



## Management Strategy Section

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# Progress with Our Medium-Term Management Plan

## Review by the Director in Charge

**I will work to strengthen the resiliency of our business portfolio through active and courageous reform, with no sacred cows**

### Chika Kobayashi

Director, Managing Executive Officer  
In charge of Compliance, responsible for Corporate Planning,  
in charge of Internal Audit Division and Information Systems Division



## Speed Will Be Crucial to Rebundling Our Business Portfolio over the Next Three Years

An important feature of the MGC Group is management of our business portfolio, which bundles our broad variety of niche, top products. In the process of renewing our medium-term management plan every three years, we have customarily analyzed changes in the business environment and customer trends, discussed future strategies, growth potential and profitability, and decided how to allocate our management resources most effectively. Stepping up this effort, we have advanced the quality level of each business as well as the value of our portfolio as a whole.

But this kind of effort alone is not enough to successfully adapt to radical change in our environment today. Our consolidated results were leveling off, so we had to devise a new scenario for growth. With this included in our strategies, we came up with our current medium-term management plan (MTMP 2026). Specifically, our primary strategy is to focus management resources on our Uniqueness & Presence (U&P) businesses, where we project high profitability and capital efficiency, to achieve our objective to “strengthen the resiliency of our business portfolio.”

In the three years of MTMP 2026, we must quickly rebuild our portfolio in line with the stated strategies. In contrast to growing the U&P businesses, businesses requiring intensive management have entered a new process to shake the status quo mindset, and this includes reviewing production capacity, reducing costs and undertaking initiatives, including alliances, with nothing held sacred. In addition, under another important strategy to

“build new value through innovation,” we have designated mobility, ICT and medical/food as areas for strategic research. By focusing on these three areas, we intend to continue growing over the medium to long term, and build a portfolio that resists the ill effects of any environmental change.

Since the inauguration of President Yoshinori Isahaya in April 2025, enthusiasm has been growing within the Company to evolve into a truly R&D-oriented company. He has instructed us to hire and cultivate not just chemists, but people capable of thinking from various viewpoints as well, to help pursue and develop our U&P businesses.

In his book *Rebel Ideas*, Matthew Syed quotes a research finding that in an excellent corporate culture, problems and differences of opinions are resolved without sinking deep under the surface. We have seen “open corporate culture” mentioned in an OpenWork<sup>\*1</sup> comment about MGC. To build collective intelligence for the Company, we are absorbing diverse viewpoints and opinions and developing agile adaptability to social change, as well as groupwide transformative power on the R&D scene and beyond, all the more important today with the complexity of change in our business environment. We encourage employees to express diverse, fearless opinions, and help facilitate discussion for quick decisions. We are also working to transform the structure of various meetings led by the Corporate Planning Division. Medium-term management planning does not end with drawing up a statement. Our business environment keeps changing,

## Progress on Measures to Strengthen the Resiliency of Our Business Portfolio

Strategy 1 Focus on “Uniqueness and Presence”	<ul style="list-style-type: none"><li>• Prioritizing allocation of management resources in the three ICT businesses, which are growth drivers</li><li>• Start-up delays and increases in investment amounts for major investment projects, such as the MXDA project in Europe</li><li>• Further advance initiatives for sales expansion, cost pass-through, and cost reduction</li></ul>
Strategy 2 Build new value through innovation	<ul style="list-style-type: none"><li>• Strengthening R&amp;D in line with the plan, centered on MGC’s strategic research areas (mobility, ICT, medical/food) (FY2025 (forecast) R&amp;D expenses ¥29.5 billion)</li></ul>
Strategy 3 Restructure businesses requiring intensive management	<ul style="list-style-type: none"><li>• PC-related business: Advancing strategy to add higher value at sites in China. Concentrating sheet film production sites. On the other hand, MEP<sup>*2</sup> reorganization effect not yet fully realized</li><li>• Xylene separators and derivatives business: Withdrawing from OX-related chain (OX/PA/plasticizer chain)</li></ul>
+	
Initiatives for improving capital efficiency	<ul style="list-style-type: none"><li>• Strengthening shareholder returns based on new shareholder return policy (progressive dividend policy, increase in total payout ratio). Promoting sales of strategic shareholdings and idle assets, including at Group companies</li></ul>

<sup>\*2</sup> Mitsubishi Engineering-Plastics Corporation

from the immediate threat of the Trump tariffs and surging geopolitical risk to technological innovation like the advent of the AI model to allow, for instance, a chemical plant to undertake complex operations automatically. In follow-up meetings to gauge the progress of strategies under MTMP

2026, we continually review and adjust our action plans for both business and corporate strategies, backcasting from our vision for 2030.

\*1 An information platform offered by OpenWork Inc. for people seeking or changing jobs

Pursue Numerical Goals while Transmitting ROIC-Based Management to the Work Floor

Since 2025, the market environment surrounding the chemical industry has been ever harder to predict, and that is why we are making extra effort to keep our mission and the foundation of our value creation processes unshakeable. We are working to reinforce the resiliency of our portfolio, focusing management resources on businesses from the three perspectives of “Growing,” “Winning” and “Sustainable,” and maintaining balance between social value and economic value.

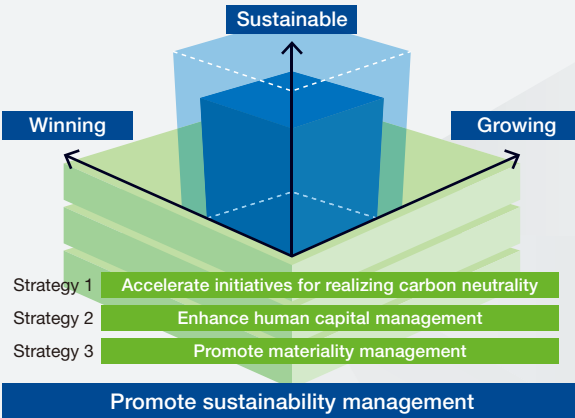
It is harder than ever to predict world trends, including US tariff policy, but we do not see our future environment as dark, because we have strong competitive advantages in the functions and quality of our core product groups, which differentiate us from competitors and allow costs to be transferred to prices to a certain degree. Another factor that keeps us positive about the global market is the major investments we have been making in recent years in our U&P businesses, especially the three ICT businesses, to increase our ratio of local production and consumption.

Tapping into our strengths to achieve our three-year numerical goals, our corporate sector, business sector, plants and laboratories are working together more than ever to make it standard practice to operate with higher capital efficiency and lower cost of capital in mind. The Corporate Planning Division, for example, has been routinely holding ROIC briefings since the previous medium-term management plan (MTMP 2023). Under MTMP 2026, these briefings are held regularly for specific target audiences, such as managers, employees of specific worksites and Group companies, including those

abroad. We have had as many as 1,500 participants in these meetings, assuring us of their support. We will transmit ROIC management to the floor level, leading not only to successful achievement of our numerical goals but to organizational reform and certain recoupment of investment as well.

I understand that my responsibilities include reflecting requests from outside and maintaining a sense of urgency inside the Company in managing processes at the right moment as needed, promoting results-oriented action, and building pragmatic systems. I will further accelerate courageous reform, with no sacred cows.

Foundation for Sustainability Management (Basis for Value Creation for the Group)



Initiatives for Internal Introduction of ROIC-Based Management

ROIC briefing I (July 2023)

- Orientation on ROIC
- Using ROIC to build value, market needs, current status of the MGC Group, and methods for improvement
- Open to all employees of MGC and Group companies (about 500 people participated)

ROIC briefing II (December 2024)

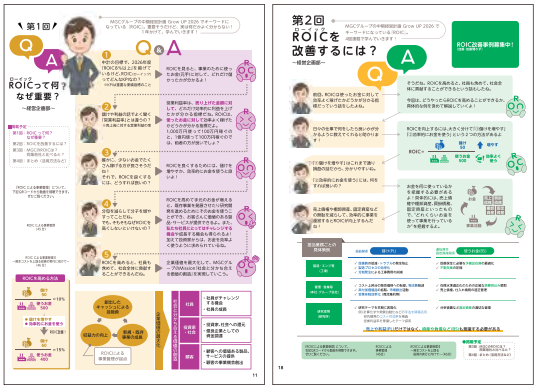
- Corporate finance, investment decisions considering cost of capital, etc.
- Open to all employees of MGC and Group companies (about 1,000 people participated)

Use of the Group newsletter

- Publish a series of 4 ROIC-related articles per year
- What is ROIC? / ROIC breakdown tree / Ways to improve ROIC, specific initiatives for improvement, etc.

Others

- The ROIC breakdown tree was introduced after the announcement of MTMP 2026
- Analyze using the breakdown tree with BMU as the unit, set target KPIs, monitor action plan progress



Introduce ROIC throughout the Company through a column on how to improve ROIC, published in the internal newsletter

## Medium-Term Management Plan

MTMP 2026 is our guide for realizing the Group's vision for MGC in 2030. We have set forth “strengthen the resiliency of our business portfolio” and “promote sustainability management” as our objectives, and will promote three strategies each to achieve these. By concentrating management resources on U&P businesses, which are

businesses that can be sustainably grown with a balance of social value and economic value, we will raise the capital efficiency of the MGC Group as a whole. In parallel, we will promote “sustainability management” that enables us to flexibly adapt to various changes in the social environment and demonstrate resilience.

### Numerical Targets and Results

	FY2023 result	MTMP 2026		MTMP 2026 FY2026 target
		FY2024 result	FY2025 forecast	
Net sales	¥813.4 billion	¥773.5 billion	¥730.0 billion	¥850.0 billion
Operating profit	¥47.3 billion	¥50.8 billion	¥46.0 billion	¥85.0 billion
Operating profit margin	5.8%	6.6%	6.3%	10% or higher
Ordinary profit	¥46.0 billion	¥60.3 billion	¥50.0 billion	¥95.0 billion
EBITDA* <sup>3</sup>	¥84.9 billion	¥97.3 billion	¥93.0 billion	¥150.0 billion
ROE	6.1%	6.9%	5.4%	9% or higher
ROIC* <sup>4</sup>	3.3%	6.4%	4.2%	8% or higher

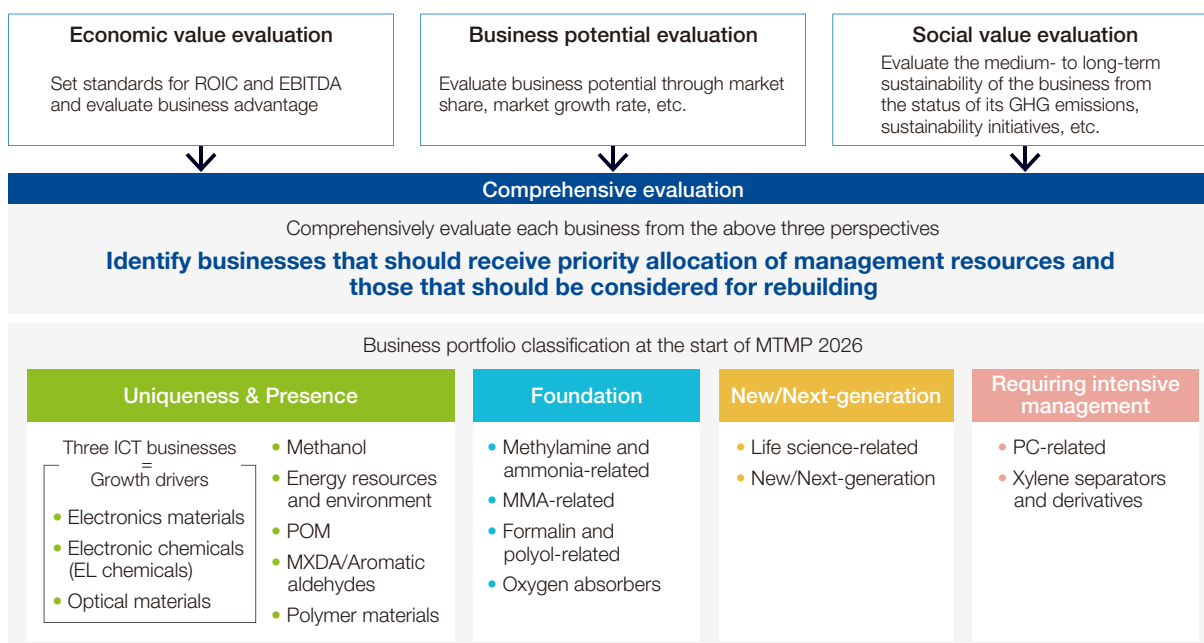
\*<sup>3</sup> EBITDA = ordinary profit + interest paid + depreciation and amortization

\*<sup>4</sup> ROIC = (operating profit - income taxes + equity in earnings of affiliates) / invested capital

### Objective 1: Strengthen the Resiliency of Our Business Portfolio

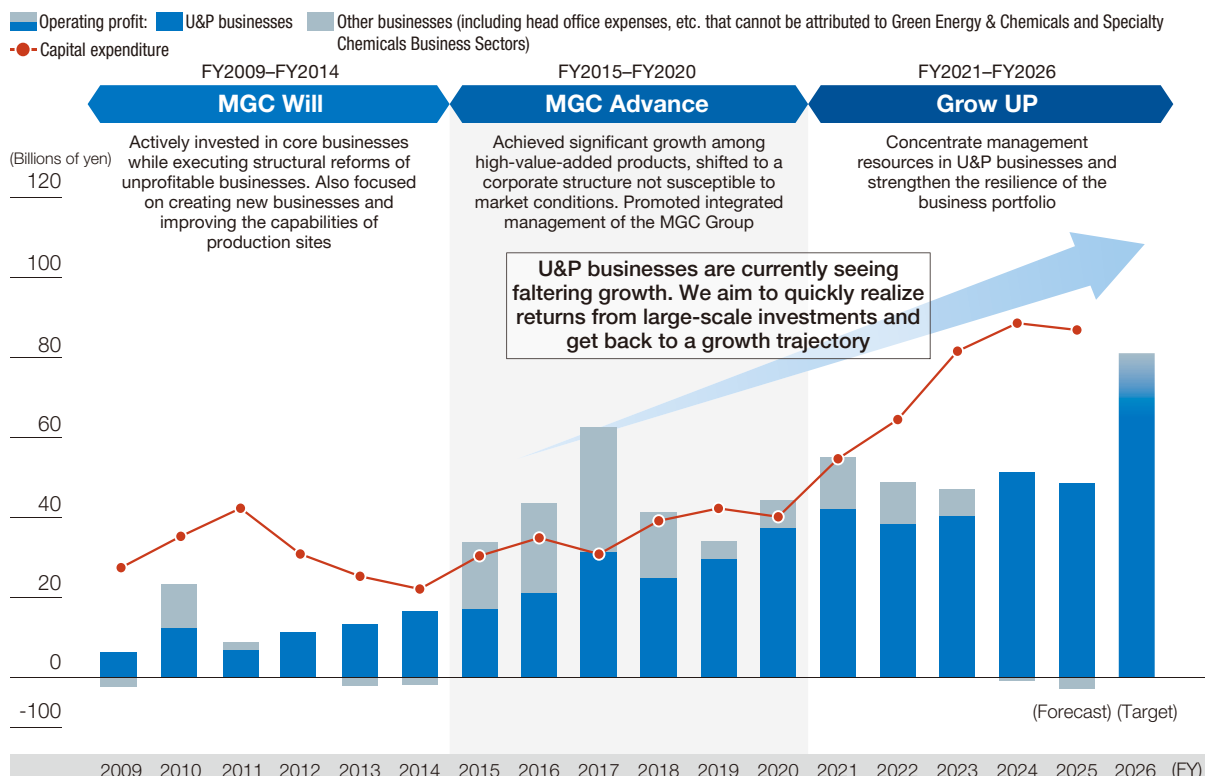
We are promoting three strategies to “strengthen the resiliency of our business portfolio”: focus on U&P, build new value through innovation, and restructure businesses requiring intensive management. We categorize each business into three categories based on the three perspectives of “Growing” (i.e., high business potential), “Winning” (i.e., high economic value), and “Sustainable” (i.e., high social value), and by concentrating management resources on U&P businesses, we will build a business portfolio with greater environmental resilience. Furthermore,

we have established mobility, ICT and medical/food as MGC strategic research areas. We are promoting the development of new products by narrowing down key focus areas and concentrating the injection of R&D resources. We have positioned PC-related products and xylene separators/derivatives as “businesses requiring intensive management” since they have low profitability and capital efficiency, and are promoting cost reduction and balance sheet streamlining, etc.





## Expansion of U&P Businesses and Investments and Loans



### Major Investments and Loans



①



②

① Establishment of prototype mass-production plant for optical polymers (Kashima)

Establishment of polycarbonate plant in Shanghai

② Establishment of electronics materials plant in Thailand

③ Strengthening of polyacetal production capacity in Thailand

Strengthening of polyacetal production capacity in Korea

Conversion of JSP into a consolidated subsidiary

④ Participation in Wasabizawa geothermal power generation project (commenced operation in FY2019)

Establishment of methanol production plant in Trinidad and Tobago

Establishment of full-scale mass-production plant for optical polymers (Kashima)

Expansion of second mass-production plant for optical polymers (Kashima)

⑤



⑤

Participation in Fukushima natural gas power generation project (Plants 1 and 2 commenced operation in FY2020)

Establishment of ammonia plant in Indonesia

⑤ Establishment of QOL Innovation Center Shirakawa

Establishment of super-pure hydrogen peroxide production plants in Oregon and Texas

Conversion of Japan U-PiCA into a consolidated subsidiary

Establishment of raw material hydrogen peroxide production facilities in Taiwan

Integration of 3 trading companies within the Group, and establishment of Mitsubishi Gas Chemical Trading

Establishment of raw material monomer production facilities for optical polymers

Making J-CHEMICAL into a subsidiary

Participation in Abashiri Biomass Power Plant project (Generators 2 and 3 commenced operations in FY2022)

Exclusion of JSP from the scope of consolidation

Strengthening of aromatic aldehydes production capacity

Merger of J-CHEMICAL and Yutaka Chemicals to launch MGC Woodchem

Making Mitsubishi Engineering-Plastics into a subsidiary

Conversion of Japan U-PiCA into a wholly owned subsidiary

Strengthening of electronics materials production capacity in Thailand

Expansion of third mass-production plant for optical polymers (Kashima)

Establishment of an MXDA production facility in the Netherlands (scheduled for completion in second half of FY2025)

Strengthening of super-pure hydrogen peroxide production capacity in Oregon



③



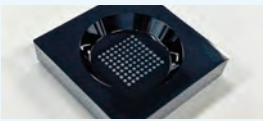



④

U&P businesses (blue), Other businesses (grey)

Note: The starting point is the fiscal year a decision or announcement was made, and the end point is the fiscal year of completion of construction or commencement of operation.

Main New Product Developments

New BT laminate materials	New semiconductor cleaning solution	Allergy test chips	Microphysiological systems (MPS)
 <p>Through further advances in BT resin modification and blending technology, we achieved both low warping and high machinability of laminate materials for high-performance semiconductor packaging.</p> <p>We developed an ultra-thin built-up material with microcircuit formation ability and insulation properties.</p> <p>We received the 20th JPCA Award for our next-generation low-warpage BT resin laminate material.</p> <p>We continue to seek feedback on utilizing its wide range of electric properties for high-frequency characteristic applications, such as antennas, and in the edge device field.</p>	 <p>We developed a new cleaning solution vital for semiconductor manufacturing front- and back-end processes, contributing to increasing the speed and reducing the power consumption of state-of-the-art semiconductors.</p> <p>We have developed various chemicals for the advanced packaging field using our knowledge of cleaning solution development, and we are proposing these to customers.</p>	 <p>We are currently developing allergy test chips capable of predicting the severity of food allergies. In the future, we aim to sell the chips as in vitro diagnostic pharmaceuticals.</p> <p>At present, we are building a severity prediction model and manufacturing system for supplying clinical research kits.</p> <p>We concluded a basic agreement to form a strategic partnership with US company Alerje, Inc. to create food allergy care solutions.</p>	 <p>We established the Drug Discovery Platform Development Program with Ehime University in the university's Graduate School of Medicine in April 2025.</p> <p>The program aims to achieve social implementation of microphysiological system (MPS) drug discovery platforms by promoting development of a human disease model compatible with multimodality*<sup>5</sup> based on a device developed by the University of Arizona.</p>

\*<sup>5</sup> Modality: Methods or approaches used as technological platforms for drug discovery, as well as the categories of medical equipment or pharmaceutical products developed based on them. Multimodality refers to multiple modalities.

Objective 2: Promote Sustainability Management

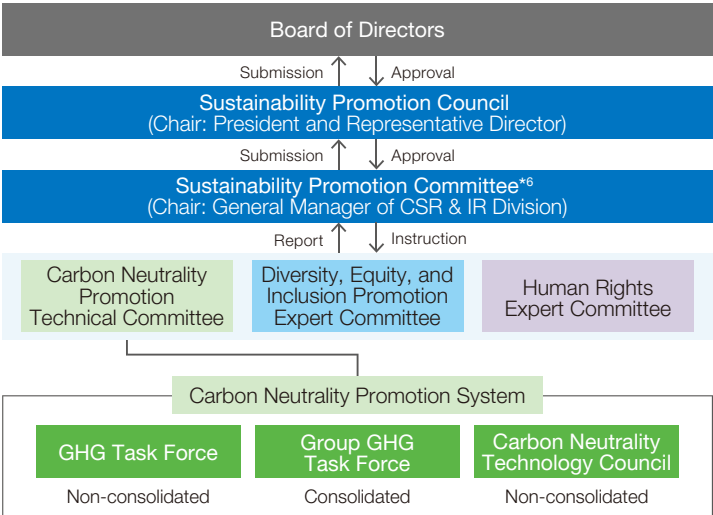
The Group has established the Sustainability Promotion Council as a body to deliberate and determine policies and measures that form the basis for sustainability management, such as identification and management of materiality, and receive reports on their implementation. The council is chaired by the President and primarily made up of all directors, including outside directors, as well as Audit & Supervisory Board members. Decisions on particularly important matters in council meetings are decided by the Board of Directors.

The Sustainability Promotion Committee is convened by the General Manager of the CSR & IR Division to serve as an advisory body to the Sustainability Promotion Council. Corporate sector heads sit on the committee to confirm the status of implementation of measures in each division

and conduct periodic reviews. It also establishes various expert committees as needed to consider specialized and important matters. The Sustainability Promotion Department within the CSR & IR Division serves as the secretariat for the council and the committee. The Sustainability Promotion Department is responsible for administrative tasks such as considering and implementing policies and strategies on sustainability management, overseeing non-financial information within the Company, and handling engagement within and outside the Company.

We aim to obtain the trust and support of a variety of stakeholders and achieve ever greater corporate value by contributing to the resolution of issues for the realization of a sustainable society through our business more than ever before.

Sustainability Promotion System



\*<sup>6</sup> Advisory body to the Sustainability Promotion Council

Main Discussion Topics of the Sustainability Promotion Council (Fiscal 2024)

- Status report on achievement and progress of materiality KPIs in MTMP 2026
- Annual report on sustainability promotion, report on plan for next fiscal year
- External ESG evaluation report
- Sustainability engagement report
- Initiatives for advanced and early external disclosure
- Promotion of understanding and reduction in GHG emissions
- Promotion and reporting of human rights due diligence
- Annual report on diversity, equity, and inclusion (DEI) promotion, report on plan for next fiscal year

# Progress of Materiality

Category	Materiality	Why it is material	Risks	Opportunities
CSV	Contribution to solving social issues through business	Through business and products that balance economic and social value, we will realize our aim of "creating value to share with society."	<ul style="list-style-type: none"> <li>• Fall in share price due to decrease in future value</li> <li>• Decrease in demand for products due to changes in market needs</li> <li>• Shift in share of low-cost alternative materials</li> <li>• Existing product obsolescence</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of new markets through diversification of market needs</li> <li>• Customer credibility backed by multiple industry standards</li> <li>• Expansion of portfolio of distinctive, differentiated products</li> </ul>
	Promotion of innovative R&D	<ul style="list-style-type: none"> <li>• Achieve a more resilient business portfolio</li> <li>• Create new businesses for achieving carbon neutrality</li> <li>• Promote R&amp;D through use of DX technology</li> </ul>	<ul style="list-style-type: none"> <li>• Delay in achievement of a more resilient business portfolio</li> <li>• Failure to achieve carbon neutrality due to delay in business creation</li> <li>• Delay in creation of new products and businesses due to reduced competitiveness in R&amp;D</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of a more resilient business portfolio</li> <li>• Creation of new markets through establishment of environmental solution businesses</li> <li>• Creation of new products and businesses through use of DX technology</li> </ul>
E	Proactive response to environmental problems	Addressing environmental problems is imperative for all of humanity. Companies must proactively do so as a prerequisite for their existence and activities.	<ul style="list-style-type: none"> <li>• Increase in risk of abnormal weather and natural disasters due to climate change</li> <li>• Reputational risks regarding environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Development of CCUS (particularly CCS) and CO<sub>2</sub>-based methanol and polycarbonate businesses and development of chemicals that use CO<sub>2</sub></li> <li>• Commercial development of ammonia as a hydrogen carrier and CO<sub>2</sub>-free fuel</li> </ul>
	Highly energy- and resource-efficient production	Companies have a responsibility to take countermeasures for environmental issues, and must engage proactively in such activities as they also contribute to increasing the competitiveness of their products.	Decline in competitive advantage due to delays in technological response to resource and energy conservation needs	<ul style="list-style-type: none"> <li>• Acquisition and cross-company deployment of energy-saving technologies</li> <li>• Advancement in utilization of digital technologies</li> </ul>
S	Cultivating a corporate culture of job satisfaction	An organizational culture that enables all employees to confidently give full play to their abilities over the long term while finding individualized meaning in their jobs is the foundation of corporate value creation.	Declines in labor productivity and corporate value (economic and social value) due to outflow of personnel	<ul style="list-style-type: none"> <li>• Strengthened foundation for creating innovation</li> <li>• Improved employee engagement</li> </ul>
	Promotion of diversity and inclusion	Establishing a corporate culture through collaboration incorporating diverse values fosters a foundation for generating new ideas and technological innovation and creating corporate value.	Uniform thinking and loss of new business opportunities due to imbalance in personnel attributes and skills	Nurturing of a culture of collaboration incorporating diverse values that is conducive to new ideas and technological innovation
	Respect for human rights	As entities conducting business activities, companies have a responsibility to avoid infringing on the human rights of others and rectifying any negative impact they have on human rights.	<ul style="list-style-type: none"> <li>• Boycotts on purchasing products and services due to human rights infringement</li> <li>• Decline in evaluation as a recipient of investment</li> <li>• Potential for elimination as an investment candidate or withdrawal of investment</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to realization of a sustainable economy and society</li> <li>• Maintenance and securing of trust from society</li> <li>• Maintenance and increase in corporate value</li> <li>• Recruitment and retention of talented human resources</li> </ul>
	Ensuring occupational safety and health/process safety and disaster prevention	Safety is the foundation of business activities. Companies have a societal duty to ensure safety.	<ul style="list-style-type: none"> <li>• Recurrence of similar disasters and problems</li> <li>• Loss of societal trust due to accidents or scandals</li> </ul>	<ul style="list-style-type: none"> <li>• Nurturing of a culture of safety</li> <li>• Accumulation of expertise in preventive maintenance</li> </ul>
	Chemical/product quality and safety assurance	Chemical/product quality and safety assurance is required by stakeholders, and the Company is responsible for providing products and services with a high degree of safety and reliability.	<ul style="list-style-type: none"> <li>• Loss of business opportunities due to non-compliance with chemical regulations in each country</li> <li>• Loss of societal trust due to inaccurate data handling and shipping of inappropriate products</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancement of business profitability through proper compliance with laws and regulations</li> <li>• Enhancement of customer satisfaction and societal trust in the entire Company and Group companies</li> </ul>
	Promotion of socially responsible sourcing	Companies have a societal responsibility to upgrade CSR compliance throughout their supply chains with respect to the environment, working conditions, human rights, etc.	Negative impacts on business activity due to illegal actions and compliance violations by suppliers	Improved sustainability of society and long-term competitiveness
G	Strengthening governance and internal control/risk management/compliance	It is a system for developing disciplined ways to steadily execute strategies in order to bring business models to fruition and sustainably grow corporate value.	Slumping business activity, loss of societal trust, and damage to corporate value	<ul style="list-style-type: none"> <li>• Establishment of a stable management foundation by improving decision-making transparency and responding appropriately to change</li> <li>• Gaining of stakeholder trust</li> </ul>

## Progress of Materiality

Category	Materiality	Fiscal 2024 accomplishments	Progress of plan (○: on schedule, △: delayed)	Policies going forward	
CSV	Contribution to solving social issues through business	Named MGC Group eco-friendly products "Sharebeing" and established a logo mark	○	Promote the expansion of "Sharebeing" products	
	Promotion of innovative R&D	<ul style="list-style-type: none"> <li>Strengthened allocation of resources to growth target areas (ICT, mobility, medical/food)</li> <li>Strengthened exploration of themes aimed at promising new products and business creation</li> <li>Started a DX Promotion Working Group centered on a DX technology exchange among the MGC Group</li> </ul>	○	<ul style="list-style-type: none"> <li>Revise strategic research areas as needed and continue strengthening resource allocation</li> <li>Create and utilize an exploration field map indicating promising areas</li> <li>Promote the utilization of DX by increasing the percentage of DX human resources among research personnel</li> </ul>	
E	Proactive response to environmental problems	<ul style="list-style-type: none"> <li>Promoted businesses contributing to the reduction of GHG emissions (CCS, Carbopath™, etc.)</li> <li>Improved percentage of implementation of renewable energy</li> </ul>	○	Promotion of reduction in GHG emissions according to MGC's Roadmap to Carbon Neutrality	
		<ul style="list-style-type: none"> <li>Confirmed the importance of waste reduction, reuse, and recycling at MGC Group companies</li> <li>Promoted river and harbor cleanup activities and greening activities around locations in Japan</li> <li>Conducted water risk and stress assessments, water being an important resource for manufacturing chemicals</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote waste reduction, reuse, and recycling across the entire MGC Group, and strengthen support for Group companies</li> <li>Conduct risk management for sustainable use of water resources and promote water reuse</li> </ul>	
	Highly energy- and resource-efficient production	<ul style="list-style-type: none"> <li>Promoted resource and energy conservation through improvements in manufacturing plant control, etc.</li> <li>Expanded the use of raw materials derived from ingredients with a low environmental impact to improve the sustainability of raw material supply</li> </ul>	○	<ul style="list-style-type: none"> <li>Enhance information management at production sites through DX technology, and promote more stable and safer production activities</li> <li>Expand further use of raw materials derived from ingredients with a low environmental impact</li> </ul>	
S	Cultivating a corporate culture of job satisfaction	<ul style="list-style-type: none"> <li>Identified issues in each organization through a work satisfaction survey and considering future measures</li> <li>Considered introducing a new leave system Life Support Leave as part of efforts to create working environments where employees can work with peace of mind</li> </ul>	○	<ul style="list-style-type: none"> <li>Cultivate and visualize a culture in which the Company values the human resources that it has developed</li> <li>Design systems suitable for an era of contributing to increased engagement by examining various personnel systems (including welfare)</li> </ul>	
	Promotion of diversity and inclusion	<ul style="list-style-type: none"> <li>Implemented mid-career recruitment with expanded targets to attract diverse personnel</li> <li>Launched a network targeting mid-career retirees</li> <li>Implemented strategy training and internal exchanges utilizing MGC Commons</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue diversification of recruitment</li> <li>Create opportunities for interaction between different departments and offices through internal events, training, etc., and implement awareness-raising activities</li> </ul>	
	Respect for human rights	<ul style="list-style-type: none"> <li>Conducted human rights briefings and surveys for consolidated subsidiaries</li> <li>Provided education on business and human rights to employees of the Company and consolidated subsidiaries</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote awareness and understanding of our Human Rights Principle within and outside the Group</li> <li>Promote identification of human rights issues and implement impact assessment and response measures</li> <li>Handle reports to the Human Rights Hotline</li> </ul>	
	Ensuring occupational safety and health/process safety and disaster prevention	<ul style="list-style-type: none"> <li>Promoted risk extraction and identification of existing facilities using HAZOP for disaster prevention</li> <li>Continued companywide safety activities such as "LINK" and engaged in dialogue through exchanges of opinions with partner companies</li> </ul>	○	<ul style="list-style-type: none"> <li>Confirm the implementation status of 2026 targets for RC activity plans for Group companies and promote support for their achievement</li> <li>Expand "LINK" activities, and promote the sharing of issues and consideration of countermeasures with partner companies</li> </ul>	
	Chemical/product quality and safety assurance	<ul style="list-style-type: none"> <li>Provided education and support for domestic subsidiaries through Environment and Safety Council activities and various audits, and shared the Company's examples</li> <li>Promoted quality assurance activities (Q-MGC) conducted companywide and throughout the Group</li> </ul>	△	<ul style="list-style-type: none"> <li>Continue to provide training and support to domestic subsidiaries, and promote the establishment and systemization of management systems</li> <li>Promote quality risk reduction through Q-MGC activities</li> </ul>	
	Promotion of socially responsible sourcing	<ul style="list-style-type: none"> <li>Conducted surveys on CSR procurement for business partners and requested their agreement to CSR procurement guidelines</li> <li>Provided explanations on CSR procurement activities to consolidated subsidiaries</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to engage in dialogue with business partners based on the results of surveys on CSR procurement</li> <li>Request consolidated subsidiaries to conduct CSR procurement activities</li> </ul>	
G	Strengthening governance and internal control/risk management/compliance	<ul style="list-style-type: none"> <li>Held briefings on the general condition of key subsidiaries for outside directors and Audit &amp; Supervisory Board members</li> <li>Promoted more active discussion in the Board of Directors</li> <li>Strengthened the compliance education system</li> </ul>	○	<ul style="list-style-type: none"> <li>Increase the effectiveness of the Board of Directors</li> <li>Strengthen compliance education</li> </ul>	

\*1 Percentage of total value of R&D expenditure in the U&P business and new/next-generation business categories














































\*2 Percentage of research personnel who have taken DX fundamentals courses

\*3 Amount of final disposal/total amount of waste generated

\*4 Reduction in energy usage resulting from energy-saving improvements (based on 100% capacity utilization) / average annual energy usage for fiscal 2021 to fiscal 2023

\*5 Number of positive respondents / (number of positive respondents + number of negative respondents)



	Current medium-term management plan KPIs	Reporting boundary			Fiscal 2024 results	Fiscal 2026 targets	Fiscal 2030 targets	Relevant department	Relevant SDGs targets
		Non-consolidated	Domestic consolidated	Overseas consolidated					
	Sales of MGC Group eco-friendly products	●	●	●	¥214.3 billion	¥270.0 billion	¥500.0 billion	CSR & IR Division	 3.9  8.2  9.4  12.3
	Percentage of R&D cost contributing to increased resilience of business portfolio* <sup>1</sup>	●	●	●	69%	60% or higher	60% or higher	Research & Development Division	 8.2  9.4  9.5
	Percentage of research personnel contributing to solving climate change issues	●	●	●	33%	25% or higher	25% or higher		
	Percentage of DX human resources among research personnel* <sup>2</sup>	●	●	●	79%	75%	80%		
	Reduction in GHG emissions (compared to fiscal 2013)	●	●	●	31% reduction (estimated)	33% reduction	39% reduction	Production Technology Division	 3.9  6.3  7.2  11.6
	Zero waste emission rate* <sup>3</sup>	●	●	●	1.1%	1.2%	1.0%	Environment Safety & Quality Assurance Division	 12.5  13.3  14.1  14.3
	Energy usage reduction rate* <sup>4</sup> (compared to fiscal 2023)	●	●	●	-2.8% (estimate)	-3.0%	-7.0%	Production Technology Division	 7.3  12.2
	Percentage of employees that feel satisfied at work	●			82%* <sup>5</sup>	70%	75%	Administrative & Personnel Division	 4.4  5.4  8.5
	Number of female managerial personnel	●			44	60	90	Administrative & Personnel Division	 4.4  5.1  5.5
	Respect for human rights	●	●	●	—* <sup>6</sup>	Conduct 100% human rights due diligence	Establish human rights management and ensure support for our Human Rights Principle by all stakeholders	Administrative & Personnel Division, CSR & IR Division	 4.7  8.7  10.2  10.3  16.3  16.10
	Serious occupational accidents* <sup>7</sup> , serious accidents* <sup>8</sup>	●	●	●	4	0	0	Environment Safety & Quality Assurance Division	 3.9  8.5  11.6  12.4  13.3
	Product liability incidents, serious* <sup>9</sup> legal and regulatory violations, serious* <sup>9</sup> quality issues	●	●	●	1	0 (Non-consolidated + Domestic consolidated companies)	0 (Non-consolidated + Domestic and overseas consolidated companies)	Environment Safety & Quality Assurance Division	 3.9  12.4
	Percentage of suppliers in agreement with the Company's basic approach to raw material procurement activities and its CSR procurement guidelines	●			81% (preliminary value)	80%	100%	Purchasing & Logistics Division	 12.2  16.2
	Percentage of consolidated subsidiaries required to conduct CSR procurement activities	●	●	●	—	60% (Domestic consolidated companies)	100% (Domestic and overseas consolidated companies)		
	Number of serious compliance violations	●	●	●	0	0	0	Administrative & Personnel Division	 8.7  10.2  10.3  16.2  16.3  16.5  16.10

\*<sup>6</sup> Make planned progress in accordance with the Human Rights Due Diligence Action Plan

\*<sup>7</sup> Accidents resulting in lost work days eligible for disability compensation, including death and permanent disability, or potential disability, and those with four or more lost work days

\*<sup>8</sup> Accidents that threaten third parties, including those resulting in environmental pollution involving the community or that cause damage to local residents, and other accidents involving serious damage

\*<sup>9</sup> Losses of ¥1.0 billion or more

## Topics on Key Initiatives

## Respect for Human Rights

## Promotion of Human Rights Due Diligence

The MGC Group has established the MGC Corporate Behavior Principles and the Mitsubishi Gas Chemical Group Human Rights Principle, which clearly state that we will be mindful of the impact of our corporate activities on human rights, respect the individuality and human rights of all people, and refrain from any form of discrimination, and the MGC Group Code of Conduct also prohibits harassment. We established the Human Rights Expert Committee in fiscal 2023 to consider plans and measures for the concrete implementation of human rights due diligence and to ensure that the policy is thoroughly understood

throughout the entire Group. Furthermore, we have established the Human Rights Hotline for all stakeholders involved with the Group.

In fiscal 2024, we held briefings on human rights for domestic and overseas consolidated subsidiaries, and also conducted a questionnaire survey. In addition, we provided online training on business and human rights to employees of the Company and consolidated subsidiaries. In fiscal 2025, we plan to specifically identify human rights issues and assess their impact.

## Roadmap of the MGC Group's Initiatives to Respect Human Rights

	FY2022	FY2023	FY2024	FY2025	FY2026 onward
<b>Human rights policies and systems</b>	Established the Mitsubishi Gas Chemical Group Human Rights Principle ★	Established the Human Rights Expert Committee ★	Promotion of awareness and understanding within and outside the Group <ul style="list-style-type: none"> <li>Briefings for consolidated subsidiaries</li> <li>Human rights e-learning</li> <li>Human rights study sessions</li> </ul>		
<b>Human rights due diligence</b>	Identification of human rights issues		Promotion of identification of human rights issues Questionnaire surveys for consolidated subsidiaries and suppliers	Internal workshops Impact assessment of human rights issues Implementation of countermeasures (corrective measures against human rights issues) Effectiveness evaluation Information disclosure	
<b>Complaint handling mechanism</b>	Established the Human Rights Hotline ★		Response to reports Consideration of creation of mechanisms		

## Biodiversity Conservation

## Promotion of Disclosure Based on the TNFD Recommendations

In December 2022, the Kunming-Montreal Global Biodiversity Framework was adopted, setting the goal to “take urgent action to halt and reverse biodiversity loss to put nature on a path to recovery” (i.e., Nature Positive) as the mission up to 2030. In September 2023, the Taskforce on Nature-related Financial Disclosures (TNFD)<sup>\*10</sup> published its recommendations with the aim of supporting nature-positive outcomes.

MGC recognizes that our business activities depend on various benefits derived from natural capital and biodiversity, and that they also have an impact on them. For example, while water and natural gas are essential resources for our business activities, excessive use of these resources may have a negative impact on the natural capital that is their source. Therefore, we believe that reducing negative impacts on natural capital and biodiversity and promoting positive impacts are important for our business activities and the sustainable development of society.

Against such a backdrop, we are promoting nature-related risk management and information disclosure in line with the TNFD recommendations, with the aim of realizing a nature-positive society. In July 2025, we announced our

endorsement of the TNFD recommendations and registered as a TNFD Adopter<sup>\*11</sup>. At present, we are conducting analysis and assessments based on the LEAP approach for product manufacturing in the Specialty Chemicals Business Sector and Green Energy & Chemicals Business Sector and for major businesses in which we are involved. In fiscal 2024, we organized important dependencies and impacts on MGC's business activities using tools such as ENCORE. Furthermore, we selected priority areas recommended for disclosure by the TNFD based on the two perspectives of material location and sensitive location, and assessed the dependencies and impacts based on information on each location. In addition, based on the results of identifying and assessing these dependencies and impacts, we identified and assessed nature-related risks and opportunities. We will continue to promote these initiatives and contribute to the realization of nature-positive outcomes.

<sup>\*10</sup> An international initiative established to develop a framework for nature-related risk management and information disclosure by companies and organizations

<sup>\*11</sup> A company or organization that has expressed the intention to disclose information in accordance with the TNFD recommendations

# Financial Strategy: Message from the CFO

## Review by the Director in Charge

### I will pursue optimal financial strategies and capital policies that will enable us to reconcile conflicting propositions

#### Motoyasu Kitagawa

Director, Senior Managing Executive Officer  
In charge of Internal Control & Risk Management,  
responsible for Administrative & Personnel,  
in charge of Finance & Accounting Division and CSR & IR Division



## Shift from Scale Expansion to a More “Muscular” Business Structure

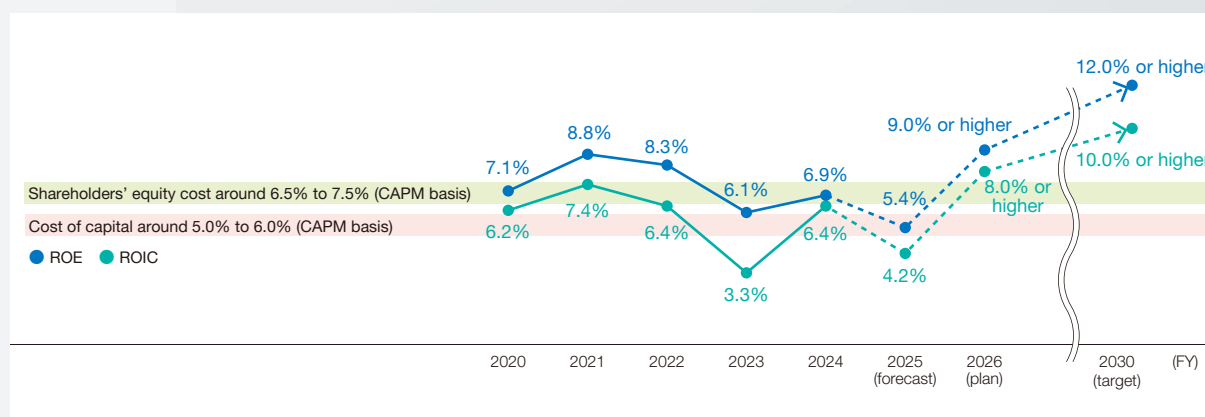
As a corporate sector director, I make a habit of managing with a sense of balance. In business, we encounter many seemingly opposing values: social value vs. economic value, short-term view vs. long-term view, quantity vs. quality, and investment for growth vs. shareholder returns. Any pair is not necessarily in absolute opposition, and serving both is not just possible, but I would say obligatory. To do so, finding the axis of management is important, and if objectively misaligned or imbalanced, must be repositioned for better balance.

I assumed the responsibility of the CFO to oversee financial strategies as a whole, including investor relations, in April 2025. In my role, I will pursue balance in addressing various management challenges, and serve seemingly opposing values with an objective, bird’s-eye view. Furthermore, I will promote correcting the management axis according to our financial situation and the assessments of the capital markets. If we think of the MGC Group as a human body, the past four to five years have been a phase of physical growth. We actively took on advance investment with an emphasis on quantitative, or scale, expansion, including production facilities. Our depreciation and amortization costs have been growing along with the worldwide surge in costs for plant construction. Our investment in that period has been generally based on customer needs. So we are confident

of projected demand, and have drawn up a scenario for steady recoupment of those investments. With advance investment, we cannot avoid temporary decreases in certain financial indicators. For example, invested capital, the denominator of ROIC, is recorded in advance. The current medium-term management plan (MTMP 2026) adopts a progressive dividend policy, with the total payout ratio increased to 50% from 40% under the previous plan. It would please us if investors understood this to be evidence of our confidence in achieving solid cash flow in the future.

In fiscal 2025, we entered a new phase, committing to building a “muscular” business structure, which means ensuring high profits. This requires directors in charge of business segments to make decisions balancing operating cash flow with investing cash flow, and that will not come without challenge. So I think it is an important responsibility for me as the director in charge of finance and investor relations to balance investment for growth with a groupwide viewpoint, in a disciplined manner in terms of both finance and investment. I work to maintain a healthy financial foundation so we can continue active investment for growth. At the same time, I understand controlling cost of capital using financial leverage and raising capital efficiency (ROE and ROIC) are more important than ever.

## ROE and ROIC Trends



## Action to Implement Management Conscious of Cost of Capital and Stock Price

### Initiatives to strengthen the resiliency of our business portfolio

- Promotion of measures to improve ROIC and ROE
  - Focused allocation of management resources to U&P businesses with a focus on the three ICT businesses
  - Acceleration of reaping benefits from growth investments
  - Thorough price pass-through leveraging high market share
  - Acceleration of restructuring of businesses requiring intensive management
  - Further thorough cost reduction (not limited to businesses requiring intensive management, but considered across the Group)
- Acceleration of value creation as an R&D-oriented company
  - Acceleration of the development and commercialization of new and next-generation businesses, focusing on strategic research areas (mobility, ICT, medical/food)
- Aggressively pursue strategic M&A

### Initiatives to reduce cost of capital

- Utilization of financial leverage
- Reduction of performance volatility (concentration on U&P businesses, etc.)
- Promotion of asset lightening
- Promotion of sustainability management
- Strengthening dialogue with investors and analysts, etc.

### Initiatives for proactive shareholder returns (during the period of MTMP 2026)

- Medium-term target of 50% total payout ratio
- Dividend policy in line with the progressive dividend policy
- DOE target of 3.0%, etc.

## Use Debt Financing to Maintain Investment for Growth with Strict Financial Discipline

In March 2025, Rating and Investment Information Inc. raised its long-term rating of the MGC Group from A to A+. I feel our solid earnings base, built on growth-oriented investment and confident of demand growth in the ICT field and growing earnings power through portfolio reform, has been positively received.

At the moment, I understand that MGC's financial health is very good and our loan ceiling is sufficiently high. Bearing that in mind, we commenced a campaign of growth-oriented investment, actively using debt financing to procure funds for the time being. We are more aware than before of indicators like ROIC and ROE, which show the efficiency of capital and assets. As we are in the stage of slimming the balance sheet and assets, we are paying fresh attention to financial and investment discipline.

As a KPI to indicate financial health, we use the debt-to-equity (D/E) ratio. MTMP 2026 advocates a policy of controlling the balance sheet by balancing capital efficiency

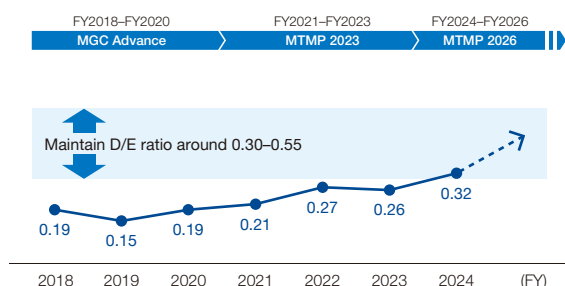
with financial health, targeting a D/E ratio between 0.30 (financial health) and 0.55 (capital efficiency). The focus of our financial strategy will be building financial muscle using financial leverage. Our management priority going forward will be on increasing corporate value by reducing cost of capital and raising capital efficiency (higher ROE and ROIC).

We are committed to slimming not only the items in the right column of the balance sheet, but those in the left as well, namely assets, while improving their quality. For that purpose, we are promoting asset reduction, ending strategic shareholdings, selling off assets that are unrelated to our business, and optimizing inventory levels. We will be more conscious of share price and PBR as indicators of shareholder evaluations, promote and perfect management systems with cost of capital in mind, enhance dialogue with market participants, and work even harder to reflect their opinions and advice in management.

## Utilize Financial Leverage for Optimal Capital Structure

- Control the balance sheet through the D/E ratio to strengthen ROIC management. With a view to balancing capital efficiency and financial soundness, a range of around 0.30 to 0.55 is assumed during the period of MTMP 2026
- Aggressively utilize debt financing for various types of investments and loans, considering the current D/E ratio
- Conducted a share buyback of ¥15.0 billion and cancelled the number of shares bought back (5.55 million shares) in FY2024. As a result, the D/E ratio was 0.32
- Continue to maintain financial discipline and aggressive use of debt financing

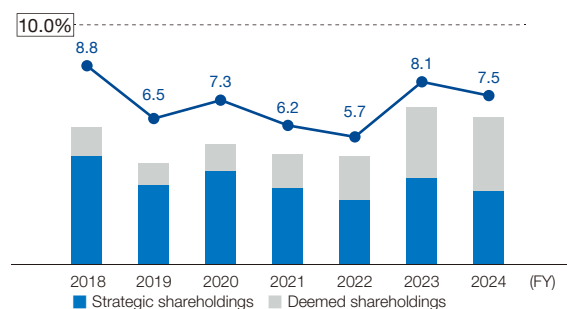
### Trends in the D/E Ratio (Multiple)



## Sale of Strategic Shareholdings

- Five stocks (full sale of two stocks) sold in FY2024, amounting to approximately ¥5.0 billion
- Despite progress in reducing strategic shareholdings, these occupy a proportion of consolidated net assets that, at the moment, is rising due to the increasing market value of publicly traded shares
- Going forward, our policy is to accelerate the sale of stocks that are deemed to exceed reasonable levels of shareholding, following annual examination of the purpose and meaning of holding individual stocks by the Board of Directors

### Proportion of Strategic Shareholdings in Consolidated Net Assets (%)



25 stocks sold over the past seven years (full sale of 17 stocks), cumulative sale of roughly ¥24.0 billion<sup>\*1</sup>

<sup>\*1</sup> Based on actual results. Includes partial sale of some shareholdings and sale of deemed shareholdings

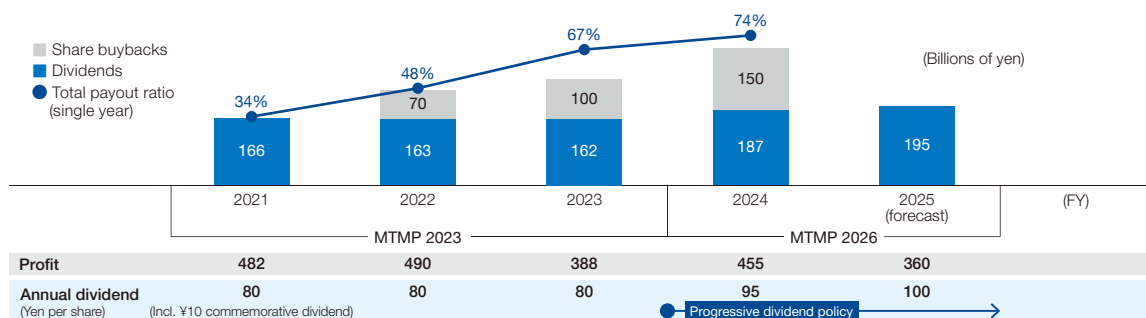


## Investment and Financing under MTMP 2026



## Continue Enactment of Proactive Shareholder Returns

- Strengthen shareholder returns in MTMP 2026 by adopting a progressive dividend policy<sup>\*2</sup> and increasing the total payout ratio<sup>\*3</sup>
- DOE<sup>\*4</sup> target of 3.0% (during the period of MTMP 2026)
- In FY2024, we implemented a dividend increase (¥15 increase on an ordinary dividend basis), and also carried out a share buyback and cancellation of the shares acquired<sup>\*5</sup>
- The annual dividend for FY2025 is expected to be ¥100 per share (an increase of ¥5 per share on an ordinary dividend basis)



<sup>\*2</sup> Covers the three-year period of MTMP 2026. In principle, no reduction—either increase or maintain

<sup>\*3</sup> Increase medium-term target from 40% to 50%

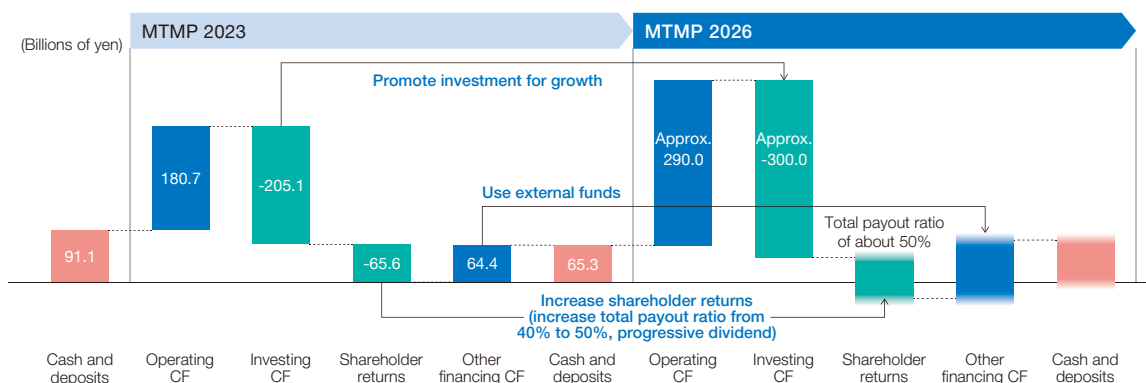
<sup>\*4</sup> 2.83% in fiscal 2024 (actual), 2.90% in fiscal 2025 (forecast)

<sup>\*5</sup> Annual dividend increase: Annual dividend for fiscal 2024 of ¥95 per share (interim dividend: ¥45, year-end dividend: ¥50)

Share buyback (cancellation): Approximately ¥15.0 billion, 5.55 million shares repurchased, cancellation of all shares repurchased at this time

## Capital Allocation

- Projected total of investment and loans (investing cash flow) during the period of MTMP 2026 of about ¥300.0 billion
- Actively use external funds in strategic investments leading to growth (including R&D and ESG) and enhance shareholder returns in addition to operating cash flow



## Continue Proactive Dialogue with Investors and Further Boost Market Presence

- Increase opportunities for dialogue between investors/analysts and management (proactively provide opportunities for management-level dialogue through overseas IR events, small meetings, etc.)
- Enhancement of various IR events (management overview briefings, business briefings, facility tours, etc.)
- Improvement and enhancement of various disclosure information (including disclosure in English)
- Promote dialogue through ESG/stewardship code interviews, interviews with outside directors, etc.
- Increase the number of briefings for individual investors, etc.

### Number of Interviews with Institutional Investors and Analysts

