

February 8, 2022

MITSUBISHI GAS CHEMICAL COMPANY, INC.

**Notice regarding the Additional Acquisition of Shares in
Mitsubishi Engineering-Plastics Corporation to Make It a Consolidated Subsidiary**

Mitsubishi Gas Chemical Company, Inc. (MGC) hereby announces that its Board of Directors passed a resolution at a meeting held today with regard to a decision to acquire an additional 25% equity stake in Mitsubishi Engineering-Plastics Corporation (MEP), an equity-method affiliate of MGC, and make it a consolidated subsidiary on April 3, 2023.

MGC also announces that, in conjunction with this move, THAI POLYCARBONATE CO., LTD., an equity-method affiliate of MGC, will become a consolidated subsidiary of MGC as MEP currently holds a 60% equity stake in this affiliate.

1. Reasons for Acquiring Shares in MEP

In line with a medium-term management plan launched in April 2021, the MGC Group aims to shift to a profit structure resilient to changes in the business environment, to this end pushing ahead with business portfolio reforms. In particular, the Group has positioned its polycarbonate (PC)-related businesses as “foundation businesses” and intends to raise their profitability by strengthening their focus on delivering high-value-added solutions.

PC is a versatile engineering plastic that is widely used in a range of fields, such as electric, electronics and office automation equipment as well as automobiles. Its applications also encompass films and sheets, including those used in medical appliances. With the PC market showing a steady growth (3% to 5% on the annual average), the Group expects PC demand to remain stable. In recent years, however, the construction of new PC plants has been ongoing in China, home to the world’s largest PC market, causing the business environment to be engulfed by increasingly intensive competition. Given these circumstances, the MGC Group believes that for the Group to raise the profitability of its PC-related operations, it must push ahead further with the development and marketing of high-value-added products, which are resilient to changes in market conditions and capable of better positioning MGC to exert competitive advantage.

Founded in 1994 as a 50:50 joint venture by MGC and Mitsubishi Chemical Corporation, MEP has developed a robust business network encompassing 27 bases in Japan and overseas while delivering technical services that employ a meticulous, customer-centric approach as well as a broad range of products designed to accommodate customer needs. Thanks to these efforts, MEP commands more than 10% of the global PC market share and ranks third as a PC sales company among its peers worldwide.

Once MEP is made a consolidated subsidiary, the MGC Group will take full advantage of the former’s technical service capabilities, marketing functions and other management resources. For example, through this move the MGC Group will be positioned to better utilize quality-based advantages of PC derived from the interfacial method, in which the Group boasts strength. In these and other ways, the Group will accelerate its strategic efforts to increase the

proportion of high-value-added products in its portfolio and raise the competitiveness of PC-related businesses.

In addition, as of April 3, 2023, MEP's operations related to polybutylene terephthalate and a part of its PC-related businesses will be transferred to Mitsubishi Chemical. At the same time, MEP's operations related to polyacetal resins, polyphenylene ether resins and high-performance polyamide resin compounds will be merged into the MGC Group via an absorption-type company split. Thus, MEP is expected to focus on the development, manufacture and marketing of PC products.

2. Details of Equity-Method Affiliates to Be Made Subsidiaries

(1)	Company name	Mitsubishi Engineering-Plastics Corporation		
(2)	Location	1-9-2, Higashi-shinbashi, Minato-ku, Tokyo, Japan		
(3)	Name/title of representative	Takashi Komaya, Representative Director		
(4)	Business description	Sale of engineering plastics		
(5)	Capital stock	JPY3,000 million		
(6)	Date of foundation	March 1994		
(7)	Major shareholders and ratio of their shareholdings	Mitsubishi Gas Chemical Company, Inc.: 50% Mitsubishi Chemical Corporation: 50%		
(8)	Relationships between the listed company and the equity-method affiliate	Capital relationships	MGC holds a 50% equity stake in the equity-method affiliate.	
		Personnel relationships	Some MGC employees concurrently serve as directors and corporate auditors at the equity-method affiliate and are otherwise seconded to work for said affiliate.	
		Transactional relationships	The equity-method affiliate engages in the sale of engineering plastics produced by MGC.	
(9)	Financial position and operating results of the equity-method affiliate for the past three years (Millions of yen)			
	Years ended March 31,	2019	2020	2021
	Net assets	21,024	15,203	14,938
	Total assets	62,923	55,291	56,366
	Net sales	104,338	91,766	86,247
	Operating income	1,688	- 658	- 2,291
	Ordinary income	11,032	2,283	936
	Net income	9,703	1,979	665

(10) Reference: Simple sum of financial position and operating results of the equity-method affiliate and THAI POLYCARBONATE CO., LTD.			
(Millions of yen)			
Net assets	32,578	26,991	26,467
Total assets	94,882	83,799	88,941
Net sales	156,488	130,851	123,235
Operating income	10,582	2,051	- 482
Ordinary income	20,811	5,181	3,225
Net income	17,631	4,363	2,524

Note: Due to the absence of indicators for consolidating the equity-method affiliate, the above figures represent the simple sum of non-consolidated financial position and operating results of said affiliate and THAI POLYCARBONATE CO., LTD. In addition, 1 THB is converted into JPY3.5.

(1)	Company name	THAI POLYCARBONATE CO., LTD.	
(2)	Location	Emporium Tower, Floor 24/4-8 622 Sukhumvit Road, Klongton Klongtoey, Bangkok 10110, Thailand	
(3)	Name/title of representative	Akira Mori, Representative Director	
(4)	Business description	Manufacture and sale of polycarbonate resins	
(5)	Capital stock	THB 1,000 million	
(6)	Date of foundation	May 1996	
(7)	Major shareholders and ratio of their shareholdings	Mitsubishi Engineering-Plastics Corporation: 60% TOA DOVECHEM INDUSTRIES CO., LTD.: 30% Mitsubishi Gas Chemical Company, Inc.: 5% Mitsubishi Chemical Corporation: 5%	
(8)	Relationships between the listed company and the equity-method affiliate	Capital relationships	MGC holds a 5% equity stake in the equity-method affiliate.
		Personnel relationships	Some MGC employees concurrently serve as directors at the equity-method affiliate and are otherwise seconded to work for said affiliate.
		Transactional relationships	MGC offers its polycarbonate resin manufacturing technologies to the equity-method affiliate.

(9) Financial position and operating results of the equity-method affiliate for the past three years (Millions of THB)			
Years ended March 31,	2019	2020	2021
Net assets	3,301	3,368	3,294
Total assets	9,131	8,145	9,307
Net sales	14,900	11,167	10,568
Operating income	2,541	774	517
Ordinary income	2,794	828	654
Net income	2,265	681	531

3. Overview of the Transferrer of the Equity Stake

(1)	Company name	Mitsubishi Chemical Corporation	
(2)	Location	1-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	
(3)	Name/title of representative	Masayuki Waga, Representative Director	
(4)	Business description	Manufacture and sale of chemical products	
(5)	Capital stock	JPY53,229 million	
(6)	Date of foundation	August 31, 1933 (founding of the earliest precursor) April 1, 2017 (merged into the current form)	
(7)	Net assets	JPY578,758 million (non-consolidated basis)	
(8)	Total assets	JPY1,414,314 million (non-consolidated basis)	
(9)	Major shareholder and ratio of shareholdings	Mitsubishi Chemical Holdings Corporation: 100%	
(10)	Relationships between the listed company and the transferrer	Capital relationships	MGC holds 1,370,500 shares (equivalent to a 0.09% equity stake) in the transferrer.
		Personnel relationships	There are no notable personnel relationships between MGC and the transferrer.
		Transactional relationships	There are transactional relationships involving products and raw materials between MGC and the transferrer.
		Status of classification as related parties	The transferrer is not considered a related party of MGC. Also, the affiliated persons and affiliated companies of the transferrer are not considered related parties of MGC.

4. Number of Shares to Be Acquired, Their Acquisition Price and Status of Shareholdings after the Acquisition

(1)	Number of shares held before acquisition	30,000 shares (voting rights ratio: 50%)
(2)	Number of shares to be additionally acquired	15,000 shares (voting rights ratio: 25%)
(3)	Acquisition price	Not disclosed due to confidentiality agreement with the transferrer
(4)	Number of shares held after acquisition	45,000 shares (voting rights ratio: 75%)

5. Schedule

(1)	Date of the Board of Directors' resolution	February 8, 2022
(2)	Date of the signing of the share transfer agreement	February 8, 2022
(3)	Date of the share transfer	April 3, 2023 (planned)

6. Outlook

The impact of this move on MGC's consolidated operating results and financial position for the fiscal year ending March 31, 2022, is minor.

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INQUIRIES

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