

Corporate Philosophy

Creating a beautiful forest, comprised of many trees of varying character, rather than merely growing a single tall tree.

In our efforts to enrich people's lives,
we at INOAC have specialized in not only a single business,
but we have cultivated four business
"seedlings" - polyurethane, rubber, plastics and composite materials.
Today we have developed into a conglomerate,
supplying diverse products and services,
thereby contributing to society.

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Message from the president

Helping to Achieve the Imperative of Carbon Neutrality with Innovative INOAC Technologies



The many trees of varying character supporting corporate management through COVID-19

Fiscal 2020 was a year that required action in response to changes in the environment, as society and the economy underwent major transitions due to the COVID-19 pandemic. Since we at INOAC operate in many different business areas and offer many different types of products and services throughout the world, the pandemic impacted us in both good ways and bad ways. In automotive-related business, orders decreased due to manufacturer shutdowns and production cutbacks. On the other hand, business related to health care and stay-at-home demand was robust. Based on our corporate philosophy of “creating a beautiful forest, comprised of many trees of varying character, rather than merely growing a single tall tree,” we were able to distribute the pandemic-related risk with our diverse business portfolio. In production we had production cutbacks at some sites while other sites were at near-full capacity for consecutive days, so it was hard to coordinate personnel and other resources in certain cases. However, we were able to implement on-site improvements and production automations that we could not start when orders were continuously robust. Our technology departments were spending less time attending to customers, so they utilized that extra time to focus on more technological development. While these changes in the environment are

INOAC CORPORATION
President & COO
Toyohiko Okina

Message from the president

likely to continue in fiscal 2021, our strength in diversified business operations will see us through.

Staying focused with sense of urgency in this age of great transformation

We believe that changes will be even more turbulent than last year in fiscal 2021. There are four key points in the external environment that we must focus on. The first key point is the shortage of semiconductors, which impacts automotive-related business. This situation had been expected to improve in mid-2021, but there has still been no improvement. The second key point is the steep rise in prices of petroleum materials due to stoppages of supplies from raw materials (resin) producers resulting from the massive cold wave that hit the US in 2021. As of November 2021, this situation is still ongoing. The third key point is the fragmentation of supply chains in Asia due to the COVID-19 pandemic. Lockdowns have forced automakers to cut back on production, and products such as automotive components are not being exported. The last key point is the slowdown in exports and imports (logistics) due to the shortage of containers.

As the automotive industry enters an age of major transformation, how will these problems evolve going forward? With no end to the COVID-19 pandemic in sight and the impacts still lingering, we will stay focused and act with a sense of urgency.

Coming together as a company to embrace the “industrial revolution of materials” and survive

Taking another perspective, turbulent external environments and

social change are also opportunities. I would like to think of these as chances to create the innovations of the future. These times of transition to a new age are likely trying times not only for us, but for our customers as well. I see these current circumstances, with society's demands changing drastically on an ongoing basis, as an opportunity as a materials manufacturer to contribute to the growth and development of our customers and society. As an example, for carbon neutrality it goes without saying that we would struggle if we were to continue manufacturing things the way we do now. I am telling our employees that “there is an ‘industrial revolution’ in materials taking place. We cannot remain viable in this new age with our existing technologies and production systems.” This is because the world wants materials with different functionalities from what has existed until now, and we will need to change everything in order to capture this new demand. The materials industry is inherently an industry in which you must always innovate in order for your development to keep up with the times. The way things are now, you also cannot hope to survive without taking action to deal with issues on a global scale. I think that all of our employees, not only those in charge of technology but also those in materials, equipment, plants, management, and other sections will need to come together to generate and deal with innovation.

Leveraging technologies established 40 years ago for carbon neutrality now

The name of our company “INOAC” originates from the combination of “INO” for constant innovation, with “AC” for action to put that innovation into practical use. Innovation is not something that can be achieved overnight. Engaging in many small business activities on a daily basis and refining them into

something better will lead to innovation. INOAC has a history of continuous innovation in materials development from a medium to long-term perspective based on that approach. Around 40 years ago, although it did not turn into a commercialized product after the second oil crisis subsided, we established a technology that uses palm oil to produce biomaterials which can serve as alternatives to petroleum materials. We have also established and taken over materials development operations that are essential for what has been known until now as “recycle & reuse,” such as technology to turn polyurethane products back into raw materials, and technology to turn scrap tires into material that can be reused. New technologies and materials are not necessarily accepted and put into use right away. They are undeniably subject to the demand of the times. Still, we have emphasized development with an eye toward the future, continuously innovating and taking action. Now that carbon neutrality is an imperative that must be achieved, I believe that our technologies have truly become indispensable. With *Thermax* which we have already commercialized and released, as well as *Ecolocel* flexible polyurethane foam made from at least 50% plant-based raw materials, our bedding and assistive technology tools made of polyurethane for characteristics such as elasticity and air permeability, and more, we are actively involved in addressing



Ecolocel flexible polyurethane foam made from plant-based raw materials

Message from the president

the issues of climate change and the increasingly aging societies in the world. I am confident that we are building a track record as a company capable of contributing to society.

Social contributions locally and globally as the foundation of our business

At INOAC we are building an even better society and fulfilling our social responsibility through activities such as developing the next generation of resources and engaging in business that is rooted in communities.

Since our founding we have been creating jobs rooted in communities both in Japan and around the world. Aside from the Higashi-Meihan area in Japan we also operate four plant facilities in the Tohoku region and six in Kyushu. Overseas we have a total of 41 group companies in Asia, China, and North and Central



America. At all of our facilities in Japan and overseas we do business with a focus on hiring locally. And when major disasters have struck at our business locations, we have worked closely with the local areas to assist reconstruction. As such, our locations are close-knit members of their respective communities which could even be considered to be local plants and companies.

Our mission as a manufacturer is not just to make products, but to consistently provide good things to the world. Starting in 1985, INOAC has held the World QC & Improvement Competition in Japan, where successful examples of quality control activities from production sites in different countries are shared and production, technology, and quality control initiatives are spread throughout the INOAC Group, based on the commitment to never allow problems to arise in the products that we create. For many years we have also been providing scholarships to outstanding students in Japan and overseas, and contributing grant money for excellent research conducted by university faculty members, supporting the development of human resources and research that will define industry, society, and the future itself. Some of our scholarship students in Europe, the Americas, and Asia are already thriving.

In order to develop our core business in polyurethane and help to improve its value, we also sponsor the International PU Forum organized by the International Polyurethane Technology Foundation.

We consider all of these activities to comprise the foundation of our business. With companies now expected to contribute toward achieving the SDGs, we in the INOAC Group are confident that we will continue actively contributing to society as we have been since our founding.

Companies are made up of the people who work for them, and the development of human resources in-house is also one of our highest priorities. Since business and technology are becoming

borderless in global society, we must diligently apply ourselves, compete, and survive in the global arena. It has been said that absorbing global information and cultivating human resources in technology development are hard to do in an island nation like Japan. However, at INOAC we have a deep-rooted culture of developing global human resources, and we provide work experience in positions of responsibility at our overseas locations to young employees in particular.

Finally, since we need local employees with global mindsets for the further growth of our overseas locations, we conduct global human resources development not only for Japanese employees but for all.

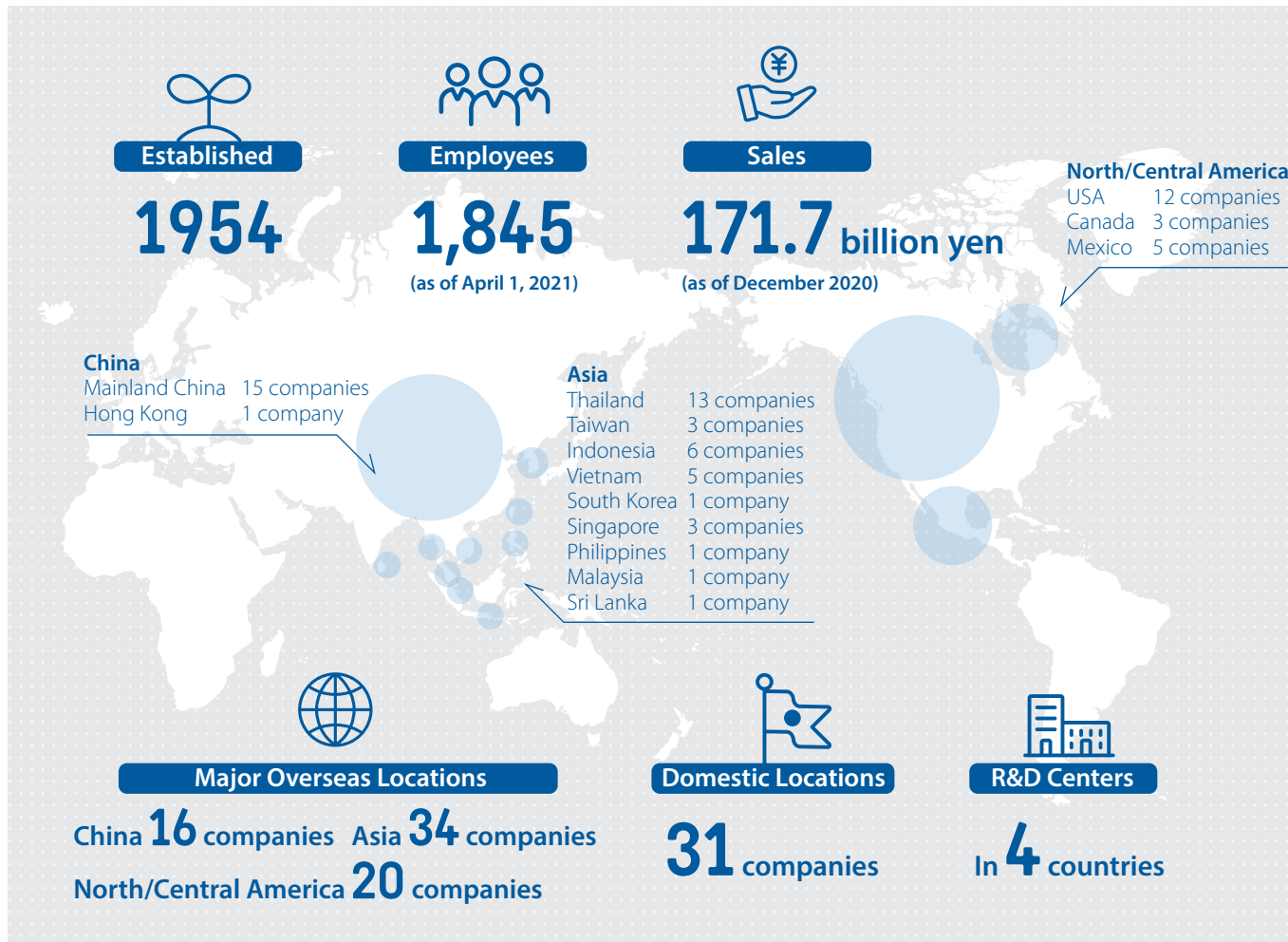
Pursuing sustainability with our enduring spirit of “partnership with society”

Our corporate philosophy of “many trees of varying character” describes the breadth of our business domains, and can be considered the source of our growth. This means that even if some drastic change in the environment were to occur, we are always prepared either with something that can handle it or with the capability to develop what we need to handle it.

As indicated by SDGs goal number 17 “Partnerships for the Goals,” the world needs companies that create diverse partnerships and contribute to a sustainable society. Working together with all of our diverse customers and suppliers as a partner, we will double our collective efforts as a company to help create a carbon neutral society.

Company outline

- Company name INOAC CORPORATION
- Capital 720 million yen
- Representatives Chairman & CEO Soichi Inoue President & COO Toyohiko Okina
- Head office 2-13-4 Meieki Minami, Nakamura-ku, Nagoya, Aichi 450-0003
- Head Office (Tokyo) 4F Osaki West-city Bldg., 2-9-3 Osaki, Shinagawa-ku, Tokyo 141-0032



■ Main Businesses

INOAC Materials for a Comfortable Life.

INOAC operates in five broadly-defined categories of business. We make people's lives more comfortable and enjoyable in many different life scenarios, offering a wide range of products in various markets.

1 High Performance Materials

INOAC operates in various fields closely related to daily life, from consumer products to information technology equipment and housing and construction materials.



2 Automotive-Related Products

We offer products for interiors and exteriors, products for car functions, and seat-related products that help make cars safer and more comfortable.



3 iRC Tire

This specialist manufacturer of motorcycle, bicycle, and wheelchair tires and tubes is the original founding section of the INOAC Group.



4 Housing & Construction materials

We mainly operate in housing, construction, civil engineering, and environment-related business.



5 Bedding & Furniture

We produce mattresses for a comfortable night's sleep, as well as the "Smile" brand of nursing care furnishings and the HUKLA furniture brand.

