

**Other Items provided electronically for
the Notice of the 98th Ordinary General Meeting of Shareholders**

mitsubishi gas chemical company, inc.

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(Stock Acquisition Rights)

- (1) Among stock acquisition rights, etc. held by corporate officers at the end of this fiscal year, matters on stock acquisition rights, etc. granted for the performance of their duties**

No applicable item.

- (2) Matters on stock acquisition rights, etc. granted to employees and others during this fiscal year in remuneration for the performance of their duties**

No applicable item.

- (3) Other important matters on stock acquisition rights, etc.**

No applicable item.

(Translation)

(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 operation of internal control system 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 yearly policy regarding the following year's maintenance and operation of internal controls. The content of resolutions on internal control system, and operational status of each item during fiscal 2024 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 Principles, 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 compliance violations at MGC and respective companies of MGC group and take corrective measures promptly, Compliance Hotline 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 MGC group's firm stance against such forces in MGC Corporate Behavior Principles and MGC Group Code of Conduct, MGC shall promote its policies in each relevant department.
 - 6) In order to ensure the proper performance of duties by directors and employees, 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 MGC group's understanding of the compliance, as well as cultivate awareness of compliance through education and training.

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 as MGC group.
- 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, 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 Principles 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, Human Rights Hotline shall be established to address the negative impact of business activities on human rights, including those that do not result in non-compliance. MGC's Compliance and Human Rights Hotline are also available to the officers and employees of each Group companies (including retirees), as well as their families, contractors, business partners, etc. Individuals who consulted hotlines, made reports, or cooperated with surveys based on the aforementioned reports 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.
- 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.

- 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 Hotline.

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.

(Translation)

(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, for example, reminding the MGC Corporate Behavior Principles, etc. through the President's message.
- 2) 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, 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.
- 3) Compliance Committee met two times during the fiscal year under review, deliberated specific items. The Compliance Hotline, in addition to the internal desk, has had an external desk established as well, in order to lower the hurdle in making reports.
- 4) 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.
- 5) 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, with specified archival period based on management registers.

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.

(Translation)

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.

- 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.

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, the Compliance Hotline and the Human Rights Hotline are 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 Hotline 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.

(Translation)

(Consolidated Statement of Changes in Net Assets)
(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total of accumulated other comprehensive income		
Balance at beginning of Period	41,970	35,551	536,232	△26,127	587, 627	17,573	171	40,143	12,229	70,117	27,087	684,832
Changes during period												
Dividends of surplus			△17,021		△17,021							△17,021
Profit attributable to owners of parent			45,544		45,544							45,544
Purchase of treasury shares				△15,006	△15,006							△15,006
Disposal of treasury shares		53		53	106							106
Cancellation of treasury shares		△10,124		10,124	—							-
Transfer from retained earnings to capital surplus		10,071	△10,071		—							-
Change in scope of consolidation			△547		△547							△547
Change in scope of equity method			87		87							87
Change in ownership interest of parent due to transactions with non-controlling interests		2			2							2
Net changes of items other than shareholders' equity					—	△4,101	61	4,749	△3,397	△2,688	2,066	△621
Total changes during period	-	2	17,991	△4,828	13,165	△4,101	61	4,749	△3,397	△2,688	2,066	12,543
Balance at end of period	41,970	35,554	554,224	△30,956	600,792	13,472	232	44,892	8,831	67,429	29,153	697,375

(Translation)

(Notes to Consolidated Financial Statements)

Notes Related to Important Basis for the Preparation of Consolidated Financial Statements

Matters Related to the Scope of Consolidation

1. Number of consolidated subsidiaries and names of major consolidated subsidiaries, etc.

Number of consolidated subsidiaries: 45

Names of major consolidated subsidiaries:

Mitsubishi Gas Chemical Next Company, Inc., Samyoung Pure Chemicals Co., Ltd, MGC Pure Chemicals America, Inc., Taixing MGC Lingsu Co., Ltd., MGC Filsheet Co., Ltd., Thai Polyacetal Co., Ltd., Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd., MGC Electrotechno Co., Ltd., MGC Electrotechno (Thailand) Co., Ltd., Mitsubishi Gas Chemical Trading Inc., Mitsubishi Gas Chemical Singapore Pte. Ltd., Mitsubishi Gas Chemical America, Inc., MGC Terminal Company, Inc., Toho Earthtech, Inc., MGC Pure Chemicals Singapore Pte. Ltd., MGC Pure Chemicals Taiwan, Inc., Korea Polyacetal Co., Ltd., MGC Energy Co., Ltd., MGC Advance Co., Ltd., MGC Woodchem Corporation, MGC Advanced Polymers, Inc., MGC Specialty Chemicals Netherlands B.V., Eiwa Chemical Industry. Co., Ltd., Global Polyacetal Co., Ltd., Yonezawa Dia Electronics Co., Inc., Ageless (Thailand) Co., Ltd., Mitsubishi Engineering-Plastics Corporation, Thai Polycarbonate Co., Ltd., Fudow Co., Ltd., PT Peroksida Indonesia Pratama and MEP Shanghai Limited

Cultivecs Inc. has been included in the scope of consolidation due to its increased significance.

Japan U-pica Company, Ltd. has been excluded from the scope of consolidation, as it was dissolved due to an absorption-type merger with Japan Finechem Company, Inc. as the surviving company. In accordance with the merger, Japan Finechem Company, Inc. has changed its trade name to Mitsubishi Gas Chemical Next Company, Inc.

MEP Shanghai Co., Ltd. has been excluded from the scope of consolidation, as it was dissolved and liquidated.

2. Names, etc., of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries:

Hubei Lingyong Electronic Materials Co., Ltd.

Reasons for exclusion from scope of consolidation:

Non-consolidated subsidiaries are excluded from the scope of consolidation due to the fact that the net assets, sales, profit or loss, retained earnings corresponding to MGC's interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

(Translation)

Matters Related to the Equity Method

1. Number and names, etc., of non-consolidated subsidiaries and affiliates not accounted for under the equity method

Number of equity method non-consolidated subsidiary: 0

Number of equity method affiliates: 14

Names of major affiliates:

Japan Saudi Arabia Methanol Co., Inc., Metanol De Oriente, Metor, S.A., Brunei Methanol Company Sdn. Bhd., Japan Trinidad Methanol Company, Inc., Yuzawa Geothermal Power Corporation, Korea Engineering Plastics Co., Ltd., Tai Hong Circuit Industrial Co., Ltd., Granopt Co., Ltd., Ryoden Kasei Co., Ltd., JSP Corporation and Appi Geothermal Energy Corporation

Appi Geothermal Energy Corporation has been included in the scope of equity method due to its increased significance.

2. Names, etc., of non-consolidated subsidiaries and affiliates not accounted for under equity method

Names of major companies, etc.:

(Non-consolidated subsidiaries)

Hubei Lingyong Electronic Materials Co., Ltd.

(Affiliates)

Polyxylenol Singapore Pte. Ltd.

Reasons for not applying the equity method:

The equity method was not applied to these non-consolidated subsidiaries and affiliates since the profit or loss, retained earnings, and the like corresponding to MGC's interest in said companies are small and do not have a significant impact overall on the consolidated financial statements.

Matters Related to Business Year, etc., of Consolidated Subsidiaries

The business years of the consolidated subsidiaries are the same as the consolidated fiscal year with the exception of MGC Pure Chemicals Singapore Pte. Ltd., MGC Pure Chemicals Taiwan, Inc., and 10 other companies. In the case of the foregoing companies, December 31 marks the end of the business year, and non-consolidated financial statements as of said date are used. However, adjustment required in terms of consolidated statements is made with respect to major transactions taking place from January 1 to the end of the consolidated fiscal year.

Matters Related to Accounting Policy

1. Valuation Standard and Method for Securities

Held-to-Maturity securities: Amortized cost method (straight-line method)

Available-for-sale securities

Securities apart from shares, etc. without market prices:

Market value method (revaluation variances are all included directly in net assets and costs of sales are calculated by the moving average method)

Shares, etc. without market prices: Moving average cost method

2. Valuation Standard and Method for Inventories

Mainly periodic average cost method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)

(Translation)

3. Valuation Standard for Derivatives

Mainly market value method

4. Depreciation of Fixed Assets

Property, plant and equipment (except for lease assets): Mainly straight-line method

Intangible fixed assets (except for lease assets):

Straight-line method

The expenses for internal use computer software are amortized by the straight-line method over the estimated useful life (5 years).

Lease assets:

Finance lease transactions that do not transfer ownership to the lessee

Straight-line method for the duration of the lease period with a remaining balance of zero.

5. Accounting Standards for Reserves

Allowance for doubtful accounts:

Estimated uncollectible amounts are accounted for based on historical loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against loss from the inability to collect on accounts receivable, loans, and the like.

Provision for bonuses:

Estimated bonus payments for the current consolidated fiscal year are accounted for in preparation for payment of bonuses to employees.

Provision for business restructuring:

A reasonably estimated future loss amount is accounted for in preparation for loss expected to be incurred in line with the business structure improvement of businesses.

6. Accounting Standards for Revenue and Expenses

The MGC Group mainly engages in the manufacture and sale of products in the Green Energy & Chemicals and Specialty Chemicals Businesses, and revenue from sales of these products is recognized when they are delivered to the customer, as the Group determines that the customer acquires control over the products at the time of delivery of the products to the customer and the performance obligations are deemed to be satisfied. For transactions in which the Group's role in the sale of merchandise, etc. to the customer is that of an agent, revenue from sales of such merchandise, etc. is recognized at the net amount of the amount received from the customer less the amount to be paid to the suppliers of such merchandise, etc.

7. Hedge Accounting Methods

Hedge accounting methods:

Deferred hedge accounting methods are applied. Also, allocation treatment is applied to exchange fluctuation risk hedging in cases where requirements are met and "Exceptional accounting" is applied to interest rate swaps in cases where requirements are met.

Hedging instruments and hedged items:

Forward exchange contracts hedge against accounts receivable and payable denominated in foreign currencies and forecasted transactions denominated in foreign currency, and interest rate swaps hedge against interest rate transactions involved in borrowings.

(Translation)

Hedging policy:

MGC follows the policy of utilizing hedging instruments in the amount of the actual demand based on the maximum limit of the derivative transactions and does not enter into derivative transactions for speculative purposes.

Method of evaluation of effectiveness of hedging:

Comparison is made between market fluctuations of the hedges and or cumulative cash flow fluctuations, and market fluctuations of the hedging instruments and cumulative cash flow fluctuations, and effectiveness is evaluated based on the proportion of the amount of fluctuation. However, effectiveness evaluation is omitted for interest rate swaps applying exceptional accounting.

8. Depreciation Method and Period for Goodwill

Periods for which the effects of investments are generated are estimated for each investment target, and are depreciated within 20 years using the straight-line method.

9. Other Significant Matters for Preparing the Consolidated Financial Statements

Recognition of retirement benefit liability

To prepare for the payment of retirement and severance benefits to employees, the amount of accrued pension liabilities minus pension assets is recorded as retirement benefit liability, based on the estimated amount at the end of the current fiscal year.

MGC has a retirement and severance trust.

In the calculation of estimated retirement and severance benefits, the method for attributing estimated retirement and severance benefits to the period up to the end of the current fiscal year is based on the benefit formula standard.

Unrecognized prior service cost is amortized by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred.

Unrecognized actuarial gain or loss is amortized mainly by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees from the following fiscal year.

Unrecognized actuarial gain or loss and unrecognized prior service cost are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjustment for tax effects.

Notes on changes in accounting policy

Application of "Accounting Standard for Current Income Taxes", etc.

The companies have applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year.

Revisions to categories for recording Corporate Taxes, etc. (taxation on other comprehensive income) conform to the transitional treatment in the provision of Paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of Paragraph 65-2(2) of ASBJ Guidance No. 28, October 28, 2022, "Guidance on Accounting Standard for Tax Effect Accounting"; hereinafter "Revised Guidance on Accounting Standard of 2022". There are no effects on the consolidated financial statements due to the change in accounting policy.

In addition, revisions to the treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses on sales of shares of subsidiaries and other securities arising from sales between consolidated companies have applied the Revised Guidance on Accounting Standard of 2022 from the beginning of the current consolidated fiscal year. This change in accounting policy is applied retrospectively, and consolidated financial statements for the previous consolidated fiscal year are after retrospective application. There are no effects on the consolidated financial statements in the current consolidated fiscal year due to the change in accounting policy.

(Translation)

Notes on Changes in Presentation

(Consolidated Balance Sheet)

Starting from the current consolidated fiscal year, “Provision for retirement benefits for directors (and other officers)” (¥285 million in the current fiscal year), “Provision for business restructuring” (¥86 million in the current fiscal year), “Provision for loss on business of subsidiaries and associates” (¥46 million in the current fiscal year), and “Provision for environmental measures” (¥23 million in the current fiscal year), which were all separately presented until the previous consolidated fiscal year, will be included within “Other provisions” under “Non-current liabilities,” because the monetary amounts involved have become insignificant.

Notes on Accounting Estimates

1. Impairment of non-current assets

Amounts recognized in the consolidated financial statements for the current fiscal year:

Property, plant and equipment:	¥366,560 million
Intangible assets (excluding goodwill):	¥9,685 million
Goodwill:	¥15,310 million
Impairment loss:	¥929 million

Non-current assets held by the MGC and consolidated subsidiaries are to be accounted for on the basis of the “Accounting Standard for Impairment of Fixed Assets”

Accordingly, certain assumptions have been made regarding years of remaining economic useful life, future cash flows, discount rates and other such variables in calculating recoverable amounts used in measuring impairment.

¥206 million out of the above impairment loss is included in the “Business restructuring expenses.”

Goodwill represents the expected future excess earning power of the acquired company as a result of its future business development and is recorded as the difference between the acquisition price and the market value of the acquired company’s identifiable assets and liabilities at the date of the business combination.

Whereas these assumptions are based on best estimates of management, they may be subject to changes with respect to future uncertainties in terms of economic conditions. Accordingly, any necessary revision in that regard may could materially affect amounts recognized in the consolidated financial statements of subsequent fiscal years.

(Translation)

Notes on Consolidated Balance Sheet

1. Collateralized Assets and Secured Debts

Collateralized assets are as follows:

	(Millions of yen)
Land	738
Buildings and structures	498
Machinery, equipment and vehicles	749
Investments in securities (Note)	7,314
Total	9,300

Note: ¥3,248 million in shares of Appi Geothermal Energy Corporation and ¥2,667 million in shares of Yuzawa Geothermal Power Corporation are collateralized for their respective loans as well as ¥1,290 million in bonds and ¥108 million in shares of Fukushima Gas Power Co., Ltd. are collateralized for its bonds and loans.

Secured debts are as follows:

	(Millions of yen)
Current portion of long-term borrowings	358
Long-term debt	662
Total	1,021

2. Cumulative depreciation of property, plant and equipment: ¥663,276 million

Cumulative depreciation includes cumulative impairment loss on fixed assets.

3. Reduction entry directly deducted from the acquisition price of property, plant and equipment:

¥14,204 million

4. Guarantees:

(Balance of debt guarantee) ¥17,150 million

(Major guaranteed parties)

DP Engineering Plastics (Nantong) Co., Ltd. ¥9,922 million

Hubei Lingyong Electronic Materials Co., Ltd. ¥1,896 million

Abashiri Biomass 2nd Power Plant LLC. ¥1,466 million

Employee ¥5 million

Notes on Consolidated Statement on Changes in Net Assets

1. Matters Related to Issued and Outstanding Shares

Common Stock: 211,686,599 Shares

2. Matters Related to Dividends

(1) Dividends Paid

Resolution	Class of Stock	Total Amount of Dividends	Dividend per Share	Record Date	Effective Date
Board of Directors' Meeting; May 27, 2024	Common	¥8,009 million	¥40.00	March 31, 2024	June 6, 2024
Board of Directors' Meeting; November 8, 2024	Common	¥9,011 million	¥45.00	September 30, 2024	December 5, 2024

(Translation)

- (2) Dividends for Which Record Date Falls in the Current Consolidated Fiscal Year but Effective Date Falls in the Following Consolidated Fiscal Year

The resolution is scheduled as follows:

Resolution	Class of Stock	Total Amount of Dividends	Resource	Dividend per Share	Record Date	Effective Date
Board of Directors' Meeting; May 26, 2025	Common	¥9,735 million	Retained Earnings	¥50.00	March 31, 2025	June 6, 2025

Notes on Financial Instruments

1. Matters Relating to the Conditions of Financial Instruments

(1) Policy on Financial Instruments

The MGC Group primarily takes the plans for future cash flow into account when procuring necessary funds (mainly through bank loans and bond issues). Temporary surplus of funds is managed through secure financial assets and short-term working capital is financed through bank loans. The MGC Group uses derivatives for the purpose of mitigating the risks described below and does not engage in transactions for speculative purposes.

(2) Contents and Risk of Financial Instruments

Trade notes and accounts receivable are trade receivables, which are subject to the credit risks of the customers. Trade notes and accounts payable are trade liabilities due within one year. Although a portion of the Group's trade receivables and trade liabilities, being denominated in foreign currencies, are subject to risks associated with changes in the foreign currency exchange rates, the net position is basically hedged through the use of forward exchange contracts.

Short-term investments and investments in securities mainly comprise stocks of companies with which the Group has business relations, and are subject to risks associated with fluctuations of their market prices.

Borrowings, bonds and lease liabilities associated with finance leases are used primarily for procuring the necessary funds for capital expenditures and working capital. Although a portion of these funds, having floating interest rates, is subject to risks associated with fluctuating interest rates, such risks are hedged through the use of derivative transactions (interest rate swap agreements).

Derivative transactions include forward exchange contracts used for the purpose of hedging against risks of exchange rate fluctuations of foreign-currency denominated trade receivables and liabilities and forecasted transactions denominated in foreign currency, and interest rate and currency swap contracts used for the purpose of hedging against risks associated with the payment of interest and changes in the currency exchange of loans.

For methods of hedge accounting, hedging targets and hedging policies, please refer to "Methods of Hedge Accounting" under "Matters Related to Accounting Policy," stated above.

(3) System of Risk Management for Financial Instruments

1) Management of Credit Risks (risks associated with breach of contract by the customer)

MGC and its consolidated subsidiaries, in accordance with the Rules on the Management of Trade Receivables, manage their operating receivables by having each Division regularly monitor the status of their major customers and keep track of the payment dates and outstanding balances of each customer, while also enabling early recognition and mitigation of cases where there is concern for collection due to deteriorating financial conditions and other factors. Held-to-maturity bonds, pursuant to the Rules on Investment of Surplus Funds, are managed as bonds that may be converted into cash at any time.

The maximum risk amount as of the end of current fiscal year has been represented as the Consolidated Balance Sheet Amount of financial assets subject to credit risk.

(Translation)

2) Management of Market Risks (risks associated with changes in exchange and interest rates)

MGC and its consolidated subsidiaries, in accordance with the Financial Rules and the Rules for the Management of Derivatives, engage in transactions entailing market risks only after the division in charge of finances has obtained the approval of the officer in charge or other authorized decision-making parties.

Risks associated with trade receivables/trade obligations denominated in foreign currencies, forecasted transactions denominated in foreign currency and surplus funds that have been monitored on a monthly basis and according to each currency are basically hedged through the use of forward exchange contracts. Additionally, interest rate and currency swap contracts are used to hedge against the risks associated with the payment of interest and changes in the currency exchange of loans.

In terms of securities and investment securities, their fair values and the financial status of the issuers (customers) are monitored on a regular basis; while the holding status of securities classified in categories other than held-to-maturity bonds are continuously reviewed.

3) Management of Liquidity Risk (risk of not being able to execute payment on payment date)

MGC and its consolidated subsidiaries manage liquidity risks by having the divisions in charge of finances prepare and update cash flow plans, as necessary, and maintain a certain level of liquidity at hand.

(4) Supplementary Explanation of Matters Relating to the Fair Value of Financial Instruments and Others

Since certain variable factors are incorporated into the calculation of the fair values of financial instruments, they may differ when adopting different assumptions.

2. Matters Relating to the Fair value of Financial Instruments and Others

The following are the consolidated balance sheet amounts, fair values and differences between them as of March 31, 2025. Shares, etc. without market prices are not included in the table below (see (Note 1)). Notes on cash are omitted, as are notes on deposits, notes receivable - trade, accounts receivable - trade and contract assets, notes and accounts payable - trade, short-term borrowings, and accrued expenses, as these are settled in a short period of time and the balance sheet amount approximates fair value. Investments in partnerships, etc., which are carried on the consolidated balance sheets at the net value of the equity interest are not subject to the Fair value disclosure, and for which MGC applies the provisions of Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Fair Value Measurement Guidance) (see (Note 2)).

(Millions of yen)

	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Securities and investment securities	32,208	32,208	—
(2) Current portion of bonds payable	10,000	9,976	(23)
(3) Bonds payable	35,000	33,873	(1,126)
(4) Long-term borrowings	79,441	75,898	(3,542)
(5) Derivative transactions			
1) Derivative transactions not qualifying for hedge accounting	(41)	(41)	—
2) Derivative transactions qualifying for hedge accounting	(11)	(11)	—

(*) Net receivables and liabilities generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net liability, such amounts have been put in parentheses.

(Translation)

Notes: 1. Shares, etc. without market prices

	Consolidated Balance Sheet Amount
Unlisted stocks	¥201,205 million

2. Investments in partnerships, etc., carried at the net value of the equity interest

	Consolidated Balance Sheet Amount
Investments in partnerships, etc.	¥105 million

3. Breakdown of Financial Instruments by Level of Fair Value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair values: Fair values calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair values: Fair values calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried in rest at fair value

(Millions of yen)

Class	Fair Value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	30,917	-	-	30,917
Bonds	-	1,290	-	1,290
Derivative transactions				
Derivative transactions not qualifying for hedge accounting				
Currency-related	-	(57)	-	(57)
Interest-related	-	16	-	16
Derivative transactions qualifying for hedge accounting				
Currency-related	-	(11)	-	(11)

(*) Net receivables and liabilities generated through derivative transactions are presented as net amounts and in cases where the total amount represents a net liability, such amounts have been put in parentheses.

(Translation)

(2) Financial instruments other than those carried in rest at fair value

(Millions of yen)

Class	Fair Value			
	Level 1	Level 2	Level 3	Total
Current portion of bonds payable	9,976	-	-	9,976
Bonds	33,873	-	-	33,873
Long-term borrowings	-	75,898	-	75,898

Note: Explanation of the valuation techniques used to calculate fair value and inputs for the calculation of fair value

Securities and investment securities

Shares are valued using prices on securities exchanges. Because shares are traded in active markets, their fair value is classified as Level 1. However, because the markets for bonds are not regarded as active markets due to the low frequency of transactions, their fair value is classified as Level 2.

Derivative transactions

Fair value is calculated based on the prices provided by MGC's partner financial institutions, etc., and is classified as Level 2.

Bonds

The fair value of bonds issued by MGC is calculated based on market prices, etc., and is classified as Level 1.

Long-term borrowings

Fair value is calculated as the present value of the sum of principal and interest amounts, discounted using the estimated rates for new borrowings, and is classified as Level 2.

Notes on Rental Property

Matters Concerning the Status and Fair Value of Rental Property

1. Outline of Rental Property

MGC and a portion of its subsidiaries own land and buildings for rent in Tokyo and in other areas.

2. The Consolidated Balance Sheet Amount of Rental Property, Major Changes Thereof during the Fiscal Year, the Fair Value Thereof as of the Fiscal Year-end and the Method for Calculation of Fair Value

Consolidated Balance Sheet Amount			Fair value as of March 31, 2025
Balance as of April 1, 2024	Changes during fiscal year	Balance as of March 31, 2025	
¥4,416 million	¥△1,551 million	¥2,864 million	¥5,580 million

Notes: 1. The consolidated balance sheet amount is the amount of acquisition cost less cumulative depreciation and cumulative impairment loss.

2. Major changes

Decrease due to change in scope of consolidation: ¥△1,401 million

3. Method for calculation of fair value

The amount is based primarily on indices including roadside land prices.

3. Profit or Loss Relating to Rental Property

Profit or loss from rent on rental property: ¥117 million

Profit or loss on sales of rental property: - million

(Translation)

Notes on Per Share Information

Net Assets per Share	¥3,431.90
Earnings per Share	¥228.93

Notes on Revenue Recognition

1. Disaggregation of Revenue from Contracts with Customers

Revenue disaggregated by geographical segment is as follows:

(Millions of yen)					
	Green Energy & Chemicals Business Sector	Specialty Chemicals Business Sector	Other (Note 1)	Adjustment	Total
Japan	147,311	93,927	8,707	—	249,946
Asia (China)	23,534	123,326	3,903	—	150,764
Asia (Other)	66,981	163,097	3,210	—	233,288
U.S.A.	20,472	35,189	30	—	55,692
Other Regions	55,093	28,188	558	—	83,841
Revenue from contracts with customers	313,392	443,728	16,411	—	773,532
Other revenue	—	—	59	—	59
Net sales to external customers	313,392	443,728	16,470	—	773,591

Note: 1. “Other” includes businesses such as purchase and sale that do not belong to a reportable segment.

2. System modifications at some consolidated subsidiaries have enabled more precise aggregation. Accordingly, the method of allocation to each reportable segment has been changed from the current consolidated fiscal year, in order to more appropriately reflect the operating results by reportable segment.

2. Information Fundamental for an Understanding of Revenue Arising from Contracts with Customers

The MGC Group recognizes revenue in an amount that reflects the consideration to which the MGC Group expects to be entitled in exchange for transferring goods or services to customers, based on the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

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

Step 5: Recognize revenue when (or as) performance obligations are satisfied

The main business of the MGC Group is the manufacture and sale of various products in the Green Energy & Chemicals Business and Specialty Chemicals Business. Revenue from the sale of these

(Translation)

products is recognized at the time of delivery, because MGC considers that, at the time of delivery, the customer gains control over the product, and MGC has therefore satisfied its performance obligations.

Revenue is estimated as the net consideration promised under the contract with the customer, after deducting discounts, rebates, returns, etc. Moreover, for transactions where the role of the MGC Group in the sale of products, etc. to customers is that of an agent, MGC only recognizes the net amount after deducting the amount payable to the supplier of the products, etc. as revenue.

The consideration under product sales contracts is generally collected within one year after control over the product is transferred to the customer, and therefore does not include a significant element of finance.

3. Information to Enable an Understanding of the Amount of Revenue for the Current Consolidated Fiscal Year and the Next Consolidated Fiscal Year Onward

(1) Balance of Contract Assets and Contract Liabilities

The balance of contract assets and contract liabilities for the MGC Group is omitted because the amounts are insignificant and there has been no material change in the amounts. The amount of revenue recognized in the current fiscal year from performance obligations satisfied (or partially satisfied) in previous periods is also immaterial.

(2) Transaction Price Allocated to Remaining Performance Obligations

MGC has applied practical expediency and omitted presentation of the transaction price allocated to remaining performance obligations for the MGC Group because there are no material contracts for which the initially expected contract term exceeds one year, with the exception of royalties based on net sales or usage volumes. Moreover, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

Notes on Significant Subsequent Events

(Issuance of unsecured bonds)

At its meeting held on May 12, 2025, MGC's Board of Directors passed a comprehensive resolution to issue unsecured domestic straight bonds.

- (1) Total issue amount: No more than ¥20 billion
- (2) Redemption period: Within 10 years
- (3) Redemption method: Lump-sum payment upon maturity
- (4) Interest rate: Up to 0.9% higher than the interest rate of government bonds in circulation in the same period of time
- (5) Amount to be paid: At least ¥100 for every ¥100 of the amount of each bond offered
- (6) Scheduled issue period: Until September 30, 2025
- (7) Use of proceeds: Funds to be used for redemption of bonds, redemption of commercial papers, repayment of borrowings, capital expenditures, working capital, acquisition of securities, and investment and loan funds
- (8) Other: The director in charge of finance shall be entrusted with all decisions, within the scope of the above, on the matters listed in each item of Article 676 of the Companies Act and on all other necessary matters related to the issuance of bonds.

Other Notes

Amounts less than ¥1 million are rounded off.

- End of Notes to Consolidated Financial Statements -

(Translation)

(Non-Consolidated Statement of Changes in Net Assets)
(April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity												Valuation and translation adjustments	Total net assets
	Share capital	Capital surplus			Retained earnings						Treasury shares	Total Shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings					
						Reserve for mine prospecting	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward					
Balance at beginning of period	41,970	35,668	-	35,668	6,999	2,119	2,617	76,500	189,540	277,775	△26,127	329,287	14,383	343,671
Changes during period														
Dividends of surplus									△17,021	△17,021		△17,021		△17,021
Profit									34,894	34,894		34,894		34,894
Reversal of reserve for tax purpose reduction entry of non-current assets							△154		154	-		—		—
Provision of reserve for mine prospecting						322			△322	-		—		—
Reversal of reserve for mine prospecting						△419			419	-		—		—
Purchase of treasury shares											△15,006	△15,006		△15,006
Disposal of treasury shares			53	53							53	106		106
Cancellation of treasury shares			△10,124	△10,124							10,124	-		-
Transfer from retained earnings to capital surplus			10,071	10,071					△10,071	△10,071		-		-
Net changes of items other than shareholders' equity													△2,952	△2,952
Total changes during the period	-	-	-	-	-	△96	△154	-	8,053	7,802	△4,828	2,973	△2,952	20
Balance at end of period	41,970	35,668	-	35,668	6,999	2,022	2,462	76,500	197,593	285,577	△30,956	332,260	11,431	343,691

(Translation)

(Notes to Non-consolidated Financial Statements)

Notes Related to Important Accounting Principles

1. Valuation Standard and Method for Securities

Interest in Subsidiaries and Affiliates: Moving average cost method

Other Securities

Securities apart from shares, etc. without market prices:

Market value method (revaluation variances are all included directly in net assets, and costs of sales are calculated by the moving average method)

Shares, etc. without market prices: Moving average cost method

2. Valuation Standard and Method for Inventories:

Total average cost method (The amounts on the balance sheet have been calculated using the cost accounting method of reducing book value based on declining profitability.)

3. Valuation Standard for Derivatives: Market value method

4. Depreciation of Fixed Assets

Tangible Fixed Assets (except for lease assets):

Straight-line method

Intangible Fixed Assets (except for lease assets):

Straight-line method

The expenses for internal use computer software are amortized by the straight-line method over the estimated useful life (5 years).

Lease Assets:

Finance lease transactions that do not transfer ownership to the lessee

Straight-line method for the duration of the lease period with a remaining balance of zero.

5. Accounting Standards for Reserves

Allowance for doubtful accounts:

Estimated uncollectible amounts are accounted for based on historical loan loss ratios in the case of general receivables and based on case-by-case examination of collectability in the case of specific receivables, including doubtful receivables, in preparation against loss from the inability to collect on accounts receivable, loans, and the like.

Provision for bonuses:

Estimated bonus payments for the current fiscal year are accounted for in preparation for payment of bonuses to employees.

Provision for business restructuring:

A reasonably estimated future loss amount is accounted for in preparation for loss expected to be incurred in line with the business structure improvement.

Provision for loss compensation

A reasonably estimated amount is accounted for in preparation for loss expected to be incurred in the course of the compensation of loss to customers.

(Translation)

Provision for loss on business of subsidiaries and associates:

An estimated loss amount to be borne by MGC is accounted for in preparation for loss concerning the business of subsidiaries and associates, in consideration of the financial condition, etc. of those subsidiaries and associates.

Provision for retirement benefits:

An amount based on estimated accrued pension liabilities and pension assets as of the end of the current fiscal year is accounted for in preparation for payment of retirement and severance benefits to employees.

MGC has a retirement and severance trust.

In the calculation of accrued pension liabilities, the method for attributing estimated retirement and severance benefits to the period up to the end of the current fiscal year is based on the benefit formula standard.

Prior service cost is amortized by the straight-line method over a portion (10 years) of the estimated average remaining service years of employees at the time the cost was incurred.

Unrecognized actuarial gain or loss is amortized by the declining balance method over a portion (10 years) of the estimated average of remaining service years of employees from the following fiscal year.

6. Accounting Standards for Revenue and Expenses

MGC mainly engages in the manufacture and sale of products in the Green Energy & Chemicals and Specialty Chemicals Businesses, and revenue from sales of these products is recognized when they are delivered to the customer, as MGC determines that the customer acquires control over the products at the time of delivery of the products to the customer and the performance obligations are deemed to be satisfied.

7. Other Significant Matters that form the Basis for Preparing the Non-consolidated Financial Statements

Hedge accounting methods

“Exceptional accounting” is applied to interest rate swaps in cases where requirements are met.

Accounting method for retirement benefits

The accounting method for unrecognized actuarial gain or loss and unrecognized prior service cost for retirement and severance benefits is different from that of consolidated financial statement.

Notes on changes in accounting policy

Application of "Accounting Standard for Current Income Taxes", etc.

MGC has applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. from the beginning of the current fiscal year. There are no effects on the financial statements in the current fiscal year due to the change in the accounting policy.

Notes on Accounting Estimates

1. Impairment of non-current assets

Amounts recognized in the financial statements for the current fiscal year:

	(Millions of yen)
Property, plant and equipment:	135,580
Intangible assets:	4,833
Impairment loss:	446

¥206 million out of the above impairment loss is included in the “Business restructuring expenses.”

Other information regarding the content of accounting estimates is omitted because it is the same as that stated in the notes to consolidated financial statements.

(Translation)

Notes on Non-consolidated Balance Sheet

1. Collateralized Assets

Collateralized assets are as follows:

(Millions of yen)

Investments in securities (Note 1)	1,398
Stocks of subsidiaries and affiliates (Note 2)	4,243

Notes: 1. ¥1,290 million in bonds and ¥108 million in shares of Fukushima Gas Power Co., Ltd. are collateralized for its bonds and loans.

2. ¥2,550 million in shares of Appi Geothermal Energy Corporation and ¥1,693 million in shares of Yuzawa Geothermal Power Corporation are collateralized for their respective loans.

2. Cumulative depreciation of property, plant and equipment: ¥355,273 million
Cumulative depreciation includes cumulative impairment loss on fixed assets.

3. Reduction entry directly deducted from the acquisition price of property, plant and equipment: ¥10,978 million

4. Guarantees

Loans, etc. of affiliates and others guaranteed: ¥51,606 million
(Outstanding loan guarantees)

(Major guaranteed parties)

MGC Specialty Chemicals Netherlands B.V.	¥21,031 million
DP Engineering Plastics (Nantong) Co., Ltd.	¥9,922 million
MGC Pure Chemicals America, Inc.	¥6,638 million
Taixing MGC Suhua Specialty Materials Co., Ltd.	¥3,875 million
Korea Polyacetal Co., Ltd.	¥2,034 million
Abashiri Biomass 2nd Power Plant LLC.	¥1,466 million
Mitsubishi Gas Chemical Engineering-Plastics (Shanghai) Co., Ltd.	¥1,441 million
Abashiri Biomass 3rd Power Plant LLC.	¥1,396 million
Appi Geothermal Energy Corporation	¥1,122 million
Employee	¥5 million

5. Receivables from and Payables to Affiliates

Short-term receivables	¥98,794 million
Long-term receivables	¥9,784 million
Short-term payables	¥72,955 million

Notes on Non-consolidated Statement of Income

Volume of Transaction with Affiliates

Volume of Business Transactions

Sales	¥250,873 million
Purchase	¥127,930 million
Volume of Non-Business Transactions	¥22,434 million

Note on Non-consolidated Statement on Changes in Net Assets

Number of issued and Outstanding Shares

Common Stock	211,686,599 Shares
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Class and number of treasury shares as of the end the current fiscal year:

Common Stock	16,977,506 Shares
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(Translation)

Note on Deferred Tax Accounting

1. Major Components of Deferred Tax Assets and Liabilities

Major components of deferred tax assets

Matters related to retirement and severance benefits ¥5,915 million

Provision for bonuses ¥895 million

Deferred tax assets are presented net of valuation allowance of ¥16,935 million.

Major Components of Deferred Tax Liabilities

Gain on contribution of securities to retirement benefit trust ¥△1,172 million

Reserve for tax purpose reduction entry of non-current assets ¥△1,131 million

2. Adjustments to deferred tax assets and deferred tax liabilities following changes to the corporate income tax rate

Following the enactment of the Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) by the Diet on March 31, 2025, the Special Defense Corporation Tax will be levied from fiscal years beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate has been raised from 30.62% to 31.52% to account for deferred tax assets and deferred tax liabilities related to the temporary differences that are expected to be eliminated in the fiscal years beginning on or after April 1, 2026.

Based on this change, the amount of deferred tax assets (after deducting deferred tax liabilities) for the current fiscal year increased by ¥83 million, while income taxes-deferred decreased by ¥83 million, and valuation difference on available-for-sale securities decreased by ¥138 million.

Notes on Transactions with Affiliated Companies

Subsidiaries and Affiliates, etc.

(Millions of yen)

Attribute	Name of Company	% Voting Rights Owned	Relationship with Affiliated Company	Description of Transaction	Transaction Volume	Class	Year-End Balance
Subsidiary	MGC Specialty Chemicals Netherlands B.V.	100% direct ownership	Guarantee of debts, etc.	Guarantee of debts	21,031	—	—
Subsidiary of Affiliate	DP Engineering Plastics (Nantong) Co., Ltd.	30% indirect ownership	Guarantee of debts, etc.	Guarantee of debts	9,922	—	—
Subsidiary	MGC Pure Chemicals America, Inc.	94.7% direct ownership	Guarantee of debts, etc.	Guarantee of debts	6,638	—	—
Subsidiary	Mitsubishi Gas Chemical Trading Inc.	100% direct ownership	Sale of MGC product, etc.	Sales of various products (Note 1)	114,000	Accounts receivable	33,609
Subsidiary	Global Polyacetal Co., Ltd.	100% direct ownership	Loan of funds, etc.	Loan of funds (Note 2)	530	Short-term loans receivable	12,570

Notes: 1. Sales of various products are determined in the same way as general trading conditions, referring to market prices.

2. The interest rate on loans is determined reasonably in consideration of market interest rates. The transaction amount includes the net increase or decrease for the current fiscal year.

Notes Related to Per Share Information

Net Asset per Share ¥1,765.15

Earnings per Share ¥175.40

(Translation)

Notes on Revenue Recognition

Information fundamental for an understanding of revenue from contracts with customers has been omitted, as it is the same as stated in the notes to consolidated financial statements.

Notes on Significant Subsequent Events

(Issuance of unsecured bonds)

At its meeting held on May 12, 2025, MGC's Board of Directors passed a comprehensive resolution to issue unsecured domestic straight bonds.

- (1) Total issue amount: No more than ¥20 billion
- (2) Redemption period: Within 10 years
- (3) Redemption method: Lump-sum payment upon maturity
- (4) Interest rate: Up to 0.9% higher than the interest rate of government bonds in circulation in the same period of time
- (5) Amount to be paid: At least ¥100 for every ¥100 of the amount of each bond offered
- (6) Scheduled issue period: Until September 30, 2025
- (7) Use of proceeds: Funds to be used for redemption of bonds, redemption of commercial papers, repayment of borrowings, capital expenditures, working capital, acquisition of securities, and investment and loan funds
- (8) Other: The director in charge of finance shall be entrusted with all decisions, within the scope of the above, on the matters listed in each item of Article 676 of the Companies Act and on all other necessary matters related to the issuance of bonds.

Other Notes

Amounts less than ¥1 million are rounded off.

- END of Notes to Non-consolidated Financial Statements -

- END of this document-