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MEMBERSHIP

February 8, 2022

## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Under Japanese GAAP)

Company name: Mitsubishi Gas Chemical Company, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4182  
 URL: <https://www.mgc.co.jp/eng/>  
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 Scheduled date to file quarterly securities report: February 14, 2022  
 Scheduled date to commence dividend payments: –

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

#### (1) Summary of consolidated income statement (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2021	525,297	22.7	44,888	53.0	58,312	75.0	39,350	51.2
December 31, 2020	428,181	(7.7)	29,335	11.1	33,311	47.5	26,033	76.2

Note: Comprehensive income Nine months ended December 31, 2021 ¥47,306 million [48.5%]  
 Nine months ended December 31, 2020 ¥31,857 million [85.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	189.16	–
December 31, 2020	125.16	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the nine months ended December 31, 2021 is the figure after applying the accounting standard and relevant revised ASBJ regulations.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	904,904	611,967	61.0
March 31, 2021	836,364	581,411	62.7

Reference: Equity

As of December 31, 2021 ¥551,788 million

As of March 31, 2021 ¥524,264 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure as of December 31, 2021 is the figure after applying the accounting standard and relevant revised ASBJ regulations.

## 2. Dividends

	Annual dividend				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	35.00	–	35.00	70.00
Fiscal year ending March 31, 2022	–	45.00	–		
Fiscal year ending March 31, 2022 (Forecast)				35.00	80.00

Note: Revisions to the forecast most recently announced: None

Breakdown of interim dividend for the fiscal year ending March 31, 2022:

Ordinary dividend: 35.00 yen Commemorative dividend: 10.00 yen

## 3. Consolidated business forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	700,000	17.5	55,000	23.6	73,000	45.3	50,000	38.6	240.34

Notes: 1. Revisions to the forecast most recently announced: Yes

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the above business forecasts is the figure after applying the accounting standard and relevant revised ASBJ regulations.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly included: 1 company (company name: MGC Specialty Chemicals Netherlands B.V.)

- (2) Application of special accounting for preparing quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (4) Number of issued shares (common stock)

- (i) Number of issued shares at term end (including treasury stock)

As of December 31, 2021	225,739,199
As of March 31, 2021	225,739,199

- (ii) Number of shares of treasury stock at term-end

As of December 31, 2021	17,693,233
As of March 31, 2021	17,726,057

- (iii) Average number of outstanding shares (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	208,033,288
Nine months ended December 31, 2020	208,001,258

- \* Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

- \* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

Forecasts, etc., recorded in this document contain forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations.

## Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	101,785	84,504
Notes and accounts receivable - trade	159,018	—
Notes and accounts receivable - trade, and contract assets	—	185,851
Securities	269	43
Merchandise and finished goods	63,887	75,178
Work in process	13,242	20,313
Raw materials and supplies	44,145	53,649
Other	20,209	20,842
Allowance for doubtful accounts	△416	△1,351
Total current assets	402,141	439,031
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,274	98,992
Machinery, equipment and vehicles, net	81,113	80,415
Other, net	76,543	90,006
Total property, plant and equipment	249,931	269,413
Intangible assets		
Goodwill	4,914	4,920
Other	5,584	6,140
Total intangible assets	10,499	11,060
Investments and other assets		
Investment securities	158,718	169,583
Other	15,619	16,370
Allowance for doubtful accounts	△545	△554
Total investments and other assets	173,792	185,398
Total non-current assets	434,223	465,873
Total assets	836,364	904,904

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	75,308	100,771
Short-term borrowings	40,087	38,126
Income taxes payable	5,809	8,040
Provisions	6,373	3,532
Other	40,368	52,749
Total current liabilities	167,947	203,221
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	36,202	36,274
Provisions	1,517	1,820
Retirement benefit liability	7,150	8,118
Asset retirement obligations	5,113	5,110
Other	17,022	18,392
Total non-current liabilities	87,006	89,716
Total liabilities	254,953	292,937
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,301	34,339
Retained earnings	459,790	483,509
Treasury shares	△21,562	△21,524
Total shareholders' equity	514,499	538,295
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,419	12,949
Deferred gains or losses on hedges	△618	△672
Foreign currency translation adjustment	△3,542	1,985
Remeasurements of defined benefit plans	△494	△769
Total accumulated other comprehensive income	9,765	13,493
Non-controlling interests	57,146	60,178
Total net assets	581,411	611,967
Total liabilities and net assets	836,364	904,904

## 2. Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	428,181	525,297
Cost of sales	328,442	401,056
Gross profit	99,739	124,241
Selling, general and administrative expenses	70,404	79,352
Operating profit	29,335	44,888
Non-operating income		
Interest income	270	253
Dividend income	2,277	3,058
Share of profit of entities accounted for using equity method	3,825	10,976
Other	2,520	3,191
Total non-operating income	8,894	17,480
Non-operating expenses		
Interest expenses	589	614
Personnel expenses for seconded employees	1,064	1,051
Loss on disposal of non-current assets	922	1,018
Other	2,342	1,371
Total non-operating expenses	4,918	4,056
Ordinary profit	33,311	58,312
Extraordinary income		
Insurance claim income	—	2,616
Gain on step acquisitions	—	796
Gain on sale of investment securities	1,496	777
Gain on sale of non-current assets	257	—
Compensation income	152	—
Total extraordinary income	1,905	4,190
Extraordinary losses		
Impairment losses	373	4,983
Provision of allowance for doubtful accounts	—	860
Provision for loss on business of subsidiaries and associates	—	255
loss compensation	307	228
Fire Loss	—	128
Total extraordinary losses	681	6,457
Profit before income taxes	34,536	56,045
Income taxes	5,779	13,388
Profit	28,756	42,657
Profit attributable to non-controlling interests	2,723	3,306
Profit attributable to owners of parent	26,033	39,350

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	28,756	42,657
Other comprehensive income		
Valuation difference on available-for-sale securities	4,180	△1,526
Deferred gains or losses on hedges	△6	6
Foreign currency translation adjustment	△82	3,835
Remeasurements of defined benefit plans, net of tax	241	△194
Share of other comprehensive income of entities accounted for using equity method	△1,232	2,528
Total other comprehensive income	3,100	4,648
Comprehensive income	31,857	47,306
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,375	43,105
Comprehensive income attributable to non-controlling interests	2,481	4,201

**Segment Information**

(Billions of yen, rounded down)

	FY2020 1-3Q*	FY2021 1-3Q	Change	FY2020 Full Year Result	FY 2021 Full Year Forecast
Net sales	428.1	525.2	97.1	595.7	700.0
Basic Chemicals	238.9	316.7	77.7	337.8	418.9
Specialty Chemicals	194.9	212.5	17.5	267.8	287.3
Other and Adjustment	(5.7)	(3.9)	1.7	(9.9)	(6.3)
Operating profit	29.3	44.8	15.5	44.5	55.0
Basic Chemicals	6.8	23.5	16.7	12.8	25.6
Specialty Chemicals	24.5	24.4	(0.1)	34.8	33.2
Other and Adjustment	(2.0)	(3.0)	(1.0)	(3.1)	(3.8)
Non-operating profit	3.9	13.4	9.4	5.7	18.0
Ordinary profit	33.3	58.3	25.0	50.2	73.0
Basic Chemicals	8.7	28.8	20.1	14.2	33.9
Specialty Chemicals	25.7	31.2	5.4	37.5	41.8
Other and Adjustment	(1.2)	(1.8)	(0.6)	(1.5)	(2.7)
Extraordinary income and loss, net	1.2	(2.2)	(3.4)	(1.2)	(6.0)
Income before income taxes, etc.	34.5	56.0	21.5	48.9	67.0
Profit attributable to owners of parent	26.0	39.3	13.3	36.0	50.0

【reference: former segments】

	FY2020 1-3Q*	FY2021 1-3Q	Change	FY2020 Full Year Result	FY 2021 Full Year Forecast
Net sales	428.1	525.2	97.1	595.7	700.0
Natural Gas Chemicals	109.8	167.8	57.9	158.5	223.2
Aromatic Chemicals	134.6	151.6	16.9	183.4	198.8
Specialty Chemicals	149.6	158.3	8.7	207.4	216.8
Information and Advanced Materials	47.2	54.2	6.9	62.3	70.7
Other and Adjustment	(13.1)	(6.7)	6.3	(16.0)	(9.7)
Operating profit	29.3	44.8	15.5	44.5	55.0
Natural Gas Chemicals	(3.3)	8.3	11.6	0.9	8.9
Aromatic Chemicals	10.1	15.1	5.0	11.7	16.5
Specialty Chemicals	16.4	11.6	(4.7)	22.8	17.0
Information and Advanced Materials	8.1	12.6	4.5	11.9	16.1
Other and Adjustment	(1.9)	(2.9)	(0.9)	(3.0)	(3.7)
Non-operating profit	3.9	13.4	9.4	5.7	18.0
Ordinary profit	33.3	58.3	25.0	50.2	73.0
Natural Gas Chemicals	(1.1)	13.5	14.7	2.6	17.2
Aromatic Chemicals	9.9	15.3	5.4	11.6	16.6
Specialty Chemicals	17.7	17.5	(0.2)	25.5	24.7
Information and Advanced Materials	7.9	13.7	5.7	11.9	17.0
Other and Adjustment	(1.2)	(1.7)	(0.5)	(1.5)	(2.7)

The breakdown by former segments is for reference only, calculated in accordance with past segments for convenience.

\*Effective from the fiscal year ending March 31, 2022, the Company has changed the segments of some of its products.

Segment information for the previous fiscal year has also been prepared based on the classification method after the change.



### Other Information 1

		FY2017	FY2018	FY2019	FY2020	FY2021 Forecast
Investments (Billions of yen)	Full year	30.9	39.2	42.3	40.2	70.0
	1-3Q	23.2	28.7	32.1	26.7	41.6
Depreciation & amortization (Billions of yen)	Full year	27.0	27.4	29.5	30.6	32.0
	1-3Q	20.0	20.3	21.9	22.6	23.9
R&D expenditures (Billions of yen)	Full year	18.9	18.6	19.6	19.9	21.5
	1-3Q	14.2	13.8	14.0	14.9	15.6
Number of Staff	Year-end	8,009	8,276	8,954	8,998	10,081
ROA		10.6%	8.7%	3.9%	6.2%	8.6%
ROE		13.6%	11.3%	4.3%	7.1%	9.4%
ROIC (Ordinary income/invested capital)		13.2%	10.9%	4.9%	7.7%	10.5%

### Other Information 2

	FY2017		FY2018		FY2019		FY2020		FY2021	
	Result		Result		Result		Result		Result	Forecast
	First half	Second half	First half	Second half	First half	Second half	1-3Q	4Q	1-3Q	4Q
Exchange Rate (JPY/USD, Average)	111	111	110	112	109	109	106	106	111	113
Exchange Rate (JPY/EUR, Average)	126	133	130	127	121	120	122	128	131	130
crude oil (Dubai) (USD/BBL)	50	62	73	65	64	56	40	60	72	85
Methanol (USD/MT, Asian average spot price)	296	381	408	335	277	245	222	358	394	370
Mixed Xylene (USD/MT)	650	725	845	730	705	640	430	670	780	840
Bisphenol A (USD/MT)*	1,100 ~1,300	1,200 ~1,700	1,600 ~1,900	1,200 ~1,800	1,000 ~1,450	1,050 ~1,350	900 ~2,400	1,650 ~3,300	2,100 ~3,700	2,000 ~2,500
Polycarbonate (USD/MT)*	2,500 ~2,900	2,900 ~3,900	2,700 ~3,800	2,100 ~2,800	1,900 ~2,250	1,650 ~2,000	1,500 ~3,200	2,700 ~4,000	2,650 ~4,050	2,500 ~3,200

\*Describe the minimum and maximum values during the period

## Qualitative Information

From the first quarter of the fiscal year ending March 31, 2022, the MGC Group adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020).

### Consolidated Business Results for This Period

#### Overview of Results

(Billions of yen)

	Apr.1-Dec.31, 2020	Apr.1-Dec.31, 2021	Change
Net sales	428.1	525.2	97.1
Operating income	29.3	44.8	15.5
Ordinary income	33.3	58.3	25.0
Profit attributable to owners of the parent	26.0	39.3	13.3

During the first nine months of the fiscal year ending March 31, 2022 (April 1, 2021 – December 31, 2021), outlook for the world economy remained unclear. Glimmers of economic recovery from pandemic-induced stagnation were clouded by the ongoing impact of semiconductor shortages, surging raw material and fuel prices and the disruption of logistics networks, along with the emergence of new variants of novel coronavirus and resulting resurgences of the pandemic.

Against this backdrop, the MGC Group nevertheless benefitted from recovery in demand for automotive-related and other products that had been heavily affected by the novel coronavirus pandemic, as well as constantly robust demand for semiconductor-related products reflecting market growth, along with improvement in market prices for methanol, polycarbonates and other general-purpose products amid rises in raw material and fuel prices.

In addition, the MGC Group launched a new medium-term management plan in April 2021. In line with this plan, the Group aims to shift to a profit structure resilient to changes in the business environment. To this end, the Group is striving to:

- “Further strengthen competitively advantageous (“differentiating”) businesses,”
- “Accelerate creation and development of new businesses,” and
- “Reevaluate and rebuild unprofitable businesses.”

These efforts will help push ahead with business portfolio reforms.

The MGC Group’s net sales increased due mainly to upturns in market prices for methanol and other offerings as well as recovery in overall sales volume.

Furthermore, operating income rose, despite increases in raw material and fuel prices, lower sales volumes of optical polymers and other negative factors affecting profit. This was thanks primarily to recovery in demand for products that had been affected by fallout from the novel coronavirus pandemic in addition to rising market prices for general-purpose products and the higher sales volume of semiconductor-related products.

Ordinary income increased due primarily to higher operating income as well as growth in equity in earnings of affiliates related to engineering plastics and overseas methanol producing companies.

Net income attributable to owners of the parent grew, mainly on higher ordinary income, despite an increase in extraordinary losses reflecting such factors as a ¥3.6 billion impairment loss recorded at a polycarbonate producing subsidiary in China.

Operating results by segment are as described below.

Please note, the MGC Group revised the definition of its reportable segments in the first quarter of the fiscal year ending March 31, 2022. To provide comparative year-on-year segment results, the Group has restated the operating results of the first nine months of the previous fiscal year to reflect the revised segmentation.

## **Results by Business Segment**

### **Basic Chemicals**

(Billions of yen)

	Apr.1-Dec.31, 2020	Apr.1-Dec.31, 2021	Change
Net Sales	233.2	312.6	79.3
Operating income	6.8	23.5	16.7
Ordinary income	8.7	28.8	20.1

The methanol business saw increases in both net sales and earnings due mainly to a significant upturn in market prices compared with the same period of the previous fiscal year.

Methanol and ammonia-based chemicals posted increases in net sales and earnings reflecting such factors as a rise in neopentyl glycol market prices, despite higher raw material prices.

High-performance products\*1 posted increases in net sales and earnings thanks primarily to recovery in demand for meta-xylenediamine (MXDA), which had been affected by fallout from the novel coronavirus pandemic in the same period of the previous fiscal year, along with firm sales of aromatic aldehydes.

\*1 MXDA, MX nylon, aromatic aldehydes and other offerings that had been previously classified as specialty aromatic chemicals

Xylene separators and derivatives\*2 saw increase in net sales and earnings due mainly to upturns in purified isophthalic acid (PIA) market prices.

\*2 Meta-xylene, PIA and other offerings that had been previously classified as general-purpose aromatic chemicals

Foamed plastics posted an increase in earnings compared with the same period of the previous fiscal year, despite higher raw material and fuel prices, thanks mainly to the higher sales volume of flat panel display shields and automotive materials.

## Specialty Chemicals

(Billions of yen)

	Apr.1-Dec.31, 2020	Apr.1-Dec.31, 2021	Change
Net Sales	194.6	212.4	17.8
Operating income	24.5	24.4	(0.1)
Ordinary income	25.7	31.2	5.4

Inorganic chemicals posted increases in net sales and earnings thanks primarily to growth in the sales volume of chemicals for use in semiconductor manufacturing.

Engineering plastics saw increases in net sales and earnings, despite deterioration in the profitability of polycarbonates on the back of such negative factors as higher raw material and fuel prices, due mainly to recovery in sales volumes in automotive-related and other fields in addition to robust sales of polyacetal.

Optical materials posted decreases in net sales and earnings, despite recovery in optical polymer demand, which bottomed out in the first quarter. The decreases were due mainly to lower sales volume reflecting inventory adjustment carried out by customers during the first half.

Electronic materials saw increases in net sales and earnings. This was thanks mainly to robust showings of BT materials for IC plastic packaging, the core product category for electronic materials, reflecting higher sales volumes for general-purpose materials for a broad range of applications including PC-related devices and home appliances, as well as constantly robust demand for products used in memory devices and 5G smartphones.

Oxygen absorbers such as AGELESS<sup>TM</sup> posted an increase in earnings, thanks mainly to recovery in domestic demand for products used for foodstuffs, achieving an improvement from the stagnation brought about by the novel coronavirus pandemic in the same period of the previous fiscal year.

(End)