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MEMBERSHIP

May 11, 2021

Summary of Consolidated Financial Results for the Fiscal Year Ended March 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
Inquiries: Nobuki Nishikawa, General Manager, CSR & IR Division
TEL: +81-3-3283-5041
Scheduled date of ordinary general meeting of shareholders: June 25, 2021
Scheduled date to commence dividend payments: June 7, 2021
Scheduled date to file annual securities report: June 25, 2021

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

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Summary of consolidated income statement

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	595,718	(2.9)	44,510	29.9	50,240	61.5	36,070	70.5
March 31, 2020	613,344	(5.5)	34,260	(17.2)	31,116	(55.0)	21,158	(61.5)

Note: Comprehensive income March 31, 2021 ¥53,101 million [279.6%]
March 31, 2020 ¥13,988 million [(74.2)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	173.41	–	7.1	6.2	7.5
March 31, 2020	100.50	–	4.3	3.9	5.6

Reference: Equity in earnings of entities accounted for using equity method
March 31, 2021 ¥5,162 million
March 31, 2020 ¥(1,282) million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	836,364	581,411	62.7	2,520.34
March 31, 2020	771,733	548,141	63.8	2,368.11

Reference: Equity
March 31, 2021 ¥524,264 million
March 31, 2020 ¥492,521 million

(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, 2021	55,464	(40,370)	5,154	91,075
March 31, 2020	74,234	(33,922)	(49,563)	70,043

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			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2020	–	35.00	–	35.00	70.00	14,861	69.7	3.0
March 31, 2021	–	35.00	–	35.00	70.00	14,559	40.4	2.9
Fiscal year ending March 31, 2022 (Forecast)	–	35.00	–	35.00	70.00		35.5	

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
Six months ending September 30, 2021 (cumulative)	310,000	–	22,000	–	26,000	–	19,000	–	91.34
Fiscal year ending March 31, 2022	640,000	–	48,000	–	56,000	–	41,000	–	197.10

Note: From the start of the fiscal year ending March 31, 2022, the Company will be applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and its accompanying guidance. Accordingly, the amounts for the consolidated business forecasts for the fiscal year ending March 31, 2022 reflect the aforementioned application, and year-on-year changes are not presented.

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
Excluded: 2 companies (Company names: MGC MONTNEY HOLDINGS LTD., Tokyo Shokai, Ltd.)

(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: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(3) Number of shares outstanding (common stock)
(i) Number of shares outstanding at term end (including treasury stock)

As of March 31, 2021	225,739,199
As of March 31, 2020	225,739,199

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

As of March 31, 2021	17,726,057
As of March 31, 2020	17,758,765

(iii) Average number of shares

For the year ended March 31, 2021	208,004,306
For the year ended March 31, 2020	210,529,901

[Reference] Outline of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	344,898	(1.8)	19,101	10.6	26,443	(12.1)	23,966	(18.3)
March 31, 2020	351,348	(6.3)	17,268	(25.3)	30,066	(27.3)	29,332	(15.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	115.22	–
March 31, 2020	139.33	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	469,634	306,478	65.3	1,473.36
March 31, 2020	425,713	290,955	68.3	1,398.96

Reference: Equity
March 31, 2021 ¥306,478 million
March 31, 2020 ¥290,955 million

2. Non-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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	380,000	–	25,000	–	34,000	–	28,000	–	134.61

Note: From the start of the fiscal year ending March 31, 2022, the Company will be applying "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and its accompanying guidance. Accordingly, the amounts for the non-consolidated business forecasts for the fiscal year ending March 31, 2022 reflect the aforementioned application, and year-on-year changes are not presented.

* 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 23.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	78,227	101,785
Notes and accounts receivable - trade	141,279	159,018
Securities	3,514	269
Merchandise and finished goods	62,359	63,887
Work in process	13,154	13,242
Raw materials and supplies	39,282	44,145
Other	21,975	20,209
Allowance for doubtful accounts	△1,124	△416
Total current assets	358,669	402,141
Non-current assets		
Property, plant and equipment		
Buildings and structures	220,252	234,992
Accumulated depreciation	△135,913	△142,718
Buildings and structures, net	84,339	92,274
Machinery, equipment and vehicles	484,798	501,700
Accumulated depreciation	△403,719	△420,586
Machinery, equipment and vehicles, net	81,079	81,113
Land	41,109	40,774
Leased assets	2,611	3,429
Accumulated depreciation	△785	△1,156
Leased assets, net	1,825	2,272
Construction in progress	23,113	24,766
Other	51,266	53,054
Accumulated depreciation	△42,894	△44,325
Other, net	8,371	8,729
Total property, plant and equipment	239,838	249,931
Intangible assets		
Goodwill	5,293	4,914
Leased assets	0	5
Software	2,251	2,456
Other	3,052	3,123
Total intangible assets	10,597	10,499
Investments and other assets		
Investment securities	149,158	158,718
Long-term loans receivable	3,153	5,012
Deferred tax assets	3,482	3,145
Retirement benefit asset	974	1,396
Other	6,500	6,064
Allowance for doubtful accounts	△640	△545
Total investments and other assets	162,628	173,792
Total non-current assets	413,063	434,223
Total assets	771,733	836,364

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	70,776	75,308
Short-term borrowings	33,980	40,087
Current portion of bonds payable	10,000	—
Accrued expenses	18,008	20,225
Lease obligations	429	543
Income taxes payable	5,539	5,809
Provision for bonuses	5,616	5,770
Provision for bonuses for directors (and other officers)	44	35
Provision for environmental measures	76	145
Provision for loss compensation	60	—
Provision for loss on business of subsidiaries and associates	200	—
Provision for loss on business withdrawal	6	—
Provision for business restructuring	—	421
Asset retirement obligations	0	0
Other	18,837	19,599
Total current liabilities	163,574	167,947
Non-current liabilities		
Bonds payable	—	20,000
Long-term borrowings	29,043	36,202
Lease obligations	1,260	1,643
Deferred tax liabilities	9,200	11,828
Provision for retirement benefits for directors (and other officers)	433	217
Provision for environmental measures	237	3
Provision for business restructuring	1,329	760
Provision for loss on business withdrawal	—	142
Provision for loss on liquidation of subsidiaries and associates	1,170	—
Other provisions	356	393
Retirement benefit liability	9,333	7,150
Asset retirement obligations	3,560	5,113
Other	4,091	3,550
Total non-current liabilities	60,016	87,006
Total liabilities	223,591	254,953
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	34,234	34,301
Retained earnings	439,701	459,790
Treasury shares	△21,600	△21,562
Total shareholders' equity	494,306	514,499
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,789	14,419
Deferred gains or losses on hedges	4	△618
Foreign currency translation adjustment	△6,701	△3,542
Remeasurements of defined benefit plans	△2,877	△494
Total accumulated other comprehensive income	△1,785	9,765

Non-controlling interests	55,619	57,146
Total net assets	548,141	581,411
Total liabilities and net assets	771,733	836,364

2. Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	613,344	595,718
Cost of sales	481,950	454,760
Gross profit	131,394	140,958
Selling, general and administrative expenses	97,133	96,448
Operating profit	34,260	44,510
Non-operating income		
Interest income	565	362
Dividend income	2,226	2,391
Rental income	1,551	1,424
Share of profit of entities accounted for using equity method	—	5,162
Other	1,390	2,881
Total non-operating income	5,733	12,222
Non-operating expenses		
Interest expenses	968	800
Personnel expenses for seconded employees	1,512	1,368
Loss on disposal of non-current assets	1,237	1,461
Foreign exchange losses	1,342	—
Rental expenses	1,628	1,396
Share of loss of entities accounted for using equity method	1,282	—
Other	905	1,466
Total non-operating expenses	8,877	6,492
Ordinary profit	31,116	50,240

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Extraordinary income		
Gain on sale of investment securities	2,676	1,800
Gain on sale of non-current assets	859	257
Compensation income	—	152
Subsidy income	6,794	128
Reversal of provision for loss on guarantees	1,024	—
Gain on step acquisitions	1,016	—
Insurance claim income	564	—
Gain on bargain purchase	492	—
Total extraordinary income	13,428	2,338
Extraordinary losses		
Impairment losses	381	1,695
Loss from money transfer scam at subsidiary	—	984
loss compensation	217	307
Loss on withdrawal from business	—	287
Loss on liquidation of subsidiaries	—	242
Loss on valuation of investment securities	939	107
Loss on tax purpose reduction entry of non-current assets	5,652	—
Provision for loss on liquidation of subsidiaries and associates	1,098	—
Loss on disposal of non-current assets	565	—
Provision for business restructuring	350	—
Loss on valuation of interest rate swaps	228	—
Provision for loss on business of subsidiaries and associates	200	—
Loss on step acquisitions	197	—
Accident loss	193	—
Provision for environmental measures	177	—
Total extraordinary losses	10,202	3,626
Profit before income taxes	34,343	48,951
Income taxes - current	8,373	10,180
Income taxes - deferred	1,482	△611
Total income taxes	9,855	9,568
Profit	24,487	39,383
Profit attributable to non-controlling interests	3,329	3,312
Profit attributable to owners of parent	21,158	36,070

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	24,487	39,383
Other comprehensive income		
Valuation difference on available-for-sale securities	△5,172	6,737
Deferred gains or losses on hedges	3	△24
Foreign currency translation adjustment	△3,431	3,036
Remeasurements of defined benefit plans, net of tax	△3,386	2,829
Share of other comprehensive income of entities accounted for using equity method	1,488	1,137
Total other comprehensive income	△10,498	13,718
Comprehensive income	13,988	53,101
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,884	49,213
Comprehensive income attributable to non-controlling interests	2,104	3,887

3. Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	41,970	34,298	439,080	△19,930	495,418
Changes during period					
Dividends of surplus			△14,861		△14,861
Profit attributable to owners of parent			21,158		21,158
Purchase of treasury shares				△8,733	△8,733
Disposal of treasury shares		11		40	51
Cancellation of treasury shares		△7,023		7,023	—
Transfer from retained earnings to capital surplus		6,959	△6,959		—
Change in scope of consolidation			1,246		1,246
Change in ownership interest of parent due to transactions with non-controlling interests		△10			△10
Reversal of revaluation reserve for land			37		37
Net changes in items other than shareholders' equity					
Total changes during period	—	△63	621	△1,669	△1,111
Balance at end of period	41,970	34,234	439,701	△21,600	494,306

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,023	1	222	△6,327	623	7,542	50,321	553,282
Changes during period								
Dividends of surplus								△14,861
Profit attributable to owners of parent								21,158
Purchase of treasury shares								△8,733
Disposal of treasury shares								51
Cancellation of treasury shares								—
Transfer from retained earnings to capital surplus								—

Change in scope of consolidation								1,246
Change in ownership interest of parent due to transactions with non-controlling interests								△10
Reversal of revaluation reserve for land								37
Net changes in items other than shareholders' equity	△5,233	3	△222	△374	△3,500	△9,327	5,298	△4,029
Total changes during period	△5,233	3	△222	△374	△3,500	△9,327	5,298	△5,141
Balance at end of period	7,789	4	－	△6,701	△2,877	△1,785	55,619	548,141

(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

4. Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	34,343	48,951
Depreciation	29,591	30,686
Loss (gain) on disposal of non-current assets	778	1,165
Amortization of goodwill	380	371
Share of loss (profit) of entities accounted for using equity method	1,282	△5,162
Impairment losses	381	1,695
Loss on tax purpose reduction entry of non-current assets	5,652	—
Subsidy income	△6,794	△128
Insurance claim income	△572	△35
Increase (decrease) in allowance for doubtful accounts	187	△773
Increase (decrease) in retirement benefit liability	△48	609
Interest and dividend income	△2,791	△2,754
Interest expenses	968	800
Loss (gain) on sale of short-term and long-term investment securities	△2,682	△1,766
Loss (gain) on valuation of short-term and long-term investment securities	762	347
Loss from money transfer scam at subsidiary	—	984
Decrease (increase) in trade receivables	19,048	△16,283
Decrease (increase) in inventories	5,694	△5,527
Increase (decrease) in trade payables	△13,799	2,687
Increase (decrease) in accrued consumption taxes	1,976	△2,890
Increase (decrease) in provision for retirement benefits for directors (and other officers)	△245	△184
Increase (decrease) in provision for loss on guarantees	△2,358	—
Other, net	△3,339	426
Subtotal	68,416	53,221
Interest and dividends received	2,755	2,725
Dividends received from entities accounted for using equity method	10,693	3,577
Interest paid	△1,030	△791
Payment for money transfer scam at subsidiary	—	△984
Income taxes paid	△7,173	△9,259
Subsidies received	—	6,939
Proceeds from insurance income	572	35
Net cash provided by (used in) operating activities	74,234	55,464

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from investing activities		
Purchase of non-current assets	△43,453	△38,234
Proceeds from sale of non-current assets	1,144	805
Purchase of investment securities	△1,544	△4,619
Proceeds from sale of investment securities	4,702	4,951
Loan advances	△731	△4,375
Proceeds from collection of loans receivable	398	429
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	5,810	—
Other, net	△248	672
Net cash provided by (used in) investing activities	△33,922	△40,370
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△14,927	967
Proceeds from long-term borrowings	8,697	17,508
Repayments of long-term borrowings	△15,768	△5,886
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	△10,000
Purchase of treasury shares	△8,733	△4
Proceeds from sale of treasury shares	—	0
Dividends paid	△14,861	△14,559
Dividends paid to non-controlling interests	△1,890	△1,906
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	△1,208	△396
Other, net	△870	△568
Net cash provided by (used in) financing activities	△49,563	5,154
Effect of exchange rate change on cash and cash equivalents	△1,342	698
Net increase (decrease) in cash and cash equivalents	△10,594	20,947
Cash and cash equivalents at beginning of period	80,379	70,043
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	258	84
Cash and cash equivalents at end of period	70,043	91,075

5. Segment Information

FY2019 (Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Reconciling items	Per consolidated financial statements
Sales					
Revenues from external customers	357,333	255,112	898	—	613,344
Transactions with other segments	6,503	830	123	△7,456	—
Net sales	363,836	255,943	1,021	△7,456	613,344
Ordinary profit (loss)	4,756	28,178	8	△1,827	31,116
Assets	396,905	310,204	34,569	30,053	771,733
Other items					
Depreciation	15,941	12,578	19	1,052	29,591
Amortization of goodwill	379	—	1	—	380
Interest income	278	263	9	14	565
Interest expenses	822	635	5	△494	968
Equity in earnings (losses) of affiliates	△4,924	3,701	△60	—	△1,282
Investments in entities accounted for using equity method	65,122	30,540	—	△149	95,513
Increase in property, plant and equipment and intangible assets	22,316	17,312	1	2,759	42,389

FY2020 (Millions of yen)

	Basic Chemicals Business Sector	Specialty Chemicals Business Sector	Other	Reconciling items	Per consolidated financial statements
Sales					
Revenues from external customers	315,034	267,457	13,226	—	595,718
Transactions with other segments	7,767	368	1,965	△10,101	—
Net sales	322,801	267,825	15,192	△10,101	595,718
Ordinary profit (loss)	11,001	37,552	3,297	△1,610	50,240
Assets	427,468	363,554	40,940	4,401	836,364
Other items					
Depreciation	16,371	13,090	189	1,034	30,686
Amortization of goodwill	368	—	3	—	371
Interest income	226	190	6	△61	362
Interest expenses	551	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	19,482	18,619	637	1,543	40,282

Segment Information (Billions of yen, rounded down)

		FY2019	FY2020	Change	FY 2021 First half Forecast	FY 2021 Full Year Forecast
Net sales		613.3	595.7	(17.6)	310.0	640.0
	Basic Chemicals	363.8	322.8	(41.0)	181.2	377.4
	Specialty Chemicals	255.9	267.8	11.8	131.3	267.6
	Other and Adjustment	(6.4)	5.0	11.5	(2.5)	(5.1)
Operating profit		34.2	44.5	10.2	22.0	48.0
	Basic Chemicals	11.2	9.6	(1.6)	8.7	17.9
	Specialty Chemicals	25.5	34.8	9.2	15.5	34.2
	Other and Adjustment	(2.5)	0.0	2.6	(2.2)	(4.2)
Non-operating profit		(3.1)	5.7	8.8	4.0	8.0
Ordinary profit		31.1	50.2	19.1	26.0	56.0
	Basic Chemicals	4.7	11.0	6.2	11.3	23.8
	Specialty Chemicals	28.1	37.5	9.3	16.5	36.0
	Other and Adjustment	(1.8)	1.6	3.5	(1.9)	(3.8)
Extoraordinary income and loss, net		3.2	(1.2)	(4.5)	0.0	(1.0)
Income before income taxes, etc.		34.3	48.9	14.6	26.0	55.0
Profit attributable to owners of parent		21.1	36.0	14.9	19.0	41.0

【reference】*

		FY2019	FY2020	Change	FY 2021 First half Forecast	FY 2021 Full Year Forecast
Net sales		613.3	595.7	(17.6)	310.0	640.0
	Natural Gas Chemicals	163.7	153.5	(10.2)	90.4	189.3
	Aromatic Chemicals	201.1	173.4	(27.6)	92.3	191.2
	Specialty Chemicals	202.0	208.0	6.0	102.7	208.6
	Information and Advanced Materials	54.8	61.7	6.8	28.5	59.1
	Other and Adjustment	(8.4)	(1.0)	7.4	(4.1)	(8.4)
Operating profit		34.2	44.5	10.2	22.0	48.0
	Natural Gas Chemicals	0.1	(0.6)	(0.7)	1.6	4.3
	Aromatic Chemicals	11.1	10.2	(0.9)	7.0	13.5
	Specialty Chemicals	19.9	22.7	2.8	9.3	22.1
	Information and Advanced Materials	5.6	12.0	6.4	6.1	12.1
	Other and Adjustment	(2.5)	0.1	2.7	(2.2)	(4.1)
Non-operating profit		(3.1)	5.7	8.8	4.0	8.0
Ordinary profit		31.1	50.2	19.1	26.0	56.0
	Natural Gas Chemicals	(5.7)	0.9	6.7	4.2	10.4
	Aromatic Chemicals	10.4	10.0	(0.4)	7.1	13.3
	Specialty Chemicals	22.3	24.9	2.6	10.0	23.6
	Information and Advanced Materials	5.8	12.5	6.7	6.4	12.4
	Other and Adjustment	(1.8)	1.6	3.5	(1.8)	(3.8)

*The figures are reference figures that have been simply rearranged for comparison with the new segment.

Other Information 1

		FY2017	FY2018	FY2019	FY2020	FY2021 Forecast
Investments (Billions of yen)	Full year	30.9	39.2	42.3	40.2	70.0
	1H	13.9	18.6	22.4	15.8	37.0
Depreciation & amortization (Billions of yen)	Full year	27.0	27.4	29.5	30.6	33.0
	1H	13.1	13.5	14.4	15.1	16.0
R&D expenditures (Billions of yen)	Full year	18.9	18.6	19.6	19.9	22.5
	1H	9.5	9.1	9.4	9.8	11.5
Number of Staff	Year-end	8,009	8,276	8,954	8,998	10,033
ROA		10.6%	8.7%	3.9%	6.2%	6.6%
ROE		13.6%	11.3%	4.3%	7.1%	7.7%
ROIC (Ordinary income/invested capital)		13.2%	10.9%	4.9%	7.7%	8.1%

Other Information 2

	FY2016		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	Full year
Exchange Rate (JPY/USD, Average)	105	112	111	111	110	112	109	109	107	105	105
Exchange Rate (JPY/EUR, Average)	118	119	126	133	130	127	121	120	121	126	130
crude oil (Dubai) (USD/BBL)	43	51	50	62	73	65	64	56	37	52	65
Methanol (USD/MT, Asian average spot price)	230	327	296	381	408	335	277	245	194	319	320
Mixed Xylene (USD/MT)	660	680	650	725	845	730	705	640	420	560	690
Bisphenol A (USD/MT)*	1,000 ～1,200	1,000 ～1,400	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	1,200 ～3,800
Polycarbonate (USD/MT)*	2,200 ～2,500	2,400 ～2,800	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	1,900 ～4,300

*Describe the minimum and maximum values during the period

Qualitative Information

Consolidated Business Results for This Period

Overview of Results

(Billions of yen)

	FY2019	FY2020	Change
Net sales	613.3	595.7	(17.6)
Operating income	34.2	44.5	10.2
Ordinary income	31.1	50.2	19.1
Net income attributable to owners of the parent	21.1	36.0	14.9

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

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

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

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

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

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

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

Operating results by segment are as described below.

In addition, the MGC Group revised the definition of its reportable segments in the first quarter of the fiscal year ended March 31, 2021. 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)

	FY2019	FY2020	Change
Sales	357.3	315.0	(42.2)
Operating income	11.2	9.6	(1.6)
Ordinary income	4.7	11.0	6.2

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

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

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

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

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

Specialty Chemicals

(Billions of yen)

	FY2019	FY2020	Change
Sales	255.1	267.4	12.3
Operating income	25.5	34.8	9.2
Ordinary income	28.1	37.5	9.3

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

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

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

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

Oxygen absorbers such as AGELESS® posted an increase in earnings compared with the previous fiscal year, despite a decline in demand for offerings used in souvenirs and other tourism-related products, thanks mainly to a solid volume of exports.

Other

	FY2019	FY2020	Change
Sales	0.8	13.2	12.3
Operating income	0	3.2	3.1
Ordinary income	0	3.2	3.2

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

Outlook for FY2021

In the fiscal year ending March 31, 2022, the global economy is expected to enjoy recovery and growth thanks mainly to progress in novel coronavirus vaccination and economic stimulus packages introduced by each country. However, the outlook still remains quite uncertain due to such factors as virus resurgences induced by the emergence of new variants.

Against this backdrop, the MGC Group will implement "Grow UP 2023," a newly formulated medium-term management plan, as it aims to shift to a profit structure that is resilient against changes in the external environment. To this end, the Group will develop an optimal business portfolio via the execution of such strategies as "Further strengthen competitively advantageous businesses," "Accelerate creation and development of new businesses," and "Reevaluate and rebuild unprofitable businesses."

For the fiscal year ending March 31, 2022, the Group anticipates that net sales will increase year on year, despite the adoption of the Accounting Standard for Revenue Recognition. The expected growth in net sales will be primarily supported by global economic recovery and growth, rising market prices of MGC offerings, and constantly robust semiconductor demand that will, in turn, help raise the sales volume of such offerings.

Moreover, the Group expects operating income to grow year on year due to higher sales volumes and an expected decrease in repair cost, despite rising raw material and fuel prices as well as the implementation of active investment for growth and resulting increases in depreciation and R&D costs.

The Group also forecasts that ordinary income and net income attributable to owners of the parent will both increase year on year due mainly to higher operating income and an expected increase in equity in earnings of affiliates buoyed by rising market prices of methanol.

Taking these factors into account, the Group's consolidated operating results forecasts for the fiscal year ending March 31, 2022, include net sales of ¥640.0 billion, operating income of ¥48.0 billion, ordinary income of ¥56.0 billion, and net income attributable to owners of the parent of ¥41.0 billion.

The above forecasts assume exchange rates of ¥105=$1 and ¥130=€1.

(End)