

February 8, 2022

Notice on Restructuring to Strengthen Engineering Plastic Business

Mitsubishi Chemical Corporation

Mitsubishi Chemical Corporation (MCC; Head office: Chiyoda-ku, Tokyo; President: Masayuki Waga) hereby announces that MCC will implement business restructuring measures aimed at strengthening MCC's engineering plastic business, by both transferring half of MCC's stake in Mitsubishi Engineering-Plastics Corporation (MEP; Head office: Minato-ku, Tokyo; President: Takashi Komaya), MCC's equity-method affiliate, to Mitsubishi Gas Chemical Company, Inc. (MGC; Head office: Chiyoda-ku, Tokyo; President: Masashi Fujii) as of April 3, 2023, and acquiring some of MEP's businesses through absorption-type demerger at the same time.

1. Basic Concept of Business Reinforcement and Restructuring

In line with the management policy "Forging the future," Mitsubishi Chemical Holdings Corporation Group aims to sustainably increase value for all stakeholders under a clear strategy to drive operational excellence and unlock the growth potential of our businesses.

In align with this strategy, MCC is promoting portfolio reforms to further increase the added-value of polybutylene terephthalate business and the specialty polycarbonate business including XANTAR™, which will be acquired from MEP through the absorption-type demerger. At the same time, as part of the high performance polymer business, MCC aims to achieve sustainable growth of the specialty engineering plastic business, centering on key polymerization and compounding technologies, along with the other engineering plastic business, represented by DURABIO™, MCC's bio-based engineering plastic.

By leveraging MCC's extensive global network of overseas bases and generating synergies across a wide range of technologies, we will further accelerate the business expansion in growth areas such as the electronics, mobility, and medical segments, based on our high-value-added strategy. At the same time, we will take proactive measures to provide new value to achieve carbon neutrality, including the use of sustainable resources and the development of recycling technologies.

2. Overview of the Transfer of MEP Shares and Business Restructuring

Founded in 1994 as a 50:50 joint venture by MCC and MGC, MEP has developed a robust business network encompassing 27 bases in Japan and overseas while delivering technical services that employ a meticulous, customer-centric approach as well as a broad range of products designed to accommodate customer needs. Thanks to these efforts, MEP commands more than 10% of the global PC market share and ranks the third as a PC sales company among its peers worldwide.

Based on the aforementioned basic concept, MCC has decided to transfer half of its stake in MEP to MGC as of April 3, 2023. After the share transfer, MCC will hold a 25% stake in MEP, and MEP will become a consolidated subsidiary of MGC.

MEP will continue its business activities as a PC manufacturing and sales company, and the other businesses will be acquired by MCC and the MGC Group respectively through absorption-type demerger. MCC will acquire MEP's polybutylene terephthalate business and specialty PC business including XANTAR™, with the aim of strengthening and expanding its businesses.

As a result of this reorganization, MEP will become MGC's consolidated subsidiary as a specialized PC company, but MCC will continue to play a certain role in the future by maintaining its 25% stake in MEP and undertaking the manufacturing of high-quality PC products at MCC's Fukuoka Plant under the contract with MEP.

(Reference: Transfer of Mitsubishi Engineering-Plastics Corporation)

1. Details of Equity-Method Affiliates to Be Transferred

(1)	Company name	Mitsubishi Engineering-Plastics Corporation (MEP)	
(2)	Location	1-9-2, Higashi-Shinbashi, Minato-ku, Tokyo	
(3)	Name/title of representative	Takashi Komaya, Representative Director	
(4)	Business description	Sales of engineering plastics	
(5)	Capital stock	JPY3,000 million	
(6)	Date of foundation	March 1994	
(7)	Major shareholders and ratio of their shareholdings	MCC: 50%, MGC: 50%	
(8)	Relationship between MCC and the relevant company	Capital relationships	MCC holds a 50% equity stake in the equity-method affiliate.
		Personnel relationships	Some MCC employees concurrently serve as directors and a corporate auditor at the equity-method affiliate and are otherwise seconded to work for said affiliate.
		Transactional relationships	The equity-method affiliate engages in the sale of engineering plastics produced by MCC.
(9)	Financial position and operating results of the equity-method affiliate for the past three years (Millions of yen)		
	Years ended March 31,	2019	2020
		2021	
	Net assets	21,024	15,203
	Total assets	62,923	55,291
	Net sales	104,338	91,766
	Operating income	1,688	- 658
	Ordinary income	11,032	2,283
	Net income	9,703	1,979
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2. Number of Shares to Be Transferred, Transfer Price, and Share Holding Status Before and After the Share Transfer

(1)	Number of shares held before the share transfer	30,000 shares (voting rights ratio: 50%)
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(2)	Number of shares to be transferred	15,000 shares (voting rights ratio: 25%)
(3)	Transfer price	Not disclosed due to confidentiality agreement with the transferrer
(4)	Number of shares held after the share transfer	15,000 shares (voting rights ratio: 25%)

3. Schedule

(1)	Date of the signing of the share transfer agreement	February 8, 2022
(2)	Date of the share transfer	April 3, 2023 (planned)

4. Outlook

The impact of this share transfer on the consolidated earnings and financial position for the current consolidated fiscal year will be immaterial.

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