



New Year's Message

Happy New Year. I am delighted to send out my New Year's Message for 2024.

Last year, the economy in Japan showed a moderate recovery as the downgrading of COVID-19's infectious disease classification to Class 5 led to an upswing in personal spending and capital investment. Looking at the world situation, however, the worldwide economy continues to be in a state of high uncertainty. Various factors are behind this, including the uncertainty of the resolution of the situation in Israel and Palestine, the prolonged Russia-Ukraine conflict, sluggish consumer spending and exports in China, and inflation and monetary tightening in Europe and the United States, as well as frequent natural disasters caused by global climate change.

In 2023, the first year of our new vision and Management Plan "Mission 2030", we made a start toward achieving the KPIs for 2030 set in the three areas of "Business Value Creation," "Human Resources Value Creation," and Management Value Creation," for the purpose of "Make the world a better place as specialists in chemistry." based on Denka's core values of Initiative, Integrity, and Empathy.

Specifically, we established corporate venture capital (CVC) in January and launched new initiatives for creating new businesses and acquiring new technologies.

In the priority area of the ICT & Energy domain, in October, we established a joint venture company in Thailand to manufacture and sell acetylene black and made the decision to build manufacturing facilities with an annual production capacity of approximately 11,000 tons. This will enable us to ensure stable supply in areas such as xEV lithium-ion batteries and high-voltage power transmission cables for offshore wind power generation, demand for which has expanded rapidly in recent years.

In the Healthcare domain, we decided to make a strategic investment of approximately 12 billion yen to strengthen the foundations of the G47Δ oncolytic herpes simplex virus type 1 business, to establish a solid foundation for our business in the area of medical treatment. We also began collaborative research to develop a seasonal influenza vaccine using self-amplifying "Replicon" RNA technology.

In the Sustainable living domain, in May, together with Transform Materials LLC (U.S.A.) , we launched an initiative to establish a low-carbon acetylene supply chain with the use of technology for the production of acetylene and hydrogen from methane using microwave plasma reactors. At the Chiba Plant, a chemical recycling plant for used polystyrene resins under construction by Toyo Styrene Co., Ltd., is close to completion.

On the other hand, in the area of product quality, inappropriate conduct, including third-party certifications, were revealed. Then, on June 14, there was a fatal accident at Omi Plant caused by a pipe rupture. In addition, there were frequent small fires, which caused inconvenience and concern to neighboring residents, as well as many suppliers and other concerned parties.

The fact that such critical incidents have occurred in areas of safety management and quality assurance, which are the highest priority issues for a manufacturer, is something that we must take seriously. We must strive with integrity and seriousness to restore the trust that has been lost.

In terms of business performance, in 2023, we experienced a slump for the first time since the global financial crisis. This year, however, in addition to improving the balance of payments in our existing businesses, we will launch new products and implement company-wide cost-cutting projects, in our efforts to return to a growth trajectory to achieve “Mission 2030”.

The first year of “Mission 2030” was an extremely difficult start for the plan. Recently, I listened to a speech given by Jack Ma, the founder of Alibaba, on TV. One thing that he said that left a great impression on me was, “A great company is born in winter.” I hope that we can overcome this harsh winter and be reborn as a new and stronger Denka.

I would like to conclude my New Year’s Message by wishing all Denka Group employees and their families all over the world, as well as all our stakeholders, a year of health and happiness. To all our offices and affiliated companies, I wish you a year free of accidents and disasters.

Go Anzen Ni! (Be Safe!)

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