



May 12, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (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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 Scheduled date of annual general meeting of shareholders: June 24, 2021
 Scheduled date to commence dividend payments: June 3, 2021
 Scheduled date to file annual securities report: June 24, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
		%		%		%		%		%		%
Fiscal year ended March 31, 2021	3,257,535	(9.0)	174,710	(10.3)	47,518	(67.1)	22,722	(73.8)	(7,557)	—	160,551	—
March 31, 2020	3,580,510	(6.8)	194,820	(38.0)	144,285	(51.0)	86,560	(60.1)	54,077	(68.1)	475	(99.8)

Reference: Income before taxes FY2020: ¥32,908 million, FY2019: ¥122,003 million

* Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors.

	Basic earnings per share	Diluted earnings per share	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	Yen	Yen	%	%	%
March 31, 2021	(5.32)	(5.32)	(0.6)	0.6	5.4
March 31, 2020	38.08	35.21	4.2	2.3	5.4

Reference: Share of profit of associates and joint ventures

FY2020: ¥15,640 million, FY2019: ¥13,396 million

(2) Financial Position:

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of profit before tax to total assets	Equity attributable to owners of the parent per share
Fiscal year ended				%	Yen
March 31, 2021	5,287,228	1,571,148	1,236,339	23.4	870.40
March 31, 2020	5,132,149	1,450,829	1,170,222	22.8	824.07

(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, 2021	467,133	(217,010)	(142,773)	349,577
March 31, 2020	452,003	(87,563)	(450,523)	228,211

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, 2020	—	20.00	—	12.00	32.00	45,543	84.0	3.6
March 31, 2021	—	12.00	—	12.00	24.00	34,161	—	2.8
March 31, 2022 (Forecast)	—	12.00	—	12.00	24.00	34,162	35.1	—

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		Earnings per share - Basic
		%		%		%		%		%	Yen
First Half of FY2021	1,774,000	17.9	102,500	87.6	100,500	—	60,500	—	44,000	—	30.98
FY2021	3,660,000	12.4	230,000	31.6	216,000	354.6	140,000	516.1	97,000	—	68.29

Reference: Income before taxes

First Half of FY2021: ¥93,500 million, FY2021: ¥200,000 million

* 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) MHCS Corporation

As of July 1, 2020, MHCS Corporation is excluded from the scope of consolidation due to its extinguishment following the execution of an absorption-type merger in which Qualicaps Co., Ltd. was the surviving company and MHCS Corporation 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)

March 31, 2021	1,506,288,107 Shares	March 31, 2020	1,506,288,107 Shares
March 31, 2021:	85,865,812 Shares	March 31, 2020	86,230,066 Shares
FY2020	1,420,256,382 Shares	FY2019	1,419,981,527 Shares

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

(iii) Average number of shares outstanding during the period

*Mitsubishi Chemical Holdings Corporation adopted a performance-based share compensation plan that uses executive compensation Board Incentive Plan (BIP) trusts. In the calculation of basic and diluted net income per share attributable to owners of the parent / Equity attributable to owners of the parent per share, 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, 2021 2,994,552

March 31, 2020 3,183,648

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 [6] hereof.

*This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

The business environment in which the Mitsubishi Chemical Holdings Group operated in fiscal 2020 (April 1, 2020, through March 31, 2021; same hereafter), was significantly impacted by the global COVID-19 pandemic. This included weak demand for automotive applications and most of the market segments we serve. The first half of the fiscal year was especially weak. In the second half, demand picked up at home and abroad along with a broad base recovery in economic activities.

It was against this backdrop that sales revenue in the consolidated fiscal year under review decreased ¥323.0 billion, or 9.0%, to ¥3,257.5 billion. As a result of a weaker turnover and tight expense control, core operating income only dropped ¥20.1 billion, or 10.3%, to ¥174.7 billion. Including a significant impairment loss related to the health care domain, operating income declined ¥96.8 billion, or 67.1%, to ¥47.5 billion. In turn, income before taxes was down ¥89.1 billion, or 73.0%, to ¥32.9 billion. Net income attributable to owners of the parent fell ¥61.7 billion, to a loss of ¥7.6 billion.

Overview of Business Segments

The overview of financial results by business segment for fiscal 2020 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.

In the following sections, all comparisons are with the previous fiscal year unless stated otherwise.

Performance Products Segment, Performance Products Domain

Sales revenue decreased ¥84.2 billion, to ¥1,033.9 billion. Core operating income totaled ¥61.3 billion, flat from the previous year.

Functional products sales revenue declined. This was despite demand picking up from the second half, and reflected lower sales volumes for automotive applications of high-performance engineering plastics and other offerings for advanced moldings and composites.

In performance chemicals, sales revenue decreased amid lower sales volumes for automobiles, including for performance polymers in advanced polymers and other offerings. Another downside sales volume factor includes the impact of scheduled maintenance and repairs for phenol-polycarbonate chain materials facilities in advanced polymers.

Core operating income in this segment was flat year-on-year. Although there was impact of lower sales volumes for automobiles, including for advanced moldings and composites, and scheduled maintenance and repairs of facilities for advanced polymers, there was an upturn in demand in the second half and rise in market prices for phenol-polycarbonate chain materials.

Major initiatives in the Performance Products segment during fiscal 2020:

- In April 2020, Mitsubishi Chemical Corporation decided to acquire Gelest, Inc., and made it a consolidated subsidiary in October. This purchase will enable Mitsubishi Chemical 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, Mitsubishi Chemical Corporation 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, Industrial Materials Domain

Sales revenue decreased ¥185.3 billion, to ¥858.2 billion. Core operating income fell ¥15.6 billion, to ¥14.2 billion.

In MMA, sales revenue declined despite improving prices in the second half in MMA monomer and other markets, as market prices trended lower than a year earlier.

In petrochemicals, sales revenue decreased. This reflected lower sales volumes due to a greater impact from scheduled maintenance and repairs at the ethylene production facility, with sales prices declining in tandem with lower raw materials costs and other factors.

In carbon products, sales revenue was down due to a decline in sales prices reflecting reduced raw materials costs and a drop in sales volumes owing to a decline in demand for coke and other offerings.

Core operating income decreased owing mainly to the downturn in MMA monomer market prices and other markets. In addition, sales volume dropped for carbon products.

Major initiatives in the Chemicals segment during fiscal 2020:

- Mitsubishi Chemical Corporation consolidated subsidiary Japan Polypropylene Corporation closed one polypropylene production line (with an annual capacity of 70,000 metric tons) at the Goi Plant in January 2021. The move was part of reforms to bolster profitability.
- In September 2020, Mitsubishi Chemical Corporation 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. 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.
- Mitsubishi Chemical Corporation decided to implement metallurgical coke business reforms at its Kagawa Plant to optimize production and sales systems. These efforts will include reducing the number of coke ovens from 323, to 250, and doubling export shipping facilities to two lines, the second becoming operational from the end of March 2022.
- Mitsubishi Chemical Corporation decided to end MMA monomer and MAA production (with an annual capacity of 135,000 metric tons) at the Beaumont site of Lucite International, Inc. (now Mitsubishi Chemical America Inc), its consolidated subsidiary in Texas, the United States, and closed that facility at the end of March 2021.
- Mitsubishi Chemical Corporation acquired a green field property in Geismar, Louisiana, the United States to construct a 350,000 metric ton MMA plant that would leverage its proven, proprietary new ethylene method (Alpha technology). The company looks to finalize its investment decision by the middle of 2022, making the plant operational by the end of 2025.

Industrial Gases Segment, Industrial Materials Domain

Sales revenue decreased ¥31.5 billion, to ¥811.8 billion. Core operating income fell ¥2.9 billion, to ¥85.1 billion.

In industrial gases, sales revenue and core operating income were down amid lower domestic and overseas demand, although demand for electronics-related gases remained strong.

Major initiative in the Industrial Gases segment during fiscal 2020:

- Taiyo Nippon Sanso Corporation adopted a holding company structure and changed its tradename to Nippon Sanso Holdings Corporation on October 1, 2020. The company seeks to establish a competitive group operation framework as a global gas major.

Health Care Segment, Health Care Domain

Sales revenue decreased ¥2.5 billion, to ¥390.6 billion. Core operating income rose ¥1.4 billion, to ¥17.9 billion.

In pharmaceuticals, sales revenue was flat year-on-year. This was primarily attributable to a growth in higher sales volumes mainly for priority products, and despite impact from National Health Insurance drug price revisions in domestic ethical pharmaceuticals business. Core operating income increased owing to a decrease in sales costs and research and development expenditures mainly reflecting constrained activities in tandem with the spread of COVID-19. 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 the ongoing arbitration proceedings.

Major initiative in the Health Care segment during fiscal 2020:

- In July 2020, Mitsubishi Tanabe Pharma Corporation 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.
- In March 2021, Medicago Inc. (Headquarters: Quebec, Canada), a consolidated subsidiary of Mitsubishi Tanabe Pharma Corporation, embarked on the Phase 3 portion of Phase 2/3 clinical trials for its plant-derived virus-like particle (VLP) vaccine candidate (project code: MT-2766) for the prevention of COVID-19.
- In March 2021, Mitsubishi Tanabe Pharma Corporation acquired manufacturing and marketing approval in Japan for *Uplizna* for I.V. Infusion 100mg, which is a treatment for prevention of relapses of neuromyelitis optica spectrum disorder (including neuromyelitis optica).
- In January 2021, Life Science Institute, Inc. commenced clinical trials for the Muse cell-based product CL2020 for the treatment of amyotrophic lateral sclerosis (ALS) as well as acute myocardial infarction, ischemic stroke, epidermolysis bullosa and spinal cord injury.

Others

Sales revenue decreased ¥19.5 billion, to ¥163.0 billion. Core operating income increased by ¥0.4 billion, to ¥11.9 billion.

(2) Financial Position

Total assets at the end of fiscal 2020 were up ¥155.1 billion from a year earlier, at ¥5,287.2 billion. Although there was an impairment loss on intangible assets of NeuroDerm Ltd., this increase reflects actions to secure cash and cash equivalents to cover unexpected circumstances in view of the COVID-19 pandemic and an increase in translation of assets into yen at consolidated subsidiaries overseas, due to a depreciation in the yen's value.

Total liabilities at year-end were ¥3,716.1 billion, up ¥34.8 billion from a year earlier, mainly attributable to an increase in translation of liabilities into yen at consolidated subsidiaries in tandem with yen depreciation, and despite a decrease in trade liabilities in tandem with a decrease in purchases.

Interest-bearing debt, which included lease liabilities at year-end, was ¥2,482.4 billion, up ¥94.3 billion from a year earlier.

Total equity was ¥1,571.1 billion, up ¥120.3 billion from a year earlier. Although the Company posted a loss attributable to owners of parent, there was an increase in exchange differences on translation of foreign operations.

As a result of these factors, the ratio of equity attributable to owners of the parent was up 0.6 points, to 23.4%. The net debt-to-equity ratio was down 0.06, to 1.73.

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 + Investment of surplus funds)

(3) Cash Flow Analysis

Net cash provided by operating activities was ¥467.1 billion, mainly attributable to income before taxes and depreciation expense, as well as a decrease in working capital owing primarily a drop in raw materials costs. (This was an increase of ¥15.1 billion versus a year earlier).

Net cash used in investing activities was ¥217.0 billion. This was mainly attributable to an outflow of ¥257.0 billion for the purchase of property, plant and equipment and intangible assets, albeit there was inflow from a reduction in investment of surplus funds and the sale of tangible fixed assets. (This was an increase of ¥129.4 billion versus a year earlier).

Free cash flow from operating and investing activities was ¥250.1 billion, down ¥114.3 billion versus a year earlier.

Net cash used in financing activities was ¥142.8 billion, mainly attributable to fund spending of ¥95.4 billion to acquire shares in Mitsubishi Tanabe Pharma Corporation and ¥45.1 billion in expenditures for dividend payments. (This was a decrease of ¥307.7 billion from a year earlier.)

As a result of these factors, cash and cash equivalents at the end of the period were ¥349.6 billion. (This was an increase of ¥121.4 billion from a year earlier.)

(4) Financial Results Forecasts for Fiscal 2021

In the business environment in which the MCHC Group operates, moderate improvement is anticipated as various countries boost their level of social and economic activities despite the need to pay close attention to risk of a resurgence in the spread of COVID-19.

Amid this backdrop, the Group expects ongoing strong market trends for some products in the Chemicals segment, continued demand for automotive applications in the Performance Products Domain, and continued demand in Industrial Gases. In addition, in the Health Care Segment, the Company plans to push forward with development ahead of the commercialization in Canada of the COVID-19 vaccine in 2021.

The Company accordingly looks for ¥3,660.0 billion in sales revenue for fiscal 2021. Other key projections for the year are ¥230.0 billion in core operating income, ¥216.0 billion in operating income, ¥200.0 billion in income before taxes, ¥140.0 billion in net income, and ¥97.0 billion in net income attributable to owners of the parent.

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, 2020 and 2021

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Continuing operations		
Sales revenue	3,580,510	3,257,535
Cost of sales	(2,593,247)	(2,331,286)
Gross profit	987,263	926,249
Selling, general and administrative expenses	(800,572)	(752,693)
Other operating income	27,571	30,713
Other operating expenses	(83,373)	(172,391)
Share of profit of associates and joint ventures	13,396	15,640
Operating income	144,285	47,518
Financial income	7,206	8,252
Financial expenses	(29,488)	(22,862)
Income before taxes	122,003	32,908
Income taxes	(52,335)	(10,186)
Net income from continuing operations	69,668	22,722
Discontinued operations		
Net income from discontinued operations	16,892	—
Net income	86,560	22,722
Net income (loss) attributable to		
Owners of the parent	54,077	(7,557)
Non-controlling interests	32,483	30,279
Net income	86,560	22,722
Earnings per share		
Basic (Yen)		
Continuing operations	26.19	(5.32)
Discontinued operations	11.89	—
Total	38.08	(5.32)
Diluted (Yen)		
Continuing operations	24.27	(5.32)
Discontinued operations	10.94	—
Total	35.21	(5.32)

(2) Consolidated Statement of Comprehensive Income

Fiscal year ended March 31, 2020 and 2021

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income	86,560	22,722
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	(15,912)	26,675
Remeasurements of defined benefit plans	(735)	26,817
Share of other comprehensive income (loss) of associates and joint ventures for using the equity method	(183)	(191)
Total items that will not be reclassified to profit or loss	(16,830)	53,301
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(63,517)	81,019
Net gain (loss) on derivatives designated as cash flow hedges	36	180
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(5,774)	3,329
Total items that may be subsequently reclassified to profit or loss	(69,255)	84,528
Total other comprehensive income (net of tax)	(86,085)	137,829
Total comprehensive income	475	160,551
Total comprehensive income attributable to		
Owners of the parent	(6,664)	97,068
Non-controlling interests	7,139	63,483

(3) Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2020	March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	228,211	349,577
Trade receivables	698,516	716,392
Inventories	606,505	576,473
Other financial assets	117,628	47,818
Other current assets	90,140	83,462
Subtotal	1,741,000	1,773,722
Assets held for sale	8,281	23,812
Total current assets	1,749,281	1,797,534
Non-current assets		
Property, plant and equipment	1,742,216	1,813,838
Goodwill	616,769	671,889
Intangible assets	510,575	455,317
Investments accounted for using the equity method	169,958	162,042
Other financial assets	226,488	251,211
Other non-current assets	42,813	68,051
Deferred tax assets	74,049	67,346
Total non-current assets	3,382,868	3,489,694
Total assets	5,132,149	5,287,228

(Millions of yen)

	March 31, 2020	March 31, 2021
Liabilities		
Current liabilities		
Trade payables	398,061	382,272
Bonds and borrowings	727,307	653,475
Income tax payable	19,287	22,283
Other financial liabilities	359,540	272,341
Provisions	7,968	11,690
Other current liabilities	122,575	147,911
Subtotal	1,634,738	1,489,972
Liabilities directly associated with assets held for sale	1,761	2,534
Total current liabilities	1,636,499	1,492,506
Non-current liabilities		
Bonds and borrowings	1,555,947	1,696,029
Other financial liabilities	88,533	118,300
Retirement benefit liabilities	125,611	112,272
Provisions	31,893	27,398
Other non-current liabilities	80,840	113,730
Deferred tax liabilities	161,997	155,845
Total non-current liabilities	2,044,821	2,223,574
Total liabilities	3,681,320	3,716,080
Equity		
Common stock	50,000	50,000
Additional paid-in capital	176,715	179,716
Treasury stock	(63,485)	(63,244)
Retained earnings	1,071,260	1,060,069
Other components of equity	(64,268)	9,798
Equity attributable to owners of the parent	1,170,222	1,236,339
Non-controlling interests	280,607	334,809
Total equity	1,450,829	1,571,148
Total liabilities and equity	5,132,149	5,287,228

(4) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2019	50,000	321,477	(63,560)	1,073,873
Net income (loss)	—	—	—	54,077
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	54,077
Purchase of treasury stock	—	—	(27)	—
Disposal of treasury stock	—	(100)	102	—
Cash dividends	—	—	—	(56,804)
Share-based payment transactions	—	194	—	—
Share-based payment transactions of subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	(146,638)	—	—
Business combinations or business divestitures	—	1,782	—	—
Changes in scope of consolidation	—	—	—	430
Transfer from other components of equity to retained earnings	—	—	—	(316)
Total transactions with owners	—	(144,762)	75	(56,690)
Balance at March 31, 2020	50,000	176,715	(63,485)	1,071,260

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value	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, 2019	51,500	—	(55,530)	187	(3,843)	1,377,947	647,907	2,025,854
Net income (loss)	—	—	—	—	—	54,077	32,483	86,560
Other comprehensive income	(11,737)	(1,744)	(47,243)	(17)	(60,741)	(60,741)	(25,344)	(86,085)
Total comprehensive income	(11,737)	(1,744)	(47,243)	(17)	(60,741)	(6,664)	7,139	475
Purchase of treasury stock	—	—	—	—	—	(27)	—	(27)
Disposal of treasury stock	—	—	—	—	—	2	—	2
Cash dividends	—	—	—	—	—	(56,804)	(31,111)	(87,915)
Share-based payment transactions	—	—	—	—	—	194	—	194
Share-based payment transactions of subsidiaries	—	—	—	—	—	—	(14)	(14)
Changes in interests in subsidiaries	—	—	—	—	—	(146,638)	(347,666)	(494,304)
Business combinations or business divestitures	—	—	—	—	—	1,782	3,737	5,519
Changes in scope of consolidation	—	—	—	—	—	430	615	1,045
Transfer from other components of equity to retained earnings	(1,428)	1,744	—	—	316	—	—	—
Total transactions with owners	(1,428)	1,744	—	—	316	(201,061)	(374,439)	(575,500)
Balance at March 31, 2020	38,335	—	(102,773)	170	(64,268)	1,170,222	280,607	1,450,829

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 (loss)	—	—	—	(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	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2020	38,335	—	(102,773)	170	(64,268)	1,170,222	280,607	1,450,829
Net income (loss)	—	—	—	—	—	(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

(5) Consolidated Statement of Cash Flow

Fiscal year ended March 31, 2020 and 2021

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Income before taxes	122,003	32,908
Income before taxes from discontinued operations	25,585	—
Depreciation and amortization	239,824	243,793
Share of profit of associates and joint ventures	(13,401)	(15,640)
Gain on share exchanges	(23,922)	—
Interest and dividend income	(6,886)	(5,547)
Interest expense	24,515	21,404
(Increase) decrease in trade receivables	122,281	(237)
(Increase) decrease in inventories	7,139	44,629
Increase (decrease) in trade payables	(79,540)	(27,240)
Increase (decrease) in retirement benefit assets and liabilities, net	(719)	446
Others	90,188	207,283
Subtotal	507,067	501,799
Interest received	3,040	1,391
Dividends received	25,310	19,019
Interest paid	(21,847)	(19,891)
Income tax (paid) received, net	(61,567)	(35,185)
Net cash provided by (used in) operating activities	452,003	467,133
Cash flows from investing activities		
Purchase of property, plant and equipment	(223,478)	(246,410)
Proceeds from sales of property, plant and equipment	14,995	15,843
Purchase of intangible assets	(12,601)	(10,606)
Purchase of other financial assets	(348,240)	(3,106)
Proceeds from sales/redemption of other financial assets	453,694	76,982
Net cash outflow on acquisition of subsidiaries	(5,490)	(28,677)
Proceeds from sales of investments in subsidiaries	2,836	3,020
Payments for transfer of business	(3,000)	(983)
Net (Increase) decrease of time deposits	25,236	5,708
Others	8,485	(28,781)
Net cash provided by (used in) investing activities	(87,563)	(217,010)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(330,088)	(115,453)
Net increase (decrease) in commercial papers	2,000	(3,000)
Proceeds from long-term borrowings	490,580	301,531
Repayment of long-term borrowings	(183,865)	(171,789)
Proceeds from issuance of bonds	149,185	69,640
Redemption of bonds	(60,000)	(55,000)
Repayment of lease liabilities	(30,555)	(30,349)
Net (increase) decrease in treasury stock	(25)	(19)
Dividends paid to owners of the parent	(56,804)	(34,091)
Dividends paid to non-controlling interests	(31,070)	(11,007)
Proceeds from stock issuance to non-controlling interests	3	4,404
Payments for acquisition of subsidiaries' interests from non-controlling interests	(399,834)	(98,779)
Others	(50)	1,139
Net cash provided by (used in) financing activities	(450,523)	(142,773)
Effect of exchange rate changes on cash and cash equivalents	(10,184)	13,094
Net increase (decrease) in cash and cash equivalents	(96,267)	120,444
Cash and cash equivalents at the beginning of the period	321,541	228,211
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	2,103	49
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	834	854
Increase in cash and cash equivalents resulting from merger	—	19
Cash and cash equivalents at the end of the period	228,211	349,577

(6) Notes to Consolidated Financial Statements

(Segment Information)

The Group evaluates results based on segment profits.

Year ended March 31, 2020

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	1,118,070	1,043,413	843,340	393,128	3,397,951	182,559	3,580,510	—	3,580,510
Inter-segment revenue	63,489	48,087	6,900	603	119,079	183,150	302,229	(302,229)	—
Total	1,181,559	1,091,500	850,240	393,731	3,517,030	365,709	3,882,739	(302,229)	3,580,510
Segment profit (loss)									
Core operating income (Note 3)	61,322	29,788	87,973	16,475	195,558	12,305	207,863	(13,043)	194,820
Segment assets	1,235,365	1,115,777	1,825,927	1,076,474	5,253,543	916,256	6,169,799	(1,037,650)	5,132,149
Other items									
Depreciation and amortization	60,262	64,794	86,164	16,947	228,167	6,259	234,426	4,186	238,612
Share of profit of investments accounted for using the equity method	4,744	4,953	3,569	8	13,274	158	13,432	—	13,432
Investments accounted for using the equity method	59,545	60,747	31,949	16,145	168,386	1,572	169,958	—	169,958
Capital expenditures	77,918	57,582	74,748	22,682	232,930	3,130	236,060	4,330	240,390

Notes:

- The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- The segment profit (loss) adjustment includes corporate costs of ¥ (13,060) million not allocated to reporting segments and inter-segment eliminations of ¥17 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 ¥88,349 million not allocated to reporting segments and inter-segment eliminations of ¥ (1,125,999) million. Corporate assets include financial assets not allocated to reporting segments. Inter-segment elimination transactions mainly comprise cash management system-based loan eliminations.
- 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.
- In the year ended March 31, 2020, the Company classified the businesses of LSI Medience Corporation, its subsidiaries and affiliate as discontinued operations. Segment information for the year ended March 31, 2020 includes revenues and other operating results from continuing operations, excluding those of discontinued operations.

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	1,033,962	858,180	811,756	390,569	3,094,467	163,068	3,257,535	—	3,257,535
Inter-segment revenue	57,980	47,786	6,482	501	112,749	190,323	303,072	(303,072)	—
Total	1,091,942	905,966	818,238	391,070	3,207,216	353,391	3,560,607	(303,072)	3,257,535
Segment profit (loss)									
Core operating income (Note 3)	61,320	14,180	85,066	17,911	178,477	11,904	190,381	(15,671)	174,710
Segment assets	1,316,272	1,091,218	1,909,229	1,093,716	5,410,435	1,038,888	6,449,323	(1,162,095)	5,287,228
Other items									
Depreciation and amortization	64,013	64,077	88,720	16,417	233,227	6,841	240,068	3,725	243,793
Share of profit of investments accounted for using the equity method	6,596	3,235	2,843	135	12,809	72	12,881	—	12,881
Investments accounted for using the equity method	51,691	60,225	32,179	16,314	160,409	1,633	162,042	—	162,042
Capital expenditures	89,771	73,301	69,607	20,942	253,621	4,896	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 ¥105,177 million not allocated to reporting segments and inter-segment eliminations of ¥ (1,267,272) 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, 2021, the Company reclassified segments for some businesses and consolidated subsidiaries. The Company used new classifications to present segment information for the previous year.
5. From the second quarter of the year ended March 31, 2021, the Company reclassified segments for Qualicaps Co., Ltd., and its consolidated subsidiaries from Health Care Segment to Performance Products Segment. The Company used new classifications to present segment information for the previous year.

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

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Segment profit	194,820	174,710
Gain on sales of property, plant and equipment	7,902	8,644
Gain on arbitration award	—	4,099
Share of profit of associates and joint ventures	—	2,759
Gain on business transfer	—	1,428
Gain on step acquisitions	—	1,295
Gain on sales of shares of subsidiaries and associates	523	1,157
Reversal of impairment loss	1,720	—
Impairment loss (Note)	(43,916)	(118,291)
Loss on liquidation of subsidiaries and affiliates	—	(7,379)
Loss on sales and disposal of fixed assets	(9,900)	(6,218)
Special retirement expense	(2,008)	(5,473)
Provision for loss on plant closure	—	(3,318)
Cancellation penalty	—	(1,934)
Loss on sales of subsidiaries and associates	(1,512)	(554)
Others	(3,344)	(3,407)
Operating income	144,285	47,518
Financial income	7,206	8,252
Financial expenses	(29,488)	(22,862)
Income before taxes	122,003	32,908

Notes:

The main assets for which impairment losses were recognized for year ended March 31, 2021 are as follows:

1. Technology-related intangible assets of NeuroDerm Ltd. which Mitsubishi Tanabe Pharma Corporation acquired

The Company posted an ¥84,534 million impairment loss on technology-related intangible assets (in-process research and development expenses) relating to development at NeuroDerm Ltd., of a treatment for Parkinson's disease, as the recoverable amount (¥43,272) million was less than the book value. This loss stemmed from a review of plans based on market research in view of expectations that this consolidated subsidiary's profitability would deteriorate in line with changes in the business climate.

2. MMA monomer and MAA production facilities in Texas

The Company posted an ¥19,396 million impairment loss on the facility as it was unlikely that investments would be recoverable. This loss stemmed from a decision to end MMA monomer and MAA production at the Beaumont site of Lucite International, Inc., in Texas and close that facility. The Company made this move to boost competitiveness and optimize its supply chain in keeping with demand and supply trends for raw materials. As well as posting an impairment loss, the Company booked ¥901 million in special retirement expenses and a ¥3,318 million provision for loss on plant closure.

(Per Share Information)

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

1. Basic Earnings per Share

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	(Millions of yen)	
Net income (loss) used to calculate basic earnings per share:		
Net income (loss) from continuing operations attributable to owners of the parent	37,186	(7,557)
Net income from discontinued operations attributable to owners of the parent	16,891	—
Net income (loss) attributable to owners of the parent	54,077	(7,557)
	(Thousands of shares)	
Average number of ordinary shares during period	1,419,982	1,420,256
	(Yen)	
Basic earnings per share attributable to owners of the parent		
Continuing operations	26.19	(5.32)
Discontinued operations	11.89	—
Basic earnings per share attributable to owners of the parent	38.08	(5.32)

2. Diluted Earnings per Share

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	(Millions of yen)	
Net income (loss) used to calculate diluted earnings per share:		
Net income (loss) from continuing operations used to calculate basic earnings per share	37,186	(7,557)
Adjustment	285	—
Net income from continuing operations used to calculate diluted earnings per share	37,471	(7,557)
Net income from discontinued operations used to calculate diluted earnings per share	16,891	—
Net income used to calculate diluted earnings per share	54,362	(7,557)
	(Thousands of shares)	
Average number of diluted ordinary shares during period:		
Average number of ordinary shares during period	1,419,982	1,420,256
Impact of potentially dilutive ordinary shares		
Convertible bond-type bonds with subscription rights to shares	122,565	—
Subscription rights to shares	1,568	—
Average number of diluted ordinary shares during period	1,544,115	1,420,256
	(Yen)	
Diluted earnings per share attributable to owners of the parent:		
Continuing operations	24.27	(5.32)
Discontinued operations	10.94	—
Diluted earnings per share attributable to owners of the parent	35.21	(5.32)

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 fiscal 2020 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.