our responsibility under auditing standards on internal control over financial reporting is stated in “Auditor’s Responsibility for the Internal Control Audit.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the internal control report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring and verifying the design and operation of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements in financial reporting.

Auditor’s Responsibility for the Internal Control Audit

Our responsibility is to obtain reasonable assurance about whether the internal control report is free from material misstatement and to express an opinion on the internal control report from an independent standpoint in an internal control audit report, based on our internal control audit.

We make professional judgment in the audit process in accordance with auditing standards on internal control over financial reporting generally accepted in Japan, and perform the following while maintaining professional skepticism. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in the internal control report. The procedures selected depend on our judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of the internal control report.
- Obtain sufficient and appropriate audit evidence regarding the results of the assessment of internal control over financial reporting in the internal control report. We are responsible for instructing, supervising, and implementing the audit of the internal control report, and are solely responsible for the audit opinion.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned internal control audit, the results of the internal control audit, material weaknesses in internal control identified that should be disclosed, the results of their correction, and other matters required under the auditing standards on internal control.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an

impact on our independence and any measures that are taken to eliminate obstacles or any safeguards that are applied to reduce obstacles to an acceptable level.

<Remuneration-related Information>

The amounts of fees for audit certification services and fees for non-audit services of the Company and its subsidiaries in the fiscal year ended March 31, 2024 paid to our firm and those belonging to the same network of our firm are ¥139 million and ¥26 million, respectively.

Conflicts of Interest

Our firm and its engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

End

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- Notes: 1. The document presented above is a digitized copy of the original version of the audit report. The original report is kept separately by the Company.
2. The XBRL data is not included in the scope of audit.

Independent Auditors' Report

June 25, 2024

To: The Board of Directors
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.
Tokyo office

Akio Enokura, CPA
Designated Partner,
Engagement Partner

Takayuki Kawakubo, CPA
Designated Partner,
Engagement Partner

Shoichi Oyama, CPA
Designated Partner,
Engagement Partner

<Audit of Non-Consolidated Financial Statements>

Opinion

For the purpose of audit certification pursuant to the provisions in Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Mitsubishi Gas Chemical Company, Inc. (the "Company") included in the "Financial Information" section, namely, the balance sheets, the statements of income, the statement of changes in net assets, significant accounting policies, other notes and supplemental schedules for the 97th fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the fiscal year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the fiscal year under review. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recognition and measurement of impairment losses on non-current assets for Mitsubishi Gas Chemical Company, Inc.
This information is omitted because it is identical to the key audit matter (Recognition and measurement of impairment losses on non-current assets for Mitsubishi Gas Chemical Company, Inc.) in the audit report on the consolidated financial statements.

Other Information

Other information consists of information contained in the Annual Securities Report other than the consolidated financial statements and non-consolidated financial statements and the audit reports thereon. Management is responsible for the preparation and disclosure of other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Directors in the establishment and operation of the reporting process for other information.

Other information is not included in the scope of our opinion on the non-consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the non-consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the non-consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements

Our responsibility is 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 express an opinion on the non-consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, consider internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Conclude whether it is appropriate for management to prepare the non-consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, conclude whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the non-consolidated financial statements in the audit report, or if the notes to the non-consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements. While our conclusions are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements including related notes, and whether the non-consolidated financial statements fairly present the transactions and accounting events on which they are based.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence and any measures that are taken to eliminate obstacles or any safeguards that are applied to reduce obstacles to an acceptable level.

Of the matters discussed with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine the matters that are considered to be particularly important for the audit of the non-consolidated financial statements for the fiscal year ended March 31, 2024 as key audit matters, and shall include them in the audit report. However, we do not include such matters in the audit report if the disclosure of such matters is prohibited by laws and regulations or if, although in extremely rare circumstances, we determine that such matters should not be reported because the disadvantages of reporting such matters in the audit report are reasonably expected to outweigh the public interest.

<Remuneration-related Information>

Remuneration-relation information is provided in the audit report on the consolidated financial statements.

Conflicts of Interest

Our firm and its engagement partners have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

End

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- Notes: 1. The document presented above is a digitized copy of the original version of the audit report. The original report is kept separately by the Company.
2. The XBRL data is not included in the scope of audit.

[Cover]

[Document title]	Confirmation Letter
[Clause of stipulation]	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 25, 2024
[Company name]	三菱瓦斯化学株式会社 (<i>Mitsubishi Gas Kagaku Kabushiki Kaisha</i>)
[Company name in English]	MITSUBISHI GAS CHEMICAL COMPANY, INC.
[Title and name of representative]	Masashi Fujii, Representative Director, President
[Title and name of chief financial officer]	Not applicable.
[Address of registered headquarters]	5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Appropriateness of the descriptions in this Annual Securities Report

The Company's Representative Director Masashi Fujii confirmed that information contained in the Company's Annual Securities Report for the 97th fiscal year (from April 1, 2023 to March 31, 2024) was described appropriately in accordance with the Financial Instruments and Exchange Act and related regulations.

2. Special notes

There are no matters to be noted.

[Cover]

[Document title]	Internal Control Report
[Clause of stipulation]	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
[Place of filing]	Director-General of the Kanto Local Finance Bureau
[Filing date]	June 25, 2024
[Company name]	三菱瓦斯化学株式会社 (<i>Mitsubishi Gas Kagaku Kabushiki Kaisha</i>)
[Company name in English]	MITSUBISHI GAS CHEMICAL COMPANY, INC.
[Title and name of representative]	Masashi Fujii, Representative Director, President
[Title and name of chief financial officer]	Not applicable.
[Address of registered headquarters]	5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

1. Basic framework for internal control over financial reporting

President and Representative Director Masashi Fujii is responsible for the design and operation of internal control over financial reporting, and has designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” released by the Business Accounting Council.

Internal control is aimed at achieving its goal to a reasonable extent through basic elements of internal control organically intertwining and functioning in an integrated manner. Accordingly, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Scope of assessment, record date, and assessment procedures

The assessment of internal control over financial reporting was made with March 31, 2024 as the record date, which is the last day of the fiscal year ended, and in the assessment, we complied with assessment standards for internal control over financial reporting generally accepted in Japan.

In this assessment, we assessed internal control that significantly affects the entire financial reporting on a consolidated basis (Company Level Controls), and then, based on the result, selected business processes to be assessed. In the assessment of the business processes, we made an assessment of effectiveness of internal control by analyzing the selected business processes, and then identifying key controls that have significant impact on credibility of financial reporting and assessing the design and operation for the key controls.

As for the scope of the assessment of internal control over financial reporting, a necessary scope was determined from the viewpoint of materiality of impact on credibility of financial reporting for the Company and its consolidated subsidiaries and entities accounted for using equity method. Materiality of impact on credibility of financial reporting was determined in light of materiality in terms of the amount and quality. The scope of assessment of internal control over the business processes was reasonably determined based on the result of the assessment of Company Level Controls made targeting the Company and its consolidated subsidiaries as well as entities accounted for using equity method, excluding business locations which were judged to be insignificant from the perspective of materiality.

As for the scope of the assessment of internal control over the business processes, we added up net sales (after elimination of transactions between consolidated companies) for the last few fiscal years of each business location in descending order based on the amount of net sales, and deemed the Company and two business locations whose amount in total roughly reached two-thirds of the consolidated net sales as “significant business entities.” In the selected significant business entities, as account items that are closely associated with the company’s business objectives, business processes concerning net sales, accounts receivable - trade, inventories, etc. were subject to the assessment. Furthermore, regardless of the selected significant business entities, as for the scope including other business entities, business processes related to significant account items for which the possibility of material misstatements is high and which involve estimates and forecasts, and business processes related to businesses or operations in which transactions with a great risk are conducted were added to matters to be assessed as highly significant business processes in view of the impact on financial reporting.

3. Results of the assessment

As a result of the above assessment, we judged that the Company’s internal control over financial reporting was effective as of March 31, 2024.

4. Supplementary notes

Not applicable.

5. Special notes

Not applicable.