02 Value Creation Section

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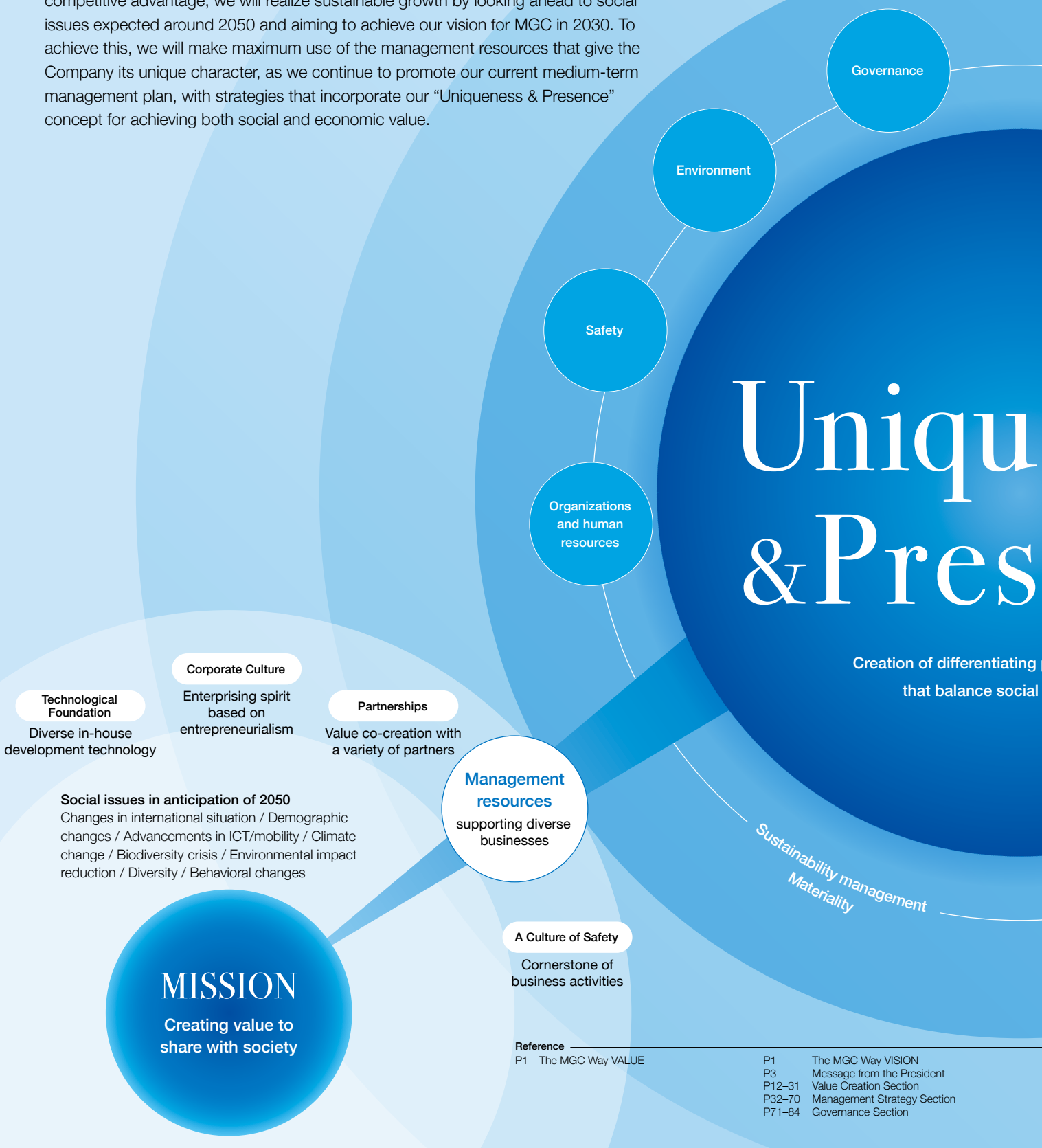
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Value Creation Process

The MGC Group's Mission is fundamentally about creating products and businesses that contribute to the development of society and the resolution of its issues. We aim to become the "excellent company" described in our Vision. To acquire a sustainable competitive advantage, we will realize sustainable growth by looking ahead to social issues expected around 2050 and aiming to achieve our vision for MGC in 2030. To achieve this, we will make maximum use of the management resources that give the Company its unique character, as we continue to promote our current medium-term management plan, with strategies that incorporate our "Uniqueness & Presence" concept for achieving both social and economic value.



Reference
P1 The MGC Way VALUE

P1 The MGC Way VISION
P3 Message from the President
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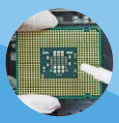
Electronic chemicals (EL chemicals)



Optical polymers



Engineering plastics



BT materials



Oxygen absorbers

Contribute to development of an ICT/mobility society

Solve medical and food problems

VISION

An excellent company with uniqueness and presence built on chemistry

Solve energy and climate change problems

Outcomes
addressing social issues through business

Output
leading to a new era

Management strategies
for accelerating selection and concentration

eness

ence

products and businesses

and economic value

Research and development

Human rights



Methanol



Energy resources and environmental businesses



MXDA



Antibody drugs



MX-Nylon (MXD6)



Aromatic aldehydes

Vision for MGC in 2030

Financial targets

Net sales
¥1.2 trillion

Operating profit
¥120.0 billion

Operating profit margin
10% or higher

ROE
12% or higher

ROIC*
10% or higher

Non-financial targets

GHG emissions reduction of
39% or higher
(compared with fiscal 2013)

Sales of "Sharebeing" Products
¥500.0 billion or more
(Sales of eco-friendly products)

* ROIC = (Operating profit - Income taxes + Equity in earnings of affiliates) ÷ Invested capital

P1 The MGC Way VISION
P7–8 The Origins of MGC
P9–10 Business Operations and Main Products
P45–47 Specialty Chemicals Business Strategy
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P1 The MGC Way MISSION

Management Resources Supporting MGC's Distinctive Character

The base supporting MGC's distinctive character comprises a technological foundation built up over more than half a century, a corporate culture that supports this, strategic partnerships, and a culture of safety, which is fundamental in the manufacturing industry. By taking maximum advantage of these business resources, we will promote sustained innovation.



Technological Foundation

Diverse in-house development technology

Products based on technologies developed in-house

90% or more
(by product category)

Percentage of mainstay MGC products that hold the largest share of their respective global markets

About **40**%



Corporate Culture

Enterprising spirit based on entrepreneurialism

Number of countries and regions with business locations

16

Percentage of employees who feel job satisfaction*1

59%



Partnerships

Value co-creation with a variety of partners

Number of projects related to carbon neutrality

About **60**

Number of Group companies

116



A Culture of Safety

Cornerstone of business activities

Lost-time injury frequency rate*2 (non-consolidated)

0.00%

ISO 9001 and ISO 14001 acquisition rate (non-consolidated)

100%

*1 Percentage of all survey respondents who made clearly positive responses
*2 Total number of deaths and injuries caused by labor accidents per one million actual hours worked

We possess broad foundation technologies capable of expanding our business domain from upstream to downstream. Diverse original technologies are the primary source of our competitive advantage, and there is limitless potential in their combinations. Starting with our own technologies that have an unrivaled advantage over those of other companies, we will focus on developing them to a deeper level and on expanding their applications.

Related Capital and Strengthening Measures

Intellectual capital	• Creation of new businesses for entering new growth markets • Identification of gaps in technologies, human resources, and intellectual property that need to be filled to expand and enhance intellectual capital
Natural capital	• Application of natural gas exploration and development technology to other businesses • Creation of environmentally friendly products that contribute to the conservation of natural capital

MGC has been practicing management with the view that people are the most important capital for value creation. This historical approach has led to the creation of a healthy corporate culture in which individuals are given discretion and matters are discussed openly on a daily basis.

Related Capital and Strengthening Measures

Human capital	• Career development through various experiences • Further increase in job satisfaction
Intellectual capital	• Development of digital transformation (DX) human resources and enhanced use of DX in research and development • Research theme scoring and internal visualization of research information

Frameworks for coordination and co-creation with various partners are a unique management resource found only in the MGC Group. Strong partnerships with overseas local subsidiaries and companies from other industries not only optimize the use of limited in-house resources but also lead to the creation of innovation in the chemistry field and the provision of growth opportunities for employees.

Related Capital and Strengthening Measures

Social and relationship capital	• Promotion of cross-industry cooperation through Carbopath™ • Strengthening of collaboration with stakeholders to achieve carbon neutrality
Intellectual capital	• Promotion of open innovation with universities and companies • Creation of business schemes in collaboration with local governments

In the manufacturing industry, developing a culture of safety is a social mission. Upholding the philosophy that ensuring safety is the top priority of our business activities, we have established safety guidelines, and we are promoting responsible care (RC) activities aimed at achieving zero accidents and zero disasters. All of our employees participate in activities to identify risks and prevent accidents and disasters.

Related Capital and Strengthening Measures

Manufactured capital	• Promotion of the SMART-FACTORY • Establishment and renewal of production infrastructure to enhance safety
Human capital	• Enhanced group management of RC activities • Development of personnel who give first priority to safety and continuous production of key personnel

The Source of MGC's Distinctive Character

An Innovative Chemical Manufacturer Developing New Value

Rather than relying on technologies introduced from overseas, the MGC Group's predecessor companies, Mitsubishi Edogawa Chemical Co., Ltd. and Japan Gas Chemical Co., Inc., pioneered world- and Japan-first businesses based on in-house development technology. Since the merger, the originality and pioneering mindset that differentiated the corporate cultures of both companies have been passed down through the generations. Our determination to create unprecedented new materials and technologies and refine our unique businesses has made us an innovative, R&D-driven corporate group that breaks the mold of the typical chemical manufacturer. We are engaged in everything from the manufacture of leading-edge semiconductor-related materials through to the construction of an environmentally circular carbon platform.

In pursuit of uniqueness, we capitalize on the advanced technical capabilities we have developed to continuously create innovative, high-value-added products that meet the needs of customers and society in niche areas not covered by other companies.

Technologies and Product Lineups That Enable Innovation and High Added Value



Market Creation Based on a Differentiation Strategy

The MGC Group has created numerous products and technologies that have won high acclaim in the global markets, including methanol synthesis technology and BT materials. However, the road to achieving these goals has by no means been an easy one.

The reverse oil shock and strong yen of 1985 virtually eliminated the benefits of using natural gas extracted by the Company in Japan as a raw material for methanol. Hydrogen peroxide, another source of revenue, also became subject to increasing international competition from around this time. We used the changes in the business environment as an opportunity to pivot our businesses toward high-value-added products with advanced functionality. In the 1990s, we reinforced businesses with competitive advantages and expanded our overseas production sites.

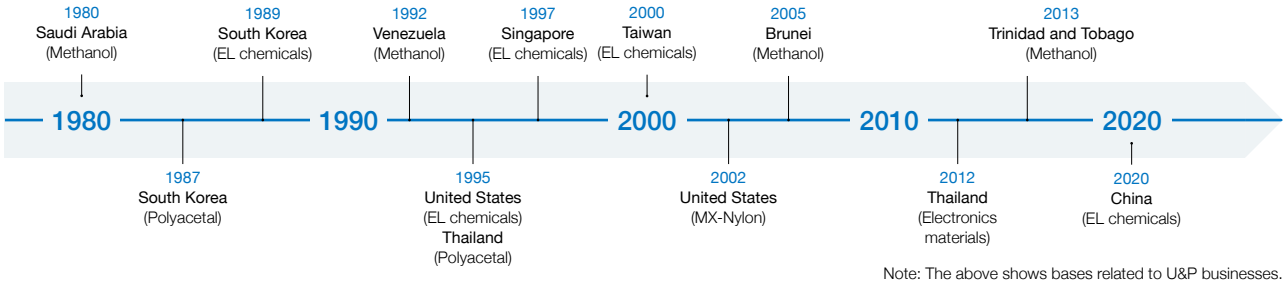
Since 2000, we have rigorously implemented a differentiation strategy focused on distinctive, competitive products that cannot be easily imitated by other companies and developed new markets and applications. At the same time, we have built a market portfolio that reflects location-based strategies, such as a “raw material location strategy” for methanol and a “consumption location strategy” for super-pure hydrogen peroxide. Through this diversification of businesses and regions, we have maintained competitive advantages and earnings stability even in an uncertain business environment.

Adding Functionality and Value to Our Product Lineups

Share of sales: Large / Medium / Small

	Decade	–1950	1960	1970	1980	1990	2000	2010	2020
Hydrogen peroxide	Paper pulp, fiber, and industrial applications								
	Cleaning semiconductors, etching								
	Disinfection and sterilization								
Electronics materials	Decade	–1950	1960	1970	1980	1990	2000	2010	2020
	Printed circuit board for calculators and clocks, etc.								
	IC plastic packaging substrate materials								
	Telecommunication substrate materials								
	High-frequency applications								
Optical materials	Decade	–1950	1960	1970	1980	1990	2000	2010	2020
	Organic photoconductors (OPCs)								
	Spectacle lenses								
	Camera lenses for smartphones, etc.								
	Automotive camera lenses								

History of Overseas Operations



Note: The above shows bases related to U&P businesses.

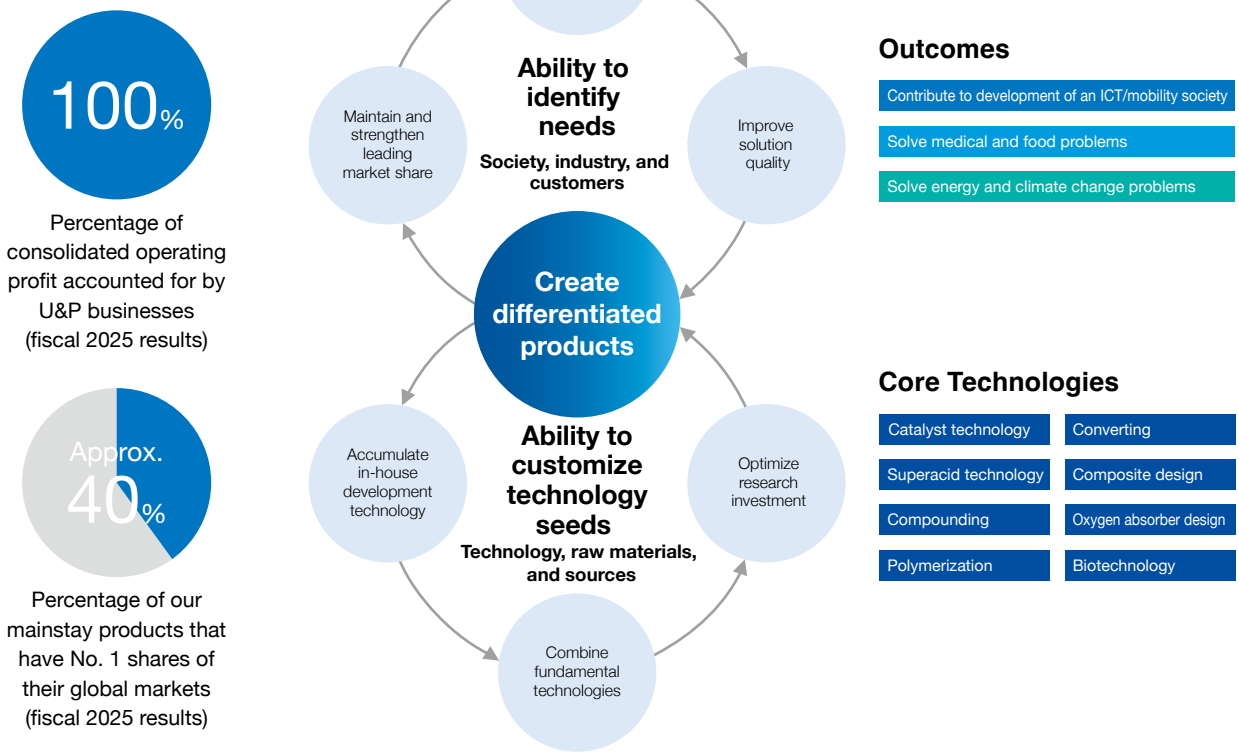
Pursuing "Uniqueness & Presence"

The "Uniqueness & Presence" (U&P) sought by the MGC Group is a business model that creates products with unique characteristics difficult for other companies to imitate and which realizes a presence in global markets. At the same time, U&P is a value creation strategy based on the corporate culture we have had since our founding.

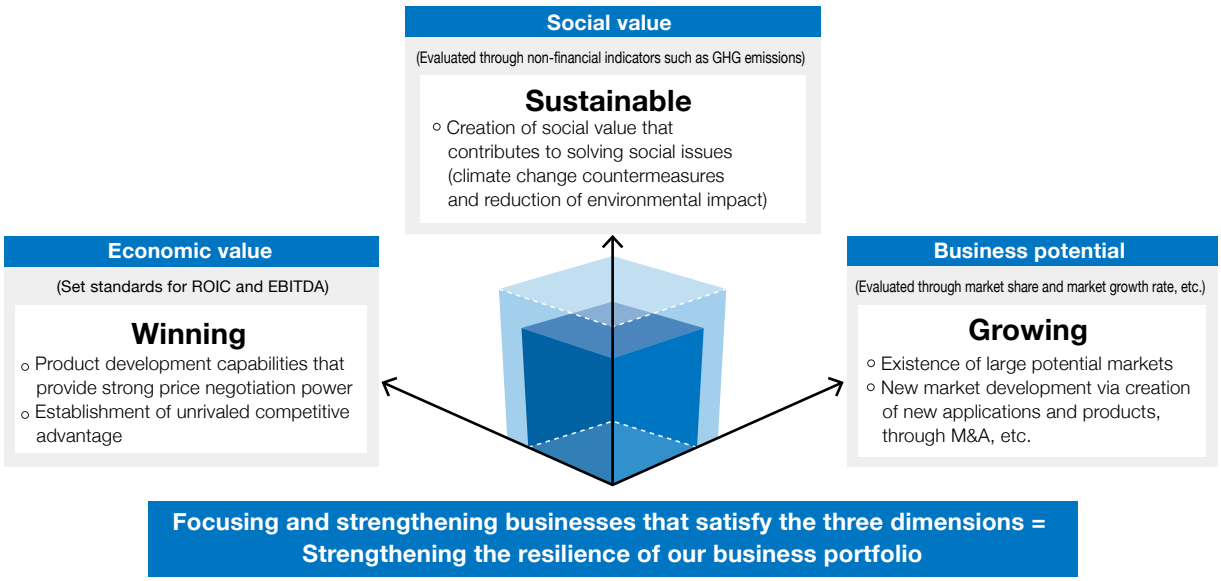
The reason approximately 40% of our mainstay products have the No.1 shares of their global markets lies in our tireless efforts to develop high-performance products by engaging in ongoing dialogue with the market based on our unique technologies and resources (seeds) and then integrating customer needs with these technological seeds. Through development capabilities that incorporate product-driven and "market-in" approaches, we have achieved a level of differentiation that is difficult to imitate.

Further, more than 90% of our products are developed in-house. We have built a business management system based on business management units as well as a technology platform that gives a comprehensive overview of our core technologies. We drive the development of new products and grades by combining our many different core technologies to customize seeds and by utilizing an evaluation system that ensures generous allocation of research resources to priority development themes.

The U&P Business Model



Definition of U&P Businesses



U&P Business Differentiation Strategy

The Group's product lines deliberately avoid the "volume zones" of their respective markets, which are dominated by other companies. Based on this distinctive approach and proprietary technologies, we have created value and produced global niche offerings. In a recent example, the Company has captured a significant market share centered on the three ICT businesses—electronics materials, electronic chemicals (EL chemicals), and optical materials—which are growth drivers for the Company's profits. By focusing management resources on the development of high-value-added products with a distinctive edge that can contribute meaningfully to social innovation, we are heightening economic value.

