

New Management Policy: "Forging the future"



1. Growth, Performance, and Sustainability

Focus on growth markets where MCG has a competitive advantage

MCG has applied the evaluation criteria of market growth potential, a competitive advantage, and carbon neutrality to rework our portfolio as a specialty chemical company.

Electronics and Healthcare & Life Science will be positioned as our strategic focus as we move forward. MCG aims to further increase corporate value by concentrating business resources in these priority markets.

Our portfolio assessment criteria

Market Attractiveness

- Market growth
- Potential risk factors
- ROS / ROIC / EBITDA margin

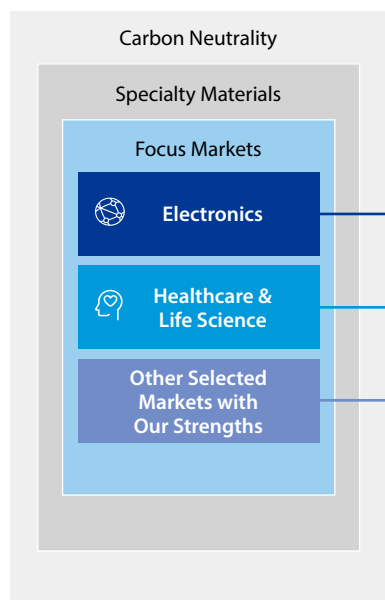
Strength

- No. 1 / 2 market position potential
- Technology innovation
- Competitive advantage

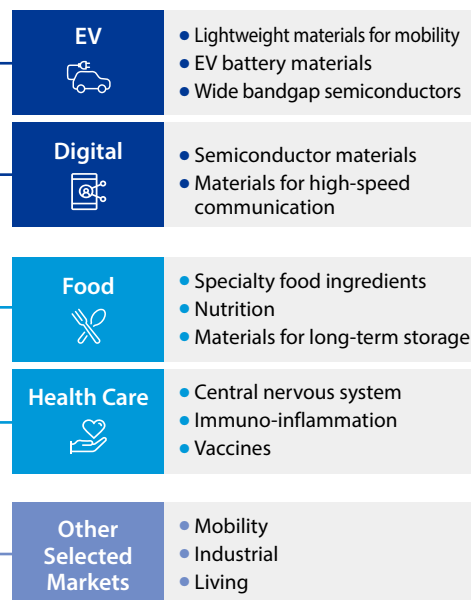
Carbon Neutrality

- CO₂ emissions level
- CO₂ reduction potential
- Values to customers/society

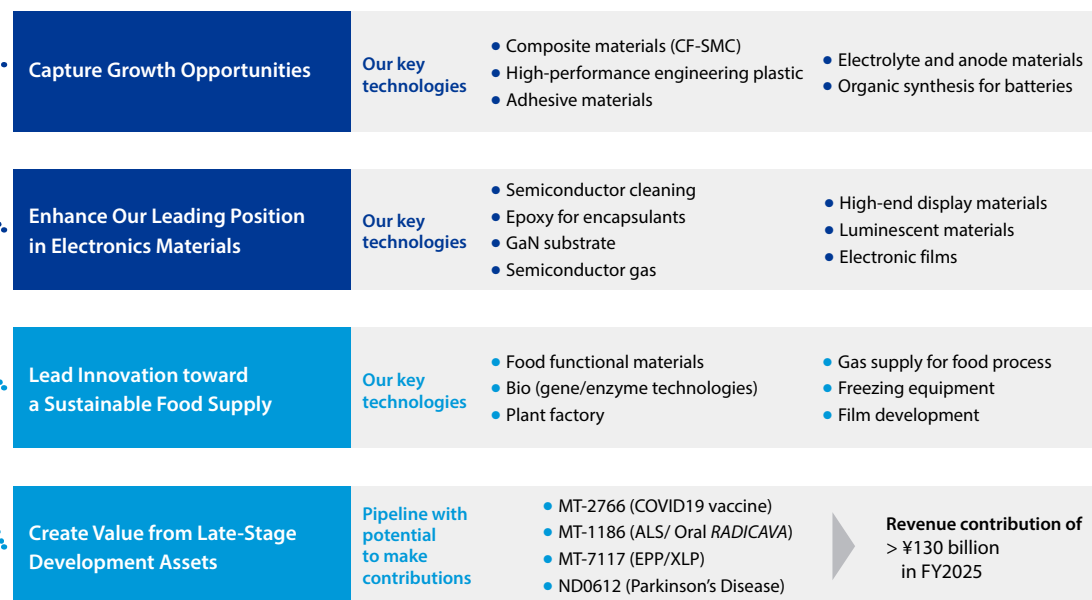
Our strategic focus



Target segments



Targets



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Investment in solid performance materials businesses, based on the revamped portfolio

MCG will invest in sustained growth in the chemicals, polymers, films, and molding materials businesses, where we have multiple core technology platforms in key strategic priority markets. We will work to enhance our competitive edge and expand our platform as a specialty chemical company.

Core technology strengths

Chemicals	
MMA	<ul style="list-style-type: none"> No. 1 supplier of MMA monomer with approximately 30% global market share Proprietary new ethylene method leading to cost competitiveness
Functional Monomer	<ul style="list-style-type: none"> Molecular design technology fully tailored to customer needs
Films	
Optical Film	<ul style="list-style-type: none"> Top manufacturer of optical polyester film with approximately 20% global market share
Barrier Film	<ul style="list-style-type: none"> Key supplier of barrier films primarily for food packaging and medical products
Industrial Film	<ul style="list-style-type: none"> Value-adding offerings for a wide variety of industrial applications Low environmental-load technologies

Polymers	
Bioplastics	<ul style="list-style-type: none"> Cutting-edge bioplastics for sustainable food packaging and glass alternatives
EVOH*	<ul style="list-style-type: none"> Proprietary high performance polymer for food packaging
Functional Resin	<ul style="list-style-type: none"> Comprehensive and environment-friendly resin offerings
Molding Materials	
Carbon Fiber Composite Materials	<ul style="list-style-type: none"> World-leading integrated product chain of carbon fiber
Super Engineering Plastic Components	<ul style="list-style-type: none"> Chemical partner for global OEMs, industrial machinery, and aircraft manufacturers

* Ethylene vinyl alcohol copolymer

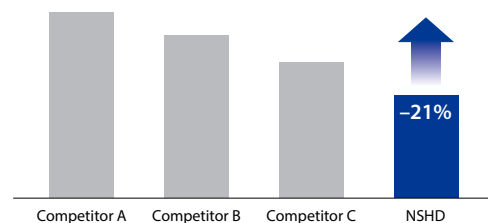
Take strategic initiatives to capture growth, reduce costs, and improve profitability in industrial gases

Nippon Sanso Holdings (NSHD) is the fourth largest industrial gas company in the world. NSHD is pursuing strategic initiatives to increase profitability with a view to moving into the global top three, through new opportunities for growth investment and cost-cutting programs.

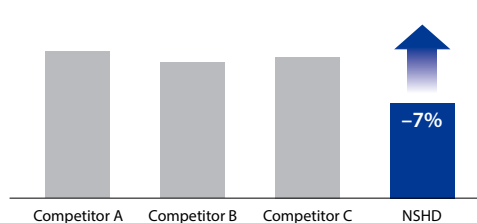
Comparison of profitability among global gas majors

Source: Capital IQ, IR materials

EBITDA margin (As of March 31, 2022)



ROIC (As of March 31, 2022)



Strategic initiatives

Cost Reduction

- Apply cost reduction measures taken in Europe and the United States into other regions
- Improve profitability in Japan

Financial Discipline

- Improve financial stability
- Balance growth investment, deleveraging, and shareholder returns

Capture Global Market Growth

- Especially in the United States and Europe

New Business Development / Realize Synergies with the Group

- Semiconductor materials
- Hydrogen
- Medical gases

Carbon Neutrality

- Formulate a roadmap to 2030 and 2050 carbon neutrality

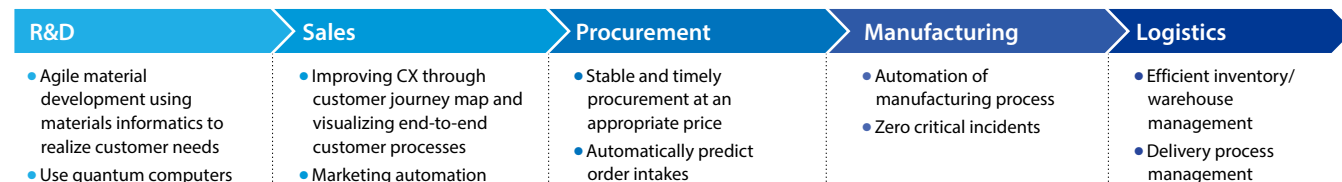
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Success in digitalization and sustainability will separate winners from losers in the chemicals sector

Enhanced digital strategy enabling CX and business process transformations

We think that installing and applying digital technologies means more than just improving business efficiency. MCG has positioned digitalization as a strategic priority in our business model reforms to enable customer experience (CX) and business process transformations.

Key DX themes of supply chain



Key DX themes



Path toward carbon neutrality while achieving sustainable growth

In our medium- to long-term basic management strategy, KAITEKI Vision 30, unveiled in February 2020, MCG defined achieving GHG impact neutrality as one of its social visions in 2050. To achieve this, MCG is implementing measures across the value chain to reduce GHGs and ensure effective use, as well as formulating global emissions reduction targets and policies appropriate for each country and region. By 2030, we aim to reduce GHG emissions by 29% versus fiscal 2019 levels, and by 2050 we plan to reach carbon neutrality while achieving sustainable growth.

Carbon neutrality by 2050

Our GHG emissions (Scope 1 + Scope 2)

