

Operational Summary

for the Third Quarter of the Fiscal Year Ending March 31, 2024

February 6, 2024
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 3Q (Nine Months) Actual

- While sales revenue decreased 5% year on year amid a severe business environment with sluggish market conditions, core operating income increased 3% year on year as a result of the promotion of price management activities and cost structure reforms.
- Sales volume declined significantly on a year-on-year basis in Specialty Materials and Basic Materials as demand in the semiconductor market and for broader industrial materials remained weak and demand recovery has been taking longer. Meanwhile, core operating income increased year on year reflecting the continued brisk performance of Industrial Gases and RADICAVA in North America in Health Care, among other factors.
- As a result of relentless cost reduction efforts, cost reduction of ¥82.0 billion was achieved during the first three quarters of FY2023, which exceeded the Group-wide reduction target of ¥80.0 billion for FY2023.
- Net income attributable to owners of the parent rose significantly year on year due mainly to the recording of special items related to business divestiture in tandem with the transfer of all shares of Qualicaps Co., Ltd. to Roquette Frères SA during the third quarter of FY2023 as part of the business portfolio reform.

FY2023 Forecast

- Full-fledged recovery in demand is not expected in the fourth quarter, and the operating environment in Specialty Materials and Basic Materials will likely remain sluggish. However, given the fact that the business performance of Industrial Gases and Health Care is projected to remain brisk and special items related to business divestiture are expected to be recorded, the consolidated financial results forecast for FY2023 remains unchanged.
- 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

	136.9	143.8	6.9	5%
Exchange Rate (¥/\$)				
Naphtha Price (¥/kl)	80,000	67,900	(12,100)	(15%)
			(Billions of Yen)	
	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023	Difference	%
Sales Revenue	3,406.2	3,245.1	(161.1)	(5%)
Core Operating Income *1	177.9	183.9	6.0	3%
Special Items	(129.3)	28.6	157.9	
Operating Income	48.6	212.5	163.9	337%
Income before Taxes	39.2	191.8	152.6	389%
Net Income	44.8	144.3	99.5	
Net Income Attributable to Owners of the Parent	17.0	103.9	86.9	510%
Net Income Attributable to Non-Controlling Interests	27.8	40.4	12.6	
*1 Share of profit of associates and joint ventures included	9.9	6.5	(3.4)	

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)

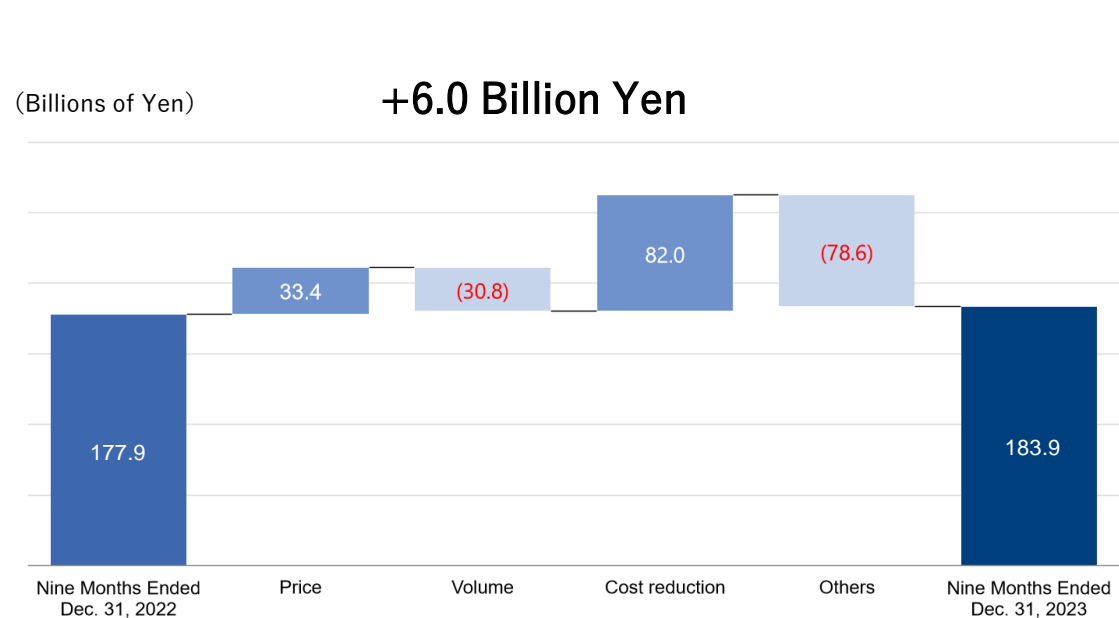
	Nine Months Ended Dec. 31, 2022		Nine Months Ended Dec. 31, 2023		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
Total Consolidated	3,406.2	177.9	3,245.1	183.9	(161.1)	(5%)	6.0	3%
Specialty Materials	932.7	55.2	873.4	17.3	(59.3)	(6%)	(37.9)	(69%)
Polymers & Compounds	254.6	21.8	240.4	16.3	(14.2)		(5.5)	
Films & Molding Materials	395.6	22.2	363.5	(2.8)	(32.1)		(25.0)	
Advanced Solutions	282.5	11.2	269.5	3.8	(13.0)		(7.4)	
Industrial Gases	866.4	84.3	922.4	122.5	56.0	6%	38.2	45%
Health Care	319.9	20.0	337.9	55.4	18.0	6%	35.4	177%
MMA	236.1	0.2	207.1	(0.3)	(29.0)	(12%)	(0.5)	-
Basic Materials	862.3	17.7	748.8	(10.4)	(113.5)	(13%)	(28.1)	-
Petrochemicals	576.6	8.1	520.8	2.0	(55.8)		(6.1)	
Carbon Products	285.7	9.6	228.0	(12.4)	(57.7)		(22.0)	
Others	188.8	0.5	155.5	(0.6)	(33.3)	(18%)	(1.1)	-

[Inventory valuation gain/loss]	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023	Difference
Polymers & Compounds	1.6	0.0	(1.6)
Petrochemicals	21.4	1.1	(20.3)
Carbon Products	(0.7)	0.9	1.6
Total	22.3	2.0	(20.3)

* 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)

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023	Difference	Price	Volume	Cost reduction	Others * ₁
Total Consolidated	177.9	183.9	6.0	33.4	(30.8)	82.0	(78.6)
Specialty Materials	55.2	17.3	(37.9)	25.0	(54.0)	13.1	(22.0)
Industrial Gases	84.3	122.5	38.2	19.7	(0.8)	21.2	(1.9)
Health Care	20.0	55.4	35.4	(2.6)	31.2	31.1	(24.3)
MMA	0.2	(0.3)	(0.5)	(7.4)	2.6	6.6	(2.3)
Basic Materials	17.7	(10.4)	(28.1)	(1.5)	(8.3)	3.0	(21.3)
Others	0.5	(0.6)	(1.1)	0.2	(1.5)	7.0	(6.8)

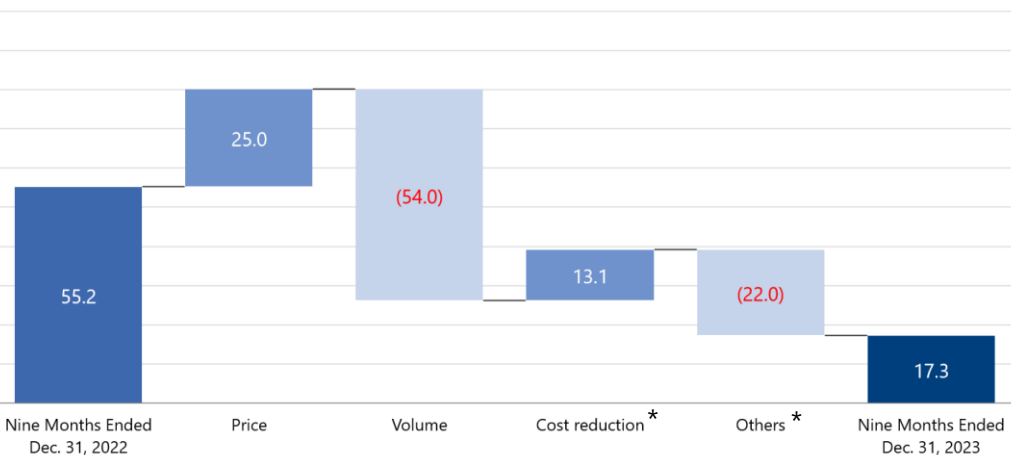
* Items included are impacts from differences of inventory valuation gain/loss (20.3) billion yen and differences of share of profit of associates and joint ventures (3.4) billion yen, etc.

Changes in exchange rates	8.0	10.1	0.0	-	(2.1)
Changes in foreign currency translation included in above	7.6				

Analysis of Core Operating Income Specialty Materials Segment

(Billions of Yen)

(37.9) Billion Yen



Polymers & Compounds (5.5)

Price

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

Volume
(-)

(+) Expansion of new adoption and increase in sales of bio-polycarbonate for use mainly in automobiles

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

Films & Molding Materials (25.0)

Price

(+) Improvement in price gap for various products as retaining and improving selling price

Volume

(-) Drop in sales of high performance engineering plastic, carbon fibers and polyester films for general applications in tandem with a decline in global demand

Advanced Solutions (7.4)

Price

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

Volume

(-) Decline in sales of high performance chemicals and precision cleaning amid the ongoing adjustment phase in the semiconductor market, despite brisk sales related to advanced processing

(※)Cost reduction, Others

(+) Business structure reform, optimization of procurement, productivity enhancement, etc.

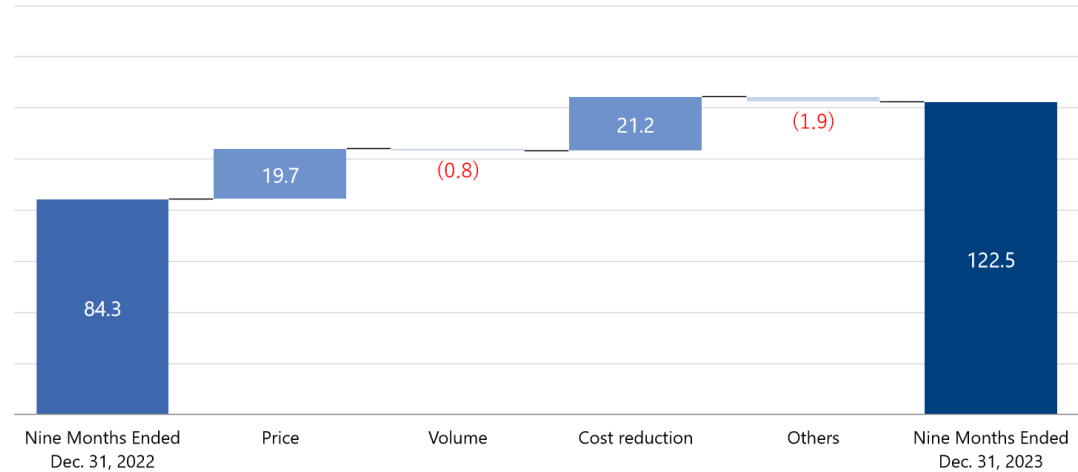
(-) Increase in fixed costs in tandem with the ramp up of operations of a new manufacturing line and decline of profit of associates and joint ventures, etc.

Analysis of Core Operating Income Industrial Gases Segment

+38.2 Billion Yen

Industrial Gases + 38.2

(Billions of Yen)



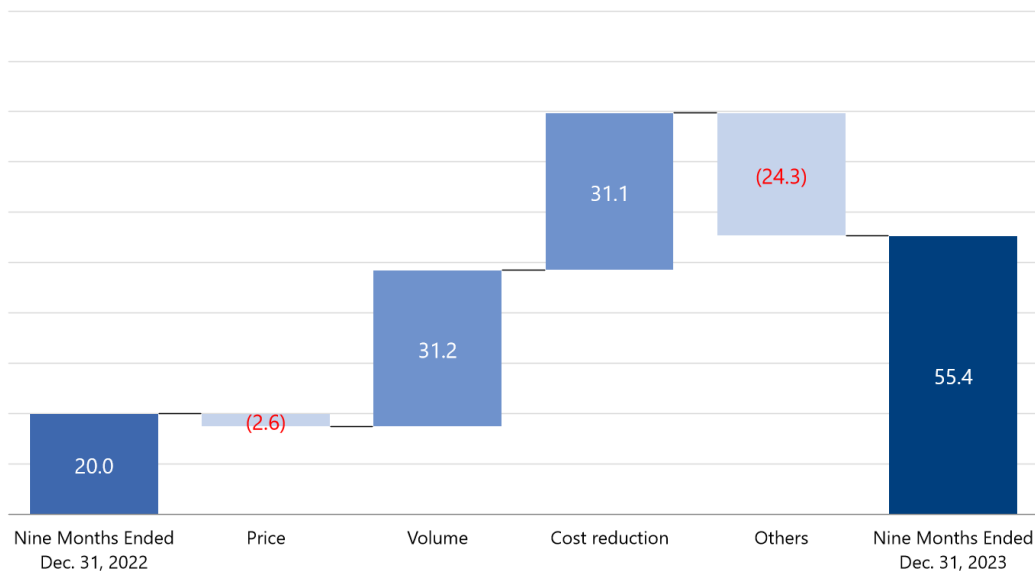
- Price** (+) Price improvement owing to price management in each region
- Cost reduction** (+) Productivity improvement activities, include the use of DX and optimization of plant operations
- Others** (−) Increase in expenses due to inflation

Analysis of Core Operating Income Health Care Segment

Health Care + 35.4

(Billions of Yen)

+35.4 Billion Yen



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
 (+) Brisk sales of priority and new products related to domestic ethical pharmaceuticals

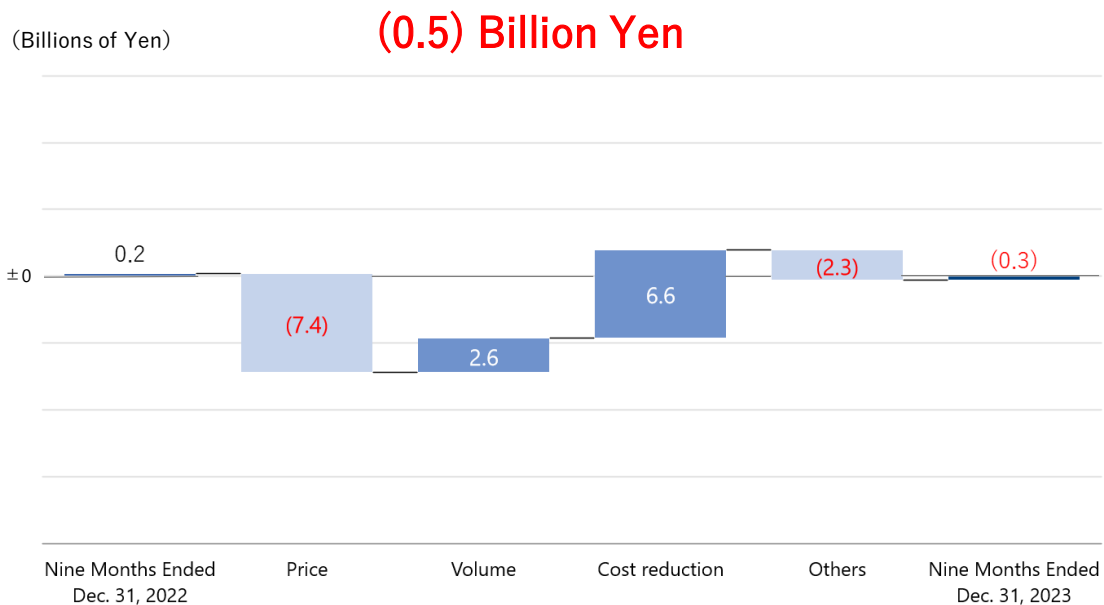
Cost reduction

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

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, impact of gain on transfer of intangible assets in the third quarter of FY2022, etc.

Analysis of Core Operating Income MMA Segment



MMA (0.5)

Price

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

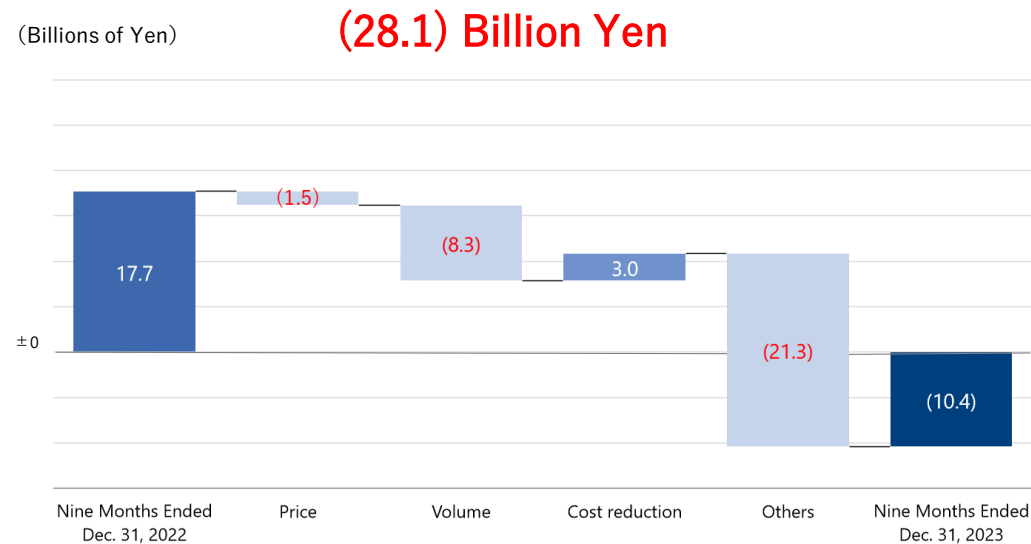
Volume

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

Cost reduction

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

Analysis of Core Operating Income Basic Materials Segment



Petrochemicals (6.1)

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 in tandem with a decline in raw material costs

Carbon Products (22.0)

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

Consolidated Special Items

(Billions of Yen)

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023	Difference
Total Special Items	(129.3)	28.6	157.9
Gain on sales of shares of subsidiaries and associates	2.2	27.6	25.4
Reversal of provision for loss on plant closure	-	6.4	6.4
Gain on reversal of asset retirement obligations	-	2.6	2.6
Gain on sales of property, plant and equipment	0.7	1.6	0.9
Impairment loss	(87.7)	(13.7)	74.0
Loss on business liquidation	(0.7)	(4.2)	(3.5)
Loss on sale and disposal of fixed assets	(2.4)	(2.4)	0.0
Provision for loss on business liquidation	-	(1.7)	(1.7)
Special retirement expenses	(4.3)	(1.2)	3.1
Provision for loss on plant closure	(31.2)	-	31.2
Others	(5.9)	13.6	19.5

Consolidated Cash Flows

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023
Net cash provided by (used in) operating activities	174.0	285.0
Income before taxes	39.2	191.8
Depreciation and amortization	202.7	204.5
Change in operating receivables/payables	(3.1)	(18.3)
Change in Inventories	(106.3)	7.6
Others	41.5	(100.6)
Net cash provided by (used in) investment activities	(174.4)	(119.3)
Capital expenditure	(202.7)	(197.5)
Sale of assets	27.5	71.5
Investment and loans receivable, etc.	0.8	6.7
Free cash flow	(0.4)	165.7

(Billions of Yen)

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2023
Net cash provided by (used in) financing activities	8.8	(103.8)
Interest bearing debts	71.5	(31.0)
Dividends, etc.	(62.7)	(72.8)
Net increase (decrease) in cash and cash equivalents	8.4	61.9
Effect of exchange rate changes and changes in scope of consolidation	2.8	7.7
Total	11.2	69.6

Consolidated Statements of Financial Positions

(Billions of Yen)

	Mar.31.2023	Dec.31.2023	Difference
Cash & cash equivalents	297.2	366.8	69.6
Trade receivables	808.8	818.2	9.4
Inventories	797.9	799.6	1.7
Others	245.7	274.4	28.7
Current assets	2,149.6	2,259.0	109.4
Fixed assets	2,367.1	2,407.0	39.9
Goodwill	727.7	753.4	25.7
Investments & Other	529.9	565.2	35.3
Non-current assets	3,624.7	3,725.6	100.9
Total assets	5,774.3	5,984.6	210.3

(Billions of Yen)

	Mar.31.2023	Dec.31.2023	Difference
Interest-bearing debt	2,375.8	2,413.9	38.1
Trade payables	476.3	478.4	2.1
Others	933.8	914.8	(19.0)
Liabilities	3,785.9	3,807.1	21.2
Share capitals, Retained earnings, etc.,	1,426.2	1,486.0	59.8
Other components of equity	138.4	216.2	77.8
Equity attributable to owners of the parent	1,564.6	1,702.2	137.6
Non-controlling interests	423.8	475.3	51.5
Equity	1,988.4	2,177.5	189.1
Total liabilities & equity	5,774.3	5,984.6	210.3
Net Interest-bearing debt *1	2,078.6	2,047.0	(31.6)
Net D/E ratio	1.33	1.20	(0.13)
ROE *2	6.4%	-	-

*1 Net interest-bearing debt (End of Dec.31, 2023)

= interest-bearing debt (2,413.9billion yen)

- {cash and cash equivalents (366.9 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]

(Billions of Yen)

		FY2022					FY2023			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Total Consolidated	Sales Revenue	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	1,088.7	1,095.2	3,245.1
	Core Operating Income	72.1	50.5	55.3	147.7	325.6	50.8	68.8	64.3	183.9
Specialty Materials	Sales Revenue	316.7	310.4	305.6	301.0	1,233.7	290.9	291.8	290.7	873.4
	Core Operating Income	22.3	21.3	11.6	(3.7)	51.5	9.2	7.9	0.2	17.3
Polymers & Compounds	Sales Revenue	87.3	83.3	84.0	84.1	338.7	79.4	81.2	79.8	240.4
	Core Operating Income	7.2	9.2	5.4	4.4	26.2	7.1	5.8	3.4	16.3
Films & Molding Materials	Sales Revenue	136.1	131.0	128.5	122.1	517.7	124.2	121.6	117.7	363.5
	Core Operating Income	11.1	7.4	3.7	(4.2)	18.0	1.6	(0.6)	(3.8)	(2.8)
Advanced Solutions	Sales Revenue	93.3	96.1	93.1	94.8	377.3	87.3	89.0	93.2	269.5
	Core Operating Income	4.0	4.7	2.5	(3.9)	7.3	0.5	2.7	0.6	3.8
Industrial Gases	Sales Revenue	273.9	295.4	297.1	311.5	1,177.9	306.8	301.4	314.2	922.4
	Core Operating Income	29.5	24.8	30.0	36.7	121.0	39.8	40.5	42.2	122.5
Health Care	Sales Revenue	98.2	104.9	116.8	215.5	535.4	101.9	117.4	118.6	337.9
	Core Operating Income	4.0	0.5	15.5	124.2	144.2	10.0	22.4	23.0	55.4
MMA	Sales Revenue	87.8	79.0	69.3	69.1	305.2	69.0	69.4	68.7	207.1
	Core Operating Income	2.8	2.0	(4.6)	(4.2)	(4.0)	(0.9)	2.6	(2.0)	(0.3)
Basic Materials	Sales Revenue	269.1	307.0	286.2	259.5	1,121.8	242.7	248.6	257.5	748.8
	Core Operating Income	15.2	2.2	0.3	(5.6)	12.1	(8.0)	(4.6)	2.2	(10.4)
Petrochemicals	Sales Revenue	177.5	203.0	196.1	177.1	753.7	157.5	177.2	186.1	520.8
	Core Operating Income	5.8	3.3	(1.0)	(5.6)	2.5	(4.4)	1.9	4.5	2.0
Carbon Products	Sales Revenue	91.6	104.0	90.1	82.4	368.1	85.2	71.4	71.4	228.0
	Core Operating Income	9.4	(1.1)	1.3	0.0	9.6	(3.6)	(6.5)	(2.3)	(12.4)
Others	Sales Revenue	60.8	66.6	61.4	71.7	260.5	49.9	60.1	45.5	155.5
	Core Operating Income	(1.7)	(0.3)	2.5	0.3	0.8	0.7	0.0	(1.3)	(0.6)

* 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.
- In October 2023, with the goal of strengthening the carbon fiber business, the MCG Group decided to attain full ownership of its equity-method affiliate C.P.C.S.r.l., which is specialized in the manufacture and distribution of automobile components crafted from carbon fiber reinforced plastic (CFRP), and completed the acquisition in January 2024. This pivotal acquisition will further expand and enhance its vertically integrated carbon fiber supply chain.

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.
- In November 2023, a new Factory was constructed on a site of Taiyo Nippon Sanso Engineering Taiwan, Inc. to double the capacity to produce equipment for the electronics industry.

Health Care

- In May 2023, edaravone oral suspension (Development code: MT-1186) was approved in the Switzerland (Product name: RADICAVA® Oral Suspension) 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 γ -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.
- In December 2023, as part of its portfolio reform, the MCG Group decided to substantially transfer its holding of the shares of PT Mitsubishi Chemical Indonesia (MCCI), which operates the pure terephthalic acid (PTA) business to PT Lintas Citra Pratama. As a result, the ratio of MCCI shares held by the MCG Group will be reduced to 20%. The shares will be sold in stages, and MCCI will become a wholly owned subsidiary of PT Lintas Citra Pratama in the future.

Others

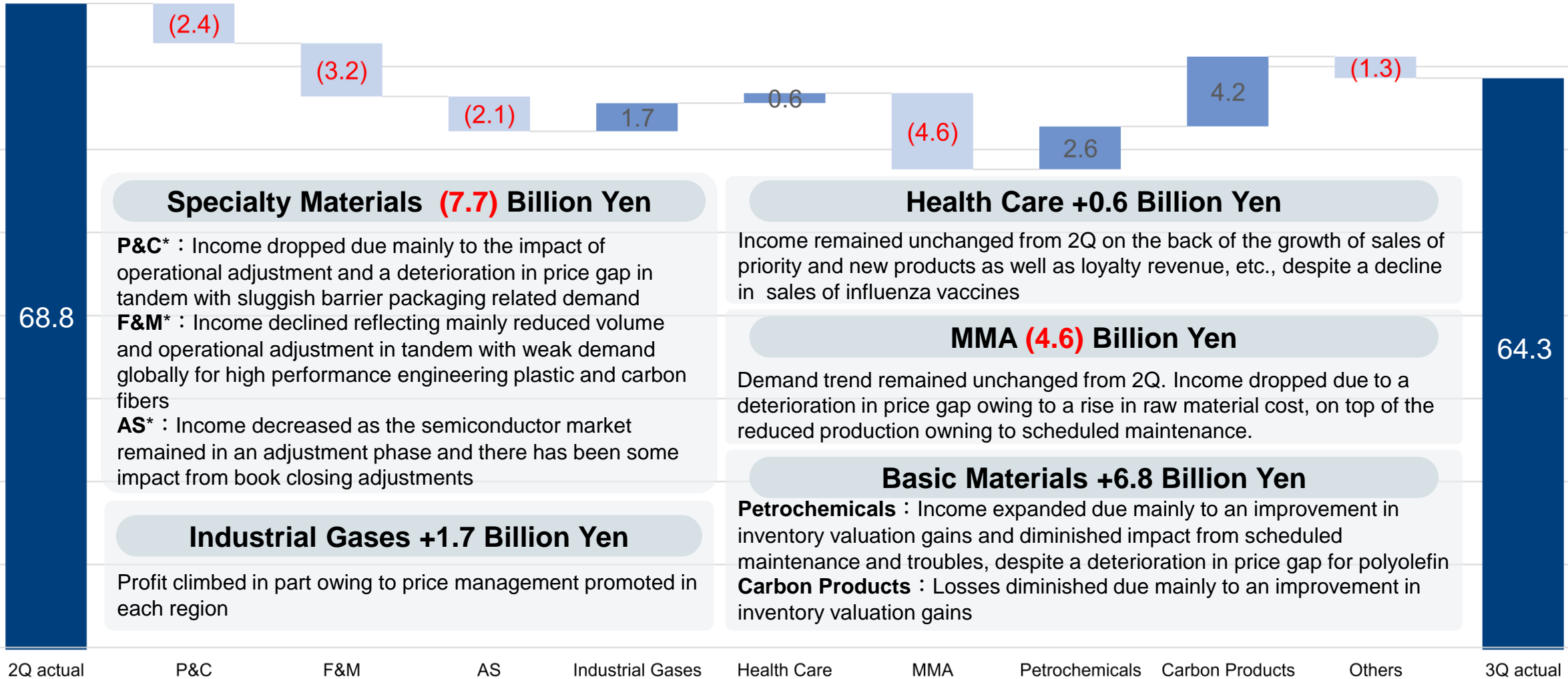
- Agreed with Roquette Frères SA to transfer of all shares of Qualicaps Co., Ltd. held by the MCG Group to the company as part of the portfolio reform. The share transfer agreement was concluded on July 28, 2023 and the share transfer was completed in October 2023.

Statements of Operations [Quarterly Data]



Exchange Rate (¥/\$)	131.3	139.4	139.9	133.4	136.0	139.6	145.6	146.1	143.8
Naphtha Price (¥/kl)	86,100	81,400	72,500	66,500	76,600	67,500	63,600	72,800	67,900
						(Billions of Yen)			
	FY2022					FY2023			
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Sales Revenue	1,106.5	1,163.3	1,136.4	1,228.3	4,634.5	1,061.2	1,088.7	1,095.2	3,245.1
Core Operating Income *1	72.1	50.5	55.3	147.7	325.6	50.8	68.8	64.3	183.9
Special Items	(4.1)	(0.1)	(125.1)	(13.6)	(142.9)	18.9	0.1	9.6	28.6
Operating Income (Loss)	68.0	50.4	(69.8)	134.1	182.7	69.7	68.9	73.9	212.5
Financial Income/Expenses (Dividend included above)	7.1	(3.5)	(13.0)	(5.3)	(14.7)	(0.9)	(7.5)	(12.3)	(20.7)
(Foreign Exchange Gain/Loss included above)	[7.8]	[0.2]	[1.1]	[3.2]	[12.3]	[4.6]	[0.1]	[1.3]	[6.0]
	[3.7]	[3.0]	[(6.4)]	[(0.4)]	[(0.1)]	[4.5]	[2.7]	[(4.2)]	[3.0]
Income (Loss) before Taxes	75.1	46.9	(82.8)	128.8	168.0	68.8	61.4	61.6	191.8
Income Taxes	(21.8)	(8.7)	36.1	(38.1)	(32.5)	(13.0)	(23.1)	(11.4)	(47.5)
Net Income (Loss)	53.3	38.2	(46.7)	90.7	135.5	55.8	38.3	50.2	144.3
Net Income (Loss) Attributable to Owners of the Parent	44.9	29.0	(56.9)	79.4	96.4	42.5	24.7	36.7	103.9
Net Income Attributable to Non-Controlling Interests	8.4	9.2	10.2	11.3	39.1	13.3	13.6	13.5	40.4
*1 Share of profit of associates and joint ventures included	4.0	3.2	2.7	2.0	11.9	2.7	1.5	2.3	6.5

Analysis of Core Operating Income (2Q→3Q)



Specialty Materials (7.7) Billion Yen

P&C* : Income dropped due mainly to the impact of operational adjustment and a deterioration in price gap in tandem with sluggish barrier packaging related demand
F&M* : Income declined reflecting mainly reduced volume and operational adjustment in tandem with weak demand globally for high performance engineering plastic and carbon fibers
AS* : Income decreased as the semiconductor market remained in an adjustment phase and there has been some impact from book closing adjustments

Industrial Gases +1.7 Billion Yen

Profit climbed in part owing to price management promoted in each region

Health Care +0.6 Billion Yen

Income remained unchanged from 2Q on the back of the growth of sales of priority and new products as well as loyalty revenue, etc., despite a decline in sales of influenza vaccines

MMA (4.6) Billion Yen

Demand trend remained unchanged from 2Q. Income dropped due to a deterioration in price gap owing to a rise in raw material cost, on top of the reduced production owing to scheduled maintenance.

Basic Materials +6.8 Billion Yen

Petrochemicals : Income expanded due mainly to an improvement in inventory valuation gains and diminished impact from scheduled maintenance and troubles, despite a deterioration in price gap for polyolefin
Carbon Products : Losses diminished due mainly to an improvement in inventory valuation gains

(4.5) Billion Yen

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

Special Items [Quarterly Data]

(Billions of Yen)

	FY2022					FY2023			
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Total Special Items	(4.1)	(0.1)	(125.1)	(13.6)	(142.9)	18.9	0.1	9.6	28.6
Gain on sales of shares of subsidiaries and associates	-	-	2.2	1.1	3.3	5.6	1.8	20.2	27.6
Reversal of provision for loss on plant closure	-	-	-	-	-	-	-	6.4	6.4
Gain on reversal of asset retirement obligations	-	-	-	-	-	-	2.6	-	2.6
Gain on sales of property, plant and equipment	0.0	0.6	0.1	1.7	2.4	0.8	0.0	0.8	1.6
Impairment loss	(0.2)	(1.7)	(85.8)	(5.7)	(93.4)	(0.0)	(3.2)	(10.5)	(13.7)
Loss on business liquidation	(0.1)	(0.0)	(0.6)	(2.6)	(3.3)	(2.0)	(0.7)	(1.5)	(4.2)
Loss on sale and disposal of fixed assets	(0.2)	(1.2)	(1.0)	(1.5)	(3.9)	(1.1)	(0.2)	(1.1)	(2.4)
Provision for loss on business liquidation	-	-	-	(5.7)	(5.7)	(0.4)	(0.1)	(1.2)	(1.7)
Special retirement expenses	(0.0)	(0.0)	(4.3)	(6.3)	(10.6)	(0.2)	(0.2)	(0.8)	(1.2)
Provision for loss on plant closure	-	-	(31.2)	4.5	(26.7)	-	-	-	-
Others	(3.6)	2.2	(4.5)	0.9	(5.0)	16.2	0.1	(2.7)	13.6

EBITDA Margin by Business Segment

	FY2022 Actual ^{*1}	FY2023 3Q (Nine Months)	FY2023 Forecast	FY2025 Target	
				^{*2}	^{*3}
Total Consolidated	10.1%	11.8%	11.5%	18.0%	15.0%
Specialty Materials	9.0%	7.6%	8.6%	16.0%	16.0%
Industrial Gases	19.1%	22.2%	21.0%	24.0%	24.0%
Health Care	7.7%	19.4%	16.5%	15.0%	15.0%
MMA	6.4%	7.9%	9.4%	15.0%	15.0%
Basic Materials	4.6%	2.6%	3.5%	—	5.0%

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 to 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 Jan. 25, 2024

Areas	Development code	Region / Country	Indications/Description	P1	P2	P3	Filed	Approved
Central Nervous System	ND0612	Global	Parkinson's disease					
	MT-3921	Global	Spinal cord injury					
	MT-0551	Japan ^{*1}	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 ^{*1}	IgG4-related disease					
		Japan	Systemic sclerosis					
Oncology	MT-2111	Japan	Relapsed/Refractory Diffuse Large B-cell Lymphoma (Monotherapy)					
		Japan ^{*2}	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	MT-1186 ALS (Oral suspension) (Japan ^{*1})	ND0612 Parkinson's disease (Global)	MT-0551 Myasthenia gravis (Japan ^{*2})
Immuno-inflammation			MT-0551 IgG4-related disease (Japan ^{*2})
			MT-7117 EPP, XLP (Global)
Diabetes and kidney		TA-7284 OD tablets Type 2 diabetes mellitus Chronic kidney disease complicated with type 2 diabetes mellitus ^{*3} (Japan)	
Vaccines	MT-2355 Combined vaccine ^{*4} (Japan)		
Oncology			MT-2111 Relapsed/Refractory Diffuse Large B-cell Lymphoma (Monotherapy) (Japan)
			MT-2111 Relapsed/Refractory Diffuse Large B-cell Lymphoma (with rituximab) (Japan ^{*5})

^{*1} Launched in Switzerland

^{*2} Co-development with Amgen

^{*3} Chronic kidney disease complicated with type 2 diabetes mellitus, excluding patients with end-stage renal disease or undergoing dialysis

^{*4} Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

^{*5} Co-development with ADC Therapeutics

 : Global (US launch year)

 : Japan/China

 : Launched

Pharmaceuticals Business: Statements of Operations (FY2023 3Q Actual)



(Billions of Yen)

	Nine Months Ended Dec.31, 2022		Nine Months Ended Dec.31, 2023		Difference	%
	3Q		3Q			
Revenue	116.8	319.9	118.6	338.0	18.1	5.7%
Domestic	92.1	252.2	83.8	241.3	(11.0)	(4.4%)
Overseas	24.7	67.6	34.8	96.7	29.1	43.0%
Overseas sales ratio	21.1%	21.1%	29.3%	28.6%		-
Cost of sales	56.0	161.5	55.2	164.4	2.9	1.8%
Sales cost ratio	48.0%	50.5%	46.5%	48.6%		-
Gross profit	60.7	158.4	63.4	173.6	15.1	9.6%
SG&A expenses, etc.	45.0	138.4	40.4	117.8	(20.6)	(14.9%)
R&D expenses	23.7	69.0	15.6	45.5	(23.5)	(34.0%)
Core operating profit	15.8	20.0	23.1	55.8	35.8	179.0%
Non-recurring items	(51.6)	(52.9)	(0.9)	11.2	64.1	
Operating profit	(35.8)	(32.9)	22.2	66.9	99.9	-
Net profit attributable to owners of the Company	(1.9)	(1.1)	14.2	51.6	52.7	-

Effect of fluctuations in exchange rate for FY2023: Revenue increased by ¥4.2 bn. and core operating profit decreased by ¥0.2 bn.

Pharmaceuticals: Details of Revenue (FY2023 3Q Actual)

(Billions of Yen)

	Nine Months Ended		Nine Months Ended		Difference	%
	3Q	Dec.31, 2022	3Q	Dec.31, 2023		
Domestic ethical drugs	89.6	244.9	81.3	234.0	(10.9)	(4.5%)
Priority and New products	48.8	129.5	46.4	132.5	3.0	2.4%
Stelara	21.3	52.3	17.5	51.4	(0.9)	(1.7%)
Simponi	11.9	34.2	11.5	34.0	(0.2)	(0.7%)
Tenelia	4.4	12.5	3.7	9.2	(3.3)	(26.5%)
Canaglu	3.2	9.1	3.2	9.3	0.2	2.4%
Canalia	3.0	7.0	2.7	8.2	1.2	17.0%
Vafseo	0.6	1.5	0.6	1.8	0.2	14.1%
Uplizna	0.9	1.9	2.0	4.5	2.6	132.1%
Rupafin	2.4	6.3	2.4	6.1	(0.2)	(3.6%)
Dysval	0.7	2.8	1.3	3.8	1.1	39.1%
Radicut	0.6	1.7	1.6	4.2	2.4	138.4%
Vaccines	11.4	30.4	10.1	28.7	(1.7)	(5.5%)
Influenza vaccine	5.3	11.7	4.6	11.3	(0.4)	(3.4%)
Tetrabik	2.5	7.0	2.3	6.9	(0.1)	(1.3%)
JEBIK V	0.9	3.3	0.8	2.5	(0.8)	(23.5%)
Mearubik	1.2	3.9	1.0	3.8	(0.2)	(4.1%)
Varicella vaccine	1.2	3.5	1.1	3.1	(0.4)	(11.7%)
Long-listed drugs, etc.	29.4	85.0	24.8	72.7	(12.3)	(14.4%)
Remicade	9.3	27.3	7.8	23.6	(3.7)	(13.7%)
Overseas ethical drugs	22.2	59.0	27.9	83.8	24.8	42.1%
Radicava	14.6	34.3	20.0	59.8	25.5	74.4%
Royalty revenue, etc.	2.8	9.6	7.2	13.9	4.3	44.4%
Royalty from INVOKANA	1.3	4.5	1.4	4.4	(0.1)	(3.0%)
Royalty from GILENYA	0.6	2.1	3.4	5.3	3.2	150.8%

References 3

Specialty Materials Priority Strategic Market Trends

Specialty Materials / Core Markets Trends

Core Markets		Key Products	3Q FY2023 Summary	Forecast for 4Q FY2023 Onward
EV/Mobility		Electrolytes Fiber reinforced plastics & composites Compounds	Alleviation of impact mainly from the semiconductor shortage, signs of global recovery	Global recovery trend to continue, and a year-on-year rise in auto production anticipated in 2024 EV market to continue to expand
Digital	Semiconductors	Semicon cleaning Epoxy resins Semicon equipment components	There have been signs of bottoming out, despite ongoing weakness in the semiconductor market, which became full-scale in 2H FY2022	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
	Electronics	Optical films Display related materials	Operations of panel manufacturers, which had rebounded in 2H, entered another adjustment phase	While ongoing adjustments are anticipated for the time being, a gradually recovery is expected after FY2024
Medical		Resins / shapes for implant	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
Food		Emulsifiers Packaging film Packaging materials	Food packaging market remained sluggish globally due mainly to the impact of inflation	Global demand in the food packaging material market to recover moderately 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 3Q (Nine Months)		FY2023 Forecast		FY2025 Target	
	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA
Specialty Materials	1,230.0	111.0	870.0	66.0	1,220.0	100.0	1,370.0	225.0
EV / Mobility	200.0	11.0	155.0	10.0	220.0	14.0	250.0	34.0
Digital	230.0	35.0	170.0	22.0	240.0	28.0	350.0	75.0
Semiconductors	100.0	19.0	70.0	9.0	95.0	12.0	-	-
Electronics	130.0	16.0	100.0	13.0	145.0	16.0	-	-
Medical	60.0	7.0	45.0	5.0	65.0	8.0	160.0	30.0
Food	210.0	34.0	150.0	26.0	210.0	35.0	220.0	39.0
Industrial, Consumer goods, Building & Construction etc	530.0	24.0	350.0	3.0	485.0	15.0	390.0	47.0

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

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