

Harima Chemicals Group

# Integrated Report

# 2025



# Leading the Way with Pine Chemicals

Harima Chemicals Group is a chemical manufacturer built on products developed using pine chemical resources like rosin, fatty acids, turpentine and other materials all obtained from pine trees.

We transform these key active ingredients into daily essentials.

Our products are used in a variety of fields, as resins for printing inks, paints and adhesives, emulsifiers for synthetic rubber, paper chemicals, solders used in electronic devices, and flavor and fragrance ingredients.

Indispensable everyday products derived in some way from pine trees are all around us:

Printed items such as newspapers, books and catalogues  
Paints used to coat buildings and cars  
Adhesives used for glues and packing tapes  
Synthetic rubber used in car tires  
Paper goods including notebooks, books and cardboard  
Electronic devices such as computers and mobile phones  
Cosmetics and perfumes, etc.

And now with an international network of manufacturing bases in various countries, we meet the needs of our customers all over the world.

## Corporate Philosophy | *HARIMA Philosophy*

Harima is a company which strives to cooperate with nature in the utilization of its blessings to enhance the quality of life.

Our mission is to help build a productive and humanistic society, with our goal being the creation of a truly global company which places a premium on its people and technology.

Our policy is to provide a cooperative atmosphere in which we seek mutual understanding and trust, and to intelligently and responsibly meet all challenges.

In the depth of our sincerity, we're number one.

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## **Company Overview and Stock Information**

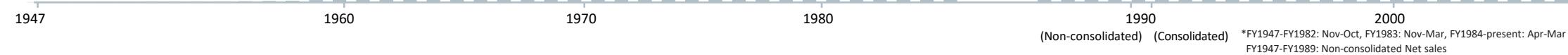
41 Company Overview and Stock Information

This report aims to provide our shareholders, investors and various other stakeholders with an overview of the Company's latest activities and initiatives. The report covers the activities and performance of Harima Chemicals Group and its consolidated subsidiaries and affiliates, during the fiscal year 2024 (April 1, 2024 ~ March 31, 2025) with some matters pertaining to FY2025 also included.

Descriptions pertaining to the future are based on assumptions, expectations, and views derived from the information available at the time of preparing this report. These descriptions encompass known and unknown risks, uncertainties and other factors, and the actual financial condition, operating performance and cash flow of our company may potentially differ from such future-oriented statements.

# Value Creation Over the Years

Founded in 1947 in the city of Kakogawa, Japan, we have grown as a chemical manufacturer built on products developed using pine chemical resources like rosin, fatty acids, turpentine and other materials all obtained from pine trees. In 1958, we established Japan's first tall oil distillation plant, where tall oil, a byproduct obtained during the manufacturing of pulp, was distilled to extract rosin, fatty acids etc. and then used them as the primary raw materials of our various products in the domains of resins, paper chemicals and electronic materials. To increase global presence, we acquired the rosin business of U.S.-based Momentive Specialty Chemicals in 2011, which enabled us to grow into a company that operates manufacturing bases in various countries. In October 2012, the company name was changed to Harima Chemicals Group, Inc. and we adopted a holding company structure.



## Founding Period

### 1947

Sueyoshi Hasegawa founded Harima Chemicals Industries in the city of Kakogawa, Hyogo Prefecture, for the purpose of manufacturing rosin and turpentine by distilling crude gum. The company name "Harima" comes from the founder's birthplace Harima region, a historic area renowned since ancient times for its pine trees, the epitome of the ideal coastal landscape of "white sand, green pines." A rosin distillation plant was established in 1948, and the technology accumulated during that time led to the development of secondary rosin products with a key role in further business expansion.



### 1952

We started our tall oil business that utilizes raw materials generated through the distillation of crude tall oil, a byproduct obtained during the manufacturing of pulp.

### 1958

Completed the construction of Japan's first tall oil distillation plant.

## Expanding into New Domains and World Markets

### 1961

Along with tall oil products, we developed paint resins, sizing agents, synthetic rubber emulsifiers, etc. In 1961, we expanded into the city of Fuji, an area dubbed as "Asia's paper-making hub". Following the Fuji Plant, we opened several other factories around Japan.

### 1972

To ensure a stable supply of CTO, we established Harima M.I.D., a joint venture with then-Mead Corporation (a U.S.-based forestry and paper manufacturing company) and a few other companies.

### 1973

We established the world's first non-polluting closed-loop tall oil distillation plant at Kakogawa Plant.



## New Beginnings

### 1990~

We entered the electronic materials field with the launch of electronic materials developed through the 1980s in collaboration with manufacturers of electrical and automotive components. Also, we continued expansion overseas, by establishing paper chemical companies in the U.S. and China, and resins and tall oil product companies in China.



The current company logo was introduced in 1990, together with the change in the company name to Harima Chemicals. The pine tree was adopted as the company's symbol, reflecting its founding spirit.

### 2000~

Our electronic materials business, which started off with solder materials, expanded its scope with organic synthesis technology-based brazing materials for automotive heat exchangers and resins for semiconductor resists. Meanwhile, we increased businesses in China, the U.S., Asia and Europe in an effort to accelerate global expansion.

## Aiming for Further Growth

### 2011

In 2011, we acquired the rosin business of U.S.-based Momentive Specialty Chemicals Inc. and established LAWTER.

With pine chemical operations covering Japan, China, Asia, Europe, North America, South America and Oceania, and the expansion of the paper chemicals and electronic materials businesses outside Japan, overseas-derived net sales have grown to account for approximately 60% of consolidated net sales since FY2013.



### 2022

In 2022, we acquired the solder materials business of German manufacturer Henkel. With an expanded customer base and product lineup, we aim to further build our global network. We will accelerate growth of solder materials, resins for semiconductor resists, brazing materials, and other electronic materials that support such applications as automotive electrification/self-driving systems, 5G, digital transformation (DX), etc.

# Core Competencies for Sustainable Growth

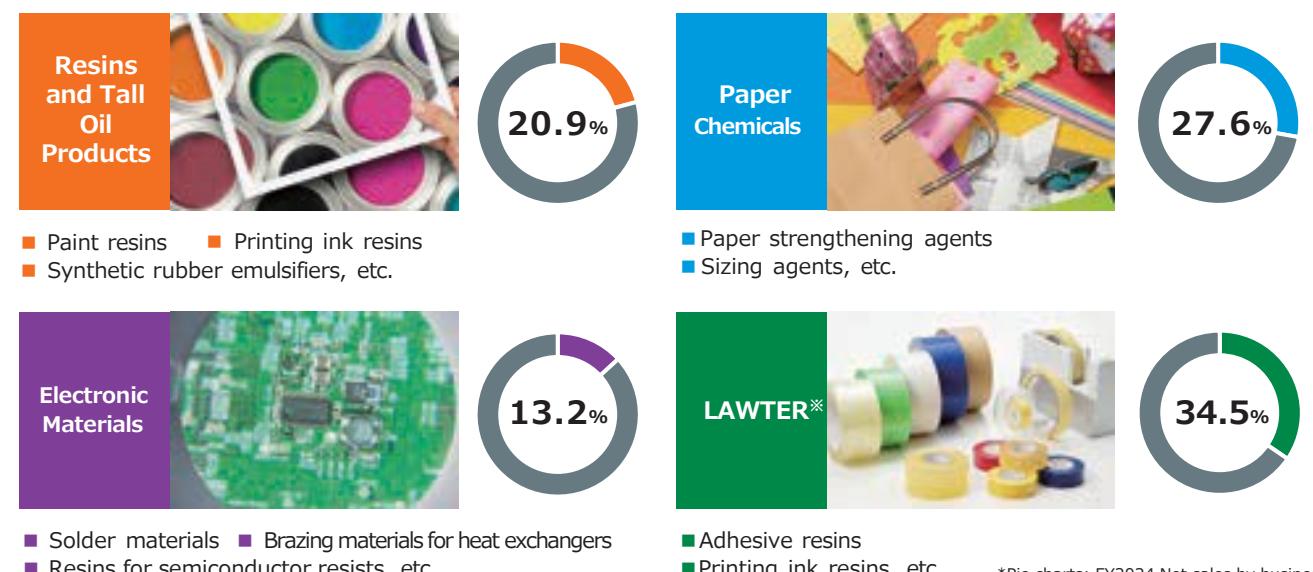
Harima is a pine chemical manufacturer that utilizes natural and renewable resources to their full potential, creating a diverse portfolio of items used in daily essentials since its founding in 1947. Our innovative lineup, a result of extensive R&D, has been the driving force behind our reputation as a leading company in the industry. We will continue to strengthen and expand our global network in a broad range of businesses with a focus on future trends.

## Development of Products for a Variety of Applications

Our products are used in a variety of fields, as resins for printing inks, paints and adhesives, emulsifiers for synthetic rubber, paper chemicals, solders materials for electronic devices, and flavor and fragrance ingredients.

Indispensable everyday products, derived in some way from pine trees, are all around us: printed items such as newspapers, books and catalogues, paints used to coat buildings and cars, adhesives used for glues and packing tapes, synthetic rubber used in car tires, various paper goods including notebooks, books and cardboard, electronic devices such as computers and mobile phones, cosmetics and perfumes, etc.

## Core Businesses and Products



※LAWTER manufactures and sells resins and tall oil products outside Japan. However, as it is managed individually, it is described separately.

## Circular Business Model — Harmony Among People, Nature and Technology

Our chemical technologies reduce the impact on the environment and living organisms and contribute to the achievement of a sustainable society. Harima was founded as a chemical manufacturer that utilizes materials obtained from pine trees, a renewable resource that is nurtured by sunlight and water. Our business has grown while contributing to the solution of social and environmental issues through our nature-friendly production systems and manufacturing operations.

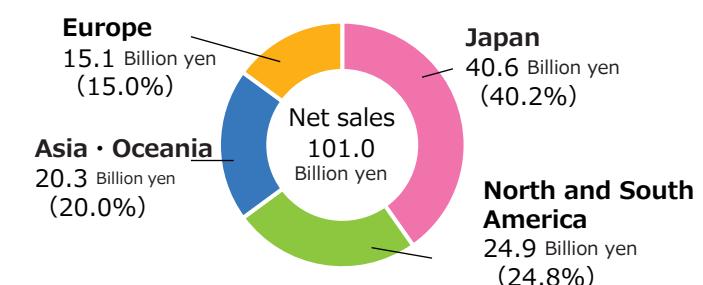


The biomass power plant at Kakogawa Site uses pitch and heads, obtained during the distillation of crude tall oil, as fuel for the generation of electricity and steam for our production processes, while surplus power is supplied to local electricity companies.

## Customer Base

Through global expansion that leverages our overseas network, we are supplying products to meet the needs of diverse customers all over the world. With overseas markets accounting for approximately 60% of consolidated net sales, we are proceeding with the balanced expansion of our business in each region.

## FY2024 Net Sales by Region



## Global Expansion

Harima utilizes 10% of the world rosin production, and 60% of what we use is procured inside the Harima Group. In addition, about 60% of our employees work outside of Japan, which enhances diversity and expertise.

## Quality Management and Environmental Conservation

With a view to improving customer satisfaction, many of our sites in Japan and overseas have acquired ISO 9001 (international standard for quality management systems) certification to demonstrate competence with client requirements and compliance with international regulations, as well as increase communication with customers.

We are also committed to ISO 14001 (international standard for environmental management systems) as part of our continuous efforts for environmental conservation.

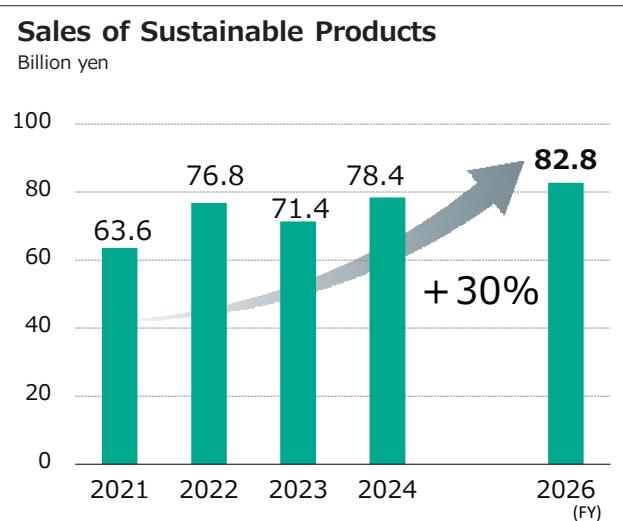
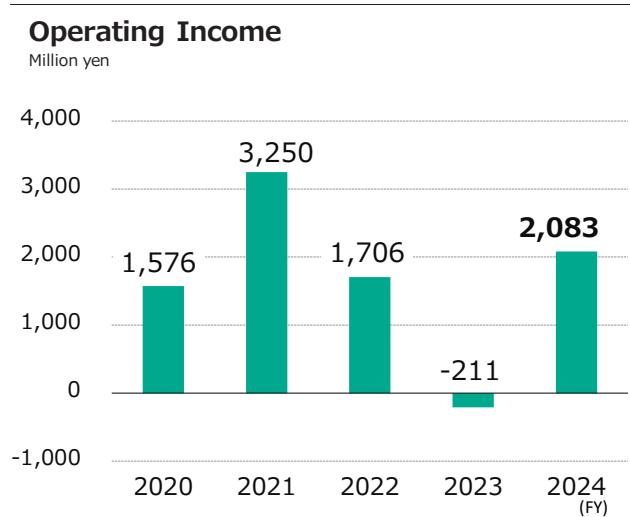
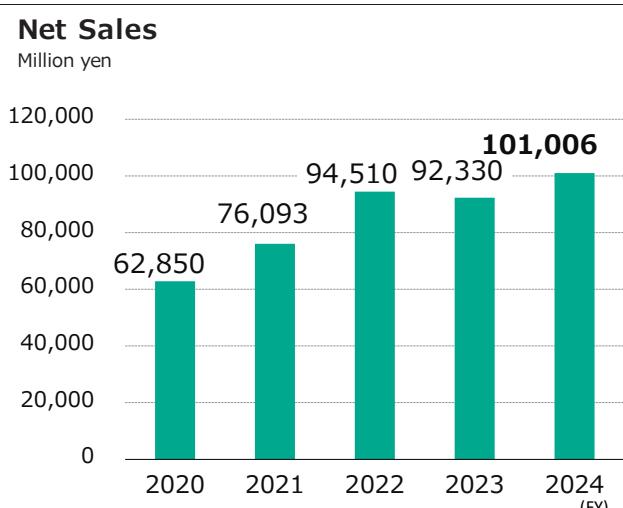
Certified Sites	Japan	Overseas
ISO 9001 quality management system	16	16
ISO 14001 environmental management system	8	11

## Brand Value

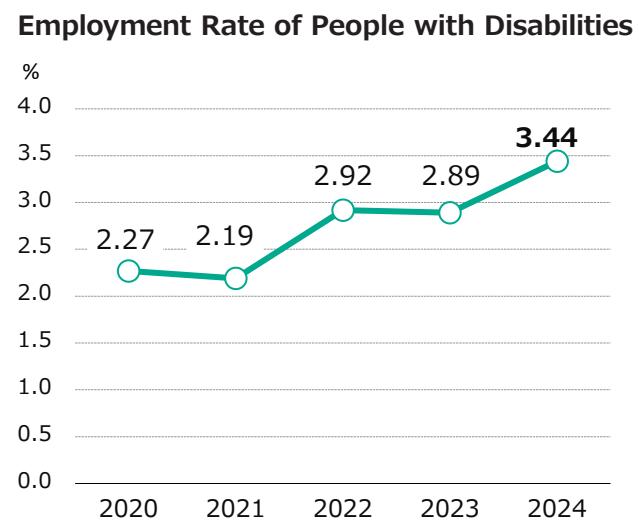
To increase positive recognition from customers in and outside Japan, we are committed to improving R&D capability, manufacturing technologies and quality management, while delivering products that help solve social and environmental issues. Our initiatives are evaluated by various rating organizations, whose feedback is incorporated into management to improve corporate value.

Rating organization	Description	Rating	
EcoVadis	Sustainability ratings for global supply chains	LAWTER	2025 : Silver (Top 15%)
		Plasmine	2025 : Silver (Top 15%)
CDP Questionnaire 2025	Evaluation of environmental performance	Harima	Climate Change : B Water Security : B
Nikkei Management Survey 2025	Rating of SDGs contribution and how it affects corporate value	SDGs management : ★★★ (T-score of 50-54) Smart Work : ★★★ (T-score of 50-54)	
ISCC	We obtained ISCC PLUS and ISCC EU certifications under the International Sustainability and Carbon Certification scheme, which certifies the implementation of sustainable and traceable supply chains, free from deforestation.		
DX Certification	In August 2024, we were selected as a DX Certified Business Operator under the Ministry of Economy, Trade and Industry's DX certification scheme.		
Kurumin Certification	Rating of childcare support initiatives (2024)		

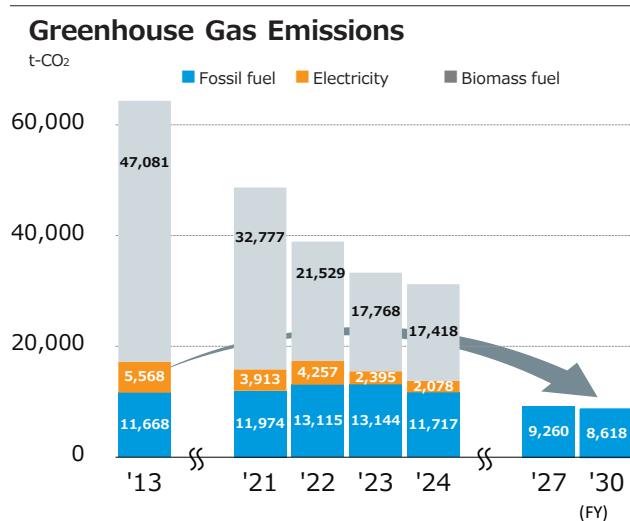
# Financial and Non-financial Highlights



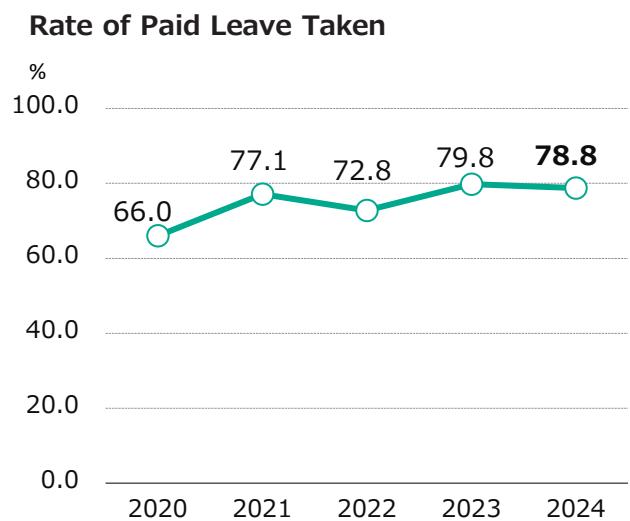
Results for FY2021-2023 and the plan for FY2026 have been modified due to a review of sustainable product varieties conducted in FY2025.



Scope: Harima Chemicals Group, Harima Chemicals



Scope: Harima Chemicals, Harima M.I.D., Seven Rivers, Harima Trading (excluding golf courses and hotels), Nippon Filler Metals



Scope: Harima Chemicals Group, Harima Chemicals

# Materiality

Guided by the corporate philosophy of "Utilizing the blessings of nature to enhance the quality of life", Harima is working toward contributing to the realization of a sustainable society through the resolution of social issues, while also enhancing corporate value. We have established trust with our stakeholders by strengthening business fundamentals aiming for business continuity, with a focus on key issues such as reducing environmental load, fostering a vibrant workplace, enhancing governance and advancing transparent information disclosure. Based on such initiatives, we have articulated our policies, redefined our materiality, and set key performance indicators (KPIs).

Sustainability Policy	Materiality	KPIs and Initiatives	Targets, etc.	Achievements and Initiatives in FY2024
Strengthen Business Base with a Focus on Sustainability	Stable procurement of raw materials	Promotion of diversified purchasing and long-term contracts	—	• Promoted diversification of suppliers
	Audit of suppliers of main raw materials	• Continue to conduct audits annually	—	• Continued on-site inspections of suppliers
	Technological innovation for a sustainable society	Research and development costs	• Invest approximately 3% of net sales	• 2.8%
	Strategic business transition to growth fields	Ratio of new product sales	• Achieve 20% or more in FY2026	• 17.0%
		Operating income margin	• Operating income margin of 6.4% in FY2026	• 2.1%
Promote a Business Model that Contributes to Reducing Environmental Load	Optimization of capital efficiency	ROE	• ROE of 10.0% in FY2026	• 2.0%
	Mitigation of climate change	Reduction of greenhouse gases	• Greenhouse gas emissions in FY2027: 9,260 t-CO <sub>2</sub> (46% reduction from FY2013)	• Emissions 13,795 t-CO <sub>2</sub> <sup>※1</sup>
	Development of products that solve social issues	Expansion of sales of sustainable products	• 82.8 billion yen in net sales in FY2026	• Net sales: 78.4 billion yen
	Ensuring labor safety	Number of lost-time injuries	• Zero incidents	• 2 incidents <sup>※2</sup>
	Development of a workplace environment where diverse personnel can participate actively	Ratio of female managers	• 20% or more in FY2030	• 16.0%
		Ratio of male employees taking childcare leave	• Maintain 100%	• Harima Chemicals Group: Not applicable • Harima Chemicals: 90.9%
Foster a Diverse, Safe and Active Workplace Environment	Improvement of effectiveness of Board of Directors	Ratio of Outside Managing Directors	• 1/3 or more (37.5% in FY2025)	• 1/3 or more (37.5% in FY2025)
		Ratio of female Managing Directors	• 30% or more by FY2030	• 11.1% (25.0% in FY2025)
	Measures for agile recovery in the event of a natural disaster	• Create a Disaster Plan	• Carried out seismic reinforcement works and disaster drills • Conducted safety check tests <sup>※3</sup> (Including Nankai Trough Earthquake response reinforcement in FY2025)	• Conducted training on response to phishing e-mails and provided e-learning programs on information security
		Training on information security	• Continue to conduct training every year	• No large-scale incidents with impact on business activities
	Provision of reliable IT services in the event of a disaster	• Reduce impact on business activities in the event of a disaster	• Conducted tour of Kakogawa Plant • Held clean-ups around plants, etc.	• Issued Integrated Report (in Japanese and English) • Promoted appropriate IR activities
Enhance Governance and Promote Transparent Information Disclosure	Achievement of transparent and reliable information disclosure	• Promotion of communication with local communities	—	• Conducted tour of Kakogawa Plant • Held clean-ups around plants, etc.
	Promotion of information disclosure	—	—	• Issued Integrated Report (in Japanese and English) • Promoted appropriate IR activities

※1:Harima Chemicals, Harima M.I.D., Seven Rivers, Harima Trading (excluding golf courses and hotels), Nippon Filler Metals

※2:Harima Chemicals, Harima M.I.D., Seven Rivers, Harima Trading, Nippon Filler Metals, Harima Foods

※3:Harima Chemicals and related employees

# Value Creation Process

Harima operates four main businesses: Resins and Tall Oil Products business, Paper Chemicals business, Electronic Materials business, and LAWTER business. The Company generates value by providing products that meet customer needs, while contributing to the realization of a sustainable society.

Through this process, we aim to realize our long-term vision, Harima Vision 2030: "Deliver a sustainable future through advanced technologies and passion for excellence - Pine Chemicals & Beyond".



# CEO Message



President  
**Yoshihiro  
Hasegawa**

## 100 Billion Yen in Net Sales Achieved

In FY2024, the 77th anniversary of the Company, we were able to surpass 100 billion yen in net sales. In 1988, the year I became president, our net sales were 20.5 billion yen, so the Company's growth in the intervening years has been nothing short of remarkable. In the coming years, going beyond our 2030 long-term target of 120 billion yen in net sales, we will continue to aim for growth for the next generation to become a

150-billion-yen company, and even a 200-billion-yen company. However, instead of pursuing sales alone, it is important to ensure that we have the substance to match that level of sales. To that end, while paying attention to capital efficiency indicators such as ROE, we will strive to secure a level of profitability that suits a 100-billion-yen company.

## Business Performance on Track to Recovery

In terms of our business performance over the past few years, LAWTER struggled with poor sales in Europe in 2023, and its performance deteriorated. As a result, the Group recorded a loss in consolidated results that year, but returned to profit in 2024, and we are on a steady track toward a recovery in business performance in fiscal 2025 as well. In addition to the recovery of LAWTER's business performance in Europe, adhesive resins performed strongly in North America. In the Resins and Tall Oil Products Business, ink resins,

paint resins, and functional materials saw an increase in profits, and the Paper Chemicals Business grew its performance through the acquisition of new customers by our U.S. subsidiary. Meanwhile, our Chinese subsidiaries continued their strong performance, and there was sharp growth in resins for semiconductor resists in the Electronic Materials Business. We will continue to build on these promising factors in each business division to achieve growth going forward.

## Focus on Achieving Profitability in Strategic Investments

The long-term vision "Harima Vision 2030," announced in 2022, "Pine Chemicals & Beyond" expresses our intention to explore the potential of the founding business of pine chemicals while leveraging the technologies and expertise that we have cultivated through it to venture into new businesses and markets. In recent years, we have conducted a series of large-scale M&A and strategic capital investment projects. They include the acquisition of German manufacturer Henkel's solder materials business, the conversion of one of our Chinese bases into a full-owned subsidiary, the

construction of a production plant for myrcene (a key ingredient in aroma oils and fragrances), an increase in the production capacity at our U.S. paper chemicals subsidiary, and the expansion of the facilities for resins for semiconductor resists. While these investments are progressively being converted into businesses, in some cases, they may require several years from planning to full monetization. We will proceed with initiatives aimed at the early recovery of our investments and their contribution to consolidated business performance.

## Tall Oil Distillation Pilot Plant Designated Chemical Heritage

The tall oil distillation pilot plant that has been preserved at Kakogawa Plant was designated Chemical Heritage in the 16th round of designations by The Chemical Society of Japan. A pilot plant is a plant of the same type but of a smaller scale that is built prior to the construction of production facilities with the objective of collecting the data needed for design purposes and exploring optimal operating conditions. The construction of the tall oil distillation plant was a major undertaking that the

company staked its fortunes on. We have carefully preserved this pilot plant in the hope that future generations will continue to hold the same determination that our predecessors demonstrated in taking on that challenge.

The excellent state in which it has been kept was a deciding factor in the Chemical Heritage designation.

I hope that this honor will motivate us more than ever to take on the challenge of new businesses and new fields.

## Management Philosophy Rooted in Our Founding Business and the Pursuit of Sustainable Management

Ever since the Company's founding, we have consistently positioned the pine chemicals business as our core business, which involves the use of pine ingredients to create products that are useful in people's daily lives. The pine chemicals business promotes resource circulation, in that it uses raw materials derived from the pine, which is a renewable resource. With our Corporate Philosophy of "Utilizing the blessings of nature to enhance the quality of life," we aim to further deepen and advance the business model of the pine chemicals business. We are not committed to the pine chemicals business simply because it is our

founding business. It is because we are confident that not only are pine chemicals renewable, but they also still offer much more, unexplored potential.

In our mid-term plan, NEW HARIMA 2026, we have given the name "sustainable products" to the range of products that reduce environmental impact and contribute to solutions to social issues such as the SDGs. We have set a target for the sale of sustainable products in 2026 of 82.8 billion yen, which amounts to 75% of the 110-billion-yen target for net sales in the mid-term plan. We have an extensive range of sustainable products,

## CEO Message

including pine chemical products that use renewable raw materials, water-based resins and solvent-free resins that eliminate or reduce volatile organic compounds (VOCs), paper strengthening agents that promote resource recycling, and barrier coatings that contribute to the reduction of plastics.

Further, as an initiative for the prevention of global warming, we have set a target of reducing greenhouse gas emissions at our domestic locations,

## Toward the Enhancement of Human Capital Management

In pursuit of sustainable management, it is essential that we foster a workplace environment where diverse personnel can thrive and fully utilize their potential. Overseas sales now account for approximately 60% of total net sales, and two-thirds of our employees are non-Japanese, giving us an international and diverse workforce.

In Japan, we have established an environment that gives our female employees more freedom in their choice

of workstyles, including work-from-home, flexible start times, childcare and elder care leave, and shortened work hours, and we are working to create a workplace that offers more opportunities for them to thrive and aim for managerial positions. Being a company in which all our employees, regardless of gender, are able to work with peace of mind for many years is one of the basic policies of our management.

## Community Contribution Initiatives

The Company was founded in the city of Kakogawa in Hyogo Prefecture, and even today, our major production facilities, research facilities, and subsidiaries are concentrated in the Kakogawa area. As the neighborhood surrounding our production plant has become increasingly residential over the past several decades, to ensure that local residents can accept the presence of a large chemical plant nearby with peace of mind, we actively host plant tours for the local community. To deepen their understanding of the nature of our business and our safety measures, we continue to improve the

content of exhibits, including the Tall Oil Gallery and Pine Chemicals Studio. Every year, we welcome approx. 600 people to tour our production plant.

Also, at our marigold garden that opened on the north side of the Kakogawa Plant in 2019, the entire 1,900m<sup>2</sup> expanse is covered in orange flowers from May to December. The garden serves to deepen our interactions with the local community, attracting many visitors to events such as Halloween and Christmas. Awareness of the garden is growing, with it even appearing on Google Maps as "Marigold Garden: Tourist Attraction."

## Tall Oil Distillation Pilot Plant Designated Chemical Heritage

The status of Chemical Heritage is granted to "particularly valuable historical materials in the field of chemistry in Japan. The system was established in 2010 with the aim of passing on these materials to future generations and contributing to the improvement and development of technology and education in the field of chemistry", and recognizes 72 artifacts as of 2025.

In 2025, the pilot plant of our tall oil distillation plant was designated "Chemical Heritage No. 69" by the Chemical Society of Japan.

The pilot plant was built in 1957 to gather data necessary to construct a tall oil distillation plant, and enter into the tall oil business.

Harima pioneered environmental protection from early in its history when the majority of products were made using fossil fuels and started its crude tall oil (CTO) business. A by-product of the manufacturing process of pulp, CTO is pine-based and therefore environmentally friendly. The ingredients resulted during the distillation of CTO are the raw materials of our products, employed with a variety of applications for consumer and industrial goods, and so the pilot plant played a vital role in the growth of Harima's business as a whole.

The pilot plant is now located on the premises of Kakogawa Plant, and it is presented to our visitors. The following is the Memorial Plaque of the pilot plant.



Pilot Plant Memorial Plaque



Pilot plant (Relocated in 2012)



Tall oil distillation plant (2025)

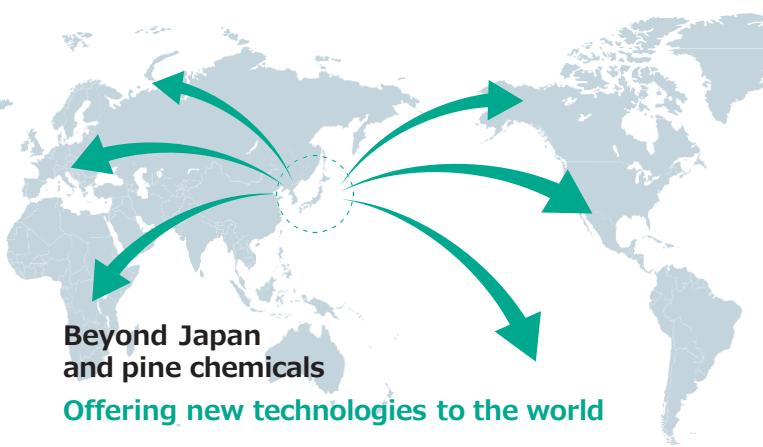
# Long-term Vision: Harima Vision 2030

Deliver a sustainable future through advanced technologies and passion for excellence

## Pine Chemicals & Beyond

### Objectives of Harima Vision 2030

As a company that utilizes the blessings of nature to enhance the quality of life, Harima has grown through its pine chemicals business, which uses pine chemical resources like rosin, fatty acids, turpentine and other materials all obtained from pine trees to develop products. Our pine chemicals business employs a circular business model that makes effective use of natural resources. This ensures that the business is highly compatible with the target of achieving a sustainable society. We will continue to explore the potential of the pine chemicals business, striving to develop new applications and strengthen business fundamentals, as we aim to establish a leading position at global level.



#### FY2030 Targets

Net sales	<b>120.0</b> billion yen or more
Operating income	<b>8.5</b> billion yen or more
ROE	<b>10</b> % or more
Overseas sales ratio	<b>65</b> % or more
Greenhouse gas emissions	<b>50</b> % reduction*

\* Compared with FY2013; in the Japanese operations of Harima Chemicals

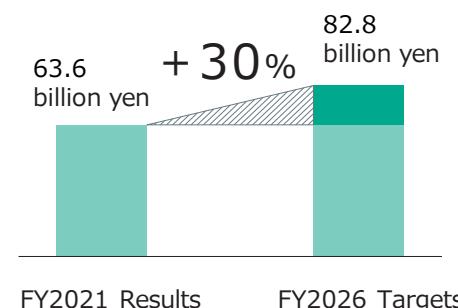
### Sales Expansion Plan for Sustainable Products

We aim to contribute to the realization of a circular society through the development of environment-friendly pine chemical-based materials and expansion of sustainable products.

- Under our definition, a sustainable product is a product that reduces environmental load and serves to solve social issues such as SDGs, while taking advantage of our technological strengths.

- In our sales expansion plan for sustainable products, we are aiming for a 30% increase in sales by 2026.

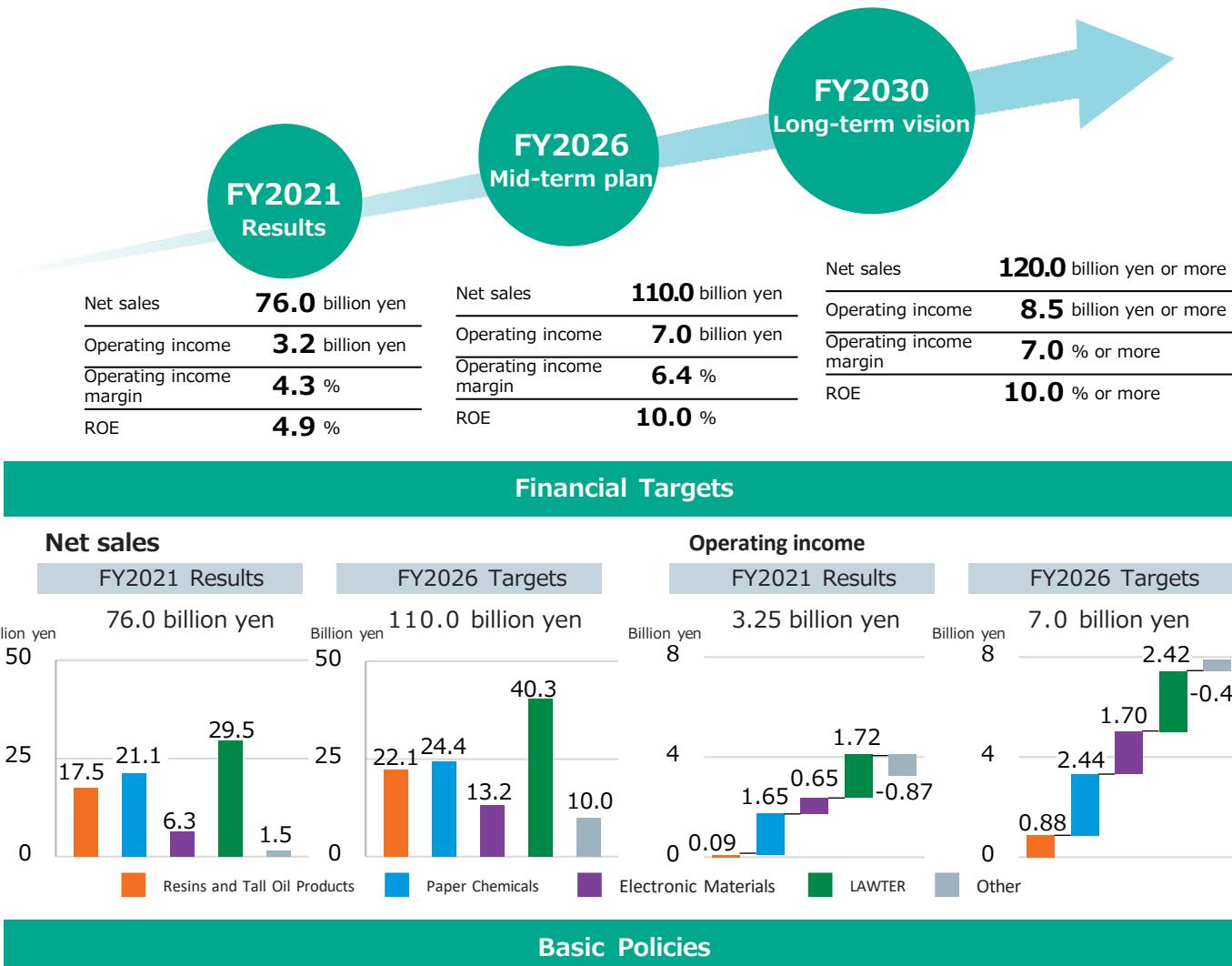
#### Sales expansion plan for sustainable products



Results for FY2021-2024 and the plan for FY2026 have been modified due to a review of sustainable product varieties conducted in FY2025.

# Mid-term Plan: NEW HARIMA 2026

As a milestone to be achieved on the way to realizing Harima Vision 2030, we aim for sustained growth under our mid-term plan, NEW HARIMA 2026, in light of the following three core strategies: (1) Strengthen business fundamentals and expand business scope, (2) Conduct R&D that propels the company into new businesses and growth fields, and (3) Refine business management to better address ever-changing global business environment.



### Basic Policies

<b>Strengthen business fundamentals and expand business scope</b>	Improve competitiveness of the pine chemicals business	Strengthen supply chain operations, develop new applications, pursue new businesses (alternatives to petrochemicals, infrastructure, flavors and fragrances)
	Expand overseas operations	Solder materials, paper chemicals, adhesive resins
	Reconfigure product portfolio and business scope	Focus investments on growth areas and eliminate unprofitable products and businesses
<b>Conduct R&amp;D that propels the company into new businesses and growth fields</b>	Rubber additives	Polymerization emulsifiers for functional rubber, additives for rubber used in shock-absorbing dampers, additives to improve rubber functionality
	Semiconductor, 5G, the Internet of Things (IOT)	Resins for semiconductor resists, electronic component processing materials, high-durability solder materials, materials for LIB batteries
	Environment and life sciences	Barrier coatings, surface coatings using fluorine alternatives, bioprocessing, CCS/CCU (CO <sub>2</sub> capture and use)
<b>Refine business management to better address ever-changing global business environment</b>	Digital technologies	Upgrade production activities, speed up research, manage information, reorganize work processes
	ESG-oriented management	Strengthen governance, disclose climate change-related risks, disclose non-financial information, enhance IR activities
	Working practices	Human resource (HR) management, diversity, remote working, HR system
	Reducing greenhouse gas emissions	Reduce by 46% by 2027, use renewable energy, increase use of biomass fuels, save energy



## Financial Capital Strategy

### - Aim to Improve ROE by Realizing Returns from Strategic Investments –

In the first half of the mid-term plan, we prioritized strategic upfront investments that would form the foundation of medium- to long-term growth. In the second half, emphasizing the monetization of past investments, we will work on measures that will lead to improved return on equity (ROE) and, further, to an increase in price-book ratio (PBR).



**Shunichiro Taoka**  
Executive Managing Director  
Managing Executive Officer  
Chairman, LAWTER B.V.  
Corporate Planning Director

### Business Performance Showing a Recovery Trend

In FY2023, LAWTER's performance deteriorated, due to the decline in demand in Europe, among other factors. This, combined with the impact of soaring raw material prices, led to the posting of a loss in our consolidated business results. In FY2024, however, owing to the recovery of demand in Europe and strong sales in North America, LAWTER's performance improved, and we were able to return to profit in our consolidated business results in just one year. The first half of FY2025 has also shown a steady recovery trend in business performance.

### Toward the Completion of the Mid-term Plan "NEW HARIMA 2026"

FY2025 is the fourth year of our five-year mid-term plan "NEW HARIMA 2026," which began in 2022. In NEW HARIMA 2026, we set targets of 110 billion yen for net sales, 7 billion yen for operating income, and 10% for ROE in FY2026. Although the net sales target is within reach, further effort is needed to approach our targets for operating income and ROE. By steadily deploying our three core strategies of "Strengthen business fundamentals and expand business scope," "Conduct R&D that propels the company into new businesses and growth fields," and "Refine business management to better address ever-changing global business environment," we will aim to achieve our targets.

### Reaping Investment Returns from Strategic Upfront Investments

Since the launch of NEW HARIMA 2026, the economic and business environments surrounding the company have remained challenging, with rising costs due to soaring prices of raw materials and fuel, as well as inflation and high interest rates overseas. However, even amid those challenges, Harima has continued to make strategic investments for the future. These have included the acquisition of Henkel's solder materials business, the establishment of a new production plant for myrcene (a key ingredient in aroma oils and fragrances) at Kakogawa Plant, capital investment for expansion of production of paint resins at Tokyo Plant, the conversion of one of our Chinese bases into a fully-owned subsidiary, capital investment for expansion of production at our paper chemicals subsidiary in the U.S., and the expansion of production of resins for semiconductor resists. Through these initiatives, we aim to expand our markets by acquiring new customers and enhance our production capabilities in order to successfully meet the growing demand in our target markets as well as demand derived from increasing our market share. In the course of NEW HARIMA 2026 to date, our investments have been somewhat upfront in nature, but for the remainder of the period, we will work to increase profits by realizing returns from those investments. On the other hand, we will proceed with the review and structural reform of businesses and products whose markets have matured and for which there are no prospects for future growth or stable profits.

### Status of Cash Allocation During Mid-term Plan Period

Our forecasts for cash allocation during the four years of NEW HARIMA 2026 are as shown in the next table. Our basic policy is to leverage both internal funds and external financing on (1) maintenance, replacement, and safety measures for existing facilities, (2) strategic establishment of new facilities and expansion of existing facilities, capacity expansion and M&A, and (3) management that considers the balance with shareholder returns.

### Four-Year Cash Allocation Forecast (FY2022–2025, 1st to 4th year of mid-term plan)

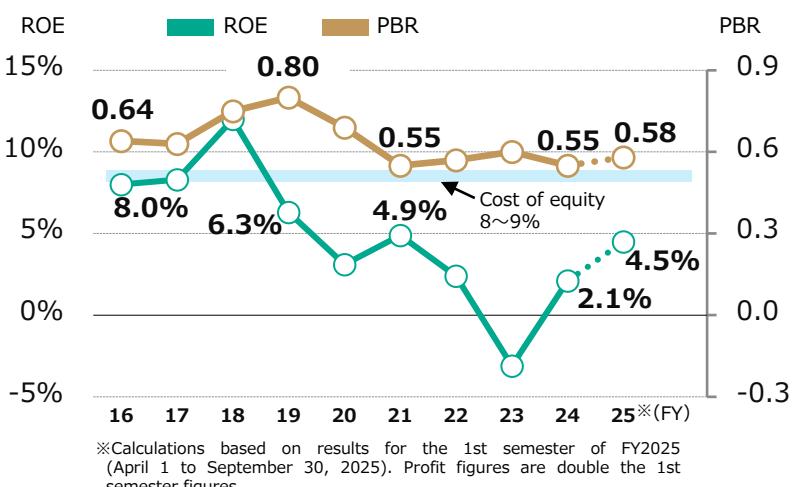
Procurement of Funds			Uses of Funds		
	Internal funds	External financing	Capital investment	Replacement/safety, etc.	Strategic new and expanded facilities
Operating cashflow	9,470			10,817	
Asset divestment	3,421			3,881	
Loans	17,631			9,759	
			M&A, etc.		
			Shareholder returns	Dividends, stock repurchases	4,919
			Other		1,146
Total	30,522		Total	30,522	

### ROE and Cost of Equity

We estimate cost of equity at around 8-9% based on the Capital Asset Pricing Model (CAPM). Although ROE has been improving with the recovery of business performance since 2023, it is still trending below the cost of equity. Achieving our mid-term plan target and raising ROE to above the cost of equity is an ongoing challenge. Price-book ratio (PBR) also remains below 1, which means that we are not being rated highly by the stock market. PBR is generally known to improve as ROE increases, so we will work to raise ROE so as to also enhance PBR.

Moreover, one cause of our low PBR is believed to be the fact that, as an intermediate materials manufacturer, we do not have sufficient name recognition among the general public. We will promote investor relations activities that target individual investors.

### ROE and PBR



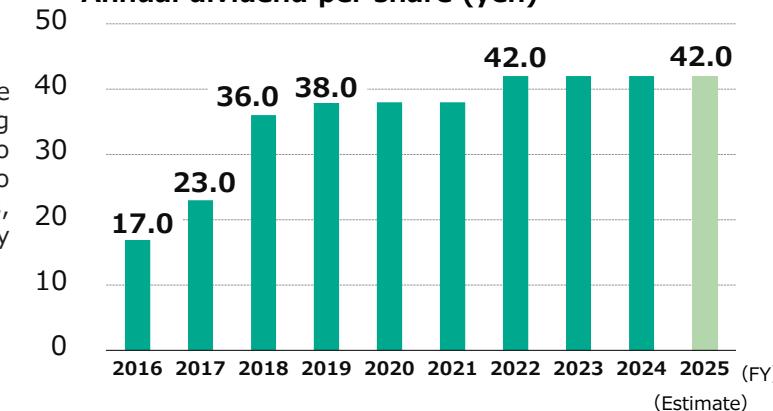
### ROE Improvement Initiatives

There do not appear to be any shortcuts to the improvement of ROE, so we will continue our steady efforts to enhance profitability. Those efforts include early contribution to business performance of strategic investments, the improvement of profitability of existing businesses by reducing expenses and raising selling prices to offset the impact of higher raw material prices, and the enhancement of our business portfolio through the review and discontinuation of unprofitable businesses and products. While looking to monetize investments in the paper chemicals business, which earns stable profits, and in the electronic materials business, which has a high potential for growth, in our core business of pine chemicals, we will work to improve profitability by launching newly developed products with high profit margins and reviewing business with a focus on improving our earning power.

### Shareholder Returns

To date, the Company has worked to maximize shareholder returns, primarily by increasing dividends. Going forward, we will strive to raise profits to fund dividends in our aim to improve long-term shareholder returns, increase PBR by raising ROE, and ultimately increase our share price.

### Annual dividend per share (yen)





## Research and Development

### - Challenging Growth Fields, Creating New Value -

With the key concept of "Conducting R&D that propels the company into new businesses and growth fields," the aim of our R&D efforts is to enter new markets through the creation of new product value, by allocating resources to growth areas with a focus on pine chemicals.

We also make active use of digital technologies, and we were selected as a DX Certified Business Operator under a Ministry of Economy, Trade and Industry scheme. Through the promotion of DX, we will boost productivity and speed in R&D.



**Ichiro Taninaka**

Senior Executive Managing Director  
Senior Managing Executive Officer  
R&D Company President

### Creation of New Technologies through Human Resource Development and Vitalization

We foster a research environment that encourages originality through talent development and corporate vitalization. Taking advantage of a number of educational training opportunities, international exchanges and overseas dispatch programs to strengthen collaboration with research institutes around the world, we are working to develop talent who possess global perspectives. We also have an award system that recognizes particularly remarkable company projects, as a way to stimulate our researchers' motivation and creativity. In addition, we promote cross-industry and industry-government-academia cooperation in an effort to advance the creation of new value and develop talent who will lead the way to the next generation of technologies.

### R&D with an Eye on the Future

Focusing efforts on R&D with an eye on the future, Harima actively incorporates leading-edge technology into the development of new, eco-friendly products with energy and resource-saving properties. Our research outcomes receive widespread global recognition and bear fruit in the form of numerous patents and a diverse product lineup. Our Central Research Laboratory and Tsukuba Research Laboratory are at the center of our domestic R&D activities. Equipped with the latest equipment and analytical tools, they conduct research that looks ahead five years, even ten years into the future, pushing the boundaries of our existing businesses. We have also launched a specialized team to promote the use of material informatics to boost productivity and speed in R&D. Further, we are fully utilizing the worldwide network of research facilities of Group company LAWTER in our global R&D efforts to meet changing market needs. The passion and dedication we put into our unique technologies are guiding us toward the creation of new value.

#### R&D in Core Business Fields

Functional Resins	Paint resins	UV-curable resins	Printing ink resins	Adhesive resins
Paper Chemicals	Sizing agents	Paper strengthening agents	Coating agents, barrier coatings	Process improvement agents, pitch control agents
Electronic Materials	Lead-freesolder pastes	Brazing materials	Resins for semiconductor resists	—

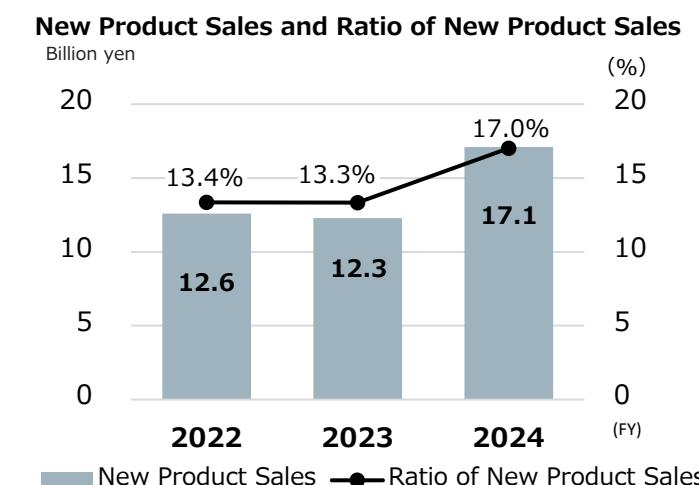
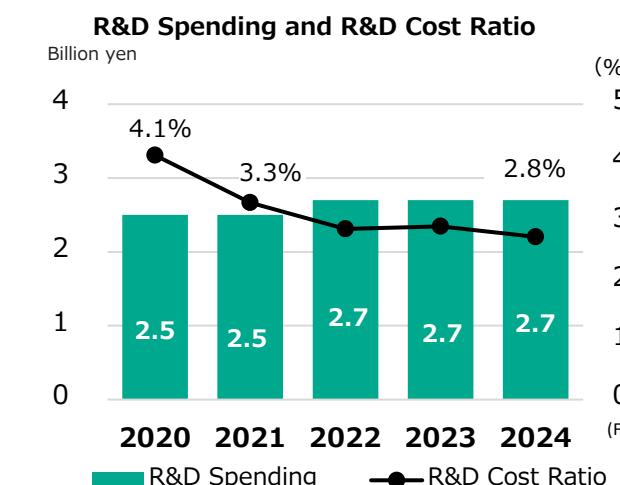
#### R&D in New Business Fields

Surface/Interface Control Materials	Functional coating agents (optical, scratch-protective, mold releasing, antistatic), functional nanoparticle dispersions, material recycling technology, metal nanoparticle synthesis
New-age Water-based Materials	Additives/coating agents for food packaging materials, secondary battery materials
New-age Electronic Materials	Conductive pastes, nano pastes
Pine Chemical Materials	Rubber additives (for tires, anti-vibration and shock absorbing rubber), rubber softeners, biotechnology-related products

#### Research Planning

Intellectual property strategy, new business exploration, R&D support

## R&D Investment and New Product Sales



### New Products and Technologies

#### ○Biomass-based asphalt regeneration additives

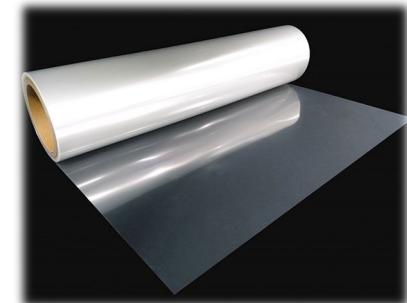
We have developed biomass-based asphalt regeneration additives. High in biomass, the newly developed agents significantly contribute to the reduction of environmental impact, and enhancement of the sustainability of road infrastructure owing to their superior resistance to wear and ability to rejuvenate asphalt even when used in small quantities.



- Joint development partners: Public Works Research Institute and Nihon University
- Exhibited at: Sustainable Material Expo 2024 (Oct. 29-31, 2024, Makuhari Messe)

#### ○Release film for semiconductor molding

We have developed a release film for semiconductor molding that optimizes the semiconductor manufacturing process and reduces environmental impact. Its high gas barrier property curbs mold contamination and reduces cleaning frequency, contributing to process improvement. The film is customizable, silicon and non-silicon compatible, PFAS-free and eco-friendly.



- Exhibited at: NEPCON JAPAN 2025 (Jan. 22-24, 2025, Tokyo Big Sight)

#### ○Industrial-scale bioproduction system for highly bioavailable carotenoids

In collaboration with Japan's "RITE (Research Institute of Innovative Technology for the Earth)", we are currently developing highly bioavailable carotenoids using an environmentally friendly, bioproduction system. In recent years, growing interest in health and wellness has led to increased demand for medicine, dietary supplements, cosmetics and foods containing carotenoids. Moving forward, we will continue to develop applications for the food and medical sectors to address diverse market needs.



#### Applications



##### Food

##### Supplements

##### Cosmetics

- Development partner: RITE
- Exhibited at: nano tech 2025 (Jan. 29-31, 2025, Tokyo Big Sight)



## Resins and Tall Oil Products

**Core products :**  
Paint resins  
Printing ink resins  
Synthetic rubber emulsifiers, etc.



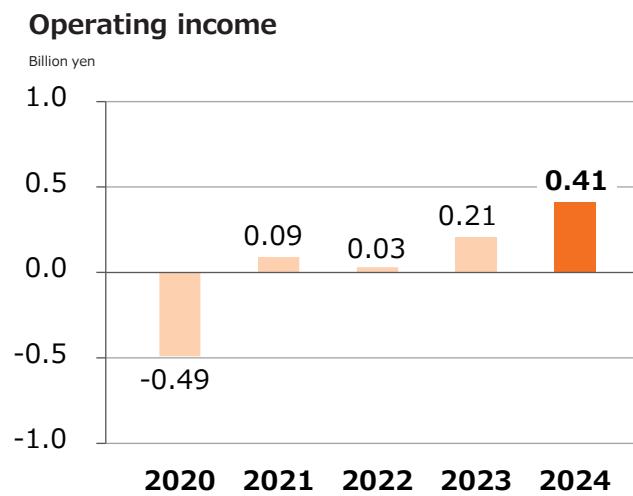
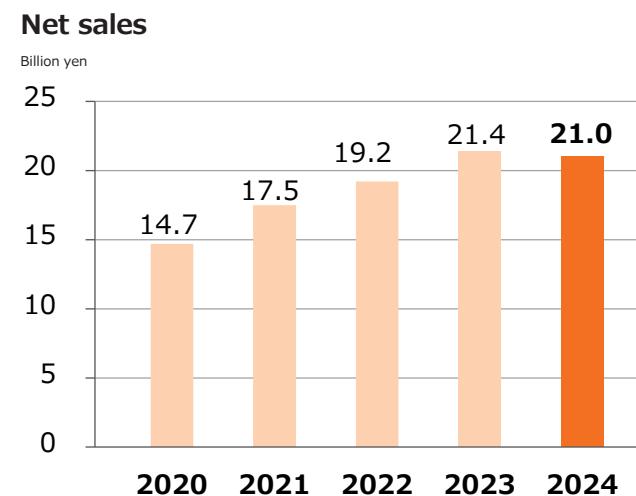
**Yoshifumi Kajitani**

Senior Operating Officer  
Resins and Tall Oil Products  
Company President

### Business Description

The Resins and Tall Oil Products business operates production sites around the world for rosin, fatty acids and turpentine, base ingredients in pine chemicals and foundation of our circular business model. Core products include printing ink resins, adhesive resins, synthetic rubber emulsifiers and flavor and fragrance ingredients. We also target new fields that use resin synthesis technologies and emulsification and dispersion technologies, which we have cultivated through the R&D of pine chemical products, in addition to various eco-friendly paint resins, nanoparticle dispersions-derived functional resins, coating agents for LCDs and films, and more. Our strengths include eco-friendly manufacturing operations, high-level technologies and broad product portfolio that reflects our R&D capabilities.

### Performance



### Topics

The Resins and Tall Oil Products business is exploring new markets with the goal of broadening the scope of pine chemicals as a sustainable, circular business, in addition to its existing lineup (printing ink resins, adhesive resins, synthetic rubber emulsifiers). In addition to the flavor and fragrance ingredients already on the market, we are aiming to expand into the road infrastructure field, including asphalt regeneration additives (see page 20), to continue creating environmental value.



Aiming to expand into road and other infrastructure fields

### Review of FY2024

Net sales decreased by 348 million yen (1.6%) year on year to 21,088 million yen, mainly due to the exclusion of Harima do Brasil Indústria Química Ltda. from the scope of consolidation after the transfer of its shares to local employees, and despite an increase in net sales in Japan. On the other hand, operating income increased by 199 million yen (94.5%) year on year to 410 million yen owing to the increase in net sales in Japan.

### Forecast of FY2025

Net sales are expected to increase year on year, mainly due to an increase in sales of paint resins, functional coating agents, and flavor and fragrance ingredients. Operating income is also expected to increase from the previous fiscal year in line with the increase in net sales.

### Tapping Into Growth Opportunities

As a manufacturer that utilizes natural and renewable resources, we contribute to the realization of carbon neutrality and economic circularity by developing pine chemical products sourced from biomass materials. In addition to our existing lineup, we aim to develop new markets, products and services that truly contribute to the creation of a sustainable society.

### Responding to Risks

We consider drastic fluctuations in the supply and prices of raw materials as risks for our business. In an effort to stabilize supply chain operations, we are promoting diversification of procurement methods. For such mature businesses as the lithographic ink resins business and paint resins business, we will reform and streamline operations and production systems.

### Social Issues to Be Addressed

- Contributing to achieving a decarbonized society as an extension of our circular business model
- Environmental value creation  
Reducing hazardous substances and VOCs, expanding sales of solvent-free resins, providing alternatives to plastics and petrochemicals
- Creating a DX society through development of ultrafine-particle based high-refractive index coating agents

### NEW HARIMA 2026 Targets

- Refine basic research on pine chemicals and crude tall oil distillation technology
- Develop technologies and create markets for additives to improve rubber functionality
- Enter new markets for alternatives to petrochemicals
- Develop technologies for eco-friendly water-based and solvent-free resins
- Eliminate unprofitable products and businesses

### Performance During NEW HARIMA 2026 Period (FY2024 Results)

	INPUT	OUTPUT	OUTCOME
Capital expenditure	380 million yen	Production output 17.8 billion yen	(- 5.8%YOY)
R&D expenses	Resins and Tall Oil Products 273 million yen	Net sales 21.0 billion yen	(- 1.6%YOY)
	Pine Chemicals 275 million yen	Operating income 410 million yen	(+94.5%YOY)
Employees	158	Began commercialization of myrcene (flavor and fragrance ingredient)	
Plants	Japan 5	Launched additives for rubber used in shock-absorbing dampers and conducted user evaluation surveys	
		Launched a new line of lithographic ink resins with high-printability	
		Developed and started sales expansion of eco-friendly, weak solvent-based and water-based paint resins for building facades	
		Reinforced production capacity of paint resins	
		Acquired ISCC certification* to improve value of tall oil products	

\* An international certification system for the implementation of sustainable and traceable supply chains, free from deforestation.



## Paper Chemicals

**Core products :**  
Paper strengthening agents  
Sizing Agents  
Coating Agents • Barrier Coatings, etc.



**Ken Uragami**※

Operating Officer  
Paper Chemicals Company President  
Sales Director

※Paper Chemicals Business Company President effective January 1, 2026

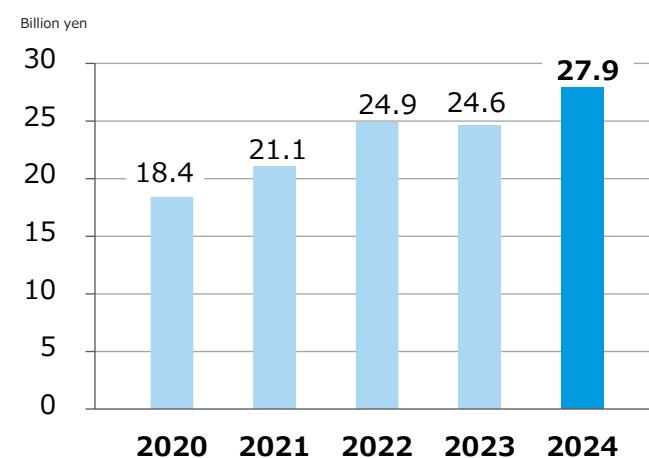
### Business Description

The Paper Chemicals business operates in Japan, China and the U.S., and its main products include paper strengthening agents that add strength to paper such as corrugated cardboard, sizing agents that improve water resistance and printability while preventing ink bleed, and other chemicals used in paper manufacturing processes such as surface coating agents.

Paper strengthening agents play a vital role in environmental protection by enhancing the strength and quality of recycled paper and a multitude of paper options employed in lieu of single-use plastics and therefore demand is expected to grow. Harima developed the world's first high molecular weight, amphoteric polyacrylamide (PAM)-based paper strengthening agent to be certified by all 3 of the world's leading regulators as an indirect food additive. Core strengths of the Paper Chemicals business include a host of technologies developed in Japan over the years, the R&D we conduct overseas, as well as our agility to respond to the needs of customers worldwide.

### Performance

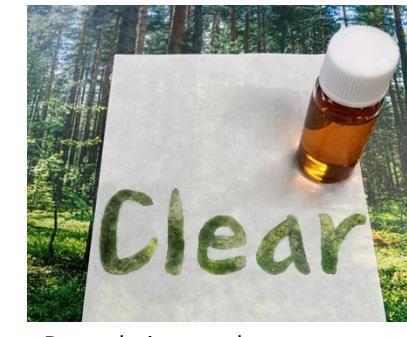
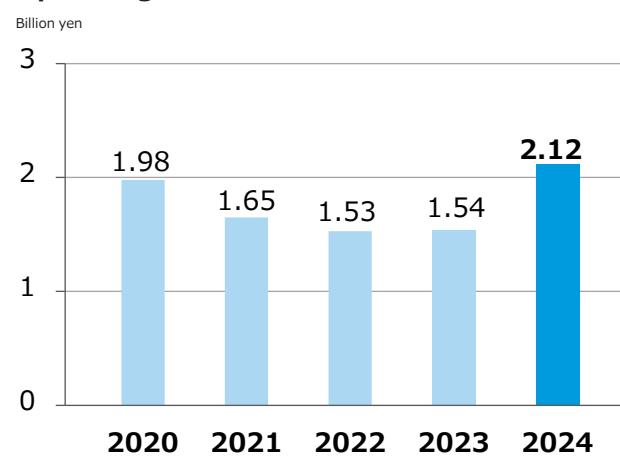
#### Net sales



#### Topics

With growing global interest for more ecological products and technologies, plastic materials are gradually being substituted with paper alternatives. The packaging sector is also seeing an increase in biomass-based materials, from among which trees present the additional advantage of having absorbed carbon dioxide during their lifecycle and are also renewable, which makes them truly sustainable. Amid these trends, to promote the use of paper, the Paper Chemicals business has developed barrier coating agents, which make paper water and oil-resistant, heat sealing agents, which enable sealing by heating, and transparentizing agents, which make paper transparent. All of these products are made from biomass-based materials and are suitable for packaging, including food. They are expected to help reduce environmental impact and contribute to the realization of a sustainable society.

#### Operating income



Paper being made transparent with transparentizing agents

### Review of FY2024

Net sales were 27,924 million yen, an increase of 3,297 million yen (13.4%) year on year, owing to the growth of the North America and China businesses. In line with the increase in net sales, operating income was 2,123 million yen, an increase of 574 million yen (37.1%) year on year.

### Forecast of FY2025

Net sales are expected to increase from the previous fiscal year due to the acquisition of new customers in the U.S., and lower net sales in China due to a decrease in sales volume and cuts in sales prices as a result of aggressive discounting by other companies. Operating income is also expected to increase from the previous fiscal year in line with the increase in net sales.

### Tapping Into Growth Opportunities

We aim to expand business and strengthen supply chain operations in North America, China and Southeast Asia, in addition to meeting the growing demand in Japan for paper packaging materials, deriving from the ease of pandemic restrictions, and new regulations that promote better ways for plastic resource circulation. We will also expand lineup of products for food packaging applications, with a view to accommodating market shifts from plastic to paper products and contributing to the realization of a sustainable society.

### Responding to Risks

We consider the market's maturity and subsequent long-term shrinkage a risk for our domestic business, to which we are reconfiguring operations and streamlining production systems. Meanwhile, we plan to expand overseas business by capturing growth markets for such products as corrugated cardboard and coating agents used in a multitude of paper applications employed in lieu of single-use plastics.

### Social Issues to Be Addressed

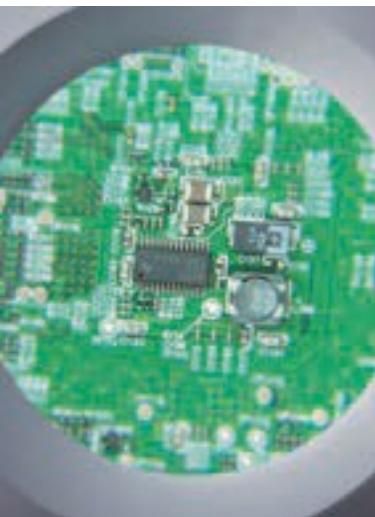
- Environmental value creation
  - Reduction of petrochemicals and plastics
  - Higher percentage of recycled waste paper
  - Paper production fluctuation by region

### NEW HARIMA 2026 Targets

- Allocate resources to growth areas and expand into new markets with newly developed products
- Expand market for agents certified as indirect food additives through development of and market creation for functional coating agents that help reduce plastics
- Accelerate business expansion in North America, China and South Asia
- Strengthen supply chain operations and support flexible distribution

### Performance During NEW HARIMA 2026 Period (FY2024 Results)

	INPUT	OUTPUT	OUTCOME
Capital expenditure	3,150 million yen	Production output 25.6 billion yen (+12.9%YOY)	Expand lineup of products that contribute to the reduction of petrochemicals and plastics
R&D expenses	845 million yen	Net sales 27.9 billion yen (+13.4%YOY)	Promote products that contribute to increasing the percentage of recycled waste paper
Employees	268	Operating income 2,123 million yen (+37.1%YOY)	
Plants	Japan 4	Responded to growing market competition by expanding product lineup, increasing sales and improving profitability through supply chain reconfiguration	
	North America 1	Expanded lineup of products compliant with regulations for indirect food additives in U.S., Germany, and China	
	China 3	Acquired all shares of China-based subsidiary, Hangzhou Hanghua Harima Chemicals Co., Ltd.	
		Reinforced production capacity of sizing agents in North America	



## Electronic Materials

**Core products :**  
Solder materials  
Resins for semiconductor resists  
Brazing materials for heat exchangers, etc.



**Seishi Kumamoto**

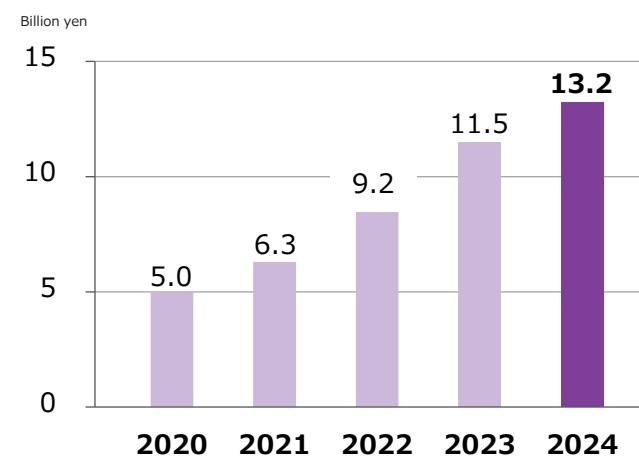
Senior Operating Officer  
Electronic Materials Company President

### Business Description

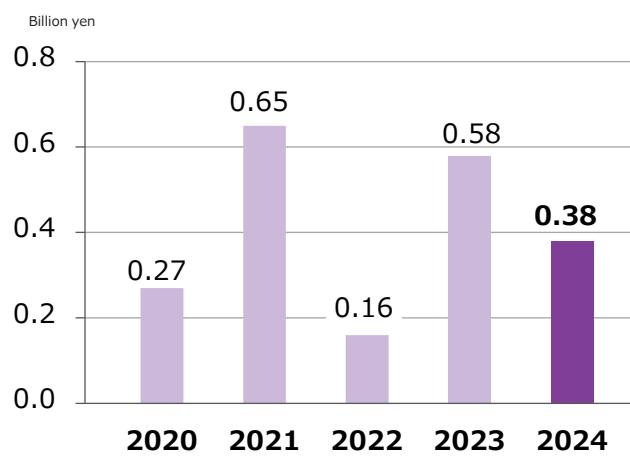
The core products of the Electronic Materials business are solder materials, resins for semiconductor resists, and brazing materials for heat exchangers. Solder materials are used to bond electronic parts. Our rich lineup includes high-durability solder pastes for cars and eco-friendly lead-free solder pastes. Although our main customers have long been automobile component manufacturers in Japan, the acquisition of Henkel's solder materials business in June 2022 has accelerated expansion into the global market. In addition, resins for semiconductor resists, which apply resin synthesis and interface control technologies, and brazing materials, which employ a combination of metal-joining and resin synthesis technologies for devices with heat exchangers, are the sources of our competitiveness in the electronics sector.

### Performance

#### Net sales

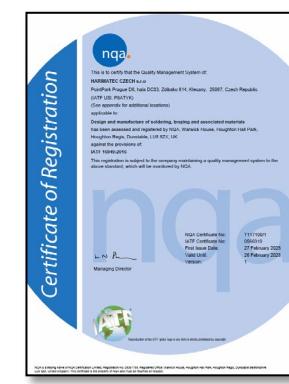


#### Operating income



#### Topics

The Electronic Materials business operates from five overseas locations (four production bases in the U.S., Malaysia, the Czech Republic and China, and one research base in the United Kingdom) and is actively promoting global expansion. While production and sales are on the rise owing to the acquisition of Henkel's solder materials business, work to expand facilities at our plant in the Czech Republic is underway to accommodate customer needs in Europe. The expanded plant is scheduled to begin full-scale operation in the second half of 2026. Further, at our production bases outside Japan, we have obtained certification under IATF 16949, a quality management standard for the automotive industry, and established a global quality assurance system.



IATF 16949 certification

#### Review of FY2024

Net sales were 13,299 million yen, an increase of 1,713 million yen (14.8%) year on year. Operating income was 382 million yen, a decrease of 199 million yen (34.3%) from the previous fiscal year. This was mainly due to soaring costs of solder materials overseas, as well as increases in personnel expenses and facility relocation expenses associated with the enlargement of the solder materials business.

#### Forecast of FY2025

Net sales are expected to be on a par with the previous fiscal year, with strong sales of resins for semiconductor resists and brazing materials for heat exchangers offset by a decrease in sales of solder materials due to the decline in automobile production volume in Europe and the U.S. Operating income is also expected to be similar with the previous fiscal year owing to increased sales and cost reductions resulting from productivity improvements.

#### Tapping Into Growth Opportunities

We are working to further expand business by leveraging the customer base, manufacturing base, and technological capabilities from the acquisition of Henkel's solder materials business, and by maximizing the synergies that they create. We are also focusing on strengthening our production systems to respond to the growing demand of resins for semiconductor resists.

#### Responding to Risks

In addition to the decline in automobile production volume and the soaring prices of raw materials, we also recognize the impact of reciprocal tariff measures imposed by the U.S. as a business risk. In such an environment, we are working to steadily enhance our business portfolio, including increasing sales of resins for semiconductor resists, for which demand is expected to rise. At the same time, we are proactively working to enlarge production capacity to ensure stable supply, as well as expanding sales of highly profitable products.

#### Social Issues to Be Addressed

- Contributing to the realization of a mobility society through such technologies as CASE
- Contributing to the realization of a decarbonized society  
Developing technologies and expanding markets for products that promote carbon neutrality

#### NEW HARIMA 2026 Targets

- Consolidate the solder materials business acquired from Henkel and create synergies with existing businesses
- Reinforce production system and develop new products to meet growing demand of resins for semiconductor resists
- Expand markets of eco-friendly brazing materials for heat exchangers

#### Performance During NEW HARIMA 2026 Period (FY2024 Results)

	INPUT	OUTPUT		OUTCOME
Capital expenditure	242 million yen	Production output	10.4 billion yen	(+36.9%YOY)
R&D expenses	447 million yen	Net sales	13.2 billion yen	(+14.8%YOY)
Employees	279	Operating income	382 million yen	(-34.3%YOY)
				Increased market share in growth markets, completed acquisition of IATF 16949, developed new products and boosted product strengths by integrating and innovating proprietary technologies
Plants	Japan 2			Reinforced production capacity of resins for semiconductor resists to meet growing demand
	North America 1			Promoted overseas expansion of aluminum brazing materials for automobiles and developed stainless steel brazing materials for water heaters
	Europe 1			
	China 1			
	Asia 1			



## LAWTER

**Core products :**  
Adhesive resins  
Printing ink resins, etc.



**Mikio Katayama**

Senior Operating Officer  
LAWTER, Co-CEO\*  
Oceania, South America, Asia,  
SunPine



**Kazunari Sakai**

Operating Officer  
LAWTER, Co-CEO\*  
Europe, North America

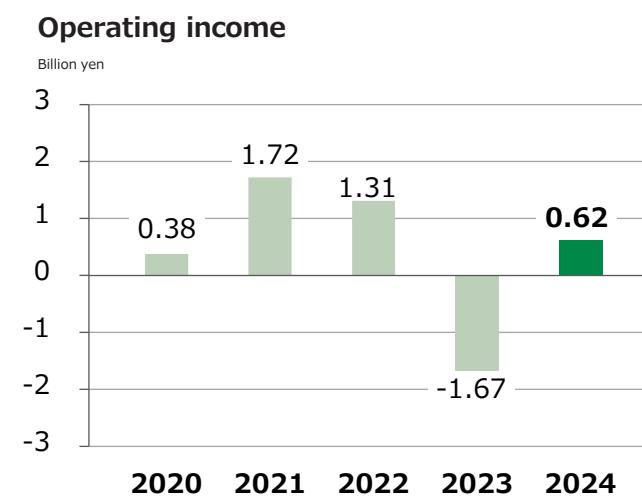
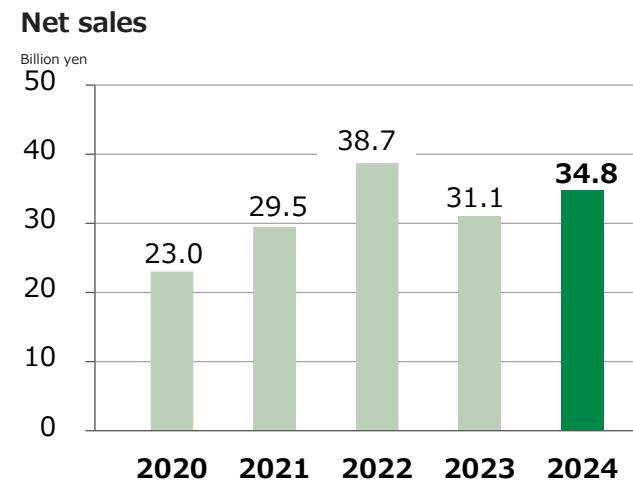
\*Changed to a co-CEO system from September 8, 2025.

### Business Description

LAWTER primarily engages in the pine chemicals business with operations in seven countries around the world. Core products include adhesive resins, printing ink resins, paint resins for road marking, synthetic rubber emulsifiers and flavor and fragrance ingredients. The water-based tackifier resin series Snowtack™ in particular, holds top share in the global market, and is used for labels and stickers, and more recently for industrial tapes.

In response to the growing demand for alternatives to petrochemicals, we offer a large number of sustainable products made from plant resources such as rosin-derived water-based flexographic ink resin series Snowpack™. With rosin production bases located in South America, Oceania and Europe, a high rate of our raw materials are procured in-house.

### Performance



#### Topics

In the pursuit of a decarbonized society, progress is being made in the shift toward alternatives to petrochemicals. In response to this trend, LAWTER is working to develop sustainable products using rosin and other pine-derived materials.

In the building materials sector, particularly in the European market, the shift toward alternative materials is progressing, and LAWTER's rosin esters have begun to be adopted for use with adhesives for carpet tiles. In foam material applications for use in furniture, car seats and building insulation materials, mass production trials are underway for the adoption of PINE-POL™, a pine-derived polyol, primarily among customers in Europe and the U.S. In the future, we will strive to further promote the market penetration of these products and contribute to solving social issues through sustainable materials.



#### Review of FY2024

Net sales were 34,852 million yen, an increase of 3,671 million yen (11.8%) year on year. Operating income was 622 million yen (compared to an operating loss of 1,675 million yen in the previous fiscal year) owing to an increase in sales volume, lower raw materials prices, and efforts to reduce expenses.

#### Forecast of FY2025

Net sales are expected to increase year on year due to an increase in sales volume in the field of resins for adhesives. Operating income is expected to fall from the previous fiscal year due to an increase in production costs, including the costs of raw materials and fuel.

#### Tapping Into Growth Opportunities

We are expanding share in the growing market of adhesive resins, as well as conducting R&D for the innovation of sustainable products.

#### Responding to Risks

We consider high raw material prices and the global shrinkage of demand as risks for our business. We are promoting diversification of procurement methods by utilizing various supply chains, as well as conducting R&D for alternative products.

#### Social Issues to Be Addressed

- Co-creation of environmental and social values towards the realization of a sustainable society

#### NEW HARIMA 2026 Targets

- Further expand share in the growing market of adhesive resins
- Enter new markets for alternatives to petrochemicals
- Conduct R&D of sustainable products and manufacturing methods

#### Performance During NEW HARIMA 2026 Period (FY2024 Results)

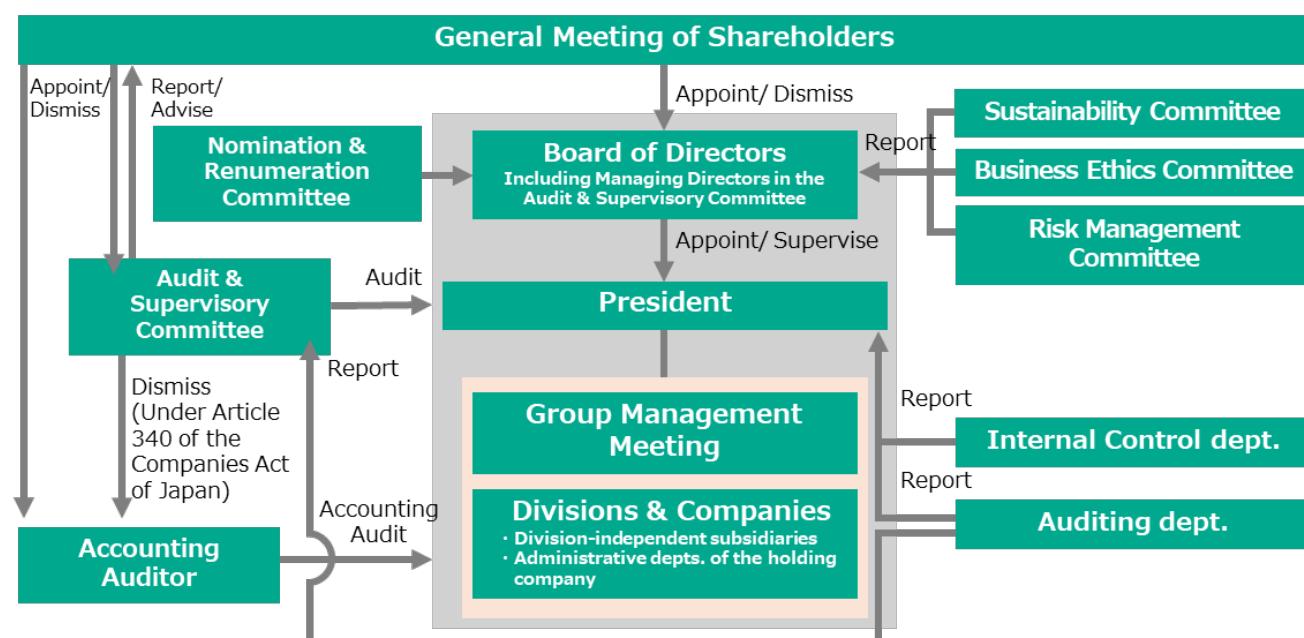
	INPUT	OUTPUT	OUTCOME
Capital expenditure	1,597 million yen	Production output 54.0 billion yen (+16.4%YOY)	Promote products with high environmental value that contribute to decarbonization, energy saving, etc.
R&D expenses	690 million yen	Net sales 34.8 billion yen (+11.8%YOY)	
Employees	570	Operating income 622 million yen (---%YOY)	Maintained large market share of water-based tackifier resins
Plants	North America 1 South America 1 Europe 2 Asia 3 China 1 Oceania 1	Expanded application of tackifier resins to the industrial tapes market Developed high-concentration water-based tackifier resins, developed and prepared for mass production of tackifier resins for no-heat UV adhesives Our UV-curable printing ink resins adopted by leading printing ink manufacturers to meet growing demand for related inks triggered by digitalization and small-batch printing Introduced and commercialized plant-based inks, coating agents and water-based flexographic ink resins that contribute to reducing GHG emissions Optimized administrative operations (including HQ relocation), reviewed and improved production process efficiency	Developed high-concentration water-based tackifier resins, developed and prepared for mass production of tackifier resins for no-heat UV adhesives Our UV-curable printing ink resins adopted by leading printing ink manufacturers to meet growing demand for related inks triggered by digitalization and small-batch printing Introduced and commercialized plant-based inks, coating agents and water-based flexographic ink resins that contribute to reducing GHG emissions Optimized administrative operations (including HQ relocation), reviewed and improved production process efficiency

# Corporate Governance

## Basic Approach to Corporate Governance

The Company's basic approach to corporate governance is to continuously increase its corporate value for its stakeholders, including shareholders, customers, employees, business partners, and local communities, through sound corporate activities. Based on this basic policy and in order to make swift and decisive judgments and increase the transparency and rationality of management, we strive to enhance the activities of the Board of Directors, the Audit & Supervisory Committee, and the Auditing department, and develop internal control systems.

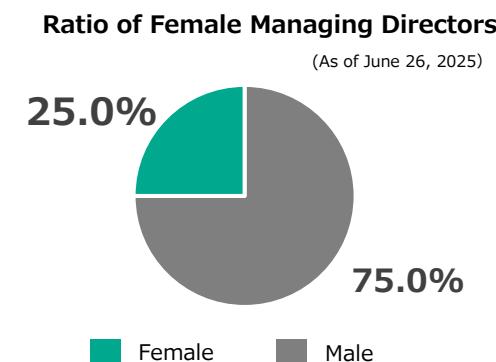
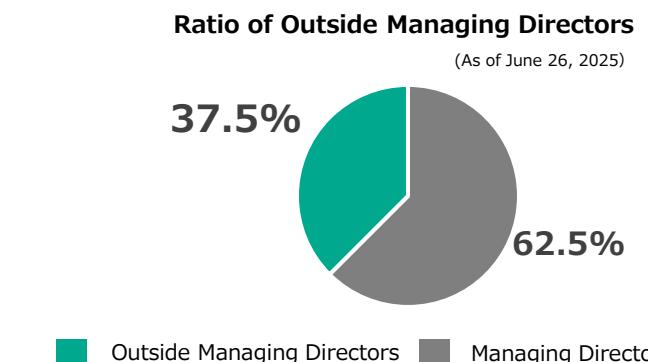
The Sustainability Committee was established in June 2025 as an initiative to strengthen governance. This committee presents proposals and reports to the Board of Directors on important management issues related to the promotion of sustainability.



## Effectiveness of the Board of Directors

The Board of Directors is chaired by President Yoshihiro Hasegawa. As of June 26, 2025, the Board has consisted of eight Managing Directors. Four of the Managing Directors are also Audit & Supervisory Committee Members—three Outside Managing Directors and one internal Managing Director.

The composition of the Board of Directors was revised at the Annual General Meeting of Shareholders held in June 2025. As a result, while there were previously nine Managing Directors, including three Outside Managing Directors (ratio of Outside Managing Directors: 33.3%), with one female Managing Director (ratio of female Managing Directors: 11.1%), the total number of Managing Directors was changed to eight, including three Outside Managing Directors (37.5%). With the election of Ms. Kano, there are now two female Managing Directors (25.0%). We are working to further promote diversity and strengthen the governance structure.



In addition to the regular monthly Board meeting, the Company holds irregular Board meetings as needed, and all important management matters stipulated in laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors are brought up for discussion.

The Company has introduced an Operating Officer system. Under a management structure comprised of eight Managing Directors and 17 Operating Officers (two of whom concurrently serve as Managing Directors)\*, we have segregated the functions of the Board of Directors, namely, creating management strategies, making decisions, and supervising the execution of business, from the function of Operating Officers, that is, execution of business, to establish a system that allows us to respond to changes in the business environment efficiently and swiftly.

Furthermore, pursuant to Article 399-13, Paragraph 6 of the Companies Act of Japan, we are now able to delegate all or part of the decisions on the execution of important business to Managing Directors by a resolution of the Board of Directors, so that we can execute our business more flexibly than before.

The Articles of Incorporation of the Company stipulate that the number of Managing Directors of the Company (excluding Managing Directors serving as Audit & Supervisory Committee Members) shall be nine or less, and in addition to that, the number of Managing Directors serving as Audit & Supervisory Committee Members shall be five or less.

\*There have been changes in the appointment of Eiketsu Ro effective January 1, 2026. As a result, the number of Operating Officers and Operating Officers who concurrently serve as Managing Directors will decrease. Former data: 18 Operating Officers (three of whom concurrently serve as Managing Directors) New data: As written in "Effectiveness of the Board of Directors"

## Internal Control Activities

The Internal Control department, overseen by a Managing Director, is responsible for monitoring the Company's enforcement of compliance, risk management, and status of compliance with the Harima Global Business Code of Conduct. To ensure the effectiveness of this monitoring, it collects and inspects monthly internal control reports submitted by divisions and companies, administrative departments of the holding company, and domestic and overseas subsidiaries, and holds internal control meetings regularly (bimonthly).

## Policy on Executive Remuneration

The Company's basic policy is to determine remuneration for individual Managing Directors within the limit of the total remuneration amount approved at a General Meeting of Shareholders, taking into account their position, degree of contribution to the operating results of the Company, and generally accepted standards.

When determining the details of remuneration for individual Managing Directors, the Nomination & Remuneration Committee, a voluntary advisory body, performs a multifaceted examination of the draft proposal for the fiscal year, including consistency with the Determination Policy. The Board of Directors respects its report, and makes a final decision after confirming that it is in line with the Determination Policy.

## Process for Electing Managing Directors, CEO Succession Planning and Its Determination

The Articles of Incorporation of the Company stipulate that a resolution to elect Managing Directors shall be made by a majority of the voting rights of shareholders present at a General Meeting of Shareholders where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that such resolution shall not be by cumulative voting.

In electing Outside Managing Directors, we have appointed those who are unlikely to have conflicts of interest with general shareholders, with reference to the Independent Directors/Auditors systems stipulated by the Tokyo Stock Exchange.

At present, we have not formulated a specific succession plan for the CEO, etc. in consultation with the Board of Directors, however, we recognize that succession planning is a relevant management issue. We will consider it as appropriate, taking into account the future situation of the Company and the environment, also by utilizing the Nomination and Remuneration Committee, which was established as a voluntary advisory body to the Board of Directors in April 2020.

## Approach to Independence of Outside Officers

The Company has three Outside Managing Directors. After examining the attributes of the independent Officers, etc., we have determined that there is no risk of conflicts of interest with general shareholders and thus have appointed them as independent Officers. They do not hold any shares of the Company. We have registered them as independent Officers with the Tokyo Stock Exchange.

## Managing Directors (As of January 1, 2026)

	Position · Name	Gender	Expertise and Experience (skills matrix)					
			Corporate Management	Financial/Accounting	Legal	Internationality	R&D and manufacturing	ESG
Managing Directors	President <b>Yoshihiro Hasegawa</b>	Male	●			●	●	
	Senior Executive Managing Director Senior Managing Executive Officer R&D Company President <b>Ichiro Taninaka</b>	Male	●			●	●	
	Executive Managing Director Managing Executive Officer Chairman, LAWTER B.V. Corporate Planning Director <b>Shunichiro Taoka</b>	Male	●	●		●		●
	Executive Managing Director <b>Eiketsu Ro*</b>	Male	●			●	●	
	Managing Director Serving as Audit & Supervisory Committee Member <b>Akio Kawabata</b>	Male					●	●
Outside Managing Directors	Managing Director Serving as Audit & Supervisory Committee Member <b>Tatsuya Michigami</b>	Male			●			
	Managing Director Serving as Audit & Supervisory Committee Member <b>Yuka Hayashi</b>	Female		●				
	Managing Director Serving as Audit & Supervisory Committee Member <b>Junko Kano</b>	Female			●			●

\*Changes in the appointment of Eiketsu Ro effective January 1, 2026 were decided during the Harima Chemicals Group Board of Directors' Meeting of December 5, 2025.  
Former position: Executive Managing Director, Managing Executive Officer, Paper Chemicals Company President  
New position: As written in the "Board of Directors List"

## Compliance

## Basic Approach to Compliance

We have established the Harima Global Business Code of Conduct as a standard of behavior to be observed by all Group companies and their executives and employees in implementing business activities under our corporate philosophy. All Group companies and their executives and employees (including non-fulltime employees) understand the spirit of this Code of Conduct, and will fulfill their social responsibilities with high ethical standards toward the creation of a sustainable society while respecting human rights and complying with relevant laws and regulations of each country and international rules.

This Code of Conduct does not cover all situations of our corporate activities or all laws and regulations in each country. Therefore, it can be complemented by establishing additional codes of conduct, policies, etc. in each country or region, based on and not conflicting with this Code of Conduct.

Executives of all Group companies recognize that thorough compliance with this Code of Conduct is essential, and will strive to lead by example to ensure that all concerned parties are fully aware of compliance, and develop an internal system to ensure compliance. Furthermore, in the event of a violation of this Code of Conduct, executives themselves will take responsibility for resolving the problems, as well as investigate the causes, strive to make improvements, and prevent recurrence.

## Business Ethics Committee and Risk Management Committee

We have established the Harima Global Business Code of Conduct, which serves as the Company's common code of behavior, in implementing business activities that put into practice our corporate philosophy of "Utilizing the blessings of nature to enhance the quality of life".

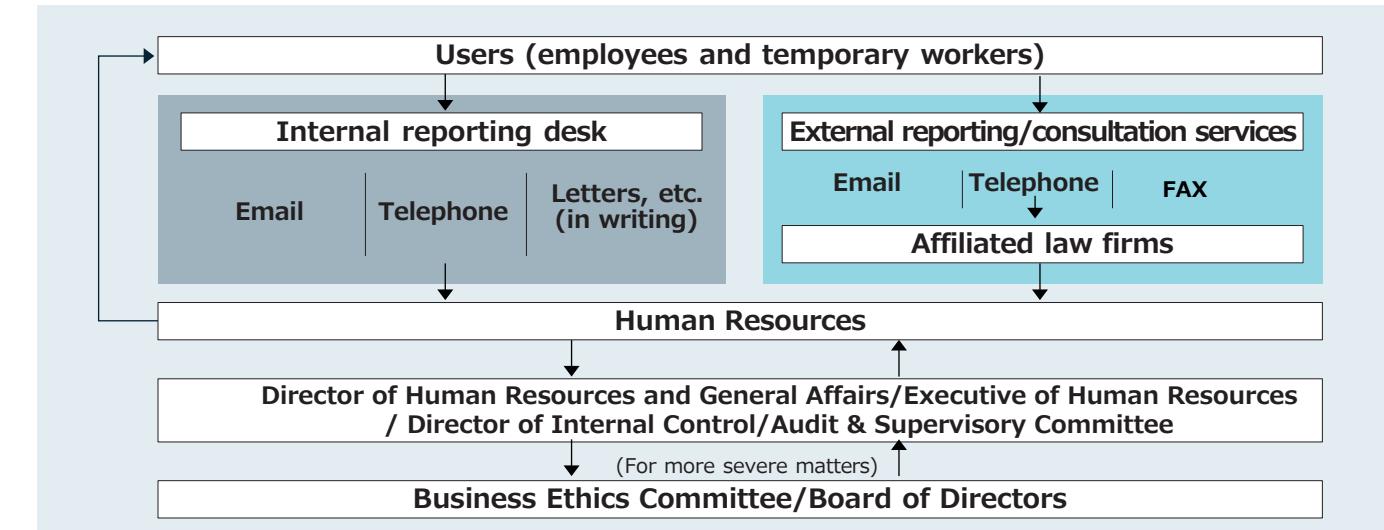
Observing the Harima Global Business Code of Conduct and ensuring thorough compliance are promoted by the Business Ethics Committee, which consists mainly of Managing Directors. Risks surrounding Harima Chemicals Group are reviewed and verified by the Risk Management Committee.

## Internal and External Compliance Reporting System

For the improvement of corporate ethics, we have distributed the Harima Global Business Code of Conduct and Business Code of Conduct Handbook to all employees and established internal reporting and consultation services. In addition to that, and in order to further strengthen the prevention of illegal acts in our corporate activities and ensure swift and appropriate responses in the event of the occurrence of such acts, we have established compliance reporting and consultation services outside the Company so that employees can directly report to or consult with external lawyers.

This internal and external reporting system is operated with the utmost consideration given to the privacy of those who consult with, in accordance with the Whistleblower Protection Act, and it is clearly stated in the Company's internal regulations that no disadvantages will be inflicted on them.

## Internal and External Compliance Reporting System



# Messages from Our Outside Managing Directors



**Tatsuya Michigami**

Managing Director Serving as Audit & Supervisory Committee Member (Outside)

- Nomination and Remuneration Committee Chair
- **Concurrent Positions**
- 1984 Registered as an attorney
- Opened Kitamon General Law Office

As a chemicals company, with many management executives from engineering backgrounds, I believe that we have a corporate culture of carefully examining and addressing a wide range of issues one by one.

While this may give the Outside Managing Directors a sense of reassurance that the company is unlikely to make intentionally deviant decisions, there is also some concern that the company's overly cautious approach may result in a lack of speed in addressing new challenges and adverse circumstances.

It is likely that the leadership and swift decision-making of the President, who comes from the company's founding family, compensates for this.

The Outside Managing Directors who are Audit & Supervisory Committee Members, including myself, recognize that it is our duty to speak up in Board meetings from the shareholders' perspective. Before doing so, we must assess whether or not the Board's decision-making is too slow, and conversely, when decisions are made swiftly, while respecting their management decisions, also examine the grounds for those decisions and the legal risks involved to determine their appropriateness.

To that end, I will continue to pay close attention to the day-to-day operations of the departments in charge, attend meetings of the Internal Control Committee, which aims to identify signs of risk at an early stage, and hold interviews with Executive Officers. With thorough monitoring, we will be able to hedge possible risks related to corporate value impairment.



**New appointment**

**Junko Kano**

Managing Director Serving as Audit & Supervisory Committee Member (Outside)

- **Concurrent Positions**
- 2007 Registered as an attorney
- Partner of Daiichi Legal Professional Corporation
- Outside Corporate Auditor of Kimura Kohki Co., Ltd.
- (Director Serving as an Audit & Supervisory Committee Member)

I have recently been appointed as Outside Managing Director and Audit & Supervisory Committee Member. In addition to the legal knowledge that I have cultivated as an attorney-at-law, I have developed a strong interest in ESG, particularly human capital and environmental initiatives, through my conversations with stakeholders. I am extremely keen to contribute to Harima's value creation.

Judging from the trajectory of the Company's business activities to date, I sense the company's strong determination to balance corporate growth with the resolution of social issues. For that determination to lead steadily to sustainable enhancement of corporate value, in my capacity as an Audit & Supervisory Committee Member, I intend to conduct thorough audit of business execution, together with constructive discussions about risks and opportunities in corporate strategy and business activities, taking into account the perspectives not only of the company but also of shareholders and other stakeholders.

For a company to grow and advance, fair and transparent governance is essential. Bringing a fresh perspective, I will contribute to the establishment of a more effective audit system and fulfill my duties in good faith so I can meet the expectations of shareholders and stakeholders.



**Yuka Hayashi**

Managing Director Serving as Audit & Supervisory Committee Member (Outside)

- Nomination and Remuneration Committee Member
- **Concurrent Positions**
- 1991 Registered as a certified public accountant
- Partner, Ernst & Young Shin Nihon LLC
- Representative, Hayashi Certified Public Accountant Office
- Managing Director and Vice President, Hayashi Management Consultant
- Outside Audit & Supervisory Board Member, Kansai Mirai Bank
- Outside Audit & Supervisory Board Member, Shimadzu Corporation

Under the mid-term plan, "NEW HARIMA 2026," we aim to achieve net sales of 110 billion yen, operating income of 7 billion yen, an operating income margin of 6.4%, and ROE of 10% by FY2026.

In FY2024, we realized net sales of 101 billion yen, operating income of 2 billion yen, an operating income margin of 2.1%, and ROE of 2.0%. Net sales exceeded 100 billion yen for the first time since the company was founded, and steady progress is being made toward achieving the mid-term plan. On the other hand, in terms of profits, although we have formulated strategies and are taking action to establish a superior position in the market, our operating income margin for FY2024 was 1.9% for the Resins and Tall Oil Products business, 7.6% for the Paper Chemicals business, 2.9% for the Electronic Materials business, and 1.8% for LAWTER. As such, most of our businesses are still a considerable way from achieving the targets.

There is just one and a half year left until FY2026. To achieve the targets of the mid-term plan, I believe that we need to adopt even swifter and more daring measures. Consideration of the product mix of low-profit businesses and LAWTER will require flexible and detailed strategies that are tailored to the economic environment of each region.

Furthermore, in view of the decline in the shareholders' equity ratio due to sustained investments, we also need to pay attention to cash allocation going forward.

As an Outside Managing Director, I hope to support Harima in the achievement of the mid-term plan by monitoring governance, as well as making proposals to the Board of Directors on management that is conscious of capital costs, for the enhancement of corporate value.



**New appointment**

**Akio Kawabata**

Managing Director Serving as Audit & Supervisory Committee Member

- 1983 Joined the Company
- 2002 Team Leader, Team 2, Central Research Laboratory
- 2009 Manager, Resins & Tall Oil Products Business Planning Section
- 2015 Director, Internal Control
- 2019 Director, Auditing

Since joining Harima, I have worked in research and development, planning, and currently in auditing and internal control at the Osaka head office. I recognize that, while leveraging these experiences, I work in close collaboration with our Outside Managing Directors to identify issues within the business execution departments and make recommendations toward their resolution in a timely manner, thereby contributing to the realization of sound and sustainable corporate management.

The targets of the mid-term plan indicate net sales of 110 billion yen and ROE of 10% in FY2026. To improve ROE, I believe it is essential to monitor progress and audit operations to provide advice on how to achieve the plan. This includes verifying the status of upfront investments such as business acquisitions, profitability improvement in existing fields, and measures that address less profitable divisions. In terms of monitoring, I will continue to attend the Management Meetings of our core divisions and make proposals as necessary. I will also share information, including that obtained by attending other relevant meetings and inspecting minutes, etc. with our Outside Managing Directors. In addition, through audits of operations in cooperation with the Auditing department, I will gain better understanding of the management conditions and governance systems at our various locations in and outside Japan, and share the acquired information with our Outside Managing Directors. In so doing, I will strive to facilitate lively discussions at Board of Directors' meetings and other important meetings for the achievement of the mid-term plan.

# Environmental Protection

In light of our corporate philosophy, "Utilizing nature's blessings to enhance the quality of life", we are committed to actively contributing to the realization of a circular society, through provision of indispensable pine chemical products developed using natural and renewable resources.

## Initiatives for Environmental Conservation

### Basic Approach to the Environment

We are actively working to prevent environmental pollution and reduce environmental impact, and are promoting environmental management throughout the Company.

#### Harima Chemicals Group Environmental Policy (Revised on September 4, 2017)

In light of our corporate philosophy "Utilizing the blessings of nature to enhance the quality of life", we urge our employees to actively and continuously promote environmental conservation according to the Environmental Policy.

- With an awareness that the pine chemical business makes effective use of renewable natural resources, we strive to develop environmentally friendly products that take into account their life cycle from production to use and disposal.
- We comply with related laws and regulations, agreements, and other requirements agreed by each Group company, relating to our business activities, products, and services and work to prevent environmental pollution and accidents.
- We established environmental targets and aim to continuously improve our environmental performance and environmental management system.
  - ① Reduction of environmental impact (energy, waste, environmental pollution/air and water quality)
  - ② Appropriate management of hazardous chemicals
  - ③ Conservation and management of greenery
- Through environmental education and awareness-raising activities, we ensure that environmental management is thoroughly disseminated, and all of those who work at Harima Chemicals Group will act in an environmentally conscious manner both internally and externally.
- Recognizing that biodiversity is an important foundation for a sustainable circular society, we conduct business activities in harmony with society and nature, taking into consideration natural ecosystems.
- This environmental policy is disclosed to stakeholders including related companies and local residents, as well as to the general public.

## Environmental Management System



In order to promote environmental management and to thoroughly conduct environmental management activities, we established the Harima Chemicals Group Environmental Committee that oversees the entire Company and environmental committees at each site.

#### Harima Chemicals Group Environmental Committee :

Deliberates on and determines the Company's environmental policy, targets and plans, and manages their progress.

#### Environmental Committee at Each Site :

Based on the matters determined by the Harima Chemicals Group Environmental Committee, develops activities suited to the environment at each location.

#### Committees and projects

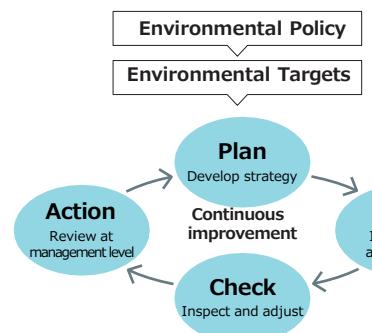
- Harima Chemicals Group Energy Conservation Committee
- Improvement proposals

## Environmental Management System

In accordance with our Environmental Policy and ISO 14001, the international standard for environmental management systems, each division and department sets targets for the fiscal year and conducts activities that reduce environmental impact and preserve the environment.

### Operations

We strive to continuously improve the environmental management system and reduce environmental impact by implementing the PDCA cycle based on our Environmental Policy and Targets.



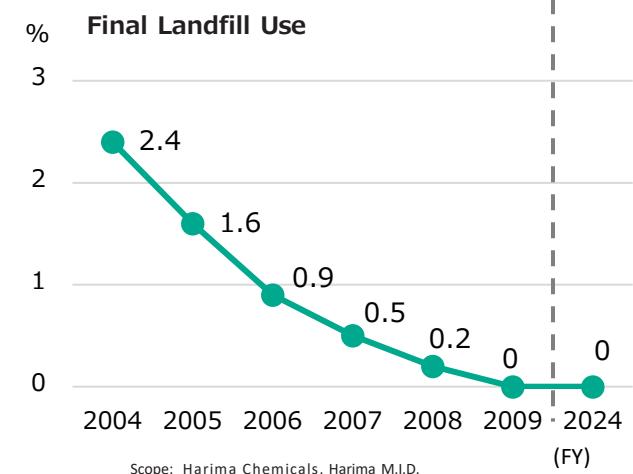
### Internal Environment Audit

Inspection is conducted with a focus on whether the measures to achieve targets and plans are clearly defined and verified, whether risk identification and compliance assessments/procedures of relevant laws and regulations are appropriate, and whether action has been taken to improve issues pointed out at previous internal and external audits, if any.

## Zero-Emissions

Landfill use is a less-visible aspect of emission that only occurs at the very end of a product's life cycle. In the past, landfill disposal rates were over 2%, mostly composed of residue from biomass combustion that contain high levels of Na and K. In FY2005, we started recycling the residue by using it for cement, gradually shifting landfill use to less than 1% in FY2006.

The rate was further reduced to zero in FY2011 when we established means to recycle waste glass, accomplishing the zero-emission level we maintain to this day.



\* Zero-emissions: The idea of creating integrated industrial systems in which waste products of one industry/sector become value-added inputs for another, coined by the United Nations University. We aim to maintain the "ratio of landfill disposal to the total volume of waste generated at our sites" at 1% or less.

# Environmental Protection

## Initiatives for Climate Action

### Basic Approach to Climate Action

While energy use is now an indispensable part of everyday life, we continue to explore energy sources that can successfully replace fossil fuels such as oil, coal and natural gas. Renewable energy is instrumental in achieving this goal, as it derives from natural sources that are constantly replenished and can be used stably and sustainably. Having worked closely with nature ever since our founding, we are committed to making efficient use of renewable resources and reducing environmental impact.

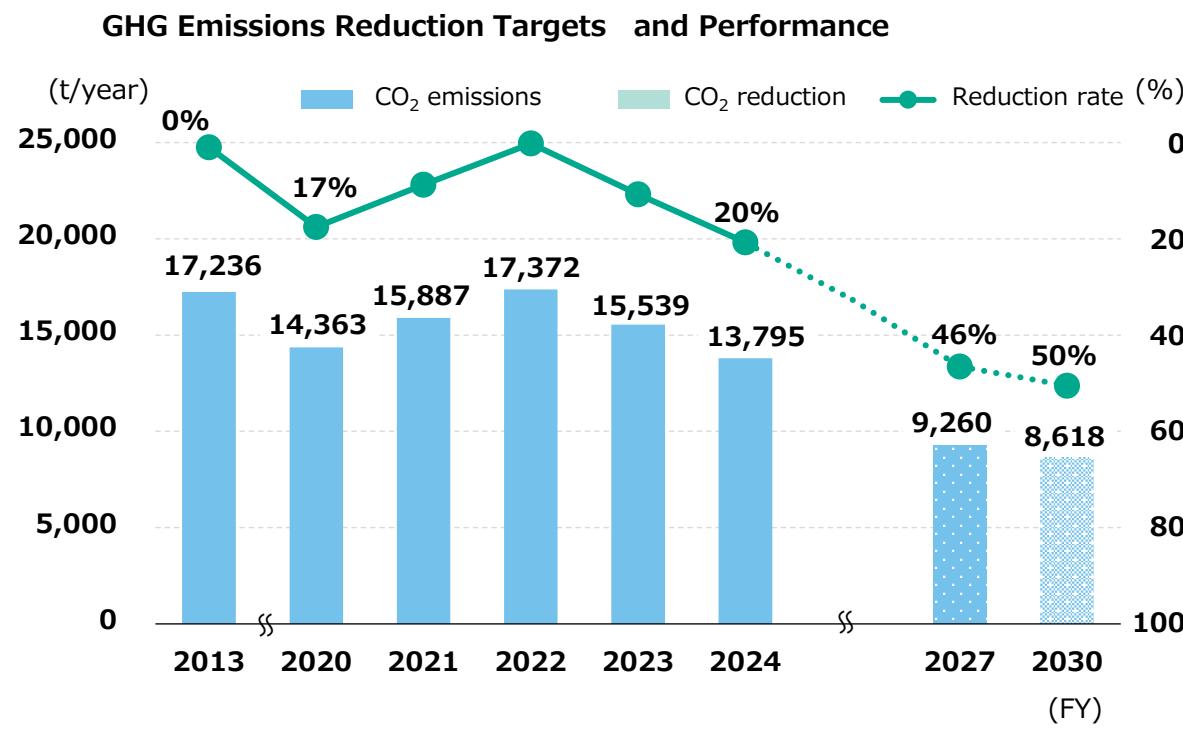
\* Renewable energy: energy derived from natural sources that are replenished at a higher rate than they are consumed, such as sunlight and wind; fossil fuels such as oil or coal are finite and not as sustainable.

### Greenhouse Gas (GHG) Emission Reduction Policy

In June 2021, we announced our GHG Emission Reduction Policy, which stipulates curbing GHG emissions by 46%, relative to FY2013 levels, by 2027, three years ahead of Japan's national target, and further aiming for a 50% reduction by 2030. Since then, we have been taking sustained action to achieve these targets.

From FY2021 onward, a reduction in biomass fuel used led to increases in fossil fuels such as heavy oil and in purchased electric power, resulting in higher CO<sub>2</sub> emissions.

On the other hand, thanks to steady progress made in various initiatives aimed at reducing greenhouse gas emissions, in FY2024, emissions decreased to a level below that of FY2020. Going forward, in addition to promoting energy conservation in line with facility upgrades, we will work to further reduce GHG emissions by transitioning to non-fossil fuels and making use of renewable energy.



## Initiatives for Reducing GHG Emissions

In 2003 we introduced a plan for more assertive GHG emissions reduction.

### Biomass Power Generation

Our biomass power plant at Kakogawa Site was approved by the Japanese Ministry of Economy, Trade and Industry in FY2003 as a green initiative for the future of energy production and was established in March 2005. The facility uses byproducts of CTO distillation, letting us utilize every bit of the raw material's value.

### Solar Power Generation

We established solar power generation facilities at Iho Site in Takasago city, Japan(2014) and LAWTER - Concordia, Argentina (2018). We also started our first floating solar power generation business on a reservoir located in the vicinity of Kakogawa Plant (2023).

### Introduction of Carbon-offset City Gas, and Emission Mitigation Programs

We started use of carbon-offset city gas at Kakogawa Plant, Harima M.I.D. in FY2022. We also introduced programs that pair utilization of electricity with non-fossil fuel energy certificates, to eliminate carbon dioxide emissions from electricity use.

### GHG Emissions in the Supply Chain

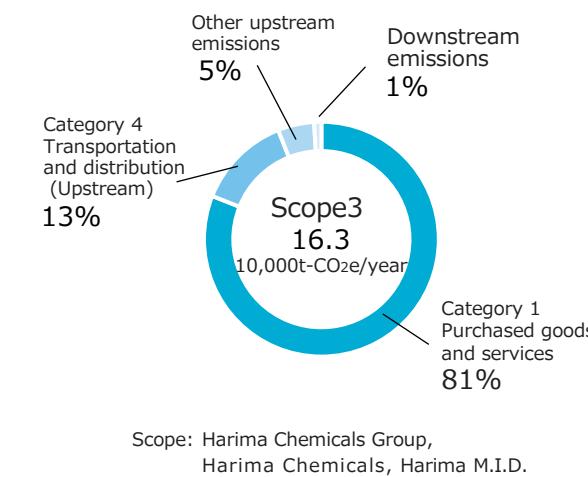
We assessed CO<sub>2</sub> emissions for 2024 from Harima Chemicals Group, Harima Chemicals and Harima M.I.D. We are currently undertaking the necessary verifications and adjustments to obtain limited assurance from an external certification organization.

Detailed review of data showed that from among the three scopes defined below, Scope 3 was responsible for more than 90% of emissions, of which Category 1 (Purchased goods and services) took up the most percentage.

We will continue refining calculation methods to further improve accuracy, and continue to reduce GHG emissions throughout the supply chain.

**CO<sub>2</sub> emissions (FY2024) \***

	Emissions (t)	Percentage (%)
Scope1	Direct emissions from fuel combustion	6.6
Scope2	Indirect emissions from purchased power	1.0
Scope3	Indirect emissions not included in Scope1 and 2	92.4
Total	176,396	100.0



## Information Disclosure Based on the TCFD Recommendations

### Climate Change Response

In global initiatives for decarbonization, laws and regulations, as well as raw fuel supply chains, may be subject to medium- to long-term effects from transition risks, physical risks, and new opportunities. Impacts associated with increasing severity of climate change are also anticipated. In response to such climate change scenarios, the Company analyzes risks and opportunities and is advancing disclosures on governance, strategy, and risk management.

# Human Capital Management

Working with Employees and Their Families	
Our employees are both important stakeholders and the company's greatest asset. With the recognition that their growth will lead to the development of the Company as a whole, we are working to create an environment where each and every employee can thrive and achieve self-fulfillment through their work.	
Personnel System for Human Resources Development	
Our personnel evaluation system is based on a planned human resources development system with career development program sheets (CDP sheets) and performance and value evaluations linked to such a system. Under this personnel evaluation system, employees can demonstrate their abilities to achieve organizational goals in the context of diversifying values, enhancing the driving force of corporate value creation.	

Education and Training Opportunities	
We conduct employee development, training and rigorous follow-up, aiming to create an environment in which employees can grow and work with a high sense of job satisfaction.	

## Achieving the Mid-term Plan Targets Towards Realizing Long-term Vision

Purpose		Develop competitive new products, improve technical capabilities			Increase engagement
		Strengthen development capabilities	Create new markets	Safe manufacturing	
Human resources development	Reskilling/recurrent education	Business concept	Manufacturing technology	Safe manufacturing	Organizational development
	Basic training	DX (MI, AI, IoT, BPR, etc.)			
Personnel system		Base skills (philosophy, norms, language, business/operational knowledge, etc.) Training by level, selective training, support for self-development, e-learning		Personnel evaluation system (degree of theme achievement × degree of value practice)	
		Career development program		Internal environment (benefits, safety net, consulting services, reporting system)	
Recruitment		Recruitment in a wide range of fields			

## Creating a Better, More Inclusive Working Environment

To enable our diverse personnel to demonstrate their capabilities, we are promoting measures that support flexible work styles tailored to changes in life stages and circumstances. We have adopted remote work, flexible work arrangements, childcare and nursing care leave, shorter work hours for employees with caregiving responsibilities, and other systems in our efforts to create a better working environment. We have also made adjustments so that retirees aged 60 or older, as well as employees with disabilities etc. can play an active role in the workplace.

### Promoting the Participation and Advancement of Women in the Workplace

As part of our initiatives to help diverse personnel to thrive, we are promoting women's participation and advancement in the workplace. In addition to creating a better-suited working environment, in recent years, we have broadened the scope of recruitment for career-track positions, while also promoting initiatives with an awareness of diversity in the promotion of candidates to management positions.

### Encouraging the Use of Childcare Leave

In addition to explaining the childcare leave scheme, we are working to increase its use by sharing the opinions of people with experience of the scheme in the company newsletter.

Indicator	Scope	FY2030	FY2024	FY2023	FY2022
		Targets	Results		
Ratio of female managers <sup>※</sup>	Consolidated	20%	16.0%	15.8%	14.8%
	Harima Chemicals Group	15%	13.5%	7.5%	6.5%
	Harima Chemicals	7%	0.0%	0.0%	0.0%
Percentage of male employees taking childcare leave	Harima Chemicals Group	100%	None	100%	None
	Harima Chemicals		90.9%	100%	100%
Percentage of female employees taking childcare leave	Harima Chemicals Group	100%	None	100%	100%
	Harima Chemicals		100%	None	100%

※Managers are employees who hold positions at the level of section manager and above (excluding officers).

### Career Development Training

In FY2023, we conducted training to support the career development of female employees. Training sessions on gender and diversity were also held for the participants' supervisors, and efforts were made to deepen understanding throughout the entire workplace. In FY2024, we conducted a career follow-up training program for female employees who had participated in the previous fiscal year's training program, to support their continued growth. Going forward, we plan to conduct training not only for women, but also for individuals of many different backgrounds.



### Obtained "Kurumin Certification" as a company that supports employees raising children

Harima Chemicals obtained "Kurumin Certification" in 2024 based on the following action plan:

General Business Operator Action Plan (April 1, 2024 - March 31, 2026)  

- Act on the Promotion of Women's Participation and Advancement in the Workplace
- Goal 1: Conduct at least three career follow-up training sessions for women
- Goal 2: Maintain the percentage of eligible male employees taking childcare leave at 50% or more
- Act on Advancement of Measures to Support Raising Next-Generation Children
- Goal 3: Create a brochure on childcare
- Goal 4: Create a guidebook on nursing care



### Health and Productivity Management

To create a vibrant organization, we have introduced a health management system to centrally manage data including health checkups and stress checks, visualize issues, and work to maintain and promote employees' health, thereby revitalizing the organization and improving productivity.

# Company Overview and Stock Information

(as of March 31, 2025)

## Company Overview

Company name	Harima Chemicals Group, Inc.
Founded	November 18, 1947
Representative	Yoshihiro Hasegawa, President
Capital stock	10,000 million yen
Listing	Tokyo Stock Exchange (Securities code: 4410)
Number of employees	(consolidated) 1,695

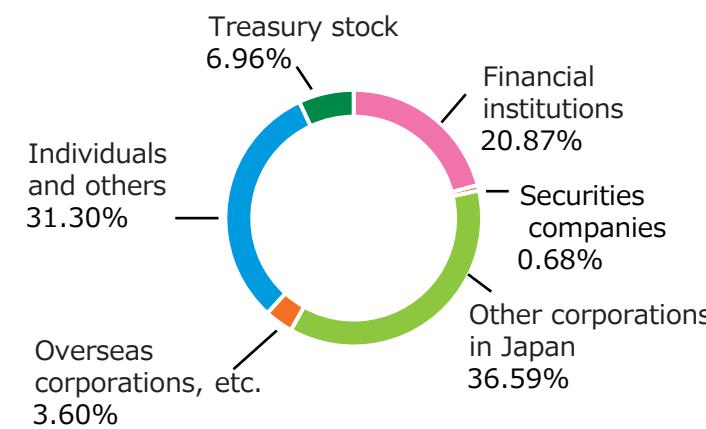
## Stock Information

Total number of authorized shares	59,500,000 shares
Total number of issued shares	26,080,396 shares
Total number of shareholders	10,717

## Top 10 Shareholders

Shareholder	Shareholding ratio (%)
Hasegawa Kosan, Inc.	12.00
Matsukawa, Inc.	12.00
The Master Trust Bank of Japan, Ltd. (Trust account)	7.76
Harima Chemicals Mutual Prosperity Association	5.86
Hyogo Prefectural Credit Federation of Agricultural Cooperatives	4.23
Shorai Foundation for Science and Technology	3.97
Shorai Ltd.	3.85
Sumitomo Mitsui Banking Corporation	3.68
Harima Chemicals Employee Stock Ownership Association	1.96
Custody Bank of Japan, Ltd. (Trust account)	1.84

## Composition of Shareholders



## Global Network

### Europe

<Czech Rep.>  
Harimatec Czech, s.r.o.

<UK>  
HARIMA UK LTD.

### Asia

<China>  
Harima Chemicals (Shanghai) Co., Ltd.

Harimatec Hangzhou Co., Ltd.

Hangzhou Hanghua Harima Chemicals Co., Ltd.

Dongguan Hanghua Harima Paper Chemicals Co., Ltd.

Shandong Hanghua Harima Chemicals Co., Ltd.

### Japan

Harima Chemicals Group, Inc.

Tokyo Head Office

Osaka Head Office

Harima Chemicals, Inc.

Tokyo Head Office

Osaka Head Office

Kakogawa Plant/  
Central Research Laboratory

Tsukuba Research Laboratory

Sendai Plant/Sales Office

Ibaraki Plant

Tokyo Plant

Fuji Plant/Sales Office

Shikoku Plant

Harima M.I.D., Inc.

Head Office

Kakogawa Plant

Harima Trading, Inc.

Head Office

Kakogawa Sales Office

Hotel Sakushu-Musashi/  
Sakushu-Musashi Country Club

Tsukuba Research Laboratory

Sendai Plant/Sales Office

Ibaraki Plant

Tokyo Plant

Fuji Plant/Sales Office

Shikoku Plant

### North America

<U.S.A.>  
Harima USA, Inc.

Harimatec Inc.

Plasmine Technology, Inc.

<Korea>  
LAWTER-Gunsan

<Malaysia>  
Harimatec Malaysia Sdn. Bhd.

<Taiwan>  
Harima Chemicals, Inc.  
Taipei Office

<India>  
LAWTER-India

Nippon Filler Metals, Ltd.

Head Office/Sekiyado Plant

Seven Rivers, Inc.

Head Office/Plant

Tokyo Branch

Harima Foods, Inc.

Osaka Head Office

Kakogawa Plant

Tokyo Sales Office

