



February 14, 2023

To whom it may concern:

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Notice of Award for the Arbitration Filed against Mitsubishi Tanabe Pharma Corporation, a Consolidated Subsidiary

Mitsubishi Chemical Group Corporation (MCG) announced the “Mitsubishi Tanabe Pharma Corporation Received Notice of Request for Arbitration” on February 20, 2019, and Mitsubishi Tanabe Pharma Corporation (MTPC: Head Office: Chuo-ku, Osaka; Representative Director: Hiroaki Ueno), a member of the Mitsubishi Chemical Group, was involved in arbitration proceedings by the International Chamber of Commerce following a February 15, 2019 application by Novartis Pharma AG (Novartis) for an arbitration against MTPC as Respondent.

On February 13, 2023, we received an arbitral award from the tribunal.

1. Novartis’s Claim in the Arbitration

While MTPC had been receiving royalties relating to a Novartis product (*i.e.*, Gilenya) in the U.S., EU and other countries under a license agreement with Novartis, in this arbitration, Novartis alleged that certain parts of provisions in the license agreement providing Novartis’s royalty payment obligations were invalid, and, therefore, Novartis did not owe royalty payment obligations.

2. Summary of the Arbitral Award

The tribunal completely denied Novartis's claims. Accordingly, the tribunal determined that all of the disputed provisions regarding the royalty payment obligations in the license agreement are valid.

3. Outlook

Since entering into this arbitration proceeding, MTPC did not recognize any portion of Gilenya royalties as revenue in accordance with IFRS 15, but, in accordance with the arbitral award described above, these royalties will be recognized collectively as revenue in the financial statements for the fourth quarter of the fiscal year ending in March 2023.

With regard to any impact on MCG’s performance, MCG will review the details of the arbitral award, and inform you of any impact when it is identified.

End