



November 2, 2021

## Consolidated Financial Results for the First Half 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: November 11, 2021  
 Scheduled date to commence dividend payments: December 2, 2021  
 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 Half of the Fiscal Year Ending March 31, 2022("FY2021") (from April 1, 2021 to September 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	
		%		%		%		%		%		%
Six months ended												
September 30, 2021	1,885,095	25.3	156,140	185.8	153,137	—	101,935	—	85,166	—	122,804	—
September 30, 2020	1,504,816	(17.7)	54,639	(58.2)	(28,126)	—	(39,924)	—	(49,687)	—	(12,624)	—

Reference: Income before taxes

Six months ended September 30, 2021: ¥147,165 million(—%)

Six months ended September 30, 2020: ¥(36,800) million(—%)

\* 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	
Six months ended				
September 30, 2021		59.94		55.13
September 30, 2020		(34.99)		(34.99)

#### (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				
September 30, 2021	5,315,828	1,665,310	1,320,007	24.8
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended					
March 31, 2021	—	12.00	—	12.00	24.00
March 31, 2022	—	15.00	—	—	—
March 31, 2022 (Forecast)	—	—	—	15.00	30.00

Note:

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

### 3. Forecast for the Current Fiscal Year

(Percentages indicate changes in comparison with 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
FY2021	3,886,000	19.3	300,000	71.7	344,000	623.9	228,000	903.4	192,000	—	135.12

Reference: Income before taxes

FY2021: ¥328,000 million(896.7%)

Note:

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

#### \* Notes

(1) Changes in significant subsidiaries during the period  
(changes in specified subsidiaries resulting in the change in scope of consolidation) : 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 September 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 September 30, 2021	85,259,884 Shares	As of March 31, 2021	85,865,812 Shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2021	1,420,832,768 Shares	Six months ended September 30, 2020	1,420,148,376 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:

September 30, 2021	2,833,314 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] and [6] 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 half (April 1, 2021 - September 30, 2021; same hereafter) of the Mitsubishi Chemical Holdings Corporation (MCHC) Group, although there was impact mainly from a rise in raw material prices, given that economic activities are gradually returning to normal in each country in tandem with the progress in vaccinations, demand in Japan and abroad is gradually trending toward recovery versus the same period a year earlier.

Amid this backdrop, sales revenue came to ¥1,885.1 billion, an increase of ¥380.3 billion (a rise of 25.3%) from the same period in the previous consolidated fiscal year (April 1, 2020 - September 30, 2020; same hereafter). In the profit front, core operating income climbed ¥101.5 billion, or 185.8%, to ¥156.1 billion. Operating income rose ¥181.2 billion, to ¥153.1 billion. Income before taxes was up ¥184.0 billion, to ¥147.2 billion. And net income attributable to owners of the parent improved ¥134.9 billion, to ¥85.2 billion.

### Overview of Business Segments

The overview of financial results by business segment for the first half 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 period in the previous consolidated fiscal year, sales revenue increased ¥106.7 billion, to ¥566.7 billion and core operating income expanded ¥20.8 billion, to ¥45.8 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 volume mainly for molding materials used in automobiles and other applications in tandem with a recovery in demand, and there were also brisk sales trends for 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 economic activities.

Core operating income in this segment expanded chiefly reflecting an increase in sales volume overall, mainly for automotive applications, and despite impact from a rise in raw material prices.

Major initiative in the Performance Products segment during the first half 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.
- Mitsubishi Chemical Corporation, as a part of its portfolio reforms, transferred 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) in 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.
- Mitsubishi Chemical Corporation (MCC) has decided to construct a new Sugar Ester production line (an annual production capacity of 2,000 tons) at the Fukuoka Plant (Location: Kitakyushu, Fukuoka Prefecture). The goal is to address an increase in demand and strengthen its supply chain. MCC plans to launch operations in mid 2023.
- In September 2021, Mitsubishi Chemical Corporation, as part of its portfolio reforms, agreed to transfer its polycrystalline alumina fiber business and the same business of Mitsubishi Chemical High-Technica Corporation, its consolidated subsidiary, to a special purpose company held by funds managed by affiliates of Apollo Global Management, Inc. (Head office: New York, US).

### **Chemicals Segment, Industrial Materials Domain**

In comparison with the same period in the previous consolidated fiscal year, sales revenue increased ¥203.6 billion, to ¥594.0 billion and core operating income expanded ¥80.3 billion, to ¥62.2 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 reduced 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 half 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 (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.
- In July 2021, Mitsubishi Chemical Corporation (MCC) and ENEOS Corporation (ENEOS; Head office: Chiyoda-ku, Tokyo) decided to construct a chemical recycling facility at the MCC Ibaraki Plant (Location: Kamisu, Ibaraki Prefecture) to commence a joint Plastic-to-Oil Conversion Business. The facility will have an annual processing capacity of 20,000 tons, which will be the largest-scale in Japan as commercial basis. MCC and ENEOS aim to commence operations in FY2023. Moreover, in tandem with the construction of this facility, in July 2021 MCC signed a basic agreement with Refinerve, Inc. (Head office: Chuo-ku, Tokyo) to procure waste plastics to be used as raw material.

### **Industrial Gases Segment, Industrial Materials Domain**

In comparison with the same period in the previous consolidated fiscal year, sales revenue increased ¥62.7 billion, to ¥444.1 billion and core operating income expanded ¥12.7 billion, to ¥48.3 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 period in the previous consolidated fiscal year, sales revenue increased ¥4.5 billion, to ¥198.5 billion and core operating income declined ¥12.3 billion, to ¥1.1 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 half 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 half 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).
- In October 2021, Mitsubishi Tanabe Pharma Corporation launched phase-I/II clinical trials in Japan for MT-2766, a plant-derived virus like particle(VLP) vaccine being developed by its consolidated subsidiary, Medicago Inc. (Head office: Quebec, Canada) to prevent COVID-19. That being said, Medicago launched the phase-III part of phase-II/III clinical trials in Canada for said vaccine in March 2021.

### **Others**

In comparison with the same period in the previous consolidated fiscal year, sales revenue increased ¥2.8 billion, to ¥81.8 billion and core operating income expanded ¥0.3 billion, to ¥6.1 billion.

## (2) Financial Position

Total assets at the end of the second quarter in the consolidated fiscal year under review totaled ¥5,315.8 billion, an increase of ¥28.6 million compared with the end of the previous consolidated fiscal year. Although there was a decrease in cash and cash equivalents in tandem with a repayment of interest-bearing debts, the rise was mainly attributable to an increase in inventories primarily owing to a rise in raw material costs, and a climb in trade receivables in tandem with an increase in sales revenue.

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

In light of recent performance trends, the Company has revised the consolidated financial results forecast and dividend forecast that it announced on May 12, 2021 for the fiscal 2021, as follows. Also, please refer to the Notice of Revision to Consolidated Financial Results Forecast, Distribution of Dividend (Interim Dividend) of Surplus, and Revision to Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2022, announced today (November 2, 2021).

### (i) Revision to consolidated financial results forecast for fiscal 2021 (April 1, 2021 - March 31, 2022)

(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)	3,660.0	230.0	216.0	140.0	97.0	68.29
Revised forecast (B)	3,886.0	300.0	344.0	228.0	192.0	135.12
Difference (B - A)	226.0	70.0	128.0	88.0	95.0	
Difference (%)	6.2	30.4	59.3	62.9	97.9	
Reference: Results for fiscal 2020	3,257.5	174.7	47.5	22.7	(7.6)	(5.32)

Notes:

\*The forecast for net income before taxes has been changed from ¥200.0 billion to 328.0 billion.

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

Given that economic activities in each country are gradually returning to normal, mainly in the market of chemicals segment, trends are outperforming expectations. In addition, a profit of around 54.0 billion yen is estimated in tandem with the transfer of the polycrystalline alumina fiber business. Reflecting these and other factors, sales revenue, and income at all levels after core operating income are expected to overshoot our previously announced forecast figures.

**(ii) Revision to dividends forecast for fiscal 2021**

MCHC'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 profit level as a guideline for the consolidated dividend payout ratio, we will make stable dividend payments, while maintaining sufficient internal reserves as resources to develop future businesses.

Based on this policy, net income attributable to owners of the parent for fiscal 2021 is expected to outperform our previously announced forecast. In light of this, MCHC decided at its Board of Directors meeting held today to set its interim dividend for fiscal 2021 at 15 yen, which is a hike of 3 yen from the previously announced forecast.

And, we raised the year-end dividend forecast by ¥3 from the previous forecast, to ¥15. Accordingly, the forecast for the annual dividend will be increased by ¥6 per share from fiscal 2020 to ¥30.

**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

Six months ended September 30, 2020 and 2021

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Sales revenue	1,504,816	1,885,095
Cost of sales	(1,090,763)	(1,326,160)
Gross profit	414,053	558,935
Selling, general and administrative expenses	(358,720)	(410,690)
Other operating income	14,852	8,528
Other operating expenses	(99,373)	(13,279)
Share of profit of associates and joint ventures	1,062	9,643
Operating income (loss)	(28,126)	153,137
Financial income	3,702	5,418
Financial expenses	(12,376)	(11,390)
Income (loss) before taxes	(36,800)	147,165
Income taxes	(3,124)	(45,230)
Net income (loss)	(39,924)	101,935
<b>Net income (loss) attributable to</b>		
Owners of the parent	(49,687)	85,166
Non-controlling interests	9,763	16,769
<b>Earnings per share(Yen)</b>		
Basic earnings per share attributable to owners of the parent	(34.99)	59.94
Diluted earnings per share attributable to owners of the parent	(34.99)	55.13

**(2) Condensed Consolidated Statement of Comprehensive Income**

Six months ended September 30, 2020 and 2021

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Net income (loss)	(39,924)	101,935
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	(481)	12,631
Remeasurements of defined benefit plans	14,069	6,398
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(63)	(147)
Total items that will not be reclassified to profit or loss	13,525	18,882
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	13,903	1,501
Net gain (loss) on derivatives designated as cash flow hedges	95	(496)
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(223)	982
Total items that may be subsequently reclassified to profit or loss	13,775	1,987
Total other comprehensive income (net of tax)	27,300	20,869
Total comprehensive income	(12,624)	122,804
Total comprehensive income attributable to		
Owners of the parent	(31,613)	104,986
Non-controlling interests	18,989	17,818

**(3) Condensed Consolidated Statement of Financial Position**

(Millions of yen)

	March 31, 2021	September 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	349,577	257,652
Trade receivables	716,392	734,268
Inventories	576,473	657,119
Other financial assets	47,818	46,448
Other current assets	83,462	88,750
Subtotal	<u>1,773,722</u>	<u>1,784,237</u>
Assets held for sales	<u>23,812</u>	<u>63,281</u>
Total current assets	<u>1,797,534</u>	<u>1,847,518</u>
Non-current assets		
Property, plant and equipment	1,813,838	1,800,730
Goodwill	671,889	674,038
Intangible assets	455,317	449,130
Investments accounted for using the equity method	162,042	167,872
Other financial assets	251,211	245,010
Other non-current assets	68,051	70,224
Deferred tax assets	67,346	61,306
Total non-current assets	<u>3,489,694</u>	<u>3,468,310</u>
Total assets	<u><u>5,287,228</u></u>	<u><u>5,315,828</u></u>

(Millions of yen)

	March 31, 2021	September 30, 2021
<b>Liabilities</b>		
Current liabilities		
Trade payables	382,272	418,407
Bonds and borrowings	653,475	519,451
Income tax payable	22,283	39,695
Other financial liabilities	272,341	243,512
Provisions	11,690	9,967
Other current liabilities	147,911	147,194
Subtotal	1,489,972	1,378,226
Liabilities directly associated with assets held for sales	2,534	7,099
Total current liabilities	1,492,506	1,385,325
Non-current liabilities		
Bonds and borrowings	1,696,029	1,729,872
Other financial liabilities	118,300	114,326
Retirement benefit liabilities	112,272	105,486
Provisions	27,398	26,565
Other non-current liabilities	113,730	130,018
Deferred tax liabilities	155,845	158,926
Total non-current liabilities	2,223,574	2,265,193
Total liabilities	3,716,080	3,650,518
<b>Equity</b>		
Common stock	50,000	50,000
Additional paid-in capital	179,716	175,073
Treasury stock	(63,244)	(62,894)
Retained earnings	1,060,069	1,136,841
Other components of equity	9,798	20,987
Equity attributable to owners of the parent	1,236,339	1,320,007
Non-controlling interests	334,809	345,303
Total equity	1,571,148	1,665,310
Total liabilities and equity	5,287,228	5,315,828

#### (4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 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 (loss)	—	—	—	(49,687)					
Other comprehensive income	—	—	—	—					
Total comprehensive income	—	—	—	(49,687)					
Purchase of treasury stock	—	—	(7)	—					
Disposal of treasury stock	—	(72)	134	—					
Cash dividends	—	—	—	(17,045)					
Share-based payment transactions	—	(47)	—	—					
Changes in interests in subsidiaries	—	544	—	—					
Changes in scope of consolidation	—	—	—	79					
Transfer from other components of equity to retained earnings	—	—	—	14,768					
Transfer from other components of equity to non-financial assets, etc.	—	—	—	—					
Total transactions with owners	—	425	127	(2,198)					
Balance at September 30, 2020	50,000	177,140	(63,358)	1,019,375					
	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 (loss)	—	—	—	—	—	(49,687)	9,763	(39,924)	
Other comprehensive income	(2,154)	14,017	6,121	90	18,074	18,074	9,226	27,300	
Total comprehensive income	(2,154)	14,017	6,121	90	18,074	(31,613)	18,989	(12,624)	
Purchase of treasury stock	—	—	—	—	—	(7)	—	(7)	
Disposal of treasury stock	—	—	—	—	—	62	—	62	
Cash dividends	—	—	—	—	—	(17,045)	(5,887)	(22,932)	
Share-based payment transactions	—	—	—	—	—	(47)	—	(47)	
Changes in interests in subsidiaries	—	—	—	—	—	544	(2,126)	(1,582)	
Changes in scope of consolidation	—	—	—	—	—	79	(54)	25	
Transfer from other components of equity to retained earnings	(751)	(14,017)	—	—	(14,768)	—	—	—	
Transfer from other components of equity to non-financial assets, etc.	—	—	—	(153)	(153)	(153)	—	(153)	
Total transactions with owners	(751)	(14,017)	—	(153)	(14,921)	(16,567)	(8,067)	(24,634)	
Balance at September 30, 2020	35,430	—	(96,652)	107	(61,115)	1,122,042	291,529	1,413,571	

## Six months ended September 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	—	—	—	85,166
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	85,166
Purchase of treasury stock	—	—	(15)	—
Disposal of treasury stock	—	(365)	365	—
Cash dividends	—	—	—	(17,048)
Share-based payment transactions	—	250	—	—
Changes in interests in subsidiaries	—	(4,528)	—	—
Changes in scope of consolidation	—	—	—	23
Transfer from other components of equity to retained earnings	—	—	—	8,631
Total transactions with owners	—	(4,643)	350	(8,394)
Balance at September 30, 2021	50,000	175,073	(62,894)	1,136,841

## 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	—	—	—	—	—	85,166	16,769	101,935
Other comprehensive income	10,319	6,466	3,486	(451)	19,820	19,820	1,049	20,869
Total comprehensive income	10,319	6,466	3,486	(451)	19,820	104,986	17,818	122,804
Purchase of treasury stock	—	—	—	—	—	(15)	—	(15)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(17,048)	(6,928)	(23,976)
Share-based payment transactions	—	—	—	—	—	250	—	250
Changes in interests in subsidiaries	—	—	—	—	—	(4,528)	(418)	(4,946)
Changes in scope of consolidation	—	—	—	—	—	23	22	45
Transfer from other components of equity to retained earnings	(2,165)	(6,466)	—	—	(8,631)	—	—	—
Total transactions with owners	(2,165)	(6,466)	—	—	(8,631)	(21,318)	(7,324)	(28,642)
Balance at September 30, 2021	64,861	—	(43,591)	(283)	20,987	1,320,007	345,303	1,665,310

**(5) Condensed Consolidated Statement of Cash Flow**

Six months ended September 30, 2020 and 2021

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Income (loss) before taxes	(36,800)	147,165
Depreciation and amortization	119,906	124,741
Share of profit of associates and joint ventures	(1,062)	(9,643)
Interest and dividend income	(3,546)	(4,610)
Interest expenses	11,343	10,708
(Increase) decrease in trade receivables	55,904	(18,172)
(Increase) decrease in inventories	16,920	(83,804)
Increase (decrease) in trade payables	(72,736)	32,322
Increase (decrease) in retirement benefit assets and liabilities, net	1,227	2,091
Other	77,344	(13,376)
Subtotal	168,500	187,422
Interest received	808	648
Dividends received	10,946	9,002
Interest paid	(9,929)	(10,681)
Income tax (paid) received, net	(6,978)	(20,092)
Net cash provided by (used in) operating activities	163,347	166,299
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(121,076)	(111,729)
Proceeds from sales of property, plant and equipment	13,868	2,572
Purchase of intangible assets	(6,035)	(5,617)
Purchase of other financial assets	(1,703)	(1,927)
Proceeds from sales/redemption of other financial assets	67,995	16,483
Net cash outflow on acquisition of subsidiaries	(359)	(6,501)
Proceeds from sales of investments in subsidiaries	1,891	0
Payment for transfer of business	(374)	(700)
Net (Increase) decrease of time deposits	4,470	367
Other	(1,722)	(429)
Net cash provided by (used in) investing activities	(43,045)	(107,481)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	67,000	(77,776)
Net increase (decrease) in commercial papers	53,000	(55,000)
Proceeds from long-term borrowings	142,505	42,676
Repayment of long-term borrowings	(115,032)	(50,954)
Proceeds from issuance of bonds	49,753	69,636
Redemption of bonds	(10,000)	(35,000)
Repayment of lease liabilities	(14,649)	(15,080)
Net (increase) decrease in treasury stock	(6)	(15)
Dividends paid to owners of the parent	(17,045)	(17,048)
Dividends paid to non-controlling interests	(5,941)	(7,028)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(98,177)	(180)
Repayments to non-controlling interests	—	(5,600)
Other	1,176	(40)
Net cash provided by (used in) financing activities	52,584	(151,409)
Effect of exchange rate changes on cash and cash equivalents	2,005	413
Net increase (decrease) in cash and cash equivalents	174,891	(92,178)
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	(257)	—
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	402,987	257,652



## (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 ending 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.

## Six months ended September 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	459,964	390,437	381,405	194,019	1,425,825	78,991	1,504,816	—	1,504,816
Inter-segment revenue	25,718	21,358	3,099	333	50,508	95,398	145,906	(145,906)	—
Total	485,682	411,795	384,504	194,352	1,476,333	174,389	1,650,722	(145,906)	1,504,816
Segment profit									
Core operating income (Note 3)	24,972	(18,109)	35,579	13,499	55,941	5,789	61,730	(7,091)	54,639

## 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 ¥ (6,729) million not allocated to reporting segments and inter-segment eliminations of ¥(362) 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.

## Six months ended September 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	566,678	593,943	444,118	198,546	1,803,285	81,810	1,885,095	—	1,885,095
Inter-segment revenue	25,490	20,868	3,256	171	49,785	90,787	140,572	(140,572)	—
Total	592,168	614,811	447,374	198,717	1,853,070	172,597	2,025,667	(140,572)	1,885,095
Segment profit									
Core operating income (Note 3)	45,836	62,168	48,291	1,057	157,352	6,135	163,487	(7,347)	156,140

## 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 ¥ (6,708) million not allocated to reporting segments and inter-segment eliminations of ¥ (639) 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 ending March 31, 2022, the Company reclassified segments for some businesses and consolidated subsidiaries. The Company used new classifications to present segment information for the six months ended September 30, 2020.

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

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Segment profit	54,639	156,140
Gain on sales of shares of subsidiaries and associates	909	1,886
Gain on sales of property, plant and equipment	8,583	1,782
Loss on sales and disposal of fixed assets	(3,230)	(2,702)
Impairment loss	(86,953)	(1,898)
Others	(2,074)	(2,071)
Operating income (loss)	(28,126)	153,137
Financial income	3,702	5,418
Financial expenses	(12,376)	(11,390)
Income (loss) before taxes	(36,800)	147,165