

Individual Strategies Under Our VISION 2030 Long-Term Business Plan

As part of our efforts toward preparing VISION 2030, our new Long-Term Business Plan, we at the Mitsui Chemicals Group announced the Basic Strategy and business targets to serve as the backbone of this plan back in June. Now the Group is ready to announce individual strategies for each part of its business portfolio, as well as functional strategies, in order to provide more specific measures for making VISION 2030 a reality.

1. Overview of VISION 2030, our Long-Term Business Plan for 2030

As our Corporate Mission, we at the Mitsui Chemicals Group aim to contribute broadly to society by providing high-quality products and services to customers through innovation and the creation of materials, while keeping in harmony with the global environment. We are also implementing a triple bottom line management approach based on economic, environmental and social considerations, and working to solve social challenges through our business activities.

Within VISION 2030, we have defined our ideal vision for 2030, formulated a five-point Basic Strategy and established a new four-part business portfolio. In order to both contribute to solving social challenges and achieve sustainable growth for the Mitsui Chemicals Group, we aim to move away from our historical business focus on materials supply, instead getting our entire Group and all of our businesses to base themselves on a social issue perspective, solutions-based business models, circular economy-based business models and digital transformation. Further, we will work to build strong foundations for both management and business.



To carry out the VISION 2030 Basic Strategy explained above and meet our targets, we have formulated various individual strategies as laid out below – and by implementing each of these, we aim to make VISION 2030 a reality.





2. Strategies for each part of our business portfolio

For each part of our new four-part business portfolio – Life & Healthcare Solutions, Mobility Solutions, ICT Solutions, and Basic & Green Materials – we have used deductive reasoning to decide on how we can help solve social challenges through business activities, as well as paid attention to the importance of business model transformation. This has then driven us to formulate the growth strategies and targets laid out below.

(1) Life & Healthcare Solutions

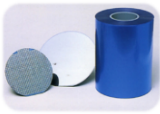

Our ideal vision for 2030	Providing solutions that contribute to life, health and comfortable lifestyles as our first pillar of earnings		
Areas of business	<p style="text-align: center;">Life care solutions</p> <p>Specialty chemicals business</p> <ul style="list-style-type: none"> • Vision care • Nonwovens • Living environments and aquatic environments 	<p style="text-align: center;">Wellness solutions</p> <p>Food- and health-related business</p> <ul style="list-style-type: none"> • Agrochemical products • Nutrition • Testing and diagnosis 	<p style="text-align: center;">Medical solutions</p> <p>Medical-related business</p> <ul style="list-style-type: none"> • Medical devices (materials for dentistry and orthopedic surgery) • Components for medical use • Pharmaceutical active ingredients and intermediates
Overall strategy	<ul style="list-style-type: none"> • Actively investing resources into wellness solutions and medical solutions • Creating new products and businesses based on fine chemicals technologies, as well as using M&A and external tie-ups to get footholds in new areas of business 		
Key businesses and their growth strategies	<ul style="list-style-type: none"> • In life care solutions, we will be focused on our vision care operations. On top of steadily capturing a market here, we will look with these operations to develop new materials and technologies, market eyewear products that contribute to good health, and more, all in aim of further growth. Then outside of vision care, we will work on turning domains such as living environments and aquatic environments into additional pillars of our life care solutions operations. • In wellness solutions, we plan to expand our business for agrochemical products not only by speeding up the deployment of our existing agrochemicals into growth markets but also by introducing new active ingredients, fleshing out the likes of eco-friendly agrochemicals and expanding our business here in non-agrochemical areas. Beyond this, we plan to expand our operations relating to health technology and biotechnology, focusing here on nutrition as well as testing and diagnosis. • In medical solutions, we plan to have our business for dental operations bolster group cooperation and tap digitalization needs in the dental area, as well as expand into artificial teeth, restorative materials, and testing and prevention for the likes of gum disease. Further, by utilizing the technologies we have developed so far, we intend to expand into medical-device-related operations for the likes of orthopedic surgery, as well as into pharmaceutical-related operations. 		

(2) Mobility Solutions


Our ideal vision for 2030	Providing unique materials, features and services to help solve social challenges and let us achieve sustainable business growth		
Areas of business	<p style="text-align: center;">Materials business</p> <p style="text-align: center;">Elastomers</p> <ul style="list-style-type: none"> • TAFMER™ • Mitsui EPT™ • LUCANT™ • BEAULON™ 	<p style="text-align: center;">Composite materials</p> <ul style="list-style-type: none"> • PP compounds • ADMER™ • MILASTOMER™ • ARLEN™ • Newly developed composite materials 	<p style="text-align: center;">Solutions business</p> <ul style="list-style-type: none"> • Design support, simulations, etc. • Mold supply, component prototyping, etc. • Development of materials, production methods, etc. <p style="text-align: center;">ARRK KYOWA</p>
Overall strategy	<ul style="list-style-type: none"> • Pursuing an approach aimed at getting steady profit contributions out of investment projects promptly while also responding in speedy fashion to market growth and potential areas for setting ourselves apart • Offering value to customers by making full use of the solutions capabilities we have acquired and built up 		

<p>Key businesses and their growth strategies</p>	<ul style="list-style-type: none"> • In our materials business, we will focus on areas that let us stand out in growth markets. TAFMER™ – one of our key products in elastomers – is capturing rising demand for use as the likes of a solar cell encapsulant, and we intend to boost production capacity in line with that demand. • In composite materials, we will look to bolster the competitiveness of our PP compounds in high-added-value applications relating to the CASE megatrend. With ADMER™, meanwhile, plans are to capture growing demand for the likes of monomaterial designs and biomass use in packaging, which we will match with pertinent production capacity increases based on an approach of local production for local consumption. And we will work to develop and cultivate new composite materials with added functionality. • In our solutions business, we will pursue a business model of “concept driving,” which is focused on marketing value to customers in the form of full packages of capabilities, technologies and materials – something sought after in development. • Through each of these businesses, we will look to provide solutions toward the “mobility of the future” – which is focused on coexisting with society – while also expanding on business opportunities around the social challenges that are becoming increasingly related to mobility.
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(3) ICT Solutions

<p>Our ideal vision for 2030</p>	<p>Creating and growing a “unique” ICT Solutions business to grow operations here into our third pillar of earnings</p>		
<p>Areas of business</p>	<p>Semiconductor & assembly solutions</p> <p>Materials and components for semiconductor and electronic component manufacturing processes</p> <ul style="list-style-type: none"> • ICROS™ Tape • MITSUI PELLICLE™ • SP-PET™ • Specialty gases 	<p>Imaging solutions</p> <p>Optical materials</p> <ul style="list-style-type: none"> • COC (APEL™) 	<p>Battery material solutions</p> <p>Lithium-ion battery materials</p> <ul style="list-style-type: none"> • Electrolytes, additives, separator materials <p>Next-gen battery materials</p> <p>Converting solutions</p> <p>High-performance food packaging materials</p> <ul style="list-style-type: none"> • Sealants, adhesives, coating agents <p>Eco-friendly packaging</p>
<p>Overall strategy</p>	<ul style="list-style-type: none"> • Planning intensive resource investment for semiconductor & assembly solutions, plus imaging solutions • Creating new businesses and products by bringing together various core technologies for product development, from the upstream to the downstream 		
<p>Key businesses and their growth strategies</p>	<ul style="list-style-type: none"> • In semiconductor & assembly solutions, we plan to continue introducing new grades of ICROS™ Tape – a semiconductor process material – and be early in capturing EUV-related demand for MITSUI PELLICLE™, allowing us to maintain a top market share in each of these areas. Additionally, we will introduce a spate of next-gen products that contribute to semiconductor and assembly process innovations, further fleshing out our lineup here. The aim is to have our products become the de facto standard in next-gen packaging. • In imaging solutions, we intend to have our COC business – which handles optical materials – continue introducing new products under the APEL™ series of camera lens materials. At the same time, we will look to develop and offer new optical materials that match the market’s growth from simply “photographing” to “viewing” and “sensing.” • In battery material solutions, we aim to expand our business in the realm of lithium-ion batteries while also bolstering our development of next-gen battery materials. • In converting solutions, we will redouble efforts toward food packaging materials that offer higher performance and lower environmental impact. 		

(4) Basic & Green Materials

Our ideal vision for 2030	Accomplishing business restructuring and leading our Group's circular economy revolution		
Overall strategy	<ul style="list-style-type: none"> Speeding up restructuring for phenols, PTA and polyurethane Stabilizing earnings by bolstering downstream businesses Bolstering eco-friendly efforts by expanding green chemical operations 		
Approaches to business	Restructuring	Downstream improvement	Green chemicals
	Reducing volatility Phenols, PTA, polyurethane	Expanding operations for high-performance and niche products High-performance PP High-performance MDI Honshu Chemical (healthcare, ICT materials) HQ, catalyst licensing	Bio-based raw materials Bio-based derivatives Bio-polyolefins Bio-polyols Recycling Material & chemical recycling 
	<ul style="list-style-type: none"> In our operations for phenols, PTA and polyurethane, we will work to secure stable earnings by way of restructuring measures – including thorough cost-cutting, product chain optimization at various bases, and the utilization of tie-ups and other such initiatives to make us more asset-light – while also pursuing further structural reform. In the area of high-performance and niche products, we aim to improve and expand our downstream operations by way of distinctive technologies and products, helping to bolster profitability. We will establish a Green Sustainable Chemicals Division to lead our Group-wide transition to circular economy-based business models. The new division will promote a shift toward bio-based derivatives, recycling, etc. 		

(5) Financial targets

	Around FY2025		FY2030	
	Operating income before special items	ROIC	Operating income before special items	ROIC
Life & Healthcare Solutions	65 billion yen	11%	90 billion yen	13%
Mobility Solutions	60 billion yen	11%	80 billion yen	15%
ICT Solutions	47 billion yen	10%	70 billion yen	13%
Basic & Green Materials	40 billion yen	7%	50 billion yen	8%

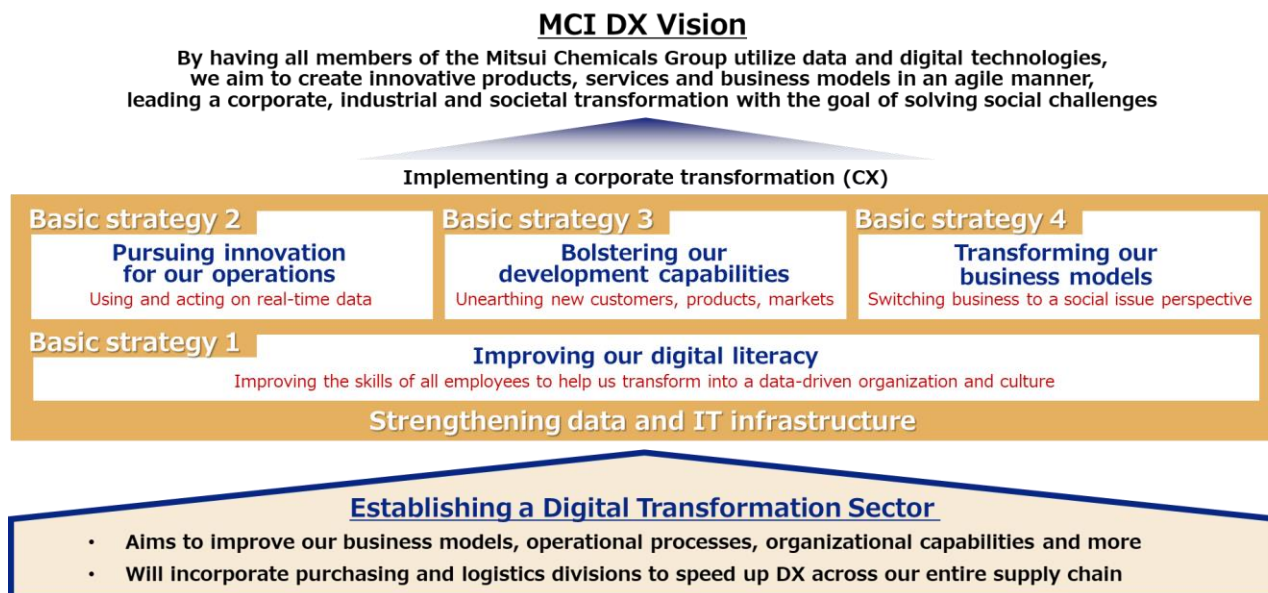
3. Next-generation business strategy and R&D strategy

With regard to the creation of next-generation businesses, we will decide on important areas that offer us growth potential and concentrate our management resources toward these areas, allowing us to cultivate businesses that can serve as pillars of our company in the future. Further, while adopting a greater perspective for business design and other such areas where we have lacked – and making more use of open innovation – we will make a spirited push into new areas.

Then when it comes to R&D strategy, we will incorporate an approach of first looking forward to a world beyond 2030, which can be difficult to predict; drafting up ideas of what sort of future we ourselves would want to create here; then backcasting from this to decide on what issues need to be dealt with, informing us of how we should proceed with R&D from a long-term perspective. In addition to establishing a Frontier Technology Center to provide related intelligence capabilities, we will strive to develop future technologies that create new value.

4. Digital transformation strategy

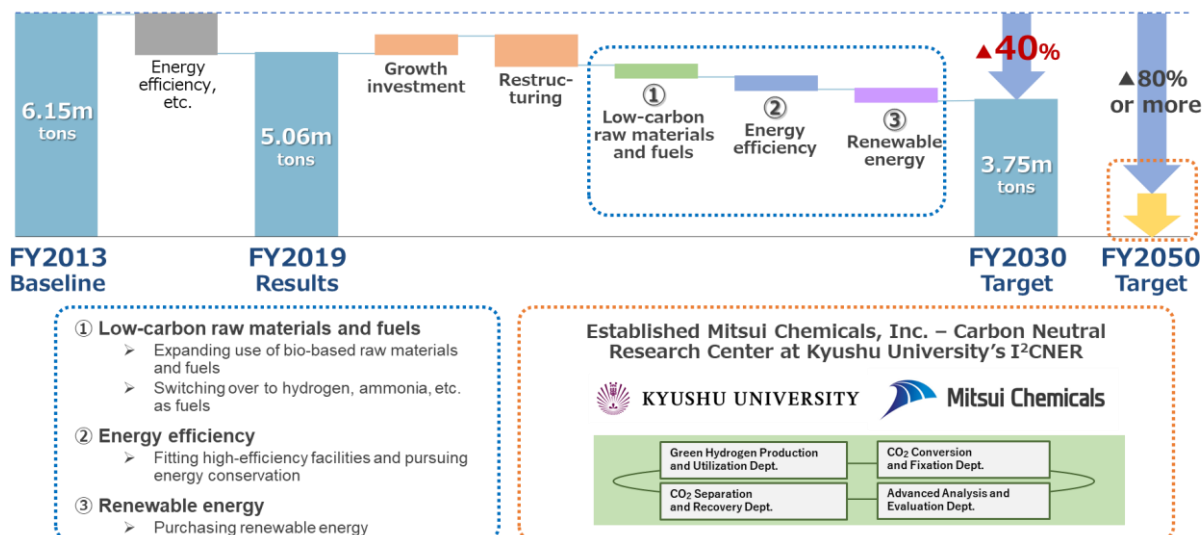
To make VISION 2030 a reality, it will be essential to speed up our efforts for digital transformation, as well as lean on this digital transformation to implement a corporate transformation. In addition to advancing digital transformation across our business, development, manufacturing and corporate divisions alike, we will endeavor to improve the digital literacy of all our employees. And in order to strengthen our efforts here, further advance our organizational capabilities and so on, we will establish a Digital Transformation Sector and pursue the speedy implementation of our MCI DX VISION.



5. Carbon Neutral Strategy

As part of our plans to achieve carbon neutrality by 2050, we revealed a roadmap this June based on the two pillars of reducing in-house GHG emissions and contributing to society through our products. Despite the fact that future business growth investments will drive up our GHG emissions, we aim to reduce GHG emissions by 40 percent over fiscal 2013–2030, and so will pursue specific strategies to this end in each of our departments. Further, the push to reach carbon neutrality by 2050 will see us make steady efforts toward the development of new technologies.

At the same time, by pursuing plastic recycling and other measures, we aim to maximize our environmental contribution value through our products.



6. Growth for Blue Value™ and Rose Value™

We will provide products and services of value relating to climate change and a circular economy, as well as those contributing to health and livelihood, highly livable communities, and food security. We aim through this to increase the social contribution value provided by our business operations.

By setting relevant targets for each part of our business portfolio, we aim to have Blue Value™ and Rose Value™ products each making up more than 40 percent of our total sales revenue by 2030.

7. Investment resource allocation

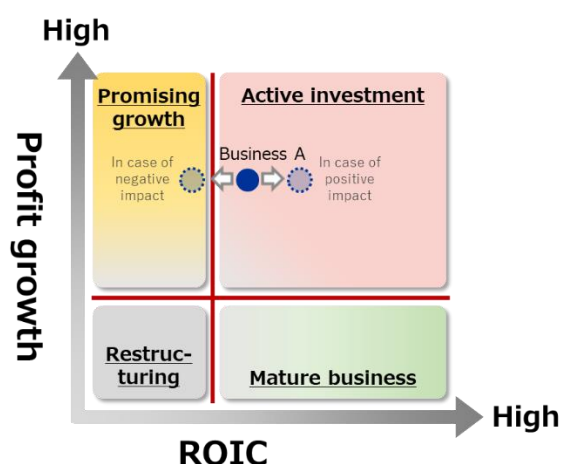
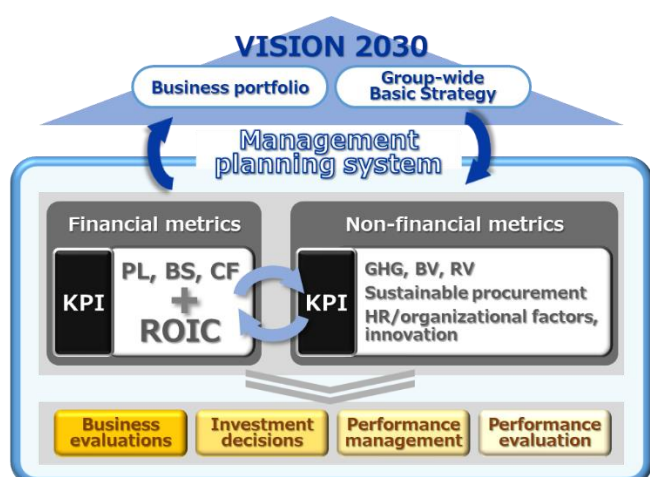
Over the 10-year period of fiscal 2021–2030, we have decided to put a total of 1.8 trillion yen toward growth investments, dividing this equally between strategic investments and internal growth investments. As part of this, 100 billion yen will go toward achieving a corporate transformation through digital transformation, with a further 140 billion yen going toward carrying out our strategy for reaching carbon neutrality by 2050.

8. Reviewing our management planning system

To make VISION 2030 a reality, it will be essential to advance a triple bottom line management approach that incorporates economic, social and environmental measures. We will work toward this by reviewing our management planning system.

(1) In order to speed up the realization of VISION 2030, we are establishing both financial and non-financial targets and KPIs that conform with our strategies for each department, allowing us to bolster the execution of strategic initiatives.

(2) In order to get a clearer idea of where each of our businesses and products stand, we will evaluate our businesses on the two metrics of ROIC and profit growth. In addition to these metrics, we will factor in positive and negative environmental impacts when holding strategic discussions and deciding on allocating resources.



9. VISION 2030 business targets

By carrying out the strategies outlined above, we intend to achieve the business targets laid out in VISION 2030.

		Around FY2025	FY2030
Financial metrics	Operating income before special items	200 billion yen	250 billion yen
	Net income attributable to owners of the parent	110 billion yen	140 billion yen
	ROIC	7.0% or more	8.0% or more
	Net D/E	0.8 or less	0.8 or less
	ROE	10% or more	10% or more
Non-financial metrics	Blue Value™ sales revenue ratio	30% or more	40% or more
	Rose Value™ sales revenue ratio	30% or more	40% or more
	GHG reduction	25.4% (FY2030; vs. FY2005)	40% (vs. FY2013)

Note: For more information on VISION 2030, please visit the following webpages.

VISION 2030 individual strategies

Presentation material

URL: https://jp.mitsuichemicals.com/sites/default/files/media/document/2021/event_211125e.pdf

VISION 2030 Basic Strategy (published June)

News release

URL: https://jp.mitsuichemicals.com/en/release/2021/2021_0602_01.htm

Presentation material

URL: https://jp.mitsuichemicals.com/sites/default/files/media/document/2021/event_210602e.pdf

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