KAITEKI Value for Tomorrow

Briefing regarding Acquisition of Mitsubishi Tanabe Pharma Corporation

November 18, 2019
1. Overview of Transaction

2. Transaction Purpose and Rationale

3. Overview of MTPC

4. Financial Impact
Overview of Transaction

Mitsubishi Chemical Holdings Corporation (“MCHC”) to make Mitsubishi Tanabe Pharma Corporation (“MTPC”) its wholly owned subsidiary through tender offer, commencing November 19, 2019

- **Target Company : MTPC**
  - Number of shares held by MCHC before the transaction 316,320,069 shares; shareholding ratio of 56.39%

- **Transaction Scheme : Tender Offer**
  - Tender offer price: ¥2,010 per share of common stock (Premium of 53.08% on 1,313, the closing price as of November 15, 2019)

- **Number of Shares to be Purchased: 244,666,211 Shares**
  - All except for shares held by MCHC and treasury shares held by MTPC
  - Minimum number of shares to be purchased: 57,670,731 shares (two-thirds)
    (There is no maximum number of shares to be purchased)

- **Transaction Value : c. ¥ 491.8 billion**
  (Assuming acquisition of all shares to be purchased)

- **Schedule of Tender Offer**
  - November 18, 2019: announcement of tender offer
  - November 19, 2019: commencement of tender offer period
  - January 7, 2020: end of tender offer period
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MCHC Group's Transition of Portfolio Transformation

Accelerating transformation to establish the resilient foundations and realize sustainable growth of the MCHC Group

- Raised the ratio of the pharma business and strengthened earnings less affected by economic fluctuations
- Strengthened the pharma business
- Expanded the Performance Products domain
- Shifted to a higher value-added business portfolio
- Stabilized profitability of the Industrial Materials domain from conversion of TNSC into a consolidated subsidiary
- Accelerated growth of performance product groups through integrations
- Reinforced the foundations of fundamental materials and invested in future growth areas

2005: Establishment of MCHC
2007: Establishment of MTPC
2008: Integrated MPI, MCC’s functional products business, and three affiliate companies
2009: Conversion of Quadrant, high-performance engineering plastic business, into a consolidated subsidiary
2010: Conversion of MRC into a consolidated subsidiary
2013: Conversion of Qualicaps into a consolidated subsidiary
2014: Establishment of LSII
2014: Conversion of TNSC into a consolidated subsidiary
2017: Establishment of the New-MCC by integrating three chemical operating companies (MCC, MPI and MRC)
2018: Started new MMA plants in the Middle East
2018: Acquired Cleanpart Group, semiconductor-related service company in the U.S. and Europe
2019: Expanded the global share in the industrial gases business by M&A
2019: Divested storage media business

New-MCC: Mitsubishi Chemical Corporation (Apr. 2017-)
MCC: Mitsubishi Chemical Corporation
MPI: Mitsubishi Plastics, Inc.
MRC: Mitsubishi Rayon Co., Ltd.
LSII: Life Science Institute, Inc.
TNSC: Taiyo Nippon Sanso Corporation

※Numbers are in accordance with JGAAP until FY2015 and IFRS after FY2016

Accelerating transformation: select and concentrate growth businesses / divestiture of non-core businesses (target: revenue equivalent to ¥300 billion)

Revenue (¥ billion)
(Core) Operating Income (¥ billion)

2005 | 133.6
2006 | 128.5
2007 | 125.0
2008 | 8.1
2009 | 66.3
2010 | 226.4
2011 | 130.5
2012 | 90.2
2013 | 110.4
2014 | 165.6
2015 | 280.0
2016 | 3,376.1
2017 | 3,724.4
2018 (forecast) | 3,923.4
2019 | 3,765.0
2020 (target) | 4,850.0
2030 | 410.0

Monex Group, Inc.
### Key Management Plans in APTSIS 20

**Aiming to remain a high growth/high profit-model company through businesses in Performance Products, Industrial Materials and Healthcare domains**

<table>
<thead>
<tr>
<th>Performance Products</th>
<th>Industrial Materials</th>
<th>Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reinforcing portfolio management</td>
<td>Reinforcing business foundation</td>
<td>Ethical Pharmaceuticals</td>
</tr>
<tr>
<td>• Accelerating portfolio reforms</td>
<td>• MMA, Industrial gases: Maintaining/expanding global share</td>
<td>• Intensify the pipeline</td>
</tr>
<tr>
<td>• Promoting growth strategies for focus markets</td>
<td>• Petrochemicals: Shifting to high-performance materials, optimizing productivity</td>
<td>• Expand businesses in the U.S.</td>
</tr>
</tbody>
</table>

- Generating integration effects and synergy due to establishment of the new MCC
- Intensifying marketing and access to the global market (Establishment of RHQs, etc.)
- Early commercialization of the seeds of next-generation businesses (R&D, Open innovation, DX)
- Deepening KAITEKI Management, promotion of workstyle reform

### Major Measures in Healthcare domain

- Achieve 10 late-stage pipelines
- Maintain ¥300 billion for domestic ethical pharmaceuticals revenue
- Progress development of 3 key pipelines in the U.S.
- Cost reduction of ¥30 billion through improvement of operational efficiency
- Started clinical trials of regenerative medical products using Muse cells for acute myocardial infarction and cerebral infarction
- Started operation of a manufacturing facility for Muse cells
- Strategic capital alliance with PHC Holdings

**Ethical Pharmaceuticals**

- Intensify the pipeline
- Expand businesses in the U.S.

**Life Science**

- Regenerative medicine (Muse cells)
- Promoting healthcare and medical ICT businesses

**Mitsubishi Chemical Holdings**

**Mitsubishi Tanabe Pharma**
Transaction Rationale

Realizing synergies by deepening collaboration among operating companies and maximizing MTPC’s potential growth

“KAITEKI” = The sustainable well-being of people, society and our planet Earth

Sustainability

- Supporting R&D and investment in new medicines and medical care
- MTPC to utilize MCHC’s overseas corporate functions
- Creation of new solutions in medical, food, bio products
- Development of materials for functional alternative medical devices

Health

- Promotion of clinical development of Muse cells (Aiming for filing in FY2020 and approval in FY2021)

Comfort

- Efficient MCHC Group Operation (collaboration in global human resources and logistics network / efficient group cash management)
- Development of pharmaceuticals and diagnostics using gas and stable isotopes
- Building healthcare platform (sharing healthcare-related human resources and technologies)
- Strengthening initiatives in regenerative medicine, disease prevention, and disease management

Strengthening growth areas such as digital medicine, biotechnology, and microbiome

- Organic Synthesis / Biotechnology
- Cryogenic / Freezing
- Pharmacological Efficacy & Safety Evaluation
- Absorptive Separation
- Analytical Technology / Computational Science & Simulation
### Group Synergies in Growth Businesses

Creating synergies by combining unique materials and technology platforms

<table>
<thead>
<tr>
<th><strong>Healthcare/Prevention</strong></th>
<th><strong>Medical care</strong></th>
<th><strong>Nursing care/Home medical care</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical, Food, Bio Products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Healthcare × Digital
- Building healthcare platform with ICT and IoT technologies
- Providing treatment services using digital technology

#### Biotechnology × Material
- Creation of new solutions in medical, food, bio products
- Development of materials for functional alternative medical devices

#### New technology × Existing business
- Providing medical services through a combination of microbiomes and existing technologies

#### Medical care × Gas
- Development of pharmaceuticals and diagnostics using gas and stable isotopes

#### Regenerative medicine
- Muse cell: aiming for filing in FY2020 and approval in FY2021

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*Mitsubishi Chemical Holdings*

*Mitsubishi Tanabe Pharma*
### MCHC’s Healthcare Platform (Digital)

<table>
<thead>
<tr>
<th>Healthy people</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wellness</td>
<td>Medical</td>
</tr>
<tr>
<td>High Awareness</td>
<td>Symptom</td>
</tr>
<tr>
<td></td>
<td>Severe</td>
</tr>
</tbody>
</table>

#### Application/Device, etc
- Disease prevention
- Diagnosis
- Treatment prevention

#### i2 Healthcare
- Health management support service
- Diagnosis support
- Pharmaceutical with medical data
- Pharmaceutical with disease management app

#### Medical big data
- Expansion

#### MCHC’s Strategy in DX
1. Optimization through digitalization of operation and facility management
2. Strengthening the role in public goods
3. Shortening the time of product launch and strengthening material-informatics
4. Development of new framework and valuable product through digitalization to provide various functions
5. Fostering digital native culture
Agenda

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Overview of MTPC

Corporate History

- Mitsubishi Chemical Holdings Corporation
  - 2005 Establishment of holding company
  - 2001 Merger
  - 2007 Merger

- Welfide
  - 2000 Trade name changed
  - 2005 Establishment of holding company

- Mitsubishi Pharma
- Mitsubishi-Tokyo Pharmaceuticals
- Green Cross
- Tokyo Tanabe
- Yoshitomi Pharma Industries

- Establishment of MTPC
  - 2013 Acquired
  - 2017 Acquired

- NeuroDerm
- Medicago

- Tanabe Seiyaku
  - 1940 Founding
  - 2000 Trade name changed

- Yoshitomi Pharma Industries
  - 1950 Founding

- Green Cross
  - 1901 Founding

- Tokyo Tanabe
  - 1934 Founding

- Mitsubishi Chemical (ethical drugs)
  - 1999 Merger

Business Portfolio (FY2018)

- Domestic ethical drugs
  - No. 6 revenue in domestic market
  - Strong market position in Immuno-inflammation and the diabetes and kidney diseases

- Overseas ethical drugs
  - Global late-stage clinical trials in progress
  - Focus on the area of neurological disorders and autoimmune diseases

- Developed large pharmaceutical products
  - Gilenya (Imusera)
  - Invokana (Canaglu)
  - Radicava (Radicut)

- Royalty revenue
- OTC products
- Others

Revenue ¥ 424.7 billion (FY2018)
## Overview of Late-stage Development Pipelines to Drive Mid-term Growth

<table>
<thead>
<tr>
<th></th>
<th>MT-1186 (Radicava oral suspension)</th>
<th>ND0612</th>
<th>MT-2271</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indication</strong></td>
<td>Amyotrophic lateral sclerosis</td>
<td>Parkinson's disease</td>
<td>Seasonal influenza vaccine (Elderly and adults)</td>
</tr>
<tr>
<td><strong>Sales potential</strong></td>
<td>¥ 70 billion ~ 100 billion</td>
<td>¥ 50 billion ~ 80 billion</td>
<td>¥ 40 billion ~ 60 billion</td>
</tr>
<tr>
<td><strong>API</strong></td>
<td>Edaravone</td>
<td>Levodopa/Carbidopa</td>
<td>Plant-based VLP vaccine</td>
</tr>
<tr>
<td><strong>Formulation</strong></td>
<td>IV infusion/Oral suspension</td>
<td>Continuous SC pump</td>
<td>Subcutaneous injection</td>
</tr>
<tr>
<td><strong>Development stage</strong></td>
<td>P3 preparing (oral suspension)</td>
<td>P3</td>
<td>P3 (US)</td>
</tr>
<tr>
<td><strong>Estimated launch timing</strong></td>
<td>FY2021 (oral suspension)</td>
<td>FY2022</td>
<td>FY2021</td>
</tr>
</tbody>
</table>
## Major Development Pipelines of 4 Priority Areas Supporting Long-term Growth

<table>
<thead>
<tr>
<th>Priority areas</th>
<th>Item</th>
<th>Development area</th>
<th>Indication</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>Filed</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Central nervous system</strong></td>
<td>MCI-186</td>
<td>Global</td>
<td>ALS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>China</td>
</tr>
<tr>
<td></td>
<td>MT-1186*1</td>
<td>Global</td>
<td>ALS/Oral suspension</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Preparing</td>
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<tr>
<td></td>
<td>ND0612*1</td>
<td>Global</td>
<td>Parkinson’s disease</td>
<td></td>
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<tr>
<td></td>
<td>MT-8554</td>
<td>Global</td>
<td>Vasomotor symptoms associated with menopause</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Preparing</td>
</tr>
<tr>
<td></td>
<td>MT-3921</td>
<td>Global</td>
<td>Spinal cord injury</td>
<td></td>
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<tr>
<td></td>
<td>MT-0551 (Inebilizumab)</td>
<td>Japan</td>
<td>Neuromyelitis optica spectrum disorder</td>
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<td></td>
<td>Preparing</td>
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<tr>
<td></td>
<td>MT-5199</td>
<td>Japan</td>
<td>Tardive dyskinesia</td>
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<tr>
<td><strong>Immuno-inflammation</strong></td>
<td>MT-7117</td>
<td>Global</td>
<td>Erythropoietic protoporphyria</td>
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<td></td>
<td>MT-2990</td>
<td>Global</td>
<td>Endometriosis</td>
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<td></td>
<td>MT-5547</td>
<td>Japan</td>
<td>Osteoarthritis</td>
<td></td>
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<tr>
<td><strong>Diabetes and kidney</strong></td>
<td>MT-3995</td>
<td>Global</td>
<td>Non-alcoholic steatohepatitis (NASH)</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>MT-6548</td>
<td>Japan</td>
<td>Renal anemia</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>TA-7284</td>
<td>Japan</td>
<td>Diabetic nephropathy</td>
<td></td>
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<tr>
<td></td>
<td>MP-513</td>
<td>China</td>
<td>Type 2 diabetes mellitus</td>
<td></td>
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<tr>
<td><strong>Vaccines</strong></td>
<td>MT-2271*1</td>
<td>Global</td>
<td>Seasonal influenza / VLP vaccine*2</td>
<td></td>
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<td></td>
<td></td>
<td>Canada</td>
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<td></td>
<td>MT-2355</td>
<td>Japan</td>
<td>5 combined vaccine*3</td>
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</tr>
</tbody>
</table>

*1 Includes the pipelines on the previous page
*2 US; Under internal analysis of elderly and adults P3 study data
*3 Prophylaxis of pertussis, diphtheria, tetanus, poliomyelitis and prophylaxis of Hib infection in infants
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Financial Impact

**Financing**
- Necessary cash for the tender offer will be funded by bank loans
- Refinancing to longer-term funding to be considered
  (No new shares are expected to be issued)

**Financial metrics**
- While financial leverage (Net D/E) will temporarily deteriorate, we aim to improve the Net D/E ratio to under 1.0x within the next 3 years

**Shareholders return**
- The policy of 30% of medium-term dividend payout ratio and stable dividend payments to be maintained
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