



New Year's Message

Happy New Year. At the start of 2023, I would like to extend my greetings to our stakeholders.

First, I sincerely wish that the situation in Russia and Ukraine, which began early last year and continues to be unpredictable, will be resolved peacefully as soon as possible.

I would also like to thank all of the healthcare professionals who are working hard to prevent the spread of COVID-19 infections as the pandemic continues to rage.

This is the final fiscal year of the Denka Value-Up medium-term management plan which began in FY2018. As a result of our focus on specialization in our businesses over the past five years, we achieved record profits three times, with operating income exceeding 40 billion yen for the first time in the last fiscal year, and the specialty business now accounts for more than 90% of our profits. We also invested over 130 billion yen in strategic investments and process innovation, and returned approximately 60 billion yen to shareholders.

On the other hand, it is hard to say that all of our businesses have been transformed into specialty business that are less susceptible to the external environment that have both originality and high added value, and we are still halfway to our completion as a Specialty Fusion Company.

On November 8, 2022, we announced our new vision and Mission 2030, the next management plan, which covers the period from FY2023 to FY2030. Under our three core values, initiative, integrity and empathy, we have established our Purpose, the guiding principle, "Make the world a better place as specialists in chemistry."

Our mission is, "By 2030, we will increase the value of our human resources and management, and we will focus on creating business value that combines the three elements of specialty, megatrends, and sustainability." Based on this mission, we have set specific targets in three types of value creation: business value creation, human resources value creation and management value creation. Our targets for FY2030 are net sales of 600 billion yen or more and operating income of 100 billion yen or more, with plans to generate 60 billion yen in operating income from existing businesses and 40 billion yen from new businesses.

To this end, we planned to invest 570 billion yen over eight years, including 360 billion yen in strategic investments and 180 billion yen in research and development expenses.

Going forward, we will focus more on the things that we can do better than anyone else to make the world a better place as specialists in chemistry.

In business value creation, we have defined the businesses we should aim to establish as three-star businesses that incorporate the three elements of specialty, megatrends and sustainability.

In human resources value creation, we will enhance our personnel system and training system, strengthen health and productivity management, and implement work style reforms, with the goal of becoming a company where each and every employee can achieve personal growth.

In management value creation, we will work to further strengthen process innovation, supply chain management, quality assurance levels, governance structure and safety and security in the workplace. I believe that the high goals set in Mission 2030 can be achieved by continuing to transform the management and business foundation developed during the Denka Value-Up period.

I am convinced that by working together as a unified Denka Group and doing the things that we can do better than anyone else, we will naturally pave the way toward becoming a company that is a specialist in making the world a better place.

The success of Japan's national soccer team in last year's World Cup 2022 is still fresh in our memories, and the sight of young players with confidence and courage and veterans with passion and experience joining forces to go head-to-head against the world's superpowers must have touched many people's hearts. A headline in a foreign newspaper reporting on Japan's good performance read, "Eyes Forward." Like the players on Japan's national soccer team, we will look ahead to the future and aim to achieve Mission 2030.

Let me conclude my New Year's message by wishing for the health and happiness of all Denka Group employees and their families around the world, as well as all everyone involved in the Group's activities.

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