

Operational Summary

for the First Half of the Fiscal Year Ending March 31, 2021

November 4, 2020

Mitsubishi Chemical Holdings Corporation

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List of Abbreviations

FY2020	April 1, 2020 – March 31, 2021	
	1st Quarter (1Q):	April 1, 2020 – June 30, 2020
	2nd Quarter (2Q):	July 1, 2020 – September 30, 2020
	3rd Quarter (3Q):	October 1, 2020 – December 31, 2020
	4th Quarter (4Q):	January 1, 2021 – March 31, 2021
	1st Half (1H):	April 1, 2020 – September 30, 2020
	2nd Half (2H):	October 1, 2020 – March 31, 2021
FY2019	April 1, 2019 – March 31, 2020	
	1st Quarter (1Q):	April 1, 2019 – June 30, 2019
	2nd Quarter (2Q):	July 1, 2019 – September 30, 2019
	3rd Quarter (3Q):	October 1, 2019 – December 31, 2019
	4th Quarter (4Q):	January 1, 2020 – March 31, 2020
	1st Half (1H):	April 1, 2019 – September 30, 2019
	2nd Half (2H):	October 1, 2019 – March 31, 2020
MCHC	Mitsubishi Chemical Holdings Corporation	
MCC	Mitsubishi Chemical Corporation	
MTPC	Mitsubishi Tanabe Pharma Corporation	
LSII	Life Science Institute, Inc.	
NSHD	Nippon Sanso Holdings Corporation	

Consolidated Statements of Operations

Exchange Rate (¥/\$)	107.4	105.3	106.3	108.7	(2.4)	(2%)
Naphtha Price (¥/kl)	25,000	30,200	27,600	42,800	(15,200)	(36%)

(Billions of Yen)

		1Q	2Q	FY2020 1H	FY2019 1H	Difference	%
Continuing Operations * 2	Sales Revenue	722.7	782.1	1,504.8	1,827.7	(322.9)	(18%)
	Core Operating Income *1	15.0	39.6	54.6	130.8	(76.2)	(58%)
	Special Items	8.7	(91.4)	(82.7)	(0.2)	(82.5)	
	Operating Income (Loss)	23.7	(51.8)	(28.1)	130.6	(158.7)	-
	Financial Income/Expenses (Dividend included above)	(3.3) [2.5]	(5.4) [0.3]	(8.7) [2.8]	(8.2) [3.0]	(0.5) [(0.2)]	
	(Foreign Exchange Gain/Loss included above)	[0.0]	[(0.4)]	[(0.4)]	[0.4]	[(0.8)]	
	Income (Loss) before Taxes	20.4	(57.2)	(36.8)	122.4	(159.2)	
	Income Taxes	(12.2)	9.1	(3.1)	(37.6)	34.5	
	Net Income (Loss) from Continuing Operations	8.2	(48.1)	(39.9)	84.8	(124.7)	
	Net Income from Discontinued Operations *3	-	-	-	16.9	(16.9)	
Net Income (Loss)	8.2	(48.1)	(39.9)	101.7	(141.6)		
Net Income (Loss) Attributable to Owners of the Parent	5.2	(54.9)	(49.7)	81.3	(131.0)	-	
Net Income (Loss) Attributable to Non-Controlling Interests	3.0	6.8	9.8	20.4	(10.6)		
	0.2	0.9	1.1	8.1	(7.0)		

*1 Share of profit of associates and joint ventures included.

*2 Discontinued operations not included.

*3 Figures for FY2019, include ¥15.8 billion from gain on share exchanges after tax.

Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (losses incurred by business withdrawal and streamlining, etc.).

Sales Revenue and Core Operating Income (Loss) by Business Segment

		(Billions of Yen)					Impact of COVID-19 (Approximation)
		1Q	2Q	FY2020 1H	FY2019 1H	Difference	FY2020 1H
Total Consolidated	Sales Revenue	722.7	782.1	1,504.8	1,827.7	(322.9)	
	Core Operating Income	15.0	39.6	54.6	130.8	(76.2)	(63.7)
Functional Products	Sales Revenue	142.7	150.4	293.1	347.2	(54.1)	
	Core Operating Income	8.7	8.7	17.4	26.5	(9.1)	(14.0)
Performance Chemicals	Sales Revenue	87.5	93.0	180.5	219.7	(39.2)	
	Core Operating Income	1.2	2.9	4.1	13.6	(9.5)	(11.6)
Performance Products	Sales Revenue	230.2	243.4	473.6	566.9	(93.3)	
	Core Operating Income	9.9	11.6	21.5	40.1	(18.6)	(25.6)
MMA	Sales Revenue	52.5	62.1	114.6	149.8	(35.2)	
	Core Operating Income	(1.2)	3.0	1.8	25.2	(23.4)	(13.0)
Petrochemicals	Sales Revenue	84.2	98.4	182.6	271.8	(89.2)	
	Core Operating Income	(13.6)	1.1	(12.5)	1.8	(14.3)	(12.9)
Carbon Products	Sales Revenue	44.4	39.4	83.8	135.5	(51.7)	
	Core Operating Income	(1.3)	(2.6)	(3.9)	8.9	(12.8)	(6.2)
Chemicals	Sales Revenue	181.1	199.9	381.0	557.1	(176.1)	
	Core Operating Income	(16.1)	1.5	(14.6)	35.9	(50.5)	(32.1)
Industrial Gases	Sales Revenue	182.9	198.5	381.4	419.5	(38.1)	
	Core Operating Income	13.5	22.1	35.6	44.3	(8.7)	(11.4)
Health Care	Sales Revenue	95.2	98.8	194.0	195.5	(1.5)	
	Core Operating Income	8.9	4.5	13.4	10.3	3.1	5.4
Others	Sales Revenue	33.3	41.5	74.8	88.7	(13.9)	
	Core Operating Income	(1.2)	(0.1)	(1.3)	0.2	(1.5)	0.0
[Inventory valuation gain/loss]							
	Performance Chemicals	(0.5)	(0.3)	(0.8)	(1.1)	0.3	
	Petrochemicals	(14.3)	(0.5)	(14.8)	(3.4)	(11.4)	
	Carbon Products	(0.5)	(0.9)	(1.4)	(0.6)	(0.8)	
	Total	(15.3)	(1.7)	(17.0)	(5.1)	(11.9)	

*1 All figures are approximation for reference purpose only.

*2 From Q2 FY2020, Qualicaps, Inc. has been reclassified from the Health Care segment to the Performance Products segment (Performance Chemicals). In addition, the segmentation of certain businesses and consolidated subsidiaries in MCC has been reviewed. The segment information for FY2019 is accordingly restated.

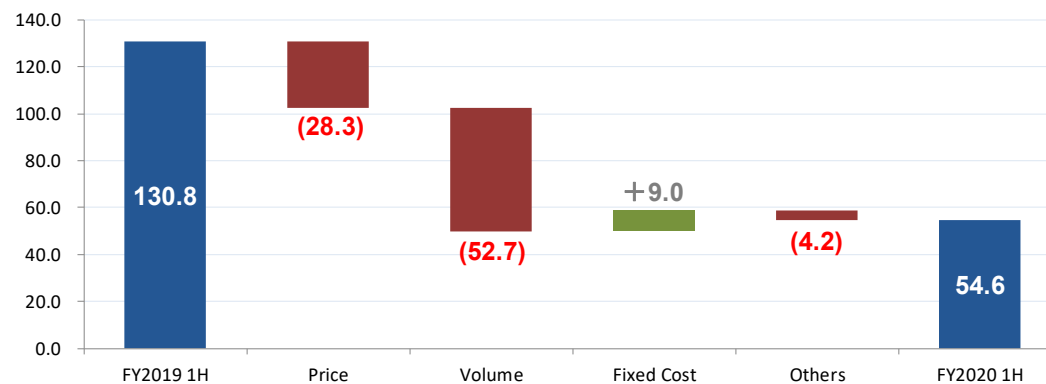
Analysis of Core Operating Income (Loss)

(Billions of Yen)

	FY2020 1H	FY2019 1H	Difference	Price	Volume	Fixed Cost	Others *
Total Consolidated	54.6	130.8	(76.2)	(28.3)	(52.7)	9.0	(4.2)
Performance Products	21.5	40.1	(18.6)	0.2	(27.3)	3.4	5.1
Chemicals	(14.6)	35.9	(50.5)	(23.9)	(12.6)	1.4	(15.4)
Industrial Gases	35.6	44.3	(8.7)	1.6	(11.0)	0.1	0.6
Health Care	13.4	10.3	3.1	(6.4)	(1.8)	4.1	7.2
Others	(1.3)	0.2	(1.5)	0.2	0.0	0.0	(1.7)

* Items included are impacts from inventory valuation gain/loss and Equity Income, etc.

Changes in exchange rates	(0.5)	(1.5)	(0.1)	-	1.1
Changes in foreign currency translation included in above		(0.3)			



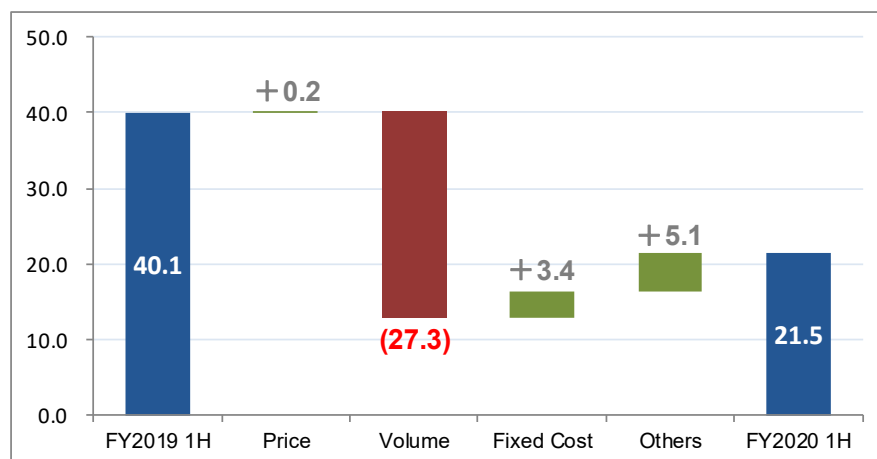
Performance Products Segment

(Billions of Yen)

		FY2020 1H	FY2019 1H	Difference
Functional Products	Sales Revenue	293.1	347.2	(54.1)
	Core Operating Income	17.4	26.5	(9.1)
Performance Chemicals	Sales Revenue	180.5	219.7	(39.2)
	Core Operating Income	4.1	13.6	(9.5)
Performance Products	Sales Revenue	473.6	566.9	(93.3)
	Core Operating Income	21.5	40.1	(18.6)

Functional Products	
Sales Revenue	Despite signs of a pickup in the near term, demand weakened mainly for automotive applications, with sales volumes of high-performance engineering plastics declining and other offerings.
Core Operating Income	Earnings dropped amid lower sales volumes for high-performance engineering plastics and other offerings.
Performance Chemicals	
Sales Revenue	Sales volumes were down owing to an overall decline for automobiles, including for performance polymers, as well as because of the impact of scheduled maintenance and repairs for phenol-polycarbonate chain materials facilities.
Core Operating Income	Earnings were down amid lower sales volumes for performance polymers, phenol-polycarbonate chain materials, and other offerings.

< Analysis of Core Operating Income >



Estimated impact of COVID-19

(25.6) (including 14.0 in Functional Products segment and 11.6 in Performance Chemicals segment)

<Major initiatives>

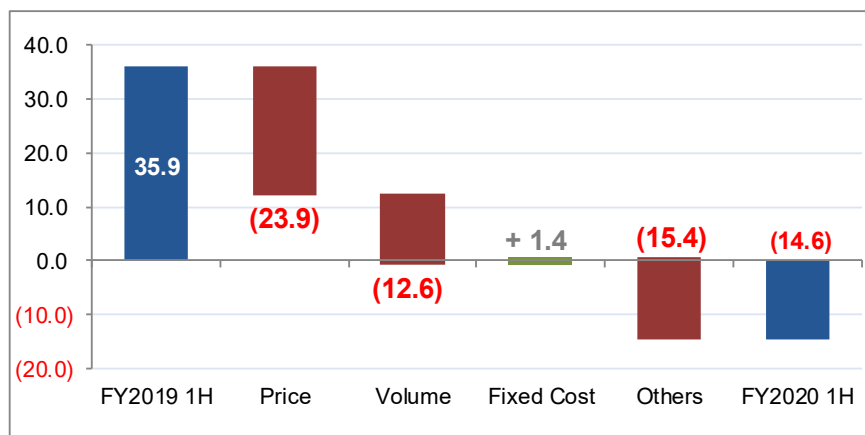
- In April 2020, MCC decided to acquire Gelest, Inc., and made it a consolidated subsidiary in October. This purchase will enable MCC to broaden its customer solutions by combining its advanced technologies, business resources, and customer network with Gelest's capabilities. Gelest's key strengths include its advanced molecular design and compounding technologies in silicon compounds for contact lens materials, antimicrobials, and other materials, and the extensive use of the company's metal compounds for semiconductor precursors and other materials.
- In October 2020, MCC and Ube Industries, Ltd., established joint venture MU Ionic Solutions Corporation based on a joint incorporation-type split plan agreed in July 2020. The new entity has succeeded the electrolyte businesses of both partners, as announced in March 2020.

Chemicals Segment

(Billions of Yen)

		FY2020 1H	FY2019 1H	Difference
MMA	Sales Revenue	114.6	149.8	(35.2)
	Core Operating Income	1.8	25.2	(23.4)
Petrochemicals	Sales Revenue	182.6	271.8	(89.2)
	Core Operating Income	(12.5)	1.8	(14.3)
Carbon Products	Sales Revenue	83.8	135.5	(51.7)
	Core Operating Income	(3.9)	8.9	(12.8)
Chemicals	Sales Revenue	381.0	557.1	(176.1)
	Core Operating Income	(14.6)	35.9	(50.5)

<Analysis of Core Operating Income>



Estimated impact of COVID-19

(32.1) (including 13.0 in MMA, 12.9 in Petrochemicals, and 6.2 in Carbon Products)

MMA	
Sales Revenue	Revenue declined despite improving conditions in the MMA monomer and other markets.
Core Operating Income	Earnings dwindled owing mainly to smaller gap between raw materials and product prices amid weaker market conditions.
Petrochemicals	
Sales Revenue	Revenue dropped owing to lower sales volumes from a greater impact of scheduled maintenance and repairs at the ethylene production facility, with prices declining owing to lower raw materials costs and other factors.
Core Operating Income	Earnings decreased amid a greater impact of scheduled maintenance and repairs and inventory valuation losses from lower raw materials prices.
Carbon Products	
Sales Revenue	Revenue was down amid lower prices as a result of reduced raw materials costs and a drop in sales volumes from declining in demand for coke and other offerings.
Core Operating Income	Earnings were off owing to a shrinking gap between raw materials and product prices, including for export coke.

<Major initiatives>

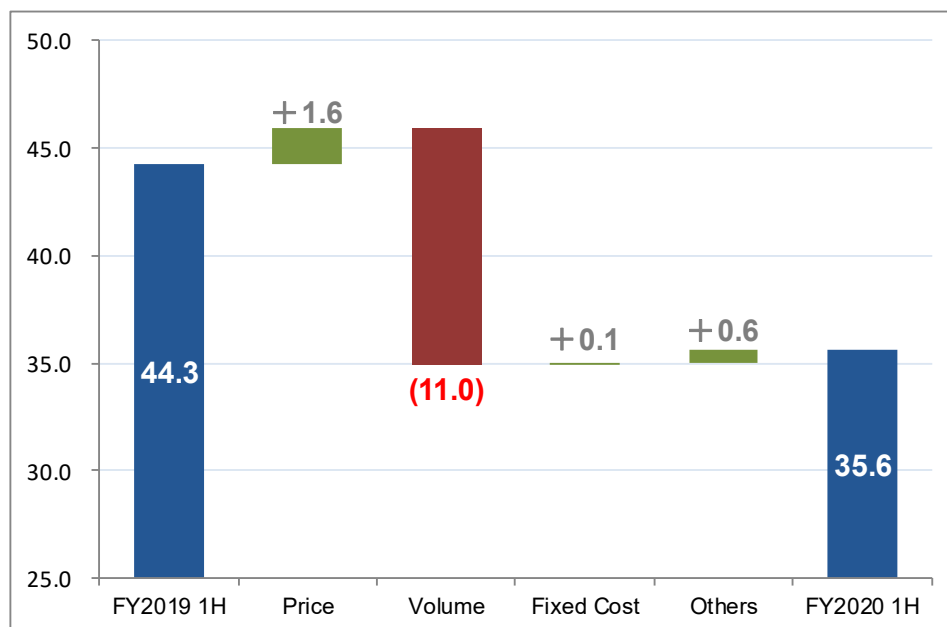
- In July 2020, MCC consolidated subsidiary Japan Polypropylene Corporation decided to halt production at one polypropylene production line (with an annual capacity of 70,000 metric tons) at the Goi Plant. Effective January 2021 (planned), the move is part of reforms to bolster profitability.
- In September 2020, MCC consolidated subsidiary Japan Polyethylene Corporation (JPE) decided to close one high pressure low-density polyethylene production line (with an annual capacity of 62,000 metric tons) at the Kashima Plant, effective May 2021 (planned). JPE will concentrate the production of this polyethylene at its Kawasaki Plant and discontinue the production and sale of ethylene-vinyl acetate copolymer from the plant as part of restructuring efforts.

Industrial Gases Segment

		(Billions of Yen)		
		FY2020 1H	FY2019 1H	Difference
Industrial Gases	Sales Revenue	381.4	419.5	(38.1)
	Core Operating Income	35.6	44.3	(8.7)

Industrial Gases	
Sales Revenue	Although demand for electronics-related gases remained strong, revenue was down amid lower domestic and overseas demand.
Core Operating Income	Earnings declined amid lower overall domestic and overseas demand.

< Analysis of Core Operating Income >



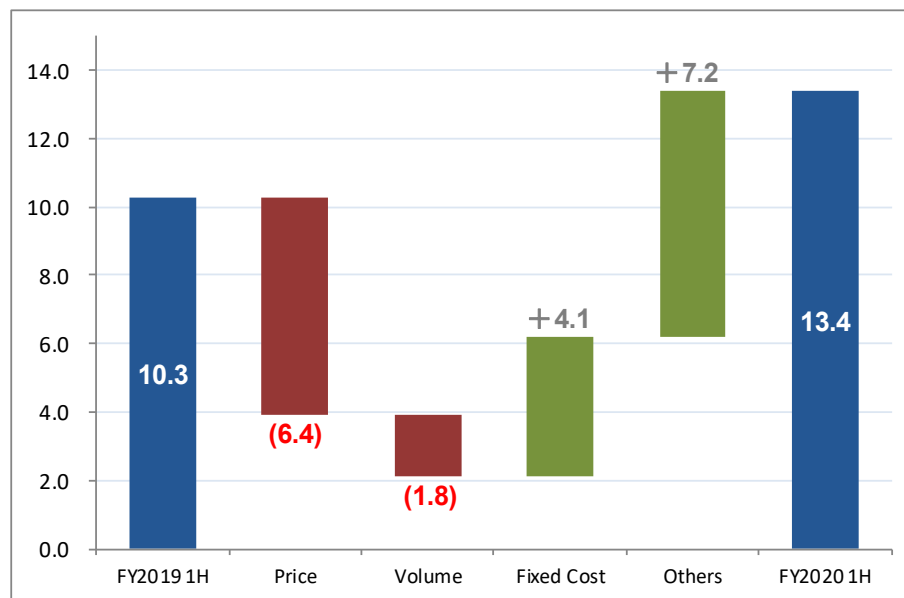
Estimated impact of COVID-19
(11.4)

Health Care Segment

		(Billions of Yen)		
		FY2020 1H	FY2019 1H	Difference
Health Care	Sales Revenue	194.0	195.5	(1.5)
	Core Operating Income	13.4	10.3	3.1

Health Care	
Sales Revenue	Revenue was unchanged mainly because higher sales volumes primarily in domestic priority products, offset by lower domestic sales prices for pharmaceuticals owing to National Health Insurance drug price revisions and other factors.
Core Operating Income	Earnings were unchanged despite such factor as lower domestic sales prices for pharmaceuticals amid National Health Insurance drug price revisions. This was because constrained activities owing to the COVID-19 pandemic suppressed spending on selling, general and administrative expenses, and research and development. Profit was down mainly because some <i>Gilenya</i> royalty revenue was not recognized.

< Analysis of Core Operating Income >



Estimated impact of COVID-19
5.4

Note:

Royalty revenue from Novartis Pharma AG for *Gilenya*, a treatment agent for multiple sclerosis, was reduced, because a part of the royalty revenue was not recognized as sales revenue in accordance with IFRS 15 due to the start of arbitration proceedings.

<Major initiatives>

- In July 2020, MTPC received approval for edaravone (branded *Radicava* in the United States) as an intravenous treatment for amyotrophic lateral sclerosis in Indonesia, followed by Japan, South Korea, the United States, Canada, Switzerland, and China.

Consolidated Special Items

(Billions of Yen)

	1Q	2Q	FY2020 1H	FY2019 1H	Difference
Total Special Items	8.7	(91.4)	(82.7)	(0.2)	(82.5)
Impairment loss	(0.0)	(87.0)	(87.0)	(1.4)	(85.6)
Loss on sale and disposal of fixed assets	(0.2)	(3.0)	(3.2)	(1.1)	(2.1)
Special retirement expenses	(0.0)	(0.0)	(0.0)	(1.0)	1.0
Gain on sale of property, plant and equipment	8.1	0.5	8.6	1.9	6.7
Gain on sale of intercompany securities	0.9	-	0.9	0.5	0.4
Reversal of Impairment Loss	-	-	-	1.7	(1.7)
Others	(0.1)	(1.9)	(2.0)	(0.8)	(1.2)

[Special Items by Business Segment]

Performance Products	0.8	(4.4)	(3.6)	(0.2)	(3.4)
Chemicals	(0.0)	(2.3)	(2.3)	(1.1)	(1.2)
Industrial Gases	-	(0.1)	(0.1)	0.4	(0.5)
Health Care	8.1	(84.6)	(76.5)	0.8	(77.3)
Others	(0.2)	(0.0)	(0.2)	(0.1)	(0.1)

Consolidated Cash Flows

	Based on statements of cash flows		Adjusted cash flows *1	
	FY2020 1H	FY2019 1H	FY2020 1H	FY2019 1H
Net cash provided by (used in) operating activities	163.3	251.2	163.3	251.2
Income before taxes	(36.8)	148.0	(36.8)	148.0
Depreciation and amortization	119.9	119.1	119.9	119.1
Change in operating receivables/payables	(16.8)	28.4	(16.8)	28.4
Change in Inventories	16.9	3.2	16.9	3.2
Others	80.1	(47.5)	80.1	(47.5)
Net cash provided by (used in) investment activities	(43.0)	(105.7)	(113.0)	(89.6)
Capital expenditure	(127.1)	(108.2)	(127.1)	(108.2)
Sale of assets	18.8	9.1	18.8	9.1
Investment and loans receivable, etc.	65.3	(6.6)	(4.7)	9.5
Free cash flow	120.3	145.5	50.3	161.6
Net cash provided by (used in) financing activities	52.6	(221.0)		
Interest bearing debts	172.6	(175.7)		
Additional acquisition of consolidated subsidiaries' stocks	*2 (98.2)	(1.4)		
Dividends, etc.	(21.8)	(43.9)		
Net increase (decrease) in cash and cash equivalents	172.9	(75.5)		
Effect of exchange rate changes and changes in scope of consolidation	1.9	(11.8)		
Cash and cash equivalents at the beginning of the period	228.2	321.5		
Cash and cash equivalents at the end of the period	403.0	234.2		

*1 Adjusted cash flows based on actual results are calculated by excluding cash flows from investment of surplus funds for explanatory purposes.

*2 ¥95.4 billion in additional acquisitions of MTPC shares

Consolidated Statements of Financial Positions

	(Billions of Yen)				(Billions of Yen)		
	Sep. 30, 2020	Mar. 31, 2020	Difference		Sep. 30, 2020	Mar. 31, 2020	Difference
Cash and cash equivalents	403.0	228.2	174.8	Interest-bearing debt	2,578.4	2,388.1	190.3
Trade receivables	645.5	698.5	(53.0)	Trade payables	328.1	398.1	(70.0)
Inventories	590.3	606.5	(16.2)	Other liabilities	759.1	895.1	(136.0)
Other current assets	121.1	216.1	(95.0)	Total liabilities	3,665.6	3,681.3	(15.7)
Total current assets	1,759.9	1,749.3	10.6	Shareholders' equity	1,183.2	1,234.5	(51.3)
Tangible and Intangible fixed assets	2,180.7	2,252.8	(72.1)	Other components of equity	(61.1)	(64.3)	3.2
Goodwill	630.3	616.8	13.5	Total equity attributable to owners of the parent	1,122.1	1,170.2	(48.1)
Investment and other non-current assets	508.3	513.2	(4.9)	Non-controlling interests	291.5	280.6	10.9
Total non-current assets	3,319.3	3,382.8	(63.5)	Total equity	1,413.6	1,450.8	(37.2)
Total assets	5,079.2	5,132.1	(52.9)	Total liabilities and equity	5,079.2	5,132.1	(52.9)
				Net interest-bearing debt *1	2,175.4	2,089.9	85.5
				Net D/E ratio	1.94	1.79	0.15
				Ratio of equity attributable to owners of the parent	22.1%	22.8%	(0.7%)
				ROE *2	-	4.2%	-

*1 Net interest-bearing debt (End of Sep.30, 2020)
 = interest-bearing debt (2,578.4 billion yen)
 - {cash and cash equivalents (403.0 billion yen) + investments of surplus funds (0.0 billion yen)}
 Note : Interest-bearing debt includes lease obligations.

*2 Ratio of net income attributable to owners of the parent.

Consolidated Financial Results Forecasts for FY2020

Consolidated Statements of Operations

Exchange Rate (¥/\$)	106.3	106.0	106.2	109.0
Naphtha Price (¥/kl)	27,600	33,000	30,300	42,900

					(Billions of Yen)		<Reference>	
		1H (Actual)	2H (Forecast)	FY2020 Forecast	FY2020 Forecast (Announced on May 13)	Difference	%	FY2019 Actual
Continuing Operations *1	Sales Revenue	1,504.8	1,670.2	3,175.0	3,334.0	(159.0)	(5%)	3,580.5
	Core Operating Income	54.6	85.4	140.0	140.0	0.0	(0%)	194.8
	Special Items	(82.7)	*2 (53.3)	(136.0)	(3.0)	(133.0)		(50.5)
	Operating Income (Loss)	(28.1)	32.1	4.0	137.0	(133.0)	(97%)	144.3
	Financial Income/Expenses	(8.7)	(11.3)	(20.0)	(23.0)	3.0		(22.3)
	Income (Loss) before Taxes	(36.8)	20.8	(16.0)	114.0	(130.0)		122.0
	Income Taxes	(3.1)	(14.9)	(18.0)	(37.0)	19.0		(52.3)
	Net Income (Loss) from Continuing Operations	(39.9)	5.9	(34.0)	77.0	(111.0)		69.7
Net Income from Discontinued Operations	-	-	-	-	-		16.9	
Net Income (Loss)	(39.9)	5.9	(34.0)	77.0	(111.0)		86.6	
	Net Income (Loss) Attributable to Owners of the Parent	(49.7)	(9.3)	(59.0)	49.0	(108.0)	-	54.1
	Net Income (Loss) Attributable to Non-Controlling Interests	9.8	15.2	25.0	28.0	(3.0)		32.5

*1 Discontinued operations not included.

*2 Including ¥24 billion on an impairment loss and shutdown-related costs associated with the closure of the Beaumont site of Lucite International, Inc. and other expenditure on structural reforms, etc.

Sales Revenue and Core Operating Income (Loss) by Business Segment

		(Billions of Yen)				<Reference>	
		1H (Actual)	2H (Forecast)	FY2020 Forecast	FY2020 Forecast (Announced on May 13)	Difference	FY2019 Actual
Total Consolidated	Sales Revenue	1,504.8	1,670.2	3,175.0	3,334.0	(159.0)	3,580.5
	Core Operating Income	54.6	85.4	140.0	140.0	0.0	194.8
Functional Products	Sales Revenue	293.1	315.9	609.0	648.0	(39.0)	680.4
	Core Operating Income	17.4	19.6	37.0	37.0	0.0	39.5
Performance Chemicals	Sales Revenue	180.5	208.5	389.0	412.0	(23.0)	437.7
	Core Operating Income	4.1	9.9	14.0	14.0	0.0	21.7
Performance Products	Sales Revenue	473.6	524.4	998.0	1,060.0	(62.0)	1,118.1
	Core Operating Income	21.5	29.5	51.0	51.0	0.0	61.2
MMA	Sales Revenue	114.6	106.4	221.0	247.0	(26.0)	262.5
	Core Operating Income	1.8	3.2	5.0	26.0	(21.0)	23.8
Petrochemicals	Sales Revenue	182.6	222.4	405.0	449.0	(44.0)	534.4
	Core Operating Income	(12.5)	2.5	(10.0)	(13.0)	3.0	(2.1)
Carbon products	Sales Revenue	83.8	88.2	172.0	192.0	(20.0)	246.6
	Core Operating Income	(3.9)	0.9	(3.0)	3.0	(6.0)	8.1
Chemicals	Sales Revenue	381.0	417.0	798.0	888.0	(90.0)	1,043.5
	Core Operating Income	(14.6)	6.6	(8.0)	16.0	(24.0)	29.8
Industrial Gases	Sales Revenue	381.4	440.6	822.0	822.0	0.0	843.3
	Core Operating Income	35.6	44.4	80.0	80.0	0.0	88.0
Health Care	Sales Revenue	194.0	193.0	387.0	387.0	0.0	393.1
	Core Operating Income	13.4	(0.4)	13.0	(1.0)	14.0	16.5
Others	Sales Revenue	74.8	95.2	170.0	177.0	(7.0)	182.5
	Core Operating Income	(1.3)	5.3	4.0	(6.0)	10.0	(0.7)

* All figures are approximation for reference purpose only.

Cash Dividends

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

While the Company projects a significant loss in fiscal 2020 owing to the impacts of the pandemic and impairment losses on risk-based growth investments, it has maintained its initial dividend forecast, and will pay an interim dividend of ¥12 per share in keeping with the 30% guideline of dividend payout ratio and commitment to dividend stability.

		FY2020 Forecast	Previous Forecast	FY2019 Actual	FY2018 Actual	FY2017 Actual
Cash dividends per share (Yen)	Interim	12	12	20	20	15
	Year-end	* 12	12	12	20	17
	Total (Annual)	* 24	24	32	40	32
Net income per share (Yen)	Year-end	(¥41.54)	¥34.51	¥38.08	¥119.22	¥147.14
Consolidated dividend pay out ratio	Total (Annual)	—	69.6%	84.0%	33.6%	21.7%

* Forecast

References 1

Statements of Operations [Quarterly Data]

Exchange Rate (¥/\$)	109.7	107.7	109.3	109.1	107.4	105.3
Naphtha Price (¥/kl)	45,400	40,200	41,300	44,800	25,000	30,200

(Billions of Yen)

		FY2019				FY2020	
		1Q	2Q	3Q	4Q	1Q	2Q
Continuing Operations * 2	Sales Revenue	916.4	911.3	903.1	849.7	722.7	782.1
	Core Operating Income *1	70.1	60.7	50.2	13.8	15.0	39.6
	Special Items	(0.2)	0.0	(20.2)	(30.1)	8.7	(91.4)
	Operating Income (Loss)	69.9	60.7	30.0	(16.3)	23.7	(51.8)
	Financial Income/Expenses	(3.3)	(4.9)	(7.7)	(6.4)	(3.3)	(5.4)
	(Dividend included above)	[2.9]	[0.1]	[1.1]	[0.1]	[2.5]	[0.3]
	(Foreign Exchange Gain/Loss included above)	[(0.3)]	[0.7]	[(2.8)]	[(1.3)]	[0.0]	[(0.4)]
	Income (Loss) before Taxes	66.6	55.8	22.3	(22.7)	20.4	(57.2)
	Income Taxes	(18.2)	(19.4)	(15.7)	1.0	(12.2)	9.1
	Net Income (Loss) from Continuing Operations	48.4	36.4	6.6	(21.7)	8.2	(48.1)
Net Income from Discontinued Operations	0.5	16.4	-	-	-	-	
Net Income (Loss)	48.9	52.8	6.6	(21.7)	8.2	(48.1)	
Net Income (Loss) Attributable to Owners of the Parent	37.8	43.5	(5.0)	(22.2)	5.2	(54.9)	
Net Income (Loss) Attributable to Non-Controlling Interests	11.1	9.3	11.6	0.5	3.0	6.8	

*1 Share of profit of associates and joint ventures included.

*2 Discontinued operations not included.

5.0 3.1 2.6 2.7 0.2 0.9

Sales Revenue and Core Operating Income (Loss) by Business Segment [Quarterly Data]

		FY2019				FY2020		Impact of COVID-19 (Approximation)		
		1Q	2Q	3Q	4Q	1Q	2Q	FY2019 4Q	FY2020 1Q 2Q	
Total Consolidated	Sales Revenue	916.4	911.3	903.1	849.7	722.7	782.1			
	Core Operating Income	70.1	60.7	50.2	13.8	15.0	39.6	(7.8)	(38.2)	(25.5)
Functional Products	Sales Revenue	171.8	175.4	172.3	160.9	142.7	150.4			
	Core Operating Income	12.6	13.9	9.0	4.0	8.7	8.7	(0.7)	(6.9)	(7.1)
Performance Chemicals	Sales Revenue	110.2	109.5	108.6	109.4	87.5	93.0			
	Core Operating Income	7.1	6.5	4.4	3.7	1.2	2.9	(1.1)	(6.3)	(5.3)
Performance Products	Sales Revenue	282.0	284.9	280.9	270.3	230.2	243.4			
	Core Operating Income	19.7	20.4	13.4	7.7	9.9	11.6	(1.8)	(13.2)	(12.4)
MMA	Sales Revenue	77.7	72.1	59.2	53.5	52.5	62.1			
	Core Operating Income	13.8	11.4	0.5	(1.9)	(1.2)	3.0	(2.9)	(5.9)	(7.1)
Petrochemicals	Sales Revenue	134.7	137.1	137.3	125.3	84.2	98.4			
	Core Operating Income	0.8	1.0	1.0	(4.9)	(13.6)	1.1	(2.2)	(10.4)	(2.5)
Carbon Products	Sales Revenue	71.7	63.8	62.2	48.9	44.4	39.4			
	Core Operating Income	6.0	2.9	1.0	(1.8)	(1.3)	(2.6)	(0.9)	(3.1)	(3.1)
Chemicals	Sales Revenue	284.1	273.0	258.7	227.7	181.1	199.9			
	Core Operating Income	20.6	15.3	2.5	(8.6)	(16.1)	1.5	(6.0)	(19.4)	(12.7)
Industrial Gases	Sales Revenue	208.6	210.9	208.8	215.0	182.9	198.5			
	Core Operating Income	21.1	23.2	22.2	21.5	13.5	22.1		(8.3)	(3.1)
Health Care	Sales Revenue	102.5	93.0	112.3	85.3	95.2	98.8			
	Core Operating Income	9.1	1.2	11.7	(5.5)	8.9	4.5		2.7	2.7
Others	Sales Revenue	39.2	49.5	42.4	51.4	33.3	41.5			
	Core Operating Income	(0.4)	0.6	0.4	(1.3)	(1.2)	(0.1)		0.0	0.0

*1 All figures are approximation for reference purpose only.

*2 From Q2 FY2020, Qualicaps, Inc. has been reclassified from the Health Care segment to the Performance Products segment (Performance Chemicals). In addition, the segmentation of certain businesses and consolidated subsidiaries in MCC has been reviewed. The segment information for FY2019 is accordingly restated.

Capital Expenditure, Depreciation & Amortization, R&D Expenses, Number of Employees by Business Segment

(Billions of Yen)

	Capital Expenditure		Depreciation & Amortization		R&D Expenses		Number of Employees FY2020 1H (End of the period)
	FY2020 1H	FY2019 1H	FY2020 1H	FY2019 1H	FY2020 1H	FY2019 1H	
Performance Products	48.1	29.9	30.2	29.8	11.1	12.7	25,196
Chemicals	36.9	25.4	32.1	31.9	4.8	4.7	8,219
Industrial Gases	30.8	36.9	44.2	42.7	1.7	1.8	19,775
Health Care	10.5	9.0	8.2	8.3	35.6	41.6	7,425
Others	3.9	2.8	5.2	5.1	6.0	5.1	9,319
Total	130.2	104.0	119.9	117.8	59.2	65.9	69,934

Business Segment Information

Business Domain	Business Segment	Business Sub-Segment		
			Businesses	
Performance Products	Performance Products	Functional Products	Information, Electronics and Displays	Optical films, display- and semiconductor-related products
			High Performance Films	Packaging films, Industrial films
			Environment and Living Solutions	Aqua and separator solutions, Infrastructure solutions and agricultural materials
			Advanced Moldings and Composites	High performance engineering plastics, Fibers and textile, Carbon fiber and composite materials, Functional moldings and composites, Almina fiber and light metal products
		Performance Chemicals	Advanced Polymers	Performance polymers, Engineering polymers, Sustainable resources
			High Performance Chemicals	Performance chemicals, Performance materials, Food ingredients
			New Energy	Lithium ion battery materials, Energy transduction materials
Industrial Materials	Chemicals	MMA	MMA	MMA
		Petrochemicals	Petrochemicals	Basic petrochemicals, Polyolefins, Basic chemical derivatives
		Carbon Products	Carbon	Carbon Products
	Industrial Gases		Industrial gases	
Health Care	Health Care			Pharmaceuticals
				Life science

References 2



Q2 FY2020 Business Results (April – September 2020)

November 4, 2020

Q2 FY2020 Business Results

Q2 FY2020 Financial Results

	Q2 FY2020	Comparison to previous year		
		Q2 FY2019	Increase (decrease)	Change
	Billion yen	Billion yen	Billion yen	%
Revenue	187.3	188.1	(0.8)	(0.4)
(Domestic)	155.0	154.6	0.4	0.3
(Overseas)	32.3	33.5	(1.2)	(3.6)
Overseas sales ratio	17.2%	17.8%		
Cost of sales	94.8	88.5	6.3	7.1
Sales cost ratio	50.6%	47.1%		
Gross profit	92.5	99.6	(7.1)	(7.1)
SG&A expense, etc.	77.9	87.9	(10.0)	(11.4)
(R&D expense)	33.9	39.8	(5.9)	(14.8)
Core operating profit*1	14.6	11.7	2.9	24.5
Non-recurring items*2	(76.5)	0.9	(77.3)	-
Gain from sales of Toda office	7.5	-	7.5	-
Loss from impairment*3	(84.5)	-	(84.5)	-
Operating profit*2	(61.9)	12.6	(74.5)	-
Financial income and loss*2	0.3	(0.4)	0.7	-
Net profit attributable to owners of the Company*2	(51.0)	8.3	(59.3)	-
Average exchange rate US\$	¥106.32	¥108.67		

*1: ¥5.5B of impact from COVID-19 included

Decreased expenses by shrinkage in sales promotion and delay in R&D expenses incurred overtake sales decrease

*2: Brackets indicate expense and loss

*3: See "Changes in ND0612 Development Plan and Impairment Loss"

	Q2 FY2020	Comparison to previous year		
		Q2 FY2019	Increase (decrease)	Change
	Billion yen	Billion yen	Billion yen	%
Domestic ethical drugs	150.3	149.2	1.2	0.8
Priority products	89.9	88.7	1.1	1.3
Vaccines	21.1	15.7	5.4	34.3
Long-listed drugs, etc.	39.3	44.7	(5.4)	(12.0)
Overseas ethical drugs	25.1	24.9	0.3	1.0
Radicava	11.1	11.6	(0.6)	(4.9)
Royalty revenue, etc.	7.8	9.2	(1.4)	(15.1)

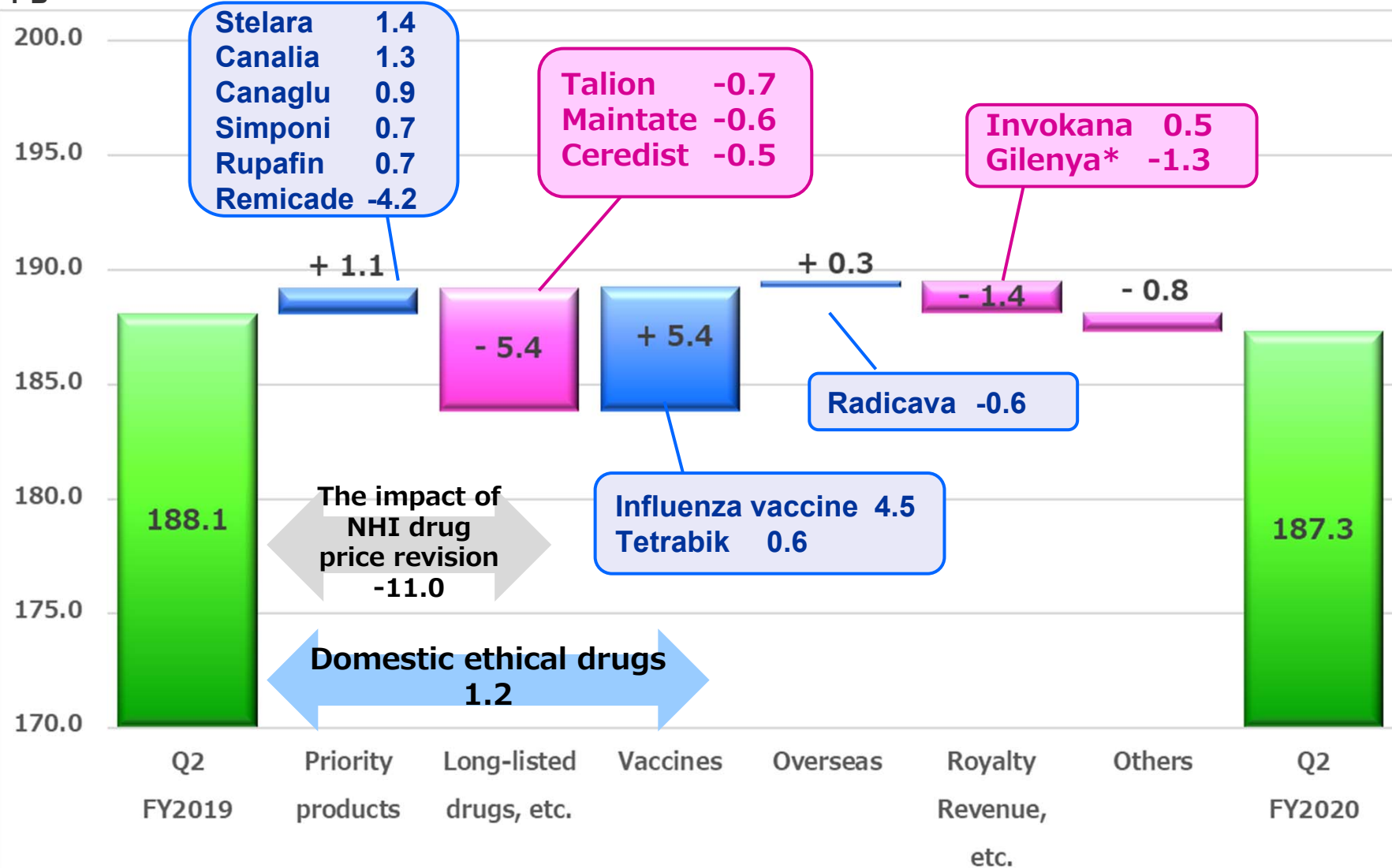
Q2 FY2020 Business Results
Domestic Ethical Drugs
Revenue of Priority Products and Vaccines



	Q2	Comparison to previous year		
	FY2020	Q2 FY2019	Increase (decrease)	Change
	Billion yen	Billion yen	Billion yen	%
Remicade	23.4	27.6	(4.2)	(15.2)
Simponi	21.2	20.5	0.7	3.6
Stelara	14.0	12.6	1.4	10.9
Tenelia	8.0	8.1	(0.1)	(1.5)
Canaglu	5.0	4.1	0.9	22.8
Canalia	5.0	3.8	1.3	33.6
Vafseo (launched in Aug.)	0.3	-	0.3	-
Lexapro	7.6	7.5	0.2	2.1
Rupafin	3.2	2.5	0.7	29.0
Imusera	2.1	2.2	(0.0)	(2.1)
Total of priority products	89.9	88.7	1.1	1.3
Influenza vaccine	6.3	1.8	4.5	253.2
Tetrabik	5.1	4.6	0.6	12.5
Mearubik	3.7	3.5	0.2	5.3
JEBIK V	2.9	2.9	0.0	1.3
Varicella vaccine	2.5	2.5	(0.0)	(0.6)
Total of vaccines	21.1	15.7	5.4	34.3
Total of priority products and vaccines	111.0	104.5	6.5	6.2

Revenue Trends

JPY B



* Including a decline of "GILENYA® Royalty" amounts which will not be recognized as sales revenue during arbitration proceedings

Revised Forecasts of FY2020

	Revised forecasts	Original forecasts ^{*1}	Increase / Decrease		FY2019 actual
	Billion yen		Billion yen	%	Billion yen
Revenue	373.0	383.5	(10.5)	(2.7)	379.8
SG&A expense, etc.	168.5	186.0	(17.5)	(9.4)	179.7
R&D expense	72.5	83.5	(11.0)	(13.2)	79.4
Core operating profit*2	17.0	10.0	7.0	70.0	19.1
Operating profit*3	(62.5)	17.0	(79.5)	-	(6.1)
Net profit attributable to owners of the Company*3	(52.5)	8.5	(61.0)	-	0.1

<Reasons of revision>

Revenue : Decrease due to suppression of consultation under COVID-19 spread and royalty revenue etc.

Core operating profit : Expenses decreased by shrinkage in sales promotion and delay in R&D expenses incurrance overtake sales decrease

Operating profit : Decrease due to impairment loss from NeuroDerm's projects

*1: Original was announced on May 13

*2: ¥3.5B of impact from COVID-19 included in revised forecasts

*3: Brackets indicate expense and loss

Details of Revenue

	Revised forecasts	Original forecasts*	Increase / Decrease		FY2019 actual
	Billion yen	Billion yen	Billion yen	%	Billion yen
Domestic ethical drugs	302.3	303.6	(1.3)	(0.4)	304.4
Priority products	183.0	182.4	0.6	0.3	177.1
Vaccines	40.8	41.0	(0.2)	(0.5)	39.0
Long-listed drugs, etc.	78.5	80.2	(1.7)	(2.1)	88.3
Overseas ethical drugs	47.0	50.9	(3.9)	(7.7)	49.7
Radicava	20.1	22.4	(2.3)	(10.3)	23.1
Royalty revenue, etc.	15.2	19.9	(4.7)	(23.6)	17.4

* Original was announced on May 13

FY2020 Business Forecasts
Domestic Ethical Drugs

Open Up the Future

Forecasts of Revenue of Priority Products and Vaccines



	Revised forecasts	Original forecasts*	Increase / Decrease		FY2019 actual
	Billion yen	Billion yen	Billion yen	%	Billion yen
Remicade	45.0	44.8	0.2	0.4	53.4
Simponi	42.7	42.3	0.4	0.9	41.0
Stelara	31.9	32.8	(0.9)	(2.7)	26.0
Tenelia	14.9	14.9	-	-	15.2
Canaglu	9.8	9.2	0.6	6.5	8.8
Canalia	9.3	9.3	-	-	6.7
Vafseo (launched in Aug.)	0.5	0.2	0.3	150.0	-
Lexapro	14.8	14.6	0.2	1.4	15.0
Rupafin	10.0	10.2	(0.2)	(2.0)	6.8
Imusera	4.1	4.1	-	-	4.2
Total of priority products	183.0	182.4	0.6	0.3	177.1
Influenza vaccine	13.2	12.2	1.0	8.2	12.6
Tetrabik	11.1	11.3	(0.2)	(1.8)	9.5
Mearubik	6.4	6.4	-	-	6.0
JEBIK V	5.3	5.3	-	-	5.2
Varicella vaccine	4.8	4.8	-	-	4.9
Total of vaccines	40.8	41.0	(0.2)	(0.5)	39.0
Total of priority products and vaccines	223.8	223.4	0.4	0.2	216.1

* Original was announced on May 13

Status of research and development etc.

FY 2020 Q2 Overview

Major Development Pipeline

Code	Indications	Stage	Topics
MT-1186	Amyotrophic lateral sclerosis: ALS	P3	<ul style="list-style-type: none">Global P3 study (long-term safety study) is ongoing. Enrollment completed in October.
ND0612	Parkinson's disease	P3	<ul style="list-style-type: none">The overlap between the expansion of COVID-19 and the start-up period of the P3 study affected the study plan.NDA / MAA are to be filed in FY2023
MT-7117	Erythropoietic protoporphyria: EPP X-linked protoporphyria: XLP	P3	<ul style="list-style-type: none">Global P3 study started in June is ongoing.
MT-2766	Prophylaxis of COVID-19 (Plant-based VLP* vaccine)	P1	<ul style="list-style-type: none">The P1 study started in July is scheduled to be completed soon. Phase 2/3 study is planned to be started in the future.In October, reached the agreements with government of Canada to receive development funding and to supply VLP vaccine.

*VLP : Virus-like particle

Topics in Japan

Launch of VAFSEO for the treatment of renal anemia in August.

■ Changes in ND0612 development plan

Due to the overlap between the expansion of COVID-19 and the important start-up period of phase 3 study; opening clinical trial sites and patient enrollment, it was found that the study plan would be affected. Therefore, we decided to extend the development period for about 1.5 years.

■ Impairment loss (non-recurring item)

Based on the above changes in the development plan, profitability is expected to decline due to delayed clinical study and the competitors' development status. As a result of reviewing the business plan based on the results of recent market research, we recorded an impairment loss of 84.5 billion Japanese yen for intangible assets related to NeuroDerm projects.

■ Future plans

Under the revised ND0612 development plan, NDA / MAA are to be filed in the U.S. and Europe simultaneously in FY2023 after the completion of the ongoing phase 3 clinical study. We aim at launch in FY2024 after the approval obtained.

HIF-PH inhibitor -treatment of renal anemia- **VAFSEO** launched

For reducing burden on patients with renal anemia



- Launched on Aug. 26, 2020, (peak sales: ¥14.1B)
- Hypoxia-inducible factor prolyl hydroxylase (HIF-PH) inhibitor **can be taken by patients prior to dialysis**
- Co-marketing with Fuso Pharmaceutical Industries Ltd. which has strength in the dialysis field.
- Current standard drugs are injectable agents and **oral agents** including VAFSEO are expected a new treatment, that would ease burden of visiting clinics, administration pains and infection risks from patients.

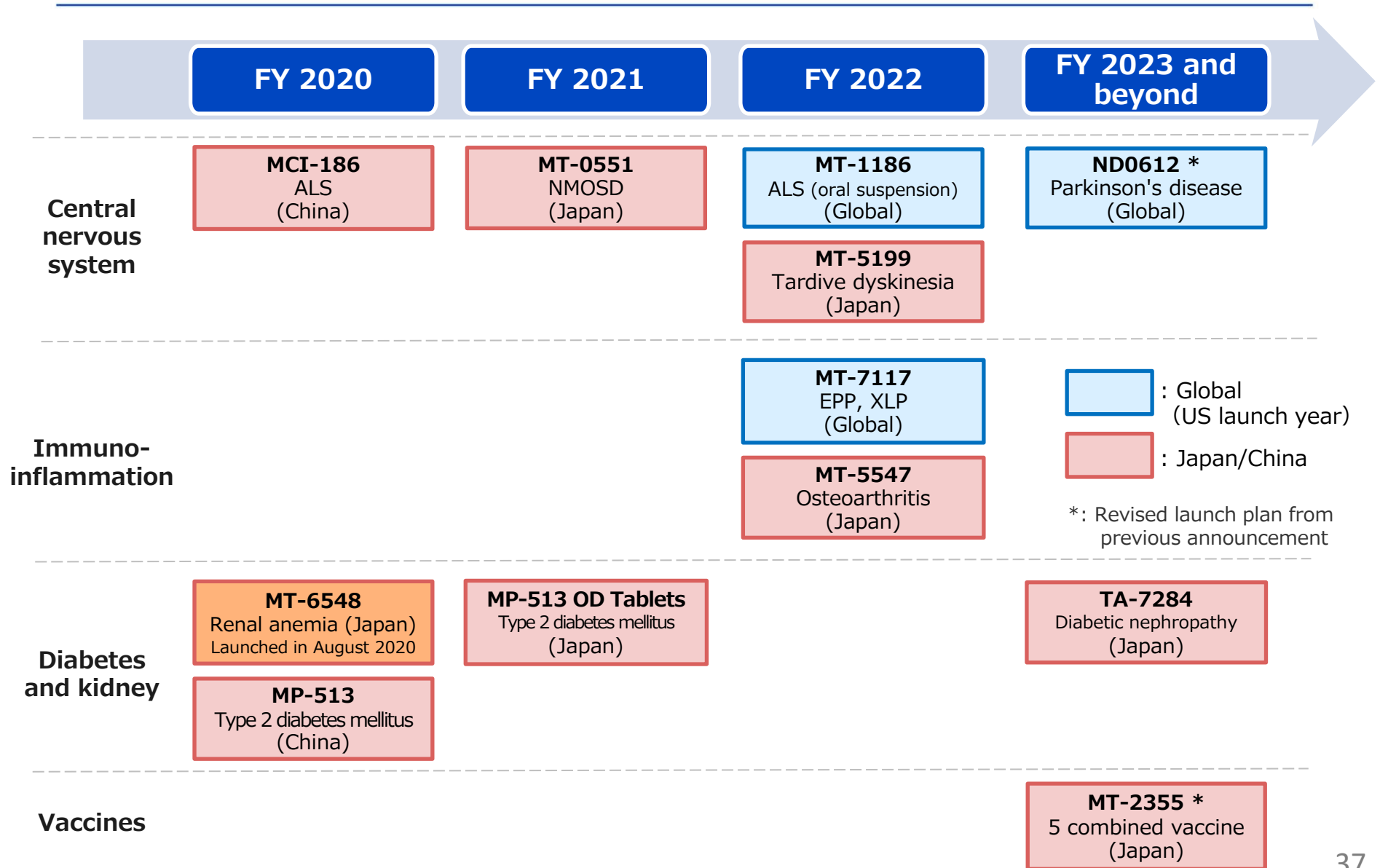
Major Development Pipeline List

As of October 25, 2020

Priority areas	Code	Region	Indications	P1	P2	P3	Filed	Approved
Central nervous system	MT-1186	Global	ALS/oral suspension					
	ND0612	Global	Parkinson's disease					
	MT-8554	Global	Vasomotor symptoms associated with menopause			preparing		
	MT-3921	Global	Spinal cord injury					
	MT-0551	Japan	Neuromyelitis Optica Spectrum Disorder(NMOSD)					
	MT-5199	Japan	Tardive dyskinesia					
Immuno-inflammation	MT-7117	Global	Erythropoietic protoporphyria(EPP) X-linked protoporphyria(XLP)					
	MT-2990	Global	Endometriosis					
	MT-5547	Japan	Osteoarthritis					
Diabetes and kidney	MT-3995	Global	Non-alcoholic steatohepatitis(NASH)					
	MT-6548	Japan	Renal anemia					June 2020
	TA-7284	Japan	Diabetic nephropathy					
	MP-513	China	Type 2 diabetes mellitus					
Vaccines	MT-2766	Global	Prophylaxis of COVID-19					
	MT-2355	Japan	5 combined vaccine*					

* Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants

Launch Plan for Major Development Pipeline



Cautionary Statement

The statements contained in this presentation is based on a number of assumptions and belief in light of the information currently available to management of the company and is subject to significant risks and uncertainties.

It contains information about pharmaceuticals including products under development, but is not intended for advertising or medical advice.

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.