

Summary of Consolidated Financial Results for First Quarter of FY2023



August 4, 2023
Mitsui Chemicals, Inc.

1. Summary of Operating Results

(Unit : Billions of Yen)

	1st Q of FY2022	1st Q of FY2023	Incr. (Decr.)	Forecast for FY2023 (announced Aug. 4)		
				FY2022	First Half	Full year
Sales revenue	476.1	407.9	(68.2)	1,879.5	870.0	1,850.0
Operating income before special items	44.6	20.9	(23.7)	113.9	46.0	125.0
Operating income	42.9	13.9	(29.0)	129.0	36.0	115.0
Net income	30.0	11.5	(18.5)	90.1	28.0	95.0
Net income attributable to owners of the parent	28.0	9.6	(18.4)	82.9	23.0	84.0

2. Sales Revenue and Operating Income before Special Items by Business Segment

·Sales revenue

(Unit : Billions of Yen)

	1st Q of FY2022	1st Q of FY2023	Incr. (Decr.)	Breakdown		FY2022	Forecast for FY2023 (announced Aug. 4)	
				Volume	Price		First Half	Full year
Life & Healthcare Solutions	58.7	57.1	(1.6)	(4.5)	2.9	258.2	129.0	288.0
Mobility Solutions	120.6	127.4	6.8	3.9	2.9	521.6	263.0	554.0
ICT Solutions	59.2	56.9	(2.3)	(6.5)	4.2	235.7	124.0	266.0
Basic & Green Materials	234.3	162.7	(71.6)	(68.8)	(2.8)	849.0	346.0	726.0
Others	3.3	3.8	0.5	-	0.5	15.0	8.0	16.0
Total	476.1	407.9	(68.2)	(75.9)	7.7	1,879.5	870.0	1,850.0

·Operating income before special items

(Unit : Billions of Yen)

	1st Q of FY2022	1st Q of FY2023	Incr. (Decr.)	Breakdown			FY2022	Forecast for FY2023 (announced Aug. 4)	
				Volume	Price ※	Fixed Costs etc.		First Half	Full year
Life & Healthcare Solutions	6.2	4.5	(1.7)	(2.8)	1.0	0.1	29.2	15.5	36.0
Mobility Solutions	9.5	12.3	2.8	0.9	3.5	(1.6)	49.3	26.5	57.0
ICT Solutions	9.2	5.2	(4.0)	(4.0)	2.0	(2.0)	23.8	11.0	28.0
Basic & Green Materials	20.8	(0.4)	(21.2)	(6.8)	(8.7)	(5.7)	17.8	(6.0)	10.0
Others	(0.7)	(0.7)	0.0	-	-	0.0	(2.8)	(1.0)	(2.5)
Adjustment	(0.4)	(0.0)	0.4	-	-	0.4	(3.4)	(0.0)	(3.5)
Total	44.6	20.9	(23.7)	(12.7)	(2.2)	(8.8)	113.9	46.0	125.0

※Price includes both selling and purchasing price variances.

3. Summary of Statement of Financial Position

(Unit : Billions of Yen)

	Assets				Liabilities and Equity		
	As of Mar. 31, 2023	As of Jun. 30, 2023	Incr. (Decr.)		As of Mar. 31, 2023	As of Jun. 30, 2023	Incr. (Decr.)
Current assets	1,094.3	1,078.9	(15.4)	Interest-bearing liabilities	794.7	788.1	(6.6)
Property, plant and equipment & right-of-use assets	600.9	598.9	(2.0)	Other liabilities	390.2	367.1	(23.1)
Goodwill and intangible assets	67.5	69.6	2.1	Equity attributable to owners of the parent	786.8	809.3	22.5
Other non-current assets	305.5	315.4	9.9	Non-controlling interests	96.5	98.3	1.8
Total assets	2,068.2	2,062.8	(5.4)	Total liabilities and equity	2,068.2	2,062.8	(5.4)
[Inventories]	441.9	449.1	7.2	[Net D/E Ratio]	0.77	0.76	(0.01)

4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	1st Q of FY2022	1st Q of FY2023	Incr. (Decr.)	FY2022	Forecast for FY2023 (announced Aug. 4)	
					First Half	Full year
Cash flows from operating activities	(10.6)	(11.7)	(1.1)	101.2	56.0	141.0
Cash flows from investing activities	(33.3)	9.9	43.2	(106.3)	(55.0)	(136.0)
Free cash flows	(43.9)	(1.8)	42.1	(5.1)	1.0	5.0
Cash flows from financing activities	44.4	(23.0)	(67.4)	2.5	(28.0)	(8.0)
Others	9.2	7.5	(1.7)	7.7	8.0	8.0
Net incr.(decr.) in cash and cash equivalents	9.7	(17.3)	(27.0)	5.1	(19.0)	5.0
Cash and cash equivalents at the end of period	190.9	169.0	(21.9)	186.3		

5. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim (2nd Q)	3rd Q	Year-end (4th Q)	Annual Total
FY2022 Result	-	60.00	-	60.00	120.00
FY2023 Forecast	-	70.00	-	70.00	140.00

6. Number of Shares Outstanding (common stock)

	FY2022	1st Q of FY2023
Number of shares outstanding at term-end (including treasury stock)	200,763,815	200,763,815
Number of shares of treasury stock at term-end	10,697,729	10,700,085
Average number of shares	193,235,150 ※	190,064,810

※1st Q of FY2022

1. Operating Results

(1) Overview

In the fiscal period under review (the three-month period from April 1, 2023 to June 30, 2023, hereinafter the “first quarter”), the world economy continued to recover, mainly in the service industry, which includes such businesses as restaurants and lodging. In the manufacturing industry, the recovery after the COVID-19 slowed amid weak global demand and moves to tighten monetary policy. In Japan as well, economic activity has been normalizing and continued to recover. On the other hand, there are growing concerns about an economic downturn due to a rise in the cost of living and a slowdown in overseas demand.

The Group reported the following operating results for the first quarter as follows. The Group employs operating income before special items, that is, excluding non-recurring items, as a management indicator.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
First quarter	407.9	20.9	13.9	9.6
Same period of previous fiscal year	476.1	44.6	42.9	28.0
Difference	(68.2)	(23.7)	(29.0)	(18.4)
Ratio (%)	(14.3)	(53.1)	(67.7)	(65.7)

Sales revenue decreased 68.2 billion yen, or 14.3%, compared with the corresponding period of the previous fiscal year to 407.9 billion yen. This was mainly attributable to a decrease in sales volume due to weak demand.

Operating income before special items was 20.9 billion yen, a decrease of 23.7 billion yen, or 53.1%, year on year. This result was due to a decrease in sales volume resulting from weak demand and a decrease in profit of investments accounted for using equity method.

Operating income was 13.9 billion yen, a decrease of 29.0 billion yen, or 67.7%, year on year. This result was due to the decrease in operating income before special items.

Financial income/expenses improved 2.4 billion yen year on year to income of 0.3 billion yen.

As a result of the aforementioned factors, **income before income taxes** amounted to 14.2 billion yen, a decrease of 26.6 billion yen, or 65.3%, year on year.

Net income attributable to owners of the parent after accounting for income taxes and non-controlling interests was 9.6 billion yen, a decrease of 18.4 billion yen, or 65.7%, compared with the corresponding period of the previous fiscal year. Basic earnings per share for the period were 50.46 yen.

(2) Results by Business Segment

The status of each segment during the first quarter is as follows.

Life & Healthcare Solutions

Sales revenue decreased 1.6 billion yen compared with the corresponding period of the previous fiscal year to 57.1 billion yen and comprised 14% of total sales. Operating income

before special items decreased 1.7 billion yen to 4.5 billion yen, mainly because sales remained weak in vision care materials.

In **vision care materials**, sales remained weak due to inventory adjustments by customers.

In **oral care materials**, sales remained at the same level as the corresponding period of the previous fiscal year.

In **agrochemicals**, overseas sales remained at the same level as the corresponding period of the previous fiscal year.

Mobility Solutions

Sales revenue increased 6.8 billion yen year on year to 127.4 billion yen and comprised 31% of total sales. Operating income before special items increased 2.8 billion yen to 12.3 billion yen, mainly due to improved terms of trade, resulting from sales price revisions and favorable foreign exchange conditions.

In **elastomers**, terms of trade were improved due to sales price revisions and favorable foreign exchange conditions.

In **performance compounds**, sales remained at the same level as the corresponding period of the previous fiscal year.

In **polypropylene compounds**, sales increased due to a recovery of production volume in the automotive industry.

In **solutions business**, orders for the development of prototypes increased.

ICT Solutions

Sales revenue decreased 2.3 billion yen compared with the same period of the previous fiscal year to 56.9 billion yen and comprised 14% of total sales. Operating income before special items decreased 4.0 billion yen to 5.2 billion yen year on year. This was mainly affected by slowing demand for semiconductor materials, although terms of trade were improved by favorable foreign exchange conditions.

In **semiconductor & optical materials** and **performance films and sheets**, sales decreased from slowing demand for semiconductor materials.

In **coatings & engineering materials**, sales remained healthy.

Basic & Green Materials

Sales revenue decreased 71.6 billion yen compared with the same period of the previous fiscal year to 162.7 billion yen and accounted for 40% of total sales. Operating income before special items decreased 21.2 billion yen, resulting in a 0.4 billion yen loss due to a fall in overseas market prices and inventory valuation loss.

Sales of **polyolefin** and **phenols** decreased compared with the corresponding period of the previous fiscal year due to slowing demand. **Naphtha cracker** operating rates remained at a low level due to slowing demand for downstream products.

Others

Sales revenue increased 0.5 billion yen to 3.8 billion yen and comprised 1% of total sales. Operating loss before special items was 0.7 billion yen, remaining at the same level as the corresponding period of the previous fiscal year.

2. Financial Position

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the first quarter stood at 2,062.8 billion yen, a decrease of 5.4 billion yen compared with the end of the previous fiscal year-end.

Total liabilities at the end of first quarter decreased 29.7 billion yen compared with the previous fiscal year-end to 1,155.2 billion yen. **Interest-bearing debt** amounted to 788.1 billion yen, a decrease of 6.6 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 38.2%, a decrease of 0.2 percentage point.

Total equity was 907.6 billion yen, an increase of 24.3 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 39.2%, an increase of 1.2 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.76 at the end of the fiscal year, a 0.01 percentage point decrease from the previous fiscal year-end.

(2) Cash Flow Status

Cash and cash equivalents (hereafter called “net cash”) at the end of the first quarter decreased 17.3 billion yen to 169.0 billion yen compared with the same period of the previous fiscal year.

Cash Flows from Operating Activities

Net cash used in operating activities increased 1.1 billion yen to 11.7 billion yen due to lower income before income taxes, despite a decrease in working capital.

Cash Flows from Investing Activities

Net cash provided by investing activities was 9.9 billion yen, compared with a 33.3 billion yen expenditure in the same period of the previous fiscal year, due to a decrease in cash outflows from capital expenditure and proceeds from the sale of subsidiaries.

Cash Flows from Financing Activities

Net cash used in financing activities was 23.0 billion yen, compared with 44.4 billion yen income in the same period of the previous fiscal year, due primarily to a decrease of interest-bearing debt.

3. Outlook for Fiscal 2023 (Year Ending March 31, 2024)

(1) Overview

Revised financial forecasts are based on the following assumptions:

- a) Exchange rate is 139 yen/US\$ for the first half and full year
- b) Average price of domestic naphtha is 69,000 yen/kl (Apr – Sep: 65,750 yen/kl)

Regarding the financial forecast for the first half, which had been left undecided at the beginning of the year, in light of the first quarter results, the Company decided to announce a forecast based on the currently available information and predictions.

For the full year, sales revenue and income are expected to be lower than previously announced due to factors such as a decrease in sales volume caused by a delay in the recovery of demand.

Revisions of Financial Forecasts for the First Half
Chart (Apr. 1, 2023 - Sept. 30, 2023)

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income	Net Income Attributable to Owners of the Parent	Basic Earnings per Share (yen)
Previous forecast (A)	-	-	-	-	-	-
Revised forecast (B)	870.0	46.0	36.0	28.0	23.0	121.01
Difference (B-A)	-	-	-	-	-	
Ratio (%)	-	-	-	-	-	
(Reference) FY2022 First Half Actual (Apr. 1 - Sept. 30, 2022)	951.1	77.6	72.5	48.6	44.4	229.46

Revisions of Financial Forecasts for FY2023
Chart (Apr. 1, 2023 - Mar. 31, 2024)

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income	Net Income Attributable to Owners of the Parent	Basic Earnings per Share (yen)
Previous forecast (A)	1,900.0	150.0	145.0	115.0	100.0	526.13
Revised forecast (B)	1,850.0	125.0	115.0	95.0	84.0	441.96
Difference (B-A)	(50.0)	(25.0)	(30.0)	(20.0)	(16.0)	
Ratio (%)	(2.6)	(16.7)	(20.7)	(17.4)	(16.0)	
(Reference) FY2022 Actual (Apr. 1, 2022 - Mar. 31, 2023)	1,879.5	113.9	129.0	90.1	82.9	431.17

(2) FY2023 Outlook by Business Segment

The FY2023 outlook by business segment is as follows.

(Billions of Yen)

	Sales Revenue						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
First half	129.0	263.0	124.0	346.0	8.0	-	870.0
Fiscal 2023	288.0	554.0	266.0	726.0	16.0	-	1,850.0

(Billions of Yen)

	Operating Income before Special Items						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
First half	15.5	26.5	11.0	(6.0)	(1.0)	(0.0)	46.0
Fiscal 2023	36.0	57.0	28.0	10.0	(2.5)	(3.5)	125.0