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MEMBERSHIP

February 8, 2022

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

Company name: Mitsubishi Gas Chemical Company, Inc.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4182  
 URL: <https://www.mgc.co.jp/eng/>  
 Representative: Masashi Fujii, Representative Director, President  
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 TEL: +81-3-3283-5041  
 Scheduled date to file quarterly securities report: February 14, 2022  
 Scheduled date to commence dividend payments: –

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

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

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

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

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

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

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

## (2) Consolidated financial position

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

Reference: Equity

As of December 31, 2021 ¥551,788 million

As of March 31, 2021 ¥524,264 million

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

## 2. Dividends

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

Note: Revisions to the forecast most recently announced: None

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

Ordinary dividend: 35.00 yen Commemorative dividend: 10.00 yen

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

(Percentages indicate year-on-year changes.)

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

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

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

**\* Notes**

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

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

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

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

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

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

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

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

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

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

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

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

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

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

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

(Caution concerning forward-looking statements)

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

## Consolidated Financial Statements

### 1. Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

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

## 2. Consolidated Statements of Income

(Millions of yen)

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

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

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

**Segment Information**

(Billions of yen, rounded down)

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

【reference: former segments】

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

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

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

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



### Other Information 1

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

### Other Information 2

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

\*Describe the minimum and maximum values during the period

## Qualitative Information

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

### Consolidated Business Results for This Period

#### Overview of Results

(Billions of yen)

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

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

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

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

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

These efforts will help push ahead with business portfolio reforms.

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

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

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

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

Operating results by segment are as described below.

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

## **Results by Business Segment**

### **Basic Chemicals**

(Billions of yen)

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

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

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

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

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

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

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

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

## Specialty Chemicals

(Billions of yen)

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

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

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

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

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

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

(End)