



November 4, 2020

## Mitsubishi Chemical Holdings Corporation Condensed Consolidated Financial Information for the First Half of the Fiscal Year Ending March 31, 2021

### 1. Business Results

(Fiscal 2020 First Half: April 1, through September 30, 2020)

	Millions of yen	
	FY2020 1st Half	FY2019 1st Half
<b>(1) Results of Operations:</b>		
Sales revenue	1,504,816	1,827,690
Core operating income*	54,639	130,758
Operating income	(28,126)	130,557
Income before taxes	(36,800)	122,428
Net Income	(39,924)	101,711
Net income attributable to owners of the parent	(49,687)	81,318
Comprehensive income	(12,624)	26,833

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

(Yen)

Earnings per share - Basic	(34.99)	57.27
- Diluted	(34.99)	52.76

### (2) Segment Information:

#### [Sales Revenue by Business Segment]

Performance Products	473,646	566,798
Chemicals	381,075	557,061
Industrial Gases	381,405	419,475
Health Care	194,019	195,544
Others	74,671	88,812
Total	1,504,816	1,827,690

#### [Core Operating Income (Loss) by Business Segment]

Performance Products	21,484	40,176
Chemicals	(14,619)	35,856
Industrial Gases	35,579	44,276
Health Care	13,499	10,296
Others	5,787	5,434
Elimination and corporate	(7,091)	(5,280)
Total	54,639	130,758

Millions of yen	
As of September 30, 2020	As of March 31, 2020

**(3) Financial Position:**

Total assets	<b>5,079,198</b>	5,132,149
Total equity	<b>1,413,571</b>	1,450,829
Equity attributable to owners of the parent	<b>1,122,042</b>	1,170,222
Ratio of equity attributable to owners of the parent to total assets (%)	<b>22.1</b>	22.8

Millions of yen	
FY2020 1st Half	FY2019 1st Half

**(4) Cash Flows:**

Net cash provided by (used in) operating activities	<b>163,347</b>	251,187
Net cash provided by (used in) investing activities	<b>(43,045)</b>	(105,715)
Net cash provided by (used in) financing activities	<b>52,584</b>	(220,997)
Cash and cash equivalents at the end of the period	<b>402,987</b>	234,210

**Note:**

In the first half of fiscal 2020, the Company posted an ¥84,534 million impairment loss on technology-related intangible assets (in-process research and development expenses) relating to development of a treatment for Parkinson's disease at NeuroDerm Ltd., as future cash flows were less than the book value. This loss stemmed from a review of plans based on market research in view of expectations that this consolidated subsidiary's profitability would deteriorate in line with changes in the business climate. The book value of intangible assets after the impairment loss as shown in the condensed consolidated financial information is ¥43,272 million.

**2. Forecast for Fiscal 2020**

	Millions of yen
	FY2020
Sales revenue	3,175,000
Core operating income	140,000
Operating income	4,000
Net income attributable to owners of the parent	(59,000)

(Yen)

Earnings per share - Basic	(41.54)
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**Note:**

The profit and loss forecast for fiscal 2020 has been revised to the above from those announced on May 13, 2020.

### 3. Qualitative Information on Financial Results for the Term

#### (1) Business Performance

##### Performance Overview

During the first half of fiscal 2020 (April 1, through September 30, 2020), demand was slower than a year earlier, particularly for automotive applications, owing to the impact of the COVID-19 pandemic.

Notwithstanding a recent pickup in demand, business conditions for the term remained adverse for the Mitsubishi Chemical Holdings Group.

It was against this backdrop that sales revenue for the term decreased ¥322.9 billion, or 17.7%, to ¥1504.8 billion. Core operating income dropped ¥76.2 billion, or 58.2%, to ¥54.6 billion. Operating income declined ¥158.7 billion, to a loss of ¥28.1 billion. This was due mainly to an impairment loss relating to non-recurring items in the Health Care domain. Income before taxes was down ¥159.2 billion, to a loss of ¥36.8 billion. Net income attributable to owners of the parent fell ¥131.0 billion, to a loss of ¥49.7 billion.

##### Overview of Business Segments

The overview of financial results by business segment for the first half of fiscal 2020 is shown below.

Segment gains or losses are stated as core operating income, which excludes gains or losses from non-recurring factors and including losses from business withdrawals, streamlining, and other factors.

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

##### Performance Products Segment, Performance Products Domain

Sales revenue decreased ¥93.3 billion, to ¥473.6 billion. Core operating income was down ¥18.6 billion, to ¥21.5 billion.

Functional products sales revenue declined. The drop reflected lackluster demand, principally in automotive applications, notwithstanding a recent pickup in demand. Sales volumes fell for high-performance engineering plastics and other offerings for advanced moldings and composites.

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

Core operating income decreased because of the impact of these scheduled maintenance and repairs and lower sales volumes for automobiles, including for high-performance engineering plastics for advanced moldings and composites, and performance polymers for advanced polymers.

Major initiatives in the Performance Products segment during the first half of fiscal 2020 included:

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

### **Chemicals Segment, Industrial Materials Domain**

Sales revenue decreased ¥176.1 billion, to ¥381.0 billion. Core operating income was down ¥50.5 billion, to a loss of ¥14.6 billion.

In MMA, sales revenue declined despite improving conditions in the MMA monomer and other markets.

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

In carbon products, sales revenue was down because of lower sales prices as a result of reduced raw materials costs and a drop in sales volumes from declining in demand for coke and other offerings.

Core operating income was off mainly because market conditions deteriorated for MMA monomers and other offerings. Other factors included the greater impact of scheduled maintenance and repairs on petrochemicals, inventory valuation losses from lower raw materials costs, and a shrinking gap between raw materials and carbon product prices.

Major initiatives in the Chemicals segment during the first half of fiscal 2020 included:

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

### **Industrial Gases Segment, Industrial Materials Domain**

Sales revenue decreased ¥38.1 billion, to ¥381.4 billion. Core operating income was down ¥8.7 billion, to ¥35.6 billion.

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

### **Health Care Segment, Health Care Domain**

Sales revenue declined ¥1.5 billion, to ¥194.0 billion. Core operating income increased ¥3.1 billion, to ¥13.4 billion.

In pharmaceuticals, sales revenue was unchanged from the previous corresponding period. This was attributable to higher sales volumes primarily in domestic priority products, offset by lower domestic sales prices for pharmaceuticals owing to National Health Insurance drug price revisions and other factors. Core operating income increased because of constrained activities, with the COVID-19 pandemic suppressing spending on selling, general and administrative expenses, and research and development. The Company decided not to recognize some royalty revenue from Novartis Pharma for *Gilenya*, a treatment for multiple sclerosis, as sales revenue in accordance with IFRS 15 (Revenue from Contracts with Customers), because arbitration proceedings started in February 2019 and were still ongoing during the first half of this fiscal year.

A major initiative in the Health Care segment during the first half of fiscal 2020 included:

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

### **Others**

Sales revenue decreased ¥13.9 billion, to ¥74.8 billion. Core operating income increased ¥0.4 billion, to ¥5.8 billion.

## **(2) Financial Position**

Total assets at September 30, 2020 were down ¥52.9 billion from March 31, 2020, to ¥5,079.2 billion. This was due partly to trade receivables declining owing to lower sales revenue and an impairment loss on intangible assets of NeuroDerm Ltd., which offset efforts to secure cash and cash equivalents to cover unexpected circumstances in view of the pandemic.

## **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information**

In light of recent performance trends, Mitsubishi Chemical Holdings Corporation has revised the forecast that it announced on May 13, 2020 for fiscal 2020, as follows. Also, please refer to the Notice Regarding Differences between Financial Results Forecast and Financial Results for the First Half of Fiscal 2020, and Revisions to Annual Forecast, announced today (November 4, 2020).

**Revisions to consolidated financial results forecast for fiscal 2020 (April 1, 2020 – March 31, 2021)**

(Billions of yen; unless otherwise noted)

	Sales revenue	Core operating income	Operating income	Net income	Net income attributable to owners of the parent	Net income per share (yen)
Previous forecast (A) (announced on May 13, 2020)	3,334.0	140.0	137.0	77.0	49.0	34.51
Revised forecast (B)	3,175.0	140.0	4.0	(34.0)	(59.0)	(41.54)
Difference (B – A)	(159.0)	—	(133.0)	(111.0)	(108.0)	
Difference (%)	(4.8)	—	(97.1)	—	—	
Reference: Results for fiscal 2019	3,580.5	194.8	144.3	86.6	54.1	38.08

**Notes:**

- The forecast for net income before taxes has been changed from ¥114.0 billion to ¥(16.0) billion.
- Core operating income is operating income (loss) after excluding certain gains and expenses attributable to non-recurring factors.

For the full-year results forecast, the Company has retained its core operating income forecast. This is because while market conditions for MMA and other offerings in the Chemicals segment are likely to be more unfavorable than initially expected, selling, general and administrative expenses and research and development expenditure in the Health Care and other segments are projected to decline. In the first half, the Company posted an ¥84.5 billion impairment loss on technology-related intangible assets (in-process research and development expenses) relating to development, of a treatment for Parkinson's disease at NeuroDerm Ltd. In the second half, the Company will post an impairment loss and shutdown-related costs associated with the closure of the Beaumont site of Lucite International, Inc. and other structural reform expenditure. Management thus expects operating income, net income, and net income attributable to owners of the parent to be lower than previous forecast.

In the previous forecast, management has factored in demand downturn risks in each business, basing its performance outlook on the assumption that while it is hard to determine when the COVID-19 pandemic will abate there should be a turnaround from the third quarter, despite the operating climate remaining adverse. There are no material changes in assumptions in the revised forecast compared with the previous forecast.

**Forward-Looking Statements**

The forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors, including, without limitation, market conditions, and the impact of industry competition. The Company's stance on forward-looking statements is described on page [2], [5], and [6] hereof.

## Reference

### (1) Condensed Consolidated Statement of Profit or Loss

Six months ended September 30, 2019 and 2020

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Continuing operations</b>		
Sales revenue	1,827,690	1,504,816
Cost of sales	(1,311,322)	(1,090,763)
Gross profit	516,368	414,053
Selling, general and administrative expenses	(396,333)	(358,720)
Other operating income	12,750	14,852
Other operating expenses	(10,321)	(99,373)
Share of profit of associates and joint ventures	8,093	1,062
Operating income (loss)	130,557	(28,126)
Financial income	5,383	3,702
Financial expenses	(13,512)	(12,376)
Income (loss) before taxes	122,428	(36,800)
Income taxes	(37,609)	(3,124)
Net income (loss) from continuing operations	84,819	(39,924)
<b>Discontinued operations</b>		
Net income from discontinued operations	16,892	—
Net income (loss)	101,711	(39,924)
<b>Net income (loss) attributable to</b>		
Owners of the parent	81,318	(49,687)
Non-controlling interests	20,393	9,763
Net income (loss)	101,711	(39,924)
<b>Earnings per share</b>		
Basic (Yen)		
Continuing operations	45.37	(34.99)
Discontinued operations	11.90	—
Total	57.27	(34.99)
Diluted (Yen)		
Continuing operations	41.82	(34.99)
Discontinued operations	10.94	—
Total	52.76	(34.99)

**(2) Condensed Consolidated Statement of Comprehensive Income**

Six months ended September 30, 2019 and 2020

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Net income (loss)	101,711	(39,924)
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	(8,124)	(481)
Remeasurements of defined benefit pensions plans	1,603	14,069
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(52)	(63)
Total items that will not be reclassified to profit or loss	(6,573)	13,525
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(62,435)	13,903
Net gain (loss) on derivatives designated as cash flow hedges	(190)	95
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(5,680)	(223)
Total items that may be subsequently reclassified to profit or loss	(68,305)	13,775
Total other comprehensive income (net of tax)	(74,878)	27,300
Total comprehensive income	26,833	(12,624)
Total comprehensive income attributable to		
Owners of the parent	28,767	(31,613)
Non-controlling interests	(1,934)	18,989



**(3) Condensed Consolidated Statement of Financial Position**

(Millions of yen)

	March 31, 2020	September 30, 2020
<b>Assets</b>		
Current assets		
Cash and cash equivalents	228,211	402,987
Trade receivables	698,516	645,529
Inventories	606,505	590,340
Other financial assets	117,628	35,627
Other current assets	90,140	81,242
Subtotal	1,741,000	1,755,725
Assets held for sales	8,281	4,204
Total current assets	1,749,281	1,759,929
Non-current assets		
Property, plant and equipment	1,742,216	1,760,666
Goodwill	616,769	630,295
Intangible assets	510,575	420,072
Investments accounted for using the equity method	169,958	167,942
Other financial assets	226,488	221,484
Other non-current assets	42,813	48,526
Deferred tax assets	74,049	70,284
Total non-current assets	3,382,868	3,319,269
Total assets	5,132,149	5,079,198

(Millions of yen)

	March 31, 2020	September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Trade payables	398,061	328,116
Bonds and borrowings	727,307	805,799
Income tax payable	19,287	22,201
Other financial liabilities	359,540	220,312
Provisions	7,968	9,439
Other current liabilities	122,575	133,141
Subtotal	1,634,738	1,519,008
Liabilities directly associated with assets held for sales	1,761	583
Total current liabilities	1,636,499	1,519,591
Non-current liabilities		
Bonds and borrowings	1,555,947	1,671,140
Other financial liabilities	88,533	86,722
Retirement benefit liabilities	125,611	112,344
Provisions	31,893	30,880
Other non-current liabilities	80,840	97,432
Deferred tax liabilities	161,997	147,518
Total non-current liabilities	2,044,821	2,146,036
Total liabilities	3,681,320	3,665,627
<b>Equity</b>		
Common stock	50,000	50,000
Additional paid-in capital	176,715	177,140
Treasury stock	(63,485)	(63,358)
Retained earnings	1,071,260	1,019,375
Other components of equity	(64,268)	(61,115)
Equity attributable to owners of the parent	1,170,222	1,122,042
Non-controlling interests	280,607	291,529
Total equity	1,450,829	1,413,571
Total liabilities and equity	5,132,149	5,079,198

#### (4) Condensed Consolidated Statement of Changes in Equity

Six months ended September 30, 2019

	(Millions of yen)			
	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2019	50,000	321,477	(63,560)	1,073,873
Net income (loss)	—	—	—	81,318
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	81,318
Purchase of treasury stock	—	—	(11)	—
Disposal of treasury stock	—	(74)	74	—
Cash dividends	—	—	—	(28,398)
Share-based payment transactions	—	182	—	—
Share-based payment transactions of subsidiaries	—	—	—	—
Changes in interests in subsidiaries	—	(973)	—	—
Business combinations or business divestitures	—	2,202	—	—
Changes in scope of consolidation	—	—	—	351
Transfer from other components of equity to retained earnings	—	—	—	1,528
Total transactions with owners	—	1,337	63	(26,519)
Balance at September 30, 2019	50,000	322,814	(63,497)	1,128,672

	Other components of equity				Total	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasure- ments of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2019	51,500	—	(55,530)	187	(3,843)	1,377,947	647,907	2,025,854
Net income (loss)	—	—	—	—	—	81,318	20,393	101,711
Other comprehensive income	(6,110)	1,109	(47,357)	(193)	(52,551)	(52,551)	(22,327)	(74,878)
Total comprehensive income	(6,110)	1,109	(47,357)	(193)	(52,551)	28,767	(1,934)	26,833
Purchase of treasury stock	—	—	—	—	—	(11)	—	(11)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(28,398)	(15,499)	(43,897)
Share-based payment transactions	—	—	—	—	—	182	—	182
Share-based payment transactions of subsidiaries	—	—	—	—	—	—	(17)	(17)
Changes in interests in subsidiaries	—	—	—	—	—	(973)	(363)	(1,336)
Business combinations or business divestitures	—	—	—	—	—	2,202	3,361	5,563
Changes in scope of consolidation	—	—	—	—	—	351	536	887
Transfer from other components of equity to retained earnings	(419)	(1,109)	—	—	(1,528)	—	—	—
Total transactions with owners	(419)	(1,109)	—	—	(1,528)	(26,647)	(11,982)	(38,629)
Balance at September 30, 2019	44,971	—	(102,887)	(6)	(57,922)	1,380,067	633,991	2,014,058

## Six months ended September 30, 2020

	(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)	—	—	—	(49,687)
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	(49,687)
Purchase of treasury stock	—	—	(7)	—
Disposal of treasury stock	—	(72)	134	—
Cash dividends	—	—	—	(17,045)
Share-based payment transactions	—	(47)	—	—
Changes in interests in subsidiaries	—	544	—	—
Changes in scope of consolidation	—	—	—	79
Transfer from other components of equity to retained earnings	—	—	—	14,768
Transfer from other components of equity to non-financial assets, etc.	—	—	—	—
Total transactions with owners	—	425	127	(2,198)
Balance at September 30, 2020	50,000	177,140	(63,358)	1,019,375

	Other components of equity				Total	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Net gain (loss) on revaluation of financial assets measured at fair value	Remeasure- ments of defined benefit pensions plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges				
Balance at April 1, 2020	38,335	—	(102,773)	170	(64,268)	1,170,222	280,607	1,450,829
Net income (loss)	—	—	—	—	—	(49,687)	9,763	(39,924)
Other comprehensive income	(2,154)	14,017	6,121	90	18,074	18,074	9,226	27,300
Total comprehensive income	(2,154)	14,017	6,121	90	18,074	(31,613)	18,989	(12,624)
Purchase of treasury stock	—	—	—	—	—	(7)	—	(7)
Disposal of treasury stock	—	—	—	—	—	62	—	62
Cash dividends	—	—	—	—	—	(17,045)	(5,887)	(22,932)
Share-based payment transactions	—	—	—	—	—	(47)	—	(47)
Changes in interests in subsidiaries	—	—	—	—	—	544	(2,126)	(1,582)
Changes in scope of consolidation	—	—	—	—	—	79	(54)	25
Transfer from other components of equity to retained earnings	(751)	(14,017)	—	—	(14,768)	—	—	—
Transfer from other components of equity to non-financial assets, etc.	—	—	—	(153)	(153)	(153)	—	(153)
Total transactions with owners	(751)	(14,017)	—	(153)	(14,921)	(16,567)	(8,067)	(24,634)
Balance at September 30, 2020	35,430	—	(96,652)	107	(61,115)	1,122,042	291,529	1,413,571

**(5) Condensed Consolidated Statement of Cash Flow**

Six months ended September 30, 2019 and 2020

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Cash flows from operating activities</b>		
Income (loss) before taxes	122,428	(36,800)
Income before taxes from discontinued operations	25,585	—
Depreciation and amortization	119,052	119,906
Share of profit of associates and joint ventures	(8,098)	(1,062)
Gain on share exchanges	(23,922)	—
Interest and dividend income	(4,743)	(3,546)
Interest expenses	12,719	11,343
(Increase) decrease in trade receivables	84,886	55,904
(Increase) decrease in inventories	3,227	16,920
Increase (decrease) in trade payables	(56,496)	(72,736)
Increase (decrease) in retirement benefit assets and liabilities, net	(591)	1,227
Other	(10,563)	77,344
Subtotal	263,484	168,500
Interest received	2,075	808
Dividends received	21,545	10,946
Interest paid	(11,557)	(9,929)
Income tax (paid) received, net	(24,360)	(6,978)
Net cash provided by (used in) operating activities	251,187	163,347
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(104,929)	(121,076)
Proceeds from sales of property, plant and equipment	5,261	13,868
Purchase of intangible assets	(3,225)	(6,035)
Purchase of other financial assets	(236,912)	(1,703)
Proceeds from sales/redemption of other financial assets	220,398	67,995
Net cash outflow on acquisition of subsidiaries	(1,429)	(359)
Proceeds from sales of investments in subsidiaries	2,836	1,891
Payments for transfer of business	—	(374)
Net (Increase) decrease of time deposits	217	4,470
Other	12,068	(1,722)
Net cash provided by (used in) investing activities	(105,715)	(43,045)

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(107,941)	67,000
Net increase (decrease) in commercial papers	(45,000)	53,000
Proceeds from long-term borrowings	57,127	142,505
Repayment of long-term borrowings	(43,682)	(115,032)
Proceeds from issuance of bonds	29,812	49,753
Redemption of bonds	(50,000)	(10,000)
Repayment of lease liabilities	(16,028)	(14,649)
Net (increase) decrease in treasury stock	(11)	(6)
Dividends paid to owners of the parent	(28,398)	(17,045)
Dividends paid to non-controlling interests	(15,512)	(5,941)
Payments for acquisition of subsidiaries' interests from non-controlling interests	(1,367)	(98,177)
Other	3	1,176
Net cash provided by (used in) financing activities	(220,997)	52,584
Effect of exchange rate changes on cash and cash equivalents	(11,383)	2,005
Net increase (decrease) in cash and cash equivalents	(86,908)	174,891
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 sales	(1,029)	(257)
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	606	123
Increase in cash and cash equivalents resulting from merger	—	19
Cash and cash equivalents at the end of the period	234,210	402,987

## Subsequent Event

### 1. Mitsubishi Chemical Corporation (MCC) to End MMA Monomer and MAA Production in Texas and Close Site

Mitsubishi Chemical Holdings Corporation (MCHC), at its Corporate Executive Officers Committee held on November 4, 2020, resolved to end methyl methacrylate (MMA) monomer and methacrylic acid (MAA) production at the Beaumont site of Lucite International, Inc. in Texas, the United States, and close that facility. The company is a subsidiary of MCC, itself an MCHC consolidated subsidiary. MCHC made this move to boost competitiveness and optimize its supply chain in keeping with demand and supply trends for raw materials.

(1) Scheduled production termination date: February 28, 2021

(2) Results impact: On and after the third quarter of fiscal 2020, MCHC will factor in approximately \$230 million (approximately ¥24 billion) in an impairment loss on the facility and shutdown-related costs for its results for fiscal 2020. Management is revising details and final amounts.

Note: Calculated at the rate of 105.55 USD/JPY as of October 1, 2020.

### 2. MCC to Implement a Career Change Support Program

MCHC's consolidated subsidiary, MCC looks to overhaul its organization and functions to create a more appropriate structure for its new business portfolio, and plans to deploy a groupwide human resources setup that reflects such operating environment changes as a more diverse and mobile workforce and intensifying global competition.

On October 30, 2020, MCC's Board of Directors resolved to implement a program to support career development for employees wishing to use their capabilities outside the Group.

(Outline)

Eligibility	Managerial employees and managerial rehired employees aged 50 and over as of March 31, 2021, with more than 10 years of service
Number of applicants	Unspecified
Offering period	From December 1 to December 18, 2020
Date of retirement	Ends of March, April, May or June 2021 (Candidates can select a date.)
Support measures	An additional retirement allowance and extra bonus will be paid. Applicants will also receive reemployment support through a career consultancy.