

Business Report 2023

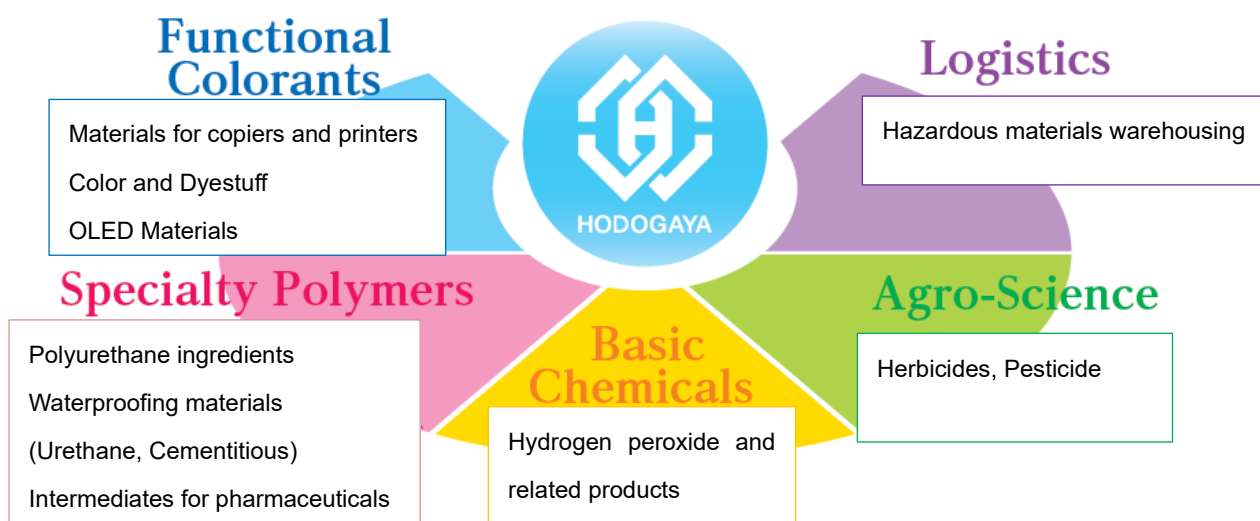
April 1, 2023 - March 31, 2024

Hodogaya Chemical Group: 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.

Business Overview

One of the things that make the Hodogaya Chemical group unique is that in each sector, whether it is Functional Colorants, Specialty Polymers, Basic Chemicals, Agro-Science, or Logistics, etc., there is a highly specialized group company. With Research & Development, Manufacturing, and Sales working together in a Trilateral Business Plan, we are able to meet the various needs of our customers quickly, and with products and service of the highest quality.



Financial Results

FY 2023: Consolidated Results (Millions of Yen)

	FY 2023 Results	Changes Gains/Losses
Net sales	44,261	+2.2%
Operating profit	3,951	+6.8%
Ordinary profit	4,711	+11.9%
Profit attributable to owners of parent	2,480	+11.6%

Mid-term management plan (FY2021 to FY2030)

The Hodogaya Chemical Group has been promoting our mid-term management plan (FY2021 to FY2030) that began in FY2021.

In establishing this mid-term management plan, we have focused on how, based on the issues found in "HONKI 2020", the Hodogaya Chemical Group, which aims to continue to exist for 200 years, realizes growth in the next 10 years under ambiguous situations.

Despite a hard-to-predict condition, we have set our "ideal figure" to be achieved in 10 years, with "megatrends" up to FY2030 in mind.

Using a "backcasting" method, the plan has drawn up a growth scenario for the Group over the next 10 years.

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 for the Mid-term Management Plan]

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

[Outline of the Mid-term Management Plan]

Mid-term Management Plan [FY2021 from FY2030]

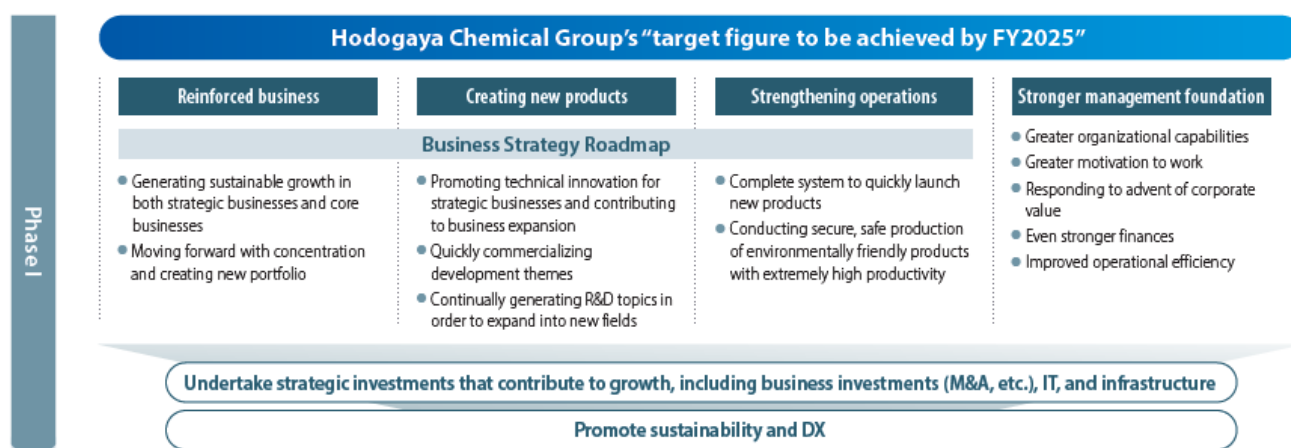
"SPEED 25/30"

The Hodogaya Chemical Group will speedily transform itself to our "target figure" in FY2025 and to our "ideal figure" in FY2030, by means of:

- S** : Specialty products that construct a
- P** : Portfolio built up with great originality;
- E** : Engagement improvement that contributes to
- E** : ESG management promotion;
- D** : Digital transformation-led competitiveness enhancement

"SPEED 25/30" aims at a speedy transformation of the Hodogaya Chemical Group to the "target figure" by FY2025 and to the "ideal figure" in FY2030.

In this hardly predictable age, we have first defined a figure that we seek to achieve in FY2030 as our "ideal figure" and developed a 10-year scenario using a "backcasting" method. As its halfway point, we have drawn up our "target figure" to be achieved in FY2025.



Management Targets (Financial)

Financial target	FY2023 results	FY2024 forecast	FY2025 management target
Net sales	¥44.2 billion	¥48.0 billion	¥50.0 billion
Operating profit	¥3.9 billion	¥4.5 billion	¥7.5 billion
Operating margin	8.9%	9.4%	15%
ROE	5.5%	—	9%

Management Targets (Non-financial)

Non-financial target	FY2023 results	FY2025 management targets
Energy intensity	0.506kl (per million JPY of net sales)	0.606kl (per million JPY of net sales)
CO ₂ emissions (CO ₂ emission intensity) (※)	0.842t (per million JPY of net sales)	0.868t (per million JPY of net sales)
Industrial waste volumes	2,523t	Same level or less than previous FY
ESG evaluation score (FTSE Russell score)	3.6	3.7
Engagement score	—	Gradually raise score
Percentage of female managers	11.3% (FY2022 results)	13%

(※) Estimated figures as of 20 May 2024. Definitive figures will be disclosed in the Integrated Report 2024.

Overview By Business Segment

Functional Colorants

OLED Materials	OLED Materials (Transport Materials, Emitting Materials, Capping Layer Materials), Bio Materials
Colorants	Aluminum Coloring Dyes, Stationery Dyes, Dyes for Hair Color Treatment, Food Additives
Imaging Materials	Materials for Copier Toner, Organic Photo Conductor Materials
Advanced Device Materials	Dyes for Color Filters, Near-infrared Absorption Materials, Organic Solar Cell Materials

Specialty Polymers

Polyurethane Materials	Urethane Materials, Adhesives, Release Agents
Construction Materials	Waterproof Materials for Civil Engineering and Construction, Waterproofing and Leak-Plugging Work
Specialty Chemicals	Intermediates for Pharmaceutical, Functional Polymers and Electronics

Basic Chemicals

Industrial Chemicals	Hydrogen Peroxide and Derivatives, Industrial Chemicals
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Agro-Science

Agrochemicals and Agricultural Materials	Herbicides, Pesticides, Agricultural Materials (Oxygen Supply Materials)
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Logistics

Logistics	Warehousing, Consigned Freight Forwarding, ISO Tank Container Storage Services
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CONSOLIDATED FINANCIAL STATEMENT
CONSOLIDATED BALANCE SHEETS

MILLIONS OF YEN

	2023 Mar. 31	2024 Mar. 31
ASSETS		
Total Current Assets	36,596	38,675
Total non-current assets	35,454	42,482
Total property, plant and equipment	23,729	28,665
Total intangible assets	241	558
Total investments and other assets	11,483	13,258
Total Assets	72,051	81,157
LIABILITIES		
Total current liabilities	12,972	14,770
Total non-current liabilities	9,181	8,943
Total Liabilities	22,153	23,714
Total shareholders' equity	36,111	38,197
Capital stock	11,196	11,196
Capital surplus	7,943	7,933
Retained earnings	18,612	20,660
Treasury shares	(1,640)	(1,593)
Total accumulated other comprehensive income	6,723	9,537
Non-controlling interests	7,061	9,708
Total net assets	49,897	57,443
Total liabilities and net assets	72,051	81,157

CONSOLIDATED STATEMENTS OF INCOME

	MILLIONS OF YEN	
	FY 2023	FY 2024
	Apr.1-Mar.31	Apr.1-Mar.31
Net Sales	43,324	44,261
Cost of sales	26,654	27,162
Total selling, general and administrative expenses	12,968	13,147
Operating profit	3,701	3,951
Total non-operating income	652	931
Total non-operating expenses	141	171
Ordinary profit	4,211	4,711
Total extraordinary income	126	0
Total extraordinary losses	66	18
Profit before income taxes	4,271	4,693
Total income taxes	1,081	956
Profit	3,189	3,737
Profit attributable to non-controlling interests	966	1,256
Profit attributable to owners of parent	2,223	2,480

STOCK (AS of March 31, 2024)**AUTHORIZED NUMBER OF SHARES**

20,000,000

NUMBER OF COMMON SHARES ISSUED

8,413,726

(including 274,374 treasury shares)

NUMBER OF SHAREHOLDERS

6,534

MAIN SHAREHOLDERS (TOP 10 COMPANIES)

Shareholder	Number of Shares Held	Percentage of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,093,300	13.4
Tosoh Corporation	700,000	8.6
Custody Bank of Japan, Ltd. (Trust Account)	359,300	4.4
Mizuho Bank, Ltd.	298,704	3.7
The Norinchukin Bank	227,430	2.8
Custody Bank of Japan, Ltd. (Trust Account E)	203,000	2.5
Meiji Yasuda Life Insurance Company	164,535	2.0
The Toho Bank, Ltd.	148,399	1.8
The Yamaguchi Bank, Ltd.	130,000	1.6
MUFG Bank, Ltd.	120,107	1.5

Treasury stocks (274,374 shares) are not included in the above list.