



May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Under IFRS)

Company name: Mitsubishi Chemical Holdings Corporation Listing: Tokyo Stock Exchange
 Securities code: 4188 URL: <https://www.mitsubishichem-hd.co.jp/english>
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 Director, Corporate Communications Div.
 Scheduled date of annual general meeting of shareholders: June 24, 2022
 Scheduled date to commence dividend payments: June 3, 2022
 Scheduled date to file annual securities report: June 24, 2022
 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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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	
		%		%		%		%		%		%
Fiscal year ended March 31, 2022	3,976,948	22.1	272,342	55.9	303,194	538.1	209,405	821.6	177,162	—	332,834	107.3
March 31, 2021	3,257,535	(9.0)	174,710	(10.3)	47,518	(67.1)	22,722	(73.8)	(7,557)	—	160,551	—

Reference: Income before taxes

Fiscal year ended March 31, 2022: ¥290,370 million(782.4%)

Fiscal year ended March 31, 2021: ¥32,908 million((73.0)%)

* 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	Return on equity attributable to owners of parent	Ratio of income before tax to total assets	Ratio of core operating income to sales revenue
Fiscal year ended March 31, 2022	Yen 124.68	Yen 115.03	% 13.2	% 5.3	% 6.8
March 31, 2021	(5.32)	(5.32)	(0.6)	0.6	5.4

Reference: Share of profit of associates and joint ventures

Fiscal year ended March 31, 2022: ¥21,194 million

Fiscal year ended March 31, 2021: ¥15,640 million

(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	Equity attributable to owners of the parent per share
Fiscal year ended March 31, 2022	5,573,871	1,844,319	1,458,077	% 26.2	Yen 1,026.03
March 31, 2021	5,287,228	1,571,148	1,236,339	23.4	870.40

(3) Cash Flows:

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of the period
Fiscal year ended March 31, 2022	346,871	(128,781)	(336,283)	245,789
March 31, 2021	467,133	(217,010)	(142,773)	349,577

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	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	34,161	—	2.8
March 31, 2022	—	15.00	—	15.00	30.00	42,717	24.1	3.2
March 31, 2023 (Forecast)	—	15.00	—	15.00	30.00		27.9	

3. Prospects for the Following 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 FY2022	2,162,000	14.7	125,000	(19.9)	121,000	(21.0)	80,000	(21.5)	61,500	(27.8)	43.28
FY2022	4,436,000	11.5	275,000	1.0	277,000	(8.6)	194,000	(7.4)	153,000	(13.6)	107.66

Reference: Income before taxes

First Half of FY2022: ¥116,000 million((21.2)%), FY2022: ¥266,000 million((8.4)%)

* Notes

(1) Changes in significant subsidiaries during the period : Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation)

Newly included: — Excluded : 1 (Company name) Noltex L.L.C.

As of October 1, 2021, Noltex L.L.C. is excluded from the scope of consolidation due to its extinguishment following the execution of an absorption-type merger in which Mitsubishi Chemical America, Inc. was the surviving company and Noltex L.L.C. was the extinguished company.

(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 March 31, 2022	1,506,288,107 Shares	As of March 31, 2021	1,506,288,107 Shares
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(ii) Number of treasury shares at the end of the period

As of March 31, 2022	85,199,844 Shares	As of March 31, 2021	85,865,812 Shares
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(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2022	1,420,944,919 Shares	Fiscal year ended March 31, 2021	1,420,256,382 Shares
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*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:

March 31, 2022	2,833,314 Shares
March 31, 2021	2,994,552 Shares

Disclosure regarding audit procedures

Financial results reports are exempt from audit 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 pages [7] 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.

Contents:

1. Qualitative Information on Financial Results for the Term	
(1) Business Performance	P. 2
(2) Financial Position	P. 6
(3) Cash Flow Analysis	P. 6
(4) Financial Results Forecasts for Fiscal 2022	P. 7
2. Basic Approach to the Selection of Accounting Standards	P. 7
3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements	
(1) Consolidated Statement of Profit or Loss	P. 8
(2) Consolidated Statement of Comprehensive Income	P. 9
(3) Consolidated Statement of Financial Position	P. 10
(4) Consolidated Statement of Changes in Equity	P. 12
(5) Consolidated Statement of Cash Flow	P. 14
(6) Notes to Consolidated Financial Statements	P. 16
(Segment Information)	P. 16
(Per Share Information)	P. 20
 (Supplemental materials) Trends in Management Indicators	

1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment of the fiscal year (April 1, 2021 - March 31, 2022; same hereafter) of the Mitsubishi Chemical Holdings Corporation (MCHC) Group, given there were recovery trends in economic activities in various countries recouping from the impact of COVID-19, demand in Japan and abroad was basically on a trajectory toward recovery year on year. Meanwhile, raw material and fuel prices are continuing to rise underpinned by trends in resource prices. In the fourth quarter of the consolidated fiscal year under review, the outlook remains murky, due in part to soaring costs reflecting impact from the state of affairs in the Ukraine.

It was against this backdrop that sales revenue in the consolidated fiscal year under review (April 1, 2021-March 31, 2022) increased ¥719.4 billion, or 22.1%, to ¥3,976.9 billion. In the profit front, core operating income rose ¥97.6 billion, or 55.9%, to ¥272.3 billion. Operating income climbed ¥255.7 billion, or 538.1%, to ¥303.2 billion. Income before taxes was up ¥257.5 billion, or 782.4%, to ¥290.4 billion. And net income attributable to owners of the parent improved ¥184.8 billion, to ¥177.2 billion.

Overview of Business Segments

The overview of financial results by business segment for 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 previous consolidated fiscal year, sales revenue increased ¥141.7 billion, to ¥1,136.3 billion and core operating income expanded ¥19.0 billion, to ¥78.7 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 in tandem with a recovery in demand, and also owing to brisk sales trends mainly in 1H primarily for films used for optical applications for displays.

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.

In this segment in the consolidated fiscal year under review, the following items were implemented by or occurred at the MCHC Group.

- In April 2021, the MCHC Group decided to make a capital investment into its equity-method affiliate C.P.C. SRL (CPC; Head office: Modena, Italy) that manufactures and sells carbon fiber reinforced plastic automotive parts 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. The goal is to implement capacity utilization in 2023.
- In October 2021, the MCHC Group, 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), which engages in the manufacturing and sales of bisphenol-A (BPA) and polycarbonate (PC) resins, to China Petroleum & Chemical Corporation (Head office: Beijing, PRC).

- The MCHC Group and the Japan Steel Works, Ltd. (Head office: Shinagawa-ku, Tokyo) jointly completed construction of a facility at the Muroran Plant of Japan Steel Works M&E, Inc. in May 2021 and embarked on verification testing for mass production of gallium nitride (GaN) single-crystal substrates. 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.
- The MCHC Group has decided to construct a new Sugar Ester production line (scheduled production capacity of 2,000 ton/year) at its Fukuoka Plant (Location: Kita-kyushu, Fukuoka Prefecture) to address an increase in demand and to fortify the supply chain. The launch of operations is planned for mid 2023.
- In March 2022, the MCHC Group, as part of its portfolio reforms, transferred its polycrystalline alumina fiber business to a special purpose company held by funds managed by affiliates of Apollo Global Management, Inc. (Head office: New York, USA).
- The MCHC Group has decided to expand its polyester film production capacity (55,000 tons/year to 82,000 tons/year) in Germany in anticipation of a growth in global demand moving forward. The Group aims to put its new capacity into operation at the end of 2024.
- In December 2021, the MCHC Group decided to construct a new production facility for producing specialty epoxy resins for semiconductor encapsulants and electronic materials at its Fukuoka Plant (Kitakyushu-shi, Fukuoka) with the goal of addressing brisk demand and strengthening its supply chain. It is aimed to launch commercial production in April 2023.
- In February 2022, with the goal of strengthening the engineering plastics business, the MCHC Group decided to transfer a portion of shares in equity-method affiliate Mitsubishi Engineering-Plastics Corporation (MEP) to Mitsubishi Gas Chemical Company, Inc. (MGC) on April 3, 2023. Concurrently an absorption-type split of some of MEP's businesses will be carried out. Reflecting this the Group's ownership ratio of MEP will be 25% and MEP will become a consolidated subsidiary of MGC.

Chemicals Segment, Industrial Materials Domain

In comparison with the previous consolidated fiscal year, sales revenue increased ¥396.8 billion, to ¥1,287.9 billion and core operating income expanded ¥86.4 billion, to ¥102.2 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 grew reflecting a climb in selling prices for export coke in tandem with a recovery in demand.

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 monomer and export coke.

In this segment in the consolidated fiscal year under review, the following items were implemented by or occurred at the MCHC Group.

- In July 2021, the MCHC Group converted the six overseas group companies running the polypropylene compound and long glass reinforced thermoplastic businesses and owned by Japan Polypropylene Corporation, a joint venture with JNC Petrochemical Corporation, into wholly-owned consolidated subsidiaries. The utilization of its technical prowess and business infrastructures in Japan and overseas will accelerate growth in response to an increase in demand for

leading materials and other components that contribute to a reduction in the weight of automobiles.

- Ahead of the commercialization of the chemical recycling of acrylic resins, the MCHC Group constructed a verification facility in Japan in June 2021. In addition, it was decided in May 2021 to push forward with verification testing ahead of commercialization. A scheme is being examined along with Honda Motor Co., Ltd. (Head office: Minato-ku, Tokyo) for the collection of acrylic resins, including tail lights from scrapped cars, as well as chemical recycling and reuse. The companies are carrying out and are jointly implementing a verification of a recycling system that uses this verification facility.
- In June 2021, a licensing agreement was signed with Mura Technology Limited (Mura; Head office: London, UK) pertaining to technology for the manufacturing of raw materials for chemical products and fuel oil products from waste plastics. The MCHC Group plans to accelerate its consideration of the commercialization of chemical recycling for the realization of a circular economy.
- In partnership with ENEOS Corporation (ENEOS; Head office: Chiyoda-ku, Tokyo), the MCHC Group decided to construct a chemical recycling facility at its Ibaraki Plant (Located: Kamisu, Ibaraki Prefecture) in July 2021 to commence a joint Plastic-to-Oil Conversion Business. The facility will have an annual processing capacity of 20,000 tons, which will make it the largest in scale in Japan on a commercial basis. It is planned to commence operations in FY2023. Moreover, in tandem with the construction of this facility, in July 2021, a basic agreement was signed with Refinverse, 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 previous consolidated fiscal year, sales revenue increased ¥138.3 billion, to ¥950.1 billion and core operating income expanded ¥13.8 billion, to ¥98.9 billion.

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

In this segment in the consolidated fiscal year under review, the following items were implemented by or occurred at the MCHC Group.

- In November 2021, Nippon Sanso Holdings Corporation, a member of the MCHC Group, has decided to successively boost, through the end of 2023, its production capacity for diborane gas, which is an electronic materials gas used in the semiconductor device fabrication process, at sites in Japan, South Korea and China. Going forward, the company aims to address demand in the electronics industry and to enhance its supply chain.

Health Care Segment, Health Care Domain

In comparison with the previous consolidated fiscal year, sales revenue increased ¥13.0 billion, to ¥403.6 billion and core operating income decreased ¥24.9 billion, to a loss of ¥7.0 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 fiscal year under review, some royalty revenue was not recognized as sales revenue due to ongoing arbitration proceedings.

In this segment in the consolidated fiscal year under review, the following items were implemented by or occurred at the MCHC Group.

- In April 2021, Life Science Institute, Inc., a member of the MCHC Group, launched clinical trials for the Muse cell-based

product CL2020 targeting 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 February 2022, consolidated subsidiary Medicago Inc. (Head office: Quebec, Canada) acquired approval in Canada for a plant-derived Virus Like Particle vaccine (Development code: MT-2766) being developed to prevent the spread of COVID-19. This will be the first plant-derived vaccine to prevent the spread of COVID-19. In addition, Mitsubishi Tanabe Pharma Corporation, a member of the MCHC Group, launched phase-I/II clinical trials in Japan in October 2021.
- Regarding DYSVAL® 40mg capsule (Development code: MT-5199; Generic name: valbenazine), in March 2022, the drug was approved in Japan for its indication as a treatment for Tardive dyskinesia. This is the first pharmaceutical approved in Japan as a treatment for Tardive dyskinesia.

Others

In comparison with the previous consolidated fiscal year, sales revenue increased ¥29.6 billion, to ¥199.0 billion and core operating income expanded ¥3.1 billion, to ¥15.0 billion.

Group Performance Overview

The MCHC Group formulated and disclosed in December 2021 its new management policy, “Forging the future,” which will cover the period through the end of FY 2025. We aim to sustainably increase value for our stakeholders with a clearer strategy to drive operational excellence and unlock the growth potential of our businesses.

(2) Financial Position

Total assets at the end of the fiscal year totaled ¥5,573.9 billion, an increase of ¥286.7 billion compared with the end of the previous fiscal year. There was a decline in cash and cash equivalents in tandem with a repayment of interest-bearing debts. However, the rise was mainly attributable to an increase in the value of assets translated into yen at overseas consolidated subsidiaries owing to progress in the depreciation of the yen, 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.

Total liabilities at the end of the fiscal year stood at ¥3,729.6 billion, up ¥13.5 billion from the end of the previous fiscal year. Although there was a decline in tandem with the repayment of interest-bearing debt, the increase was mainly attributable to an increase in trade liabilities in tandem with a rise in raw material prices.

Note that interest-bearing debt, which included lease liabilities at the end of the fiscal year came to ¥2,289.9 billion, a decline of ¥192.5 billion versus the end of the previous fiscal year.

Total equity at the end of the fiscal year was ¥1,844.3 billion, up ¥273.2 billion from the end of the previous fiscal year. Although equity shrank reflecting the payout of dividends, equity rose given the Company posted a profit attributable to owners of parent.

As a result of these factors, the ratio of equity attributable to owners of the parent was up 2.8 points, to 26.2%. The net debt-to-equity ratio was down 0.33, to 1.40.

Notes:

Net debt-to-equity ratio = Net interest-bearing debt ÷ Equity attributable to owners of the parent

Net interest-bearing debt = Interest-bearing debt - (cash and cash equivalents + cash reserves)

(3) Cash Flow Analysis

Net cash provided by operating activities was down ¥120.2 billion from the previous fiscal year, to ¥346.9 billion. Although there was an increase in working capital reflecting a rise in raw material costs, the decline was attributable to income before taxes and depreciation and amortization.

Net cash used in investing activities decreased ¥88.2 billion to ¥128.8 billion. Although there were proceeds from business transfer and proceeds from sales/redemption of other financial assets, the drop was chiefly attributable to an outflow ¥257.7 billion in purchase of property, plant and equipment and intangible assets. Consequently, free cash flow (cash flow from operating and investment activities) decreased ¥32.0 billion to ¥218.1 billion.

Net cash provided by financing activities increased ¥193.5 billion from the previous fiscal year to ¥336.3 billion. This is primarily attributable to an outflow of ¥275.9 billion due to repayment of interest-bearing debt and ¥54.2 billion for dividend payments.

As a result of these factors, cash and cash equivalents at the end of the fiscal year totaled ¥245.8 billion, down ¥103.8 billion compared with the end of the previous fiscal year.

(4) Financial Results Forecasts for Fiscal 2022

In the business environment in which the MCHC Group operates the economy is expected to continue to move toward recovery given the alleviation of the impact from the spread of COVID-19. Meanwhile, careful attention should be paid to a possible downturn in the domestic and overseas economies in tandem with geopolitical risks, soaring raw material and fuel prices and a disruption in the supply chain.

Amid this backdrop, although the MCHC Group expects a downturn in market prices for some products and a contraction in gains from inventory valuations in the Chemicals segment, the Group anticipates ongoing strong demand for products with automotive applications and widespread passing on the rise in raw material costs to product selling prices in the Performance Products segment, and solid continued demand in the Industrial Gases segment. In the Health Care segment, the Group expects the commercialization of a COVID-19 vaccine, despite NHI drug price revisions for domestic ethical pharmaceuticals.

The Company accordingly looks for ¥4,436.0 billion in sales revenue for the fiscal year ending March 31, 2023. Other key projections for the year are ¥275.0 billion in core operating income, ¥277.0 billion in operating income, ¥266.0 billion in income before taxes, ¥194.0 billion in net income, and ¥153.0 billion in net income attributable to owners of the parent.

The following are estimates for major indicators for the above forecasts.

	(Billions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ending March 31, 2023
Capital Expenditure	254.6	262.0
Depreciation & Amortization	251.5	259.0
R&D Expenses	156.6	149.0
Exchange rate (Yen/USD) (Note)	113	125
Naphtha price (Yen/KL) (Note)	56,600	81,000

Note: These are the averages for April 1, 2021 - March 31, 2022 and April 1, 2022 - March 31, 2023.

2. Basic Approach to the Selection of Accounting Standards

The company has voluntarily applied IFRS from the fiscal year ended March 31, 2017 for its consolidated financial statements for the purpose of enhancing its reporting's international comparability and unifying accounting treatment within the Group.

3. Consolidated Financial Statements and Notes Concerning Consolidated Financial Statements

(1) Consolidated Statement of Profit or Loss

Fiscal year ended March 31, 2021 and 2022

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales revenue	3,257,535	3,976,948
Cost of sales	(2,331,286)	(2,862,224)
Gross profit	926,249	1,114,724
Selling, general and administrative expenses	(752,693)	(854,455)
Other operating income	30,713	81,692
Other operating expenses	(172,391)	(59,961)
Share of profit of associates and joint ventures	15,640	21,194
Operating income	47,518	303,194
Financial income	8,252	9,368
Financial expenses	(22,862)	(22,192)
Income before taxes	32,908	290,370
Income taxes	(10,186)	(80,965)
Net income	22,722	209,405
Net income (loss) attributable to		
Owners of the parent	(7,557)	177,162
Non-controlling interests	30,279	32,243
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	(5.32)	124.68
Diluted earnings per share attributable to owners of the parent	(5.32)	115.03

(2) Consolidated Statement of Comprehensive Income

Fiscal year ended March 31, 2021 and 2022

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net income	22,722	209,405
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	26,675	4,471
Remeasurements of defined benefit plans	26,817	7,328
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(191)	(6)
Total items that will not be reclassified to profit or loss	53,301	11,793
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	81,019	104,596
Net gain (loss) on derivatives designated as cash flow hedges	180	2,384
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	3,329	4,656
Total items that may be subsequently reclassified to profit or loss	84,528	111,636
Total other comprehensive income (net of tax)	137,829	123,429
Total comprehensive income	160,551	332,834
Total comprehensive income attributable to		
Owners of the parent	97,068	268,003
Non-controlling interests	63,483	64,831

(3) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2021	March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	349,577	245,789
Trade receivables	716,392	825,996
Inventories	576,473	745,248
Other financial assets	47,818	51,085
Other current assets	83,462	106,556
Subtotal	<u>1,773,722</u>	<u>1,974,674</u>
Assets held for sale	23,812	11,442
Total current assets	<u>1,797,534</u>	<u>1,986,116</u>
Non-current assets		
Property, plant and equipment	1,813,838	1,899,695
Goodwill	671,889	705,412
Intangible assets	455,317	448,805
Investments accounted for using the equity method	162,042	174,791
Other financial assets	251,211	233,533
Other non-current assets	68,051	60,923
Deferred tax assets	67,346	64,596
Total non-current assets	<u>3,489,694</u>	<u>3,587,755</u>
Total assets	<u><u>5,287,228</u></u>	<u><u>5,573,871</u></u>

(Millions of yen)

	March 31, 2021	March 31, 2022
Liabilities		
Current liabilities		
Trade payables	382,272	486,874
Bonds and borrowings	653,475	411,213
Income tax payable	22,283	34,875
Other financial liabilities	272,341	291,237
Provisions	11,690	15,601
Other current liabilities	147,911	178,613
Subtotal	1,489,972	1,418,413
Liabilities directly associated with assets held for sale	2,534	880
Total current liabilities	1,492,506	1,419,293
Non-current liabilities		
Bonds and borrowings	1,696,029	1,748,756
Other financial liabilities	118,300	112,554
Retirement benefit liabilities	112,272	103,941
Provisions	27,398	22,673
Other non-current liabilities	113,730	147,212
Deferred tax liabilities	155,845	175,123
Total non-current liabilities	2,223,574	2,310,259
Total liabilities	3,716,080	3,729,552
Equity		
Common stock	50,000	50,000
Additional paid-in capital	179,716	170,600
Treasury stock	(63,244)	(62,870)
Retained earnings	1,060,069	1,213,677
Other components of equity	9,798	86,670
Equity attributable to owners of the parent	1,236,339	1,458,077
Non-controlling interests	334,809	386,242
Total equity	1,571,148	1,844,319
Total liabilities and equity	5,287,228	5,573,871

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2021

(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	—	—	—	(7,557)
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	(7,557)
Purchase of treasury stock	—	—	(20)	—
Disposal of treasury stock	—	(198)	261	—
Cash dividends	—	—	—	(34,091)
Share-based payment transactions	—	(13)	—	—
Changes in interests in subsidiaries	—	756	—	—
Business combinations or business divestitures	—	2,456	—	—
Changes in scope of consolidation	—	—	—	51
Transfer from other components of equity to retained earnings	—	—	—	30,406
Transfer from other components of equity to non-financial assets, etc.	—	—	—	—
Total transactions with owners	—	3,001	241	(3,634)
Balance at March 31, 2021	50,000	179,716	(63,244)	1,060,069

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	—	—	—	—	—	(7,557)	30,279	22,722
Other comprehensive income	22,523	26,255	55,696	151	104,625	104,625	33,204	137,829
Total comprehensive income	22,523	26,255	55,696	151	104,625	97,068	63,483	160,551
Purchase of treasury stock	—	—	—	—	—	(20)	—	(20)
Disposal of treasury stock	—	—	—	—	—	63	—	63
Cash dividends	—	—	—	—	—	(34,091)	(11,049)	(45,140)
Share-based payment transactions	—	—	—	—	—	(13)	—	(13)
Changes in interests in subsidiaries	—	—	—	—	—	756	361	1,117
Business combinations or business divestitures	—	—	—	—	—	2,456	1,488	3,944
Changes in scope of consolidation	—	—	—	—	—	51	(81)	(30)
Transfer from other components of equity to retained earnings	(4,151)	(26,255)	—	—	(30,406)	—	—	—
Transfer from other components of equity to non-financial assets, etc.	—	—	—	(153)	(153)	(153)	—	(153)
Total transactions with owners	(4,151)	(26,255)	—	(153)	(30,559)	(30,951)	(9,281)	(40,232)
Balance at March 31, 2021	56,707	—	(47,077)	168	9,798	1,236,339	334,809	1,571,148

Fiscal year ended March 31, 2022

(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	—	—	—	177,162
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	177,162
Purchase of treasury stock	—	—	(31)	—
Disposal of treasury stock	—	(403)	405	—
Cash dividends	—	—	—	(38,367)
Share-based payment transactions	—	533	—	—
Forfeiture of share acquisition rights	—	(1,106)	—	823
Changes in interests in subsidiaries	—	(8,140)	—	—
Business combinations or business divestitures	—	—	—	—
Changes in scope of consolidation	—	—	—	21
Transfer from other components of equity to retained earnings	—	—	—	13,969
Total transactions with owners	—	(9,116)	374	(23,554)
Balance at March 31, 2022	50,000	170,600	(62,870)	1,213,677

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	—	—	—	—	—	177,162	32,243	209,405
Other comprehensive income	1,063	7,155	80,395	2,228	90,841	90,841	32,588	123,429
Total comprehensive income	1,063	7,155	80,395	2,228	90,841	268,003	64,831	332,834
Purchase of treasury stock	—	—	—	—	—	(31)	—	(31)
Disposal of treasury stock	—	—	—	—	—	2	—	2
Cash dividends	—	—	—	—	—	(38,367)	(15,963)	(54,330)
Share-based payment transactions	—	—	—	—	—	533	—	533
Forfeiture of share acquisition rights	—	—	—	—	—	(283)	—	(283)
Changes in interests in subsidiaries	—	—	—	—	—	(8,140)	2,553	(5,587)
Business combinations or business divestitures	—	—	—	—	—	—	(9)	(9)
Changes in scope of consolidation	—	—	—	—	—	21	21	42
Transfer from other components of equity to retained earnings	(6,814)	(7,155)	—	—	(13,969)	—	—	—
Total transactions with owners	(6,814)	(7,155)	—	—	(13,969)	(46,265)	(13,398)	(59,663)
Balance at March 31, 2022	50,956	—	33,318	2,396	86,670	1,458,077	386,242	1,844,319

(5) Consolidated Statement of Cash Flow

Fiscal year ended March 31, 2021 and 2022

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Income before taxes	32,908	290,370
Depreciation and amortization	243,793	251,469
Share of profit of associates and joint ventures	(15,640)	(21,194)
Interest and dividend income	(5,547)	(5,875)
Interest expense	21,404	20,985
(Increase) decrease in trade receivables	(237)	(88,721)
(Increase) decrease in inventories	44,629	(152,599)
Increase (decrease) in trade payables	(27,240)	86,511
Increase (decrease) in retirement benefit assets and liabilities, net	446	9,222
Others	207,283	14,443
Subtotal	501,799	404,611
Interest received	1,391	1,134
Dividends received	19,019	14,204
Interest paid	(19,891)	(20,250)
Income tax (paid) received, net	(35,185)	(52,828)
Net cash provided by (used in) operating activities	467,133	346,871
Cash flows from investing activities		
Purchase of property, plant and equipment	(246,410)	(244,851)
Proceeds from sales of property, plant and equipment	15,843	24,707
Purchase of intangible assets	(10,606)	(12,814)
Purchase of other financial assets	(3,106)	(4,070)
Proceeds from sales/redemption of other financial assets	76,982	38,988
Net cash outflow on acquisition of subsidiaries	(28,677)	(6,501)
Proceeds from sales of investments in subsidiaries	3,020	0
Payments for transfer of business	(983)	(700)
Proceeds from transfer of business	1,747	81,901
Net (Increase) decrease of time deposits	5,708	476
Others	(30,528)	(5,917)
Net cash provided by (used in) investing activities	(217,010)	(128,781)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(115,453)	(89,129)
Net increase (decrease) in commercial papers	(3,000)	(60,000)
Proceeds from long-term borrowings	301,531	66,162
Repayment of long-term borrowings	(171,789)	(130,246)
Proceeds from issuance of bonds	69,640	94,636
Redemption of bonds	(55,000)	(125,000)
Repayment of lease liabilities	(30,349)	(32,349)
Net (increase) decrease in treasury stock	(19)	(27)
Dividends paid to owners of the parent	(34,091)	(38,367)
Dividends paid to non-controlling interests	(11,007)	(15,810)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(98,779)	(512)
Proceeds from stock issuance to non-controlling interests	4,404	1
Repayments to non-controlling interests	—	(5,600)
Others	1,139	(42)
Net cash provided by (used in) financing activities	(142,773)	(336,283)
Effect of exchange rate changes on cash and cash equivalents	13,094	14,276
Net increase (decrease) in cash and cash equivalents	120,444	(103,917)
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 sale	49	(137)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	854	266
Increase in cash and cash equivalents resulting from merger	19	—
Cash and cash equivalents at the end of the period	349,577	245,789

(6) Notes to 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. 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.

Fiscal year ended March 31, 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	994,647	891,134	811,756	390,569	3,088,106	169,429	3,257,535	—	3,257,535
Inter-segment revenue	57,704	43,901	6,482	501	108,588	202,499	311,087	(311,087)	—
Total	1,052,351	935,035	818,238	391,070	3,196,694	371,928	3,568,622	(311,087)	3,257,535
Segment profit (loss) Core operating income (Note 3)	59,708	15,790	85,066	17,911	178,475	11,906	190,381	(15,671)	174,710
Segment assets	1,312,931	1,092,977	1,909,229	1,093,716	5,408,853	1,042,595	6,451,448	(1,164,220)	5,287,228
Other items									
Depreciation and amortization	64,842	63,259	88,720	16,417	233,238	6,830	240,068	3,725	243,793
Share of profit of investments accounted for using the equity method	6,662	3,169	2,843	135	12,809	72	12,881	—	12,881
Investments accounted for using the equity method	52,883	59,033	32,179	16,314	160,409	1,633	162,042	—	162,042
Capital expenditures	90,317	72,756	69,607	20,942	253,622	4,895	258,517	5,198	263,715

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 ¥ (14,627) million not allocated to reporting segments and inter-segment eliminations of ¥(1,044) million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
The segment assets adjustment includes corporate assets of ¥107,142 million not allocated to reporting segments and inter-segment eliminations of ¥ (1,271,362) million. Corporate assets include financial assets not allocated to reporting segments. Inter-segment elimination transactions mainly comprise cash management system-based loan eliminations.
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.

Fiscal year ended March 31, 2022

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	1,136,341	1,287,915	950,111	403,638	3,778,005	198,943	3,976,948	—	3,976,948
Inter-segment revenue	52,497	43,816	7,008	410	103,731	205,510	309,241	(309,241)	—
Total	1,188,838	1,331,731	957,119	404,048	3,881,736	404,453	4,286,189	(309,241)	3,976,948
Segment profit (loss) Core operating income (Note 3)	78,724	102,163	98,921	(6,974)	272,834	15,048	287,882	(15,540)	272,342
Segment assets	1,407,640	1,287,479	2,041,434	1,074,234	5,810,787	948,502	6,759,289	(1,185,418)	5,573,871
Other items									
Depreciation and amortization	67,312	62,621	94,774	15,466	240,173	6,412	246,585	4,884	251,469
Share of profit of investments accounted for using the equity method	12,113	5,407	3,684	95	21,299	67	21,366	—	21,366
Investments accounted for using the equity method	62,607	58,306	35,584	16,299	172,796	1,995	174,791	—	174,791
Capital expenditures	68,652	61,344	74,661	19,504	224,161	3,539	227,700	26,889	254,589

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 ¥ (14,345) million not allocated to reporting segments and inter-segment eliminations of ¥ (1,195) million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
The segment assets adjustment includes corporate assets of ¥76,323 million not allocated to reporting segments and inter-segment eliminations of ¥ (1,261,741) million. Corporate assets include financial assets not allocated to reporting segments. Inter-segment elimination transactions mainly comprise cash management system-based loan eliminations.
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 previous year.

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

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Segment profit	174,710	272,342
Gain on business transfer (Note 1)	1,428	60,838
Gain on sales of property, plant and equipment	8,644	8,641
Gain on sales of shares of subsidiaries and associates	1,157	1,886
Gain on arbitration award	4,099	—
Share of profit of associates and joint ventures	2,759	—
Gain on step acquisitions	1,295	—
Impairment loss (Note 2)	(118,291)	(20,391)
Loss on sales and disposal of fixed assets	(6,218)	(7,417)
Loss on revision of retirement benefit plan	—	(4,027)
Special retirement expense	(5,473)	(2,571)
Loss on liquidation of subsidiaries and affiliates	(7,379)	(270)
Provision for loss on plant closure	(3,318)	—
Cancellation penalty	(1,934)	—
Others	(3,961)	(5,837)
Operating income	47,518	303,194
Financial income	8,252	9,368
Financial expenses	(22,862)	(22,192)
Income before taxes	32,908	290,370

Notes:

1. The main content of the gain on business transfer recognized for the fiscal year ended March 31, 2022 was ¥60,838 million related to the transfer for the polycrystalline alumina fiber business. Meanwhile, outlays related to this transfer included special retirement expenses of ¥1,330 million, loss on disposal of fixed assets of ¥1,121 million and impairment loss of ¥391 million, and other expense of ¥1,412 million.

2. The main assets for which impairment losses were recognized for the fiscal year ended March 31, 2022 are as follows:

Intangible asset related to MT-5547 for treatment of Osteoarthritis pain

The results of a revision to the business plan to factor in changes in the business environment triggered a drop in the recoverable amount to below book value. Consequently, the Company booked an impairment loss of ¥15,797 million having reduced the recoverable value for intangible assets related to technology (rights acquired through a licensing-in contract) to ¥923 million.

(Per Share Information)

The bases for calculating basic and diluted earnings per share attributable to owners of the parent were as follows:

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
		(Millions of yen)
Net income (loss) attributable to owners of the parent	(7,557)	177,162
Adjustment	—	281
Net income used to calculate diluted earnings per share	(7,557)	177,443
		(Thousands of shares)
Average number of ordinary shares during period	1,420,256	1,420,945
Impact of potentially dilutive ordinary shares		
Convertible bond-type bonds with subscription rights to shares	—	120,256
Subscription rights to shares	—	1,442
Average number of diluted ordinary shares during period	1,420,256	1,542,643
		(Yen)
Basic earnings per share attributable to owners of the parent	(5.32)	124.68
Diluted earnings per share attributable to owners of the parent	(5.32)	115.03

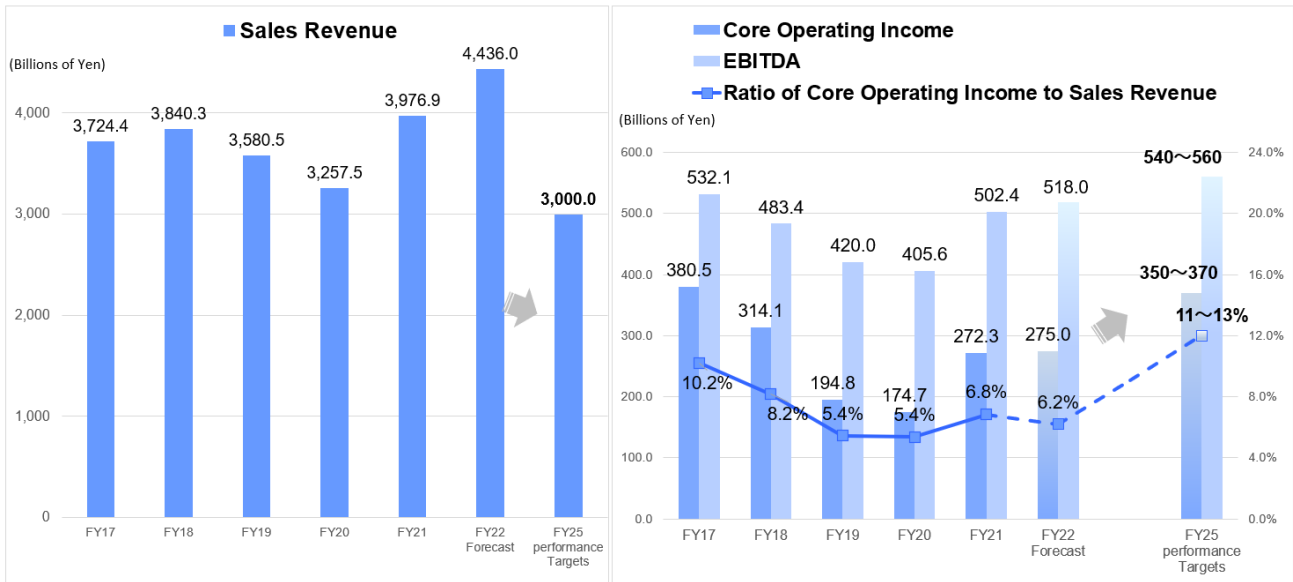
Notes:

1. In the calculation of basic and diluted net income per share attributable to owners of the parent, the Company stocks held by Board Incentive Plan trust are included in shares of treasury stock deducted in calculating the average number of shares during the period.
2. Diluted earnings per share for the fiscal year ended March 31, 2021 does not include dilutive potential ordinary shares; convertible bond-type bonds with subscription rights to shares and Subscription rights to shares due to the anti-dilutive effect caused by the loss during the period.

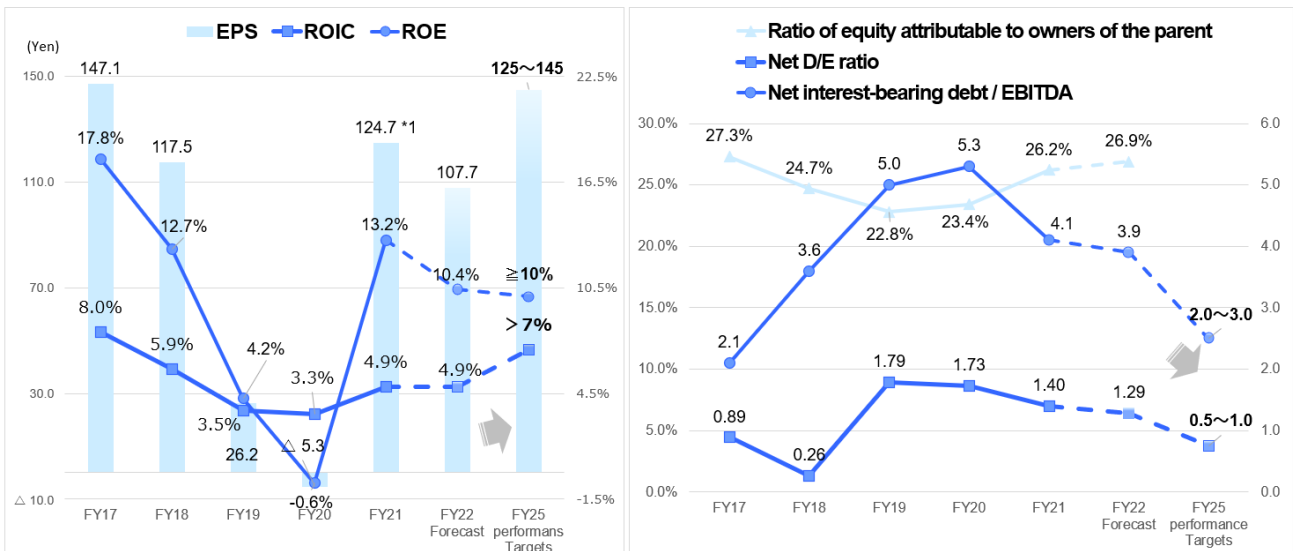
Supplemental materials for the Fiscal Year Ending March 31, 2022

【Trends in Management Indicators】

Trends in Sales Revenue, Core Operating Income and EBITDA



Trends in Indicators for Profitability and Stability



EPS calculation excludes the profit of discontinued operations.

*1 The EPS is 96.92 yen after deduction of an amount equivalent to the gain on transfer of the polycrystalline alumina fiber business.

Calculation formula of indicators

Indicators	Calculation formula
EBITDA	Core Operating Income – Share of profit of associates and joint ventures (included in Core Operating Income) + Depreciation / Amortization
ROIC	NOPAT(*1) / Invested Capital (averages of beginning and end of fiscal years) (*2) (*1) NOPAT = (Core Operating Income - Share of profit of associates and joint ventures (included in Core Operating Income) X (1 - Tax rate) + Share of profit of associates and joint ventures (included in Core Operating Income) + Dividend Income (*2) Invested Capital = Total Equity - Interest-bearing debt
ROE	Net income attributable to owners of the parent / Equity attributable to owners of the parents (averages of beginning and end of fiscal years)
Net D/E ratio	Net interest-bearing debt(*3) / Equity attributable to owners of the parent (*3) Net interest-bearing debt = Interest-bearing debt – (cash and cash equivalents + cash reserves(*4)) (*4) Cash reserves comprise certificates of deposits, securities, and other instruments other than cash equivalents that the Group holds to manage surplus funds.