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MEMBERSHIP

November 5, 2021

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Under Japanese GAAP)

Company name: Mitsubishi Gas Chemical Company, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4182  
 URL: <https://www.mgc.co.jp/eng/>  
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 Scheduled date to file quarterly securities report: November 11, 2021  
 Scheduled date to commence dividend payments: December 6, 2021

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

### 1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	335,881	26.0	30,038	109.0	38,759	134.3	28,188	97.7
September 30, 2020	266,637	(12.1)	14,370	(10.4)	16,541	41.5	14,255	75.0

Note: Comprehensive income Six months ended September 30, 2021 ¥34,084 million [107.1%]  
 Six months ended September 30, 2020 ¥16,454 million [207.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	135.50	—
September 30, 2020	68.54	—

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year. The percentage of year-on-year change was not shown for each figure for the three months ended June 30, 2021, but it is shown from this report for the six months ended September 30, 2021 because the effect of the change in accounting policies is immaterial.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
September 30, 2021	867,275	609,258	63.3
March 31, 2021	836,364	581,411	62.7

Reference: Equity

September 30, 2021 ¥549,227 million

March 31, 2021 ¥524,264 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure as of September 30, 2021 is the figure after applying the accounting standard and relevant revised ASBJ regulations.

## 2. Dividends

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

Note: Revisions to the forecast most recently announced: None

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

Ordinary dividend: 35.00 yen      Commemorative dividend: 10.00 yen

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	690,000	15.8	53,000	19.1	68,000	35.4	50,000	38.6	240.34

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

- 2: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year. The percentage of year-on-year change was not shown in the report for the three months ended June 30, 2021, but it is shown from this report for the six months ended September 30, 2021 because the effect of the change in accounting policies is immaterial.

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
  - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common stock)

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

As of September 30, 2021	225,739,199
As of March 31, 2021	225,739,199

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

As of September 30, 2021	17,692,816
As of March 31, 2021	17,726,057

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

Six months ended September 30, 2021	208,026,863
Six months ended September 30, 2020	207,994,735

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

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

(Caution concerning forward-looking statements)

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

## Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	101,785	88,411
Notes and accounts receivable - trade	159,018	—
Notes and accounts receivable - trade, and contract assets	—	164,566
Securities	269	67
Merchandise and finished goods	63,887	72,551
Work in process	13,242	20,298
Raw materials and supplies	44,145	51,317
Other	20,209	18,315
Allowance for doubtful accounts	△416	△1,209
Total current assets	402,141	414,319
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,274	95,008
Machinery, equipment and vehicles, net	81,113	82,267
Other, net	76,543	81,765
Total property, plant and equipment	249,931	259,041
Intangible assets		
Goodwill	4,914	5,019
Other	5,584	5,868
Total intangible assets	10,499	10,888
Investments and other assets		
Investment securities	158,718	167,660
Other	15,619	15,921
Allowance for doubtful accounts	△545	△555
Total investments and other assets	173,792	183,026
Total non-current assets	434,223	452,956
Total assets	836,364	867,275

(Millions of yen)

As of March 31, 2021

As of September 30, 2021

Liabilities		
Current liabilities		
Notes and accounts payable - trade	75,308	88,932
Short-term borrowings	40,087	32,948
Income taxes payable	5,809	7,404
Provisions	6,373	6,574
Other	40,368	33,046
Total current liabilities	167,947	168,906
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	36,202	36,246
Provisions	1,517	1,724
Retirement benefit liability	7,150	7,785
Asset retirement obligations	5,113	5,134
Other	17,022	18,220
Total non-current liabilities	87,006	89,111
Total liabilities	254,953	258,017
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,301	34,339
Retained earnings	459,790	481,737
Treasury shares	△21,562	△21,524
Total shareholders' equity	514,499	536,523
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,419	15,078
Deferred gains or losses on hedges	△618	△765
Foreign currency translation adjustment	△3,542	△914
Remeasurements of defined benefit plans	△494	△694
Total accumulated other comprehensive income	9,765	12,703
Non-controlling interests	57,146	60,030
Total net assets	581,411	609,258
Total liabilities and net assets	836,364	867,275

## 2. Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	266,637	335,881
Cost of sales	206,378	254,226
Gross profit	60,258	81,655
Selling, general and administrative expenses	45,888	51,616
Operating profit	14,370	30,038
Non-operating income		
Interest income	177	160
Dividend income	1,843	2,118
Share of profit of entities accounted for using equity method	1,702	6,912
Other	1,554	2,049
Total non-operating income	5,277	11,242
Non-operating expenses		
Interest expenses	389	461
Personnel expenses for seconded employees	751	709
Other	1,964	1,350
Total non-operating expenses	3,105	2,521
Ordinary profit	16,541	38,759
Extraordinary income		
Gain on step acquisitions	—	796
Insurance claim income	—	744
Gain on sale of investment securities	1,279	622
Gain on sale of non-current assets	257	—
Total extraordinary income	1,536	2,162
Extraordinary losses		
Impairment losses	—	1,300
Provision of allowance for doubtful accounts	—	760
Provision for loss on business of subsidiaries and associates	—	297
Fire Loss	—	129
loss compensation	308	—
Total extraordinary losses	308	2,487
Profit before income taxes	17,770	38,434
Income taxes	2,347	8,075
Profit	15,423	30,359
Profit attributable to non-controlling interests	1,167	2,171
Profit attributable to owners of parent	14,255	28,188

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	15,423	30,359
Other comprehensive income		
Valuation difference on available-for-sale securities	2,407	638
Deferred gains or losses on hedges	△5	16
Foreign currency translation adjustment	△742	2,394
Remeasurements of defined benefit plans, net of tax	150	△130
Share of other comprehensive income of entities accounted for using equity method	△779	806
Total other comprehensive income	1,030	3,724
Comprehensive income	16,454	34,084
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,935	31,153
Comprehensive income attributable to non-controlling interests	518	2,930

### 3. Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	17,770	38,434
Depreciation	15,164	15,810
Loss (gain) on disposal of non-current assets	165	296
Amortization of goodwill	186	194
Share of loss (profit) of entities accounted for using equity method	△1,702	△6,912
Impairment losses	—	1,300
Insurance claim income	△9	△744
Increase (decrease) in allowance for doubtful accounts	△505	758
Increase (decrease) in retirement benefit liability	371	229
Interest and dividend income	△2,020	△2,279
Interest expenses	389	461
Loss (gain) on sale of short-term and long-term investment securities	△1,279	△623
Loss (gain) on valuation of short-term and long-term investment securities	229	144
Decrease (increase) in trade receivables	20,173	△1,053
Decrease (increase) in inventories	△1,150	△20,588
Increase (decrease) in trade payables	△9,907	9,435
Increase (decrease) in accrued consumption taxes	△1,187	1,267
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△220	12
Other, net	△399	△10,018
<b>Subtotal</b>	<b>36,067</b>	<b>26,124</b>
Interest and dividends received	2,003	2,262
Dividends received from entities accounted for using equity method	2,152	1,736
Interest paid	△384	△439
Income taxes paid	△6,773	△6,948
Proceeds from insurance income	9	745
<b>Net cash provided by (used in) operating activities</b>	<b>33,075</b>	<b>23,479</b>



(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	△15,334	△22,740
Proceeds from sale of non-current assets	766	381
Purchase of investment securities	△2,405	△474
Proceeds from sale of investment securities	2,171	1,376
Loan advances	△2,175	△465
Proceeds from collection of loans receivable	223	58
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△2,668
Other, net	208	△6,537
Net cash provided by (used in) investing activities	△16,546	△31,069
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	556	△2,517
Proceeds from long-term borrowings	5,797	3,085
Repayments of long-term borrowings	△2,869	△7,216
Proceeds from issuance of bonds	20,000	—
Purchase of treasury shares	△1	△3
Proceeds from sale of treasury shares	0	0
Dividends paid	△7,279	△7,280
Dividends paid to non-controlling interests	△1,058	△1,429
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△100	—
Other, net	△239	△315
Net cash provided by (used in) financing activities	14,805	△15,677
Effect of exchange rate change on cash and cash equivalents	△1,280	1,613
Net increase (decrease) in cash and cash equivalents	30,053	△21,654
Cash and cash equivalents at beginning of period	70,043	91,075
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	1,529
Cash and cash equivalents at end of period	100,097	70,950

**Segment Information**

(Billions of yen, rounded down)

	FY2020 1H*	FY2021 1H	Change	FY2020 Full Year Result*	FY 2021 Full Year Forecast
Net sales	266.6	335.8	69.2	595.7	690.0
Basic Chemicals	146.8	200.9	54.0	337.8	411.4
Specialty Chemicals	124.0	137.5	13.5	267.8	284.4
Other and Adjustment	(4.2)	(2.6)	1.6	(9.9)	(5.8)
Operating profit	14.3	30.0	15.6	44.5	53.0
Basic Chemicals	0.3	15.8	15.5	12.8	24.7
Specialty Chemicals	15.3	15.9	0.6	34.8	32.0
Other and Adjustment	(1.3)	(1.8)	(0.5)	(3.1)	(3.7)
Non-operating profit	2.1	8.7	6.5	5.7	15.0
Ordinary profit	16.5	38.7	22.2	50.2	68.0
Basic Chemicals	1.4	19.1	17.6	14.2	32.2
Specialty Chemicals	15.9	20.7	4.8	37.5	38.6
Other and Adjustment	(0.7)	(1.1)	(0.3)	(1.5)	(2.9)
Extraordinary income and loss, net	1.2	(0.3)	(1.5)	(1.2)	(2.0)
Income before income taxes, etc.	17.7	38.4	20.6	48.9	66.0
Profit attributable to owners of parent	14.2	28.1	13.9	36.0	50.0

【reference: former segments】

	FY2020 1H*	FY2021 1H	Change	FY2020 Full Year Result*	FY 2021 Full Year Forecast
Net sales	266.6	335.8	69.2	595.7	690.0
Natural Gas Chemicals	65.4	104.9	39.4	158.5	216.0
Aromatic Chemicals	84.9	97.6	12.6	183.4	198.5
Specialty Chemicals	96.4	102.3	5.8	207.4	212.8
Information and Advanced Materials	29.3	35.3	6.0	62.3	71.7
Other and Adjustment	(9.6)	(4.3)	5.2	(16.0)	(9.1)
Operating profit	14.3	30.0	15.6	44.5	53.0
Natural Gas Chemicals	(3.5)	5.4	8.9	0.9	8.2
Aromatic Chemicals	3.8	10.4	6.5	11.7	16.4
Specialty Chemicals	10.3	7.8	(2.4)	22.8	17.3
Information and Advanced Materials	4.9	8.0	3.0	11.9	14.6
Other and Adjustment	(1.3)	(1.7)	(0.4)	(3.0)	(3.7)
Non-operating profit	2.1	8.7	6.5	5.7	15.0
Ordinary profit	16.5	38.7	22.2	50.2	68.0
Natural Gas Chemicals	(2.3)	8.5	10.9	2.6	16.1
Aromatic Chemicals	3.7	10.5	6.7	11.6	16.1
Specialty Chemicals	10.7	12.0	1.3	25.5	23.4
Information and Advanced Materials	5.1	8.6	3.4	11.9	15.1
Other and Adjustment	(0.8)	(1.0)	(0.2)	(1.5)	(2.9)

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

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

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

### Other Information 1

		FY2017	FY2018	FY2019	FY2020	FY2021 Forecast
Investments (Billions of yen)	Full year	30.9	39.2	42.3	40.2	67.0
	1H	13.9	18.6	22.4	15.8	22.0
Depreciation & amortization (Billions of yen)	Full year	27.0	27.4	29.5	30.6	32.0
	1H	13.1	13.5	14.4	15.1	15.8
R&D expenditures (Billions of yen)	Full year	18.9	18.6	19.6	19.9	21.5
	1H	9.5	9.1	9.4	9.8	10.1
Number of Staff	Year-end	8,009	8,276	8,954	8,998	10,122
ROA		10.6%	8.7%	3.9%	6.2%	8.0%
ROE		13.6%	11.3%	4.3%	7.1%	9.4%
ROIC (Ordinary income/invested capital)		13.2%	10.9%	4.9%	7.7%	9.8%

### Other Information 2

	FY2017		FY2018		FY2019		FY2020		FY2021	
	Result		Result		Result		Result		Result	Forecast
	First half	Second half	First half	Second half	First half	Second half	First half	Second half	First half	Second half
Exchange Rate (JPY/USD, Average)	111	111	110	112	109	109	107	105	110	113
Exchange Rate (JPY/EUR, Average)	126	133	130	127	121	120	121	126	131	130
crude oil (Dubai) (USD/BBL)	50	62	73	65	64	56	37	52	69	85
Methanol (USD/MT, Asian average spot price)	296	381	408	335	277	245	194	319	370	400
Mixed Xylene (USD/MT)	650	725	845	730	705	640	420	560	780	870
Bisphenol A (USD/MT)*	1,100 ~1,300	1,200 ~1,700	1,600 ~1,900	1,200 ~1,800	1,000 ~1,450	1,050 ~1,350	900 ~1,450	1,400 ~3,300	2,750 ~3,700	1,700 ~3,200
Polycarbonate (USD/MT)*	2,500 ~2,900	2,900 ~3,900	2,700 ~3,800	2,100 ~2,800	1,900 ~2,250	1,650 ~2,000	1,500 ~2,150	2,100 ~4,000	3,100 ~4,050	2,200 ~4,000

\*Describe the minimum and maximum values during the period

## Qualitative Information

From the first quarter of the fiscal year ending March 31, 2022, the MGC Group adopted the Accounting Standard for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Accordingly, the Group's operating results previously announced for the first quarter of said fiscal year omitted year-on-year changes (amount and percentage comparisons) with operating results for the same period of the previous fiscal year. However, as the impact of the adoption of the aforementioned accounting standard was found to be minor, the Group decided to disclose such comparisons at the announcement of operating results for the first six months of said fiscal year and subsequent quarterly periods.

## Consolidated Business Results for This Period

### Overview of Results

(Billions of yen)

	FY2020 / 1H	FY2021/1H	Change
Net sales	266.6	335.8	69.2
Operating income	14.3	30.0	15.6
Ordinary income	16.5	38.7	22.2
Profit attributable to owners of the parent	14.2	28.1	13.9

During the first six months of the fiscal year ending March 31, 2022 (April 1, 2021 – September 30, 2021), outlook for the world economy remained unclear due mainly to the impact of semiconductor shortages on production activities and looming anxieties regarding surges in raw material and fuel prices, despite signs of recovery in a growing scope of regions that reflect progress in vaccination against the novel coronavirus and other positive factors.

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

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

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

These efforts will help push ahead with business portfolio reforms.

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

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

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

Operating results by segment are as described below.

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

## **Results by Business Segment**

### **Basic Chemicals**

(Billions of yen)

	FY2020 / 1H	FY2021/1H	Change
Net Sales	142.6	198.2	55.5
Operating income	0.3	15.8	15.5
Ordinary income	1.4	19.1	17.6

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

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

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

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

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

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

Foamed plastics posted increases in net sales and earnings, despite higher raw material and fuel prices, thanks mainly to recovery in sales volume of automotive materials and other offerings.

## Specialty Chemicals

(Billions of yen)

	FY2020 / 1H	FY2021/1H	Change
Net Sales	123.8	137.5	13.7
Operating income	15.3	15.9	0.6
Ordinary income	15.9	20.7	4.8

Inorganic chemicals posted an increase in earnings compared with the same period of the previous fiscal year thanks primarily to growth in the sales volume of chemicals for use in semiconductor manufacturing.

Engineering plastics saw increases in net sales and earnings, despite higher raw material and fuel prices, due mainly to recovery in sales volumes in automotive-related and other fields in addition to an increase in sales prices.

Optical materials posted significant decreases in net sales and earnings despite the current trend of recovery in demand. This resulted primarily from the lower sales volume of optical polymers due to the prolongation of inventory adjustment carried out by customers since the end of 2020.

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

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