

February 8, 2022

MITSUBISHI GAS CHEMICAL COMPANY, INC.

Mitsubishi Gas Chemical to Reorganize Polyacetal-Related Operations via a Simple Absorption-Type Company Split

Mitsubishi Gas Chemical Company, Inc. (MGC) hereby announces that its Board of Directors passed a resolution at a meeting held today with regard to a decision to transfer MGC's operations associated with the marketing of and research into polyacetal resins, polyphenylene ether resins, and high-performance polyamide resin compounds, along with its business functions for supervising these operations, to Global Polyacetal Co., Ltd. (hereinafter "GPAC"), a wholly owned subsidiary of MGC. This transfer will be executed via the form of a simple absorption-type company split (hereinafter "the Company Split").

In addition, some items have been partially omitted from this press release because this move involves only a simple absorption-type company split with the objective of transferring operations to a wholly owned subsidiary.

1. Background and Purpose

In line with a medium-term management plan launched in April 2021, MGC has positioned its operations related to polyacetal resin, or polyoxymethylene (POM), as a "differentiating" business and, therefore, intends to further strengthen competitive advantages of this material.

POM serves as an excellent engineering plastic that is highly resistant to abrasion, creep, fatigue and chemicals. It is widely used as a material for automobile parts as well as for electric, electronics and other precision mechanical device components. Accordingly, POM markets worldwide are expected to expand stably in step with growth in each country's GDP.

With this in mind, the MGC Group has maintained POM production bases in Japan (Yokkaichi), Thailand, South Korea and China, striving to expand its relevant operations globally, with the aim of penetrating growing POM markets in these regions. In recent years, the Group has also reorganized*¹ POM-related operations in South Korea while executing the cessation of POM production*² at its Yokkaichi Plant. These moves were taken as part of the Group's efforts to strengthen the overall competitiveness of its POM-related operations.

The latest decision, described earlier, to unify these operations is intended to further update the Group's business structure. Specifically, GPAC, a wholly owned subsidiary, will be equipped with functions for supervising POM-related businesses, in line with MGC's policy of ensuring the integrated management of the Group's POM production, marketing and development activities.

To this end, the Company Split is set to be carried out on April 1, 2022 to transfer MGC's POM-related operations to GPAC. Furthermore, as stated in a separate press release issued today under the title "Notice regarding the Additional Acquisition of Shares in Mitsubishi Engineering-Plastics Corporation to Make It a Consolidated Subsidiary," it was also decided that Mitsubishi Engineering-Plastics Corporation will similarly transfer its POM-related operations to GPAC via an absorption-type company split scheduled for April 3, 2023.

Through reorganization measures discussed above, the MGC Group will consolidate its management resources for POM-related businesses to GPAC, which is expected to possess functions for supervising these operations, in order to promote integrated business management for the Group and to create synergies. By doing so, the Group will raise the proportion of high-value-added products in its portfolio while pushing ahead with the development of new products designed to contribute to the environment, the strengthening of its customer response capabilities, and other measures to achieve the further expansion of its POM-related operations.

*1 “Mitsubishi Gas Chemical and Celanese Corp. agree to restructure Korean polyacetal business”

<https://www.mgc.co.jp/eng/corporate/news/2020/201209e.html>

*2 “Notice regarding Cessation of Polyacetal Production at Yokkaichi Plant”

<https://www.mgc.co.jp/eng/corporate/news/2021/210601e.html>

2. Details of the Company Split

(1) Schedule

Date of the Board of Directors' resolution	February 8, 2022
Date of the signing of the company split agreement	February 8, 2022
Effective date of the Company Split	April 1, 2022 (scheduled)

(2) Split method

An absorption-type company split under which MGC becomes the split company and GPAC becomes the succeeding company.

(3) Allocation of shares under the Company Split

The Company Split will entail no allotment of share-based, monetary or other consideration.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights in connection with the Company Split

None

(5) Capital to be changed via the Company Split

The Company Split will not result in changes in capital of MGC or that of GPAC.

(6) Rights and obligations to be transferred to the succeeding company

GPAC will assume relevant assets, liabilities, rights and obligations defined by the company split agreement.

(7) Prospects for fulfillment of obligations

MGC believes that MGC and GPAC will have no problems fulfilling the obligations that they will bear after the Company Split.

3. Overview of the Corporate Parties to the Company Split

Succeeding Company

(1)	Company name	Global Polyacetal Co., Ltd.	
(2)	Location	5-2, Marunouchi 2-chome Chiyoda-ku, Tokyo	
(3)	Name/title of representative	Naoto Obayashi, Representative Director	
(4)	Business description	Manufacture, processing and sale of engineering plastics	
(5)	Capital stock (As of December 31, 2021)	JPY25 million	
(6)	Date of foundation	December 25, 2020	
(7)	Number of shares issued (As of December 31, 2021)	1,000 shares	
(8)	Fiscal year-end	March 31	
9)	Major shareholder and ratio of shareholdings (As of December 31, 2021)	Mitsubishi Gas Chemical Company, Inc.: 100%	
(10)	Financial position and Operating results for the most recent fiscal year ended March 31, 2021	Net assets	JPY49 million
		Total assets	JPY2,025 million
		Net assets per share	JPY48,943.39
		Net sales	JPY0 million
		Operating loss	JPY1 million
		Ordinary loss	JPY1 million
		Net loss	JPY1 million
		Net loss per share	JPY1,056.61

Split Company

(1)	Company name	Mitsubishi Gas Chemical Company, Inc.	
(2)	Location	5-2, Marunouchi 2-chome Chiyoda-ku, Tokyo	
(3)	Name/title of representative	Masashi Fujii, Representative Director	
(4)	Business description	Manufacture and sale of chemical products	
(5)	Capital stock (As of December 31, 2021)	JPY41,970 million	
(6)	Date of foundation	April 21, 1951	
(7)	Number of shares issued (As of December 31, 2021)	225,739,199 shares	
(8)	Fiscal year-end	March 31	
(9)	Major shareholders and ratio of their shareholdings (As of September 30, 2021)	The Master Trust Bank of Japan, Ltd. (Trust Account): 14.71% Custody Bank of Japan, Ltd. (Trust Account): 6.60% Meiji Yasuda Life Insurance Company: 4.23% Nippon Life Insurance Company: 3.55% The Norinchukin Bank: 2.42% AGC Inc.: 1.99% Custody Bank of Japan, Ltd. (Trust Account 4): 1.54% The Bank of Yokohama, Ltd.: 1.48% JP Morgan Securities Co., Ltd.: 1.44% MUFG Bank, Ltd.: 1.30%	
(10)	Financial position and Operating results for the most recent fiscal year ended March 31, 2021 (consolidated)	Net assets	JPY581,411 million
		Total assets	JPY836,364 million
		Net assets per share	JPY2,520.34
		Net sales	JPY595,718 million
		Operating income	JPY44,510 million
		Ordinary income	JPY50,240 million
		Net income attributable to owners of the parent	JPY36,070 million
		Net income per share	JPY173.41

4. Overview of Businesses to Be Transferred

(1) Businesses to be transferred

The marketing of and research into polyacetal resins, polyphenylene ether resins and high-performance polyamide resin compounds as well as the supervision of these operations

(2) Operating results of the above businesses

Net sales: JPY7,009 million (fiscal year ended March 31, 2021)

(3) Breakdown of assets and liabilities to be transferred (approximate values)

Assets		Liabilities	
Items	Book value	Items	Book value
Current assets	JPY0 million	Current liabilities	JPY0 million
Noncurrent assets	JPY3,857 million	Noncurrent liabilities	JPY0 million
Total	JPY3,857 million	Total	JPY0 million

5. Changes Arising from the Company Split

The Company Split will not result in changes in MGC's company name, location, name/title of its representative, capital stock or fiscal year-end.

6. Outlook

The impact of the Company Split on MGC's consolidated operating results is minor as the move involves only an absorption-type company split with the objective of transferring operations to a wholly owned subsidiary.

Appendix: Outline of POM-Related Business Structure after Reorganization

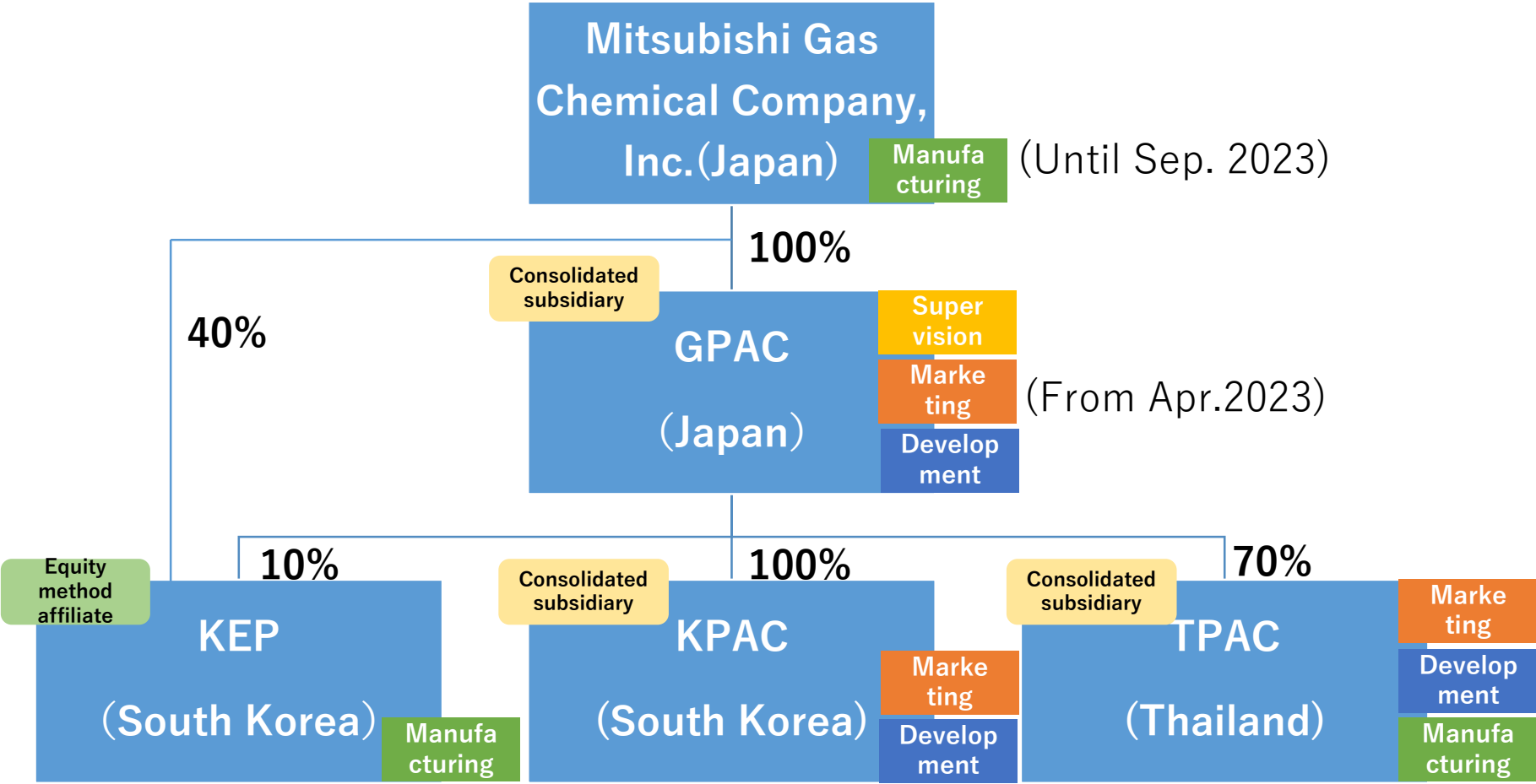
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INQUIRIES

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Outline of POM-Related Business Structure after Reorganization (Key Group companies)



GPAC : Global Polyacetal Co., Ltd.

KEP : Korea Engineering Plastics Co.,Ltd.

KPAC : KOREA POLYACETAL CO., LTD.

(launched in Jan. 2022 as a sales company in South Korea and set to be consolidated in Apr. 2022)

TPAC : THAI POLYACETAL CO., LTD.