



August 4, 2021

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Under IFRS)

Company name: Mitsubishi Chemical Holdings Corporation Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: August 10, 2021
 Scheduled date to commence dividend payments: —
 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 First Quarter of the Fiscal Year Ending March 31, 2022("FY2021") (from April 1, 2021 to June 30, 2021)

(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	
		%		%		%		%		%		%
Three months ended												
June 30, 2021	928,264	28.4	88,676	490.8	87,022	266.8	59,200	619.2	49,927	865.7	90,532	323.8
June 30, 2020	722,737	(21.1)	15,010	(78.6)	23,722	(66.1)	8,231	(83.2)	5,170	(86.3)	21,361	—

Reference: Income before taxes

Three months ended June 30, 2021: ¥85,291 million(317.9%)

Three months ended June 30, 2020: ¥20,408 million((69.3)%)

* 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	
	Yen		Yen	
Three months ended				
June 30, 2021	35.14		32.31	
June 30, 2020	3.64		3.39	

(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
As of				%
June 30, 2021	5,286,715	1,638,663	1,298,846	24.6
March 31, 2021	5,287,228	1,571,148	1,236,339	23.4

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2021	—	12.00	—	12.00	24.00
March 31, 2022	—	—	—	—	—
March 31, 2022 (Forecast)	—	12.00	—	12.00	24.00

Note:

Revisions to the forecast of cash dividends most recently announced: None

3. Forecast for the Current 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 FY2021	1,860,000	23.6	149,000	172.7	147,000	—	97,000	—	79,000	—	55.60
FY2021	3,660,000	12.4	230,000	31.6	216,000	354.6	140,000	516.1	97,000	—	68.29

Reference: Income before taxes

First Half of FY2021: ¥141,000 million(—%), FY2021: ¥200,000 million(507.8%)

Note:

The forecast for the first half of FY2021 has been revised to the above from those announced on May 12, 2021.

* Notes

(1) Changes in significant subsidiaries during the period : None

(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 June 30, 2021	1,506,288,107 Shares	As of March 31, 2021	1,506,288,107 Shares

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

As of June 30, 2021	85,411,057 Shares	As of March 31, 2021	85,865,812 Shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2021	1,420,721,525 Shares	Three months ended June 30, 2020	1,420,093,628 Shares

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

(Reference)

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

June 30, 2021 2,994,552 shares

March 31, 2021 2,994,552 shares

Disclosure regarding quarterly review procedures

Financial results reports are exempt from quarterly review 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 page [5] hereof.

*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 of the consolidated first quarter (April 1, 2021 - June 30, 2021; same hereafter) of the Mitsubishi Chemical Holdings Corporation (MCHC) Group, demand in Japan and abroad trended toward recovery, reflecting a gradual return to normal economic activities in each country in tandem with the progress in vaccinations.

Against this backdrop, sales revenue in the consolidated quarter under review increased ¥205.6 billion, or 28.4%, to ¥928.3 billion. In the profit front, core operating income rose ¥73.7 billion, or 490.8%, to ¥88.7 billion. Operating income climbed ¥63.3 billion, or 266.8%, to ¥87.0 billion. Income before taxes was up ¥64.9 billion, or 317.9%, to ¥85.3 billion. And net income attributable to owners of the parent improved ¥44.7 billion, or 865.7% to ¥49.9 billion.

Overview of Business Segments

The overview of financial results by business segment for the first quarter of fiscal 2021 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 same quarter in the previous consolidated fiscal year, sales revenue increased ¥59.7 billion, to ¥283.1 billion and core operating income expanded ¥15.3 billion, to ¥26.6 billion.

In polymers and compounds, sales revenue increased reflecting a rise in sales volumes for products used in automobiles and other applications, and also an upturn in market prices for some polymers.

In films and molding materials, sales revenue increased reflecting a rise in sales of molding materials for use in automobiles and other applications, and also owing to a growth in sales of films used for optical applications for displays as well as for other applications.

In advanced solutions, sales revenue grew underpinned primarily by an increase in sales volume accompanying a recovery in demand.

Although raw material prices trended upward, core operating income in this segment climbed, chiefly attributable to overall higher sales volume, mainly for advanced solutions for automobiles.

Major initiative in the Performance Products segment during the first quarter of fiscal 2021:

- In April 2021, Mitsubishi Chemical Corporation (MCC) decided to make a capital investment in C.P.C. SRL (CPC; Head office: Modena, Italy) in order to strengthen the carbon fiber and composite material business. The investment includes plans for the addition of 5,000-metric ton press machines, which will be among the largest in the world. CPC is an equity-method affiliate of MCC that manufactures and sells carbon fiber reinforced plastic (CFRP) automotive parts. The facility is scheduled for operation in 2023.
- In May 2021, Mitsubishi Chemical Corporation, as a part of its portfolio reforms, agreed to transfer its shareholdings in equity-method affiliate Sinopec Mitsubishi Chemical Polycarbonate (Beijing) Co., Ltd. (Head office: Beijing, PRC) to China Petroleum & Chemical Corporation (Head office: Beijing, PRC) by the end of October 2021.

- In May 2021, Mitsubishi Chemical Corporation and the Japan Steel Works, Ltd. (Head office: Shinagawa-ku, Tokyo) jointly completed construction of a verification facility for mass production of gallium nitride (GaN) single-crystal substrates at the Muroran Plant of Japan Steel Works M&E, Inc. The aim is to conduct verification tests for mass production throughout FY2021, and start market supply from early FY2022. The goal is to contribute to an energy minimum society, which is the improvement of fuel and power generation efficiency through the supply of high-quality GaN substrates.

Chemicals Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥106.2 billion, to ¥291.9 billion and core operating income expanded ¥52.4 billion, to ¥34.8 billion.

In MMA, sales revenue expanded owing to a rise in the market price for MMA monomer given strong demand trends.

In petrochemicals, sales revenue expanded. In addition to a growth in sales prices in tandem with higher raw material prices, sales volumes also rose reflecting smaller impact from scheduled maintenance and repairs at the ethylene production facility and a recovery in demand.

In carbon products, sales revenue rose reflecting higher sales volumes in tandem with an overall recovery in demand as well as a rise in selling prices for export coke.

Core operating income in this segment was up owing to performance in petrochemical products, which was highlighted by an increase in sales volume and an improvement in inventory valuation gain in tandem with higher raw material prices, and also in part due to a rise in market prices mainly for MMA monomers and export coke.

Major initiatives in the Chemicals segment during the first quarter of fiscal 2021:

- Japan Polychem Corporation (JPC), a consolidated subsidiary of Mitsubishi Chemical Corporation, decided in April 2021 to acquire equity in six overseas group companies owned by Japan Polypropylene Corporation, a joint venture of JNC Petrochemical Corporation and JPC, including Mytex Polymers US Corporation (Head office: Indiana, US), and turned them into wholly-owned subsidiaries in July. Mytex Polymers deploys the polypropylene compound and long glass reinforced thermoplastic business. The goal is to accelerate growth in response to an increase in demand, including prominent parts that will contribute to making automobiles lighter, through the use of technological strengths and business infrastructures in Japan and abroad.
- Mitsubishi Chemical Corporation (MCC) and Mitsubishi Chemical Methacrylates Japan Co., Ltd., a consolidated subsidiary of MCC, constructed a verification facility in Japan in June 2021, and decided in May 2021 to carry out verification testing in preparation of the commercialization of chemical recycling for acrylic resins. Regarding the recovery, chemical recycling and reuse of acrylic resins, including tail lights from scrapped cars, both companies are carrying out an examination of a scheme along with Honda Motor Co., Ltd. (Head office: Minato-ku, Tokyo) and are jointly implementing a verification of a recycling system that uses this verification facility.
- In June 2021, Mitsubishi Chemical Corporation entered into a licensing agreement with Mura Technology Limited (Mura; Head office: London, UK) pertaining to technology to manufacture of raw materials for chemical products and fuel oil products from waste plastics. MCC plans to accelerate considerations for the commercialization of the chemical recycling business to realize a circular economy.

Industrial Gases Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥33.9 billion, to ¥216.8 billion and core operating income expanded ¥10.3 billion, to ¥23.8 billion.

In industrial gases, sales revenue and core operating income increased reflecting an overall recovery in demand in Japan and overseas.

Health Care Segment, Health Care Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥3.2 billion, to ¥98.4 billion and core operating income declined ¥4.2 billion, to ¥4.7 billion.

In pharmaceuticals, sales revenue climbed. Although there was negative impact from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, this was offset by a growth in sales volumes mainly for priority products. Meanwhile, core operating income was down primarily due to an increase in research and development expenditures for a COVID-19 vaccine. Note that some royalty revenue from Novartis Pharma AG for *Gilenya*, a treatment agent for multiple sclerosis, has not been recognized as sales revenue in accordance with IFRS 15 (Revenue from Contracts with Customers) due to the start of arbitration proceedings since February 2019. In the consolidated first quarter under review, some royalty revenue was not recognized as sales revenue due to ongoing arbitration proceedings.

Major initiative in the Health Care segment during the first quarter of fiscal 2021:

- In April 2021, Life Science Institute, Inc., started clinical trials for the Muse cell-based product CL2020 in patients with acute respiratory distress syndrome triggered by COVID-19, in addition to application as a treatment for acute myocardial infarction, ischemic stroke, epidermolysis bullosa, spinal cord injury and amyotrophic lateral sclerosis (ALS).

Others

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥2.6 billion, to ¥38.1 billion and core operating income declined ¥0.4 billion, to ¥2.4 billion.

(2) Financial Position

Total assets as of June 30, 2021 under review totaled ¥5,286.7 billion, a decrease of ¥0.5 billion compared with as of March 31, 2021. Although there was a rise in inventory assets due primarily to a rise in raw material prices, the decrease was primarily attributable to a decline in cash and cash equivalents in tandem with the repayment of interest-bearing debt.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

In light of recent performance trends, the Company has revised the forecast that it announced on May 12, 2021 for the first half of fiscal 2021, as follows. Also, please refer to the Notice Regarding Revision to Consolidated Financial Results Forecast for the First Half of Fiscal Year Ending March 31, 2022, announced today (August 4, 2021).

Revision to consolidated financial results forecast for the first half of fiscal 2021 (April 1, 2021 - September 30, 2021)

(Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Basic earnings per share (yen)
Previous forecast (A) (announced on May 12, 2021)	1,774.0	102.5	100.5	60.5	44.0	30.98
Revised forecast (B)	1,860.0	149.0	147.0	97.0	79.0	55.60
Difference (B – A)	86.0	46.5	46.5	36.5	35.0	
Difference (%)	4.8	45.4	46.3	60.3	79.5	
Reference: Results for the first half of fiscal 2020	1,504.8	54.6	(28.1)	(39.9)	(49.7)	(34.99)

Notes:

*The forecast for net income before taxes has been changed from ¥93.5 billion to 141.0 billion.

*Core operating income is operating income (loss) after excluding certain gains and expenses attributable to non-recurring factors.

Given economic activities in various countries are gradually returning to normal levels, in the first quarter of the year ended March 31, 2022, certain trends have been evidenced, including strengthened demand exceeding expectation for some performance products and a tighter balance between supply and demand. In addition, for chemicals and other products, market prices are trending above expectations. Accordingly, sales revenue and income at all levels after core operating income are expected to outperform the previous forecast.

Note that at this stage, it is difficult to ascertain earnings performance for 2H therefore we have not prepared a new forecast and have not revised our previous forecast for the full term.

Forward-Looking Statements

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, including, without limitation, market conditions, and the effect of industry competition.

2. Condensed Consolidated Financial Statements and Notes Concerning Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Profit or Loss

Three months ended June 30, 2020 and 2021

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Sales revenue	722,737	928,264
Cost of sales	(530,925)	(642,780)
Gross profit	191,812	285,484
Selling, general and administrative expenses	(176,061)	(201,406)
Other operating income	11,165	2,708
Other operating expenses	(3,382)	(4,354)
Share of profit of associates and joint ventures	188	4,590
Operating income	23,722	87,022
Financial income	3,129	4,185
Financial expenses	(6,443)	(5,916)
Income before taxes	20,408	85,291
Income taxes	(12,177)	(26,091)
Net income	8,231	59,200
Net income attributable to		
Owners of the parent	5,170	49,927
Non-controlling interests	3,061	9,273
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	3.64	35.14
Diluted earnings per share attributable to owners of the parent	3.39	32.31

(2) Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2020 and 2021

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Net income	8,231	59,200
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	(4,496)	20,539
Remeasurements of defined benefit plans	9,800	2,944
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(79)	(98)
Total items that will not be reclassified to profit or loss	5,225	23,385
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,372	7,051
Net gain (loss) on derivatives designated as cash flow hedges	117	(606)
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(584)	1,502
Total items that may be subsequently reclassified to profit or loss	7,905	7,947
Total other comprehensive income (net of tax)	13,130	31,332
Total comprehensive income	21,361	90,532
Total comprehensive income attributable to		
Owners of the parent	12,555	79,421
Non-controlling interests	8,806	11,111

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2021	June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	349,577	259,749
Trade receivables	716,392	725,517
Inventories	576,473	613,613
Other financial assets	47,818	45,821
Other current assets	83,462	100,453
Subtotal	1,773,722	1,745,153
Assets held for sales	23,812	23,451
Total current assets	1,797,534	1,768,604
Non-current assets		
Property, plant and equipment	1,813,838	1,813,907
Goodwill	671,889	679,538
Intangible assets	455,317	455,400
Investments accounted for using the equity method	162,042	166,965
Other financial assets	251,211	274,293
Other non-current assets	68,051	70,226
Deferred tax assets	67,346	57,782
Total non-current assets	3,489,694	3,518,111
Total assets	5,287,228	5,286,715

(Millions of yen)

	March 31, 2021	June 30, 2021
Liabilities		
Current liabilities		
Trade payables	382,272	408,632
Bonds and borrowings	653,475	503,089
Income tax payable	22,283	27,617
Other financial liabilities	272,341	246,095
Provisions	11,690	9,715
Other current liabilities	147,911	146,313
Subtotal	1,489,972	1,341,461
Liabilities directly associated with assets held for sales	2,534	2,534
Total current liabilities	1,492,506	1,343,995
Non-current liabilities		
Bonds and borrowings	1,696,029	1,767,867
Other financial liabilities	118,300	116,072
Retirement benefit liabilities	112,272	110,194
Provisions	27,398	27,815
Other non-current liabilities	113,730	122,997
Deferred tax liabilities	155,845	159,112
Total non-current liabilities	2,223,574	2,304,057
Total liabilities	3,716,080	3,648,052
Equity		
Common stock	50,000	50,000
Additional paid-in capital	179,716	179,604
Treasury stock	(63,244)	(63,021)
Retained earnings	1,060,069	1,096,489
Other components of equity	9,798	35,774
Equity attributable to owners of the parent	1,236,339	1,298,846
Non-controlling interests	334,809	339,817
Total equity	1,571,148	1,638,663
Total liabilities and equity	5,287,228	5,286,715

(4) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2020

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2020	50,000	176,715	(63,485)	1,071,260
Net income	—	—	—	5,170
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	5,170
Purchase of treasury stock	—	—	(2)	—
Disposal of treasury stock	—	8	55	—
Cash dividends	—	—	—	(17,045)
Share-based payment transactions	—	(105)	—	—
Changes in interests in subsidiaries	—	(228)	—	—
Changes in scope of consolidation	—	—	—	80
Transfer from other components of equity to retained earnings	—	—	—	9,702
Total transactions with owners	—	(325)	53	(7,263)
Balance at June 30, 2020	50,000	176,390	(63,432)	1,069,167

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, 2020	38,335	—	(102,773)	170	(64,268)	1,170,222	280,607	1,450,829
Net income	—	—	—	—	—	5,170	3,061	8,231
Other comprehensive income	(5,550)	9,751	3,090	94	7,385	7,385	5,745	13,130
Total comprehensive income	(5,550)	9,751	3,090	94	7,385	12,555	8,806	21,361
Purchase of treasury stock	—	—	—	—	—	(2)	—	(2)
Disposal of treasury stock	—	—	—	—	—	63	—	63
Cash dividends	—	—	—	—	—	(17,045)	(5,262)	(22,307)
Share-based payment transactions	—	—	—	—	—	(105)	—	(105)
Changes in interests in subsidiaries	—	—	—	—	—	(228)	(2,482)	(2,710)
Changes in scope of consolidation	—	—	—	—	—	80	(54)	26
Transfer from other components of equity to retained earnings	49	(9,751)	—	—	(9,702)	—	—	—
Total transactions with owners	49	(9,751)	—	—	(9,702)	(17,237)	(7,798)	(25,035)
Balance at June 30, 2020	32,834	—	(99,683)	264	(66,585)	1,165,540	281,615	1,447,155

Three months ended June 30, 2021

(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	—	—	—	49,927
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	49,927
Purchase of treasury stock	—	—	(5)	—
Disposal of treasury stock	—	(228)	228	—
Cash dividends	—	—	—	(17,048)
Share-based payment transactions	—	106	—	—
Changes in interests in subsidiaries	—	10	—	—
Changes in scope of consolidation	—	—	—	23
Transfer from other components of equity to retained earnings	—	—	—	3,518
Total transactions with owners	—	(112)	223	(13,507)
Balance at June 30, 2021	50,000	179,604	(63,021)	1,096,489

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, 2021	56,707	—	(47,077)	168	9,798	1,236,339	334,809	1,571,148
Net income	—	—	—	—	—	49,927	9,273	59,200
Other comprehensive income	20,578	3,039	6,509	(632)	29,494	29,494	1,838	31,332
Total comprehensive income	20,578	3,039	6,509	(632)	29,494	79,421	11,111	90,532
Purchase of treasury stock	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(17,048)	(6,455)	(23,503)
Share-based payment transactions	—	—	—	—	—	106	—	106
Changes in interests in subsidiaries	—	—	—	—	—	10	330	340
Changes in scope of consolidation	—	—	—	—	—	23	22	45
Transfer from other components of equity to retained earnings	(479)	(3,039)	—	—	(3,518)	—	—	—
Total transactions with owners	(479)	(3,039)	—	—	(3,518)	(16,914)	(6,103)	(23,017)
Balance at June 30, 2021	76,806	—	(40,568)	(464)	35,774	1,298,846	339,817	1,638,663

(5) Condensed Consolidated Statement of Cash Flow

Three months ended June 30, 2020 and 2021

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Income before taxes	20,408	85,291
Depreciation and amortization	59,576	62,383
Share of profit of associates and joint ventures	(188)	(4,590)
Interest and dividend income	(2,977)	(4,133)
Interest expenses	5,949	5,423
(Increase) decrease in trade receivables	79,627	(2,076)
(Increase) decrease in inventories	12,563	(34,433)
Increase (decrease) in trade payables	(65,235)	20,641
Increase (decrease) in retirement benefit assets and liabilities, net	1,238	654
Other	(27,030)	(23,860)
Subtotal	83,931	105,300
Interest received	492	306
Dividends received	8,778	7,454
Interest paid	(6,547)	(5,494)
Income tax (paid) received, net	(16,536)	(25,647)
Net cash provided by (used in) operating activities	70,118	81,919
Cash flows from investing activities		
Purchase of property, plant and equipment	(58,686)	(51,781)
Proceeds from sales of property, plant and equipment	12,508	585
Purchase of intangible assets	(1,849)	(3,878)
Purchase of other financial assets	(1,104)	(1,252)
Proceeds from sales/redemption of other financial assets	65,155	4,663
Net cash outflow on acquisition of subsidiaries	(3)	(6,501)
Proceeds from sales of investments in subsidiaries	1,886	—
Net (Increase) decrease of time deposits	5,289	393
Other	(470)	346
Net cash provided by (used in) investing activities	22,726	(57,425)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	82,587	(92,111)
Net increase (decrease) in commercial papers	67,000	(39,000)
Proceeds from long-term borrowings	51,144	37,667
Repayment of long-term borrowings	(42,961)	(36,504)
Proceeds from issuance of bonds	49,753	69,636
Redemption of bonds	(10,000)	(25,000)
Repayment of lease liabilities	(7,087)	(7,712)
Net (increase) decrease in treasury stock	(2)	(5)
Dividends paid to owners of the parent	(17,045)	(17,048)
Dividends paid to non-controlling interests	(5,316)	(6,555)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(95,795)	(3)
Other	(1)	2
Net cash provided by (used in) financing activities	72,277	(116,633)
Effect of exchange rate changes on cash and cash equivalents	36	2,058
Net increase (decrease) in cash and cash equivalents	165,157	(90,081)
Cash and cash equivalents at the beginning of the period	228,211	349,577
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sales	49	—
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	123	253
Increase in cash and cash equivalents resulting from merger	19	—
Cash and cash equivalents at the end of the period	393,559	259,749

(6) Notes to Condensed Consolidated Financial Statements

(Segment Information)

The Group's reporting segments are the components for which separate financial information is available, and the Board of Directors regularly assesses this information in deciding how to allocate resources and evaluate results. No operating segments or components have been aggregated in preparing the reporting segment information.

The Group operates in four business areas centered on four operating companies. They are Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Nippon Sanso Holdings Corporation. The business segments are Performance Products, Chemicals, Industrial Gases, and Health Care.

The businesses in each reporting segment are as follows.

In addition, from the first quarter of the year ended March 31, 2022, in tandem with building an organizational structure that conforms to growth business domains in KAITEKI Vision 30, the Medium-to long-term basic management strategy for MCHC, the conventional breakdown of performance products into two classifications, functional products and performance chemicals, will be changed into three classifications, polymers and compounds, films and molding materials, and advanced solutions.

Business Domain	Business Segment	Business Sub-Segment		
			Businesses	
Performance Products	Performance Products	Polymers & Compounds	Polymers	Performance Polymers, Sustainable Polymers, Acetyl Polymers
			Coating & Additives	Coating Material, Additives & Fine
		Films & Molding Materials	Films	Packaging, Industrial Films, Polyester Film
			Molding Materials	Carbon Fiber, Advanced Materials, Alumina & Fiber
		Advanced Solutions	Amenity Life	Aqua & Infrastructure, Life Solutions
			Information & Electronics	Semiconductor, Electronics, Battery Materials
Industrial Materials	Chemicals	MMA	MMA	MMA
		Petrochemicals	Petrochemicals	Basic Petrochemicals, Polyolefins, Basic Chemical Derivatives
		Carbon Products	Carbon Products	Carbon Products
	Industrial Gases			Industrial Gases
Health Care	Health Care			Pharmaceuticals
				Life Science

Accounting policies for reportable segments are identical to those Group accounting policies adopted to consolidated financial statements. Inter-segment sales and transfers are based mainly on prevailing market prices.

Three months ended June 30, 2020

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	223,397	185,730	182,928	95,170	687,225	35,512	722,737	—	722,737
Inter-segment revenue	12,051	10,685	1,575	203	24,514	43,286	67,800	(67,800)	—
Total	235,448	196,415	184,503	95,373	711,739	78,798	790,537	(67,800)	722,737
Segment profit									
Core operating income (Note 3)	11,332	(17,590)	13,459	8,924	16,125	2,001	18,126	(3,116)	15,010

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 ¥ (2,925) million not allocated to reporting segments and inter-segment eliminations of ¥(191) million. Corporate costs include expenditures on basic testing, research, and other activities 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. From the second quarter of the year ended March 31, 2021, the Company reclassified segments for Qualicaps Co., Ltd., and its consolidated subsidiaries from Health Care Segment to Performance Products Segment. The Company used new classifications to present segment information for the three months ended June 30, 2020.

Three months ended June 30, 2021

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	283,051	291,848	216,828	98,437	890,164	38,100	928,264	—	928,264
Inter-segment revenue	13,596	11,086	1,475	71	26,228	42,601	68,829	(68,829)	—
Total	296,647	302,934	218,303	98,508	916,392	80,701	997,093	(68,829)	928,264
Segment profit									
Core operating income (Note 3)	26,646	34,771	23,816	4,675	89,908	2,408	92,316	(3,640)	88,676

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 ¥ (3,450) million not allocated to reporting segments and inter-segment eliminations of ¥ (190) million. Corporate costs include expenditures on basic testing, research, and other activities 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. From the first quarter of the year ended March 31, 2022, the Company reclassified segments for some businesses and consolidated subsidiaries. The Company used new classifications to present segment information for the three months ended June 30, 2020.

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

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Segment profit	15,010	88,676
Gain on sales of property, plant and equipment	8,091	39
Gain on sales of shares of subsidiaries and associates	909	—
Loss on sales and disposal of fixed assets	(174)	(320)
Impairment loss	(54)	(97)
Others	(60)	(1,276)
Operating income	23,722	87,022
Financial income	3,129	4,185
Financial expenses	(6,443)	(5,916)
Income before taxes	20,408	85,291