



We lead the world with specialty acrylates

Osaka Organic Chemical Industry Ltd.

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Integrated Report 2024



We lead the world with specialty acrylates

Osaka Organic Chemical Industry Ltd.



OOC Group's Philosophy System and Founder's Vision

Corporate Philosophy

The Company and its employees form a single entity that works together and shares a single destiny. The Company's prosperity rests on the efforts of the employees; the happiness of the employees flows from the prosperity of the Company.

The Company's basic policies will always reject the errors of bias and self-righteousness. They will improve individual character through the integrity and unflagging efforts of each individual along with their mutual trust, assistance and devotion. They will serve and benefit the community through superior production activities.

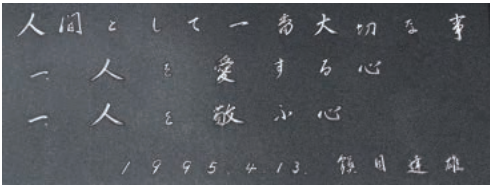
Management Philosophy

We will place the highest value on each person's individuality and will contribute to the development of society together with our customers by providing materials with unique functions.

Management Vision

Providing value to the global market as a corporate leader in specialty acrylates.

Founder's Principles



Founder's Vision

OOC has always been an R&D-focused organization. The evolution into our present form began in 1941, when founder Tatsuo Shizume succeeded in the domestic production of Canada balsam adhesive used for optical lenses. His aim was to create a company that would be admired worldwide. It was an aim he pursued through a lifelong dedication to creating outstanding chemicals of benefit to consumers and the world at large. Passion was everything to him. He felt that outstanding results could arise from the pure application of effort. It was this conviction that drove him to work on bringing value to the world, as he pursued his vision and love of organic chemistry. We will continue to pursue the founder's vision while striving to create new value by looking ahead to the future.

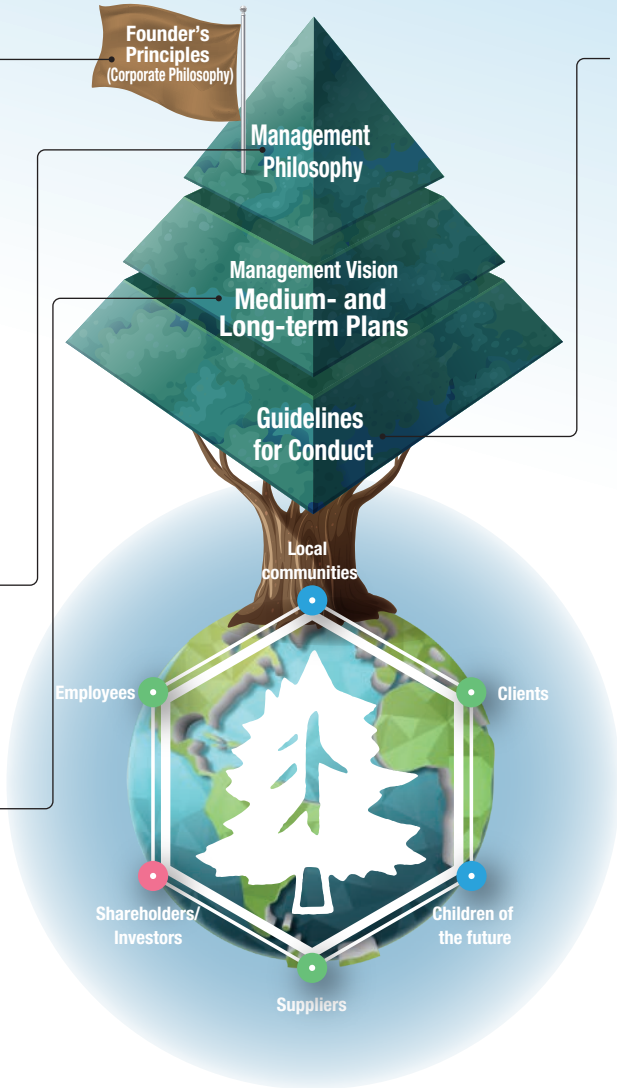
Editorial policy

The OOC Group created this report with the intention of communicating our value creation in an easy-to-understand manner to all stakeholders, including customers, employees, shareholders, and investors.

Organizations covered by this report

This report covers initiatives carried out by Osaka Organic Chemical Industry Ltd. and Shinko Organic Chemical Industry Ltd. (a domestic consolidated OOC subsidiary). Some non-consolidated information of Osaka Organic Chemical Industry Ltd. is also included.

Published
July 2024



Guidelines for Conduct (Excerpt)

Together with all stakeholders

- We will always keep our promises to stakeholders, and will face them with a stance of sincerity and humility.

Together with employees and their families

- We will make the most of each other's strengths, complement each other, and work as teams to demonstrate our abilities to their fullest.

Together with customers and business partners

- We will continue to provide materials with unique functions that can bring about innovation for our customers.

Together with local communities

- We will place the highest priority on safety and will aim for zero accidents and zero disasters.

Sustainability Policy

- We value the individuality of our employees and encourage employee engagement, while aiming for an environment where they can continue to maintain their physical and mental health.
- We continue to provide materials with unique functions that lead to innovation and contribute to solving social issues, and strive to improve our corporate value.
- We place top priority on safety and aim for the sustainable development of society together with our customers.

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Separate Roles for Website and Booklet

Business and Financial Information		Sustainability Information	
	Website Shareholder and Investor Information		Financial Results Annual Securities Report
			Sustainability This section introduces our sustainability activities from environmental, social, and governance perspectives. Comprehensive coverage of more detailed information.

OOC's Value Creation

History and Strengths of Value Creation

Osaka Organic Chemical Industry (OOC) was founded on a vision of using organic chemistry to benefit consumers and the world at large.

Today, we continue to honor our founder's vision as we work to create new value.

1941

Osaka Yuki Kagaku Kogyosho

Founded

1946

Osaka Organic Chemical Industry Ltd.

Established

Canada balsam and cedar oil
⇒ Distillation/refining technology

Acetic esters ⇒
Esterification technology

1950



Acrylic acids ⇒
Polymerization prevention technology

1960

Specialty methacrylic esters
⇒ Application to esterified products

1970

Raw materials for products such as
photo-curable paints and inks:
Viscoat Series

1980

Raw materials for
pharmaceutical
intermediates

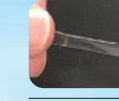


Commercializing
specialty acrylates

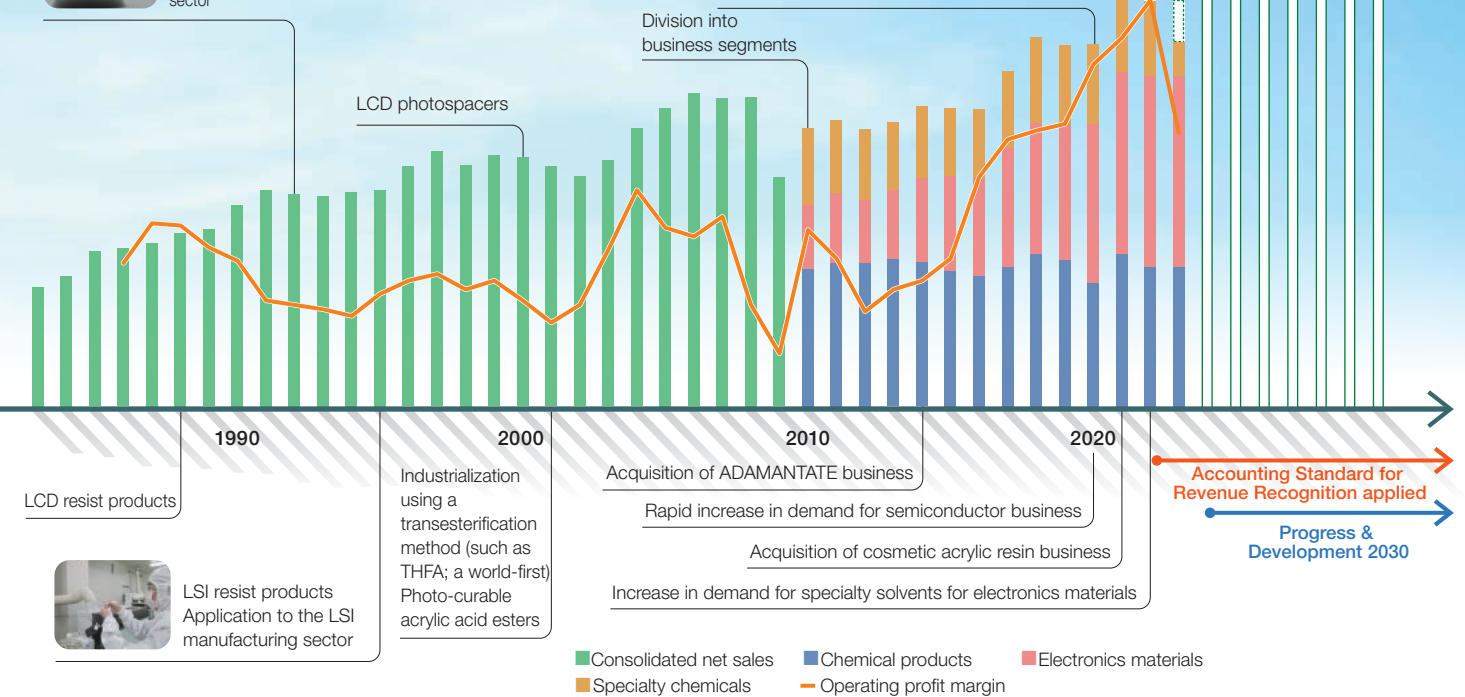
Net sales in FY2023: **28.9 billion yen** (new Accounting Standard for Revenue Recognition)
33.6 billion yen (previous Accounting Standard for Revenue Recognition)



Full-scale release
in the LCD
manufacturing
sector



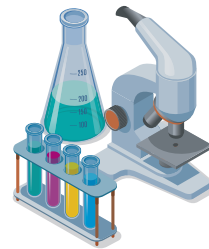
Commercialization through mass
polymerization technology
(Functional acrylic elastomers)



Strength 1

Ability to respond

We possess a large number of products with high global market shares



Strength 2

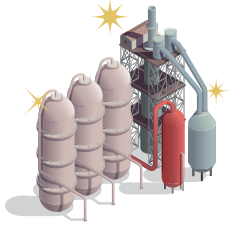
Technological strength

Technology with unique competitive advantage

Strength 3

Supporting infrastructure

Unique strengths of the OOC Group that no other company can imitate



Wide variety / Small quantities

In order to respond to each and every detailed request from our customers, we have a flexible production system that can handle small amounts of a wide variety of products, and we have a large number of product groups that have the top global market share in niche business areas.

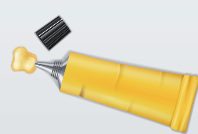
Automotive paints / Adhesives /
Raw materials for UV inkjet inks

"4-HBA"



No. 1
global
market
share

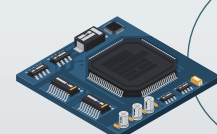
"IBXA"



Materials for highly
functionalized displays



ArF resist monomer, a raw material for
advanced semiconductors



No. 1
global
market
share

Acrylic resin
for cosmetics



No. 1
share in
Japan

Top-level production technology in the industry

OOC is the industry leader in acrylic acid ester production technology (polymerization prevention and control technology). With bold ideas and a passion for manufacturing, we are constantly improving our technology and developing new technologies and products.

The cleanest plant in Japan

All employees participate in 5S initiatives in small groups, and these initiatives have been established as business improvement initiatives. We aim to make our plant the cleanest in Japan, and we are working on safety, quality improvement, and environmental conservation as our priority issues every single day.

Human resource development through OYPM initiatives

(Improving problem-solving skills)
Continuity is power, and the OYPM initiatives that have continued steadily for over 25 years are still evolving.



High quality control technology

We respond with sincerity to the need for continuation of business as usual and the increasing individualization, sophistication, and complexity of customer requirements.



Integrated support capability from R&D to industrialization

- Outstanding ability to make proposals and solve customer issues
- Provision of service solutions based on research and manufacturing technologies
- Functional representation of customer/client operations



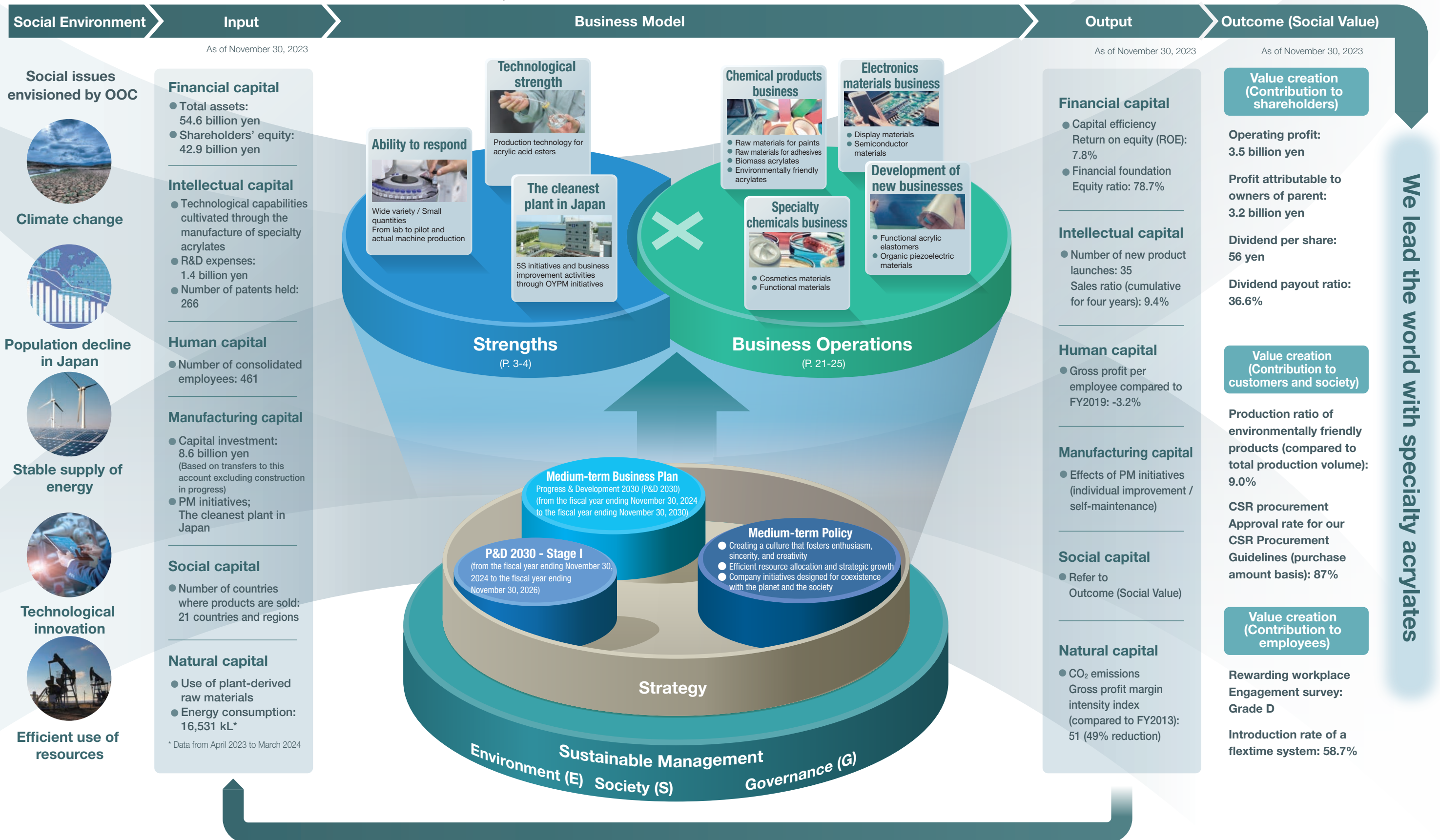
OOO's Value Creation Process

Management Philosophy of OOC

We will place the highest value on each person's individuality and will contribute to the development of society together with our customers by providing materials with unique functions.

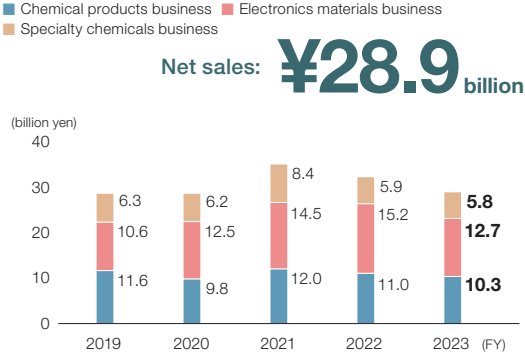
Management Vision

Providing value to the global market as a corporate leader in specialty acrylates.



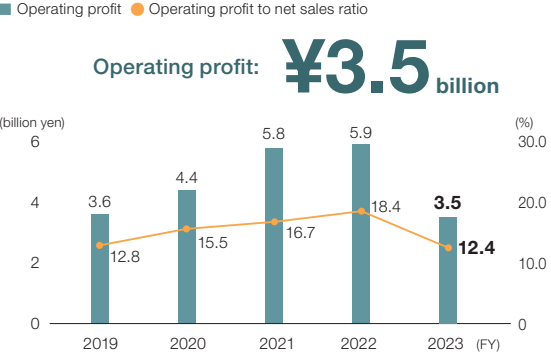
Financial Highlights

Net sales



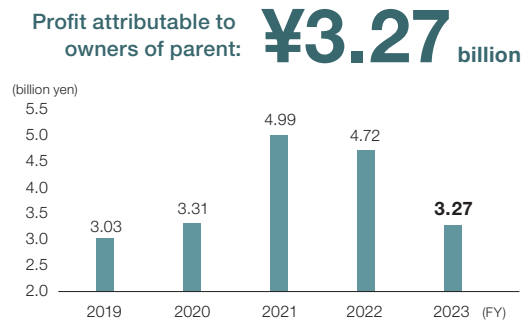
Due to the impact of sluggish demand for displays and semiconductors, net sales declined mainly in the electronics materials business. As a result, net sales decreased 10.3% year on year to 28.907 billion yen. (The Accounting Standard for Revenue Recognition has been applied since FY2022.)

Operating profit / Operating profit to net sales ratio



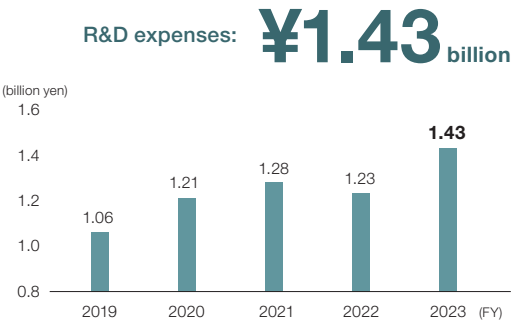
Operating profit decreased 39.7% from the same period last year to 3.577 billion yen due to a drop in net sales and higher raw material and fuel prices.

Profit attributable to owners of parent



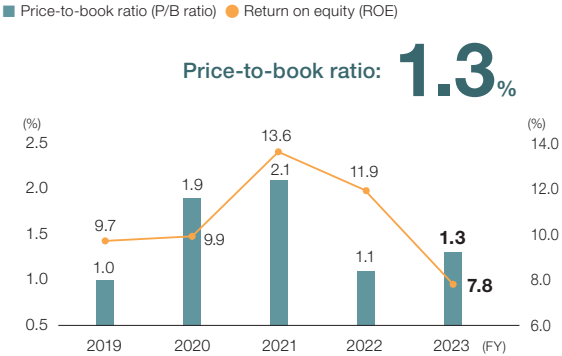
Net income decreased 30.8% from the same period last year to 3.27 billion yen.

R&D expenses



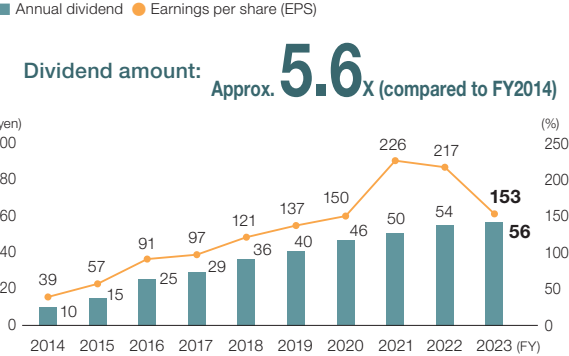
R&D expenses have been increasing at an average rate of about 8% per year.

P/B ratio / ROE



As of the end of November 2023, our P/B ratio was 1.3x, above 1.0x, but our ROE was 7.8%, significantly lower than the previous year (11.9%).

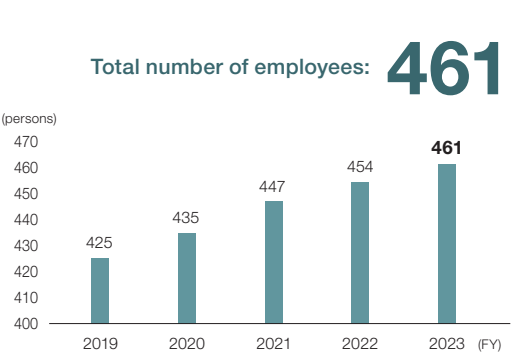
Trends in shareholder return



In line with our earnings growth, we have increased our dividend for nine consecutive years. Dividends are 5.6 times higher than in FY2014.

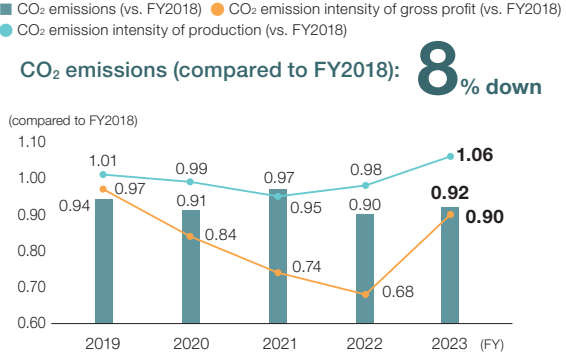
Non-Financial Highlights

Number of employees



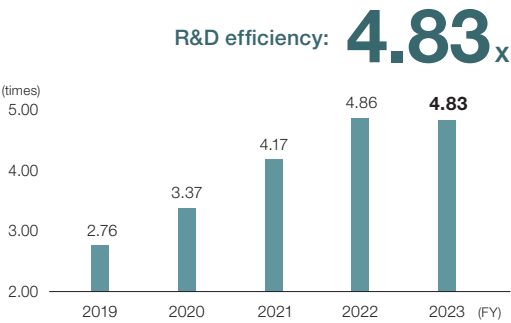
As our business expands, so does the number of our employees.

CO₂ emissions



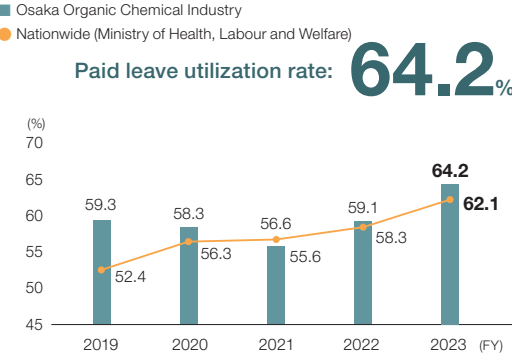
In FY2023, the impact of lower sales in the electronics materials business resulted in a significant increase in the gross profit to sales ratio.

R&D efficiency



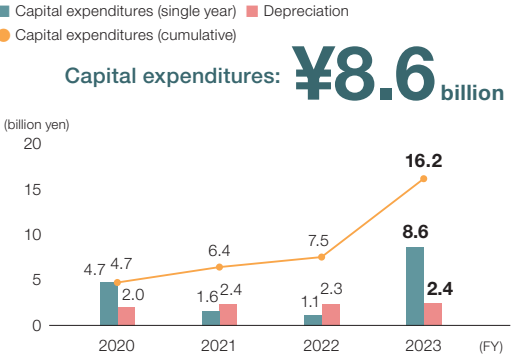
In FY2023, efficiency slowed down as operating profit declined.
R&D efficiency = Five-year average operating profit / Five-year average R&D expenses starting from five years before the relevant five-year period

Paid leave utilization rate



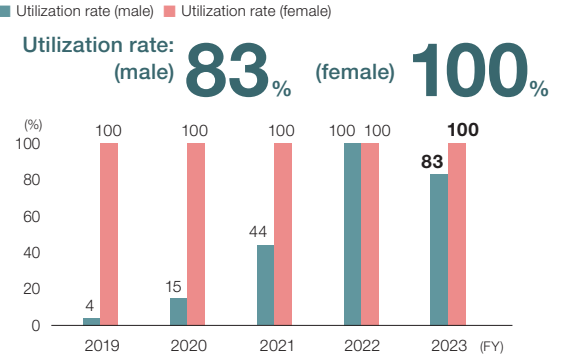
Increased employee awareness of the taking of paid leave has led to an increase in the utilization rate over the past two years.
National figures from the General Survey on Working Conditions (Ministry of Health, Labour and Welfare)

Capital expenditures / Depreciation



Capital expenditures were made in line with the medium-term business plan, totaling 16.2 billion yen from FY2020 to FY2023.

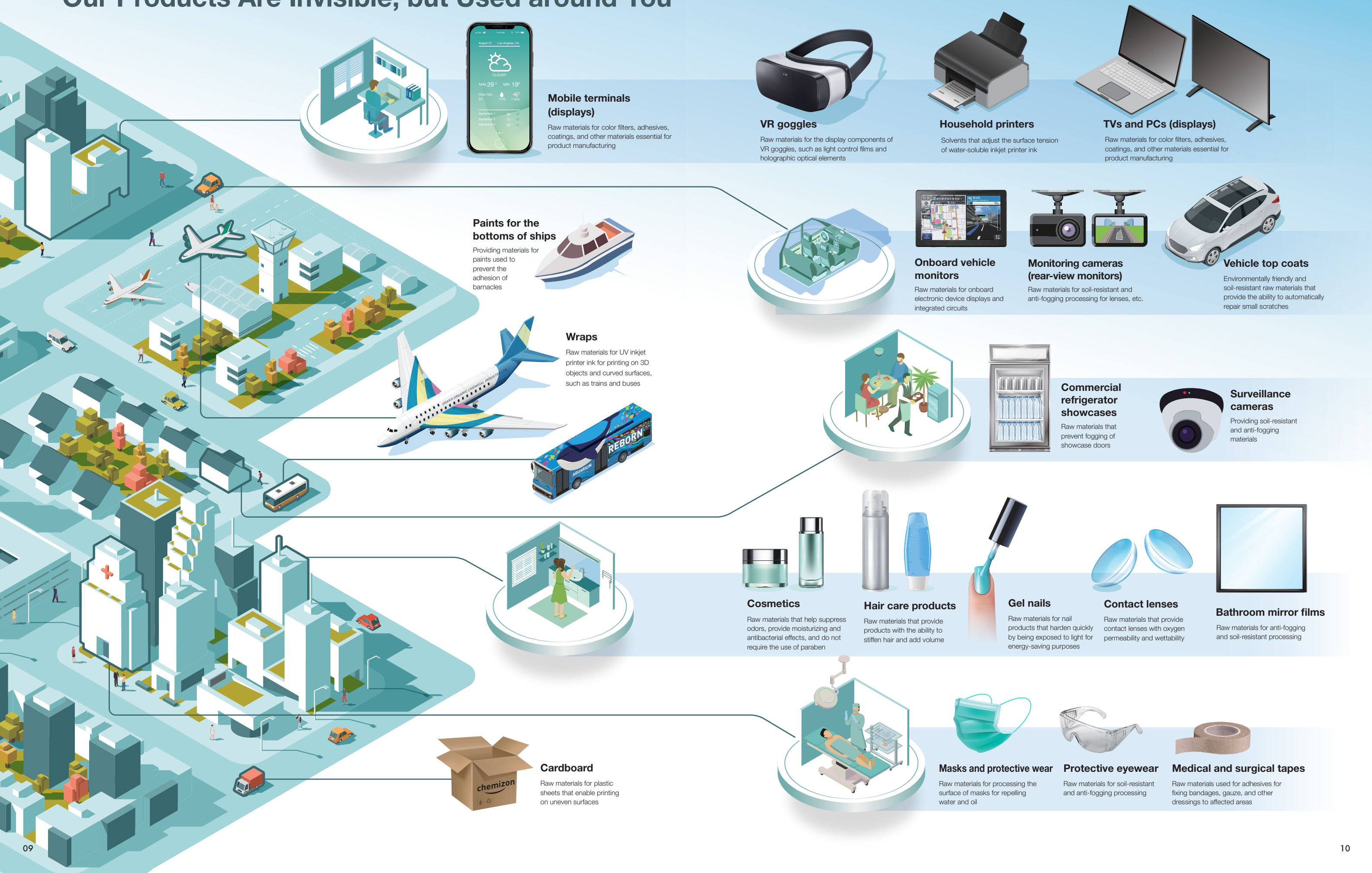
Rate of taking childcare leave and leave for childcare purposes



Male employees' awareness of the taking of paid leave is taking root, and we are maintaining a high utilization rate.

OOC Products Used in Everyday Life

Our Products Are Invisible, but Used around You



Top Message

Through steady implementation of our new medium-term business plan, Progress & Development 2030, we will achieve sustainable growth through 2030.



Masayuki Ando

Representative Director and CEO

Looking back on 2023

A year in which we tackled the challenging situation of declining demand in our business domains and a wide range of issues in our non-business domains

The Company has been facing challenging business conditions since the spring of 2023. The semiconductor market went through a temporary adjustment phase, which slowed demand for LCD and semiconductor materials, and inventory adjustments in reaction to the COVID-19 pandemic had long lasting impacts, which negatively affected our business results. The rise in raw material and energy costs also led to lower sales and profits for the fiscal year ended November 30, 2023.

In addition to a difficult financial year, it was also a year of significant changes in the environment surrounding our non-business domains. On the environmental front, there has been a rapidly growing trend toward carbon neutrality and the adoption of non-fossil fuel materials, which do not use petroleum or coal as raw materials for products. On the labor front, although the COVID-19 pandemic is now under control, there has been a prominent shift in workstyles as telecommuting and shorter work hours have become more widespread. We believe that it is our mission as management to make steady progress in addressing diversity and inclusion, especially in promoting the activities of female employees. There are an increasing number of situations where we need to focus our efforts on fulfilling our corporate social responsibility, such as auditing for human rights issues at raw material suppliers. We feel that this has been a year in which we have faced each and every challenge with sincerity as an organization.

In this environment, any laxity in compliance that results in an accident or scandal could result in the company being locked out of the supply chain. Conversely, ensuring that we carry on management based on the corporate philosophy and management philosophy that we have adhered to since our founding and sincerely addressing each and every social issue will be appreciated by our stakeholders and, as a result, will provide us with the chance to expand our business opportunities.

Achievements and challenges in our three major businesses

Delivering results by expanding the scope of our technologies and initiatives that broaden the base of our businesses

Although the business results for the fiscal year ended November 30, 2023 were affected by external factors such as the adjustment phase in the semiconductor market, we have been steadily working on initiatives for medium- and long-term growth. In all three of our major

businesses, we continue to implement initiatives to expand the scope of our technology and broaden the base of our businesses.

In the chemical products business, our operating profit margin is improving as a result of product revision or discontinuation and streamlining of production processes that have been implemented to date. Also, revision of product unit prices is gradually penetrating the market as a result of our efforts to provide detailed explanations to customers. Demand for inkjet monomers and adhesives has been recovering since the fall of 2023, and our new products include a full lineup of non-petroleum acrylic esters.

In the electronics materials business, depreciation expenses for semiconductor equipment in the second half of 2023 were a heavy burden due to sluggish demand. On the other hand, we are seeing an increase in projects for extreme ultraviolet (EUV) related materials, which are still in the development stage.

In the specialty chemicals business, one major achievement was the acquisition of the cosmetics acrylic resin business, which provided us with a foothold in the overseas market for cosmetics materials. Going forward, I would like to see the company build closer relationships with overseas customers and conduct further material development.

In addition to this, we are developing core product technologies and building a reliable customer base to develop new businesses, with the goal of creating a fourth pillar for our business. We intend to clarify issues for achieving commercialization and focus on ensuring profitability.

While efforts are underway to grow our three major businesses, our concern is that the shift to contract manufacturing, which has long been one of our strengths, is tapering off. Contract manufacturing in response to customer requests was an opportunity for us to gain valuable experience to hone our manufacturing technology. The pursuit of even better elemental and production technologies on a wide range of topics is the driving force behind the creation of unique technologies. Going forward, the decline in contract manufacturing poses a risk that our knowledge of organic synthesis may become limited within the company. In response, we will continue to place importance on initiatives to attract new technologies by undertaking a certain percentage of contract manufacturing in addition to our own research and development.

Results of previous medium- to long-term business plan

Achieving sustainable growth through the preparation and implementation of medium- to long-term business plan

Since the fiscal year ended November 30, 2015, we have been working to implement our ten-year business plan, Next Stage 10 (NS10). Before NS10 was prepared, the Company only planned sales budgets for one to three years, and our structural reforms were inadequate. Now, it has become clear that implementation of NS10 has majorly transformed our management.

It was especially meaningful that 10 years ago, I and other employees who were mid-career at the time took the lead in discussing the Company's strengths, weaknesses, and the compatibility of economic value and social value, and drafted action plans for each division. It was a valuable experience for the members of the planning team, and the business plan that we developed showed the direction in which the organization should be heading.

By clarifying our goals in the NS10 plan, a common will was created within the organization, and the achievement of each goal gave the Company confidence and clarified the direction in which efforts should be made for the future development. The Company's ability to ensure profitability, coupled with the current external environment, has allowed us to make capital investments, improve employee compensation, and enhance its R&D environment, so we have been able to achieve sustainable growth.

As a result of the steady progress of NS10 and the steady development of each segment, especially the electronics materials business, we were able to achieve our net sales, operating profit, and ROE targets in FY2022. Unfortunately, the goal was achieved for a single year only, but we see achieving the goal at that point as significant.

Approach of our new medium-term business plan

Aiming to be a leading company in specialty acrylates

Having achieved our major management goals in FY2022, we have moved the plan up by one year and prepared a new medium-term business plan called Progress & Development 2030 (P&D 2030), which runs from the fiscal year ending November 30, 2024 through the fiscal year ending November 30, 2030. In the seven-year plan, the first three years are an extension of current technology and production techniques to provide possible indicators. The latter four years of the plan lay out how we must take on the challenge of tackling major global issues, such as energy and carbon neutrality, which involve technological shifts.

As an intermediate materials manufacturer, to create new value and meet our customers' challenges going forward, we must have a medium- to long-term perspective, so we have set a milestone target of 2030. By working backward from that point and clarifying what



needs to be done now, and then incorporating it into action goals for each and every employee, the entire company will strive to achieve the goals of P&D 2030.

In P&D 2030, we have made it clear that we are aiming for further development of specialty acrylates. By daring to focus on a single area, we have made it clear that we aim to be a leading company in this area.

It is also important for each employee to think and act on their own initiative to bolster the company's strengths as it faces challenges to become a leading company in the area of specialty acrylates. Let's build a company where all employees, led by management, share the same values and that is trusted by customers so that customers are happy to work with us.

Expanding our business domains

Accelerating development of cutting-edge semiconductor materials and enhancing overseas strategies

Under P&D 2030, we will expand our key business domains and develop materials for an environmentally conscious society. First, we will accelerate our development of cutting-edge semiconductor materials and expand our semiconductor-related business by expanding into peripheral materials. We plan to expand into new applications for LCD photoresist materials. Our development and assessment technologies for hydrophilic polymers will be utilized to expand into biocompatible materials and new electronics material applications. In addition, we will develop new materials such as organic piezoelectric materials and elastomer materials for the development of next-generation business domains.

Looking at our three major businesses separately, in the chemical products business, we will develop innovative processes that address environmental issues and promote product replacement. For product applications, in addition to converting from coating materials to 3D modeling, we will develop acrylic acid derived from non-fossil fuel raw materials and take on the challenge of making materials that are completely derived from non-fossil fuel sources.

We will concentrate investment in this segment of the electronics materials business for the time being, while accelerating the development of new applications and business expansion overseas.

In the specialty chemicals business, we intend to adopt new knowledge and technologies while making inroads into markets outside the cosmetics field.

Together with the expansion of our key business domains, P&D 2030 focuses on enhancing our overseas strategies. Our experiences during the COVID-19 pandemic reminded us of the ways in which our economies and societies are tightly connected across the globe, and how important it is to secure our supply chains.

The global economy is expected to continue to expand in the years ahead, but geopolitical risks are causing a complex restructuring of the global economic sphere. The development of information and communication technology has made it easy to communicate even on the other side of the world, allowing us to listen more directly to the needs of our overseas customers. Through future overseas expansion, we aim to become a chemical manufacturer that meets the expectations of more and more customers.



Priorities for FY2024

Promoting development of materials for 2-nm semiconductors and beyond and environmentally friendly products

In the fiscal year ending November 30, 2024, we need to ensure customer approval of our semiconductor materials facilities built through our large investments to date and establish a semiconductor materials production system. The development of materials for 2-nanometer semiconductors and beyond is another important issue. While aromatic materials are assumed to be the main material type, acrylic materials may well come into play to resolve throughput (throughput per unit time) and roughness (surface roughness) issues. Our research and development efforts are aimed at product development with an awareness of environmental issues from a medium-term perspective. To achieve this, we are collaborating with public research institutions on new process technologies for esterification products. To build a fourth business pillar, an urgent issue, we will work with customers to intensify our efforts in elastomer materials, organic piezoelectric materials, and other areas. Although we have no plans for major capital investment in the current fiscal year, we expect a significant reduction in fuel costs as we construct new facilities to reuse waste solvents and convert them to energy.

For overseas expansion, in the 10th year since its establishment, China's Osaka Organic Chemical (Shanghai) Trading Ltd. has finally been able to stabilize its sales and is showing steadily improving results. We are aiming to incorporate in South Korea in 2024, as we have a growing number of development projects with clients at our liaison office, which opened in 2022. We also plan to study the possibility of opening a liaison office in North America in 2024.

Pursuing human capital management

Fostering a corporate culture that encourages self-management based on each employee's own will and efforts

A company does not grow by itself. Its growth is powered by the efforts and growing abilities of each and every employee who works

there. To this end, we will focus on enhancing the qualities of all our employees, and will also work to create pleasant working environments.

There are various indices for worker awareness, which provide a common language and help provide objectivity. However, we must not fall into the trap of only assessing human work in ways that can be quantified. Our potential as human beings is immeasurable in terms of intelligence, emotion, will, and other factors. When each individual awakens to the enjoyment and satisfaction of their work and becomes motivated to aim higher, they can work harder and produce better results than expected.

On the other hand, people cannot necessarily be motivated by repeated prompting from supervisors or the human resources department. In short, it is easy for a company to change the working environment by liberalizing working hours, locations, and attire, and by enhancing educational opportunities, but it is each person's own effort and will that changes their attitude and behavior. Self-management is key, and I believe that the company organization cannot take over this responsibility. For my part, I believe that management's role is to encourage employees' voluntary self-development and to create a corporate culture in which human relationships are based on mutual care and respect, a culture that values treating each other with warmth and dignity.

Ensuring compliance

Fostering a corporate culture of fairness and honesty in business operations

As a chemical manufacturer, it goes without saying that our first priority in management is safe operation and compliance with laws, regulations, and social rules. For more than 30 years, we have been committed to safety first and the prevention of quality defects through our PM (Production Maintenance) activities.

We will continue to maintain safety and compliance as the foundation of our management. While the Company's mission is to increase profitability, excessive pursuit of profit without regard for safety and compliance risks undermining the foundation of management and must never be allowed.

In particular, we have taken various measures to ensure compliance, including the creation of Guidelines for Conduct, preparation of compliance manuals, and regular implementation of compliance training. With our transition to a company with an Audit & Supervisory Committee in February 2024, we will focus on further improving management transparency.

In addition to the expansion of these systems, the most important thing is to foster a corporate culture that engages in fair and honest business practices. The key is for those at the top of the organization to set an example of the behavior we need to encourage. No matter how much you talk about something, if it's not backed up by actions, the people working under you will not be convinced. Demonstration of high moral character and high standards of conduct from the top down is what creates an excellent corporate culture that we can be proud of. We will continue to maintain a corporate culture that allows people to experience the social significance of working based on the company philosophy expressed by our founder.

Medium-term Business Plan

Starting implementation of a new medium-term business plan for further development of our Group

Tetsuya Watanabe

Director, Corporate Officer, General Manager of Corporate Planning Division

Our New Medium-term Business Plan: Progress & Development 2030 (P&D 2030)

The Company had been implementing the medium- to long-term business plan (NS10) that runs from FY2015 to FY2024, but due to achieving our performance targets in FY2022 and a change in accounting standards, we terminated the business plan one year

ahead of schedule and prepared a new medium-term business plan called P&D 2030, which we began implementing in December 2023.

Review of the Previous Medium- to Long-term Business Plan NS10

During the NS10 implementation period, the Company's performance improved significantly. In particular, the Semiconductor Materials business has grown to a scale where it can be said to be our core business, and we have also achieved the largest capital investment by the Company in FY2023. In the non-financial area, the reduction of CO₂ emissions progressed

according to plan, and we were also able to initiate reforms linked to human capital management, such as a review of our education program. On the other hand, issues remained regarding the creation of new businesses and overseas expansion.

Targets in the previous medium- to long-term business plan NS10 and our results

(Previous accounting standards)

	Target	FY2014	FY2020	FY2021	FY2022	Status (FY2022)	FY2023	Status (FY2023)
Net sales	¥37.0 billion	¥23.7 billion	¥28.6 billion	¥35.0 billion yen	¥37.4 billion	Achieved	¥33.6 billion	Not achieved
Operating profit	¥5.0 billion	¥1.3 billion	¥4.4 billion	¥5.8 billion yen	¥5.9 billion	Achieved	¥3.5 billion	Not achieved
Operating profit to net sales ratio	13.5%	5.7%	15.4%	16.7%	15.8%	Achieved	10.4%	Not achieved
Net profit	—	¥0.8 billion	¥3.3 billion	¥4.9 billion	¥4.7 billion		¥3.2 billion	
ROE	10%	3.8%	9.9%	13.6%	11.9%	Achieved	7.8%	Not achieved

Results and future challenges of the previous medium- to long-term business plan NS10

Financial results

- Significant net sales/profit growth
- Growth of semiconductor business into a core business
- Large capital investment (cumulative ¥16.2 billion)

Non-financial results

- Reduction of CO₂ emissions
- Educational program enhancement
- Review of personnel system

Future challenges

- Expansion of key business domains
- Strategic in-depth development of technology
- Expansion into overseas markets
- Environmental initiatives
- DX implementation
- Human capital management

P&D 2030, Our New Medium-term Business Plan

My own involvement in the preparation of the previous medium-term business plan, NS10, helped me to clarify the direction of the company I wanted to pursue, and I was able to gain invaluable experience in formulating strategies to achieve it. In the process of putting the plan into action, there were also many areas that needed improvement and that were worthwhile. I felt it was my responsibility to pass on these experiences to the next generation, and at the same time, I also felt that the further development of the Company required the preparation of a more comprehensive medium-term business plan. Therefore, for this new medium-term business plan, we selected members, mainly young people who will lead the next generation, to work on the formulation of the plan. The result of this project is P&D 2030. The main KPIs are shown in the following table. Although these are extremely high goals in light of our sluggish performance in FY2023, all employees will come together as one to do their utmost to achieve them. Also, ROIC will be added to the KPIs to promote cost conscious capital management, aiming for further progress.

KPIs for new medium-term business plan P&D 2030

(New accounting standards)

	FY2023 results	FY2026 targets	FY2030 targets
Net sales	¥28.9 billion	¥40.0 billion or more	¥50.0 billion or more
Operating profit	¥3.5 billion	¥5.6 billion or more	¥7.5 billion or more
Operating profit to net sales ratio	12.4%	14% or more	15% or more
Strategic and business investments	—	Cumulative ¥30.0 billion or more	
ROE	7.8%	10% or more	12% or more
ROIC	5.4%	8% or more	9% or more
Dividend payout ratio	36.6%	Approx. 40%	Approx. 40%

We have also developed strategies to achieve these targets. We believe it is important not only to address the remaining issues in NS10, but also to develop new products that can contribute to the realization of a sustainable society. And we will further enhance our competitiveness by offering innovative products not only to existing markets and customers, but also to new markets and customers.

New medium-term business plan P&D 2030: Basic strategy

Business domains

Expansion of key business domains

- Broaden our semiconductor-related business by accelerating development of cutting-edge semiconductor materials and expanding into peripheral materials
- Expand into new applications for photoresist materials
- Expand into biocompatible materials and new electronics material applications using our development and assessment technologies for hydrophilic polymers
- Develop new materials such as organic piezoelectric materials and elastomer materials for the development of next-generation business domains

Materials development for an environmentally conscious society

- Develop acrylic acid derived from non-fossil fuel raw materials and take on the challenge of making materials that are completely derived from non-fossil fuel sources
- Develop products through resource reuse technology and energy efficiency improvement processes
- Contribute to an environmentally conscious society through disclosure of LCA information on products and visualization of the environmental impact reduction based on such information

Enhancement of overseas strategies

- Establish sales companies in China, South Korea, and North America, and bolster our channel strategy including local production
- Expand sales channels to locations that match our business domains and gain new customers

Non-business domains

Expansion of key business domains

- Implement measures for achieving carbon neutrality
- Contribute to a sustainable society by developing products for an environmentally conscious market
- Develop technologies and adopt technological solutions to realize a circular economy, such as waste reduction and resource reuse

Implementation of IT and DX

- Enable more advanced data analysis through AI, MI, etc.
- Improve quality, prevent problems, and increase safety by utilizing and deploying our accumulated data
- Increase productivity by implementing greater automation and efficiency

Toward human capital management

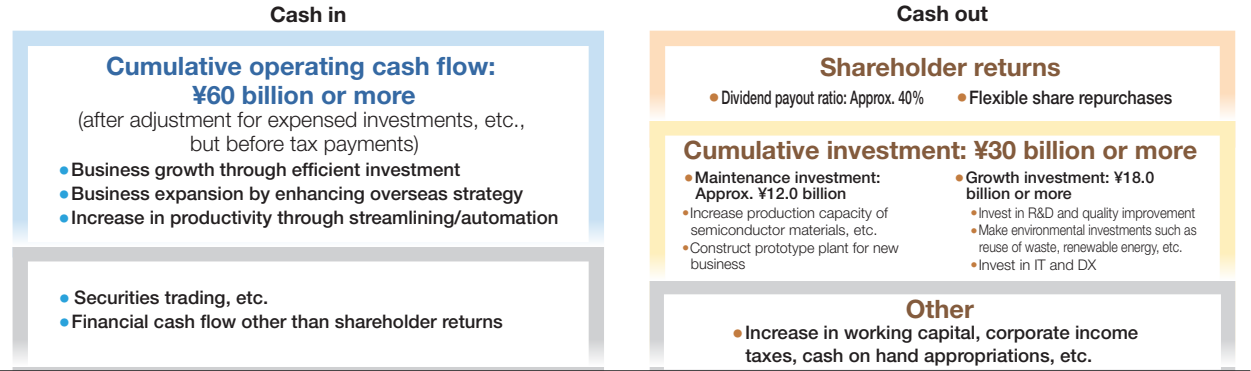
- Improve employee job satisfaction and engagement by optimizing the work environment and work styles
- Create mechanisms to diversify employment and implement DE&I
- Educate and train human resources that are in sync with the environment and our strategies

Strengthening of risk management

- Ensure compliance
- Enhance BCP viability
- Ensure supply chain resiliency

The following is our plan for capital allocation during the term of P&D 2030. Our goal is to continue to pay stable dividends to our shareholders. Furthermore, we will aggressively target growth investments to enhance the competitiveness of our core businesses and to create new business opportunities. We believe that these strategies will lead to further expansion of our business and maximization of our corporate value, while maintaining a stable financial situation.

P&D 2030 capital allocation



* Cumulative amount for the period of the medium-term business plan (seven years)

This completes the explanation of our new medium-term business plan. Together with all of our stakeholders, we aim to achieve sustainable growth.

Message from Corporate Officer Responsible for R&D

We pursue new possibilities for specialty acrylates and aim to contribute to society through technologies that only we can provide.

Yusuke Tokuda

Corporate Officer, General Manager of R&D Division



Honing advanced skills through the process of meeting customers' demanding requirements

We are a chemical manufacturer that integrates organic synthesis, monomer synthesis, and polymer synthesis technologies to develop functional materials that we can offer to the market. One of the features of our technological foundation is that engineers in specialized fields such as precision organic synthesis, materials, and polymers have gathered together to fuse together various technological fields. Through efforts such as bringing the

concept of organic synthesis to polymers through monomers and vice versa, we are able to make new materials from new monomers, rather than simply combining what is already available in the world for creating high value-added functions and materials in niche fields that other companies cannot imitate.

To use a cooking tool as an analogy, a person who makes a kitchen knife has an objective of making a good knife, but for a cook, he or she is focused on the prepared dish and may view the knife as just one of the tools. In contrast, I believe our company can be described as a knife maker that can prepare dishes in the chemical world. In other words, we value the viewpoint of what kind of knives should be made in order to create delicious dishes by ourselves. We believe that our strength lies in our ability to create new materials, which are tools to meet the challenges of our customers and society, and to use these materials to create high value-added dishes, or products. Another of our strengths is that many of our employees, not only researchers but also sales representatives, are well versed in chemistry, enabling us to respond accurately and quickly to our customers' specialized technical issues. And for a long time now, we have provided optimal solutions to the strict requirements of our customers for functionality, quality, and stable supply. It is through such interactions with our customers that we have been able to hone our skills. In addition, we have extended our research reach into peripheral technical fields, which has contributed greatly to our unique manufacturing and business expansion in recent years.



Disseminating the seeds created through R&D to the world

In terms of our corporate culture, we are a company with a strong sense of creating products for our customers and for the world. The organization has a high tolerance for taking on new technological challenges, and our employees easily accept the undertaking of research from the perspective of "it would be interesting to try making something like this," and in fact, the organizational culture encourages such research. Of course, as a business, we must pursue profitability, but we are a company that takes great pride in considering our entire reason for existence is to serve as a chemical manufacturer, and not just pursue short-term profits.

With this corporate culture, we have continued to grow by pursuing new possibilities for technology in each era. Recently, we have proposed products with distinctive functional features, such as monomers that prevent dye migration and dopamine acrylamide, a biomimetic monomer as an adhesive material, which we expect will open up new potential opportunities.

One of the challenges of R&D at our company has been that we have often responded to technical issues faced by our customers on a one-to-one basis, and we have not been proactive in announcing new technologies developed in-house to the outside world. In this respect, it must be said that our appeal to the public has been rather low-key. One of the reasons for this was the belief that presenting new monomers and other substances at academic conferences is unlikely to lead to business. However, in recent years, we have made a major shift in our thinking to actively prepare papers and presentations for academic conferences. Even for dopamine acrylamide, the response to our conference presentation was unexpectedly large, and we hope that many people will have the expectation that OOC has something interesting to offer.

Ensuring R&D for the next stage of growth

One of the management indicators that the R&D Division emphasizes is the ratio of new product sales to total sales. We view this as an easy-to-understand indicator of the contribution of R&D to management. In order to increase the percentage of total sales, it is important to continually create new products. In FY2023, the rate was 9.4%, slightly lower than the previous year. However, taking into account that the time to monetization varies by field, we intend to maintain at least 10% on average for the entire company in the future.



Looking back on our history of continuously creating new technologies, in the past, when sales of display materials were strong, we used that free cash flow to develop materials for semiconductors, which has become our main source of income today. And now, while semiconductor materials are performing well, we need to ensure that we are prepared for the next stage of growth. On this point, it is important to achieve the targets of the priority R&D themes in the medium-term business plan Progress & Development 2030. In particular, product development in the electronics materials field, in which we are not yet involved, and the development of materials that take sustainability into consideration are high-priority development themes.

To increase the efficiency and speed of R&D, we have been actively using Materials Informatics (MI) for the past two years. In FY2023, we were able to achieve significant efficiency gains in our search for the optimal formulation of certain materials. In the future, we intend to improve operational efficiency by utilizing MI in various situations within the company.

Going forward, the R&D Division intends to contribute to the acquisition of new profit-earning opportunities by responding to the challenges of customers and society through the development of products with new functions that do not exist in the world, while keeping the production technology of specialty acrylates at the core. Our specialty is to generate a high market share and profit in our niche field with the leading technology in that field, and we will continue to refine this process.

Message from Corporate Officer Responsible for Finance



We will strive to further enhance corporate value through financial strategies that anticipate the future.

Soichi Honda

Director, Corporate Officer,
General Manager of Administration Division

We intend to seriously deal with our various financial and non-financial issues one by one.

We appreciate everything that our stakeholders do for our company everyday. We are also grateful that the number of people interested in our business is increasing each year. Looking back, around 2017, our stock volume was low and we struggled with what actions we should take. In addition to informational meetings for individual investors, we also visited institutional investors separately to present explanations to them, and we had difficulties in conveying our company's appeal. Later, our company was noticed as one of the semiconductor stocks, which led to an increase in volume. Then, we began to receive calls from institutional investors confirming when the next IR meeting would be held, and we realized that the environment surrounding our IR activities had changed dramatically. Currently, reservations for financial results briefings are filling up quickly. We would like to express our appreciation for your growing interest in our business. On the other hand, we receive harsh opinions from investors and shareholders regarding governance and other topics through one-on-one meetings and other exchanges, and we sometimes receive harsh results when exercising voting rights at the General Meeting of Shareholders. Nonetheless, we recognize that we must respond sincerely to the voices of those outside the company. Needless to say, the first priority in gaining the support of our stakeholders is to meet their expectations by building up our free cash flow through profitable business operations. At the same time, we believe that carefully addressing non-financial issues one by one, such as carbon neutrality and other efforts to reduce environmental impact, implementation of human capital management, and enhancing of governance, is also

indispensable for gaining the support of our stakeholders.

Strong financial position, but capital efficiency is an issue

For the fiscal year ended November 30, 2023, sales and profits declined mainly in the electronics materials business due to sluggish demand for displays, semiconductors, and other products. Net sales (consolidated) decreased 10.3% from the same period last year to 28.907 billion yen, and operating profit (consolidated) decreased 39.7% from the same period last year to 3.577 billion yen. Operating margin fell from 18.4% to 12.4%, and ROE (return on equity) fell from 11.9% to 7.8% compared to the previous year. ROIC (return on invested capital) was 5.4%. As reported in the previous year's Integrated Report, we are focused on maintaining a strong financial position and generating profits, thereby maintaining a company structure that allows our customers to do business with us with peace of mind and allows our employees to work with peace of mind.

Regarding the financial results and challenges of Next Stage 10 (NS10), which was completed ahead of schedule, we have maintained a sound capital adequacy ratio of 78.7% and D/E ratio of 0.12 for the fiscal year ended November 30, 2023, despite making large capital investments totaling approximately 16 billion yen during the second medium-term business plan. Cash and cash equivalents totaled 7.89 billion yen, approximately 2.7 times the amount for the fiscal year ended November 30, 2014. On the other hand, the challenge is to recover our investment as soon as possible. We view the achieving of increased efficiency of capital turnover and higher efficiency in generating profits as a necessity. Going forward, the Company's shareholder return policy is to aim for a dividend payout ratio of 40% and to flexibly implement share buybacks. We have been increasing dividends for nine consecutive fiscal years since 2015 and will continue to strive for

continuous and stable shareholder returns.

Focus on expansion of key business domains that will drive growth strategies

Under the new medium-term business plan, Progress & Development 2030 (P&D 2030), our basic strategies are expansion of key business domains, development of materials for an environmentally conscious society, and enhancement of overseas strategies.

For expansion of our key business domains, the Semiconductor Materials Group of the electronics materials business, which has grown into a core business, is the main focus. Our materials are mainly for ArF resist materials, but we continue to develop materials that are also used in cutting-edge EUV resist materials. In 2023, we invested 7.5 billion yen in semiconductor materials manufacturing facilities.

We believe that careful investment decisions must be made from 2024, keeping a close eye on trends in the semiconductor market. We will also implement speedy and flexible staffing and equipment installation in response to customer requests. Furthermore, we are working to be always agile enough to respond to an increase in the number of R&D topics, product adoptions, and launches.

On the other hand, in the development of materials for an environmentally conscious society, we are working to develop products that use raw materials derived from natural products instead of those derived from fossil fuels. With the growing need for carbon neutrality, we believe that expanding our lineup of natural ingredient-derived products in line with customer demand will lead to higher sales and profits.

For the enhancement of overseas strategies, non-consolidated overseas net sales for the fiscal year ended November 2023 increased 46% over the fiscal year ended November 30, 2014 due to the establishment of Osaka Organic Chemical (Shanghai) Trading Ltd., taking over the business for hair cosmetics resins, growth in Japanese customers overseas, and other factors. We believe that our products can further expand sales in overseas markets, and we intend to gain higher sales in South Korea, the U.S., and other countries.

To invest more than 18 billion yen in growth

In terms of capital allocation for the expansion of key business domains, we expect cumulative operating cash flow to be approximately 60 billion yen (after adjusting for investments with



recorded expenses, etc., and before tax payments). This will be achieved by business growth through efficient investment, business expansion by enhancing overseas strategies, and productivity improvement through higher efficiency and automation.

On the other hand, cash outflow from accumulated investments is expected to be approximately 30 billion yen or more. We expect to invest about 12 billion yen for maintenance of facilities and more than 18 billion yen for growth. Our growth investments include investments in expanding production capacity for semiconductor materials and other products, construction of prototype plants for new businesses, investments in R&D and quality improvement, environmental investments such as reuse of waste materials and renewable energy, and investments in IT and DX. These investments will enhance profitability and contribute to a quicker return on investment, which was a challenge in NS10.

Further enhancing sustainability

Sustainability in P&D 2030 includes contribution to an environmentally conscious society, implementation of IT and DX, toward human capital management, and strengthening of risk management.

In terms of the material issues from a financial perspective, first of all, we aim to achieve our carbon neutrality goals through the use of renewable energy, CO₂ reduction through technological development, fuel switchover, carbon offsetting, and other measures. We believe that certain investments and expenses are necessary to achieve this, and that it is important to make efficient and reliable investment and expense decisions.

For business transformation through the implementation of DX, we believe it is important to leverage our track record as an early adopter of IT in business operations and link it to DX based on the sharing and utilization of data.

And in the short term, we will strengthen our existing business model by implementing labor saving, higher efficiency, and higher precision through IT, improving productivity, adopting more advanced development, shortening lead time from acquisition of customer needs to product launch, and minimizing inventories. In the long term, we intend to challenge new business models after establishing a framework that will serve as a foothold for DX based on overall optimization.

For human capital management, our goal for diversity and inclusion is to increase the percentage of female managers, which is approximately 5.7% in FY2023, to the same level as the percentage of male managers among male employees. Also, while the ratio of career hires was 33% in FY2023, we are aiming for more than 50%.

To further strengthen our corporate governance, we have transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee in 2024. This will further ensure management transparency. With four-ninths of our directors coming from outside the company and two-ninths of our directors being women, we intend to further improve our independence and diversity going forward.

We are committed to earning the trust of all stakeholders based on our management philosophy: We will place the highest value on each person's individuality and will contribute to the development of society together with our customers by providing materials with unique functions. We greatly appreciate your continued support.

Business Domains of the Osaka Organic Chemical Industry Group

Message from General Manager of Business Operation Division

While leveraging the technologies developed in our top niche product lines, we will continue to take on the challenge of developing materials that are completely free of fossil fuel sources, which is a social demand of our times.

Motomi Ogasahara

Director, Corporate Officer, General Manager of Business Operation Division



Expansion in the segments of chemical products, electronics materials, and specialty chemicals

We are a chemical manufacturer that has pursued the industrialization of monomers such as specialty acrylates. As a result, we now have major businesses in the following segments: chemical products, electronics materials, and specialty chemicals. Our fundamental technologies include industrial mass production of high-quality monomers through esterification and monomer purification technologies. After our products are delivered to our customers, they are used in a wide variety of manufacturing processes. Since there is little that remains visible in the final product, as expressed in the catchphrase, "Never seen but always near," we have been making products that do not stand out, but are indispensable in the world.

For the relationship of the three segments, the chemical products business is building an acrylic monomer business, which we have been involved in for a long time. We have some products with top market shares, which we refer to as global strategic products. Also, we have been bolstering our product lineup to meet the needs of the times for products that we have been making for many years. Derived as an outgrowth from our chemical monomer business is the electronics materials business, which has now grown to become an important strategic product. Electronics materials include materials for flat displays and semiconductor materials. For this segment, customers and their requirements differ from those of the chemical products segment, and we have made great efforts to respond differently from chemical products in terms of product functionality, quality, and production methods. As a result, this has enabled us to build our current strong position today. In our specialty chemicals business, polymerization technology is also another area created as a spinoff business from acrylic monomers. We produce raw materials for cosmetics and other products by deploying our technology in a different way from our chemical products and electronics materials businesses. In 2020, we took over the acrylic resin business for cosmetics from Mitsubishi Chemical Corporation, which was the driving force behind our business leap forward in the previous business plan, Next Stage 10 (NS10). Going forward, the specialty chemicals business will be an important part of our overseas business development.

Enhancing overseas sales

We have established Osaka Organic Chemical (Shanghai) Trading Ltd. in China, and we have opened a liaison office in South Korea. Our presence at these locations enables us to gather fast and accurate information, provide customer support, and conduct marketing more efficiently. Under our medium-term business plan Progress & Development 2030, in addition to China, we will establish sales companies in South Korea and North America to enhance our overseas strategy in the three segments. Furthermore, in coming years, we intend to strengthen our sales channel strategy, including local production.

Accelerating materials development for an environmentally conscious society

Although our core business is acrylic acid esters, we need to develop materials other than acrylics as well, as we will need to develop higher value-added products in order to achieve sustainable growth in future years. In NS10, we focused on the development and launch of new products while implementing a generational shift in products from the perspective of selection and concentration. And today, many of our products have achieved top positions in niche markets, bringing high competitiveness and profitability to a narrow but growing segment of markets.

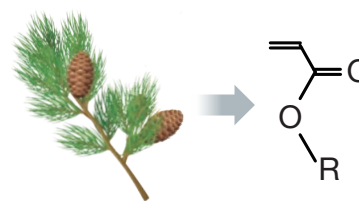
In this context, we have made efforts to elicit needs through closer communication with our customers, and we believe that our ability to make proposals backed by our advanced technologies is our strength. We are also proud of our ability to build supply chains from procurement of raw materials to product commercialization and supply to customers, which is an ability that we have developed over the years.

One current trend common to all three segments is the development of materials for an environmentally conscious society. In particular, the development of acrylic acid derived from non-fossil fuel raw materials and the challenge of developing materials from completely non-fossil fuel sources are major themes that we must tackle. Our goal is to promote the use of biomass raw materials and ultimately achieve carbon neutrality. In particular, we are beginning to see a positive cycle in which monomers are created through our focus on the use of biomass raw materials in our chemical products business, and then, applications are created in our specialty chemicals business, and we expect further development in future years.

Chemical Products Business



Raw materials for paints



Biomass acrylates

Please refer to the website for details of the products.
<https://www.ooc.co.jp/en/products/chemical/>



Taking on the challenge of shifting to biomass-derived raw materials

The chemical products business focuses on specialty acrylates that can be applied as raw materials for resins. The main product areas are acrylic monomers for paints and adhesives. Our efforts to optimize our production facilities to handle only high-mix/low-volume products have given us a competitive edge along with our top niche product lines.

In the area of acrylic monomers for raw materials for paints, which is one of our product areas, sales of raw materials for acrylic polyols used in automotive topcoats and other products are strong. For acrylic monomers for adhesives, we handle UV (ultraviolet) curable adhesives and anaerobic adhesives in addition to the usual solvent-type adhesives.

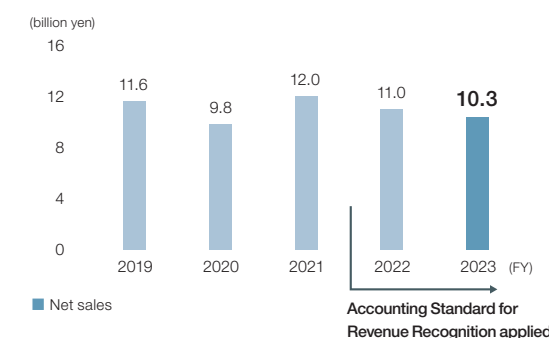
The most immediate challenge is to improve sales while bearing the impact of product consolidation, although operating income is rising on the back of a profitable product line. To achieve this, it is essential to launch new products with high added value.

Specifically, we aim to expand sales by launching new products in the field of adhesives, where we have a dominant market position. We are also trying to shift to biomass acrylate and other biomass-derived raw materials. Furthermore, we are working to develop value-added products by adding new compounds to conventional acrylic products.

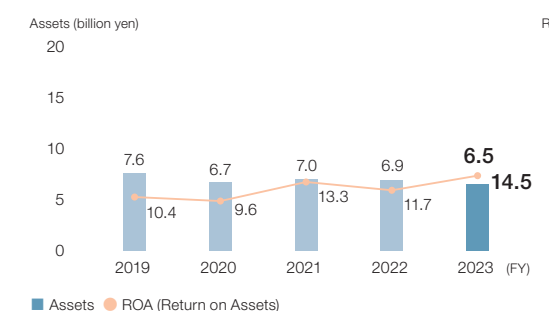
In order to expand the market, we are currently working to gather information on the challenge of gaining a foothold in the U.S. and European markets, in addition to China and the rest of Asia. From the perspective of environmental impact, it is expected that needs for local production for local consumption will emerge in the context of overseas expansion. We will continue to examine the issue from this perspective as well.

Looking ahead, an important issue is to expand our market share for materials for UV curing in response to the increasing need for energy-saving processes. Since there is a great need for more sensitive and safer products, we are now in the process of research and development for commercialization.

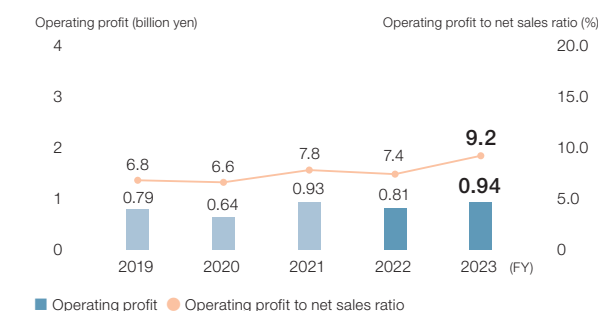
Net sales



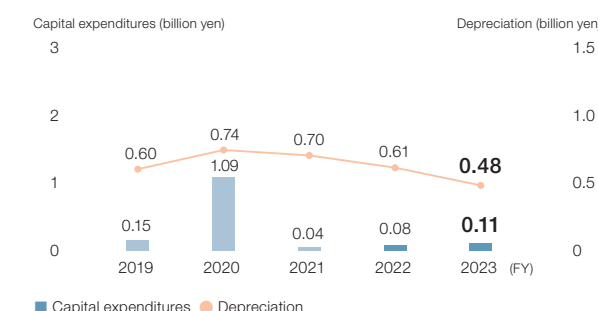
Assets / ROA



Operating profit / Operating profit to net sales ratio



Capital expenditures / Depreciation



Electronics Materials Business



Display materials



Semiconductor materials

Please refer to the website for details of the products.
<https://www.ooc.co.jp/en/products/electronic/>



Developing monomers for EUV resists needed for next-generation semiconductor manufacturing

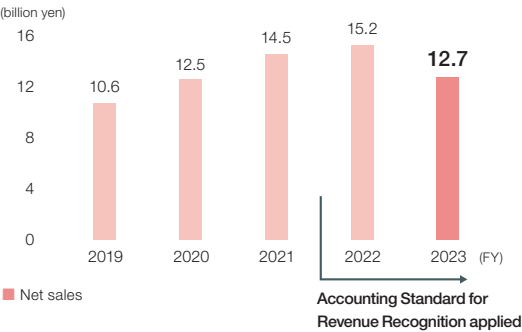
The electronics materials business provides high-quality semiconductor and display materials required for the manufacture of smartphones and tablet PCs. Along with our development capabilities, our strength lies in our high level of quality control. We are also striving to develop new materials by integrating the esterification technology and organic synthesis technology that we have developed over the years.

In the area of semiconductor materials, we are developing new, high-quality monomers, including adamantyl monomers and lactone monomers, which are raw materials for resists used in the manufacture of semiconductors.

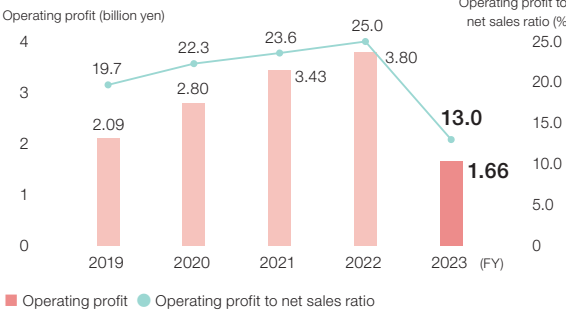
In the area of display materials, we are developing photo-curable resists and polymers for resists for displays, such as patterning materials and optical materials that can meet the needs for greater functionality in flat displays. What semiconductor and display materials have in common is that the function required for both is light curing. Further pursuit of cutting-edge technology is essential for the future development of semiconductor materials. While technologies using methacrylic and acrylics could be applied to the ArF generation, new compounds are required for the extreme ultraviolet (EUV) generation of resist monomers, which are required for single-nano-class miniaturization processing, and therefore we are further accelerating our R&D efforts. We also made investments in production facilities in line with the growing semiconductor market in 2023. The Company plans to obtain customer certification and conduct full-scale operations by the end of 2024. Although the semiconductor market is entering a temporary adjustment phase in 2023 and 2024, we will continue to focus on R&D to stay one step ahead as competition for development intensifies over the medium to long term.

In addition to EUV, as a part of our efforts focused on future trends, we would like to develop technologies for next-generation processes that are even more advanced. Also, although most of our products are currently used for resist monomers used in the front-end process of semiconductor manufacturing, we intend to develop peripheral materials including those used in the back-end process.

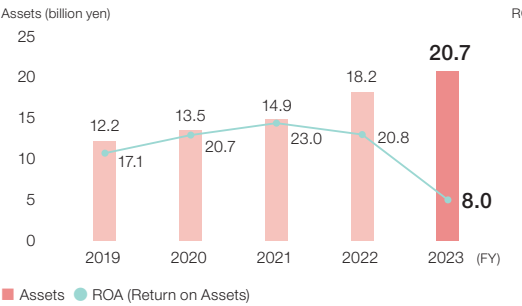
Net sales



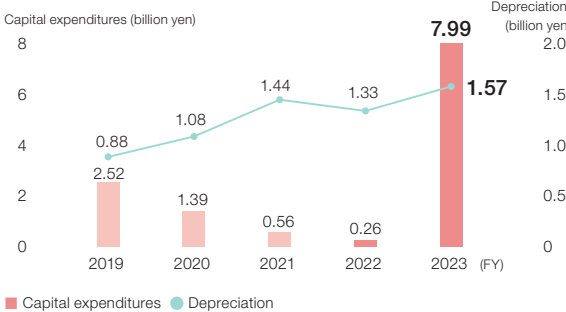
Operating profit / Operating profit to net sales ratio



Assets / ROA



Capital expenditures / Depreciation



Specialty Chemicals Business



Cosmetics materials



Functional materials

Please refer to the website for details of the products.
<https://www.ooc.co.jp/en/products/function/>



Enhancing overseas strategy by acquiring overseas sales channels

Based on a variety of synthesis technologies, including water-soluble polymers, the specialty chemicals business focuses on fine chemical products such as cosmetics materials, inkjet materials for printers, and various other intermediates that are indispensable in our daily lives.

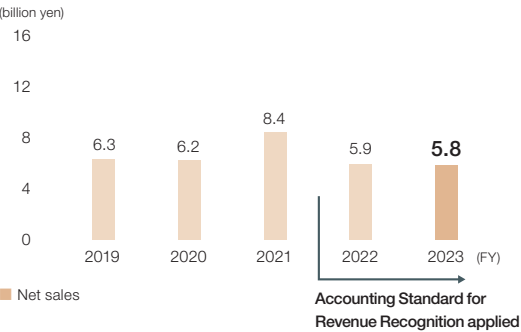
In recent years, we have been working to develop functional polymers and expand sales of cosmetics materials and high-purity specialty solvents. With the acquisition of the acrylic resin business for cosmetics, such as the Yukaformer™ series, from Mitsubishi Chemical Corporation in 2020, we instantly increased our product lineup and gained overseas sales channels.

For cosmetics, we expect synergies with biocompatible materials and super hydrophilic coatings that we are developing, and we have high expectations for the expansion of our specialty chemicals business.

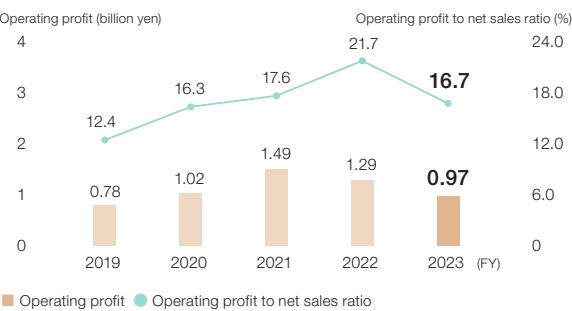
In addition to the above, the specialty chemicals business saw sales increase due to higher demand for solvents used in electronics materials, and operating profit also increased.

In order to develop the potential of specialty chemicals in the future, the Business Operation Division has established a Development Department, which is in the process of exploring development topics spanning different business domains, such as chemical products and electronics materials.

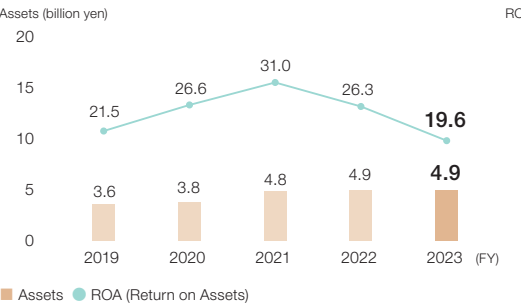
Net sales



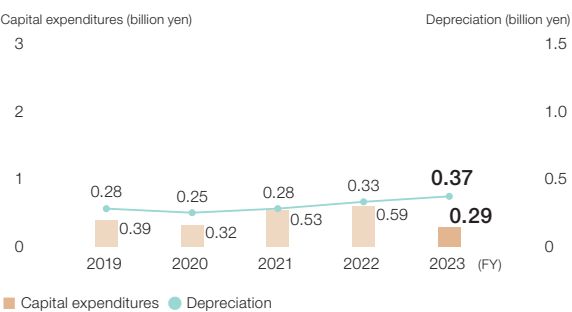
Operating profit / Operating profit to net sales ratio



Assets / ROA



Capital expenditures / Depreciation



Message from Manager of Research & Business Development Office

Through P&D 2030, the entire company will work together to create new materials and launch them as products.

Kiyoaki Shizume

Corporate Officer
Manager of the Research & Business Development Office



Leveraging the results of the previous business plan to create new business areas

As part of our efforts at new value creation in our company, we focused on the development of new business areas in the previous business plan, Next Stage 10 (NS10). In this context, we worked on the creation of so-called “artisanal products” and “downstreaming of materials” by differentiating ourselves based on technologies such as surface modification and array control technology in display materials and the high purity in our semiconductor materials.

Although the materials envisioned at the beginning of the plan were not always developed, through trial and error, we were able to refine new elemental technologies such as the use of film for materials and the development of piezoelectric elements. As a result, the creation of new materials such as functional acrylic elastomers, conductive materials, and organic piezoelectric materials can be added to our list of outcomes. Furthermore, we are making steady progress in processing technology through collaboration with film processing manufacturers and element processing manufacturers. We are still in the process of commercializing three materials, including functional acrylic elastomers. We will pursue our medium-term business plan, Progress & Development 2030 (P&D 2030), which includes matching market needs, developing new applications, and collaborating with customers to achieve practical applications. At the same time, we will take on the challenge of developing new materials with a renewed focus on our strengths in monomer and polymer design technology. We also aim to develop products based on fresh ideas that are not bound by conventional thinking, such as by utilizing our new business proposal system that encourages the participation of young as well as mid-career engineers for research topics in new fields.

One point of reflection that we learned from NS10 is that while members directly involved in new areas were actively involved at the start, there was not always a company-wide understanding of what was new. Therefore, under P&D 2030, we intend to incorporate the plan's goals and measures into the management system so that the entire company can share an awareness of the need to create new business areas.

Business and R&D divisions work closely together to commercialize products

It is no exaggeration to say that our company is characterized by an organizational structure in which there are no barriers between the business and R&D divisions in the conducting of research and development, and we work together to address our customers' issues. The Research & Business Development Office, which is primarily responsible for the development of new business areas,

and the Advanced Technology Research Institute, which is under the Research & Business Development Office, are also closely connected to the R&D Division, although they are separate organizations.

The research topics are characterized by a seamless approach in which the R&D Division and the Advanced Technology Research Institute work together on the development of technologies in existing and new areas. For example, the Advanced Technology Research Institute handles conductive materials, which are typically under the jurisdiction of the R&D Division, and is pursuing topics in our chemical products and specialty chemicals businesses. At the same time, the Business Operation Division is developing applications for new monomers created by the Advanced Technology Research Institute.

We have established an in-house Craftman's Society (Takumi no Kai), where executives from the Business Operation Division, R&D Division, and Research & Business Development Office gather to exchange information on market needs and cutting-edge technological seeds. Furthermore, through the new business proposal system, which is held twice a year, all researchers are asked to submit information on seeds that are relevant to each topic.

The information gathered will be evaluated by the Craftman's Society and promising proposals will be assigned to a department in charge. In doing so, we aim to pursue differentiation and the early-stage development of new business areas by pulling together the efforts from various divisions beyond just the Research & Business Development Office, such as the Business Operation Division for products with high marketing potential and the R&D Division for further refining technologies. In November 2023, we established a Development Department within the Business Operation Division to accelerate our efforts to enhance development in existing business areas.

Based on the lessons learned from the failure to achieve the goals set forth in NS10, the challenge for the expansion of new business areas is to realize the commercialization of the new materials created in P&D 2030. For this purpose, it is important to acquire processing and peripheral technologies as well as to develop promising materials. Rather than completing everything in-house, we will also consider other means such as utilizing outside resources.

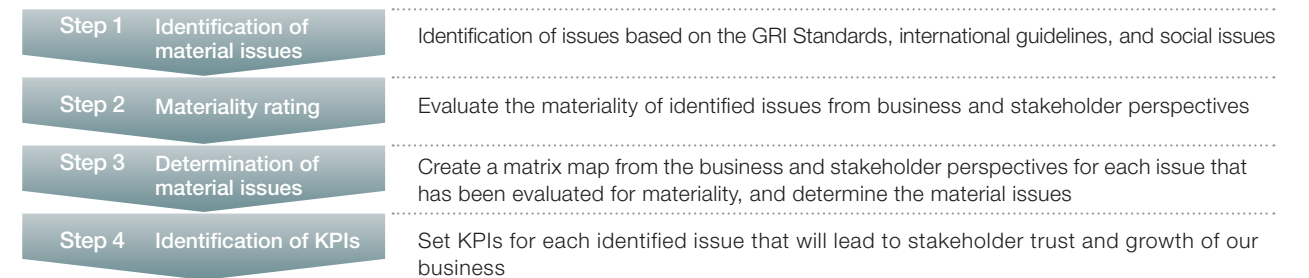
Among these options are M&A, joint ventures and other collaborations, and joint research with universities and other research institutions. Eco-friendly materials are one of the material issues in P&D 2030. For example, joint research with universities is being conducted one after another on biotech topics, which previously had not been conducted within the Company. Through the creation of new technologies, we also intend to contribute to the development of our business by developing materials in new fields such as information and communication technology.

Promoting Sustainable Management

Identifying Materiality

In formulating the new medium-term business plan, Progress & Development 2030, we identified material issues and set KPIs for the year 2030.

Materiality Identification Steps



Matrix Map of Materiality



Tying Materiality to Guidelines for Conduct

	Guidelines for Conduct	Materiality	P&D 2030 Initiatives
E Environment	<ul style="list-style-type: none"> ■ Making the climate crisis personal ■ Reducing environmental impact ■ Product development that considers the balance between nature and society 	<ul style="list-style-type: none"> ■ Considering biodiversity ■ Ensuring environmental compliance (chemical management, etc.) ■ Implementing initiatives for achieving carbon neutrality ■ Expanding environmentally friendly products 	<ul style="list-style-type: none"> ■ Participating in environmental conservation efforts ■ Ensuring environmental compliance ■ Examining CO₂ reduction measures ■ Looking into the use of renewable energy ■ Expanding biomass-based products
S Society	<ul style="list-style-type: none"> ■ Ensuring product safety and quality ■ Constructive dialogue for a win-win relationship ■ Creating a safe and healthy environment ■ Respecting dignity and rights ■ Proactively participating in society ■ Maintaining fair and impartial business relationships that make the most of and complement each other's strengths 	<ul style="list-style-type: none"> ■ Communicating with customers and markets ■ Ensuring stable product production capacity ■ Managing supply chain and raw materials ■ Enhancing quality assurance system ■ Improving consumer security and comfort ■ Creating pleasant workplaces (mental and physical environment / occupational health and safety) ■ Contributing to and communicating with the local community ■ Respecting human rights (human rights due diligence, etc.) ■ Securing human resources 	<ul style="list-style-type: none"> ■ Communicating on quality ■ Reducing of quality nonconformities ■ Promoting CSR procurement ■ Expanding biomass-based products ■ Promoting health management ■ Establishing a human rights policy ■ Maintaining ongoing interactions with local communities
G Governance	<ul style="list-style-type: none"> ■ Contributing to the creation of a sustainable future ■ Keeping our promises with sincerity and humility ■ Ensuring systematic crisis management 	<ul style="list-style-type: none"> ■ Developing a business continuity plan (BCP) (risk management) ■ Ensuring compliance (legal compliance, etc.) 	<ul style="list-style-type: none"> ■ Maintaining a risk management system ■ Resolving social issues through sustainable management
Business Foundation	<ul style="list-style-type: none"> ■ Providing unique functional materials 	<ul style="list-style-type: none"> ■ Enhancing R&D capabilities ■ Enhancing marketing capabilities ■ Intellectual property strategy ■ Maximizing capital efficiency ■ Industry-academia collaboration and academic services 	<ul style="list-style-type: none"> ■ Improving R&D efficiency

Initiatives for Materiality

Medium-term Business Plan: Next Stage 10 (December 2015 to November 2023)

ESG area	Materiality	Major initiatives and indicators	FY2024 targets (KPI)	FY2023	
				Result	Main activities
E	Addressing climate change through decarbonization	Studying how to reduce CO ₂ emissions throughout entire value chain Looking into the use of renewable energy	CO ₂ emissions reduction: 15% or more (compared to FY2013)	10%	<ul style="list-style-type: none">Switching to LED lighting for lighting equipmentImproving compressor operation and managementStudy for purchase of renewable energy electricity
	Managing waste and wastewater	Proactive use of resource recycling	Recycling rate: 25% or more	23%	<ul style="list-style-type: none">Applied for a permit to install a waste oil boilerRecovery and reuse of solvents, review of equipment cleaning
	Allocating water resources	Reducing water consumption	Maintain current level of water consumption (+5% or less compared to FY2019)	0.9%	<ul style="list-style-type: none">Studied process improvements to reduce water consumptionMonitored and maintained the amount of groundwater drawn
	Increasing sales of eco-friendly products	Switching to more environmentally friendly modes of business	Production volume of environmentally friendly products: 15% or more of total production volume	9.0%	Expanded sales of acrylates made of biomass-derived or recycled raw materials
	Ensuring environmental compliance	Complying with environment laws and regulations of countries and regions around the world	Comply with laws and regulations related to chemical substances		Issuance of SDSs compliant with the revised PRTR Law (100% result)
			PRTR emissions reduction: 60% or more (compared to FY2019)	25%	Measured and monitored losses due to the material balance
S	Workforce recruiting and training	Increasing the level of name recognition of OOC	Entry population formation: 10% increase (compared to FY2018)	106%	Actively participated in joint job fairs organized by the Society of Polymer Science, Japan, and universities
			Three-year retention rate: 100%	85%	Continued to improve interview process with employees who have been with the company less than three years
		Improving workforce training	[Engagement] Training satisfaction score: 3.5 or higher out of 5	2.99	Increased the number of training sessions to make it easier for shift workers to participate, and increased the participation rate by 23% from the previous year
	Respecting human rights	Combating harassment Dealing with diversifying information and values	Attendance at annual compliance education: 100%	100%	Conducted training with different content for supervisors and non-supervisors
	Creating safe and pleasant workplaces	Promoting health management Promoting sound work-life balance	Engagement survey results: Vibrant organization grade B (top 10% to 30%)	Grade D	Conducted an engagement survey
			Increase in gross profit per employee: 50% (compared to FY2019)	-3.2%	Drop due to decrease in sales
			[Favorable working environment] Percentage of paid leave taken: 70% or higher	64.2%	Implemented measures to encourage employees to take paid leave. Created an environment that facilitates utilization.
			[Favorable working environment] Flexible work hours adoption rate (excluding shift workers)	58.7%	Maintaining the system
			[Health] Obtain certification as an outstanding organization in health and productivity management	Obtained	Disclosed health checkup results and implemented measures
			[Safety] Lost-time injuries: 0 cases/year	0 cases	

Medium-term Business Plan: Progress & Development 2030 (December 2023 to November 2030)

ESG area	Materiality	Major initiatives and indicators	FY2026 targets		FY2030 targets
E	Considering biodiversity	Participation in river and coastal cleanups	At least 3 per year		
		OOO Future Forest program	Ongoing initiatives (Maintaining CO ₂ absorption of 1.9 tons or more)		
	Ensuring environmental compliance	Number of environmental complaints	0 per year		
		Reduce unit energy consumption by 1% per year (OOO)	99% or less compared to previous year		
	Implementing initiatives for achieving carbon neutrality	CO ₂ emission reduction (compared to FY2013)	20% reduction	30% reduction	
	Expansion of environmentally recyclable products	Production volume of environmentally friendly products (% of total production volume)	15% or higher		
Improving consumer security and comfort					
S	Communicating with customers and markets	Compliance rate with delivery deadlines in response to customer inquiries	90%		
		Customer inconvenience rate [(returns + delays)/shipment]	Less than 0.21%	Less than 0.20%	
	Managing supply chain and raw materials	Country risk	Eliminate a total of 3 cases	Eliminate a total of 5 cases	
		Percentage of suppliers endorsing our CSR Procurement Guidelines	90% or higher		
	Enhancing quality assurance system	Number of serious complaints	0 per year		
	Creating pleasant workplaces	Paid leave utilization rate	70% or higher		
		Reduction of overtime hours	Less than 30 hours per month for all divisions		
		Transparency of personnel evaluations	Engagement score: 3.5 or higher		
		Compliance awareness in the workplace	Engagement score: 3.5 or higher		
		Appropriate work support from supervisors	Engagement score: 3.5 or higher		
Job satisfaction		Engagement score: 3.5 or higher			
	Sense of fulfillment in capabilities	Engagement score: 3.5 or higher			

Initiatives for Materiality

Medium-term Business Plan: Next Stage 10 (December 2015 to November 2023)

ESG area	Materiality	Major initiatives and indicators	FY2024 targets (KPI)	FY2023	
				Result	Main activities
S	Creating a diverse workforce	Initiatives for diversity	Percentage of mid-career hires: 20% or higher	33.3%	Appointed temporary staff to be regular employees
			Percentage of female managers: 10% or higher (target in FY2026)	5.7%	Improved training for next female managers
			Percentage of eligible male employees taking childcare leave or leave for childcare purposes: 20% or higher	89%	Distributed notices to male employees who just had a baby to inform them of childcare leave and leave for childcare purposes
	CSR procurement	Creating a CSR-oriented procurement system	Percentage of suppliers endorsing our CSR Procurement Guidelines: 80% or higher (on a purchase amount basis)	87%	Requested the largest suppliers (contract manufacturers) on a purchase amount basis to sign consent forms and collected those forms from them
	Managing raw materials	Ensuring stable procurement of raw materials for key products	Identify supply risks (by mapping relevant manufacturing locations and suppliers)		<ul style="list-style-type: none">Conducted searches for multiple suppliers (manufacturers) for items purchased from one company to ensure stable procurementCreated regional maps of manufacturers and suppliers of key raw materials
	Giving back to the local community around each office	Ongoing interactions with local communities	Number of initiatives with local communities to solve social issues: 3 or more per month	5 per month	Actively promoted interaction with local communities
	Stakeholder engagement	Promoting dialogue around sustainability	Demonstrating the value of our existence by addressing the sustainability of society (qualitative target)		Promoted sustainability-focused dialogue with each stakeholder
	Improving consumer security and comfort	Raising awareness of how to benefit the local community through business activities	Percentage of sales from new products: 10% (cumulative for past four years)	9.4%	Addressed semiconductor materials
G	Sustainability management	Solving social issues by creating value			Developed new kinds of biomass acrylates using non-petrochemical raw materials
	Improving corporate governance	Improving management transparency and making management systems more efficient	Number of serious violations of laws and regulations: 0 per year	0	Ensured thorough employee awareness of legal compliance
			CGC compliance rate: 100% (building a higher level of corporate governance)	97.6%	Prepared for transition to a company with an Audit & Supervisory Committee Reduced cross-shareholdings
	Business risk management	Creating a risk management system	Number of financial forecast revisions due to the realization of perceived risks: 0 per year	1	Defined priority risks and disclosed proposed countermeasures (in the Annual Securities Report)
	Pursuing corporate ethics and integrity	Spread of our Management Philosophy	Score for penetration of our Management Philosophy: 4.0 or higher	3.4	Linked engagement survey questions to our Management Philosophy and quantified them

Other detailed ESG data are available on our website.

ESG Datasheet
Governance (G) Data
https://www.ooc.co.jp/en/csr/pdf/esg_governance.pdf



Environment (E) Data
https://www.ooc.co.jp/en/csr/pdf/esg_environment.pdf



Society (S) Data
https://www.ooc.co.jp/en/csr/pdf/esg_society.pdf



Medium-term Business Plan: Progress & Development 2030 (December 2023 to November 2030)

ESG area	Materiality	Major initiatives and indicators	FY2026 targets		FY2030 targets	
S	Contributing to and communicating with the local community	Participation in local community groups, events, etc.	At least 3 per month			
	Respecting human rights (human rights due diligence, etc.)	Eradication of harassment	0 cases			
	Securing human resources	Turnover rate (for personal reasons only)	Less than 2%			
		Three-year retention rate	100%			
		Percentage of female managers relative to percentage of female employees	90-110%			
G	Developing a business continuity plan (BCP)	CGC compliance rate	100%			
		Incidents classified as critical level	0 per year			
	Ensuring compliance	Managing waste and wastewater (deviation from environmental laws and regulations)	0 per year			
		Reduction of PRTR and VOC emissions (compared to FY2019)	66% reduction		83% reduction	
		Number of serious violations of laws and regulations	0 per year			
BF	Enhancing R&D capabilities	Percentage of sales from new products (cumulative for past four years)	10% or more			
		R&D efficiency [Five-year average operating profit / Five-year average R&D expenses starting from five years before the relevant five-year period]	5% or more			
		Sales ratio of new customers (from 2019 and after)	6% or more		10% or more	
		Conferences, papers, press releases, etc.	At least 10 per year		At least 12 per year	
	Enhancing marketing capabilities	Value-added labor productivity (compared to FY2023 index)	130 or more			
	Intellectual property strategy	Patents and intellectual property applications	At least 15 per year		At least 17 per year	
	Maximizing capital efficiency	ROE	10% or more		12% or more	
	Industry-academia collaboration and academic services	Joint research with universities	2 or more topics			

G Governance

Corporate Governance

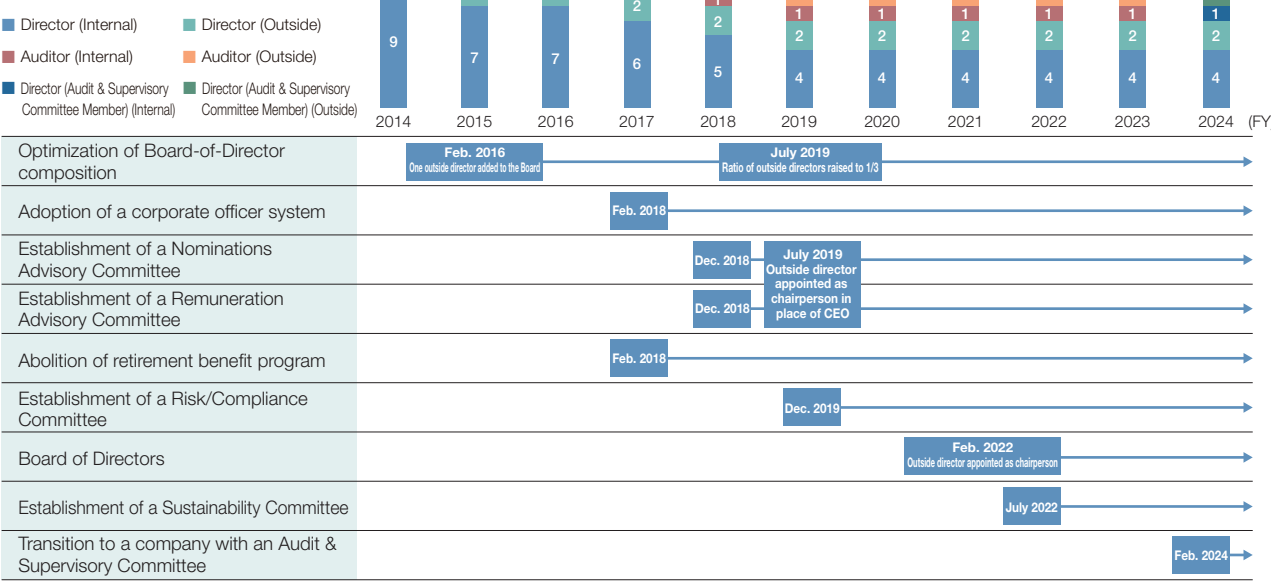
Corporate governance is an area that the OOC Group works actively to improve and enhance. In this area, we devote efforts to ensuring the integrity of our business activities and increasing management transparency and the efficiency and speed of management systems. We view these efforts as a way to achieve both sustainable corporate growth and a medium- to long-term increase in our corporate value. Improving corporate governance is a material management issue for us to tackle based on the going-concern assumption (an assumption about the Group's business continuity) fully shared with stakeholders both inside and outside the Group.

Governance Highlights

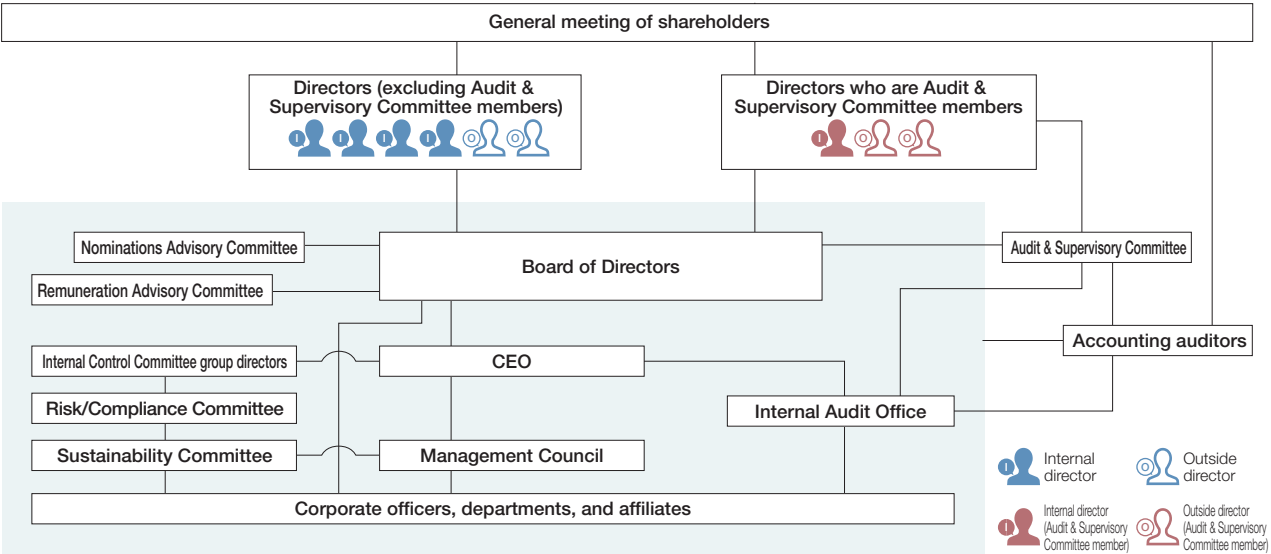
(fiscal year ended November 30, 2023)



Corporate Governance Improvement Milestones



OOO Group's Corporate Governance Organization



Executive Profiles

(as of February 28, 2024)

Directors



Masayuki Ando
Representative Director and CEO

Apr. 1986: Joined OOC

Feb. 2013: General Manager of R&D Division and Research Institute, OOC

Feb. 2014: Director and General Manager of R&D Division, OOC

Feb. 2016: Director, General Manager of R&D Division, and Advanced Technology Research Institute Head, OOC

Dec. 2017: Managing Director and General Manager of R&D Division, OOC

Feb. 2018: Managing Director, Corporate Officer, and General Manager of R&D Division, OOC

Dec. 2018: Managing Director, Corporate Officer, and General Manager of Corporate Planning Division in charge of R&D Division and Research & Business Development Office, OOC

Dec. 2019: Director (in charge of R&D Division and Research & Business Development Office), Senior Managing Corporate Officer, and General Manager of Corporate Planning Division, OOC

July 2020: Representative Director and CEO, OOC (current)



Soichi Honda
Director, Corporate Officer, General Manager of Administration Division

Apr. 1990: Joined OOC

Dec. 2015: General Manager of Administration Division, OOC

Feb. 2016: Director and General Manager of Administration Division, OOC

Apr. 2016: Director, General Manager of Administration Division, and Manager of Human Resources Department, OOC

Dec. 2017: Director and General Manager of Administration Division, OOC

Feb. 2018: Director, Corporate Officer, and General Manager of Administration Division, OOC (current)

Feb. 2022: Director, Shinko Organic Chemical Industry Ltd. (current)



Motomi Ogasahara
Director, Corporate Officer, General Manager of Business Operation Division

Apr. 1988: Joined OOC

Dec. 2017: Director, General Manager of Business Operation Division, and General Manager of Chemical Sales Department, OOC

Jan. 2018: Representative Director, Osaka Organic Chemical (Shanghai) Trading Ltd. (current)

Feb. 2018: Director, Corporate Officer, General Manager of Business Operation Division, and Manager of Chemical Sales Department in charge of Affiliated Companies, OOC

Dec. 2018: Director, Corporate Officer, and General Manager of Business Operation Division in charge of Affiliated Companies, OOC

Dec. 2021: Director, Corporate Officer, General Manager of Business Operation Division, and Manager of International Business Department, OOC (current)



Tetsuya Watanabe
Director, Corporate Officer, General Manager of Corporate Planning Division

Apr. 1995: Joined OOC

July 2020: Corporate Officer and General Manager of Corporate Planning Division, OOC

Feb. 2022: Director, Corporate Officer, and General Manager of Corporate Planning Division, OOC

Dec. 2023: Director, Corporate Officer, and General Manager of Corporate Planning Division in charge of Quality Assurance Office, OOC (current)



Takayuki Hamanaka
Outside Director

Apr. 1998: Registered as an attorney-at-law (Osaka Bar Association), Admitted to Showa Law Office (currently Habataki Law Office)

July 2005: Earned EU Law LL.M. (Master of Laws) at Faculty of Law, Katholieke Universiteit Leuven, Belgium

July 2005: Joined the Brussels Office of Linklaters and assigned to the EU Competition Law Department

Sept. 2007: Partner, Habataki Law Office (current)

Feb. 2016: Director, OOC (current)



Naoki Enomoto
Outside Director

Apr. 1985: Joined the Ministry of Finance

July 1991: Director, Seki Tax Office

May 1999: Counselor, Japanese Embassy in Malaysia

July 2002: Director of Accounts Division, Minister's Secretariat, Ministry of Finance

July 2003: Director of Collection Department, Tokyo Regional Taxation Bureau

July 2004: Director for Defense Industry, Aerospace and Defense Industry Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry

July 2006: Director of Office of Balance of Payments & International Capital Markets, Foreign Exchange Markets Division, International Bureau, Ministry of Finance

July 2008: Director for Fiscal Investment and Loan Appropriation (in charge of the Cabinet/Finance; Agriculture, Forestry and Fisheries/Environment; Economy, Trade and Industry; and Land, Infrastructure, Transport and Tourism), Financial Bureau, Ministry of Finance

July 2009: Director of Finance Division, Bureau of Finance and Equipment, Ministry of Defense

July 2011: Director of Government Financial Institutions Division, Minister's Secretariat, Ministry of Finance

Sept. 2012: Counselor, Office in Charge of the Nuclear Damage Compensation Facilitation Corporation, Cabinet Office

July 2014: Director-General, Tohoku Local Finance Bureau

June 2015: Member of the Board of Directors and Managing Executive Officer, Development Bank of Japan Inc.

July 2017: Director-General, Fukuoka Regional Taxation Bureau

July 2018: Director-General, Osaka Regional Taxation Bureau

Aug. 2020: Director-General, Tokyo Custom-House

Nov. 2021: Adviser, Sampo Japan Insurance Inc.

Feb. 2022: Director, OOC (current)

Aug. 2022: Advisor, The Nanto Bank, Ltd. (current)

June 2023: Outside Auditor, Advanex Inc. (current)

Directors Who Are Audit & Supervisory Committee Members



Sobi Nagayanagi
Director (Standing Audit & Supervisory Committee Member)

Apr. 1985: Joined OOC

Feb. 2012: General Manager of Internal Audit Office, OOC

Feb. 2017: Managing Auditor, OOC

Feb. 2024: Director (Standing Audit & Supervisory Committee Member), OOC (current)



Yasuko Yoshida
Outside Director (Audit & Supervisory Committee Member)

Oct. 2000: Admitted to Asahi & Co. (currently KPMG AZSA LLC)

May 2004: Registered as a certified public accountant

July 2005: Registered as a certified tax accountant

July 2005: Launched Yoshida Certified Public Accountant Office (current)

Feb. 2019: Auditor, OOC (current)

May 2021: Registered as a U.S. Certified Public Accountant (State of Washington)

June 2021: Outside Audit & Supervisory Board Member, Espec Corp.

June 2022: Outside Director (Audit & Supervisory Committee member), Espec Corp. (current)

Feb. 2024: Director (Audit & Supervisory Committee Member), OOC (current)



Tomoko Takase
Outside Director (Audit & Supervisory Committee Member)

Apr. 2000: Registered as an attorney-at-law

Apr. 2000: Admitted to Matsui Takao Law Office

June 2002: Admitted to Taiheyo Law Offices

Oct. 2009: Admitted to Murata Futaba Law Office (currently Arcus Partners) and assumed the position of partner (current)

Feb. 2022: Auditor, OOC

Feb. 2024: Director (Audit & Supervisory Committee Member), OOC (current)

Corporate Officers



Shigeji Eimura
Managing Corporate Officer, General Manager of Production Division, Kanazawa Plant Director



Yusuke Tokuda
Corporate Officer, General Manager of R&D Division



Kiyoaki Shizume
Corporate Officer, Manager of Research & Business Development Office



Shuichi Akita
Corporate Officer, Sakata Plant Director, Production Division

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Directors’ Skills Matrix

● Chairperson or committee chairperson ● Member ● Jury ● Expertise and experience

		Conference body									Knowledge, experience, and expertise								
Job title	Name	Board of Directors	Audit & Supervisory Committee	Management Council	Internal Control Committee	Risk/ Compliance Committee	Sustainability Committee	Nominations Advisory Committee	Remuneration Advisory Committee	Management	ESG	Sales	R&D	International experience	Finance and accounting	Risk and internal controls	Legal, regulatory, administrative, and other affairs	Careers, qualifications, etc.	
Representative Director and CEO	Masayuki Ando	●		●	●	●	●	●	●	●			●	●				R&D, overseas business, and corporate planning	
Director and Corporate Officer	Soichi Honda	●		●	●	●	●				●	●			●	●		Sales, overseas business, and administration	
Director and Corporate Officer	Motomi Ogasahara	●		●	●							●	●	●				Sales and overseas business	
Director and Corporate Officer	Tetsuya Watanabe	●		●	●	●	●				●	●	●					R&D, sales, and corporate planning	
Director (Outside)	Takayuki Hamanaka	●		●	●			●	●	●	●			●		●	●	Attorney license; overseas business	
Director (Outside)	Naoki Enomoto	●		●	●			●	●	●	●				●	●	●	Ministry of Finance, Ministry of Economy, Trade and Industry, and Regional Taxation Bureaus	
Standing Audit & Supervisory Committee Member	Sobi Nagayanagi	●	●	●	●	●	●				●		●			●		R&D, management systems, and internal auditing	
Audit & Supervisory Committee Member (Outside)	Yasuko Yoshida	●	●	●	●			●	●	●	●				●	●		Certified tax and public accountant license	
Audit & Supervisory Committee Member (Outside)	Tomoko Takase	●	●	●	●			●	●	●	●			●		●	●	Attorney license	

Role and Authority of Independent Outside Directors and Advisory Committees

OCOC has continued to strengthen its corporate governance system in accordance with the provisions about “Use of Optional Approach” (Supplementary Principle 4.10.1) in the TSE Corporate Governance Code. The specific measures we have adopted for that purpose include appointing independent outside directors and establishing Advisory Committees. OCOC currently has four independent outside directors, one of whom serves as chairperson of the Board of Directors. All of them offer their opinions at meetings of the Board of Directors and provide advice to each of the other directors as necessary, leveraging their highly specialized knowledge and abundant experience. We will

continue to examine the possibility of having independent outside directors as a majority of the Board of Directors. We also have two Advisory Committees—the Nominations Advisory Committee and the Remuneration Advisory Committee—under the Board of Directors. These committees are responsible for deliberating on important matters, such as the nomination of OCOC’s directors and remuneration therefor. Each of these committees comprises four independent outside directors, one of whom chairs it, and the CEO. In these committees too, independent outside directors are involved appropriately and provide helpful advice.

Formulation and Implementation of a Succession Plan

From the perspective of sustainable growth of our business over the medium to long term, we recognize that the development of management personnel is one of the most important issues to be addressed. Therefore, the Board of Directors has taken the initiative in formulating and implementing a succession plan in accordance with the provisions about “Roles and Responsibilities of the Board” (Supplementary Principle 4.1.3) in the TSE Corporate Governance Code. Specifically, we recognize that the incumbent CEO himself/herself should be actively involved in the selection of a candidate for the successor and be responsible for planning the development of the prospective successor. If it is difficult for the incumbent to select a successor candidate, the Nominations Advisory Committee may play a leading role in his/her place. On the other hand, if there is an option of reappointing the incumbent CEO, only the chairperson of the Nominations Advisory Committee and outside directors who are members of the committee will engage in deliberations on whether or not to reappoint the incumbent so that the fairness of the deliberations will be ensured. The Nominations Advisory Committee is also responsible for receiving sufficient reports from the CEO on the successor development plan and the nomination of a specific successor candidate, exchanging opinions, examining those reports based on its

evaluation of the CEO and OCOC’s management issues from an independent standpoint, and providing feedback. When the incumbent CEO selects and nominates a specific successor candidate, that candidate’s aptitude for the post of CEO will be evaluated by the Nominations Advisory Committee from an independent and objective standpoint. The following are the Succession Planning Policy and Development Plan Policy formulated on January 22, 2021.

(1) Succession Planning Policy

The formulation and implementation of a CEO succession plan shall be the CEO’s duty to be performed under his/her authority. The Nominations Advisory Committee shall define criteria for selecting candidates for the CEO, formulate a selection process and development plans, and confirm the overall process before monitoring the succession plan and reporting to the Board of Directors on the candidates or other matters.

(2) Development Plan Policy

To develop the next generation of management executives who will support OCOC’s continuous growth, the CEO shall always consider who can be promising successor candidates, mainly from among directors and corporate officers, and strive to develop them.

Efforts to Improve Management Transparency

■ Enhancement of Disclosures to Overseas Investors

We have made efforts to provide overseas investors with corporate information in English. Our website currently offers the following documents in English: the Notice of Convocation of the General Meeting of Shareholders, Financial Results, Financial Results Briefing Materials, and the Integrated Report. Our financial disclosures in English (Summary

of Financial Results) are also available on the “Listed company details (basic information)” page in the “Listed Company Search” section of the website of Japan Exchange Group, Inc. We are thus striving to enhance our financial disclosures in English for overseas investors.

■ Executive Compensation System

OCOC has established a remuneration system and remuneration levels for directors with a view to improving its business performance over the medium to long term and enhancing its corporate value in accordance with its Management Philosophy. The following resolutions have been adopted on remuneration for executives at past General Meetings of Shareholders. At the 77th Ordinary General Meeting of Shareholders, held on February 28, 2024, it was resolved that the annual amount of remuneration for directors (excluding directors who are Audit & Supervisory Committee members) be up to 360 million yen (excluding portions paid as employee salaries) (as of the conclusion of that meeting, the number of directors (excluding directors who are Audit & Supervisory Committee members) was six). Also, at the 77th Ordinary General Meeting of Shareholders, held on February 28, 2024, it was resolved that the annual amount of restricted stock compensation additionally paid to internal directors (excluding directors who are Audit & Supervisory Committee members) be up to 10 million yen (excluding portions paid as employee salaries) (as of the conclusion of that meeting, the number of eligible directors was four). Furthermore, at the 77th Ordinary General Meeting of Shareholders, held on February

28, 2024, it was resolved that the annual amount of performance-linked stock compensation additionally paid to internal directors (excluding directors who are Audit & Supervisory Committee members) be worth up to 40,000 shares (as of the conclusion of that meeting, the number of eligible directors was four). Also, at the 77th Ordinary General Meeting of Shareholders, held on February 28, 2024, it was resolved that the annual amount of remuneration for directors who are Audit & Supervisory Committee members be up to 60 million yen. (As of the conclusion of that meeting, the number of directors who are Audit & Supervisory Committee members was three.) The retirement benefit program for directors was abolished at the conclusion of the 71st Ordinary General Meeting of Shareholders held on February 27, 2018. Remuneration for directors (excluding outside directors and directors who are Audit & Supervisory Committee members) consists of monthly remuneration as basic remuneration, an annual bonus, performance-linked stock compensation, and restricted stock compensation. On the other hand, we only pay basic monthly remuneration to outside directors and directors who are Audit & Supervisory Committee members in consideration of their roles and independence.

Remuneration type	Objective and outline
Monthly remuneration	Monthly fixed cash remuneration whose amount is determined according to the position
Annual bonus	This is performance-linked cash remuneration paid to reward each director's contribution to steady achievement of targets each fiscal year. The amount of this type of remuneration is calculated based on year-on-year changes in consolidated results in key management indicators (net sales, operating profit, and EBITDA) to clarify each director's responsibility for the annual results. For FY2023, we set a target of consolidated financial results being 103% of the FY2022 levels and achieved a target of 74%. The payment rate was determined within the range from 0 to 200% of the base amount according to the level of target achievement. This type of remuneration is provided in a lump sum after the end of the relevant fiscal year.
Performance-linked stock compensation	This is grant-type performance-linked stock compensation paid to directors (excluding outside directors and directors who are Audit & Supervisory Committee members). The objectives of this type of remuneration are to offer eligible directors the incentive to work to constantly increase OCOC's corporate value and to more clearly show linkage between remuneration for eligible directors on one hand and OCOC's financial results and stock value on the other hand, thereby promoting further sharing of value with shareholders. The number of shares to be provided is determined within the range of 0% to 200% of the base amount according to the level of achievement of targets, including financial results during the three-year evaluation period. This type of remuneration is provided in a lump sum after the end of the relevant fiscal year. To link the performance targets used as standards for the determination of the remuneration amount to the targets set in the Second Five-Year Medium-term Business Plan, we set targets of a three-year average consolidated ROE of 10.0% or higher and a three-year average consolidated operating margin of 13.5% or higher (before the application of revenue recognition standards). The results for FY2023 were consolidated ROE of 7.8% and consolidated operating margin of 10.6% (before the application of revenue recognition standards).
Restricted stock compensation	This is stock compensation paid to directors (excluding outside directors and directors who are Audit & Supervisory Committee members). (The period of restriction on transfer is three years.) The objective of this type of remuneration is to offer eligible directors the incentive to work to constantly increase OCOC's corporate value, thereby promoting further sharing of value with shareholders.

Composition of basic remuneration and performance-linked remuneration

Director category		Basic remuneration	Performance-linked remuneration (base amount)			Ratio of basic remuneration to performance-linked remuneration
		Monthly remuneration	Annual bonus	Performance-linked stock compensation	Restricted stock compensation	
Directors (excluding outside directors and directors who are Audit & Supervisory Committee members)	Chairperson	100	36	24	17	100/77
	CEO	100	72	48	33	100/153
	Corporate officers	100	36	24	17	100/77

■ Reduction of Cross-shareholdings

(1) Policy for Reducing Cross-shareholding

According to criteria defined for OCOC's stock ownership, the Board of Directors annually reviews each company in which the Company has shares and makes decisions to reduce the number of its cross-shareholdings.

(2) Criteria for Stock Ownership

We hold shares only when we believe that it is reasonable to do so because, for example, it will help maintain and strengthen stable and long-term business relationships with clients and suppliers or help enhance our corporate value over the medium to long term. We periodically report on our holdings to the Board of Directors and assess the appropriateness of holding each stock by comprehensively considering its contribution to maintaining and strengthening a particular business relationship, the medium- to long-term benefits of our holding of it, and whether benefits and risks entailed by our holding of it deserve the capital costs.

(3) Exercise of Voting Rights Entailed by Cross-shareholdings

To appropriately handle voting rights entailed by our cross-shareholdings, we have established specific criteria for the exercise of such rights so that we can comprehensively judge whether our exercise of voting rights will enhance the medium- to long-term corporate value of the client company or supplier and contribute to our sustainable growth and benefits. We exercise voting rights according to these criteria.

FY2023 results

Number of stocks acquired	—	Number of shares acquired	—	Acquisition cost	—
Number of stocks sold	2	Number of shares sold	150,000	Selling price	0.667 billion yen

We will continue our efforts to reduce our cross-shareholdings.

Efforts to Improve Management Efficiency

Improving the Effectiveness of the Board of Directors

Through a resolution passed at the 77th Ordinary General Meeting of Shareholders held on February 28, 2024, OOC transitioned from a company with a Board of Auditors to a company with an Audit & Supervisory Committee.

Before the transition to a company with an Audit & Supervisory Committee, to assess the overall effectiveness of our Board of Directors,

we conducted a questionnaire survey of directors and auditors on the operation, deliberation, and composition of the Board, the status of efforts to solve issues it faces, the support system for it, and its overall rating. The survey results compiled were analyzed and evaluated by the Board of Directors itself, resulting in a “generally good” rating of its effectiveness. The effectiveness of the Board has thus been confirmed.

Reasons That the Effectiveness of the Board of Directors Is Generally Good

- While the composition of the Board of Directors should underpin its independence and objectiveness, OOC's Board of Directors had two independent outside directors out of its six members, with the ratio of outside directors being 1/3. In addition, an independent outside director has chaired the Board of Directors since February 2022. The Nominations Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors, have been established, and an independent outside director has been appointed as the chairperson of each to ensure the supervisory function of the Board of Directors by providing appropriate reports.
- We have established the Risk/Compliance Committee under the Internal Control Committee, which is a subordinate organization of the Board of Directors, to strengthen the risk management system and establish a system whereby the Board of Directors monitors management risks. In 2022, we established the Sustainability Committee to ensure governance and risk management related to climate change. We have also launched the Carbon Neutralization Study Committee to promote our initiatives to realize a decarbonized society.
- In August 2020, we developed our philosophy system, and are working to disseminate our philosophy throughout the OOC Group, and to strengthen the disclosure of ESG-related information to our stakeholders through the publication of our annual Integrated Report. In addition, we disclose our financial results, financial presentation materials, convocation notices, and Integrated Reports in not only Japanese but also English.

- We hold semi-annual company briefings and quarterly individual meetings with institutional investors to strengthen communication with investors. We ensure that our deliberations are highly conscious of all stakeholders by making quarterly reports to the Board of Directors and discussing and implementing improvements to employee working environments and the enhancement of our community and social contributions.
- We prepared our medium-term business plan, Progress & Development 2030, with the fiscal year ending November 30, 2024 as its first year, and will strive to further enhance our corporate value by taking actions to achieve the plan's goals.
- For governance issues, we are building and operating a system through discussions at the Nominations Advisory Committee and Remuneration Advisory Committee regarding the composition, number, and diversity of the Board of Directors, succession planning, and other issues.
- By transitioning from a company with a Board of Auditors to a company with an Audit & Supervisory Committee, we aim to realize highly transparent management and build a system that more accurately meets the expectations of our stakeholders in Japan and overseas.
- We strive to improve our way of information sharing with members of the Board of Directors in preparation for and during Board meetings so that the Board can have full discussions and deliberations.
- In addition to individual training for directors and auditors, we have provided quarterly group training on themes common to them to further strengthen our support system.

Matters Related to the Preparation of the Medium- to Long-term Business Plan

To achieve the goals of our medium-term business plan, Progress & Development 2030, the first year of which is the fiscal year ending

November 30, 2024, we will monitor the plan progress through periodic reviews.

Risk Management Measures

In order to enhance the Internal Control Committee and Risk/Compliance Committee, we will continue to hold in-depth

discussions on risks to our business and other areas at the Board of Directors meetings based on the content of the monitoring.

Further Improvements to Agenda Handouts and Their Contents

We have improved handouts on the agenda and their contents. In the future, we will continue to make efforts to improve the understanding of matters to be discussed among outside directors and directors who are

Audit & Supervisory Committee members and to hold more in-depth discussions.

Discussion of Governance Response (on Board Composition, Number, Diversity, Succession Planning, Remuneration, etc.)

The Nominations Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors, will be enhanced to improve the supervisory function of the Board of Directors.

We recognize that the key to solutions to the aforementioned issues will remain communication among executives (directors and directors who are Audit & Supervisory Committee members). We will continue to improve and strengthen the effectiveness of the Board of Directors.

Risk Management

Basic Risk Management Policy

The OOC Group will promote risk management to prevent the occurrence of risks and to protect the safety of officers, employees, and local residents in the event of an emergency, and to ensure the continuation of business operations.

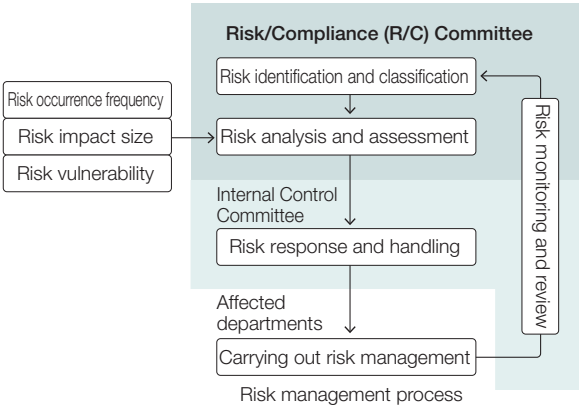
- The OOC Group's top priority is to ensure the safety of human life.
- We position risk management as an important management issue and work on activities from a company-wide perspective to prevent the occurrence of risks.
- We promptly report risk-related information and share it throughout the company.
- All officers and employees of the OOC Group shall improve their risk sensitivity and promote risk management with the participation of all employees.
- We will respond quickly and appropriately when risks arise and strive to minimize losses.

Objectives

- Ensuring the safety of human life
- Business continuity
- Loss avoidance through risk reduction
- Securing the trust of stakeholders
- Enhancing corporate value

Risk Management Process

- Identify and assess risks.
Identify the risks that affect the business plan for each fiscal year and evaluate them in terms of their impact on management, frequency of occurrence, and vulnerability.
- Determine priority risks.
Based on the results of the evaluation, select the OOC Group's priority risks, and consider and select the necessary countermeasures.
- Monitor the implementation status of risk measures, etc.
Monitor the priority risks, including the implementation status of planned risk measures.



BCP Initiatives

Basic Business Continuity Planning (BCP) Policy

In the event of a natural disaster, such as a major earthquake or storm or flood damage, or a serious crisis, such as the spread of a new strain of influenza, our management and employees will work together to ensure our business continuity in line with this Basic BCP Policy with the aim of fulfilling our responsibilities as a chemical company that supports the foundation for socioeconomic activities. We position the following as important duties to be performed to ensure our business continuity.

- Put human life first**
Our top priority is to confirm the safety of our employees and their families and ensure their security.
- Ensure business continuity through early recovery**
We will work to ensure a stable supply through early recovery so that the operations of our clients will not be suspended, in hope of being a company trusted by them.
- Support the local community**
As a member of the local community, we will make every possible effort to cooperate in evacuating and rescuing local residents.

Disaster Readiness Training and BCP-BCM-based Disaster Readiness and Business Continuity Exercises

The Sakata Plant and the Sakata District Wide-area Administrative Union Fire Department conducted a joint disaster drill, during which the Head Office also participated in the drill. The purpose of the drill was to verify disaster readiness and business continuity capabilities (recovery and response capabilities) in the event of a disaster. The drill (jointly conducted with the fire department) was based on the assumption that a fire had broken out at the Sakata Plant, and exercises were conducted on the initial response by the disaster task force (Head Office) immediately after the fire. In the event of a disaster, from the perspective of a business continuity plan (BCP), it is important to first confirm the safety of employees (and their families) and to understand the situation and the current status of the offices. Also, the disaster task force needs to clarify the roles and instructions in the event of a disaster and consider how to continue core business operations, which must be implemented through the establishment of a system in advance and repeated training and exercises.

Operation flow of the training and exercises

- Initial response (confirming disaster information, people's safety, and damage, and conducting initial firefighting, etc.)
- Contact with the Head Office using inter-site communication
- Head Office (disaster task force) and Sakata Plant are connected via teleconference to report on the situation
- BCP activation
- Instructions, actions, and results reporting from the disaster task force
- Review of training and exercises by the Risk/Compliance Committee



Disaster task force at the Head Office



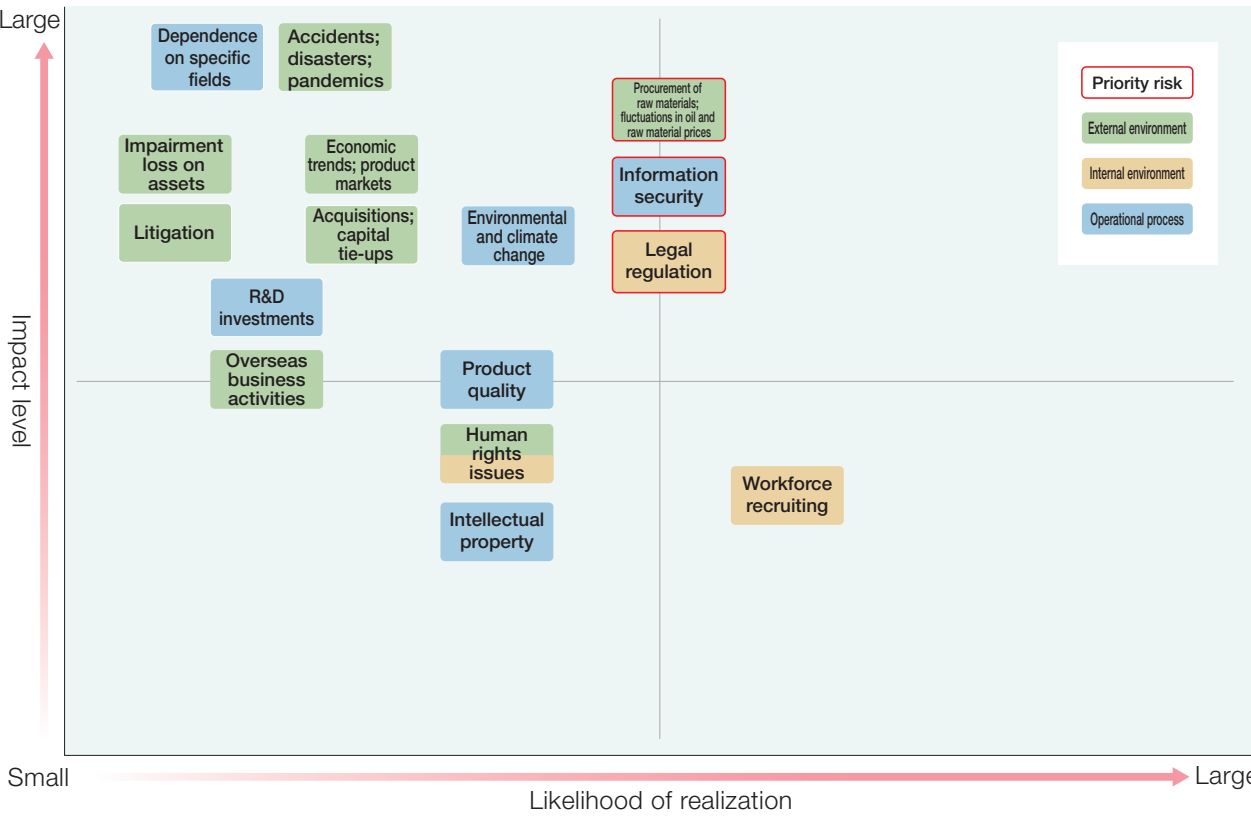
Disaster readiness training at the Sakata Plant

Designation of Business Risks and Priority Risks

We identified risks in consideration of the characteristics of each division and our business environment, including political, economic, and social conditions.

We then assessed those identified risks from the perspectives of the likelihood of their realization and the levels of their impacts. Based on the assessment results, we created a risk map and designated business risks and priority risks.

Likelihood of realization × Impact level



Business risks and priority risks

Risk factor	Description	Risk mitigation measures
Priority risk		
(1) Procurement of raw materials, fluctuations in oil and raw material prices	Delayed or disrupted supply due to accidents, quality defects, bankruptcies, etc., at raw-material or contract manufacturers, full-scale economic recovery from the COVID-19 pandemic, ongoing inflation in Japan and overseas, U.S.-China trade friction, the prolonged war in Ukraine, or other geopolitical factors may hinder the production activities of OOC and its subsidiaries. Also, significant fluctuations in crude oil and naphtha prices may affect the business performance of OOC and its subsidiaries.	OOO strives to ensure stable procurement of raw materials by securing multiple suppliers of raw materials. We are also working to reduce the impact through such measures as linking the status of raw-material supply to product prices and reducing costs.
(2) Impact on production due to accidents, disasters, and pandemics	Large-scale natural disasters, fires, accidental discharges of chemical substances, pandemics, or other events may cause the suspension of the production activities of OOC and its subsidiaries and consequently affect their business performance.	In addition to conducting regular inspections of manufacturing facilities and employee education and training, we have formulated a business continuity plan (BCP) and conduct periodic exercises to reduce risk in the event that the BCP should be put in motion. To better deal with infectious diseases, OOC has prepared a response manual for infectious diseases and has implemented comprehensive measures to prevent infection in its business operations.
Priority risk		
(3) Legal regulation	Although we conduct our business operations in accordance with Japanese and foreign laws and regulations (chemical substance-related laws, Poisonous and Deleterious Substances Control Act, Industrial Health and Safety Act, Fire Service Act, etc.), our business operations may be restricted in the future due to the enactment of stricter regulations or significant changes or stricter interpretation of laws and regulations. In the event of noncompliance with laws and regulations, OOC and its subsidiaries may lose public trust and be subject to liability for damages or fines, which may affect the business performance of OOC and its subsidiaries.	In addition to researching and identifying information on trends in the operation and revision of Japanese and overseas laws and regulations, we are developing measures such as verifying and reviewing of business processes, developing of internal regulations, and educating of relevant personnel to ensure compliance with these laws and regulations.

Risk factor	Description	Risk mitigation measures
(4) Overseas business activities	Overseas business activities entail the potential risk of being affected by deterioration of political, economic, or security conditions, unexpected revisions to laws or other rules, war, terrorism, infectious diseases, etc. Such events may arise that hinder the business activities of OOC and its subsidiaries and consequently affect their business performance.	We will acquire and train excellent local human resources, minimize risk by quickly obtaining accurate information and responding appropriately, and promote the development of internal controls at our overseas bases.
(5) Dependence on specific fields	In the electronics materials business, which accounts for a major part of the OOC Group's business portfolio, the speed of technological innovation is fast, and customer needs are complex and diverse. Therefore, delayed responses to technological changes or demand fluctuations may affect the business performance of OOC and its subsidiaries.	We are developing new products and market-oriented products while working to optimize equipment and staff allocation. We are also striving to create highly functional materials needed in a decarbonized society.
(6) Fluctuations in demand due to economic trends	The products of OOC and its subsidiaries are used in a wide range of fields and are greatly affected by fluctuations in demand in each industry. A drop in product prices due to market fluctuations, the influx of low-priced products, the emergence of alternative products, etc., may cause a decrease in profitability and consequently may affect the business performance of OOC and its subsidiaries.	Aiming for a profit structure that is less susceptible to fluctuations in demand and other factors, we are implementing product renewal and increasing the number of our highly functional, high-value-added product lines.
(7) Impairment loss on assets	OOO and its subsidiaries may record impairment losses on machinery and equipment, buildings, and other assets if they do not generate earnings as planned and OOC and its subsidiaries do not expect to recover the amount invested. Also, a significant deterioration in product market conditions may affect OOC and its subsidiaries' operating results through a write-down of inventories.	OOO and its subsidiaries continuously monitor their performance and indications of impairment and take action before recovery on their investments becomes difficult. With respect to inventories, OOC and its subsidiaries monitor demand trends and inventory status, and strive to maintain appropriate inventory levels.
(8) Acquisitions, capital tie-ups	Failure to obtain initially expected synergy or other benefits from corporate or business acquisitions, capital tie-ups, etc. or the occurrence or discovery of new unexpected problems due to such events may affect the business performance of OOC and its subsidiaries.	When making corporate acquisitions, business acquisitions, capital tie-ups, and other arrangements, we conduct detailed research on the target company or business or other investment targets and carefully consider the risks involved. For investment projects, we check the deviation between actual business performance and initial plans and take countermeasures as necessary.
Priority risk		
(9) Information security	The suspension of business systems, information leaks, information system failures, etc. at OOC or its subsidiaries due to unauthorized access, infection with computer viruses, etc. may cause the suspension of their business activities or loss of their social trust and consequently affect the business performance of OOC and its subsidiaries.	In addition to establishing an information security policy, building an appropriate system management system, and implementing security measures, OOC strives to ensure comprehensive information management through ongoing employee education as needed.
(10) Litigation	Business operations entail the risk of being involved in conflict with a supplier or third party and consequently in a lawsuit or other legal proceedings. A major lawsuit filed against OOC or its subsidiaries may affect their business performance.	In addition to complying with laws and regulations, OOC strives to prevent disputes, litigation, and the realization of other risks. Moreover, we have a system in place to respond to lawsuits and other legal matters in cooperation with law firms and other parties.
(11) R&D investments	We continue to make a certain amount of R&D investment to maintain our technological advantage. However, failure to achieve expected outcomes may affect the business performance of OOC and its subsidiaries.	We have a system in place to respond quickly to market demands in order to provide products that take advantage of our advanced and proprietary technologies for specialty acrylates in a timely manner.
(12) Workforce recruiting	Failure to recruit a necessary workforce due to a decrease in the working population caused by the declining birthrate or failure to obtain and maintain competent human resources as planned, resulting in a labor shortage, may affect the business performance of OOC and its subsidiaries.	We review our recruitment methods at appropriate times to ensure that we have the necessary human resources. In addition to skill development through employee education and training, we are working to improve employees' work-life balance and health awareness to create a comfortable workplace.
(13) Product quality	The occurrence of an unpredicted serious quality problem in a product manufactured by OOC or its subsidiaries may affect their business performance.	Based on our quality management system, we are striving to enhance our quality assurance system. Also, although we carry product liability insurance, we are working to reduce risk by improving customer satisfaction and earning their trust through ongoing product development that leads to improved product quality.
(14) Intellectual property	The occurrence of a problem related to intellectual property rights, such as leakage of proprietary technology or know-how or likely infringement of the intellectual property rights of other companies, may affect the business performance of OOC and its subsidiaries.	In addition to strictly managing our technology and expertise, we conduct thorough investigations to ensure that we and our subsidiaries do not infringe on the intellectual property rights of other companies, and we develop our business in such a way that we do not infringe on the rights of other companies.
(15) Environmental and climate change	Damage from self-caused environmental pollution and from the consequent decline in social trust or an increase in the cost of processing increased waste may affect the business performance of OOC and its subsidiaries. The emergence of new legal and social responsibilities due to climate change or the transition to a decarbonized society may cause an increase in the cost of measures for legal compliance and consequently affect the business performance of OOC and its subsidiaries.	We not only comply with applicable laws and rules but also manage environmental pollutants and hazardous substances according to management standards we have defined, as well as working on waste reduction. We announced our adoption of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Aiming for a target of achieving zero greenhouse gas (GHG) emissions by FY2050, we are implementing measures to address such issues as climate change and the decarbonization of society (including conducting energy conservation activities and utilizing renewable energy) to promote sustainable corporate management.
(16) Human rights issues	If human rights issues such as discrimination, harassment, forced labor, child labor, etc., were to occur among the officers and employees of OOC and its subsidiaries or in the supply chain, it could have an impact on the business performance of OOC and its subsidiaries.	We have established the OOC Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights, and provide appropriate education to the officers and employees of OOC and its subsidiaries. We also strive to reduce risks by conducting human rights due diligence to ensure that human rights are respected.

Audit & Supervisory Committee Roundtable



Our mission is to audit the legality and appropriateness of business execution by directors while making recommendations that contribute to the sustainable growth of the company

At the Ordinary General Meeting of Shareholders held in February 2024, the transition to a company with an Audit & Supervisory Committee at OOC was approved. Consequently, we asked the members of this committee to gather together and give their candid opinions on the purpose of the transition and the mission that the committee should fulfill.

■ Reason for establishment of the Audit & Supervisory Committee

Demonstrating balanced use of the brake and gas pedal in management decision-making

Nagayanagi: OOC has been evaluating the effectiveness of its Board of Directors since 2017. Whereas previously, governance was based on management boards, these days, we have been aiming for management based on advisory boards in accordance with the Corporate Governance Code. Furthermore, we have decided to transition to a company with an Audit & Supervisory Committee to further strengthen governance. One of the reasons for this was management's intent that the company organization should respond quickly to achieve gender diversity. And going forward, we see it as a challenge to continue to promote diversity among board members.

Yoshida: When I became an outside auditor in 2019, OOC was managed by its first CEO appointed from outside the founding family. I think it was a time when we were searching for a new management structure. When I first assumed my position, the CEO told me to speak freely about everything,

indicating that he was serious about reforming governance. In fact, my impression is that since then, OOC has made progress over the years in strengthening governance, including optimizing the composition of the Board of Directors, establishing a Nominations Advisory Committee, and having an outside director chair the Board of Directors. As for our future challenges, we recognize that, as Mr. Nagayanagi pointed out, it is the diversity of the Board of Directors.

Takase: I became an outside auditor in 2022, at which point I felt that the governance structure had already been established to some extent and was operating appropriately. The transition to a company with an Audit & Supervisory Committee will be advantageous for our future overseas expansion, as we will be able to audit the execution side of OOC as a board member, which is a system that is easier to understand for overseas investors.

Nagayanagi: If I were to make a complaint, it would be that while it is true that the systems for strengthening governance have been established and are being properly implemented, I am concerned that there is not enough discussion at Board of Directors meetings about what the objectives of these systems are and where the company is intending to go from here. I am concerned that since the management philosophy system remains vague, it has not reached a point where each and every employee has completely accepted it.

Yoshida: From my point of view, the current governance structure is functioning adequately. However, we may be stuck in a discussion of the fine details of how we should implement the system. In the future, I think it is necessary to

divide roles such that detailed issues are delegated to the execution side, while board members focus on discussing the company's direction and other big-picture issues.

Takase: Although both the management and the people on the front lines of execution take everything very seriously, perhaps there are some aspects of their hard work that are difficult to see from the outside.

Nagayanagi: As you pointed out, it is difficult to see what they are working on from the outside, and it may be necessary for the company to be more sensitive to outside opinions. In this respect, the recent transition to a company with an Audit & Supervisory Committee, so to speak, incorporates the opinions of our stakeholders, and we see it as a step forward, albeit a belated one.

Yoshida: Also, CEO Ando himself was actively involved in the decision-making process for the transition.

Nagayanagi: I believe that OOC is moving forward in a positive manner in a time of great change. The reduction of cross-shareholdings is one example.

Yoshida: In order to accelerate our overseas expansion going forward, I think we need to respond more than ever to the voices of foreign investors, even though their share of our total shareholder composition is still low.

Takase: Although an Audit & Supervisory Committee has been established, there are still issues that need to be addressed, such as the human resources that will handle the audits. The committee will need to set this up in the future.

Nagayanagi: Frankly speaking, we are left with the question of whether our internal auditing system is sufficient. For the time being, OOC will establish an elected Audit & Supervisory Committee member with the same functions as those of a corporate auditor to perform audit duties. Also, the Audit & Supervisory Committee focuses on the appropriateness of business execution rather than confirming the legality of business execution by the directors. In this area, we intend to work with the Internal Audit Office to ensure that the legality of business execution is of course checked, while also paying attention to the appropriateness of business execution. Furthermore, the transition to a company with an Audit & Supervisory Committee is expected to increase management transparency and speed up decision-making. Personally, however, I think it is important to broaden the scope of the Nominations Advisory Committee to address the interests of investors in the development of management human resources with an eye to the future. In this regard, I have great expectations with the addition of Ms. Yoshida and Ms. Takase to the committee.

Yoshida: I have been monitoring the issue of management human resources. Nevertheless, it is not clear whether the company has done enough to look ahead to the future, and we believe that the transition to a company with an Audit & Supervisory Committee will be an opportunity to advance the discussion.

Takase: Although a company with an Audit & Supervisory Committee serves as a check and balance against the management team, I would like to be a person who, while ensuring the appropriateness of business execution by the directors, can encourage the management team to make decisions on how to improve corporate value, by conveying to them, "Please proceed with confidence, since we are checking on you." I would like to conduct our work while considering the appropriate balance between the brake and accelerator in management decision-making.

Yoshida: We expect that the Audit & Supervisory Committee

will function as a monitoring board in the future, which will lead to more active discussions by the Board of Directors than ever before.

■ Medium-term business plan from an auditing standpoint

Important to aim for both economic and social value

Nagayanagi: Next, I would like to express my opinion on the medium-term business plan. From an auditing standpoint, although we have a medium-term business plan, the plan focuses on sales and profit targets for each fiscal year, and it is difficult to see what Osaka Organic Chemical Industry exists for and how it will contribute to its various stakeholders. Although we have a materiality statement, we believe that clarifying how this is connected to our corporate objectives will further promote understanding among people outside the company. In this regard, I expect the focus of my efforts, which previously was confirming the legality of business execution as a corporate auditor, will now shift to enable me to talk more in-depth as an Audit & Supervisory Committee member.

Yoshida: The medium-term business plan calls for increasing sales from the current level of 30 billion yen to more than 50 billion yen by 2030, a figure that I do not think will be easy to achieve even if the growth of the semiconductor industry is significant. As a member of the Audit & Supervisory Committee, I would like to make every effort to encourage the achievement of the goals of the medium-term business plan. On the other hand, it is the substance of management that is important, not the numbers. While exhaustively discussing the fundamental management question of why customers choose us, the organization must be one in which each and every employee has accepted the medium-term business plan and is self-motivated to take on the challenges necessary to achieve it.

Takase: Currently, when I attend Management Council meetings, I feel that discussions tend to focus on the financial side of things. Looking ahead, I think that board members must have a thorough discussion on the connection between financial and non-financial matters.

Nagayanagi: What I would really like to see us address on the non-financial side toward 2030 is the issue of diversity and inclusion. In particular, the promotion of great involvement by women, such as increasing the ratio of women on the Board of Directors, needs to be seriously addressed. A major challenge for OOC is that we do not have



any female employees who can serve as role models. Although OOC is taking measures, such as having the CEO talk to female employees, it is not enough. I would like to see OOC learn from the best practices of other companies and increase the ratio of female employees, as well as fundamentally review how work is performed. As long as the old ways of working are adhered to, the number of female managers will not increase, and we would like to see an urgent review of how the organization should be organized.



Yoshida: This issue is not an easy one to resolve, but we believe it is important to build up one by one from where we can. For example, a few years ago, I submitted a proposal that it was not right that only female employees wore uniforms to work in the office, and consequently, uniforms for female employees were abolished and gender equality in dress was achieved. Also, it is important to change the attitudes of female employees themselves. We cannot move forward on this issue as much as we would like if we were to deal with it only within the company. Therefore, we believe it is necessary to send female management candidates to external training programs to learn from role models at other companies and provide other opportunities for them to get a feel for the atmosphere outside the company. The accumulation of such efforts will lead to a change in awareness. As a result, I would like to create a situation where the number of female managers and directors increases. We have two female outside directors, but female employees may strongly feel that they were just invited from outside the company anyway. We would like to break out of this current situation. And what I want to say out loud more than anything else is to change the awareness of male employees. The percentage of our male employees taking childcare leave is on the rise, even it is only temporary leave. The task of childcare continues for years. These obvious things should be properly understood by all male employees. We believe that diversity and inclusion will never be realized unless we create a situation in which it is commonplace for men and women to share the household chores, childcare, and nursing care equally at home, just as men and women share the work and are evaluated fairly in the company.

Takase: It is not easy to change the mindset of both men and women in Japan. While the bias of what it means to be female or male still remains strong in society, it is necessary for the company to continue to persevere in its efforts.

Yoshida: For my part, while it is important to raise employee awareness, I still expect strong top-down implementation. I expect the CEO to take the lead in getting the message out

here. At the same time, I hope that the CEO himself is actively involved in housework, childcare, and nursing care at home. Although it is not easy to balance corporate management and family life, this is why I hope that management will be acutely aware of the difficulties involved and take the necessary measures.

Nagayanagi: In the future, companies will be required to focus on human capital management, including issues of diversity and inclusion. OOC's corporate philosophy states, "The Company and its employees form a single entity that works together and shares a single destiny. The Company's prosperity rests on the efforts of the employees; the happiness of the employees flows from the prosperity of the Company," and I believe that OOC is making a sincere effort in terms of management that values its people. Nevertheless, it is questionable whether there is an established system to develop the next generation of growth leaders. When the current management team joined the company, the company was small and we were able to experience a variety of business operations. It was in this context that I studied and accumulated skills and knowledge on my own. Despite the hardships, that was the way to develop human resources, but it is not a story that is applicable today. In particular, in sales situations, when talking with customers after receiving an inquiry, our sales staff need to be able to look ahead and see how customer needs will expand and what kind of profit opportunities will arise in the future. However, I don't feel confident that we are developing staff with these types of abilities.

Yoshida: I see, so the current management team has grown by thinking and acting on their own. Nevertheless, there may be points where the old way of training is no longer applicable, and so we believe that it is necessary to review the way human resource development should be conducted after sharing these points within the company. In addition, diversity of skills and knowledge will also be important in the future. One of our strengths is that we have many employees who are bright in technology, but we tend to lean toward certain fields. When considering how to achieve sustainable growth going forward, we must acquire human resources from a wide range of specialized fields, looking ahead to the future, and not just from certain laboratories at certain universities. I believe that it is through diversity that new technologies and values will be created.

Takase: The issue of human resource development is one that CEO Ando and the rest of the management team share a common emphasis on. Ever since the electronics materials business started doing well, the CEO has always sent out a visionary message to our employees that said, "We must not take this situation for granted. We must constantly pursue new possibilities." He also has emphasized the need to develop the next generation of growth leaders who can pursue this agenda. This is definitely an issue that board members should seriously discuss in the future.

■ Mission of the Audit & Supervisory Committee

Supporting sustainable growth from the perspective of each area of expertise

Nagayanagi: In order for our company to achieve sustainable growth in the future, we believe it is important to refine our strengths. I'd say that our strengths are that we are bright in technology and that we can respond to customer

requests with unparalleled speed compared to our competitors. However, a business model in which we simply do what we are told as a subcontractor will only exhaust our company. Rather, as CEO Ando advocates, the key is to understand the background of the customer's needs and link them to the company's technology to create new value. To date, our business has expanded due to the success of this aspect of our business. I believe that the most important factor in our continued growth will be our ability to read the backgrounds of our customers for developing solutions tailored to them in the future.

Yoshida: As indicated by "Never seen but always near," even though our products do not appear outwardly in the world, I think our strength lies in the fact that our products are niche and unique. Conversely, we understand that a weakness is that we have not been able to establish a new earnings pillar, as the electronics materials business is now the mainstay of our earnings. It is essential to develop new areas of business, as we did in the past when we made a major shift from pharmaceutical intermediates to the field of electronics materials.

Takase: While one of our strengths is our ability to respond quickly and meticulously to our customers' issues, our ability to respond meticulously in some fields means that profitability is not necessarily high, and in this respect our strengths and weaknesses are inextricably linked. As CEO Ando emphasizes, it is essential to develop new fields.

Nagayanagi: In terms of future growth, we believe that building a system for overseas expansion is also important. Whether we have done enough here is, unfortunately, a middle-of-the-road situation. There are many issues to be addressed, including organizational development, human resource development, and compliance with the laws of each country. What was not a problem in Japan may become a major problem overseas, and must be addressed firmly from a risk management perspective.

Yoshida: In addition, it is necessary to establish a system for the management of local subsidiaries and the treatment of locally hired personnel.

Takase: The issues of overseas expansion are discussed at Board of Directors meetings and Management Council meetings, and a certain amount of research and other studies are conducted on local risks. However, as a legal professional, I am concerned that there are some assumptions based on the fact that Japanese people consider it a virtue to trust others. As a member of the Audit & Supervisory Committee, I believe it is necessary to make firm points as necessary in the future.

Nagayanagi: After listening to what you have said, I realize that the Audit & Supervisory Committee members have a great mission to fulfill. I believe that while demonstrating their knowledge and experience in their respective fields of expertise, they will become more active in working toward the sustainable growth of Osaka Organic Chemical Industry. As for my own mission, audits by the Audit & Supervisory Committee differ from audits by corporate auditors in that they are based on organizational audits utilizing the internal control system, so I must shift the operational audits, which I have been mainly conducting, to the people in the Internal Audit Office. In making the transition, we feel it is necessary to verbalize the concept of auditing, rather than just preparing a manual to get the audit rolling. We believe that by enabling people within the company to perform audits without relying on manuals, but by understanding their essence and applying

them as needed, this will eventually lead to the development of human resources.

Yoshida: In the future, it will be increasingly important to work with people in execution to achieve organizational audits. For my part, I am encouraged by the fact that when I was first appointed as an outside auditor, I was told to freely point out everything, and I understand that my mission is to ask questions by intentionally disregarding the internal company atmosphere, and to point out what I think is wrong from the public's point of view.

Takase: For my part, I will offer opinions that will lead to the improvement of corporate value from a broad perspective to avoid the "missing the forest for the trees" that lawyers tend to do. Also, I believe it is important to check as legal experts what risks may arise if resolutions are passed by the Board of Directors.

Nagayanagi: As far as FY2024 is concerned, the division of roles between the Audit & Supervisory Committee and the Internal Audit Office is one of them. We will make the people in the Internal Audit Office more effective while ensuring that they understand the purpose of internal control in OOC. Furthermore, monitoring the appropriateness of the medium-term business plan is also a major challenge. At this point, I am keeping a close eye on whether the company is only looking to increase its economic value. Most corporate scandals tend to occur when companies forget their social mission and run after immediate profits. As the Audit & Supervisory Committee, we would like to make the company one that can aim for both economic and social value while looking to the future.

Yoshida: If you read OOC's management philosophy and corporate philosophy, I think it represents the foundation of our corporate management well. Whenever you are unsure about a decision, it is important to return to the management philosophy and corporate philosophy because they explain what the company should address for the future, and I hope that everyone from the management team to those in people in execution will keep them in mind as they conduct their business.



Takase: I believe that if everyone, from the management team to each and every employee, understands the management philosophy and corporate philosophy while striving to enhance economic and social value, we can aim for further growth as a company that meets the expectations of our investors. And as a member of the Audit & Supervisory Committee, I will strive to make recommendations that will contribute to the sustainable growth of Osaka Organic Chemical Industry.

E Environment

Environmental Initiatives

In the midst of our efforts to address various environmental issues such as global warming and climate change, the OOC Group aims to realize a sustainable society through corporate initiatives aimed at coexistence with the Earth and society. Furthermore, by emphasizing the connection between the SDGs and the management of chemical substances and waste, we are working to reduce our environmental impact while implementing improvements and our own systems for managing chemical substances. We will strive to create renewable energy and reduce greenhouse gas emissions while properly managing these chemical substances and waste.

P&D 2030: Our Medium-term Policy

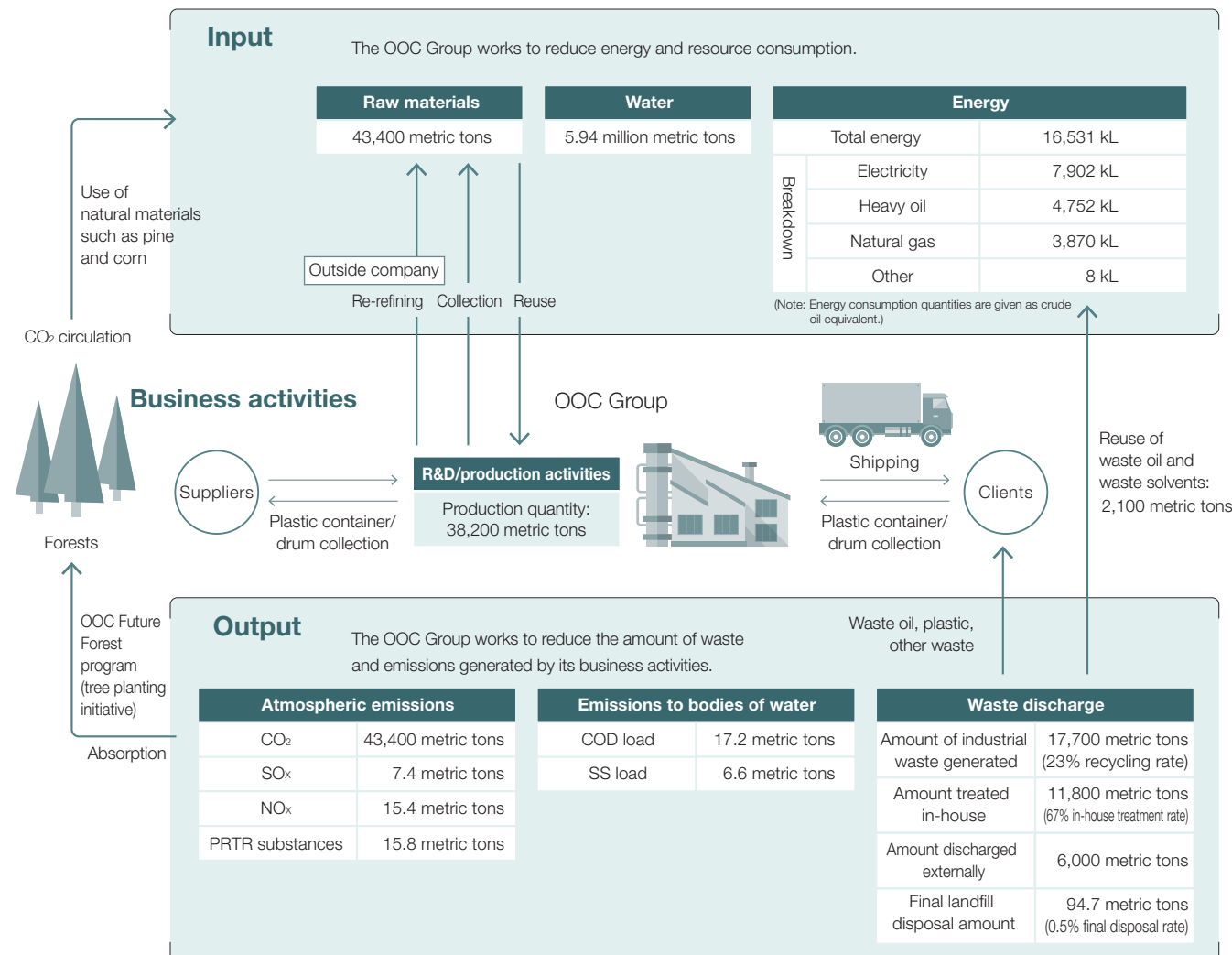
Company activities designed for coexistence with the Earth and society

- Building global partnerships to enable sustainable development
- Managing chemicals and reducing waste throughout product lifecycles
- Proactive use of resource recycling and use of renewable energy

State of Environmental Impact

A wide variety of chemical substances are used in our daily lives, and various environmental impacts are generated in their production processes. Throughout the entire life cycle of chemical substances (from the selection of raw materials to

their manufacturing, use, and disposal), the OOC Group is committed to reducing its environmental impact by proactively managing these chemical substances and reducing waste. Various ESG data is available on our website.



Initiatives to Reduce Environmental Impact

The process of manufacturing chemical products can be divided into the pretreatment of raw materials, synthesis (conversion), and separation/refining. A major challenge is how to reduce energy usage in these manufacturing processes. The OOC Group is also faced with the challenges of how to reduce environmental impact by decarbonizing our fuels and raw materials and recycling raw materials, and how to curb CO₂ emissions from processes that must rely on fossil fuels (resources). In addition to preventing environmental pollution in compliance with laws and regulations, such as through our management of chemical substances and waste, we are also working to reduce our environmental impact by implementing energy conservation initiatives within the company. As in previous years, there was no serious environmental compliance violation, such as a leak or disaster, in FY2023. In order to ensure business continuity, the Group will continue to conduct its activities in a manner friendly to the global environment by ensuring that each employee understands the importance of legal compliance and disposing of any waste by appropriate methods as it arises.

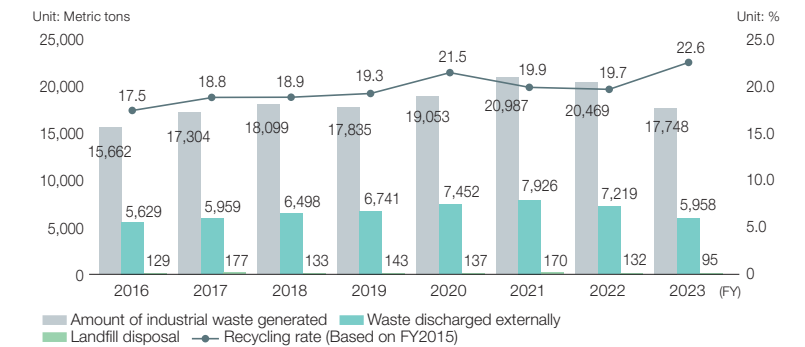
Curbing the Discharge of Industrial Waste

In order to create a recycling-oriented society that reduces the usage of natural resources and lowers its environmental impact, the OOC Group is conducting activities that put the three Rs (reduce, reuse, recycle) into practice. We are striving to reduce the amount of industrial waste that we generate by recycling waste solvents generated in our plants, recovering metals from waste, and conducting other decarbonized society initiatives. We are also actively engaged in full-scale separation of generated waste. Separating waste enables us to perform recycling, and we aim to realize a recycling-oriented society by reducing the volume of waste. In FY2023, the recycling rate was 22.6%, showing an increasing trend. As part of our initiatives to implement resource recycling, we are examining methods to treat waste oil and are planning to add a boiler that uses waste solvent as fuel, which is scheduled to go into operation this fiscal year.

Recycling rate FY2023 result: 22.6%

Data for changes in waste

Unit: Metric tons

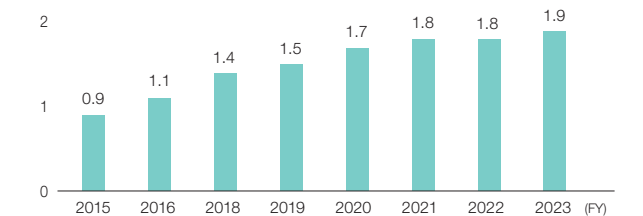


OOO Future Forest Program

As part of its efforts to preserve the forest environment, Ishikawa Prefecture implements the “Corporate Forest Support Promotion Project,” and OOC’s Kanazawa Plant has participated in these activities every year since 2010. Forest maintenance helps absorb CO₂ and thus contributes to carbon neutrality.



CO₂ absorption

Unit: t-CO₂

Recycling of Used Work Clothes

When we updated our work clothes, we adopted work clothes partially made of plant-derived fibers and switched to a continuous recycling system through a work clothes collection system operated by the Ecological Life and Culture Organization for collecting previously discarded work clothes.
(Head Office Plant of Shinko Organic Chemical Industry)



Initiatives to Achieve Carbon Neutrality

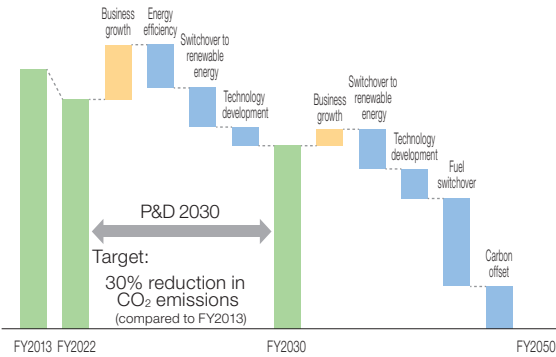
In recent years, the world has become keenly aware of the issue of global warming, and following the Paris Agreement adopted in 2015, major countries around the world have set a goal of zero (net zero) CO₂ and other greenhouse gas emissions by 2050. Japan also declared itself carbon neutral in October 2020, aiming to achieve net zero emissions by 2050. In order to achieve carbon neutrality, the adoption of renewable energy sources that do not emit CO₂ when used as energy is being implemented around the world. The OOC Group also consumes a large amount of energy in conducting its business. The Group is working toward a carbon-neutral, decarbonized society with a long-term goal of resolving significant decarbonization issues while considering the effective use of waste as energy sources in the medium term and implementing the introduction of solar power generation equipment and the purchase of green electricity in the short term.

Past Steps toward a Decarbonized Society

As a part of our efforts to reduce environmental impact for achieving a decarbonized society, we are engaged in various energy-saving initiatives. We are striving to curb greenhouse gas emissions by replacing all equipment used in plant facilities with high-efficiency equipment, improving operation and management, improving the peripheral equipment for boilers, switching to LED lighting, and adopting solar power generation equipment, among other measures.

OOO Group's CO₂ Reduction Measures

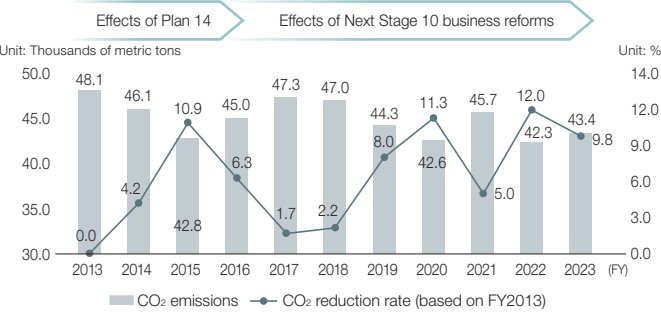
- Shinko Organic Chemical Industry's Head Office Plant has been operating on purchased green electricity since FY2024.
- We will implement the use of renewable energy sources until 2030, while seeking ways to reduce CO₂ emissions through technological development, with the aim of achieving our targets.
- After 2030, we will aim to become carbon neutral by switching fuels and offsetting while increasing our contribution to technological development.



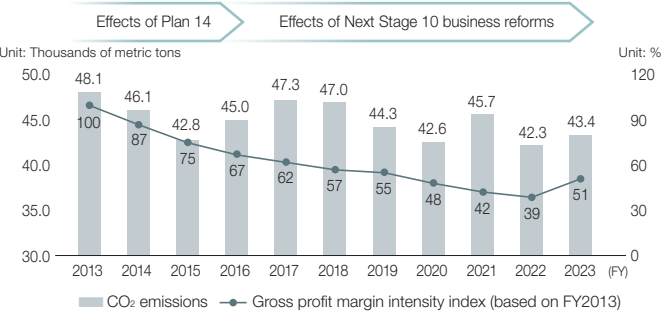
Life Cycle Assessment (LCA) Compliance Status

In addition to the company-wide CO₂ emissions monitoring (Scopes 1 and 2), we have established a system to monitor CO₂ emissions for each product, enabling us to monitor emissions for some products on a product-by-product basis.

Changes in CO₂ emissions and CO₂ reduction rate (based on FY2013)



Changes in CO₂ emissions and gross profit margin intensity index (based on FY2013)



CO₂ emissions reduction rate (compared to FY2013)

FY2023 result	FY2030 target	FY2050 target
10%	30% or more	Net zero

S Society

Respecting Human Rights

OOO Group Human Rights Policy

The OOC Group (hereinafter the "Group") has established its human rights policy respecting the United Nations' International Bill of Human Rights and the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work based on the United Nations Guiding Principles on Business and Human

Rights, as guidelines for fulfilling its responsibilities for respecting human rights in its business activities, as follows:

Scope of application

This Policy applies to all the Group officers and employees and other persons who work for the Group. The Group will also encourage its business partners and suppliers to understand this Policy.

Human rights related to business activities

The Group recognizes that addressing the following human rights issues related to its business activities is an important element of its human rights responsibilities.

- **Discrimination**
The Group will respect the human rights and diversity of individuals, and work to eliminate any kind of discrimination based on race, gender, age, nationality, disability, physical condition, sexual orientation, religion, etc.
- **Harassment**
The Group will not tolerate any moral or physical harassment by words or actions that make the other party feel uncomfortable.
- **Forced labor and child labor**
The Group will not use forced labor, and not cause children to work who are below the minimum working age stipulated by the laws and regulations of each country or region.
- **Freedom of association and collective bargaining rights**
The Group will respect freedom of association and rights to collective bargaining.
- **Working hours and wages, and occupational health and safety**
The Group will comply with all laws and regulations related to the working hours and wages applicable in each country and region. It will also comply with maximum working hours, ensure appropriate rest breaks and holidays, and give consideration to the safety and health of employees, to create comfortable workplace environments.
- **Business partners and supply chain**
The Group will encourage its business partners and suppliers to understand this Policy.
- **Local communities**
The Group recognizes that its business activities may impact health and other human rights in local communities. It aims to fulfill its human rights responsibilities in the communities where it operates, and to contribute to a sustainable society.

Human rights due diligence

The Group will work through the operation of the Risk/Compliance Committee to reduce the risk that human rights issues may occur.

Relief and correction

The Group has established hotline reporting channels for all people who work for the Group to report complaints and make whistle-blowing disclosures, and provides inquiry contacts for customers and other parties on its corporate website. If it becomes obvious that the Group has caused or been involved in a negative impact on human rights, the Group will work to provide relief through appropriate procedures.

Dissemination of and education on human rights policy

The Group will provide appropriate education to its officers and employees to ensure the effective implementation of this Policy.

Established on December 1, 2023
Masayuki Ando
Representative Director and CEO
Osaka Organic Chemical Industry Ltd.

Stakeholder Engagement

Stakeholder engagement initiatives

Stakeholders	Main methods and opportunities for dialogue	Main dialogue contact
Clients	● Daily sales initiatives ● R&D/quality meetings: 4 to 5/month ● Quality audit: About 1/month	Business Operation Division Quality Assurance Office
Trading partners	● Daily procurement initiatives ● Supplier audit: About 1/month ● Technical and quality meetings: 1 to 2/month ● Safety seminar (for logistics companies) Kanazawa Plant, Sakata Plant, Osaka Office: 1/year each	Purchasing Department Engineering Department Quality Assurance Office Logistics Department (Transportation)
Shareholders and investors	● General meeting of shareholders ● Briefings for individual investors in Tokyo and Osaka: 2/year ● Briefings for institutional investors by teleconference: 2/year ● ONE-on-ONE meetings: 30 to 40/quarter ● Business Report/Annual Securities Report	IR & PR Group Corporate Planning Division
Employees	● Employee engagement surveys: 1/year ● Interviews with supervisors: 6/year ● Interviews with employees who have been with the company for three years or less: 1/year ● Internal newsletter: 2/year (2023)	General Affairs Department Corporate Planning Division
Local communities	● Participation in community groups and events: 3 to 5/month ● Joint research with universities: 3 topics ● Dialogue with students (visiting associate professor)	Production plants & offices R&D Division Business Operation Division

Interactions with Local Communities and Society

(Contribution to Regions in Which OOC Business Sites Are Located)

OOO Group

We would like to express our deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake, and our heartfelt sympathy to all those who were affected by the disaster. The OOC Group has donated 20 million yen through Ishikawa Prefecture to the disaster relief fund to be used for the relief of the victims and reconstruction of the affected areas. We sincerely hope for the safety of everyone in the affected areas and the earliest possible recovery.

OOO (SCB Scholarship Association)

As a general incorporated association, the SCB Scholarship Association provides scholarship loans with the aim of nurturing talented individuals who can contribute to society in the future. (www.scbss.net)

Kanazawa Plant

Reducing environmental impact and improving the safety of our operations at this main plant

The Kanazawa Plant began operating in 1981 as the OOC Group's second plant, and since then it has developed to become our main plant. The Kanazawa Plant faces the holy mountain Mount Haku, and has effectively used the precious resource of groundwater from there to expand its production operations. We use the Plant's state-of-the-art technology to carry out business activities that contribute to society. We are also actively moving forward with a range of initiatives for achieving sustainable manufacturing that is energy efficient and eco-friendly. These include improving production processes, installing energy-saving equipment, and using renewable energy sources. Additionally, through organizing and taking part in various community social action programs, Kanazawa Plant employees are establishing closer ties with local residents.



Kanazawa Plant Director appeared as a guest on MRO Radio (Tad Mitani's Innovation Now)
"Tad Mitani's Innovation Now" is a radio program that aims to energize the economy of Ishikawa Prefecture by featuring executives of top niche and market share companies to highlight the appeal and strengths of these companies.



Matsumoto Industrial Park simultaneous cleanup
We clean up the Matsumoto Industrial Park twice a year in conjunction with Hakusan City Cleanup Operation. This year, 16 employees from OOC participated in May and 17 employees in October, cleaning the park and gutters of common facilities.



Kanazawa Plant (including the Kanazawa Laboratory)

- Location: 1600-1 Matsumoto-machi, Hakusan-shi, Ishikawa
- Established: June 1981
- Employees: 252 (as of November 2023)
- Main products: Semiconductor materials, coating and adhesive materials, resin raw materials, etc.



Future Forest program
Twelve employees and 14 family members (including children) participated in volunteer activities for supplemental planting and pruning of branches.



Blood donation drives
As a member of the Matsumoto Industrial Park Council, the Plant has been cooperating with the Ishikawa Prefecture Red Cross Blood Center in blood donation drives since 2010.

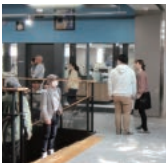
Osaka Office

A hybrid office functioning as a West Japan distribution center and information-intensive laboratory

The Osaka Office has been in business for 62 years (established in 1961) and has built the foundation of our company. In December 2014, the manufacturing facility ceased operations due to the reorganization of the manufacturing base. The following year, in 2015, the office name was changed from the Osaka Plant to the Osaka Office, and the business was expanded as a research laboratory and distribution base for western Japan. In November 2020, a new research facility, CREO (Creative Osaka Research Center), was opened, creating an environment to conduct new product development in line with customer and industry needs. We also cooperate with the local community through safety and health initiatives, and participate in various social contribution initiatives to deepen exchanges with the local community.



Traditional shouting match at Danjiri Festival by Katayama-cho Youth League and Ishikawa Town Association Young Men's Group
The autumn Danjiri Festival was held again for the first time in four years. Danjiris (traditional wooden carts in the shape of a shrine or temple) were paraded through the town, and the participants performed a traditional shouting match at a travel stop along the course (Osaka Office).



Osaka Office family tour
A laboratory tour and BBQ (for the first time in four years) were held for Osaka Office employees and their families.



Osaka Office (including Osaka Laboratory/Advanced Technology Research Institute)

- Location: 18-8 Katayama-cho, Kashiwara-shi, Osaka
- Established: July 1961
- Employees: 46 (as of November 2023)

Sakata Plant

Production that also values precious natural capital

The Sakata Plant started operation in July 2000. It is our third plant and occupies the largest site of all our plants, spanning 114,000 m². Chokai Minami Industrial Park, located at the foot of Mt. Chokai, is on a plateau 20.8 m above sea level, and is in an area with solid ground and low risk of natural disasters. As one of the few chemical manufacturers in the verdant Shonai Plain, labor and management are united in their pursuit of manufacturing that reduces environmental impact and saves energy, while at the same time creating a pleasant work environment that prioritizes safety. We are also actively involved in social contribution initiatives such as forest maintenance, deepening exchanges with the local community, and promoting coexistence and co-prosperity with the people of neighboring communities.



Cleanup operation around the Plant
We conducted a cleanup operation around the Plant. We worked to beautify the environment by collecting pine needles scattered by strong winter winds and garbage scattered around the Plant.



Forest maintenance volunteer initiatives
We participated in forest maintenance activities at Mt. Kinpu in Tsuruoka, organized by the Yamagata Prefecture Environmental Conservation Council.



Sakata Plant

- Location: 157-23 Shigerimatsu, Fujisaki, Yuza-machi, Akumi-gun, Yamagata
- Established: July 2000
- Employees: 39 (as of November 2023)
- Main products: Patterning materials for liquid crystal displays, cosmetics materials, coating resin raw materials, etc.



Blood donation drives
Employees and neighboring companies cooperate in blood donation drives by visiting a blood donation bus provided by the Yamagata Prefecture Red Cross Blood Center.



Yuza whole town beautification campaign
We participated in the beach cleanup in the Hattori Koya area.



Yuza Commerce and Industry Fair
The Plant held an exhibition booth for company outreach.



Plant tours
Students from Sakata Koryo High School and Yuza Junior High School came to our plant to learn about our business and tour our plant.



Head Office Plant of Shinko Organic Chemical Industry

Steps toward becoming a small, but safe and state-of-the-art chemicals manufacturing plant

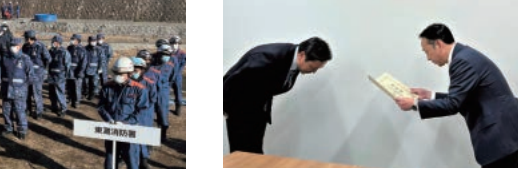
Shinko Organic Chemical is located in the seaside district of Higashinada-ku in Kobe City. The company aims to be one that can contribute to the local community by providing various chemical products to the Hanshin area and to the rest of the world by utilizing the manufacturing technology it has developed since its inception and the shipping and highway networks of the port city of Kobe, as well as by cooperating with civil disaster prevention in the Kobe area and supporting organizations in the prefecture that implement environmental initiatives.

Regional disaster preparedness training
For the first time in three years, we participated in the Higashinada Citizens' Water Discharge Festival. Under the theme of improving citizens' disaster preparedness capabilities and passing on lessons learned from the Great Hanshin Earthquake, we participated in a simultaneous water discharge drill held jointly by fire departments and company in-house fire brigades in Higashinada.

Ashiya Tax Office Long-Term Achievement Award and Excellent Taxpayer Award
The Ashiya Tax Office honored us with an award for long years of meritorious service and an award as an excellent taxpayer.



Private placement bonds for decarbonization contribution
We received a letter of appreciation from the Hyogo Environmental Advancement Association, the recipient of our donations to its environment-related funds.



Tour of energy-saving facilities for neighboring businesses
We held a tour of our boiler equipment and exhaust heat recovery equipment at our business sites for neighboring businesses that are planning to update their facilities.



Simultaneous cleanup of neighboring business facilities
This year again, we participated in the neighboring business cleanup event to beautify the No. 2 industrial district area.



Shinko Organic Chemical Industry Ltd.

- Location: 18-26 Sumiyoshihama-machi, Higashinada-ku, Kobe-shi, Hyogo
- Established: April 1969
- Employees: 51 (as of November 2023)
- Main products: Solvents for electronics materials, cosmetics materials, solvents for coatings/adhesives, etc.

Human Capital Management and 5S Initiatives

Human Capital Management

Human capital management is a management approach to maximize the use of human resources within an organization, including human resource development, skills development, and improvement of working conditions, aiming to bring out the best in people, increase their motivation, and improve their productivity and efficiency.

At OOC, we have established the following three basic strategies for human capital management.

- Improve employee job satisfaction and engagement by optimizing the work environment and work styles
- Create mechanisms to diversify employment and implement DE&I
- Educate and train human resources that are in sync with the environment and our strategies

Specifically, we will work to improve quality, prevent problems, and enhance safety and productivity through the implementation of IT and DX, as well as improve employee job satisfaction and engagement by optimizing the work environment and work styles, create a framework for diversifying employment, and manage human capital through education and human resources training tailored to our environment and strategies.

5S Initiatives

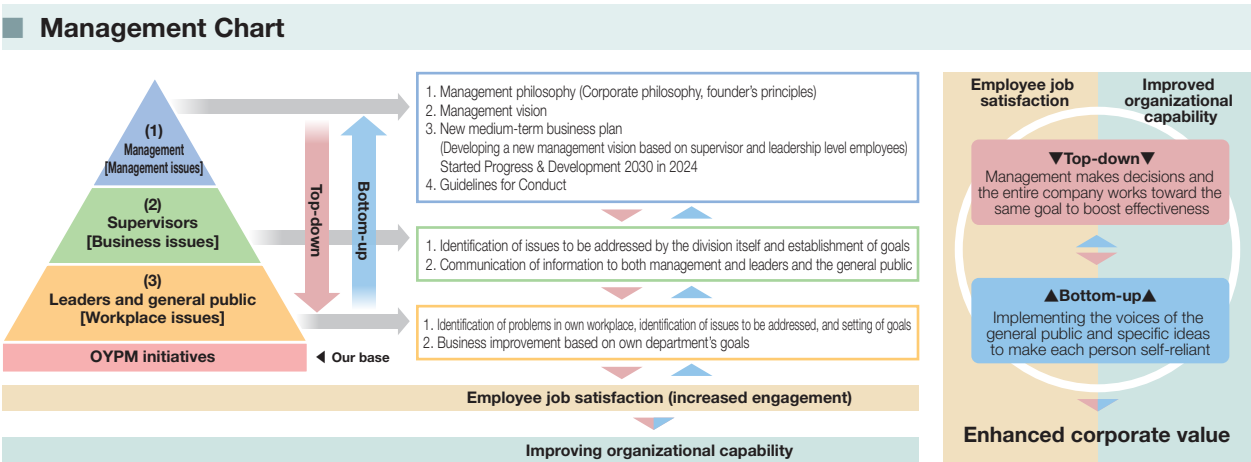
5S, which we have been using for 31 years, is a methodology to create an efficient and comfortable work environment through the five pillars of Seiri (Sort), Seiton (Set in Order), Seisou (Shine), Seiketsu (Standardize), and Shitsuke (Sustain). This methodology helps to build a safe workplace and reduce work effort, leading to improved quality and productivity. In December 1993, we started our company's own productive maintenance initiatives known as OYPM (Osaka Yuki Productive Maintenance) based on 5S to better strive to value the individuality of each employee and share the issues that come up from the various perspectives of management, supervisors, leaders, and the general public, and to utilize and complement each other's strengths to maximize our teamwork and solve various problems. Also, Work = OYPM initiative, a productive

maintenance activity in which all employees participate. (5S initiatives, referred to as "OYPM initiatives" below) Instruction and training, equipment maintenance, and quality control are the three core initiatives, and they are continued as comprehensive initiatives ranging from using OYPM initiatives for developing original and innovative ideas up to safety and quality control. OYPM initiatives improve each employee's ability and awareness of safety and quality. An environment is created where people can work on what they want to challenge themselves, and where they can grow into human resources who actively take on challenges without knowing it, and each person can use their creative actions to improve on-site capabilities and quality. OYPM initiatives are the foundation of our activities and contribute to the growth of the entire organization.

Link between Human Capital Management and OYPM Initiatives

Viewed in this way, human capital management and our OYPM initiatives share common objectives and complement each other, creating a virtuous cycle. Consequently, human capital management and OYPM initiatives are interrelated and important for OOC to increase organizational productivity and efficiency. We believe that continuous implementation of OYPM

initiatives will maximize the capabilities within the organization, leading to improved employee job satisfaction, productivity, and quality, and will also improve employees' self-awareness and self-management skills, which will lead to personal growth and organizational development.



We have formulated a new seven-year medium-term business plan, Progress & Development 2030, with the fiscal year ending November 30, 2024 as the first year of the plan. As our ideal state, we aim to remain unchanged in our corporate and management philosophy and our management vision, and the Progress & Development 2030 plan is positioned as a measure to achieve further growth for realizing this ideal state. To achieve this, we are developing a bottom-up organization

based on conventional top-down management and OYPM initiatives, and we are building an organization in which each individual can work on the challenges that he or she wants to take on. Human capital management goals are also included in the Progress & Development 2030 plan and incorporated into OYPM initiatives, leading to company-wide initiatives.

Workforce Recruiting and Training

Improving Workforce Training

Preparing Our Human Resources Development Policy

For a long time, we have been informing our employees about how each and every one of them should act in order to realize our corporate philosophy and management vision in our Guidelines for Conduct. It has served a vital role in guiding all employees to take the right course of action on an individual level as the company moves towards its goals. On the other hand, the domestic labor market in Japan is entering a phase of population decline, and the labor supply is expected to be constrained by a decrease in the working-age population and the number of new graduates. Also, the facilitation of labor mobility, such as changing jobs, is considered important for labor supply and demand (movement to growth areas), and is expected to advance further in the future. For this reason, we are concerned that it will become increasingly difficult for us to secure our required human resources.

In response to these changes in the external environment, we believe it is extremely important to clarify the image of human resources we expect and to invest in human resources, including their training, to secure human resources in order to realize our corporate philosophy and management vision. In formulating our new Human Resource Development Policy, we have clarified the image of human resources we expect from our employees based on our corporate philosophy and management philosophy, which we have used to guide us since our founding. And in the Human Resource Development Policy, we explicitly cited greater recruitment and training as our current key issues. Furthermore, by encouraging employees to develop their own careers, we have decided to create an environment that will create a virtuous cycle of increased individual motivation for work, which in turn will invigorate the organization.

Human Resource Development Policy

Since our founding, as stated in our corporate philosophy, we believe that the company and its employees are a community of destiny, and that employees are valuable management capital for OOC. Based on this concept, in order to secure the expected human resources and create an attractive work environment, we must strengthen recruitment and training of human resources having various experiences, knowledge, and abilities, while also understanding and implementing diversity. Furthermore, we will support individuals to think and act independently on how they relate to their work through autonomous career development and encourage the creation of social value by employees.

Increasing the Level of Name Recognition of OOC

Recruitment Activities

In our recruitment activities for FY2023 (graduates at the end of March 2024), we resumed face-to-face interviews, which we had suspended due to the COVID-19 pandemic since 2020, and gave students a tour of our plants and laboratories to enable them to better understand the Company. OOC's recruitment and selection process is divided into a selection schedule and course for each research and production division, and is conducted by the respective division. Our approach to recruitment and selection has remained unchanged for several decades, and we conduct the process with an eye toward "looking for colleagues to work with." For this reason, our young employees, who may be working hard together with these students in the future, actively talk with the students during our plant and laboratory tours.

Internships

The OOC Group regularly offers internships to applicants who are eager to know more about working at a chemical plant. In FY2023, we conducted online and onsite tours of plants and laboratories. Despite the short time frame, many students participated.

Exhibiting booths at university on-campus business fairs, joint business fairs hosted by Ishikawa Prefecture, and exhibiting booths at academic conferences

In 2022, we exhibited at 14 universities, held three company information sessions hosted by Ishikawa Prefecture, and exhibited eight times at various academic conferences, attracting many students. The students that we speak with at these venues are invited to participate in internships, which helps to form a recruiting population.



Tour of our research laboratories organized by the Chemical Society of Japan

We held a laboratory tour on the theme of "informing the work of a company without a household name that is unseen, but is close to you," and 25 students participated in the tour. After a general introduction of the Company and its products, the participants were informed specifically of the job duties and the atmosphere of the laboratory in a round-table talk with young researchers. After that, the participants took a tour of the CREO Research Center, which was newly established in 2020, and visited an actual state-of-the-art manufacturing site to deepen their understanding of chemicals manufacturing. In their responses to our questionnaire, participating students indicated that they were extremely satisfied with the program and commented that they found it meaningful and enjoyable to talk with the young researchers. An environment in which employees can communicate and realize what they want to do as individuals, which is a characteristic of our research positions, was well received by the students, and they were favorably impressed that they could create an image of what they would like to do when they joined the company.

Wages and Remuneration

OOO reviews its salary structure from time to time. The same system is applied to both men and women based on their job level and grade. Recently, we have standardized the payment of allowances regardless of individual family circumstances. This year, we focused on the family allowance (spouse allowance: ¥14,000/month, paid upon enrollment) and conducted a review. In these days of fragmented family environments, we have decided to provide this allowance to all employees, regardless of whether they have a spouse or not, or whether they are married or not, and to incorporate it into the basic salary.

Change in starting salary

Graduation history	FY2022	FY2023	Difference
High school	¥170,500	¥184,500	+¥14,000
Technical college (main course)	¥182,000	¥196,000	+¥14,000
Technical college (major) and university graduates	¥216,500	¥230,500	+¥14,000
Graduate school (masters degree)	¥231,000	¥245,000	+¥14,000
Graduate school (PhD)	¥250,000	¥264,000	+¥14,000

■ Employment of Persons with Disabilities

In our employment of people with disabilities, OOO is working not only to achieve the legally mandated employment rate, but also to revitalize the workplace by taking advantage of the characteristics and strengths of each individual, regardless of whether or not they have a disability. To this end, we believe it is important for each employee to deepen his or her understanding of employment of people with

disabilities. Recently, we conducted an education program at the Kanazawa Plant, our main factory, to promote the idea that disability is an individuality. When implementing the training, we sought guidance and advice from a person in charge of employment of persons with disabilities at the employment service center Hello Work to make the training more understandable to employees.

Voice

Training on working with people with disabilities

(Kazuyuki Miyamoto of the Kanazawa General Affairs Section)

As many of you may already know, the Ministry of Health, Labour and Welfare (MHLW) has already announced that the employment rate of persons with disabilities, in accordance with the Act on Employment Promotion of Persons with Disabilities, will remain unchanged at 2.3% at present and will be raised in stages to 2.5% from April this year and to 2.7% two years later in April 2026.

Although we are also working to employ people with disabilities, there are still issues where there is a lack of understanding within the company about people with disabilities.

An event dealing with this issue was held, leading to a change in the mindset of the workplaces that have received people with disabilities, and the people with disabilities themselves gradually changed their mindset about working in the workplace, and we can now objectively feel that both sides have begun to move in a positive direction.

The event that changed the situations in the workplaces for the better was the training program mentioned in the title.

This training was conducted on November 22, 2023, with the cooperation of the Welbe Kanazawa Center, with a total of 31 participants, including Kanazawa Plant managers and general employees.

Before attending this training, I think that there was great anxiety because no one really knew how to interact and work with people with disabilities.

Key points of training

- (1) The following two points are major issues in employing people with disabilities.
1. Anxiety due to lack of information such as knowledge and expertise

2. Barriers to in-company understanding that occur as a result
- (2) Three points to turn the disadvantages of hiring people with disabilities into advantages
1. Clarify company policy and deepen in-company understanding

2. Work with the site to create a support system

3. Understand the individual's disability characteristics, abilities, and special considerations, and share them with the site

The rest is to teach yourself the habits of mind that everyone has (especially what you should think), to know the difference between what you and others consider to be normal, to have a visualization perspective, and to communicate.



Creating a Diverse Workforce / Creating Safe and Pleasant Workplaces

Initiatives for Diversity

In accordance with our general action plan for compliance with the Act on Advancement of Women's Activities, we are aiming to appoint women to managerial positions (or equivalent) and are enhancing their training.

The following targets have been set for the general business owner action plan for the Act on Advancement of Women's Activities.

Providing professional opportunities for women workers

Target

We are working to improve the following ratios by enhancing training of female managers (or equivalent) with the aim of appointing them to managerial positions.

Ratio of women in management positions to the ratio of women among employees: 90-110%

We plan to continue improving our career training and other programs to develop the next generation of leaders.

Voice

Female manager

(Maiko Uehara of Osaka Research Administration Section)

When I joined the company, I was assigned to research and worked in synthesis and analysis for about 15 years. Then, I worked in the General Affairs Section, Operations Section, and Inspection Section, and I currently work in the Research Administration Section, where I perform duties related to the legal management of intellectual property and products, as well as support for researchers. In the Research Administration Section, I am often involved in the work of the departments where I once worked, and I believe that I am able to make use of the experience that I gained when I was in each department.

When I was a researcher, I enjoyed experimenting and wanted to continue doing so, but as I was able to experience other departments, I learned that products are delivered to customers through the involvement of various departments within the company. I also learned that the General Affairs Section provides support from behind the scenes so that each department can concentrate on its own work, and I realized that when I

was a researcher, I could only see what was going on within the research. I believe it was a great opportunity for me to experience the differences in what I could see and be involved with these various departments and to broaden my insight. I also felt deeply that the environment we take for granted is created by someone else's work, and I am grateful for that, and I want to be able to work to maintain that environment as well.

The Research Administration Section, where I currently work, is a department that can connect researchers with various departments. I hope to help create an environment in which researchers can focus on their research, and to help broaden their perspectives by communicating the workflow of other departments.



Voice

Female manager

(Yayoi Mizuguchi of Kanazawa Research Administration Section)

Current job description

The Kanazawa Research Administration Section is primarily responsible for back-office operations of the R&D Division, ranging from chemical substance management operations and SDS/label preparation. I

perform a wide range of duties, including coordinating delivery dates for section staff, assisting with our general affairs, and managing research prototypes.

Career after entering company

I have spent my entire career in administrative work related to researching prototypes in the Research Administration Section and Research Section 3.



Reason for deciding to take on the challenge of a section manager position

My desire to test myself grew stronger with age, and as a working mother, I wanted to give back to the Company by becoming a role model for younger women who would follow in my footsteps.

I also had a supervisor who agreed with this thought and encouraged me to forge ahead.

Future challenges and other thoughts

I hope to see a time when the phrase "female managers" will disappear and people will work and be appreciated as just managers. (although it's not possible in my era) For a working mother, it is important to have an environment that allows her to balance family and work. To achieve this, the work environment must be improved. We will continue to work diligently to help OOO move one step ahead by providing education and initiatives that will spread this understanding and the will to improve throughout the company.

Voice

Female manager

(Shiho Nakamura of Production and Sales Planning Group)

Current job description

It has been one year since the SCM Department was established. Before the establishment of the new department, orders were divided by the chemical products, specialty chemicals, and electronics materials segments, but with the new department, all orders are managed in one central location, and the work of the managers is to coordinate all of the orders. Also, the job involves not only receiving orders, but also manufacturing requests and inventory control, and involves a lot of interaction with customers, sales people, and plant staff, both inside and outside the company.

I am still in the early stages of my position, but I hope to expand the scope of my work.

Career after entering company

In 2005, I joined the Sales Section 2 (now the Specialty Chemicals Section) as a mid-career hire as a sales clerk. In Sales Section 2, I was able to make use of my previous job experience. However, in the Sales Management Section, I was involved in the creation of a credit management system, and not knowing what kind of system to create with no knowledge of credit management, I worked on creating the system through a process of trial and error, including guidance from my supervisor and attending workshops. After that, I was in charge of high-grade esters mainly for Mitsubishi Chemical in the chemical products sector, and now, I am currently in a managerial position in the SCM Department.

Reason for deciding to take on the challenge of a section manager position

I was approached with the idea at the time of the launch of the SCM Department. I was worried about whether I would be able to handle the work, even though I had been involved in it for some time, but I was given a rare opportunity to launch a new department, and I knew that if I tried my best and it didn't work out, then it was just not meant to be! And so, I decided to take on the challenge.

Future challenges and other thoughts

This is my second year in a managerial position, and although I am still inexperienced, I work hard every day with the help of those around me. In my opinion, OOO is a company that offers equal work opportunities for both men and women.

We are looking forward to working with you in a female management position!

Promoting sound work-life balance

OOO is committed to providing a pleasant working environment for everyone regardless of gender or age.

To date, Osaka Prefecture, Osaka City, and Ishikawa Prefecture have certified OOO with a special mark for recognizing companies that are actively implementing diversity. And now, OOO has just received and acquired a new certification from Yamagata Prefecture. We will continue to develop a pleasant working environment for our employees.



Data

Consolidated Balance Sheet

Assets

(Thousands of yen)


	FY11/22 (As of Nov. 30, 2022)	FY11/23 (As of Nov. 30, 2023)
Current assets		
Cash and deposits	8,094,541	7,890,809
Notes receivable-trade	7,311	25,878
Electronically recorded monetary claims-operating	357,804	335,183
Accounts receivable-trade	8,838,444	7,985,781
Contract assets	978,344	623,007
Finished goods	4,625,496	4,558,239
Work in process	1,985,897	1,979,792
Raw materials and supplies	2,437,106	2,175,488
Other	772,651	1,540,540
Allowance for doubtful accounts	(15,329)	(12,736)
Total current assets	28,082,267	27,101,985
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,378,700	19,448,521
Accumulated depreciation	(10,209,064)	(10,727,778)
Buildings and structures, net	7,169,635	8,720,743
Machinery, equipment and vehicles	28,621,245	34,866,382
Accumulated depreciation	(24,747,678)	(26,192,631)
Machinery, equipment and vehicles, net	3,873,567	8,673,751
Land	2,173,661	2,172,476
Construction in progress	4,785,912	520,490
Other	3,290,266	3,277,607
Accumulated depreciation	(2,822,212)	(2,921,604)
Other, net	468,053	356,003
Total property, plant and equipment	18,470,830	20,443,464
Intangible assets		
Goodwill	63,333	43,333
Other	53,358	59,379
Total intangible assets	116,692	102,713
Investments and other assets		
Investment securities	5,619,707	6,500,840
Retirement benefit asset	353,157	357,945
Deferred tax assets	420	209
Other	193,660	129,806
Total investments and other assets	6,166,945	6,988,802
Total non-current assets	24,754,468	27,534,980
Total assets	52,836,735	54,636,965

Osaka City Leading Company for Women's Activities

(Certified November 1, 2020 / Updated November 1, 2023)


Companies encouraging fathers to be more active in child rearing

Under this system, Osaka City sets certain standards for certifying companies with offices in Osaka City that actively “create organizations where motivated women can remain active,” “support work-life balance,” and “support men's participation in childcare, housework, and community activities.”



Certification level:
2 stars

Osaka Prefecture's Declaration of Vigor and Vitality for Men and Women




Certified as a Yamagata Smile Company

(Certified December 1, 2023)

Gold Smile Company

This is a system in which the prefecture certifies companies that are working for improved work-life balance and greater involvement by women in order to make Yamagata Prefecture a place where everyone can work energetically and continue to live happily.

The name “Yamagata Smile Company” was chosen in the hope that the creation of a pleasant workplace will bring smiles to the faces of everyone, including companies, workers, their families, and the local community.



Certified as a company that declares its commitment to promoting gender equality in Ishikawa Prefecture - Women's Activities Accelerating Class



Promoting Health Management

FY2024 Health Management Survey

This year, we were recognized as one of the 2024 Health & Productivity Management Outstanding Organizations (Large Enterprise Category) under the Certified Health & Productivity Management Outstanding Organizations Recognition Program designed by the Ministry of Economy, Trade and Industry and administered by the Nippon Kenko Kaigi (Japan Health Council). Health management initiatives contribute to the reform of work styles and the building of an environment to enhance productivity, which is necessary to create an organization that supports growth, such as improving employee health literacy and revitalizing communication.



Focus of activities in this fiscal year

Balancing nursing care and work

With the average age of our employees gradually increasing, we conducted a survey on nursing care, believing that an increasing number of employees may have concerns about caring for their parents in the future. We found that 30% of all employees do not currently have relatives who need nursing care, but they believe that they are likely to be responsible for nursing care in the near future. Some said they lacked knowledge on how to proceed with nursing care for the first time, so we provided a seminar on “Balancing nursing care and work.” This training is held four times a year with an employee who is currently taking care of their parents and younger brother serving as the lecturer, and the theme was “Where should you start if you need to take care of a family member?” Participating employees gave high marks to the training, saying, “I am not worried about nursing care at this point, but I can refer to it when I’m in such a position in the future,” and “I’m glad I listened to the lecture.”

Holding and supporting sporting events

To support exercise opportunities, we held a bowling tournament, encouraged employees to participate in outside walking events, and subsidized the cost of participating in various marathon and race events.

Issues related to health management

Since our scores for “Information disclosure and distribution to other companies” and “Working hours and leave” are below the industry average, we will strive to improve our initiatives to be above the industry average in the next fiscal year and onward.

Changes in assessment results

Fiscal year	FY2021	FY2022	FY2023
Overall assessment	50.3 (↑ 10.0)	53.5 (↑ 3.2)	53.2 (↓ 0.3)
Certification as an excellent health management corporation	Certified	Certified	Certified

The overall assessment decreased by 0.3 points from the previous year.

Voice

Nursing care seminar

(Atsushi Katsumizu of General Affairs Department)

I attended several seminars on balancing work and nursing care and read related books, but I could not come up with any good ideas on how it should be taught. I thought about hiring an outside lecturer, but decided to talk about my own experience because I didn't know what would happen the first time I held a voluntary participation seminar and the cost would be too high. My talk, which included my ongoing experience of caring for my parents and younger brother,

was far from educational, but I just hope that my honest talk based on my experience gave something valuable to those who listened. I am glad that we were able to provide this service because I have heard from several people that they were able to take a step forward by listening to the advice I provided. I think that the best thing of all was that the talk gave me a sense of reassurance and was a great opportunity to think about nursing care.

Liabilities

(Thousands of yen)

	FY11/22 (As of Nov. 30, 2022)	FY11/23 (As of Nov. 30, 2023)
Current liabilities		
Notes and accounts payable-trade	4,522,059	3,802,732
Current portion of bonds payable	25,000	25,000
Current portion of long-term borrowings	1,795,832	1,728,157
Accounts payable-other	1,066,907	814,077
Income taxes payable	1,036,437	234,679
Contract liabilities	3,225	14,130
Provision for bonuses for directors (and other officers)	34,715	15,590
Other	685,491	463,683
Total current liabilities	9,169,669	7,098,050
Non-current liabilities		
Bonds payable	25,000	–
Long-term borrowings	1,736,327	3,169,849
Deferred tax liabilities	410,366	628,650
Provision for share awards for directors (and other officers)	10,591	21,107
Other	90,405	90,085
Total non-current liabilities	2,272,690	3,909,693
Total liabilities	11,442,359	11,007,743

Net assets

(Thousands of yen)

	FY11/22 (As of Nov. 30, 2022)	FY11/23 (As of Nov. 30, 2023)
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,513,544	3,511,017
Retained earnings	33,861,607	35,954,913
Treasury shares	(2,123,303)	(2,709,700)
Total shareholders' equity	38,852,143	40,356,525
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,913,210	2,514,638
Foreign currency translation adjustment	78,564	125,461
Remeasurements of defined benefit plans	(17,619)	(12,589)
Total accumulated other comprehensive income	1,974,155	2,627,510
Non-controlling interests	568,076	645,186
Total net assets	41,394,375	43,629,221
Total liabilities and net assets	52,836,735	54,636,965

Consolidated Statement of Income

(Thousands of yen)

	FY11/22 (Dec. 1, 2021 – Nov. 30, 2022)	FY11/23 (Dec. 1, 2022 – Nov. 30, 2023)
Net sales	32,236,826	28,907,186
Cost of sales	21,947,772	20,947,756
Gross profit	10,289,053	7,959,430
Selling, general and administrative expenses	4,354,525	4,382,266
Operating profit	5,934,528	3,577,163
Non-operating income		
Interest income	1,263	1,693
Dividend income	198,199	165,779
Foreign exchange gains	110,759	34,225
Insurance benefits received	–	72,590
Surrender value of insurance policies	34,383	–
Other	107,895	39,501
Total non-operating income	452,500	313,791
Non-operating expenses		
Interest expenses	5,915	7,336
Commission for purchase of treasury shares	13,948	3,241
Loss on investment partnership management	181	2,521
Other	1,835	46
Total non-operating expenses	21,881	13,146
Ordinary profit	6,365,146	3,877,808
Extraordinary income		
Gain on sales of non-current assets	426,995	873
Gain on sales of investment securities	35,769	586,542
Total extraordinary income	462,764	587,415
Extraordinary losses		
Loss on sales of non-current assets	207	1,889
Loss on retirement of non-current assets	18,493	7,726
Total extraordinary losses	18,701	9,615
Profit before income taxes	6,809,209	4,455,607
Income taxes-current	2,087,265	1,146,055
Income taxes-deferred	(103,190)	(51,393)
Total income taxes	1,984,075	1,094,661
Profit	4,825,134	3,360,946
Profit attributable to non-controlling interests	99,232	89,959
Profit attributable to owners of parent	4,725,901	3,270,986

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY11/22 (Dec. 1, 2021 – Nov. 30, 2022)	FY11/23 (Dec. 1, 2022 – Nov. 30, 2023)
Profit	4,825,134	3,360,946
Other comprehensive income		
Valuation difference on available-for-sale securities	(184,721)	606,749
Foreign currency translation adjustment	45,327	46,897
Remeasurements of defined benefit plans, net of tax	158,917	5,146
Total other comprehensive income	19,523	658,792
Comprehensive income	4,844,658	4,019,738
(Breakdown)		
Comprehensive income attributable to owners of parent	4,738,422	3,924,341
Comprehensive income attributable to non-controlling interests	106,235	95,397

Consolidated Statement of Changes in Equity

FY11/22 (Dec. 1, 2021 – Nov. 30, 2022) (Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	3,600,295	3,512,539	30,004,244	(433,016)	36,684,063	
Cumulative effect of changes in accounting policies			274,088		274,088	
Restated balance	3,600,295	3,512,539	30,278,333	(433,016)	36,958,151	
Changes during period						
Dividends of surplus			(1,142,627)		(1,142,627)	
Profit attributable to owners of parent			4,725,901		4,725,901	
Purchase of treasury shares				(1,699,127)	(1,699,127)	
Disposal of treasury shares		1,004		8,840	9,845	
Net changes in items other than shareholders' equity						
Total changes during period	–	1,004	3,583,274	(1,690,287)	1,893,991	
Balance at end of period	3,600,295	3,513,544	33,861,607	(2,123,303)	38,852,143	

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,101,591	33,236	(173,194)	1,961,634	479,361	39,125,059
Cumulative effect of changes in accounting policies						274,088
Restated balance	2,101,591	33,236	(173,194)	1,961,634	479,361	39,399,147
Changes during period						
Dividends of surplus						(1,142,627)
Profit attributable to owners of parent						4,725,901
Purchase of treasury shares						(1,699,127)
Disposal of treasury shares						9,845
Net changes in items other than shareholders' equity	(188,381)	45,327	155,574	12,520	88,715	101,236
Total changes during period	(188,381)	45,327	155,574	12,520	88,715	1,995,228
Balance at end of period	1,913,210	78,564	(17,619)	1,974,155	568,076	41,394,375

FY11/23 (Dec. 1, 2022 – Nov. 30, 2023) (Thousands of yen)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	
Balance at beginning of period	3,600,295	3,513,544	33,861,607	(2,123,303)	38,852,143	
Cumulative effect of changes in accounting policies					–	
Restated balance	3,600,295	3,513,544	33,861,607	(2,123,303)	38,852,143	
Changes during period						
Dividends of surplus			(1,177,680)		(1,177,680)	
Profit attributable to owners of parent			3,270,986		3,270,986	
Purchase of treasury shares				(598,924)	(598,924)	
Disposal of treasury shares		(2,527)		12,527	10,000	
Net changes in items other than shareholders' equity						
Total changes during period	–	(2,527)	2,093,306	(586,397)	1,504,381	
Balance at end of period	3,600,295	3,511,017	35,954,913	(2,709,700)	40,356,525	

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,913,210	78,564	(17,619)	1,974,155	568,076	41,394,375
Cumulative effect of changes in accounting policies						–
Restated balance	1,913,210	78,564	(17,619)	1,974,155	568,076	41,394,375
Changes during period						
Dividends of surplus						(1,177,680)
Profit attributable to owners of parent						3,270,986
Purchase of treasury shares						(598,924)
Disposal of treasury shares						10,000
Net changes in items other than shareholders' equity	601,428	46,897	5,029	653,355	77,109	730,464
Total changes during period	601,428	46,897	5,029	653,355	77,109	2,234,846
Balance at end of period	2,514,638	125,461	(12,589)	2,627,510	645,186	43,629,221

Consolidated Statement of Cash Flows

(Thousands of yen)

	FY11/22 (Dec. 1, 2021 – Nov. 30, 2022)	FY11/23 (Dec. 1, 2022 – Nov. 30, 2023)
Cash flows from operating activities		
Profit before income taxes	6,809,209	4,455,607
Depreciation	2,284,165	2,428,049
Amortization of goodwill	19,999	19,999
Increase (decrease) in allowance for doubtful accounts	1,228	(2,593)
Increase (decrease) in provision for bonuses for directors (and other officers)	(38,485)	(19,125)
Increase (decrease) in provision for share awards for directors (and other officers)	10,591	10,516
Decrease (increase) in retirement benefit asset	22,010	2,616
Interest and dividend income	(199,462)	(167,473)
Insurance benefits received	–	(72,590)
Interest expenses	5,915	7,336
Foreign exchange losses (gains)	(109,566)	(12,605)
Loss (gain) on sales of non-current assets	(426,787)	1,016
Loss on retirement of non-current assets	18,493	7,726
Loss (gain) on investment partnership management	181	2,521
Loss (gain) on sales of investment securities	(35,769)	(586,542)
Decrease (increase) in trade receivables and contract assets	402,169	1,224,702
Decrease (increase) in inventories	(1,507,738)	345,287
Increase (decrease) in trade payables	293,262	(738,719)
Other	(326,013)	(846,991)
Subtotal	7,223,406	6,058,740
Interest and dividends received	156,878	167,474
Interest paid	(5,401)	(7,597)
Insurance benefits received	–	72,590
Income taxes (paid) refund	(2,647,736)	(1,920,643)
Net cash provided by (used in) operating activities	4,727,146	4,370,564
Cash flows from investing activities		
Payments into time deposits	(330,000)	–
Proceeds from withdrawal of time deposits	630,000	30,000
Purchase of property, plant and equipment	(5,500,648)	(4,708,033)
Proceeds from sales of property, plant and equipment	434,250	2,253
Purchase of intangible assets	(15,975)	(29,029)
Purchase of investment securities	(298,709)	(90,000)
Proceeds from sales of investment securities	61,971	667,267
Proceeds from liquidation of subsidiaries and associates	54,116	–
Purchase of insurance funds	(1,192)	–
Proceeds from maturity of insurance funds	118,208	–
Other	(4,538)	472
Net cash provided by (used in) investing activities	(4,852,517)	(4,127,070)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,300,000	3,300,000
Repayment of long-term borrowings	(1,022,224)	(1,934,152)
Proceeds from issuance of bonds	50,000	–
Payments for redemption of bonds	–	(25,000)
Repayments of lease obligations	(18,904)	(18,884)
Purchase of treasury shares	(1,713,076)	(602,166)
Dividends paid	(1,142,627)	(1,177,680)
Dividends paid to non-controlling interests	(17,520)	(18,288)
Net cash provided by (used in) financing activities	(1,564,352)	(476,171)
Effect of exchange rate change on cash and cash equivalents	160,534	58,945
Net increase (decrease) in cash and cash equivalents	(1,529,189)	(173,732)
Cash and cash equivalents at beginning of period	9,593,730	8,064,541
Cash and cash equivalents at end of period	8,064,541	7,890,809

Ten-Year Summary

* Accounting Standard for Revenue Recognition applied

Fiscal year	FY11/14	FY11/15	FY11/16	FY11/17	FY11/18	FY11/19	FY11/20	FY11/21	FY11/22	FY11/23
Operating results										
Net sales (millions of yen)	23,790	23,707	23,586	26,562	29,257	28,638	28,681	35,027	32,236 *	28,907 *
Operating profit (millions of yen)	1,358	1,578	2,441	3,208	3,660	3,663	4,442	5,852	5,934	3,577
Ordinary profit (millions of yen)	1,468	1,751	2,596	3,364	3,935	3,833	4,612	6,253	6,365	3,877
Profit attributable to owners of parent (millions of yen)	891	1,300	2,044	2,161	2,677	3,035	3,313	4,998	4,725	3,270
Financial condition										
Total assets (millions of yen)	34,435	33,427	35,840	39,479	40,476	43,848	45,324	49,868	52,836	54,636
Net assets (millions of yen)	24,141	25,851	26,972	29,698	30,662	32,546	35,025	39,125	41,394	43,629
Equity ratio (%)	69.5	76.7	74.6	74.7	75.1	73.5	76.5	77.5	77.3	78.7
Cash flow										
Cash flows from operating activities (millions of yen)	1,038	2,898	3,322	3,537	3,479	3,506	4,799	5,837	4,727	4,370
Cash flows from investing activities (millions of yen)	(2,459)	(2,430)	(2,903)	(597)	(1,737)	(2,739)	(4,434)	(1,043)	(4,852)	(4,127)
Cash flows from financing activities (millions of yen)	140	(738)	642	(987)	(1,738)	432	(648)	(1,830)	(1,564)	(476)
Cash and cash equivalents at end of period (millions of yen)	2,450	2,173	3,225	5,180	5,177	6,342	6,511	9,593	8,064	7,890
Per-share information										
Earnings per share (EPS) (yen)	38.9	56.81	91.07	96.51	120.67	137.05	149.59	225.65	216.87	152.94
Net assets per share (yen)	1,043.33	1,129.35	1,193.90	1,315.71	1,372.88	1,455.38	1,564.57	1,744.45	1,893.39	2,021.12
Dividend (yen)	10	15	25	29	36	40	46	50	54	56
Payout ratio (%)	25.7	26.4	27.5	30.0	29.8	29.2	30.8	22.2	24.9	36.6
Other indicators										
Return on equity (ROE) (%)	3.8	5.3	7.8	7.7	8.9	9.7	9.9	13.6	11.9	7.8
Return on assets (ROA) (%)	4.5	5.2	7.5	8.9	9.8	9.1	10.3	13.1	12.3	7.2
Operating profit to net sales (%)	5.7	6.7	10.4	12.1	12.5	12.8	15.5	16.7	18.4	12.4
Price earnings ratio (PER)	12.5	11.0	8.8	13.6	11.5	10.2	19.3	16.1	9.7	17.4
Debt equity ratio (%)	4.8	3.7	9.0	7.1	4.8	8.6	9.2	6.1	9.2	12.2
Capital investment (millions of yen)	2,472	1,130	2,667	1,291	1,741	3,570	4,776	1,646	1,169	4,613
Depreciation (millions of yen)	1,409	1,530	1,538	1,495	1,458	1,771	2,085	2,435	2,284	2,428
R&D expenses (millions of yen)	982	974	950	943	1,003	1,064	1,210	1,289	1,233	1,436
Number of employees at end of period	414	403	395	401	412	425	435	447	454	461

Company and Shareholder Information

Company Profile

Company name (trade name) Osaka Organic Chemical Industry Ltd.
Founded December 8, 1941
Incorporated December 21, 1946
Representative Masayuki Ando, Representative Director and CEO
Share capital 3,600,290 thousand yen
Number of employees 461 (consolidated, as of November 30, 2023)
Listings Prime Market, Tokyo Stock Exchange (Securities code: 4187)



Head Office



Tokyo Office

Locations

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In order to expand and strengthen its business, OOC opened the Korea Office in October 2022 as a base for market research and information gathering in the Republic of Korea.

Group Companies

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TEL +81-78-811-1931 FAX +81-78-811-7006

Osaka Sales Office 11F Nomura Real Estate Osaka Building, 1-8-15 Azuchi-machi, Chuo-ku, Osaka 541-0052
TEL +81-6-6264-0491 FAX +81-6-6264-8229

Share capital 55 million yen
Number of employees 51
Business description Manufacture and sales of acetic esters, among other things

[China]
Osaka Organic Chemical (Shanghai) Trading Ltd.
Office 2801, 2299 Yan An Xi Road, Chang Ning District, Shanghai
TEL +86-21-5212-7410 FAX +86-21-5212-7413

Share capital 210 million yen
Number of employees 6
Business description International trade and sales of products related to organic chemicals



Status of Shares

As of November 30, 2023

Total number of issued shares 22,410,038
Total number of voting rights 212,538
Number of shareholders 7,023

Major Shareholders

(10 largest shareholders excluding treasury shares)

Name	Investment in OOC	
	Number of shares held (in thousands of shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,371	11.15%
Western Red Cedar K.K.	1,110	5.22%
Custody Bank of Japan, Ltd.	837	3.94%
JSR Corporation	700	3.29%
Yoshitaka Yasukawa	671	3.16%
Osaka Organic Chemical Employees' Stock Ownership Association	630	2.96%
Mitsubishi Chemical Corporation	587	2.76%
Toagosei Co., Ltd.	521	2.45%
Yuko Tanikawa	426	2.01%
Tokyo Ohka Kogyo Co., Ltd.	426	2.00%

(OOO holds 1,142,585 shares of treasury stock but is excluded from the above major shareholders.)
* The shareholding ratio is calculated after deducting 1,142,585 treasury shares from the total number of shares issued.

Shareholder Composition

