

Operational Summary

for the Third Quarter of the Fiscal Year Ending March 31, 2023

February 7, 2023

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 3Q (Nine Months)

- Sales revenue increased 17% year-on-year. Given the harsh business climate, MCG continued pricing activities in tandem with impact, mainly from a rise in raw material prices, while sales volume weakened.
- Core operating income declined 19% year-on-year. In addition to an ongoing rapid deterioration in demand for display applications in and after 2Q, the business environment in the Chemicals segment continued to trend weakly due to a further retreat in demand. In 3Q, although profit in the Performance Products and Chemicals segments decreased in comparison with 2Q, profit trended strong in Industrial Gases and the Health Care segment, which included seasonal factor.
- MCG steadily implemented structural reforms set forth in its management policy “Forging the future.” Net income attributable to owners of the parent dropped 86% year-on-year owing to recording of the losses related to structural reforms.

Forecast

- MCG revised its forecast for fiscal 2022 core operating income to ¥200.0 billion yen, a downturn of 17% from its previous forecast. A recovery from the slowdown in demand in each market, including the market for display applications, and from sluggish trends in the materials market is expected to take time.
- Net income attributable to owners of the parent is expected to be ¥28.0 billion yen, a decline of 79% versus the previous forecast, primarily due to losses accompanying progress with structural reforms.
- MCG is reiterating its dividend forecast. MCG plans to continue to implement structural reforms steadily to make a turn around in and after fiscal 2023.”

Consolidated Statements of Operations

Exchange Rate (¥/\$)	139.9	136.9	114.2	111.5	25.4	23%
Naphtha Price (¥/kl)	72,500	80,000	60,700	53,900	26,100	48%

(Billions of Yen)

	Nine Months Ended Dec. 31, 2022		Nine Months Ended Dec. 31, 2021		Difference	%
	3Q		3Q			
Sales Revenue	1,136.4	3,406.2	1,015.2	2,900.3	505.9	17%
Core Operating Income *1	55.3	177.9	62.8	218.9	(41.0)	(19%)
Special Items	(125.1)	(129.3)	2.3	(0.7)	(128.6)	
Operating Income (Loss)	(69.8)	48.6	65.1	218.2	(169.6)	(78%)
Financial Income/Expenses	(13.0)	(9.4)	(4.1)	(10.0)	0.6	
(Dividend included above)	[1.1]	[9.1]	[0.9]	[4.8]	[4.3]	
(Foreign Exchange Gain/Loss included above)	[(6.4)]	[0.3]	[0.2]	[0.9]	[(0.6)]	
Income (Loss) before Taxes	(82.8)	39.2	61.0	208.2	(169.0)	(81%)
Income Taxes	36.1	5.6	(15.6)	(60.9)	66.5	
Net Income (Loss)	(46.7)	44.8	45.4	147.3	(102.5)	
Net Income (Loss) Attributable to Owners of the Parent	(56.9)	17.0	36.9	122.1	(105.1)	(86%)
Net Income Attributable to Non-Controlling Interests	10.2	27.8	8.5	25.2	2.6	
	2.7	9.9	4.1	13.7	(3.8)	

*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.).

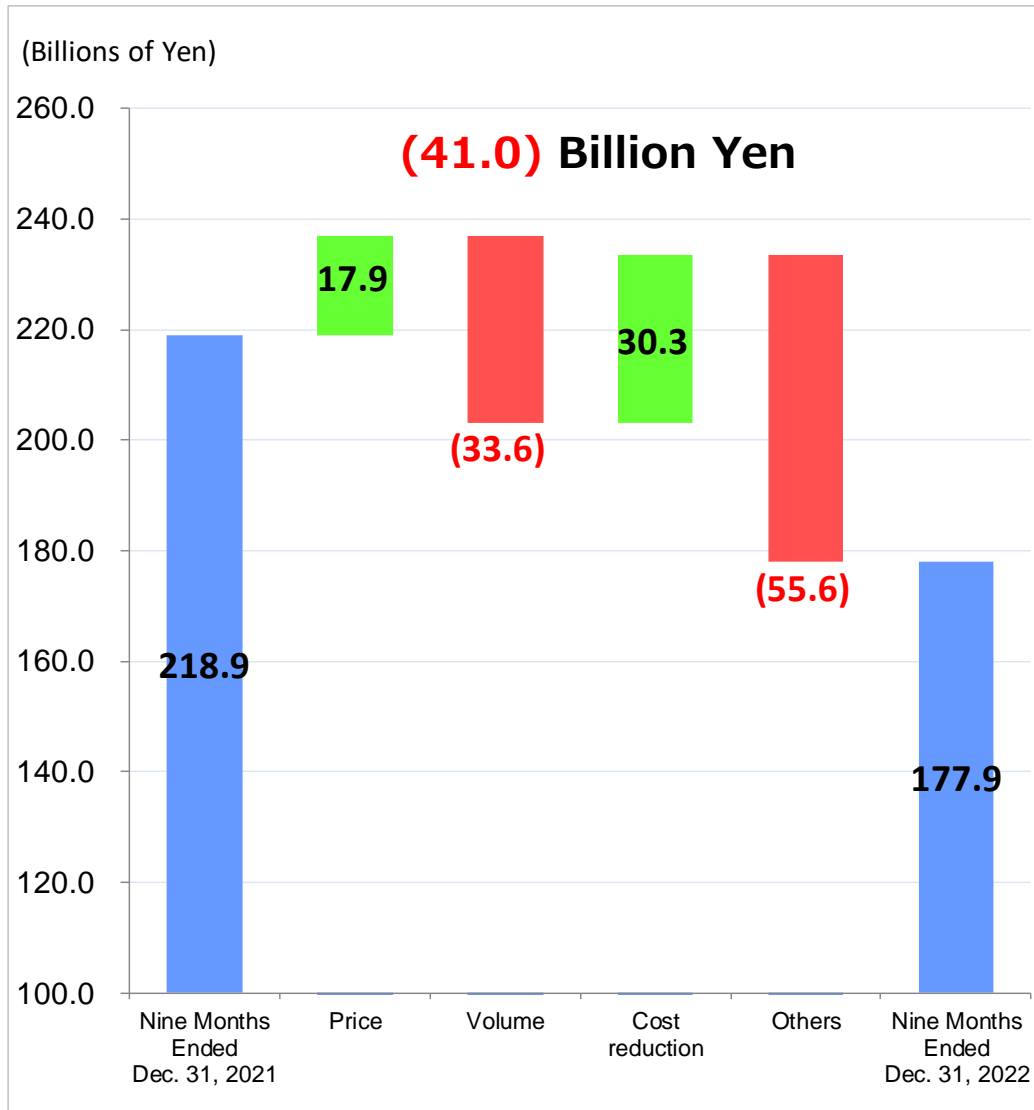
Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

		1Q	2Q	3Q	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2021	Difference	%
Total Consolidated	Sales Revenue	1,106.5	1,163.3	1,136.4	3,406.2	2,900.3	505.9	17%
	Core Operating Income	72.1	50.5	55.3	177.9	218.9	(41.0)	(19%)
Polymers & Compounds	Sales Revenue	88.4	85.9	85.8	260.1	235.5	24.6	
	Core Operating Income	6.7	9.3	5.2	21.2	12.9	8.3	
Films & Molding Materials	Sales Revenue	137.0	131.9	129.1	398.0	357.8	40.2	
	Core Operating Income	10.9	7.6	3.3	21.8	34.3	(12.5)	
Advanced Solutions	Sales Revenue	94.1	97.0	95.3	286.4	255.6	30.8	
	Core Operating Income	3.6	4.2	3.3	11.1	10.3	0.8	
Performance Products	Sales Revenue	319.5	314.8	310.2	944.5	848.9	95.6	11%
	Core Operating Income	21.2	21.1	11.8	54.1	57.5	(3.4)	(6%)
MMA	Sales Revenue	80.0	71.7	63.3	215.0	224.3	(9.3)	
	Core Operating Income	2.6	1.8	(4.4)	0.0	29.5	(29.5)	
Petrochemicals	Sales Revenue	186.3	209.4	201.9	597.6	522.1	75.5	
	Core Operating Income	6.7	2.8	(0.1)	9.4	33.6	(24.2)	
Carbon Products	Sales Revenue	92.7	105.3	90.8	288.8	175.4	113.4	
	Core Operating Income	9.6	(0.8)	1.1	9.9	20.4	(10.5)	
Chemicals	Sales Revenue	359.0	386.4	356.0	1,101.4	921.8	179.6	19%
	Core Operating Income	18.9	3.8	(3.4)	19.3	83.5	(64.2)	(77%)
Industrial Gases	Sales Revenue	273.9	295.4	297.1	866.4	686.6	179.8	26%
	Core Operating Income	29.5	24.8	30.0	84.3	73.9	10.4	14%
Health Care	Sales Revenue	103.4	108.6	119.6	331.6	312.1	19.5	6%
	Core Operating Income	3.3	(0.2)	15.4	18.5	4.6	13.9	302%
Others	Sales Revenue	50.7	58.1	53.5	162.3	130.9	31.4	
	Core Operating Income	(0.8)	1.0	1.5	1.7	(0.6)	2.3	
[Inventory valuation gain/loss]								
	Polymers & Compounds	0.3	(0.1)	1.4	1.6	2.7	(1.1)	
	Petrochemicals	22.0	2.6	(2.5)	22.1	25.4	(3.3)	
	Carbon Products	8.2	(6.4)	(2.5)	(0.7)	4.9	(5.6)	
	Total	30.5	(3.9)	(3.6)	23.0	33.0	(10.0)	

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

Analysis of Core Operating Income



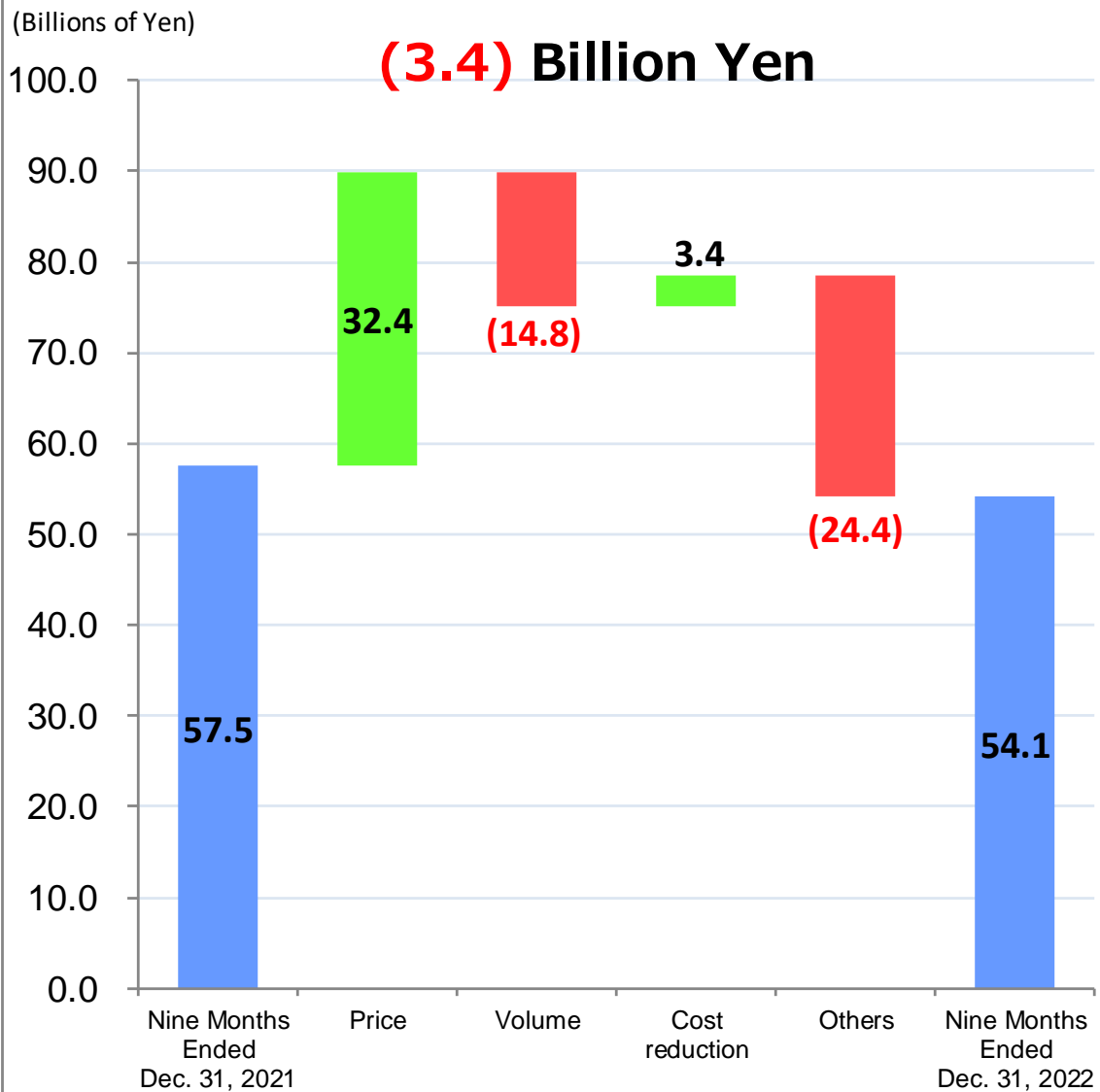
(Billions of Yen)

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2021	Difference	Price	Volume	Cost reduction	Others *
Total Consolidated	177.9	218.9	(41.0)	17.9	(33.6)	30.3	(55.6)
Performance Products	54.1	57.5	(3.4)	32.4	(14.8)	3.4	(24.4)
Chemicals	19.3	83.5	(64.2)	(20.4)	(37.8)	1.8	(7.8)
Industrial Gases	84.3	73.9	10.4	11.4	2.4	18.6	(22.0)
Health Care	18.5	4.6	13.9	(5.4)	15.6	3.3	0.4
Others	1.7	(0.6)	2.3	(0.1)	1.0	3.2	(1.8)

* Items included are impacts from differences of inventory valuation loss (10.0) billion yen and differences of share of profit of associates and joint ventures (3.8) billion yen, etc.

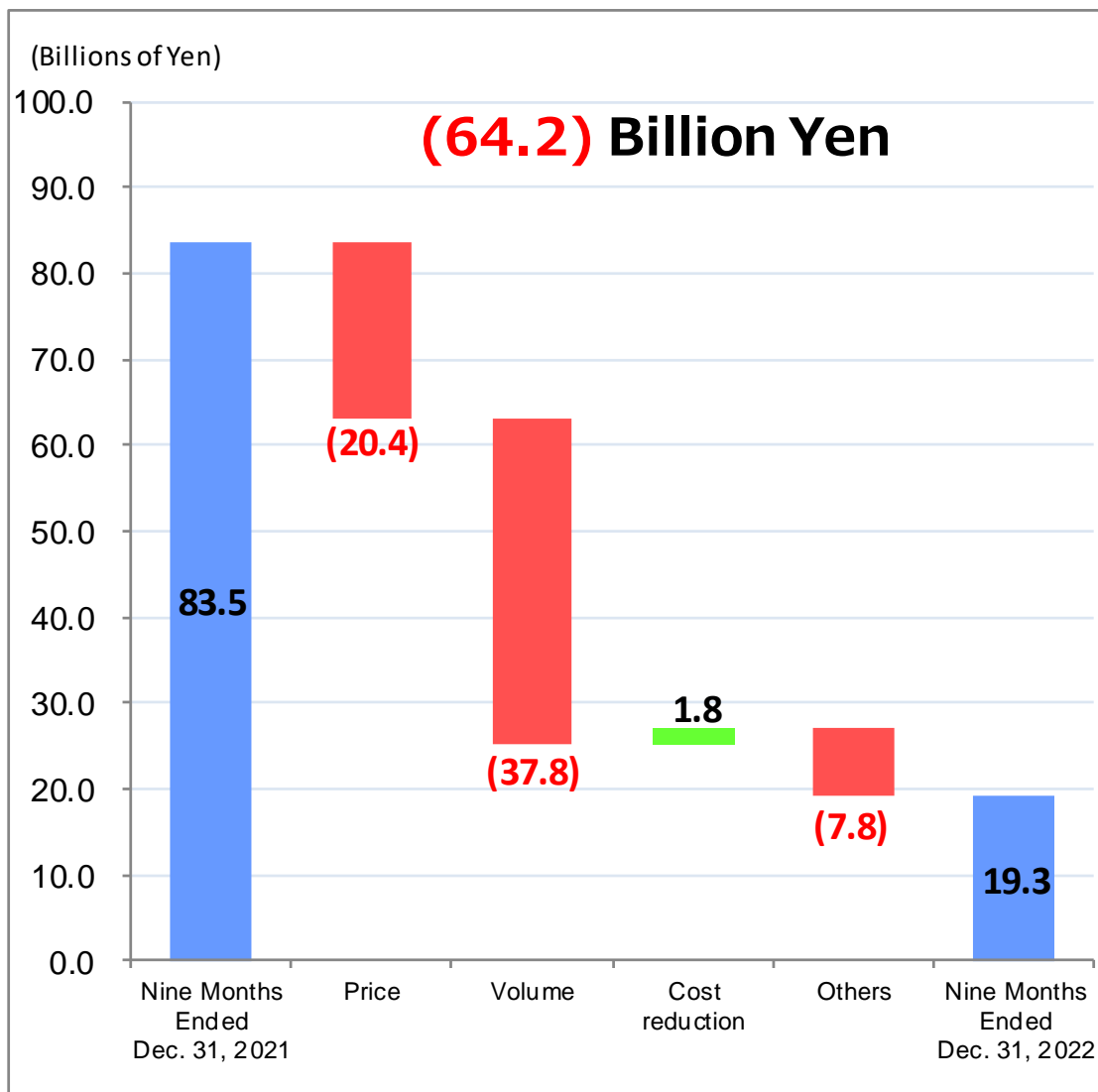
Changes in exchange rates	15.5	27.7	0.0	-	(12.2)
Changes in foreign currency translation included in above		19.8			

Analysis of Core Operating Income Performance Products Segment



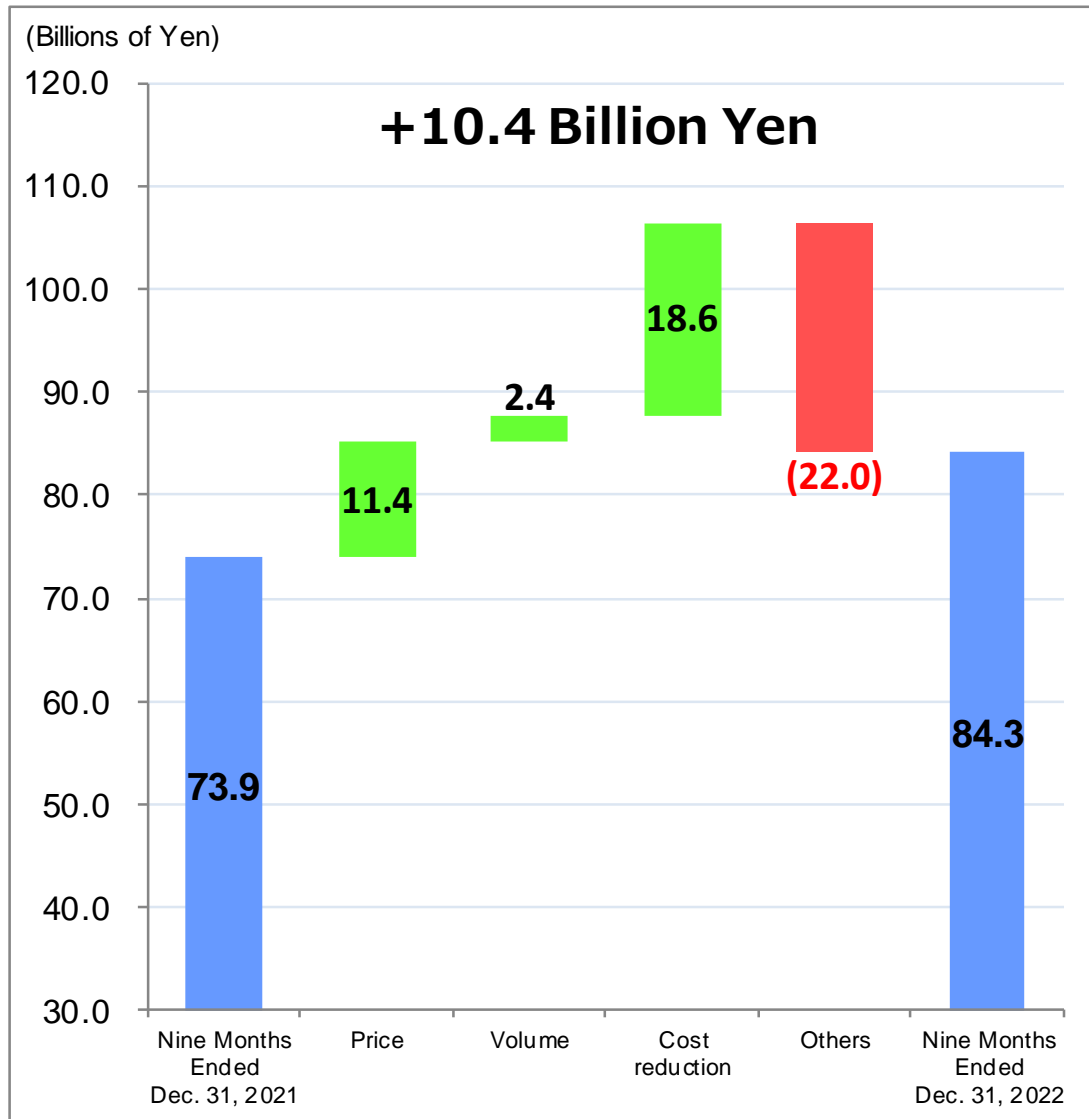
<p>Polymers & Compounds (+ 8.3)</p>	<ul style="list-style-type: none"> •Price (+) Progress in passing on cost to selling prices in food products and automobile applications in tandem with the rise in raw material prices •Volume (-) Sales dropped for PC, PBT and coating materials, mainly for those automobile applications •Others (※)
<p>Films & Molding Materials (12.5)</p>	<ul style="list-style-type: none"> •Price (+) Progress was made in passing on cost to selling prices mainly for engineering plastics, chiefly for semiconductor applications •Volume (-) (+) Demand was strong, mainly for engineering plastics and carbon fiber composites (-) Sales declined for optical films due to a rapid decrease in demand in the display market •Others (※) (-) Impact of the transfer of the alumina fiber business
<p>Advanced Solutions (+ 0.8)</p>	<ul style="list-style-type: none"> •Price (+) Progress was made in passing on cost to selling prices in construction materials and food products in tandem with the rise in raw material prices •Volume (-) (+) Strong demand trends in the semiconductor-related businesses, including precision cleaning services and performance chemical liquids (-) Sales decreased for display-application materials due to a rapid downswing in demand in the display market •Others (※)
<p>(※)Others (24.4)</p>	<ul style="list-style-type: none"> (-) Increase in costs due to inflation

Analysis of Core Operating Income Chemicals Segment



<p>MMA (29.5)</p>	<ul style="list-style-type: none"> • Price (-) A rapid decline in market prices in and after 2Q and a contraction in price gap in tandem with a rise in raw material prices • Volume (-) Sales decreased due to a slowdown in demand in Europe and Asia, the suspension of operations at sites in Europe, and production adjustments at each site, mainly in Asia
<p>Petro chemicals (24.2)</p>	<ul style="list-style-type: none"> • Price (-) (+) Delay in the timing for implementing price revisions for polyolefin (-) Decline in market prices for Bisphenol A and a contraction in the price gap in tandem with a rise in raw material prices • Volume (-) Sales declined due to productions adjustments for each product in tandem with a slowdown in demand and owing to an expansion in the scale of scheduled maintenance • Others (+) Contraction in inventory valuation gains in tandem with a decline in raw materials prices in and after 2Q.
<p>Carbon Products (10.5)</p>	<ul style="list-style-type: none"> • Price (-) Contraction in the price gap due to a weakening in the cokes market in tandem with a slowdown in demand for coke, and a rise in raw material prices • Volume (-) Sales volumes decreased due to slowdown in demand for coke. • Others (+) Contraction in inventory valuation gains in tandem with a decline in raw materials prices in and after 2Q.

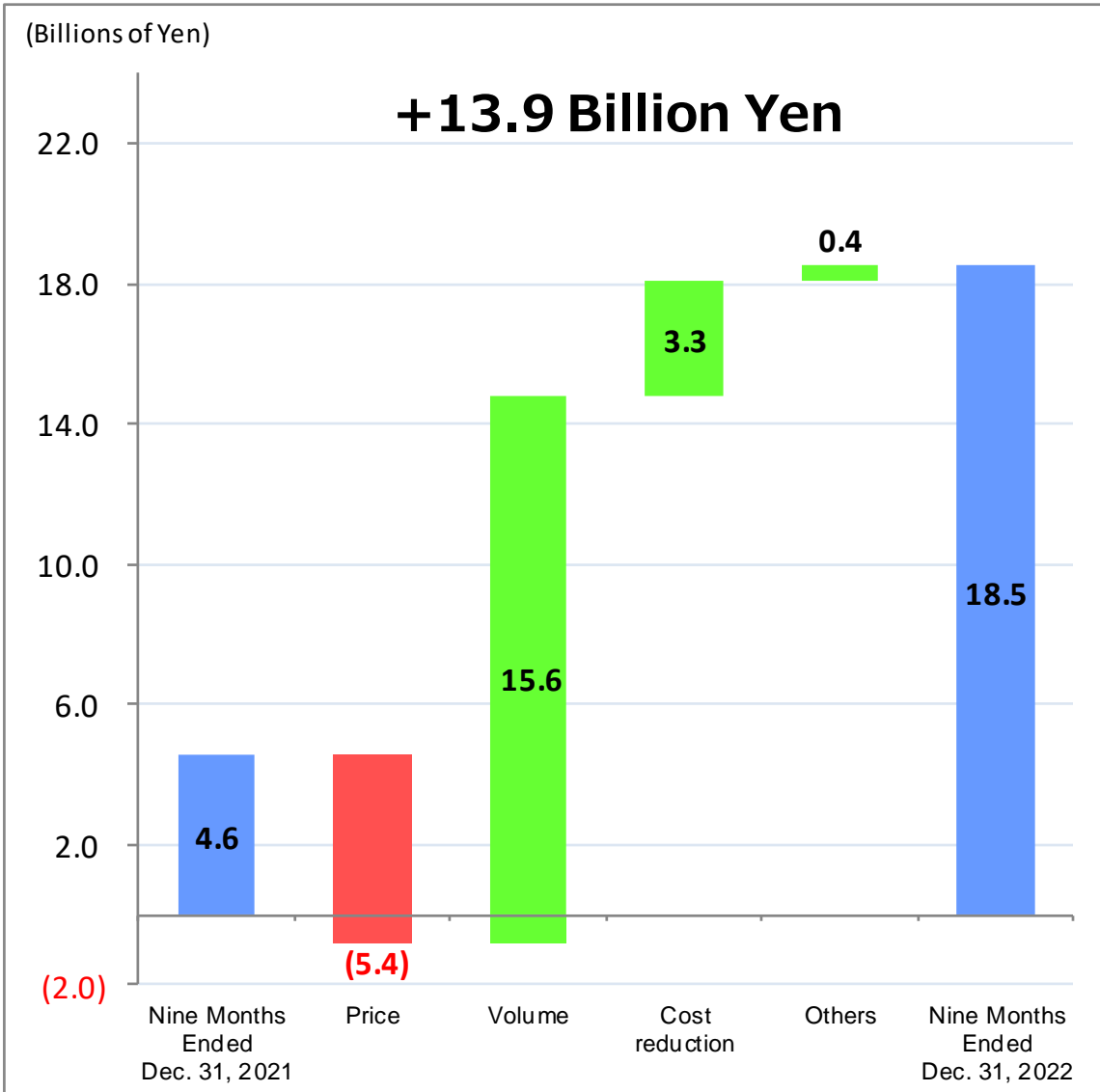
Analysis of Core Operating Income Industrial Gases Segment



Industrial Gases (+10.4)

- 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 (+13.9)

- 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 strong and sales grew for domestic priority products, mainly Stelara in the inflammatory disease domain
- Others (+)
(+) Gain on transfer of intangible assets
(-) Increase in overseas R&D cost due to forex impact

Consolidated Special Items

(Billions of Yen)

	3Q	FY2022 3Q	FY2021 3Q	Difference
Total Special Items	(125.1)	(129.3)	(0.7)	(128.6)
Gain on reversal of environmental expenses	-	2.4	-	2.4
Gain on sales of shares of subsidiaries and associates	2.2	2.2	1.9	0.3
Gain on sales of property, plant and equipment	0.1	0.7	8.4	(7.7)
Impairment loss	(85.8)	(87.7)	(2.8)	(84.9)
Provision for loss on plant closure	(31.2)	(31.2)	-	(31.2)
Special retirement expenses	(4.3)	(4.3)	(1.9)	(2.4)
Provision for loss on litigation	(3.6)	(3.6)	-	(3.6)
Loss on arbitration award	(0.0)	(3.5)	-	(3.5)
Loss on sales and disposal of fixed assets	(1.0)	(2.4)	(3.6)	1.2
Others	(1.5)	(1.9)	(2.7)	0.8

*Loss on Cassel site closure (70.7) billion (Impairment loss (37.5) billion, Provision for loss (31.2) billion, Special retirement expenses (2.0) billion) (The decision is subject to completion of labor-management consultation.)

*Medicago Inc. (Impairment loss) (48.0) billion

[Special Items by Business Segment]

Performance Products	(0.3)	(1.8)	(3.7)	1.9
Chemicals	(70.9)	(71.1)	(0.9)	(70.2)
Industrial Gases	(0.8)	(3.1)	(0.0)	(3.1)
Health Care	(49.4)	(50.7)	3.2	(53.9)
Others	(3.7)	(2.6)	0.7	(3.3)

Consolidated Cash Flows

(Billions of Yen)

	Nine Months Ended Dec. 31, 2022	Nine Months Ended Dec. 31, 2021
Net cash provided by (used in) operating activities	174.0	248.0
Income before taxes	39.2	208.2
Depreciation and amortization	202.7	186.6
Change in operating receivables/payables	(3.1)	(0.1)
Change in Inventories	(106.3)	(105.9)
Others	41.5	(40.8)
Net cash provided by (used in) investment activities	(174.4)	(140.6)
Capital expenditure	(202.7)	(182.7)
Sale of assets	27.5	53.7
Investment and loans receivable, etc.	0.8	(11.6)
Free cash flow	(0.4)	107.4
Net cash provided by (used in) financing activities	8.8	(200.6)
Interest bearing debts	71.5	(141.7)
Dividends, etc.	(62.7)	(58.9)
Net increase (decrease) in cash and cash equivalents	8.4	(93.2)
Effect of exchange rate changes and changes in scope of consolidation	2.8	2.9
Cash and cash equivalents at the beginning of the period	245.8	349.6
Cash and cash equivalents at the end of the period	257.0	259.3

Consolidated Statements of Financial Positions

	(Billions of Yen)		
	Dec.31.2022	Mar.31.2022	Difference
Cash & cash equivalents	257.0	245.8	11.2
Trade receivables	876.8	826.0	50.8
Inventories	858.9	745.2	113.7
Others	224.9	169.1	55.8
Current assets	2,217.6	1,986.1	231.5
Fixed assets	2,351.3	2,348.5	2.8
Goodwill	717.1	705.4	11.7
Investments & Other	578.7	533.9	44.8
Non-current assets	3,647.1	3,587.8	59.3
Total assets	5,864.7	5,573.9	290.8

	(Billions of Yen)		
	Dec.31.2022	Mar.31.2022	Difference
Interest-bearing debt	2,427.4	2,289.9	137.5
Trade payables	529.5	486.9	42.6
Others	1,007.7	952.8	54.9
Liabilities	3,964.6	3,729.6	235.0
Share capitals, Retained earnings, etc.,	1,345.4	1,371.4	(26.0)
Other components of equity	149.9	86.7	63.2
Equity attributable to owners of the parent	1,495.3	1,458.1	37.2
Non-controlling interests	404.8	386.2	18.6
Equity	1,900.1	1,844.3	55.8
Total liabilities & equity	5,864.7	5,573.9	290.8

Net interest-bearing debt *1	2,170.4	2,044.1	126.3
Net D/E ratio	1.45	1.40	0.05
Ratio of Equity attributable to owners of the parent	25.5%	26.2%	(0.7%)
ROE *2	-	13.2%	-

*1 Net interest-bearing debt (End of Dec.31, 2022)

= interest-bearing debt (2,427.4billion yen)

- {cash and cash equivalents (257.0 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	139.9	130.0	135.0	135.1	140.2	(5.1)
Naphtha Price (¥/kl)	83,700	72,500	65,000	68,700	76,200	78,400	(2,200)

(Billions of Yen)

	1H (Actual)	3Q (Actual)	4Q (Forecast)	2H (Forecast)	FY2022 Forecast	FY2022 Forecast (Announced on Nov.8)	Difference	% to Previous Forecast
Sales Revenue	2,269.8	1,136.4	1,107.8	2,244.2	4,514.0	4,725.0	(211.0)	(4.5%)
Core Operating Income	122.6	55.3	22.1	77.4	200.0	240.0	(40.0)	(16.7%)
Special Items	(4.2)	(125.1)	0.3	(124.8)	(129.0)	2.0	(131.0)	
Operating Income (Loss)	118.4	(69.8)	22.4	(47.4)	71.0	242.0	(171.0)	(70.7%)
Financial Income/Expenses	3.6	(13.0)	(4.6)	(17.6)	(14.0)	(8.0)	(6.0)	
Earnings before Taxes (Loss)	122.0	(82.8)	17.8	(65.0)	57.0	234.0	(177.0)	
Income Taxes	(30.5)	36.1	2.4	38.5	8.0	(64.0)	72.0	
Net Income (Loss)	91.5	(46.7)	20.2	(26.5)	65.0	170.0	(105.0)	
Net Income Attributable to Owners of the Parent (Loss)	73.9	(56.9)	11.0	(45.9)	28.0	132.0	(104.0)	(78.8%)
Net Income Attributable to Non-Controlling Interests	17.6	10.2	9.2	19.4	37.0	38.0	(1.0)	

Sales Revenue and Core Operating Income by Business Segment

(Billions of Yen)

		1H (Actual)	3Q (Actual)	4Q (Forecast)	2H (Forecast)	FY2022 Forecast	FY2022 Forecast (Announced on Nov.8)	Difference
Total Consolidated	Sales Revenue	2,269.8	1,136.4	1,107.8	2,244.2	4,514.0	4,725.0	(211.0)
	Core Operating Income	122.6	55.3	22.1	77.4	200.0	240.0	(40.0)
Polymers & Compounds	Sales Revenue	174.3	85.8	95.9	181.7	356.0	393.0	(37.0)
	Core Operating Income	16.0	5.2	6.8	12.0	28.0	26.0	2.0
Films & Molding Materials	Sales Revenue	268.9	129.1	131.0	260.1	529.0	581.0	(52.0)
	Core Operating Income	18.5	3.3	2.2	5.5	24.0	35.0	(11.0)
Advanced Solutions	Sales Revenue	191.1	95.3	104.6	199.9	391.0	405.0	(14.0)
	Core Operating Income	7.8	3.3	4.9	8.2	16.0	18.0	(2.0)
Performance Products	Sales Revenue	634.3	310.2	331.5	641.7	1,276.0	1,379.0	(103.0)
	Core Operating Income	42.3	11.8	13.9	25.7	68.0	79.0	(11.0)
MMA	Sales Revenue	151.7	63.3	67.0	130.3	282.0	313.0	(31.0)
	Core Operating Income	4.4	(4.4)	(3.0)	(7.4)	(3.0)	5.0	(8.0)
Petrochemicals	Sales Revenue	395.7	201.9	199.4	401.3	797.0	870.0	(73.0)
	Core Operating Income	9.5	(0.1)	(3.4)	(3.5)	6.0	25.0	(19.0)
Carbon products	Sales Revenue	198.0	90.8	90.2	181.0	379.0	389.0	(10.0)
	Core Operating Income	8.8	1.1	(0.9)	0.2	9.0	13.0	(4.0)
Chemicals	Sales Revenue	745.4	356.0	356.6	712.6	1,458.0	1,572.0	(114.0)
	Core Operating Income	22.7	(3.4)	(7.3)	(10.7)	12.0	43.0	(31.0)
Industrial Gases	Sales Revenue	569.3	297.1	288.6	585.7	1,155.0	1,155.0	-
	Core Operating Income	54.3	30.0	28.7	58.7	113.0	113.0	-
Health Care	Sales Revenue	212.0	119.6	88.4	208.0	420.0	428.0	(8.0)
	Core Operating Income	3.1	15.4	(10.5)	4.9	8.0	7.0	1.0
Others	Sales Revenue	108.8	53.5	42.7	96.2	205.0	191.0	14.0
	Core Operating Income	0.2	1.5	(2.7)	(1.2)	(1.0)	(2.0)	1.0

* Breakdown figures of segment are approximation for reference purpose only

References 1

Statements of Operations [Quarterly Data]

Exchange Rate (¥/\$)	109.8	110.4	114.2	117.8	131.3	139.4	139.9
Naphtha Price (¥/kl)	47,700	53,500	60,700	64,600	86,100	81,400	72,500

(Billions of Yen)

	FY2021				FY2022		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales Revenue	928.3	956.8	1,015.2	1,076.6	1,106.5	1,163.3	1,136.4
Core Operating Income *1	88.7	67.4	62.8	53.4	72.1	50.5	55.3
Special Items	(1.7)	(1.3)	2.3	31.6	(4.1)	(0.1)	(125.1)
Operating Income (Loss)	87.0	66.1	65.1	85.0	68.0	50.4	(69.8)
Financial Income/Expenses	(1.7)	(4.2)	(4.1)	(2.8)	7.1	(3.5)	(13.0)
(Dividend included above)	[3.8]	[0.1]	[0.9]	[0.0]	[7.8]	[0.2]	[1.1]
(Foreign Exchange Gain/Loss included above)	[(0.0)]	[0.7]	[0.2]	[2.0]	[3.7]	[3.0]	[(6.4)]
Income (Loss) before Taxes	85.3	61.9	61.0	82.2	75.1	46.9	(82.8)
Income Taxes	(26.1)	(19.2)	(15.6)	(20.1)	(21.8)	(8.7)	36.1
Net Income (Loss)	59.2	42.7	45.4	62.1	53.3	38.2	(46.7)
Net Income (Loss) Attributable to Owners of the Parent	49.9	35.3	36.9	55.1	44.9	29.0	(56.9)
Net Income Attributable to Non-Controlling Interests	9.3	7.4	8.5	7.0	8.4	9.2	10.2
	4.6	5.0	4.1	7.7	4.0	3.2	2.7

*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	3Q
Total Consolidated	Sales Revenue	928.3	956.8	1,015.2	1,076.6	1,106.5	1,163.3	1,136.4
	Core Operating Income	88.7	67.4	62.8	53.4	72.1	50.5	55.3
Polymers & Compounds	Sales Revenue	80.1	78.8	76.6	72.6	88.4	85.9	85.8
	Core Operating Income	8.0	3.8	1.1	5.6	6.7	9.3	5.2
Films & Molding Materials	Sales Revenue	120.2	117.9	119.7	122.1	137.0	131.9	129.1
	Core Operating Income	15.3	11.8	7.2	9.6	10.9	7.6	3.3
Advanced Solutions	Sales Revenue	82.8	86.9	85.9	92.7	94.1	97.0	95.3
	Core Operating Income	3.3	3.6	3.4	6.0	3.6	4.2	3.3
Performance Products	Sales Revenue	283.1	283.6	282.2	287.4	319.5	314.8	310.2
	Core Operating Income	26.6	19.2	11.7	21.2	21.2	21.1	11.8
MMA	Sales Revenue	77.6	73.4	73.3	73.8	80.0	71.7	63.3
	Core Operating Income	12.3	12.5	4.7	2.3	2.6	1.8	(4.4)
Petrochemicals	Sales Revenue	160.4	171.8	189.9	200.1	186.3	209.4	201.9
	Core Operating Income	16.0	10.5	7.1	11.0	6.7	2.8	(0.1)
Carbon Products	Sales Revenue	53.9	56.9	64.6	92.2	92.7	105.3	90.8
	Core Operating Income	6.5	4.4	9.5	5.4	9.6	(0.8)	1.1
Chemicals	Sales Revenue	291.9	302.1	327.8	366.1	359.0	386.4	356.0
	Core Operating Income	34.8	27.4	21.3	18.7	18.9	3.8	(3.4)
Industrial Gases	Sales Revenue	216.8	227.3	242.5	263.5	273.9	295.4	297.1
	Core Operating Income	23.8	24.5	25.6	25.0	29.5	24.8	30.0
Health Care	Sales Revenue	98.4	100.1	113.6	91.5	103.4	108.6	119.6
	Core Operating Income	4.7	(3.6)	3.5	(11.6)	3.3	(0.2)	15.4
Others	Sales Revenue	38.1	43.7	49.1	68.1	50.7	58.1	53.5
	Core Operating Income	(1.2)	(0.1)	0.7	0.1	(0.8)	1.0	1.5

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

EBITDA Margin by Business Segment

	FY2021	FY2022 3Q	FY2025 Target
Performance Products	12%	11%	≈ 15%
MMA	17%	8%	≈ 26%
Petrochemicals / Carbon Products	11%	5%	—
Chemicals	12%	6%	—
Industrial Gases	20%	19%	≈ 25%
Health Care	2%	9%	≈ 15%

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

References 2

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

Major Development Pipeline List

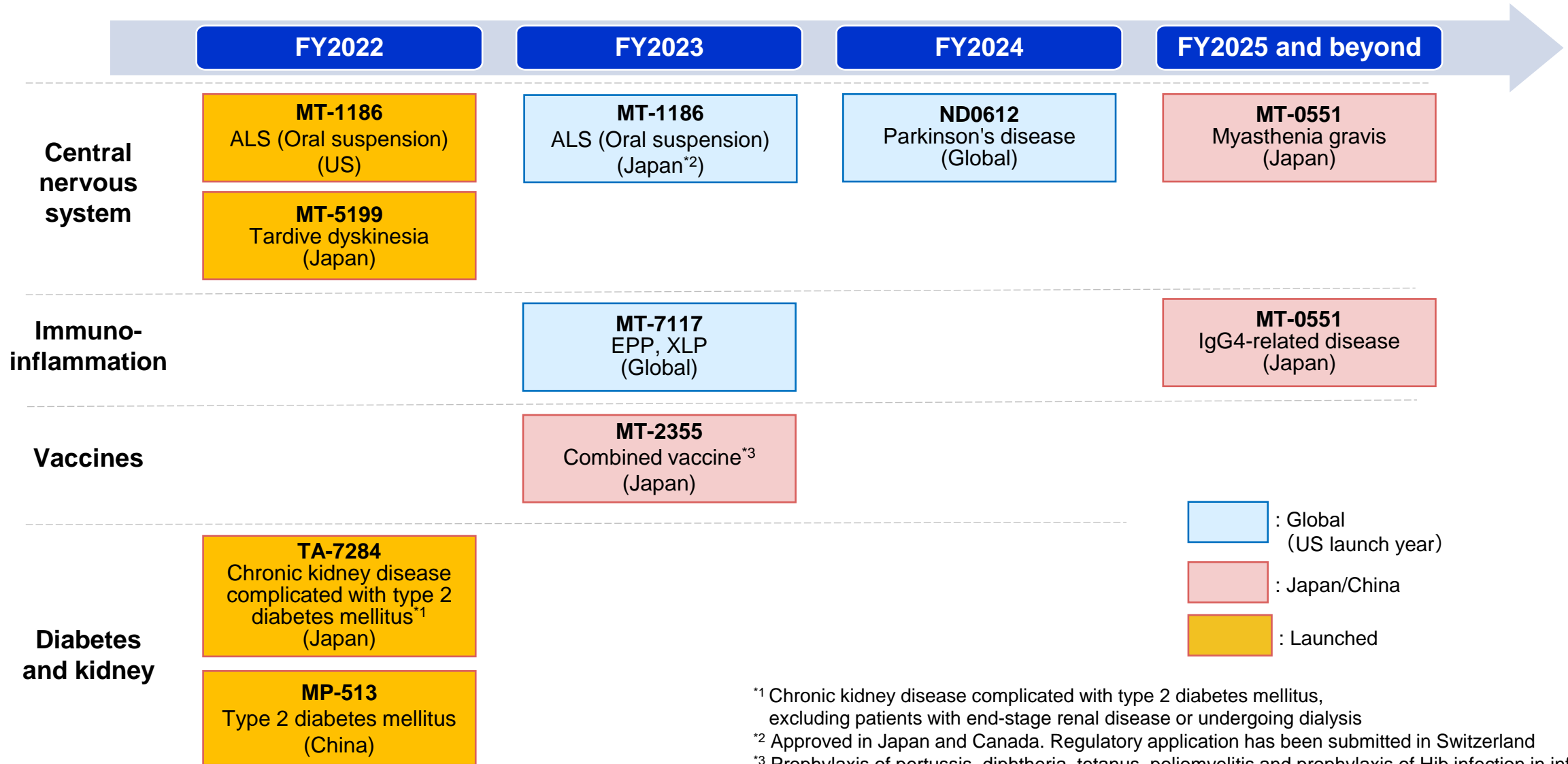
Research areas	Code	Region	Indications/Description	P1	P2	P3	Filed	Approved
Central Nervous System	ND0612	Global	Parkinson's disease					
	MT-3921	Global	Spinal cord injury					
	MT-0551	Japan ^{*1}	Myasthenia gravis					
	MT-8554	Japan	Peripheral neuropathic pain					
Immuno-inflammation	MT-7117	Global	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-2355	Japan	Combined vaccine ^{*2 *3}					

^{*1} Co-development with Horizon Therapeutics

^{*2} Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

^{*3} The Research Foundation for Microbial Diseases of Osaka University (BIKEN) submitted application for marketing authorization.

Launch Plan for Major Development Pipeline



*¹ Chronic kidney disease complicated with type 2 diabetes mellitus, excluding patients with end-stage renal disease or undergoing dialysis
 *² Approved in Japan and Canada. Regulatory application has been submitted in Switzerland
 *³ Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

For the Treatment of ALS, Edaravone Oral Suspension Approved in Canada and Japan

- **Significant Improvement in Convenience**
 - Reduce the burden on people living with ALS such as injection pain and outpatient visits.
- **Strengthen the Lineup of ALS Treatments**
 - Provide “new treatment options” following RADICAVA IV* infusion, EXSERVAN.
- **Further Edaravone Business Expansion with the Launch of Oral Suspension**
 - Approved in the U.S., Canada and Japan.
 - Under review in Switzerland (marketing authorization application filed in April 2022).
 - Clinical trial for further improvement in efficacy is on-going.

* IV (intravenous)



Grow as a leading
company for ALS
treatment

Nov. 2022 RADICAVA Oral Suspension Approved in Canada

Dec. 2022 RADICUT Oral Suspension 2.1% Approved in Japan

Jun. 2022 RADICAVA ORS (oral suspension) Launched in the U.S.

Jun. 2021 EXSERVAN (Rilzole oral film) Launched in the U.S.

Aug. 2017 RADICAVA (IV* infusion) Launched in the U.S.

Pharmaceuticals Business: Statements of Operations (FY2022 3Q Actual)



(Billions of Yen)

	Nine Months Ended Dec.31, 2022		Nine Months Ended Dec.31, 2021		Difference	%
	3Q		3Q			
Revenue	116.8	319.9	108.9	299.8	20.1	6.7%
Domestic	92.1	252.2	92.4	248.3	3.9	1.6%
Overseas	24.7	67.6	16.5	51.5	16.1	31.4%
Overseas sales ratio	21.1%	21.1%	15.2%	17.2%		
Cost of sales	56.0	161.5	54.8	151.6	9.8	6.5%
Sales cost ratio	48.0%	50.5%	50.4%	50.6%		
Gross profit	60.7	158.4	54.1	148.2	10.2	6.9%
SG&A expenses, etc.	45.0	138.4	49.6	141.1	(2.6)	(1.9%)
R&D expenses	23.7	69.0	25.0	70.2	(1.2)	(1.7%)
Core operating profit	15.8	20.0	4.5	7.1	12.9	180.4%
Non-recurring items	(51.6)	(52.9)	5.0	3.4	(56.3)	
Operating profit	(35.8)	(32.9)	9.5	10.5	(43.4)	(413.8%)
Net profit attributable to owners of the Company	(1.9)	(1.1)	7.6	6.1	(7.2)	(118.3%)

Effect of fluctuations in exchange rate for FY2022 Q3: Revenue increased by ¥9.9 bn. and core operating profit decreased by ¥9.1 bn.

Pharmaceuticals: Details of Revenue (FY2022 3Q Actual)

(Billions of Yen)

	Nine Months Ended Dec.31, 2022		Nine Months Ended Dec.31, 2021		Difference	%
	3Q		3Q			
Domestic ethical drugs	89.6	244.9	89.9	241.3	3.5	1.5%
Priority and New products	51.9	139.1	46.3	121.3	17.7	14.6%
Stelara	21.3	52.3	15.8	38.9	13.4	34.3%
Simponi	11.9	34.2	12.1	33.8	0.4	1.2%
Tenelia	4.4	12.5	4.7	12.5	(0.0)	(0.1%)
Canaglu	3.2	9.1	3.2	8.8	0.2	2.8%
Canalia	3.0	7.0	2.9	7.8	(0.8)	(10.3%)
Vafseo	0.6	1.5	0.4	0.7	0.8	121.1%
Lexapro	3.7	11.4	4.3	11.9	(0.5)	(4.5%)
Uplizna	0.9	1.9	0.6	0.9	1.1	117.2%
Rupafin	2.4	6.3	2.3	5.9	0.4	7.0%
Dysval	0.7	2.8	-	-	-	-
Vaccines	11.4	30.4	11.3	28.5	2.0	6.9%
Influenza vaccine	5.3	11.7	5.2	10.7	1.1	9.9%
Tetrabik	2.5	7.0	2.9	7.8	(0.8)	(10.3%)
JEBIK V	0.9	3.3	0.5	1.2	2.2	185.9%
Mearubik	1.2	3.9	1.2	4.3	(0.4)	(9.6%)
Varicella vaccine	1.2	3.5	1.4	3.6	(0.0)	(0.6%)
Long-listed drugs, etc.	26.3	75.4	32.3	91.5	(16.2)	(17.7%)
Remicade	9.3	27.3	10.9	31.3	(4.0)	(12.6%)
Overseas ethical drugs	22.2	59.0	14.1	42.1	16.9	40.2%
Radicava	14.6	34.3	6.5	18.9	15.4	81.5%
Royalty revenue, etc.	2.8	9.6	2.9	10.5	(0.9)	(8.4%)
Royalty from INVOKANA	1.3	4.5	1.4	4.9	(0.3)	(6.3%)
Royalty from GILENYA	0.6	2.1	0.8	2.9	(0.8)	(27.7%)

Pharmaceuticals Business: Revised Forecasts of FY2022

(Billions of Yen)

						FY2022 Forecast	FY2022 Forecast (Announced on Nov. 8)	Difference	%to Previous Forecast
	1H (Actual)	3Q (Actual)	4Q (Forecast)	2H (Forecast)					
Revenue	203.1	116.8	87.4	204.1	407.0	410.0	(3.0)	(0.7%)	
Domestic	160.2	92.1	63.1	155.1	315.3	320.8	(5.5)	(1.7%)	
Overseas	43.0	24.7	24.0	48.7	91.7	89.2	2.5	2.8%	
Overseas sales ratio	21.2%	21.1%	27.5%	23.9%	22.5%	21.8%			
Cost of sales	105.5	56.0	45.1	101.1	206.5	211.0	(4.5)	(2.1%)	
Sales cost ratio	51.9%	48.0%	51.6%	49.5%	50.7%	51.5%			
Gross profit	97.7	60.7	42.1	102.9	200.5	199.0	1.5	0.8%	
SG&A expenses, etc.	93.5	45.0	52.1	97.1	190.5	189.0	1.5	0.8%	
R&D expenses	45.3	23.7	23.6	47.2	92.5	86.5	6.0	6.9%	
Core operating profit	4.2	15.8	(10.0)	5.8	10.0	10.0	-	-	
Non-recurring items	(1.4)	(51.6)	8.4	(43.1)	(44.5)	(1.5)	(43.0)		
Operating profit	2.9	(35.8)	(1.5)	(37.4)	(34.5)	8.5	(43.0)	(505.9%)	
Net profit attributable to owners of the Company	0.8	(1.9)	6.6	4.7	5.5	2.0	3.5	175.0%	

Pharmaceuticals: Details of Revenue (Revised Forecasts of FY2022)

(Billions of Yen)

						FY2022 Forecast (Announced on Nov. 8)	Difference	%to Previous Forecast
	1H (Actual)	3Q (Actual)	4Q (Forecast)	2H (Forecast)	FY2022 Forecast			
Domestic ethical drugs	155.3	89.6	61.1	150.7	306.0	311.9	(5.9)	(1.9%)
Priority and New products	87.2	51.9	38.8	90.7	177.9	180.8	(2.9)	(1.6%)
Stelara	31.0	21.3	15.5	36.7	67.8	67.3	0.5	0.7%
Simponi	22.4	11.9	10.1	22.0	44.4	44.8	(0.5)	(1.0%)
Tenelia	8.2	4.4	3.1	7.4	15.6	14.7	0.9	6.1%
Canaglu	5.9	3.2	2.6	5.8	11.7	12.9	(1.2)	(9.4%)
Canalia	4.0	3.0	2.7	5.7	9.7	10.0	(0.3)	(2.7%)
Vafseo	0.9	0.6	0.5	1.1	2.0	2.1	(0.1)	(2.5%)
Lexapro	7.7	3.7	-	3.7	11.4	13.3	(1.9)	(14.6%)
Uplizna	1.1	0.9	0.5	1.4	2.4	2.1	0.3	16.2%
Rupafin	4.0	2.4	3.4	5.7	9.7	10.2	(0.5)	(4.9%)
Dysval	2.1	0.7	0.4	1.1	3.2	3.4	(0.2)	(5.8%)
Vaccines	19.0	11.4	5.6	17.0	36.0	38.3	(2.3)	(6.0%)
Influenza vaccine	6.4	5.3	-	5.3	11.7	13.8	(2.1)	(14.9%)
Tetrabik	4.5	2.5	2.4	4.9	9.4	9.5	(0.1)	(1.0%)
JEBIK V	2.4	0.9	1.1	2.0	4.5	4.7	(0.2)	(5.2%)
Mearubik	2.8	1.2	0.9	2.0	4.8	4.5	0.3	6.7%
Varicella vaccine	2.3	1.2	1.1	2.3	4.6	4.7	(0.1)	(1.4%)
Long-listed drugs, etc.	49.1	26.3	16.8	43.1	92.2	92.8	(0.6)	(0.7%)
Remicade	18.0	9.3	7.3	16.7	34.7	34.2	0.5	1.4%
Overseas ethical drugs	36.8	22.2	22.1	44.3	81.1	78.3	2.8	3.5%
Radicava	19.7	14.6	10.8	25.3	45.1	41.4	3.7	8.9%
Royalty revenue, etc.	6.8	2.8	2.3	5.1	12.0	12.0	(0.0)	(0.4%)
Royalty from INVOKANA	3.2	1.3	-	-	-	-	-	-
Royalty from GILENYA	1.5	0.6	-	-	-	-	-	-

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