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Earnings Impact due to Cessation of MMA-related Product Production at Mitsubishi Chemical UK Limited and Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023

The following is the impact to earnings derived from a careful examination as stated in the “Notice on Cessation of the Production of Methacrylates in Mitsubishi Chemical UK Limited,” which was disclosed on December 20, 2022.

In addition, taking into account factors such as the impact from the above matter and recent earnings trends, Mitsubishi Chemical Group Corporation has revised the forecast that it announced on November 8, 2022 for the fiscal year ending March 31, 2023 (fiscal 2022), as follows.

1. Earnings impact owing to the cessation of production of MMA-related products at Mitsubishi Chemical UK Limited

The Mitsubishi Chemical Group released a press release titled “Notice on Cessation of the Production of Methacrylates in Mitsubishi Chemical UK Limited” on December 20, 2022. A resolution was passed that the Cassel site of Mitsubishi Chemical UK Limited would end production of MMA-related products subject to completion of the labor-management consultation. In line with this matter, the Mitsubishi Chemical Group recorded 70.7 billion yen for various costs, including impairment losses, plant closure losses, and employee retirement payment, in the third quarter of the consolidated fiscal year ending March 31, 2023. Note that related losses will also be recorded in the fiscal year ending March 31, 2024. However, the impact to earnings at the Mitsubishi Chemical Group is expected to be minimal.

2. Consolidated financial results forecast for fiscal 2022 (April 1, 2022 - March 31, 2023)

(Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Basic earnings per share (yen)
Previous forecast (A) (announced on November 8, 2022)	4,725.0	240.0	242.0	170.0	132.0	92.84
Revised forecast (B)	4,514.0	200.0	71.0	65.0	28.0	19.69
Difference (B – A)	(211.0)	(40.0)	(171.0)	(105.0)	(104.0)	
Difference (%)	(4.5)	(16.7)	(70.7)	(61.8)	(78.8)	
Reference: Results for fiscal 2021	3,976.9	272.3	303.2	209.4	177.2	124.68

Notes:

- The forecast for net income before taxes has been changed from ¥234.0 billion to ¥57.0 billion.
- Core operating income is operating income (loss) after excluding certain gains and expenses attributable to non-recurring factors.

3. Reason for revision

Core operating income is expected to underperform the previously announced forecast. This primarily reflects impact from a slowdown in display-related demand in the Performance Products Segment and impact from a weakening in market trends and demand, mainly for MMA and petrochemicals in the Chemicals Segment, both of which are expected to be larger than during the previously released forecast (November 8, 2022).

Income/loss at each level in and after operating income/loss is likely to fall below the prior forecast. In addition to factors triggering a decline in core operating income, the Mitsubishi Chemical Group recorded losses in tandem with its decision to end the production of MMA-related products at the Cassel site at

Mitsubishi Chemical UK Limited subject to completion of the labor-management consultations mentioned in the preceding paragraph 1. and losses accompanying the liquidation of Medicago Inc. in the Health Care Segment.

Reference:

Core operating income by segment

(Billions of yen)

	Revised forecast	Previous forecast	Difference
Performance Products	68.0	79.0	(11.0)
Chemicals	12.0	43.0	(31.0)
Industrial Gases	113.0	113.0	-
Health Care	8.0	7.0	1.0
Others	(1.0)	(2.0)	1.0
Total	200.0	240.0	(40.0)

Forward-Looking Statements

The forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors, including, without limitation, market conditions, and the effect of industry competition.