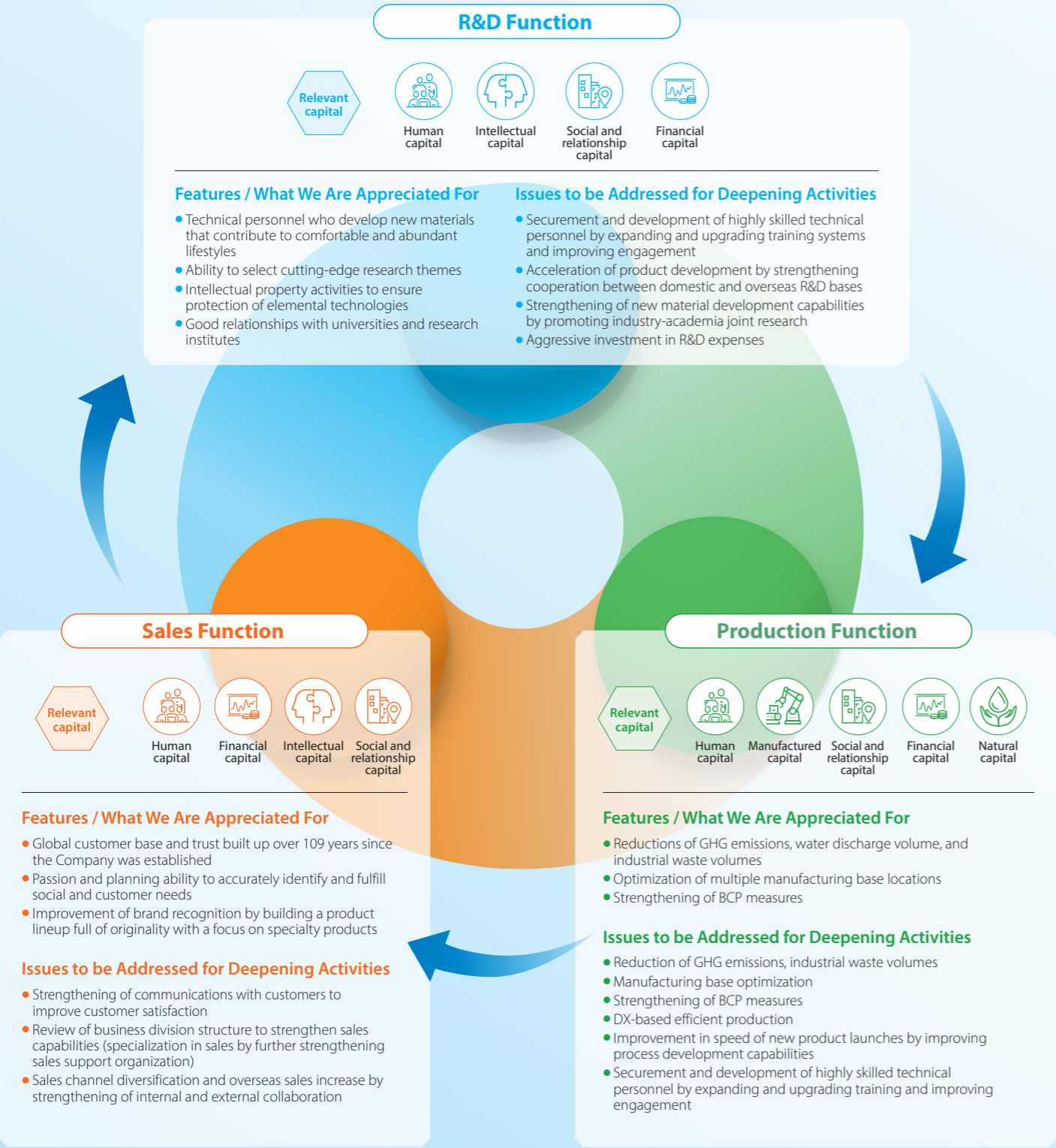


Explanation of Value Creation Process

Business Model

The Hodogaya Chemical Group has built a three-pronged business model in which the R&D, production, and sales functions all collaborate to quickly ascertain the diversifying needs of society and respond quickly to the differing needs of its various customers. Utilizing the Company intranet, the R&D, production, and sales functions share information efficiently and quickly regardless of location, leading to product development. In addition to working to improve efficiency by holding monthly production and sales meetings, we share customer requests and needs obtained by sales departments with business divisions and production bases. We also have in place a system that allows us to quickly select the systems necessary for product improvement and new R&D themes.



Strengths

A Solid Foundation of **Three** Core Technologies

1. High-purification technology



Leveraging advanced refining technologies that achieve a higher level of purification

Highly purified raw materials that can be used in new fields and are always in demand for constantly evolving applications. The Hodogaya Chemical Group's advanced refining technology solves the most stringent demands and meets customer expectations.

2. Development capability in functional materials



Developing materials with new functionality that leads to comfortable and abundant lifestyles

The goal is to fulfill dreams – abundant lifestyles that are safe, secure, and comfortable. The Hodogaya Chemical Group will open up all kinds of fresh possibilities for its technology while offering new materials that feature a wide array of functions.

3. Evaluation technology for functional materials



Knowledge, experience, and skill. Evaluation technology that supports materials of the future

The responses to the Hodogaya Chemical Group's products, which are finished with a high degree of sophistication, are reflected in the trust our customers place in us. We transform the results from evaluations into new designs and cutting-edge materials ahead of others.

Ever-evolving **Three** Competitive Advantages

1. Value creation



Creating new value that leads to solutions for all of our customers' issues

The Hodogaya Chemical Group accurately identifies the needs of society and its customers, and then responds with passion and innovation, creating products with high added-value underpinned by its technological expertise and know-how.

2. Research and development



Cutting-edge research targeting the technologies of the next generation

Leveraging state-of-the-art research facilities and advanced research capabilities honed over its long history, the Hodogaya Chemical Group carries out cutting-edge research projects that lead to the creation of entirely new value.

3. Manufacturing technology



High-quality manufacturing with the greatest attention given to the environment and safety

Having built a reputation for dependably supplying high-quality products while ensuring excellent cost competitiveness, the Hodogaya Chemical Group has put in place a manufacturing system that is based on high standards for safety and the environment.

Outcomes / Impacts

As a chemical manufacturer, the Hodogaya Chemical Group aims to be a company that can contribute to the creation of an environmentally conscious society by leveraging its high levels of specialty and originality. To be growing for the next 100 years, we believe that we must realize, in a variety of ways, the Hodogaya Chemical Group's catchphrase: Your Dream Is Our Business. By rapidly responding to global social issues and meeting the expectations of all stakeholders, we aim to increase corporate value and achieve sustainable growth.