May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under IFRS)

Company name: Mitsubishi Chemical Group Corporation Listing: Tokyo Stock Exchange
Securities code: 4188 URL: https://www.mcgc.com/english/
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Director, Corporate Communications Div.
Scheduled date of annual general meeting of shareholders: June 27, 2023
Scheduled date to commence dividend payments: June 6, 2023
Scheduled date to file annual securities report: June 27, 2023
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
Fiscal year ended		%		%		%		%		%		%
March 31, 2023	4,634,532	16.5	325,558	19.5	182,718	(39.7)	135,150	(35.5)	96,066	(45.8)	210,493	(36.8)
March 31, 2022	3,976,948	22.1	272,342	55.9	303,194	538.1	209,405	821.6	177,162	—	332,834	107.3

Reference: Income before taxes
Fiscal year ended March 31, 2023: ¥167,964 million((42.2)%)
Fiscal year ended March 31, 2022: ¥290,370 million(782.4%)

* Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors.

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of income before tax to total assets	Ratio of core operating income to sales revenue
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	67.57	64.72	6.4	3.0	7.0
March 31, 2022	124.68	115.03	13.2	5.3	6.8

Reference: Share of profit of associates and joint ventures
Fiscal year ended March 31, 2023: ¥11,743 million
Fiscal year ended March 31, 2022: ¥21,194 million

(2) Financial Position:

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of the parent per share
Fiscal year ended				%	Yen
March 31, 2023	5,773,903	1,988,137	1,564,366	27.1	1,100.04
March 31, 2022	5,573,871	1,844,319	1,458,077	26.2	1,026.03

(3) Cash Flows:

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended				
March 31, 2023	355,189	(247,632)	(60,783)	297,224
March 31, 2022	346,871	(128,781)	(336,283)	245,789

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen		%	%
March 31, 2022	—	15.00	—	15.00	30.00	42,717	24.1	3.2
March 31, 2023	—	15.00	—	15.00	30.00	42,734	44.4	2.8
March 31, 2024 (Forecast)	—	16.00	—	16.00	32.00		46.9	

3. Prospects for the Following Fiscal Year

(Percentages indicate changes in comparison with the same period of the previous fiscal year)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
		%		%		%		%		%	Yen
First Half of FY2023	2,221,000	(2.2)	108,000	(11.9)	110,000	(7.1)	63,000	(31.2)	43,000	(41.8)	30.24
FY2023	4,555,000	(1.7)	250,000	(23.2)	239,000	30.8	143,000	5.8	97,000	1.0	68.21

Reference: Income before taxes

First Half of FY2023: ¥92,000 million((24.6)%), FY2023: ¥201,000 million(19.7%)

* Notes

(1) Changes in significant subsidiaries during the period : None
(changes in specified subsidiaries resulting in the change in scope of consolidation)

(2) Changes in accounting policies and changes in accounting estimates
(i) Changes in accounting policies required by IFRS : None
(ii) Changes in accounting policies due to other reasons : None
(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

(i)Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	1,506,288,107 Shares	As of March 31, 2022	1,506,288,107 Shares

(ii)Number of treasury shares at the end of the period

As of March 31, 2023	84,190,278 Shares	As of March 31, 2022	85,199,844 Shares

(iii)Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	1,421,783,328 Shares	Fiscal year ended March 31, 2022	1,420,944,919 Shares

*Mitsubishi Chemical Group Corporation adopted a performance-based share compensation plan that uses executive compensation Board Incentive Plan (BIP) trusts. Mitsubishi Chemical Group Corporation stocks held by BIP trust are included in treasury shares.

(Reference)

Number of Company's shares in executive compensation BIP trust:

March 31, 2023	2,413,119 Shares
March 31, 2022	2,833,314 Shares

Disclosure regarding audit procedures

Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

Proper use of earnings forecasts, and other special matters

*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. The Company's stance on forward-looking statements is described on pages [7] hereof.

*Change of Trade Name

Based on the management policy of "Forging the future" announced in December 2021, we have been promoting the shift to a "One Company, One Team" flat organizational structure since April 1, 2022. To represent our new organizational structure, which will execute in a unified manner across the Group, we have decided to change our trade name from "Mitsubishi Chemical Holdings Corporation" to "Mitsubishi Chemical Group Corporation" on July 1, 2022.

*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment in the fiscal year (April 1, 2022 - March 31, 2023; same hereafter) of the Mitsubishi Chemical Group (MCG), the global economy overall continued to modestly trend upward, as socio-economic activities return to normal. However, the risk of an economic slowdown heightened mainly reflecting monetary tightening by each country to control inflation, in addition to a rise in raw material and fuel prices and supply chain disruption.
Against this backdrop, sales revenue stood at ¥4,634.5 billion, an increase of ¥657.6 billion, or 16.5% compared to the previous fiscal year (April 1, 2021 - March 31, 2022; same hereafter). In the profit front, core operating income rose ¥53.3 billion, or 19.5%, to ¥325.6 billion. Operating income was down ¥120.5 billion, or 39.7%, to ¥182.7 billion chiefly due to the recording of impairment losses related to Chemicals segment and the Health Care segment under Special Items. Income before taxes decreased ¥122.4 billion, or 42.2%, to ¥168.0 billion. And net income attributable to owners of the parent dropped ¥81.1 billion, or 45.8% to ¥96.1 billion.

Overview of Business Segments

The overview of financial results by business segment for fiscal 2022 is shown below. Segment gains or losses are stated as core operating income, which excludes gains or losses from non-recurring factors and including losses from business withdrawals, streamlining, and other factors.

Performance Products Segment, Performance Products Domain

In comparison with the previous fiscal year, sales revenue increased ¥116.4 billion, to ¥1,252.7 billion and core operating declined ¥27.2 billion, to ¥51.5 billion.

In the Polymers and Compounds, sales revenue climbed. Although sales volumes declined, mainly for products used in automobile applications, MCG made progress in passing on a rise in raw material costs to selling prices, and owing to contribution from forex translation impact.

In the Films and Molding Materials, sales revenue increased. Although sales decreased reflecting a rapid retreat in demand for products used in display applications, and due to the transfer of the polycrystalline alumina fiber business in March 2022, there was positive impact mainly from a correction to selling prices accompanying a rise in raw material costs as well as positive forex impact.

In the Advanced Solutions, sales revenue grew underpinned chiefly by a correction to selling prices in tandem with a rise in raw material costs and positive forex impact, regardless of a decline in sales volume mainly for products used in display applications.

Meanwhile, core operating income in this segment declined. Although progress was made in passing on cost to selling prices, primarily due to impact from a rise in raw material costs, core operating income was mainly hindered by a decline in demand overall for products used in display applications and other applications as well and an increase in costs reflecting inflation.

In this segment in the fiscal year, the following items were implemented by or occurred at MCG.

- In China, MCG decided to boost its production capacity for newly-developed low-swelling natural graphite anode materials from a current 2,000 tons/year to 12,000 tons/year to address brisk demand for anode materials used in lithium-ion batteries. The goal is to launch this new production capacity in the first half of fiscal 2023.
- In the UK, MCG decided in July 2022 to boost its annual production capacity for SoarnoL™ ethylene vinyl alcohol copolymer (EVOH) resin to 39,000 tons, from a present 18,000 tons, to address expanding global demand for food

packaging materials. The production increase is slated to take effect in July 2025.

- As part of its portfolio reform, MCG decided in December 2022 to withdraw from the business of Vonnel™ and Vonnel™ M.V.P, acrylic fibers manufactured at the Hiroshima Plant, by the end of 2023.
- To promote business expansion of performance products in the focus area, the MCG Group decided in February 2023 to construct a new production facility at the Okayama Plant to nearly double its production capacity from current levels of GOHSENX™ and Nichigo G-Polymer™, specialty brands of polyvinyl alcohol resin (PVOH resin). The MCG Group is scheduled to start operations at this facility in October 2024.
- As a part of portfolio reforms, the MCG Group on March 31, 2023 signed a share transfer agreement with Sumikasekisui Film Co., Ltd. (Headquarters: Taito-ku, Tokyo) with the goal of transferring all of its shares in Mitsubishi Chemical Agri Dream Co., Ltd. to Sumikasekisui Film by around September 2023.

Chemicals Segment, Industrial Materials Domain

In comparison with the previous fiscal year, sales revenue increased ¥142.3 billion, to ¥1,430.2 billion and core operating income declined ¥93.0 billion, to ¥9.2 billion.

In MMA, sales revenue was down. Although sales revenue was bolstered mainly by positive forex impact, sales volumes decreased in line with a slowdown in demand and a fall in market prices chiefly for MMA monomer.

In Petrochemicals, sales revenue rose. Although sales volumes contracted due to a slowdown in demand and an increase in impact from scheduled maintenance and repairs at the ethylene production facility, selling prices rose mainly in tandem with an uptick in raw material and fuels costs and other factors.

In Carbon Products, sales revenue expanded. Although sales volumes were lower due to a slowdown in demand, there was a climb in selling prices for cokes in tandem primarily with a climb in raw material and fuel costs.

Core operating income in this segment declined. In addition to a drop in sales volumes mainly reflecting slowing demand, there was a contraction in the price gap between raw materials and products overall, and a dwindling in inventory valuation gains.

In this segment in the fiscal year, the following items were implemented by or occurred at MCG.

- While MCG has been working on the establishment of its new Methyl Methacrylate (MMA) plant using Alpha technology (expected production capacity of 350,000 tons/year) in the United States, it has decided to defer the timing of the final investment decision (FID) for the project from mid-2022 to fiscal year 2023 due to current market volatilities among other factors.
- The MCG Group plans to enhance the competitiveness of its MMA operations and optimize the supply system. To this end, MCG Group closed the production in February 2023 of MMA-related products at the Cassel site (production capacity of about 200,000 tons/year) in the United Kingdom.

Industrial Gases Segment, Industrial Materials Domain

In comparison with the previous fiscal year, sales revenue increased ¥227.8 billion, to ¥1,177.9 billion and core operating income rose ¥22.1 billion, to ¥121.0 billion.

In industrial gases, sales revenue and core operating income both rose. This mainly reflects a rise in selling prices in tandem with a climb in fuel costs and forex impact, as well as strong demand for in Japan and overseas.

In this segment in the fiscal year, the following items were implemented by or occurred at MCG.

- An agreement was signed with Petroleos del Peru (PetroPeru), the Peruvian National Oil Company (Head Office: Lima, Peru), related to the operations, maintenance and supply of hydrogen and nitrogen plants at the Talara refinery. This agreement was signed owing to the evaluation of performance at the HyCO business thus far and the proposals to PetroPeru. Starting February 2023, the of supply hydrogen and nitrogen was launched.

- In addition to supplying hydrogen from an existing facility, a long-term supply agreement was entered into with Vertex Energy, Inc. ("Vertex"; Head office: Texas, US) for hydrogen to be used as a new raw material for renewable energy production at a 75,000 barrel per day refinery in Mobile, Alabama owned by Vertex. This is the first time a HyCO plant, which uses renewable hydrocarbon fuel as a raw material, will be established.
- An award for the supply of hydrogen and co-product steam for a period of 20 years has been received from Numaligarh Refinery Limited (Head office: Assam, India), a Public Sector affiliate of the Government of India. A plant will be newly constructed adjacent to the refinery to supply hydrogen and co-product steam. The new plant is scheduled to be completed and commence operations in 2025.
- In February 2023, a memorandum of agreement was signed with Astomos Energy Corporation (Headquarters: Chiyoda-ku, Tokyo) for the joint consideration of the management integration of the LP gas businesses for consumer use and decarbonization, cultivation of demand for industrial use, and wholesaling regarding LP gas. The management integration of this business is slated for January 2024.

Health Care Segment, Health Care Domain

In comparison with the previous fiscal year, sales revenue increased ¥143.5 billion, to ¥547.1 billion and core operating income rose ¥148.8 billion, to ¥141.8 billion.

In the Pharmaceuticals, sales revenue and core operating income rose. Although there was negative impact mainly from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, there was offset by positive impact from steady sales for priority products and RADICAVA ORS®, a treatment agent for patients with amyotrophic lateral sclerosis (ALS) which had been released in the United States, and also owing to royalty revenue for Gilenya®, a treatment agent for multiple sclerosis, licensed out to Novartis Pharma AG. Note that some royalty revenue from Novartis Pharma AG for Gilenya® was not recognized as sales revenue in accordance with IFRS 15 as an arbitration procedure was underway starting February 2019. Given all the provisions in the licensing agreement were judged to be effective in February 2023, the MCG Group recognized sales revenue of ¥125.9 billion in fourth quarter of the fiscal year.

In this segment in the fiscal year, the following items were implemented by or occurred at MCG.

- In May 2022, oral suspension formulation of edaravone (Development code: MT-1186) was approved in the United States (Product name: RADICAVA ORS®) for the treatment of patients with amyotrophic lateral sclerosis (ALS). It was also approved in Canada (Product name: RADICAVA® Oral Suspension) in November 2022 and in Japan (Product name: RADICUT® Oral Suspension 2.1%) in December 2022. However, the approval of RADICAVA ORS® is expected to alleviate the burden to ALS patients as it can be administered orally which will eliminate the pain of intravenous infusion and the need for outpatient visits.
- In June 2022, an additional indication for CANAGLU® 100mg tablets (Development code: TA-7284; Generic name: canagliflozin) was approved in Japan to treat chronic kidney disease due to complications from Type 2 diabetes mellitus (however, this excludes patients with end-stage renal disease or who are undergoing dialysis). This additional indication will contribute to an improvement in the quality of life (QOL) of patients suffering from renal disease.
- In July 2022, an agreement for sales in Japan was signed with Eli Lilly Japan K.K. (Head office: Kobe, Japan) regarding Mounjaro, the world’s first sustained release GIP/GLP-1 receptor agonist. Eli Lilly Japan secured manufacturing and sales approval in Japan for Mounjaro in September 2022 owing to its indication as a treatment for Type 2 diabetes.
- As part of MCG’s portfolio reform, all shares held in API Corporation were transferred to UBE Corporation (Head office: Ube, Yamaguchi) in December 2022.
- Plans were abandoned to commercialize COVIFENZ®, a plant-based virus-like particle (VLP) vaccine developed to prevent COVID-19, given the outcome of its comprehensive consideration, mainly of the market environment. Even in

regard to the commercialization going forward of products under development at Medicago Inc., it was determined it will be difficult to continue implementing investments and decided in February 2023 to exit and liquidate business operations at Medicago.

- In February 2023, the decision was made to cease the development of a regenerative medicine product (CL2020) using Muse Cells. This reflects comprehensive and serious considerations, including the recent status of clinical development, the timeline up to commercialization, and the pharmaceutical business strategy going forward.
- In March 2023, manufacturing and marketing approval in Japan was obtained for the “GOBIK Aqueous Suspension Syringes,” adsorbed diphtheria-purified pertussis-tetanus-inactivated polio-haemophilus type b conjugate combined vaccine, jointly developed with the Research Foundation for Microbial Diseases of Osaka University (Headquarters: Suita City, Osaka). Owing to the reduction of the number of vaccination dose, it is expected to alleviate the burden on infants and their guardians.
- In March 2023, approval was received for an additional indication for the anti-cytomegalovirus agent Valixa® Dry Syrup 5000 mg (generic name: valganciclovir hydrochloride) for the treatment of symptomatic congenital cytomegalovirus infection. It is the first agent in the world to be approved as a treatment for this disease. This will provide patients with a new treatment option.

Others

In comparison with the previous fiscal year, sales revenue increased ¥27.6 billion, to ¥226.6 billion and core operating income expanded ¥1.5 billion, to ¥16.5 billion.

Group Performance Overview

- The MCG Group, in accordance with its management policy of “Forging the future,” which was announced in December 2021, is promoting a shift since April 1, 2022 to a “One Company, One Team” flat organizational structure. In tandem with this, in October 2022, MCG, Mitsubishi Chemical Corporation, and regional headquarters (RHQ) in North America and Europe decided on plans to improve management efficiency and to accelerate decision-making through organizational restructuring within the group, of which these companies are the concerned parties, and by restructuring and integrating management functions in the two aforementioned regions. In addition, on April 1, 2023, MCG implemented an absorption-type merger with its wholly-owned subsidiary, The KAITEKI Institute, Inc. The functions of the KAITEKI Institute were integrated with the corporate functions of MCG, mainly its innovation functions.
- In January 2023, the MCG Group established its new Group Concept (Purpose, Slogan and Our Way). This Group Concept showcases what the MCG Group aims for and why it exists by expressing its purpose of “We lead with innovative solutions to achieve KAITEKI, the well-being of people and the planet.” The goal of all employees is to contribute to all stakeholders, including customers and shareholders, through the realization of growth and improvement corporate value based on this Group Concept which is to be shared globally.
- In February 2023, the MCG Group formulated a specific action plan for growth and profit margin expansion based on its management policy of “Forging the future,” and also updated its financial targets for FY2025 mainly factoring in the progress in cost structure reforms in the MCG Group overall.

(2) Financial Position

Total assets at the end of the fiscal year totaled ¥5,773.9 billion, an increase of ¥200.0 billion compared with the end of the previous fiscal year. Although there was a decrease in non-current assets due to the impairment losses of Medicago (Canada) and the Mitsubishi Chemical UK (United Kingdom) Cassel Site, the increase was primarily attributable to a rise in the value of assets translated into yen at overseas consolidated subsidiaries owing to depreciation in the value of the yen, and an increase in inventories mainly due to a rise in raw material costs.

Total liabilities at the end of the fiscal year totaled ¥3,785.8 billion, an increase of ¥56.2 billion in comparison with the end of the previous fiscal year. Although there was a decline in trade payables in tandem with a decrease in purchasing, the rise in total liabilities is attributable to an increase in bonds and borrowings.

Note that interest-bearing debt, which included lease liabilities at the end of the fiscal year came to ¥2,375.8 billion, an increase of ¥85.9 billion versus the end of the previous fiscal year.

Total equity at the end of the fiscal year was ¥1,988.1 billion, up ¥143.8 billion from the end of the previous fiscal year. Although equity shrank reflecting the payout of dividends, equity rose given the Company posted a profit attributable to owners of the parent, and there was an increase in exchange differences on translation of foreign operations.

As a result of these factors, the ratio of equity attributable to owners of the parent was up 0.9 points, to 27.1%. The net debt-to-equity ratio was down 0.07, to 1.33.
Notes:
Net debt-to-equity ratio = Net interest-bearing debt ÷ Equity attributable to owners of the parent
Net interest-bearing debt = Interest-bearing debt - (cash and cash equivalents + cash reserves)

(3) Cash Flow Analysis

Net cash provided by operating activities increased ¥8.3 billion from the previous fiscal year, to ¥355.2 billion. Although there was an increase in working capital reflecting a rise in raw material costs, the decline was attributable to income before taxes and depreciation and amortization.

Net cash used in investing activities increased ¥118.8 billion from the previous fiscal year to ¥247.6 billion. Although there were proceeds mainly from sales/redemption of other financial assets, the rise was chiefly attributable to an outflow of ¥281.0 billion in purchase of property, plant and equipment and intangible assets. Consequently, free cash flow (cash flow from operating and investment activities) decreased ¥110.5 billion to ¥107.6 billion.

Net cash used in financing activities decreased ¥275.5 billion from the previous fiscal year to ¥60.8 billion. Although these was an increase due to bonds and borrowings, there was also a decrease primarily attributable to dividend payout of ¥61.8 billion

As a result of these factors, cash and cash equivalents at the end of the fiscal year totaled ¥297.2 billion, an increase of ¥51.4 billion compared with the end of the previous fiscal year.

(4) Financial Results Forecasts for Fiscal 2023

In the business environment in which the MCG Group operates the economy is expected to rebound owing to an increase in social activities and the flow of people while living with COVID-19. Meanwhile, there are concerns of an economic slowdown mainly due to various factors, including geopolitical risks and volatility in financial and capital markets chiefly in the US and Europe.

Given these trends, in the following fiscal year we forecast a modest recovery in demand for products for the display and semiconductors markets and for those chiefly used in automotive applications in the Performance Products business domain as well as demand for MMA and petrochemical products in the materials business which was sluggish in the fiscal year. Although there will be impact from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business in the Health Care Segment, we forecast benefit from a reduction in cost owing to the liquidation of the Medicago business.

The Company accordingly looks for ¥4,555.0 billion in sales revenue for the fiscal year ending March 31, 2024. Other key projections for the year are ¥250.0 billion in core operating income, ¥239.0 billion in operating income, ¥201.0 billion in income before taxes, ¥143.0 billion in net income, and ¥97.0 billion in net income attributable to owners of the parent.

The following are estimates for major indicators for the above forecasts.

(Billions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024
Capital Expenditure	282.2	330.0
Depreciation & Amortization	269.6	272.0
R&D Expenses	149.5	132.0
Exchange rate (Yen/USD) (Note)	136	130
Naphtha price (Yen/KL) (Note)	76,600	67,000

Note: These are the averages for April 1, 2022 - March 31, 2023 and April 1, 2023 - March 31, 2024.

2. Basic Approach to the Selection of Accounting Standards

The company has voluntarily applied IFRS from the fiscal year ended March 31, 2017 for its consolidated financial statements for the purpose of enhancing its reporting's international comparability and unifying accounting treatment within the Group.

3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements

(1) Consolidated Statement of Profit or Loss

Fiscal year ended March 31, 2022 and 2023

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Sales revenue	3,976,948	4,634,532
Cost of sales	(2,862,224)	(3,395,045)
Gross profit	1,114,724	1,239,487
Selling, general and administrative expenses	(854,455)	(922,650)
Other operating income	81,692	31,893
Other operating expenses	(59,961)	(177,755)
Share of profit of associates and joint ventures	21,194	11,743
Operating income	303,194	182,718
Financial income	9,368	16,636
Financial expenses	(22,192)	(31,390)
Income before taxes	290,370	167,964
Income taxes	(80,965)	(32,814)
Net income	209,405	135,150
Net income attributable to		
Owners of the parent	177,162	96,066
Non-controlling interests	32,243	39,084
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	124.68	67.57
Diluted earnings per share attributable to owners of the parent	115.03	64.72

(2) Consolidated Statement of Comprehensive Income

Fiscal year ended March 31, 2022 and 2023

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net income	209,405	135,150
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	4,471	(9,923)
Remeasurements of defined benefit plans	7,328	(3,018)
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(6)	426
Total items that will not be reclassified to profit or loss	11,793	(12,515)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	104,596	78,926
Net gain (loss) on derivatives designated as cash flow hedges	2,384	1,528
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	4,656	7,404
Total items that may be subsequently reclassified to profit or loss	111,636	87,858
Total other comprehensive income (net of tax)	123,429	75,343
Total comprehensive income	332,834	210,493
Total comprehensive income attributable to		
Owners of the parent	268,003	150,984
Non-controlling interests	64,831	59,509

(3) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2022	March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	245,789	297,224
Trade receivables	825,996	808,787
Inventories	745,248	797,877
Other financial assets	51,085	74,469
Other current assets	106,556	141,020
Subtotal	1,974,674	2,119,377
Assets held for sale	11,442	30,241
Total current assets	1,986,116	2,149,618
Non-current assets		
Property, plant and equipment	1,899,695	1,907,898
Goodwill	705,412	727,655
Intangible assets	448,805	459,213
Investments accounted for using the equity method	174,791	170,736
Other financial assets	233,533	203,270
Other non-current assets	60,923	61,425
Deferred tax assets	64,596	94,088
Total non-current assets	3,587,755	3,624,285
Total assets	5,573,871	5,773,903

(Millions of yen)

	March 31, 2022	March 31, 2023
Liabilities		
Current liabilities		
Trade payables	486,874	476,311
Bonds and borrowings	411,213	601,443
Income tax payable	34,875	29,127
Other financial liabilities	291,237	316,379
Provisions	15,601	47,274
Other current liabilities	178,613	184,272
Subtotal	1,418,413	1,654,806
Liabilities directly associated with assets held for sale	880	9,024
Total current liabilities	1,419,293	1,663,830
Non-current liabilities		
Bonds and borrowings	1,748,756	1,642,325
Other financial liabilities	112,554	118,527
Retirement benefit liabilities	103,941	102,292
Provisions	22,673	39,476
Other non-current liabilities	147,212	39,936
Deferred tax liabilities	175,123	179,380
Total non-current liabilities	2,310,259	2,121,936
Total liabilities	3,729,552	3,785,766
Equity		
Common stock	50,000	50,000
Additional paid-in capital	170,600	167,917
Treasury stock	(62,870)	(62,231)
Retained earnings	1,213,677	1,270,245
Other components of equity	86,670	138,435
Equity attributable to owners of the parent	1,458,077	1,564,366
Non-controlling interests	386,242	423,771
Total equity	1,844,319	1,988,137
Total liabilities and equity	5,573,871	5,773,903

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2021	50,000	179,716	(63,244)	1,060,069
Net income	―	―	―	177,162
Other comprehensive income	―	―	―	―
Total comprehensive income	―	―	―	177,162
Purchase of treasury stock	―	―	(31)	―
Disposal of treasury stock	―	(403)	405	―
Cash dividends	―	―	―	(38,367)
Share-based payment transactions	―	533	―	―
Forfeiture of share acquisition rights	―	(1,106)	―	823
Changes in interests in subsidiaries	―	(8,140)	―	―
Business combinations or business divestitures	―	―	―	―
Changes in scope of consolidation	―	―	―	21
Transfer from other components of equity to retained earnings	―	―	―	13,969
Total transactions with owners	―	(9,116)	374	(23,554)
Balance at March 31, 2022	50,000	170,600	(62,870)	1,213,677

	Other components of equity							
	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasure-ments of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2021	56,707	―	(47,077)	168	9,798	1,236,339	334,809	1,571,148
Net income	―	―	―	―	―	177,162	32,243	209,405
Other comprehensive income	1,063	7,155	80,395	2,228	90,841	90,841	32,588	123,429
Total comprehensive income	1,063	7,155	80,395	2,228	90,841	268,003	64,831	332,834
Purchase of treasury stock	―	―	―	―	―	(31)	―	(31)
Disposal of treasury stock	―	―	―	―	―	2	―	2
Cash dividends	―	―	―	―	―	(38,367)	(15,963)	(54,330)
Share-based payment transactions	―	―	―	―	―	533	―	533
Forfeiture of share acquisition rights	―	―	―	―	―	(283)	―	(283)
Changes in interests in subsidiaries	―	―	―	―	―	(8,140)	2,553	(5,587)
Business combinations or business divestitures	―	―	―	―	―	―	(9)	(9)
Changes in scope of consolidation	―	―	―	―	―	21	21	42
Transfer from other components of equity to retained earnings	(6,814)	(7,155)	―	―	(13,969)	―	―	―
Total transactions with owners	(6,814)	(7,155)	―	―	(13,969)	(46,265)	(13,398)	(59,663)
Balance at March 31, 2022	50,956	―	33,318	2,396	86,670	1,458,077	386,242	1,844,319

Fiscal year ended March 31, 2023

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2022	50,000	170,600	(62,870)	1,213,677
Net income	―	―	―	96,066
Other comprehensive income	―	―	―	―
Total comprehensive income	―	―	―	96,066
Purchase of treasury stock	―	―	(21)	―
Disposal of treasury stock	―	(651)	660	―
Cash dividends	―	―	―	(42,651)
Share-based payment transactions	―	463	―	―
Changes in interests in subsidiaries	―	(2,495)	―	―
Business combinations or business divestitures	―	―	―	―
Transfer from other components of equity to retained earnings	―	―	―	3,153
Total transactions with owners	―	(2,683)	639	(39,498)
Balance at March 31, 2023	50,000	167,917	(62,231)	1,270,245

	Other components of equity							
	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2022	50,956	―	33,318	2,396	86,670	1,458,077	386,242	1,844,319
Net income	―	―	―	―	―	96,066	39,084	135,150
Other comprehensive income	(10,053)	(3,459)	66,570	1,860	54,918	54,918	20,425	75,343
Total comprehensive income	(10,053)	(3,459)	66,570	1,860	54,918	150,984	59,509	210,493
Purchase of treasury stock	―	―	―	―	―	(21)	―	(21)
Disposal of treasury stock	―	―	―	―	―	9	―	9
Cash dividends	―	―	―	―	―	(42,651)	(19,216)	(61,867)
Share-based payment transactions	―	―	―	―	―	463	―	463
Changes in interests in subsidiaries	―	―	―	―	―	(2,495)	(3,153)	(5,648)
Business combinations or business divestitures	―	―	―	―	―	―	389	389
Transfer from other components of equity to retained earnings	(6,612)	3,459	―	―	(3,153)	―	―	―
Total transactions with owners	(6,612)	3,459	―	―	(3,153)	(44,695)	(21,980)	(66,675)
Balance at March 31, 2023	34,291	―	99,888	4,256	138,435	1,564,366	423,771	1,988,137

(5) Consolidated Statement of Cash Flow

Fiscal year ended March 31, 2022 and 2023

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Income before taxes	290,370	167,964
Depreciation and amortization	251,469	269,616
Share of profit of associates and joint ventures	(21,194)	(11,743)
Interest and dividend income	(5,875)	(14,616)
Interest expense	20,985	29,800
(Increase) decrease in trade receivables	(88,721)	20,438
(Increase) decrease in inventories	(152,599)	(45,166)
Increase (decrease) in trade payables	86,511	(14,611)
Increase (decrease) in retirement benefit assets and liabilities, net	9,222	4,184
Others	14,443	62,102
Subtotal	404,611	467,968
Interest received	1,134	2,039
Dividends received	14,204	26,338
Interest paid	(20,250)	(25,335)
Income tax (paid) received, net	(52,828)	(115,821)
Net cash provided by (used in) operating activities	346,871	355,189
Cash flows from investing activities		
Purchase of property, plant and equipment	(244,851)	(259,026)
Proceeds from sales of property, plant and equipment	24,707	5,793
Purchase of intangible assets	(12,814)	(21,969)
Purchase of other financial assets	(4,070)	(5,184)
Proceeds from sales/redemption of other financial assets	38,988	26,944
Net cash outflow on acquisition of subsidiaries	(6,501)	(122)
Proceeds from sales of investments in subsidiaries	0	9,832
Payments for transfer of business	(700)	—
Proceeds from transfer of business	81,901	1,934
Net (Increase) decrease of time deposits	476	(636)
Others	(5,917)	(5,198)
Net cash provided by (used in) investing activities	(128,781)	(247,632)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(89,129)	(9,167)
Net increase (decrease) in commercial papers	(60,000)	69,000
Proceeds from long-term borrowings	66,162	81,270
Repayment of long-term borrowings	(130,246)	(128,728)
Proceeds from issuance of bonds	94,636	44,776
Redemption of bonds	(125,000)	(20,000)
Repayment of lease liabilities	(32,349)	(34,099)
Net (increase) decrease in treasury stock	(27)	(21)
Dividends paid to owners of the parent	(38,367)	(42,651)
Dividends paid to non-controlling interests	(15,810)	(19,113)
Repayments to non-controlling interests	(5,600)	—
Others	(553)	(2,050)
Net cash provided by (used in) financing activities	(336,283)	(60,783)
Effect of exchange rate changes on cash and cash equivalents	14,276	6,425
Net increase (decrease) in cash and cash equivalents	(103,917)	53,199
Cash and cash equivalents at the beginning of the period	349,577	245,789
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(137)	(1,868)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	266	—
Increase in cash and cash equivalents resulting from merger	—	104
Cash and cash equivalents at the end of the period	245,789	297,224

(6) Notes to Consolidated Financial Statements

(Segment Information)

Fiscal year ended March 31, 2022

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	1,136,341	1,287,915	950,111	403,638	3,778,005	198,943	3,976,948	—	3,976,948
Inter-segment revenue	52,497	43,816	7,008	410	103,731	205,510	309,241	(309,241)	—
Total	1,188,838	1,331,731	957,119	404,048	3,881,736	404,453	4,286,189	(309,241)	3,976,948
Segment profit (loss) Core operating income (Note 3)	78,724	102,163	98,921	(6,974)	272,834	15,048	287,882	(15,540)	272,342
Segment assets	1,407,640	1,287,479	2,041,434	1,074,234	5,810,787	270,233	6,081,020	(507,149)	5,573,871
Other items									
Depreciation and amortization	67,312	62,621	94,774	15,466	240,173	6,412	246,585	4,884	251,469
Share of profit of investments accounted for using the equity method	12,113	5,407	3,684	95	21,299	67	21,366	—	21,366
Investments accounted for using the equity method	62,607	58,306	35,584	16,299	172,796	1,995	174,791	—	174,791
Capital expenditures	68,652	61,344	74,661	19,504	224,161	3,539	227,700	26,889	254,589

Notes:

1. The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
2. The segment profit (loss) adjustment includes corporate costs of ¥ (14,345) million not allocated to reporting segments and inter-segment eliminations of ¥(1,195) million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
   The adjustment amount for segment assets includes corporate assets of ¥106,607 million yen not allocated to each reporting segment and inter-segment eliminations of ¥ (613,756) million yen among other factors. Corporate assets include financial assets not allocated to reporting segments.
3. Segment profit (loss) is Operating profit in accordance with IFRS after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

Fiscal year ended March 31, 2023

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care (Note 4)	Total				
Revenue									
External revenue	1,252,695	1,430,156	1,177,934	547,149	4,407,934	226,598	4,634,532	—	4,634,532
Inter-segment revenue	50,631	49,522	8,750	416	109,319	199,159	308,478	(308,478)	—
Total	1,303,326	1,479,678	1,186,684	547,565	4,517,253	425,757	4,943,010	(308,478)	4,634,532
Segment profit (loss) Core operating income (Note 3)	51,500	9,234	121,013	141,777	323,524	16,523	340,047	(14,489)	325,558
Segment assets	1,473,147	1,214,235	2,215,448	1,042,275	5,945,105	268,294	6,213,399	(439,496)	5,773,903
Other items									
Depreciation and amortization	69,240	63,330	108,070	14,225	254,865	6,870	261,735	7,881	269,616
Share of profit of investments accounted for using the equity method	5,783	2,158	3,698	256	11,895	(7)	11,888	—	11,888
Investments accounted for using the equity method	56,120	59,366	38,114	16,407	170,007	729	170,736	—	170,736
Capital expenditures	82,024	65,365	96,636	29,602	273,627	3,374	277,001	5,172	282,173

Notes:

1.The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.

2.The segment profit (loss) adjustment includes corporate costs of ¥ (14,537) million not allocated to reporting segments and inter-segment eliminations of ¥ 48 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
The adjustment amount for segment assets includes corporate assets of ¥179,663 million yen not allocated to each reporting segment and inter-segment eliminations of ¥ (619,159) million yen among other factors. Corporate assets include financial assets not allocated to reporting segments.

3.Segment profit (loss) is Operating profit in accordance with IFRS after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

4.Since entering the arbitration procedures related to payment obligations for some royalties for Gilenya, a treatment agent for multiple sclerosis, sales revenue was not recognized in accordance with IFRS 15. Reflecting the results of the arbitration award, sales revenue of ¥125,883 million was recorded in the fourth quarter of the fiscal year.

5.From the fiscal year, group financing operations mainly via the cash management system (CMS) are reclassified from Others to Adjustment. Note that the segment information for the previous fiscal year was also prepared based on revised segment classifications.

Adjustments to income before tax from segment operating results are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Segment profit	272,342	325,558
Gain on sales of shares of subsidiaries and associates	1,886	3,311
Gain on reversal of environmental expenses	—	3,149
Gain on arbitration award	—	2,884
Gain on sales of property, plant and equipment	8,641	2,446
Gain on business transfer	60,838	—
Impairment loss (Note)	(20,391)	(93,381)
Provision for loss on plant closure (Note)	—	(26,726)
Special retirement expense	(2,571)	(10,557)
Provision for loss on business liquidation	—	(5,666)
Loss on sales and disposal of fixed assets	(7,417)	(3,924)
Provision for loss on litigation	(615)	(3,550)
Loss on arbitration award	—	(3,520)
Loss on business liquidation	(479)	(3,345)
Loss on revision of retirement benefit plan	(4,027)	(515)
Others	(5,013)	(3,446)
Operating income	303,194	182,718
Financial income	9,368	16,636
Financial expenses	(22,192)	(31,390)
Income before taxes	290,370	167,964

Notes:
An impairment loss and a provision for loss on plant closure recognized for the fiscal year ended March 31, 2023 mainly consist of the following:

1. Methyl Methacrylate (MMA) manufacturing equipment at Mitsubishi Chemical UK's Cassel Site

A comprehensive business review was undertaken which concluded that MCG does not believe that the manufacturing operation of methacrylates at Mitsubishi Chemical UK (United Kingdom) Cassel Site can be economically sustainable for the foreseeable future. MCG therefore decided to cease the production of methacrylates at the site. Consequently, since the investment has become unrecoverable, the carrying amount of the manufacturing equipment at the site was reduced to the recoverable amount, and an impairment loss of ¥39,251 million was recorded. Also, a provision for loss on plant closure of ¥26,726 million, special retirement expenses of ¥1,999 million and other expense of ¥720 million were recorded.

2. Medicago's vaccine manufacturing equipment and goodwill related to its business and operations

Medicago Inc. (Canada) is a biopharmaceutical company specializing in the research and development of new vaccines using plant-based virus-like particles (hereinafter, "VLP") technology. Medicago's VLP vaccine for the prevention of COVID-19 was approved in Canada in February 2022 and the company has since been preparing for the transition to commercial-scale production.

However, in light of significant changes to the COVID-19 vaccine landscape since the approval of the VLP vaccine, and after a comprehensive review of the current global demand and market environment for COVID-19 vaccines and Medicago's challenges in transitioning to commercial-scale production, MCG has determined that it will not pursue the commercialization of the VLP vaccine. In addition, MCG judged that it was not viable to continue to make further investment in the commercialization of Medicago's development products, and decided to cease all of its operations at Medicago and proceed with an orderly wind up of its business and operations. Consequently, since the investment has become unrecoverable, the carrying amount of Medicago's vaccine manufacturing equipment and goodwill related to its business and operations was reduced to the recoverable amount, and an impairment loss of ¥47,358 million was recorded. Also, a provision for loss on business liquidation of ¥4,495 million, special retirement expenses of ¥3,805 million and loss on business liquidation of ¥1,776 million were recorded.

(Per Share Information)

The bases for calculating basic and diluted earnings per share attributable to owners of the parent were as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
		(Millions of yen)
Net income attributable to owners of the parent	177,162	96,066
Adjustment	281	173
Net income used to calculate diluted earnings per share	177,443	96,239
		(Thousands of shares)
Average number of ordinary shares during period	1,420,945	1,421,783
Impact of potentially dilutive ordinary shares		
Convertible bond-type bonds with subscription rights to shares	120,256	64,020
Subscription rights to shares	1,442	1,106
Average number of diluted ordinary shares during period	1,542,643	1,486,909
		(Yen)
Basic earnings per share attributable to owners of the parent	124.68	67.57
Diluted earnings per share attributable to owners of the parent	115.03	64.72

Notes:

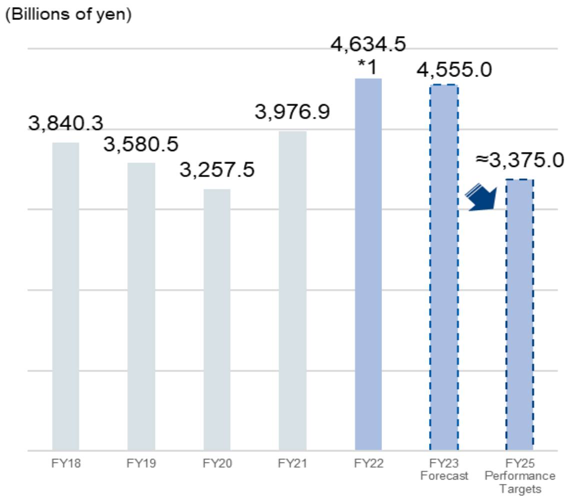
In the calculation of basic and diluted net income per share attributable to owners of the parent, the Company stocks held by Board Incentive Plan trust are included in shares of treasury stock deducted in calculating the average number of shares during the period.

Supplemental materials
for the Fiscal Year Ended March 31, 2023

【Trends in Management Indicators】

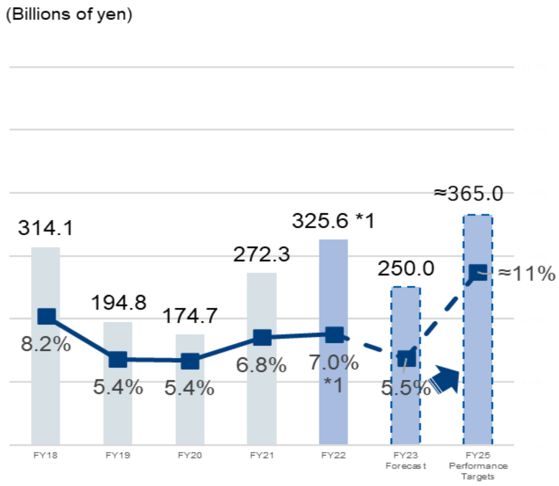
Trends in Sales Revenue, Core Operating Income and EBITDA

Sales Revenue



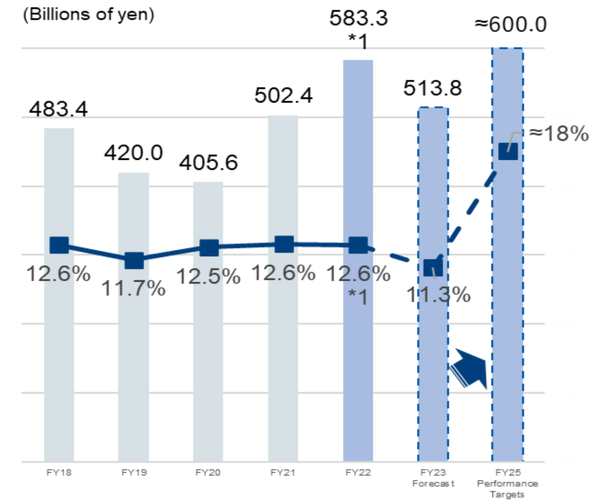
*1 Sales Revenue is 4,508.6 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award.

Core Operating Income・Ratio of Core Operating Income to Sales Revenue



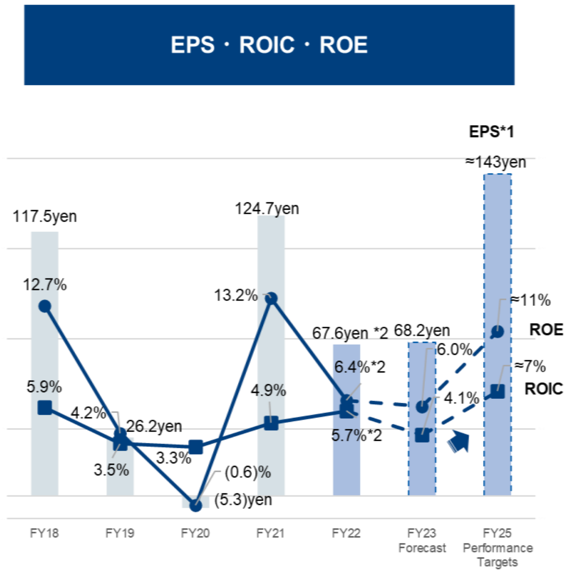
*1 Core Operating Income is 199.7 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award and Ratio of Core Operating Income to Sales Revenue is 4.4%.

EBITDA・EBITDA margin



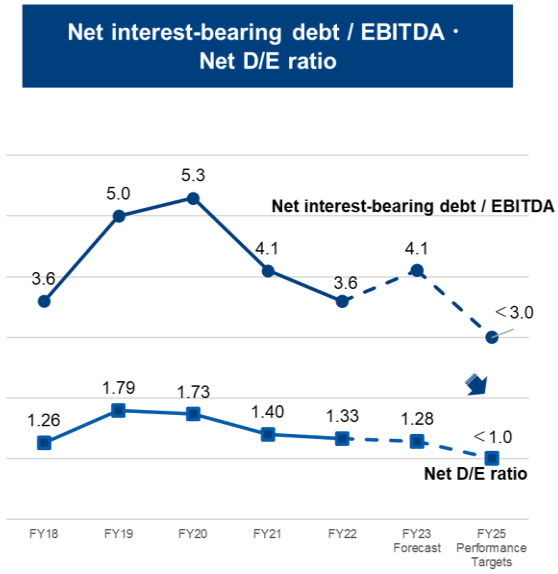
*1 1 EBITDA is 457.4 billions of yen after deduction of an amount related to the result of the Gilenya arbitration award and EBITDA margin is 10.1%.

Trends in Indicators for Profitability and Stability



*1 EPS calculation excludes the profit of discontinued operations.

*2 EPS is 4.6 yen after deduction of an amount related to the result of the Gilenya arbitration award, ROIC is 3.6% and ROE is 0.4%.



Calculation formula of indicators

Indicators	Calculation formula
EBITDA	Core Operating Income − Share of profit of associates and joint ventures (included in Core Operating Income) + Depreciation / Amortization
ROIC	NOPAT(*1) / Invested Capital (averages of beginning and end of fiscal years) (*2) (*1) NOPAT = (Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income) X（1 - Tax rate）+ Share of profit of associates and joint ventures (included in Core Operating Income) + Dividend Income (*2) Invested Capital = Total Equity - Interest-bearing debt
ROE	Net income attributable to owners of the parent / Equity attributable to owners of the parents (averages of beginning and end of fiscal years)
Net D/E ratio	Net interest-bearing debt(*3) / Equity attributable to owners of the parent (*3) Net interest-bearing debt = Interest-bearing debt − (cash and cash equivalents + cash reserves(*4)) (*4) Cash reserves comprise certificatets of deposits, securities, and other instruments other than cash equivalents that the Group holds to manage surplus funds.