

DDX (Denka Digital Transformation) Driven by Management Plan "Mission 2030"

Enhancing customer satisfaction and creating new value

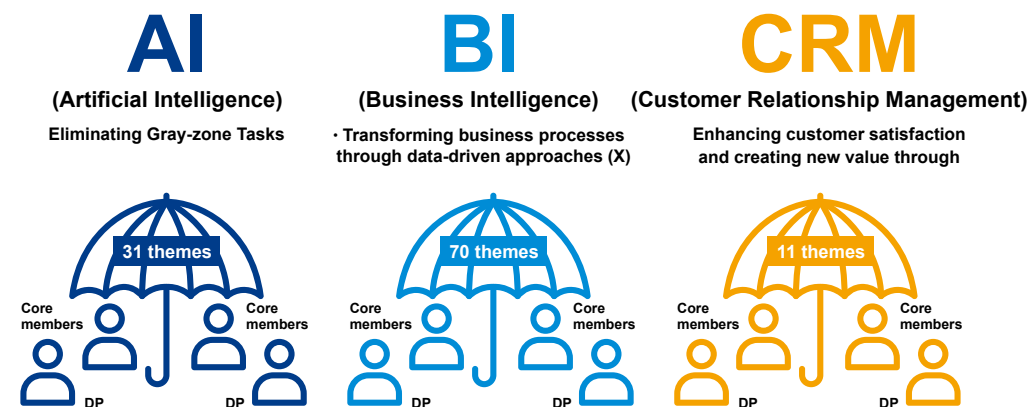
DDX: Our Vision and Progress

We are promoting Denka Digital Transformation (DDX) throughout the Company as a key initiative for achieving "Mission 2030." In FY2024, under our vision of "Make the world a better place as specialists by integrating digital technology and chemistry," we positioned DX as more than a means of improving operational efficiency. Our aim is to enhance corporate value by transforming business models and operational processes. Business divisions and corporate departments worked together to develop a DX strategy and a company-wide DDX road map.

To advance DDX, we are training employees with deep operational knowledge as Digital Pilots (DPs) and building a company-wide collaborative framework that covers everything from identifying initiatives to implementation and adoption. Some initiatives delivered tangible results in FY2025. In FY2026, we will build on these achievements, expand successful initiatives, and pursue further results. We will also accelerate operational transformation through generative AI and data utilization. In sales and marketing, we will strengthen sales DX with a focus on rebuilding earning power.



Three Projects for Promoting DDX



As of April 2026

1 Company-wide Participation

Rather than limiting these efforts to the division responsible for DX, we have established a framework that enables each of our five business divisions and 16 corporate departments to take the initiative.

The DX Support Section of the Digital Strategy & Innovation Department, which leads company-wide DX, works with core members appointed from all business divisions and corporate departments to implement DDX initiatives.

* DP: Digital Pilot. Personnel who lead digital utilization and DX promotion within the Company.

2 Maximum Results with Minimum Investment

While we will make essential investments, such as infrastructure development in a systematic manner, our policy is to make full use of existing ICT assets. We also ensure company-wide optimization by introducing common systems and applications throughout the Company, avoiding duplicate or triplicate investments.

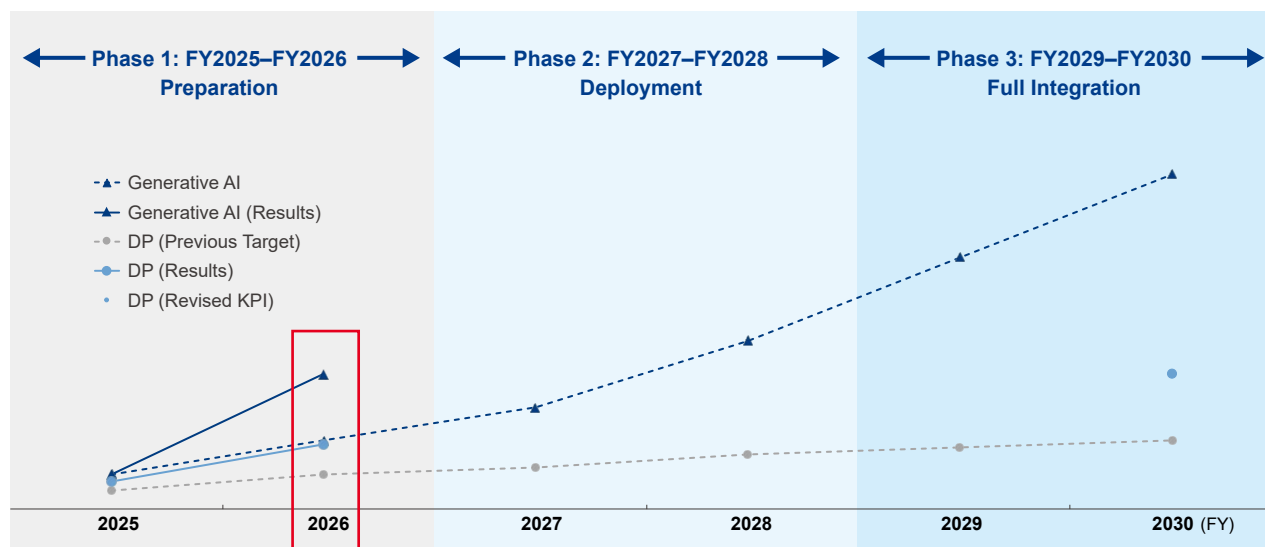
3 Progress through Dialogue and Governance

Appropriate management oversight and the Digital Strategy & Innovation Department's role in coordinating projects are important. Above all, however, our efforts place great importance on Empathy—one of our Core Values. The Digital Strategy & Innovation Department engages in more than 100 dialogues with workplace teams each year and has persistently worked to embed these initiatives at every site.

DDX Roadmap

To Achieve the "Mission 2030" Management Plan Targets

DDX Roadmap



DX KPIs and KGIs

KPI related to DX

We established KPIs to measure DDX progress in the second half of FY2024 and continue to use them today. We regularly assess each DDX initiative's results and contribution to solving problems against these KPIs. The findings inform decisions to reprioritize, revise, or discontinue initiatives and reallocate management resources. We have also raised our DP development targets in light of our progress, helping to accelerate talent development. Through these practices, DDX is steadily expanding while maintaining a focus on priority areas and delivering results.

FY2030 Targets

- Utilization of generative AI: 1,000 generative AI accounts
- Digital talent development: Train 400 DPs
- Sales departments utilizing CRM: 80%



Implementation Structure and Framework for Delivering Results

We have established DDX initiatives in all business divisions and corporate departments to promote DX across the Company. For each initiative, we clearly define the roles of DX producers, DX promoters, DX coordinators, and core members (operational staff, including DPs), who work with the DX Support Section to execute each initiative. With DPs who are familiar with operational knowledge taking the lead, we go beyond improving efficiency to create value through data and digital technologies.

Progress is made visible at three levels—workplace operations, management, and senior leadership—and monitored regularly against KPIs. In addition to the utilization of generative AI and DP development and participation, we focus on how much each initiative contributes to operational reform and better decision-making. We use these assessments to review priorities and allocate resources. We are also advancing data visualization and analysis through BI and other tools, while strengthening practices that translate analytical findings into decisions. This framework enables us to concentrate limited management resources on priority initiatives and maximize results.

Under this structure, DDX has moved from planning to execution, with a stronger focus on delivering results.

[FY2025 Results]

In advancing DDX, we not only deploy initiatives widely but also set clear priorities for implementation. Among the many initiatives, we identify priority areas and steadily execute those that can deliver results quickly, making our efforts more effective. In FY2025, 19 initiatives delivered results and 55 were being implemented to generate results. Many initiatives have thus moved into the implementation and tangible-results stages. We assess outcomes using indicators such as financial benefits and labor savings. One representative result is a reduction of approximately 68,000 work hours per year. This progress reflects our priority-based approach and demonstrates the steady transition of DDX from planning to execution.

Company-wide Deployment of Generative AI

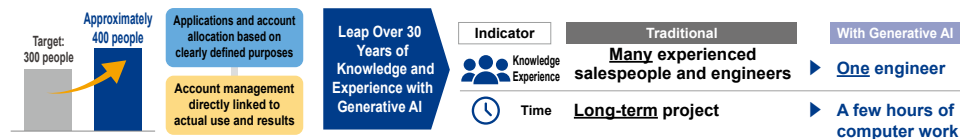
Following a trial two years ago involving approximately 100 employees, mainly in head office divisions, we rolled out generative AI throughout the Company last fiscal year. Its use is expanding across a wide range of daily tasks, including preparing documents, translating and summarizing text, searching internal information, and drafting emails. By the end of FY2025, approximately 400 employees had accounts, exceeding the initial target of 300.

Rather than providing accounts to all employees uniformly, we require applicants to clearly state their intended use. Our aim is to encourage actual use and results, rather than simply increasing the number of accounts. Even as access has expanded, approximately 95% of users continue to use the tools actively.

We are also accelerating efforts to create value by leveraging generative AI. New business development in the chemical industry relies heavily on specialized knowledge, experience, and professional networks. This creates a structural challenge for younger employees in turning their ideas into viable concepts. Guided by the phrase "Leap Over 30 Years of Knowledge and Experience with Generative AI!" we introduced generative AI into the process of generating ideas for new applications of existing materials. Using multiple prompts aligned with the evaluation process, approximately 40% of the ideas generated in FY2025 became candidates for consideration as development initiatives. Compared with traditional methods, this has significantly improved efficiency in terms of cost, staffing, and time.

This fiscal year, we will continue expanding the use of generative AI across a variety of internal operations, creating more opportunities to generate new value.

Company-wide Deployment of Generative AI



Nearly all account holders are active users

VOICE

While Japan has been lagging in developing generative AI itself, it is expected to demonstrate its strengths in applications connected to workplace operations and the physical world. We would like to incorporate generative AI into materials development as a tool that complements human expertise and judgment.

Kohei Nishino

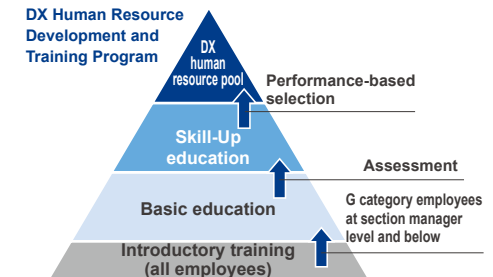
Electronics & Innovative Products Division /
Elastomer & Infrastructure Solutions Division /
Polymer Research Department, Polymer Solutions Division



Leveraging Digital Pilots

The number of Digital Pilots (DPs) leading DX is steadily increasing. In FY2026, 117 additional employees were certified, bringing the total to 186. When employees familiar with operational knowledge apply their DX expertise to transform operations and create new value, it directly boosts earnings power and competitiveness. Results from data utilization and operational process reforms are emerging across divisions, with DPs serving as the driving force behind workplace transformation.

To further support DPs, we provide follow-up training in generative AI and data utilization, both central to DDX. We will also provide training for core business operations, which form the foundation of our data, to accelerate initiatives in each field and extend them to workplace operations. In light of this progress, we raised our DP development target for achieving Management Plan "Mission 2030" from 200 to 400 employees. We will continue developing and leveraging DPs to accelerate DX with a focus on company-wide optimization and enhance corporate value in a sustainable manner.



VOICE

I feel that our company-wide DX efforts are increasing the flexibility of not only individual employees but also the organization as a whole. In safety, we aim to harness this strength by using a variety of data in real time to create new value: a system that anticipates hazards and prevents them from occurring.

Hiroaki Maekawa

Safety Management Section,
Environment and Safety Department,
Production Technology Division



IT Infrastructure

We are strengthening the infrastructure that supports the use of generative AI and other digital technologies. We are establishing governance measures, including rules for data use and access-rights management, while creating an environment that enables data to be used throughout the Company. This will provide a common foundation for company-wide data utilization. By consolidating data that had previously been dispersed, we will also support more advanced use of generative AI and data-driven decision-making.