

Transfer of photomask pellicles business to Mitsui Chemicals, Inc., by corporate separation (simplified absorption-type separation)

Asahi Kasei has executed a final agreement (Final Agreement) with Mitsui Chemicals, Inc., regarding the transfer to Mitsui Chemicals of Asahi Kasei's operations for the manufacture, development, and sale of photomask pellicles¹ in Japan, Korea, Taiwan, North America, and China, and all shares of Asahi Kasei EMS Co., Ltd., a consolidated subsidiary of Asahi Kasei which performs consigned manufacture of photomask pellicles (The Business) with an effective date of July 1, 2023 (scheduled), by absorption-type separation (The Separation).

As The Separation is a simplified absorption-type separation for Asahi Kasei in accordance with the provisions of Paragraph 2 of Article 784 of Japan's Companies Act, and as the decrease in Asahi Kasei's consolidated total assets is less than 10% of net assets as of the end of the previous fiscal year, and as the decrease in consolidated net sales is less than 3% of the previous fiscal year's consolidated net sales, certain items and content are omitted from this disclosure.

This Separation is conditional upon receipt of necessary regulatory clearances, approvals, etc., based on competition laws, etc., in Korea and Taiwan.

¹ Photomask pellicles are protective membranes used in the production of LCD panels and semiconductors to prevent the adherence of dust on photomasks, which could cause defective image transfer in the photolithographic exposure process. Asahi Kasei mainly has large pellicles used in the manufacture of flat panel displays (FPD pellicles) and small pellicles used in the manufacture of LSIs and other semiconductors (LSI pellicles).

1. Purpose of This Separation

Asahi Kasei has been the market leader in FPD pellicles since commercialization in 1986. Regarding LSI pellicles, Asahi Kasei has improved manufacturing processes and expanded production capacity, and expanded its market share in recent years in the market for advanced products (ArF immersion). Nevertheless, given the need to continually advance technological development and make additional investments to enhance competitiveness in the FPD pellicles market and to meet requirements for finer processing and higher quality assurance standards in the LSI pellicles market, Asahi Kasei considered the possibility of an alliance or business integration with a partner. Discussions were held with Mitsui Chemicals, which is highly influential in the pellicles industry, on the future prospects for both companies' pellicles business.

Mitsui Chemicals has been the market leader in advanced LSI pellicles since market launch in 1984. Mitsui Chemicals has a prominent presence in the pellicles market as the leading supplier of EUV pellicles for use with EUV exposure, the most advanced in the semiconductor industry, since commercialization in 2021. Mitsui Chemicals positions it as a business for ongoing focus as a core product for IoT materials, and plans to continue to strengthen the business and expand production capacity.

As a result of successive discussions between Asahi Kasei and Mitsui Chemicals on the future prospects for both companies' pellicles business, from the perspectives of swift decision-making and business strengthening, the conclusion was reached that it would be best to transfer The Business to Mitsui Chemicals and operate the FPD pellicles and LSI pellicles business as part of the robust structure of Mitsui Chemicals. Going forward, Mitsui Chemicals will make full use of its Iwakuni-Ohtake Works and the Nobeoka Plant currently of Asahi Kasei EMS, while integrating and combining the accumulated development and manufacturing capabilities of Asahi Kasei and Mitsui Chemicals, and planning for further business expansion and enhancement of BCP. By

performing The Separation, Asahi Kasei is confident that The Business under the management of Mitsui Chemicals will accomplish new product development and advancement of leading technology that would not be obtained by the pellicles business operated independently by Asahi Kasei.

Agreement has been reached with Mitsui Chemicals that, with The Separation, employees to be employed by Mitsui Chemicals will have their employment continued in a form not inferior to their current treatment.

2. Overview of The Separation

1) Schedule of The Separation²

Authorization by Board of Directors:	May 27, 2022 (today)
Execution of Final Agreement:	May 27, 2022 (today)
Execution of The Separation Agreement:	May 2023 (scheduled)
Effective Date of The Separation	July 1, 2023 (scheduled)

² As The Separation corresponds to a simplified absorption-type separation for Asahi Kasei as the separating company in accordance with the provisions of Paragraph 2 of Article 784 of Japan's Companies Act, and a simplified absorption-type separation for Mitsui Chemicals as the succeeding company in accordance with the provisions of Paragraph 2 of Article 796 of Japan's Companies Act, The Separation Agreement does not require approval by a General Meeting of Shareholders of either Asahi Kasei or Mitsui Chemicals.

2) Method of The Separation

Absorption-type separation with Asahi Kasei as the separating company and Mitsui Chemicals as the succeeding company.

3) Allocation related to The Separation

Asahi Kasei is scheduled to receive ¥7,400 million from Mitsui Chemicals as consideration for the rights and obligations succeeding with The Separation. This amount includes consideration for The Business Transfer as defined in 6), below. The final amount is scheduled to be fixed upon adjustment based on the Final Agreement.

4) Share warrants and bonds with share warrants with The Separation

None.

5) Reduction of paid-in capital due to The Separation

None.

6) Rights and obligations succeeding to the succeeding company

Through The Separation, Mitsui Chemicals will succeed, among the assets, liabilities, and other rights and obligations of The Business, those which are stipulated in The Separation Agreement. Apart from The Separation, as operations related to The Business, operations of Asahi Kasei EMD Taiwan Corp. and Asahi Kasei E-materials Korea Inc. will, by the Effective Date of the Separation, be succeeded to Mitsui Chemicals and its affiliates through business transfer, etc. (The Business Transfer).

7) Outlook for fulfillment of obligations

It is judged that there is no issue regarding the outlook for fulfillment of obligations by Mitsui Chemicals after the Effective Date of the Separation.

3. Basis for allocation related to The Separation

The amount for Asahi Kasei to receive for The Separation is calculated as business value based on past and future performance trends of The Business and future business growth prospects in addition to fair value, etc., of succeeding assets and liabilities, and determined

through discussion with Mitsui Chemicals.

4. Corporate profile of parties to The Separation

	Separating Company	Succeeding Company
1) Company name	Asahi Kasei Corp.	Mitsui Chemicals, Inc.
2) Location	1-1-2 Yurakucho, Chiyoda-ku, Tokyo, Japan	1-5-2, Higashi-Shimbashi, Minato-ku, Tokyo, Japan
3) Name and position of representative	Koshiro Kudo, President & Representative Director	Osamu Hashimoto, President & CEO
4) Business field	Diversified chemicals	Diversified chemicals
5) Paid-in capital	¥103,389 million (as of March 31, 2022)	¥125,414 million (as of March 31, 2022)
6) Date of establishment	May 31, 1931	October 1, 1997
7) Outstanding shares	1,393,932,032 (as of March 31, 2022)	204,653,315 (as of March 31, 2022)
8) Fiscal year end	March 31	March 31
9) Largest shareholders and percentage of equity	<p>The Master Trust Bank of Japan, Ltd. (trust account): 17.62%</p> <p>Custody Bank of Japan, Ltd. (trust account): 5.32%</p> <p>JP Morgan Chase Bank 385632: 3.32%</p> <p>Nippon Life Insurance Company: 2.95%</p> <p>Asahi Kasei Group Employee Stockholding Association: 2.59%</p> <p>Sumitomo Mitsui Banking Corp.: 1.83%</p> <p>State Street Bank West Client — Treaty 505234: 1.60%</p> <p>Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.: 1.43%</p> <p>Sumitomo Life Insurance Company: 1.43%</p> <p>Custody Bank of Japan, Ltd. (trust account 4): 1.35%</p> <p>(as of March 31, 2022) Note: percentage of equity ownership after exclusion of treasury stock.</p>	<p>The Master Trust Bank of Japan, Ltd. (trust account): 18.90%</p> <p>Custody Bank of Japan, Ltd. (trust account): 9.01%</p> <p>Mitsui & Co., Ltd. 1.79%</p> <p>Custody Bank of Japan, Ltd. (Mitsui & Co., Ltd. Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust Bank, Limited.): 1.79%</p> <p>Custody Bank of Japan, Ltd. (trust account 4): 1.60%</p> <p>State Street Bank West Client — Treaty 505234: 1.52%</p> <p>Sumitomo Mitsui Banking Corp.: 1.34%</p> <p>Norinchukin Bank 1.31%</p> <p>Mitsui Chemicals client stock ownership: 1.30%</p> <p>Taiju Life Insurance Company Limited: 1.30%</p> <p>(as of March 31, 2022) Note: percentage of equity ownership after exclusion of treasury stock.</p>

10) Financial position and earnings in previous fiscal year

Asahi Kasei Corp. (consolidated, JGAAP, fiscal year ended March 31, 2022)	
Net assets	¥1,718,815 million
Total assets	¥3,349,075 million
Net worth per share	¥1,216.33
Net sales	¥2,461,317 million
Operating income	¥202,647 million
Ordinary income	¥212,052 million
Net income attributable to owners of the parent	¥161,880 million
Net income per share	¥116.68

Mitsui Chemicals, Inc. (consolidated, IFRS, fiscal year ended March 31, 2022)	
Equity attributable to owners of the parent	¥712,654 million
Total assets	¥1,934,965 million
Equity attributable to owners of the parent per share	¥3,688
Sales revenue	¥1,612,688 million
Income before taxes	¥141,274 million
Net income attributable to owners of the parent	¥109,990 million
Basic net income per share	¥565.45

5. Outline of separating business

1) Content of separating business

Operations related to manufacture, development, and sale of pellicles

2) Operating results of separating business

Net sales: ¥4,351 million*

* The above amount includes net sales of operations subject to The Business Transfer.

3) Book value of separating assets and liabilities

Assets		Liabilities	
Current assets	¥1,982 million	Current liabilities	¥224 million
Noncurrent assets	¥1,724 million	Noncurrent liabilities	¥133 million
Total	¥3,707 million	Total	¥357 million

Note: As the above values are current as of September 30, 2021, the value of actual separating assets and liabilities will be adjusted to reflect changes up to the Effective Date of The Separation. The above values include assets and liabilities subject to The Business Transfer.

6. Situation after The Separation

No changes are currently scheduled to the company name, location, name and position of representative, business field, paid-in capital, or fiscal year end of Asahi Kasei Corp. or Mitsui Chemicals, Inc., after The Separation.

7. Future outlook

The effect of The Separation on consolidated earnings is immaterial. Execution of The Separation Agreement is scheduled for May 2023.

For reference:
Forecast for current fiscal year (announced May 13, 2022) and results of previous fiscal year
(consolidated)

(¥ million)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast for current fiscal year (ending March 31, 2023)	2,731,000	210,500	216,500	164,500
Results of previous fiscal year (ended March 31, 2022)	2,461,317	202,647	212,052	161,880

For more information, please contact:

Asahi Kasei Corp.
Corporate Communications
Phone: +81-(0)3-6699-3008
Fax: +81-(0)3-6699-3187