May 15, 2025

To whom it may concern,

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Notice Regarding Formulation of Medium-Term Management Plan (FY2025 - FY2027)

Mitsubishi Kakoki Kaisha, Ltd. hereby announces formulation of a new Medium-Term Management Plan (FY2025 - FY2027) as follows.

MITSUBISHI KAKOKI KAISHA, LTD.

Medium-term Management Plan FY2025 - FY2027

Evolution and Transformation 2.0

May 15, 2025

MORE Sustainable, KEEP Innovating for a KINDHEARTED Society

MKK

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Message from the President

We will expand the green transformation business (GX business) as our company-wide focus area, and enhance the resolution of social issues and the Company's growth.

We aim to take a quantum leap forward to make our vision a reality as the second stage of "Evolution and Transformation."

Mitsubishi Kakoki Group's Management Vision for 2050

To help resolve various social issues facing us, we set out the "Mitsubishi Kakoki Group's Management Vision for 2050" in November 2021. We have set the year 2050 as the final year of reaching the goal of the management vision. This management vision shows a long-term roadmap toward 2035, the 100th anniversary of the company..

With the aim of achieving sustainable growth, we plan to increase the size of our business to 100 billion yen by 2035 by further developing our existing technologies and products and achieving growth in new fields, thereby making contribution to the development of society.

Theme of the Medium-term Management Plan

Governments around the world are increasingly moving towards the creation of a decarbonized society. In October 2024, Japan enforced two laws to facilitate the transition to a decarbonized society, namely the Hydrogen Society Promotion Act and the CCS Business Act. In February 2025, the country set out the GX2040 Vision. Furthermore, the movement towards GX and the advancement of sustainability has been gathering speed to achieve carbon neutrality in 2050, which is a goal set by the Japanese government.

The medium-term management plan (FY2025 - FY2027), has been developed in response to this movement, as decarbonization advances toward 2035.
It is our action plan to make specific and steady progress and produce positive results in the "strategic business fields" where we aim to help resolve social issues, so that we will take a quantum leap forward to make our vision a reality.
To achieve this goal, we have redefined the "strategic business fields" that drive our business as a company-wide focus area and named it "green transformation business (GX business)."
Then we set up the Green Transformation Business Office as the organization in charge of the promotion of the GX business. This new department will help us to practice and advance GX, enhancing the resolution of social issues and the Company's growth..

Carrying Out Our Plans

Since its establishment in 1935, the Mitsubishi Kakoki Kaisha Group (the Group) has developed a wealth of technologies for environmental protection, ranging from flue gas desulfurization and sulfur oxide collection to air pollution control, plant effluent and wastewater treatment, and waste disposal, among others. We also constantly engage in research and development projects for technological innovation in the fields of hydrogen, energy, solid-liquid separation, and digital transformation (DX) where we have good track records, technologies, and expertise.

We will leverage these technologies and expertise that the Group has accumulated and will integrate new technologies and products into them to make dramatic progress in our "Evolution and Transformation" to make our management vision a reality. We are committed to achieving the goals set in the medium-term management plan, so that, through our corporate activities, we will be able to help create a sustainable and comfortable society.



Toshikazu Tanaka
President
Mitsubishi Kakoki Kaisha, Ltd.

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Key Points in the Medium-term Management Plan

Evolution and Transformation 2.0

- We will take **a leap forward over the 3 years** to make our vision a reality by establishing the GX business.
- We will work to **increase shareholder return** and **enhance capital efficiency** while fully communicating our appeal.

1 Establishing GX business

- To establish the strategic business fields as our core business, we launch the Green Transformation Business Office and establish the green transformation business (GX business) as our reportable segment during this medium-term management period.
- The GX business aims to achieve the sales of 23 billion yen in the final fiscal year of this plan.
- We will advance our product development to chalk up quick wins in the fields of ”realizing a sustainable recycling society” and “clean energy.”

2 Record-high targets

- We have set record-high targets in this management plan based on projected expansion of the GX business and a good business environment, defining the 3 years as a period for a leap forward to make our vision a reality.
- We aim to achieve the sales of 90 billion yen, operating profit ratio of above 9%, and ROE of at least 12%, in the final fiscal year of this plan.
- We will make active investments including M&A and improve the profitability of our fundamental businesses to achieve the targets by the final fiscal year.

3 Increasing shareholder return to achieve PBR above 1 as soon as possible

- We aim to achieve PBR above 1 as soon as possible during the medium-term management period.
- We aim to raise the dividend payout ratio (DPR) to 40%.
  The lowest dividend on equity (DOE) ratio is set at 3.5%.
- We endeavor to reduce surplus assets, engage in financing with considering the optimal capital structure, and practice ROIC-oriented management across the board.

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1. Sketch/Overview of the Medium-term Management Plan



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Current External Environment

- We anticipate that the movement toward decarbonization will continue, and that the demand will increase in semiconductor-related market.
- We need to put company-wide efforts into improving capital efficiency and ensuring stronger human capital.

Topics we will focus on in the external environment

Transition to clean energy and a recycling society

Greater demand for clean energy, e.g., hydrogen

Target usage of hydrogen in Japan: From 2 million tons in 2020 to **20 million tons in 2050**

More requests to establish hydrogen supply chains

Public and private investments in building supply chains in Japan:
15 trillion yen in total from 2023 to 2038

Advancement of carbon recycling

The largest volume of recycled CO_2 (equivalent to products for carbon recycling used in Japan):
0.1 to 0.2 billion tons/year in 2050

Pursuit of a circular economy

Circular economy market size in Japan: From 50 trillion yen in 2020 to **120 trillion yen in 2050**

Reduction of environmental impact in the shipping industry

*Source of the data: The Ministry of Economy, Trade and Industry (2023)

Aging infrastructure and labor shortage

Greater demand for semiconductor materials

Growing awareness of capital cost and stock prices

Growing demand for newly built ships

* NOx regulations: Simplified name for regulations on nitrogen oxide (NOx) emissions from ships
* PPP: Public-private partnership as a collaborative effort between the public and private sectors

Effects on the Group

Across the Group

- **The major challenge is business growth by meeting green-transformation-related demand across our businesses.**
- Increasing investments for semiconductor-related equipment and creating a need for collaborative work across our businesses.
- Climate action continues to be our priority.
- Greater capital efficiency and shareholder return are required.
- Strengthening in human capital is urgently needed to address the issues of labor shortage and technology succession.
- Efforts toward digital transformation (DX) should gain speed for greater operational efficiency and added value.

Engineering Business

- Greater demand for upgraded infrastructure in the field of saving of labor and energy, and decarbonization.
- Actions for PPP projects (mostly for sewerage) are urgently needed.

Industrial machinery business

- Greater demand for marine machinery
- Favorable Conditions to the Group which offering lines of equipment that meet the NOx regulations

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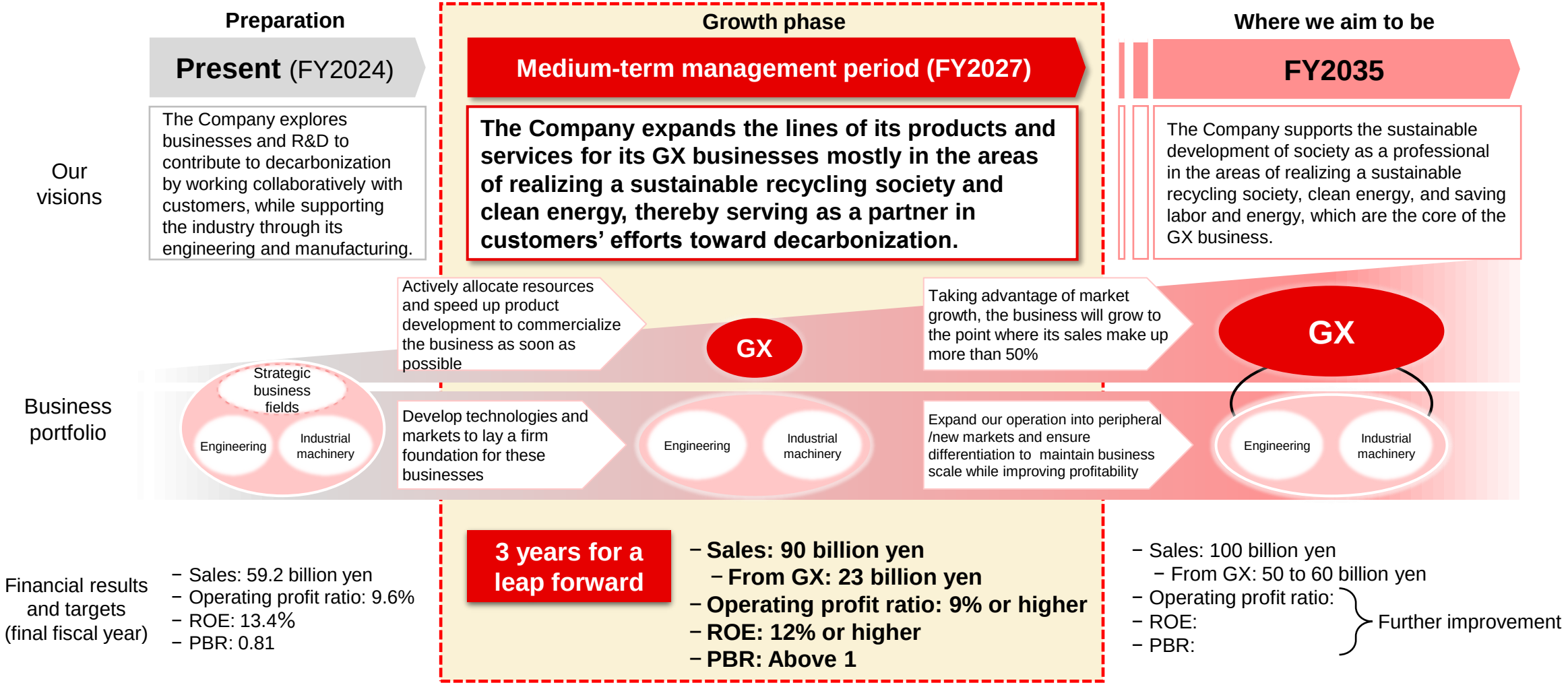
The Medium-term Plan on Our Road Map

- The period covered by the medium-term management plan is positioned as the “3 years for a leap forward” to facilitate the growth of our GX business, achieve higher sales, and thereby realize our management vision.



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Key Points and Measures in the Medium-term Plan

- We will evolve our business portfolio and establish management conscious of the cost of capital and stock prices, which will be supported by a stronger and sustainable management.

Goals

Expand the lines of our products and services for our GX businesses mostly in the areas of realizing a sustainable recycling society and clean energy, thereby serving as a partner in customers' efforts toward decarbonization.

Achieve the sales of 90 billion yen, 9% or higher operating profit ratio, PBR above 1.0 times, and 12% or higher ROE

Business and financial strategies

Key Point 1 Evolution of our business portfolio

- Establishing the GX business
- Boosting the competitiveness of our fundamental businesses
- Implementing our business expansion strategies

Key Point 2 Establishment of management conscious of cost of capital and stock prices

- Making growth investments
- Enhancing capital efficiency
- Increasing shareholder return / Publishing information that boosts growth expectations

Stronger management base

Key Point 3 Stronger human and technical capital

- Pursuing our human capital strategy
- Implementing our manufacturing strategy

Key Point 4 Improved transparency of corporate governance

- Managing our business portfolio / Practicing ROIC-oriented management
- Pursuing sustainability

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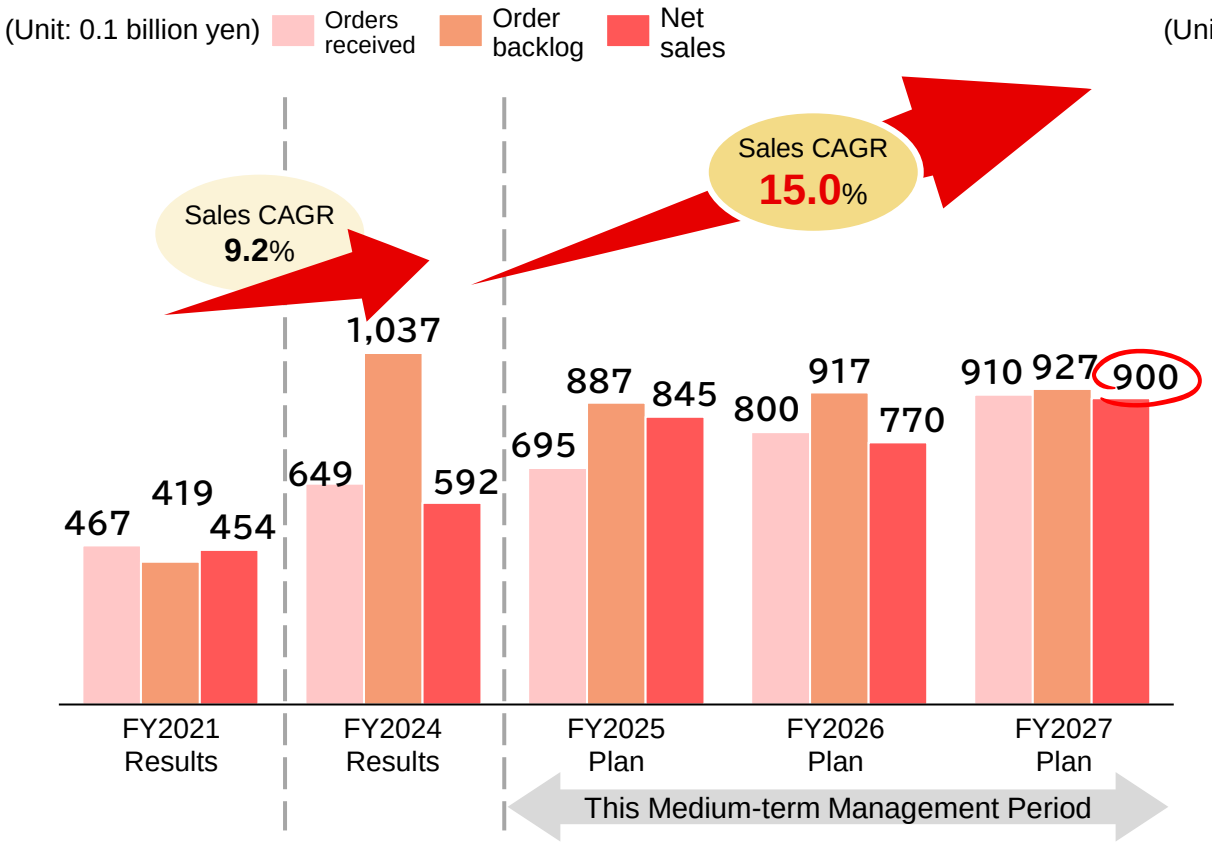
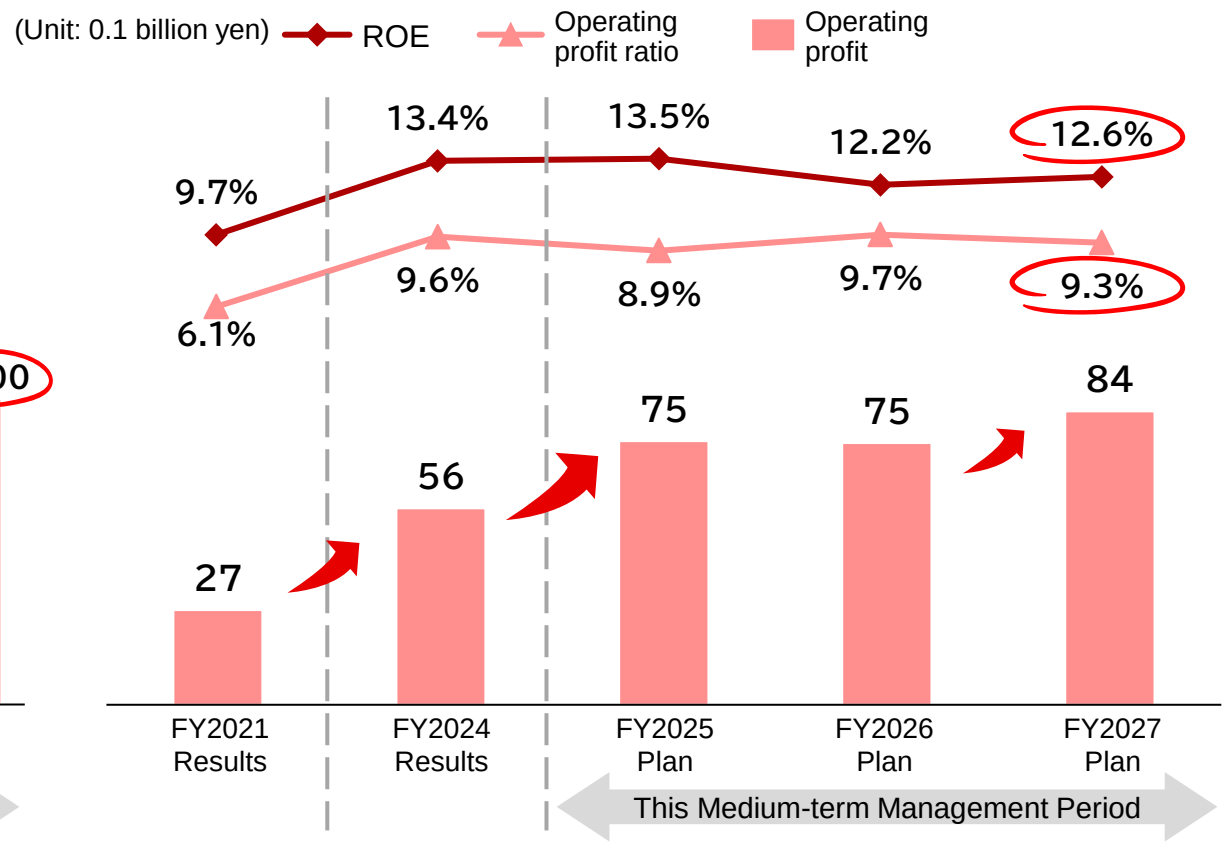
Planned Figures in the Medium-term Plan

- Based on the order backlog in the final period for the preceding medium-term management plan, we aim to increase net sales exceeding 80 billion yen in FY2025 and then achieve net sales of 90 billion yen, 9% or higher operating profit ratio, and 12% or higher ROE in FY2027.

Business Scale Targets over this Medium-term Management Period



Targets for Profitability Indicators over this Medium-term Management Period



During this medium-term management period, we aim to increase sales faster than in the previous period and further raise the profit ratio.

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Financial Targets in the Medium-term Plan

- To achieve PBR above 1 during an early period of the medium-term management plan, we plan to boost net sales to 90 billion yen (out of which 23 billion yen from the GX business, improve profitability and efficiency, and increase shareholder return.

	Indicator	25/03 (Targets in preceding medium-term plan)	25/03 (Results)	28/03 (Targets in the medium-term plan)	
Market appraisal	New PBR	–	0.81		Above 1
Growth	Net sales	55 billion yen	59.2 billion yen	Final FY	90 billion yen
	New Net sales from GX businesses	–	–	Final FY	23 billion yen
Profitability	Operating profit ratio	5.0% or higher	9.6%	Final FY	9.0% or higher
	ROE	7.0% or higher	13.4%		12% or higher
	New ROIC	–	10.7%		11% or higher
Shareholder return	DPR	25% or higher	32.7%	Final FY	40%
	New DOE	–	4.4%	Lowest	3.5%
Financial health	New Equity ratio	–	57.8%		About 50%

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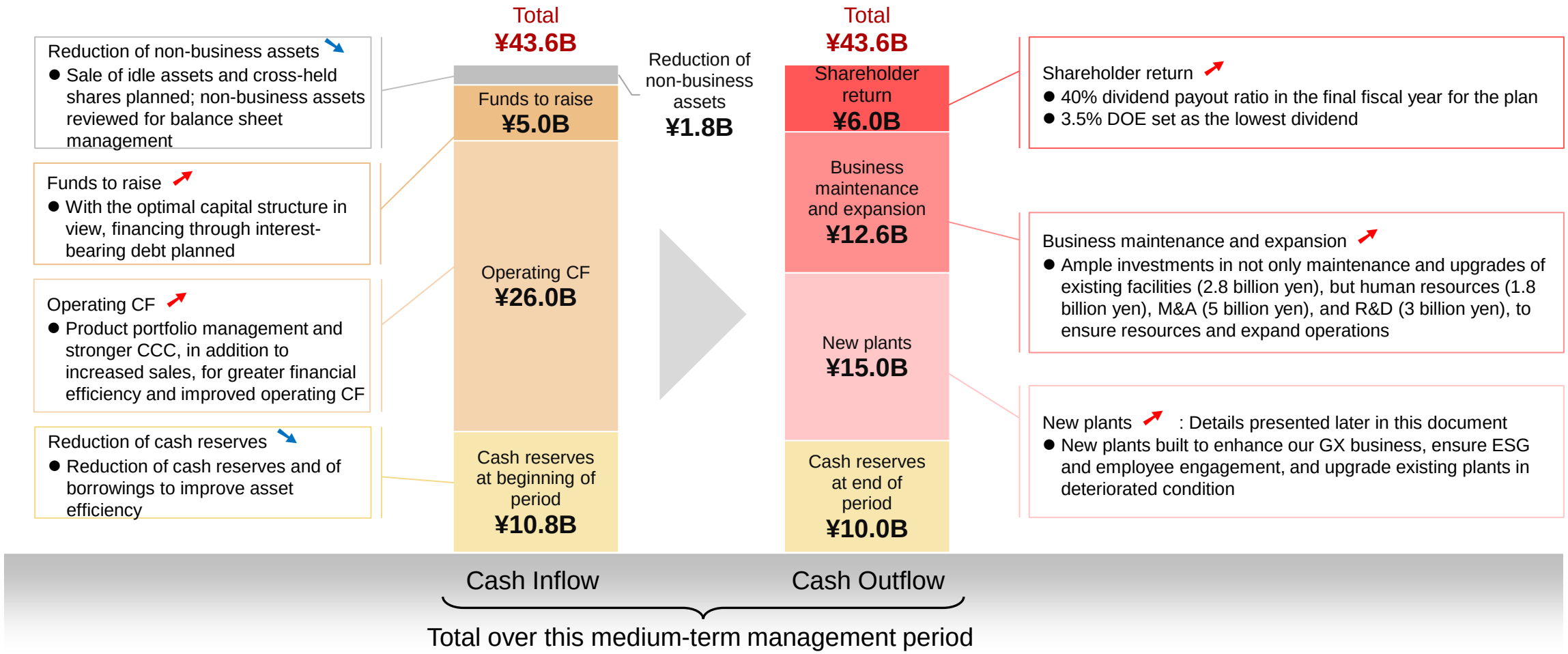
Cash Allocation

- We plan to invest 15 billion yen in new plants, 5 billion yen in M&A, and 3 billion yen in R&D to enhance our GX business and ensure solid shareholder return.
- We will raise funds for these investments from operating cash flow (CF), and through asset reduction and the use of interest-bearing debt.



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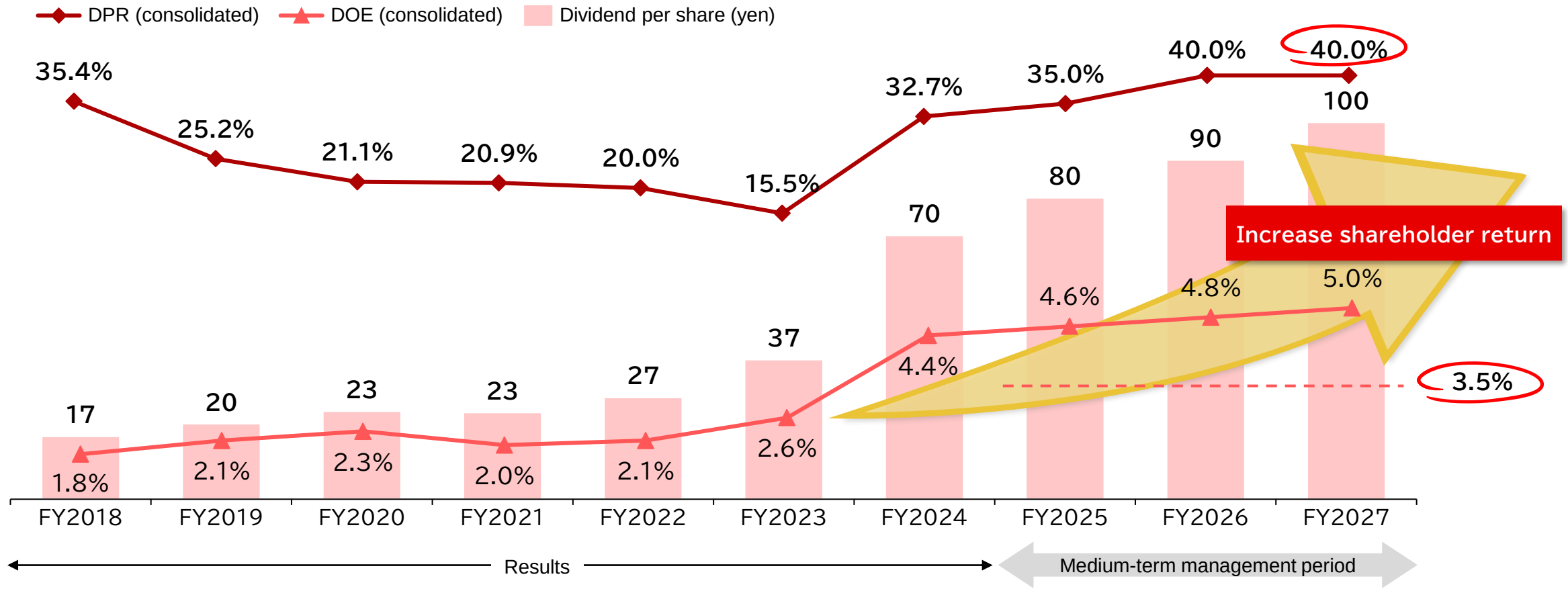
Dividend Trends

- For this medium-term management period, we aim to raise the dividend payout ratio (DPR) to 40%.
- The lowest dividend on equity (DOE) ratio is set at 3.5%.

Results of Shareholder Return and Planned Return for the Medium-term Management Plan Period



* On April 1, 2025, we conducted a 3-for-1 stock split. The figures before FY2024 have been calculated considering the stock split.

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2. Key Point 1 :
Evolution of Our Business Portfolio



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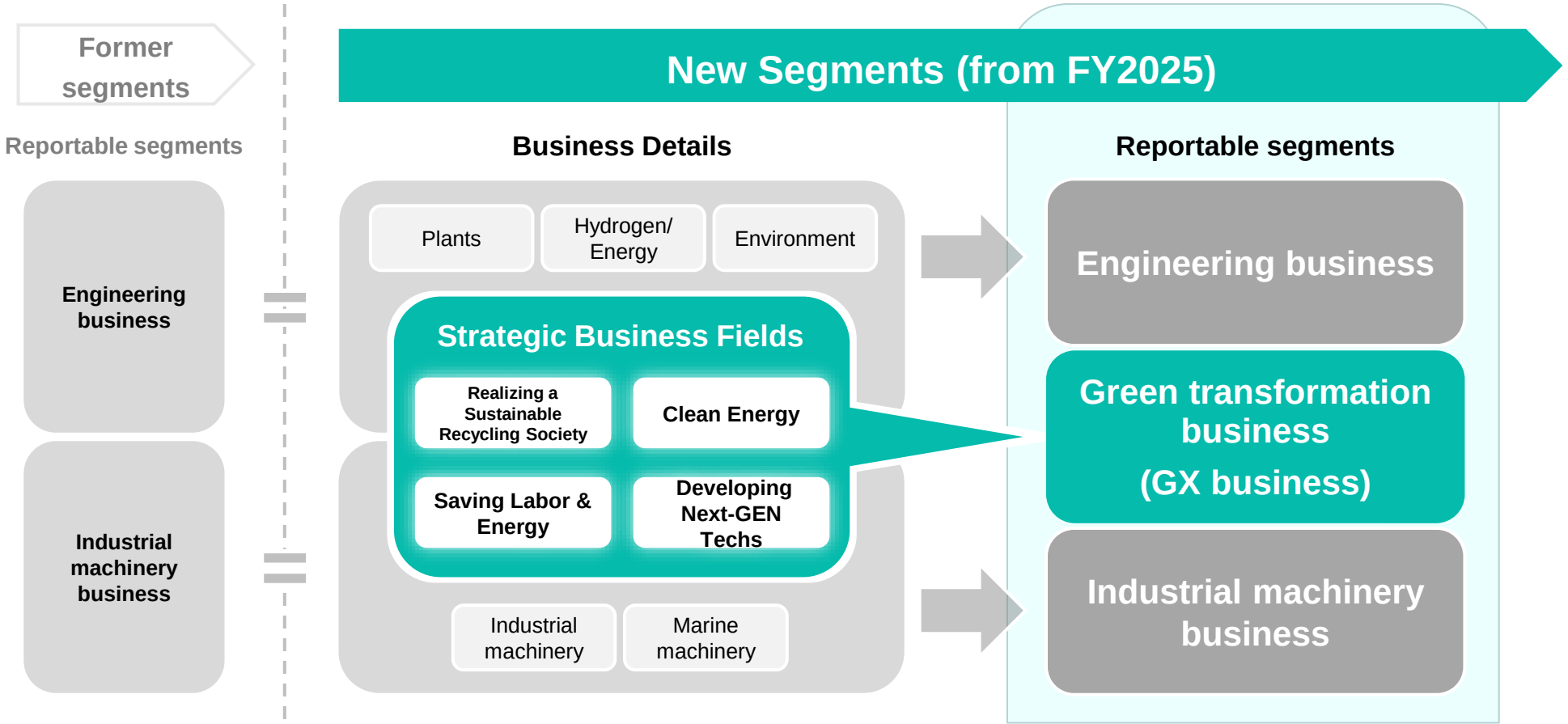
Reportable Segments Changed

- It is essential that we achieve growth in the strategic business fields in order to make our management vision a reality.
- We set up the GX business as our new reportable segment to transition to a framework for quantitative monitoring so that we will further promote and expand the strategic business fields.



* The GX business falls into the strategic business fields. It consists of new businesses as well as existing technologies and products that have been developed or refined for specific uses.

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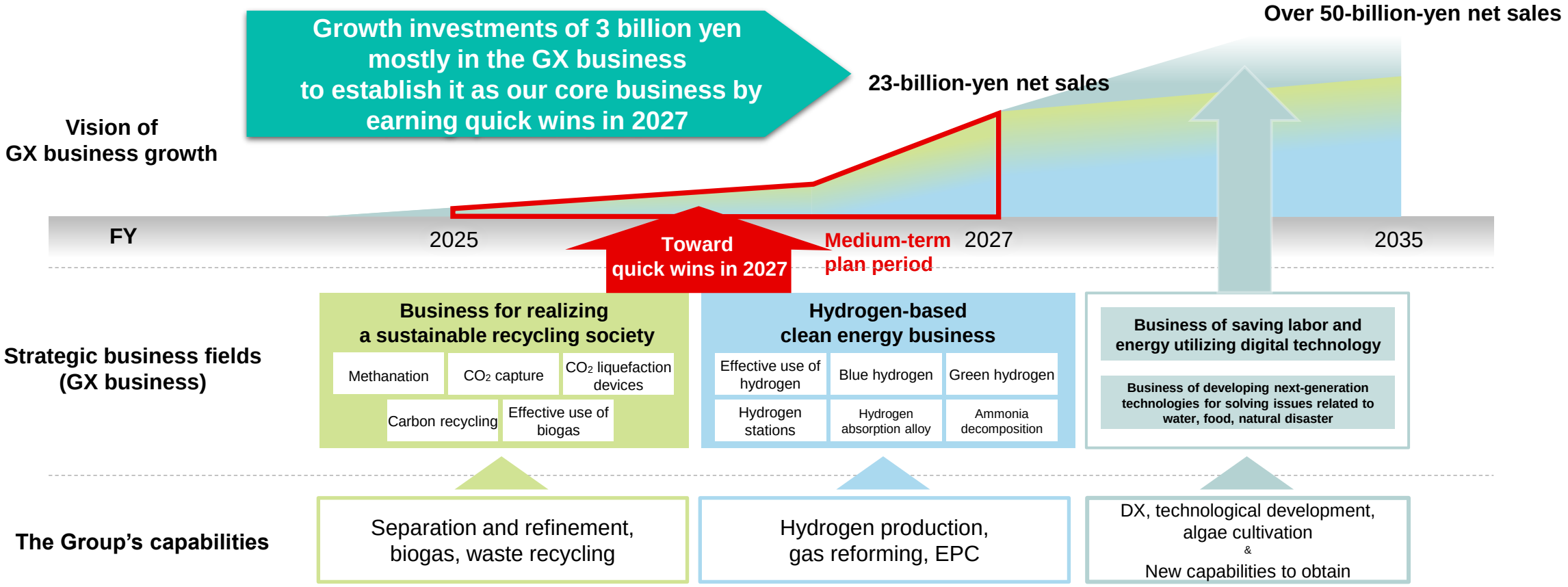
Sketch of Our Green Transformation Business (GX business)

- Our GX business revolves around the strategic business fields that contribute to the resolution of social issues, which we include in our management vision.
- The medium-term management plan focuses on the “business for realizing a sustainable recycling society” and “hydrogen-based clean energy business” as fields for quick wins.



* EPC: Outsourcing of engineering, procurement, and construction to one contractor

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Our Green Transformation Business(GX business)'s Goals and Strategy

- We aim to accelerate and expand business promotion under newly established "Green Transformation Business Office".
- Contributing to the realization of a decarbonized society by proposing and providing our GX-related technologies, products, and services.

Goals

Clearly present our roles and establish our status geared to carbon neutrality

Contribute to local economies by following a decarbonization model centered on local production for local consumption

Strategy

1 Setting up the new Green Transformation Business Office and accelerating our efforts to establish our GX business

- Develop a company-wide strategy and policy leveraging our products and processes.
- Identify and resolve issues as early as possible to facilitate the processes of commercialization and manufacturing.
- Advance and establish planning-and-proposal-based business activities.

2 Engaging in a solution business geared to carbon neutrality

- Find needs for GX among customers of our fundamental businesses.
- Propose solutions and create projects to help customers resolve issues related to the environment.

3 Creating a decarbonization model centered on local production for local consumption and projects for effective use of hydrogen

- Create projects in collaboration with municipalities
- Create projects for effective use of hydrogen, with the use of public assistance programs in view.

4 Develop value chains using our technologies and products

- Offer our technologies and products in all supply chains for production, transportation/storage, and/or use of hydrogen.
- Create systems that incorporate our products to facilitate decarbonization.

5 Boosting market communication

- Increase our brand recognition through trade fairs and digital marketing.
- Establish the Mitsubishi Kakoki Kaisha brand awareness so that the public will associate GX and hydrogen with us.

6 Partnerships for reinforcement and expansion

- Expand our business areas and acquire technologies through M&A
- Boost our technological capabilities and expand the lines of our products and services through strategic partnerships.

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Strategies for Our Fundamental Businesses

- We plan to review and rebuild low-profit businesses to increase revenues as soon as possible.
- Ensure the competitive advantages of the businesses to further improve their profitability.

Business Fields		Strategies
Company as a whole		● Re-formulate our strategy from multiple angles (e.g., local communities, products, and marketing approaches) and pursue product launches in new fields as well as overseas operations, by cross-divisional sales operations.
Engineering business	Plants	● Add more management resources, which may involve forming alliances, and ensure exhaustive process management, securing steady revenue. ● Improve the quality of our products and services through co-creation with customers by cooperating further in FS.
	Hydrogen/Energy	● Maintain the scales of the LNG business and sulfur capture equipment business as our stable revenue base. ● Expand the scale of the hydrogen after-sales business by launching DX-driven services. ● Continue regular visits to city gas and oil companies as well as industrial gas manufacturers for networking in order to steadily receive orders from these businesses.
	Environment	● Advance the use of new products for sewage treatment and offering of products for differentiation (e.g., the high-concentration biological deodorization system) to win projects in response to growing demand for sewage treatment/sewerage upgrades. ● Work more closely with business partners, including the Group, to enter the PPP business as soon as possible and establish our record in W-PPP.
Industrial machinery business	Industrial machinery	● Maintain the business scale as our stable revenue base by applying unique technologies. ● Ensure steady revenue by expanding after-sales services achieved through regular visits and proposal-based sales to customers.
	Marine machinery	● Expand the business scale as our stable revenue base by developing and launching new products. ● Ensure steady revenue by expanding after-sales services through enhanced sales operations, which include regularly reviewing selling prices of parts and encouraging ship owners to use genuine MKK parts.

* FS: Feasibility studies, i.e., research into potential businesses and profitability
* PPP: Public-private partnership; W-PPP: Water PPP (a public-private business system for managing and operating public utilities such as water and sewerage systems.)

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Sales Strategy

- We will facilitate collaboration between our businesses leading by the Sales Division. We will also create a network of overseas offices to expand our sales network, thereby achieving the targets set in the medium-term management plan.

Enhanced Collaborative Sales Operations and Actions during the Period for the Medium-term Management Plan

Before (until FY2023)

Structure

- Vertical organization
- Each business offered its own products

Customer | Customer

Vertically structured

Engineering business
- Taiwan
- Malaysia
- Indonesia
- MKK Asia (Thailand)

Industrial machinery business
- MKK EUROPE (Netherlands)
- Ryoka Mechanical Technology (Shanghai)

Period for the Medium-term Management Plan after the Establishment of the Sales Division (from FY2024)

Structure

- The Sales Division was established in 2024 to launch cross-divisional sales operations.
- We reviewed our approach to international businesses centered on EPC to promote the launch of product needs in each country's market.

Customer

Proposal by "One MKK"

Overseas Office ⇔ **Sales Division** ⇔ R&D / Branding

Engineering business ⇔ GX business (April 2025 -) ⇔ Industrial machinery business

* EPC: Outsourcing of engineering, procurement, and construction to one contractor

Results / Plans

FY2024

<Measure>
- Set up the Sales Division to facilitate collaboration between businesses

<Outcomes>
- ✓ **Our overseas engineering offices launched the sales of parts for industrial machinery**
- ✓ **Both businesses worked together to receive orders for EPC projects of algae cultivation**

Medium-term plan period

<Measures>
- Build a track record and further enhance collaboration
- Create a network of overseas offices to expand our sales network and integrate information management

<Targets>
- ☐ **Achieve targets set in the medium-term management plan**
- ☐ **Re-develop a company-wide international business strategy**

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M&A and Alliance Policies

- We aim to find partners for M&A or alliances mostly to acquire technologies that will help enhance our GX business, and to advance digital transformation (DX) and expand our businesses.

High priority
Medium priority

Objectives	Targets		
	GX business	**Engineering business**	**Industrial machinery business**
☐ Enhance the GX business ☐ Advance DX ☐ Expand businesses	■ **Hydrogen supply chain technologies** (manufacturing, transport, storage, use) ■ **Hydrogen carrier technologies** (ammonia, liquid hydrogen, MCH) ■ **Carbon recycling technologies** (CO_2 capture, effective use of CO_2) ■ **Algae and biofuel technologies** ■ **New and renewable energy technologies** (e.g., biogas)	■ Energy- and labor-saving technologies ■ Chemical processes and chemical recycling technologies for decarbonization ■ Manufacturers and technologies for expansion of our operations (including production facilities) ■ Technologies to create modules and skid-mounted equipment ■ Partners in PPP/PFI projects	■ Technologies for next-generation fuel ships and propulsion systems ■ Ship equipment that conforms to various environmental regulations ■ Separation technologies and peripheral devices in the areas of food and pharmaceuticals
	■ **DX technologies** (drones, AI control, monitoring, design support) ■ **R&D partners, overseas local partners, offices and partners for product production**		
	■ Partners for entry into international markets (Southeast Asia, India and others)		

* MCH: Methylcyclohexane (a hydrogen carrier)
* PPP/PFI: Public-private partnership / Private finance initiative, in which the government and private sector collaborate
* NOx regulations: Simplified name for regulations on nitrogen oxide (NOx) emissions from ships

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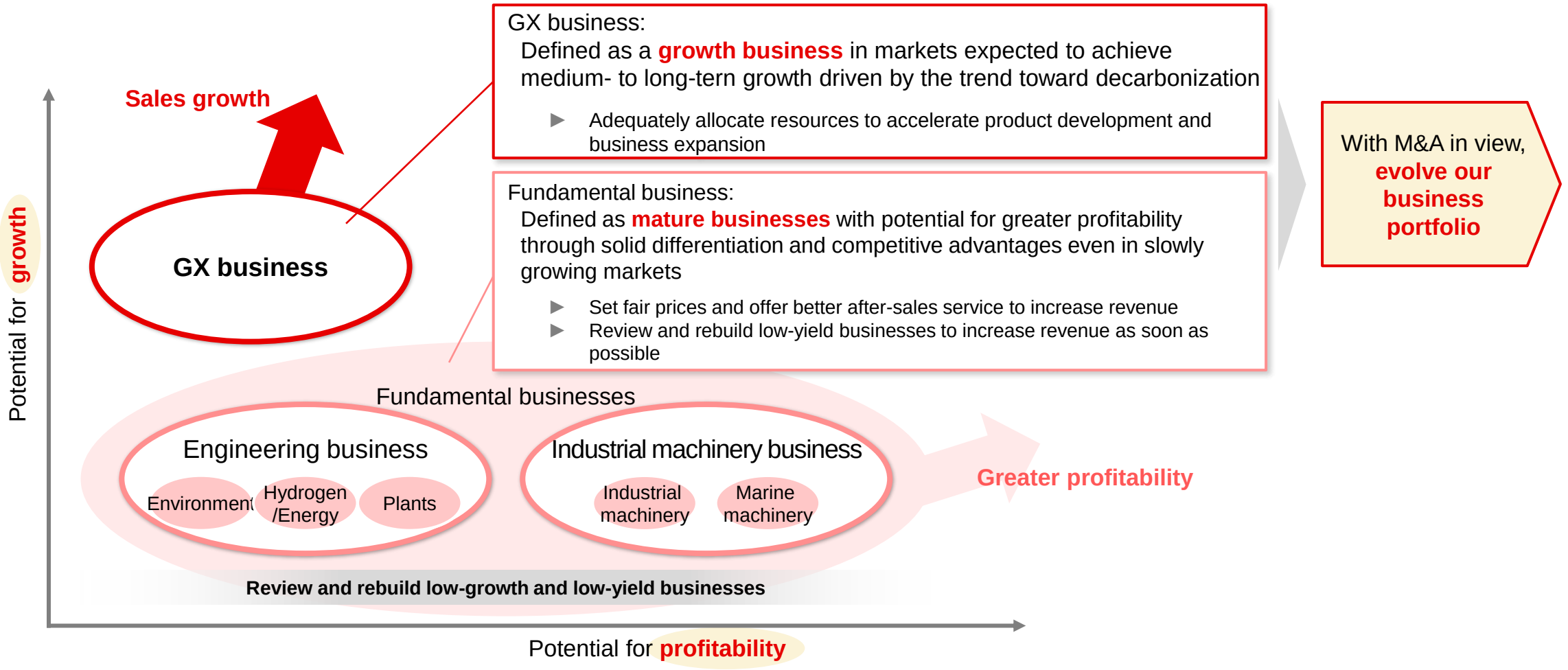
Directions of Our Business Portfolio Shown in the Medium-term Plan

- We will increase sales of the GX business and improve profitability of our fundamental businesses to achieve both sales growth and greater profitability of the as the whole company.



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3. Key Point 2:
Establishment of Management Conscious of Cost of Capital and Stock Prices



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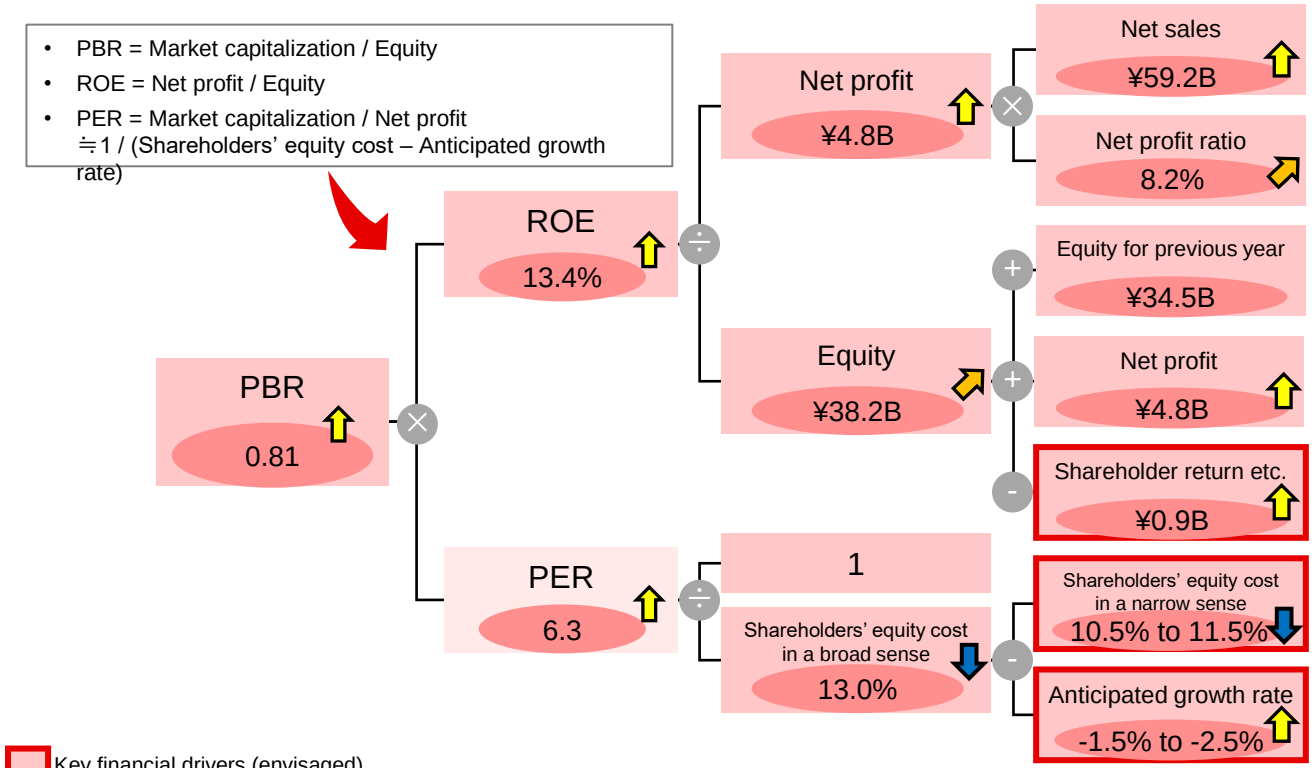
Factor Analysis and Policies Geared to Early Achievement of PBR above 1

- Improving both ROE and PER, enhancing capital efficiency, and providing information across capital markets are our challenges.
- In terms of finance, we work to boost shareholder return, improve capital efficiency, and enhance investor relations (IR) for higher growth expectations.

Breakdown of Current PBR and Directions of Indicators Set in the Medium-term Management Plan

- PBR = Market capitalization / Equity
- ROE = Net profit / Equity
- PER = Market capitalization / Net profit
  ≒1 / (Shareholders' equity cost – Anticipated growth rate)



Key financial drivers (envisaged)

Directions of changes in indicators during this medium-term management period

* The figures for the indicators have been calculated based on those as of the end of March 2025.

Challenges and how we plan to meet them

Key Point 1 Evolution of Our Business Portfolio

Present: ROE has remained around 10%, which is a high level in the industry.

Strategy: Increase the probability through Key Point **1**.

Increase shareholder return

Challenge: As our shareholders' return is below the industry standard.

Strategy: We will raise our shareholders' return above the standard over this medium-term management period, which will also help improve ROE.

Enhance capital efficiency

Challenge: Build up of cash reserves and maintain of non-business assets.

Strategy: Generate shareholder return and growth investments by enhancing capital efficiency including debt financing and reduction of non-business assets.

Enhance investor relations (IR) / shareholder relations (SR) for higher growth expectations

Challenge: We see that our shareholders' equity cost is high considering PER.

Strategy: We will focus more on IR and SR activities to boost growth expectations and reduce risks.

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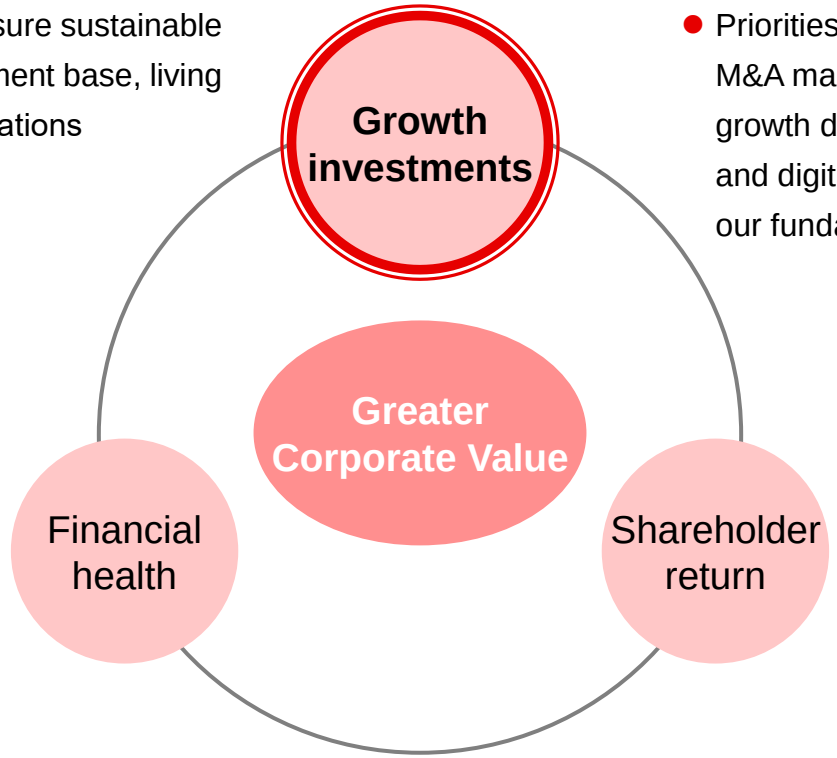
Capitalization Strategy (Policy) in the Medium-term Management Plan

- To realize our management vision, we give the highest priority to growth investments in our capital allocation plan.
- We will work to increase shareholder return to improve PBR while ensuring that the return, growth investments, and financial health remain in balance.

Capitalization Strategy Policy Presented in the Medium-term Management Plan

- Growth investments to ensure sustainable growth and solid management base, living up to stakeholders' expectations
- Priorities are the investment in R&D, CAPEX and M&A mainly for GX business as a future business growth driver, and the investment in human capital and digital transformation that also help strengthen our fundamental businesses



- Balance sheet management that considers capital efficiency and cost of capital
- Good financial health maintained for a continuous increase in our corporate value; flexible financing for the optimal capital structure
- The equity ratio maintained about 50%, with the optimal capital structure in view.

- Aiming to increase shareholder return and market recognition, and to earn greater evaluations during this medium-term management period
- Aiming to raise the dividend payout ratio (DPR) to 40%.and set the lowest dividend on equity (DOE) ratio at 3.5%, for enhancement, taking account of the equity ratios, business results forecasts, and our external environments

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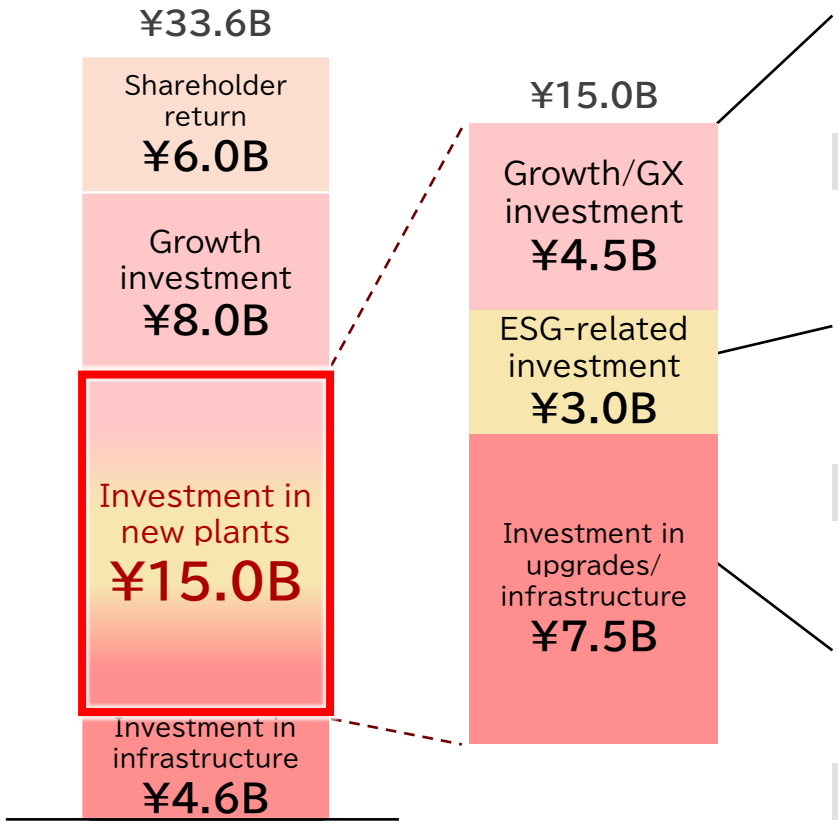
Investments in Restructuring of the Head Office and Kawasaki Works

- The investment of 15 billion yen in new plants will be allocated to growth and ESG-related investments and to upgrades of existing facilities, so that we will build the foundation of medium- to long-term development until 2035.

Planned Use of Capital during this Medium-term Management period



Details of Investments in New Plants; Objectives of the Investments

- Investment to help strengthen our GX business
  - R&D facilities mostly for the GX business fields
  - New multipurpose experiment and research fields


Building for offices and research facilities

➡ **Faster R&D and new product development for the GX business**

- Investment to help with ESG and employee engagement
  - ESG, resilience investment: use of wooden materials, universal design, ZEB and solar panel installation
  - Employee engagement: Construction of terrace and greenery area


Terrace in front of the building for offices and research facilities

➡ **Greater corporate value by focusing more on recruitment and pursuing ESG toward 2035**

- Investments to upgrade existing plants in deteriorated condition
  Demolition and removal of old buildings and development of infrastructures for existing plants
  - Stable supply of new products/infrastructure products


Building for factory experimentation

➡ **Create a stronger business base toward 2035**

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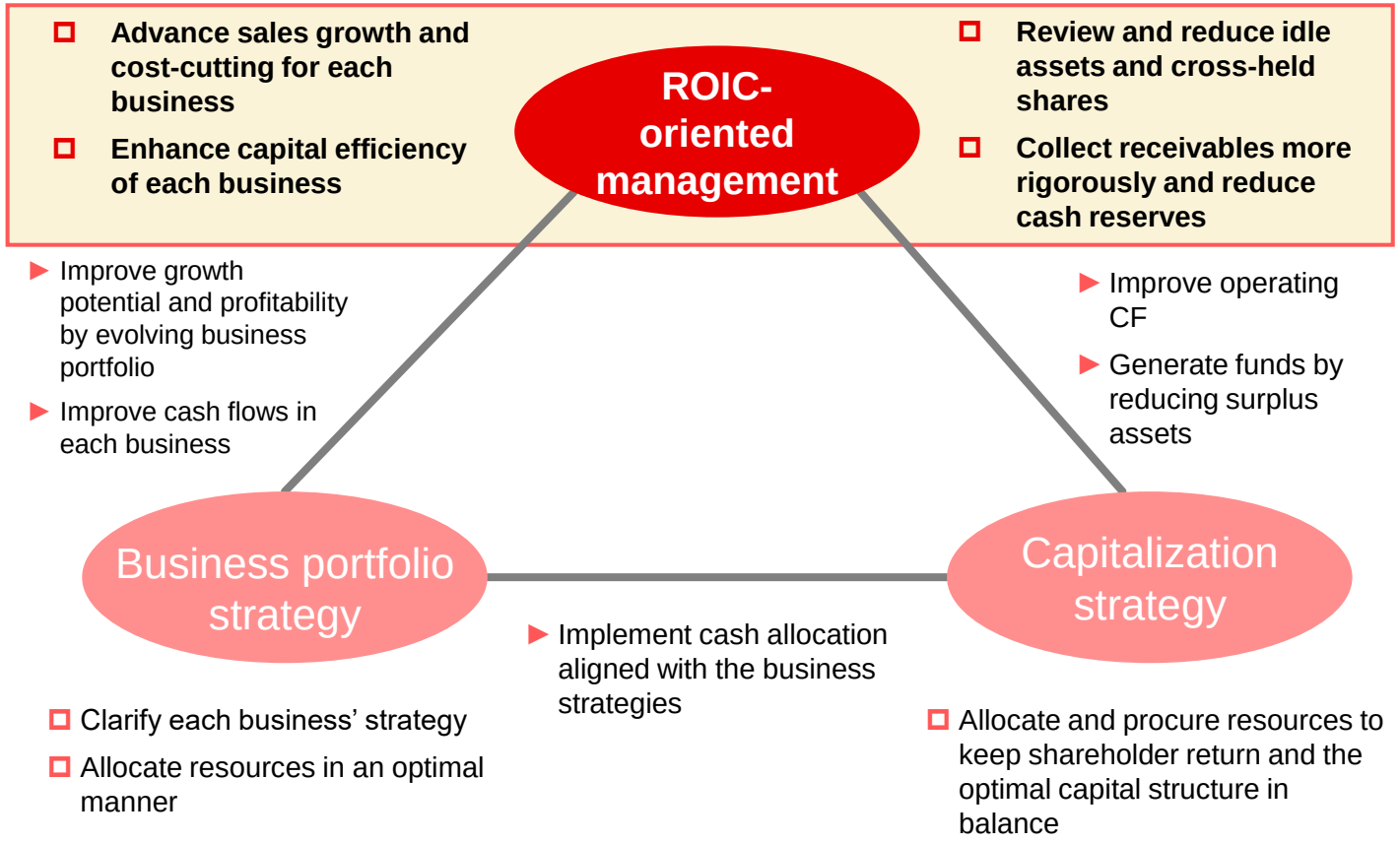
ROIC-oriented Management

- During this medium-term management period, we plan to practice ROIC-conscious management to improve not only profit/loss (P/L) but also to work on balance sheet (B/S) management.
- The business portfolio strategy, which we have worked on since the previous medium-term management period, is aligned with the capitalization strategy.

Relation between ROIC-oriented management, the business strategy, and capitalization strategy

Focus measures during this medium-term management period



Continued from the preceding medium-term management plan

Updating of corporate governance

- Clearly present targets and policy in each strategy
- Update the roles of managers, and actors who carry out the plans
- Establish and update the monitoring process in which the three elements are well aligned

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Enhancing IR and SR

- We will engage in IR and SR activities that focus on dialogue with stakeholders in order to create growth expectations.
- We plan to enhance our public relations activities to stimulate public interest in MKK.

Policy	Summary
Enhancing IR/SR activities	◻ Enhanced information disclosure – Provide well-developed IR documents and integrated reports. – Increase disclosure of non-financial information and of KPIs. ◻ Constructive dialogue – Offer more meetings with investors and analysts. – Offer more opportunities for a close dialogue with shareholders. – Share feedback from investors and analysts with the Board. ⋯ Explore how to incorporate the feedback into our management policy. ◻ IR measures intended for individual investors – Hold briefings for individual investors – Publish information through IR information service
Enhancing public relations activities	◻ Active use of information media to enhance our public relations activities. ◻ Publicize our appeal with greater frequency to local communities and the general public.



Financial results briefing



IR information service

三菱化工機
KAWASAKI BRAVE THUNDERS
Publicizing our appeal to local communities

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4. Key Point 3:
Stronger Human and Technical Capital



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Human Capital Strategy

- We plan to practice more rigorous human resources (HR) portfolio management to achieve the purposes of our business strategies. We will also put more effort into human resource training and engagement improvement and carry out technology succession.

Challenges

- Building a stronger human resources portfolio for our GX business to achieve the purposes of our business strategies
- Technology succession and recruitment
- Employee engagement

Policy

Hire and train GX human resources in alignment with our business strategies
Ensure greater employee engagement

Key measures

HR portfolio	Employment	Training and Allocation	Greater engagement
● Continue HR portfolio management that focuses both on business and expertise. ● Shift resources to the GX business.	● Continue active employment of new graduates. ● Continue active employment of mid-career professionals. ● Collaborate with external organizations, etc.	● Provide more GX-related training sessions and programs. ● Facilitate younger employees' success.	● Establish our vision as a shared goal. ● Change systems to create workplaces that enable work-life balance. ● Support internal reforms of organizational culture.

Targets (compared to the indicators for FY2024)

HR portfolio	Employment	Training and Allocation	Greater engagement
☐ Ratio of GX HR: Up 3 points or more ☐ Sales per technical HR in the GX segment: 100 million yen or more	☐ New graduates and mid-career professionals hired (including those hired in collaboration with external organizations): 150 or more employees	☐ Training hours: Up 20% ☐ Number of employees with professional qualifications: Up 10%	☐ Engagement score: Up 3 points or more ☐ Ratio of female employees: 20% or more

* GX human resources: "Human resources who engage in our GX business" by our definition

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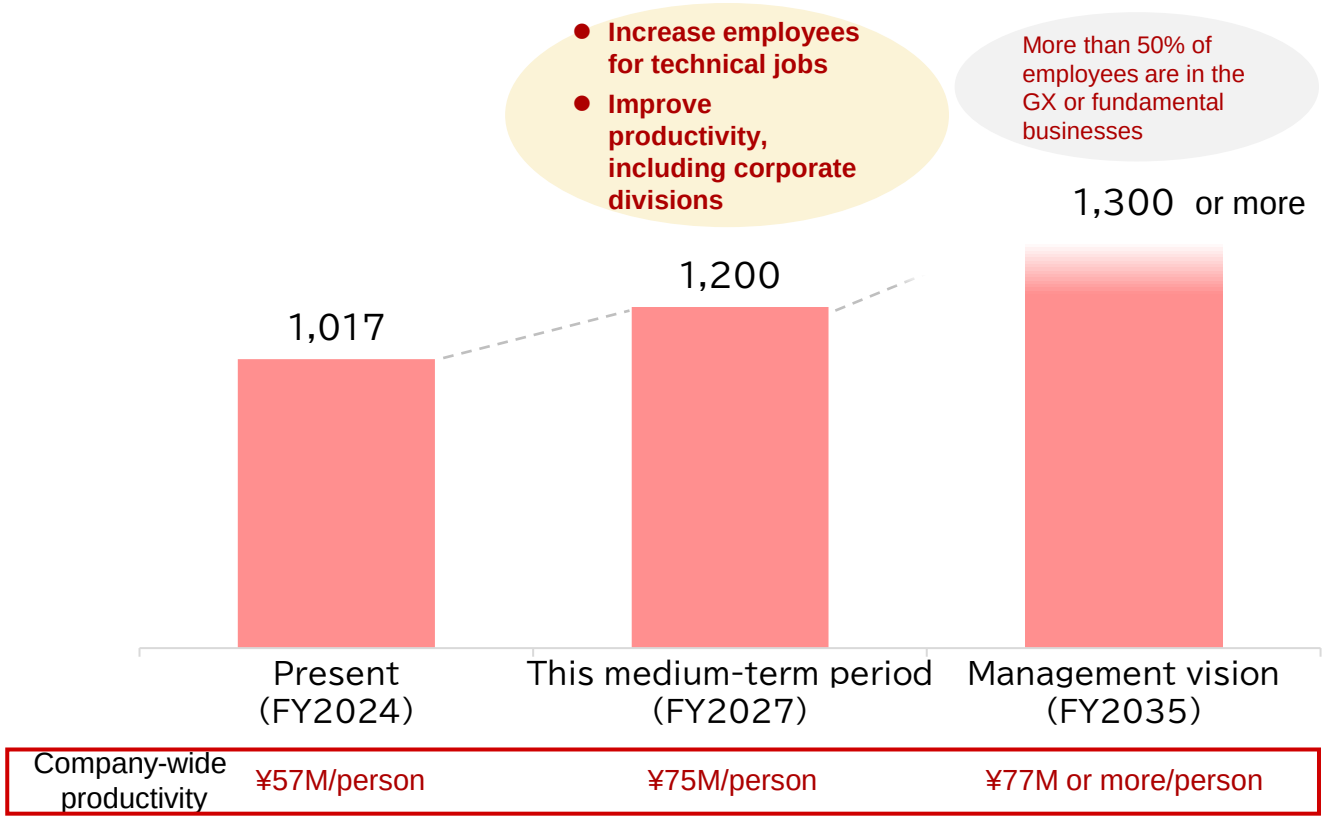
Human Resource Planning

- We will work to increase GX human resources, facilitate technology succession, and strengthen engagement in order to make our vision a reality and achieve the goals set in the medium-term management plan.
- During this medium-term management period, we will invest 1.8 billion yen in human capital, 1.35 times more than the previous period.

Envisaged Human Resource (Number of employees) Planning until 2035 (consolidated)



* Company-wide productivity is calculated as net sales per person.

Major Investments during this Medium-term Management Period

Total investment in human capital	**¥1.80B** (up 35% compared to preceding medium-term plan)
Employment	¥0.35B (up 35% compared to preceding medium-term plan)
Training and placement	¥0.65B (up 60% compared to preceding medium-term plan)
Greater engagement	¥0.80B (up 20% compared to preceding medium-term plan)

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Manufacturing Strategy

- With restructured Kawasaki Works serving as our GX business's hub for product development and production ("mother plant"), we will organically operate the Group's plants to expand our businesses. We will also streamline and sophisticate our fundamental businesses' manufacturing to improve profitability.

Medium-term Management Plan Period

Policy

Focus on restructuring of the Head Office and Kawasaki Works

By sophisticating and optimizing manufacturing, development, and supply chain management, create the Group's manufacturing hub that supports the expansion of GX business beyond the framework for conventional products

Key measures

Facility innovation

- Enhance experiment fields
- Seamlessly combine manufacturing and R&D
- Facilitate communication in the areas for interaction
- Consider introducing technologies for saving/creating energy

Effective use of DX

- Connect the Group's manufacturing elements

Sales data ⇄ Procurement

Production plans ⇄ Quality control

Targets

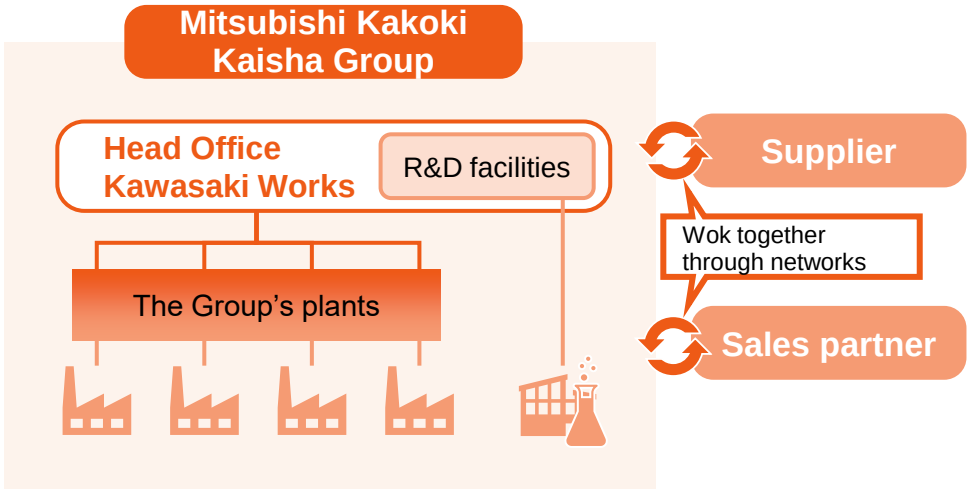
Greater ability to create innovation as a source of co-creation

Greater labor productivity through improved employee engagement

Enhanced production efficiency through advancement of DX in plants

CO_2 reduction target met by pursuing net zero-emission plants

Vision



Optimization/Labor-saving

More focus on co-creation

Improved profitability of fundamental businesses

Faster expansion of the GX business

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Digital Transformation (DX) Strategy

- Measures in line with the DX concepts will be carried out to facilitate the achievement of the goals set in the medium-term management plan.

	Sustainable Innovation DX	Business Creation DX	Society Contribution DX
DX Concepts	Transform manufacturing and engineering expertise into a sustainable form	Create new businesses through government-industry-academia collaboration and group synergy	Improve levels of satisfaction and create value throughout each product lifecycle, thereby contributing to social development
Key measures	> Streamline and sophisticate operations: **Launch the use of a design database** > Optimize inventory, process, and procurement management: **Implement supply chain management** > Train the Group's DX human resources	> Integrate key systems: **To be initiated by the Group's corporate departments** > Launch data analysis projects	> Set up services for customers > Incorporate DX into GX projects
Targets	● Integrated management of information about engineering operations ● Advancement of DX in plants ● Well-trained DX human resources as the growth driver for our GX business	● Integrated business base to create group synergy ● Structure for data analysis established by introducing a data warehouse	● Increased capability for customer proposals to customers through advanced CRM ● Greater product value through DX in GX projects

* DX human resources: "Human resources equipped with knowledge of business and digital expertise and capable of making innovative changes in businesses" by our definition
* CRM: Customer relationship management (a process of managing information about and relations with customers to develop and facilitate good relationships with customers)

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5. Key Point 4:
Improvements in the Transparency of Corporate Governance



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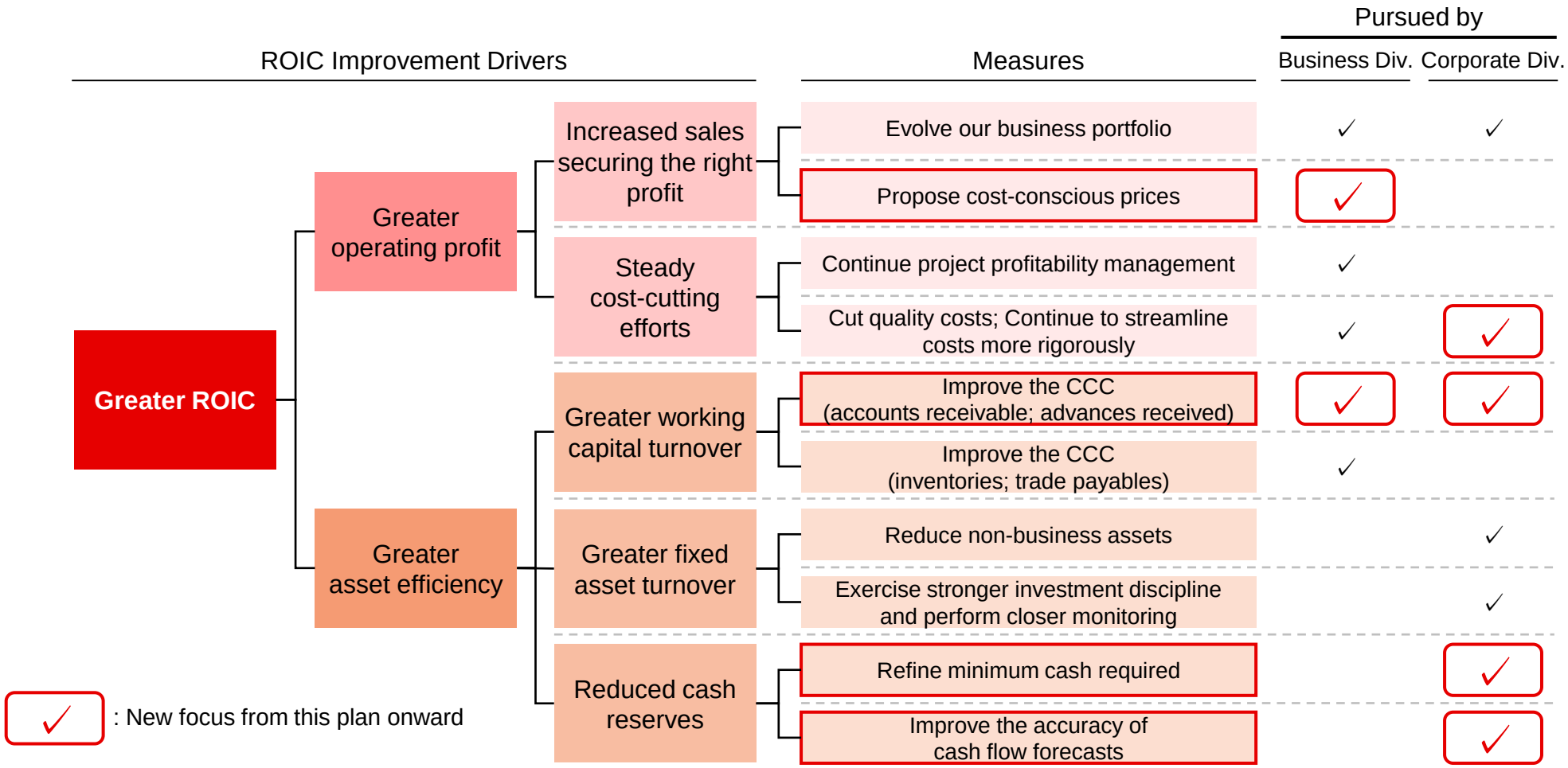
Greater Capital Efficiency

- We have adopted a new style of business management based on the ROIC tree and set KPIs for each driver to make improvements.
- For the medium-term management plan, the business divisions focus on improvements to the CCC, and the corporate divisions on cash management.



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Governance for Greater Corporate Value

- KPIs for the business divisions based on the ROIC tree and financial KPIs including non-business assets and cash reserves are set and will be monitored at monthly Management Committee and Board of Director meetings.

Key items for monitoring		Person in charge	Primary internal monitoring process	
For Greater ROIC	**ROIC**			
Capital cost	WACC	● Corporate division manager	Quarterly (Management Committee and Board of Directors)	What to report ● Beginning of period: Measures to achieve goals ● Regular reporting: Review of progress toward the goals and status of the measures – If the goals seem increasingly unattainable, share the cause and how it has occurred, and put together recovery measures for discussion. ● End of period: Analysis of how the goals have been achieved/not achieved Continued from the previous medium-term plan; This current plan will monitor ROIC-related KPIs as well
Asset efficiency	CCC			
	Non-business assets			
	Cash reserves			
Increased sales securing the right profit	Sales	● Whole company: – President ● Businesses: – Business division manager	Monthly (Monthly follow-up meeting, Management Committee and Board of Directors)	
	Sales growth rate			
Steady cost-cutting efforts	Reduced cost			
Greater operating profit	Operating profit			
	Operating profit ratio			

* We plant to externally disclose only the primary KPIs semiannually.

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Pursuing Sustainability

- Through efforts to meet our KPI targets related to material issues, we work to address social issues, thereby increasing our corporate value and achieving sustainable growth.

Material issues	Challenges to address	KPIs
1 **Social value creation connected to the 4 strategic business fields**	a) Ample resource allocation to the GX business b) Business expansion by acquiring businesses/technologies through M&A/investments	a) Net sales from the GX business in the 3rd year: **23 billion yen or more** b) M&A/Investment plans carried out: **At least 1 plan**
2 **Stronger relationships with customers based on trust (quality and safety)**	a) Higher levels of occupational safety and health b) Product quality assurance	a) Accidents requiring at least 4 days off from work: **0** *1 b) Ratio of the cost of quality (loss) to net sales: **Lower than the previous medium-term period** *2
3 **Diversity-focused talent development geared to employees' success**	a) Greater employee engagement b) Pursuit of diversity in the workplace	a) Average employee engagement score: **Up at least 3 points** *3 b) Ratio of female employees: **At least 20%**
4 **Reduced negative impact of our business activities on the environment**	a) Reduction of emissions from the Company b) Visualization of emissions throughout supply chains	a) Emissions from Scopes 1 and 2: **Levels below the targets for 2030 maintained** *1 b) Emissions from Scope 3: **Figures calculated and disclosed**
5 **Establishing and pursuing our manufacturing strategy**	a) Pursuit of DX in plants b) Development of sustainable supply chains	a) DX in plants: **Technologies adopted by the Group's plants**, including Kawasaki Works b) Material procurement risk management: **Supply chains management**
6 **Stronger corporate governance**	Fully functioning governance ▶ **Efforts to meet KPIs supported**	

*1 Targets throughout the period for the medium-term management plan in any time frames
*2 Target as the average over the 3 years for the medium-term management plan compared to the average over the 3 years for the preceding medium-term management plan
*3 Targets during the final fiscal year (FY2027) of the medium-term management plan compared to that of the previous medium-term management plan (FY2024)

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Appendix 1.
Corporate Philosophy and Management Vision



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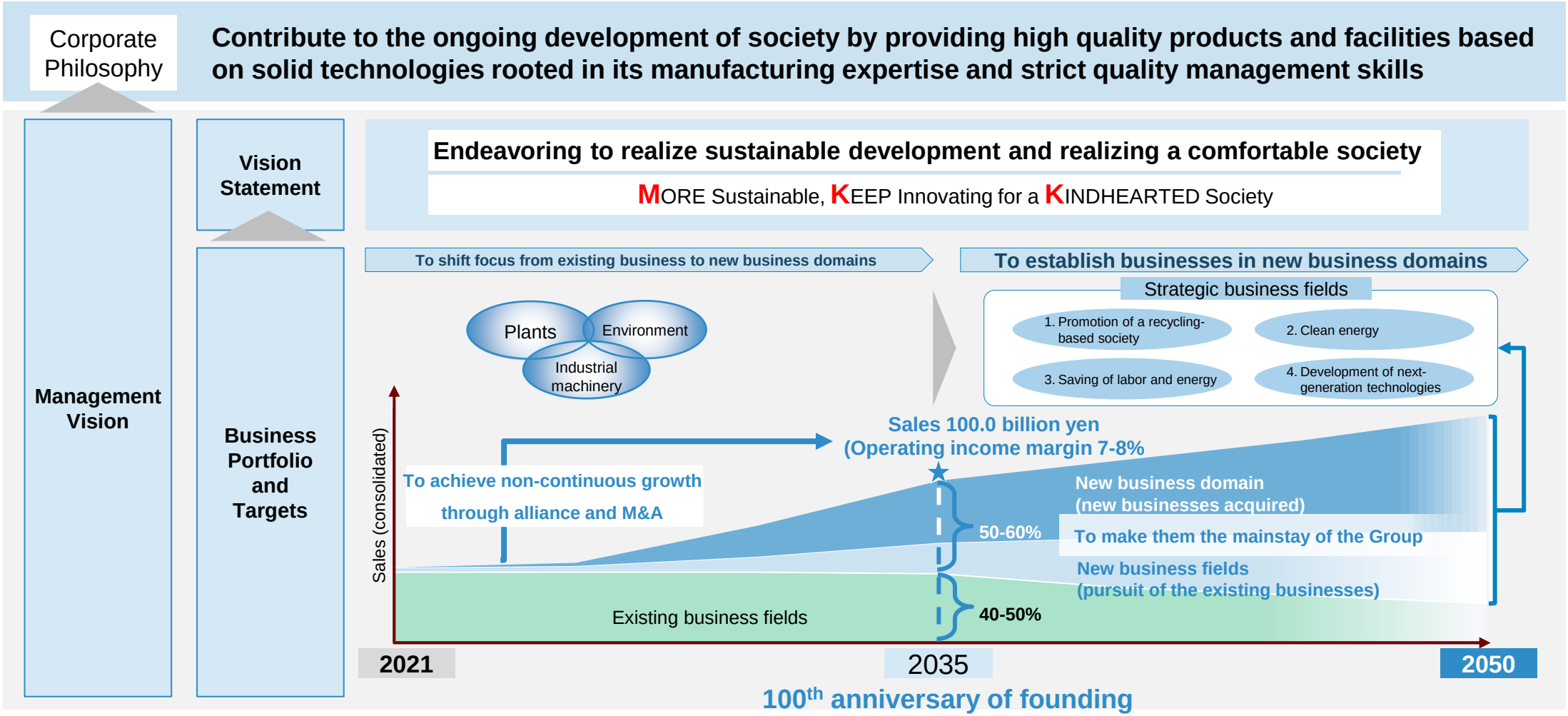
Corporate Philosophy and the Mitsubishi Kakoki Group's Management Vision for 2050

- With 2050 as the year for achieving the final goals, we will establish our core businesses centered on new businesses by 2035, aiming to achieve the net sales of 100 billion yen and the operating profit ratio of 7% to 8%.



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Appendix 2.
Preceding Medium-term Management Plan in Review



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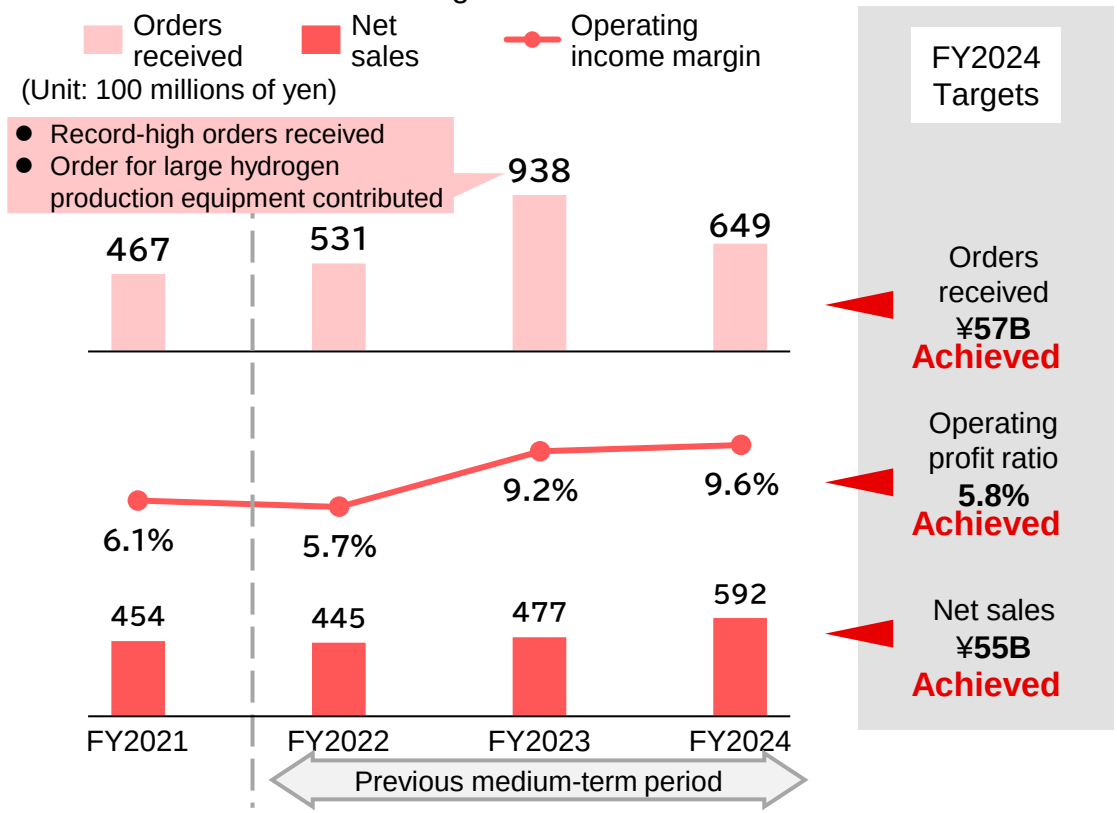
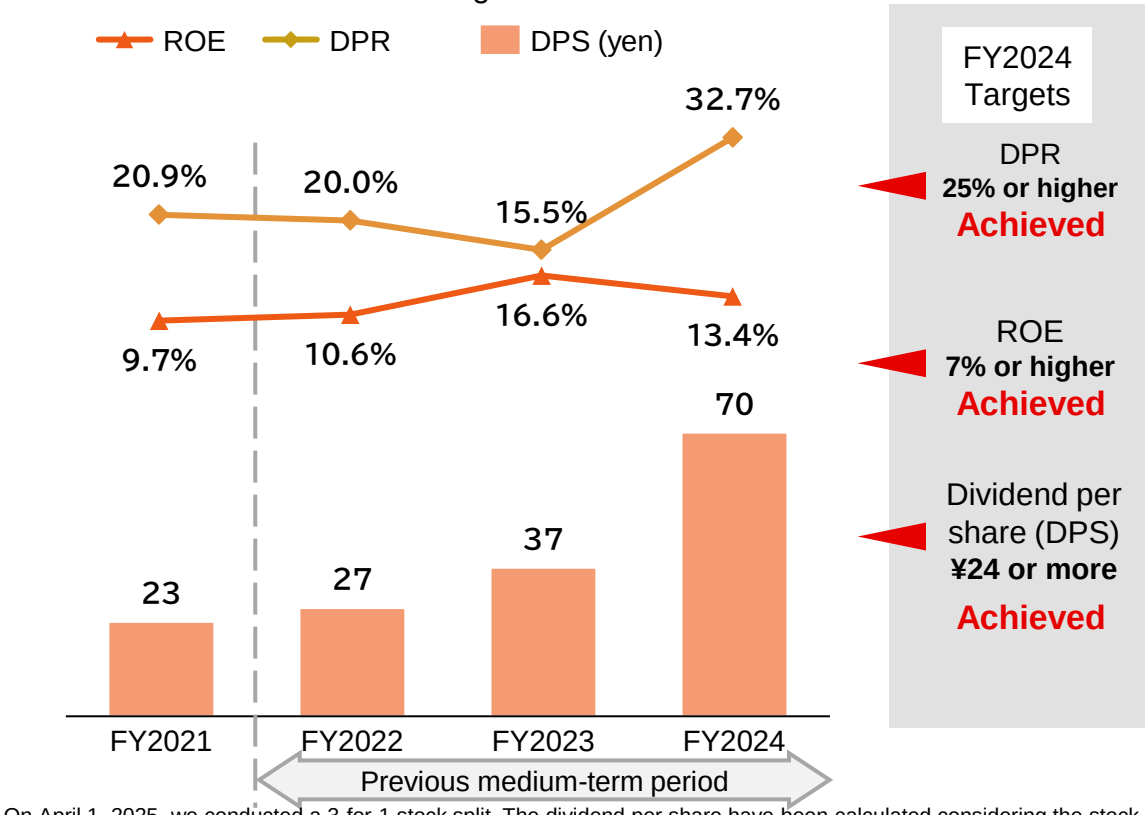
Performance Trends

- We achieved the business goals (e.g., net sales and operating income margin) and financial goals (e.g., ROE and dividend payout ratio (DPR)) set for the final year.
- In FY2023, the amount of orders received reached a record high, largely due to an order for large hydrogen production equipment for demonstration of hydrogen reduction-based steelmaking.

Business Indicators and Targets over the Previous Medium-term Period



Financial Indicators and Targets over the Previous Merium-term Period



* On April 1, 2025, we conducted a 3-for-1 stock split. The dividend per share have been calculated considering the stock split.

Order backlog from orders received in FY2023 and FY2024 are expected to contribute to sales increase during this medium-term management period.

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Key Points in the Preceding Medium-term Management Plan in Review

- We made steady progress in restructuring of the existing business and improvement in profitability, promotion of group management, and improvement in corporate value.
- On the other hand, we had to carry over the creation of new business, and the implementation of a strategy and measures to maximize the effects of plant restructuring into the current medium-term management plan.

Preceding Plan's Key Point 1: Establishment of a New Business Portfolio

Detail	Evaluation
Creation of new business	✓ Outcome 1: Orders steadily received for hydrogen production equipment for the use of hydrogen and demonstration ✓ Outcome 2: Promotion of technology development for CO_2 capture and carbon recycling in progress ☐ Challenge: We did not make as much progress as we expected in product launch and commercialization.
Restructuring of the existing business and improvement in profitability	✓ Outcome 1: ROIC adopted; transition to management that focuses on capital efficiency ✓ Outcome 2: Restructuring carried out within the Group (e.g., withdrawal from low-growth business) ✓ Outcome 3: Ownership of Tohsoh Corporation (present MKK TOHOKU Corporation) acquired to boost group synergy and profitability

Preceding Plan's Key Point 2: Establishment of a Management Base

Detail		Evaluation
Formulation of manufacturing strategy		✓ Outcome: Restructuring launched to make the Head Office and Kawasaki Works our development and production hubs ☐ Challenge: We need to implement a strategy and measures to maximize the effects of the restructuring.
Promotion of group management		✓ Outcome: Restructuring carried out within the Group and a shared service subsidiary established
Improvement in corporate value	Enhancing Disclosure of Non-Financial Information	✓ Outcome 1: Information disclosure tools enhanced (e.g., launch of the integrated report) ✓ Outcome 2: Targets set to address climate change
	Promoting diversity	✓ Outcome: Progress in hiring female employees, and appointing women, mid-career professionals, and foreign nationals to managerial positions ☐ Challenge: We need to foster workplace culture that will enable diverse employees to achieve their full potential in their jobs.
	Stronger capitalization strategy	✓ Outcome 1: The ROE target (7%) achieved over the whole period ✓ Outcome 2: Continuous increase in dividend per share achieved

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Initiatives for Strategic Business Fields (Overview)

		FY2022	FY2023	FY2024
Realizing a Sustainable Recycling Society	Recycling waste plastics	■ Participation in the first project in Japan for extracting synthesis gas from miscellaneous waste plastics and synthesizing methanol	■ The first gas reform demonstration test in Japan for extracting synthesis gas from miscellaneous waste plastics and synthesizing methanol	■ Continuing the gas reform demonstration test in Japan for extracting synthesis gas from miscellaneous waste plastics and synthesizing methanol
	Biofuels	■ Cooperating in onboard testing of biodiesel fuel for use on ships by providing Mitsubishi Selfjector	■ Receiving order for Mitsubishi Disc Separator for large-scale demonstration for producing SAF from waste cooking oil ■ Support for the ship demonstration operation using straight vegetable oil (SVO) in Japan	■ Cooperation on project to develop long-term use of biodiesel fuel for marine use has started ■ Started selling oil purifier parts compatible with biodiesel fuel for marine use
	Biogas	■ The 1st unit of the thermal sludge solubilizer, which enables the reduction of dehydration sludge and the increase of recovered biogas in sewage treatment facilities, was completed	■ Our technology for thermal solubilization of sludge received the Award of the Chairman of New Energy Foundation at New Energy Award in 2023. ■ Received order of reconstruction facility work which effectively utilize digestion gas from Japan's largest sewage treatment plant (Morigasaki Water Reclamation Center, Tokyo).	■ Reconstruction facility work of Morigasaki Water Reclamation Center is in progress.
	Capturing CO_2	■ Conducted adsorbent laboratory evaluation tests for a CO_2 capture system using the PSA method.	■ Completed design and started manufacture of a CO_2 recovery demonstration unit using the PSA method.	■ Study on the technology of hydrogen generator which enables CO_2 separation and capture by membrane separation method has been adopted by NEDO ■ Started demonstration of CO_2 capture using PSA method
Clean Energy Business	Hydrogen generation	■ Joined the council to promote the widespread use of hydrogen made from sewage-derived biogas ■ Improving the generating process of low-carbon hydrogen ■ Increasing number of deliveries to projects aiming for carbon neutrality	■ Delivered hydrogen generators to Toyota Group's biogas-derived hydrogen production project in Thailand ■ Received an order for large-scale hydrogen production equipment for demonstration to reduce CO_2 emission in the steelmaking process	■ Construction of equipment for demonstration to reduce CO_2 emission in the steelmaking process is in progress.
	Hydrogen supply chain	■ Developing the hydrogen absorbing alloy compressor	■ Initiatives underway to contribute to hydrogen transportation • Conducted a demonstration of a hydrogen delivery system by hydrogen absorbing alloy • Started collaboration on ammonia application development	■ Delivered equipment for "SPERA Hydrogen®" to Singapore
	Algae	■ Demonstrating cultivation and harvesting of algae, and component extraction from algae ■ Joined the "MATSURI" led by CHITOSE GROUP	■ Invested in CHITOSE GROUP to accelerate joint development towards large-scale algae production	■ The subsidiary delivers algae production equipment to research project aiming for stable and mass production of microalgae
Saving Labor & Energy	Pharmaceutical production	■ Delivered equipment for demonstration of "iFactory®," an Energy-efficient pharmaceuticals manufacturing facility ■ Started demonstration of continuous operation of "iFactory®"	■ Completed demonstration of continuous operation of "iFactory®" ■ Succeeded in proving "iFactory®" and won NEDO Chairman's Award of Energy Conservation Technology Development Award as the best business operator	
Developing Next-GEN Techs	Microfiltration / Measure to water and natural disaster	■ Invested in WOTA Corp., which pursues solutions to global water Issues	■ Developed the World's first filtration Technology using the electric field filtration method (Electric field filter "Ele-Fil®")	■ Promoting needs exploration by holding lectures, etc. (Electric field filter "Ele-Fil®")

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Notes

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Forward Looking Statements

Mitsubishi Kakoki Kaisha, Ltd. has made the predictions about future business outcomes in this document based on information it has at present. Actual results may be affected by various risk factors and other uncertainties and differ significantly from the forecasts.

The Mitsubishi Kakoki Kaisha Group runs a range of businesses, and its business outcomes may be affected by the foreign exchange market, the conditions of raw materials and fuels markets, the speed of technological innovation in industries related to our businesses, lawsuits, and laws and regulations, among others.

Uncertainties that may affect our future business outcomes are not limited to those stated above.

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MORE Sustainable, KEEP Innovating for a KINDHEARTED Society

MKK

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