

Operational Summary

for the First Half of the Fiscal Year Ending March 31, 2025

November 1, 2024

Mitsubishi Chemical Group Corporation

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List of Abbreviations

FY2024	April 1, 2024 – March 31, 2025	MCG	Mitsubishi Chemical Group Corporation
FY2023	April 1, 2023 – March 31, 2024	MCC	Mitsubishi Chemical Corporation
		MTPC	Mitsubishi Tanabe Pharma Corporation
		NSHD	Nippon Sanso Holdings Corporation

FY2024 1H Actual

- The business environment during the first half of fiscal 2024 generally remained stable, despite some different levels of strength in demand among regions and industries. Display-related sales remained brisk on the back of the high operating rate of panel manufacturers, and semiconductor-related sales remained on a moderate recovery path, driven by demand related to generative AI. On the other hand, sales were sluggish in some regions and sectors, such as automotive and food-related markets.
- Compared to the same period of the previous year, price gap improved as a result of the efforts to promote price management in each business and a significant increase in market prices for MMA monomer, leading to an improvement in sales volume for Specialty Materials and Pharma. In addition, our cost reduction efforts continued to contribute to income. As a result, looking at the Group on the whole, sales revenue increased 4% year on year, and core operating income rose 44% year on year.
- Net income attributable to owners of the parent decreased 39% year on year due mainly to the recording of structure reform expenses under special items.

FY2024 Forecast

- Core operating income for the first half of fiscal 2024 was 57% higher than the initial forecast. On the other hand, in the second half of fiscal 2024, business performance is expected to fall behind the initial forecast, mainly in Specialty Materials and Basic Materials & Polymers, due mainly to a reactionary decline in demand related to displays, which had been brisk during the first half of fiscal 2024, a delay in the recovery of demand related to semiconductors for consumer, industrial and automobile applications, intensified competitions for carbon fibers, and a delay in the recovery of market prices for petrochemicals and carbon products. We predict that core operating income for fiscal 2024 will increase 16% compared to the initial forecast to 290.0 billion yen, in light of brisk results in the first half of fiscal 2024.
- We reiterate our initial forecast of 52.0 billion yen for net income attributable to owners of the parent as several business structure reform projects are considered in the second half of fiscal 2024 and losses under special items are expected to be recorded.
- Dividend forecast remains unchanged from our initial forecast of a year-end dividend of 16 yen per share and an annual dividend of 32 yen per share.

Consolidated Statements of Operations



	142.6	152.5	9.9	7%
Exchange Rate (¥/\$)				
Naphtha Price (¥/kl)	65,500	77,900	12,400	19%
			(Billions of Yen)	
	FY2023 1H	FY2024 1H	Difference	%
Sales Revenue	2,149.9	2,242.1	92.2	4%
Core Operating Income *1	119.6	172.4	52.8	44%
Special Items	19.0	(35.7)	(54.7)	
Operating Income	138.6	136.7	(1.9)	(1%)
Income before Taxes	130.2	106.1	(24.1)	(19%)
Net Income	94.1	71.2	(22.9)	
Net Income Attributable to Owners of the Parent	67.2	40.9	(26.3)	(39%)
Net Income Attributable to Non-Controlling Interests	26.9	30.3	3.4	
*1 Share of profit of associates and joint ventures included	4.2	3.1	(1.1)	

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

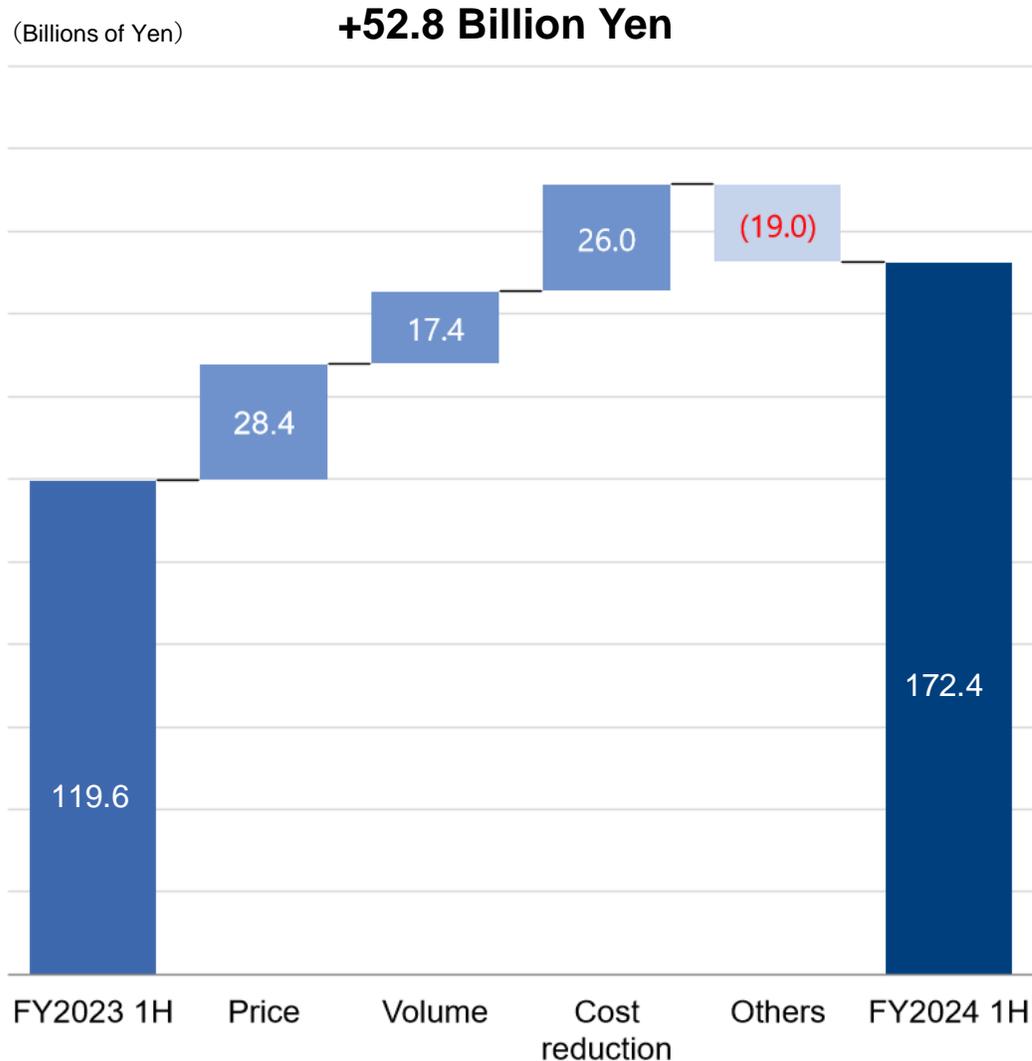
(Billions of Yen)

	FY2023 1H		FY2024 1H		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
Total Consolidated	2,149.9	119.6	2,242.1	172.4	92.2	4%	52.8	44%
Specialty Materials	520.2	18.8	542.8	24.5	22.6	4%	5.7	30%
Advanced Films & Polymers	233.9	16.6	239.2	19.5	5.3		2.9	
Advanced Solutions	177.5	2.8	175.2	7.2	(2.3)		4.4	
Advanced Composites & Shapes	108.8	(0.6)	128.4	(2.2)	19.6		(1.6)	
Industrial Gases	608.2	80.3	639.4	91.9	31.2	5%	11.6	14%
Pharma	219.3	32.4	232.5	41.4	13.2	6%	9.0	28%
MMA & Derivatives	181.3	2.2	227.4	25.9	46.1	25%	23.7	-
MMA	138.4	1.6	180.2	23.9	41.8		22.3	
Coating & Additives	42.9	0.6	47.2	2.0	4.3		1.4	
Basic Materials & Polymers	528.7	(14.7)	521.2	(10.5)	(7.5)	(1%)	4.2	-
Materials & Polymers	372.1	(4.6)	379.1	5.8	7.0		10.4	
Carbon Products	156.6	(10.1)	142.1	(16.3)	(14.5)		(6.2)	
Others	92.2	0.6	78.8	(0.8)	(13.4)	(15%)	(1.4)	-

[Inventory valuation gain/loss]	FY2023 1H	FY2024 1H	Difference
Advanced Films & Polymers	0.1	(0.1)	(0.2)
Materials & Polymers	(5.2)	3.2	8.4
Carbon Products	(2.1)	(6.4)	(4.3)
Total	(7.2)	(3.3)	3.9

- From Q1 FY2024, the current financial reporting segments has been reclassified into Specialty Materials, Industrial Gases, Pharma, MMA & Derivatives, Basic Materials & Polymers, 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 FY2023.
- Breakdown figures of segment are approximation for reference purpose only.
- Based on careful examination of results for FY2023 of new business segment basis, the figures has been changed partially from those announced on May 15,2024.

Analysis of Core Operating Income



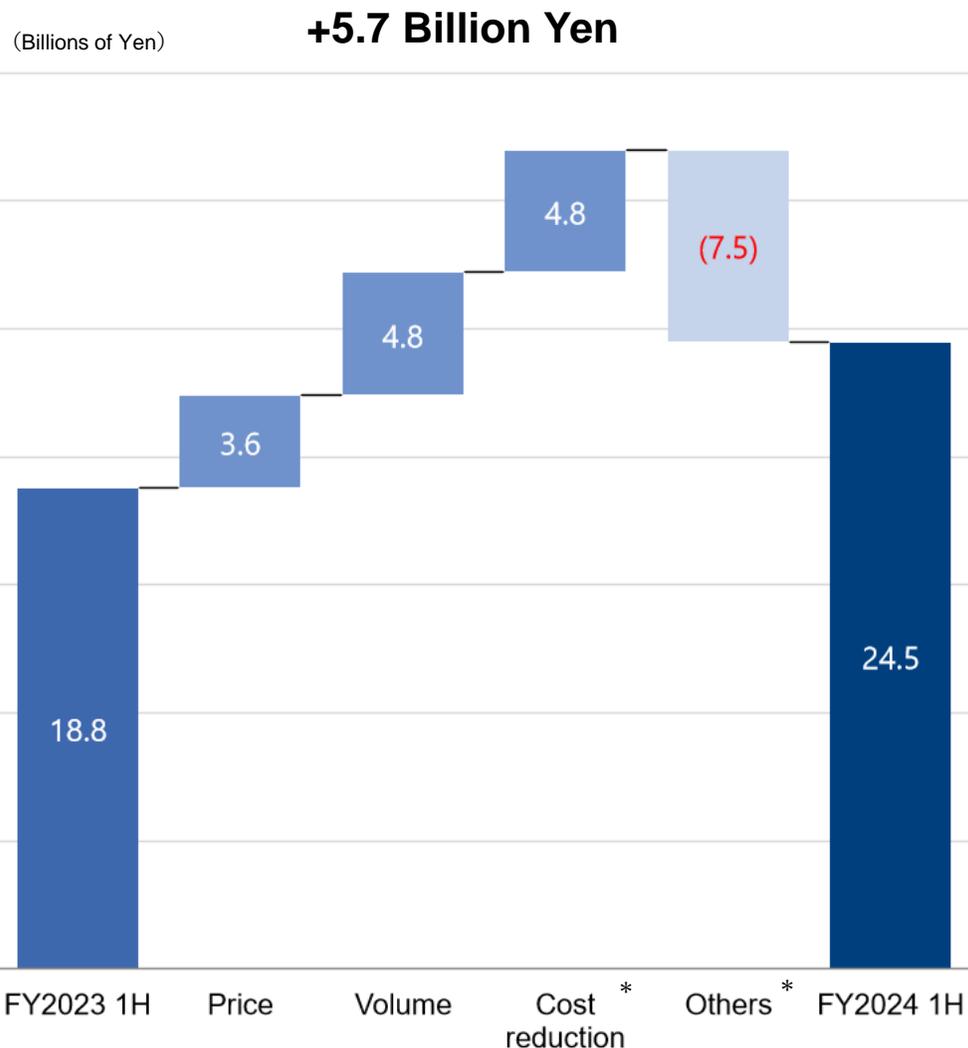
(Billions of Yen)

	FY2023 1H	FY2024 1H	Difference	Price	Volume	Cost reduction	Others *1
Total Consolidated	119.6	172.4	52.8	28.4	17.4	26.0	(19.0)
Specialty Materials	18.8	24.5	5.7	3.6	4.8	4.8	(7.5)
Industrial Gases	80.3	91.9	11.6	2.8	(1.6)	14.6	(4.2)
Pharma	32.4	41.4	9.0	3.5	8.9	0.6	(4.0)
MMA & Derivatives	2.2	25.9	23.7	21.4	1.6	2.2	(1.5)
Basic Materials & Polymers	(14.7)	(10.5)	4.2	(2.6)	3.4	2.0	1.4
Others	0.6	(0.8)	(1.4)	(0.3)	0.3	1.8	(3.2)

*1 Items included are impacts from differences of inventory valuation gain/loss 3.9 billion yen and differences of share of profit of associates and joint ventures (1.1) billion yen, etc.

Changes in exchange rates	9.9	11.6	-	-	(1.7)
Changes in foreign currency translation included in above		6.6			

Analysis of Core Operating Income Specialty Materials Segment



Advanced Films & Polymers + 2.9

Price
(-)

- (+) Improvement in price gap for various products as retaining and improving selling price
- (-) Deterioration in price gap for barrier packaging, etc.

Volume

- (+) Increase in sales due to a rise in demand for displays and other applications

Advanced Solutions + 4.4

Price

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

Volume

- (+) Increase in sales due to a moderate recovery in demand related to semiconductors

Advanced Composites & Shapes (1.6)

Price

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

Volume
(+)

- (+) Increase in sales due to a moderate recovery in demand for high performance engineering plastics
- (-) Decline in sales owing to intensified competitions for some carbon fiber applications

* Cost reduction, Others

Cost
reduction

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

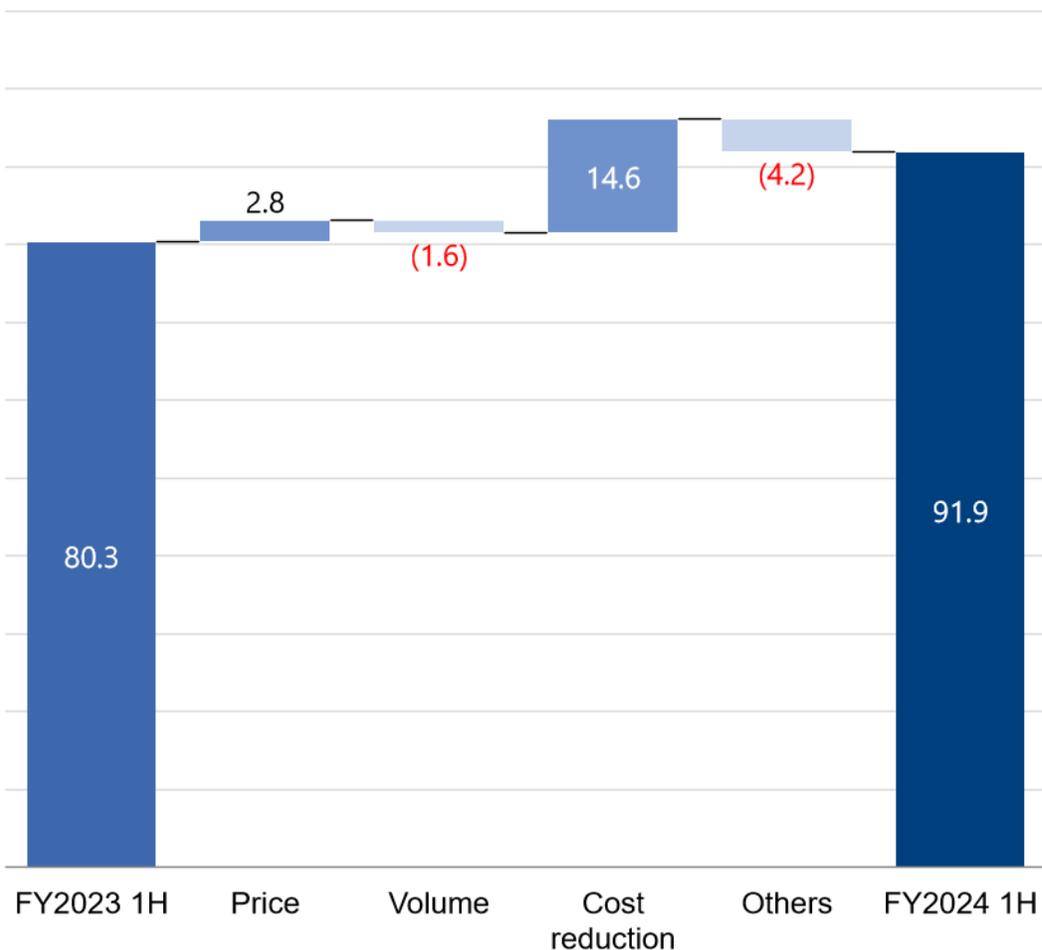
Others

- (-) Increase in labor cost and other fixed expenses, increase in amortization of intangible assets in tandem with acquisition of CPC as a consolidated subsidiary, etc.

Analysis of Core Operating Income Industrial Gases Segment

(Billions of Yen)

+11.6 Billion Yen



Industrial Gases + 11.6

Price

(+) Price improvement owing to price management in each region

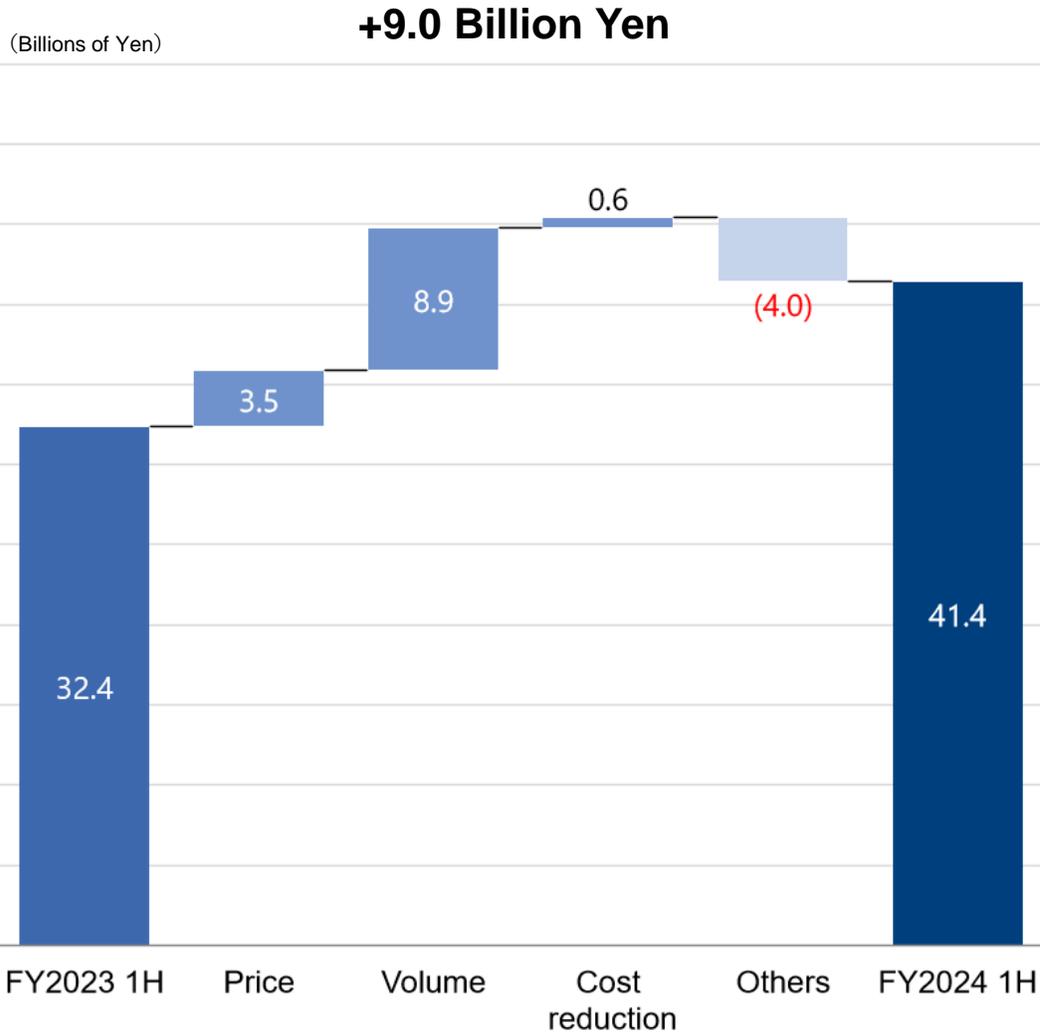
Cost
reduction

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

Others

(-) Increase in labor cost and other fixed expenses

Analysis of Core Operating Income Pharma Segment



Pharma + 9.0

Price

- (+) Forex impact on overseas ethical pharmaceuticals, etc.
- (-) 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
- (+) Growth in sales of Mounjaro
- (+) Growth in sales of influenza vaccine
- (+) Steady launch of GOBIK combination vaccine for five diseases

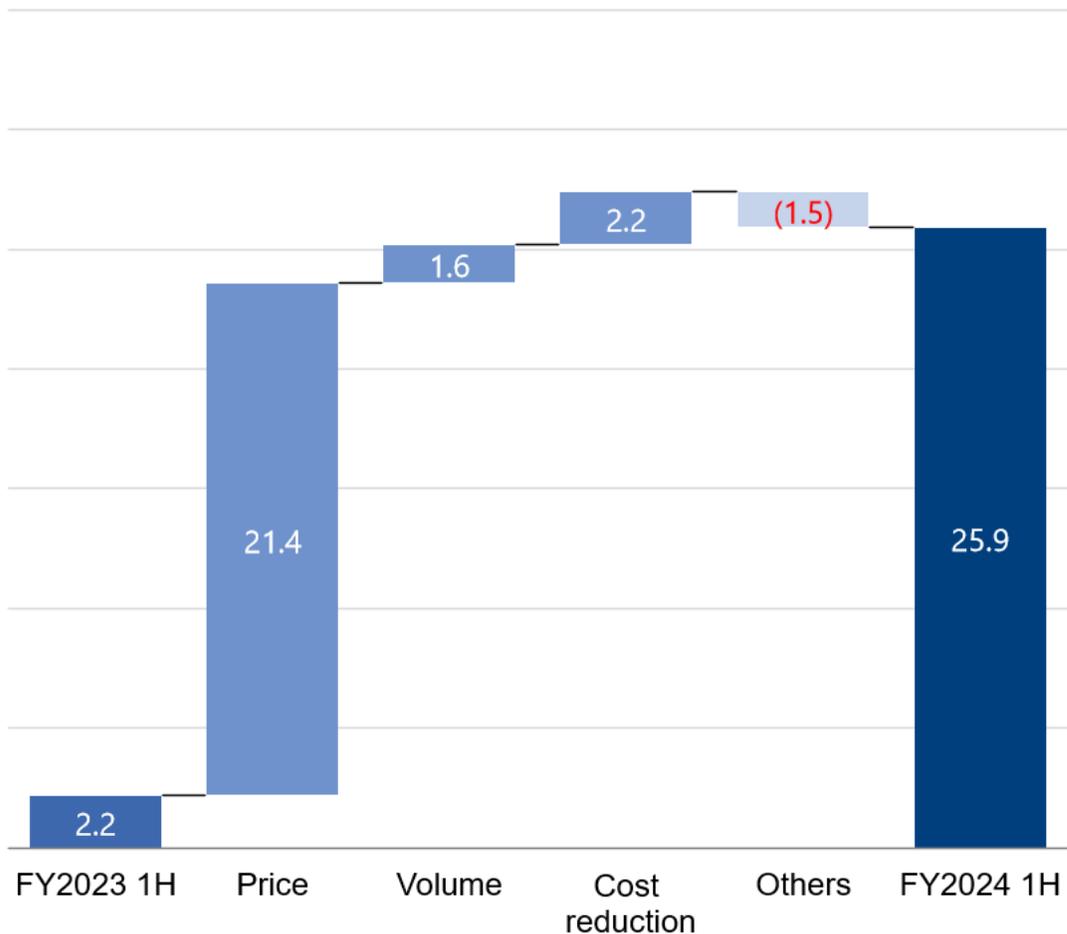
Others

- (-) Increase in labor cost and other fixed expenses

Analysis of Core Operating Income MMA & Derivatives Segment

+23.7 Billion Yen

(Billions of Yen)



MMA + 22.3

Price

(+) Improvement in price gap due to a rise in market prices chiefly for MMA monomer

Coating & Additives + 1.4

Price

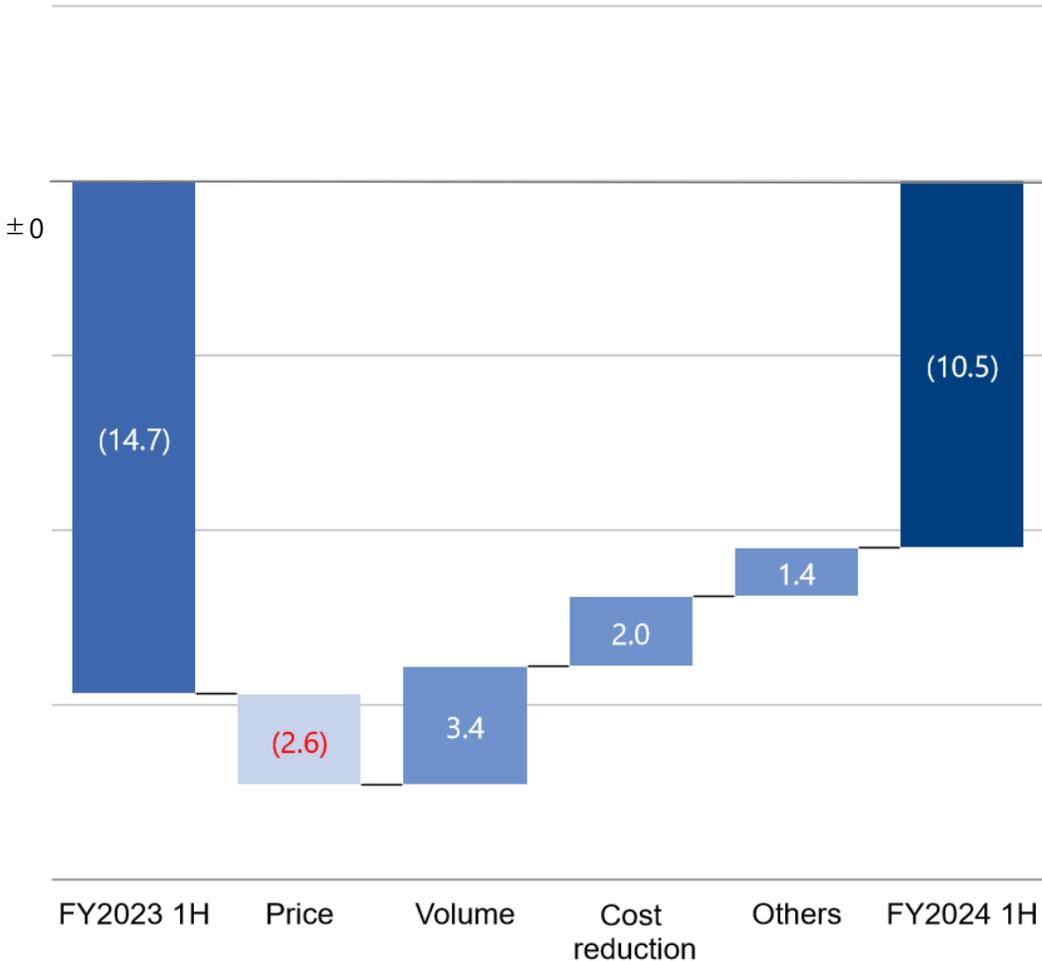
(+) Improvement in price gap for paints / adhesives / inks / additives

Analysis of Core Operating Income

Basic Materials & Polymers Segment

+4.2 Billion Yen

(Billions of Yen)



Materials & Polymers +10.4

Volume
(+)

(-) Expanded the scale of scheduled maintenance and repairs

(+) Diminished impact of one-off troubles during the previous fiscal year

Others

(+) Improvement in inventory valuation in tandem with a rise in raw material prices

Carbon Products (6.2)

Price

(-) Deterioration in price due to decline in cokes market price etc.

Others

(-) Deterioration in inventory valuation in tandem with a decline in raw material prices

Consolidated Special Items

(Billions of Yen)

	FY2023 1H	FY2024 1H	Difference
Total Special Items	19.0	(35.7)	(54.7)
Gain on sales of shares of subsidiaries and associates	7.4	11.1	3.7
Gain on sale of carbon credit	-	2.7	2.7
Gain on sale of property, plant and equipment	0.8	1.5	0.7
Impairment loss	(3.2)	(27.6)	(24.4)
Special retirement expenses	(0.4)	(17.9)	(17.5)
Loss on sale and disposal of fixed assets	(1.3)	(2.8)	(1.5)
Provision for loss on business liquidation	(0.5)	(1.8)	(1.3)
Loss on business liquidation	(2.7)	(0.6)	2.1
Others	18.9	(0.3)	(19.2)

Consolidated Cash Flows

	FY2023 1H	FY2024 1H
Net cash provided by (used in) operating activities	195.7	275.1
Income before taxes	130.2	106.1
Depreciation and amortization	135.6	139.2
Change in operating receivables/payables	(7.3)	33.3
Change in Inventories	0.3	(42.4)
Others	(63.1)	38.9
Net cash provided by (used in) investment activities	(115.6)	(145.3)
Capital expenditure	(126.3)	(172.0)
Sale of assets	27.0	24.3
Investment and loans receivable, etc.	(16.3)	2.4
Free cash flow	80.1	129.8

(Billions of Yen)

	FY2023 1H	FY2024 1H
Net cash provided by (used in) financing activities	6.5	(124.0)
Interest bearing debts	35.5	(92.7)
Dividends, etc.	(29.0)	(31.3)
Net increase (decrease) in cash and cash equivalents	86.6	5.8
Effect of exchange rate changes and changes in scope of consolidation	15.0	(3.2)
Total	101.6	2.6

Consolidated Statements of Financial Positions

(Billions of Yen)

	Mar.31.2024	Sep.30.2024	Difference
Cash & cash equivalents	294.9	297.5	2.6
Trade receivables	852.4	761.1	(91.3)
Inventories	799.2	808.8	9.6
Others	245.1	284.9	39.8
Current assets	2,191.6	2,152.3	(39.3)
Fixed assets	2,524.4	2,434.0	(90.4)
Goodwill	832.9	815.9	(17.0)
Investments & Other	555.6	543.0	(12.6)
Non-current assets	3,912.9	3,792.9	(120.0)
Total assets	6,104.5	5,945.2	(159.3)

(Billions of Yen)

	Mar.31.2024	Sep.30.2024	Difference
Interest-bearing debt	2,338.2	2,225.7	(112.5)
Trade payables	501.5	424.6	(76.9)
Others	989.3	1,036.9	47.6
Liabilities	3,829.0	3,687.2	(141.8)
Share capitals, Retained earnings, etc.,	1,502.9	1,521.7	18.8
Other components of equity	260.6	217.2	(43.4)
Equity attributable to owners of the parent	1,763.5	1,738.9	(24.6)
Non-controlling interests	512.0	519.1	7.1
Equity	2,275.5	2,258.0	(17.5)
Total liabilities & equity	6,104.5	5,945.2	(159.3)
Net Interest-bearing debt *1	2,043.3	1,928.1	(115.2)
Net D/E ratio	1.16	1.11	(0.05)
ROE *2	7.2%	-	-

*1 Net interest-bearing debt (End of Sep.30, 2024)

= interest-bearing debt (2,225.7billion yen)

- {cash and cash equivalents (297.5billion 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)

		FY2023					FY2024			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	Total	
Total Consolidated		Sales Revenue	1,061.2	1,088.7	1,095.2	1,142.1	4,387.2	1,129.4	1,112.7	2,242.1
		Core Operating Income	50.8	68.8	64.3	24.2	208.1	82.6	89.8	172.4
Specialty Materials		Sales Revenue	262.6	257.6	256.7	266.9	1,043.8	276.9	265.9	542.8
		Core Operating Income	9.9	8.9	0.6	(12.0)	7.4	11.5	13.0	24.5
Advanced Films & Polymers		Sales Revenue	118.1	115.8	113.6	111.6	459.1	120.4	118.8	239.2
		Core Operating Income	8.6	8.0	4.2	(2.5)	18.3	9.2	10.3	19.5
Advanced Solutions		Sales Revenue	88.7	88.8	92.6	92.8	362.9	88.3	86.9	175.2
		Core Operating Income	0.5	2.3	0.4	(2.6)	0.6	3.1	4.1	7.2
Advanced Composites & Shapes		Sales Revenue	55.8	53.0	50.5	62.5	221.8	68.2	60.2	128.4
		Core Operating Income	0.8	(1.4)	(4.0)	(6.9)	(11.5)	(0.8)	(1.4)	(2.2)
Industrial Gases		Sales Revenue	306.8	301.4	314.2	324.5	1,246.9	327.5	311.9	639.4
		Core Operating Income	40.1	40.2	42.2	40.5	163.0	47.4	44.5	91.9
Pharma		Sales Revenue	101.9	117.4	118.6	99.3	437.2	112.5	120.0	232.5
		Core Operating Income	10.0	22.4	23.0	0.9	56.3	18.5	22.9	41.4
MMA & Derivatives		Sales Revenue	90.1	91.2	90.8	96.3	368.4	114.8	112.6	227.4
		Core Operating Income	(0.7)	2.9	(1.6)	1.5	2.1	10.5	15.4	25.9
MMA		Sales Revenue	69.0	69.4	68.7	74.5	281.6	91.0	89.2	180.2
		Core Operating Income	(0.9)	2.5	(1.9)	1.0	0.7	9.4	14.5	23.9
Coating & Additives		Sales Revenue	21.1	21.8	22.1	21.8	86.8	23.8	23.4	47.2
		Core Operating Income	0.2	0.4	0.3	0.5	1.4	1.1	0.9	2.0
Basic Materials & Polymers		Sales Revenue	259.2	269.5	278.1	279.3	1,086.1	261.7	259.5	521.2
		Core Operating Income	(8.8)	(5.9)	1.8	(9.1)	(22.0)	(6.8)	(3.7)	(10.5)
Materials & Polymers		Sales Revenue	174.0	198.1	206.7	203.6	782.4	186.7	192.4	379.1
		Core Operating Income	(5.2)	0.6	4.2	(2.2)	(2.6)	1.5	4.3	5.8
Carbon Products		Sales Revenue	85.2	71.4	71.4	75.7	303.7	75.0	67.1	142.1
		Core Operating Income	(3.6)	(6.5)	(2.4)	(6.9)	(19.4)	(8.3)	(8.0)	(16.3)
Others		Sales Revenue	40.6	51.6	36.8	75.8	204.8	36.0	42.8	78.8
		Core Operating Income	0.3	0.3	(1.7)	2.4	1.3	1.5	(2.3)	(0.8)

- From Q1 FY2024, the current financial reporting segments has been reclassified into Specialty Materials, Industrial Gases, Pharma, MMA & Derivatives, Basic Materials & Polymers, 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 FY2023.
- Breakdown figures of segment are approximation for reference purpose only.
- Based on careful examination of results for FY2023 of new business segment basis, the figures has been changed partially from those announced on May 15,2024.

Consolidated Financial Results Forecasts for FY2024

Consolidated Statements of Operations



Exchange Rate (¥/\$)	152.5	145.0	148.8	150.0	(1.3)	145.3
Naphtha Price (¥/kl)	77,900	72,000	74,950	75,000	(50)	69,100

(Billions of Yen)

< Reference >

	1H (Actual)	2H (Forecast)	FY2024 Forecast	FY2024 Forecast (Announced on May 15)	Difference	%	FY2023 Actual	%
Sales Revenue	2,242.1	2,227.9	4,470.0	4,623.0	(153.0)	(3%)	4,387.2	2%
Core Operating Income	172.4	117.6	290.0	250.0	40.0	16%	208.1	39%
Special Items	(35.7)	(36.3)	(72.0)	(40.0)	(32.0)		53.7	
Operating Income	136.7	81.3	218.0	210.0	8.0	4%	261.8	(17%)
Financial Income/Expenses	(30.6)	(21.4)	(52.0)	(39.0)	(13.0)		(21.3)	
Income before Taxes	106.1	59.9	166.0	171.0	(5.0)		240.5	
Income Taxes	(34.9)	(19.1)	(54.0)	(55.0)	1.0		(62.1)	
Net Income	71.2	40.8	112.0	116.0	(4.0)		178.4	
Net Income Attributable to Owners of the Parent	40.9	11.1	52.0	52.0	0.0	-	119.6	(57%)
Net Income Attributable to Non-Controlling Interests	30.3	29.7	60.0	64.0	(4.0)		58.8	

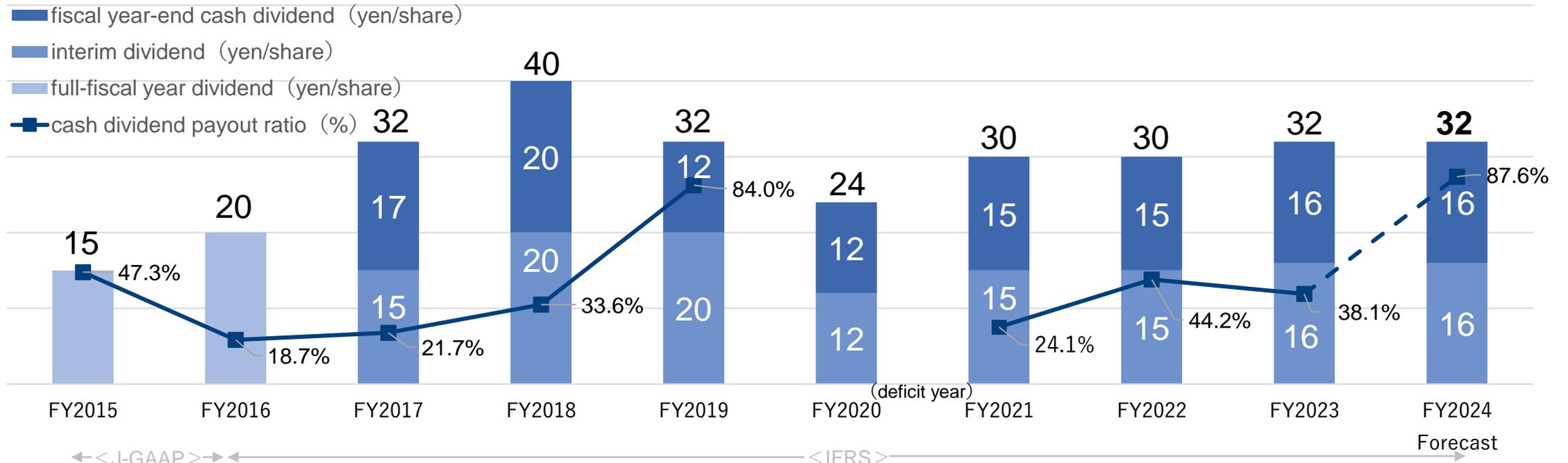
Sales Revenue and Core Operating Income by Business Segment

		(Billions of Yen)				< Reference >	
		1H (Actual)	2H (Forecast)	FY2024 Forecast	FY2024 Forecast (Announced on May 15)	Difference	FY2023 Actual
Total Consolidated	Sales Revenue	2,242.1	2,227.9	4,470.0	4,623.0	(153.0)	4,387.2
	Core Operating Income	172.4	117.6	290.0	250.0	40.0	208.1
Specialty Materials	Sales Revenue	542.8	550.2	1,093.0	1,129.0	(36.0)	1,043.8
	Core Operating Income	24.5	9.5	34.0	24.0	10.0	7.4
Advanced Films & Polymers	Sales Revenue	239.2	240.8	480.0	488.0	(8.0)	459.1
	Core Operating Income	19.5	10.5	30.0	20.0	10.0	18.3
Advanced Solutions	Sales Revenue	175.2	176.8	352.0	372.0	(20.0)	362.9
	Core Operating Income	7.2	0.8	8.0	4.0	4.0	0.6
Advanced Composites & Shapes	Sales Revenue	128.4	132.6	261.0	269.0	(8.0)	221.8
	Core Operating Income	(2.2)	(1.8)	(4.0)	0.0	(4.0)	(11.5)
Industrial Gases	Sales Revenue	639.4	652.6	1,292.0	1,292.0	0.0	1,246.9
	Core Operating Income	91.9	82.1	174.0	174.0	0.0	163.0
Pharma	Sales Revenue	232.5	232.5	465.0	449.0	16.0	437.2
	Core Operating Income	41.4	19.6	61.0	42.0	19.0	56.3
MMA & Derivatives	Sales Revenue	216.6	200.4	417.0	386.0	31.0	348.0
	Core Operating Income	26.7	18.3	45.0	16.0	29.0	5.5
MMA	Sales Revenue	169.4	155.6	325.0	294.0	31.0	261.2
	Core Operating Income	24.7	18.3	43.0	14.0	29.0	4.1
Coating & Additives	Sales Revenue	47.2	44.8	92.0	92.0	0.0	86.8
	Core Operating Income	2.0	0.0	2.0	2.0	0.0	1.4
Basic Materials & Polymers	Sales Revenue	532.0	482.0	1,014.0	1,173.0	(159.0)	1,106.5
	Core Operating Income	(11.3)	(9.7)	(21.0)	(4.0)	(17.0)	(25.4)
Materials & Polymers	Sales Revenue	389.9	417.1	807.0	831.0	(24.0)	802.8
	Core Operating Income	5.0	(1.0)	4.0	9.0	(5.0)	(6.0)
Carbon Products	Sales Revenue	142.1	64.9	207.0	342.0	(135.0)	303.7
	Core Operating Income	(16.3)	(8.7)	(25.0)	(13.0)	(12.0)	(19.4)
Others	Sales Revenue	78.8	110.2	189.0	194.0	(5.0)	204.8
	Core Operating Income	(0.8)	(2.2)	(3.0)	(2.0)	(1.0)	1.3

- From 2H of FY2024, the managing segments for some businesses have been reclassified, and the figures shown are after reclassification.

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.
- MCG decided at its Board of Directors meeting held on November 1 to set its interim dividend for FY2024 at 16 yen, the same as the previously announced forecast.
- And the year-end dividend forecast is 16 yen, the same as the previously announced forecast. Accordingly, the expected full-fiscal year dividend for FY2024 is 32 yen.
- Future dividend policy will be announced at the management policy briefing to be held on November 13 based on the new growth strategy and capital allocation policy.



References 1

Specialty Materials

- In response to an anticipated increase in demand for ArF and EUV photoresists in tandem with the miniaturization of semiconductor devices and to strengthen the supply chain, the MCG Group has decided to increase the production capacity of its Lithomax™ photosensitive polymers for photoresists at its Kyushu-Fukuoka Plant. This will more than double the production capacity of Lithomax™ for ArF photoresists, and also signal the start of mass production of Lithomax™ for EUV photoresists. The Plant is scheduled to commence operations in October 2025 for Lithomax™ for ArF photoresists and in September 2025 for Lithomax™ for EUV photoresists.
- As part of its business portfolio reform, the MCG Group reached a deal with GSI Creos Corporation to transfer its triacetate fiber business to this same corporation and signed a share transfer agreement in September 2024. The transfer is scheduled in March 2025.

Industrial Gases

- In May 2024, a purchase and sale agreement was signed with Wesfarmers Kleenheat Gas Pty Ltd (hereinafter "Kleenheat"), which handles the LPG business of Wesfarmers Chemicals, Energy and Fertilisers in Australia, to acquire the LPG sales business in Western Australia and Northern Territory of Kleenheat.

Pharma

- In March 2024, the United States Food and Drug Administration (FDA) recognized seven years of orphan-drug exclusive approval for RADICAVA ORS® (edaravone) for treatment of amyotrophic lateral sclerosis (ALS). The period of exclusive approval is seven years from May 12, 2022, the date of approval of New Drug Application (NDA).
- In July 2024, Mitsubishi Tanabe Pharma Corporation announced that it will implement a voluntary retirement program To accelerate the review of its human resource portfolio towards developing personnel with the capabilities required to its growth strategies and realizing an organization where highly specialized and diverse human resources can thrive with the aim for growth in the global market.

Basic Materials & Polymers

- It has been decided to perform a joint feasibility study with Asahi Kasei Corp. and Mitsui Chemicals, Inc on feedstock and fuel conversion etc. at the three companies' ethylene production facilities in western Japan in order to advance carbon neutrality and lead the decarbonization of society.
- In August 2024, it was decided to reduce the number of coke ovens owned by Kagawa Plant from 250 to 150. It is scheduled to discontinue production through the targeted 100 ovens by the end of March 2025. Furthermore, it is planned to review the domestic and overseas sales portfolios and implement additional streamlining measures to transform its coal business structure into one that is not affected by market fluctuations. Along with this structural reform, MCG's aim is to make its coal business profitable from the fiscal year ending March 31, 2026. It will continue to be reviewed the mid- to long-term positioning of the coal business in the business portfolio of the entire MCG Group while steadily promoting this structural reform.
- In September 2024, it was decided to transfer all shares held by the MCG Group of Kansai Coke and Chemicals Company, Limited, which engages in the production and sale of coke and its byproducts to Kobe Steel, Ltd. as part of the business portfolio reform. The share transfer was completed in October 2024.

Statements of Operations [Quarterly Data]



Exchange Rate (¥/\$)

139.6 145.6 146.1 149.9 145.3

158.2 146.7 152.5

Naphtha Price (¥/kl)

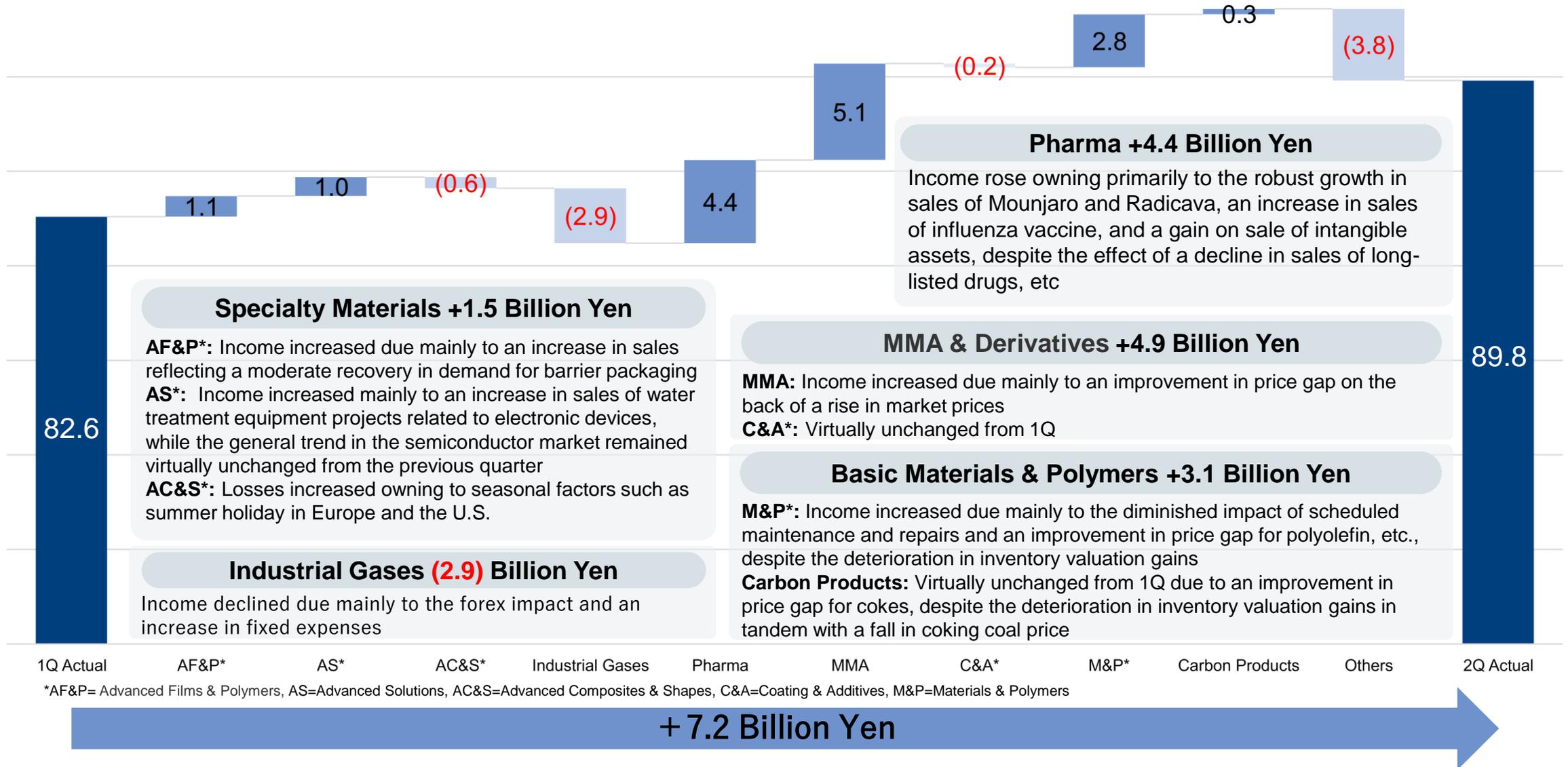
67,500 63,600 72,800 72,500 69,100

79,000 76,900 77,900

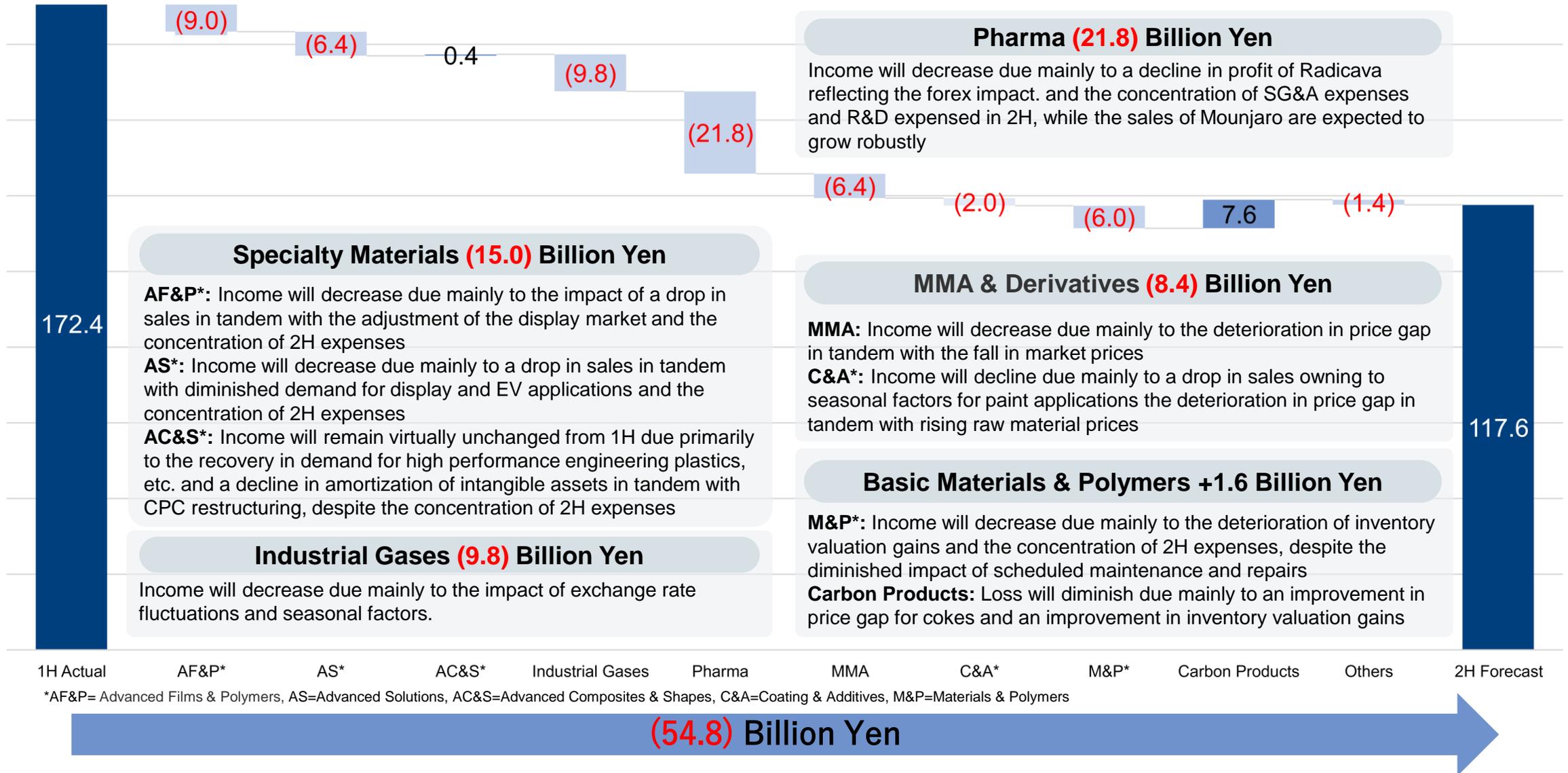
(Billions of Yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Sales Revenue	1,061.2	1,088.7	1,095.2	1,142.1	4,387.2	1,129.4	1,112.7	2,242.1
Core Operating Income *1	50.8	68.8	64.3	24.2	208.1	82.6	89.8	172.4
Special Items	18.9	0.1	9.6	25.1	53.7	2.4	(38.1)	(35.7)
Operating Income	69.7	68.9	73.9	49.3	261.8	85.0	51.7	136.7
Financial Income/Expenses	(0.9)	(7.5)	(12.3)	(0.6)	(21.3)	(8.0)	(22.6)	(30.6)
(Dividend included above)	[4.6]	[0.1]	[1.3]	[0.2]	[6.2]	[2.4]	[0.1]	[2.5]
(Foreign Exchange Gain/Loss included above)	[4.5]	[2.7]	[(4.2)]	[4.5]	[7.5]	[4.2]	[(13.0)]	[(8.8)]
Income before Taxes	68.8	61.4	61.6	48.7	240.5	77.0	29.1	106.1
Income Taxes	(13.0)	(23.1)	(11.4)	(14.6)	(62.1)	(20.7)	(14.2)	(34.9)
Net Income	55.8	38.3	50.2	34.1	178.4	56.3	14.9	71.2
Net Income Attributable to Owners of the Parent	42.5	24.7	36.7	15.7	119.6	39.7	1.2	40.9
Net Income Attributable to Non-Controlling Interests	13.3	13.6	13.5	18.4	58.8	16.6	13.7	30.3
*1 Share of profit of associates and joint ventures included	2.7	1.5	2.3	1.1	7.6	1.9	1.2	3.1

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



Analysis of Core Operating Income (FY24/1H→2H)



*AF&P= Advanced Films & Polymers, AS=Advanced Solutions, AC&S=Advanced Composites & Shapes, C&A=Coating & Additives, M&P=Materials & Polymers

* From 2H of FY2024, the managing segments for some businesses have been reclassified, and the figures shown are after reclassification.

Special Items [Quarterly Data]

(Billions of Yen)

	FY2023					FY2024		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Total Special Items	18.9	0.1	9.6	25.1	53.7	2.4	(38.1)	(35.7)
Gain on sales of shares of subsidiaries and associates	5.6	1.8	20.2	8.9	36.5	-	11.1	11.1
Gain on sale of carbon credit	-	-	-	-	-	2.7	-	2.7
Gain on sale of property, plant and equipment	0.7	0.1	0.8	-	1.6	1.5	-	1.5
Impairment loss	(0.0)	(3.2)	(10.5)	(10.1)	(23.8)	(0.8)	(26.8)	(27.6)
Special retirement expenses	(0.2)	(0.2)	(0.8)	(0.8)	(2.0)	-	(17.9)	(17.9)
Loss on sale and disposal of fixed assets	(1.1)	(0.2)	(1.1)	(7.3)	(9.7)	(1.2)	(1.6)	(2.8)
Provision for loss on business liquidation	(0.4)	(0.1)	(1.2)	(0.1)	(1.8)	-	(1.8)	(1.8)
Loss on business liquidation	(2.0)	(0.7)	(1.5)	(0.6)	(4.8)	(0.3)	(0.3)	(0.6)
Others	16.3	2.6	3.7	35.1	57.7	0.5	(0.8)	(0.3)

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 FY2024 1H (End of the period)
	FY2023 1H	FY2024 1H	FY2023 1H	FY2024 1H	FY2023 1H	FY2024 1H	
Specialty Materials	36.8	50.6	30.4	34.5	13.3	12.8	21,602
Industrial Gases	52.3	77.1	56.0	58.8	2.0	2.4	19,706
Pharma	2.2	2.3	6.9	6.8	29.9	30.7	5,200
MMA & Derivatives	9.6	13.4	12.9	13.0	3.4	3.5	4,281
Basic Materials & Polymers	18.5	25.6	22.0	19.8	4.5	4.2	7,229
Others	5.0	1.9	7.4	6.3	6.0	5.3	7,369
Total	124.4	170.9	135.6	139.2	59.1	58.9	65,387

EBITDA Margin by Business Segment

	FY2023 Actual	FY2024 1H Actual	FY2024 Forecast
Total Consolidated	10.8%	13.8%	12.4%
Specialty Materials	6.6%	10.7%	9.2%
Industrial Gases	22.0%	23.3%	22.1%
Pharma	15.9%	20.7%	16.0%
MMA & Derivatives	8.4%	17.4%	16.3%
Basic Materials & Polymers	1.8%	2.0%	1.9%

- EBITDA : Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income) + Depreciation / Amortization
- From 2H of FY2024, the managing segments for some businesses have been reclassified, and the figures shown are after reclassification.

References 2

Pharma Segment, Status of Research and Development etc.

Major Development Pipeline List

As of Oct. 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					
Immuno-inflammation	MT-7117	Global	Erythropoietic protoporphyria (EPP) X-linked protoporphyria (XLP)					
		Global	Systemic sclerosis					
	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

	FY2024	FY2025	FY2026 and beyond
Central Nervous System		ND0612 Parkinson's disease (Global)	MT-0551 Myasthenia gravis (Japan ^{*1})
Immuno-inflammation			MT-0551 IgG4-related disease (Japan ^{*1})
			MT-7117 EPP, XLP (Global)
Diabetes and Kidney	CANAGLU OD tablets Type 2 diabetes mellitus, Chronic kidney disease complicated with type 2 diabetes mellitus ^{*2} (Japan)	CANALIA combination OD tablets Type 2 diabetes mellitus ^{*3} (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 ^{*4})

^{*1} Co-development with Amgen

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

^{*3} Type 2 diabetes mellitus

However, The drug product should be used only in patients for whom treatment with concomitant teneligliptin hydrobromide hydrate and canagliflozin hydrate is considered appropriate

^{*4} Co-development with ADC Therapeutics

: Global (US launch year)
 : Japan
 : Launched

Pharmaceuticals Business: Statements of Operations (FY2024 2Q Actual)



	FY2023 1H			FY2024 1H	(Billions of Yen)		<Reference>	
		1Q	2Q		Difference	%	FY2024 1H Forecast (Announced on May 15)	%
Revenue	219.4	112.5	120.1	232.6	13.2	6.0%	220.0	105.7%
Domestic	157.5	76.5	84.3	160.8	3.3	2.1%	158.0	101.8%
Overseas	61.9	36.0	35.8	71.8	9.8	15.9%	62.0	115.8%
Overseas sales ratio	28.2%	32.0%	29.8%	30.9%			28.2%	
Cost of sales	109.2	53.4	57.0	110.3	1.1	1.0%	110.0	100.3%
Sales cost ratio	49.8%	47.5%	47.4%	47.4%			50.0%	
Gross profit	110.2	59.1	63.1	122.2	12.1	11.0%	110.0	111.1%
SG&A expenses, etc.	77.7	41.1	39.7	80.8	3.1	4.1%	88.0	91.8%
R&D expenses	29.9	15.4	15.3	30.7	0.8	2.7%	31.0	99.1%
Core operating profit	32.5	18.0	23.5	41.4	8.9	27.5%	22.0	188.4%
Non-recurring items	12.0	(1.1)	(12.7)	(13.9)	(25.9)		3.5	
Operating profit	44.5	16.9	10.8	27.6	(17.0)	(38.1%)	25.5	108.1%
Net profit attributable to owners of the Company	37.3	14.1	3.6	17.7	(19.6)	(52.6%)	13.0	135.9%

Effect of fluctuations in exchange rate for FY2024: Revenue increased by ¥4.0 bn. and core operating profit increased by ¥3.6 bn.

Pharmaceuticals: Details of Revenue (FY2024 2Q Actual)

	FY2023 1H			FY2024 1H	Difference			<Reference>	
		1Q	2Q			%	FY2024 1H Forecast (Announced on May 15)	%	
Domestic ethical drugs	152.6	73.9	82.1	156.0	3.3	2.2%	152.4	102.3%	
Priority and New products	86.1	42.4	38.8	81.1	(4.9)	(5.7%)	80.9	100.3%	
Stelara	34.0	15.3	15.0	30.3	(3.7)	(10.9%)	30.8	98.3%	
Simponi	22.5	10.9	10.7	21.6	(0.9)	(4.0%)	21.5	100.6%	
Tenelia	5.5	3.1	1.8	4.8	(0.6)	(11.6%)	4.1	119.0%	
Canaglu	6.1	3.5	2.7	6.2	0.0	0.2%	5.9	104.8%	
Canalia	5.5	1.1	2.4	3.5	(2.0)	(36.4%)	3.5	100.9%	
Vafseo	1.1	0.6	0.6	1.2	0.0	3.2%	1.2	100.0%	
Uplizna	2.5	2.3	2.4	4.7	2.3	91.3%	3.6	130.6%	
Rupafin	3.7	2.0	1.8	3.9	0.1	3.0%	3.6	106.9%	
Dysval	2.5	2.0	(0.2)	1.8	(0.7)	(28.1%)	3.6	50.5%	
Radicut	2.6	1.6	1.6	3.2	0.6	22.2%	3.2	99.6%	
Vaccines	18.7	7.9	19.7	27.6	8.9	47.6%	23.8	116.0%	
Influenza vaccine	6.7	0	11.9	11.9	5.2	78.3%	7.5	159.3%	
GOBIK	-	2.7	4.1	6.9	6.9	-	2.2	317.5%	
Tetrabik	4.7	1.0	0.5	1.5	(3.2)	(68.8%)	6.8	21.6%	
JEBIK V	1.8	0.9	0.9	1.8	0.0	2.7%	2.0	91.5%	
Mearubik	2.7	1.7	1.0	2.7	(0.0)	(1.5%)	2.6	102.6%	
Varicella vaccine	2.1	1.0	1.0	2.0	(0.1)	(3.7%)	2.0	97.9%	
Long-listed drugs, etc.	47.9	23.7	23.6	47.3	(0.6)	(1.3%)	47.8	99.0%	
Remicade	15.8	6.4	6.0	12.4	(3.4)	(21.7%)	12.8	96.9%	
Overseas ethical drugs	55.9	32.4	33.1	65.6	9.7	17.3%	55.4	118.3%	
Radicava	39.8	24.2	26.5	50.6	10.8	27.2%	40.8	124.0%	
Royalty revenue, etc.	6.7	3.9	2.9	6.8	0.1	1.9%	Undisclosed		
Royalty from INVOKANA	3.0	1.8	1.7	3.6	0.6	18.6%	Undisclosed		
Royalty from GILENYA	1.9	1.4	0.7	2.1	0.2	13.1%	Undisclosed		

Mounjaro (based on Japanese NHI prices) : ¥12.9bn. (1Q: ¥4.8bn., 2Q: ¥8.1bn.)

Pharmaceuticals Business: FY2024 2H Forecast

				FY2024 Forecast (Announced on May 15)	(Billions of Yen)			<Reference>	
	1H Actual	2H Forecast	FY2024 Forecast		Difference	%	FY2023 Actual	%	
Revenue	232.6	232.4	465.0	449.0	16.0	3.6%	437.4	6.3%	
Domestic	160.8	166.2	327.0	326.0	1.0	0.3%	310.2	5.4%	
Overseas	71.8	66.2	138.0	123.0	15.0	12.2%	127.2	8.5%	
Overseas sales ratio	30.9%	28.5%	29.7%	27.4%			29.1%		
Cost of sales	110.3	116.7	227.0	228.0	(1.0)	-	210.7	7.7%	
Sales cost ratio	47.4%	50.2%	48.8%	50.8%			48.2%		
Gross profit	122.2	115.8	238.0	221.0	17.0	7.7%	226.7	5.0%	
SG&A expenses, etc.	80.8	96.2	177.0	179.0	(2.0)	-	170.4	3.9%	
R&D expenses	30.7	36.3	67.0	65.0	2.0	3.1%	63.0	6.3%	
Core operating profit	41.4	19.6	61.0	42.0	19.0	45.2%	56.2	8.5%	
Non-recurring items	(13.9)	1.9	(12.0)	6.0	(18.0)		12.7		
Operating profit	27.6	21.4	49.0	48.0	1.0	2.1%	68.9	(28.9%)	
Net profit attributable to owners of the Company	17.7	11.3	29.0	28.5	0.5	1.8%	56.4	(48.6%)	

Pharmaceuticals: Details of Revenue (FY2024 2H Forecast)

				(Billions of Yen)			<Reference>	
	1H Actual	2H Forecast	FY2024 Forecast	FY2024 Forecast (Announced on May 15)	Difference	%	FY2023 Actual	%
Domestic ethical drugs	156.0	161.2	317.2	315.6	1.6	0.5%	300.8	5.5%
Priority and New products	81.1	85.7	166.8	164.1	2.7	1.7%	171.7	(2.8%)
Stelara	30.3	29.6	59.9	58.3	1.6	2.7%	65.3	(8.3%)
Simponi	21.6	20.3	42.0	42.4	(0.5)	(1.1%)	43.3	(3.2%)
Tenelia	4.8	7.9	12.7	11.7	1.0	8.5%	12.0	6.3%
Canaglu	6.2	5.6	11.7	11.4	0.3	2.9%	11.8	(0.6%)
Canalia	3.5	4.4	7.9	8.2	(0.3)	(3.2%)	10.8	(26.7%)
Vafseo	1.2	1.1	2.3	2.4	(0.2)	(6.2%)	2.2	1.9%
Uplizna	4.7	4.2	8.9	8.2	0.7	8.8%	6.1	47.5%
Rupafin	3.9	5.3	9.1	8.8	0.3	3.5%	9.3	(2.3%)
Dysval	1.8	4.3	6.1	6.4	(0.2)	(3.6%)	5.4	12.8%
Radicut	3.2	3.0	6.2	6.3	(0.1)	(2.0%)	5.5	12.9%
Vaccines	27.6	17.5	45.1	44.5	0.6	1.4%	34.3	31.3%
Influenza vaccine	11.9	1.8	13.8	12.4	1.4	11.4%	10.6	30.2%
GOBIK	6.9	8.6	15.5	15.2	0.3	1.8%	1.2	1,189.2%
Tetrabik	1.5	1.0	2.4	3.4	(1.0)	(29.1%)	8.8	(72.6%)
JEBIK V	1.8	1.4	3.2	3.5	(0.3)	(7.3%)	3.3	(2.7%)
Mearubik	2.7	2.0	4.7	4.7	0.1	2.0%	5.0	(4.8%)
Varicella vaccine	2.0	1.9	3.9	4.0	(0.1)	(1.5%)	4.1	(5.1%)
Long-listed drugs, etc.	47.3	58.1	105.3	107.1	(1.7)	(1.6%)	94.8	11.1%
Remicade	12.4	11.0	23.4	24.7	(1.3)	(5.2%)	29.7	(21.2%)
Overseas ethical drugs	65.6	59.2	124.8	109.6	15.1	13.8%	111.7	11.7%
Radicava	50.6	44.8	95.5	80.7	14.7	18.2%	79.2	20.5%
Royalty revenue, etc.	6.8	Undisclosed	Undisclosed	Undisclosed			16.9	
Royalty from INVOKANA	3.6	Undisclosed	Undisclosed	Undisclosed			6.6	
Royalty from GILENYA	2.1	Undisclosed	Undisclosed	Undisclosed			5.4	

References 3

Specialty Materials Core Markets Trends

Specialty Materials Core Markets Trends

Core Markets		Key Products	2Q FY2024 Summary	Forecast for 3Q FY2024 Onward
EV/Mobility		Electrolytes Fiber reinforced plastics & composites Compounds	Demand growth slowed, except for some regions, as there was a continued negative impact of a decline in production in Japan and Europe	In the medium/long-term, moderate growth to continue in general, despite some variances among regions
Digital	Semiconductors	High functional cleaning agents & Cleaning services Epoxy resins Semicon equipment components Photolithography materials	While AI-related sales were robust, sales related to consumer, industrial and automotive applications remained sluggish	Moderate recovery is anticipated in FY2025 and thereafter In the medium/long-term, forecast ongoing market growth owing to further expansion in demand
	Electronics	Optical films Display related materials	High operations of panel manufacturers slowed reflecting an increase in TV inventory in the market	Adjustment of operations by panel manufacturers is expected to continue toward the end of 2024 Robust demand to continue in the medium to long term in tandem with the trend toward larger TVs
Medical		Resins / shapes for implant	Remained brisk 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

Specialty Materials Growth Investment Plan

	FY2024	FY2025	FY2026 and beyond
Advanced Films & Polymers	Gohsenol special brand capacity expansion, Japan (Oct. 2024)		Soarnol capacity expansion, UK (FY2026 1H、 21,000t)
	Polyester Film capacity expansion, Germany (Early 2025, 27,000t)		Optical Film capacity expansion, Japan (FY2027 2H、 2,700m ²)
Advanced Solutions	Specialty epoxy resins for semiconductor encapsulants and electronic materials (Start operations as demand for semiconductors recovers.)	Emulsifier capacity expansion, Japan (Mar. 2026, 1,100t)	Ion Exchange Resins capacity expansion, Japan (Apr. 2026)
	Electrolyte capacity expansion (Japan : Complete construction on Sep. 2024, 4,000t) (UK : Complete construction on Sep. 2024, 3,750t)	Electrolyte capacity expansion (US : Complete construction on Mar. 2026, 19,000t)	
		Lithomax capacity expansion, Japan (Sep. & Oct. 2025)	
Advanced Composites & Shapes		Carbon Fiber Composite Components Large press molding machine Expansion, Italy (FY2025)	

legend

Project

(Month and year of commencement of commercial production (scheduled), productive capacity)

Sales Revenue and EBITDA by Market of Specialty Materials

(Billions of Yen)

	FY2023 Actual		FY2024 1H Actual		FY2024 Forecast		FY2025 Target	
	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA	Sales Revenue	EBITDA
Specialty Materials	1,170.0	72.0	630.0	59.0	1,270.0	98.0	1,370.0	225.0
EV / Mobility	210.0	11.0	110.0	10.0	220.0	17.0	250.0	34.0
Digital	240.0	28.0	140.0	23.0	280.0	38.0	350.0	75.0
Semiconductors	100.0	13.0	50.0	6.0	110.0	10.0	-	-
Electronics	140.0	15.0	90.0	17.0	170.0	28.0	-	-
Medical	60.0	6.0	40.0	5.0	80.0	9.0	160.0	30.0
Food	200.0	30.0	100.0	11.0	200.0	23.0	220.0	39.0
Industrial, Consumer goods, Building & Construction etc	460.0	(3.0)	240.0	10.0	490.0	11.0	390.0	47.0

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

* The figures above are based on the Specialty Materials segment up to FY2023.

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Actual results could differ materially due to numerous factors, including without limitation, marketing conditions and the effects of industry competition.

It contains information about pharmaceuticals including products under development, but is not intended for advertising or medical advice.