



February 16, 2023

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## Notice on Revision to Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023

Mitsubishi Chemical Group Corporation (MCG) announced on February 14, 2023, we received an arbitral award on February 13, 2023, of the arbitration proceedings that Novartis Pharma AG (Novartis) filed against Mitsubishi Tanabe Pharma Corporation (MTPC), a consolidated subsidiary, regarding the royalty payment obligations relating to a product (i.e., Gilenya). As a result, MCG has revised the forecast that it announced on February 7, 2023 for the fiscal year ending March 31, 2023 (fiscal 2022), as follows.

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

(Billions of yen; unless otherwise noted)

|  | Sales revenue | Core operating income | Operating income | Net income | Net income attributable to owners of the parent | Basic earnings per share (yen) |
|--|---------------|-----------------------|------------------|------------|---|--------------------------------|
| Previous forecast (A)<br>(announced on February 7, 2024) | 4,514.0       | 200.0                 | 71.0             | 65.0       | 28.0  | 19.69                          |
| Revised forecast (B)                                     | 4,640.0       | 326.0                 | 200.0            | 155.0      | 118.0   | 83.00                          |
| Difference (B – A)                                       | 126.0         | 126.0                 | 129.0            | 90.0       | 90.0  |                                |
| Difference (%)   | 2.8           | 63.0                  | 181.7            | 138.5      | 321.4   |                                |
| Reference:<br>Results for fiscal 2021                    | 3,976.9       | 272.3                 | 303.2            | 209.4      | 177.2   | 124.68                         |

Notes:

- The forecast for net income before taxes has been changed from ¥57.0 billion to ¥186.0 billion.
- Core operating income is operating income (loss) after excluding certain gains and expenses attributable to non-recurring factors.

### 2. Reason for revision

Novartis alleged that certain parts of provisions in the license agreement providing Novartis's royalty payment obligations were invalid, and, therefore, Novartis did not owe royalty payment obligations. However, the tribunal, on February 13, made an arbitral award which determined that all disputed provisions regarding the royalty payment obligations in the license agreement are valid. Accordingly, the royalties which have not been recognized as revenue in accordance with IFRS 15 during the arbitration proceedings will all be recognized as revenue in the fourth quarter of the fiscal year ending March 31, 2023. In addition, Novartis will reimburse a portion of the expenses paid by MTPC in relation to the arbitration proceedings. As a result, revenue of approximately 126 billion yen, other operating income of approximately 3 billion yen will be recorded in the fiscal year ending March 31, 2023.

**Reference:****Core operating income by segment**

(Billions of yen)

|                      | Revised forecast | Previous forecast | Difference |
|----------------------|------------------|-------------------|------------|
| Performance Products | 68.0             | 68.0              | -          |
| Chemicals            | 12.0             | 12.0              | -          |
| Industrial Gases     | 113.0            | 113.0             | -          |
| Health Care          | 134.0            | 8.0               | 126.0      |
| Others               | (1.0)            | (1.0)             | -          |
| Total                | 326.0            | 200.0             | 126.0      |

**Forward-Looking Statements**

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