

# Summary of Consolidated Financial Results for FY2019

May 14, 2020  
Mitsui Chemicals, Inc.

## 1. Summary of Income Statement

(Unit : Billions of Yen)

	FY2018	FY2019	Incr. (Decr.)	Outlook for FY2020 (IFRS) Full Year
Net sales (※Sales revenue)	1,482.9	1,339.0	(143.9)	1,145.0
Operating income (※Operating income before special items)	93.4	71.6	(21.8)	35.0
Ordinary income (※Operating income)	103.0	65.5	(37.5)	37.0
Profit attributable to owners of parent (※Net income attributable to owners of the parent*)	76.1	37.9	(38.2)	20.0
Comprehensive income	79.2	11.9	(67.3)	

※ The Group plans to adopt International Financial Reporting Standard (IFRS) from FY2020. Outlook for FY2020 and account name in brackets are based on IFRS.

## 2. Net Sales and Operating Income (Loss) (by business segment)

· Net Sales (※Sales revenue)

(Unit : Billions of Yen)

	FY2018	FY2019	Incr. (Decr.)	Breakdown		Outlook for FY2020 (IFRS) Full Year
				Volume	Price	
Mobility	395.4	367.6	(27.8)	0.8	(28.6)	300.0
Health Care	146.6	143.0	(3.6)	2.6	(6.2)	140.0
Food & Packaging	199.4	193.8	(5.6)	(3.8)	(1.8)	190.0
Basic Materials	716.5	616.9	(99.6)	(22.8)	(76.8)	500.0
Others	25.0	17.7	(7.3)	(6.9)	(0.4)	15.0
Total	1,482.9	1,339.0	(143.9)	(30.1)	(113.8)	1,145.0

· Operating Income (Loss) (※Operating income before special items)

	FY2018	FY2019	Incr. (Decr.)	Breakdown			Outlook for FY2020 (IFRS) Full Year
				Volume	Price※	Fixed Costs etc.	
Mobility	42.7	39.2	(3.5)	(2.3)	0.6	(1.8)	27.5
Health Care	13.6	13.8	0.2	1.0	0.1	(0.9)	10.5
Food & Packaging	17.8	18.1	0.3	0.0	1.8	(1.5)	16.0
Basic Materials	27.8	8.7	(19.1)	(6.4)	(13.5)	0.8	(11.5)
Others	(1.4)	(2.0)	(0.6)	-	-	(0.6)	(1.5)
Adjustment	(7.1)	(6.2)	0.9	-	-	0.9	(6.0)
Total	93.4	71.6	(21.8)	(7.7)	(11.0)	(3.1)	35.0

※ Price includes both selling and purchasing price variances.

※ The Group plans to adopt International Financial Reporting Standard (IFRS) from FY2020. Outlook for FY2020 and account name in brackets are based on IFRS. "Operating income before special items" is operating income excluding non-recurring items (loss due to shrinkage and withdrawal of business, etc.).

## 3. Extraordinary Gains and Losses

(Unit : Billions of Yen)

	FY2018	FY2019	Incr. (Decr.)
Gain on sales of non-current assets & investment securities	3.7	0.7	(3.0)
Insurance income	11.4	4.9	(6.5)
Gain on revision of retirement benefit plan	-	19.2	19.2
Loss on sales and disposal of non-current assets	(4.4)	(4.2)	0.2
Impairment loss	(1.4)	(2.5)	(1.1)
Loss on business of subsidiaries and affiliates	-	(2.3)	(2.3)
Loss on valuation of investments in capital	-	(12.1)	(12.1)
Others	(7.0)	(0.7)	6.3
Total	2.3	3.0	0.7

#### 4. Summary of Balance Sheet

(Unit : Billions of Yen)

	Assets				Liabilities and Net assets		
	As of Mar. 31, 2019	As of Mar. 31, 2020	Incr. (Decr.)		As of Mar. 31, 2019	As of Mar. 31, 2020	Incr. (Decr.)
Current assets	786.7	781.4	(5.3)	Interest-bearing liabilities	485.0	554.2	69.2
Tangible fixed assets	443.1	485.5	42.4	Other liabilities	384.4	317.9	(66.5)
Intangible fixed assets	29.4	28.9	(0.5)	Shareholders' equity	551.9	527.6	(24.3)
Investments and others	241.9	184.3	(57.6)	Non-controlling interests	79.8	80.4	0.6
Total assets	1,501.1	1,480.1	(21.0)	Total liabilities and net assets	1,501.1	1,480.1	(21.0)
[ Inventories ]	301.9	288.0	(13.9)	[ Net D/E Ratio ]	0.68	0.76	0.08

#### 5. Summary of Cash Flow

(Unit : Billions of Yen)

	FY2018	FY2019	Incr. (Decr.)	Outlook for FY2020 (IFRS) Full Year
Cash flows from operating activities	109.5	115.0	5.5	130.0
Cash flows from investing activities	(64.3)	(85.2)	(20.9)	(120.0)
Free cash flows	45.2	29.8	(15.4)	10.0
Cash flows from financing activities	(14.1)	9.0	23.1	(15.0)
Others	(0.1)	(1.3)	(1.2)	-
Net incr.(decr.) in cash and cash equivalents	31.0	37.5	6.5	(5.0)
Cash and cash equivalents at the end of period	109.8	147.3	37.5	

#### 6. Accounting Fundamentals

		FY2018	FY2019	Incr. (Decr.)	Outlook for FY2020 (IFRS) Full Year
R & D expenses	¥ Billions	35.8	36.4	0.6	36.0
Depreciation & amortization	¥ Billions	49.5	52.1	2.6	79.0
Capital expenditures	¥ Billions	61.9	76.3	14.4	122.0
Financing incomes & expenses	¥ Billions	(0.7)	(0.7)	0.0	(3.0)
Interest-bearing liabilities	¥ Billions	485.0	554.2	69.2	586.0
Net D/E Ratio	percentage	0.68	0.76	0.08	0.80
Number of employees	person	17,743	17,979	236	18,400
Exchange rate	Yen / US\$	111	109	(2)	108
Domestic standard naphtha price	Yen / KL	49,400	42,900	(6,500)	23,300

#### 7. Scope of Consolidation and Equity Method

	As of Mar. 31, 2019	As of Mar. 31, 2020	Incr. (Decr.)	Outlook for FY2020 (IFRS) Full Year
Consolidated subsidiaries	116	117	1	124
Joint operations	-	-	-	4
Non-consolidated subsidiaries and affiliates	39	39	-	27
Total	155	156	1	155

#### 8. Dividends

	Annual Dividends per Share (yen)				
	1st Q	Interim	3rd Q	Year-end	Annual
FY2018 Result	-	50.00	-	50.00	100.00
FY2019 Result	-	50.00	-	50.00	100.00
FY2020 Outlook	-	-	-	-	-

Dividend for FY2020 has not yet determined at this time.

#### 9. Number of shares outstanding (common stock)

	FY2018	FY2019
Number of shares outstanding at term-end (including treasury stock)	204,510,215	204,580,115
Number of shares of treasury stock at term-end	9,452,793	13,557,163
Average number of shares	197,393,654	194,648,574

## 1. Operating Results

### (1) Overview

In the fiscal period under review (the twelve-month period from Apr 1, 2019 to March 31, 2020, hereinafter the “fiscal 2019”), the economy of the United States enjoyed constant recovery. On the other hand, the state of trade policy in the United States, the Chinese economy’s deceleration and geopolitical risks remained unsettled, and careful attention was paid to fluctuations in the global economy. In addition, there was a large impact in the fourth quarter from the spread of the coronavirus.

In Japan, although the economy continued to gradually recover amid improvements in employment and incomes, the outlook appears more uncertain and stagnant due mainly to the impact of the spread of the coronavirus going forward.

In the domestic chemical industry, despite fluctuations in naphtha prices, naphtha crackers operated at a consistently high capacity on the back of firm domestic demand until the spread of the coronavirus, which, in turn, caused facility utilization to decline toward the end of the fiscal year.

Under these circumstances, based on the 2025 Long-Term Business Plan, the Mitsui Chemicals Group (hereafter “the Group”) worked for business expansion and growth in the three business domains—Mobility, Health Care, and Food & Packaging—while also creating and developing Next Generation Business and further enhancing competitiveness in the area of Basic Materials.

In Mobility, there has been an expansion in new needs, particularly for lightweight, electric-powered and more comfortable products in the automotive and ICT industries. The Group’s first production base in Europe for polypropylene compounds used in automotive bumpers have been built and currently preparing towards operating production. In addition, the Group also built and began operating production bases in the United States and Japan for Long glass fiber reinforced polypropylene, a material that when used in place of metal for back doors and other parts reduces vehicle weight. Also, the Group worked to enhance its ability to offer customer-driven solutions with ARRK Corporation, a global development support company that was made into a consolidated subsidiary in January 2018.

In Health Care, in line with declining birthrates and aging populations in advanced countries and growing economies in emerging markets, health consciousness is rising and individual wants and needs are diversifying. Sales of our ophthalmic lens materials, which boast the largest share of the global market, remained healthy, and the Group worked to expand their use in China and India. In nonwoven fabrics, the Group applied the technologies it has developed in hygiene materials to industrial materials and boosted the capabilities of its nano-nonwoven fibers for filters and other products.

In Food & Packaging, food security is becoming a major social issue as the global population continues to grow. With standards of living in Asia rising, the packaging field is seeing growing needs for more highly functional products with a smaller environmental footprint. In performance films and sheets, construction of a new plant finished in Taiwan, a major source of demand. The new facilities produce ICROS™ Tape, which commands the largest share of the global market for protective tape used in semiconductor manufacturing processes, increasing supply capacity 1.5 times. In agrochemicals, the Group completed the registration process and made its first shipments of Dinotefuran in Brazil, thereby accelerating the global expansion of the agrochemical business.

In Basic Materials, which is centered on petrochemicals and basic chemicals, the Group provides materials to various manufacturing fields, including automobiles, residences, consumer electronics, infrastructure and packaging. In fiscal 2019, the Group continued to strengthen competitiveness mainly by expanding its lineup of differentiated products and through local production for local consumption, despite the effects of fluctuations in oversea

market and the impact of typhoons.

Moreover, the spread of the coronavirus has put a damper on sales in each segment. The Group continues to minimize negative impact on profit and loss by shrinking inventory and reducing fixed costs. The status of other responses is as follows.

1. Measures taken to ensure the health and safety of customers and employees from the perspective of maintaining functions for preventing the spread of infection and continuing business

Mitsui Chemicals (hereafter “the Company”) instituted teleworking as a general rule at its headquarters from March 4th and at its other locations (including plants and research labs) from April 8th. In addition, for operations that are necessary to maintain business functions and can only be done at the workplace, the Company is taking such measures as staggering work times, ensuring thorough handwashing, and requiring masks to be worn.

2. Operational status of main business locations (suspension of operations at plants, impact on sales and production activities, and outlook on reopenings at the time of disclosure)

The Company’s main manufacturing facilities located at each business location have partially reduced production due to a decrease in demand caused by the spread of the coronavirus.

3. Production and supply status of major products (inventory status, procurement status of components, securement of alternative methods, and outlook)

Each segment has been impacted by a decrease in sales, but the Company is working collaboratively and sharing information with customers as well as thoroughly and properly managing inventory by flexibly adjusting production based on current demand forecasts. In addition, at present, there has been no major disruption in the procurement of raw materials for major products.

4. Customer trends (trends in orders, and outlook)

In the automotive field, some of the major customers for our main products appear to have scaled back production. The Company will continue to carefully monitor the situation to minimize the impact.

The Group reported the following operating results for fiscal 2019.

(Billions of Yen)

	Net Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent
Fiscal 2019	1,339.0	71.6	65.5	37.9
Previous fiscal year	1,482.9	93.4	103.0	76.1
Change	(143.9)	(21.8)	(37.5)	(38.2)
Change (%)	(9.7)	(23.3)	(36.4)	(50.1)

**Net Sales** decreased 143.9 billion yen, or 9.7%, compared with the previous fiscal year to 1,339.0 billion yen. This was mainly attributable to decrease in sales prices due to the fall in naphtha and other raw materials and fuel prices, in addition to decrease in sales resulting from the spread of coronavirus.

Net sales overseas were 607.4 billion yen, an increase of 0.1% compared with the previous fiscal year to 45.4% in the total net sales.

**Operating income** was 71.6 billion yen, a decrease of 21.8 billion yen or 23.3% year on year. This result was due to unfavorable terms of trade in addition to decrease in sales resulting from the spread of coronavirus and increase of fixed costs.

**Ordinary income** was 65.5 billion yen, decreased 37.5 billion yen or 36.4% year on year. This result was due to decrease of operating income and share of profit of entities accounted for using equity method.

**Extraordinary income and losses** improved 0.7 billion yen year on year to 3.0 billion yen profit. This result was due to gain on contribution of securities to retirement benefit trust, in spite of a loss on valuation of investments in capital from operational stagnation of Nghi Son Refinery and Petrochemical LCC, of which the Company has invested.

As a result of the aforementioned factors, **profit before income taxes** amounted to 68.5 billion yen, a decrease of 36.8 billion yen, or 35.0% year on year.

**Total income taxes** was 22.2 billion yen, increased 3.4 billion yen year on year. This was due to reversal of certain deferred tax assets, after anticipating its excess once the effects of the coronavirus have been factored into future plans.

**Profit attributable to owners of parent** after accounting for income taxes and non-controlling interests was 37.9 billion yen, a decrease of 38.2 billion yen, or 50.1% compared with the previous fiscal year. Earnings per share for the period were 194.94 yen.

## (2) Results by Business Segment

The status of each segment during fiscal 2019 is as follows.

### Mobility

Net sales decreased 27.8 billion yen compared with the previous fiscal year to 367.6 billion yen and comprised 27% of total sales. Operating income decreased 3.5 billion yen to 39.2 billion yen year on year. The decrease in income was due slowing demand for automobile.

In **elastomers**, which are primarily used in automotive components and as resin modifiers, sales were affected by slowing demand mainly in Asia.

In **performance compounds**, sales were affected by deceleration of automotive production in the United States, Europe and China.

In **performance polymers**, the Group captured demand and sales remained healthy, despite the demand for information communication technology (ICT) - related products were stagnating in general.

In overseas **polypropylene compound** businesses, the Group was affected by deceleration of global automotive production, in addition to the spread of coronavirus.

In **solution business**, sales remained healthy as the Group captured demand for the development of products for Japanese customers, while demand was declining in Europe.

### Health Care

Net sales decreased 3.6 billion yen year on year to 143.0 billion yen and comprised 11% of total sales. On the other hand, operating income increased 0.2 billion yen to 13.8 billion yen, mainly due to increase of sales volume, despite of increasing fixed costs.

In **vision care materials**, sales of ophthalmic lens materials were firm.

In **nonwoven fabrics**, sales volume stayed around the same level as the same period of the previous fiscal year.

In **dental materials**, sales were generally stable, however some regions were affected by coronavirus.

## Food & Packaging

Net sales decreased 5.6 billion yen compared with the previous fiscal year to 193.8 billion yen and comprised 15% of total sales. On the other hand, operating income increased 0.3 billion yen to 18.1 billion yen year on year, due to favorable terms of trade, despite of increasing fixed costs.

In **coatings & engineering materials**, profits were impacted by decrease of fixed costs and favorable terms of trade, despite of decreasing sales volume.

In **performance films and sheets**, sales were firm in industrial films and sheets, although sales volume decreased in the area of packaging films.

In **agrochemicals**, sales volume decreased.

## Basic Materials

Net sales decreased 99.6 billion yen compared with the previous fiscal year to 616.9 billion yen and accounted for 46% of total sales. Operating income decreased 19.1 billion yen to 8.7 billion yen, due to the effect of oversea market.

**Naphtha cracker** operating rates were lower than the previous fiscal year due to facility defects at Ichihara Works and typhoons. Performances of **polyethylene** and **polypropylene** were affected by slowing demand for the packaging products, in addition to decreasing inbound demand due to the spread of coronavirus.

In **olefins** and **phenols**, oversea market was at lower level than the previous fiscal year.

## Others

Net sales decreased 7.3 billion yen to 17.7 billion yen, comprised 1% of total sales. Operating loss was 2.0 billion yen, increase of 0.6 billion yen compared to the previous year.

## 2. Financial Position

### (1) Status of Assets, Liabilities and Net Assets

**Total assets** at the end of fiscal year stood at 1,480.1 billion yen, a decrease of 21.0 billion yen compared with the end of the previous fiscal year.

**Total liabilities** at the end of fiscal year increased 2.7 billion yen compared with the previous fiscal year-end to 872.1 billion yen. **Interest-bearing debt** amounted to 554.2 billion yen, an increase of 69.2 billion yen compared with the previous fiscal year-end. As a result, the interest-bearing debt ratio was 37.4%, an increase of 5.1 percentage point.

**Net assets** totaled 608.0 billion yen, a decrease of 23.7 billion yen compared with the previous fiscal year-end. The **ratio of shareholders' equity to total assets** was 35.6%, 1.2 percentage point decrease from the previous fiscal year-end.

Accounting for the aforementioned factors, the **net debt-equity ratio** stood at 0.76 at the end of the fiscal year, 0.08 point increase from the previous fiscal year-end.

For overseas consolidated subsidiaries following International Financial Reporting Standard (IFRS) and US GAAP, IFRS 16 – Leases and ASC Topic842 – Leases were applied from the first quarter. As a result, the closing balance of lease assets and leases liabilities have increased.

### (2) Cash Flow Status

Cash and cash equivalents (hereafter called “cash”) increased 37.5 billion yen to 147.3 billion yen as of the end of this fiscal year compared with the previous fiscal year-end.

### Cash Flows from Operating Activities

Net cash provided by operating activities increased 5.5 billion yen to 115.0 billion yen due to improvement of working capital.

### Cash Flows from Investing Activities

Net cash used in investing activities increased 20.9 billion yen compared with the previous fiscal year to 85.2 billion yen, mainly due to increase of cash outflows from capital expenditure.

### Cash Flows from Financing Activities

Net cash used in financing activities increased 23.1 billion yen compared with the previous fiscal year to 9.0 billion yen due primarily to increase of cash inflows from issuing commercial papers.

In addition, the Company signed a 20 billion yen-syndicate loan agreement in March 2020 while taking other measures aimed at ensuring long-term, stable fund procurement. Furthermore, the Company secured sufficient liquidity supported by commitment lines offered by multiple financial institutions, with a total unused loan facility of 40.0 billion yen. The Company is currently engaged in negotiation with financial institutions to raise these commitment lines to ensure its worst-case scenario preparedness, assuming that the economic impact of the coronavirus continues for a longer period of time and results in even more serious conditions.

## (3) Trends in Cash Flow Indicators

	FY2015 (As of March 31, 2016)	FY2016 (As of March 31, 2017)	FY2017 (As of March 31, 2018)	FY2018 (As of March 31, 2019)	FY2019 (As of March 31, 2020)
Shareholders' Equity Ratio (%)	30.3	33.9	35.7	36.8	35.6
Shareholders' Equity Ratio on a Market Value Basis (%)	29.8	41.5	46.6	34.7	26.5
Ratio of Interest-bearing Debt to Cash Flows	3.2	4.4	5.6	4.4	4.8
Interest Coverage Ratio (Times)	20.7	17.3	14.8	19.9	20.8

#### Notes:

- Shareholders' Equity Ratio: Shareholders' equity to total assets.
- Shareholders' Equity Ratio on a Market Value Basis: Market capitalization to total assets.
- Ratio of Interest-bearing Debt to Cash Flows: Interest-bearing debt to cash flows.
- Interest Coverage Ratio: Cash flows to interest paid.
- Each of the indicators was calculated using consolidated financial figures.
- The market capitalization was calculated by multiplying the closing share price as of the end of the period with the number of shares outstanding (excluding treasury stock).
- Operating cash flow figures have been used for cash flow calculations.
- Interest-bearing debt is the portion of total debt booked on the consolidated balance sheet on which interest is being paid. Interest paid is the amount of interest paid as reported in the consolidated statements of cash flows.

## 3. Outlook for Fiscal 2020 (Year Ending March 31, 2021)

### (1) Overall of Financial Outlook for Fiscal 2020

In fiscal 2020, the global economy is expected to see a drastic shrink in economic activity due to the global spread of the coronavirus. It is anticipated that growth rates in some countries and regions could fall significantly short of the levels seen during the worldwide recession triggered by the Lehman Brothers bankruptcy.

The domestic economy is likewise expected to see a major decline in activity due to the coronavirus and, therefore, the continuation of the extremely harsh conditions.

In the chemical industry, the extremely harsh economic environment in countries worldwide will result in a decrease in demand and fluctuations in naphtha prices and other chemical products, requiring that chemical companies to pay close attention to these factors.

Under these conditions, the Group forecasts its business performance and earnings growth for fiscal 2020 as follows.

Furthermore, the Group plans to voluntarily adopt International Financial Reporting Standards (IFRS) from the first quarter of fiscal 2020. The following forecasts have therefore been created based on IFRS.

The forecasts are also created based on the assumption that the impact of the coronavirus will cause sales to decrease for each segment through the entire first half of the fiscal year and thereafter demand will gradually recover and naphtha prices will significantly drop.

In addition, actual results may differ depending on whether the infection will further spread or settles down. The Group will promptly disclose in case any revision is required.

(Billions of Yen)

	Sales Revenue	Operating Income before Special Items※	Operating Income	Net Income Attributable to Owners of the Parent
Full Year	1,145.0	35.0	37.0	20.0

Outlook above are based on the following assumptions:

- Exchange rate for the full year is 108 yen/US\$
- Average price of domestic naphtha is 23,300 yen /kl
- "Operating income before special items" is operating income excluding non-recurring items (loss due to shrinkage and withdrawal of business, etc.).

## (2) Outlook by FY2020 Business Segment

Outlook by FY2020 business segment is as follows.

(Billions of Yen)

	Net Sales						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
Full Year	300.0	140.0	190.0	500.0	15.0	-	1,145.0

(Billions of Yen)

	Operating Income (Loss)						
	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Adjustment	Total
Full Year	27.5	10.5	16.0	(11.5)	(1.5)	(6.0)	35.0

## 4. Basic Policy on Appropriation of Profits, Cash Dividends for Fiscal 2019 and 2020 (Year Ending March 31, 2020 and March 31, 2021)

### (1) Basic Policy on Appropriation of Profits

In addition to continually raising dividends in line with performance trends, the Company will flexibly acquire treasury stock depending on the stock price and market environment, therefore to enhance returns to shareholders.

Specifically, the Company will aim to achieve a total return ratio of 30% or more.

Note: Total return ratio = (dividends paid + treasury stock acquired) / profit attributable to owners of parent

## **(2) Cash Dividends for Fiscal 2019 and 2020**

Considering the recent business conditions, the Company plans to pay a year-end dividend of 50 yen per share in current fiscal year.

Because a 50 yen interim dividend was already paid out on December 3, 2019, dividends for the full fiscal year will total 100 yen per share.

For the purpose to enhance returns to shareholders, the Company acquired treasury stocks of 10.0 billion yen (resolution-base, completed on April 2, 2020), which resulted in the total return ratio to 77.2%.

Turning to dividends for the fiscal year ending March 31, 2021, as described in “3. Outlook for Fiscal 2020”, the Company has not yet determined at this time due to extreme uncertainty of the impact of the coronavirus on the Company’s business environment. An announcement will be made promptly once it becomes possible to determine a reliable forecast.

## **5. Concept for Selection of Accounting Standard**

Based on the Group's development of global business activities, the Group plans to voluntarily adopt IFRS from the first quarter of fiscal 2020 for the purpose of improving international comparability of financial information in capital market and enhance its business management by unifying accounting standard across the Group.

## 6. Consolidated Balance sheets

	Millions of yen	
	FY2018 As of March 31, 2019	FY2019 As of March 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	111,056	149,348
Notes and accounts receivable-trade	310,591	275,332
Inventories	301,890	288,006
Accounts receivable-other	55,288	55,959
Other	8,570	16,211
Allowance for doubtful accounts	(718)	(3,509)
<b>Total current assets</b>	<b>786,677</b>	<b>781,347</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	352,569	365,837
Accumulated depreciation	(241,112)	(245,922)
Buildings and structures, net	111,457	119,915
Machinery, equipment and vehicles	1,030,949	1,041,644
Accumulated depreciation	(889,978)	(902,136)
Machinery, equipment and vehicles, net	140,971	139,508
Land	156,556	156,646
Construction in progress	18,515	29,910
Other	78,508	103,134
Accumulated depreciation	(62,944)	(63,582)
Other, net	15,564	39,552
<b>Total property, plant and equipment</b>	<b>443,063</b>	<b>485,531</b>
<b>Intangible assets</b>		
Goodwill	5,061	4,412
Other	24,324	24,529
<b>Total intangible assets</b>	<b>29,385</b>	<b>28,941</b>
<b>Investments and other assets</b>		
Investment securities	151,847	110,340
Net defined benefit asset	42,653	36,084
Deferred tax assets	11,386	11,610
Other	38,511	29,022
Allowance for doubtful accounts	(2,448)	(2,808)
<b>Total investments and other assets</b>	<b>241,949</b>	<b>184,248</b>
<b>Total non-current assets</b>	<b>714,397</b>	<b>698,720</b>
<b>Total assets</b>	<b>1,501,074</b>	<b>1,480,067</b>

	<b>Millions of yen</b>	
	<b>FY2018</b>	<b>FY2019</b>
	<b>As of</b>	<b>As of</b>
	<b>March 31, 2019</b>	<b>March 31, 2020</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	163,908	128,458
Short-term loans payable	92,733	106,040
Current portion of long-term loans payable	57,571	42,186
Commercial papers	10,000	60,000
Current portion of bonds	426	10,426
Accounts payable-other	79,245	78,165
Income taxes payable	9,372	5,383
Provision for directors' bonuses	175	241
Provision for repairs	13,089	10,666
Asset retirement obligations	5	—
Other	32,234	36,933
<b>Total current liabilities</b>	<b>458,758</b>	<b>478,498</b>
<b>Non-current liabilities</b>		
Bonds payable	66,438	76,012
Long-term loans payable	254,850	233,775
Lease obligations	2,803	22,564
Deferred tax liabilities	11,471	14,553
Provision for directors' retirement benefits	243	262
Provision for repairs	2,682	5,626
Provision for environmental measures	551	410
Net defined benefit liability	56,428	26,350
Asset retirement obligations	3,203	3,165
Other	11,908	10,831
<b>Total non-current liabilities</b>	<b>410,577</b>	<b>393,548</b>
<b>Total liabilities</b>	<b>869,335</b>	<b>872,046</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	125,205	125,298
Capital surplus	89,406	89,514
Retained earnings	348,202	366,330
Treasury stock	(29,869)	(39,254)
<b>Total shareholders' equity</b>	<b>532,944</b>	<b>541,888</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	21,421	1,495
Deferred gains or losses on hedges	(3)	5
Foreign currency translation adjustments	4,195	(2,188)
Remeasurements of defined benefit plans	(6,642)	(13,611)
<b>Total accumulated other comprehensive income</b>	<b>18,971</b>	<b>(14,299)</b>
<b>Non-controlling interests</b>	<b>79,824</b>	<b>80,432</b>
<b>Total net assets</b>	<b>631,739</b>	<b>608,021</b>
<b>Total liabilities and net assets</b>	<b>1,501,074</b>	<b>1,480,067</b>

## 7. Consolidated Income Statements and Consolidated Comprehensive Income Statements

### (Consolidated Income Statements)

	Millions of yen	
	FY2018	FY2019
	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
<b>Net sales</b>	<b>1,482,909</b>	<b>1,338,987</b>
Cost of sales	1,166,577	1,041,840
<b>Gross profit</b>	<b>316,332</b>	<b>297,147</b>
Selling, general and administrative expenses	222,905	225,511
<b>Operating income</b>	<b>93,427</b>	<b>71,636</b>
<b>Non-operating income and expenses</b>		
<b>Non-operating income</b>		
Interest income	2,063	2,334
Dividends income	2,799	2,493
Share of profit of entities accounted for using equity method	10,807	3,165
Rent income	819	783
Insurance income	419	253
Other	3,890	3,246
<b>Total non-operating income</b>	<b>20,797</b>	<b>12,274</b>
<b>Non-operating expenses</b>		
Interest expenses	5,534	5,501
Loss on suspension of operations	893	2,824
Foreign exchange losses	372	3
Provision of allowance for doubtful accounts	17	2,707
Loss on disaster	786	1,873
Other	3,650	5,485
<b>Total non-operating expenses</b>	<b>11,252</b>	<b>18,393</b>
<b>Ordinary income</b>	<b>102,972</b>	<b>65,517</b>
<b>Extraordinary income and losses</b>		
<b>Extraordinary income</b>		
Gain on sales of non-current assets	79	453
Gain on sales of investment securities	3,663	192
Gain on transfer of business	743	—
Gain on contribution of securities to retirement benefit trust	—	19,243
Insurance income	11,368	4,916
<b>Total extraordinary income</b>	<b>15,853</b>	<b>24,804</b>
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	4,352	4,200
Loss on sales of non-current assets	75	32
Impairment loss	1,454	2,508
Loss on restructuring of subsidiaries and affiliates	—	2,298
Loss on valuation of investment securities	171	24
Loss on valuation of investments in capital	—	12,105
Loss on sale of businesses	—	694
Loss on fire	7,476	—
<b>Total extraordinary losses</b>	<b>13,528</b>	<b>21,861</b>
<b>Profit (loss) before income taxes</b>	<b>105,297</b>	<b>68,460</b>
<b>Income taxes — current</b>	<b>18,879</b>	<b>12,302</b>
<b>Income taxes — deferred</b>	<b>(105)</b>	<b>9,869</b>
<b>Total income taxes</b>	<b>18,774</b>	<b>22,171</b>
<b>Profit (loss)</b>	<b>86,523</b>	<b>46,289</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>10,408</b>	<b>8,345</b>
<b>Profit (loss) attributable to owners of parent</b>	<b>76,115</b>	<b>37,944</b>

(Consolidated Comprehensive Income Statements)

	Millions of yen	
	FY2018	FY2019
	April 1, 2018 to	April 1, 2019 to
	March 31, 2019	March 31, 2020
<b>Profit (loss)</b>	<b>86,523</b>	<b>46,289</b>
<b>Other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	(5,581)	(19,991)
Deferred gains or losses on hedges	4	11
Foreign currency translation adjustment	1,632	(5,622)
Remeasurements of defined benefit plans	(969)	(7,034)
Share of other comprehensive income of entities accounted for using equity method	(2,383)	(1,707)
<b>Total other comprehensive income (loss)</b>	<b>(7,297)</b>	<b>(34,343)</b>
<b>Comprehensive income (loss)</b>	<b>79,226</b>	<b>11,946</b>

Comprehensive income (loss) attributable to

Comprehensive income (loss) attributable to owners of parent	69,109	4,675
Comprehensive income (loss) attributable to non-controlling interests	10,117	7,271

## 8. Consolidated Statements of Cash Flows

	Millions of yen	
	FY2018	FY2019
	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Profit (loss) before income taxes	105,297	68,460
Depreciation	48,853	51,464
Amortization of goodwill	651	642
Impairment loss	1,454	2,508
Increase(decrease) in net defined benefit liability	417	1,534
Decrease (increase) in net defined benefit asset	(1,085)	1,275
Increase (decrease) in allowance for doubtful accounts	97	3,159
Increase (decrease) in provision for repairs	(694)	521
Increase (decrease) in provision for environmental measures	(126)	(141)
Interest and dividend income	(4,862)	(4,827)
Insurance income	(11,787)	(5,169)
Interest expenses	5,534	5,501
Share of (profit) loss of entities accounted for using equity method	(10,807)	(3,165)
Loss (gain) on sales of investment securities	(3,650)	(187)
Loss (gain) on valuation of investment securities	171	24
Loss (gain) on contribution of securities to retirement benefit trust	—	(19,243)
Loss on valuation of investments in capital	—	12,105
Loss on retirement of non-current assets	1,050	898
Loss (gain) on sales of non-current assets	(4)	(421)
Decrease (increase) in notes and accounts receivable - trade	(3,255)	33,033
Decrease (increase) in inventories	(26,629)	11,255
Increase (decrease) in notes and accounts payable - trade	1,300	(34,544)
Other, net	9,870	728
<b>Subtotal</b>	<b>111,795</b>	<b>125,410</b>
Interest and dividends income received	8,975	9,145
Interest expenses paid	(5,507)	(5,522)
Proceeds from insurance income	11,353	5,169
Income taxes paid	(17,124)	(19,228)
<b>Net cash provided by (used in) operating activities</b>	<b>109,492</b>	<b>114,974</b>
Purchase of securities	—	(5,000)
Purchase of property, plant and equipment	(53,191)	(71,896)
Proceeds from sales of property, plant and equipment	4,016	1,007
Purchase of intangible assets	(2,564)	(4,446)
Purchase of investment securities	(23,952)	(1,217)
Proceeds from sales and redemption of investment securities	9,434	584
Proceeds from transfer of business	743	—
Purchase of long-term prepaid expenses	(189)	(734)
Payments of long-term loans receivable	(90)	(2,175)
Other, net	1,538	(1,291)
<b>Net cash provided by (used in) investing activities</b>	<b>(64,255)</b>	<b>(85,168)</b>

	Millions of yen	
	FY2018	FY2019
	April 1, 2018 to March 31, 2019	April 1, 2019 to March 31, 2020
Net increase (decrease) in short-term loans payable	(1,739)	13,557
Increase (decrease) in commercial papers	(10,000)	50,000
Proceeds from long-term loans payable	38,221	22,598
Repayment of long-term loans payable	(25,166)	(58,736)
Proceeds from issuance of bonds	35,000	20,000
Redemption of bonds	(15,426)	(426)
Proceeds from share issuance to non-controlling shareholders	355	—
Repayments of lease obligations	(137)	(2,384)
Proceeds from sales of treasury shares	5	20
Purchase of treasury shares	(10,033)	(9,389)
Cash dividends paid	(18,878)	(19,509)
Dividends paid to non-controlling interests	(6,335)	(6,681)
Other, net	(1)	0
<b>Net cash provided by (used in) financing activities</b>	<b>(14,134)</b>	<b>9,050</b>
Effect of exchange rate change on cash and cash equivalents	(92)	(1,423)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,011</b>	<b>37,433</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>78,828</b>	<b>109,839</b>
<b>Cash and cash equivalents at end of period</b>	<b>109,839</b>	<b>147,272</b>

## 9. Segment Information

### (1) Overview of Reportable Segments

The reportable segments of the Group comprise those entities for which obtaining separate financial reports is possible and those are subject to regular review by the Board of Directors, which decides upon the distribution of management resources to said segments.

The Group positions segments distinguished by their products and services within its headquarters. Each segment proposes comprehensive domestic and overseas strategies in addition to pursuing business expansion in its respective product and service area.

The four reportable segments (distinguished by products and services) that therefore comprise the Group's operations are: Mobility, Health Care, Food & Packaging and Basic Materials.

Segments		Major Products and Businesses
Reportable Segments	Mobility	Elastomers, performance compounds, functional polymers, polypropylene compounds and comprehensive services regarding to the development of automotive and industrial products (Solution business)
	Health Care	Vision care materials, nonwoven fabrics, dental materials and, personal care materials
	Food & Packaging	Coating & engineering materials, performance films and sheets and, agrochemical products
	Basic Materials	Ethylene, propylene, polyethylene, polypropylene, catalysts, phenols, PTA, PET, polyurethane materials and, industrial chemical products
Others	Others	Other related businesses, etc.

### (2) Methods to Determine Net Sales, Income or Loss, Assets, and Others by Reportable Business Segment

Profit by reportable business segment is stated on an operating income basis. Intersegment net sales and transfers are based on the values of transactions undertaken between third parties.

### (3) Information concerning Net Sales, Income or Loss, Assets, and Others by Reportable Business Segment

The previous fiscal year (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Sum total
	Mobility	Health Care	Food & Packaging	Basic Materials	Total		
Net sales							
1) To external customers	395,365	146,598	199,435	716,524	1,457,922	24,987	1,482,909
2) Internal sales among segments and transfers	11,652	2,783	1,349	75,760	91,544	58,049	149,593
Total	407,017	149,381	200,784	792,284	1,549,466	83,036	1,632,502
Segment income (loss)	42,736	13,622	17,791	27,776	101,925	(1,375)	100,550
Segment assets	348,824	195,713	232,533	598,707	1,375,777	55,129	1,430,906
Other items							
Depreciation and amortization (Note 2)	12,582	9,412	7,496	14,826	44,316	3,857	48,173
Amortization of goodwill	527	86	—	—	613	38	651
Amount invested in equity method affiliate	22,427	5,602	2,849	58,135	89,013	2,451	91,464
Capital expenditures (Note 2)	17,256	6,579	15,019	18,453	57,307	3,870	61,177

Notes: 1. "Others" category incorporates operations not included in reportable segments.  
2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures under long-term prepaid expenses.

The fiscal year under review (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Reportable Segment					Others (Note 1)	Sum total
	Mobility	Health Care	Food & Packaging	Basic Materials	Total		
Net sales							
1) To external customers	367,626	143,016	193,822	616,878	1,321,342	17,645	1,338,987
2) Internal sales among segments and transfers	11,441	2,808	1,320	66,271	81,840	59,905	141,745
Total	379,067	145,824	195,142	683,149	1,403,182	77,550	1,480,732
Segment income (loss)	39,193	13,833	18,117	8,642	79,785	(1,959)	77,826
Segment assets	358,667	197,126	231,164	560,151	1,347,108	51,248	1,398,356
Other items							
Depreciation and amortization (Note 2)	13,727	10,425	7,631	15,217	47,000	3,795	50,795
Amortization of goodwill	551	91	—	—	642	—	642
Amount invested in equity method affiliate	22,165	5,692	2,743	55,868	86,468	2,326	88,794
Capital expenditures (Note 2)	27,129	9,403	12,879	21,099	70,510	5,283	75,793

Notes: 1. "Others" category incorporates operations not included in reportable segments.  
2. Depreciation and amortization, and capital expenditures include amortization costs and expenditures for long-term prepaid expenses.

#### (4) Reconciliation of Differences between Total Amounts of Reportable Segments and Consolidated Financial Statements (adjustment of difference)

(Millions of yen)

Net Sales	FY 2018	FY 2019
Total reportable segment sales	1,549,466	1,403,182
Net sales classified under "Others"	83,036	77,550
Elimination of intersegment transactions	(149,593)	(141,745)
Net sales recorded in Consolidated Income Statements	1,482,909	1,338,987

(Millions of yen)

Income	FY 2018	FY 2019
Total reportable segment income	101,925	79,785
Income classified under "Others"	(1,375)	(1,959)
Elimination of intersegment transactions and etc	(33)	517
Corporate expenses (note)	(7,090)	(6,707)
Operating income (loss) recorded in Consolidated Income Statements	93,427	71,636

Note: Corporate expenses mainly comprise general & administrative expenses which are usually not attributed to segments and R&D expenses for new business.

(Millions of yen)

Assets	FY 2018	FY 2019
Total reportable segment assets	1,375,777	1,347,108
Assets classified under "Others"	55,129	51,248
Elimination of intersegment transactions	(125,293)	(111,240)
Corporate assets (note)	195,461	192,951
Assets recorded in Consolidated Balance Sheets	1,501,074	1,480,067

Note: Corporate assets are mainly attributed to the Company's surplus management funds (cash and deposits), long-term investment funds (investment securities), deferred tax assets and administrative departments.

(Millions of yen)

Other items	Reportable segments		Others		Adjustments (note)		Amounts from consolidated financial statements	
	FY18	FY19	FY18	FY19	FY18	FY19	FY18	FY19
Depreciation and amortization	44,316	47,000	3,857	3,795	680	669	48,853	51,464
Amortization of goodwill	613	642	38	—	—	—	651	642
Investment in equity method affiliate	89,013	86,468	2,451	2,326	—	—	91,464	88,794
Capital expenditures	57,307	70,510	3,870	5,283	747	501	61,924	76,294

Note: Adjustments incorporate depreciation expenses, amortization expenses and capital expenditures which are related to R&D of new business.

## 10. Segment Related Information

### Information by Region

The previous consolidated fiscal year (April 1, 2018 – March 31, 2019)

#### a. Net Sales (Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
810,846	182,764	198,638	177,594	104,639	8,428	1,482,909

- Notes:
- Net sales are classified by country and region based on customer location.
  - Major countries and regions located in areas outside of Japan and China are as follows:
    - Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - America: The United States, Mexico
    - Europe: Germany, France
    - Other regions: Oceania, Africa

#### b. Tangible Assets

(Millions of yen)

Japan	Singapore	Asia	Other regions	Total
350,860	36,011	28,068	28,124	443,063

- Note:
- Major countries and regions located in areas outside of Japan and Singapore are as follows:
- Asia: China, Taiwan, South Korea, Thailand, Malaysia, India
  - Other regions: North America, Europe

The consolidated fiscal year under review (April 1, 2019 – March 31, 2020)

#### a. Net Sales

(Millions of yen)

Japan	China	Asia	America	Europe	Other regions	Total
731,606	168,364	173,176	162,161	96,064	7,616	1,338,987

- Notes:
- Net sales are classified by country and region based on customer location.
  - Major countries and regions located in areas outside of Japan and China are as follows:
    - Asia: Taiwan, South Korea, Thailand, Malaysia, Singapore, India
    - America: The United States, Mexico
    - Europe: Germany, France
    - Other regions: Oceania, Africa

#### b. Tangible Assets

(Millions of yen)

Japan	Singapore	Asia	Other regions	Total
371,717	46,313	29,324	38,177	485,531

- Note:
- Major countries and regions located in areas outside of Japan and Singapore are as follows:
- Asia: China, Taiwan, South Korea, Thailand, Malaysia, India
  - Other regions: North America, Europe

## Information Concerning Impairment Loss of Fixed Assets by Reportable Segment

The previous fiscal year (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Corporate Expenses	Total
Impairment loss	248	49	420	82	–	655	1,454

The fiscal year under review (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Corporate Expenses	Total
Impairment loss	648	1,304	211	195	–	150	2,508

## Information Concerning the Amount of Amortization and Unamortized Balance of Goodwill by Reportable Segment

The previous fiscal year (April 1, 2018 – March 31, 2019)

(Millions of yen)

	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Corporate Expenses	Total
Amount of amortization	527	86	–	–	38	–	651
Unamortized balance	4,628	416	–	–	17	–	5,061

The fiscal year under review (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Mobility	Health Care	Food & Packaging	Basic Materials	Others	Corporate Expenses	Total
Amount of amortization	551	91	–	–	–	–	642
Unamortized balance	4,093	319	–	–	–	–	4,412