



MEMBERSHIP

June 7, 2024

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Notice Regarding Disposition of Treasury Shares under Performance-linked Stock Compensation

Mitsubishi Chemical Group Corporation (MCG) hereby announces that disposition of treasury shares under the performance-linked stock compensation (hereafter, the “Treasury Share Disposition”) has been determined today by the Representative Corporate Executive Officer to whom the decision had been delegated by the Board of Directors, as follows.

1. Overview of Disposition

(1) Allotment date	June 24, 2024
(2) Type and number of shares for disposition	158,338 common shares of MCG
(3) Disposition price and total value of disposition	Treasury Share Disposition constitutes a disposition of the common shares of MCG as compensation, etc. for the corporate executive officers of MCG, and does not require the payment of monies or the provision of assets in exchange for such common shares. ※ The fair value of the relevant common share is 804.6 yen, and the total value is 127,398,755 yen.
(4) Intended allottees	158,338 shares to four (4) corporate executive officers ※ Including retired corporate executive officers
(5) Other	Treasury Share Disposition shall be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for Disposition

MCG decided at a meeting of its Compensation Committee held on April 27, 2021 to introduce a performance share unit scheme, which is a performance-linked stock compensation scheme for corporate executive officers (hereafter, “the Scheme”) with the aim of providing corporate executive officers with an incentive for the continuous

improvement of MCG's corporate value, and further sharing value between corporate executive officers and shareholders by further clarifying the connection between the compensation for corporate executive officers, MCG's business performance and the share value by means of providing MCG's common shares according to the degree of achievement of performance targets during a certain time period (hereafter, "the Subject Period"). Furthermore, at the above-mentioned Compensation Committee meeting, it was decided that the Scheme shall be applied to MCG's corporate executive officers as of April 2021 using TSR (Total Shareholder Return) as a performance indicator during the Subject Period from April 1, 2021 to March 31, 2024.

Treasury Share Disposition shall be implemented for the purpose of providing MCG's four (4) corporate executive officers (including retired corporate executive officers; hereafter, "the Subject Corporate Executive Officers") with 158,338 common shares of MCG according to the attainment of performance targets, etc. during the Subject Period from April 1, 2021 to March 31, 2024 under the Scheme by the decision of the Representative Corporate Executive Officer to whom the decision was delegated by the Board of Directors on June 7, 2024, in accordance with the decision of the Compensation Committee meeting held on June 7, 2024.

It should be noted that Treasury Share Disposition shall be implemented as compensation, etc. for corporate executive officers by means of disposing of treasury shares without requiring the payment of monies or the provision of assets in exchange for the common shares.

3.Details of the Scheme

(1) Overview of the Scheme

Treasury Share Disposition constitutes a program under which MCG's common shares shall be delivered to MCG's corporate executive officers according to their degree of achievement of numerical targets for MCG's business performance (hereafter, "Performance Target") during a certain time period. After the end of the Target Period, MCG will provide common shares to corporate executive officers as compensation, etc. by issuing new shares or disposing of treasury shares without requiring the payment of monies or the provision of assets in exchange for the common shares.

As mentioned above, the Subject Period for Treasury Share Disposition is from April 1, 2021 to March 31, 2024, and TSR (Total Shareholder Return) is used as the Performance Target.

(2) Calculation method for the number of shares to be delivered under the Scheme

The number of common shares of MCG to be delivered under the Scheme is, as shown below, the sum of (i) the number of shares calculated by comparison with the growth rate of the JPX-Nikkei Index 400, and (ii) the number of shares calculated by comparison with the peer group's TSR. The base number of shares to be delivered to each corporate executive officer, which is the basis for the calculation, will be the same for (i) and (ii) above, and the base number of shares to be delivered for each will vary in the range of 0% to 200%.

However, if the total number of issued shares of MCG increases or decreases due to a stock split or reverse stock split (including gratis allotment of shares), the number will be adjusted in accordance with the ratio of the stock split or reverse stock split.

(i) Number of shares calculated by comparison with the growth rate of the JPX-Nikkei Index 400

[Calculation formula]

Number of shares to be delivered = Base number of shares to be delivered x Ratio of shares to be delivered

Base number of shares to be delivered : The number determined by the Compensation Committee in accordance with the position held by each corporate executive officer

Ratio of shares to be delivered : To be determined according to MCG's stock growth rate calculated using the formula below:

- a. If less than 50% : 0%
- b. If between 50% and 200% : MCG stock growth rate
- c. If more than 200% : 200%

*JPX-Nikkei Index 400 (including dividends) is used.

$$\begin{aligned} \text{MCG stock growth rate} &= \frac{\text{TSR (Total Shareholder Return) of MCG during the Subject Period}}{\text{Growth rate of Nikkei Index 400 during the Subject Period}} \\ &= \frac{(B + C) / A}{E / D} \end{aligned}$$

- A: Simple average of the closing prices of MCG's common shares on the Tokyo Stock Exchange in March 2021
- B: Simple average of the closing prices of MCG's common shares on the Tokyo Stock Exchange in the three months prior to the end of the Subject Period (from January to March 2024)
- C: Total amount of dividends per share from distributions of surplus by MCG during the Subject Period
- D: Simple average of the closing prices of the Nikkei Index 400 in March 2021
- E: Simple average of the closing prices of the Nikkei Index 400 in the three months prior to the end of the Subject Period (from January to March 2024)

(ii) Number of shares calculated by comparison with the peer group's TSR

The TSR of MCG and the peer group companies selected by the Compensation Committee for the Subject Period will be compared, and the number of shares will be calculated according to the ranking (%ile) of MCG's TSR as follows.

However, if MCG's TSR ranking (%ile) is less than the 25%ile, the number of shares calculated by comparison with the TSR of the peer group will be zero.

[Calculation formula]

Number of shares to be delivered = Base number of shares to be delivered x Ratio of shares to be delivered

Base number of shares to be delivered :The number determined by the Compensation Committee in accordance with the position held by each corporate executive officer

Ratio of shares to be delivered :%ile of MCG's TSR × 2

%ile of MCG's TSR :Calculation will be based on MCG's TSR ranking within the peer group, with the median value as the 50%ile, first place as the 100%ile, and last place as the 0%ile.

$$\text{TSR of each company} = \frac{B + C}{A}$$

- A: Simple average of the closing prices of each company's common shares on the Tokyo Stock Exchange in March 2021
- B: Simple average of the closing prices of the common shares of each company on the Tokyo Stock Exchange in the three months prior to the end of the Subject Period (from January to March 2024)
- C: Total amount of dividends per share from the distributions of surplus of each company during the Subject Period

(3) Requirements for grant of shares under the Scheme

At the end of the Subject Period, MCG will deliver common shares of MCG to the corporate executive officers of MCG at the time of the introduction of the Scheme who satisfy the following requirements.

- a. Continuously held a position of either corporate executive officer or executive officer of MCG during the Subject Period
- b. Did not engage in certain types of misconduct, etc. as determined by the Compensation Committee

4. Matters concerning procedures provided for in the Code of Corporate Conduct

Considering that Treasury Share Disposition (i) will cause less than 25% dilution, and (ii) will not cause a change in the controlling shareholders, no procedures are required to be taken to obtain an opinion from an independent third party or confirm the intent of shareholders as provided for in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.