

Feb 5, 2020

MITSUBISHI GAS CHEMICAL COMPANY, INC.

**Notice regarding Changes in the Status of Specified Subsidiaries  
(Sub-subsidiaries)**

The Board of Directors of Mitsubishi Gas Chemical Company, Inc. (MGC) met on February 5, 2020 and reached a resolution to execute an absorption-type merger (hereinafter the “Merger”) that involves consolidated subsidiary MGC Trading, Inc. (hereinafter “MGC Trading”), which will become the surviving company. The Merger is intended to absorb Tokyo Shokai, Ltd. and Ryoyo Trading Co., Ltd. Both companies are direct subsidiaries of MGC Trading and specified subsidiaries (more precisely, sub-subsidiaries) of MGC. The Merger will also absorb Ryoko Chemical Co., Ltd., a direct subsidiary of MGC Trading and a consolidated subsidiary (sub-subsidiary) of MGC, into MGC Trading.

This move is expected to result in changes in the status of MGC’s specified subsidiaries (sub-subsidiaries) as described below.

**1. Reasons for Changes**

Once the Merger is completed, Tokyo Shokai and Ryoyo Trading will no longer be specified subsidiaries (sub-subsidiaries) of MGC.

As part of initiatives under MGC Advance2020 Medium-term Management Plan, the MGC Group has been focused on “promoting unified MGC Group management” and, to this end, consolidating its trading companies.

The Merger is thus aimed at facilitating the consolidation of the MGC Group’s business operations and accelerating its across-the-board efforts associated with global expansion and new business development. Looking ahead, the MGC Group will continue to finely tune its sales structure vis-à-vis market needs, with even stronger emphasis placed on such growth fields as medical/foods, information/communications and mobility.

In addition, MGC Trading will take full advantage of business combination synergies arising from the Merger to enhance its presence as a trading company specializing in the field of chemical manufacturing and boasting annual net sales of approximately ¥150 billion. In this way, MGC Trading will contribute to a further improvement in corporate value of the MGC Group.

**INQUIRIES**

Corporate Communications Division, MITSUBISHI GAS CHEMICAL COMPANY, INC.  
TEL: +81-3-3283-5041 <https://www.mgc.co.jp/eng/>

**2. Details of Subsidiaries to Be Absorbed**

(1)	Company name	Tokyo Shokai, Ltd.		
(2)	Location	6-1, Kanda Surugadai 3-chome Chiyoda-ku, Tokyo		
(3)	Name/title of representative	Katsushige Hayashi, Representative Director		
(4)	Business description	Sales of Engineering Plastics and Electronics Materials		
(5)	Capital stock	JPY 200 million		
(6)	Date of foundation	March 15, 1917		
(7)	Major shareholder and ratio of its shareholdings	MGC Trading, Inc.: 96.74%		
(8)	Relationship between the listed company and the company to be absorbed	Capital relationship	MGC indirectly holds 100% equity stake in the company to be absorbed.	
		Personnel relationship	Some MGC employees concurrently serve as directors and corporate auditors at the company to be absorbed and are otherwise seconded to work for said company.	
		Transactional relationship	The company to be absorbed is engaged in the purchase and sale of MGC products (engineering plastics, electronic materials, etc.).	
(9)	Operating results and financial position of the company to be absorbed for the past three years (Millions of yen)			
	Years ended March 31,	2017	2018	2019
	Net assets	4,624	5,626	6,668
	Total assets	18,131	23,192	22,438
	Net sales	41,909	52,043	54,160
	Operating income	589	1,280	1,449
	Ordinary income	831	1,618	1,970
	Net income	543	1,173	1,446

(1)	Company name	Ryoyo Trading Company, Ltd.		
(2)	Location	1-1, Shimbashi 1-chome Minato-ku, Tokyo		
(3)	Name/title of representative	Shuichi Murai, Representative Director		
(4)	Business description	Sales of Organic Chemicals and Aromatic Chemicals		
(5)	Capital stock	JPY 90 million		
(6)	Date of foundation	March 30, 1953		
(7)	Major shareholder and ratio of its shareholdings	MGC Trading, Inc.: 100%		
(8)	Relationship between the listed company and the company to be absorbed	Capital relationship	MGC indirectly holds 100% equity stake in the company to be absorbed.	
		Personnel relationship	Some MGC employees concurrently serve as directors and corporate auditors at the company to be absorbed and are otherwise seconded to work for said company.	

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	Transactional relationship	The company to be absorbed is engaged in the purchase and sale of MGC products (chemical products).		
(9) Operating results and financial position of the company to be absorbed for the past three years (Millions of yen)				
Years ended March 31,	2017	2018	2019	
Net assets	3,779	4,181	4,421	
Total assets	15,435	19,980	20,074	
Net sales	46,869	58,165	61,930	
Operating income	351	484	609	
Ordinary income	384	483	681	
Net income	227	304	461	

(1)	Company name	Ryoko Chemical Co., Ltd		
(2)	Location	12-20, Nihonbashi honcho 4-chome, Chuo-ku, Tokyo		
(3)	Name/title of representative	Eiji Tsukiji, Representative Director		
(4)	Business description	Sales of Inorganic Chemicals and Oxygen Absorbers		
(5)	Capital stock	JPY 100 million		
(6)	Date of foundation	August 8, 1953		
(7)	Major shareholder and ratio of its shareholdings	MGC Trading, Inc.: 97.5%		
(8)	Relationship between the listed company and the company to be absorbed	Capital relationship	MGC indirectly holds 100% equity stake in the company to be absorbed.	
		Personnel relationship	Some MGC employees concurrently serve as directors and corporate auditors at the company to be absorbed and are otherwise seconded to work for said company.	
		Transactional relationship	The company to be absorbed is engaged in the purchase and sale of MGC products (industrial chemicals).	
(9) Operating results and financial position of the company to be absorbed for the past three years (Millions of yen)				
Years ended March 31,	2017	2018	2019	
Net assets	3,412	3,770	4,154	
Total assets	12,622	14,314	15,216	
Net sales	26,773	28,923	30,980	
Operating income	330	560	627	
Ordinary income	386	631	786	
Net income	246	427	528	

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**3. Date of the Changes**

October 1, 2020 (scheduled)

**4. Outlook**

Since the Merger, which will be executed between consolidated subsidiaries, only involves changes in the status of MGC's specified subsidiaries (sub-subsidiaries), its impact on operating results of the MGC Group is insignificant.

END

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