Hodogaya Chemical Group Value Creation Process

The Hodogaya Chemical Group, based on changes in the internal and external environment as well as the demands of our stakeholders, has established a corporate image that we aspire to be: A corporation that contributes to establish a sustainable society by means of our original portfolio and environmentally friendly manufacturing, with a focus on specialty products. We will continue to solve social issues and contribute to the realization of a sustainable society through the value created by our business activities under the catchphrase Your Dream is Our Business.

PURPOSE - Management Philosophy -

Through constant innovation of chemical technology, we will provide high-quality products and services throughout the world and contribute to the creation of an environmentally conscious society.

VISION Target Corporate Image –

A corporation that contributes to establish a sustainable society by means of our original portfolio and environmentally friendly manufacturing, with a focus on specialty products.

Inputs (FY2024)

Financial capital

Financial foundation and investments that underpin value creation

- 58,530 million JPY Net assets Net assets per share
- 3,057.98 JPY* 48,601 million JPY Fauity
- Interest-bearing debt 8,501 million JPY

Human capital

Global

Society

External Environment

People

(society and

Governance

Risks and Opportunitie: →P.17

Personnel who can learn, think, and act on their own

- Number of employees 35.2% Percentage of overseas personnel
- Labor costs (SG&A) 2.759 million JPY • Investment in education per employee
- (non-consolidated) 54 thousand JPY • Average training hours per employee 81.1 hours
- Number of employees received in-house

Intellectual capital

Technology and collaborative foundation that underpins global competitiveness

- Participate in industry-academia collaborations (development of new materials)
- 5,638 million JPY • Ratio of R&D expenses to net sales 11.6%
- Know-how regarding protecting intellectual property

Manufactured capital

Global production base network

- Global production base network (3 domestic, 1 overseas)
- Capital expenditures 5.444 million JPY
- Ratio of capital expenditures to net sales 11.2% • Use of environment-friendly materials

Social and relationship capital

Long-term customer base and relationships of trust through co-creation with various stakeholders

- Purchasing policy for both Hodogaya Chemical and partners
- Consolidated subsidiaries
- (6 domestic, 6 overseas) Development and production of secure.
- Trust and the HCC brand built up over a 110-year history



Natural capital

Efficient use of resources

• Energy use (crude oil equivalent) 22,623kl

Strengths Strengths accumulated over many years

A solid foundation of three core technologies

> purification technology

Development capability in functional materials

Evaluation technology for functional materials

Ever-evolving three competitive advantages

> Value creation

Research and development

Manufacturing technology

Strengths→P.16

function Always provide

high-quality

products and

service

Cutting-edge research targeting the technologies of the next generation

Corporate

R&D

Compliance and . Risk Management →P.58-59

oundation to upport Value Governance Creation

Business Model

Responsible Care

Human

Resources

Production

function

High-quality

manufacturing with

the greatest attention

to the environment

and safety

Leverage unique

technology and

network to respond

to diverse needs

Respect for **Human Rights**

function Value is generated through solutions for customers'

Mid-term

SPEED 25/30

Management Plan

Sales

Strengthening operations/Creating new products/Improve productivity/Stronger investments/Promote sustainability/Promote DX →P.22 Outputs (FY2024)

Sales by segment



Functional Colorants

25,141 million JPY 51.8%

. . .

Specialty Polymers

8,450 million JPY 17.4%

Basic Chemicals

7,515 million JPY

15.4%

Agro-Science

5,510 million JPY

11.3%

. . .

Logistics 1,780 million JPY 3.7%

Business Overview→P.36

Outcomes

Economic Value

Capital policy to enhance corporate

DOE EBITDA 7,880 million JPY

Human Value

Create a pleasant environment, active contributions from diverse personnel

- Improve employee engagement Percentage of overseas sales
- Percentage of female managers 12.1% • Certified as a Health & Productivity
- Management Outstanding Organization for five consecutive years Percentage of personnel taking childcare leave
 Male 81.8%
- Female 100% Percentage of personnel taking paid
- holidays • Percentage of personnel who acquired Compliance Proficiency qualification

99.6% (manager or above) (Japan) Intellectual Value

Generate new innovation and raise corporate value

 Increase percentage of sales accounted for by new products

Manufacturing Value

Increase competitive advantage for

- Expansion of manufacturing facilities for aluminum coloring dves
- Expansion of environmentally friendly products

Social Value

Consideration for the local environment through our business activities

- Comply with global-level purchasing policy
- Zero statutory and regulatory violations, zero lost-time injuries
- Social contribution activities 9 million JPY

Environmental Value

Consideration of global

- Energy intensity 0.4657 kl/million JPY of net sales
- CO₂ emissions 31,661t-CO₂ (0.6518t-CO₂ kl/million JPY of net sales) • Water discharge volume 9,652 kt
- Industrial waste volumes

Impacts

Agricultural & food products

Contributing to the realization of a safe, secure, and prosperous dietary lifestyle

Environment & energy

Contributing to lighter environmental impact

Electronics & information

Contributing to the realization of a prosperous smart life

Mobility

Providing safe logistics functions

Life sciences

Maintaining people's health and safety and contributing to the provision of safe and secure medical services

13 Hodogaya Chemical Co., Ltd. Integrated Report 2025 14

^{*1} The Company carried out a 2-for-1 stock split of common shares, effective April 1, 2025. The figures for net assets per share prior to April 1, 2025, reflect the values adjusted for the stock split