Functional Colorants Segment

https://www.hodogaya.co.jp/english/products/segment01/



Three Strengths

Ability to boldly challenge new business domains that support a prosperous future by constantly refining our organic synthesis and purification technologies

- Extension of our technologies as a comprehensive supplier of OLED materials to bio materials for next-generation pharmaceuticals
- Metal-free, environmentally friendly aluminum coloring dyes with leading global market shares
- Natural dyes that support food safety and the world's "Only One" hair dyes

Description of Business

• OLED Materials
Demand for OLED materials for smartphone displays is growing, and their use is expected to expand to IT devices such as tablets, notebook PCs, and monitors. Using proprietary bio materials developed through the application of OLED material technologies, we have expanded our offerings beyond oligonucleotide products for diagnostic kit materials to include oligonucleotide products for use as raw materials for nucleic acid medicines, a field of next-generation pharmaceuticals.

• Imaging materials
They are essential for copiers and printers to function, helping to enhance precision in the office automation environment.

• Dyes and colors
Our products, developed with unique technologies, are highly regarded as high-quality products in Japan and worldwide. (Mainly used for aluminum coloring, stationery ink, hair dyes, color filters, etc.)

• Natural food dyes
Play an important role in making food appear more appetizing by adding color to food products. As a pioneer in this field, the Hodogaya Chemical Group contributes to culinary performances that enhance the enjoyment and deliciousness of food. Natural food dyes are also used for coloring mainly home appliances, expanding its environmentally friendly applications.

Metal-free aluminum coloring dyes

Demand is growing for dyes to color aluminum, a lightweight, strong, and easily recycled metal. Leveraging its long history of organic composite technology, Hodogaya Chemical manufactures and sells metal-free aluminum coloring dyes. These meet the need for environment- and people-friendly aluminum coloring dyes that use no heavy metals, excel in light resistance and color affinity, and enable varied color expressions.



Basic Strategies and Initiatives under the Mid-term Management Plan

Under the previous Mid-term Management Plan, net sales in this segment grew, reflecting firm demand in the display field, particularly for smartphones in the OLED materials business, and increased sales driven by strong demand for aluminum coloring dyes in the colorant materials business.

Under the Mid-term Management Plan, this segment will continue to play a key role in driving the Group's growth.

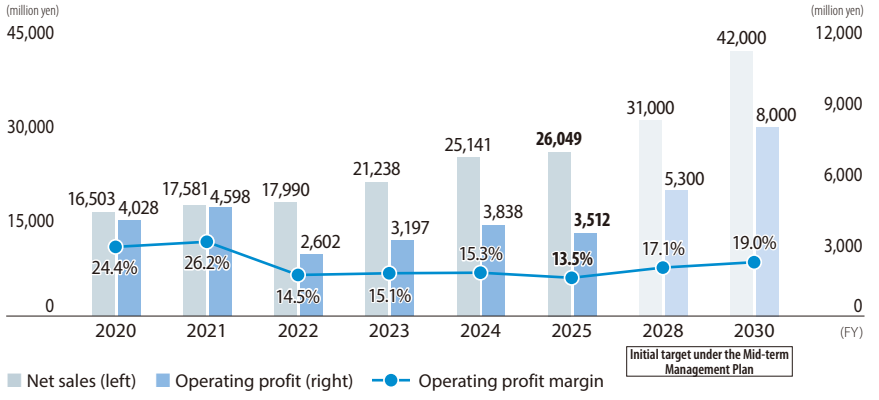
In the OLED materials business, we will drive sales growth by capturing renewed growth in panel demand in the smartphone market and demand arising from the increasing adoption of OLED displays in tablets, laptops, and other devices.

In the colorant materials business, we will pursue growth strategies centered on strengthening our supply structure and accelerating development through capital investment in aluminum coloring dyes and other measures.

We will also apply the oligonucleotide synthesis technologies we have accumulated and the refining technologies developed through our OLED materials business to expand into new fields, including the CDMO business for nucleic acid medicines and the semiconductor materials business.

By deepening existing businesses and creating new ones, through capital investment in Japan and abroad, we will further solidify this segment's role as a growth driver for the Group as a whole.

Net sales / Operating profit / Operating profit margin



Related Group company: **SFC CO., LTD.**
Description of business: Manufacturing and sales of OLED materials and bio materials

Location: 89, Gwahaksaneop 5-ro, Ochang-eup, Cheongwon-gu Cheongju-si, Chungcheongbuk-do, Korea 28122
Webpage: https://sfc-dye.com/

Specialty Polymers Segment

https://www.hodogaya.co.jp/english/products/segment02/



Three Strengths

Ability to deliver high value-added specialty products globally, achieving both prosperous lifestyles and environmental harmony, by establishing a Global Niche Top position centered on our phosgenation technology

- Environmentally friendly urethane materials that make full use of our world-leading organic composite technology
- Pharmaceutical intermediates utilizing our phosgenation technology through three-way integrated R&D activities, production, and sales
- Specified chemical substance-free waterproof materials that enable environmentally friendly, safe, and reliable construction work

Description of Business

• Polymer materials

Polymer materials consist mainly of a material called PTG, which is required to give urethane ductility and elasticity (characteristics like those of rubber). Urethane is used in many fields, including clothing, automotive parts and leisure products. In addition, we are focusing on Bio-PTG, whose main raw materials were switched from petroleum-derived to plant-derived, as a product that possesses a quality similar to that of the traditional PTG but is environmentally friendly

• Specialty chemicals

Specialty chemicals include intermediates and additives, fully using our organic composite technology and unique phosgenation technology accumulated over many years. We supply products tailored to customers' specific requests in various fields such as pharmaceuticals and cosmetics.

• Construction materials

The mainstay of construction materials is urethane waterproofing. Our urethane waterproofing materials are used widely to waterproof the roofs of office buildings, schools, and multi-story parking buildings of large-scale retail facilities.

ODI (Phosgene derivative)

Octadecyl isocyanate (ODI), a raw material for release agents, paints, and coating materials, is made from vegetable oil and fat, and meets the needs of customers from all over the world.

Because it is derived from vegetables, it helps control the occurrence of environmental CO_2, which is said to be a cause of climate change.

In addition, in April 2024, we obtained RSPO certification*.

*RSPO: Roundtable on Sustainable Palm Oil



Basic Strategies and Initiatives under the Mid-term Management Plan

Under the previous Mid-term Management Plan, the polymer materials business was significantly affected by sluggish market conditions and continued to record operating losses, making a fundamental improvement in profitability an urgent priority.

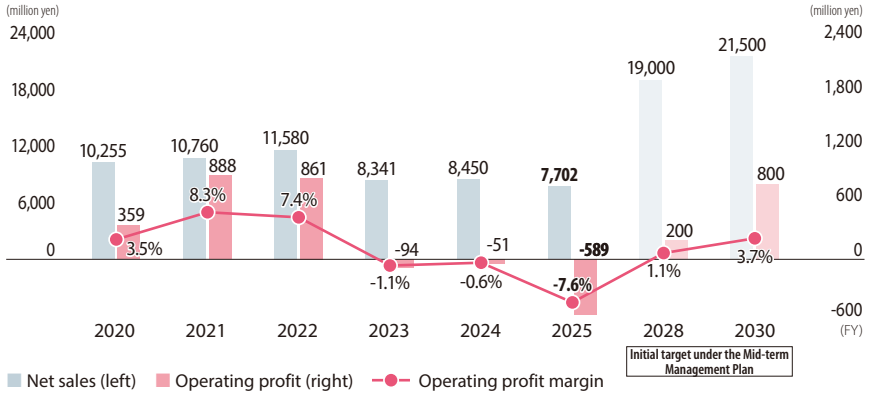
Against this backdrop, under the Mid-term Management Plan, we will work to rapidly move the business out of its loss-making position and secure stable returns on capital.

To strengthen and further expand the specialty chemicals business, we decided to acquire Hungary-based Framochem and make it a wholly owned subsidiary.

Leveraging the Group's proprietary phosgenation technologies, rigorous safety management, and advanced professional expertise, we will further strengthen the phosgene derivatives business. Through this cross-border M&A, we will accelerate our global expansion through a dual-hub structure spanning Japan and Europe and solidify our position as a global niche top player.

While keeping future business restructuring in view, the polymer materials and construction materials businesses will give top priority to improving profitability by expanding sales channels through a shift toward specialty products and ensuring appropriate price pass-through.

Net sales / Operating profit / Operating profit margin



Related Group company:
Hodogaya Construction Products Co., Ltd.
Description of business: Manufacturing and sales of construction products

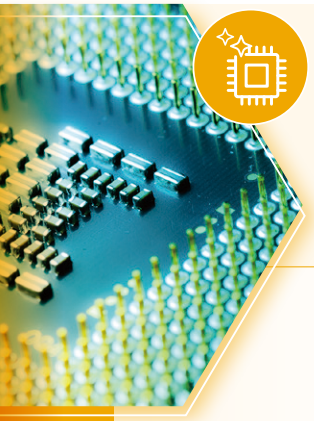
Location: 1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-0021, Japan
TEL: +81-3-6852-0478 (Main switchboard)
Webpage: https://www.hodogaya-cp.com (Japanese only)

Related Group company: **Framochem Francia-Magyar Finomkemiai Kft.**
Description of business: Manufacturing and sales of APIs, intermediates, and fine chemical products, primarily using phosgene as a raw material.

Location: Szerviz utca 5, 3700 Kazincbarcika, Hungary
TEL +36-48-311-991
Webpage: https://framochem.com/

Basic Chemicals Segment

https://www.hodogaya.co.jp/english/products/segment03/



Three Strengths

Creativity to explore new applications demanded by the times—from clothing, food, and shelter to cutting-edge fields—drawing on our long-held hydrogen peroxide production technologies and a robust stable supply network

- Expansion into diverse fields spanning foods to semiconductors through hydrogen peroxide production technology grounded in experience and knowledge
- R&D capabilities that enable the extension of derivatives to wide-ranging fields including bleaches, cleaning agents, food sterilization, and veterinary medicines
- Creativity that leverages "clean" physical properties to explore new applications such as soil improvement and protect the global environment

Description of Business

- Hodogaya Chemical has been engaged in the development, manufacturing and sales of hydrogen peroxide and its derivatives for over 50 years.
- Hydrogen peroxide decomposes into water and oxygen, and this property supports our everyday lives as clean and environmentally friendly products for a variety of uses. Hydrogen peroxide has been used for paper pulp bleaching and industrial chemicals, but in recent years, we have aggressively expanded the sales into new fields such as veterinary medicines.
- Derivatives of hydrogen peroxide include sodium percarbonate and peracetic acid. Sodium percarbonate is used for bleaching agents and detergents. As for peracetic acid, we were the first in Japan to obtain approval for the production for use in food production applications, and we are working to accelerate its use.

Peracetic acid formulation

The peracetic acid formulation OXYATTACK (disinfectant agent for food products), a hydrogen peroxide derivative, was introduced into the market in 2017. While having powerful anti-bacterial effects on vegetables, fruit and meat, it is broken down into acetic acid and water after use, and does not generate chlorine either, making it an environmentally friendly product that has won the approval of customers.



Basic Strategies and Initiatives under the Mid-term Management Plan

Under the previous Mid-term Management Plan, the segment was affected by soaring raw material and fuel prices. However, prompt price pass-through and thorough cost reductions have enabled the business to recover, and it is currently maintaining a stable level of profit.

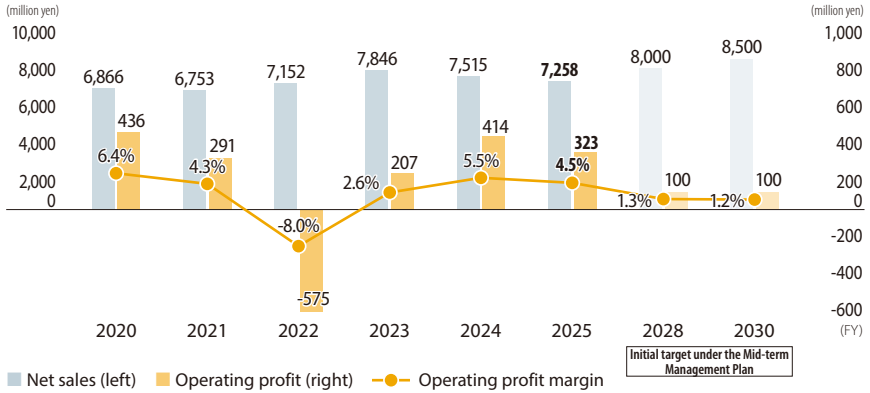
Although the paper pulp market is expected to continue shrinking, the hydrogen peroxide business is expected to remain firm, supported by growth in the semiconductor market.

Under the Mid-term Management Plan, we will build a robust and stable supply system, including through investment in new facilities at the Nanyo Plant, to reliably capture demand for high-purity hydrogen peroxide.

For hydrogen peroxide derivatives, we will maintain our share of business with existing customers while actively expanding sales in new applications.

Going forward, with market demand trends in mind, we will seek to maximize profit by pursuing thorough reductions in manufacturing costs and swiftly implementing appropriate price pass-through.

Net sales / Operating profit / Operating profit margin



Related Group company: **KATSURA SANGYO CO., LTD.**
Description of business: Sales and marketing of chemical products

Location: 1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-0021, Japan
TEL: +81-3-6852-0490 (Main switchboard)
Webpage: https://www.katsura-ks.co.jp/ (Japanese only)

Agro-Science Segment

https://www.hodogaya.co.jp/english/products/segment04/



Three Strengths

Co-creating new, environmentally friendly markets through original product development based on our formulation technology.

- Home gardening herbicides with the leading market share in Japan through development of new products tailored to needs
- Creativity and proposal capabilities to create new products that support everyday living
- R&D capabilities that improve the agricultural environment through the development of oxygen supply materials, etc.

Description of Business

- The products offered by the Agro-Science segment are used in a wide range of fields, from controlling weeds to insect pest management and environmental conservation for cropland, living environments, railways, forests, and golf courses.
- Using a variety of intermediates, primarily those developed in-house, we have continued to develop new formulations that combine ease of use with safety and that are tailored to the needs of the location and the customer. In particular, we have a leading market share in herbicides used for home gardening and in green space management.
- In order to improve soil environments that have deteriorated as a result of weather conditions, and other factors, we are manufacturing oxygen supply materials for use as soil improvement agents that can lead to stable production of crops, and working on developing this market.

Oxygen Supply Materials (Agricultural Materials)

In recent years, extreme weather conditions, including torrential rains and typhoons, have become more frequent with each passing year. In addition to the direct damage that these events cause to farmland, crop yield is also affected due to moisture damage. As an application of hydrogen peroxide derivatives in the agricultural field, we provide customers with oxygen supply materials that promote healthy growth by supplying oxygen to soil harmed by bad weather and other factors, thereby improving the growing environment for crops as a countermeasure against moisture damage. These are also environmentally friendly products that do not contaminate farm land.



Basic Strategies and Initiatives under the Mid-term Management Plan

Under the previous Mid-term Management Plan, sales expansion in the agricultural materials field fell short of initial expectations, while costs associated with the re-evaluation of agrochemical registrations also weighed on earnings.

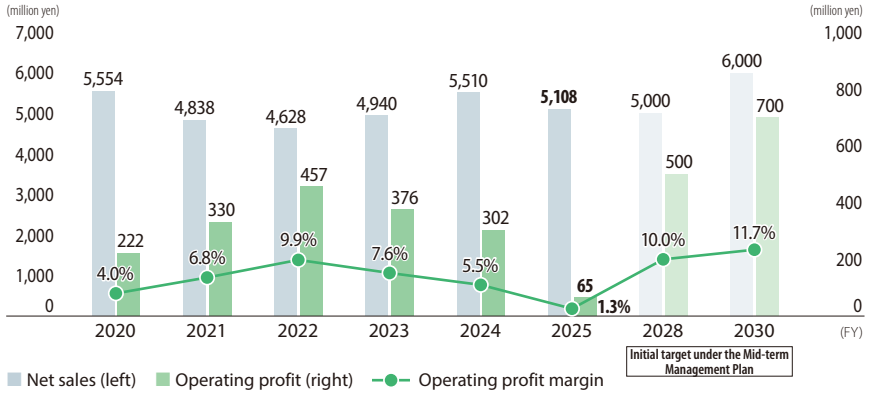
Under the Mid-term Management Plan, we will seek to increase our market share across five key application areas of home gardening, railways, forests, golf courses, and paddy field levees, while developing new markets, including public infrastructure facilities.

We will also highlight the new value offered by oxygen supply materials in improving the soil environment and work to further expand their applications and sales.

We will also pursue the development of new applications that leverage our proprietary hydrogen peroxide derivative technologies.

Going forward, to further expand business earnings, we will work to build a stable supply structure, develop new business channels, and introduce compelling products, including through collaboration with other companies.

Net sales / Operating profit / Operating profit margin



Related Group company: **HODOGAYA UPL Co., Ltd.**
Description of business: Manufacturing and sales of agricultural chemicals

Location: 1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-0021, Japan
TEL: +81-3-6852-0500 (Main switchboard)
Webpage: http://www.hodogaya-upl.com/ (Japanese only)

Related group company: **HODOGAYA AGROTECH Co., Ltd.**
Description of business: Manufacturing and sales of agricultural chemicals

Location: 1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-0021, Japan
TEL: +81-3-6852-0510 (Main switchboard)
Webpage: http://www.hodogaya-agrotech.co.jp/ (Japanese only)

Logistics Segment

https://www.hodogaya.co.jp/english/products/segment05/



Three Strengths

Shaping next-generation safety and security by integrating advanced technologies with our know-how in handling hazardous materials and chemicals.

- Expansion into wide-ranging areas of logistics business through our expertise in handling chemicals, pharmaceuticals, and other hazardous substances
- Largest-in-class regional storage services and land, sea, and air transport services that draw on our locational advantages in Yokohama, Koriyama, and Nanyo
- Provision of intermodal international transport utilizing the Nanyo Branch's ISO tank container depot

Description of Business

- The logistics business of the Hodogaya Chemical Group has been handling hazardous substances and chemicals for over a century. Drawing on this extensive expertise, it offers services highly regarded by customers in various fields beyond the chemical industry.
- We have large-scale facilities in Yokohama, Koriyama and Nanyo. In particular, the Yokohama Branch is conveniently located close to Japan's leading port of Yokohama and is used by many customers as a base for imports and exports. Our Koriyama and Nanyo distribution sites also offer storage and transportation services optimized for chemical products, heavy cargo, machinery and plants.
- In October 2021, the Nanyo Branch launched a business involving the storage and heating business handling ISO tank containers for hazardous and toxic materials, which is unique in Japan.

Response to Amendments to Two Logistics Laws

The Hodogaya Chemical Group is promoting logistics efficiency in its roles as both consignor and consignee as part of its efforts to build a sustainable supply chain. By reducing truck waiting and cargo handling times and improving load factors, we will help improve working conditions for our carrier partners and reduce GHG emissions, thereby fulfilling our social responsibilities.
The entire Group will continue working together to improve logistics efficiency and establish an appropriate transportation system.



Basic Strategies and Initiatives under the Mid-term Management Plan

Under the previous Mid-term Management Plan, we consistently secured operating profit through growth in the ISO tank container storage business and appropriate price pass-through.

Under the Mid-term Management Plan, as a warehousing business specializing in the handling of hazardous substances and poisonous and deleterious substances, we will implement priority measures at each branch to secure stable demand and build a solid earnings base.

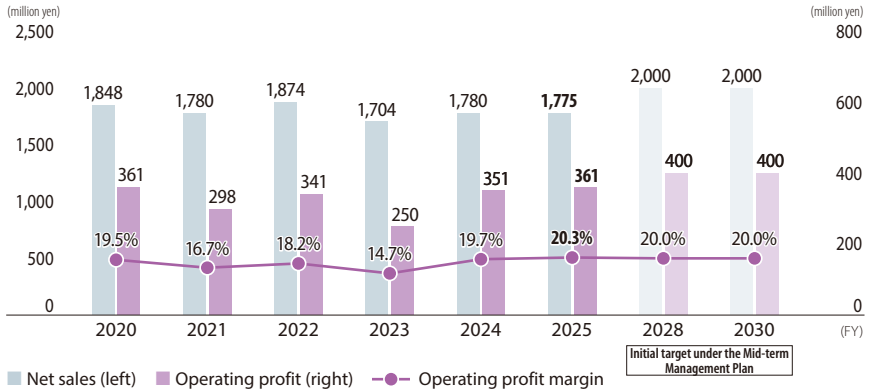
At the Koriyama Branch, we will expand temperature-controlled warehouse capacity for hazardous substances to win new business.

At the Yokohama Branch, we will seek to further improve profitability by making new capital investments and increasing the volume of import and export business that leverages its favorable location.

At the Nanyo Branch, we will strengthen efforts to win new business and expand operations in preparation for the full-scale operation of the ISO tank container storage business.

Going forward, as the logistics arm of a chemical manufacturing group, we will leverage our expertise in handling hazardous substances and poisonous and deleterious substances to expand our business and acquire additional customers.

Net sales / Operating profit / Operating profit margin



Related Group company: **Hodogaya Logistics Co., Ltd.**
Description of business: Warehousing and logistics

Location: 1-9-2, Higashi-Shimbashi, Minato-ku, Tokyo 105-0021, Japan
TEL: +81-3-6852-0520 (Main switchboard)
Webpage: https://www.hodogaya.co.jp/hlc/ (Japanese only)