

# **Operational Summary**

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

November 1, 2023

Mitsubishi Chemical Group Corporation

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## 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 2Q Actual

- While sales revenue decreased 5% year on year amid a severe business environment, core operating income fell only 2% year on year as a result of the promotion of price management activities and cost structure reforms. Core operating income outperformed the initial forecast for the first half (¥108.0 billion) by ¥11.6 billion or 11%.
- Sales volume declined significantly in Specialty Materials and Basic Materials impacted by factors including retreating demand in the semiconductor market and for broader industrial materials. In Basic Materials, inventory valuation loss of ¥7.2 billion was recorded owing to falling raw material prices, and among other factors. Its impact was a decrease of ¥33.0 billion in profits. Core operating income was boosted by significant growth in sales of RADICAVA in North America in Health Care as well as cost structure reforms implemented in the previous fiscal year, on top of the continued brisk performance of Industrial Gases.
- As a result of continued efforts to steadily implement cost structure reforms in FY2023, cost reduction of ¥54.2 billion was achieved in the first half, which accounted for 68% of Group-wide cost reduction target of ¥80.0 billion for FY2023.
- Although net income attributable to owners of the parent was down 9% in comparison with a year earlier, it exceeded the initial forecast for the first half (¥43.0 billion) by 56%.

## FY2023 Forecast

- Core operating income in the first half outperformed the forecast. However, given the continued lack of strength in recovery from a weak business environment in the second half, core operating income forecast for FY2023 remains unchanged.
- FY2023 forecast for operating income, net income, and net income attributable to owners of the parent has been revised upward as special items related to business divestiture are expected to be recorded in the second half.
- 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

	135.3	142.6	7.3	5%
Exchange Rate (¥/\$)				
Naphtha Price (¥/kl)	83,700	65,500	(18,200)	(22%)
			(Billions of Yen)	
	FY2022 1H	FY2023 1H	Difference	%
<b>Sales Revenue</b>	2,269.8	<b>2,149.9</b>	<b>(119.9)</b>	<b>(5%)</b>
<b>Core Operating Income *1</b>	122.6	<b>119.6</b>	<b>(3.0)</b>	<b>(2%)</b>
Special Items	<b>(4.2)</b>	<b>19.0</b>	<b>23.2</b>	
<b>Operating Income</b>	118.4	<b>138.6</b>	<b>20.2</b>	17%
<b>Income before Taxes</b>	122.0	<b>130.2</b>	<b>8.2</b>	7%
<b>Net Income</b>	91.5	<b>94.1</b>	<b>2.6</b>	
<b>Net Income Attributable to Owners of the Parent</b>	73.9	<b>67.2</b>	<b>(6.7)</b>	<b>(9%)</b>
Net Income Attributable to Non-Controlling Interests	17.6	<b>26.9</b>	<b>9.3</b>	
*1 Share of profit of associates and joint ventures included	7.2	<b>4.2</b>	<b>(3.0)</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)

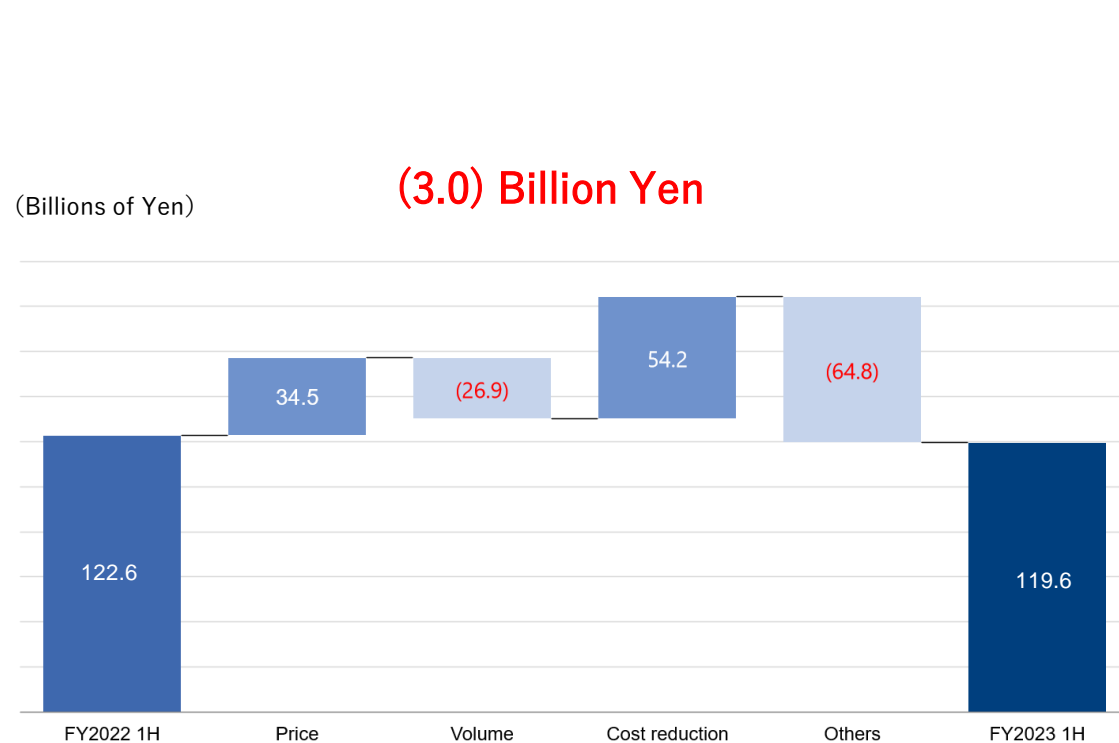
	FY2022 1H		FY2023 1H		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
<b>Total Consolidated</b>	<b>2,269.8</b>	<b>122.6</b>	<b>2,149.9</b>	<b>119.6</b>	<b>(119.9)</b>	<b>(5%)</b>	<b>(3.0)</b>	<b>(2%)</b>
<b>Specialty Materials</b>	<b>627.1</b>	<b>43.6</b>	<b>582.7</b>	<b>17.1</b>	<b>(44.4)</b>	<b>(7%)</b>	<b>(26.5)</b>	<b>(61%)</b>
Polymers & Compounds	170.6	16.4	160.6	12.9	(10.0)		(3.5)	
Films & Molding Materials	267.1	18.5	245.8	1.0	(21.3)		(17.5)	
Advanced Solutions	189.4	8.7	176.3	3.2	(13.1)		(5.5)	
<b>Industrial Gases</b>	<b>569.3</b>	<b>54.3</b>	<b>608.2</b>	<b>80.3</b>	<b>38.9</b>	<b>7%</b>	<b>26.0</b>	<b>48%</b>
<b>Health Care</b>	<b>203.1</b>	<b>4.5</b>	<b>219.3</b>	<b>32.4</b>	<b>16.2</b>	<b>8%</b>	<b>27.9</b>	<b>620%</b>
<b>MMA</b>	<b>166.8</b>	<b>4.8</b>	<b>138.4</b>	<b>1.7</b>	<b>(28.4)</b>	<b>(17%)</b>	<b>(3.1)</b>	<b>(65%)</b>
<b>Basic Materials</b>	<b>576.1</b>	<b>17.4</b>	<b>491.3</b>	<b>(12.6)</b>	<b>(84.8)</b>	<b>(15%)</b>	<b>(30.0)</b>	<b>-</b>
Petrochemicals	380.5	9.1	334.7	(2.5)	(45.8)		(11.6)	
Carbon Products	195.6	8.3	156.6	(10.1)	(39.0)		(18.4)	
<b>Others</b>	<b>127.4</b>	<b>(2.0)</b>	<b>110.0</b>	<b>0.7</b>	<b>(17.4)</b>	<b>(14%)</b>	<b>2.7</b>	<b>-</b>

[Inventory valuation gain/loss]	FY2022 1H	FY2023 1H	Difference
Polymers & Compounds	0.3	0.0	(0.3)
Petrochemicals	24.0	(5.1)	(29.1)
Carbon Products	1.8	(2.1)	(3.9)
<b>Total</b>	<b>26.1</b>	<b>(7.2)</b>	<b>(33.3)</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



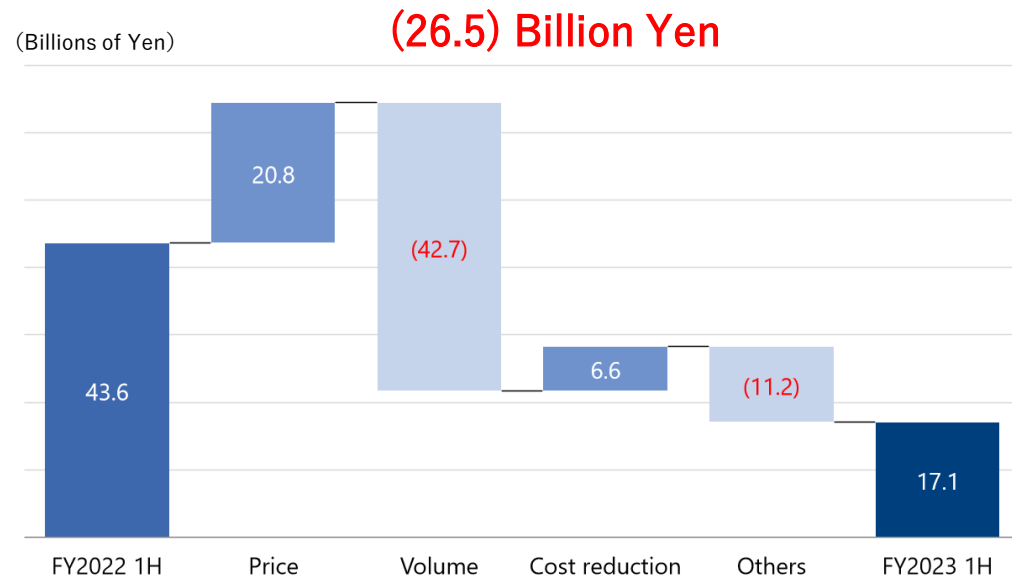
(Billions of Yen)

	FY2022 1H	FY2023 1H	Difference				
				Price	Volume	Cost reduction	Others * <sub>1</sub>
<b>Total Consolidated</b>	122.6	<b>119.6</b>	<b>(3.0)</b>	<b>34.5</b>	<b>(26.9)</b>	<b>54.2</b>	<b>(64.8)</b>
Specialty Materials	43.6	<b>17.1</b>	<b>(26.5)</b>	<b>20.8</b>	<b>(42.7)</b>	<b>6.6</b>	<b>(11.2)</b>
Industrial Gases	54.3	<b>80.3</b>	<b>26.0</b>	<b>15.5</b>	<b>(1.6)</b>	<b>14.1</b>	<b>(2.0)</b>
Health Care	4.5	<b>32.4</b>	<b>27.9</b>	<b>(1.8)</b>	<b>20.9</b>	<b>21.8</b>	<b>(13.0)</b>
MMA	4.8	<b>1.7</b>	<b>(3.1)</b>	<b>(9.0)</b>	<b>1.5</b>	<b>4.6</b>	<b>(0.2)</b>
Basic Materials	17.4	<b>(12.6)</b>	<b>(30.0)</b>	<b>7.8</b>	<b>(4.3)</b>	<b>2.2</b>	<b>(35.7)</b>
Others	<b>(2.0)</b>	<b>0.7</b>	<b>2.7</b>	<b>1.2</b>	<b>(0.7)</b>	<b>4.9</b>	<b>(2.7)</b>

\* Items included are impacts from differences of inventory valuation gain/loss (33.3) billion yen and differences of share of profit of associates and joint ventures (3.0) billion yen, etc.

Changes in exchange rates	5.9	7.3	0.0	-	<b>(1.4)</b>
Changes in foreign currency translation included in above	5.2				

# Analysis of Core Operating Income Specialty Materials Segment



## Polymers & Compounds (3.5)

Price

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

Volume

(-) Sales declined due to retreating demand globally for coatings, ink, adhesives and barrier packaging

Others

(※)

## Films & Molding Materials (17.5)

Price

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

Volume

(-) Sales dropped for high performance engineering plastic, carbon fibers and polyester films in tandem with a decline in global demand

Others

(※)

## Advanced Solutions (5.5)

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

(※)

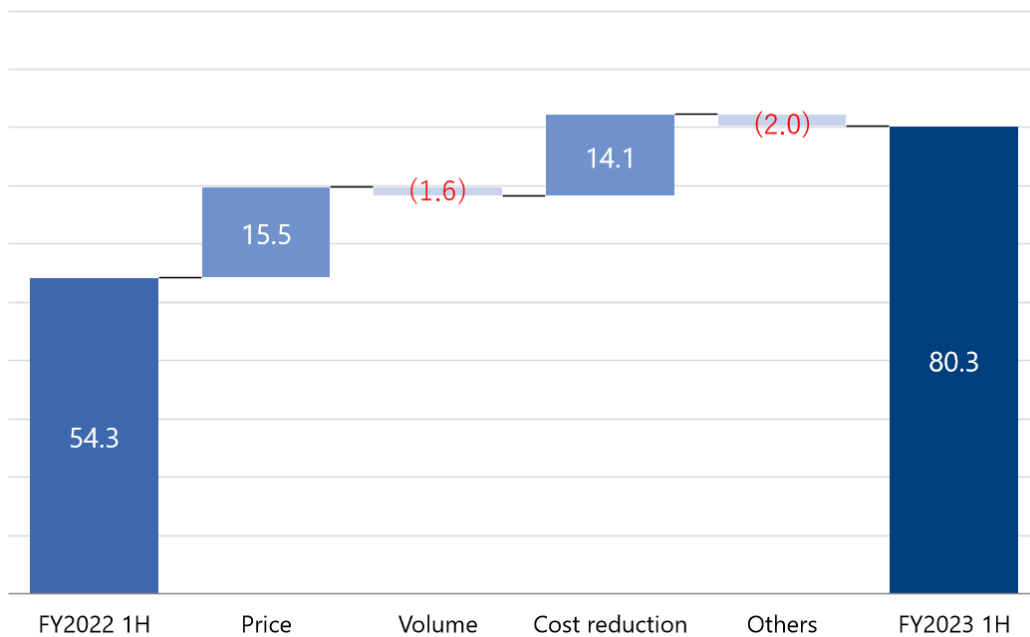
## (※)Others

(-) Increase in fixed costs in tandem with the ramp up of operations of a new manufacturing line and decline of profit of associates and joint ventures, etc.

# Analysis of Core Operating Income Industrial Gases Segment

+26.0 Billion Yen

(Billions of Yen)



Industrial Gases +26.0

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

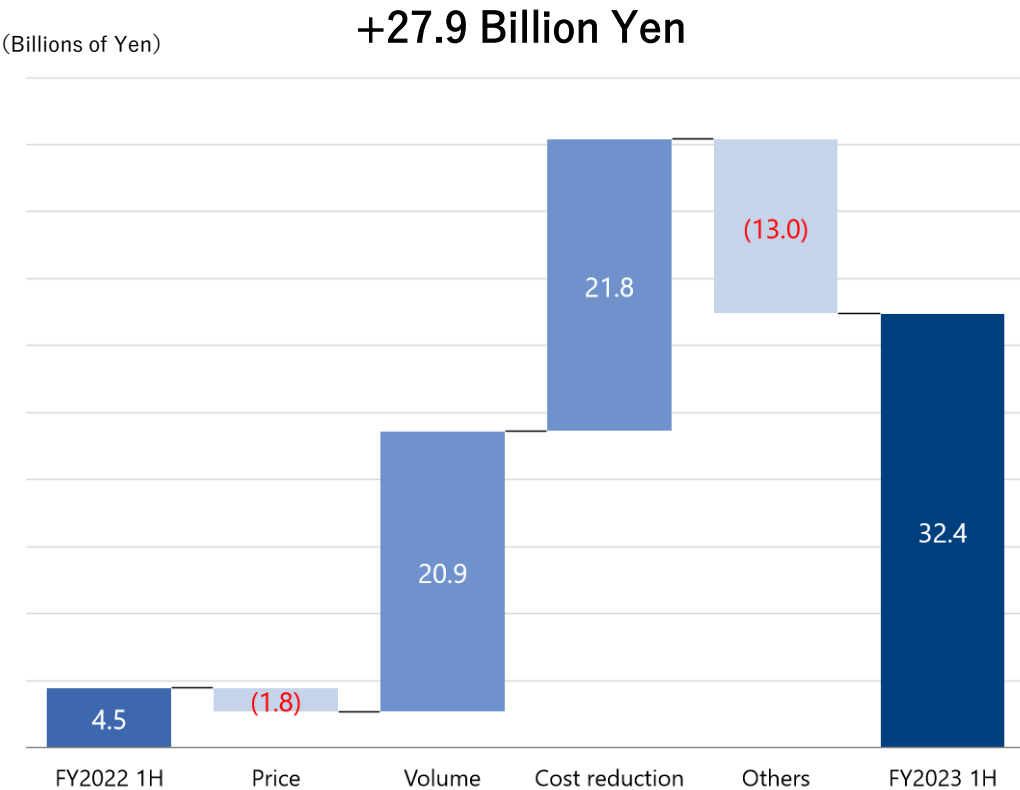
- (+) Productivity improvement activities, include the use of DX and optimization of plant operations

Others

- (-) Increase in expenses due to inflation



# Analysis of Core Operating Income Health Care Segment



## Health Care +27.9

### Price

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

### Volume

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

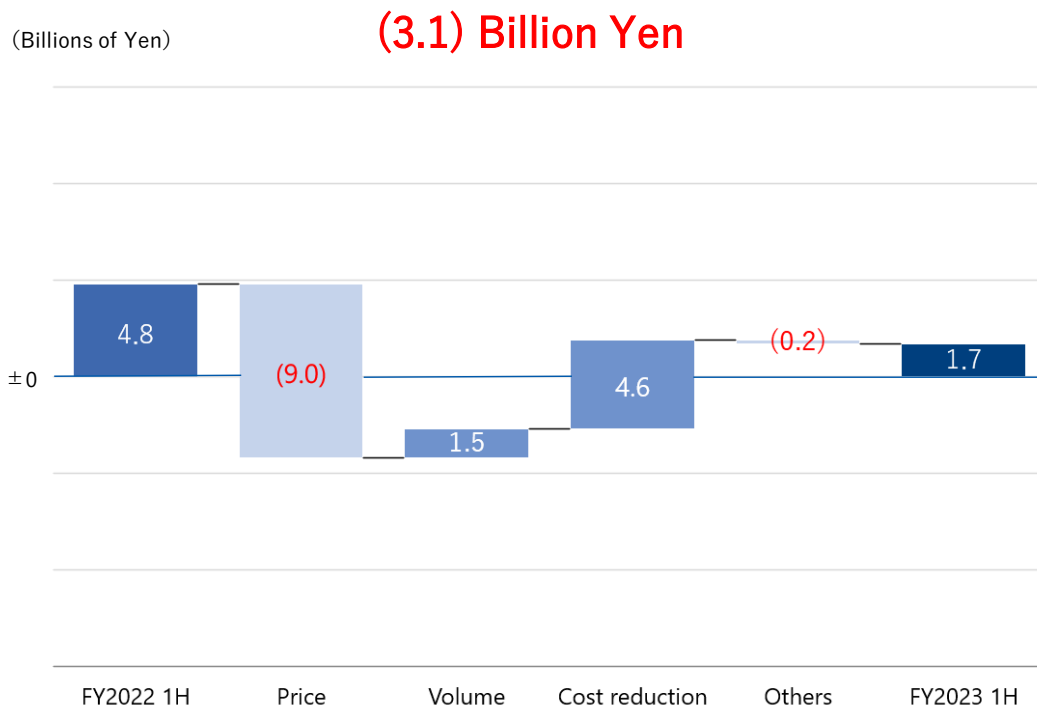
### Cost reduction

(+) 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 and a decline in profit in tandem with the end of product sales, etc.

# Analysis of Core Operating Income MMA Segment



## MMA (3.1)

Price

(-) Deterioration in price due to a decline in market price for MMA monomer and other products

Volume

(+) Sales volume for AN declined but increased for MMA monomer

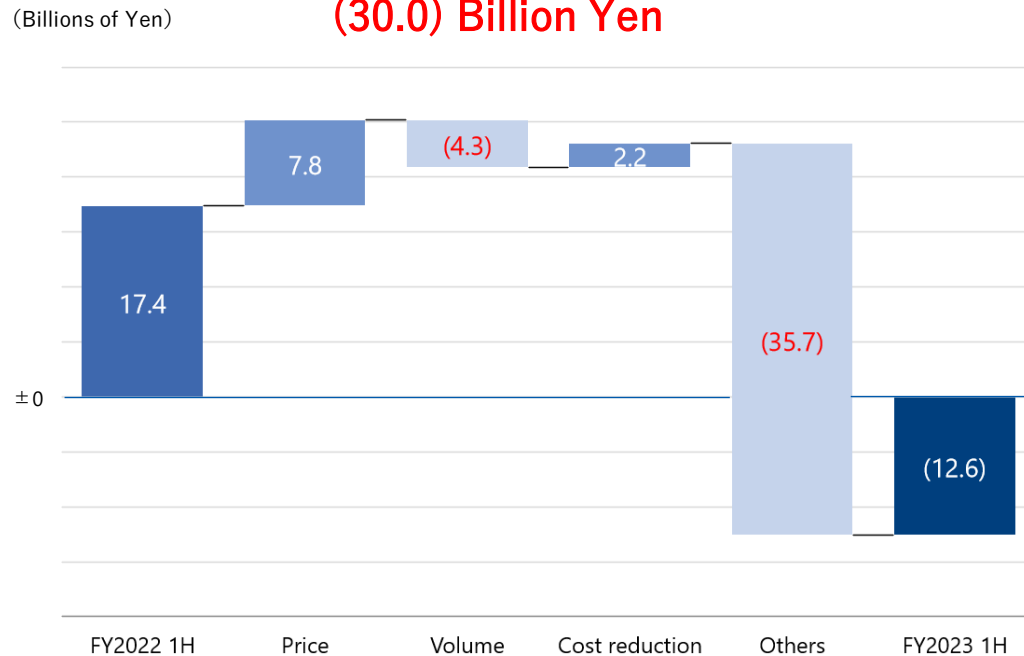
Cost  
reduction

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

# Analysis of Core Operating Income

## Basic Materials Segment

(Billions of Yen) **(30.0) Billion Yen**



### Petrochemicals (11.6)

#### Price

(+) Lag 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 in tandem with a decline in raw material costs

### Carbon Products (18.4)

#### Price

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

#### Volume

(-) Drop in sales of various products in tandem with a decrease in demand

#### Others

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

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

(Billions of Yen)

		FY2022					FY2023		
		1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
<b>Total Consolidated</b>	Sales Revenue	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	1,088.7	2,149.9
	<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>68.8</b>	<b>119.6</b>
<b>Specialty Materials</b>	Sales Revenue	316.7	310.4	305.6	301.0	1,233.7	290.9	291.8	582.7
	<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>7.9</b>	<b>17.1</b>
Polymers & Compounds	Sales Revenue	87.3	83.3	84.0	84.1	338.7	79.4	81.2	160.6
	<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>5.8</b>	<b>12.9</b>
Films & Molding Materials	Sales Revenue	136.1	131.0	128.5	122.1	517.7	124.2	121.6	245.8
	<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>(0.6)</b>	<b>1.0</b>
Advanced Solutions	Sales Revenue	93.3	96.1	93.1	94.8	377.3	87.3	89.0	176.3
	<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>2.7</b>	<b>3.2</b>
<b>Industrial Gases</b>	Sales Revenue	273.9	295.4	297.1	311.5	1,177.9	306.8	301.4	608.2
	<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>40.5</b>	<b>80.3</b>
<b>Health Care</b>	Sales Revenue	98.2	104.9	116.8	215.5	535.4	101.9	117.4	219.3
	<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>22.4</b>	<b>32.4</b>
<b>MMA</b>	Sales Revenue	87.8	79.0	69.3	69.1	305.2	69.0	69.4	138.4
	<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>2.6</b>	<b>1.7</b>
<b>Basic Materials</b>	Sales Revenue	269.1	307.0	286.2	259.5	1,121.8	242.7	248.6	491.3
	<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>(4.6)</b>	<b>(12.6)</b>
Petrochemicals	Sales Revenue	177.5	203.0	196.1	177.1	753.7	157.5	177.2	334.7
	<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>1.9</b>	<b>(2.5)</b>
Carbon Products	Sales Revenue	91.6	104.0	90.1	82.4	368.1	85.2	71.4	156.6
	<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>(6.5)</b>	<b>(10.1)</b>
<b>Others</b>	Sales Revenue	60.8	66.6	61.4	71.7	260.5	49.9	60.1	110.0
	<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>0.0</b>	<b>0.7</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.

# Consolidated Special Items

(Billions of Yen)

	FY2022 1H	FY2023 1H	Difference
<b>Total Special Items</b>	<b>(4.2)</b>	<b>19.0</b>	<b>23.2</b>
Gain on sales of shares of subsidiaries and associates	-	7.4	7.4
Gain on reversal of asset retirement obligations	-	2.6	2.6
Impairment loss	(1.9)	(3.2)	(1.3)
Loss on business liquidation	(0.1)	(2.7)	(2.6)
Loss on sale and disposal of fixed assets	(1.4)	(1.3)	0.1
Others	(0.8)	16.2	17.0

# Consolidated Cash Flows

	FY2022 1H	FY2023 1H
<b>Net cash provided by (used in) operating activities</b>	<b>93.2</b>	<b>195.7</b>
Income before taxes	122.0	130.2
Depreciation and amortization	133.8	135.6
Change in operating receivables/payables	13.0	(7.3)
Change in Inventories	(101.9)	0.3
Others	(73.7)	(63.1)
<b>Net cash provided by (used in) investment activities</b>	<b>(117.7)</b>	<b>(115.6)</b>
Capital expenditure	(130.7)	(126.3)
Sale of assets	12.9	27.0
Investment and loans receivable, etc.	0.1	(16.3)
<b>Free cash flow</b>	<b>(24.5)</b>	<b>80.1</b>

(Billions of Yen)

	FY2022 1H	FY2023 1H
<b>Net cash provided by (used in) financing activities</b>	<b>15.6</b>	<b>6.5</b>
Interest bearing debts	50.3	35.5
Dividends, etc.	(34.7)	(29.0)
<b>Net increase (decrease) in cash and cash equiv</b>	<b>(8.9)</b>	<b>86.6</b>
Effect of exchange rate changes and changes in scope of consolidation	16.8	15.0
<b>Total</b>	<b>7.9</b>	<b>101.6</b>

# Consolidated Statements of Financial Positions

(Billions of Yen)

	Mar.31.2023	Sep.30.2023	Difference
Cash & cash equivalents	297.2	398.8	101.6
Trade receivables	808.8	825.2	16.4
Inventories	797.9	823.2	25.3
Others	245.7	293.7	48.0
<b>Current assets</b>	<b>2,149.6</b>	<b>2,340.9</b>	<b>191.3</b>
Fixed assets	2,367.1	2,460.6	93.5
Goodwill	727.7	760.6	32.9
Investments & Other	529.9	557.6	27.7
<b>Non-current assets</b>	<b>3,624.7</b>	<b>3,778.8</b>	<b>154.1</b>
<b>Total assets</b>	<b>5,774.3</b>	<b>6,119.7</b>	<b>345.4</b>

(Billions of Yen)

	Mar.31.2023	Sep.30.2023	Difference
Interest-bearing debt	2,375.8	2,498.2	122.4
Trade payables	476.3	487.2	10.9
Others	933.8	926.2	(7.6)
<b>Liabilities</b>	<b>3,785.9</b>	<b>3,911.6</b>	<b>125.7</b>
Share capitals, Retained earnings, etc.,	1,426.2	1,475.9	49.7
Other components of equity	138.4	247.1	108.7
<b>Equity attributable to owners of the parent</b>	<b>1,564.6</b>	<b>1,723.0</b>	<b>158.4</b>
Non-controlling interests	423.8	485.1	61.3
<b>Equity</b>	<b>1,988.4</b>	<b>2,208.1</b>	<b>219.7</b>
<b>Total liabilities &amp; equity</b>	<b>5,774.3</b>	<b>6,119.7</b>	<b>345.4</b>
Net Interest-bearing debt *1	2,078.6	2,099.4	20.8
Net D/E ratio	1.33	1.22	(0.11)
ROE *2	6.4%	-	-

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

= interest-bearing debt (2,498.2billion yen)

- {cash and cash equivalents (398.8 billion yen) + investments of surplus funds-}

Note : Interest-bearing debt includes lease obligations.

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

# Consolidated Financial Results Forecasts for FY2023



# Consolidated Statements of Operations

	142.6	145.0	143.8	130.0	13.8		136.0	
Exchange Rate (¥/\$)								
Naphtha Price (¥/kl)	65,500	75,000	70,250	67,000	3,250		76,600	
	(Billions of Yen)						< Reference >	
	1H (Actual)	2H (Forecast)	FY2023 Forecast	FY2023 Forecast (Announced on May 12)	Difference	%	FY2022 Actual	%
<b>Sales Revenue</b>	2,149.9	2,305.1	<b>4,455.0</b>	4,555.0	<b>(100.0)</b>	(2%)	4,634.5	(4%)
<b>Core Operating Income</b>	119.6	130.4	<b>250.0</b>	250.0	<b>0.0</b>	0%	325.6	(23%)
Special Items	19.0	26.0	<b>45.0</b>	(11.0)	<b>56.0</b>		(142.9)	
<b>Operating Income</b>	138.6	156.4	<b>295.0</b>	239.0	<b>56.0</b>	23%	182.7	61%
Financial Income/Expenses	(8.4)	(23.6)	<b>(32.0)</b>	(38.0)	<b>6.0</b>		(14.7)	
<b>Income before Taxes</b>	130.2	132.8	<b>263.0</b>	201.0	<b>62.0</b>		168.0	
Income Taxes	(36.1)	(33.9)	<b>(70.0)</b>	(58.0)	<b>(12.0)</b>		(32.5)	
<b>Net Income</b>	94.1	98.9	<b>193.0</b>	143.0	<b>50.0</b>		135.5	
<b>Net Income Attributable to Owners of the Parent</b>	67.2	67.8	<b>135.0</b>	97.0	<b>38.0</b>	39%	96.4	40%
Net Income Attributable to Non-Controlling Interests	26.9	31.1	<b>58.0</b>	46.0	<b>12.0</b>		39.1	

# Sales Revenue and Core Operating Income by Business Segment

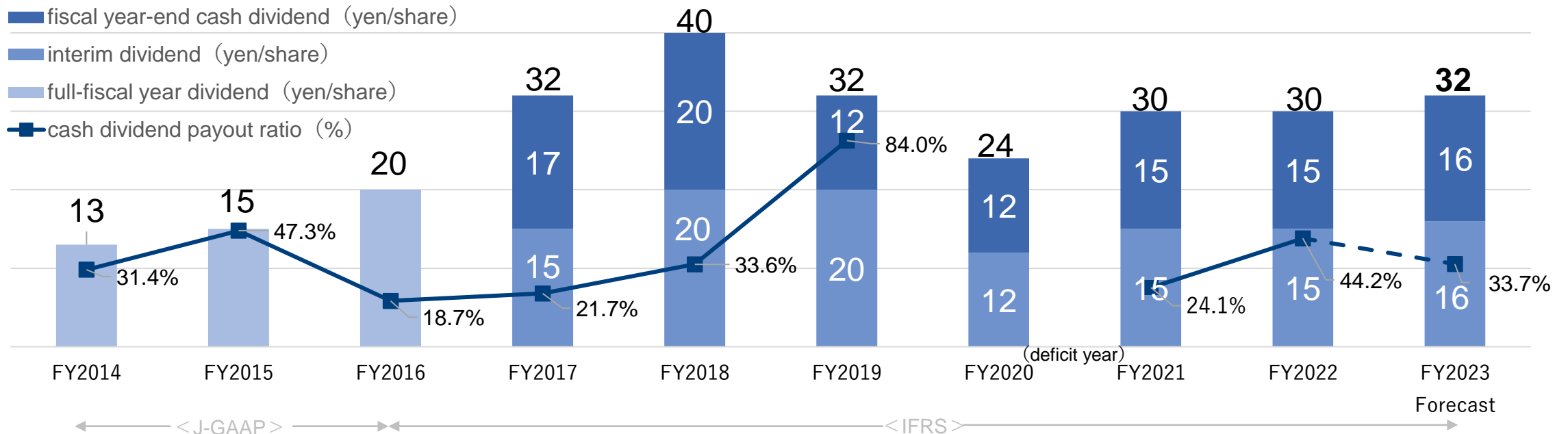
		(Billions of Yen)					<Reference>
		1H (Actual)	2H (Forecast)	FY2023 Forecast	FY2023 Forecast (Announced on May 12)	Difference	FY2022 Actual
<b>Total Consolidated</b>	Sales Revenue	2,149.9	2,305.1	<b>4,455.0</b>	4,555.0	(100.0)	4,634.5
	<b>Core Operating Income</b>	<b>119.6</b>	<b>130.4</b>	<b>250.0</b>	<b>250.0</b>	<b>0.0</b>	<b>325.6</b>
<b>Specialty Materials</b>	Sales Revenue	582.7	638.3	<b>1,221.0</b>	1,238.0	(17.0)	1,233.7
	<b>Core Operating Income</b>	<b>17.1</b>	<b>20.9</b>	<b>38.0</b>	<b>73.0</b>	<b>(35.0)</b>	<b>51.5</b>
Polymers & Compounds	Sales Revenue	160.6	166.4	<b>327.0</b>	358.0	(31.0)	338.7
	<b>Core Operating Income</b>	<b>12.9</b>	<b>8.1</b>	<b>21.0</b>	<b>27.0</b>	<b>(6.0)</b>	<b>26.2</b>
Films & Molding Materials	Sales Revenue	245.8	280.2	<b>526.0</b>	515.0	11.0	517.7
	<b>Core Operating Income</b>	<b>1.0</b>	<b>10.0</b>	<b>11.0</b>	<b>31.0</b>	<b>(20.0)</b>	<b>18.0</b>
Advanced Solutions	Sales Revenue	176.3	191.7	<b>368.0</b>	365.0	3.0	377.3
	<b>Core Operating Income</b>	<b>3.2</b>	<b>2.8</b>	<b>6.0</b>	<b>15.0</b>	<b>(9.0)</b>	<b>7.3</b>
<b>Industrial Gases</b>	Sales Revenue	608.2	617.8	<b>1,226.0</b>	1,151.0	75.0	1,177.9
	<b>Core Operating Income</b>	<b>80.3</b>	<b>72.7</b>	<b>153.0</b>	<b>125.0</b>	<b>28.0</b>	<b>121.0</b>
<b>Health Care</b>	Sales Revenue	219.3	216.7	<b>436.0</b>	389.0	47.0	535.4
	<b>Core Operating Income</b>	<b>32.4</b>	<b>25.6</b>	<b>58.0</b>	<b>20.0</b>	<b>38.0</b>	<b>144.2</b>
<b>MMA</b>	Sales Revenue	138.4	148.6	<b>287.0</b>	319.0	(32.0)	305.2
	<b>Core Operating Income</b>	<b>1.7</b>	<b>3.3</b>	<b>5.0</b>	<b>10.0</b>	<b>(5.0)</b>	<b>(4.0)</b>
<b>Basic Materials</b>	Sales Revenue	491.3	546.7	<b>1,038.0</b>	1,199.0	(161.0)	1,121.8
	<b>Core Operating Income</b>	<b>(12.6)</b>	<b>7.6</b>	<b>(5.0)</b>	<b>22.0</b>	<b>(27.0)</b>	<b>12.1</b>
Petrochemicals	Sales Revenue	334.7	388.3	<b>723.0</b>	796.0	(73.0)	753.7
	<b>Core Operating Income</b>	<b>(2.5)</b>	<b>7.5</b>	<b>5.0</b>	<b>16.0</b>	<b>(11.0)</b>	<b>2.5</b>
Carbon Products	Sales Revenue	156.6	158.4	<b>315.0</b>	403.0	(88.0)	368.1
	<b>Core Operating Income</b>	<b>(10.1)</b>	<b>0.1</b>	<b>(10.0)</b>	<b>6.0</b>	<b>(16.0)</b>	<b>9.6</b>
<b>Others</b>	Sales Revenue	110.0	137.0	<b>247.0</b>	259.0	(12.0)	260.5
	<b>Core Operating Income</b>	<b>0.7</b>	<b>0.3</b>	<b>1.0</b>	<b>0.0</b>	<b>1.0</b>	<b>0.8</b>

\* From Q1 FY2023, the current financial reporting segments will be 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.

# Dividend Forecast

- MCG's basic policy of returning profits to shareholders emphasizes enhancement of shareholder value by increasing the value of the company.
- While keeping an eye to increasing retained earnings that will fund its future business activities, MCG will aim for y-o-y dividend growth and payout ratio 35% in FY2025 in the action plan based on the management policy "Forging the future" for the period to FY2025.
- Based on this policy, MCG decided at its Board of Directors meeting held on November 1 to set its interim dividend for FY2023 at 16 yen, an increase of 1 yen from the year-end dividend for FY2022, the same as the previously announced forecast.
- And the year-end dividend forecast is 16 yen, the same as the previously announced forecast.



# 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.
- An oxygen supply contract for Direct Air Capture (DAC) plant to be constructed by 1PointFive in Texas was concluded. The plant is scheduled to commence operations in mid-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.

## Basic Materials

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

## Others

- Agreed with Roquette Frères SA to transfer of all shares of Qualicaps Co., Ltd. held by the MCG Group to the company as part of the portfolio reform. The share transfer agreement was concluded on July 28, 2023 and the share transfer was completed in October 2023.

# Statements of Operations [Quarterly Data]

Exchange Rate (¥/\$)

131.3      139.4      139.9      133.4      136.0

139.6      145.6      142.6

Naphtha Price (¥/kl)

86,100      81,400      72,500      66,500      76,600

67,500      63,600      65,500

(Billions of Yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
<b>Sales Revenue</b>	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	1,088.7	2,149.9
<b>Core Operating Income *1</b>	72.1	50.5	55.3	147.7	325.6	50.8	68.8	119.6
Special Items	(4.1)	(0.1)	(125.1)	(13.6)	(142.9)	18.9	0.1	19.0
<b>Operating Income (Loss)</b>	68.0	50.4	(69.8)	134.1	182.7	69.7	68.9	138.6
Financial Income/Expenses	7.1	(3.5)	(13.0)	(5.3)	(14.7)	(0.9)	(7.5)	(8.4)
(Dividend included above)	[7.8]	[0.2]	[1.1]	[3.2]	[12.3]	[4.6]	[0.1]	[4.7]
(Foreign Exchange Gain/Loss included above)	[3.7]	[3.0]	[(6.4)]	[(0.4)]	[(0.1)]	[4.5]	[2.7]	[7.2]
<b>Income (Loss) before Taxes</b>	75.1	46.9	(82.8)	128.8	168.0	68.8	61.4	130.2
Income Taxes	(21.8)	(8.7)	36.1	(38.1)	(32.5)	(13.0)	(23.1)	(36.1)
<b>Net Income (Loss)</b>	53.3	38.2	(46.7)	90.7	135.5	55.8	38.3	94.1
<b>Net Income (Loss) Attributable to Owners of the Parent</b>	44.9	29.0	(56.9)	79.4	96.4	42.5	24.7	67.2
Net Income Attributable to Non-Controlling Interests	8.4	9.2	10.2	11.3	39.1	13.3	13.6	26.9
*1 Share of profit of associates and joint ventures included	4.0	3.2	2.7	2.0	11.9	2.7	1.5	4.2

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

(Billions of Yen)

	FY2022					FY2023			FY2023 Forecast	
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	2H	
<b>Total Consolidated</b>	Sales Revenue	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	1,088.7	2,149.9	2,334.0
	<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>68.8</b>	<b>119.6</b>	<b>142.0</b>
<b>Specialty Materials</b>	Sales Revenue	316.7	310.4	305.6	301.0	1,233.7	290.9	291.8	582.7	639.0
	<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>7.9</b>	<b>17.1</b>	<b>44.0</b>
Polymers & Compounds	Sales Revenue	87.3	83.3	84.0	84.1	338.7	79.4	81.2	160.6	180.0
	<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>5.8</b>	<b>12.9</b>	<b>14.0</b>
Films & Molding Materials	Sales Revenue	136.1	131.0	128.5	122.1	517.7	124.2	121.6	245.8	267.0
	<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>(0.6)</b>	<b>1.0</b>	<b>19.0</b>
Advanced Solutions	Sales Revenue	93.3	96.1	93.1	94.8	377.3	87.3	89.0	176.3	192.0
	<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>2.7</b>	<b>3.2</b>	<b>11.0</b>
<b>Industrial Gases</b>	Sales Revenue	273.9	295.4	297.1	311.5	1,177.9	306.8	301.4	608.2	583.0
	<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>40.5</b>	<b>80.3</b>	<b>66.0</b>
<b>Health Care</b>	Sales Revenue	98.2	104.9	116.8	215.5	535.4	101.9	117.4	219.3	194.0
	<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>22.4</b>	<b>32.4</b>	<b>7.0</b>
<b>MMA</b>	Sales Revenue	87.8	79.0	69.3	69.1	305.2	69.0	69.4	138.4	159.0
	<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>2.6</b>	<b>1.7</b>	<b>8.0</b>
<b>Basic Materials</b>	Sales Revenue	269.1	307.0	286.2	259.5	1,121.8	242.7	248.6	491.3	620.0
	<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>(4.6)</b>	<b>(12.6)</b>	<b>16.0</b>
Petrochemicals	Sales Revenue	177.5	203.0	196.1	177.1	753.7	157.5	177.2	334.7	409.0
	<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>1.9</b>	<b>(2.5)</b>	<b>11.0</b>
Carbon Products	Sales Revenue	91.6	104.0	90.1	82.4	368.1	85.2	71.4	156.6	211.0
	<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>(6.5)</b>	<b>(10.1)</b>	<b>5.0</b>
<b>Others</b>	Sales Revenue	60.8	66.6	61.4	71.7	260.5	49.9	60.1	110.0	139.0
	<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>0.0</b>	<b>0.7</b>	<b>1.0</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.



# Analysis of Core Operating Income (1Q→2Q)



1Q Actual

P&C

F&M

AS

Industrial Gases

Health Care

MMA

Petrochemicals

Carbon Products

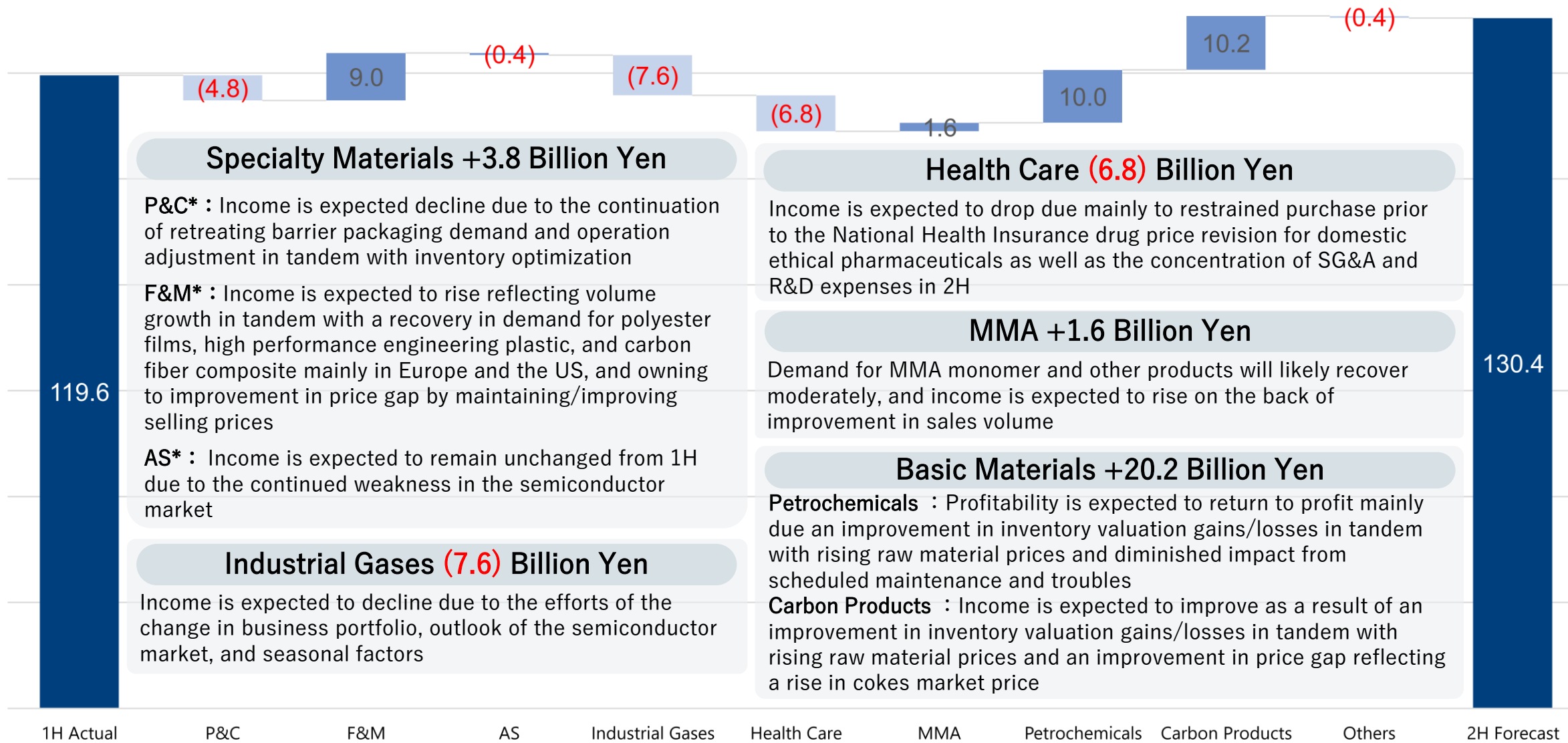
Others

2Q Actual

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

**+18.0 Billion Yen**

# Analysis of Core Operating Income (FY23/1H→2H)



## Specialty Materials +3.8 Billion Yen

**P&C\*** : Income is expected decline due to the continuation of retreating barrier packaging demand and operation adjustment in tandem with inventory optimization

**F&M\*** : Income is expected to rise reflecting volume growth in tandem with a recovery in demand for polyester films, high performance engineering plastic, and carbon fiber composite mainly in Europe and the US, and owing to improvement in price gap by maintaining/improving selling prices

**AS\*** : Income is expected to remain unchanged from 1H due to the continued weakness in the semiconductor market

## Industrial Gases (7.6) Billion Yen

Income is expected to decline due to the efforts of the change in business portfolio, outlook of the semiconductor market, and seasonal factors

## Health Care (6.8) Billion Yen

Income is expected to drop due mainly to restrained purchase prior to the National Health Insurance drug price revision for domestic ethical pharmaceuticals as well as the concentration of SG&A and R&D expenses in 2H

## MMA +1.6 Billion Yen

Demand for MMA monomer and other products will likely recover moderately, and income is expected to rise on the back of improvement in sales volume

## Basic Materials +20.2 Billion Yen

**Petrochemicals** : Profitability is expected to return to profit mainly due an improvement in inventory valuation gains/losses in tandem with rising raw material prices and diminished impact from scheduled maintenance and troubles

**Carbon Products** : Income is expected to improve as a result of an improvement in inventory valuation gains/losses in tandem with rising raw material prices and an improvement in price gap reflecting a rise in cokes market price

1H Actual

P&C

F&M

AS

Industrial Gases

Health Care

MMA

Petrochemicals

Carbon Products

Others

2H Forecast

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

**+10.8 Billion Yen**

# Special Items [Quarterly Data]

(Billions of Yen)

	FY2022					FY2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
<b>Total Special Items</b>	(4.1)	(0.1)	(125.1)	(13.6)	(142.9)	18.9	0.1	19.0
Gain on sales of shares of subsidiaries and associates	-	-	2.2	1.1	3.3	5.6	1.8	7.4
Gain on reversal of asset retirement obligations	-	-	-	-	-	-	2.6	2.6
Impairment loss	(0.2)	(1.7)	(85.8)	(5.7)	(93.4)	(0.0)	(3.2)	(3.2)
Loss on business liquidation	(0.1)	(0.0)	(0.6)	(2.6)	(3.3)	(2.0)	(0.7)	(2.7)
Loss on sale and disposal of fixed assets	(0.2)	(1.2)	(1.0)	(1.5)	(3.9)	(1.1)	(0.2)	(1.3)
Others	(3.6)	2.8	(39.9)	(4.9)	(45.6)	16.4	(0.2)	16.2

# Capital Expenditure, Depreciation & Amortization, R&D Expenses, and Number of Employees by Business segment

(Billions of Yen)

	Capital Expenditure		Depreciation & Amortization		R&D Expenses		Number of Employees FY2023 1H (End of the period)
	FY2022 1H	FY2023 1H	FY2022 1H	FY2023 1H	FY2022 1H	FY2023 1H	
Specialty Materials	37.3	42.4	32.4	33.3	15.5	15.4	24,973
Industrial Gases	43.3	52.3	53.2	56.0	1.8	2.0	19,865
Health Care	19.9	2.2	7.1	6.9	45.3	29.9	5,672
MMA	11.0	6.9	12.5	11.1	1.9	1.6	2,516
Basic Materials	29.1	15.6	20.3	20.9	3.7	4.2	5,916
Others	5.0	5.0	8.3	7.4	8.1	6.0	8,886
<b>Total</b>	<b>145.6</b>	<b>124.4</b>	<b>133.8</b>	<b>135.6</b>	<b>76.3</b>	<b>59.1</b>	<b>67,828</b>

# EBITDA Margin by Business Segment

	FY2022 Actual <sup>*1</sup>	FY2023 1H Actual	FY2023 Forecast	FY2025 Target	
				<sup>*2</sup>	<sup>*3</sup>
<b>Total Consolidated</b>	<b>10.1%</b>	<b>11.7%</b>	<b>11.5%</b>	<b>18.0%</b>	<b>15.0%</b>
<b>Specialty Materials</b>	<b>9.0%</b>	<b>8.5%</b>	<b>8.6%</b>	<b>16.0%</b>	<b>16.0%</b>
<b>Industrial Gases</b>	<b>19.1%</b>	<b>22.2%</b>	<b>21.0%</b>	<b>24.0%</b>	<b>24.0%</b>
<b>Health Care</b>	<b>7.7%</b>	<b>17.8%</b>	<b>16.5%</b>	<b>15.0%</b>	<b>15.0%</b>
<b>MMA</b>	<b>6.4%</b>	<b>8.7%</b>	<b>9.4%</b>	<b>15.0%</b>	<b>15.0%</b>
<b>Basic Materials</b>	<b>4.6%</b>	<b>1.4%</b>	<b>3.5%</b>	<b>—</b>	<b>5.0%</b>

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

\*1 EBITDA margin after deduction of an impact equivalent the result of the Gilenya arbitration award  
(EBITDA margin before deduction is Total Consolidated 12.6%, Health Care 29.4%, respectively)

\*2 Petrochemicals 50:50 JV share case

\*3 Petrochemicals 100% owner case

## References 2

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

# Major Development Pipeline List

As of Oct. 25, 2023

Progress Update

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 (Monotherapy)					
		Japan <sup>*2</sup>	Relapsed/Refractory Diffuse Large B-cell Lymphoma (with rituximab)					

\*1 Co-development with Amgen

\*2 Co-development with ADC 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 <sup>*2</sup> )
Immuno-inflammation			<b>MT-0551</b> IgG4-related disease (Japan <sup>*2</sup> )
			<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>*3</sup> (Japan)	
Vaccines	<b>MT-2355</b> Combined vaccine <sup>*4 *5</sup> (Japan)		
Oncology			<b>MT-2111</b> Relapsed/Refractory Diffuse Large B-cell Lymphoma (Monotherapy) (Japan)
			<b>MT-2111</b> Relapsed/Refractory Diffuse Large B-cell Lymphoma (with rituximab) (Japan <sup>*6</sup> )

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


<sup>\*2</sup> Co-development with Amgen

<sup>\*3</sup> Chronic kidney disease complicated with type 2 diabetes mellitus, excluding patients with end-stage renal disease or undergoing dialysis

<sup>\*4</sup> Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

<sup>\*5</sup> Launch timing depend on starting routine vaccination

<sup>\*6</sup> Co-development with ADC Therapeutics

 : Global (US launch year)

 : Japan/China

 : Launched



# Pharmaceuticals Business: Statements of Operations (FY2023 2Q Actual)



(Billions of Yen)

	FY2022 1H	FY2023		FY2023 1H	Difference	%
		1Q	2Q			
<b>Revenue</b>	203.1	101.9	117.5	<b>219.4</b>	<b>16.3</b>	8.0%
Domestic	160.2	76.9	80.6	<b>157.5</b>	<b>(2.7)</b>	<b>(1.7%)</b>
Overseas	43.0	25.0	36.9	<b>61.9</b>	<b>19.0</b>	44.1%
Overseas sales ratio	21.2%	24.5%	31.4%	<b>28.2%</b>		
<b>Cost of sales</b>	105.5	53.5	55.7	<b>109.2</b>	<b>3.8</b>	3.6%
Sales cost ratio	51.9%	52.5%	47.4%	<b>49.8%</b>		
<b>Gross profit</b>	97.7	48.4	61.8	<b>110.2</b>	<b>12.5</b>	12.8%
<b>SG&amp;A expenses, etc.</b>	93.5	38.3	39.3	<b>77.7</b>	<b>(15.8)</b>	<b>(16.9%)</b>
R&D expenses	45.3	14.6	15.3	<b>29.9</b>	<b>(15.4)</b>	<b>(34.0%)</b>
<b>Core operating profit</b>	4.2	10.0	22.5	<b>32.5</b>	<b>28.3</b>	668.9%
Non-recurring items	<b>(1.4)</b>	13.1	<b>(1.0)</b>	<b>12.0</b>	<b>13.4</b>	
<b>Operating profit</b>	2.9	23.1	21.4	<b>44.5</b>	<b>41.7</b>	1,451.8%
<b>Net profit attributable to owners of the Company</b>	0.8	23.8	13.5	<b>37.3</b>	<b>36.5</b>	4,494.6%

Effect of fluctuations in exchange rate for FY2023: Revenue increased by ¥2.8 bn. and core operating profit decreased by ¥0.2 bn.

# Pharmaceuticals: Details of Revenue (FY2023 2Q Actual)

(Billions of Yen)

	FY2022 1H	FY2023		FY2023 1H	Difference	%
		1Q	2Q			
<b>Domestic ethical drugs</b>	155.3	74.3	78.3	<b>152.6</b>	<b>(2.7)</b>	<b>(1.7%)</b>
<b>Priority and New products</b>	80.7	43.4	42.6	<b>86.1</b>	<b>5.4</b>	6.7%
Stelara	31.0	16.9	17.0	<b>34.0</b>	<b>2.9</b>	9.5%
Simponi	22.4	11.4	11.1	<b>22.5</b>	<b>0.2</b>	0.7%
Tenelia	8.2	2.6	2.9	<b>5.5</b>	<b>(2.7)</b>	<b>(32.9%)</b>
Canaglu	5.9	3.2	3.0	<b>6.1</b>	<b>0.3</b>	4.3%
Canalia	4.0	2.9	2.6	<b>5.5</b>	<b>1.5</b>	36.6%
Vafseo	0.9	0.6	0.6	<b>1.1</b>	<b>0.2</b>	21.2%
Uplizna	1.1	1.4	1.1	<b>2.5</b>	<b>1.4</b>	135.5%
Rupafin	4.0	2.0	1.8	<b>3.7</b>	<b>(0.3)</b>	<b>(6.4%)</b>
Dysval	2.1	1.3	1.2	<b>2.5</b>	<b>0.5</b>	21.7%
Radicut	1.1	1.2	1.4	<b>2.6</b>	<b>1.5</b>	127.6%
<b>Vaccines</b>	19.0	6.7	12.0	<b>18.7</b>	<b>(0.3)</b>	<b>(1.8%)</b>
Influenza vaccine	6.4	<b>(0.0)</b>	6.7	<b>6.7</b>	<b>0.3</b>	4.1%
Tetrabik	4.5	2.7	2.0	<b>4.7</b>	<b>0.2</b>	4.0%
JEBIK V	2.4	0.9	0.8	<b>1.8</b>	<b>(0.7)</b>	<b>(28.3%)</b>
Mearubik	2.8	1.7	1.1	<b>2.7</b>	<b>(0.0)</b>	<b>(0.5%)</b>
Varicella vaccine	2.3	1.1	1.0	<b>2.1</b>	<b>(0.2)</b>	<b>(10.7%)</b>
<b>Long-listed drugs, etc.</b>	55.6	24.2	23.7	<b>47.9</b>	<b>(7.7)</b>	<b>(13.9%)</b>
Remicade	18.0	8.1	7.8	<b>15.8</b>	<b>(2.2)</b>	<b>(12.1%)</b>
<b>Overseas ethical drugs</b>	36.8	23.6	32.3	<b>55.9</b>	<b>19.1</b>	51.9%
<b>Radicava</b>	19.7	15.9	23.9	<b>39.8</b>	<b>20.1</b>	101.7%
<b>Royalty revenue, etc.</b>	6.8	1.8	4.9	<b>6.7</b>	<b>(0.1)</b>	<b>(2.1%)</b>
<b>Royalty from INVOKANA</b>	3.2	1.2	1.8	<b>3.0</b>	<b>(0.2)</b>	<b>(6.9%)</b>
<b>Royalty from GILENYA</b>	1.5	<b>(0.7)</b>	2.5	<b>1.9</b>	<b>0.4</b>	25.3%

# Pharmaceuticals Business: Revised Forecasts of FY2023

				(Billions of Yen)			<Reference>	
	1H Actual	2H Forecast	FY2023 Forecast	FY2023 Forecast (Announced on May 12)	Difference	%	FY2022 Actual	%
<b>Revenue</b>	219.4	216.6	<b>436.0</b>	389	<b>47.5</b>	12.2%	535.4	(18.6%)
Domestic	157.5	153.5	<b>311.0</b>	300	<b>11.5</b>	3.8%	319.1	(2.5%)
Overseas	61.9	63.1	<b>125.0</b>	89	<b>36.0</b>	40.5%	216.4	(42.2%)
Overseas sales ratio	24.5%	31.4%	<b>28.2%</b>	22.9%			40.4%	
<b>Cost of sales</b>	109.2	105.3	<b>214.5</b>	203	<b>12.0</b>	5.9%	205.9	4.2%
Sales cost ratio	52.5%	47.4%	<b>49.8%</b>	52.1%			38.5%	
<b>Gross profit</b>	110.2	111.3	<b>221.5</b>	186	<b>35.5</b>	19.1%	329.6	(32.8%)
<b>SG&amp;A expenses, etc.</b>	77.7	85.8	<b>163.5</b>	166	<b>(2.5)</b>	-	185.3	(11.8%)
R&D expenses	29.9	35.6	<b>65.5</b>	63	<b>3.0</b>	4.8%	87.8	(25.4%)
<b>Core operating profit</b>	32.5	25.5	<b>58.0</b>	20	<b>38.0</b>	190.0%	144.2	(59.8%)
Non-recurring items	12.0	(2.0)	<b>10.0</b>	3	<b>7.0</b>	-	(60.0)	
<b>Operating profit</b>	44.5	23.5	<b>68.0</b>	23	<b>45.0</b>	195.7%	84.3	(19.3%)
<b>Net profit attributable to owners of the Company</b>	37.3	16.2	<b>53.5</b>	13	<b>40.5</b>	311.2%	85.3	(37.3%)

# Pharmaceuticals: Details of Revenue (Revised Forecasts of FY2023)

				(Billions of Yen)			<Reference>	
	1H Actual	2H Forecast	FY2023 Forecast	FY2023 Forecast (Announced on May 12)	Difference	%	FY2022 Actual	%
<b>Domestic ethical drugs</b>	152.6	148.7	<b>301.3</b>	289.4	<b>12.0</b>	4.1%	310.0	(2.8%)
<b>Priority and New products</b>	86.1	84.4	<b>170.5</b>	162.0	<b>8.5</b>	5.3%	166.4	2.5%
Stelara	34.0	32.2	<b>66.1</b>	57.6	<b>8.5</b>	14.7%	66.2	(0.1%)
Simponi	22.5	21.3	<b>43.8</b>	43.2	<b>0.6</b>	1.4%	43.6	0.7%
Tenelia	5.5	5.9	<b>11.4</b>	11.7	<b>(0.3)</b>	(2.8%)	15.4	(26.1%)
Canaglu	6.1	6.2	<b>12.4</b>	14.5	<b>(2.1)</b>	(14.5%)	11.6	6.6%
Canalia	5.5	4.6	<b>10.1</b>	10.4	<b>(0.3)</b>	(2.7%)	9.7	3.8%
Vafseo	1.1	1.2	<b>2.3</b>	3.1	<b>(0.8)</b>	(25.3%)	2.0	18.8%
Uplizna	2.5	2.3	<b>4.8</b>	3.1	<b>1.7</b>	53.0%	2.8	70.4%
Rupafin	3.7	5.6	<b>9.3</b>	8.9	<b>0.4</b>	4.1%	9.8	(5.3%)
Dysval	2.5	2.6	<b>5.1</b>	5.0	<b>0.1</b>	2.0%	3.2	61.8%
Radicut	2.6	2.6	<b>5.1</b>	4.3	<b>0.8</b>	18.4%	2.2	136.8%
<b>Vaccines</b>	18.7	16.3	<b>35.0</b>	38.8	<b>(3.8)</b>	(9.8%)	35.1	(0.5%)
Influenza vaccine	6.7	5.2	<b>11.9</b>	13.9	<b>(2.0)</b>	(14.4%)	11.1	7.5%
Tetrabik	4.7	4.7	<b>9.3</b>	9.6	<b>(0.3)</b>	(2.8%)	9.3	0.2%
JEBIK V	1.8	2.1	<b>3.8</b>	5.1	<b>(1.3)</b>	(25.5%)	4.1	(6.6%)
Mearubik	2.7	1.7	<b>4.5</b>	4.3	<b>0.2</b>	4.6%	4.9	(9.5%)
Varicella vaccine	2.1	2.0	<b>4.0</b>	4.7	<b>(0.6)</b>	(13.6%)	4.6	(11.8%)
<b>Long-listed drugs, etc.</b>	47.9	48.0	<b>95.9</b>	88.6	<b>7.3</b>	8.2%	108.5	(11.6%)
Remicade	15.8	14.1	<b>29.9</b>	30.5	<b>(0.6)</b>	(1.9%)	34.6	(13.6%)
<b>Overseas ethical drugs</b>	55.9	57.1	<b>113.0</b>	77.7	<b>35.3</b>	45.4%	79.4	42.4%
<b>Radicava</b>	39.8	40.7	<b>80.5</b>	46.8	<b>33.7</b>	72.1%	46.2	74.3%
<b>Royalty revenue, etc.</b>	6.7	Undisclosed	Undisclosed	Undisclosed			138.3	
<b>Royalty from INVOKANA</b>	3.0	Undisclosed	Undisclosed	Undisclosed			6.3	
<b>Royalty from GILENYA</b>	1.9	Undisclosed	Undisclosed	Undisclosed			128.5	

# References 3

# Specialty Materials Priority Strategic Market Trends

# Specialty Materials / Core Markets Trends

Core Markets		Key Products	2Q FY2023 Summary	Forecast for 3Q FY2023 Onward
<b>EV/Mobility</b>		<b>Electrolytes</b> <b>Fiber reinforced plastics &amp; composites</b> <b>Compounds</b>	Alleviation of impact mainly from the semiconductor shortage, signs of global recovery	Global recovery trend to continue, 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>Semicon cleaning</b> <b>Epoxy resins</b> <b>Semicon equipment components</b>	Ongoing weakness in the semicon market, which became full-fledged in 2H FY2022本 Drop in global production, mainly for memory chips	While ongoing adjustments are anticipated for the time being, the market will likely rebound gradually and a full-fledged recovery is expected after FY2024 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>	Operations of panel manufacturers had remained brisk until August but have been trending down gradually	Demand recovery trend is expected to come to a halt in tandem with operation adjustments of panel manufacturers
<b>Medical</b>		<b>Resins / shapes for implant</b>	Remained brisk globally	The market is expected to remain firm globally Market growth is expected to continue in the medium to long term due to the increase in the aging population and the prevalence of lifestyle-related diseases and chronic diseases
<b>Food</b>		<b>Emulsifiers</b> <b>Packaging film</b> <b>Packaging materials</b>	Food packaging market remained sluggish globally due mainly to the impact of inflation	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)

Specialty Materials	FY2022 Actual		FY2023 1H Actual		FY2023 Forecast		FY2025 Target	
	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA
Specialty Materials	1,230.0	111.0	585.0	50.0	1,220.0	100.0	1,370.0	225.0
EV / Mobility	200.0	11.0	105.0	7.0	220.0	14.0	250.0	34.0
Digital	230.0	35.0	115.0	15.0	240.0	28.0	350.0	75.0
Semiconductors	100.0	19.0	45.0	6.0	95.0	12.0	-	-
Electronics	130.0	16.0	70.0	9.0	145.0	16.0	-	-
Medical	60.0	7.0	30.0	4.0	65.0	8.0	160.0	30.0
Food	210.0	34.0	100.0	19.0	210.0	35.0	220.0	39.0
Industrial, Consumer goods, Building & Construction etc	530.0	24.0	235.0	5.0	485.0	15.0	390.0	47.0

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

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