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(Securities Code: 3407)
June 2, 2021

To Shareholders with Voting Rights:

Hideki Kobori
President & Representative Director
Asahi Kasei Corporation
1-1-2 Yurakucho, Chiyoda-ku, Tokyo, Japan

NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please be kindly informed that the 130th Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the "Company") will be held for the purposes as described below.

This year, we ask you again to refrain from attending the meeting to prevent the spread of COVID-19, and exercise your voting rights in writing or via the Internet in accordance with the guidance on the following page. In order to be effective, forms to exercise voting rights sent via either postal mail or the Internet must be received no later than 5:00 p.m. JST, Thursday, June 24, 2021.

1. **Date and Time:** Friday, June 25, 2021, 10:00 a.m. (JST)
2. **Place:** Banquet room "Rose" (3F), Tokyo Kaikan
   3-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
   Depending on the status of the spread of COVID-19, the meeting venue and starting time may change. In that case, details will be posted on the Company's website below (Japanese only). If you are attending the meeting, please be sure to check the Company's website in advance.
3. **Meeting Agenda:**
   Matters to be reported:
   1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company's 130th Fiscal Period (April 1, 2020 - March 31, 2021)
   2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Board of Corporate Auditors

   Proposals to be resolved:
   Proposal 1: Election of Nine Directors
   Proposal 2: Election of Two Corporate Auditors

Disclosure on the Internet

○ Out of the documents to be provided in conjunction with this notice, "System to ensure internal control and the status thereof" and the "Basic policy concerning control of the Company" in the Business Report, "Consolidated Statements of Changes in Net Assets" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements, and "Non-Consolidated Statements of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements are described on our website below. They are not stated in the attachment in relation to matters to be reported, according to the provisions of the law and regulations, and Article 15 of our Articles of Incorporation.

Please note that the above documents are subject to audit by the Independent Auditors and/or the Board of Corporate Auditors together with the attachment in relation to the matters to be reported.

○ Please be informed that, if circumstances arise after dispatch of this notice which require revision of this notice by the day before the General Meeting of Shareholders, the Company will notify the change on the website below.

The Company's website: https://www.asahi-kasei.com/jp/shoushu/130.html (Japanese Only)

Guidance on how to exercise your voting rights

There are the following three ways:

1. Attend the General Meeting of Shareholders

Date and Time of the Meeting: Friday, June 25, 2021, 10:00 a.m. (JST)
Bring your voting rights paper as attached and submit it to the reception desk.
Note: The exercise of voting rights by proxy is limited to exercise by delegating said rights to another shareholder with voting rights. In addition, please note that it is necessary to submit a document certifying the right of proxy.

Recommended ways to exercise voting rights

2. Exercise by postal mail

Indicate your approval or disapproval on each proposal on the attached voting rights paper and return it to us.

Deadline of Exercise: Must arrive no later than Thursday, June 24, 2021, 5:00 p.m. (JST)

3. Exercise by the Internet

Deadline of Exercise: Must be entered no later than Thursday, June 24, 2021, 5:00 p.m. (JST)

Please access our voting rights website and enter your approval or disapproval on each proposal. See the following page for details.

●Handling of voting rights exercise

- If you have exercised your voting rights in duplicate, both on paper and via the Internet, we will handle your Internet vote as the effective exercise of your voting rights.

- If you have exercised your voting rights more than once via the Internet, or concurrently via a computer, smartphone, or a mobile phone, only the latest exercise of your voting rights shall be handled as effective.

To Institutional Investors
The Company utilizes an online platform for institutional investors to exercise their voting rights operated by ICJ.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Election of Nine Directors

The term of office of the following nine Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Shigeki Takayama, Yutaka Shibata, Hiroshi Yoshida, Shuichi Sakamoto, Fumitoshi Kawabata, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Ms. Masumi Shiraishi.

The Company therefore proposes that the following nine candidates be elected as Director.

Meanwhile, candidates Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto and Ms. Yuko Maeda are candidates for Outside Directors, and the Company judges that the said three candidates have sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence. As the said three candidates meet the requirements for independent director stipulated by the Tokyo Stock Exchange, we have registered them with the Tokyo Stock Exchange as independent directors.

The candidates are as follows:

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
1	Hideki Kobori	February 2, 1955	• President & Representative Director • Presidential Executive Officer • Shareholders Meeting, Board of Directors Meeting & Management Council convener & chairman • Executive Officer for Sustainability Strategy Planning • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed
2	Shigeki Takayama	January 14, 1956	• Representative Director & Vice-Presidential Executive Officer • Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&D, Energy Policy) • In charge of health and productivity management • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed
3	Hiroshi Yoshida	July 24, 1955	• Director, Vice-Presidential Executive Officer • Executive Officer for Material • Oversight of Asahi Kasei Europe GmbH	Re-appointed
4	Shuichi Sakamoto	October 13, 1957	• Director • Primary Executive Officer • Executive Officer for Health Care	Re-appointed
5	Fumitoshi Kawabata	June 3, 1958	• Director • Primary Executive Officer • Executive Officer for Homes	Re-appointed
6	Koshiro Kudo	June 5, 1959	• Senior Executive Officer • Executive Officer for Strategy, Accounting & Finance, IR • Deputy for Asahi Kasei Europe GmbH • Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd.	Newly-appointed
7	Tsuneyoshi Tatsuoka	January 29, 1958	• Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed Outside Director Independent
8	Tsuyoshi Okamoto	September 23, 1947	• Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed Outside Director Independent

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
9	Yuko Maeda	July 26, 1960		Newly-appointed Outside Director Independent

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Director, I = Independent

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
1	 R Hideki Kobori February 2, 1955	57,700 14/14 9 years (at the close of the 130th Ordinary General Meeting of Shareholders)	April 1978: Joined the Company April 2008: Asahi Kasei Microdevices Director April 2008: Asahi Kasei Microdevices Senior Executive Officer April 2009: Asahi Kasei Microdevices Primary Executive Officer April 2010: Asahi Kasei Microdevices President & Representative Director April 2010: Asahi Kasei Microdevices Presidential Executive Officer April 2012: Senior Executive Officer June 2012: Director (position held at present) April 2014: Representative Director (position held at present) April 2014: Primary Executive Officer April 2016: President and Director (position held at present) April 2016: Presidential Executive Officer (position held at present) ● Shareholders Meeting, Board of Directors Meeting, and Management Council convener & chairman ● Executive Officer for Sustainability Strategy Planning ● Nomination Advisory Committee member ● Remuneration Advisory Committee member
	[Reasons for us to nominate him as a director candidate and expected roles] After many years of experience in the electronics business, including as Marketing and Sales Center General Manager, Corporate Strategy and Planning General Manager, and President and Representative Director of Asahi Kasei Microdevices, he assumed a role of executive officer responsible for Strategy, Accounting & Finance, and Internal Control for the entire Group in April 2012. Since April 2016, he has served as President and Representative Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.		
	[Message from the candidate] The COVID-19 pandemic has caused great changes to the environment surrounding business management. With "change" as our keyword, we will regard these changes as business opportunities, and will endeavor to implement corporate governance that earns the trust of shareholders and other stakeholders with the aim of contributing to a sustainable society and achieving sustainable improvements in corporate value.		

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director</th><th>Career summary and position/responsibility at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">2</td><td>
R
Shigeki Takayama
January 14, 1956</td><td>81,200

14/14

2 years (at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1980: Joined the Company
April 2009: Asahi Kasei E-materials Executive Officer
April 2010: Asahi Kasei E-materials Director
April 2012: Asahi Kasei E-materials Senior Executive Officer
April 2013: Asahi Kasei E-materials President & Representative Director
April 2013: Asahi Kasei E-materials Presidential Executive Officer
August 2015: Polypore International, Inc., President & CEO
April 2016: Senior Executive Officer
April 2016: President of Separators SBU
April 2018: Primary Executive Officer
April 2019: Vice-Presidential Executive Officer (position held at present)
June 2019: Director (position held at present)
June 2019: Representative Director (position held at present)

● Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&D, Energy Policy)
● In charge of health and productivity management
● Nomination Advisory Committee member
● Remuneration Advisory Committee member</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
After many years of experience in R&D for chemical products and the plastics business and the business of performance materials for electronics, including as President and Representative Director of Asahi Kasei E-materials and President of Separators SBU, in April 2019 he assumed oversight of overall Technology Functions, including ESH, QA, Regional Offices, Production Technology, Manufacturing, R&D, and Energy Policy. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</td></tr>
<tr><td colspan="3">[Message from the candidate]
As Asahi Kasei aims for the sustainable growth of society and of the Company, it is becoming increasingly important for us to make effective contributions to the environment. We will contribute to improving the global environment with chemical technologies that we have cultivated over many years, as well as our rapidly evolving digital technologies.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/
Attendance at Board of Directors meetings/
Tenure as Director</th><th>Career summary and position/responsibility
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">3</td><td>
R
Hiroshi Yoshida
July 24, 1955</td><td>37,346

14/14

2 years
(at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1979: Joined the Company
April 2012: Asahi Kasei Chemicals Executive Officer
April 2014: Asahi Kasei Chemicals Director
April 2014: Asahi Kasei Chemicals Senior Executive Officer
April 2016: Lead Executive Officer
April 2016: President of Performance Polymers SBU
April 2017: Senior Executive Officer
April 2018: Primary Executive Officer
April 2019: Vice-Presidential Executive Officer (position held at present)
June 2019: Director (position held at present)

● Executive Officer for Material
● Oversight of Asahi Kasei Europe GmbH</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
After many years of experience in synthetic rubber business, including as President of Performance Polymers SBU, he became responsible for the entire Material sector in April 2019. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</td></tr>
<tr><td colspan="3">[Message from the candidate]
As we enter a period of major change in the world, I am determined to put forth my best efforts in both execution and oversight for swift and transparent management, so that the Company can support the sustainable prosperity of society. I will lead changes aimed at improving the Company's corporate value.
- A culture of constant challenge and change fosters growth in our people and company -</td></tr>
<tr><td rowspan="3">4</td><td>
R
Shuichi Sakamoto
October 13, 1957</td><td>49,448

14/14

5 years
(at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1981: Joined the Company
April 2011: Asahi Kasei Chemicals Executive Officer
April 2014: Asahi Kasei Chemicals Director
April 2014: Asahi Kasei Chemicals Senior Executive Officer
November 2014: Lead Executive Officer
November 2014: Corporate Strategy General Manager
April 2016: Senior Executive Officer
June 2016: Director (position held at present)
April 2018: Asahi Kasei Pharma Director and Chairman (position held at present)
April 2018: Asahi Kasei Medical Director and Chairman (position held at present)
April 2019: Primary Executive Officer (position held at present)

● Executive Officer for Health Care</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
After many years of experience in the petrochemicals business including as Senior General Manager, Performance Plastics Div., and Senior General Manager, Acrylonitrile Div. of Asahi Kasei Chemicals, he became responsible for the strategy, accounting, finance, and IT. Since April 2018, he has overseen the Health Care sector. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</td></tr>
<tr><td colspan="3">[Message from the candidate]
The world has faced a major crisis in terms of life and living since last year, reaffirming the role and importance of health care. We will solve social issues by "saving patients' lives, improving patients' quality of life, and offering optimal services and solutions for medical professionals," and drive the growth of the Asahi Kasei Group.</td></tr>
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<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/
Attendance at Board of Directors meetings/
Tenure as Director</th><th>Career summary and position/responsibility
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">5</td><td>
R
Fumitoshi Kawabata
June 3, 1958</td><td>21,719

14/14

2 years
(at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1982: Joined the Company
April 2012: Asahi Kasei Homes Executive Officer
April 2013: Asahi Kasei Homes Director (position held at present)
April 2013: Asahi Kasei Homes Senior Executive Officer
April 2014: Asahi Kasei Homes Marketing Division General Manager
February 2016: Asahi Kasei Homes Chubu Sales Division General Manager
April 2017: Senior Executive Officer
April 2017: Asahi Kasei Homes President & Representative Director (position held at present)
April 2017: Asahi Kasei Homes Presidential Executive Officer (position held at present)
April 2019: Primary Executive Officer (position held at present)
June 2019: Director (position held at present)

● Executive Officer for Homes</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
After many years of experience in the housing business, he became responsible for the entire Homes sector in April 2017 as well as serving as Asahi Kasei Homes President & Representative Director. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</td></tr>
<tr><td colspan="3">[Message from the candidate]
Our society and living have changed drastically with the advent of the new normal era caused by the COVID-19 pandemic. Leading the Homes sector, I will aim to achieve net sales of ¥1 trillion in fiscal 2025 by offering “LONG LIFE” products and services that continue to support the overall “lives and living” of people, promptly identifying the various needs resulting from these changes.</td></tr>
<tr><td rowspan="3">6</td><td>
N
Koshiro Kudo
June 5, 1959</td><td>10,100</td><td>April 1982: Joined the Company
April 2013: Asahi Kasei Fibers Executive Officer
April 2016: Lead Executive Officer
April 2017: President of Fibers & Textiles SBU
April 2017: Senior General Manager, Osaka Office
April 2019: Senior Executive Officer (position held at present)
April 2019: President of Performance Products SBU

● Executive Officer for Strategy, Accounting & Finance, IR
● Deputy for Asahi Kasei Europe GmbH
● Oversight of Asahi Kasei America, Inc.
● Oversight of Asahi Kasei (China) Co., Ltd.</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
After many years of experience in the fibers and textiles business, including Asahi Kasei Fibers Executive Officer, he was appointed President of Fibers & Textiles SBU in April 2017 and President of Performance Products SBU from April 2019. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as a Director.</td></tr>
<tr><td colspan="3">[Message from the candidate]
The Asahi Kasei Group is about to undergo “changes” now, as the entire world is undergoing significant transformations.
Using our diversity and ability to take on challenges as driving forces for “changes,” we will focus on strengthening our management base which supports these changes in order to face a new era, and at the same time, do our utmost to improve corporate value.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/
Attendance at Board of Directors meetings/
Tenure as Director</th><th>Career summary and position/responsibility
as Director of the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="4">7</td><td>[Outside Director Candidate]

R O I
Tsuneyoshi Tatsuoka
January 29, 1958</td><td>8,100

13/14

5 years
(at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1980: Joined Ministry of International Trade and Industry
January 2010: Councilor, Cabinet Secretariat
August 2011: Deputy Vice-Minister of Economy, Trade and Industry
June 2013: Vice-Minister of Economy, Trade and Industry
July 2015: Retired from Ministry of Economy, Trade and Industry
June 2016: Director, the Company (position held at present)

● Nomination Advisory Committee member
● Remuneration Advisory Committee member
[Notable Concurrent Offices]
Outside Director (Audit and Supervisory Committee Member), Nitori Holdings Co., Ltd.
Outside Director, Mitsubishi Corporation</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as an outside director candidate and expected roles]
He has rich experience regarding industry and economic policy. Based on the experience and knowledge in the environment, society, legal affairs, intellectual property, and other fields he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.</td></tr>
<tr><td colspan="3">[Supplementary explanations on independence]
The Group has transactions with the Ministry of Economy, Trade and Industry for which he has worked in the past. They are, however, transactions mainly concerning research consignment and subsidies, etc. The transaction amount is very small, not more than 0.1% of the consolidated sales of the Group. He has already retired from said Ministry and such situation does not have any influence on his independence.</td></tr>
<tr><td colspan="3">[Message from the candidate]
Asahi Kasei has advanced business development including proactive M&A, aiming to create a portfolio of high value-added businesses. Although changes in the internal and external environments are becoming increasingly uncertain, I will work to heighten corporate value over the medium to long term based on my experience, while remaining attentive to both the avoidance of risks and the pursuit of new business opportunities.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/
Attendance at Board of Directors meetings/
Tenure as Director</th><th>Career summary and position/responsibility
as Director of the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="4">8</td><td>[Outside Director Candidate]

R O I
Tsuyoshi Okamoto
September 23, 1947</td><td>5,700

14/14

3 years
(at the close of the 130th Ordinary General Meeting of Shareholders)</td><td>April 1970: Joined Tokyo Gas Co., Ltd.
June 2002: Tokyo Gas Co., Ltd. Executive Officer
April 2004: Tokyo Gas Co., Ltd. Senior Executive Officer
June 2004: Tokyo Gas Co., Ltd. Director
April 2007: Tokyo Gas Co., Ltd. Representative Director
April 2007: Tokyo Gas Co., Ltd. Executive Vice President
April 2010: Tokyo Gas Co., Ltd. Representative Director, President
April 2014: Tokyo Gas Co., Ltd. Director, Chairman
April 2018: Tokyo Gas Co., Ltd. Director, Senior Corporate Advisor
June 2018: Director, the Company (position held at present)
June 2018: Tokyo Gas Co., Ltd. Senior Corporate Advisor (position held at present)
● Nomination Advisory Committee member
● Remuneration Advisory Committee member
[Notable Concurrent Offices]
Tokyo Gas Co., Ltd. Senior Corporate Advisor
Outside Director of Japan Post Holdings Co., Ltd.
Outside Director of Mitsubishi Estate Co., Ltd.</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as an outside director candidate and expected roles]
He has rich experience as a corporate executive. Based on the experience and knowledge in the environment, society, corporate management, finance, accounting, and other fields he gained through his career, we expect him to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.</td></tr>
<tr><td colspan="3">[Supplementary explanations on independence]
The Group has transactions with Tokyo Gas Co., Ltd., where he was formerly involved in executive management, concerning gas supply, mainly to plants in the Kanto Area. Said transactions, however, are regular transactions with little room for discretion. The amount of said transactions is very small, not more than 0.1% of the consolidated sales of the Group, which does not have many main plants in the Kanto Area, and not more than 0.1% of the consolidated sales of Tokyo Gas Co., Ltd. In addition, he has not been involved in the business since 2014 and such situation does not have any influence on his independence.</td></tr>
<tr><td colspan="3">[Message from the candidate]
Asahi Kasei must contribute to society and continue to grow by providing diverse value, in the midst of vast structural changes occurring worldwide. To that end, we must strive to form an optimized portfolio while constantly implementing internal reform. As a professional with experience in corporate management, I will do my utmost in order to achieve these goals.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/ Attendance at Board of Directors meetings</th><th>Career summary and position/responsibility as Director of the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="4">9</td><td>[Outside Director Candidate]

NOI
Yuko Maeda
July 26, 1960</td><td>0</td><td>April 1984: Joined Bridgestone Corporation
September 2003: Tokyo Medical and Dental University Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department
October 2009: Tokyo Medical and Dental University Visiting Professor
October 2011: Kyoto Prefectural University of Medicine Specially Appointed Professor
May 2013: Bridgestone Corporation Executive Officer
April 2014: Japan Agency for Marine-Earth Science and Technology Auditor (position held at present)
January 2017: CellBank Corp. Director (position held at present)
October 2020: Kyushu University Executive Vice President (position held at present)

[Notable Concurrent Offices]
Director, CellBank Corp.
Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.
Outside Director, KOSÉ Corporation</td></tr>
<tr><td colspan="3">[Reasons for us to nominate her as an outside director candidate and expected roles]
She has rich technical and academic experience. Based on the experience and knowledge in the environment, society, legal affairs, intellectual property, and other fields she gained through her career, we expect her to play a full role in deciding important matters and supervising business execution of the Group as an Outside Director.</td></tr>
<tr><td colspan="3">[Supplementary explanations on independence]
The Group has transactions with Bridgestone Corporation, where she was formerly involved in executive management, mainly concerning parts supply. However, the amount of said transactions is very small, not more than 1% of the consolidated sales of the Group and not more than 1% of the consolidated sales of Bridgestone Corporation. In addition, as she has retired from Bridgestone Corporation in 2017, such situation does not have any influence on her independence. Currently, there are no transactions between the Group and CellBank Corp., where she is currently involved in executive management.</td></tr>
<tr><td colspan="3">[Message from the candidate]
The Asahi Kasei Group, which has materials that can drive the world forward, must brace itself and continue to grow even further, especially in these times of crisis amid the COVID-19 pandemic. Utilizing my experience as a former lithium battery R&D specialist and from working in various sectors of industry, academia, and government, I will do my utmost to contribute to business growth and improve sustainability through innovation.</td></tr>
</table>

(Notes)
1. The Company expects its Outside Directors to realize multifaceted deliberation in the Board of Directors by reflecting the high sensitivity that swiftly tracks changes in the social environment surrounding the Group and perspectives of external stakeholders, as well as the knowledge cultivated through the practice of corporate management, and to supervise management through the Nomination Advisory Committee and the Remuneration Advisory Committee.
2. There is no conflict of interest between any candidate and the Company.
3. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher. The Company plans to conclude a similar agreement with Ms. Yuko Maeda, if she is elected as Director.
4. Tokyo Gas Co., Ltd., a company where Mr. Tsuyoshi Okamoto served as a Director, received an order for action from the Consumer Affairs Agency in July 2017, for violation of the Act against Unjustifiable Premiums and Misleading Representations on the advertisement presentation for an event "Gas Fair" held in November 2016, during his term of office.

5. Japan Post Holdings Co., Ltd., a company where Mr. Tsuyoshi Okamoto serves as an Outside Director, received an administrative disposition pursuant to the Act on Japan Post Holdings Co., Ltd. and an administrative disposition pursuant to the Insurance Business Act in December 2019, in relation to the incident at Japan Post Insurance Co., Ltd. and Japan Post Co., Ltd., the company's subsidiaries, in which numerous cases of improper solicitation occurred in relation to insurance products provided by Japan Post Insurance Co., Ltd. Although Mr. Okamoto was not aware of this fact until the aforementioned incident came to light, he has regularly brought attention to the importance of group governance on occasions including their meetings of the Board of Directors. Subsequent to the discovery of the said incident, he has fulfilled his assigned duties such as by providing appropriate guidance on the investigation into the facts and implementation of measures to prevent recurrence.
6. The Company has concluded a directors and officers liability insurance agreement with an insurance company. The insurance agreement shall cover compensation for damages, settlements, attorney's fees, etc. to be borne by the insured parties. Each candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.

Proposal 2: Election of Two Corporate Auditors

Corporate Auditor Hikoe Konishi effectively retired from his position on January 13, 2021, due to his passing away on the same date, and the term of office of Corporate Auditor Yuji Kobayashi will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore proposes that the following two candidates be elected as Corporate Auditors. Prior agreement of the Board of Corporate Auditors has been obtained regarding the submission of this proposal.

Candidate Ms. Akemi Mochizuki is a candidate for Outside Corporate Auditor, and the Company judges that the candidate has sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence for Outside Corporate Auditors. As Ms. Mochizuki meets the requirements for independent corporate auditor stipulated by the Tokyo Stock Exchange, we have registered her with the Tokyo Stock Exchange as independent corporate auditor.

The candidates are as follows:

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Corporate Auditor, I = Independent

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/
Attendance at Board of Directors meetings/
Attendance at Board of Corporate Auditors meetings</th><th>Career summary
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">1</td><td>
N
Yutaka Shibata
December 4, 1955</td><td>12,000</td><td>April 1979: Joined the Company
April 2008: Executive Officer
April 2009: Lead Executive Officer
April 2011: Asahi Kasei Kuraray Medical President & Representative Director
April 2011: Asahi Kasei Kuraray Medical Presidential Executive Officer
April 2011: Asahi Kasei Medical President & Representative Director
April 2011: Asahi Kasei Medical Presidential Executive Officer
April 2016: Primary Executive Officer
April 2017: Asahi Kasei Pharma President & Representative Director
April 2017: Asahi Kasei Pharma Presidential Executive Officer
June 2018: Director (position held at present)
April 2019: Vice-Presidential Executive Officer</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a corporate auditor candidate and expected roles]
After many years of experience in legal affairs and corporate planning roles, including as General Manager of Corporate Strategy, Asahi Kasei Medical President & Representative Director, and Asahi Kasei Pharma President & Representative Director, he became responsible for strategy, accounting, finance, and IT in April 2018, and in April 2019 he assumed oversight of Business Management Functions, additionally including General Affairs, Legal, HR, and Risk Management & Compliance. Based on the experience and knowledge he gained through his career, we expect him to play a full role in effectively auditing the Group as a Corporate Auditor.</td></tr>
<tr><td colspan="3">[Message from the candidate]
Since joining the Company, I have been in charge of various aspects of business, including chemicals, legal affairs, electronics, strategy, medical care, and pharmaceuticals. As our business environment changes, Asahi Kasei must continue to change with the times. I will do my utmost to utilize my experience in auditing in order to improve Asahi Kasei's corporate value.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name,
Date of Birth</th><th>No. of Company's shares held/ Attendance at Board of Directors meetings/ Attendance at Board of Corporate Auditors meetings</th><th>Career summary
[Notable concurrent offices]</th></tr>
<tr><td rowspan="4">2</td><td>
NOT
Akemi Mochizuki
June 10, 1954</td><td>0</td><td>October 1984: Joined Aoyama Audit Corporation
March 1988: Certified as a Certified Public Accountant
August 1996: Joined Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
June 2001: Tohmatsu Audit Corporation Partner
July 2018: Akahoshi Audit Corporation Partner (position held at present)

[Notable Concurrent Offices]
Partner, Akahoshi Audit Corporation
Outside Director, Member of the Audit Committee, NSK Ltd.
Outside Director, Audit and Supervisory Committee Member, TSUMURA & CO.</td></tr>
<tr><td colspan="3">[Reasons for us to nominate her as an outside corporate auditor candidate and expected roles]
She has been a certified public accountant for many years. Based on the experience and knowledge in the environment, society, finance, accounting, and other fields she gained through her career, we expect her to properly perform her duties as an Outside Corporate Auditor. Furthermore, as mentioned above, she has considerable insight into finance and accounting.</td></tr>
<tr><td colspan="3">[Supplementary explanations on independence]
The Group has no transactions with her or the organizations to which she belongs.</td></tr>
<tr><td colspan="3">[Message from the candidate]
The Asahi Kasei Group's mission is to contribute to people's lives and living through business in the three segments of Material, Homes, and Health Care. In order for the Group to maintain its proper form as an organization and continue to widely provide value as expected by society, I would like to play a part in the governance of the Group and contribute to the development of society and the Group.</td></tr>
</table>

(Notes)
1. There is no conflict of interest between any candidate and the Company.
2. If Mr. Yutaka Shibata and Ms. Akemi Mochizuki are elected as Corporate Auditors, in accordance with Article 427, Paragraph 1, of the Companies Act, the Company plans to conclude agreements with them which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
3. The Company has concluded a directors and officers liability insurance agreement with an insurance company. The insurance agreement shall cover compensation for damages, settlements, attorney's fees, etc. to be borne by the insured parties. Each candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.

End

(For your reference)

Diversity of Expertise and Experience of Outside Directors/Corporate Auditors

In order to achieve sustainable growth and improve corporate value over the medium to long term, the Company considers the makeup of the Board of Directors, paying attention to the diversity of knowledge, experience, and abilities, so that it can supervise and audit the execution of operations at the Group, which runs a wide variety of businesses. In particular, in order to realize multifaceted deliberation in the Board of Directors by reflecting the high sensitivity that swiftly tracks changes in the social environment surrounding the Group and perspectives of external stakeholders, as well as the knowledge cultivated through the practice of corporate management, the Company believes that it is essential that there be diversity in the fields of expertise and experience of Outside Directors and Outside Corporate Auditors, who have standpoints that are independent of the Group.

If Directors and Corporate Auditors are elected as in Proposal 1 and Proposal 2, the distribution of the fields of expertise and experience among Outside Directors and Outside Corporate Auditors would be as follows:

		Corporate Management	Finance & Accounting	Legal Affairs & Intellectual Property	Environment & Society
Outside Directors	Tsuneyoshi Tatsuoka			★	★
	Tsuyoshi Okamoto	★	★		★
	Yuko Maeda			★	★
Outside Corporate Auditors	Akio Makabe		★		★
	Tetsuo Ito			★	★
	Akemi Mochizuki		★		★

(For your reference)
Independence Standards and Qualification for Outside Directors/Corporate Auditors
In determining that Outside Directors and Outside Corporate Auditors are independent, the Company ensures that they do not correspond to any of the following and that they are capable of performing their duties from a fair and neutral standpoint.

(1) A person who currently executes or has executed businesses of the Group (Executive Directors, Executive Officers, employees, etc.) over the last 10 years
(2) A company or a person who executes the businesses thereof whose major business partner is the Group (an entity with more than 2% of its annual consolidated net sales coming from the Group)
(3) A major business partner of the Group (when payments by this partner to the Group account for more than 2% of the Company's annual consolidated net sales or when the Company borrows money from such partner amounting to more than 2% of the Company's consolidated total assets) or a person who executes the businesses thereof
(4) A person who receives a large amount of money or other financial gain (¥10 million or more in one year) from the Group as an individual other than remuneration for being a Director/Corporate Auditor of the Company
(5) A company which receives a large amount of donations or aid (¥10 million or more in one year) from the Group or a person who executes the businesses thereof
(6) A main shareholder of the Group (a person/company who directly or indirectly owns 10% or more of all voting rights of the Company) or a person who executes the businesses thereof
(7) A person who executes the businesses of a company which elects Directors/Corporate Auditors/employees of the Group as Directors/Corporate Auditors
(8) An Independent Auditor of the Group or any staff thereof
(9) A person who has fallen into any of the categories 2 through 8 above over the last three years
(10) A person who is a close relative (spouse, relative within the second degree of kinship, or those with whom they share living expenses) of a person who falls under any of the categories 1 through 8 above, provided that "a person who executes businesses thereof" in 1, 2, 3, 5, 6, and 7 above shall be replaced with "an important person who executes the businesses thereof (Executive Directors and Executive Officer, etc.)"

The results of this resolution will be published on the following webpage.
https://www.asahi-kasei.com/ir/stock_information/meeting/

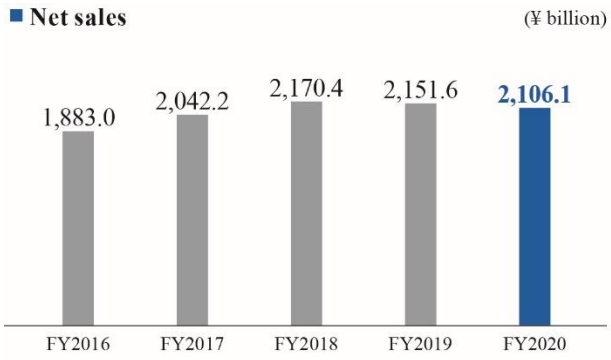
(Appendix)

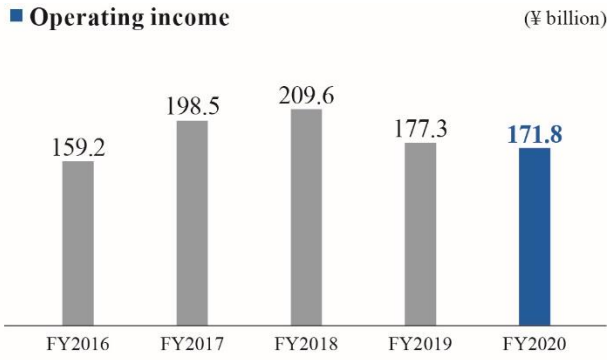
Business Report

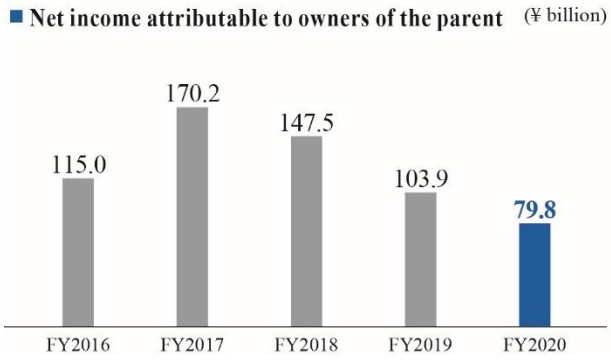
(From April 1, 2020 to March 31, 2021)

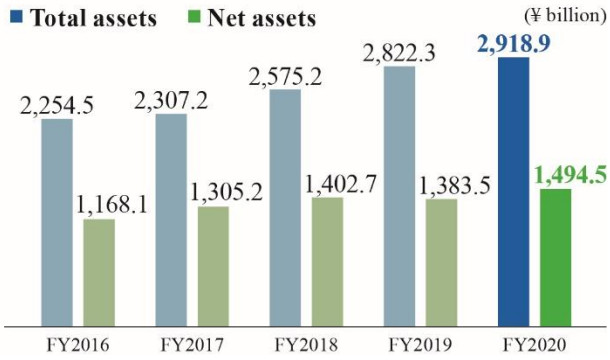
1. The Group's Business Results

Consolidated results







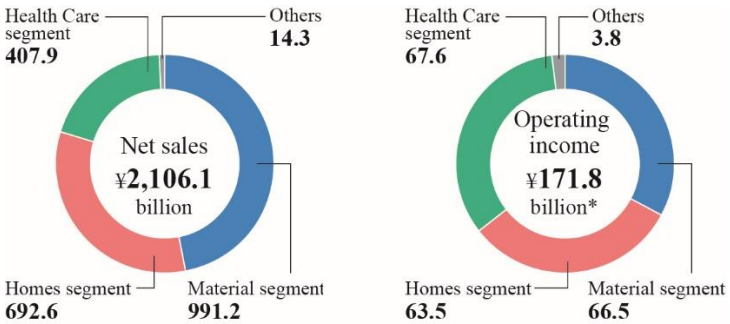


Primary factors for changes in net sales

Net sales for the entire Group slightly decreased due to decreases in net sales in the Material segment and the Homes segment, which were heavily impacted by the spread of COVID-19, despite an increase in net sales in the Health Care segment mainly from businesses that contribute to the treatment, etc. of COVID-19.

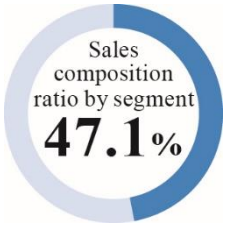
Primary factors for changes in net income

Net income decreased due to a slight decrease in operating income, as well as extraordinary loss mainly due to the impact of fire at a semiconductor plant and a temporary increase in income tax expense associated with the reconfiguration of organizations related to Veloxis.



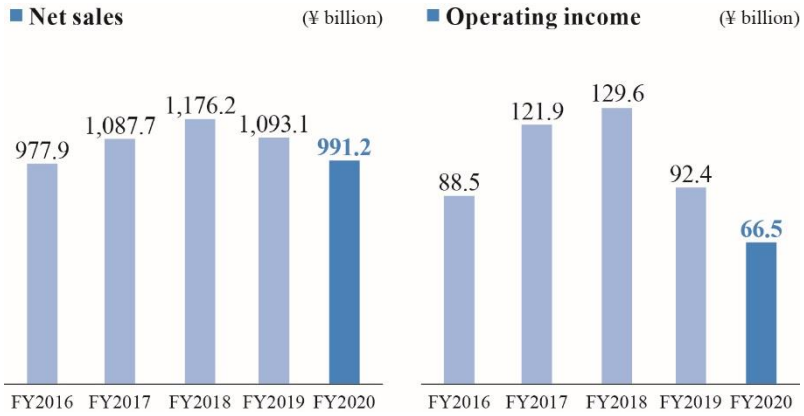
* Includes "corporate expenses and eliminations"[¥-29.6 billion]

Material



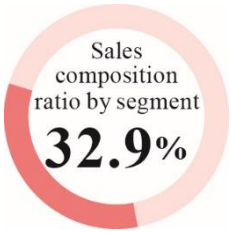
[Main businesses]
With unique fibers and resins, basic chemicals as petrochemical feedstocks, environmentally friendly performance materials, consumables such as Saran Wrap® cling film, battery separators, and electronic devices such as LSIs and sensors, our high value-added product portfolio is expanding on a global scale, contributing to a better future through advanced technologies.

[Supplementary explanations on business results per segment]
Primary factors for changes in operating income:
Operating income decreased due to the impact of worsening of the world economy caused by the spread of COVID-19, as well as events in the first half such as lower market prices for petrochemical products and slowdown in the automotive market.



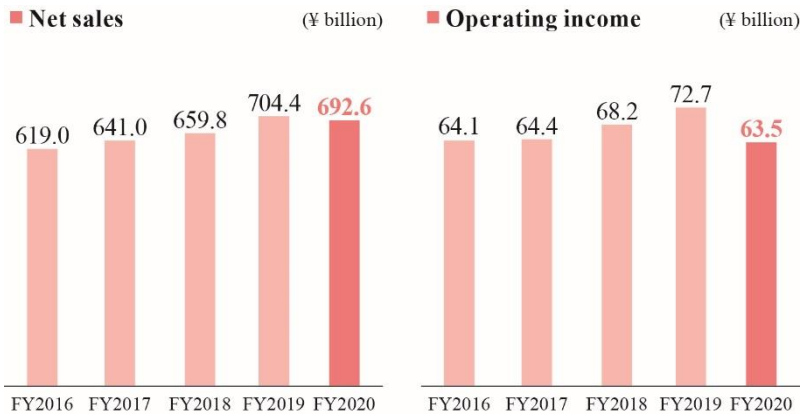
Fiscal 2020 highlight
Increasing production capacity for Li-ion battery (LIB) separator
We announced a plan to increase production capacity at a plant in Hyuga, Miyazaki for LIB separator (wet process), which is growing rapidly mainly for automotive applications including electric-drive vehicles. We aim to start commercial operation in fiscal 2023.

Homes



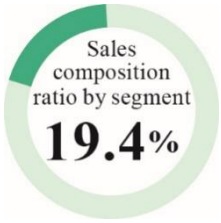
[Main businesses]
We set the stage for a rich and fulfilling lifestyle with our homes business that provides high-quality products and services centered around Long Life Home, which earn high customer satisfaction that lasts for more than half a century, and with our construction materials business that provides innovative and original high value-added products and services.

[Supplementary explanations on business results per segment]
Primary factors for changes in operating income:
Although real estate operations performed strongly, operating income decreased due to the impact of the consumption tax increase and the spread of COVID-19 mainly in order-built homes and remodeling operations.



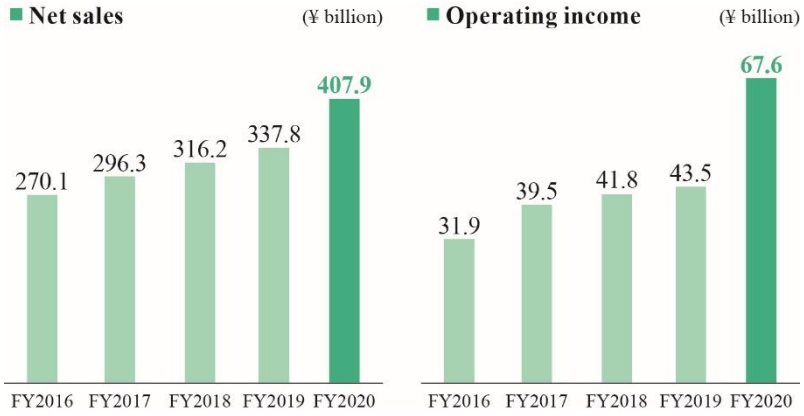
Fiscal 2020 highlight
Building IoT disaster information system
As part of the LONGLIFE AEDGiS IoT disaster information system, which we are jointly developing with the National Research Institute for Earth Science and Disaster Resilience, we have installed seismometers in 166 Hebel Haus™ unit homes in the 23 wards of Tokyo. Utilizing data from these seismometers, we aim for quick recovery in the event of seismic disasters, stronger reconstruction support, and improved social resilience.

Health Care



[Main businesses]
We contribute to the advance of medical care around the world with world-class drugs in the fields of orthopedics, critical/intensive care, and the immune system; blood purification devices for chronic and acute renal failure, and various intractable diseases; and products for the manufacturing process of biopharmaceuticals, etc. In addition, our products in the field of acute critical care including AEDs, defibrillators for professional use, and intravascular temperature management systems help to save people's lives.

[Supplementary explanations on business results per segment]
Primary factors for changes in operating income:
Operating income increased with favorable performance in both critical care operations and pharmaceutical and medical care operations due to the increased demand for products that contribute to clinical settings and the development of drugs for COVID-19.



Fiscal 2020 highlight
Significant increase in production of ventilators
ZOLL in the U.S. significantly increased production of its ventilators. These ventilators are transport ventilators designed for use both in emergency settings and at hospitals, and have contributed to the treatment of COVID-19.

2. Medium-term Management Strategies / Plans and Progress

1. Management environment and management issues

The Group has set “contributing to life and living for people around the world” as its Group Mission, and since its founding, the Group has met the needs such as establishment of livelihood base, abundance of goods, comfort and convenience, and demand in emerging countries. Recently, there has been rising global awareness of social issues and environmental problems, as symbolized by the sustainable development goals (SDGs) adopted by the UN. In addition, some regions and people have been left behind from growing prosperity in the world, while decline in birthrates and aging of populations have progressed in developed nations. The Group considers “realization of a sustainable society” to be the current societal need that must be solved, and will tackle this challenge as a management issue.

For the Group to contribute to “realization of a sustainable society,” it is crucial that it achieves high profitability and deepen its trust relationships with all stakeholders. The Group will pursue sustainability by achieving both contribution to “realization of a sustainable society” and “sustainable growth of corporate value,” through transparent and fair management practices.

Furthermore, in fiscal 2020, COVID-19 spread far and wide and many lives around the world were lost. At the same time, the global economic crisis caused by lockdowns and other measures enforced to prevent the spread of COVID-19 posed a terrible threat to people’s life and living. The Group was also affected, including restrictions placed on business activities, but it will continue to give adequate attention to the safety and health of the people involved in its business, provide a stable supply of products and services needed by society, and proactively respond to this drastic change in the management environment by considering it as an opportunity.

2. Medium-term management initiative “Cs+ for Tomorrow 2021”

The Company is taking various measures to achieve the sustainability it aims for with the medium-term management initiative “Cs+ for Tomorrow 2021,” which covers the three-year period beginning in fiscal 2019.

Summary of medium-term management initiative “Cs+ for Tomorrow 2021”

- Having established five priority fields for provision of value, which are “Environment & Energy,” “Mobility,” “Life Material,” “Home & Living,” and “Health Care,” prioritizing the allocation of management resources to these fields. Promoting transformation of business portfolio from the perspectives of high profitability, high market growth, high efficiency, etc.
- Contributing to the sustainable development of people and the earth in order to “Care for People, Care for Earth.”
- Utilizing the advancement of businesses through DX (digital transformation), enhancement of global operations, M&A, promotion of company-wide marketing, innovation creation functions, etc. to create new value through internal and external connections.
- Even under the circumstances that require coexisting with COVID-19, focusing on employee satisfaction and human resource development, and strengthening the business base including the aspects of environmental safety, workplace safety, quality management, risk management, and thorough compliance.
- Improving corporate governance structure through continuous review and implementation for the growth of corporate value.



3. Measures and progress

April 2020
Environment & Energy
Started world's largest-scale hydrogen supply operation at the Fukushima Hydrogen Energy Research Field
At the Fukushima Hydrogen Energy Research Field, an initiative with NEDO[*1] and other entities in Namie, Futaba, Fukushima, the Group started operation of hydrogen supply at the alkaline water electrolysis system having the world-leading scale of 10 MW using original technology. We are providing solutions to society for clean environmental energy.

June 2020
Environment & Energy
Issued Asahi Kasei green bond
To renovate and increase the capacity of our hydroelectric power plants which supply electricity to our manufacturing plants in the Nobeoka area of Miyazaki Prefecture, the Company raised funds by issuing a green bond. As renewable energy is beneficial to the global environment, we will promote its increased use.

September 2020
Home & Living
Acquisition of Austin companies in the U.S.
Asahi Kasei Homes Corp. acquired Austin Electric Services, LLC, Austin Concrete & Stone, LLC, and Austin HVAC, LLC, a premier American residential electrical, concrete, and HVAC group. As a pillar of our new businesses in the Homes segment, we will continue to strengthen our overseas business.

January 2021
General
Opened CoCo-CAFE digital laboratory
The Company opened CoCo-CAFE, a venue for co-creating value through further promotion of DX, in Minato Ward, Tokyo. By bringing together digital personnel from marketing, R&D, and manufacturing technology functions, CoCo-CAFE will promote internal and external exchanges for enhancement of DX platforms and creation of new businesses.

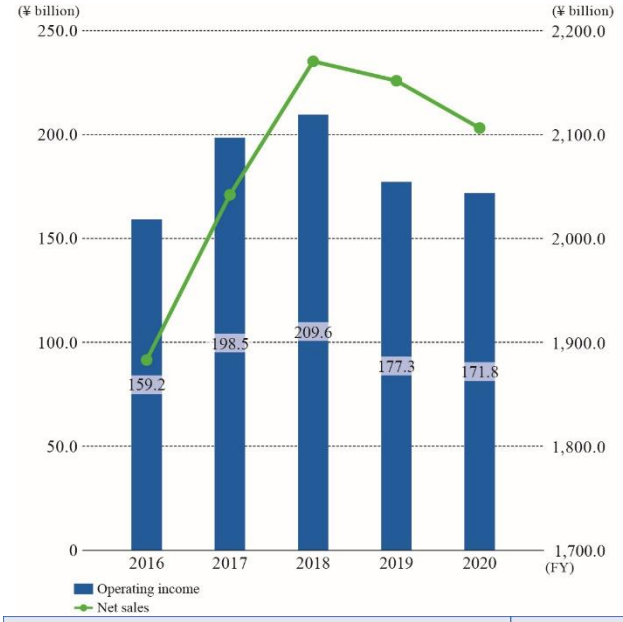
January 2021
Life Material
Decided to build a second plant for Ceolus™ microcrystalline cellulose[*2]
The Company decided to build a second plant for Ceolus™ at its Mizushima Works in Kurashiki, Okayama. We will upgrade our supply capacity in response to strong demand in Japan and overseas, and aim to achieve a stable supply through multiple production sites.

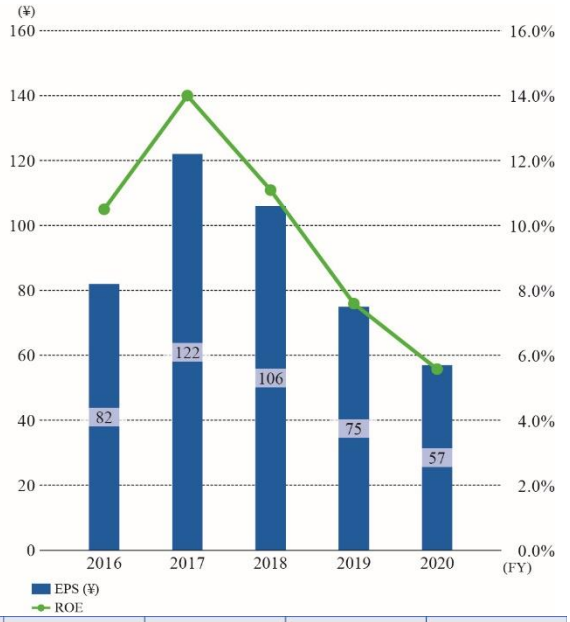
Health Care
Expanded sales of Planova™ virus removal filters[*3]
The sales of Planova™ expanded due to heightened requirements for viral safety in biotherapeutics, as well as growing demand for manufacturing process applications for COVID-19 drugs. We will continue to provide a stable supply of high-performance, high-quality products.

*1 New Energy and Industrial Technology Development Organization
*2 A white powder made from natural pulp, mainly used as an excipient for pharmaceuticals and foods
*3 Hollow-fiber virus removal filters, used during the manufacture of biotherapeutics such as biopharmaceuticals and plasma derivatives

(Note) The Group made capital investments totaling ¥152.5 billion in fiscal 2020.

4. Financial indicators





(¥ billion, unless otherwise specified)		FY2016	FY2017	FY2018	FY2019	FY2020
Net sales		1,883.0	2,042.2	2,170.4	2,151.6	2,106.1
Profitability	Operating income	159.2	198.5	209.6	177.3	171.8
	Operating margin	8.5%	9.7%	9.7%	8.2%	8.2%
	EBITDA*1	268.4	311.9	313.6	295.6	305.1
	EBITDA margin	14.3%	15.3%	14.5%	13.7%	14.5%
	Net income attributable to owners of the parent	115.0	170.2	147.5	103.9	79.8
	EPS (¥)	82	122	106	75	57
Capital efficiency	ROIC*2	7.8%	9.7%	8.8%	6.6%	4.9%
	Net income per shareholders' equity (ROE)	10.5%	14.0%	11.1%	7.6%	5.6%
Financial health	D/E ratio	0.35	0.23	0.31	0.52	0.45
	Exchange rate (¥/$)	108	111	111	109	106

*1 Operating income, depreciation, and amortization (tangible, intangible, and goodwill)
*2 (Operating income – income taxes) / average annual invested capital

5. Business risks

Main risks recognized by the Company

- Risk related to climate change
- Risks related to the COVID-19 pandemic
- Risks related to market fluctuations
- Risks related to business competitiveness
- Risks related to trade and economic sanctions (the U.S.-China relations, etc.)
- Risks related to global supply chains
- Risks related to M&A
- Large-scale natural disasters
- Industrial accidents
- Accidents caused by defective products
- Risks related to intellectual property rights
- Business risks stemming from new laws and regulations

Factory accidents

In fiscal 2020, two serious factory accidents occurred in Japan. The Company has recognized safety as the most important issue for management, and we have worked to ensure the safety of the local communities and our employees. In response to these accidents, we will strive to investigate their causes and prevent recurrence.

1) Explosion at the Hipore factory in Moriyama Works
On June 10, 2020, a fatal explosion occurred at the Hipore factory in Moriyama Works. In response to this accident, we set up an Accident Investigation Committee at Moriyama Works to investigate the cause of this accident and consider measures to prevent recurrence along with the Accident Countermeasures Committee from the Head Office, and compiled a final report on October 28, 2020. We have thoroughly implemented measures to prevent recurrence of accidents, which include safety designs for facilities and corrosion countermeasures, and are working to spread this approach laterally throughout the Company.

2) Fire at a semiconductor factory
On October 20, 2020, there was a fire at a semiconductor manufacturing plant of Asahi Kasei Microdevices Corp. in Nobeoka, Miyazaki. While the cause of the fire is unknown as of the preparation of the Business Report, we will continue investigating the cause of the fire and prevent recurrence. With regard to product supply, we are promoting a switch to other companies' products, as well as alternative production for customers who find it too difficult to switch, upon consulting with individual customers. We will continue striving to maintain a stable product supply.

3. Finance

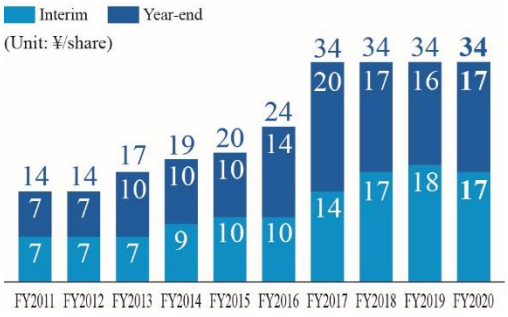
1. The Company's views on shareholder returns and year-end dividends

The Company's basic policy is to aim for stable dividends and increased dividends based on continuous expansion of earnings, while maintaining an appropriate internal reserve through a good balance between growth investments and shareholder returns. Specifically, the Company aims to maintain and continuously raise the level of annual dividend per share while taking the ratio of dividends to shareholders' equity into account, targeting a payout ratio of 30-40%.

The internal reserves will be used not only as investments resources to raise corporate value such as strategic investments and R&D expenses for new business creation, but also as a financial foundation to withstand economic fluctuations.

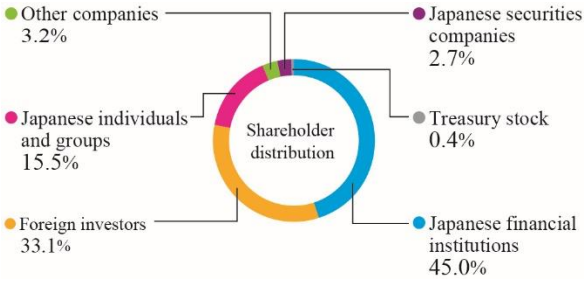
Based on this policy, the year-end dividend for fiscal 2020 shall be 17 yen per share, totaling 34 yen along with an interim dividend of 17 yen.

For fiscal 2021, based on the business results forecasts, the Company plans to payout an annual dividend of 34 yen per share.



2. Status of shares

Total number of authorized shares: 4,000,000,000 shares
Total number of outstanding shares: 1,393,932,032 shares (including 6,069,322 shares of treasury stock)
Number of shareholders: 141,137 persons (increased by 15,344 persons compared to the previous fiscal year)



Largest shareholders (top 10)

Name of shareholder	Number of shares owned (thousand shares)	Percentage of equity* (%)
The Master Trust Bank of Japan, Ltd. (trust account)	130,601	9.41
Custody Bank of Japan, Ltd. (trust account)	72,750	5.24
JP Morgan Chase Bank 385632	67,533	4.87
Nippon Life Insurance Company	58,400	4.21
Asahi Kasei Group Employee Stockholding Assn.	35,339	2.55
Custody Bank of Japan, Ltd. (trust account 7)	32,046	2.31
Government of Norway	27,699	2.00

Sumitomo Mitsui Banking Corp.	25,404	1.83
Custody Bank of Japan, Ltd. (trust account 5)	19,911	1.43
Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.	19,800	1.43

* Percentage of equity ownership after exclusion of treasury stock

3. Status of funds raised

In fiscal 2020, the Group raised low-interest funds such as by issuing the thirteenth series unsecured straight bond (green bond) and the fourteenth and fifteenth series unsecured straight bonds. Meanwhile, the balance of loans and commercial paper decreased due to an increase in free cash flow. As a result, outstanding interest-bearing debt (excluding lease obligations) at the fiscal year-end decreased by ¥44.9 billion from a year ago to ¥659.0 billion.

4. Main lenders and loans

(In millions of yen)

Lender	Loan
Mizuho Bank, Ltd. (Note)	123,733
Sumitomo Mitsui Banking Corporation (Note)	96,296
MUFG Bank, Ltd. (Note)	61,357
The Norinchukin Bank	48,489
Development Bank of Japan Inc.	45,000
Sumitomo Mitsui Trust Bank, Limited	33,482
Shinkin Central Bank	32,500
The Miyazaki Bank, Ltd.	8,230
Nippon Life Insurance Company	4,000
Mizuho Trust & Banking Co., Ltd.	2,500

(Note) The loan amounts of the lender include loans from lenders' overseas affiliates.

(For your reference) Message from the CFO

Koshiro Kudo, Senior Executive Officer

Going forward, by steadily implementing the business portfolio transformation with an awareness of capital efficiency as well as investments in projects that contribute to growths over the medium to long term while maintaining sound financial conditions, we will increase the Group's profitability and aim for stable dividends and a continuous increase in dividends.

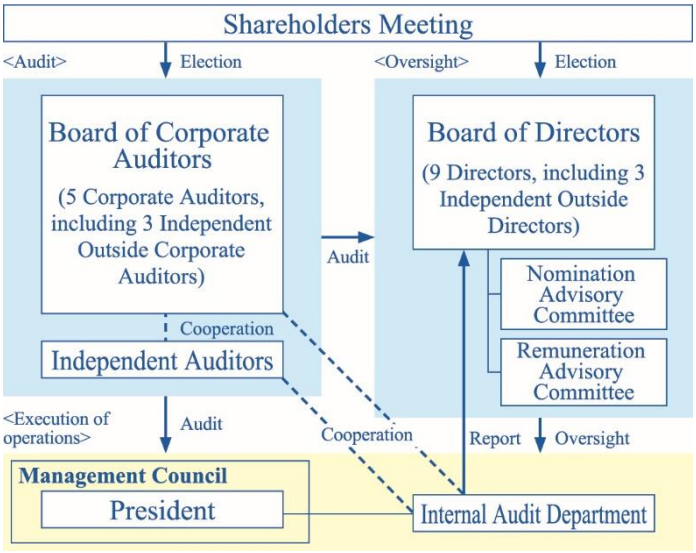
4. Corporate Governance

1. Basic views on corporate governance

The Group Vision of the Company is to provide new value to society and solve social issues by enabling "Living in health and comfort" and "Harmony with the natural environment" under the Group Mission of "Contributing to life and living for people around the world." With this as a base, the Company aims to contribute to society, achieve sustainable growth, and enhance corporate value over the medium to long term by promoting innovation and creating synergy through the integration of various businesses.

The Company continues to pursue optimal corporate governance as a framework to achieve transparent, fair, timely, and decisive decision-making in accordance with changes in the business environment.

2. The Company's corporate governance system and key points



Key points

- One-third of Directors are Independent Outside Directors
- One Director is female
- Directors have diverse backgrounds
- Three-fifths of Corporate Auditors are Independent Outside Corporate Auditors*
- Corporate Auditors are supported by Corporate Auditors Office
- Internal Audit Department reports to both the President and the Board of Directors

* Because Outside Corporate Auditor Hikoe Konishi effectively retired from his position due to his passing away on January 13, 2021, the ratio is two-fourths as of the end of fiscal 2020. However, if the proposal on the election of Corporate Auditors stated in the Reference Documents is approved as originally proposed, the ratio will revert back to three-fifths.

3. Meetings of Board of Directors, Advisory Committees, and Board of Corporate Auditors (FY2020)

	No. of meetings held	Average attendance	Main subjects of agenda
Board of Directors	14	98% (Directors and Corporate Auditors)	● Business investment ● Medium-term management initiative ● Risk management and compliance
Nomination Advisory Committee	3	100% (all members)	● Optimum composition and size of Board of Directors ● Policy for nomination of candidates to be Directors and Corporate Auditors ● Standards for judging independence of Outside Directors and Corporate Auditors
Remuneration Advisory Committee	4	100% (all members)	● Policy and system for remuneration of Directors ● Deciding on performance-linked remuneration of individual Directors
Board of Corporate Auditors	18	96% (Corporate Auditors)	● Auditing state of performance of Directors' duties ● Auditing state of operations and financial affairs ● Evaluation of Independent Auditors

4. Major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the Board of Corporate Auditors (attendance rate)	Situation of attendance to the Nomination Advisory Committee (attendance rate)	Situation of attendance to the Remuneration Advisory Committee (attendance rate)	Remarks
Directors	Masumi Shiraishi	14 out of 14 meetings (100%)	–	3 out of 3 meetings (100%)	4 out of 4 meetings (100%)	She appropriately made statements that were necessary to the Board's deliberation of agenda based on her high personal insight as a university professor.
	Tsuneyoshi Tatsuoka	13 out of 14 meetings (93%)	–	3 out of 3 meetings (100%)	4 out of 4 meetings (100%)	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his broad knowledge of industry.
	Tsuyoshi Okamoto	14 out of 14 meetings (100%)	–	3 out of 3 meetings (100%)	4 out of 4 meetings (100%)	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a management executive.
Corporate Auditors	Akio Makabe	14 out of 14 meetings (100%)	18 out of 18 meetings (100%)	–	–	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a university professor.
	Tetsuo Ito	13 out of 14 meetings (93%)	17 out of 18 meetings (94%)	–	–	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a prosecutor and attorney-at-law.
	Hikoe Konishi	9 out of 11 meetings (82%)	12 out of 14 meetings (86%)	–	–	He appropriately made statements that were necessary to the Board's deliberation of agenda based on his high personal insight as a certified public accountant.

(Note) Outside Corporate Auditor Hikoe Konishi has effectively retired from his position on January 13, 2021, due to his passing away on the same date.

The Company expects its Outside Directors to realize multifaceted deliberation in the Board of Directors by reflecting the high sensitivity that swiftly tracks changes in the social environment surrounding the Group and perspectives of external stakeholders, as well as the knowledge cultivated through the practice of corporate management, and to supervise management through the Nomination Advisory Committee and the Remuneration Advisory Committee. In fiscal 2020, each Outside Director fulfilled their role mainly through deliberations in the Board of Directors, the Nomination Advisory Committee, and the Remuneration Advisory Committee. In addition, each Outside Director and Outside Corporate Auditor actively participated in site visits and other activities, striving to gain an understanding of the Group.

5. Directors and Corporate Auditors (As of March 31, 2021)

Position	Name	Responsibilities	Concurrent holding of important posts
President and Representative Director	Hideki Kobori	• Presidential Executive Officer • Convener and chairman of the General Meetings of Shareholders, the Board of Directors and meetings of the Management Council • Executive Officer for Sustainability Strategy Planning • Nomination Advisory Committee Member • Remuneration Advisory Committee Member	
Representative Director	Shigeki Takayama	• Vice-Presidential Executive Officer • Oversight of Technology Functions (ESH, QA, Regional Offices, Production Technology, Manufacturing, R&D, Energy Policy) • Health and productivity management • Nomination Advisory Committee Member • Remuneration Advisory Committee Member	
Director	Yutaka Shibata	• Vice-Presidential Executive Officer • Oversight of Business Management Functions (Strategy, Accounting/Finance, IT, General Affairs, Legal, HR, Risk Management & Compliance) • Deputy for Asahi Kasei Europe GmbH • Asahi Kasei America, Inc. • Asahi Kasei (China) Co., Ltd.	
Director	Hiroshi Yoshida	• Vice-Presidential Executive Officer • Executive Officer for Material • Asahi Kasei Europe GmbH	
Director	Shuichi Sakamoto	• Primary Executive Officer • Executive Officer for Health Care	
Director	Fumitoshi Kawabata	• Primary Executive Officer • Executive Officer for Homes	
Outside Director	Masumi Shiraishi	• Nomination Advisory Committee Member • Remuneration Advisory Committee Member	Professor of Faculty of Policy Studies, Kansai University Outside Director, Ryoyo Electro Corporation Outside Audit & Supervisory Board Member, E-SUPPORTLINK, Ltd.
Outside Director	Tsuneyoshi Tatsuoka	• Nomination Advisory Committee Member • Remuneration Advisory Committee Member	Outside Director of Nitori Holdings Co., Ltd. (member of audit committee) Outside Director of Mitsubishi Corporation
Outside Director	Tsuyoshi Okamoto	• Nomination Advisory Committee Member • Remuneration Advisory Committee Member	Senior Corporate Advisor of Tokyo Gas Co., Ltd. Outside Director of Japan Post Holdings Co., Ltd. Outside Director of Mitsubishi Estate Co., Ltd.
Corporate Auditor	Yuji Kobayashi		
Corporate Auditor	Masafumi Nakao		

Position	Name	Responsibilities	Concurrent holding of important posts
Outside Corporate Auditor	Akio Makabe		Professor, Hosei Graduate School of Regional Policy Design
Outside Corporate Auditor	Tetsuo Ito		• Attorney-at-Law, (Of Counsel, Nishimura & Asahi) • Outside Corporate Auditor of Takasago Thermal Engineering Co., Ltd. • Outside Director of Japan Petroleum Exploration Co., Ltd.

(Notes) 1. No special relationship exists between the above important posts held concurrently and the Company.
2. Directors Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Directors as specified by the Tokyo Stock Exchange.
3. Corporate Auditors Akio Makabe and Tetsuo Ito are Outside Corporate Auditors as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Corporate Auditors as specified by the Tokyo Stock Exchange.
4. Corporate Auditor Akio Makabe has instructed and conducted research on economics and finance at universities, etc., and he has considerable insight into finance and accounting.
5. The Company has executed contracts with three Directors: Masumi Shiraishi, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, as well as four Corporate Auditors: Yuji Kobayashi, Masafumi Nakao, Akio Makabe, and Tetsuo Ito to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of either ¥10 million or the minimum liability limit amount for damages stipulated in laws and regulations.
6. Outside Corporate Auditor Hikoe Konishi has effectively retired from his position on January 13, 2021, due to his passing away on the same date. His concurrent holding of important posts included Certified Public Accountant, Certified Tax Accountant and Full-Time Corporate Auditor, Smart Resource Co., Ltd.

6. Independent Auditors

(1) Name of Independent Auditors
PricewaterhouseCoopers Aarata LLC

(2) The rationale for the Board of Corporate Auditors having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to fiscal 2020

1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act
PricewaterhouseCoopers Aarata: ¥212 million

2) Total amount of remuneration to be paid by the Company and its subsidiaries and other financial profit
PricewaterhouseCoopers Aarata: ¥334 million

(Notes) 1. In the audit contract between the Company and Independent Auditors, it is not practically possible to distinguish between the remuneration for the audit based on the Companies Act as Independent Auditors and that for the audit based on the Financial Instrument and Exchange Act. Therefore, the above amounts include both of these.
2. In addition to audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, the Company pays Independent Auditors expenses for preparation of comfort letters in relation to issuance of bonds.
3. The Company's significant overseas subsidiaries are audited by parties other than the Company's Independent Auditors (such as a chartered accountant or an entity that has the equivalent qualification to a chartered accountant overseas) - (only to the extent the provisions of overseas statutory laws and regulations equivalent to the Companies Act and the Financial Instruments and Exchange Act are applicable).

3) The rationale for the Board of Corporate Auditors having agreed on the remuneration, etc. of Independent Auditors

The Board of Corporate Auditors agreed on the amount of the remuneration, etc. of the Independent Auditors after conducting necessary verification to ascertain the appropriateness of descriptions in the audit plan prepared by the Independent Auditors, the status of execution of accounting audit duties, the basis for the calculation of the estimated amount of remuneration estimation, etc.

(3) Policies of dismissal or denial of reappointment of Independent Auditors
The Board of Corporate Auditors shall dismiss Independent Auditors subject to the agreement of all Corporate Auditors when it concludes that any item of Article 340, Paragraph 1 of the Companies Act is applicable to Independent Auditors.

In addition to the above case, if it is deemed difficult for Independent Auditors to perform their duties adequately, the Board of Corporate Auditors shall decide a proposal concerning dismissal or denial of reappointment of Independent Auditors, and the Board of Directors shall submit the relevant proposal to the General Meeting of Shareholders based on the relevant decision.

7. Remuneration for Officers

The amount of remuneration, etc. of Directors and Corporate Auditors in fiscal 2020

Classification	Amount Paid (In millions of yen)	Breakdown by remuneration type (In millions of yen)			Number of Directors and Corporate Auditors Paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration	
Directors	484	291	142	51	9
(of which Outside Directors)	48	48	–	–	3
Corporate Auditors	132	132	–	–	5
(of which Outside Corporate Auditors)	45	45	–	–	3

Status of shares granted to officers as remuneration for execution of duties in fiscal 2020

Classification	Number of shares	Number of eligible officers
Directors (excluding Outside Officers)	7,000 shares (common stock)	1

(Note) The above indicates the status of shares granted to those who retired from the position of Director based on the Company's stock-based remuneration system (share grant trust).

Resolutions by the General Meeting of Shareholders on remuneration, etc. of Directors and Corporate Auditors

Date of resolution by the General Meeting of Shareholders	Outline of resolution	Number of persons pertaining to resolution
June 29, 2006	The cash remuneration limit to be paid to Corporate Auditors (¥150 million per year or less)	4
June 27, 2014	The cash remuneration limit to be paid to Directors (¥650 million per year or less, of which annual remuneration for Outside Directors is ¥50 million or less)	9 (including 3 Outside Directors)
June 28, 2017	The stock-based remuneration limit (up to ¥300 million over three fiscal years)	6

Remuneration for Directors

(1) Decision-making policy

As one of the corporate governance mechanisms to ensure that the Group can achieve sustainable growth and enhance corporate value over the medium to long term, the Company has sought advice of the Remuneration Advisory Committee on the decision-making policy pertaining to the contents of remuneration, etc. for individual Directors (hereinafter, the "Decision-making Policy"). Respecting the contents of the reports thereof, the Board of Directors has made a resolution on the Decision-making Policy, which includes the following basic policy. (An outline of the Decision-making Policy is as stated in (2) Basic design and (3) Decision-making process below.)

Basic policy

Remuneration of Outside Directors, who have a position of independence with respect to management of the Company, is comprised solely of fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by short-term earnings fluctuations.

The remuneration system for Executive Directors, who are the Senior Management, combines performance-linked remuneration together with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration which serves a basic livelihood, in order to provide incentives tied to earnings and management strategy, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.

To ensure the optimal way of remunerating Directors and design of the remuneration system, the

Board of Directors and the Remuneration Advisory Committee regularly deliberate and continually confirm appropriateness and make improvements.

(2) Basic design

1) Performance-linked remuneration

- Designed by combining both achievement of financial targets including asset efficiency to provide incentives tied to earnings and management strategy as management leaders together with achievement of nonfinancial targets including individual targets including progress on sustainability
- Calculated by making a comprehensive judgment based on achievement of financial targets such as consolidated net sales, operating income, ROA, etc., together with achievement of individually set targets including progress on sustainability
- Standards for financial incentives are selected from the perspectives of appropriateness as clear and objective evaluation criteria based on earnings results as well as awareness for increased asset efficiency
- The formula required to calculate individual performance-linked remuneration is outlined as follows:

Index calculated by evaluation* × basic amount by rank = individual performance-linked remuneration amount

* Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

- Target figures / standard figures and actual figures of management indicators to be used for the calculation of performance-linked remuneration in the most recent fiscal year

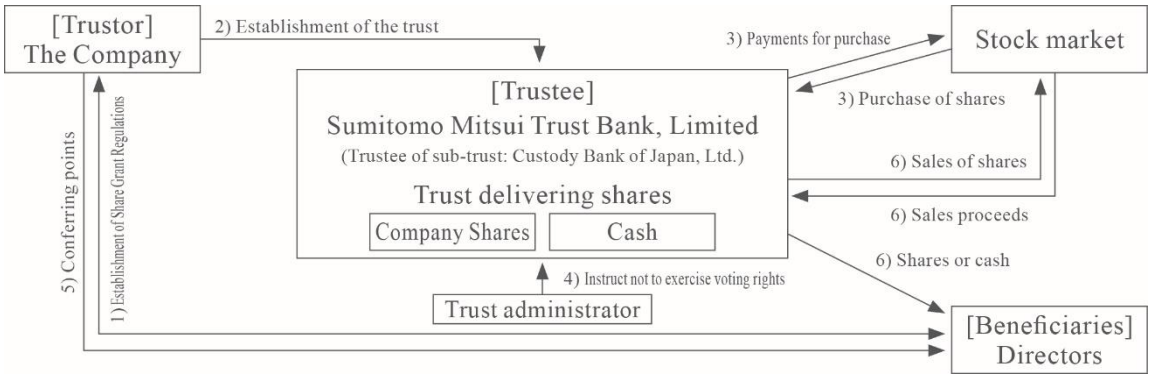
	Fiscal 2020 target figure / standard figure	Fiscal 2020 actual figure
Consolidated net sales	¥2,034.0 billion	¥2,106.1 billion
Consolidated operating income	¥140.0 billion	¥171.8 billion
Consolidated ROA*	5.5%	5.9%

* Consolidated operating income / consolidated total assets as of the fiscal year-end

2) Stock-based remuneration

- To reinforce a common perspective with shareholders including both the benefits of share price increases and the risk of share price decreases, a stock-based remuneration system was adopted at the 126th Ordinary General Meeting of Shareholders held on June 28, 2017
- A trust established by the Company acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are conferred points in accordance with their rank (maximum of 100,000 points per fiscal year) and the Company's shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as officer of the Group (one share of stock per point)

[For your reference] Outline of stock-based remuneration system (share grant trust)



(3) Decision-making process

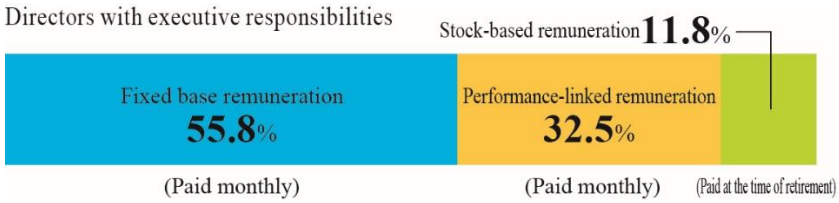
- Entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors
- The Remuneration Advisory Committee is authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors as proposed by the President & Director, and to determine remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors
  Fixed basic remuneration by rank is paid upon determination of the amount by the Board of Directors
  Stock-based remuneration is granted when certain conditions are met, corresponding to points conferred based on the Share Grant Regulations adopted by the Board of Directors
- The reason for entrusting the authority is because entrusting to the Remuneration Advisory Committee is the most appropriate in order to determine the remuneration for individual Directors from a highly independent, objective, and transparent standpoint while overseeing the business results of the entire Group
- To ensure the appropriate use of this authorization to the Remuneration Advisory Committee, the Remuneration Advisory Committee is comprised of a majority of Outside Directors, and it regularly reports to the Board of Directors on the process of the above confirmation and determination

* Composition of the members of the Remuneration Advisory Committee

Name	Position and responsibilities
Tsuyoshi Okamoto	Outside Director Chairperson of the Remuneration Advisory Committee
Masumi Shiraishi	Outside Director
Tsuneyoshi Tatsuoka	Outside Director
Hideki Kobori	President and Representative Director Presidential Executive Officer
Shigeki Takayama	Representative Director Vice-Presidential Executive Officer

(4) Reason for the Board of Directors to have judged the contents of remuneration, etc. for individual Directors pertaining to fiscal 2020 are in line with the Decision-making Policy

- The contents of basic remuneration and stock-based remuneration are determined upon taking into account the results of deliberations by the Remuneration Advisory Committee comprised of a majority of Outside Directors, with objectivity and transparency of the decision ensured.
- The decision on performance-linked remuneration has been made through a highly independent, objective, and transparent process of the Remuneration Advisory Committee.



- Performance-linked remuneration = commitment to results
- Stock-based remuneration = sharing the perspective with shareholders

* Remuneration for Outside Directors is comprised solely of fixed base remuneration

Remuneration for Corporate Auditors

- The performance-linked remuneration system is not applied in the remuneration for Corporate Auditors, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Corporate Auditors

8. Results of evaluation of effectiveness of the Board of Directors

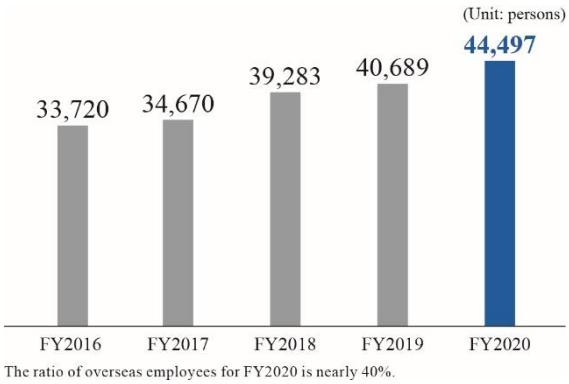
The Board of Directors of the Company conducts regular evaluations of its own effectiveness through discussion in the Board of Directors, having collected questionnaires from Directors and Corporate Auditors after the end of each fiscal year.

The main measures implemented in fiscal 2020 and issues recognized for the future are as follows:

Main measures implemented in fiscal 2020	The Board of Directors of the Company implemented the following measures in fiscal 2020 based on evaluation of the previous fiscal year. 1) Enhanced agenda items The Board of Directors more frequently discussed agenda items relating to medium- to long-term management issues, such as the management of business portfolio, initiatives for promoting sustainability, and support for digital transformation, in an effort to effectively supervise these issues in the Board of Directors. 2) Enhanced provision of information to Outside Directors and Outside Corporate Auditors The Board of Directors secured opportunities for visits to the Group's sites, which had been conducted regularly, while taking measures to prevent the spread of COVID-19. Meanwhile, preliminary briefings for the Board of Directors were expanded in order to facilitate deeper discussion on the days of its meetings by utilizing online meetings. 3) Improved committee operations The Board of Directors decided that Outside Directors shall chair the Nomination Advisory Committee, in addition to the Remuneration Advisory Committee. Furthermore, the Board of Directors entrusted the Remuneration Advisory Committee with deciding the individual performance-linked remuneration portion of remuneration for Directors. These changes have improved the independence, objectivity, and transparency of the decision-making process for the nomination and remuneration of Directors and Corporate Auditors.
Issues recognized for the future	Based on measures implemented in fiscal 2020, the Board of Directors has confirmed a common awareness of the following issues for the future. 1) Enhancing agenda items Further expanding discussions on medium- to long-term management issues in the Board of Directors, and reviewing the criteria for bringing agenda items as necessary 2) Reviewing corporate governance in line with the next medium-term management initiative Reassessing the makeup, size, and skill requirements of the Board of Directors in line with the next medium-term management initiative 3) Miscellaneous Methods for evaluating the effectiveness of the Board of Directors, expanding the cooperation among Outside Directors and Outside Corporate Auditors, etc.

5. Other Data

1. Number of employees at the Group (as of the end of each fiscal year)



The ratio of overseas employees for FY2020 is nearly 40%.

2. Status of the Asahi Kasei Group (Group structure, primary sites, and Group companies)

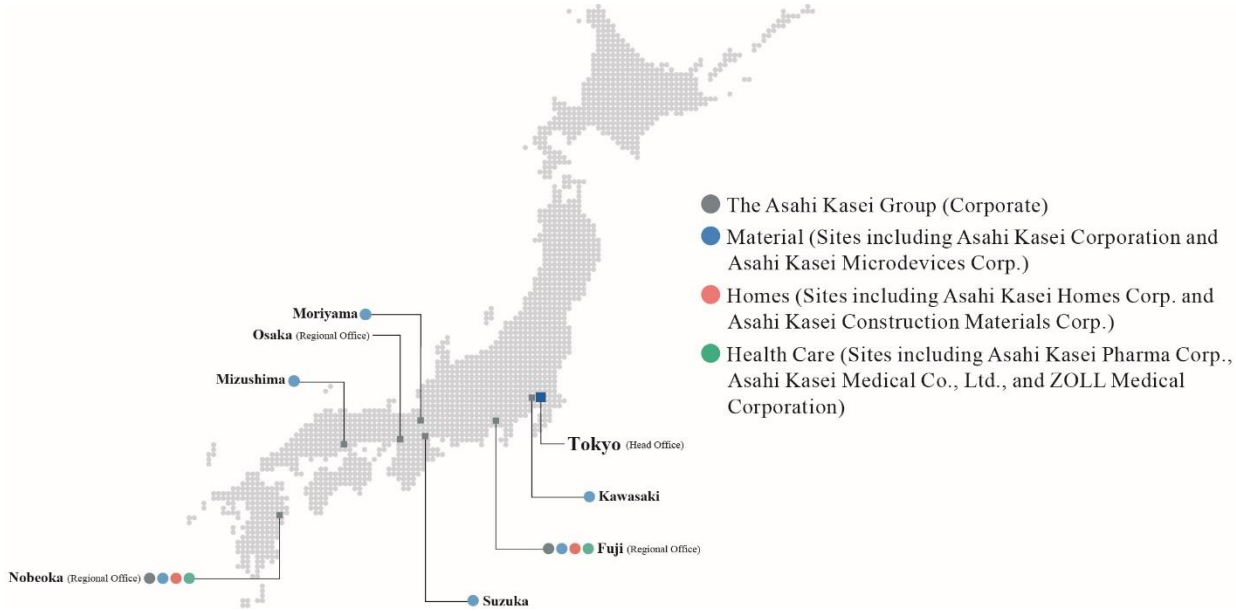
Since April 2016, the Company has adopted an Operating Holding Company structure as follows and conducted businesses in order to heighten and integrate the knowledge, technologies, and human resources as well as to enhance its competitiveness, with the aim of enhancing its corporate value.



(Note) There are 228 subsidiaries included in the scope of consolidation and 62 affiliates accounted for using equity method (as of March 31, 2021).

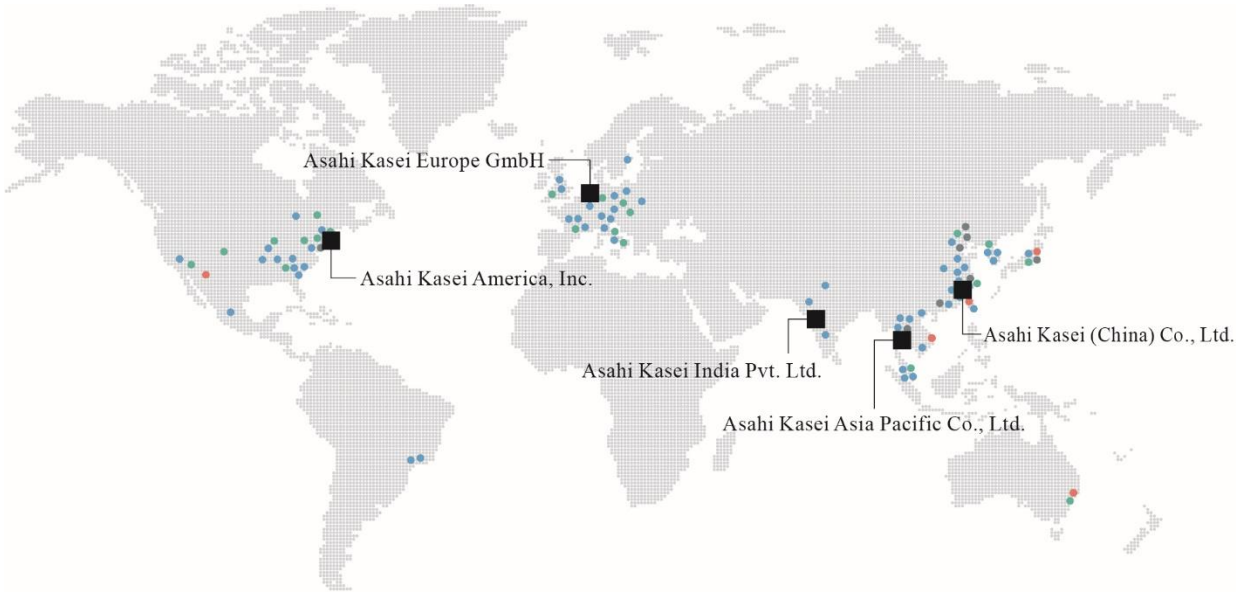
Primary domestic sites

Across Japan, the Company aims to further develop its business with local communities.



Primary overseas sites

The Asahi Kasei Group has placed manufacturing, sales, and R&D sites in more than 20 countries across the world, establishing infrastructure to meet a wide range of needs in the global market.



Consolidated Balance Sheets
(As of March 31, 2021)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2020)	Consolidated Fiscal Year (As of March 31, 2021)
(Assets)		
Current assets	**1,107,430**	**1,136,776**
Cash and deposits	207,957	221,779
Notes and accounts receivable–trade	330,999	338,640
Merchandise and finished goods	216,463	203,159
Work in process	160,064	166,494
Raw materials and supplies	101,313	111,798
Other	92,153	97,131
Allowance for doubtful accounts	(1,519)	(2,225)
Noncurrent assets	**1,714,846**	**1,782,165**
Property, plant and equipment	**653,686**	**717,262**
Buildings and structures	257,851	279,531
Machinery, equipment and vehicles	223,179	249,269
Land	67,024	70,577
Lease assets	681	928
Construction in progress	75,487	84,463
Other	29,464	32,495
Intangible assets	**715,246**	**694,374**
Goodwill	365,680	351,921
Other	349,566	342,454
Investments and other assets	**345,914**	**370,529**
Investment securities	244,581	286,517
Long-term loans receivable	7,951	1,241
Long-term advance payments–trade	20,467	29,390
Deferred tax assets	44,466	21,116
Other	28,883	32,709
Allowance for doubtful accounts	(435)	(445)
Total assets	**2,822,277**	**2,918,941**

Note: Amounts are rounded to the nearest million yen.

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2020)	Consolidated Fiscal Year (As of March 31, 2021)
(Liabilities)	**1,438,817**	**1,424,406**
Current liabilities	**842,531**	**703,163**
Notes and accounts payable–trade	131,207	142,087
Short-term loans payable	275,671	144,571
Commercial paper	139,000	84,000
Lease obligations	1,006	880
Accrued expenses	121,520	126,705
Income taxes payable	18,145	21,268
Advances received	73,623	78,601
Provision for grant of shares	78	124
Provision for periodic repairs	4,043	7,222
Provision for product warranties	3,738	3,522
Provision for removal cost of property, plant and equipment	2,640	5,651
Other	71,863	88,533
Noncurrent liabilities	**596,286**	**721,243**
Bonds payable	60,000	110,000
Long-term loans payable	229,172	320,404
Lease obligations	3,506	3,921
Deferred tax liabilities	70,600	58,669
Provision for grant of shares	412	513
Provision for periodic repairs	4,560	3,415
Provision for removal cost of property, plant and equipment	5,771	12,652
Net defined benefit liability	174,365	158,832
Long-term guarantee deposits	21,613	21,939
Other	26,287	30,899
Net assets	**1,383,460**	**1,494,535**
Shareholders' equity	**1,302,777**	**1,335,890**
Capital stock	103,389	103,389
Capital surplus	79,641	79,641
Retained earnings	1,125,738	1,158,792
Treasury stock	(5,990)	(5,932)
Accumulated other comprehensive income	**56,538**	**131,586**
Net unrealized gain on other securities	67,027	91,887
Deferred gains or losses on hedges	(241)	(347)
Foreign currency translation adjustment	13,027	50,462
Remeasurements of defined benefit plans	(23,275)	(10,416)
Non-controlling interests	**24,145**	**27,058**
Total liabilities and net assets	**2,822,277**	**2,918,941**

Note: Amounts are rounded to the nearest million yen.

Consolidated Statements of Income
(April 1, 2020 - March 31, 2021)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (April 1, 2019 - March 31, 2020)	Consolidated Fiscal Year (April 1, 2020 - March 31, 2021)
Net sales	2,151,646	2,106,051
Cost of sales	1,476,606	1,425,342
Gross profit	**675,040**	**680,709**
Selling, general and administrative expenses	497,776	508,901
Operating income	**177,264**	**171,808**
Non-operating income	20,479	17,331
Interest income	2,769	1,895
Dividends income	5,251	4,308
Equity in earnings of affiliates	7,138	3,451
Insurance income	1,724	2,618
Other	3,596	5,059
Non-operating expenses	13,735	11,102
Interest expense	4,016	3,209
Other	9,720	7,893
Ordinary income	**184,008**	**178,036**
Extraordinary income	17,948	17,665
Gain on sales of investment securities	13,679	17,312
Gain on sales of noncurrent assets	4,268	353
Extraordinary loss	46,022	44,795
Loss on valuation of investment securities	1,953	66
Loss on disposal of noncurrent assets	9,668	10,637
Impairment losses	21,949	1,937
Loss on disaster	2,437	–
Loss on fire at plant facilities	–	22,287
Loss on product compensation	5,173	2,118
Business structure improvement expenses	4,840	7,750
Income before income taxes	**155,934**	**150,906**
Income taxes—current	54,173	73,273
Income taxes—deferred	(3,967)	(4,465)
Net income	**105,728**	**82,098**
Net income attributable to non-controlling interests	1,797	2,330
Net income attributable to owners of the parent	**103,931**	**79,768**

Note: Amounts are rounded to the nearest million yen.

(Reference)
Summary of Consolidated Statements of Cash Flows
(April 1, 2020 - March 31, 2021)

(In millions of yen)

Description	Consolidated Fiscal Year (April 1, 2020 - March 31, 2021)
Cash flows from operating activities	**253,676**
Income before income taxes	150,906
Depreciation and amortization	108,369
Amortization of goodwill	24,903
Decrease in notes and accounts receivable–trade	5,214
Decrease in inventories	6,110
Increase in notes and accounts payable–trade	1,706
Increase in accrued expenses	1,371
Increase in advances received	8,190
Income taxes paid	(70,672)
Other	17,579
Cash flows from investing activities	**(157,751)**
Purchase of property, plant and equipment	(133,347)
Proceeds from sales of property, plant and equipment	656
Purchase of intangible assets	(16,945)
Purchase of investment securities	(8,061)
Proceeds from sales of investment securities	20,264
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(4,811)
Payments for transfer of business	(17,566)
Other	2,058
Cash flows from financing activities	**(95,869)**
Net decrease in loans payable, commercial papers and bonds payable	(47,110)
Cash dividends paid	(45,800)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	(307)
Other	(2,653)
Effect of exchange rate change on cash and cash equivalents	**9,639**
Net increase in cash and cash equivalents	**9,695**
Cash and cash equivalents at beginning of period	**204,771**
Increase in cash and cash equivalents resulting from changes in scope of consolidation	**1,769**
Cash and cash equivalents at end of period	**216,235**

Note: Amounts are rounded to the nearest million yen.

Non-Consolidated Balance Sheets
(As of March 31, 2021)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2020)	Non-Consolidated Fiscal Year (As of March 31, 2021)
(Assets)		
Current assets	**434,613**	**426,790**
Cash and deposits	47,271	41,156
Notes receivable–trade	1,152	804
Electronically recorded monetary claims–operating	2,841	3,859
Accounts receivable–trade	121,803	139,990
Merchandise and finished goods	90,579	79,052
Work in process	26,558	25,943
Raw materials and supplies	43,039	43,399
Prepaid expenses	4,055	5,109
Accounts receivable–other	27,296	28,481
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	44,627	28,389
Advances paid	20,654	25,442
Other	6,694	7,571
Allowance for doubtful accounts	(1,957)	(2,407)
Noncurrent assets	**1,484,586**	**1,862,451**
Property, plant and equipment	**322,516**	**364,064**
Buildings	103,623	116,247
Structures	31,376	35,224
Machinery and equipment	95,077	111,180
Vehicles	359	363
Tools, furniture and fixtures	10,450	10,773
Land	46,999	47,204
Lease assets	21	13
Construction in progress	34,611	43,059
Intangible assets	**12,991**	**18,629**
Software	11,516	17,332
Other	1,475	1,297
Investments and other assets	**1,149,079**	**1,479,759**
Investment securities	129,095	163,218
Stocks of subsidiaries and affiliates	918,759	1,232,062
Investments in capital	122	4
Long-term loans receivable	7	5
Long-term loans receivable from subsidiaries and affiliates	73,682	56,689
Long-term advance payments–trade	20,467	20,514
Long-term prepaid expenses	935	1,188
Other	6,013	6,078
Total assets	**1,919,199**	**2,289,241**

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2020)	Non-Consolidated Fiscal Year (As of March 31, 2021)
(Liabilities)	**1,175,000**	**1,498,930**
Current liabilities	**816,838**	**988,651**
Notes payable–trade	846	723
Accounts payable–trade	46,876	48,881
Short-term loans payable	239,400	77,500
Commercial paper	139,000	84,000
Current portion of long-term loans payable	17,231	50,640
Short-term loans payable to subsidiaries and affiliates	263,817	311,269
Lease obligations	8	6
Accounts payable–other	24,293	312,902
Accrued expenses	35,053	40,937
Income taxes payable	6,782	7,510
Advances received	2,024	1,602
Deposits received	4,493	4,707
Provision for grant of shares	44	82
Provision for periodic repairs	4,043	7,222
Provision for removal costs of property, plant and equipment	1,985	5,172
Provision for loss on guarantees	1,758	1,931
Provision for warranties	211	–
Notes payable–alternative payment	1,315	830
Other	27,658	32,736
Noncurrent liabilities	**358,162**	**510,279**
Bonds payable	60,000	110,000
Long-term loans payable	221,107	314,573
Lease obligations	14	9
Deferred tax liabilities	5,866	14,996
Provision for retirement benefits	59,111	60,466
Provision for grant of shares	273	334
Provision for periodic repairs	1,677	244
Provision for removal costs of property, plant and equipment	5,755	5,675
Long-term guarantee deposits	3,293	3,441
Other	1,065	542

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2020)	Non-Consolidated Fiscal Year (As of March 31, 2021)
(Net assets)	**744,199**	**790,312**
Shareholders' equity	**680,447**	**702,423**
Capital stock	**103,389**	**103,389**
Capital surplus	**79,396**	**79,396**
Legal capital surplus	79,396	79,396
Retained earnings	**503,652**	**525,569**
Legal retained earnings	25,847	25,847
Other retained earnings	477,805	499,722
Reserve for special depreciation	36	–
Reserve for advanced depreciation of noncurrent assets	12,756	12,624
Reserve for special disaster	18	20
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	375,995	398,079
Treasury stock	**(5,990)**	**(5,931)**
Valuation and translation adjustments	**63,751**	**87,889**
Net unrealized gain on other securities	**63,782**	**88,133**
Deferred gains or losses on hedges	**(30)**	**(244)**
Total liabilities and net assets	**1,919,199**	**2,289,241**

Note: Amounts are rounded to the nearest million yen.

Non-Consolidated Statements of Income
(April 1, 2020 - March 31, 2021)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2019 - March 31, 2020)	Non-Consolidated Fiscal Year (April 1, 2020 - March 31, 2021)
Net Sales	599,972	548,149
Cost of sales	478,696	445,752
Gross profit	**121,276**	**102,398**
Selling, general and administrative expenses	100,628	96,023
Operating income	**20,648**	**6,374**
Non-operating income	65,602	69,774
Interest and dividends income	62,754	64,909
Insurance income	1,286	2,369
Other income	1,561	2,496
Non-operating expenses	9,482	11,603
Interest expenses	3,110	2,578
Foreign exchange loss	1,113	4,326
Other	5,259	4,700
Ordinary income	**76,768**	**64,546**
Extraordinary income	16,384	16,449
Gain on sales of investment securities	13,679	16,161
Gain on liquidation of subsidiaries and affiliates	–	149
Gain on sales of noncurrent assets	2,705	139
Extraordinary loss	30,788	11,598
Loss on valuation of investment securities	1,419	41
Loss on valuation of shares of subsidiaries and affiliates	13,160	604
Loss on disposal of noncurrent assets	7,955	7,358
Impairment loss	2,716	382
Loss on disaster	1,994	–
Business structure improvement expense	3,543	3,213
Income before income taxes	**62,364**	**69,397**
Income taxes—current	5,194	3,120
Income taxes—deferred	(704)	(1,440)
Net income	**57,873**	**67,717**

Note: Amounts are rounded to the nearest million yen.

Independent Auditors' Report (consolidated)

May 12, 2021

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Aarata LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Isao Ohno
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Satoshi Murata

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets, and the notes to the consolidated financial statements of Asahi Kasei Corporation (the "Company") for the fiscal year from April 1, 2020, through March 31, 2021.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Asahi Kasei Corporation, 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.

Responsibilities of Management, Corporate Auditors, and the Board of Corporate Auditors 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.

Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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.

Independent Auditors' Report (non-consolidated)

May 12, 2021

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Aarata LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Isao Ohno
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Satoshi Murata

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the related notes, and the accompanying supplementary schedules of Asahi Kasei Corporation (the "Company") for the 130th fiscal year from April 1, 2020 through March 31, 2021.

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, 2020, 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.

Responsibilities of Management, Corporate Auditors and the Board of Corporate Auditors 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.

Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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 Corporate Auditors and the Board of Corporate Auditors 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 requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report

With respect to the directors' performance of their duties during the 130th financial period from April 1, 2020, to March 31, 2021, the Board of Corporate Auditors has prepared this audit report upon deliberations based on the audit reports prepared by each of the Corporate Auditors, and hereby reports as follows:

1. Method and Content of Audit Conducted by Corporate Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors formulated audit policies, audit plans, etc. and set as priority audit items the status of corporate governance, the development and operation status of internal control systems, status of responsible care activities, the development and operation status of risk control, the impact of the COVID-19 pandemic on business activities, the implementation status of the new medium-term management initiative, etc. Furthermore, in addition to receiving reports from each of the Corporate Auditors regarding the status of implementation of their audits and results thereof, the Board of Corporate Auditors received reports from the Directors, etc. and the Independent Auditors regarding the status of performance of their duties and requested explanations when deemed necessary.

(2) In conformity with standards of audit by Corporate Auditors set down by the Board of Corporate Auditors and in accordance with the audit policy and audit plans, we, Corporate Auditors, sought to facilitate mutual understanding with Directors, the internal audit division and other employees by utilizing online and other means, endeavored to collect information and maintain and improve the audit environment, and conducted audits as follows:

1) We attended Board of Directors meetings and other important meetings, received reports from Directors and other employees concerning the performance of their duties, requested explanations as necessary, examined important approval documents and inspected operations and financial affairs at the head office and other major business locations including overseas. With respect to subsidiaries (core operating companies, etc.), we facilitated a mutual understanding and exchanged information with Directors, Corporate Auditors, etc. of subsidiaries, and received from subsidiaries reports on their operations as necessary, including visits to major overseas sites.

2) We periodically received reports from Directors and other employees, sought explanations as necessary, and expressed our opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act, which are necessary to ensure that Directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company, and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the systems developed pursuant to such resolutions (internal control systems).

We also periodically received reports from Directors, other employees and PricewaterhouseCoopers Aarata LLC, sought explanations as necessary and expressed our opinions regarding assessment of internal control over financial reporting as well as the status of audit thereof.

As the Group adopts an "Operating Holding Company" structure, we held liaison meetings with the internal audit division and Corporate Auditors of subsidiaries on a routine basis, thereby examining the effectiveness of the Group's internal control systems.

3) We examined the contents of the basic policy on control of the Company presented in the business report and related measures in light of the status of discussions by the Board of Directors and others.

4) We monitored and examined whether the Independent Auditors maintained their independence and properly conducted audit, received reports from the Independent Auditors concerning the status of the performance of its duties, and requested explanations when deemed necessary. We were also notified by the Independent Auditors that they had in place "systems for ensuring proper execution of duties" (matters listed in each item of Article 131 of the Corporate Accounting Rules) in accordance with the "Standards on Quality Control for Audits" (Business Accounting Council, October 28, 2005), etc. and requested explanations as necessary.

Based on the above-described methods, the Corporate Auditors conducted examinations of the Company's business report and the supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets and related notes) and the supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and related notes) for the business year under review.

2. Results of Audit

(1) Results of audit of the business report, etc.

1) We acknowledge that the business report and the supplementary schedules fairly present the status of the Company pursuant to laws and regulations and the Articles of Incorporation of the Company.
2) We acknowledge that no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
3) We acknowledge that the details of resolutions approved by the Board of Directors concerning the internal control systems are appropriate. No matters that necessitate comment were found regarding the details described in the business report and the Directors' performance of their duties both with respect to the internal control systems including internal control over financial reporting.

   Additionally, in terms of Responsible Care activities for ensuring the environment, safety, quality, occupational safety and health, etc., we have recognized the challenges through attending various relevant committee meetings and reviewing the reports submitted by Directors and employees. We will continue to confirm the effectiveness thereof.
4) In response to a fire that occurred in October 2020 at the Nobeoka Plant of Asahi Kasei Microdevices Corp., we will continue to pay close attention to the status of measures taken by the Company for implementing a Business Continuity Plan (BCP) and ensuring security and disaster prevention.
5) With regard to the new medium-term management initiative that was started in fiscal 2019, we have confirmed the status of measures taken for executing the business strategies and investment plans that keep pace flexibly with drastic changes in business environment. We will also continue to pay close attention to the Company's efforts for sustainability, societal demands for which have further increased.
6) Regarding the damage compensation suit concerning piling work filed by Mitsui Fudosan Residential Co., Ltd. and two other companies against Asahi Kasei Construction Materials Corporation, a subsidiary of Asahi Kasei Corporation, we will continue to keep close watch on any new developments.
7) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report. We acknowledge that the related measures are in line with the basic policy and do not undermine common interests of the Company's shareholders or aim to maintain the positions of the Company's officers.

(2) Results of audit of the non-consolidated financial statements and the supplementary schedules

We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

(3) Results of audit of the consolidated financial statements

We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

May 12, 2021

The Board of Corporate Auditors
Asahi Kasei Corporation

Corporate Auditor	Yuji Kobayashi
Corporate Auditor	Masafumi Nakao
Outside Corporate Auditor	Akio Makabe
Outside Corporate Auditor	Tetsuo Ito