Presentation

[Title]

Mitsubishi Chemical Group Forecasts ¥265.0 billion Core Operating Income for FY2025, up ¥56.0 billion YoY through Measures under Three Disciplined Approaches of the Medium-Term Management Plan.

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The following is a transcription of the Mitsubishi Chemical Group Corporation's 4Q FY2024 financial results presentation, which was announced on May 13, 2025.

[Speakers]

Manabu Chikumoto, Representative Corporate Executive Officer, President and CEO, Mitsubishi Chemical Group Corporation
Minoru Kida, Executive Officer and CFO, Mitsubishi Chemical Group Corporation
Akihiro Tsujimura, President, Representative Director, Mitsubishi Tanabe Pharma Corporation

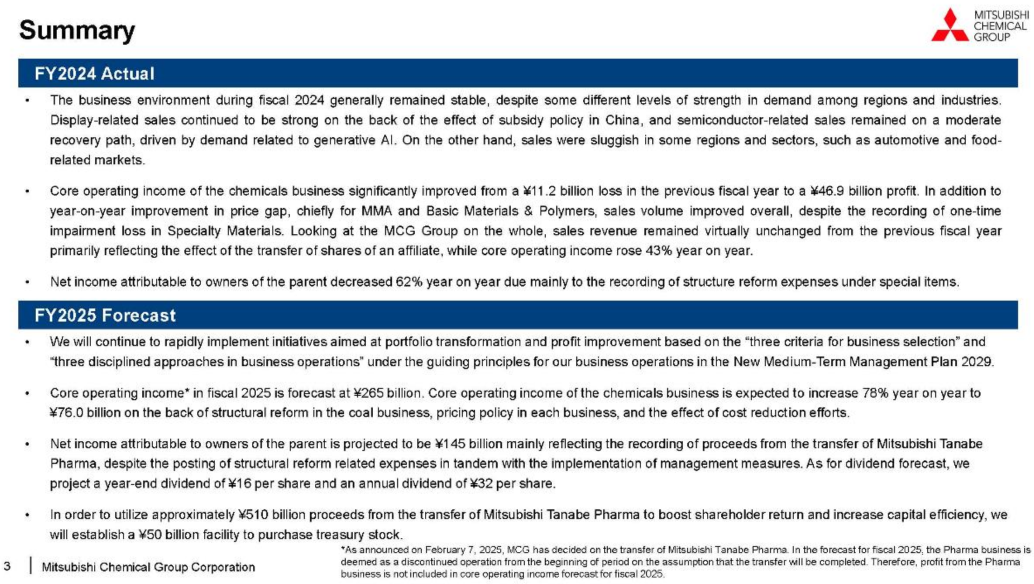
Explanation of financial results for the fiscal year ended March 31, 2025

Chikumoto: My name is Manabu Chikumoto, CEO. Thank you very much for taking time out of your very busy schedule to participate in this financial results presentation today. I would also like to thank you for your continued understanding and support for our business operations. Let me take this opportunity to express my gratitude again.

It has already been two years since I assumed the position of President and CEO, and last year, we announced our medium- to long-term management vision “KAITEKI Vision 35” and “New Medium-Term Management Plan 2029.“

We have just started off with the Plan, but in this fiscal year we will accelerate rationalization and aggressively make growth investment. Thank you for your participation today.

Summary



Kida: My name is Minoru Kida, CFO. I will now explain the FY2024 financial results. Let me begin with the summary. The business environment during fiscal 2024 generally remained stable, despite some different levels of strength in demand among regions and industries.

Display-related sales continued to be strong on the back of the effect of subsidy policy in China, and semiconductor-related sales remained on a moderate recovery path, driven by demand related to generative AI, but sales were sluggish in some regions and sectors, such as automotive and food-related markets.

Core operating income of the Chemicals Business significantly improved from a ¥11.2 billion loss in the previous fiscal year to a ¥46.9 billion profit. In addition to year-on-year improvement in price gap, chiefly for MMA and Basic Materials & Polymers, sales volume improved overall, despite the recording of one-time impairment loss in Specialty Materials.

Looking at the MCG Group on the whole, sales revenue remained virtually unchanged from the previous fiscal year primarily reflecting the effect of the transfer of shares of an affiliate, while core operating income rose 43% year on year.

Net income attributable to owners of the parent decreased 62% year on year due mainly to the recording of structure reform expenses under special items.

Even in FY2025, we will continue to rapidly implement initiatives aimed at portfolio transformation and profit improvement based on the “three criteria for business selection” and “three disciplined approaches in business operations “under the guiding principles for our business operations in the New Medium-Term Management Plan 2029.

Core operating income in fiscal 2025 is forecast at ¥265 billion. Core operating income of the Chemicals Business is expected to increase 78% year on year to ¥76.0 billion on the back of structural reform in the coal business, pricing policy in each business, and the effect of cost reduction efforts.

Net income attributable to owners of the parent is projected to be ¥145.0 billion mainly reflecting the recording of proceeds from the transfer of Mitsubishi Tanabe Pharma, despite the posting of structural reform related expenses in tandem with the implementation of management measures. As for dividend forecast, we project a year-end dividend of ¥16 per share and an annual dividend of ¥32 per share.

In order to utilize approximately ¥510 billion proceeds from the transfer of Mitsubishi Tanabe Pharma to boost shareholder return and increase capital efficiency, we will establish a ¥50 billion facility to purchase treasury stock.

Consolidated Statements of Operations

Consolidated Statements of Operations

MITSUBISHI CHEMICAL GROUP

Exchange Rate (¥/$)	145.3	152.6	7.3	5%
Naphtha Price (¥/kl)	69,100	75,600	6,500	9%

(Billions of Yen)

	FY2023	FY2024	Difference	%
Sales Revenue	4,387.2	**4,407.4**	**20.2**	0%
Core Operating Income *1	208.1	**298.4**	**90.3**	43%
Special Items	53.7	**(101.7)**	**(155.4)**	
Operating Income	261.8	**196.7**	**(65.1)**	(25%)
Income before Taxes	240.5	**150.7**	**(89.8)**	(37%)
Net Income	178.4	**105.6**	**(72.8)**	
Net Income Attributable to Owners of the Parent	119.6	**45.0**	**(74.6)**	(62%)
Net Income Attributable to Non-Controlling Interests	58.8	**60.6**	**1.8**	
*1 Share of profit of associates and joint ventures included	7.6	**8.1**	**0.5**	

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.).

I will now explain the consolidated statement of operations for FY2024. The average exchange rate for the full year was ¥152.6, reflecting a 5% weaker yen compared to the previous period. The unit price of naphtha increased by 9% YoY, reaching ¥75,600.

Sales revenue totaled ¥4,407.4 billion, an increase of ¥20.2 billion from the previous fiscal year. The increase can be primarily attributable to foreign exchange effects of some ¥102.0 billion followed by higher selling prices of ¥57.0 billion, and volume factors of ¥6.0 billion. Combined, these three factors led to a total increase of over ¥160.0 billion. On the other hand, business restructuring and other factors led to a sales revenue decrease of ¥145.0 billion, resulting in a total sales revenue increase of some ¥20.0 billion.

Core operating income totaled ¥298.4 billion, up 43% YoY. Details will be explained later. Special items were negative ¥101.7 billion, a deterioration of ¥155.4 billion YoY.

Operating income was ¥196.7 billion, income before taxes was ¥150.7 billion, and net income attributable to owners of the parent was ¥45.0 billion, a deterioration of ¥74.6 billion YoY. Core operating income exceeded the full-year forecast announced in November last year which was offset by higher-than-expected special losses including structural reform-related expenses. As a result, core operating income unfortunately underperformed on a net income basis.

Sales Revenue and Core Operating Income by Business Segment

Sales Revenue and Core Operating Income by Business Segment

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(Billions of Yen)

	FY2023		FY2024		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
Total Consolidated	**4,387.2**	**208.1**	**4,407.4**	**298.4**	**20.2**	0%	**90.3**	43%
Specialty Materials	**1,043.8**	**7.4**	**1,081.3**	**25.1**	**37.5**	4%	**17.7**	239%
Advanced Films & Polymers	459.1	18.3	475.8	35.2	16.7		16.9	
Advanced Solutions	362.9	0.6	355.1	1.4	(7.8)		0.8	
Advanced Composites & Shapes	221.8	(11.5)	250.4	(11.5)	28.6		0.0	
MMA & Derivatives	**348.0**	**5.5**	**402.1**	**35.3**	**54.1**	16%	**29.8**	542%
MMA	261.2	4.1	308.0	32.2	46.8		28.1	
Coating & Additives	86.8	1.4	94.1	3.1	7.3		1.7	
Basic Materials & Polymers	**1,106.5**	**(25.4)**	**972.4**	**(15.6)**	**(134.1)**	(12%)	**9.8**	-
Materials & Polymers	802.8	(6.0)	766.7	12.3	(36.1)		18.3	
Carbon Products	303.7	(19.4)	205.7	(27.9)	(98.0)		(8.5)	
Others	**204.8**	**1.3**	**190.2**	**2.1**	**(14.6)**	(7%)	**0.8**	62%
Chemicals Business	**2,703.1**	**(11.2)**	**2,646.0**	**46.9**	**(57.1)**	(2%)	**58.1**	-
Pharma	**437.2**	**56.3**	**460.3**	**65.4**	**23.1**	5%	**9.1**	16%
Industrial Gases	**1,246.9**	**163.0**	**1,301.1**	**186.1**	**54.2**	4%	**23.1**	14%
Group Business	**1,684.1**	**219.3**	**1,761.4**	**251.5**	**77.3**	5%	**32.2**	15%

[Inventory valuation gain/loss]	FY2023	FY2024	Difference
Advanced Films & Polymers	0.4	0.2	(0.2)
Materials & Polymers	3.6	2.0	(1.6)
Carbon Products	2.5	(9.4)	(11.9)
Total	6.5	(7.2)	(13.7)

- 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.
- In line with the New Medium-Term Management Plan 2029 announced in November 2024, the order of reporting segments has been changed from the third quarter of FY2024.

We will now present sales revenue and core operating income by business segment. Specialty Materials saw a 4% increase in sales revenue and a significant 239% increase in core operating income YoY.

Although the results fell short of the forecast announced in last November due to impairment losses in some businesses at Advanced Solutions and a difficult business environment in the carbon fiber business at Advanced Composites & Shapes, demand in the display-related market remained strong at Advanced Films & Polymers and exceeded expectations.

MMA & Derivatives reported a 16% increase in sales revenue and a ¥29.8 billion rise in core operating income YoY. This growth was driven by higher market prices for MMA monomer. The forecast announced in November last year was not met due to a weak demand recovery in 2H and a decline in market prices.

Basic Materials & Polymers experienced a 12% decrease in sales revenue and managed to narrow its deficit by ¥9.8 billion YoY. Materials & Polymers improved significantly YoY due to improved trading margins, particularly for polyolefins despite this being a decrease in sales YoY due to the periodic repair of the ethylene center at Ibaraki Plant during the current fiscal year. Carbon Products posted a deficit of ¥27.9 billion, primarily due to a ¥11.9 billion negative impact from deterioration in inventory valuation compared to the previous period.

Under the mid-term management plan through fiscal year 2029, Chemicals Business, identified as a growth driver, saw a 2% decrease in sales revenue and a ¥58.1 billion increase in core operating income YoY, showing significant improvement.

Pharma saw steady growth of RADICAVA in North America throughout the period, resulting in a 5% increase in sales revenue and a 16% increase in core operating income YoY. Industrial Gases also continues to perform well, with a 4% increase in sales revenue and a 14% rise in core operating income YoY.

Analysis of Core Operating Income

Analysis of Core Operating Income

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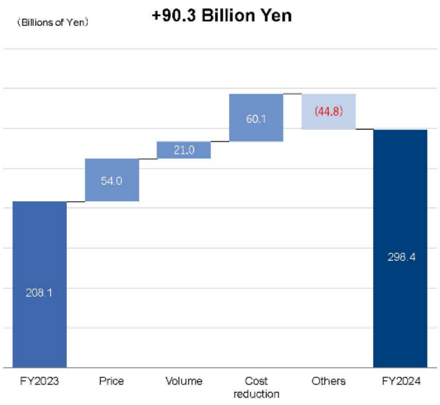

(Billions of Yen)

	FY2023	FY2024	Difference	Price	Volume	Cost reduction	Others *1
Total Consolidated	208.1	298.4	90.3	54.0	21.0	60.1	(44.8)
Specialty Materials	7.4	25.1	17.7	7.9	20.2	8.1	(18.5)
MMA & Derivatives	5.5	35.3	29.8	28.2	2.8	3.3	(4.5)
Basic Materials & Polymers	(25.4)	(15.6)	9.8	20.6	(2.5)	6.7	(15.0)
Others	1.3	2.1	0.8	0.9	(0.8)	3.6	(2.9)
Chemicals Business	(11.2)	46.9	58.1	57.6	19.7	21.7	(40.9)
Pharma	56.3	65.4	9.1	(0.1)	8.5	2.7	(2.0)
Industrial Gases	163.0	186.1	23.1	(3.5)	(7.2)	35.7	(1.9)
Group Business	219.3	251.5	32.2	(3.6)	1.3	38.4	(3.9)

*1 Items included are impacts from differences of inventory valuation gain/loss (13.7) billion yen and differences of share of profit of associates and joint ventures +0.5 billion yen, etc.

		Difference	Price	Volume	Cost reduction	Others
Changes in exchange rates		11.7	14.6	-	-	(2.9)
Changes in foreign currency translation included in above			9.2			

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The slide shows the breakdown of the ¥90.3 billion increase YoY in core operating income.

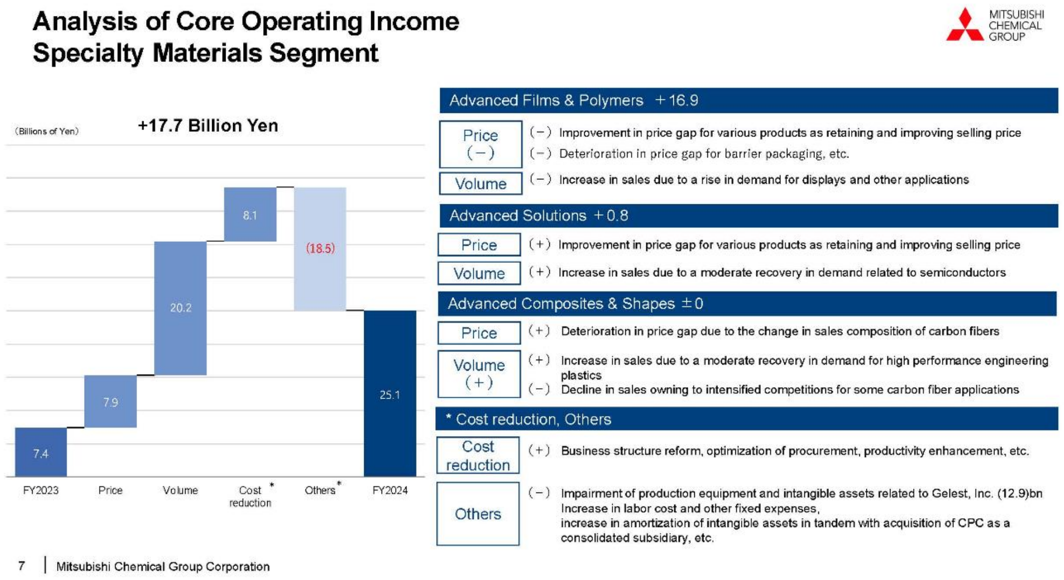
The price gap brought a positive ¥54.0 billion. Of this, foreign exchange effects, primarily from the Industrial Gases and Pharma, contributed a ¥14.6 billion gain. Without considering foreign exchange effects, the increase in MMA monomer prices in MMA & Derivatives and the improvements in price gap for polyolefin in Basic Materials & Polymers have both contributed to the growth.

The sales volume resulted in a positive ¥21.0 billion. Of this, the sales volume in Specialty Materials contributed a positive ¥20.2 billion, with all its subsegments showing positive results.

Cost reduction had a positive impact of ¥60.1 billion, far exceeding the annual reduction target of ¥47.0 billion set at the beginning of the fiscal year.

Other factors had a negative impact of ¥44.8 billion. Inventory valuation gains and losses, mainly driven by Carbon Products, worsened by ¥13.7 billion. Moreover, there were impairment of profitability in some businesses of Advanced Solutions and rising labor costs, and inflation-driven increases in fixed expenses impacted all businesses.

Analysis of Core Operating Income: Specialty Materials Segment



Let me explain the details by segment. First, Specialty Materials saw an increase of ¥17.7 billion YoY in core operating income. The price gap added ¥7.9 billion positive. Although sales for barrier packaging materials declined compared to the previous period, efforts to retain and improve selling prices for other products overall lead to an improvement in price gaps. The sales volume resulted in a significant increase of ¥20.2 billion.

In Advanced Films & Polymers, demand for polyester films and OPL films increased due to higher capacity utilization rates among panel manufacturers, driven by anticipated growth in TV demand from major shopping events in China and international sports events in 1H. Although we anticipated a downturn in 2H due to the effects of 1H, strong customer operations continued, supported by subsidy policies in China, resulting in stable performance.

In Advanced Solutions, while there are still some differences by product and field, demand for semiconductor-related products recovered moderately. Volume increased in the areas of materials for semiconductor manufacturing processes, precision cleaning business, and water treatment equipment.

In Advanced Composites & Shapes, sales volume of high-performance engineering plastics increased primarily for semiconductor manufacturing equipment applications, leading to a further increase in core operating income. In carbon fibers, the business environment was harsh due to intensifying competition with other companies for pressure vessel applications but increased sales for wind power generation and other applications led to an increase in total sales volume.

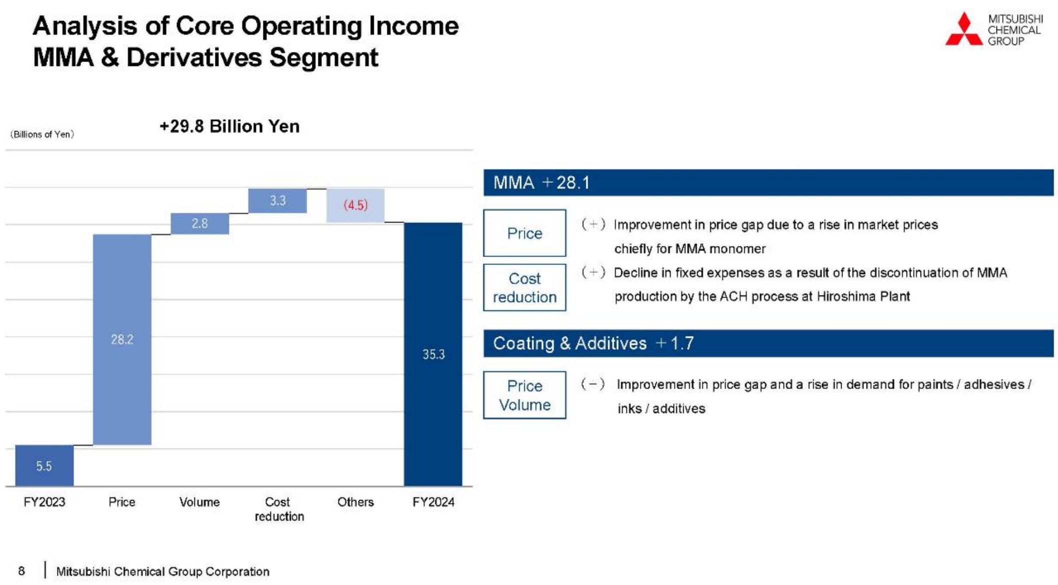
Cost reductions amounted to a positive ¥8.1 billion, driven by the withdrawal from the acrylic fiber business, structural reforms, procurement optimization, and self-help efforts to enhance productivity.

Other factors led to a negative ¥18.5 billion, including the negative ¥12.9 billion impact of impairment losses on production equipment and intangible assets related to Gelest, Inc. in the U.S., which is under the control of Advanced Solutions.

Gelest, Inc. is now aiming to launch next-generation EUV dry resist precursor products. However, given the recent demand trend, the contribution to earnings is expected to be delayed compared to the time of the acquisition, and we have re-estimated the recoverable amount and recorded an impairment loss on tangible and intangible assets in 4Q. We will continue to improve our profit structure by strengthening our development system, accelerating the launch of new products, and streamlining our manufacturing and sales system.

Other effects included increases in fixed expenses such as labor and R&D costs, as well as an increase in amortization of intangible assets in tandem with the acquisition of CPC in Italy as a consolidated subsidiary, etc.

Analysis of Core Operating Income: MMA & Derivatives Segment

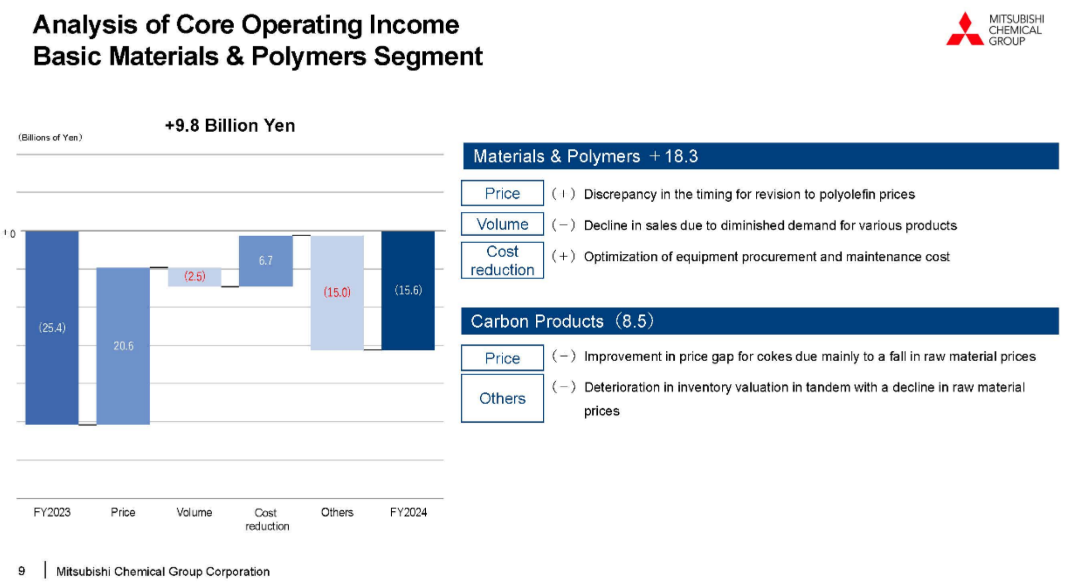


MMA & Derivatives saw a significant increase of ¥29.8 billion YoY in core operating income. The price gap had a significant positive impact of ¥28.2 billion.

Market conditions of MMA monomers improved YoY, resulting in an expansion of spreads. Additionally, price gaps improved in Coating & Additives business. Both MMA monomer and Coating & Additives showed YoY improvement in sales volume, reaching a positive ¥2.8 billion.

Cost reductions include the effect of cost reductions associated with the termination of MMA production by the ACH process at the Hiroshima Plant.

Analysis of Core Operating Income: Basic Materials & Polymers Segment

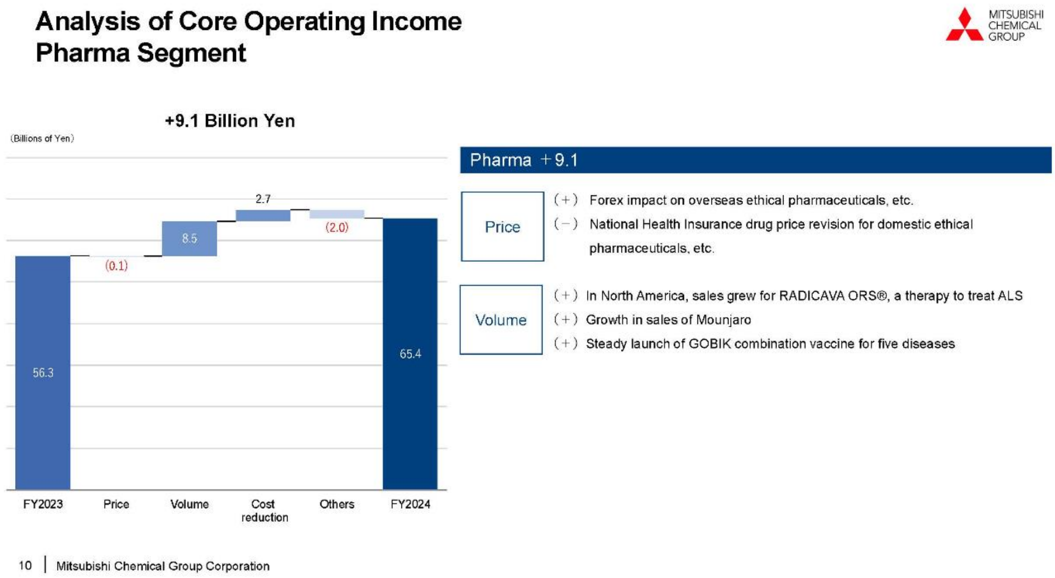


Basic Materials & Polymers managed to narrow its deficit by 9.8 billion YoY. The price gap added ¥20.6 billion. Materials & Polymers saw improvements, driven by the effect of timing differences for revision to polyolefin sales prices. Carbon Products also saw improvements, as the coke spread stabilized, leading to a better price gap YoY.

As for sales volume, the impact of the problems from the previous period has been resolved in Materials & Polymers. However, the positive impact was offset by the negative effects of the periodic repair of the ethylene center at Ibaraki Plant, resulting in a net loss of ¥2.5 billion.

Cost reduction had a positive impact of ¥6.7 billion, adding up the structural reforms in the petrochemical derivatives business as well as the optimization of equipment procurement and maintenance costs. Other factors with a negative impact of ¥15.0 billion include ¥13.5 billion in inventory valuation gains and losses. Most of this is related to Carbon Products, where falling raw coal prices caused a large deterioration in inventory valuation.

Analysis of Core Operating Income: Pharma Segment



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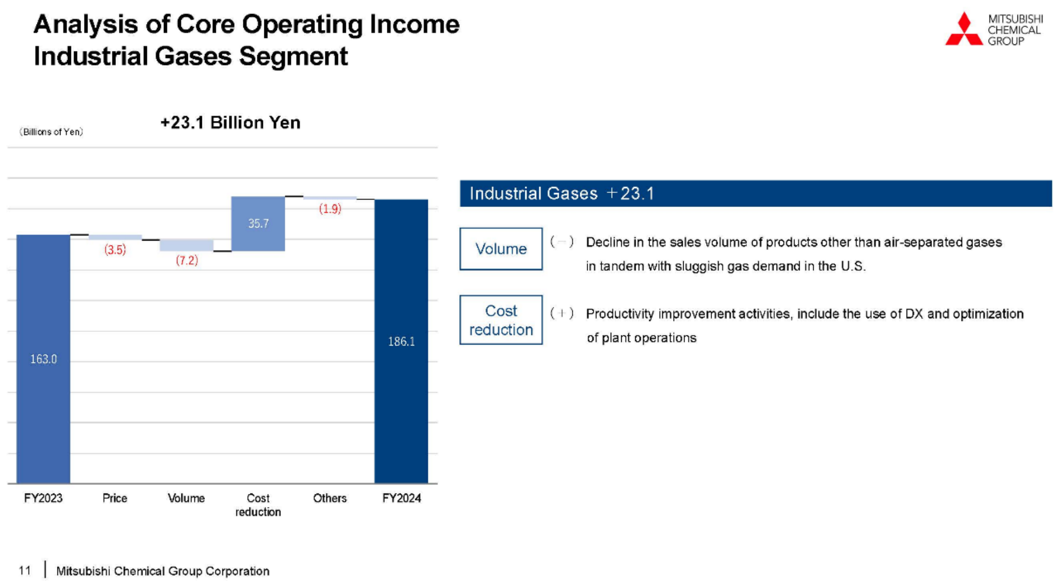
Pharma saw an increase of ¥9.1 billion YoY in core operating income. While foreign exchange provided a positive boost to the price gap, the impact of domestic drug price revisions caused a ¥0.1 billion negative effect.

The sales volume resulted in a positive ¥8.5 billion. Sales of RADICAVA ORS in North America remained strong, driving the profitability of Pharma. Sales of Mounjaro, and GOBIK, a vaccine for five diseases, in the domestic market also grew.

Cost reduction resulted in a positive ¥2.7 billion, while other factors, including increased SG&A expenses, led to a negative impact of ¥2.0 billion.

Analysis of Core Operating Income: Industrial Gasses Segment



Industrial Gases saw an increase of ¥23.1 billion YoY. Cost reduction effects from productivity improvement activities and other initiatives across various regions have played a major role in this growth, leading to the YoY increase.

Consolidated Special Items

Consolidated Special Items

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(Billions of Yen)

	FY2023	FY2024	Difference
Total Special Items	53.7	**(101.7)**	**(155.4)**
Gain on sales of shares of subsidiaries and associates	36.5	**11.3**	**(25.2)**
Gain on sale of property, plant and equipment	1.6	**9.7**	**8.1**
Impairment loss	(23.8)	**(76.6)**	**(52.8)**
Special retirement expenses	(2.0)	**(22.1)**	**(20.1)**
Loss on sale and disposal of fixed assets	(9.7)	**(15.2)**	**(5.5)**
Cancellation penalty	(0.3)	**(3.5)**	**(3.2)**
Loss on sales of shares of subsidiaries and associates	(0.1)	**(3.2)**	**(3.1)**
Others	51.5	**(2.1)**	**(53.6)**

This slide shows consolidated special items. They resulted in a total loss of ¥101.7 billion. In 4Q, we added a loss of ¥44.0 billion under special items.

Of this, ¥33.7 billion was impairment losses in 4Q. In addition to ¥15.0 billion in impairment losses related to hydrogen production facilities in Industrial Gases in 4Q, several impairment losses were recorded in Specialty Materials as a result of structural reforms.

Loss on sale and disposal of fixed assets recorded in 4Q was ¥8.8 billion, of which ¥5.9 billion was related to the closure of the ACH method MMA facility at the Hiroshima Plant.

Consolidated Cash Flows

Consolidated Cash Flows

MITSUBISHI CHEMICAL GROUP

(Billions of Yen)

	FY2023	FY2024
Net cash provided by (used in) operating activities	**465.1**	**552.8**
Income before taxes	240.5	150.7
Depreciation and amortization	275.4	275.9
Change in operating receivables/payables	(16.8)	30.7
Change in Inventories	30.3	13.4
Others	(64.3)	82.1
Net cash provided by (used in) investment activities	**(246.1)**	**(275.4)**
Capital expenditure	(274.5)	(325.0)
Sale of assets	72.3	54.0
Investment and loans receivable, etc.	(43.9)	(4.4)
Free cash flow	**219.1**	**277.4**

	FY2023	FY2024
Net cash provided by (used in) financing activities	**(241.7)**	**(246.7)**
Interest bearing debts	(166.6)	(182.9)
Dividends, etc.	(75.1)	(63.8)
Net increase (decrease) in cash and cash equivalents	**(22.7)**	**30.7**
Effect of exchange rate changes and changes in scope of consolidation	20.4	0.5
Total	**(2.3)**	**31.2**

Now I will explain the consolidated cash flow statement. Net cash provided by operating activities was ¥552.8 billion. Net cash provided by operating receivables or payables was ¥30.7 billion, and net cash provided by inventories was ¥13.4 billion. As a result, total working capital resulted in an inflow of ¥44.1 billion. In the Carbon Products, production capacity was reduced by 40%, which contributed to the reduction in working capital.

Net cash used in investment activities was ¥275.4 billion. Net cash used in capital expenditure was ¥325.0 billion, which included growth investments in Industrial Gases and Specialty Materials, as well as maintenance and renewal investments in Materials & Polymers, associated with the periodic repairs of the ethylene center at Ibaraki Plant.

Net cash provided by sale of assets was ¥54.0 billion, including proceeds from the sale of shares in affiliates, as well as disposal of cross shareholdings and non-essential assets as part of our business portfolio review.

As a result, free cash flow totaled an inflow of ¥277.4 billion, and net cash used in financing activities was ¥246.7 billion.

Consolidated Statements of Financial Positions

Consolidated Statements of Financial Positions

MITSUBISHI CHEMICAL GROUP

(Billions of Yen)

	Mar.31.2024	Mar.31.2025	Difference
Cash & cash equivalents	294.9	326.1	31.2
Trade receivables	852.4	764.8	(87.6)
Inventories	799.2	759.4	(39.8)
Others	245.1	211.3	(33.8)
Current assets	**2,191.6**	**2,061.6**	**(130.0)**
Fixed assets	2,524.4	2,446.5	(77.9)
Goodwill	832.9	827.6	(5.3)
Investments & Other	555.6	558.9	3.3
Non-current assets	**3,912.9**	**3,833.0**	**(79.9)**
Total assets	**6,104.5**	**5,894.6**	**(209.9)**

(Billions of Yen)

	Mar.31.2024	Mar.31.2025	Difference
Interest-bearing debt	2,338.2	2,178.5	(159.7)
Trade payables	501.5	424.6	(76.9)
Others	989.3	1,006.9	17.6
Liabilities	**3,829.0**	**3,610.0**	**(219.0)**
Share capitals, Retained earnings, etc,.	1,502.9	1,512.4	9.5
Other components of equity	260.6	228.2	(32.4)
Equity attributable to owners of the parent	**1,763.5**	**1,740.6**	**(22.9)**
Non-controlling interests	512.0	544.0	32.0
Equity	**2,275.5**	**2,284.6**	**9.1**
Total liabilities & equity	**6,104.5**	**5,894.6**	**(209.9)**

	Mar.31.2024	Mar.31.2025	Difference
Net Interest-bearing debt *1	2,043.3	1,852.3	(191.0)
Net D/E ratio	1.16	1.06	(0.10)
ROE *2	7.2%	2.6%	(4.6%)

*1 Net interest-bearing debt (End of Mar.31, 2025)
= interest-bearing debt (2,178.5billion yen)
- {cash and cash equivalents (326.1billion yen) + investments of surplus funds-}
Note : Interest-bearing debt includes lease obligations.
*2 Ratio of net income attributable to owners of the parent.

Next, I will explain the consolidated statements of financial positions. Total assets were ¥5,894.6 billion, a decrease of ¥209.9 billion from the end of FY2023. The main factor was the impact of foreign exchange rates, with the yen appreciating against major currencies compared to Mar. 31, 2024, leading to a decrease of about ¥34.0 billion. In addition, the sale of Kansai Coke and Chemicals Company, Limited and other business divestitures caused a decrease of about ¥110.0 billion. The year-end holiday at the end of the previous fiscal year also contributed to a ¥47.0 billion decrease.

Net interest-bearing debt decreased by ¥191.0 billion from the end of FY2023, reflecting steady progress in reducing interest-bearing debt. The net debt-to-equity (D/E) ratio improved by 0.1 points to 1.06 from 1.16 at the end of FY2023.

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

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

(Billions of Yen)

		FY2023					FY2024				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	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	1,089.4	1,075.9	4,407.4
	Core Operating Income	50.8	68.8	64.3	24.2	208.1	82.6	89.8	74.8	51.2	298.4
Specialty Materials	Sales Revenue	262.6	257.6	256.7	266.9	1,043.8	276.9	265.9	270.0	268.5	1,081.3
	Core Operating Income	9.9	8.9	0.6	(12.0)	7.4	11.5	13.0	9.9	(9.3)	25.1
Advanced Films & Polymers	Sales Revenue	118.1	115.8	113.6	111.6	459.1	120.4	118.8	119.2	117.4	475.8
	Core Operating Income	8.6	8.0	4.2	(2.5)	18.3	9.2	10.3	10.0	5.7	35.2
Advanced Solutions	Sales Revenue	88.7	88.8	92.6	92.8	362.9	88.3	86.9	91.8	88.1	355.1
	Core Operating Income	0.5	2.3	0.4	(2.6)	0.6	3.1	4.1	3.5	(9.3)	1.4
Advanced Composites & Shapes	Sales Revenue	55.8	53.0	50.5	62.5	221.8	68.2	60.2	59.0	63.0	250.4
	Core Operating Income	0.8	(1.4)	(4.0)	(6.9)	(11.5)	(0.8)	(1.4)	(3.6)	(5.7)	(11.5)
MMA & Derivatives	Sales Revenue	84.4	86.4	85.8	91.4	348.0	108.1	108.5	92.3	93.2	402.1
	Core Operating Income	0.1	3.1	(0.6)	2.9	5.5	10.9	15.8	5.9	2.7	35.3
MMA	Sales Revenue	63.3	64.6	63.7	69.6	261.2	84.3	85.1	69.4	69.2	308.0
	Core Operating Income	(0.1)	2.7	(0.9)	2.4	4.1	9.8	14.9	5.6	1.9	32.2
Coating & Additives	Sales Revenue	21.1	21.8	22.1	21.8	86.8	23.8	23.4	22.9	24.0	94.1
	Core Operating Income	0.2	0.4	0.3	0.5	1.4	1.1	0.9	0.3	0.8	3.1
Basic Materials & Polymers	Sales Revenue	264.9	274.3	283.1	284.2	1,106.5	268.4	263.6	241.8	198.6	972.4
	Core Operating Income	(9.6)	(6.1)	0.8	(10.5)	(25.4)	(7.2)	(4.1)	(0.8)	(3.5)	(15.6)
Materials & Polymers	Sales Revenue	179.7	202.9	211.7	208.5	802.8	193.4	196.5	205.0	171.8	766.7
	Core Operating Income	(6.0)	0.4	3.2	(3.6)	(6.0)	1.1	3.9	4.2	3.1	12.3
Carbon Products	Sales Revenue	85.2	71.4	71.4	75.7	303.7	75.0	67.1	36.8	26.8	205.7
	Core Operating Income	(3.6)	(6.5)	(2.4)	(6.9)	(19.4)	(8.3)	(8.0)	(5.0)	(6.6)	(27.9)
Others	Sales Revenue	40.6	51.6	36.8	75.8	204.8	36.0	42.8	42.3	69.1	190.2
	Core Operating Income	0.3	0.3	(1.7)	2.4	1.3	1.5	(2.3)	1.1	1.8	2.1
Chemicals Business	Sales Revenue	652.5	669.9	662.4	718.3	2,703.1	689.4	680.8	646.4	629.4	2,646.0
	Core Operating Income	0.7	6.2	(0.9)	(17.2)	(11.2)	16.7	22.4	16.1	(8.3)	46.9
Pharma	Sales Revenue	101.9	117.4	118.6	99.3	437.2	112.5	120.0	116.6	111.2	460.3
	Core Operating Income	10.0	22.4	23.0	0.9	56.3	18.5	22.9	13.1	10.9	65.4
Industrial Gases	Sales Revenue	306.8	301.4	314.2	324.5	1,246.9	327.5	311.9	326.4	335.3	1,301.1
	Core Operating Income	40.1	40.2	42.2	40.5	163.0	47.4	44.5	45.6	48.6	186.1
Group Business	Sales Revenue	408.7	418.8	432.8	423.8	1,684.1	440.0	431.9	443.0	446.5	1,761.4
	Core Operating Income	50.1	62.6	65.2	41.4	219.3	65.9	67.4	58.7	59.5	251.5

- 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.
- In line with the New Medium-Term Management Plan 2029 announced in November 2024, the order of reporting segments has been changed from the third quarter of FY2024.

I will now provide supplemental information on the trend of core operating income from 3Q to 4Q FY2024.

Core operating income for 4Q FY2024 dropped by ¥23.6 billion to ¥51.2 billion from 3Q. Specialty Materials saw a decrease in core operating income, from ¥9.9 billion in 3Q to negative ¥9.3 billion in 4Q, a drop of ¥19.2 billion.

Advanced Films & Polymers saw lower sales of food packaging films due to seasonal factors and the negative effects of the periodic repair at *Soarnol* and OPL films. As a result, net operating income decreased by ¥4.3 billion YoY. In display film sales, the impact of the subsidy policy in China and pre-tariff demand before the U.S. tariff hike allowed us to maintain solid sales volumes.

Advanced Solutions saw a significant quarter-on-quarter decline in core operating income, due mainly to a ¥12.9 billion impairment loss at Gelest, Inc. in the U.S., which develops, manufactures, and sells silicone chemicals.

In Advanced Composites & Shapes, seasonal factors in Europe and the U.S in 3Q was settled. As a result, sales volume mainly in high-performance engineering plastics increased. However, the deficit widened QoQ mainly due to the impact from the fiscal year-end book closing adjustments in the carbon fiber business.

MMA & Derivatives saw a decrease in core operating income, from ¥5.9 billion in 3Q to ¥2.7 billion in 4Q, a drop of ¥3.2 billion. The Asian MMA monomer market declined further from $1,694/ton in 3Q to $1,580/ton in 4Q as demand did not recover well even after the Chinese New Year.

In Basic Materials & Polymers, the deficit widened from ¥0.8 billion in 3Q to ¥3.5 billion in 4Q, a rise by ¥2.7 billion. In Materials & Polymers, inventory valuation gains improved from

3Q to 4Q, but the segment posted a decrease of ¥1.1 billion in core operating income due to lower sales in some businesses such as polyolefins and a concentration of expenses at the end of the period. In Carbon Products, there was no significant change in demand trends for coke, but the deficit widened due mainly to the impact of scheduled maintenance and production adjustments in the carbon materials and carbon rubber businesses, as well as the impact from the fiscal year-end book closing adjustments.

Pharma saw a decline in core operating income, from ¥13.1 billion in 3Q to ¥10.9 billion 4Q, a drop of ¥2.2 billion. Although steady sales of RADICAVA, Mounjaro, and other products contributed to the increase in income, the decrease in income was due to the impacts of conservative purchasing before the drug price revision, lower sales revenue of long-term listed products under the selective treatment system, as well as the concentration of SG&A and R&D costs at the end of the fiscal year.

Industrial Gases saw a ¥3.0 billion increase in core operating income in 4Q from 3Q, thanks to an increase in sales volume in the U.S. and the effect of cost reduction efforts.

Consolidated Statements of Operations

Consolidated Statements of Operations

MITSUBISHI CHEMICAL GROUP

	FY2024 Actual	1H	2H	FY2025 Forecast	Difference	%
Exchange Rate (¥/$)	152.6	140.0	140.0	140.0	(12.6)	
Naphtha Price (¥/kl)	75,600	65,000	65,000	65,000	(10,600)	
					(Billions of Yen)	
Sales Revenue	3,947.6	1,803.0	1,937.0	**3,740.0**	**(207.6)**	(5%)
Core Operating Income	228.8	121.0	144.0	**265.0**	**36.2**	16%
Special Items	(88.1)	(10.0)	(53.0)	**(63.0)**	**25.1**	
Operating Income	140.7	111.0	91.0	**202.0**	**61.3**	44%
Financial Income/Expenses	(42.3)	(17.0)	(20.0)	**(37.0)**	**5.3**	
Income before Taxes	98.4	94.0	71.0	**165.0**	**66.6**	68%
Income Taxes	(40.9)	(25.0)	(21.0)	**(46.0)**	**(5.1)**	
Net Income from Continuing Operations	57.5	69.0	50.0	**119.0**	**61.5**	107%
Net Income from Discontinued Operations	48.2	94.0	0.0	**94.0**	**45.8**	
Net Income	105.6	163.0	50.0	**213.0**	**107.4**	102%
Net Income Attributable to Owners of the Parent	45.0	130.0	15.0	**145.0**	**100.0**	222%
Net Income Attributable to Non-Controlling Interests	60.6	33.0	35.0	**68.0**	**7.4**	

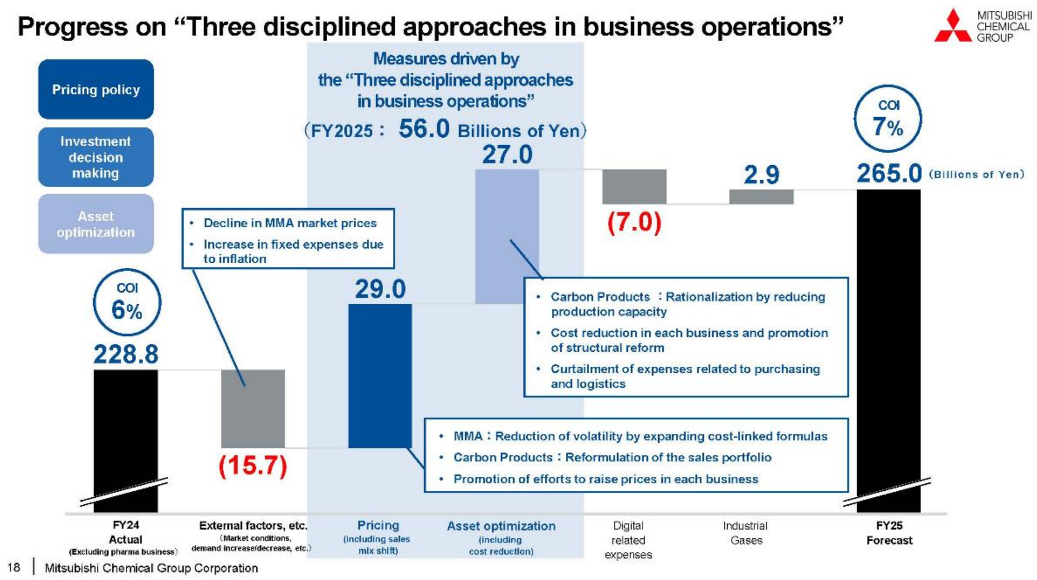
I would like to explain our full-year forecast for FY2025. Please note that the figures for the Pharma business are excluded from the amounts for FY2024 shown as comparison. The assumed exchange rate is ¥140 to the dollar, and the unit price of naphtha is projected to be ¥65,000.

Full-year sales revenue is projected at ¥3,740.0 billion, down 5% from FY2024. Core operating income is projected at ¥265.0 billion, up 16% YoY. Operating income is projected at ¥202.0 billion, up 44% YoY; income before taxes is projected at ¥165.0 billion, up 68% YoY; and net income from continuing operations is projected at ¥119.0 billion, up 107% YoY.

As announced in February, a decision was made to transfer Mitsubishi Tanabe Pharma. In the FY2025 forecast, the Pharma business has been treated as a discontinued operation from the beginning of the period, based on the assumption that the transfer will be completed. Net income of ¥94.0 billion from discontinued operations for FY2025 includes Mitsubishi Tanabe Pharma's net income for 1Q, profit from the transfer, and tax expenses.

Net income attributable to owners of the parent is projected at ¥145.0 billion, a 222% YoY.

Progress on “Three disciplined approaches in business operations”



I will present a factor-by-factor analysis of core operating income, which for FY2024 will be ¥228.8 billion, excluding the Pharma business. From here, I will explain the breakdown of the ¥36.2 billion increase in income toward achieving the FY2025 forecast of ¥265.0.

In the current medium-term management plan, we are committed to promoting the “three disciplined approaches in business operations,” namely, pricing policy, investment decision making, and asset optimization, in order to improve the profitability of Chemicals Business.

We expect the effects of measures based on these three disciplined approaches to be ¥56.0 billion for FY2025. Of this, the effect of the pricing policy will be ¥29.0 billion.

Specifically, we will offset the negative impact of deteriorating market conditions in the MMA business by price policies such as passing cost increase to price by expanding cost-linked formulas and reducing performance volatility.

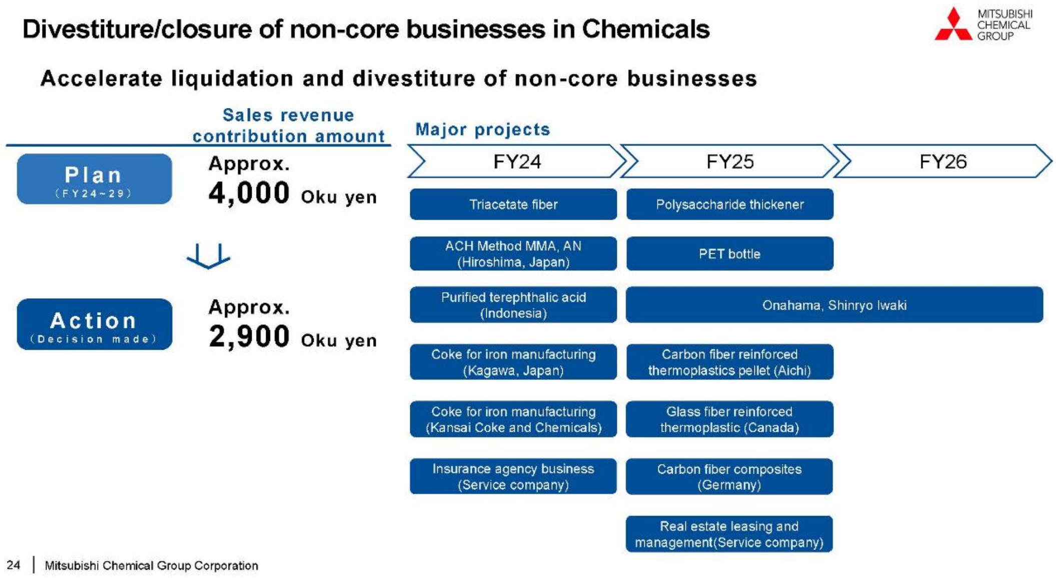
In addition, in conjunction with the reduction of production capacity in the Carbon Products, we will improve the deficit by reducing loss-making export sales and changing to a cost-linked formula.

We will promote price increase activities in Specialty Materials and Coating & Additives, as well as in Materials & Polymers.

Asset optimization is expected to have an effect of ¥27.0 billion. In addition to cost reduction by reducing production capacity in Carbon Products, several structural reform projects are incorporated, including withdrawal from unprofitable businesses in each business segment.

For divestiture/closure of non-core business in Chemicals, we plan to achieve ¥400.0 on a sales revenue basis from FY2024 to FY2029, and have already decided to achieve ¥290.0 billion core operating income.

Divestiture/closure of non-core business in Chemicals



Here is a list of our major projects. We will steadily execute liquidation and divestiture of non-core businesses.

Regarding the investment effects, some projects, such as CPC in Italy, are scheduled to complete their growth investments by FY2025, others are expected to benefit from increased production. Significant profit contributions are anticipated in FY 2027 or later. In FY2025, we will first of all deliver steady progress in pricing policy and asset optimization.

Sales Revenues and Core Operating Income by Business Segment

Sales Revenue and Core Operating Income by Business Segment

MITSUBISHI CHEMICAL GROUP

(Billions of Yen)

Segment		FY2024 Actual	1H	2H	FY2025 Forecast	Difference
Total Consolidated	Sales Revenue	3,947.6	1,803.0	1,937.0	3,740.0	(207.6)
	Core Operating Income	228.8	121.0	144.0	265.0	36.2
Specialty Materials	Sales Revenue	1,073.3	550.0	570.0	1,120.0	46.7
	Core Operating Income	25.1	21.0	25.0	46.0	20.9
Advanced Films & Polymers	Sales Revenue	472.7	238.0	247.0	485.0	12.3
	Core Operating Income	35.2	16.0	16.0	32.0	(3.2)
Advanced Solutions	Sales Revenue	350.3	178.0	182.0	360.0	9.7
	Core Operating Income	1.4	6.0	7.0	13.0	11.6
Advanced Composites & Shapes	Sales Revenue	250.3	134.0	141.0	275.0	24.7
	Core Operating Income	(11.5)	(1.0)	2.0	1.0	12.5
MMA & Derivatives	Sales Revenue	419.1	141.0	179.0	320.0	(99.1)
	Core Operating Income	35.7	9.0	12.0	21.0	(14.7)
MMA	Sales Revenue	307.5	94.0	131.0	225.0	(82.5)
	Core Operating Income	32.2	8.0	11.0	19.0	(13.2)
Coating & Additives	Sales Revenue	111.6	47.0	48.0	95.0	(16.6)
	Core Operating Income	3.5	1.0	1.0	2.0	(1.5)
Basic Materials & Polymers	Sales Revenue	985.4	410.0	443.0	853.0	(132.4)
	Core Operating Income	(15.1)	2.0	8.0	10.0	25.1
Materials & Polymers	Sales Revenue	776.4	362.0	388.0	750.0	(26.4)
	Core Operating Income	12.4	3.0	6.0	9.0	(3.4)
Carbon Products	Sales Revenue	209.0	48.0	55.0	103.0	(106.0)
	Core Operating Income	(27.5)	(1.0)	2.0	1.0	28.5
Others	Sales Revenue	168.7	69.0	96.0	165.0	(3.7)
	Core Operating Income	(3.0)	(3.0)	2.0	(1.0)	2.0
Chemicals Business	Sales Revenue	2,646.5	1,170.0	1,288.0	2,458.0	(188.5)
	Core Operating Income	42.7	29.0	47.0	76.0	33.3
Industrial Gases	Sales Revenue	1,301.1	633.0	649.0	1,282.0	(19.1)
	Core Operating Income	186.1	92.0	97.0	189.0	2.9

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

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This shows forecasts by business segment.

Let me comment here about the impact of the U.S. trade policy on the core operating income. First, the Group’s sales to the U.S. account for about 18% of its total revenue, and most of our transactions are within the U.S. Therefore, we expect the direct impact of the U.S. tariff policy will have on our business results to be negligible.

The earnings forecast for FY2025 I am presenting today, already incorporates highly probable direct and indirect downside effects, including the emerging impact of the recent decline in the MMA market.

We will continue to closely examine customer demand trends, supply chain impacts, and other indirect impacts, and will immediately disclose any additional information as we can.

Specialty Materials is expected to increase by ¥12.9 billion by promoting price increases, business restructuring and cost reductions, as well as the elimination of impairment losses related to Gelest, Inc. in addition to an overall improvement in volume amid rising cost effect led by inflation and other factors.

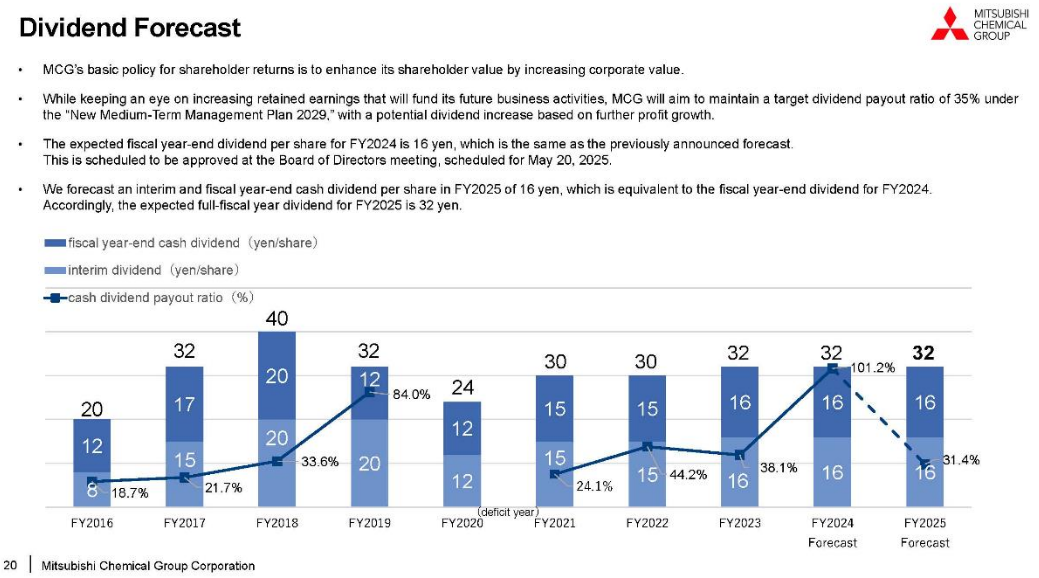
We expect volume growth in the polyester film and barrier packaging material applications of Advanced Films & Polymers, the semiconductor-related and battery materials businesses of Advanced Solutions, and the high-performance engineering plastics and carbon fiber businesses of Advanced Composites & Shapes.

In MMA & Derivatives, although we will accelerate the review and the price shift of MMA monomer to a cost-linked formula, the effects of tariff-induced buying restraint and declining market prices are already starting to emerge. Based on these current market trends, we forecast lower earnings through FY2025.

Basic Materials & Polymers is expected to see a decrease in core operating income due to the impact of deteriorating inventory valuation gains and losses in Materials & Polymers and higher inflation and other costs. Carbon Products is expected to increase income significantly through FY2025, mainly due to a revised sales portfolio following the reduction of coke production capacity, cost reduction effects, and improvement in inventory valuation gain and losses.

Industrial Gases is expected to see an increase in core operating income through FY2025 due to continued strong demand and cost reduction effects including productivity improvement.

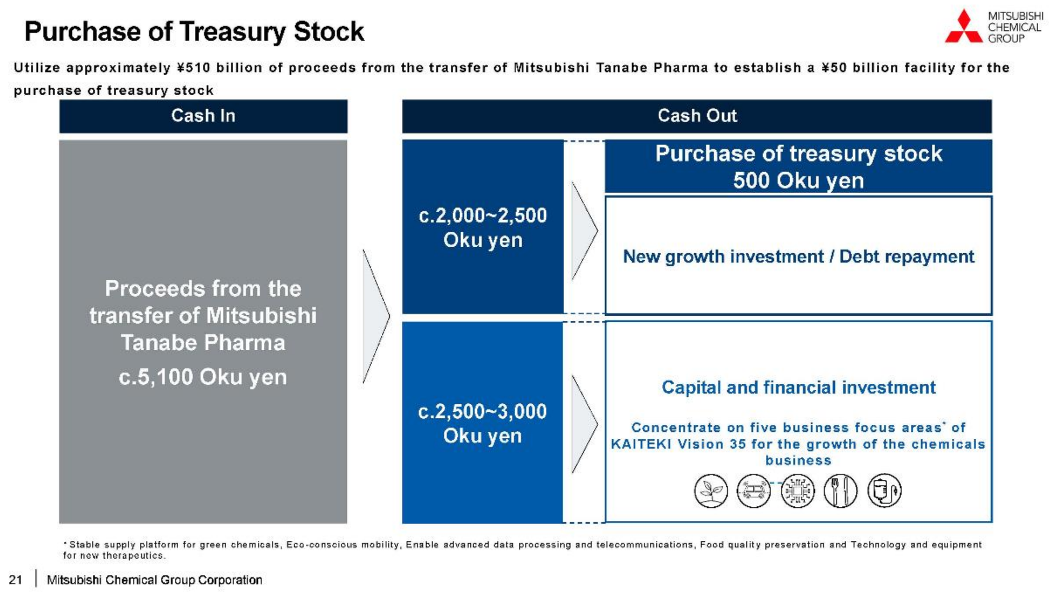
Dividend Forecast



This shows dividend forecast. The year-end dividend forecast per share for FY2024 is ¥16, as previously announced, which will be resolved at the Board of Directors' meeting on May 20.

We forecast an interim and fiscal year-end cash dividend per share in FY2025 of ¥16, which is equivalent to the fiscal year-end dividend for FY2024. Accordingly, the expected full-fiscal year dividend for FY2025 is ¥32 per share.

Purchase of Treasury Stock



Finally, I would like to talk about the establishment of a facility to purchase treasury stock. As separately disclosed in a timely manner today simultaneously with the financial results, in order to utilize approximately ¥510.0 billion of proceeds from the transfer of Mitsubishi Tanabe Pharma to boost shareholder return and increase capital efficiency, we will establish a ¥50.0 billion facility for the purchase of treasury stock.

The remaining proceeds from the transfer will be used for new growth investment in Chemicals Business, as incorporated in the initial medium-term management plan, and the portion of the funds yet to be used will be allocated to new growth investment or debt repayment.

All of the acquired treasury stock will be cancelled to increase shareholder value over the medium to long term.

Q&A: U.S. Tariff Impact

Questioner: As to the impact of the U.S. tariffs, you mentioned earlier that the impact of highly probable downside effects on core operating income, particularly MMA, has been incorporated. Could you tell us a little more about its indirect impact around this?

Could you also explain further about the impact that the tariffs will have on front-loaded demand and whether this is the reason for the considerable decrease in inventories toward the end of the fiscal year?

Kida: Regarding the tariff impact, most of our transactions for U.S. are the products manufactured in the U.S., so the direct impact is minimal. However, it is difficult to forecast the indirect impact. In particular, the MMA market in China has not recovered. Customers' inventory levels are declining and the flow of goods is slowing down considerably.

We expect the same situation for polymer manufacturers and, beyond that, for various industries such as automakers and electronics manufacturers. We expect market conditions to stagnate for some time due to indirect effects.

In addition, I believe that there are still considerable uncertainties regarding some polyolefins and other products that are sold to Japanese auto manufacturers in Mexico.

Roughly speaking, indirect impact of more than ¥10.0 billion but less than ¥20.0 billion is incorporated in the current ¥265.0 billion forecast.

In fact, there is no such case that front-loaded demand drove sales of products before the tariff hike. Signs of such trends were barely noted in some products, especially films, but not much in general.

Basic Materials & Polymers saw a largest decline in inventories. I hope you understand that downsizing the number of coke ovens in Carbon Products had a significant impact, resulting in much lower coking coal and product inventories.

Q&A: Effects of structural reform

Specialty Materials Breakdown by Business Segment

MITSUBISHI CHEMICAL GROUP

(Billions of Yen)

		FY2023 Actual					FY2024 Actual					FY2029 Target	Ratio of Core Operating Income to Sales Revenue		
													FY2023	FY2024	FY2029
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	Total	Total	Total	Total
Specialty Materials	Sales Revenue	262.6	257.6	256.7	266.9	1,043.8	276.9	265.9	270.0	268.5	1,081.3	1,408.0	-	-	-
	Core Operating Income	9.9	8.9	0.6	(12.0)	7.4	11.5	13.0	9.9	(9.3)	25.1	144.0	1%	2%	10%
Advanced Films & Polymers	Sales Revenue	118.1	115.8	113.6	111.6	459.1	120.4	118.8	119.2	117.4	475.8	534.0	-	-	-
	Core Operating Income	8.6	8.0	4.2	(2.5)	18.3	9.2	10.3	10.0	5.7	35.2	56.0	4%	7%	10%
Films	Sales Revenue	66.1	66.8	65.4	64.6	262.8	72.9	72.3	73.6	71.2	290.0	310.0	-	-	-
	Core Operating Income	1.9	1.6	2.1	(1.7)	3.9	5.7	4.6	4.5	3.4	18.2	30.0	1%	6%	10%
Polymers	Sales Revenue	44.5	42.1	41.0	41.1	168.6	43.7	42.5	42.1	43.4	171.7	221.0	-	-	-
	Core Operating Income	7.8	6.7	4.4	1.6	20.4	4.3	6.2	6.9	5.4	22.8	31.0	12%	13%	14%
Advanced Solutions	Sales Revenue	88.7	88.8	92.6	92.8	362.9	88.3	86.9	91.8	88.1	355.1	502.0	-	-	-
	Core Operating Income	0.5	2.3	0.4	(2.6)	0.6	3.1	4.1	3.5	(9.3)	1.4	46.0	0%	0%	9%
Semiconductor	Sales Revenue	15.4	14.8	15.2	17.4	62.8	17.8	17.2	18.5	18.2	71.7	105.0	-	-	-
	Core Operating Income	0.2	(0.4)	0.1	(0.2)	(0.2)	0.8	0.6	0.4	1.7	3.5	17.0	0%	5%	16%
Battery & Electronics	Sales Revenue	22.3	22.2	22.3	20.9	87.7	21.8	18.9	18.8	17.3	76.8	155.0	-	-	-
	Core Operating Income	0.2	0.2	(0.3)	(0.3)	(0.2)	1.8	1.1	0.5	1.0	4.4	14.0	0%	6%	9%
Water & Environment Solutions	Sales Revenue	12.6	13.4	13.7	14.6	54.3	12.8	14.8	15.2	14.5	57.3	64.0	-	-	-
	Core Operating Income	1.4	1.9	1.0	0.5	4.9	1.3	1.8	1.1	1.5	5.7	7.0	9%	10%	11%
Life Solutions	Sales Revenue	11.6	12.1	13.0	13.4	50.2	12.8	13.2	13.8	13.1	52.9	67.0	-	-	-
	Core Operating Income	0.2	1.4	0.6	(0.3)	2.0	(0.4)	0.4	0.7	(12.4)	(11.7)	4.0	4%	(22%)	6%
Infrastructure Solutions	Sales Revenue	20.7	21.6	23.0	21.3	86.6	20.8	20.5	23.0	22.1	86.4	104.0	-	-	-
	Core Operating Income	1.2	1.3	2.1	1.6	6.2	1.0	1.3	1.9	1.1	5.3	11.0	7%	6%	11%
Advanced Composites & Shapes	Sales Revenue	55.8	53.0	50.5	62.5	221.8	68.2	60.2	59.0	63.0	250.4	372.0	-	-	-
	Core Operating Income	0.8	(1.4)	(4.0)	(6.9)	(11.5)	(0.8)	(1.4)	(3.6)	(5.7)	(11.5)	42.0	(5%)	(5%)	11%
Engineering Shapes & Solution	Sales Revenue	31.5	34.1	29.4	33.5	128.4	37.9	32.4	32.8	36.0	139.1	166.0	-	-	-
	Core Operating Income	2.2	0.5	(0.3)	1.5	3.8	2.5	1.7	0.9	2.7	7.8	19.0	3%	6%	11%
Carbon Fiber・Composite	Sales Revenue	23.4	17.7	20.2	27.9	89.1	29.0	26.9	25.3	26.0	107.2	201.0	-	-	-
	Core Operating Income	(0.3)	(1.1)	(2.2)	(6.6)	(10.2)	(2.4)	(2.3)	(3.6)	(6.7)	(15.0)	26.0	(11%)	(14%)	13%

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

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Questioner: I would like to ask about slide 33. Besides the direct impact of impairment losses related to Gelest Inc., you mentioned that the effect of structural reform in FY2025 was the result of a number of other initiatives. You mentioned that the carbon fiber business was also a factor at the end of the fiscal year. Could you give us an outlook on how much of an effect this will have in the next fiscal year in terms of fixed cost reductions?

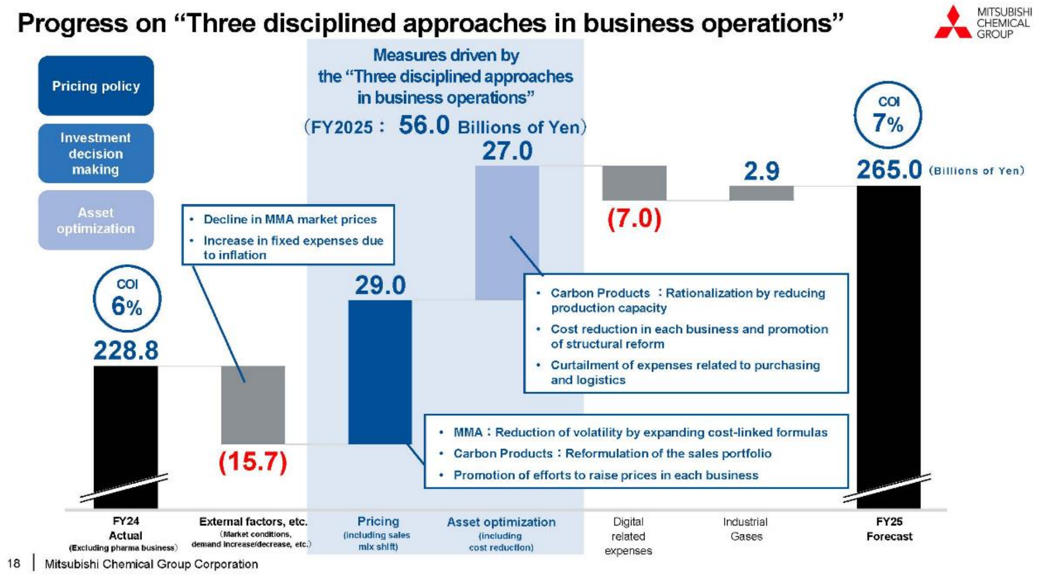
Kida: It is somewhat difficult to quantify the reduction in fixed cost at this stage. In particular, we expect a total cost reduction of about ¥7.0 billion in Advanced Composites & Shapes from optimizing the production capacity at some facilities. As I mentioned before, the imbalance between the upstream and downstream capacity in the carbon fiber business has been a major drag on earnings. Therefore, we have properly addressed this issue with structural reform. As a result, we expect significant cost reduction effects in Advanced Composites & Shapes.

Questioner: Can you also tell us about the cost reduction at Advanced Solutions?

Kida: Some cost reduction is also expected in semiconductor and other products in Advanced Solutions. However, the largest reduction will come from Advanced Composites & Shapes. We have taken various measures focused on carbon fibers, and we expect to see the effects of these measures in the next fiscal year.

Questioner: I understood that the structural reform in Specialty Materials has almost finished. Thank you.

Q&A: Pricing policy



Questioner: I would like to ask about slide 18. You mentioned earlier about the cost-linked formula for MMA in the pricing policy. What is the allocation ratio including Carbon Products and other businesses? How much does the pricing policy of Specialty Materials contribute?

Also, as to asset optimization, the reformulation of Carbon Products has a major effect but what you just said seems to indicate capacity reduction in carbon fibers also has an effect.

Can you explain more about the pricing policy and asset optimization and which one is most effective?

Kida: First, about the pricing policy, it is difficult to quantify but MMA has the largest effect followed by Carbon Products. We are firmly determined to stop loss-generating issue as well as converting into a tolling business.

As for the breakdown, I hope you can see here MMA, Carbon Products, and others have the share of one-third each.

Regarding asset optimization, our diverse initiatives so far will finally deliver results. Plant closures in Carbon Products and other businesses led to a significant reduction in fixed costs.

Consolidation of bases has also been effective. For example, we have recently announced to discontinue manufacturing at the Onahama Plant.

Questioner: Can you also explain more about the possible reduction in carbon fiber production capacity?

I was also wondering if there would be less effect in FY2025 because initiatives to close down various businesses announced in the past few months are scheduled around 2026. Can you tell us what effect will be delivered in FY2025 and whether we can expect more effect after FY2026?

Kida: Some of the initiatives have already started in2024, when I explained the medium-term management plan, and we have been working on them for quite some time. Please understand such efforts will deliver results.

We also decided to optimize the production capacity of carbon fibers and in the implementation phase to some extent, though I will refrain from giving specific quantities and amounts.

Questioner: How many items have already been decided or negotiated for pricing policy and asset optimization, respectively? Can you give us a few more clues about the moving parts in upcoming negotiations?

Kida: It is difficult to comment on the progress at this point, but about 40% of our overall sales plan in Carbon Products has been finalized through a cost-linked formula and the rest is still under negotiation with customers.

Q&A: MMA Outlook

Questioner: I believe the utilization rate of MMA for the full year in FY2024 was about 80%, what is your view of the utilization rate for FY2025? Also, you mentioned that the market rate was $1,580 in 4Q, and what do you expect it to be in FY2025?

Kida: We expect the utilization rate to remain at around 80% in FY2025 and the current market rate of about $1,500 to continue during 1Q FY2025. Although it depends on the impact of tariffs, we expect the rate to be higher in 2Q than in 1Q.

Questioner: You mentioned that demand after the Chinese New Year did not recover well. What kind of demand do you relatively expect by application? At the briefing session held on April 23, you said you would capture alternative demand for glass. Can we expect some results from this fiscal year?

Kida: I don't think we can expect such results.

Questioner: Any impact from the operation of Röhm’s plant using LiMA technology?

Chikumoto: I have not heard of any impact from that yet.

Q&A: Reflection of Mitsubishi Tanabe Pharma’s Business Transfer

Consolidated Statements of Operations

MITSUBISHI CHEMICAL GROUP

	FY2024 Actual	1H	2H	FY2025 Forecast	Difference	%
Exchange Rate (¥/$)	152.6	140.0	140.0	140.0	(12.6)	
Naphtha Price (¥/kl)	75,600	65,000	65,000	65,000	(10,600)	
					(Billions of Yen)	
Sales Revenue	3,947.6	1,803.0	1,937.0	**3,740.0**	**(207.6)**	(5%)
Core Operating Income	228.8	121.0	144.0	**265.0**	**36.2**	16%
Special Items	(88.1)	(10.0)	(53.0)	**(63.0)**	**25.1**	
Operating Income	140.7	111.0	91.0	**202.0**	**61.3**	44%
Financial Income/Expenses	(42.3)	(17.0)	(20.0)	**(37.0)**	**5.3**	
Income before Taxes	98.4	94.0	71.0	**165.0**	**66.6**	68%
Income Taxes	(40.9)	(25.0)	(21.0)	**(46.0)**	**(5.1)**	
Net Income from Continuing Operations	57.5	69.0	50.0	**119.0**	**61.5**	107%
Net Income from Discontinued Operations	48.2	94.0	0.0	**94.0**	**45.8**	
Net Income	105.6	163.0	50.0	**213.0**	**107.4**	102%
Net Income Attributable to Owners of the Parent	45.0	130.0	15.0	**145.0**	**100.0**	222%
Net Income Attributable to Non-Controlling Interests	60.6	33.0	35.0	**68.0**	**7.4**	

17 | Mitsubishi Chemical Group Corporation

Questioner: I think ¥94.0 billion shown as “net income from discontinued operations” on slide 17, comes from Mitsubishi Tanabe Pharma Corporation, and how is this reflected in the results?

Am I correct in understanding the net income of Mitsubishi Tanabe Pharma's business is only included for 1Q? May I consider the gain on sale is also included here. Is the timing for occurrence in 1Q or 2Q? Also, if possible, can you give us the breakdown of amounts?

Kida: I would like to refrain from disclosing the details, but they are expected to be recorded in 1Q and 2Q. ¥94.0 billion includes the gain on the sale and tax expenses related to the sale, plus Mitsubishi Tanabe Pharma's net income as it remains consolidated in 1Q.

In addition, there is a very small transfer of expenses between groups, and such impact is included in ¥94.0 billion.

Questioner: Furthermore, how should we think about the balance sheet after 1Q? I know it depends on the timing of the buyback, but could you explain to the extent possible, mainly on the cash position and changes in equity capital?

Kida: First of all, the impact of the buyback is ¥50.0 billion, and we do not expect this to have a significant impact on the overall balance sheet.

As for funding, net interest-bearing debt will shrink considerably with the expected inflow of about ¥510.0 billion. However, this is just temporary and no doubt we must invest for future growth.

In addition, structural reform-related expenses will also incur this year. Cash expenses are required while there may be valuation allowance and we do not currently anticipate the balance sheet to change dynamically as a result of these expenses.

Q&A: About Specialty Materials' Main Products

Questioner: Let me ask about the main products of Specialty Materials in the new fiscal year. What do you envision in terms of growth in sales volume for OPL films, semiconductor materials, carbon fibers, and battery materials?

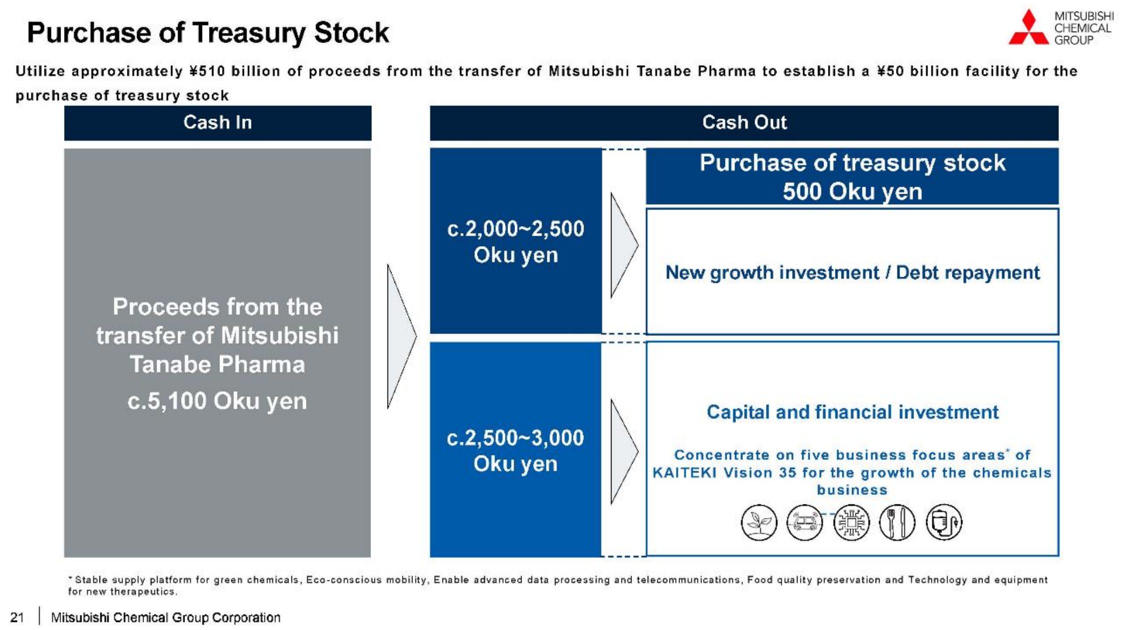
Kida: We believe it will be difficult to see a rapid growth of OPL films in the current fiscal year. Although the Chinese subsidy policy has been supporting the film market, we believe the market will probably level off at some point, and we expect the market to settle down around December 2025. OPL films will certainly grow in the future, but not expect a large increase in OPL film sales this fiscal year.

As for carbon fibers, we are optimizing our production capacity and will not force ourselves to continue to sales at low prices from this fiscal year onward. Therefore, in terms of volume, we expect a slight decrease this fiscal year.

On the other hand, the basic concept of carbon fiber business is to ensure profit by shifting sales of high-grade products to different customers.

We expect a moderate recovery in the semiconductor industry to continue as a whole. For example, we expect that resists and synthetic quartz powder will grow in terms of volume.

Q&A: Purchase of Treasury Stock



Questioner: Let me ask about the concept for purchase of treasury stock. About the use of approximately ¥510.0 billion from the transfer of Mitsubishi Tanabe Pharma, may we understand the share repurchase ends with this?

You also have indicated the future returns such as a 35% dividend payout ratio and can you once again explain your shareholder return policy including purchase of treasury stock?

Kida: First of all, our dividend policy remains unchanged, and we basically return profit to shareholders mainly through dividends, with a dividend payout ratio of 35%. Please understand the current return policy is at least maintained as the base line.

We have thoroughly discussed purchase of treasury stock internally. The purchase of treasury stock will slow down in the meantime, with the use of transfer proceeds related with Mitsubishi Tanabe Pharma.

We may reconsider purchase of treasury stock after weighing the balance among the future growth investments, the level of cash needed for the restructuring and reorganization I mentioned earlier, and the need to improve the financial position of the company.

Greetings from Mr. Kida

Thank you all for taking time out of your busy schedules to attend our financial results briefing today.

Chemicals Business, our core business, has improved from the tough business conditions in the previous fiscal year. Although net income and ROE remain low, we will continue to steadily improve core operating income this fiscal year.

Further, our immediate task is to complete major structural reforms this year, and we will continue to work together throughout the company this fiscal year.

We look forward to your continued support. Thank you very much for your time today.