

# Summary of Consolidated Financial Results for Second Quarter (First Half) of FY2024



Nov 7, 2024  
Mitsui Chemicals, Inc.

## 1. Summary of Operating Results

(Unit : Billions of Yen)

	1st Half of FY2023	1st Half of FY2024	Incr. (Decr.)	FY2023	Outlook for FY2024 (announced Nov. 7)		
					FY2024	Incr. (Decr.)	
Sales revenue	823.7	890.4	66.7	1,749.7	1,770.0	20.3	
Operating income before special items	42.0	52.8	10.8	96.2	105.0	8.8	
Operating income	31.2	46.0	14.8	74.1	94.0	19.9	
Net income	24.3	27.4	3.1	53.8	66.0	12.2	
Net income attributable to owners of the parent	20.7	22.2	1.5	50.0	56.0	6.0	
Exchange rate	Yen / US\$	141	153	12	145	149	4
Domestic standard naphtha price	Yen / KL	65,550	77,950	12,400	69,100	75,500	6,400

## 2. Sales Revenue and Operating Income (loss) before Special Items by Business Segment ※1

・Sales revenue

(Unit : Billions of Yen)

	1st Half of FY2023	1st Half of FY2024	Incr. (Decr.)	Breakdown		FY2023	Outlook for FY2024 (announced Nov. 7)	
				Volume	Price		FY2024	Incr. (Decr.)
Life & Healthcare Solutions	119.1	138.1	19.0	15.6	3.4	271.7	298.0	26.3
Mobility Solutions	261.3	284.2	22.9	13.9	9.0	544.0	574.0	30.0
ICT Solutions	124.9	109.8	(15.1)	(20.9)	5.8	259.4	229.0	(30.4)
Basic & Green Materials	310.6	351.0	40.4	(2.2)	42.6	659.9	655.0	(4.9)
Others	7.8	7.3	(0.5)	-	(0.5)	14.7	14.0	(0.7)
Total	823.7	890.4	66.7	6.4	60.3	1,749.7	1,770.0	20.3

・Operating income (loss) before special items

(Unit : Billions of Yen)

	1st Half of FY2023	1st Half of FY2024	Incr. (Decr.)	Breakdown			FY2023	Outlook for FY2024 (announced Nov. 7)	
				Volume	Price ※2	Fixed Costs etc.		FY2024	Incr. (Decr.)
Life & Healthcare Solutions	11.2	15.7	4.5	4.3	2.7	(2.5)	30.0	36.0	6.0
Mobility Solutions	26.9	28.8	1.9	6.3	(1.0)	(3.4)	57.7	55.0	(2.7)
ICT Solutions	12.9	12.0	(0.9)	2.5	1.2	(4.6)	23.6	29.0	5.4
Basic & Green Materials	(8.7)	(2.6)	6.1	(0.9)	10.1	(3.1)	(11.6)	(10.0)	1.6
Others	(0.5)	(1.1)	(0.6)	-	-	(0.6)	(1.7)	(2.0)	(0.3)
Adjustment	0.2	0.0	(0.2)	-	-	(0.2)	(1.8)	(3.0)	(1.2)
Total	42.0	52.8	10.8	12.2	13.0	(14.4)	96.2	105.0	8.8

※1 In accordance with the organizational reform implemented on April 1, 2024, Mitsui Chemicals, Inc. group has revised the segments to which Honshu Chemical Industry Co., Ltd. and certain other consolidated subsidiaries and equity method affiliates belong. Additionally, the segments for the corresponding period of the previous year are disclosed based on the reportable segment classifications after the revisions.

※2 Price includes both selling and purchasing price variances.

## 3. Summary of Statement of Financial Position

(Unit : Billions of Yen)

	Assets				Liabilities and Equity		
	As of Mar. 31, 2024	As of Sept. 30, 2024	Incr. (Decr.)		As of Mar. 31, 2024	As of Sept. 30, 2024	Incr. (Decr.)
Current assets	1,150.6	1,012.9	(137.7)	Interest-bearing debt	811.5	732.1	(79.4)
Property, plant and equipment & right-of-use assets	652.1	657.3	5.2	Other liabilities	419.5	392.6	(26.9)
Goodwill and intangible assets	76.4	81.0	4.6	Equity attributable to owners of the parent	862.9	861.7	(1.2)
Other non-current assets	336.7	352.1	15.4	Non-controlling interests	121.9	116.9	(5.0)
Total assets	2,215.8	2,103.3	(112.5)	Total liabilities and equity	2,215.8	2,103.3	(112.5)

[ Net D/E Ratio ] 0.69 0.65 (0.04)

4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	1st Half of FY2023	1st Half of FY2024	Incr. (Decr.)	FY2023	Outlook for FY2024 (announced Nov. 7)	
					FY2024	Incr. (Decr.)
Cash flows from operating activities	85.8	118.0	32.2	161.3	190.0	28.7
Cash flows from investing activities	(35.5)	(48.3)	(12.8)	(123.9)	(175.0)	(51.1)
Free cash flows	50.3	69.7	19.4	37.4	15.0	(22.4)
Cash flows from financing activities	(45.2)	(104.5)	(59.3)	(26.0)	(47.0)	(21.0)
Others	11.2	(4.5)	(15.7)	12.6	(5.0)	(17.6)
Net incr.(decr.) in cash and cash equivalents	16.3	(39.3)	(55.6)	24.0	(37.0)	(61.0)
Cash and cash equivalents at the end of period	202.6	171.0	(31.6)	210.3		

5. Accounting Fundamentals

		1st Half of FY2023	1st Half of FY2024	Incr. (Decr.)	FY2023	Outlook for FY2024 (announced Nov. 7)	
						FY2024	Incr. (Decr.)
R & D expenses	¥ Billions	21.5	21.8	0.3	44.7	47.0	2.3
Depreciation & amortization	¥ Billions	46.3	48.8	2.5	95.2	102.0	6.8
Capital expenditures	¥ Billions	89.7	77.0	(12.7)	185.7	155.0	(30.7)
Interest-bearing debt	¥ Billions	772.5	732.1	(40.4)	811.5	796.0	(15.5)
Net D/E Ratio	percentage	0.68	0.65	(0.03)	0.69	0.71	0.02
Number of employees	person	19,543	17,450	(2,093)	19,861	17,500	(2,361)
Exchange rate	Yen / US\$	141	153	12	145	149	4
Domestic standard naphtha price	Yen / KL	65,550	77,950	12,400	69,100	75,500	6,400
Number of group companies	company	163	156	(7)	163	155	(8)

6. Dividends

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

7. Number of Shares Outstanding (common stock)

	FY2023	1st Half of FY2024
Number of shares outstanding at term-end (including treasury stock)	200,843,815	200,843,815
Number of shares of treasury stock at term-end	10,709,181	10,671,627
Average number of shares	190,103,457 ※	190,152,943

※1st Half of FY2023

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the six-month period from April 1, 2024 to September 30, 2024, hereinafter the "first half"), economic recovery continued worldwide. Meanwhile, the pace of recovery in some countries and regions has slowed amid weak demand and tightened monetary policy. In Japan, economic activity has continued to recover, although it has struggled in some parts.

We reported the operating results for the first half as follows. We employ operating income before special items which stands for operating income excluding non-recurring items (e.g., losses resulting from withdrawing from and/or downsizing businesses) as a management indicator.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
First Half	890.4	52.8	46.0	22.2
Same period of previous fiscal year	823.7	42.0	31.2	20.7
Difference	66.7	10.8	14.8	1.5
Difference (%)	8.1	25.6	47.2	7.5

**Sales revenue** was 890.4 billion yen, an increase of 66.7 billion yen, or 8.1%, year on year. This result was due to an increase in selling prices, which was resulting from rising raw material prices, such as naphtha, and the impact of exchange rate differences, etc.

**Operating income before special items** was 52.8 billion yen, an increase of 10.8 billion yen, or 25.6%, year on year. This result was due to inventory revaluation gain, which was resulting from rising raw material prices, such as naphtha, and an improvement in the terms of trade resulting from exchange rate differences, etc.

**Operating income** was 46.0 billion yen, an increase of 14.8 billion yen, or 47.2%, year on year. This result was due to the increase in operating income before special items.

**Financial income/expenses** worsened 7.0 billion yen year on year to a 5.2 billion yen loss.

As a result of the aforementioned factors, **income before income taxes** amounted to 40.8 billion yen, an increase of 7.8 billion yen, or 23.8%, year on year.

**Net income attributable to owners of the parent** after accounting for income taxes and non-controlling interests was 22.2 billion yen, an increase of 1.5 billion yen, or 7.5%, year on year. Basic earnings per share for the period amounted to 116.90 yen.

### (2) Results by Business Segment

The status of each segment during the first half is as follows.

In accordance with the organizational reform implemented on April 1, 2024, we have revised the segments to which Honshu Chemical Industry Co., Ltd. and certain other consolidated subsidiaries and equity method affiliates belong. Accordingly, the results for the same period of the previous year have been reclassified into the reportable segment classifications after the revisions.

## Life & Healthcare Solutions

Sales revenue increased 19.0 billion yen compared with the corresponding period of the previous fiscal year to 138.1 billion yen and comprised 16% of total sales. Operating income before special items increased 4.5 billion yen to 15.7 billion yen year on year. The increase in income was mainly due to healthy sales in vision care materials and agrochemicals.

In **vision care materials**, sales were healthy for ophthalmic lens materials.

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

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

In **nonwovens**, sales increased due to business integration.

## Mobility Solutions

Sales revenue increased 22.9 billion yen year on year to 284.2 billion yen and comprised 32% of total sales. Operating income before special items increased 1.9 billion yen to 28.8 billion yen, mainly due to an increase in sales volume.

In **elastomers**, sales were healthy. Meanwhile, the terms of trade worsened due to a temporary easing of supply and demand.

In **polypropylene compounds**, sales remained the same level as the corresponding period of the previous fiscal year, and terms of trade improved resulting from sales price revisions and exchange rate differences, etc.

In **solutions business**, sales remained the same level as the corresponding period of the previous fiscal year.

## ICT Solutions

Sales revenue decreased 15.1 billion yen compared with the corresponding period of the previous fiscal year to 109.8 billion yen and comprised 12% of total sales, as our consolidated subsidiaries have become equity method affiliates through partial transfer of subsidiary stock. Mainly due to above mentioned reason, operating income before special items decreased 0.9 billion yen to 12.0 billion yen year on year.

In **semiconductor & optical materials**, sales were healthy due to a recovery in the semiconductor market and smartphone market.

In **coatings & engineering materials**, sales were healthy.

In **Industrial films & sheets**, terms of trade improved resulting from exchange rate differences, etc.

## Basic & Green Materials

Sales revenue increased 40.4 billion yen compared with the corresponding period of the previous fiscal year to 351.0 billion yen and accounted for 39% of total sales. Operating loss before special items improved 6.1 billion yen, resulting in a 2.6 billion yen loss. This was due to inventory revaluation gains resulting from rising raw material prices, such as naphtha, although the restart of production at the ethylene plant, which had been suspended for scheduled maintenance, was postponed.

Sales of **polyolefin** and **phenols** remained weak. On the other hand, terms of trade improved due to inventory revaluation gains resulting from rising raw material prices such as naphtha.

**Naphtha cracker** operating rates remained at a low level due to decrease in demand for downstream products and the postponement of the restart of production mentioned above.

## Others

Sales revenue decreased 0.5 billion yen to 7.3 billion yen and comprised 1% of total sales. Operating loss before special items increased 0.6 billion yen, compared with the same period of the previous fiscal year to a loss of 1.1 billion yen.

## 2. Financial Position

### (1) Status of Assets, Liabilities and Net Assets

**Total assets** at the end of the first half stood at 2,103.3 billion yen, a decrease of 112.5 billion yen compared with the previous fiscal year-end.

**Total liabilities** at the end of first half decreased 106.3 billion yen compared with the previous fiscal year-end to 1,124.7 billion yen. **Interest-bearing debt** amounted to 732.1 billion yen, a decrease of 79.4 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 34.8%, a decrease of 1.8 percentage point.

**Total equity** was 978.6 billion yen, a decrease of 6.2 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 41.0%, an increase of 2.1 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.65 at the end of the first half, a 0.04-percentage point decrease from the previous fiscal year-end.

### (2) Cash Flow Status

Cash and cash equivalents (hereinafter "net cash") at the end of the first half decreased 39.3 billion yen to 171.0 billion yen compared with the previous fiscal year-end.

#### Cash Flows from Operating Activities

Net cash provided by operating activities increased 32.2 billion yen to 118.0 billion yen, due to a decrease in working capital and an increase of income before income taxes.

#### Cash Flows from Investing Activities

Net cash used in investing activities increased 12.8 billion yen to 48.3 billion yen, compared with the same period of the previous fiscal year, due to a decrease of proceeds from the sale of subsidiaries.

#### Cash Flows from Financing Activities

Net cash used in financing activities was increased 59.3 billion yen to 104.5 billion yen compared with the same period of the previous fiscal year, due to an increase in repayments of Interest-bearing debt.

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

### (1) Overview

Revised financial forecasts are based on the following assumptions:

- a) Exchange rate for the full year is 149 yen/US\$ (Oct – Mar: 145 yen/US\$)
- b) Average price of domestic naphtha is 75,500 yen/kl (Oct – Mar: 73,000 yen/kl)

Sales revenue and incomes are expected to decrease from the previously announced forecast.

This is due to the postponement of the restart of production at the ethylene plant during the first half, as well as an expected fall in domestic naphtha prices for the full fiscal year.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income	Net Income Attributable to Owners of the Parent	Basic Earnings per Share (yen)
Previous forecast (A)	1,850.0	125.0	113.0	83.0	73.0	383.88
Revised forecast (B)	1,770.0	105.0	94.0	66.0	56.0	294.48
Difference (B-A)	(80.0)	(20.0)	(19.0)	(17.0)	(17.0)	
Difference (%)	(4.3)	(16.0)	(16.8)	(20.5)	(23.3)	
(Reference) FY2023 Actual (Apr. 1, 2023 - Mar. 31, 2024)	1,749.7	96.2	74.1	53.8	50.0	262.99

## (2) Business Segment

Forecast by business segment is as follows.

(Billions of Yen)

	Sales Revenue						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
Previous forecast	296.0	577.0	247.0	716.0	14.0	-	1,850.0
Revised forecast	298.0	574.0	229.0	655.0	14.0	-	1,770.0
Difference	2.0	(3.0)	(18.0)	(61.0)	0.0	-	(80.0)

(Billions of Yen)

	Operating Income before Special Items						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
Previous forecast	36.0	60.0	30.0	4.0	(2.0)	(3.0)	125.0
Revised forecast	36.0	55.0	29.0	(10.0)	(2.0)	(3.0)	105.0
Difference	0.0	(5.0)	(1.0)	(14.0)	0.0	0.0	(20.0)

#### 4. Consolidated Statement of Financial Position

	Millions of yen	
	FY2023 As of March 31, 2024	FY2024 As of September 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	210,292	171,042
Trade receivables	365,896	318,694
Inventories	451,075	453,115
Other financial assets	39,218	36,335
Other current assets	37,230	26,141
Total	1,103,711	1,005,327
Assets held for sale	46,868	7,627
<b>Total current assets</b>	<b>1,150,579</b>	<b>1,012,954</b>
<b>Non-current assets</b>		
Property, plant and equipment	605,789	609,807
Right-of-use assets	46,309	47,452
Goodwill	21,169	21,033
Intangible assets	55,241	59,921
Investment property	21,667	21,666
Investments accounted for using equity method	155,924	185,182
Other financial assets	61,669	59,237
Retirement benefit assets	82,777	70,657
Deferred tax assets	5,039	6,131
Other non-current assets	9,656	9,267
<b>Total non-current assets</b>	<b>1,065,240</b>	<b>1,090,353</b>
<b>Total assets</b>	<b>2,215,819</b>	<b>2,103,307</b>

	<b>Millions of yen</b>	
	<b>FY2023</b>	<b>FY2024</b>
	<b>As of</b>	<b>As of</b>
	<b>March 31, 2024</b>	<b>September 30, 2024</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables	179,947	157,850
Bonds and borrowings	324,088	228,721
Income taxes payable	4,038	8,708
Other financial liabilities	109,774	111,045
Provisions	1,267	1,390
Other current liabilities	42,103	44,508
<b>Total</b>	<b>661,217</b>	<b>552,222</b>
Liabilities directly associated with assets held for sale	15,362	1,882
<b>Total current liabilities</b>	<b>676,579</b>	<b>554,104</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	432,670	447,771
Other financial liabilities	54,149	55,640
Retirement benefit liabilities	17,882	17,355
Provisions	6,845	7,096
Deferred tax liabilities	42,136	42,000
Other non-current liabilities	752	701
<b>Total non-current liabilities</b>	<b>554,434</b>	<b>570,563</b>
<b>Total liabilities</b>	<b>1,231,013</b>	<b>1,124,667</b>
<b>Equity</b>		
Share capital	125,738	125,738
Capital surplus	55,027	55,079
Treasury stock	(32,751)	(32,641)
Retained earnings	617,400	624,327
Other components of equity	97,437	89,161
<b>Total equity attributable to owners of the parent</b>	<b>862,851</b>	<b>861,664</b>
<b>Non-controlling interests</b>	<b>121,955</b>	<b>116,976</b>
<b>Total equity</b>	<b>984,806</b>	<b>978,640</b>
<b>Total liabilities and equity</b>	<b>2,215,819</b>	<b>2,103,307</b>

## 5. Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### (Consolidated Statement of Income)

	Millions of yen	
	FY2023 April 1, 2023 to September 30, 2023	FY2024 April 1, 2024 to September 30, 2024
<b>Sales revenue</b>	<b>823,655</b>	<b>890,351</b>
Cost of sales	(645,708)	(699,330)
<b>Gross profit</b>	<b>177,947</b>	<b>191,021</b>
Selling, general and administrative expenses	(139,956)	(143,742)
Other operating income	3,790	1,658
Other operating expenses	(16,175)	(10,512)
Share of profit of investments accounted for using equity method	5,639	7,567
<b>Operating income</b>	<b>31,245</b>	<b>45,992</b>
Financial income	8,790	3,879
Financial expenses	(7,057)	(9,035)
<b>Income before income taxes</b>	<b>32,978</b>	<b>40,836</b>
Income tax expense	(8,665)	(13,440)
<b>Net income</b>	<b>24,313</b>	<b>27,396</b>
<b>Net income attributable to:</b>		
Owners of the parent	<b>20,687</b>	<b>22,229</b>
Non-controlling interests	<b>3,626</b>	<b>5,167</b>
<b>Net income</b>	<b>24,313</b>	<b>27,396</b>
<b>Earnings per share</b>		
Basic earnings per share (Yen)	108.82	116.90

### (Consolidated Statement of Comprehensive Income)

	Millions of yen	
	FY2023 April 1, 2023 to September 30, 2023	FY2024 April 1, 2024 to September 30, 2024
<b>Net income</b>	<b>24,313</b>	<b>27,396</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,334	(1,712)
Remeasurements of defined benefit plans	4,981	(3,951)
Share of other comprehensive income of investments accounted for using equity method	256	(274)
Total of items that will not be reclassified to profit or loss	7,571	(5,937)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	26,823	(8,750)
Effective portion of net change in fair value of cash flow hedges	14	(4)
Share of other comprehensive income of investments accounted for using equity method	3,985	4,924
Total of items that may be reclassified to profit or loss	30,822	(3,830)
<b>Total other comprehensive income, net of tax</b>	<b>38,393</b>	<b>(9,767)</b>
<b>Comprehensive income</b>	<b>62,706</b>	<b>17,629</b>
Comprehensive income attributable to:		
Owners of the parent	55,570	12,105
Non-controlling interests	7,136	5,524
<b>Comprehensive income</b>	<b>62,706</b>	<b>17,629</b>

## 6. Consolidated Statement of Cash Flows

	Millions of yen	
	FY2023 April 1, 2023 to September 30, 2023	FY2024 April 1, 2024 to September 30, 2024
Net cash provided by (used in) operating activities		
Income before income taxes	32,978	40,836
Depreciation and amortization	46,280	48,841
Impairment loss	12,436	5,622
Interest and dividend income	(2,813)	(3,618)
Interest expenses	3,728	3,958
Share of loss (profit) of investments accounted for using equity method	(5,639)	(7,567)
Decrease (increase) in trade receivables	23,217	49,712
Decrease (increase) in inventories	1,429	(8,731)
Increase (decrease) in trade payables	(11,938)	(16,176)
Decrease (increase) in accounts receivable	3,412	2,787
Other	(5,913)	8,381
<b>Subtotal</b>	<b>97,177</b>	<b>124,045</b>
Interest and dividends received	4,255	4,447
Proceeds from insurance income	242	151
Interest paid	(3,847)	(3,962)
Income taxes refund (paid)	(12,038)	(6,706)
<b>Net cash provided by (used in) operating activities</b>	<b>85,789</b>	<b>117,975</b>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(58,206)	(48,875)
Proceeds from sale of property, plant and equipment	472	145
Purchase of intangible assets	(4,624)	(8,709)
Proceeds from sale of intangible assets	1	—
Purchase of investment securities	(270)	(952)
Proceeds from sale and redemption of investment securities	192	567
Payments for sale of subsidiaries	—	(719)
Proceeds from sale of subsidiaries	36,449	10,897
Payments for acquisition of businesses	(7,364)	—
Purchase of equity accounted investments	(1)	—
Other	(2,092)	(611)
<b>Net cash provided by (used in) investing activities</b>	<b>(35,443)</b>	<b>(48,257)</b>

	Millions of yen	
	FY2023	FY2024
	April 1, 2023 to September 30, 2023	April 1, 2024 to September 30, 2024
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	(38,334)	3,779
Increase (decrease) in commercial papers	5,000	(82,000)
Proceeds from long-term borrowings	31,758	29,432
Repayments of long-term borrowings	(22,554)	(23,520)
Redemption of bonds	(142)	(5,000)
Repayments of lease liabilities	(5,169)	(4,986)
Proceeds from sale of treasury stock	1	1
Purchase of treasury stock	(19)	(18)
Dividends paid	(11,403)	(13,309)
Capital contribution from non-controlling interests	10	—
Dividends paid to non-controlling interests	(4,318)	(8,849)
Other	—	(1)
<b>Net cash provided by (used in) financing activities</b>	<b>(45,170)</b>	<b>(104,471)</b>
Effect of exchange rate change on cash and cash equivalents	11,077	(4,497)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>16,253</b>	<b>(39,250)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>186,310</b>	<b>210,292</b>
<b>Cash and cash equivalents at end of period</b>	<b>202,563</b>	<b>171,042</b>

## 7. Segment Information

### (1) Overview of Reportable Segments

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

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

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

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

Additionally, the segments for the corresponding period of the previous year are disclosed based on the reportable segment classifications after the revisions.

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

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

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

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

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

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

Same period of previous fiscal year (April 1, 2023 – September 30, 2023)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total			
Sales revenue								
1) To external customers	119,103	261,299	124,893	310,565	815,860	7,795	—	823,655
2) Intersegment	2,301	1,772	3,555	52,003	59,631	37,444	(97,075)	—
Total	121,404	263,071	128,448	362,568	875,491	45,239	(97,075)	823,655
Segment income (loss) (Operating income before special items)	11,190	26,902	12,887	(8,634)	42,345	(504)	175	42,016

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
  2. The 175 million yen in adjustments to segment income includes corporate profit of 65 million yen not allocated to reportable segments and 110 million yen elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses and R&D expenses for new business which are usually not attributed to segments and, allocation difference of general & administrative expenses to be borne by segments.

First Half (April 1, 2024 – September 30, 2024)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Adjustment (Note 2)	Consolidated
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Total			
Sales revenue								
1) To external customers	138,063	284,158	109,783	351,018	883,022	7,329	—	890,351
2) Intersegment	1,858	1,390	3,919	43,670	50,837	30,826	(81,663)	—
Total	139,921	285,548	113,702	394,688	933,859	38,155	(81,663)	890,351
Segment income (loss) (Operating income before special items)	15,660	28,794	11,993	(2,580)	53,867	(1,118)	38	52,787

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
  2. The 38 million yen in adjustments to segment income includes corporate profit of 49 million yen not allocated to reportable segments and negative 11 million yen elimination of intersegment transactions. Corporate profit (loss) mainly comprise general & administrative expenses and R&D expenses for new business which are usually not attributed to segments and, allocation difference of general & administrative expenses to be borne by segments.

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

(Millions of yen)

	Same period of previous fiscal year (April 1, 2023 – September 30, 2023)	First Half (April 1, 2024 – September 30, 2024)
Total reportable segment income	42,016	52,787
Gain on sales of shares of subsidiaries	2,438	—
Impairment loss	(12,436)	(5,622)
Loss on disposal of non-current assets	(852)	(1,260)
Other	79	87
Operating income	31,245	45,992
Financial income	8,790	3,879
Financial expenses	(7,057)	(9,035)
Income before income taxes	32,978	40,836