

Operational Summary

for the First Half of Fiscal Year Ending March 31, 2023

November 8, 2022

Mitsubishi Chemical Group Corporation

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List of Abbreviations

FY2022 April 1, 2022 – March 31, 2023
 FY2021 April 1, 2021 – March 31, 2022

MCG Mitsubishi Chemical Group Corporation
 MCC Mitsubishi Chemical Corporation
 MTPC Mitsubishi Tanabe Pharma Corporation
 LSII Life Science Institute, Inc.
 NSHD Nippon Sanso Holdings Corporation

FY2022 1H

- As raw material and fuel prices continue to rise, MCG hit the record high sales revenue in the first half reflecting the Group's effort to push forward with pricing activities and amid the devaluation of the yen against major currencies.
- Core operating income declined 21% year-on-year. Going into 2Q, there was impact mainly from a rapid decline in demand for MMA and in the display market, and a sharp fall in coking coal prices. However, core operating income in the first half was in line with overall forecasts primarily reflecting growth in performance products, industrial gas in the US and Europe region and growth in sales volume of priority pharmaceuticals products, along with pricing activities.
- Net income attributable to owners of the parent was down 13% year-on-year. In the first half, net income result exceeded forecasts 20%.

Forecast

- Taking into account performance in 2Q, recent market trends, and a murky outlook for the business environment, MCG revised its second half forecast, and now expects core operating income for the full-fiscal year to drop 13%, versus the forecast established at the start of fiscal 2022.
- Given the difficulty to anticipate a strong recovery in demand overall, MCG aims to maintain its selling prices, reduce costs and steadily execute the optimization of operations to align with regional demand trends, and furthermore plans to accelerate structural reforms set forth in its management policy "Forging the future."

Consolidated Statements of Operations

Exchange Rate (¥/\$)	131.3	139.4	135.3	110.1	25.2	23%
Naphtha Price (¥/kl)	86,100	81,400	83,700	50,600	33,100	65%

(Billions of Yen)

	1Q	2Q	FY2022 1H	FY2021 1H	Difference	%
Sales Revenue	1,106.5	1,163.3	2,269.8	1,885.1	384.7	20%
Core Operating Income *1	72.1	50.5	122.6	156.1	(33.5)	(21%)
Special Items	(4.1)	(0.1)	(4.2)	(3.0)	(1.2)	
Operating Income	68.0	50.4	118.4	153.1	(34.7)	(23%)
Financial Income/Expenses	7.1	(3.5)	3.6	(5.9)	9.5	
(Dividend included above)	[7.8]	[0.2]	[8.0]	[3.9]	[4.1]	
(Foreign Exchange Gain/Loss included above)	[3.7]	[3.0]	[6.7]	[0.7]	[6.0]	
Income before Taxes	75.1	46.9	122.0	147.2	(25.2)	(17%)
Income Taxes	(21.8)	(8.7)	(30.5)	(45.3)	14.8	
Net Income	53.3	38.2	91.5	101.9	(10.4)	
Net Income Attributable to Owners of the Parent	44.9	29.0	73.9	85.2	(11.3)	(13%)
Net Income Attributable to Non-Controlling Interests	8.4	9.2	17.6	16.7	0.9	
	4.0	3.2	7.2	9.6	(2.4)	

*1 Share of profit of associates and joint ventures included.

Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (losses incurred by business withdrawal and streamlining, etc.).

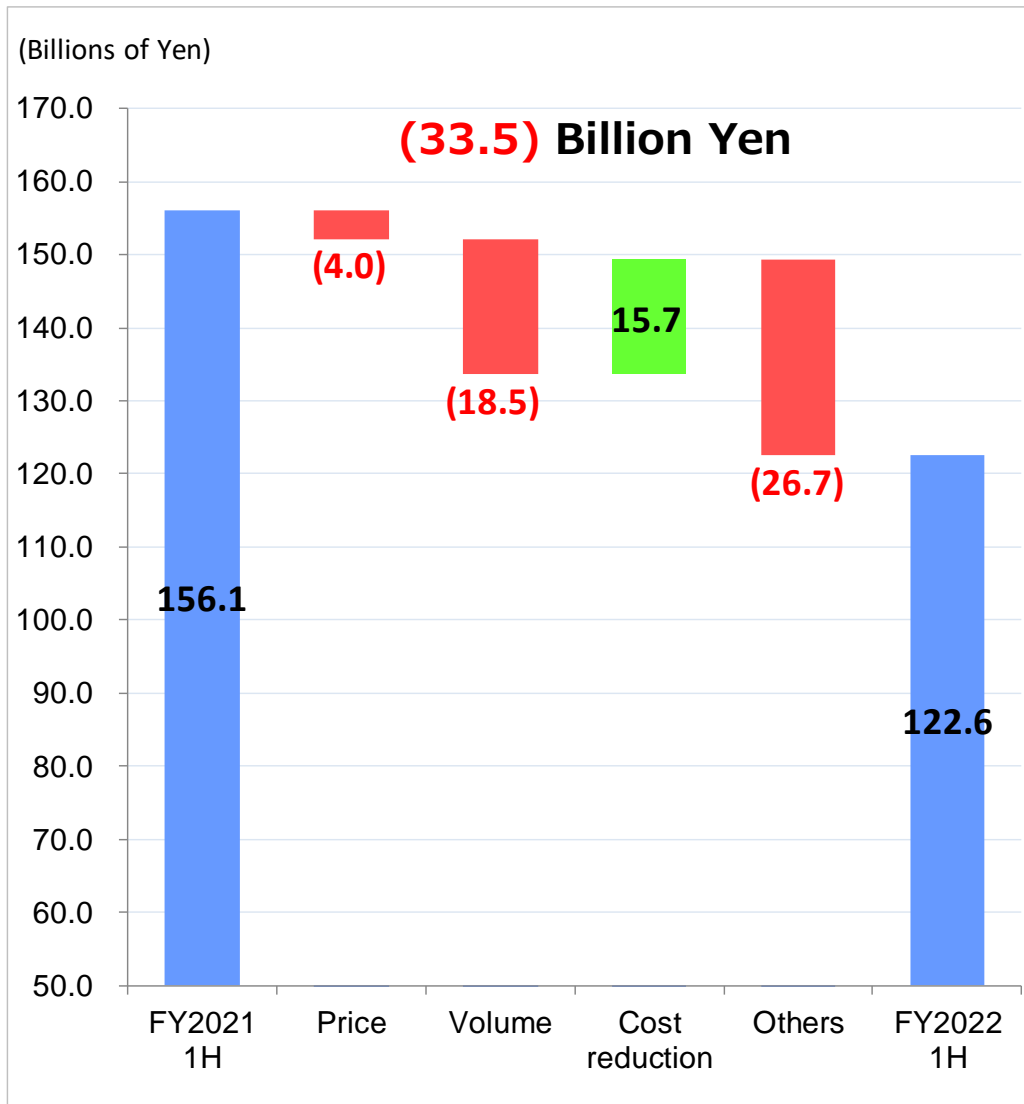
Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

		1Q	2Q	FY2022 1H	FY2021 1H	Difference	%
Total Consolidated	Sales Revenue	1,106.5	1,163.3	2,269.8	1,885.1	384.7	20%
	Core Operating Income	72.1	50.5	122.6	156.1	(33.5)	(21%)
Polymers & Compounds	Sales Revenue	88.4	85.9	174.3	158.9	15.4	
	Core Operating Income	6.7	9.3	16.0	11.8	4.2	
Films & Molding Materials	Sales Revenue	137.0	131.9	268.9	238.1	30.8	
	Core Operating Income	10.9	7.6	18.5	27.1	(8.6)	
Advanced Solutions	Sales Revenue	94.1	97.0	191.1	169.7	21.4	
	Core Operating Income	3.6	4.2	7.8	6.9	0.9	
Performance Products	Sales Revenue	319.5	314.8	634.3	566.7	67.6	12%
	Core Operating Income	21.2	21.1	42.3	45.8	(3.5)	(8%)
MMA	Sales Revenue	80.0	71.7	151.7	151.0	0.7	
	Core Operating Income	2.6	1.8	4.4	24.8	(20.4)	
Petrochemicals	Sales Revenue	186.3	209.4	395.7	332.2	63.5	
	Core Operating Income	6.7	2.8	9.5	26.5	(17.0)	
Carbon Products	Sales Revenue	92.7	105.3	198.0	110.8	87.2	
	Core Operating Income	9.6	(0.8)	8.8	10.9	(2.1)	
Chemicals	Sales Revenue	359.0	386.4	745.4	594.0	151.4	26%
	Core Operating Income	18.9	3.8	22.7	62.2	(39.5)	(63%)
Industrial Gases	Sales Revenue	273.9	295.4	569.3	444.1	125.2	28%
	Core Operating Income	29.5	24.8	54.3	48.3	6.0	12%
Health Care	Sales Revenue	103.4	108.6	212.0	198.5	13.5	7%
	Core Operating Income	3.3	(0.2)	3.1	1.1	2.0	198%
Others	Sales Revenue	50.7	58.1	108.8	81.8	27.0	
	Core Operating Income	(0.8)	1.0	0.2	(1.3)	1.5	
[Inventory valuation gain/loss]							
	Polymers & Compounds	0.3	(0.1)	0.2	1.9	(1.7)	
	Petrochemicals	22.0	2.6	24.6	16.4	8.2	
	Carbon Products	8.2	(6.4)	1.8	0.5	1.3	
	Total	30.5	(3.9)	26.6	18.8	7.8	

* Breakdown figures of segment are approximation for reference purpose only

Analysis of Core Operating Income



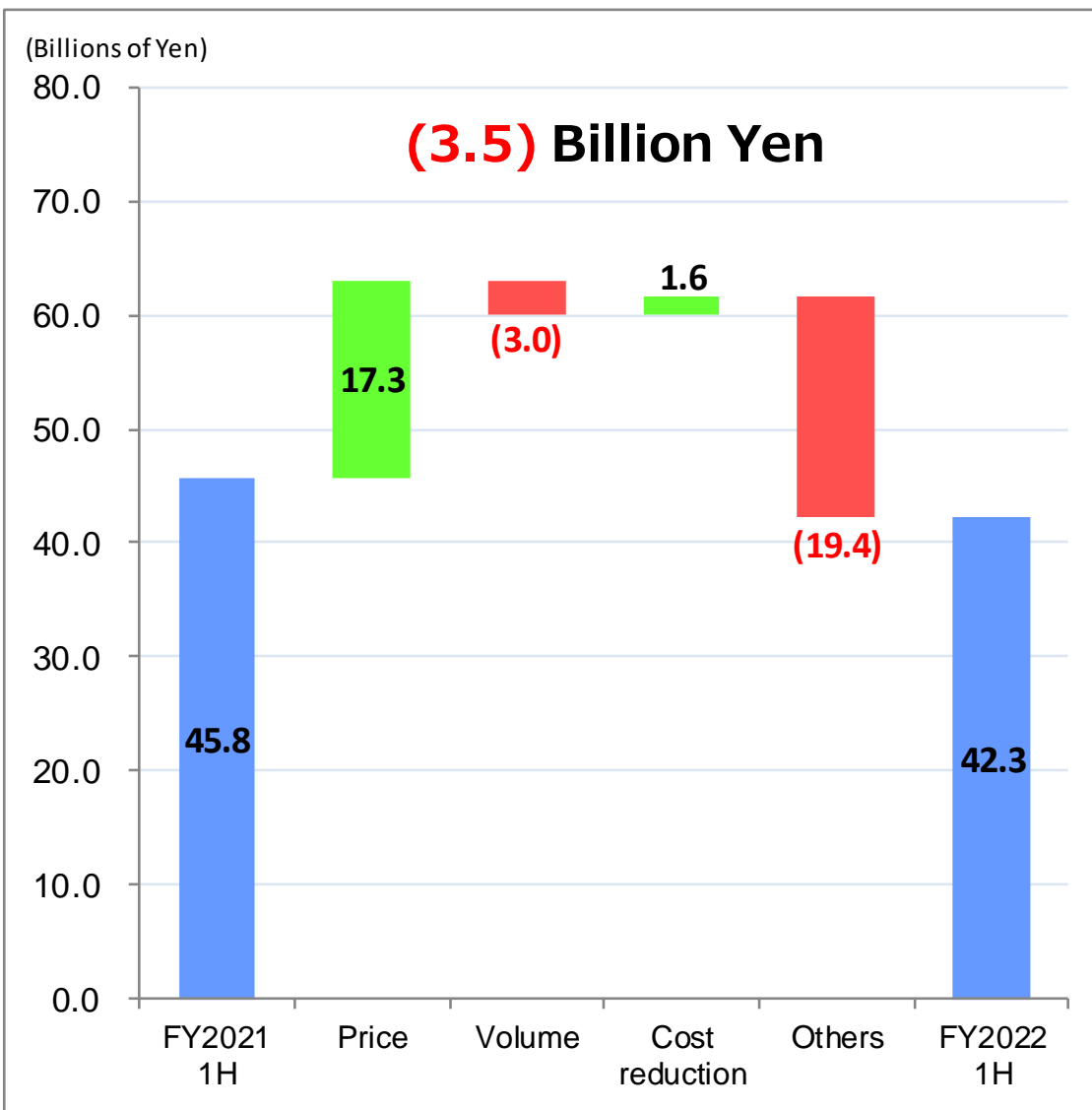
(Billions of Yen)

	FY2022 1H	FY2021 1H	Difference	Price	Volume	Cost reduction	Others *
Total Consolidated	122.6	156.1	(33.5)	(4.0)	(18.5)	15.7	(26.7)
Performance Products	42.3	45.8	(3.5)	17.3	(3.0)	1.6	(19.4)
Chemicals	22.7	62.2	(39.5)	(18.0)	(28.5)	0.5	6.5
Industrial Gases	54.3	48.3	6.0	0.2	5.3	10.4	(9.9)
Health Care	3.1	1.1	2.0	(3.5)	7.0	1.9	(3.4)
Others	0.2	(1.3)	1.5	0.0	0.7	1.3	(0.5)

* Items included are impacts from differences of inventory valuation gain 7.8 billion yen and differences of share of profit of associates and joint ventures(2.4) billion yen, etc.

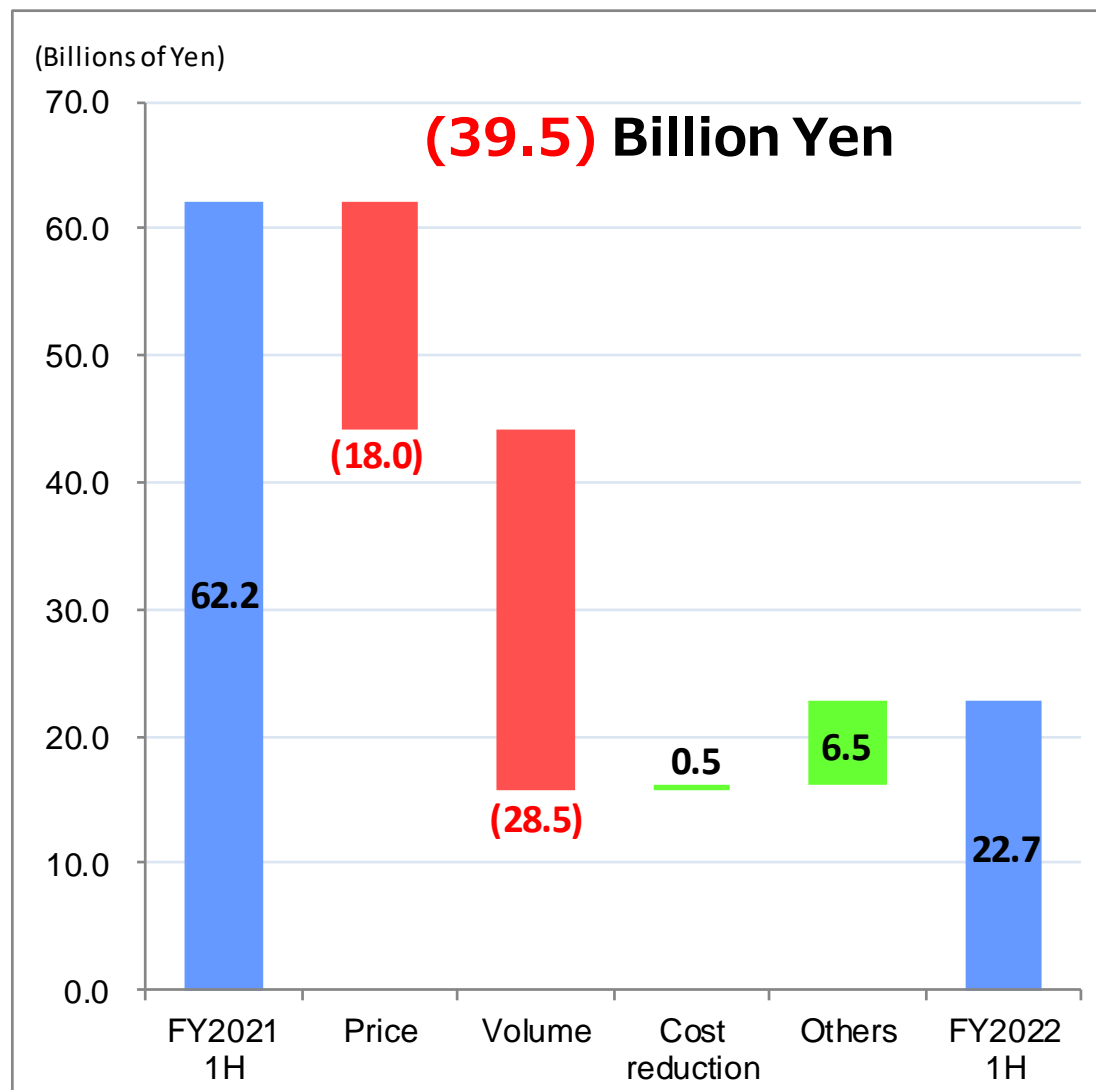
Changes in exchange rates	9.8	18.2	0.0	-	(8.4)
Changes in foreign currency translation included in above		13.4			

Analysis of Core Operating Income Performance Products Segment



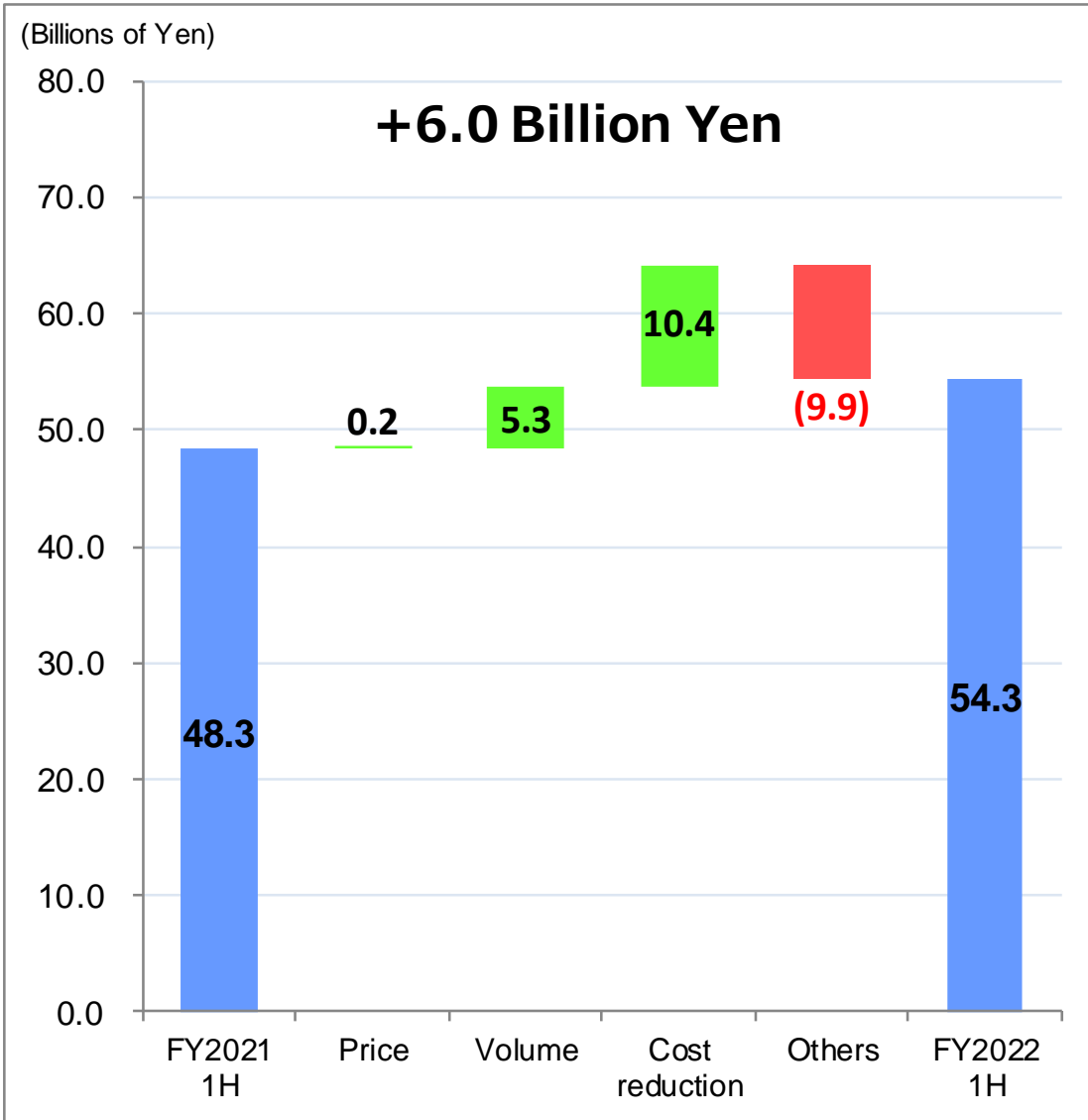
Polymers & Compounds (+4.2)	<ul style="list-style-type: none"> •Price (+) Passing on a rise in raw material costs to selling prices •Volume (-) Fall in sales volumes mainly for products used in automobile applications •Others (※)
Films & Molding Materials (8.6)	<ul style="list-style-type: none"> •Price (+) Progress was made in passing on cost to selling prices mainly for molding materials •Volume (+) Strong demand for molding materials mainly in North America (-) Sales volumes decreased due to rapid decline in demand for display applications •Others (※)
Advanced Solutions (+0.9)	<ul style="list-style-type: none"> •Price (+) Passing on a rise in raw material costs to selling prices •Volume (+) Strong demand trends in the semiconductor-related business (-) Sales volumes decreased due to rapid decline in demand for display applications •Others (※)
(※)Others (19.4)	<ul style="list-style-type: none"> (-) Impact of the transfer of the alumina fiber business (-) Increase in costs due to inflation

Analysis of Core Operating Income Chemicals Segment



<p>MMA (20.4)</p>	<ul style="list-style-type: none"> • Price (-) Contraction in the price gap between raw materials and products due to rise in raw material and fuel costs • Volume (-) Sales volumes decreased due to slowdown in demand in Europe and Asia
<p>Petro chemicals (17.0)</p>	<ul style="list-style-type: none"> • Price (-) Decline in market prices for Bisphenol A etc. Contraction in the price gap between raw materials and products due to rise in raw material and fuel costs. • Volume (-) Production decline due to difference in scale of scheduled maintenance and repairs. Sales volumes decreased due to slowdown in demand. • Others (+) Improvement in the inventory valuation gain/loss arisen from higher raw material prices
<p>Carbon Products (2.1)</p>	<ul style="list-style-type: none"> • Price (-) Contraction in the price gap between raw materials and products for coke due to rise in raw material and fuel costs • Volume (-) Sales volumes decreased due to slowdown in demand for coke. • Others (+) Improvement in the inventory valuation gain/loss arisen from higher raw material prices

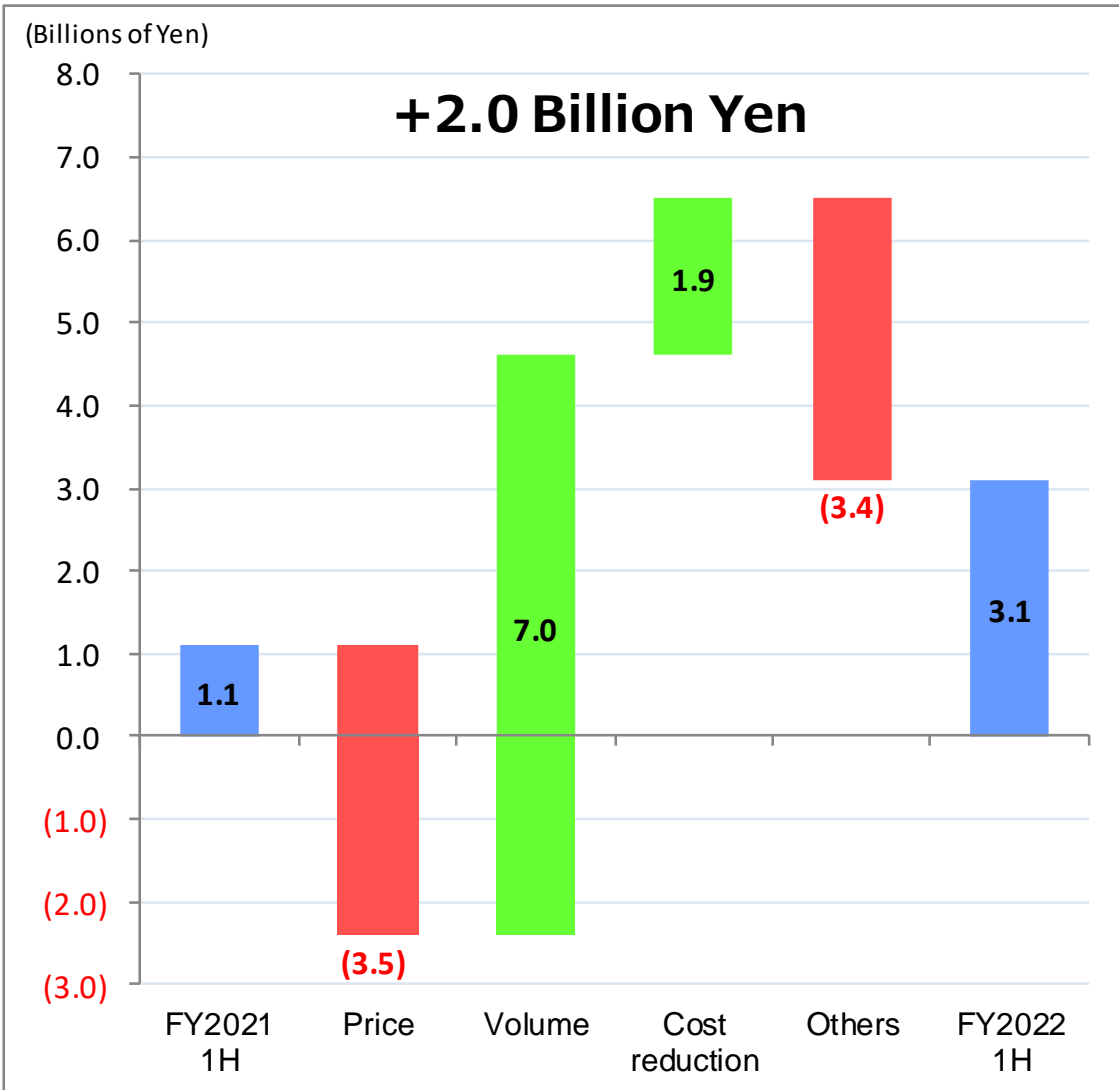
Analysis of Core Operating Income Industrial Gases Segment



Industrial Gases (+6.0)

- Price
(+) Passing on a rise in fuel costs to selling prices
- Volume
(+) Strong demand for in Japan and overseas
- Cost reduction
(+) Activities to improve productivity, including the use of DX and optimization of plant operations
- Others
(-) Increase in costs in tandem with a recovery in sales activities

Analysis of Core Operating Income Health Care Segment



Health Care (+2.0)

- Price
(-) Negative impact from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business
- Volume
(+) In North America, the launch of RADICAVA ORS®, an oral formulation, was stronger than planned and sales grew for domestic priority products
- Others
(-) Increase in overseas R&D cost due to forex impact

Consolidated Special Items

(Billions of Yen)

				FY2021 1H	Difference
	1Q	2Q	FY2022 1H		
Total Special Items	(4.1)	(0.1)	(4.2)	(3.0)	(1.2)
Gain on reversal of environmental expenses	-	2.4	2.4	-	2.4
Gain on sales of property, plant and equipment	0.0	0.6	0.6	1.8	(1.2)
Loss on arbitration award	(3.4)	(0.1)	(3.5)	-	(3.5)
Impairment loss	(0.2)	(1.7)	(1.9)	(1.9)	0.0
Loss on sales and disposal of fixed assets	(0.2)	(1.2)	(1.4)	(2.7)	1.3
Others	(0.3)	(0.1)	(0.4)	(0.2)	(0.2)

[Special Items by Business Segment]

Performance Products	(1.1)	(0.4)	(1.5)	(1.3)	(0.2)
Chemicals	(0.0)	(0.2)	(0.2)	(0.5)	0.3
Industrial Gases	(2.8)	0.5	(2.3)	(0.0)	(2.3)
Health Care	(0.0)	(1.3)	(1.3)	(1.6)	0.3
Others	(0.2)	1.3	1.1	0.4	0.7

Consolidated Cash Flows

(Billions of Yen)

	FY2022 1H	FY2021 1H
Net cash provided by (used in) operating activities	93.2	166.3
Income before taxes	122.0	147.2
Depreciation and amortization	133.8	124.7
Change in operating receivables/payables	13.0	14.1
Change in Inventories	(101.9)	(83.8)
Others	(73.7)	(35.9)
Net cash provided by (used in) investment activities	(117.7)	(107.5)
Capital expenditure	(130.7)	(117.4)
Sale of assets	12.9	19.1
Investment and loans receivable, etc.	0.1	(9.2)
Free cash flow	(24.5)	58.8
Net cash provided by (used in) financing activities	15.6	(151.4)
Interest bearing debts	50.3	(121.5)
Dividends, etc.	(34.7)	(29.9)
Net increase (decrease) in cash and cash equivalents	(8.9)	(92.6)
Effect of exchange rate changes and changes in scope of consolidation	16.8	0.7
Cash and cash equivalents at the beginning of the period	245.8	349.6
Cash and cash equivalents at the end of the period	253.7	257.7

Consolidated Statements of Financial Positions

	(Billions of Yen)		
	Sep.30.2022	Mar.31.2022	Difference
Cash & cash equivalents	253.7	245.8	7.9
Trade receivables	855.9	826.0	29.9
Inventories	869.2	745.2	124.0
Others	229.8	169.1	60.7
Current assets	2,208.6	1,986.1	222.5
Fixed assets	2,507.0	2,348.5	158.5
Goodwill	736.3	705.4	30.9
Investments & Other	552.3	533.9	18.4
Non-current assets	3,795.6	3,587.8	207.8
Total assets	6,004.2	5,573.9	430.3

	(Billions of Yen)		
	Sep.30.2022	Mar.31.2022	Difference
Interest-bearing debt	2,441.5	2,289.9	151.6
Trade payables	517.9	486.9	31.0
Others	1,001.4	952.8	48.6
Liabilities	3,960.8	3,729.6	231.2
Share capitals, Retained earnings, etc.,	1,422.0	1,371.4	50.6
Other components of equity	207.2	86.7	120.5
Equity attributable to owners of the parent	1,629.2	1,458.1	171.1
Non-controlling interests	414.2	386.2	28.0
Equity	2,043.4	1,844.3	199.1
Total liabilities & equity	6,004.2	5,573.9	430.3

Net interest-bearing debt *1	2,187.8	2,044.1	143.7
Net D/E ratio	1.34	1.40	(0.06)
Ratio of Equity attributable to owners of the parent	27.1%	26.2%	0.9%
ROE *2	-	13.2%	-

*1 Net interest-bearing debt (End of Sep.30, 2022)

= interest-bearing debt (2,441.5 billion yen)

- {cash and cash equivalents (253.7 billion yen) + investments of surplus funds }

Note : Interest-bearing debt includes lease obligations.

*2 Ratio of net income attributable to owners of the parent.

Consolidated Financial Results Forecasts for FY2022

Consolidated Statements of Operations



Exchange Rate (¥/\$)	135.3	145.0	140.2	125.0	15.2	113.0
Naphtha Price (¥/kl)	83,700	73,000	78,400	81,000	(2,600)	56,600

	1H (Actual)	2H (Forecast)	FY2022 Forecast	FY2022 Forecast (Announced on May 13)	Difference	(Billions of Yen)	<Reference>	
							FY2021 Actual	%
Sales Revenue	2,269.8	2,455.2	4,725.0	4,436.0	289.0	6.5%	3,976.9	18.8%
Core Operating Income	122.6	117.4	240.0	275.0	(35.0)	(12.7%)	272.3	(11.9%)
Special Items	(4.2)	6.2	2.0	2.0	0.0		30.9	
Operating Income	118.4	123.6	242.0	277.0	(35.0)	(12.6%)	303.2	(20.2%)
Financial Income/Expenses	3.6	(11.6)	(8.0)	(11.0)	3.0		(12.8)	
Earnings before Taxes	122.0	112.0	234.0	266.0	(32.0)		290.4	
Income Taxes	(30.5)	(33.5)	(64.0)	(72.0)	8.0		(81.0)	
Net Income	91.5	78.5	170.0	194.0	(24.0)		209.4	
Net Income Attributable to Owners of the Parent	73.9	58.1	132.0	153.0	(21.0)	(13.7%)	177.2	(25.5%)
Net Income Attributable to Non-Controlling Interests	17.6	20.4	38.0	41.0	(3.0)		32.2	

Sales Revenue and Core Operating Income by Business Segment

					(Billions of Yen)		<Reference>
		1H (Actual)	2H (Forecast)	FY2022 Forecast	FY2022 Forecast (Announced on May 13)	Difference	FY2021 Actual
Total Consolidated	Sales Revenue	2,269.8	2,455.2	4,725.0	4,436.0	289.0	3,976.9
	Core Operating Income	122.6	117.4	240.0	275.0	(35.0)	272.3
Polymers & Compounds	Sales Revenue	174.3	218.7	393.0	333.0	60.0	308.1
	Core Operating Income	16.0	10.0	26.0	25.0	1.0	18.5
Films & Molding Materials	Sales Revenue	268.9	312.1	581.0	519.0	62.0	479.9
	Core Operating Income	18.5	16.5	35.0	40.0	(5.0)	43.9
Advanced Solutions	Sales Revenue	191.1	213.9	405.0	400.0	5.0	348.3
	Core Operating Income	7.8	10.2	18.0	20.0	(2.0)	16.3
Performance Products	Sales Revenue	634.3	744.7	1,379.0	1,252.0	127.0	1,136.3
	Core Operating Income	42.3	36.7	79.0	85.0	(6.0)	78.7
MMA	Sales Revenue	151.7	161.3	313.0	344.0	(31.0)	298.1
	Core Operating Income	4.4	0.6	5.0	35.0	(30.0)	31.8
Petrochemicals	Sales Revenue	395.7	474.3	870.0	856.0	14.0	722.2
	Core Operating Income	9.5	15.5	25.0	20.0	5.0	44.6
Carbon products	Sales Revenue	198.0	191.0	389.0	378.0	11.0	267.6
	Core Operating Income	8.8	4.2	13.0	20.0	(7.0)	25.8
Chemicals	Sales Revenue	745.4	826.6	1,572.0	1,578.0	(6.0)	1,287.9
	Core Operating Income	22.7	20.3	43.0	75.0	(32.0)	102.2
Industrial Gases	Sales Revenue	569.3	585.7	1,155.0	944.0	211.0	950.1
	Core Operating Income	54.3	58.7	113.0	105.0	8.0	98.9
Health Care	Sales Revenue	212.0	216.0	428.0	426.0	2.0	403.6
	Core Operating Income	3.1	3.9	7.0	14.0	(7.0)	(7.0)
Others	Sales Revenue	108.8	82.2	191.0	236.0	(45.0)	199.0
	Core Operating Income	0.2	(2.2)	(2.0)	(4.0)	2.0	(0.5)

* Breakdown figures of segment are approximation for reference purpose only

MCG's basic policy of returning profits to shareholders emphasizes enhancement of shareholder value by increasing the value of the company. Therefore, using 30% of the medium-term level as a guideline for the consolidated dividend payout ratio, MCG will make stable dividend payments.

Based on this policy, MCG decided at its Board of Directors meeting held on November 8 to set its interim dividend for FY2022 at 15 yen, the same as the previously announced forecast.

And the year-end dividend forecast is 15 yen, the same as the previously announced forecast.

Note that we plan to implement a review of our dividend policy with a view to increase shareholder return in accordance with the strategic capital allocation promoted in our new management policy, Forging the Future.

Dividend Trends

		FY2022 Forecast	Previous Forecast	FY2021 Actual	FY2020 Actual	FY2019 Actual
Cash dividends per share (Yen)	Interim	15	15	15	12	20
	Year-end	* 15	15	15	12	12
	Annual total	* 30	30	30	24	32
Net income per share (Yen)	Year-end	92.84	107.66	124.68	(5.32)	38.08
Consolidated dividend pay out ratio	Annual total	32.3%	27.9%	24.1%	—	84.0%

* Forecast

References 1

Statements of Operations [Quarterly Data]

Exchange Rate (¥/\$)
Naphtha Price (¥/kl)

109.8	110.4	114.2	117.8
47,700	53,500	60,700	64,600

131.3	139.4
86,100	81,400

(Billions of Yen)

	FY2021				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q
Sales Revenue	928.3	956.8	1,015.2	1,076.6	1,106.5	1,163.3
Core Operating Income *1	88.7	67.4	62.8	53.4	72.1	50.5
Special Items	(1.7)	(1.3)	2.3	31.6	(4.1)	(0.1)
Operating Income	87.0	66.1	65.1	85.0	68.0	50.4
Financial Income/Expenses	(1.7)	(4.2)	(4.1)	(2.8)	7.1	(3.5)
(Dividend included above)	[3.8]	[0.1]	[0.9]	[0.0]	[7.8]	[0.2]
(Foreign Exchange Gain/Loss included above)	[(0.0)]	[0.7]	[0.2]	[2.0]	[3.7]	[3.0]
Income before Taxes	85.3	61.9	61.0	82.2	75.1	46.9
Income Taxes	(26.1)	(19.2)	(15.6)	(20.1)	(21.8)	(8.7)
Net Income	59.2	42.7	45.4	62.1	53.3	38.2
Net Income Attributable to Owners of the Parent	49.9	35.3	36.9	55.1	44.9	29.0
Net Income Attributable to Non-Controlling Interests	9.3	7.4	8.5	7.0	8.4	9.2
	4.6	5.0	4.1	7.7	4.0	3.2

*1 Share of profit of associates and joint ventures included.

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

(Billions of Yen)

		FY2021				FY2022	
		1Q	2Q	3Q	4Q	1Q	2Q
Total Consolidated	Sales Revenue	928.3	956.8	1,015.2	1,076.6	1,106.5	1,163.3
	Core Operating Income	88.7	67.4	62.8	53.4	72.1	50.5
Polymers & Compounds	Sales Revenue	80.1	78.8	76.6	72.6	88.4	85.9
	Core Operating Income	8.0	3.8	1.1	5.6	6.7	9.3
Films & Molding Materials	Sales Revenue	120.2	117.9	119.7	122.1	137.0	131.9
	Core Operating Income	15.3	11.8	7.2	9.6	10.9	7.6
Advanced Solutions	Sales Revenue	82.8	86.9	85.9	92.7	94.1	97.0
	Core Operating Income	3.3	3.6	3.4	6.0	3.6	4.2
Performance Products	Sales Revenue	283.1	283.6	282.2	287.4	319.5	314.8
	Core Operating Income	26.6	19.2	11.7	21.2	21.2	21.1
MMA	Sales Revenue	77.6	73.4	73.3	73.8	80.0	71.7
	Core Operating Income	12.3	12.5	4.7	2.3	2.6	1.8
Petrochemicals	Sales Revenue	160.4	171.8	189.9	200.1	186.3	209.4
	Core Operating Income	16.0	10.5	7.1	11.0	6.7	2.8
Carbon Products	Sales Revenue	53.9	56.9	64.6	92.2	92.7	105.3
	Core Operating Income	6.5	4.4	9.5	5.4	9.6	(0.8)
Chemicals	Sales Revenue	291.9	302.1	327.8	366.1	359.0	386.4
	Core Operating Income	34.8	27.4	21.3	18.7	18.9	3.8
Industrial Gases	Sales Revenue	216.8	227.3	242.5	263.5	273.9	295.4
	Core Operating Income	23.8	24.5	25.6	25.0	29.5	24.8
Health Care	Sales Revenue	98.4	100.1	113.6	91.5	103.4	108.6
	Core Operating Income	4.7	(3.6)	3.5	(11.6)	3.3	(0.2)
Others	Sales Revenue	38.1	43.7	49.1	68.1	50.7	58.1
	Core Operating Income	(1.2)	(0.1)	0.7	0.1	(0.8)	1.0

* Breakdown figures of segment are approximation for reference purpose only

EBITDA Margin by Business Segment

	FY2021	FY2022 1H	FY2025 Target
Performance Products	12%	12%	≈ 15%
MMA	17%	10%	≈ 26%
Petrochemicals / Carbon Products	11%	6%	—
Chemicals	12%	7%	—
Industrial Gases	20%	19%	≈ 25%
Health Care	2%	5%	≈ 15%

EBITDA : Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income)
+ Depreciation / Amortization

Capital Expenditure, Depreciation & Amortization, R&D Expenses, Number of Employees by Business Segment

(Billions of Yen)

	Capital Expenditure		Depreciation & Amortization		R&D Expenses		Number of Employees FY2022 1H (End of the period)
	FY2022 1H	FY2021 1H	FY2022 1H	FY2021 1H	FY2022 1H	FY2021 1H	
Performance Products	37.8	35.3	34.3	33.6	15.8	13.3	26,624
Chemicals	39.1	29.9	31.6	30.7	5.6	5.2	7,639
Industrial Gases	43.3	32.1	53.2	46.6	1.8	1.9	19,557
Health Care	20.3	9.1	7.6	7.8	46.9	47.3	7,106
Others	5.1	3.8	7.1	6.0	6.2	6.2	8,897
Total	145.6	110.2	133.8	124.7	76.3	73.9	69,823

References 2

Health Care Segment, Pharmaceuticals Businesses Status of Research and Development etc.

Major Development Pipeline List

As of Nov. 1, 2022

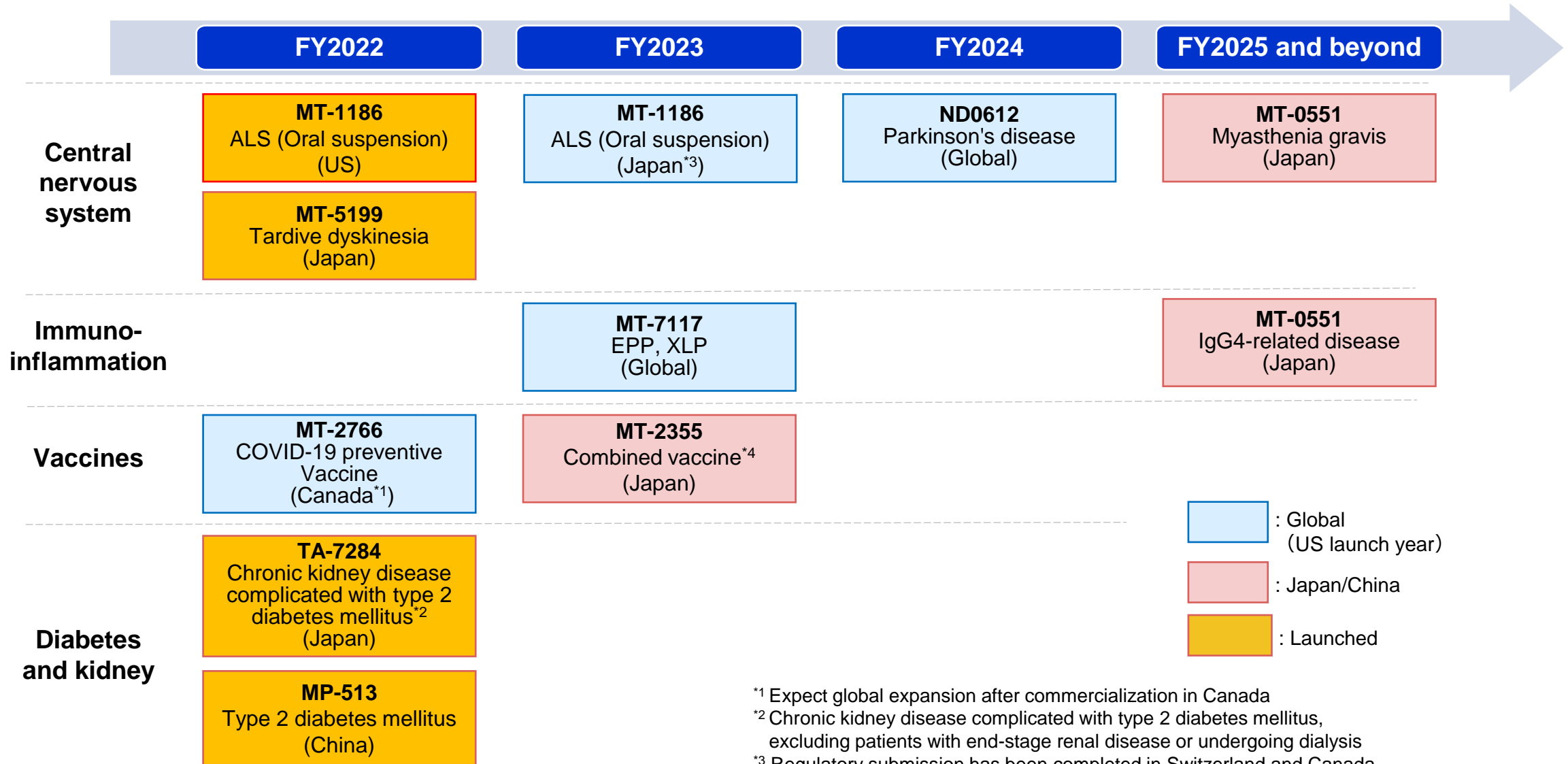
Research areas	Code	Region	Indications/Description	P1	P2	P3	Filed	Approved
Central Nervous System	ND0612	Global	Parkinson's disease					
	MT-3921	Global	Spinal cord injury					
	MT-0551	Japan ^{*1}	Myasthenia gravis					
	MT-8554	Japan	Peripheral neuropathic pain					
Immuno-inflammation	MT-7117	Global	Erythropoietic protoporphyria (EPP) X-linked protoporphyria (XLP)					
		Global	Systemic sclerosis					
	MT-2990	Global	Endometriosis					
	MT-0551	Japan ^{*1}	IgG4-related disease					
		Japan	Systemic sclerosis					
Vaccines	MT-2654	Global	Prophylaxis of seasonal influenza: elderly/plant-derived VLP ^{*2} vaccine					
	MT-2355	Japan	Combined vaccine ^{*3 *4}					

^{*1} Co-development with Horizon Therapeutics ^{*2} VLP (Virus-Like Particle)

^{*3} Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

^{*4} The Research Foundation for Microbial Diseases of Osaka University (BIKEN) submitted application for marketing authorization.

Launch Plan for Major Development Pipeline



: Global
 (US launch year)
 : Japan/China
 : Launched

^{*1} Expect global expansion after commercialization in Canada

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

^{*3} Regulatory submission has been completed in Switzerland and Canada.

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

Pharmaceuticals Business: Statements of Operations (FY2022 2Q Actual)



(Billions of Yen)

	FY2022 1H			FY2021 1H	Difference	%
	1Q	2Q				
Revenue	98.2	105.0	203.1	190.9	12.2	6.4%
Domestic	79.8	80.3	160.2	156.0	4.2	2.7%
Overseas	18.3	24.6	43.0	35.0	8.0	22.9%
Overseas sales ratio	18.7%	23.5%	21.2%	18.3%		
Cost of sales	51.5	54.0	105.5	96.8	8.7	8.9%
Sales cost ratio	52.4%	51.4%	51.9%	50.7%		
Gross profit	46.7	51.0	97.7	94.1	3.5	3.8%
SG&A expenses, etc.	42.7	50.7	93.5	91.5	2.0	2.1%
R&D expenses	20.3	25.0	45.3	45.2	0.1	0.3%
Core operating profit	4.0	0.3	4.2	2.6	1.6	60.2%
Non-recurring items	(0.1)	(1.2)	(1.4)	(1.6)	0.3	-
Operating profit	3.8	(1.0)	2.9	1.0	1.8	178.1%
Net profit attributable to owners of the Company	1.9	(1.0)	0.8	(1.5)	2.3	-

Effect of fluctuations in exchange rate for FY2022 Q2: Revenue increased by ¥6.3 bn. and core operating profit decreased by ¥6.3 bn.

Pharmaceuticals: Details of Revenue (FY2022 2Q Actual)

(Billions of Yen)

			FY2022 1H	FY2021 1H	Difference	%
	1Q	2Q				
Domestic ethical drugs	77.2	78.1	155.3	151.5	3.8	2.5%
Priority and New products	44.0	43.2	87.2	75.0	12.2	16.3%
Stelara	15.1	15.9	31.0	23.1	7.9	34.2%
Simponi	11.4	10.9	22.4	21.7	0.7	3.2%
Tenelia	3.8	4.4	8.2	7.8	0.4	4.5%
Canaglu	3.0	2.8	5.9	5.7	0.2	3.9%
Canalia	2.2	1.9	4.0	4.9	(0.9)	(17.7%)
Vafseo	0.5	0.5	0.9	0.3	0.6	178.8%
Lexapro	3.9	3.7	7.7	7.6	0.1	0.9%
Uplizna	0.7	0.4	1.1	0.3	0.7	244.3%
Rupafin	2.2	1.8	4.0	3.6	0.4	11.3%
Dysval	1.2	0.9	2.1	-	2.1	-
Vaccines	7.3	11.7	19.0	17.2	1.8	10.7%
Influenza vaccine	-	6.4	6.4	5.5	0.9	16.3%
Tetrabik	2.5	2.0	4.5	5.0	(0.5)	(9.1%)
JEBIK V	1.6	0.8	2.4	0.7	1.7	244.7%
Mearubik	1.6	1.1	2.8	3.1	(0.3)	(10.9%)
Varicella vaccine	1.3	1.0	2.3	2.2	0.1	4.4%
Long-listed drugs, etc.	25.9	23.2	49.1	59.3	(10.2)	(17.2%)
Remicade	9.2	8.8	18.0	20.4	(2.4)	(11.8%)
Overseas ethical drugs	15.6	21.2	36.8	28.0	8.8	31.5%
Radicava	7.5	12.2	19.7	12.5	7.2	57.5%
Royalty revenue, etc.	3.1	3.8	6.8	7.6	(0.8)	(10.3%)
Royalty from INVOKANA	1.6	1.6	3.2	3.4	(0.2)	(5.6%)
Royalty from GILENYA	0.9	0.6	1.5	2.2	(0.6)	(29.8%)

Pharmaceuticals Business: Revised Forecasts of FY2022

				(Billions of Yen)			<Reference>	
	1H (Actual)	2H (Forecast)	FY2022 Forecast	FY2022 Forecast (Announced on May 13)	Difference	%	FY2021 Actual	%
Revenue	203.1	206.9	410.0	409.5	0.5	0.1%	385.9	6.2%
Domestic	160.2	160.6	320.8	319.6	1.2	0.4%	318.2	0.8%
Overseas	43.0	46.2	89.2	89.9	(0.7)	(0.8%)	67.7	31.8%
Overseas sales ratio	21.2%	22.3%	21.8%	22.0%			17.5%	
Cost of sales	105.5	105.5	211.0	213.0	(2.0)	(0.9%)	194.7	8.4%
Sales cost ratio	51.9%	51.0%	51.5%	52.0%			50.4%	
Gross profit	97.7	101.3	199.0	196.5	2.5	1.3%	191.2	4.1%
SG&A expenses, etc.	93.5	95.5	189.0	178.5	10.5	5.9%	194.2	(2.7%)
R&D expenses	45.3	41.2	86.5	78.5	8.0	10.2%	96.9	(10.7%)
Core operating profit	4.2	5.8	10.0	18.0	(8.0)	(44.4%)	(3.0)	-
Non-recurring items	(1.4)	(0.1)	(1.5)	-	(1.5)		(12.7)	
Operating profit	2.9	5.6	8.5	18.0	(9.5)	(52.8%)	(15.7)	-
Net profit attributable to owners of the Company	0.8	1.2	2.0	9.5	(7.5)	(78.9%)	(10.2)	-

Pharmaceuticals: Details of Revenue (Revised Forecasts of FY2022)

	(Billions of Yen)			FY2022 Forecast (Announced on May 13)	Difference	%	<Reference>	
	1H (Actual)	2H (Forecast)	FY2022 Forecast				FY2021 Actual	%
Domestic ethical drugs	155.3	156.6	311.9	308.6	3.3	1.1%	309.5	0.8%
Priority and New products	87.2	93.6	180.8	177.4	3.4	1.9%	158.2	14.3%
Stelara	31.0	36.3	67.3	64.6	2.7	4.2%	51.5	30.7%
Simponi	22.4	22.4	44.8	42.7	2.1	4.9%	43.3	3.4%
Tenelia	8.2	6.5	14.7	14.3	0.4	2.8%	15.2	(3.2%)
Canaglu	5.9	7.0	12.9	13.0	(0.1)	(0.8%)	11.3	14.3%
Canalia	4.0	6.0	10.0	10.5	(0.5)	(4.8%)	10.4	(3.8%)
Vafseo	0.9	1.2	2.1	3.1	(1.0)	(32.3%)	1.0	108.3%
Lexapro	7.7	5.6	13.3	13.0	0.3	2.3%	15.4	(13.5%)
Uplizna	1.1	1.1	2.1	3.2	(1.1)	(34.4%)	1.3	60.3%
Rupafin	4.0	6.2	10.2	9.9	0.3	3.0%	8.8	15.6%
Dysval	2.1	1.3	3.4	3.1	0.3	9.7%	-	-
Vaccines	19.0	19.3	38.3	42.8	(4.5)	(10.5%)	33.5	14.4%
Influenza vaccine	6.4	7.4	13.8	14.5	(0.7)	(4.8%)	10.4	32.2%
Tetrabik	4.5	5.0	9.5	10.0	(0.5)	(5.0%)	10.4	(8.3%)
JEBIK V	2.4	2.3	4.7	6.3	(1.6)	(25.4%)	1.6	185.4%
Mearubik	2.8	1.7	4.5	6.2	(1.7)	(27.4%)	5.4	(16.2%)
Varicella vaccine	2.3	2.4	4.7	4.5	0.2	4.4%	4.6	2.8%
Long-listed drugs, etc.	49.1	43.7	92.8	88.4	4.4	5.0%	117.8	(21.2%)
Remicade	18.0	16.2	34.2	31.2	3.0	9.6%	40.0	(14.4%)
Overseas ethical drugs	36.8	41.5	78.3	81.1	(2.8)	(3.5%)	55.8	40.3%
Radicava	19.7	21.7	41.4	27.0	14.4	53.3%	24.8	66.7%
Royalty revenue, etc.	6.8	5.2	12.0	10.2	1.8	17.6%	13.3	(9.9%)
Royalty from INVOKANA	3.2	-	-	-	-	-	6.4	-
Royalty from GILENYA	1.5	-	-	-	-	-	3.6	-

The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control.

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

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