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MEMBERSHIP

May 12, 2022

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (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
 Inquiries: Satoshi Takizawa, General Manager, Investor Relations Department
 TEL: +81-3-3283-5041
 Scheduled date of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to commence dividend payments: June 9, 2022
 Scheduled date to file annual securities report: June 28, 2022

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

1. Consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Summary of consolidated income statement

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	705,656	18.5	55,360	24.4	74,152	47.6	48,295	33.9
March 31, 2021	595,718	(2.9)	44,510	29.9	50,240	61.5	36,070	70.5

Note: Comprehensive income March 31, 2022 ¥66,232 million [24.7%]
 March 31, 2021 ¥53,101 million [279.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2022	232.15	–	8.8	8.4	7.8
March 31, 2021	173.41	–	7.1	6.2	7.5

Reference: Equity in earnings of entities accounted for using equity method

March 31, 2022 ¥14,883 million
 March 31, 2021 ¥5,162 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 current fiscal year, and each figure for the fiscal year ended March 31, 2022 is the figure after applying the accounting standard and relevant revised ASBJ regulations.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	%
March 31, 2022	928,651	630,887	61.2	2,733.86
March 31, 2021	836,364	581,411	62.7	2,520.34

Reference: Equity

As of March 31, 2022 ¥568,766 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 current fiscal year, and each figure as of March 31, 2022 is the figure after applying the accounting standard and relevant revised ASBJ regulations.

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	52,090	(64,954)	(3,666)	92,257
March 31, 2021	55,464	(40,370)	5,154	91,075

2. Dividends

	Annual dividend					Total dividend payment (total)	Dividend payout ratio (consolidated)	Dividend to net assets ratio (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	35.00	–	35.00	70.00	14,559	40.4	2.9
Fiscal year ended March 31, 2022	–	45.00	–	35.00	80.00	16,642	34.5	3.0
Fiscal year ending March 31, 2023 (Forecast)	–	40.00	–	40.00	80.00		26.9	

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

Ordinary dividend: 35.00 yen Commemorative dividend: 10.00 yen

3. Consolidated business forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Six months ending September 30, 2022 (cumulative)	390,000	16.1	30,000	(0.1)	39,000	0.6	29,000	2.9	140.58
Fiscal year ending March 31, 2023	800,000	13.4	61,500	11.1	81,500	9.9	61,000	26.3	296.95

* **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) 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

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

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

As of March 31, 2022	225,739,199
As of March 31, 2021	225,739,199

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

As of March 31, 2022	17,693,673
As of March 31, 2021	17,726,057

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

For the year ended March 31, 2022	208,036,405
For the year ended March 31, 2021	208,004,306

[Reference] Outline of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	427,927	24.1	32,364	69.4	46,116	74.4	35,812	49.4
March 31, 2021	344,898	(1.8)	19,101	10.6	26,443	(12.1)	23,966	(18.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	172.15	-
March 31, 2021	115.22	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	%
March 31, 2022	529,631	323,002	61.0	1,552.56
March 31, 2021	469,634	306,478	65.3	1,473.36

Reference: Equity

As of March 31, 2022

¥323,002 million

As of March 31, 2021

¥306,478 million

2. Non-consolidated business forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	480,000	12.2	28,500	(11.9)	42,500	(7.8)	36,500	1.9	177.68

* These financial statements are exempt from audit procedure.

* 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.

For details on the financial forecast, please refer to page 21.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	101,785	102,049
Notes and accounts receivable - trade	159,018	-
Notes and accounts receivable - trade, and contract assets	-	176,556
Securities	269	6
Merchandise and finished goods	63,887	78,542
Work in process	13,242	19,729
Raw materials and supplies	44,145	57,398
Other	20,209	19,381
Allowance for doubtful accounts	△416	△1,453
Total current assets	402,141	452,210
Non-current assets		
Property, plant and equipment		
Buildings and structures	234,992	254,276
Accumulated depreciation	△142,718	△154,692
Buildings and structures, net	92,274	99,584
Machinery, equipment and vehicles	501,700	523,244
Accumulated depreciation	△420,586	△442,844
Machinery, equipment and vehicles, net	81,113	80,400
Land	40,774	42,889
Leased assets	3,429	3,622
Accumulated depreciation	△1,156	△1,484
Leased assets, net	2,272	2,138
Construction in progress	24,766	42,385
Other	53,054	55,361
Accumulated depreciation	△44,325	△46,375
Other, net	8,729	8,986
Total property, plant and equipment	249,931	276,384
Intangible assets		
Goodwill	4,914	4,811
Leased assets	5	4
Software	2,456	2,992
Other	3,123	3,482
Total intangible assets	10,499	11,290
Investments and other assets		
Investment securities	158,718	171,446
Long-term loans receivable	5,012	5,159
Deferred tax assets	3,145	3,493
Retirement benefit asset	1,396	1,226
Other	6,064	8,047
Allowance for doubtful accounts	△545	△607
Total investments and other assets	173,792	188,765
Total non-current assets	434,223	476,440
Total assets	836,364	928,651

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	75,308	92,387
Short-term borrowings	40,087	38,925
Accrued expenses	20,225	19,187
Lease liabilities	543	565
Income taxes payable	5,809	11,997
Provision for bonuses	5,770	6,144
Provision for bonuses for directors (and other officers)	35	47
Provision for environmental measures	145	3
Provision for business restructuring	421	190
Provision for loss on business withdrawal	—	103
Asset retirement obligations	0	118
Other	19,599	29,298
Total current liabilities	167,947	198,969
Non-current liabilities		
Bonds payable	20,000	20,000
Long-term borrowings	36,202	46,621
Lease liabilities	1,643	1,537
Deferred tax liabilities	11,828	11,458
Provision for retirement benefits for directors (and other officers)	217	285
Provision for environmental measures	3	23
Provision for business restructuring	760	2,305
Provision for loss on business withdrawal	142	—
Provision for loss on business of subsidiaries and associates	—	188
Other provisions	393	481
Retirement benefit liability	7,150	6,252
Asset retirement obligations	5,113	5,216
Other	3,550	4,422
Total non-current liabilities	87,006	98,794
Total liabilities	254,953	297,763
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,301	34,339
Retained earnings	459,790	492,455
Treasury shares	△21,562	△21,525
Total shareholders' equity	514,499	547,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,419	11,376
Deferred gains or losses on hedges	△618	△326
Foreign currency translation adjustment	△3,542	9,861
Remeasurements of defined benefit plans	△494	614
Total accumulated other comprehensive income	9,765	21,526
Non-controlling interests	57,146	62,121
Total net assets	581,411	630,887
Total liabilities and net assets	836,364	928,651

2. Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	595,718	705,656
Cost of sales	454,760	543,070
Gross profit	140,958	162,586
Selling, general and administrative expenses	96,448	107,225
Operating profit	44,510	55,360
Non-operating income		
Interest income	362	346
Dividend income	2,391	3,218
Share of profit of entities accounted for using equity method	5,162	14,883
Other	4,306	5,987
Total non-operating income	12,222	24,435
Non-operating expenses		
Interest expenses	800	858
Personnel expenses for seconded employees	1,368	1,361
Loss on disposal of non-current assets	1,461	1,580
Rental expenses	1,396	818
Other	1,466	1,024
Total non-operating expenses	6,492	5,644
Ordinary profit	50,240	74,152

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Extraordinary income		
Gain on sale of investment securities	1,800	3,011
Insurance claim income	—	2,616
Gain on step acquisitions	—	796
Gain on sale of non-current assets	257	—
Compensation income	152	—
Subsidy income	128	—
Total extraordinary income	2,338	6,424
Extraordinary losses		
Impairment losses	1,695	7,059
Provision for business restructuring	—	1,733
Provision of allowance for doubtful accounts	—	960
Loss on valuation of investment securities	107	286
Loss on disposal of non-current assets	—	252
loss compensation	307	228
Provision for loss on business of subsidiaries and associates	—	188
Fire Loss	—	128
Loss on change in retirement benefit plan at subsidiary	—	109
Loss from money transfer scam at subsidiary	984	—
Loss on withdrawal from business	287	—
Loss on liquidation of subsidiaries	242	—
Total extraordinary losses	3,626	10,947
Profit before income taxes	48,951	69,628
Income taxes - current	10,180	16,542
Income taxes - deferred	△611	555
Total income taxes	9,568	17,098
Profit	39,383	52,530
Profit attributable to non-controlling interests	3,312	4,235
Profit attributable to owners of parent	36,070	48,295

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	39,383	52,530
Other comprehensive income		
Valuation difference on available-for-sale securities	6,737	△3,118
Deferred gains or losses on hedges	△24	△14
Foreign currency translation adjustment	3,036	9,330
Remeasurements of defined benefit plans, net of tax	2,829	1,032
Share of other comprehensive income of entities accounted for using equity method	1,137	6,471
Total other comprehensive income	13,718	13,701
Comprehensive income	53,101	66,232
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,213	60,083
Comprehensive income attributable to non-controlling interests	3,887	6,149

3. Consolidated Statement of Changes in Net Assets

FY2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,234	439,701	△21,600	494,306
Changes during period					
Dividends of surplus			△14,559		△14,559
Profit attributable to owners of parent			36,070		36,070
Purchase of treasury shares				△4	△4
Disposal of treasury shares		14		42	57
Change in scope of consolidation			△3		△3
Change in scope of equity method			△1,418		△1,418
Change in ownership interest of parent due to transactions with non-controlling interests		51			51
Net changes in items other than shareholders' equity					—
Total changes during period	—	66	20,088	37	20,192
Balance at end of period	41,970	34,301	459,790	△21,562	514,499

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	7,789	4	△6,701	△2,877	△1,785	55,619	548,141
Changes during period							
Dividends of surplus							△14,559
Profit attributable to owners of parent							36,070
Purchase of treasury shares							△4
Disposal of treasury shares							57
Change in scope of consolidation							△3
Change in scope of equity method							△1,418
Change in ownership interest of parent due to transactions with non-controlling interests							51
Net changes in items other than shareholders' equity	6,630	△622	3,159	2,382	11,550	1,526	13,077
Total changes during period	6,630	△622	3,159	2,382	11,550	1,526	33,269
Balance at end of period	14,419	△618	△3,542	△494	9,765	57,146	581,411

FY2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,301	459,790	△21,562	514,499
Cumulative effects of changes in accounting policies			△50		△50
Restated balance	41,970	34,301	459,739	△21,562	514,448
Changes during period					
Dividends of surplus			△16,642		△16,642
Profit attributable to owners of parent			48,295		48,295
Purchase of treasury shares				△5	△5
Disposal of treasury shares		39		42	81
Change in scope of consolidation			441		441
Change in scope of equity method			620		620
Change in ownership interest of parent due to transactions with non-controlling interests		△0			△0
Net changes in items other than shareholders' equity					—
Total changes during period	—	38	32,715	36	32,791
Balance at end of period	41,970	34,339	492,455	△21,525	547,239

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	14,419	△618	△3,542	△494	9,765	57,146	581,411
Cumulative effects of changes in accounting policies							△50
Restated balance	14,419	△618	△3,542	△494	9,765	57,146	581,360
Changes during period							
Dividends of surplus							△16,642
Profit attributable to owners of parent							48,295
Purchase of treasury shares							△5
Disposal of treasury shares							81
Change in scope of consolidation							441
Change in scope of equity method							620
Change in ownership interest of parent due to transactions with non-controlling interests							△0
Net changes in items other than shareholders' equity	△3,043	291	13,404	1,108	11,761	4,974	16,736
Total changes during period	△3,043	291	13,404	1,108	11,761	4,974	49,527
Balance at end of period	11,376	△326	9,861	614	21,526	62,121	630,887

4. Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	48,951	69,628
Depreciation	30,686	31,999
Loss (gain) on disposal of non-current assets	1,165	1,630
Amortization of goodwill	371	396
Share of loss (profit) of entities accounted for using equity method	△5,162	△14,883
Impairment losses	1,695	7,059
Subsidy income	△128	—
Insurance claim income	△35	△2,723
Increase (decrease) in allowance for doubtful accounts	△773	1,027
Increase (decrease) in retirement benefit liability	609	140
Interest and dividend income	△2,754	△3,564
Interest expenses	800	858
Loss (gain) on sale of short-term and long-term investment securities	△1,766	△3,041
Loss (gain) on valuation of short-term and long-term investment securities	347	332
Loss from money transfer scam at subsidiary	984	—
Decrease (increase) in trade receivables	△16,283	△9,273
Decrease (increase) in inventories	△5,527	△28,992
Increase (decrease) in trade payables	2,687	9,792
Increase (decrease) in accrued consumption taxes	△2,890	246
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△184	49
Provision for business structure improvement	—	1,733
Other, net	426	△9,919
Subtotal	53,221	52,497
Interest and dividends received	2,725	3,526
Dividends received from entities accounted for using equity method	3,577	4,439
Interest paid	△791	△818
Payment for money transfer scam at subsidiary	△984	—
Income taxes paid	△9,259	△10,386
Subsidies received	6,939	—
Proceeds from insurance income	35	2,831
Net cash provided by (used in) operating activities	55,464	52,090

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from investing activities		
Purchase of non-current assets	△38,234	△56,347
Proceeds from sale of non-current assets	805	463
Purchase of investment securities	△4,619	△11,849
Proceeds from sale of investment securities	4,951	5,724
Loan advances	△4,375	△824
Proceeds from collection of loans receivable	429	101
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	△2,668
Other, net	672	445
Net cash provided by (used in) investing activities	△40,370	△64,954
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	967	316
Proceeds from long-term borrowings	17,508	16,641
Repayments of long-term borrowings	△5,886	△10,641
Proceeds from issuance of bonds	20,000	—
Redemption of bonds	△10,000	—
Purchase of treasury shares	△4	△5
Proceeds from sale of treasury shares	0	0
Dividends paid	△14,559	△16,642
Dividends paid to non-controlling interests	△1,906	△2,551
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△396	—
Other, net	△568	9,216
Net cash provided by (used in) financing activities	5,154	△3,666
Effect of exchange rate change on cash and cash equivalents	698	6,502
Net increase (decrease) in cash and cash equivalents	20,947	△10,028
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	84	11,210
Cash and cash equivalents at end of period	91,075	92,257

5. Segment Information

FY2020

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Reconciling items	Per consolidated financial statements
Sales					
Revenues from external customers	328,078	267,457	340	△158	595,718
Transactions with other segments	7,639	368	6	△8,014	—
Net sales	335,717	267,825	347	△8,172	595,718
Ordinary profit (loss)	14,238	37,552	89	△1,639	50,240
Assets	440,838	351,917	26,573	17,034	836,364
Other items					
Depreciation	16,479	13,090	82	1,034	30,686
Amortization of goodwill	368	—	3	—	371
Interest income	228	190	5	△61	362
Interest expenses	550	581	2	△335	800
Equity in earnings (losses) of affiliates	1,972	3,180	—	9	5,162
Investments in entities accounted for using equity method	73,535	30,831	—	△149	104,217
Increase in property, plant and equipment and intangible assets	19,791	18,619	328	1,543	40,282

FY2021

(Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Reconciling items	Per consolidated financial statements
Sales					
Revenues from external customers	419,959	285,419	277	△0	705,656
Transactions with other segments	5,383	98	16	△5,499	—
Net sales	425,343	285,518	294	△5,499	705,656
Ordinary profit (loss)	30,083	45,433	22	△1,387	74,152
Assets	481,866	405,824	26,971	13,988	928,651
Other items					
Depreciation	17,165	13,083	18	1,732	31,999
Amortization of goodwill	393	—	3	—	396
Interest income	268	140	0	△62	346
Interest expenses	411	687	0	△240	858
Equity in earnings (losses) of affiliates	5,136	9,747	—	0	14,883
Investments in entities accounted for using equity method	86,149	39,434	—	△40	125,543
Increase in property, plant and equipment and intangible assets	19,256	32,623	1	2,911	54,793

Segment Information

(Billions of yen, rounded down)

	FY2020	FY2021	Change	FY2022 First half Forecast	FY 2022 Full Year Forecast
Net sales	595.7	705.6	109.9	390.0	800.0
Basic Chemicals	335.7	425.3	89.6	223.3	459.8
Specialty Chemicals	267.8	285.5	17.6	169.7	346.0
Other and Adjustment	(7.8)	(5.2)	2.6	(3.0)	(5.9)
Operating profit	44.5	55.3	10.8	30.0	61.5
Basic Chemicals	12.8	25.7	12.9	11.6	20.6
Specialty Chemicals	34.8	33.6	(1.1)	20.2	44.4
Other and Adjustment	(3.1)	(4.0)	(0.9)	(1.8)	(3.5)
Non-operating profit	5.7	18.7	13.0	9.0	20.0
Ordinary profit	50.2	74.1	23.9	39.0	81.5
Basic Chemicals	14.2	30.0	15.8	17.1	33.0
Specialty Chemicals	37.5	45.4	7.8	23.2	52.0
Other and Adjustment	(1.5)	(1.3)	0.1	(1.4)	(3.5)
Extraordinary income and loss, net	(1.2)	(4.5)	(3.2)	1.0	1.0
Income before income taxes, etc.	48.9	69.6	20.6	40.0	82.5
Profit attributable to owners of parent	36.0	48.2	12.2	29.0	61.0

【reference: former segments】

	FY2020	FY2021	Change	FY2022 First half Forecast	FY 2022 Full Year Forecast
Net sales	595.7	705.6	109.9	390.0	800.0
Natural Gas Chemicals	158.2	226.2	67.9	111.8	235.1
Aromatic Chemicals	183.4	202.8	19.3	113.3	228.3
Specialty Chemicals	207.4	214.1	6.7	132.1	269.8
Information and Advanced Materials	62.3	71.5	9.1	37.6	76.4
Other and Adjustment	(15.8)	(9.1)	6.6	(4.9)	(9.7)
Operating profit	44.5	55.3	10.8	30.0	61.5
Natural Gas Chemicals	0.9	9.7	8.7	3.9	7.2
Aromatic Chemicals	11.7	16.0	4.2	7.6	13.4
Specialty Chemicals	22.8	17.4	(5.4)	10.4	25.1
Information and Advanced Materials	11.9	16.1	4.2	9.7	19.2
Other and Adjustment	(3.0)	(3.9)	(0.9)	(1.8)	(3.5)
Non-operating profit	5.7	18.7	13.0	9.0	20.0
Ordinary profit	50.2	74.1	23.9	39.0	81.5
Natural Gas Chemicals	2.6	14.0	11.3	9.5	19.9
Aromatic Chemicals	11.6	16.0	4.4	7.6	13.0
Specialty Chemicals	25.5	27.6	2.0	12.7	31.3
Information and Advanced Materials	11.9	17.8	5.8	10.5	20.7
Other and Adjustment	(1.5)	(1.3)	0.1	(1.4)	(3.5)

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

*Effective from the fiscal year ended 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

		FY2018	FY2019	FY2020	FY2021	FY2022 Forecast
Investments (Billions of yen)	Full year	39.2	42.3	40.2	54.7	90.0
	1H	18.6	22.4	15.8	22.0	49.0
Depreciation & amortization (Billions of yen)	Full year	27.4	29.5	30.6	31.9	34.0
	1H	13.5	14.4	15.1	15.8	16.0
R&D expenditures (Billions of yen)	Full year	18.6	19.6	19.9	21.0	24.5
	1H	9.1	9.4	9.8	10.1	12.0
Number of Staff	Year-end	8,276	8,954	8,998	9,888	10,541
ROA		8.7%	3.9%	6.2%	8.4%	8.5%
ROE		11.3%	4.3%	7.1%	8.8%	10.4%
ROIC (Ordinary income/invested capital)		10.9%	4.9%	7.7%	10.4%	10.4%

Other Information 2

	FY2017		FY2018		FY2019		FY2020		FY2021		FY2022
	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	Full year
Exchange Rate (JPY/USD, Average)	111	111	110	112	109	109	107	105	110	115	125
Exchange Rate (JPY/EUR, Average)	126	133	130	127	121	120	121	126	131	130	130
crude oil (Dubai) (USD/BBL)	50	62	73	65	64	56	37	52	69	87	100
Methanol (USD/MT, Asian average spot price)	296	381	408	335	277	245	194	319	370	428	420
Mixed Xylene (USD/MT)	650	725	845	730	705	640	420	560	780	875	975
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	2,100 ~3,150	1,700 ~2,300
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	2,650 ~3,650	2,200 ~3,000

*Describe the minimum and maximum values during the period

Qualitative Information

From the first quarter of the fiscal year ended 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)

	FY2020	FY2021	Change
Net sales	595.7	705.6	109.9
Operating income	44.5	55.3	10.8
Ordinary income	50.2	74.1	23.9
Profit attributable to owners of the parent	36.0	48.2	12.2

During the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022), outlook for the world economy remained unstable despite glimmers of economic recovery from pandemic-induced stagnation. With the ongoing impact of logistics disruptions and semiconductor shortages already hindering economic activities, the eruption of the Russia-Ukraine conflict has caused raw material and fuel prices to surge sharply, while the depreciation of the yen has become more drastic.

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

In addition, the MGC Group launched a 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 the higher sales volumes of semiconductor-related products, recovery in demand for products that had been affected by fallout from the novel coronavirus pandemic, and 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.

Net income attributable to owners of the parent grew, mainly on higher ordinary income, despite an increase in extraordinary losses reflecting such factors as the recording of an impairment loss in connection with business restructuring and other measures.

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 ended March 31, 2022. To provide comparative year-on-year segment results, the Group has restated the operating results of the previous fiscal year to reflect the revised segmentation.

Results by Business Segment

Basic Chemicals

(Billions of yen)

	FY2020	FY2021	Change
Net Sales	328.0	419.9	91.8
Operating income	12.8	25.7	12.9
Ordinary income	14.2	30.0	15.8

The methanol business saw increases in both net sales and earnings due mainly to a significant upturn in market prices compared with 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 and a decrease in repair costs, 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.

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

Foamed plastics posted a decrease in earnings compared with the previous fiscal year, due mainly to higher raw material and fuel prices, despite the higher sales volume of flat panel display shields and automotive materials.

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

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

Specialty Chemicals

(Billions of yen)

	FY2020	FY2021	Change
Net Sales	267.4	285.4	17.9
Operating income	34.8	33.6	(1.1)
Ordinary income	37.5	45.4	7.8

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 robust sales of polyacetal in addition to recovery in sales volumes in automotive-related and other fields.

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 constantly robust demand for products used in memory devices and 5G smartphones, along with higher sales volumes, especially in the first half, for general-purpose materials for a broad range of applications including PC-related devices and home appliances.

Oxygen absorbers such as AGELESSTM 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 previous fiscal year.

Outlook for FY2022

In the fiscal year ending March 31, 2023, the outlook for the world economy is expected to remain unclear despite the ongoing trend toward economic recovery in step with progress in countermeasures against the novel coronavirus pandemic. This is due to looming anxieties over geopolitical instability worldwide as well as semiconductor shortages, higher raw material and fuel prices, and surging logistics costs.

Under these circumstances, the Group aims to continue executing the medium-term management plan launched in April 2021. Specifically, the Group will pursue a shift to a profit structure resilient to changes in the business environment, with the goal of developing an optimal business portfolio. Accordingly, the Group will strive to:

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

With this in mind, the Group will maintain a proactive approach to growth investment in differentiating businesses and other operations in the fiscal year ending March 31, 2023. At the same time, the Group intends to push ahead further with strengthening R&D toward the creation of new businesses.

Taking these factors into account, the Group expects consolidated net sales for the fiscal year ending March 31, 2023 to surpass operating results for the fiscal year ended March 31, 2022. This projection is backed by the expected increase in sales volumes, reflecting such positive factors as continuously robust semiconductor demand, along with the impact of foreign exchange fluctuations and the planned inclusion of a South Korea-based polyacetal sales company into the scope of consolidation.

Similarly, operating income is likely to exceed operating results for the fiscal year ended March 31, 2022, despite the expected rises in repair costs and raw material and fuel prices as well as higher depreciation costs and R&D expenses, thanks mainly to growth in sales volumes, the effect of the depreciation of the yen and the improving profitability of the Group’s bases of polycarbonate-related operations in China.

Moreover, ordinary income and net income attributable to owners of the parent are expected to surpass operating results for the fiscal year ended March 31, 2022, due primarily to higher operating income and the expected increase in equity in earnings of affiliates engaged in methanol-related businesses.

Taking these factors into account, the Group’s consolidated operating results forecasts for the fiscal year ending March 31, 2023, include net sales of ¥800.0 billion, operating income of ¥61.5 billion, ordinary income of ¥81.5 billion, and net income attributable to owners of the parent of ¥61.0 billion.

The above forecasts assume exchange rates of ¥125=\$1 and ¥130=€1.

(End)