Hodogaya Chemical Group Value Creation Process

The Hodogaya Chemical Group, based on changes in the internal and external environment as well as the demands of our stakeholders, has established a corporate image that we aspire to be: A corporation that contributes to establish a sustainable society by means of our original portfolio and environmentally friendly manufacturing, with a focus on specialty products. We will continue to solve social issues and contribute to the realization of a sustainable society through the value created by our business activities under the catchphrase Your Dream is Our Business.

6,014.71 JPY

922

620

PURPOSE – Management Philosophy –

Through constant innovation of chemical technology, we will provide high-quality products and services throughout the world and contribute to the creation of an environmentally conscious society.

VISION - Target Corporate Image

A corporation that contributes to establish a sustainable society by means of our original portfolio and nvironmentally friendly manufacturing with a focus on specialty products

Inputs (FY2023 Financial capital Financial foundation and investments that underpin value creation 57,443 million JPY Net assets • Net assets per share 47,734 million JPY Fauity Interest-bearing debt 9,386 million JPY Human capital Personnel who can learn, think, and act on their own Number of employees • Percentage of overseas personnel Global Labor costs 2.606 million JPY environment • Investment in education per employee (non-consolidated) 54 thousand JPY in-house training $\binom{\binom{5}{5}}{2}$ Intellectual capital Society

External Environment

People

(society and

organization)

Governance



Technology and collaborative foundation that underpins global competitiveness

• Participate in industry-academia collaborations

- (development of new materials) 5,011 million JPY
- Ratio of R&D expenses to net sales 11.3% • Know-how regarding protecting intellectual property

Manufactured capital

Global production base network

- Global production base network (3 domestic, 1 overseas)
- Capital expenditures 5.780 million JPY • Ratio of capital expenditures to net sales 13.1%
- Use of environment-friendly materials

relationship capital

Social and

Long-term customer base and relationships of trust through co-creation with various stakeholders

- Purchasing policy for both Hodogaya
- Sales subsidiaries (6 domestic, 6 overseas) • Development and production of secure, safe
- •Trust and the HCC brand built up over a 109year history



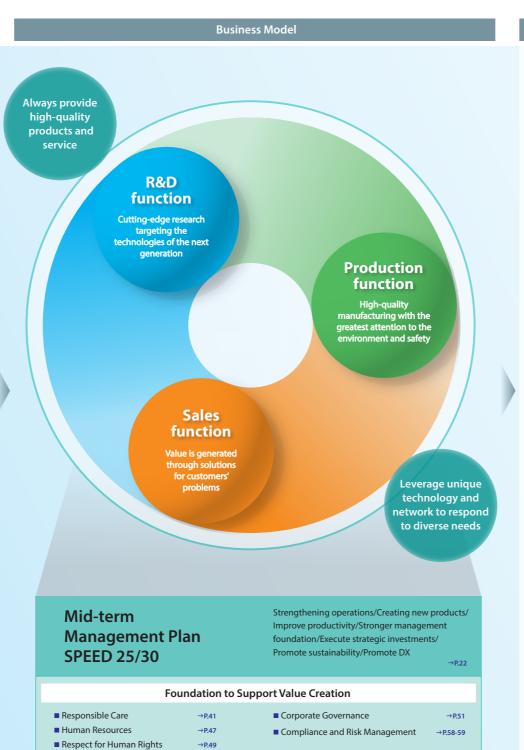
Efficient use of resources • Energy use (crude oil equivalent) 21.920 kl Water use 9.853 kt

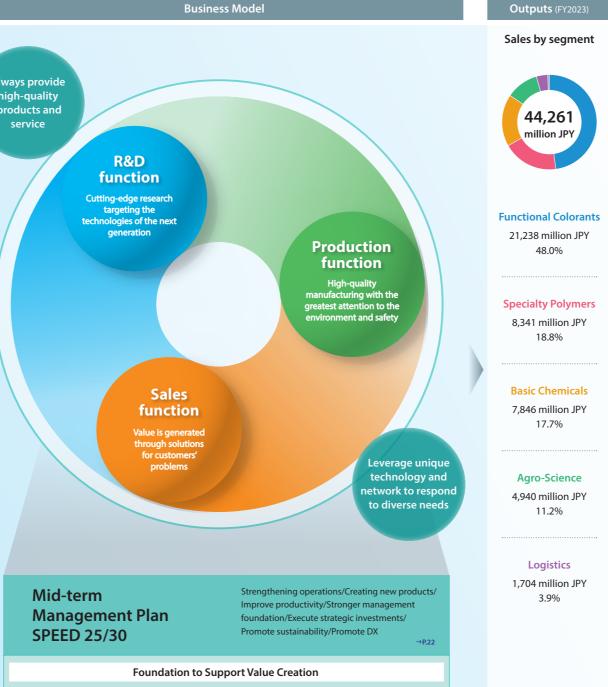
Strengths accumulated over many years A solid foundation of three core technologies Highpurification technology Development capability in functional materials **Fvaluation** technology for functional materials **Ever-evolving three** competitive advantages Value creation Research and development

Manufacturing

technology

Strengths→P.16





Economic Value

Capital policy to enhance

 DOE • 10-year TSR +102.2% (annual+7.3%)

Human Value

Create a pleasant environment, active contributions from diverse personnel

- Improve employee engagement
- Percentage of overseas sales
- Percentage of female managers 11.3% Certified as a Health & Productivity
- Management Outstanding Organization for four consecutive years
- Percentage of personnel taking childcare leave
 Male 109% childcare leave Female N/A
- Percentage of personnel taking paid
- holidays • Percentage of personnel who acquired Compliance Proficiency qualification (Japan) 100% (management)

Intellectual Value

Generate new innovation and raise corporate value

 Increase percentage of sales accounted for by new products

Manufacturing Value

Increase competitive advantage for

- Construction of a new biotechnology building (BioPark) at SFC CO., LTD. in South Korea
- Expansion of environmentally friendly products

Social Value

Consideration for the local environment through our business activities

- · Comply with global-level purchasing policy • Zero statutory and regulatory
- violations zero lost-time injuries Social contribution activities 17 million JP\

Environmental Value

Consideration of global environmental issues

Business Overview→P.32

- Energy intensity 0.4952 kl/million JPY of net sales CO₂ emissions (Scope 1 + Scope 2)
- (0.805t-CO₂/million JPY of net sales) Water discharge volume • Industrial waste volumes

Materiality→P.19

Agricultural & food products

 Contributing to the realization of a safe. secure, and prosperous dietary lifestyle

Environment & energy

Contributing to lighter environmental impact

Flectronics & information

 Contributing to the realization of a prosperous smart life

Mobility

Providing safe logistics

Life sciences

 Maintaining people's health and safety and contributing to the provision of safe and secure medical services