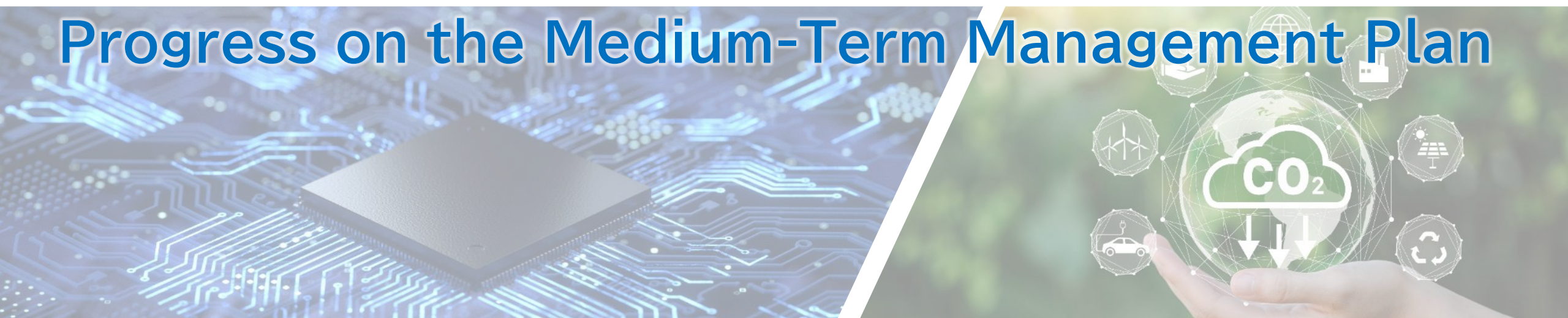




# Management Overview Presentation

## Progress on the Medium-Term Management Plan



Uniqueness & Presence — Becoming an excellent company with uniqueness and presence

 **mitsubishi GAS CHEMICAL COMPANY, INC.**

June 6, 2025

TSE Prime  
Market  
4182

- 1 We achieved our numerical targets for the first year as planned. External changes\* are raising the bar for achieving the goals set out in our medium-term management plan.  
\* Slow growth of the semiconductor market outside the advanced segment, increasing uncertainty due to new US tariffs, etc.
- 2 We are promoting significant investment in the promising Uniqueness & Presence (U&P) businesses. There are delays and overspending in some investment projects.
- 3 We advanced and reinforced our R&D initiatives, mainly in strategic research areas (ICT, mobility and medical/food) to help make MGC a more R&D-oriented company.
- 4 We've made some progress restructuring businesses requiring intensive management, but the action plan to improve profitability has just reached the halfway point.
- 5 ROE and ROIC fell due to increases in invested capital for advance investment and in depreciation and amortization costs. We are committed to enhancing ROIC-centered management.



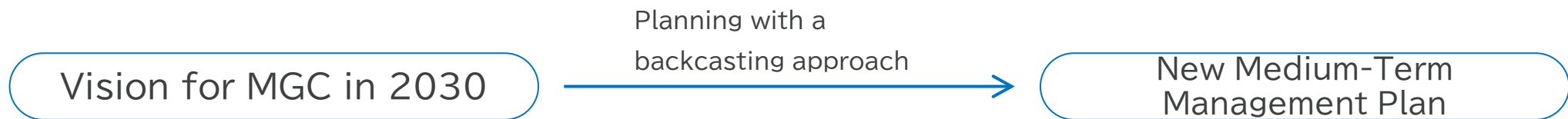
- With the bar raised for achieving our goals, we will accelerate initiatives under the medium-term management plan.
- We will focus efforts on strengthening the resiliency of our business portfolio to flexibly respond to external changes.

Introduction

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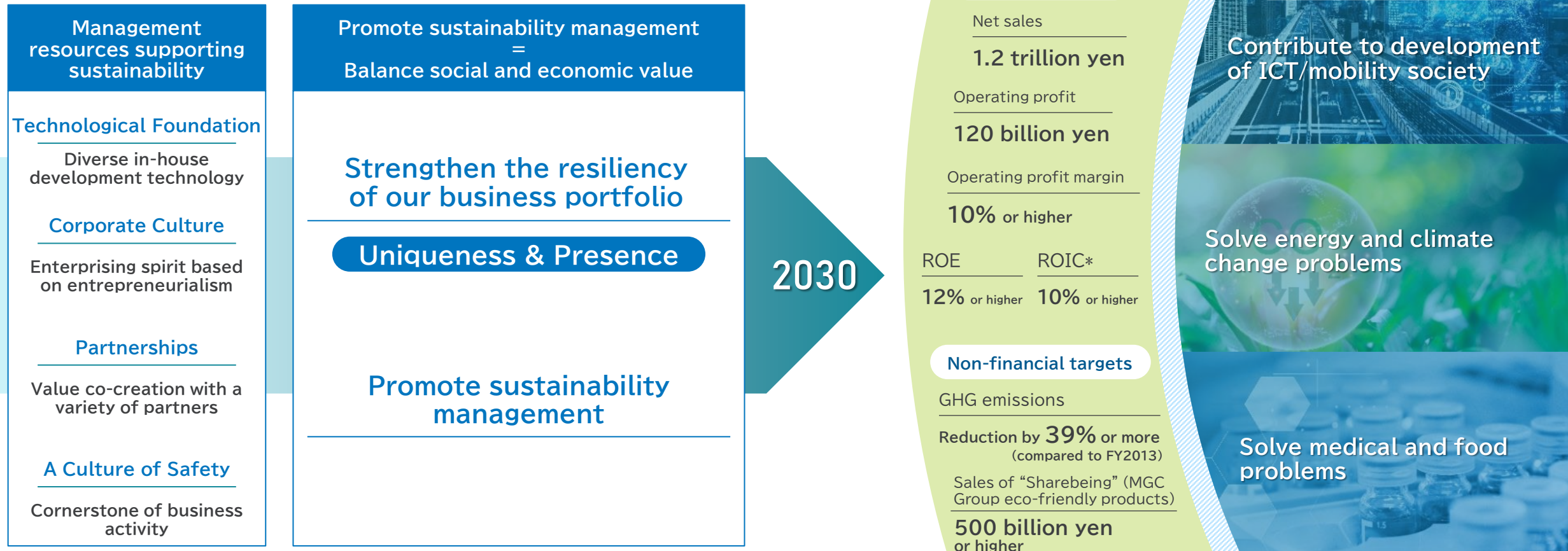


The new medium-term management plan is positioned as the successor to Grow UP 2023 and our guide for realizing the vision for MGC in 2030



# Vision for MGC in 2030

- Sharpen businesses defined by “Uniqueness & Presence,” and contribute to solving social issues through business
- For 2030, we aim to achieve net sales 1.2 trillion yen, operating profit of 120 billion yen, operating profit margin of 10% or higher, ROE of 12% or higher, and ROIC of 10% or higher



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

# New Medium-Term Management Plan: Grow UP 2026 — “Growing,” “Winning,” and “Sustainable”



Plan Duration: Three years from FY2024 to FY2026

Positioning: Successor to Grow UP 2023; period that contributes to the realization of the vision for MGC in 2030  
Retackling previous plan targets and aiming for even higher goals as “an excellent company with uniqueness and presence built on chemistry.”

**Keywords: Uniqueness & Presence**

## Objective **1** Strengthen the resiliency of our business portfolio

Strategy 1

**Focus on “Uniqueness & Presence”**

Strategy 2

**Build new value through innovation**

Strategy 3

**Restructure businesses requiring  
intensive management**

## Objective **2** Promote sustainability management

Strategy 1

**Accelerate initiatives  
for realizing carbon neutrality**

Strategy 2

**Enhance human capital management**

Strategy 3

**Promote materiality management**

**Promotion of strategies to increase corporate value for realizing  
management with an awareness of cost of capital and stock price**



# Progress on the Medium-Term Management Plan

# Progress on Companywide Numerical Targets and Initiatives



## Progress on Companywide Numerical Targets



- Results for the first fiscal year were broadly in line with the plan, except for ROE and ROIC. Results are expected to be below plan targets in the second year, mainly due to slow growth in the semiconductor market outside the advanced segment
- The current medium-term management plan calls for significant growth from the second to the third (final) fiscal year. However, due to the delay in the second year, there are higher hurdles to reaching the targets

	FY2023 result	Grow UP 2026		Grow UP 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*1	¥84.9 billion	¥97.3 billion	¥93.0 billion	¥150.0 billion
ROE	6.1%	6.9%	5.4%	9% or higher
ROIC*2	3.3%	6.4%	4.2%	8% or higher

\*1 EBITDA = Ordinary profit + Interest paid + Depreciation and amortization

\*2 ROIC = (Operating profit - Income taxes Equity in earnings of affiliates) / Invested capital  
(Definitions have been revised for the current medium-term management plan)

## Progress on Companywide Numerical Targets — By Division



- Further advancing our action plan for achieving our targets for Green Energy & Chemicals (GEC) and Specialty Chemicals

	FY2023 result	Grow UP 2026		Grow UP 2026 FY2026 target
		FY2024 result	FY2025 forecast	
Net sales				
Green Energy & Chemicals	¥412.8 billion	¥323.1 billion	¥297.0 billion	¥350.0 billion
Specialty Chemicals	¥409.2 billion	¥444.1 billion	¥430.2 billion	¥490.0 billion
Operating profit				
Green Energy & Chemicals	¥17.7 billion	¥12.7 billion	¥11.4 billion	¥22.0 billion
Specialty Chemicals	¥33.0 billion	¥41.3 billion	¥39.9 billion	¥65.0 billion
Ordinary profit				
Green Energy & Chemicals	¥10.1 billion	¥20.5 billion	¥15.7 billion	¥32.0 billion
Specialty Chemicals	¥38.6 billion	¥43.9 billion	¥39.1 billion	¥65.0 billion

\*This slide does not include businesses outside these segments and adjustments

## Influences of US Tariffs

- Minimize risk using price adjustments and supply chain optimization
- Anticipating minor direct effects from US tariffs (less than 1 billion yen)

Green Energy & Chemicals	Methanol	<ul style="list-style-type: none"><li>• Apply our global sales network to minimize the negative effects of higher tariffs on exports to the US from our Venezuelan site</li></ul>
	MXDA/ABAL	<ul style="list-style-type: none"><li>• Sell most of our products to the US under CIP/DAP conditions, so we do not cover US customs duties</li></ul>
	MX Nylon	<ul style="list-style-type: none"><li>• Higher tariffs on raw-material MXDA may increase costs, but we plan to shift that into prices</li></ul>
Specialty Chemicals	EL chemicals	<ul style="list-style-type: none"><li>• Use our North American base, established in 1995, and our policy favoring production in the area of consumption to avert tariff risk</li><li>• We will control cost increases from additional tariffs with local procurement of raw materials</li></ul>
	BT materials, OPE™	<ul style="list-style-type: none"><li>• Direct exports to the US are nearly nil, so we project minor direct effects from additional tariffs</li></ul>
	Optical polymers	<ul style="list-style-type: none"><li>• Projecting minor effects on our products, while smartphone supply chain is expected to be reviewed</li></ul>
	POM	<ul style="list-style-type: none"><li>• This product is on the mutual tariff-exemption list, so we project no direct effect</li></ul>
	PC	<ul style="list-style-type: none"><li>• Plan to shift costs due to additional tariffs into product prices</li></ul>

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



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



- Promoting proactive investment in U&P businesses. However, there are start-up delays and increases in investment amounts for major investment projects
- Although some progress has been made on initiatives for businesses requiring intensive management, we will promote action plans to improve profitability

## Strategy 1

### Focus on “Uniqueness & Presence”

- Prioritizing allocation of management resources in the three ICT businesses, which are growth drivers
- Start-up delays and increases in investment amounts for major investment projects, such as the MXDA project in Europe
- Further advance initiatives for sales expansion, cost pass-through, and cost reduction

## Strategy 2

### Build new value through innovation

- Strengthening R&D in line with the plan, centered on MGC’s strategic research areas (mobility, ICT, medical/food) (FY2025 (forecast) R&D expenses 29.5 billion yen)

## Strategy 3

### Restructure businesses requiring intensive management

- PC-related business: Advancing strategy to add higher value at sites in China. Concentrating sheet film production sites. On the other hand, MEP\* reorganization effect not yet fully realized
- Xylene separators and derivatives business: Withdrawing from OX-related chain (OX/PA/plasticizer chain)



### Initiatives for improving capital efficiency

- 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

\*Mitsubishi Engineering-Plastics Corporation

## Status of Each Business (Summary)

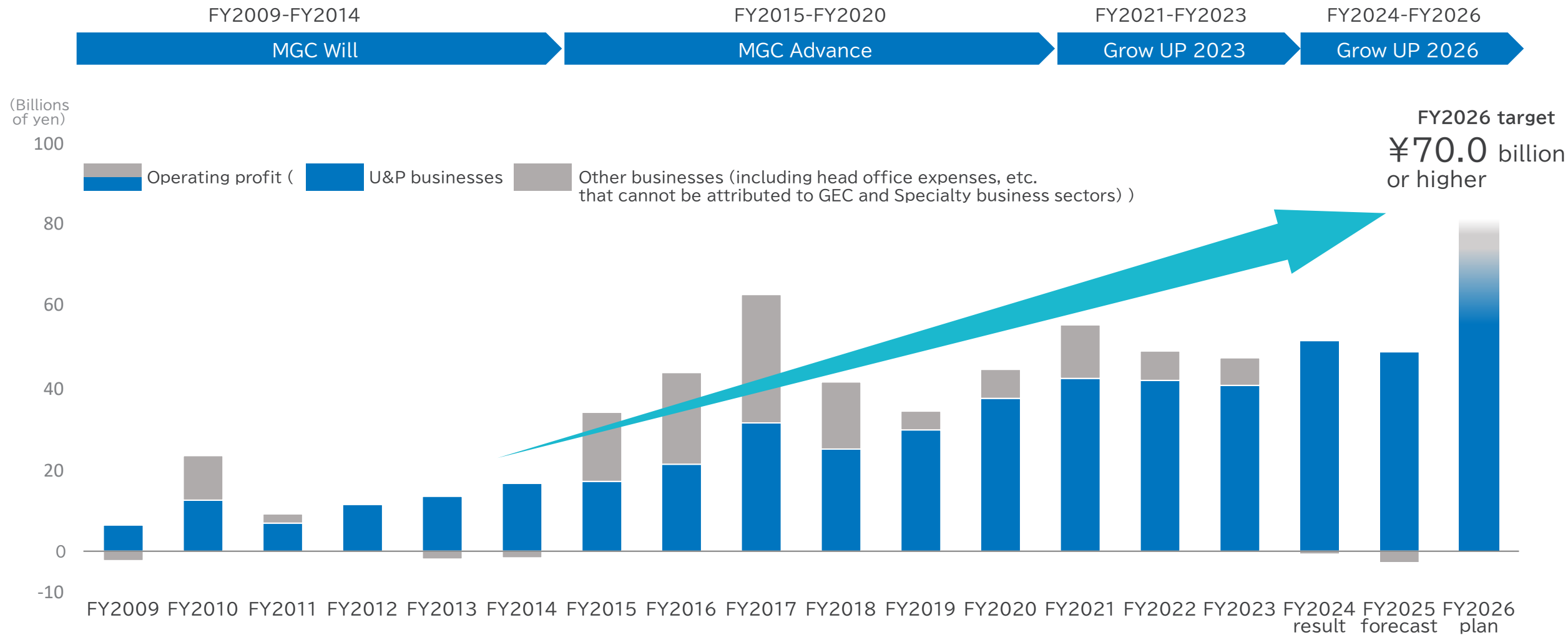
- Progress on intensive investment in U&P businesses. Some delays, including the MXDA Europe plant and EL chemicals target achievement timing
- Aiming to achieve plan targets, such as through early start-up of large-scale investments and moving early to the investment reaping phase

Business	Main actions, issues, and policies going forward
Electronics materials	<ul style="list-style-type: none"> <li>● BT materials: Thailand <b>plant expansion proceeding as planned</b>. Strengthen the development of applications for next-generation FC-BGA, etc.</li> <li>● OPE™: Demand is <b>growing faster than planned</b> for use as a substrate material for generative AI servers. Currently considering upgrading manufacturing sites</li> </ul>
EL chemicals	<ul style="list-style-type: none"> <li>● <b>Target achievement period expected to be delayed</b> due to slow demand recovery and increase in depreciation expenses caused by upfront investment</li> <li>● No change to medium- to long-term market growth forecast. <b>Currently increasing production capacity looking ahead to market growth</b>. Aim to move early to the investment return phase</li> <li>● Established North American base in 1995. Avoiding US tariff risk through production in the area of consumption</li> </ul>
Optical materials	<ul style="list-style-type: none"> <li>● Optical polymers: <b>Performing favorably, surpassing the plan</b>. Increasing sophistication of smartphone camera functionality, mainly due to an increase in models with periscope lenses. Demand for use in automotive cameras and AR/VR headsets, etc. also expected to grow</li> <li>● Lens monomers: <b>Steady progress toward new lens monomer production facility</b> in 2026</li> </ul>
Methanol	<ul style="list-style-type: none"> <li>● <b>Advancing various initiatives</b> for realization of circular carbon methanol concept Carbopath™ (marine fuel market development initiative, start of biomethanol production utilizing digester gas at a sewage treatment center, etc.)</li> </ul>
MXDA	<ul style="list-style-type: none"> <li>● <b>Construction of a new Europe plant: Slower than the initial plan, capital investment exceeded the plan</b></li> <li>● <b>We will execute a revised plan for early start-up</b> and promote various initiatives to expand sales based in Europe, the largest area of demand</li> </ul>
PC	<ul style="list-style-type: none"> <li>● <b>Advancing strategy to add higher value and reduce costs</b> at sites in China</li> <li>● Meanwhile, <b>rebuilding of production, sales and R&amp;D systems is in progress</b></li> </ul>

## Strategy 1: Operating Profit Trend of Uniqueness & Presence (U&P) Businesses



- U&P businesses are currently seeing faltering growth. We aim to quickly realize returns from large-scale investments and get back to a growth trajectory

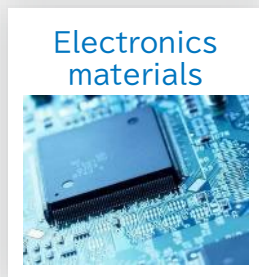


## Strategy 1: Strategic focus on U&P Businesses (1)

### Promoting the Three ICT Businesses

- Progress in electronic materials (Thailand plant expansion), EL chemicals (new construction and expansion in Japan and overseas), and optical materials (new construction in Japan)
- Optical materials and OPE™ outperforming the plan. BT materials and EL chemicals falling behind on the target

■ Net sales of the three ICT businesses



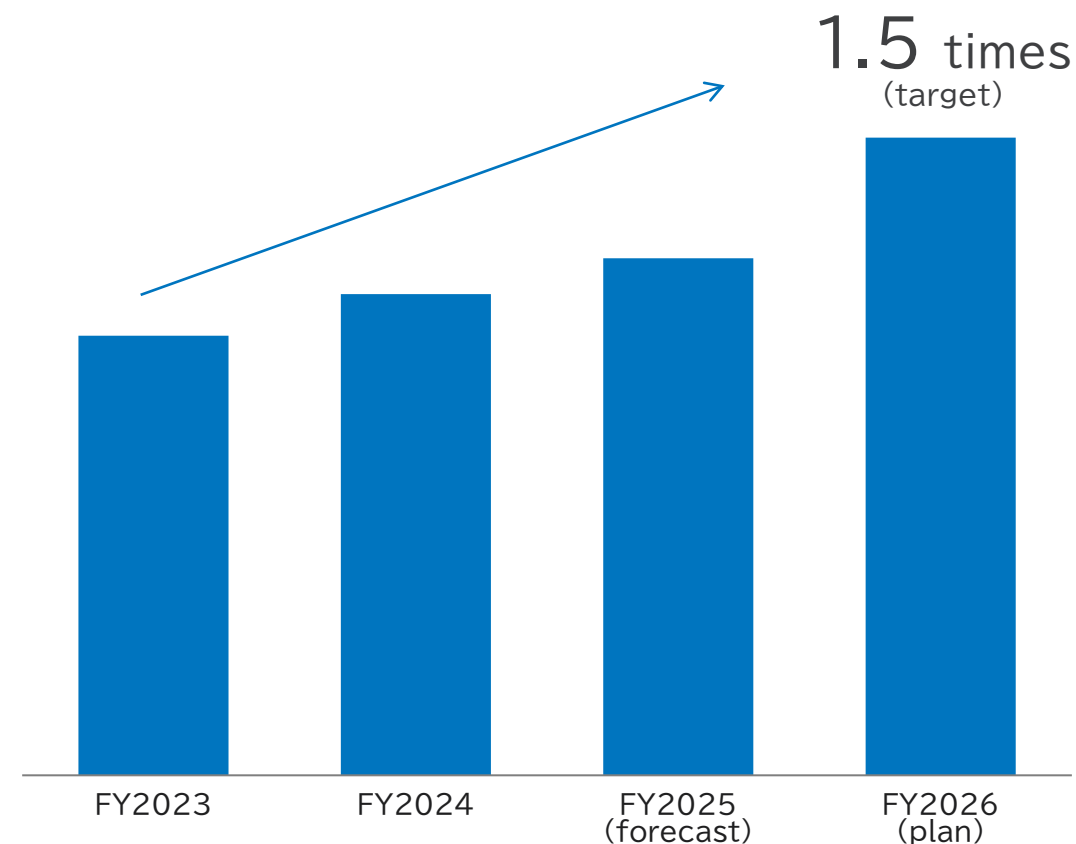
- Progress on expansion of BT materials Thailand plant
- Continued strong OPE™ demand



- Optical polymer demand is brisk
- Progress on new facility plan for lens monomers



- Progress on strengthening global production and development system





# Strategy 1: Strategic Focus on U&P Businesses (2)

## Promoting the Three ICT Businesses — Electronic Materials

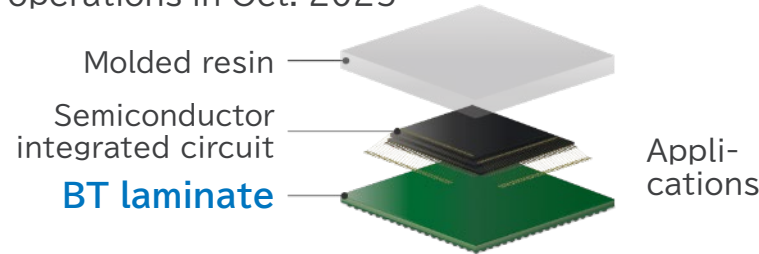
### Electronics materials

**BT materials:** Thailand plant expansion proceeding as planned. Strengthen applications for next-generation FC-BGA, etc.

**OPE™:** Demand is growing faster than planned for use as a substrate material for generative AI servers. Currently considering upgrading manufacturing sites

### Expansion of Thailand plant

- Increase production capacity by approx. 2 times
- Currently progressing as planned toward start of operations in Oct. 2025



### Future applications development, business strategies, and vision

- Proposing materials for next-generation FC-BGA use
- Proposing materials for next-generation photonics-electronics convergence

Until now

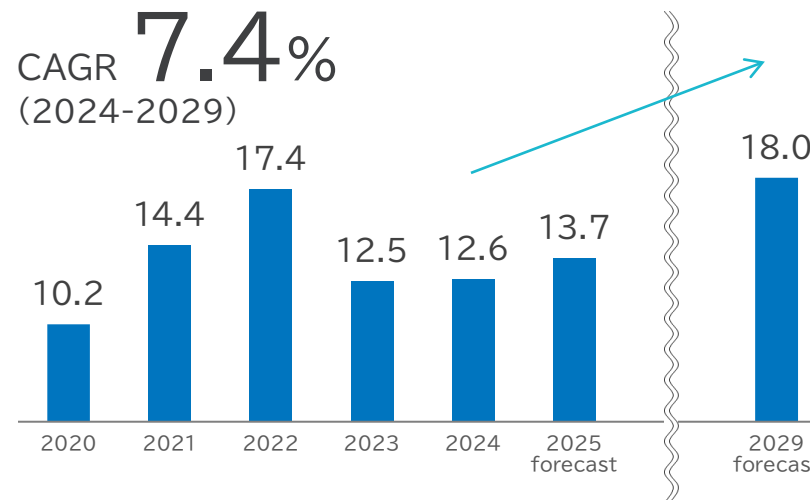
From now on

Computers, games, telecommunications devices and base stations, servers

AI, ADAS, servers

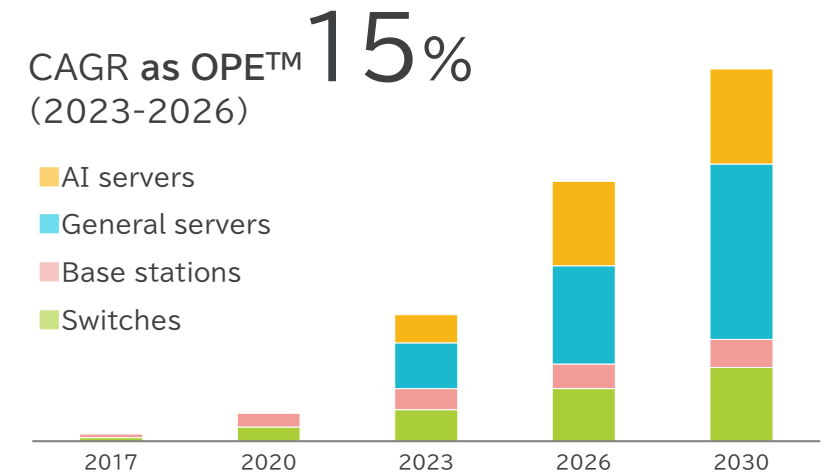
### Outlook for semiconductor packaging substrate market (US\$ billion)

Source: 2024 Prismark Partners LLC



### Changes in domains using OPE™ in the electronic devices market

\*OPE™ is used for laminate materials that require low dielectric properties, particularly PPE



## Strategy 1: Strategic Focus on U&P Businesses (3) Promoting the Three ICT Businesses — EL Chemicals

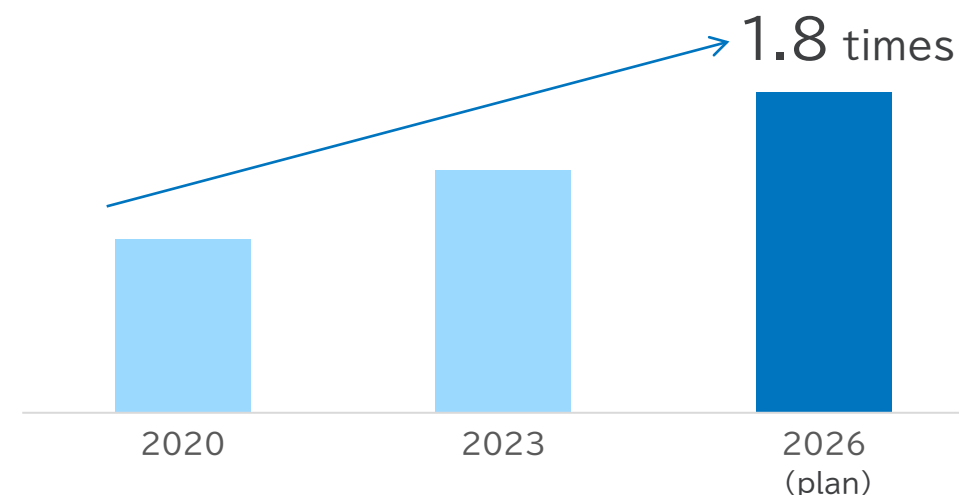
### Electronic Chemicals (EL chemicals)

- Target achievement period expected to be delayed due to slow demand recovery and increase in depreciation expenses (by approx. 5 billion yen between 2024 and 2026) caused by upfront investment
- No change to medium- to long-term market growth forecast. Currently enhancing production capacity looking ahead to market growth. Aiming to move early to the investment return phase
- Established North American base in 1995. Avoiding US tariff risk through production in the area of consumption

## 1 Strengthening global production system

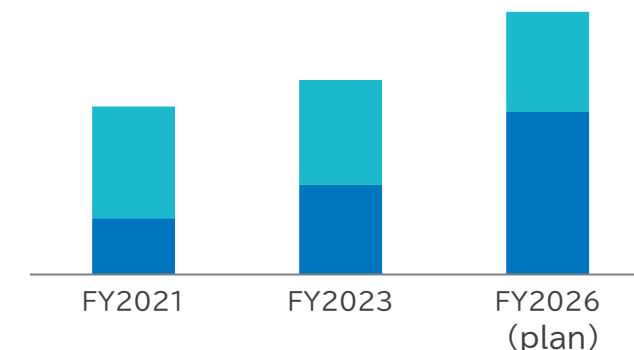
- Market scale expected to expand globally. Aiming to double production capacity by FY2026 versus FY2020.
- Promote customer-oriented strategy. Currently enhancing production capacity through production in the area of consumption in line with plan, looking ahead to market growth.

### Total production capacity of EL chemicals

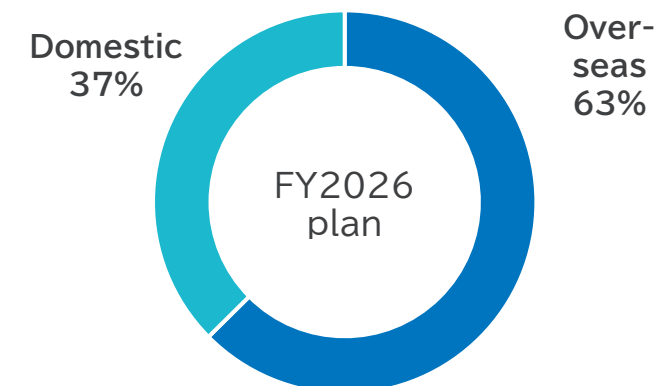


R&D expenditures of EL chemicals

■ Overseas ■ Domestic



Ratio of research personnel within EL chemicals



## 2 R&D system to meet the needs of the most technologically advanced customers

- Promote customer proximity strategies in R&D as well
- Currently increasing R&D personnel at overseas sites. This enables timely feedback to be received, leading to rapid new product development



# Strategy 1: Strategic Focus on U&P Businesses (4)

## Promoting the Three ICT Businesses — Optical Materials

### Optical materials

#### Optical polymers:

- Increasing sophistication of smartphone camera functionality, mainly due to the trend toward thinner smartphones and an increase in models with periscope lenses. Performing favorably, surpassing the plan.
- Demand for use in automotive cameras and AR/VR headsets, etc. also expected to grow

#### Lens monomers:

- Steady progress toward new lens monomer production facility in 2026
- Development of Episleaf™ biomass lens monomer; sales launched in 2024

#### Expand applications beyond smartphone lenses



Automotive cameras



AR/VR headsets



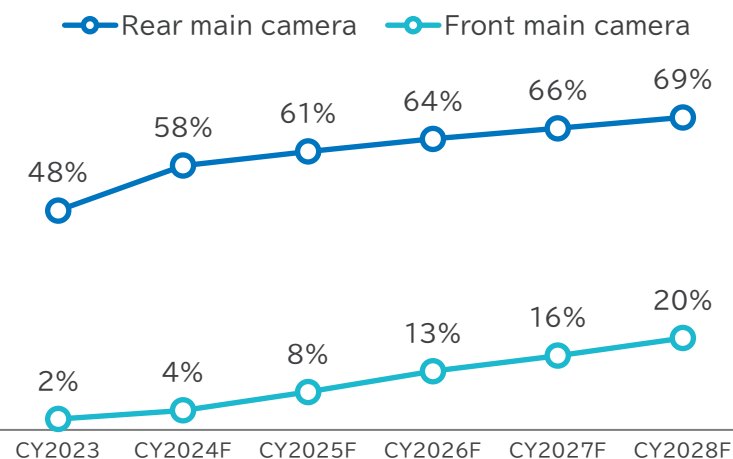
Security cameras

#### Biomass lens monomer



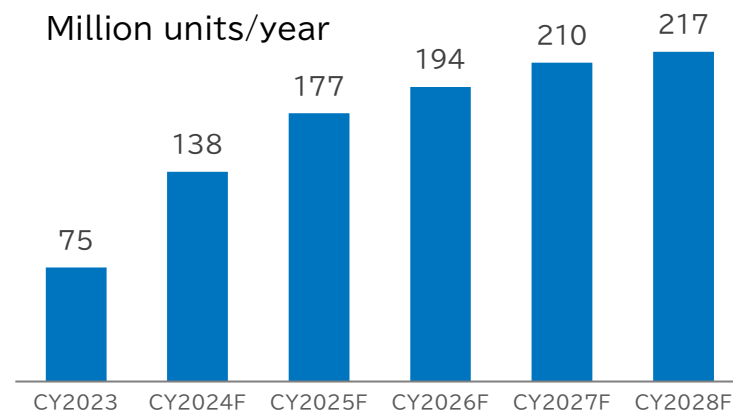
### Smartphone camera resolution increase trend forecast (ratio of 50 MP+)

Source: Materials by Techno Systems Research Co., Ltd. published in June 2024



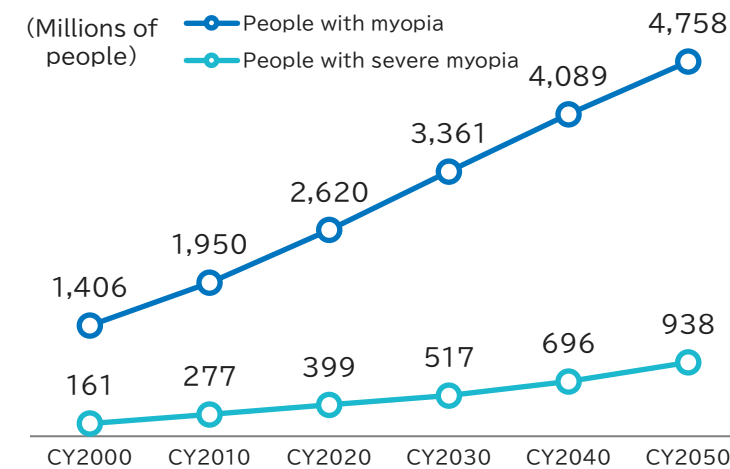
### Shipments of smartphones with periscope camera modules

Source: Materials by Techno Systems Research Co., Ltd. published in June 2024



### Global population of people with myopia and severe myopia forecast

Source: American Academy of Ophthalmology, Vol. 123, May 2016





# Strategy 1: Strategic Focus on U&P Businesses (5)

## Methanol

### Road map for realizing the circular carbon methanol concept Carbopath™

#### 2024

- Started manufacturing biomethanol at the Niigata Plant. Started manufacturing and supplying ISCC PLUS-certified products.

#### 2025-2030

- Domestic manufacturing plan (up to 50 KT)
- New plan overseas (100 KT)
- Supply expansion through use of overseas JV, etc.
- Secure products to supply to market through procurement of overseas products.
- Secure markets for the advanced marine fuel market.
- Contribute to carbon neutrality of LPG as a supplier of rDME.
- Expand the Carbopath™ brand and collaborate with early movers in various industries to create and stimulate the environmental value market.

Specific initiatives for FY2025 are stated starting from page 31

#### 2030 onward

Promote supply to the growing fuel and chemicals markets and establish a plant of the same scale as conventional methanol production (1 million MT/year).

Aim to further expand the green methanol market as a supplier of carbon neutrality solutions.

### MGC's initiatives to develop the marine fuel market

Further growth in orders for dual-fuel vessels. Amid advances in social implementation of methanol as a next-generation fuel paving the way to carbon neutrality in the future, MGC is also working to build a supply system.

2024/9/18

Bunkering simulation by Maersk's *Alette Maersk* and Kokuka Sangyo's *Eika Maru*



### Start of biomethanol production utilizing digester gas at a sewage treatment center

- Start of production at the Niigata Plant in 2024
- Acquired the international ISCC PLUS certification for the use of sustainable raw materials, and currently supplying to the marine fuel market and the development of new sustainable materials
- Considering scale expansion with new raw material gas
- Jointly received the Green Technology Innovation Awards in Platinum Award (2024) with Niigata Prefecture



## Strategy 1: Strategic Focus on U&P Businesses (6)

### MXDA



- Construction of the Europe plant has been slower than the initial plan. Capital investment has also surpassed the initial plan, mainly due to soaring construction costs
- We will execute a revised plan for early start-up and promote various initiatives to expand sales based in Europe, the largest area of demand



MXDA Europe plant  
(under construction)

#### Europe plant

- Under construction in Europe (Rotterdam industrial area in the Netherlands), the largest market for infrastructure applications (anti-corrosion coatings)
- Planned completion and start of commercial operations in 2H FY2025
- Total CAPEX to FY2024-end: Approx. 41.0 billion yen
- Expected depreciation period: 15–20 years



#### Infrastructure applications: Anti-corrosion coatings

- Gradual recovery in demand for epoxy curing agents expected from 2H onward
- Focus on sales expansion in developing countries through strengthening of technical service activities



#### Development of new products and applications

- Propose environmentally friendly products and new formulations to create new demand

# Strategy 1: Strategic Focus on U&P Businesses (7)

## Energy Resources/POM/Aromatic Aldehydes/Polymer Materials

### Energy resources

- CCS business: Participated in two advanced CCS businesses selected by JOGMEC. Progress has been made to the point where institutional development for CCS and business model exploration across the entire CCS value chain in Japan and overseas can begin
- Renewable energy business: Promotion of initiatives for renewable energy business centered on geothermal power generation, including the Appi Geothermal Power Plant, which started operation in 2024
- MGC Group's water-dissolved natural gas and iodine business is being expanded

### POM

- Transfer of main factory functions to Thailand for the next generation and promotion of R&D within Group companies in Japan, Thailand, and South Korea
- Aim to increase the percentage of high-value-added products by expanding sales in the medical field, etc. where future growth is expected and by fully entering the market with homopolymers
- Progress has been made in restructuring the overseas sales structure, including the start-up of new POM production facilities in China in November 2024



### Aromatic aldehydes

- Demand for transparent nucleating agents for polypropylene (PP) is recovering as downstream inventory adjustment has run its course. Sales for flavors and fragrances continue to be strong
- New equipment at the Mizushima Plant, which started commercial operation in November 2023, is operating smoothly
- Pursue market-oriented product development for enhancing the high-value-added product lineup



### Polymer materials

- Continue to expand sales for food packaging material applications by expanding regions of use and capturing new demand in the growing barrier packaging materials market
- Maintain and expand the market by appropriately complying with recycling regulations and expanding marketing areas and applications
- Rapidly commercialize products through research on new development products and promotion of market development





## Strategy 2: Build New Value through Innovation — Progress

- Renew the organization for new business creation and development, shifting from an organization based on development stages to an integrated organization aligned by business domain
- Accelerate new business creation with an integrated structure that can execute all steps from strategy formulation to business development

### Restructuring of research organizations

#### Organization based on development stage

Future Strategy  
Group

New Business  
Development Group



#### Integrated organization aligned by business domain

ICT・Mobility・  
Sustainability  
Department

Health Technology &  
Solution Department

### Progress topics

## OXYCAPT™

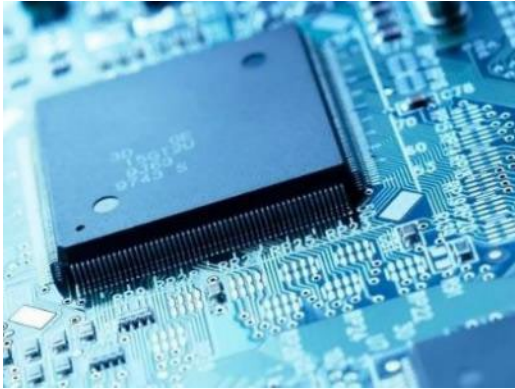
OXYCAPT™ is a three-layered drug container combining the characteristics of glass and plastic. Market development as a container for use in the recently developing field of cell and gene therapies

Received the Packaging  
Innovation Award at Pharmapack  
2025





### New BT laminate materials



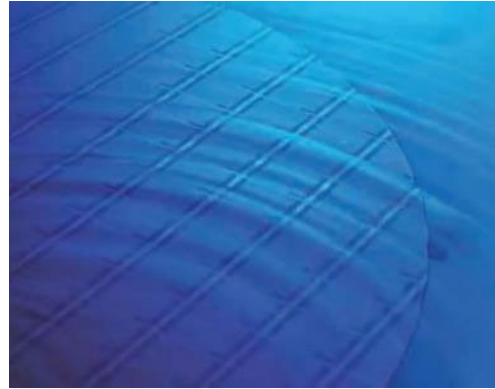
Through further advances in BT resin modification and blending technology, we achieved both low warping and high machinability of laminate materials for high-performance semiconductor packages.

We developed an ultra-thin built-up material with microcircuit formation ability and insulation properties.

We received the 20th JPCA Award for our next-generation low-warpage BT resin laminate material.

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.

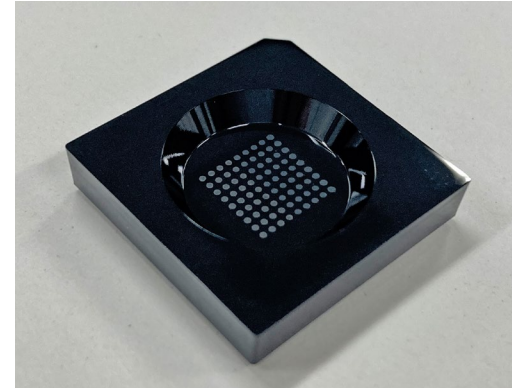
### New semiconductor cleaning solution



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.

We have developed various chemicals for the advanced packaging field using our knowledge of cleaning solution development, and we are proposing these to customers.

### Allergy test chips

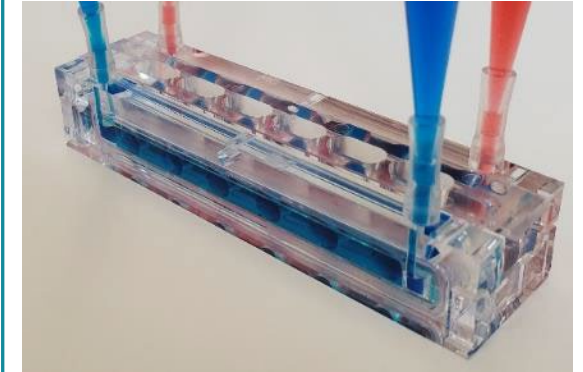


We are currently developing allergy test chips capable of predicting the severity of food allergies. In the future, we aim to sell the chips as in vitro diagnostic pharmaceuticals.

At present, we are building a severity prediction model and manufacturing system for supplying clinical research kits.

We concluded a basic agreement to form a strategic partnership with US company Alerjie, Inc. to create food allergy care solutions.

### Microphysiological systems (MPS)



We established the Drug Discovery Platform Development Program with Ehime University in the university's Graduate School of Medicine in April 2025.

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\* based on a device developed by the University of Arizona.

\*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.

## Strategy 3: Restructure Businesses Requiring Intensive Management — Progress PC-Related (Polycarbonate)

- Progress was made in line with our high-value-added strategy and cost reductions at sites in China. Production, sales, and R&D systems are being rebuilt

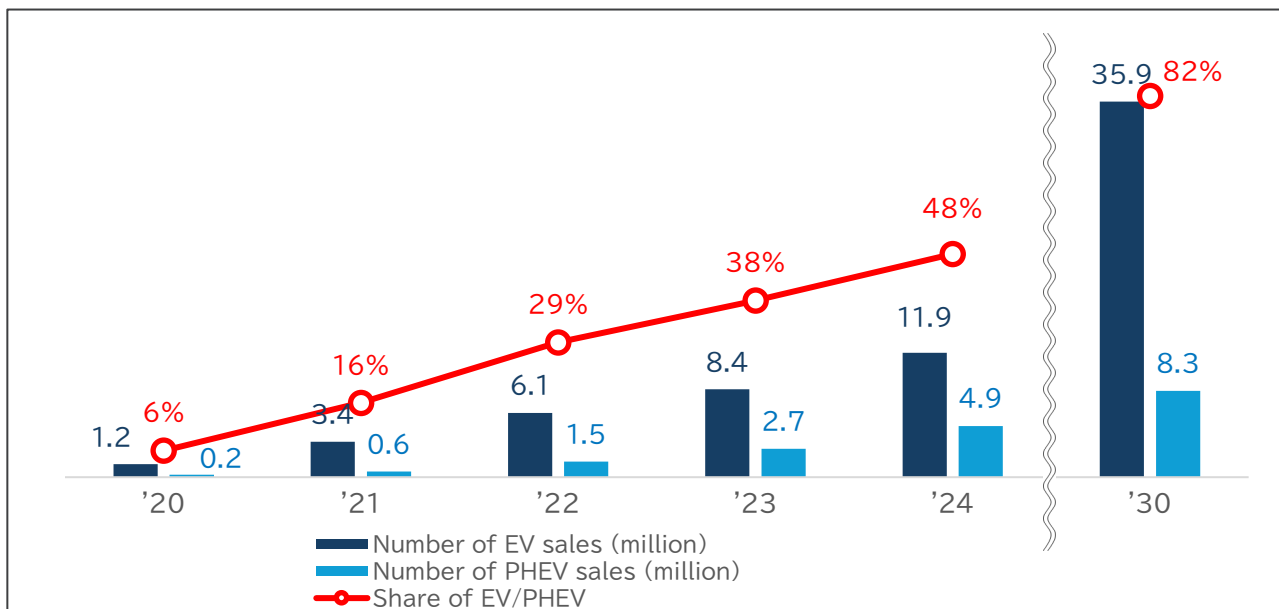
### Strategy implemen- tation status

- Profitability improved due to progress in line with our high-value-added strategy (increased sales for EVs in China, etc.) and cost reductions at sites in China
- Considering rebuilding production, sales, and R&D systems

### Future initiatives

- Deliver maximum effect from MEP reorganization. Optimize production capacity in line with the business environment (with a view to reducing capacity by at least 15% within a few years)
- Pursue thorough cost reductions (review raw material procurement, reduce general and administrative expenses and bolster functions through restructuring of overseas sales sites and technical service and R&D systems)
- Increase ratio of high-value-added products such as high-transparency products (from 40% in FY2024 to 45% in FY2026)

## Trend in sales of EVs/PHEVs in the Chinese market and market share



Source: International Energy Agency (IEA) "Global EV Data Explorer"



For Daytime Running Lights (DRL) (image)



Light guide plates for smartphones

## Strategy 3: Restructure Businesses Requiring Intensive Management — Progress

### PC-Related (Sheet Film)



- Reduce costs through consolidation of production sites. Further reduce costs while targeting specific areas to acquire new projects

#### Strategy implementation status

- Reducing costs by consolidating sheet film production sites (withdraw from Osaka Plant of MGC Filsheet Co., Ltd.; scheduled for completion in March 2026) (saved over 1 billion yen between FY2022 and FY2024)
- Acquisition of new customers delayed

#### Future initiatives

- Further reduce costs (narrow down priority themes, reduce R&D expenses and further review various costs)
- Narrow down target areas\*, improve profitability through review of sales prices, grade consolidation, etc.
- Accelerate action plans to win new projects with the collective efforts of the entire Group (development of sales channels and technical support system in China, etc.)

\*Sheets for automobile exteriors, interior decorative films (high hardness), HUD cover materials, anti-reflective materials for displays, etc.

### Examples of target sectors

#### ■ Sheets for automobile exteriors



#### ■ Decorative films for automobile interiors



#### ■ Polarizing sheets



## Strategy 3: Restructure Businesses Requiring Intensive Management — Progress

### Xylene separators and derivatives

#### Strategy implementation status

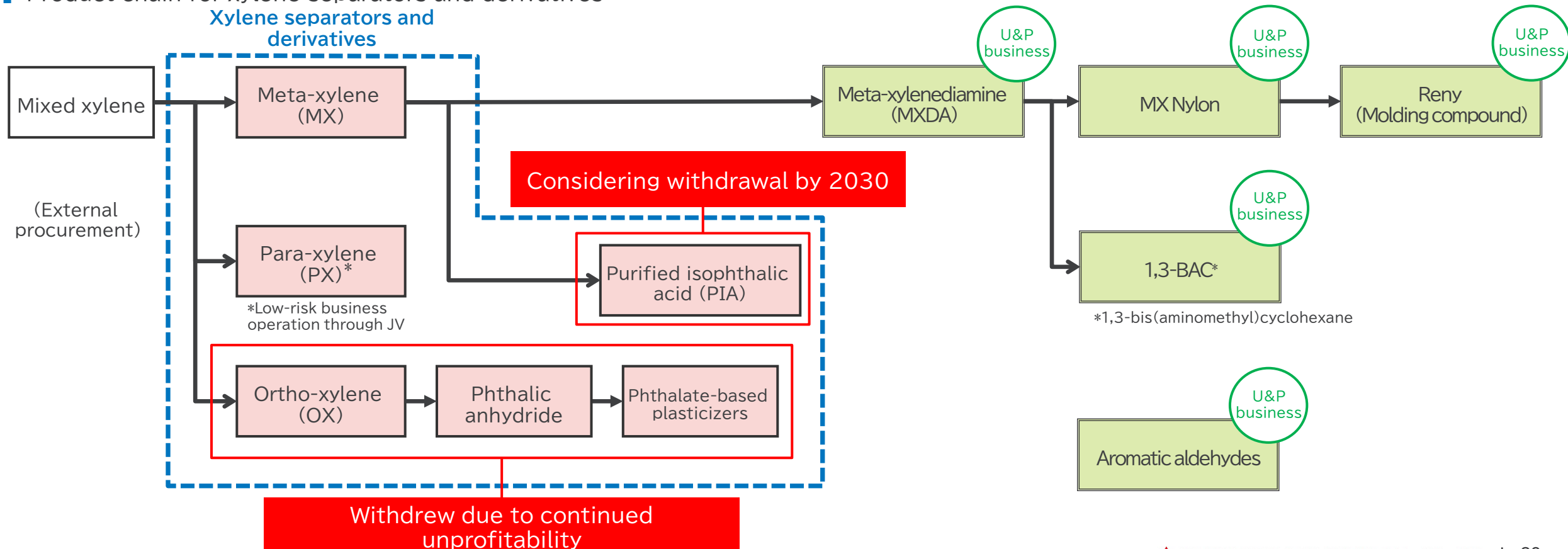
- Ceased production of and withdrew from unprofitable OX-related chain (OX/PA/plasticizer chain)

#### Future initiatives

- Consider withdrawal from PIA business by 2030 as downstream business of meta-xylene grows

#### Product chain for xylene separators and derivatives

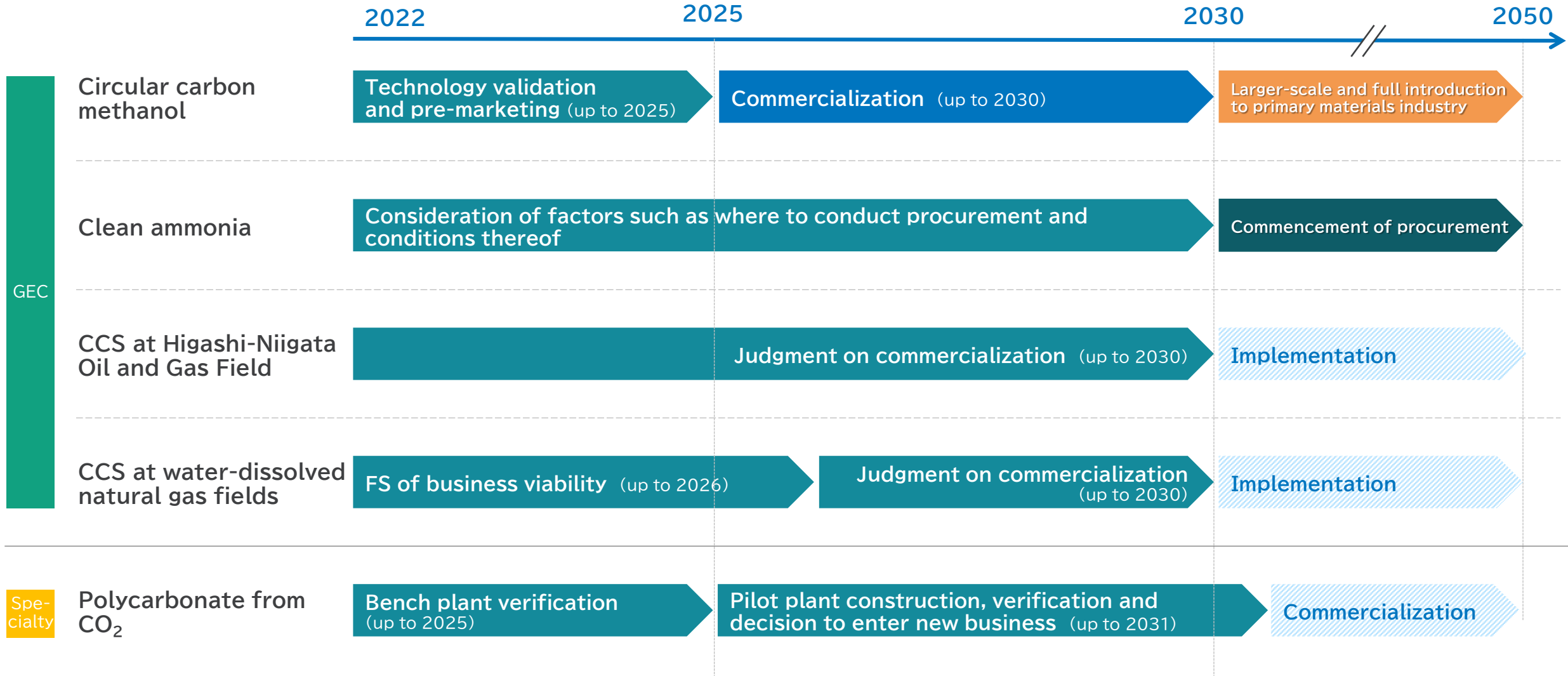
##### Xylene separators and derivatives





# Progress on Objective 2: Promote Sustainability Management

# Roadmap for Implementing Carbon-Neutral Initiatives





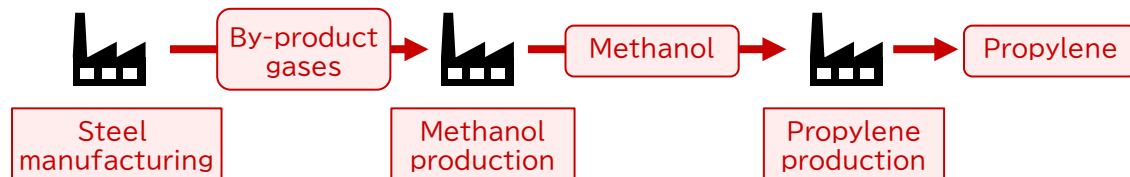
We are conducting activities to create a new form of resource recycling, ranging from the production of methanol from industrial emissions and unused resources to derivatives such as olefins.

### Attempt to build a circular economy by linking industrial complexes (Okayama)

(announced in March 2025)

Started joint verification of synthesis of methanol from by-product gases emitted from the JFE Steel steel production process at its Mizushima Complex, and synthesis of propylene from methanol at Mitsubishi Chemical Corporation.

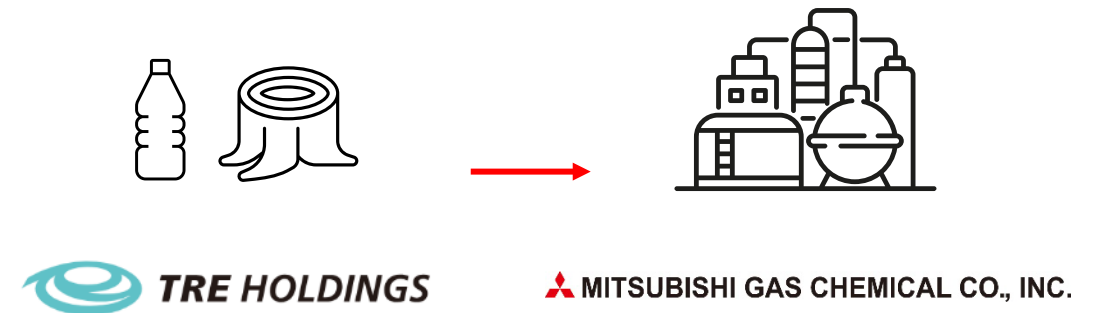
A demonstration plant is under construction at our Mizushima Plant to test the technology for synthesizing methanol from ironmaking by-product gases. Constructed as a mobile plant to be used for a wide range of verification tests as a demonstration device.



### Attempt to utilize unused resources through collaboration with recycling industry (Chiba)

(announced in May 2025)

TRE Holdings, a major waste recycling company aiming to realize an advanced recycling and decarbonized society, and MGC signed a memorandum of understanding regarding a strategic alliance and business feasibility study to produce methanol from wood resources and waste. We are aiming to build a circular economy with methanol by utilizing unused resources.



# Attempt toward Social Implementation of Carbopath™ (Market Creation)

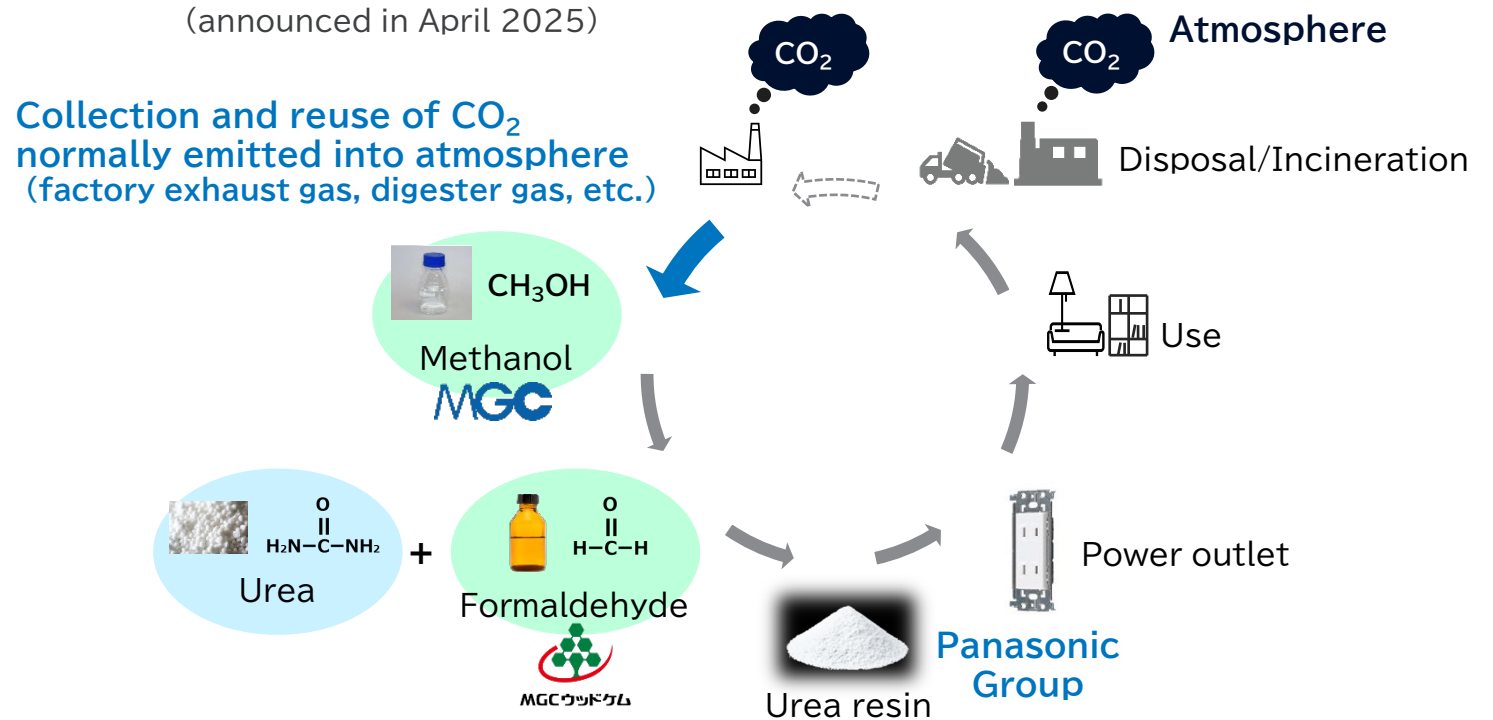
## Developed environmentally friendly urea resin made from methanol jointly with Panasonic

(announced in April 2025)

Developed an environmentally friendly urea resin made from methanol produced from CO<sub>2</sub>, targeting wiring fixtures such as electrical outlets jointly with Panasonic Corporation.

MGC Woodchem produces formaldehyde from methanol produced by MGC and supplies it to the Panasonic Group. This contributes to carbon recycling for thermoset resin that is difficult to recycle as materials.

To promote the Carbopath™ brand and create and activate the environmental value market, we are collaborating with early movers in various industries and working through the value chain to final products.



## “Carbon Recycling” that circulates carbon resources

### MGC Group

Methanol production from CO<sub>2</sub>

Providing circular carbon  
methanol/formalin

### Panasonic Group

Promotion of carbon recycling  
of urea resin

For use in wiring fixtures

## Case

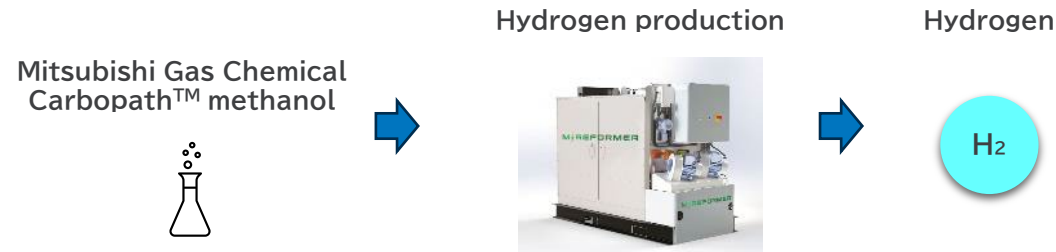
## Progress (as of June 2025)

### DME promotion based on the Seventh Strategic Energy Plan

The Seventh Strategic Energy Plan (approved by the Cabinet in February 2025) newly includes the use of renewable DME for low-carbon LP gas. We have a DME production plant at our Niigata Plant. As a producer of methanol and DME, which are used as raw materials, we have joined the Green LP Gas Promotion Public-Private Partnership Council and are working with the Japan LP Gas Association and other related organizations and companies through the Practical Application Study Working Group to evaluate the quality, distribution, and environment in an aim for social implementation.

### Alliance for hydrogen solutions with methanol (announced in February 2025)

To respond to a wide range of demand for a hydrogen society, we aim to collaborate with Methanol Reformer and Element 1, both of which have innovative hydrogen production technologies, to provide hydrogen solutions toward carbon neutrality with Carbopath™.



### Chartering of methanol-fueled coastal chemical tankers and expansion of methanol marine fuel supply system (announced in February 2025)

We have reached a basic agreement with Kokuka Sangyo on a long-term time charter contract for one domestic methanol carrier in Japan using methanol as its main fuel and on methanol fuel supply, and in February 2025, Kokuka Sangyo signed a shipbuilding contract with a shipyard. The vessel will be fueled by methanol supplied by MGC and will be used for methanol bunkering and methanol transport in Japan.

### Completion of a newly built methanol dual-fuel vessel, *Kohzan Maru No. 7*, with Mitsui O.S.K. Lines (announced in June 2025)

The methanol dual-fuel vessel *Kohzan Maru No. 7*, which MGC is chartering long term from Mitsui O.S.K. Lines, has been completed. In the future, the two companies will lead the effort as Japanese companies toward carbon neutrality, with a view to utilizing Carbopath™, the methanol produced by MGC, as a marine fuel.



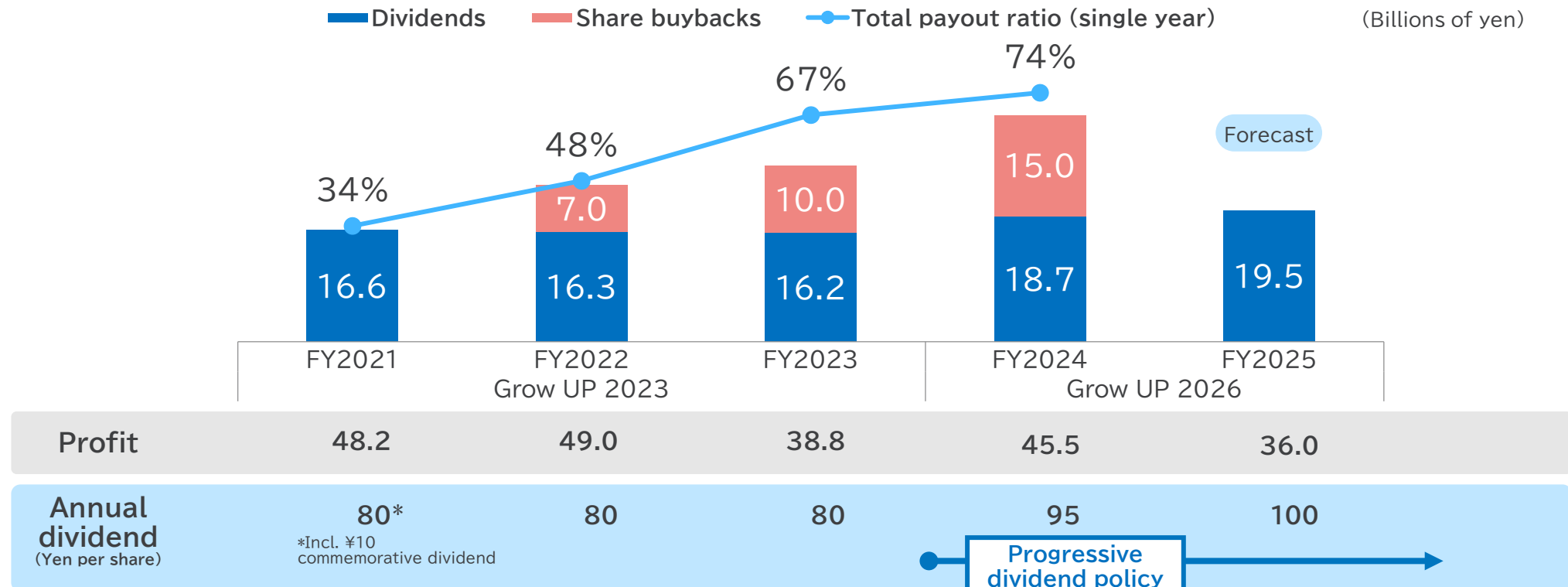
# Capital Policy and Shareholder Returns

## Investment Policy and Shareholder Returns



- Under the current medium-term management plan, shareholder returns have been strengthened with the adoption of a progressive dividend policy and lifting of the total payout ratio to 50%.
- A new DOE (dividend on equity) of 3% has been set and disclosed newly as the target value for the current medium-term plan period.

Continue to control the balance sheet while further increasing financial leverage, aiming to reduce the cost of capital and improve capital profitability





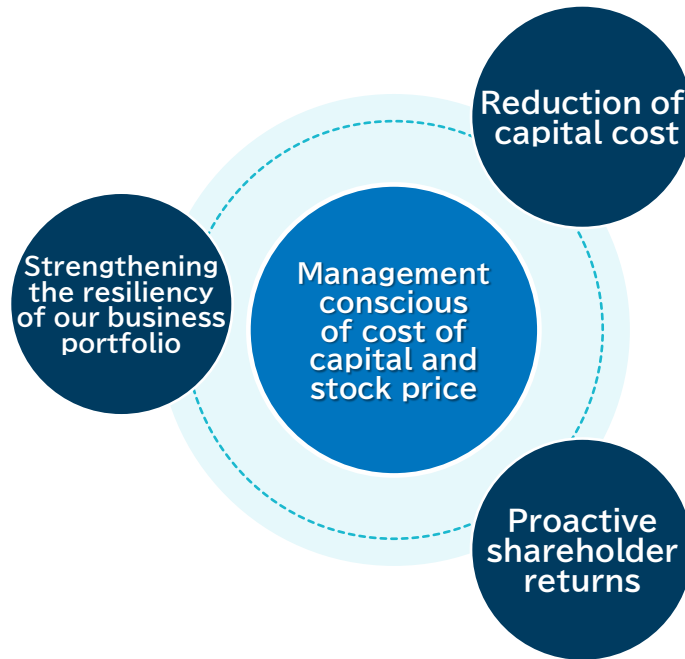
# Action to Implement Management Conscious of Cost of Capital and Stock Price

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

- Although FY2024 results are in line with the initial plan for the medium-term management plan, capital profitability is still recognized as not being sufficient
- In FY2025, ROIC and ROE are expected to decline due to an increase in invested capital and depreciation associated with growth investments, while the pace of growth in the semiconductor market, excluding advanced semiconductors, is slower than initial expectations
- We will implement the following measures based on the three pillars of strengthening the resiliency of our business portfolio, reducing cost of capital, and continuing enactment of proactive shareholder returns. We will continue to implement management that is conscious of the cost of capital and stock price in an aim to achieve the ROIC and ROE targets for the final year of the medium-term management plan and 2030 (our Vision for MGC)

## 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

- Medium-term target of 50% total payout ratio
- Dividend policy in line with the "progressive dividend policy"
- DOE target of 3.0% (during the period of the current medium-term management plan), etc.

# Analysis of Current Status for Improving Corporate Value (1)

## Market valuation

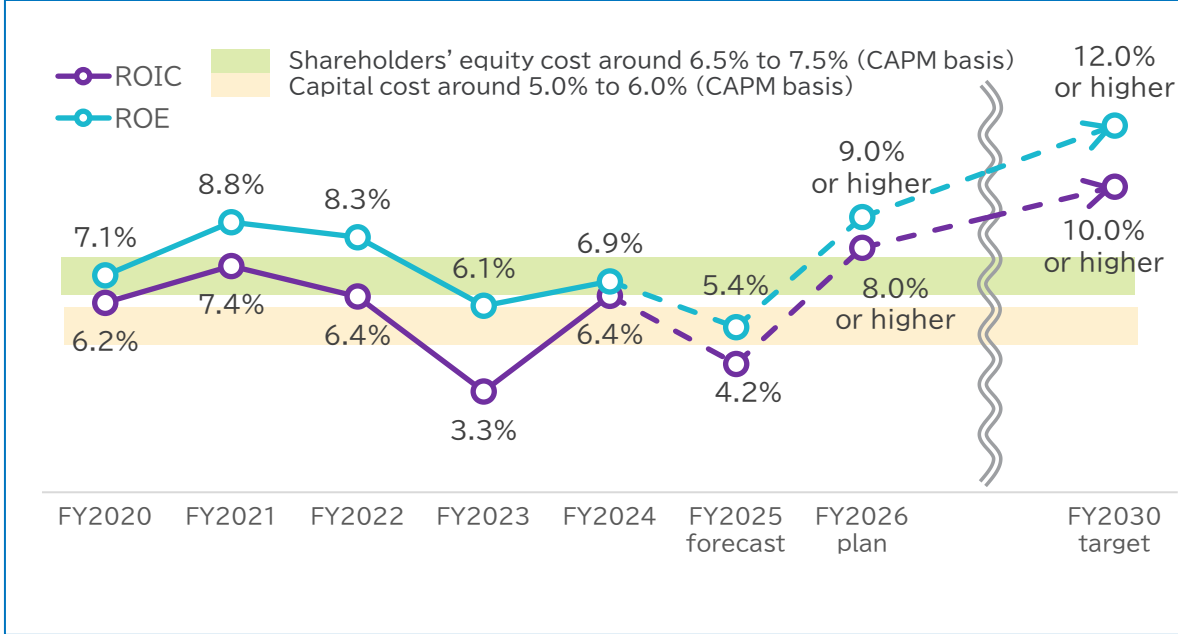
- Implemented business portfolio reforms centered on U&P businesses and strengthened shareholder returns in accordance with the medium-term management plan announced in May 2024
- Although ROE has increased in FY2024, both PBR and PER decreased. In particular, PBR is still below 1.0, and we recognize that it is essential to improve ROIC and ROE



## Capital profitability

- In FY2024, capital profitability improved from the previous year, mainly due to increased profits from engineering plastics and optical materials. We recognize ROIC exceeded capital cost, while ROE was in line with shareholders' equity cost
- In FY2025, while invested capital increases in line with growth investments, profits are expected to decline year on year due to increased depreciation, R&D expenses, and yen appreciation, resulting in both ROIC and ROE falling below capital cost and shareholders' equity cost
- Recognizing that it is essential to improve and enhance capital profitability by steadily reaping returns from investments to achieve the targets of the medium-term management plan and the Vision for MGC in 2030

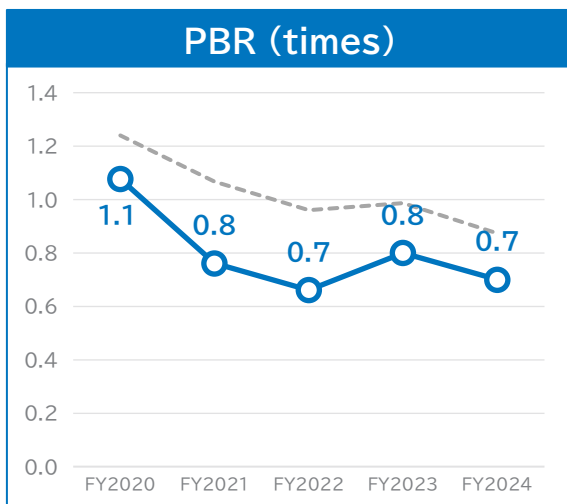
### ROE, ROIC trends



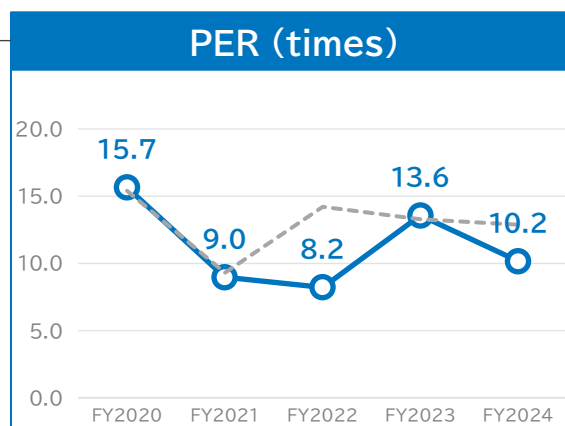
# Analysis of Current Status for Improving Corporate Value (2)

## Breakdown and analysis of PBR and ROE components

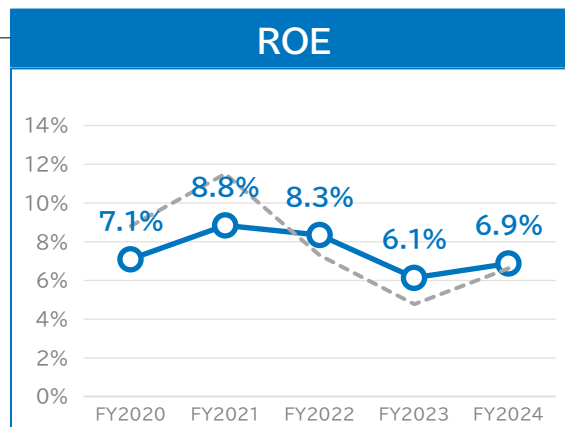
○ MGC  
 --- Industry peers (15 companies, chosen by MGC)



➤ Lower than industry peers



➤ FY2024 results lower

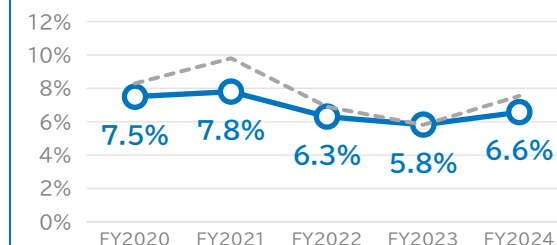


➤ FY2024 results on par with industry peers

## Shareholders' equity cost

## Expected growth rate

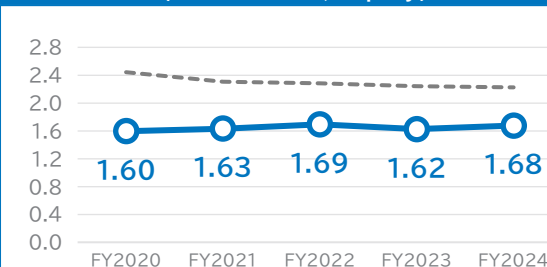
## Operating profit margin



## Invested capital turnover rate Net sales / (Interest-bearing debt + equity)



## Financial leverage (Total assets / equity)



## Main initiatives

- Reduction of performance volatility
- Further expansion of information disclosure
- Active dialogue with investors
- Promoting sustainability management
- Strengthening governance, etc.

➤ FY2024 results slightly lower

## Main initiatives

- More resilient business portfolio
- Reaping benefits from growth investments
- Reduction of production costs
- Shifting various costs to prices, etc.

➤ Average level

## Main initiatives

- Promotion of asset lightening
  - Sale of strategic shareholdings
  - Sale of non-business assets, etc.

➤ Below average level due to high equity ratio

## Main initiatives

- Utilizing financial leverage while maintaining financial discipline

(Source: Prepared by MGC from Factset data)

# Specific Initiatives for Improving Corporate Value (1)

## - More Resilient Business Portfolio (Improvement of Profitability) -

### More resilient business portfolio

- Three measures outlined in the medium-term management plan:

Focus on “Uniqueness & Presence”

Build new value through innovation

Restructure businesses requiring intensive management

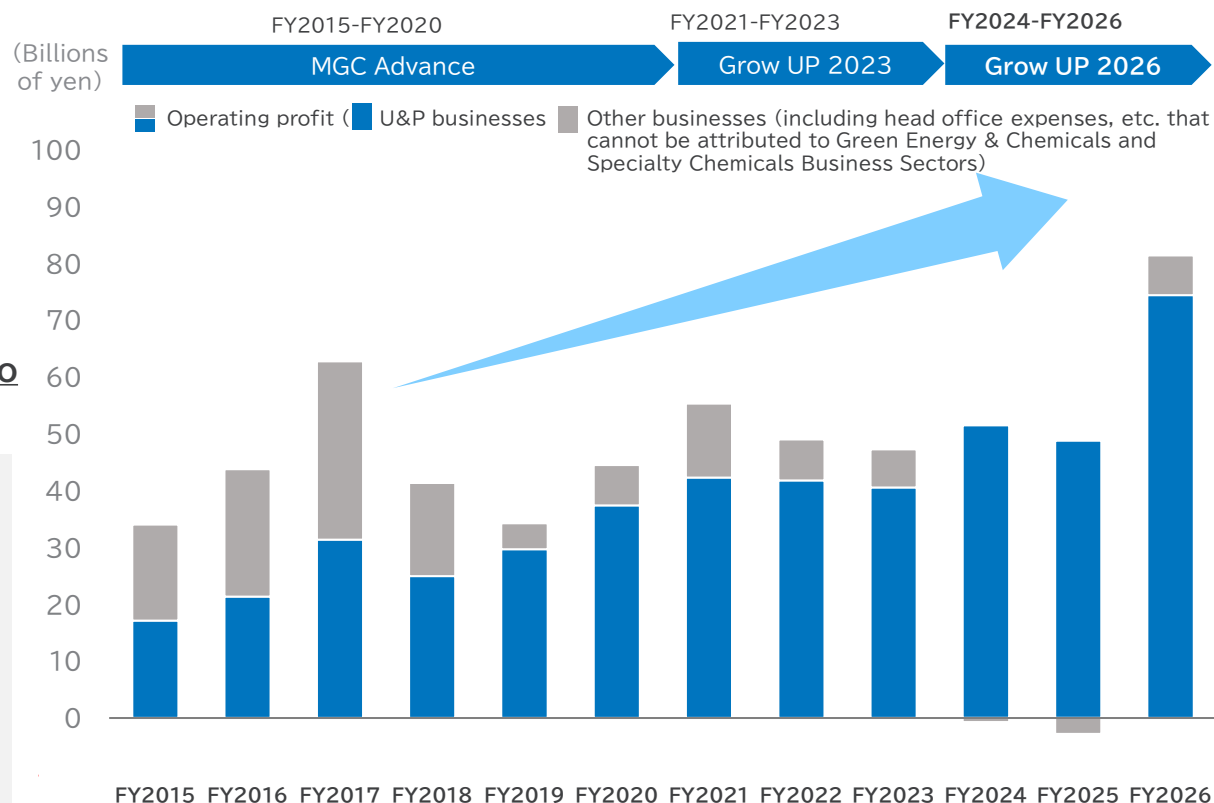
Accelerate efforts through these measures and home in on further improvement in capital profitability

Promote and accelerate various action plans by responding flexibly to changes in the external environment

#### Main action plan (recognition of issues, future policies, etc.)

- Continue aggressive growth investment focused on U&P businesses, staying mindful of capital efficiency
- Steadily reap the benefits of investments carried out since the previous medium-term management plan at an early stage
- Accelerate leverage and profitability improvement of businesses requiring intensive management and unprofitable businesses
- Reexamine operations to achieve the targets of the medium-term management plan, including further thorough cost reductions and more balanced allocation of capital expenditures and R&D expenditures
- Amidst increasing uncertainty in the external environment, including tariff policies in North America, we will also make every effort to maintain profitability through further thorough price pass-through

Focus on “Uniqueness & Presence” (U&P) = Operating profit in U&P businesses





## Specific Initiatives for Improving Corporate Value (2)-1

### - Initiatives to Reduce Cost of Capital (Increase Financial Leverage and Improve Turnover Rate) -



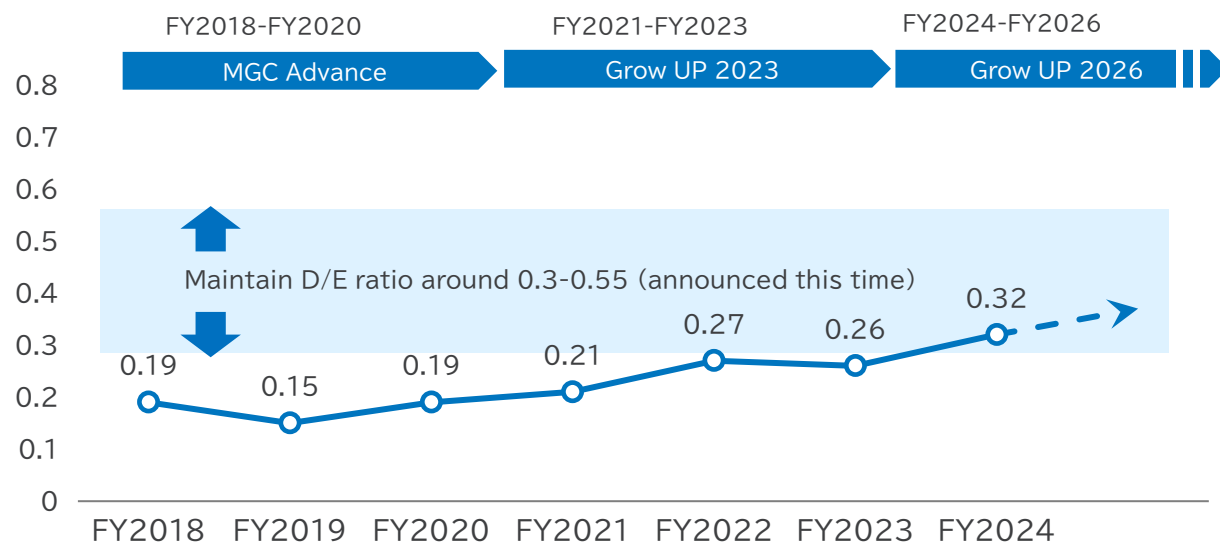
#### ■ Utilize financial leverage for optimal capital structure

- 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 0.3 to 0.55 is assumed during the period of the current medium-term management plan
- Aggressively utilize debt for various types of investments and loans, considering the current D/E ratio
- Conducted a share buyback of 15 billion yen 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

#### ■ Sell strategic shareholdings

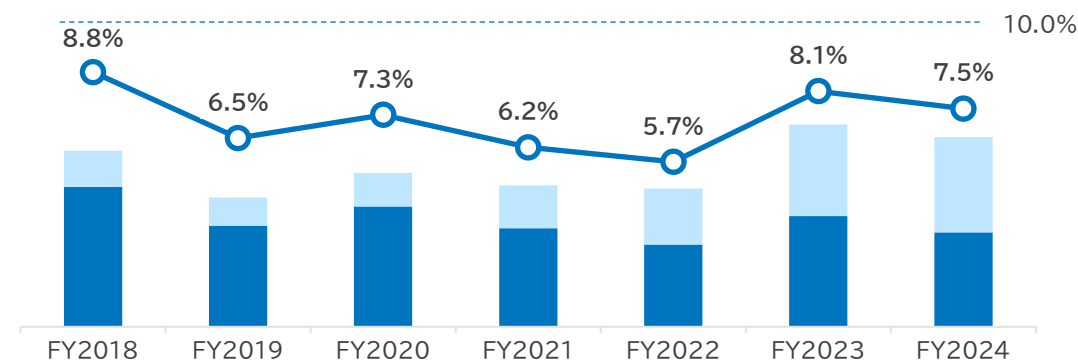
- 5 stocks (full sale of 2 stocks) sold in FY2024, amounting to approximately 5 billion yen
- Despite progress in reducing strategic shareholdings, these occupy a proportion of consolidated net assets that, at the moment, is rising due to increasing market value of publicly traded shares
- Going forward, 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

#### Trends in D/E ratio



#### Proportion of strategic shareholdings in consolidated net assets (%)

■ Strategic shareholdings ■ Deemed shareholdings



25 stocks sold over the past seven years (full sale of 17 stocks); cumulative sale of roughly 24 billion yen\*

\*Based on actual results. Includes partial sale of some shareholdings and sale of deemed shareholdings

## Specific Initiatives for Improving Corporate Value (2)-2

### - Initiatives to Reduce Cost of Capital (Improve Expected Growth Rate and Other Initiatives) -

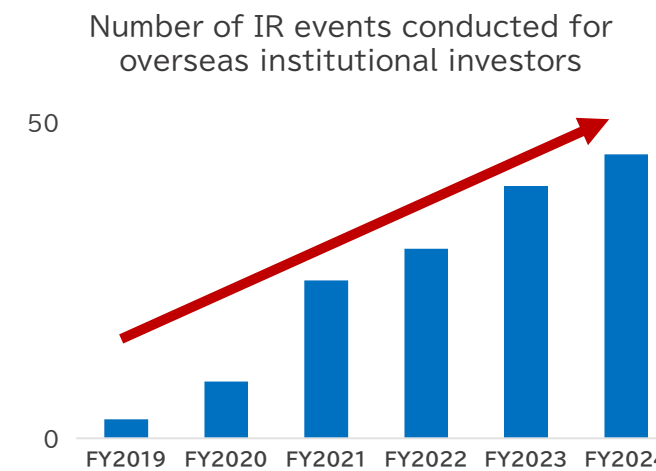
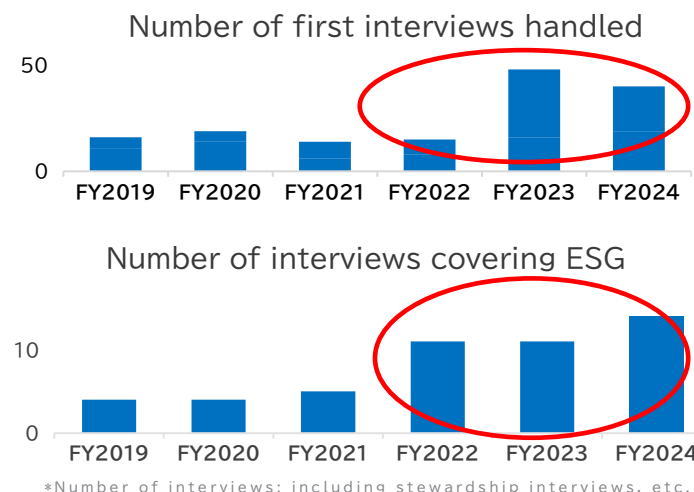
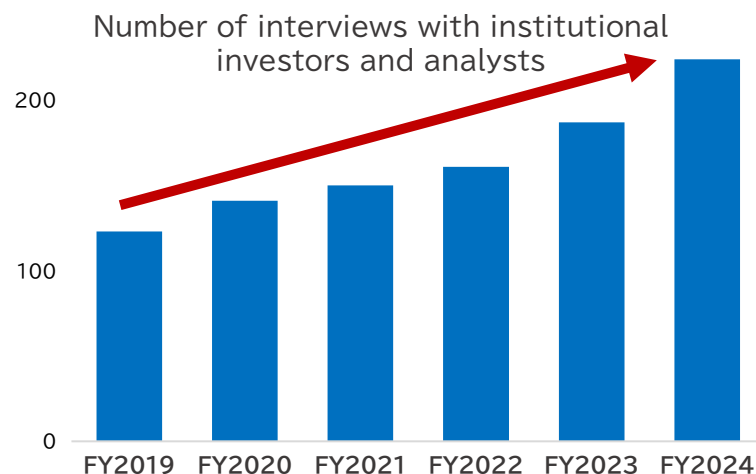
#### ■ Continue proactive dialogue with investors; further boost market presence

- 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 in the number of briefings for individual investors, etc.

#### ■ Implement various other initiatives

- Reduce earnings volatility through concentration on U&P businesses, etc.
- Rigorous ROIC management and capital cost management
  - Continue and strengthen calculating ROIC at the business-unit level and strengthen analysis and management of capital profitability and other measures in each business.
  - Also continue to build understanding internally at the head office and throughout the Group through study sessions on the ROIC tree and other topics
- Promotion of asset lightening
  - Continue to promote sales of strategic shareholdings, sales of non-business assets, etc.
- Diversification and stabilization of shareholder base
- Promotion of sustainability management, improvement of ESG evaluation, etc.
  - Promotion of carbon-neutral business, promotion of human capital management, strengthening of governance, etc.

#### Status of dialogue with shareholders, investors, etc.



\*Details of the status of dialogue with shareholders and investors are also available on the Company's website.

[https://www.mgc.co.jp/eng/ir/policy/investor\\_engagement.html](https://www.mgc.co.jp/eng/ir/policy/investor_engagement.html)

## Specific Initiatives for Improving Corporate Value (3)

### - Proactive Promotion of Shareholder Returns -



#### ■ Continue enactment of proactive shareholder returns

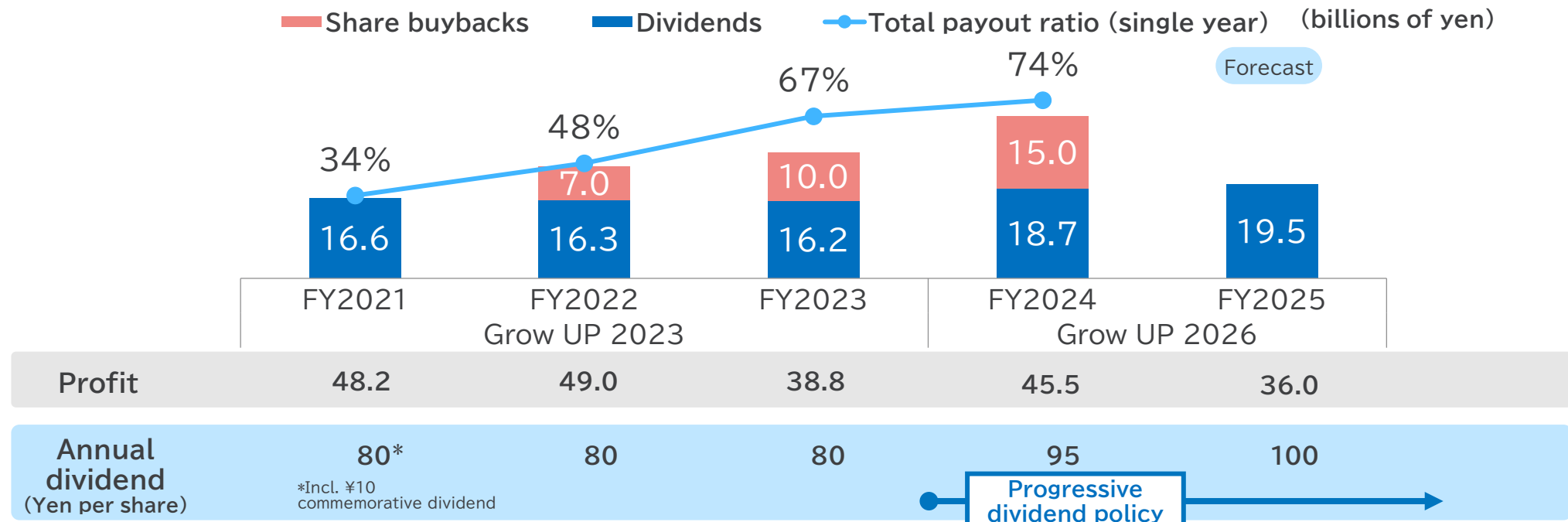
- Strengthen shareholder returns in the current medium-term management plan by adopting a progressive dividend policy\*<sup>1</sup> and increasing the total payout ratio\*<sup>2</sup>
- DOE\*<sup>3</sup> target of 3.0%
- In FY2024, we implemented a dividend increase (15 yen increase on an ordinary dividend basis), and also carried out a share buyback and cancellation of the shares acquired\*<sup>4</sup>
- The annual dividend for FY2025 is expected to be ¥100 per share (an increase of 5 yen per share on an ordinary dividend basis).

\*1 Covers the three-year period of the new medium-term management plan. In principle, no reduction - either increase or maintain

\*2 Increase the medium-term target from 40% to 50%

\*3 2.83% in FY2024 (actual), 2.90% in FY2025 (forecast)

\*4 Increase the annual dividend: Forecasted annual dividend for FY2024 of 95 yen per share (interim dividend: 45 yen, year-end dividend: 50 yen)  
Share buyback (cancellation): Approximately 15 billion yen, 5.55 million shares repurchased, and cancellation of all shares repurchased at this time



# Initiatives for the Final Year of the Medium-Term Management Plan (FY2026)

# Initiatives for the Final Year of the Medium-Term Management Plan (FY2026)



- Quickly and nimbly respond to external changes as the world economy gets harder to read. We continue to reinforce R&D to make MGC a more R&D-oriented company.
- Accelerate initiatives under the medium-term management plan as the bar has risen to achieving our targets.
- We will further strengthen efforts to reduce various costs, including production costs, selling, general and administrative expenses, and raw material procurement costs.
- Commit to strengthening the resiliency of our business portfolio by the end of the current medium-term management plan and catching up on our Vision for MGC in 2030.

Accelerate initiatives under the current medium-term management plan to build a more resilient business portfolio

## Medium-Term Management Plan Grow UP 2026

Strengthen the resiliency  
of our business portfolio  
Strategy 1

Focus on  
“Uniqueness & Presence”

Strategy 2

Build new value through  
innovation

Strategy 3

Restructure businesses  
requiring intensive management

Promote sustainability  
management  
Strategy 1

Accelerate initiatives for  
realizing carbon neutrality

Strategy 2

Enhance human capital  
management

Strategy 3

Promote materiality  
management



Vision for MGC in 2030

An excellent company centered on  
Uniqueness & Presence



## Forward-looking Statements

These materials contain performance forecasts and other statements concerning the future. These forward-looking statements are based on information available at the time. These materials were prepared and on certain premises judged to be reasonable. None of these forward-looking statements are intended to be guarantees of future performance. Various factors may cause actual performance to differ significantly from forecasts.

 **mitsubishi GAS CHEMICAL COMPANY, INC.**

URL: <https://www.mgc.co.jp/eng/>