



February 25, 2021

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## **Formulation of New Medium-Term Management Plan *APTSIS 25***

### ***Step 1***

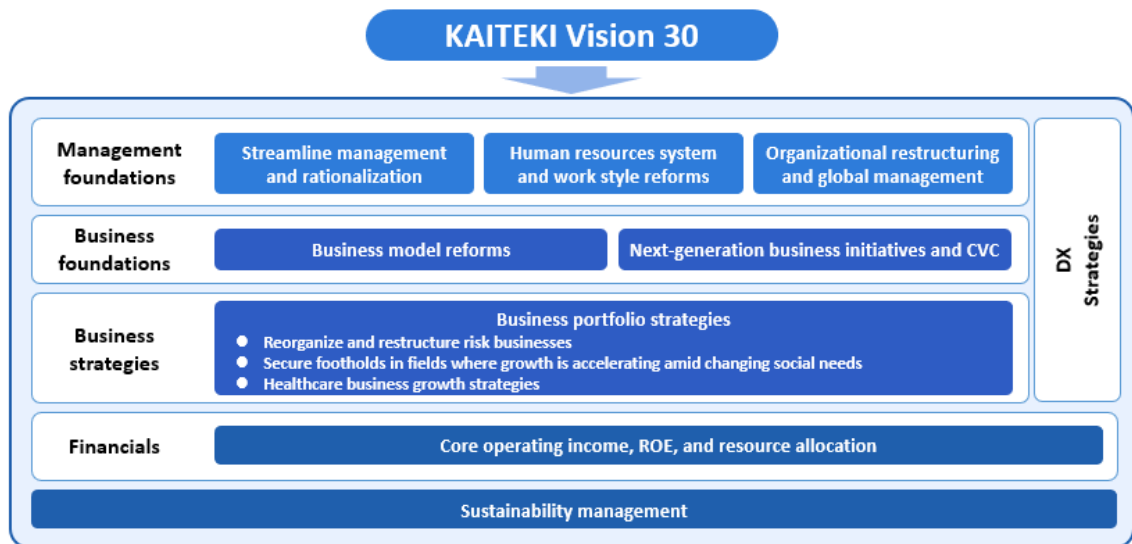
Mitsubishi Chemical Holdings Corporation has formulated its new medium-term management plan *APTSIS 25*, Step 1, which will commence from fiscal 2021, based on the medium- to long-term basic management strategy KAITEKI Vision 30 (KV30)\* announced in February 2020.

With regard to the impact of the COVID-19 pandemic, signs of a recovery have been observed in some industries, and vaccine programs have commenced in various countries, including Japan. Under such circumstances, while there are market expectations toward early normalization of economic activity, the situation will likely remain uncertain as multiple variants of COVID-19 have been identified around the world. Based on this awareness, the five-year period of *APTSIS 25* from fiscal 2021 has been divided into two phases: Step 1 (With COVID-19) and Step 2 (After COVID-19). The principal measures in Step 1 (fiscal 2021 to fiscal 2022) have been formulated as set forth below. The plan for Step 2 (fiscal 2023 to fiscal 2025) will be formulated in fiscal 2022.

※ In consideration of social and technological trends, and backcasting from our vision of an ideal society in 2050, Mitsubishi Chemical Holdings Corporation formulated the medium- to long-term basic management strategy KAITEKI Vision 30 in February 2020 by clearly defining the vision and the goals of the Group for 2030 and its growth path.  
URL : [https://www.mitsubishichem-hd.co.jp/kaiteki\\_management/kv30/](https://www.mitsubishichem-hd.co.jp/kaiteki_management/kv30/)

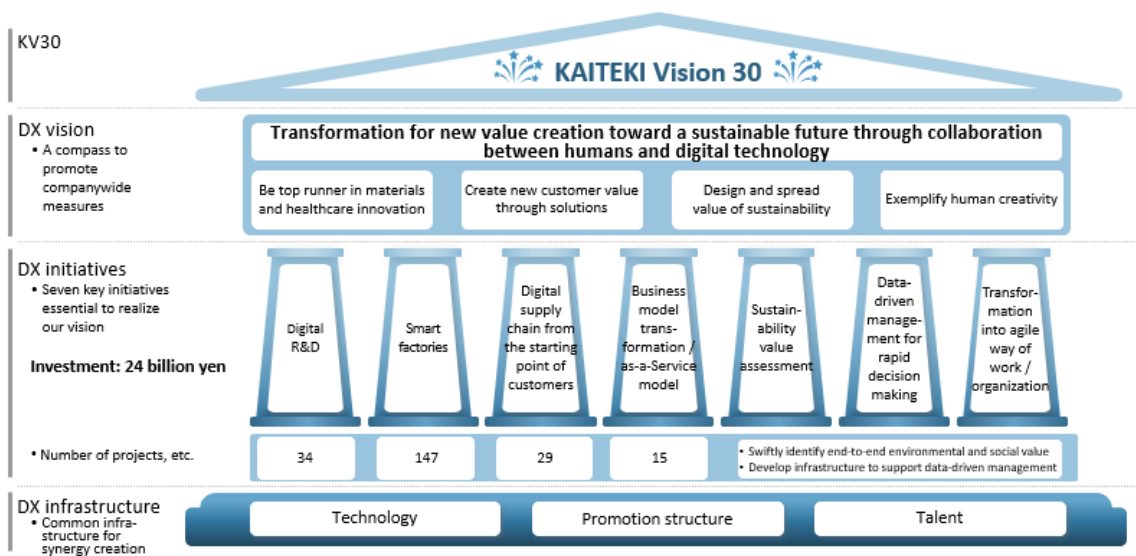
### **Medium-Term Management Plan *APTSIS 25*, Step 1: Outline**

#### **1. Principal Management Measures**



## 2. Measures to Bolster Management Foundations

- (1) Strengthening of management foundations
  - Reduce assets by 22.0 billion yen in total through rationalization such as consolidating the offices and improving the efficiency in business operations through workstyle reforms and by 180.0 billion yen in total by improving the efficiency of assets through Asset Light and the reduction of policy holdings.
  - Invent and implement workstyles under the new normal, including the consolidation of decentralized offices and the change of office layouts based on the assumption of a maximum employee attendance rate of 60% at a time.
- (2) DX Strategies
  - Formulate the DX grand design in order to achieve KV30.



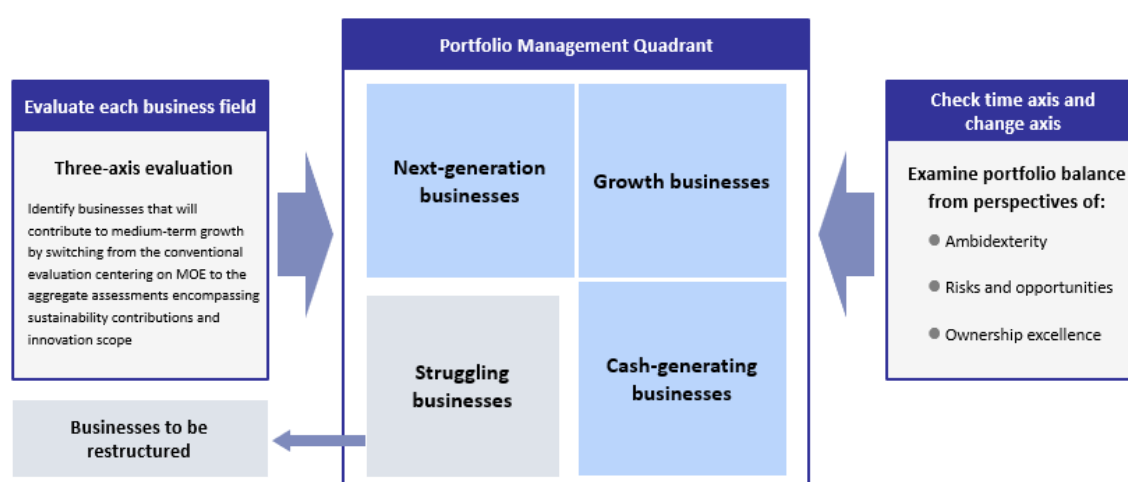
### (3) Measures to Bolster Business Foundations: Business Model Reforms

- ① Strengthen Solution Provision Structure
  - Provide total solutions such as chemical and materials recycling while further expanding carbon

- fiber and composite materials business in the mobility field.
- ② Chemical and materials recycling  
Promote a plastics recycling society through supply chain management with customers and consumers.
  - ③ Intelligent Gas Supply System (IGSS)  
Develop an innovative next-generation gas supply system that makes smart factories possible and develop a wide range of applications through customization and packaging.
- (4) Measures to Bolster Business Foundations: R&D Initiatives for Next-generation Businesses and CVC Strategies
- ① Strengthening of business foundations: Initiatives related to next-generation businesses  
Promote R&D themes which are expected to add value in the six growth business domains, including GHG reductions, carbon cycle, food and water supply, digital society infrastructure, human interface and medical advances.
  - ② Streamlining R&D with Digital Technology and Open Innovation  
Promote digital R&D, such as material design through full-scale utilization of material informatics as well as open innovation, and improve R&D efficiency utilizing quantum computing.
  - ③ Strengthening of business foundations: CVC strategy  
Increasing the ceiling on investments to 20.0 billion yen in the next 10 years while looking ahead to developing new domains. Aim to comprehensively cover key business domains for future growth by establishing frontier funds in addition to platform funds and pharmaceutical development funds.

### 3. Basic Portfolio Reform Policies

Through the four-quadrant management based on the three-axis evaluation of MOS, MOT and MOE\*, we will conduct portfolio management in light of changes in social needs and future risks to our businesses.



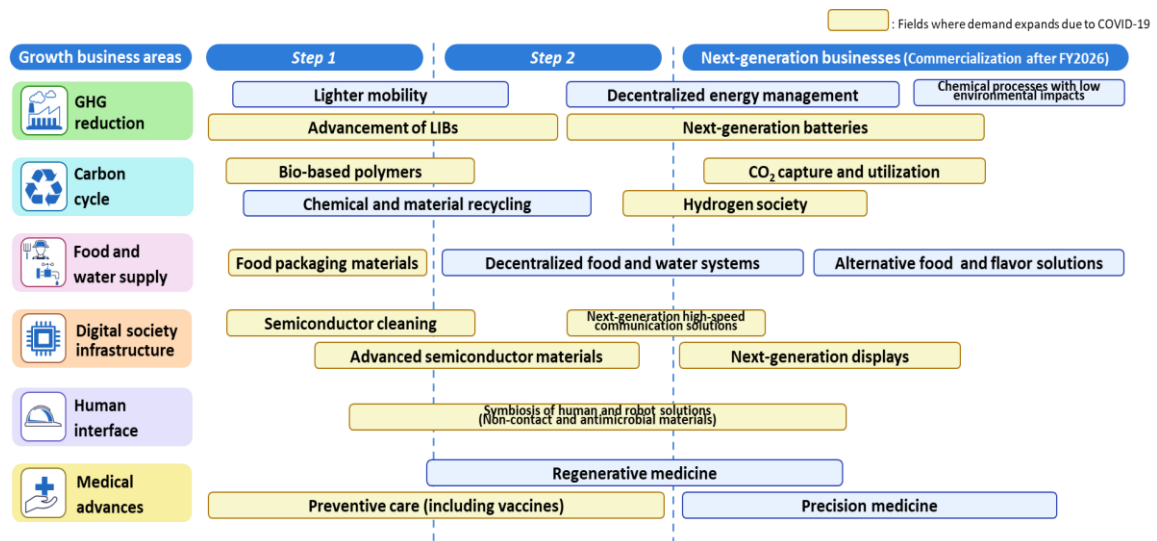
※ Mitsubishi Chemical Holdings Corporation conducts KAITEKI Management, a management method which enhances corporate value by implementing the three axes of Management of Economics (MOE), Management of Technology (MOT) and Management of Sustainability (MOS) in an integrated manner with an awareness of time and opportunity.

#### 4. Structural Reforms of Principal Businesses

- (1) Carbon chemicals(Strengthen Petroleum Refinery Alliances)
  - Strengthen competitiveness by optimizing Kashima Oil and MCC's Ibaraki operations.
  - Realize chemical recycling of waste plastics by using naphtha crackers and other refinery and petrochemical facilities.
  - Formed capital and business alliance with Refinverse to create waste plastic collection system.
- (2) Coke
  - Change business model by shifting focus from domestic dependence to overseas export expansion.
- (3) MMA
  - Digitize processes and relocate headquarters functions to globalize business infrastructure.
  - Looking to build US plant that would be world's largest to produce MMA employing proprietary Alpha technology.

#### 5. Business Strategies in the Growth Business Areas Specified in KV30

- (1) Growth business areas specified in KV30  
Accelerate innovation toward commercialization in light of the situation where the needs for growth business areas specified in KV30 are expanding in With and After COVID-19.



- (2) Strategies for Growth Business Areas

- ① GHG reductions
  - Evolve LIB materials and develop next-generation battery materials to help popularize EVs and expand adoption of renewable energy.
- ② Carbon recycling
  - Help materialize low-environmental impact cycles through biomass and biodegradable polymers.
  - Help reach beyond-zero emissions targets by developing artificial photosynthesis technology that harnesses CO<sub>2</sub>.
  - Providing hydrogen stations as key social infrastructure.
- ③ Food and water supply
  - Help cut food losses by creating highly functional food packaging materials.
  - Contribute to circular economy through biomass and recycling and reduction technologies.

- ④ Digital infrastructure
  - Expand the semiconductor-related solutions business by combining advanced materials development and environmental impact reduction services.
  - Providing high-performance materials for 5G and advanced communications.
- ⑤ Greater human comfort
  - Make comfortable and enjoyable lifestyles possible through the provision of products and materials that improve safety and convenience.
- ⑥ Medical advances
  - (Pipeline expansion)
    - Expand portfolio by combining central nervous system and immuno-inflammation research infrastructure and modalities.
    - Increase precision medicine R&D spending and launch more products after fiscal 2025.
  - (Regenerative medicine)
    - Advance development and commercialization of Muse cell-based regenerative medicine products, aiming to file in fiscal 2021 and obtain approval in fiscal 2022.
  - (Advance of the vaccine business)
    - Help prevent infectious diseases by developing VLP vaccines and adjuvants.
    - Continue efforts to prevent infectious diseases in children and adults and maintain stable vaccine supplies in Japan.
    - Generate more than 100 billion yen in vaccine business sales by fiscal 2025.

## 6. Financial Targets and Resource Allocation Policy

### (1) Improvement of financial position

By continuously improving our financial position, we will aim to achieve a net D/E ratio of 1.0 times as soon as possible.

### (2) Financial targets

In light of the uncertain economic situation due to the lingering effects of COVID-19, we will strive to achieve a core operating income of 250.0 billion yen in fiscal 2022.

#### Major financial targets for fiscal 2022

Core operating income	250.0 billion yen
Net income attributable to shareholders of the parent	120.0 billion yen
ROE	10%

### (3) Resource allocation policy

#### Investment amount for two years

Capital expenditures	450.0 billion yen
Investments and loans	100.0 billion yen
R&D investments	300.0 billion yen

## 7. Sustainability Management

### (1) Strengthen Sustainability Management to Achieve KV30 Targets

- Push ahead with circular economy efforts as MOE and MOS crossover.

- Deploy in-house carbon pricing.
  - Endeavor under government Carbon Neutral 2050 policy to build foundations for environmental impact neutrality.
- (2) Initiatives to Cut GHG Emissions by Fiscal 2030
- Seek to lower emissions in line with national and regional government targets.
  - Reduce GHG emissions in Japan from 12.5 million t-CO<sub>2</sub>-eq in fiscal 2013 to 9.25 million t-CO<sub>2</sub>-eq by fiscal 2030 (a reduction of 26% compared to fiscal 2013).

\*Related link:

(URL: [https://www.mitsubishichem-hd.co.jp/english/ir/library/analysts\\_meeting.html](https://www.mitsubishichem-hd.co.jp/english/ir/library/analysts_meeting.html))

#### Forward-Looking Statements

Forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors, including but not limited to market conditions and the impact of competition within the industry.