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New Year's Greetings from President & CEO

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I would first like to wish all of you the very best as we begin the new year of 2025.

After beginning with earthquakes on the Noto Peninsula on January 1, 2024 was a year of severe weather conditions, including record-breaking heat waves, torrential rain and typhoons. I sincerely hope that 2025 will be a year of few natural disasters, and that reconstruction will progress as quickly as possible.

Against that backdrop, I wish to express my gratitude to everyone in the Mitsui Chemicals Group who has spared no effort in their work to undertake business activities across the globe, including those who have striven to maintain safe, secure operations without taking time off over the new year.

◆ Health and Safety as the Top Priority

Most regrettably, last year we experienced serious issues at one of our mainstay plants, which had a major impact on the business performance of the Mitsui Chemicals Group as a whole. We must take this matter seriously, as we could lose the trust of customers, local communities and other stakeholders. A growing number of our plants have now been in operation for several decades. As such, we must make thorough efforts to ensure safe, secure production based on perspectives and approaches that differ from those we have conventionally employed. Safety is for yourself, your family, your colleagues, and society as a whole. We therefore once again ask that each and every employee fully take on board our policy of placing safety as the top priority and endeavor to make 2025 a year with zero workplace accidents and injuries.

◆ Reflecting on 2024

While the global economy has continued to grow at a moderate pace, uncertainty is on the rise. Between geopolitical risks, shifting interest rates, and economic slowdowns in Europe and China, the business environment we find ourselves in continues to change from moment to moment. It is in this context that we have lowered the outlook for the Mitsui Chemicals Group's operating income before special items – which we set at the start of the year – from 125 billion yen to 105 billion yen, due mainly to the ethylene plant issues and sluggish performance by some products.

Nevertheless, the growth domains on which the Mitsui Chemicals Group is focusing its efforts continue to show steady income growth year-on-year, with our fiscal 2024 operating income before special items outlook to reach 120 billion yen for these domains, representing a growth rate of around 10 percent from the previous year. Our growth domains are therefore expected to be a major driver of the projected year-on-year increases in overall revenue and profits. The Basic & Green Materials business, too, has seen improvements that have returned it to profitability, once plant issues and other one-off factors are excluded.

This achievement demonstrates that business restructuring and price rises are taking effect.

◆ Looking Ahead as 2025 Begins

We have pushed back the target fiscal year for our achievement of 200 billion yen in operating income before special items – a key milestone in our VISION 2030 Long-Term Business Plan – by three years to fiscal 2028. However, we have not changed our fiscal 2030 target for operating income before special items. In fact, we have raised our capital efficiency targets for return on equity and return on invested capital, and will pursue improvements in corporate value. We must lose no time in carrying out the following tasks in order to get ourselves back on a growth track as quickly as possible.

- ① Accelerating portfolio transformation
- ② Implementing thorough cash flow management and shifting to an asset-light structure by reducing working capital, and by restructuring underperforming businesses, subsidiaries and affiliates without exception
- ③ Implementing a returns-focused resource investment plan in the areas of new business, R&D and digital transformation as well
- ④ Promoting KPI management based on financial and non-financial indicators

Heading into 2025, the environment surrounding our business is expected to remain difficult. Nevertheless, I would like for us all to keep health and safety as the top priority. Refuse to be afraid of failure as you co-create beyond organizational boundaries and tenaciously take on challenges in your efforts to achieve VISION 2030.
