

To Shareholders:

On behalf of the Board, I would like to thank you, our shareholders, for your continued support. First, I would like to offer my deepest sympathy to all who have been affected by novel coronavirus disease (COVID-19). Also, I would like to express our profound gratitude to people, including medical workers, who have been endeavoring to prevent the infections.

In holding the 16th Ordinary General Meeting of Shareholders of Mitsubishi Chemical Holdings Corporation, as we did last year, we will take special measures different from in ordinary years with a view to preventing the spread of COVID-19. We apologize for your inconvenience and appreciate your understanding and cooperation.

June 2021

Jean-Marc Gilson

Corporate Executive Officer, President and CEO  
Mitsubishi Chemical Holdings Corporation

#### Measures for Preventing the Spread of COVID-19

To prevent the spread of COVID-19, we are taking the following measures.

We thank you for your understanding and cooperation in advance.

- We would like to advise our shareholders to refrain from attending in person the general meeting of shareholders, if at all possible.
- Please send the Card for Exercise of Voting Rights by postal mail or use the Internet to exercise your voting rights.
- You can view the general meeting of shareholders by livestreaming over the Internet using a PC, smartphone, or similar device. We urge you to make use of this. (Please see the separate attachment for instructions on how to access the livestream.)
- To maintain a distance between seats at the meeting venue, it is possible that we will not be able to ensure a sufficient number of seats. Please be advised in advance that your entrance may be refused at the venue.
- Please wear a mask and use hand sanitizer at the venue.
- The meeting staff will be wearing masks.
- We would like to cancel the provision of complementary gifts and beverages.
- To shorten the time of the meeting, a detailed explanation on the matters to be reported (including audit reports) and proposals will be omitted from the meeting. We may also reduce the allotted time for a question and answer session.

NOTE:

Please note that this is a summary translation of the Notice of Meeting in Japanese only for the reference of foreign investors and is not official texts, and the Card for Exercise of Voting Rights is not attached. The official Notice has been mailed to the custodian in Japan of each foreign shareholder. The Company is not responsible for the accuracy or completeness of the translation.

June 2, 2021

To Shareholders:

**Notice of the 16th Ordinary General Meeting of Shareholders**

On behalf of the Board, I would like to thank you, our shareholders, for your continued support.

Mitsubishi Chemical Holdings Corporation (hereinafter the “Company” or “MCHC”) cordially invites you to attend the 16th Ordinary General Meeting of Shareholders to be held on the date and at the venue specified below.

For the purpose of preventing the spread of the novel coronavirus disease (COVID-19), our shareholders are advised not to attend the meeting in person, if at all possible, and to exercise your voting rights in advance, by postal mail or the Internet, by following the instructions on “Exercise of Voting Rights” (pp. 4-5).

This meeting will be broadcast live over the Internet so that you can view the meeting on a real-time basis, without having to come to the venue on the day of the meeting.

**(Supplemental Note: Foreign investors may not vote by mail or the Internet. The official Notice and the Card for Exercise of Voting Rights have been mailed to each custodian in Japan. The Company asks foreign investors to indicate their agreement or disagreement on the proposals to the custodians. However, in case they have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc., they can exercise their rights via the said platform.)**

Sincerely yours,

Yoshimitsu Kobayashi, Director of the Board and Chairperson  
Mitsubishi Chemical Holdings Corporation

- 1. Date** Thursday, June 24, 2021, from 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Venue** Royal Park Hotel, 3rd Floor, Royal Hall  
1-1, Nihonbashi Kakigara-cho 2-chome, Chuo-ku, Tokyo

### **3. Agenda**

#### Matters to be Reported

- Item 1. The contents of the Business Report, the Consolidated Financial Statements, and results of audit by the Accounting Auditor and the Audit Committee of the Consolidated Financial Statements for the 16th fiscal year from April 1, 2020, to March 31, 2021
- Item 2. The contents of the Non-consolidated Financial Statements for the 16th fiscal year from April 1, 2020, to March 31, 2021

#### Matters to be Resolved

- Agendum Election of Twelve (12) Directors of the Board

The venue and opening time may be forced to be changed depending on the COVID-19 situation developed prior to the day of the meeting or at a request of the government, among others. Such changes will be posted on the MCHC's website. Please be reminded to check the website before the arrival at the venue.

---

### **Disclosure on the Internet**

1. Pursuant to the relevant laws and regulations and Article 18 of MCHC's Articles of Incorporation, the Matters Related to Stock Acquisition Rights, System to Ensure that the Company Operates in an Appropriate Manner and Overview of its Implementation, the Basic Policy on Control of the Company, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, and the Non-consolidated Statement of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements are posted on MCHC's website (<https://www.mitsubishichem-hd.co.jp/>), and thus they are not presented as attachments to this Notice of the 16th Ordinary Meeting of Shareholders.
- (Supplemental Note: This English translation file contains the Matters Related to Stock Acquisition Rights, the Consolidated Statement of Changes in Equity and the Notes to the Consolidated Financial Statements, and the Non-consolidated Statement of Changes in Net Assets and the Notes to the Non-consolidated Financial Statements.)**
2. Please be aware that if it becomes necessary to revise information contained in the Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, or the Non-consolidated Financial Statements, the revised information will be posted on the MCHC's website (<https://www.mitsubishichem-hd.co.jp/>).

## **Exercise of Voting Rights**

Voting rights are principal rights of shareholders. Please exercise your voting rights after reading the Reference Materials for the General Meeting of Shareholders on pages 6 to 23 of this notice. There are three ways to exercise your voting rights as described below:

### **1. By submitting Card for Exercise of Voting Rights by mail**

Please indicate your approval or disapproval of the proposals on the enclosed Card for Exercise of Voting Rights and return it to the Company.

Exercise due date: To be received no later than 5:45 p.m. on Wednesday, June 23, 2021

### **2. By exercising voting rights via the Internet**

Please access our Internet voting website through a computer, a smartphone or a mobile phone and enter your approval or disapproval of the proposals. Please read further instructions given on the next page.

Exercise due date: No later than 5:45 p.m. on Wednesday, June 23, 2021

\*Shareholders will be responsible for the Internet connection charges and the communication charges, etc. arising from accessing the Voting Website.

### **3. By attending the general meeting of shareholders**

Please submit the enclosed Card for Exercise of Voting Rights to reception at the meeting venue.

Date and Time: Thursday, June 24, 2021, from 10:00 a.m. (Reception starts at 9:00 a.m.)

## **[Exercising Voting Rights via the Internet]**

### **Scanning QR code®**

You can simply login to the website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

1. Please scan the QR code® located on the right side of the Voting Instructions Form.

\* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.  
\* screen image

**Note that you can login to the website only once by using QR code®.**

If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the “Entering login ID and temporary password” on the right.

### **Entering login ID and temporary password**

Voting Website:  
<https://evote.tr.mufg.jp/>

1. Please access the Voting Website.
2. Enter your “login ID” and “temporary password” printed on the Voting Instructions Form.
3. Please register a new password.
4. Indicate your approval or disapproval by following the instructions on the screen.

### **[System Support]**

Mitsubishi UFJ Trust and Banking Corporation  
Stock Transfer Agency Division (Help Desk)  
0120-173-027 (toll-free, within Japan only / 9:00 a.m. to 9:00 p.m.)

### **[Handling of Redundant Voting]**

In the case where the Card for Exercise of Voting Rights is submitted by mail and voting rights are exercised via the Internet, votes exercised via the Internet will be considered effective. If voting rights are exercised multiple times via the Internet, the final vote cast will be considered effective.

### **[For Institutional Investors]**

Shareholders who have participated in the Electronic Platform to Exercise Voting Rights for Institutional Investors operated by ICJ, Inc. can exercise their rights via the said platform.

### **[Exercising Voting Rights by Proxy]**

If you are unable to attend the Ordinary General Meeting of Shareholders, you may exercise voting rights by a proxy who is also a shareholder with voting rights. Please be aware that a written statement attesting to the right of proxy must be submitted.

## Reference Materials for the General Meeting of Shareholders

### Agenda and References

#### Agendum Election of Twelve (12) Directors of the Board

The terms of office of all 12 Directors will expire at the conclusion of this General Meeting of Shareholders. Based on the decision by the Nominating Committee, the Board of Directors proposes the election of 12 Directors.

If the election of Outside Director candidate Takako Masai is approved, she will assume the position on July 1, 2021.

The candidates for Directors are as described in No. 1 to 12 below.

Candidate No.	Name	Present position and duty at the Company		Area of expertise the Company expects from candidates for Directors in particular*						
				Management experience	Finance and accounting	Science technology, IT and production	Risk management	Business strategy and marketing	Laws and regulations, etc.	Globality and diversity
1	Yoshimitsu Kobayashi	Director of the Board, Chairperson Member of the Nominating Committee	Reelection	●		●				●
2	Jean-Marc Gilson	Corporate Executive Officer, President and CEO	Newly elected	●				●		●
3	Hidefumi Date	Director of the Board, Managing Corporate Executive Officer Member of the Compensation Committee	Reelection		●		●			●
4	Ken Fujiwara	Director of the Board, Managing Corporate Executive Officer Member of the Compensation Committee	Reelection				●		●	●
5	Glenn H. Fredrickson	Director of the Board	Reelection			●		●		●
6	Shigeru Kobayashi	Director of the Board Member of the Audit Committee	Reelection	●			●	●		

Candidate No.	Name	Present position and duty at the Company		Area of expertise the Company expects from candidates for Directors in particular*						
				Management experience	Finance and accounting	Science technology, IT and production	Risk management	Business strategy and marketing	Laws and regulations, etc.	Globality and diversity
7	Hiroshi Katayama	Director of the Board Member of the Audit Committee	Reelection				●		●	●
8	Takayuki Hashimoto	Director of the Board Member of the Nominating Committee Member of the Compensation Committee	Reelection Outside Director Independent Officer	●				●		●
9	Chikamoto Hodo	Director of the Board Member of the Nominating Committee Member of the Compensation Committee	Reelection Outside Director Independent Officer	●		●				●
10	Kiyomi Kikuchi	Director of the Board Member of the Nominating Committee Member of the Audit Committee	Reelection Outside Director Independent Officer				●		●	●
11	Tatsumi Yamada	Director of the Board Member of the Audit Committee Member of the Compensation Committee	Reelection Outside Director Independent Officer		●		●			●
12	Takako Masai		Newly elected Outside Director Independent Officer		●		●			●

\* Up to three particular areas of expertise the Company expects from each of candidates for Director are indicated for reference purposes.

The MCHC has established the “Mitsubishi Chemical Holdings Corporate Governance Guidelines,” which set down the constitution of the Board of Directors and the policy on nomination of Director candidates, etc. An overview of the guidelines is as follows.

#### Constitution of the Board of Directors

In order to establish the Group’s basic management policies and oversee management appropriately, Directors who possess an advanced level of knowledge and deep insight in management experience, finance and accounting, science technology, IT and production, risk management, business strategy and marketing, laws and regulations, etc., and globalism and diversity are appointed.


Furthermore, in a bid to enhance oversight functions, a majority of the Board of Directors shall not concurrently serve as Corporate Executive Officers.


#### Policy on nomination of Director candidates

The Nominating Committee nominates persons who fulfill the following criteria as candidates for Directors.

- possess deep insight, as well as objective and fair judgment, which are necessary to fulfill the responsibilities of a director of a company with Nominating Committee, etc.
- possess high ethical standards and a law-abiding mind.
- healthy enough to fulfill the responsibilities as a Director.
- For Outside Directors, fulfill independence standards that are separately stipulated (on pages 22 to 23), and be able to secure enough time to execute business. In addition, be able to secure diversity among Outside Directors.





	No.1 (Reelection)	Yoshimitsu Kobayashi			
		Date of birth		November 18, 1946	
		Number of the Company's shares held		116,060	
		Term of office		15 years	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 8/8 (100%) Nominating Committee meeting 10/10 (100%)	
		Position and duty at the Company		Director of the Board, Chairperson Member of the Nominating Committee	
[Personal history]					
Dec. 1974	Joined Mitsubishi Chemical Industries Limited	Apr. 2007	Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporation		
Jun. 2003	Executive Officer of Mitsubishi Chemical Corporation		Director of the Board, President and CEO of Mitsubishi Chemical Corporation		
Apr. 2005	Managing Executive Officer of Mitsubishi Chemical Corporation	Apr. 2012	Director of the Board, Chairperson of Mitsubishi Chemical Corporation (until March 2017)		
Jun. 2006	Director of the Board of Mitsubishi Chemical Holdings Corporation				
Feb. 2007	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Corporation	Apr. 2015	Director of the Board, Chairperson of Mitsubishi Chemical Holdings Corporation (to present)		
[Significant concurrent positions]					
Director of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of the Board, Mizuho Financial Group, Inc. (Scheduled to assume the position as Chairman of Tokyo Electric Power Company Holdings, Inc. effective on June 29, 2021.)					
[Reason for choosing as candidate for Director and expected roles, etc.]					
Yoshimitsu Kobayashi has served as Director of the Board, President and CEO of MCHC and Outside Director of listed companies. Also having acted as Chairperson of the Japan Association of Corporate Executives, Chair of the Council for Promotion of Regulatory Reform, and Member of the Corporate Governance System Study Group in the Ministry of Economy, Trade and Industry and the Council of Experts Concerning the Follow-up of Japan's Stewardship Code and Japan's Corporate Governance Code in the Financial Services Agency, he has abundant experience and profound insight regarding corporate management and governance. Drawing on these experience and insight, he focuses on heightening the effectiveness of the Board of Directors and appropriately engages in management oversight as an internal Director who does not concurrently serve as an Executive Officer. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.					


	No.2	Jean-Marc Gilson	
	(Newly elected)	Date of birth	December 6, 1963
		Number of the Company's shares held	0
		Position and duty at the Company	Corporate Executive Officer, President and CEO
[Personal history]			
Aug. 1989 Jun. 2005	Joined Dow Corning Corp. Corporate Vice President & General Manager of Specialty Chemicals Business, President Asian Area of Dow Corning Corp. (until June 2009) Shareholder Representative Director of Dow Corning Toray Co., Ltd. (until June 2009)	Feb. 2011  Feb. 2012  Sep. 2014	Chief Executive Officer of Avantor Performance Materials (until December 2011) Vice Chairman & Chief Operating Officer of NuSil Technology LLC (until June 2014) Chief Executive Officer of Roquette Frères (until December 2020)
Jun. 2009	Executive Vice President & General Manager of Specialty Chemicals Business of Dow Corning Toray Co., Ltd. (until December 2010)	Feb. 2021  Apr. 2021	Executive Advisor of Mitsubishi Chemical Holdings Corporation Corporate Executive Officer, President and CEO of Mitsubishi Chemical Holdings Corporation (to present)
[Significant concurrent positions]			
Director of the Board of The KAITEKI Institute, Inc.			
[Reason for choosing as a candidate for Director and expected role, etc.]			
Jean-Marc Gilson has worked as a manager in European, U.S. and Asian chemical companies and has a global perspective of the specialty chemicals and life science fields. He has abundant experience and profound insight, having resolutely executed portfolio reforms and achieved an improvement in performance in his previous role as CEO of Roquette Frères. As Corporate Executive Officer, President and CEO of MCHC, he is expected to lead various strategies to accelerate the MCHC Group's portfolio reforms and encourage sustainable growth, while making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC. Therefore, the Board of Directors requests that he be elected as proposed.			


	No.3 (Reelection)	Hidefumi Date			
		Date of birth		July 10, 1958	
		Number of the Company's shares held		20,250	
		Term of office		2 years	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 8/8 (100%)	
				Compensation Committee meeting 8/8 (100%)	
Position and duty at the Company		Director of the Board, Managing Corporate Executive Officer (Corporate Management, Information Systems, IR)			
		Chief Financial Officer			
		Member of the Compensation Committee			
[Personal history]					
Apr. 1982	Joined Mitsubishi Chemical Industries Limited	Apr. 2018	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation		
Apr. 2013	Executive Officer of Mitsubishi Chemical Corporation (until March 2015)	Jun. 2019	Director of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation		
Apr. 2015	Executive Officer of Mitsubishi Chemical Holdings Corporation		(to present)		
[Significant concurrent positions]					
Member of the Board of Nippon Sanso Holdings Corporation					
Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc.					
[Reason for choosing as candidate for Director and expected roles, etc.]					
Hidefumi Date engaged in corporate management as well as accounting, tax affairs, and finances in the accounting and financial departments of the MCHC Group, and thus has abundant experience and profound insight. Currently serving as Managing Corporate Executive Officer (Chief Financial Officer), he engages in management of MCHC and spearheads efforts that involve developing financial strategy and carrying out investor relations activities. During Board of Directors meetings, in addition, he fulfills accountability in relation to financial strategy of the MCHC Group, and makes suggestions drawing on such expertise. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.					

	No.4 (Reelection)	Ken Fujiwara			
		Date of birth		August 10, 1960	
		Number of the Company's shares held		20,478	
		Term of office		3 years	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 8/8 (100%) Compensation Committee meeting 8/8 (100%)	
		Position and duty at the Company		Director of the Board, Managing Corporate Executive Officer (Corporate Governance, Legal, Administration and Human Resources, Internal Control, Overseas Administration Headquarters) Chief Group Compliance Officer Member of the Compensation Committee	
[Personal history]					
Apr. 1984	Joined Mitsubishi Chemical Industries Limited	Apr. 2018	Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation		
Apr. 2015	Executive Officer of Mitsubishi Chemical Holdings Corporation	Jun. 2018	Director of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation		
Apr. 2017	Executive Officer of Mitsubishi Chemical Corporation (until March 2018)		(to present)		
[Significant concurrent positions]					
Director of Mitsubishi Tanabe Pharma Corporation Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd.					
[Reason for choosing as candidate for Director and expected roles, etc.]					
Ken Fujiwara engaged in international risk management and M&As in the legal departments of the MCHC Group, and thus has abundant experience and profound insight. Currently serving as Managing Corporate Executive Officer (Chief Group Compliance Officer), he engages in management of MCHC and spearheads efforts that involve developing internal control systems and strengthening the compliance framework. During Board of Directors meetings, he fulfills accountability as an Executive Officer and makes suggestions pertaining to matters such as risk management and corporate compliance. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.					

	No.5 (Reelection)	Glenn H. Fredrickson	
		Date of birth	May 8, 1959
		Number of the Company’s shares held	0
		Term of office	7 years
		Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 8/8 (100%)
		Position and duty at the Company	Director of the Board
[Personal history]			
Jan. 1990	Associate Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara	Apr. 2014	Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
Jul. 1991	Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara (to present)	Jun. 2014	Director of the Board, Managing Executive Officer of Mitsubishi Chemical Holdings Corporation
May 1998	Chairperson, Department of Chemical Engineering, University of California, Santa Barbara (until July 2001)	Jun. 2015	Director of the Board, Managing Corporate Executive Officer of Mitsubishi Chemical Holdings Corporation
Mar. 2001	Director of Mitsubishi Chemical Center for Advanced Materials at the University of California, Santa Barbara (to present)	Apr. 2017	Director of the Board of Mitsubishi Chemical Holdings Corporation (to present)
[Significant concurrent positions]			
Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara			
[Reason for choosing as candidate for Director and expected roles, etc.]			
Glenn H. Fredrickson is a university professor in the U.S. and has profound insight as an international authority in the polymer chemistry domain and abundant experience as a consultant for global corporations. Currently acting as an internal Director who does not concurrently serve as an Executive Officer, he appropriately engages in management oversight and makes suggestions pertaining to the field of advanced technology and other such matters. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.			


	No.6 (Reelection)	Shigeru Kobayashi			
		Date of birth		February 14, 1958	
		Number of the Company's shares held		7,862	
		Term of office		2 years	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 8/8 (100%) Audit Committee meeting 13/13 (100%)	
		Position and duty at the Company		Director of the Board Member of the Audit Committee	
[Personal history]					
Apr. 1980	Joined Mitsubishi Chemical Industries Limited	Apr. 2017	Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2019)		
Apr. 2013	Executive Officer of Mitsubishi Plastics, Inc.	Jun. 2019	Director of the Board of Mitsubishi Chemical Holdings Corporation (to present)		
Apr. 2015	Director of the Board, Executive Officer of Mitsubishi Plastics, Inc.				
Apr. 2016	Director of the Board, Managing Executive Officer of Mitsubishi Plastics, Inc.				
[Significant concurrent positions]					
Corporate Auditor of The KAITEKI Institute, Inc. Corporate Auditor of Mitsubishi Chemical Corporation					
[Reason for choosing as candidate for Director and expected roles, etc.]					
Shigeru Kobayashi engaged in the performance products and industrial materials business domains of the MCHC Group and served as a president of an overseas Group company successively, and thus has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from MCHC, he engages in management oversight primarily by ensuring effectiveness of audits, which involves assessing the operational status of internal control systems and regularly sharing information in meetings of the Audit Committee, drawing on his extensive understanding of MCHC Group operations and his management experience. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.					


	No.7 (Reelection)	Hiroshi Katayama			
		Date of birth		April 22, 1960	
		Number of the Company's shares held		11,628	
		Term of office		1 year	
		Attendance at meetings of the Board of Directors, etc.		Board of Directors meeting 6/6 (100%) Audit Committee meeting 10/10 (100%)	
		Position and duty at the Company		Director of the Board Member of the Audit Committee	
[Personal history]					
Apr. 1983	Joined Mitsubishi Chemical Industries Limited	Apr. 2018	Managing Executive Officer of Mitsubishi Chemical Corporation (until March 2020)		
Apr. 2014	Executive Officer of Mitsubishi Chemical Corporation	Jun. 2020	Director of the Board of Mitsubishi Chemical Holdings Corporation		
Apr. 2017	Executive Officer of Mitsubishi Chemical Corporation		(to present)		
[Significant concurrent positions]					
Corporate Auditor of Life Science Institute, Inc.					
[Reason for choosing as candidate for Director and expected roles, etc.]					
After having engaged in administration and legal, human resources, and internal control office of the MCHC Group, Hiroshi Katayama served as Managing Executive Officer of Mitsubishi Chemical Corporation, and thus has abundant experience and profound insight. Currently serving as a full-time member of the Audit Committee who hails from MCHC, he engages in management oversight primarily by ensuring effectiveness of audits, which involves assessing the operational status of internal control systems and regularly sharing information in meetings of the Audit Committee, drawing on his extensive understanding and experience of corporate governance and risk management. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.					


	No.8	Takayuki Hashimoto	
	(Reelection	Date of birth	July 9, 1954
	/ Outside	Number of the Company's shares held	7,363
	Director /	Term of office	5 years
	Independent	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 8/8 (100%)
	Officer)		Nominating Committee meeting 10/10 (100%)
			Compensation Committee meeting 8/8 (100%)
		Position and duty at the Company	Director of the Board Member of the Nominating Committee Member of the Compensation Committee
[Personal history]			
Apr. 1978	Joined IBM Japan, Ltd.	May 2012	Director of the Board, Chairperson of IBM Japan, Ltd.
Apr. 2000	Director of the Board of IBM Japan, Ltd.	Apr. 2014	Chairperson of IBM Japan, Ltd.
Apr. 2003	Managing Executive Officer of IBM Japan, Ltd.	Jan. 2015	Vice Chairperson of IBM Japan, Ltd.
Jan. 2007	Senior Managing Executive Officer of IBM Japan, Ltd.	Jun. 2016	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
Apr. 2008	Director of the Board, Senior Managing Officer of IBM Japan, Ltd.	May 2017	Honorary Executive Advisor of IBM Japan, Ltd. (to present)
Jan. 2009	Director of the Board, President of IBM Japan, Ltd.		
[Significant concurrent positions]			
Honorary Executive Advisor of IBM Japan, Ltd.			
Outside Director of KAGOME CO., LTD.			
Outside Director of CHUBU Electric Power Co., Inc.			
[Reason for choosing as candidate for Director and expected roles, etc.]			
<p>Takayuki Hashimoto has extensive experience in corporate management and profound insight into digital business, having served successively as a president and a chairperson of a Japanese subsidiary of a global corporation that provides products and services related to information system. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to global management, business portfolio strategy, and risk management, etc. As Chairperson of the Nominating Committee, he also fulfills a leading role in making fair and transparent decisions on succession plans for management and nomination of candidates for Directors, Corporate Executive Officers, etc. During the fiscal year under review, he put extra efforts into the nomination of the next Corporate Executive Officer, President and CEO. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.</p>			



	No.9	Chikatomo Hodo	
	(Reelection /	Date of birth	July 31, 1960
	Outside	Number of the Company's shares held	0
	Director /	Term of office	2 years
	Independent	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 8/8 (100%)
	Officer)		Nominating Committee meeting 10/10 (100%)
			Compensation Committee meeting 8/8 (100%)
		Position and duty at the Company	Director of the Board Member of the Nominating Committee Member of the Compensation Committee
[Personal history]			
Sep. 1982	Joined Accenture Japan Ltd	Sep. 2017	Director and Senior Corporate Advisor of Accenture Japan Ltd
Sep. 2005	Representative Director of Accenture Japan Ltd	Jul. 2018	Senior Corporate Advisor of Accenture Japan Ltd (to present)
Apr. 2006	Representative Director and President of Accenture Japan Ltd	Jun. 2019	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
Sep. 2015	Director and Chairman of Accenture Japan Ltd		
[Significant concurrent positions]			
Senior Corporate Advisor of Accenture Japan Ltd Outside Director of Konica Minolta, Inc. Outside Director of Mynavi Corporation Director of Sumitomo Mitsui Asset DS Management Company, Limited			
[Reason for choosing as candidate for Director and expected roles, etc.]			
Chikatomo Hodo has extensive experience in corporate management and profound insight in digital business successively as a president and a chairperson of a Japanese subsidiary of a global corporation, which provides management consulting and knowhow in company management. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as global management, portfolio management, and corporate value enhancement from a perspective of ESG. As Chairperson of the Compensation Committee, he also fulfills a leading role in making fair and transparent decisions on design and implementation of remuneration system for Directors and Corporate Executive Officers. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed.			

	No.10	Kiyomi Kikuchi	
	(Reelection	Date of birth	February 2, 1963
	/ Outside	Number of the Company's shares held	0
	Director /	Term of office	2 years
	Independent	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 8/8 (100%)
	Officer)		Nominating Committee meeting 10/10 (100%)
			Audit Committee meeting 13/13 (100%)
		Position and duty at the Company	Director of the Board Member of the Nominating Committee Member of the Audit Committee
[Personal history]			
Apr. 1986	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.) (until December 1990)	Oct. 2003 Sep. 2004	Asahi Law Offices Taiyo Law Office (currently Paul Hastings LLP/Gaikokuho Kyodo Jigyo)
Apr. 1999	Registered as a lawyer Asahi Law Offices	Sep. 2006 Apr. 2008	JPMorgan Securities Japan Co., Ltd. TMI Associates (to present)
Sep. 2002	Allen & Overy LLP (London)	Jun. 2019	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
May 2003	Admitted to the bar of the State of New York		
[Significant concurrent positions]			
Lawyer of TMI Associates External Director of Nishimatsu Construction Co., Ltd. Outside Corporate Auditor, GECOSS CORPORATION External Auditor, Nissay Asset Management Corporation			
[Reason for choosing as candidate for Director and expected roles, etc.]			
Kiyomi Kikuchi has abundant experience working at financial institutions in addition to her profound insight as a lawyer specialized in corporate legal affairs. During Board of Directors meetings, she provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as the functions and responsibilities of the Board of Directors, risk assessments, and global governance. She also makes contributions to ensuring the effectiveness of corporate governance of the Company as a member of the Nominating Committee and the Audit Committee. As she is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that she be reelected as proposed. While she has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that she will properly execute her duties as an Outside Director of the Company based on the above reasons.			

	No.11	Tatsumi Yamada	
	(Reelection	Date of birth	June 7, 1953
	/ Outside	Number of the Company's shares held	1,768
	Director /	Term of office	1 year
	Independent	Attendance at meetings of the Board of Directors, etc.	Board of Directors meeting 6/6 (100%)
	Officer)		Audit Committee meeting 10/10 (100%)
			Compensation Committee meeting 7/7 (100%)
	Position and duty at the Company	Director of the Board	
		Member of the Audit Committee	
		Member of the Compensation Committee	
[Personal history]			
Apr. 1976	Joined Sumitomo Corporation (until June 1993)	Feb. 2014	Founding member of International Integrated Reporting Council (to present)
Mar. 1980	Registered as a Certified Public Accountant	Oct. 2014	Trustee of International Valuation Standards Council (until October 2020)
Jul. 1993	Chuo Audit Corporation (until March 2001)	Sep. 2015	Specially appointed professor of Faculty of Commerce, Chuo University (to present)
Apr. 2001	Board member of The International Accounting Standards Board (until June 2011)	Apr. 2016	Member of the Certified Public Accountants and Auditing Oversight Board for FSA (to present)
Sep. 2011	KPMG AZSA LLC (until June 2018)	Jun. 2020	Outside Director of Mitsubishi Chemical Holdings Corporation (to present)
Jan. 2012	Board Member of KPMG AZSA LLC (until June 2015)		
[Significant concurrent positions]			
Certified Public Accountant			
Specially appointed professor of Faculty of Commerce, Chuo University			
External Statutory Auditor of NOMURA Co., Ltd.			
[Reason for choosing as candidate for Director and expected roles, etc.]			
Tatsumi Yamada has profound insight as an international accounting expert, in addition to abundant experience as a certified public accountant. During Board of Directors meetings, he provides oversight of overall corporate management from an independent and impartial standpoint, while making useful suggestions in relation to matters such as finance and accounting, disclosures, and market valuation. He also makes contributions to ensuring the effectiveness of corporate governance of the Company as a member of the Audit Committee and the Compensation Committee. As he is expected to continue making contributions to establishing basic management policies and ensuring proper oversight of management by the Board of Directors of MCHC through such initiatives, the Board of Directors requests that he be reelected as proposed. While he has not been involved in corporate management except for serving as Outside Director, the Board of Directors believes that he will properly execute his duties as an Outside Director of the Company based on the above reasons.			

	No.12	Takako Masai (Actual surname: Nishida)	
	(Newly	Date of birth	March 8, 1965
	elected /	Number of the Company's shares held	0
	Outside  Director /  Independent  Officer)		
[Personal history]			
Nov. 1988	Joined Tokyo Branch, The Bank of Nova Scotia	Jul. 2015	Executive Officer, General Manager of Markets Research Division, Shinsei Bank, Limited
May 2007	Head of Capital Markets Division, Shinsei Bank, Limited	Apr. 2016	Executive Officer, General Manager of Financial Research Division, Shinsei Bank, Limited
Oct. 2011	Head of Markets Sub-Group, Shinsei Bank, Limited	Jun. 2016	Member of the Policy Board, Bank of Japan (to present)
Apr. 2013	Executive Officer, Head of Markets Research Department, Markets Sub-Group, Shinsei Bank, Limited		
[Significant concurrent positions]			
(Scheduled to retire from the position as Member of the Policy Board of Bank of Japan at the expiration of her term of office effective on June 29, 2021)			
(Scheduled to assume the position as Outside Director of TOBISHIMA CORPORATION effective on July 1, 2021)			
[Reason for choosing as candidate for Director and expected roles, etc.]			
Takako Masai has abundant experience and profound insight in the analysis of the economic and financial climate as well as in financial and monetary policy operations, with her career ranging from a manager of the departments of financial products and services and economic research at various banks including foreign financial institutions to a Member of the Policy Board of the Bank of Japan. With this experience and insight, her contributions as an independent Outside Director, primarily in terms of finance and market risk management, are expected in establishing basic management policies and ensuring proper oversight of management by the Board of Directors of the Company; thus, the Board of Directors requests that she be newly elected.			

Notes:

1. There are no special interests between each candidate and MCHC.
2. For Hiroshi Katayama and Tatsumi Yamada, listed above are their records of attendance at the Board of Directors meetings, etc. held during the fiscal year under review after they assumed the position of Director of the Company in June 2020.
3. Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, Tatsumi Yamada, and Takako Masai are candidates for Outside Directors. The Company has designated Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, and Tatsumi Yamada as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange, and has notified the stock exchange accordingly. If this proposal is approved and Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, and Tatsumi Yamada are inaugurated as Outside Directors, they are expected to continue serving as independent officers. In addition, if this proposal is approved and Takako Masai is inaugurated as Outside Director, she is also expected to serve as independent officer. Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, Tatsumi Yamada, and Takako Masai all meet the “Standards for Independence of Outside Directors” (on following page) stipulated by the Company.
4. For Takayuki Hashimoto, Honorary Executive Advisor of IBM Japan, Ltd., with which the MCHC Group had a very small amount of business transactions in fiscal 2020, no more than 1% of its consolidated net sales or MCHC’s consolidated net sales, the Company sees no issue with his independence. For Chikatomo Hodo, Senior Corporate Advisor of Accenture Japan Ltd, with which the MCHC Group had a very small amount of business transactions in fiscal 2020, no more than 1% of its consolidated net sales or MCHC’s consolidated net sales, the Company sees no issue with his independence. For Kiyomi Kikuchi, a lawyer with TMI Associates, with which the MCHC Group had a very small amount of business transactions in fiscal 2020, no more than 1% of the firm’s revenue or MCHC’s consolidated net sales, the Company sees no issue with her independence.
5. The Company has concluded with Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, and Tatsumi Yamada a liability-limiting agreement as prescribed in Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of said Act, and set an upper limit of the liability for damages under said agreement to be the minimum amount of liability for damages set forth in Article 425, Paragraph 1 of said Act. If this proposal is approved, the Company will renew the agreement with Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, and Tatsumi Yamada and will also conclude the same agreement with Takako Masai.
6. The Company has arranged a directors and officers liability insurance policy with an insurance company to cover legal damages and expenses, etc. to be borne by the insured. The candidates will be included as the insured of the policy. The policy will also be renewed on the same terms and conditions at the time of next renewal.
7. Takayuki Hashimoto has been serving as Outside Corporate Auditor of IHI Corporation until June 2019. During his term, the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure, Transport and Tourism imposed an administrative punishment on IHI due to improper operations in the commercial aircraft engine maintenance business. While he was not aware of these facts in advance, he had been providing advice on the importance of compliance and internal control on a regular basis as Outside Corporate Auditor. After these facts came to light, he assessed circumstances with respect to investigations of factual matters upon receiving successive reports in that regard, and otherwise appropriately carried out his assigned duties particularly in terms of calling for the compliance framework to be strengthened further by promptly investigating effects on safety and taking appropriate action to prevent recurrence.
8. Candidate Takako Masai’s legal surname is “Nishida” by marriage but she keeps her maiden name “Masai” in the office.

### Standards for Independence of Outside Directors

The Company shall elect those as Outside Directors who do not fall under any of the following and are capable of overseeing the Company's management from a fair and neutral standpoint, free of a conflict of interest with general shareholders.

1. Related party of the Company

- (1) Executive Director, Corporate Executive Officer, Executive Officer, Manager, employee, partner, etc. of the MCHC Group (hereinafter referred to as a "person engaged in execution of operation")
- (2) A person who has been engaged in execution of operation of the MCHC Group in the past 10 years

2. Major shareholder

A person who directly or indirectly holds 10% or more of MCHC's total voting rights or a person engaged in execution of operation of a company that directly or indirectly holds 10% or more of MCHC's total voting rights

3. Major business partner

- (1) A person engaged in execution of operation of a company<sup>\*1</sup> whose major business partner includes MCHC, Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Nippon Sanso Holdings Corporation (hereinafter referred to as "major subsidiaries of the MCHC Group")
- (2) A person engaged in execution of operation of a major business partner<sup>\*2</sup> of MCHC and major subsidiaries of the MCHC Group

4. Accounting Auditor

Accounting Auditor of the MCHC Group or an employee thereof

5. Transaction as an individual

A person who receives money and other financial benefits of 10 million yen or more per year from any of MCHC and major subsidiaries of the MCHC Group

6. Donation

A person who receives a donation or financial assistance of 10 million yen or more per year from any of MCHC and major subsidiaries of the MCHC Group or a person engaged in execution of operation of a company that receives a donation or financial assistance of 10 million yen or more per year from any of MCHC and major subsidiaries of the MCHC Group

7. Reciprocal assumption of the position of Director

A person engaged in execution of operation of a company that has elected any of the Directors and employees of the MCHC Group as its Director

8. Close relatives, etc.
- (1) Spouse, relatives within the second degree of kinship or any person who shares the same livelihood of a person engaged in execution of important operations of the MCHC Group (hereinafter referred to as “close relatives”)
  - (2) Close relatives of any person who meets the definition of items 3 through 7 above
- \*1 If the said business partner receives from MCHC and major subsidiaries of the MCHC Group an amount equivalent to 2% or more of its annual consolidated net sales in the latest fiscal year, this company shall be considered as the one whose major business partner includes MCHC.
- \*2 If MCHC and major subsidiaries of the MCHC Group receive from the said business partner an amount equivalent to 2% or more of MCHC’s annual consolidated net sales in the latest fiscal year or the said business partner loans to the MCHC Group an amount equivalent to 2% or more of MCHC’s total consolidated assets, the said business partner shall be considered as a major business partner of MCHC.
- \*3 The party is deemed to fall under the items 3. to 7 when the relevant conditions were met any time in the past three years.

(Attachment)

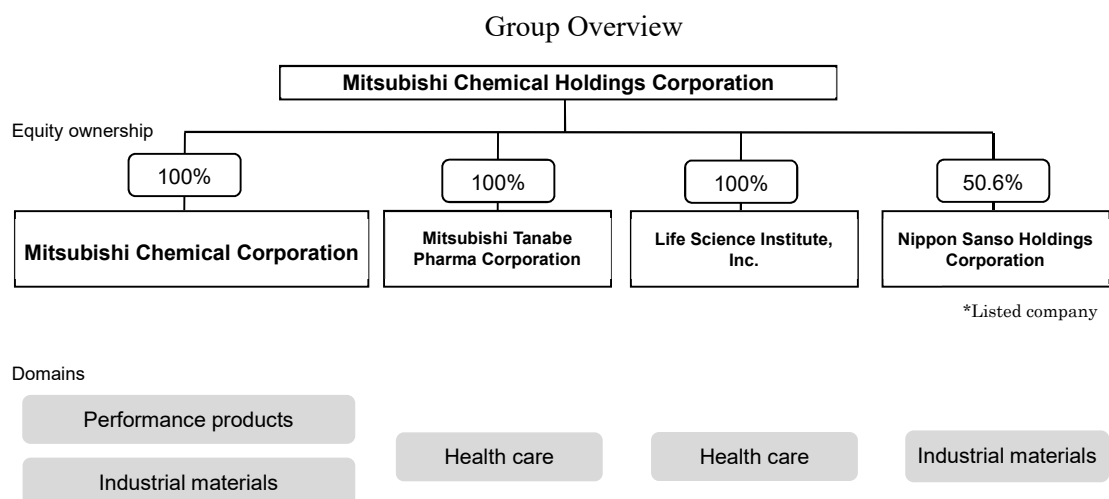
**Business Report**  
**(From April 1, 2020 to March 31, 2021)**

**1. Group Overview of Operation**

**(1) Mitsubishi Chemical Holdings Group**

Under the leadership of Mitsubishi Chemical Holdings Corporation (“Company” or “MCHC”) as the holding company, the MCHC Group conducted business activities in the three business domains of performance products, industrial materials and health care through its direct investees, Mitsubishi Chemical Corporation (“MCC”), Mitsubishi Tanabe Pharma Corporation (“MTPC”), Life Science Institute, Inc., and Nippon Sanso Holdings Corporation (“NSHC”).

MCHC will formulate the strategy, manage the business portfolio, implement an optimal allocation of management resources, and supervise the business operations of the MCHC Group as a whole toward the implementation of the Step 1 of the “APTSIS 25” medium-term management plan, which was formulated in February this year, and will work to further improve the corporate value of the MCHC Group.





## (2) Business Development and Performance

The business environment surrounding the MCHC Group was overall back on track for recovery. Demand for automotive applications, etc., was subdued in the wake of the novel coronavirus (COVID-19) pandemic mainly in the first half of the fiscal year, but it started picking up both at home and overseas in the second half, in parallel with recovering economic activities, improving market sentiment for some products.

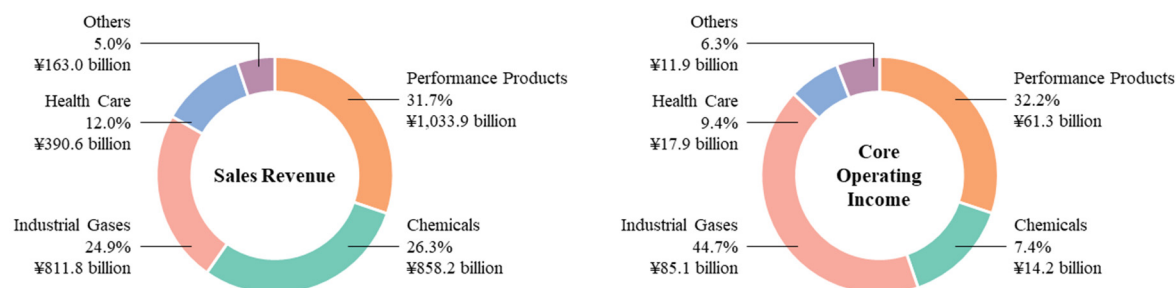
In these circumstances, sales revenue for fiscal 2020 was ¥3,257.5 billion, down ¥323.0 billion compared with a year earlier. Core operating income\* decreased ¥20.1 billion year on year to ¥174.7 billion due to a contribution of reduced fixed costs and operating income was ¥47.5 billion, a year-on-year down of ¥96.8 billion due to impairment loss in Health care domain under extraordinary items.

Net income attributable to owners of parent was loss of ¥7.6 billion, down ¥61.7 billion year on year.

\* Core operating income is operating income excluding profit/loss arising from extraordinary factors (extraordinary items).

Performance by segments is shown from P.27 to P.28

### Performance Overview by Segment



Notes: MCHC Group adopted International Financial Reporting Standard (“IFRS”).

[For reference] Changes in the Conditions of Assets and Profit/Loss of Direct Investees for the  
Fiscal 2020 (fiscal year under review)

Category	Mitsubishi Chemical Corporation	Mitsubishi Tanabe Pharma Corporation	Life Science Institute, Inc.	Nippon Sanso Holdings Corporation
Sales revenue (in billion yen)	2,062.0	377.8	23.2	818.2
Core operating income (in billion yen)	76.3	21.0	(3.2)	87.3
Total assets (in billion yen)	2,564.2	1,053.3	75.9	1,836.3

Note: MCHC, in preparing consolidated financial statements, makes a consolidated adjustment such as eliminating inter-segment transactions (transactions between subsidiaries, etc.), and therefore simply adding up the figures of the operating companies (consolidated) in the table above does not agree with the consolidated figures of MCHC.

## **Performance Products Domain**

### **Performance Products Segment**

Principal Businesses: Electronics and displays, high performance films, environment and living solutions, advanced moldings and composites, advanced polymers, high performance chemicals, new energy

Sales revenue for the segment totaled ¥1,033.9 billion, down ¥84.2 billion year on year, while core operating income stayed at ¥61.3 billion, unchanged from the previous year.

In advanced moldings and composites, sales revenue decreased, reflecting lower sales volumes of automotive applications such as high-performance engineering plastics.

In advanced polymers, sales revenue decreased, reflecting lower sales volumes of performance plastics etc., for automotive applications and of phenol-polycarbonate chain materials due to the impact of scheduled maintenance and repairs and other factors.

Core operating income remained the same as the previous year largely because of lower sales volumes of advanced moldings and composites for automotive applications, offset by recovering demand for advanced polymers despite the impact of scheduled maintenance and repairs as well as rising market prices of phenol-polycarbonate chain materials from the second half.

## **Industrial Materials Domain**

### **Chemicals Segment**

Principal Businesses: MMA, petrochemicals, carbon

Sales revenue in this segment decreased by ¥185.3 billion year on year to ¥858.2 billion, while core operating income stayed at ¥14.2 billion, down ¥15.6 billion year on year.

In MMA, sales revenue declined due to low-level sales volumes of MMA monomer and others compared to the previous year although their market prices have recovered since the second half.

In petrochemicals, sales revenue decreased due to lower sales volumes as a result of the amplified impact from scheduled maintenance and repairs at the ethylene production facility, as well as falling prices as a result of lower raw materials costs and other factors.

Carbon products sales revenue was down, reflecting falling prices as a result of lower raw materials costs and decreased sales volumes as a result of declining demand for cokes.

Core operating income decreased mainly owing to the downturn in MMA monomer and other markets and lower sales volumes of carbon products.

## **Industrial Gases Segment**

Principal Businesses: Industrial gases

Sales revenue in this segment decreased by ¥31.5 billion to ¥811.8 billion and core operating income declined by ¥2.9 billion to ¥85.1 billion.

In industrial gases, sales revenue and core operating income decreased as strong sales of electronics applications were offset by a general decline in demand at home and overseas.

## **Health Care Domain**

### **Health Care Segment**

Principal Businesses: Pharmaceuticals, life science

Sales revenue in this segment totaled ¥390.6 billion, a decrease of ¥2.5 billion year on year, and core operating income increased ¥1.4 billion year on year to ¥17.9 billion.

In pharmaceuticals, sales revenue remained unchanged from the previous year as the impact of drug price revisions and other factors on domestic ethical pharmaceuticals was offset by a growth in sales volumes of priority products.

Core operating income increased as selling and research and development expenses dropped as a result of self-restraint in economic activities, etc., imposed by the novel coronavirus pandemic.

Royalty income from licensing out *Gilenya*, a medicine used to treat multiple sclerosis, to Novartis Pharma AG (Switzerland), was not recognized as sales revenue in accordance with International Financial Reporting Standard 15 due to the ongoing arbitration to claim that Novartis Pharma AG has no obligation to pay a portion of royalties.

### **Others**

Principal Businesses: Engineering, logistics

Sales revenue in “Others” decreased by ¥19.5 billion to ¥163.0 billion, and core operating income totaled ¥11.9 billion, down ¥0.4 billion year on year.

(Note) Segments for some business have been changed in part for a reorganization. Accordingly, the business results of the previous fiscal year provided as comparable information have been reclassified.

### (3) Outstanding Issues

As more than a year has passed since the beginning of the COVID-19 pandemic, we finally have some hope of a return to normalcy. As we enter fiscal 2021, amid increased vaccinations across the globe, economic activities are rebounding and there are signs of a better economic environment for the MCHC Group's business activities.

The fiscal year under review saw a continued decrease in sales and profits across most of the MCHC Group's segments.

In the Performance Products Segment, the functional products sub-segment had both lower sales revenue and core operating income compared to the previous fiscal year, mainly reflecting a decrease in sales volumes of advanced moldings and composites in automotive applications, while packaging and film products lines resisted well. In the performance chemicals sub-segment, core operating income improved compared to the previous fiscal year while sales revenue fell. These results demonstrate that the MCHC Group has resilience and stability in the high performance chemical and new energy domains in difficult times.

In the Chemicals Segment (the MMA, petrochemicals, and carbon products sub-segments), business suffered most heavily from worldwide economic contraction, plummeting demand across all markets, and a drop in prices driven by a global oversupply situation.

In the Industrial Gases Segment, sales revenue and core operating income both fell slightly compared to the previous fiscal year, but there has been a recovery trend recently and a high level of profit and cash flow were maintained.

In the Health Care Segment, sales revenue remained flat year on year, but good progress is being made on development of a vaccine for prevention of COVID-19.

Heading into fiscal 2021, the MCHC Group's attention is focused on the following two key objectives:

- Significantly improve financial results versus fiscal 2020 and reduce debt level.
- Formulate a growth strategy in the medium-term management plan to fiscal 2025 that will deliver continuous improvement in financial performance while preparing a structure to decisively tackle its main challenges.

Thanks to its KAITEKI philosophy, the MCHC Group has taken the lead in the sustainability

drive that is now being recognized and adopted by many industries.

The Company's new growth strategy will be built on the MCHC Group's established strengths of safety, quality, service and innovation. This strategy will seriously address the two main challenges of the MCHC Group, which are the need for its products to become eco-friendly and for the Group to become carbon neutral in its energy supply by the year 2050. Based on this strategy, the MCHC Group will also address the need to reorganize the Group's business portfolio, and make the tough choices that go along with that.

As the platform for sustainable corporate growth, the MCHC Group will continue to address safety management, thorough compliance and reinforcement of group governance through establishing internal control systems.

Thank you for your continued support as we work to build the MCHC Group of the future.

#### (4) Capital Expenditures

The MCHC Group's aggregate capital expenditures for the fiscal year under review stood at ¥263.7 billion.

The amount by each segment includes the following:

Domain / Segment	Capital expenditures	Major facilities completed during the fiscal year under review	Major facilities under construction
Performance Products Performance Products	89.8 billion yen	Mitsubishi Chemical Corporation Production facility for polyvinyl alcohol film	PT. MC PET Film Indonesia Production facility for polyester film Mitsubishi Chemical Advanced Materials AG Investment in facility related to C.P.C. Srl
Industrial Materials Chemicals	73.3 billion yen		Mitsubishi Chemical Corporation Facility to enhance shipment capabilities for coke exports
Industrial Gases	69.6 billion yen	Matheson Tri-Gas Inc. (U.S.A.) Air separation systems	
Health Care Health Care	20.9 billion yen		Medicago Inc. (Canada) Production facility for vaccine

Note:

Other than the above, there were capital expenditures of ¥10.1 billion in "Others" and "Company-wide (Common)."

#### (5) Fund Procurement

Item	Balance at April 1, 2020	Balance at March 31, 2021	Change
Borrowings	1,522.7 billion yen	1,576.3 billion yen	Up 53.6 billion yen
Corporate bonds and commercial paper	760.6 billion yen	773.2 billion yen	Up 12.6 billion yen
Total	2,283.3 billion yen	2,349.5 billion yen	Up 66.3 billion yen

(6) Principal Lenders (as of March 31, 2021)

Lenders	Amount Borrowed
Mizuho Bank, Ltd.	485.7 billion yen
MUFG Bank, Ltd.	310.2 billion yen

(7) Significant Business Realignment

– In July 2020, the MCHC Group transferred Qualicaps Co., Ltd. from Life Science Institute, Inc. to Mitsubishi Chemical Corporation, changing its segment from Health Care to Performance Products.

• In October 2020, Mitsubishi Chemical Corporation, through its consolidated subsidiary, Mitsubishi Chemical America Inc., acquired 100% ownership of Gelest, Inc. (Pennsylvania, United States), which holds advanced molecular design and synthesis technologies in the regions of Si chemicals, such as contact lens materials and antibacterial agents, and metal organics used in semiconductor precursors, etc.

(Performance Products Segment)

• In October 2020, Mitsubishi Chemical Corporation, with Ube Industries, Ltd., founded MU Ionic Solutions Corporation as a joint company operating an electrolytes business.

(Performance Products Segment)

• On October 1 2020, with the objective of transitioning to a holding company structure, Taiyo Nippon Sanso Corporation, a consolidated subsidiary of the Company, transferred its businesses to its successor and wholly owned subsidiary, whose company name was changed to “TAIYO NIPPON SANSO CORPORATION” on October 1, 2020, through a company split transaction, and changed its trade name to “Nippon Sanso Holdings Corporation.”

(Industrial Gases Segment)



(8) Employees of the MCHC Group (as of March 31, 2021)

(a) Status of Employees of the MCHC Group

Domain	Segment	No. of Employees	Year-on-year Increase/Decrease
Performance Products	Performance Products	25,613	Up 480
Industrial Materials	Chemicals	8,207	Up 46
	Industrial Gases	19,358	Down 361
Health Care	Health Care	7,236	Down 228
Others		8,109	Down 126
Company-wide (Common)		1,084	Up 187
Sum Total		69,607	Down 2

Notes:

1. Those employees who are engaged in activities such as basic R&D, which cannot be definitively sorted into any specific segment, are included in Company-wide (Common).
2. Executive Officers are included.
3. Employees loaned to entities outside of the MCHC Group are not included.
4. Segments for some business have been changed in part for a reorganization at Mitsubishi Chemical Corporation. Accordingly, comparable information for the previous fiscal year has been reclassified.

(b) Status of Employees of MCHC

No. of Employees (Year-on-year Change)	Average Age	Average Years of Service
201 (Up 35)	45 years and 8 months	17 years and 7 months

Notes:

1. The employees are seconded mainly from MCHC's subsidiaries, and their average years of service include the years of service spent at the companies dispatching them as secondees.
2. Executive Officers are included.
3. An increase in the number of employees is attributed mainly to changes in a business management structure within the MCHC Group.

(9) Changes in the Conditions of Assets and Profit/Loss

Category	13th Term (Fiscal 2017)	14th Term (Fiscal 2018)	15th Term (Fiscal 2019)	16th Term (Year under Review; Fiscal 2020)
Sales revenue (in billion yen)	3,724.4	3,840.3	3,580.5	3,257.5
Core operating income (in billion yen)	380.5	314.1	194.8	174.7
ROS (%)	10.2	8.2	5.4	5.4
Net income attributable to owners of parent (in billion yen)	211.8	169.5	54.1	(7.6)
Basic earnings per share (in yen)	147.14	119.22	38.08	(5.32)
ROE (%)	17.8	12.7	4.2	(0.6)
Total equity (in billion yen)	1,919.5	2,025.9	1,450.8	1,571.1
Equity attributable to owners of parent per share (in yen)	893.26	970.46	824.07	870.40
Total assets (in billion yen)	4,701.4	5,572.5	5,132.1	5,287.2

Notes:

1. MCHC has adopted IFRS.
2. ROS has been calculated as follows.  
Core operating income / Sales revenue
3. Basic earnings per share are calculated on the basis of average aggregate number of issued and outstanding shares during fiscal year excluding treasury stocks (including the Company's shares held by the board incentive plan (BIP) trust).
4. Equity attributable to owners of parent per share are calculated on the basis of the aggregate number of issued and outstanding shares as of the end of fiscal year excluding treasury stocks (including the Company's shares held by the BIP trust).
5. ROE has been calculated as follows.  
Net income attributable to owners of parent / Equity attributable to owners of parent (Yearly Average)

(10) Status of MCHC, Major Subsidiaries and Affiliates (as of March 31, 2021)

(a) MCHC

Head Office	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo
-------------	---

(b) Major Subsidiaries

[Direct Investees]

Company Name	Capital	Equity Investment Ratio (%)	Principal Business	Location
Mitsubishi Chemical Corporation	53.2 billion yen	100.0	Manufacture and marketing of chemical products	Tokyo
Mitsubishi Tanabe Pharma Corporation	50.0 billion yen	100.0	Manufacture and marketing of pharmaceuticals	Osaka
Life Science Institute, Inc.	9.3 billion yen	100.0	Healthcare solutions business	Tokyo
Nippon Sanso Holdings Corporation	37.3 billion yen	50.6	Management of subsidiaries and manufacture and marketing of industrial gas through the group management	Tokyo

[Indirect Investees]

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
Performance Products  Performance Products	Qualicaps Co., Ltd.	1.0 billion yen	100.0	Manufacture and marketing of capsules for pharmaceuticals and health food, and pharmaceutical processing equipment	Nara
	J-Film Corporation	1.2 billion yen	100.0	Manufacture and marketing of plastic films	Tokyo
	Shinryo Corporation	0.5 billion yen	100.0	Provision of semiconductor-related service, manufacture and marketing of fine chemicals, and environment and recycling-related business	Fukuoka

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
	Mitsubishi Chemical Infratec Co., Ltd.	0.4 billion yen	100.0	Manufacture and marketing of synthetic resin products for civil engineering materials, waterproof reinforcement, distribution materials, aluminum composite material sheets, industrial plates, plastic film-laminated steel sheets, and housing materials, and urethane and facility systems	Tokyo
	MC Ionic Solutions US, Inc.	100 U.S. dollars	100.0	Manufacture and marketing of electrolytes for lithium-ion secondary batteries	U.S.A.
	Mitsubishi Chemical Advanced Materials AG	28 million Swiss francs	100.0	Management of subsidiary operating engineering plastics business, etc.	Switzerland
	Mitsubishi Chemical Performance Polymers, Inc.	100 U.S. dollars	100.0	Manufacture and marketing of thermoplastic elastomer and functional polyolefin	U.S.A.
Industrial Materials Chemicals	Kansai Coke and Chemicals Co., Ltd.	6.0 billion yen	51.0	Manufacture and marketing of coke	Hyogo
	Japan Polyethylene Corporation	7.5 billion yen	58.0	Manufacture and marketing of polyethylene	Tokyo
	Japan Polypropylene Corporation	11.8 billion yen	65.0	Manufacture and marketing of polypropylene	Tokyo
	Mitsubishi Chemical Lucite Group Limited	111 million sterling pounds	100.0	Management of subsidiaries that engage in MMA business	U.K.
Industrial Gases	TAIYO NIPPON SANSO CORPORATION	1.5 billion yen	100.0	Manufacture and marketing of industrial gas	Tokyo
	NIPPON EKITAN Corporation	0.6 billion yen	84.2	Manufacture and marketing of industrial gas	Tokyo
	Nippon Gases Euro-holding Sl.	100 million euros	100.0	Management of subsidiaries that engage in the industrial gas business	Spain
	Matheson Tri-Gas, Inc.	56 U.S. dollars	100.0	Manufacture and marketing of industrial gas	U.S.A.

Domain / Segment	Company Name	Capital	Equity Investment Ratio of the Company (%)	Principal Business	Location
Health Care Health Care	API Corporation	4.0 billion yen	100.0	Contracted manufacture of active pharmaceutical ingredients, intermediates and investigational new drugs  Manufacture and marketing of contracted research and development, etc.	Tokyo
	Mitsubishi Tanabe Pharma Factory Ltd.	1.1 billion yen	100.0	Manufacture and marketing of pharmaceuticals	Osaka
	Mitsubishi Tanabe Pharma Holdings America, Inc.	167 U.S. dollars	100.0	Planning and execution of targets and strategies relating to development of the pharmaceuticals business in the U.S., and management of U.S. subsidiaries	U.S.A.
Others	Mitsubishi Chemical Engineering Corporation	1.4 billion yen	100.0	Engineering and construction services	Tokyo
	Mitsubishi Chemical Logistics Corporation	1.5 billion yen	100.0	Logistics and warehouse services	Tokyo

Notes:

1. Mitsubishi Chemical America Inc. absorbed Mitsubishi Chemical Performance Polymers, Inc. and MC Ionic Solutions US. Inc. as of April 1, 2021.
2. Mitsubishi Chemical Lucite Group Limited changed its company name to Mitsubishi Chemical Methacrylates Ltd on April 1, 2021.

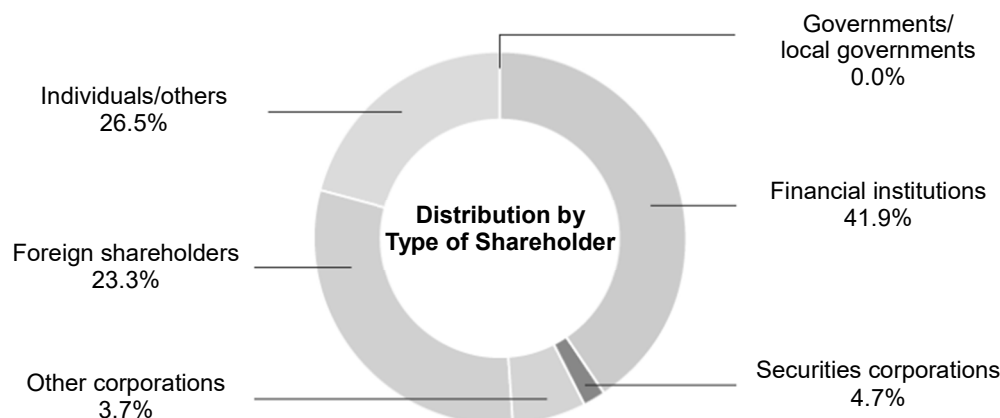
(c) Matters Related to Specified Wholly-Owned Subsidiary

Name of specified wholly-owned subsidiary	Address of specified wholly-owned subsidiary	Total amount of book value as of the end of the fiscal year under review of shares of specified wholly-owned subsidiary owned by MCHC
Mitsubishi Chemical Corporation	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo	432,052 million yen
Mitsubishi Tanabe Pharma Corporation	2-10 Dosho-machi 3-chome, Chuo-ku, Osaka	703,819 million yen

Note: The total amount recorded in the asset section of MCHC's balance sheet as of the end of the fiscal year under review is ¥1,993,146 million.

## 2. Matters Related to Corporate Stocks (as of March 31, 2021)

- (1) Number of Authorized Shares: 6,000 million
- (2) Number of Issued and Outstanding Shares:  
1,506.288 million (representing no changes from the previous fiscal year)
- (3) Aggregate Number of Shareholders:  
273,758 (representing a year-on-year increase of 11,872 shareholders)



### (4) Major Shareholders

Name of Shareholders	Equity Investments in MCHC	
	No. of Shares Held (million)	Equity Investment Ratio (%)
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 Co.	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, MCHC holds 82.871 million shares as treasury stocks, 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 million shares).
3. In addition to the above, equity investments of MUFG Bank, Ltd. in MCHC include 2.375 million 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.

(5) Corporate Stock Issued to Company's Officers during the Fiscal Year Under Review as Consideration for Execution of Duties

	Class of stock/number of stocks	Number of persons
Corporate Executive Officers	Common stock of the Company 102,189	7

### 3. Matters Related to the Company's Officers

#### (1) Details of Directors (as of March 31, 2021)

Name	Position and responsibility at the Company	Significant concurrent positions
Yoshimitsu Kobayashi	Director of the Board, Chairperson Member of the Nominating Committee	Director of the Board, Chairperson of The KAITEKI Institute, Inc. Outside Director of the Board, Mizuho Financial Group, Inc.
Hitoshi Ochi	Director of the Board Corporate Executive Officer, President and CEO	Director of the Board of The KAITEKI Institute, Inc. Director of Chi Mei Corporation
Hidefumi Date	Director of the Board Member of the Compensation Committee Managing Corporate Executive Officer	Member of the Board of Nippon Sanso Holdings Corporation Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Ken Fujiwara	Director of the Board Member of the Compensation Committee Managing Corporate Executive Officer	Director of Mitsubishi Tanabe Pharma Corporation Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd.
Glenn H. Fredrickson	Director of the Board	Distinguished Professor, Departments of Chemical Engineering and Materials, University of California, Santa Barbara
Shigeru Kobayashi	Director of the Board Member of the Audit Committee (Chairperson)	Corporate Auditor of The KAITEKI Institute, Inc. Corporate Auditor of Mitsubishi Chemical Corporation
Hiroshi Katayama	Director of the Board Member of the Audit Committee	Corporate Auditor of Life Science Institute, Inc.
Hideko Kunii	Outside Director of the Board Member of the Nominating Committee Member of the Audit Committee	Visiting Professor, Shibaura Institute of Technology External Director of INCJ, Ltd. Outside Director of Tokyo Electric Power Company Holdings, Incorporated
Takayuki Hashimoto	Outside Director of the Board Member of the Nominating Committee (Chairperson) Member of the Compensation Committee	Honorary Executive Advisor of IBM Japan, Ltd. Outside Director of KAGOME CO., LTD Outside Director of CHUBU Electric Power Co., Inc.
Chikatomo Hodo	Outside Director of the Board Member of the Nominating Committee Member of the Compensation Committee (Chairperson)	Senior Corporate Advisor of Accenture Japan Ltd Outside Director of Konica Minolta, Inc. Outside Director of Mynavi Corporation Director of Sumitomo Mitsui Asset DS Management Company, Limited
Kiyomi Kikuchi	Outside Director of the Board Member of the Nominating Committee Member of the Audit Committee	Lawyer of TMI Associates External Director of Nishimatsu Construction Co., Ltd. Outside Corporate Auditor, GECOSS CORPORATION External Auditor, Nissay Asset Management Corporation
Tatsumi Yamada	Outside Director of the Board Member of the Compensation Committee Member of the Audit Committee	Certified Public Accountant Specially appointed professor of Faculty of Commerce, Chuo University Outside Statutory Auditor of NOMURA Co., Ltd.

Notes:

- Five Directors, Hideko Kunii, Takayuki Hashimoto, Chikatomo Hodo, Kiyomi Kikuchi, and Tatsumi Yamada are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has designated these five Outside Directors as independent officers pursuant to the rules and regulations of the Tokyo Stock Exchange



and notified the Stock Exchange accordingly.

2. Director Tatsumi Yamada has considerable knowledge of finance and accounting, as he is qualified as Certified Public Accountant.
3. There is no special relationship between other corporations, where the Company's Outside Directors hold concurrent positions and the Company.
4. Directors Shigeru Kobayashi and Hiroshi Katayama are the full-time members of the Audit Committee. The Company appoints full-time members for the Audit Committee in order to increase the effectiveness of audits by the Committee.
5. In accordance with Article 427, Paragraph 1 of the Companies Act, the Company and its Outside Directors have entered into liability-limiting agreements as prescribed in Article 423, Paragraph 1 of the Act. The maximum limit of damage compensation liability under the agreement is set to the extent of the minimum limit of liability as prescribed in Article 425, Paragraph 1 of the Act.

(2) Main Activities and Attendance at Board of Directors Meetings and Committee Meetings by Outside Officers

Name	Status of activities and summary of duties executed in relation to expected roles	Attendance
Hideko Kunii	During the Board of Directors meetings, she provided input on matters such as woman's empowerment promotion, science technology, and IT, drawing on her profound insight in diversity promotion as well as her extensive experience in company management and her expertise in the information processing domain. In the Nominating Committee meetings, she also fulfills her duties by making succession plans for management, nominating candidates for Directors and Corporate Executive Officers including the next Corporate Executive Officer, President and CEO, and making comments appropriately as a member of the Committee, with the development of oversight/execution structure for further enhanced governance as a major agenda item. At the Audit Committee, she appropriately fulfilled her assigned duties as an outside member of the Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the "APTSIS 20" medium-term management plan during the fiscal year under review.	Board of Directors meetings 8/8 (100%) Nominating Committee meetings 10/10 (100%) Audit Committee meetings 13/13 (100%)
Takayuki Hashimoto	During Board of Directors meetings, he provided input mainly in relation to global management, business portfolio strategy, and risk management, drawing on his extensive experience in company management and profound insights into digital business. In the Nominating Committee meetings, he also fulfills his duties as its chair by making succession plans for management, nominating candidates for Directors and Corporate Executive Officers including the next Corporate Executive Officer, President and CEO, and playing a leading role in making fair and transparent decisions, with the development of oversight/execution structure for further enhanced governance as a major agenda item. As a member of the Compensation Committee, he executed his duties by providing appropriate input regarding major agenda items for the fiscal year under review such as design and implementation of the remuneration system for Directors and Corporate Executive Officers.	Board of Directors meetings 8/8 (100%) Nominating Committee meetings 10/10 (100%) Compensation Committee meetings 8/8 (100%)

Name	Status of activities and summary of duties executed in relation to expected roles	Attendance
Chikatomo Hodo	During the Board of Directors meetings, he provided input on such matters as global management, portfolio management, and corporate value enhancement from a perspective of ESG drawing on his extensive experience in company management and profound insight in management knowhow. In the Compensation Committee meetings, he also fulfills his duties as its chair by playing a leading role in making fair and transparent decisions on design and implementation of the remuneration system for Directors and Corporate Executive Officers. In the Nominating Committee meetings, he also fulfills his duties by making succession plans for management, nominating candidates for Directors and Corporate Executive Officers including the next Corporate Executive Officer, President and CEO, and making comments appropriately as a member of the Committee, with the development of oversight/execution structure for further enhanced governance as a major agenda item.	Board of Directors meetings 8/8 (100%) Nominating Committee meetings 10/10 (100%) Compensation Committee meetings 8/8 (100%)
Kiyomi Kikuchi	During the Board of Directors meetings, she provided input on such matters as the functions and responsibilities of the Board of Directors, assessment of legal risk, and global governance, drawing on her experience and profound insight as a lawyer. In the Nominating Committee meetings, she also fulfills her duties by making succession plans for management, nominating candidates for Directors and Corporate Executive Officers including the next Corporate Executive Officer, President and CEO, and making comments appropriately as a member of the Committee, with the development of oversight/execution structure for further enhanced governance as a major agenda item. At the Audit Committee, she appropriately fulfilled her assigned duties as an outside member of the Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the “APTSIS 20” medium-term management plan during the fiscal year under review	Board of Directors meetings 8/8 (100%) Nominating Committee meetings 10/10 (100%) Audit Committee meetings 13/13 (100%)

Name	Status of activities and summary of duties executed in relation to expected roles	Attendance
Tatsumi Yamada	During the Board of Directors meetings, he provided input on such matters as finance and accounting, disclosures, and market valuation, drawing on his experience and profound insight as a certified public accountant and an international accounting expert. As a member of the Compensation Committee, he executed his duties by providing appropriate input regarding major agenda items for the fiscal year under review such as design and implementation of the remuneration system for Directors and Corporate Executive Officers. At the Audit Committee, he appropriately fulfilled his assigned duties as an outside member of the Committee in terms of conducting audits based on audit plans, focusing on matters such as the development and operations of the internal control system, and intensive auditing regarding the progress of the “APTSIS 20” medium-term management plan during the fiscal year under review	Board of Directors meetings 6/6 (100%) Nominating Committee meetings 7/7 (100%) Audit Committee meetings 10/10 (100%)

(3) Details of Corporate Executive Officers (as of March 31, 2021)

Name	Position	Responsibility at the Company	Significant concurrent positions
Hitoshi Ochi	Representative Corporate Executive Officer President and CEO		Director of the Board of The KAITTEKI Institute, Inc. Director of Chi Mei Corporation
Kazuyuki Okubo	Representative Senior Managing Corporate Executive Officer	Information Systems and Production Technology	
Yoshihiro Ikegawa	Managing Corporate Executive Officer	Corporate Strategy	Director of the Board of Mitsubishi Chemical Corporation
Larry Meixner	Managing Corporate Executive Officer	Emerging Technology and Business Development	Director of Mitsubishi Tanabe Pharma Corporation
Hidefumi Date	Managing Corporate Executive Officer Chief Financial Officer	Corporate Management, and IR	Member of the Board of Nippon Sanso Holdings Corporation Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Ken Fujiwara	Managing Corporate Executive Officer Chief Group Compliance Officer	Corporate Governance, Legal, Administration and Human Resources, Internal Control, and Overseas Administration Headquarters	Director of Mitsubishi Tanabe Pharma Corporation Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd.
Shigeki Habuka	Corporate Executive Officer	Public Policy and Relation, and PR	

Notes:

1. Corporate Executive Officers Hitoshi Ochi, Hidefumi Date and Ken Fujiwara also serve as Directors as of March 31, 2021.
2. On April 1, 2021, Hitoshi Ochi retired as Representative Corporate Executive Officer, President and CEO while remaining as Director, and Kazuyuki Okubo retired as Representative Senior Managing Corporate Executive Officer. On the same date, Jean-Marc Gilson assumed the position of Representative Corporate Executive Officer, President and CEO.

[For reference] Details of Corporate Executive Officers (as of April 1, 2021)

Name	Position	Responsibility at the Company	Significant concurrent position
Jean-Marc Gilson	Representative Corporate Executive Officer President and CEO		
Yoshihiro Ikegawa	Representative Corporate Executive Officer Managing Corporate Executive Officer	Corporate Strategy, Production Technology, and Marketing and Branding	Director of the Board of Mitsubishi Chemical Corporation
Larry Meixner	Managing Corporate Executive Officer	Emerging Technology and Business Development	Director of Mitsubishi Tanabe Pharma Corporation
Hidefumi Date	Managing Corporate Executive Officer Chief Financial Officer	Corporate Management, Information Systems, and IR	Member of the Board of Nippon Sanso Holdings Corporation Director of the Board, President and CEO of Mitsubishi Chemical Holdings Corporate Staff, Inc.
Ken Fujiwara	Managing Corporate Executive Officer Chief Group Compliance Officer	Corporate Governance, Legal, Administration and Human Resources, Internal Control, and Overseas Administration Headquarters	Director of Mitsubishi Tanabe Pharma Corporation Director of Mitsubishi Chemical Holdings (Beijing) Co., Ltd.
Shigeki Habuka	Corporate Executive Officer	Public Policy and Relation, and PR	

(4) Aggregate Amount of Remuneration of Company's Officers

i. Aggregate amount of remuneration of officers for the fiscal 2020

Category of officer	Aggregate amount of consolidated remuneration, etc. (in millions of yen)					No. of persons
	Basic remuneration	Performance-linked remuneration		Shares with restriction of transfer	Total	
		Cash bonus	Stock remuneration			
Directors (inside)	185 (185)	-	-	-	185 (185)	5
Directors (outside)	71	-	-	-	71	6
Corporate Executive Officers	303 (292)	21 (21)	33 (33)	62 (62)	419 (409)	7
Sum Total	560 (549)	21 (21)	33 (33)	62 (62)	676 (666)	18

Notes:

1. The aggregate amount of remuneration, etc., above is stated as consolidated remuneration, etc. (the sum of remuneration paid or to be paid, or expenses, etc., borne by the Company and its subsidiaries). The amounts in brackets are the sum of remuneration, etc., paid by the Company for Directors (inside) and Corporate Executive Officers. For Outside Directors, the aggregate amount of consolidated remuneration, etc., is paid fully by the Company.
2. MCHC remunerates Directors who concurrently serve as Corporate Executive Officers for their services as Corporate Executive Officers.
3. The amounts of basic remuneration and cash bonus are the sum of remuneration, etc., paid during the fiscal year under review (all monetary remuneration).
4. The amount of stock remuneration above is the sum of those recorded as expenses (for paying for the common stock, etc., of the Company and paying out dividends accrued on such stock using the BIP trust when they retire) for the fiscal year under review.
5. The amount of shares with restriction of transfer is the sum of those recorded as expenses (for granting shares with restriction of transfer worth the base value defined by title and the restriction of transfer will be removed when they retire) for the fiscal year under review.

ii. Method of calculating performance-linked remuneration paid during the fiscal year under review and results of evaluation

Performance-linked remuneration of the Company is determined based mainly on the results of the KAITEKI evaluation (on the achievement of annual targets for the three axes of the KAITEKI Management that the MCHC Group values: sustainability axis (Management of Sustainability: MOS); innovation axis (Management of Technology: MOT); and economic efficiency axis (Management of Economics: MOE)).

[Cash bonus]                      Individual remuneration amount = base amount by title x KAITEKI Value evaluation (0-200%)

[Stock remuneration]      Number of individual points granted (for receiving stock issuance) = base points by title x KAITEKI Value evaluation (0-200%)

\* KAITEKI Value evaluation: performance is rated on a five-point scale with “A” (100%) as a basis, “SS” (200%) when a target is significantly surpassed, “S” (150%) when a target is surpassed, “B” (50%) when a target is missed, or “C” (0%) when a target is significantly missed (figures in brackets: percentage of payment).

\* Stock remuneration: points are granted each year in proportion to the KAITEKI Value evaluation, and the amount of common stock, etc., of the Company worth the accumulated points and dividends accrued on such stocks will be paid when an officer retires.



Listed below are major indicators, reason of selection, results of evaluation, etc., for the KAITEKI Value evaluation for the fiscal 2019 (from April 1, 2019 to March 31, 2020).

Major indicators		Reason of selection	% of evaluation
MOS	Reduction of environmental burden (GHG, etc.)	To actively promote energy saving activities which could lead to the prevention of global warming	10%
	Pharmaceuticals contribution index	To contribute to human life and health through response to unmet medical needs and expansion of indications/ number of countries of distribution network	
	Employees' wellness index	To promote creation of society and workplace where diverse people can work enthusiastically and actively	
MOT	New product creation rate	To raise research and development efficiency	10%
	Patent examination requests/claims rate	To enhance technological edge	
	Core technology evolution rate	To advance new core technology acquisition projects through initiatives for advanced technology and digital transformation	
MOE	Core operating income	To boost earning power in principal business	80%
	ROE	To aim for sustainable improvement in corporate value	
	Free cash flow	To manage resource allocation for the next generation and increase capacity to generate cash flows to secure financial health as well as stable returns to our shareholders	

**Results of KAITEKI Value evaluation: B (50%)**

iii. Activities by the Compensation Committee during the fiscal year under review

The Compensation Committee held eight meetings between April 2020 and March 2021 to decide remuneration, etc., for Directors and Corporate Executive Officers, and every session was attended by all members. A third-party remuneration consultant joined one of these meetings to offer objective and expert information, etc., necessary for discussions. Major matters discussed and determined during the fiscal year under review are as outlined below:

- The Committee discussed the evaluation of performance, etc., for the fiscal 2019 and determined the amount of performance-linked remuneration to be paid for the fiscal year 2019.
- The Committee discussed and determined the remuneration base amount and performance targets for performance-linked remuneration for the fiscal year under review.
- Regarding remuneration plans and levels for Directors and Corporate Executive Officers, and the presidents of major subsidiaries (\*), the Committee compared and reviewed market trends and verified their validity. A discussion about the plan and level to apply to the new Corporate Executive Officer, President and CEO, who has assumed the position in April 2021, was included.
- Through these reviews and discussions, the Committee decided to discontinue the stock remuneration plan using the BIP trust and introduce a new performance share unit (PSU) for Corporate Executive Officers, with the details of the PSU plan further discussed. In addition, the Committee determined individual remuneration, etc., for Directors, Corporate Executive Officers, and the presidents of major subsidiaries (\*) for the fiscal 2021.
- Regarding the disclosure of remuneration for officers, the Committee discussed its basic policy and specific details.

(\*) Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, and Life Science Institute, Inc.

**Validity of remuneration, etc., for officers for the fiscal year under review and approach/response for fiscal 2021 and beyond**

The Compensation Committee of the Company discusses how the remuneration plan for Directors and Corporate Executive Officers should be in order to continuously enhance the “KAITEKI Value” in the medium and long term and makes decisions. When making its decisions, the Committee always ensures a fair and reasonable process that allows it to fulfill its accountability for all stakeholders including shareholders, customers, and employees, and reflects such in disclosures as well.

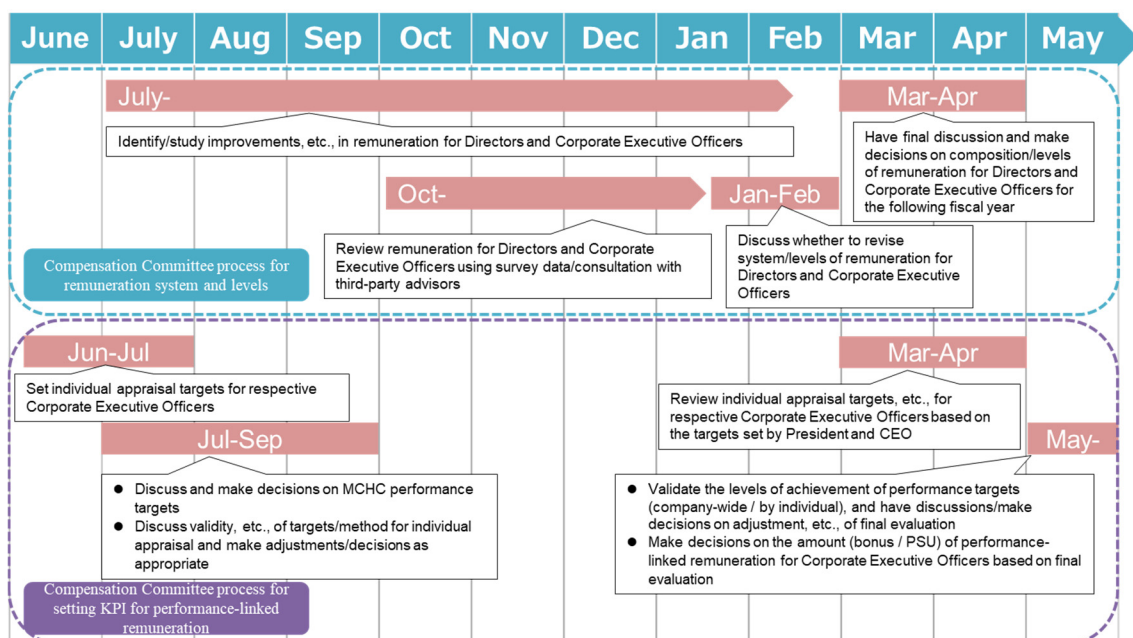
In an effort to carry out this accountability appropriately, the Committee had repeated discussions by reference to objective, expert, and adequate information and in line with the “Policy on Deciding Remuneration for Directors and Corporate Executive Officers,” before concluding that the details of individual remuneration, etc., for the fiscal year under review are valid.

The Committee also discussed the most appropriate remuneration system for further strengthening a linkage with corporate value and decided to adopt a performance share unit (PSU) from the fiscal 2021, in addition to the shares with restriction of transfer (RS), which was introduced in the fiscal year under review. In anticipation of the new Corporate Executive Officer, President and CEO Jean-Marc Gilson coming on board, the Committee conducted research and study about the plan and levels of globally competitive remuneration, finalizing the details of remuneration, etc., for the fiscal 2021 under the new medium-term management plan “APTSIS 25” to launch in the same year.

[Reference] Members (constitution), roles, and annual schedule of the Compensation Committee

Constitution	<p>Chairperson (Outside Director): Chikatomo Hodo</p> <p>Member (Outside Director): Takayuki Hashimoto, Tatsumi Yamada</p> <p>Member (Internal Director): Hidefumi Date, Ken Fujiwara</p>
Roles	<ul style="list-style-type: none"> <li>The Committee determines the amount of remuneration for the presidents of major subsidiaries except listed companies (Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, and Life Science Institute, Inc.), in addition to the amount of individual remuneration for Directors and Corporate Executive Officers.</li> <li>The Committee consists of five (5) members including three (3) Outside Directors, as of March 31, 2021. It is also chaired by an Outside Director in order to increase the transparency and fairness of its decision-making process.</li> </ul>

Usual annual schedule



(5) Policy on Deciding Remuneration for Directors and Corporate Executive Officers

i. Method of determining the Policy, and revisions

a. Method of determining Policy on Deciding Remuneration for Directors and Corporate Executive Officers

The policy on deciding individual remuneration, etc., for officers of the Company is determined by the Compensation Committee every fiscal year, after reviewing its validity. Changes in business environment, opinion from shareholders and investors are weighed in the Compensation Committee meetings, and information necessary for discussions are obtained from outside expert organizations replete with global experience and knowledge.

b. Revisions in Policy on Deciding Remuneration for Directors and Corporate Executive Officers, effective from fiscal 2021

After the review by the Compensation Committee during the fiscal year under review (see p. 50 (4) iii.), the Company decides to make some revisions in the performance-linked remuneration plan from the fiscal 2021, as outlined below:

Item	Before revision	After revision	See
<b>Cash bonus:</b> Percentage of evaluation on performance indicator	MOS : MOT : MOE = 10 : 10 : 80	MOS : MOT : MOE = 20 : 10 : 70	p. 56 (5) ii. d
<b>Stock remuneration:</b> Type of stock remuneration, performance indicator, method of evaluation, etc.	<ul style="list-style-type: none"> <li>Type: BIP trust</li> <li>Outline: Points are granted each year in proportion to the KAITEKI Value evaluation, and the amount of common stock, etc., of the Company worth the accumulated points and dividends accrued on such stocks will be paid when an officer retires.</li> </ul>	<ul style="list-style-type: none"> <li>Type: Performance share unit (PSU)</li> <li>Outline: Common stock of the Company is issued in proportion to growth in the Company share price (TSR: total shareholder return) during a period of three years.</li> </ul>	p. 58 (5) ii. e

ii. Policy on Deciding Remuneration for Directors and Corporate Executive Officers for the fiscal 2021

a. Principle of remuneration

Systems for Directors and for Corporate Executive Officers are separate, and remuneration is determined by the Compensation Committee based on the following concepts:

Basic policy on deciding remuneration, etc., for Directors

- Given their role of overseeing and auditing management of the Company from an independent and objective standpoint, remuneration for Directors shall be basic remuneration (fixed remuneration) only.
- In order to secure personnel suitable for executing the responsibilities of Directors of the Company with a Nominating Committee, etc., the level of remuneration shall be determined by considering the levels of other companies, expected roles/functions,

hours required to execute their duties, and other factors.

Basic policy on deciding remuneration, etc., for Corporate Executive Officers

- A remuneration plan shall be the one that makes officers conscious of the integrated practice of the three axes of the KAITEKI Management toward the MCHC Group's vision, "Realizing KAITEKI" (MOS/MOT/MOE).
- A remuneration plan shall be the one that effectively functions as an incentive to enhance short-term and medium and long-term performance and improve sustainable corporate value and shareholder value.
- The level of remuneration shall be a level competitive enough to acquire and keep good management personnel who lead the sustainable growth of the MCHC Group.
- Remuneration shall be determined through a fair and reasonable decision-making process that can fulfill accountability for all stakeholders including shareholders, customers, and employees.

Basic policy on deciding remuneration, etc., for officers recruited from outside

- Remuneration, etc., for officers recruited from outside shall be determined on a case-by-case basis, by considering the levels and customs of remuneration expected in the place/country of birth or residence of the officer recruited under the above basic policies.

## b. Remuneration system

### Directors

Remuneration for Directors shall be basic remuneration (fixed remuneration) only. When a Director concurrently serves as a Corporate Executive Officer, the remuneration system for Corporate Executive Officers shall apply.

### Corporate Executive Officers

Remuneration for Corporate Executive Officers shall be comprised of the following:

Type of remuneration			Outline
Fixed	Short-term / Cash	Basic remuneration	<ul style="list-style-type: none"><li>• Basic remuneration is paid for the execution of responsibilities/duties</li><li>• Defined by roles and the size of responsibilities (title, with or without representation, etc.) of each Corporate Executive Officer</li></ul>
Variable		Annual bonus	<ul style="list-style-type: none"><li>• Monetary remuneration is paid in proportion to the KAITEKI Value evaluation and individual appraisal (on the achievement of initiative targets under the medium and long-term management plan, leadership status, etc.) every fiscal year</li></ul>
	Long-term / Stock	Performance share unit (PSU)	<ul style="list-style-type: none"><li>• Stocks are issued based on growth in the Company's share price in a period of three years (TSR*) (* In comparison to JPX-Nikkei 400 Index and peer group (domestic or foreign chemical/health care companies with global operational presence)</li></ul>
		Shares with restriction of transfer (RS)	<ul style="list-style-type: none"><li>• Shares with restriction of transfer worth the base value defined by title are issued every fiscal year and the restriction of transfer will be removed when an officer retires</li></ul>

Note: For foreign national officers, fringe benefits and severance pay may be paid in addition to the above, to the extent appropriate, by considering the levels and customs of remuneration expected in the place/country of birth or residence of the officer recruited.

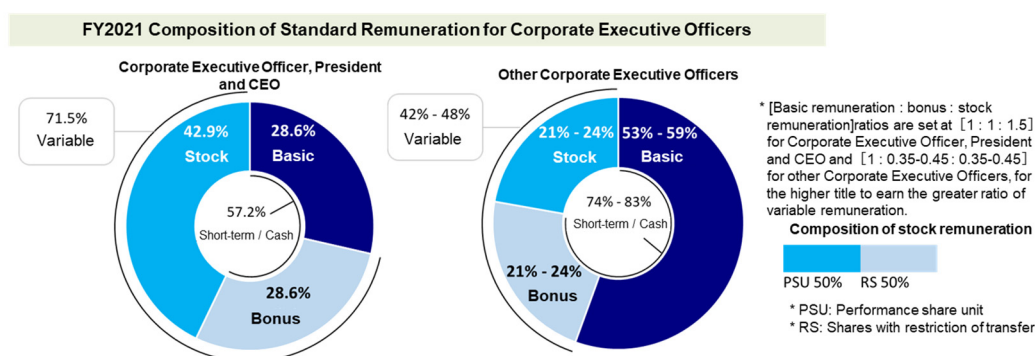
### c. Method of setting the levels / percentage of remuneration

#### Directors

The levels of basic remuneration for Directors shall be determined by considering the levels of remuneration for non-executive directors or outside directors at other companies of similar size in domestic sales and market capital, roles and functions expected of each Director (Member/Chairperson of the Nominating/Compensation/Audit Committees, etc.), and hours required to execute their duties (full-time/part-time classification).

#### Corporate Executive Officers

Remuneration, etc., for Corporate Executive Officers shall be set at a competitive level with appropriate percentage of remuneration, after comparing the levels of remuneration and performance linkage, by title and responsibilities/duties, with other companies of similar size in domestic sales (for foreign national officers, however, sales in certain regions to be considered in order to acquire the talent, such as the place/country of birth or residence of an officer) and market capital.



#### d. Annual bonus

The amount of individual bonus for Corporate Executive Officers is determined in proportion to the KAITEKI Value evaluation (on the achievement of annual targets under the three axes of the KAITEKI Management that the MCHC Group values) and individual appraisal (on the achievement of initiative targets set individually under the medium and long-term management plan, leadership status, etc.).

$$\text{Individual bonus amount} = \text{Base amount by title} \times \text{KAITEKI Value evaluation (0-200\%)} \times \text{Individual appraisal } (\pm 20\%)$$

#### [KAITEKI Value evaluation]

To make officers conscious of the KAITEKI Management toward the Company's vision, "Realizing KAITEKI," the Company directly applies management indicators for the three respective axes of the KAITEKI Management, MOS, MOT, and MOE, as indicators for evaluating bonuses.

Specific evaluation indicators for the KAITEKI Value evaluation are selected every fiscal year, primarily from the following:

KAITEKI Management axis	Management indicator for each axis = Bonus evaluation indicator	% of evaluation
MOS	Indicator determined as associated with reduction of environmental burden such as GHG, contributions to health/medical treatment and social issues, compliance, accident/fire prevention, etc.	20%
MOT	Indicator associated with R&D efficiency, and alignment with technological edge and social needs	10%
MOE	Indicator associated with core operating income, ROE, ROIC, operating cash flow, etc.	70%

#### [Individual appraisal]

For targets for the Corporate Executive Officer, President and CEO, those declared by the Corporate Executive Officer, President and CEO at the beginning of the fiscal year are



reviewed and determined by the Compensation Committee and the Nominating Committee. As to their evaluation, they are reviewed and determined by the Compensation Committee and the Nominating Committee at the end of the fiscal year, based on self-assessment by the Corporate Executive Officer, President and CEO.

For targets and evaluation for Corporate Executive Officers other than the Corporate Executive Officer, President and CEO, they are determined through an interview held between each Corporate Executive Officer and the Corporate Executive Officer, President and CEO, then reviewed and approved by the Compensation Committee. In cooperation with the Nominating Committee, the Compensation Committee verifies the fairness and reasonableness of the targets and evaluations for the respective Corporate Executive Officers.

#### e. Performance share unit (PSU)

In the fiscal 2021, the Company has discontinued the stock remuneration plan using the BIP trust and introduced a new PSU. Under the Company's PSU, which is intended to make officers conscious of sustainable improvement in corporate value and shareholder value, common stock of the Company is issued every year, in principle, in the number calculated in proportion to growth in the Company's share price (TSR: total shareholder return) during a period of three years. The method of calculating the number of stocks to be issued individually under the Company's PSU is as follows:

[TSR Evaluation Period]

TSR for FY 2021 - FY2023 will be evaluated under the FY2021 Plan.

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FY 2021 PSU	TSR Evaluation Period			Stock issuance		
FY 2022 PSU		TSR Evaluation Period			Stock issuance	
FY 2023 PSU			TSR Evaluation Period			Stock issuance

[TSR Evaluation Category]

The Company TSR is compared to the index growth and the peer group TSR.

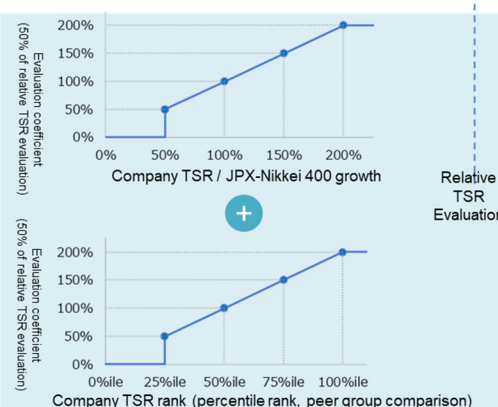
Category of evaluation	% of evaluation	Method of evaluation
Index growth comparison	50%	The coefficient of evaluation is determined by whether the Company TSR is better/worse than JPX-Nikkei 400 Index (including dividends) growth.
Peer group TSR comparison	50%	The coefficient of evaluation is determined by the rank of the Company TSR in the peer group (domestic or foreign chemical/health care companies of similar size to the Company in domestic sales and market capital).

[Method of calculating the number of shares issued]

Number of individual shares issued =

Base number of shares by title x

Relative TSR Evaluation (0-200%)



#### f. Stock remuneration with restriction of transfer (RS)

With an agreement on allotment of shares with restriction of transfer executed between the Company and Corporate Executive Officers every year, common stock of the Company worth the base value defined by title is issued. In order to share shareholder value and achieve growth in share price for the medium and long term, the period of restriction of transfer shall be from the date of issuance to the date of retirement as the Company's Corporate Executive Officer.

#### g. Remuneration clawback and other important matters

The Company may use other special remuneration and benefits, where necessary, after a case-by-case review by the Compensation Committee. In addition, if any gross misconduct/violation, etc., is found with a Director or a Corporate Executive Officer, the Company may make a claim for seizing one's right to receive remuneration ("malus clause") or getting back one's remuneration ("clawback clause") against this Director or Corporate Executive Officer through a review by the Compensation Committee.

[Reference] Remuneration package for new Corporate Executive Officer, President and CEO

To assess the remuneration and benefit package for our new representative, Jean-Marc Gilson, Corporate Executive Officer, President and CEO, for the fiscal 2021, the Company considered his experience and actual achievement of global management and a headhunting market expected from his place/country of birth or residence, conducting research and study of globally competitive remuneration plans, levels, and benefits before finalizing the specific details of the package.

Similarly to other Corporate Executive Officers, the Policy on Deciding Remuneration for Directors and Corporate Executive Officers of the Company applies to him, and the following should be noted among other remuneration, etc., that apply to him:

a. Fringe benefit

He is provided with a fringe benefit, such as a company residence (or a housing allowance) to stay in Japan and medical insurance policy. The Compensation Committee determined the details and levels of these benefits by reference to overseas standard practices.

b. Severance pay (special pay provided for contract termination due to the company circumstances)

If the Company terminates a contract of mandate then in effect, based on a decision by the Nominating Committee, the Company may provide severance pay in cash up to the “amount totaling annual basic remuneration and annual bonus (base).” Severance pay is intended to offer the minimum protection to a Corporate Executive Officer subject to termination so that one would not make any improper management decisions to protect one’s own position. Whether to provide severance pay and its amount are reviewed and determined on a case-by-case basis by the Compensation Committee, in cooperation with the Nominating Committee.

c. Sign-on bonus (shares with restriction of transfer (RS) issued at the time of assuming the position)

Separately from the regular remuneration package, he was issued with shares with restriction of transfer (RS) when he assumed the position. For these shares with restriction of transfer, a third of the restriction will be removed at the end of each fiscal year during a period of three years after he assumes the position. If he resigns before the removal of the restriction, the right to receive issuance for the relevant restricted portion will be lapsed. (The Company will acquire the portion for free.)

#### 4. Matters Related to Accounting Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration, etc.

	Amount Paid (in million yen)
(i) Amount of audit remuneration to be paid by MCHC to the Accounting Auditor	58
(ii) Sum total of money and other financial benefits to be paid by MCHC and its subsidiaries to the Accounting Auditor	994

Notes:

1. As the amount of remuneration under the Companies Act and the amount of remuneration under the Financial Instruments and Exchange Act are not distinguished in the audit agreement between MCHC and the Accounting Auditor, a sum total of these amounts is reported in (i) above.
2. The Audit Committee checked the details of the audit plans of the Accounting Auditor, execution status of duties of accounting audits, calculation basis for remuneration estimates and reviewed their validity before approving of the amount of remuneration for the Accounting Auditor.

(3) Content of Non-auditing Affairs

With respect to services that are not stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (services other than audit attest services), MCHC asks the Accounting Auditor to advise on internal controls over financial reporting and prepare a letter of comfort for issuance of bonds, etc.

(4) Policy on Decision to Dismiss or Not Reappoint Accounting Auditor

If the Accounting Auditor is deemed to fall under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit Committee will dismiss the Accounting Auditor subject to the unanimous consent of all members.

In addition, if the Accounting Auditor is deemed to be incapable of performing the audit service in a proper manner, MCHC will, based on the resolution of the Audit Committee, propose at the General Shareholders' Meeting that the Accounting Auditor should be dismissed or not be reappointed.

(5) Status of Audit of Financial Statements of MCHC's Subsidiaries by Certified Public Accountants or Audit Corporations other than the Accounting Auditor

Of MCHC's major subsidiaries, the overseas subsidiaries are audited by certified public accountants or audit corporations (including those locally certified) other than the Accounting Auditor, within the scope of the provisions of the Companies Act or the Financial Instruments and Exchange Act (or similar foreign laws and regulations).

## 5. Policy on Decisions on Appropriation of Retained Earnings, etc.

### (1) Medium- to Long-term Policy

The basic policy of the Company for shareholder returns is to enhance its shareholder value by increasing corporate value. The Company works to pay stable dividends and maintain the consolidated dividend payout ratio at 30% of the medium-term profit level while keeping an eye to increasing retained earnings that will fund its future business activities.

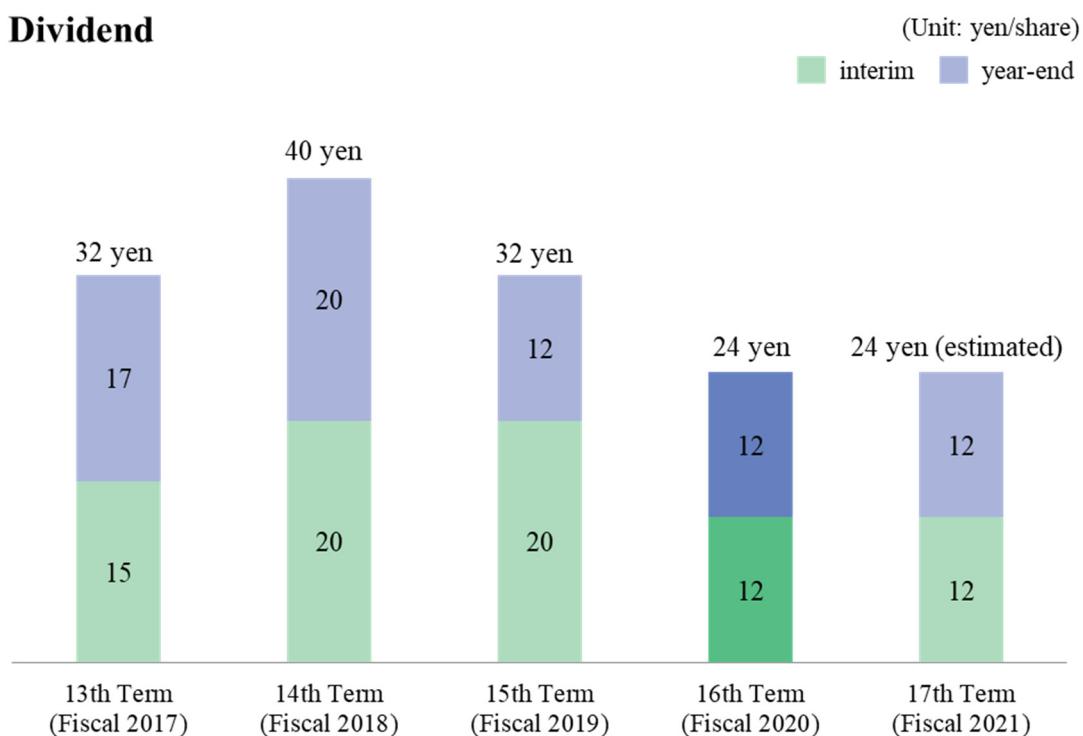
### (2) Factors Affecting the Dividend Distribution for the Fiscal Year under Review

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

Although the Company posted a loss for the fiscal year, after taking a comprehensive look at the above policy (1), the Company decided to pay the year-end dividend of ¥12 per common share as the same amount as previous year-end dividend.

Combined with an interim dividend of ¥12 per share, the total annual dividend will be ¥24 per share.

## Dividend



## Matters Related to Stock Acquisition Rights

### (1) Overview of Stock Acquisition Rights Held by MCHC's Officers (as of March 31, 2021)

Date of Resolution for Issue	Amount Paid in per Stock Acquisition Right	Exercise Period	Status of Stock Acquisition Rights Held by Officers	Type and No. of Stock as Objects of Stock Acquisition Rights
August 25, 2008	¥25,700	From September 11, 2008 to September 10, 2028	1 person 269 units	13,450 shares of MCHC's common stock
August 30, 2010	¥19,800	From September 15, 2010 to September 14, 2030	2 persons 638 units	31,900 shares of MCHC's common stock
August 30, 2011	¥24,300	From September 15, 2011 to September 14, 2031	1 person 630 units	31,500 shares of MCHC's common stock
August 28, 2012	¥14,050	From September 13, 2012 to September 12, 2032	1 person 210 units	10,500 shares of MCHC's common stock
August 28, 2014	¥24,250	From September 13, 2014 to September 12, 2034	1 person 210 units	10,500 shares of MCHC's common stock
September 11, 2015	¥26,500	From September 29, 2015 to September 28, 2035	1 person 630 units	31,500 shares of MCHC's common stock
July 1, 2016	¥22,750	From July 20, 2016 to July 19, 2036	1 person 630 units	31,500 shares of MCHC's common stock
July 10, 2017	¥44,350	From July 26, 2017 to July 25, 2037	1 person 525 units	26,250 shares of MCHC's common stock
July 9, 2018	¥41,700	From July 25, 2018 to July 24, 2038	4 persons 1,332 units	66,600 shares of MCHC's common stock

#### Notes:

1. The number of stocks as object of the aforementioned stock acquisition rights is 50 per stock acquisition right. However, if MCHC's common stocks are split, the number of stocks per stock acquisition right will be adjusted.
2. The value of assets to be invested on the occasion of exercise of the aforementioned stock acquisition rights would be ¥1 per share.
3. In principle, the grantees may exercise the aforementioned stock acquisition rights only if they lose all of their positions as Director, Corporate Executive Officer, Corporate Auditor, or Executive Officer of MCHC and its subsidiaries during the respective Exercise Periods.
4. In addition to the status described in the foregoing table, one MCHC's officer is in possession of 270 units of stock acquisition rights issued pursuant to the issuance resolution of August 30, 2011, which he obtained as a retiring Director.
5. MCHC does not issue any stock acquisition rights to its Outside Director in compensation for performance of their duties.
6. The table provided above does not include stock acquisition rights received by MCHC's officers who have received such rights as Executive Officers of MCHC, or Directors, Corporate Auditors or Executive Officers of MCHC's subsidiaries.

(2) Stock Acquisition Rights Issued for Executive Officers, etc. during the Fiscal Year under Review

No stock acquisition rights issued for Executive Officers, etc. during the fiscal year under review.

(3) Stock Acquisition Rights for Convertible Bonds (As of March 31, 2021)

a) Zero Coupon Convertible Bonds due 2022

Date of resolution for issue	March 14, 2017
Number of stock acquisition rights	7,500 units
Type of stock as objects of stock acquisition right	MCHC's common stock
Number of stock as objects of stock acquisition right	Number obtained by dividing face value of this Corporate Bond (¥75.0 billion) by conversion value
Amount paid in	Gratis
Conversion value	1,212.4 yen
Exercise period	From April 13, 2017 to March 16, 2022
Number of stock acquisition rights as of last day of fiscal year under review	7,500 units

b) Zero Coupon Convertible Bonds due 2024

Date of resolution for issue	March 14, 2017
Number of stock acquisition rights	7,500 units
Type of stock as objects of stock acquisition right	MCHC's common stock
Number of stock as objects of stock acquisition right	Number obtained by dividing face value of this Corporate Bond (¥75.0 billion) by conversion value
Amount paid in	Gratis
Conversion value	1,195.2 yen
Exercise period	From April 13, 2017 to March 15, 2024
Number of stock acquisition rights as of last day of fiscal year under review	7,500 units

Note: The conversion value of a) and b) will be adjusted if MCHC issues or disposes of its common stock at the amount below the market value, or conducts share split of its common stock.



(4) Aggregate Number of Stock Acquisition Rights (as of March 31, 2021)

The aggregate number of stock acquisition rights issued by MCHC and the type and the number of stock as objects of stock acquisition right as of the end of the fiscal year under review are as follows.

a) Stock acquisition rights issued for Officers and Executive Officers, etc. of MCHC:

Aggregate number	16,474 units
Type and number of stock as objects	
MCHC's common stock	823,700 shares

b) Stock acquisition rights issued as stock acquisition rights for convertible bond:

Aggregate number	15,000 units
Type and number of stock as objects	
MCHC's common stock	124,605,000 shares

## **System to Ensure that the Company Operates in an Appropriate Manner and Overview of its Implementation**

### **(1) System to Ensure that the Company Operates in an Appropriate Manner**

The Company's basic policy on development of systems for assuring the operational legitimacy for which the Board of Directors has passed a resolution is as follows.

#### **1) System required for execution of duties of the Audit Committee**

- i) Management shall set the Office of Audit Committee as a body to assist the Audit Committee's duties and have it assist in auditing based on the instructions thereof. The appointment (transfer, evaluation, etc.) of employees of the Office of Audit Committee and the development of the budget of the Office of Audit Committee shall be subject to approval of the Audit Committee.
- ii) Pursuant to regulations such as the Audit Standard of the Audit Committee, Directors, Corporate Executive Officers, and employees shall inform the Audit Committee of any important management matters to MCHC and a corporate group with MCHC as a parent company under the Companies Act ("MCHC Group") (including any fact or fraudulent act that might do material harm to MCHC or any important fact in violation of laws, regulations or Articles of Incorporation).
- iii) Management stipulates that any Director, Corporate Executive Officer, Corporate Auditor, or employee of the MCHC Group who has made a report to the Audit Committee shall not be treated unfavorably because of the report.
- iv) Of expenses incurred by the Audit Committee or members of the Audit Committee, those deemed necessary for the execution of their duties shall be borne by MCHC.
- v) In order to ensure that Audit Committee's audits are conducted in an effective manner, Management shall appoint full-time members of the Audit Committee as well as facilitate the Audit Committee's regular meetings with senior executives, including the President, and coordination and information exchange between the Audit Committee and the Internal Audit Office.

#### **2) System for ensuring that Corporate Executive Officers execute their duties efficiently**

- i) Except matters that significantly affect the MCHC Group's portfolio management and matters to be resolved by the Board of Directors as required by law (basic management policy, etc.), the Board of Directors allows Corporate Executive Officers to make swift decisions by delegating all the business execution decisions to them in principle.
- ii) To make decisions on business execution delegated to Corporate Executive Officers, Management shall develop a system in which the MCHC Group's decisions and

execution of business are made properly and efficiently by setting a rule that the MCHC Group's important management matters are deliberated and decided at the Corporate Executive Officers Committee, and by defining the authority of responsible Corporate Executive Officers, responsibilities of each department, and authority assigned to subsidiaries on other matters.

- iii) Corporate Executive Officers shall conduct management administration of subsidiaries in accordance with the basic management policy formulated by the Board of Directors (the Group's medium-term management plan, annual budgets, etc.) in an effort to achieve them. In addition, Corporate Executive Officers shall develop a system in which important management matters of subsidiaries are reported to the Company through the Corporate Executive Officers Committee and medium-term management plans, annual budget control, etc.

3) System for ensuring that Corporate Executive Officers' and employees' execution of their duties conform to laws, regulations, and Articles of Incorporation

- i) The MCHC Group shall treat the Group Charter of Corporate Behavior as the basic regulations on compliance matters within the MCHC Group.
- ii) Management shall develop, properly operate and manage internal control systems in order to ensure the reliability of financial reporting.
- iii) In accordance with the Group Compliance Promotion Regulations and other relevant rules and regulations, Management shall develop a promoting framework for compliance, training and education programs, audit/monitoring systems, hotlines, and other compliance promotion programs of the MCHC Group and properly operate and manage these programs by appointing a Corporate Executive Officer in charge of compliance promotion (Chief Compliance Officer).

4) Regulations, structure and systems for managing risks of loss

Corporate Executive Officer, President and CEO shall be the Chief Risk Management Officer. In accordance with the Group's Basic Regulations on Risk Management and other relevant rules and regulations, the Corporate Executive Officer, President and CEO shall be responsible for preventing serious risks from occurring in connection with or arising from the MCHC Group's business activities, and for developing, properly operating and managing risk management systems for minimizing damage if any risk occurs.

- 5) System for preserving and managing information related to Corporate Executive Officers' execution of their duties

In accordance with the Information Security Policy, Information Management Rules, and other relevant rules and regulations of the MCHC Group, Management shall preserve and manage the minutes of the Corporate Executive Officers Committee, approval documents, and other documents and electromagnetic records related to Corporate Executive Officers' execution of their duties and develop a system that allows Corporate Executive Officers and Directors to inspect them.

- 6) System for assuring operational legitimacy within the corporate group

In accordance with the above policy and the Group's Management Regulations and other relevant rules and regulations, Management shall implement the management of the MCHC Group (management of business objectives, reporting and approval of important matters and the Group's internal audits, etc.) and ensure operational legitimacy within the MCHC Group by sharing the Group's internal control policies and systems covering compliance and risk management within the MCHC Group.

- (2) Overview of Implementation of System to Ensure that the Company Operates in an Appropriate Manner

In accordance with the above basic policy to develop a system to ensure that the Company operates in an appropriate manner, the Company has strived for the development of the system and its appropriate implementation. The overview of the implementation of the system to ensure operational legitimacy during the fiscal year under review is as follows.

- 1) System required for execution of duties of the Audit Committee

– In accordance with the Audit Committee Audit Standard, etc., Directors, Corporate Executive Officers, and employees report important management matters to the Audit Committee and circulate important approval documents to the members of the Audit Committee.

– Two employees have been assigned to the Office of Audit Committee to assist the operations of the Audit Committee and their reassignment is subject to prior consent of the Audit Committee.

– The Audit Committee Hotline has been established as a whistle-blowing contact point independent of the management, and it is stipulated that those who provide information will not be treated disadvantageously for reporting such information.

– While attending Corporate Executive Officers Committee meetings and other important meetings, Members of the Audit Committee conduct proactive information exchanges with

Corporate Executive Officers including the President and CEO, and Executive Officers, as well as the Presidents, officers of MCHC's operating companies.

- The Audit Committee has good communication with the Internal Audit Office and Internal Control Office by receiving a regular report from them on their activities etc., and strengthens collaboration with Corporate Auditors of the MCHC Group companies in an effort to enhance the effectiveness of audits.

2) System for ensuring that Corporate Executive Officers execute their duties efficiently

- The Board of Directors, as a general rule, delegates to the Corporate Executive Officers authority to make decisions on the execution of their duties in order to facilitate prompt and appropriate decision-making by Corporate Executive Officers.

- Of the business execution decisions delegated to the Corporate Executive Officers, important matters in the management of the MCHC Group are discussed and decided at the Corporate Executive Officers Committee Meetings. In order to prevent the spread of the new coronavirus, the Corporate Executive Officers Committee Meetings were held and operated in a web format.

- KPIs were used as indicators to measure the progress of the medium-term management plan, and business monitoring was conducted with improved effectiveness.

- In order to realize KAITEKI Vision 30, the Company formulated a basic policy for portfolio reform based on a comprehensive evaluation that includes sustainability and room for future technological innovation in addition to the MOE perspective.

- APTSIS25 Step 1 was formulated by identifying the business groups where the needs of society will expand due to the impact of COVID-19, and dividing the next medium-term management plan “APTSIS25” into two steps: Step 1 (with COVID-19) and Step 2 (after COVID-19).

- Through the use of videos focusing on KAITEKI Vision 30, KAITEKI workshops, and other activities, the Company sought to disseminate and create a sense of empathy within and outside the Group for the goals it aims to achieve under the KAITEKI Philosophy.

3) System for ensuring that Corporate Executive Officers' and employees' execution of their duties conform to laws, regulations, and Articles of Incorporation

- Regarding the MCHC Group Charter of Corporate Behavior, the guidelines in English and Chinese were updated based on the revised definition of KAITEKI, and posted internally.

- In Japan and overseas, the Company continued to conduct compliance education and awareness surveys for monitoring according to region and target audience, and also established and operated a whistle-blowing contact point.

- In accordance with the evaluation standard for internal controls to ensure reliable financial

reporting, the Company evaluated development and implementation of internal controls and confirmed the effectiveness of internal controls.

4) Regulations and other systems for managing risks of loss

– The Company continued to strengthen risk management at MCHC Group companies. In particular, the issues of human rights, major accidents/industrial accidents, large-scale disasters, compliance, information security, and Group company management were identified as important risks for the MCHC Group and issues were shared in the Group in an effort to improve risk management.

(Human rights)

– The Company considered revising the Mitsubishi Chemical Holdings Group Human Rights Policy, including responses to human rights due diligence.

(Major accidents, industrial accidents, and large-scale disasters)

– A group-wide response system (reporting rules, database maintenance) in the event of a disaster is in place.

(Compliance)

– The Company responded to cases of compliance violations at Group companies and shared measures to prevent recurrence.

– The Company conducted training for internal instructors on compliance with the Antimonopoly Act and held seminars by external lawyers on anti-bribery.

– The Company conducted education on anti-bribery, anti-monopoly law, personal information protection and other laws and regulations within the Group through e-learning and other means.

5) System for preserving and managing information related to Corporate Executive Officers' execution of their duties

– The Company carried out inventory of the information asset ledgers of each office in accordance with the MCHC Information Management Guidelines.

– The Company established operational guidelines for the communication infrastructure (Office365).

– The Company expanded the scope of training and education for the purpose of further improving information security awareness and defense capabilities (newly started operation of educational tools for overseas group companies).

– The Company introduced and deployed the Endpoint Detection and Response (EDR) to PCs and servers to enhance the recovery response capability and countermeasures against targeted attacks as indicated in the “Cyber Security Management Guidelines” formulated by

the Ministry of Economy, Trade and Industry.

- The Company conducted third-party assessment of cyber security.
- The Company began to periodically review information system security-related rules.

6) System for assuring operational legitimacy within the corporate group

- In light of business objectives under the medium-term management plan, the Company implemented measures for the management of Group-wide profit targets for the fiscal year and performance of Group Operating Companies and principal businesses and for more effective assets (reduction of strategically holding stocks, etc.).
- The Company executed the reduction of 240 companies by the end of fiscal 2020, compared to the objective of cutting approximately 25% of the Group companies (190 companies) under the medium-term management plan (APTSIS20).
- The Company organized targeted levels of capital efficiency (ROE and ROIC) for the entire Group and each business unit based on the cost of capital and reflected them in the management indexes for the next medium-term management plan, the targets for the annual budget, and the proposed revision of the mission evaluation system.
- For mitigating tax risks, the Company promoted tax information sharing among Group companies, in addition to tax status reporting and the upgrading and standardization of BEPS documentation.
- For the MCHC Group's overall internal control monitoring purposes, the Company renewed internal control maps and systematized a CSA operation for continued use.
- The Company received reports concerning compliance violations from operating companies in accordance with the guideline for reporting compliance violation incidents to the Company and provided necessary guidance and supervision to them.

**Basic Policy on Control of the Company**

We have not specifically written down a basic policy on the modality of the persons exerting controlling influences over the Company's financial and management policy decisions, but are pleased to present our basic ideas below.

We believe that we will be able to live up to the expectations of our shareholders by running the MCHC Group in a highly efficient and transparent manner, by bolstering our competitive edge and earning capabilities through optimal allocation of management resources and ultimately by enhancing our Group's corporate value.

Although we have not introduced the so-called "takeover defense" measures, we do stand ready to take whatever measures we consider appropriate if we detect a company is attempting to make a massive purchase of MCHC's shares that might harm the MCHC Group's corporate value or undermine the common interests of our shareholders.



**mitsubishi chemical holdings corporation**

**Consolidated Statement of Profit or Loss**

**16th Consolidated Fiscal Year (Year ended March 31, 2021)**

	Unit: Millions of yen
Sales revenue	3,257,535
Cost of sales	(2,331,286)
Gross profit	<u>926,249</u>
Selling, general and administrative expenses	(752,693)
Other income	30,713
Other expenses	(172,391)
Equity income	15,640
Operating income	<u>47,518</u>
Financial income	8,252
Financial expenses	(22,862)
Earnings before taxes	<u>32,908</u>
Income taxes	(10,186)
Net income	<u><u>22,722</u></u>
Net income (loss) attributable to	
Owners of the parent	(7,557)
Non-controlling interests	30,279

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Statement of Financial Position**

**16th Consolidated Fiscal Year (As of March 31, 2021)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and cash equivalents	349,577
Trade receivables	716,392
Inventories	576,473
Other financial assets	47,818
Other current assets	83,462
Subtotal	<hr/> 1,773,722
Assets held for sales	23,812
Total current assets	<hr/> 1,797,534

**Non-current assets**

Property, plant and equipment	1,813,838
Goodwill	671,889
Intangible assets	455,317
Investments accounted for using the equity method	162,042
Other financial assets	251,211
Other non-current assets	68,051
Deferred tax assets	67,346
Total non-current assets	<hr/> 3,489,694

Total assets	<hr/> <hr/> 5,287,228
--------------	-----------------------

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Consolidated Statement of Financial Position (continued)**

**16th Consolidated Fiscal Year (As of March 31, 2021)**

Unit: Millions of yen

**Liabilities and Equity**

**Liabilities**

**Current liabilities:**

Trade payables	382,272
Bonds and borrowings	653,475
Income tax payable	22,283
Other financial liabilities	272,341
Provisions	11,690
Other current liabilities	147,911
Subtotal	<u>1,489,972</u>
Liabilities directly associated with assets held for sales	2,534
Total current liabilities	<u>1,492,506</u>

**Non-current liabilities**

Bonds and borrowings	1,696,029
Other financial liabilities	118,300
Retirement benefit liabilities	112,272
Provisions	27,398
Other non-current liabilities	113,730
Deferred tax liabilities	155,845
Total non-current liabilities	<u>2,223,574</u>
Total liabilities	<u>3,716,080</u>

**Equity**

Common stock	50,000
Additional paid-in capital	179,716
Treasury stock	(63,244)
Retained earnings	1,060,069
Other components of equity	9,798
Equity attributable to owners of the parent	<u>1,236,339</u>
Non-controlling interests	334,809
Total equity	<u>1,571,148</u>
Total liabilities and equity	<u><u>5,287,228</u></u>

**Consolidated Statement of Changes in Equity**  
**16th Consolidated Fiscal Year (Year ended March 31, 2021)**

	Unit: 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	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

## Notes to the Consolidated Financial Statements

### Basis of Preparation of Consolidated Financial Statements

#### 1. Basis of Presenting Consolidated Financial Statements

The consolidated financial statements of the Company and its subsidiaries (hereinafter the “the MCHC Group”) are prepared in accordance with International Financial Reporting Standards (hereinafter “IFRS”) under the provision of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies. In the consolidated financial statements, some items required to be disclosed in IFRS are omitted under the provision of the second sentence of the same Paragraph.

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

Number of consolidated subsidiaries: 491

The number above includes four (4) jointly-operating companies.

Names of major consolidated subsidiaries:

MCC, MTPC, Life Science Institute, Inc., Nippon Sanso Holdings Corporation

Number of associated companies accounted for by the equity method: 137

Name of major associated companies accounted for by the equity method:

LOTTE MCC Corp.

Companies not accounted for by the equity method because they are classified as assets held for sale: 2

Taiyo Nippon Sanso Corporation, a consolidated subsidiary of the Company, shifted to a holding company structure through a company split (absorption-type split) on October 1, 2020, and changed its trade name to Nippon Sanso Holdings Corporation.

#### 3. Accounting Policies

##### (1) Basis and method of valuation for financial assets other than derivatives

###### (i) Initial recognition and measurement

The MCHC Group initially recognizes trade receivables on each accrual date, while other financial assets on each transaction date when the MCHC Group became a party of the contract for the financial assets.

Financial assets are classified into financial assets measured at fair value through profit or loss, fair value through other comprehensive income, and amortized cost. The MCHC Group determines the classification at initial recognition.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting both of the following conditions are classified as financial assets measured at fair value through other comprehensive income. The other debt instruments are classified as financial assets measured at fair value through profit or loss.

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and sales of financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

With regard to equity instruments invested in not for the purpose of trading, a designation is made to individually measure at fair value through profit or loss or measure at fair value through other comprehensive income, and such designation is continuously applied.

Financial assets are measured at fair value plus transaction costs that are attributable to the financial assets, except for financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

After initial recognition, financial assets are measured based on the classification as follows:

(a) Financial assets at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Other financial assets

Financial assets other than those measured at amortized cost are measured at fair value.

Changes in the fair values of financial assets measured at fair value are recognized as profit or loss or as other comprehensive income.

Changes in the fair value of equity instruments designated as measured at fair value through other comprehensive income are recognized as other comprehensive income and the amount in other comprehensive income is transferred to retained earnings when equity instruments are derecognized or the decline in its fair value compared to its acquisition cost is significant.

(iii) Derecognition

The MCHC Group derecognizes a financial asset only when the contractual right to receive the cash flows from the asset expires or when the MCHC Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

When the MCHC Group does not transfer substantially all the risks and rewards but does not retain them either, and yet retains the ownership of the financial asset transferred, the MCHC Group recognizes retained interests in the financial assets and a liability that the MCHC Group may be required to pay in association therewith, to the extent of the Group's continuing involvement.

(iv) Impairment

The MCHC Group recognizes impairment of financial assets and financial guarantee transaction contracts based on whether or not credit risks of financial assets, the financial assets group or financial guarantee transaction contracts measured at amortized cost on balance sheet date have experienced significant increase compared to their initial recognition.

If there is no significant increase of credit risk in financial assets or financial assets group measured at amortized cost compared to their initial recognition, expected credit losses for 12 months are recognized as allowance for doubtful receivables, while for trade receivables, expected credit losses for the remaining period are recognized since their initial recognition.

When there is a significant change in credit risk from the time of initial recognition, expected credit losses for the remaining period are recognized as allowance for doubtful receivables. Whether the increase in credit risk is significant or not is determined based on changes in default risks; to determine whether there is a change in default risk, we primarily consider overdue (past due information).

Expected credit losses are measured based on a discounted present value, which is the difference between the amount receivable under the contract, and the amount expected to receive taking into consideration past credit losses, etc.

## (2) Basis and method of valuation for derivatives

The MCHC Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts, to hedge foreign exchange and interest rate risks. These derivatives are initially measured at fair value when the contract is entered into, and are subsequently remeasured at fair value.

Changes in the fair value of derivatives are recognized as profit or loss in the consolidated statement of income. However, the gains or losses on the hedging instrument relating to the effective portion of cash flow hedges and hedges of net investment in foreign operations (foreign subsidiaries) are recognized as other comprehensive income.

At the inception of the hedging relationships, the MCHC Group formally designates and documents the hedging relationship to which hedge accounting is applied and the objectives and strategies of risk management for undertaking the hedge. The document includes specific methods of hedging, items or transactions to be hedged against, or nature of risks to be hedged against, fair value of hedged items attributable to hedged risks, or methods of evaluating effectiveness of changes in fair value of hedge instruments to offset exposure to changes in cash flows (including analysis of a cause for why any portion of the hedge is found not effective, and the method of determining the hedging ratio). The MCHC Group also assesses whether a derivative used in the hedge transaction is effective in offsetting fair value of the hedged item or changes in cash flows, at the designating hedging relationships or on an ongoing basis. Specifically, the MCHC Group deems hedge transaction as effective when such hedge offsets economic relations between the hedged item and the hedge instrument.

Hedges that meet the requirements for hedge accounting are classified in the following categories and accounted for in accordance with IFRS 9 “Financial Instruments.”

### (a) Fair value hedges

Changes in the fair value of derivatives are recognized as profit or loss. Changes in fair value of the hedged item attributable to hedged risks are recognized in profit or loss by modifying the carrying amount of the hedged item.

### (b) Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income in the consolidated statement of comprehensive income, while the ineffective portion is recognized immediately as profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized as other comprehensive income are accounted for as adjustments to the original carrying amount of non-financial assets or liabilities.

If planned transactions are no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss. When a hedging instrument expires or is sold or terminated or exercised without being replaced with other hedging instrument or renewal of the hedging instrument, or when a hedge accounting is discontinued due to a change of risk management purpose, any cumulative gain or loss recognized in equity as other comprehensive income remains in equity until a forecasted transaction is executed.

(c) Hedges of a net investment in foreign operations

Hedges of a net investment in foreign operations, are accounted for similarly to a cash flow hedge. The effective portion of gains or losses on hedging instruments is recognized as other comprehensive income, while the ineffective portion is recognized as profit or loss. At the time of the disposal of the foreign operations, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss.

(3) Valuation basis and method for inventories

The acquisition cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are measured at acquisition cost, or if lower, at net realizable value. The costs are determined by mainly using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(4) Depreciation and amortization method for significant depreciable assets

(i) Property, plant and equipment

The MCHC Group uses the cost model for measuring property, plant and equipment.

Property, plant and equipment are presented in values that are calculated as acquisition cost less accumulated depreciation and accumulated impairment loss.

Acquisition cost includes expenses directly attributable to acquisition of the assets, estimated costs relating to scrap, removal and retirement and restoration, and the borrowing cost that satisfy the capitalization criteria.

Except land, all of the property, plant and equipment applied depreciation on a straight-line basis to regularly allocate depreciable amount, which is calculated by subtracting the remaining value on balance sheet date from its acquisition cost.

The estimated useful lives of major property, plant and equipment are as follows:

Buildings and structures:	3–50 years
Machinery and equipment:	2–22 years
Vehicles, tools, furniture and fixtures:	2–25 years



(ii) Intangible assets

The MCHC Group uses the cost model for measuring intangible assets.

An intangible asset is presented in values that are calculated as acquisition cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets acquired separately are measured as acquisition cost at the initial recognition, and the costs of intangible assets acquired through business combinations are recognized at fair value at the acquisition date. Expenditures on internally generated intangible assets are recognized as expense in the period when incurred, except for development expenses that satisfy the capitalization criteria.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives and are tested for impairment whenever there is any indication of impairment. The estimated useful lives and amortization method of intangible assets with finite useful lives are reviewed at each fiscal year end, and the effect of any changes in estimate would be accounted for on a prospective basis.

The estimated useful lives of major intangible assets are as follows:

Technology-related intangible assets:	4–21 years
Customer-related intangible assets:	5–30 years
Software:	3–5 years

Intangible assets with indefinite useful lives and intangible assets that are not ready to use are not amortized, but they are tested for impairment individually or by cash-generating unit annually or whenever there is any indication of impairment.

(iii) Leases

A lease transaction is recognized when a right to control the use of an asset under a particular agreement is transferred in return for consideration over a certain period of time, with a right-of-use asset and lease liability in the lease transaction recognized on the date of the inception of the lease. Whether an agreement is a lease or contains a lease is determined based on the substance of the agreement, even when it does not legally constitute a form of lease.

A lease liability is measured as the discounted present value of total lease payments outstanding as of the date of inception of the lease. A right-of-use asset is initially measured as an aggregate of the initial measurement value of the lease liability after being adjusted with initial direct costs, prepaid lease payments, etc., and costs for restoration obligations, etc., required by the lease agreement.

Lease payments are allocated in finance cost or payments for outstanding lease liability, both at a consistent interest rate to outstanding lease liability, and the finance cost is recognized as profit or loss.

A right-of-use asset is amortized over the useful life of the asset where the ownership of an underlying asset is to be transferred to a lessee by the expiration of the lease term or the exercise of a purchase option is reflected in the acquisition cost of the right-of-use asset, otherwise over the shorter of the useful life or the lease term regularly.

For leases expiring within 12 months or whose underlying asset is small, relevant lease payments are recognized as finance cost regularly over the lease term.

(5) Basis for provision of significant reserves

Allowances and provisions are recognized when the MCHC Group has a present (legal or constructive) obligation as a result of a past event when it is more likely than not that an outflow of resources having economic benefits will be required to settle the obligation and the amount of obligation has been reliably estimated.

Allowances and provisions are measured, where the time value of money is material, at present value of expenses estimated to be required to settle the obligation. The present value is calculated using the time value of money and a pre-tax discount rate that reflects the evaluation in the present market on the risks specific to the liabilities.

(6) Accounting treatment on retirement benefits

The MCHC Group sponsors defined benefit plans and defined contribution plans as employee retirement benefit plans.

The MCHC Group calculates the present value of defined benefit obligations, related current service cost and past service cost using the projected unit credit method.

The discount rate is calculated based on yields of high-quality corporate bonds on balance sheet date.

Liability or asset recognized in respect of the defined benefit plan is the present value of the defined benefit obligation less the fair value of plan assets.

Remeasured liability or asset value in respect of the defined benefit plan is recognized comprehensively as other comprehensive income in the period as incurred, and immediately reflected retained earnings. In addition, past service cost is recognized as expenses in the period as incurred.

Cost for defined contribution plan is recognized as expense in the period when contributed.

(7) Basis of revenue recognition

The MCHC Group recognizes revenue, based on the following 5-step model, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for goods or services transferred to customers.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The MCHC Group offers a variety of products and services to domestic and foreign customers through its business activities in four business segments (“Performance Products,” “Chemicals,” “Industrial Gases” and “Health Care”), primarily by the four companies, Mitsubishi Chemical Corporation, Mitsubishi Tanabe Pharma Corporation, Life Science Institute, Inc., and Nippon Sanso Holdings Corporation.

For the sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products.

Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items.

Consideration for products under sales contracts is mainly collected within 12 months of the transfer of control over said products and therefore the consideration includes no significant financial elements.

(8) Basis for translating significant foreign currency assets and liabilities into Japanese yen

Consolidated financial statements of the MCHC Group are presented in Japanese yen, which is the functional currency of the Company. Each company in the MCHC Group specifies its own functional currency and measures transactions based on it.

Foreign currency transactions are translated into the functional currency at the rates of exchange prevailing at the dates of transactions or an approximation of the rate.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on balance sheet date. Differences arising from the translation and settlement are recognized as profit or loss. However, exchange differences arising from the translation of financial instruments designated as hedging instruments for net investment in foreign operations, financial assets measured at fair value through other comprehensive income, and cash flow hedges are recognized as other comprehensive income.

The assets and liabilities of foreign operations are translated into Japanese yen at the rates of exchange prevailing at the fiscal year end date, while income and expenses of foreign operations are translated into Japanese yen at the rates of exchange prevailing at the dates of transactions or an approximation to the rate. The resulting translation differences are recognized in other comprehensive income.

In cases where foreign operations are disposed of, the cumulative amount of translation differences related to the foreign operations is recognized as profit or loss in the period of disposition.

(9) Matters regarding goodwill

Goodwill is recorded at the value calculated as cost less any accumulated impairment loss.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units, which are expected to benefit from synergies of the business combination after the acquisition date.

Goodwill is tested for impairment annually or whenever there is any indication of impairment.

However, impairment losses on goodwill are not reversed.

(10) Assets and discontinued operations held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount expected to be recovered principally through a sale transaction rather than through continued use. This condition is regarded as met only when the sale within one year is highly probable and the non-current asset (or disposal groups) is available for immediate sale in its present condition. Non-current assets (or disposal groups) classified as assets held for sale are measured as carrying amount or if lowered, as fair value less costs to sell.

Property, plant and equipment and Intangible assets classified as assets held for sale are not depreciated or amortized.

Discontinued operations include an operation that has been already disposed of or a component of the MCHC Group that is classified as an asset held for sale and represents one

line of the MCHC Group's business, which is recognized when the Company has a plan to dispose of such a business line.

(11) Accounting treatment of consumption taxes

Net of tax

4. Changes in Methods of Presentation

Disclosure of Notes on Accounting Estimates

In accordance with Article 98, Paragraph 1, Item 4-2 and Article 102-3-2, which were added following the revision of the Regulation on Corporate Accounting, "Notes on Accounting Estimates" is disclosed from the current consolidated fiscal year.

## Notes on Accounting Estimates

Key information regarding estimates that may have a significant impact on the consolidated financial statements of the Group is as follows.

### 1. Impairment of non-financial assets

#### (1) Amount recorded in the consolidated financial statements for the fiscal year under review

The Group recorded property, plant and equipment of ¥1,813,838 million, goodwill of ¥671,889 million, and intangible assets of ¥455,317 million (including intangible assets with indefinite useful lives and intangible assets that are not yet available for use of ¥79,474 million) in the consolidated statement of financial position.

For the fiscal year under review, an impairment loss of ¥118,291 million was recorded and included under other expenses in the consolidated statement of profit or loss.

#### (2) Other information that contributes to the understanding of users of consolidated financial statements

##### (i) Calculation method

When there is an indication that property, plant and equipment, goodwill and intangible assets may be impaired, or when an asset requires annual impairment testing, the MCHD Group calculates the utility value or fair value less costs of disposal of the asset.

In determining utility value, the discounted present value of estimated future cash flows is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks inherent in the asset. In principle, the business plan used to estimate future cash flows is limited to 5 years, and future cash flows beyond the period of the business plan projections are calculated based on long-term average growth rates according to individual circumstances.

##### (ii) Key assumptions

The key assumptions used in the calculation of utility value are as follows:

(Intangible assets related to technology (in-process R&D))

The likelihood of obtaining regulatory approval for marketing, projected sales revenue after launch, and discount rate

(Property, plant and equipment, intangible assets other than the above, goodwill)

Estimated future cash flows, discount rate and growth rate in the business plan for a period of up to 5 years in principle. Estimated future cash flows are primarily affected by projected sales revenue and market growth rates.

##### (iii) Effect on the consolidated financial statements for the following fiscal year

Although management believes that the key assumptions are reasonable, they may be affected by the results of changes in uncertain future economic conditions, and if the assumed circumstances change, the results of the calculation of the recoverable amount may differ.

### 2. Recoverability of deferred tax assets

#### (1) Amount recorded in the consolidated financial statements for the fiscal year under review

Deferred tax assets (net): ¥67,346 million

(2) Other information that contributes to the understanding of users of consolidated financial statements

(i) Calculation method

The MCHC Group recognizes deferred tax assets for deductible temporary differences and tax loss carryforwards based on the expected reversal of deferred tax liabilities, projected future taxable income and tax planning.

(ii) Key assumptions

The key assumptions in the future business plan that form the basis for future taxable income are projected sales revenue and expected market trends in raw material prices.

(iii) Effect on the consolidated financial statements for the following fiscal year

The Company believes that it is probable that the deferred tax assets recognized will be recovered based on historical taxable income levels and projections of future taxable income in the period in which the deferred tax assets are deductible. Although management believes that the key assumptions are reasonable, they may be affected by the results of changes in uncertain future economic conditions, and if the results of future taxable income differ from projections and assumptions, the results of the calculation of the recoverable amount may differ.

3. Measurement of defined benefit plan obligations

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Retirement benefit liabilities: ¥112,272 million

(2) Other information that contributes to the understanding of users of consolidated financial statements

Liability or asset recognized in respect of the defined benefit plan is the present value of the defined benefit plan obligations less the fair value of plan assets. Defined benefit plan obligations are calculated using actuarial calculations, and the assumptions used include estimates of discount rates and other factors. Although management believes that the assumptions used are reasonable, they may be affected by the outcome of changes in uncertain economic conditions in the future, and the valuation of the defined benefit plan obligations may differ if actual results differ from the assumptions or if there is a change in the assumptions due to changes in the interest rate environment.

4. Fair value of financial instruments

(1) Amount recorded in the consolidated financial statements for the fiscal year under review

Equity securities and investments (excluding assets measured at fair value based on unadjusted published prices in active markets for identical assets or liabilities): ¥137,592 million

The above amount is included under other financial assets and assets held for sales in the consolidated statement of financial position.

(2) Other information that contributes to the understanding of users of consolidated financial statements

The fair values of unlisted equity securities and investments for which quoted prices in active markets are not available to the MCHC Group are estimated using reasonably available inputs, using the comparable companies method or other appropriate valuation techniques. Management believes that the valuation techniques selected and the assumptions used are

appropriate in assessing the fair value of financial instruments. However, these valuation techniques and inputs may be affected by the outcome of changes in uncertain future economic conditions, and if estimates regarding the valuation of financial instruments change due to unpredictable changes in assumptions or other factors, the estimated fair value may differ.

In addition to the above, particularly important assumptions used in making estimates for the current fiscal year are as follows:

(Assumptions regarding the impact of the new coronavirus infection)

The global epidemic of the novel coronavirus infection has restrained economic activities and depressed demand in the current fiscal year. Although some countries and regions have already recovered to pre-pandemic levels, the outlook remains uncertain as of the end of the current fiscal year, and the Company made estimates of future taxable income in the evaluation of deferred tax assets and future cash flows in the impairment test of non-financial assets, based on the assumption that the impact will remain until fiscal 2022.

## Notes to consolidated statement of profit or loss

### Other expenses

The breakdown of other operating expenses of (¥172,391 million) is as follows:

- (i) Impairment loss on intangible assets associated with technologies acquired through the acquisition of NeuroDerm Ltd.(Israel) by Mitsubishi Tanabe Pharma Corporation (MTPC)

As the profitability of the Parkinson's disease drug being developed by NeuroDerm is expected to decline due to changes in the business environment, and as a result of reviewing the plan based on market research, the recoverable amount was lower than the book value, the book value of intangible assets (in-process R&D expenses) related to this technology was reduced to the recoverable amount of ¥43,272 million, and an impairment loss of ¥84,534 million was recorded.

The recoverable amount was measured based on the utility value. The main assumptions used in the calculation of the utility value were the likelihood of obtaining regulatory approval for marketing, projected sales revenue after launch, and discount rate. The utility value was calculated based on a planning period of more than five years, taking into account the patent period and life cycle of the product, based on past experience and information from external parties, and the estimated future cash flows were discounted to the present value.

The discount rate used is the pre-tax weighted average cost of capital of 10.2% for the relevant cash-generating unit.

- (ii) Loss on impairment of facilities of MMA monomer and MAA plants

In order to strengthen the competitiveness of the MMA business and optimize the supply system, the Company decided to terminate the production of MMA monomer and MAA at the Beaumont (Texas) plant of Lucite International (USA), a subsidiary of Mitsubishi Chemical Corporation, a consolidated subsidiary of MCHC, and to close the plant. As a result, the book value of the relevant plant and equipment has been reduced to the recoverable amount because the recovery of the investment is no longer expected, and an impairment loss of ¥19,396 million was recorded.

The relevant recoverable amount was calculated based on the utility value. However, the future cash flows used in measuring the utility value were not discounted because the remaining period of use is short and not significant in calculating the recoverable amount.

In addition to the impairment loss, the Company recorded special retirement expenses of ¥901 million and a provision for loss on plant closure of ¥3,318 million.



## Notes to consolidated statement of financial position

1. Assets Pledged as Collateral and Debt Obligations Covered by Collateral  
Assets pledged as collateral

Property, plant and equipment	¥ 24,262 million
Others	¥ 1,680 million

Debt obligations covered by collateral ¥ 8,212 million
2. Allowance for Doubtful Accounts Directly Deducted From Assets

Trade receivables	¥ 9,499 million
Other non-current assets	¥ 2,055 million
3. Accumulated Depreciation and Accumulated Impairment Loss on Total Property, Plant and Equipment  
¥3,596,396 million
4. Contingent Liabilities  
Guarantee of loans from financial institutions

Guarantees	¥ 5,373 million
------------	-----------------

## Notes to consolidated statement of changes in equity

### 1. Matters Related to Class and Number of Issued Shares

Class and total number of issued shares as of the close of the consolidated fiscal year under review:

Common stock 1,506,288 thousand shares

### 2. Matters Related to Dividends

#### (1) Dividends paid to shareholders

Resolution	Share Class	Aggregate Amount of Dividends	Dividend per share	Entitlement Date	Effective Date
Board of Directors meeting May 26, 2020	Common stock	¥17,079 million	¥12	March 31, 2020	June 10, 2020
Board of Directors meeting November 4, 2020	Common stock	¥17,080 million	¥12	September 30, 2020	December 2, 2020

(Note) The aggregate amounts of dividends resolved at the Board of Directors meeting on May 26, 2020 and November 4, 2020 include ¥34 million and ¥34 million of cash dividends paid to the Company's shares held by the BIP trust (excluding the number of shares equivalent to the accumulated points granted), respectively.

#### (2) Dividends whose base date arrives within the consolidated fiscal year under review but whose effective date arrives after the close of the consolidated fiscal year under review

The following matters related to payout of dividends of the common stock are being proposed as one of the agenda for the Board of Directors meeting scheduled for May 19, 2021.

Resolution	Share Class	Aggregate Amount of Dividends	Source of Dividend	Dividend per share	Entitlement Date	Effective Date
Board of Directors meeting May 19, 2021	Common stock	¥17,081 million	Retained earnings	¥12	March 31, 2021	June 3, 2021

(Note) The aggregate amounts of dividend includes ¥33 million of cash dividends paid to the Company's shares held by the BIP trust (excluding the number of shares equivalent to the accumulated points granted), respectively.

### 3. Type and Number of Shares Being the Object of Warrants (excluding that warrant for which the first day of the exercising period has not yet arrived) as of the Close of the Consolidated Fiscal Year Under Review:

Common stock 125,429 thousand shares

## Notes on Financial Instruments

### 1. Matters Related to Status of Financial Instruments

The MCHC Group is exposed to financial risks during the course of business activities in a wide range of fields in various countries and regions. To reduce or avoid said risks, it manages risks based on a specific policy. With regard to derivative transactions, its policy limits derivatives within the actual demand and prohibits transactions for speculation purposes. In addition, in accordance with the internal rules that define the authority to do transactions, the upper limit to transactions, etc., the balance of contracts, fair values, etc. with regard to derivatives transactions are reported on a regular basis to the responsible Director.

### 2. Matters Related to Fair Value of Financial Instruments

The fair values and the carrying amounts in consolidated statement of financial position as of the end of the fiscal year under review are shown below except for financial instruments measured at fair value and financial instruments measured at amortized cost of which fair value reasonably approximates the carrying amount in consolidated statement of financial position.

Unit: Millions of yen		
	Values in Consolidated Statement of Financial Position	Fair value
Liabilities		
Long-term borrowings	1,239,785	1,250,445
Bonds payable	706,207	710,660
Total	1,945,992	1,961,105

#### Long-term borrowings

The fair value of long-term borrowings is measured based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same loan is newly made.

#### Bonds payable

The fair value of bonds payable is measured based on market price.

### 3. Matters Related to Transfer of Financial Assets

Of trade receivables transferred without satisfying the requirements for derecognition, ¥7,811 million is included in “trade receivables” and ¥18,961 million, which is received by transfer, is included in “bonds and borrowings.” The fair value reasonably approximates the carrying amount. Also, the net position mainly arises from timing differences between the retained interests related to sale of trade receivables and payment of bonds receivables, and repayment of borrowings. As all or part of obligations related to these bonds payables are retroactively designated to the MCHC Group if the drawer of the note or debtor becomes in default in payment, most of the risks relating to holding of the transferred assets and their economic value are deemed to be held by the MCHC Group.

**Notes on Per Share Information**

Equity attributable to owners of the parent company per share	¥870.40
Basic net income per share (loss)	<u>(¥5.32)</u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Balance Sheet**

**(as of March 31, 2021)**

Unit: Millions of yen

**Assets**

**Current assets:**

Cash and deposits	262
Income taxes receivable	7,804
Short-term loans receivable from subsidiaries and affiliates	435,654
Others	22,742
Total current assets	466,461

**Fixed assets:**

**Property, plant and equipment**

Buildings	1,689
Structures	32
Tools, furniture and fixtures	414
Total property, plant and equipment	2,134

**Intangible fixed assets:**

Software	438
Other	2
Total intangible fixed assets	440

**Investments and other assets:**

Investment securities	5,556
Stocks of subsidiaries and affiliates	1,303,561
Investments in affiliated companies	162
Long-term loans receivable from subsidiaries and affiliates	211,816
Deferred tax assets	318
Other	2,698
Total investments and other assets	1,524,111
Total fixed assets	1,526,685
Total assets	1,993,146

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Balance Sheet (continued)**

**As of March 31, 2021**

Unit: Millions of yen

**Liabilities**

**Current liabilities:**

Short-term borrowings	160,101
Short-term borrowings to subsidiaries and affiliates	397,183
Current portion of long-term borrowings	26,344
Commercial paper	50,000
Current portion of bonds payable	109,854
Accounts payables	20,748
Accrued expenses	972
Accrued income taxes	4
Accrued bonuses	252
Provision for bonuses for directors (and other officers)	83
Other	758
Total current liabilities	<u>766,298</u>

**Long-term liabilities:**

Bonds payable	409,303
Long-term borrowings	420,256
Provision for stock benefits	203
Other	4,821
Total long-term liabilities	<u>834,583</u>
Total liabilities	<u>1,600,881</u>

**Net Assets**

**Shareholders' equity:**

Common stock	50,000
Additional paid-in capital	264,914
Legal capital surplus	12,500
Other capital surplus	252,414
Retained earnings	146,414
Other retained earnings	146,414
Retained earnings brought forward	146,414
Less, Treasury stock at cost	<u>(73,268)</u>
Total shareholders' equity	<u>388,061</u>

**Valuation and translation adjustments:**

Net unrealized holding gain on other securities	<u>588</u>
Total valuation and translation adjustments	<u>588</u>

**Stock acquisition rights**

	<u>3,616</u>
Total net assets	<u>392,265</u>
Total liabilities and net assets	<u>1,993,146</u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Statement of Income**

**Year ended March 31, 2021**

Unit: Millions of yen

Operating revenue	
Dividends from subsidiaries and affiliates	16,271
Operating costs receipts	8,463
Total operating revenue	<u>24,734</u>
General and administrative expenses	11,019
Operating income	<u>13,715</u>
Other income	
Interest income	2,120
Dividends income	186
Other	491
Total other income	<u>2,797</u>
Other expenses	
Interest expenses	2,720
Interest on bonds	2,639
Bond issuance cost	365
Other	357
Total other expenses	<u>6,081</u>
Ordinary income	<u>10,430</u>
Income before income taxes	10,430
Current income taxes	(1,505)
Deferred income taxes	46
Total income taxes	<u>(1,459)</u>
Profit	<u><u>11,890</u></u>

**MITSUBISHI CHEMICAL HOLDINGS CORPORATION**

**Non-consolidated Statement of Changes in Net Assets**

**16th Consolidated Fiscal Year (Year ended March 31, 2021)**

Unit: Millions of yen

	Shareholders' equity					
	Common stock	Additional paid-in capital			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings
					Retained earnings brought forward	
Balance at April 1, 2020	50,000	12,500	252,455	264,955	168,683	168,683
Changes during the fiscal year						
Cash dividends	—	—	—	—	(34,159)	(34,159)
Profit	—	—	—	—	11,890	11,890
Purchase of treasury stock	—	—	—	—	—	—
Disposal of treasury stock	—	—	(41)	(41)	—	—
Net change in items other than those in shareholders' equity	—	—	—	—	—	—
Total changes during the fiscal year	—	—	(41)	(41)	(22,269)	(22,269)
Balance at March 31, 2021	50,000	12,500	252,414	264,914	146,414	146,414
	Shareholders' equity		Valuation and translation adjustment		Warrants	Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized holding gain on other securities	Total valuation and translation adjustment		
Balance at April 1, 2020	(73,612)	410,027	(344)	(344)	3,686	413,368
Changes during the fiscal year						
Cash dividends	—	(34,159)	—	—	—	(34,159)
Profit	—	11,890	—	—	—	11,890
Purchase of treasury stock	(20)	(20)	—	—	—	(20)
Disposal of treasury stock	364	323	—	—	—	323
Net change in items other than those in shareholders' equity	—	—	933	933	(70)	863
Total changes during the fiscal year	344	(21,966)	933	933	(70)	(21,103)
Balance at March 31, 2021	(73,268)	388,061	588	588	3,616	392,265



## **Notes to the Non-consolidated Financial Statements**

### **Matters Concerning Significant Accounting Policies**

#### **1. Valuation Methods of Securities**

Subsidiaries' and affiliates' stocks

Stated at cost based on the moving average method

Other securities with quoted market prices

Stated at fair value based on market price at the closing date, or calculated by other means. The difference between the acquisition cost and the carrying value of other securities, including unrealized gain and loss, net of the applicable income taxes, is recognized as a component of net assets, and the cost of other securities sold is principally computed by the moving average method.

Other securities without quoted market prices

Stated at cost based on the moving average method

#### **2. Method of Depreciation of Property, Plant and Equipment**

By the straight-line method

#### **3. Method of Amortization of Intangible Fixed Assets**

By the straight-line method

#### **4. Basis for Reserves**

Accrued bonuses to employees

To provide for payments of bonuses to its employees, estimates of those accrued bonuses and social insurance costs corresponding thereto, which MCHC should bear during the fiscal year under review, are recorded.

Provision for bonuses for directors (and other officers)

To provide for payments of bonuses to its corporate executive officers and executive officers, estimates of those accrued bonuses and social insurance costs corresponding thereto pertaining to the fiscal year under review, are recorded.

Provision for stock benefits

In order to prepare for the granting of stock benefit to corporate executive officers and executive officers of the Company in accordance with the share benefit rules, the projected amount of stock benefit obligations at the end of the fiscal year under review, is recorded.

#### **5. Treatment of Consumption Taxes**

Net of tax

#### **6. Adoption of Consolidated Tax Payment System**

Consolidated tax payment system

(Application of tax effect accounting in relation to transition from consolidated tax payment system to group portable tax payment system)

In respect of items to be transitioned to the group portable tax payment system, newly set forth in the Act for Partial Revision of the Income Tax Act, etc. (Act No. 8, 2020) and those reviewed for the non-consolidated tax payment system in response to the transition to the group portable tax payment system, the Company, pursuant to Article 3 of the Treatment of Application of Tax Effect Accounting Related to Transition from Consolidated Tax Payment System to Group Portable Tax Payment System (ASBJ PITF No. 39, March 31, 2020), does not apply Article 44 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018); the amounts of deferred tax assets and deferred tax liabilities are stated in accordance with the tax act prior to the revision.

## Notes to the Non-consolidated Balance Sheets

1.	Accumulated Depreciation of Total Property, Plant and Equipment	¥2,304 million
2.	Monetary Claims and Liabilities Against Subsidiaries and Affiliates (excluding those sectionally indicated)	
	Short-term monetary claim	¥22,320 million
	Short-term monetary liabilities	¥19,294 million
3.	Contingent Liabilities	
	Liabilities on guarantee	
	Liabilities on guarantee for bank borrowings	¥157,274 million
	Liabilities similar to guarantee liabilities	
	Balance of debt subject to the Keep Well Agreement	¥19,149 million
	(This relates to cash pooling among Group companies in Europe).	

## Notes to the Non-consolidated Statements of Income

### Transactions with Subsidiaries and Affiliates

Operating revenue	¥24,734 million
General and administrative expenses	¥2,982 million
Transactions except for operational transactions	¥2,776 million

## Notes to the Non-consolidated Statement of Changes in Net Assets

### Class and Number of Treasury Stocks at the End of the Fiscal Year Under Review

Common stock	85,866 thousand shares
--------------	------------------------

Note: The number of shares of treasury stock at the end of the fiscal year under review includes 2,995 thousand shares of the Company held by the board incentive plan (BIP) trust.

## Notes on Tax Effect Accounting

### Breakdown of Deferred Tax Assets

Deferred tax assets mainly consist of subsidiaries' stocks and losses carried forward (corporation income tax and local tax). Deferred tax assets pertaining to subsidiaries' stocks and losses carried forward (local tax) were accounted for as valuation allowances.

## Notes on Related Party Transactions

### Subsidiaries, etc.

Attribute	Name of related party	Equity ownership (or possession) percentage (%)	Description of the business relationship	Transactions	Trading amount (in million yen)	Accounts	Balance at year-end (in million yen)
Subsidiary	Mitsubishi Chemical Holdings Corporate Staff, Inc.	Direct 100%	Interlocking of officers and lending of funds	Lending of funds (Note 1)	59,790	Short-term loans receivable from subsidiaries and affiliates	423,997
						Long-term loans receivable from subsidiaries and affiliates	211,816
				Receipts of interest (Note 1)	2,026	Current assets and others	226
				Repayment of funds (Note 2)	6,170	Short-term borrowings to subsidiaries and affiliates	28,402
				Payment of interest (Note 2)	3	—	—
Subsidiary	Mitsubishi Tanabe Pharma Corporation	Direct 100%	Interlocking of officers and borrowing of funds	Fund borrowing (Note 2)	95,197	Short-term borrowings to subsidiaries and affiliates	368,781
				Payment of interest (Note 2)	197	—	—
Subsidiary	Mitsubishi Chemical Corporation	Direct 100%	Interlocking of officers	Receipt of operating costs receipts (Note 3)	4,849	—	—
Subsidiary	Mitsubishi Chemical Holdings America, Inc.	Direct 100%	Debt guarantee	Debt guarantee (Note 4)	92,833	—	—
				Receipts of guarantee commission (Note 4)	138	Current assets and others	94
Subsidiary	Mitsubishi Chemical Holdings Europe GmbH	Direct 100%	Interlocking of officers, debt guarantee and similar guarantee liabilities	Debt guarantee (Note 4)	10,254	—	—
				Liabilities similar to guarantee liabilities (Note 5)	19,149	—	—
				Receipts of guarantee commission (Note 4, 5)	38	Current assets and others	5
Affiliate	The Saudi Methacrylates Company	Indirect 50%	Debt guarantee	Debt guarantee (Note 4)	29,292	—	—
				Receipts of guarantee commission (Note 4)	82	—	—

Trading amount above does not include consumption taxes. The balance at year-end includes consumption taxes.

## Term of transactions and policy of decision-making thereof

### Notes:

1. Interest rates are reasonably decided based on procurement interest rates.  
Transactions relating to lending of funds and recovery are presented in net amounts.
2. Interests rates are reasonably decided reflecting market interest rates.  
The amount of transactions relating to borrowings and repayments is indicated in a net amount.
3. Expenses incurred in connection with the management of the MCHC Group and the enhancement of the Group's corporate value are collected at the amount expected to be incurred annually. These expenses are collected also from Mitsubishi Tanabe Pharma Corporation, Nippon Sanso Holdings Corporation. and Life Science Institute, Inc.
4. The Company acts as jointly and severally liable guarantor with respect to borrowings from a commercial bank.  
The guarantee commission is decided according to what is considered reasonable when considering the financial position of the debtor.
5. The Company has entered into a Keep Well Agreement regarding cash pooling among the Group companies.  
The guarantee commission is decided according to what is considered reasonable when considering the financial position of the subsidiary.

## Notes on Per Share Information

Net assets per share	¥273.62
Earnings per share	¥8.37

(Note) Amounts of less than one million yen are rounded to the nearest unit.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 17, 2021

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC  
Tokyo Office

Kazuomi Nakamura  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Takayuki Ueki  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Kosuke Kawabata  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Makoto Okabe  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

*Audit Opinion*

Pursuant to the provisions of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the consolidated statement of profit or loss for the fiscal year from April 1, 2020 to March 31, 2021, the consolidated statement of financial position as of March 31, 2021, the consolidated statement of changes in equity for the fiscal year from April 1, 2020 to March 31, 2021, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above, which were prepared with some disclosure items required under International Financial Reporting Standards omitted pursuant to the provisions of the second sentence of first paragraph of Article 120 of the Corporate Calculation Regulations, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2021 and the results of their operations for the period then ended.

### *Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Corporate Calculation Regulations which permits companies to omit some disclosure items required under International Financial Reporting Standards in preparing consolidated financial statements; this includes the development and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to injustice or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by the provisions of the second sentence of the first paragraph of Article 120 of the Corporate Calculation Regulations which permits companies to omit some disclosure items required under International Financial Reporting Standards, matters related to going concern.

The Audit Committee is responsible for overseeing the Corporate Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with the provisions of the second sentence of the first paragraph of Article 120 of the Corporate Calculation Regulations which permits companies to omit some disclosure items required under International Financial Reporting Standards, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.



We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

#### *Interests in the Company*

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[English Translation of Report of Independent Auditors Originally Issued in the Japanese Language]

Report of Independent Auditors

May 17, 2021

The Board of Directors  
Mitsubishi Chemical Holdings Corporation

Ernst & Young ShinNihon LLC  
Tokyo Office

Kazuomi Nakamura  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Takayuki Ueki  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Kosuke Kawabata  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

Makoto Okabe  
Certified Public Accountant  
Designated, Limited Liability and  
Operating Partner

*Audit Opinion*

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Mitsubishi Chemical Holdings Corporation (the “Company”), which comprise the balance sheet as of March 31, 2021, and the statement of income and the statement of changes in net assets for the 16th fiscal year from April 1, 2020 to March 31, 2021, and the related notes to non-consolidated financial statements as well as the related supplementary schedules thereto (hereafter referred to as “non-consolidated financial statements and others”).

In our opinion, the non-consolidated financial statements and others referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the period then ended in accordance with accounting principles generally accepted in Japan.

*Basis for Audit Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our

responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements and Others*

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and others in accordance with accounting principles generally accepted in Japan; this includes the development, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and others that are free from material misstatement, whether due to injustice or error.

In preparing the non-consolidated financial statements and others, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements and others with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit Committee is responsible for overseeing the Corporate Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

*Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements and Others*

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements and others based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements and others.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements and others, whether due to fraud or error, design and perform audit procedures

responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements and others is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements and others and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements and others or, if the notes to the non-consolidated financial statements and others on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements and others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements and others and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements and others, including the related notes thereto, and whether the non-consolidated financial statements and others fairly represent the underlying transactions and accounting events.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

### *Interests in the Company*

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

(TRANSLATION PURPOSE ONLY)

Copy of the Audit Committee's Report

AUDIT REPORT

With respect to the Directors' and Corporate Executive Officers' performance of their duties during the 16th business year from April 1, 2020 to March 31, 2021, the Audit Committee has carried out the audit. We hereby report the method and the results of the audit as follows:

1. Method and Contents of Audit

Concerning the content of the Board of Directors resolution relating to matters raised in Article 416, paragraph (1) item i, sub-items (b) and (e) of the Companies Act and the system that has been established pursuant to that resolution (internal control system), the Audit Committee periodically received reports from the Directors, Corporate Executive Officers and employees and other relevant personnel on its establishment and operational status, sought explanations as necessary and made opinions. In addition to this, the Audit Committee implemented the audit using the following method.

(1) The Audit Committee attended important meetings, received reports from Directors, Corporate Executive Officers and other relevant personnel on matters relating to their performance of duties, sought explanations as necessary, reviewed important written decisions and other documents, and investigated the status of operations and assets, while using certain means such as the Internet, in compliance with the Audit Committee Audit Standard set forth by the Audit Committee, in line with the Audit Policy and the allocation of duties, etc., and in cooperation with the internal audit departments of the Company. Also, with respect to the subsidiaries, the Audit Committee maintained good communications and exchanged information with the Directors, Corporate Auditors and other relevant personnel of the subsidiaries and received reports from the subsidiaries on their business as necessary.

(2) The Audit Committee oversaw and verified whether the Accounting Auditor maintained its independence and properly conducted its audit, received a report from the Accounting Auditor on the status of their performance of duties, and requested explanations as necessary. The Audit Committee was notified by the Accounting Auditor that it had established "a system for the maintenance of appropriate execution of duties" (included in each paragraph of Article 131 of the Corporate Calculation Regulations) in accordance with the "Quality Control Standards for Audits," (Business Accounting Council; October 28, 2005) and requested explanations as necessary.

Based on the above-described methods, each Corporate Auditor examined the business report and the annexed specifications, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their annexed specifications thereto, as well as the consolidated financial statements (consolidated statement of profit or loss, the consolidated statement of financial position, consolidated statement of changes in equity, and notes to consolidated financial statements) for this business year.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- i) We acknowledge that the business report and the annexed specifications thereto fairly present the status of the Company in conformity with the applicable laws and regulations

- and the Articles of Incorporation of the Company.
- ii) We acknowledge that no misconduct or violations of laws and regulations, or the Articles of Incorporation was found with respect to the Directors' and Corporate Executive Officers' performance of their duties.
  - iii) We acknowledge that the Board of Directors' resolutions with respect to the Internal Control Systems are appropriate. We did not find any matter to be mentioned with respect to the descriptions of the business report and the Director's and Corporate Executive Officers' performance of their duties regarding the internal control system.
- (2) Results of Audit of Non-consolidated Financial Statements and their Annexed Specifications  
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.
- (3) Results of Audit of Consolidated Financial Statements  
We acknowledge that the methods and results of audit performed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are appropriate.

May 17, 2021

The Audit Committee of  
Mitsubishi Chemical Holdings Corporation

Member of the Audit Committee (full-time)	Shigeru Kobayashi
Member of the Audit Committee (full-time)	Hiroshi Katayama
Member of the Audit Committee	Hideko Kunii
Member of the Audit Committee	Kiyomi Kikuchi
Member of the Audit Committee	Tatsumi Yamada

Note: Members of the Audit Committee Ms. Hideko Kunii, Ms. Kiyomi Kikuchi, and Mr. Tatsumi Yamada are Outside Directors as stipulated in Article 2, Item 15 and Article 400, Paragraph 3 of the Companies Act.