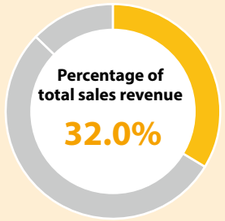
Overview of Business Domains | Summary

Detailed financial results figures for each domain can be viewed on our website.
https://www.mitsubishichem-hd.co.jp/english/ir/pdf/01062/01273.pdf

Notes:
1. ROA was calculated as core operating income divided by the fiscal year average of total assets.
2. Figures for past fiscal periods (up to and including fiscal 2019) are the business results figures announced at the time.
3. Fiscal 2016 figures for sales revenue YoY change and ROA for Performance Products and Industrial Materials are provided for reference only.

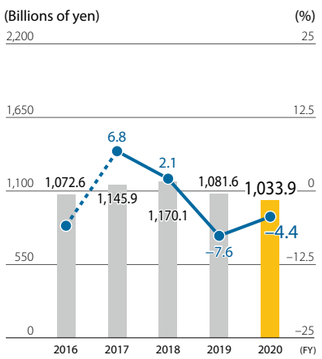
Performance Products domain



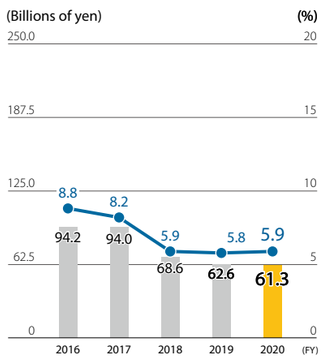
Sales revenue ¥1,033.9 billion

ROIC 5.1%

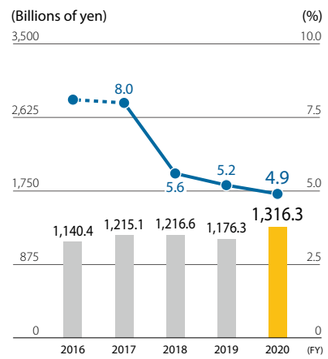
Sales revenue and YoY change



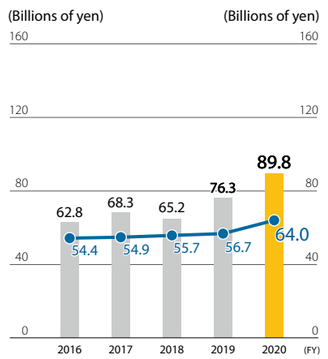
Core operating income and margin



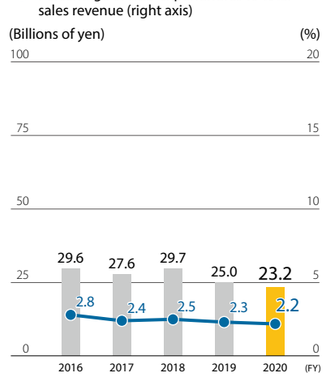
Total assets and ROA



Capital expenditures and depreciation and amortization



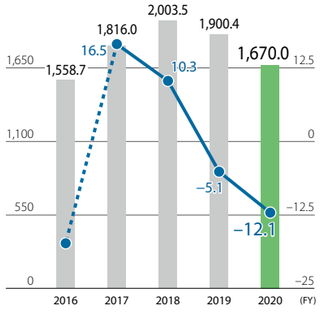
R&D expenditures and percentage of total sales revenue

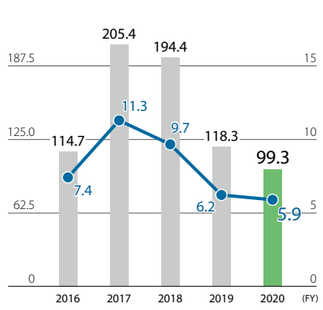


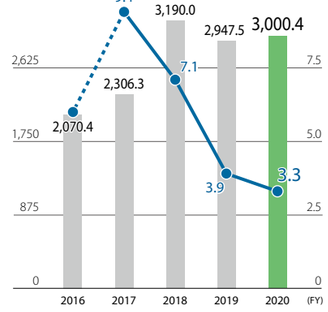
Industrial Materials domain

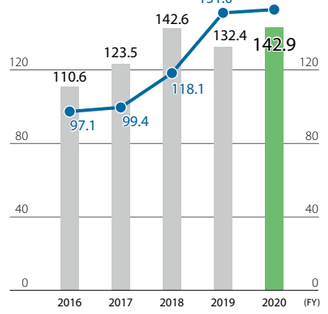
Sales revenue ¥1,670.0 billion

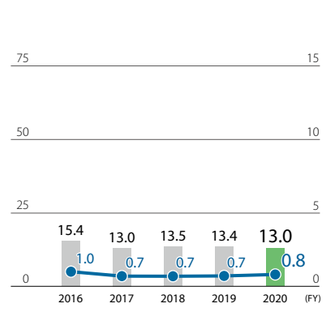
ROIC 3.2%







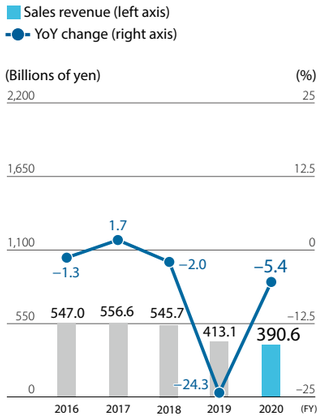


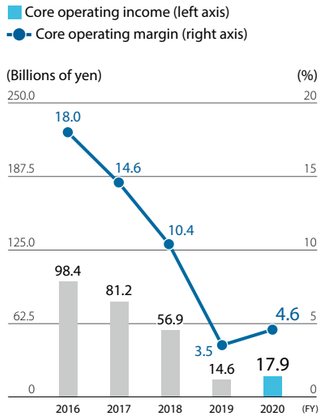


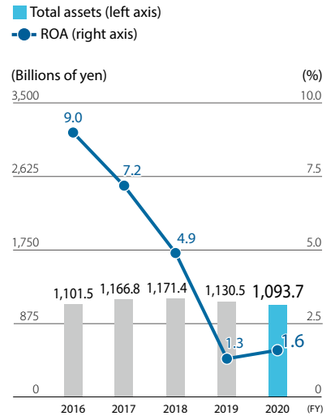
Health Care domain

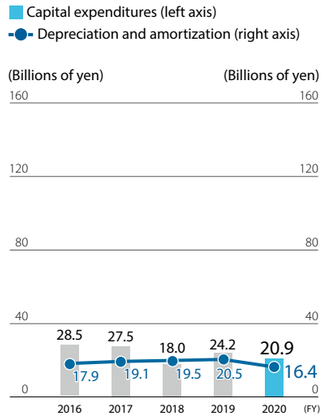
Sales revenue ¥390.6 billion

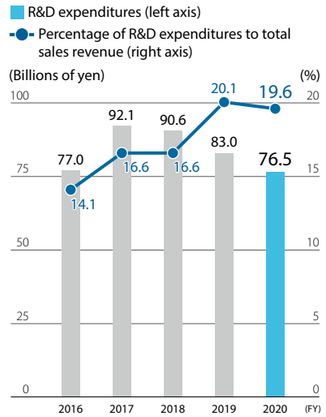
ROIC 2.3%





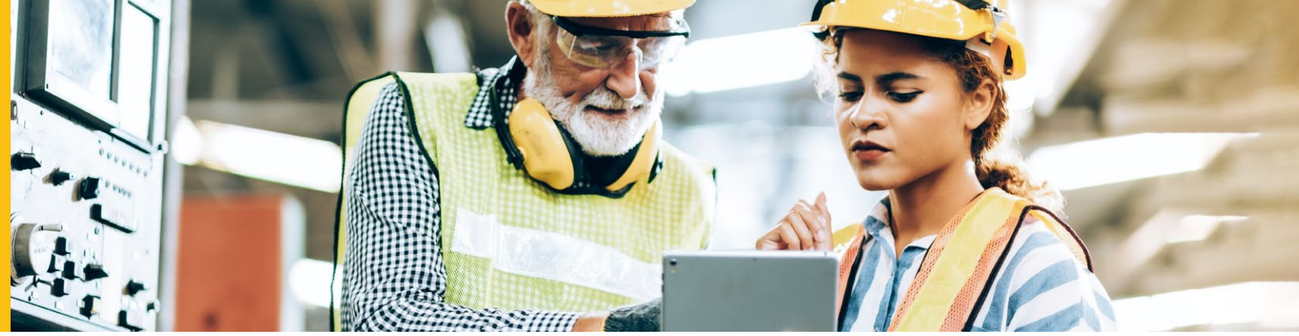


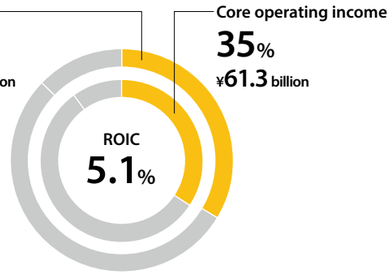




Performance Products Domain

We will seek to achieve differentiation and advanced functions, coordinating the Group's diverse range of products and technologies to offer varied solutions to different target markets.





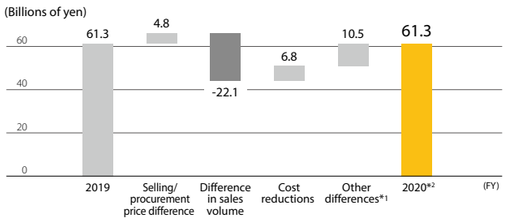
Performance Products segment

Sales revenue amounted to ¥1,033.9 billion, a year-on-year decrease of ¥84.2 billion, while core operating income of ¥61.3 billion maintained the previous fiscal year's level. Although demand began to recover from the second half of the year, sales revenue declined year on year, due particularly to a decrease in sales to the automotive industry of high-performance engineering plastics and other products supplied by the Advanced Moldings and Composites business. Other reasons for the decrease included the reduced sales volume of phenol and polycarbonate chain materials in the Advanced Polymers business, arising mainly from the impact of scheduled maintenance and repairs.

The segment's core operating income, however, maintained the previous fiscal period's level thanks to the recovery in demand from the second half of the year and the improvement in the phenol and polycarbonate chain materials market, which compensated for the abovementioned negative factors.

Performance Products segment

Factors underlying YoY change in core operating income



*1 Includes differences in inventory valuation and gains/losses on equity method investments
*2 The core operating income of ¥61.3 billion for fiscal 2020 is the figure before segment change.

Strengths

Polyester Films business
- We possess a strong market position and the ability to provide solutions in the advanced polyester film sector.

High-Performance Films business
- We provide technological capabilities for adding various functions to films, such as gas-barrier, porous and multilayer films.

High-Performance Engineering Plastics business
- We operate a global network of facilities capable of handling a broad range of operations from plastic production to molding and processing.

Carbon Fiber and Composite Materials business
- This business can leverage a vertically integrated value chain spanning from carbon fibers to intermediate base materials and composite materials.

Semiconductors business
- We utilize our high-level purification and quality management technologies to monitor microscopic particulate contamination.
- We globally roll out cleaning services for semiconductor manufacturing equipment components.

Battery Materials business
- Electrolytes: We have the ability to develop functional additives that create high-performance batteries.

Weaknesses

Polyester Films business
- We must respond to greater than expected short-term changes in market demand.

High-Performance Films business
- The operations of this business are concentrated mainly in Japan.

High-Performance Engineering Plastics business
- This business is particularly vulnerable to social, economic and foreign exchange risks in various regions of the world.

Carbon Fiber and Composite Materials business
- This business mainly sells products outside Japan, exposing it to foreign exchange risks.

Semiconductors business
- Our distinctive products have yet to gain full recognition within the semiconductor industry.

Battery Materials business
- We depend on China for raw material supplies.

Opportunities

Polyester Films business
- Market needs are increasingly sophisticated and complex.

High-Performance Films business
- As a group, we are able to offer high-performance products to markets outside Japan.

High-Performance Engineering Plastics business
- Demand is rising for engineering plastics from the aircraft, semiconductor, and medical equipment industries.

Carbon Fiber and Composite Materials business
- These materials are increasingly in demand for use as automobile parts, wind turbine blades and pressure vessel materials.

Semiconductors business
- Demand is increasing for new materials in response to rapid market expansion and microwiring and multilayering of circuits.

Battery Materials business
- The market is growing explosively.

Threats

Polyester Films business
- The optical film market is shrinking due to disruptive innovations.

High-Performance Films business
- Demand for these films in Japan is forecast to decline over the medium term.

High-Performance Engineering Plastics business
- The market is shrinking with the growing adoption of 3D printers and other new technologies.

Carbon Fiber and Composite Materials business
- Competition is intensifying as manufacturers of these materials in emerging countries improve product quality.

Semiconductors business
- There is strong pressure to localize production.

Battery Materials business
- Profits are being squeezed due to a sharp rise in raw material prices.

Main businesses and products

(Business names were changed starting from fiscal 2021 to reflect the segment change.)

* Figures reflect performance after segment restructuring.

Polymers and Compounds

FY2020 Sales revenue ¥271.8 billion* FY2020 Core operating income ¥15.0 billion*

Polymers Performance polymers, sustainable polymers (biodegradable resins, bio-engineering plastics, polycarbonate, polybutylene, epoxy resins), acetyl polymers (EVOH*1, PVOH*2)
- **Performance polymers** We help our customers innovate by supplying a broad range of products for medical and industrial use as well as for consumer goods, including thermoplastic elastomers, performance polyolefins and polyvinyl chloride compounds.
- **Polycarbonate** Operating globally with a leading market share in Asia, we supply phenol and polycarbonate by integrating its proprietary manufacturing processes with polymer design and compound technologies.

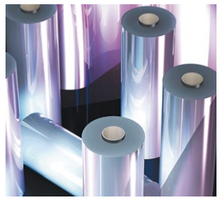
Coating & Additives Coating materials, functional additives, fine chemicals
- **Coating materials** Applying advanced technologies for combining, mixing and evaluating chemical ingredients, we offer environmentally conscious value-added coating materials used in a variety of products, including paint, ink and adhesives.

*1 Ethylene vinyl alcohol copolymer *2 Polyvinyl alcohol

Films & Molding Materials

FY2020 Sales revenue ¥413.8 billion* FY2020 Core operating income ¥27.6 billion*

Films Packaging (food packaging), industrial films (for manufacturing and medical uses, *OPL film*, etc.), polyester films
- **Packaging (food packaging), industrial films (for manufacturing and medical uses, *OPL film*, etc.)** We optimally combine our polymer design, molding, surface treatment and composite material technologies to produce films with added functions, such as gas-barrier properties, weather resistance, moisture permeability and easy-to-unseal functions. Our films are used in a wide range of industries, including the food packaging and medical products industries.
- **Polyester films** We are moving to secure supply capacity in response to the globally expanding market for industrial and optical polyester films, and we are promoting the evolution of a wide range of industrial products to provide prompt solutions to increasingly sophisticated needs.



Molding Materials High-performance engineering plastics, carbon fiber and composite materials, alumina fibers, functional moldings and composites, fibers and textiles
- **High-performance engineering plastics** As a leading global manufacturer of high-performance engineering plastics, we provide products to the industrial machinery, automotive, aircraft and medical equipment industries.
- **Carbon fiber and compounds materials** We have established a world-leading integrated product chain spanning from polyacrylonitrile- and pitch-based carbon fibers to intermediate materials and molded products made from such fibers.

Advanced Solutions

FY2020 Sales revenue ¥308.9 billion* FY2020 Core operating income ¥17.1 billion*

Amenity Life Aqua solutions, life solutions (functional food ingredients, etc.), construction material-related products
- **Aqua solutions** We use membrane filters, ion-exchange resins and other functional separators to provide water treatments for all needs from drinking water supply to sewage treatment, and to offer total solutions in food and pharmaceutical manufacturing processes.
- **Life solutions** We also supply a range of products from vitamin E and capsules to food emulsifiers such as sugar ester, in which we have the leading share of the world market. We aim to combine good health with good taste as we expand this diverse business from food into other sectors.

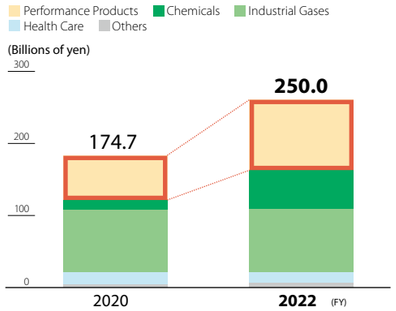
Information & Electronics Semiconductors, electronics (electronic display materials, optical clear adhesive sheets, etc.), battery materials
- **Semiconductors & Electronics** We are also focused on developing and marketing products and services to create new value tailored to customer needs, ranging from a diverse range of materials for electronic displays to high-purity products and precision cleaning materials for semiconductors.
- **Battery materials** This business manufactures electrolytes and anode materials for electric vehicles lithium-ion batteries according to the latest customer specifications, leveraging its global supply network and technical expertise spanning from material development to safety assessments.

Overview of Business Domains

APTSIS 25 Step 1

Policies	● Business model reform for business expansion ● Secure footholds in fields where growth is accelerating amid changing social needs ● Promotion of next-generation project fields likely to deliver value
Key strategies	● Strengthen the ability to offer total solutions through further business expansion in the mobility sector and building of a recycling business ● Strengthen operations in growth business domains ● Enhance R&D efficiency through digital technology and open innovation ● Leverage corporate venture capital to explore new business domains and create new businesses

Core operating income targets



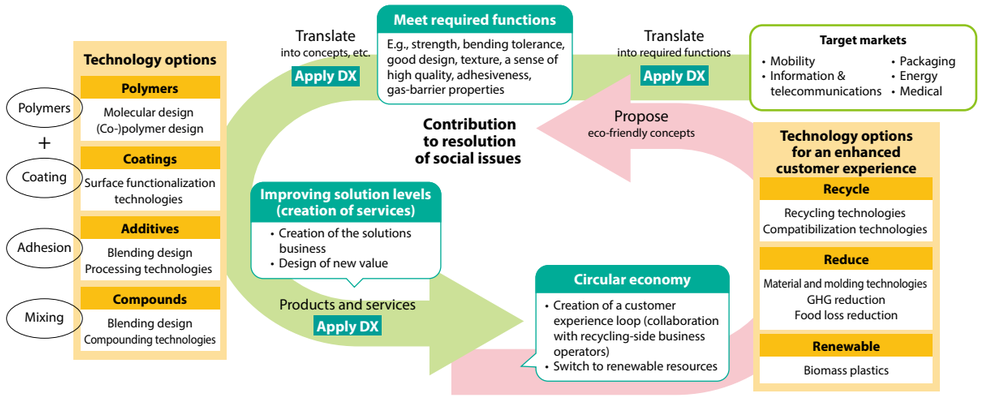
Key strategies in Polymers and Compounds

Our target markets in the mobility sector and other fields have diverse requirements for material properties such as strength and bending tolerance, good design, adhesiveness and gas-barrier properties. We aim to meet these demands by building a solutions business to design new value based on polymers and additives and a wide range of other product groups and technology platforms, from molecular design and compounding to evaluation and processing technologies.

To realize a circular economy, we are working on the development of readily recyclable materials and technologies. In sectors where recycling is considered impractical, we aim to reduce environmental impact in other ways, such as expanding our offer of biodegradable products and developing biodegradability function control technologies.

Through business activities such as these, we will continue contributing to the resolution of social issues.

Proposed business flow in the Polymers and Compounds domain



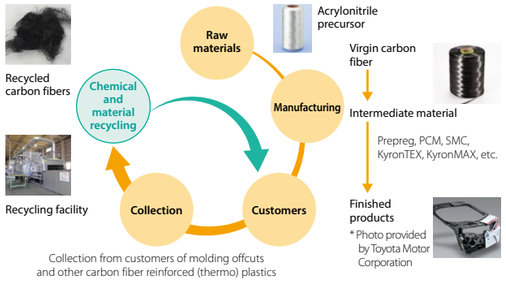
Key strategies in Films & Molding Materials

Lightweight, thinness, strength, and flexibility. With unique products and services that bring together these qualities, we will lead the way to fulfilling future lifestyles and a recycling-oriented society.

In the polyester film business, we will draw on the membrane and materials technologies accumulated globally in the course of our long history to develop electronic displays, industrial labeling systems and other optics and industrial applications. We will also target global business growth by offering solutions in a wide range of industrial product sectors to meet social needs connected with the shift to electric vehicles, high-speed telecommunications and the reduction of environmental impact. We will additionally contribute to realizing a circular economy by developing and supplying environment-friendly products based on the special properties of highly recyclable polyester resins.

In the molding materials business, we will work for business growth through global delivery of high-value-added products such as high-performance engineering plastics and carbon fiber composite materials to serve a wide range of industrial applications in the automobile, aerospace, building construction and medical device industries. In the carbon fiber business, by acquiring recycling companies and other strategies, we have become the only player with a business model integrating all stages from raw material to recycling, thus contributing to realizing a circular economy.

Building a carbon fiber recycling business model ▶ P. 29



Collection from customers of molding offcuts and other carbon fiber reinforced (thermo) plastics

Key strategies for Advanced Solutions

By delivering products and services that increase customer value, we aim to expand our business and realize KAITEKI.

In the food and water supply sector, we are focusing on further development of technologies that will help to improve the taste of fresh and processed food products and reduce food loss. Another focus is enhancing decentralized water supply and treatment systems and water treatment-related services using total water treatment technologies that cover all needs, from drinking water supply to sewage treatment. We provide solutions in the healthcare domain, including pharmaceutical raw materials and pharmaceutical capsules, and develop products that help create healthy living environments.

In the electronic display sector, the focus is on developing optical components such as optical clear adhesive sheets and products for use in liquid crystal and OLED displays. In the battery materials sector, we are working to further boost the competitiveness of our lithium-ion battery materials and to strengthen our global supply system, focusing mainly on the automotive sector, where advanced functions and safety are key.

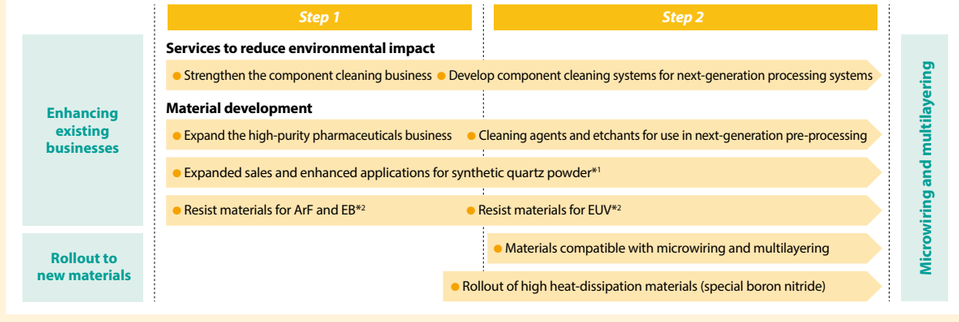
Focus Key strategy example: Expansion of the semiconductor-related business Helping to build the infrastructure of the digital society

MCHC is working to enhance solutions across a wide range of products and services for semiconductor manufacturing.

To drive expansion of the semiconductor-related business, in October 2018 we acquired Cleanpart Group GmbH, a leading company in the provision of precision cleaning and coating services to semiconductor manufacturers and other business operators in Europe and the United States. This gives us the capability to deliver semiconductor precision cleaning services on a global basis, in addition to our existing operations in Japan and Asia. In April 2020, we centralized the MCC Group's semiconductor-related business and at the same time established a global organization, enabling us to promote one-stop, semiconductor-related solutions under a unified brand. Meanwhile, we are driving the creation of synergies with the semiconductor-related businesses and technologies of Gelest, Inc., which we acquired in October 2020.

Our medium- to long-term basic management strategy, KAITEKI Vision 30, declares digital society infrastructure as one of our growth business domains, and we will continue working to expand our semiconductor-related business.

Expansion of the semiconductor-related solutions business through a combination of advanced materials development with services to reduce environmental impact



*1 For crucible use
*2 ArF (argon fluoride): Exposure light source with 193nm wavelength EB: Electron beam as exposure light source EUV (extreme ultraviolet): Exposure light source with 13.5nm wavelength

Solutions to environmental and social issues

The Group's Material Issues
● GHG reduction ● Sustainable resource management ● Circular economy

Coating-free bio-engineering plastics that contribute to the reduction of volatile organic compounds (VOCs) and a gain of additional functionality

MCC's *DURABIO* is a bio-engineering plastic made with the renewable plant-based raw material isosorbide. With its good dyeability, simply mixing it with pigment allows the creation of smooth and glossy surfaces. As the surface is tough and resistant to scratch marks, no painting or coating process is required, which not only reduces the VOCs generated by coating agents during manufacture but also removes the risk of the coating material interfering with radio waves.

These functional and environment-friendly features have received a strong positive reception especially from the automotive industry, which has adopted the product for use in interior and exterior finish materials and in the housings of truck radar devices that detect other vehicles, pedestrians and so on. MCHC will continue contributing to environment-friendly vehicle design by promoting further applications for *DURABIO*.

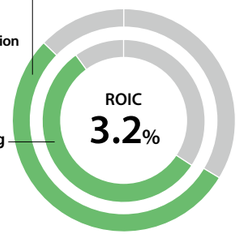
Example of use of coating-free *DURABIO* in automotive interior and exterior finish materials

Manufacturer	Daihatsu Motor Co., Ltd.
Vehicle make	Rocky
Component	Steering wheel switch bezel

Industrial Materials Domain

In the Industrial Materials domain, we will support growth markets by delivering products and technologies through a corporate structure that is continuously adapted to meet contemporary needs, while seeking to diversify our raw material procurement including through the use of renewable resources.

Sales revenue
51%
¥1,670.0 billion

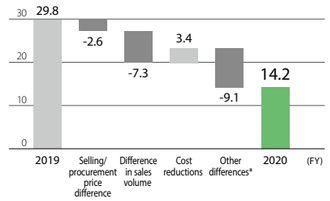


Core operating income
57%
¥99.3 billion

Chemicals segment

Factors underlying YoY change in core operating income

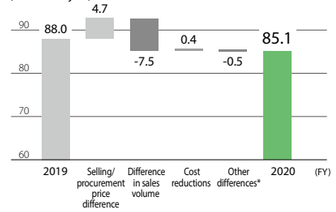
(Billions of yen)



Industrial Gases segment

Factors underlying YoY change in core operating income

(Billions of yen)



* Includes differences in inventory valuation and gains/losses on equity method investments

Chemicals segment

Sales revenue amounted to ¥858.2 billion, a year-on-year decrease of ¥185.3 billion, and core operating income to ¥14.2 billion, a decrease of ¥15.6 billion. The MMA subsegment saw a decline in sales revenue due to the lower market prices compared to the previous fiscal year, despite an improvement from the second half of the year in the price of MMA monomer and related products. The Petrochemicals subsegment saw a decrease in sales revenue that was due on one hand to lower sales volume owing to the increased impact of scheduled maintenance and repairs at our ethylene production facilities, and on the other hand to lower sales prices arising mainly from the fall in raw material prices. In the Carbon Products subsegment, sales revenue fell on the twin impact of lower sales prices, due mainly to the fall in raw material prices, and reduced sales volume, due to declining demand for coke and related products. Core operating income in the segment decreased due to the falling market price of MMA monomer and related products and to the lower sales volume of carbon products.

Industrial Gases segment

Sales revenue amounted to ¥818.8 billion, a year-on-year decrease of ¥31.5 billion, and core operating income to ¥85.1 billion, a decline of ¥2.9 billion. The Industrial Gases segment experienced a drop in both sales revenue and core operating income, despite the strong performance of gases for electronic applications, as domestic and overseas demand fell overall.

Strengths

MMA
- We use three manufacturing methods and hold the top share of the global MMA market.

Petrochemicals business
- We have amassed advanced technologies across a broad product chain ranging from basic petrochemicals to derivatives.

Carbon Products business
- We possess exceptional coking coal blending technologies and coke quality management technologies.

Industrial Gases
- As a group, we hold the top share of Japan's industrial gases market and can supply these gases to markets around the world.

Weaknesses

MMA
- Earnings in this business fluctuate according to raw material prices and global market conditions.

Petrochemicals business
- Earnings in this business fluctuate according to raw material prices and global market conditions.

Carbon Products business
- Earnings in this business fluctuate according to raw material prices and global market conditions.

Industrial Gases
- Business earnings in Japan are impacted by electricity costs.

Opportunities

MMA
- Our international operations have enough capacity to meet growing global demand.

Petrochemicals business
- This business can leverage technology license agreements and proprietary catalysts in growing markets around the world.

Carbon Products business
- We can tap into growing demand for coke as crude steel production expands in developing countries such as India.

Industrial Gases
- As a group, we can take advantage of growing investment opportunities around the world and rising demand for gas applications in the electronics and medical device industries.

Threats

MMA
- Our products face competition from alternative materials.

Petrochemicals business
- Competition in Japan has intensified due to greater than expected imports of petrochemicals derived from U.S. shale and Chinese coal.

Carbon Products business
- Adoption of low-carbon technology by the steel industry

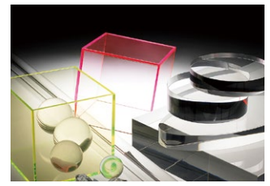
Industrial Gases
- Our international competitors have become larger following mergers of major European and American gas companies

Financial results and main products

MMA

FY2020 Sales revenue ¥**250.6** billion FY2020 Core operating income ¥**14.8** billion

MMA and PMMA



MMA[*1] Our production capacity of this organic compound accounts for approximately 40% of total global capacity. We produce this through three methods[*2] using different raw materials, and are pursuing advancements in its manufacturing processes while leveraging cost competitiveness and access to raw materials through a global supply chain.

*1 Methyl methacrylate
*2 The acetone cyanohydrin (ACH) method, C4 direct oxidation process and Mitsubishi Chemical Corporation (MCC)'s new ethylene method called Alpha technology.

PMMA[*3] We manufacture this thermoplastic, which boasts excellent transparency, weather-resistance, and formability, for use in a wide range of products, particularly acrylic sheets for signs, display cases and aquarium tanks. It is also used in auto parts, optical components, consumer electronics components, plastic optical fibers and partitions to prevent airborne droplet infection.

*3 Polymethyl methacrylate

Petrochemicals

FY2020 Sales revenue ¥**430.2** billion FY2020 Core operating loss ¥**(1.5)** billion

Basic petrochemicals and basic chemical derivatives, and polyolefins

Basic petrochemicals and basic chemical derivatives This business supplies olefins, including ethylene and propylene, and aromatics, such as benzene and toluene. It also sells terephthalic acid and various derivatives from ethylene, propylene and C4. The MCHC Group operates two ethylene plants in Japan, one in Ibaraki Prefecture owned by MCC, and another in Okayama Prefecture owned by Asahi Kasei Mitsubishi Chemical Ethylene Corporation, a 50:50 joint venture company between MCC and Asahi Kasei Corporation.

Polyolefins Applying our proprietary catalyst and process technologies, this business supplies high-quality and high-performance polyethylene and polypropylene materials, which are used to manufacture a diverse range of products spanning from auto parts and electrical wires to medical equipment and food packaging.

Carbon Products

FY2020 Sales revenue ¥**177.4** billion FY2020 Core operating income ¥**0.9** billion

Coke, carbon materials, carbon black, and synthetic rubber

Coke Coke is a major raw material for the global steel industry. The coal tar produced in its manufacturing process is also used as a raw material for many types of products. We procure coal from a number of countries and blend it with 60 to 70 types of raw materials to produce coke of various quality grades.

Carbon black Carbon black is used to make many common goods, such as tires, printing ink and rubber coloring. We apply strict quality controls at every stage of the carbon black manufacturing process, from raw material processing to finished product inspections.

Industrial Gases

FY2020 Sales revenue ¥**811.8** billion FY2020 Core operating income ¥**85.1** billion

Industrial gases and related equipment and facilities

Industrial gases Having secured the top share (40%) of Japan's market for industrial gases, which includes oxygen, nitrogen and argon, we are working to expand this business in other major markets of the world, particularly in North America, Europe, Asia and Oceania.

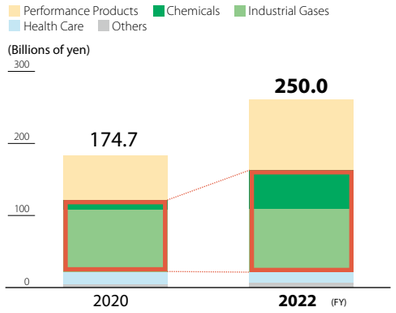
Industrial gas-related equipment and facilities Building on a long history of achievements, such as constructing Japan's first air separation units in 1935, we have earned a strong reputation around the world as a manufacturer of industrial gas-related equipment and facilities, including space-simulation chambers and liquid helium equipment.

Overview of Business Domains

APTSIS 25 Step 1

Policies	● Accelerated reorganization and restructuring of risk businesses ● Business model reform to strengthen the business foundation
Key strategies	● Strengthen the partnership with oil refining (Petrochemicals) ● Reform the business model to shift from domestic market dependency to export-oriented operation (Carbon Products) ● Strengthen global management (MMA, Industrial Gases) ● Develop an innovative Intelligent Gas Supply System to realize smart factory operation ● Promote a plastic recycling society through supply chain management in partnership with customers and consumers ● Implement DX

Core operating income targets



Strategy for improving competitiveness in the Petrochemicals business

We have worked to stabilize revenues in this business through major structural reforms, such as consolidating naphtha cracker operations and withdrawing from unprofitable businesses. Looking ahead, we will further strengthen the partnership with the oil refining business and implement chemical recycling. In parallel, we will target differentiation and a competitive advantage by developing high-performance polyolefins.

In July 2021, Japan Polychem Corporation, a consolidated subsidiary of MCC, acquired the stock of the overseas Group company operating the PPCP*1 business of Japan Polypropylene Corporation*2. PPCP is expected to attract growing demand going forward as a material contributing to lighter-weight vehicles. We are committed to responding swiftly to customer needs by making active use of the overseas business foundations of the MCC Group.

*1 Polypropylene compound
*2 Joint venture between Japan Polychem Corporation and JNC Petrochemical Corporation

Example of PPCP applications
(Daihatsu Mira e:S)

Left: Rear door interior
Right: Rear door exterior

Reform of the Carbon Products business model

The coke supplied by MCC under the SAKAIDE COKE brand is known for its highly uniform and stable quality and enjoys a correspondingly strong reputation with steel manufacturers, not just in Japan but worldwide. Going forward, we will continue with restructuring to achieve an optimal sales portfolio and production system to match structural changes in the domestic steel industry. This will enable us to ensure a stable supply of high-quality coke and to realize global business expansion. We will continuously strengthen the revenue base by progressively increasing the added value of needle coke and other coke byproducts.

Solutions to environmental and social issues

The Group's Material Issues
● GHG reduction ● Sustainable resource management ● Circular economy

A pioneering chemical recycling project

As a concrete solution to the problem of plastic waste and other issues, we are implementing a pioneering chemical recycling project. Impressed with this initiative, the Development Bank of Japan Inc. (DBJ) has concluded a loan agreement with MCHC in the framework of DBJ Sustainability Linked Loans with an Engagement Dialogue (DBJ-SLL). In July 2021, it was decided to build a plastic-to-oil conversion-based chemical recycling plant for waste plastics at MCC's Ibaraki Plant in a joint project with ENEOS Corporation. The target is to launch commercial operation by fiscal 2024.

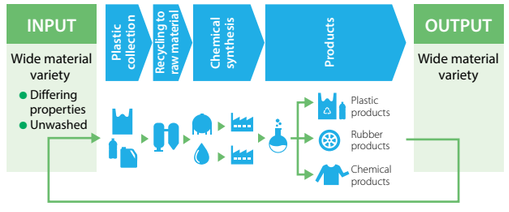
By ensuring that our business activities help address social challenges such as GHG reduction and the carbon cycle, we are committed to ongoing contributions to the realization of a sustainable society.

Outline of DBJ-SLL program*

Date of agreement	November 30, 2020
Agreement period	10 years
Loan amount	¥30 billion

* The loan conditions are linked to the degree of fulfillment of the borrower's ESG activity targets, which incentivizes the borrower to carry out business activities to meet the targets.

Envisioned plastic waste recycling process



Strategy to strengthen Industrial Gases competitiveness

In the industrial gas industry, increasingly dominated by major corporations, our acquisition of a European business operator in December 2018 establishes for the Group a system with bases in the four regions of Japan, Americas, Europe and Asia Pacific. To leverage its collective capabilities for successful competition with the major players in the global industrial gas market, in October 2020 the Group shifted to a holding company structure under which it is transferring authority to its operating companies in the respective regions and taking measures to clarify responsibilities for business execution and speed up management decision-making. It also plans to strategically distribute operational resources and formulate strategies for the Group as a whole while stepping up corporate governance and improving its risk management system.

New global management system

Focus Strategy for expanding the MMA business Building a solidly reliable worldwide supply network

MCC, which is unique worldwide in possessing capability in all three main MMA manufacturing methods, is the leading global supplier, boasting an approximate 40% share of the world's production capacity. Going forward, to maintain our competitive advantage in the world market and continue to secure stable revenues, our two main tasks are to eliminate technical issues arising from outdated facilities and to optimize the production and supply network.

To meet these challenges, we will launch a global supply chain management system using the mathematical optimization technologies associated with DX. In parallel, we need to strengthen the management base by integrating and speeding up decision-making processes and to promote the advancement of diverse human resources. With these aims in mind, in April 2021 we centralized the head office functions of the MMA business in Singapore.

Meanwhile, in March 2021 we closed the Beaumont site in the United States and are now considering the construction of a new MMA monomer plant in the United States. Envisaged as using a new ethylene method known as Alpha technology, it would follow the start of full operations at SAMAC in the Middle East in April 2018.

Going forward, we will leverage the strong competitive advantage afforded by the prime location of our plants and our proprietary technologies to build an optimal supply system covering all regions of the world, consolidating our position as one of the industry's leading companies.

History and future development of the MMA business

Wide-ranging applications of MMA

- Store signboards and signage
- Automotive light covers
- Optical lenses
- Liquid crystal light-guide panels
- Lighting equipment
- Stationery
- Aquarium tanks
- Optical fibers
- Partitions to prevent airborne droplet infection
- Adhesive agents
- Coating agents

Top share of the world market

Acquisition of the Lucite International Group establishes a production technology system encompassing all three manufacturing methods

Acquisition cost
Approx. ¥160 billion

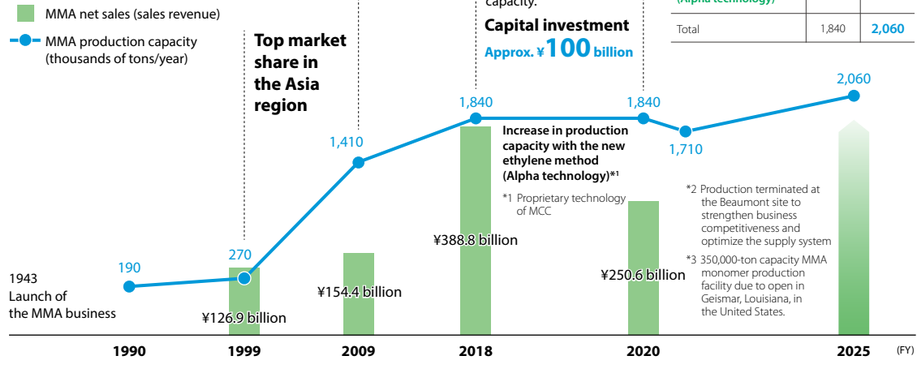
In Saudi Arabia, we have begun construction of a plant with the world's largest production capacity.

Capital investment
Approx. ¥100 billion

Worldwide demand for MMA in 2020
Three million tons plus
Share of world market: Approx. 40%

Plan for increased yearly MMA production capacity (Thousand tons)

Manufacturing method	FY2020	FY2025
C4 direct oxidation process	560	560
ACH method	900	770*2
New ethylene method (Alpha technology)*1	380	730*3
Total	1,840	2,060



*1 Proprietary technology of MCC
*2 Production terminated at the Beaumont site to strengthen business competitiveness and optimize the supply system
*3 350,000-ton capacity MMA monomer production facility due to open in Geismar, Louisiana, in the United States.

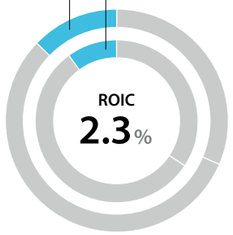
Overview of Business Domains

Health Care Domain

In the Health Care domain, we not only work to provide treatments for diseases but also products and services that help people around the world live longer and healthier lives.

Sales revenue
12%
¥390.6 billion

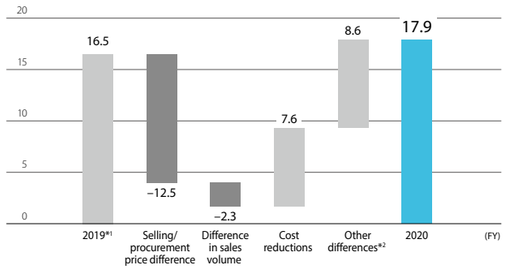
Core operating income
10%
¥17.9 billion



Health Care segment

Factors underlying YoY change in core operating income

(Billions of yen)



*1 Figures do not include discontinued operations.
*2 Includes differences in inventory valuation and gains/losses on equity method investments

Health Care segment

Sales revenue amounted to ¥390.6 billion, a year-on-year decrease of ¥2.5 billion, and core operating income was ¥17.9 billion, an increase of ¥1.4 billion. The pharmaceuticals segment maintained the level of sales revenue of the previous fiscal year thanks to sales growth, mainly in priority products, which outweighed negative factors including the impact of National Health Insurance drug price revisions in the Japanese market.

Core operating income increased owing to a decrease in sales costs and R&D expenditures mainly reflecting the constrained level of activities resulting from the spread of COVID-19. Note that some royalty revenue from Novartis Pharma AG for *Gilenya*, a treatment agent for multiple sclerosis, was not recognized as sales revenue in accordance with IFRS 15 (Revenue from Contracts with Customers) due to the start of arbitration proceedings in February 2019. In fiscal 2020 likewise, some royalty revenue was not recognized as sales revenue due to the ongoing arbitration proceedings.

Strengths (S)

Pharmaceuticals business
- We have advanced drug discovery and IKUYAKU (drug fostering and evolution) capabilities.
- We have a strong presence in priority drug markets including central nervous system disorders and immuno-inflammatory diseases.

Life Science business
- We have outstanding product development and technological capabilities in regenerative medicine.
- We have the ability to offer value propositions to the medical community and patients based on a long track record in pharmaceutical development.

Weaknesses (W)

Pharmaceuticals business
- Our expansion into global markets has been relatively slow, particularly in North America.

Life Science business
- We need to increase technological capability to a sufficient level in the ICT domain.

Opportunities (O)

Pharmaceuticals business
- Needs in the healthcare and medical sectors are diversifying.
- The aging of populations in many countries is driving up demand for healthcare.
- There are unmet medical needs.

Life Science business
- Needs in the healthcare and medical sectors are diversifying.
- There are still unmet medical needs.
- There are growing expectations for the development of regenerative medicine products.

Threats (T)

Pharmaceuticals business
- The probability of success with drug discovery is declining.
- R&D expenditures are increasing.
- Governments are taking various measures to control healthcare expenditures.

Life Science business
- The medical ICT market is still in the developing stage.
- Governments are taking various measures to control healthcare expenditures.

Main businesses and products

Data on the sales revenue and core operating income of the pharmaceuticals business (Mitsubishi Tanabe Pharma Corporation (MTPC)) are published on the website.
https://www.mt-pharma.co.jp/e/company/financial-information/pdf/e_presen210512.pdf

Pharmaceuticals business

Immuno-inflammation This is a field where we have a strong business base built on a relationship of trust with medical professionals established in connection with *REMICADE*. Here, we will work to retain the leading share in the Japanese market by maximizing the respective benefits of three biopharmaceuticals—*REMICADE*, *Simponi*, and *Stelara*—whose indications include rheumatoid arthritis, Crohn's disease, ulcerative colitis and psoriasis.

Central nervous system *RADICUT* (*RADICAVA* in the United States), originated by MTPC, protects motor neurons against oxidative stress by eliminating the free radicals that persist in the body under the pathological conditions of amyotrophic lateral sclerosis (ALS). This action is thought to slow the decline of physical function and muscle atrophy in ALS patients. *RADICAVA* was launched in the United States in August 2017 as the first new ALS drug in some 20 years. The drug has received approval in seven countries around the world including Japan, South Korea, the United States and Canada. Currently, global development of an oral suspension formulation of *RADICAVA* is underway.

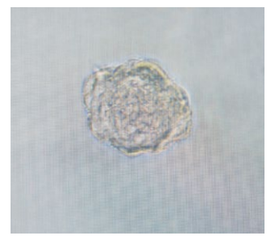
Diabetes and kidney In the diabetes drug market, we are seeking to maximize value with our type 2 diabetes treatments: *TENELIA* and *CANALIA*—originated in Japan by MTPC—and a combination table of the two, *CANAGLU*. Meanwhile, in August 2020 we launched sales of the renal anemia treatment *VAFSEO*. We will steadily strengthen our presence in the diabetes and kidney disease field by accumulating evidence and expanding sales channels.

Vaccines In Japan, we are marketing a vaccine developed and manufactured by Osaka University's Research Institute for Microbial Diseases (BIKEN Group). We have also established a vaccine-manufacturing joint venture with the BIKEN Group under the name BIKEN Co., Ltd., which began operations in September 2017. We will contribute to stable vaccine supply by reinforcing our production base. In North America, meanwhile, Medicago Inc. is working on vaccine development using virus-like particle (VLP) technology.

Life Science business

Next-generation healthcare CL2020 (development code) is a product based on Muse cells (Multilineage-differentiating Stress Enduring cells), which were discovered by a group of scientists led by Professor Mari Dezawa of Tohoku University. We are currently progressing with clinical trials for six indications (acute myocardial infarction, cerebral infarction, epidermolysis bullosa, spinal cord injury, amyotrophic lateral sclerosis [ALS], and acute respiratory distress syndrome [ARDS] related to SARS-CoV-2 infection). Meanwhile, LSII Tonomachi CPC* obtained a license for manufacturing of regenerative medicine products in July 2019, and is making preparations to launch products to the market. (As of August 2021)

* CPC: Cell Processing Center



Muse cells

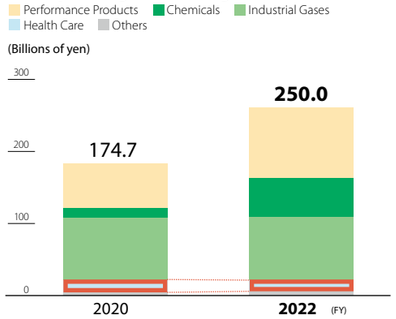
Healthcare and medical ICT With the aim of meeting challenges in the super-aged society, we are collaborating with academia and venture businesses in the framework of "open shared business" to create new products and services benefiting from the application of ICT and AI. Cognitive function testing programs at multiple medical institutions have confirmed its effectiveness at an exploratory level, and we are currently progressing with specified clinical research in cognitive impairment and related conditions.

Pharmaceutical development solutions Our Group company API Corporation operates a proposal-oriented business based on our technical knowledge in areas such as cost-competitive manufacturing routes for target compounds. We have developed new synthetic methods utilizing fewer reaction steps and successfully commercialized the resulting products.

APTSIS 25 Step 1

Policies	● Rollout of precision medicine and "around the pill" solutions ● Acceleration of development and commercialization of regenerative medicine products
Key strategies	● Realize precision medicine with the focus on central nervous system disorders and immuno-inflammatory diseases ● Contribute to preventive medicine through focus on the vaccine field ● Synergize the expertise and technology bases of Group companies to accelerate the development of established businesses and create new "around the pill" businesses. ● Develop a collaborative and synergistic partnership structure within the MCHC Group for the commercialization of Muse cell-based products.

Core operating income targets



Growth strategies in the pharmaceuticals business

In its medium-term management plan 21-25, launched in fiscal 2021, MTPC declares its commitment to realizing precision medicine*1 and "around the pill" solutions*2 to address areas of remaining unmet medical need.

By concentrating and increasing R&D expenditures on precision medicine, focusing on central nervous system disorders and immuno-inflammatory diseases, we aim to increase the number of products brought to market starting from fiscal 2025. We are also contributing to infectious disease prevention with a focus on the vaccine field. In the vaccine business, our target is to achieve sales revenue of ¥100 billion in fiscal 2025.

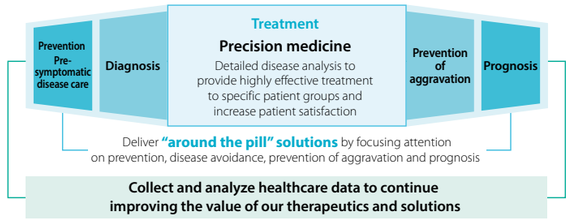
In the central nervous system disorders field, we will take as our entry point ALS, where there is a wealth of drug discovery data. In this area, we will address intractable neurological diseases that are caused by the same genes and have a common pathophysiology to rapidly identify the relevant genes and develop new modalities.

Next, in the immuno-inflammatory field, we will focus on systemic scleroderma and systemic lupus erythematosus, diseases showing diverse pathologies for which there is as yet no effective drug treatment. Here, we will work on phenotype drug discovery based on appropriately stratified patient groups.

In the vaccine field, at the global level we will address the social challenge of preventing COVID-19 infection by working on a plant-derived VLP vaccine. In Japan, meanwhile, we will collaborate with the BIKEN Group on infection prevention in children and adults and on stable vaccine supply.

*1 Providing the appropriate healthcare to the appropriate patient at the appropriate time taking account of the differences in people's genes, environment and lifestyle.
*2 An approach that takes drug therapies as the starting point to offer solutions ranging from prevention to prognosis to contribute to improving the quality of life of patients and their families

"Precision medicine" and "around the pill solutions"



Major development pipeline list

Research areas	Code and indications	Region	Stage
Central nervous system	MT-1186 (ALS/oral suspension)	Global	Phase 3
	ND0612 (Parkinson's disease)	Global	Phase 3
Immuno-inflammation	MT-7117 (EPP/XLP*3)	Global	Phase 3
	MT-7117 (systemic sclerosis)	Global	Phase 2
Vaccines	MT-2766 (prophylaxis of COVID-19)	Global	Phase 3
	MT-2654 (prophylaxis of seasonal influenza/elderly)	Global	Phase 1
	MT-2355 (5 combined vaccine)	Japan	Phase 3

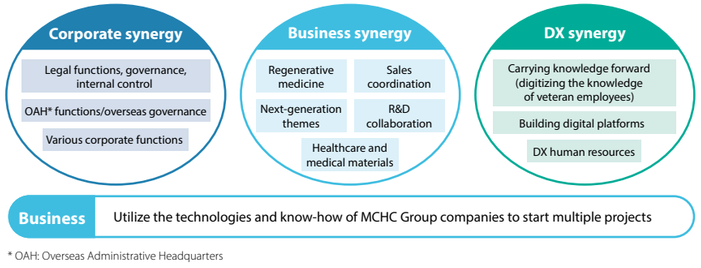
*3 EPP: Erythropoietic protoporphyria
XLP: X-linked protoporphyria

(As of August 2021)

Creation of Group synergies

In December 2019, to coincide with the integration of MTPC as a wholly owned subsidiary, the Group established a committee to discuss the creation of synergies from three viewpoints: Business operations, corporate cooperation and DX. The committee will work to create synergies by bringing together the technologies and expertise of the different MCHC Group operating companies.

Examples of themes addressed by the committee to explore ways to generate synergies



* OAH: Overseas Administrative Headquarters

Focus Contributing through vaccines to infectious disease prevention
Development of a VLP vaccine to prevent COVID-19 infection

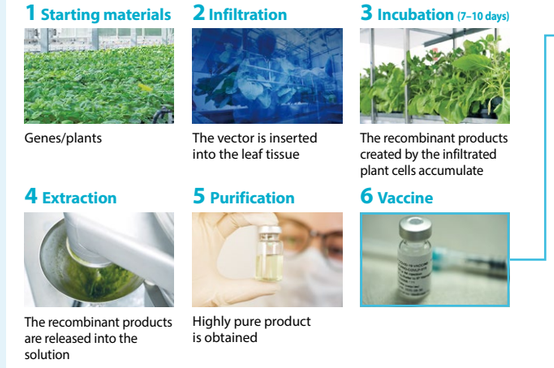
In March 2021, Medicago Inc., a subsidiary of MTPC, began the Phase 3 portion of Phase 2–3 clinical trials of a plant-derived VLP vaccine (MT-2766) aimed at prevention of COVID-19 infection. Phase 3 global clinical trials are ongoing in countries including Canada, the United States, the United Kingdom and Brazil, with the aim of commercialization in Canada before the end of 2021.

The VLP vaccine is a new type of vaccine produced using VLP manufacturing technology. With an external structure that is similar to the virus, the vaccine is expected to display strong efficacy in providing immunity. Moreover, as it does not contain genetic information, it does not result in virus proliferation within the body. It has therefore attracted interest as a promising vaccine technology that should offer excellent safety. The manufacturing technology for the plant-based VLP vaccine is expected to allow large-volume production in a short timespan and at low cost.

Medicago Inc., which is headquartered in Canada, has concluded an agreement with the Canadian government under which it will receive a grant of 173 million Canadian dollars (approximately ¥13.7 billion) for the development of a VLP vaccine for COVID-19 prevention and in return supply the government with up to 76 million doses of the vaccine. Currently, we are using the grant to speed up development and are putting in place a supply system.

Going forward, we will proceed steadily with development to deliver the VLP vaccine to society as soon as possible, contributing further to the prevention of COVID-19, a pressing social issue.

Plant-based VLP vaccine manufacturing process (utilizing transient gene expression)



Advantages expected with VLP* manufacturing technology

- The use of plants allows large-volume production in a short timespan at low cost.
- There is excellent safety, as there is no virus proliferation.

* The VLP has an external structure that is similar to the virus and is therefore expected to have high efficacy in providing immunity.

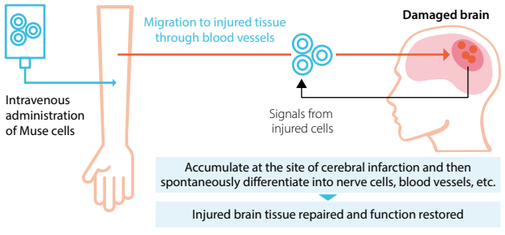
Solutions to environmental and social issues

The Group's Material Issues
- Healthy and vibrant lives

Developing Muse cell-based products in response to unmet medical needs

Muse cells are endogenous pluripotent repair stem cells that are naturally present in the bone marrow, peripheral blood, and connective tissues of all body organs. They normally accumulate in injured organs where they replace and replenish injured cells by differentiating into the damaged cell type, and exert pleiotropic effects including anti-inflammatory actions and vascular protection over an extended period of time, without the need for HLA-matching test or long-term immunosuppressive drug administration for the use of donor Muse cells. Donor Muse cells, administered by simple intravenous drip, accumulate in the injured tissue to exert their tissue repair effects by spontaneously differentiating into healthy cells corresponding to the damaged tissue. Because the donor Muse cells that engraft into the injured tissue are maintained as living, functional cells over an extended period of time, the anti-inflammatory, vascular-protective, tissue protective, and anti-cell-death effects continue to be exerted for a long time. Administration of Muse cells is significantly more effective than administration of another type of stem cell, human mesenchymal stem cells, for the repair of damaged tissue.

LSII is working to achieve the successful approval and commercialization of a Muse cell-based product (CL2020) as soon as possible.



Financial Summary

With the start of the previous medium-term management plan, *APTSIS 20*, we have adopted the International Financial Reporting Standards (IFRS) from fiscal 2016. Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (gains and losses incurred by business withdrawal and contraction, etc.) as defined under IFRS. We disclose core operating income as our unique gains/losses incurred by staged gains/losses, considering the comparability with the operating income of J-GAAP.

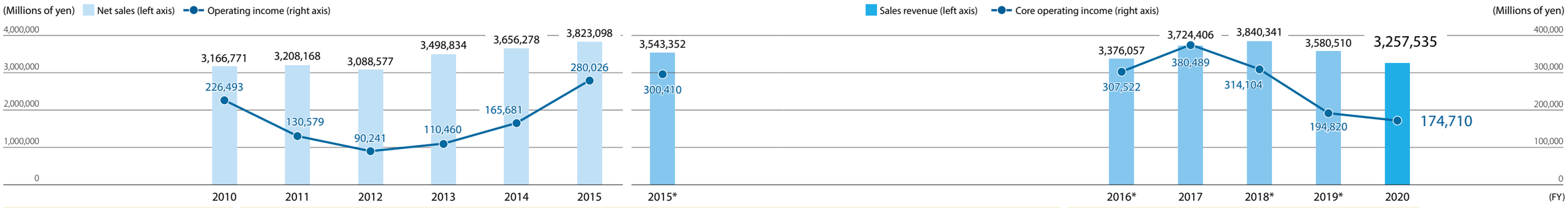
J-GAAP (FY2010–FY2015)

IFRS (FY2015–FY2020)

Figures for years indicated with (*) do not include results from discontinued operations.

	2010	2011	2012	2013	2014	2015	2015*
For the year						Millions of yen	
Net sales	3,166,771	3,208,168	3,088,577	3,498,834	3,656,278	3,823,098	3,543,352
Operating income	226,493	130,579	90,241	110,460	165,681	280,026	300,410
Income before income taxes and minority interests in consolidated subsidiaries	169,552	127,474	82,900	116,594	165,621	198,248	252,791
Net income attributable to owners of the parent	83,581	35,486	18,596	32,248	60,859	46,444	51,358
Total comprehensive income	86,742	64,199	94,900	134,016	173,692	7,695	34,302
Capital expenditures	117,806	116,145	132,221	133,339	165,057	176,508	213,134
Depreciation and amortization	148,697	145,695	129,549	131,571	151,253	180,374	182,656
R&D expenditures	130,825	138,545	134,723	134,260	132,217	138,364	126,782
Net cash provided by (used in) operating activities	288,853	217,954	206,504	177,027	329,776	388,663	299,612
Net cash provided by (used in) investing activities	(101,064)	(63,404)	(169,758)	(159,789)	(277,223)	(202,796)	(234,078)
Net cash provided by (used in) financing activities	(149,493)	(164,146)	(26,250)	(8,307)	(2,061)	(156,957)	(40,945)
At year-end							
Total assets	3,294,014	3,173,970	3,307,758	3,479,359	4,323,038	4,061,572	4,223,774
Property, plant and equipment	1,088,369	1,032,738	1,061,551	1,118,050	1,498,146	1,390,727	1,403,437
Short-term and long-term debt	1,304,589	1,164,128	1,198,799	1,258,186	1,603,595	1,465,752	1,579,575
Total net assets	1,114,003	1,144,954	1,203,316	1,314,870	1,588,601	1,554,528	972,197
Per share						Yen	
Net income—basic	58.72	24.06	12.61	21.89	41.40	31.70	35.06
Net assets	514.30	522.77	553.54	611.95	669.77	636.43	663.71
Cash dividends	10	10	12	12	13	15	15
Key indicators							
Return on assets (ROA) (%)	5.1	3.9	2.6	3.4	4.2	4.7	5.9
Return on equity (ROE) (%)	11.6	4.6	2.3	3.7	6.4	4.8	5.2
Shareholders' equity ratio (%)	23.0	24.2	24.6	25.8	22.6	22.9	8.5
Other							1.17
Number of employees	53,882	53,979	55,131	56,031	68,263	68,988	23.0
							68,988

	2016*	2017	2018*	2019*	2020	Increase or decrease (%)	2020
For the year					Millions of yen		Thousands of U.S. dollars
Sales revenue	3,376,057	3,724,406	3,840,341	3,580,510	**3,257,535**	(9.0)	**30,760,482**
Core operating income	307,522	380,489	314,104	194,820	**174,710**	(10.3)	**1,649,764**
Income before taxes	258,343	344,077	284,846	122,003	**32,908**	(73.0)	**310,746**
Net income (loss) attributable to owners of the parent	156,259	211,788	169,530	54,077	**(7,557)**	—	**(71,360)**
Total comprehensive income	226,493	297,476	205,898	475	**160,551**	—	**1,516,062**
Capital expenditures	206,482	225,189	231,742	240,390	**263,715**	9.7	**2,490,227**
Depreciation and amortization	174,040	178,895	199,332	239,824	**243,793**	1.7	**2,302,106**
R&D expenditures	126,290	138,833	142,822	133,368	**126,073**	(5.5)	**1,190,491**
Net cash provided by (used in) operating activities	396,643	397,940	415,575	452,003	**467,133**	—	**4,411,076**
Net cash provided by (used in) investing activities	(289,056)	(335,933)	(895,068)	(87,563)	**(217,010)**	—	**(2,049,197)**
Net cash provided by (used in) financing activities	1,411	(150,592)	519,062	(450,523)	**(142,773)**	—	**(1,348,187)**
At year-end							
Total assets	4,463,547	4,701,415	5,572,508	5,132,149	**5,287,228**	3.0	**49,926,610**
Property, plant and equipment	1,431,681	1,433,509	1,683,354	1,742,216	**1,813,838**	4.1	**17,127,838**
Interest-bearing debt	1,693,742	1,606,123	2,246,751	2,388,060	**2,482,422**	4.0	**26,288,849**
Equity attributable to owners of the parent	1,091,398	1,285,750	1,377,947	1,170,222	**1,236,339**	5.7	**11,674,589**
Per share					Yen		U.S. dollars
Basic earnings (loss) per share	106.73	147.14	119.22	38.08	**(5.32)**	—	**(0.1)**
Equity attributable to owners of the parent	758.30	893.26	970.46	824.07	**870.40**	5.6	**8.2**
Cash dividends	20	32	40	32	**24**	(25.0)	**0.2**
Key indicators							
Return on assets (ROA) (%)	5.9	7.5	5.5	2.3	**0.6**	(1.7 pt)	—
Return on equity (ROE) (%)	15.1	17.8	12.7	4.2	**–0.6**	(4.8 pt)	—
Ratio of core operating income to sales revenue (ROS) (%)	9.1	10.2	8.2	5.4	**5.4**	(0.0 pt)	—
Net debt-to-equity (D/E) ratio (times)	1.06	0.89	1.26	1.79	**1.73**	—	—
Ratio of equity attributable to owners of the parent (%)	24.5	27.3	24.7	22.8	**23.4**	0.6 pt	—
Other							
Number of employees	69,291	69,230	72,020	69,609	**69,607**	—	—



Transitions in the medium-term management plan

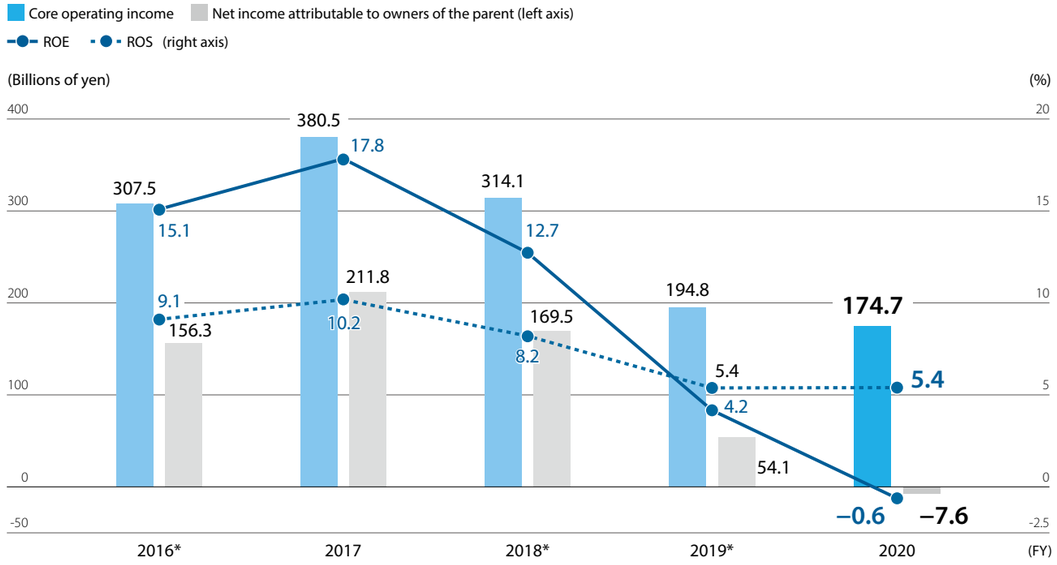
- ***APTSIS 10*** FY2008–FY2010
- ***Step 1*** FY2011–FY2012
- ***Step 2*** FY2013–FY2015
- ***APTSIS 15***
- ***APTSIS 20*** FY2016–FY2020

Notes: 1. In this report, the fiscal year refers to the period beginning April 1 and ending March 31 of the following year. Fiscal 2020 refers to the year ended March 31, 2021.
2. U.S. dollar amounts are converted from yen at the rate of ¥105.9 = U.S.$1.00.
3. Return on assets (ROA) (%) is calculated by dividing income before taxes by the average of the beginning and ending balances of total assets.
4. Return on equity (ROE) (%) is calculated by dividing net income attributable to owners of the parent by the average of the beginning and ending balances of equity attributable to owners of the parent.
5. When non-recurring depreciation on non-current assets is recorded, the amount is included in depreciation and amortization.

Financial Indicators

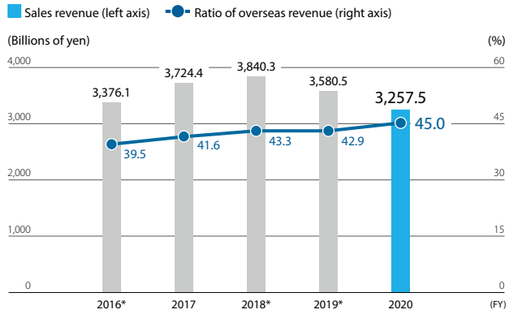
Figures for years indicated with (*) do not include results from discontinued operations.

Net income and ROS/ROE



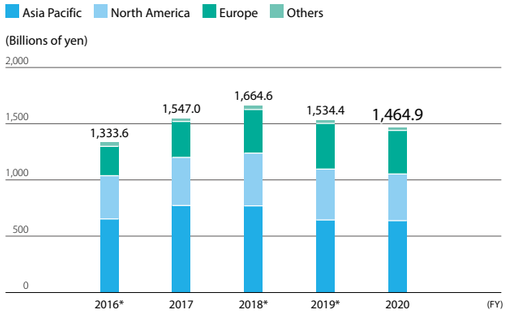
Thanks to business portfolio reforms under the previous medium-term management plan, *APTSIS 20*, fiscal 2017 saw an increase in sales revenue in the Industrial Materials domain and expanded sales volume, mainly in the Performance Products domain, resulting in new records for both core operating income and net income attributable to owners of the parent. From fiscal 2018, however, sales revenue went into decline under the deteriorating economic conditions arising from the economic downturn, trade friction between the United States and China, the impact of the COVID-19 pandemic, and other factors. This trend was accentuated by further impacts, notably the inability of the Health Care domain to record royalty revenue due to ongoing arbitration proceedings. Amid these conditions, fiscal 2020 saw core operating income fall by ¥20.1 billion (10.3%) year on year to ¥174.7 billion, while ROS remained unchanged at 5.4%. Net income attributable to owners of the parent declined by ¥61.7 billion to show a loss of ¥7.6 billion, due mainly to the recording of an impairment loss on non-recurring items in the Health Care domain. ROE declined by 4.8 points year on year to –0.6%.

Sales revenue and ratio of overseas revenue



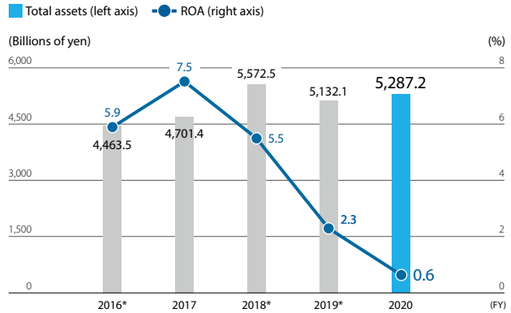
In fiscal 2020, sales revenue decreased by ¥323.0 billion (9.0%) year on year. The Industrial Materials domain was affected by lower sales prices, mainly reflecting falling raw material prices, as well as by reduced sales volume due to the increased impact of scheduled maintenance and repairs. Reduced sales volume in the Performance Products domain was another factor in the decrease. The ratio of overseas revenue rose by 2.1 points to 45.0%.

Overseas revenue by region



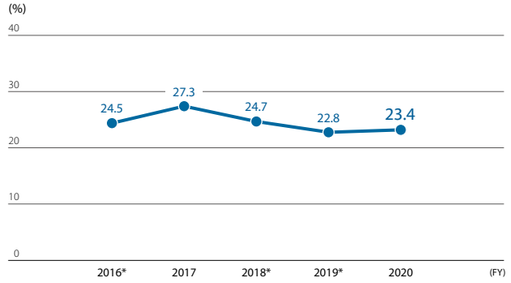
Operations in Europe and North America and also in Asia, were impacted by the COVID-19 pandemic. The resulting weak demand combined with the impact of exchange rate differences due to the stronger yen and other factors led to a year-on-year decline in overseas revenue.

Total assets and ROA



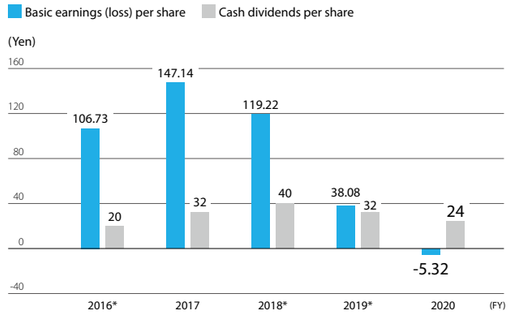
Total assets amounted to ¥5,287.2 billion, a year-on-year increase of ¥155.1 billion despite the impairment loss on intangible assets in the Health Care domain and other negative factors. One input to the increase was the rise in the yen-denominated value of the assets of overseas consolidated subsidiaries due to the progressive depreciation of the yen, while another was the securing of cash and cash equivalents in preparation for unforeseen eventualities arising out of the COVID-19 pandemic. ROA was 0.6%, down 1.7 points year on year.

Ratio of equity attributable to owners of the parent



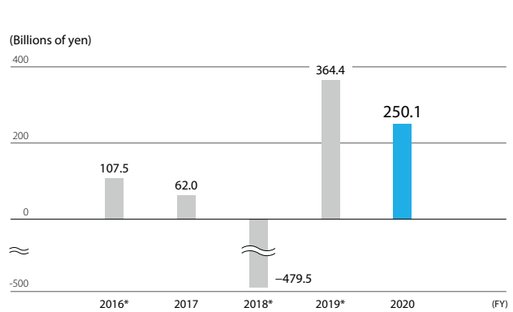
Equity attributable to owners of the parent decreased ¥66.1 billion year on year to ¥1,236.3 billion. Consequently, the ratio of equity attributable to owners of the parent increased 0.6 point year on year to 23.4%.

Basic earnings (loss) per share and cash dividends per share



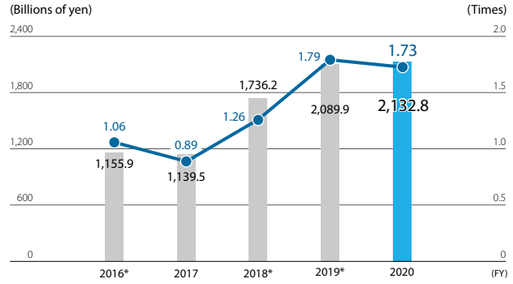
In fiscal 2020, basic earnings per share declined to a loss of ¥5.32. The full-year cash dividend per share is based on an overall consideration of our financial position and future business conditions. Due to the recording in fiscal 2020 of a loss, consisting mainly of impairment loss, we have therefore regretfully reduced the full-year dividend per share by ¥8 from the previous fiscal year to ¥24.

Free cash flow



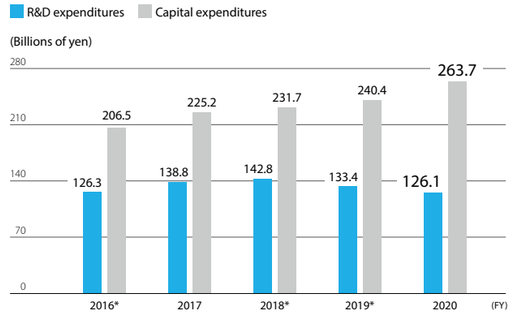
In fiscal 2020, net cash provided by operating activities increased from the previous fiscal year to ¥467.1 billion, mainly due to a decrease in working capital caused notably by falling raw material prices. In cash flows from investing activities, approximately ¥680.0 billion was spent on industrial gases business acquisitions in Europe and the United States in fiscal 2018. In fiscal 2020, acquisitions of property, plant and equipment and related outflows amounted to ¥217.0 billion. The resulting balance of free cash flow was ¥250.1 billion.

Net interest-bearing debt and net D/E ratio



In fiscal 2019, the integration of MTPC as a wholly owned subsidiary pushed the net debt-to-equity ratio up to 1.79. In fiscal 2020, exchange rate impacts and other factors caused net interest-bearing debt to rise by ¥42.9 billion year on year, resulting in a 0.06 improvement in the net debt-to-equity (D/E) ratio to 1.73. We are targeting a recovery to a ratio of 1.0 by fiscal 2023, based on continued improvement in our financial position.

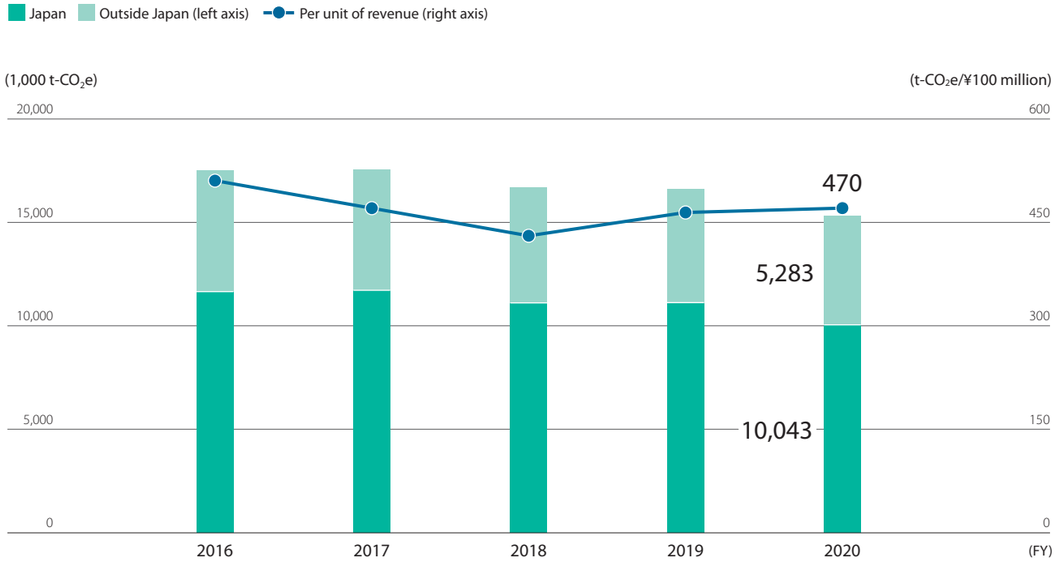
R&D expenditures and capital expenditures



R&D expenditures were ¥126.1 billion, as we continued to focus on refining existing technologies and developing new technologies. Capital expenditures increased to ¥263.7 billion, up ¥23.3 billion year on year, due to the expansion of production facilities, mainly in the Performance Products domain.

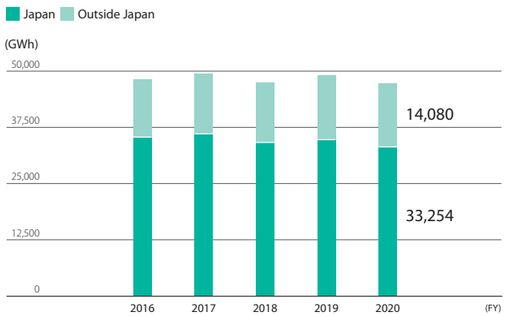
Non-Financial Indicators

GHG emissions*1



Fiscal 2020 GHG emissions (Scope 1 + Scope 2) totaled 15,325 thousand t-CO_2e. Total emissions were reduced by 7.8% year on year, due chiefly to scheduled maintenance and repairs at large-scale manufacturing plants and the suspension of operations at plants with high emissions levels. After accounting for the impact of COVID-19, however, emissions per unit of revenue, at 470 t-CO_2e/¥100 million, remained close to the previous fiscal year's level. GHG reduction is viewed as one of the most important social issues under our medium- to long-term basic management strategy, KAITEKI Vision 30 (KV30). In addition to contributing to the reduction of emissions through our products and services, we are working to further accelerate the reduction of GHG emissions from business activities including production.

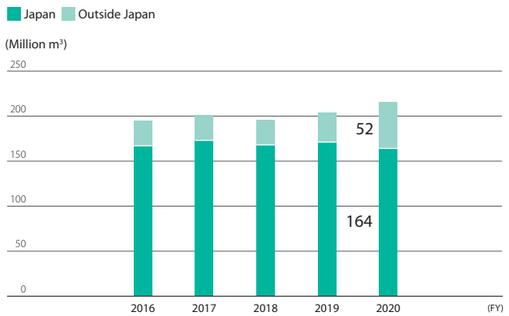
Energy consumption*1



Energy consumption fell year on year in fiscal 2020, due mainly to scheduled maintenance and repairs at large-scale plants in Japan and the suspension of certain operations with high energy consumption.

Because improving production efficiency by implementing energy-saving activities and stabilizing process operations is directly linked to GHG reductions, we will continue to reduce energy consumption as an important initiative to realize KV30.

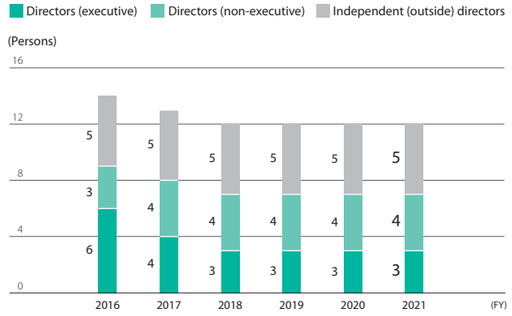
Water withdrawal (excluding seawater)



In fiscal 2020, water consumption increased overall as new overseas group company bases were added to the newly revised scope of measurement from fiscal 2019. In Japan, however, more efficient utilization of water led to a year-on-year reduction of 7 million m^3 in water intake. Alleviating global water supply concerns is viewed as one of the most important social issues under KV30. We will continue to promote effective use of water resources and reduction of water intake to ensure that our use of water resources does not place a significant burden on the region.

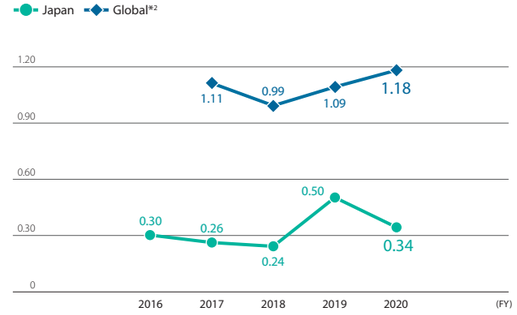
*1 Data for fiscal 2019 and subsequent periods are calculated based on categories revised to reflect the scope of activity of KV30. Figures for fiscal 2018 and earlier periods shown in the graph have been recalculated based on the revised categories. Figures for fiscal 2019 and subsequent periods, calculated based on the post-revision categories, have received independent assurance.

Number of directors and outside directors



Please see P. 59–60 for a list of directors.

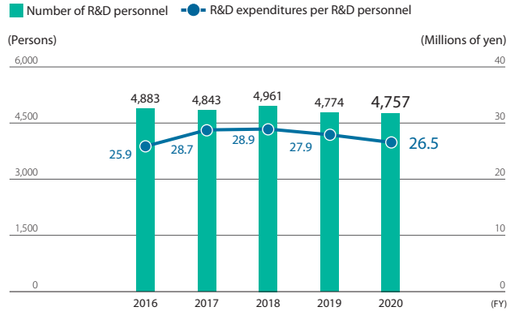
Lost-time injury frequency rate (LTIFR)



The LTIFR in Japan was 0.34, an improvement on the previous fiscal year. The corresponding global figure, for which data has been collected and aggregated since fiscal 2017, is higher than in Japan. We are committed to efforts to reduce the LTIFR by stepping up initiatives to prevent occupational accidents. These will include a range of measures such as ensuring compliance with basic safety practice and operational safety rules and undertaking risk assessments.

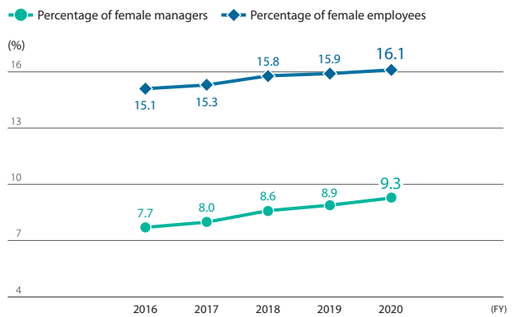
*2 For the scope of data aggregation, see P. 103.

Number of R&D personnel and R&D expenditures per R&D personnel



In fiscal 2020, the number of R&D personnel fell by 17 from the previous fiscal year to 4,757, giving a figure of ¥26.5 million for R&D expenditures per R&D personnel.

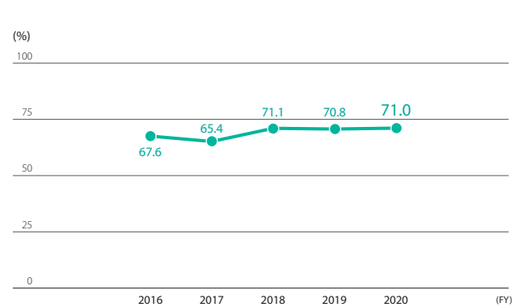
Percentage of female employees and percentage of female managers*2



The percentage of female employees increased by 0.2 points to 16.1% from the previous fiscal year while the percentage of female managers was 9.3%, up 0.4 points from the previous fiscal year. We operate a range of initiatives to promote the empowerment of women.

*2 For the scope of data aggregation, see P. 103.

Paid leave utilization rate*2



The paid leave utilization rate was much the same as the previous fiscal year. We will work to reform operational procedures in line with the approaching the New Normal as we continue with strengthened initiatives to improve the work-life balance.

*2 For the scope of data aggregation, see P. 103.

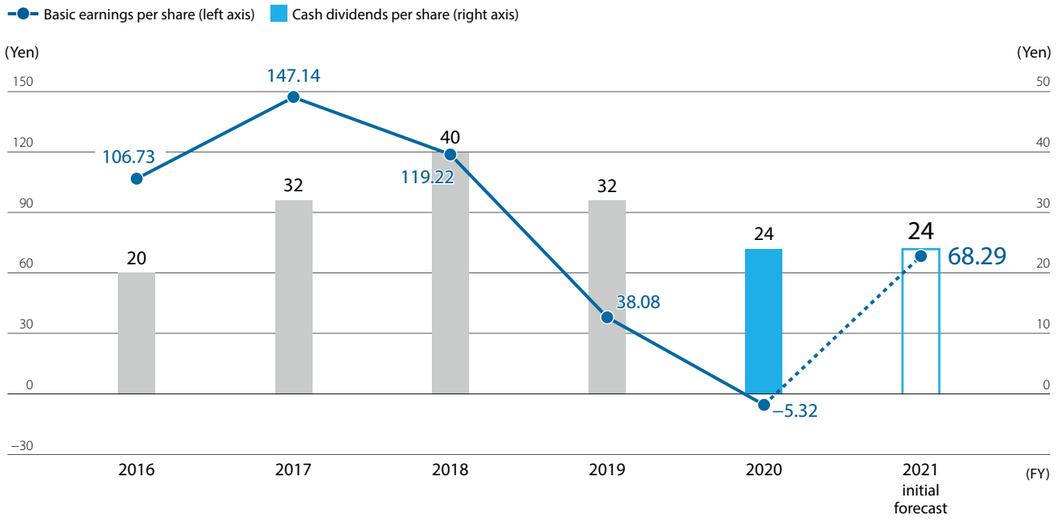
Basic Policy on Shareholder Returns

The Mitsubishi Chemical Holdings Corporation aims to improve shareholder value by enhancing corporate value.
We consider achieving a balance between growth investment and improving our financial position in our dividend policy.

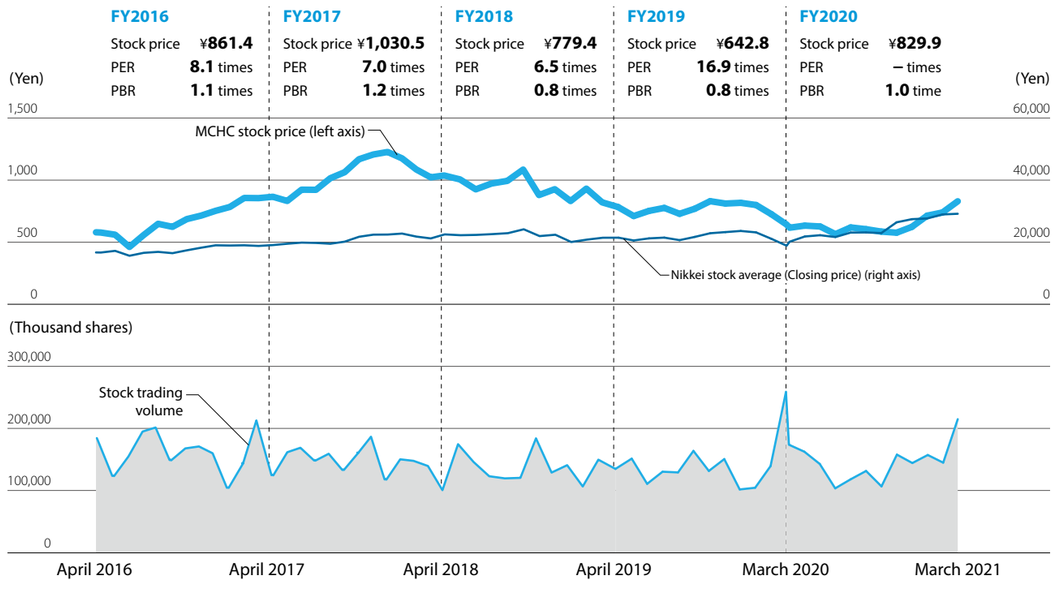
Targeting a medium-term consolidated payout ratio of 30%

Paying stable dividends

Basic earnings (loss) per share and cash dividends per share



Stock price and stock trading volume



Stock price: As of March 31
PER: Share price as of March 31/Basic earnings (loss) per share
PBR: Share price as of March 31/Equity attributable to owners of the parent per share

Shareholder information (As of March 31, 2021)

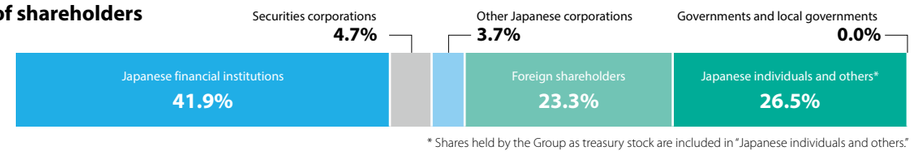
Securities code	4188 (First Section of the Tokyo Stock Exchange)
Shares per unit	100
Authorized shares	6,000,000,000
Outstanding shares	1,506,288,107
Number of shareholders	273,758

Major shareholders

Name	Number of shares (Thousands)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	126,731	8.9
Custody Bank of Japan, Ltd. (Trust account)	82,101	5.8
Meiji Yasuda Life Insurance Company	64,389	4.5
Nippon Life Insurance Company	42,509	3.0
Custody Bank of Japan, Ltd. (Trust account 7)	26,246	1.8
Custody Bank of Japan, Ltd. (Trust account 4)	23,652	1.7
MUFG Bank, Ltd.	20,553	1.4
STATE STREET BANK WEST CLIENT - TREATY 505234	20,298	1.4
Custody Bank of Japan, Ltd. (Trust account 5)	20,075	1.4
Taiyo Life Insurance Company	18,838	1.3

Notes: 1. In addition to the above, Mitsubishi Chemical Holdings holds 82,871 thousand shares as treasury stock, but these shares are non-voting pursuant to the provisions of Article 308, Paragraph 2 of the Companies Act.
2. Equity investment ratios are calculated to the exclusion of the treasury stock (82,871 thousand shares).
3. In addition to the above, equity investments of MUFG Bank, Ltd. in Mitsubishi Chemical Holdings include 2,375 thousand shares of stock (representing the equity investment ratio of 0.2%) held in the name of The Nomura Trust and Banking Co., Ltd. (Retirement Benefit Trust MUFG Bank Account) over which MUFG Bank, Ltd. retains the right to issue instructions regarding the exercise of the relevant voting right.

Composition of shareholders



* Shares held by the Group as treasury stock are included in "Japanese individuals and others."

FY2020 IR Report

Mitsubishi Chemical Holdings engages in active and constructive dialogues with shareholders, customers and other stakeholders through various opportunities and aims to cooperate for realization of KAITEKI by sharing issues and goals. In dialogues with shareholders and investors, we will ensure appropriate disclosures so as to gain the trust of our shareholders and encourage the long-term holding of our shares. We also intend to engage in active dialogues with shareholders and reflect such dialogues in our corporate activities.

Activities		Description
1 General Meeting of Shareholders		Held on June 24, 2021
2 For domestic and overseas institutional investors, analysts	IR briefings (large meetings)	2 events: Business briefing (Feb.); Briefing on medium-term management plan for pharmaceutical business (Mitsubishi Tanabe Pharma; Mar.). Video and documentation available on our website (Japanese and English)
	Top management's dialogue with investors	Small meetings (Jun., Mar.): Individual interviews with domestic and overseas institutional investors
	Conference calls, following the financial results announcement	4 sessions (following the quarterly financial results announcement) Audio and documentation available on our website (Japanese and English)
	Participation in conferences held by securities firms	6 events: Mainly individual interviews with overseas institutional investors
	Small meetings on individual themes	2 sessions: Pharmaceutical business (Jun.); Automotive business (Dec.).
	Other IR activities	Meetings following the financial results announcement and other events
3 For individual investors	Individual investors briefings	5 sessions: including presentation by CEO/CFO


General Meeting of Shareholders


Business briefing

Consolidated Financial Statements

Consolidated Statement of Income

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen

	Year ended March 31, 2020	**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 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:		(Yen)
Basic earnings(loss) per share attributable to owners of the parent		
Continuing operations	¥ 26.19	**¥ (5.32)**
Discontinued operations	11.89	—
Total	¥ 38.08	**¥ (5.32)**
Diluted earnings(loss) per share attributable to owners of the parent		
Continuing operations	¥ 24.27	**¥ (5.32)**
Discontinued operations	10.94	—
Total	¥ 35.21	**¥ (5.32)**

Consolidated Statement of Comprehensive Income

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen

	Year ended March 31, 2020	**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 through other comprehensive income	(15,912)	**26,675**
Remeasurements of defined benefit pensions 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**

Consolidated Financial Statements

Consolidated Statement of Financial Position

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
As of March 31

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 and Equity			
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**

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries

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	—	—	—	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 through other comprehensive income	Remeasurements of defined benefit pensions 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	—	—	—	—	—	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

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	—	—	—	—
Total transactions with owners	—	**3,001**	**241**	**(3,634)**
Balance at March 31, 2021	**¥50,000**	**¥179,716**	**¥(63,244)**	**¥1,060,069**

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit pensions 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	—	—	—	**(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**

Consolidated Financial Statements

Consolidated Statement of Cash Flows

Mitsubishi Chemical Holdings Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen

	Year ended March 31, 2020	**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)**
Impairment loss	48,647	**127,193**
Loss on sales and retirement of property, plant and equipment	15,797	**11,458**
Loss on liquidation of subsidiaries and associates	—	**7,379**
Provision for loss related to plant closure	—	**3,318**
Loss on sales of shares of subsidiaries and associates	1,567	**554**
Gain on sales of property, plant and equipment	(8,533)	**(9,869)**
Gain on transfer of businesses	—	**(1,428)**
Gain on step acquisitions	—	**(1,295)**
Gain on sales of shares of subsidiaries and associates	(530)	**(1,168)**
Gain on share exchanges	(23,922)	**—**
Gain on reversal of impairment loss	(1,720)	**—**
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	34,960	**71,141**
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**
Purchase of investments in subsidiaries	(5,490)	**(28,677)**
Proceeds from sales of investments in subsidiaries	2,836	**3,020**
Proceeds from loss of control due to share exchange	14,432	**—**
Payments for transfer of businesses	(3,000)	**(983)**
Net (increase) decrease in time deposits	25,236	**5,708**
Others	(5,947)	**(28,781)**
Net cash provided by (used in) investing activities	(87,563)	**(217,010)**
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**
Payment 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**
Net increase in cash and cash equivalents resulting from merger and acquisition	—	**19**
Cash and cash equivalents at the end of the period	¥228,211	**¥349,577**

Non-Financial Information

Environmental Data

☑ Indicators with this icon have been assured by KPMG AZSA Sustainability Co., Ltd. for fiscal 2020.

Scope of data aggregation

The data covers the four operating companies (Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute and Nippon Sanso Holdings) and their domestic and overseas Group companies.

Energy consumption/Greenhouse gases (GHG)*1	FY2017	FY2018	FY2019	FY2020
☑ GHG emissions (Scope 1 + Scope 2) (1,000 metric t-CO_2e)*2	14,815	14,187	16,629*4	15,325
☑ Scope 1	7,470	6,787	8,455	7,786
☑ Scope 2	7,345	7,400	8,174	7,540
☑ Scope 3*5	49,640	49,260	51,820	51,930
☑ Energy consumption (GWh)*3	40,977	39,126	49,110	47,335

*1 Based on the GHG protocol, energy used to produce electricity and steam sold externally and the resulting CO_2 emissions are not excluded. Since fiscal 2019, the data has included half of energy consumption and GHG emissions by the joint operation.
*2 For the calculation of emissions in Japan, the base emission factors of individual electric power companies specified in the Act on Promotion of Global Warming Countermeasures are used in principle, with an alternative emission factor used in cases where the specific emission factor is unavailable. GHG emissions that are not subject to reporting under the Act are mostly calculated based on the mass balance of chemical reactions. Overseas Scope 1 emissions are calculated with the emission factors specified in the Act on Promotion of Global Warming Countermeasures, and overseas Scope 2 emissions are calculated with power company-specific emission factors or country level emission factors for electricity published by the IEA.
*3 The unit higher heating values for fuels specified in the Act on the Rational Use of Energy are used.
*4 In fiscal 2019, the expanded scope of measurement under the medium- to long-term basic management strategy KAITEKI Vision 30 resulted in the additional inclusion of one joint operations company. Given the additional effect of expansion due to acquisitions in previous years, the total of Scope 1 + Scope 2 emissions showed an increase of 2,442 thousand metric t-CO_2e from fiscal 2018 to 16,629 thousand metric t-CO_2e. Excluding these effects, however, emissions fell by 54 thousand metric t-CO_2e compared to fiscal 2018.
*5 See page 3 of the non-financial data sheet on the Company's website for the calculation method for Scope 3 GHG emissions.

Environmental impact	FY2017	FY2018	FY2019	FY2020
☑ NOx emissions (1,000 metric tons)	8.12	7.54	8.28	7.94
☑ SOx emissions (1,000 metric tons)	4.42	4.07*7	3.39*7	3.23
☑ COD emissions (1,000 metric tons)*6	2.08	1.84	1.80	1.68
☑ Total nitrogen emissions in water discharged (1,000 metric tons)*6	6.04	5.64	5.67	4.87
☑ Total phosphorous emissions (1,000 metric tons)*6	0.07	0.10	0.11	0.10

*6 COD emissions, total nitrogen emissions and total phosphorous emissions each show total quantity of emissions discharged into rivers, lakes and oceans. Emissions into sewage systems and off-site wastewater treatment plants are excluded.
*7 Emissions for fiscal 2018 and fiscal 2019 have been adjusted following a revision of the calculation method for SOx emissions at certain sites.

Water use	FY2017	FY2018	FY2019	FY2020
☑ Water withdrawal (Million m^3) (excluding seawater)	193	189	204	216

Social Data

Constitution of employees (MCHC Group)		FY2017	FY2018	FY2019	FY2020
Number of consolidated employees		69,230	72,020	69,609	69,607
Number of employees by district	In Japan	43,406	43,709	40,732	40,774
	Outside Japan	25,824	28,311	28,877	28,833

Aggregation period Each fiscal year from April 1 to March 31, or as of March 31

Scope of data aggregation The figures show those employed by Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute and Taiyo Nippon Sanso (including those seconded to other companies but excluding those seconded from other companies).

Diversity/Work-life balance/Occupational safety	FY2017	FY2018	FY2019	FY2020
☑ Number of employees	21,770	22,064	23,116	23,147
☑ Number of employees by gender Male	18,440	18,578	19,444	19,429
☑ Female	3,330	3,486	3,672	3,718
☑ Percentage of female employees (%)	15.3	15.8	15.9	16.1
☑ Percentage of female managers (%)*8	8.0	8.6	8.9	9.3
☑ Paid leave utilization rate (%)*9	65.4	71.1	70.8	71.0
☑ Lost-time injury frequency rate (LTIFR)*10, *11	0.26	0.99	1.09	1.18

*8 Percentage of female employees out of all employees at assistant manager level and above.
*9 The denominator is the number of days newly granted and the numerator is the number of days acquired in the reporting fiscal year. The denominator does not include the number of days carried over from the previous fiscal year.
*10 Scope of data aggregation: The data for fiscal 2017 covers the figures from domestic operations of the four operating companies (Mitsubishi Chemical, Mitsubishi Tanabe Pharma, Life Science Institute and Taiyo Nippon Sanso) and their Group companies with operating divisions active within Japan. The data from fiscal 2018 covers these four operating companies and their domestic and overseas Group companies with operating divisions active. From fiscal 2020, the scope of the LTIFR includes the staff of Mitsubishi Tanabe Pharma's Head Office, branches, and sales offices in Japan.
*11 The LTIFR is the number of lost-time injuries and fatalities per million hours worked.

Independent Assurance Report

KPMG

Independent Assurance Report

To the President and CEO of Mitsubishi Chemical Holdings Corporation

We were engaged by Mitsubishi Chemical Holdings Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with ☑ (the "Indicators") for the period from April 1, 2020 to March 31, 2021 included in its KAITEKI REPORT 2021 (the "Report") for the fiscal year ended March 31, 2021.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' and the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Making inquiries and reviewing materials including documented evidence of the Toyama Plant of Mitsubishi Chemical Corporation selected on the basis of a risk analysis, as alternative procedures to a site visit.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
October 25, 2021