

Notice Regarding Capital Investment in Performance Materials

KH Neochem Co., Ltd. (TSE: 4189, President and CEO: Michio Takahashi, “KH Neochem”) announced that the Board of Directors meeting held on December 27, 2021, resolved to invest in new facility of KH Neochem’s manufacturing plant, for the purpose of increasing the production capacity of refrigeration lubricant raw materials, a major product in the performance materials business.

1. Purpose of investment

Recently, there has been growing demand for KH Neochem’s refrigeration lubricant raw materials due to the expansion of the air conditioner market such as in emerging countries and the shift to environmentally friendly refrigerants to protect the ozone layer and prevent global warming. Refrigeration lubricant is a lubricating oil used to circulate refrigerants inside air conditioners. With the tightening of international environmental regulations, demand for environmentally friendly refrigeration lubricants is expected to grow further in the future.

Through this capital investment, KH Neochem will strengthen and optimize the production capacity of the entire Chiba Plant, including for refrigeration lubricant raw materials, further enhancing profitability of the plant. By enhancing the supply of refrigeration lubricant raw materials, KH Neochem will help to bring about an environmentally friendly society.

2. Details of Investment

(1) Location	11-1 Goi Minami-kaigan, Ichihara City, Chiba Prefecture
(2) Production item	Refrigeration lubricant raw materials, etc.
(3) Total investment amount	Approx. 9.5 billion yen
(4) Financing	Cash on hand and debt financing (planned)

3. Scheduled date

(1) Start of construction	June, 2022 (planned)
(2) Completion of construction	July, 2024 (planned)
(3) Start of production	August, 2024 (planned)

4. Future Outlook

This capital investment will have no impact on the consolidated financial results for the fiscal year ending December 31, 2021.