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February 13, 2025

Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2024 (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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Scheduled date to commence dividend payments: –
Presentation of supplementary material on financial results: Yes

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

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	583,190	(6.2)	45,290	17.2	53,854	24.1	35,636	(11.1)
December 31, 2023	621,739	3.7	38,658	(14.8)	43,404	(31.9)	40,068	(10.0)

Note: Comprehensive income Nine months ended December 31, 2024 ¥45,025 million [(33.1)%]
Nine months ended December 31, 2023 ¥67,271 million [0.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	178.18	–
December 31, 2023	196.18	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	1,124,867	702,048	59.7
March 31, 2024	1,068,010	684,832	61.6

Reference: Equity
As of December 31, 2024 ¥672,070 million
As of March 31, 2024 ¥657,745 million

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, 2024	–	40.00	–	40.00	80.00
Fiscal year ending March 31, 2025	–	45.00	–		
Fiscal year ending March 31, 2025 (Forecast)				50.00	95.00

Note: Revisions to the forecast most recently announced: No

3. Consolidated business forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025	770,000	(5.3)	56,000	18.3	63,000	36.8	48,000	23.7	241.61

Note: Revisions to the forecast most recently announced: No

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Yes
Newly included: 1 company (Company name: Cultivecs Inc.)
Excluded: 2 companies (Japan U-Pica Company, Ltd., MEP Shanghai Co., Ltd.)

(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, 2024	217,239,199
As of March 31, 2024	217,239,199

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

As of December 31, 2024	19,570,511
As of March 31, 2024	17,009,734

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

Nine months ended December 31, 2024	200,002,490
Nine months ended December 31, 2023	204,243,081

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. A number of factors could cause actual results to differ materially from expectations.

(How to access supplementary material on financial results)

The supplementary material on financial results is disclosed on the same day as this quarterly financial results report, and it is made available on the Company’s website.

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	71,447	71,880
Notes and accounts receivable - trade, and contract assets	165,648	167,848
Merchandise and finished goods	111,668	120,175
Work in process	19,769	19,348
Raw materials and supplies	69,092	69,822
Other	26,175	30,612
Allowance for doubtful accounts	△651	△721
Total current assets	463,148	478,965
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,647	96,085
Machinery, equipment and vehicles, net	86,350	113,678
Other, net	140,626	144,618
Total property, plant and equipment	314,624	354,381
Intangible assets		
Goodwill	16,868	15,699
Other	8,002	9,625
Total intangible assets	24,871	25,325
Investments and other assets		
Investment securities	236,354	236,918
Other	30,529	30,993
Allowance for doubtful accounts	△1,518	△1,717
Total investments and other assets	265,365	266,194
Total non-current assets	604,861	645,901
Total assets	1,068,010	1,124,867

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	109,013	110,228
Short-term borrowings	51,818	72,635
Current portion of bonds payable	—	10,000
Income taxes payable	6,134	6,447
Provisions	5,922	5,839
Other	68,592	66,868
Total current liabilities	241,480	272,019
Non-current liabilities		
Bonds payable	30,000	35,000
Long-term borrowings	69,671	77,344
Provisions	2,620	2,404
Retirement benefit liability	4,257	4,309
Asset retirement obligations	5,707	6,223
Other	29,439	25,517
Total non-current liabilities	141,696	150,799
Total liabilities	383,177	422,818
Net assets		
Shareholders' equity		
Share capital	41,970	41,970
Capital surplus	35,551	35,607
Retained earnings	536,232	554,387
Treasury shares	△26,127	△33,254
Total shareholders' equity	587,627	598,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,573	16,091
Deferred gains or losses on hedges	171	139
Foreign currency translation adjustment	40,143	47,033
Remeasurements of defined benefit plans	12,229	10,094
Total accumulated other comprehensive income	70,117	73,359
Non-controlling interests	27,087	29,977
Total net assets	684,832	702,048
Total liabilities and net assets	1,068,010	1,124,867

2. Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	621,739	583,190
Cost of sales	484,379	453,939
Gross profit	137,360	129,250
Selling, general and administrative expenses	98,701	83,959
Operating profit	38,658	45,290
Non-operating income		
Interest income	1,348	1,198
Dividend income	3,124	2,883
Foreign exchange gains	2,399	261
Share of profit of entities accounted for using equity method	1,427	7,322
Other	1,975	1,459
Total non-operating income	10,276	13,125
Non-operating expenses		
Interest expenses	2,151	1,772
Personnel expenses for seconded employees	1,074	938
Loss on disposal of non-current assets	867	1,002
Other	1,436	848
Total non-operating expenses	5,530	4,561
Ordinary profit	43,404	53,854
Extraordinary income		
Subsidy income	877	1,276
Gain on sale of investment securities	2,830	874
Insurance claim income	1,423	167
Gain on step acquisitions	15,085	—
Total extraordinary income	20,217	2,318
Extraordinary losses		
loss compensation	—	2,134
Loss on tax purpose reduction entry of non-current assets	704	963
Provision for business restructuring	—	738
Provision of allowance for doubtful accounts	150	200
Impairment losses	859	187
Office relocation expenses	—	144
Loss on sale of shares of subsidiaries and associates	2,843	—
Loss on disposal of non-current assets	307	—
Total extraordinary losses	4,865	4,367
Profit before income taxes	58,756	51,805
Income taxes	11,977	11,061
Profit	46,778	40,743
Profit attributable to non-controlling interests	6,710	5,107
Profit attributable to owners of parent	40,068	35,636

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	46,778	40,743
Other comprehensive income		
Valuation difference on available-for-sale securities	3,615	△1,479
Deferred gains or losses on hedges	△192	△68
Foreign currency translation adjustment	12,356	7,721
Remeasurements of defined benefit plans, net of tax	△182	△2,099
Share of other comprehensive income of entities accounted for using equity method	4,895	207
Total other comprehensive income	20,492	4,281
Comprehensive income	67,271	45,025
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	56,147	38,877
Comprehensive income attributable to non-controlling interests	11,124	6,147

Qualitative Information

Consolidated Business Results for This Period

Overview of Results

(Billions of yen)

	FY2024/1-3Q	FY2023/1-3Q	Change	Change (%)
Net sales	583.1	621.7	(38.5)	(6.2)
Operating profit	45.2	38.6	6.6	17.2
Equity in earnings of affiliates	7.3	1.4	5.8	412.9
Ordinary profit	53.8	43.4	10.4	24.1
Profit attributable to owners of parent	35.6	40.0	(4.4)	(11.1)

During the first nine months (April 1, 2024 – December 31, 2024) of the fiscal year ending March 31, 2025, inflationary pressure began to slowly moderate, while financial and capital market conditions, such as foreign exchange rates, remained highly volatile due to the impact of the U.S. presidential election results, shifts in monetary policies undertaken in such major countries as the United States and Europe, and other factors. Furthermore, the global economy has been affected by the ongoing stagnation of the Chinese economy, the prolongation of conflicts in the Middle East and the Russia-Ukraine War, and post-election changes in U.S. government policies. In addition, concerns have arisen regarding the possible decoupling of economies worldwide on the back of geopolitical risk. These and other uncertainties, in turn, made it challenging to formulate the immediate economic outlook.

Against this backdrop, the Mitsubishi Gas Chemical (MGC) Group has identified a new target of “Strengthening the resiliency of our business portfolio” under a medium-term management plan which was launched in the fiscal year ending March 31, 2025. To this end, the Group has been pushing ahead with various measures, such as “Focusing on Uniqueness & Presence,” “Building new value through innovation” and “Restructuring businesses requiring intensive management.” Thus, the Group has been thoroughly implementing business portfolio reforms that are directly aimed at improving capital efficiency.

The Group’s net sales decreased due mainly to the December 2023 transition of JSP Corporation from consolidated subsidiary to equity-method affiliate, despite the depreciation of the yen, growth in sales volumes of such products as optical polymers for smartphone use, and other positive factors.

On the other hand, operating profit increased, despite such negative factors as the aforementioned transition of JSP Corporation to equity-method affiliate. This increase was mainly attributable to overall growth in earnings from the Specialty Chemicals business segment compared with the same period of the previous fiscal year, in addition to the depreciation of the yen.

Furthermore, ordinary profit rose due to the increase in operating profit as well as higher methanol market prices and other positive factors leading to improvement in equity in earnings of affiliates.

However, profit attributable to owners of parent decreased due primarily to the absence of gain on step acquisitions recorded in the same period of the previous fiscal year in connection with the inclusion of Mitsubishi Engineering Plastics Corporation into the scope of consolidation.

Taking the above factors into account, the MGC Group’s consolidated operating results were as presented above.

Results by Business Segment

Operating results by segment are as described below.

Please note that reportable segment operations previously classified as “Basic Chemicals” were renamed “Green Energy & Chemicals” in the first nine months of the fiscal year ending March 31, 2025.

In addition, net sales presented for each reportable segment in the subsequent section, “Results by Business Segment,” previously comprised only revenues from external customers. However, from the beginning of the fiscal year ending March 31, 2025, the Company revised the method of presentation in this section to include both revenues from external customers and transactions with other segments in net sales for each such segment. Moreover, segment net sales for the first nine months of the previous fiscal year have been presented by retrospectively applying the above change.

Net sales Unit: Billions of yen

	FY2024/1-3Q	FY2023/1-3Q	Change	Change (%)
Green Energy & Chemicals	244.4	324.9	(80.5)	(24.8)
Specialty Chemicals	336.3	302.9	33.4	11.0
Other	12.2	0.1	12.0	-
Adjustments	(9.8)	(6.3)	(3.5)	-
Total	583.1	621.7	(38.5)	(6.2)

Operating profit Unit: Billions of yen

	FY2024/1-3Q	FY2023/1-3Q	Change	Change (%)
Green Energy & Chemicals	12.9	16.4	(3.5)	(21.4)
Specialty Chemicals	35.1	24.9	10.2	40.9
Other	0.8	0.0	0.8	-
Adjustments	(3.7)	(2.7)	(0.9)	-
Total	45.2	38.6	6.6	17.2

Ordinary profit Unit: Billions of yen

	FY2024/1-3Q	FY2023/1-3Q	Change	Change (%)
Green Energy & Chemicals	18.3	16.5	1.8	11.4
Specialty Chemicals	38.4	29.3	9.1	31.3
Other	0.8	0.1	0.7	753.6
Adjustments	(3.9)	(2.5)	(1.3)	-
Total	53.8	43.4	10.4	24.1

Green Energy & Chemicals

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

Methanol and ammonia-based chemicals posted earnings on par with the same period of the previous fiscal year on the back of the recovery trend in the sales volume of MMA products, despite higher repair costs and other negative factors.

The energy resources and environmental business saw increases in net sales and earnings due primarily to the higher sales volume of LNG for power generation use, along with growth in the sales volume of iodine and rising market prices for this offering.

Meta-xylenediamine and aromatic aldehydes posted an increase in net sales, but recorded a decrease in earnings, reflecting such factors as the lower sales volume of derivatives for China-bound exports and higher fixed costs, despite a recovery trend in demand for products targeting European and U.S. customers.

Xylene separators and derivatives posted increases in both net sales and earnings, despite stagnant market prices for purified isophthalic acid, thanks to the depreciation of the yen and other positive factors.

Specialty Chemicals

Inorganic chemicals, which include those for use in semiconductor manufacturing, posted increases in both net sales and earnings, reflecting growth in the sales volume of hybrid chemicals and other products for use in the manufacture of highly functional memory devices.

Engineering plastics saw increases in both net sales and earnings due to higher sales volumes of such offerings as products related to office automation equipment, in addition to improvement in manufacturing costs, and other factors.

Optical materials posted increases in both net sales and earnings on the back of the higher sales volume of optical polymers that reflected a trend toward increasing the sophistication of smartphone camera functions, growing demand for products targeting emerging nations, and other factors.

Electronics materials saw increases in net sales and earnings, due to robust sales of BT materials for smartphone-related IC plastic packaging, the core product category for electronics materials, and growth in the sales volume of OPE™ a substrate material for AI servers.

Oxygen absorbers such as AGELESS™ posted increases in net sales and earnings due to improvement in export prices on the back of the depreciation of the yen, and the higher sales volume of products for overseas customers.

(End)