# **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. Through collaboration across the Company, the R&D, production, and sales functions share information efficiently and guickly 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.

#### **R&D Function**











#### Features / What We Are Appreciated For

- Technical personnel who develop new materials that contribute to comfortable and abundant
- Ability to select cutting-edge research themes
- Intellectual property activities to ensure protection of elemental technologies
- Good relationships with universities and research

#### Issues to be Addressed for Deepening Activities

- Securement and development of highly skilled technical personnel by expanding and upgrading training systems and improving engagement
- Acceleration of product development by strengthening cooperation between domestic and overseas R&D bases
- Strengthening of new material development capabilities by promoting industry-academia joint research
- Aggressive investment in R&D expenses



















#### Intellectual Social and capital

#### Features / What We Are Appreciated For

• Global customer base and trust built up over 110 years since the Company was established

**Sales Function** 

- Passion and planning ability to accurately identify and fulfill social and customer needs
- Improvement of brand recognition by building a product lineup full of originality with a focus on specialty products

#### Issues to be Addressed for Deepening Activities

- Strengthening of communications with customers to improve customer satisfaction
- Review of business division structure to strengthen sales capabilities (specialization in sales by further strengthening sales support organization)
- Sales channel diversification and overseas sales increase by strengthening of internal and external collaboration

#### **Production Function**









capital Features / What We Are Appreciated For

- Reductions of GHG emissions, water discharge volume, and industrial waste volumes
- Optimization of multiple manufacturing base locations
- Strengthening of BCP measures

#### Issues to be Addressed for Deepening Activities

- Reduction of GHG emissions, industrial waste volumes
- Manufacturing base optimization
- Strengthening of BCP measures
- DX-based efficient production
- Improvement in speed of new product launches by improving process development capabilities
- Securement and development of highly skilled technical personnel by expanding and upgrading training and improving

## **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



# 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.