

New Year's Message

Happy New Year. I am delighted to send out my New Year's Message for 2025.

Last year was an election year all over the world. Starting with Taiwan at the beginning of the year, important elections were held in India, France, Britain, the United States, and Japan. In many of those countries, the result was either a change of government or a significant decrease in the number of ruling party seats. In addition, the conflicts in Ukraine and Palestine persist, and with the return of the Trump administration in the U.S., there are concerns that U.S.-China relations will deteriorate further. Meanwhile, on the economic front, inflation is subsiding in many countries, and central banks have been cutting interest rates. The world economy, including Japan, has been generally holding steady. However, there are concerns about the future of the Chinese economy, the sluggish manufacturing industry in Germany, the slow recovery in demand for semiconductors other than those related to AI, and the slowdown in demand for battery EVs.

Last year, as the second year of our Management Plan Mission 2030, we continued to conduct our business activities with the purpose of "Making the world a better place as specialists in chemistry" based on our core values of "Initiative", "Integrity", and "Empathy". The mission of our business activities aims to "increase the value of our human resources and management by 2030 thereby focusing on creating business value that combines the three elements of specialty, megatrends, and sustainability". However, our recent situation in terms of earnings has continued to remain extremely challenging due to rising costs in addition to the slump in the chloroprene rubber business and the sluggish growth in profits of the Electronics and Innovative Products and Polymer Solutions divisions.

This year, we will first work to rebuild the chloroprene rubber business and then aim to improve profitability by starting up new facilities. In the domain of ICT & Energy, one of our priority fields, we expect to start full operation of the heat-dissipating sheet plant. Then, we are to begin operation of a plant, which manufactures high-value-added inorganic fillers such as low-dielectric-constant loss tangent grades of spherical silica and alumina, and of the silicon nitride manufacturing plant, which will expand its production capacity. Furthermore, we will begin selling SNECTON, a low-dielectric organic insulating material.

Also in the Healthcare domain, a new factory will begin operations, where we manufacture rapid antigen diagnostic kits and clinical reagents, which have continued to enjoy strong shipments. In the domain of Sustainable Living, a new plant for polyethylene drainage pipes is due to start operation in Kyushu, and our chemical recycling plant is expected to go into full-scale operation.

To address rising costs, we will vigorously promote the Best Practice Project, which has been rolled out on a company-wide scale, thereby definitely achieving cost reductions.

The year before last, we encountered serious quality problems and an accident. In light of this, we have been focusing on creating a workplace with a high level of psychological safety as a fundamental measure to solve these problems.

From April of this year, smoking will be prohibited during working hours throughout the company to further promote health and productivity management, one of our key policies for creating value of our human resources.

This year marks the 110th anniversary of our company's founding.

The current situation is severe, even by the standards of DENKA's history, but Martin Luther King, Jr., better known as Dr. King, said in his final speech, "Only in the darkness can you see the stars." It is precisely because of these difficult circumstances that we must work boldly to tackle the various issues that are emerging.

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!)

January 1, 2025

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