

These documents have been translated from Japanese originals for reference purposes only.
In the event of any discrepancy between these translated documents and the Japanese originals, the
originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or
any other forms of damages arising from the translations.

Denka Co., Ltd.
(Securities Code: 4061)

**NOTICE OF CONVOCATION OF
THE 163RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and Time: Wednesday, June 22, 2022 at 10:00 a.m.

Place: Nihonbashi Mitsui Hall, COREDO Muromachi 1 (reception desk on the 4th floor)
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Proposals to be resolved:

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Partial Amendments to the Articles of Incorporation
- Proposal No. 3: Election of Five (5) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

Please exercise your voting rights in writing or via the Internet by
5:00 p.m. on Tuesday, June 21, 2022.

This year, the Company will not distribute souvenirs or beverages at the General Meeting of Shareholders.
We appreciate your understanding.

Message from the Management To Our Shareholders

In this final year and culmination of our “Denka Value-Up” management plan, we will strive to achieve our numerical targets through the three “Value-Up” initiatives, concerning our business, the environment, and human resources, aiming to be an indispensable corporate member of society.

Enclosed please find the Notice of Convocation of the 163rd Ordinary General Meeting of Shareholders.

We would like to take this opportunity to express our gratitude to you for your continued support of Denka and make some observations concerning the Company’s results and current initiatives.

May 2022

Manabu Yamamoto
Chairman and Representative Director

Toshio Imai
Representative Director,
President and Chief Executive Officer

During the fiscal year ended March 31, 2022 (fiscal 2021), the Japanese economy lacked vigor, with personal consumption and exports continuing to seesaw due to the renewed spread of COVID-19. The global economy progressed towards recovery overall, even amid the persisting impact of the pandemic, but concerns over the outlook intensified from the start of 2022, with soaring resource prices due to the impact of Russia’s invasion of Ukraine, as well as increasingly serious logistics disruptions.

Against this economic backdrop, in order to realize “The Denka Value” corporate philosophy, the Group pushed ahead with the refocusing of the “Business Portfolio Shift” and the “Introduction of Innovative Processes,” two strategies set forth in our “Denka Value-Up” five-year management plan launched in 2018, and focused its efforts on expanding businesses and enhancing profitability, under the three elements of our growth vision: become a “Specialty-Fusion Company” with “Sustained Growth” and “Sound Growth.” Moreover, we have designated the two years from fiscal 2021 as an important preparatory period for rapid growth towards the vision of the next management plan. As a first step towards being an indispensable corporate member of society, we are engaging in three “Value-Up” initiatives, concerning our business, the environment, and human resources.

As a result, during the year under review, sales volumes increased, as a consequence of growth in electronics and highly advanced product lines, focus growth businesses, and COVID-19 rapid antigen test kits, in addition to an overall recovery in demand, which had been depressed due to the pandemic. We also implemented revisions to selling prices in step with rising raw material and fuel prices, and net sales increased. Turning to earnings, operating income, ordinary income, and profit attributable to owners of parent were all the highest on record, thanks to growth in specialty products.

In fiscal 2021, the fourth year of “Denka Value-Up,” product groups in the healthcare field and the environment and energy field, which we had designated as our focus, both saw steady growth, enabling us to achieve our highest profit ever, as mentioned above. This was the result of the steady progress we have made in “specialization,” the core strategy of “Denka Value-Up,” over the past four years. In this fiscal year, the final year of the plan, we will continue to accelerate “specialization,” and promote the transformation of the business portfolio.

From June last year, we reduced the number of Directors from twelve to nine, with the aim of further enhancing the effectiveness of discussion by the Board of Directors, expediting its decision-making, and further strengthening the degree of involvement of Outside Directors in the Board of Directors. We have certainly achieved the improvements we originally aimed for. However, the requirements placed on corporate governance are growing ever more sophisticated, including the review of market segments by the Tokyo Stock Exchange and the revisions to the Corporate Governance Code. We will continue to strive to build corporate governance to accurately respond to social requirements.

Despite the persistently chaotic nature of the global situation, we will continue to promote ESG management, with the SDGs as our compass. In its fifth and final year, we will endeavor to culminate our management plan “Denka Value-Up” in the solid achievement of our numerical targets through the three “Value-Up” initiatives, concerning our business, the environment, and human resources, aiming to be an indispensable corporate member of society. We hope we can count on the continued understanding and support of our shareholders in this endeavor.

To Our Shareholders:

Toshio Imai
President
Denka Co., Ltd.
1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 163RD ORDINARY GENERAL MEETING OF SHAREHOLDERS**

The 163rd Ordinary General Meeting of Shareholders of Denka Co., Ltd. (the “Company”) will be held as described below.

In order to prevent the spread of the COVID-19, the Company has decided to hold the General Meeting of Shareholders while taking appropriate measures to counter the spread of the virus with priority given to the safety of our shareholders (for details thereof, please refer to page 6).

From the perspective of preventing the spread of the virus, the Company requests that shareholders refrain from attending the General Meeting of Shareholders in person, view the live broadcast of the meeting, and exercise their voting rights in writing or via the Internet, etc.

The Company strongly recommends that shareholders exercise voting rights in advance. Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in writing by mail (Voting Rights Exercise Form) or via the Internet, etc., as described in the “Guide for Exercise of Voting Rights” (page 5), by no later than 5:00 p.m. on Tuesday, June 21, 2022.

1. Date and Time: Wednesday, June 22, 2022 at 10:00 a.m.

2. Place: **Nihonbashi Mitsui Hall, COREDO Muromachi 1**
(reception desk on the 4th floor)
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 163rd Term (from April 1, 2021 to March 31, 2022) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 163rd Term (from April 1, 2021 to March 31, 2022)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Five (5) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

- ◎ The following are posted on the Company’s website at <https://www.denka.co.jp/> in accordance with law and Article 16 of the Company’s Articles of Incorporation and thus are not included in the documents attached to this notice of convocation.
- Company’s Systems and Policies (Systems to Ensure the Appropriateness of Operations, Operational Status of Systems to Ensure the Appropriateness of Operations, and Basic Policies regarding the Control of the Company) in the Business Report
 - Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
 - Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

The Business Report, consolidated financial statements and the non-consolidated financial statements audited by the Audit & Supervisory Committee and the Accounting Auditor include the above documents posted on the Company's website.

- ◎ If any revisions are made to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, they will be posted on the Company's website at <https://www.denka.co.jp/>.

<Guide for Exercise of Voting Rights>

The following three methods are available for exercising voting rights pertaining to the Company's General Meeting of Shareholders.

Exercise of Voting Rights in Writing by Mail (Voting Rights Exercise Form)

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us so that it is received by 5:00 p.m. on Tuesday, June 21, 2022.

Exercise of Voting Rights via the Internet etc.

Please access the website for exercising voting rights designated by the Company (<https://www.web54.net>), use the "Voting Rights Exercise Code" and the "Password" indicated on the enclosed Voting Rights Exercise Form, and follow the on-screen guidance. Please vote for or against the proposals by 5:00 p.m. on Tuesday, June 21, 2022.

(Inquiry about Exercise of Voting Rights via the Internet etc.)

Sumitomo Mitsui Trust Bank Stock Transfer Web Support Dial

Tel: 0120-652-031

(office hours: 9:00 a.m. - 9:00 p.m.)

●Exercise of Voting Rights by Attending the Meeting

Please bring the enclosed Voting Rights Exercise Form with you to the meeting and submit it to the receptionist at the meeting venue.

* In the case of exercising voting rights by attending the meeting as a proxy, please submit a document evidencing the authority of proxy to the receptionist at the meeting venue together with the Voting Rights Exercise Form. Please note that such proxy must be one shareholder of the Company with voting rights in accordance with Article 18 of the Company's Articles of Incorporation.

Furthermore, the Company will not distribute souvenirs or beverages at the General Meeting of Shareholders. We appreciate your understanding.

***Handling of duplicated exercise of voting rights**

If you exercise your voting rights both by the method of exercising voting rights in writing by mail (Voting Rights Exercise Form) and by the method of exercising voting rights via the Internet etc., the exercise of voting rights by the method of exercising voting rights via the Internet etc. shall prevail regardless of the time of arrival of the votes.

In addition, if you exercise your voting rights multiple times via the Internet, etc., the vote made last shall prevail.

Measures to Prevent the Spread of the COVID-19 at the Ordinary General Meeting of Shareholders

The Company regards the safety of its shareholders as its priority. Accordingly, to prevent the spread of COVID-19, this General Meeting of Shareholders will be held in the manner described below. We request your understanding and cooperation in this matter.

From the perspective of preventing the spread of the virus, the Company requests that shareholders refrain from attending the General Meeting of Shareholders in person, exercise their voting rights in advance, in writing or via the Internet, etc., and view the live broadcast of the meeting.

<Requests to Shareholders>

- Please refrain from attending the General Meeting of Shareholders in person.
- The General Meeting of Shareholders will be broadcast live via the Internet, enabling shareholders to view the meeting from their own homes or elsewhere. Please refer to the enclosed “Information on Live Broadcast via the Internet” for details, and consider making use of this service.
- Please exercise your voting rights before the meeting in writing (on the Voting Rights Exercise Form) by mail or via the Internet, as described on page 5.
- The Company’s response may change depending on factors such as the spread of the virus and the details of government announcements. Please check on the Company’s website (<https://www.denka.co.jp/>) for updates, as appropriate.

<The Company’s Response>

- The Company will not prepare business displays or distribute souvenirs or beverages this year.
- Shareholders who attend the meeting are requested to thoroughly check their state of health beforehand and cooperate with measures to prevent infection. These include the compulsory wearing of masks inside the venue.
- The body temperature of shareholders will be checked near the entrance to the venue, and those who appear in poor health will be addressed by administrative staff at the meeting, and may be refused entry.
- Shareholders who attend the meeting are requested to cooperate in the use of the liquid hand sanitizer provided at the meeting venue.
- Seating will be widely spaced at the venue, and only a very limited number of seats will be available as a result. Shareholders may be refused entry once all the seats are taken.
- The Company plans to present a simplified and abbreviated explanation of the Business Report and details of each proposal at this General Meeting of Shareholders, from the perspective of shortening the duration of the meeting as much as possible.
- The health condition, including body temperature, of officers and administrative staff attending this General Meeting of Shareholders will be checked prior to the meeting, and they will wear masks while attending.

However, the Company plans to erect a droplet prevention partition in front of the podium used by the officer who will chair the meeting, enabling him to remove his mask.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

In the management plan “Denka Value-Up,” formulated in November 2017, the Company sets out its basic concepts of safety as No. 1 priority, environmental awareness, fostering and tapping human capital and contributing to the community, all of which are indispensable for continued growth of the Company. We aim to realize sustainable and sound growth as a “Specialty-Fusion Company,” through new strategies to achieve dramatic growth globally.

While the Company has formulated an investment plan as we look to achieve these goals, we have also established a “Policy on Shareholder Returns,” with a 50% target total payout ratio.

<Shareholder returns in the management plan “Denka Value-Up”>

Committed to a 50% standard for the target total payout ratio*

Regarding shareholder returns, the dividend is prioritized, with flexible purchase of treasury shares, depending on stock price movements and other factors.

* Total payout ratio = (Dividends paid + treasury stock purchased) / consolidated net income

<Investment plan in the management plan “Denka Value-Up”>

Total for five years: ¥200.0 billion

Of which strategic investment: ¥75.0 billion (¥15.0 billion/year)

M&A, etc.: ¥60.0 billion

Process reform: ¥15.0 billion

Regular investment: ¥125.0 billion (¥25.0 billion/year)

With respect to the year-end dividend for the 163rd term, in view of the above, the Company proposes the following.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

¥75 per share of common stock of the Company

Total amount of dividends: ¥6,470,816,325

(3) Effective date of dividends from surplus

June 23, 2022

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically and establishes a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (2) The provisions related to the Internet Disclosure and Deemed Provision of the Reference Documents for the General Meeting of Shareholders, etc. (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (3) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 16. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>The Company may, when convening a general meeting of shareholders, deem that it has provided information to shareholders pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the Internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p style="text-align: center;">(Newly established)</p>	<p><u>(Deleted)</u></p> <p><u>Article 16. (Measures for Electronic Provision, etc.)</u></p> <p><u>The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p><u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>Supplementary Provisions</p> <p>Contracts concluded by the Company with corporate auditors (including those who previously served as corporate auditors) prior to the conclusion of the 160th Ordinary General Meeting of Shareholders to limit their liability for damages from their actions under Article 423, Paragraph 1 of the Companies Act shall be based on Article 37 of the Articles of Incorporation as it stood prior to amendment by resolution of the aforementioned ordinary general meeting of shareholders.</p> <p>(Newly established)</p>	<p style="text-align: center;">(Unchanged)</p> <p><u>Supplementary Provisions (Transitional Measures Concerning the Electronic Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p><u>Article 1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u> of the current Articles of Incorporation and the proposed Article 16 (Measures for Electronic Provision, etc.) shall come into effect on September 1, 2022 (the "Effective Date"), which is the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019).</p> <p><u>Article 2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u> of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date</p> <p><u>Article 3. These supplementary provisions on transitional measures concerning the electronic provision of reference documents for the general meeting of shareholders, etc. shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3: Election of Five (5) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

The terms of office of five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter, the same applies in this proposal) will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, the election of five (5) Directors is proposed.

The candidates for Directors are as follows.

No.	Name	Positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Reappointed Manabu Yamamoto	Chairman and Representative Director	13/13 (100%)
2	Reappointed Toshio Imai	Representative Director, President and Chief Executive Officer	13/13 (100%)
3	Reappointed Tetsuya Shinmura	Director, Senior Managing Executive Officer Chief Technical Officer (CTO) In charge of Purchasing Dept., Logistics Dept., Production & Process Technology Dept., Engineering Dept., Digital Strategy & Innovation Dept.	10/10 (100%) (Since taking office in June 2021)
4	Reappointed Kazuo Takahashi	Director, Managing Executive Officer Chief Compliance Officer (CCO) Chief Human Resource Officer (CHRO) In charge of HR Dept., Corporate Planning Dept., Corporate Communications Dept., Denka Corporation, Denka Chemicals GmbH	10/10 (100%) (Since taking office in June 2021)
5	Reappointed Outside Independent Director Yoshiyuki Fukuda	Director	10/10 (100%) (Since taking office in June 2021)

Reappointed: Candidate for reappointment as Director

Outside: Candidate for Outside Director

Independent Director: Independent Director as notified to the Tokyo Stock Exchange

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held	
1	<p>(Reappointed)</p> <p>Manabu Yamamoto (March 31, 1956) Age: 66 [June 2013] [9 years * at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 1981 Joined the Company</p> <p>June 2004 General Manager of Functional Ceramics Div. of Electronics Materials Business Group of the Company</p> <p>April 2009 Executive Officer, General Manager of Electronics Materials Div. of Electronics Materials Business Group of the Company</p> <p>April 2011 Senior Executive Officer of the Company</p> <p>April 2013 Managing Executive Officer, Head of Electronics & Innovative Products of the Company</p> <p>June 2013 Director and Managing Executive Officer of the Company</p> <p>April 2015 General Manager of Corporate Planning Dept. of the Company</p> <p>April 2016 Director and Senior Managing Executive Officer of the Company</p> <p>June 2016 Outside Audit & Supervisory Board Member of Koatsu Gas Kogyo Co., Ltd. (until June 2019)</p> <p>April 2017 Representative Director, President and Chief Executive Officer of the Company</p> <p>April 2021 Chairman and Representative Director of the Company (present)</p>		10,900	
	<p>Attendance at Board of Directors meetings 13/13 (100%)</p>	<p>[Reasons for selection as a candidate for Director]</p> <p>Through work experience at overseas subsidiaries and many years of responsibility for the electronics materials business division, Mr. Manabu Yamamoto possesses international viewpoints and adequate operational experience. After he supervised new business strategies and accounting and finance strategies across the entire Denka Group as the executive responsible for management strategy, accounting and finance, and investor relations and corporate communications divisions, Mr. Yamamoto promoted “Denka Value-Up” as Representative Director, President. As Chairman and Representative Director, he currently serves in the position of the Chairman of the Board of Directors, based on his deep knowledge and understanding of the Group. The Company has judged that he can appropriately fulfill the role of supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders]</p> <p>I will strive for more sophisticated corporate governance that accurately reflects social expectations, by promoting a stronger management advisory and supervisory function and swifter decision-making through the further revitalization of the Board of Directors, in order to achieve “Denka Value-Up.”</p>			

- Notes:1. No material relationship of interest exists between the Company and the above candidate.
2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.			Number of shares of the Company held
2	<p>(Reappointed)</p> <p>Toshio Imai (January 25 1959) Age: 63</p> <p>[June 2019] [3 years * at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 1982 Joined the Company</p> <p>October 2006 General Manager, Styrene Div. of the Company</p> <p>June 2011 General Manager, Corporate Planning Dept. of the Company</p> <p>April 2013 Executive Officer, Assistant to General Manager, Elastomers & Performance Plastics of the Company</p> <p>April 2015 General Manager, Elastomers & Performance Plastics of the Company</p> <p>April 2017 Managing Executive Officer of the Company</p> <p>April 2019 General Manager, Denka Value-Up Promotion Dept. of the Company</p> <p>June 2019 Director and Managing Executive Officer of the Company</p> <p>April 2020 Director and Senior Managing Executive Officer of the Company</p> <p>April 2021 Representative Director, President and Chief Executive Officer of the Company (present)</p>			9,700
	<p>Attendance at Board of Directors meetings 13/13 (100%)</p>	<p>[Reasons for selection as a candidate for Director] Mr. Toshio Imai possesses an international perspective and adequate operational experience, including work experience at overseas subsidiaries, and taking responsibility for the styrene and elastomer businesses over many years. After taking charge of business strategy for the Denka Group as a whole, including overseas businesses, as the executive responsible for management strategy and investor relations and corporate communications divisions, he currently serves as Representative Director, President. Based on his rich experience and impressive track record in Company administration, it is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] In this final fiscal year of the Denka Value-Up plan, I will promote further business specialization, aiming to be an “indispensable corporate member of society, creating a better world by focusing on the jobs that we do best.”</p>			

Notes:1. No material relationship of interest exists between the Company and the above candidate.

2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.			Number of shares of the Company held
3	(Reappointed) Tetsuya Shinmura (January 28, 1958) Age: 64 [June 2021] [1 year * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1980 January 2007 April 2009 April 2011 April 2013 April 2015 April 2017 April 2019 April 2021 June 2021	Joined the Company General Manager, Polymers Center, Chiba Plant of the Company Deputy General Manager, Central Research Institute of the Company Deputy General Manager, Omi Plant of the Company Executive Officer, General Manager, Omi Plant of the Company General Manager, Technology Dept. of the Company Managing Executive Officer of the Company General Manager, Omi Plant of the Company Senior Managing Executive Officer of the Company Director and Senior Managing Executive Officer of the Company (present)		5,300
	Attendance at Board of Directors meetings 10/10 (100%)	[Reasons for selection as a candidate for Director] Mr. Tetsuya Shinmura has adequate operational experience, including research and development and plant manufacturing. Currently, Mr. Shinmura directs the technical division overall as Chief Technical Officer, while also taking responsibility for the Digital Strategy & Innovation Dept., a department created to strategically build and operate general information systems for the Group. It is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director. [Message to shareholders] I will endeavor to enhance corporate value by developing technologies to challenge the possibilities of chemistry and contributing to the resolution of social issues, to make this a company genuinely needed by society into the future.			

Notes:1. No material relationship of interest exists between the Company and the above candidate.

2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held
4	(Reappointed) Kazuo Takahashi (March 30, 1960) Age: 62 [June 2021] [1 year * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1983 Joined the Company October 2013 Deputy General Manager, Chiba Plant of the Company April 2015 General Manager, Ofuna Plant of the Company April 2017 Executive Officer, General Manager, Omuta Plant of the Company April 2019 President of Denka Performance Elastomer LLC April 2021 Managing Executive Officer of the Company June 2021 Director and Managing Executive Officer of the Company (present)		
	<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Kazuo Takahashi possesses adequate operational experience, including work experience in plant manufacturing and overseas subsidiaries. Currently, Mr. Takahashi is in charge of business strategy for the Denka Group as a whole, including overseas businesses, as the executive responsible for management strategy, human resources strategy, and investor relations and corporate communications divisions, and he is promoting the management plan, "Denka Value-Up." It is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders]</p> <p>As a Director, I will do my very best to consistently ensure rational and appropriate decision-making that is faithful to our stakeholders.</p>			

Notes:1. No material relationship of interest exists between the Company and the above candidate.

2. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
5	<p>(Reappointed) (Candidate for Outside Director) (Independent Director)</p> <p>Yoshiyuki Fukuda (September 8, 1956) Age: 65</p> <p>[June 2021] [1 year * at the conclusion of this Ordinary General Meeting of Shareholders]</p>	<p>April 1979 Joined The Industrial Bank of Japan, Limited</p> <p>April 2004 General Manager, Business Division No.7 of Mizuho Corporate Bank, Limited</p> <p>March 2006 Executive Officer, General Manager, Corporate Banking Division No.15 of Mizuho Corporate Bank, Limited</p> <p>April 2007 Executive Officer, General Manager, Securities Division of Mizuho Corporate Bank, Limited</p> <p>April 2008 Managing Executive Officer in charge of Corporate Banking of Mizuho Corporate Bank, Limited</p> <p>April 2010 Managing Executive Officer, Chief Compliance Officer and Chief Credit Officer of Mizuho Corporate Bank, Limited</p> <p>April 2011 Managing Executive Officer, Head of Corporate Banking Unit of Mizuho Corporate Bank, Limited</p> <p>April 2012 Managing Executive Officer, Head of Corporate Banking Unit (Large Corporations) and Corporate Banking Unit of Mizuho Corporate Bank, Limited (until March 2013)</p> <p>April 2013 Deputy President and Deputy President-Executive Officer, Head of Investment Banking Division, Head of Public & Financial Institutions Group of Mizuho Securities Co., Ltd. (until March 2014)</p> <p>April 2014 Chairman of Shinko Asset Management Co., Ltd. (until November 2015)</p> <p>November 2015 President & CEO of Fund Corporation for the Overseas Development of Japan's ICT and Postal Services Inc. (until June 2021)</p> <p>June 2021 Outside Director of the Company (present)</p>	-
	Attendance at Board of Directors meetings 10/10 (100%)	<p>[Reasons, etc. for selection as a candidate for Director, and summary of expected roles]</p> <p>Having worked in corporate management at financial institutions for many years, Mr. Yoshiyuki Fukuda has rich experience and broad insight as a manager and possesses advanced insights regarding corporate finance, and to utilize these insights and receive recommendations toward the Company's overall management, his election as Outside Director is requested. Additionally, although he used to work at a financial institution that has transactions with the Company, the Company considers that there is no risk that conflict of interest with other general shareholders will arise because 1) he is not a current or a recent operating officer of the said financial institution; 2) a significant number of years have passed since he retired from the said financial institution (9 years have passed since his retirement as of the day of this Ordinary General Meeting of Shareholders); 3) the composition of borrowings relative to net assets of the Company is low at approximately 30%, and the Company's dependency on the said financial institution is low as it accounts for less than 10% of overall borrowings; and 4) he satisfies the Company's "Standards of Independence for Outside Directors" and thus, the Company considers that the said financial institution has no special impact on the Company's decision-making by the Board of Directors, etc.</p> <p>[Message to shareholders]</p> <p>I will calmly assess the turbulent global conditions, and use this insight to enhance the Company's risk management.</p>	

Notes:1. No material relationship of interest exists between the Company and the above candidate.

2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has a liability limitation contract with the candidate that limits his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Fukuda is approved, the Company plans to continue the same contract.

3. The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act to cover legal damages, litigation expenses and others in the event that a claim for damages is made against the insured persons, including Directors of the Company. If the appointment of the candidate above is approved, then he will become an insured person under the contract. The Company intends to renew this insurance contract with the same contents at the time of the renewal.

(Reference)

1. The Company's views regarding the election of Directors

In order to promote the management plan, “Denka Value-Up” aimed at realizing “The Denka Value,” the Company’s corporate philosophy, the Company aims to strengthen the management structure with Directors and Executive Officers, while enriching the governance structure and supervisory functions.

In electing Directors, internal Directors are chosen from persons who possess a wealth of experience and achievements in various divisions within the Company, while also possessing insights and adequate specialized knowledge as Director, and Outside Directors are chosen from persons who possess specialization required for continuous growth and improvement in corporate value of the Company and wide insights based on a wealth of business experience and management experience at other companies. The Company believes that it is important for the Board of Directors as a whole to elect a good balance of personnel with a variety of knowledge, experience, and abilities, and ensure that the composition of the Board of Directors is diverse in terms of gender, international background, work history, and other factors. Additionally, the Company believes that Independent Outside Directors should comprise at least one-third of Directors. The present ratio is approximately 44%.

2. Skills Matrix of the Company's Board of Directors

		Attributes	Skills									
			Management experience/ Management strategy	HR strategy	International experience	Finance/ Accounting	Legal/ Compliance	Sustainability/ ESG	Business strategy/ Marketing	Research/ Intellectual property	Production technology	DX
Manabu Yamamoto	Chairman and Representative Director	Age: 66 Years of service: 9 Male	○	○	○			○	○			
Toshio Imai	Representative Director, President and Chief Executive Officer	Age: 63 Years of service: 3 Male	○	○	○			○	○			
Tetsuya Shinmura	Director Senior Managing Executive Officer	Age: 64 Years of service: 1 Male		○				○		○	○	○
Kazuo Takahashi	Director Managing Executive Officer	Age: 62 Years of service: 1 Male	○	○	○	○	○	○		○	○	
Yoshiyuki Fukuda	Director	Independent Outside Age: 65 Years of service: 1 Male	○	○		○		○	○			
Masaharu Suzuki	Director Full-time Audit & Supervisory Committee Member	Age: 66 Years of service: 3 Male	○	○	○			○		○	○	○
Toshio Kinoshita	Director Audit & Supervisory Committee Member	Independent Outside Age: 73 Years of service: 7 Male	○	○	○	○		○				
Akio Yamamoto	Director Audit & Supervisory Committee Member	Independent Outside Age: 70 Years of service: 7 Male	○	○	○			○	○			
Miyuki Matoba	Director Audit & Supervisory Committee Member	Independent Outside Age: 48 Years of service: 1 Female		○			○	○		○		

*The matrix above shows the main skills expected of each Director and does represent all of their knowledge.

*Age and years of service are shown as of the conclusion of this General Meeting of Shareholders.

3. Necessary skills for the Company's Directors and the reason they were selected

The skills considered necessary for the Company's Board of Directors to make important decisions and supervise management to reach the goals of the "Denka Value-Up" management plan aimed at realizing "The Denka Value" and to promote ESG management through the priority management materiality issues are as follows.

Skills	Reason for the selection of the skills
Management experience/ Management strategy	Directors are needed who have extensive management experience and achievements to establish management plans aimed at realizing the corporate philosophy of "The Denka Value" and supervise the execution of duties to achieve these plans.
HR strategy	The Company has identified HR strategy, including securing human resources with specialized skills, diversity promotion, work style reforms and health and safety management, as a priority management issue. Directors are needed who have extensive knowledge and experience related to HR strategy, to be a company where employees can gain satisfaction and experience personal growth through work.
International experience	Directors are needed who have extensive international experience, for the Company to grow its global presence and aspire to be a company with outstanding competitive strength in the global market.
Finance/ Accounting	Directors are needed who have extensive knowledge and experience in finance and accounting, not only to ensure the accurate disclosure of financial information, but also to achieve sound, sustainable growth through strategic investment while maintaining a sound financial base, and formulate finance policies for shareholder returns, etc.
Legal/ Compliance	Directors are needed who have robust knowledge and experience in the legal and compliance fields to ensure fair and trustworthy corporate activities through the dissemination of the corporate philosophy, the reform of corporate culture, legal and regulatory compliance, and thorough corporate ethics.
Sustainability/ ESG	Directors are needed who have robust knowledge and experience related to ESG, as set forth in the Denka Group ESG Basic Policy and priority management materiality issues, to promote ESG management across the Group, realize the corporate philosophy of "The Denka Value," and aim for sound and sustainable growth.
Business strategy/ Marketing	Directors are needed who have market insight based on a broad perspective, as well as extensive business experience, to promote the transformation of the business portfolio, by further focusing on businesses with a top-class share, that are consistent with ESG initiatives, that are both unique and high value-added, and that are not easily shaken by the external environment (specialty businesses), and rebuilding the commodity business.
Research/ Intellectual property	Directors are needed who have extensive experience in research and development, who have achievements in promoting innovation, a detailed knowledge of the science and technology fields, and are closely familiar with the Company's unique technologies and intellectual property, in order to promote reform of the research and development process while creating new products and technologies that will contribute to sustainable social development, to accelerate the growth of the Group's specialty business.
Production technology	Directors are needed who are deeply familiar with production technology, including those unique to the Group, and who have extensive practical experience and robust insight into manufacturing, to achieve rapid improvements in productivity through production process reform, maintain and enhance equipment safety, disaster prevention, safety and health, and continue to reduce the Group's environmental burden as a manufacturer, including through climate change response.
DX	Directors are needed with a profound knowledge and extensive experience related to digital technologies and data utilization, as well as the ability to understand and analyze the nature of the Group's business, and use this insight to transform it, in order to integrate processes of production, research and development, and operations through DX and bring about the transformation of business models and organization in innovative processes.

4. Standards of Independence for Denka Outside Directors

The Company selects candidates for Outside Directors based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer. Specifically, the Company has defined the following standards, in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors.

Standards of Independence for Outside Directors

The standard of independence for an Outside Director of the Company shall be persons that do not fall under any of the categories defined in items (1) through (5) below.

- (1) An executor of business (*4) at a main customer (*1), main supplier (*2), or main lender (*3) that is a main trading partner of the Company;
 - (2) A consultant, accountant, lawyer, or other such person that has received money or other property exceeding ¥10 million in value per year from the Company, excluding officer compensation, in the most recent fiscal year;
 - (3) A person belonging to a group for whom the amount paid by the Company makes up 2% or more of the group's revenues or total income in the most recent fiscal year, in cases where the entity receiving property under item (2) above is a group;
 - (4) A person that has fallen under any of the above categories (1) through (3) within the past year;
 - (5) A spouse or relation within the second degree of a person falling under any of the categories below (excluding an insignificant person):
 - i. A person that falls under any of the above categories (1) through (4);
 - ii. A person that is or was an executor of business at the Company or a subsidiary of the Company now or within the past year.
- (*1) Main customer: A customer from whom the amount paid has made up 2% or more of the Company's revenues in the most recent fiscal year
- (*2) Main supplier: A supplier to whom the amount paid from the Company has made up 2% or more of the supplier's revenues in the most recent fiscal year
- (*3) Main lender: A lender that was essential for the Company's funding, and that the Company relied on to the extent the lender was irreplaceable, as of the end of the most recent fiscal year
- (*4) Executor of business: An executive director, executive, executive officer, or other employee, etc.

(Reference)

Denka's Corporate Governance Initiatives

Basic Approach to Corporate Governance

In order to fulfill the expectations and trust of its many stakeholders, including shareholders, customers, local society, and employees, based on “The Denka Value” (corporate philosophy), which forms the basis for the activities of the Denka Group, the Company strives to strengthen its business foundation by improving its earnings power and expanding the scope of operations, while also working to improve corporate value by making every effort to continue being a company that can win the trust and sympathy of society.

The Company considers corporate governance as the foundation for the above, and so we have striven to strengthen governance, in order to fulfill the responsibilities we owe to all our stakeholders, and ensure the transparency and soundness of our management.

The Denka Value (Corporate Philosophy)

“The Denka Value” (corporate philosophy) consists of the “Denka Mission,” which represents our uppermost mission statement, and the “Denka Principles,” a set of precepts guiding actions taken by every Group employee.

“The Denka Value” lies at the pinnacle of all corporate activities, including management plans, and through implementing “The Denka Value,” the Company will work to respond to the expectations and trust of society.

“The Denka Value” (Corporate Philosophy)

The Denka Mission

Taking on the challenge of expanding the possibilities of chemistry to create new value and contribute to sound social development.

Note: Based on the corporate slogan “Possibility of chemistry.”

The Denka Principles

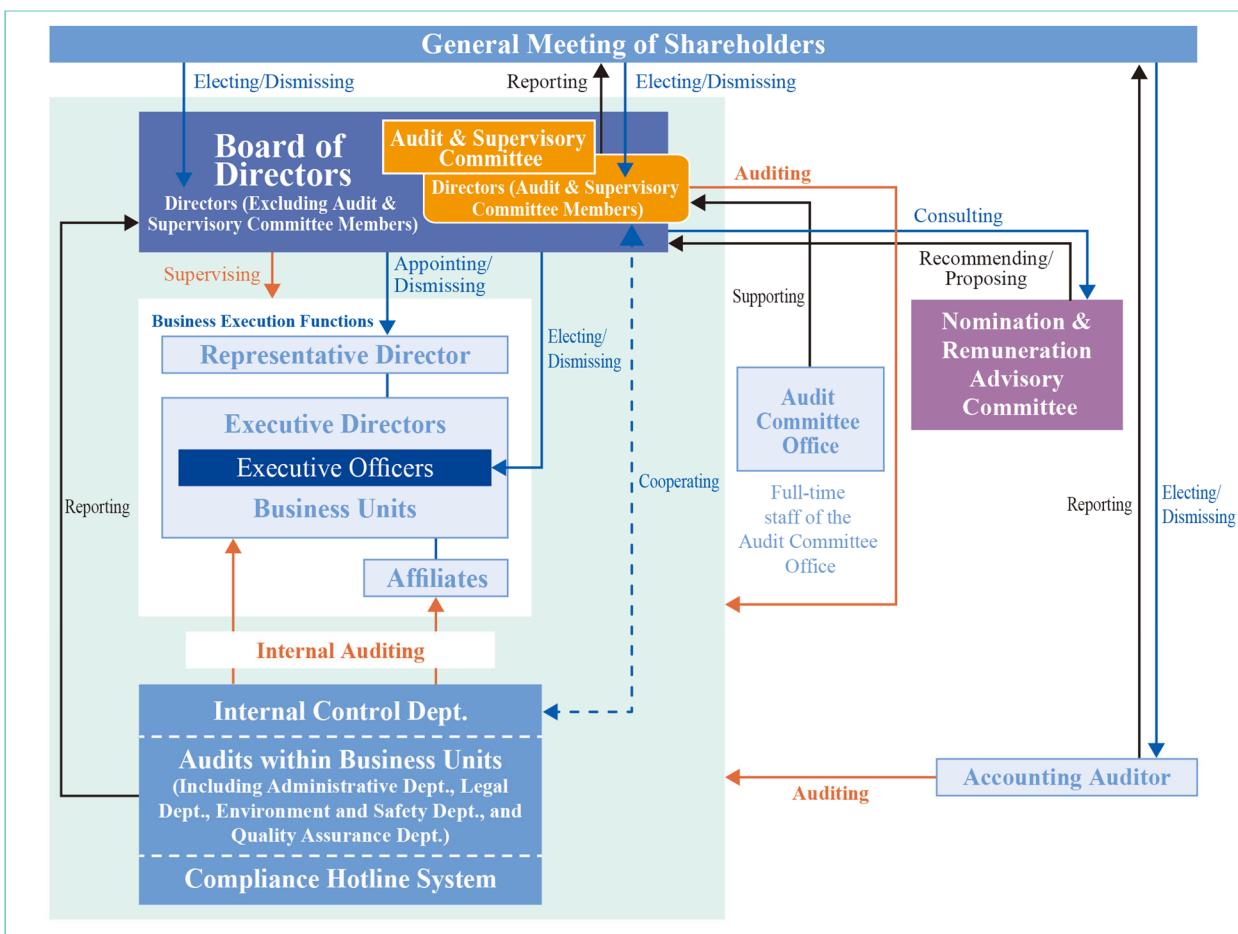
We:

- Boldly confront challenges with determination and sincerity.
- Think and take action today with the future in mind.
- Deliver new values, and inspire customers through innovative monozukuri.*
- Respect the environment and create a cheerful workplace that prioritizes safety.
- Contribute to a better society, whilst taking pride in being a trusted corporate citizen.

*Japanese-style craftsmanship



Current Corporate Governance System



Board of Directors and optional committees

■ Board of Directors (Met 13 times in fiscal 2021)

To realize the Company's corporate philosophy, "The Denka Value," the Board of Directors monitors and supervises major operational decision-making and execution of business duties by executive officers, based on strategic and management planning. The Board of Directors as a whole appoints candidates to be Directors in line with the standards for the appointment of both internal and Outside Directors, based on the belief that it is important to appoint a good balance of people with a variety of expertise, experiences, and skills. For further details of our approach in appointing members of the Board of Directors, please see page 17.

In addition, in principle, the Company has discontinued the use of executive titles, (such as Senior Managing Director, Managing Director) for Directors, such that all Directors may focus on monitoring and supervising the execution of business duties from an equal standpoint. Also, the Company has set the length of Directors' (excluding Audit & Supervisory Committee Members) terms to one year, in order to facilitate flexible checks on them at the General Meeting of Shareholders.

Additionally, the Nomination & Remuneration Advisory Committee has been established as an advisory organ of the Board of Directors, to strengthen the roles of the Board of Directors and foster higher standards of objectivity and transparency. It also organizes the D&A Round Table, aimed at enriching deliberations on major matters of particular management concern.

■ Nomination & Remuneration Advisory Committee (Met 2 times in fiscal 2021)

For major management matters such as nomination, remuneration and other elements of governance, the Board of Directors has set up the Nomination & Remuneration Advisory Committee, comprising all Outside Directors, the Chairman and the President, to foster transparency and objectivity in management decision-making, informed by a wide range of opinion and advice from Outside Directors.

In fiscal 2021, this Committee received inquiries from the Board of Directors regarding the executive and governance structure, the formulation of a skills matrix, succession planning, and remuneration for Executive Officers, and made recommendations and proposals regarding the results of these inquiries after deliberations at the Committee.

■ D&A Round Table (Met 4 times in fiscal 2021)

In order to facilitate in-depth discussions regarding management matters that are of particular importance, the D&A Round Table is organized as a forum for free, open-minded, constructive discussions, exchange of opinions and information, and strengthening of cooperation between internal and Outside Directors.

■ Evaluation of the Effectiveness of the Board of Directors

At Denka, the effectiveness of the Board of Directors is analyzed and evaluated annually. As a result of measures taken in fiscal 2020, we reaffirmed that the frequency and duration of meetings of the Board of Directors and the method of meeting during the COVID-19 pandemic were appropriate, and that the Board size and composition (in terms of achieving the right balance of expertise, experience, ability and diversity) was becoming more appropriate. In addition, we affirmed that the monitoring and supervision of the management were being appropriately implemented by the Board of Directors, 42% of the members of which are Outside Directors.

Furthermore, as the result of a review of the criteria for forming a resolution of the Board of Directors, one of last year's issues, we shared an awareness that more time had been secured for discussing priority matters. We also affirmed that the Company, reaching its second year after the transition to a company with an Audit & Supervisory Committee, was operating stably under the new structure.

Meanwhile, a view was expressed that measures were needed to utilize the time created through the rigorous selection of matters for resolution by the Board of Directors to monitor whether long-term business strategy and strategies for individual businesses were progressing steadily on the implementation side, and to discuss any amendments necessary. Moreover, we shared an awareness that an operational structure should be established for the Board of Directors, now in a compact form within the new governance structure, to enable it to place even greater focus on monitoring, advising and supervising the execution of duties, and that the Nomination & Remuneration Advisory Committee should be further utilized to enable more autonomous involvement and appropriate supervision of the formulation and implementation of succession plans.

Looking ahead, in light of these constructive opinions, we will take steps to further improve the effectiveness of the Board of Directors, aiming to improve medium-to-long-term corporate value, and respond to the expectations and trust placed in us by our shareholders and numerous other stakeholders.

Audit & Supervisory Committee (Met 14 times in fiscal 2021)

In accordance with their fiduciary responsibilities to shareholders, Audit & Supervisory Committee Members and the Audit & Supervisory Committee work with the support of the full-time staff of the Audit Committee Dept., whose independence from management is ensured, to conduct audits of the execution of directors' duties, internal control, business duties, and accounting, by exercising statutory rights that include requesting reports on the businesses of the Company, investigations pertaining to business duties and accounting, and the appointment, dismissal, non-reappointment, and remuneration of an auditing firm.

In addition, the Audit & Supervisory Committee forms views on matters related to the election, etc. and compensation, etc. of Directors (excluding Directors who are Audit & Supervisory Committee Members), including matters to be put forward at the General Meeting of Shareholders.

Furthermore, the Company appoints candidates for Directors who are Audit & Supervisory Committee Members based on its judgment that, in order for the Audit & Supervisory Committee to fulfill its roles and responsibilities, Audit & Supervisory Committee Members should possess appropriate experience and ability as required for their duties, and that in particular, there should be at least one person with expertise in finance and accounting.

Messages from the Directors who are Audit & Supervisory Committee Members

“I will focus on auditing the implementation of growth strategy and the response to internal and external risks, aimed at the sustainable enhancement of corporate value.”

Masaharu Suzuki, Director (Audit & Supervisory Committee Member)

“As the business environment becomes more challenging globally, I am committed to carrying out the accurate corporate governance required of the Company as a global corporation.”

Toshio Kinoshita, Outside Director (Audit & Supervisory Committee Member)

“With the coordinate axes that define the world shifting dramatically, I intend to firmly maintain a medium-to-long-term perspective and a sincere, fair and upright attitude, to contribute to the Company’s sound growth and the enhancement of its corporate value.”

Akio Yamamoto, Outside Director (Audit & Supervisory Committee Member)

“I will contribute to enhancing the Company’s corporate value by focusing on the further strengthening of corporate governance and thorough compliance.”

Miyuki Matoba, Outside Director (Audit & Supervisory Committee Member)

Outside Directors

Regarding Outside Directors, the Company selects candidates based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer, and has also defined its own standards of independence (please see page 20, in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors).

In addition, by enhancing their understanding of the Company, the Company strives to create an environment that allows those appointed as Outside Directors to perform their roles for the sake of the sustainable growth of the Company and the increase of its corporate value.

Specifically, in addition to tours of offices, plants, and other facilities, the Company has been implementing the following initiatives:

■ Objective briefings (Met twice in fiscal 2021)

Briefings are held in order to have Outside Directors understand the Company’s medium- to long-term and short-term business and research policies.

■ Outside Officer Liaison Committee (Met 4 times in fiscal 2021)

The Company holds “Outside Officer Liaison Committee” meetings to facilitate the exchange of information and mutual awareness among outside officers concerning matters related to Denka’s corporate governance and business.

Initiatives to Corporate Governance Thus Far

	Purpose	Measures
2007	To speed up decision-making	Cut the number of directors by half and introduce an executive officer system
2008	Ensure that Directors monitor and supervise the execution of business on an equal footing	Abolition of executive titles (such as Senior Managing Director, Managing Director)
	Clear separation of monitoring and supervisory functions from the execution of business	Reassigning the authority of business execution and executive titles from directors to executive officers
	Flexibly perform checks on directors	Shortening the length of directors' appointments to one year
2015	Step up checks on management from an external perspective	By appointing two Outside Directors, the number of appointments of outside officers rises to four, including two Outside Audit & Supervisory Board Members (per statutory requirements)
	Create system enabling appropriate advice-giving even outside of meetings of the Board of Directors, by arranging ample exchange of opinions	Implement regular opportunities for outside officers to exchange opinions with top management
	Speed up decision-making by deepening discussions of important management matters	Establishment of a Management Committee comprising Directors, Audit & Supervisory Board Members (internal), and some executive officers
2016	Improve the governance framework and raise standards of transparency and soundness of management	Increasing the number of Outside Directors (from two to three) and reducing the number of members of the Board of Directors (by two)
	Create venues for free, vigorous and constructive deliberations, exchange of opinions and information and alliance-strengthening for internal and Outside Directors and Audit & Supervisory Board Members	To step up round-table meetings of Outside Directors and Audit & Supervisory Board Members formerly held twice per year, hold a round-table conference of Directors and Audit & Supervisory Board Members
	Achieve optimum standards of corporate governance to ensure sustainable growth and improve medium to long-term corporate value	Compilation of the Denka Corporate Governance Guidelines
	Deepen understanding of the Company's business, and stimulate debate at meetings of the Board of Directors	Enhance the provision of advance explanation for outside officers regarding specific agenda items that require adequate explanation
2017	Enable exchange of information and formation of consensus among outside officers	Holding "Outside Officer Liaison Committee" four times per year
	Promote understanding of the Company's medium- to long-term and short-term business and research objectives	Holding business and research objective briefings (currently referred to as objective briefings) for outside officers twice a year
	Ensure adequate auditing and supervision of business execution by executive officers	Clarification of the details of agenda and report materials at the Board of Directors meetings
	Step up the effectiveness of the Board of Directors	Arrangement for all Directors and all Audit & Supervisory Board Members to annually analyze and evaluate the effectiveness of the Board of Directors, and disclose the results in the Corporate Governance Report
	Foster greater transparency and objectivity in business decision-making, with the Board of Directors accepting diverse opinions and advice from the outside officers with regard to major business topics including appointments, remuneration and other governance matters	Establishment of the Management Advisory Committee comprising all Outside Directors, all Outside Audit and Supervisory Board Members, the Chairman and the President
		Renaming the "round-table conference of Directors and Audit & Supervisory Board Members" the "D&A Round Table"

	Purpose	Measures
2019	Further strengthen corporate governance and improve corporate value by further strengthening the supervisory role of the Board of Directors, by enabling more rapid decision-making and vesting directors who are members of the Audit & Supervisory Committee with voting rights at the Board of Directors meeting	Shift from the “Company with Audit & Supervisory Board” model to that of a “Company with Audit & Supervisory Committee”
		Change the name of the “Management Advisory Committee” to the “Nomination & Remuneration Advisory Committee
2021	Review of regulations regarding the appointment of retirees from the office of Chairman and President as Counselors and Advisors.	Abolish the office of Counselor
	Clarify the roles of the Board of Directors and the executive structure, further enhance the effectiveness of discussions at Board of Directors meetings, and further expedite its decision-making process	Reduce the number of Directors from 12 to 9, and raise the proportion of Outside Directors on the Board of Directors to over 44%

Business Report

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

1. Overview of the Group

(1) Business Progress and Results

During the fiscal year under review, the Japanese economy lacked vigor, with the continuation of seesawing trends in personal consumption and exports due to the renewed spread of COVID-19. The global economy was headed towards recovery overall, even amid the persisting impact of COVID-19, but from the start of 2022 onward, concerns grew regarding the future outlook because of factors such as increasingly severe logistics disruptions, as well as soaring resource prices due to the impact of the Russian invasion of Ukraine.

Against this economic backdrop, in order to realize “The Denka Value” corporate philosophy, the Group pushed ahead with “Business Portfolio Shift” and “Introduction of Innovative Processes,” two strategies set forth in our “Denka Value-Up” five-year management plan launched in fiscal 2018, and focused its efforts on expanding businesses and enhancing profitability, under the three elements of our growth vision, namely, “Specialty-Fusion Company,” “Sustainable Growth,” and “Sound Growth.” The Group has designated the two years from fiscal 2021 as an important preparatory period for rapid growth towards the vision of the next management plan. As a first step towards being an indispensable corporate member of society, we are engaging in three “Value-Up” initiatives, concerning our business, the environment, and human resources.

As a result, during the year under review, sales volumes increased, as a consequence of growth in electronics and highly advanced product lines, focus growth businesses, and COVID-19 rapid antigen test kits, in addition to an overall recovery in demand, which had been depressed due to the pandemic. Sales increased ¥30,458 million or 8.6% year on year to ¥384,849 million, partly due to revisions to selling prices for certain products in step with rising raw material and fuel prices. Turning to earnings, operating income increased by ¥5,393 million or 15.5% year on year to ¥40,123 million, the highest on record, and the ratio of operating income to net sales was 10.4%, an increase of 0.6 percentage points, thanks to growth in specialty products. Furthermore, ordinary income increased ¥4,331 million or 13.5% to ¥36,474 million, and profit attributable to owners of parent increased ¥3,227 million or 14.2% to ¥26,012 million, both the highest on record.

From April 1, 2021, the Group’s reportable segments of five divisions were reclassified into four divisions: Electronics & Innovative Products, Life Innovation, Elastomers & Infrastructure Solutions, and Polymer Solutions. Comparisons and analysis for the fiscal year under review are presented based on the new classification.

Results of operations by division are described below.

Electronics & Innovative Products Division

(Sales: ¥90,152 million; Operating Income: ¥18,656 million)

Principal products: Electronic packaging materials, fine ceramics, fused silica, acetylene black, electronic circuit substrates, industrial tapes, etc.

Sales volumes grew for spherical alumina and high-purity conductive carbon black, primarily for xEV. Sales of functional films for electronic components and semiconductors, and spherical fused silica fillers were robust, due to expansion in worldwide demand related to 5G and data centers, etc. In addition, sales of HITTPLATE aluminum substrate for automotive applications and industrial tapes increased, and ALONBRIGHT SiAlON phosphors for LED also performed strongly in general. However, demand was subdued for ALSINK highly reliable heat-dissipating plate for electric railways.

As a result, division sales increased ¥12,403 million or 16.0% year on year to ¥90,152 million, and operating income increased ¥4,446 million or 31.3% year on year to ¥18,656 million.

Life Innovation Division

(Sales: ¥46,098 million; Operating Income: ¥15,495 million)

Principal products: Vaccines, diagnostic reagents, joint function improvers, etc.

The COVID-19 Rapid Antigen Test Kit QuickNavi™- COVID19 Ag was supplied to distribution businesses of the Ministry of Health, Labour and Welfare to enhance rapid antigen testing regimes as part of pandemic countermeasures. Sales of the kit increased due to the renewed spread of the virus from the start of 2022. Sales of other reagents were also strong, both within Japan and for export. However, shipments of influenza vaccines were down year on year due to lower production volumes from the previous year, mainly impacted by the proliferation ability of vaccine-producing strains, in addition to a shortage of production materials resulting from the increased production of COVID-19 vaccines worldwide.

As a result, division sales increased ¥3,151 million or 7.3% year on year to ¥46,098 million, and operating income increased ¥658 million or 4.4% year on year to ¥15,495 million.

Elastomers & Infrastructure Solutions Division

(Sales: ¥106,879 million; Operating Loss: ¥3,473 million)

Principal products: Chloroprene rubber, cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.

Sales of chloroprene rubber increased year on year as demand began to rise overall, including for industrial and automotive applications, with the recovery in the global economy. However, the United States subsidiary Denka Performance Elastomer LLC was impacted by Hurricane Ida, including being forced to suspend production due to disruption to the upstream supply chain. Moreover, the impact of soaring raw material and fuel prices was only partially transferred to selling prices, and sales of special cement additives also declined year on year.

As a result, division sales increased ¥15,027 million or 16.4% year on year to ¥106,879 million, and operating loss was ¥3,473 million (operating loss in the previous fiscal year was ¥3,553 million).

Polymer Solutions Division

(Sales: ¥126,578 million; Operating Income: ¥7,905 million)

Principal products: Styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, synthetic fiber for wigs, food packaging materials, etc.

Sales of ABS resin, MS resin and styrene monomer at Denka Singapore Pte., Ltd., were robust. Sales of “TOYOKALON” synthetic fiber for wigs, rain gutters, film for food packaging material and processed products were also strong in general.

As a result, division sales increased ¥16,694 million or 15.2% year on year to ¥126,578 million, partly due to the revision of selling prices in response to rising raw materials prices, and operating income decreased ¥494 million or 5.9% year on year to ¥7,905 million.

Others Division

(Sales: ¥15,140 million; Operating Income: ¥1,904 million)

Principal business: Plant engineering etc.

Transaction volumes of Akros Trading Co. Ltd. and other trading companies increased due to a recovery in demand, but sales decreased due to the application of the Accounting Standard for Revenue Recognition.

As a result, division sales decreased ¥16,818 million or 52.6% year on year to ¥15,140 million, and operating income increased ¥1,185 million or 165.0% year on year to ¥1,904 million.

(2) Capital Investment

In the “Denka Value-Up” management plan, the Group is actively implementing strategic investment under the two growth strategies of “Business Portfolio Shift” and “Introduction of Innovative Processes,” to meet numerical targets. During the five-year term of the management plan, from fiscal 2018 to fiscal 2022, the Group expects cumulative capital investment to reach ¥210 billion, exceeding the initial plan. In the fiscal year ended March 31, 2022, the Group carried out capital investments totaling ¥35,644 million.

In the Electronics & Innovative Products Division, capital investment amounted to ¥12,373 million. The investments were mostly works to expand high purity conductive carbon black capacity at the Company’s Omata Plant and our Singapore subsidiary, and works to expand silicon nitride ceramic substrate capacity at the Omata Plant.

In the Life Innovation Division, capital investments of ¥3,258 million were made for the Company’s Gosen Site and other items.

In the Elastomers & Infrastructure Solutions Division, capital investment amounted to ¥13,745 million, which mostly concerned the Company’s Omi Plant.

Capital investment in the Polymer Solutions Division amounted to ¥6,106 million. Principal items were construction for increased MS resin capacity at Denka Singapore Pte. Ltd., as well as for the Company’s Chiba Plant.

Main capital investment projects completed during fiscal 2021 included construction for increased MS resin capacity at Denka Singapore Pte. Ltd. In addition, capital investment projects currently under construction include works to increase production capacity for electronics and highly advanced product lines, such as works to enhance production facilities for next-generation functional spherical fillers at the Company’s Omata Plant, and works to install new production facilities for heat-dissipating sheets at the Shibukawa Plant.

(3) Financing

In fund procurement, the Company did not obtain any financing through the issue of new shares or corporate bonds during the fiscal year under review.

(4) Significant Business Reorganization

Effective April 1, 2021, the Company transferred a portion of the rights and obligations associated with its housing business, primarily plastic rain gutters, to its wholly-owned subsidiary, Nakagawa Techno Industrial Co., Ltd., by conducting an absorption-type company split. Furthermore, effective April 1, 2021, Nakagawa Techno Industrial Co., Ltd. was renamed Denka Astec Co., Ltd.

(5) Issues to be Addressed

Since fiscal 2018, the Company has been focusing significant efforts on promoting the “Denka Value-Up” five-year management plan, in order to realize its corporate philosophy “The Denka Value.” Here we would like to describe some specific measures implemented in fiscal 2021, the fourth year of the plan.

Firstly, in the environment and energy field, we determined to invest ¥5 billion in strategic investment in the Omata plant, to enhance production facilities for next-generation functional spherical fillers. This will expand our lineup of functional filler products for fifth-generation mobile communications systems (5G) and next-generation automobiles (xEV). We also decided to install new production facilities for heat-dissipating sheets for 5G and xEV at the Shibukawa Plant, doubling our previous production capacity. We will proceed to designate the Shibukawa Plant, together with the Omata Plant, as a core production base for electronic materials, introducing automated production processes and strengthening the research and development division within the plant, to focus on developing next-generation specialty products with the combination of properties such as high thermal conductivity and high thermal resistance required for automotive and communications applications. In April 2022, we also completed construction of production facilities for spherical alumina for heat-dissipating materials at our Singapore subsidiary, and commenced full-scale operation of these facilities. In May, we went on to make the decision to enhance production capacity at this subsidiary for the spherical silica used as a filler in semiconductor encapsulants. In this way, in the environment and energy field, we are aiming for further specialization at our production bases in Japan and overseas.

Next, in the healthcare domain, Daiichi Sankyo Co., Ltd. commenced domestic sales of G47Δ (product name: DELYTACT®*; generic name: teserapurev), an oncolytic virus for which the Company has been developing commercial production technology together with Professor Tomoki Todo of The Institute of Medical Science, The University of Tokyo, from November 2021. We will be responsible for manufacturing G47Δ under commission from Daiichi Sankyo Co., Ltd. In addition, we completed a new

influenza vaccine base manufacturing facility wing at the Company's Gosen Site Niigata Plant. This doubles our production capacity, and establishes a system that will enable us to provide vaccines even earlier to the market. We also decided to make a capital investment of approximately ¥11 billion in the Gosen Site Kagamida Plant. The aim of this investment is to boost production capacity for testing reagent products, including antigen testing kits, to contribute to global epidemic countermeasures, and to strengthen our cost competitiveness through digitalization.

Fiscal 2021 was another year marked by the impact of COVID-19. The disruption in global supply chains was compounded by factors such as Russia's invasion of Ukraine in February 2022. The Company steadily continued to pursue the initiatives described above, under the "Denka Value-Up" management plan. As a result, although results fell short of the initial targets, we were able to record the highest operating income ever for the second consecutive fiscal year.

In fiscal 2022, we have reached the final year of the "Denka Value-Up" management plan. We will continue to focus on the threefold "Value-Up" initiatives that we began in the previous fiscal year, based on our accumulated achievements over the past four years.

The first initiative is "enhancing the value of our business." With a constant awareness of megatrends, we will pursue specialization, the core strategy of "Denka Value-Up," in each business field, and proceed with the optimization of the business portfolio.

The second initiative is "enhancing the value of our environment." Positioning environmental impact as the foundation of our management, we aim to achieve a 50% reduction in greenhouse gas emissions by 2030 (compared to 2013), and carbon-neutral status by 2050. To this end, we will steadfastly implement measures such as reforming the business portfolio, innovating manufacturing processes, and enhancing our hydroelectric power facilities.

The third initiative is "enhancing the value of human resources." We aim to be a company in which each employee can perceive personal growth through their job, and we will implement measures such as a more substantial training program, the enhancement of workplace environments, and diversity promotion.

We will approach fiscal 2022, the final year of the "Denka Value-Up" management plan in this way. As the culmination of these five years, the whole Group will come together for the last sprint to the finish line. With the SDGs as our compass, we aim to be an indispensable corporate member of society, creating a better world for all people through the jobs that we do best.

* DELYTACT is a registered trade mark of Daiichi Sankyo Co., Ltd.

(6) Financial Position and Results of Operations

(Millions of yen, unless otherwise stated)

Item	160th term (from April 1, 2018 to March 31, 2019)	161st term (from April 1, 2019 to March 31, 2020)	162nd term (from April 1, 2020 to March 31, 2021)	163rd term (from April 1, 2021 to March 31, 2022)
Net sales	413,128	380,803	354,391	384,849
Operating income	34,228	31,587	34,729	40,123
Ordinary income	32,811	30,034	32,143	36,474
Profit attributable to owners of parent	25,046	22,703	22,785	26,012
Net income per share (yen)	286.18	262.62	264.24	301.67
Total assets	483,827	501,448	526,035	557,646
Total net assets	250,481	254,014	270,036	292,094
Net assets per share (yen)	2,839.16	2,906.95	3,101.92	3,345.34
Total shareholders' equity ratio (%)	51.0	50.0	50.8	51.7
Return on equity (ROE) (%)	10.3	9.1	8.8	9.4
Total dividends paid	10,479	10,785	10,785	12,510
Dividends per share (yen)	120.00	125.00	125.00	145.00

- Notes:
1. Net income per share is calculated using the average number of shares issued and outstanding excluding treasury stock. Net assets per share are calculated using the number of shares issued and outstanding at the end of the fiscal year excluding treasury stock.
 2. For total dividends paid and dividends per share for the 163rd term, the sum of the interim dividend paid in December 2021 and the dividend proposed for resolution at this Ordinary General Meeting of Shareholders is indicated.

(7) **Significant Subsidiaries** (as of March 31, 2022)

1) Significant subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
Denka Chemicals Holdings Asia Pacific Pte., Ltd.	USD 68,700 thousand	100.0	Regional headquarters for Southeast and South Asia
Denka Singapore Pte., Ltd.	SGD 69,410 thousand	100.0 (100.0)	Manufacturing and sales of acetylene black and functional resin products
Denka Advantech Pte., Ltd.	SGD 17,000 thousand	100.0 (100.0)	Manufacturing and sales of fused silica and synthetic fiber for wigs and hairpieces
Denal Silane Co., Ltd.	JPY 500 million	51.0	Manufacturing and sales of monosilane gas, etc.
Denka Advanced Materials (Suzhou) Co., Ltd.	CNY 55,440 thousand	100.0	Manufacturing, processing, and sales of electronic packaging materials
Denka Electronic Materials Dalian Co., Ltd.	JPY 1,000 million	100.0	Processing and sales of electronic materials
Denka Advanced Materials Vietnam Co., Ltd.	USD 12,000 thousand	100.0 (100.0)	Manufacturing and sales of electronic packaging materials and vinyl tapes
Denka Performance Elastomer LLC	USD 121,000 thousand	70.0 (70.0)	Manufacturing and sales of synthetic rubbers
Hinode Kagaku Kogyo	JPY 300 million	100.0	Manufacturing and sales of fertilizers and chemical products
Nishi-nihon Koatsu Gas Co., Ltd.	JPY 80 million	93.3	Manufacturing and sales of high-pressure gas
Denka RENOTEC Co., Ltd.	JPY 50 million	100.0	Repair, design, engineering and management work for concrete structures
Denka Azumin Co., Ltd.	JPY 300 million	100.0	Manufacturing and sales of fertilizers and agricultural materials
Denka Inorganic Materials Tianjin Co., Ltd.	JPY 250 million	100.0	Manufacturing and sales of special cement additives
Denka Infrastructure Malaysia Sdn Bhd.	MYR 8,649 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
Denka Construction Solutions Malaysia Sdn Bhd.	MYR 1,500 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
PT. Hissan Trading Indonesia	IDR 5,372,640 thousand	100.0 (100.0)	Sales of special cement additives, etc.in Indonesia
DENKA Polymer Co., Ltd.	JPY 2,080 million	100.0	Manufacturing and sales of various packaging materials and plastic containers
Denka Astec Co., Ltd.	JPY 50 million	100.0	Manufacturing, processing, and sales of rain gutters
Denka Chemicals Shanghai Co., Ltd.	USD 2,000 thousand	100.0	Sales of various products and headquarters for Group companies in China
Denka Chemicals GmbH	EUR 256 thousand	100.0	Import, export and sales of chemical and electronics products

Company name	Capital	The Company's percentage of equity participation	Principal business
Denka Consultant & Engineering Co., Ltd.	JPY 50 million	100.0	Design and engineering of various industrial facilities, transportation facilities, etc.
Akros Trading Co. Ltd.	JPY 1,200 million	76.8	Sales of inorganic industrial products, organic industrial products, civil engineering and construction materials, interior materials, etc.
Akros Trading China Co., Ltd.	USD 300 thousand	100.0 (100.0)	Sales of electronic packaging materials, etc.
Akros Trading Taiwan Co., Ltd.	TWD 29,000 thousand	100.0 (100.0)	Sales of resins and semiconductor-related materials, etc.

Note: The Company's percentage of equity participation is calculated by dividing the number of shares held by the Company by the number of shares issued and outstanding. The figure within parentheses indicates the percentage of indirect ownership by subsidiaries.

2) Significant affiliates

Company name	Capital	The Company's percentage of equity participation	Principal business
Toyo Styrene Co., Ltd.	JPY 5,000 million	50.0	Manufacturing processing sales of polystyrene resin and styrene-based special resin.
Denak Co., Ltd.	JPY 600 million	50.0	Manufacturing and sales of monochloroacetic acid
Kurobegawa Power Plant	JPY 3,000 million	50.0	Operation of electric power business and other incidental business

(8) Principal Business Details (as of March 31, 2022)

The Company manufactures and sells the following products.

Business division	Main products
Electronics & Innovative Products Division	Electronic packaging materials, fine ceramics, fused silica, acetylene black, electronic circuit substrates, industrial tapes, etc.
Life Innovation Division	Vaccines, diagnostic reagents, joint function improvers, etc.
Elastomers & Infrastructure Solutions Division	Chloroprene rubber, cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.
Polymer Solutions Division	Styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, synthetic fiber for wigs, food packaging materials, etc.
Others Division	Plant engineering etc.

(9) Principal Offices and Factories (as of March 31, 2022)

Company name	Principal offices
Denka Co., Ltd.	Head Office: 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo Branches: Tokyo, Osaka, Nagoya, Fukuoka, Niigata, Kanetsu (Saitama), Hokuriku (Toyama), Sapporo, Tohoku (Sendai) Plants: Omi (Itoigawa, Niigata Prefecture), Omuta, Chiba (Ichihara, Chiba Prefecture), Shibukawa, Ofuna (Kamakura, Kanagawa Prefecture), Isesaki, Gosen Research Institutes: Denka Innovation Center (Advanced Technologies Research Institute, Life Innovation Research Institute, Infrastructure & Solutions Development Research Institute) (Machida, Tokyo) Polymer & Processing Technology Institute (Ichihara, Chiba Prefecture)
Denka Chemical Holdings Asia Pacific Pte., Ltd.	Head Office: Singapore
Denka Singapore Pte., Ltd.	Head Office and Plants: Singapore
Denka Advantech Pte., Ltd.	Head Office and Plant: Singapore
Denal Silane Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Advanced Materials (Suzhou) Co., Ltd.	Head Office and Plant: Suzhou, Jiangsu, China
Denka Electronic Materials Dalian Co., Ltd.	Head Office and Plant: Dalian, Liaoning, China
Denka Advanced Materials Vietnam Co., Ltd.	Head Office and Plant: Hung Yen, Vietnam
Denka Performance Elastomer LLC	Head Office and Plant: Louisiana, United States
Hinode Kagaku Kogyo	Head Office and Plant: Maizuru, Kyoto Prefecture
Nishi-nihon Koatsu Gas Co., Ltd.	Head Office: Fukuoka, Fukuoka Prefecture
Denka RENOTEC Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Azumin Co., Ltd.	Head Office and Plant: Hanamaki, Iwate Prefecture
Denka Inorganic Materials Tianjin Co., Ltd.	Head Office and Plant: Tianjin, China
Denka Infrastructure Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia
Denka Construction Solutions Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia

Company name	Principal offices
PT. Hissan Trading Indonesia	Head Office: Jakarta, Indonesia
DENKA Polymer Co., Ltd.	Head Office: Koto-ku, Tokyo Plants: Sakura, Katori (Tako-machi, Chiba Prefecture), Goi (Ichihara, Chiba Prefecture)
Denka Astec Co., Ltd.	Head Office: Minato-ku, Tokyo Plant: Kasai, Hyogo Prefecture
Denka Chemicals Shanghai Co., Ltd.	Head Office: Shanghai, China
Denka Chemicals GmbH	Head Office: Düsseldorf, Germany
Denka Consultant & Engineering Co., Ltd.	Head Office: Ichihara, Chiba Prefecture
Akros Trading Co., Ltd.	Head Office: Minato-ku, Tokyo
Akros Trading China Co., Ltd.	Head Office: Shanghai, China
Akros Trading Taiwan Co., Ltd.	Head Office: Hsin-Chu, Taiwan

(10) Employees (as of March 31, 2022)

1) The Group

Business segment	Number of employees
Electronics & Innovative Products Division	1,550 [169]
Life Innovation Division	929 [285]
Elastomers & Infrastructure Solutions Division	1,564 [211]
Polymer Solutions Division	1,167 [208]
Others Division	767 [164]
Corporate (common)	381 [64]
Total	6,358 [1,101]

- Notes:
1. The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in brackets.
 2. The number of employees indicated for “Corporate (common)” is the number of employees who belong to administrative divisions that cannot be classified into a specific business.

2) The Company

Number of employees	Increase (Decrease) from the previous fiscal year-end	Average age	Average service years
4,081 [726]	(85) [+29]	40.8	16.8

- Note: The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in brackets.

(11) Principal Lenders (as of March 31, 2022)

Lender	Outstanding borrowings (Millions of yen)
Syndicated loan	37,000
Mizuho Bank, Ltd.	16,088
M&A loans	12,442
The Norinchukin Bank	5,685
Sumitomo Mitsui Banking Corporation	5,078

Notes: 1. The syndicated loan is managed by Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation and is co-financed.

2. M&A loans refers to an overseas M&A support loan system maintained by the Japan Bank for International Cooperation in cooperation with private banks.

(12) Other Significant Matters concerning the Group's Current Situation

Not applicable.

2. Status of Shares (as of March 31, 2022)

(1) Total Number of Authorized Shares	290,000,000 shares
(2) Shares of Common Stock Issued	88,555,840 shares (including 2,278,289 shares of treasury stock)
(3) Number of Shareholders	42,802

(4) Major Shareholders

Shareholder name	Number of shares held (hundred shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	156,560	18.15
Custody Bank of Japan, Ltd. (Trust Account)	77,928	9.03
Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account (Account re-entrusted by Custody Bank of Japan, Ltd.)	32,158	3.73
National Mutual Insurance Federation of Agricultural Cooperatives	29,007	3.36
TAIJU LIFE INSURANCE COMPANY LIMITED	23,816	2.76
Japan Post Insurance Co., Ltd.	18,105	2.10
SSBTC CLIENT OMNIBUS ACCOUNT	15,883	1.84
STATE STREET BANK AND TRUST COMPANY 505001	14,211	1.65
Denka Employee Stockholding Association	12,345	1.43
JP MORGAN CHASE BANK 385781	11,213	1.30

Notes: 1. 2,278,289 shares of treasure stock have been excluded from the above list of major shareholders.

2. Treasury stock is excluded for calculation of the percentage of shares held.

(5) Other Significant Matters concerning Shares

Not applicable.

3. Matters concerning the Company's Stock Acquisition Rights (as of March 31, 2022)

Not applicable.

4. Company Officers

(1) Directors (as of March 31, 2022)

Name	Position	Responsibilities and significant concurrent positions
Manabu Yamamoto	Chairman and Representative Director	
Toshio Imai	Representative Director, President	President and Chief Executive Officer
Tetsuya Shinmura	Director	Senior Managing Executive Officer Chief Technical Officer (CTO) In charge of Purchasing Dept., Logistics Dept., Production & Process Technology Dept., Engineering Dept., Digital Strategy & Innovation Dept.
Kazuo Takahashi	Director	Senior Managing Executive Officer Chief Compliance Officer (CCO) In charge of Corporate Planning Dept., Corporate Communications Dept., Automotive Materials & Solutions Dept., Denka Corporation, Denka Chemicals GmbH In charge of Denka Value-Up Promotion
Yoshiyuki Fukuda	Director (Outside)	
Masaharu Suzuki	Director (Full-time Audit & Supervisory Committee Member)	
Toshio Kinoshita	Director (Outside) (Audit & Supervisory Committee Member)	Representative Director of Global Professional Partners Outside Audit & Supervisory Board Member of Panasonic Corporation Outside Director of TACHI-S CO., LTD.
Akio Yamamoto	Director (Full-time Audit & Supervisory Committee Member)	
Miyuki Matoba	Director (Outside) (Audit & Supervisory Committee Member)	General Manager, Intellectual Property and Legal Div., General Affairs H.Q., and compliance supervisor of NITTO KOHKI CO., LTD.

- Notes:
1. Directors Mr. Yoshiyuki Fukuda, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba are outside directors as stipulated in Article 2, Item 15 of the Companies Act.
 2. Director who is an Audit & Supervisory Committee Member, Mr. Toshio Kinoshita is a certified public accountant, and has an adequate level of knowledge regarding finance and accounting.
 3. Director who is an Audit & Supervisory Committee Member, Mr. Toshio Kinoshita retired as Outside Director of GiG Works Inc. in January 2022.
 4. The Company has appointed Director Mr. Masaharu Suzuki as a Full-time Audit & Supervisory Committee Member, in order to enhance the effectiveness of audits through better information gathering and sufficient coordination with the Internal Control Dept., etc., and thereby strengthen audit and supervisory functions.
 5. The Company designated Directors Mr. Yoshiyuki Fukuda, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba as independent officers as defined by Tokyo Stock Exchange, Inc. and notified it of the designation.
 6. Panasonic Corporation was renamed Panasonic Holdings Corporation effective April 1, 2022.

(Reference)

Executive Officers (as of May 1, 2022)

Position	Name	Responsibilities
President and Chief Executive Officer	Toshio Imai	
Senior Managing Executive Officer	Tetsuya Shinmura	Chief Technical Officer (CTO) In charge of Purchasing Dept., Logistics Dept., Production & Process Technology Dept., Engineering Dept., Digital Strategy & Innovation Dept.
Managing Executive Officer	Koki Tabuchi	General Manager, Elastomers & Infrastructure Solutions
	Shojiro Watanabe	Supervisor of Environmental Measures Promotion In charge of Internal Control Dept., Environment and Safety Dept., Sustainability Promotion Dept., Quality Assurance Dept.
	Nobuyuki Yoshino	Chief Scientific Officer (CSO) General Manager, New Business Development
	Kazuya Tokumoto	General Manager, Chiba Plant
	Hideki Takahashi	General Manager, Life Innovation
	Kazuo Takahashi	Chief Compliance Officer (CCO) Chief Human Resource Officer (CHRO) In charge of HR Dept., Corporate Planning Dept., Corporate Communications Dept., Denka Corporation, Denka Chemicals GmbH
Executive Officer	Rimiru Hayashida	In charge of Accounting & Finance Dept., Finance Dept.
	Yoshimi Ishizuka	General Manager, Omuta Plant
	Kiyoshi Asami	In charge of Secretary Dept., Administrative Dept., Legal Dept.
	Ikuo Ishida	General Manager, Electronics & Innovative Products
	Yasuo Nakatomi	General Manager, Gosen Site
	Yukio Sasagawa	General Manager, Shibukawa Plant
	Mikio Shimizu	President, Denka Performance Elastomer LLC
	Hideki Toya	Assistant to New Business Development General Manager, Innovation Center
	Masanobu Kosaka	General Manager, Omi Plant
	Kenjiro Ishizuka	General Manager, Polymer Solutions
	Michio Kawamura	Managing Director, DCHA, DSPL, DAPL

Notes: DCHA: Denka Chemicals Holdings Asia Pacific Pte., Ltd.

DSPL: Denka Singapore Pte., Ltd.

DAPL: Denka Advantech Pte., Ltd.

(2) Directors who Retired during the Fiscal Year Under Review

Name	Date of retirement	Reason for retirement	Position, responsibilities and significant concurrent positions at the time of retirement
Shinsuke Yoshitaka	June 22, 2021	Expiration of term of office	Director, Senior Corporate Advisor Outside Director of Koatsu Gas Kogyo Co., Ltd.
Norihiro Shimizu	June 22, 2021	Expiration of term of office	Director, Executive Fellow
Masaharu Suzuki	June 22, 2021	Expiration of term of office	Director, Advisor
Akio Yamamoto	June 22, 2021	Expiration of term of office	Director (Outside)
Tatsutsugu Fujihara	June 22, 2021	Expiration of term of office	Director (Outside)
Mitsukuni Ayabe	June 22, 2021	Expiration of term of office	Director (Full-time Audit & Supervisory Committee Member)
Junichi Kimura	June 22, 2021	Expiration of term of office	Director (Full-time Audit & Supervisory Committee Member)
Yasuo Sato	June 22, 2021	Expiration of term of office	Director (Outside) (Audit & Supervisory Committee Member) Chairman and Director of Wisemech Corporation
Hiroko Yamamoto	June 22, 2021	Expiration of term of office	Director (Outside) (Audit & Supervisory Committee Member) Lawyer, Sasanami Law Office

Note: Mr. Masaharu Suzuki and Mr. Akio Yamamoto retired as Directors due to the expiration of their terms of office, and were appointed Directors who are Audit & Supervisory Committee Members the same day.

(3) Summary of Liability Limitation Agreements

Based on Article 427, Paragraph 1 of the Companies Act, the Company currently has liability limitation contracts with Directors Mr. Yoshiyuki Fukuda, Mr. Toshio Kinoshita, Mr. Akio Yamamoto, and Ms. Miyuki Matoba that limit their liability for damages provided for in Article 423, Paragraph 1 of said Act. The limit of liability under the contract is set to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher.

(4) Summary of Directors and Officers Liability Insurance

The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The Company's Directors (including Directors who are Audit & Supervisory Committee Members), Executive Officers, and Directors, Corporate Auditors and Executive Officers of some of the Company's Group companies are insured parties under the contract. As a rule, the insured parties are not responsible for paying insurance premiums.

The Directors and officers liability insurance covers legal damages and litigation expenses in the event that a claim for damages is made against the insured persons due to an act committed by an insured person in his/her capacity as such. However, measures have been implemented to ensure that proper execution of duties by officers, etc. is not impaired. These include an exclusion where the Company makes a claim for damages against the insured parties, as well as the establishment of a deductible amount.

(5) Remuneration and Other Payments to Directors

1) Policy on the determination of remuneration and other payments to individual Directors

The Board of Directors of the Company has decided on the following policy for determining remuneration and other payments to individual Directors (hereinafter referred to as the "Decision

Policy”), after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee.

[Basic Policy]

Remuneration for individual Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter) shall be in accordance with each Director’s roles and responsibilities, and shall be determined by the Board of Directors after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations, in order to enhance objectivity and transparency.

The structure of Directors’ remuneration shall, in addition to a fixed monthly amount of basic remuneration, consist of performance-linked cash remuneration, designed to increase motivation to improve the financial results for each fiscal year, and stock remuneration, designed to increase motivation to contribute to improving medium- and long-term performance and enhancing corporate value. These function as sound incentives to maintain growth. However, in view of the duties performed by Outside Directors and non-executive Directors, remuneration for these Directors shall consist solely of basic remuneration.

[Policy on the determination of remuneration and other payments to individual Directors]

- i) Policy on the determination of the amount and calculation method of basic cash remuneration.
Basic remuneration shall be determined in accordance with each Director’s roles and responsibilities, taking into consideration factors such as the level of employee pay. It shall be paid in a fixed amount every month.
- ii) Policy on the determination of the performance indicators, amount and calculation method of performance-linked cash remuneration
The total amount of performance-linked remuneration shall be determined with reference to consolidated operating income, a key indicator under the Company’s management plan. It shall then be allotted in accordance with each Director’s roles and responsibilities, and paid promptly after the financial results are finalized. However, if consolidated operating income is below a certain level, or a massive extraordinary loss is recorded, or if a serious compliance breach has occurred, then no payment shall be made, or the payment amount shall be reduced.
- iii) Policy on the determination of the details, amount and calculation method of stock remuneration
The stock remuneration scheme shall utilize a trust structure. Points shall be granted to Directors each month in accordance with rank, based on stock delivery regulation established by the Company, and shares of the Company’s stock shall be delivered to Directors through the trust on retirement, based on the number of points they have accumulated. The maximum amount of money to be contributed by the Company to the trust for the purpose of delivering the Company’s shares to Directors shall be ¥40 million per year.
- iv) Policy on the determination of the proportions of the total amount of remuneration paid as basic remuneration, performance-linked remuneration, and stock remuneration
No policy is established specifically to determine the proportion of Directors’ remuneration to be paid as basic remuneration, performance-linked remuneration, and stock remuneration. However, if the operating income target under the management plan is achieved, then the proportions will be approximately 70%, 20% and 10% respectively.
- v) Method used to determine remuneration and other payments to individual Directors
The details of remuneration and other payments to individual Directors shall be determined by the Board of Directors, after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee, and set forth in internal regulations.

2) Reason why the details of remuneration and other payments to individual Directors are judged by the Board of Directors to be in accordance with the Decision Policy

The Board of Directors establishes the details of remuneration in internal regulation, in accordance with the Decision Policy, after receiving recommendations and proposals from the Nomination & Remuneration Advisory Committee. Remuneration for individual Directors is determined based on these regulations. Therefore, the Board of Directors deems it to be in accordance with the Decision Policy.

3) Remuneration and other payments to Directors

Category	Number of persons	Amount of remuneration, etc. (Millions of yen)	Breakdown					
			Cash remuneration			Stock remuneration		
			Basic remuneration Number of persons	Total (Millions of yen)	Performance-linked remuneration Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors (excluding Directors who are Audit & Supervisory Committee Members) (of which Outside Directors)	10 (3)	312 (15)	10 (3)	242 (15)	4 (-)	47 (-)	7 (-)	22 (-)
Directors (Audit & Supervisory Committee Members) (of which Outside Directors)	8 (5)	78 (36)	8 (5)	78 (36)	- (-)	- (-)	- (-)	- (-)
Total (of which Outside Directors)	18 (8)	391 (51)	18 (8)	320 (51)	4 (-)	47 (-)	7 (-)	22 (-)

- Notes:
1. The maximum amount of cash compensation remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) is ¥490 million per year (of which the maximum amount of remuneration for Outside Directors is ¥40 million, excluding the portions of their salaries as employees) as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 7 Directors (excluding Directors who are Audit & Supervisory Committee Members), including 2 Outside Directors, as of the conclusion of the 160th Ordinary General Meeting of Shareholders.
 2. The maximum amount of remuneration for Directors who are Audit & Supervisory Board Members is ¥166 million per year as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors who are Audit & Supervisory Board Members as of the conclusion of the 160th Ordinary General Meeting of Shareholders.
 3. Regarding the amount of stock remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members or Outside Directors), the maximum amount of cash to be contributed by the Company is ¥40 million per year, and the maximum number of points to be awarded to Directors is 110,000 points per year, as resolved at the 160th Ordinary General Meeting of Shareholders held on June 20, 2019. There were 5 Directors (excluding Directors who are Audit & Supervisory Committee Members or Outside Directors) as of the conclusion of the 160th Ordinary General Meeting of Shareholders.
 4. There were 9 Directors (including 4 Outside Directors) as of March 31, 2022. The difference between the total number of Directors shown in the table above and in (1) is because the table above includes remuneration for 9 Directors (including 4 Outside Directors) who retired at the conclusion of the 162nd Ordinary General Meeting of Shareholders held on June 22, 2021, as stated in (2).

5. The total amount of stock remuneration is the amount of expenses recorded for the fiscal year under review for the stock remuneration plan that allots shares of the Company (a stock remuneration plan wherein a trust established by the Company makes acquisitions using funds contributed by the Company, and shares of the Company and cash equivalent to the disposal conversion amount of the Company's shares are allotted to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) through said trust).
6. The amount of performance-linked remuneration paid is determined with reference to the consolidated operating income for each fiscal year. If consolidated operating income is below a certain level, or if a serious compliance breach has occurred, then no payment is made, or the payment amount is reduced. The reason why consolidated operating income has been selected as an index is because it is a key indicator in the Company's management plan. The trend in operating income for fiscal 2021 and other years is presented in 1. (6) Financial Position and Results of Operations.

(6) Outside Officers

1) Significant concurrent positions as business executors at other companies, etc. and the relationship between the Company and such companies, etc.

Director who is an Audit & Supervisory Committee Member Mr. Toshio Kinoshita is Representative Director of Global Professional Partners. There are no significant transactions between the Company and Global Professional Partners.

Director who is an Audit & Supervisory Committee Member Ms. Miyuki Matoba is General Manager of the Intellectual Property and Legal Div. of NITTO KOHKI CO., LTD. There are no significant transactions between the Company and NITTO KOHKI CO., LTD.

2) Significant concurrent positions as outside officers etc. at other companies, etc. and the relationship between the Company and such companies, etc.

Director who is an Audit & Supervisory Committee Member Mr. Toshio Kinoshita is Outside Audit & Supervisory Board Member of Panasonic Corporation and Outside Director of TACHI-S CO., LTD.

He was also Outside Director of GiG Works Inc. until January 2022.

There are no significant transactions between the Company and TACHI-S CO., LTD., or GiG Works Inc.

The Company has transactions with Panasonic Corporation, but there are no special interest relationships.

(Note) Panasonic Corporation was renamed Panasonic Holdings Corporation effective April 1, 2022.

3) Relationship with specified related parties such as major customers

Not applicable.

4) Principal activities in the fiscal year ended March 31, 2022

i. Outside Directors

[Board of Directors meetings]

The Board of Directors met 13 times in the fiscal year ended March 31, 2022. Director, Mr. Yoshiyuki Fukuda, attended all 10 meetings of the Board of Directors held after he assumed office as Director on June 22, 2021 (attendance rate: 100%). Directors who are Audit & Supervisory Members, Mr. Toshio Kinoshita and Mr. Akio Yamamoto attended all 13 meetings of the Board of Directors (attendance rate: 100%). Director who is an Audit & Supervisory Member, Ms. Miyuki Matoba, attended all 10 meetings of the Board of Directors held after she assumed office as Director on June 22, 2021 (attendance rate: 100%). Mr. Yoshiyuki Fukuda, based on his rich experience and wide views as a corporate executive and high-level knowledge of corporate finance, actively made necessary inquiries and recommendations.

In addition, as Directors who are Audit & Supervisory Committee Members, Mr. Toshio Kinoshita, based on his experience and rich accounting knowledge as a certified public accountant in Japan and the US, Mr. Akio Yamamoto, based on his rich experience and wide views as a corporate executive and rich international experience serving as a business manager at global companies, and Ms. Miyuki Matoba, based on her rich experience and expert knowledge as a lawyer, actively made necessary inquiries and recommendations.

[Audit & Supervisory Committee]

The Audit & Supervisory Committee met 14 times in the fiscal year ended March 31, 2022. Mr. Toshio Kinoshita attended all 14 meetings of the Audit & Supervisory Committee (attendance rate: 100%). Mr. Akio Yamamoto and Ms. Miyuki Matoba each attended all 10 meetings of the Audit & Supervisory Committee held after they assumed office as Directors who are Audit & Supervisory Committee Members on June 22, 2021 (attendance rate: 100%). Each member of the Audit & Supervisory Committee worked closely with the Internal Control Dept., etc. to perform efficient and effective audits of the Company's divisions and departments, business sites and subsidiaries and receive briefings on the status of business execution at periodic divisional report meetings. They reported the results of these activities to the Audit & Supervisory Committee and had necessary discussions with other Directors who are Audit & Supervisory Committee Members.

	Board of Directors meetings		Audit & Supervisory Committee	
	Attendance	Attendance rate	Attendance	Attendance rate
Director Yoshiyuki Fukuda	10/10	100%	-	-
Director (Audit & Supervisory Committee Member) Toshio Kinoshita	13/13	100%	14/14	100%
Director (Audit & Supervisory Committee Member) Akio Yamamoto	13/13	100%	10/10	100%
Director (Audit & Supervisory Committee Member) Miyuki Matoba	10/10	100%	10/10	100%

Note: Mr. Akio Yamamoto served as an Outside Director prior to his appointment as an Outside Director who is an Audit & Supervisory Committee Member on June 22, 2021. His attendance at Board of Directors meetings represents his total attendance.

5) Summary of Duties Fulfilled by Outside Directors Related to Their Expected Roles

	Expected roles	Summary of duties performed related to expected roles
Director Yoshiyuki Fukuda	Recommendations and supervision regarding the Company's management in general, based on his rich experience and wide views as a manager, and expert knowledge of corporate finance	Inquiries and recommendations regarding finance strategy and risk management for overseas business at subsidiaries in Japan and overseas
Director (Audit & Supervisory Committee Member) Toshio Kinoshita	Supervision and audit of the Company's management, based on his experience and rich accounting knowledge as a certified public accountant in Japan and the US	Inquiries and recommendations regarding the strengthening of risk management across the entire Group, and profitability and tax systems for overseas businesses
Director (Audit & Supervisory Committee Member) Akio Yamamoto	Recommendations and supervision regarding the Company's management, based on his rich experience in Japan and overseas and wide views as a corporate executive, and rich international experience serving as a business manager at global companies	Inquiries and recommendations regarding business strategy and risk management at overseas subsidiaries and the transformation of the business portfolio
Director (Audit & Supervisory Committee Member) Miyuki Matoba	Supervision and audit of the Company's management, based on her rich experience and expert knowledge as a lawyer	Inquiries and recommendations regarding the strengthening of governance systems for overseas subsidiaries, Group crisis management systems, and intellectual property strategy

5. Accounting Auditor

(1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

(2) Accounting Auditor's Remuneration, etc. for the Fiscal Year Ended March 31, 2022

	Amount paid (thousands of yen)
Remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2022	90,000
Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	119,870

- Notes:
- Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Act are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2022.
 - The Audit & Supervisory Committee of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item compared to audit plans for previous fiscal years and comparisons with amounts for other companies as disclosed for the fiscal year ended March 31, 2021, and agrees to the fees, etc., of the Accounting Auditor under Article 399, Item 1 of the Companies Act.
 - Financial statements (including corresponding statements) of some of the Company's significant subsidiaries are audited (subject to regulations of the Companies Act and the Financial Instruments and Exchange Act; including corresponding laws and regulations overseas) by Certified Public Accountants or Audit Corporations (including persons with qualifications that correspond to these qualifications overseas) other than the Company's Accounting Auditor.

(3) Non-audit Services

The Company pays fees to Ernst & Young ShinNihon LLC mainly for confirmation provided in relation to applications for reduction or exemption under the Japanese renewable energy feed-in-tariff (FIT) scheme.

(4) Policy for Determination of Dismissal or Non-reappointment of the Accounting Auditor

If the Audit & Supervisory Committee considers that it has become difficult for the Accounting Auditor to perform its duties appropriately or otherwise considers it necessary, the Audit & Supervisory Committee will make a resolution for dismissal or non-reappointment of the Accounting Auditor, and will submit a proposal to the General Meeting of Shareholders.

If it is deemed appropriate to dismiss the Accounting Auditor is deemed, because it falls under any item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Committee will dismiss the Accounting Auditor upon consent of all the Audit & Supervisory Committee Members.

(5) Disposition of Suspension of Business of the Accounting Auditor during the Past Two Years

Not applicable.

(6) Outline of the Limited Liability Contracts

Not applicable.

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	(Reference) 162nd term	163rd term	Account item	(Reference) 162nd term	163rd term
(Assets)	526,035	557,646	(Liabilities)	255,998	265,552
Current assets	200,726	218,164	Current liabilities	155,062	166,679
Cash and deposits	25,910	20,210	Notes and accounts payable-trade	40,188	50,032
Notes and accounts receivable-trade	92,816	-	Short-term loans payable	41,867	40,545
Notes and accounts receivable-trade, and contract assets	-	101,026	Commercial paper	8,000	8,000
Merchandise and finished goods	46,718	55,790	Current portion of long-term loans payable	10,003	12,470
Work in process	4,617	4,516	Accounts payable-other	23,313	23,539
Raw materials and supplies	20,379	25,352	Income taxes payable	5,431	5,439
Other	10,479	11,485	Accrued consumption taxes	453	298
Allowance for doubtful accounts	(195)	(218)	Accrued expenses	10,871	13,631
			Provision for bonuses	2,718	2,904
			Other	12,213	9,817
Noncurrent assets	325,309	339,482	Noncurrent liabilities	100,935	98,872
Property, plant and equipment	247,834	263,171	Bonds payable	37,000	37,000
Buildings	45,710	51,308	Long-term loans payable	41,319	39,016
Structures	29,086	31,279	Deferred tax liabilities	5,161	5,995
Machinery and equipment	71,914	89,005	Deferred tax liabilities for land revaluation	8,397	8,401
Vehicles	909	1,001	Net defined benefit liability	5,892	5,074
Tools, furniture and fixtures	4,510	4,666	Provision for stock benefits	80	60
Land	63,562	63,494	Other	3,084	3,324
Lease assets	1,929	2,141	(Net assets)	270,036	292,094
Construction in progress	30,211	20,276	Shareholders' equity	247,596	261,879
Intangible assets	11,392	10,391	Capital stock	36,998	36,998
Software	1,166	1,111	Capital surplus	49,397	49,397
Goodwill	7,203	5,989	Retained earnings	168,878	183,128
Right of using patent	3,022	3,291	Treasury stock	(7,677)	(7,645)
Investments and other assets	66,081	65,918	Accumulated other comprehensive income	19,852	26,592

Investment securities	59,569	60,552	Valuation difference on available-for-sale securities	16,143	16,883
Long-term loans receivable	158	140	Deferred gains or losses on hedges	(442)	(348)
Long-term prepaid expenses	1,904	1,447	Revaluation reserve for land	10,245	10,377
Deferred tax assets	2,146	1,326	Foreign currency translation adjustment	(3,004)	2,410
Other	2,420	2,524	Remeasurements of defined benefit plans	(3,090)	(2,731)
Allowance for doubtful accounts	(118)	(73)	Non-controlling interests	2,588	3,621
Total	526,035	557,646	Total	526,035	557,646

(Note) Amounts are rounded down to the nearest million yen.

Consolidated Statement of Income

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

(Millions of yen)

Account item	(Reference) 162nd term	163rd term		
Net sales	354,391			384,849
Cost of sales	254,196			277,674
Gross profit	100,194			107,175
Selling, general, and administrative expenses	65,464			67,051
Operating income	34,729			40,123
Non-operating income				
Interest and dividend income	1,405			1,661
Equity in earnings of affiliates	933			876
Other	1,314	3,653	606	3,144
Non-operating expenses				
Interest expenses	821			924
Other	5,418	6,239	5,869	6,793
Ordinary income	32,143			36,474
Extraordinary income				
Loss on sales of investment securities	158	158	100	100
Extraordinary loss				
Merger-related expenses	252			-
Loss on litigation	2,997			-
Costs related to voluntary product recall	-			972
Impairment losses	-	3,250	968	1,940
Income before income taxes	29,052			34,633
Income taxes-current	7,122			8,428
Income taxes-deferred	(129)	6,993	1,240	9,668
Profit	22,059			24,965
Profit (loss) attributable to non-controlling interests	(725)			(1,047)
Profit attributable to owners of parent	22,785			26,012

(Note) Amounts are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Account item	(Reference) 162nd term	163rd term	Account item	(Reference) 162nd term	163rd term
(Assets)	451,002	465,179	(Liabilities)	228,391	239,387
Current assets	158,682	169,399	Current liabilities	137,598	148,591
Cash and deposits	14,651	4,272	Notes payable-trade	4,138	-
Notes receivable-trade	4,482	4,535	Accounts payable-trade	25,292	36,330
Accounts receivable-trade	73,378	80,840	Short-term loans payable	27,675	27,675
Merchandise and finished goods	36,447	45,679	Commercial paper	8,000	8,000
Work in progress	3,941	4,176	Current portion of long-term loans payable	10,000	12,466
Raw materials and supplies	16,758	20,091	Accounts payable-other	21,260	21,748
Prepaid expenses	1,632	1,655	Income taxes payable	4,726	4,273
Short-term loans receivable	209	224	Accrued expenses	8,497	11,510
Other	7,184	7,937	Deposits received	24,988	23,320
Allowance for doubtful accounts	(5)	(12)	Provision for bonuses	2,173	2,270
			Other	847	996
Noncurrent assets	292,319	295,780	Noncurrent liabilities	90,792	90,795
Property, plant and equipment	210,767	221,699	Bonds payable	37,000	37,000
Buildings	38,526	43,808	Long-term loans payable	39,442	38,975
Structures	26,791	28,938	Deferred tax liabilities	5,048	5,657
Machinery and equipment	55,314	68,868	Deferred tax liabilities for land revaluation	8,397	8,401
Vehicles	805	892	Provision for stock benefits	80	60
Tools, furniture and fixtures	3,714	3,763	Asset retirement obligations	129	129
Land	61,781	61,690	Other	695	571
Leased assets	199	206	(Net assets)	222,610	225,792
Construction in progress	23,633	13,530	Shareholders' equity	197,880	200,314
Intangible assets	1,417	1,298	Capital stock	36,998	36,998
Software	826	837	Capital surplus	49,284	49,284
Right of using patent	590	461			

Investments and other assets	80,135	72,781	Legal capital surplus	49,284	49,284
Investment securities	33,362	34,152	Other capital surplus	0	0
Stocks of subsidiaries and affiliates	38,254	34,807	Retained earnings	119,274	121,676
Long-term loans receivable	4,717	130	Other retained earnings	119,274	121,676
Long-term prepaid expenses	1,546	1,072	Reserve for advanced depreciation of noncurrent assets	3,767	3,749
Prepaid pension cost	685	1,071	Retained earnings brought forward	115,506	117,927
Other investments	1,616	1,549	Treasury stock	(7,677)	(7,645)
Allowance for doubtful accounts	(47)	(1)	Valuation and translation adjustments	24,730	25,477
			Valuation difference on available-for-sale securities	14,485	15,099
			Revaluation reserve for land	10,245	10,377
Total	451,002	465,179	Total	451,002	465,179

(Note) Amounts are rounded down to the nearest million yen.

Non-consolidated Statement of Income

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

(Millions of yen)

Account item	(Reference) 162nd term	163rd term		
Net sales	252,492			299,641
Cost of sales	171,437			215,385
Gross profit	81,054			84,255
Selling, general, and administrative expenses	52,800			50,451
Operating income	28,254			33,803
Non-operating income				
Interest and dividend income	2,097		1,869	
Other	1,404	3,501	987	2,856
Non-operating expenses				
Interest expenses	486		509	
Other	4,346	4,832	6,806	7,316
Ordinary income	26,923			29,343
Extraordinary income				
Gain on sales of investment securities	158		100	
Gain on extinguishment of tie-in shares	32,373	32,532	-	100
Extraordinary loss				
Loss on valuation of shares of subsidiaries and associates	-		5,165	
Costs related to voluntary product recall	-	-	972	6,137
Income before income taxes	59,455			23,305
Income taxes-current	6,291		7,047	
Income taxes-deferred	161	6,453	304	7,351
Profit	53,002			15,953

(Note) Amounts are rounded down to the nearest million yen.

Transcript of Accounting Auditor's Audit Report on Consolidated Financial Statements

Independent Auditors' Report
(English Translation)

May 9, 2022

To the Board of Directors
Denka Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office

Mineo Kambayashi
Certified Public Accountant
Designated and Engagement Partner

Shigeyuki Honda
Certified Public Accountant
Designated and Engagement Partner

Yasuyuki Kitamura
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of Denka Co., Ltd. (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Denka Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the consolidated financial statements, and we express no opinion on it.

Our responsibility with respect to the audit of the consolidated financial statements is to read through other information and, in this process, to consider whether any material differences exist between other information and the consolidated financial statements or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Transcript of Accounting Auditor's Audit Report on Non-consolidated Financial Statements

Independent Auditors' Report
(English Translation)

May 9, 2022

To the Board of Directors
Denka Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office

Mineo Kambayashi
Certified Public Accountant
Designated and Engagement Partner

Shigeyuki Honda
Certified Public Accountant
Designated and Engagement Partner

Yasuyuki Kitamura
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of Denka Co., Ltd. (the "Company") for the 163rd fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

Other information refers to the business report and accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the reporting process for other information.

Other information is not included in the scope of our opinion on the financial statements and accompanying supplementary schedules, and we express no opinion on it.

Our responsibility with respect to the audit of the financial statements and accompanying supplementary schedules is to read through other information and, in this process, to consider whether any material differences exist between other information and the financial statements and accompanying supplementary schedules, or knowledge we have gained through the auditing process; also, to remain alert for any other indications of material error in other information.

We are required to report any matter that we consider constitutes a material error in other information, based on the work we have undertaken.

We have nothing to report regarding other information.

Responsibilities of Management and the Audit & Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the

notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based. The auditor reports to the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards. The auditor reports to the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Conflicts of Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

(English Translation)

The Audit & Supervisory Committee has audited the Directors' performance of their duties during the 163rd term from April 1, 2021 to March 31, 2022, and hereby reports the method and results thereof as follows:

1. Auditing Method and Details Thereof

The Audit & Supervisory Committee received regular reports from Directors, employees, etc. on the details of resolutions of the Board of Directors related to matters listed in Article 399-13, Paragraph 1, item (i), (b) and (c) of the Companies Act and the creation and operational status of systems developed pursuant to such resolutions (internal control systems), requested explanations as necessary, and expressed its views, in addition to conducting audits via the methods below. Some auditing activities were carried out through the online meetings system, etc. as a COVID-19 countermeasure, and activities were largely implemented in accordance with the original audit plan.

- 1) Audit & Supervisory Committee Members conformed with the Audit & Supervisory Committee Audit Standards set forth by the Audit & Supervisory Committee and, in accordance with audit policies, the assignment of duties, etc., worked with the Internal Control Department and other internal control departments to attend meetings of important committees, receive reports on matters related to the execution of duties from Directors, employees, etc., requested explanations as necessary, reviewed important approval documents, etc., and investigated the status of operations and assets at head office and important business sites. In addition, with regard to subsidiaries, Audit & Supervisory Committee Members took steps to communicate and exchange information with the Directors, Audit & Supervisory Board Members, etc. of subsidiaries, and received business reports from subsidiaries as necessary.
- 2) With respect to the basic policy set forth in Article 118, Item 3 (i) of the Ordinance for Enforcement of the Companies Act and the measures set forth in Item 3 (ii) of the said article, which are described in the Business Report, the Audit & Supervisory Committee examined the content based on the status of deliberations at meetings of the Board of Directors and other meetings.
- 3) The Audit & Supervisory Committee monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, received reports from the Accounting Auditor regarding the status of the performance of its duties, and requested explanations as necessary. In addition, the Audit & Supervisory Committee received notice from the Accounting Auditor that the "system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the "Quality Control Standards Relating to Auditing" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above method, the Audit & Supervisory Committee reviewed the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), and the business report and its accompanying supplementary schedules for the fiscal year in question.

2. Results of Audit

- (1) Results of Audit of Business Report, etc., and Other Relevant Documents
 - 1) In our opinion, the Business Report and the accompanying supplementary schedules present fairly the conditions of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
 - 2) We have found no instances of misconduct or material violation of the applicable laws and regulations or the Articles of Incorporation with respect to performance of duties by the Directors.

- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters requiring special mention regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems.
 - 4) We have found no matters requiring special mention with respect to the basic policies and initiatives regarding the determination of policies on control of the finances and business of the Company described in the Business Report.
- (2) Results of Audit of Non-consolidated Financial Statements and the Accompanying Supplementary Schedules
- In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.
- (3) Results of Audit of Consolidated Financial Statements
- In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

May 9, 2022

Audit & Supervisory Committee, Denka Co., Ltd.

Audit & Supervisory Committee Member
Audit & Supervisory Committee Member
Audit & Supervisory Committee Member
Audit & Supervisory Committee Member

Masaharu Suzuki
Toshio Kinoshita
Akio Yamamoto
Miyuki Matoba

(Note) Audit & Supervisory Committee Members Toshio Kinoshita, Akio Yamamoto, and Miyuki Matoba are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Section 6 of the Companies Act.