

Summary of Consolidated Financial Results for First Quarter of FY2021

August 5, 2021
Mitsui Chemicals, Inc.

1. Summary of Operating Results

(Unit : Billions of Yen)

	1st Q of FY2020	1st Q of FY2021	Incr. (Decr.)	FY2020	Forecast for FY2021 (announced Aug. 5)	
					First Half	Full year
Sales revenue	254.5	370.6	116.1	1,211.7	760.0	1,490.0
Operating income before special items	0.6	51.9	51.3	85.1	86.0	141.0
Operating income	(0.0)	53.2	53.2	78.1	83.0	139.0
Net income	(2.3)	45.7	48.0	64.2	67.5	110.0
Net income attributable to owners of the parent	(2.3)	42.6	44.9	57.9	62.0	99.5

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

· Sales revenue

(Unit : Billions of Yen)

	1st Q of FY2020	1st Q of FY2021	Incr. (Decr.)	Breakdown		FY2020	Forecast for FY2021 (announced Aug. 5)	
				Volume	Price		First Half	Full year
Mobility	58.3	96.4	38.1	28.9	9.2	315.5	205.0	410.0
Health Care	28.9	41.2	12.3	12.1	0.2	143.9	80.0	160.0
Food & Packaging	45.4	53.5	8.1	7.7	0.4	197.7	108.0	226.0
Basic Materials	118.6	176.2	57.6	12.1	45.5	541.4	360.0	680.0
Others	3.3	3.3	0.0	-	0.0	13.2	7.0	14.0
Total	254.5	370.6	116.1	60.8	55.3	1,211.7	760.0	1,490.0

· Operating income before special items

(Unit : Billions of Yen)

	1st Q of FY2020	1st Q of FY2021	Incr. (Decr.)	Breakdown			FY2020	Forecast for FY2021 (announced Aug. 5)	
				Volume	Price*	Fixed Costs etc.		First Half	Full year
Mobility	2.3	13.4	11.1	6.6	4.2	0.3	30.2	25.5	49.0
Health Care	1.4	6.0	4.6	6.9	(0.6)	(1.7)	19.9	10.0	21.5
Food & Packaging	4.4	7.0	2.6	3.6	(1.3)	0.3	22.0	13.5	27.0
Basic Materials	(6.3)	26.7	33.0	3.1	24.3	5.6	19.6	41.0	53.0
Others	(0.2)	(0.5)	(0.3)	-	-	(0.3)	(1.1)	(1.0)	(2.0)
Adjustment	(1.0)	(0.7)	0.3	-	-	0.3	(5.5)	(3.0)	(7.5)
Total	0.6	51.9	51.3	20.2	26.6	4.5	85.1	86.0	141.0

*Price includes both selling and purchasing price variances.

3. Summary of Statement of Financial Position

(Unit : Billions of Yen)

	Assets			Liabilities and Equity			
	As of Mar. 31, 2021	As of Jun. 30, 2021	Incr. (Decr.)	As of Mar. 31, 2021	As of Jun. 30, 2021	Incr. (Decr.)	
Current assets	787.6	843.1	55.5	Interest-bearing liabilities	563.8	588.9	25.1
Property, plant and equipment & right-of-use assets	502.0	499.2	(2.8)	Other liabilities	312.2	317.3	5.1
Goodwill and intangible assets	20.8	20.8	(0.0)	Equity attributable to owners of the parent	607.9	645.0	37.1
Other non-current assets	247.7	262.9	15.2	Non-controlling interests	74.2	74.8	0.6
Total assets	1,558.1	1,626.0	67.9	Total liabilities and equity	1,558.1	1,626.0	67.9
[Inventories]	258.8	285.6	26.8	[Net D/E Ratio]	0.60	0.58	(0.02)

4. Summary of Statement of Cash Flows

(Unit : Billions of Yen)

	1st Q of FY2020	1st Q of FY2021	Incr. (Decr.)	FY2020	Forecast for FY2021 (announced Aug. 5)
					First Half
Cash flows from operating activities	50.3	28.7	(21.6)	174.3	97.0
Cash flows from investing activities	(24.9)	(23.1)	1.8	(77.5)	(65.0)
<i>Free cash flows</i>	25.4	5.6	(19.8)	96.8	32.0
Cash flows from financing activities	41.2	13.7	(27.5)	(69.0)	(26.0)
Others	(0.4)	0.4	0.8	3.6	0.0
Net incr.(decr.) in cash and cash equivalents	66.2	19.7	(46.5)	31.4	6.0
Cash and cash equivalents at the end of period	230.8	215.7	(15.1)	196.0	

5. Dividends

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

6. Number of Shares Outstanding (common stock)

	FY2020	1st Q of FY2021
Number of shares outstanding at term-end (including treasury stock)	204,608,615	204,608,615
Number of shares of treasury stock at term-end	8,664,390	8,666,852
Average number of shares	190,696,955 *	195,942,753

*1st Q of FY2020

1. Operating Results

(1) Overview

In the fiscal period under review (the three-month period from Apr 1, 2021 to June 30, 2021, hereinafter the “first quarter”), although the global spread of the coronavirus continued to remain, there were signs of the economic recovery due to wide availability of vaccines mainly in developed countries. In Japan as well, the economy continued to be impacted by the spread of the coronavirus but signs of recovery were visible mainly in the manufacturing sector.

The Group reported the following operating results for the first quarter as follows. The Group has applied operating income before special items as a management indicator, which is operating income excluding non-recurring items.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
First quarter	370.6	51.9	53.2	42.6
Same period of previous fiscal year	254.5	0.6	(0.0)	(2.3)
Difference	116.1	51.3	53.2	44.9
Ratio (%)	45.6	-	-	-

Sales revenue increased 116.1 billion yen, or 45.6%, compared with the corresponding period of the previous fiscal year to 370.6 billion yen. This was mainly attributable to higher sales volume in each segment as economic activities have resumed, in addition to increase in sales prices due to higher naphtha and other raw materials and fuel prices.

Operating income before special items was 51.9 billion yen, an increase of 51.3 billion yen year on year. This result was due to favorable terms of trade as a result of higher overseas market prices of Bisphenol A, in addition to improved share of profit (loss) of investments accounted for using equity method.

Operating income was 53.2 billion yen, increased 53.2 billion yen year on year. This result was mainly due to the increase of operating income before special items.

Financial income/expenses worsened 0.8 billion yen year on year to 1.3 billion yen loss, due to reversal of allowance for doubtful accounts in the corresponding period of the previous fiscal year was no longer booked, although foreign exchange gains and losses were improved.

As a result of the aforementioned factors, **income before income taxes** amounted to 51.9 billion yen, an increase of 52.4 billion yen year on year.

Net income attributable to owners of the parent after accounting for income taxes and non-controlling interests was 42.6 billion yen, an increase of 44.9 billion yen compared with the corresponding period of the previous fiscal year. Basic earnings per share for the period were 217.53 yen.

(2) Results by Business Segment

The status of each segment during the first quarter is as follows.

Mobility

Sales revenue increased 38.1 billion yen compared with the corresponding period of the previous fiscal year to 96.4 billion yen and comprised 26% of total sales. Operating income before special items increased 11.1 billion yen to 13.4 billion yen year on year. The increase in income was due to recovery in production volume of automobile industry.

In **elastomers, performance compounds** and overseas **polypropylene compound**, the Group captured demand and sales remained healthy.

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

In **solution business**, sales remained same level as the corresponding period of the previous fiscal year due to prolonged delay of the development of prototyping, which was impacted by the spread of the coronavirus.

Health Care

Sales revenue increased 12.3 billion yen year on year to 41.2 billion yen and comprised 11% of total sales. Operating income before special items increased 4.6 billion yen to 6.0 billion yen, mainly due to healthy sales in vision care materials.

In **vision care materials**, the Group captured demand and sales remained healthy for ophthalmic lens materials.

In **nonwoven fabrics**, sales of masks stayed healthy but sales of medical gowns have declined.

In **dental materials**, the Group captured demand and sales remained healthy mainly in Europe.

Food & Packaging

Sales revenue increased 8.1 billion yen compared with the same period of the previous fiscal year to 53.5 billion yen and comprised 14% of total sales. Operating income before special items increased 2.6 billion yen to 7.0 billion yen year on year, due to healthy sales in agrochemicals and coatings & engineering materials.

In **coatings & engineering materials**, the Group captured demand and sales remained firm.

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

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

Basic Materials

Sales revenue increased 57.6 billion yen compared with the same period of the previous fiscal year to 176.2 billion yen and accounted for 48% of total sales. Operating income before special items increased 33.0 billion yen to 26.7 billion yen, due to higher overseas market of prices of Bisphenol A and inventory revaluation gain, which was resulting from the higher naphtha and raw material prices.

Naphtha cracker operating rates were higher than the same period of the previous fiscal year due to increased demand of downstream products. Sales of **polypropylene** was affected by higher demand in the domestic economy.

Others

Sales revenue was at similar level as the same period of the previous fiscal year to 3.3 billion yen and comprised 1% of total sales. Operating income before special items was 0.5 billion yen loss, decrease of 0.3 billion yen compared to the same period of the previous year.

2. Financial Position

(1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the first quarter stood at 1,626.0 billion yen, an increase of 67.9 billion yen compared with the end of the previous fiscal year.

Total liabilities at the end of first quarter increased 30.2 billion yen compared with the previous fiscal year-end to 906.2 billion yen. **Interest-bearing debt** amounted to 588.9 billion yen, an increase of 25.1 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 36.2%.

Total equity was 719.8 billion yen, an increase of 37.7 billion yen compared with the previous fiscal year-end. The **ratio of equity attributable to owners of the parent** was 39.7%, an increase of 0.7 percentage point.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.58 at the end of the fiscal year, 0.02 point decrease from the previous fiscal year-end.

(2) Cash Flow Status

Cash and cash equivalents (hereafter called “net cash”) at the end of the first quarter increased 19.7 billion yen to 215.7 billion yen compared with the same period of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased 21.6 billion yen to 28.7 billion yen due to increase of working capital, despite of higher income before income taxes.

Cash Flows from Investing Activities

Net cash used in investing activities decreased 1.8 billion yen to 23.1 billion yen.

Cash Flows from Financing Activities

Net cash used in financing activities decreased 27.5 billion yen to 13.7 billion yen due primarily to decrease of borrowings of interest-bearing debt.

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

(1) Overview

According to “Notice for Revisions of Financial Forecasts” announced on August 5, 2021, financial forecasts for the first half and the full-year have been revised.

Revised financial forecasts are based on the following assumptions:

- a) Exchange rate for the first half is 110 yen/US\$
- b) Average price of domestic naphtha for the first half is 50,350 yen /kl

In the first half, incomes are expected to be higher than previously announced due to higher overseas market prices of Bisphenol A, in addition to higher sales volume in each segment as economic activities have resumed.

For the forecasts for the full-year, they are updated accordingly to the revisions made for the first half.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items	Operating Income	Net Income Attributable to Owners of the Parent
First half	760.0	86.0	83.0	62.0
Fiscal 2021	1,490.0	141.0	139.0	99.5

(2) Outlook by FY2021 Business Segment

Outlook by FY2021 business segment is as follows.

(Billions of Yen)

	Sales Revenue						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
First half	205.0	80.0	108.0	360.0	7.0	-	760.0
Fiscal 2021	410.0	160.0	226.0	680.0	14.0	-	1,490.0

(Billions of Yen)

	Operating Income before Special Items						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
First half	25.5	10.0	13.5	41.0	(1.0)	(3.0)	86.0
Fiscal 2021	49.0	21.5	27.0	53.0	(2.0)	(7.5)	141.0