

# Summary of Consolidated Financial Results for FY2020

May 13, 2021  
Mitsui Chemicals, Inc.

## 1. Summary of Operating Results

(Unit : Billions of Yen)

	FY2019	FY2020	Incr. (Decr.)	Outlook for FY2021	
				Interim	Full year
Sales revenue	1,349.5	1,211.7	(137.8)	670.0	1,400.0
Operating income before special items	72.3	85.1	12.8	60.0	115.0
Operating income	64.6	78.1	13.5	57.0	113.0
Net income	42.6	64.2	21.6	45.5	88.0
Net income attributable to owners of the parent	34.0	57.9	23.9	41.5	79.0

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

• Sales revenue

(Unit : Billions of Yen)

	FY2019	FY2020	Incr. (Decr.)	Breakdown		Outlook for FY2021	
				Volume	Price	Interim	Full year
Mobility	367.9	315.5	(52.4)	(43.1)	(9.3)	185.0	385.0
Health Care	143.2	143.9	0.7	0.2	0.5	73.0	150.0
Food & Packaging	201.3	197.7	(3.6)	5.3	(8.9)	100.0	215.0
Basic Materials	619.5	541.4	(78.1)	(4.2)	(73.9)	305.0	635.0
Others	17.6	13.2	(4.4)	-	(4.4)	7.0	15.0
Total	1,349.5	1,211.7	(137.8)	(41.8)	(96.0)	670.0	1,400.0

• Operating income before special items

(Unit : Billions of Yen)

	FY2019	FY2020	Incr. (Decr.)	Breakdown			Outlook for FY2021	
				Volume	Price*	Fixed Costs etc.	Interim	Full year
Mobility	43.1	30.2	(12.9)	(12.6)	0.0	(0.3)	20.5	44.0
Health Care	13.2	19.9	6.7	0.5	0.3	5.9	9.5	21.0
Food & Packaging	17.0	22.0	5.0	2.3	2.0	0.7	10.5	24.0
Basic Materials	9.4	19.6	10.2	(4.1)	17.5	(3.2)	24.0	36.0
Others	(2.9)	(1.1)	1.8	-	-	1.8	(0.5)	(1.0)
Adjustment	(7.5)	(5.5)	2.0	-	-	2.0	(4.0)	(9.0)
Total	72.3	85.1	12.8	(13.9)	19.8	6.9	60.0	115.0

\*Price includes both selling and purchasing price variances.

## 3. Summary of Statement of Financial Position

(Unit : Billions of Yen)

	Assets				Liabilities and Equity		
	As of Mar. 31, 2020	As of Mar. 31, 2021	Incr. (Decr.)		As of Mar. 31, 2020	As of Mar. 31, 2021	Incr. (Decr.)
Current assets	781.8	787.6	5.8	Interest-bearing liabilities	599.4	563.8	(35.6)
Property, plant and equipment & right-of-use assets	499.7	502.0	2.3	Other liabilities	321.4	312.2	(9.2)
Goodwill and intangible assets	26.2	20.8	(5.4)	Equity attributable to owners of the parent	529.2	607.9	78.7
Other non-current assets	222.8	247.7	24.9	Non-controlling interests	80.5	74.2	(6.3)
Total assets	1,530.5	1,558.1	27.6	Total liabilities and equity	1,530.5	1,558.1	27.6
[ Inventories ]	284.3	258.8	(25.5)	[ Net D/E Ratio ]	0.81	0.60	(0.21)

#### 4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	FY2019	FY2020	Incr. (Decr.)
Cash flows from operating activities	142.2	174.3	32.1
Cash flows from investing activities	(109.1)	(77.5)	31.6
Free cash flows	33.1	96.8	63.7
Cash flows from financing activities	(6.4)	(69.0)	(62.6)
Others	(1.6)	3.6	5.2
Net incr.(decr.) in cash and cash equivalents	25.1	31.4	6.3
Cash and cash equivalents at the end of period	164.6	196.0	31.4

Outlook for FY2021	
Interim	Full year
68.0	123.0
(64.0)	(134.0)
4.0	(11.0)
16.0	(10.0)
0.0	0.0
20.0	(21.0)

#### 5. Accounting Fundamentals

		FY2020
R & D expenses	¥ Billions	33.8
Depreciation & amortization	¥ Billions	76.6
Capital expenditures	¥ Billions	93.2
Financing incomes & expenses	¥ Billions	(3.2)
Interest-bearing liabilities	¥ Billions	563.8
Net D/E Ratio	percentage	0.60
Number of employees	person	18,051
Exchange rate	Yen / US\$	106
Domestic standard naphtha price	Yen / KL	31,300

Outlook for FY2021	
Interim	Full year
20.0	39.0
40.0	83.0
71.0	140.0
(2.5)	(5.0)
590.0	575.0
0.58	0.61
18,300	18,300
108	108
48,000	48,000

#### 6. Scope of Consolidation and Equity Method

	As of Mar. 31, 2020	As of Mar. 31, 2021	Incr. (Decr.)
Consolidated subsidiaries	125	123	(2)
Joint operations	4	4	-
Non-consolidated subsidiaries and affiliates	27	27	0
Total	156	154	(2)

Outlook for FY2021	
Interim	Full year
125	125
4	4
26	26
155	155

#### 7. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim (2nd Q)	3rd Q	Year-end (4th Q)	Annual
FY2020 Result	-	50.00	-	50.00	100.00
FY2021 Forecast	-	55.00	-	55.00	110.00

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

	FY2019	FY2020
Number of shares outstanding at term-end (including treasury stock)	204,580,115	204,608,615
Number of shares of treasury stock at term-end	13,557,163	8,664,390
Average number of shares	194,648,574	194,202,034

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the twelve-month period from Apr 1, 2020 to March 31, 2021, hereinafter the “fiscal 2020”), the global economy remained extremely harsh due to various restrictions imposed to stem the spread of coronavirus. Although the economy has shown signs of recovery after restrictions were lifted, some countries and regions have repeatedly imposed restrictions due to continued outbreaks.

In Japan as well, manufacturing sector has shown signs of recovery but the outlook remains uncertain as the government has made several emergency declarations due to continued outbreaks.

On the other hand in the domestic chemical industry, the situation was temporary harsh because of the pandemic but utilization of naphtha crackers is headed toward a recovery as the economy begins to recover.

Under these circumstances, the Mitsui Chemicals Group (hereafter “the Group”) worked for business expansion and growth in three business domains—Mobility, Health Care, and Food & Packaging—while also creating and developing Next Generation Business and further enhancing competitiveness in the area of Basic Materials.

In Mobility, there has been diversified needs for lighter, more comfortable vehicles in the automotive industry in addition to a shift toward electric cars and needs for improved fuel economy. Regarding polypropylene compounds, which is contributing for lighter vehicles, our first production base in Europe began commercial operations. In addition, aiming to seize growing demand in Asia, we expanded the production facilities of our base in Thailand. As for our gear oil additive LUCANT™, which helps improve the fuel economy and longevity of automobiles, we completed construction of a new plant in Ichihara Works to meet expanding global demand. And regarding APEL™, which is mainly used in smartphone camera lenses in the information communication technology (ICT) industry, we began construction of a new plant in Osaka Works to meet a rapid increase in demand.

In Health Care, in addition to declining birthrates and aging populations in advanced countries and growing economies in emerging markets, health consciousness is rising due in part to current measures to address the pandemic. In non-woven fabric, to meet the robust demand for masks and medical staff support in light of the pandemic, our subsidiary Sunrex Industry Co., Ltd. established a production system for non-woven fabric for medical gowns and expanded production facilities for TEKNOROTE™ mask nose clamps. Regarding our ophthalmic lens materials boasting the world-leading market share, we expanded our product lineup by purchasing COTEC GmbH to manufacture, market, and research water-repellent and anti-refractive coating materials. In addition, as for dental materials, we concluded a capital business alliance agreement with SHOFU INC., which is a manufacturer of dental materials and equipment, with the aim of enhancing corporate value and raising our presence in the market.

In Food & Packaging, food security is becoming a major social issue amid global population growth and climate change. With standards of living in Asia rising, the packaging field is seeing growing needs for more highly functional products with a smaller environmental footprint. In performance films and sheets, we decided to expand production facilities for ICROS™ Tape, which commands the largest share of the global market for protective tape used in semiconductor manufacturing processes. In agrochemicals, the Group acquired registration in Japan for its insecticide BROFREYA™ SC, which utilizes the new agent TENEBENAL™ as the active ingredient. Pesticide-resistant pests have become a major problem in crop production and we will continue to help combat the issue.

In Basic Materials, which is centered on petrochemicals and basic chemicals, the Group provides materials to various manufacturing fields, including automobiles, residences,

consumer electronics, infrastructure and packaging. As a strategic foundation, we have moved forward to enhance, expand, optimize and reconstruct downstream products in order to strengthen competitiveness. We strove to further rationalize our crackers, such as by reducing and stabilizing costs through raw material diversification and improving energy efficiency through the installation of a new gas turbine. In order to enhance downstream products, the Group has resolved Honshu Chemical Industry Co., Ltd., which possesses high level of technology in the area of performance polymers relating to ICT, Mobility and Health Care, to become a subsidiary through a tender offer.

Moreover, the Group continues to minimize negative impact on profit and loss by shrinking inventory and reducing fixed costs. The status of other responses is as follows.

1. Measures taken to ensure the health and safety of customers and employees from the perspective of maintaining functions for preventing the spread of infection and continuing business

Mitsui Chemicals, Inc. (hereafter “the Company”) has been recommending teleworking and minimizing number of employees working at the workplace. For operations that are necessary to maintain business functions and can only be done at the workplace, the Company is taking such measures as staggering work times, ensuring thorough handwashing, and requiring masks to be worn.

2. Operational status of main business locations (suspension of operations at plants, impact on sales and production activities, and outlook on reopenings at the time of disclosure)

At present, there has been no impact to the production at the Company’s main manufacturing facilities located at each business location.

3. Production and supply status of major products (inventory levels, procurement of raw materials, securement of alternative methods, and outlook)

Each segment has been impacted by a decrease in sales, but the Company is working collaboratively and sharing information with customers as well as thoroughly and properly managing inventory by flexibly adjusting production based on the latest demand forecasts. At present, there has been no major disruption in the procurement of raw materials for major products.

4. Customer trends (trends in orders, and outlook)

In the automotive field, some of the major customers for our main products appear to have scaled back production. The Company will continue to carefully monitor the situation to minimize the impact.

The Company will continue to respond to coronavirus from the perspectives of business continuity and social contribution.

The Group reported the following operating results for fiscal 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS). The Group has applied operating income before special items as a management indicator, which is operating income excluding non-recurring items.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
Fiscal 2020	1,211.7	85.1	78.1	57.9
Previous fiscal year	1,349.5	72.3	64.6	34.0
Difference	(137.8)	12.8	13.5	23.9
Ratio (%)	(10.2)	17.7	20.9	70.4

**Sales revenue** decreased 137.8 billion yen, or 10.2%, compared with the previous fiscal year to 1,211.7 billion yen. This was mainly attributable to decrease in sales prices due to the fall in naphtha and other raw materials and fuel prices, in addition to decrease in sales resulting from the spread of coronavirus.

**Operating income before special items** was 85.1 billion yen, an increase of 12.8 billion yen or 17.7% year on year. This result was due to favorable terms of trade and reduction of fixed costs, despite of decrease in sales resulting from the spread of coronavirus.

**Operating income** was 78.1 billion yen, increased 13.5 billion yen or 20.9% year on year. This result was mainly due to increase of operating income before special items.

**Financial income/expenses** worsened 0.1 billion yen year on year to 3.9 billion yen loss, due to a decline of dividend income received.

As a result of the aforementioned factors, **income before income taxes** amounted to 74.2 billion yen, an increase of 13.4 billion yen or 22.1% year on year.

**Net income attributable to owners of the parent** after accounting for income taxes and non-controlling interests was 57.9 billion yen, an increase of 23.9 billion yen or 70.4% compared with the previous fiscal year. Basic earnings per share for the period were 298.00 yen.

## (2) Results by Business Segment

The status of each segment during fiscal 2020 is as follows.

### Mobility

Sales revenue decreased 52.4 billion yen compared with the previous fiscal year to 315.5 billion yen and comprised 26% of total sales. Operating income before special items decreased 12.9 billion yen to 30.2 billion yen year on year. The decrease in income was due to slowing demand for automobile.

In **elastomers**, **performance compounds**, overseas **polypropylene compound**, and **solution business**, sales decreased due to the impact of coronavirus.

In **performance polymers**, the Group captured demand and sales remained healthy for ICT-related products.

### Health Care

Sales revenue increased 0.7 billion yen year on year to 143.9 billion yen and comprised 12% of total sales. Operating income before special items increased 6.7 billion yen to 19.9 billion yen, mainly due to healthy sales in nonwoven fabrics.

In **vision care materials**, sales of ophthalmic lens materials stayed firm.

In **nonwoven fabrics**, sales of masks, medical gowns and disposable diapers stayed healthy.

In **dental materials**, sales decreased due to the impact of coronavirus.

### Food & Packaging

Sales revenue decreased 3.6 billion yen compared with the previous fiscal year to 197.7 billion yen and comprised 16% of total sales. On the other hand, operating income before special items increased 5.0 billion yen to 22.0 billion yen year on year, due to healthy sales in agrochemicals and industrial films and sheets.

In **coatings & engineering materials**, sales decreased due to the impact of coronavirus.

In **performance films and sheets**, sales were firm mainly in industrial films and sheets.

In **agrochemicals**, overseas sales were healthy.

### Basic Materials

Sales revenue decreased 78.1 billion yen compared with the previous fiscal year to 541.4 billion yen and accounted for 45% of total sales. On the other hand, operating income before special items increased 10.2 billion yen to 19.6 billion yen, due to improved overseas market.

**Naphtha cracker** operating rates were lower than the previous fiscal year due to decreased demand of downstream products, which was impacted by coronavirus. Performances of **polypropylene** was affected by slowing demand for automotive products.

For Bisphenol A and Acetone, overseas market was at higher level than the previous fiscal year.

### Others

Sales revenue decreased 4.4 billion yen to 13.2 billion yen, comprised 1% of total sales. On the other hand, operating income before special items was 1.1 billion yen loss, increase of 1.8 billion yen compared to the previous year.

## 2. Financial Position

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

**Total assets** at the end of fiscal year stood at 1,558.1 billion yen, an increase of 27.6 billion yen compared with the end of the previous fiscal year.

**Total liabilities** at the end of fiscal year decreased 44.8 billion yen compared with the previous fiscal year-end to 876.0 billion yen. **Interest-bearing debt** amounted to 563.8 billion yen, a decrease of 35.6 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 36.2%, a decrease of 3.0 percentage point.

**Total equity** was 682.1 billion yen, an increase of 72.4 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 39.0%, an increase of 4.4 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.60 at the end of the fiscal year, 0.21 point decrease from the previous fiscal year-end.

## (2) Cash Flow Status

Cash and cash equivalents (hereafter called “net cash”) at the end of the fiscal year increased 31.4 billion yen to 196.0 billion yen compared with the previous fiscal year-end.

### Cash Flows from Operating Activities

Net cash provided by operating activities increased 32.1 billion yen to 174.3 billion yen due to increase of income before income taxes and decrease of income taxes paid.

### Cash Flows from Investing Activities

Net cash used in investing activities decreased 31.6 billion yen compared with the previous fiscal year to 77.5 billion yen, mainly due to decrease of cash outflows from capital expenditure.

### Cash Flows from Financing Activities

Net cash used in financing activities increased 62.6 billion yen compared with the previous fiscal year to 69.0 billion yen due primarily to increase of repayments of interest-bearing debt.

## (3) Trends in Cash Flow Indicators

	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)	FY2020 (As of March 31, 2021)
Shareholders' Equity Ratio (%)	33.9	35.7	36.8	34.6	39.0
Shareholders' Equity Ratio on a Market Value Basis (%)	41.5	46.6	34.7	25.6	44.0
Ratio of Interest-bearing Debt to Cash Flows	4.4	5.6	4.4	4.2	3.2
Interest Coverage Ratio (Times)	17.3	14.8	19.9	25.5	37.1

#### Notes:

- Shareholders' Equity Ratio: Shareholders' equity to total assets.
- Shareholders' Equity Ratio on a Market Value Basis: Market capitalization to total assets.
- Ratio of Interest-bearing Debt to Cash Flows: Interest-bearing debt to cash flows.
- Interest Coverage Ratio: Cash flows to interest paid.
- Each of the indicators was calculated using consolidated financial figures.
- The market capitalization was calculated by multiplying the closing share price as of the end of the period with the number of shares outstanding (excluding treasury stock).
- Operating cash flow figures have been used for cash flow calculations.
- Interest-bearing debt is the portion of total debt booked on the consolidated balance sheet on which interest is being paid. Interest paid is the amount of interest paid as reported in the consolidated statements of cash flows.
- Figures before FY2018 are based on Japanese GAAP.

## 3. Outlook for Fiscal 2021 (Year Ending March 31, 2022)

### (1) Overall of Financial Outlook for Fiscal 2021

In fiscal 2021, the global economy is expected to continue to be impacted by the global spread of the coronavirus. Although signs of economic recovery are expected to remain steady due to economic measures and wide availability of vaccines, concerns of another outbreak of infections persist.

In Japan, the manufacturing sector of the domestic economy is expected to remain on track toward recovery thanks to signs of a global economic recovery. However, there are worries that activities could be restricted due to the spread of coronavirus.

In the chemical industry, although demand is expected to expand due to signs of economic recovery, chemical companies should remain vigilant regarding fluctuations of raw materials

and other chemical product markets.

Under these conditions, the Group forecasts its business performance and earnings growth for fiscal 2021 as follows.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income	Net Income Attributable to Owners of the Parent
Fiscal 2021	1,400.0	115.0	113.0	88.0	79.0
Fiscal 2020	1,211.7	85.1	78.1	64.2	57.9
Difference	188.3	29.9	34.9	23.8	21.1
Ratio (%)	15.5	35.1	44.7	37.0	36.5

Outlook above are based on the following assumptions:

- a) Exchange rate for the full year is 108 yen/US\$
- b) Average price of domestic naphtha is 48,000 yen /kl
- c) "Operating income before special items" is operating income excluding non-recurring items (losses resulting from withdrawing from and downsizing businesses, etc.).

## (2) Outlook by FY2021 Business Segment

Outlook by FY2021 business segment is as follows.

(Billions of Yen)

	Sales Revenue						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
Fiscal 2021	385.0	150.0	215.0	635.0	15.0	-	1,400.0
Fiscal 2020	315.5	143.9	197.7	541.4	13.2	-	1,211.7
Difference	69.5	6.1	17.3	93.6	1.8	-	188.3
Ratio (%)	22.0	4.2	8.8	17.3	13.4	-	15.5

(Billions of Yen)

	Operating Income before Special Items						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
Fiscal 2021	44.0	21.0	24.0	36.0	(1.0)	(9.0)	115.0
Fiscal 2020	30.2	19.9	22.0	19.6	(1.1)	(5.5)	85.1
Difference	13.8	1.1	2.0	16.4	0.1	(3.5)	29.9
Ratio (%)	45.8	5.8	9.1	83.3	-	-	35.1

## 4. Basic Policy on Appropriation of Profits, Cash Dividends for Fiscal 2020 and 2021 (Year Ending March 31, 2021 and March 31, 2022)

### (1) Basic Policy on Appropriation of Profits

In addition to continually raising dividends in line with performance trends, the Company will flexibly acquire treasury stock depending on the stock price and market environment, therefore to enhance returns to shareholders.

Specifically, the Company will aim to achieve a total return ratio of 30% or more.

Note: Total return ratio = (dividends paid + treasury stock acquired) / net income attributable to owners of the parent



From the fiscal year ending March 31, 2022, the Company will enhance stable and continual dividends over the medium to long term, and flexibly acquire treasury stock to provide appropriate returns to shareholders.

Specifically, the Company will aim to realize a steady 3% or higher for dividends on equity (DOE) and a total return ratio of 30% or more.

Note: Dividends on equity = dividends paid / total equity attributable to owners of the parent

## **(2) Cash Dividends for Fiscal 2020 and 2021**

Considering the recent business conditions, the Company plans to pay a year-end dividend of 50 yen per share in current fiscal year.

Because a 50 yen interim dividend was already paid out on December 2, 2020, dividends for the full fiscal year will total 100 yen per share and total return ratio will be 33.9%.

Turning to dividends for the fiscal year ending March 31, 2022, the Company plans to pay an interim dividend of 55 yen and a year-end dividend of 55 yen, totaling 110 yen per share for the full year.

## **5. Concept for Selection of Accounting Standard**

Based on the Group's development of global business activities, the Group voluntarily adopted IFRS from the first quarter of fiscal 2020 for the purpose of improving international comparability of financial information in capital market and enhance its business management by unifying accounting standard across the Group.

## 6. Consolidated Statements of Financial Position

	Millions of yen		
	Transition Date As of April 1, 2019	FY2019 As of March 31, 2020	FY2020 As of March 31, 2021
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	139,489	164,571	195,987
Trade receivables	313,953	273,894	285,846
Inventories	299,621	284,306	258,814
Other financial assets	34,174	36,805	27,176
Other current assets	16,718	22,258	15,230
Total	803,955	781,834	783,053
Assets held for sale	—	—	4,519
<b>Total current assets</b>	<b>803,955</b>	<b>781,834</b>	<b>787,572</b>
<b>Non-current assets</b>			
Property, plant and equipment	437,991	453,188	455,749
Right-of-use assets	48,823	46,462	46,211
Goodwill	1,483	1,476	1,123
Intangible assets	24,390	24,759	19,678
Investment property	22,406	23,250	23,222
Investments accounted for using equity method	87,623	87,620	97,509
Other financial assets	108,536	62,882	57,463
Retirement benefit assets	40,459	33,939	55,059
Deferred tax assets	8,450	9,097	9,333
Other non-current assets	6,786	6,008	5,206
<b>Total non-current assets</b>	<b>786,947</b>	<b>748,681</b>	<b>770,553</b>
<b>Total assets</b>	<b>1,590,902</b>	<b>1,530,515</b>	<b>1,558,125</b>

Millions of yen			
	Transition Date As of April 1, 2019	FY2019 As of March 31, 2020	FY2020 As of March 31, 2021
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	155,947	121,011	119,712
Bonds and borrowings	191,575	232,793	216,721
Income taxes payable	7,510	4,518	6,195
Other financial liabilities	108,879	90,007	84,242
Provisions	1,176	1,828	1,157
Other current liabilities	34,264	35,517	37,736
Total	499,351	485,674	465,763
Liabilities directly associated with assets held for sale	—	—	542
<b>Total current liabilities</b>	<b>499,351</b>	<b>485,674</b>	<b>466,305</b>
<b>Non-current liabilities</b>			
Bonds and borrowings	322,749	313,237	293,495
Other financial liabilities	60,862	69,003	67,722
Retirement benefit liabilities	55,662	25,146	16,384
Provisions	4,291	4,294	3,698
Deferred tax liabilities	16,286	23,017	27,834
Other non-current liabilities	638	437	530
<b>Total non-current liabilities</b>	<b>460,488</b>	<b>435,134</b>	<b>409,663</b>
<b>Total liabilities</b>	<b>959,839</b>	<b>920,808</b>	<b>875,968</b>
<b>Equity</b>			
Share capital	125,205	125,298	125,331
Capital surplus	79,256	79,320	74,009
Treasury stock	(29,869)	(39,254)	(24,900)
Retained earnings	350,695	359,794	424,084
Other components of equity	26,495	4,062	9,397
<b>Total equity attributable to owners of the parent</b>	<b>551,782</b>	<b>529,220</b>	<b>607,921</b>
<b>Non-controlling interests</b>	<b>79,281</b>	<b>80,487</b>	<b>74,236</b>
<b>Total equity</b>	<b>631,063</b>	<b>609,707</b>	<b>682,157</b>
<b>Total liabilities and equity</b>	<b>1,590,902</b>	<b>1,530,515</b>	<b>1,558,125</b>

## 7. Consolidated Statements of Income Statements and Consolidated Statements of Comprehensive Income Statements

### (Consolidated Income Statements)

	Millions of yen	
	FY2019 April 1, 2019 to March 31, 2020	FY2020 April 1, 2020 to March 31, 2021
<b>Sales revenue</b>	<b>1,349,522</b>	<b>1,211,725</b>
Cost of sales	(1,051,139)	(917,883)
<b>Gross profit</b>	<b>298,383</b>	<b>293,842</b>
Selling, general and administrative expenses	(226,592)	(211,980)
Other operating income	8,823	4,406
Other operating expenses	(20,557)	(14,183)
Share of profit of investments accounted for using equity method	4,512	5,989
<b>Operating income</b>	<b>64,569</b>	<b>78,074</b>
Financial income	5,406	4,297
Financial expenses	(9,151)	(8,128)
<b>Income before income taxes</b>	<b>60,824</b>	<b>74,243</b>
Income tax expense	(18,205)	(10,024)
<b>Net income</b>	<b>42,619</b>	<b>64,219</b>
<b>Net income attributable to:</b>		
Owners of parent	33,970	57,873
Non-controlling interests	8,649	6,346
<b>Net income</b>	<b>42,619</b>	<b>64,219</b>
<b>Earnings per share</b>		
Basic earnings per share (Yen)	174.52	298.00

### (Consolidated Statements of Comprehensive Income)

	Millions of yen	
	FY2019 April 1, 2019 to March 31, 2020	FY2020 April 1, 2020 to March 31, 2021
<b>Net income</b>	<b>42,619</b>	<b>64,219</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(15,162)	670
Remeasurements of defined benefit plans	(6,834)	24,605
Share of other comprehensive income of investments accounted for using equity method	36	263
Total of items that will not be reclassified to profit or loss	(21,960)	25,538
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(5,582)	5,816
Effective portion of net change in fair value of cash flow hedges	788	579
Share of other comprehensive income of investments accounted for using equity method	(1,834)	(280)
Total of items that may be reclassified to profit or loss	(6,628)	6,115
<b>Total other comprehensive income, net of tax</b>	<b>(28,588)</b>	<b>31,653</b>
<b>Comprehensive income</b>	<b>14,031</b>	<b>95,872</b>
<b>Comprehensive income attributable to:</b>		
Owners of parent	6,174	88,974
Non-controlling interests	7,857	6,898
<b>Comprehensive income</b>	<b>14,031</b>	<b>95,872</b>

## 8. Consolidated Statements of Cash Flows

	Millions of yen	
	FY2019	FY2020
	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes	60,824	74,243
Depreciation and amortization	76,009	76,621
Impairment loss	6,389	8,050
Insurance income	(5,174)	(1,761)
Interest and dividend income	(4,827)	(2,152)
Interest expenses	5,542	4,634
Share of loss (profit) of investments accounted for using equity method	(4,512)	(5,989)
Decrease (increase) in trade receivables	35,027	(7,113)
Decrease (increase) in inventories	12,673	27,360
Increase (decrease) in trade payables	(31,551)	(5,420)
Other	2,405	10,312
<b>Subtotal</b>	<b>152,805</b>	<b>178,785</b>
Interest and dividends received	9,054	6,246
Proceeds from insurance income	5,174	1,761
Interest paid	(5,589)	(4,705)
Income taxes paid	(19,212)	(7,764)
<b>Net cash provided by (used in) operating activities</b>	<b>142,232</b>	<b>174,323</b>
Net cash provided by (used in) investing activities		
Purchase of marketable securities	(5,000)	—
Proceeds from sale and redemption of marketable securities	1	5,000
Purchase of property, plant and equipment	(95,116)	(74,904)
Proceeds from sale of property, plant and equipment	1,140	591
Purchase of intangible assets	(4,655)	(1,677)
Proceeds from sale of intangible assets	376	84
Purchase of investment securities	(1,230)	(877)
Proceeds from sale and redemption of investment securities	357	161
Purchase of subsidiaries	—	(1,722)
Purchase of equity accounted investments	—	(4,460)
Proceeds from equity accounted investments	—	99
Other	(4,985)	150
<b>Net cash provided by (used in) investing activities</b>	<b>(109,112)</b>	<b>(77,555)</b>

	Millions of yen	
	FY2019	FY2020
	April 1, 2019 to March 31, 2020	April 1, 2020 to March 31, 2021
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term borrowings	(647)	(8,498)
Increase(decrease) in commercial papers	50,000	(10,000)
Proceeds from long-term borrowings	26,327	19,542
Repayments of long-term borrowings	(58,759)	(42,963)
Proceeds from issuance of bonds	20,000	15,000
Redemption of bonds	(426)	(10,426)
Repayments of lease liabilities	(7,282)	(8,108)
Proceeds from sale of treasury stock	20	3
Purchase of treasury stock	(9,389)	(691)
Dividends paid	(19,509)	(19,349)
Dividends paid to non-controlling interests	(6,700)	(6,266)
Proceeds from sale of interests in subsidiaries to non-controlling interests	—	2,800
<b>Net cash provided by (used in) financing activities</b>	<b>(6,365)</b>	<b>(68,956)</b>
Effect of exchange rate change on cash and cash equivalents	(1,673)	3,604
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25,082</b>	<b>31,416</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>139,489</b>	<b>164,571</b>
<b>Cash and cash equivalents at end of period</b>	<b>164,571</b>	<b>195,987</b>

## 9. Segment Information

### (1) Overview of Reportable Segments

The Group's business segments are components of the Group for which separate financial information is available and that are regularly reviewed by the Board of Directors (chief operating decision maker) to make decisions about management resources to be allocated to the segments and assess their performance.

The Group positions business sector distinguished by their products and services within its headquarters. Each business sector proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area.

Comprehensively considering similarities such as the details of products and services and target markets, the four reportable segments (distinguished by products and services) that comprise the Group's operations without aggregating the business segments are: Mobility, Health Care, Food & Packaging, and Basic Materials. Business segments, which are not included in the reportable segments, are classified into "Others."

Major products manufactured and sold by business segments are as follows:

Segments		Major Products and Businesses
Reportable Segments	Mobility	Elastomers, performance compounds, functional polymers, polypropylene compounds and comprehensive services regarding to the development of automotive and industrial products (Solution business)
	Health Care	Vision care materials, nonwoven fabrics, dental materials and, personal care materials
	Food & Packaging	Coating & engineering materials, performance films and sheets and, agrochemical products
	Basic Materials	Ethylene, propylene, polyethylene, polypropylene, catalysts, phenols, PTA, PET, polyurethane materials and, industrial chemical products
Others	Others	Other related businesses, etc.

### (2) Methods to Determine Sales Revenue, Income or Loss, Assets, and Others by Reportable Business Segment

Income by reportable business segment is stated on a basis of operating income before special items, which is operating income excluding non-recurring items (losses resulting from withdrawing from and downsizing businesses, etc.). Intersegment transaction pricing and transfer pricing are negotiated and determined based on prevailing market prices.

### (3) Information concerning Sales Revenue, Income or Loss, Assets, and Others by Reportable Business Segment

Transition Date (As of April 1, 2019)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Sum total	Adjustment (Note 2)	Consolidated
	Mobility	Health Care	Food & Packaging	Basic Materials	Total				
Segment assets	363,340	199,451	245,895	655,876	1,464,562	73,531	1,538,093	52,809	1,590,902
Other items									
Investments accounted for using equity method	22,419	2,748	2,313	57,585	85,065	2,558	87,623	—	87,623

Notes:

1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
2. The 52,809 million in adjustments to segment assets includes corporate assets of 213,842 million not allocated to reportable segments and negative 161,033 million elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.

The previous fiscal year (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Sum total	Adjustment (Note 2)	Consolidated
	Mobility	Health Care	Food & Packaging	Basic Materials	Total				
Sales revenue									
1) To external customers	367,910	143,147	201,309	619,520	1,331,886	17,636	1,349,522	—	1,349,522
2) Intersegment	11,446	3,183	1,708	66,681	83,018	59,894	142,912	(142,912)	—
Total	379,356	146,330	203,017	686,201	1,414,904	77,530	1,492,434	(142,912)	1,349,522
Segment income (Operating income before special items)	43,104	13,233	17,003	9,396	82,736	(2,981)	79,755	(7,425)	72,330
Segment assets	367,094	195,956	242,414	597,162	1,402,626	66,993	1,469,619	60,896	1,530,515
Other items									
Depreciation and amortization	17,919	11,865	9,705	30,476	69,965	5,311	75,276	733	76,009
Share of profit of investments accounted for using equity method	2,808	242	72	564	3,686	—	3,686	826	4,512
Impairment loss	670	5,137	222	210	6,239	—	6,239	150	6,389
Investments accounted for using equity method	21,884	4,270	1,081	56,180	83,415	4,205	87,620	—	87,620
Capital expenditures (Note 3)	33,501	11,271	16,586	38,247	99,605	6,433	106,038	501	106,539

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
  2. The negative 7,425 million in adjustments to segment income includes corporate expenses of negative 7,975 million not allocated to reportable segments and 550 million elimination of intersegment transactions. Corporate expenses mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business. The 60,896 million in adjustments to segment assets includes corporate assets of 197,416 million not allocated to reportable segments and a negative 136,520 million elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.
  3. Capital expenditure includes property, plant and equipment, intangible assets and investment property etc.

	Reportable Segment					Others (Note 1)	Sum total	Adjustment (Note 2)	Consolidated
	Mobility	Health Care	Food & Packaging	Basic Materials	Total				
Sales revenue									
1) To external customers	315,480	143,933	197,700	541,382	1,198,495	13,230	1,211,725	—	1,211,725
2) Intersegment	9,104	2,496	2,224	54,061	67,885	51,785	119,670	(119,670)	—
Total	324,584	146,429	199,924	595,443	1,266,380	65,015	1,331,395	(119,670)	1,211,725
Segment income (Operating income before special items)	30,177	19,852	21,989	19,642	91,660	(1,045)	90,615	(5,475)	85,140
Segment assets	346,837	199,251	253,218	606,146	1,405,452	80,790	1,486,242	71,883	1,558,125
Other items									
Depreciation and amortization	17,463	10,991	10,419	32,245	71,118	4,862	75,980	641	76,621
Share of profit of investments accounted for using equity method	1,999	(175)	272	3,482	5,578	—	5,578	411	5,989
Impairment loss	5,486	153	182	2,112	7,933	—	7,933	117	8,050
Investments accounted for using equity method	20,845	11,349	1,987	60,535	94,716	2,793	97,509	—	97,509
Capital expenditures (Note 3)	21,136	9,582	13,485	39,376	83,579	9,156	92,735	435	93,170

- Notes:
1. "Others" encompasses business segments not included in the reportable segments and includes other related businesses, etc.
  2. The negative 5,475 million in adjustments to segment income includes corporate expenses of negative 5,506 million not allocated to reportable segments and 31 million elimination of intersegment transactions. Corporate expenses mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business. The 71,883 million in adjustments to segment assets includes corporate assets of 230,719 million not allocated to reportable segments and a negative 158,836 million elimination of intersegment transactions. Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.
  3. Capital expenditure includes property, plant and equipment, intangible assets and investment property etc.



**(4) Adjustments from segment income (loss) to income before income taxes**

(Millions of yen)

	FY2019	FY2020
Total reportable segment income	72,330	85,140
Impairment loss	(6,389)	(8,050)
Loss on disposal of non-current assets	(165)	(698)
Loss on related business	(2,287)	(3)
Other	1,080	1,685
Operating income	64,569	78,074
Financial income	5,406	4,297
Financial expense	(9,151)	(8,128)
Income before income taxes	60,824	74,243

**10. Information by Region**

Sales Revenue (Millions of yen)

	FY2019	FY2020
Japan	667,135	556,023
China	200,227	226,253
Asia	158,531	156,133
America	194,958	154,431
Europe	107,266	100,072
Other regions	21,405	18,813
Total	1,349,522	1,211,725

- Notes: 1. Sales revenue is classified by country and region based on customer location.  
2. Major countries and regions located in areas outside of Japan and China are as follows:  
(1) Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India  
(2) America: The United States, Mexico  
(3) Europe: Germany, France  
(4) Other regions: Oceania, Africa