

KUREHA CORPORATION Business Report 2022

Year ended March 31, 2022



KUREHA

<https://www.kureha.co.jp/>

KUREHA CORPORATION



Becoming an Excellent Company in Specialty Chemicals

In pursuit of “a great leap forward,” we at Kureha will continue to pursue our goal of being a company that creates the products which meet the needs of the times.



Editorial Policy

Thank you for reading the Kureha Business Report.

The purpose of this report is to share with stakeholders the current status of the Kureha Group and the direction in which it is headed.

Until fiscal 2020, the Business Report was prepared mainly as English materials to help overseas investor understand the Group, focusing on the contents of the Annual Securities Report. However, from fiscal 2021, we have decided to prepare this report simultaneously in Japanese and English in order to provide information to as many people as possible.

We have also changed the publication format from paper to PDF. Due to the impact of the spread of COVID-19, there are fewer opportunities for face-to-face delivery, and this change is intended to reach more people.

We hope that this Business Report will deepen your understanding of the Company and show its appeal.

Contents of the Report

Reporting Period

In principle, the reporting period is the same as the fiscal year (April 2021 to March 2022). However, some sections of this report may differ from the fiscal year.

Reference Guidelines

ISO 26000 Guide to Social Responsibility

Ministry of the Environment “Environmental Reporting Guidelines (2012 Edition)”

Ministry of the Environment “Environmental Accounting Guidelines (2005 Edition)”

Date of Issue

February 2023 (updated annually in principle)

Disclaimer

This report includes not only past and present facts about Kureha Corporation and group companies, but also forecasts of the future based on plans and outlooks at the time of publication and issuance. These forecasts are assumptions or judgments based on the information available at the time of writing and can be invalidated by unforeseen changes in conditions. In addition, some of the figures in the tables and graphs have been revised from previous years due to changes in the target range and revision of the calculation method. Thank you for your understanding.

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Information Disclosure

The Kureha Group mainly uses the following reporting tools and strives to disclose information systematically.

Kureha Business Report:
PDF (Japanese/English)
Kureha Report: Booklet/
PDF (Japanese)

This report presents the financial, management and overall business conditions of Kureha Corporation, with investors and shareholders as the primary readers.

Kureha website (CSR)

This website includes information on CSR activities, detailed performance data, and past reports.



Foster strength worthy of a company driven by innovation, develop differentiated products in the field of specialty chemicals and become a high value-added enterprise that will continuously contribute to society.



President & Chief Executive Officer
Yutaka Kobayashi

“Making Kureha Better” Was the Only thought That Drove Me Continuously for 10 Years

Ten years have passed since I was appointed President back in September 2012. Looking back over this period, my only recollection is how I ran through the years, only with the thought of making Kureha better. Kureha Group, which used to be weak in both profitability and finance, has now reached the stage where corporate management can be conducted stably. In the new medium- to long-term management plan to be announced in May 2023, we plan to create a new Kureha Group on an entirely different management stage, a complete departure from the previous 10 years.

The Group has built up solid capabilities in its history spanning more than 70 years. However, it was focused more on product-out, in other words, “if we make it, it should sell.” We were concentrating on new product development without conducting any basic market-in surveys, such as asking ourselves who the customers were, what were the cost of sales

and the sales price of our competitors, resulting in many loss making businesses. This was the state Kureha Group was in when I became president.

This being the case, I made every effort to return to the origin of a company driven by innovation. I aimed for “*Sampo-yoshi* (meaning good for three parties: the Company, the customer and society),” a sustainable management where Kureha Group can make profit and conduct its business soundly, by shifting the axis from product-out to market-in, to provide products that will benefit society and be appreciated by our customers, under the slogan of “Make it if it does not exist.”

We are still on route to the set goal, however Kureha Group has now made it to the start line in the last 10 years. Please keep an eye on the challenges to be made by Kureha Group as a company driven by innovation in the coming years.

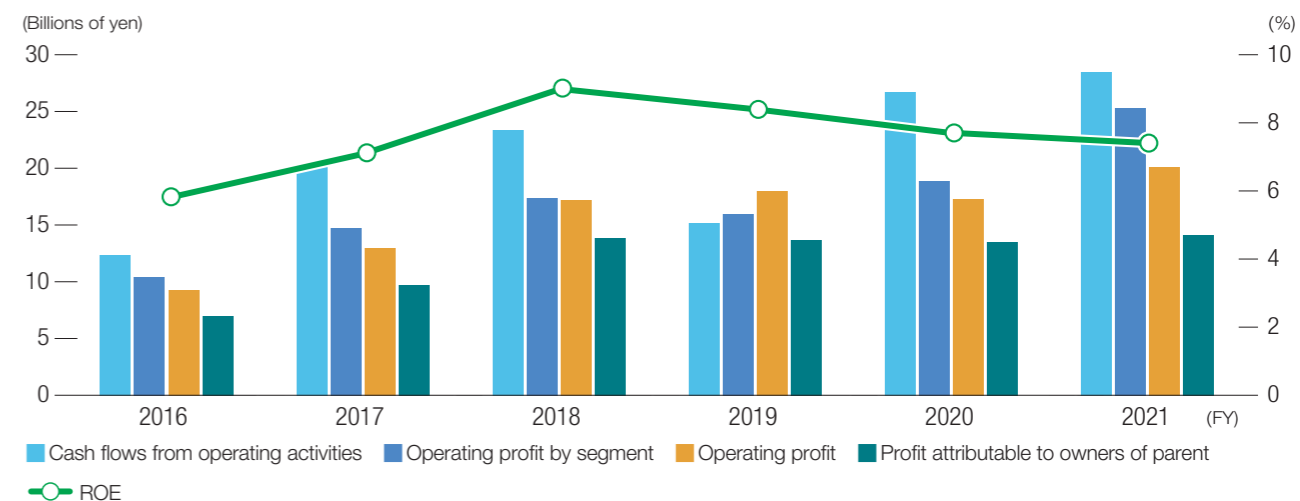
Fiscal 2021 Proved to Be a Fruitful Year

Steady Growth in Earnings Supported by a Favorable Turn in Business Environment

Earnings grew in fiscal 2021 supported by the favorable turn in the business environment. The largest contributor was

polyvinylidene fluoride (PVDF), an advanced product for Lithium-ion battery binders for the EV market, which is expanding globally. This is a product where our long-fostered technical prowess has been appreciated by our customers, showing our strength that is worthy of best practice for

Kureha's Challenge Performance Trends (FY2016 Onward)



Top Message

sustainability management of being “*Sampo-yosh*,” meaning good for the seller, good for the buyer, and good for society.

Furthermore, *New Kurewrap* from the Specialty Plastics segment also performed extremely well. With the stay-at-home demand triggered by the COVID crisis, where the lifestyle of eating at home was given a second look, it gained attention as an item that would lessen food waste, which would lead to SDGs, and resulted in a steady increase in sales.

With the promotion of reform within the group, other businesses also grew in both sales and profits, resulting in a significant progress for the entire group.

Expansion of PVDF Business and Future Challenges

In the PVDF business, we have firmly maintained approximately 40% of the market share of Lithium-ion battery binders for electric vehicles (EV). In fiscal 2021, the Lithium-ion battery market showed significant growth with the growth of EVs (BEV + PHEV). Market growth is expected to continue over the long term due to policies for carbon neutrality made by various countries, as well as the sales policies of major automobile manufacturers. Although steep increases in raw material prices continued in fiscal 2021, being able to make appropriate transfers of the price increase, and by increasing the ratio of special polymers, we have managed to increase the shipped quantity to Europe and China, resulting in a significant increase in profits. We have embarked on capacity increases at the Iwaki Factory and the Chanshu Factory in Jiangsu Province, China, to enhance binder supply capability to respond to increased demand, however, there are some issues that must be addressed in the medium to long-term.

The largest issue is that, similar to us, our competitor, with

whom we almost split the current market, is also planning on a significant increase in production, as well as improvements of technology being made by other companies, resulting in new competitors entering the market. Intensive competition may occur. In order to prepare for these risks, we will continue to proceed with the development of innovative production technology, and reductions in production costs. In addition, geopolitical risks are becoming apparent with US-China trade friction and the situation in Ukraine. Although we structured our business based on globalization and free trade, we will proceed with decentralization of raw material suppliers and production bases with a view to reconstruct the business structure.

PGA Business to Turn Profitable in Fiscal 2023

The Company established Kureha Energy Solutions LLC (Houston, United States) in October 2016 and started direct sales of PGA frac plugs to be used for hydraulic fracturing (fracking) of shale oil and gas. Sales expanded steadily until fiscal 2019, but in fiscal 2020 crude oil prices fell rapidly with the stagnation of the economy and sharp fall in energy demand caused by the COVID crisis, and shale oil and gas production in the United States has halved. The PGA business fell into the red, recording product retirement of ¥330 million, and an impairment loss of ¥1,600 million. In fiscal 2021, although crude oil prices continued to rise, recovery of shale oil and gas rig drilling in the United States was slow, and failed to reach pre-COVID levels, resulting in recording an impairment loss of ¥5,300 million in property, plant and equipment. However, with Russia's invasion of Ukraine in February 2022, prices for raw materials and fuel soared, resulting in an increase in shale oil and gas demand, with rig development accelerating once again.

With tail winds actualizing recovery of the business

environment, there is an issue that must be solved in the Kureha Group. The issue is that PGA plugs for low temperature and ultra-low temperature mining areas, which will be the center of rig development from now, are still under development. Although the market for medium and high-

temperature mining areas is growing steadily, we will focus on technical development required to acquire an even larger market share and will make conversions to return to profitability for the entire business in fiscal 2023 when the new medium- to long-term management plan will start.

Fiscal 2022 Will Be the Year for the Finishing Touch towards the New Medium- to Long-Term Management Plan

Preparations for the Future

For fiscal 2022, similar to fiscal 2021, there are no major changes in social issues to be addressed by our group products, such as reducing the global environment load and SDGs, and response for steady growth in profit can be felt in each business.

Fiscal 2022 is the final year of Kureha's Challenge 2022 (the Final Stage of Kureha's Challenge Extension Plan), and the largest management issue is to complete the tasks that have not been fulfilled in the previous medium-term plan and the preparation of an action plan for the future. This year marks my 10th year as the president and is the year to put the finishing touches towards the new medium- to long-term management plan to start from fiscal 2023. We will make preparations for the future to create a Kureha Group on an advanced management stage.

Achieve All Unmet Challenges and Make All Businesses Profitable

In the preparations for the future, current progress of priority measures for fiscal 2022 is as follows.

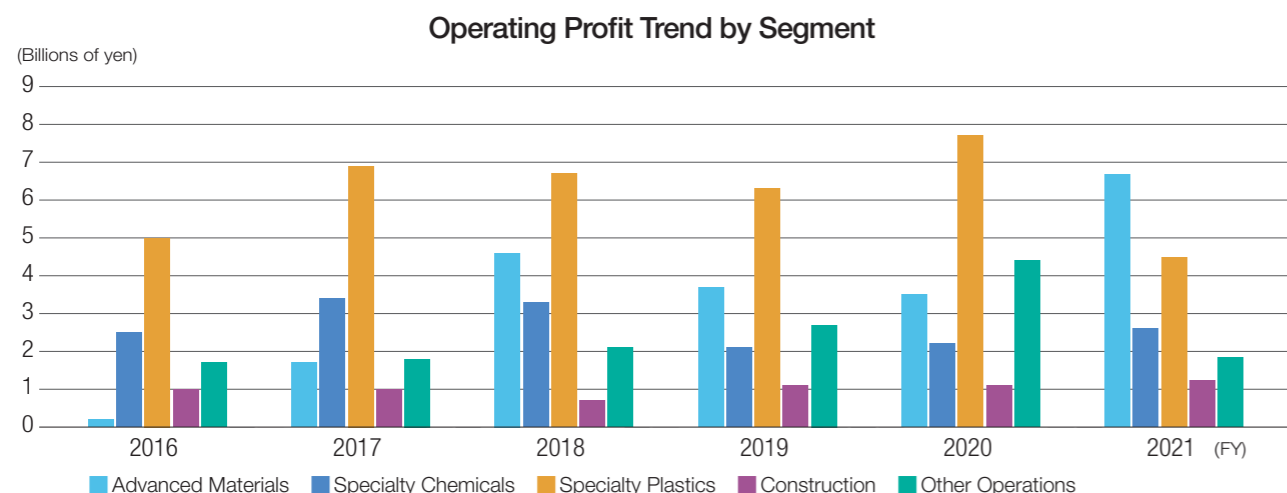
First, regarding “the expansion and enhancement of highly advanced materials businesses” and “improvement of competitiveness and profitability of existing businesses,” we will proceed to expand business focused on the PVDF and PGA businesses as explained previously in the performance report for fiscal 2021, and improving the competitiveness and profitability of existing businesses. Furthermore, we will continue to push through all unmet issues through reform with turning all businesses into profitability in mind, including turning the PGA business, which recorded a loss in fiscal 2021, back into the black.

“New business creation projects” will be used in “the

search for new businesses and technologies.” *KF Piezo* will be introduced here as an example. *KF Piezo* is a ferroelectric macromolecular material developed by Kureha, the first of its kind in the world. Being a polymer film, *KF Piezo* is more flexible than crystal or ferroelectric ceramics and has good workability, and is attracting attention as a promising product for use in sensor and speaker materials. Furthermore, there are other products in progress using new technologies that cannot be announced at this moment due to patent applications being made, etc.

It is important for Kureha Group, driven by innovation, to have many seeds of new technologies and products like this up its sleeve. The reason is that not all will be successful. There is a need to check the possibility of commercialization with each step of development as it progresses and narrow down the prospective seeds. What started out with 100 seeds will be narrowed down to 50 at the next gate, then further down to 20 at the following gate. Managing these gates is a particularly important point in eliminating businesses that result in losses.

Until now, we had been developing 100 seeds without any gate management to narrow them down. This is the reason why the idea of product-out has taken root.



Top Message

So, by introducing the feasibility of commercialization, and the market-in gate management, we have reformed the system to concentrate our management resources and invest, to increase the possibility of business success. Individuals in Kureha Group's R&D divisions maintain an extremely high level of inner resources. However, operations and systems to make full use of their resources was missing. Providing a method to transition into an environment and organization allowing expression of ideas freely, together with opportunities to be in direct contact with advanced technologies, including overseas, especially for young researchers with flexible ideas, will be promoted together with the formulation of the new medium- to long-term management plan.

Coal Power Plant to Be Converted to Biomass Co-Combustion Firing, Based on the Announcement of Support for TCFD Recommendations

Priority measures for fiscal 2022 lists the enhancement of carbon neutrality and zero-emission response. Kureha Group has already announced its support for TCFD recommendations on April 20, 2022, and has disclosed climate related risks, opportunities, and responses of Kureha Group.

The carbon neutral challenge for Kureha Group is the owned coal power plant at Iwaki Factory. CO₂ emitted from this coal power plant account for more than 70% of CO₂ emission of the entire Kureha Group. We have completed experiments to measure CO₂ reduction effects by co-combustion of coal and biomass fuel as the countermeasure, and this is being formulated based on the results. From now on, we will continue with our search for carbon neutrality by 2050 looking at all technological possibilities such as the use of fuels that do not produce CO₂, such as hydrogen and ammonia, as well as the recovery and effective utilization of emitted CO₂.

In addition, we will accelerate our efforts towards carbon neutrality within the framework of manufacturing technology reform of each product. By facing the review of the production process, such as the development of technology to further reduce energy consumption in production, and the development of products that utilize by-products generated during the production process more than ever, we will reduce our environmental load, including CO₂.

If we are to define these actions to reduce environmental load by Kureha Group as Defensive CSR, then as a challenge

of Kureha Group driven by innovation, we will also focus on Offensive CSR, which will develop and commercialize products that will contribute to SDGs in the form of reduction of global environmental load, similar to PVDF, an advanced materials for Lithium-ion battery binders for EVs. There are many products of Kureha Group that can respond to Offensive CSR in diverse forms and technologies and products that will be developed from now already include those with promising possibilities. Kureha Ecology Management Co., Ltd., a group company, conducts business focused on low PCB concentration industrial waste processing. They are also engaged in expanding the environment business.

With the two-front strategy of Defensive and Offensive CSR, we will realize management with sustainability that embodies "Sampo-yoshi" by being appreciated by customers, providing products that are useful to society, and Kureha Group being able to raise profits and be able to conduct sound management.

How Kureha Should Be Will Be Redefined in the New Medium to Long-Term Business Plan Starting from Fiscal 2023

Many discussions have taken place to define the purpose of Kureha's existence from the start of fiscal 2022 among its directors and executive officers aimed towards the formulation of the new medium- to long-term management plan, starting from fiscal 2023. In the discussions, I have explained sustainable management that embodies "Sampo-yoshi," raising social contribution and reduction in environmental load as keywords, and voicing continuance of challenging to be a company driven by innovation as the figure of what Kureha should be. Furthermore, we intended to turn all businesses into profit by fiscal 2022 and to incorporate it into the new medium- to long-term management plan to create Kureha Group with a higher stage of management from fiscal 2023.

Kureha's Challenge 2022 (Final stage of Kureha's Challenge Extension Plan) has raised "a high value added type enterprise that develops differentiated products in Specialty Chemicals, and continues to contribute to society," as the ideal figure of Kureha.

In the new medium- to long-term management plan, we wish to continue with the discussions to redefine the ideal figure of Kureha and to indicate new keywords and purpose to our stakeholders that is worthy of the Kureha Group with a raised management stage.



Kureha That Responds to the Expectations of Its Stakeholders

Finally, let me explain about the strengthening of Kureha Group management foundation. In October 2021, a new human personnel system was introduced with the aim of having each and every individual employee play their roles independently and autonomously, with awareness of challenge, speed and growth, and for a corporate climate that is able to swiftly respond to changes in the business environment. It is a system to strengthen the performance based system, aimed at utilization of senior layers whose retirement age has been extended to 65, to form it to be the driver for employee awareness and corporate climate reform.

In addition, we will embark on the strengthening of corporate governance. On December 21, 2021, regulations were revised to strengthen independence, by determining that committee chairs for the Nomination Advisory Committee and the Remuneration Advisory Committee will be selected from independent outside directors. In April 2022, we established the Sustainability Committee to comprehensively supervise and monitor Kureha Group's sustainability management. Then, following the general meeting of shareholders in June 2022, the number of internal directors and outside directors were increased by one each, to achieve seven directors on the board. These efforts have led to achieving active and in-depth discussions to be made in the

Board of Directors, and has become an engine to evolve into an executive system to actively adopt and implement proposals from the directors and auditors.

Regarding shareholder returns, we plan to start a review of our payout ratio in the new medium- to long-term management plan. For the past 10 years, we have been promoting improvements of financial aspects with the strong intent of making Kureha better. With our capital adequacy ratio now exceeding 70%, we plan to steer our course to increase active shareholder returns, including stock buy-backs.

We are only halfway there, but we would like to make Kureha a company that meets the expectations of our stakeholders, namely the customers, society, employees and shareholders. After going through the past 10 years with determination, we have finally reached the starting line. For the past 10 years, we have focused our attention on all areas of concern and have directed and executed measures for each to provide satisfaction to our stakeholders with diverse interests. Making products that satisfy our customers. For society, contribute to solving social issues as a company driven by innovation. For employees, become a company they feel glad to have joined. And for our shareholders, provide sufficient return on their investments. We will continue to actively engage ourselves to conduct dialogue with our stakeholders, listen to their voices, and work for continuous improvement of our corporate value. We look forward to receiving your continued support.

Kureha's History

A Proud History of Developing Original, Innovative Technology

1934 Showa Jinken Co., Ltd., the predecessor company, was established.

1939 Merged with Kureha Spinning Co., Ltd.

1944 Establishment

Kureha Chemical Industry Co., Ltd. was established. Produced monochlorobenzene, caustic soda, chlorobenzene, chloronaphthalene, etc.



Kureha Chemical Industry Nishiki Plant

1949

Listed on the Tokyo Stock Exchange.



Sausage ligature process using a stamping machine

1954

The Tokyo Research Center (now the Central Research Center) was established.

1958

Received the 8th Deming Prize.

1960

Launched sales of *Krewrap*, the first household plastic wrap in Japan



Original design of *Krewrap*

1962

The Nishiki Plant Research Center (now the Central Research Center) was established.

1965

Construction of the new head office building (in Tokyo's Nihonbashi Horidome-cho) was completed.

1975

The Food Research Laboratory (now the Polymer Processing Research Laboratories) was established.

1977

Launched sales of anti-cancer agent *Krestin*.

1987

Launched sales of engineering plastic *Fortron KPS*.



Fortron KPS

1989

Released *New Krewrap* in which the package design was changed to a fresh-fruit pattern with functional improvements.



New Krewrap

1986

The Ibaraki Research Laboratory (now the Polymer Processing Research Laboratories) was established.

1991

Launched sales of therapeutic agent for chronic renal failure *Kremezin*.

1993

Launched sales of agricultural fungicide *Metconazole*, *Ipconazole*, negative electrode material for lithium-ion secondary batteries *CARBOTRON P* and binder for electrodes *KF Polymer*.

KUREHA

Corporate brand logo

2015

Started commercial production of the PVDF China plant.



Factory of KUREHA (CHANGSHU) FLUOROPOLYMERS CO., LTD.

2012

Started commercial production of the polyglycolic acid (PGA) U.S.A. plant.

High chlorine utilization

Petrochemical process development

Specialty orientation

Global development

Following World War II, Kureha began exploring high-degree applications for chlorine produced with caustic soda. One of the first products to emerge from this R&D was polyvinylidene chloride, developed through Kureha's own efforts without reliance on foreign technologies. We later made use of our original technologies in such areas as organic synthesis and polymeric chemistry to develop an extensive lineup of chemicals and plastics.

Kureha developed the world's first crude oil pyrolysis technique. The technology derived from this project formed the cornerstone for the creation of carbon products and *Kremezin*, a therapeutic agent for chronic renal failure. In 1960 Kureha also developed *Krewrap*, the first household plastic wrap in Japan, and in 1977 *KRESTIN* (an anticancer agent).

Kureha focused on developing unique and specialty products. A wide range of products was created in a variety of. Meanwhile, we withdrew from the commodity business under a program of selection and concentration. This restructuring aimed at expanding the scope of our specialty business, with a focus on advanced materials, pharmaceuticals and agrochemicals, and high-barrier packaging materials.

In 2005, the company name was changed from Kureha Chemical Industry to Kureha Corporation. This rebranding was part of an effort to expand our business and achieve global growth, without being bound by the image of a chemical company. Kureha continues to provide beneficial products that help improve the global environment and lives of people around the world.

Growth Driver

Resolving Social Issues with Technologies and Values That Connect Present and Future

Alongside current businesses, Kureha is pushing the limits of core technologies in organic synthesis, polymers, carbon control, evaluation, and process engineering. Looking to the society of the future, we have positioned the environment, energy, life science, electronics, and mobility as priority areas for future R&D. Through fusion with other technologies, we will create growth drivers enabling Kureha to resolve social issues.

Expanding Demand for In-Vehicle Lithium-Ion Batteries for a Carbon-Free Society

The global momentum toward carbon-neutral societies is in full swing, and environmental regulations are being tightened across the world.

The European Commission will virtually ban the sale of vehicles with internal combustion engines in 2035. US President Joe Biden has signed an executive order that includes the goal of maximizing the ratio of zero-emission vehicles to 50% in 2030. Similarly, China has announced that by 2035 all new vehicles sold will be environmentally friendly, with half being either BEVs*1 and FCVs*2.

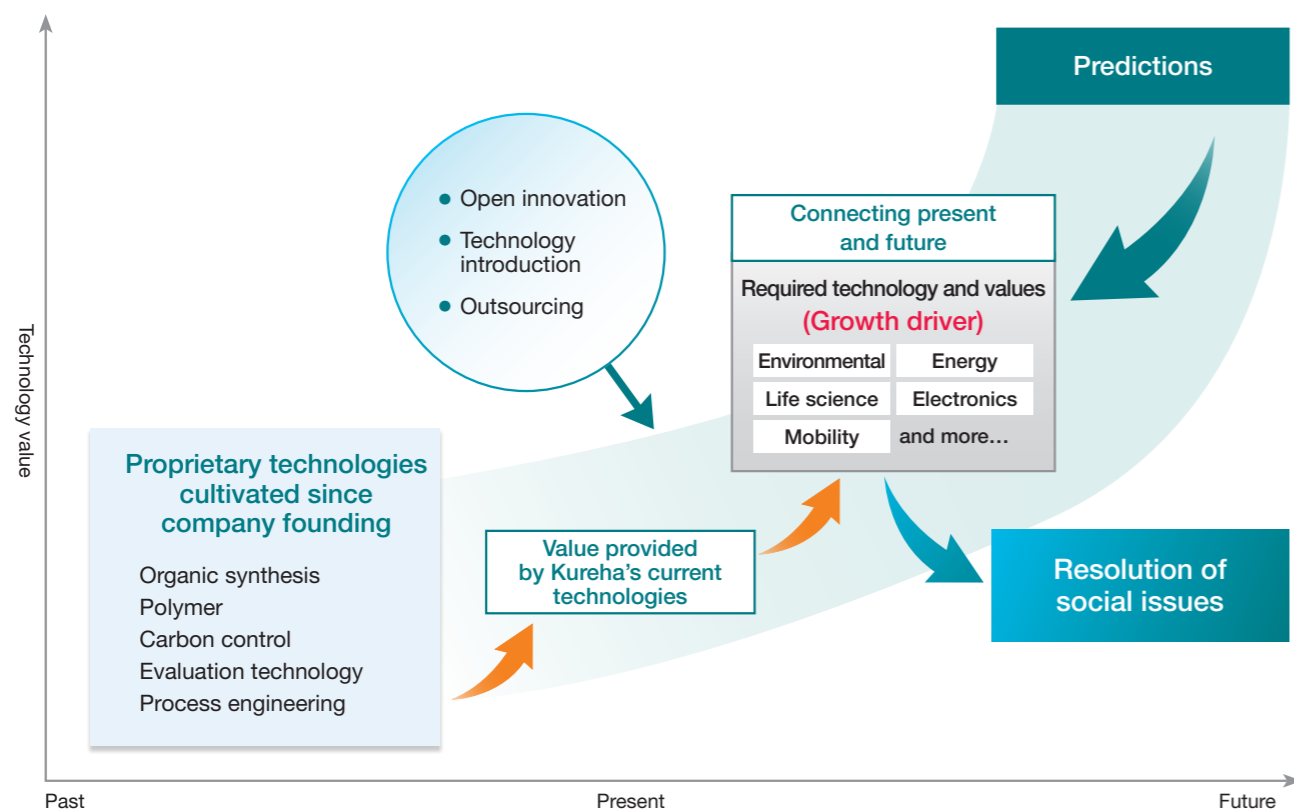
We can thus expect the electric vehicle proportion of global automobiles sales to increase rapidly in the future. In-vehicle batteries are a key technology enabling this shift to

electrification. Most electric vehicles use lithium-ion batteries (LiBs) due to their light weight, high energy density, and low capacity deterioration from repeated charging and discharging.

There is now strong demand for resolving remaining LiB issues such as improving reliability, increasing capacity to extend mileage, increasing output to improve driving performance, achieve high-speed charging and discharging, reducing battery costs, and improving charging equipment.

*1 BEV: An electric vehicle powered by a battery charged using an external power source.

*2 FCV: An electric vehicle that uses an on-board fuel cell for electricity generation and is powered by an electric motor.

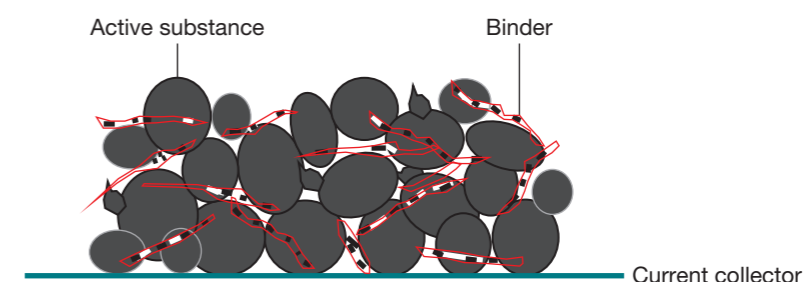


Kureha Hold Some 40% of the World Market for In-Vehicle PVDF Binder Materials

LiBs are secondary batteries that charge and discharge by moving lithium ions (Li+) between positive and negative electrodes. The main components are electrodes, a separator that separates and insulates between the positive electrode and the negative electrode, and an electrolytic solution. As a binder material, Kureha's vinylidene fluoride resin (PVDF) is critical to the functioning of LiBs.

The electrodes function as "active substances" that transfer electrons (e-) and stores and releases lithium ions.

The binder, which is an adhesive, connects them to the current collectors. The adhesiveness of the binder, an important characteristic, determines battery performance. It must be able to firmly adhere the active substances to each other, as well as the active substances to the current collector. However, the binder also has an internal resistance that affects conductivity, so it should exhibit as little adhesiveness as possible.



Kureha's PVDF exhibits high adhesion to active substances, electrical stability across a wide potential range, and high permeability for lithium ions. It meets all performance aspects required of a binder.

In particular, the PVDF grade known as special polymer exhibits high adhesive performance even in a small amount and is sold as a binder for ternary LiBs. Demand for using such batteries in electric vehicles is expanding due to their high capacity, high energy density, and high safety.

To manufacture PVDF, Kureha uses a method called suspension polymerization, which enables high functionality through a special form of polymerization. Few companies manufacture PVDF in this way, as it requires special polymers. Due to the high quality of Kureha's special polymers and solid track record, our PVDF is widely used in

in-vehicle LiBs globally. By upgrading and innovating unique technologies, we can continuously raise the performance and quality of our products and respond promptly to the needs of customers and society.

To meet growing demand for in-vehicle LiBs, Kureha is now constructing new facilities to increase production capacity from the current 11,000 tons (Japan and China) to 21,000 tons by December 2024. To reduce environmental impact and costs, we will also work to raise production efficiency.

Furthermore, as a pioneer of LiB binders, we will anticipate the needs of the times and support the development of solid-state battery technology for next-generation vehicles.



PVDF



Kureha holds around a 40% share of the worldwide market for automotive PVDF binders.

Medium-Term Management Plan

Progress on “Kureha’s Challenge 2022”

In the fiscal year ended March 31, 2021, we formulated the medium-term management plan “Kureha’s Challenge 2022” (the final stage of the Kureha’s Challenge Extension Plan), a two-year extension, to complete unfinished tasks and examine the Kureha Group’s future vision and action plan from a medium- to long-term perspective toward 2030. We will present Kureha’s efforts to achieve our vision of what Kureha wants to be.

Summary of the Medium-Term Management Plan: Kureha’s Challenge 2022 (the Final Stage of Kureha’s Challenge Extension Plan)

(Basic Stance)

① **Instilling a “follow through” attitude in our corporate culture**

The top priority during the final stage of the Kureha’s Challenge extension plan is to enhance a corporate culture of “following through” while communicating our commitment-oriented stance to stakeholders.

② **Establishing the future vision of the Kureha Group and formulating an action plan from a medium to long-term perspective**

While “following through” the resolution of existing issues during the final stage of the Kureha’s Challenge extension

plan, we will also set specific goals and action plans to achieve sustainable growth into the future.



Priority Measures and Quantitative Targets for Fiscal 2022

Priority Measures in Fiscal 2022

Key priorities	Priority measures
Expansion and Strengthening of Advanced Materials businesses	<ul style="list-style-type: none"> • Establish a system to increase production and accelerate development of new grades in response to growing demand for PVDF binders • Reduce the cost of processed polyglycolic acid (PGA) products and complete improved PGA flack plugs for cold and ultra-cold regions
Improvement of competitiveness and profitability of existing businesses	<ul style="list-style-type: none"> • Appropriate price pass-through in response to rising prices for raw materials and fuels • Increase productivity and reduce costs of NEW Krewrap, strengthen PVDC film business expansion in Asia and restructure multilayer film business • Strengthen profitability of agrochemical business and promote development of new agrochemicals
Expansion and Strengthening of Advanced Materials businesses	<ul style="list-style-type: none"> • Emphasize development themes in line with the identification of market needs and promote market-oriented development • Collaborate and co-create with startup companies to explore innovative technologies and create new businesses
Exploration of new businesses and technologies	<ul style="list-style-type: none"> • Set new GHG reduction goals and specific measures by 2030 • Accelerate technology development to create technologies and businesses that contribute to the global environment
Strengthening measures for carbon neutrality and zero emissions	<ul style="list-style-type: none"> • Enhance sustainability management and risk management, and examine various measures to increase corporate value • Disseminate and retain the new personnel system, and accelerate the autonomous development of human resources and the use of external human resources • Introduce new core systems and promote KDX (Kureha’s Digital Transformation)

Fiscal 2022 Quantitative Plan (Revised Annual Forecast on November 9, 2022)

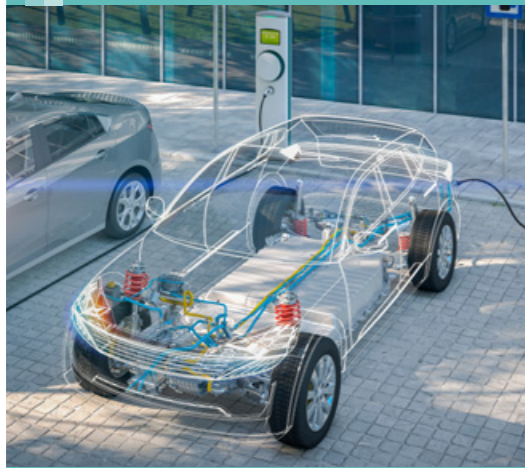
Quantitative targets

Given that the impact of COVID-19 on the domestic and overseas economies remains unclear, the plan outlines quantitative targets to be achieved on a year-by-year basis. In addition, on November 9, 2022, we raised our annual earnings forecast.

	FY2021 results	FY2022 forecast (Announced Nov. 9)	FY2022 plan (Announced May 12)
Revenue (Billions of yen)	1,683	1,900	1,800
Operating profit (Billions of yen)	201	270	220
Operating margin (%)	12.0	14.2	12.2
Profit attributable to the owners of parent (Billions of yen)	142	200	160
Earnings per share (Yen)	725.73	1,024.72	819.79
ROE (%)	7.4	9.6	7.8
Annual dividend (Yen/share)	210	250	250
Payout ratio (%)	28.9	24.4	30.5

Review of Operations

Advanced Materials



Fiscal 2021 Results

In the advanced plastics category, sales of polyvinylidene fluoride (PVDF) used as a binder material for lithium-ion secondary batteries (LiBs) increased, as did sales of polyphenylene sulfide (PPS), processed polyglycolic acid (PGA) products used in the process of shale oil and gas fracking, and other plastic products. Segment revenue and operating profit both increased in the fiscal year ended March 31, 2022, despite effects from suspending production at a PGA resin manufacturing subsidiary in the U.S. Revenue and operating profit in the carbon products category also rose, amid increased sales of heat insulating materials for high-temperature furnaces and carbon fiber used in sliding materials for automotive parts. As a result, revenue in the Advanced Materials segment was ¥66.69 billion (up 50.0% year on year), and operating profit was ¥9.95 billion (up 186.6% year on year).

Fiscal 2022 Forecast

Kureha expects to experience strong demand for PVDF used as a binder material for LiBs and see increased sales due to the sales price adjustments reflecting the rise in raw material prices. Demand for PPS, especially for automotive applications, continues to be strong, and the expansion of production facilities is expected to support meeting this demand. Sales of processed PGA products are expected to increase as the recovery of shale oil and gas production takes place in the U.S. As a result, we forecast revenue of ¥87.5 billion and operating profit of ¥15 billion for the Advanced Materials segment.

Challenges and Strategies

The Company is striving to expand and enhance the highly advanced materials businesses as a driving force behind growth. We are putting forth effort to enhance the production capacity of PVDF, which is experiencing an upsurge in demand for LiBs. Moreover, we will endeavor to promote the creation of PGA flange plugs for ultra-low temperature oil wells, which will contribute to the growth of the market, and escalate sales of PGA flange plugs for existing medium- and high-temperature oil wells with a full bore (for the entire oil well) to bring the processed PGA product business into the black. We anticipate a profit of ¥15 billion.

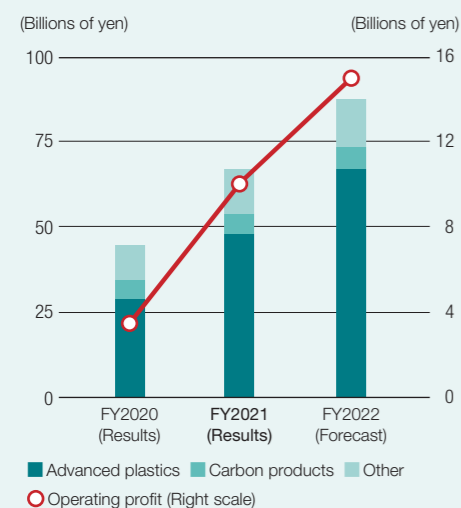


Polyvinylidene fluoride (PVDF)
PVDF is a super engineering plastic with an excellent balance of chemical resistance and moldability, used in such fields as electronic materials and water treatment membranes.



Polyphenylene sulfide (PPS)
Kureha's PPS has excellent mechanical strength, heat resistance, chemical resistance and flame resistance, and is highly regarded worldwide as a super engineering plastic.

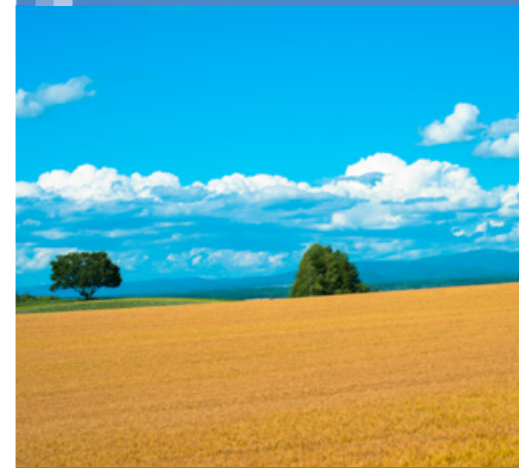
Revenue / Operating Profit



Key products

- Polyphenylene sulfide (PPS)
- Polyvinylidene fluoride (PVDF)
- Polyglycolic acid (PGA)
- Carbon fibers
- Other advanced plastics products

Specialty Chemicals



Fiscal 2021 Results

Revenue in the agrochemicals and pharmaceuticals category rose as sales of agricultural and horticultural fungicides were flat year on year while sales of *Kremezin* (therapeutic agent for chronic renal failure) increased. Operating profit, however, decreased year on year due to soaring costs for fuel and raw materials. While revenue in the industrial chemicals category rose amid higher sales of organic chemicals, operating losses decreased year on year. Consequently, revenue in the Specialty Chemicals segment was ¥26.16 billion (up 11.1% year on year), and operating profit was ¥1.43 billion (down 35.7% year on year).

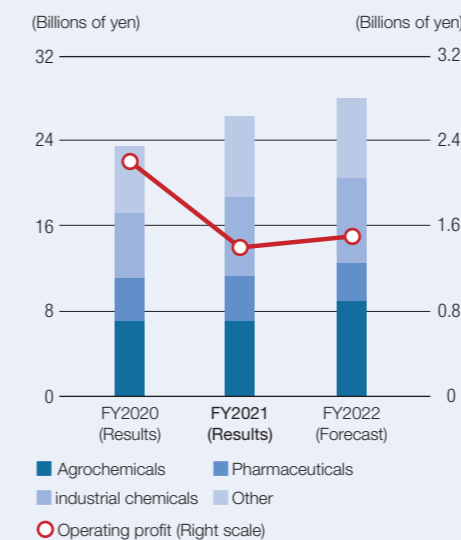
Fiscal 2022 Forecast

Kureha expects to see higher sales in agrochemicals on the back of strong overseas demand, but sales in pharmaceuticals are expected to decline due to the revision of drug prices. Sales of industrial chemicals are expected to remain unchanged from the previous fiscal year. An increase in raw material and fuel costs is expected for both agrochemicals and industrial chemicals. Consequently, we predict revenue of ¥29 billion and operating profit of ¥1.5 billion for the Specialty Chemicals segment.

Challenges and Strategies

In agrochemicals, the advancement of new next-generation agrochemicals is underway, with requisite safety evaluations being performed for prospective registration. Due to the significant surge in raw material costs over the previous fiscal year, we will endeavor to pass on the cost hike to users. Our premier industrial chemicals, caustic soda and hydrochloric acid, are produced at the Iwaki Factory utilizing coal-fired power generation through electrolysis. However, due to geopolitical risk-driven coal price hikes, there has been a sharp increase in raw material and fuel costs that we will work to address through proper cost pass-through.

Revenue / Operating Profit



Key products

- Agricultural and horticulture fungicide *Metconazole* and *Ipconazole*
- Therapeutic agent for chronic renal failure
- Caustic soda
- Hydrochloric acid
- Sodium hypochlorite
- Chlorobenzene



Metconazole
•Agriculture and horticulture fungicide



Ipconazole
•Agricultural and horticultural seed treatment fungicide

Specialty Plastics



Fiscal 2021 Results

Both revenue and operating profit increased in the consumer goods category as sales of *New Krewrap* plastic wrap for household use and *Seaguar* fluorocarbon fishing lines increased. In the packaging materials category, revenue and operating profit both increased, as robust sales of polyvinylidene chloride (PVDC) film in Asia markets led to profit growth, while stronger sales of heat shrink multilayer film in Europe resulted in operating losses narrowing. Accordingly, revenue in the Specialty Plastics segment was ¥44.77 billion (up 5.7% year on year), and operating profit was ¥9.86 billion (up 27.9% year on year).

Fiscal 2022 Forecast

Kureha expects to experience reduced sales of household products due to lower stay-at-home consumption and higher raw material and fuel prices. Sales of fishing line *Seaguar* are expected to remain flat from the previous fiscal year. Sales of commercial food packaging materials are expected to increase as a result of sales price adjustments to reflect higher raw material prices in the European market. As a result, we forecast revenue of ¥45 billion and operating profit of ¥7.5 billion for the Specialty Plastics segment.

Challenges and Strategies

The Japanese household wrap market has grown due to the special demand for stay-at-home consumption. We are committed to ensuring stable production of *NEW Krewrap* and providing adequate supply. The heat-shrinkable multilayer film *Krehalon ML* relies on a number of raw plastic sourced from external suppliers, and ensuring appropriate pricing is a challenge. In preparation for a shift towards a circular economy, we are focused on developing eco-friendly and recyclable products that reduce our impact on the environment.

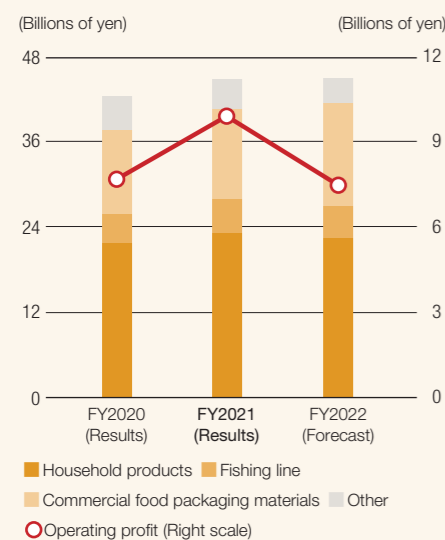


NEW Krewrap
● Home-use wrap film



Seaguar
● Fishing lines

Revenue / Operating Profit



Key products

- Household wrap film *NEW Krewrap*
- Kitchen utensils *Kichinto-San* series
- Fluorocarbon fishing line *Seaguar*
- Polyvinylidene chloride (PVDC) film *Krehalon*
- Heat-shrinkable multilayer film *Krehalon ML*

Construction and Other Operations



Fiscal 2021 Results

In the Construction segment, a reduction in private- and public-sector construction projects drove declines in revenue and operating profit. In the environmental engineering category, despite treatment volumes for low-level PCB and other industrial wastes were level with the previous year, both revenue and operating profit fell due to the completion of disaster waste treatment projects, which was the case in the same period of the previous year. In the logistics category, revenue and operating profit both remained at prior-year levels. In the hospital operations category, revenue and operating losses were level with the previous year. Consequently, the Construction segment and Other Operations posted revenue of ¥30.72 billion (down 10.2% year on year) and operating profit of ¥4.06 billion (down 25.5% year on year).

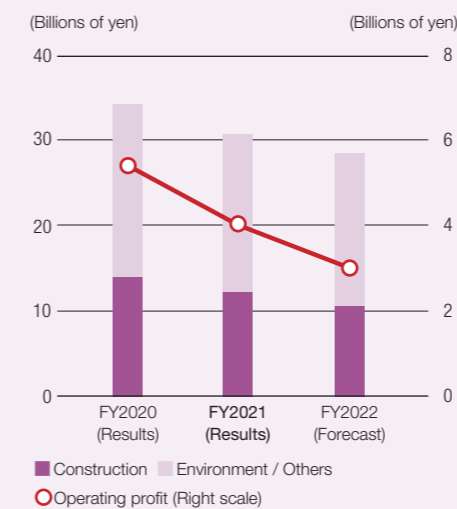
Fiscal 2022 Forecast

In the Construction segment, Kureha expects to see intensified competition due to a decline in large-scale public works projects and a decrease in private capital expenditures. In Other Operations, processing unit costs will decline due to increased competition in the environmental engineering category. Accordingly, we project revenue of ¥28.5 billion and operating profit of ¥3 billion for the Construction segment and Other Operations combined.

Challenges and Strategies

Revenue and operating profit in the Construction segment and Other Operations have declined since peaking in fiscal 2020, which benefited from a one-time opportunity caused by the typhoon disaster in fiscal 2019. With the progression of global inflation, there are worries about increasing fuel and material prices, and the Group companies are striving to establish a sustainable revenue base.

Revenue / Operating Profit



Key business groups

- Kureha construction group
- Kureha environmental group
- Kureha transport group
- Kureha service group
- Kureha-kai Medical Corporation



Kurehanishiki Construction Co., Ltd.
FY2020 construction results: Wood pellet and PKS storage facility for AWEP Onahama Biomass Power Generation Project



Himeyuri Sogyo Co., Ltd.
(Industrial waste final disposal plant)

Accelerating Kureha's R&D through Enhanced Collaboration

Kureha's R&D is aimed at providing solutions beneficial to the global environment or our daily lives, such as for marine plastics and CO₂ reduction, with focus on "Environment, Energy, Life Sciences, Electronics, Mobility, etc." These have been set as areas for our priority R&D where their social contribution is large and where the strength of the Company's technology can be utilized. In our two research laboratories, the Central Research Center and the Polymer Processing Research Laboratories, and at the Safety Research Center, we are working to increase the speed of our R&D by strengthening coordination among related business divisions, related manufacturing and engineering related divisions, as well as the group production companies, to maintain and improve the continuous profitability of existing businesses and for the creation of new businesses and products.



Central Research Center / Safety Research Center



Polymer Processing Research Laboratories

Priority R&D Areas (Businesses and Products)

Advanced Materials

For *KF Polymers* (polyvinylidene fluoride resins [PVDF]) and *Fortron KPS* (polyphenylene sulfide [PPS]), we are promoting R&D and process development for increased productivity and stable production, aiming at innovative cost reduction. For *KF polymers*, we are promoting the development of high-performance grades focused on binders for large-capacity Lithium-ion secondary batteries to be installed in hybrid electric vehicles (HEVs) and electric vehicles (EVs) in order to maintain our share through the proposing of solutions to our customers. We have also started on development of grades to respond to production in our new base in China, which is expected to come on-stream in 2024.



KF Polymers



PGA

For polyglycolic acid (PGA) and *Kureha Microsphere* (heat-expandable microcapsules), we will promote differentiation in performance and functions capturing the market needs, as well as the development of new grades. Especially for the PGA business, in addition to frac plugs for shale oil and gas drilling using our own PGA materials, we are accelerating the development of high-performance grades for ultra-low temperature cracking, whose market is expected to grow.

Specialty Chemicals

In the field of agrochemicals, we are working to maintain and expand the sales of *Metconazole*, an agricultural and horticultural fungicide and *Ipconazole*, an agricultural and horticultural seed treatment fungicide. Optimization of the manufacturing systems are underway aimed at cost reduction of both agents. In the search for next generation agrochemicals, we are making sturdy progress for raising the stage of development on prospective candidate agents found in our basic research stage.

In the field of pharmaceuticals, we are promoting supportive research to maintain and expand our profitability through the introduction of fast disintegrating *Kremezin* tablets for chronic renal failure. Furthermore, we aim to create unique pharmaceutical materials that will differentiate ours from existing treatments and products through our basic evaluation research.



Metconazole

Specialty Plastics

For *Kurehalon* (vinylidene chloride) films, we have constantly listened to the needs of our customers and have worked for stable production and quality improvements, together with technical developments to comply with the sanitation laws of each country. In addition, for *Kurehalon ML* (heat-shrinking multi-layer films), we are deploying differentiation of performance and functions, coordinating with related divisions both domestic and overseas, and developing new grades. Furthermore, we are actively providing technical support to our customers, both in Japan and abroad, for global deployment.



Kurehalon

New Business Creation Projects

Kureha established its New Business Creation Project back in April 2016. We have stationed a representative to Kureha America Inc. from April 2019 in the search for start-ups that can achieve a Value Fit with Kureha Group's resources and businesses. We have conducted reviews of over 5,000 start-ups, mainly focused on hard technologies, and have interviewed more than 150 of them. From 2020, we have closed investment and joint development contracts that have been externally announced with four companies. The priority is in the fields of environment, energy, and sensors. An introduction of two companies under this program is provided herein.

Wootz, Inc.



Wootz, Inc., is an early-stage start-up founded by a former researcher at Rice University, the United States, a leader in carbon nanotube research, in 2018. The company holds a unique technology of processing high-quality carbon nanotubes into formed shapes such as films and fibers. Development is being conducted for high value-added usage such as electronic textiles and sensors. We are jointly developing high-functional touch sensors and electronic devices by combining Kureha's piezo films with Wootz's carbon nanotubes. We aim to establish a technical package to act as its base, and then target production after conducting reviews on methods for mass production. By accelerating joint development, we seek to contribute to the solving of social issues such as digitization and carbon neutrality, and to enrich people's lives, while expanding our new business portfolio.

Claros Technologies, Inc.

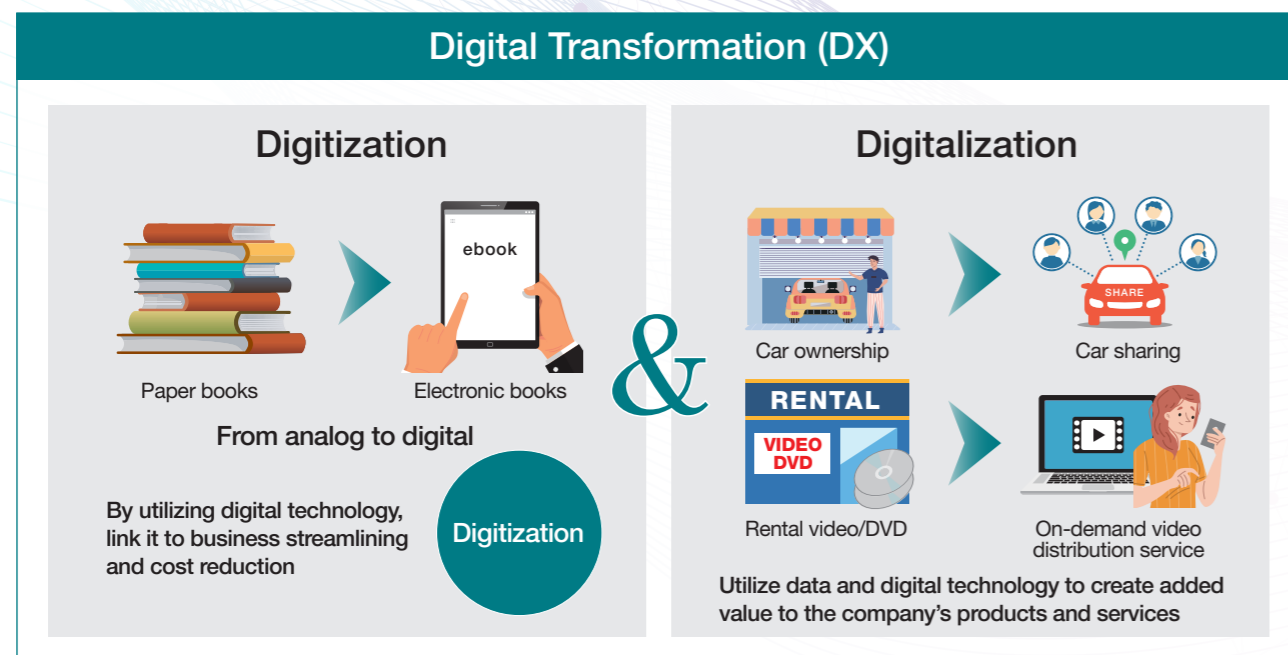


Claros Technologies, Inc. holds a technology to generate nano particles in various substrates through a technical license granted from the University of Minnesota, and is developing next generation sustainable functional fibers and adsorbents to remove harmful substances in water purification applications. Although perfluoroalkyl compounds, polyfluoroalkyl compounds and their salts (PFAS) are widely used in various industries, they are highly toxic and do not decompose naturally. It is a chemical that remains easily in our environment. Clarosorb PFAS® adsorbent developed by Claros efficiently captures PFAS in water to create safer water. In addition to Claros Technologies, Inc. in possession of sophisticated analytical capabilities, it is in the process of developing a technology to convert PFAS into safe by-products, such as fluorine and carbon dioxide, and by combining these technologies, aim to establish a PFAS cleansing eco-system, including analysis, removal, and destruction.

KDX —Digital Transformation of Kureha—

Kureha has established the Digitization Promotion Project in the Planning HQ, and is in the process of promoting initiatives to increase corporate value by introduction of digital technologies, such as AI and IoT and the utilization of data. The term Digital Transformation (DX) refers to corporate transformation through digital means. In this section we will introduce KDX, the digital transformation of Kureha.

Generally speaking, “going digital” can be separated into digitization and digitalization. Kureha aims to improve not only is business efficiency by reforming business through the utilization of digitized data, but also link it to improving added value in its promotion of digitization.



In recent years, Japan and the world are facing a time of great change to the environment, society, and the economic system. Corporate management is facing the aging of its employees and reduction in work force, as an aging society with fewer children continues to progress. We must also actively establish measures against climate change, such as global warming and threats to supply chains stemming from rising geopolitical risks.

What is KDX ?

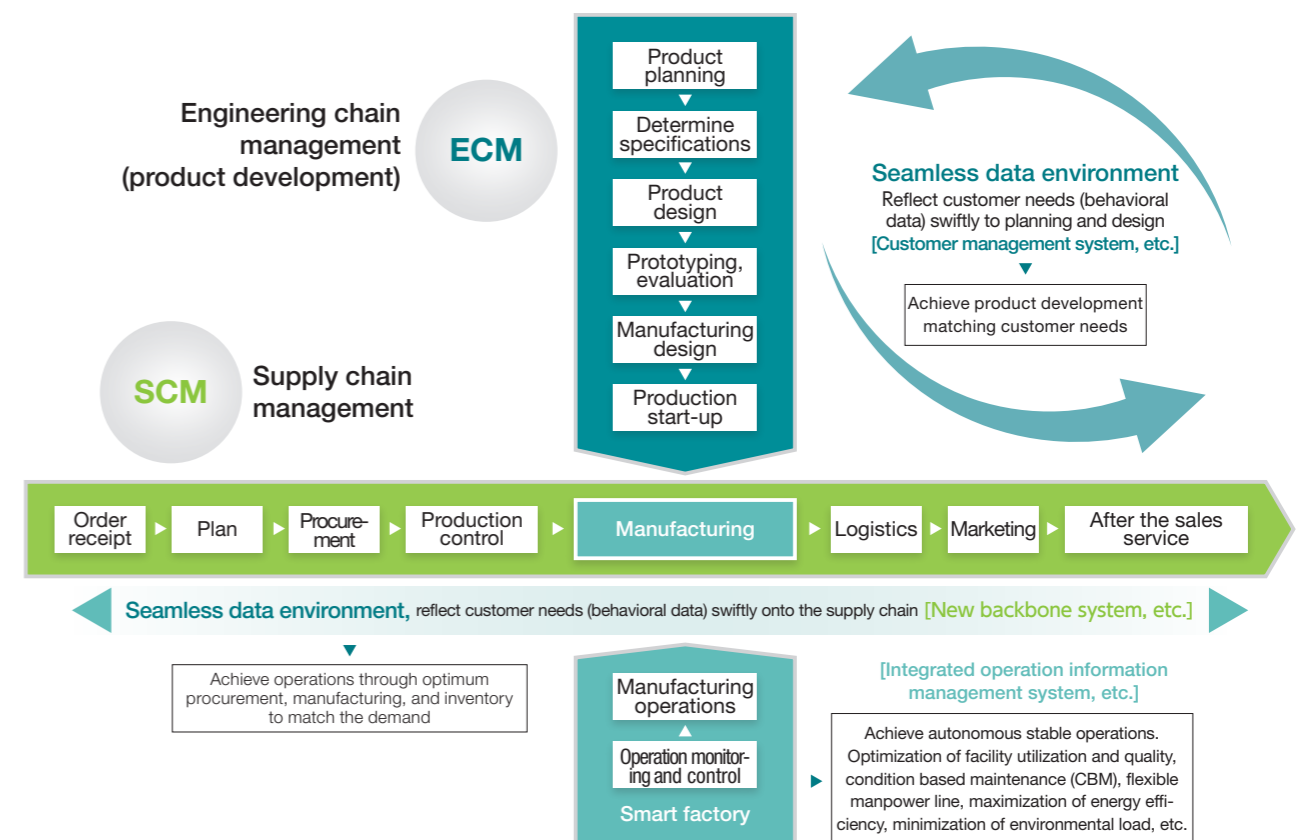
The ability to address both the company's sustainability (strength to earn) and society's sustainability (solving social issues) simultaneously is now required for all corporate entities. Kureha aims to address these issues by increasing its mobility by active use of data and digital technology. This approach has been named “KDX,” the Digital Transformation of Kureha,” and is defined as follows:

Utilize data and digital technology to provide the best solutions as fast as possible to our customers and for social issues, and acquire “Competitive superiority based on people and technology” worthy of Kureha, and simultaneously achieve sustainability of both the company and society.

We have stressed “Competitive superiority based on people and technology” because People and Technology are identities cherished by Kureha, and that itself is “Kureha.”

Manufacturing, Value Chains, and Mobility

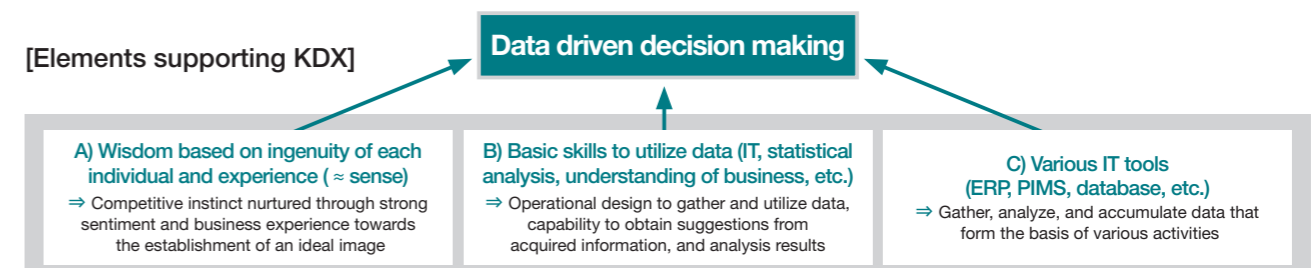
Kureha generates its economic, environmental, and social value through the business of manufacturing advanced materials, specialty chemicals and specialty plastics, and its supply chain is separated, by and large, into product development, manufacturing, procurement, and sales. In this value chain, digitizing the information, the analysis of data turned assets, creation of new values (technology) as fast as possible based on the issues of our customers and society using the speed and extensibility afforded by digital technology, and to manufacture, propose and deliver them as products and services to our customers, is the most representative of the “mobility” of Kureha.



Data Driven Decision Making is the Goal

Ingenuity of each individual and wisdom based on experience, the basic skills to utilize the data, and various IT tools have been positioned as the 3 important elements in promoting and achieving KDX. Efforts are underway to improve basic skills and the active introduction of IT tools aimed at nurturing human resources.

Kureha, as a company driven by innovation, will seek the development of differentiated products in the field of specialty chemicals and become a high value-added corporate entity that will continue to contribute to society as its management target. Kureha aims to evolve its sustainability management based on data driven decision making into the future.





Environmental Initiatives

Kureha recognizes that the importance of reducing its environmental impact as a crucial aspect of its management and is implementing various initiatives to achieve this end. This article outlines our efforts to mitigate climate change issue.

Initiatives for Climate Change Mitigation

The Paris Agreement was concluded as a world-wide measure to combat climate change, and Japan, along with many other developed countries, has declared the goal of carbon neutrality* by 2050 and is actively promoting measures and technological innovations necessary to reduce greenhouse gas (GHG) emissions. Fighting climate change and achieving carbon neutrality is one of the most important issues for the Kureha Group, toward which we will make continuous efforts to actively reduce greenhouse gas emissions and rationalize energy use related to our business activities throughout the Group, with the following objectives.

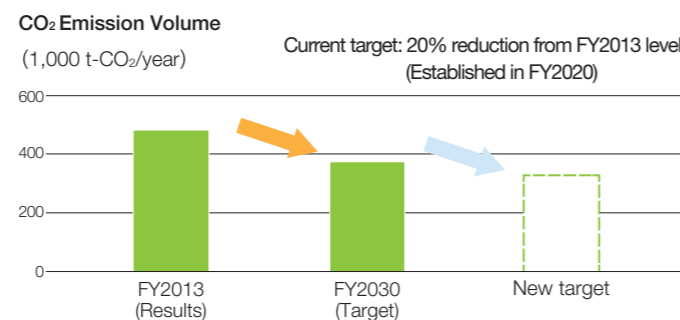
* Carbon neutrality: bringing the balance of greenhouse gas emissions overall to zero. In other words, by subtracting absorption/removal from emission, we should reach net zero.

Kureha Group's CO₂ Emission Reduction Target

In fiscal 2020, we conducted an informational survey on energy use and CO₂ emissions for the entire Group, our energy demand forecasts, the circumstances of the countries and regions where each Group company is located, and various countermeasures for climate change mitigation. We have formulated the following CO₂ emission reduction target for fiscal 2030 based on that survey.

“The Kureha Group’s CO₂ emissions from energy use* should be reduced in phases to a total of 376 thousand tons, a 20% reduction from fiscal 2013, by fiscal 2030.”

* CO₂ emissions from energy use: Carbon dioxide produced when fossil fuels are used as an energy source, including power generation, transportation, and industrial and residential heating



To achieve this target, we will curb the operation of the coal-fired power plant at the Iwaki Factory, switch to renewable energy as the main power source at other Kureha offices and Group companies, and promote high-efficiency when replacing equipment and various energy-saving activities in accordance with the plan.

Carbon Neutral Project

In October 2021, the Carbon Neutral Project was established as a group-wide project under the direct control of the President to oversee and promote the Group's efforts to achieve carbon neutrality by 2050. Specifically, we are studying new measures and developing technologies with the aim of raising our reduction targets and achieving carbon neutrality before our goal of 2050. In response to requests from society and our customers, we are also responsible for developing a framework for implementing life cycle assessment (LCA) for each product and developing strategies and promoting the Group's climate change initiatives.

Endorsement of TCFD Recommendations and Associated Disclosure of Information



Kureha endorsed the TCFD recommendations* on April 20, 2022. Furthermore, the Company conducted a qualitative analysis and evaluation of climate-related risks, opportunities, and responses for the Group's major businesses using multiple climate scenarios, identified key issues, and compiled the results in line with the TCFD recommended disclosure framework (governance, strategy, risk management, and metrics and targets), which is available on the CSR section of the Company's website. We will continue to enhance the disclosure of climate change-related information and contribute to the realization of a sustainable society while promoting measures to achieve carbon neutrality.

https://www.kureha.co.jp/en/csr/environment/climate_change.html



* TCFD recommendations: At the request of G20 countries, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to examine how climate-related disclosure should be conducted and how financial institutions should respond. Having released its final report in June 2017, the TCFD recommends that corporations and other entities disclose information on governance, strategy, risk management, and metrics and targets related to the risks entailed in and opportunities provided by climate change.



Wins the Highest Award in 2021 Fukushima Protocol Project Awards

Fukushima Prefecture is implementing the Fukushima Protocol, a program in which the governor and local companies exchange agreements on reduction targets such as CO₂ emissions, to encourage companies to take measures to combat global warming, such as conserving resources and energy. Our Iwaki Factory signed the agreement and has been working to combat global warming under the protocol. As a result of these efforts, we received the highest award of the Fukushima Protocol (Advanced Edition) on February 14, 2022. This advanced edition is a more in-depth course than the previous one and aims to further promote global warming mitigation measures in Fukushima Prefecture by publicizing efforts.

In addition to reducing CO₂ emissions compared to the previous fiscal year, we have implemented a wide range of environmental contribution activities, such as recycling coal ash and other waste, recycling waste paper, and participating in volunteer cleaning, as well as disclosing this information appropriately.



"Ecotan," a character of Fukushima Prefecture's global environmental protection



Improving Human Capital

Kureha aims to enhance its presence as an innovation-driven company and become a high-value-added company that continues to create new value and contributes to society. To achieve this, we focus on improving our human capital as a key management issue.

New Personnel System and Human Capital Development

At Kureha, we introduced a new personnel system full scale in October 2021 with the aim to create a corporate culture in which each employee can independently and autonomously fulfill their roles and respond swiftly to changes in the business environment by having a sense of challenge, speed, and growth. In addition to introducing the concept, we will also introduce a “human capital development system” and “self-directed career development support” to promote employee growth.

Kureha's Personnel System (Revised October 1, 2021)

Applicable employees (as of March 31, 2022): 1,663 (Kureha), 4,259 (consolidated)

< Concept >

Major Shift in the Concept of Human Capital Management

Strengthening performance-based human capital management: Strengthening the system of role- and duty-based compensation

We ensure that compensation is determined based on the roles, duties, and performance of each employee regardless of age, gender, and whether an employee is a new graduate or a mid-career employee.

Senior employees playing active roles: Extending retirement age to 65

By ensuring alignment of compensation with roles, duties, and performance as the basis of our human resource management, we will continue paying compensation to employees based on their roles, duties, and performance after age 60 until age 65.

Required Mindset and Action

Growth

Continuously learn as professionals and fulfill roles and duties

Speed

Promptly collect information, make decisions and act, and respond to change

Challenge

Take on new and difficult challenges without being caught up in conventional ideas and methods

Human Capital Development and Self-Directed Career Development Support

Even before the term “human capital” became widely used in society, Kureha used it internally based on the recognition that its employees are an indispensable asset for the Company to conduct its business and sustainably increase its corporate value.

In order to develop future executives, global human capital, digital human capital, and young employees who can reliably perform their expected roles and duties, as well as those who will develop themselves in a self-directed manner with a sense of career, Kureha actively promotes various measures, including on-the-job training (OJT)*1 and systematic off-the-job training (OFF-JT)*2 programs at the workplace, as well as “self-directed career development support.” Under the new human capital system, Kureha is working more than ever to strengthen its support for the self-directed and continuous development of each and every employee so that they can continue to rise to the challenge of achieving their lofty goals and actively participate in the pursuit of a brighter future.

Self-directed career development support is Kureha initiative that helps employees understand the current state of their skills and develop themselves into professionals who can take on higher roles and perform their duties through self-directed and continuous learning. Based on employees’ career self-assessments, line managers and employees conduct career discussions to encourage employees to take the initiative in building the careers they want.

*1 On-the-job training (OJT): Employee training through daily operations

*2 Off-the-job training (OFF-JT): Employee training through training conducted away from daily operations

Self-Directed Career Development Concept (Based on a Performance-Based Approach for All Employees)



Kureha's Human Capital Development System

	General employee	Executive employee
Hierarchy-based training	Role action training	Executive employee advancement training
	Senior planning and development training	Newly appointed line manager training
	Intermediate planning and development training	Supervisor improvement training (evaluation edition)
	Training for staff converted to planning and development positions	
	Follow-up education by career and job type	
	Enrollment education	
Purpose-based training	New employee introduction education	
	Next-generation leader exchange training	Supervisor improvement training (coaching edition)
	Mentor*1 training	
Technology	Thesis review training	
	New product and business development training	Technology management training
Global human capital development	PST (Practical Skills Training)	
		TOEIC and TECC
		Online English conversation training
		English e-mail writing training
		Practical English Training Program
		Online Chinese conversation training
Digital	Overseas study	
		Senior data analyst course
Application-based Training		Digital human capital foundation training
		e-Learning
		Distance education
		Management edition
Self-directed career development support		Seminars by in-house and outside instructors
		Senior seminar*2
		Career interview
	Career awareness creation and cultivation training	
	Development plan	

*1 A senior employee is assigned to each new employee. Their role extends beyond just guiding their work, and they serve as a good sounding board and provide guidance to the new employee.

*2 Senior seminars are for employees between the ages of 51 to 53 (FY2021).

<https://www.kureha.co.jp/csr/social/staff/training.html>





Enhancing Governance System

Based on the Corporate Governance Guidelines, Kureha strives to enhance management transparency, secure relationships of trust with stakeholders, and fulfill its corporate social responsibility and achieve sustainable growth. We will also work to enhance the effectiveness of corporate governance in the Group.

Basic Policy on Corporate Governance

Kureha aims to enhance its internal control functions, including the implementation of compliance, to conduct fair and transparent management, and to enhance the effectiveness of corporate governance based on the Corporate Governance

Guidelines. In this way, we aim to achieve sustainable growth and enhance the Group's corporate value over the medium to long term.

Corporate Governance Structure

To strengthen corporate governance and expedite decision-making and business execution in the Group's management, we will clarify management oversight and execution responsibilities.

Board of Directors

The Board of Directors, which is limited to a maximum of 10 directors, of whom at least one-third are independent outside directors, makes decisions on important management matters and oversees the conduct of business. The Company places the highest value on corporate management experience when appointing directors. By combining different specialties and backgrounds, the Company comprehensively considers the balance of knowledge, skills and experience of the Board as a whole and conducts the appointment of directors.

Executive Committee

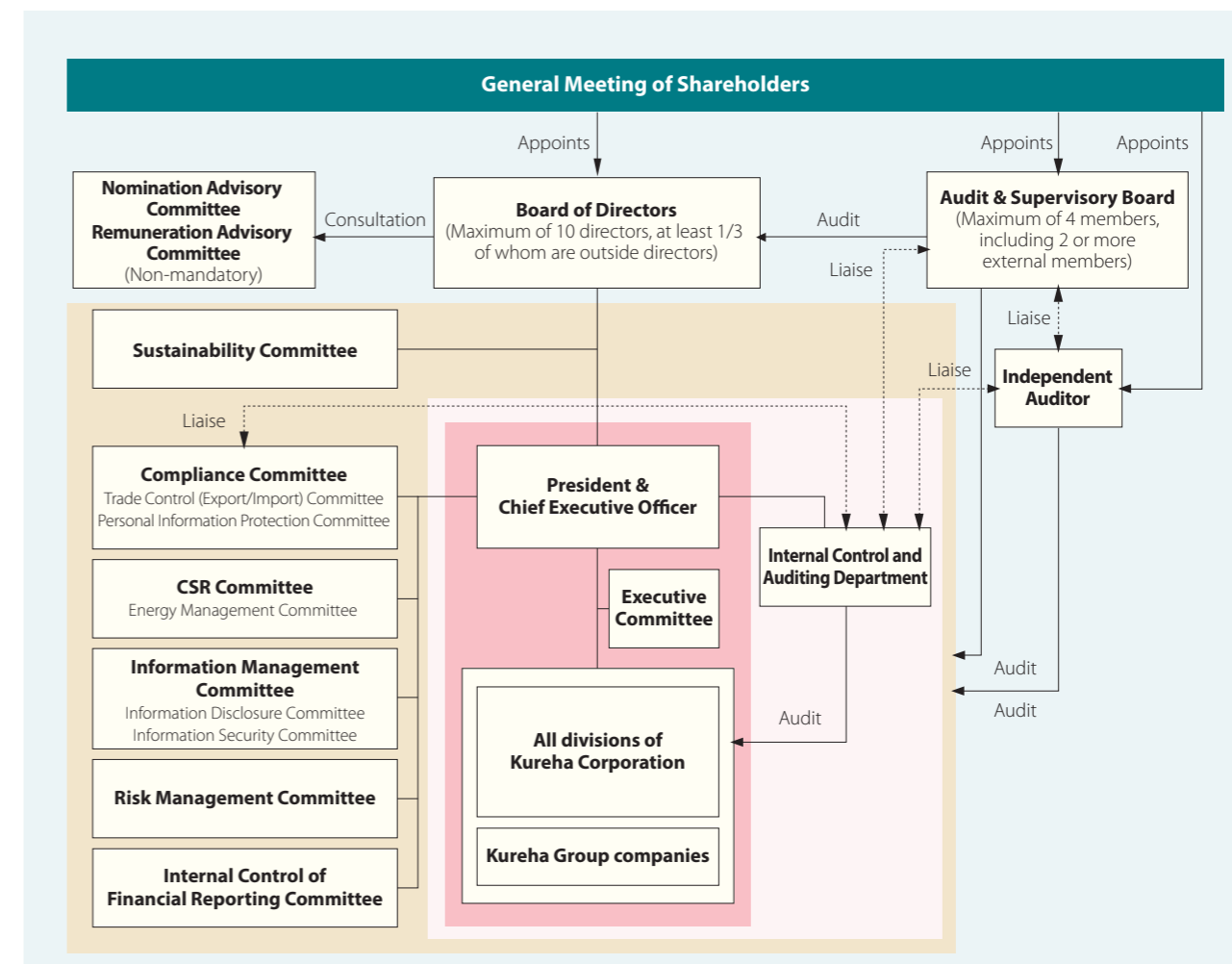
The Executive Committee, which consists of the President & CEO and executive officers as key members, deliberates on the Company's important management issues. The consolidated Executive Committee also exchanges views on management policies and business strategies to strengthen consolidated management.

Audit & Supervisory Board

The Audit & Supervisory Board consists of four or fewer Audit & Supervisory Board members, including two or more independent outside Audit & Supervisory Board members, and has appropriate knowledge of finance and accounting. The Audit & Supervisory Board members monitor the deliberation processes of board's resolutions and reports and audit the execution of duties. In addition, Audit & Supervisory Board members exchange opinions with the independent auditor and the Internal Control and Auditing Department regarding audit plans and the status of audits to ensure mutual cooperation.

Independent Auditor

Kureha has appointed Ernst & Young ShinNihon LLC as its independent auditor and has been subjected to fair and impartial accounting audits by properly providing management information.



Note: On April 1, 2022, the Labeling and Trade Promotions Committee and Antitrust Committee, which were subcommittees of the Compliance Committee, were abolished. On April 1, 2022, the Company established the Sustainability Committee as a subsidiary of the Board of Directors to comprehensively supervise and monitor sustainability promotion activities.

Internal Control and Auditing Department

The Internal Control and Auditing Department, which acts independently of other departments, assesses and verifies the suitability and effectiveness of internal management control systems, makes suggestions and recommendations regarding improvements, and reports the results of audits to the Board of Directors and others. By doing so, we ensure a system that contributes to improving management efficiency and public trust in Kureha.

Nomination Advisory Committee (Non-Mandatory)

The Nomination Advisory Committee deliberates on matters concerning the appointment and dismissal of the chairperson, President & CEO, representative directors and directors, as well as candidates to succeed the President & CEO and relevant succession plans, and examines the content of proposals to the Board of Directors.

Remuneration Advisory Committee (Non-mandatory)

The Remuneration Advisory Committee deliberates on matters related to the system and policies regarding remuneration for directors and executive officers and examines the content of proposals to the Board of Directors.

Assessment of the Effectiveness of the Board of Directors

To enhance the functions of the Board of Directors, Kureha analyzes and assesses its effectiveness annually and discloses a summary of the results. In fiscal 2021, we conducted a questionnaire survey of all directors and Audit & Supervisory Board members on the "Assessment of the Effectiveness of the Board of Directors" and conducted a review based on the results of the assessment at the regular meetings of the Board of Directors. Specifically, we assessed (1) the composition of the Board of Directors, (2) the management of the Board of Directors, (3) the agenda

of the Board of Directors, (4) a system of support for external directors, the roles of Audit & Supervisory Board members, and the expectations for Audit & Supervisory Board members, and (5) the relationship with stakeholders. As a result, we confirmed the proper implementation of all items and the effectiveness of the Board of Directors as a whole.

Although there are no specific issues to be improved from the fiscal 2021 evaluation, in fiscal 2022 we will further deepen discussions on the new medium- to long-term

management plan, the direction of the PGA business, sustainability issues, and human resource development.

■ Corporate Governance Report

The information on Kureha's corporate governance is also presented on the website.

 https://www.kureha.co.jp/en/ir/pdf/20220627_CG%20Report_en.pdf 

Internal Control System

The Board of Directors has adopted a resolution on the "Basic Policy on Internal Control Systems." To ensure that the Group complies with laws and regulations and conducts our business operations in an appropriate manner, we are working to establish various committees, develop internal rules, and respond to laws and regulations. We also review the performance of internal control systems every year and publish a summary of the review in our Business Report.

As for internal control of financial reports to ensure their reliability, we have established basic rules and implement management's assessment and certified public accountant's auditing of the effectiveness of the internal control of financial reports, as stipulated in the Financial Instruments and Exchange Law. At the same time, under the responsibility of the President & CEO, we publish Internal Control Reports.

Executive Remuneration

The Board of Directors determines the remuneration for directors and executive officers based on corporate performance, while considering enhancement of medium to long-term corporate value, and in accordance with the remuneration structure and levels appropriate to the roles and responsibilities required of each executive for securing and maintaining appropriate human resources.

Cash remuneration reflecting performance indicators is paid as a bonus to raise the awareness of directors to improve their performance in each fiscal year. The performance indicator selected as the basis for calculating the amount of performance-based remuneration is profit attributable to owners of parent for each fiscal year, and the reason for selecting this performance indicator is that it reflects all operating results and represents the bottom line.

In order to incentivize directors to sustainably increase the value of the Company and to raise their awareness of

shareholder-oriented management, remuneration in the form of stock acquisition rights as stock options is paid within the total amount approved by the General Meeting of Shareholders.

The Company established a voluntary Remuneration Advisory Committee on June 26, 2018. The voluntary compensation committee is composed of three or more directors, the majority of whom are outside directors, and is chaired by an outside director. The voluntary Remuneration Advisory Committee deliberates on matters related to the policies of the remuneration structure and system for directors and executive officers and deliberates on matters to be submitted to the Board of Directors. The Remuneration Advisory Committee met four times in the fiscal year under review to discuss the content of the compensation for individual directors.

Total Amount of Remuneration by Executive Officer Classification, Total Amount by Remuneration Type, and Number of Eligible Executive Officers

Executive officer classification	Total remuneration (million yen)	Total remuneration amount by type (million yen)			Number of eligible executive officers
		Basic remuneration	Performance-based remuneration	Non-monetary remuneration	
Directors (excluding external directors)	225	132	73	20	3
Audit & Supervisory Board members (excluding Outside Audit & Supervisory Board members)	18	18	—	—	1
Outside directors	30	30	—	—	2
Outside Audit & Supervisory Board members	30	30	—	—	2

Shareholding Status

■ Criteria and Approach for Classification of Investment Shares

Kureha holds shares either for the purpose of pure investment or for purposes other than pure investment and classifies them according to this difference. The shares classified as shares for pure investment are held for the purpose of receiving profits from fluctuations in the value of shares or dividends from the shares. The shares classified as shares for purposes other than

pure investment are held based on the assumption that they will contribute to current business as well as the sustainable and medium to long-term enhancement of corporate value. Kureha does not hold shares for the purpose of pure investment.

■ Investment Shares held for Purposes other than Pure Investment

Policy on shareholdings, method for verifying the reasonableness of shareholdings, and details of verification of appropriateness of shareholdings for each stock conducted by the Board of Directors

Kureha holds the shares of its business partners if it is judged that doing so will contribute to current business as well as the sustainable and medium and long-term enhancement of corporate value. The Board of Directors verifies the significance of holding shares for purposes other than pure investment by examining whether the purpose of shareholdings is appropriate and whether the benefits

and risks of holding the stock are commensurate with the cost of capital. We will reduce stocks that are deemed no longer necessary in stages, taking into account a comprehensive range of factors, including dialogue with business partners, the impact on the market, and whether capital is being used effectively.

In fiscal 2021, we decided to reduce 3 stocks based on the results of the examination at the Board of Directors meeting held on May 18, and as of the end of March 2022 we held 52 stocks. (Sold all shares of one out of three stocks we held)

Risk Management

Under the supervision of the Risk Management Committee and in accordance with its basic policies, Kureha analyzes and evaluates risks that adversely affect the Company's management, considers and implements measures to address highly significant risks, and has established a system to apply the Plan Do Check Action (PDCA) cycle to this process to promote risk management.

Basic Policy on Risk Management

Kureha manages risk based on the following basic policy.

Basic Policy on Risk Management

Understand the risks to our management on a company-wide scale and prevent them from occurring, and take necessary preventive measures to reduce the impact of risks that occur to an acceptable range.

Risk Management System

According to the classification of risks associated with business activities, the CSR Committee, the Information Management Committee and the Compliance Committee, and related departments are in charge of each risk classified as the supervising department, and promote risk management in cooperation with the departments actually involved with individual risks all under the supervision of the Risk Management Committee

under the direct control of the President, which is chaired by the top management.

The Risk Management Committee has established a risk management system to verify the implementation process and to prevent omissions and leaks of important risk recognition from a company-wide (management) perspective.

Risk Management Implementation Process

(1) Identify risks

The supervising department identifies individual risks (in detail) according to type, analyzes their level of importance, and rates them by priority of response.

(2) Analyze and rate risks

The Risk Management Committee reviews the results of individual risk analyses and ratings, and gives any necessary instructions to the supervising department.

(3) Monitor the response to risks

The supervising department monitors how the responsible department responds to individual risks judged to be high-priority and gives further instructions accordingly.

(4) Report and verify monitoring results

The supervising department reports their monitoring results to the Risk Management Committee, which then verifies the results and gives further instructions back to the supervising department accordingly.

The Risk Management Committee then reports the fulfillment status of this process to the Executive Committee and Board of Directors. Information on the response to major high-priority risks is disclosed in a timely and appropriate manner.

Business and Other Risks

The following are the principal risks that may have a material impact on our Group's results of operations.

Forward-looking statements and risks contained herein are based on the Group's judgment as of the date of filing of our 108th annual securities report (June 24, 2022).

Changes in the Business Environment of the Individual Business Segments

The Group's business segments are as follows: Advanced Materials, consisting primarily of processed polyglycolic acid (PGA) products, vinylidene fluoride (PVDF) and polyphenylene sulfide (PPS); Specialty Chemicals, consisting primarily of pharmaceuticals, agrochemicals and industrial chemicals; Specialty Plastics, consisting primarily of household products and food packaging materials; Construction, consisting primarily of construction and engineering; and Other Operations, including environmental and logistics businesses. The Group's business may be affected by market and customer trends or increased competition and other factors in the operating environment, which may have a negative impact on the Group's results. Each business division strives to identify signs of changes in the business environment, discuss the changes in the business environment of each business division and the measures to be taken at the Management Committee and report to the Board of Directors and other relevant bodies on a regular basis.

During the fiscal year under review, the global economy, including Japan, showed some signs of recovery as the severe impact of the COVID-19 pandemic began to ease. Although continued recovery is expected from economic and social activities that take measures to prevent the spread of the disease, the outlook remains uncertain due to lingering effects of the pandemic, rising raw material and fuel prices, semiconductor supply shortages, and developments in Ukraine.

In light of these challenges, the Group will closely monitor the impact on its business operations and implement appropriate measures such as ensuring a healthy and safe working environment and providing appropriate product prices.

Advanced Materials

PGA products: Business activities may be affected by changes in the operating performance of major customers in the U.S. shale oil and natural gas drilling industry as a result of changes in crude oil and natural gas prices and demand due to the economic recovery from the COVID-19

pandemic, shifts in customers' investment plans towards carbon neutrality, and the status of the Company's own development of new products.

PVDF: Demand for this material is growing for use as a binder for lithium-ion secondary batteries, but fluctuations in raw material prices, geopolitical risks at major production sites, and the COVID-19 policies may affect business activities.

Carbon products: The Group manufactures and sells carbon fibers for use in insulation for high-temperature furnaces. There is a possibility that business operations may be impacted by geopolitical risks at main production sites and the COVID-19 policies.

The Advanced Materials business, including these products, is mainly geared towards the automotive and electrical/electronics industries, so changes in customer production activities in these sectors may affect the Group's business.

Specialty Chemicals

Industrial chemicals: The target market has a wide range of businesses and there is a possibility of being affected by declining demand due to domestic and global economic stagnation and market conditions.

Agrochemicals: Due to the dependence on outsourced production, there is a possibility of being affected by the operational risks of the outsourcing party.

Specialty Plastics

Commercial food packaging materials business: The main customers are located primarily in Europe. Sales may be affected by trends in production and distribution activities related to commercial meat processing in the region and by the impact of economic sanctions against Russia due to the situation in Ukraine.

Construction and Other Operations

Construction business: The business may be impacted by a decline in private construction projects due to stagnant domestic economic activity.

Environmental business: The business may be affected by a decrease in the amount of waste generated in the industrial waste treatment business.

Hospital business: The COVID-19 pandemic situation may have an impact on the hospital business, including the need to

respond to the disease, a decrease in the number of patients visiting the hospital, and the difficulty in recruiting doctors and nurses, which may result in increased costs for maintaining local healthcare.

■ **Market Conditions, Procurement of Raw Materials, Fuels, Etc.**

The raw materials and fuels used by the Group are subject to market influences and may impact our business performance, such as during price fluctuations. In addition, there is a risk that our ability to produce products using rare or foreign-sourced raw materials may be impacted by supply and logistics issues

from our suppliers. To mitigate these risks, we are implementing strategies such as adjusting product prices to reflect cost changes and expanding sales of high-value-added products, as well as striving to diversify our suppliers.

■ **Product Liability and Product Quality**

In the event of a significant quality issue with the Group's products, it could impact the Group's operating results. The Group employs a quality management system to identify and address risks related to its products and manufacturing

processes, and strives for continuous improvement. To mitigate risk, the Group also has product liability (PL) insurance in place.

■ **Overseas Business Development Risks**

The Group operates globally, and its operations may be affected by unforeseen circumstances such as deterioration in political, economic, and social conditions, changes in laws and regulations, and natural disasters in the countries and regions where it operates. In addition, fluctuations in foreign exchange rates may affect the conversion of financial

statements of overseas Group companies and foreign currency transactions, which may affect the Group's operating results. The Group makes efforts to gather information on overseas developments and employs measures such as forward exchange contracts to reduce the risks associated with foreign exchange rate fluctuations.

■ **Occurrence of Natural Disasters and Accidents**

The Group's operating results may be adversely affected if its production facilities are damaged by a major earthquake, typhoon or other natural disaster, fire or accident, or if a pandemic such as COVID-19 occurs. The Group continuously

works to ensure safety by developing a Business Continuity Plan (BCP), conducting fire and disaster drills, and maintaining and updating production facilities.

■ **Emergence of new Technologies and Development Risks**

The Group actively engages in research and development (R&D) across all its business sectors. Specifically, in the Advanced Materials business, the rapid pace of technological advancements in the target market and unexpected market changes could hinder the development and introduction of new products. Additionally, there is a possibility that the Group's operating results may be impacted if some of its

products and technologies become obsolete due to technological breakthroughs by competitors. To address this, the R&D department collaborates with the business divisions and proactively advances the development of new products by reviewing and revising research themes, adjusting the allocation of resources, and participating in industry-academia partnerships.

■ **Information Security Risk**

The Group holds crucial information such as sales and technology information related to business operations and personal information including customers. The Group utilizes its core systems and plant control systems in its business operations, and is working to introduce digital technologies such as the Internet of Things (IoT) and artificial intelligence (AI). A breach of this important information, a large-scale failure of business systems, or an infection by cyber-attacks or computer viruses may potentially affect the

Group's business results. To mitigate these risks, the Group has established an Information Security Committee and implemented a Basic Information Security Policy and Information Security Management Rules to strengthen its management systems. To further reduce risks, the Group provides information security training to employees, monitors compliance with information security measures, and regularly updates its system equipment, utilizing external resources as needed.

■ **Environmental Risk**

The Group is implementing measures to reduce the environmental impact of our operations in response to increasing concerns about climate change and a circular economy. However, if new environmental regulations are introduced or if our business activities have a significant negative impact on the environment, the Group's business

performance and other factors may be affected. The Group is continuously working to reduce the environmental impact of its business activities and, through the CSR Committee, collects environmental information, monitors regulations and works with business, production and R&D divisions to develop countermeasures and reduce risks.

■ **Compliance Risk**

The Group has established the Kureha Group Ethics Charter, Compliance Code of Conduct, and Compliance Regulations, and strives to thoroughly understand and comply with laws, regulations, and social norms through education and training at each Group company. However, due to the diversity of the Group's businesses and the frequent changes in relevant

domestic and international laws and regulations, it may not be possible to completely avoid compliance risks. In the event of a conflict with laws and regulations, the Group's business performance may be adversely affected, including a loss of public credibility and brand image and the potential payment of fines.

■ **Litigation Risk**

The Group's domestic and international operations may result in the risk of litigation relating to intellectual property, product liability, the environment, labor and other matters. In the event of significant claims being made, the Group's

operating results could be adversely affected. To minimize this risk, the Group takes preventative measures through education and training on legal and intellectual property issues and collaborates with legal experts as necessary.

Compliance

The management and employees of Kureha and its Group companies comply with all relevant domestic and international laws and regulations in all aspects of their corporate activities and practice activities in accordance with social norms.

Compliance System

We established the Kureha Group Ethical Charter as a code of conduct for management and employees of the Kureha Group. The Compliance Committee, chaired by a director, provides training and other education through the Compliance Handbook, which contains the Compliance Code of Conduct, so that each employee is aware of the importance of

compliance. The Internal Control and Auditing Department, under the direct control of the President, evaluates and verifies the appropriateness and effectiveness of internal control systems, including compliance, in internal audits covering 12 offices and 28 consolidated subsidiaries.



Compliance Education and Awareness Initiatives

- Conducting compliance awareness surveys (including Group companies)
- Information exchange meeting on training and case handling at Kureha and the Group
- Security trade management training
- Review of antitrust compliance, protection of personal information, etc.
- Revision of the Compliance Code of Conduct manual
- Revision of the Kureha Group Ethical Charter (Written Human Rights Policy for Fiscal 2020)

Whistleblowing System

We have a hotline (whistleblowing system) employees can use if they discover a compliance problem, have a question, or are unsure of how to handle something. The whistleblowing system is also available for consultation on compliance issues related to product and safety, human rights, the environment, health and safety, fair and free competition, and relationships

with politics, administration and society. Internal rules prohibit people from being treated detrimentally for reporting or consulting on the hotline.

Fiscal year	2019	2020	2021
The number of reports*	2	10	6

* Includes domestic group companies

Tax Compliance

Kureha has established the Kureha Group Tax Policy to ensure that the Group has a proper understanding of the tax-related laws and regulations, and the spirit thereof, in each country

and region where the Group operates, and fulfills its tax obligations appropriately.

Administration of Tax Matters

The Group ensures thoroughness in all activities and controls based on its tax policy.

- There are no tax risk issues currently identified.
- We conduct reasonable tax work in compliance with tax-related laws and regulations by following proper accounting practices and seeking advice from external specialists such as certified public tax accountants.

- Duties related to tax work are carried out by the director in charge of the Accounting Department.
- The Audit & Supervisory Board and its members audit the execution of duties by directors from an independent and objective standpoint.

For more information on compliance
<https://www.kureha.co.jp/en/csr/governance/compliance.html>



Message from Our Outside Directors

The Origin of All Is “What is Kureha?”

I believe that the role to be played by an outside director is to introduce an outside perspective to make all stakeholders happy. To make this happen, it is important to respond to the change in times, open up the issues without procrastinating, and to continue to provide wisdom based on personal experience and the rules and principles, in discussions centered on the Board of Directors. Kureha is a corporate group with great potential in people, technology, and materials. To further polish this strength, nurturing of core human resources to bear management responsibilities and a new human resource system to support self-development has started. Reforms are being promoted to form a population for diversification through active recruiting of women and foreign nationals, with the Human Resources Department at its center. When the population increases, I am sure that opportunities to appoint talented women and foreign nationals as core human resources will increase. These achievements will be slow. However, I am confident that they will steadily bear fruit.



Osamu Tosaka
Outside Director, Independent Director

In the Sustainability Committee established in the Spring of 2022, I proposed a review of the values that have been cherished by Kureha since its establishment, the mission of what the company stands for, and the vision of which direction to take. This was done to avoid the objectification of sustainability, which is easily attuned to social trends. The secretariat may have felt some anxiety by starting the discussions from the fundamentals. However, by asking “What is Kureha?” as the origin of all, the activity is now becoming a standard for value and code of conduct that will permeate to every individual employee. I am proud to say that it is an important role to be played by outside directors in provoking these material discussions.

Kureha is an excellent BtoB corporate group with many honest and serious employees. They have been sincerely working to make information disclosures for shareholders and investors. However, there is still some room to broaden their activities by conducting open dialogue with multi-faceted shareholders and investors to increase their popularity. For example, it may be a good idea to think of better ways to convey information to the targets, such as through the hosting of analysts’ briefings at factories and laboratories and turning them into facilities to be seen.

Providing the Precise Choices for Kureha in the Changing Business Environment

Through the past year, I have provided various advice under the changing business environment. The Company has a wide range of products and business divisions, and business portfolio management is conducted with profitability and competitiveness not affected by fluctuation from a single market. It is necessary to review this business portfolio with the fluctuations of the market, and serious discussions have been made constantly in the Board of Directors as necessary. To make precise judgements in these discussions, it is essential that sufficient information be disclosed to all participants of the Board of Directors. Furthermore, regarding the selection of management human resources, the future participants to the Board of Directors, discussions for nominations and remuneration were conducted with the outside directors leading the discussions. I feel the response to these matters has further evolved in the past year.

The management of the Company, with President Kobayashi at the center, has extensive knowledge of the business field, with a firm grip on the details, and provide well-balanced management that goes forward without any fluctuation in the direction and vision of the Company. Two indices, performance-based goals and objective evaluation have been used for reforming the human resource systems, as a part of the approach towards the nurturing of core human resources. Steps have been taken for human resource nurturing to allow every individual employee to clear the path for their own careers. I have also been able to meet human resources who could become candidates for director positions in the future.

In the discussions for the formulation of the next medium-term management plan, it has become necessary to review the ways of how to maintain the continuous power of growth of Kureha Group in the face of a possible paradigm shift coming from the arrival of a period of drastic change. The Company has grown as a company driven by innovation and has accumulated technical innovation over the years. The source of this growth or sustainability lies with the people in Kureha Group. I am confident that no technical innovation can be achieved without people. Acquiring patents alone will not create innovation. I believe that strengthening of human resource nurturing is an important theme that forms the growth engine of the Company in the medium- to long-term range.



Kazunari Higuchi
Outside Director, Independent Director

Board of Directors

Audit & Supervisory Board

											
	President & Chief Executive Officer	Executive Vice President	Senior Vice President	Senior Vice President		Outside Director	Outside Director	Outside Director	Audit & Supervisory Board member	Audit & Supervisory Board member	Audit & Supervisory Board member
	Yutaka Kobayashi	Michihiro Sato	Yoshio Noda	Hiroyuki Tanaka		Osamu Tosaka	Kazunari Higuchi	Osamu Iida	Masaru Kiriyama	Toru Yoshida	Yukako Oshimi
Date of Birth	December 25, 1951	June 21, 1960	January 19, 1959	September 27, 1963		December 11, 1946	January 3, 1957	May 20, 1957	January 16, 1958	May 13, 1958	August 11, 1976
Period in office (years)	14	7	7	Newly appointed		6	2	Newly appointed	3	6	3
Attendance at Board of Directors meetings	13 of 13 (100%)	13 of 13 (100%)	13 of 13 (100%)	—		13 of 13 (100%)	13 of 13 (100%)	—	13 of 13 (100%)	13 of 13 (100%)	13 of 13 (100%)
Attendance at Audit & Supervisory Board meetings	—	—	—	—		—	—	—	14 of 14 (100%)	14 of 14 (100%)	14 of 14 (100%)
Director skills (expertise and experience)											
Corporate management / Management strategy	○	○	○	○		○	○	○			
Manufacturing		○		○		○		○			
R&D		○				○		○			
Business strategy / Marketing	○	○	○			○	○	○			
Finance / Accounting			○				○				
Overseas operations / Internationalization	○	○	○	○		○	○	○			
Legal / Governance / Compliance / Risk management	○	○	○	○		○	○	○			
ESG / Sustainability		○	○	○		○					

Executive Officers

Senior Vice President	Naomitsu Nishihata	President, Kureha America Inc.; Deputy Managing Director, PGA Business
Senior Vice President	Koji Suyama	General Manager, Home Products & Packaging Materials Division
Vice President	Katsuhito Nataka	General Manager, Advanced Products Division
Vice President	Satoshi Yonezawa	General Manager, Chemicals Division
Vice President	Hiroyuki Sato	General Manager, Research & Development Division
Vice President	Atsushi Kida	General Manager, Manufacturing & Technology Division; General Manager, Iwaki Factory

Director Skills (Expertise and Experience)

In order to realize the Group corporate philosophy and management plan and enhance the Group's corporate value, we have identified eight skills that we expect from directors to possess: (1) corporate management and management strategy, (2) manufacturing, (3) research and development, (4) business strategy and marketing, (5) finance and accounting, (6) overseas operations and internationalization, (7) legal affairs, governance, compliance and risk management, and (8) ESG and sustainability. The skills required of the directors are the eight skills specified above.

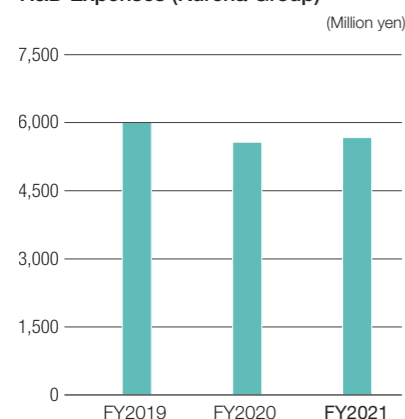
Notes 1: Based on each individual's expertise and experience, we have circled in the boxes where we have specific expectations for the Company.

2: The above list is not an exhaustive list of each individual's skills.

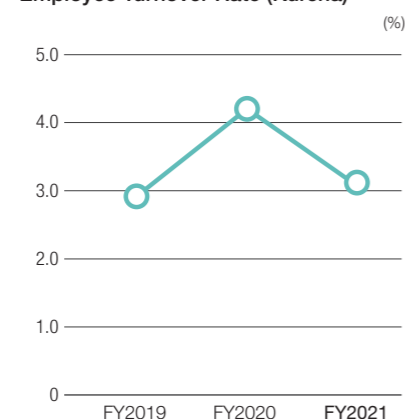
Financial and Non-Financial Highlights

Financial Information (Japanese GAAP)	Unit	FY2011	FY2012	FY2013	FY2014	FY2015
For the year:						
Net sales:	Million yen	¥128,358	¥130,550	¥148,124	¥150,182	¥142,549
Domestic	Million yen	97,461	98,269	105,588	103,943	96,025
Overseas	Million yen	30,897	32,281	42,536	46,239	46,524
Net sales by segment:						
Advanced Materials	Million yen	31,253	27,650	32,815	36,187	36,536
Specialty Chemicals	Million yen	30,182	32,833	36,615	35,535	31,182
Specialty Plastics	Million yen	37,672	40,900	45,291	46,519	44,210
Construction	Million yen	16,300	14,967	17,238	16,721	16,201
Other Operations	Million yen	12,950	14,197	16,163	15,218	14,418
Operating income	Million yen	8,472	8,458	11,902	14,551	12,600
Net income attributable to owners of parent	Million yen	1,460	3,212	7,365	9,195	7,342
Capital expenditure	Million yen	14,360	19,984	16,468	17,557	12,139
Depreciation and amortization	Million yen	9,580	8,882	9,096	8,261	9,877
Research and development expenses	Million yen	5,080	4,389	4,586	4,978	4,885
Cash flows from operating activities	Million yen	12,144	10,246	14,058	12,533	14,045
Cash flows from investing activities	Million yen	(14,169)	(19,595)	(20,444)	(18,766)	(6,026)
Cash flows from financing activities	Million yen	370	10,264	4,673	5,042	(9,328)
Year-end:						
Total assets	Million yen	¥186,223	¥205,284	¥224,459	¥249,697	¥236,633
Net assets	Million yen	88,554	96,211	106,190	120,624	119,274
Interest-bearing debt	Million yen	56,683	68,448	77,225	86,636	79,685
Amounts per share:						
Net income—basic	Yen	¥ 8.51	¥ 18.71	¥ 42.87	¥ 53.53	¥ 42.73
Net assets	Yen	510.37	546.69	604.00	687.80	686.06
Cash dividends	Yen	10.00	10.00	11.00	12.00	11.00
Ratios:						
Operating income to net sales	%	6.6%	6.5%	8.0%	9.7%	8.8%
Net income to net sales	%	1.1	2.5	5.0	6.1	5.2
Return on equity	%	1.7	3.5	7.5	8.3	6.2
Return on assets	%	4.3	3.4	5.7	6.5	4.9
Equity ratio	%	47.0	45.7	46.2	47.3	49.8

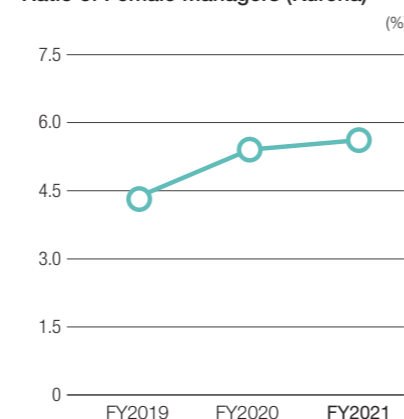
R&D Expenses (Kureha Group)



Employee Turnover Rate (Kureha)



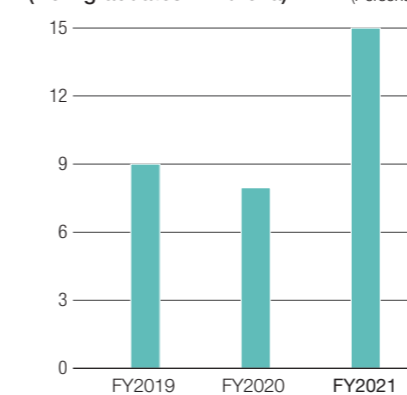
Ratio of Female Managers (Kureha)



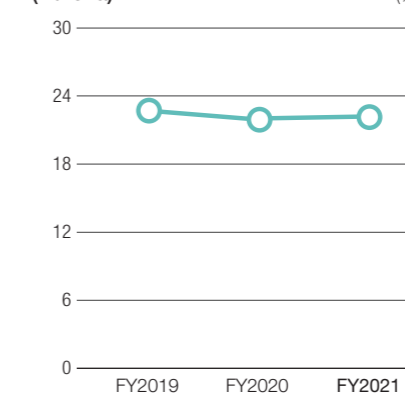
Financial Information (IFRS)	Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
For the year:							
Revenue:	Million yen	¥ 132,294	¥ 147,329	¥ 148,265	¥ 142,398	¥ 144,575	¥ 168,341
Domestic	Million yen	97,630	107,145	103,862	102,718	100,678	105,609
Overseas	Million yen	34,664	40,184	44,403	39,680	43,897	62,732
Revenue by segment:							
Advanced Materials	Million yen	33,369	41,640	45,749	41,842	44,465	66,687
Specialty Chemicals	Million yen	25,866	26,176	27,309	24,331	23,543	26,157
Specialty Plastics	Million yen	42,791	45,397	45,148	43,473	42,352	44,773
Construction	Million yen	13,934	17,354	12,415	14,457	13,919	12,174
Other Operations	Million yen	16,332	16,760	17,643	18,293	20,294	18,547
Operating profit	Million yen	9,255	12,973	17,172	18,041	17,263	20,142
Profit attributable to owners of parent	Million yen	7,001	9,697	13,933	13,719	13,493	14,164
Capital expenditure	Million yen	10,304	9,768	13,174	14,928	14,322	14,319
Depreciation and amortization	Million yen	10,191	9,898	10,310	12,110	11,672	11,550
Research and development expenses	Million yen	4,734	4,962	5,270	5,995	5,561	5,649
Cash flows from operating activities	Million yen	12,350	20,178	23,377	15,150	26,704	28,581
Cash flows from investing activities	Million yen	(1,071)	(9,698)	(8,363)	5,483	(3,876)	(10,999)
Cash flows from financing activities	Million yen	(11,727)	(10,415)	(15,478)	(19,353)	(12,516)	(6,105)
Year-end:							
Total assets	Million yen	¥ 234,907	¥ 242,281	¥ 247,352	¥ 246,890	¥ 256,923	282,639
Total equity attributable to owners of parent	Million yen	124,297	150,193	160,551	164,990	183,830	199,219
Interest-bearing debt	Million yen	71,007	48,089	39,018	37,317	29,506	28,507
Amounts per share:							
Basic profit per share	Yen	¥ 407.38	¥ 507.48	¥ 679.55	¥ 692.61	¥ 691.33	¥725.73
Owners' equity per share	Yen	7,232.89	7,271.67	7,922.58	8,453.07	9,418.64	¥10,207.32
Cash dividends per share	Yen	110.00*	125.00	165.00	170.00	170.00	210.00
Ratios:							
Operating profit to revenue	%	7.0%	8.8%	11.6%	12.7%	11.9%	12.0%
Profit attributable to owners of parent to revenue	%	5.3	6.6	9.4	9.6	9.3	8.4
Return on equity	%	5.8	7.1	9.0	8.4	7.7	7.4
Return on assets	%	3.8	5.3	7.1	7.3	7.0	7.6
Owner's equity ratio	%	52.9	62.0	64.9	66.8	71.6	70.5

* Translation is based on the ratio of the reverse stock split of 10 common shares to 1 common share as of October 1, 2016.

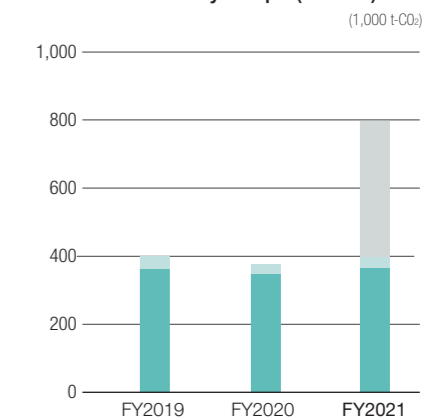
Number of Female Hires (New graduates in Kureha)



Ratio of Female Regular Employees (Kureha)



GHG Emissions by Scope (Kureha)



Note: Scope 3 is calculated from FY2021.



Operating Results and Financial Analysis

Business Environment

In the fiscal year ended March 31, 2022, the Japanese and global economies showed signs of recovery as the extremely challenging conditions caused by the COVID-19 pandemic eased. While the trend toward recovery is expected to continue as ongoing measures to combat the spread of the virus support economic activity, the outlook remains uncertain due to the lingering effects of the pandemic, exacerbated by factors such as rising fuel and raw material costs, a semiconductor shortage, and the Ukraine crisis.

Under these circumstances, the Kureha Group maintained stable business operations while striving to prevent the spread of infection and reduce related risk factors. A renewed increase in COVID-19 infections led to lockdowns in China, which in turn halted operations at local plants producing

carbon products for the Advanced Materials business. However, the impact was minimal. Similarly, sharply higher fuel and raw material costs impacted earnings, particularly in Advanced Materials, but the Group was able to compensate by passing on cost increases to users where appropriate.

Revenue increased year-on-year, particularly in polyvinylidene fluoride (PVDF), which is used as a binder material for lithium-ion secondary batteries. Core operating profit (profit before adjustments) increased year on year despite losses caused by the suspension of production at a PGA resin manufacturing subsidiary in the U.S., and operating profit also increased despite the recording of impairment losses on fixed assets in the Advanced Materials business.

Analysis of Business Results

Revenue for the fiscal year under review rose by ¥23,766 million, or 16.4%, to ¥168,341 million. Gross profit increased by ¥8,005 million, or 18.7%, to ¥50,878 million, and the gross profit margin improved to 30.2% from 29.7% in the previous fiscal year. Selling, general, and administrative expenses rose by ¥2,083 million, or 8.2%, to ¥27,521 million. Other expenses (net of other income) amounted to a loss of ¥5,235 million, due mainly to an impairment loss of ¥5,306 million. As a result, operating profit increased by ¥2,879 million, or 16.7%, to ¥20,142 million, and the operating profit margin improved to 12.0% from 11.9% in the previous fiscal year.

Finance costs (net of finance income) amounted to a loss of ¥256 million. As a result, profit before tax increased by ¥2,650 million, or 14.9%, to ¥20,398 million.

Income tax expense was ¥6,104 million, and profit for the fiscal year increased by ¥682 million, or 5.0%, to ¥14,293 million. The Group posted profit attributable to non-controlling interests of ¥129 million, and profit attributable to owners of parent increased by ¥671 million, or 5%, to ¥14,164 million.

Cash Flow Analysis

The balance of cash and cash equivalents at the end of the fiscal year under review (March 31, 2022) amounted to ¥30,639 million, an increase of ¥12,805 million from the end of the previous fiscal year. This was due to the accumulation of cash and cash equivalents to ensure future liquidity of funds. An outline of individual cash flows and the main factors affecting each is as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥28,581 million, an increase of ¥1,877 million from the previous fiscal year. This mainly reflected an increase in profit before tax.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥10,999 million, an increase of ¥7,123 million from the previous fiscal year. This was mainly attributable to a decline in proceeds from the sale of investment securities.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥6,105 million, a decrease of ¥6,410 million from the previous fiscal year.

Financial Policy

The Group raises necessary funds by borrowing from financial institutions, issuing corporate bonds and commercial paper. In addition, we have implemented a cash management system to efficiently utilize funds and reduce financial costs. To ensure liquidity, we secure issuance limits for commercial paper, utilize commitment lines and overdraft agreements with financial institutions, and maintain cash and cash equivalents.

The Group's basic policy is to maximize operating cash flow by securing planned profits and improving asset efficiency, and to allocate funds on a priority basis to capital

expenditures, investments and loans, R&D investments for new and existing businesses, and dividends to shareholders. On this basis, while our first priority is to secure long-term funding, we also consider the balance of short-term and long-term borrowings and implement necessary financing.

With respect to plans for significant capital expenditures and sources of financing for such expenditures, our capital expenditure plans, primarily in the Advanced Materials segment, will be financed through internal funds, corporate bonds and borrowings.

Balance Sheet Analysis

Total assets as of March 31, 2022 were ¥282,639 million, up ¥25,716 million compared to March 31, 2021. Current assets totaled ¥112,418 million, up ¥26,181 million compared to March 31, 2021, amid increases in cash and cash equivalents, trade and other receivables, and inventories. Non-current assets were ¥170,221 million, down ¥465 million from the previous fiscal year. Factors contributing to the decrease in non-current assets were a decline of ¥5,735 million in property, plant and equipment to ¥114,435 million owing to tax purpose reduction entries accompanying receipt of government subsidies and the booking of impairment losses, which offset increases in intangible assets, assets related to

equity method investments, and retirement benefit assets.

Total liabilities were ¥81,914 million, up ¥10,512 million compared to the previous fiscal year. This was mainly due to a ¥999 million decline in interest-bearing debt to ¥28,507 million from paying down loans and other items, which offset increase in trade and other payables.

Total equity was ¥200,724 million, up ¥15,203 million compared to the previous fiscal year. This was due primarily to the recording of ¥14,164 million in profit attributable to owners of parent and an increase in other components of equity associated with depreciation of the yen, which offset dividend payments of ¥3,318 million from retained earnings.

Overview of capital expenditure

Total capital expenditure of the Group during the fiscal year ended March 31, 2022 amounted to ¥14,319 million. This includes investments in both tangible and intangible assets. The breakdown of capital expenditures by segment is as follows:

The Advanced Materials segment invested ¥6,680 million, primarily in manufacturing-related facilities for vinylidene fluoride resin (PVDF) and polyphenylene sulfide (PPS) (Kureha Corporation). The Specialty Chemicals segment invested ¥609 million, primarily in manufacturing-related facilities for industrial chemicals (Kureha Corporation). The Specialty Plastics segment invested ¥1,681 million, primarily in manufacturing-related facilities for polyvinylidene chloride (PVDC) film (Kureha

Corporation). The Construction segment invested ¥110 million in facilities. The Other Operations segment invested ¥2,089 million, primarily in industrial waste processing facilities (Kureha Ecology Management Co., Ltd.).

In addition, the Advanced Materials, Specialty Chemicals, and Specialty Plastics segments jointly invested ¥3,148 million in shared factory facilities (Kureha Corporation) and in investments related to the next generation core systems (Kureha Corporation). The funds required for these investments was procured from cash-at-hand, corporate bonds, and borrowings.

Consolidated Statements of Financial Position

Kureha Corporation and Consolidated Subsidiaries
As of March 31, 2021 (FY2020) and 2022 (FY2021)

	Millions of yen	
	FY2020	FY2021
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 17,834	¥ 30,639
Trade and other receivables	28,212	35,808
Other financial assets	3	16
Inventories	36,452	41,698
Other current assets	3,735	4,255
Total current assets	86,237	112,418
Non-current assets:		
Property, plant and equipment, net	120,171	114,435
Intangible assets, net	2,202	4,041
Investments accounted for using the equity method	14,042	16,836
Other financial assets	22,407	21,514
Deferred tax assets	1,569	1,604
Other non-current assets	10,292	11,787
Total non-current assets	170,686	170,221
Total assets	¥256,923	¥282,639

	Millions of yen	
	FY2020	FY2021
LIABILITIES AND EQUITY		
Current liabilities:		
Trade and other payables	¥ 19,221	¥ 29,476
Bonds and loans payable	7,841	14,750
Other financial liabilities	1,724	1,522
Accrued income taxes	2,587	2,287
Provisions	6,379	6,893
Other current liabilities	7,110	7,671
Total current liabilities	44,865	62,602
Non-current liabilities:		
Bonds and loans payable	19,014	11,428
Other financial liabilities	2,145	2,028
Deferred tax liabilities	1,795	2,269
Provisions	1,388	1,342
Net defined benefit liability	291	316
Other non-current liabilities	1,900	1,926
Total non-current liabilities	26,536	19,311
Total liabilities	71,402	81,914
Equity:		
Shareholders' equity:		
Capital stock, no par value	18,169	18,169
Capital surplus	14,897	14,724
Less: Treasury stock, at cost	(8,697)	(8,701)
Retained earnings	154,166	166,005
Other components of equity	5,294	9,020
Total equity attributable to owners of parent	183,830	199,219
Non-controlling interests	1,690	1,505
Total equity	185,521	200,724
Total liabilities and equity	¥256,923	¥282,639

Consolidated Statements of Profit or Loss

Kureha Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 (FY2020) and 2022 (FY2021)

	Millions of yen	
	FY2020	FY2021
Revenue	¥144,575	¥168,341
Cost of sales	101,702	117,463
Gross profit	42,872	50,878
Selling, general and administrative expenses	25,438	27,521
Share of profit of entities accounted for using equity method	1,472	2,020
Other income	872	1,246
Other expenses	2,516	6,481
Operating profit	17,263	20,142
Finance income	703	532
Finance costs	219	276
Profit before tax	17,748	20,398
Income tax expense	4,136	6,104
Profit for the year	13,611	14,293
Profit attributable to:		
Owners of parent	13,493	14,164
Non-controlling interests	118	129
Total	¥ 13,611	¥ 14,293
Profit per share (in Yen):		
Basic	¥ 691.33	¥ 725.73
Diluted	690.51	724.67

Consolidated Statements of Comprehensive Income

Kureha Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 (FY2020) and 2022 (FY2021)

	Millions of yen	
	FY2020	FY2021
Profit for the year	¥13,611	¥14,293
Other comprehensive income (loss):		
Items that will not be reclassified to profit or loss:		
Financial assets measured at fair value through other comprehensive income (loss)	5,148	(742)
Remeasurements of defined benefit plans	2,066	868
Total	7,214	126
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	1,693	4,535
Total	1,693	4,535
Total other comprehensive income	8,908	4,661
Comprehensive income	¥22,520	¥18,955
Comprehensive income attributable to:		
Owners of parent	¥22,280	¥18,849
Non-controlling interests	240	106
Comprehensive income	¥22,520	¥18,955

Consolidated Statements of Changes in Equity

Kureha Corporation and its Consolidated Subsidiaries

FY2020 (From April 1, 2020 March 31, 2021)

Millions of yen

	Total equity attributable to owners of parent					
	Capital, no par value	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	
					Stock acquisition rights	Exchange differences on translating foreign operations
BALANCE—APRIL 1, 2020	¥18,169	¥15,044	¥(8,693)	¥135,918	¥ 80	¥(4,858)
Profit for the period				13,493		
Other comprehensive income						1,696
Comprehensive income	—	—	—	13,493	—	1,696
Acquisition of treasury stock			(3)			
Share-based payment transaction					29	
Dividends				(3,318)		
Equity transactions with non-controlling interests		(146)				
Reclassification from other components of equity to retained earnings				8,073		
Total transactions with owners	—	(146)	(3)	4,755	29	—
BALANCE—MARCH 31, 2021	¥18,169	¥14,897	¥(8,697)	¥154,166	¥110	¥(3,161)

Millions of yen

	Total equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Capital, no par value			
BALANCE—APRIL 1, 2020	¥ 9,326	¥ —	¥ 4,551	¥164,990	¥1,633	¥166,623
Profit for the period			—	13,493	118	13,611
Other comprehensive income	5,068	2,021	8,786	8,786	121	8,908
Comprehensive income	5,068	2,021	8,786	22,280	240	22,520
Acquisition of treasury stock			—	(3)		(3)
Share-based payment transaction			29	29		29
Dividends			—	(3,318)	(56)	(3,374)
Equity transactions with non-controlling interests			—	(146)	(126)	(273)
Reclassification from other components of equity to retained earnings	(6,052)	(2,021)	(8,073)	—		—
Total transactions with owners	(6,052)	(2,021)	(8,044)	(3,439)	(183)	(3,623)
BALANCE—MARCH 31, 2021	¥ 8,345	¥ —	¥ 5,294	¥183,830	¥1,690	¥185,521

FY2021 (From April 1, 2021 to March 31, 2022)

Millions of yen

	Total equity attributable to owners of parent					
	Capital, no par value	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	
					Stock acquisition rights	Exchange differences on translating foreign operations
BALANCE—APRIL 1, 2021	¥18,169	¥14,897	¥(8,697)	¥154,166	¥110	¥(3,161)
Profit for the period				14,164		
Other comprehensive income						4,535
Comprehensive income	—	—	—	14,164	—	4,535
Acquisition of treasury stock			(3)			
Share-based payment transaction					31	
Dividends				(3,318)		
Equity transactions with non-controlling interests		(172)				
Reclassification from other components of equity to retained earnings				992		
Total transactions with owners	—	(172)	(3)	(2,325)	31	—
BALANCE—MARCH 31, 2022	¥18,169	¥14,724	¥(8,701)	¥166,005	¥141	¥ 1,373

Millions of yen

	Total equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Capital, no par value			
BALANCE—APRIL 1, 2021	¥ 8,345	¥ —	¥ 5,294	¥183,830	¥1,690	¥185,521
Profit for the period			—	14,164	129	14,293
Other comprehensive income	(713)	862	4,685	4,685	(23)	4,661
Comprehensive income	(713)	862	4,685	18,849	106	18,955
Acquisition of treasury stock			—	(3)		(3)
Share-based payment transaction			31	31		31
Dividends			—	(3,318)	(62)	(3,380)
Equity transactions with non-controlling interests	1		1	(171)	(228)	(399)
Reclassification from other components of equity to retained earnings	(129)	(862)	(992)	—		—
Total transactions with owners	(128)	(862)	(959)	(3,461)	(290)	(3,752)
BALANCE—MARCH 31, 2022	¥ 7,504	¥ —	¥ 9,020	¥199,219	¥1,505	¥200,724

Consolidated Statements of Cash Flows

Kureha Corporation and Consolidated Subsidiaries
For the fiscal years ended March 31, 2021 (FY2020) and 2022 (FY2021)

Millions of yen

	FY2020	FY2021
Cash flows from operating activities:		
Profit before tax	¥ 17,748	¥ 20,398
Depreciation and amortization	11,672	11,550
Impairment loss	1,624	5,306
Finance income	(469)	(532)
Finance costs	211	155
Share of (profit) loss of entities accounted for using equity method	(1,472)	(2,020)
(Profit) loss on disposal and sale of property, plant and equipment, and intangible assets	402	627
(Increase) decrease in trade and other receivables	428	(6,657)
(Increase) decrease in inventories	2,286	(4,045)
Increase (decrease) in trade and other payables	(753)	8,357
Increase (decrease) in provision	(47)	449
Increase (decrease) in net defined benefit asset and liability	(469)	(184)
Other, net	1,902	(98)
Subtotal	33,063	33,305
Interest and dividends received	1,475	1,655
Interest paid	(218)	(149)
Income taxes paid	(7,615)	(6,230)
Cash flows from operating activities	26,704	28,581
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment, and intangible assets	23	192
Payments for purchases of property, plant and equipment, and intangible assets	(12,878)	(12,586)
Proceeds from sales of investment securities	9,582	271
Purchase of investment securities	(13)	(379)
Government grant income	—	2,231
Other, net	(590)	(729)
Cash flows from investing activities	(3,876)	(10,999)
Cash flows from financing activities:		
Dividends paid	(3,318)	(3,318)
Dividends paid to non-controlling interests	(56)	(62)
Net increase (decrease) in commercial paper and short-term loans payable	(6,889)	506
Proceeds from non-current loans payable	1,965	—
Repayments of non-current loans payable	(2,603)	(1,496)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(318)	(399)
Acquisition of treasury stock	(3)	(3)
Other, net	(1,291)	(1,331)
Cash flows from financing activities	(12,516)	(6,105)
Effect of exchange rate changes on cash and cash equivalents	254	1,328
Net increase (decrease) in cash and cash equivalents	10,566	12,805
Cash and cash equivalents at beginning of year	7,268	17,834
Cash and cash equivalents at end of year	¥ 17,834	¥ 30,639

Corporate Data and Stock Information

Corporate Data (March 31, 2022)

Corporate Name	Kureha Corporation
President & CEO	Yutaka Kobayashi
Establishment	June 21, 1944
Headquarters	3-3-2, Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-8552, Japan Tel: 81-3-3249-4666 Fax: 81-3-3249-4744
Paid-in Capital	¥18,169 million
Business Outline	Manufacturing and sales of advanced materials, specialty chemicals and plastics
Number of Employees	4,259 (Consolidated) 1,663 (Non-consolidated)
Group Companies	28 consolidated subsidiaries and 2 equity-method affiliates
Major Overseas Bases	United States, Germany, the Netherlands, France, Belgium, UK, Australia, China and Vietnam

Stock Information (March 31, 2022)

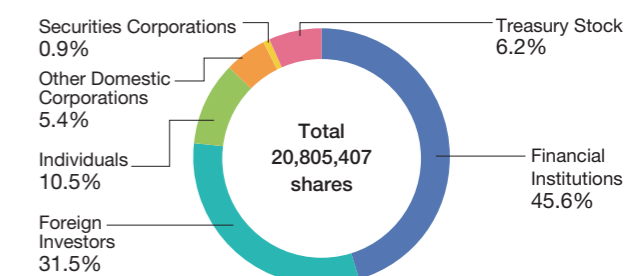
Security Code	4023
Number of Shares of Common Stock Issued	20,805,407 shares
Number of Shareholders	9,730
Stock Exchange Listings	Tokyo Stock Exchange
Fiscal Term	April 1– March 31
Ordinary General Meeting of Shareholders	June
Transfer Agent	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Independent Auditor	Ernst & Young ShinNihon LLC

Major Shareholders (March 31, 2022)

Name of shareholder	Shares held (thousands)	Shareholding Ratio (%)
The Master Trust Bank of Japan Ltd. (Trust account)	2,983	15.3
Custody Bank of Japan, Ltd. (Trust Account)	1,693	8.7
Meiji Yasuda Life Insurance Company	1,374	7.0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	550	2.8
JP MORGAN CHASE BANK 385632	416	2.1
Mizuho Bank, Ltd.	400	2.0
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	373	1.9
STATE STREET BANK AND TRUST COMPANY 505012	323	1.7
Custody Bank of Japan, Ltd. (Trust Account 4)	273	1.4
Mizuho Trust & Banking	266	1.4

Note: Number of shares held is rounded down to the nearest thousand share. The percentage of shareholding is calculated excluding treasury stock.

Shareholder Composition (Shareholding Ratio)



Stock Prices Movement

