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Progress in Value Creation

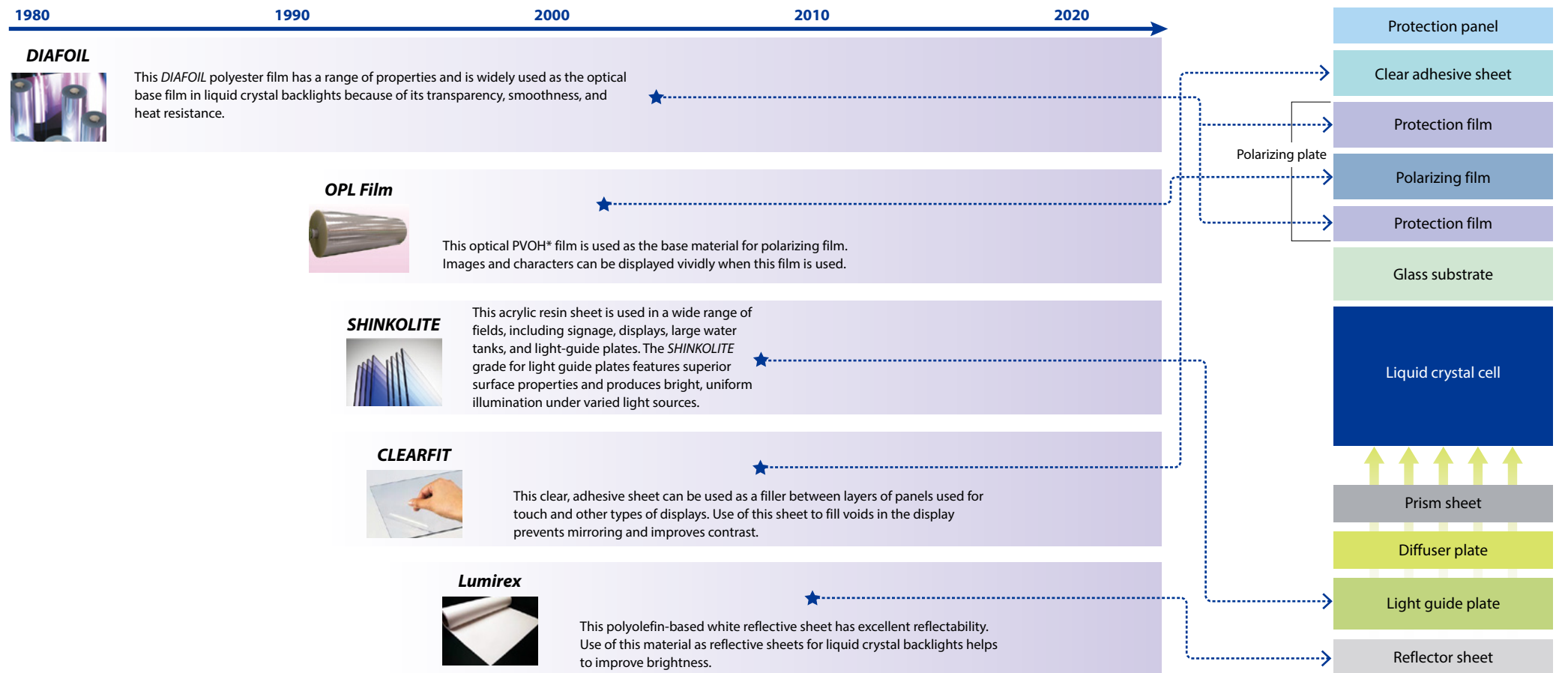
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History of Technologies That Give Us Our Competitive Edge

Across the Mitsubishi Chemical Group, we have developed proprietary and basic technologies in a wide range of business domains. These technologies are important intellectual capital for the MCG Group and a source of our competitive edge. Here we describe the history of our technologies in three typical businesses and our Group strengths.

Performance Products Domain

Display components We have captured a 20% share of the global market for optical polyester film and are leveraging our technological capabilities to develop high-performance components designed for displays.



* Polyvinyl alcohol

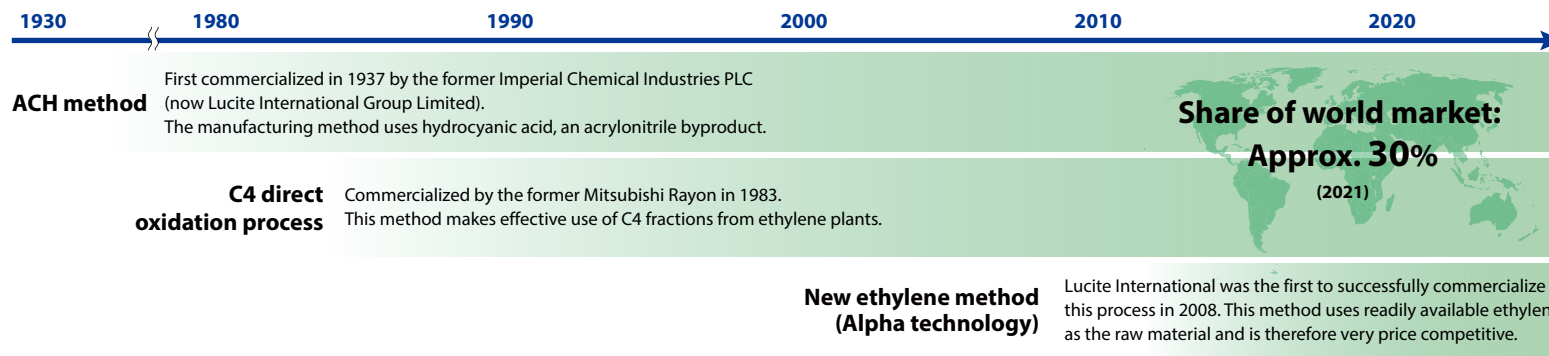
★ Denotes when first used in displays

History of Technologies That Give Us Our Competitive Edge

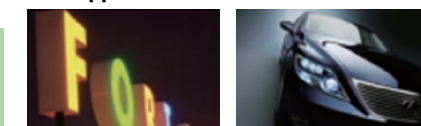
Industrial Materials Domain

MMA The only manufacturer worldwide with three manufacturing methods with different raw materials.

We select the manufacturing method best suited to the location and environment of the manufacturing site to develop our business efficiently.

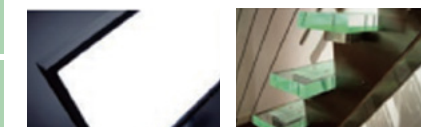


Main applications of MMA



Signage

Automotive

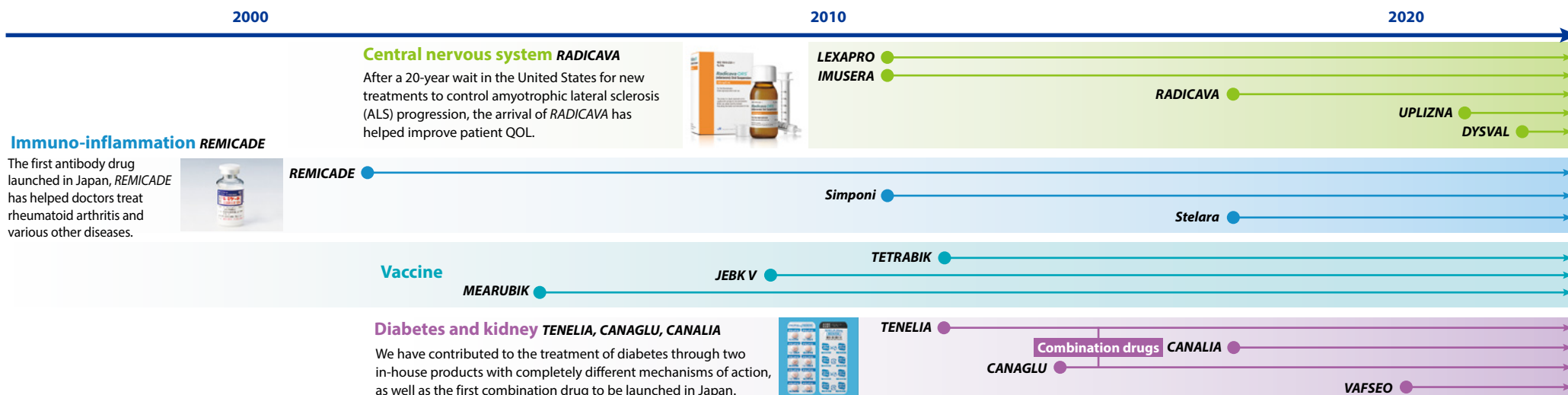


IT (e.g., optical fiber)

Interior design and displays

Health Care Domain

Pharma Creating hope for all facing illness through specialty pharmaceuticals, particularly in the fields of central nervous system, immuno-inflammation, vaccines, and diabetes and kidney diseases.

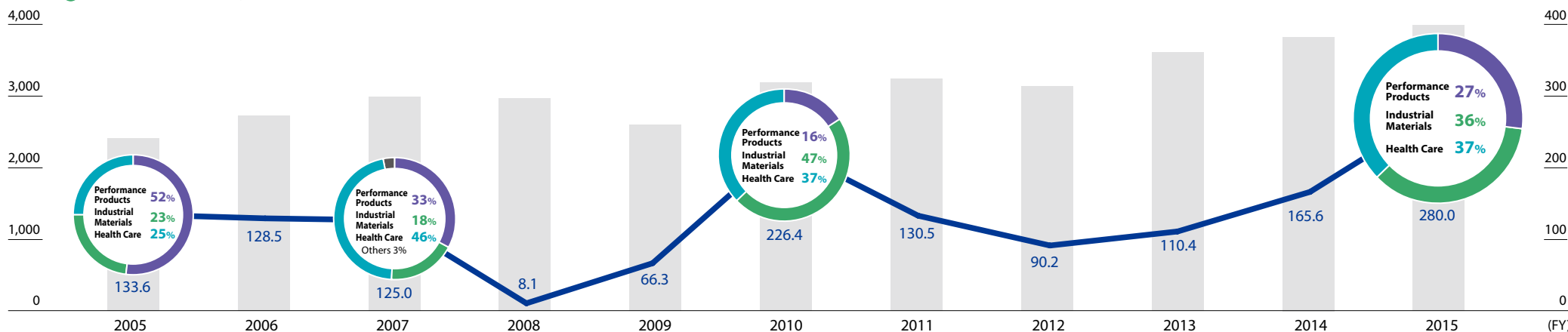


Progress of Portfolio Reforms

Net sales (Sales revenue)

(Billions of yen)

■ Net sales (Sales revenue) (left axis)
 — (Core) operating income (right axis)
 ● (Core) operating income by segment (pie chart)



J-GAAP until FY2015 IFRS from FY2016

Figures for past fiscal periods (up to and including FY2020) are the business results figures announced at the time.

Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (gains and losses incurred by business withdrawal and contraction, etc.).

We disclose core operating income as unique gains/losses incurred by staged gains/losses, while considering the comparability with operating income under J-GAAP.

(Core) operating income

(Billions of yen)

Pursuit of business scale through M&A and integrations, and restructuring of unprofitable businesses

Medium-term management plans and portfolio reforms ● Growth measures ▲ Restructuring

KAKUSHIN Plan—Phase 2 FY2005–FY2007

Operating income: Target ¥140 billion or more Result ¥125.0 billion

Review

Raised the ratio of the pharmaceutical business and strengthened earnings less susceptible to the economy

- 2005 Establishment of MCHC

Strengthened the pharmaceutical business

- 2007 Establishment of MTPC

Challenges for the next management plan

Creation of growth drivers in the Performance Products domain and structural reform of unprofitable businesses

MCHC: Mitsubishi Chemical Holdings Corporation

MCC: Mitsubishi Chemical Corporation

MPI: Mitsubishi Plastics, Inc.

MRC: Mitsubishi Rayon Co., Ltd.

MTPC: Mitsubishi Tanabe Pharma Corporation

LSII: Life Science Institute, Inc.

TNSC: Taiyo Nippon Sanso Corporation

New-MCC: Mitsubishi Chemical Corporation

(Apr. 2017–)

PVC: Polyvinyl chloride

SM: Styrene monomer

APTSIS 10 FY2008–FY2010

Operating income: Target ¥190 billion Result ¥226.4 billion

Review

Expanded the Performance Products domain

- 2008 Integrated MPI, MCC's functional products business, and three affiliate companies
- 2009 Conversion of Quadrant AG, the world's largest manufacturer of engineering plastic products, into a consolidated subsidiary

Shifted to a higher value-added business portfolio

- 2010 Conversion of MRC into a consolidated subsidiary
- ▲ 2010 Withdrawal from the nylon chain business
- ▲ 2011 Withdrawal from the PVC chain business
- Withdrawal from the SM chain business

Challenges for the next management plan

Structural reforms and profit stabilization in the Industrial Materials domain**A shift to higher performance and added value****APTSIS 15** FY2011–FY2015

Operating income: Target ¥280 billion Result ¥280.0 billion

Review

Stabilized profitability through structural reform in the Industrial Materials domain and the conversion of an industrial gas company into a subsidiary

- 2014–2015 Production optimization of polyolefin
- ▲ 2014 Retained a single naphtha cracker at the Kashima Plant (now Ibaraki Plant)
- 2014 Conversion of TNSC into a consolidated subsidiary
- ▲ 2016 Formed a joint venture to operate the naphtha cracker at the Mizushima Plant (now Okayama Plant)
- ▲ 2016 Decided on the equity interest transfer of the terephthalic acid business in India and China

Challenges for the next management plan

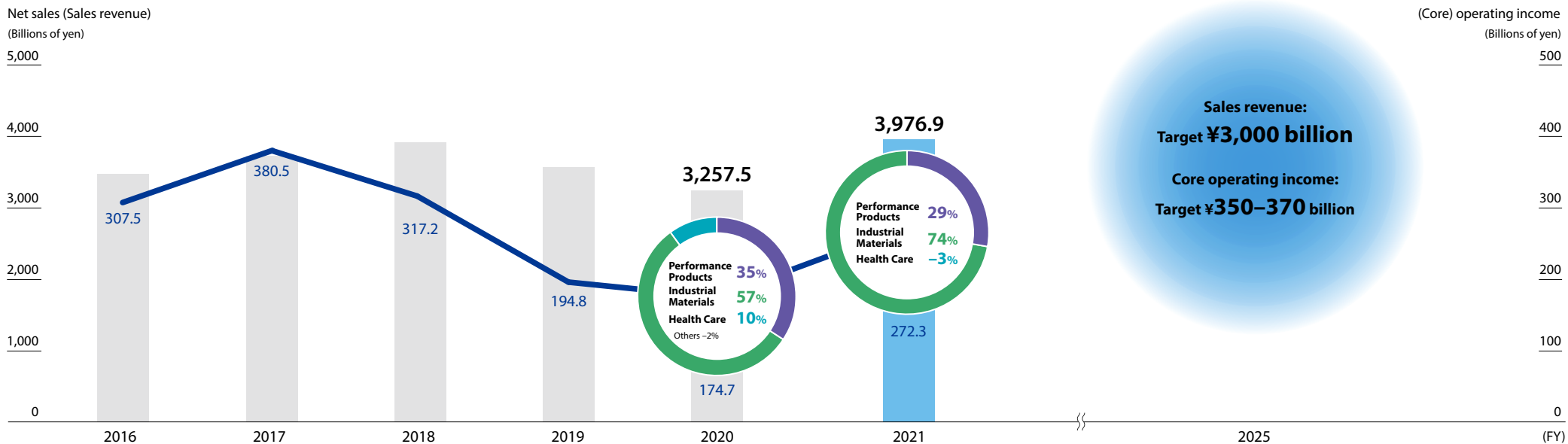
Driving growth through synergies, development of a global management system, and measures for low-profit businesses**Shifted to high performance and added value**

- 2013 Conversion of Qualicaps Co., Ltd.'s capsules and pharmaceutical processing equipment businesses based in Japan, the United States and Europe into a consolidated subsidiary
- 2014 Established LSII

Strengthened corporate governance

- 2015 Transitioned to a company with a nominating committee, etc.

Progress of Portfolio Reforms



Become a corporate group with high growth and a profitable business through Performance Products, Industrial Materials, and Health Care

Aim to maximize value for all stakeholders through clear strategies for efficient business operations and business growth

Medium-term management plans and portfolio reforms ● Growth measures ▲ Restructuring

APTIS 20 FY2016–FY2020

Core operating income: Target ¥410 billion Result ¥174.7 billion

Review

Accelerated growth of the Performance Products domain through integrations

- 2016 Converted The Nippon Synthetic Chemical Industry Co., Ltd. into a wholly owned subsidiary
- 2017 Establishment of the New-MCC Integration of the three chemical operating companies (MCC, MPI, and MRC)

Strengthened management through continuous business restructuring and investment in growth areas

- 2018 Started commercial operations of the new MMA plants with The Saudi Methacrylates Company, in the Middle East
- 2018 and 2019 Expanded the global market share of the industrial gases through M&A activities
- ▲ 2019 Strategic capital alliance with PHC Holdings Corporation through share exchange with LSI Medience Corporation
- ▲ 2019 Withdrew from the storage media business
- 2020 Converted MTPC into a wholly owned subsidiary

Strengthened global management capabilities

- 2017 MCC established regional headquarters
- 2020 Established Nippon Sanso Holdings Corporation in the industrial gases business through a shift to a holding company structure

Accelerated digital transformation (DX)

- 2017 Establishment of the Emerging Technology and Business Development Office

Challenges for the next management plan

Strengthen the business foundation, strengthen operations in growth business domains, and strengthen financial position

New Management Policy FY2021–FY2025

“Forging the future”

EBITDA margin: Target 18–20%

Core operating margin: Target 11–13%

Strategic priorities

More Focused Approach to Maximize Our Value

1. Growth, Performance, and Sustainability
2. Business to Exit
3. Strategic Cost Transformation
4. Leaner Structure to Execute Strategy
5. Strategic Capital Allocation

Three Domains Supporting Value Creation

Performance Products Domain

Performance Products Domain ▶ Page 87

Polymers & Compounds

Develops greater added value for various materials and delivers high-performance materials to the world



Coating material
ACRYKING

FY2021

Sales revenue **¥308.1 billion**
Core operating income **¥18.5 billion**

- Performance polymers
- Polycarbonate
- Coating materials, etc.

Films & Molding Materials

Utilizes a range of molding technologies to provide products designed for different applications



Food packaging film
DIAMIRON

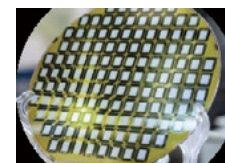
FY2021

Sales revenue **¥479.9 billion**
Core operating income **¥43.9 billion**

- Packaging (food packaging) and industrial films
- Polyester films
- High-performance engineering plastics
- Carbon fiber and composite materials, etc.

Advanced Solutions

Offers new solutions to society's search for value, through advanced products and technologies, business models, and ideas



Semiconductor-related materials

FY2021

Sales revenue **¥348.3 billion**
Core operating income **¥16.3 billion**

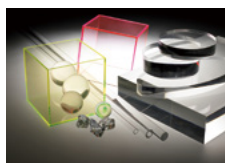
- Aqua solutions
- Life solutions
- Semiconductors & electronics
- Battery materials, etc.

Industrial Materials Domain

Industrial Materials Domain ▶ Page 90

MMA

Manufactures MMA using all three of the main manufacturing methods and delivers global supplies of MMA and MMA derivative acrylic resin



PMMA acrylic resin block

FY2021

Sales revenue **¥298.1 billion**
Core operating income **¥31.8 billion**

- MMA
- PMMA

Carbon Products

Uses superior coking coal formulation and QC technologies to deliver stable supplies in Japan and overseas



Coke

FY2021

Sales revenue **¥267.6 billion**
Core operating income **¥25.8 billion**

- Coke
- Carbon materials
- Carbon black
- Synthetic rubbers

Industrial Gases

Commands a top share of the domestic market and has built a global supply system with sites in Japan, the United States, Europe, and Asia



Industrial Gases business

FY2021

Sales revenue **¥950.1 billion**
Core operating income **¥98.9 billion**

- Industrial gases
- Related equipment and facilities

Petrochemicals

Operates ethylene plants in Japan and delivers stable supplies of petrochemical materials as well as high-performance polyolefins



Ethylene plant

FY2021

Sales revenue **¥722.2 billion**
Core operating income **¥44.6 billion**

- Basic petrochemicals and basic chemical derivatives
- Polyolefins

Health Care Domain

Health Care Domain ▶ Page 92

FY2021

Sales revenue **¥403.6 billion**
Core operating loss **¥-7.0 billion**

Pharma

Develops precision medicine and around the pill solutions in fields where there are unmet medical needs

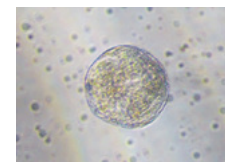


Biopharmaceuticals

- Central nervous system
- Immuno-inflammation
- Vaccines
- Diabetes and kidney

Regenerative medicine

We utilize the properties of Muse cells and aim for approvals for indications with high unmet medical needs.



Muse cell-derived cluster

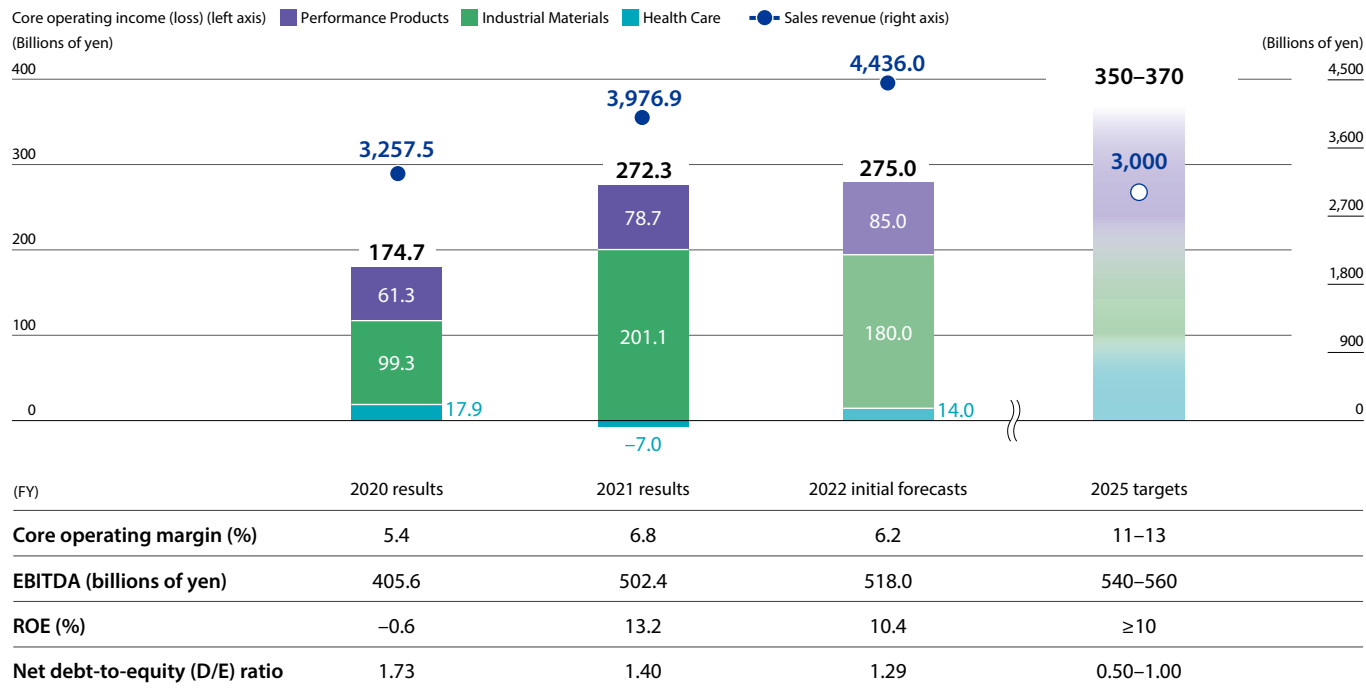
- Research and development of Muse cell-based products

Activity Report for Fiscal 2021

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Financial Results (MOE: Management of Economics)

Sales revenue and core operating income (loss)



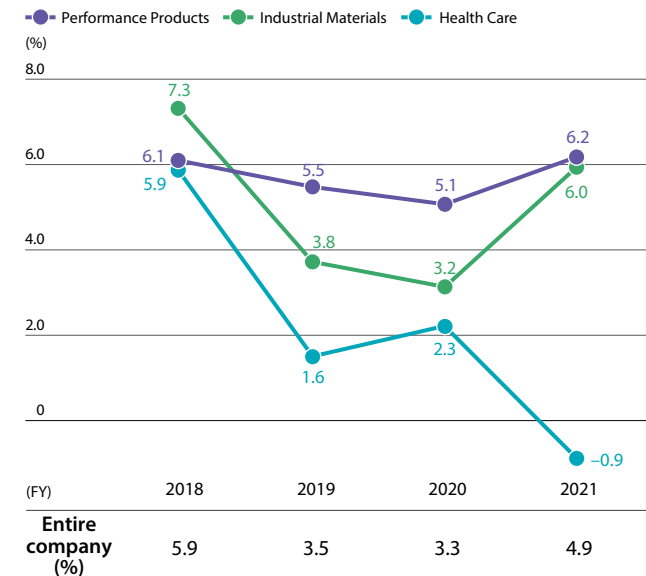
Achieved sales and profit growth through demand recovery and passing on of costs

In fiscal 2021, economic activity started to resume around the world after the impacts from the COVID-19 pandemic, driving a recovery in domestic and overseas demand and record-high sales revenue.

Core operating income was affected by increased R&D

spending on a COVID-19 vaccine, plus rising raw material and fuel prices and supply chain disruptions. However, market prices rose for some products and sales volumes increased as demand rose steadily for automotive and electronics products in our priority strategic markets, mostly in the Performance Products domain. Core operating income rose significantly, up 156% year on year, as all Group businesses worked to maintain profitability

ROIC trends by domain



by passing on higher costs in response to raw material and fuel cost trends.

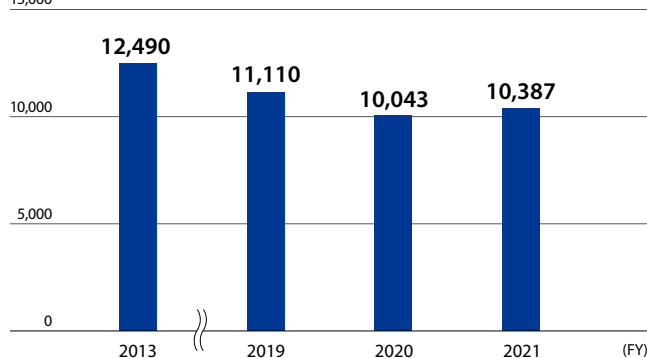
The net D/E ratio improved 0.33 points to 1.40 in fiscal 2021, due to ongoing efforts to restructure the portfolio, including transfer of the alumina fiber business.

Activity Report for Fiscal 2021

Sustainability Results (MOS: Management of Sustainability)

GHG emissions in Japan

(1,000 t-CO₂e)
15,000



Toward further reduction of GHG emissions

The Mitsubishi Chemical Group released targets in fiscal 2021 for the reduction of greenhouse gas (GHG) emissions by fiscal 2030 and to achieve carbon neutrality by 2050. For Japan, we set a target of a 42% reduction in GHG emissions (compared with fiscal 2013 levels) by fiscal 2030, and the results show that we reduced emissions by 16.8% in fiscal 2021. Looking ahead, we will move along the roadmap to carbon neutrality, implementing fuel conversion and other measures.

We have also laid the foundations for the life-cycle assessment (LCA) needed to evaluate how we are reducing the environmental impact of our activities (e.g., GHG emissions) across the value chain. In addition to performing these LCA calculations for products and services, we are now working to expand the scope of calculations to our businesses and other areas (▶ Page 76).

Fiscal 2021 highlights and main business activities

