

# Summary of Consolidated Financial Results for Third Quarter of FY2023



Feb 7, 2024  
Mitsui Chemicals, Inc.

## 1. Summary of Operating Results

(Unit : Billions of Yen)

	3rd Q of FY2022	3rd Q of FY2023	Incr. (Decr.)	Forecast for FY2023 (announced Feb. 7)			
				FY2022	FY2023	Incr. (Decr.)	
Sales revenue	1,428.9	1,274.5	(154.4)	1,879.5	1,741.0	(138.5)	
Operating income before special items	110.3	72.4	(37.9)	113.9	93.0	(20.9)	
Operating income	107.0	60.0	(47.0)	129.0	69.0	(60.0)	
Net income	71.6	42.1	(29.5)	90.1	57.0	(33.1)	
Net income attributable to owners of the parent	64.9	37.3	(27.6)	82.9	50.0	(32.9)	
Exchange rate	Yen / US\$	137	143	6	135	144	9
Domestic standard naphtha price	Yen / KL	80,000	68,000	(12,000)	76,600	68,700	(7,900)

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

### ·Sales revenue

(Unit : Billions of Yen)

	3rd Q of FY2022	3rd Q of FY2023	Incr. (Decr.)	Breakdown		FY2022	Forecast for FY2023 (announced Feb. 7)	
				Volume	Price		FY2023	Incr. (Decr.)
Life & Healthcare Solutions	186.8	188.6	1.8	(4.7)	6.5	258.2	275.0	16.8
Mobility Solutions	390.8	398.4	7.6	15.8	(8.2)	521.6	549.0	27.4
ICT Solutions	179.6	176.7	(2.9)	(8.9)	6.0	235.7	242.0	6.3
Basic & Green Materials	660.5	499.9	(160.6)	(133.1)	(27.5)	849.0	660.0	(189.0)
Others	11.2	10.9	(0.3)	-	(0.3)	15.0	15.0	0.0
Total	1,428.9	1,274.5	(154.4)	(130.9)	(23.5)	1,879.5	1,741.0	(138.5)

### ·Operating income before special items

(Unit : Billions of Yen)

	3rd Q of FY2022	3rd Q of FY2023	Incr. (Decr.)	Breakdown			FY2022	Forecast for FY2023 (announced Feb. 7)	
				Volume	Price ※	Fixed Costs etc.		FY2023	Incr. (Decr.)
Life & Healthcare Solutions	21.6	18.5	(3.1)	(5.2)	4.2	(2.1)	29.2	30.0	0.8
Mobility Solutions	38.9	41.0	2.1	2.3	4.6	(4.8)	49.3	57.0	7.7
ICT Solutions	23.0	18.1	(4.9)	(4.3)	4.4	(5.0)	23.8	24.0	0.2
Basic & Green Materials	29.8	(3.9)	(33.7)	(12.0)	(12.6)	(9.1)	17.8	(11.0)	(28.8)
Others	(2.0)	(1.3)	0.7	-	-	0.7	(2.8)	(3.5)	(0.7)
Adjustment	(1.0)	0.0	1.0	-	-	1.0	(3.4)	(3.5)	(0.1)
Total	110.3	72.4	(37.9)	(19.2)	0.6	(19.3)	113.9	93.0	(20.9)

※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 Dec. 31, 2023	Incr. (Decr.)		As of Mar. 31, 2023	As of Dec. 31, 2023	Incr. (Decr.)
Current assets	1,094.3	1,126.8	32.5	Interest-bearing liabilities	794.7	806.5	11.8
Property, plant and equipment & right-of-use assets	600.9	638.9	38.0	Other liabilities	390.2	410.2	20.0
Goodwill and intangible assets	67.5	74.5	7.0	Equity attributable to owners of the parent	786.8	824.4	37.6
Other non-current assets	305.5	322.4	16.9	Non-controlling interests	96.5	121.5	25.0
Total assets	2,068.2	2,162.6	94.4	Total liabilities and equity	2,068.2	2,162.6	94.4
[ Inventories ]	441.9	453.5	11.6	[ Net D/E Ratio ]	0.77	0.71	(0.06)

### 4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	3rd Q of FY2022	3rd Q of FY2023	Incr. (Decr.)	FY2022	Forecast for FY2023 (announced Feb. 7)	
					FY2023	Incr. (Decr.)
Cash flows from operating activities	44.1	115.0	70.9	101.2	130.0	28.8
Cash flows from investing activities	(67.3)	(69.8)	(2.5)	(106.3)	(106.0)	0.3
<i>Free cash flows</i>	<i>(23.2)</i>	<i>45.2</i>	<i>68.4</i>	<i>(5.1)</i>	<i>24.0</i>	<i>29.1</i>
Cash flows from financing activities	29.0	(23.7)	(52.7)	2.5	(22.0)	(24.5)
Others	6.4	6.8	0.4	7.7	7.0	(0.7)
Net incr.(decr.) in cash and cash equivalents	12.2	28.3	16.1	5.1	9.0	3.9
Cash and cash equivalents at the end of period	193.4	214.6	21.2	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 Result/Forecast	-	70.00	-	70.00	140.00

### 6. Number of Shares Outstanding (common stock)

	FY2022	3rd Q of FY2023
Number of shares outstanding at term-end (including treasury stock)	200,763,815	200,843,815
Number of shares of treasury stock at term-end	10,697,729	10,705,727
Average number of shares	193,044,998 ※	190,115,531

※3rd Q of FY2022

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the nine-month period from April 1, 2023 to Dec 31, 2023, hereinafter the “third quarter”), economic recovery continued worldwide, particularly in the service industry, which includes such businesses as restaurants and lodging. Meanwhile, the pace of recovery in manufacturing industries since the COVID-19 pandemic has slowed amid weak global demand and moves to tighten monetary policy. In Japan as well, economic activity has continued to recover. On the other hand, there are still growing concerns about an economic downturn due to a rise in the cost of living and a slowdown in overseas demand.

The Mitsui Chemicals Group (hereinafter “the Group”) reported operating results for the third quarter as follows. The Group employs operating income before special items (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
Third quarter	1,274.5	72.4	60.0	37.3
Same period of previous fiscal year	1,428.9	110.3	107.0	64.9
Difference	(154.4)	(37.9)	(47.0)	(27.6)
Difference (%)	(10.8)	(34.4)	(43.9)	(42.6)

**Sales revenue** decreased 154.4 billion yen, or 10.8%, compared with the corresponding period of the previous fiscal year to 1,274.5 billion yen. This was mainly attributable to a decrease in sales volume due to weak demand and the sale of subsidiaries.

**Operating income before special items** was 72.4 billion yen, a decrease of 37.9 billion yen, or 34.4%, year on year. This result was due to lower sales volume, which reflected weak demand, and a decrease in share of profit of investments accounted for using equity method.

**Operating income** was 60.0 billion yen, a decrease of 47.0 billion yen, or 43.9%, year on year. This result was due to the decrease in operating income before special items.

**Financial income/expenses** improved 6.0 billion yen year on year to loss of 0.8 billion yen.

As a result of the aforementioned factors, **income before income taxes** amounted to 59.2 billion yen, a decrease of 41.0 billion yen, or 40.9%, year on year.

**Net income attributable to owners of the parent** after accounting for income taxes and non-controlling interests was 37.3 billion yen, a decrease of 27.6 billion yen, or 42.6%, compared with the corresponding period of the previous fiscal year. Basic earnings per share for the period amounted to 195.99 yen.

### (2) Results by Business Segment

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

## Life & Healthcare Solutions

Sales revenue increased 1.8 billion yen compared with the corresponding period of the previous fiscal year to 188.6 billion yen and comprised 15% of total sales. On the other hand, operating income before special items decreased 3.1 billion yen to 18.5 billion yen, mainly because sales remained weak in vision care materials and nonwovens.

In **vision care materials**, sales remained weak for ophthalmic lens materials due to inventory adjustments by customers during the first half.

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

In **agrochemicals**, overseas sales remained steady.

In **nonwovens**, sales remained weak due to slowing demand.

## Mobility Solutions

Sales revenue increased 7.6 billion yen year on year to 398.4 billion yen and comprised 31% of total sales. Operating income before special items increased 2.1 billion yen to 41.0 billion yen, mainly due to improved terms of trade, resulting from sales price revisions and favorable foreign exchange conditions.

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

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 2.9 billion yen compared with the same period of the previous fiscal year to 176.7 billion yen and comprised 14% of total sales. Operating income before special items decreased 4.9 billion yen to 18.1 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 & sheets**, sales decreased from slowing demand for semiconductor materials.

In **coatings & engineering materials**, terms of trade improved due to sales price revisions and favorable foreign exchange conditions.

## Basic & Green Materials

Sales revenue decreased 160.6 billion yen compared with the same period of the previous fiscal year to 499.9 billion yen and accounted for 39% of total sales. Operating income before special items decreased 33.7 billion yen, resulting in a 3.9 billion yen loss. This was attributable to a decrease in sales volume due to slowing demand, and decline in inventory valuation gain.

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 decreased 0.3 billion yen to 10.9 billion yen and comprised 1% of total sales. On the other hand, operating loss before special items improved 0.7 billion yen compared with the same period of the previous fiscal year to a loss of 1.3 billion yen.

## 2. Financial Position

### (1) Status of Assets, Liabilities and Net Assets

**Total assets** at the end of the third quarter stood at 2,162.6 billion yen, an increase of 94.4 billion yen compared with the end of the previous fiscal year-end.

**Total liabilities** at the end of the third quarter increased 31.8 billion yen compared with the previous fiscal year-end to 1,216.7 billion yen. **Interest-bearing debt** amounted to 806.5 billion yen, an increase of 11.8 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 37.3%, a decrease of 1.1 percentage point.

**Total equity** was 945.9 billion yen, an increase of 62.6 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 38.1%, an increase of 0.1 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.71 at the end of the fiscal year, a 0.06-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 third quarter increased 28.3 billion yen to 214.6 billion yen compared with the previous fiscal year-end.

#### Cash Flows from Operating Activities

Net cash provided by operating activities increased 70.9 billion yen to 115.0 billion yen, due to decrease of working capital, despite of lower income before income taxes.

#### Cash Flows from Investing Activities

Net cash used in investing activities increased 2.5 billion yen to 69.8 billion yen, compared with the same period of the previous fiscal year.

#### Cash Flows from Financing Activities

Net cash used in financing activities was 23.7 billion yen, compared with 29.0 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

According to “Notice for Revisions of Financial Forecasts” announced on February 7, 2024, financial forecasts for the full-year have been revised.

Revised financial forecasts are based on the following assumptions:

- a) Exchange rate for the full year is 144 yen/US\$ (Jan – Mar: 147 yen/US\$)
- b) Average price of domestic naphtha is 68,700 yen/kl (Jan – Mar: 71,000yen/kl)

Sales revenue and operating income before special items are expected to be lower than previously announced because recovery in demand is likely to take longer than estimated, while sales volume is expected to decline under the influence of lower cracker operating rates.

Operating income, net income and net income attributable to owners of the parent are expected to be lower than previously announced, due to a decrease in operating income before special items and expenses for business structure improvements.

(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)	1,757.0	112.0	97.0	85.0	76.0	399.74
Revised forecast (B)	1,741.0	93.0	69.0	57.0	50.0	262.99
Difference (B-A)	(16.0)	(19.0)	(28.0)	(28.0)	(26.0)	
Difference (%)	(0.9)	(17.0)	(28.9)	(32.9)	(34.2)	
(Reference) FY2022 Actual (Apr. 1, 2022 - Mar. 31, 2023)	1,879.5	113.9	129.0	90.1	82.9	431.17

## (2) Revision 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
Previous forecast	303.0	547.0	251.0	639.0	17.0	-	1,757.0
Revised forecast	275.0	549.0	242.0	660.0	15.0	-	1,741.0
Difference	(28.0)	2.0	(9.0)	21.0	(2.0)	-	(16.0)

(Billions of Yen)

	Operating Income before Special Items						
	Life & Healthcare Solutions	Mobility Solutions	ICT Solutions	Basic & Green Materials	Others	Adjustment	Total
Previous forecast	36.0	57.0	28.0	(3.0)	(2.5)	(3.5)	112.0
Revised forecast	30.0	57.0	24.0	(11.0)	(3.5)	(3.5)	93.0
Difference	(6.0)	0.0	(4.0)	(8.0)	(1.0)	0.0	(19.0)