

Transaction Overview

Transfer of Mitsubishi Tanabe Pharma Corporation

February 7, 2025

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Today's summary

- Mitsubishi Chemical Group signed a definitive agreement to transfer Mitsubishi Tanabe Pharma Corporation (Mitsubishi Tanabe Pharma) to Bain Capital for approximately 5,100 Oku yen
- The transaction enables Mitsubishi Tanabe Pharma to implement a growth strategy under multifaceted support from a new owner with expertise in the pharmaceuticals business
- We plans to advance the growth strategy centered on the chemicals business based on the “KAITEKI Vision 35”
- We expect to record an approximately 950 Oku yen gain¹ in the second quarter of FY3/26 in relation to the transfer
- The closing of this transaction is scheduled for the second quarter of FY3/26, subject to a resolution at the annual shareholders’ meeting scheduled for late June 2025 and Bain Capital’s obtainment of necessary clearance and approval from relevant authorities in Japan and overseas
- We plan to allocate 5,100 Oku yen obtained from the transfer to growth investment in the five business focus areas outlined in KAITEKI Vision 35, as well as other new growth investments, repay interest-bearing debt and shareholder returns

¹ Pre-tax income from discontinued operations.

Timeline

- | | |
|--------------------------------------|--|
| ➤ February 7, 2025 | Signing of the purchase agreement |
| ➤ Late June 2025 (planned) | Resolution at annual shareholders' meeting |
| ➤ Second quarter of FY3/26 (planned) | Execution of the transfer (closing) |

2 Pre-tax income from discontinued operations.

Strategic rationale of the transaction

**KAITEKI
Vision
35**

**New
Medium-Term
Management
Plan 2029**

**Three criteria for
business selection**

- **Consistent with Vision**
- **Competitive advantage**
- **Potential for growth**

**Positioning of
Pharma
Business**

Mitsubishi Tanabe Pharma needs to invest actively in strengthening its late-stage pipeline in order to achieve further growth

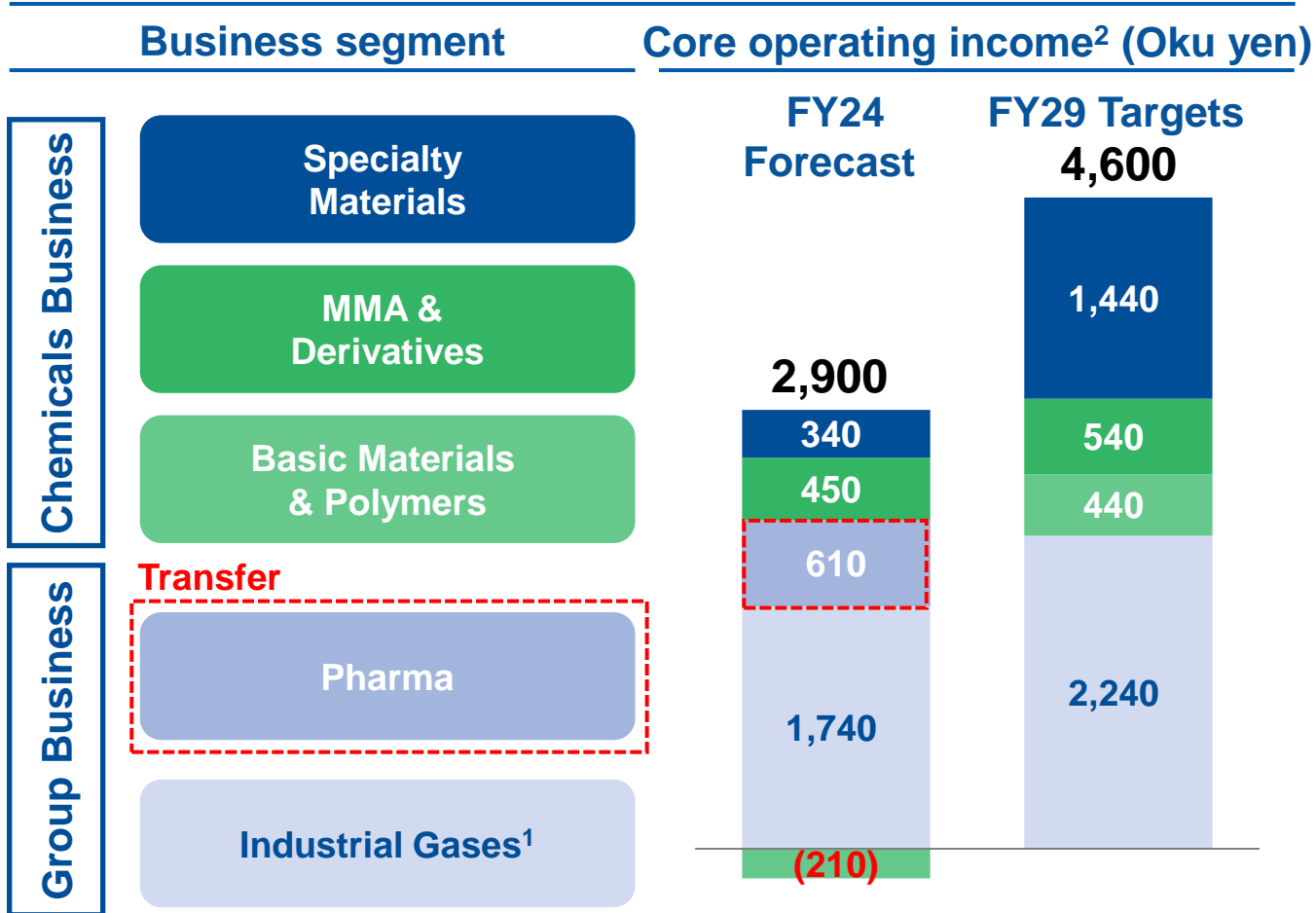
We plans to focus investment in the core areas of Chemicals Business

Mitsubishi Tanabe Pharma implements its growth strategy under the best owner, who has a deep knowledge of the pharma business and the ability to invest the necessary fund in a timely manner

Strategic direction after the transfer

There is no change in the policy of focusing on the growth of the chemicals business

Targets by Segment after the transfer



Future direction

Make Chemicals Business the Highest Earning Segment in our group

- Accelerate portfolio transformation in line with the “Three criteria for business selection”
- Promote pricing policies, rigorous investment decisions, and asset optimization based on the “Three disciplined approaches in business operations”

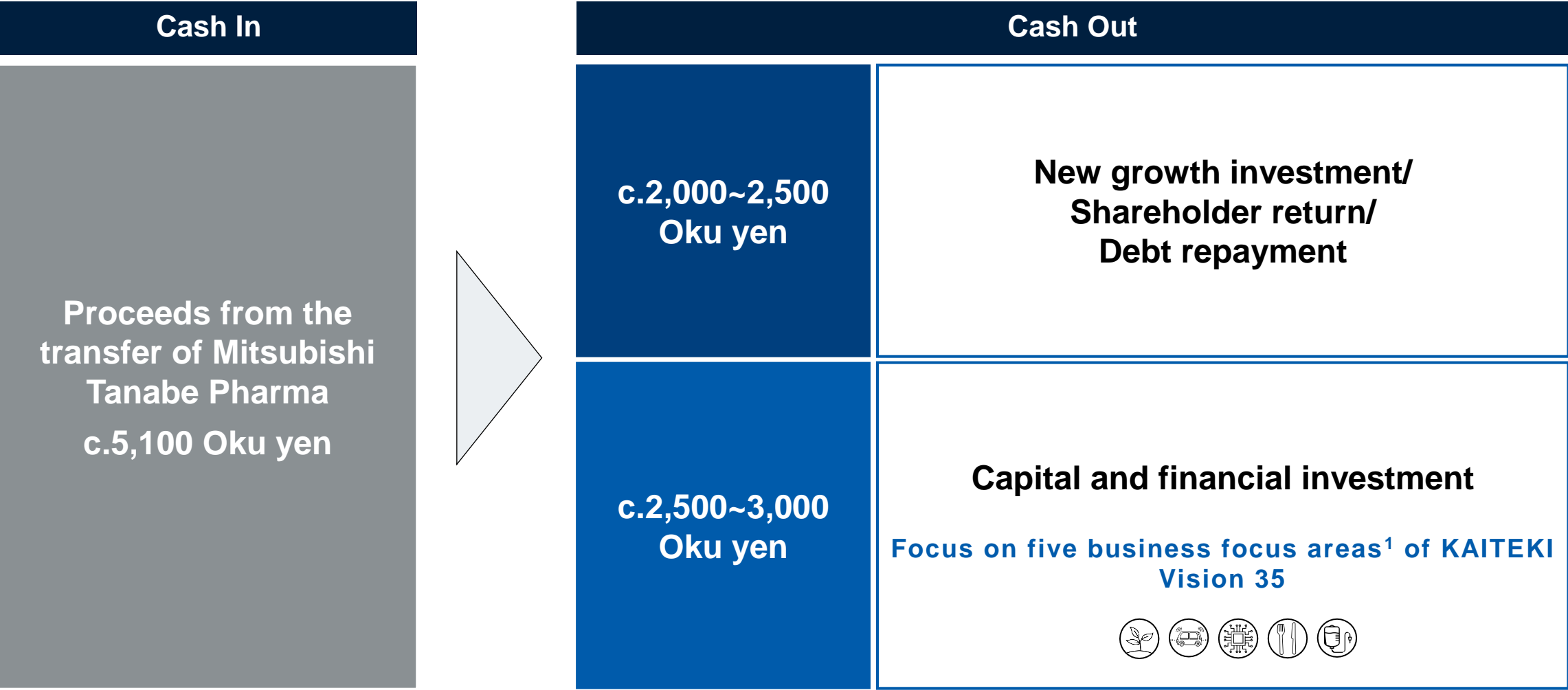
Targets after the transfer

	FY29 Target	FY29 Target (after the transfer)
Sales revenue (Oku yen)	49,500	45,060
COI margin	12%	10%
ROIC	8%	7%

¹ With regard to Industrial Gases Business, Mitsubishi Chemical Group (MCG) has made its own estimates based on “NS Vision 2026”, which was formulated by Nippon Sanso Holdings Corporation in 2022, and incorporates the effects of continuous demand growth, price management, productivity improvements, etc.

² The total figures include other adjustments. However, the graph does not show such adjustments, and the segment totals do not match the actual totals.

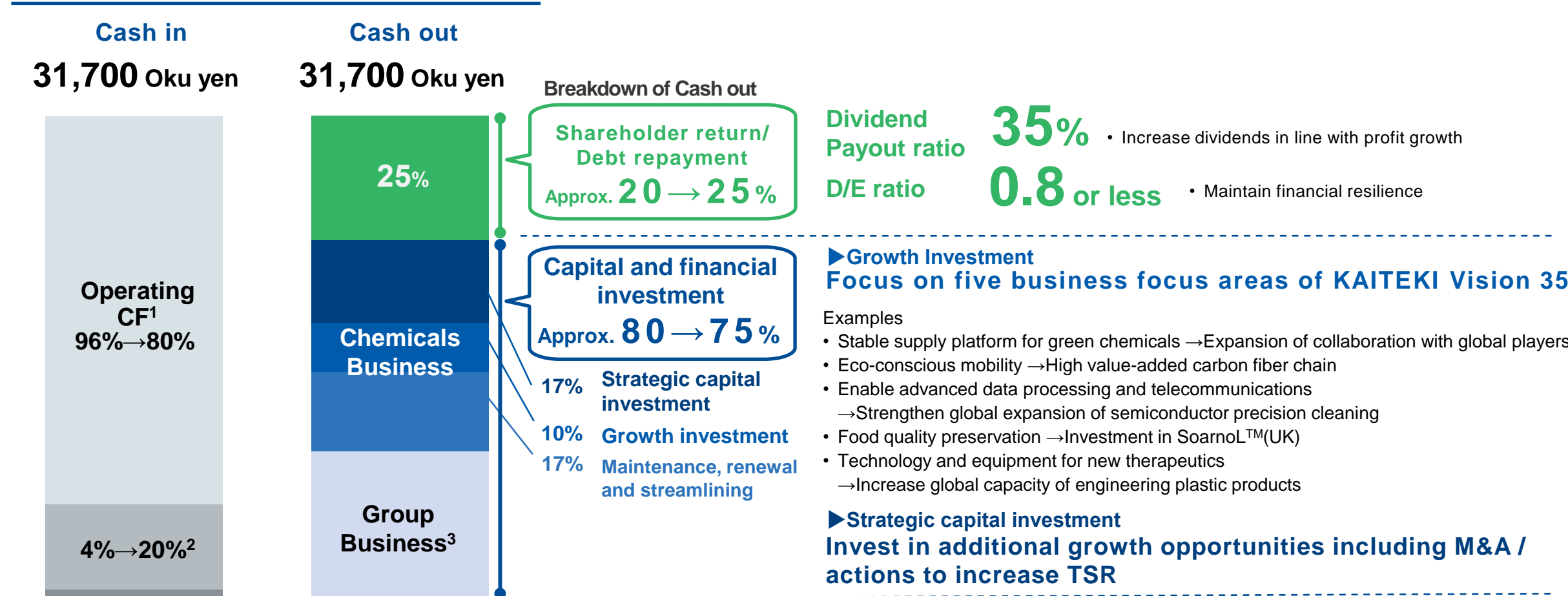
Use of proceeds from the transfer



¹ Stable supply platform for green chemicals, Eco-conscious mobility, Enable advanced data processing and telecommunications, Food quality preservation and Technology and equipment for new therapeutics.

Capital allocation after the transfer

FY25-29



1 Operating CF = Pre-Tax Profit (After R&D Expense deduction) + Depreciation + Other Operating CF(Corporate Tax etc.)
2 Working Capital compression and Income from Business Sales (Divestiture)
3 With regard to Industrial Gases Business, MCG has made its own estimates based on "NS Vision 2026", which was formulated by Nippon Sanso Holdings Corporation in 2022, and incorporates the effects of continuous demand growth, price management, productivity improvements, etc.

► R&D expenses 3,800 Oku yen

- Chemicals: Expand new product lineup of five business focus areas of KAITEKI Vision 35

Financial impact from the transfer

Business Segment Impact

After the resolution for the transfer is approved at the annual shareholder's meeting, Pharma Business is classified as discontinued operations and excluded from core operating income

Earnings Impact from the Transfer

We expect to record an approximately 950 Oku yen gain¹ in the second quarter of FY3/26 in relation to the transfer

Credit Rating Impact

Current credit rating (R&I: A/JCR: A+) is unlikely to be affected

¹ Pre-tax income from discontinued operations.

(Reference) FY2029 target after the transfer (by Segment)

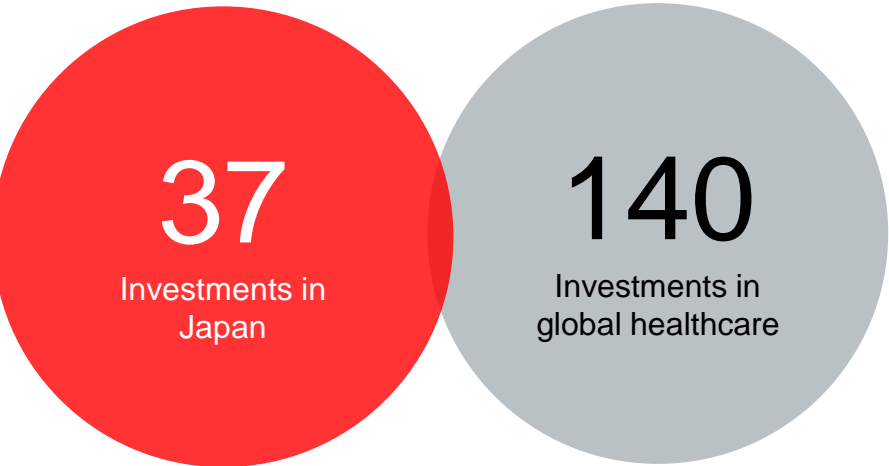
		FY2029 Target			FY2029 Target (after the transfer)		
		Sales revenue (Oku yen)	COI (Oku yen)	COI margin	Sales revenue (Oku yen)	COI (Oku yen)	COI margin
Whole company		49,500	5,700	12%	45,060	4,600	10%
	Specialty Materials	14,080	1,440	10%	14,080	1,440	10%
	Advanced Films & Polymers	5,340	560	10%	5,340	560	10%
	Advanced Solutions	5,020	460	9%	5,020	460	9%
	Advanced Composites & Shapes	3,720	420	11%	3,720	420	11%
	MMA & Derivatives	4,380	540	12%	4,380	540	12%
	MMA	3,280	450	14%	3,280	450	14%
	Coatings & Additives	1,100	90	8%	1,100	90	8%
	Basic Materials & Polymers	9,850	440	4%	9,850	440	4%
	Materials & Polymers	8,440	410	5%	8,440	410	5%
	Carbon	1,410	40	3%	1,410	40	3%
	Others	2,150	(30)	(2%)	2,150	(60)	(3%)
	Chemicals Business	30,460	2,390	8%	30,460	2,360	8%
	Pharma	4,440	1,070	24%	-	-	-
	Industrial Gases¹	14,600	2,240	15%	14,600	2,240	15%
	Group Business	19,040	3,310	17%	14,600	2,240	15%

¹ With regard to Industrial Gases Business, MCG has made its own estimates based on "NS Vision 2026", which was formulated by Nippon Sanso Holdings Corporation in 2022, and incorporates the effects of continuous demand growth, price management, productivity improvements, etc.

(Reference) Overview of Bain Capital



- Founded: 1984
- Headquarter: Boston
- Asset under management: Approx. \$185 bn in total
- Investment track record: Over 1,400 companies
- Focuses on healthcare through specialized funds
- Since founding the Tokyo office in 2006, Bain Capital has one of the largest investment track records in Japan, with a specialized team for supporting portfolio companies



Source: Company disclosure
 Track record of the Tokyo office as of December 31, 2024.
 Assets under management as of September 30, 2024.
 Track record in global healthcare sector as of January 17, 2025.

Key investments in Japan

Carve-Out


















Key investments in global healthcare

Pharma / Biotech



















Medtech






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The forward-looking statements are based largely on company expectations and information available as of the date hereof, and are subject to risks and uncertainties, which may be beyond company control.

Actual results could differ materially due to numerous factors, including without limitation, marketing conditions and the effects of industry competition.

It contains information about pharmaceuticals including products under development, but is not intended for advertising or medical advice.