

Uniqueness & Presence

MISSION

Creating value to share with society

Advanced electronic devices, communication systems, fossil-alternative energy, advanced medicine, and food management—to these industries, which hold the keys to achieving the Sustainable Development Goals (SDGs), the evolution of materials and technologies to process ingredients is essential. Through chemical ingredients and materials, our products are deeply involved in both industrial and social innovation. We will pursue new materials, ingredients, and technologies that can help to transform society while always bearing in mind our Mission.

Contribute to development of ICT/mobility society

Chemical ingredients and raw materials are becoming increasingly important for supporting the development of the ICT/mobility society in areas such as ICT, AI, robotics, blockchain, and CASE. We will respond by strengthening our development of materials and proposal of solutions.

Global market share #1

BT products

Proprietary materials with superior low-warpage and electrical properties, able to keep pace with the evolution of the semiconductor market



Global market share #1

Super-pure hydrogen peroxide

Global production capability ensures a stable supply of high-quality products to meet the needs of the most technologically advanced customers



Global market share #1*1

Optical polymers

Balances high refractive index with low birefringence, contributing to enhanced camera functionality

*1 As a highly refractive resin



Solve energy and climate change problems

The Mitsubishi Gas Chemical Group is a unique corporate group as a chemical company with a history of resource development. We are working to achieve the implementation of a carbon-neutral society by deploying our own distinctive capabilities.

Production capacity #3*2

Methanol

Promoting a circular carbon platform as the world's only comprehensive methanol manufacturer

*2 Total for all affiliates using MGC technology



Global market share #1

Meta-xylenediamine (MXDA)

Superior rapid curing, anticorrosion, and chemical resistance



Only 1 as a chemical company

Geothermal power generation

Contributing to GHG emissions reduction through the supply of clean electricity



Solve medical and food problems

In response to accelerating global population growth and aging, we are expediting development of product groups that will contribute to sustainable food management and lead directly to the enhancement of preventive and predictive medicine and the improvement of medical productivity.

Global market share #1

MX-Nylon (MXD6)

High gas barrier properties contribute to weight reduction of PET bottles



Global market share #1

Aromatic aldehydes

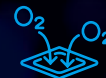
Customized to customers' requirements using proprietary production methods that are efficient and have low environmental impact



Global market share #1

Oxygen absorbers (AGELESS™)

Helping to reduce food disposal loss and address the problem of hunger



VISION

An excellent company with uniqueness and presence built on chemistry

Often called the staple of all industries, chemistry has limitless potential for application to human life, environmental preservation, and social infrastructure. In our modern world of accelerating social change, we pursue sustainable growth while changing our own approach dynamically by demonstrating “Uniqueness” and “Presence.” Our Vision of “an excellent company with uniqueness and presence built on chemistry” describes what we aim to be in the future.

Vision for MGC in 2030

Financial targets



Net sales

¥1.2 trillion

FY2024 result: ¥773.5 billion

Operating profit margin

10% or higher

FY2024 result: 6.6%

ROIC*3

10% or higher

FY2024 result: 6.4%

Operating profit

¥120.0 billion

FY2024 result: ¥50.8 billion

ROE

12% or higher

FY2024 result: 6.9%

*3 ROIC = (operating profit - income taxes + equity in earnings of affiliates) / invested capital

Non-financial targets



GHG emissions (compared to FY2013)

Reduction of

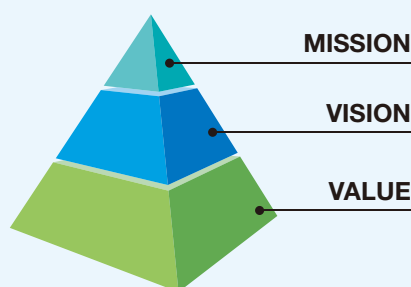
39% or higher

FY2024 result: reduced by 31% (estimated)

Sales of “Sharebeing” (Sales of eco-friendly products)

¥500.0 billion or higher

FY2024 result: ¥214.3 billion



MGC Way

We are an R&D-oriented chemical manufacturer that contributes to positive social change with original materials and technologies. Our social Mission, “creating value to share with society,” is also our reason for existence. To realize this Mission, we aim to be an excellent corporate group that continues to be a preferred choice around the world by embodying our Value and demonstrating the uniqueness and presence articulated in our Vision.

VALUE

Conduct Philosophy

As a professional group: A professional is someone who has a high level of trustworthy knowledge and ability, and a strong sense of responsibility. Our aim is to assemble a group in which each member is a reliable professional.

1 **Courage that does not shy away from change**

Do not be content with the status quo, try new things, and have the courage to break with convention. When the situation changes, don't merely adapt yourself to it—have the courage to try to change your environment toward creating a better state of affairs.

2 **Aim for lofty goals**

Always set goals that are above where you are now, and be motivated to tackle these goals.

3 **Perseverance in achieving goals**

Overcome anything that confronts you with strong perseverance until you have reached your goal and gotten results.

4 **Build team spirit with communication**

Expand your circle of communication in order to cooperate, build mutual trust, and share goals.

MGC Corporate Behavior Principles Sustainability Promotion Principle

The base supporting the MGC Group's diverse businesses 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. We will utilize these management resources to the fullest extent and put our Value into practice as we take on the challenge of creating new value that anticipates the future beyond the changes that are unfolding.

Technological Foundation



Products based on technologies developed in-house

90% or more
(by product category)

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

About **40%**

Corporate Culture



Number of countries and regions with business locations

16

Employee satisfaction^{*4}

75%

^{*4} From employee awareness survey results. The subjects were all employees of MGC (non-consolidated), excluding those seconded to subsidiaries (effective replies: 71.9%).

Partnerships



Number of projects related to carbon neutrality

About **60**

Number of Group companies

116

A Culture of Safety



Lost-time injury frequency rate^{*5} (non-consolidated)

0.29

^{*5} Total number of deaths and injuries caused by labor accidents per one million actual hours worked

ISO 9001 acquisition rate (non-consolidated)

100%

^{*}The above information is current for fiscal 2024 and March 31, 2025.

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Point

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Point

This section explains MGC's initiatives for enhancing the effectiveness of corporate governance in order to support value creation and sustainably increase corporate value.

Editorial Policy

MGC Report 2025 was compiled as an integrated report with a focus on stories of how we have been creating value aiming for sustainable growth based on the theme of Uniqueness & Presence. We established a companywide system under the leadership of the CSR & IR Division to compile and share information, and worked to provide a broad variety of quality content that we hope will help our diverse stakeholders deepen their understanding of the MGC Group.

Guidelines Referenced

- International Integrated Reporting Council (IIRC) "Integrated Reporting <IR>"
- Ministry of Economy, Trade and Industry "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation"
- Global Reporting Initiative (GRI) "Sustainability Reporting Standards"
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Taskforce on Nature-related Financial Disclosures (TNFD) recommendations
- Sustainability Accounting Standards Board (SASB) standards

Reporting Period

April 1, 2024–March 31, 2025 (fiscal 2024)
Note: Some activities taking place before or immediately after the fiscal year are also noted.

Report Scope

Mitsubishi Gas Chemical Company, Inc. and the MGC Group
Note: Where the scope of reporting differs, it is noted in the data.

In Charge of Publishing

Motoyasu Kitagawa,
Director, Senior Managing Executive Officer
in charge of CSR & IR Division

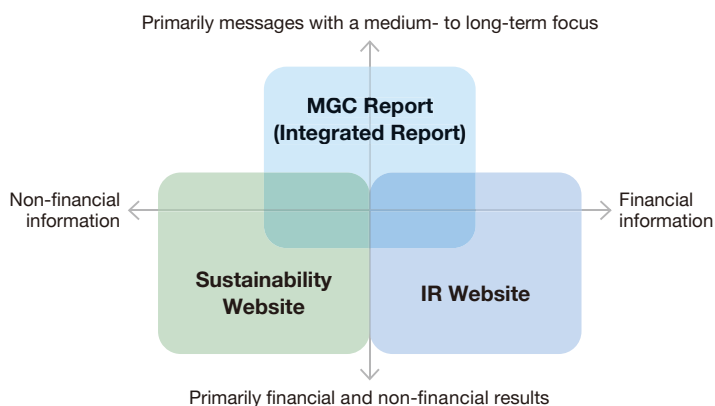
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Disclaimer

Plans, goals, and other forward-looking statements included in this report are determined based on information available to MGC as of the end of the consolidated fiscal year under review, as well as on certain assumptions MGC has judged to be reasonable, and may include uncertainties. Actual results may differ significantly from these forward-looking statements due to a variety of factors.

Information Disclosure System



Please refer to our website for details.

IR Website

- Securities Reports
- Medium-Term Management Plan Materials
- Quarterly Financial Reports
- Presentation Materials



Sustainability Website

- Sustainability Data Book
- Corporate Governance Report



*Clicking on the QR code will link to the website.

Message from the President



We will enhance the Group's overall profitability by strengthening the resiliency of its business portfolio through the creation of new businesses and the restructuring of existing businesses in line with our ideal for what a chemical manufacturer should look like in 2050.

Yoshinori Isahaya

President and Representative Director

Shifting to a Market-Out Orientation

Quickly and Accurately Capture True Customer Needs and Create New Products with Customers

I took office as President and Representative Director in April 2025, and the grave responsibility of holding the future of the Group in my hands is sobering. I am determined to focus on the process of building corporate value, working to make an excellent company with the uniqueness and presence that our Vision stipulates.

I think that my nomination, as I was overseeing R&D, illustrated the management crisis the Group was facing. In our quickly and radically changing business environment, we saw difficulty ahead in maintaining our lead over the global competition unless we could become a more customer-oriented corporation on the strength of R&D.

In recent years in particular, China has been gaining market presence. In theory, our R&D initiative called for building brick by brick, but maintaining such an approach would allow Chinese and other competitors to foresee our product development scenarios and leapfrog* our advances. This has remained a concern since our time under my predecessor, Masashi Fujii. In 2020, we reorganized the separate R&D divisions of our internal companies and unified them under our corporate Research & Development Division to break down divisional walls and accelerate development with growth-oriented investment. Certain facets of traditional R&D practices remain today, and I see challenges in increasing our speed and efficiency. The time is past when we could easily sell excellent products and compounds, telling a business story built solely on chemical formulae. Now, we must end our passive

approach of waiting to be chosen by customers, and return to the basic principle that we can only sell the materials and ingredients that they want.

Given this understanding, I think we have to spread the “market-out” concept across the Group. This means truly understanding customer needs and creating new product groups through continuing dialogue. In other words, we have to go deep into the process of identifying sought-after chemical functions and develop products for and with customers to meet their needs rather than suggesting innovative products one by one, like dots.

Going forward, we are accelerating our solutions-oriented business with a focus on specific customer needs, connecting those dots to identify areas for creative R&D. Like our Specialty Chemicals Business Sector, some of our businesses already enjoy fantastic, collaborative relationships with customers, and develop chemical functions with new value never before seen on the market together. In general-purpose products, we are shifting to creating the value that customers need, but we still have some way to go.

The core of the MGC Group is undeniably chemistry and manufacturing. So with our eye to what we think a chemical manufacturer should be in 2050, we will adjust our business portfolio and earnings structure.

* Leapfrog: A phenomenon or strategy in which companies and organizations lagging behind skip incremental technological development processes, leap over those ahead to introduce cutting-edge technologies, and get ahead

Transforming the Business Portfolio

Create and Cultivate New, High-Value-Added Businesses to Replace Those with Low Profit Margins

Looking toward 2026 under the current medium-term management plan (MTMP 2026), we are focusing on recouping large investments made under the previous medium-term management plan (MTMP 2023) in support of our Uniqueness & Presence concept. Unfortunately, the results for fiscal 2024, the current plan's first year, were below our initial projections profit-wise because the semiconductor market, leaving aside that related to generative AI, was so slow that profit from our growth engines driving earnings for the entire Group, electronic chemicals and BT materials, could not cover it. We are nevertheless maintaining steady investment for future growth, including in R&D.

In information and communications technology (ICT), we need systems to better capture customer needs in a rapidly changing market environment. We are strengthening our earnings power by making timely investments in equipment on top of new technology and product development using DX.

We have advanced a variety of initiatives to help achieve carbon neutrality and will actively continue them going forward, as they hold great

potential to help create a carbon-recycling society. We imagine promoting these initiatives for a fairly long time while keeping abreast of necessary social consensus.

On the other hand, we compressed our deficit during MTMP 2023 by withdrawing from unproductive markets and transferring nonperforming businesses. At the same time, we must not be complacent about businesses that are currently making profits. Cases in point are businesses with low profit margins and ROIC not far above cost of capital. Discussing whether to continue with these businesses from the best-owner perspective is essential to maintaining our competitive edge globally. So, as I mentioned, we will shift toward chemical products offering reliably high margins and functions capable of addressing individual customer needs.

It will be challenging to achieve our vision for MGC in 2030 of over 12% ROE by only brushing up existing businesses. We must create and develop new businesses that help us maintain our strong advantage in price negotiations, and withdraw from low-margin businesses. Rather than a reform, I see this as natural and positive portfolio

MTMP 2026





cycling to prevent a decline in the Company's financial health. I understand that it is also my responsibility to promote this kind of beneficial cycle within the Group.

I will focus not only on the Group's short-term earnings power, but resource allocation as well, with the future always in mind. In our three priority segments, mobility, ICT, and medical/food, we will concentrate investment of our accumulated technologies and human capital to create and develop products that meet customer needs. With few points of contact with other Group businesses, the medical/food segment is difficult to capture with a tactile sense. It has a wavelength completely different from the product cycles of other businesses, and I want to explore it as a potential contributor to a stronger portfolio overall. I plan to create a new generation of medical/food businesses by promoting open innovation through collaboration with academia and companies from other industries, while making progress

with applications for existing technologies and verification of new technologies we have jointly created and developed with our business partners.

We value quick, efficient achievement of our Group R&D targets. We see three years as a unitary span, and if a project does not move to the next stage in a three-year period, I will call for a review, looking at marketability and asking whether something is missing technologically that we can supply. In managing R&D and a broad range of other projects, I pay special attention to ensure that employees remain motivated. I consider work environments in which employees can stay passionately engaged with never-shaken morale and ambition to be an important component in the beneficial cycle promoting corporate health and high earnings. Going forward, I will be conducting active interdivision dialogue among employees, with corporate headquarters playing the role of compass for each business to help employees achieve higher productivity.

Innovation and Sustainability

Pursue Uniqueness & Presence with Diverse Personnel, Multifaceted Views, and Abundant, Flexible Ideas

The MGC Group is smaller in scale than its competitors in Japan and throughout the rest of the world, but the influence our businesses have on society is not small. Our products sustain the foundations of a wide range of industries and exert a powerful market presence worldwide. We are positioned to contribute substantially to the sustainability of society through our businesses, so sustainability management is extremely important to us. The MGC Group Mission is "creating value to share with society," and we consider balancing

social and economic values to be the path to happiness and satisfaction for all our stakeholders.

Above all else, building a carbon-recycling society is the challenge we must address to keep the world we live in sustainable over the long term, and we are equipped with excellent technologies and product groups for that purpose. We cannot build a carbon-recycling society on our own; that task involves the cooperation of our entire society. In our environment-related businesses, we make it a rule to value consensus with society,



and avoid ego trips. We constantly monitor global trends toward carbon neutrality and work to help build sustainable markets, compatible with the policies of foreign governments, on pace with social development. Going beyond environmental contributions, we work closely with upstream and downstream players to create products and businesses that not only contribute to the environment but also perform well in the markets.

Whatever their level of innovation, products and social systems spread only when people feel the value they bring to their lives and work. Smartphones are a good example. They proliferated rapidly as people saw the distinct value of having a personal computer, telephone, and camera combined in a single handy device and the range of applications increased. Among MGC Group businesses, we are developing Carbopath™, a circular carbon platform that provides society with new value by producing energy and materials from CO₂ and waste via methanol, as a next-generation infrastructure for society, and have to communicate its value and advantages directly to people in the business world and national and regional governments through every opportunity, such as trade shows.

This is not limited to the chemicals industry. In pursuing innovation, we tend to create things that are completely new, based on technologies in which we excel. What is more important is accurately understanding customers' issues and taking action to help resolve them. This does

not necessarily require cutting-edge technology, as combining existing basic technologies and expertise will often do the trick.

To sharpen this kind of thinking and sensitivity to identifying customer concerns while working to be a truly R&D-oriented company, our medium-term management plan cites "enhancing human capital management" as a priority policy. Lately, I have been telling those in charge of recruitment to hire non-chemists as well, because I feel a sense of crisis about our singular viewpoint. That is why I think promoting DEI as a policy, cultivating personnel capable of maintaining diverse viewpoints, helps us pursue and advance our Uniqueness & Presence concept.

As a young researcher, I faced a number of challenging circumstances, including serving as the sole person responsible for exploratory research on an optical polymer that had yet to grow into a key material supporting our business. However, I was able to overcome these challenges thanks to MGC's corporate culture that celebrates those who take on new challenges and values open-minded communication. Drawing on this experience, I will strive, as the President, to nurture this unique corporate culture and thereby encourage all employees to be even more proactive in taking on diverse challenges without fear of failure.

I would like to express my sincere gratitude to our shareholders and investors for your continued support and understanding.

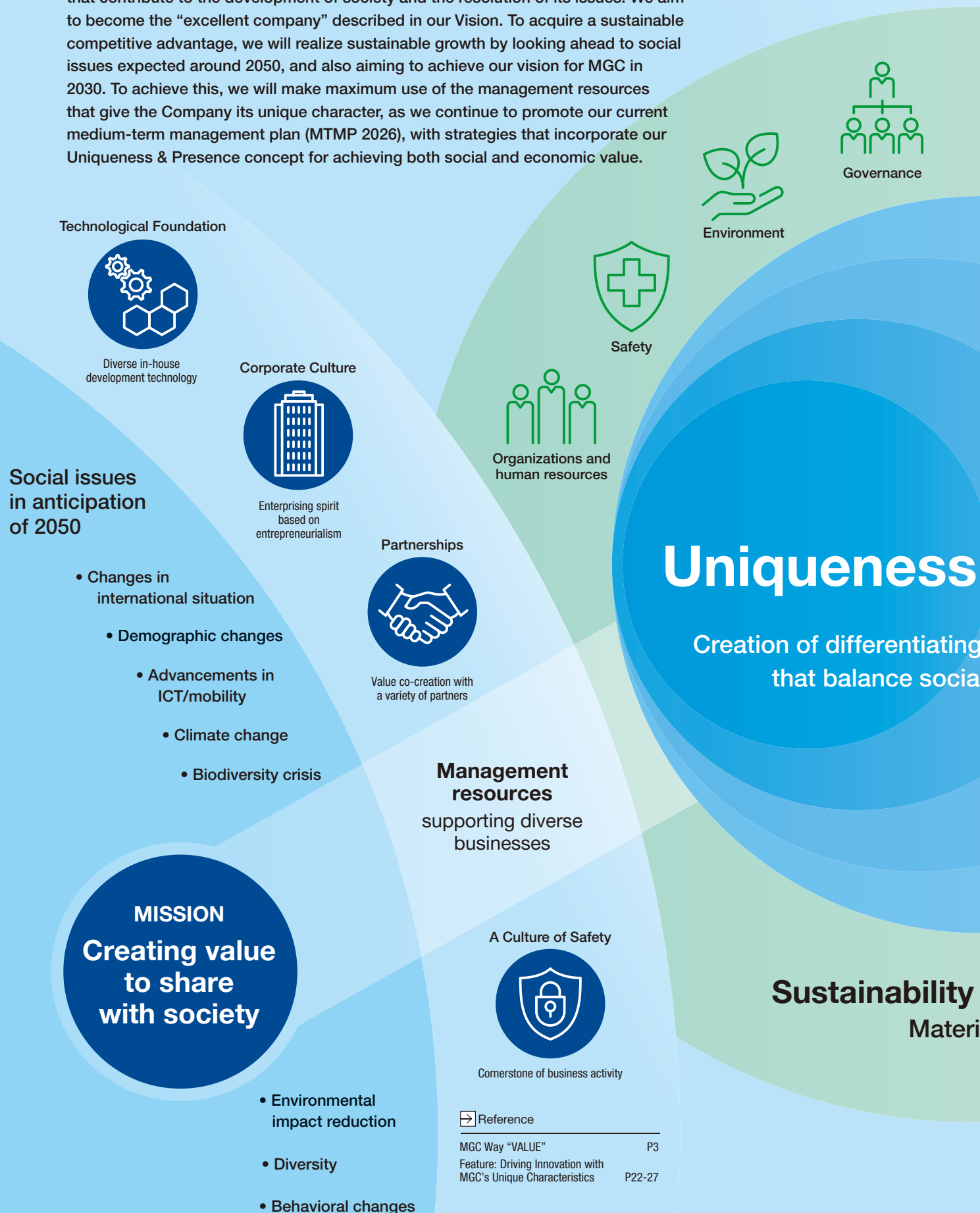
Value Creation Section

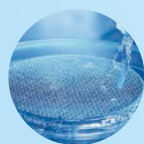
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Value Creation Process

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 also 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 (MTMP 2026), with strategies that incorporate our Uniqueness & Presence concept for achieving both social and economic value.





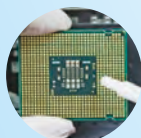
Electronic chemicals
(EL chemicals)



Engineering plastics



Optical polymers



BT materials

Contribute to
development of
ICT/mobility society



VISION

An excellent
company with
uniqueness and
presence built
on chemistry

Outcomes
addressing
social issues
through business

Output
leading to
a new era

**Management
strategies**
for accelerating
selection and
concentration

**Solve energy and
climate change problems**



**Solve medical and
food problems**



& Presence

products and businesses
and economic value



Methanol



Energy resources and
environmental businesses



MXDA



Oxygen absorbers



MX-Nylon (MXD6)



Antibody drugs



Aromatic aldehydes



Research and
development



Human rights

management
quality

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 to FY2013)

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

*ROIC = (operating profit - income taxes +
equity in earnings of affiliates) / invested capital

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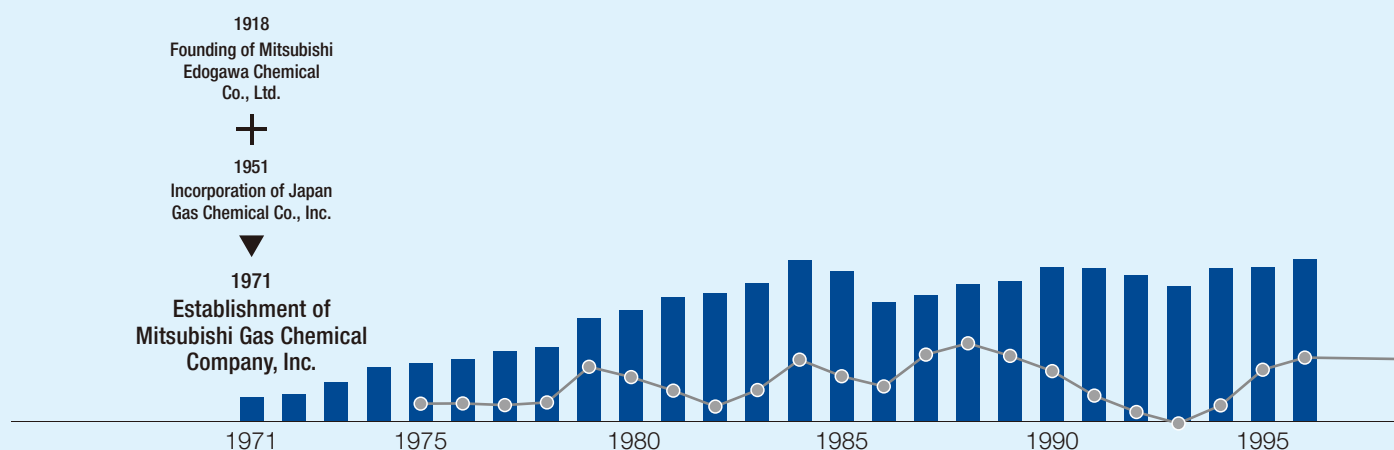
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The Source of MGC's Character



1970s

Mitsubishi Gas Chemical was established in 1971 through a merger of equals between two manufacturers emphasizing their own technology. This merger allowed the companies to complement each other's mainstay products, jointly procure resources and raw materials, and build a highly efficient integrated production system, as well as establish a structure capable of carrying out a technology-oriented investment strategy with a long-term perspective.



Signing ceremony
for the merger

1980–2000

With the impact of the oil shock, it became imperative to transition to a highly profitable business structure. While changing the location strategy for our production sites, we strengthened the R&D structure based on changes in the industry structure, such as expansion of the electronics-related market. We continuously executed large-scale investments aimed at strengthening the competitive advantages of our unique businesses.



Signing ceremony for
a merger in Saudi Arabia

1932 Hydrogen peroxide

1932 Yamakita Plant
1963 Yokkaichi Plant

1978
Kashima Plant
(Expanded in
1984, 2000)

1990 Indonesia

1979 Electronic chemicals (1986 Super-pure hydrogen peroxide, 1987 Super-pure

1986 Saga Plant
1987
Niigata Plant

1990 South Korea
(A plant newly established
in 2012)

1952 Methanol

1952 Niigata Plant

1983 Saudi Arabia
(Expanded in 1992, 1997, 1998, 2008)

1994 Venezuela
(Expanded in 2010)

1960 Polycarbonate, 1971 Polycarbonate sheet

1960 Osaka Plant (Up to 2002)

1989 Kashima Plant (Expanded in 2001)

1994 Establishment of
Mitsubishi Engineering-Plastics Corporation

1983 Specialty polycarbonate by interfacial polymerization method

1981 Polyacetal

1981 Yokkaichi Plant (Expanded in 1984; up to 2023)
1986 South Korea

1984 MX-Nylon (MXD6)

1984 Niigata Plant (Expanded in 1991, 1997)

1970 MXDA (1971 1,3-BAC)

1970 Niigata Plant (Expanded in 1982, 1992)

1968 Meta-xylene

1968 Mizushima Plant
(Expanded in 1992, 1996, 2005, 2009, 2018)

1981 Aromatic aldehydes

1981 Mizushima Plant (Expanded in 2023)

1975 Copper-clad laminates, 1981 BT resin

1975 Tokyo Plant (Up to 2004)

1992 Fukushima Plant
(Expanded in 1998, 2005, 2007)

Green Energy & Chemicals

Specialty Chemicals

U&P U&P businesses

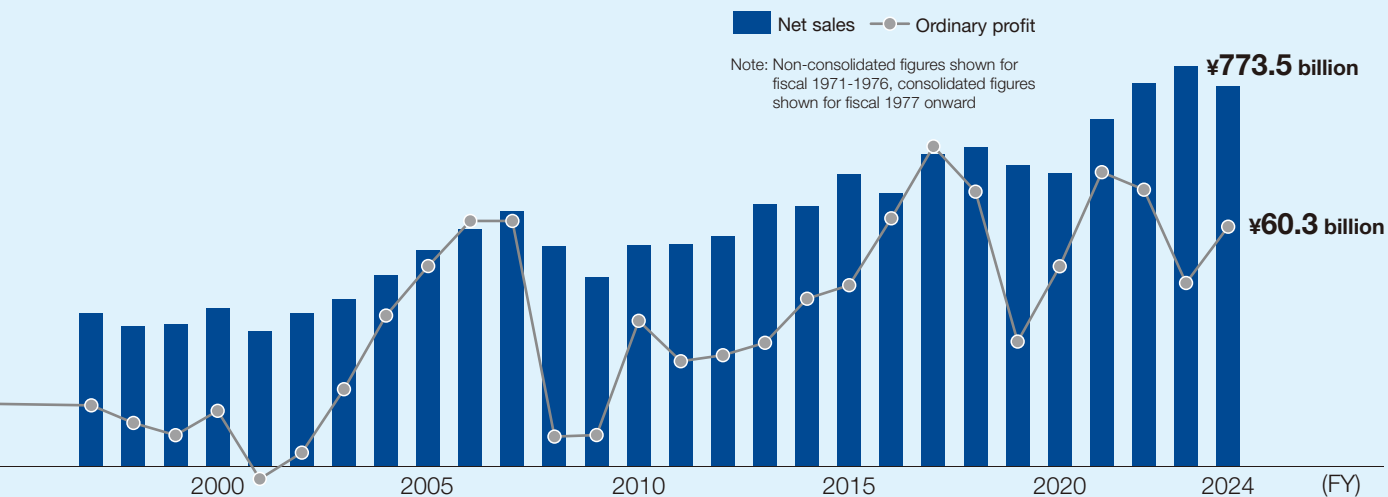
1977 AGELESS™

1978 Tokyo Plant (Up to 2006)

1991 Anaero Pack™

1981 Development of geothermal power

1994 Establishment of
Hachimantai Geothermal
Co., Ltd.



2000–2020

In light of intensifying global competition, we introduced the internal company system to accelerate decision-making. We promoted a strategy of increasing business value through differentiation, not only in specialty chemicals, but also in commodity chemicals. While addressing unprofitable businesses, we also promoted globalization, thereby strengthening our corporate structure and expanding our business.



Tokyo Research Laboratory

2020 onward

The internal company system was abandoned to further accelerate growth investment. The research organizations were centralized, and we moved to a business structure designed for overall optimization. To promote the creation of differentiating products and businesses that balance social and economic value, we have revised our business categories and evaluation processes, and we are striving to secure a sustainable competitive advantage.



MGC PURE CHEMICALS AMERICA

	2009 China (Relocated in 2018)	2024 Taiwan	U&P
ammonium hydroxide)			U&P
1995 United States (Plants newly established in 2020, 2021; expanded in 2023, 2024)		2022 China	
1998 Singapore (Expanded in 2001)			
2000 Taiwan			
	2010 Brunei	2020 Trinidad and Tobago	U&P
1997 Thailand (Expanded in 2003)	2005 Establishment of MGC Filsheet Co., Ltd.		
	2011 China		
2000 Melt polymerization special PC (Optical polymers)			U&P
2002 Kashima Plant (Expanded in 2010, 2016, 2019, 2022)		2023 Niigata Plant (Raw material monomer plant for optical polymers)	
1998 Lens monomer			U&P
1998 Naniwa Plant (Expanded in 2001)		2026 Yokkaichi Plant (Planned)	
1996 Thailand (Expanded in 2003, 2012)	2002 China		U&P
	2004 United States		U&P
	2007 Mizushima Plant (1,3-BAC; expanded in 2017)	2025 Netherlands (Planned)	U&P
			U&P
			U&P
	2013 Thailand (Expanded in 2022)	2025 Thailand (Planned)	U&P
	2013 OPE™ (Oligo phenylene ether)		U&P
1994 RP System™	2002 PharmaKeep™		
	2002 Thailand	2015 MGC AGELESS 2016 Fukushima	
			U&P
(now Hachimantai Green Energy Co., Ltd.) (Started operations in 1994 to supply steam to Sumikawa Geothermal Power Plant)	2010 Establishment of Yuzawa Geothermal Power Corporation (Started operations in 2019 at Wasabizawa Geothermal Power Station)	2015 Establishment of Appi Geothermal Energy Corporation (Started operations in 2023 at Appi Geothermal Power Station)	

Founding DNA

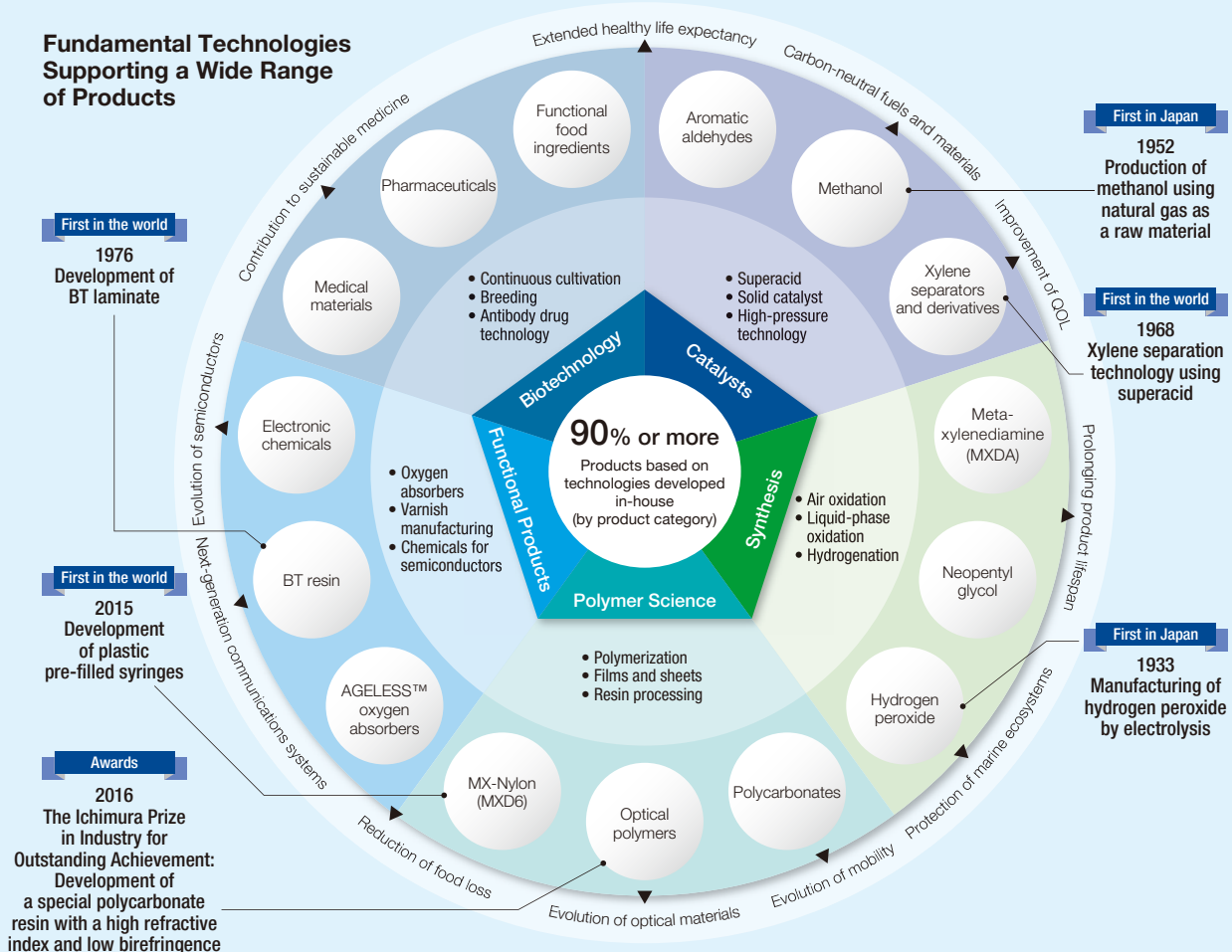
Establishing a Management Approach that Emphasizes Autonomy and Originality

From producing cutting-edge semiconductor materials to building a circular carbon platform, MGC is a truly distinctive corporate group. The reason that we are not limited to the typical scope of a chemical manufacturer is that we have refined and developed original businesses with a desire to create and produce completely new materials and technologies. This characteristic goes back to the time of our predecessor companies, Mitsubishi Edogawa Chemical Co., Ltd. and Japan Gas Chemical Co., Inc., which pioneered first-in-the-world and first-in-Japan businesses based on their own technologies, rather than relying on technologies introduced from overseas. Since the merger, the

corporate spirit of these two companies has been passed down through the generations of the Company.

In 1983, when the Company had annual sales of around ¥200.0 billion, it made substantial investments of nearly ¥100.0 billion in Saudi Arabia to fully develop the methanol business overseas. The Company's business vision included bold ideas that set it apart from other companies, such as this investment. It aspired to become a distinctive company with an unrivaled presence in the global market. These projects arose from proposals made by employees active on the front lines of business, which has led to our current management style that emphasizes individual autonomy.

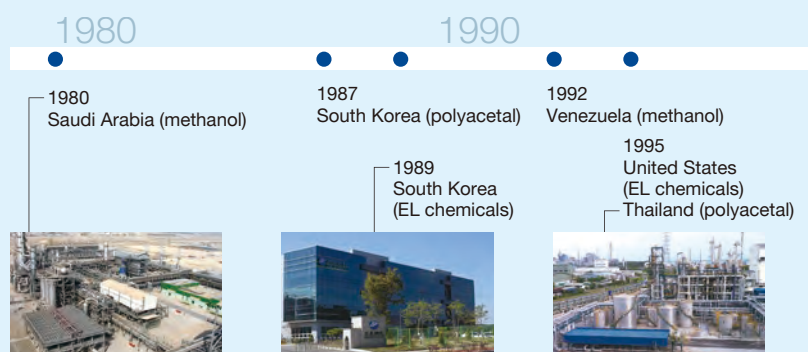
Fundamental Technologies Supporting a Wide Range of Products



History of Overseas Operations

(Years are years of company establishment)

In a corporate culture that encourages the challenger spirit, we conduct overseas business based on our original strategy, leveraging our own production and operation technologies. Since about 1970, we have secured a competitive advantage by establishing joint ventures with local firms. We contribute to the growth of local economies through technology transfers and operator training to maintain stable production.



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, xylene separation and isomerization technology, super-pure hydrogen peroxide, BT materials, and optical materials. However, the road to achieving these goals has by no means been an easy one.

Taking methanol to begin with, with the reverse oil shock and strong yen of 1985, the benefits of using natural gas mined by the Company in Japan virtually evaporated. Another source of revenue, the hydrogen peroxide market also became subject to increasing international competition from around this time. Prompted by the changes in our business environment at this time, we changed our business structure with the aim of achieving higher functionality and higher added value in our product lines. Since the prolonged economic stagnation of the 1990s, we have reinforced businesses with competitive advantages and expanded our overseas production sites.

Since 2000, we have been rigorously following a

differentiation strategy with a clear awareness of the factors that make customers choose our products.

We have constantly explored new growth markets and developed new applications in fields that are unlikely to attract entry by other companies.

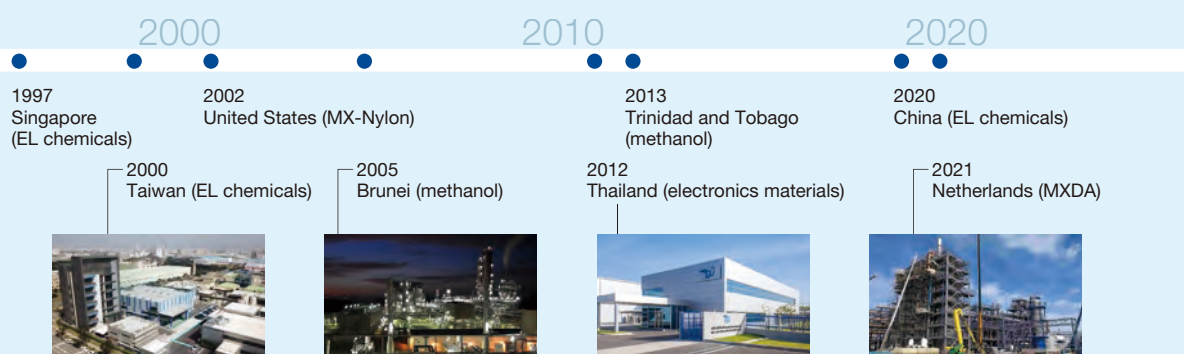
Furthermore, each business division has built a market portfolio combining multiple markets and applications with the aim of securing stable revenue. We have also worked to maximize product value by engaging in a “raw material location strategy” for methanol and a “consumption location strategy” for super-pure hydrogen peroxide. We have secured our competitive advantage, even in a business environment with increasing uncertainty, by diversifying our market portfolio and employing a location strategy to diversify our geographical footprint.

Considering the Group's history, the creation of new growth markets based on management resources and a differentiation strategy that define the shape of MGC's distinctive character can be seen as the Group's true innovation.

Increasing Product Performance and Expanding Applications

Share of sales Large Medium Small

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



Pursuing Uniqueness & Presence

Business Model

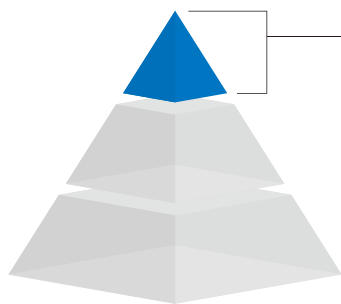
Realizing Our Vision with Uniqueness & Presence

The MGC Group is pursuing Uniqueness & Presence (U&P), a business model for creating products that combine unique characteristics that are difficult for other companies to imitate and a presence in the global markets. At the same time, it is also a value creation strategy based on a corporate culture rich in originality that has persisted since our founding. It is driven by dialogue with the market conducted by the Company's research personnel using distinctive technologies and resources (seeds). In addition, having grasped customers' needs and information through dialogue, we match these with our seeds to develop products offering higher functionality and qualitatively improve our solutions.

To maximize the effects of these activities, we manage our businesses by forming business management units (BMUs) within our business division organization. In our research organization, we have built a technology platform that enables a comprehensive overview of fundamental technologies supporting a wide range of products. We customize business seeds with a rich combination of fundamental technologies, leading to the development of new products and new grades. Furthermore, we have established an evaluation system to ensure that research resources are generously distributed to the most promising themes.



U&P Business Differentiation Strategy



Concentration of Resources on Development of High-Value-Added Products with a Distinctive Edge

The Group's product lines deliberately avoid the "volume zones" of their respective chemical markets, which are dominated by other companies. We have a history of creating value by producing global niche products with a unique perspective and proprietary technologies. 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 helping to create economic value.

Examples of Products with a Distinctive Edge that Have Created Unique Niches



OPE derivatives

OPE™ is a thermosetting PPE oligomer developed with MGC's proprietary polymerization technologies. It delivers a sound balance between low-dielectric properties and various special features. As a material, it supports the performance requirements of high-speed substrates (motherboards) used in AI applications that demand high-speed transmission, as well as telecommunications infrastructure and data centers.



Ultra-high refractive lens monomers

These are plastic lens monomers with a distinctive ultra-high refractive index. Our lineup of materials with the world's highest refractive indexes are used as eyeglass lens materials for patients with severe myopia, a growing need in the global market.



Aromatic aldehydes

By continuously conducting product development that reflects the needs of customers, we efficiently manufacture aromatic aldehydes using a proprietary method with superacid catalysts that have a low environmental impact. We supply high-value-added customized products for a wide range of fields centered on resin additives and fragrance applications.

Creation of U&P Businesses

Balancing Social and Economic Value

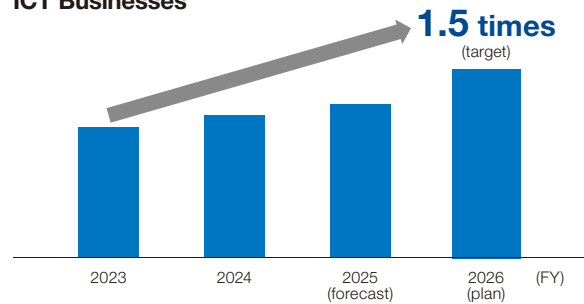
Under the current medium-term management plan (MTMP 2026), MGC has revised its definition of differentiating businesses as businesses that excel at being sustainable while also delivering both social and economic value. We have renamed these “U&P businesses.” We have identified the businesses that should receive priority allocation of management resources by evaluating them economically with ROIC*¹ and EBITDA*² as indicators, evaluating aspects such as their market share and market growth potential, and evaluating their potential as a sustainable business over the medium to long term. Using this new business classification, we aim to build a resilient business portfolio that can cope with changes in the business environment. In particular, we aim to achieve operating profit at a level exceeding ¥70.0 billion in fiscal 2026 by securing early returns on our large-scale investments

in U&P businesses, and by strengthening our ability to pass on rising costs to prices.

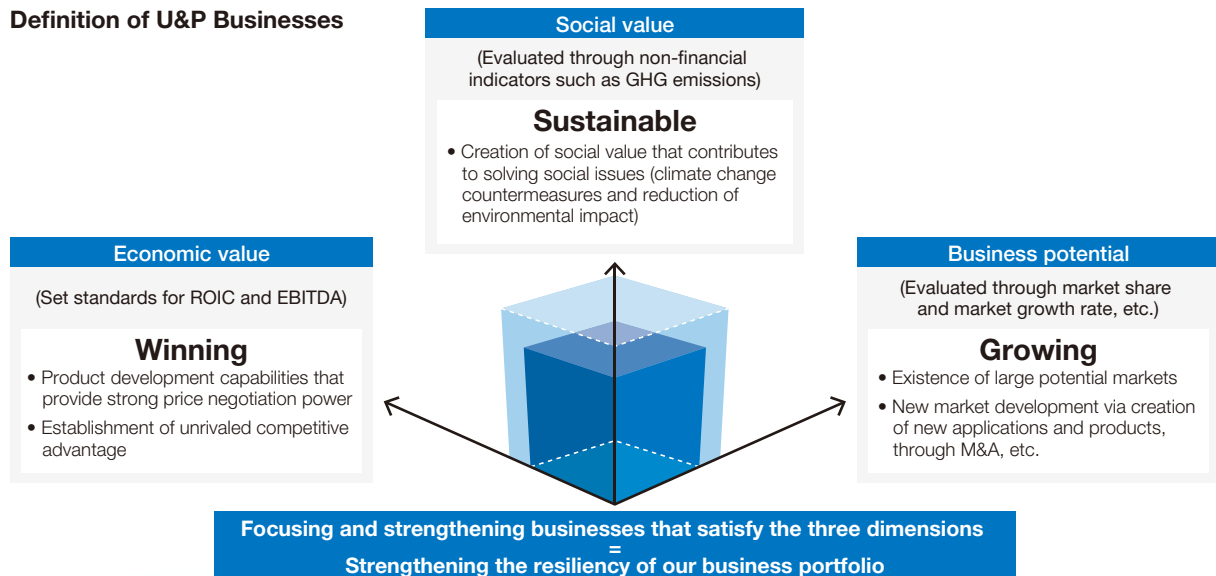
*1 ROIC = (operating profit - income taxes + equity in earnings of affiliates) / invested capital

*2 EBITDA = ordinary profit + interest paid + depreciation and amortization

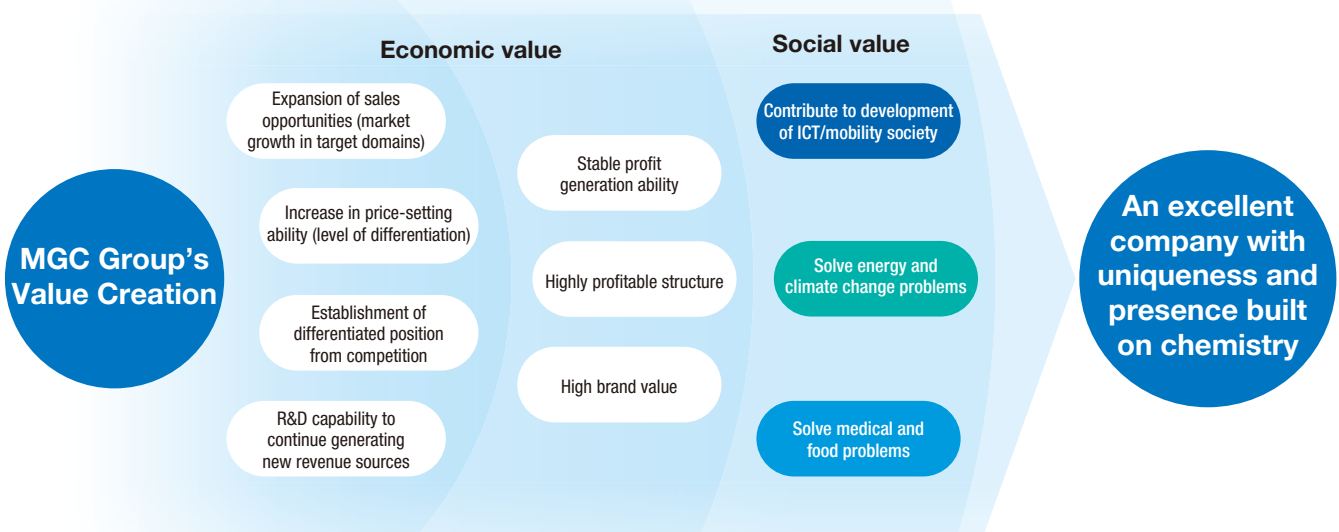
Net Sales of the Three Growth-Driver ICT Businesses



Definition of U&P Businesses



Expansion of Social and Economic Value



Management Process to Promote U&P Creation

Under the current medium-term management plan (MTMP 2026), we will create resources to develop the next business pillars by establishing a viable earnings structure for sustainable growth. In tandem with this, we will form robust systems and a management foundation to support continued creation of new growth markets by developing key personnel who will enhance our social value creation capability and lead the realization of U&P.

Business Portfolio Management

Acceleration of Growth Investments for Creating U&P Businesses

In fiscal 2024, we changed our business classification and evaluation process, and we are now concentrating management resource allocation on U&P businesses in order to accelerate growth investment from a perspective of overall optimization.

In the Specialty Chemicals and Green Energy & Chemicals Business Sectors, we established an investment budgeting system, which basically enables each segment to execute investments and loans within the scope of its operating cash flow. At the same time, we have also built a system that allows for proposal of investment or lending of amounts beyond the business sector's operating cash flow for strategic projects related to the entire company or the creation of next-generation businesses. For investments and loans that are subject to deliberation by the Operations Council, screening

meetings are held under the leadership of the Corporate Planning Division. To raise our effectiveness in choosing investment and loan targets, personnel in charge of the relevant segments meet to conduct pre-checks and risk assessments of the proposals.

Furthermore, each quarter, metrics such as ROIC and CCC are calculated for each business management unit, and these are shared internally, including with senior management, to ensure constant monitoring of capital profitability for each business after the investments are executed. While maintaining our financial discipline, we will be bold and courageous in allocating our resources for growth to drive our transition to a highly profitable corporate structure.

➡ Please refer to "Progress with Our Medium-Term Management Plan" on page 33 for details.

Investment Budgeting System

Investment budget	Budget for each segment	Specialty Chemicals Business Sector	We set operating cash flow less dividends as the investment budget for each segment.
		Green Energy & Chemicals Business Sector	
		Corporate Sectors (research labs, etc.)	
	Management budget	Following individual screenings, we allocate investment funds beyond each segment's investment budget (above the cap) to projects related to strategy for the entire company, ESG, or the creation of new/next-generation businesses.	

Research and Development

Focusing Research Resources on New Business Development

The Group's sustainable growth requires not only the growth of existing businesses, but also the creation of new ones. To secure diverse profit generators, we are focusing on ICT and mobility for their substantial growth in recent years, and on the medical/food area for its minimal volatility effect, as the three target areas for our R&D activities.

We have established scoring-based research evaluation indicators for all of the research themes that we are advancing in-house, based on the approach shown in the following diagram. We are boldly shifting research resources to themes that have scored highly. Furthermore, we have built a business field map to visually represent the relationships among market trends, proprietary

basic technologies, and progress. In building it, we also considered factors such as our human capital and IP, and added views of inter-business synergies and collaborations with other companies and academia. Using the field map, we have created a list of the technologies, human capital, and IP that we need to supplement internally, and we are now looking at options such as in-licensing technology. Through the accumulation of these activities, we will develop the businesses that will support our next generation.

➡ For details, please see "Research and Development Strategy" on page 45.

Key Points for Setting Research Themes

	1. Business portfolio target area	2. High suitability to the Company	3. Future growth areas
Type A: Theme in growth areas of existing business Priority injection of resources driving future growth			
Type B: Theme in growth areas outside existing business Development of new markets such as contributing to a sustainable society			
Type C: Theme with commensurate return on investment in existing business Expansion of existing business through detailed response for each product			

Coordination with Our Strategy for Creating Social Value

The MGC Group promotes management that responds flexibly and swiftly to changes in society's structure and values as "sustainability management." Under MTMP 2026, we evaluate each business not only in terms of economic value, but also by considering aspects such as its contribution to GHG emission reduction and solving social issues, looking to improve it to achieve growth over the medium to long term.

With the MTMP 2026 objective, "strengthen the resiliency of our business portfolio," we have made the promotion of research themes for resolving the issue of climate change a key measure, and we are allocating research resources to this.

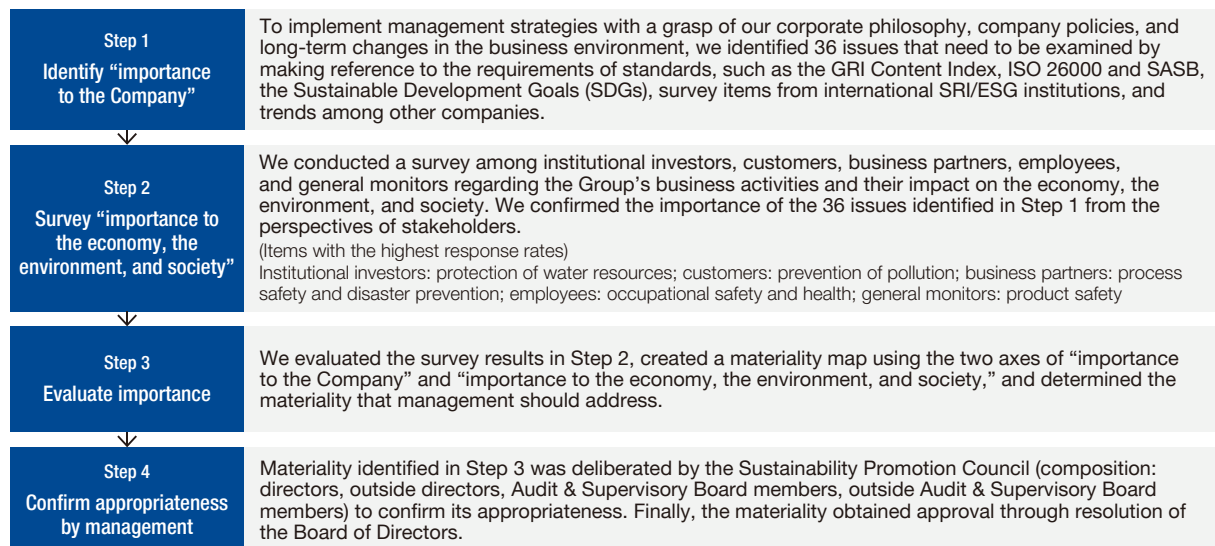
Another objective is "promote sustainability management," and in 2023, prior to the formulation of MTMP 2026, we again identified this as one of our priority issues (materiality) affecting sustainable value creation.

We have set fiscal 2030 KPIs for each materiality issue, and linked these to the medium- to long-term targets of the supervising divisions. We will strive to steadily execute measures to achieve these targets by implementing PDCA cycles centered on the Sustainability Promotion Council, which mainly comprises all of the Company's directors. In particular, we adopted sales of the eco-friendly "Sharebeing" products as a KPI for the creating shared value (CSV) domain to present to the public a more quantitative indicator of the Group's contribution to the environment.

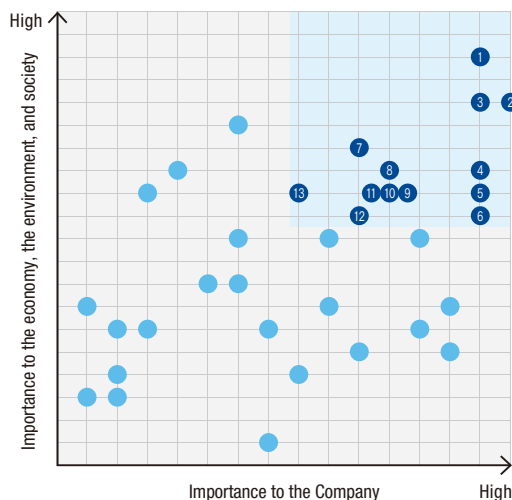
Through such measures, we are working to minimize management risks and maximize business opportunities, thereby enhancing our ability to create social value and ensure stable future cash flows.

☞ Please refer to "Progress of Materiality" on page 38 for details.

Materiality Determination Process



Materiality Map



13 Issues

- 1 Reduction in GHG emissions
- 2 Occupational safety and health
- 3 Improving energy efficiency and reducing energy usage
- 4 Process safety and disaster prevention
- 5 Development of environmentally friendly products and technologies
- 6 Development and retention of human resources
- 7 Product safety and quality
- 8 Respect for human rights
- 9 Promotion of diversity and inclusion
- 10 Increased efficiency in resource usage
- 11 Reduction of industrial waste
- 12 Governance and internal control/risk management/compliance
- 13 Building sustainable supply chains

11 Materiality Issues

- Contribution to solving social issues through business
- Promotion of innovative R&D
- Proactive response to environmental problems
- Highly energy- and resource-efficient production
- Cultivating a corporate culture of job satisfaction
- Promotion of diversity and inclusion
- Respect for human rights
- Ensuring occupational safety and health/ process safety and disaster prevention
- Chemical/product quality and safety assurance
- Promotion of socially responsible sourcing
- Strengthening governance and internal control/risk management/compliance



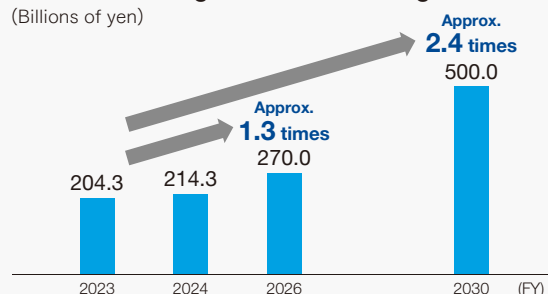
Sharebeing Creation of “Sharebeing” Eco-Friendly Products

“Sharebeing” is a designation that we apply to the MGC Group’s eco-friendly businesses and products that contribute to reducing the environmental impact of society in each aspect of the product life cycle (raw material production, manufacture, distribution, usage, disposal, and recycling) by leveraging the Group’s unique technologies and other attributes.

The designation is applied after deliberation by the Corporate Planning Division, Environment Safety & Quality Assurance Division, and Production Technology Division to determine that a business or product meets our unique designation standard. Designations are made based on the specific application of each product or service, even within the same business or product line. For each application, we systematically organize the environmental contribution factors across the entire life cycle.

Through our provision of “Sharebeing,” we will actively promote the building of a carbon-neutral society, and the realization of a decarbonized, circular carbon society. We will also use “Sharebeing” as a way of creating U&P products and technologies that are competitive in the markets.

Quantitative Targets for “Sharebeing” Sales (Billions of yen)



Origin of “Sharebeing” “Share” + “Being”

Under our Mission of “creating value to share with society,” we are dedicated to providing “Sharebeing: products that can be shared with society” to reduce the environmental impact of society by leveraging our unique and distinctive technologies to create valuable products that meet society’s demands.

We will accelerate our efforts to realize carbon neutrality, having set “Sharebeing” (eco-friendly product) sales as a KPI for our materiality issue “Contribution to solving social issues through business.”

Main “Sharebeing” Businesses and Products

Main designated businesses and products	Contributing elements
Carbopath™ circular carbon methanol	Prevention/mitigation of global warming, certification (ISCC PLUS certification)
AGELESS™ (oxygen absorbers)	Resource recycling
MXDA (coating curing agent)	Renewable energy, air quality protection, prevention/mitigation of global warming, certification (ISCC PLUS certification)
Hydrogen peroxide (bleaching agent)	Air quality protection, water environment protection
MX-Nylon (resin with high barrier properties)	Resource conservation, certification (ISCC PLUS certification)
Reny™ (high-performance polyamide resin)	Resource conservation, prevention/mitigation of global warming
lupital™ (polyacetal resin)	Water environment protection, prevention/mitigation of global warming
lupilon™ (polycarbonate resin)	Prevention/mitigation of global warming, certification (ISCC PLUS certification)

Human Resource Development

Continuous Development of Key Personnel to Drive Creation of U&P Businesses

The Company promotes management focused on human resources as the most important capital for value creation. We are pursuing a human resources strategy of sustainably developing key personnel who are able to grow over the long term. These key personnel refer to management and highly specialized human resources who will lead each business division based on the Company’s overall policy and individual business strategies while responding to accelerating changes in society.

The defining characteristics of the MGC Group are the broad scope of its business domains and its business expansion in the global market. To continuously produce key personnel to drive this expansion, and sustainably create U&P businesses, we allow human resources to accumulate diverse experiences and stimulate each other, drawing out their full potential and increasing the capabilities of our organization.

We therefore seek to provide opportunities for them to accumulate diverse experiences. For our career-track employees, we discern their individual character and have them experience overseas assignments and large projects while they are young; while technical employees are also

deliberately rotated through jobs predicated on long-term career formation in sales, corporate planning, and management divisions.

➡ For details, please see “Human Resource Strategy” on page 59.

MGC Commons Innovation Center



MGC Commons opened in 2023 as a hub for open innovation that supports new value creation by promoting interaction among various human resources and organizations from inside the Group and also from academia, start-up companies, and others.

Feature: Driving Innovation with MGC's Unique Characteristics

The MGC Group has always remained true to its distinctive character. Its DNA has been passed down through the generations to realize value creation based on unique technologies. MGC's distinctive character is underpinned by a technological foundation that has been built up over more than half a century, a corporate culture that supports it, strategic partnerships, and a culture of safety that is fundamental to the manufacturing industry. We will drive continuous innovation by fully utilizing these management resources.

Management Resources Supporting MGC's Distinctive Character



Technological Foundation

Features

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.

Enhancement

Intellectual capital

- Creation of new businesses for entering new growth markets
- Visualization of shortfalls in technology, human capital, and IP

Natural capital

- Application of natural gas exploration and development technology to other businesses
- Promotion of businesses that contribute to reducing environmental impact



Corporate Culture

Features

MGC has been promoting 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.

Enhancement

Human capital

- Career development through various experiences
- Further increase in job satisfaction

Intellectual capital

- Development of DX human resources and enhanced use of DX in R&D
- Research theme scoring and internal visualization of research information



Partnerships

Features

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 help to save time and funding, but also lead to the creation of innovation in the chemistry field and the provision of growth opportunities for employees.

Enhancement

Social and relationship capital

- Promotion of cross-industry cooperation through Carbopath™
- Actualization of businesses that contribute to carbon neutrality by the GEC Business Planning Division

Intellectual capital

- Promotion of open innovation with universities and companies
- Creation of business schemes in collaboration with local governments



A Culture of Safety

Features

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.

Enhancement

Manufactured capital

- Promotion of the SMART-FACTORY
- Expansion of manufacturing bases rooted in differentiating factors (consumption location, raw material location)

Human capital

- Enhanced group management of RC activities
- Continuous production of key personnel who can transform change into opportunity

1 Maximizing the Potential of Optical Materials

—Providing Materials that Help Customers' Business Growth by Taking a Market-Out Approach



Noriyuki Kato

General Manager, Optical Materials Division,
Specialty Chemicals Business Sector

Joined MGC in 2000. Recipient of the Technology Award's Grand Prize from the Japan Chemical Industry Association, the Chemical Technology Award from the Chemical Society of Japan, and the Ichimura Prize in Industry for Outstanding Achievement for the development of a special polycarbonate resin with a high refractive index and low birefringence.

Takamasa Fukushima

Division Director, Optical Materials Division,
Specialty Chemicals Business Sector

Joined MGC in 1990. After a position in research, worked in quality assurance-related operations at the Kashima Plant. Subsequently responsible for EP business at the head office, before being appointed Division Director with oversight of the Optical Materials Division in July 2024.

To actualize our Vision of “an excellent company with uniqueness and presence built on chemistry,” it is essential to promote innovation that leverages MGC’s distinctive character. In this section, we will introduce lupizeta™ EP optical polymer as an example, sharing events that occurred during its development and measures taken to overcome difficulties. We will also focus on the organizational characteristics and strengths that drive innovation.

Free and Open Activities of Researchers and Sales Personnel Break Down Barriers

Today, lupizeta™ EP has grown to become a core product, but I hear that the journey was not smooth sailing by any means. Could you look back and tell us why it was well received by the market?

Kato: It was in the late 1990s that we really stepped up development of materials for various lenses, including spectacle lenses. At the time, we were aiming to commercialize a product for a pick-up lens for Blu-ray Discs. We had a number of hurdles to overcome, including exacting requirements regarding optical characteristics and the price level. Finally, in 2004, we completed the development of lupizeta™ EP-4000 with zero birefringence. At the same time, however, technological innovation in devices rendered high-functionality optical materials unnecessary, and we were not able to achieve commercialization. The “zeta” part of lupizeta™ actually derives from the last letter of the alphabet, Z. This resonated with our sense of having

“reached the end of the line,” but rather than give up, we set our sights on digital camera lenses as a new source of demand for EP-4000. In 2006, the product was first adopted by a major camera manufacturer.

Fukushima: Unfortunately, demand for use in digital camera lenses was short lived. The reason for this was the emergence of mobile phones with cameras.

Kato: That’s right. We immediately shifted our target to mobile phone cameras, and soon made progress on commercialization of EP-5000, utilizing our technological foundation in digital camera lenses. However, there were competing materials ahead of us, and our customers’ reaction was harsh. When customers told us that the main obstacle was the price, we showed them clearly how our materials were competitive when considered on a total cost basis, including aspects such as ease of processing

and yield. We also continued to promote the product's characteristics by backcasting from the near future to anticipate changes in the level of customers' requirements. It was at that point that we saw unexpectedly rapid progress in the development of thinner profiles for mobile devices and lenses. This resulted in EP-5000 being the only material capable of maintaining high fluidity during injection molding of the lenses, and manufacturers rushed to adopt it.

Fukushima: After that, from the 2010s, the smartphone camera lens market expanded.

Kato: We intuited that this would become a new market, and in 2012, launched EP-6000 with a higher refractive

index and better molding characteristics.

Fukushima: In the development of EP-6000, to minimize the occurrence of defects during molding as much as possible, we even visited dryer manufacturers to develop a system for drying the materials. Teaming up with other industries to create new markets together is actually very typical of Mr. Kato. In the development process for MGC's unique product lines, there are generally some surprising episodes involving unique team members. I think a corporate culture that encourages free and open activities combining the capabilities of those in our research and sales groups has been one of the driving forces for overcoming difficulties.

Focus on Development of Engineers Who Diversify Revenue Sources

What would you like to do to further promote innovation that leverages MGC's distinctive character?

Fukushima: I want to build a business portfolio that spans multiple markets and fields. Even if some businesses experience a temporary downturn, if other businesses are innovating and growing, then we can stay balanced. In the case of the optical materials business, optical polymers such as the lupizeta™ EP series and spectacle lens monomers are currently revenue pillars, but I would like to establish a further pillar to help effectively diversify our markets and sales areas.

Kato: That is another reason why it is important to develop our ability to envisage the future. For example, as long as there is an instinctive human desire to record our memories in data, the tools for doing this will continue to advance and diversify. When we imagine how these tools, such as cameras and lenses, will evolve, we can envisage a limitless number of needs. Therefore, we are promoting initiatives to equip young researchers with the power to think about the process of market evolution and consider how they might improve on a device if they were its designer.

Fukushima: In the EP team at the Tokyo Research Laboratory, we have dismantled smartphones from all manufacturers, and these often draw visitors from other divisions, such as the Electronics Materials Division.

Kato: Customers tend to tell us only about problems they are facing in the present. To develop a business with a competitive advantage, it is important to exercise your imagination and prepare before a clear need has emerged in the market. In doing so, we will be able to surprise customers by quickly producing samples when they share their needs in the near future. This will lead to growth for both the customer and the Company.

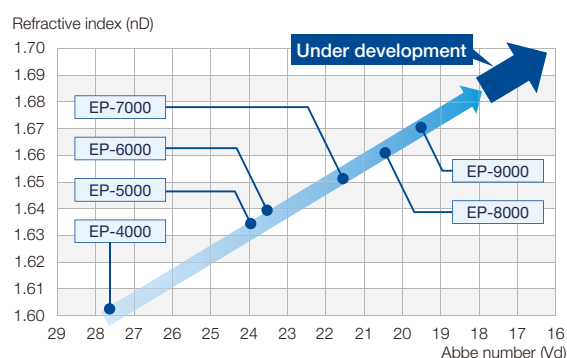
Fukushima: Anticipating new markets at an early stage and creating them together with customers and business partners is really what the market-out approach is all about.

Kato: Everything we do is built on the knowledge accumulated by our predecessors about how to manage



the essential characteristics of transparent plastic, and their knowledge of peripheral fields such as injection molding. I think that this knowledge gives us an advantage in our ability to judge in an instant whether we can respond to identified needs. In the future, I would like to develop engineers who can engage in all aspects of developing transparent plastics.

Evolution of lupizeta™ EP



Glossary

[Refraction]

Refers to the property of light traveling at different speeds in substances, causing it to bend. Materials with a high refractive index can be used to realize thinner lenses.

[Low birefringence]

Birefringence refers to the splitting of light into two directions when it passes through a substance, causing an image to lose focus. Low birefringence contributes to clearer images.

[Abbe number]

An indicator of the degree of light dispersion. EP is a material with a low Abbe number, making it suitable for use in concave lenses that correct focal point deviation caused by light dispersion. It is typically used in combination with materials that have a high Abbe number, such as convex lenses that converge light.

2 Toward Social Implementation of Carbon-Neutral Technologies

—Pursuing a Business Model That Can Secure Appropriate Profits



Shoji Matsukawa

General Manager, Carbon Neutral Project Department, C1 Chemicals Division, Green Energy & Chemicals Business Sector

Joined MGC in 2003. Worked in research on manufacture and use of methanol and its derivatives and on business development in Japan and overseas. Currently working to promote Carbopath™.

Takashi Fujii

Senior Manager, Engineering Plastics Division, Specialty Chemicals Business Sector

Joined MGC in 1991. Many years of experience in exploratory research, worked on development of polycarbonate sheet and film, before his current role leading "CO₂ to PC."

Tatsuro Mochinaga

General Manager, Energy Resources & CCS Department, Energy Resources & Environmental Business Division, Green Energy & Chemicals Business Sector

Joined MGC in 1999. Many years of experience in gas field exploration, working in exploration and development in Japan and overseas. Currently promoting commercialization of CCS.

The Group has articulated its Mission as “creating value to share with society,” and is working to enhance the ability of management overall to adapt to changes in the social environment while aiming to create a business that can lead a new era. Here, three people who play central roles in our carbon neutrality strategy talk about the status of progress toward commercialization, issues to be addressed, and the possibilities that lie ahead.

Consolidating the Business Direction with the Japanese Government's 2050 Carbon Neutral Declaration

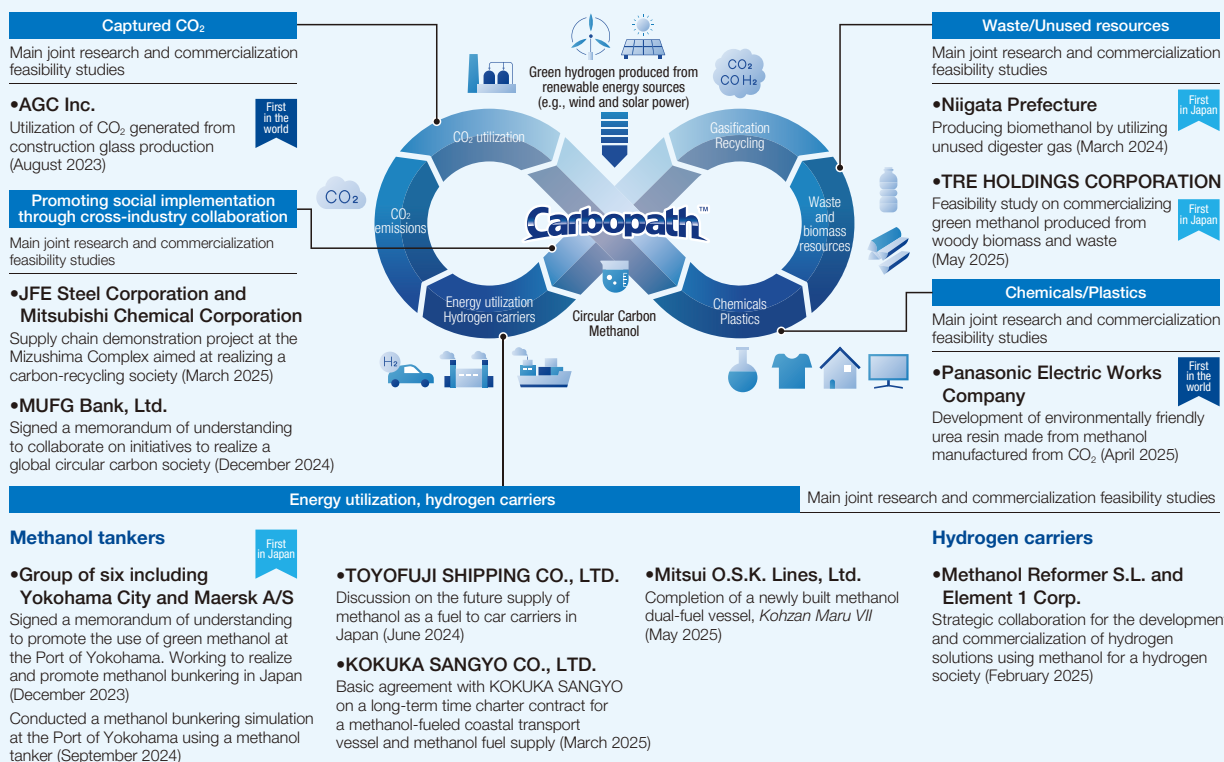
To start off, please talk about the events that led to the commercialization of carbon-neutral technologies and provide an outline of the projects that you are each involved in.

Fujii: In October 2020, then Prime Minister Suga gave an address in which he laid out the government's policy of realizing carbon neutrality by 2050. However, the Engineering Plastics Division had already started work to address this, anticipating a global shift toward confronting the issue of climate change. One example of this is research into manufacturing diphenyl carbonate (DPC), the main raw material in polycarbonate (PC), from CO₂, a project that started around 2014 and has been carried out by a research group at the Tokyo Research Laboratory since then. In fiscal 2020, the project was selected for a NEDO*¹ exploratory research program. In the same year, came the Japanese government's 2050

Carbon Neutral Declaration I mentioned earlier. In part due to this backdrop, we applied to one of NEDO's Green Innovation Fund Projects, “Development of Technology for Manufacturing Functional Plastic Materials Using CO₂ as Raw Material,” in 2021. Our project was selected the following year, in 2022.

Mochinaga: The Energy Resources & Environmental Business Division, where I work, also decided on its business direction with the government's carbon-neutral declaration. The MGC Group has been involved in natural gas exploration and development in its own gas field in Niigata Prefecture since its foundation. Despite being a chemical manufacturer, we have accumulated extensive experience in independent development. Overseas, we have acquired interests and conducted exploration in oil and gas fields in Australia, Southeast Asia, China, and North America. The refinement of our exploration and

Circular Carbon Methanol Carbopath™



development technologies for evaluating the potential of natural gas deposits and the efficiency and stability of gas extraction has led to our current geothermal electricity generation business and carbon capture and storage (CCS) technologies. Currently, the division is focusing on monetizing the reservoir storage capacity of its non-associated gas field and water-dissolved gas field in Niigata Prefecture. We started preparation for a CCS feasibility study in 2022 in response to a public call for proposals by JOGMEC^{*2}. In 2024, JOGMEC selected nine advanced CCS projects, and we participate in both Higashi-Niigata Area CCS and Offshore Sarawak CCS in Malaysia.

Matsukawa: The Group is the world's only methanol manufacturer using the integrated methanol business model, with operations spanning from resource development to manufacturing technology development, sales, and derivative products business. The technology and expertise we have cultivated at each stage of the value

chain can be fully deployed to create a circular carbon society. In 2021, we started working in earnest on a new methanol business to help realize a carbon-neutral society, and today, we are working on social implementation of this business in collaboration with various partners. I myself have been working on the full-scale roll-out of Carbopath™^{*3} since 2024. I have experience in pursuing the best way to promote products in the methanol value chain that bring new value to society, and I think this can also be used to promote this platform. The product price is high, but this is related to value for protecting future generations. I consider my role to be that of practicing our Mission of "creating value to share with society" while exploring ways to gain society's acceptance of Carbopath™.

^{*1} New Energy and Industrial Technology Development Organization

^{*2} Japan Organization for Metals and Energy Security

^{*3} A circular carbon platform that aims to generate energy and materials through methanol produced using CO₂ and waste

Stimulating Discussion through the Group's Internal Technology Council

In 2021, the Group established a council for sharing technologies related to carbon neutrality. What kind of impact has it had on your projects?

Matsukawa: The council's name has been changed to the Carbon Neutrality Technology Council, and it is currently being run as a forum for discussing methods for reducing the Company's GHG emissions, mainly through R&D collaboration, and initiatives to provide new technologies to society as we work toward the 2050 goal set by the government. In addition to technical discussions, the council is also a space for sharing legal and regulatory trends, and there is a flow of feedback to the business divisions.

Mochinaga: Recently, discussion has also started to focus on the area of direct air capture^{*4}, and I have felt a similarity to my own work. There are many possible approaches, such as employing unique technologies using MXDA, and I would like to keep a close eye on this theme without narrowing the scope.

Fujii: We can reduce GHG emissions to some degree by improving the emissions intensity at the manufacturing bases of chemical companies and improving processes, such as streamlining. However, there is a limit to what can be achieved with this approach. So within the council, we are discussing using CO₂ and biomass-derived materials and employing measures to reduce GHG emitted from

energy consumption in our processes (Scopes 1 and 2). As part of their sustainability activities, the Company's PC business and Group companies have acquired ISCC PLUS certification^{*5} throughout their supply chains, from materials manufacturing to compound sheet film formation and sales operations. Going forward, we are thinking to

discuss more future-oriented themes, such as expanding revenue models that utilize the Carbopath™ framework.

^{*4} A technology for capturing CO₂ in the atmosphere through direct adsorption and absorption

^{*5} A certification system for internationally proving the use of sustainable raw materials and the transparency of the manufacturing process

Overcoming Various Issues in the Value Chain

Please talk about your future aspirations for social implementation of carbon-neutral technologies.

Matsukawa: Launching a new supply chain using CO₂ and waste as raw materials still faces significant cost challenges, and overcoming a range of issues across the entire chain — not just in sales — is also essential. For example, in the shipping industry, there is no existing supply infrastructure for methanol fuel, and establishing such systems also presented issues. However, in September 2024, the Company and six others, including KOKUKA SANGYO CO., LTD., worked together to carry out a bunkering simulation^{*6} to determine the feasibility of using existing infrastructure. This exercise helped to accelerate the development of systems at the government level, as well as stimulating private sector activity. In

April 2025, we partnered with Panasonic Electric Works Company to jointly develop an environmentally friendly urea resin using methanol produced from CO₂. Awareness-raising activities to communicate environmental value throughout the process up to the final product and development of technologies to make widespread use of methanol to help achieve carbon neutrality are also important aspects of this project. I would like to make further contributions to increasing the competitiveness of derivative products handled by our associate companies as well.

Mochinaga: In my division, we are also looking to contribute to increasing the Group's competitive advantage through carbon credits and so forth. In the area of CCS, as the Act on Carbon Dioxide Storage Business is gradually phased in, the government and private sector will need to work closely on issues such as establishing suitable monitoring methods for Japan's geological formations. For the medium to long term, I think we want to have options that are resilient to change to ensure our survival if a major upset occurs in the industry from 2030 onward. We find ourselves in an urgent situation facing an unpredictable future. I want to take all possible proactive steps to ensure we do not regret measures we could have taken.

Fujii: First, I imagine we will use the mass production technologies accumulated through the Green Innovation Fund Projects to achieve social implementation, and another step would be to draw inspiration from the C1 Chemicals Division's Carbopath™ concept to integrate polycarbonate product processes into the system for a new chemical industry that uses CO₂ and waste as raw materials.

^{*6} Conducted a mock operation check as a preparatory step for actually supplying methanol fuel to vessels

Progress of Green Innovation Fund Projects

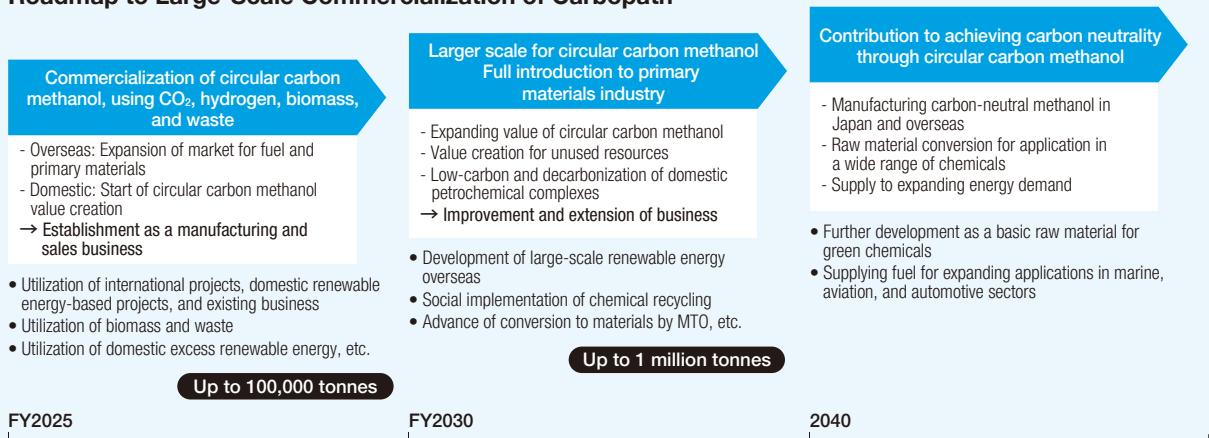
Synthesis of Methanol from CO₂

We are jointly developing a methanol synthesis process utilizing a separation membrane with Mitsubishi Chemical Corporation. We conducted acquisition of basic data using compact testing equipment, as well as process evaluation and cost and GHG emission estimations based on simulations. At the same time, we are proceeding with installation of benchmarking equipment.

Manufacturing Polycarbonates from CO₂

We achieved our target for GHG emissions reduction at the laboratory research stage and proceeded with work to install bench plant equipment to verify laboratory test results on a larger scale. In early November 2023, construction was completed at MGC's Tokyo Research Laboratory, and test operations were performed through the subsequent evaluation period. Currently, we are compiling and confirming results of bench plant verification in order to proceed to the next step of pilot testing.

Roadmap to Large-Scale Commercialization of Carbopath™



Carbon Neutrality Strategy

Solutions to Social Issues that Leverage MGC's Unique Management Resources

Responding to climate change and transitioning to sustainable energy are common issues for all of humanity. Countries and regions throughout the world are now testing social implementation of new technologies, such as the use of hydrogen, which does not emit CO₂ on combustion, and CCS.

The MGC Group is a manufacturer with over 70 years of accumulated technologies and production expertise for methanol, which is drawing attention as a fuel for ships and fuel cells. In addition, as the Company holds its own natural

gas fields, highly suitable for CCS, it has the physical resources, people, and technologies to demonstrate the means of realizing carbon neutrality. By strategically developing businesses using these resources, we aim to become a major leading player in resolving social issues.

In fiscal 2024, we changed the name of the Basic Chemicals Business Sector to the Green Energy & Chemicals Business Sector and established dedicated organizations for promoting this business to prepare for the expansion of markets involving carbon neutrality.

Main Products and Technologies Contributing to Carbon Neutrality

Managing department

	Green energy, raw materials for green materials	Promotion of circular carbon methanol Carbopath™	Green Energy & Chemicals
		Procurement of clean ammonia (fuel and raw material for green hydrogen)	
	Green fuel	Production and sale of ISCC PLUS-certified rDME*1	Green Energy & Chemicals
	Power generation business	Geothermal power generation	Green Energy & Chemicals
		High-efficiency LNG (gas turbine combined cycle) power generation	Green Energy & Chemicals
	Use of CO ₂ as a raw material	Development of technologies for manufacturing polycarbonates from CO ₂	Specialty Chemicals
	Improving operational efficiency	Development of optical polymer for use in sensing cameras for automobiles	Specialty Chemicals
	Research and development	Development of chemical recycling technology	Specialty Chemicals
		Solid-state battery (for EVs), fuel cell battery (for FCVs*2)	Research & Development
		Development of direct air capture (DAC) technology using special amines	Research & Development

*1 An abbreviation for “renewable DME,” referring to dimethyl ether produced using raw materials such as biomass and industrial waste

*2 Fuel cell vehicle

Focused Strategy

Establishment of a Dedicated Organization to Create Partnerships with Governments and the Private Sector and Promotion of Three Key Projects

Akio Hashimoto

Senior Executive Officer, Division Director of GEC Business Planning Division, Green Energy & Chemicals Business Sector



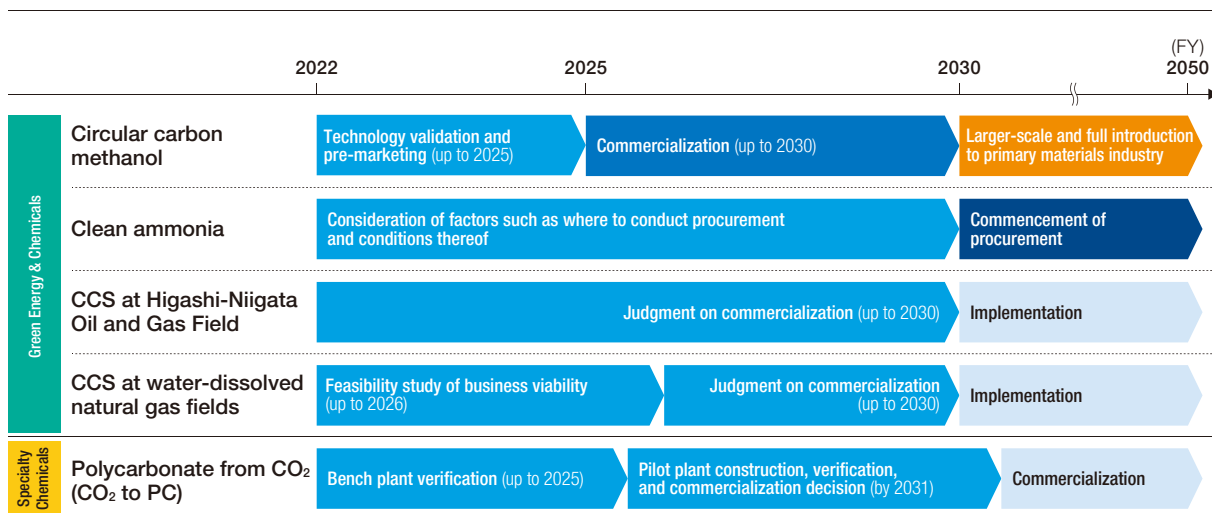
Carbon neutrality is a tremendous challenge that will not be achieved through the efforts of one company working alone. To begin with, compared with existing businesses that use fossil fuels, carbon-neutral products incur several times the cost during the manufacturing process. The market does not tolerate high-priced products, and there are no established numerical standards to indicate the value provided to customers. Therefore, we must work closely with government organizations, relevant local governments, and other companies. Moreover, within our business sector, it is also necessary to effectively manage the businesses that have been developed by each group and project, and ensure consistency in their strategies.

In light of this, the GEC Business Planning Division was newly established in fiscal 2024. The division makes

decisions regarding the direction of carbon neutrality-related businesses and allocation of relevant resources within business divisions, and also serves as a central contact point for both inside and outside the Company. Currently, the three core pillars for our business sector are building the Carbopath™ circular carbon platform, introducing clean ammonia, and implementing CCS. Multiple simultaneous projects are currently in progress for each pillar.

The government is also fully aware of the factors hindering the spread of these products, and has started designing frameworks and systems to support business. As one of the main players in this field, we are actively involved in the creation of these systems, resolving the issues before us and expanding business opportunities.

Roadmap for Implementing Carbon Neutrality Initiatives



Carbopath™ Initiatives

Progress and Outlook

The Carbopath™ circular carbon platform is making steady progress along its roadmap toward commercialization. In fiscal 2024, we started producing biomethanol using digester gas from sewage treatment plants. In fiscal 2026, we plan to start verification of methanol production using byproduct gases from steel manufacturing processes.

These initiatives entail several challenges: securing stable supplies of biomass-derived raw materials and renewable energy, enhancing public understanding, including among general consumers, and establishing related systems. However, over the medium to long term, we expect applications of Carbopath™ to expand steadily, making a significant contribution to the supply of green materials and carbon-neutral fuels.

Near-Term Demand and Specific Initiatives

In the near term, demand for Carbopath™ is expected to increase for marine fuel applications. In addition, for primary material applications, we are collaborating with companies in various industries that are leaders in GX*³ on efforts to create added value for products made from CO₂ and waste, and stimulate demand for them in the market. At the same time, we are also proceeding with verification of technologies for producing olefins, aromatic compounds, and aviation fuels from methanol.

Methanol is gaining increased attention as an efficient carrier for hydrogen transportation. Hydrogen has historically been widely used as a secondary raw material. At the same time, its potential for energy applications is increasingly being recognized, with demand expected to expand as the world moves toward realizing a hydrogen-based society. To establish a robust hydrogen supply system, various hydrogen carriers are being actively explored globally. MGC aims to leverage its accumulated technologies and expertise in hydrogen production from methanol and further enhance efforts to develop and create markets for hydrogen solutions utilizing methanol, which excels in both transportability and storability.

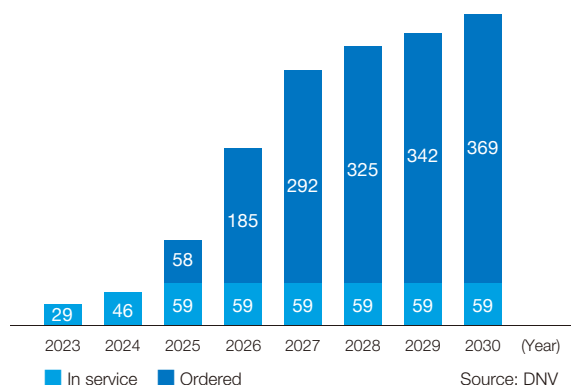
These initiatives are being strengthened through strategic collaborations with leading international companies, as announced in February 2025.

*3 An abbreviation for "green transformation," which refers to initiatives to reduce the environmental impact of business activities and realize a sustainable society

Creating a Market for Marine Methanol

In the shipping industry, the use of alternative fuels is gaining attention as a strategy to address growing demand for decarbonization. In response, the MGC Group is promoting the construction of a supply system for methanol as a fuel for ships. In September 2024, seven partners including MGC and Yokohama City conducted a bunkering simulation at the Port of Yokohama. The simulation confirmed the operations needed for ship-to-ship supply of methanol, and yielded various insights. These findings will serve as an important reference for building a methanol bunkering system in Japan. Using MGC's existing infrastructure and partnerships with fuel companies, we will strengthen market creation.

Number of Methanol-Fueled Ships



Examining Commercialization of CCS

The MGC Group has been examining options for commercialization of CCS, which is highly compatible with the natural gas exploration and development technologies that it has cultivated since its foundation. We have also participated in large-scale demonstration tests.

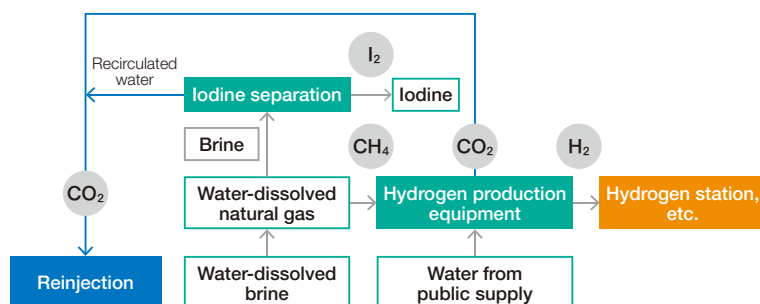
In 2024, we participated in advanced CCS projects selected by JOGMEC in Higashi-Niigata and offshore Sarawak in Malaysia. There is a water-dissolved natural gas field in the Higashi-Niigata area, and we are examining CCS and the production of blue hydrogen. CCS is usually carried out by compressing and injecting CO₂ underground in a supercritical state. However, in this project, the CO₂ is dissolved in water before injection. When operating in a

water-dissolved gas field, we prevent ground subsidence by pumping up formation water, separating natural gas and iodine from it, and then injecting it back under the ground. By dissolving CO₂ into this water, we can store it at low cost without the need for any new power for injection.

CCS is an essential technology for achieving carbon neutrality, and it has the potential for future expansion into a business such as a negative credit business^{*4}. MGC is currently working to develop CO₂ absorbents, and synergies can be expected.

^{*4} A business that captures CO₂ directly from the atmosphere or from biomass and injects it underground, then converts the amount of carbon reduction into credits.

Examination of CCS at Water-Dissolved Natural Gas Fields



Response to Climate Change Risks and Opportunities (Disclosure Based on TCFD Recommendations)

In May 2019, MGC announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We recognize that solving energy and climate change problems is an important challenge, and we are working to solve these issues from the perspectives of both climate change mitigation and adaptation. In March 2021, MGC announced a new objective for achieving carbon neutrality by 2050 with the goal of limiting the increase in average temperature to below 2°C. MGC encourages the development of energy systems to achieve carbon neutrality, while aiming to expand the range of products conducive to carbon neutrality.

Governance

Structure for Promoting Response to Climate Change

MGC deliberates and makes decisions on addressing climate change risks and other key sustainability issues through the Sustainability Promotion Council, chaired by the President and made up of directors. Important matters deliberated upon in the Sustainability Promotion Council are decided by the Board of Directors.

The participation of corporate sector heads in the Sustainability Promotion Committee, an advisory body to the Sustainability Promotion Council, ensures key sustainability issues are adequately deliberated and escalated to the Sustainability Promotion Council. Furthermore, to develop a response to climate change, MGC has established the Carbon Neutrality Promotion Technical Committee as an advisory body to the Sustainability Promotion Committee. Long-term objectives for reducing GHG emissions have been incorporated into the medium-term management plan, with management taking a leading role in their implementation.

Newly Incorporating Non-Financial (ESG) Indicators in the Director Compensation System

Annual compensation for the Company's directors includes performance-based compensation, which is decided based on factors such as actual results and degree of achievement in financial indicators (ordinary profit, ROE, ROIC, etc.). From fiscal 2025, however, non-financial environmental, social, and governance (ESG) indicators were also included as factors for consideration as an incentive to address key ESG issues.

Among the non-financial indicators, those related to climate change included "reduction rate of GHG emissions," encouraging directors to be more proactively involved in the materiality issue of "proactive response to environmental problems," and helping to promote sustainable management in response to stakeholders' expectations.

☞ For details, please refer to "Corporate Governance" on page 76.

Strategies

Physical Risks (River Flooding and Storm Surges)

Assumptions behind Scenario Analysis

- Evaluation points: 2030, 2050
- Scenario: Increased temperature 2°C scenario (global decarbonization proceeds, and the average temperature in 2100 rises 1.5–1.8°C above pre-industrial revolution average) 4°C scenario (the entire world does not introduce climate countermeasures, and the average temperature in 2100 rises 4.4°C above pre-industrial revolution average)
- Analysis subjects: 52 MGC Group sites in Japan and overseas

- The increased risk of weather disaster due to climate change is evaluated as the potential for damage to the Company's business sites based on published hazard information and material provided by external experts.
- Weather disasters subject to evaluation: river flooding and storm surges
- Main information used in screening evaluation to ascertain the potential for damage to business sites: Ministry of Land, Infrastructure, Transport and Tourism's "Web-Based Flood Simulation

Search System" and Fathom Global Flood Map

- Main information used for quantitative evaluation of companywide financial impact amount of climate change for business sites evaluated to have a high level of hazard under the screening results: evaluating organization's flood damage calculation model and the Ministry of Land, Infrastructure, Transport and Tourism's "Flood Control Economic Survey Manual (Draft)"

Impact of Increasing Weather Disasters Due to Global Warming on the Company's Business Sites

Type of weather disaster	Number of business sites evaluated as highly hazardous ^{*5}					Economic impact amount (Millions of yen) ^{*6}			
	Under current climate (Baseline)	2°C scenario		4°C scenario		2°C scenario		4°C scenario	
		2030	2050	2030	2050	2030	2050	2030	2050
River flooding	12	12	12	12	13	10	130	30	300
Storm surge	2	3	3	3	3	10	60	10	70

*5 Determination standard = Ministry of Land, Infrastructure, Transport and Tourism standard grade B and above

*6 Financial impact amount = Cumulative value of the sum of physical damage amount and opportunity loss amount from 2024 to the time of evaluation

Risk Management

Strengthening Business Continuity Plans for Physical Risks

The Company has identified priority issues (materiality) with regard to its environmental, social, and governance aspects. We are implementing risk management through companywide materiality management. We have identified one of the materiality issues, "proactive response to environmental problems," as having extremely high importance both to stakeholders and to the Company, and we are committed to addressing it proactively.

Under this scenario analysis, the result showed that the financial impact of climate change on the MGC Group is limited. Analyzing this result, we found that the reason is that the Group's business sites are generally not subject to high hazard risk due to the characteristics of their locations. However, we will conduct a more detailed analysis on the sites evaluated as highly hazardous as necessary going

forward, and also strengthen our business continuity planning (BCP), while proceeding with measures such as developing multiple manufacturing sites, optimizing raw material and product inventories throughout the supply chain, and reducing equipment stoppage risk.

To gain a quantitative understanding of climate change risks, in April 2021, MGC introduced an internal carbon pricing system. In capital investment plans involving an increase or decrease in CO₂ emissions, the cost or effect of applying and converting the internal carbon price (10,000 yen/Mt-CO₂ equivalent) will be used to help make investment decisions, and encourage the creation of technologies and products that promote CO₂ emissions reductions and contribute to building a low-carbon society.

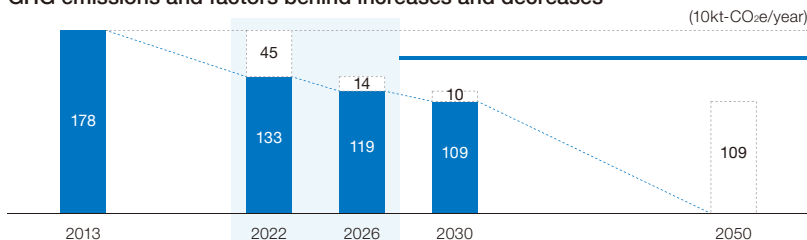
Metrics and Targets

Progress on MGC's Roadmap to Carbon Neutrality

The Group has set long-term targets for reducing GHG emissions with a view to achieving carbon neutrality in 2050. To achieve these targets, we have set GHG emissions as a KPI, and we will promote short-, medium-, and long-term measures to reduce emissions, including promotion of energy-saving activities, introduction of renewable energy, and the circular carbon methanol concept.

MGC's Roadmap to Carbon Neutrality (Entire MGC Group)

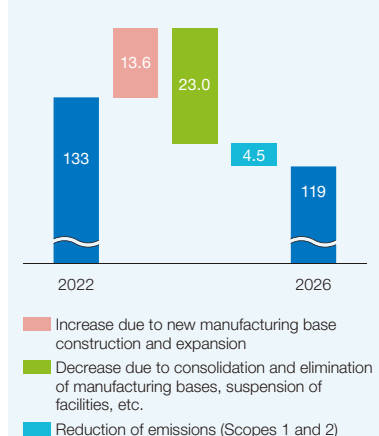
GHG emissions and factors behind increases and decreases



Period	2013-2022	2023-2026	2027-2030	2031-2050
Increase due to new manufacturing base construction and expansion		-13.6		
Decrease due to consolidation and elimination of manufacturing bases, suspension of facilities, etc.		23.0	2.6	46.9
Reduction in emissions due to R&D collaboration ^{*7}				
Reduction of emissions (Scope 1)	45.0	1.9	2.6	10.0
Upgrade to highly efficient facilities, energy savings		1.1	0.2	
Fuel change				
Reduction of emissions (Scope 2)		1.5	2.3	30.5
Introduction of renewables and use of transitional energy				
Collaboration with energy supply companies			2.4	21.6

*7 Deploy new energy systems/CCUS, etc.

Changes in emissions due to business portfolio reforms from 2022 to 2026



- Increase due to new manufacturing base construction and expansion
- Decrease due to consolidation and elimination of manufacturing bases, suspension of facilities, etc.
- Reduction of emissions (Scopes 1 and 2)



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^{*1} 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”	• 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)
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^{*2} 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

^{*2} 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.

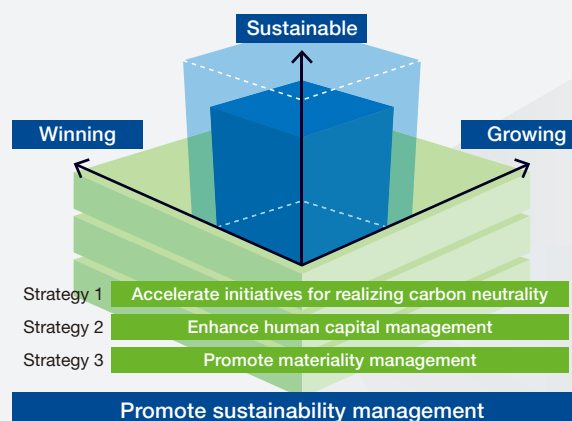
It is harder than ever to predict world trends, including US tariff policy, but we do not see our future environment as dark, because we have strong competitive advantages in the functions and quality of our core product groups, which differentiate us from competitors and allow costs to be transferred 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)

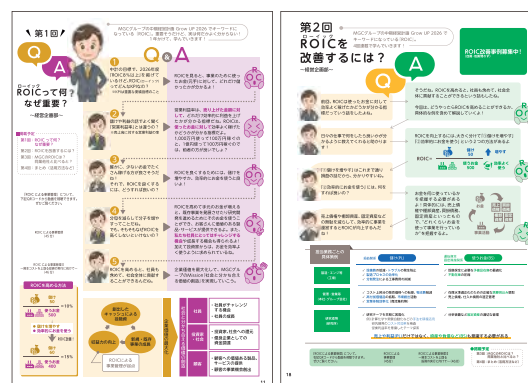
- Corporate finance, investment decisions considering cost of capital, etc.
- Open to all employees of MGC and Group companies (about 1,000 people participated)

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* ³	¥84.9 billion	¥97.3 billion	¥93.0 billion	¥150.0 billion
ROE	6.1%	6.9%	5.4%	9% or higher
ROIC* ⁴	3.3%	6.4%	4.2%	8% or higher

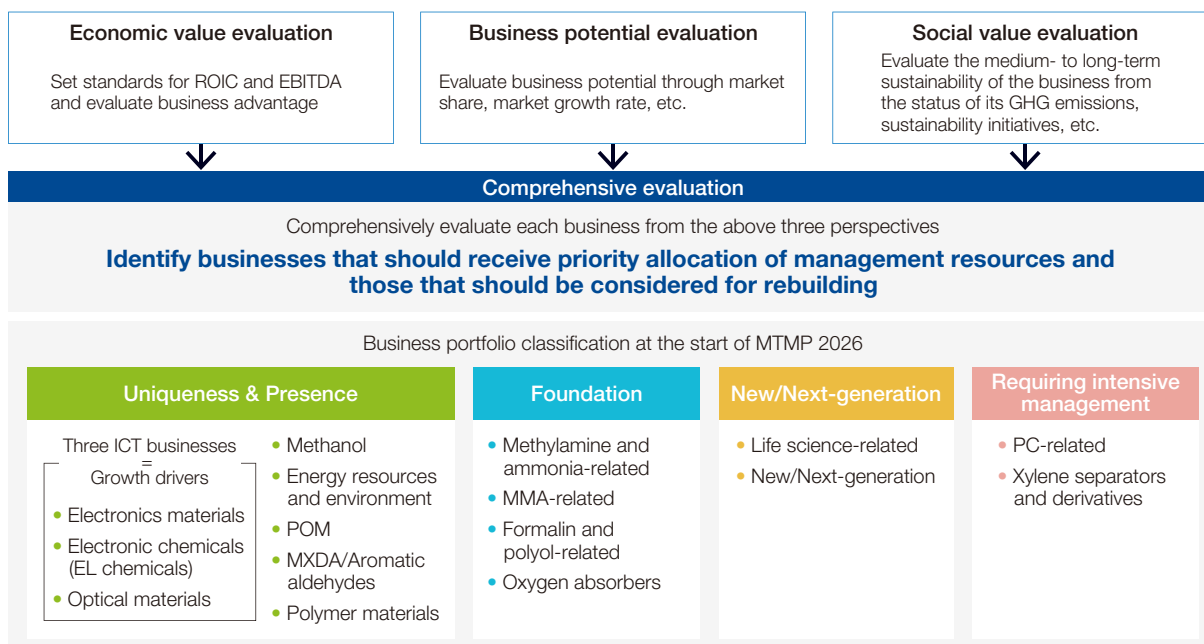
*³ EBITDA = ordinary profit + interest paid + depreciation and amortization

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

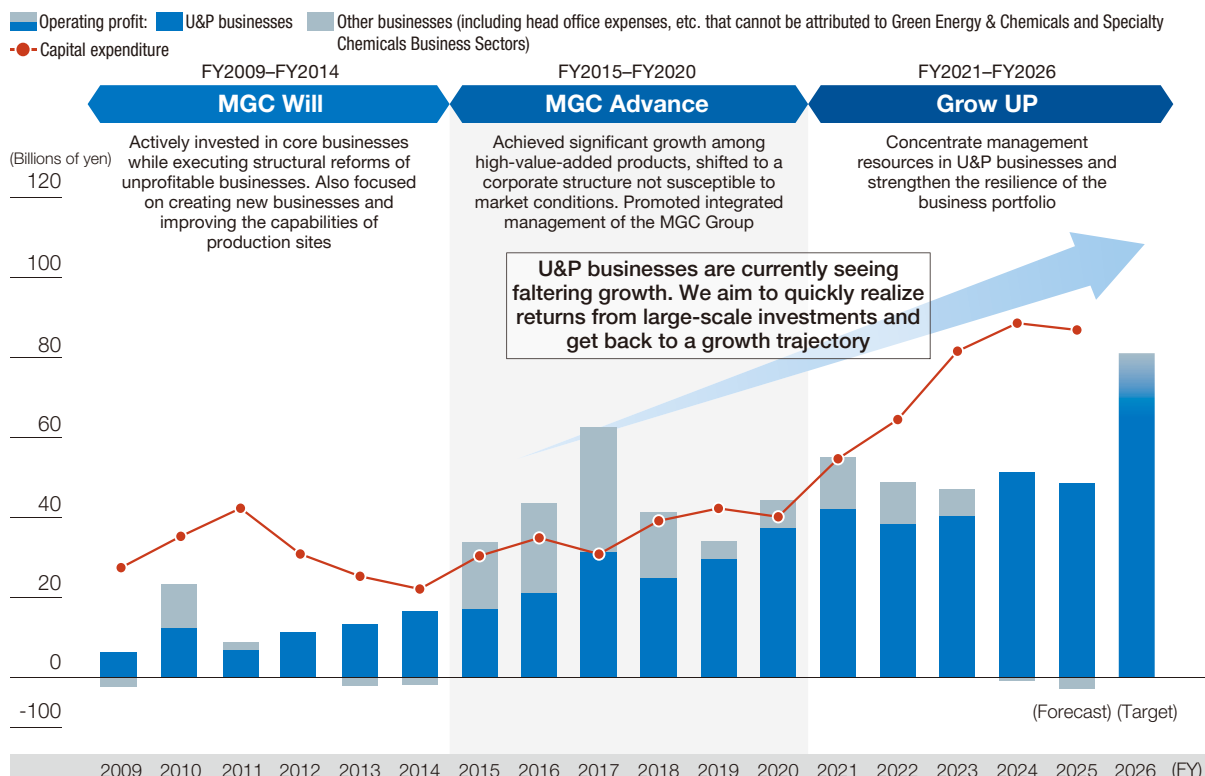
Objective 1: Strengthen the Resiliency of Our Business Portfolio

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

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

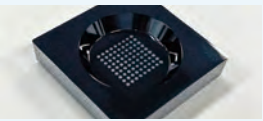


④

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)
 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. 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.	 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.	 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 Alerje, Inc. to create food allergy care solutions.	 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*⁵ based on a device developed by the University of Arizona.

*5 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

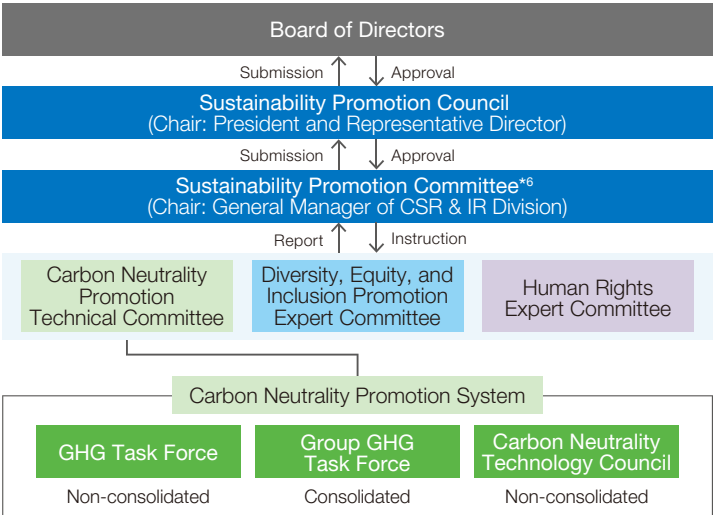
The Group has established the Sustainability Promotion Council as a body to deliberate and determine policies and measures that form the basis for sustainability management, such as identification and management of materiality, and receive reports on their implementation. The council is chaired by the 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



*6 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."	• Fall in share price due to decrease in future value • Decrease in demand for products due to changes in market needs • Shift in share of low-cost alternative materials • Existing product obsolescence	• Creation of new markets through diversification of market needs • Customer credibility backed by multiple industry standards • Expansion of portfolio of distinctive, differentiated products
	Promotion of innovative R&D	• Achieve a more resilient business portfolio • Create new businesses for achieving carbon neutrality • Promote R&D through use of DX technology	• Delay in achievement of a more resilient business portfolio • Failure to achieve carbon neutrality due to delay in business creation • Delay in creation of new products and businesses due to reduced competitiveness in R&D	• Promotion of a more resilient business portfolio • Creation of new markets through establishment of environmental solution businesses • Creation of new products and businesses through use of DX technology
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.	• Increase in risk of abnormal weather and natural disasters due to climate change • Reputational risks regarding environmental protection	• Development of CCUS (particularly CCS) and CO₂-based methanol and polycarbonate businesses and development of chemicals that use CO₂ • Commercial development of ammonia as a hydrogen carrier and CO₂-free fuel
	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	• Acquisition and cross-company deployment of energy-saving technologies • Advancement in utilization of digital technologies
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	• Strengthened foundation for creating innovation • Improved employee engagement
	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.	• Boycotts on purchasing products and services due to human rights infringement • Decline in evaluation as a recipient of investment • Potential for elimination as an investment candidate or withdrawal of investment	• Contribution to realization of a sustainable economy and society • Maintenance and securing of trust from society • Maintenance and increase in corporate value • Recruitment and retention of talented human resources
	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.	• Recurrence of similar disasters and problems • Loss of societal trust due to accidents or scandals	• Nurturing of a culture of safety • Accumulation of expertise in preventive maintenance
	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.	• Loss of business opportunities due to non-compliance with chemical regulations in each country • Loss of societal trust due to inaccurate data handling and shipping of inappropriate products	• Enhancement of business profitability through proper compliance with laws and regulations • Enhancement of customer satisfaction and societal trust in the entire Company and Group companies
	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	• Establishment of a stable management foundation by improving decision-making transparency and responding appropriately to change • Gaining of stakeholder trust

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	- Strengthened allocation of resources to growth target areas (ICT, mobility, medical/food) - Strengthened exploration of themes aimed at promising new products and business creation - Started a DX Promotion Working Group centered on a DX technology exchange among the MGC Group	○	- Revise strategic research areas as needed and continue strengthening resource allocation - Create and utilize an exploration field map indicating promising areas - Promote the utilization of DX by increasing the percentage of DX human resources among research personnel	
E	Proactive response to environmental problems	- Promoted businesses contributing to the reduction of GHG emissions (CCS, Carbopath™, etc.) - Improved percentage of implementation of renewable energy	○	Promotion of reduction in GHG emissions according to MGC's Roadmap to Carbon Neutrality	
		- Confirmed the importance of waste reduction, reuse, and recycling at MGC Group companies - Promoted river and harbor cleanup activities and greening activities around locations in Japan - Conducted water risk and stress assessments, water being an important resource for manufacturing chemicals	○	- Promote waste reduction, reuse, and recycling across the entire MGC Group, and strengthen support for Group companies - Conduct risk management for sustainable use of water resources and promote water reuse	
	Highly energy- and resource-efficient production	- Promoted resource and energy conservation through improvements in manufacturing plant control, etc. - Expanded the use of raw materials derived from ingredients with a low environmental impact to improve the sustainability of raw material supply	○	- Enhance information management at production sites through DX technology, and promote more stable and safer production activities - Expand further use of raw materials derived from ingredients with a low environmental impact	
S	Cultivating a corporate culture of job satisfaction	- Identified issues in each organization through a work satisfaction survey and considering future measures - 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	○	- Cultivate and visualize a culture in which the Company values the human resources that it has developed - Design systems suitable for an era of contributing to increased engagement by examining various personnel systems (including welfare)	
	Promotion of diversity and inclusion	- Implemented mid-career recruitment with expanded targets to attract diverse personnel - Launched a network targeting mid-career retirees - Implemented strategy training and internal exchanges utilizing MGC Commons	○	- Continue diversification of recruitment - Create opportunities for interaction between different departments and offices through internal events, training, etc., and implement awareness-raising activities	
	Respect for human rights	- Conducted human rights briefings and surveys for consolidated subsidiaries - Provided education on business and human rights to employees of the Company and consolidated subsidiaries	○	- Promote awareness and understanding of our Human Rights Principle within and outside the Group - Promote identification of human rights issues and implement impact assessment and response measures - Handle reports to the Human Rights Hotline	
	Ensuring occupational safety and health/process safety and disaster prevention	- Promoted risk extraction and identification of existing facilities using HAZOP for disaster prevention - Continued companywide safety activities such as "LINK" and engaged in dialogue through exchanges of opinions with partner companies	○	- Confirm the implementation status of 2026 targets for RC activity plans for Group companies and promote support for their achievement - Expand "LINK" activities, and promote the sharing of issues and consideration of countermeasures with partner companies	
	Chemical/product quality and safety assurance	- Provided education and support for domestic subsidiaries through Environment and Safety Council activities and various audits, and shared the Company's examples - Promoted quality assurance activities (Q-MGC) conducted companywide and throughout the Group	△	- Continue to provide training and support to domestic subsidiaries, and promote the establishment and systemization of management systems - Promote quality risk reduction through Q-MGC activities	
	Promotion of socially responsible sourcing	- Conducted surveys on CSR procurement for business partners and requested their agreement to CSR procurement guidelines - Provided explanations on CSR procurement activities to consolidated subsidiaries	○	- Continue to engage in dialogue with business partners based on the results of surveys on CSR procurement - Request consolidated subsidiaries to conduct CSR procurement activities	
G	Strengthening governance and internal control/risk management/compliance	- Held briefings on the general condition of key subsidiaries for outside directors and Audit & Supervisory Board members - Promoted more active discussion in the Board of Directors - Strengthened the compliance education system	○	- Increase the effectiveness of the Board of Directors - Strengthen compliance education	

*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* ¹	●	●	●	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* ²	●	●	●	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* ³	●	●	●	1.1%	1.2%	1.0%	Environment Safety & Quality Assurance Division	 12.5  13.3  14.1  14.3
	Energy usage reduction rate* ⁴ (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%* ⁵	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  8.5
	Respect for human rights	●	●	●	—* ⁶	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* ⁷ , serious accidents* ⁸	●	●	●	4	0	0	Environment Safety & Quality Assurance Division	 3.9  8.5  11.6  12.4  13.3
	Product liability incidents, serious* ⁹ legal and regulatory violations, serious* ⁹ 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

*⁶ Make planned progress in accordance with the Human Rights Due Diligence Action Plan

*⁷ 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

*⁸ 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

*⁹ 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
Human rights policies and systems	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 • Briefings for consolidated subsidiaries • Human rights e-learning • Human rights study sessions		
Human rights due diligence	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	
Complaint handling mechanism	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)^{*10} 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^{*11}. 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.

^{*10} An international initiative established to develop a framework for nature-related risk management and information disclosure by companies and organizations

^{*11} 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

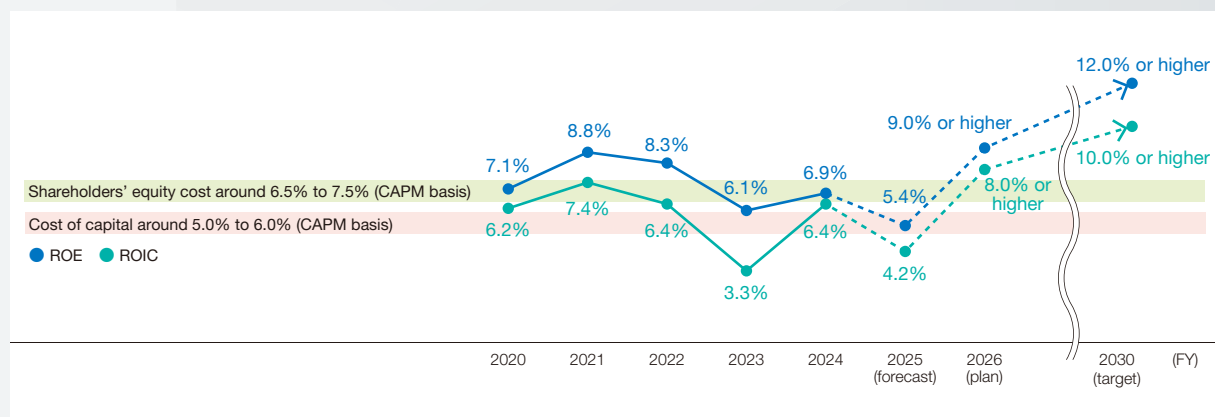
As a corporate sector director, I make a habit of managing with a sense of balance. In business, we encounter many seemingly opposing values: social value vs. economic value, short-term view vs. long-term view, quantity vs. quality, and investment for growth vs. shareholder returns. Any pair is not necessarily 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

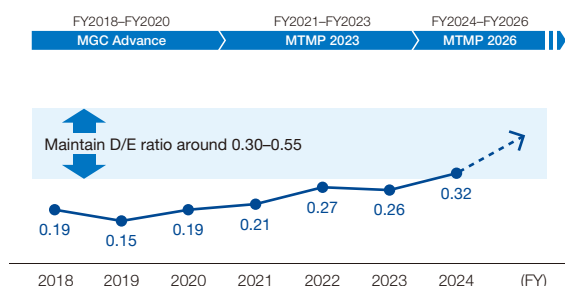
with financial health, targeting a D/E ratio between 0.30 (financial health) and 0.55 (capital efficiency). The focus of our financial strategy will be building financial muscle using financial leverage. Our management priority going forward will be on increasing corporate value by reducing cost of capital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

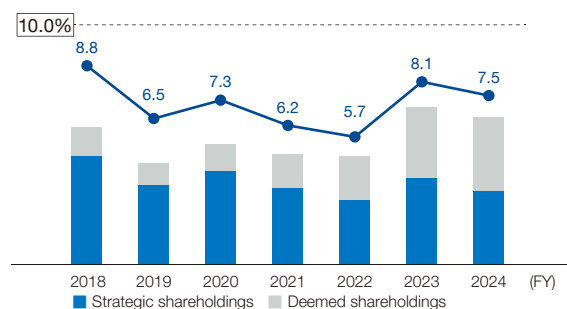
Trends in the D/E Ratio (Multiple)



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^{*1}

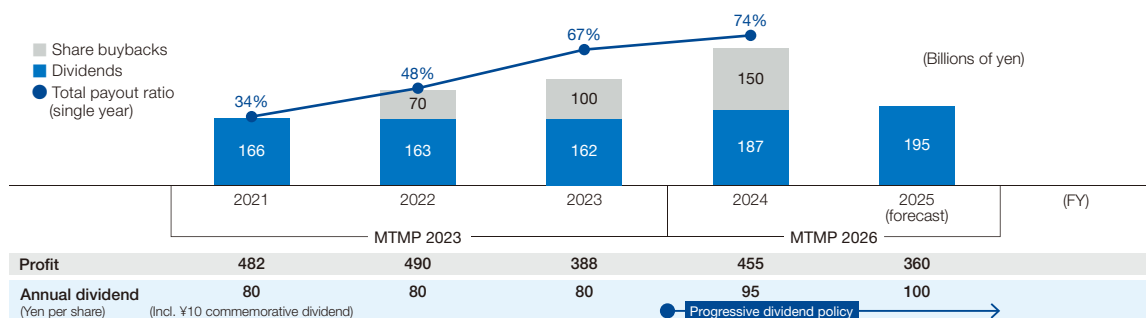
^{*1} Based on actual results. Includes partial sale of some shareholdings and sale of deemed shareholdings

Investment and Financing under MTMP 2026



Continue Enactment of Proactive Shareholder Returns

- Strengthen shareholder returns in MTMP 2026 by adopting a progressive dividend policy^{*2} and increasing the total payout ratio^{*3}
- DOE^{*4} 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^{*5}
- The annual dividend for FY2025 is expected to be ¥100 per share (an increase of ¥5 per share on an ordinary dividend basis)



^{*2} Covers the three-year period of MTMP 2026. In principle, no reduction—either increase or maintain

^{*3} Increase medium-term target from 40% to 50%

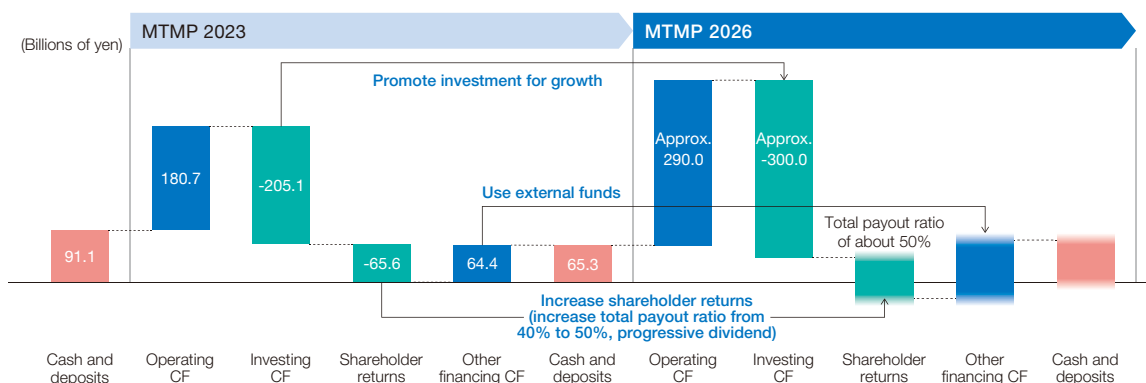
^{*4} 2.83% in fiscal 2024 (actual), 2.90% in fiscal 2025 (forecast)

^{*5} 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

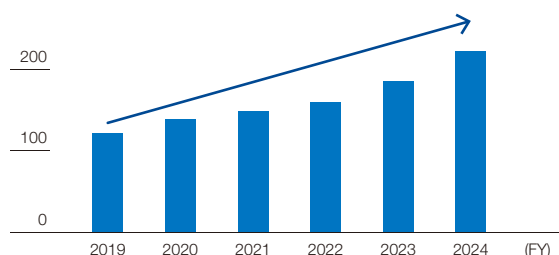
- Projected total of investment and loans (investing cash flow) during the period of MTMP 2026 of about ¥300.0 billion
- Actively use external funds in strategic investments leading to growth (including R&D and ESG) and enhance shareholder returns in addition to operating cash flow



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



Research and Development Strategy

Review by the Director in Charge

We value diversity in our technologies and personnel for making us more adaptable to rapid change and capable of creating new businesses

Tomoyuki Azuma

Director, Managing Executive Officer
Responsible for Research & Development,
in charge of Intellectual Infrastructure



Reinforcing Our R&D Base with an Eye to the Future

In April 2020, the MGC Group undertook structural reforms to unify research organizations that were formerly attached to various divisions under the Research & Development Division, which manages Group R&D operations and distributes resources to over 100 research themes, with maximal results in mind. Over the past five years or so, we have been seeing a new system for more effective distribution of management resources and smoother information-sharing taking root across the Company.

Before assuming my current post, I was in charge of developing new products and applications for existing products in the Inorganic Chemicals Division, and later, in the Electronics Materials Division, I supported the development of new products and applications. Appropriately suggesting new products and upgrades of existing products to meet customer needs ahead of our competitors on the front lines of each business could immediately support profit, but it could also delay exploration of long-term themes and preparations to

shield us from potentially destructive innovation. To overcome the difficulty of achieving both short-term organic results and longer-term inorganic growth, it is important that the Research & Development Division take initiative in envisioning the future of each business, maintaining close ties with the respective divisions.

In January 2025, we reorganized the Research & Development Division to better support comprehensive R&D operations, from exploration of research subjects to setting strategic themes and creating new businesses from them, backcasting from our vision for an ideal future society. Under the new system, which unifies the exploratory function of R&D with the formation of business prospects, we are creating businesses that will contribute to the infrastructure of future society. Because it takes time for new businesses to start contributing to profit, as new businesses are sprouting one after another within our research organizations, I think it is important to carefully cultivate these young seedlings to enhance our business portfolio.

Promoting Diversity in Technology and Personnel for Emerging Innovation

We believe the key to successful execution of a research strategy is enabling innovation to emerge. While it is obviously important to respond quickly to technological challenges presented by our customers, if our solutions can be reproduced by our competitors given enough time, sooner or later we will lose that competitive advantage. Therefore, it is vitally important that we routinely sharpen our technological skills to encourage the emergence of innovation, so we can create unique molecular designs and synthetic and cultivation processes that no other company can copy, and visualize mass production using processes where we have the edge. In doing so, we increase our potential to quickly commercialize products that only MGC can offer as potential customer needs surface in the near future. Examples of such products are BT resin, which sustains the evolution of electronic devices, and ultra-pure hydrogen peroxide, which we marketed worldwide in the dawn of the semiconductor industry, anticipating customer needs. For those products, we refined technological seeds before markets appeared

and put our innovation power into practice, working to transform the world. In addition, as technology evolves and times change, previously low-profile products can be reevaluated positively. A case in point is the OPE low-dielectric resin we introduced in 2013. It had limited applications in the beginning, but with advances in telecom infrastructure and the spread of AI servers, its properties were reevaluated and demand for it is rising as a material for multilayer substrates.

I have been involved in the chemical industry for many years, and I strongly feel the complexity of the causes of various social issues. We are facing problems that lack clear solutions. That is why we have to maintain the diversity of our businesses and technologies. While that is a strength of the MGC Group, I know we have to promote the mobility and diversity of human resources going forward. We are working to further expand diversity by collaborating with academia and venture businesses, without insisting on doing everything on our own, to create seeds for future products.

Research and Development Strategy under MTMP 2026

Under the current medium-term management plan (MTMP 2026), we have identified MGC's strategic research areas for strengthening the resiliency of our business portfolio. We will focus on three target areas: mobility, ICT, and medical/food, due to their market growth potential and suitability for MGC. For each of the three areas, we will concentrate our investment of R&D resources by zeroing in on priority focus themes such as new BT laminate materials, new semiconductor cleaning solutions, OXYCAPT™, solid electrolytes, and continuous carbon fiber composite material.

Another objective of MTMP 2026 is to promote sustainability management. In pursuing this, we have added sustainability to the three target areas above, and we will also generously allocate R&D resources on research themes that can contribute to resolving the issue of climate change. We have set the following materiality KPIs for our fiscal 2030 targets: percentage of R&D cost contributing to increased resilience of business portfolio, percentage of research personnel contributing to solving climate change issues, and percentage of DX human resources among research personnel. We review our progress on these KPIs regularly. Moreover, continuing the approach of our previous medium-term management plan (MTMP 2023), we will score all research themes based on an objective standard to allocate resources to promising themes and build a strong core of U&P businesses.

In January 2025, following a companywide review of the three target areas and climate change-related themes, the organization within the Research & Development Division responsible for creating and developing new businesses was reorganized by business domain to enable seamless execution from strategy formulation through to business development. This resulted in two groups: the ICT・Mobility・Sustainability Department and the Health Technology & Solution Department. Under this

organizational structure, we will accelerate the creation and development of new businesses, and generate new U&P businesses that are "Growing," "Winning," and "Sustainable."

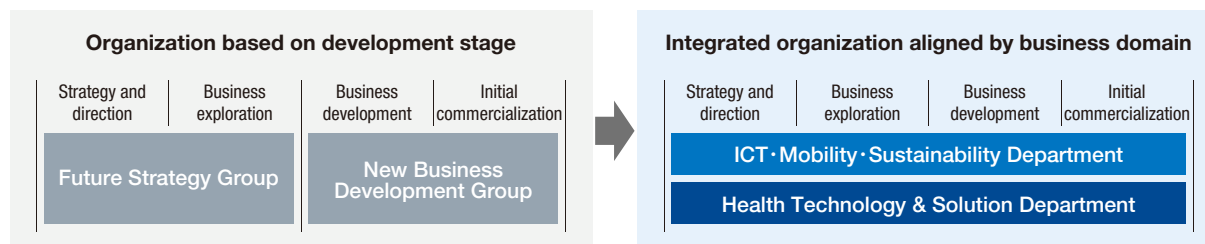
Cross-Functional Role of the Research & Development Division

To expand the lineup of core products in the U&P businesses, the Research & Development Division plays a cross-functional role, coordinating across the business divisions, itself (as Corporate R&D), and the Group companies, to propose new research themes and promote collaborative initiatives aimed at enhancing the product value of current research themes. Examples of such cross-functional activities include organizing the MGC Group Poster Presentation, in which MGC Group companies come together in one place to present overviews of their research and individual R&D results, and Mutual Observation Tours between Group companies. Collaboration between the companies has proven effective in areas such as increasing the speed of research, discovering projects that promise to add higher value, and invigorating interaction among research personnel.

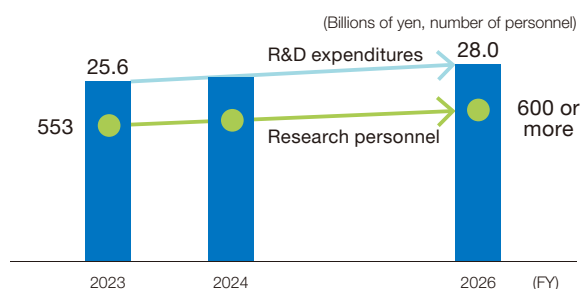


The First MGC Group Poster Presentation

Review of Organization for New Business Creation and Development

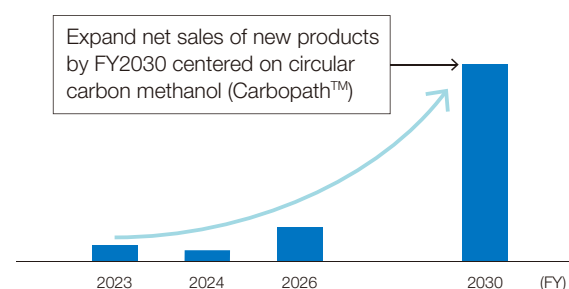


R&D Expenditures and Research Personnel*1



*1 Excluding Group companies

Net New-Product Sales*2



*2 Net sales of products launched within the past five years as of FY2024 and products scheduled for launch in FY2024 onward

DX Initiatives in Research and Development Activities

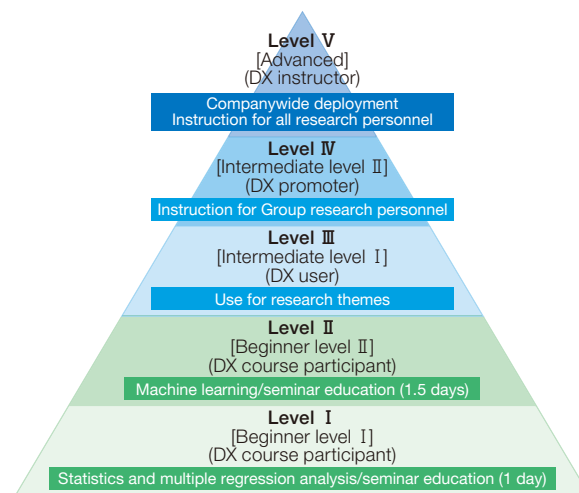
The Group is aiming to increase productivity across R&D activities in general by promoting DX. We started by launching a specialist team for DX analysis in 2021, and introducing a supercomputer. In fiscal 2024, while expanding the DX team, we installed an additional supercomputer to augment our capability. These initiatives have achieved outstanding results such as prediction of material properties using computational chemistry and analysis of synthetic reactions. In addition, using our in-house developed machine learning tool, MLAB, we have been able to dramatically speed up research activities by estimating optimal molecular structures, raw material compositions, and manufacturing conditions.

To enable all researchers to become proficient in using these DX-related technologies spearheaded by our specialist team, including researchers at our plants and Group companies, we are promoting level-specific education and use of the technology in actual research through on-the-job training. Specifically, we are conducting level-specific education, having classified five DX technology levels, I to V. By fiscal 2030, we are aiming to have 80% of all research personnel reach at least Level I DX personnel status.

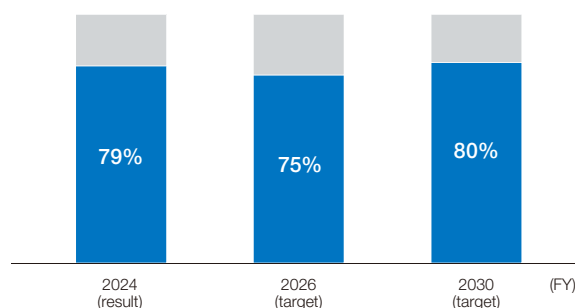
In fiscal 2024, the number of on-the-job type practical training projects increased, and we saw further advances with DX applied outside of the R&D area, for example in the production divisions of plants. At the MGC Group DX Technical Exchange Meeting, participants share these kinds of examples, helping to promote awareness of how DX can be applied effectively. The MLAB machine learning tool is to be deployed in Group companies from fiscal 2025.

Looking ahead, we aim to achieve routine use of DX technologies by all research personnel, so that they can proactively use digital technology to transform R&D. Our

first step is to establish a next-generation R&D approach that is accelerated by applying DX technologies before experiments to narrow down experiment conditions.



Percentage of DX Human Resources among Research Personnel (Level I Equivalent)



Employee Comments

In-House Development of the MLAB Machine Learning Tool

The MLAB machine learning tool was developed by the DX team that was launched in 2021. The tool is used to streamline the experimental process for molecular design and material development, which involves an enormous amount of trial and error. Research can be dramatically accelerated by using MLAB to predict experiment results in advance and narrow down experiment conditions. MLAB is equipped with specialized functions for chemistry that are not offered in commercially available tools. It is designed especially to enable simple and intuitive operation, even without knowledge of data analysis or programming. Another key feature is that researchers can use their own data to build a machine learning model that will deliver highly accurate predictions. We have created a powerful tool that can be applied across a wide range of research themes in the chemical industry.

MLAB was unveiled internally in August 2023. It proved immediately popular with many research personnel, who

found the tool to be exactly what they had hoped it would be. Following its announcement, a flurry of analysis activity using MLAB was seen in various laboratory and plant divisions, where it has already produced tangible results. I myself am striving to improve my analysis technique using computational chemistry and data science so that I can help to establish analysis technology as a foundational technology across the Group and further contribute to data-driven R&D.



Tatsunobu Ogata
Research Manager,
Tokyo Research
Laboratory

Intellectual Property Strategy

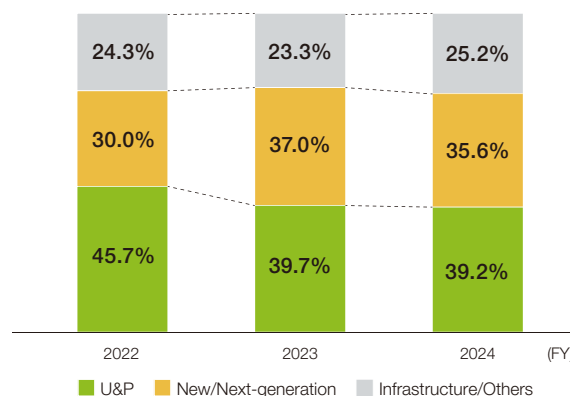
Intellectual property strategy is particularly important for chemical manufacturers pursuing sustainable growth. Acquiring patents, trademarks, and other intellectual property rights for new compounds, materials, manufacturing processes, and applications and analyzing information are core functions supporting innovation and growth. With the aim of creating intellectual properties based on the results of ongoing R&D activities, the Intellectual Infrastructure Center works to formulate intellectual property strategies aligned to the external environment surrounding research themes and their development stage. It also files patent applications and acquires patents based on the strategy, and conducts information analysis using an IP landscape. For example, over 70% of the patent applications were related to U&P businesses and new/next-generation businesses, showing that the results of R&D in the Company's focus areas are being relayed into the creation of a large number of intellectual properties, strengthening our competitive advantage. By further advancing the use of an intellectual property management system that utilizes digital technology, we will work to transition to data-driven intellectual property operations.

In our IP landscape, which combines external and internal information, we aim to propose R&D, business and management, and intellectual property strategies. One way we can utilize this is by taking an overview that combines external information on patents, documents, and public releases collected by AI, and internal information on intellectual property, R&D, and sales. This enables us to match social needs with the Company's unique technologies and resources (seeds). We are using this in analysis of technology trends in the field, analysis of potential competition, analysis of likely customers, and for discovering new applications for existing products.

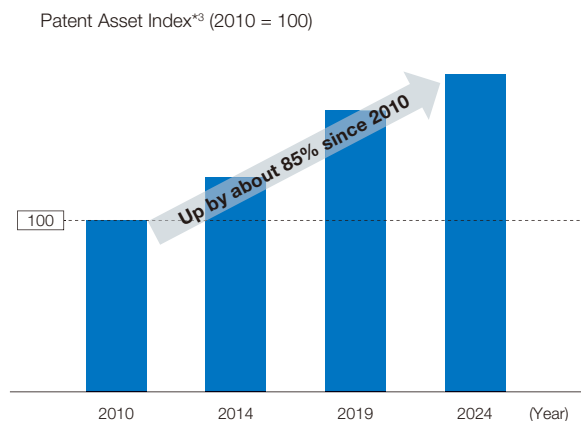
In this way, we are expanding the use of this system to business divisions as well. As an IP landscape initiative, we implemented a project to explore new R&D themes with members from other divisions, incorporating fresh perspectives beyond business sites and divisions into the proposal of R&D strategies. The objectives of IP landscape analysis have shifted from "trend surveys" to "strategic analysis," aiming to address the IP landscape in terms of strategies for R&D, business, and IP.

In this way, the Intellectual Infrastructure Center plays the role of a corporate division in that it also functions as a hub bringing together various business divisions, human resources, and businesses. We will look to promote the IP landscape inside the Company and provide a concrete demonstration of its effectiveness with the aim of seeing it used as a familiar tool to test employees' ideas and hypotheses.

Ratio of Patent Applications (Non-consolidated)

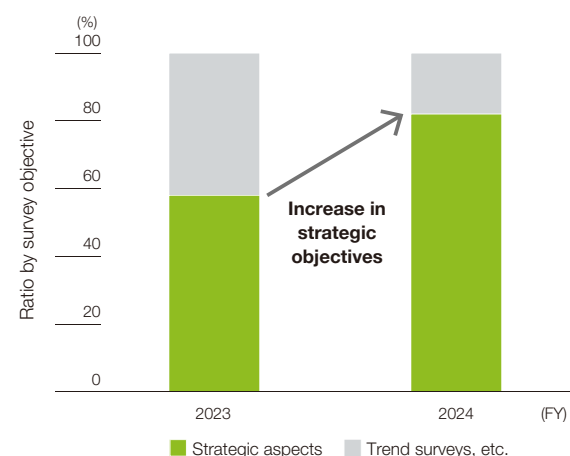


Trend in Total Patent Value of the Group



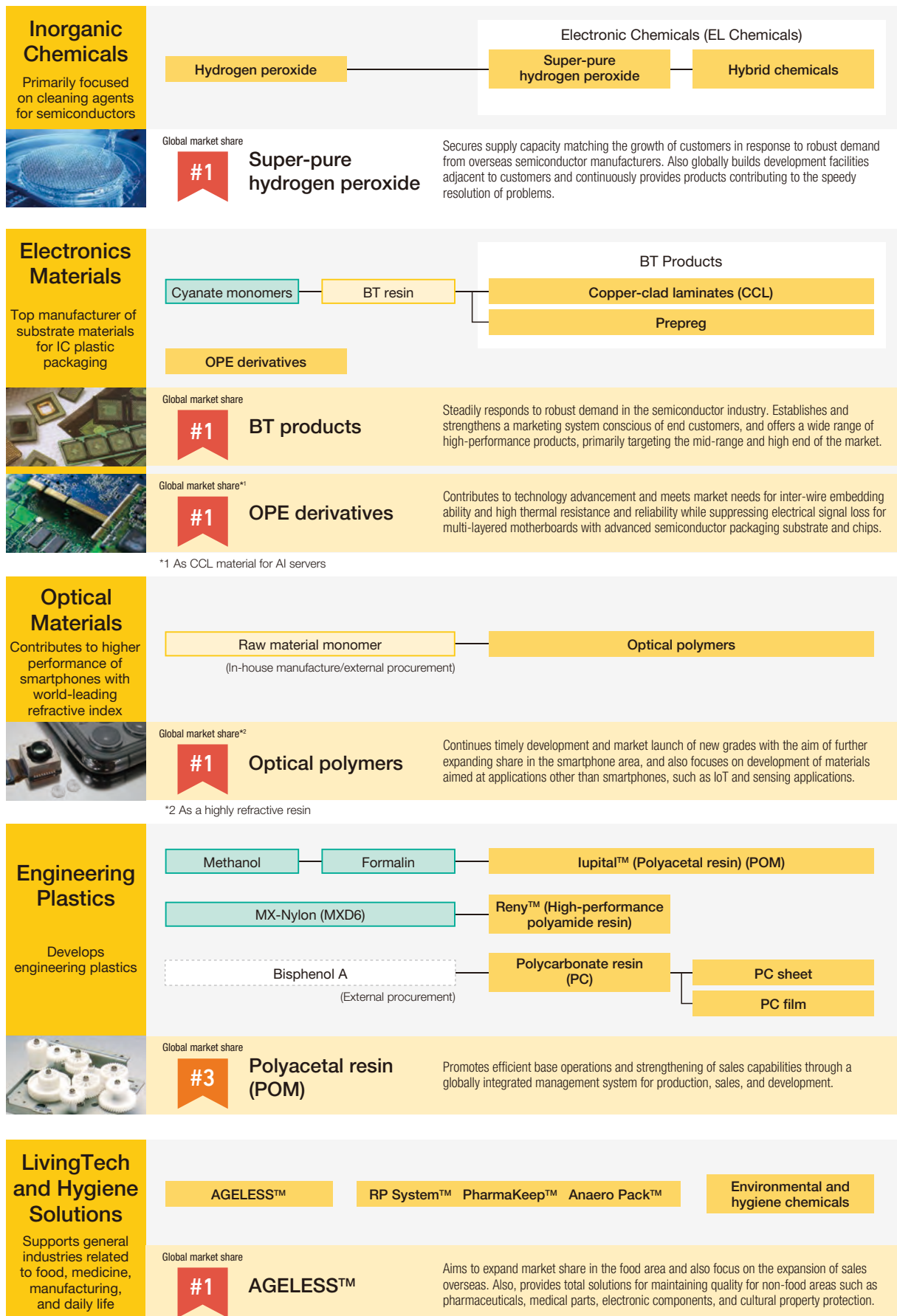
^{*3} An index that visualizes the technological strength and influence of an applied patent in global terms, obtained by objectively evaluating quality (value based on how often the subject patent is cited worldwide) and quantity (number of applications)
Source: H. Ernst and N. Omland, World Patent Information, vol. 33, pp. 34-41 (2011)

IP Landscape Survey Objectives

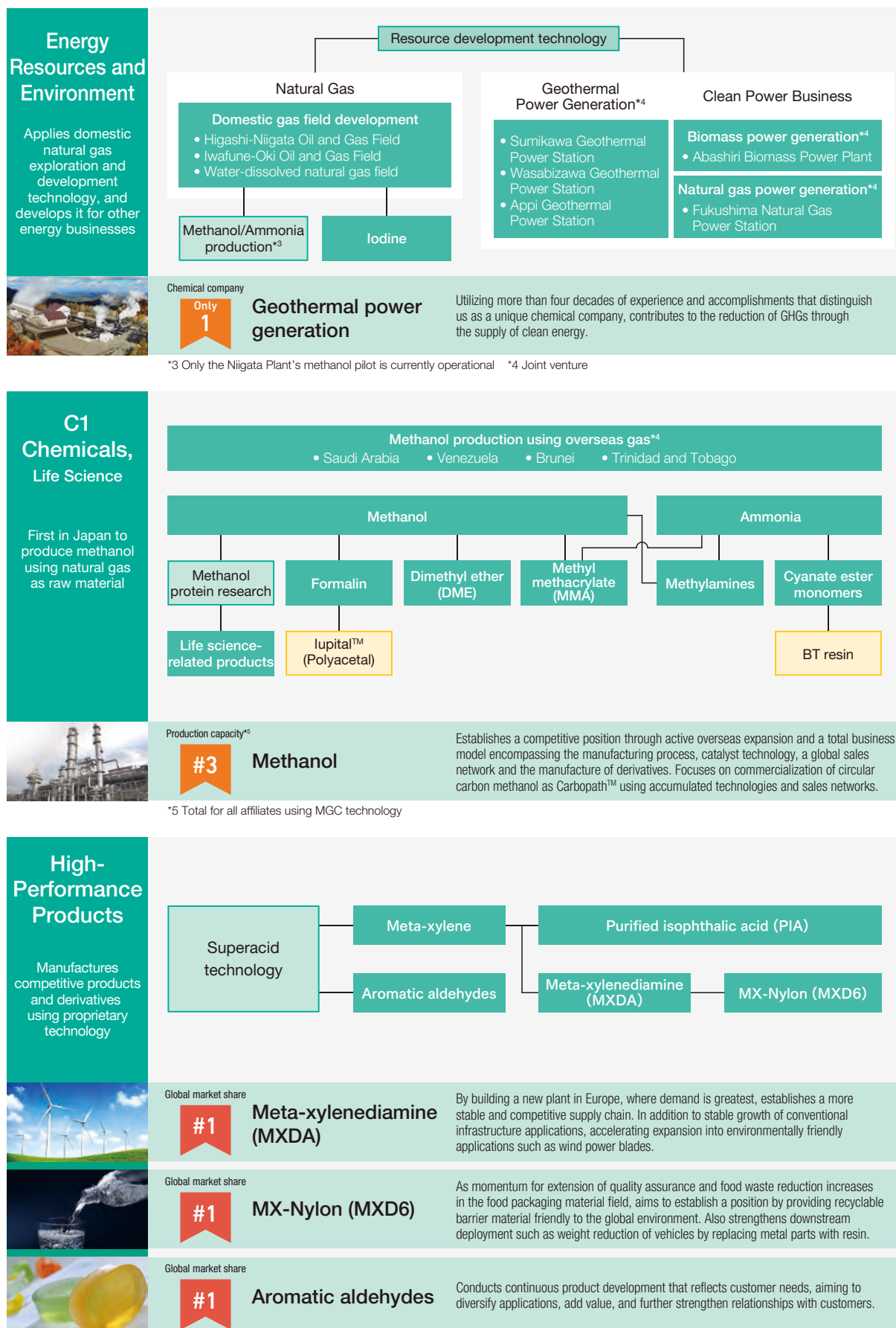


Business Operations and Main Products

Specialty Chemicals



Green Energy & Chemicals



Specialty Chemicals Business Strategy

Review by the Director in Charge

We will grow our earning capacity by providing new solutions that increase customer value and by enhancing quality

Ryozo Yamaguchi

Director, Senior Managing Executive Officer
In charge of Specialty Chemicals Business Sector



Focusing on Enhancing Quality over the Three-Year Period

Fiscal 2024 was the first year of the current medium-term management plan (MTMP 2026), and we achieved both our sales and profit targets atop overall firm demand. However, these results also appear somewhat inflated due to the yen's depreciation, so we cannot afford to be complacent.

The three ICT businesses, which are our growth drivers, showed steady growth in sales volumes as semiconductor demand entered a recovery phase after a period of weakness. However, performance related to EL chemicals was inconsistent, varying by region or customer, and ultimately fell below our expectations.

Meanwhile, looking at the overall business sector from a strategic standpoint, we have clearly identified our key focus for the three-year period as enhancing quality. Realizing quality that will support the advancement of the ICT domain going forward is essential to achieving our targets. Taking EL chemicals as an example, quality in this case refers to product purity. For BT materials, it means problem-solving capabilities that can meet customer needs. For optical materials, quality hinges on

the combination of strengths in pursuing functions that anticipate customer needs and solving problems.

We will approach this key focus on enhancing quality by accelerating our initiatives addressing individual challenges over the remaining two years. The segment has businesses that require upfront investment and businesses that develop in response to actual demand. Looking just at the three ICT businesses, there are differences between each in terms of their speed and potential for growth. I see it as my job to skillfully manage them and steadily grow each business.

The polycarbonate business requires intensive management. Two years on from the reorganization of Mitsubishi Engineering-Plastics Corporation, its joint activities with MGC under the Business Optimization Task Force have reached a natural conclusion. In fiscal 2025 also, we will undertake structural reforms and focus on optimizing business to deliver economic effects. Looking ahead, we will adjust production scale in line with demand while aiming to supply more products of high added value.

Utilizing Information, Technology, and Human Resources in line with the U&P Strategy

To really embody the “Uniqueness” that the Company is aiming to achieve, we must first establish a beneficial cycle of continuously building trust and deeper dialogue with customers, then creating distinctive products that accurately reflect their needs. When this cycle is recognized as our “Presence” —the other axis of this strategy—we will be able to promote the identification and development of new domains where markets of at least a certain scale can be expected, and develop global businesses with a sense of presence that underpins our earning capacity.

Based on this understanding, the Specialty Chemicals Business Sector is currently promoting the interaction of information, technology, and human resources across Group companies, regions, and

divisions. In particular, we are focusing on activities that will help to enhance our technologies and quality. We will continue to expand our market share by making new proposals to increase customer value and offering upgraded products, while establishing efficient manufacturing methods to increase cost competitiveness and earning capacity.

In April 2025, we merged the oxygen absorbers business with the environmental and hygiene chemicals business operated by the Inorganic Chemicals Division, and reorganized them into the LivingTech and Hygiene Solutions (LHS) Division. Our aim is to drive further evolution of our offerings to customers while generating synergies between existing products through the provision of solutions.

Basic Information

Business lines:

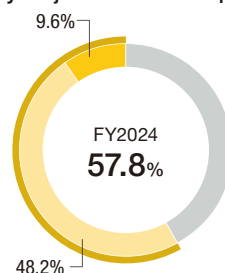
Inorganic chemicals, engineering plastics, optical materials, electronics materials, oxygen absorbers

Major Group companies:

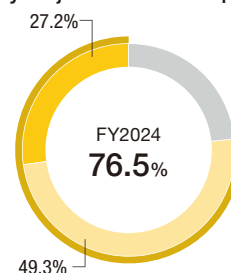
TAIXING MGC LINGSU CO., LTD., SAMYOUNG PURE CHEMICALS CO., LTD., MGC PURE CHEMICALS AMERICA, INC., MGC PURE CHEMICALS SINGAPORE PTE. LTD., MGC PURE CHEMICALS TAIWAN, INC., MGC Filsheet Co., Ltd., Global Polyacetal Co., Ltd., THAI POLYACETAL CO., LTD., KOREA POLYACETAL CO., LTD., MITSUBISHI GAS CHEMICAL ENGINEERING-PLASTICS (SHANGHAI) CO., LTD., Mitsubishi Gas Chemical Trading, Inc., MITSUBISHI GAS CHEMICAL SINGAPORE PTE. LTD., MITSUBISHI GAS CHEMICAL AMERICA, INC., MGC Electrotechno Co., Ltd., MGC ELECTROTECHNO (THAILAND) CO., LTD., EIWA CHEMICAL IND. CO., LTD., Mitsubishi Engineering-Plastics Corporation, THAI POLYCARBONATE CO., LTD., KOREA ENGINEERING PLASTICS CO., LTD., Otsuka-MGC Chemical Company, Inc., RYODEN KASEI CO., LTD., TAI HONG CIRCUIT INDUSTRIAL CO., LTD., GRANOPT CO., LTD., Samyang Kasei Co., Ltd., MGC AGELESS Co., Ltd., AGELESS (THAILAND) CO., LTD.

Number of employees: 4,931

Consolidated Net Sales by Major Product Group



Operating Profit by Major Product Group



- Specialty chemicals:**
EL chemicals, optical materials, engineering plastics (PC, POM, etc.)
- Information and advanced materials:**
BT materials for IC plastic packaging, OPE™, LivingTech and Hygiene Solutions products

Note: The compositional ratios are calculated excluding "Other and Adjustment."

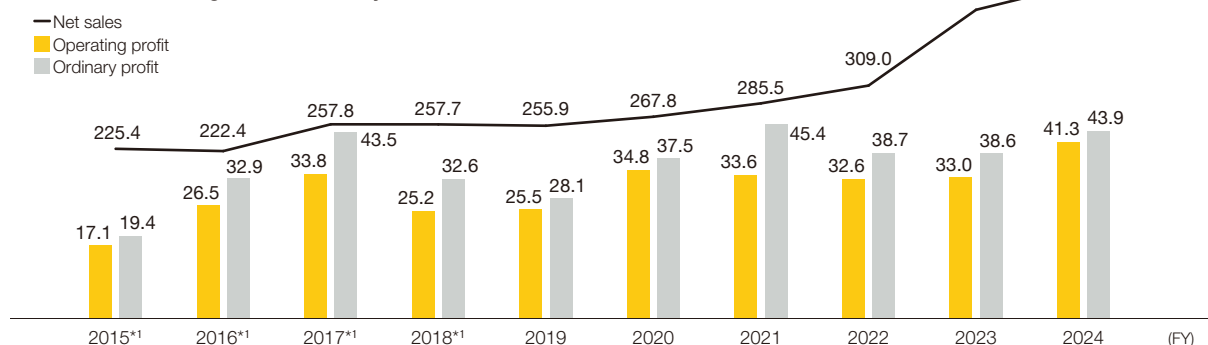
Characteristics of Business Portfolio Management

The Specialty Chemicals Business Sector handles many products that are close to the end user, such as products in the electronics and automotive fields. Through the development, production, and sale of cutting-edge products that support social innovation, we are making wide-ranging contributions to people's lifestyles.

Our ability to achieve longevity in the business of cutting-edge products with comparatively short product life cycles is supported by a culture of sensitively observing changes in markets and technologies and continuing to boldly pioneer new markets. Our approach is to identify niche fields where we can establish a competitive edge in the market and develop products that resolve issues that lie ahead of our customers. In this way, we aim to become a de facto standard for the industry, having built up a position as a supplier of materials that form an essential foundation for our customers. To achieve this, we emphasize dialogue with customers and create the value that they require, in an effort to strategically increase the cost to customers of switching to other suppliers. Moreover, we are also striving to secure a competitive advantage on the patent front to underpin long-term business growth.

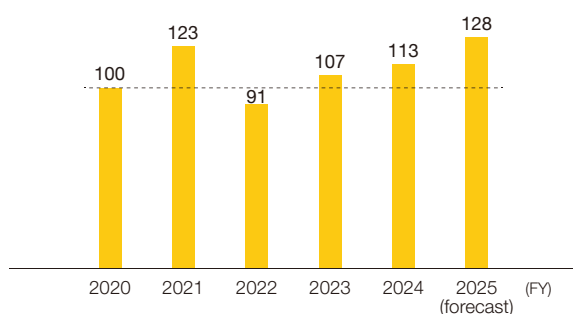
Specialty Chemicals Business Performance

Net Sales / Operating Profit / Ordinary Profit (Billions of yen)

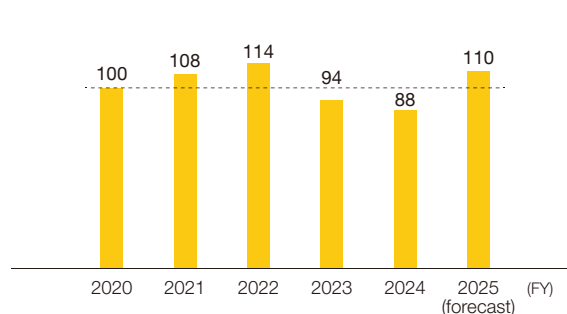


*1 Aggregate of former segments (Specialty Chemicals/Information and Advanced Materials)

BT Materials Net Sales (FY2020 = 100)



EL Chemicals Net Sales (FY2020 = 100)



Specialty Chemicals Business Sector—Overall Strategy

Value Increase Scenario Looking ahead to 2030

- Continue to strengthen our business in high-growth, cutting-edge fields (semiconductors, communication devices, etc.) while expanding our business in the highly stable lifestyle-related areas (medical/food, etc.).
- Increase the economic value of the PC-related business, which requires intensive management, aiming to transition it to a U&P business.
- Promote increase in business competitiveness by making eco-friendly businesses profitable.

Progress on Numerical Targets

	FY2023 result	MTMP 2026		MTMP 2026 FY2026 target
		FY2024 result	FY2025 forecast	
Net sales	¥409.2 billion	¥444.1 billion	¥430.2 billion	¥490.0 billion
Operating profit	¥33.0 billion	¥41.3 billion	¥39.9 billion	¥65.0 billion
Ordinary profit	¥38.6 billion	¥43.9 billion	¥39.1 billion	¥65.0 billion

Classification of Product Lines and Action Plan under MTMP 2026

Business segment	Classification of product lines	Main action plan
U&P businesses	Inorganic chemicals	Increase production capacity worldwide as semiconductor manufacturers build and augment production sites, and supply high-quality products.
	Optical polymers	Aim for further expansion of applications beyond smartphones.
	BT materials for IC plastic packaging	Aim to expand share further by entering new fields.
	Polyacetal	Pursue global expansion through a double-brand strategy (Iupital™ and Kepital™).
	Ultra-high refractive lens monomers	Install new manufacturing facilities to meet growing demand, and steadily promote the use of biomass in products.
Foundation businesses	Oxygen absorbers	Aim to increase profitability through a change in business structure, such as expanding sales into fields beyond food.
New/Next-generation businesses (main development products)	Recycled EP	Reduce environmental impact while also securing profitability.
	New BT laminate materials	Lead the semiconductor substrate materials market by meeting customers' increasingly sophisticated demands.
	New semiconductor cleaning solutions	Contribute to the evolution of semiconductors through the development of products that respond to new materials and structures.
Businesses requiring intensive management	Polycarbonate/sheet film	Aim to improve profitability through thorough implementation of a high-value-added strategy and rationalization of production, sales, and R&D systems.

Progress on Restructuring Businesses Requiring Intensive Management

● 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 implementation 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*2 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)

*2 Mitsubishi Engineering-Plastics Corporation

● 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 Filmsheet Co., Ltd.; scheduled for completion in March 2026) (saved over ¥1.0 billion 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*3, 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.)

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

Main Financing Projects in the U&P Businesses

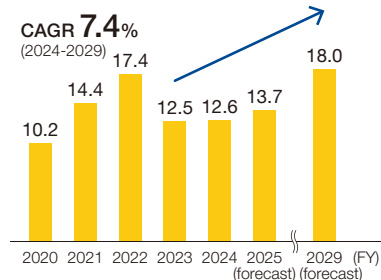
MTMP 2023			MTMP 2026
FY2021	FY2022	FY2023	FY2024 onward
			Boosting IC plastic packaging BT materials production capacity (Thailand)
			Optical polymers plant expansion (Kashima)
			Establishing new raw material plant for super-pure hydrogen peroxide (China)
			Establishing new super-pure hydrogen peroxide plant (China)
			Boosting super-pure hydrogen peroxide production capacity (Cheonan, South Korea)
			Boosting super-pure hydrogen peroxide production capacity (Oregon, U.S.)
			Boosting super-pure ammonium hydroxide production capacity (Singapore)
			Establishing new raw material monomer plant for optical polymers (Niigata)
			Establishing new raw material plant for super-pure hydrogen peroxide (Taiwan)
			Boosting super-pure hydrogen peroxide production capacity (Texas, U.S.)
			Boosting super-pure ammonium hydroxide production capacity (Texas, U.S.)
			Boosting IC plastic packaging BT materials production capacity (Thailand)
			Establishing new lens monomer manufacturing plant (Yokkaichi)
			Boosting super-pure hydrogen peroxide and super-pure ammonium hydroxide production capacity (Arizona, U.S.)
			Boosting super-pure ammonium hydroxide production capacity (Niigata)
			Boosting super-pure hydrogen peroxide production capacity (Saga)

Strategic Focus on U&P Businesses: Promoting the Three ICT Businesses

● Electronics Materials

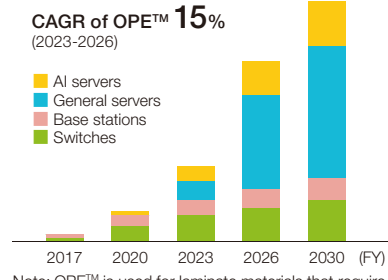
- BT materials: Thailand plant expansion proceeding as planned. (Approx. two-fold increase in production capacity. Currently progressing as planned toward start of operations in October 2025.) Strengthening proposal of materials for next-generation FC-BGA and photonics-electronics convergence
- OPE™: Demand is growing faster than planned for use as a substrate material for generative AI servers. Currently considering upgrading manufacturing site

Outlook for Semiconductor Packaging Substrate Market (US\$ billion)



Source: 2024 Prismark Partners LLC

Changes in Domains Using OPE™ in the Electronic Devices Market



● EL Chemicals

- No change to medium- to long-term market growth forecast. Currently increasing production capacity looking ahead to market growth. Aim to move early to the investment return phase
- Avoiding US tariff risk through production in the area of consumption

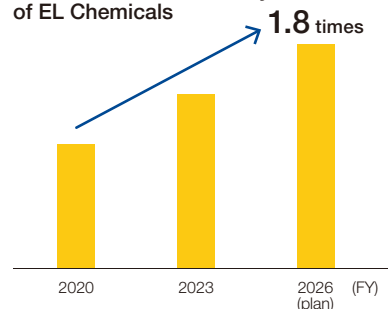
Strategy 1. Strengthen the global production system

- Market scale expected to expand globally. Aiming to double production capacity by fiscal 2026 versus fiscal 2020
- Promote a customer-oriented strategy. Currently enhancing production capacity through production in the area of consumption in line with plan, looking ahead to market growth

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

- Promote customer-oriented strategies in R&D as well as production sites, since advanced semiconductor manufacturing processes entail strict technology information management
- Currently increasing R&D resources at overseas sites. This enables timely feedback to be received, leading to rapid new product development

Total Production Capacity of EL Chemicals



● Optical Materials

- Optical polymers: Increasing sophistication of smartphone camera functionality, mainly due to the trend toward slimmer 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

Establishment of the LivingTech and Hygiene Solutions (LHS) Division

On April 1, 2025, we established the LivingTech and Hygiene Solutions Division, reorganizing and integrating our oxygen absorbers business with the environmental and hygiene chemicals businesses operated by the Inorganic Chemicals Division. Since synergies could be expected due to the proximity of the target markets for both of these businesses, the reorganization and integration will realize sales expansion and the addition of even higher value. Society today is grappling with the issues of food problems associated with population growth, food disposal losses, and environmental pollution, while social needs for safe and secure food supply and heightened public awareness of hygiene following the COVID-19 pandemic have also emerged. As we respond to these needs, we will contribute to the realization of a sustainable society.

Green Energy & Chemicals Business Strategy

Review by the Director in Charge

We will develop a clear vision for the business and increase profitability by creating value that customers will recognize

Hideaki Akase

Director, Managing Executive Officer
In charge of Green Energy & Chemicals Business Sector



Core Products Performed Strongly and New Customer-Oriented Businesses Also Made Steady Progress

In fiscal 2024, operating profit fell 28.2% year on year to ¥12.7 billion, reflecting the impact of JSP Corporation transitioning to an affiliated company using equity accounting. Excluding this impact, however, sales of core products such as methanol and iodine performed strongly.

We have invested aggressively in a new MXDA plant in the Netherlands as a U&P business. The construction contractor encountered labor shortages, which have worsened, delaying the plan by around one year. Completion of the plant is now scheduled for some time during fiscal 2025. Until now, MXDA production capacity has been stretched, and the launch of the new plant is expected to contribute substantially to an increase in earnings. Going forward, we intend to leverage the location advantage of the plant along with the Group's trading company functions to expand the area for deployment of MXDA product lines not only in Europe, but also in the Middle East and Africa. We will also enhance service offerings, such as customization and molding to suit customer needs, including derivative products such as MX-Nylon and 1,3-BAC.

With regard to aromatic aldehydes, although there was an impact from inventory adjustments at our major customers, demand recovered from the second half resulting in a contribution to profit as planned.

Group company TOHO EARTHTECH, INC. started to increase production of water-dissolved natural gas and iodine from April 2024. In the case of iodine, approximately

90% of production areas are in Chile and Japan and the global market is expanding. On the other hand, the supply and demand balance is tight, partly due to high barriers to increasing production. As a result, we were well-positioned to benefit from an increase in market prices. In addition, MGC has a competitive advantage in its development and production of iodine derivative products due to having its own iodine resources.

Meanwhile, we are promoting the development of new businesses that have earned high praise from customers, such as materials for use in CFRP^{*1} prepreg and EUV^{*2} resists, and iodine materials for PSCs^{*3}. These results appear to reflect successful gatekeeping in research supervision, resulting in enhancement of the Company's R&D capabilities and its evolution into a preferred co-creation partner for customers.

On the other hand, in fiscal 2024, we withdrew from the unprofitable ortho-xylene chain business. For PIA^{*4}, we will continue production for a certain period as part of the meta-xylene chain, which includes high-added-value MXDA. However, with the completion of a new plant in the Netherlands for MXDA, which also uses meta-xylene as a raw material, we plan to increase the amount used for MXDA, which is a strategic product, and relatively decrease the amount used for PIA, which continues to be unprofitable.

^{*1} Carbon fiber-reinforced plastic

^{*3} Perovskite solar cells

^{*2} Extreme ultra-violet light

^{*4} Purified isophthalic acid

Establishment of the GEC Business Planning Division to Strengthen Cooperation with Governments and Companies

From April 2024, we included "Green" in the name of the business sector, and I have felt a growing sense of external interest in the Company and expectations for it to be able to deliver realistic solutions for carbon neutrality. In fact, the Company has received a stream of inquiries about value creation through the circular carbon platform CarboPath™ using methanol, as well as green ammonia and hydrogen and CCS. We currently have a considerable number of projects lined up, covering multiple industries. Looking at the external business environment, we recognize that ideologically driven climate change policy, mainly led by Europe, has entered an adjustment phase. However, the reality of increasingly severe climate change issues remains, and our business sector is promoting carbon

neutrality as a key theme. As part of this, we established the GEC Business Planning Division in April 2024 to manage various projects as a central function operating across the organization, while working to improve the quality and speed of information gathering by strengthening relationships, primarily with governments.

The business sector's most important objective is to increase profitability by increasing margins and controlling repair costs. The key to increasing margins, above all, is to create value that is recognized by customers. I see my role as ensuring that management remains steadily locked onto this objective, while creating a clear vision for the future of this business, guiding the sector toward its realization.

Basic Information

Business lines:

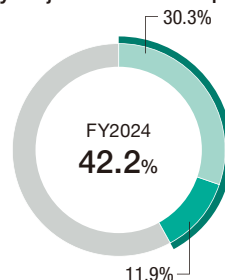
Natural gas chemicals, xylene chemicals, energy resources and environment, life science

Major Group companies:

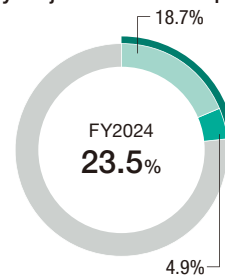
MITSUBISHI GAS CHEMICAL NEXT COMPANY, INC., MGC Terminal Company, Inc., TOHO EARTHTECH, INC., MGC Specialty Chemicals Netherlands B.V., Mitsubishi Gas Chemical Trading, Inc., MITSUBISHI GAS CHEMICAL SINGAPORE PTE. LTD., MITSUBISHI GAS CHEMICAL AMERICA, INC., MGC ENERGY Company Limited, MGC Woodchem Corporation, KOKUKA SANGYO CO., LTD., Japan Saudi Arabia Methanol Company, Inc., METANOL DE ORIENTE, METOR, S.A., BRUNEI METHANOL COMPANY SDN. BHD., Japan Trinidad Methanol Company, Inc., Yuzawa Geothermal Power Corporation, JSP Corporation, Apji Geothermal Energy Corporation

Number of employees: 2,634

Consolidated Net Sales by Major Product Group



Operating Profit by Major Product Group



Natural gas chemicals:
Methanol, methanol/ammonia-based chemicals, energy resources and environment businesses

Aromatic chemicals:
MXDA, aromatic aldehydes, polymer materials, xylene separators and derivatives

Note: The compositional ratios are calculated excluding "Other and Adjustment."

Characteristics of Business Portfolio Management

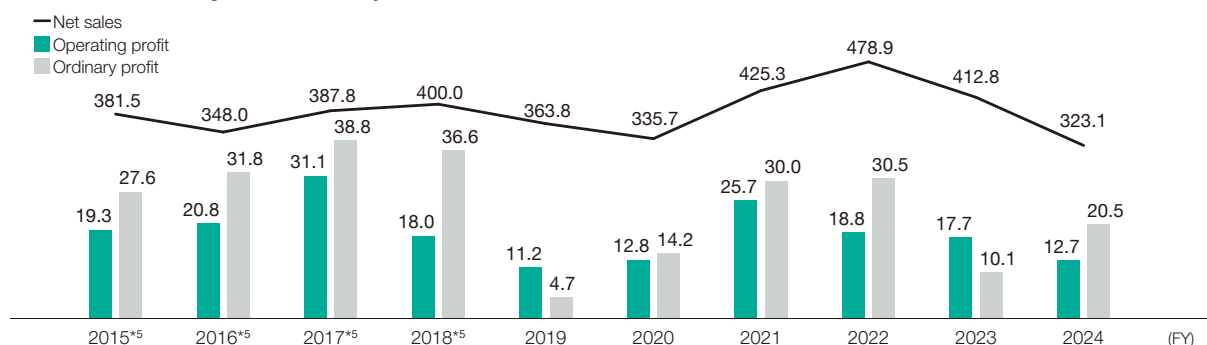
The Green Energy & Chemicals Business Sector is developing downstream from natural gas and mixed xylene. In the natural gas chain, we have built a circular carbon platform using C1 chemical technologies, and we are currently engaged in a business value transformation aiming to provide completely new value. Meanwhile, in the mixed xylene chain, as the only company able to industrially utilize the superacid catalyst, we have developed a lineup of distinctive chemicals centered on meta-xylene derivatives, and we are striving to increase added value tailored to customers' needs.

We have built an organizational structure to clarify roles in our value transformation, and we are aiming to expand the lineup of fine chemicals with high profit margins in derivative chemicals. Our overall aim for the business sector is to establish robust product chains, from resource development to raw materials and derivatives. To this end, we are developing technologies including the use of raw materials such as CO₂ and waste plastic. Through these businesses, we aim to realize a circular economy as a group that delivers real-world solutions that will help to achieve carbon neutrality.

Some of the raw materials for polyacetal and BT materials, which are the U&P businesses of the Specialty Chemicals Business Sector, are manufactured in the Green Energy & Chemicals Business Sector's main plants, which helps to increase the overall competitive advantages of the Group in terms of quality assurance, technology development, and procurement processes.

Green Energy & Chemicals Business Performance

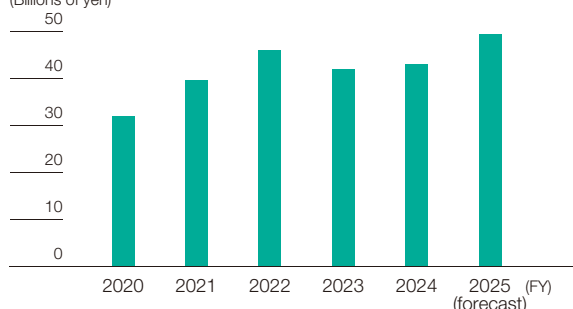
Net Sales / Operating Profit / Ordinary Profit (Billions of yen)



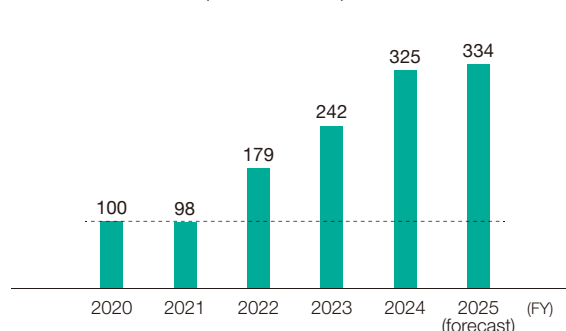
*5 Aggregate of former segments (Natural Gas Chemicals/Aromatic Chemicals)

Net Sales of High-Performance Products

(Billions of yen)



Net Sales of Iodine (FY2020 = 100)



Green Energy & Chemicals Business—Overall Strategy

Value Increase Scenario Looking ahead to 2030

- In the U&P businesses, expand sales of the MXDA and aromatic aldehydes businesses, where we have made large investments, and steadily recover the investments to maximize profits.
- In businesses requiring intensive management, promote measures such as various cost reductions and streamlining of the balance sheet to strengthen their resilience to changes in the business environment.
- Reduce carbon intensity in major raw materials such as methanol as a new initiative to realize carbon neutrality, and develop the businesses in a revalued form.

Progress on Numerical Targets

	FY2023 result	MTMP 2026		MTMP 2026 FY2026 target
		FY2024 result	FY2025 forecast	
Net sales	¥412.8 billion	¥323.1 billion	¥297.0 billion	¥350.0 billion
Operating profit	¥17.7 billion	¥12.7 billion	¥11.4 billion	¥22.0 billion
Ordinary profit	¥10.1 billion	¥20.5 billion	¥15.7 billion	¥32.0 billion

Classification of Product Lines and Action Plan under MTMP 2026

Business segment	Classification of product lines	Main action plan
U&P businesses	MXDA	Reap benefits of investment through steady start of new plant in Europe.
	Aromatic aldehydes	Aim for growth with expansion into new applications.
	MX-Nylon	Expand sales for food packaging material applications and promote response to environmental issues through business activities.
	Methanol	Start production and sales of blue/green methanol and create a market for circular carbon methanol Carbopath™.
	Energy resources and environmental businesses	Promote creation of CCS business, increase in production of water-dissolved natural gas and iodine within the Group, and expansion of renewable energy.
Foundation businesses	Ammonia and methylamines	Expand the clean ammonia business.
	MMA products	Aim to maximize profit across the MMA chain, including downstream products.
	Formalin and polyol-related products	Examine appropriate business management methods and aim to increase profitability.
New/Next-generation businesses (main development products)	Carbon fiber composite materials	Develop composite intermediates with characteristics such as gas barrier properties, and propose various applications.
	CDMO of antibody drugs	Obtain a license for manufacture of drugs and accumulate manufacturing experience under the GMP system*6.
Businesses requiring intensive management	Xylene separators and derivatives	Promote further cost reductions and form an infrastructure to support U&P businesses downstream.

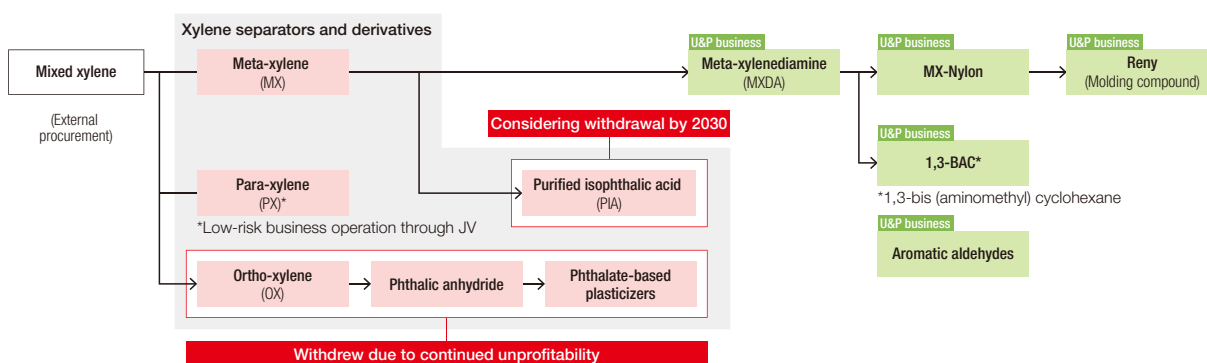
*6 Good manufacturing practice (GMP) is a system for ensuring the quality of pharmaceuticals by setting requirements that manufacturers and marketing authorization holders must meet.

Progress on Restructuring Businesses Requiring Intensive Management

● Xylene Separators and Derivatives

Strategy implementation status	Future initiatives
- Ceased production of and withdrew from unprofitable OX-related chain (OX/PA/plasticizer chain)	- Consider withdrawal from PIA business by 2030 as downstream business of meta-xylene grows

Product Chain for Xylene Separators and Derivatives



Main Financing Projects in the U&P Businesses

MTMP 2023			MTMP 2026
FY2021	FY2022	FY2023	FY2024 onward
			Aromatic aldehyde plant expansion (Mizushima)
			New development of water-dissolved natural gas and iodine (Nishikanbara, Niigata)
			MXDA: Establishing new production facility (Netherlands)
			New development of water-dissolved natural gas and iodine (Higashi-Niigata, Niigata)
			Establishing new production facility for circular carbon methanol (Japan)

Strategic Focus on U&P Businesses

● MXDA

- Under construction in Europe (Rotterdam industrial area in the Netherlands), the largest market for infrastructure applications (anti-corrosion coatings)
- We will execute early start-up and promote various initiatives to expand sales based in Europe, the largest area of demand



Europe Plant

- Planned completion and start of commercial operations in the second half of FY2025
- Total CAPEX to end of FY2024: Approx. ¥41.0 billion
- Expected depreciation period: 15-20 years



Development of MXDA Applications

● Infrastructure applications: Anti-corrosion coatings

- Gradual recovery in demand for epoxy curing agents expected from the second half of FY2025 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



● Downstream expansion of applications: Polymer materials

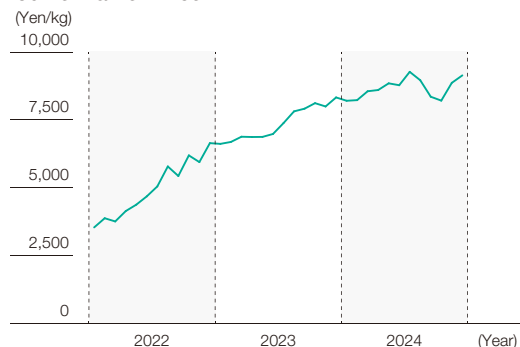
- Continue to expand sales for food packaging material applications by expanding regions of use and capturing new demand in the growing barrier packaging materials market



● Energy Resources (Iodine Business)

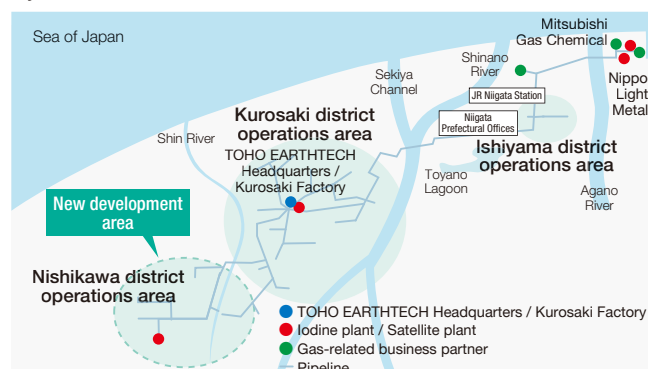
- Japan is the world's second-largest producer of iodine, with Chiba Prefecture accounting for approximately 82% of national production, and Niigata Prefecture around 11%. Iodine usage is advancing across a wide range of fields from medicines to electronics materials. In recent years, the balance of demand and supply has tightened, pushing iodine market prices higher
- In MGC's iodine business, subsidiary TOHO EARTHTECH separates iodine from brine released in the extraction of water-dissolved natural gas
- TOHO EARTHTECH accounts for around 9% of Japan's iodine production. An expanded plant to increase production went online partially in 2024. Currently, the project to increase production continues

Iodine Market Price



Source: Prepared based on data from the Japan Customs website (<https://www.customs.go.jp/toukei/srch/index.htm?M=77&P=1,1,,,1,,,2,,2022,2024,,,2,280120000,,,,,,1,,,,,,1,,,,,,>)

Production Sites (Brine Pumping) and Injection Sites (Brine Return) / Iodine Production Plant



Human Resource Strategy

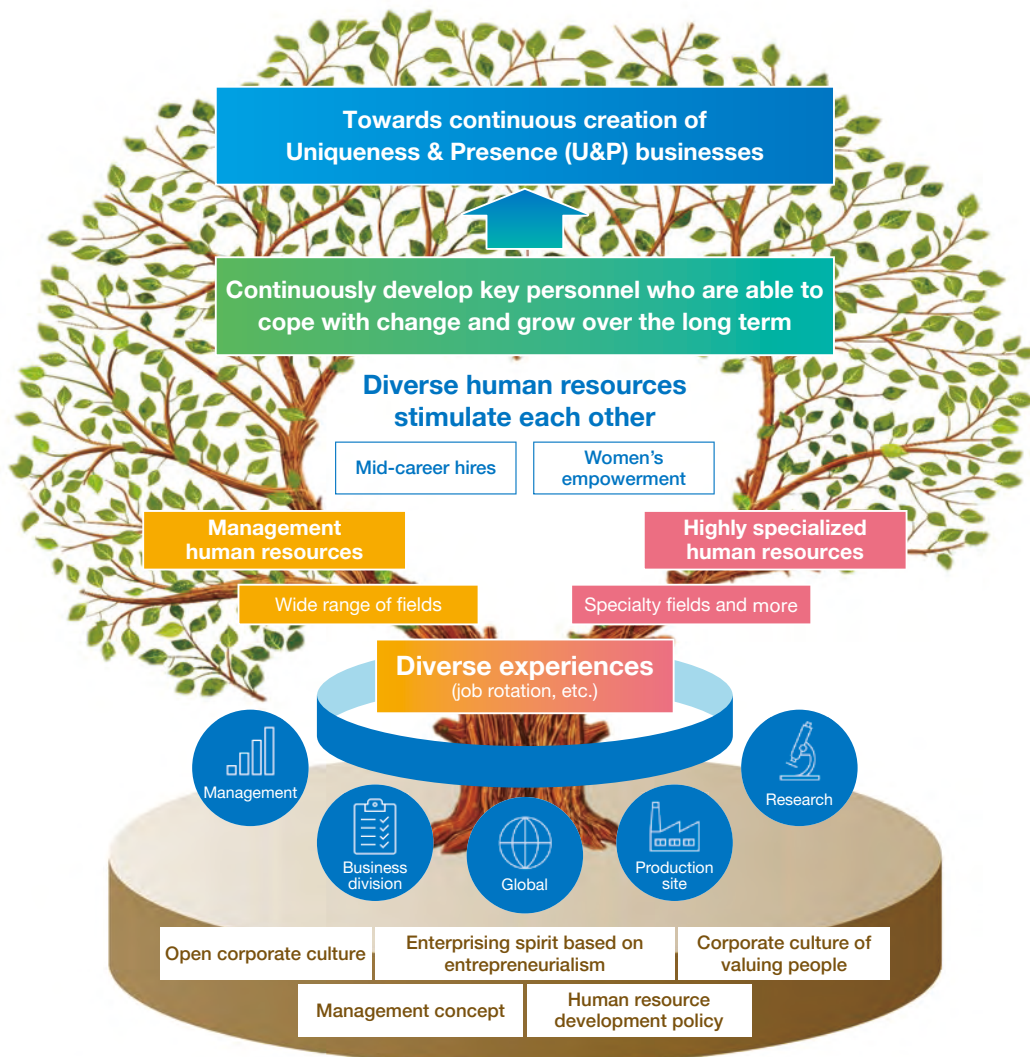
MGC's Human Capital Management

MGC's defining philosophy begins with "striving to create a place where there is job satisfaction and a dynamic group in which motivations and abilities are respected," and our management approach considers people to be the most important capital for value creation. The human resource vision articulated in our basic human resource development policy is one of "autonomous and highly motivated employees," "warmhearted and sensitive employees," and "employees that think and learn through work."

Enhancing human capital management is one of our policies for promoting sustainability management cited in the current medium-term management plan (MTMP 2026), which started in April 2024. To enhance human capital in coordination with our management strategy, we are promoting a human resource strategy of conducting optimal career formation and skills development of employees, while enhancing key personnel who are able to cope with change and grow over the long term.

Our human resource strategy promotion is rooted in the principles that the Company has cultivated—an open corporate culture, an enterprising spirit based on entrepreneurialism, and a corporate culture of valuing people—based on the belief that it is autonomous human resources and organizations that lead to a robust company able to respond to changes in the business environment. We have used the term "key personnel" to refer to management and highly specialized human resources who will lead each business division based on the Company's overall policy and individual business strategies amid accelerating changes in society. By allowing human resources to accumulate diverse experience and stimulate each other, we will draw out their full potential, continuously producing key personnel and creating U&P businesses with the aim of increasing corporate value over the medium to long term.

Overall Image of Human Resource Strategy



Focused Strategy

Maintaining a Good Corporate Culture, We Are Embarking on a Review of Our Personnel System to Build a Foundation for HR Information

Yasumoto Aoki

Executive Officer
In charge of Administrative & Personnel Division
Division Director of Administrative & Personnel Division and QOL Innovation Center Shirakawa



Since our founding, MGC has valued and promoted people-focused management. Every new employee goes through a series of job rotations to build a career, conscious of the potential to excel regardless of the situation. In addition to on-the-job training at every worksite, we gather employees from various jobs and provide off-the-job training opportunities to build a broad, big-picture viewpoint. Combining the knowledge and experience of diverse employees, including mid-career hires, we champion chemical reactions that lead to the creation of new businesses. A culture of reform and challenge is also a core feature of MGC. We encourage unrestrained, open discussion in every workplace and delegate authority to employees, giving each of them challenging opportunities that lead to innovation. We are proud of the generous

benefits package we offer our employees as it helps create environments where they can work with peace of mind, urged to use as much paid holiday each year as possible, take childcare leave regardless of gender, and make the most of housing assistance and special leave for family support and work-life balance.

We review our HR programs and systems to suit the times. Examples of such include programs to support employees in long-term, continuing endeavors and improvements to our information infrastructure to consolidate HR information in one place for more active use. By maintaining the corporate culture we value and continuing to take on challenges, we make MGC a creative company we take pride in and can present to those within and outside the Company with honor in the years to come.

Human Resource Diversification and Career Formation for the Sustainable Development of Key Personnel

The defining characteristics of the MGC Group are the broad scope of its business domains and its business expansion in the global market. We have been working to increase the number of researchers. We are conscious of medium- to long-term business expansion and plan to continue increasing recruitment of new graduates and mid-career hires going forward.

We conduct career recruitment for securing diverse human resources through flexible year-round recruitment according to the experience of the candidates. We also started operation of a system in fiscal 2024 that serves as a portal for alumni recruitment^{*1}. Moreover, in initiatives aimed at promoting women's empowerment, we are continuously implementing proactive recruitment of women as new graduates and mid-career hires with an eye to forming a population that will become a group of future management candidates. In conjunction with this, we have created an environment where diverse human resources can thrive, including the revision of our personnel systems to ensure that promotion opportunities are not affected by life events

and that employees can be selected.

Career-track employees experience overseas assignments and projects while they are young to form careers based on an understanding of their individuality, while technical employees are also deliberately rotated through jobs in sales, corporate planning, and management divisions. This is to provide opportunities for them to accumulate diverse experiences by making use of the Group's characteristic of wide-ranging business domains. Furthermore, in addition to career formation through ordinary work, we also implement grade-specific and job-specific education and training curricula to promote skills development and stimulate ambition.

By forming careers through the abovementioned diverse experiences and training, we have created a system for continuously developing key personnel.

^{*1} A method of recruitment that involves approaching people who have retired from the Company and re-hiring them as a workforce ready for immediate deployment.

A New Initiative in Human Resource Development: MGC Learning Circle

In fiscal 2024, we introduced the MGC Learning Circle as an initiative to strengthen our development of key personnel. The program is a half-year education course for the Group's junior and mid-level employees. Participants acquire skills and front-line practical experience for problem solving in their own organizations. Through interaction with other program participants and with innovators inside and outside the Company, they acquire a multifaceted viewpoint, a broader scope, and higher-level perspective, helping them to grow into human resources who are capable of thinking and acting autonomously.

MGC Education System

	Grade-specific education	Job-specific and specialist education	Self-development, other
Managerial level	- Organizational management training - Mid-level manager training - New manager training	- Business skills (Logical communication, problem-solving skills, negotiation strategy, facilitation, coaching skills, design thinking) - GLOBIS Management School - MGC Learning Circle - MGC Group cross-industry social events - Mitsubishi Marketing Association - Global human resource development - DX education - Marketing education - Engineer development - Patent study sessions - Environmental management, quality management, and health and safety education - HAZOP^{*2} - Placements at research institutions, such as universities - Other specialized education and seminars	Self-development - Languages - Business skills - Management - Technology and skills - Other online training Other - Compliance and internal control education - Education raising awareness for human rights - Sustainability education - Diversity, equity, and inclusion (DEI) promotion education - Others
Mid-level employees	- Manager candidate training - Mid-level employee training		
Junior employees	- Junior employee training - Mid-career hire training - Follow-up training - New employee basic training - New employee training		

^{*2} An acronym for Hazard and Operability Studies, a technique for identifying risks for complex processes and equipment

Employee Well-Being

We aim to be a company where employees feel “a sense of well-being.” To achieve this goal, we strive to balance individual employees’ sense of achievement and growth in their work and the Company’s sustainable growth. By offering opportunities and an environment where people can refine their individuality and capabilities and build on their strengths, and allowing employees to engage in diverse work styles, we aim to become an organization with higher productivity over the medium to long term. In addition, we assign personnel according to individual skills and work to enhance our education and training programs to encourage autonomous career formation. In conjunction with these efforts, we also seek to promote co-creation with various partners while making use of the MGC Commons innovation center, which was established in 2023 as a space to provide opportunities for further internal and external human resource exchanges, with the end goal of creating new businesses and products.

In terms of work-life balance, MGC also endeavors to create systems and an environment in which each employee can maintain their motivation for work, taking an active role over the long term in ways befitting their individual circumstances. Until now, we have focused on the reduction of working hours by reviewing workflows and shortening meeting times to enable work styles that

are diverse, flexible, and do not rely on long work hours. Recently, we have been accelerating operational efficiency improvement through measures such as digitalization of our business processes and DX with regard to R&D activities.

At the same time, we are checking to see how well established these measures are, while working to reduce total working hours and improve productivity. In addition, we have also built systems regarding working spaces and times in stages, through the introduction of flextime without core time and working from home, which became a permanent part of our systems in 2023. Another feature of the Company is its full-range of employee benefits, such as a housing allowance to relieve the economic burden on employees, creating an environment where they are able to work with a sense of security. In 2023 and again in 2024, we took steps to improve working conditions such as wages, with increases in base salaries, including for employees rehired after retirement. For young employees in particular, we focused on improving compensation to reward them for the roles expected of them.

We will promote the above measures for increasing employee well-being in conjunction with our DEI initiatives designed to leverage the individuality and diverse approaches, experiences, and abilities of each employee.

Encouraging Male Employees to Take Parental Leave

MGC encourages male employees to take parental leave, believing that it has a positive impact on themselves and their families, leading to higher job satisfaction. Since fiscal 2023, the percentage of eligible men who use their leave has been above 70% (77.5% in fiscal 2024), with the period of leave being around two months. Furthermore, to create a culture that supports the balance of work and family life throughout the entire workplace, we are engaged in providing a range of pamphlets, etc. introducing systems, as well as activities, to raise awareness of taking parental leave among all employees.

56 days

Average number of days of parental leave taken by male employees (non-consolidated) (fiscal 2024)

Introduction of Life Support Leave System

One of the Company's KPIs under the previous medium-term management plan (MTMP 2023) was to have 0% of employees taking fewer than 10 days of annual paid leave, and we achieved this in fiscal 2023, the final year of the plan. From fiscal 2025, we will introduce the new Life Support Leave system, a special type of paid leave that is separate from annual paid leave, with the objective of improving working conditions for employees and promoting the use

of annual paid leave. Employees are granted 10 days per year of Life Support Leave, regardless of their employment type and length of service. The leave can be used when unavoidable events such as illness occur, or to support daily life, such as health checkups or fertility treatment. This will make it even easier than before for employees to use their annual leave for purposes such as their own leisure or self-improvement.

Permitted uses of the Life Support Leave system:

(1) Own illness or injury, (2) Nursing a sick family member, (3) Nursing a sick child, (4) Child-rearing, (5) Supporting a family member with a disability, (6) Providing long-term care for a family member, (7) When affected by a natural disaster, (8) Fertility treatment of self or spouse, (9) Health checkup, (10) Volunteer activities, and (11) Hospitalization for organ donation

Promoting Health and Productivity Management

MGC established the Basic Policy on Health & Productivity Management in October 2022 to further promote the creation of an environment in which employees can work in good physical and mental health. Based on this policy, we are further diversifying, expanding, and improving the effectiveness of measures to maintain and improve health.

The checkup compliance rate for regular health checkups of all officers and employees was over 99% in fiscal 2024. Industrial physicians and public health nurses actively provide guidance when the results of tests indicate the need for retesting or in the event that there are any specific findings. In addition, with a view to preventing illnesses while people are still young, from fiscal 2024, we have reinforced the regular checkup for younger employees by adding relevant items to it.

A comprehensive Employee Assistance Program (EAP), including a stress check, is implemented to ensure mental well-being, providing employees with an environment in which they can freely consult outside specialists regarding their concerns. Furthermore, we endeavor to continuously improve our workplace environment and raise employee awareness by providing appropriate feedback of group analysis results of the stress checks to each organization head and by implementing mental health training at the time of entry into the Company and when a promotion is earned.

In recognition of the initiatives implemented to date, MGC was certified as a Health & Productivity Management Outstanding Organization 2025 (large enterprise category) by the Japan Health Council and the Ministry of Economy, Trade and Industry. This is the sixth consecutive year that we have been certified.

Ensuring the Safety of and Providing Medical Support for Employees Traveling or Posted Overseas

By engaging an outside consultant for security and medical assistance, and receiving advice based on analysis of threats to safety by country, we are able to promptly acquire accurate information, and, when necessary, provide that information to employees posted or traveling on business overseas, as well as using it to determine whether it is advisable to travel or not, and on appropriate safety measures for travel.

In terms of medical care, we have established a comprehensive support system for employees posted or traveling on business overseas, including referrals to local hospitals, telephonic consultations with doctors in Japanese, preventive advice on local infectious diseases, and arrangement of medical transport in case of emergencies.

Union and Labor-Management Relations

With a positive relationship of mutual trust and respect, labor and management at MGC work together to address a variety of issues. We hold regular management council meetings with the aim of sharing our understanding of management policies and the business environment, including such key topics as work styles, employee benefits, and treatment, and meetings of the Personnel System Review Committee for joint labor-management discussion of various programs throughout the year.

Together, we have revised the personnel system and the welfare system, among others. Other issues such as wages and bonuses are determined through yearly collective bargaining and administrative negotiations.

Note that there were 1,925 labor union members as of the end of March 2025. Average employee tenure was 18.4 years (19.0 years for men, 13.5 years for women)*3.

*3 Including employees seconded to subsidiaries

Focus

Implementing Strategic Rotations

Development Leveraging the Characteristics of All Employees

With the aim of realizing our Group Mission of “creating value to share with society,” we have established a basic human resource development policy to create vibrant workplaces where employees achieve self-fulfillment by refining their individuality, improving their knowledge and capabilities, consciously setting high goals, and achieving those goals.

Our basic human resource development policy includes “development leveraging the characteristics of all employees,” and we believe that we should leverage and utilize the strengths of all employees, focusing on

each person’s characteristics through the development process. However, for career-track employees in particular, one of the distinctive programs of MGC is job rotations for long-term career formation. The MGC Group is distinguished by the broad scope of its business domains. By accumulating diverse experiences in these domains and broadening their perspectives, employees can grow to become key personnel—management or highly specialized human resources. Moreover, shared enthusiasm among employees who have gained experience leads to increased long-term organizational capabilities.

Employee Comments

On Track to Become a Specialist in Design and Construction through Diverse Experience

Hidemi Hirashima

MGC PURE CHEMICALS AMERICA, INC. (Construction Manager)



My first assignment was at the Yokkaichi Plant, where I worked on process inspection. My life as a working professional was one where every day brought about a different experiment. In my third year, I was selected to work in the future on designing plant expansions. To acquire the necessary skills, I was transferred to an engineering team at the Tokyo Research Laboratory, where I spent one year learning about the work of plant design. That experience was an opportunity for me to develop further expertise in the field of construction and design.

My first overseas assignment was a polyacetal plant expansion project in Thailand. It made a deep impression on me, and when this plant whose design and construction I had been in charge of started operating without any problems, I shared a moment of joy with the local employees who had worked with me. Using these diverse experiences in Japan and overseas, and what I have learned from our excellent local partners, I am now managing overall construction for the expansion of a semiconductor chemical plant at the Texas Plant in the United States. It is quite a challenge to build a new facility adjacent to a facility that is operating, and I feel a tremendous responsibility and sense of mission every day. MGC has plans to make investments to expand various facilities going forward. I will use my own experience to contribute to the construction of competitive plants.

1. Basic skills acquisition at Yokkaichi Plant and Tokyo Research Laboratory (7 years)

I learned about the basics of process inspection while working at the OPE™ plant, and about plant design while working at the laboratory. After that I was responsible for design and construction of a hybrid chemical manufacturing plant at the plant, and experienced the whole process from creating specifications to commissioning.

2. Challenge of overseas work, from Yokkaichi Plant to an overseas site (2.5 years)

I participated in a polyacetal plant construction project in Thailand. After approximately one year working in detailed design work with the project team for the Yokkaichi Plant, I was assigned to Thailand to take charge of construction management, on-site inspections, and commissioning.

3. Accumulation of diverse experience, from Niigata Plant to an overseas site (4 years)

I participated in a methanol and DME plant construction project in Trinidad and Tobago. After familiarizing myself with the equipment at the Niigata Plant and Saudi Methanol Company (AR-RAZI) in Saudi Arabia, I was assigned to the area. I was responsible for overall project management and technical inspections by the government.

4. Providing technical support from the Tokyo Research Laboratory (3 years)

We considered increasing production at the Thailand Plant, and have constructed a pilot plant in the laboratory to support the research themes it has undertaken.

5. Promoting construction management at an overseas site (2.5 years)

I was assigned to MGC PURE CHEMICALS AMERICA, INC., where I work on a project to expand the Texas Plant. I cooperate with local employees to carry out the construction project with a team mainly comprising members on assignment from MGC. I am responsible for overall management of the project, including construction schedule and budget management.

Strategic Rotations Tailored to Each Person's Individuality

The Company consciously conducts job rotations that offer wide-ranging experience in multiple business locations and divisions to help employees form their careers over the medium to long term. For example, there are cases of young employees experiencing overseas assignments or projects and technical employees working not only in laboratories and plants, but also in sales, corporate planning, and management divisions. Few companies in the chemical industry conduct this kind of cross-divisional human resource transfer, and it is a distinctive characteristic of MGC. By conducting diverse rotations, human resources gather a wide range of experience without becoming set in one mold. This helps to draw out their individual qualities and potential, leading them to be active in various fields in the future while confirming their own career aspirations. The Company also provides one or more opportunities each year for employees to consider career formation through consultation with their supervisor, during which they set personal targets and check on

the status of achievement. In the setting of work targets, there is an emphasis on taking on new challenges, and on promoting personal growth while staying conscious of the long-term goals of the Company. Managers who conduct consultations as supervisors undergo training to make them aware of guiding their subordinates to growth and for acquiring management capabilities.

While conducting strategic personnel rotations, we also take steps to continuously develop more diverse human resources. We proactively recruit diverse human resources, including new graduates, people with experience at other companies, women, non-Japanese people and so forth, without concern for such attributes, seeking to further enhance our human capital. Looking ahead, we will take a more systematic approach to human resource development and advance management of key position successors and so forth, including visualization of human resource information.

Employee Comments

Financial Accounting Skills and Knowledge of Product Lines Acquired Working at a Plant Help When Talking with Shareholders and Investors

Naomi Kano

Manager, Investor Relations Department, CSR & IR Division



I have worked in the head office's Finance & Accounting Division, where I was first assigned, and the Mizushima Plant Accounting Department. These roles revolved around interaction with various divisions in the Company, enabling me to acquire a deeper knowledge of the Company's general activities. After moving to the Corporate Communications Division, I experienced a marked increase in contact outside the Company through interviews with institutional investors and analysts and planning and operation of IR events. I often encountered people outside the Company who had objective views and piercing questions. As a result, I naturally developed an ability to grasp the issues and main points in the process of explaining the Company's business strategies, growth scenarios, and other aspects in a clear manner. Furthermore, the financial accounting skills and knowledge of product lines and the manufacturing site that I acquired working at a plant are of tremendous help in my current division when analyzing business performance and giving external explanations.

Looking ahead, I aim to help build even stronger trust relationships by helping shareholders and investors to gain a deeper understanding of the Group's value creation objectives, such as U&P businesses, while increasing opportunities for constructive two-way dialogue.

1. Head office Finance & Accounting Division (3 years)

This was my first assignment after joining the Company. I acquired a general knowledge of accounting, centering on financial accounting, through my work in preparing various materials. I held responsibility for fixed assets, labor costs, and technology sales, and I also gained experience in introducing new systems for my own role.

2. Mizushima Plant Accounting Department (3 years)

I was mainly responsible for calculating costs for product lines made at the plant. Through my role in estimating running costs and cost of goods, I was involved in various projects such as new product launches and production process changes. Another important job I had was to act as a bridge for passing information between the head office and the manufacturing front line.

3. Head office Corporate Communications Division (2 years)

In this role, I was mainly responsible for IR operations, and updating the Company's website and intranet. Using the knowledge I acquired in accounting, I took on challenges that were new to me, such as selecting information to communicate to external stakeholders and exploring optimal communication methods.

4. Head office Investor Relations Department, CSR & IR Division (5 years)

In this position, my role expanded with responsibility for dealing with shareholders and investors, publishing information such as integrated reports and shareholder communications, and planning and operating IR events, in addition to developing junior team members as a manager. I am constantly alert to new information and searching every day for ways to disseminate information about the Company and our growth strategies. I also took leave during this period for childbirth and childcare.

Production Technology, Environmental Safety, and Quality Assurance

Review by the Director in Charge

We make the most of DX technology to push operations at our plants to higher levels while reducing workloads on production floors

Ko Kedo

Director, Managing Executive Officer
Responsible for Production Technology,
in charge of Environment Safety & Quality Assurance Division
and Purchasing & Logistics Division



Production and Quality Control at Higher Levels with Full Use of AI and DX Technology

For the MGC Group, a chemical manufacturer, production is the engine of value creation, and safety assurance is our main responsibility to society. Quality that measures up to customer expectations is essential for the sustainable development of our business. We understand that production with fully assured safety and quality is the foundation that secures completion of our Mission, “creating value to share with society.”

My main responsibility is to lead our entire organization, regardless of borders between business sectors and Group companies, to establish processes for continuously improving environmental safety and quality assurance and further refine our culture that values safety and quality. Another is to brush up our production technologies and apply them across the Group. Technological expertise to use advanced production equipment safely and effectively influences the competitiveness of a chemical manufacturer, so we make special effort to hone those technologies.

We are working to realize the SMART-FACTORY concept, mobilizing AI and DX technologies, and new systems are under development in three areas of plant management: data, operations, and assets. In managing

plant data, we collect, analyze and process numeric information from each piece of equipment and apply the results to operations and control. In managing plant operations, we collect and manage information related to manual operations of equipment so we can standardize human judgement. In managing plant assets, we store information related to equipment control in a database to encourage and support advanced, comprehensive equipment management. We have introduced an AI-assisted system for predictive analytics and an image recognition system to substantially raise the quality of information management on production floors.

We are currently working to develop a next-generation system to assist operations in our plant infrastructure, combining the world model, in which AI can learn the operational processes of experienced workers through an inductive approach, and the large language model, in which AI can absorb operational expertise via large volumes of explicit knowledge. With this, we hope to further improve our plant operations and realize a kind of automation that reduces workloads on production floors.

Enhancing Responsive Care and Quality Assurance under Two Group Councils

In recent years, we have particularly focused our efforts on furnishing Groupwide access to the expertise on responsive care and quality assurance that we have accumulated through related initiatives. For that purpose, we established the MGC Group Environment and Safety Council in 2003 and the MGC Group Quality Management Council in 2020. Under these councils, the Environment Safety & Quality Assurance Division monitors and reviews the responsive care initiatives and quality management execution plans of Group companies to establish these initiatives as important parts of our corporate culture. Shortly after the councils started their work, some differences in awareness and levels of initiatives among Group companies were spotted, but they have gradually improved across the board. Quality assurance in particular has reached an adequate level of control because Group companies share a sound awareness of issues and a

strong desire to improve.

For efficient production, environmental safety, and quality assurance to operate in unison, and without compromise, it will be important going forward that each Group employee maintains a deep understanding of their job and works together, aiming high. For that purpose, I would like to establish a corporate culture that is “nosy” in a good sense, in which employees are interested in work outside their respective divisions and inspire one another. We cannot realize our Group Mission if useful information and knowledge on safety, quality, and productivity lies solely in the minds of individuals. That is why I work to spread solid production management principles across the organization, applying our AI and DX tools, and to lead the SMART-FACTORY to success with the combined forces of the Group.

Promotion of the SMART-FACTORY

Japan is facing the accelerating decline of its working population, and the issue has become urgent for the chemical industry as well. MGC aims to balance efficient production methods that can be operated even by small numbers of employees with ensuring safety—which is fundamental to production activities—and environmental protection. To achieve these two contradicting missions, we strive constantly to codify the high-level technical capabilities and skills of employees engaged in production activities and pass them on to the next generation, and to introduce and continually improve the latest technologies for our facilities (hardware) and systems (software).

In recent years, we have been focusing on initiatives for a SMART-FACTORY, which will simultaneously realize increased productivity, stabilization of plant operations, and assurance of safety by introducing and leveraging predictive analytics systems and digital tools such as mobile devices, as well as soft sensors that utilize the Company's internal resources. We are developing next-generation plant operation support systems powered by AI that inductively learns and compiles the operation methods and expertise of seasoned operators. In the future, we aim to achieve automated plant operation.

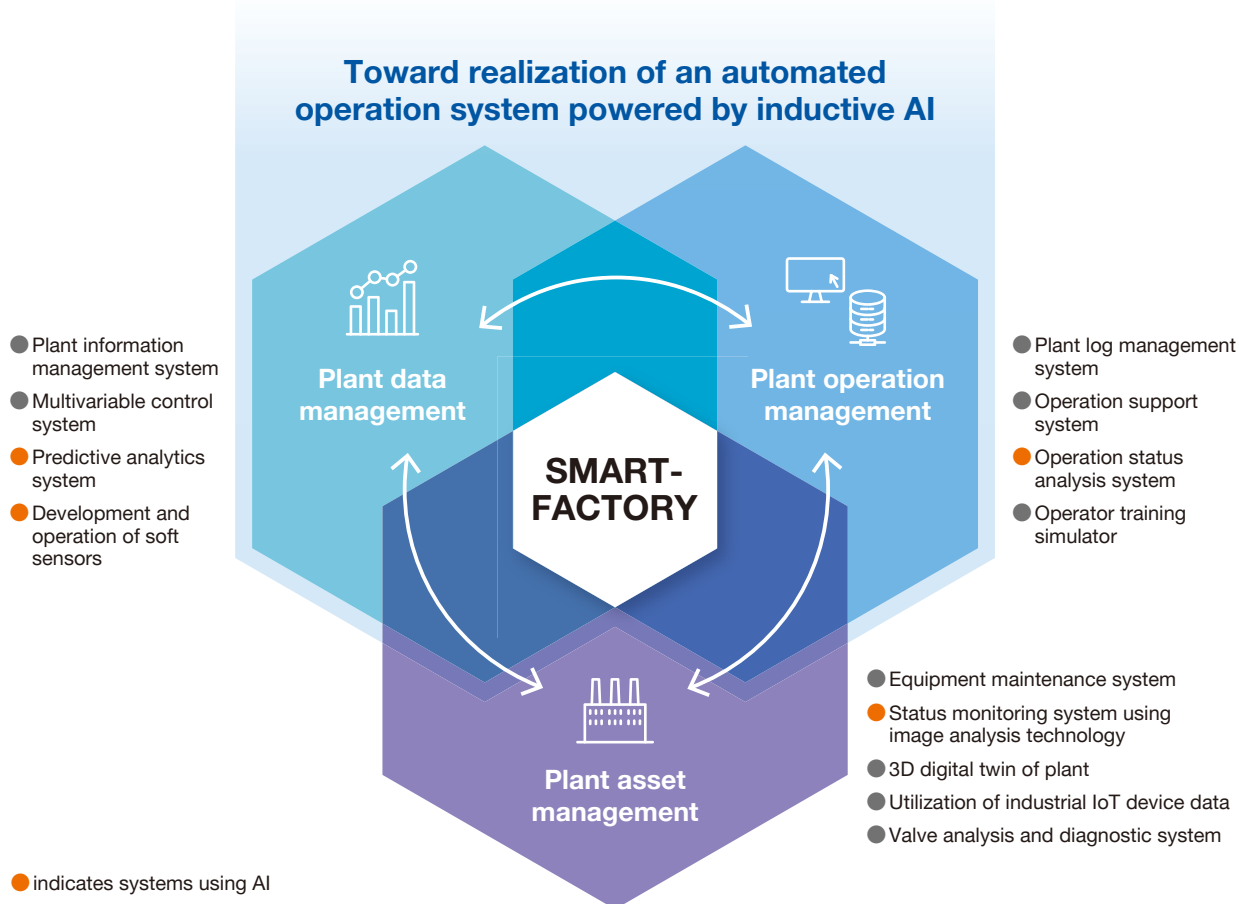
Fiscal 2024 has been a year for establishing a common companywide infrastructure in the form of systems that

securely obtain and aggregate data related to plant operation status and equipment management. After analyzing data acquired in each production process, we use it to propose efficient operation management and optimal equipment maintenance strategies. Furthermore, going forward, we will link data with different systems to use in important decision-making in the areas of plant data, plant operation, and plant asset management. We will also increase the level of our activity as we move into a solutions proposal phase.

At the Niigata Plant, we have a visual inspection system for pipe corrosion in plants that uses Human-in-the-Loop Machine Learning. We have enhanced the functionality of this system to enable it to work with various materials used in pipes. Furthermore, in plant status prediction, we are working in collaboration with research and manufacturing divisions to apply the effects obtained from data analysis at our production sites and drive continuous development.

We are realizing a higher level of plant operations through the SMART-FACTORY concept, as the introduction and utilization of these new technologies enable stable operations through prevention of accidents and equipment problems and improved efficiency in routine operations.

DX Management for the Realization of the SMART-FACTORY



Continuous Improvement of Responsible Care Activities

The MGC Group has been promoting responsible care (RC) for the environment, safety, and health for 30 years since 1995. Under the current medium-term management plan (MTMP 2026), we are continuing our companywide safety program, LINK, which started in fiscal 2021, and engaging in dialogue with Group companies to resolve issues facing each workplace. Companywide quality assurance activities (Q-MGC) will also shift toward supporting Group companies.

Ensuring Risk Management through HAZOP

The Company has experienced two explosive fire incidents: one at a manufacturing subsidiary in Thailand in 2017 and one at the Yokkaichi Plant in 2019. In light of these incidents, we determined that our past approach to preventative measures for emergent and latent risks was inadequate. To remedy this shortcoming and minimize risks related to occupational health and safety as well as process safety and disaster prevention, we conduct HAZOP process risk assessments on all manufacturing equipment.

Looking ahead, we will change our policy to thoroughly screen our existing equipment, as well as conducting HAZOP on new equipment as well. We will identify the potential risks in all equipment and quickly take appropriate steps to reduce those that are at an unacceptable level.

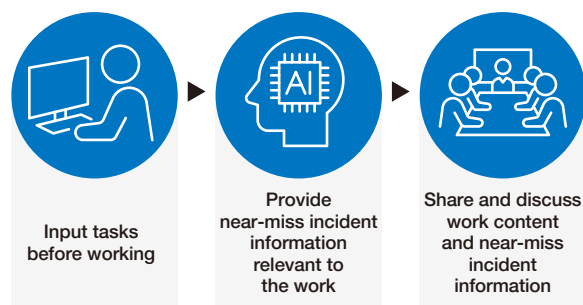
KY Suggestion System

While we are promoting the automation and operational stabilization of manufacturing equipment, a decrease in opportunities for employees to take action on the front

lines to carry out safety and disaster prevention activities is giving rise to concerns that employees' pre-work KY (*kiken yochi* ("hazard prediction")) level may decrease. To dispel these concerns, we have built the KY Suggestion System. The system uses a huge database of near-misses compiled through past near-miss reporting activities* to extract only the examples that relate to the work on-site for the day, and is able to effectively provide hazard prediction prior to starting work. The system has not only prevented human errors, but has also been effective for increasing employees' sensitivity to sources of danger. Going forward, we will look at fitting the system with new functions based on better hazard source data, using a large language model.

* An activity that encourages organizational disaster prevention by having employees report and share near-miss incidents that were alarming and left the employee feeling relieved as they did not end in accident or disaster.

Overview of the MGC-KY Suggestion System



Employee Comments

Adoption of DX Technologies in the Quality Assurance System, Starting with Super-Pure Hydrogen Peroxide

To maintain the high quality that customers demand, the Group has established systems for continual improvement based on companywide collaboration. This activity made an evolutionary step with commissioning of the LIMS quality data collection system at the Saga Plant in 2021.

The head office Environment Safety & Quality Assurance Division decided to install LIMS, which collects data from inspection equipment such as ICP-MS and feeds the data directly into an inspection system. The aim is to eliminate recording errors of test results in shipment testing and communication errors, and to minimize latent risks in the quality assurance system. The Saga Plant, which produces super-pure hydrogen peroxide, is leading this charge. Since the system has no precedent in the Company, it necessitated some hard work to carry out the process for defining requirements, ensuring the reliability of data collection and categorization, and to give consideration to usability. However, the introduction of LIMS has reduced the burden on employees, and has

also given us confidence in the reliability of test results. We continued to roll out LIMS at all plants, making use of the knowledge acquired through the installation in the Saga Plant, completing LIMS introduction to all plants and factories in Japan by March 2025.

Our job now is to promote the use of DX even further, through statistical analysis of data and linking with other systems, thereby contributing to new solutions to issues on the factory floor.



Koji Hirai
Production Control Section,
Saga Plant,
Yokkaichi Plant



Governance Section

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Outside Directors Talk/Messages from New Outside Directors

Discussions in Board and Other Meetings during Fiscal 2024



To create corporate value over the medium to long term, we will deepen discussions and support accurate and steady strategy implementation while keeping stakeholder viewpoints in mind

Yasushi Manabe

Outside Director
Former Vice President and
Executive Officer, Hitachi, Ltd.
Outside Director, NICHIAS
Corporation

Kazue Kurihara

Outside Director
Outside Director, Hamamatsu Photonics K.K.
Director, SMILEco Measurement Co., Ltd.
Professor Emeritus, Tohoku University
Senior Research Fellow, New Industry
Creation Hatchery Center, Tohoku University

Deep Discussions on Progress and Strategies under the Medium-Term Management Plan

What was the agenda item you spent the most time on in board meetings in fiscal 2024?

Manabe: The new, now current, medium-term management plan (MTMP 2026). We spent a lot of time discussing the validity of its objectives and strategies and checking on their progress. The first objective is “strengthen the resiliency of our business portfolio,” designed to build out our business foundation for sustainable growth by stabilizing the earnings structure. In preparation, since the previous medium-term management plan (MTMP 2023), we have been investing heavily in an MXDA production facility in the Netherlands, but the construction industry’s labor shortage has delayed construction and limited progress somewhat. For a long time, we have also been discussing reconstruction of our polycarbonate and sheet film businesses, which have been designated as “requiring intensive management,” and we have been putting time into system enhancements in the area of innovation, including Carbopath™.

Kurihara: Exactly. We have held multifaceted Q&A sessions concerning value creation, including assessments and future potential, in our R&D initiatives and product groups helping address issues related to climate change. With “gas” in our name, the MGC Group is a pioneer in natural-gas-derived chemicals and holds a wide array of technologies and expertise on catalyst development and plant operations. To help encourage the social implementation of these assets as a carbon-neutral business, we have to work with a broad range of stakeholders. Schedule adjustments along with changes in the external environment are necessary to the success of our projects. A case in point is a circular carbon methanol business using green hydrogen and CO₂ that we have been discussing with a foreign joint venture in Australia. Prices for green hydrogen remain high, and construction costs are rising, so the Board of Directors has temporarily suspended discussions on this project for the time being, working from the standpoint of economic rationality.

Manabe: Chemical products using CO₂ as a major ingredient carry great potential because they can help address environmental issues and support industrial growth

at the same time. Several projects are moving forward on our Carbopath™ platform, and I think it is important to get ahead of our competitors and take the lead to make MGC synonymous with circular carbon platforms. In objectively assessing the decisions of the management team, I support taking appropriate risks to help build our corporate value.

Kurihara: I understand that carbon-neutral businesses like CCS have immense growth potential, and have been hearing frequent hopeful remarks from national and local governments about them, too. I make a habit of engaging in broad, in-depth discussions to establish and apply our proprietary technologies in new fields.

Which management issues are you watching most closely?

Manabe: MGC has been conscious of cost of capital and promoting ROIC-based management since fiscal 2021, the first year of MTMP 2023. The current plan also clearly advocates strategies to improve capital efficiency, but I feel the pace of improvement leaves much to be desired. As in 2023, we outside directors took advantage of opportunities to talk with institutional investors in 2024. They asked many questions, including how we plan to handle businesses requiring intensive management.

Kurihara: I have been tracking the growth potential of our three ICT businesses. Rather than limit customer prospects for original MGC products like optical materials, we should be expanding their potential applications, and how well we do that holds the key to success. For future growth, it is essential that we explore new applications for our products and build quality customer relationships. To deepen mutual understanding with customers, I have high hopes for more effective use of the MGC Commons, a facility that epitomizes open innovation. This is a bit off-topic, but in October 2024, we outside directors and outside Audit & Supervisory Board members participated for the first time in the regular presentation by young researchers at the MGC Commons. I was able to hear about floor-level topics, which starkly contrasted the topics discussed in management meetings, and found it extremely stimulating.

Potential for Further Evolution as an R&D-Oriented Company

What are your hopes for President Isahaya, installed in April 2025?

Kurihara: President Isahaya's nomination symbolizes our resolve to pursue the Uniqueness & Presence concept, the backbone of our corporate Vision. I also see it as a



timely move for broadcasting MGC's position and intent both within and outside the Company. I know he has been leading our R&D initiatives in the right direction as overseer of R&D for the entire Group over the past two years, so I hope he will make the unique technologies held individually by Group firms and divisions accessible across the Group, enabling MGC to do business in entirely new ways.

Manabe: Like Ms. Kurihara, I hope he will work to make MGC a more R&D-oriented company, but I also hope he will drive the Company to achieve the two objectives of MTMP 2026, strengthening the resiliency of our business portfolio and promoting sustainability management, while steadily executing the strategies set out in the plan.

What do you think of cultivating personnel who can take part in management in the future?

Manabe: MGC has excellent training programs designed to systematically produce key personnel and support our work environments as well. For technical personnel, I understand that what we need in upstream and downstream operations are quite different, but to cultivate core-leadership candidates, I think we should provide dynamic career paths that complement each of them. Such candidates seem to be coming up in engineering, on a career path, for example, of working in a downstream division for some years, then heading an upstream division before rising to the core management team.

Kurihara: Although it is not clearly defined as a succession plan, I see MGC as a company with multiple career paths on offer. To build a career, an employee may, for instance, be installed as head of a foreign subsidiary so they can reinforce the skills of leadership and risk management required of a future executive.

Manabe: Moreover, to promote sustainable growth, MGC partially revised its compensation system for directors, excluding outside directors, in June 2025. Under the existing system, about 30% of director compensation is linked with job performance, and the revision will add environment, social, and governance (ESG) factors to that portion as KPIs. E will focus on our rate of greenhouse gas emissions reductions, S on the ratio of employees who are motivated to work, and G on the number of compliance violations. As I see it, if results are subpar, evaluations of directors will degrade, thus accelerating the plan-do-check-act cycle.

Kurihara: ESG-related initiatives are not derived from problematic situations. I see the revised compensation system as motivating directors to achieve higher levels in the natural course of the work flow.

To conclude, do you have a message for our shareholders and investors?

Kurihara: As a researcher, I never want our employees to think they have reached the limits of a given technology, instead I want to help them transcend those perceived limits. Through open discussion with board members, I think we outside directors can help translate abstract concepts into plain language and give them solid form. I hope that will make principles and policies easier to share among



directors and members of the entire Group, and reinforce the motivation to keep pushing forward. That is the sort of contribution I hope to make.

Manabe: I see MGC as a group of autonomous, highly ambitious people who have a deep, solid understanding of what they must do on their own initiative. Challenges remain for us, including improving PBR and ROE, but I see enormous potential. I would like to encourage you to have high hopes for the Group's ability to grow and build value over the medium to long term.

Messages from New Outside Directors



Kuni Sato

Outside Director

Former Ambassador Extraordinary and Plenipotentiary of Permanent Delegation of Japan to UNESCO
Council Member, United Nations University

I will oversee and advise from the standpoint of seeing both the trees and the forest

I see the MGC Group as a chemical manufacturer that is active applying unique proprietary technologies in a wide variety of fields, with a progressive culture and high employee morale overall, always embracing new challenges while continuing to engage with customers. Our stakeholders expect us to make the most of these qualities and strengths to contribute to addressing challenges in areas such as climate change, digital transformation and evolution in medical/food. To measure up to these expectations, the Company is working globally to build value with various partners.

I was press secretary and director-general for press and public relations at the Japanese Ministry of Foreign Affairs, Permanent Delegate of Japan to UNESCO, and Ambassador Extraordinary and Plenipotentiary of Japan to Hungary, among other roles. In a world of high liquidity and uncertainty, I hope to help build the value of the MGC Group, making the most of the experience and knowledge I have accumulated on the global stage.

I will oversee and advise from the standpoint of seeing both the trees and the forest, which I customarily do in my personal life. Speaking in a more nuanced way, I will try to keep an eye on the big picture of our corporate organization, personnel, products, and related trends as we get down to the work at hand. I think it is increasingly important to envision the future of industry and human life as we sculpt the culture of our technology-based company and continue refining our original technologies as we dialogue with customers worldwide.

To improve PBR and ROE, I want to enhance communication with shareholders and institutional investors abroad

I have been working in the global financial industry, more specifically in the corporate finance segment in Japan and the US, analyzing corporations for many years. I hope to contribute to MGC's board discussions, making the most of my experience assessing and analyzing the business plans and capital policies of over a thousand corporations.

To help guide the Group to sustainable long-term growth, I think it is perfectly reasonable to undertake strategies to enhance the resilience of our business portfolio by focusing management resources on our Uniqueness & Presence businesses, which are unlikely to be copied by other companies. MGC clearly has unique strengths and presence, with a vertically integrated business model, many products with top shares in global markets, and a track record of new product innovation. I hope to see new, edgy businesses inheriting these strengths. The chemical manufacturer business model customarily requires years of R&D effort and equipment investment to yield profits. During the investment cycle, I think it is important to keep two factors in balance: maintaining a strong balance sheet to ease funds procurement and allocating capital for strong investor returns.

I see a lot of room for improvement in our current PBR and ROE figures. To help our shareholders and investors accurately assess the growth potential and future value of the MGC Group, it is important to explain and accurately convey relationships between our results and progress with ongoing growth strategies, and clearly communicate the financial strategies and capital policies that reflect our priorities. In my career, I spent a long time in the US, and have built ample experience in working with institutional investors abroad, so I want to provide advice to help build and reinforce those relationships.



Mihoko Manabe

Outside Director

Former Board Director, Moody's Japan K.K.
Outside Director and Member of
the Audit and Supervisory Committee,
TORII PHARMACEUTICAL CO., LTD.
Financial Advisor (sole proprietor)
Sustainability Expert, MPower Partners Fund



Members of the Board of Directors and Audit & Supervisory Board

(As of June 30, 2025)

Directors



Masashi Fujii

Representative Director, Chairman

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1981	Joined MGC
April 2015	Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
June 2015	Director, Managing Executive Officer, Administrative Management of LNG Project Team, and President of Natural Gas Chemicals Company
April 2019	President and Representative Director
April 2025	Chairman and Representative Director (to present)

Expertise and experience: Following his service in important positions in the Administrative & Personnel Division and Natural Gas Chemicals Department, he was appointed as Director in June 2015 and presided over the Natural Gas Chemicals Department, served as President and Representative Director from April 2019 until March 2025 and as Chairman and Representative Director since April 2025, and has abundant experience and knowledge of MGC's business management and administration of management in general.



Yoshinori Isahaya

Representative Director, President

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1991	Joined MGC
April 2019	General Manager, Tokyo Research Laboratory, Specialty Chemicals Company
April 2020	Executive Officer, Vice Manager, Corporate Planning Division
April 2021	Executive Officer, in charge of Corporate Planning
April 2023	Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure
June 2023	Director, Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure
April 2025	President and Representative Director (to present)

Expertise and experience: Following his engagement mainly in R&D of Specialty Chemicals, he served in important positions in the Specialty Chemicals Department and Corporate Planning Division, was appointed as Director in June 2023, has served as President and Representative Director since April 2025, and has abundant experience and knowledge of MGC's business and administration of management, etc.



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

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1986	Joined MGC
April 2019	Executive Officer, Division Director, Organic Chemicals Division, Natural Gas Chemicals Company
June 2019	Executive Officer, Division Director, Corporate Planning Division
April 2021	Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division and CSR & IR Division
June 2021	Director
April 2025	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 (to present)

Expertise and experience: Following his engagement mainly in the Administrative & Personnel Division and Corporate Planning Division, he served in important positions in the Natural Gas Chemicals Department and Corporate Planning Division, and was appointed as Director in June 2021. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Ryoza Yamaguchi

Director, Senior Managing Executive Officer
In charge of Specialty Chemicals Business Sector

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1988	Joined MGC
April 2020	Executive Officer, Division Director, Administrative & Personnel Division, Corporate Management Sector
April 2021	Executive Officer, in charge of Administrative & Personnel Division
April 2022	Managing Executive Officer, in charge of Specialty Chemicals Business Sector
June 2022	Director
April 2025	Director, Senior Managing Executive Officer, in charge of Specialty Chemicals Business Sector (to present)

Expertise and experience: Following his engagement mainly in the Specialty Chemicals Department and Administrative & Personnel Division, he served in important positions in the Administrative & Personnel Division, and was appointed as Director in June 2022. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Ko Kedo

Director, Managing Executive Officer
Responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1988	Joined MGC
April 2015	Division Director, Planning & Development Division, Natural Gas Chemicals Company
June 2018	Division Director, Planning & Development Division, Natural Gas Chemicals Company, and Division Director, Life Science Division, Natural Gas Chemicals Company
April 2019	Executive Officer, Plant Manager, Mizushima Plant, Aromatic Chemicals Company
April 2020	Executive Officer, Plant Manager, Mizushima Plant, Basic Chemicals Business Sector
April 2021	Executive Officer, in charge of Research & Development
April 2023	Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division (to present)
June 2023	Director (to present)
April 2024	In charge of Purchasing & Logistics Division (to present)

Expertise and experience: Following his engagement mainly in R&D of Aromatic Chemicals, he served in important positions in the Natural Gas Chemicals and Aromatic Chemicals Departments, and was appointed as Director in June 2023. He has abundant experience and knowledge of MGC's R&D and business management, etc.



Hideaki Akase

Director, Managing Executive Officer
In charge of Green Energy & Chemicals Business Sector

Attendance of Board of Directors Meetings: 9/9 (FY2024)

April 1989	Joined MGC
October 2016	Division Director, Administrative Division, Aromatic Chemicals Company
April 2020	Division Director, Business Administrative Division, Basic Chemicals Business Sector
April 2021	Executive Officer, Division Director, Basic Chemicals Business Sector
April 2024	Managing Executive Officer, in charge of Green Energy & Chemicals Business Sector (to present)
June 2024	Director (to present)

Expertise and experience: Following his engagement mainly in the Aromatic Chemicals and Basic Chemicals Departments, he served in important positions in the Basic Chemicals Department, and was appointed as Director in June 2024. He has abundant experience and knowledge of MGC's business and administration of management, etc.



Tomoyuki Azuma

Director, Managing Executive Officer
Responsible for Research & Development,
in charge of Intellectual Infrastructure

April 1989	Joined MGC
April 2015	General Manager, Sales & Marketing Department, Electronics Materials Division, Information & Advanced Materials Company
April 2019	Division Director, Electronics Materials Division, Information & Advanced Materials Company
April 2020	Division Director, Electronics Materials Division, Specialty Chemicals Business Sector
April 2021	Executive Officer, Division Director, Electronics Materials Division, Specialty Chemicals Business Sector
April 2025	Managing Executive Officer, responsible for Research & Development, in charge of Intellectual Infrastructure (to present)
June 2025	Director (to present)

Expertise and experience: Following his engagement mainly in R&D of Specialty Chemicals, he served in important positions in the Information & Advanced Materials Department and Specialty Chemicals Department, and has abundant experience and knowledge of MGC's R&D and business management, etc.



Chika Kobayashi

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

April 1990	Joined MGC
June 2012	Division Director, Administrative Division, Information & Advanced Materials Company
April 2016	Division Director, Administrative Division, Specialty Chemicals Company
April 2018	General Manager, Accounting Department, Finance & Accounting Center
April 2020	General Manager, Accounting Department, Finance & Accounting Division, Corporate Management Sector
April 2021	General Manager, Accounting Department, Finance & Accounting Division
April 2022	Executive Officer, General Manager, Accounting Department, Finance & Accounting Division
April 2023	Executive Officer, in charge of Corporate Planning, Division Director, Corporate Planning Division
April 2025	Managing Executive Officer, in charge of Compliance, responsible for Corporate Planning, in charge of Internal Audit Division and Information Systems Division (to present)
June 2025	Director (to present)

Expertise and experience: Following his engagement mainly in the Information & Advanced Materials and Specialty Chemicals Departments, he served in important positions in the Finance & Accounting Division and Corporate Planning Division, and has abundant experience and knowledge of MGC's business and administration of management, etc.



Yasushi Manabe

Outside Director Independent

Attendance of Board of Directors Meetings: 12/12 (FY2024)

April 1979	Joined Hitachi, Ltd.
April 2012	General Manager, Sales Division Infra System Group Infra System, Hitachi, Ltd.
April 2013	Executive Officer, General Manager, Kansai Area Operation, Hitachi, Ltd.
June 2013	Outside Audit & Supervisory Board Member, ShinMaywa Industries, Ltd.
April 2016	Executive General Manager, Deputy Director, General Corporate Sales & Marketing Group, CMO of Industry & Distribution, Water & Urban Business Unit, Hitachi, Ltd.
April 2017	Vice President and Executive Officer, Deputy Director, General Corporate Sales & Marketing Group, CMO of Industry & Distribution Business, Water & Urban Business, Hitachi, Ltd.
April 2021	Executive Advisor, Yashima Denki Co., Ltd.
June 2021	Outside Director, MGC (to present)
June 2024	Outside Director, NICHIA Corporation (to present)

Expertise and experience: He has many years of experience and insight as a manager at a company operating on a global scale.



Kazue Kurihara

Outside Director Independent

Attendance of Board of Directors Meetings: 12/12 (FY2024)

October 1992	Associate Professor, Department of Applied Physics, Faculty of Engineering, Nagoya University
April 1997	Professor, Institute for Chemical Reaction Science (currently, Institute of Multidisciplinary Research for Advanced Materials), Tohoku University
April 2010	Professor, Advanced Institute for Materials Research and Institute of Multidisciplinary Research for Advanced Materials, Tohoku University
April 2016	Professor Emeritus, Tohoku University (to present)
April 2017	Professor, New Industry Creation Hatchery Center, Tohoku University
December 2020	Outside Director, Hamamatsu Photonics K.K. (to present)
April 2021	Research Professor, Tohoku University
January 2022	Director, SMILECO Measurement Co., Ltd. (to present)
June 2023	Outside Director, MGC (to present)
April 2025	Senior Research Fellow, New Industry Creation Hatchery Center, Tohoku University (to present)

Expertise and experience: She has highly advanced expertise in wide fields of study in chemicals, and it is deemed that she would provide appropriate supervision and advice to MGC's management from such a perspective.



Kuni Sato

Outside Director Independent

January 1981	Joined Ministry of Foreign Affairs of Japan (MOFA)
July 2004	Minister of the Mission of Japan to the European Union (Brussels)
July 2007	Minister of the Permanent Mission of Japan to the International Organizations in Geneva
August 2010	Deputy Director-General of International Legal Affairs Bureau, MOFA
September 2012	Assistant Vice-Minister, MOFA
June 2013	Press Secretary/Director-General for Press and Public Relations, MOFA
February 2015	Ambassador Extraordinary and Plenipotentiary of Permanent Delegation of Japan to UNESCO
October 2017	Ambassador Extraordinary and Plenipotentiary of Japan to Hungary
April 2021	Advisor, National Institutes for Cultural Heritage (to present)
May 2021	Auditor of Foreign Press Center Japan (to present)
February 2022	Ambassador, Governor for Japan, Asia Europe Foundation (ASEF), Special Assistant, MOFA (to present)
May 2022	Council Member, United Nations University (to present)
June 2025	Outside Director, MGC (to present)

Expertise and experience: She has extensive international experience and insight spanning many years, and it is deemed that she would provide appropriate supervision and advice to MGC's management.



Mihoko Manabe

Outside Director Independent

June 1982	Joined Nissho Iwai American Corporation (currently, Sojitz Corporation of America)
May 1988	Joined Moody's Investors Service, Inc.
May 2013	Senior Vice President, Moody's Investors Service, Inc.
May 2017	Associate Managing Director, Moody's Japan K.K.
January 2019	Board Director, Moody's Japan K.K.
October 2023	Financial Advisor (sole proprietor) (to present)
March 2024	Outside Director and Member of the Audit and Supervisory Committee, TORII PHARMACEUTICAL CO., LTD. (to present)
May 2025	Sustainability Expert, MPower Partners Fund (to present)
June 2025	Outside Director, MGC (to present)

Expertise and experience: She has many years of experience overseas and also possesses a considerable degree of knowledge regarding finance and accounting at a global company.

Audit & Supervisory Board Members



Go Watanabe

Outside Audit & Supervisory Board Member **Independent**

Attendance of Audit & Supervisory Board Meetings: 12/12 (FY2024)

April 1982 Joined The Mitsubishi Bank, Ltd.
June 2009 Executive Officer, Manager of Shanghai Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
May 2012 Managing Executive Officer, Group Head, Nagoya Corporate Banking Group, BTMU
June 2013 Managing Executive Officer, Chief Executive Officer for Asia and Oceania, BTMU
July 2016 First Senior Vice President, Nidec Corporation
August 2018 Senior Managing Executive Officer, Chief Administrative Office, Nidec Corporation
September 2020 Chairman and Representative Director, MST Insurance Service Co., Ltd.
June 2021 Outside Director, Mitsubishi HC Capital Inc.
June 2022 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has abundant experience and insight as a manager at a financial institution and in the manufacturing industry, etc., both in Japan and overseas.



Masato Inari

Audit & Supervisory Board Member

Attendance of Audit & Supervisory Board Meetings: 12/12 (FY2024)

April 1985 Joined MGC
June 2017 Director, Managing Executive Officer, President of Aromatic Chemicals Company
April 2019 Director, Managing Executive Officer, in charge of Production Technology Division, Environment Safety & Quality Assurance Division
April 2020 Director, Managing Executive Officer, in charge of Internal Audit Division, Environment & Total Production Sector
April 2022 Representative Director, Senior Managing Executive Officer, responsible for Production Technology, in charge of Environment Safety & Quality Assurance Division and Purchasing & Logistics Division
June 2023 Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as Director in June 2017, he served in important positions in the Aromatic Chemicals, Production Technology, and Environment Safety & Quality Assurance Departments, among others, and possesses abundant experience in MGC's business and corporate management.



Nobuhisa Ariyoshi

Audit & Supervisory Board Member

April 1984 Joined MGC
April 2016 Executive Officer, Division Director, Electronics Materials Division, Information & Advanced Materials Company
June 2018 Director, Managing Executive Officer, in charge of Finance & Accounting Center, Information Systems Division, and Purchasing & Logistics Center
April 2019 Director, Managing Executive Officer, Chairman of Internal Control Promotion Committee, in charge of Compliance, Risk Management, Internal Audit Division, Corporate Planning Division, Administrative & Personnel Center and Corporate Communications Division, General Manager of Tokyo Techno Park
April 2020 Director, Managing Executive Officer, in charge of Internal Control & Risk Management and Corporate Management Sector
April 2022 Representative Director, Senior Managing Executive Officer
June 2025 Audit & Supervisory Board Member (to present)

Expertise and experience: Following his appointment as Director in June 2018, he served in important positions in Corporate Management, Compliance, Internal Control & Risk Management, etc. and possesses abundant experience in MGC's business and corporate management.



Tsuneaki Teshima

Outside Audit & Supervisory Board Member, Part-time **Independent**

Attendance of Audit & Supervisory Board Meetings: 9/9 (FY2024)

April 1983 Joined Nippon Life Insurance Company (Nissay)
March 2010 Executive Officer, Nissay
July 2014 Director, Managing Executive Officer, Nissay
March 2018 Director, Nissay
April 2018 Representative Director, NLI Research Institute (to present)
June 2018 Outside Audit & Supervisory Board Member, Nitta Corporation
June 2021 Outside Audit & Supervisory Board Member, Keisei Electric Railway Co., Ltd. (to present)
June 2024 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: He has many years of experience and insight as a manager at a financial institution and possesses considerable knowledge of finance and accounting.



Mayako Perez Takahashi

Outside Audit & Supervisory Board Member, Part-time **Independent**

April 1988 Joined Toa Nenryo Kogyo K.K. (currently, ENEOS Corporation)
March 1989 Joined Japan Digital Equipment Corporation
October 1992 Joined Nissan Mexicana, S.A. De C.V. (as contract employee)
February 1997 Joined Tohatsu & Co. (currently, Deloitte Touche Tohmatsu LLC)
December 2007 Joined KPMG Business Assurance Co., Ltd. (currently, KPMG AZSA LLC)
July 2011 Dispatched to Japan International Cooperation Agency (JICA) India Office
June 2013 Joined Deloitte Touche Tohmatsu LLC
August 2015 Senior Manager, Genpact Japan K.K. (currently, Genpact K.K.)
July 2017 Dispatched to JICA Panama Office
January 2021 Joined ORIX Corporation
December 2023 Executive Officer, Leifras Co., Ltd.
June 2025 Outside Audit & Supervisory Board Member, MGC (to present)

Expertise and experience: She has many years of experience at audit corporations etc., and also possesses a considerable degree of knowledge regarding finance and accounting.

Independent Independent officer as stipulated under Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange

Corporate Governance

Basic Approach

The Company believes that meeting the expectations of all stakeholders, beginning with our shareholders, means working to increase corporate value through business activities and contributing to the realization of a sustainable society, with the aim of achieving both social and economic value under its Mission of “creating value to share with society.” To this end, the Company strives to operate effective corporate governance systems, and continuously reinforce and enhance those systems.

Basic Policies

- (1) Ensure the rights of, and equality among, shareholders.
- (2) Engage in appropriate collaboration with shareholders and other stakeholders.
- (3) Conduct appropriate information disclosures and maintain transparency.
- (4) Properly carry out the responsibilities of the Board of Directors and other bodies.
- (5) Engage in constructive dialogue with shareholders.

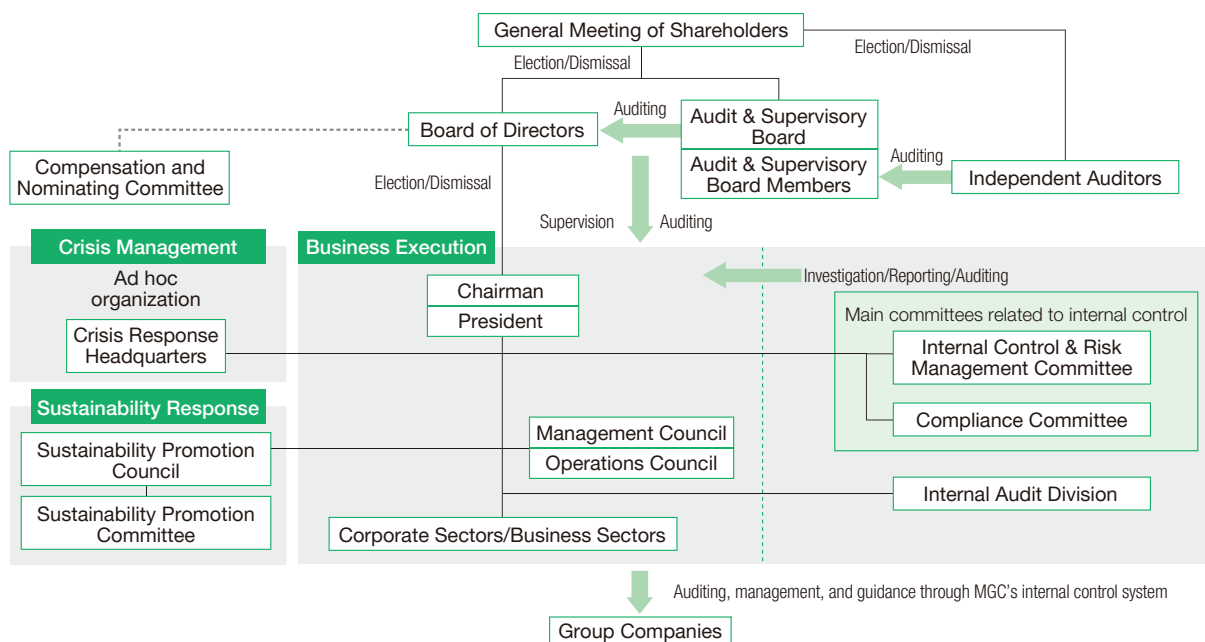
Corporate Governance System

As a company with an Audit & Supervisory Board, MGC has, for the purpose of business execution, established an executive officer system that clearly separates management decision-making and supervisory functions from the business execution function. The Board of Directors decides basic management policies, matters relating to items stipulated by law and the Company's Articles of Incorporation, and other important management matters. The Board of Directors oversees the execution of business, while executive officers are responsible for directly managing business affairs. For matters arising in the course of business execution that may have a significant effect on the Company, the Board of Directors makes its decisions on the basis of multifaceted deliberations, including deliberations on management policies by the

Management Council and deliberations on plans for executing specific policies by the Operations Council. The Board of Directors receives advice from attorneys and other experts when necessary in the course of its decision making and supervision of business execution.

The Audit & Supervisory Board members also attend important meetings, such as those held by the Board of Directors and the Operations Council, conduct audits of each division, survey subsidiaries and view important documents, and audit the execution of business. The members also monitor important decision-making processes and business execution in order to ensure reasonable decision making and compliance with laws and corporate norms.

Corporate Governance, Risk and Sustainability Management Organization Chart



Activities of Meeting Bodies and Committees in Fiscal 2024

Board of Directors	12	Chair: Toshikiyo Kurai The Board of Directors decides important matters pertaining to management policies, business, and management based on laws, regulations, the Company’s Articles of Incorporation, and the regulations of the Board. It also receives reports from each director and others on the status of execution of duties, management performance, etc., and supervises the execution of duties by directors. Candidates for director are nominated by the Board of Directors following consultation with the Compensation and Nominating Committee, and directors are elected at the annual General Meeting of Shareholders. Main Themes Deliberated in Fiscal 2024 <table><tr><th>Theme</th><th>Main deliberation items</th></tr><tr><td>Management strategy</td><td> • Formulation of current medium-term management plan (MTMP 2026) (quantitative part) • Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) • Sustainability management (materiality KPI results, etc.) </td></tr><tr><td>Governance</td><td> • Basic operational policy for capital strategy • Promotion of reduction of strategic shareholdings </td></tr></table>	Theme	Main deliberation items	Management strategy	• Formulation of current medium-term management plan (MTMP 2026) (quantitative part) • Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) • Sustainability management (materiality KPI results, etc.)	Governance	• Basic operational policy for capital strategy • Promotion of reduction of strategic shareholdings
Theme	Main deliberation items							
Management strategy	• Formulation of current medium-term management plan (MTMP 2026) (quantitative part) • Business portfolio reform (status of implementation of strategies including restructuring businesses requiring intensive management, etc.) • Sustainability management (materiality KPI results, etc.)							
Governance	• Basic operational policy for capital strategy • Promotion of reduction of strategic shareholdings							
Audit & Supervisory Board	14	Chair: Masamichi Mizukami Audit & Supervisory Board members audit management decisions and the status of execution of business from an independent position, such as by attending meetings of the Board of Directors and other important meetings. The Audit & Supervisory Board’s topics include formulation of auditing policies and audit plans, internal control systems’ implementation/operation status and the reasonableness of the independent auditors’ audit methods and findings. Furthermore, the Audit & Supervisory Board endeavors to work with the independent auditors and the Internal Audit Division, and also endeavors to increase the efficiency of audits through such measures as the assignment of dedicated audit staff.						
Compensation and Nominating Committee	7	Chair: Toshikiyo Kurai The Compensation and Nominating Committee functions both to determine executive officer compensation and to nominate and appoint key members of senior management. The majority of the committee is comprised of independent outside directors. The Board of Directors is responsible for appointing and dismissing key members of management, including the Chairman and President, and for nominating directors and Audit & Supervisory Board members. In making decisions on policies regarding executive officer compensation and total annual amounts, and in determining allocation of those amounts, the Compensation and Nominating Committee is consulted prior to those matters being put before the Board of Directors for discussion. Note that the appointment, dismissal and nomination of said officers are judged in light of certain selection criteria that include whether they have the appropriate internal and external work experience and knowledge for the position; whether they have the dignity and ethical values appropriate to their responsibilities; and whether they have violated any laws, the Articles of Incorporation, or company rules.						
Internal Control & Risk Management Committee	3	Chair: Nobuhisa Ariyoshi As an organization directly under the President, the Internal Control & Risk Management Committee is a committee chaired by the executive officer in charge of Internal Control & Risk Management. It provides direction and supervision for each department and deliberates on problems that require a companywide response. It makes decisions on matters related to risk management system policies, measures and plans; matters related to business and operational risk management, as well as matters related to guidance, direction and oversight incidental thereto; and matters related to guidance, direction and oversight related to business continuity planning. ➡ For details on risk management, please refer to page 81.						
Compliance Committee	2	Chair: Motoyasu Kitagawa As an organization directly under the President, the committee investigates compliance violations pertaining to the Company and the Group, and formulates, deliberates and recommends corrective measures and preventative measures. ➡ For details on compliance, please refer to page 82.						
Management Council	25	Organizer: Masashi Fujii The Management Council deliberates and determines the Group’s medium-term management plan, management policy, basic policies on key operations, and so forth. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.						
Operations Council	25	Organizer: Masashi Fujii The Operations Council deliberates and determines the Group’s specific action plans and so on concerning the execution of serious business matters. The Board of Directors makes the final decisions on any proposals requiring it to make a resolution.						
Sustainability Promotion Council	2	Chair: Masashi Fujii The Sustainability Promotion Council deliberates and determines policies and measures that form the basis for sustainability management such as identification and management of materiality, and receives reports on the implementation thereof from the Sustainability Promotion Committee.						
Sustainability Promotion Committee	3	Chair: Shinichi Nagao The Sustainability Promotion Committee confirms the status of implementation of measures in each division, and consults with the Sustainability Promotion Council on the necessary measures through periodic reviews.						

Assessing the Effectiveness of the Board of Directors

Every year, we conduct assessments on the effectiveness of the Board of Directors. As a new approach starting from the assessment for fiscal 2023, we appointed a third-party organization and utilized its expert knowledge in discussion and collating the survey items, and so forth. We plan to renew this appointment every three years or so.

The perspective for the survey consists of five aspects: composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk and crisis management, performance monitoring and management team assessment, and dialogue with shareholders, etc. Based on these aspects, we conducted a survey of all Directors and Audit & Supervisory Board members in April 2025, including various kinds of questions using a five-point scale and requesting their opinions unrestricted by the parameters of the five-point scale. The Board of Directors then held discussions based on the aggregate results and opinions that were received.

In the results of that survey, the average score on the five-point scale for all items was above “4: More effective and appropriate than not.” Moreover, the majority of assessments were positive. As such, the Company recognizes that the Board of Directors has achieved a certain level of effectiveness. In particular, the scores were relatively high for items such as “Composition of the members of the Board of Directors” and “Dialogue with shareholders, etc.,” and multiple comments offering a positive assessment of them were observed. In addition, “Increasing corporate value through response to issues related to sustainability” has maintained a high score from the previous fiscal year.

Meanwhile, based on discussion of the assessment results in the Board of Directors, we will conduct a review primarily with respect to elements such as those for which it was indicated that there exists room for improvement, and aim to ensure a more effective Board of Directors and continue to go about strengthening and improving it as an organization.

Issues and responses in FY2024	• To prevent a time lag between the recognition of risk on the front lines and reporting of it to the Board of Directors, we are utilizing not only the Board of Directors, as a space for deliberation, but also opportunities such as prior briefings for outside Directors and Audit & Supervisory Board members and reports on the status of execution of duties by Directors. • We are holding briefings on the current status of important subsidiaries in addition to the existing visits to business sites to provide information for Directors and Audit & Supervisory Board members. • To stimulate more active discussion of strategy, we have prioritized reporting based on importance and risk level when making reports on the status of execution of duties by Directors.
Issues in FY2025 and future initiatives	• Strategy monitoring: Strengthen periodic progress management conducted by the Board of Directors for large-scale investments where issues have arisen and restructure businesses • Incentive compensation: Add indicators reflecting initiatives for ESG to Director's performance-based compensation to further promote sustainability management

Status of Internal Auditing

The Internal Audit Division conducts internal audits of the Company and its Group companies pursuant to fiscal-yearly plans to determine whether their business is being executed properly, ensure the effectiveness of internal controls and improve management efficiency. All internal audit reports are reported to the representative director and president and the director in charge of the Internal

Audit Division, and are also reported at the same time to the full-time Audit & Supervisory Board members. The Board of Directors receives one regular report per year as well as reports from the director in charge of the Internal Audit Division as necessary. Moreover, the Internal Audit Division also assesses and reports on the effectiveness of internal controls over financial reporting in accord with the Financial Instruments and Exchange Act.

Introduction of Diverse Perspectives

MGC has developed a global business that ranges widely from basic chemicals to high-performance materials. Because our management decisions require a high degree of expertise, the Board of Directors as a whole strives to maintain a well-balanced diversity of knowledge, experience, and abilities including people from within the Company who are deeply familiar with our business and management, with the addition of multiple independent outside directors who have extensive international experience and management experience along with advanced specialized knowledge, and provide advice and supervision from the perspectives of shareholders and other stakeholders. When appointing outside directors, emphasis is placed on “Global / Diversity / Experience in other sectors,” which is essential for obtaining business opportunities.

MGC currently has 12 directors (of whom four are independent outside directors and three quarters of those

are women), which we believe to be generally appropriate in size and effectiveness.

In order to ensure the fair and objective oversight of management, particular attention is paid to the independence of outside directors and Audit & Supervisory Board members, in accordance with criteria set by the Tokyo Stock Exchange regarding independence. MGC appoints only candidates who have no conflict of interest with general shareholders.

The Board of Directors consults with the majority-independent Compensation and Nominating Committee before voting on senior management, director and Audit & Supervisory Board member candidates.

 For details on the criteria regarding independence of outside directors and Audit & Supervisory Board members, please refer to the Corporate Governance Report on the MGC website. <https://www.mgc.co.jp/eng/corporate/governance.html>

Support for Outside Directors and Audit & Supervisory Board Members

To give part-time outside directors a better understanding of Board of Directors meetings' agenda items, the Company briefs them beforehand. Outside directors also engage in discussions with Audit & Supervisory Board members to share information. Additionally, outside directors and outside Audit & Supervisory Board members hold regular discussions solely amongst themselves to share information.

The Secretarial Group and General Affairs Group,

the latter of which functions as the Board of Directors' administrative staff, serve as liaisons between outside directors and the Company. Both have staff whose main role is to communicate and coordinate with outside directors and assist them with their duties. Additionally, one staff member is assigned exclusively to assist Audit & Supervisory Board members, including outside members, with their duties as directed by them. Audit & Supervisory Board members are authorized to engage the services of external experts at the Company's expense.

Expertise and Experience Sought in Directors and Audit & Supervisory Board Members (Skill Matrix)

	Corporate management Industry expertise	Production technology R&D Environment safety	Business strategy Sales Market development	Finance Accounting Management planning	Legal Compliance Risk management	HR Labor Talent development	Global Diversity Experience in other sectors
Directors							
Masashi Fujii	●		●		●	●	
Yoshinori Isahaya	●	●	●	●			
Motoyasu Kitagawa	●			●		●	●
Ryozo Yamaguchi	●				●	●	●
Ko Kedo	●	●	●		●		
Hideaki Akase	●		●	●			●
Tomoyuki Azuma	●	●	●				●
Chika Kobayashi	●		●	●	●		
Yasushi Manabe	●		●				●
Kazue Kurihara	●	●					●
Kuni Sato					●	●	●
Mihoko Manabe	●			●			●
Audit & Supervisory Board Members							
Go Watanabe	●			●	●		●
Masato Inari	●	●	●		●		
Nobuhisa Ariyoshi	●			●	●	●	
Tsuneaki Teshima	●			●			●
Mayako Perez Takahashi				●	●		●

Note: Up to four high-priority areas of expertise and experience are noted for each individual. The table above is not exhaustive with respect to the expertise and experience disclosed for each individual.

Compensation of Directors and Audit & Supervisory Board Members

Directors' Compensation

Compensation to directors of MGC (excluding outside directors) consists of annual compensation and restricted stock compensation.

Annual compensation consists of a fixed amount of basic compensation based on the individual's position and responsibilities, and performance-based compensation that takes into account various indicators of the Company's performance. Compensation is divided into monthly installments and paid monthly, and a certain percentage is accumulated annually as a reserved retirement benefit to be paid at the time of retirement. This amount may be subject to reduction based on the individual's performance and other factors.

Performance-based compensation is intended to be an incentive for overall Company performance of a fiscal year, and is determined using financial indicators such as ordinary income, ROE and ROIC, based on actual results,

level of achievement, and so on. In addition, to further promote sustainability management, from fiscal 2025, we will also take into consideration KPIs such as GHG emission reduction rates, the percentage of employees who feel a sense of fulfillment in their work, and compliance status when determining compensation.

Restricted stock compensation is compensation paid to Directors once each fiscal year in the form of grants of Company stock. Directors are granted a certain number of shares based on their positions and responsibilities. The purpose of restricting transfers of these shares and having recipients hold them for a certain period of time is to share value with shareholders and provide an incentive for working toward medium- to long-term sustained growth of corporate value.

Given the nature of the Company's businesses reaching profitability through a variety of processes over many years, including R&D, manufacturing process development

and market development, annual compensation consists primarily of basic compensation, with a general guideline of about 30% for performance-based compensation, and incentive compensation (performance-based compensation and restricted stock compensation) accounts for approximately 40% of total compensation.

In addition to these forms of compensation, an amount that is considered appropriate may be paid as a bonus upon resolution of the General Meeting of Shareholders.

Note that outside directors, whose position is independent of business execution, are paid only fixed basic compensation.

Annual director compensation is determined by the Board of Directors upon comprehensive consideration of Company performance, common standards, employee salary trends, and so forth, after consultation with the Compensation and Nominating Committee. In addition, allocation of individual compensation is entrusted to the President by the Board of Directors, based on the

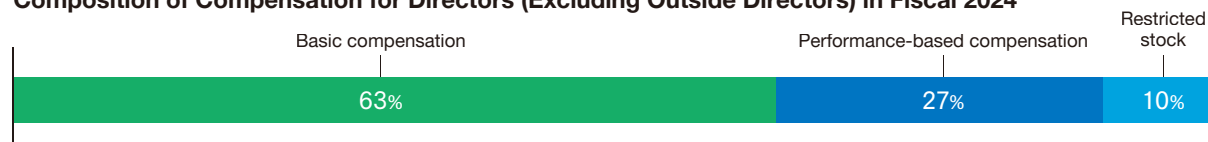
determination that the President is the most suitable person to evaluate each director while having a high-level view of MGC as a whole. The President makes these decisions based on discussions regarding the allocation of compensation by the Compensation and Nominating Committee.

The above policies are decided upon by the Board of Directors after consultation with the Compensation and Nominating Committee, comprised of a majority of outside directors.

Compensation to Audit & Supervisory Board Members

Compensation to Audit & Supervisory Board members consists only of a basic compensation amount within a range stipulated by the General Meeting of Shareholders, which is determined through deliberations by the Audit & Supervisory Board members.

Composition of Compensation for Directors (Excluding Outside Directors) in Fiscal 2024



Total Officer Compensation in Fiscal 2024

Position	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of people receiving compensation
		Basic	Performance	Restricted stock	
Directors (excluding outside directors)	499	311	136	50	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	54	54	—	—	2
Outside directors and Audit & Supervisory Board members	78	78	—	—	7
Total	632	444	136	50	18

Note: The amount of restricted stock compensation to directors is that of the provision for restricted stock compensation recorded for the fiscal year under review.

Strategic Shareholdings

MGC owns listed equity holdings that it deems beneficial to Group businesses in pursuit of medium/long-term growth in corporate value.

The Board of Directors annually reassesses the objectives and risks of owning each of these equity holdings, the state of transactions with the investee, and returns accruing from ownership, including returns from actual transactions with the investee, relative to earnings targets with cost of capital factored in. If the Board of Directors deems MGC's equity stake in any investee to be larger than appropriate, MGC opportunistically sells down its equity holdings in the investee.

In fiscal 2024, MGC sold three equity holdings in part and two in their entirety.

When voting its cross-held shares, MGC generally respects the investee's management decisions. Under certain circumstances, however, MGC gives extra scrutiny to management or shareholder proposals before

deciding whether to vote for or against the proposal. Such circumstances include an investee that has incurred losses for three consecutive years and has questionable prospects of a turnaround; an investee that has been involved in a major scandal, has engaged in antisocial conduct or has otherwise fallen into disrepute with questionable prospects of rehabilitating its reputation; and other cases in which MGC deems a vote in favor of a proposal to be adverse to its overall medium/long-term interests, including the objectives of its cross-shareholdings in the investee.

	Number of issues	Total value on balance sheet (millions of yen)
Unlisted shares	53	2,185
Shares other than unlisted shares	35	26,031

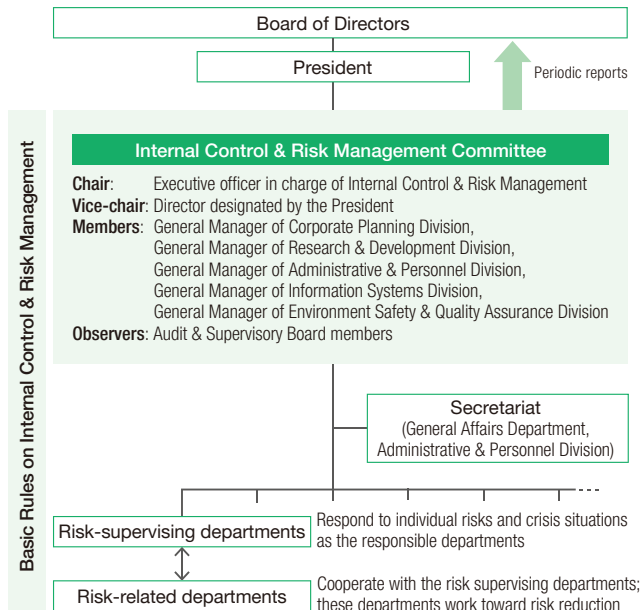
Risk Management

Risk Management System

At MGC, all business divisions actively assess and prioritize risk situations and devise risk reduction measures. The Internal Control & Risk Management Committee, chaired by the executive officer in charge of Internal Control & Risk Management, provides direction and supervision for each department and deliberates on problems that require a companywide response. It periodically reports to the Board of Directors on the state of risk management.

While MGC's business primarily centers on manufacturing, we identify and evaluate risks associated with business execution beyond just manufacturing inherent in our operations and internal control systems. We then take appropriate measures. In the event that a serious risk is identified, we set up a special group (Crisis Response Headquarters) to address it according to internal rules.

Risk Management Promotion System



Business and Other Risks

1. Endogenous business risk
2. Overseas business risk
3. Joint venture risk
4. Product quality risk
5. Natural disaster and accident risks
6. Information security risk
7. Compliance risk
8. Human rights risk
9. Climate change risk
10. Investment risk
11. Currency risk
12. Financing and interest rate risks
13. Litigation risk

Specific Activities of the Internal Control & Risk Management Committee (Fiscal 2024)

Matters discussed

- Review of internal control and risk management activities in each department
- Details of disclosure related to business and other risks
- Response to proposals from the Internal Audit Division
- Overview of annual activities
- Policy of next fiscal year

Matters reported

- Review of fire insurance
- Review of emergency contact measures

Please refer to the Corporate website for details on business and other risks.
<https://www.mgc.co.jp/eng/ir/policy/risk.html>

Strengthening Response to Sustainability and Risk

The MGC Group manages risk by identifying materiality issues that should be addressed by management to achieve both social and economic value, and by identifying the risks and opportunities associated with these materiality issues.

The division supervising materiality identifies risks and opportunities. We set KPIs that are suitable for reducing risks, maximizing opportunities, and measuring

achievement of our vision. Since materiality is promoted in conjunction with the medium-term management plan, the Sustainability Promotion Committee and the Sustainability Promotion Council confirm the progress of materiality management.

Please refer to "Progress of Materiality" on page 38 for details on materiality, risks and opportunities.

Main Meeting Bodies Related to Sustainability and Risk

Meeting body	Participating members	Main risks handled	Particularly relevant materiality	Meetings held in FY2024
Environment and Safety Meeting	Chair: President Directors, Audit & Supervisory Board members, business site managers, other	- Environmental protection risks - Process safety and disaster prevention/occupational safety and health risks - Chemical and product safety risks	- Proactive response to environmental problems - Ensuring occupational safety and health/process safety and disaster prevention	1
Quality Assurance Meeting	Chair: President Directors, Audit & Supervisory Board members, business site managers, other	Quality risks	Chemical/product quality and safety assurance	1
Human Rights Expert Committee	Chair: General Manager of Administrative & Personnel Division General Manager of Purchasing & Logistics Division, General Manager of Environment Safety & Quality Assurance Division, other	Human rights risks	Respect for human rights	3
Carbon Neutrality Promotion Technical Committee	Chair: General Manager of Production Technology Division General Manager of Corporate Planning Division, General Managers of business divisions, General Managers of business administrative divisions, other	Climate change risks	Proactive response to environmental problems	3

Compliance

Basic Approach

The MGC Group has put in place, and is working to strengthen, a system for practicing compliance with the aim of earning the trust and understanding of the community.

The MGC Group takes a broad view of compliance, one that involves not only abiding by laws and Company rules but also conducting fair, transparent, and free business activities in acknowledgment of its responsibilities to society. Based on this understanding, we have summarized the conduct expected of our executives and employees in the MGC Corporate Behavior Principles and the MGC Group Code of Conduct, the contents of which are reviewed and revised from time to time based on developments in society at large.

The MGC Group decides policies, measures, and plans relating to the compliance system in the Internal Control & Risk Management Committee. In addition, the Compliance Committee has been set up as an independent body reporting directly to the President to deal with individual cases of compliance violation. The Compliance Committee comprises the executive officer in charge of compliance (who serves as the chair), a director nominated by the President (vice-chair), and heads of compliance-related departments and others (members).

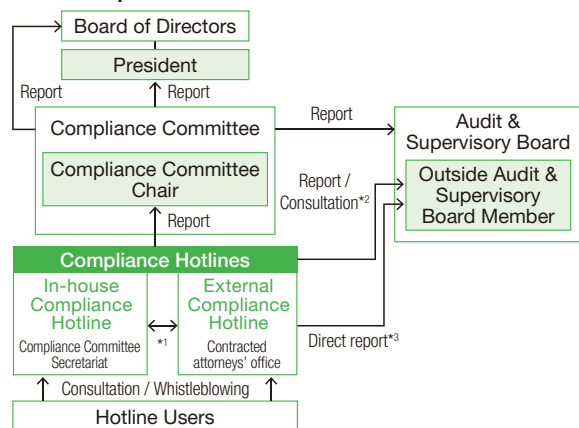
The results of the activities of this committee, which include the investigation and recognition of violations and the formulation, deliberation, and recommendation of corrective and preventive measures, are reported to the President, the Board of Directors, and the Audit & Supervisory Board, with compliance violations being dealt with according to prescribed internal procedures.

Furthermore, the Compliance Hotline has been set up to quickly ascertain and correct compliance violations, and can be used by all the people involved in the MGC Group's business activities, such as officers and employees of the MGC Group including those who have retired in the past year, their family members, or partner companies and customers. Our In-house Compliance Hotline is staffed

by the Compliance Committee Secretariat, while our External Compliance Hotline is available through an office with attorneys specializing in compliance, including female attorneys. These attorneys also provide advice to the Compliance Committee.

Consultations and whistleblowing brought to the attention of the Hotline and deemed to be potential compliance violations are investigated by the Compliance Committee, which takes any required corrective action or measures to prevent a recurrence. The results are also reported back to the party who submitted the original consultation or whistleblowing.

MGC Compliance Consultation Structure



*1 Coordinated response depending on the case

*2 The Outside Audit & Supervisory Board Member is consulted for matters related to MGC officers

*3 If a report received by the External Compliance Hotline is deemed to be a serious problem related to MGC's management or management personnel, or if the response by the Compliance Committee, etc. is inadequate and an appropriate response cannot be expected, or if the hotline user refuses to provide information to the Compliance Committee Secretariat, a direct report can be made to the Outside Audit & Supervisory Board Member.

Compliance Education

MGC designates every October as "Corporate Ethics Month," during which we conduct compliance training for all employees using our intranet and the President sends out a notice to all business sites calling for the renewed promotion of compliance.

Compliance education is also included in grade-specific training, and training is provided using educational materials suited to each position.

Given an increasing need to respond to compliance issues, such as cartel involvement and providing improper benefits to foreign public officials, at MGC Group companies affiliated with our overseas businesses in emerging countries and elsewhere we are working to enhance the quality of compliance training for staff dispatched as officers to overseas affiliates.

Security Export Control Initiatives

The MGC Group Code of Conduct stipulates that exacting export screening procedures are to be followed, in part to ensure adherence with laws and international treaties regarding exports, as well as to ensure appropriate control over the export of cargo and provision of technology that may relate to the development of weapons of mass destruction and conventional arms.

Export control subject to screening includes all products exported by MGC, regardless of whether the transaction involves direct, indirect, or brokered trade, as well as all technology related to the design, manufacturing, and use of those products.

Export screening involves multiple checks by business divisions in charge of products and an independent export control division, which screen all exports to determine if cargo and technology restrictions apply, as well as also checking the final customer, destination, and use.

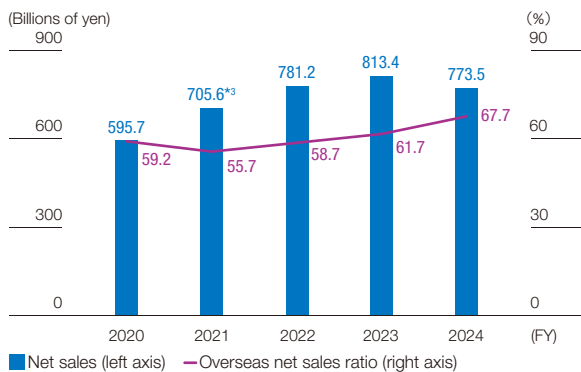
In addition, we endeavor to maintain and enhance the export control setup by implementing internal audits and grade-specific education annually.

Performance Data

	FY2014	FY2015	FY2016	FY2017
Operating results (Millions of yen)				
Net sales	¥ 529,570	593,502	556,480	635,909
Operating profit	14,996	34,018	43,762	62,741
Ordinary profit	42,000	45,432	62,430	80,711
Profit attributable to owners of parent	43,346	34,134	48,013	60,531
Share of profit of entities accounted for using equity method	27,895	16,683	21,125	18,277
EBITDA* ¹	68,211	74,631	89,407	108,807
Financial position (Millions of yen)				
Current assets	¥ 372,166	341,237	326,674	384,249
Total assets	790,784	739,582	738,188	785,687
Current liabilities	225,068	214,676	188,426	206,835
Net assets	422,851	423,135	473,370	519,144
Interest-bearing debt	215,614	181,427	118,713	106,964
Cash flows (Millions of yen)				
Operating activity cash flow	¥ 76,982	84,671	82,711	90,720
Investing activity cash flow	(23,531)	(31,922)	(31,119)	(33,614)
Financing activity cash flow	(25,005)	(47,335)	(60,217)	(33,038)
Cash and cash equivalents at end of period	72,678	75,828	67,177	90,304
Per share data (Yen)				
Earnings per share (EPS)* ²	¥ 191.94	153.85	221.83	281.39
Net assets per share* ²	1,672.25	1,707.01	1,967.94	2,187.99

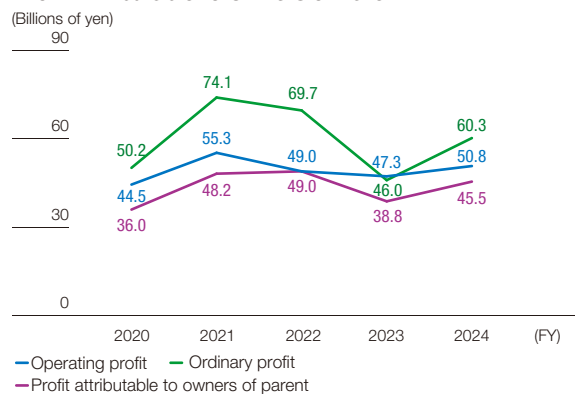
*¹ EBITDA = ordinary profit + interest paid + depreciation and amortization

Net Sales, Overseas Net Sales Ratio

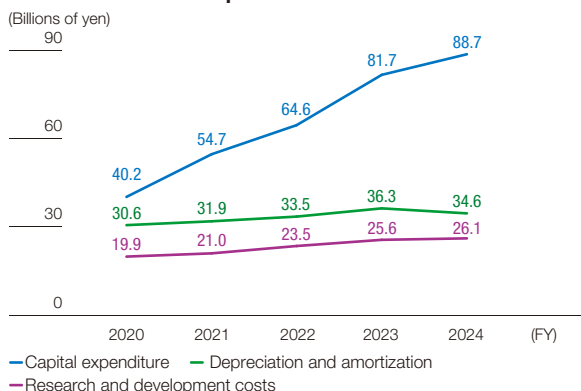


*³ MGC has applied the Accounting Standard for Revenue Recognition, etc. since fiscal 2021. The impact of the application of said standard is a decrease in revenue by ¥34.8 billion.

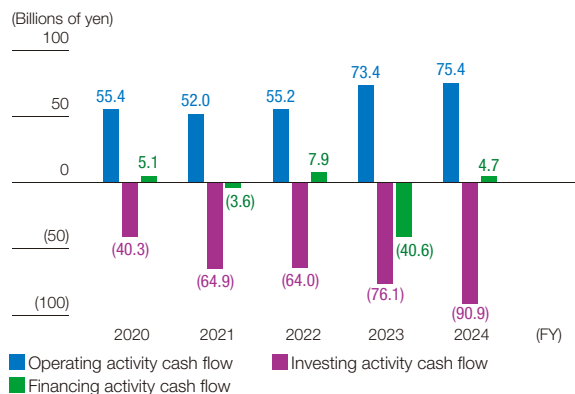
Operating Profit, Ordinary Profit, Profit Attributable to Owners of Parent



Capital Expenditure, Depreciation and Amortization, Research and Development Costs



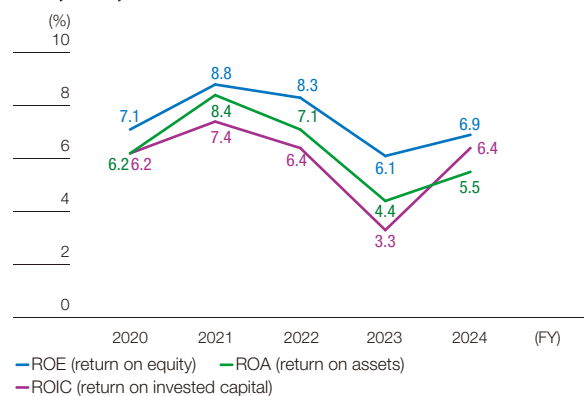
Cash Flows



	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	648,986	613,344	595,718	705,656	781,211	813,417	773,591
	41,386	34,260	44,510	55,360	49,030	47,337	50,851
	69,199	31,116	50,240	74,152	69,764	46,040	60,316
	55,000	21,158	36,070	48,295	49,085	38,818	45,544
	28,408	(1,282)	5,162	14,883	17,546	(5,696)	10,956
	97,668	61,675	81,726	107,009	105,074	84,908	97,363
	378,845	358,669	402,141	452,210	483,249	463,148	460,268
	804,038	771,733	836,364	928,651	1,029,317	1,068,010	1,119,688
	188,420	163,574	167,947	198,969	220,442	241,480	274,929
	553,282	548,141	581,411	630,887	671,249	684,832	697,375
	95,751	74,713	98,476	117,650	166,944	173,002	213,976
	64,042	74,234	55,464	52,090	55,222	73,473	75,440
	(42,761)	(33,922)	(40,370)	(64,954)	(64,071)	(76,172)	(90,994)
	(31,396)	(49,563)	5,154	(3,666)	7,996	(40,689)	4,707
	80,379	70,043	91,075	92,257	101,185	65,397	56,985
	257.46	100.50	173.41	232.15	239.08	190.97	228.93
	2,354.25	2,368.11	2,520.34	2,733.86	2,970.07	3,284.96	3,431.90

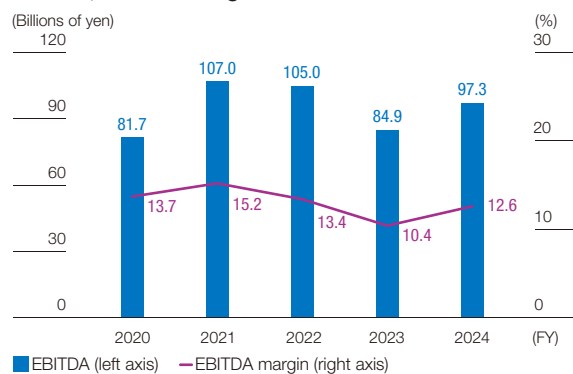
*2 With an effective date of October 1, 2016, MGC conducted a reverse stock split for MGC's ordinary shares on a 2:1 basis. As a result, each amount per share in the above table is calculated by retroactive adjustment applying the above share consolidation to preceding periods as well.

ROE, ROA, ROIC

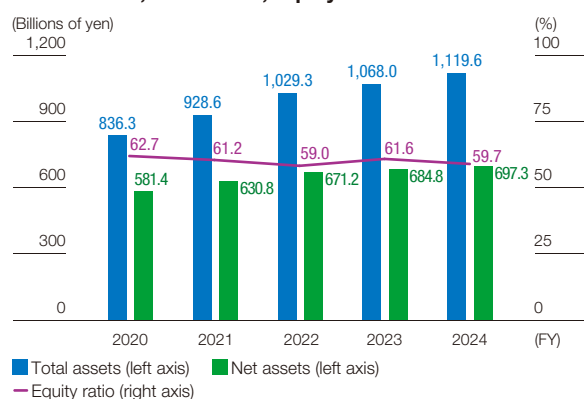


*ROIC = (operating profit - income taxes + equity in earnings of affiliates) / invested capital

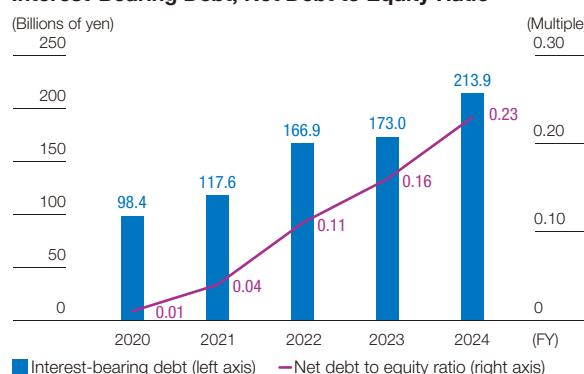
EBITDA, EBITDA Margin



Total Assets, Net Assets, Equity Ratio



Interest-Bearing Debt, Net Debt to Equity Ratio



Performance Data

	FY2014	FY2015	FY2016	FY2017
Ratios (%)				
Operating profit margin	2.8	5.7	7.9	9.9
ROE (return on equity)	12.6	9.0	12.0	13.6
ROA (return on assets)	5.8	5.9	8.4	10.6
ROIC (return on invested capital) ^{*4}	7.1	7.0	9.6	12.1
Equity ratio	47.8	51.0	57.5	59.5
EBITDA margin	12.9	12.6	16.1	17.1

Others

Capital expenditure (millions of yen)	¥ 22,226	30,512	35,010	30,959
Depreciation and amortization (millions of yen)	23,770	26,705	25,631	27,027
Research and development costs (millions of yen)	16,873	18,936	19,267	18,987
Number of employees	8,254	8,176	8,034	8,009

Work-life balance (MGC alone)

Ratio of taking annual leave (%)	82.6	83.9	80.9	79.4
Average overtime and holidays worked per month (excluding management) (hours)	13.4	13.8	14.2	14.4

Environmental management

GHG emissions ^{*5,6} (1,000 tonnes of CO ₂ equivalent)	1,085	1,082	1,006	1,355
Energy use ^{*5,6} (ML-crude oil equivalent)	430	463	452	628

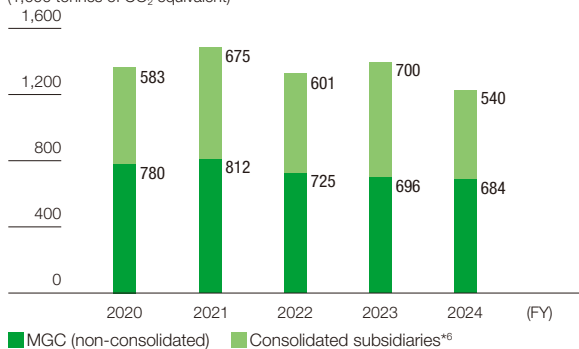
*4 ROIC = (operating profit - income taxes + equity in earnings of affiliates) / invested capital

*5 Including domestic consolidated subsidiaries from fiscal 2015 and overseas consolidated subsidiaries from fiscal 2017. Others on a non-consolidated basis

*6 Scope of consolidated subsidiaries changed in fiscal 2021, fiscal 2023 and fiscal 2024

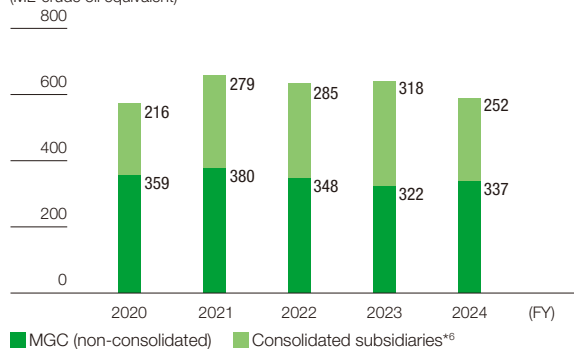
GHG Emissions

(1,000 tonnes of CO₂ equivalent)



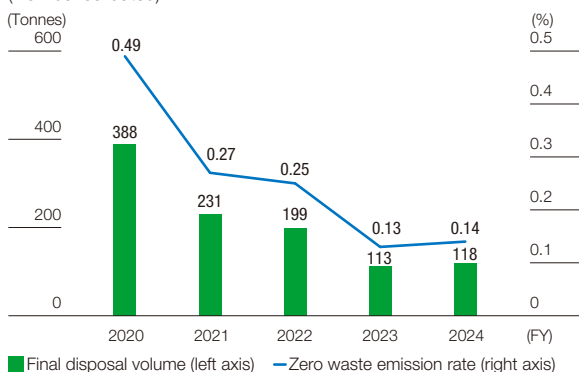
Energy Use

(ML-crude oil equivalent)



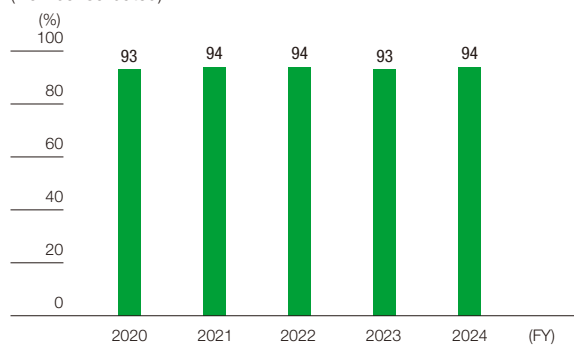
Final Disposal Volume and Zero Waste Emission Rate

(Non-consolidated)



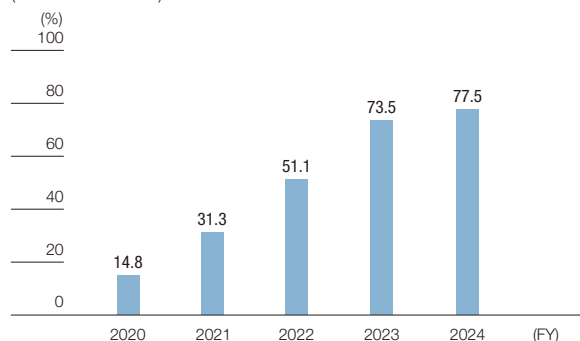
Water Reuse Rate

(Non-consolidated)

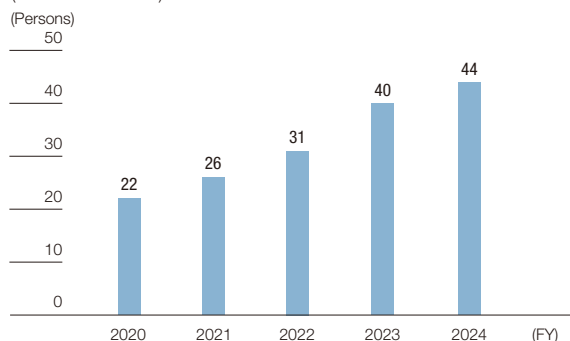


	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	6.4	5.6	7.5	7.8	6.3	5.8	6.6
	11.3	4.3	7.1	8.8	8.3	6.1	6.9
	8.7	3.9	6.2	8.4	7.1	4.4	5.5
	9.5	3.6	6.2	7.4	6.4	3.3	6.4
	62.6	63.8	62.7	61.2	59.0	61.6	59.7
	15.0	10.1	13.7	15.2	13.4	10.4	12.6
	39,279	42,389	40,282	54,793	64,650	81,753	88,794
	27,451	29,591	30,686	31,999	33,565	36,304	34,672
	18,607	19,696	19,905	21,093	23,512	25,629	26,182
	8,276	8,954	8,998	9,888	10,050	7,918	8,146
	83.8	86.9	77.6	80.9	85.4	89.6	91.5
	14.2	13.6	12.9	14.6	14.8	14.4	14.6
	1,401	1,371	1,363	1,487	1,326	1,396	1,224
	614	652	576	660	633	640	589

Ratio of Male Employees Taking Parental Leave
(Non-consolidated)



Number of Female Managerial Personnel
(Non-consolidated)



Evaluation from Society (As of July 31, 2025)

Inclusion in ESG Investment Indexes

FTSE4Good

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2025 Somo Sustainability Index

Morningstar Japan ex-REIT Gender Diversity Tilt (GENDi J)

S&P/JPX Carbon Efficient Index

2025 CONSTITUENT MSCI NIHONK ESG SELECT LEADERS INDEX

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External Evaluation

CDP Discloser 2024

CDP Climate Change: B
CDP Water Security: B

健康経営優良法人 2025
KENKO Investment for Health
大規模法人部門

Please refer to the Sustainability website for details.
<https://www.mgc.co.jp/eng/sustainability/evaluation.html>

Corporate Data

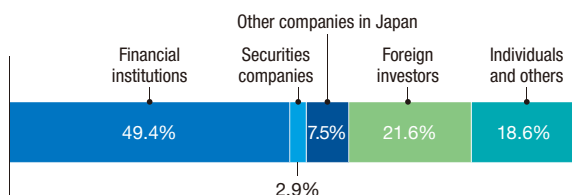
Corporate Information (As of March 31, 2025)

Company name	MITSUBISHI GAS CHEMICAL COMPANY, INC.
Address	Mitsubishi Building, 5-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-8324, Japan
Originally founded	January 15, 1918
Incorporated	April 21, 1951
Capital	¥41.97 billion
Fiscal year	Accounts closed in March
Number of employees	2,523 (non-consolidated) 8,146 (consolidated)

Shareholder Information (As of March 31, 2025)

Listing	Tokyo Stock Exchange Prime Market
Ticker symbol	4182
Total number of authorized shares	492,428,000
Number of outstanding shares	211,686,599
Stock transaction unit	100
Number of shareholders	41,057

Composition of shareholders



Major Shareholders (Top 10)

Name of shareholder	Investment in MGC	
	Number of shares held (thousands)	Percentage of total outstanding shares
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,563	15.1
Custody Bank of Japan, Ltd. (Trust Account)	20,450	10.5
Meiji Yasuda Life Insurance Company	8,797	4.5
STATE STREET BANK AND TRUST COMPANY 505001	5,917	3.0
Nippon Life Insurance Company	5,858	3.0
The Norinchukin Bank	5,026	2.5
National Mutual Insurance Federation of Agricultural Cooperatives	3,235	1.6
The Bank of Yokohama, Ltd.	3,085	1.5
AGC Inc.	3,063	1.5
MUFG Bank, Ltd.	2,700	1.3

Notes: 1. MGC holds 16,977 thousand shares of treasury stock, which is not included in the above list of major shareholders.

2. Percentage of total outstanding shares does not include treasury stock.

Business Locations

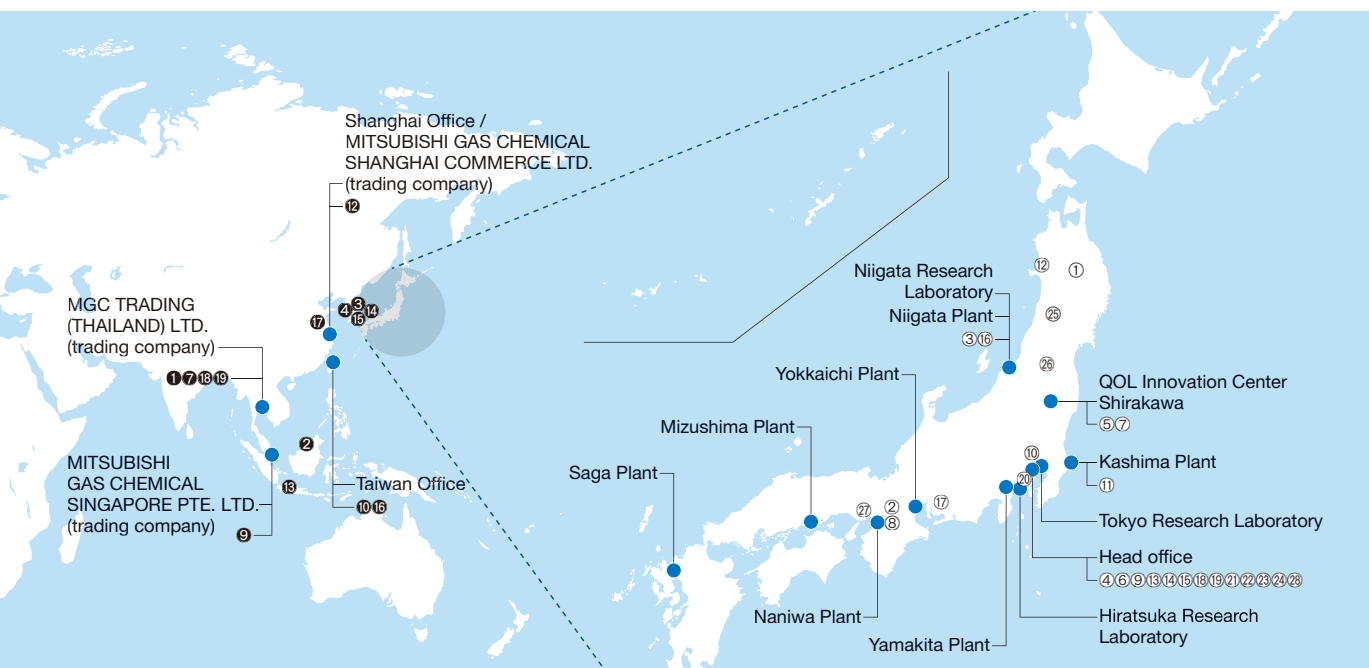


Major Group Companies

C Consolidated subsidiary
E Equity method affiliate

Overseas

- 1 AGELESS (THAILAND) CO., LTD. **C**
(Manufacturing of oxygen absorbers)
- 2 BRUNEI METHANOL COMPANY SDN. BHD. **E**
(Manufacturing and sale of methanol)
- 3 KOREA ENGINEERING PLASTICS CO., LTD. **E**
(Manufacturing and sale of polyacetal resins, etc.)
- 4 KOREA POLYACETAL CO., LTD. **C**
(Sale of polyacetal resins)
- 5 METANOL DE ORIENTE, METOR, S.A. **E**
(Manufacturing and sale of methanol)
- 6 MGC ADVANCED POLYMERS, INC. **C**
(Manufacturing and sale of MX-Nylon)
- 7 MGC ELECTROTECHNO (THAILAND) CO., LTD. **C**
(Manufacturing of copper-clad laminates)
- 8 MGC PURE CHEMICALS AMERICA, INC. **C**
(Manufacturing and sale of super-pure hydrogen peroxide/super-pure ammonium hydroxide/performance chemicals)
- 9 MGC PURE CHEMICALS SINGAPORE PTE. LTD. **C**
(Manufacturing and sale of super-pure hydrogen peroxide/super-pure ammonium hydroxide/performance chemicals)
- 10 MGC PURE CHEMICALS TAIWAN, INC. **C**
(Manufacturing and sale of hydrogen peroxide/super-pure hydrogen peroxide/performance chemicals)
- 11 MGC SPECIALTY CHEMICALS NETHERLANDS B.V. **C**
(Manufacturing and sale of meta-xylenediamine)
- 12 MITSUBISHI GAS CHEMICAL ENGINEERING-PLASTICS (SHANGHAI) CO., LTD. **C**
(Manufacturing of polycarbonate resin)
- 13 PT PEROKSIDA INDONESIA PRATAMA **C**
(Manufacturing and sale of hydrogen peroxide)
- 14 SAMYANG KASEI CO., LTD. **E**
(Manufacturing of polycarbonate resin)
- 15 SAMYOUNG PURE CHEMICALS CO., LTD. **C**
(Manufacturing and sale of super-pure hydrogen peroxide/performance chemicals)



①⑥ TAI HONG CIRCUIT INDUSTRIAL CO., LTD. **E**
(Manufacturing and sale of printed wiring board)

①⑦ TAIXING MGC LINGSU CO., LTD. **C**
(Manufacturing and sale of hydrogen peroxide/performance chemicals)

①⑧ THAI POLYACETAL CO., LTD. **C**
(Manufacturing of polyacetal)

①⑨ THAI POLYCARBONATE CO., LTD. **C**
(Manufacturing of polycarbonate resin)

Domestic

- ① Appi Geothermal Energy Corporation **E**
(Surveying and development of geothermal energy resources and power supply business)
- ② EIWA CHEMICAL IND. CO., LTD. **C**
(Manufacturing and sale of blowing agents)
- ③ MGC Advance Co., Ltd. **C**
(Transportation storage, manufacturing and sale of life science products, engineering maintenance)
- ④ MGC Woodchem Corporation **C**
(Manufacturing and sale of wood adhesives and formalins)
- ⑤ MGC AGELESS Co., Ltd. **C**
(Manufacturing and technical service for oxygen absorbers, etc.)
- ⑥ MGC ENERGY Company Limited **C**
(Provision and sale of electricity)
- ⑦ MGC Electrotechno Co., Ltd. **C**
(Manufacturing of copper-clad laminates)
- ⑧ Otsuka-MGC Chemical Company, Inc. **E**
(Manufacturing and sale of hydrazine hydrate)
- ⑨ MGC Terminal Company, Inc. **C**
(Storage terminal for methanol and chemicals)
- ⑩ MGC Filsheet Co., Ltd. **C**
(Manufacturing of polycarbonate sheets and films)
- ⑪ KYOUDOU KASANKASUISO CORP. **C**
(Manufacturing of hydrogen peroxide)

①② GRANOPT CO., LTD. **E**
(Manufacturing and sale of magneto-optic crystals)

①③ Global Polyacetal Co., Ltd. **C**
(Manufacturing and sale of engineering plastics)

①④ KOKUKA SANGYO CO., LTD. **E**
(Shipping)

①⑤ JSP CORPORATION **E**
(Manufacturing and sale of foamed plastic)

①⑥ TOHO EARTHTECH, INC. **C**
(Manufacturing and sale of natural gas and iodine, seismic reinforcement work)

①⑦ Toyo Kagaku Co., Ltd. **C**
(Manufacturing and sale of plastic injection molding)

①⑧ Japan Saudi Arabia Methanol Company, Inc. **E**
(Business administration for AR-RAZI)

①⑨ Japan Trinidad Methanol Company, Inc. **E**
(Investing in Trinidad and Tobago)

②⑩ FUDOW COMPANY LTD. **C**
(Manufacturing and sale of thermoset resin molding compounds, thermoplastic resin molding and various plastics)

②⑪ Polyols Asia Company, Inc. **C**
(Sale of polyhydric alcohols)

②⑫ Mitsubishi Engineering-Plastics Corporation **C**
(Manufacturing and sale of polycarbonate resin)

②⑬ Mitsubishi Gas Chemical Trading, Inc. **C**
(Sale of chemicals, electronics materials and engineering plastics)

②⑭ MITSUBISHI GAS CHEMICAL NEXT COMPANY, INC. **C**
(Manufacturing and sale of fine chemicals, electronic products and unsaturated polyester resins)

②⑮ Yuzawa Geothermal Power Corporation **E**
(Development and provision of geothermal energy resources)

②⑯ Yonezawa Dia Electronics Co., Inc. **C**
(Manufacturing of mass molding laminates, process development)

②⑰ RYODEN KASEI CO., LTD. **E**
(Manufacturing and sale of insulating materials)

②⑱ Ryowa Enterprise Co., Ltd. **C**
(Property management/business support)

mitsubishi gas chemical company, inc.

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