

# **Operational Summary**

## **for the First Quarter of Fiscal Year Ending March 31, 2024**

August 2, 2023  
Mitsubishi Chemical Group Corporation

# Table of Contents

<b>Consolidated Financial Statements for FY2023 1Q</b>		<b>References 1</b>	
<b>Summary</b>	<b>3</b>	<b>Topics for FY2023</b>	<b>17</b>
<b>Statements of Operations</b>	<b>4</b>	<b>Statements of Operations [Quarterly Data]</b>	<b>18</b>
<b>Sales Revenue and Core Operating Income by Business Segment</b>	<b>5</b>	<b>Analysis of Core Operating Income</b>	<b>19</b>
<b>Analysis of Core Operating Income</b>	<b>6</b>	<b>EBITDA Margin by Business Segment</b>	<b>20</b>
<b>Overview of Business Segments</b>	<b>7</b>	<b>References 2</b>	
<b>Special Items</b>	<b>12</b>	<b>Health Care Segment, Pharmaceuticals Businesses Status of Research and Development etc.</b>	<b>22</b>
<b>Cash Flows</b>	<b>13</b>	<b>References 3</b>	
<b>Statements of Financial Positions</b>	<b>14</b>	<b>Specialty Materials / Priority Strategic Market Trends</b>	<b>27</b>
<b>Sales Revenue and Core Operating Income by Business Segment [Quarterly Data]</b>	<b>15</b>		

## List of Abbreviations

FY2023 April 1, 2023 – March 31, 2024

FY2022 April 1, 2022 – March 31, 2023

MCG Mitsubishi Chemical Group Corporation

MCC Mitsubishi Chemical Corporation

MTPC Mitsubishi Tanabe Pharma Corporation

LSII Life Science Institute, Inc.

NSHD Nippon Sanso Holdings Corporation

## FY2023 1Q Actual

- The business environment remained harsh overall. Due to sluggish demand, particularly in the petrochemical and semiconductor-related markets, and partly due to the downward impact from the unit price of the raw material naphtha, sales revenue decreased 4% year-on-year.
- The impact from a decline in sales volume and inventory valuation loss was alleviated owing to the pricing activities and cost structure reforms, core operating income declined 30% year-on-year. In particular, major factors for a drop in income were a sluggish demand in Petrochemicals and Carbon Products, and the inventory valuation loss. In Specialty Materials, core operating income improved in contrast with last Q4 in tandem with a recovery trend in the automobile and display markets. Demand in the semiconductor-related market and in the US and Europe continued to be lethargic, pulling down income year-on-year. In MMA, income improved versus last Q4 as the decrease in market prices wound down but overall income in the segment dropped year-on-year. Meanwhile, in Industrial Gases trended briskly due to price management and productivity improvements. In Health Care, income rose reflecting a growth in sales of RADICAVA in North America, and owing to cost structure reforms.
- Net Income Attributable to Owners of the Parent was down 5% in comparison with a year earlier. Special Items was recorded to offset the decline in core operating income.

## FY2023 Forecast

- In MMA, Basic Materials, and Specialty Materials, there is a lack of a strong rebound from a weak business environment therefore we anticipate harsh trends during the fiscal year. However, in addition to brisk performance in Industrial Gases, pricing activities and cost structure reforms are progressing strongly, we therefore reiterate our 1H forecast.
- We also stick with the forecast for 2H, which we made at the start of the fiscal year, reflecting a very murky outlook for the business environment and as it is difficult to factor this impact into earnings at this stage.
- The MCG Group plans to continue to steadily implement important measures to achieve financial goals in accordance with the action plan related to the management policy “Forging the future.”

# Consolidated Statements of Operations

	131.3	139.6	8.3	6%	130.0	
Exchange Rate (¥/\$)						
Naphtha Price (¥/kl)	86,100	67,500	(18,600)	(22%)	67,000	
			(Billions of Yen)		<Reference> FY2023 1H Forecast (Announced on May 12)	% to 1H Forecast
	FY2022 1Q	FY2023 1Q	Difference	%		
<b>Sales Revenue</b>	1,106.5	<b>1,061.2</b>	<b>(45.3)</b>	<b>(4%)</b>	2,221.0	48%
<b>Core Operating Income *1</b>	72.1	<b>50.8</b>	<b>(21.3)</b>	<b>(30%)</b>	108.0	47%
Special Items	(4.1)	<b>18.9</b>	<b>23.0</b>		2.0	
<b>Operating Income</b>	68.0	<b>69.7</b>	<b>1.7</b>	3%	110.0	63%
<b>Income before Taxes</b>	75.1	<b>68.8</b>	<b>(6.3)</b>	<b>(8%)</b>	92.0	75%
<b>Net Income</b>	53.3	<b>55.8</b>	<b>2.5</b>		63.0	
<b>Net Income Attributable to Owners of the Parent</b>	44.9	<b>42.5</b>	<b>(2.4)</b>	<b>(5%)</b>	43.0	99%
Net Income Attributable to Non-Controlling Interests	8.4	<b>13.3</b>	<b>4.9</b>		20.0	
*1 Share of profit of associates and joint ventures included	4.0	<b>2.7</b>	<b>(1.3)</b>			

Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (losses incurred by business withdrawal and streamlining, etc.).

# Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

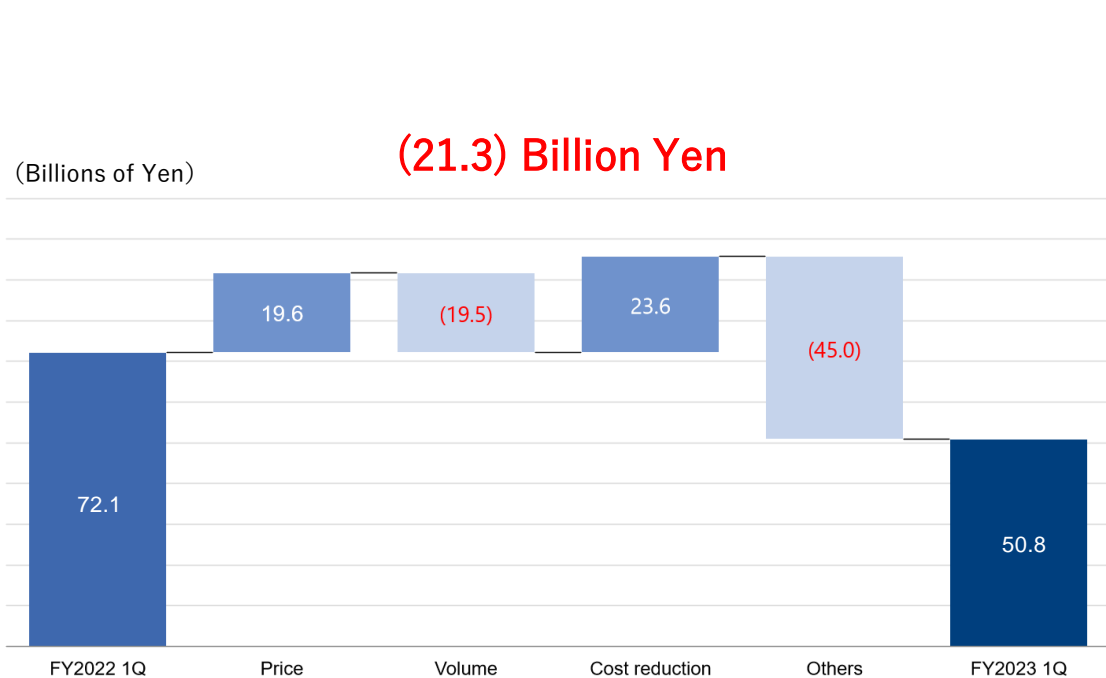
	FY2022 1Q		FY2023 1Q		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
<b>Total Consolidated</b>	<b>1,106.5</b>	<b>72.1</b>	<b>1,061.2</b>	<b>50.8</b>	<b>(45.3)</b>	(4%)	<b>(21.3)</b>	(30%)
<b>Specialty Materials</b>	<b>316.7</b>	<b>22.3</b>	<b>290.9</b>	<b>9.2</b>	<b>(25.8)</b>	(8%)	<b>(13.1)</b>	(59%)
Polymers & Compounds	87.3	7.2	79.4	7.1	(7.9)		(0.1)	
Films & Molding Materials	136.1	11.1	124.2	1.6	(11.9)		(9.5)	
Advanced Solutions	93.3	4.0	87.3	0.5	(6.0)		(3.5)	
<b>Industrial Gases</b>	<b>273.9</b>	<b>29.5</b>	<b>306.8</b>	<b>39.8</b>	<b>32.9</b>	12%	<b>10.3</b>	35%
<b>Health Care</b>	<b>98.2</b>	<b>4.0</b>	<b>101.9</b>	<b>10.0</b>	<b>3.7</b>	4%	<b>6.0</b>	150%
<b>MMA</b>	<b>87.8</b>	<b>2.8</b>	<b>69.0</b>	<b>(0.9)</b>	<b>(18.8)</b>	(21%)	<b>(3.7)</b>	-
<b>Basic Materials</b>	<b>269.1</b>	<b>15.2</b>	<b>242.7</b>	<b>(8.0)</b>	<b>(26.4)</b>	(10%)	<b>(23.2)</b>	-
Petrochemicals	177.5	5.8	157.5	(4.4)	(20.0)		(10.2)	
Carbon Products	91.6	9.4	85.2	(3.6)	(6.4)		(13.0)	
<b>Others</b>	<b>60.8</b>	<b>(1.7)</b>	<b>49.9</b>	<b>0.7</b>	<b>(10.9)</b>	(18%)	<b>2.4</b>	-

[Inventory valuation gain/loss]	FY2022 1Q	FY2023 1Q	Difference
Polymers & Compounds	0.3	(0.1)	(0.4)
Petrochemicals	21.5	(0.3)	(21.8)
Carbon Products	8.2	(0.2)	(8.4)
<b>Total</b>	<b>30.0</b>	<b>(0.6)</b>	<b>(30.6)</b>

\* From Q1 FY2023, the current financial reporting segments has been reclassified into Specialty Materials, Industrial Gases, Health Care, MMA, Basic Materials, and Others. In addition, the company is reclassifying the managing segments for some of its businesses. Accordingly, for purposes of comparison, we are restated the results for FY2022.

\* Breakdown figures of segment are approximation for reference purpose only.

# Analysis of Core Operating Income



(Billions of Yen)

	FY2022 1Q	FY2023 1Q	Difference	Price	Volume	Cost reduction	Others * <sub>1</sub>
<b>Total Consolidated</b>	72.1	<b>50.8</b>	<b>(21.3)</b>	19.6	<b>(19.5)</b>	23.6	<b>(45.0)</b>
Specialty Materials	22.3	<b>9.2</b>	<b>(13.1)</b>	10.4	<b>(21.6)</b>	2.0	<b>(3.9)</b>
Industrial Gases	29.5	<b>39.8</b>	<b>10.3</b>	5.7	1.5	5.5	<b>(2.4)</b>
Health Care	4.0	<b>10.0</b>	<b>6.0</b>	<b>(1.1)</b>	3.7	10.5	<b>(7.1)</b>
MMA	2.8	<b>(0.9)</b>	<b>(3.7)</b>	<b>(6.1)</b>	<b>(0.2)</b>	2.5	<b>0.1</b>
Basic Materials	15.2	<b>(8.0)</b>	<b>(23.2)</b>	9.9	<b>(3.0)</b>	1.0	<b>(31.1)</b>
Others	<b>(1.7)</b>	<b>0.7</b>	<b>2.4</b>	0.8	0.1	2.1	<b>(0.6)</b>

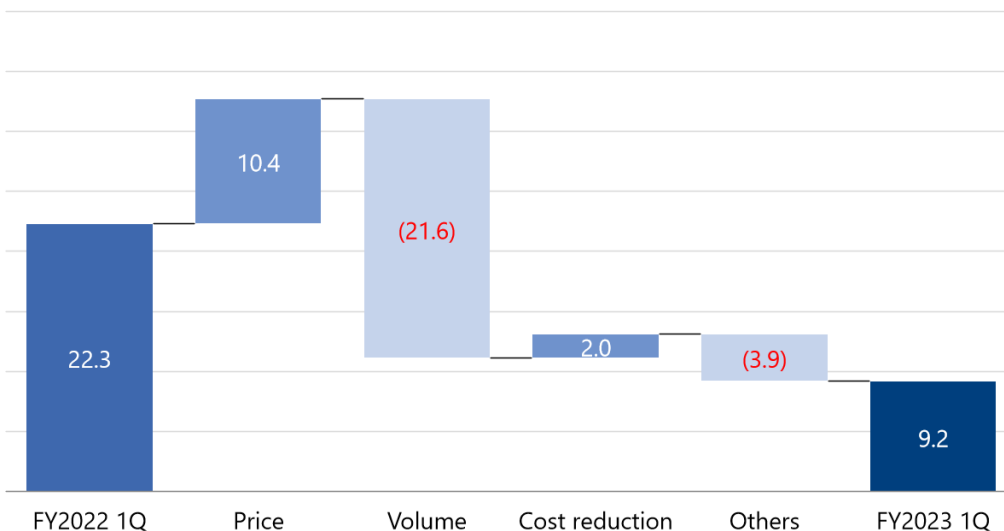
\* Items included are impacts from differences of inventory valuation gain/loss (30.6) billion yen and differences of share of profit of associates and joint ventures (1.3) billion yen, etc.

Changes in exchange rates	1.7	2.4	0.0	-	<b>(0.7)</b>
Changes in foreign currency translation included in above	7.9				

# Analysis of Core Operating Income Specialty Materials Segment

(Billions of Yen)

**(13.1) Billion Yen**



## Polymers & Compounds (0.1)

Price

(+) Improve price gap for each product by maintaining/improving selling prices

Volume

(-) Barrier packaging demand is strong but sales down due to retreating demand globally for coatings, ink and adhesives

Others

(※)

## Films & Molding Materials (9.5)

Price

(+) Improvement in price gap for high performance engineering plastic and carbon fibers as retaining and improving selling price

Volume

(-) Demand in the electronics market has been recovering since entering FY2023, but sales were down for optical films versus 1Q of the previous fiscal year  
(-) Sales declined for high performance engineering plastic and carbon fibers in tandem with a decline in global demand

Others

(※)

## Advanced Solutions (3.5)

Price

(+) Progress in transferring prices for battery materials for EV/mobility applications

Volume

(-) Sales declined in the semiconductor-related business, including precision cleaning and high performance chemicals, in tandem with an adjustment phase in the semiconductor market

Others

(※)

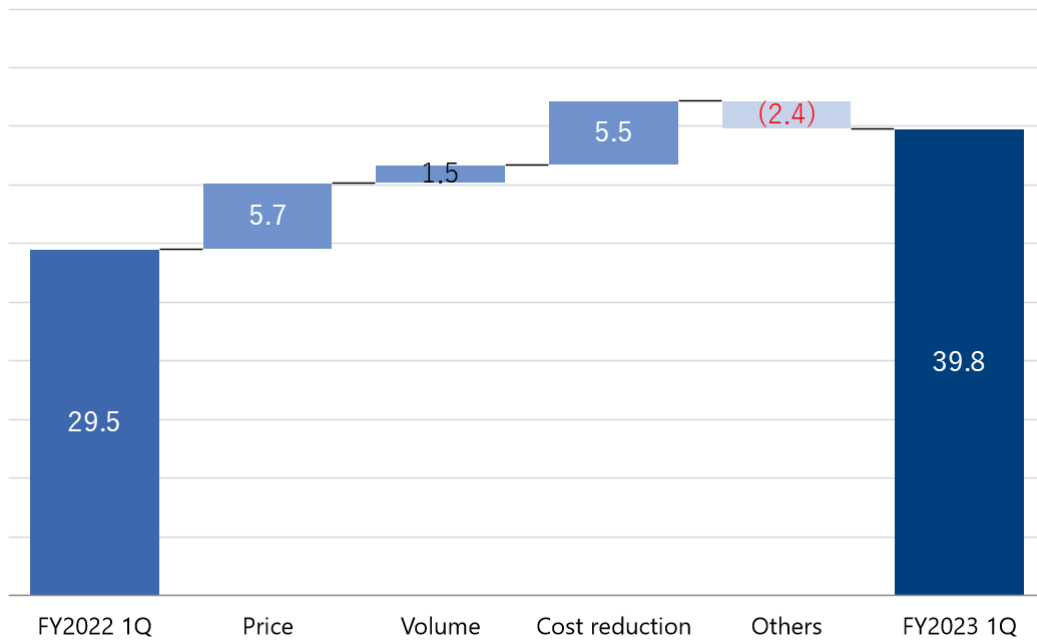
## (※)Others

(-) Increase in fixed costs, etc. in tandem with the ramp up of operations of a new manufacturing line

# Analysis of Core Operating Income Industrial Gases Segment

+10.3 Billion Yen

(Billions of Yen)



## Industrial Gases + 10.3

### Price

- (+) Price improvement owing to price management mainly in Europe and the US
- (+) Price transfer in tandem with a rise in fuel prices in Japan and Asia-Oceania

### Cost reduction

- (+) Productivity improvement activities, including the use of DX and optimization of plant operations

### Others

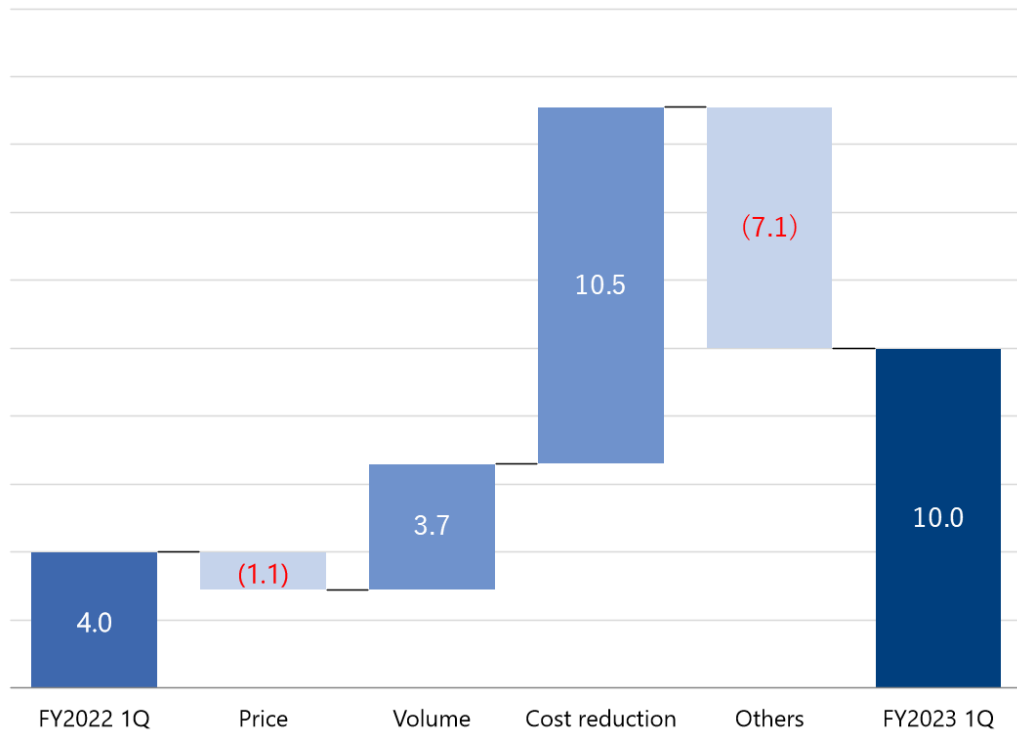
- (-) Increase in expenses due to inflation



# Analysis of Core Operating Income Health Care Segment

+6.0 Billion Yen

(Billions of Yen)



## Health Care +6.0

Price

(-) National Health Insurance drug price revision for domestic ethical pharmaceuticals

Volume

(+) In North America, sales grew for RADICAVA ORS®, a therapy to treat ALS

Cost  
reduction

(+) Reduced R&D costs and progress made in cost structure reforms reflecting Medicago's exit from its business operations

Others

(-) Rise in SG&A expense in tandem with a new drug launch, etc.

# Analysis of Core Operating Income MMA Segment

(Billions of Yen)

**(3.7) Billion Yen**



## MMA (3.7)

### Price

(-) The price of MMA monomer in tandem with a decline in raw material costs improved in the current fiscal year but deteriorated in contrast with 1Q of the previous fiscal year

### Volume

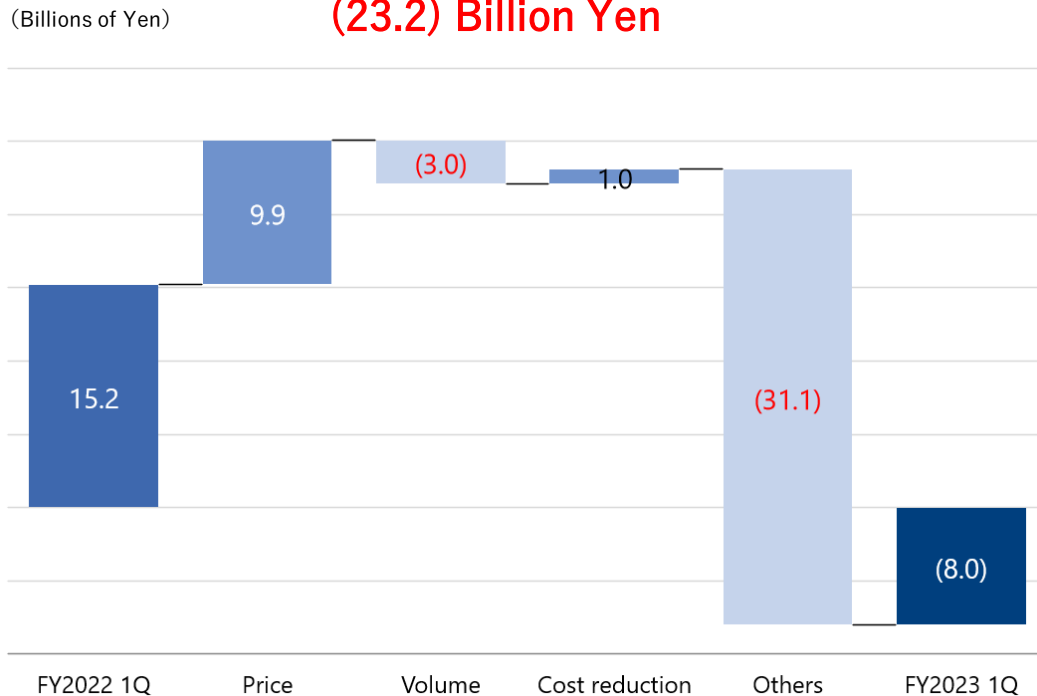
Volume trended flat year-on-year  
(Sales volume for AN declined but increased for MMA monomer and other products)

### Cost reduction

(+) Cost reduction in tandem with the closure of the UK Cassel site

# Analysis of Core Operating Income Basic Materials Segment

(23.2) Billion Yen



## Petrochemicals (10.2)

### Price

(+) Discrepancy in the timing for revision to polyolefin prices

### Volume (-)

(+) Curbed the scale of scheduled maintenance and repairs

(-) Drop in production and sales of products in tandem with a decrease in demand and one-off problems

### Others

(-) Contraction in inventory valuation gains in tandem with a decline in raw material costs

## Carbon Products (13.0)

### Price

(-) Deterioration in price due to decline in cokes market price in tandem with a retreat in demand for cokes

### Others

(-) Contraction in inventory valuation gains in tandem with a decline in raw material costs

# Consolidated Special Items

(Billions of Yen)

	FY2022 1Q	FY2023 1Q	Difference
<b>Total Special Items</b>	<b>(4.1)</b>	<b>18.9</b>	<b>23.0</b>
Gain on sales of shares of subsidiaries and associates	-	<b>5.6</b>	<b>5.6</b>
Loss on business liquidation	<b>(0.1)</b>	<b>(2.0)</b>	<b>(1.9)</b>
Loss on sale and disposal of fixed assets	<b>(0.2)</b>	<b>(1.1)</b>	<b>(0.9)</b>
Loss on arbitration award	<b>(3.4)</b>	-	<b>3.4</b>
Others	<b>(0.4)</b>	<b>16.4</b>	<b>16.8</b>

# Consolidated Cash Flows

	FY2022 1Q	FY2023 1Q
<b>Net cash provided by (used in) operating activities</b>	<b>23.5</b>	<b>55.0</b>
Income before taxes	75.1	68.8
Depreciation and amortization	66.4	67.9
Change in operating receivables/payables	(3.9)	19.0
Change in Inventories	(52.9)	(12.9)
Others	(61.2)	(87.8)
<b>Net cash provided by (used in) investment activities</b>	<b>(62.6)</b>	<b>(57.3)</b>
Capital expenditure	(69.2)	(63.2)
Sale of assets	5.4	18.8
Investment and loans receivable, etc.	1.2	(12.9)
<b>Free cash flow</b>	<b>(39.1)</b>	<b>(2.3)</b>

(Billions of Yen)

	FY2022 1Q	FY2023 1Q
<b>Net cash provided by (used in) financing activities</b>	<b>32.9</b>	<b>0.5</b>
Interest bearing debts	64.8	28.2
Dividends, etc.	(31.9)	(27.7)
<b>Net increase (decrease) in cash and cash equiv</b>	<b>(6.2)</b>	<b>(1.8)</b>
Effect of exchange rate changes and changes in scope of consolidation	13.4	15.4
<b>Total</b>	<b>7.2</b>	<b>13.6</b>

# Consolidated Statements of Financial Positions

(Billions of Yen)

	Mar.31.2023	Jun.30.2023	Difference
Cash & cash equivalents	297.2	310.8	13.6
Trade receivables	808.8	783.4	(25.4)
Inventories	797.9	842.1	44.2
Others	245.7	271.7	26.0
<b>Current assets</b>	<b>2,149.6</b>	<b>2,208.0</b>	<b>58.4</b>
Fixed assets	2,367.1	2,460.5	93.4
Goodwill	727.7	769.3	41.6
Investments & Other	529.9	555.0	25.1
<b>Non-current assets</b>	<b>3,624.7</b>	<b>3,784.8</b>	<b>160.1</b>
<b>Total assets</b>	<b>5,774.3</b>	<b>5,992.8</b>	<b>218.5</b>

(Billions of Yen)

	Mar.31.2023	Jun.30.2023	Difference
Interest-bearing debt	2,375.8	2,469.9	94.1
Trade payables	476.3	470.7	(5.6)
Others	933.8	911.9	(21.9)
<b>Liabilities</b>	<b>3,785.9</b>	<b>3,852.5</b>	<b>66.6</b>
Share capitals, Retained earnings, etc.,	1,426.2	1,450.7	24.5
Other components of equity	138.4	224.1	85.7
<b>Equity attributable to owners of the parent</b>	<b>1,564.6</b>	<b>1,674.8</b>	<b>110.2</b>
Non-controlling interests	423.8	465.5	41.7
<b>Equity</b>	<b>1,988.4</b>	<b>2,140.3</b>	<b>151.9</b>
<b>Total liabilities &amp; equity</b>	<b>5,774.3</b>	<b>5,992.8</b>	<b>218.5</b>
Net Interest-bearing debt *1	2,078.6	2,159.1	80.5
Net D/E ratio	1.33	1.29	(0.04)
ROE *2	6.4%	-	-

\*1 Net interest-bearing debt (End of Jun.30, 2023)

= interest-bearing debt (2,469.9billion yen)

- {cash and cash equivalents (310.8 billion yen) + investments of surplus funds-}

Note : Interest-bearing debt includes lease obligations.

\*2 Ratio of net income attributable to owners of the parent.

# Sales Revenue and Core Operating Income by Business Segment [Quarterly Data]

F

(Billions of Yen)

		FY2022					FY2023				
		1Q	2Q	3Q	4Q	Total	1Q	1H	2H	FY2023 Forecast	
<b>Total Consolidated</b>		Sales Revenue	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	2,221.0	2,334.0	<b>4,555.0</b>
		<b>Core Operating Income</b>	<b>72.1</b>	<b>50.5</b>	<b>55.3</b>	<b>147.7</b>	<b>325.6</b>	<b>50.8</b>	<b>108.0</b>	<b>142.0</b>	<b>250.0</b>
<b>Specialty Materials</b>		Sales Revenue	316.7	310.4	305.6	301.0	1,233.7	290.9	599.0	639.0	<b>1,238.0</b>
		<b>Core Operating Income</b>	<b>22.3</b>	<b>21.3</b>	<b>11.6</b>	<b>(3.7)</b>	<b>51.5</b>	<b>9.2</b>	<b>29.0</b>	<b>44.0</b>	<b>73.0</b>
Polymers & Compounds		Sales Revenue	87.3	83.3	84.0	84.1	338.7	79.4	178.0	180.0	<b>358.0</b>
		<b>Core Operating Income</b>	<b>7.2</b>	<b>9.2</b>	<b>5.4</b>	<b>4.4</b>	<b>26.2</b>	<b>7.1</b>	<b>13.0</b>	<b>14.0</b>	<b>27.0</b>
Films & Molding Materials		Sales Revenue	136.1	131.0	128.5	122.1	517.7	124.2	248.0	267.0	<b>515.0</b>
		<b>Core Operating Income</b>	<b>11.1</b>	<b>7.4</b>	<b>3.7</b>	<b>(4.2)</b>	<b>18.0</b>	<b>1.6</b>	<b>12.0</b>	<b>19.0</b>	<b>31.0</b>
Advanced Solutions		Sales Revenue	93.3	96.1	93.1	94.8	377.3	87.3	173.0	192.0	<b>365.0</b>
		<b>Core Operating Income</b>	<b>4.0</b>	<b>4.7</b>	<b>2.5</b>	<b>(3.9)</b>	<b>7.3</b>	<b>0.5</b>	<b>4.0</b>	<b>11.0</b>	<b>15.0</b>
<b>Industrial Gases</b>		Sales Revenue	273.9	295.4	297.1	311.5	1,177.9	306.8	568.0	583.0	<b>1,151.0</b>
		<b>Core Operating Income</b>	<b>29.5</b>	<b>24.8</b>	<b>30.0</b>	<b>36.7</b>	<b>121.0</b>	<b>39.8</b>	<b>59.0</b>	<b>66.0</b>	<b>125.0</b>
<b>Health Care</b>		Sales Revenue	98.2	104.9	116.8	215.5	535.4	101.9	195.0	194.0	<b>389.0</b>
		<b>Core Operating Income</b>	<b>4.0</b>	<b>0.5</b>	<b>15.5</b>	<b>124.2</b>	<b>144.2</b>	<b>10.0</b>	<b>13.0</b>	<b>7.0</b>	<b>20.0</b>
<b>MMA</b>		Sales Revenue	87.8	79.0	69.3	69.1	305.2	69.0	160.0	159.0	<b>319.0</b>
		<b>Core Operating Income</b>	<b>2.8</b>	<b>2.0</b>	<b>(4.6)</b>	<b>(4.2)</b>	<b>(4.0)</b>	<b>(0.9)</b>	<b>2.0</b>	<b>8.0</b>	<b>10.0</b>
<b>Basic Materials</b>		Sales Revenue	269.1	307.0	286.2	259.5	1,121.8	242.7	579.0	620.0	<b>1,199.0</b>
		<b>Core Operating Income</b>	<b>15.2</b>	<b>2.2</b>	<b>0.3</b>	<b>(5.6)</b>	<b>12.1</b>	<b>(8.0)</b>	<b>6.0</b>	<b>16.0</b>	<b>22.0</b>
Petrochemicals		Sales Revenue	177.5	203.0	196.1	177.1	753.7	157.5	387.0	409.0	<b>796.0</b>
		<b>Core Operating Income</b>	<b>5.8</b>	<b>3.3</b>	<b>(1.0)</b>	<b>(5.6)</b>	<b>2.5</b>	<b>(4.4)</b>	<b>5.0</b>	<b>11.0</b>	<b>16.0</b>
Carbon Products		Sales Revenue	91.6	104.0	90.1	82.4	368.1	85.2	192.0	211.0	<b>403.0</b>
		<b>Core Operating Income</b>	<b>9.4</b>	<b>(1.1)</b>	<b>1.3</b>	<b>0.0</b>	<b>9.6</b>	<b>(3.6)</b>	<b>1.0</b>	<b>5.0</b>	<b>6.0</b>
<b>Others</b>		Sales Revenue	60.8	66.6	61.4	71.7	260.5	49.9	120.0	139.0	<b>259.0</b>
		<b>Core Operating Income</b>	<b>(1.7)</b>	<b>(0.3)</b>	<b>2.5</b>	<b>0.3</b>	<b>0.8</b>	<b>0.7</b>	<b>(1.0)</b>	<b>1.0</b>	<b>0.0</b>

\* From Q1 FY2023, the current financial reporting segments has been reclassified into Specialty Materials, Industrial Gases, Health Care, MMA, Basic Materials, and Others. In addition, the company is reclassifying the managing segments for some of its businesses. Accordingly, for purposes of comparison, we are restated the results for FY2022.

\* Breakdown figures of segment are approximation for reference purpose only.

# References 1



## Specialty Materials

- In April 2023, the MCG Group signed a contract with Neogen Chemicals Limited regarding the provision of production technology license in India for electrolytes used in lithium-ion batteries (LIB) with the aim of expanding the electrolyte business. In April 2023, the MCG Group also signed a memorandum of understanding with Koura, a producer of fluoroproducts, regarding the collaboration study for various purposes, such as strengthening the supply chain for formulated electrolytes for lithium-ion batteries (LIBs) in North America.
- The MCG Group concluded a memorandum of understanding with Korean company L&F Co., Ltd., a manufacturer of cathode active materials for LIB, to conduct feasibility studies into strengthening the supply chain for anode materials in countries that have concluded a free trade agreement with the U.S with the aim of expanding anode materials for LIB business.

## Industrial Gases

- In Belgium, A joint venture Terranova Hydrogen NV was established with Terranova nv and Luminus to produce green hydrogen and build and operate a green hydrogen production plant. The production of green hydrogen is scheduled to start in early 2025.

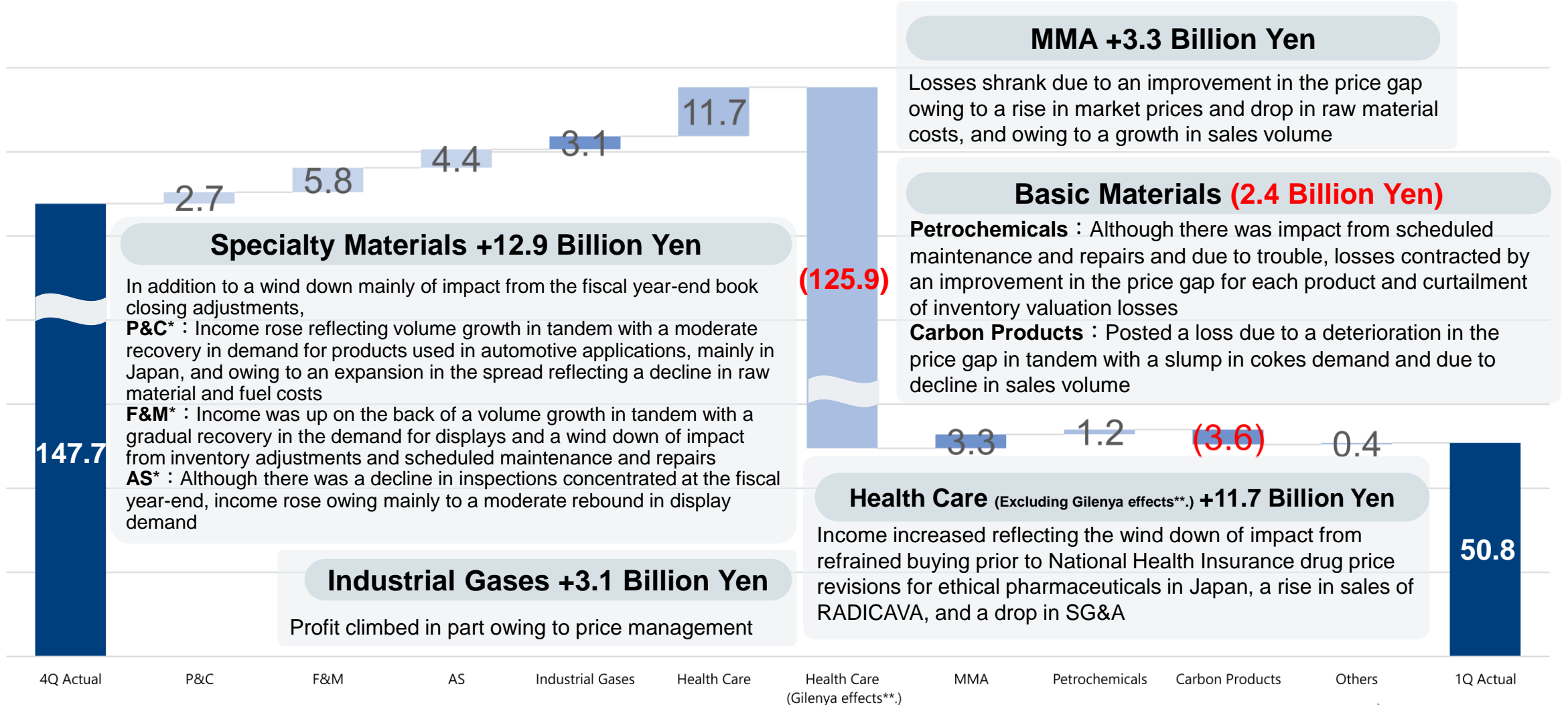
## Health Care

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

# Statements of Operations [Quarterly Data]

Exchange Rate (¥/\$)	131.3	139.4	139.9	133.4	136.0	139.6
Naphtha Price (¥/kl)	86,100	81,400	72,500	66,500	76,600	67,500
	(Billions of Yen)					
	FY2022					FY2023
	1Q	2Q	3Q	4Q	Total	1Q
<b>Sales Revenue</b>	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2
<b>Core Operating Income *1</b>	72.1	50.5	55.3	147.7	325.6	50.8
Special Items	(4.1)	(0.1)	(125.1)	(13.6)	(142.9)	18.9
<b>Operating Income (Loss)</b>	68.0	50.4	(69.8)	134.1	182.7	69.7
Financial Income/Expenses	7.1	(3.5)	(13.0)	(5.3)	(14.7)	(0.9)
(Dividend included above)	[7.8]	[0.2]	[1.1]	[3.2]	[12.3]	[4.6]
(Foreign Exchange Gain/Loss included above)	[3.7]	[3.0]	[(6.4)]	[(0.4)]	[(0.1)]	[4.5]
<b>Income (Loss) before Taxes</b>	75.1	46.9	(82.8)	128.8	168.0	68.8
Income Taxes	(21.8)	(8.7)	36.1	(38.1)	(32.5)	(13.0)
<b>Net Income (Loss)</b>	53.3	38.2	(46.7)	90.7	135.5	55.8
<b>Net Income (Loss) Attributable to Owners of the Parent</b>	44.9	29.0	(56.9)	79.4	96.4	42.5
Net Income Attributable to Non-Controlling Interests	8.4	9.2	10.2	11.3	39.1	13.3
*1 Share of profit of associates and joint ventures included	4.0	3.2	2.7	2.0	11.9	2.7

# Analysis of Core Operating Income (4Q→1Q)



**(96.9 Billion Yen) +29.0 Billion Yen (Excluding Gilenya effects\*\*.)**

\* P&C = Polymers & compounds, F&M = Films & Molding Materials, AS = Advanced Solutions

\*\* Impact from the recognition of a portion of sales revenue in 4Q FY2022, reflecting the outcome of an arbitration award related to royalties for Gilenya, a treatment agent for multiple sclerosis

# EBITDA Margin by Business Segment

	FY2022 Actual *	FY2023 1Q Actual	FY2023 Forecast	FY2025 Target
<b>Total Consolidated</b>	<b>12.6%</b>	<b>10.9%</b>	<b>11.3%</b>	<b>18.0%</b>
<b>Specialty Materials</b>	<b>9.0%</b>	<b>8.8%</b>	<b>11.3%</b>	<b>16.0%</b>
<b>Industrial Gases</b>	<b>19.1%</b>	<b>21.9%</b>	<b>20.0%</b>	<b>24.0%</b>
<b>Health Care</b>	<b>29.4%</b>	<b>13.1%</b>	<b>8.7%</b>	<b>15.0%</b>
<b>MMA</b>	<b>6.4%</b>	<b>6.4%</b>	<b>10.0%</b>	<b>15.0%</b>
<b>Basic Materials</b>	<b>4.6%</b>	<b>0.4%</b>	<b>5.3%</b>	<b>—</b>

EBITDA : Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income)  
+ Depreciation / Amortization

\* EBITDA margin after deduction of an impact equivalent the result of the Gilenya arbitration award :  
Total Consolidated 10.1%, Health Care 7.7%

## References 2

**Health Care Segment,  
Pharmaceuticals Businesses  
Status of Research and  
Development etc.**

# Major Development Pipeline List

As of Jul. 25, 2023

Research areas	Code	Region	Indications/Description	P1	P2	P3	Filed	Approved
Central Nervous System	ND0612	Global	Parkinson's disease					
	MT-3921	Global	Spinal cord injury					
	MT-0551	Japan <sup>*1</sup>	Myasthenia gravis					
	MT-8554	Japan	Peripheral neuropathic pain					
Immuno-inflammation	MT-7117	Global	Erythropoietic protoporphyria (EPP) X-linked protoporphyria (XLP)					
		Global	Systemic sclerosis					
	MT-2990	Global	Endometriosis					
	MT-0551	Japan <sup>*1</sup>	IgG4-related disease					
		Japan	Systemic sclerosis					
Oncology	MT-2111	Japan	Relapsed/Refractory Diffuse Large B-cell Lymphoma					

<sup>\*1</sup> Co-development with Horizon Therapeutics

# Launch Plan for Major Development Pipeline

	FY2023	FY2024	FY2025 and beyond
Central Nervous System	<b>MT-1186</b> ALS (Oral suspension) (Japan <sup>*1</sup> )	<b>ND0612</b> Parkinson's disease (Global)	<b>MT-0551</b> Myasthenia gravis (Japan)
Immuno-inflammation			<b>MT-0551</b> IgG4-related disease (Japan)
			<b>MT-7117</b> EPP, XLP (Global)
Diabetes and kidney		<b>TA-7284 OD tablets</b> Type 2 diabetes mellitus , Chronic kidney disease complicated with type 2 diabetes mellitus <sup>*2</sup> (Japan)	
Vaccines	<b>MT-2355</b> Combined vaccine <sup>*3 *4</sup> (Japan)		
Oncology			<b>MT-2111</b> Relapsed/Refractory Diffuse Large B-cell Lymphoma (Japan)

<sup>\*1</sup> Approved in Switzerland

<sup>\*2</sup> Chronic kidney disease complicated with type 2 diabetes mellitus, excluding patients with end-stage renal disease or undergoing dialysis

<sup>\*3</sup> Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

<sup>\*4</sup> Launch timing depend on starting routine vaccination

  : Global (US launch year)
   : Japan/China
   : Launched

# Pharmaceuticals Business: Statements of Operations (FY2023 1Q Actual)



	(Billions of Yen)				<Reference>	
	FY2022 1Q	FY2023 1Q	Difference	%	FY2023 1H Forecast (Announced on May 12)	% to 1H Forecast
<b>Revenue</b>	98.2	<b>101.9</b>	<b>3.7</b>	3.8%	195	52.3%
Domestic	79.8	<b>76.9</b>	<b>(2.9)</b>	(3.7%)	147	52.3%
Overseas	18.3	<b>25.0</b>	<b>6.7</b>	36.4%	48	52.1%
Overseas sales ratio	18.7%	<b>24.5%</b>			24.6%	
<b>Cost of sales</b>	51.5	<b>53.5</b>	<b>2.0</b>	4.0%	100	53.5%
Sales cost ratio	52.4%	<b>52.5%</b>			51.3%	
<b>Gross profit</b>	46.7	<b>48.4</b>	<b>1.7</b>	3.6%	95	50.9%
<b>SG&amp;A expenses, etc.</b>	42.7	<b>38.3</b>	<b>(4.5)</b>	(10.4%)	82	46.7%
R&D expenses	20.3	<b>14.6</b>	<b>(5.7)</b>	(28.2%)	31	47.0%
<b>Core operating profit</b>	4.0	<b>10.1</b>	<b>6.1</b>	155.2%	13	77.6%
Non-recurring items	(0.1)	<b>13.1</b>	<b>13.2</b>		3	
<b>Operating profit</b>	3.8	<b>23.1</b>	<b>19.3</b>	504.2%	16	144.7%
<b>Net profit attributable to owners of the Company</b>	1.9	<b>23.8</b>	<b>21.9</b>	1,185.3%	9	279.9%

Effect of fluctuations in exchange rate for FY2023: Revenue increased by ¥1.2 bn. and core operating profit decreased by ¥0.3 bn.



# Pharmaceuticals: Details of Revenue (FY2023 1Q Actual)

	(Billions of Yen)				<Reference>	
	FY2022 1Q	FY2023 1Q	Difference	%	FY2023 1H Forecast (Announced on May 12)	% to 1H Forecast
<b>Domestic ethical drugs</b>	77.2	<b>74.3</b>	<b>(2.8)</b>	(3.7%)	141.7	52.5%
<b>Priority and New products</b>	40.6	<b>43.4</b>	<b>2.8</b>	6.9%	78.7	55.2%
Stelara	15.1	<b>16.9</b>	<b>1.8</b>	12.1%	27.5	61.4%
Simponi	11.4	<b>11.4</b>	<b>(0.0)</b>	(0.4%)	21.6	52.8%
Tenelia	3.8	<b>2.6</b>	<b>(1.2)</b>	(32.0%)	5.5	46.4%
Canaglu	3.0	<b>3.2</b>	<b>0.1</b>	3.6%	7.3	43.3%
Canalia	2.2	<b>2.9</b>	<b>0.7</b>	34.0%	5.5	52.3%
Vafseo	0.5	<b>0.6</b>	<b>0.1</b>	26.2%	1.6	37.4%
Uplizna	0.7	<b>1.4</b>	<b>0.7</b>	110.8%	1.6	88.6%
Rupafin	2.2	<b>2.0</b>	<b>(0.2)</b>	(10.0%)	3.6	54.4%
Dysval	1.2	<b>1.3</b>	<b>0.1</b>	7.7%	2.4	55.8%
Radicut	0.6	<b>1.2</b>	<b>0.6</b>	108.8%	2.1	59.0%
<b>Vaccines</b>	7.3	<b>6.7</b>	<b>(0.7)</b>	(8.8%)	20.2	33.1%
Influenza vaccine	(0.0)	<b>(0.0)</b>	<b>(0.0)</b>	-	6.6	(0.0%)
Tetrabik	2.5	<b>2.7</b>	<b>0.2</b>	6.8%	5.2	51.3%
JEBIK V	1.6	<b>0.9</b>	<b>(0.7)</b>	(42.3%)	2.9	32.2%
Mearubik	1.6	<b>1.7</b>	<b>0.0</b>	1.8%	2.5	66.2%
Varicella vaccine	1.3	<b>1.1</b>	<b>(0.2)</b>	(18.8%)	2.3	45.9%
<b>Long-listed drugs, etc.</b>	29.2	<b>24.2</b>	<b>(5.0)</b>	(17.1%)	42.8	56.6%
Remicade	9.2	<b>8.1</b>	<b>(1.1)</b>	(12.2%)	15.7	51.3%
<b>Overseas ethical drugs</b>	15.6	<b>23.6</b>	<b>8.0</b>	51.4%	41.6	56.7%
<b>Radicava</b>	7.5	<b>15.9</b>	<b>8.4</b>	112.2%	26.4	60.5%
<b>Royalty revenue, etc.</b>	3.1	<b>1.8</b>	<b>(1.3)</b>	(43.2%)	Undisclosed	
<b>Royalty from INVOKANA</b>	1.6	<b>1.2</b>	<b>(0.4)</b>	(27.4%)	Undisclosed	
<b>Royalty from GILENYA</b>	0.9	<b>(0.7)</b>	<b>(1.5)</b>	-	Undisclosed	

# References 3

# Specialty Materials Priority Strategic Market Trends

# Specialty Materials/Priority Strategic Market Trends

Priority Strategic Markets		Key Products	1Q FY2023 Summary	Forecast for 2Q FY2023 onward
<b>EV/mobility</b>		<b>Electrolytes</b> <b>Fiber reinforced plastics &amp; composites</b>	Alleviation of impact mainly from the semiconductor shortage, signs of a moderate recovery in Japan, the US and Europe	Expect recovery in demand globally, and a rise in auto production year-on-year in the full fiscal year EV market to continue to expand
<b>Digital</b>	<b>Semiconductors</b>	<b>Semiconductor cleaning</b> <b>Epoxy resin</b> <b>Semiconductor equipment components</b>	Ongoing stalemate in the semiconductor market, which became full-fledged in 2H FY2022 Drop in global production, mainly for memory chips	Anticipate a gradual rebound in and after 4Q on ongoing adjustments for the time being In the medium/long-term, forecast ongoing market growth owing to further expansion in demand for use in automobiles and at data centers
	<b>Electronics</b>	<b>Optical films</b> <b>Display related materials</b>	Progress in the optimization of market inventories Gradual recovery in demand, mainly in Asia	Demand to trend firmly toward the year end Expect a continued recovery trend
<b>Food products</b>		<b>Emulsifiers</b> <b>Packaging film</b> <b>Packaging materials</b>	Food packaging market showing signs of weakening mainly due to the impact of inflation in Asia and Europe	Global demand in the food packaging material market to trend weakly In the medium/long term, anticipate an expansion in demand underscored mainly by a reduction in food loss

# Sales Revenue and EBITDA by market of Specialty Materials

(Billions of Yen)

	FY2022 Actual		FY2023 1Q Actual		FY2023 Forecast		FY2025 Target	
	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA
<b>Specialty Materials</b>	1,230.0	111.0	290.0	26.0	1,240.0	140.0	1,370.0	223.0
EV / Mobility	200.0	11.0	50.0	3.0	230.0	19.0	280.0	31.0
Semiconductors	100.0	19.0	25.0	4.0	100.0	20.0	150.0	35.0
Electronics	130.0	16.0	35.0	5.0	150.0	21.0	200.0	42.0
Food	210.0	34.0	50.0	11.0	220.0	34.0	220.0	39.0
Industrial, Medical, Consumer goods, Building & Construction etc	590.0	31.0	130.0	3.0	540.0	46.0	520.0	76.0

\* Breakdown figures by market are approximation for reference purpose only.

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