We lead the world with specialty acrylates
Osaka Organic Chemical Industry Ltd.

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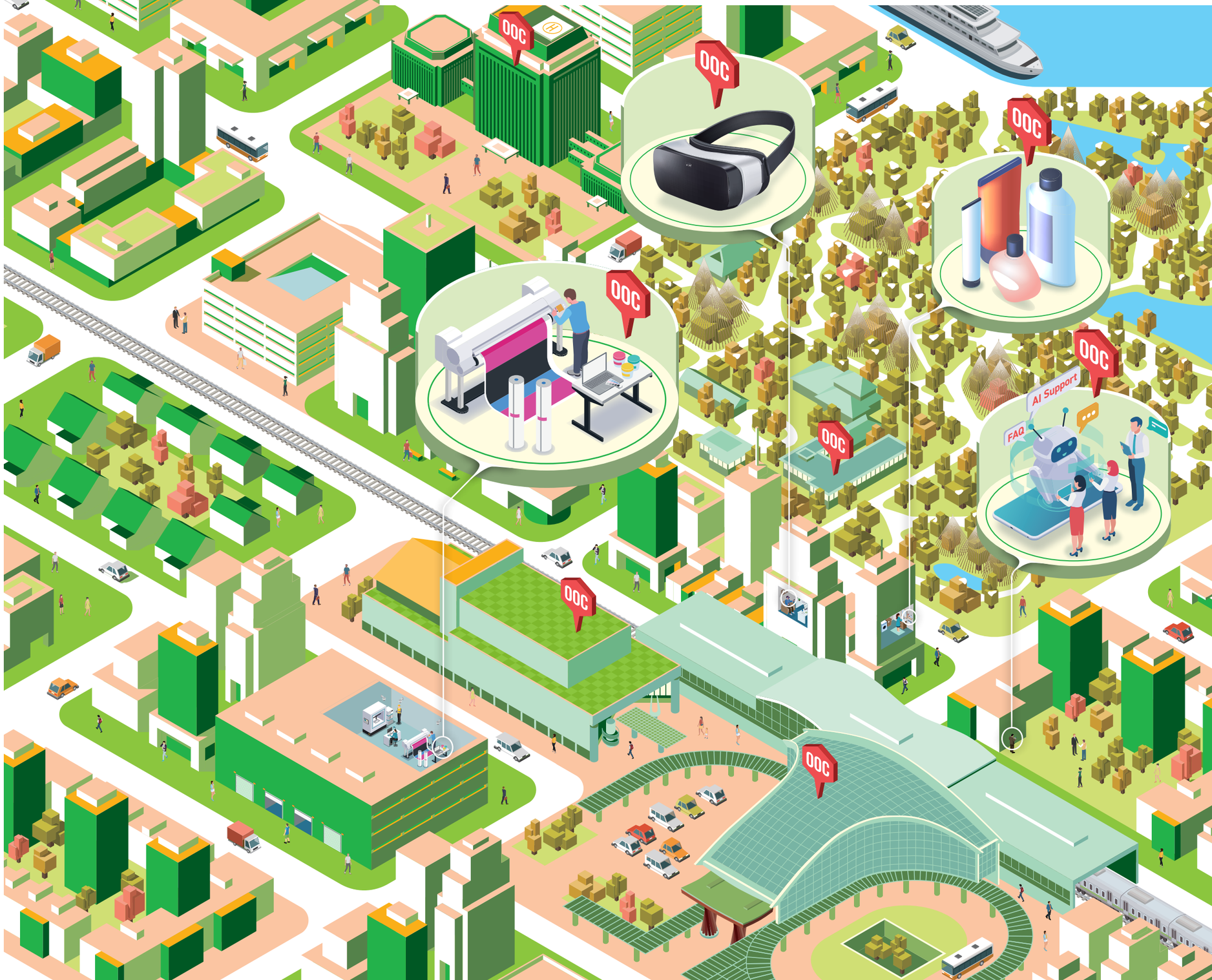
Integrated Report
2025

We lead the world with specialty acrylates
Osaka Organic Chemical Industry Ltd.



OOC Group's Guiding Principles 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.

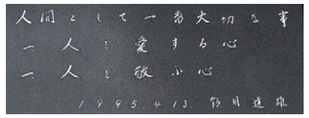
[Management Philosophy]

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



[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.

Contents

[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 2025

Period covered by this report
The report covers the fiscal year from December 1, 2023 to November 30, 2024. Some environmental data includes data for the administrative reporting period from April 1, 2024 to March 31, 2025.

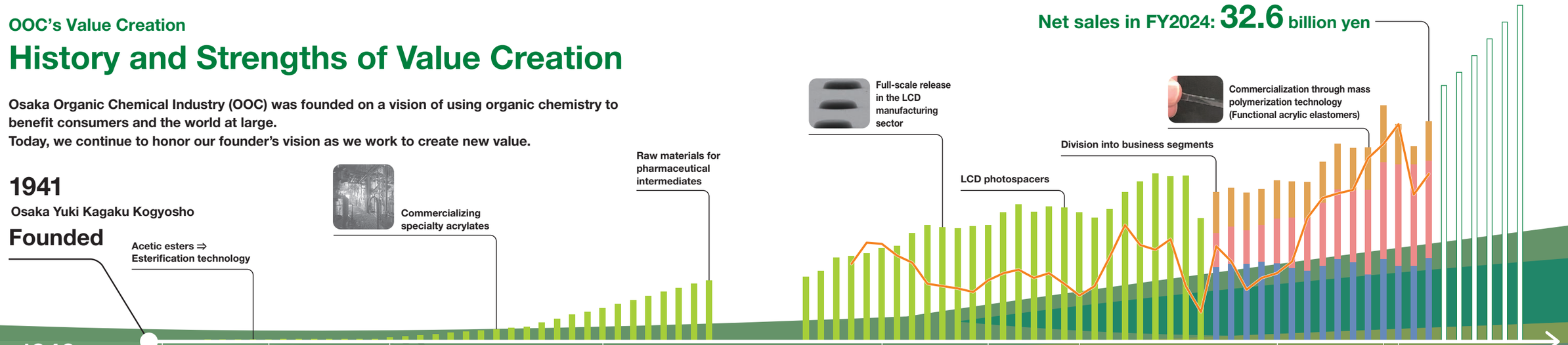
Separate Roles for Website and Booklet

Business and Financial Information	Sustainability Information
	Integrated Report 2025
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.**



Strength 1 Ability to respond

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

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 coatings/Adhesives/Raw materials for UV inkjet inks

4-HBA

IBXA

Materials for highly functionalized displays

ArF resist monomer, a raw material for advanced semiconductors

Acrylic resin for cosmetics

Strengths 2 Technological strength

Technology with unique competitive advantage

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.

Strengths 3 Supporting infrastructure

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

OYPM initiatives

All employees participate in 5S initiatives in small groups, and these initiatives have been established as business improvement initiatives. Under our slogan of "Developing trustworthy experts who will change the future with chemistry," 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)

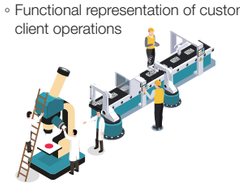
Continuity is power, and the OYPM initiatives that have continued steadily for over 30 years are still evolving.

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



OOC'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.

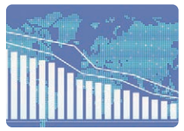
[**Management Vision**]

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

Social Environment

Social issues envisioned by OOC

Climate change



Population decline in Japan

Stable supply of energy

Technological innovation

Efficient use of resources

Input

As of November 30, 2024

Financial capital

- **Total assets: 59.9 billion yen**
- **Shareholders' equity: 45.4 billion yen**

Intellectual capital

- **Technological capabilities cultivated through the manufacture of specialty acrylates**
- **R&D expenses: 1.8 billion yen**
- **Number of patents held: 256**

Human capital

- **Number of consolidated employees: 463**

Manufacturing capital

- **Capital investment: 1.6 billion yen**
- **OYPM initiatives Developing trustworthy experts who will change the future with chemistry**

Social capital

- **Products sold in 26 countries and regions**

Natural capital

- **Use of plant-derived raw materials**
- **Energy consumption: 17,026 kL***

* Data from April 2024 to March 2025

Business Model

Strengths (P. 3–4)

Technological strength

Production technology for acrylic acid esters

Ability to respond

High-mix low-volume production From lab to pilot and actual machine production

Supporting infrastructure (OYPM initiatives)

Developing trustworthy experts who will change the future with chemistry

Business Operations (P. 24–26)

Chemical Products Business

- Raw materials for coatings
- Raw materials for adhesives
- Biomass acrylates
- Environmentally friendly acrylates

Electronics Materials Business

- Display materials
- Semiconductor materials

Specialty Chemicals Business

- Cosmetics materials
- Functional materials

Development of new businesses

- Functional acrylic elastomers
- Organic piezoelectric materials

Medium-Term Business Plan
Progress & Development 2030 (P&D 2030)
(from the fiscal year ended November 30, 2024 to the fiscal year ending November 30, 2030)

P&D 2030 Stage I
(from the fiscal year ended November 30, 2024 to the fiscal year ending November 30, 2026)

Strategy

Medium-Term Policy

- Creating a culture that fosters enthusiasm, sincerity, and creativity
- Efficient resource allocation and strategic growth
- Company initiatives designed for coexistence with the planet and society

Sustainable Management

Environment (E) Society (S) Governance (G)

Output

As of November 30, 2024

Financial capital

- Capital efficiency Return on equity (ROE): 9.1%
- Financial foundation Equity ratio: 75.8%

Intellectual capital

- New products Net sales ratio (cumulative for four years): 10.6%

Human capital

- Gross profit per employee compared to FY2019: -7.7%

Manufacturing capital

- Effects of PM initiatives (individual improvement/self-maintenance)

Social capital

- Refer to "Outcome (Social Value)."

Natural capital

- CO_2 emissions Gross profit margin intensity index (compared to fiscal 2013): 43 (57% reduction)

Outcome (Social Value)

As of November 30, 2024

Value creation (Contribution to shareholders)

Operating income: 4.6 billion yen

Profit attributable to owners of parent: 4.0 billion yen

Dividend per share: 66 yen

Dividend payout ratio: 34.5%

Value creation (Contribution to customers and society)

Production ratio of eco-friendly products (relative to total production volume): 9.5%

CSR procurement Approval rate for our CSR Procurement Guidelines (purchase amount basis): 90%

Value creation (Contribution to employees)

Rewarding workplace Engagement survey: 68.5 points (out of 100)

Percentage of employees taking paid leave: 65.9%

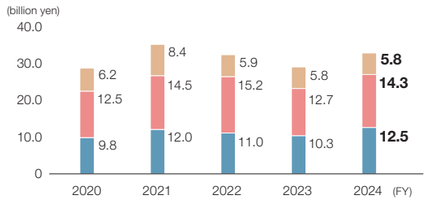
We lead the world with specialty acrylates

Financial Highlights

Net sales

Chemical products business / Electronics materials business / Specialty chemicals business

Net sales: ¥32.6 billion

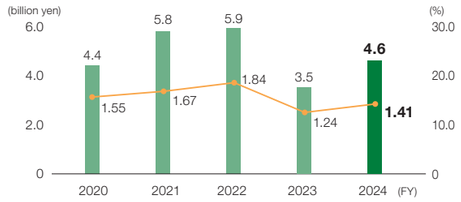


Thanks in part to sales remaining strong in our chemical products business and recovering in our electronics materials business, net sales increased 13.1% from the previous year.

Operating income/Operating income to net sales ratio

Operating income / Operating income to net sales ratio##

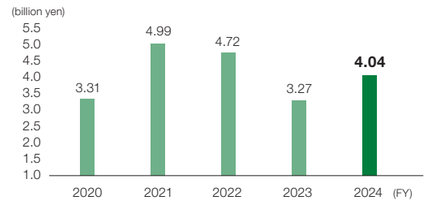
Operating income: ¥4.6 billion



Operating income increased 28.8% from the previous year due in part to an increase in net sales, and despite an increase in depreciation.

Profit attributable to owners of parent

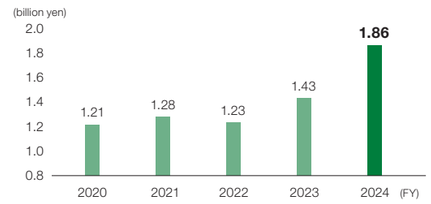
Profit attributable to owners of parent: ¥4.04 billion



Profit attributable to owners of parent increased to 4.04 billion yen, up 23.7% from the previous year.

R&D expenses

R&D expenses: ¥1.86 billion

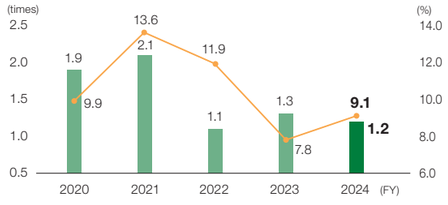


In FY2024, R&D expenses were 1,863 million yen, which was 5.7% of net sales.

PBR/ROE

Price-to-book ratio (PBR) / Return on equity (ROE)

Price-to-book ratio: 1.2x

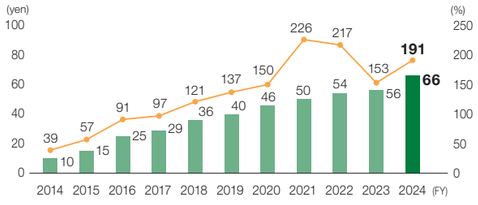


ROE improved (after dipping temporarily in FY2023) due to portfolio optimization under the previous MTBP. The current MTBP sets a target for ROE of at least 12%.

Trends in shareholder return

Annual dividend / Earnings per share (EPS)

Dividend amount: Approx. 6.6 times (compared to FY2014)

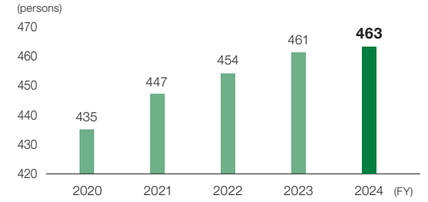


In line with our earnings growth, we have increased our dividend for ten consecutive years. Dividends are 6.6 times higher than in FY2014.

Non-Financial Highlights

Number of employees

Total number of employees: 463

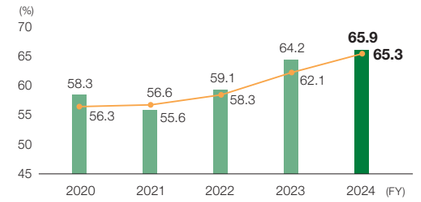


The number of employees increased slightly to operate facilities we invested in.

Paid leave utilization rate

Osaka Organic Chemical Industry / Nationwide (Ministry of Health, Labour and Welfare)

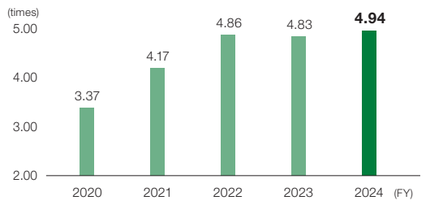
Paid leave utilization rate: 65.9%



We have taken steps to create an environment that is conducive to utilizing paid leave in addition to encouraging employees to do so. National figures from the General Survey on Working Conditions (Ministry of Health, Labour and Welfare)

R&D efficiency

R&D efficiency: 4.94x



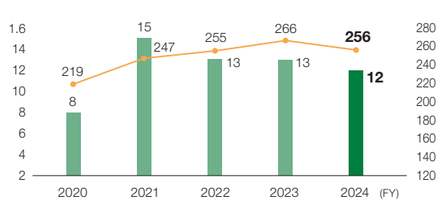
In FY2024, we reached record-high efficiency as operating income recovered.

R&D efficiency (times) = Five-year average operating income / Five-year average R&D expenses starting from five years before the relevant five-year period

Number of patent applications and patents held

Patent applications / Patents held

Number of patent applications: 12

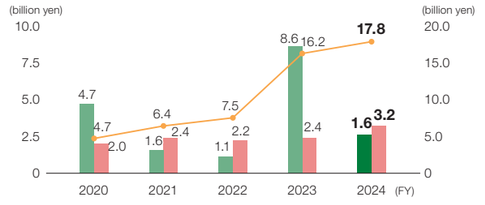


We have applied for patents and otherwise taken steps to secure intellectual property rights for newly developed materials in addition to taking advantage of academic conferences, newspaper articles, exhibitions, and other opportunities to introduce the market to them as soon as possible.

Capital expenditures/Depreciation

Capital expenditures (single year) / Depreciation / Capital expenditures (cumulative)

Capital expenditures: ¥1.6 billion

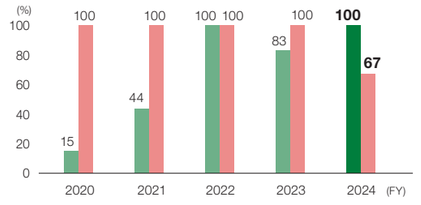


Capital expenditures were much lower in FY2024 as a result of devoting energy to certifying the facilities we invested in for our electronics materials business during FY2023. We expect to expand facilities in our chemical products business next year.

Rate of taking childcare leave and leave for childcare purposes

Utilization rate (male) / Utilization rate (female)

Utilization rate: (male) 100% (female) 67%



The rates in FY2024 are low because they include cases where leave was taken in different years. The actual utilization rates are 100%.

OOC Products Used in Everyday Life

Never seen but always near.

Business

Mobile terminals (displays)

Raw materials for color filters, adhesives, coatings, and other materials essential for product manufacturing

VR goggles

Raw materials for the display components of VR goggles, such as light control films and holographic optical elements

Household printers

Solvents that adjust the surface tension of water-soluble inkjet printer ink

Semiconductors

Raw materials for the resists used to manufacture advanced semiconductors

TVs and PCs (displays)

Raw materials for color filters, adhesives, coatings, and other materials essential for product manufacturing

Commercial refrigerator showcases

Raw materials that prevent fogging of showcase doors

Surveillance cameras

Soil-resistant and anti-fogging materials

Vehicles

Wraps

Raw materials for UV inkjet printer ink for printing on 3D objects and curved surfaces, such as trains and buses

Coatings for the bottoms of ships

Materials for coatings used to prevent the adhesion of barnacles

Vehicle top coats

Environmentally friendly and soil-resistant raw materials that provide the ability to automatically repair small scratches

Onboard vehicle monitors

Raw materials for onboard electronic device displays and integrated circuits

Surveillance cameras (rear-view monitors)

Raw materials for soil-resistant and anti-fogging processing for lenses, etc.

Personal care

Cosmetics

Raw materials that help suppress odors, provide moisturizing and antibacterial effects, and do not require the use of parabens

Gel nails

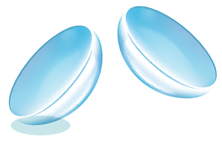
Raw materials for nail products that harden quickly when exposed to light for energy-saving purposes

Hair care products

Raw materials that provide products with the ability to stiffen hair and add volume

Bathroom mirror films

Raw materials for anti-fogging and soil-resistant processing



Contact lenses

Raw materials that provide contact lenses with oxygen permeability and wettability

Packaging materials

Cardboard

Raw materials for plastic sheets that enable printing on uneven surfaces

Medical services

Masks and protective wear

Raw materials for processing the surface of masks for repelling water and oil

Protective eyewear

Raw materials for soil-resistant and anti-fogging processing

Medical and surgical tapes

Raw materials used for adhesives for fixing bandages, gauze, and other dressings to affected areas

Top Message

Progress & Development 2030

Helping solve global problems by committing to our strategy to dominate niches and developing the chemical technologies future society needs

Masayuki Ando

CEO

Looking back on 2024

Performing better despite a natural disaster, establishing a forward-looking system for semiconductor-related materials

2024 saw numerous changes to the business environment, including a natural disaster on the very first day and a shift to conservative policies in many countries. Our plant was among those damaged by the Noto Earthquake, and it is only through the assistance of our employees and other stakeholders that we have been able to continue our business activities there, for which we are deeply grateful.

As for our performance, our chemical products business was particularly strong. Reasons for this include an increase in exports and a rebound in sales for display adhesives. Additionally, operating income increased substantially thanks to product revisions over the years and the success of our efforts to improve production efficiency.

Although materials for semiconductors in our electronics materials business have rebounded from a low in 2023, the degree of recovery differs widely by application. Despite the unevenness, we have expended every effort to boost production capacity and verify quality with regard to the major capital investment we completed two years ago, and have solidified our systems for the next leap forward.

Changing circumstances and future steps in our main businesses

Refining our strengths while monitoring global-level geopolitical problems

Turning our focus to global circumstances, the future of politics and economics seems uncertain. First and foremost, the radical policy shift in the U.S.—particularly tariffs—is having a substantial impact on the global economy. It also remains unclear how the situation in Ukraine will develop, and the divide between the U.S. and China is intensifying.

Here in Japan, the issue to consider is how to deal with rising costs. A multitude of factors are driving up costs across the board—energy and the cost of transporting it are increasing due to higher labor costs, construction is more expensive because materials cost more, and IT expenses are soaring to accommodate the rapid growth of generative AI.

Given these circumstances, our customers are applying more effort to revise their supply chains while demanding more cost-competitive new materials. OOC needs to prepare for more intense competition, including from players outside Japan.

As part of these preparations, we are actively seeking promising opportunities for future growth in the AI semiconductor market and developing new materials for EUV. Specifically, we see potential for growth in transcription materials for EUV, a leading-edge exposure technology underpinning the miniaturization of semiconductors. Japanese manufacturers hold a large share of the global market in photoresists for semiconductors, so we consider support for our customers to be among the key issues. In the domain of advanced semiconductors, we have begun moving away from the conventional pursuit of miniaturization toward working on chiplets and other next-stage developments, fulfilling our role as a materials manufacturer by pouring energy into market research in search of places to flourish.

Basic strategy of the P&D 2030 medium-term business plan

Leveraging our ability to attract experts in the sciences to advance chemical technologies and contribute to the world

We expect the external environment to remain unsettled, so we are preparing to deal with sweeping changes on a global scale for the foreseeable future. Our customers will face more intense competition, which will have an impact on us. That said, we also expect increased demand for new environment-, energy-, and semiconductor-related materials.

Under these assumptions about the business environment, we will continue our efforts to control costs through rigorous production streamlining and leverage our organizational capacity—one of our biggest strengths—to assert the superiority of our operations.

The cornerstone of our organizational capacity is the set of values we all share because we have so many experts in the sciences in our ranks. This has lowered internal barriers and helped us create systems for interdepartmental cooperation, a strength that sets us apart from others. We are leveraging our organizational capacity to the fullest and implementing concerted efforts—from research to production and sales—with a sense of urgency.

Looking ahead, we intend to further improve operations by making our organization even more resilient, and expedite adjustments to production planning to make it more flexible. Our distinctive strength for making these production adjustments is the multipurpose nature of our production facilities. None of our facilities exists solely to produce a single product—each is flexible enough to be adapted to producing different products. This puts us in a position to change our production systems to accommodate shifts in demand.

As for developing forward-looking strategies, we are acutely aware of the mission of the chemical industry. In other words, the task before us is to develop technology that will help solve global environmental problems. Taking 2050 as just one target date, we have many things to accomplish, including reducing CO_2, eliminating

dependence on oil, and solving energy-related problems. Chemical technologies are also an essential part of the process of solving issues involving everything from food and the environment to mobility and IT.
For electricity, they are used to store electricity and control discharge. For food, they help respond to problems with agrochemicals. Semiconductors are the heart of IT, and chemical support is vital for quantum computing, which is on the brink of full-scale dissemination. This is not to say that chemistry is the solution to everything, only that we intend to advance chemical technologies to help solve problems involving the global environment.

Future development of the three main business domains in P&D 2030

Dominating niches with rigorous technological capability-based differentiation

The basic strategy is the same for our chemical products, electronics materials, and specialty chemicals businesses. Our goal is never to be the top of commodity markets. Instead, we expend every effort to dominate niches. We will demonstrate our strengths in areas that major companies could never imagine entering.
A typical example of this is our development of light-related materials for acrylics. Our strength lies in our ability to develop UV coatings and other unique acrylic acid-based materials in addition to semiconductor resist materials and liquid crystal materials. Not only are we operating in extremely niche areas, but we can also offer differentiated chemical materials that our competitors cannot imitate.
Technologies for creating niche materials are our homegrown tools for developing new materials, and they allow us to produce consistent supplies of products. Meanwhile, we are also working on digitizing our technological capabilities to stabilize our production of materials that require various production processes. Our production team has already spent several years digitizing what we categorize as craftspersonship. We will continue to analyze the data we are collecting to drive our shift from manual work to digitization.
Our digitization efforts have been at full speed for several years, and our production team has introduced data analysis tools. We are putting a system in place to digitally implement the subtle operational adjustments that we previously relied on veterans and their experience to make.
The future of chemistry and other sciences is full of possibilities. While people are using avatars to conduct business in virtual spaces, we are also seeing the emergence of products as incredible as flying cars in the real world. We aspire to play a role in manifesting this dream world of the future.

Business domain priorities for FY2025

Establishing a new business to serve as the fourth pillar: A pressing task alongside expanding our three existing businesses

We are aiming to go both broader and deeper into addressing the issues in our existing businesses. The urgent task in our chemical products business is expanding downstream. Accordingly, we intend to work with our customers to develop products. We must ascertain the functions our customers need and deliver monomers that provide them. We will go further in dialogue with our existing customers and give them individual attention as we create custom products. This is the core of our efforts to go deeper.
In our electronics materials business, we intend to expand into peripheral materials and broaden our scope to include developing essential materials for the non-front-end processes of semiconductor manufacturing. Specifically, we will proactively offer solutions for chiplets and other essential peripheral materials for back-end processes (including implementation), which should help us find new customers.
In our specialty chemicals business, our hair care materials with new environmentally friendly functions will help us capture a higher share of the global market. Specifically, we have materials that hold hair in place without being too sticky, while also being easy to wash out. This departure from conventional acrylic-based cosmetics materials is an example of how we are taking our development both broader and deeper.
We have identified another pressing task: establishing a new business to serve as the fourth pillar alongside our three existing businesses. We are currently working on two new directions in parallel: smart textiles and energy. Smart textiles are underwear and other clothing coated with elastomers and fitted with electrodes. These electrodes automatically measure the wearer's blood pressure and pulse to give them a constant, effort-free update on their physical condition.
We are also moving forward with the development of coatings in addition to smart textiles. When applied to clothing, these coatings will make it easier to remove stains and prevent pollen and other contaminants from adhering.
Piezoelectric materials are another promising energy-related development. They transform kinetic energy into electrical energy and vice versa, and are used to generate electricity, for example when exposed to vibrations.
Piezoelectric materials are used in haptic buttons in cars and on devices. When the user pushes a button—that is, when they apply kinetic energy to it—the piezoelectric materials convert the energy to electrical energy and cause the button to vibrate, providing the user with sensory feedback. Hopefully, we will be able to apply piezoelectric materials to what are known as soft actuators—for example, the artificial muscles of eldercare robots—in the future.
Our target for these new businesses is to reach 1.0 billion yen in sales by 2030.

System for creating unique ideas

Expanding our corporate culture to encourage managers to give employees plenty of breadth to research what interests them

Our Craftsperson's Society is a group of volunteers who want to create new ideas and launch distinctive new businesses. Its members investigate and research topics that interest them, separate from our normal operations. They meet regularly to discuss their findings, working together to advance their ideas and make discoveries that give way to novel concepts. The Craftsperson's Society dates back a few years and now has more than ten active members.
Unlike advances in general science, innovations in chemistry require solid underlying technology. No matter how unique an idea, its technical feasibility is strictly determined by knowledge of chemistry. Only researchers with the most robust understanding of the fundamentals are capable of creating new ideas in chemistry.
In that sense, the members of our Craftsperson's Society have immense potential. However, when evaluating the ideas they create, we must be careful not to jump to conclusions based on business viability. When a supervisor judges an idea, they essentially do it based on existing values. Novel ideas are often dismissed when evaluated from conventional perspectives.
To encourage people to create ideas, we have told our managers to give their subordinates plenty of breadth and depth, to never reject an idea posed by an employee, and to foster a culture where people are free to research as they please.

Non-business domain priorities for FY2025

For the past 30 years, we have implemented 5S initiatives (production management (PM)) with the aim of fostering our corporate culture. We have revised our longstanding slogan, "The cleanest plant in Japan," in favor of one crafted by our employees: "Developing trustworthy experts who will change the future with chemistry."
We need our employees to be self-sufficient in their growth. This requires autonomy, initiative, and creativity. These qualities are best cultivated through interaction with people with diverse values. Obviously, when two people who think differently share their opinions with each other, their ideas will clash. The important thing in these situations is to be willing to acknowledge each other's views and resolve conflicts by reaching higher-level consensus. We share our opinions to improve society and the company.
We will create an environment where people can work hard together, with the highest value placed on mutual care and respect. In that spirit, we aim to achieve sustainable growth by optimizing our human capital while adhering to our founder's Corporate Philosophy.

General Manager of Corporate Planning Division

Starting implementation of a new medium-term business plan for development of the OOC Group

Tetsuya Watanabe

Director, Executive Officer, General Manager of
Corporate Planning Division in charge of Quality Assurance Office

One year has passed since the start of Progress & Development 2030 (P&D 2030), our new medium-term business plan. The table below shows the targets of the plan and how we performed in fiscal 2024. We consider our results positive for all management indicators.

To achieve management that is conscious of cost of capital, we have added target for ROIC to those for ROE in P&D 2030. The plan also mentions capital allocation and discloses targets accordingly. These targets indicate that we will engage in forward-looking proactive capital investment, enhance shareholder returns, and take other measures to optimize capital for the medium and long term.
Knowledge of the targets based on the new medium-term business plan has been thoroughly disseminated to the members of every department.

Previous MTBP **Next Stage 10** → Current MTBP **Progress & Development 2030 (P&D 2030)**

	FY2023 (result)	FY2024 (result)	FY2026 (target)	FY2030 (target)
Net sales	¥28.9 billion	¥32.6 billion	¥40.0 billion	¥50.0 billion
Operating income:	¥3.5 billion	¥4.6 billion	¥5.6 billion	¥7.5 billion
Operating income to net sales ratio	12.4%	14.1%	14.0% or more	15.0% or more
Strategic and business investments	¥8.6 billion	Cumulative ¥30.0 billion or more		
ROE	7.8%	9.1%	10.0% or more	12.0% or more
ROIC	5.4%	6.6%	8.0% or more	9.0% or more
Dividend payout ratio	36.6%	34.5%	40% target	

Measures in key business domains in P&D 2030 (the new medium-term business plan)

	Target market/ applications	Target	Investment/measures
Chemical products	Environment	Development/market launch of 100% BRC* biomass acrylates	New product development through new processes (joint research with universities)
	Displays	Strengthen supply system for 4-HBA (a main product)	Construct new production plant Boost plant production capacity
Specialty chemicals	Film coating Electronics materials Biocompatible materials, etc.	Application development for water-soluble polymers	Acquire/deploy technology to enable single-liquid application of LAMBIC polymer brush material Develop CMP slurry additives (joint research with universities)
Electronics materials	Advanced semiconductors	Strengthen development of cutting-edge semiconductor materials Expand into peripheral materials, back-end processes	Speedy development of materials from development to prototyping Refurbish/strengthen existing production equipment
	VR, onboard vehicle sensors, etc.	Expand into new applications for negative resist materials	Thickening, slimming, and cold-curing resists
Research & Business Development Office	Wearable sensors, etc.	Market launch/mass production of organic-inorganic composites, piezoelectric materials	Promote joint research with universities and corporations Develop demand (e.g., present at academic conferences, exhibitions, to the media)
Enhance overseas sales	North America Asia, etc.	Strengthen sales to overseas markets	Establish a base in North America Channel strategy through bases in South Korea, China, and North America

* BRC: Bio Renewable Carbon

This table shows investment projects and specific measures in each of our businesses. During this past year, we steadily implemented measures not only to address urgent issues, but also to expand business in the future.

Initiatives for sustainability

Under the OOC Group's vision of providing value to the global market as a corporate leader in specialty acrylates we are promoting ESG-conscious sustainability management. We have taken on the challenge of making materials derived from non-fossil fuel sources, taken steps to reduce waste and reuse resources, and otherwise made investments to build a circular economy. We are also working to improve quality, prevent problems, and enhance safety and productivity through the implementation of IT and DX. This complements initiatives to improve employee 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. While maintaining rigorous compliance, we are taking steps to make our supply chain more robust, enhance the viability of our BCP, and otherwise strengthen our risk management, and our efforts are starting to produce positive results. Everyone at the company will continue to work as one to achieve the targets of P&D 2030.

Dialogue

OOC's DX Strategy:

Solidifying our resilience-based infrastructure to improve productivity

Takeshi Ninoi
Manager in charge of DX

Tetsuya Watanabe
Director, Executive Officer,
General Manager of
Corporate Planning Division in charge of
Quality Assurance Office

Course of DX strategy and milestone setting

To begin, when did DX promotion efforts start in earnest?

Watanabe: The system came together in December 2021, when we moved our IT Department to the Corporate Planning Division, and Ninoi was appointed as the manager in charge of DX. By that point, I had been thinking for a few years that we needed to start DX, so I was doing some investigating on my own. Specifically, I delved into how we could get people to understand the differences between DX and simply incorporating IT, and how to promote DX throughout the company. I contemplated what DX would mean for the company as I continued gathering information.
Ninoi: Although we launched DX in earnest three years ago, we were an early adopter in terms of digitization. We adopted ERP, one of our core systems, all the way back in 2003. We replaced it with our current systems in 2011, and established business intelligence—or "BI"—systems from an early stage. This meant that when the COVID-19 pandemic struck, we already had systems in place for remote work and teleconferencing.
Watanabe: Our salespeople were already operating in mobile environments when the Great East Japan Earthquake struck in 2011. By the next year, we had updated our BCP and systems so that order receiving and related operations could be accomplished in mobile environments. Thanks to our early adoption of these systems, we knew exactly what to do during the COVID-19 pandemic, and nearly everyone working in offices was able to work from home.
Ninoi: I had standing instructions to reduce the administrative workload of sales staff. I was working on a system to allow them to communicate with people in Japan even while they were overseas on business. Integrating our internal systems was the task in front of us when our DX began in earnest. For example, two different departments may have had similar functions, but were using different software. We are taking steps to address issues like these.

So you introduced IT in the context of digitizing early on, and now you are working on DX?

Watanabe: The company has so much real-world data on what could be called craftspersonship. That's one of our strengths, and we continue to digitize this data and use it to improve productivity and pass down skills. It is important for everyone to use this digitized data to consider what we can obtain from it and to create things. To accomplish this, we must optimize and unite as a company behind a single course of action for DX. That led us to make a rule that Ninoi would gather and centrally manage all the IT data. We used the phrase "DX based on overall optimization" to explain the initiative internally.
Ninoi: We also used the phrase "DX for adaptation." Digitizing real-world data always involves a lot of trial and error. The agile development approach to system development was the key way of expressing our enthusiasm for laying the groundwork to leverage our big data as quickly as possible.
Watanabe: Changes in the world compound exponentially, and the company must respond. We asked Ninoi to assess our overall optimization, and whenever he thought we were

failing, we would immediately change course. The keys were to be adaptable, to start things even if we did not know what the results would be, to make bold moves, and to be quick to change when things did not work out. Of course, the resilience mentioned in Integrated Report 2023 is also a very important approach. Sustainability for society and the company and, by extension, the SDGs and the like all come into focus only when the company is resilient.

What criteria do you use to assess DX based on overall optimization?

Ninoi: After joining the company as a researcher, I moved from production to sales and raw material procurement to important internal departments before being transferred to the Information Systems Department. My experience in all internal departments has given me intuition that I intend to use to detect differences in criteria between departments. Beyond that, I emphasize return on investment in assessing overall optimization.

Setting milestones

Considering 2030 as a milestone, what are your expectations for one year, three years, and five years down the road?

Watanabe: IT is necessary for promoting DE&I and reducing CO_2 and addressing other environmental issues. That said, IT is only a tool. To achieve the goals set out in our medium-term business plan, we must implement DX while always selecting the best tools, but we have not actually set any milestones for DX promotion itself. Of course, we have a clear plan to renew our accounting system and core systems, and we will continue to proceed with these efforts. However, business expansion and social sustainability are higher-level aims of our medium-term business plan. The reason we promote DX is to achieve these goals.

Ninoi: Our core ERP system will be replaced in 2027, a project that must proceed without delay. The new digital equipment we plan to introduce will allow us to accumulate data, but the most pressing issue is digitizing the data we have accumulated, specifically the real-world data that makes up the stockpile of craftspersonship and expertise that differentiates us from our competitors. Converting this know-how to digital data is what we must accomplish by 2030.
Watanabe: We have also installed new equipment that allows us to acquire a broader range of data, and are currently considering the best ways to use it.
Ninoi: This is why we must learn how to analyze data. This is what data scientists do, but our problems cannot be solved simply by hiring data scientists from outside the company. Data scientists can easily find inflection points and other key information in data. However, only internal people with knowledge of chemistry know what this key information means, the processes behind it, and the reasons that explain it. Therefore, though time-consuming, we need to train our own people to become data scientists.
Watanabe: In the future, we will need to link various data throughout our supply chain. Life cycle assessment (LCA) is a typical example of this. Ideally, our renewed ERP will be able to link data across our entire supply chain, among other things. We also need to incorporate the use of constantly and rapidly evolving generative AI into the ERP system.

Responding to generative AI

What are your thoughts on generative AI?

Watanabe: We proactively provide environments conducive to the use of AI. We will expend every effort to ensure that our employees abide by our Generative AI Usage Guidelines when they do use it.
Ninoi: I am currently in discussions with our General Affairs Department on the need for training to ensure our employees are using generative AI properly. To be frank, some of our departments use generative AI proactively, and others are having difficulty. For example, departments applying materials informatics are using generative AI more and more. Some other departments are still handwriting data as they engage in trial and error. So, currently we have a mixture of early adopters and non-adopters. Our research department is very positive about materials informatics. Another thing we are considering is using patent information. We are also looking into how to obtain the information we need from patent searches.
Watanabe: To help employees better use generative AI, we caution them to manage information and maintain their writing skills. They are eager to tackle new challenges and have a positive attitude toward trying new things. And this is all the more reason we must respect their motivation as we ensure security and improve their knowledge.
It is always up to humans to judge the quality of writing generated by AI. Conversely, people must cultivate the ability to judge the value of things generated by AI. Our ultimate goal is to ensure everyone can apply that judgment and improve our ability to use AI properly. The value lies in what AI cannot achieve, and that is precisely where we should focus all of our energy.
Ninoi: Of course, this is all predicated on employees being able to use AI as a tool. But if we rely on the same tool for every task, we would not be able to compete on the scale we do. Where computation alone cannot provide solutions, for example when an accident has occurred, surprising discoveries await. Mistakes often result in the creation of groundbreaking materials, so we have high hopes for the abilities only humans can exhibit in these situations.

DX for increasing productivity

You are entering the phase where DX will spread throughout the company. How will you go about doing that?

Watanabe: One of our distinguishing characteristics is our excellent per capita productivity, the result of many past breakthroughs. We have actively introduced a variety of automation systems, most recently RPA, which is already used as a matter of routine in all departments.
Ninoi: We continue to encourage everyone to use IT more and more to increase productivity. That said, we need more breakthroughs to achieve the performance targets we have set for 2030.
Watanabe: Each department has set ambitious targets based on the medium-term business plan. For example, the manufacturing department is aiming to increase productivity by 30%. On the environmental front, we have set a goal of reducing CO_2 emissions by 30%. Our existing approach will not allow us to achieve these goals at the same time. However, it is encouraging to see the many serious proposals our employees are making to address these difficult issues. By bringing these ideas to fruition, we will achieve transformations that will allow us to proudly say, "That's DX at OOC!"

DX promotion focused on 2030

One of the key tasks is digitizing real-world data. How will you go about doing that?

Ninoi: We have laid the groundwork for data sharing, and we are now at the stage where we can begin to utilize the data in earnest. For best results, we must accumulate several years' worth of data, not just one. So we are now working to swiftly incorporate past data.
Watanabe: With our new equipment, we are instantly able to collect a broad variety of data. A vast amount of data is coming in, so when we receive an inquiry, the person in charge immediately accesses and checks the data at the time the problem occurred. We expect the next phase to involve predicting problems. For example, we have attached

vibration sensors to our pumps in an attempt to foresee breakdowns. Preventing these kinds of problems with equipment is essential for the continuity of the company's business.
Ninoi: We want to predict problems before equipment breaks. If our stance is to thoughtlessly use equipment as long as it's under the manufacturer's warranty, we will have problems sustaining our business. The equipment we use cannot be replaced immediately when it breaks. Some pieces of equipment take six months or longer from when we order them to when they are delivered. In that sense, predictive maintenance is a crucial component of business continuity.

How do you manage data with the care that it deserves?

Ninoi: We manage data in a data center and back it up remotely. Of course, we constantly update our security software. Among companies of our size in our industry, I think our security system is quite robust. We never outsource system management. We have a small number of system personnel to manage our systems in-house. This is why our IT costs are so low when considering the size of our company.
Watanabe: We do as much as we can in-house, which is why we delineate what we can and cannot do and thoroughly examine the optimal solution in terms of DX and security. This basic approach, which is analogous to our production process, is the reason we maintain such high productivity. Sustainable productivity improvement based on resilience is the cornerstone of our DX strategy, and is why our business performance is so consistent. We refer to this as "overall optimization," and I think the concept will spread first within the company, then throughout the industry, and eventually to the rest of Japan and the world. When that time comes, I hope to have made us a company that can compete on a global level.

General Manager of the R&D Division

Bolstering OOC's unique technological strengths to become a leader amidst accelerating change.

Yusuke Tokuda

Executive Officer, General Manager of R&D Division

R&D focused on three different business fields

How should we proceed with technological development in pursuit of the goals of P&D 2030? The biggest considerations are the following two points. One is how well we predict the rapidly accelerating shifts in society, and another is how to best capitalize on our strength in monomers, which is also core to our corporate identity. We have an exceptional capacity to continuously make improvements to product quality as well as the ability to handle circumstances where speed is a necessity. In order to further accelerate the transition from laboratory scale to a mass-production framework, we invested in a medium-scale laboratory to scale within the laboratory environment itself.

Semiconductor-related businesses continue to scale even in research departments as they are driven by growth in sales in business departments. The high pace required by customers continues to accelerate, and we actively make capital investments to expand our R&D framework. The tendency of semiconductor-related businesses to require prompt action has only strengthened since mass production began on cutting-edge extreme ultraviolet (EUV) lithography machines. EUV lithography machines are extremely expensive and there are just a few in Japan, and even resist manufacturers are not able to easily evaluate their own products. Ultimately, this has meant that OOC, being higher up on the supply chain, is expected to act more quickly as well. Our semiconductor-related businesses continue to expand into peripheral materials sectors, which we had not entered in the past. Japan as a whole is currently rallying behind the semiconductor industry, so I believe that Japanese materials manufacturers should work together to achieve a competitive supply chain for global markets.

We are also continuing to embark new endeavors with respect to chemical products and specialty chemicals. In our commitment to securing new results from these projects by 2030, we have also begun multiple joint research projects with research groups outside the company. It will still take some more time before concrete results emerge, but there were some big steps forward made in 2024. Monomer and polymer development is proceeding in those respective departments, with departments specializing in polymer synthesis serving as internal customers for monomers. The monomer unit is able to use these internal customers for feedback and to brush up products before releasing them to the market, while the polymer unit can provide novel functions by utilizing new monomers that are not yet available on the market. We expect this to be mutually beneficial as they take advantage of each other's unique expertise. Through these initiatives, the departments have built up a framework to share issues and challenges with each other and provide mutual feedback. This positive cycle will help produce new products unique to OOC that have unprecedented new functions.

Aiming for data-driven R&D

OOC is building databases as a key initiative throughout the entire company, but since there are strict rules about customer confidentiality in research divisions, data management practices are also strictly followed within these departments. Meanwhile, operations-related data from production processes is shared and put to effective use wherever possible to improve productivity. We also collect data on micro-changes that occur in production processes and how they affect product quality, accumulating the results of such data analysis as part of our knowledge base. I believe that these efforts will help to bolster OOC's technological strength in the future.

We made major progress in material informatics (MI) last year, giving us added confidence in our pursuit of data-driven R&D on the road to 2030. After considering various possible MI applications, we believe that using it for combinatorial optimization problems is most likely to yield results. For example, there is an infinite number of combinations for the raw materials that constitute resists and other products. There are also trade-offs for various functions for which those products are used, and I think that MI will prove effective in analyzing the combinations of materials that achieve the optimal performance for each product's uses. In particular, I expect great contributions from the younger generation of researchers, who are so-called "digital natives." Once young people become skilled in the use of MI, I expect that they will be able to produce results as quickly as veteran researchers. We are currently focused on building an environment in which all researchers can easily make use of MI, including experimental attempts at developing MI apps.

When using these sorts of tools, the most important question is "what problems to focus on," not only with MI but also generative AI. Only humans are capable of setting the problems themselves. It's often said of generative AI that you receive completely different answers based on your prompts, i.e., what questions you ask. The skills we need to train moving forward are our question-building skills, and I believe we are moving into an era where the ability to focus on the appropriate problem will be more important than specific knowledge or experience. Some OOC employees are already skilled users of generative AI, having managed to use these tools to create amazing computer programs despite having absolutely zero programming knowledge. This type of personnel will play a central role in creating a high-speed, data-driven R&D infrastructure at OOC by 2030.

Manufacturer providing monomers that differ slightly from the rest

I am always mindful of OOC's areas of strength when thinking about what our biggest earners will be in the next generation. What sets OOC apart from other acrylic monomer manufacturers is that we always provide monomers that are a bit different from the rest. What has allowed us to capture over 70% market share for several products—even if only in niche categories—is our offering of idiosyncratic types of monomers. In the future, we will continue to draw on our unique innovativeness and technological strengths to achieve product development as only OOC can.

We are also focused on expanding existing products into other fields, looking at other applications for the water-soluble polymers we provide for cosmetics, and expanding uses for negative resist materials into other fields as well. In semiconductor-related fields, we are beginning to see new developments and inquiries from new clients. I expect that we will have advanced to the mass production stage in a number of new fields by 2030.

Providing an unending series of new monomers to our customers is a part of our company DNA and our biggest strength. Underlying this strength in development is our company culture in which almost all sales personnel have backgrounds in research. Sales personnel with chemistry experience talk directly with customers to precisely identify needs that they have been unable to verbalize in other sales discussions, and this can grow into wholly original ideas. Sales personnel bring back hints of inspiration from business discussions and talk about them with researchers, which can then turn into new products. They understand the R&D process, so sales personnel can communicate with researchers in a way that makes sense to them. We also have a deeply rooted culture that respects individual researchers' original ideas, and individual researchers are encouraged to try out their own ideas in the lab.

As MI is increasingly utilized within this company culture, I expect that we will be able to produce even more "unusual monomers" than before. I know that OOC will become that sort of company by 2030.

General Manager of Administration Division

Producing more environmentally friendly products and contributing to society as a group with a strong compliance awareness.

Soichi Honda

Director, Executive Officer, General Manager of Administration Division

Strong compliance awareness and a thriving workplace

OOC's medium-term business plan, P&D 2030, aims to strengthen corporate governance at the company. To achieve this goal, each and every employee needs to understand our management philosophy and develop a strong awareness of compliance. OOC has long established an Action Policy aimed at achieving our Management Vision and worked to thoroughly disseminate understanding of this policy. This Action Policy has served to guide all employees to take the right course of action on an individual level as the company works towards its goals.
We are also focused on creating an environment in which personnel can thrive. Specifically, we will use both engagement surveys and stress checks to build an environment with strong health management where it is easy to work. We will then analyze the data produced by these surveys with a focus on learning about the actual status of our personnel and put those findings to use in building the work environment.
The 5S activities that OOC has been engaged in for over thirty years help to support individual growth in our efforts to achieve the personnel development goals laid out in P&D 2030. We define 5S as "Sort, Set in order, Shine, Standardize, and Sustain," which helps to develop decision-making, planning, drive, awareness, and dignified character, as well as overall thinking ability.

Promoting initiatives to build a green society

P&D 2030 also lays out how initiatives to build a green society are a key issue we must address. While improving resource efficiency, we will also invest in technological development related to reducing and recycling in order to contribute to achieving such a society.
One product of our reduce efforts has been biomass acrylate, which was developed as an environmentally friendly product. OOC is a chemical manufacturer, and as such we generally use petroleum-derived materials, but we are working on initiatives to transition to biomass-derived materials instead. Moving forward with similar initiatives, we will also enhance our bio-renewable carbon (BRC) ratio. Meanwhile, our recycle efforts have produced acrylic acid esters made from CO_2 and waste solvents. We are working on technological development through joint research with universities and specialized organizations to achieve this.
Our target is for environmentally friendly products to account for 15% of total production volume in 2026. This is compared to 2024's level of just under 10%, so we will renew our efforts to achieve this target. OOC is an intermediate chemicals manufacturer, so we purchase a variety of raw materials that we then use in product manufacturing. We will continue to search for plant-based raw materials as part of our efforts to make more environmentally friendly products. With respect to raw materials, we have generally been reliant on suppliers in the past, but moving forward it is important for us to consider potentially producing our own materials to boost our environmental friendliness. This will obviously not be easy, nor do we currently have a clear idea of what these materials might be. However, I believe we need to begin thinking outside the box of existing frameworks if we are going to continue contributing to society as we move forward.
Another prong of our social contribution activities is the reduction of CO_2 emissions. To that end, we introduced a waste solvent-fueled boiler. This boiler uses waste solvents produced within the company as fuel, which helps to reduce CO_2 emissions and waste material while simultaneously keeping down energy costs.

Implementing activities based on customer feedback

Our transition to environmentally friendly products is also driven by requests from our customers. In cases where initiatives are demanded throughout the entire supply chain, some customers even suggest raw materials that OOC can consider using.
Of course, we strive to be proactive about these matters as much as possible, such as by indicating to customers what materials they are purchasing in the chemical products business for their evaluation. Our biggest asset in these tasks is our personnel makeup: most of OOC's sales staff have worked in research positions themselves. Although they work in sales now, they still retain their engineering-related knowledge. This means that not only can they achieve an accurate understanding of customer demands, but also converse with OOC researchers about specific response measures. As long as customer demands are solid and coherent, they will go directly through the process all the way up to establishment of a pilot plant.
Meanwhile, the Purchasing Department is always looking closely at materials. Particularly for chemical products and electronics materials, the Purchasing Department is concentrated at the Tokyo Office, which is also the main office for the Business Operation Department (sales). Despite working in sales, the staff is deeply familiar with materials and continuously works with the Purchasing Department to search for new materials.
In addition to the waste solvent-fueled boiler, another of our CO_2 emissions initiatives is signing an off-site PPA (Power Purchase Agreement) for environmentally friendly power at Kanazawa Plant since 2024. An office building at the same plant uses solar power to generate electricity. We are considering installing more waste solvent-fueled boilers if there is an increase in waste solvents, in addition to continuing to work to reduce the amount of heavy oil that we purchase.

Initiatives to enhance human capital

We have established the following three themes as our basic strategy for enhancing 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 tailored to our environment and strategies

Of these initiatives, education is our top priority. We hold training programs on a monthly basis, divided into both compulsory and voluntary training. For most of these programs, we took the time to create in-house. At one hour per class, there are eight mandatory classes per year, but employees take 15 classes each year on average. These courses are for all personnel. Individual departments also provide their own department-specific training.
As the number of so-called Gen Z employees has increased, OOC has begun to see some fluidity among personnel. The turnover rate within three years of hire was once nearly zero, but this number has been trending upwards. In my ongoing role as an interviewer, many applicants place an emphasis on both the content of the work and the workplace atmosphere. Increasingly, people seem to look at how much conversation happens at the workplace, whether there is an overall positive mood, and whether supervisors and other senior employees seem likely to lend an ear to issues and concerns. At OOC, we are proud of the deeply rooted culture we have built that encourages friendly work relationships. Naturally, there are people at OOC who are brand new or poor communicators, but our company culture encourages supervisors and other senior staff to actively reach out to such people.
Based in that culture, I personally adhere to a certain famous maxim in my dealings with others: "Show them, tell them, have them do it, and then praise them; otherwise, people won't do anything."

General Manager of Business Operation

We are drawing on the respective strengths of three segments as we continue to strive towards materials development for an environmental society.

Motomi Ogasahara

Director, Executive Officer,
General Manager of
Business Operation and Manager of
International Business Department

Three businesses, all with reliable growth

OOC focused on creating an industrial framework for specialty acrylates with core businesses in three segments: chemical products, electronics materials, and specialty chemicals. The chemical products business includes coatings, inks, and adhesives. Electronics materials can be divided broadly into two categories: display-related materials such as LCDs and OLEDs, and semiconductor-related materials. Specialty chemicals include both cosmetics materials as well as some functional materials used in people's daily lives. Across all of these cases, OOC products can be found in a wide range of uses by our many customers. Though they are often not readily visible, they are essential materials playing roles as components of customer products or in manufacturing processes.

Our business strategy is to aim for a top position in a niche in each business, which has earned us unique strengths in each category. Our chemical products business has two strengths: proprietary production technology for various high-purity, high-grade acrylic monomers; and planning and development capabilities for unique new monomers that serve customer needs. In the electronics materials business, we produce materials for photo resists used for displays, and the business's strengths are its compounding and adjusting technologies to precisely meet customer demands. The semiconductor-related materials we produce are monomers used in polymers for semiconductor resists, and we have received positive feedback for how we promptly handle customer needs, as well as our high product quality and management capabilities. In specialty chemicals, our strength is our deployment capabilities. We can use our accumulated acrylic monomer expertise and polymerization technology to develop new materials for cosmetics products and turn them into new products.

Looking back on the first fiscal year of the P&D 2030 plan, we achieved our target sales KPI across our business as a whole. In electronics materials, we did experience some minor setbacks due to a sluggish recovery in the semiconductor-related industry as a whole, but chemical products and specialty chemicals cleared their targets by large margins.

Incorporated office in South Korea, bolstering overseas expansion

As part of our overseas expansion efforts, we incorporated our liaison office in South Korea. South Korea is home to major manufacturers of semiconductors and displays, as well as a concentration of materials manufacturers. These are some of OOC's major customers in the region, and we will set up an infrastructure to ensure faster, more timely, and more meticulous service that will lead to expansion of our business in South Korea in the future. It has been ten years since we established Osaka Organic Chemical (Shanghai) Trading Ltd. in China, and we have bolstered our staffing structure as sales have increased. Our China arm handles products across all three segments, and the special acrylic monomers in the chemical products segment have seen particularly strong growth. We also plan to increase staff at the South Korea office in line with future business expansion.

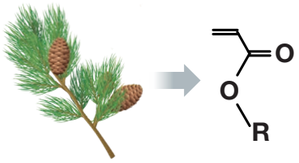
Another development in our overseas expansion has been the full-fledged launch of our initiative to establish an office in the United States. Based on U.S.-China trade tensions and various other issues with exporting and importing, we believe it is necessary to make preparations to handle any sudden changes in our supply chains, turning this issue into an opportunity. A feasibility study has already been completed, and we are aiming to open the office this year. For the U.S. office, we plan to establish a joint venture with SHIN-NAKAMURA CHEMICAL Co., Ltd. wherein we will utilize each other's resources to expand our businesses in the United States.

Focusing on environmentally-friendly materials development

One current issue common to all three segments is the development of materials for an environmentally-friendly society. In particular, OOC must address the need for non-petrochemical-derived monomer development. Our goal is to promote the use of biomass-derived raw materials as a replacement, and, as per P&D 2030, reduce CO_2 emissions by 30% by 2030 and ultimately achieve carbon neutrality by 2050. The chemical products business has already begun monomer production using biomass materials. These biomass acrylates help reduce our reliance on petrochemical-based materials and thereby to reduce CO_2 emissions. If these monomers can be deployed to products further down the supply chain as well, it will also help those customers reduce their own CO_2 emissions. Other initiatives include reusing resources and eliminating waste, as well as better visualizing and reducing our environmental impact.

Chemical Products Business

Raw materials for coatings



Biomass acrylates

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

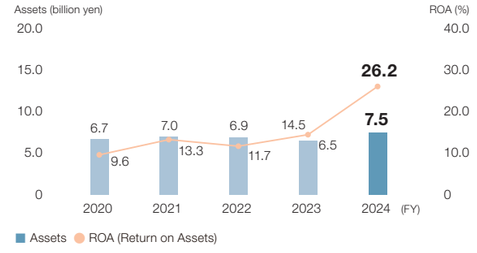
Bolstering environmentally friendly offerings alongside main products

In the chemical products business, we are working to bolster supply infrastructure for 4-HBA (4-Hydroxybutyl Acrylate), one of our main products. We produce more 4-HBA than any other product, at a level of thousands of tons, and this year we increased capital investment to secure even more production capacity. Only a few companies in the world are capable of manufacturing 4-HBA, so it is a highly competitive product even on the global market. Moving forward, we will continue to increase supply capacity as the market grows.

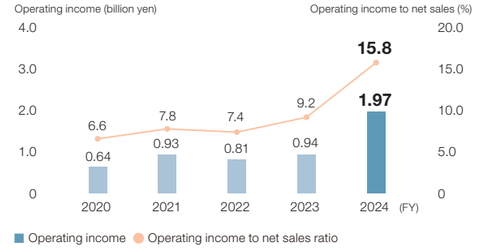
We are also working to expand our product line with biomass acrylates. This is one of OOC's proprietary products, a special acrylate made from biomass-derived materials. There is a major trend toward expanding the use of environmentally friendly materials with reduced environmental impact. At OOC, we view this less as a market than as demand from society as a whole. However, in order to create 100% biomass acrylate, it is necessary to create acrylic acid from biomass. There are a lot of issues that need to be resolved before that is possible. We are persistently tackling these issues in order to achieve 100% biomass acrylates. With respect to biomass acrylates, we are specifically considering applications in cosmetics materials in the specialty chemicals business. In the cosmetics sector, European and North American manufacturers in particular are increasingly interested in natural and biomass-related materials. Although these materials are currently more expensive, they are in demand by end users and thereby offer potential for new market development as high value-added materials.

Net sales

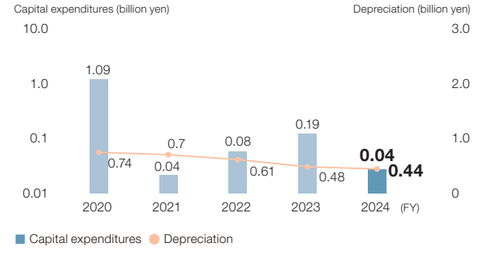
Assets/ROA



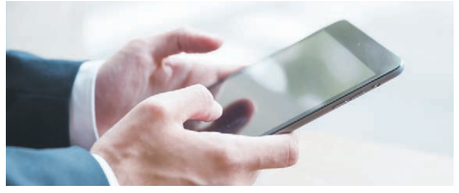
Operating income/Operating income to net sales ratio



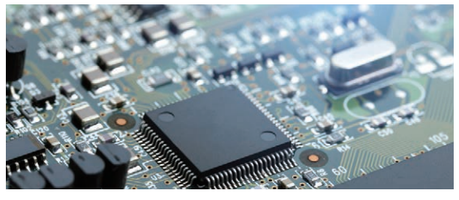
Capital expenditures/Depreciation



Electronics Materials Business



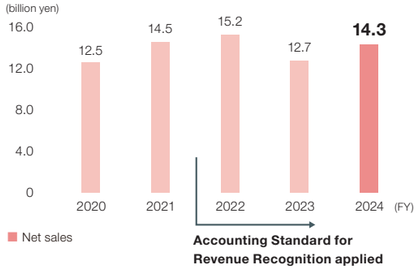
Display materials



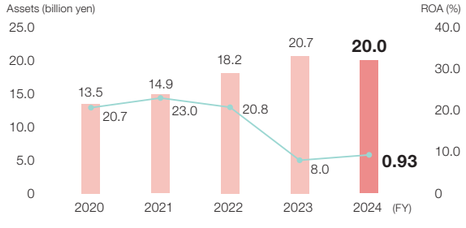
Semiconductor materials

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

Net sales



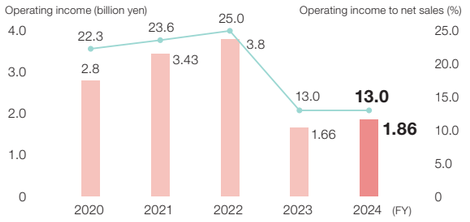
Assets/ROA



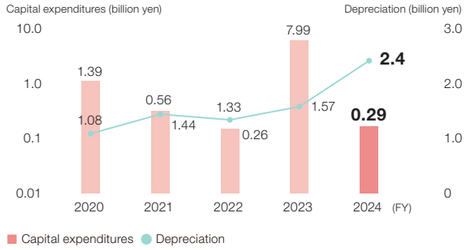
New product development for use in advanced semiconductors

The advanced semiconductor field is currently a focus of business initiatives across Japan, and global competition is also heating up. Our customers expect us to meet their stringent demands in a timely fashion. Especially during development, it is extremely important that we promptly get each stage of the process in place, from the experimental phase to the pilot plant and finally full-scale manufacturing. At OOC, we always strive to accumulate in-house technology and pursue self-improvement in order to speed up the product development process. We also leverage investment and capital optimization to strengthen product quality and stable supply in the full-scale manufacturing phase.
Our current products are monomers used in front-end resists, but the goal for advanced semiconductors is to achieve extreme miniaturization smaller than the two nano level. By developing these urgently needed materials, both our company technologies and products can be further improved. I believe we will be able to make meaningful contributions to the development of the Japanese semiconductor industry. We are also considering providing peripheral materials used in back-end processes. The semiconductor manufacturing process comprises many steps from front-end to back-end, requiring a variety of materials along the way. For example, we are considering expanding the applications of OOC monomers used in front-end resists and materials used in displays to include semiconductor rewiring and insulating layers. We also have an expansion strategy for materials used in displays. We expect to develop new markets for certain products such as peripheral materials for back-end processes for semiconductors and microlens materials used in optical sensors and image sensors. Microlens materials can be used to create a variety of lens sizes, by forming microscopic lens structures on a substrate. Drawing on OOC's strengths in technology and broad adaptability, we will use these products to expand our businesses.

Operating income/Operating income to net sales ratio



Capital expenditures/Depreciation



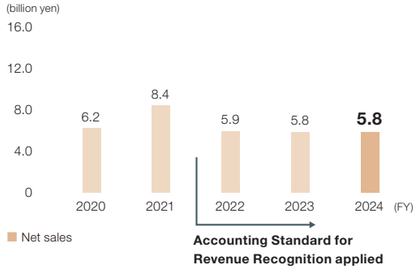
Specialty Chemicals Business

Cosmetics materials

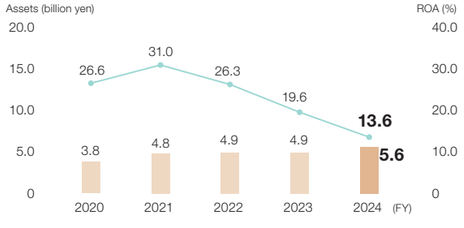
Functional materials

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

Net sales



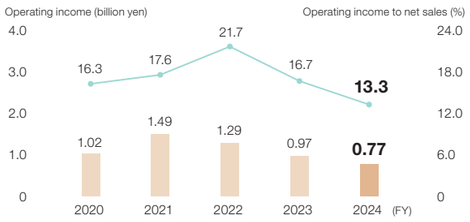
Assets/ROA



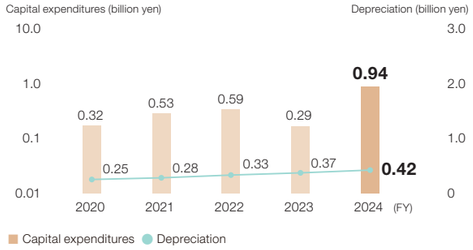
Relentlessly pursuing new materials development

KPI results for specialty chemicals have been strong, but we must urgently strengthen and expand our cosmetics materials and specialty solvent businesses. Fortunately, the cosmetics materials business that we acquired from another company has been growing. In addition to introducing new materials, we are also working to expand into other uses for cosmetics materials.
One specific new use is the application of water-soluble polymers (from cosmetics) to the semiconductors field. The semiconductor manufacturing process includes polishing and cleaning silicon wafers. This involves smoothing out wafer surfaces on the nano scale, which involves the use of various additives for polishing speed control and leveling. Water-soluble polymers are used for this, so we aim to expand into this area. We are also aiming for a breakthrough with super hydrophilic coating agents, through which we hope to achieve a "single-liquid application technology." This technology is used in coating agents that add super hydrophilic properties to glass, plastics, metals, fibers, and other materials, simplifying the conventional two-liquid process of surface preparation followed by a topcoat into a single application. This innovation improved durability, greatly reduced the work involved in the customer coating process, and improved manufacturing efficiency as well. The versatile super hydrophilic coating agent used in this single-liquid application technology was announced in a press release on January 31, 2025, which saw a large number of requests from customers for samples, so we expect great things for it in the future.

Operating income/Operating income to net sales ratio



Capital expenditures/Depreciation



Manager of the Research & Business Development Office

Launch new businesses to provide materials for the next growth industry.

Kiyoaki Shizume
Executive Officer
Manager of the Research & Business Development Office

Emphasis on next-generation communications and environmentally friendly materials development

The issues to be tackled by the Research & Business Development Office under P&D 2030 include the creation of materials for growth industries, including the environment and energy field as well as next-generation communications technologies. OOC's current driving force is the electronics materials field, but our mission is to develop new materials and launch businesses based on them to form new business pillars in the future.
One candidate is environmentally friendly materials, which to us means using bio-related manufacturing. In order to establish this new technology that will market bio-derived materials, we need to collaborate with the R&D Division as we push ahead with a long-term perspective. The Research & Business Development Office was established six years ago with the merger of a field-based marketing team and an advanced materials research team. The Business Operation Division naturally focuses on sales to existing customers, while the R&D Division (to which the research team belonged) tends to be consumed by whatever themes were placed directly in front of it. It is difficult for new ideas to arise in this sort of environment that is mired in work and hampered by the status-quo.
That is why we removed them from their existing framework and accelerated development of new materials under new themes. This is the mission given to the Research & Business Development Office. The Research & Business Development Office has merged customer needs research teams with engineering groups to provide end-to-end service from customer service through to information exchange. The aim is to specialize in faster development of new businesses, and past initiatives are starting to bear fruit.
One example is organic piezoelectric materials, which convert mechanical energy into electrical energy and vice versa. These materials have potential for use in locations without access to a power source to power sensors or ultrasonic transducers. Another important theme is the development of environmentally friendly materials and non-petroleum-based materials. For both, we are considering solutions based on biotechnologies.

Accelerating joint research by bolstering collaborations with universities and research institutions

To establish new businesses, we are increasing the number of personnel who specialize in developing new themes in part due to high expectations within the company. These personnel visit customers to grasp their untapped needs and promote joint research by bolstering collaborations with universities and research institutions. There are multiple projects underway, and we will apply every effort to see that they reliably produce results.
One of these projects is now preparing to launch of a product in the market. The ultimate goal is to use these research results to develop new products that are appreciated by customers, with an eye to expanding to mass production by 2030. Although it's still too early to announce specifics, these products will be part of all three of our existing businesses. Moving forward, we will continue to work in collaboration with university labs that are actively pursuing new technology development.
Looking back at the year since P&D 2030 was launched, our past initiatives have slowly begun to show results. The process from new product development to commercialization takes time, but the themes we have been working on thus far are slowly but surely seeing progress.
There are two general directions of new initiatives for new product development: needs-based and seeds-based. Needs-based development replaces existing products or adds new value to existing products. But the reality is that needs-based development is unlikely to produce revolutionary new products using next-generation materials. For that reason, we are focused on seeds-based development that considers untapped needs due to the potential to quickly open up new markets. We develop unique new products with the goal of being greeted by society as a whole with exclamations of "We always wanted a material like this!"

Increasing opportunities for information exchange

In approaching seeds-based development, the most important thing is ideas. At the Research & Business Development Office, the client-visiting (field-based) team and research team are located at the same Osaka laboratory where they hold monthly meetings on new themes. These meetings are for progress reports on studies of new themes and information-sharing such as selecting the next theme to work on. Once a quarter, all participants meet for an advance meeting. All members of the research team of the Research & Business Development Office announce their progress on the theme they are working on, sharing information and exchanging opinions as they polish their ideas.
We have also started new PR initiatives, including online marketing promotional services in addition to physical exhibits at traditional offline exhibitions. These services have proved effective and brought in more inquiries than the exhibits did. In fact, we achieved over twice the number of inquiries compared to the pre-COVID era of purely offline physical exhibits. We focused on increasing projects that progressed from inquiry to sample, achieved repeat business based on a good sample, and then pushed through to joint development.

Craftsperson's Society as a venue for generating new themes

OOC has the infrastructure needed for proposing new businesses, and researchers at the R&D Division, the Business Operation Division, and the Research & Business Development Office are all encouraged to make proposals. When requesting proposals, we simply decide on a general theme—for example, aerospace-related materials or PFAS regulation substitute materials—and have submissions based on that fixed format. This initiative, first launched around 2015, pulled in about 30 proposals per round, for a total of more than 50 proposals annually. These were mostly researchers' proposals, so some of the ideas could not be commercialized into a business immediately. To determine which proposals could be commercialized, the Craftsperson's Society is used as a venue to closely examine ideas with the goal of determining practical applications. Commercialization of some proposals was begun only after examination by members of the Craftsperson's Society.
We also hope to collate information from different divisions and departments more efficiently on the path to P&D 2030. The Craftsperson's Society is also a good venue for that as well. Participants in the Craftsperson's Society include the various segment supervisors from the Business Operation Division and department heads for research, so its members are familiar with information on existing businesses from a technical perspective as well. Through Craftsperson's Society participation, members sometimes learn about information that hasn't been shared with them despite being in the same Business Operation Division, they might learn surprising news about customers, and some new ideas pop up within the meetings themselves.
This is a gathering of talent truly worthy of the title "craftsmen," and the venue also enables them to excite mutual curiosity as they exchange opinions based on their own expertise.
We also incorporate fresh ideas from young personnel in the process as we progress towards establishing the next generation of growth businesses.

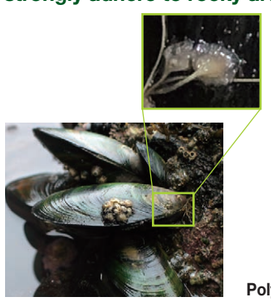
Advanced Technology Research Institute

We received the Outstanding Presentation Award at the Polymer Materials Forum (Poster Session).

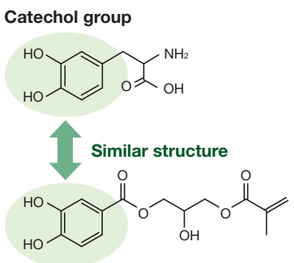
At the 32nd Polymer Materials Forum, one of the key events of the Society of Polymer Science, Japan, OOC's Advanced Technology Research Institute presented catechol monomers it developed (product names: CM03, etc.). We received the Outstanding Presentation Award at the awards ceremony held on June 6, 2024 during the 73rd Annual Meeting of the Society of Polymer Science, Japan.
Catechol monomers are a biomimetic material modeled on the adhesive structure of mussels, which can powerfully adhere to rocks even under the pressure of strong crashing waves. Many adhesives dramatically lose adhesive strength under damp conditions, and the presentation was praised for its analysis of the catechol group's adhesive performance when affected by water.
Moving forward, we will continue to explore the unique properties of these monomers and develop their applications as we focus on developing new materials that will contribute to society.

Theme: Development of Catechol-Based Biomimetic Adhesive Materials That Function Even in Wet Conditions
Recipient: OOC Research & Business Development Office, Advanced Technology Research Institute: Risako Kobayashi, Masayoshi Matsuno, Kouki Tsubaki, Ryoichi Akaishi

Mussels use byssus threads to strongly adhere to rocky areas



Mussel adhesive components



Polymer adhesive material (CM03) developed by OOC

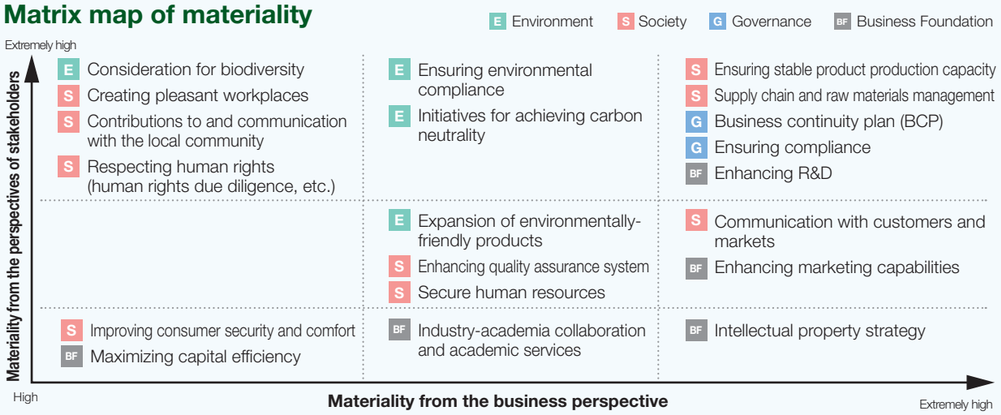
Promoting Sustainable Management

ESG Management

Identifying materiality

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

Matrix map of materiality



Tying materiality to Guidelines for Conduct

	Guidelines for Conduct	Materiality	P&D 2030 Initiatives
E Environment	■ Making the climate crisis personal ■ Reducing environmental impact ■ Product development that considers the balance between nature and society	■ Consideration for biodiversity ■ Ensuring environmental compliance (chemical management, etc.) ■ Implementing initiatives for achieving carbon neutrality ■ Expansion of environmentally-friendly products	■ Participation in environmental conservation efforts ■ Environmental compliance ■ Examination of CO_2 reduction measures ■ Looking into the use of renewable energy ■ Expansion of biomass-based products
S Society	■ 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 each other's strengths and complement each other	■ Communication with customers and markets ■ Ensuring stable product production capacity ■ Supply chain and raw materials management ■ Enhancing quality assurance system ■ Improving consumer security and comfort ■ Creating pleasant workplaces (mental and physical environment/occupational health and safety) ■ Contributions to and communication with the local community ■ Respecting human rights (human rights due diligence, etc.) ■ Securing human resources	■ Communicating on quality ■ Reducing of quality nonconformities ■ Promoting CSR procurement ■ Expansion of biomass-based products ■ Promoting health management ■ Establishing a human rights policy ■ Ongoing interactions with local communities
G Governance	■ Contributing to the creation of a sustainable future ■ Keeping our promises with sincerity and humility ■ Ensuring systematic crisis management	■ Business continuity plan (BCP) (risk management) ■ Ensuring compliance (legal compliance, etc.)	■ Maintaining a risk management system ■ Resolving social issues through sustainable management
Business Foundation	■ Providing unique functional materials	■ Enhancing R&D capabilities ■ Enhancing marketing capabilities ■ Intellectual property strategy ■ Maximizing capital efficiency ■ Industry-academia collaboration and academic services	■ Improving R&D efficiency

Initiatives for Materiality

ESG area	Materiality	Major initiatives	FY2026 targets (KPI)	FY2024 Results	FY2024 Main activities	Stakeholders: Employees	Clients & suppliers	Investors & shareholders	Local communities	Children of the future	Relevant SDGs
E	Consideration for biodiversity	Participation in river and coastal cleanups	At least 3 per year	7 cases	Participated in cleanup activities at Tokumitsu Coast, Shonai Coast, Ishikawa, Yamato River, and surrounding business sites	○	○	○	○	◎	
		OOC Future Forest program	Ongoing initiatives (Maintain CO_2 absorption of 1.9 tons or more)	1.9 metric tons	Participated in forest maintenance activities in Ishikawa	○	○	○	○	◎	
	Ensuring environmental compliance	Number of environmental complaints	Zero serious compliance violations per year	0 cases	No applicable cases occurred		◎	○	○		
		Reduce unit energy consumption by 1% per year (OOC)	99% or less compared to previous year	90%	Switched lighting to LED Reduced power usage by lowering compressor load Reduced power usage by shortening air conditioning operation hours Reduced power usage by shortening equipment cleaning time	○	○	○	◎		
	Initiatives for achieving carbon neutrality	CO_2 emissions reduction rate (compared to FY2013)	20% reduction	7.5% reduction	Adoption of off-site PPA (Power Purchase Agreement)	○	○	○	○	◎	
S	Contributions to and communication with the local community	Participation in local community groups, events, etc.	At least 3 per month	7.5 per month	Active participation in local community groups, events, etc.	○		○	◎		
	Communication with customers and markets	Compliance rate with delivery deadlines in response to customer inquiries	90% or more	84%	Responding to customer requests and inquiries from the website		◎				
		Customer inconvenience rate [(returns + delays)/ shipment]	Less than 0.21%	0.14%	Providing training to carrier service staff		◎				
	Supply chain and raw materials management	Country risk	Eliminate a total of 3 cases	0 cases	Evaluating products from manufacturers in countries other than those of the current manufacturer for three high-risk items		◎				
		Percentage of suppliers endorsing our CSR Procurement Guidelines	90% or more	90%	Monitoring top suppliers by purchase amount		◎		○		
	Enhancing quality assurance system	Number of serious complaints	0 per year	0 cases	Conducting quality compliance training Performing risk assessments including "3H" factors (first-time experiences, hiatuses, and changes)		◎				

Initiatives for Materiality

ESG area	Materiality	Major initiatives	FY2026 targets (KPI)	FY2024 Results	FY2024 Main activities	Stakeholders: Employees	Clients & suppliers	Investors & shareholders	Society	Children of the future	Relevant SDGs
S	**Creating pleasant workplaces**	Paid leave utilization rate	70% or above	66%	Initiatives for encouraging employees to take paid leave	◎					
		Reduction of overtime hours	Less than 30 hours per month for all departments	Not achieved	Initiatives for reducing overtime	◎					
	Respecting human rights (human rights due diligence, etc.)	Eradication of harassment	0 cases	0 cases	Compliance training	◎	○	○	○		
	Secure human resources	Turnover rate (for personal reasons only)	Less than 2%	2.7%	Line care Feedback interviews, related training, and performance reviewee training Engagement survey Career design training	◎					
		Three-year retention rate	100%	74%	Interviews for new employees during their first year Interviews for employees who have been with the company less than three years Counseling by industrial counselors	◎					
		Ratio of women in management positions to the ratio of women among employees	90-110%	45%	Career design training	◎			○		
		Ratio of career hires	30% or more	19%	Mid-career hires	◎					
G	**Business continuity plan (BCP)**	CGC compliance rate	100%	99%	Appointment of female directors			◎			
		Incidents classified as critical level	0 per year	0 cases	Information security training	○	◎	○	○		
	Ensuring compliance	Managing waste and wastewater (deviation from environmental laws and regulations)	0 per year	0 cases	Installation of waste oil boilers Ongoing monitoring of plant wastewater quality Continued use of electronic manifests	○	○	○	◎		
		Reduction of PRTR and VOC emissions (compared to FY2019)	66% reduction	9% reduction	Measured and monitored losses due to the material balance	○	○	○	◎		
		Number of serious violations of laws and regulations	0 per year	0 cases	Ensured thorough awareness of legal compliance	○	○	○	◎		
Business operations	**Enhancing R&D capabilities**	Percentage of sales from new products (cumulative for past four years)	10% or above	10.6%	Active investment in semiconductor-related materials, focusing on next-generation materials	◎	○		○		
		R&D efficiency	5x or more	4.9x	Active investment in high-profit product development	◎	○		○		
		Sales ratio of new customers (from 2019 and after)	6% or above	2.0%	Initiatives targeting new overseas customers		◎		○		
		Conferences, papers, press releases, etc.	10 times/year or more	11	Presentation of newly developed products at relevant academic conferences	○			◎		
	Enhancing marketing capabilities	Value-added labor productivity (compared to FY2023 index)	130 or more	115	Shift toward high-value-added products and improved productivity	◎			○		
	Intellectual property strategy	Patents and intellectual property applications	At least 15 per year	12 cases	Implementation of intellectual property strategies beneficial to business	◎			○		
	Maximizing capital efficiency	ROE	10% or above	9.2%	Optimization of the business portfolio			◎			
	Industry-academia collaboration and academic services	Joint research with universities	2 or more topics	3 topics	Joint research in new business fields	◎			○		

Other detailed ESG data are available on our website.

ESG Datasheet Governance data
https://www.ooc.co.jp/en/csr/pdf/esg_governance.pdf

Environmental data
https://www.ooc.co.jp/en/csr/pdf/esg_environment.pdf

Social data
https://www.ooc.co.jp/en/csr/pdf/esg_society.pdf

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 (as of November 30, 2024)

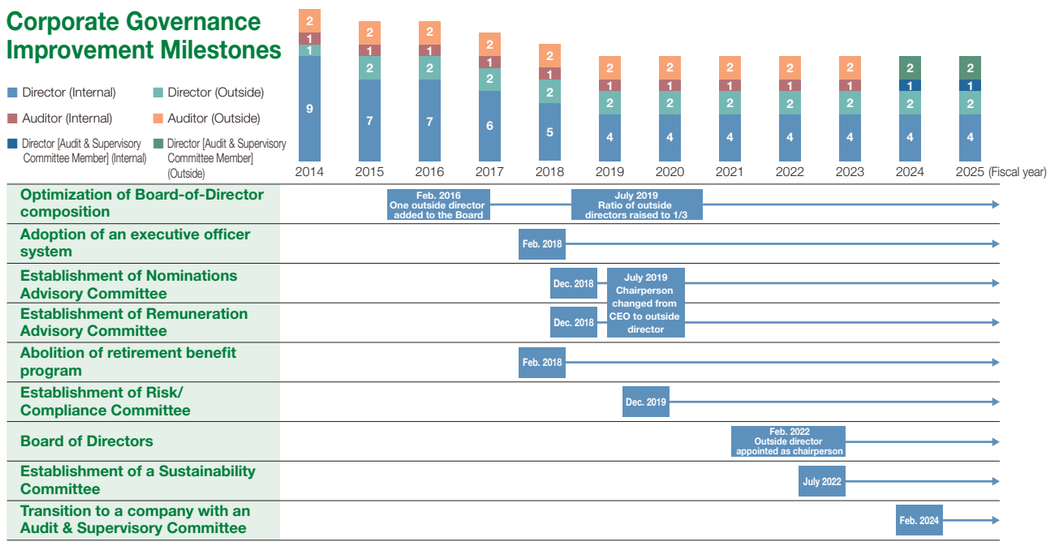
Number of meetings of the Board of Directors
16

Number of meetings of the Board of Auditors
(Before transition to a company with an Audit & Supervisory Committee)
3

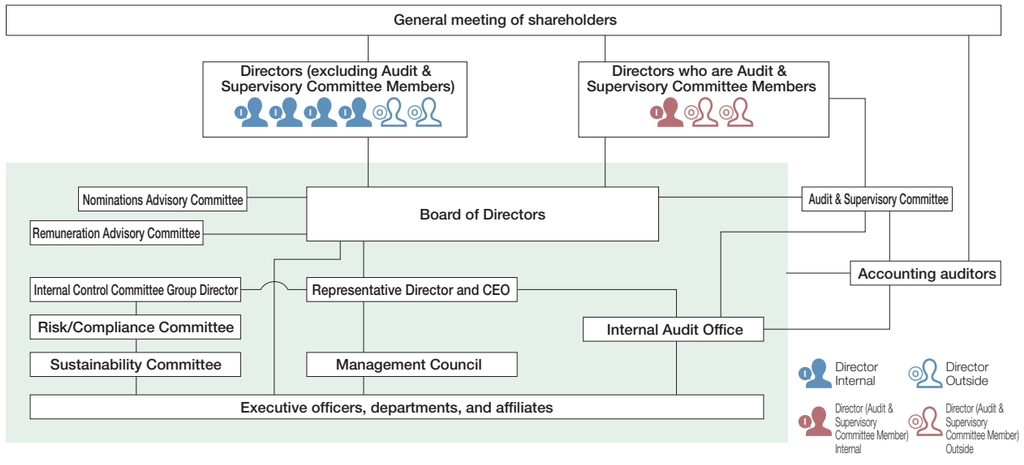
Number of meetings of the Audit & Supervisory Committee
(After transition to a company with an Audit & Supervisory Committee)
12

Number of meetings of the Advisory Committees
Nominations 3 Remuneration 3

Corporate Governance Improvement Milestones



OOC Group's Corporate Governance Organization



Officer Profiles (as of February 27, 2025)

Director

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, Executive Officer, and General Manager of R&D Division, OOC
Dec. 2018: Managing Director, Executive 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 Executive Officer, and General Manager of Corporate Planning Division, OOC
July 2020: Representative Director and CEO (current)

Soichi Honda
Director, Executive 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, Executive Officer, and General Manager of Administration Division, OOC (current)
Feb. 2022: Director, Shinko Organic Chemical Industry Ltd. (current)

Motomi Ogasahara
Director, Executive Officer, General Manager of Business Operation, Manager of International Business Department

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, Executive Officer, General Manager of Business Operation Division, Manager of Chemical Sales Department, and in charge of Affiliated Companies, OOC
Dec. 2018: Director, Executive Officer, General Manager of Business Operation Division, and in charge of Affiliated Companies, OOC
Dec. 2021: Director, Executive Officer, General Manager of Business Operation Division, and Manager of International Business Department, OOC (current)
July 2024: Representative Director, Osaka Organic Chemical Industry Korea Ltd. (current)

Tetsuya Watanabe
Director, Executive Officer, General Manager of Corporate Planning Division, in charge of Quality Assurance Office

Apr. 1995: Joined OOC
July 2020: Executive Officer and General Manager of Corporate Planning Division, OOC
Feb. 2022: Director, Executive Officer, and General Manager of Corporate Planning Division, OOC
Dec. 2023: Director, Executive Officer, General Manager of Corporate Planning Division, and 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, Sompo Japan Insurance Inc.
Feb. 2022: Director, OOC (current)
Aug. 2022: Advisor, The Nanto Bank, Ltd.
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
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 Taiheiyo Law Office
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)

Executive officers

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

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

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

Shuichi Akita
Executive Officer, Sakata Plant Director, Production Division

Officer and Auditor Skills Matrix

● Chairperson, Committee Chairperson ● Member ● Observer ● Expertise and experience

Job title	Name	Conference body								Knowledge, experience, and expertise								
		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 Executive Officer	Soichi Honda	●		●	●	●	●				●	●			●	●		Sales, overseas business, and administration
Director and Executive Officer	Motomi Ogasahara	●		●	●							●	●	●				Sales and overseas business
Director and Executive 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

OOC 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. OOC 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 OOC'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 OOC'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 OOC's continuous growth, the CEO shall always consider who can be promising successor candidates, mainly from among directors and executive 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. Currently, financial results materials, including earnings reports, quarterly earnings reports, supplementary materials for financial results, and supplementary materials for quarterly results, as well as timely disclosure information are provided in English simultaneously with Japanese on the timely disclosure viewing service of the Tokyo Stock Exchange website and on our corporate website. In addition, Notices of Convocation of the General Meeting of Shareholders and the Integrated Report are also disclosed and provided in English on our corporate website as part of our efforts to enhance English-language information for overseas investors.

■ Officer Compensation System

OOC 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 officers 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 officers 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 income, and EBITDA) to clarify each director's responsibility for the annual results. For fiscal 2024, we set a target of consolidated financial results being 103% of the fiscal 2023 levels and achieved a target of 122%. 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 directors who are outside directors or Audit & Supervisory Committee members). The objectives of this type of remuneration are to offer eligible directors the incentive to work to constantly increase OOC's corporate value and to more clearly show linkage between remuneration for eligible directors on one hand and OOC'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 evaluation period (two-year period from the fiscal year ending November 30, 2025 to the fiscal year ending November 30, 2026). 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 Stage I of the medium-term business plan (P&D 2030), we set targets of a two-year average consolidated ROE of 10.0% or higher and a two-year average consolidated operating income of 14.0% or higher. The performance targets for the initial evaluation period (the three fiscal years from the fiscal year ended November 30, 2022 to the fiscal year ended November 30, 2024) were a three-year average consolidated ROE of 10.0% or higher and a three-year average consolidated operating income of 13.5% or higher (before the application of revenue recognition standards). The actual results for the period were a three-year average consolidated ROE of 9.6% and a three-year average consolidated operating income of 12.9% (before the application of revenue recognition standards).
Restricted stock compensation	This is stock compensation paid to directors (excluding directors who are outside directors or 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 OOC's corporate value, thereby promoting further sharing of value with shareholders.

Composition of basic remuneration and performance-linked remuneration

Officer category		Basic remuneration	Performance-linked remuneration (base amount)			Composition of basic remuneration and performance-linked remuneration
		Monthly remuneration	Annual bonus	Performance-linked stock compensation	Restricted stock compensation	
Directors (excluding directors who are outside directors or Audit & Supervisory Committee members)	Chairperson	100	34	23	16	100/73
	CEO	100	68	46	32	100/146
	Executive officers	100	34	23	16	100/73

■ Reduction of Cross-Shareholdings

(1) Policy for Reducing Cross-Shareholding

For cross-shareholding, according to criteria defined for OOC's stock ownership, the Board of Directors will annually review each individual case and make decisions to reduce the number of shares held by OOC.

(2) Criteria for Stock Ownership

We will hold shares only when we believe it is reasonable to do so, for example, to maintain and strengthen stable and long-term business relationships with customers and business partners, or to enhance our corporate value over the medium to long term. We periodically report on our holdings to the Board of Directors and consider the appropriateness of holding each stock by comprehensively taking into account the maintenance and strengthening of business relationships, the merits of holding the stock over the medium to long term, and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital.

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

With regard to the exercise of voting rights for cross-shareholding, in order to ensure appropriate responses, we have established specific criteria for the exercise of voting rights that enable us to make a comprehensive judgment as to whether the exercise of voting rights will enhance the medium- to long-term corporate value of the client company, contribute to sustainable growth, and benefit OOC.

Fiscal 2024 Results

Number of stocks acquired	1	Number of shares acquired	292,960	Acquisition cost	0.184 billion yen
Number of stocks sold	2	Number of shares sold	278,300	Sale price	1.054 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

To assess the overall effectiveness of our Board of Directors, we conducted a questionnaire survey of directors (including Audit & Supervisory Committee members) 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 results of the questionnaire were compiled, and were analyzed and evaluated by the Board of Directors. 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 Rated as "Generally Good"

- While the composition of a Board of Directors should underpin its independence and objectiveness, OOC's Board of Directors had four independent outside directors out of its nine members, with the ratio of outside directors being more than 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 guiding principles, 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 ended 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. In addition, we have included outside directors serving as Audit & Supervisory Committee members in both the Nominations Advisory Committee and the Remuneration Advisory Committee, creating a structure that more effectively incorporates the perspectives of outside officers.
- By transitioning from a company with corporate 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 of Directors meetings so that the Board can have full discussions and deliberations.
- In addition to individual training for officers 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 ended 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 made improvements to the handout materials distributed and the content of the topics discussed. 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 Composition, Number of people, Diversity, Succession Planning, Remuneration, etc. of the Board of Directors)

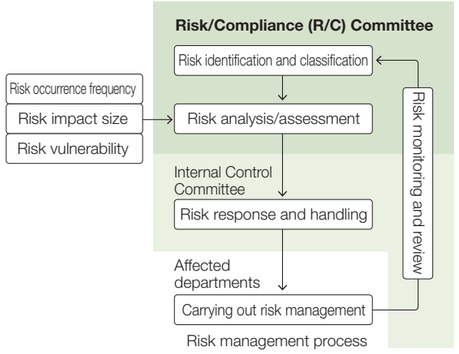
The Nominations Advisory Committee and the Remuneration Advisory Committee, which are advisory bodies to the Board of Directors, will be enhanced to improve the supervisory function of the Board of Directors.

We recognize that the key to solutions to the aforementioned issues will remain communication among officers (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.

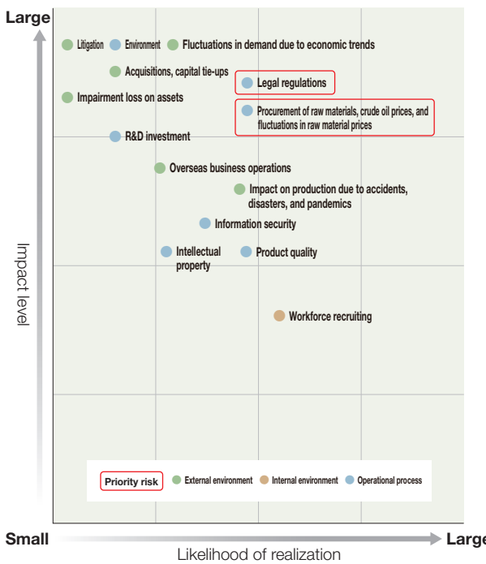


Designation of Business Risks and Priority Risks

We identified risks in consideration of the characteristics of each department 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.

Risk Map

Likelihood of Realization × Impact Level



BCP Work

IT-BCP (From initial infection response to business continuity training exercises)

Cyberattacks are becoming increasingly sophisticated each year, heightening the risk of virus infections. In the event of a virus infection, information leaks and disruptions to information systems could occur, potentially leading to the suspension of business operations and a loss of public trust. Companies must continually adopt the latest security systems and update their knowledge and technical skills. To minimize damage from cyberattacks and ensure business continuity, it is essential to establish an IT-BCP (IT Business Continuity Plan). Specifically, we have prepared a manual that outlines measures such as the implementation of security software, initial response procedures in the event of infection, BCP activation criteria, and employee education. This fiscal year, we conducted IT-BCP exercises in accordance with this manual. Going forward, we will continue to conduct IT-BCP training and exercises to verify the effectiveness of the BCP, raise employee security awareness, adapt to evolving situations, and strengthen coordination capabilities while maintaining alignment with our BCP.

Flow of These Exercises

- Potential infection and initial response (network isolation, reporting and communication with stakeholders, etc.)
- Investigation and response (infection investigation, tracing the source and potential information leaks, etc.)
- BCP activation (instructions and actions from the task force, etc.)
- Resolution (dissolution of the task force)
- Review of exercises by the Risk/Compliance Committee

Business Risks and Priority Risks

Risk factor	Risk description	Risk mitigation measures
Priority risk **1 Procurement of raw materials, crude oil prices, and fluctuations in raw material prices**	Delays in product supply or interruptions in production may occur if suppliers of raw materials or contract manufacturers are affected by natural disasters, accidents, bankruptcies, or other disruptions. Also, deterioration in overseas political or economic conditions, unexpected revisions to laws, or worsening security situations could also have an impact. These factors may impede the production operations of OOC and its subsidiaries. In addition, significant fluctuations in crude oil and naphtha prices may affect the business performance of OOC and its subsidiaries.	To mitigate such risks, we procure raw materials from multiple suppliers to diversify risk and strive to ensure a stable supply of raw materials. We also continuously monitor overseas developments to minimize supply chain risks. Furthermore, we are working to improve efficiency and reduce costs through measures such as linking product prices to raw material costs and implementing cost reduction initiatives.
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, providing employee education and disaster preparedness training, and stockpiling necessary supplies, we have formulated a business continuity plan (BCP) to mitigate risks. For pandemics, we have established an infectious disease response manual and are thoroughly implementing measures to prevent infections.
Priority risk **3 Legal regulations**	Although we conduct our business operations in accordance with Japanese and foreign laws and regulations (Chemical substance-related laws, Poisonous and Deleterious Substances Control Law, Industrial Health and Safety Law, Fire Service Law, 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 compliance violations for 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 application and revision of Japanese and overseas laws and regulations, we are developing measures such as verifying and reviewing business processes and developing internal regulations. We have established a framework to prevent compliance violations before they occur and to resolve any issues at an early stage. In addition, we are working to strengthen legal compliance through employee training and raising awareness of compliance manuals.
4 Overseas business operations	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. We collect information from experts and relevant government agencies and take appropriate measures as needed. However, if such events materialize and hinder our business operations, they may affect the business performance of OOC and its subsidiaries.	To minimize these risks, we are securing and developing talented local human resources, enabling rapid and accurate information gathering and appropriate responses. In addition, we are strengthening internal controls by thoroughly monitoring compliance with laws and regulations, tracking regulatory developments, and managing fraud risks.
5 Fluctuations in demand due to economic trends	The products of OOC and its subsidiaries are used in a wide range of fields and may be severely affected by demand fluctuations in each industry. A drop in product prices due to fluctuations in foreign exchange rates or market conditions, the influx of low-priced products, the emergence of alternative products, or other factors, 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.
6 Impairment loss on assets	OOC 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 the business performance of OOC and its subsidiaries through a write-down of inventories.	OOC 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.
7 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.
8 Information security	If cyberattacks or virus infections from devices result in the shutdown of business systems, information leaks, or disruptions to information systems at OOC or its subsidiaries, this could lead to the suspension of business operations, a loss of public trust, and may affect the business performance of OOC and its subsidiaries.	We have established an information security policy and built an organizational framework for information security management. In addition, we are working to ensure and maintain security by implementing security systems and strengthening backup systems. Furthermore, we provide ongoing employee training to raise awareness of information security.
9 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.
10 R&D investment	We continue to make a certain amount of R&D investment to maintain our technological competitive 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. By actively promoting the products we have developed, we are enhancing broader recognition of our technological capabilities and product reliability, thereby driving further market expansion and technological innovation.
11 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 and attract highly talented individuals. In addition to developing employee skills through training and education programs, we are working to promote and maintain the physical and mental health of our employees through appropriate monitoring and management of working hours. At the same time, we are striving to improve work-life balance and create a comfortable and supportive workplace environment.
12 Product quality	The occurrence of an unpredicted serious quality problem in a product manufactured by OOC or its subsidiaries may affect their business performance.	We are striving to enhance our quality assurance framework based on our quality management 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.
13 Intellectual property	The occurrence of issues related to intellectual property rights, such as leakage of proprietary technology or know-how or allegations of infringement of the intellectual property rights of other companies, could lead to a loss of competitiveness and 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.
14 Environment	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.	We have established an environmental policy and regard environmental conservation initiatives as one of our top priorities. In addition to complying with relevant laws and regulations, we are working to reduce environmental impact and promote resource and energy conservation.

E Environment

Environmental Initiatives

In recent years, initiatives to address global warming, such as responses to climate change and resource depletion, have been undertaken worldwide. Amid the global goal of achieving carbon neutrality by 2050, the OOC Group aims to create long-term corporate value and achieve sustainable growth through business operations aligned with the P&D 2030 Medium-Term Policy theme of 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 and contribute to environmental conservation while implementing improvements and our own systems for managing chemical substances.

Initiatives to Reduce Environmental Impact

Curbing the Discharge of Industrial Waste

Promoting the effective use of natural resources leads to CO_2 reductions throughout the entire product lifecycle. The OOC Group is also advancing 3R (Reduce, Reuse, Recycle) initiatives as part of its efforts to minimize environmental impact. 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. Separating waste enables us to perform recycling, and we aim to realize a recycling-oriented society by reducing the volume of waste. In fiscal 2024, the recycling rate was 24%, showing an increasing trend. As part of our initiatives focused on resource recycling, we installed an additional boiler to convert recovered waste solvents into recycled fuel, which began operations in fiscal 2024.

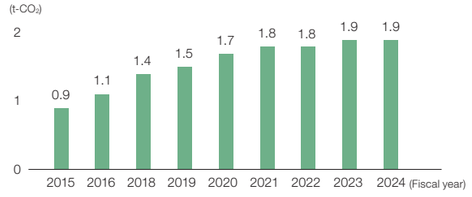
Installation of waste oil combustion boiler

At our Kanazawa Plant, as part of our initiatives to reduce environmental impact, we installed an additional boiler to utilize waste oil generated during the production process as fuel. The new boiler began operations in autumn 2024. The installation of the waste oil boiler not only reduces industrial waste disposal costs but also contributes to lowering CO_2 emissions by using the recycled waste oil as an alternative fuel to heavy oil.

OOC 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. Through forest maintenance, CO_2 has been absorbed, which contributes to carbon neutrality.

CO_2 absorption

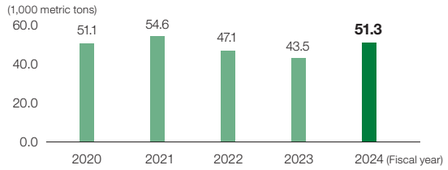


State of Environmental Impact

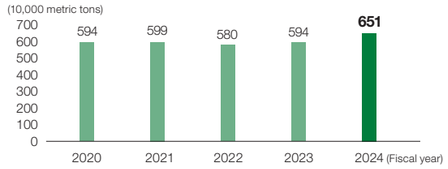
Throughout the entire lifecycle of chemical substances generated in the chemical manufacturing process, the OOC Group is committed not only to preventing environmental pollution by complying with laws and regulations governing the management of chemical substances and waste, but also to reducing environmental impact by actively promoting resource recycling and the use of renewable energy. Various ESG data is available on our website.

Inputs

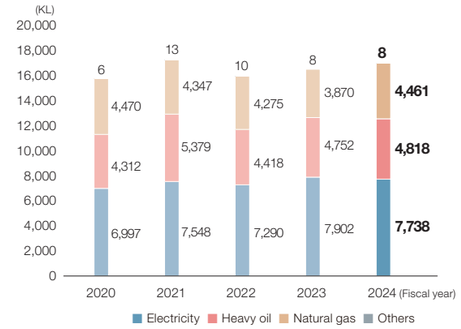
Raw material usage



Water usage



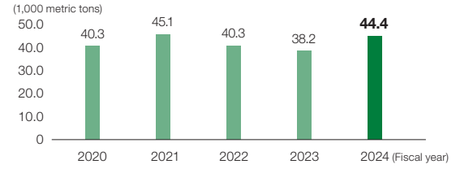
Energy



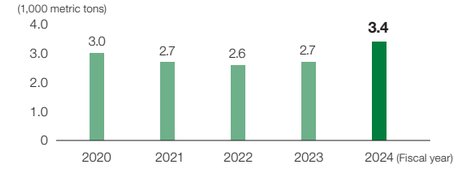
Note: Energy usage quantities are given as crude oil equivalent.

Business Operations

Production quantity

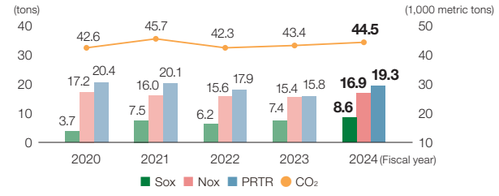


Reuse of waste oil and waste solvents

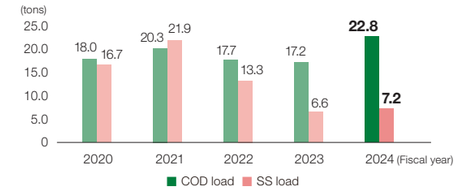


Outputs

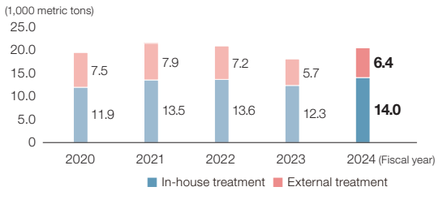
Atmospheric emissions



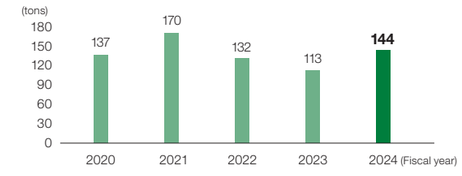
Emissions to bodies of water



Waste discharge



Final landfill disposal amount



Initiatives to Achieve Carbon Neutrality

As countries around the world accelerate initiatives aimed at achieving carbon neutrality by 2050 to address global warming, various energy policies have also been introduced in Japan, where efforts to shift toward a decarbonized society are gaining momentum. In order to achieve carbon neutrality, the adoption of renewable energy sources that do not emit CO_2 when used as energy is being implemented around the world. The OOC Group has identified decarbonization as a key long-term challenge and is working toward a carbon-neutral, decarbonized society by promoting the effective utilization of waste as energy and the purchase of green electricity.

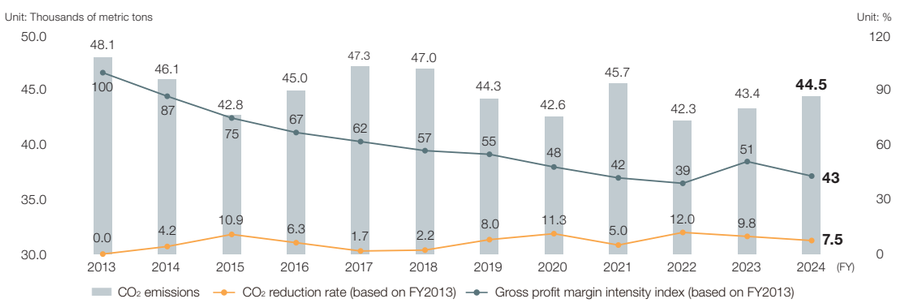
OOC Group's CO_2 reduction measures

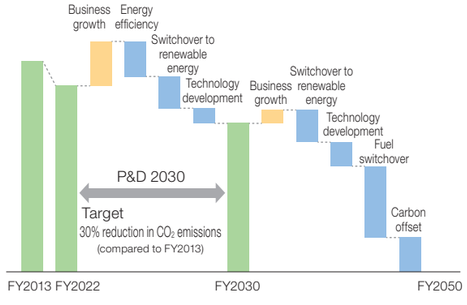
As a part of our efforts to reduce environmental impact for achieving a decarbonized society, we are engaged in various energy-saving initiatives. We are striving to curb greenhouse gas emissions by updating all equipment used in factory facilities to high-efficiency equipment, improving operation and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

Adoption of off-site PPA (Power Purchase Agreement)

At our Kanazawa Plant, we began adopting green electricity derived from renewable energy sources in fiscal 2025. Off-Site PPAs (Power Purchase Agreements) allow us to utilize renewable energy effectively without installing power generation facilities on our premises, thereby promoting the decarbonization of energy use.

CO_2 emissions and gross profit margin intensity index (based on FY2013)





CO_2 Emissions Reduction Rate (compared to FY2013)

FY2024 Results	FY2030 Target	FY2050 Target
7.5%	30% or more	Net zero

S Society

Business Sites

Kanazawa Plant

Location: 1600-1 Matsumoto-machi, Hakusan-shi, Ishikawa
Established: June 1981
Employees: 252 (as of November 2024)
Main products: Semiconductor materials, coatings and adhesives materials, resin raw materials, etc.

Business Sites

Shigeji Eimura
Kanazawa Plant Director

The Kanazawa Plant began operating in 1981 as the OOC Group's second plant, and has since become our main plant. The Kanazawa Plant faces the holy mountain Mount Haku, and has effectively used the precious resource of its groundwater to expand 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 to achieve sustainable manufacturing that is energy efficient and eco-friendly. These include improving production processes, installing energy-saving equipment, and using renewable energy sources.
Through organizing and taking part in various community social action programs, Kanazawa Plant employees are also establishing closer ties with local residents.

Interactions with Local Communities (Contribution to Regions in Which OOC Business Sites Are Located)

Hakusan Watershed Forest Development Project

In 2010, we received a proposal from the City of Hakusan to participate in a tree-planting initiative and entered into an agreement for the "Hakusan Watershed Forest Development Project." Since 2010, we have participated in this project annually for the past 15 years. To date, we have planted over 1,000 trees, which have grown significantly and, in our own small way, have contributed to water resource conservation and the prevention of landslide-related disasters.

Matsumoto Industrial Park simultaneous cleanup

We clean up the Matsumoto Industrial Park twice a year in conjunction with Hakusan City Cleanup Campaign. This fiscal year, 21 employees from OOC participated in May and 20 employees in October, cleaning the park and gutters of common facilities.

Agreement on temporary evacuation sites in the event of disaster

We have concluded an agreement to allow the rooftop of our company housing in the Kasama district (where the housing is located) to be used by local residents as a temporary evacuation site in the event of a large-scale disaster.

Business Sites

Sakata Plant

Location: 157-23 Shigerimatsu, Fujisaki, Yuza-machi, Akumi-gun, Yamagata
Established: July 2000
Employees: 41 (as of November 2024)
Main products: Patterning materials for liquid crystal displays, cosmetics materials, coating resin raw materials, etc.

Business Sites

Shuichi Akita
Sakata Plant Director

The Sakata Plant, located at the foot of Mount Chokai in Yuza Town near the border of Yamagata and Akita Prefectures, began operations in July 2000 as our third manufacturing facility and is celebrating its 25th anniversary this year. It occupies the largest site of all our plants, spanning 114,000 m^2. The plant is situated in the Chokai Minami Industrial Park (managed by Yamagata Prefecture), which sits on a plateau 20.8 meters above sea level and is in an area with a low risk of natural disasters. As one of the few chemical manufacturers in the lush Shonai Plain, labor and management are united in their pursuit of environmentally conscious manufacturing through initiatives such as ISO 14001 certification, aiming to reduce environmental impact and conserve energy. Having obtained ISO 45001 certification, the plant strives to create a comfortable and worker-friendly environment that prioritizes safety. To support biodiversity, the plant is actively engaged in forest maintenance activities such as pruning black pine trees and clearing underbrush, as well as community contribution efforts including beach and surrounding area cleanups. These initiatives foster stronger relationships and promote coexistence and co-prosperity with the people of neighboring communities.

Interactions with Local Communities (Contribution to Regions in Which OOC Business Sites Are Located)

Social contribution project: Shonai Beach Cleanup Campaign

As an opportunity to raise awareness of marine pollution caused by waste plastics and the issue of microplastics, we participated in the social contribution project “Shonai Beach Cleanup Campaign (Yura Coast, Tsuruoka City)” organized by the Yamagata Prefecture Environmental Conservation Council. It is said that 70–80% of marine debris originates from land, and many participants from the inland areas of Yamagata Prefecture also joined the event on the day. Around 10 teams competed under the initiative called “SpoGOMI” (a cleanup campaign with a point system), and the team including OOC employees took first place.

Social contribution project: forest maintenance activities

As part of the forest maintenance activities conducted under a social contribution project organized by the Yamagata Prefecture Environmental Conservation Council, we participated as volunteers in underbrush clearing at the designated Protected Forest in the Iimoriyama West District of Sakata City. Although there were about 10 participants, including affiliates, we cleared the underbrush for an area of about 200 m^2.

Cleanup campaign around the Plant

We carried out a cleanup of the areas surrounding our plant. With a total of 12 employees and affiliates participating, the cleanup focused on areas along the sidewalks bordering the Plant. While we collected common litter such as empty cans and plastic bottles, the majority of the cleanup involved gathering fallen pine needles.

Letter of appreciation from Yuza Town (Japanese Red Cross Blood Donation Campaign)

In recognition of our longstanding support for the Japanese Red Cross Blood Donation Campaigns, including hosting a blood donation bus at our plant and encouraging participation from other companies in the Chokai Minami Industrial Park, we received a letter of appreciation from the Yamagata Branch of the Japanese Red Cross Society through Yuza Town.

Donation of disaster relief funds to Yuza Town and Sakata City

On Thursday, July 25, 2024, torrential rains caused severe damage in Yuza Town and Sakata City, including river inundation, landslides, widespread flooding, and extensive water damage to homes. To support early recovery and reconstruction efforts, OOC donated relief funds to Yuza Town and Sakata City.

Business Sites

Osaka Office

Location: 18-8 Katayama-cho, Kashiwara-shi, Osaka
Established: July 1961
Employees: 47 (as of November 2024) (including Osaka Laboratory/ Advanced Technology Research Institute)

Business Sites

Hiroshi Uzura
Osaka Office Manager

The Osaka Office began operations in 1961 as the Kashiwara Plant in Katayama-cho, Kashiwara City, and served as a key facility in establishing the OOC’s business foundation. With a site area of 27,000 m^2, the plant once employed approximately 140 people working in shifts at its peak. As we expanded production bases with the establishment of the Kanazawa and Sakata Plants, the Kashiwara Plant was renamed the Osaka Plant in 2005. Following the downsizing of production facilities, it became the Osaka Office in 2015 and continues under that name today. This office has been functioning as a chemicals production base, with reliable and comprehensive systems in place for safety and the environment. After reorganization, production facilities have been significantly scaled down, and the volume of hazardous materials handled has drastically decreased. Nevertheless, we continue to uphold the same commitment to safety and environmental initiatives as in the past. Looking ahead, the site will be developed as a hybrid facility serving as both a logistics hub for western Japan and an information-focused research center. We also hope to continue contributing to and coexisting with the local community through active participation in regional activities.

Interactions with Local Communities (Contribution to Regions in Which OOC Business Sites Are Located)

Yamatogawa and Ishikawa River Cleanup Campaign

In March 2024, a river cleanup campaign aimed at improving water quality in the Yamatogawa and Ishikawa river basins was held, with many of our employees participating in collecting litter along the Yamatogawa riverbanks.

Tamate District Autumn Festival

As part of the regional autumn festival and to promote interaction with surrounding communities, part of our site was opened to the public for the event, which featured danjiri floats and taiko drum performances.

Kashihafuji Fire Department Training Competition

A training competition was held to improve fire-fighting skills, with 24 teams from local facilities within the jurisdiction participating. Our team joined the small pump division and demonstrated the results of their daily fire-fighting drills.

Softball tournament organized by Kashiwara City Society of Commerce and Industry Crime Prevention Association

We participated in the softball tournament organized by the Kashiwara City Society of Commerce and Industry Crime Prevention Association.

Group Companies

Shinko Organic Chemical Industry Ltd.

Location: 18-26 Sumiyoshihama-machi, Higashinada-ku, Kobe-shi, Hyogo
Established: April 1969
Employees: 51 (as of November 2024)
Main products: Solvents for electronics materials, cosmetics materials, solvents for coatings/adhesives, etc.

Business Sites

Junichi Matsumoto
Representative Director,
Shinko Organic Chemical Industry

Shinko Organic Chemical is located in the seaside district of Higashinada-ku in Kobe City. Leveraging the manufacturing technologies we have cultivated, as well as Kobe's strengths as a port city with maritime and expressway networks, we supply a variety of chemical products both domestically and internationally. We also aim to contribute to the environment and society by coordinating with local disaster prevention initiatives in Kobe City, supporting prefectural organizations that implement environmental initiatives, and actively using green electricity.

Interactions with Local Communities (Contribution to Regions in Which OOC Business Sites Are Located)

Participation in regional disaster preparedness training

With the aim of improving community disaster preparedness capabilities and passing on the lessons learned from the Great Hanshin-Awaji Earthquake, we participate in joint water discharge drills conducted by fire departments and company in-house fire teams in Higashinada Ward.

Joint cleanup with neighboring businesses

Under the principle that "a factory is part of the community," we carried out a joint cleanup in collaboration with other businesses in the Second Industrial Zone of Higashinada Ward, where our plant is located.

Earthquake relief donation to Ishikawa Prefecture

In support of recovery efforts following the Noto Peninsula Earthquake on January 1, 2024, we donated relief funds to Ishikawa Prefecture. We sincerely hope for the earliest possible recovery.

Donation of news bulletin boards to elementary schools

To provide local children with more opportunities to engage with the news, we donated news bulletin boards to elementary schools. We hope this initiative will help children, who carry the future on their shoulders, broaden their perspectives and support their healthy and prosperous growth.

Group Companies

Osaka Organic Chemical (Shanghai) Trading Ltd.

Location: Office 2801, 2299 Yan An Xi Road, Chang Ning District, Shanghai
Established: January 2014
Employees: 6 (as of November 2024)
Main Business Description: International trade and sales of products related to organic chemicals

Business Sites

Shougo Maeda
General Manager,
Osaka Organic Chemical (Shanghai) Trading Ltd.

My name is Shougo Maeda, and I serve as General Manager of Osaka Organic Chemical (Shanghai) Trading Ltd. I was assigned to Shanghai in February 2020, and February 2025 marks my sixth year here. The company was established on January 15, 2014, in Chang Ning District, Shanghai, and is celebrating its 10th anniversary this year.
Our team consists of two Japanese expatriates and four local staff members, for a total of six employees. Of the four local staff, three are responsible for sales. All local staff are fluent in Japanese, have studied abroad in Japan, and possess a deep understanding of Japanese culture. They provide invaluable support to the Japanese staff by explaining cultural differences in business between Japan and China in a clear and accessible way.
Our main operations involve the import and sale of products manufactured by Osaka Organic, as well as the sale of local OEM-produced goods. At the time of establishment, our sales focused on acrylic acid esters, mainly for use as raw materials in adhesives and coatings. Since 2019, we have expanded into cosmetics raw materials. In 2023, we began sales of semiconductor raw materials, and now offer nearly the entire Osaka Organic product lineup to the Chinese market. Our customers include both Japanese companies operating in China and local Chinese firms.
From our base in Shanghai, we have expanded our sales network from Heilongjiang Province in the north to Guangdong Province in the south. Although 2022 was turbulent, including a two-month lockdown of Shanghai due to the global COVID-19 pandemic, we achieved steady sales growth in 2023 and 2024. While challenges such as China's real estate downturn and the U.S.-China trade war are expected to continue beyond 2025, China remains the world's second-largest economy by GDP and an undeniably attractive market. Together as one team, we are determined to overcome these difficult times.

Interactions with Local Communities

Shanghai Japanese Commerce & Industry Club – Resources and Chemicals Subcommittee

We participate in two general meetings and two seminars annually. Many Japanese chemical manufacturers operating in Shanghai are also members. The general meetings provide opportunities for networking and information exchange with other companies, while the seminars offer insights into market conditions and risk management in Chinese business.

Shanghai Japanese Commerce & Industry Club – Chemicals Regulatory Working Group

We also take part in the Chemicals Regulatory Working Group, a group under the Resources and Chemicals Subcommittee. This group meets three to four times per year to share information on the latest regulations (covering general chemicals and hazardous chemicals), discuss regulatory issues, and provide responses to submissions made to municipal authorities. It serves as an important forum for companies handling chemical products.

156th Huahua-kai Golf Tournament

Japanese chemical companies in the region gather for this long-standing golf tournament, held four times annually. The tournament has now been held 156 times. Each event attracts 60 to 80 participants, with many Japanese chemical manufacturers from the Shanghai and Suzhou areas taking part. Our company also participates, using the occasion for networking and information exchange with other firms based in China. While our successive expatriates have won multiple "booby prizes" (consolation prizes), we have yet to secure a championship title.

Group Companies

Osaka Organic Chemical Industry Korea Ltd.

Location: 135 Gasan-digital-2-ro, Geumcheon-gu, Seoul, Korea

Established: July 2024

Employees: 2 (as of November 2024)

Main Business Description: International trade and sales of products related to organic chemicals

Business Sites

Takahiro Mukaiyama
Director,
Osaka Organic Chemical Industry Korea

Our Korean base was initially established as a liaison office in October 2022 and was incorporated as a local subsidiary, Osaka Organic Chemical Industry Korea Co., Ltd., in July 2024. This incorporation has enabled us to conduct full-fledged sales activities, including product distribution. The office is located in the Gasan Digital Complex, a major business district in Seoul with excellent access to the city center, airports, and other key areas.
Even prior to establishing a local corporation, we had developed business in South Korea, supplying cosmetics raw materials and acrylic monomers for applications in semiconductors, displays, and coatings. Our strength lies in high-purity, high-quality, and highly stable acrylic monomers, which we believe align well with South Korea's high-end market and present opportunities for further market expansion. Before we had a physical presence in South Korea, we had limited opportunities to engage directly with customers. Moving forward, we will continue to build a system to understand customer needs promptly and deliver materials quickly. Our goal is to grow sales and contribute to the OOC Group's overseas revenue growth.

Interactions with Local Communities

Seoul Japan Club (SJC)

The Seoul Japan Club (SJC) is an organization composed of Japanese companies with a presence in South Korea, and currently has approximately 1,300 registered members. Osaka Organic Chemical Industry Korea is also a member. SJC organizes its activities through subcommittees based on the business sectors of participating companies, and our company belongs to the Chemicals Subcommittee. The Chemicals Subcommittee primarily focuses on sharing information about amendments to laws and regulations in South Korea and discussing proposals to be submitted to government authorities. In addition to business-related activities, the club also offers a variety of hobby groups and social clubs, serving as an important communication hub for expatriates.

Occupational Health and Safety

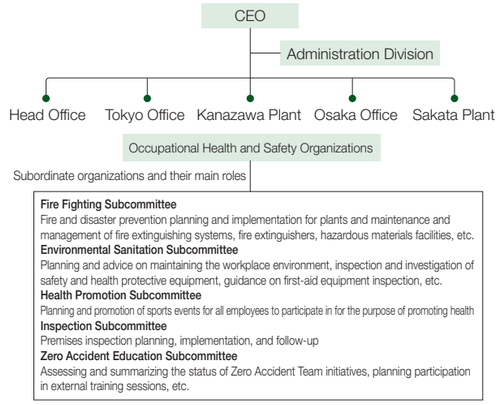
The main objectives of occupational safety and health are to maintain the safety and health of employees and to prevent disasters and accidents.
In addition to complying with the Industrial Safety and Health Act and related laws and regulations, the OOC Group is committed to promoting the health of its employees. As a result, we are working to improve the health of our employees and our organizational culture because healthy employees and a healthy organization lead to higher labor productivity.

Number of lost time injuries in the OOC Group

3 cases

(Dec. 2023 to Nov. 2024)

Organizational Structure for Occupational Health and Safety (Osaka Organic)



Head Office

Disaster preparedness training (evacuation and firefighting drills)

A building-wide disaster preparedness drill was conducted at the Head Office, simulating a magnitude 5 earthquake with a fire originating on the basement level.
Employees practiced evacuating from the 11th-floor office using emergency stairwells and performed initial fire extinguishing using fire extinguishers.

Emergency stockpile

In preparation for potential situations such as employees being unable to return home following a major earthquake, we manage an emergency stockpile with a three-day supply of provisions. This fiscal year marked the renewal cycle for stockpiled items, and we updated the supplies with a focus on food products. The replaced stockpile items were donated to the Nishinari Ward Office in Osaka City.

Fiscal 2024 Safety, Security, and Disaster Preparedness Training Results (OOC Group)

	Kanazawa Plant	Sakata Plant	Osaka Office	Shinko Organic
General disaster preparedness drills	●		●	
Firefighting drills	●	●	●	●
Training in handling fire extinguishing equipment	●			●
Static electricity education & training	●	●	●	●
Emergency response test (Odors, leakage, fires, polymerization hazard, etc.)	●	●	●	
Carrier service staff education & training	●	●	●	●
Fire fighting equipment education & training (Fire hydrants, automatic fire alarms, etc.)	●	●		●
Emergency/first aid/protective gear education & training	●	●	●	●
Poisonous materials handling education & training	●		●	
Evacuation drills	●		●	●
Health & hygiene education & training	●			●
High-pressure gas education & training	●			
Fire fighting equipment education & training (Chemical firefighting truck)	●			●
Safety control techniques	●			●
Education on carcinogenicity guidelines		●		
BCP-BCM-based disaster preparedness and business continuity training				●
Prevention regulations	●	●	●	●
Terminal recovery training		●	●	
Emergency and LifeGem fitting training		●	●	●
Education on health risks from chemical substances	●	●		●
Chemical risk assessment (Create Simple) training				●

Kanazawa Plant

The Kanazawa Plant holds education and training sessions on such topics as safety and health and disaster prevention in accordance with the annual security management plan. Also, the Disaster Prevention and Safety Division of the Plant is playing a central role in planning and implementing initiatives on its specific business continuity and disaster preparedness and responses to any unprecedented disasters.

Hakusan-Nonoichi area firefighting drill competition

On November 12, 2024, the Hakusan-Nonoichi Regional Fire Department held a firefighting drill competition for local businesses, the first such event in six years since 2018. The purpose of the competition was to improve the skills of in-house fire teams in handling portable pumps and enhancing their ability to respond quickly and effectively with initial fire suppression in the event of a fire. Six participating offices competed in portable pump operation techniques. Our plant's in-house fire team demonstrated the full extent of their regular training and earned high marks for both operational proficiency and discipline, ultimately winning first place.



General disaster preparedness drills

At the plant, we conducted a comprehensive disaster drill simulating the occurrence of a major earthquake. This drill integrates individual exercises, such as the fire drills conducted seven times a year at the plant, into a unified training session. It is scheduled annually in August or September, close to Disaster Prevention Day.

Evacuation guidance drills

At the plant, we also conducted an evacuation guidance drill simulating the occurrence of a tsunami. The purpose of the drill is to help employees remain calm and act appropriately in the event of a real earthquake and tsunami warning, including practicing personal protective actions and confirming gathering sites and evacuation locations.

Sakata Plant

At the Sakata Plant, management and labor work together toward full legal compliance and the goal of zero accidents and incidents. Under the annual safety plan, we carry out fire drills, leakage drills, chemical risk assessment evaluations, and daily efforts to create a safe and comfortable workplace environment. This fiscal year, under the leadership of the Chemical Substance Manager and PPE Supervisor, we confirmed newly designated chemical substances in line with revisions to the Industrial Safety and Health Act, researched types and performance of chemical protective gloves, and provided training for plant personnel and fully transitioned to gloves optimized for the chemical substances handled at the Sakata Plant. Amid increasingly stringent chemical management regulations year by year, we continue to implement improvements and innovations to achieve a safe and comfortable working environment.

Firefighting drills

In July and September 2024, we organized a total of four firefighting drills. The drills simulated daytime fire outbreaks within the plant, during which each team was tested on its fire response procedures. Throughout the drills, participants were instructed to overcome hesitation and any sense of embarrassment that could delay action, to speak loudly and clearly while performing the drills, and to maintain a sense of tension all the way through the final clothing inspection and safety checks.


Leakage drill and LifeGem fitting training

We organized a total of four leakage drills throughout the year. In the drills, we simulated a scenario where wastewater overflowed from the pit into the stormwater drain channel during process vessel cleaning after the production of Product D. An Initial Response Team, Situation Assessment Team, and Barricade Team were formed to conduct hands-on training in which the leaked wastewater was recovered using a gear pump and collected into a container. Afterward, all participants practiced putting on the LifeGem gear.


Chemical protective glove performance and replacement cycle (Education)

With the amendment of the Industrial Safety and Health Act, chemical risk assessments have been made mandatory as part of proactive chemical substance management practices. In line with this legal revision (effective April 1, 2024), the use of chemical protective gloves has also become mandatory to ensure a safe workplace for employees. At the Sakata Plant, we selected gloves specifically designed for the chemical substances handled there and implemented a full transition to the new gloves. We also conducted training to define appropriate usage times and areas of use to ensure that employees are equipped with suitable protective gloves for each task.

酒田工場におけるエリア/作業別保護手袋使用範囲

2024/8/5

Osaka Office

At the Osaka Office, we conduct safety, health, and disaster prevention training in line with the annual security plan. At the monthly Safety and Health Committee meetings, we prioritize employee feedback to implement improvements in safety and health, working continuously to enhance the workplace environment.

General disaster preparedness drills

We conducted a drill simulating a major earthquake, including evacuation, gathering, and personnel safety confirmation for all employees. Also, we carried out initial fire suppression and water discharge training to respond to fires triggered by earthquakes. The training also included emergency reporting to internal and external parties, first aid for injured persons, and practice drills in putting on LifeGem (self-contained breathing apparatus) gear.

Shinko Organic Chemical Industry

To prevent occupational accidents and create a safe and secure working environment, we are enhancing our safety and health management systems through initiatives such as safety manager training and the development of first-class hygiene managers. As a part of our commitment to disaster prevention, we actively participate in community disaster prevention initiatives, hands-on training led by the Kobe City Fire Department Fire Academy, and joint training sessions with other offices in the Kobe Area Petrochemical Complex to raise disaster preparedness awareness.

Introduction of fit tester

To comply with amendments to the Ordinance on Industrial Safety and Health and ministerial ordinances, we introduced quantitative fit testers to verify the performance of respiratory protective gear. Under the guidance of instructors, employees received practical training on testing facepiece seal integrity.

Joint firefighting drill with neighboring plants

We participated in a joint firefighting drill with neighboring plants and carried out practical hose operation techniques with one deployed fire suppression team.

Osaka Organic Chemical (Shanghai) Trading Ltd.

Hazardous chemical handling training

In China, we hold annual in-house training sessions on handling hazardous chemicals. This year's program included a review of the latest regulatory updates and accident case studies (backgrounds and causes) presented through video materials. Since the Tianjin Binhai Port explosion in 2015, China has significantly tightened regulations related to the manufacture, storage, and transportation of hazardous chemicals. Our company is also working to raise employee awareness of safety and regulatory compliance for the relevant operations.

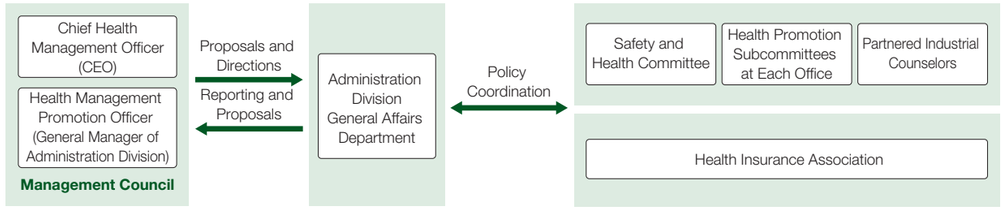
Human Capital Management

Promoting Health Management

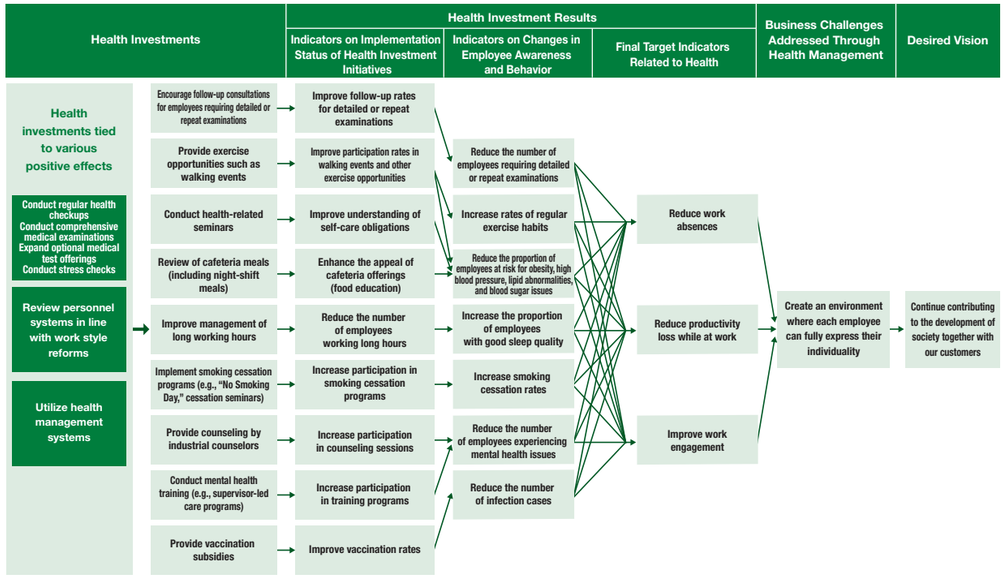
OOC Group Health Management Declaration

At the OOC Group, we will place the highest value on each person's individuality and will continue to contribute to the development of society together with our clients by providing materials with unique functions. To this end, we believe that the physical and mental well-being of our employees and their families is essential to achieving this mission. The OOC Group supports initiatives that promote the safety and health of employees and their families, aiming to grow into an even more vibrant and dynamic company.

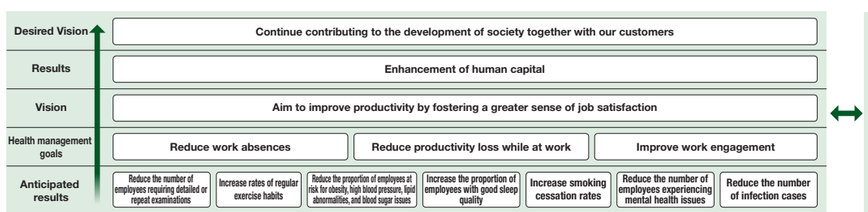
■ Health Management Promotion Framework



■ Health Management Map



■ Desired Vision



■ Anticipated results

- Enhancing corporate value
- Increase in productivity
- Improve human capital

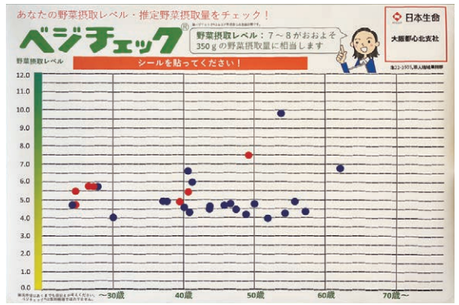
■ Focus of Activities in FY2024

Reassessing our health

In fiscal 2024, we launched initiatives to encourage employees to take a fresh look at their health. During the **Cancer Seminar**, participants learned about the likelihood of developing cancer and were reminded of the importance of preparing proactively before a diagnosis. The **Vascular Age Check** and **Vegetable Intake Check** provided employees with a valuable opportunity to understand their current health status in comparison to others. For those identified as having insufficient vegetables in their diet through the Vegetable Intake Check, we distributed low-carb vegetable juice as a dietary supplement. Unexpected test results sparked lively conversations among participants, demonstrating how initiatives like vascular age and vegetable intake checks can also help foster communication. Given their success, we are considering holding these programs regularly. At our main plant cafeteria, we introduced a **salad bar** several times a month with the support of our food service vendor. This new initiative has been very well received by employees, and we plan to continue it in collaboration with the food service vendor.

Vascular age check and vegetable intake check

Salad bar in cafeteria



Holding and supporting sporting events

In the spring, we hosted a company bowling tournament, and in November we organized an in-house walking event as part of our efforts to provide opportunities for exercise. However, participation rates remain low. Moving forward, we will focus on increasing engagement by holding such events on a regular basis and introducing new ideas to make them more appealing and enjoyable for employees.

Future challenges for health management

We are proud to announce that OOC has been certified as one of the “2025 Health & Productivity Management Outstanding Organizations (Large Enterprise Category).” The Health & Productivity Management Outstanding Organizations Certification Program, established by the Nippon Kenko Kaigi (Japan Health Council), is an awards system designed to create an environment in which corporations implementing outstanding health management practices are made visible and can gain recognition from employees, job seekers, business partners, and financial institutions.
Thanks to our company-wide commitment to supporting employee health, OOC was recognized for excellence in “Health & Productivity Management.”
Even so, we also acknowledge areas for improvement identified in the evaluation process. In particular, we will prioritize addressing the lower-rated items below as we work to further enhance both the physical and mental well-being of our employees and strengthen our health management initiatives.

- Information Disclosure and External Promotion: Appropriate disclosure of health management initiatives and results, along with support for business partners in adopting health management practices.
- Employee Engagement: Efforts to embed the philosophy and measures of health management among employees and deepen their understanding.
- Health Guidance: Raising employee health awareness through health counseling and guidance.
- Working Hours and Leave: Providing a comfortable working environment by optimizing working hours and managing leave appropriately.

2025
健康経営優良法人
KENKO Investment for Health
大規模法人部門
ID: A04187

Human Capital Management

Creating Safe and Pleasant Workplaces

New graduates who have just joined the company often face various anxieties, including concerns about their work, relationships, and overall adjustment to professional life. At the same time, employees in the child-rearing stage of life are experiencing significant shifts in their work values, and even their supervisors are increasingly seeking guidance on how to approach work in this context. To support employees dealing with such challenges, OOC has established a consultation desk and built a system to support them.

■ Post-Assignment Interview System for Newly Hired Graduates

For new employees who have recently graduated from school, OOC provides approximately one month of group training before they are assigned to their respective departments. At their assigned workplace, each new hire is guided by a senior employee who serves as a dedicated mentor to help them grow into fully independent professionals. However, because they are still adjusting to their first experience of professional life, many face uncertainties about relationships with mentors and peers, as well as how to approach their work. To address these concerns, we conduct interviews with new employees one month, three months, and six months after their assignment. For example, in the Production Division, these interviews are conducted sequentially by the direct supervisor, a human resources representative, and the manufacturing department manager to help resolve individual concerns, prevent early turnover, and support career development.

Human Capital Management

Creating a Diverse Workforce

■ Mid-Career Hire Initiatives

At OOC, we place strong emphasis on building an organization where individuals with diverse values and experiences can thrive together. As part of this commitment, we actively recruit talent from a wide range of backgrounds. By doing so, we aim to foster a culture of mutual respect and recognition for diversity, which we believe will drive organizational growth and spur innovation. In fiscal 2024, mid-career hires accounted for 19% of all recruitment. Moving forward, we will continue to work toward achieving our fiscal 2030 goal of raising this ratio to over 50%.

Voice | **Mid-career hires** | Rihoko Watanabe

I decided to apply for a mid-career position at OOC after learning about P&D 2030, which outlines the company’s goals for pioneering new fields and increasing the ratio of sales from new products. I wanted to join the team and take on these exciting challenges together. I have a young child, so I initially felt some uncertainty about changing jobs. However, everyone at OOC was incredibly supportive and offered thoughtful guidance, which gave me the confidence to join the company.
Since becoming part of the team, I’ve been deeply impressed by the passion for technology and craftspersonship here. There are countless innovations in customer service and quality management, and the company’s commitment to continuous OYPM activities has been truly inspiring. What stands out most is the way OOC conducts plant maintenance initiatives with full participation from all employees, creating an environment where everyone’s ingenuity can shine. This motivates me to stay proactive and engaged every day.
The company is also taking on challenges in new areas, such as development of bio-based acrylic acid and use of materials informatics, providing strong support for employees to pursue ambitious goals. Looking ahead, I hope to contribute by developing new materials for semiconductor back-end processes and taking part in the company’s overseas business expansion.

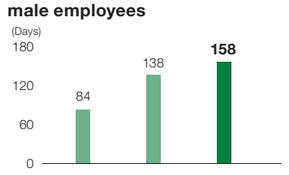
■ Diversity and Inclusion

At OOC, we have implemented a variety of programs to provide greater flexibility in work styles for employees raising children.

- Extended childcare leave: Leave may be taken until April 1 following the child’s 3rd birthday.
- Expanded childcare leave: Leave for caring for a child.
  Up to 5 days per year per child, available until September 30 following the child’s graduation from elementary school.
- Extended shortener working hours system: Available until the child completes elementary school.

These initiatives have become well established within the company, leading to a steady increase in the number of childcare leave days taken by male employees each year. In fiscal 2024, the average duration of leave taken by male employees reached approximately four months, fostering a positive shift in attitudes toward active participation in child-rearing. In parallel, supervisors have come to view male employees’ childcare leave as an opportunity to improve workflows and are leveraging these periods to drive various improvements in operations.

Average childcare leave taken by male employees



Voice | **Comments from a manager whose team member took parental leave** | Mr. Tsutsumi, Production Control Section

A team member's parental leave is a rare opportunity to test our workplace work-sharing initiatives!

When a subordinate in your previous department applied for parental leave, how did you feel?
I saw it as an excellent opportunity to test the effectiveness of work-sharing within the team. When I first transferred to that department, I felt the impression that task allocation within the team was highly dependent on individuals. This posed a significant organizational risk, and we needed to improve how we approached work, both to mitigate risk and enhance overall performance. Over the course of two years, I promoted work-sharing within the team. So when a team member applied for parental leave, I saw it as a rare chance to test the results of those efforts.

How did you actually manage the distribution of work during the team member's parental leave?
We were able to distribute the workload among multiple members of the team. And we received support from other departments for certain tasks.

How did the team members react when work was redistributed?
Since we had already been promoting work-sharing, they accepted the additional tasks without any issues.

How did the employee's return to work go after their parental leave?
During a pre-return meeting with the General Affairs Department, the employee expressed a desire to return to the same department as before. There were no other special requests. I proposed that they gradually resume their previous responsibilities after returning, and they agreed with this plan. At the same time, I reminded each team member that the experience of working together during a colleague's parental leave demonstrated the importance of collaboration.

Do you have any final thoughts to share?
To promote initiatives that are actively supported by the company, such as parental leave, paid leave utilization, and reduced overtime, it is essential to eliminate dependency on individuals for specific tasks. To further advance work-sharing, we must develop the ability to constantly empathize with others and consider situations from their perspective. If there are departments where job rotation has not yet been implemented, I strongly encourage conducting a thorough review of tasks and using work-sharing within the team to create a workplace where the workload is not concentrated on specific employees. Doing so will not only improve overall team work performance, but also foster a truly comfortable and supportive working environment.

Osaka City Leading Company for Women's Empowerment

Certified Level: 2 Stars

OOC has been certified by Osaka City for its initiatives supporting women's career development and providing a workplace environment that fosters ease of work. OOC has also been recognized as a company that promotes "Ikumen" (men who actively participate in childcare).

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

OOC has been recognized and officially registered by Osaka Prefecture for its initiatives to promote women's capabilities, support work-life balance, and create a workplace where both men and women can thrive.

Ishikawa Gender Equality Promotion Declaration Company – "Accelerated Class for Women's Empowerment"

We were recognized and certified by Ishikawa Prefecture for our initiatives to create an environment where men and women can work and live fairly and equitably, regardless of gender.

Yamagata Smile Company Gold Smile Company

OOC was certified under this program, in which the prefecture recognizes companies that are working for improved work-life balance and women's empowerment in order to make Yamagata Prefecture a place where everyone can work vibrantly and continue to live happily.

Through these initiatives, we remain committed to creating a better workplace environment and improving employees' work-life balance.

Human Capital Management

Human Resource Development (Training)

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. In our Human Resource Development Policy, we explicitly cited enhanced recruitment and training as our current key issues. 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.

■ Executive Training (Officer Training)

In accordance with Principle 4-14 (Director and Kansayaku Training) of the TSE Corporate Governance Code, we regularly provide officer training for directors, audit & supervisory committee members, and executive officers. Our policy on officer training states: "To ensure directors properly fulfill their expected roles and responsibilities as key members of the company's governance structure, OOC provides ongoing opportunities for acquiring and updating the necessary knowledge." In line with this policy, in order to carry out business plans formulated by the company, OOC has developed and implemented an annual training plan aimed at deepening each officer's understanding of their roles and responsibilities, as well as providing opportunities for acquiring and updating the necessary knowledge and engaging in continuous self-development to properly fulfill those responsibilities. Group training sessions for officers are planned and carried out each year based on issues identified in the effectiveness assessments of the Board of Directors. Also, directors (including Audit & Supervisory Committee members) participate in internal and external seminars and industry associations as needed for individual development.

Scene from a "Crisis Management and Public Relations" seminar

■ 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.

■ Training System

	OJT	OFF-JT				
		Company-Wide Training	Training by Rank	Leadership Development Training	Specialized Training (Extended-Day Programs)	Self-Development Support
Management		Information security training Compliance training Insider trading prevention training Investment education (defined contribution pension)	Career design training Facilitation skills training Logical thinking training Negotiating skills enhancement training Planning skills enhancement training OJT training for team development	Performance reviewer training Issue-setting training Feedback training		Assistance for correspondence courses Certification acquisition assistance Business foreign language learning E-learning support
General Staff	Competency map development		Quality compliance training Presentation skills training Proactive mindset training for younger employees Performance reviewee training New employee training	Mindset training for managers Mid-level employee development training Team leader training Performance reviewee training	Quality management education Safety management methods training Energy-saving training Static electricity safety training Fire fighting equipment training Evacuation guidance drills Emergency response and protective gear training Health & hygiene education & training Environmental equipment training Poisonous materials handling education & training	

■ Training by Rank

Since fiscal 2019, we have implemented training programs for each employee rank, comprising both mandatory and elective courses. These programs emphasize an output-based approach, where participants learn theory, engage in discussions, and share their insights. In fiscal 2024, we focused on implementing career design training aimed at supporting career development, with approximately 23% of all employees completing the program. Following the training, individual consultations were conducted with career consultants who served as instructors. The results of the career consultations indicated high levels of satisfaction with the company's well-developed training system. Having received upper-level approval, our younger employees demonstrated even greater motivation, while experienced employees reported enjoying their work by drawing on the challenges they had overcome in the past. However, many participants tended to envision "what they do not want to become" rather than "what they aspire to be," indicating a relatively low level of interest in promotion and career advancement. Going forward, we plan to focus on developing and promoting role models within the organization.

■ Professional Education

For general staff at our plants, we provide training on safety, hygiene, and maintenance based on our Safety and Security Management Plan (Education and Training Plan). Each month, employees with specialized expertise in their respective departments serve as instructors, conducting sessions aimed at deepening technical knowledge and raising safety awareness.

■ New Employee Training

New hires receive training designed to facilitate a mindset shift from student to professional, covering the company's basic rules as well as risk assessments related to occupational safety and hygiene. Rather than focusing solely on classroom-style lectures, the program emphasizes output-based learning through discussions and group work. Trainees work within groups to reach consensus and present their findings on assigned topics within a set timeframe, learning effective approaches to work through feedback and collaborative dialogue.

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 Department R&D Department Quality Assurance Department
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 Department Logistics Department (Transportation)
Shareholders and investors	● General meeting of shareholders ● Briefings for individual investors in Tokyo and Osaka: 2/year, Kanazawa: 1/year ● Briefings for institutional investors by teleconference: 2/year ● ONE-on-ONE meetings: 30 to 40/quarter ● Business Report/Annual Securities Report	IR & PR Department Corporate Planning Department
Employees	● Employee engagement surveys ● 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	General Affairs Department Respective department/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 Department Business Operation Department

Data

Consolidated Balance Sheet

Assets

(Thousands of yen)

	Previous consolidated fiscal year (Ended November 30, 2023)	Current consolidated fiscal year (Ended November 30, 2024)
Current assets		
Cash and deposits	7,890,809	**13,047,614**
Notes receivable-trade	25,878	**31,414**
Electronically recorded monetary claims-operating	335,183	**374,384**
Accounts receivable-trade	7,985,781	**10,499,381**
Contract assets	623,007	**721,241**
Finished goods	4,558,239	**4,799,006**
Work in process	1,979,792	**2,070,025**
Raw materials and supplies	2,175,488	**1,989,293**
Other	1,540,540	**773,069**
Allowance for doubtful accounts	(12,736)	**(18,415)**
Total current assets	27,101,985	**34,287,015**
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,448,521	**19,683,681**
Accumulated depreciation	(10,727,778)	**(11,356,487)**
Buildings and structures, net	8,720,743	**8,327,194**
Machinery, equipment, and vehicles	34,866,382	**36,111,190**
Accumulated depreciation	(26,192,631)	**(28,580,644)**
Machinery, equipment, and vehicles, net	8,673,751	**7,530,545**
Land	2,172,476	**2,172,476**
Construction in progress	520,490	**94,679**
Other	3,277,607	**3,347,568**
Accumulated depreciation	(2,921,604)	**(3,057,277)**
Other, net	356,003	**290,291**
Total property, plant, and equipment	20,443,464	**18,415,187**
Intangible assets		
Goodwill	43,333	**23,333**
Other	59,379	**50,538**
Total intangible assets	102,713	**73,871**
Investments and other assets		
Investment securities	6,500,840	**6,197,896**
Investments in subsidiaries	—	**96,958**
Retirement benefit asset	357,945	**758,144**
Deferred tax assets	209	**1,927**
Other	129,806	**133,712**
Total investments and other assets	6,988,802	**7,188,638**
Total non-current assets	27,534,980	**25,677,697**
Total assets	54,636,965	**59,964,713**

Liabilities

(Thousands of yen)

	Previous consolidated fiscal year (Ended November 30, 2023)	Current consolidated fiscal year (Ended November 30, 2024)
Current liabilities		
Notes and accounts payable-trade	3,802,732	**5,924,864**
Current portion of bonds payable	25,000	**—**
Current portion of long-term borrowings	1,728,157	**2,188,610**
Accounts payable-other	814,077	**1,524,265**
Income taxes payable	234,679	**895,161**
Contract liabilities	14,130	**45,651**
Provision for bonuses for directors (and other officers)	15,590	**42,210**
Other	463,683	**1,109,114**
Total current liabilities	7,098,050	**11,729,879**
Non-current liabilities		
Long-term borrowings	3,169,849	**1,337,923**
Deferred tax liabilities	628,650	**634,911**
Provision for share awards for directors (and other officers)	21,107	**35,086**
Other	90,085	**86,937**
Total non-current liabilities	3,909,693	**2,094,858**
Total liabilities	11,007,743	**13,824,737**

Net assets

(Thousands of yen)

	Previous consolidated fiscal year (Ended November 30, 2023)	Current consolidated fiscal year (Ended November 30, 2024)
Shareholders' equity		
Share capital	3,600,295	**3,600,295**
Capital surplus	3,511,017	**3,513,436**
Retained earnings	35,954,913	**38,727,951**
Treasury shares	(2,709,700)	**(3,129,535)**
Total shareholders' equity	40,356,525	**42,712,148**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,514,638	**2,344,090**
Foreign currency translation adjustment	125,461	**132,235**
Remeasurements of defined benefit plans	(12,589)	**246,812**
Total accumulated other comprehensive income	2,627,510	**2,723,138**
Non-controlling interests	645,186	**704,689**
Total net assets	43,629,221	**46,139,976**
Total liabilities and net assets	54,636,965	**59,964,713**

Consolidated Statement of Income

(Thousands of yen)

	Previous consolidated fiscal year (Dec. 1, 2022 - Nov. 30, 2023)	Current consolidated fiscal year (Dec. 1, 2023 - Nov. 30, 2024)
Net sales	28,907,186	**32,698,809**
Cost of sales	20,947,756	**23,010,361**
Gross profit	7,959,430	**9,688,447**
Selling, general and administrative expenses	4,382,266	**5,079,643**
Operating income	3,577,163	**4,608,803**
Non-operating income		
Interest income	1,693	**5,278**
Dividend income	165,779	**150,135**
Foreign exchange gains	34,225	**—**
Insurance benefits received	72,590	**—**
Other	39,501	**50,187**
Total non-operating income	313,791	**205,602**
Non-operating expenses		
Interest expenses	7,336	**9,326**
Foreign exchange losses	—	**20,669**
Donations	—	**27,000**
Commission for purchase of treasury shares	3,241	**602**
Loss on investment partnership management	2,521	**2,191**
Other	46	**640**
Total non-operating expenses	13,146	**60,431**
Ordinary profit	3,877,808	**4,753,974**
Extraordinary income		
Gain on sales of non-current assets	873	**—**
Gain on sales of investment securities	586,542	**815,207**
Total extraordinary income	587,415	**815,207**
Extraordinary losses		
Loss on sales of non-current assets	1,889	**—**
Loss on retirement of non-current assets	7,726	**1,608**
Total extraordinary losses	9,615	**1,608**
Profit before income taxes	4,455,607	**5,567,573**
Income taxes-current	1,146,055	**1,486,506**
Income taxes-deferred	(51,393)	**(36,793)**
Total income taxes	1,094,661	**1,449,712**
Profit	3,360,946	**4,117,860**
Profit attributable to non-controlling interests	89,959	**73,278**
Profit attributable to owners of parent	3,270,986	**4,044,582**

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	Previous consolidated fiscal year (Dec. 1, 2022 - Nov. 30, 2023)	Current consolidated fiscal year (Dec. 1, 2023 - Nov. 30, 2024)
Profit	3,360,946	**4,117,860**
Other comprehensive income		
Valuation difference on available-for-sale securities	606,749	**(170,966)**
Foreign currency translation adjustment	46,897	**6,773**
Remeasurements of defined benefit plans, net of tax	5,146	**265,533**
Total other comprehensive income	658,792	**101,341**
Comprehensive income	4,019,738	**4,219,202**
(Breakdown)		
Comprehensive income attributable to owners of parent	3,924,341	**4,140,210**
Comprehensive income attributable to non-controlling interests	95,397	**78,991**

Consolidated Statement of Changes in Equity

Previous consolidated fiscal year (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
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
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

Current consolidated fiscal year (Dec. 1, 2023 – Nov. 30, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	**Capital surplus**	**Retained earnings**	**Treasury shares**	**Total shareholders' equity**
Balance at beginning of period	**3,600,295**	**3,511,017**	**35,954,913**	**(2,709,700)**	**40,356,525**
Changes during period					
Dividends of surplus			**(1,271,544)**		**(1,271,544)**
Profit attributable to owners of parent			**4,044,582**		**4,044,582**
Purchase of treasury shares				**(427,150)**	**(427,150)**
Disposal of treasury shares		**2,419**		**7,315**	**9,735**
Net changes in items other than shareholders' equity					
Total changes during period	**—**	**2,419**	**2,773,037**	**(419,834)**	**2,355,622**
Balance at end of period	**3,600,295**	**3,513,436**	**38,727,951**	**(3,129,535)**	**42,712,148**

	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	**2,514,638**	**125,461**	**(12,589)**	**2,627,510**	**645,186**	**43,629,221**
Changes during period						
Dividends of surplus						**(1,271,544)**
Profit attributable to owners of parent						**4,044,582**
Purchase of treasury shares						**(427,150)**
Disposal of treasury shares						**9,735**
Net changes in items other than shareholders' equity	**(170,548)**	**6,773**	**259,402**	**95,627**	**59,503**	**155,131**
Total changes during period	**(170,548)**	**6,773**	**259,402**	**95,627**	**59,503**	**2,510,754**
Balance at end of period	**2,344,090**	**132,235**	**246,812**	**2,723,138**	**704,689**	**46,139,976**

Consolidated Statement of Cash Flows

(Thousands of yen)

	Previous consolidated fiscal year (Dec. 1, 2022 - Nov. 30, 2023)	**Current consolidated fiscal year** (Dec. 1, 2023 - Nov. 30, 2024)
Net cash provided by (used in) operating activities		
Profit before income taxes	4,455,607	**5,567,573**
Depreciation	2,428,049	**3,283,676**
Amortization of goodwill	19,999	**19,999**
Increase (decrease) in allowance for doubtful accounts	(2,593)	**5,679**
Increase (decrease) in provision for bonuses for directors (and other officers)	(19,125)	**26,620**
Increase (decrease) in provision for share awards for directors (and other officers)	10,516	**13,979**
Decrease (increase) in retirement benefit asset	2,616	**(18,135)**
Interest and dividend income	(167,473)	**(155,414)**
Insurance benefits received	(72,590)	**—**
Interest expenses	7,336	**9,326**
Donations	—	**27,000**
Foreign exchange losses (gains)	(12,605)	**23,839**
Loss (gain) on sales of non-current assets	1,016	**—**
Loss on retirement of non-current assets	7,726	**1,608**
Loss (gain) on investment partnership management	2,521	**2,191**
Loss (gain) on sales of investment securities	(586,542)	**(815,207)**
Decrease (increase) in trade receivables and contract assets	1,224,702	**(2,655,405)**
Decrease (increase) in inventories	345,287	**(143,924)**
Increase (decrease) in trade payables	(738,719)	**2,121,643**
Increase (decrease) in accrued or refundable consumption taxes	(879,728)	**1,231,679**
Other	32,736	**785,111**
Subtotal	6,058,740	**9,331,842**
Interest and dividends received	167,474	**155,414**
Interest paid	(7,597)	**(9,044)**
Insurance benefits received	72,590	**—**
Donations paid	—	**(27,000)**
Income taxes (paid) refund	(1,920,643)	**(850,886)**
Net cash provided by (used in) operating activities	4,370,564	**8,600,325**
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	30,000	**—**
Purchase of property, plant, and equipment	(4,708,033)	**(1,027,662)**
Proceeds from sales of property, plant, and equipment	2,253	**—**
Purchase of intangible assets	(29,029)	**(15,000)**
Purchase of investment securities	(90,000)	**(184,617)**
Proceeds from sales of investment securities	667,267	**1,054,352**
Purchase of shares in subsidiaries	—	**(96,958)**
Other	472	**(28,480)**
Net cash provided by (used in) investing activities	(4,127,070)	**(298,366)**
Cash flows from financing activities		
Proceeds from long-term borrowings	3,300,000	**400,000**
Repayment of long-term borrowings	(1,934,152)	**(1,771,473)**
Payments for redemption of bonds	(25,000)	**(25,000)**
Repayments of lease obligations	(18,884)	**(11,765)**
Purchase of treasury shares	(602,166)	**(427,753)**
Dividends paid	(1,177,680)	**(1,271,544)**
Dividends paid to non-controlling interests	(18,288)	**(19,488)**
Net cash provided by (used in) financing activities	(476,171)	**(3,127,024)**
Effect of exchange rate change on cash and cash equivalents	58,945	**(18,128)**
Net increase (decrease) in cash and cash equivalents	(173,732)	**5,156,805**
Cash and cash equivalents at beginning of period	8,064,541	**7,890,809**
Cash and cash equivalents at end of period	7,890,809	**13,047,614**

Ten-Year Summary

* Accounting Standard for Revenue Recognition applied

Fiscal Year	FY ended 11/2015	FY ended 11/2016	FY ended 11/2017	FY ended 11/2018	FY ended 11/2019	FY ended 11/2020	FY ended 11/2021	FY ended 11/2022	FY ended 11/2023	**FY ended 11/2024**
Operating results										
Net sales (millions of yen)	23,707	23,586	26,562	29,257	28,638	28,681	35,027	32,236 *	28,907 *	**32,698** *
Operating income (millions of yen)	1,578	2,441	3,208	3,660	3,663	4,442	5,852	5,934	3,577	**4,608**
Ordinary profit (millions of yen)	1,751	2,596	3,364	3,935	3,833	4,612	6,253	6,365	3,877	**4,753**
Profit attributable to owners of parent (millions of yen)	1,300	2,044	2,161	2,677	3,035	3,313	4,998	4,725	3,270	**4,044**
Financial condition										
Total assets (millions of yen)	33,427	35,840	39,479	40,476	43,848	45,324	49,868	52,836	54,636	**59,964**
Net assets (millions of yen)	25,851	26,972	29,698	30,662	32,546	35,025	39,125	41,394	43,629	**46,139**
Equity ratio (%)	76.7	74.6	74.7	75.1	73.5	76.5	77.5	77.3	78.7	**75.8**
Cash flow										
Cash flows from operating activities (millions of yen)	2,898	3,322	3,537	3,479	3,506	4,799	5,837	4,727	4,370	**8,600**
Cash flows from investing activities (millions of yen)	(2,430)	(2,903)	(597)	(1,737)	(2,739)	(3,976)	(1,043)	(4,852)	(4,127)	**(298)**
Cash flows from financing activities (millions of yen)	(738)	642	(987)	(1,738)	432	(648)	(1,830)	(1,564)	(476)	**(3,127)**
Cash and cash equivalents at end of period (millions of yen)	2,173	3,225	5,180	5,177	6,342	6,511	9,593	8,064	7,890	**13,047**
Per-share information										
Net earnings per share (EPS) (yen)	56.81	91.07	96.51	120.67	137.05	149.59	225.65	216.87	152.94	**191.25**
Net assets per share (yen)	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	**2,150.61**
Dividend (yen)	15	25	29	36	40	46	50	54	56	**66**
Dividend payout ratio (%)	26.4	27.5	30.0	29.8	29.2	30.8	22.2	24.9	36.6	**34.5**
Other indicators										
Return on equity (ROE) (%)	5.3	7.8	7.7	8.9	9.7	9.9	13.6	11.9	7.8	**9.1**
Return on assets (ROA) (%)	5.2	7.5	8.9	9.8	9.1	10.3	13.1	12.3	7.2	**8.3**
Operating income to net sales (%)	6.7	10.4	12.1	12.5	12.8	15.5	16.7	18.4	12.4	**14.1**
Price earnings ratio (PER) (multiplier)	11.0	8.8	13.6	11.5	10.2	19.3	16.1	9.7	17.4	**13.8**
Debt equity ratio (%)	3.7	9.0	7.1	4.8	8.6	9.2	6.1	9.2	12.2	**8.3**
Capital investment (millions of yen)	1,130	2,667	1,291	1,741	3,570	4,776	1,646	1,169	4,613	**1,251**
Depreciation (millions of yen)	1,530	1,538	1,495	1,458	1,771	2,085	2,435	2,284	2,428	**3,283**
R&D expenses (millions of yen)	974	950	943	1,003	1,064	1,210	1,289	1,233	1,436	**1,863**
Number of employees at end of period (persons)	403	395	401	412	425	435	447	454	461	**463**

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, CEO
Capital 3,600,290 thousand yen
Number of employees
463 (consolidated, as of November 30, 2024)
Listings Prime Market, Tokyo Stock Exchange
(Securities code: 4187)


Head Office


Tokyo Office

Locations

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TEL +81-6-6264-5071
Tokyo Office 1-7-2 Nihonbashi Honcho, Chuo-ku, Tokyo
TEL +81-3-6202-7051
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Sakata Plant 157-23 Shigerimatsu, Fujisaki, Yuza-machi, Akumi-gun, Yamagata
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Osaka Office 18-8 Katayama-cho, Kashiwara-shi, Osaka
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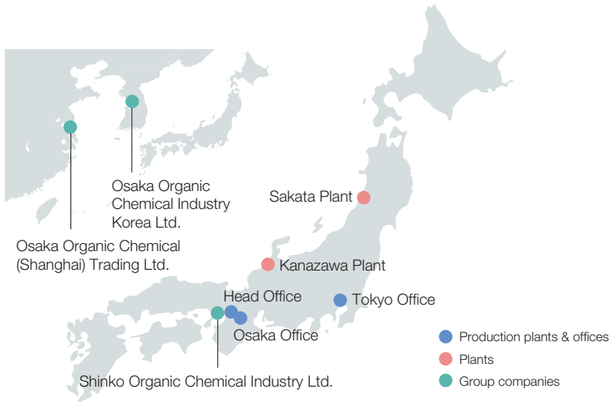

Group Companies

Shinko Organic Chemical Industry Ltd.

Head Office
18-26 Sumiyoshihama-machi, Higashinada-ku, Kobe-shi, Hyogo 658-0042
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


Shinko Organic Chemical Industry Ltd.

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


Osaka Organic Chemical (Shanghai) Trading Ltd.

South Korea

Osaka Organic Chemical Industry Korea Ltd.

310-311, 135 Gasan-digital-2-ro, Geumcheon-gu,
Seoul, Korea (Gasan-dong, Gasan Urban Work I)
TEL +82-2-6177-7570, FAX +82-2-6177-7571

Share capital 800 million won
Number of employees 2
Business description
International trade and sales of products related to organic chemicals


Osaka Organic Chemical Industry Korea Ltd.

* As part of the basic strategy in the medium-term business plan, which includes strengthening our global initiatives, we established a local subsidiary in South Korea in July 2024 to enhance our sales structure. This move reflects expectations for growth in businesses such as electronics materials.

Status of Shares As of November 30, 2024

Total number of issued shares:	22,410,038
Total number of voting rights:	211,134
Number of shareholders:	5,957

Major Shareholders (10 largest shareholders excluding treasury shares)

Shareholder Name	Investment in OOC	
	Number of Shares Held (in thousands of shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,536	12.01%
Custody Bank of Japan, Ltd.	1,437	6.80%
Western Red Cedar K.K.	1,110	5.25%
JSR Corporation	700	3.31%
Yoshitaka Yasukawa	671	3.18%
Osaka Organic Chemical Employees' Stock Ownership Association	613	2.90%
Mitsubishi Chemical Corporation	587	2.78%
Toagosei Co., Ltd.	521	2.47%
Tokyo Ohka Kogyo Co., Ltd.	426	2.02%
Yuko Tanikawa	425	2.01%

(OOC holds 1,283,303 shares of treasury stock but is excluded from the above major shareholders.)

* The shareholding ratio is calculated after deducting treasury shares from the total number of shares issued.

Shareholder Composition