

0→1 MAKE IT HAPPEN

FY24-2 Chemistry for Sustainable World

CEO PRESENTATION



橋本 修

HASHIMOTO Osamu

Mitsui Chemicals, Inc.

President & CEO

November 26, 2024

Message

Three years have now passed since the 2021 launch of Mitsui Chemicals' VISION 2030 Long-Term Business Plan. Regrettably, however, progress toward the achievement of VISION 2030 has been delayed as a result of the harsh business environment, including friction between the U.S. and China, conflict in Ukraine and the Middle East, inflation in the cost of all goods and services, and a structural supply-demand gap due to oversupply resulting from major capacity increases in China.

Under these circumstances, the Mitsui Chemicals Group is resolved to reflect seriously on the last three years – including the results we have achieved and the issues that have come to the fore – so that we can make the necessary corrections to return to a growth path without delay. We intend to maintain our existing targets for fiscal 2030 as we tackle challenges including portfolio reform and the transition to green chemicals.

Since taking up the reins as president of Mitsui Chemicals, I have worked to advance discussions with leading global companies at various opportunities, and each of those discussions has made me keenly aware that there is still much to be done. But with the Mitsui Chemicals Group having many businesses with a presence in the global market as part of its growth domains, we intend to leverage the strengths of those businesses to clear any issues one by one as we strive toward our goal of becoming a true global specialty company.

Mitsui Chemicals has change and innovation woven into its very DNA, which has been shaped by more than a century of history. After launching Japan's first coal chemistry business in 1912, the company went on to engage in Japan's first petrochemicals business, and worked to help solve social challenges in each of those eras. Now, leaning on the technologies it has accumulated through addressing those challenges, the company is looking to accelerate its push toward green chemicals by utilizing its own control over the power of chemicals alongside collaboration with other companies and co-creation with other partners.

In addition, we will demonstrate our high regard for communication with our stakeholders as we continue, day by day, to take on the challenge of achieving VISION 2030 and sustainable growth.

November 2024
HASHIMOTO Osamu
President & CEO



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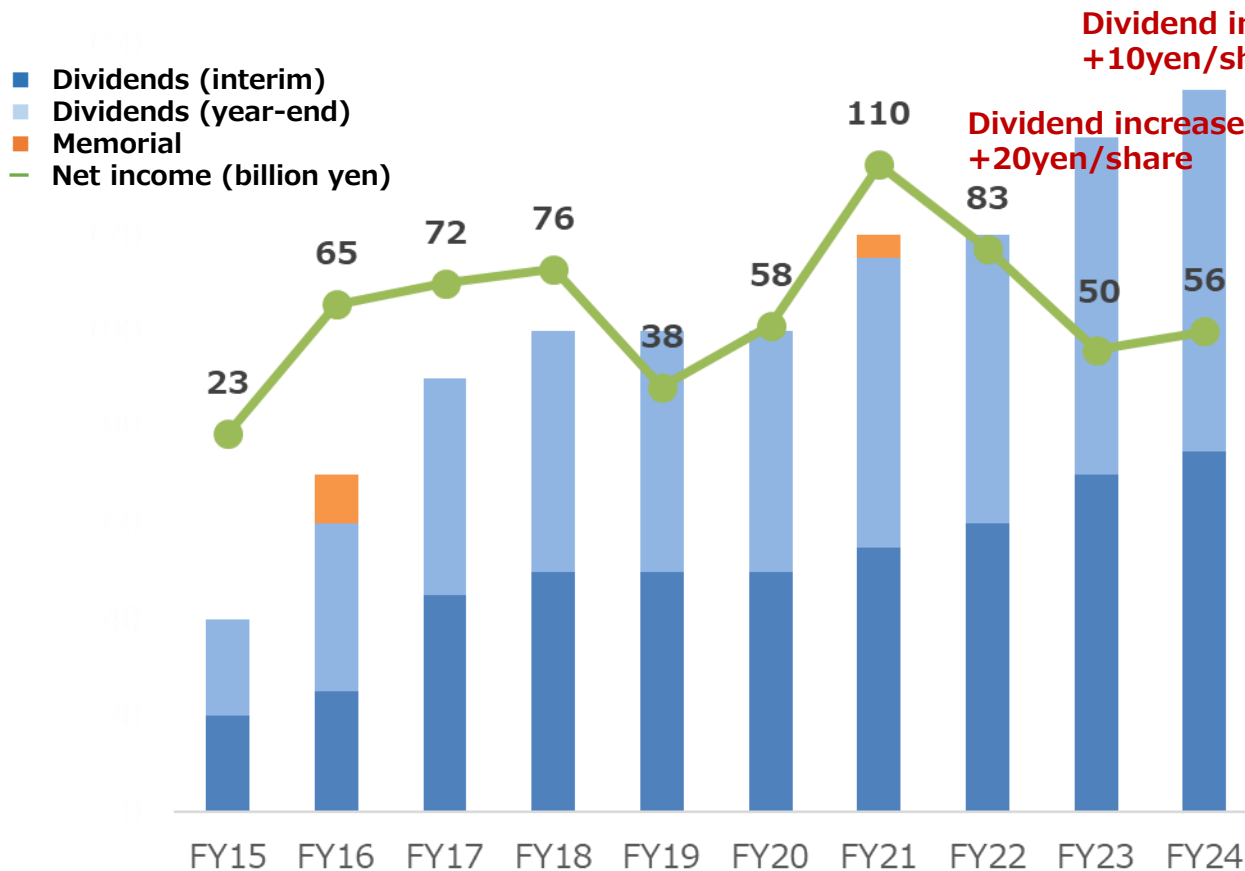
▶ **Business Performance**
Full-year outlook for FY24

▶ **VISION 2030**
Basic policies toward 2030
Measures in line with our five-point Basic Strategy

While FY24 figures have been revised downward – primarily as a result of ethylene plant issues – revenue and profits are projected to rise year-on-year, with steady growth in growth domains playing a major role

Items (JPY bn)	FY2021	FY2022	FY2023	FY2024	FY2023 → FY2024	
	Results	Results	Results	November Outlook	Increase (Decrease)	Rate
Sales revenue	1,613	1,880	1,750	1,770	20	1%
Operating income before special items	162	114	96	105	9	9%
Growth domains	88	102	111	120	9	8%
B&GM	78	18	△ 12	△ 10	2	-
Others	△ 4	△ 6	△ 4	△ 5	△ 2	-
Non-recurring items	△ 15	15	△ 22	△ 11	11	-
Operating income	147	129	74	94	20	27%
Financial income / expenses	△ 6	△ 12	△ 1	△ 8	△ 7	-
Net income attributable to owners of the parent	110	83	50	56	6	12%
Exchange rate (JPY/USD)	112	135	145	149	4	
Domestic standard naphtha price (JPY/KL)	56,600	76,600	69,100	75,500	6,400	

Provide stable and continuous shareholder returns



Dividend(yen)	40*	70*	90*	100	100	100	120	120	140	150
Acquisition of Treasury stock (billion yen)	-	-	5	10	10	-	10	10	-	10
DOE(%)	2.0	3.4	3.7	3.7	3.6	3.4	3.5	3.1	3.2	
Total return ratio(%)	35	22	32	39	77	34	30	40	53	

*Dividends recalculated based on share consolidation

FY24 dividend outlook

Interim

Year-end

Full year

$$75 \text{ JPY/share} + 75 \text{ JPY/share} = 150 \text{ JPY/share}$$

Acquisition of treasury stock: 10 billion yen in FY24

Shareholder return policy

- ✓ Target DOE: 3.0% or more
- ✓ Stable and continuous dividend
- ✓ Flexible acquisition of treasury stock
- ✓ Target total return ratio: 30% or more

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STRATEGY

01



Pursuing business portfolio transformation

- ▶ While **growth domains are showing steady growth and progress in portfolio transformation, the pace of growth has slowed down** due to sluggish demand in ICT and other sectors as well as delays in creating new pillars of business
- ▶ B&GM has been **significantly affected by changes in market structure** resulting from a spate of major new facilities and expansions in China, **necessitating an acceleration of our second phase of restructuring**
- ▶ **Sales revenue ratios for Blue Value™ and Rose Value™ products are rising by 1.5–2 percentage points per year**

STRATEGY

02



Building solutions-based business models

- ▶ In new business development, we have been leveraging partnerships, CVC, regional strategies and more to create new business models that are about more than just supplying materials
- ▶ Cross-organizational provision of solutions still in progress

STRATEGY

03



Bolstering circular economy initiatives

- ▶ **Making progress on regional collaborations in pursuit of carbon neutrality at chemical complex in both East Japan and West Japan**
- ▶ **GHG emissions have so far been reduced by 25%** (compared to 2013)
- ▶ Challenges remain in the popularization of bio-based plastics throughout society and the creation of circular economy-based business models

STRATEGY

04



Corporate transformation through DX

- ▶ Enhancement of our IT & data infrastructure is on schedule to be in place within FY26
- ▶ Progress is being made toward the use of generative AI and other such digital transformation initiatives for optimizing work, improving quality and coming up with ideas, but there is a pressing need for monetization

STRATEGY

05



Management and business transformation

- ▶ **Taking a global perspective in cultivating new markets and unearthing new ideas (via business contests)** to tackle new market and business development
- ▶ **Building a risk management system** from the dual perspectives of risk and opportunity
- ▶ **A major failure occurred at a key plant; drastic countermeasures are required**
- ▶ **Costs of labor, logistics, repairs and more increasing at an accelerating rate, requiring an urgent response**

- ◆ Looking to improve corporate value by speeding up portfolio transformation while maintaining our fiscal 2030 target of 250 billion yen in operating income before special items, as well as by targeting ROE of 13% or more through an asset-light approach, bolstered shareholder returns, etc.
- ◆ In order to achieve 200 billion yen in operating income before special items (with 172 billion yen of this from growth domains) – a major checkpoint on the way to our fiscal 2030 target – in fiscal 2028 (a three-year delay from initial plans), we intend to take a speedy approach in implementing the policies outlined below

Pursuing business portfolio transformation

- Recover the rate of growth in our growth domains by reorganizing our portfolio from a best-owner perspective and focusing resource investments (including M&A and tie-ups) toward differentiated fields where we can exhibit our strengths
- Pursue regional and multi-company collaborations to speed up the second phase of restructuring for B&GM (including by creating an optimal cracker production setup), in turn reducing volatility and generating a more stable cash flow

Building solutions-based business models

- Strengthen our cultivation of new businesses by pursuing cross-organizational ties within the Group (an effort centered around our CTO office) and optimizing resource allocation; additionally, make active use of newly established co-creation spaces to enhance collaboration with both internal and external partners, with all of this then aiding in business model transformation

Bolstering circular economy initiatives

- Work toward the early social implementation of carbon-neutral technologies by adopting alternative fuels as a first mover and further pursuing regional and multi-company collaborations for chemical complexes in East and West Japan

Corporate transformation through DX

- Aim to achieve both corporate transformation and monetization by making steady progress on bolstering our IT & data infrastructure, as well as by improving the efficiency of marketing operations through digital transformation policies such as the use of generative AI

Management and business transformation

- Maximize the use of Group resources from a global perspective to speed up new market and business development
- Improve corporate value by implementing effective KPI management for both financial and non-financial metrics, as well as an ongoing PDCA cycle that approaches risk management from the perspectives of both risk and opportunity
- Pursue a project of significant steps to improve plant reliability & further ensure safe, steady operations
- Improve back office departments via operational optimization & cut costs in places optimal for the Group

Maintaining our operating income before special items target for FY30
and aiming for improved capital efficiency

	FY22 Results	FY23 Results	FY24 Outlook	FY28 Target	FY30 Target
Operating income before special items (B yen)	114	96	105	200	250
Net income attributable to owners of the parent (B yen)	83	50	56	110	150 or more
ROE	11.1%	6.1%	6.6%	10% or more	13% or more
ROIC*1	5.4%	4.1%	4.2%	7% or more	9% or more
NET D/E	0.77	0.69	0.71	0.8 or less	0.8 or less
Blue Value™ Rose Value™	22% 21%	24% 24%	26%	30% or more	40%

*1) ROIC (return on invested capital) = NOPAT/invested capital

Becoming a truly global specialty company by advancing strategies and pursuing multi-company collaborations in the growth domains as well as B&GM

VISION 2030
Current phase onward

Becoming a
global specialty company
by 2030

Growth domains



L&HC

Active investment & returns

Ophthalmic lens materials

Agrochemical products

TAFMER™/ADMER™

ICROS™ Tape

APEL™

Organic growth

Ophthalmic lens materials & coating materials

Agrochemical products

Automotive-related and other materials

Monomaterials

Semiconductor-related materials

Optical-related materials

New businesses + M&A

Around existing areas of focus

Medical solutions

Semiconductor & assembly solutions

Relating to solutions

High-growth, high-profitability
global specialty chemicals
businesses

Proactively pursue multi-company tie-ups
that will help to step up the pace of growth



B&GM

Speeding up restructuring

PH

PTA/PET

TDI

PE/PP

Bolstering downstream businesses

High-performance PP

High-performance MDI Catalysts

Sustainable **green chemicals**
business centered on
competitive derivatives

A business whose purpose and value
are appreciated by stakeholders

Decarbonization

Ammonia firing

Biomass

Bio-based hydrocarbons

Recycling

Chemical recycles

CCU

Carbon Neutral Research Center

Step up efforts to advance
regional and multi-company collaborations

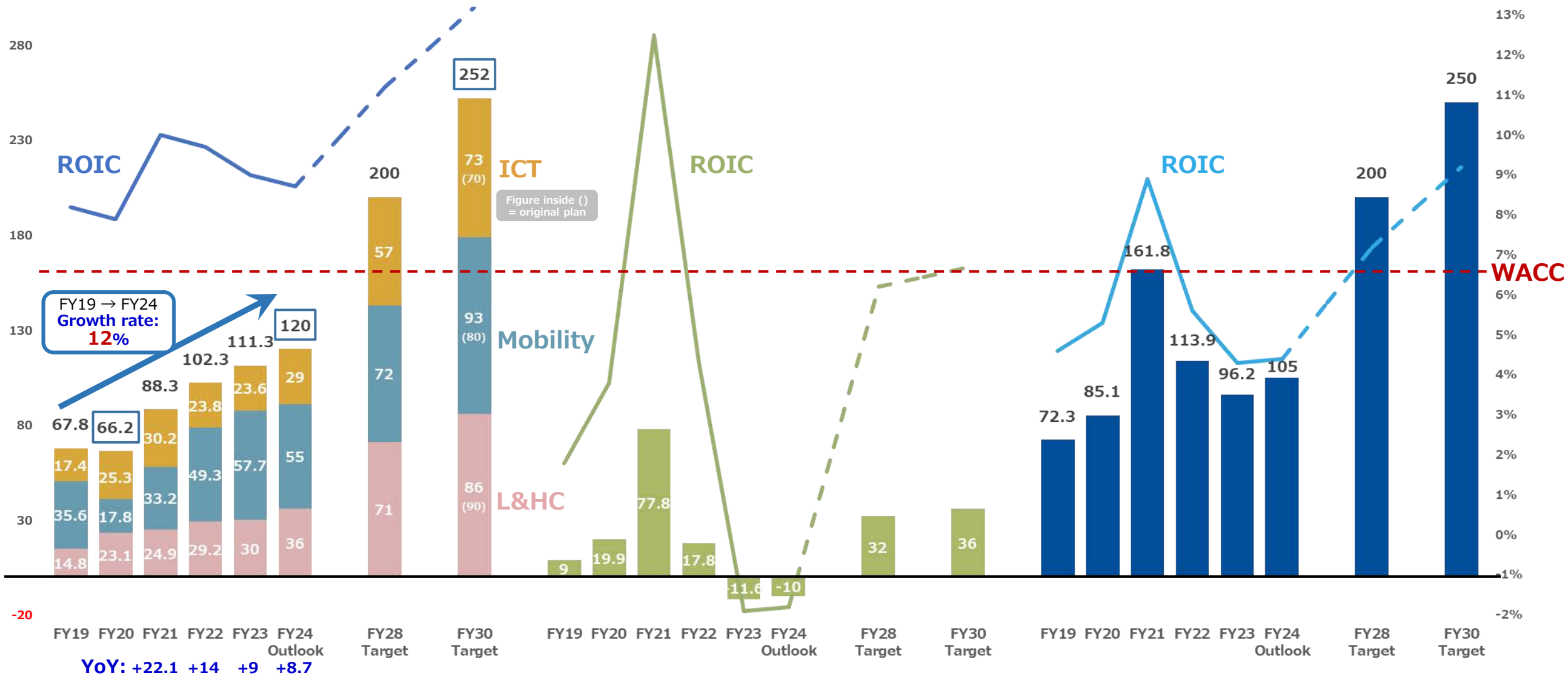
**Green Sustainable
Chemicals Division**

(Operating income before special items / JPY bn)

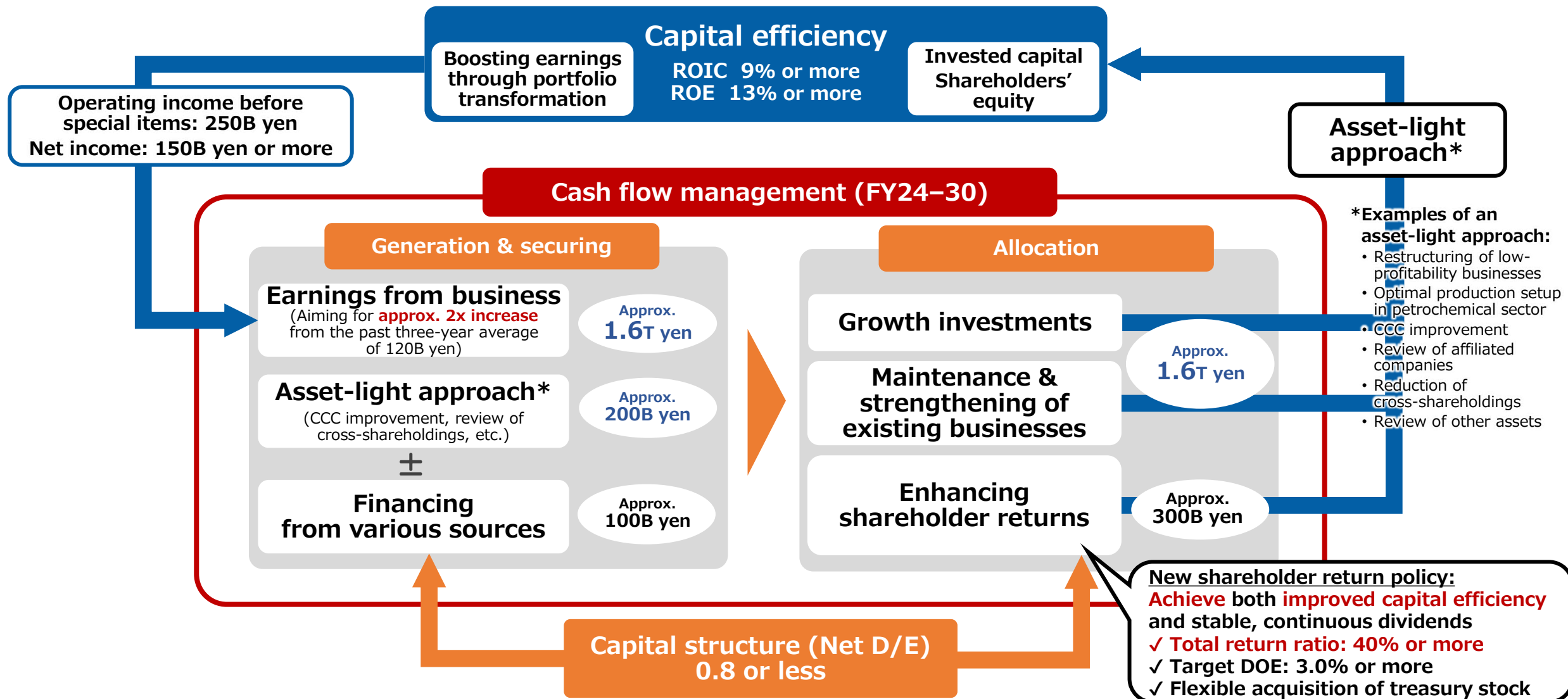
Growth domains

B&GM

Total



Improving capital efficiency by putting cash flow earned from business operations and an asset-light approach toward growth investments and the maintenance & strengthening of existing businesses, while also utilizing various financing options and enhancing shareholder returns



Made necessary revisions based on progress over the past three years to speed up our strategies for achieving VISION 2030

Growth domains



L&HC



Mobility



ICT



B&GM

Progress of VISION 2030

(Bold = changed from previous presentation)

Despite **steady growth**, the pace of growth is slowing, due to e.g. **sluggish ICT-related demand** and **delays in cultivating new pillars of business (FY22→24: +8%)**

- The vision care and agrochemicals businesses are seeing steady growth
- Expansion in the oral care business has been delayed
- The nonwovens business – despite strengthened foundations as a result of post-merger integration following JV establishment – faces a tough battle due to intensified competition in the hygiene materials market
- Progress with new businesses & M&A has been delayed

- Acceleration of the shift toward focusing on growth markets and differentiation is helping ensure sales growth and favorable terms of trade, facilitating steady growth
- While the solar power generation market continues to grow, the current **weakening of condition in China's encapsulant market is causing TAFMER™ sales to slow down**
- Although ARRK has achieved profitability, growth is behind schedule

- Strengthening business by boosting ICROS™ Tape production capacity, acquiring a pellicle business, forming partnerships, etc.
- **Environmental needs and other factors contributing to steady growth for the coating & engineering materials business**
- Sluggish semiconductor demand **putting sales growth on pause**
- **Sluggish sales due to a downturn in demand in the imaging market and slower-than-expected growth of the emerging XR market**

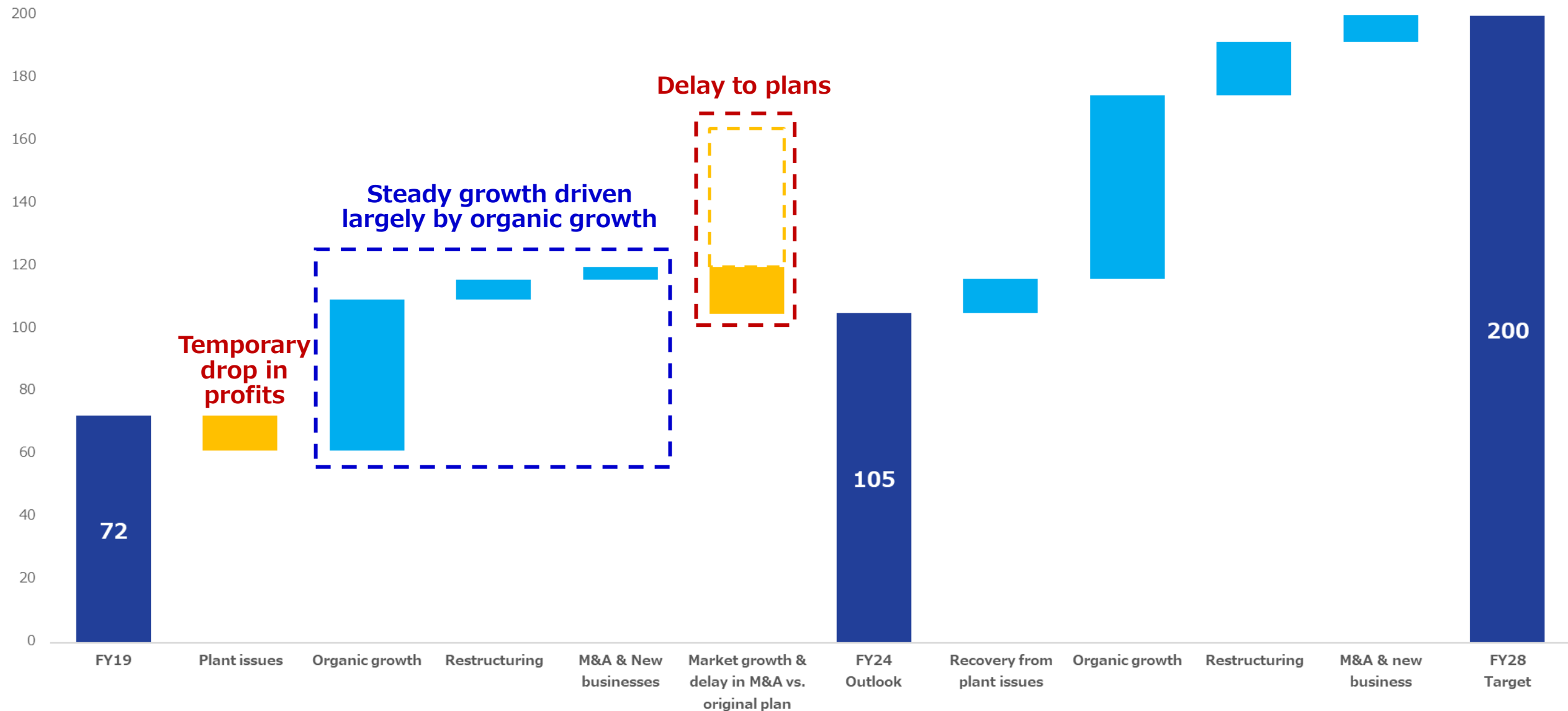
- Substantial progress made with the first phase of business restructuring
- **Medium- to long-term downturn in demand due to structural changes in the Japanese market**, stemming in turn from an influx of competitive imports triggered by the slowdown in Chinese economic growth and oversupply, along with business withdrawal by clients, etc.

Key strategies

Focus on differentiated areas where we can leverage our strength; speed up growth by reorganizing our portfolio

- Pursue steady growth for vision care & agrochemical products
 - Leverage the Mitsui Chemicals Group's technologies as a basis to turn medical solutions (including oral care, orthopedics, and testing & diagnosis) into a third pillar of business
 - Speed up restructuring and the shift to focusing on differentiation for nonwovens
-
- Grasp environmental changes and maintain our strategy of focusing on growth markets and differentiation
 - Speed up the rollout of diverse applications for elastomers
 - Speed up transformation and implement growth policies at ARRK; enhance cultivation of new business model
-
- Focus resource investment toward key businesses – semiconductor & assembly (ICROS™ Tape, pellicles, next-gen materials), coating & engineering materials, LiBs
 - In imaging, roll out applications for XR and develop new materials
-
- Pursue the second phase of business restructuring and multi-company collaborations, thereby reducing volatility and in turn stabilizing and bolstering earnings, as well as improving capital efficiency

Aiming to reach 200 billion yen by FY28 by leveraging a recovery in our rate of growth (particularly in our strong businesses), restructuring and more



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Increasing Our Social Contribution Value Through Blue Value™ and Rose Value™ Products

Environmental Contributions Blue Value™

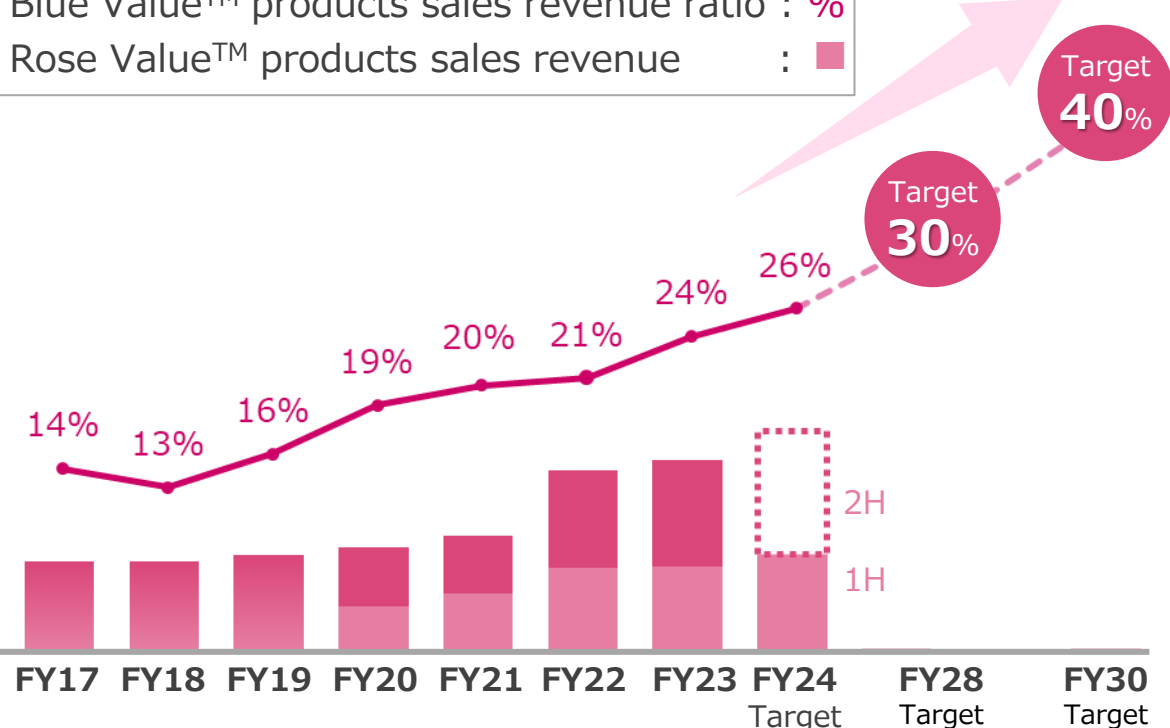
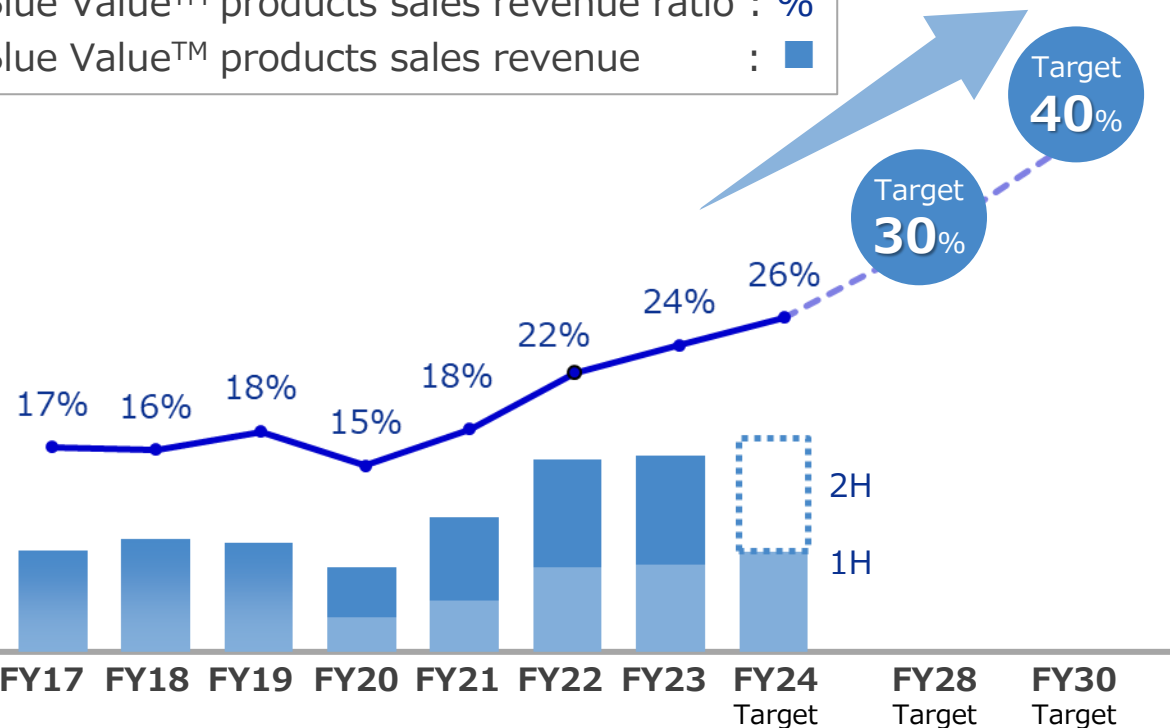
- Reducing CO₂
- Conserving resources
- Coexisting with nature

QOL Improvements Rose Value™

- Enriching life and society
- Extending healthy life-span
- Protecting food

Blue Value™ products sales revenue ratio : %
Blue Value™ products sales revenue : ■

Blue Value™ products sales revenue ratio : %
Rose Value™ products sales revenue : ■



Sales revenue for Blue Value™ and Rose Value™ products trending well
Working on building solutions-based and circular economy-based business models to speed up portfolio reform



Providing solutions that contribute to life, health and comfortable lifestyles as our first pillar of earnings

Strategy to date

Strengthen vision care, agrochemicals and oral care
Actively invest in wellness solutions and medical solutions to create new products and businesses

Environmental changes & business situation

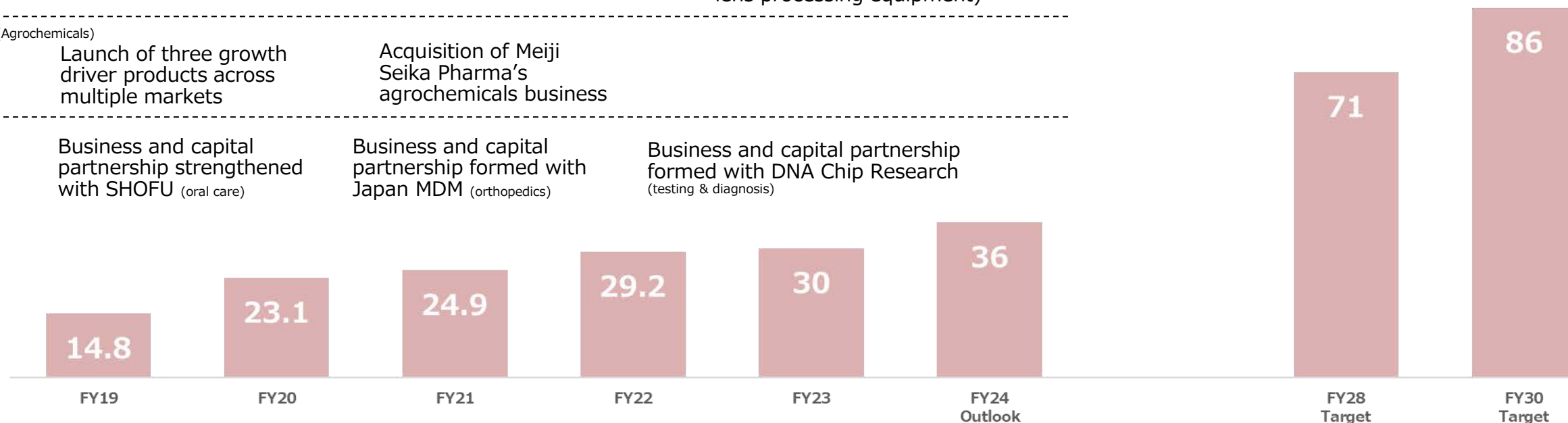
Solid growth for vision care and agrochemical products
Oral care expansion behind schedule
Progress toward new businesses and M&A behind schedule

Strategy for achieving our FY28 targets

Pursue steady growth for vision care and agrochemical products
Actively invest to turn medical solutions* into a new pillar of earnings
 *Oral care/orthopedics/testing & diagnosis

Main investments & measures taken

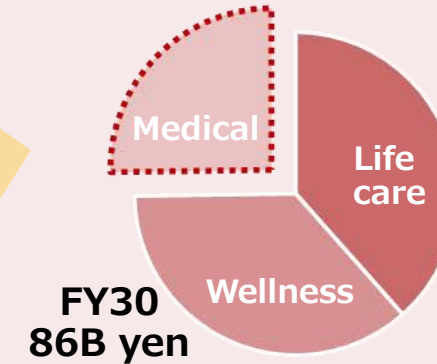
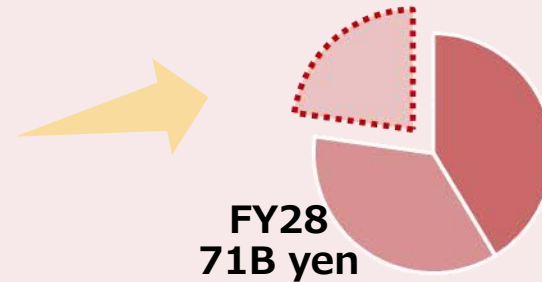
Life care	(Vision care) Acquisition of COTEC (coating materials)	Production increase for high-refractive-index ophthalmic lens materials Acquisition of Coburn (ophthalmic lens processing equipment)
Wellness	(Agrochemicals) Launch of three growth driver products across multiple markets	Acquisition of Meiji Seika Pharma's agrochemicals business
Medical	Business and capital partnership strengthened with SHOFU (oral care)	Business and capital partnership formed with Japan MDM (orthopedics) Business and capital partnership formed with DNA Chip Research (testing & diagnosis)





Strategy for achieving our FY28 targets

Pursue steady growth for vision care & agrochemical products + actively invest to turn medical solutions* into a new pillar of earnings



*Oral care/
orthopedics/
testing & diagnosis

Life care (Vision care)

Providing value throughout the supply chain to steadily capture the market

Maintaining the top global market share for high-refractive-index lens materials

Expansion for functional lenses



Further accelerating growth in the coatings & equipment business

Wellness (Agrochemicals)

Further expanding the countries where our growth drivers are registered

Dinotefuran, TENEBENAL™, flupyrimin

Developing our next growth drivers for beyond FY30

Medical

Establishing as a new pillar of earnings

Strengthening the profitability of oral care while also using its shared infrastructure to bolster orthopedics

Using our biotechnology infrastructure to strengthen testing & diagnosis



(Vision care)

Steady expansion by providing value throughout the value chain

Ophthalmic lens value chain

Lens polymerization process

Lens manufacturers

Processing
Prescription processing, addition of functionality, etc.

Glasses retailers

Consumers

Maintaining the top global market share for high-refractive-index lens materials

Sales growth in key markets (U.S., China, India)

- U.S.:** Expanding market share via ties with retailers and e-commerce
Improving recognition of our products through seminars with optometrists, etc.
- China:** Speeding up the transition away from acrylic
Increasing sales of ultrahigh-refractive-index lenses (1.74)
- India:** Supporting increased local production of high-refractive-index lenses
- Successful launch of new plant (January 2024)
Planning underway for next capacity increase

Developing novel, eco-friendly materials & technologies

Bio-based lenses (Do Green™), chemical recycling technology development, etc.

Expansion for functional lenses

Acquired photochromic dye technology from James Robinson Speciality Ingredients (U.K.)

Bolstering our ability to develop high-performance photochromic lens materials and photochromic coating systems

Further accelerating growth in the coatings & equipment business

Bolstering Coburn's global sales infrastructure

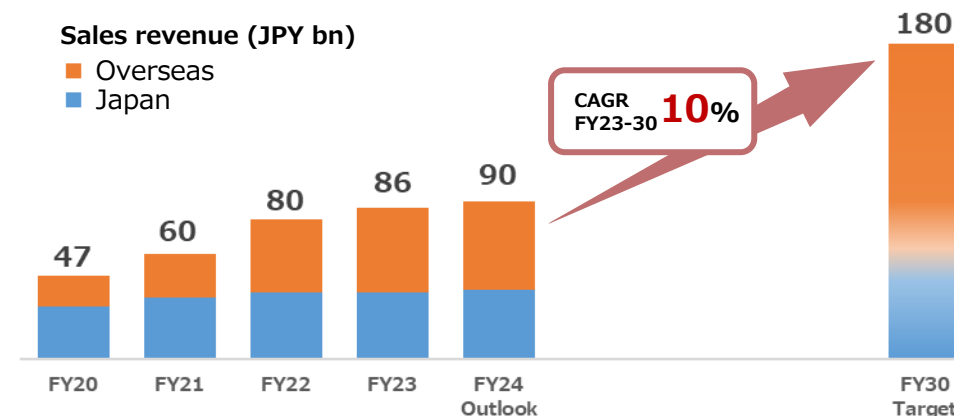
Utilizing regional bases to grow sales in emerging markets such as India, Africa, and South America

(Agrochemicals)

Steady expansion of our growth drivers

Sales revenue (JPY bn)

Overseas
Japan



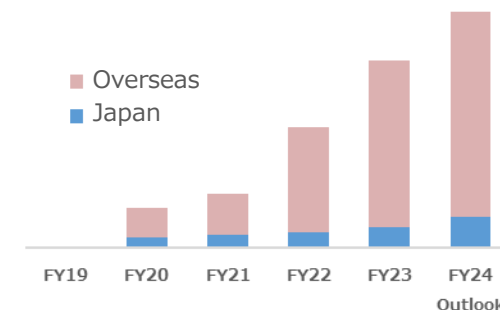
Business growth propelled by increased registration of our growth drivers in more countries

e.g. TENEBENAL™

Steady increase in number of registered countries
→ Considering increased capacity

vs. December 2023	Crop solutions	Life solutions
Registered	6→6	14→22
Applied	4→7	2→1

Sales revenue trend



Developing our next growth drivers for beyond FY30

Fleshing out our pipeline with both chemical and biological crop protection products

- Chemical crop protection products: Pursuing safety and low environmental impact
- Biological crop protection products: Pursuing discovery of naturally derived products and expanding products derived from living organisms



Leveraging our technologies and our ties with partners to turn medical solutions into a new pillar of earnings

Medical solutions business environment

Trend: Steady market growth due to aging and growing populations
Need: More advanced medical needs (e.g. individualized care)

New business opportunities continuing to increase

Oral care

Drastic restructuring of Kulzer's earning power
Solidifying group ties to focus resources toward developing high-profitability products

Expanding share in the top 3 dental preservation markets (Europe, Japan, U.S.)
Continuously introducing new products in focus sectors*
Expanding business through M&A and tie-ups

*Focus sectors = restoration composites, dental cement, denture materials, 3D printer & printable materials

Orthopedics

Utilize polymer development and technological capabilities cultivated in the dental materials business
Solidifying ties with Japan MDM

STEP 1 Full-fledged market entry

- 100% MCI products
- Jointly developed products
- Launch of new products

STEP 2

- Further new product launches
- Expansion of product lineup
- Strengthening of business foundations through further M&A and tie-ups

Testing & diagnosis

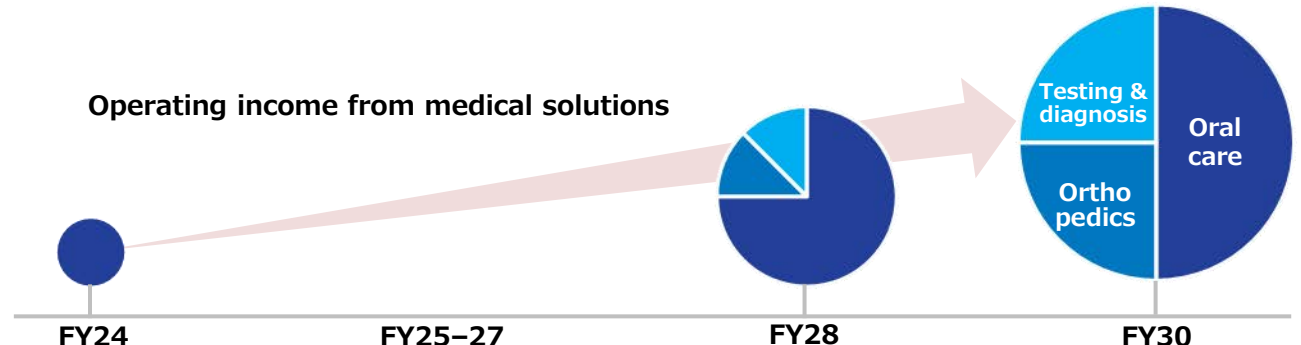
Solidifying ties with DNA Chip Research
Utilizing biocatalyst technologies for e.g. testing & diagnosis

Rapid bacterial identification tests
Jointly developed products

Biotechnology infrastructure

Biocatalyst design technology, genetic modification technology, culture technology

Technology applied → Acrylamide, serine, etc.





Providing unique materials, features and services to help solve social challenges and let us achieve sustainable business growth

Strategy to date

Speed up materials business' sales transition to a focus on growth markets and differentiation
Strengthen our solutions business

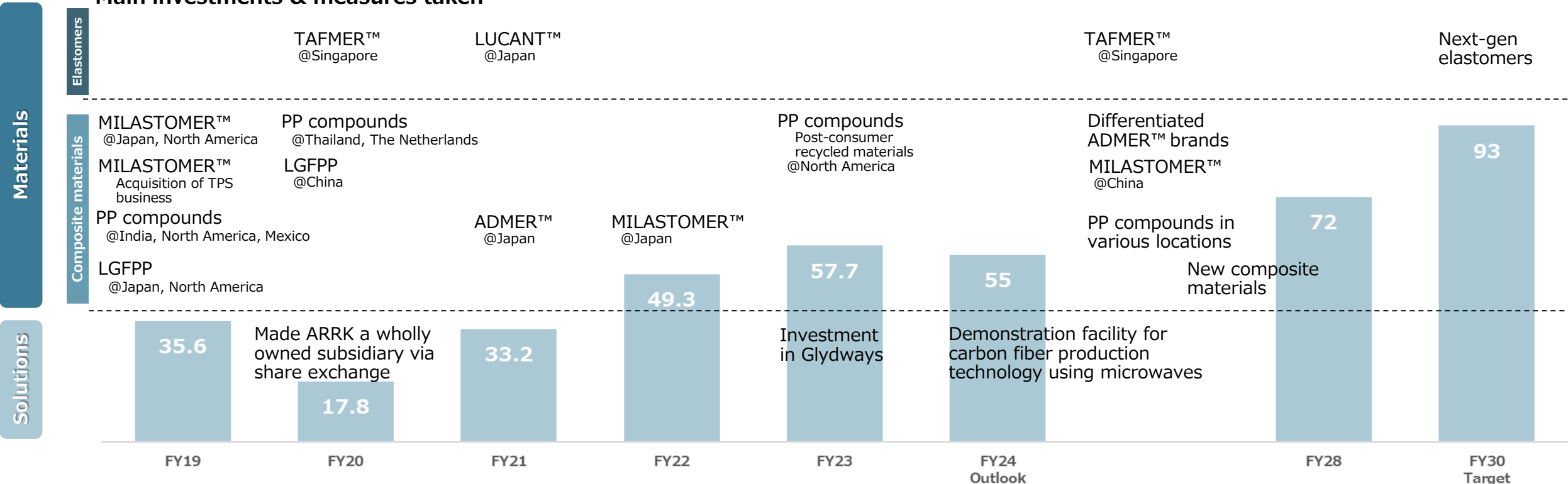
Environmental changes & business situation

Speeding up transition to focus on growth markets and differentiation is bringing increased earnings
 While the solar power generation market is continuing to grow, a downturn in China's encapsulant markets is causing TAFMER™ growth to slow
 ARRK back in the black, but growth is behind schedule

Strategy for achieving our FY28 targets

Continue the transition to sales focused on growth markets and differentiation
Speed up the rollout of diverse applications for elastomers
Accelerate ARRK transformation and enhance cultivation of new business model

Main investments & measures taken





Strategy for achieving our FY28 targets

Materials business: Continue the transition to sales focused on growth markets and differentiation
Speed up the rollout of diverse applications for elastomers

Solutions business: Accelerate ARRK transformation and enhance cultivation of new business model

Materials

Further accelerate the transition to sales focused on growth markets* and differentiation

*Automotive sustainability, high-performance packaging materials, renewable energy, etc.

Elastomers

Leverage polymers with unique strengths to capture demand & application in growth markets

Composite materials

Continually launch differentiated products to a wide range of growth markets and capture new markets

Solutions

Speed up transformation and implement growth policies at ARRK

Continue transformation aimed at improving earnings

Focus on providing a service for high-mix, low-volume production spanning everything from development through to prototyping and mass production

Design

Planning

Analysis

Prototyping

Mass production

Enhance cultivation of new business model

Deepen the solutions capabilities we've acquired and strengthened, as well as our ties with other companies



MDC: Mobility Development Center

Business partners

Rollout of new transportation system



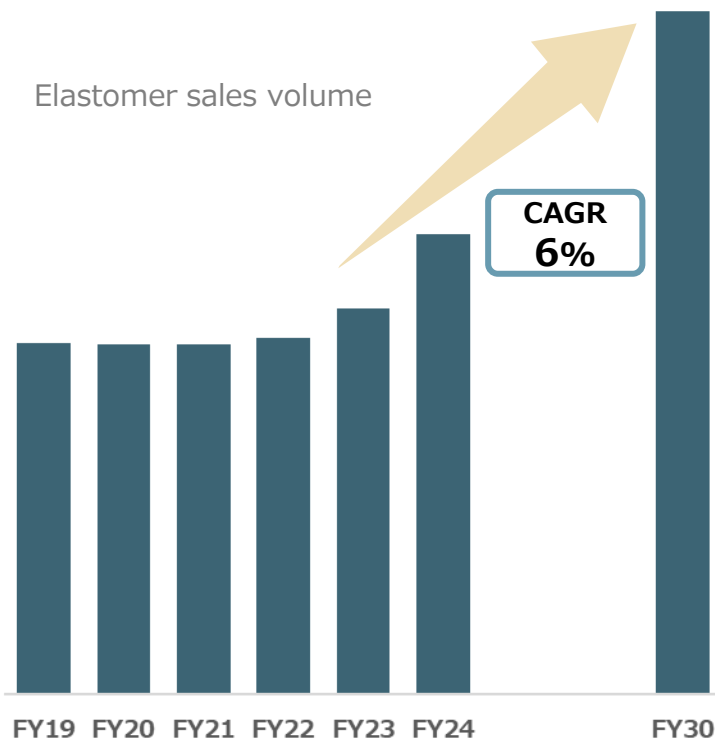
Commercialization of innovative carbon fiber production technology using microwaves



Leveraging polymers with unique strengths to capture demand & application in growth markets

Polymers with unique strengths derived from monomer selection × catalyst × production technology
TAFMER™/MITSUI EPT™/LUCANT™

Elastomer sales volume



Deploying polymers with unique strengths in growth markets with diversifying needs

Automotive sustainability

Lightweighting: Longer cruising range
Eco-friendly: Improved recycled materials

High-performance packaging materials

Food packaging: Easy-open packaging & low-temperature sealing performance
Eco-friendly: Monomaterial designs

Emerging economies & new growth markets

Market development through the development of unique differentiated polymers that make use of our expertise

Renewable energy

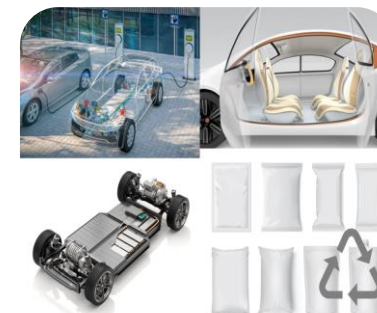
Solar cells: Improved generation efficiency & long-term reliability

TAFMER™ for solar cell encapsulants

Pursuing a strategy of local production for local consumption to boost sales in regions where demand is expected to rise

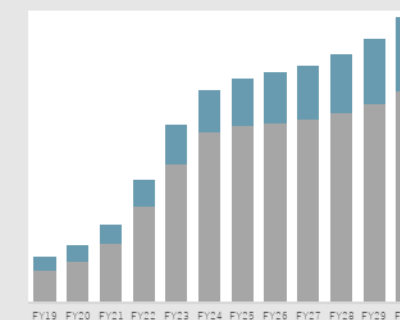
Boosting sales to customers who prioritize quality and performance

Launching improved brands
Providing generation efficiency data via demonstration testing
Using IP to secure rights for Mitsui Chemicals



Considering next-gen elastomer plants

Solar power module energy generation volume by production region



FY24-30 CAGR

Other regions 10%

China 4%

Source: RTS Corporation

Forecast as of December 2023

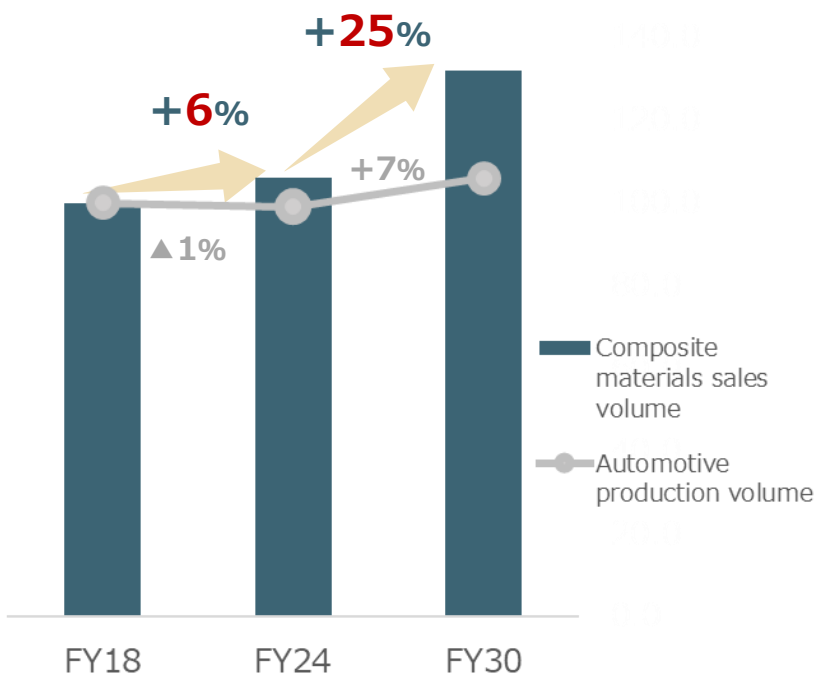


Continually launching differentiated products to a wide range of growth markets, as well as acquiring new markets, to outstrip market growth

Diverse range of products derived from compounding technology × formulation

PP compounds/ADMER™/MILASTOMER™/
ARLEN™/AURUM™/new composite materials

Composite materials
sales volume



Leveraging the entire Group's capabilities to push products in growth markets

Using production and research sites to seek out needs, then leveraging application-based rollouts to continuously launch differentiated products

Strengthening our ability to use our solution capabilities to propose full concepts that span design through to mass production

Automotive sustainability

Lightweighting: Increasing electric efficiency to improve cruising range

EVs: Materials for electrical components, etc.

Battery packs: Flame-retardant PP-GF

Cooling systems: Performance compounds (e.g. ADMER™)

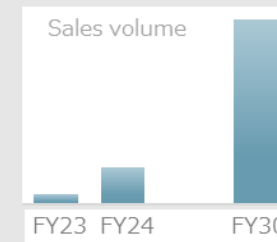


Plastic underpanels: PP resin, PP-GF

Eco-friendly: Recycling-related needs, etc.

PP compounds containing approx. 30–50% post-consumer recycled materials

Finding increasing application in automotive interiors and exteriors



High-performance packaging materials

Eco-friendly: Needs for easily recycled materials, monomaterial designs, etc.

Compatibilizers: ADMER™, etc.

Emerging economies & new growth markets

Identifying demand and applications to develop differentiated products that meet needs



Creating and growing a “unique” ICT Solutions business to grow operations here into our third pillar of earnings

Strategy to date

Boost competitiveness in the areas of semiconductor & assembly solutions and imaging solutions
Address demand for eco-friendly products in the area of converting solutions

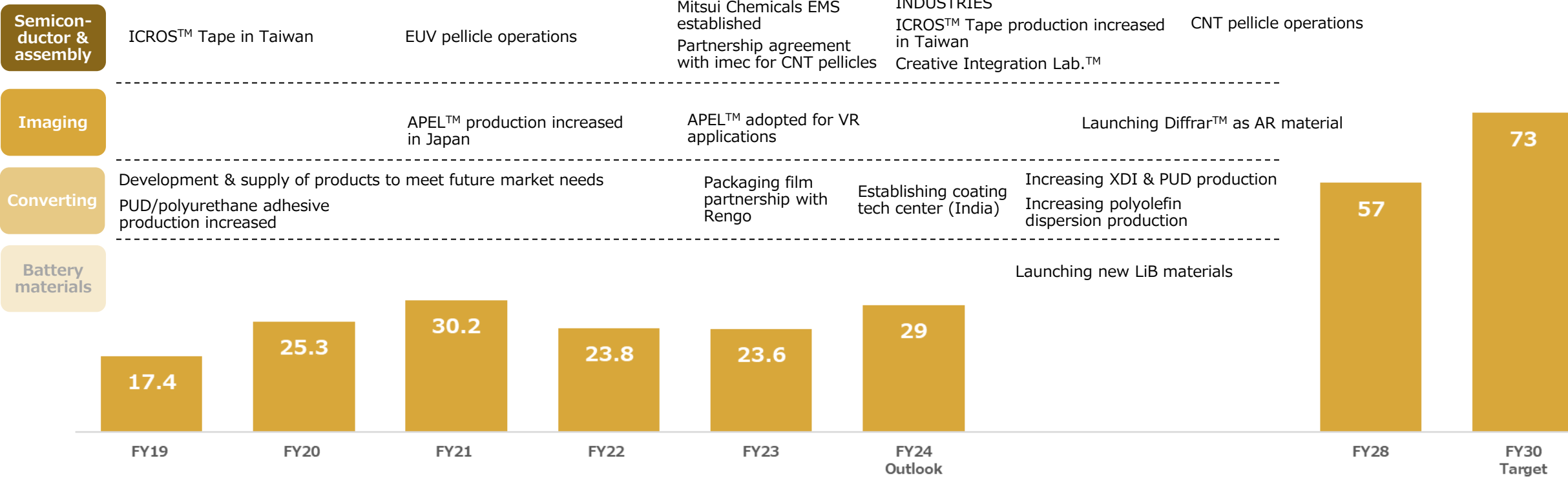
Environmental changes & business situation

Semiconductor: Demand sluggish, but packaging process is seeing advancements
Imaging: Demand sluggish; XR market startup delayed
Battery materials: EV popularization delayed, but growth projected in medium-long term
Converting: Environmental needs; growth in ICT-related applications

Strategy for achieving our FY28 targets

Focus resources on key businesses
Semiconductor & assembly (ICROSTTM Tape, pellicles, next-gen materials), coating & engineering materials, lithium-ion batteries

Main investments & measures taken





Strategy for achieving our FY28 targets

Focus resources on key businesses

Semiconductor & assembly (ICROS™ Tape, pellicles, next-gen materials), coating & engineering materials, lithium-ion batteries

Semiconductor & assembly

Contributing to the advancement of semiconductors via a wide-ranging rollout of products for cutting-edge fields

ICROS™ Tape

Increasing production capacity in line with market growth

Expanding business by introducing new products into related fields

MITSUI PELLICLE™

Continuing & reinforcing our strategy to be the top player in cutting-edge EUV/DUV sector
Early commercialization of CNT pellicles

Next-gen materials

Getting ahead of the competition in commercializing materials for the packaging process

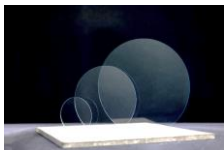
Utilizing the process compatibility evaluation capabilities of SHINKO ELECTRIC INDUSTRIES, the Creative Integration Lab.™, etc.



Imaging

Sales growth & use diversification for AR/VR
Accelerating development of AR materials

Diffra™



Coating

Speeding up global rollouts as well as the launch of differentiated products in key markets for coating & engineering materials

Bolstering our production network
Accelerating our advance into new applications suited to local needs

Battery materials

Accelerating the development of next-gen materials to help improve lithium-ion battery (LiB) performance





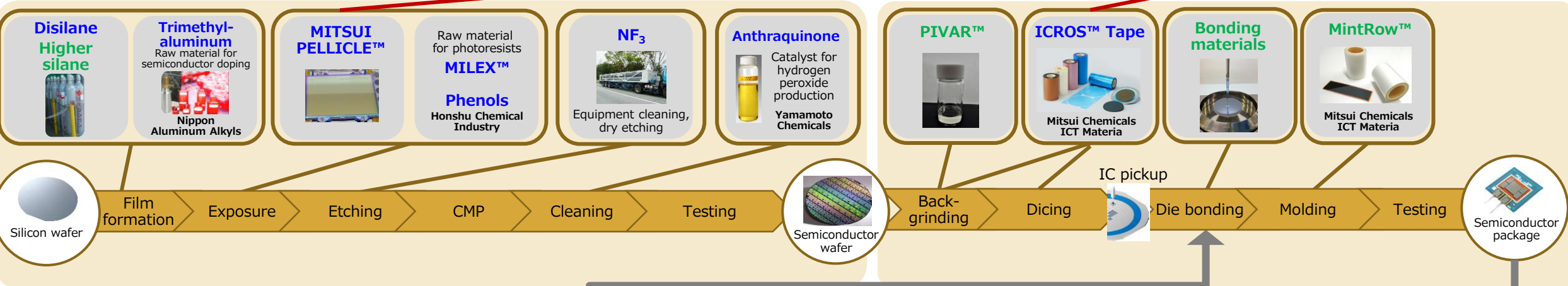
Contributing to the advancement of the cutting-edge semiconductor field by rolling out a wide range of products throughout the Group

Continuing & reinforcing our strategy to be the top player in cutting-edge (EUV/DUV) sector
Early commercialization of CNT pellicles

Introducing new products into related fields and increasing production capacity

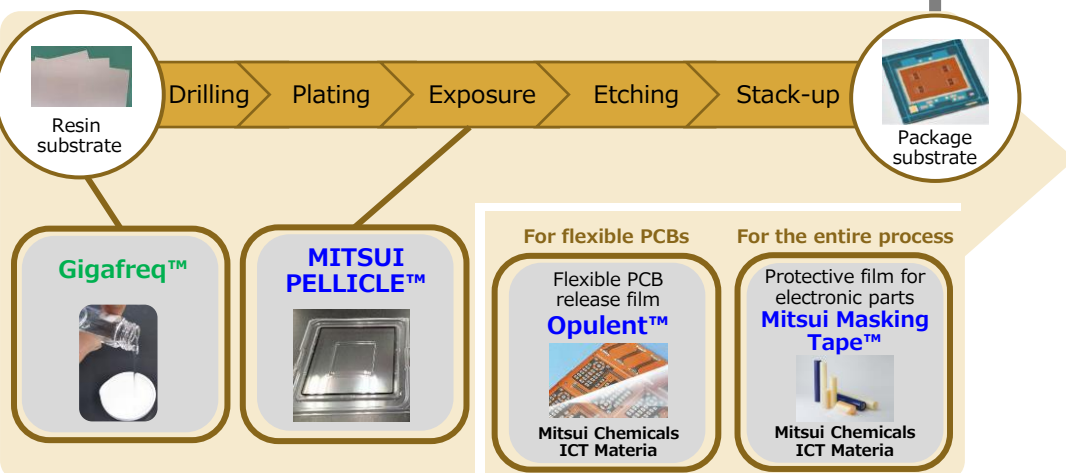
Front-end

Back-end / packaging

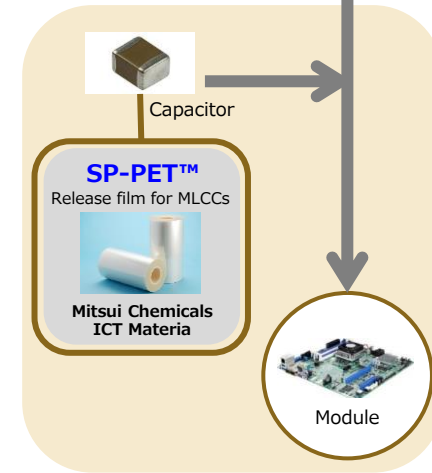


Substrate

Assembly



Getting ahead of the competition in commercializing next-gen materials for substrates and the packaging process
Utilizing the process compatibility evaluation capabilities of SHINKO ELECTRIC INDUSTRIES, the Creative Integration Lab.™, etc.



Red border: Key business
Blue text: Existing products
Green text: Newly developed products



Launching differentiated products in key markets to speed up business expansion

Speeding up business expansion by introducing differentiated products in key markets (packaging materials & ICT)

Sales revenue

■ Other
■ Packaging materials & ICT

FY20-30
CAGR 9%

50%

FY20 FY21 FY22 FY23 FY24 FY27 FY30 Target

Differentiated products

Coating and engineering materials such as PUD*¹ (TAKELAC™), POD*² (CHEMIPEARL™) and XDI*³ derivatives

Key markets:

Packaging materials	Environmental needs, high-performance packaging materials
ICT	Semiconductor-related goods, LiB materials, smartphones

Bolstering our technical support & production network to increase sales
Strengthening development capabilities to speed up our rollout of new applications suited to local needs

FY24
Establishment of
coating tech center
(India)

June 2025
Increase to PUD
production capacity
(Japan)

September 2025
Increase to XDI
production capacity
(Japan)

*1 Polyurethane dispersion
*2 Polyolefin dispersion
*3 Meta-Xylylene diisocyanate



Using our technologies to help improve LiB performance

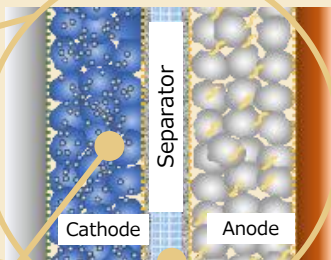
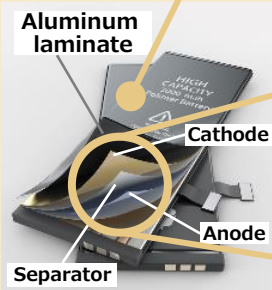
LiB material design/ battery evaluation technology

Existing products

Pouch film adhesives

UNISTOLE™ TAKELAC™ TAKENATE™

Thinner adhesive layer helps enable size reduction, freedom of form



LiB electrolyte

MILLET™

Proprietary additive helps improve lifespan, input/output, etc.

Adhesive for ceramic separators

BONRON™

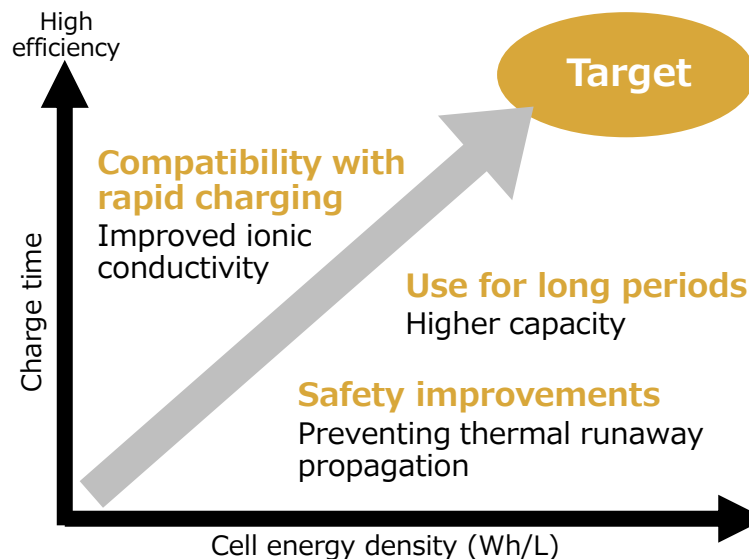
Thinner ceramic layer leads to improved ionic conductivity and higher energy density



Molecular design, adhesives, coatings

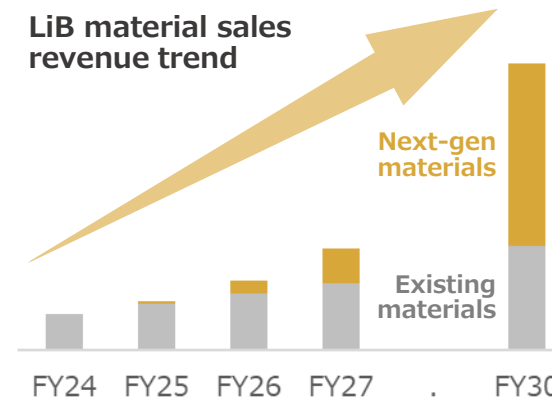
Customers' development status & needs

Trends in LiB demand



Accelerating development of next-gen materials Additives, adhesives, etc.

LiB material sales revenue trend

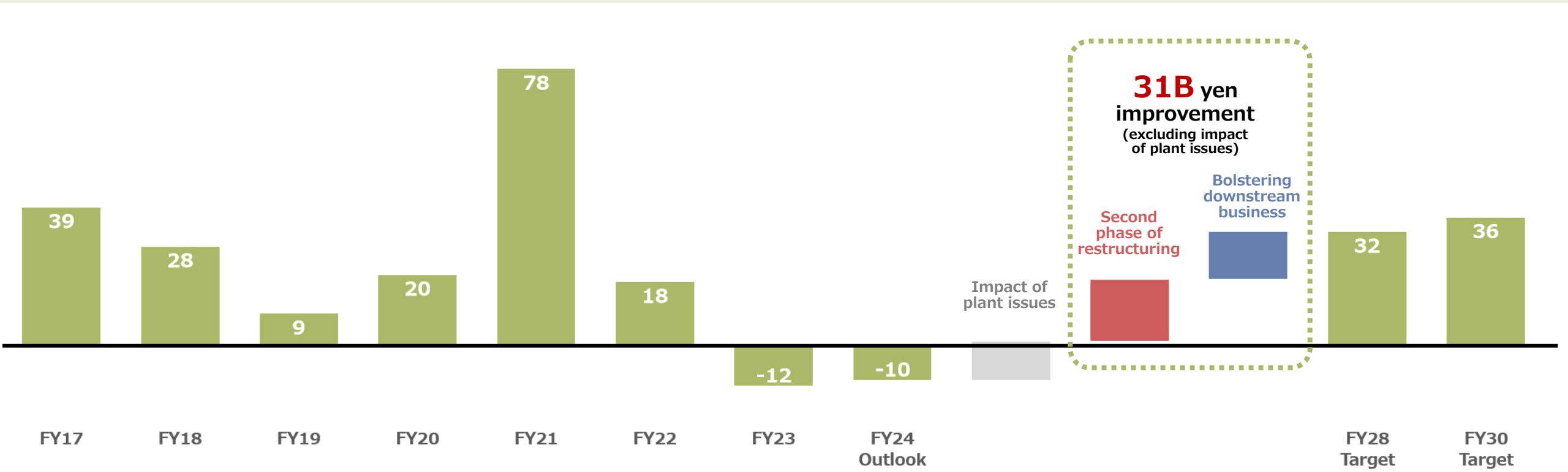


Example of newly developed product Functional additive

Added to the inside of batteries to improve their capacity, safety and more

Accomplishing business restructuring and leading our Group's circular economy revolution

Strategy for achieving our FY28 targets

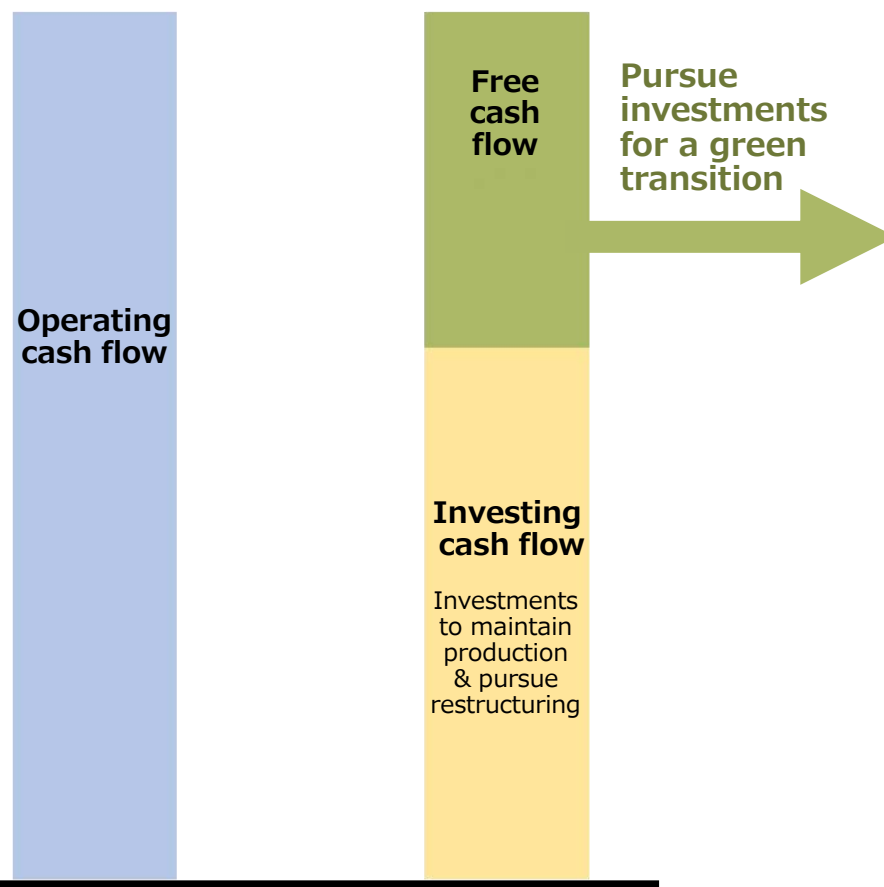


	FY13~17	FY18~22	FY23~	Ideal state
	Securing stable earnings via restructuring	Reducing volatility	Improving capital efficiency	
PH	AC-based IPA production starts	Honshu Chemical Industry takeover bid	2023: AC-based IPA capacity boost Mulling efforts to bolster production of HQ	Highly capital-efficient PH chain
	Chiba BPA/PH plant closed	MPS share transfer	Study into making overseas operations more asset-light ★ Pursuing optimization of domestic PH ★ Closure of Ichihara PH plant by FY2026	
PTA&PET	Indonesia PTA business share transfer	Thailand PTA & PET business partial share transfer	2023: Iwakuni-Ohtake PTA plant closed 2024: Iwakuni-Ohtake PET plant closed	Securing profit through optimal business structure
Polyurethane	Bio-PPG joint venture established		2023: PPG LLP founded 2024: High-performance MDI plant starts up	High-profitability polyurethane business centered on high-performance MDI
	Kashima TDI plant closed Omuta MDI plant closed	MCNS dissolved	2025: Omuta TDI plant to be downsized	
PP&PE	High-performance PE plant established in Singapore PP catalyst plant starts up		2024: High-performance PP plant to be completed	Highly capital-efficient high-performance polyolefins business
	2 PE lines at Chiba closed 1 PP line at Chiba closed		2023: 1 PP line at Chiba closed 2026: 1 PP line at Chiba to close Mulling optimization via multi-company collaborations	
Crackers	Chiba LLP founded Withdrawal from Keiyo Ethylene		(East Japan) 2027: Study into consolidation at Chiba LLP ★ (West Japan) Study into establishing a joint operating entity by three companies ★	Competitive crackers

Red type: Restructuring Blue type: Bolstering downstream businesses ★ : Progress since last presentation

Making the B&GM business self-sustaining, including for green chemical investments through to 2030
Speeding up the formation of regional and multi-company collaborations
as we look to achieve carbon neutrality by 2050

Cumulative cash flow plan from 2025 to 2030



To 2030:

40% reduction in GHG emissions

Alternative fuels for crackers
Launch of ammonia-fueled cracker
Developing technology with aid from Green Innovation Fund; procuring ammonia via collaboration with other companies

Alternative fuels for boilers/ gas turbines
Moving from heavy oil to LNG, etc.

Efforts for energy efficiency

Technology verification and business plan creation through regional and multi-company collaborations
Collaboration between industry, government and academia, etc.

Looking toward 2050:

Net zero GHG emissions – carbon neutrality achieved

Alternative fuels

CCUS

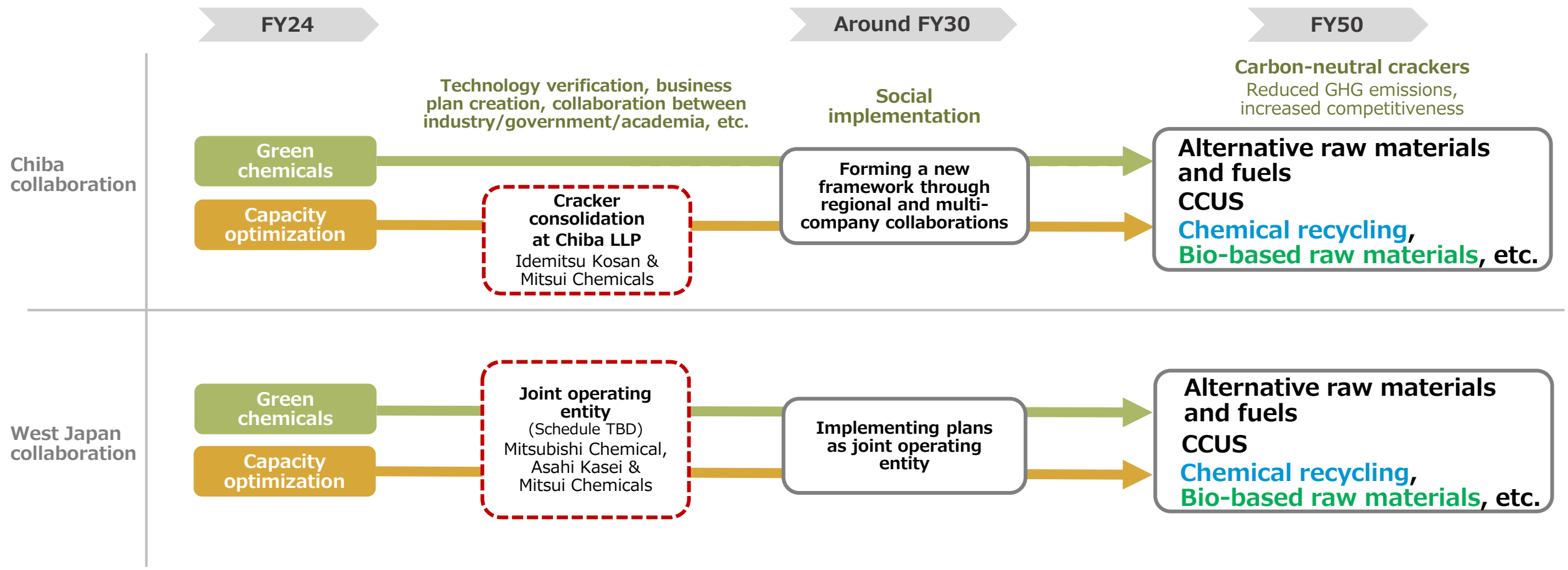
Energy efficiency

Gathering and implementing technologies through further regional and multi-company collaborations

Pursuing carbon neutrality and capacity optimization by Chiba and West Japan collaborations to achieve advanced chemical complexes

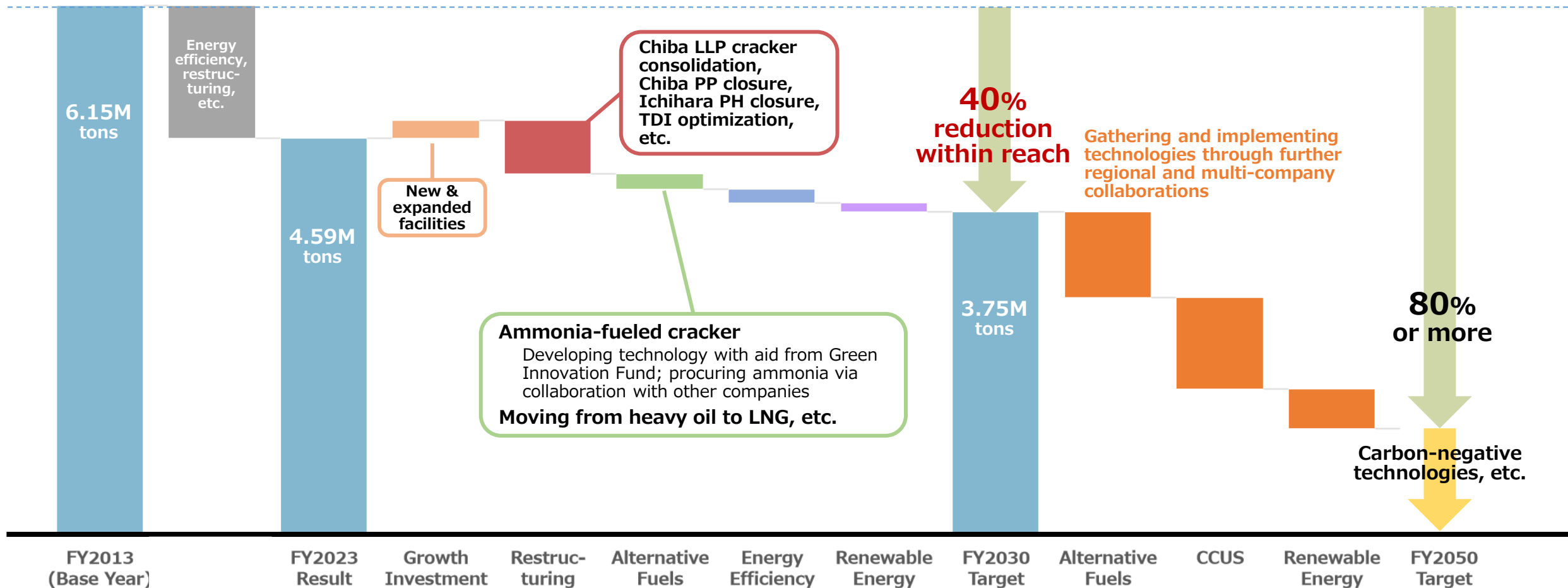
Ideal vision

- Realizing our **Carbon Neutrality Declaration**
Net zero GHG emissions by 2050
- Promoting our **green chemicals business**
Reducing GHG emissions across raw materials, production processes and logistics
Circular chemicals utilizing e.g. recycling
- Contributing to advanced chemical complexes
- Helping to **reduce the GHG emissions of other industries**





Our FY2030 target within reach; pursuing technological development as well as regional and multi-company collaborations toward realizing FY2050 carbon neutrality





Creating next-gen businesses to help solve social challenges and generate 10 billion yen in sales revenue

Next-gen business candidates

★Key project

Robot solutions

Logistics automation ★
Using robots to save labor

Data solutions

Energy ★
Solar power generation
diagnostics & forecasting
Vital signs monitoring service



Medical solutions

Medical care & drug discovery support
Cell culture ★
InnoCell™ culture plates



New business exploration

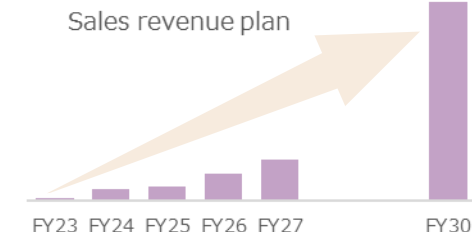
Early-stage development, CVC



Helping make logistics more efficient
Steady growth for Rapyuta ASRS automated flexible warehouse system



July 2022: Began joint development with Rapyuta
June 2024 onward: System installed at two companies
Currently: Orders received from multiple companies, with several more considering

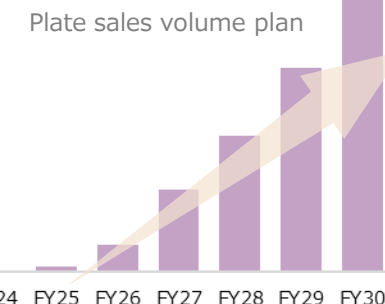


Reducing animal testing in the development of new drugs & helping to optimize screening

Launch of InnoCell cell culture plates

Leveraging Mitsui Chemicals' original material × precision processing technology to create a product with high oxygen permeability and low drug adsorption

2024: Business partnership formed with promising startup
Samples sent to pharmaceutical companies, domestic & foreign academia, etc.
2025: Market launch



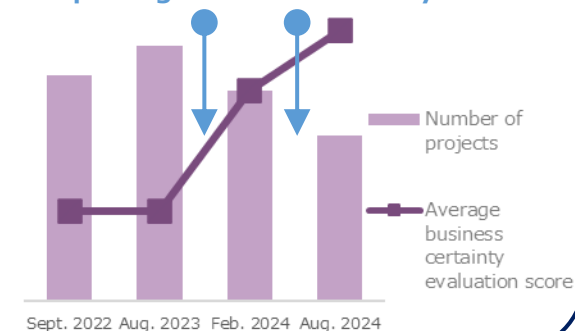
CVC
Focusing investments on fields related to growth domains



Bolstering our system for cultivating new businesses

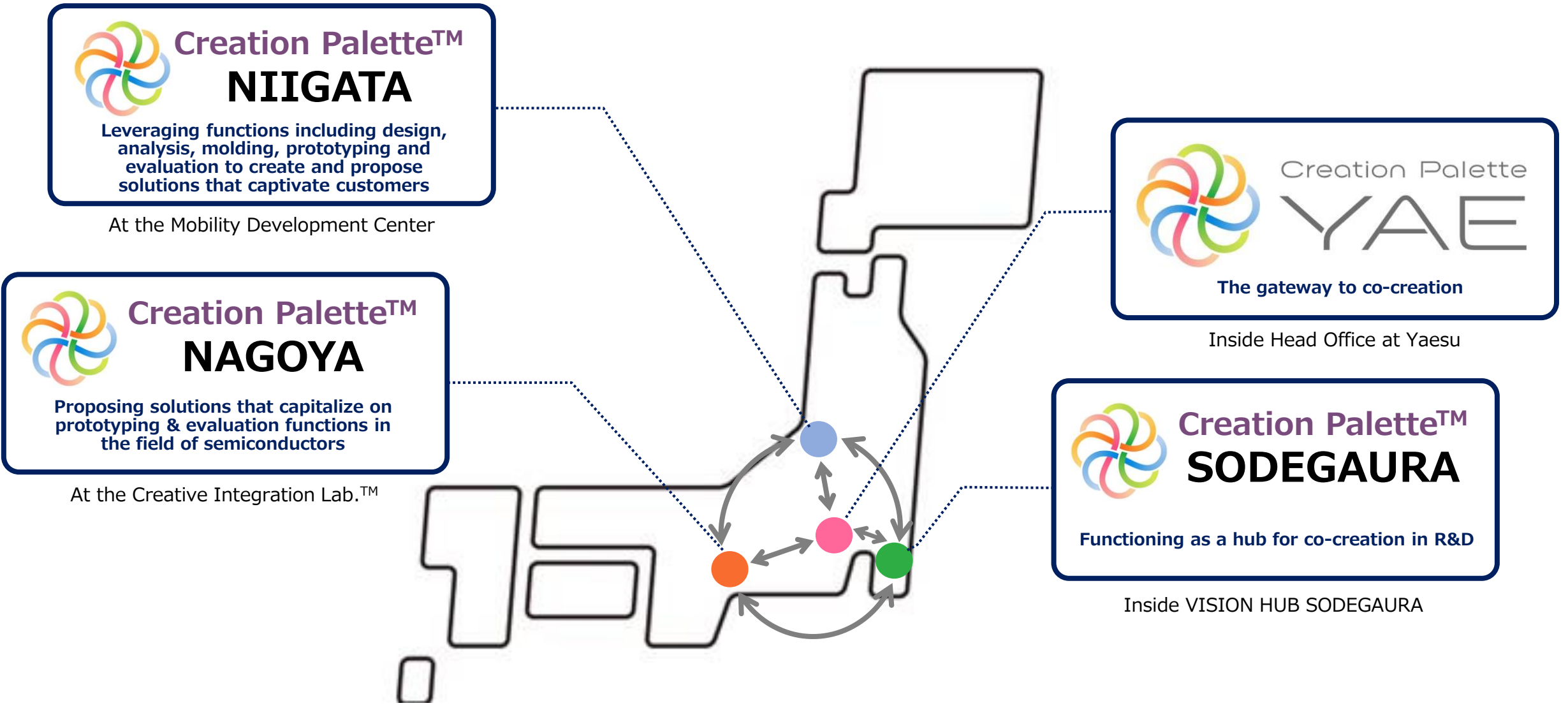
Cultivating businesses with high certainty by monitoring development projects and replacing where necessary via a tryout system

Replacing businesses via tryouts

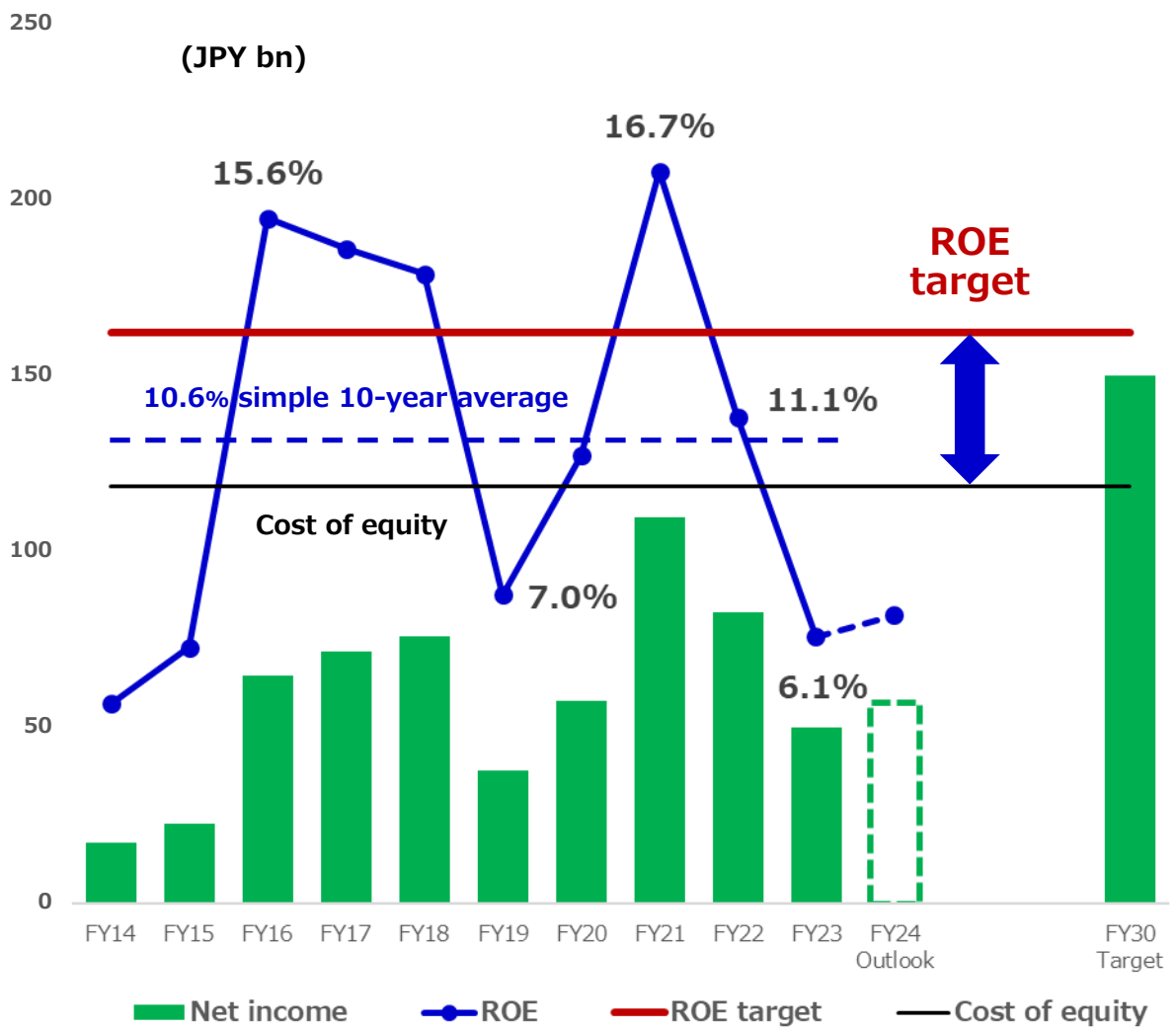




Working together with R&D sites to enable co-creation with stakeholders, with YAE serving as the gateway



Planning to improve our P/B ratio & achieve our 13% ROE target – above cost of equity – via business portfolio transformation, going asset-light, bolstering shareholder returns, etc.



<p>Accelerating business portfolio transformation</p>	<ul style="list-style-type: none"> ✓ Accelerating profit growth in growth domains ✓ Managing business portfolio by reviewing ROIC & profit growth potential of each business (Including potential restructuring of businesses in growth domains)
<p>Improving capital efficiency</p>	<ul style="list-style-type: none"> ✓ Promoting second phase of B&GM restructuring to reduce volatility and adopt an asset-light structure ✓ Transitioning to advanced chemical complexes and shifting B&GM to the green chemicals business ✓ Strengthening regional and multi-company collaborations to accelerate the shift ✓ Promoting shift to an asset-light structure by reviewing ownership of cross-shareholdings (zero, as a general rule), etc.
<p>Enhancing cash generation capabilities</p>	<ul style="list-style-type: none"> ✓ Improving cash flow from operating activities via increased earnings, an improved cash conversion cycle, etc. (Aiming for 2x increase)
<p>Capital policy</p>	<ul style="list-style-type: none"> ✓ Further boosting shareholder returns (FY24: dividend increase and acquisition of treasury stock; FY25 onward: total return ratio of 40% or more)
<p>Reducing capital costs</p>	<ul style="list-style-type: none"> ✓ Improving management quality through dialogue with stakeholders ✓ Improving quality of investor relations activities <div style="border: 1px solid black; padding: 5px; font-size: small; margin-top: 10px;"> <p>Won first place in the Award for Excellence in Corporate Disclosure Received Best IR Award</p> </div>

	FY22 Results	FY23 Results	FY24 Outlook	FY28 Target	FY30 Target
Operating income before special items (B yen)	114	96	105	200	250
Net income attributable to owners of the parent (B yen)	83	50	56	110	150 or more
ROE	11.1%	6.1%	6.6%	10% or more	13% or more
ROIC*1	5.4%	4.1%	4.2%	7% or more	9% or more
NET D/E	0.77	0.69	0.71	0.8 or less	0.8 or less

*1) ROIC (return on invested capital) = NOPAT/invested capital

39 Reference | Summary of Targets-2

Contributing to a sustainable society

Material topics	KPIs	FY23 Results	FY24 Target	FY30 Target
<ul style="list-style-type: none"> Climate change Circular economy Health and livelihood Highly livable communities Food security Product design based on full life-cycle considerations 	Blue Value™ products sales revenue ratio	• 24%	• 26%	• 40%
	Rose Value™ products sales revenue ratio	• 24%	• 26%	• 40%
	GHG emissions reduction rate (Scopes 1 and 2) *compared to FY13	• 25%	• 27%	• 40%

Prerequisites for business continuity

Material topics	KPIs	FY23 Results	FY24 Target	FY30 Target
• Safety	Incidence of major accidents & serious occupational injuries	• Zero	• Zero	• Zero (over the course of VISION 2030)
• Respect for human rights	Response to human rights risks	<ul style="list-style-type: none"> Implemented human rights due diligence (on-site assessments overseas) Established in-house working group 	• Implementation of human rights due diligence (reorganization of the risk assessment process)	• Identification & correction of risks by setting up a human rights due diligence system for all of or bases, both domestic and abroad
• Compliance	Incidence of major legal and regulatory violations	• 2 cases	• Zero	• Zero (over the course of VISION 2030)
• Product quality	Incidence of PL accidents & serious product quality incidents	• Zero	• Zero	• Zero (over the course of VISION 2030)
• Stable production	• Production and equipment reliability	Advanced production technologies implemented • 14 instances	No. of problems involving high-value losses • 8 or less	No. of problems involving high-value losses • Zero

Abilities essential to business continuity

Material topics	KPIs	FY23 Results	FY24 Target	FY30 Target
• Corporate culture	Improvement of employee engagement Engagement score	• 36%	• 38% or more	• 50%
• Human capital	Key talent management Successor coverage rate for critical positions	• 220%	• 235% or more	• 250%
	Diversity •(MCI)Number of executive officers with diverse backgrounds (women, non-Japanese, mid-career hires) •(MCI)Ratio of women in management positions (manager-level or above)	• Diversity rate of future executives: 18.5% • 6%	• Diversity rate of future executives: 20% or more • 7% or more	• 10 or more (including at least 3 women) • 15%
	Health-focused management •(MCI) Average rate of lifestyle-related disease •(MCI) Frequency of absences from work due to mental health disorders	• 9.96% • 0.69	• Less than 9.50% • Less than 0.55	• 8.0% • 0.25
• Digital transformation	Training of DX specialists Number of data scientists	• 72	• 120 or more	• 165 (by FY25)
• Innovation	Pipeline expansion • Number of development themes in the latter half of our Stage Gate System	• Stage 1 themes registered: 48	• Percentage advanced to preliminary market development stage: 20% or more	• Double or more (vs. FY20)
	Value creation for beyond 2030 Number of new areas of development at our Frontier Technology Center	• 3 candidates	• R&D themes : 5 or more	• 3 or more areas
• Partnerships	Sustainable procurement ratio	• Promotion of sustainable procurement Opinion exchange held with partners to build shared vision: 16 companies	• Dissemination to partners Briefings to explain procurement guidelines to key partners in each domain: 8 or more companies	• 80%

A blue sky with white clouds and a sunburst effect, with a large blue arrow pointing right.

A global solutions company that
leads change and contributes to a sustainable future

Chemistry for Sustainable World



Mitsui Chemicals

Challenge Diversity One Team

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