



The TOP 2021

Through The TOP 2021 medium-term business plan, we will focus on showing all our stakeholders a “promising future,” while establishing a foundation for growth. With the aim of achieving our vision of becoming a *Koseiha* company by 2025, this is a medium-term business plan that turns the helm sharply in the direction of growth.

Vision: *Koseiha* Company

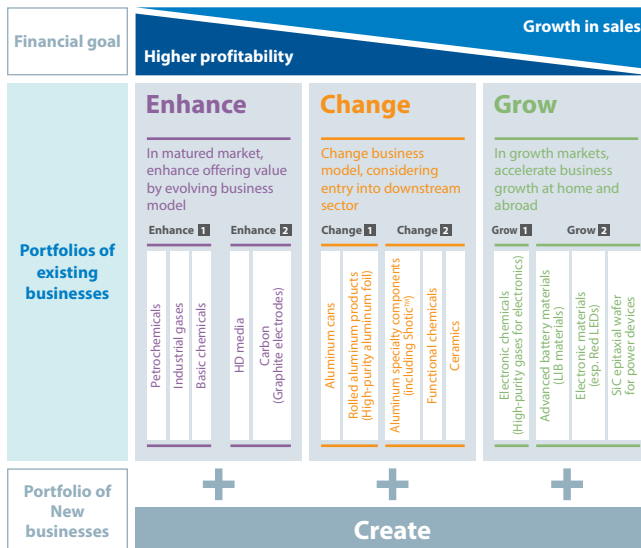
By 2025, make half or more *Koseiha* Businesses

Our global No.1 businesses Market size (SDK's share)	(Reference) Features of <i>Koseiha</i> Businesses
HD media ¥400 billion (25%)	Operating margin 10% or more
High-purity gases for electronics ¥150 billion (25%)	Operating income Billions of yen or more
Graphite electrodes (UHP) ¥300 billion+ (over 30%)	Stable profitability tolerant to environmental change

The Showa Denko Group's Vision of becoming a *Koseiha* company means becoming a federation of businesses that build No. 1 positions in markets of appropriate scale, ranging from tens of billions to hundreds of billions of yen. For each of the businesses of both Showa Denko and Hitachi Chemical, we will draw up and strengthen roadmaps to becoming *Koseiha* businesses, with a medium- to long-term management target of making at least half of existing businesses into *Koseiha* businesses by 2025.

Businesses Portfolio (Enhance, Grow, Change)

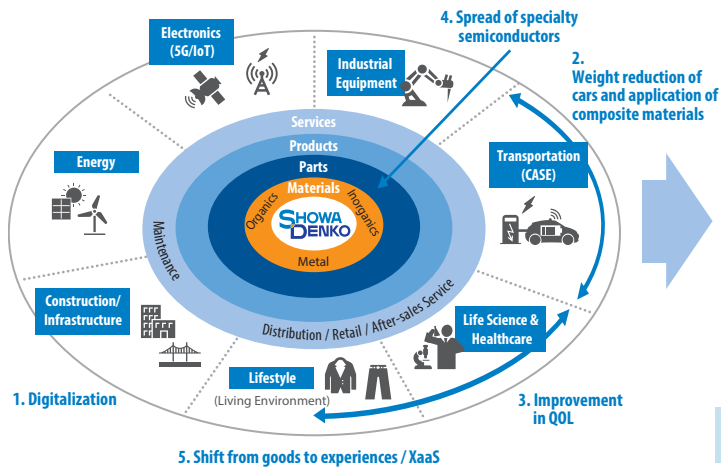
Pillars of Group strategy: Rapid progress in existing businesses



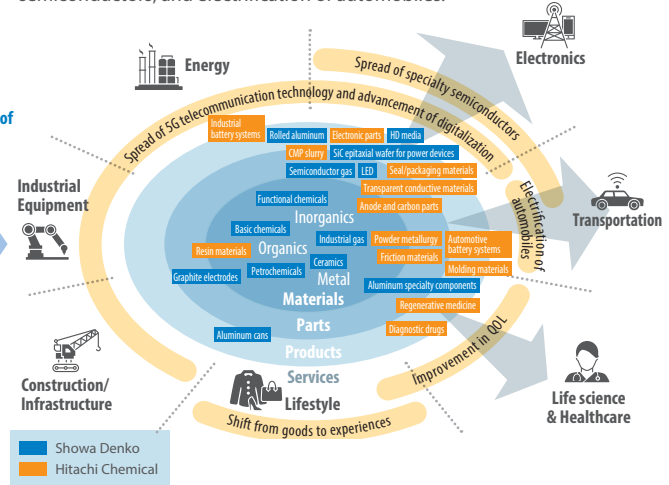
The medium-term business plan lays out a clear route to becoming *Koseiha* businesses by classifying each business into one of three categories: enhance, grow, or change. For enhance, the addition of the European graphite electrode business has resulted in a significant increase in net sales, but the theme in this group is to target higher operating margins by improving profitability. For grow businesses, the theme is growth in net sales. With the shift to electric vehicles and increased use of information, markets in this business domain will expand going forward. We will build solid best-in-class positions in environments such as these, actively investing in anticipated market growth. To ensure adequate profitability, we will aim for 1.5 times net sales of the previous years. For businesses in the change category, the theme will be growing business segments, for instance, by looking to expand into downstream sectors from the core business, with the objective of improving both growth and profitability.

Business Domains and Growth Drivers

We set 5 growth drivers in 7 business domains as presupposition of the new medium-term business plan.



By combining the core technologies of SDK and Hitachi Chemical, the two companies will together aim to grow in 7 business areas including 5G, semiconductors, and electrification of automobiles.



For Showa Denko to achieve further growth, it is important to extend our value chains to include the parts, products, and even services, rather than being confined to the core domain of materials. The medium-term business plan specifies seven business domains and five growth drivers. For business domains that we are particularly focused on, we are beginning initiatives in Transportation, typified by CASE, and in Electronics, which includes such technologies as 5G and IoT. We are concentrating on the five growth drivers: digitalization in all domains; advances in materials spurred on by the weight reduction of cars in the Transportation domain; on improvements in QOL in Lifestyle and in Life Science & Healthcare; on the spread of specialty semiconductors, which affects Materials; the evolution of business models that will shift from goods to experiences; and a focus on XaaS (delivering services).

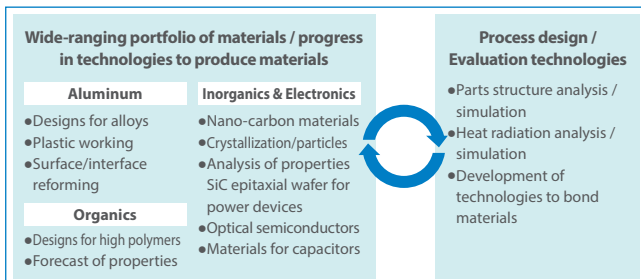
Transportation Business Domain

Actions in the Transportation business domain

By looking at the future of the automobile industry, we anticipate changes in the needs for materials

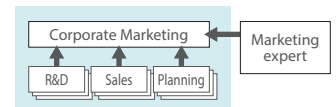
Light weight/rigidity	Heat radiation/heat storage	Electrical insulation	Adhesion between different materials
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Composite-material solution utilizing our original materials/technologies



Strengthening marketing function

We set up Corporate Marketing Team within the Corporate Strategy Department, as a cross-functional multitasking team



Corporate Marketing Team's mission

Plan and implement cross-business marketing strategy at the early stage of the market				Establish company-wide marketing platform		
Macro-market analysis	Technical trend analysis	Cross-business promotion	Examine commercialization	Digital marketing strategy	Introduce company-wide CRM	Rebuild website

Started marketing in the automotive market



In the Transportation business domain, we have begun a project for automotive composite materials. By leveraging, to the fullest extent, the uniqueness of our materials and technology, we will move forward with initiatives to resolve the issues faced by the automobile industry. Because the Showa Denko Group is spread across many product lines and business domains, we have set up a corporate marketing team within the Corporate Strategy Department to take action with an emphasis on the market, and have built a platform that can be shared by the company as a whole.