

## *Notice of the 94th Ordinary General Meeting of Shareholders*



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June 4, 2021

**Dear Shareholders with Voting Rights**

Masashi Fujii  
President and Representative Director  
Mitsubishi Gas Chemical Company, Inc.  
Mitsubishi Building,  
5-2 Marunouchi 2-chome, Chiyoda-ku,  
Tokyo, Japan

**Notice of the 94th Ordinary General Meeting of Shareholders**

Please refer to the below for information about the upcoming the 94th Ordinary General Meeting of Shareholders of Mitsubishi Gas Chemical Company, Inc. (hereinafter "MGC") to be held as described below.

You may exercise your voting rights by 5:30 p.m. of June 24, 2021, as it is possible to exercise your voting rights by mail or via the Internet.

- 1. Date and Time:** Friday, June 25, 2021 at 10:00 a.m.  
**2. Place:** MGC Head Office (6th Floor, Mitsubishi Building)  
5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

**3. Agenda for the Meeting:**

- Matters to be reported:** (1) Report on the Business Report, Consolidated Financial Statements, and results of audits of the Consolidated Financial Statements by the independent Auditor and the Audit & Supervisory Board for the 94th Business Term (from April 1, 2020 to March 31, 2021)  
(2) Report on the Non-Consolidated Financial Statements for the 94th Business Term (from April 1, 2020 to March 31, 2021)

**Matters for Resolution:**

- Proposal No. 1:** Election of Twelve Directors  
**Proposal No. 2:** Election of One Audit & Supervisory Board Member  
**Proposal No. 3:** Election of One Substitute Audit & Supervisory Board Member

**4. Disclosure on the internet**

- Among the documents that should be attached to this convocation notice, in accordance with laws and regulations and the provisions of Article 15 of the Articles of Incorporation of MGC, the following documents are posted on MGC's website and are not included in this convocation notice.

- ( i ) Stock Acquisition Rights
- ( ii ) Consolidated Statement of Changes in Net Assets
- ( iii ) Notes to Consolidated Financial Statements
- ( iv ) Non-Consolidated Statement of Changes in Net Assets
- ( v ) Notes to Non-consolidated Financial Statements

- Please be advised that if minor amendments are required to matters contained in the Reference Documents

(Translation)

for General Meeting of Shareholders, Business Report, Non-Consolidated Financial Statements, or the Consolidated Financial Statements, MGC will post revisions on its website.

MGC's website : <https://www.mgc.co.jp/ir/stockinfo/meeting.html>

- ◇ This year you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aims of preventing the spread of COVID-19 and avoiding infection risks to shareholders. However, if you prefer to attend in person, it is requested that you bring the enclosed Voting Form to the reception desk.

### **Information on Exercising Voting Rights**

#### ● Attending the General Meeting of Shareholders

This year you are advised to refrain from visiting the Ordinary General Meeting of Shareholders regardless of your health condition at the time of the General Meeting to be held with the aim of preventing the spread of COVID-19. However, if you prefer to attend in person, it is requested that you submit the enclosed Voting Form to the reception desk at the venue. (You do not need to put your seal on it).

Date and Time of the General Meeting of Shareholders : June 25<sup>th</sup> 2021(Fri) 10:00a.m. (Japan Time)

Place : MGC Head Office (6th Floor, Mitsubishi Building)

5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo

#### ● Postal Mail

Please indicate your approval or disapproval of agenda items on the Voting Form and return it by mail. Voting forms must arrive no later than 5:30 p.m. on Thursday, June 24<sup>th</sup> 2021(Japan Time).

#### ● Internet

Please access the voting website (<https://evote.tr.mufg.jp/>) and enter your approval or disapproval of the proposals. Exercise deadline: Until 5:30 p.m. on Thursday, June 24<sup>th</sup> 2021(Japan Time).

### ■ Multiple Exercise of Voting Rights

In the event voting rights are exercised multiple times via the mailing of the Voting Form and via Internet, votes submitted via Internet will be deemed valid.

In the event that voting rights are exercised multiple times via Internet, the last set of votes cast will be deemed valid.

#### <To Institutional Investors>

The "Electronic Proxy Voting Platform" operated by ICJ, Inc. is available for exercising voting rights for MGC's General Meeting of Shareholders.

(Translation)

## Reference Documents for General Meeting of Shareholders


### Proposal No. 1: Election of Twelve Directors

The term of office of all twelve current Directors will expire as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that twelve Directors, including 4 Outside Directors, be elected.


The candidates are as follows:

Number	Name	Position	Responsibilities at Mitsubishi Gas Chemical	
1	Toshikiyo Kurai	Representative Director Chairman	—	Renomination
2	Masashi Fujii	Representative Director President	—	Renomination
3	Masato Inari	Director, Managing Executive Officer	Responsible for Production Technology, In charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division	Renomination
4	Nobuhisa Ariyoshi	Director, Managing Executive Officer	In charge of internal control & risk management, Responsible for Administrative & Personnel, Finance & Accounting, In charge of Information Systems Division	Renomination
5	Kenji Kato	Director, Managing Executive Officer	Responsible for Research & Development, In charge of Intellectual Infrastructure Center	Renomination
6	Yasushi Kosaka	Director, Managing Executive Officer	In charge of Specialty Chemicals Business Sector	Renomination
7	Naruyuki Nagaoka	Director, Managing Executive Officer	In charge of Basic Chemicals Business Sector	Renomination
8	Motoyasu Kitagawa	Managing Executive Officer	In charge of compliance, Responsible for Corporate Planning Division, In charge of Internal Audit Division, CSR&IR Division	New Nomination
9	Tsugio Sato	Director	—	Renomination Outside Director Independent Director
10	Haruko Hirose	Director	—	Renomination Outside Director Independent Director
11	Toru Suzuki	Director	—	Renomination Outside Director Independent Director
12	Yasushi Manabe	—	—	New Nomination Outside Director Independent Director


(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
1	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Toshikiyo Kurai (January 9, 1952)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p>April 1975      Joined MGC.</p> <p>June 2003      General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2006      Executive Officer, and General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2008      Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2009      Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2010      Director, Managing Executive Officer, President of Specialty Chemicals Company, and General Manager, Engineering Plastics Division</p> <p>October 2011   Director, Managing Executive Officer, and President of Specialty Chemicals Company</p> <p>June 2012      Representative Director, Senior Managing Executive Officer, Assistant to President, and President of Specialty Chemicals Company</p> <p>June 2013      President and Representative Director</p> <p>April 2019      Chairman and Representative Director (to the present)</p> <p>■ Reason for nomination as candidate Mr. Toshikiyo Kurai, following his service in important positions mainly in Specialty Chemicals department and his presiding over R&amp;D, manufacture and whole business of Inorganic Chemicals division and Engineering Plastics division, was appointed to be a Director in June 2009, and served from June 2013 to March 2019 as President and Representative Director, and has served from April 2019 as Chairman and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	49,432

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
2	<p style="text-align: center;"><span style="border: 1px solid black; padding: 2px;">Renomination</span></p> <p style="text-align: center;">Masashi Fujii (March 10, 1959)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p>April 1981      Joined MGC.</p> <p>June 2010      General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2012      Executive Officer, and General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2014      Executive Officer, and General Manager, Methanol Division, Natural Gas Chemicals Company</p> <p>April 2015      Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>June 2015      Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>April 2018      Outside Director, Co-op Chemical Co., Ltd (currently Katakura &amp; Co-op Agri Corporation) Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>October 2018    Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company</p> <p>April 2019      President and Representative Director (to the present)</p> <p>■ Reason for nomination as candidate Mr. Masashi Fujii, following his service in important positions in Administrative &amp; Personnel, Natural Gas Chemicals department, was appointed to be a Director in June 2015 and presided over Natural Gas Chemicals department, and has served from April 2019 as President and Representative Director, and due to his abundant experience and knowledge of MGC's business and management control as a whole, he has once again been nominated as a candidate for Director.</p>	25,400

(Translation)


No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
3	<p data-bbox="268 517 432 551">Renomination</p> <p data-bbox="240 566 459 629">Masato Inari (January 23, 1961)</p>  <p data-bbox="220 981 483 1137">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p data-bbox="504 275 1270 1070">April 1985      Joined MGC. June 2011      Plant Manager, Niigata Plant, Natural Gas Chemicals Company June 2014      Executive Officer, Plant Manager, Niigata Plant, Natural Gas Chemicals Company April 2016      Executive Officer, President of Aromatic Chemicals Company June 2016      Director, JSP Corporation April 2017      Managing Executive Officer, President of Aromatic Chemicals Company June 2017      Director, Managing Executive Officer, President of Aromatic Chemicals Company April 2019      Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety and Quality Assurance Division June 2019      Outside Director, Katakura &amp; Co-op Agri Corporation April 2020      Director, Managing Executive Officer, in charge of Internal Audit Division, Environment &amp; Total Production Sector April 2021      Director, Managing Executive Officer, Responsible for Production Technology, in charge of Environment Safety and Quality Assurance Division, Purchasing &amp; Logistics Division (to the present)</p> <p data-bbox="504 1111 1257 1350">■ Reason for nomination as candidate Mr. Masato Inari, following his engagement mainly in R&amp;D of Aromatic Chemicals department, served in important positions in Natural Gas Chemicals and Aromatic Chemicals department, presided over Aromatic Chemicals department, and was appointed to be a Director in June 2017. With his abundant experience and knowledge of R&amp;D and business management, etc., he has once again been nominated as a candidate for Director.</p>	16,103

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
4	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Nobuhisa Ariyoshi (November 26, 1961)</p>  <p style="text-align: center;">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p>April 1984      Joined MGC.</p> <p>June 2012      General Manager, Administrative &amp; Personnel Center</p> <p>April 2016      Executive Officer, General Manager, Electronic Materials Division, Information &amp; Advanced Materials Company</p> <p>April 2018      Managing Executive Officer, in charge of Finance &amp; Accounting Center, Information Systems Division, and Purchasing &amp; Logistics Center</p> <p>June 2018      Director, Managing Executive Officer, in charge of Finance &amp; Accounting Center, Information Systems Division, and Purchasing &amp; Logistics Center</p> <p>April 2019      Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, in charge of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative &amp; Personnel Center and Corporate Communications Division, General Manager Tokyo Techno Park</p> <p>June 2019      Director, Managing Executive Officer, in charge of Compliance, Risk Management, Finance &amp; Accounting Center, Information Systems Division, Administrative &amp; Personnel Center and Corporate Communications Division, General Manager Tokyo Techno Park</p> <p>April 2020      Director, Managing Executive Officer, in charge of internal control &amp; risk management, Corporate Management Sector</p> <p>April 2021      Director, Managing Executive Officer, in charge of internal control &amp; risk management, responsible for Administrative &amp; Personnel Division, Finance &amp; Accounting Division, in charge of Information Systems Division (to the present)</p> <p>■ Reason for nomination as candidate Mr. Nobuhisa Ariyoshi, following his engagement mainly in Information &amp; Advanced Materials and Specialty Chemicals department, served in important positions in Administrative &amp; Personnel and Information &amp; Advanced Materials department, and was appointed to be a Director in June 2018, and was in charge of Corporate Management Sector and Compliance. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	15,200



(Translation)

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5	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Kenji Kato (June 2, 1962)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p>April 1987      Joined MGC.</p> <p>June 2013      General Manager, Tokyo Research Laboratory, Specialty Chemicals Company</p> <p>April 2016      Executive Officer, and Plant Manager, Kashima Plant, Specialty Chemicals Company</p> <p>April 2018      Executive Officer, General Manager, Electronic Materials Division, Information &amp; Advanced Materials Company</p> <p>April 2019      Managing Executive Officer, President of Information &amp; Advanced Materials Company</p> <p>June 2019      Director, Managing Executive Officer, President of Information &amp; Advanced Materials Company</p> <p>April 2020      Director, Managing Executive Officer, in charge of Research &amp; Development Sector</p> <p>April 2021      Director, Managing Executive Officer, Responsible for Research &amp; Development, in charge of Intellectual Infrastructure Center (to the present)</p> <p>■ Reason for nomination as candidate Mr. Kenji Kato, following his engagement in R&amp;D of Specialty Chemicals, served in important positions in Specialty Chemicals and Information &amp; Advanced Materials department, was appointed to be a Director in June 2019 and presided over Information &amp; Advanced Materials department. With his abundant experience and knowledge of R&amp;D and business management, etc., he has once again been nominated as a candidate for Director.</p>	16,400
6	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Yasushi Kosaka (February 13, 1961)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 9 held, 9 attended</p>	<p>April 1985      Joined MGC.</p> <p>June 2012      General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>June 2014      Executive Officer, General Manager, Inorganic Chemicals Division, Specialty Chemicals Company</p> <p>April 2016      Managing Executive Officer, Mitsubishi Engineering-Plastics Corporation</p> <p>June 2016      President and CEO, Mitsubishi Engineering-Plastics Corporation</p> <p>April 2020      Managing Executive Officer, in charge of Specialty Chemicals Business Sector</p> <p>June 2020      Director, Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to the present)</p> <p>■ Reason for nomination as candidate Mr. Yasushi Kosaka, following his engagement mainly in Specialty Chemicals department, served in important positions in Specialty Chemicals department, was appointed to be a Director in June 2020 and presided over Specialty Chemicals Business department. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	6,430


(Translation)

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7	<p style="text-align: center;"><u>Renomination</u></p> <p style="text-align: center;">Naruyuki Nagaoka (November 20, 1962)</p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 9 held, 9 attended</p>	<p>April 1985      Joined MGC.</p> <p>June 2011      Manager, Administrative, Natural Gas Chemicals Company</p> <p>April 2016      Manager, Corporate Planning Division</p> <p>June 2016      Audit &amp; Supervisory Board Member of JSP Corporation</p> <p>April 2017      Executive Officer, Manager, Corporate Planning Division</p> <p>June 2019      Managing Executive Officer, in charge of Corporate Planning and Purchasing &amp; Logistic Center</p> <p>April 2020      Managing Executive Officer, in charge of Compliance and Corporate planning Sector</p> <p>June 2020      Director, Managing Executive Officer, in charge of Compliance and Corporate planning Sector</p> <p>April 2021      Director, Managing Executive Officer, in charge of Basic Chemicals Business Sector (to the present)</p> <p>■ Reason for nomination as candidate Mr. Naruyuki Nagaoka, following his engagement mainly in Natural Gas Chemicals department and Administrative &amp; Personnel, served in important positions in Natural Gas Chemicals department and Corporate planning Division, and was appointed to be a Director in June 2020. With his abundant experience and knowledge of MGC's business and administration of management, etc., he has once again been nominated as a candidate for Director.</p>	11,988
8	<p style="text-align: center;"><u>New Nomination</u></p> <p style="text-align: center;">Motoyasu Kitagawa (April 2, 1963)</p> 	<p>April 1986      Joined MGC.</p> <p>June 2014      President, Mitsubishi Gas Chemical America, Inc.</p> <p>April 2018      General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>April 2019      Executive Officer, General Manager, Organic Chemicals Division, Natural Gas Chemicals Company</p> <p>June 2019      Executive Officer, Manager, Corporate Planning Division</p> <p>April 2021      Managing Executive Officer, in charge of compliance, responsible for Corporate Planning Division, in charge of Internal Audit Division, CSR &amp; IR Division (to the present)</p> <p>■ Reason for nomination as candidate Mr. Motoyasu Kitagawa, following his engagement mainly in Administrative &amp; Personnel department and Corporate planning Division, served in important positions in Natural Gas Chemicals department and Corporate planning Division. With his abundant experience and knowledge of MGC's business and administration of management, etc., he is deemed to be able to sufficiently carry out his roles as Director in MGC's decision making and supervision of management executives and for this reason he has been nominated as a candidate for Director.</p>	6,424


(Translation)

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9	<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">Renomination</span>  <span style="border: 1px solid black; padding: 2px;">Outside Director</span>  <span style="border: 1px solid black; padding: 2px;">Independent Director</span>            Tsugio Sato            (February 20, 1951)         </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 12 held, 12 attended</p>	<p>April 1975      Assistant, Applied Chemistry, Faculty of Engineering, Tohoku University</p> <p>February 1989      Associate Professor, Molecular Chemistry and Engineering, Faculty of Engineering, Tohoku University</p> <p>April 1994      Professor, Institute for Chemical Reaction Science, Tohoku University</p> <p>April 2001      Professor, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University</p> <p>April 2010      Deputy Director, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University</p> <p>April 2013      Director, Center for Exploration of New Inorganic Materials, Institute of Multidisciplinary Research for Advanced Materials, Tohoku University</p> <p>August 2013      Director, The Foundation for Japanese Chemical Research</p> <p>April 2016      Professor Emeritus, Tohoku University (to the present)</p> <p>June 2017      Outside Director, MGC (to the present)</p> <p>■ Reason for nomination as candidate            Dr. Tsugio Sato has highly advanced expertise in wide fields of study in chemicals such as inorganic materials chemistry, and provides appropriate supervision and advice to MGC's management, so he has once again been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future.            Although he has not been directly involved in corporate management, other than as Outside Director of MGC, he has served in important positions at university research institutions, and it is deemed that he would continue to perform his duties as Outside Director appropriately.            Additionally, while there are transactional relationships between MGC and Tohoku University, where he serves as Professor Emeritus, including payment of consideration for joint research, the amount during FY2020 was insignificant, totaling ¥6 million.</p>	0

(Translation)

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10	<p style="text-align: center;"> <u>Renomination</u>  <u>Outside Director</u>  <u>Independent Director</u>            Haruko Hirose            (September 23, 1945)         </p>  <p>Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 9 held, 9 attended</p>	<p>December 1968 Appointed to the National Personnel Authority of Japan</p> <p>January 1992 Director, Bureau of Human Resources Management of Headquarters(Paris), United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p>September 2002 Deputy to the Director General and Managing Director of Field Operations Division of Headquarters(Vienna), United Nations Industrial Development Organization (UNIDO)</p> <p>November 2006 Japanese Ambassador Extraordinary and Plenipotentiary to Kingdom of Morocco</p> <p>April 2013 Specially Appointed Professor, Academy for Global Leadership Tokyo Institute of Technology</p> <p>May 2014 President, Japan Morocco Association (to the present)</p> <p>June 2016 Outside Director, S&amp;B Foods Inc. (to the present)</p> <p>April 2017 Director, Ochanomizu University</p> <p>March 2018 Outside Director, Nikkiso Co., Ltd. (to the present)</p> <p>June 2020 Outside Director, MGC (to the present)</p> <p>■ Reason for nomination as candidate            Ms. Haruko Hirose has many years of experience overseas and insight as director at international organizations on a global scale, and provides appropriate supervision and advice to MGC's management, so she has once again been nominated as a candidate for Outside Director. After her election, she is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future.            Although she has not been directly involved in corporate management, other than as Outside Director, since she has served in important positions at an international organization, etc., it is deemed that she would contribute to ensuring the validity and appropriateness of MGC's decision making in the future.            Additionally, while there are transactional relationships between MGC and S&amp;B Foods Inc. where she serves as an outside director, including the sale of products, the amount was less than 1% of consolidated net sales for FY2020. While there are transactional relationships between MGC and Nikkiso Co., Ltd. where she serves as an outside director, including the purchase of equipment, the amount was less than 1% of consolidated net sales of said company for FY2020.</p>	0

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
11	<p data-bbox="268 443 432 472">Renomination</p> <p data-bbox="256 488 443 517">Outside Director</p> <p data-bbox="229 533 470 562">Independent Director</p> <p data-bbox="268 584 432 645">Toru Suzuki (July 14,1955)</p>  <p data-bbox="220 1025 483 1182">Attendance of Board of Directors Meeting (the fiscal year ended March 31, 2021) 9 held, 9 attended</p>	<p data-bbox="501 275 1265 786">April 1979      Joined Mitsui &amp; Co., Ltd. April 2011      Managing Officer, Performance Chemicals Business Unit, Mitsui &amp; Co., Ltd. April 2014      Managing Officer, Mitsui &amp; Co., Ltd. and President of Mitsui &amp; Co. Vietnam Ltd. April 2015      Executive Managing Officers, Mitsui &amp; Co., Ltd. and President of Mitsui &amp; Co. Vietnam Ltd. June 2015      Executive Managing Officers, Chief Regional Representative of Southwest Asia, Mitsui &amp; Co., Ltd., and President of Mitsui &amp; Co. India Pvt Ltd., June 2017      Audit &amp; Supervisory Board Member, Mitsui Sugar Co.,Ltd. December 2018      Audit &amp; Supervisory Board Member, Nutri Co., Ltd. June 2020      Outside Director, MGC                      (to the present)</p> <p data-bbox="501 819 1254 1335">■ Reason for nomination as candidate Mr. Toru Suzuki has many years of experience overseas and insight as a manager at a company operating on a global scale, and provides appropriate supervision and advice to MGC's management, so he has once again been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future. Additionally, although he was a business execution manager until June 2017 at Mitsui &amp; Co., Ltd., a business partner of MGC, over three years have passed since his retirement. While there are transactional relationships between MGC and said company including the sale of products and materials, the amount was less than 1.1% of consolidated net sales of MGC for FY2020. Also, while there are transactional relationships between MGC and said company including the purchase of materials, the amount was less than 1% of consolidated net sales of said company for FY2020.</p>	300

(Translation)

No.	Name (Date of Birth)	Profile, position and responsibility in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
12	<p style="text-align: center;"> <span style="border: 1px solid black; padding: 2px;">New Nomination</span>  <span style="border: 1px solid black; padding: 2px;">Outside Director</span>  <span style="border: 1px solid black; padding: 2px;">Independent Director</span>            Yasushi Manabe            (December 15,1956)         </p> 	<p>           April 1979      Joined Hitachi, Ltd.            April 2012      General Manager, Sales Division Infra System                                     Group Infra System            April 2013      Executive Officer, General Manager Kansai Area                                     Operation, Hitachi, Ltd.            June 2013      Outside Audit &amp; Supervisory Board Member,                                     ShinMaywa Industries, Ltd.            April 2016      Executive General Manager, Deputy Director                                     General Corporate Sales &amp; Marketing Group,                                     CMO of Industry &amp; Distribution, Water &amp; Urban                                     Business Unit, Hitachi, Ltd.            April 2017      Vice President and Executive Officer, Deputy                                     Director General Corporate Sales &amp; Marketing                                     Group, CMO of Industry &amp; Distribution                                     Business, Water &amp; Urban Business, Hitachi, Ltd.            April 2021      Executive Advisor, Yashima Denki Co., Ltd.                                     (to the present)         </p> <p>           ■ Reason for nomination as candidate            Mr. Yasushi Manabe has many years of experience and insight as a manager at a company operating on a global scale, and it is deemed that he would provide appropriate supervision and advice to MGC's management, so he has been nominated as a candidate for Outside Director. After his election, he is expected to contribute to ensuring the validity and appropriateness of MGC's decision making in the future.            Additionally, although he was a business execution manager until March 2021 at Hitachi, Ltd., a business partner of MGC. While there are transactional relationships between MGC and said company including the sale of products, the amount was less than 1% of consolidated net sales of MGC for FY2020. Also, while there are transactional relationships between MGC and said company including equipment maintenance, the amount was less than 1% of consolidated net sales of said company for FY2020.            Although he is Executive Advisor, Yashima Denki Co., Ltd., a business partner of MGC. While there are transactional relationships between MGC and said company including the purchase of machines, the amount was less than 1% of consolidated net sales of said company for FY2020.         </p>	100

- (Notes) 1. No conflict of interest exists between MGC and any of these candidates.
2. Ms.Haruko Hirose is listed as above in her preferred name. Her name in the family register is Haruko Makinouchi.
3. Of the candidates, Dr.Tsugio Sato, Ms.Haruko Hirose, Mr.Toru Suzuki and Mr.Yasushi Manabe are nominated as Outside Directors.
4. Dr. Tsugio Sato will have been in office as Outside Director for four years as of the close of this Ordinary General Meeting of Shareholders. Ms.Haruko Hirose and Mr.Toru Suzuki will have been in office as Outside Director for one year as of the close of this Ordinary General Meeting of Shareholders.
5. MGC has executed Limitation of Liability Agreements with Dr.Tsugio Sato, Ms.Haruko Hirose and Mr.Toru Suzuki, currently MGC's Outside Directors, limiting their liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the maximum amount stipulated by the Companies Act. Aforementioned Limitation of Liability Agreements will be extended in the event their re-elections are approved. Furthermore, in the event the election of Mr.Yasushi Manabe is approved, MGC is



(Translation)

scheduled to conclude an identical Limitation of Liability Agreement with him.

6. MGC has registered Dr.Tsugio Sato, Ms.Haruko Hirose and Mr.Toru Suzuki as independent director at Tokyo Stock Exchange, Inc. and will continue to register them as such in the event their re-elections are approved. Furthermore, in the event the election of Mr.Yasushi Manabe is approved, MGC will also register him as an independent director.
7. MGC has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The content of the insurance agreement is as stated on 3. Information Concerning Corporate Officers in the Business Report. The respective candidates for Director are to be included as insured parties under the insurance agreement in the event their elections are approved. Furthermore, MGC plans to leave the content of the insurance policy unchanged upon its next renewal.

(Translation)

(Reference) MGC Standards on Independence for Outside Corporate Officers

A candidate is deemed to qualify as an independent officer as long as none of the following matters apply.

1. If any of the following applies to the candidate.
  - 1) Has been a business execution manager (\*1) of the MGC Group (\*2).
  - 2) Is a major shareholder of MGC (\*3) or is or has been a business execution manager for a major shareholder company within the previous five years.
  - 3) Is or has been a business execution manager within the previous five years of an important business partner (\*4).
  - 4) Has been dispatched from a company or organization that has established a relationship with the MGC Group through the reciprocal appointment of outside officers.
  - 5) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
  - 6) Provides or has provided consulting services other than statutory auditing to the MGC Group within the previous three years, for which he or she has received high compensation (\*5).
2. If any of the following applies to a close relation (\*6) of the candidate.
  - 1) Is or has been an important business execution manager (\*7) of the MGC Group within the previous five years.
  - 2) Is a major shareholder of MGC or a business execution manager for a major shareholder company.
  - 3) Is or has been a business execution manager within the previous five years of an important business partner.
  - 4) Works for or has worked for an accounting firm within the previous five years that has conducted a statutory audit of MGC.
  - 5) Provides or has provided consulting services other than statutory auditing to the MGC Group within the previous three years, for which he or she has received high compensation.
3. The candidate has another important vested interest in the MGC Group and has been reasonably deemed to be unable to fulfill his or her duties as an independent officer.

(\*1) Business execution manager: Either a Director overseeing business execution, an Executive Officer, other officer involved in business execution, or an employee.

(\*2) MGC Group: MGC or one of its subsidiaries.

(\*3) Major shareholder of MGC: A shareholder currently holding, either directly or indirectly, 10% or more of total shares issued and outstanding.

(\*4) Important business partner: A business partner that has made transactions, including buying and selling, amounting to 2% or more of consolidated net sales over the previous three consecutive years. Consolidated net sales pertains to the MGC Group in the event the MGC Group is the seller, or to the partner in the event the MGC Group is the buyer.

(\*5) High compensation: In the case of an individual, an annual amount of 10 million yen or more, or in the case of a member of company or organization, compensation exceeding 2% of its consolidated net sales or total revenue.

(\*6) Close relation: Either a spouse, first- or second-degree relative, or financial dependent.

(\*7) Important business execution manager: Either a Director overseeing business execution, an Executive Officer, or other officer involved in business execution.



(Translation)

## Proposal No. 2: Election of One Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Katsuhiko Sugita will resign from his position as of the close of this Ordinary General Meeting of Shareholders. Therefore, it is proposed that one Audit & Supervisory Board Member be elected. Mr. Kenji Inamasa is intended to succeed to the position of Mr. Katsuhiko Sugita, and the term of his office also dates from the date of his succession to his predecessor according to the Articles of Incorporation of MGC.

The Audit & Supervisory Board has already given consent to this proposal.

The candidates are as follows:

Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
<p><b>New Nomination</b></p> <p>Kenji Inamasa (June 2, 1956)</p> 	<p>April 1984      Joined MGC.</p> <p>June 2009      General Manager, Planning &amp; Development Division, Aromatic Chemicals Company</p> <p>June 2010      Executive Officer, and Plant Manager, Mizushima Plant, Aromatic Chemicals Company</p> <p>June 2014      Director, Managing Executive Officer, and Administrative Management of Production Technology Division and Environment &amp; Safety Division</p> <p>April 2015      Director, Managing Executive Officer, Chairperson of The Committee on Future R&amp;D, and Administrative Management of Research &amp; Development Division, Production Technology Division and Environment &amp; Safety Division</p> <p>April 2016      Representative Director, Senior Managing Executive Officer, Administrative Management of Production Technology Division, Environment &amp; Safety Division and Business Strategy Division</p> <p>April 2019      Director</p> <p>June 2019      Representative Director, MGC Pharma Co.,Ltd.</p> <p>April 2021      Specially Appointed Executive                      (to the present)</p> <p>■ Reason for nomination as candidate Mr. Kenji Inamasa was appointed to be a Director in June 2014, served in important positions in R&amp;D, Production Technology and Environment &amp; Safety, giving him abundant experience regarding MGC's business as well as corporate management. It is deemed that, derived from those experiences, he would possess sufficient insight and knowledge essential for Audit &amp; Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has been nominated as a candidate for Audit &amp; Supervisory Board Member.</p>	14,500

(Note) 1. No conflict of interests exists between MGC and the candidate.

2. MGC has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The content of the insurance agreement is as stated on 3. Information Concerning Corporate Officers in the Business Report. The candidate for Audit & Supervisory Board Member is to be included as insured parties under the insurance agreement in the event his election is approved. Furthermore, MGC plans to leave the content of the insurance policy unchanged upon its next renewal.

(Translation)

### Proposal No. 3: Election of One Substitute Audit & Supervisory Board Member

The effective period for the resolution at the 92nd Ordinary General Meeting of Shareholders concerning the election of Mr. Hiroaki Kanzaki as Substitute Outside Audit & Supervisory Board Member will expire at the beginning of this Ordinary General Meeting of Shareholders, as stipulated in the Articles of Incorporation of MGC.

Therefore, it is proposed that one Substitute Outside Audit & Supervisory Board Member be continuously elected to prepare for the event in which the number of Outside Audit & Supervisory Board Members may fall short of such number as is required by laws and regulations.

Additionally, prior to assuming the post, the validity of election may be revoked upon approval of the Audit & Supervisory Board and resolution of the Board of Directors.

The Audit & Supervisory Board has already given consent to this proposal.

The candidate is as follows:

Name (Date of Birth)	Profile and position in MGC (Important positions concurrently held at other companies, etc.)	Number of shares of MGC held
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Renomination</div>	April 1991 Admitted to the bar, Daiichi Tokyo Bar Association, Joined Sugimoto Law Office April 1992 Committee Member of the Committee on Human Rights Protection, Daiichi Tokyo Bar Association (to the present) April 1997 Joined Ichibancho Sogo Law Office April 2004 Director, Orifa Servicer Corporation April 2010 Member of the Central Election Management Council of Japan May 2010 Attorney at law, Representative Partner , Ichibancho Sogo Law Offices L.P.C (to the present)	0 Shares
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Outside Audit &amp; Supervisory Board Member</div>	June 2010 Member of the Society for Contract Law, Ministry of Defense (to the present)	
<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">Independent Audit &amp; Supervisory Board Member</div>	July 2010 Director, Orifa Servicer Corporation April 2012 Vice-President of Daiichi Tokyo Bar Association	
Hiroaki Kanzaki (November 2, 1962)	April 2013 Member of Attorneys Recommendation Committee, Daiichi Tokyo Bar Association Member of the Finance Committee, Japan Federation of Bar Associations Chairperson, Central Election Management Council of Japan. Member of the Finance Committee, Daiichi Tokyo Bar Association (to the present)	
	April 2018 Auditor, Japan Federation of Bar Associations	
	■ Reason for nomination as candidate Mr. Hiroaki Kanzaki has highly advanced expertise as an attorney at law, as well as experience of direct involvement in corporate management and sufficient insight into corporate management derived thereof. It is deemed that, derived from those experiences, he would possess sufficient insight and knowledge essential for Audit & Supervisory Board Member to be responsible for ensuring the lawfulness and appropriateness of the execution of Directors' duties, therefore, he has been nominated as a candidate for Substitute Outside Audit & Supervisory Board Member.	

(Notes) 1. No conflict of interests exists between MGC and the candidate.

2. In the event the election of Mr. Hiroaki Kanzaki is approved, MGC is scheduled to conclude an

(Translation)

- identical Limitation of Liability Agreement with him, limiting his liabilities pursuant to Article 423 Paragraph 1 of the Companies Act to the maximum amount stipulated by the Companies Act.
3. In the event the election of Mr. Hiroaki Kanzaki is approved, MGC will also register him as an independent auditor at Tokyo Stock Exchange, Inc..
  4. MGC has entered into a directors and officers liability insurance agreement with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The content of the insurance agreement is as stated on 3. Information Concerning Corporate Officers in the Business Report. The candidate for Substitute Audit & Supervisory Board Member is to be included as insured parties under the insurance agreement in the event he is appointed as Outside Audit & Supervisory Board Member. Furthermore, MGC plans to leave the content of the insurance policy unchanged upon its next renewal.

## **BUSINESS REPORT**

(From April 1, 2020 to March 31, 2021)

### **1. Review of Results**

#### **(1) Overview of results**

During the fiscal year ended March 2021 (April 1, 2020 – March 31, 2021), the world economy remained harsh due to the global fallout from the novel coronavirus pandemic. Although signs of recovery emerged thanks to national stimulus packages, progress in vaccination and other positive factors, the pandemic has yet to be contained, causing the outlook for the future to remain unclear.

Against this backdrop, the MGC Group nevertheless saw consistently strong demand for its semiconductor-related products and optical polymers. On the other hand, demand for such offerings as automotive-related products fell in the first half due to the novel coronavirus pandemic, while, at the same time, market prices remained sluggish for general-purpose products. However, the second half brought overall recovery in demand, along with upturns in methanol market prices.

In these circumstances, the MGC Group strove to execute basic policies under “MGC Advance2020,” a medium-term management plan. More specifically, the Group endeavored to improve its corporate value by promoting such strategies as “Strengthening the earning power of existing businesses with a focus on core businesses,” “Creating and developing new businesses,” and “Implementing investment strategies to form an optimal business portfolio.”

The MGC Group’s net sales decreased year on year due primarily to a drop in the sales volume of general-purpose aromatic chemicals and foamed plastics.

However, group operating income rose year on year, despite increases in repair and other fixed costs, thanks primarily to growth in the sales volume of semiconductor-related products and optical polymers, along with lower raw material and fuel prices.

Ordinary income increased due to the higher operating income as well as improvement in equity in earnings of affiliates related to overseas methanol producing companies that reflected the absence of one-off costs (¥7.8 billion) recorded in the previous fiscal year in connection with a joint venture in Saudi Arabia.

Net income attributable to owners of the parent grew, despite such factors as growth in impairment losses and a decrease in gain on sales of investment securities, due mainly to the increase in ordinary income.

In fiscal 2020, the MGC Group achieved ¥595.7 billion in consolidated net sales, a decrease of ¥17.6 billion (2.9%) from the previous year. Consolidated operating income was ¥44.5 billion, an increase of ¥10.2 billion (29.9%). As a result of recording equity in earnings of affiliates of ¥5.1 billion, an increase of ¥6.4 billion, consolidated ordinary income was ¥50.2 billion, an increase of ¥19.1 billion (61.5%). The Group achieved a profit attributable to owners of parent of ¥36.0 billion, an increase of ¥14.9 billion (70.5%).

#### **(2) Results by business segment**

MGC has changed its business segmentation to three segments “Basic Chemicals,” “Specialty Chemicals” and “Other” from the previous five segments, “Natural Gas Chemicals,” “Aromatic Chemicals,” “Specialty Chemicals,” “Information & Advanced Materials,” and “Other.” The comparisons on each segment were made upon having reclassified figures for fiscal 2019 using the updated business segment categories.

(Translation)

### Basic Chemicals

Main businesses	Methanol, Methanol/Ammonia Based Chemicals, Specialty Aromatic Chemicals, Commodity Aromatic Chemicals, Foamed Plastics, Development and Sales of Resources, Life Science Related Products
-----------------	--

The methanol business saw an improvement in earnings thanks mainly to an upturn in market prices in the second half.

Methanol/ammonia-based chemicals posted a decrease in earnings compared with the previous fiscal year due mainly to a decline in market prices of MMA-based products and an increase in repair costs.

Specialty aromatic chemicals posted earnings on par with the previous fiscal year, due mainly to remarkable second-half recovery in the sales volume of meta-xylenediamine, which had previously been affected by first-half plunge in demand, in addition to solid sales of aromatic aldehydes.

Commodity aromatic chemicals suffered decreases in net sales and earnings compared with the previous fiscal year. This was, despite lower raw material and fuel prices, mainly attributable to sluggish sales volumes of meta-xylene and purified isophthalic acid, as well as lower sales prices of these offerings.

Foamed plastics were buoyed by second-half recovery in demand in the automotive industry, which had been hit by demand stagnation in the first half, and growing product needs associated with food packaging and civil engineering. Reflecting these and other factors, earnings from these offerings were virtually unchanged from the previous fiscal year.

In fiscal 2020, Basic Chemicals Business achieved consolidated net sales of ¥315.0 billion, a decrease of ¥42.2 billion (11.8%) from the previous year and an operating income of ¥9.6 billion, a decrease of ¥1.6 billion (14.7%). The segment achieved ordinary income of ¥11.0 billion, an increase of ¥6.2 billion (131.3%).

### Specialty Chemicals

Main Businesses	Inorganic Chemicals, Engineering Plastics, Optical Materials, Electronics Materials, Oxygen Absorbers(Ageless™)
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Inorganic chemicals posted an increase in earnings compared with the previous fiscal year thanks primarily to growth in the sales volume of chemicals for use in semiconductor manufacturing.

Earnings from engineering plastics were on par with the previous fiscal year thanks mainly to second-half recovery in demand for polycarbonates and polyacetal for automotive and other applications, despite lower first-half demand in these fields.

Optical materials were somewhat affected by signs of stagnation in sales volume in the fourth quarter due to such factors as shortages of semiconductors and inventory adjustments carried out by customers. However, these offerings posted increases in net sales and earnings due to the growing use of multiple camera lenses in smartphones and growth in optical polymer sales volume thanks to measures executed in October 2019 to enhance production capacity.

Electronic materials saw increases in net sales and earnings. This was mainly attributable to growing demand for products used in data centers and other ICT-related fields as well as the higher sales volume of BT materials for semiconductor packaging, the core product category for electronic materials, reflecting the introduction of a new product for use in antenna-in-package substrates to be installed in 5G-compatible smartphones.

Oxygen absorbers such as AGELESS™ posted an increase in earnings compared with the previous fiscal year, despite a decline in demand for tourism-related souvenirs, thanks mainly to a

(Translation)

solid volume of exports.

In fiscal 2020, Specialty Chemicals Business achieved consolidated net sales of ¥267.4 billion, an increase of ¥12.3 billion (4.8%), an operating income of ¥34.8 billion, an increase of ¥9.2 billion (36.2%), and an ordinary income of ¥37.5 billion, an increase of ¥9.3 billion (33.3%).

### Other

In Other, the Group posted an increase in earnings from energy-related businesses due to surges in electricity rates in the fourth quarter.

Other business achieved consolidated net sales of ¥13.2 billion, an increase of ¥12.3 billion. Operating income was ¥3.2 billion, an increase of ¥3.1 billion, and ordinary income was ¥3.2 billion, an increase of ¥3.2 billion.

### Sales by Business Segment

Segment	FY2019 (April 2019 - March 2020)		FY2020 (April 2020 - March 2021)		Year-on-Year Increase/ Decrease (%)
	Sales Amount (millions of yen)	Percentage Total (%)	Sales Amount (millions of yen)	Percentage Total (%)	
Basic Chemicals	357,333	58.2	315,034	52.9	△11.8
Specialty Chemicals	255,112	41.6	267,457	44.9	4.8
Other	898	0.1	13,226	2.2	1372.7
Total	613,344	100.0	595,700	100.0	△2.9

Note: Since FY2020 MGC has changed its business segmentation to three segments “Basic Chemicals,” “Specialty Chemicals” and “Other” from the previous five segments, “Natural Gas Chemicals,” “Aromatic Chemicals,” “Specialty Chemicals,” “Information & Advanced Materials,” and “Other.” The comparisons above were made upon having reclassified figures for fiscal 2019 using the updated business segment categories.

### (3) Capital Expenditures

Capital expenditures for the current fiscal year were made largely in relation to reinforcing the production capabilities for existing products and maintaining/renovating equipment and facilities.

Major expenditures incurred are as follows:

- 1) Major facilities completed during the current fiscal year

No applicable items.

- 2) Construction initiated or continuing through the current fiscal year

MGC Pure Chemicals Taiwan, Inc.

- Production facility for industrial hydrogen peroxide (Specialty Chemicals)

Taixing Lingsu Specialty Materials Co., Ltd.

- Production facility for hydrogen peroxide, performance chemicals (Specialty Chemicals)

### (4) Funding

The funds for equipment and facilities as well as for working capital for the current fiscal year were provided by MGC’s own resources, borrowings from financial institutions and issuance of corporate bonds.

(Translation)

MGC issued 20 billion yen in unsecured corporate bonds on September 3, 2020. Of this amount, 10 billion yen is used to redeem existing bonds, and remaining amount is used as part of capital investment to improve corporate value.

## (5) Operations Results and Financial Position

### 1) MGC Group (consolidated basis) (Millions of yen)

Classification	FY2017 April 2017 – March 2018	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020	FY2020 April 2020 – March 2021
Sales	635,909	648,986	613,344	595,718
Ordinary income	80,711	69,199	31,116	50,240
Profit attributable to owners of parent(MitsubishiGasChemical)	60,531	55,000	21,158	36,070
Net income per Share (yen)	281.39	257.46	100.50	173.41
Total assets	785,687	804,038	771,733	836,364
Net assets	519,144	553,282	548,141	581,411

Note 1: From the beginning of FY2018, MGC has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28; February 16, 2018), etc., and figures for FY2017 in the table above have been retroactively restated after application of said accounting standard, etc.

### 2) MGC (Non-consolidated basis) (Millions of yen)

Classification	FY2017 April 2017 – March 2018	FY2018 April 2018 – March 2019	FY2019 April 2019 – March 2020	FY2020 April 2020 – March 2021
Sales	364,433	375,129	351,348	344,898
Ordinary income	54,149	41,329	30,066	26,443
Net income	41,386	34,690	29,332	23,966
Net income per Share (yen)	192.39	162.39	139.33	115.22
Total assets	455,869	457,427	425,713	469,634
Net assets	275,255	291,198	290,955	306,478

Note 1: From the beginning of FY2018, MGC has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28; February 16, 2018), etc., and figures for FY2017 in the table above have been retroactively restated after application of said accounting standard, etc.

(Translation)

### **(6) Key Challenges for the Mitsubishi Gas Chemical Group**

In fiscal 2020, The MGC Group fell short of the management indicators set as targets for the final year of MGC Advance2020, the previous Medium-Term Management Plan.

This was the result of external factors such as oversupply due to the rise of emerging countries and a downturn in commodity product markets associated with US/China trade friction, as well as a decline in demand for some products due to the impact of the COVID-19. Internal factors, including the maturation of existing business structures and delays in creating and developing new businesses, also played a role.

Meanwhile in core and semi-core businesses, there was steady growth in products unaffected by market conditions, which have maintained their competitive advantage and led to solving social issues, while markets have also continued to grow.

Launched in fiscal 2021, newly formulated Medium-Term Management Plan, “Grow UP 2023”, establishes two new objectives under the MGC Way, the new MGC Group philosophy. The objectives involve “Shift to a profit structure resilient to environmental changes” and “Balance social and economic value.” MGC will pursue strategies to achieve these objectives comprised of three items for each.

#### ◆ New Medium-Term Management Plan “Grow UP 2023”

##### ● Objective 1

Shift to a Profit Structure Resilient to Environmental Changes : Business Portfolio Reform

##### ■ Strategies

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

To move forward with business portfolio reforms under the Plan, the MGC Group has reevaluated its business categories, classifying those businesses with both competitive advantage and growth potential as “differentiating businesses”. The MGC Group is developing a broad range of differentiating businesses to offer value to society which lead to “creating values to share with society”. In chemicals and materials, these include Meta-xylenediamine(MXDA), MX-Nylon, aromatic aldehydes and polyacetal; specialty products include electronics chemicals, BT-related material, optical resin polymers and ultra-high refractive lens monomers. The MGC Group will continue to focus management resources on these differentiating businesses, further strengthening profitability.

In addition, the Group will work to accelerate the creation and development of new businesses. Through revisions to its Research Promotion and Supervisory organization, the MGC Group is working to more flexibly draw out the capabilities of its human resources, while maintaining and expanding its existing businesses as a true R&D company and building a R&D system for creating innovation. At the same time, the Group will construct a system for responding to the needs of its customers and markets even more swiftly and precisely, striving to create value that leads to sustainable growth. The Group also plans to continue introducing new products by increasing its research personnel and making even more active investments in R&D.

In addition to these strategies, the MGC Group will also work to reevaluate and rebuild unprofitable businesses as it attempts to shift to a profit structure that is resilient to environmental changes. Specifically, by fiscal 2023, the Group aims to have more than 40% of overall sales come from differentiating businesses, and for unprofitable businesses or those needing rebuilding to represent less than 3% of total sales.



(Translation)

● Objective 2

Balance Social and Economic Value: Toward Sustainable Growth

■ Strategies

- Solve social issues through business
- Harmonize shared-value creation with environmental protection
- Strengthen discipline and foundation supporting business activities

Three strategies will be executed with the goal of balancing social and economic value.

While last fiscal year MGC identified materiality--priority issues for management--in line with formulating a new medium-term management plan, it has also established new fiscal 2030 targets to allow the company to make steady progress in materiality management, and has set new key performance indicators (KPIs) for fiscal 2023 aimed at achieving those targets. Specifically, KPIs have been set for GHG emission reductions aimed at air quality control, and for investments and R&D expenditures aimed at solving energy and climate change-related problems. MGC will tie this kind of materiality management to sustainable growth.

● Targeted Management Indicators (final fiscal year of Grow UP 2023)

Return on invested capital (ROIC) will be introduced as a new KPI aimed at promoting management with an awareness of capital efficiency. The MGC Group's goal in implementing these strategies is to set a new record high for operating income.

(JPY in billions)

Consolidated Performance	Target Value (Fiscal 2023)
Sales	730
Operating Income	70
Ordinary Income	80
ROE (Return On Equity)	9% or higher
ROIC(Return on Invested Capital) *	10% or higher

< Assumptions > Exchange rate : 105JPY / US\$,  
Crude oil (Dubai) : 60US\$/BBL

\*ROIC = Ordinary Income ÷ invested capital

The basic policy is to continue to provide stable dividends while flexibly purchasing treasury stock, while setting a new total payout ratio of 40% as a target for medium-term shareholder returns.

\* Plans and descriptions concerning the future such as target values provided in “Key Challenges for the Mitsubishi Gas Chemical Group” are based on information available to the Group as of the date of preparation of this document and certain assumptions which the Group deems reasonable, and therefore include uncertainties. Actual results may differ significantly from these projections due to various factors.

(Translation)

**(7) Major Places of Business of Mitsubishi Gas Chemical (As of March 31, 2021)**

1) MGC

	Name	Location
Head Office:	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo, Japan	
Research Institutes:	Tokyo Research Laboratory	Tokyo Prefecture
	Niigata Research Laboratory	Niigata Prefecture
	Hiratsuka Research Laboratory	Kanagawa Prefecture
Plants:	Niigata Plant	Niigata Prefecture
	Mizushima Plant	Okayama Prefecture
	Yokkaichi Plant	Mie Prefecture
	Yamakita Plant	Kanagawa Prefecture
	Kashima Plant	Ibaraki Prefecture
	QOL Innovation Center Shirakawa	Fukushima Prefecture

2) Subsidiaries

Company Name	Head Office	Business and Production Site
Eiwa Chemical Industry Co., Ltd.	Kyoto	Aichi Prefecture, etc.
Toho Earthtech, Inc.	Niigata	Tokyo Prefecture, etc.
Japan Finechem Co., Inc.	Tokyo	Kagawa Prefecture, etc.
Japan U-pica Co. Ltd.	Tokyo	Yamaguchi Prefecture, etc.
Mitsubishi Gas Chemical Trading, Inc.	Tokyo	Osaka Prefecture, etc.
Yonezawa Dia Electronics Co., Inc.	Yamagata	---
JSP Corporation	Tokyo	Tochigi Prefecture, etc.
MGC Energy Company Limited	Tokyo	---
MGC Electrotechno Co., Ltd.	Tokyo	Fukushima Prefecture
MGC Terminal Co., Inc.	Tokyo	Hiroshima Prefecture, etc.
MGC Filsheet Co., Ltd.	Saitama	Osaka Prefecture, etc.
MGC Advanced Polymers Inc.	U.S.A.	---
MGC Pure Chemicals America, Inc.	U.S.A.	U.S.A.
Mitsubishi Gas Chemical America, Inc.	U.S.A.	---
MGC Pure Chemicals Singapore Pte. Ltd.	Singapore	---
Mitsubishi Gas Chemical Singapore Pte. Ltd.	Singapore	---
Ageless (Thailand) Co., Ltd.	Thailand	---
Thai Polyacetal Co., Ltd.	Thailand	Thailand
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	China	---
MGC Pure Chemicals Taiwan, Inc.	Taiwan	---
Samyoung Pure Chemicals Co., Ltd.	Korea	Korea

(Translation)

**(8) Number of Employees (As of March 31, 2021)**

1) MGC Group (Consolidated)

Segment	Number of Employees	Change from End of FY2019
Basic Chemicals	5,016	34
Specialty Chemicals	3,533	23
Other	135	△2
Corporate (Shared)	314	△11
Total	8,998	44

Notes: 1. Only employees working within the Group are included in the headcount (excludes individuals on assignment from the Group to companies outside of the Group and includes individuals on assignment from outside of the Group to companies within the Group).

2. The employees in the Corporate (Shared) segment are individuals who belong to administrative departments that cannot be classified into specific business segments.

3. Since FY2020 MGC has changed its business segmentation to three segments “Basic Chemicals,” “Specialty Chemicals” and “Other” from the previous five segments, “Natural Gas Chemicals,” “Aromatic Chemicals,” “Specialty Chemicals,” “Information & Advanced Materials,” and “Other.” The comparisons above were made upon having reclassified figures for fiscal 2019 using the updated business segment categories.

2) MGC (Non-Consolidated)

Number of Employees	Change from End of FY2019	Average Age	Average Duration in Employment
2,427	36	40 years old and 9 month	17 years and 8 month

Note: Only employees working within MGC are included in the headcount (excludes individuals on assignment from MGC to other companies and includes individuals on assignment from other companies to MGC).

**(9) Major Subsidiaries and Affiliates (As of March 31, 2021)**

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
Eiwa Chemical Industry Co., Ltd.	420	90.9	Manufacture and sale of blowing agents, blowing agent activators, and resin processing products
Toho Earthtech, Inc.	240	50.1	Production and sale of natural gas and iodine, and Seismic reinforcement works
Japan Finechem Co., Inc.	274	100.0 (9.8)	Manufacture and sale of organic synthetic chemicals, including polymeric initiators and raw materials for agrichemicals, and electronics parts
Japan U-Pica Co., Ltd.	1,100	70.0	Manufacture and sale of unsaturated polyester resins, coating resins, and methacrylic acid esters
Mitsubishi Gas Chemical Trading, Inc.	210	100.0	Sale of chemicals and other products
Yonezawa Dia Electronics Co., Inc.	90	100.0 (100.0)	Manufacturing of Mass lamination board and LE sheet, entry sheet for PWB drilling
JSP Corporation	10,128	54.0 (0.2)	Manufacture and sale of foamed polystyrene and foamed polyolefin
MGC Energy Co., Ltd.	5	100.0	Procurement and sales of electricity
MGC Electrotechno Co., Ltd.	500	100.0	Manufacture and sale of printed circuit board materials

(Translation)

Company	Issued Share Capital (millions of yen)	Ratio of Voting Rights (%)	Principal Business
MGC Terminal Co., Inc.	100	100.0 (14.2)	Storage services for methanol
MGC Filsheet Co., Ltd.	50	100.0 (45.4)	Manufacture and sale of polycarbonate sheets/films
MGC Advanced Polymers Inc.	(thousands of USD) 6,000	100.0 (50.0)	Manufacture and sale of MX-Nylon
MGC Pure Chemicals America, Inc.	(thousands of USD) 5,000	100.0 (20.0)	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical America, Inc.	(thousands of USD) 1,084	100.0	Sale of chemicals and other products
MGC Pure Chemicals Singapore Pte. Ltd.	(thousands of USD) 7,106	100.0 (10.0)	Manufacture and sale of super pure hydrogen peroxide and other products
Mitsubishi Gas Chemical Singapore Pte. Ltd.	(thousands of USD) 1,161	100.0	Sale of chemicals and other products
Ageless (Thailand) Co., Ltd.	(millions of THB) 250	100.0	Manufacture and sale of Oxygen Absorbers
Thai Polyacetal Co., Ltd.	(millions of THB) 840	70.0	Manufacture and sale of polyacetal resins
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	(millions of RMB) 1,504	91.0	Manufacture and sale of polycarbonate resins
MGC Pure Chemicals Taiwan, Inc.	(millions of NTD) 80	100.0	Manufacture and sale of super pure hydrogen peroxide and other products
Samyoung Pure Chemicals Co., Ltd.	(millions of KRW) 3,500	51.0	Manufacture and sale of super pure hydrogen peroxide and other products
Granopt Co., Ltd.	150	49.0	Manufacture and sale of magneto-optics crystal
Kokuka Sangyo Co.,Ltd	100	50.0	Shipping of chemical products
Japan Saudi Arabia Methanol Co., Inc.	2,310	47.4	Import and sale of methanol, and investment in and finance for foreign companies
Mitsubishi Engineering-Plastics Corporation	3,000	50.0	Sale and manufacture of engineering plastics
Ryoden Kasei Co.,Ltd	300	45.0	Manufacture and sale of electric/electronic related materials and their applied products
Brunei Methanol Company Sdn.Bhd.	(thousands of USD) 189,400	50.0	Manufacture and sale of methanol
Tai Hong Circuit Industrial Co., Ltd.	(millions of NTD) 1,104	50.0	Manufacture and sale of printed circuit boards (single-sided boards, double-sided boards, and double layer boards)
Korea Engineering Plastics Co., Ltd.	(millions of KRW) 12,600	50.0 (10.0)	Manufacture and sale of engineering plastics, mainly polyacetal resins

Note: The figures in parentheses represent the percentage of voting rights indirectly held by MGC's subsidiaries, included in totals.

(Translation)

**(10) Major Lenders (As of March 31, 2021)**

(Millions of yen)

Lender	Balance of Borrowings
MUFG Bank, Ltd.	25,254
The Norinchukin Bank	7,188
Nippon Life Insurance Company	5,835
Mizuho Bank, Ltd.	5,557
Development Bank of Japan Inc.	5,545
Sumitomo Mitsui Banking Corporation	4,834
The Bank of Yokohama, Ltd.	4,750

(Translation)

## 2. Information Concerning Stock (As of March 31, 2021)

(1) **Authorized Shares** 492,428,000 (No change from end of FY2019)

(2) **Issued and Outstanding Shares** 225,739,199 (No change from end of FY2019)

(3) **Number of Shareholders** 21,585 (Decrease by 3,192 from end of FY2019)

### (4) Principal Shareholders (ten largest shareholders)

Name of shareholder	Investment to MGC	
	Number of Shares Held (thousands Shares)	Percentage to Total Shares Outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	19,514	9.3
Custody Bank of Japan, Ltd. (Trust account)	11,551	5.5
Meiji Yasuda Life Insurance Company	8,797	4.2
Nippon Life Insurance Company	8,795	4.2
The Norinchukin Bank	5,026	2.4
AGC Inc.	4,332	2.0
The Bank of Yokohama, Ltd.	3,085	1.4
Custody Bank of Japan, Ltd. (Trust account 5)	3,008	1.4
JPMorgan Securities Japan Co., Ltd.	2,898	1.3
Custody Bank of Japan, Ltd. (Trust account 4)	2,812	1.3

Notes: 1. MGC holds 17,726 thousands shares of treasury shares, which is not included in the above list of principal shareholders.

2. Percentage to Total Shares Outstanding is calculated excluding treasury shares.

### (5) Shares Delivered as Consideration for The Execution of Duties to Directors and Audit & Supervisory Board Members

	Number of Shares	Number of Recipients
Directors (Excluding Outside Directors)	18,000	8

(Translation)

### 3. Information Concerning Corporate Officers

#### (1) Directors and Audit & Supervisory Board Members (As of March 31, 2021)

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Representative Director Chairman	Toshikiyo Kurai	
Representative Director President	Masashi Fujii	
Director Managing Executive Officer	Masato Inari	In charge of Internal Audit Division, Environment & Total Production Sector
Director Managing Executive Officer	Nobuhisa Ariyoshi	In charge of internal control & risk management, Corporate Management Sector
Director Managing Executive Officer	Tomohiko Okubo	Administrative Management of LNG Project Team, In charge of Basic Chemicals Business Sector
Director Managing Executive Officer	Kenji Kato	In charge of Research & Development Sector
Director Managing Executive Officer	Yasushi Kosaka	In charge of Specialty Chemicals Business Sector
Director Managing Executive Officer	Naruyuki Nagaoka	In charge of compliance, Corporate Planning Sector
Director	Kazuo Tanigawa	
Director	Tsugio Sato	
Director	Haruko Hirose	President, Japan Morocco Association Outside Director, S&B Foods Inc. Outside Director, Nikkiso Co., Ltd.
Director	Toru Suzuki	Audit & Supervisory Board Member, Mitsui Sugar Co.,Ltd. Audit & Supervisory Board Member, Nutri Co., Ltd.
Audit & Supervisory Board Member (Fulltime)	Takashi Kimura	
Audit & Supervisory Board Member (Fulltime)	Katsuhiko Sugita	
Audit & Supervisory Board Member (Fulltime)	Masamichi Mizukami	

(Translation)

Position	Name	Responsibilities at MGC and Important current positions at other companies, etc.
Audit & Supervisory Board Member	Yasuomi Matsuyama	External Audit & Supervisory Board Member of Keisei Electric Railway Co., Ltd. President in Nissay Culture Foundation President in Tokyo Opera City Cultural Foundation

- Notes:
- MGC has adopted the executive officer system.
  - Of the Directors, Mr. Yasushi Kosaka, Mr. Naruyuki Nagaoka, Ms. Haruko Hirose and Mr. Toru Suzuki newly assumed their office as of June 25, 2020.
  - Of the Directors, Mr. Kazuo Tanigawa, Dr. Tsugio Sato, Ms. Haruko Hirose and Mr. Toru Suzuki are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
  - Of the Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
  - Ms. Haruko Hirose is listed as above in her preferred name. Her name in the family register is Haruko Makinouchi.
  - Audit & Supervisory Board Member, Mr. Takashi Kimura, has been involved with financial institutions for a number of years, and has experience in corporate management as a manager, and possesses a considerable degree of knowledge regarding finance and accounting.
  - Audit & Supervisory Board Member, Mr. Katsuhiko Sugita, has been involved in the Finance Department of MGC for a number of years, and has experience in management through his role in charge of the Finance & Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
  - Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, has been involved with financial institutions for a number of years, and has experience in corporate management through his role in charge of the Accounting Division, and possesses a considerable degree of knowledge regarding finance and accounting.
  - MGC has registered Directors, Mr. Kazuo Tanigawa, Dr. Tsugio Sato, Ms. Haruko Hirose and Mr. Toru Suzuki and Audit & Supervisory Board Members, Messrs. Takashi Kimura and Yasuomi Matsuyama, as independent directors/auditors at Tokyo Stock Exchange, Inc.
  - There is no material business relation between MGC and the other companies, etc. in which Directors, Ms. Haruko Hirose, Mr. Toru Suzuki and Audit & Supervisory Board Member, Mr. Yasuomi Matsuyama, serve concurrently.
  - Corporate Officers who have retired during the current fiscal year are as follows:
    - Director Mr. Masamichi Mizukami
    - Director Mr. Masahiro Johno
    - Director Mr. Hiroyuki Otsuka
    - (Retired upon expiry of the term of office on June 25 2020)
    - Audit & Supervisory Board Member (Fulltime) Mr. kunio Kawa
    - (Retired upon resignation on June 25 2020)
  - Effective from April 1, 2021 Responsibility at MGC and important current positions at other companies, etc. changed as follows.

Position	Name	Responsibility at MGC and Important current positions at other companies, etc.
Director Managing Executive Officer	Masato Inari	Responsible for Production Technology, In charge of Environment Safety and Quality Assurance Division, Purchasing & Logistics Division
Director Managing Executive Officer	Nobuhisa Ariyoshi	In charge of internal control & risk management, Responsible for Administrative & Personnel Division, Finance & Accounting Division, In charge of Information Systems Division
Director	Tomohiko Okubo	—
Director Managing Executive Officer	Kenji Kato	Responsible for Research & Development Division, In charge of Intellectual Infrastructure Center



(Translation)

Position	Name	Responsibility at MGC and Important current positions at other companies, etc.
Director Managing Executive Officer	Naruyuki Nagaoka	In charge of Basic Chemicals Business Sector
Director	Toru Suzuki	—

**(2) General Intent of Limitation of Liability Agreement**

MGC has entered into a Limitation of Liability Agreement with each Outside Corporate Officers to limit their liabilities with respect to Article 423 Paragraph 1 of the Companies Act up to the amount stipulated by the law, based on Article 427 Paragraph 1 of said Act.

**(3) General Intent of Directors & Officers Liability Insurance**

MGC has entered into a directors and officers liability insurance policy with an insurance company pursuant to Article 430-3 Paragraph 1 of the Companies Act, with the insured parties thereto consisting of MGC's Directors, Audit & Supervisory Board Members, Executive Officers, important employees, outside dispatched officers and retired officers.

The insurance policy provides coverage for legal damages, litigation expenses and other such costs that may be incurred by an insured party if he or she becomes subject to a legal claim for damages filed by a shareholder, third-party or otherwise. However, the insurance policy does not provide coverage for damages caused by an insured party as a result of he or she having engaged in criminal acts or other such behavior.

MGC shall assume payment of the insurance policy premiums in full.

(Translation)

#### (4) Directors' and Audit & Supervisory Board members' Remuneration

Classification	Amount of Remuneration (millions of yen)	Total Amount of Remuneration by Type (millions of yen)			Number of eligible people
		Basic	Performance-based	Restricted Stock	
Directors	479	330	120	29	15
Audit & Supervisory Board Member	87	87	—	—	5
Total	567	418	120	29	20
Outside Directors/Audit & Supervisory Board Members (Figures on the right are parts of the total amounts above.)	(70)	(70)	—	—	(6)

- Note: 1. The amount of restricted stock remuneration to Directors is that of the provision for restricted stock remuneration (for eleven Directors excluding Outside Directors) for the fiscal year under review.
2. Monetary remuneration paid to Directors is to amount to within ¥600 million per annum, including reserved retirement benefits for each term of office (of which, the amount shall be within ¥50 million for Outside Directors who shall not be eligible for of the reserved retirement benefits), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of Directors upon conclusion of said General Meeting of Shareholders is 12 Directors (of whom, two are Outside Directors).  
Meanwhile, in a framework separate from the monetary remuneration, remuneration that involves granting restricted stock shall amount to within ¥100 million per annum (Outside Directors shall not be eligible for payment thereof), per resolution of the 91st Ordinary General Meeting of Shareholders held on June 26, 2018. The number of Directors (excluding Outside Directors) upon conclusion of said General Meeting of Shareholders is 10 Directors.
3. Having taken into account Remuneration and Nominating Committee discussions involving Mr. Masashi Fujii, President and Representative Director, on remuneration allocations, the Board of Directors deems the President most suitable for evaluating the respective Directors while enlisting a broad-based view of the MGC overall. The Board of Directors has accordingly decided to entrust Mr. Masashi Fujii with decisions on allocations of annual remuneration for the respective Directors.
4. Indicators pertaining to performance-based remuneration enlist a combination of ordinary income and ROIC with the aim of providing incentive with respect to corporate performance. Accordingly, ordinary income of ¥31,116 million and ROIC of 4.9% served actual results with respect to such indicators.
5. Monetary remuneration paid to Audit & Supervisory Board Members is to amount to within ¥10 million per month, per resolution of the 80th Ordinary General Meeting of Shareholders held on June 28, 2007. The number of Audit & Supervisory Board Members upon conclusion of said General Meeting of Shareholders was 5 Audit & Supervisory Board Members.
6. Audit & Supervisory Board Members' remuneration consists only of a basic remuneration and is decided among the Audit & Supervisory Board Members within the amount stipulated by the General Meeting of Shareholders.

#### (5) Policies and Methods for Deciding Remuneration and Other Benefits of Directors

MGC has determined policies on making decisions regarding remuneration and other benefits for individual Directors, per resolution at its meeting of the Board of Directors held on February 17, 2021.

Having taken into account discussions regarding remuneration and other benefits for individual Directors pertaining to the current fiscal year, subsequent to consultation with the Remuneration and Nominating Committee consisting of the Chairman, the President, and all Outside Directors, the Board of Directors deems that such remuneration and other benefits for

(Translation)

individual Directors conforms with the methods for deciding details of remuneration and other benefits and also conforms with such policies on details regarding remuneration and other benefits that have been determined.

The policy on making decisions pertaining to remuneration and other benefits for individual Directors is as follows.

Remuneration for the MGC's Directors, excluding Outside Directors, consists of annual remuneration and restricted stock remuneration.

The annual remuneration consists of fixed basic remuneration decided in accordance with each Director's position and duties, in conjunction with performance-based remuneration based on various indicators of corporate performance. As for method payment, the eligible Directors receive annual remuneration paid on a monthly basis, divided into monthly installments, a certain percentage of which is set aside each month as part of a reserved retirement benefit, which is paid to Directors upon their retirement. MGC may take action to reduce such amounts depending on a Director's performance and other grounds. The performance-based remuneration is determined based on factors that include quantitative financial results and the extent to which targets have been achieved, using ordinary income and other such indicators, with the aim of furnishing incentive with respect to corporate performance. Moreover, performance-based remuneration accounts for roughly 30% of annual remuneration, which mainly consists of basic remuneration. This is a suitable remuneration mix given distinctive characteristics of MGC's business particularly in terms of its many years of monetizing respective businesses as a result of having engaged in various initiatives such as R&D, manufacturing process development, and market development.

The restricted stock remuneration involves granting a certain volume of shares to Directors in alignment with their positions and duties, in a manner whereby remuneration furnished for the sake of granting treasury shares is paid to the Directors each fiscal year on a lump-sum basis. Such shares are subject to transfer restrictions so that recipients are required maintain holdings for a certain period of time. This helps encourage a sense of shared value with shareholders and furthermore provides incentive for recipients to help achieve sustainable growth with respect to MGC's corporate value.

In addition to these forms of remuneration, MGC may pay an amount considered appropriate as a bonus upon resolution of a General Meeting of Shareholders.

Remuneration paid to Outside Directors who maintain positions of independence from business execution is limited to fixed amounts of basic remuneration.

Total amounts of annual remuneration for Directors shall be determined by the Board of Directors, subsequent to consultation with the Remuneration and Nominating Committee and after having reviewed comprehensive factors such as corporate performance, world standards, and employee salary trends. With respect to remuneration allocations on an individual basis, the Board of Directors has taken into account Remuneration and Nominating Committee discussions involving the President on remuneration allocations, and accordingly deems the President most suitable for evaluating the respective Directors while enlisting a broad-based view of the MGC overall in that regard.

The policy above shall be determined by the Board of Directors, subsequent to consultation with the Remuneration and Nominating Committee consisting of the Chairman, the President, and Outside Directors.

(Translation)

## (6) Information Concerning Outside Corporate Officers

### 1) Relations between MGC and Other Companies in which Officers Concurrently Hold Important Positions

The relations between MGC and other companies in which the outside corporate officers concurrently hold important positions are as described in (1).

### 2) Major Activities of Outside Corporate Officers

Outside Director	Attendance at Board of Directors Meeting	Major Activities
Kazuo Tanigawa	12 of 12 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Tanigawa adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings from an external perspective to ensure appropriate and proper decision-making of MGC.
Tsugio Sato	12 of 12 meetings	Drawing on his highly advanced expertise in a wide field of study in chemicals such as inorganic materials chemistry and on his extensive experience holding prominent positions in various organizations, including universities and academic societies, Dr. Sato adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.
Haruko Hirose	9 of 9 meetings	Drawing on her experience overseas and insight as director at international organizations on a global scale, Ms. Haruko Hirose adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.
Toru Suzuki	9 of 9 meetings	Drawing on his many years of experience and insight as a manager at a company operating on a global scale, Mr. Toru Suzuki adequately demonstrated management supervision functions by making comments as necessary at Board of Directors meetings and other important meetings subsequent to assuming office as Director from an external perspective to ensure appropriate and proper decision-making of MGC.

(Translation)

Outside Audit & Supervisory Board Member	Attendance at Board of Directors Meeting	Attendance at Audit and Supervisory Board Meeting	Major Activities
Takashi Kimura	12 of 12 meetings	14 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Kimura asked questions and offered advice at Board of Directors meetings and other important meetings to ensure the appropriate execution of business. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Kimura audited each division and office and carried out inspection of subsidiaries, etc., while adequately demonstrating audit functions as a Full-time Audit & Supervisory Board Member
Yasuomi Matsuyama	12 of 12 meetings	13 of 14 meetings	Drawing on his experience with financial institutions and as a business manager, Mr. Matsuyama made comments from an external perspective to ensure appropriate decision making by the Board of Directors. Further, in compliance with audit policies stipulated by the Audit & Supervisory Board, Mr. Matsuyama discussed and exchanged views on important matters related to auditing, adequately demonstrating audit functions.

(Translation)

#### 4. Information Concerning Independent Auditor

##### (1) Name of Independent Auditor

Crowe Toyo & Co.

##### (2) Independent Auditors' Fees in FY2020

1) Fee for the audit performed as stipulated in Article 2 Paragraph 1 of the Certified Public Accountants Law	¥70 million
2) Aggregate amount of cash and other monetary payments made by MGC and MGC's subsidiaries	¥100 million

- Notes:
1. The fee for audit pursuant to the Companies Act and that for audit pursuant to the Financial Instruments and Exchange Act are not differentiated in the Audit Agreement between MGC and Independent Auditor. As such, the amount in 1) includes the amount of the fee and other payments for the audit due pursuant to the Financial Instruments and Exchange Act.
  2. Of MGC's main subsidiaries, the financial statements of JSP Corporation and foreign subsidiaries are audited (as stipulated in the Companies Act or Financial Instruments and Exchange Act, including equivalent foreign laws and ordinances) by certified public accountants or accounting firms (including those with equivalent foreign certifications) other than MGC's Independent Auditor.
  3. MGC and MGC's subsidiary entrusts agreed-upon procedural operations as duties other than duties prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act, and pay consideration to Independent Auditors.
  4. The Audit & Supervisory Board agreed to the amount listed above in 1) after confirming the content of the Independent Auditor's audit plan, quality management systems, the state of execution of audit, estimates of audit remuneration, etc.

##### (3) Policy for Dismissal and Non-reappointment of independent Auditors

In the case that any of the items in Article 340, Paragraph 1 of the Companies Act apply to an Independent Auditor, that Independent Auditor's dismissal will be considered, and in the case that their dismissal is judged to be appropriate, the Audit & Supervisory Board will dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board Members.

Also, in the case that the Audit & Supervisory Board recognizes that it has become difficult for the Independent Auditor to appropriately execute duties, or if otherwise judged necessary, the Audit & Supervisory Board will submit an agenda item regarding the dismissal or nonrenewal of the Independent Auditor to the General Meeting of Shareholders.

(Translation)

## **5. Resolution on Establishing Systems to Ensure Appropriate Business Operations**

In following with the regulations of Article 362, Paragraph 4, Item 6 of the Companies Act, Paragraph 5 of the same Article, and Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, MGC resolved in the Board of Directors meeting with respect to systems to ensure appropriate business operations (Internal Control System). Additionally, the status of the maintenance and operation of internal controls is being reported to the Board of Directors on a yearly basis, and in addition to verifying and resolving upon the appropriateness of this resolution, the Board of Directors also deliberates and resolves upon a basic policy and plans regarding the following year's maintenance and operation of internal controls. The content of internal control resolutions and operational status during FY2020 are as follows.

### **(1) Content of Resolution on Systems to Ensure Appropriate Business Operations**

#### **① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation**

- 1) MGC shall view compliance as broadly encompassing conformity with laws, regulations, Articles of Incorporation, and internal rules, as well as the conduct of fair, transparent, and free business based on an awareness of corporate responsibility to society, and shall establish MGC Corporate Behavior Guidelines, Compliance Rules, and MGC Group Code of Conduct.
- 2) Officer in charge of Compliance shall be appointed and a Compliance Committee chaired by said Officer shall be established as an organization directly under the President. Compliance Committee shall investigate compliance violations, and also discuss, formulate and make recommendation for corrective and preventive measures.
- 3) In order to ensure that MGC and its Group companies construct, maintain and operate internal controls appropriately MGC shall establish Basic Rules on Internal Control & Risk Management. Internal Control & Risk Management Committee shall be chaired by the officer in charge of Internal Control & Risk Management and shall be established as an organization directly under the President. In order to ensure its effectiveness Internal Control & Risk Management Committee shall cooperate with Compliance Committee and Internal Audit Division.
- 4) In order to detect internal compliance violations and take corrective measures promptly, Compliance Consultation Desk shall be established as a means of receiving internal reports from officers, employees, their families, contractors, business partners, and the like.
- 5) In order to eliminate anti-social forces, in addition to clarifying its firm stance against such forces in MGC Corporate Behavior Guidelines and MGC Group Code of Conduct, MGC shall promote its policies in each relevant department.
- 6) An Internal Audit Division shall be established to conduct internal audits pursuant to the Internal Audit Rules in addition to auditing by Audit & Supervisory Board Members and by Independent Auditors.
- 7) MGC shall issue MGC Compliance Handbook and distribute to officers and employees to ensure their understanding of the compliance system, as well as cultivate awareness of compliance through education and training.

(Translation)

**② Systems for Ensuring Efficient Execution of Duties by Directors**

- 1) MGC shall separate the decision-making, supervision, and business execution functions of the management and implement the Executive Officer system for expeditious decision-making and business execution. At the same time, in the operating divisions to achieve efficient business management accountability for performance shall be clarified.
- 2) In order to make decisions on matters that have material effect on MGC based on multifaceted considerations, a Management Council shall be established to deliberate on management policies and an Operations Council shall be established to deliberate on specific execution plans.
- 3) Organization Regulations, Segregation of Duties Rules, and Rules Defining Extent of Authority shall be established to clarify the duties and authorities of Directors to ensure efficient and appropriate execution of duties.
- 4) Performance shall be monitored based on numerical targets clarified through the Group's medium-term management plan, annual budget, and the like.

**③ System for Archiving and Managing Information on Execution of Duties by Directors**

Information pertaining to the execution of duties by Directors shall be archived and managed in accordance with the Document Control Procedures and other internal rules.

**④ Rules and Other Systems for Managing Risk of Loss**

- 1) MGC shall establish Internal Control & Risk Management Rules in order to understand and appropriately manage business risks.
- 2) Internal Control & Risk Management Committee shall identify the status of risk management and provide supervision and instructions on prioritizing risks and devising reduction measures.
- 3) Being a chemical manufacturer, MGC shall engage in responsible care (RC) activities as a voluntary undertaking to ensure environmental protection and safety through the life cycle of chemicals from production to disposal.

**⑤ System for Ensuring Appropriate Execution of Business by MGC Group**

While valuing the autonomous management of all Group companies and clarifying the managerial accountability of its Board of Directors, MGC has established the following systems that include the maintenance of various regulations to ensure the appropriate execution of business within the MGC Group.

Also regarding the appropriate execution of business within the MGC Group, companies within the Group are controlled through methods including the assignment of officers and the exercise of voting rights as required of the nature of the business, degree of importance, etc.

- In addition to establishing departments responsible for items relating to Group management as well as divisions that supervise individual Group companies, regulations such as Rules on Subsidiaries and Affiliates are maintained and a reporting system is created in order to receive regular and emergency reports from each of the Group companies.
- Regarding Internal Audit Rules, Group companies are also subject to internal audits. Also,



(Translation)

regarding Basic Rules on Internal Control & Risk Management, risk management conducted by Group companies are also subject to these rules, and instruction and education is carried out so that Group companies will maintain and improve appropriate risk management systems.

- MGC establishes MGC Corporate Behavior Guidelines and MGC Group Code of Conduct as basic policies for the entire Group and seeks from each Group company the maintenance of compliance structures that meet them. Also, MGC's Compliance Consultation Desk is also available to the officers and employees of each Group companies, as well as their families, contractors, business partners, etc.
- Through medium-term management plan, annual budget, etc. of Group companies, MGC clarifies each company's performance goals and conducts performance management based on these goals. Regarding important business activities performed by Group companies, MGC's supervisory division ensures appropriate decision-making through management discussions, etc.

#### **⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members**

- 1) Matters Related to Employees Assisting with Audit & Supervisory Board Members' Duties  
Employees shall be assigned to assist Audit & Supervisory Board Members with their duties pursuant to consultations with Audit & Supervisory Board Members.
- 2) Matters Related to Independence from Directors of Employees Assisting with Audit & Supervisory Board Members' Duties  
Employees assigned to assist with the duties of Audit & Supervisory Board Members shall engage full time in said assignment and shall not be subject to orders and instructions from Directors. The prior consent of the Audit & Supervisory Board is required for their transfer, appraisal, and disciplinary punishment.
- 3) Matters related to the ensuring of the effectiveness of orders given to employees who assist Audit & Supervisory Board Members in their duties  
It is made clear that employees who assist Audit & Supervisory Board Members in their duties are to obey instructions given to them by Audit & Supervisory Board Members, and employees who possess the aptitude for such duties are nominated.
- 4) Matters Related to Reports from Directors and Employees to Audit & Supervisory Board Members
  - i) In the event Directors or employees find violations of laws and regulations or facts and the like that may cause significant damage to MGC, they must report said violations, facts, and the like to the Audit & Supervisory Board Members in accordance with laws, regulations, Compliance Rules, and other internal rules.
  - ii) Directors and employees must report regularly, and promptly in the case of important matters, on the execution status of business operations including internal control of MGC and supervised Group companies, risk management and implementation of compliance to the Audit & Supervisory Board Members, as well as promptly conduct investigations and provide reports in the event Audit & Supervisory Board Members request investigations and reports concerning these status.
  - iii) Directors, Audit & Supervisory Board Members, and employees of Group companies will, based on laws and regulations, quickly conduct surveys and deliver reports in the case that a report is demanded from Audit & Supervisory Board Members.

(Translation)

- iv) Compliance Committee must promptly report to Audit & Supervisory Board Members the content of consultations and reports involving MGC or Group companies received through Compliance Consultation Desk.
- 5) Matters related to the treatment of individuals who make reports, etc. to Audit & Supervisory Board Members  
Individuals responsible for aforementioned reports and surveys as well as those who work together with them, etc. shall not be subject to work reassignment, discrimination, or other unfavorable treatment as a result of that action, and knowledge of this prohibition will be made well-known.
- 6) Matters related costs, etc., resulting from the execution of Audit & Supervisory Board Members' duties
  - i) In order to defray costs that occur as the result of the execution of Audit & Supervisory Board Members' duties, an appropriate budget shall be established each fiscal year based on projected activities.
  - ii) If a request for prepayment or settling of accounts regarding costs necessary for the execution of Audit & Supervisory Board Members' duties is received, MGC shall promptly comply.
  - iii) Even in cases where costs incurred as the result of the execution of Audit & Supervisory Board Members' duties exceed the amount budgeted for each fiscal year, Audit & Supervisory Board Members and the related Directors shall meet and as a rule make considerations to respond to the necessity of those costs.
- 7) Other Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members
  - i) Representative Directors shall arrange for regular exchange of views with Audit & Supervisory Board Members. Further, the Internal Audit Division and the Independent Auditor shall communicate and deliberate with Audit & Supervisory Board Members to ensure the effectiveness of Audit & Supervisory Board Members' operations.
  - ii) Audit & Supervisory Board Members may attend Board of Directors Meetings and other important meetings in order to understand the decision making status regarding important matters and the execution status of business operations, in addition to reviewing important documents and requesting explanations of Directors and employees on the execution of business operations.
  - iii) In the case that the Audit & Supervisory Board requests the use of independent external specialists, MGC shall bear those costs, excepting cases where their use is deemed not necessary to the execution of Audit & Supervisory Board Members' duties.

## **(2) Summary of Operational Status of Systems to Ensure Appropriate Business Operations**

### **① Systems for Ensuring Duties of Directors and Employees Are Executed in Compliance with Laws, Regulations, and Articles of Incorporation**

- 1) MGC seeks to conduct CSR activities and achieve thorough compliance, by emphasizing publication of the MGC Corporate Behavior Guidelines Directives for Corporate Actions etc. by delivering it through the President's message.
- 2) MGC revised the MGC Corporate Behavior Guidelines in February 2020 and the MGC Group Code of Conduct in March 2020 and the MGC Compliance Handbook on April 1, 2020 based on changes etc. in social demand since the last revision.
- 3) Internal Control & Risk Management Committee met three times during the fiscal year under review, and deliberated the readiness and operational status of internal controls. Furthermore,

(Translation)

after being approved by the Board of Directors, information concerning basic policies and plans relating to internal controls deliberated by the Committee is spread to MGC officers, employees, and all Group Companies.

- 4) Compliance Committee met two times during the fiscal year under review, deliberated specific items. The Compliance Consultation Desk, in addition to the internal desk, has had an external desk established as well, in order to lower the hurdle in making reports.
- 5) Internal audits are performed based on audit plan, and measures are undertaken to maintain the proper performance of duties. Items designated by internal audits are responded to within timeframes established by the audited division.
- 6) To eliminate anti-social forces, in addition to the creation of a response manual and spreading information internally, when entering into contracts with outside parties, MGC seeks a pledge that the party is not an anti-social force, and contracts can be nullified, etc. if it is later determined that the party is an anti-social force.

### **② Systems for Ensuring Efficient Execution of Duties by Directors.**

- 1) MGC is working to reinforce the management execution system and strengthen its governance through clearly defining the functions and responsibilities of management, by placing an Executive Officer system that makes prompt decision-making possible, and allows the Board of Directors to concentrate on making decisions on the most important business matters and conduct supervision over business execution.

Regarding matters that have material effect on MGC, decisions are made via considerations through multifaceted deliberations at a Management Council that deliberates on management policies and at an Operations Council that deliberates on specific execution plans, and the advice of attorneys and other professionals is received as needed.

- 2) Based on the medium-term management plan and annual budget, performance is regularly monitored.
- 3) Duties and authorities of Directors, officers and employees are reviewed on a yearly basis to work toward ensuring efficient and appropriate execution of duties.

### **③ System for Archiving and Managing Information on Execution of Duties by Directors**

Information pertaining to the execution of duties by Directors is archived and managed in accordance with the Document Control Procedures and other internal rules through the creation of management registers and their archival for an established length of time.

### **④ Rules and Other Systems for Managing Risk of Loss**

- 1) Standards, Operational Rules, etc. have been established under Basic Rules on Internal Control & Risk Management as systems to manage risk during ordinary periods and emergencies. Additionally, as mentioned previously, Internal Control & Risk Management Committee met three times during the fiscal year under review, providing supervision and instructions on the status of risk management.

In addition, to prepare for the continuing COVID-19, the Crisis Countermeasures Headquarters was established continually based on Internal Control & Risk Management regulations, and we are taking measures to prevent infection, such as executing work from home at head office, various infection prevention measures at plants etc.

- 2) In addition to voluntary responsible care (RC) activities, in accordance with policies established at environmental safety meetings attended by all Directors, MGC strives to protect the environment and maintain safety, and continuously repeats the PDCA cycle for the protection of the environment and maintenance of safety, including confirming the progress of activities with internal audits.

(Translation)

#### **⑤ System for Ensuring Appropriate Execution of Business by MGC Group**

- 1) Based on regulations such as Rules on Subsidiaries and Affiliates, Group companies are managed through supervisory divisions, and regular reports on management status, etc. are received from Group companies. Additionally, a reporting system has been created for times of emergency. While a medium-term management plan and annual budget that include Group companies are formulated and performance management is being conducted, MGC aims to ensure appropriate decision-making through the assignment of officers, etc.
- 2) To ensure the appropriate execution of business within MGC Group companies and enhance risk management, the Internal Audit Division systematically conducts internal audits at major Group companies, and through a supervisory division Internal Control & Risk Management Committee strives to maintain and enhance each Group company's risk management system. Additionally, MGC states that the Compliance Consultation Desk is available for use by all individuals involved in the Company Group's business activities.

#### **⑥ Systems for Ensuring Effective Auditing of Audit & Supervisory Board Members**

- 1) Aside from attending meetings of the Board of Directors, Executive Officers, and other important committees, Audit & Supervisory Board Members exchange opinions with Representative Directors and the Board of Directors, receives reports on business execution from each department, and periodically conducts onsite audits of key subsidiaries. Furthermore, Audit & Supervisory Board Members strive to enhance the effectiveness of audits, including by working together and exchanging opinions with Independent Auditor and Internal Audit Division.
- 2) Through various committees related to Internal Control & Risk Management and Compliance, reports are provided to Audit & Supervisory Board Members, on the status of control, etc. Also, consultations and reports discussed with Compliance Consultation Desk are quickly reported, and it has come to be well understood that unfavorable treatment of individuals who make reports is prohibited.
- 3) Staff dedicated to audit functions based on instructions from Audit & Supervisory Board Members are placed, and all costs required for business activity audits are defrayed.

### **6. Policy on Appropriation of Retained Earnings, etc.**

The MGC Group places the improvement of corporate value as a challenge on the management of the greatest importance. Based on the view that the improvement of corporate value will lead to the benefits of all stakeholders including shareholders, the MGC Group takes into consideration investment and lending plans, financial health, and future business trends in order to realize future business growth, and works to achieve a balanced allotment of retained earnings and returns to shareholders. Retained earnings are allotted to be used as investment and lending funds for business expansion and growth and to strengthen the corporate structure. Regarding dividends, the decision to continue steady dividends is made taking into account trends in business results, while working to improve capital efficiency and enhance returns to shareholders through implementing flexible purchase of treasury shares in consideration of the levels of retained earnings and shareholder return, while MGC will set a new total payout ratio of 40% as a target for medium-term shareholder returns. The year-end dividend payout for FY2020 was ¥35. Since the interim dividend payout was ¥35, the annual dividend for FY2020 is ¥70 per share, same amount as FY2019, which resulted in 40.4% of dividend payout ratio on a consolidated basis.

Regarding dividends for the next fiscal year, the interim dividend is planned to be ¥35 per share, while the year-end dividend is planned to be ¥35 per share.

(Translation)

**Consolidated Balance Sheet**

(As of March 31, 2021)

(Millions of yen)

Account item	Amount	Account item	Amount
(Assets)		(Liabilities)	
Total current assets	402,141	Total current liabilities	167,947
Cash and deposits	101,785	Notes and accounts payable-trade	75,308
Notes and accounts receivable-trade	159,018	Short-term borrowings	40,087
Securities	269	Accrued expenses	20,225
Merchandise and finished goods	63,887	Lease obligations	543
Work in process	13,242	Income taxes payable	5,809
Raw materials and supplies	44,145	Provision for bonuses	5,770
Other	20,209	Provision for bonuses for directors (and other officers)	35
Allowance for doubtful accounts	△416	Provision for environmental measures	145
Total non-current assets	434,223	Provision for business restructuring	421
Property, plant and equipment	249,931	Asset retirement obligations	0
Buildings and structures, net	92,274	Other	19,599
Machinery, equipment and vehicles, net	81,113	Total non-current liabilities	87,006
Land	40,774	Bonds payable	20,000
Lease assets, net	2,272	Long-term borrowings	36,202
Construction in progress	24,766	Lease obligations	1,643
Other	8,729	Deferred tax liabilities	11,828
Total Intangible assets	10,499	Provision for retirement benefits for directors (and other officers)	217
Goodwill	4,914	Provision for environment measures	3
Lease assets	5	Provision for business restructuring	760
Software	2,456	Provision for loss on business withdrawal	142
Other	3,123	Other provision	393
Total investments and other assets	173,792	Retirement benefit liability	7,150
Investments securities	158,718	Asset retirement obligations	5,113
Long-term loans receivable	5,012	Other	3,550
Deferred tax assets	3,145	Total liabilities	254,953
Retirement benefit asset	1,396	(Net assets)	
Other	6,064	Total shareholders' equity	514,499
Allowance for doubtful accounts	△545	Share capital	41,970
		Capital surplus	34,301
		Retained earnings	459,790
		Treasury shares	△21,562
		Total accumulated other comprehensive income	9,765
		Valuation difference on available-for-sale securities	14,419
		Deferred gains or losses on hedges	△618
		Foreign currency translation adjustments	△3,542
		Remeasurements of defined benefit plans	△494
		Non-controlling interests	57,146
		Total net assets	581,411
Total assets	836,364	Total liabilities and net assets	836,364

(Translation)

**Consolidated Statement of Income**  
(From April 1, 2020 to March 31, 2021) (Millions of yen)

Account item	Amount	
Net sales		595,718
Cost of sales		454,760
Gross profit		140,958
Selling, general and administrative expenses		96,448
Operating income		44,510
Non-operating income		
Interest and dividend income	2,754	
Other	9,468	12,222
Non-operating expenses		
Interest expenses	800	
Other	5,692	6,492
Ordinary income		50,240
Extraordinary income		
Gain on sales of investment securities	1,800	
Insurance claim income	257	
Compensation income	152	
Subsidy income	128	2,338
Extraordinary loss		
Impairment loss	1,695	
Loss on remittance fraud of subsidiary	984	
Loss compensation	307	
Loss on withdrawal from business	287	
Loss on liquidation of subsidiaries	242	
Loss on valuation of investment securities	107	3,626
Profit before income taxes		48,951
Income taxes-current	10,180	
Income taxes-deferred	△611	9,568
Net income		39,383
Profit attributable to non-controlling interests		3,312
Profit attributable to owners of parent		36,070

(Translation)

**Non-consolidated Balance Sheet**

(As of March 31, 2021)

(Millions of yen)

Account item	Amount	Account item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
Total current assets	232,202	Total current liabilities	113,590
Cash and deposits	39,666	Electronically recorded obligations-operating	266
Notes receivable-trade	145	Accounts payable-trade	46,278
Accounts receivable-trade	105,374	Short-term borrowings	33,229
Merchandise and finished goods	30,902	Lease obligations	86
Work in process	9,140	Accrued payable-other	9,900
Raw materials and supplies	26,041	Income taxes payable	494
Prepaid expenses	1,714	Accrued expenses	16,916
Short-term loans receivable	14,738	Deposits received	347
Accounts receivable-other	3,401	Provision for bonuses	2,969
Other	3,665	Provision for environmental measures	145
Allowance for doubtful accounts	△2,588	Provision for business restructuring	421
Total noncurrent assets	237,431	Other	2,532
Total property, plant and equipment	104,036	Total non-current liabilities	49,565
Buildings, net	23,425	Bonds payable	20,000
Structures, net	12,531	Long-term borrowings	13,764
Machinery and equipment, net	34,575	Lease obligations	115
Vehicles, net	78	Provision for retirement benefits	3,469
Tools and appliances, net	4,728	Provision for environment measures	3
Land	18,329	Provision for business restructuring	760
Lease assets, net	200	Provision for loss on withdrawal from business	142
Construction in progress	10,164	Asset retirement obligations	3,563
Total intangible assets	1,336	Deferred tax liabilities	5,954
Goodwill	13	Other	1,790
Patent right	50	Total liabilities	163,155
Software	1,246	<b>(Net assets)</b>	
Other	25	Total shareholders' equity	293,972
Total investments and other assets	132,059	Share capital	41,970
Investments securities	38,263	Total capital surpluses	35,683
Stocks and investments in capital of subsidiaries and affiliates	78,212	Capital surplus	35,668
Long-term loans receivable	13,328	Other retained earnings	14
Long-term prepaid expenses	743	Total earned surpluses	237,881
Other	1,599	Legal retained earnings	6,999
Allowance for doubtful accounts	△88	Other retained earnings	230,882
		Reserve for mine prospecting	2,038
		Reserve for tax purpose reduction entry of non-current assets	2,823
		General reserve	76,500
		Retained earnings brought forward	149,519
		Treasury shares	△21,562
		Total valuation and translation adjustments	12,506
		Valuation difference on available-for-sale securities	12,506
		Total net assets	306,478
Total assets	469,634	Total liabilities and net assets	469,634

(Translation)

**Non-consolidated Statement of Income**

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Account item	Amount	
Net sales		344,898
Cost of Sales		282,185
Gross profit		62,712
Selling, general and administrative expenses		43,610
Operating profit		19,101
Non-operating income		
Interest and dividend income	9,114	
Other	3,336	12,450
Non-operating expenses		
Interest expenses	202	
Other	4,906	5,109
Ordinary income		26,443
Extraordinary income		
Gain on sales of investment securities	1,800	
Gain on sale of shares of subsidiaries and associates	274	
Compensation income	152	2,227
Extraordinary loss		
Impairment losses	1,695	
Loss compensation	307	
Loss on withdrawal from business	287	2,291
Income before income taxes		26,379
Income taxes-current	2,530	
Income taxes-deferred	△117	2,412
Net income		23,966



## Independent Auditors' Audit Report on Consolidated Financial Statements

### INDEPENDENT AUDITORS' REPORT

May 18, 2021

To: The Board of Directors  
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.  
Tokyo Office

Wataru Kobayashi, CPA  
Designated Partner,  
Engagement Partner

Hiroaki Izawa, CPA  
Designated Partner,  
Engagement Partner

Takayuki Kawakubo, CPA  
Designated Partner,  
Engagement Partner

#### Opinion

We have audited the consolidated financial statements of namely, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to consolidated financial statements of Mitsubishi Gas Chemical Co., Inc. (the Company) from April 1, 2020 to March 31, 2021, in accordance with paragraph 4, Article 444 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries and the results of its operations for the period covered thereby in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on

(Translation)

the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Translation)

## Independent Auditors' Audit Report

### INDEPENDENT AUDITORS' REPORT

May 18, 2021

To: The Board of Directors  
Mitsubishi Gas Chemical Company, Inc.

Crowe Toyo & Co.  
Tokyo Office

Wataru Kobayashi, CPA  
Designated Partner,  
Engagement Partner

Hiroaki Izawa, CPA  
Designated Partner,  
Engagement Partner

Takayuki Kawakubo, CPA  
Designated Partner,  
Engagement Partner

#### Opinion

We have audited the financial statements of namely, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements and the supporting schedules of Mitsubishi Gas Chemical Co., Inc. (the Company) for the 94th business year from April 1, 2020 to March 31, 2021, in accordance with item 1, paragraph 2, Article 436 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

#### Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

(Translation)

- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

**Conflicts of Interest**

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act

## Audit & Supervisory Board's Audit Report

### AUDIT REPORT

We, the Audit & Supervisory Board, deliberated and prepared this audit report as follows on the execution of duties by MGC Directors during the 94th business term from April 1, 2020 to March 31, 2021, based on the audit report prepared by each Audit & Supervisory Board Member:

#### 1. Method and Description of Audit by Audit & Supervisory Board Members and Audit by Audit & Supervisory Board

- (1) We determined the audit policy, audit duty assignments and the like, received reports from each Audit & Supervisory Board Member on individual audit status and results, received reports from the Directors and Independent Auditor on the status of the execution of their duties, and requested explanation as necessary.
- (2) Each Audit & Supervisory Board Member conducted the audit by following method as well as we made efforts to collect information and enhance the auditing environment by communicating with the Directors, each department, Internal Audit Division, other employees, and others in accordance with the Audit & Supervisory Board Members' Audit Standards, audit policy, audit duties, and the like as determined by the Audit & Supervisory Board. Implementation of the initial audit plan involved making use of an online meeting platform for certain aspects of the audit to avoid transmission of COVID-19.
  - i) We attended the Board of Directors' Meetings and other important meetings, received reports from Directors, employees and others on the status of execution of their duties, requested explanation as necessary, examined important decision-rendering documents and other documents, and investigated the state of activities and assets at the head office and principal business offices. With respect to subsidiaries, we communicated and exchanged information with the division controlling each subsidiary in MGC, the directors and Audit & Supervisory Board Members of subsidiaries, requested business reports therefrom as necessary, and investigate the state of activities and assets.
  - ii) With respect to the contents of resolutions of the Board of Directors regarding the development of systems necessary to ensure that the execution of duties by directors complies with laws and regulations and the articles of incorporation, and other systems prescribed by Article 100, paragraph 1 and 3 of Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of group of enterprises consisting of stock company and its subsidiaries, and the systems developed based on such resolutions (internal control systems), as stated in the business report, we periodically received reports from the Directors, employees and others, requested explanations as necessary and made opinions, regarding the readiness and operational status of such systems.
  - iii) We monitored and verified that the Independent Auditor maintained its independence and performed its auditing duties adequately, as well as received reports from the Independent Auditor on the performance status of its duties and requested explanations as necessary. We received a notice from the Independent Auditors to the effect that structures for ensuring that duties are appropriately performed (matters stipulated in the items under Article 131 of the Regulations on Corporate Accounting) were being improved pursuant to Quality Management Standards for Auditing (October 28, 2005; Business Accounting Council) and requested explanations as necessary.

The business report and its supplementary schedules for this business term, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement on changes in net assets and notes to non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement on changes in net assets and notes to the consolidated financial statements) for this business term were examined based on the foregoing method.

#### 2. Results of Audit

- (1) Audit Result of Business Report, etc.
  - i) The business report and its supporting schedules are recognized as correctly presenting the state of MGC in accordance with the laws, regulations and the Articles of Incorporation.
  - ii) No dishonest acts or material violations of laws, regulations or the Articles of Incorporation

(Translation)

were recognized in connection with the performance by Directors of their duties.

iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We also acknowledge that in terms of the readiness and operation of said systems, continuous improvements are being made and therefore, did not find any matter to be mentioned regarding such internal control systems.

(2) Audit Result of Non-Consolidated Financial Statements and Their Supplementary Schedule

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

(3) Audit Result of Consolidated Financial Statements

We are of the opinion that the method and results of the audit performed by the Independent Auditor, Crowe Toyo & Co., are appropriate.

May 25, 2021

Mitsubishi Gas Chemical Company, Inc. Audit & Supervisory Board

Audit & Supervisory Board Member(full-time)  
(Outside Audit & Supervisory Board Member)  
Takashi Kimura

Audit & Supervisory Board Member(full-time)  
Katsuhiko Sugita

Audit & Supervisory Board Member(full-time)  
Masamichi Mizukami

Outside Audit & Supervisory Board Member  
Yasuomi Matsuyama

- END -