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

(Securities Code: 3407)
May 31, 2024
(Commencement date of measures for electronic provision of information: May 24, 2024)

To Shareholders with Voting Rights:

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

NOTICE OF THE 133rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please be kindly informed that the 133rd Ordinary General Meeting of Shareholders of Asahi Kasei Corporation (the "Company") will be held for the purposes as described below.

When convening this Ordinary General Meeting of Shareholders, the Company has taken measures for electronic provision and has posted matters subject to electronic provision as "Notice of the 133rd Ordinary General Meeting of Shareholders" on the following websites on the Internet.

[Company's website]
https://www.asahi-kasei.com/jp/shoushu/133.html

[Tokyo Stock Exchange's website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show
To find the notice, enter and search for the issue name "旭化成" or the securities code "3407" and select "基本情報" and "縦覧書類／PR 情報" in that order.

In order to exercise voting rights in writing or via the Internet, please review the Reference Documents for the General Meeting of Shareholders posted as matters subject to electronic provision and follow the instruction on page 3 to send or complete the form to exercise voting rights so that it can be received no later than 5:00 p.m. JST, Monday, June 24, 2024.

1. **Date and Time:** Tuesday, June 25, 2024, 10:00 a.m. (JST)
2. **Place:** Banquet room "Rose" (3F), Tokyo Kaikan
   3-2-1 Marunouchi, Chiyoda-ku, Tokyo, Japan
3. **Meeting Agenda:**

Matters to be reported:
1. Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements for the Company's 133rd Fiscal Period (April 1, 2023 - March 31, 2024)
2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board

Proposals to be resolved:

Proposal: Election of Ten Directors

Disclosure on websites

- Should the matters subject to electronic provision require revisions, the revised versions will be posted on each of the websites described above.
- Of the matters subject to electronic provision, the matters listed below are not included in the paper copy to be sent to shareholders who have requested it, pursuant to laws and regulations and Article 15 of the Articles of Incorporation of the Company. Please note that the above matters are subject to audit by the Independent Auditors and the Audit & Supervisory Board Members.
  - "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
  - "Non-Consolidated Statements of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements

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: Tuesday, June 25, 2024, 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.

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 Monday, June 24, 2024, 5:00 p.m. (JST)

3. Exercise by the Internet

Deadline of Exercise: Must be entered no later than Monday, June 24, 2024, 5:00 p.m. (JST)

Please access our voting rights website and enter your approval or disapproval on each proposal.

● 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, only the latest exercise of your voting rights shall be handled as effective.
- If neither approval nor disapproval of a proposal is indicated on the voting rights exercise form you sent, it shall be deemed a vote of approval.

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: Election of Ten Directors

The term of office of the following ten Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Koshiro Kudo, Kazushi Kuse, Toshiyasu Horie, Hiroki Ideguchi, Masatsugu Kawase, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Mses. Yuko Maeda and Chieko Matsuda. Therefore, the Company proposes that the following ten candidates be elected as Directors.

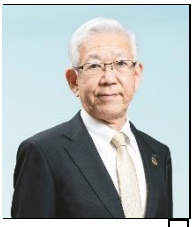
Meanwhile, candidates Messrs. Tsuyoshi Okamoto and Yoshinori Yamashita and Mses. Yuko Maeda and Chieko Matsuda are candidates for Outside Directors, and the Company judges that the said four candidates have sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence. As the said four candidates meet the requirements for independent officer stipulated by the Tokyo Stock Exchange, the Company has registered them with the Tokyo Stock Exchange as independent officers.

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	• Chairman & Director • Board of Directors Meeting convener & chair • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed
2	Koshiro Kudo	June 5, 1959	• President & Representative Director • Presidential Executive Officer • Shareholders Meeting & Management Council convener & chair • Oversight of Group management • Executive Officer for Material • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed
3	Kazushi Kuse	September 15, 1959	• Director • Vice-Presidential Executive Officer • Oversight of R&D, DX	Re-appointed
4	Toshiyasu Horie	December 30, 1962	• Representative Director • Primary Executive Officer • Executive Officer for Strategy, Accounting & Finance, IR, Internal Control • Oversight of Asahi Kasei Europe GmbH, Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd. • Executive Officer for Sustainability Strategy Planning	Re-appointed
5	Hiroki Ideguchi	November 9, 1962	• Director • Senior Executive Officer • Oversight of General Affairs & HR	Re-appointed
6	Masatsugu Kawase	March 9, 1965	• Director • Senior Executive Officer • Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology • Executive Officer for Health & Productivity Management, Energy Policy, Green Transformation	Re-appointed

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
7	Tsuyoshi Okamoto	September 23, 1947	• Outside Director • Chair of the Nomination Advisory Committee • Chair of the Remuneration Advisory Committee	Re-appointed Outside Director Independent
8	Yuko Maeda	July 26, 1960	• Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed Outside Director Independent
9	Chieko Matsuda	November 18, 1964	• Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member	Re-appointed Outside Director Independent
10	Yoshinori Yamashita	August 22, 1957		Newly-appointed Outside Director Independent

Abbreviations: R = Re-appointed, N = Newly-appointed, O = Outside Director, 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/
Tenure as Director</th><th>Career summary and position/responsibility
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">1</td><td>
R
Hideki Kobori
February 2, 1955</td><td>74,800

15/15

12 years
(at the close of the 133rd Ordinary General Meeting of Shareholders)</td><td>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
April 2014: Primary Executive Officer
April 2016: President and Director
April 2016: Presidential Executive Officer
April 2022: Chairman and Director (position held at present)

● Board of Directors Meeting convener & chair
● Nomination Advisory Committee member
● Remuneration Advisory Committee member
[Notable Concurrent Offices]
Outside Director, Nomura Research Institute, Ltd.
Outside Director, Seiko Group Corporation</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 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. In April 2016, he assumed the role of President and Director of the Company. Since April 2022, he has served as Chairman & 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.</td></tr>
<tr><td colspan="3">[Message from the candidate]
Through business portfolio transformation, we contribute to the realization of a carbon-neutral, circular economy that we should aim for, and to living in health and comfort with safety and security. In addition, we strive to achieve sustainable growth of the Group's corporate value and corporate governance that earns the trust of shareholders and other stakeholders.</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
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">2</td><td>
R
Koshiro Kudo
June 5, 1959</td><td>23,700

15/15

3 years
(at the close of the 133rd Ordinary General Meeting of Shareholders)</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
April 2019: President of Performance Products SBU
June 2021: Director (position held at present)
April 2022: Representative Director (position held at present)
April 2022: President and Director (position held at present)
April 2022: Presidential Executive Officer (position held at present)

● Shareholders Meeting and Management Council convener & chair
● Oversight of Group management
● Executive Officer for Material
● 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 the textiles business, including as Asahi Kasei Fibers Executive Officer, President of Fibers & Textiles SBU, and President of Performance Products SBU, he assumed a role of executive officer responsible for Strategy, Accounting & Finance, and Internal Control for the entire Group in April 2021. Since April 2022, he has served as President and 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.</td></tr>
<tr><td colspan="3">[Message from the candidate]
The speed of change in the global business environment is accelerating and its scale is expanding further. Honing the Company's strengths in adapting to these changes and taking on challenges, I will continue to fully commit to growing our corporate value sustainably.</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 at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">3</td><td>
R
Kazushi Kuse
September 15, 1959</td><td>12,000

15/15

2 years (at the close of the 133rd Ordinary General Meeting of Shareholders)</td><td>April 1987: Joined IBM Japan
April 2005: IBM Japan Executive Officer
January 2008: IBM Vice President
January 2017: IBM Japan Chief Technology Officer
July 2020: Joined the Company
July 2020: Executive Officer
July 2020: Executive Fellow
April 2021: Senior Executive Officer
April 2021: Digital Value Co-Creation Senior General Manager
April 2022: Primary Executive Officer
June 2022: Director (position held at present)
April 2024: Vice-Presidential Executive Officer (position held at present)

● Oversight of R&D, DX</td></tr>
<tr><td colspan="3">[Reasons for us to nominate him as a director candidate and expected roles]
He has extensive experience at IBM and IBM Japan in the R&D, engineering management, digital, and other fields, as well as at a global level. 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]
Asahi Kasei has been leveraging its technology, skills, and experience in R&D, production, and manufacturing to contribute to the business. Going forward, we will not be bound by conventional approaches, but will actively take on challenges for new arrangements such as inter-company collaboration, industry-academia-regional collaboration, digital utilization, and utilization of intellectual property to strengthen and expand our business and promote the realization of a sustainable society.</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
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="3">4</td><td>
R
Toshiyasu Horie
December 30, 1962</td><td>22,000

15/15

2 years
(at the close of the 133rd Ordinary General Meeting of Shareholders)</td><td>April 1985: Joined the Company
April 2015: Asahi Kasei Chemicals Corporate Planning & Coordination General Manager
April 2016: Petrochemicals SBU Planning & Coordination General Manager
April 2019: Executive Officer
April 2020: Lead Executive Officer
April 2022: Senior Executive Officer
June 2022: Director (position held at present)
April 2023: Representative Director (position held at present)
April 2024: Primary Executive Officer (position held at present)

● Executive Officer for Strategy, Accounting & Finance, IR
● Executive Officer for Internal Control
● Oversight of Asahi Kasei Europe GmbH
● Oversight of Asahi Kasei America, Inc.
● Oversight of Asahi Kasei (China) Co., Ltd.
● Executive Officer for Sustainability Strategy Planning</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, he assumed a role of Executive Officer responsible for general affairs, legal affairs, and PR, as well as risk management and compliance. Since April 2022, he has been responsible for Strategy and Accounting & Finance for the Group as a whole. 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]
Even in an increasingly uncertain business environment, we are fully committed to the challenge of making changes to contribute to sustained growth of corporate value and the realization of a sustainable society. To this end, we are working to strengthen our foundation, including the implementation of business portfolio transformation and enhancement of the value of various intangible assets.</td></tr>
<tr><td rowspan="3">5</td><td>
R
Hiroki Ideguchi
November 9, 1962</td><td>10,684

11/11

1 year
(at the close of the 133rd Ordinary General Meeting of Shareholders)</td><td>April 1985: Joined the Company
April 2016: Asahi Kasei Pharma Corporate Planning & Coordination Division Senior General Manager
April 2017: Asahi Kasei Pharma Executive Officer
April 2019: Executive Officer
April 2019: Corporate Strategy Senior General Manager
April 2020: Lead Executive Officer
April 2022: Senior Executive Officer (position held at present)
June 2023: Director (position held at present)

● Oversight of General Affairs & HR</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 pharmaceutical business, and then serving as Senior General Manager of Corporate Strategy, he has been responsible for human resources, general affairs, legal affairs, PR, and risk management and compliance since April 2022. 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]
I recognize that the Company is now facing a significant turning point in realizing both contributions to a sustainable society and a sustainable increase in the Group's value. Accelerating the review of our business portfolio and productivity improvements, I strive to reform the general affairs and personnel functions, including strengthening governance and human resources, that form the basis for growth.</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">6</td><td>
R
Masatsugu
Kawase
March 9, 1965</td><td>11,900

11/11

1 year
(at the close of the 133rd Ordinary General Meeting of Shareholders)</td><td>April 1990: Joined the Company
April 2016: Asahi Kasei Chemicals Basic Chemicals Division General Manager
April 2018: Production Center Planning & Coordination General Manager
April 2020: Senior Managing Executive
April 2021: Lead Executive Officer
April 2021: Senior General Manager, Production Center
April 2023: Senior Executive Officer (position held at present)
June 2023: Director (position held at present)

● Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology
● Executive Officer for Health & Productivity Management
● Executive Officer for Energy Policy
● Executive Officer for Green Transformation</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 process development and manufacturing of the petrochemicals business, he has been responsible for ESH, QA, regional offices, manufacturing, production technology, health and productivity management, energy policy, and carbon neutrality since April 2022. 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]
In terms of quality assurance, the environment safety, and health and productivity management, we ensure the safety and security of every stakeholder, which is a fundamental element for business activities. In addition, as our business environment is changing dramatically, we seek to further improve production technology and achieve the targets of our GX strategy to ensure contributions to a sustainable society and a sustainable increase in 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
at the Company
[Notable concurrent offices]</th></tr>
<tr><td rowspan="4">7</td><td>[Outside Director Candidate]

R O I
Tsuyoshi Okamoto
September 23, 1947</td><td>12,500

15/15

6 years
(at the close of the 133rd 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)
July 2018: Tokyo Gas Co., Ltd. Senior Corporate Advisor
June 2023: Tokyo Gas Co., Ltd. Honorary Counselor (position held at present)

● Chair of the Nomination Advisory Committee
● Chair of the Remuneration Advisory Committee
[Notable Concurrent Offices]
Honorary Counselor, Tokyo Gas Co., Ltd.
Outside Director, Japan Post Holdings Co., Ltd.
Outside Director, 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 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 1% of the consolidated sales of the Group, which does not have many main plants in the Kanto Area, and not more than 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]
The changes in both domestic and international situations are drastic and a strong uncertainty about the future has been increasing. Under such circumstances, in aiming to contribute to society and improve corporate value, the Asahi Kasei Group will flexibly respond to the changes and steadily open the way to the future. The technological expertise and human resources cultivated through three-sector management will serve as the foundation for this endeavor. I am ready to spare no effort in achieving this.</td></tr>
</table>

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 as Director of the Company [Notable concurrent offices]
8	[Outside Director Candidate]  R O I Yuko Maeda July 26, 1960	0 15/15 3 years (at the close of the 133rd Ordinary General Meeting of Shareholders)	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 January 2017: CellBank Corp. Director (position held at present) October 2020: Kyushu University Executive Vice President (position held at present) June 2021: Director, the Company (position held at present) ● Nomination Advisory Committee member ● Remuneration Advisory Committee member [Notable Concurrent Offices] Director, CellBank Corp.
	[Reasons for us to nominate her as an outside director candidate and expected roles] She has rich experience as an engineer in industry, academia and government. Based on the experience and knowledge 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.		
	[Supplementary explanations on independence] The Group has transactions with Bridgestone Corporation, where she was formerly involved in executive management, mainly concerning components 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.		
	[Message from the candidate] As domestic and international social conditions are changing drastically, the Asahi Kasei Group with diverse value has materials that can lead the world. With these, we will contribute to society and strive to ensure sustainable growth over the medium- to long-term. Also, leveraging my experience in industry, academia, and government, I will dedicate myself to effecting business growth and improved sustainability through innovation.		

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 as Director of the Company [Notable concurrent offices]
9	[Outside Director Candidate]  R O I Chieko Matsuda November 18, 1964	0 11/11 1 year (at the close of the 133rd Ordinary General Meeting of Shareholders)	April 1987: Joined The Long-Term Credit Bank of Japan, Limited October 1998: Joined Moody's Japan K.K. September 2001: Corporate Directions, Inc. Partner October 2006: Booz & Company, Inc. Vice President (Partner) April 2011: Tokyo Metropolitan University Faculty of Economics and Business Administration Professor (position held at present) April 2011: Tokyo Metropolitan University Graduate School of Management Professor (position held at present) June 2023: Director, the Company (position held at present) ● Nomination Advisory Committee member ● Remuneration Advisory Committee member [Notable Concurrent Offices] Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Member of the Board, Toyota Tsusho Corporation
	[Reasons for us to nominate her as an outside director candidate and expected roles] She has been involved in research on financial and capital market business, management consulting business, and corporate and financial strategy for many years. Based on the experience and knowledge 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.		
	[Supplementary explanations on independence] The Group had management consulting transactions with her until fiscal 2022. However, the amount of said transactions is very small, not more than ¥10 million, and such situation does not have any influence on her independence.		
	[Message from the candidate] With today's drastic changes in business circumstances, it has become an increasingly important goal to enrich the future of companies while balancing increased economic value with the achievement of social value. I will do my utmost for stakeholders to ensure the Asahi Kasei Group can achieve these goals.		

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 as Director of the Company [Notable concurrent offices]
10	[Outside Director Candidate]  NO 1 Yoshinori Yamashita August 22, 1957	0	March 1980: Joined Ricoh Company, Ltd. February 1995: Ricoh UK Products Ltd. Business Planning Division General Manager April 2008: Ricoh Electronics, Inc. President April 2010: Ricoh Company, Ltd. Group Executive Officer April 2011: Ricoh Company, Ltd. Corporate Senior Vice President April 2011: Ricoh Company, Ltd. Corporate Planning Division General Manager June 2012: Ricoh Company, Ltd. Director June 2012: Ricoh Company, Ltd. Corporate Executive Vice President April 2014: Ricoh Company, Ltd. Business Solutions Group General Manager April 2015: Ricoh Company, Ltd. In charge of core business June 2016: Ricoh Company, Ltd. Deputy President April 2017: Ricoh Company, Ltd. Representative Director (position held at present) April 2017: Ricoh Company, Ltd. President April 2017: Ricoh Company, Ltd. CEO April 2020: Ricoh Company, Ltd. CHRO April 2023: Ricoh Company, Ltd. Chairperson (position held at present) [Notable Concurrent Offices] Representative Director, Chairperson, Ricoh Company, Ltd.
	[Reasons for us to nominate her as an outside director candidate and expected roles] He has rich experience as a corporate executive. 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 an Outside Director.		
	[Supplementary explanations on independence] The Group has transactions with Ricoh Company, Ltd., where he currently works, mainly concerning office supplies including copiers. 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 Ricoh Company, Ltd., and such situation does not have any influence on his independence. Furthermore, he serves as the Representative Director and Chairperson at Ricoh Company, Ltd., but his role in the company is primarily to supervise management. He does not hold an executive officer position and is not involved in the execution of daily operations.		
	[Message from the candidate] Digitalization and carbon neutrality, etc. are significantly transforming economic society. The Company, which is committed to the comfortable lives of people and harmony with the natural environment, is expected to contribute to solving social issues, and further increasing corporate value. Leveraging my experience in globalization and business transformation, I intend to devote my full efforts to advising and supervising management.		

(Notes)
1. There is no conflict of interest between any candidate and the Company.
2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Messrs. Hideki Kobori and Tsuyoshi Okamoto, and Mses. Yuko Maeda and Chieko Matsuda, 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 Mr. Yoshinori Yamashita, if he is elected as Director.
3. The Company has entered into an indemnification agreement with all Directors as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws

and regulations. If the reelection of each candidate is approved, the agreement with each of them will remain in effect. If Mr. Yoshinori Yamashita is elected as Director, the same indemnification agreement will be executed with him.

4. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement shall cover compensation for damage, 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.
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 compliance and 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. IHI Corporation, a company where Ms. Chieko Matsuda serves as an Outside Director, found improper alterations in the test operation records carried out during the production process for marine engines and land-use engines manufactured by a subsidiary company of IHI Corporation, and this information was disclosed in April 2024. The company established a special investigation committee and is working to investigate the causes and formulate measures for preventing recurrence, among others. Although she was not aware of this fact until the aforementioned incident came to light, she has regularly made suggestions regarding the importance of compliance and group governance on occasions including their meetings of the Board of Directors. Subsequent to the discovery of the said incident, she is fulfilling her assigned duties as Outside Director by providing appropriate guidance on the investigation into the facts and implementation of measures to prevent recurrence.

(For your reference)
Independence Standards and Qualification for Outside Directors/Audit & Supervisory Board Members
In determining that Outside Directors and Outside Audit & Supervisory Board Members 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 (a company or a person 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/Audit & Supervisory Board Member 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/Audit & Supervisory Board Members/employees of the Group as Directors/Audit & Supervisory Board Members
(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.)"
(11) A person who has served as Outside Director or Outside Audit & Supervisory Board Member of the Company for more than eight years in total.

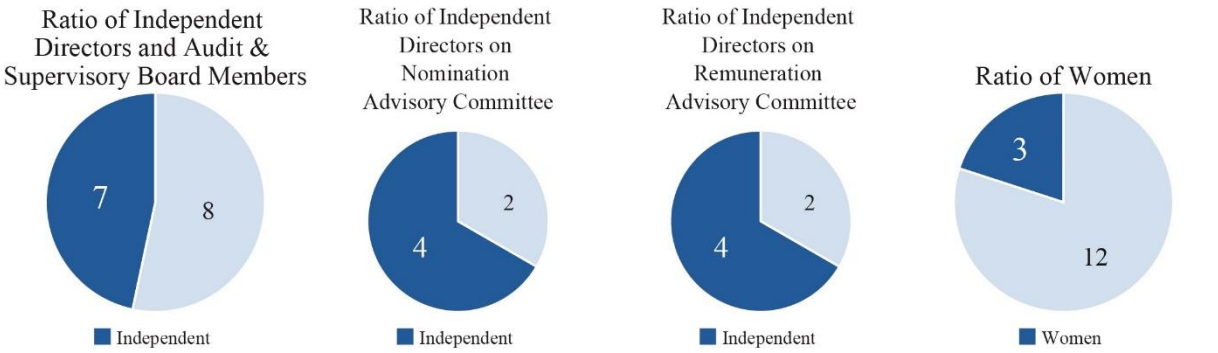
(For your reference)
Fields in which expectations on Directors and Audit & Supervisory Board Members are particularly high

In order to "contribute to life and living for people around the world," the Company pursues two aspects of sustainability: "contributing to a sustainable society" and "sustainable increase in corporate value." To this end, we have identified the knowledge, experience, and capabilities required to advance Group management and its supervision and auditing at a higher level in a discontinuous and uncertain business environment, and have considered the composition of the Board of Directors with consideration to the balance of its diversity and independence.

Specifically, in addition to "corporate management and strategy," "finance and accounting," "legal affairs, intellectual property, and risk management," and "R&D, manufacturing, and technology," which are indispensable for pursuing opportunities and reducing risks, we also emphasize "global" to align with the internationalization of markets and businesses, "digital" to advance digital transformation, "environment and society" to respond to changes in the social environment and the status of stakeholders with agility, and "human resource management" to utilize people as the foundation of business management.

To further enhance the monitoring capability of the Board of Directors, we structure the composition so that Inside Directors can be served mainly by officers responsible for corporate departments.

If the Directors and Audit & Supervisory Board Members are elected as in the proposals, we expect each Director and Audit & Supervisory Board Member to demonstrate their knowledge, experience, capabilities, etc., especially in the areas described as follows, and will accordingly carry out important decision-making of group management and appropriate supervision and auditing comprehensively from diverse perspectives.



7 out of 15 Directors and Audit & Supervisory Board Members are independent
(4 out of 10 Directors are independent)

3 out of 15 Directors and Audit & Supervisory Board Members are women
(2 out of 10 Directors are women)

			Corporate Management & Strategy	Finance & Accounting	Legal Affairs, Intellectual Property & Risk Management	R&D, Manufacturing & Technology	Global	Digital	Environment & Society	Human Resource Management
Directors	Hideki Kobori		★		★				★	
	Koshiro Kudo		★				★		★	★
	Kazushi Kuse					★	★	★	★	
	Toshiyasu Horie		★	★					★	
	Hiroki Ideguchi				★				★	★
	Masatsugu Kawase					★			★	
	Tsuyoshi Okamoto	☐	★	★					★	
	Yuko Maeda	☐			★	★			★	
	Chieko Matsuda	☐	★	★					★	
	Yoshinori Yamashita	☐	★				★	★	★	
Audit & Supervisory Board Members	Yutaka Shibata			★	★				★	
	Takuya Magara					★			★	
	Akemi Mochizuki	☐		★					★	
	Haruyuki Urata	☐	★	★					★	
	Yoshikazu Ochiai	☐			★				★	

(Note) Up to four fields with particularly high expectations are noted for each individual. The table above does not represent all of the knowledge, experience, and capabilities of each individual.

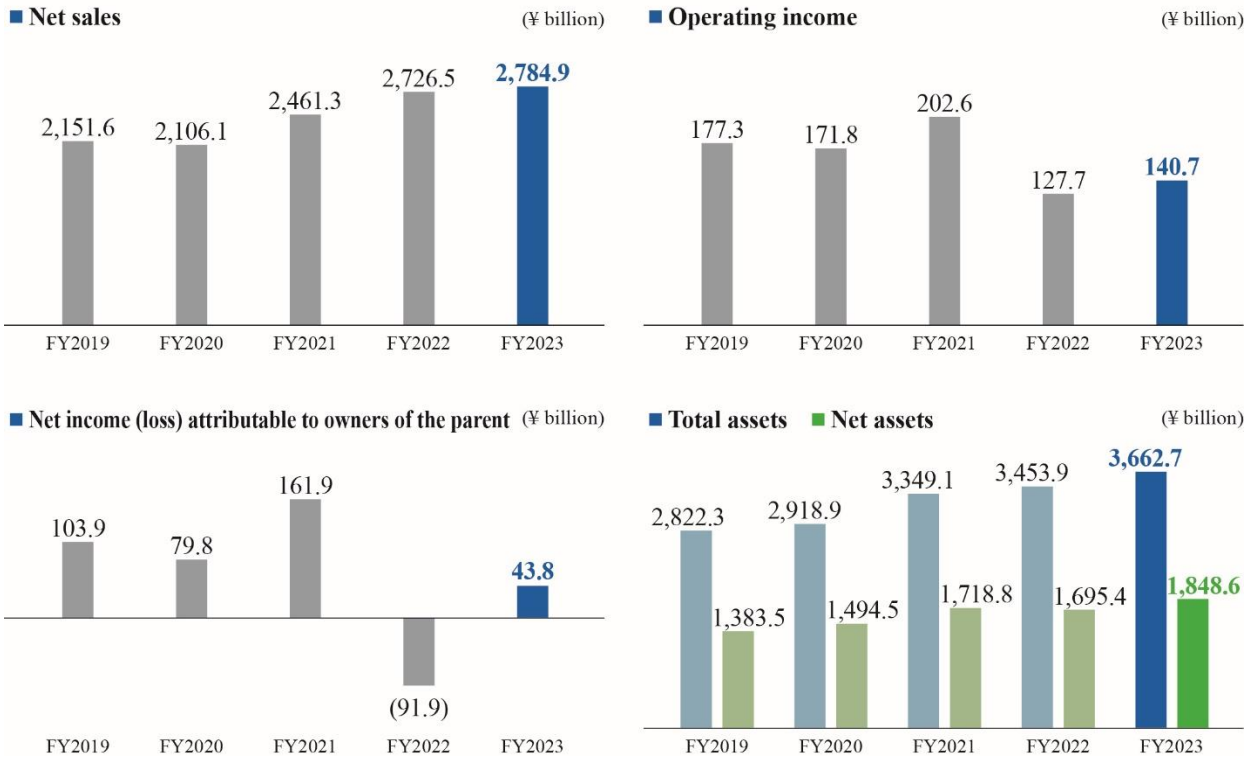
(Appendix)

Business Report

(From April 1, 2023 to March 31, 2024)

1. The Group's Business Results

Consolidated results



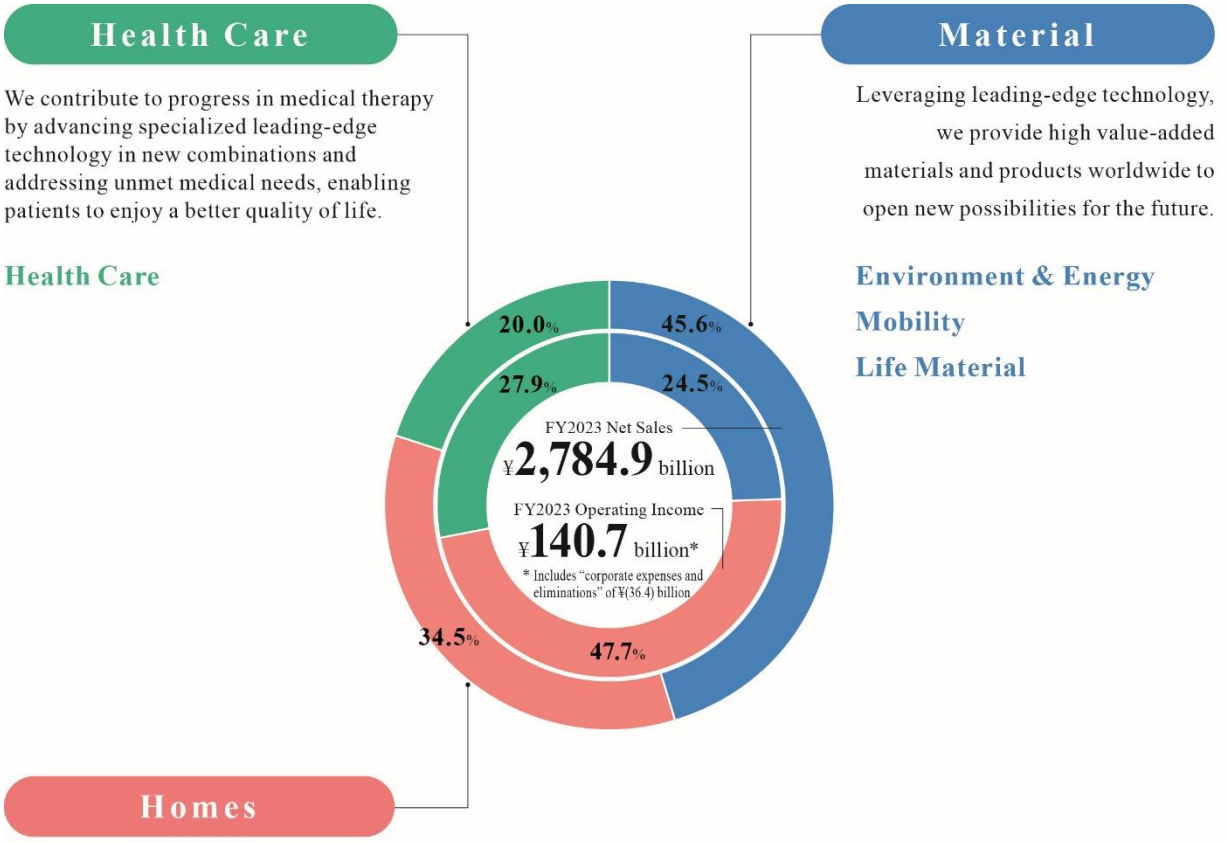
Business results of the fiscal year under review

Consolidated net sales for the fiscal year under review were ¥2,784.9 billion, an increase of ¥58.4 billion from the previous year, and operating income was ¥140.7 billion, an increase of ¥13.0 billion from the previous year. Although Material segment had slower demand centered on the China market and lower market prices than expected, it had improved terms of trade, while Homes and Health Care segments had firm performance. On the other hand, ordinary income was ¥90.1 billion, down ¥30.8 billion from the previous year, mainly due to a recording of ¥38.1 billion in equity in losses of affiliates. Although impairment losses were recorded for equipment related to asset group for general purpose petrochemicals and resins*, net income attributable to owners of the parent turned positive at ¥43.8 billion due to a decrease in impairment losses compared with the previous year and a decrease in tax expenses of transfer of shares of Asahi Kasei Energy Storage Materials, Inc.

* This includes production facilities for petrochemical products in the Environmental Solutions business and production facilities for synthetic resins and other raw materials in the Mobility & Industrial business.

The Asahi Kasei Group's Businesses and Leading Products

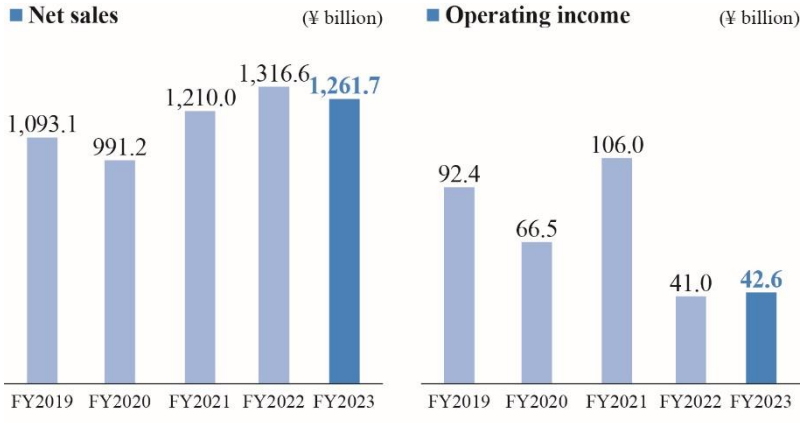
The Group carries out business activities in three sectors: "Material," "Homes," and "Health Care."
Note: Percentages exclusive of "Others" category and "corporate expenses and eliminations"



Material

[Main businesses]
With materials and technologies for realizing a sustainable, carbon neutral society, resin and fiber products that contribute to next generation mobility, digital solutions using electronic materials, and consumables such as Saran Wrap® cling film, which helps make life more convenient, our high value-added product portfolio is expanding on a global scale, contributing to a better future through advanced technologies.

[Overview of results by segment]
In the Environmental Solutions business, although the Basic Materials business had decreased sales volumes with a slowdown in demand and an impact from inventory valuation due to lower market prices, income increased due to lower amortization of goodwill and other intangible assets as an effect of the impairment loss on Polypore International, LP in the previous year. Mobility & Industry business had increased income with firm sales of car interior material and improved terms of trade.

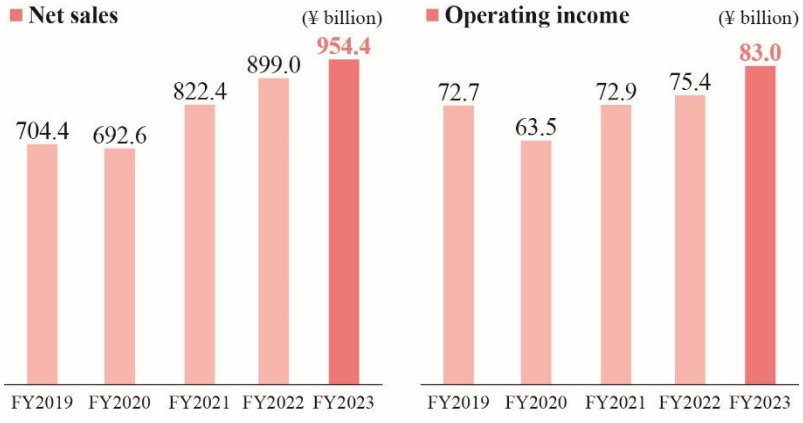


Fiscal 2023 highlight
Significantly expanding the coating capacity for Hipore™ wet-process lithium-ion battery separators
Aiming for business growth in separators for electric vehicles and other automotive applications, particularly in North America and Japan, the Company has decided to make capital investment to expand the coating capacity for Hipore™ in the United States, Japan, and South Korea. Commercial production is slated to begin in the first half of fiscal 2026.

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 the Long Life Home, which earns high customer satisfaction that lasts for more than half a century, and with our Construction Materials business that provides high value-added products and services. We are also accelerating our overseas development in this segment.

[Overview of results by segment]
In Homes business, although the volume of construction work in order-built homes was lower, income increased with expansion of real estate and overseas business. The Construction Materials business had increased income with progress in passing on increased costs.

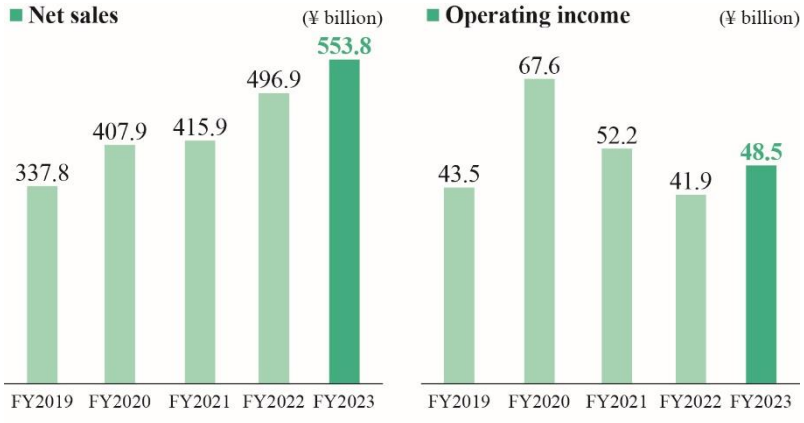


Fiscal 2023 highlight
The "Flood Damage Assessment System," aimed at strengthening disaster support during floods, has been completed
The "Flood Damage Assessment System," a function for estimating the extent of inundation and identifying affected areas, has been developed to be integrated into its disaster information system "LONGLIFE AEDGiS" operated by Asahi Kasei Homes. To enhance customer support in the event of disasters, operations will commence in fiscal 2024.

Health Care

[Main businesses]
We provide pharmaceuticals globally in the fields of orthopedics, critical/intensive care, and the immune system. We also contribute to the advance of medical care around the world with blood purification devices for chronic/acute renal failure and various intractable diseases, products for the manufacturing process of biopharmaceuticals, etc. and contract development and manufacturing services. In the critical care business, AEDs, professional defibrillators, temperature management systems, and others help to save people's lives.

[Overview of results by segment]
Pharmaceutical and medical care business had decreased income with nonrecurrence of lump sum licensing income, and negative impact of Bionova Scientific, LLC consolidation. Critical care business had increased income with improved reimbursement conditions for LifeVest™, higher sales price of defibrillators, and increased sales volumes of AEDs due to improvement of difficulty in parts procurement.



Fiscal 2023 highlight
Launched a new pharmaceutical under an exclusive distribution agreement with Sobi Japan* covering domestic market
The Company launched Doptelet® Tablet 20 mg, an agent for improving thrombocytopenia in patients with chronic liver disease, and Empaveli® Subcutaneous Injection 1080 mg, a therapeutic drug for paroxysmal nocturnal hemoglobinuria, in Japan.
* Swedish Orphan Biovitrum Japan Co., Ltd.

2. Medium-term Management Strategies / Plans and Progress

1. Management environment and management issues

The Group has “contributing to life and living for people around the world” as its Group Mission, and for a century since its founding, the Group has met the needs of the times, responding to the economic development and changes of society.

Currently, the awareness of social and environmental issues is growing globally. People have experienced the COVID-19 pandemic and were made to change their values significantly. As consciousness about life and health rose, their life-styles and work-styles underwent significant transformations, while uncovering various issues. In addition, interest in environmental issues is increasing rapidly, and initiatives to realize carbon neutrality and a circular economy are being accelerated. Furthermore, as prerequisites for business activities, companies are expected to address geopolitical risks and supply chain risks, and contribute to respect for human rights and other issues.

We recognize that these social issues are interrelated across a variety of industries as the barriers between industries become lower, and since the Group is involved in diverse businesses, this represents a great business opportunity for our Group. The Group believes that we can contribute to solving social issues with our unique approach by connecting and utilizing our diverse assets, including human resources, core technologies, and intellectual property, across the three sectors of Material, Homes, and Health Care.

In this time of uncertainty, the Group will take the initiative while making extensive use of assets, and pursue achieving two mutually reinforcing aspects of sustainability: contribution to sustainable society and sustainable growth of corporate value.

(For your reference) Summary of Medium-Term Management Plan 2024 “Be a Trailblazer”

The new Medium-Term Management Plan (MTP) 2024, “Be a Trailblazer” started in 2022. Positioning this plan as the first step toward achieving the vision for 2030, we pursue business portfolio evolution by investing priority resources in the next growth businesses and embarking on fundamental business structure transformation with a medium-term perspective.

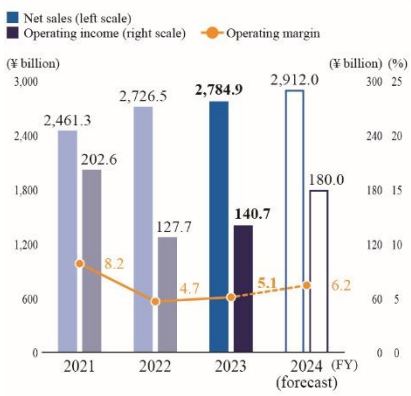
- For business portfolio evolution, we strongly emphasize the three elements of speed, asset light, and high value-added and ensure a combination of challenging investment for growth and cash generation through structural transformation and strengthened existing businesses.
- For challenging investment for future growth, we allocate resources intensively to 10 Growth Gears (GG10) to drive growth so that GG10 can account for more than 70 percent of the operating income by around 2030.
- For strengthened business platform, we primarily focus on four points: “GDP”* plus the maximum use of intangible assets.

  * G: Green transformation, D: Digital transformation, P: People (HR) transformation

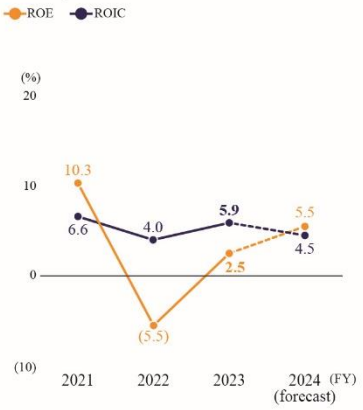
2. Numerical indicators

In fiscal 2023, although the Material segment was affected by slow demand and lower market prices, solid growth in the Homes segment and recovery in performance in the Health Care segment resulted in an operating income increase from the previous year to ¥140.7 billion, net income of ¥43.8 billion, and ROE of 2.5%. Non-financial indicators such as GHG emission reductions and promotion of women's active participation generally progressed as planned.

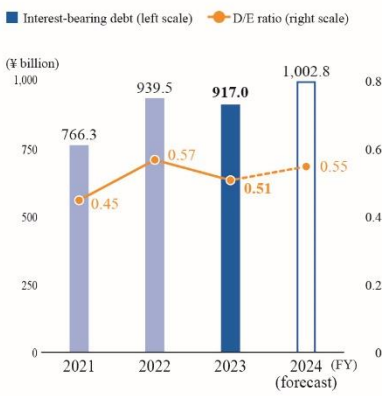
Net sales, operating income, operating margin



ROE*1, ROIC*2

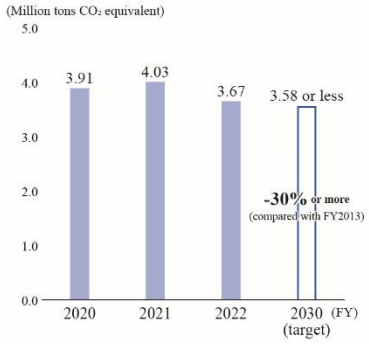


Interest-bearing debt, D/E ratio



Greenhouse gas (GHG) emissions (Scopes 1 and 2)

Applicable range: Production sites of consolidated companies



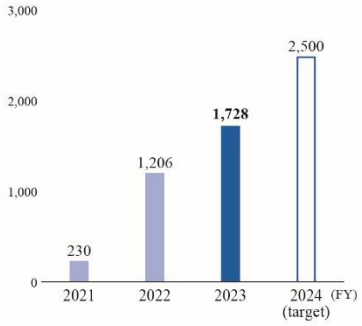
Number of women working as managers and percentage of women in the total number of managers and the Group Masters program

Number of women working as managers (left scale)
Percentage of women in the total number of managers and the Group Masters program (right scale)
Applicable range: Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.



Number of digital professional human resources

Applicable range: Total employees worldwide



*1 Net income per shareholders' equity *2 (Operating income – income taxes) / average annual invested capital

3. Measures and progress

April 2023
General
Established investment framework for CVC focused on carbon neutrality
The Company established an investment framework for CVC (corporate venture capital) focused on carbon neutrality. We plan to invest $100 million toward startups that aim to solve issues in environmental fields over the 5-year period. This investment is expected to support the development of technologies for hydrogen production, energy storage, etc., and accelerate new business creation, GHG emission reduction, and GX (green transformation).

April 2023
Home & Living
Asahi Kasei Homes released new product "RATIUS GR"
Asahi Kasei Homes launched sales of "RATIUS GR," the third product in RATIUS series, a new framework exclusively for two-story residences. This residence features a dynamic appearance created by the deep eaves and large roof enabled by a heavy steel frame, exuding a sense of solidity and luxury. We will continue to pursue the provision of high value-added products and services.

May 2023
General
Selected as a DX Stock for three consecutive years
The Company has been selected as a DX Stock 2023, a selection that the Ministry of Economy, Trade and Industry (METI) makes jointly with the Tokyo Stock Exchange and Information-technology Promotion Agency, Japan. The Group's medium-term management plan positions the promotion of DX as one of the key focuses for enhancing the business foundation, and we are promoting management innovation. The initiatives for digitalization across various fields and human resource development were highly evaluated.

July 2023
Health Care
Centralized headquarters functions of the Health Care Business in the United States
The Company has established new global headquarters for its Health Care Business in Massachusetts, the United States, and centralized headquarters functions of the business to further expand the Health Care segment. We will expand both the pharmaceuticals and medical devices businesses globally and promote business transformation to make it the growth driver of the Group.

October 2023
Environment & Energy
Significantly expanding the coating capacity for wet-process lithium-ion battery separators
The Company decided to expand the coating capacity for Hipore™ lithium-ion battery (LIB) separators in the United States, Japan, and South Korea. We are actively considering the expansion of production capacity to respond to the robust demand for LIB separators, especially for automotive applications such as electric vehicles.

October 2023
Life Material
Started operation of Ceolus™ plant in Mizushima the second plant for microcrystalline cellulose
The Company expanded the supply capacity of Ceolus™ microcrystalline cellulose, widely used for molding, bulking, and dilution of tablets and capsules for pharmaceutical and nutritional supplement applications. We aim to improve stable supply to existing customers and expand sales to the growing overseas pharmaceutical and nutritional supplement markets.

March 2024
Environment & Energy
Started operation of alkaline water electrolysis pilot test plant for hydrogen production
By leveraging its accumulated technologies and expertise, the Company is targeting the commercialization of alkaline water electrolysis systems. This requires large-scale systems and the development of reliable products that can cope with fluctuating power supplies. We are accelerating the development and commercialization of water electrolysis technology by leveraging this test plant, which is capable of conducting a wide variety of

verification trials.

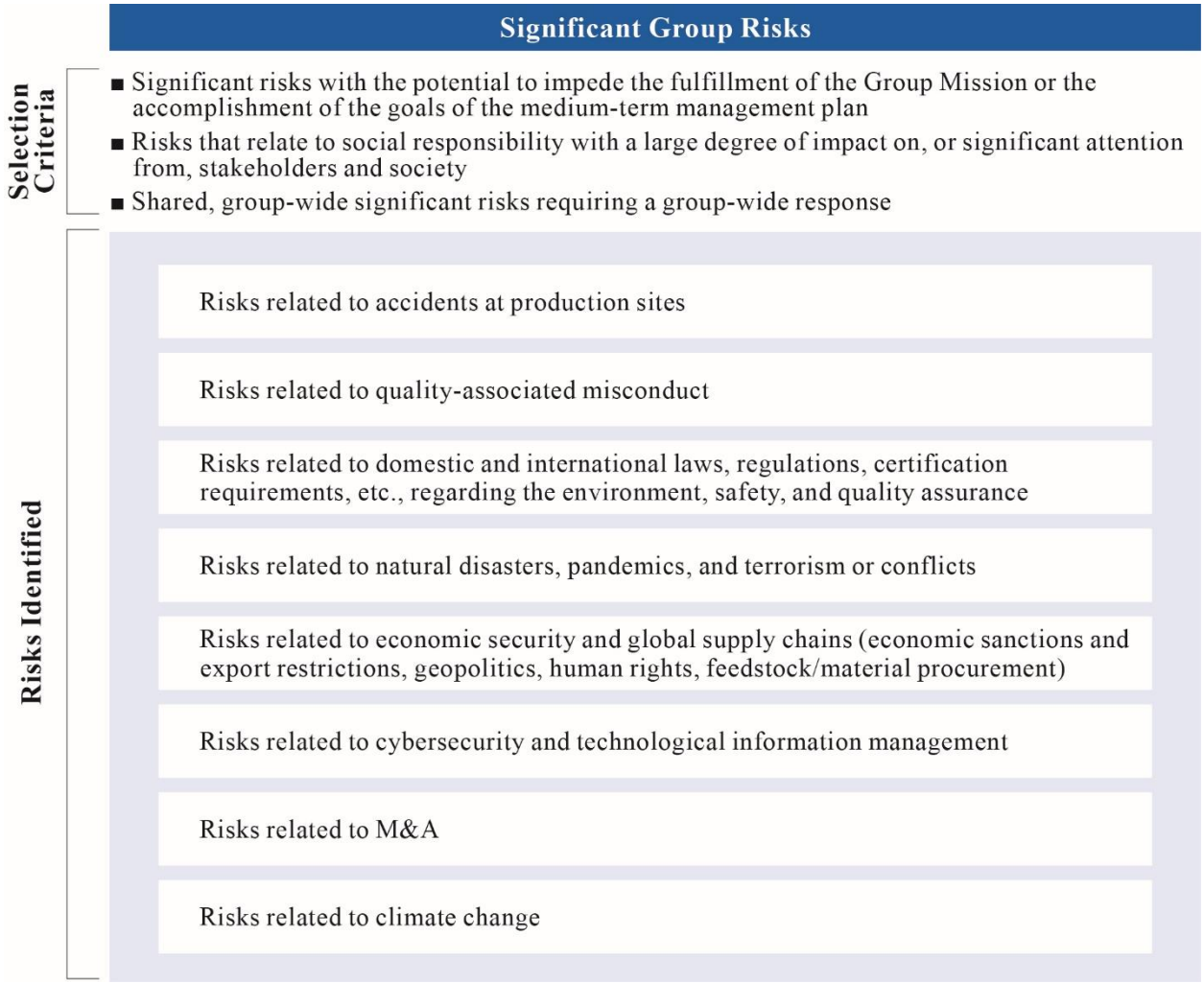
Structural transformation projects executed in fiscal 2023

- Establishment of JV for spunbond nonwovens
- Absorption-type separation of photomask pellicles business
- Transfer of container and film businesses of Asahi Kasei Pax
- Decision to close the Iwakuni Plant of Asahi Kasei Construction Materials

4. Business risks

As the business environment surrounding the Group is changing drastically, the Company defines especially critical risks requiring regular monitoring by the Board of Directors as Significant Group Risks, and risks critical for business divisions as Significant Business Risks to enhance the risk management PDCA.

Specifically, the Company established a risk management framework, clarified the roles of the constituents, and formed a risk management team whose key members include the Executive Officer for risk management and compliance, General Affairs, and Corporate Strategy. Under the instruction of the President, the team works with the Executive Officers for each administrative function, the heads of business units, and others to design specific risk mitigations and makes regular status reports to the Board of Directors. The following were identified as Significant Group Risks for fiscal 2023.



3. Finance

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

The Company determines the level of shareholder returns based on the medium-term free cashflow outlook.

Our basic policy is to return profits to shareholders through dividends, and we are aiming to maintain or increase dividends per share. We are targeting a dividend payout ratio of around 30%–40% (cumulative total for three years of the MTP), and plan to steadily increase the level of shareholder returns. In addition to optimizing our capital structure, share buybacks are to be contemplated and implemented based on comprehensive consideration of investment projects and share prices.

Although the consolidated business results of fiscal 2023 are below the plan, based on the shareholder return policy described above, the year-end dividend for fiscal 2023 shall be 18 yen per share, which, together with the interim dividend of 18 yen per share already paid, will bring the annual dividend to 36 yen per share, as planned initially.

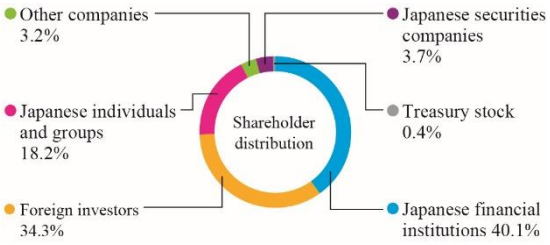
For fiscal 2024, based on the business results forecasts, the Company plans to pay out an annual dividend of 36 yen per share.



(Note) The Company purchased treasury stock of approximately ¥10.0 billion in fiscal 2019.

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 6,099,609 shares of treasury stock)
Number of shareholders: 212,114 persons (increased by 6,444 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)	224,563	16.18
Custody Bank of Japan, Ltd. (trust account)	90,455	6.52
JP Morgan Chase Bank 385632	42,172	3.04
Nippon Life Insurance Company	40,880	2.95
Asahi Kasei Group Employee Stockholding Assn.	38,542	2.78
State Street Bank West Client — Treaty 505234	27,286	1.97
JPMorgan Securities Japan Co., Ltd.	23,917	1.72
Sumitomo Mitsui Banking Corp.	21,404	1.54

Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.	19,800	1.43
Sumitomo Life Insurance Company	19,778	1.43

* The ratio of shares owned is calculated excluding treasury stock.

3. Status of funds raised

In fiscal 2023, the Group raised new funds by issuing the twenty-second, twenty-fourth, and twenty-fifth series unsecured straight bonds and the twenty-third unsecured straight bond (green bond). In contrast, the balance of commercial paper decreased due to improved free cash flow. As a result, outstanding interest-bearing debt (excluding lease obligations) at the fiscal year-end decreased by ¥22.4 billion from a year ago to ¥917.0 billion.

4. Main lenders and loans

(In millions of yen)

Lender	Loan
Mizuho Bank, Ltd. (Note)	112,476
Sumitomo Mitsui Banking Corporation (Note)	105,911
Development Bank of Japan Inc.	85,000
MUFG Bank, Ltd.	75,261
Shinkin Central Bank	52,500
The Norinchukin Bank	50,013
Nippon Life Insurance Company	38,162
Bank Mendes Gans N.V.	28,538
Sumitomo Mitsui Trust Bank, Limited	27,873
The Miyazaki Bank, Ltd.	10,020

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

(For your reference) Message from the responsible Executive Officer

Toshiyasu Horie, Primary Executive Officer

Fiscal 2024 will be the final year of the current medium-term management plan, and we are striving to maximize the returns on investment to date and control SG&A and other expenses to achieve our profit targets. In addition, we are pursuing sustainable growth of corporate value by promoting proactive investment in growth-driving businesses and structural transformation of our business portfolio while maintaining a sound financial position.

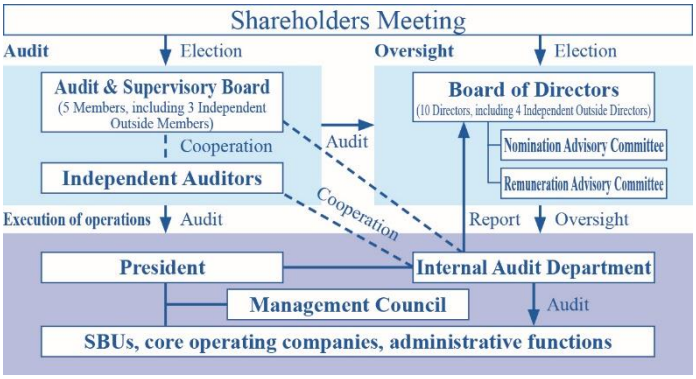
4. Corporate Governance

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 connection of various businesses.

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

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



Key points

- 40% of Directors are Independent Outside Directors
- Two Directors are female
- Directors have diverse backgrounds
- Three-fifths of Audit & Supervisory Board Members are Independent Outside Audit & Supervisory Board Members
- Audit & Supervisory Board Members are supported by Audit & Supervisory Board Members Office
- Internal Audit Department reports to both the President and the Board of Directors

3. Meetings of Board of Directors, Advisory Committees, and Audit & Supervisory Board (FY2023)

	No. of meetings held	Average attendance	Main agenda items
Board of Directors	15	100% (Directors and Audit & Supervisory Board Members)	● Medium-term management direction and business portfolio ● Examinations, decisions, and follow-up of large investments, M&A, and reorganization ● Initiatives and disclosure for human capital ● Response to Significant Group Risks ● Effectiveness evaluation of the Board of Directors ● Reports of Nomination and Remuneration Advisory Committees ● Annual management plan, quarterly and annual results, nomination of officers
Nomination Advisory Committee	6	100% (all members)	● Confirmation of the views on the composition and size of the Board of Directors, candidate nomination policy, the criteria for independence, etc. ● Deliberation on requirements for the selection of Director candidates, and specific Director candidates ● Succession plan for the President ● Nomination of officers for fiscal 2024
Remuneration Advisory Committee	4	100% (all members)	● Review on the level of remuneration for officers ● Deliberation and reviewing of issues related to the officer remuneration system ● Decision of individual performance-linked remuneration amounts
Audit & Supervisory Board	20	100% (Audit & Supervisory Board Members)	● Opinion exchange on the items of significant risks ● Opinion exchange on measures to improve the effectiveness of the Board of Directors and the Audit & Supervisory Board ● Opinion exchange sessions with Outside Directors ● Information sharing and opinion exchange sessions with the internal audit division, the Corporate Auditors of subsidiaries, and the auditing firm ● Revision of the audit standards for internal control systems

4. Major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the Audit & Supervisory Board (attendance rate)	Situation of attendance to the Nomination Advisory Committee (attendance rate)	Situation of attendance to the Remuneration Advisory Committee (attendance rate)
Directors	Tsuneyoshi Tatsuoka	15 out of 15 meetings (100%)	–	6 out of 6 meetings (100%)	4 out of 4 meetings (100%)
	Tsuyoshi Okamoto	15 out of 15 meetings (100%)	–	6 out of 6 meetings (100%)	4 out of 4 meetings (100%)
	Yuko Maeda	15 out of 15 meetings (100%)	–	6 out of 6 meetings (100%)	4 out of 4 meetings (100%)
	Chieko Matsuda	11 out of 11 meetings (100%)	–	5 out of 5 meetings (100%)	3 out of 3 meetings (100%)
Audit & Supervisory Board Members	Akemi Mochizuki	15 out of 15 meetings (100%)	20 out of 20 meetings (100%)	–	–
	Haruyuki Urata	15 out of 15 meetings (100%)	20 out of 20 meetings (100%)	–	–
	Yoshikazu Ochiai	11 out of 11 meetings (100%)	14 out of 14 meetings (100%)	–	–

Classification	Name	Remarks
Directors	Tsuneyoshi Tatsuoka	Based on his experience in industrial policy, he made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, he made comments and asked questions, in particular, about business strategy based on global economic trends and technology trends, and risk management in investment decisions, and he fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
	Tsuyoshi Okamoto	Based on his experience as a company president, he made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, he made comments and asked questions, in particular, about the management of the business portfolio, risk management in investment decisions, and consideration on employees, and he fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
	Yuko Maeda	Based on her experience in research and development and management at companies, universities, and other institutions, she made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, she made comments and asked questions, in particular, about pharmaceutical and medical business, technology management, human resource management, and cooperation with academia, and fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
	Chieko Matsuda	Based on her experience at a university and in management consulting, she made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, she made comments and asked questions, in particular, about the management of the business portfolio and risk management in investment decisions, and fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.

Audit & Supervisory Board Members	Akemi Mochizuki	Based on her experience as a certified public accountant, she made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, she made comments and asked questions, in particular, from the perspectives of risk management and accounting, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.
	Haruyuki Urata	Based on his experience as a company president and a head of finance, he made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, he made comments and asked questions, in particular, about communication with capital markets and risk management in investment decisions, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.
	Yoshikazu Ochiai	Based on his experience as a prosecutor and attorney, he made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, he made comments and asked questions, in particular, from the perspectives of risk management and compliance, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.

5. Directors and Audit & Supervisory Board Members (As of March 31, 2024)

Position	Name	Responsibilities	Concurrent holding of important posts
Chairman and Director	Hideki Kobori	• Board of Directors Meeting convener & chair • Nomination Advisory Committee member • Remuneration Advisory Committee member	Outside Director, Nomura Research Institute, Ltd. Outside Director, Seiko Group Corporation
President and Representative Director	Koshiro Kudo	• Presidential Executive Officer • Shareholders Meeting & Management Council convener & chair • Oversight of Group management • Executive Officer for Material • Executive Officer for Sustainability Strategy Planning • Nomination Advisory Committee member • Remuneration Advisory Committee member	
Director	Kazushi Kuse	• Primary Executive Officer • Oversight of Digital Transformation (DX)	
Representative Director	Toshiyasu Horie	• Senior Executive Officer • Executive Officer for Strategy, Accounting & Finance, IR • Executive Officer for Internal Control • Deputy Oversight of Asahi Kasei Europe GmbH • Oversight of Asahi Kasei America, Inc. • Oversight of Asahi Kasei (China) Co., Ltd.	
Director	Hiroki Ideguchi	• Senior Executive Officer • Oversight of General Affairs & HR • Executive Officer for General Affairs, Legal Affairs, and PR • Executive Officer for Risk Management & Compliance	
Director	Masatsugu Kawase	• Senior Executive Officer • Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology Functions • Executive Officer for Health & Productivity Management • Executive Officer for Energy Policy & Carbon Neutrality	
Outside Director	Tsuneyoshi Tatsuoka	• Nomination Advisory Committee member • Remuneration Advisory Committee member	• Outside Director, Mitsubishi Corporation • External Director, Nikon Corporation
Outside Director	Tsuyoshi Okamoto	• Chair of the Nomination Advisory Committee • Chair of the Remuneration Advisory Committee	• Honorary Counselor, Tokyo Gas Co., Ltd. • Outside Director, Japan Post Holdings Co., Ltd. • Outside Director, Mitsubishi Estate Co., Ltd.
Outside Director	Yuko Maeda	• Nomination Advisory Committee member • Remuneration Advisory Committee member	• Director, CellBank Corp.
Outside Director	Chieko Matsuda	• Nomination Advisory Committee member • Remuneration Advisory Committee member	• Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University • Professor, Graduate School of Management, Tokyo Metropolitan University • Outside Director, IHI Corporation • Outside Member of the Board, Toyota Tsusho Corporation

Position	Name	Responsibilities	Concurrent holding of important posts
Audit & Supervisory Board Member	Yutaka Shibata		
Audit & Supervisory Board Member	Takuya Magara		
Outside Audit & Supervisory Board Member	Akemi Mochizuki		• Certified Public Accountant (Partner, Akahoshi Audit Corporation) • Outside Director, Audit and Supervisory Committee Member of Tsumura & Co. • Statutory Auditor of SBI Holdings, Inc.
Outside Audit & Supervisory Board Member	Haruyuki Urata		
Outside Audit & Supervisory Board Member	Yoshikazu Ochiai		• Attorney-at-law (Of Counsel, Nishimura & Asahi law firm (Gaikokuho Kyodo Jigyo))

(Notes) 1. No special relationship exists between the above important posts held concurrently and the Company.
2. Directors Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, Yuko Maeda, and Chieko Matsuda are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
3. Audit & Supervisory Board Members Akemi Mochizuki, Haruyuki Urata, and Yoshikazu Ochiai are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
4. Audit & Supervisory Board Members Akemi Mochizuki and Haruyuki Urata have extensive experience as a certified public accountant, and an Executive Officer responsible for accounting and finance, respectively, and both have considerable insight into finance and accounting.
5. The Company has executed contracts with five Directors: Hideki Kobori, Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, Yuko Maeda, and Chieko Matsuda as well as five Audit & Supervisory Board Members: Yutaka Shibata, Takuya Magara, Akemi Mochizuki, Haruyuki Urata, and Yoshikazu Ochiai 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. The Company has entered into an indemnification agreement with all Directors and Audit & Supervisory Board Members stated above as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations.
7. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with Directors, Audit & Supervisory Board Members, Executive Officers, and Directors, Corporate Auditors, Executive Officers at major subsidiary companies, as the insured parties. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties, and premiums are fully covered by the Company. However, measures are taken so that the properness of the execution of duties by the insured parties is not impaired by excluding from coverage criminal acts of the insured or damage incurred by the insured in connection with acts committed by the insured with knowledge that the act violates laws and regulations.

6. Independent Auditors

(1) Name of Independent Auditors
PricewaterhouseCoopers Japan LLC

(2) The rationale for the Audit & Supervisory Board having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to fiscal 2023

1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act
PricewaterhouseCoopers Japan: ¥356 million

2) Total amount of money and other financial profit to be paid by the Company and its subsidiaries
PricewaterhouseCoopers Japan: ¥506 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 such as for preparation of comfort letters in relation to issuance of bonds.
3. The Company's significant overseas subsidiaries are audited (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) 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).
4. Other than the amount stated above, the Company paid additional remuneration of ¥27 million pertaining to fiscal 2022 for the amount of remuneration, etc. to be paid by the Company to Independent Auditors.

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

The Audit & Supervisory Board, 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., determined that the amount of the remuneration, etc. of the Independent Auditors was appropriate and agreed on the amount.

(3) Policies of dismissal or denial of reappointment of Independent Auditors
The Audit & Supervisory Board shall dismiss Independent Auditors subject to the agreement of all Audit & Supervisory Board Members 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 Audit & Supervisory Board 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.

(For your reference)
Strategic Shareholdings

The Company is continuing to reduce its holdings of shares held for purposes other than pure investment (strategic shareholdings), taking into consideration factors such as the risk of share price fluctuations, costs associated with such holdings, and capital efficiency.

The purpose, effectiveness and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year, and are reviewed by the Board of Directors.

As a result of the verification, the Company reduces, through sales or other means, holdings of shares judged to be no longer compatible with the purpose of holding them or deemed to have costs and risks that outweigh the benefits of holding them, taking into consideration the conditions of the company concerned.





7. Remuneration for Officers

The amount of remuneration, etc. of Directors and Audit & Supervisory Board Members in fiscal 2023

Classification	Amount paid (In millions of yen)	Breakdown by remuneration type (In millions of yen)			Number of Directors and Audit & Supervisory Board Members paid
		Basic remuneration	Performance-linked remuneration	Stock-based remuneration*	
Directors	601	452	85	65	12
(of which Outside Directors)	68	68	–	–	4
Audit & Supervisory Board Members	158	158	–	–	7
(of which Outside Audit & Supervisory Board Members)	54	54	–	–	4

* In this table, "Stock-based remuneration" represents an amount expected to be charged for the next fiscal year, not an amount that was charged for the fiscal year under review. The Company charges the stock-based remuneration on a day when points are conferred based on the Share Grant Regulations. The point conferment date is set to a day in the next fiscal year of the fiscal year in which the target achievement base date for the points (the final day of the fiscal year) exists.

Status of shares granted to officers as remuneration for execution of duties in fiscal 2023

Classification	Number of shares	Number of eligible officers
Directors (excluding Outside Officers)	15,700 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 Audit & Supervisory Board Members

Date of resolution by the General Meeting of Shareholders	Outline of resolution	Number of persons pertaining to resolution
June 24, 2022	The cash remuneration limit to be paid to Directors (¥800 million per year or less, of which annual remuneration for Outside Directors is ¥80 million or less)	9 (including 3 Outside Directors)
June 24, 2022	The stock-based remuneration limit (up to ¥450 million over three fiscal years)	5
June 24, 2022	The cash remuneration limit to be paid to Audit & Supervisory Board Members (¥180 million per year or less)	5

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 content that 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:

The Directors' remuneration of the Company is one of the important components of corporate governance. The Company designs this system to provide appropriate incentives to both executives and supervisors for achieving the Group's sustainable growth and improving its medium- to long-term corporate value.

Remuneration for Non-executive Directors including Outside Directors, who supervise the 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, continually confirm appropriateness, and make improvements.

(2) Basic design

1) Performance-linked monetary remuneration

- Designed by combining both achievement of financial targets including invested capital 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, ROIC, 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:



* Coefficient comprehensively considering achievement of financial targets and non-financial 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 2023 target figure / standard figure	Fiscal 2023 actual figure
Consolidated net sales	¥2,865.0 billion	¥2,784.9 billion
Consolidated operating income	¥160.0 billion	¥140.7 billion
Consolidated ROIC*	6.0%	5.9%

* (Operating income – income taxes) / average annual invested capital

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, and it was revised at the 131st Ordinary General Meeting of Shareholders held on June 24, 2022.
- 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 according to individual ranks and degree of achievement of performance targets (maximum of 150,000 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)
- The following table describes the status of the performance targets above, which are defined by the Board of Directors, for fiscal 2023.

Indicator	Indicator Calculation Method	Fiscal 2023 target figure / standard figure	Fiscal 2023 actual figure
Job satisfaction	Percentage of employees absent due to mental illness	0.70%	1.16%
DX	Total number of digital professionals	1,750	1,728
Diversity	Percentage of women	4.4%	4.4%

	among managers and Group Masters		

(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 (as of March 31, 2024)

Name	Position and responsibilities
Tsuyoshi Okamoto	Outside Director Chair of the Remuneration Advisory Committee
Tsuneyoshi Tatsuoka	Outside Director
Yuko Maeda	Outside Director
Chieko Matsuda	Outside Director
Hideki Kobori	Chairman & Director
Koshiro Kudo	President and Representative Director Presidential Executive Officer

(4) Reason for the Board of Directors to have judged the contents of remuneration, etc. for individual Directors pertaining to fiscal 2023 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.

(For your reference) Executive Directors



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

(Note) Remuneration for Outside Directors is comprised solely of fixed base remuneration

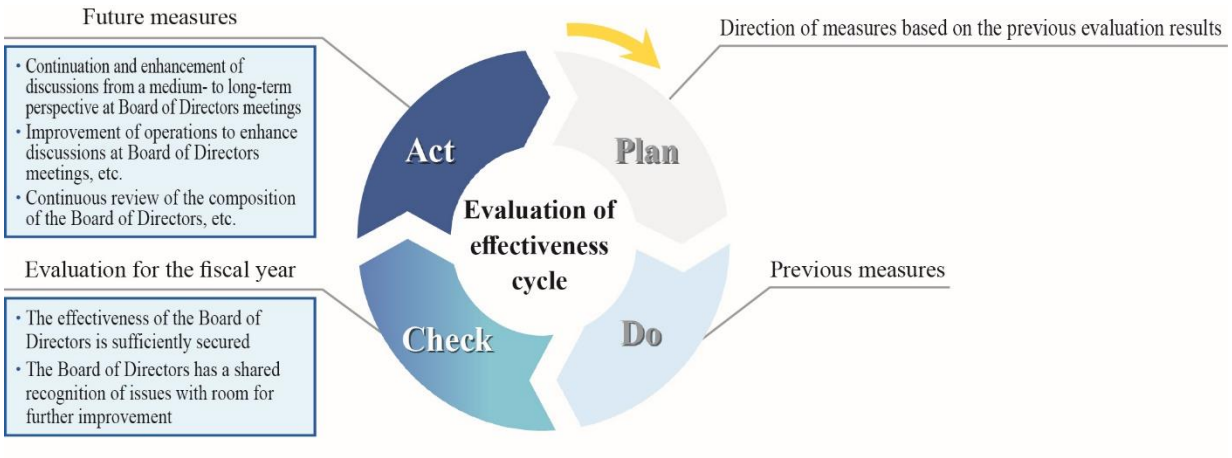
Remuneration for Audit & Supervisory Board Members

- The performance-linked remuneration system is not applied in the remuneration for Audit & Supervisory Board Members, and their remuneration consists of fixed remuneration. Individual remuneration amounts are determined through discussions with Audit & Supervisory Board Members.

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 every fiscal year. In fiscal 2023, we utilized a third-party organization in order to evaluate the previous measures of the Board of Directors of the Company more objectively. The use of a third-party organization enabled all the Board of Directors members to share recognition of the status and issues related to ensuring the effectiveness of the Company's Board of Directors more clearly, and further deepen the measures for improvement towards enhancing effectiveness. We will continue to use the third-party organization on a regular basis for evaluation of the effectiveness of the Board of Directors in the future. The results of the evaluation of the effectiveness of the Board of Directors (hereinafter, "the fiscal year's evaluation") in fiscal 2023 are summarized as follows:

■ Measures to Improve the Effectiveness of the Company's Board of Directors



Previous measures (Plan, Do)
The Company's Board of Directors mainly worked on the following actions in the most recent three fiscal years.

- Review of the composition of the Board of Directors and the officer remuneration system
  - Further enhancement of the monitoring capability by review of the composition of the Board of Directors
  - Review of remuneration design for directors to provide incentives for sustainable growth and improving medium- to long-term corporate value
  - Improvement of transparency in the remuneration decision-making process by entrusting the decision right for performance-linked remuneration to the Remuneration Advisory Committee
- Enhancement of management of Board of Directors meetings
  - Enhancement of the setting of agenda items at meetings of the Board of Directors, deepening deliberations on important management matters by establishing Matters to Be Discussed
  - Enhancement of the quality of discussions at Board of Directors meetings by expanding the pre-meeting briefings
- Other measures for cooperation and information sharing
  - Holding Independent Officer Meetings for only Outside Directors and Outside Audit & Supervisory Board Members
  - Expansion of opportunities for Outside Officers to participate in site visits, research presentations, etc.

1. Process of the fiscal year's Evaluation (Check)

(1) From November 2023 to January 2024

We conducted surveys for all Directors and Audit & Supervisory Board Members and based on the responses to these surveys, an interview was conducted with all Directors and Audit & Supervisory Board Members by the third-party organization.

The survey and the interviews covered not only the Board of Directors but also the Nomination Advisory Committee and Remuneration Advisory Committee and the topics included such areas as the composition of the Board of Directors, the management and discussion status of meetings of the Board of Directors, the Nomination Advisory Committee, and Remuneration Advisory Committee, and support systems and information-sharing provided to Outside Officers, etc.

(2) February 2024

The Company's Board of Directors received reports from the third-party organization based on the aforementioned surveys and interviews, and discussed the contents of the report.

(3) March and April 2024

The Company's Board of Directors deliberated on responses to the issues identified.

2. Result summary of the evaluation (Check)

(1) As a result of the deliberations based on the report from the third-party organization, the Company's Board of Directors confirmed that the effectiveness of the Board of Directors is sufficiently ensured, particularly in the following aspects.

- Under the appropriate composition of the Board of Directors, each Director and Audit & Supervisory Board Member properly perform their roles and functions, and open and active discussion is conducted.
- The arrangement of discussions and gist of discussions at the Management Council meetings are shared with the Board of Directors, and are highly rated by Outside Officers.
- The chair of the Board of Directors is highly regarded as performing his role appropriately. In addition, Outside Directors and Audit & Supervisory Board Members contribute to substantive discussions based on their own experience and knowledge.

(2) On the other hand, the Company's Board of Directors shared that there are still issues regarding the following points.

- While working on business structural transformation and business portfolio transformation, there is room for improvement to hold further in-depth discussions at the Board of Directors and other meetings on medium- to long-term management issues, etc.
- The importance of further advancement of the discussions on the executive side in the stage prior to Board of Directors meetings and further information sharing with the Board of Directors are recognized.
- Regarding the composition of the Board of Directors, there is a need for continuous discussion, taking into consideration the percentage of Outside Directors in the future, the expected roles of the officers, the size of the Board of Directors, etc.

3. Future measures (Act)

Based on the objective analysis by the third-party organization, the Company's Board of Directors confirms the appropriateness and effectiveness of the previous measures, identifies the issues to be addressed for further enhancement of the effectiveness of the Board of Directors, and has decided to implement the following measures for improvement.

(1) Continuation and enhancement of discussions from the medium- to long-term perspective at Board of Directors meetings

The Company aims for "contributing to a sustainable society" and "sustainable growth of corporate value" as two mutually reinforcing aspects of sustainability, and promotes the business portfolio management and strengthening its business platform. In order to properly supervise this, The Board of Directors aims to enhance discussions on key management subjects to be discussed from a medium- to long-term perspective, such as business portfolio transformation, management resource allocation, etc. In order to further deepen discussions, more opportunities are made for opinion exchange outside of meetings of the Board of Directors.

(2) Improvement of operations to enhance discussions at Board of Directors meetings, etc.

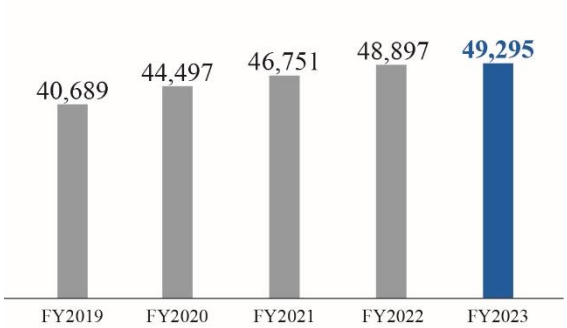
In order to enhance discussions at Board of Directors meetings, we will consider the advancement of discussions at the Management Council meeting which is responsible for preliminary deliberations at Board of Directors meetings, and promote further streamlining and greater efficiency of the operation of Board of Directors meetings. In addition, we will continue to work on information sharing with Outside Officers and enhancement of communication between Outside Officers, etc.

(3) Continuous consideration of the composition of the Board of Directors

We deepen discussions on the composition of the Board of Directors and continuously pursue the most appropriate form of the Board of Directors in light of our management philosophy, management strategy, and business environment.

5. Status of Human Resources, Sites, and the Group

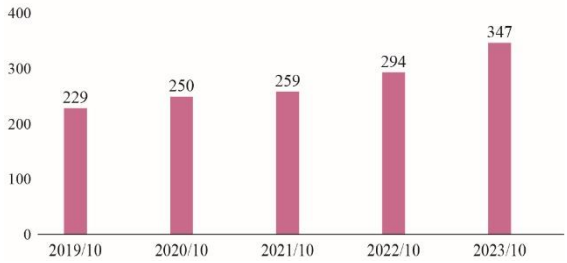
1. Number of employees at the Group (as of the end of each fiscal year)



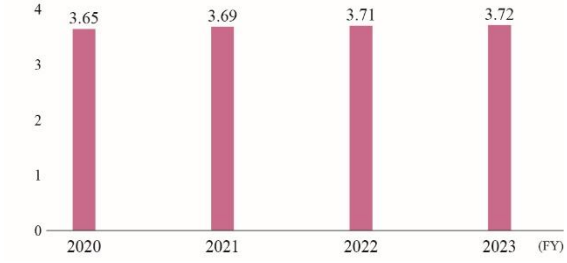
(Note) The ratio of overseas employees for FY2023 is slightly above 40%.

(For your reference) Human resources-related data

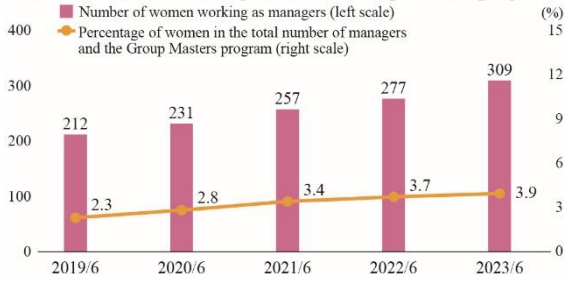
Number of Group Masters



Growth behavior index from work engagement survey



Number of women working as managers and percentage of women in the total number of managers and the Group Masters program



Applicable range: Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.

The medium-term management plan positions “lifelong growth” and “co-creativity” as pillars of human resource strategy and promotes various measures accordingly.

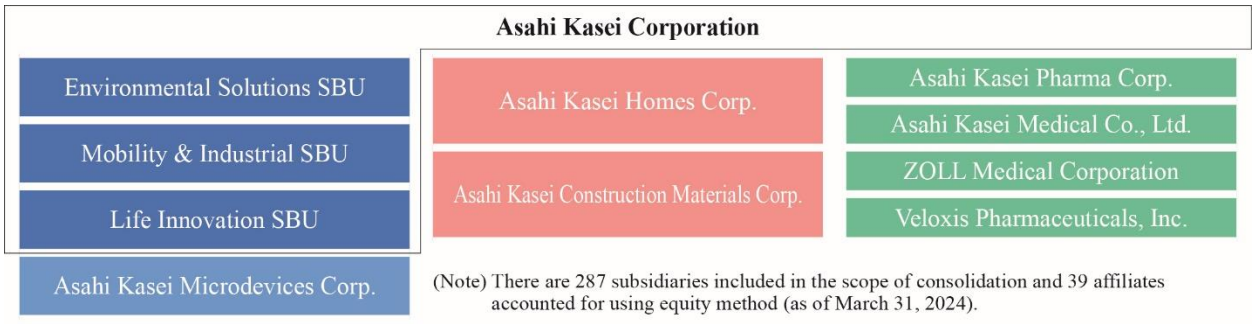
Under “lifelong growth,” we focus on and enhance two aspects: individuals envisioning their own careers and continuous learning and taking on challenges for growth; and leaders dedicating efforts to enhancing management capabilities that draw out both individual and team capabilities. Under “co-creativity,” we promote measures to organically connect diverse technologies, businesses, and human resources from two perspectives of expanding and connecting diversity, to leverage the unique value of the Group.

Asahi Kasei has adopted and is monitoring three KPIs pertaining to human resources: the number of Group Masters, the Growth Behavior Index (KSA*), and the proportion of women working as managers and Group Masters.

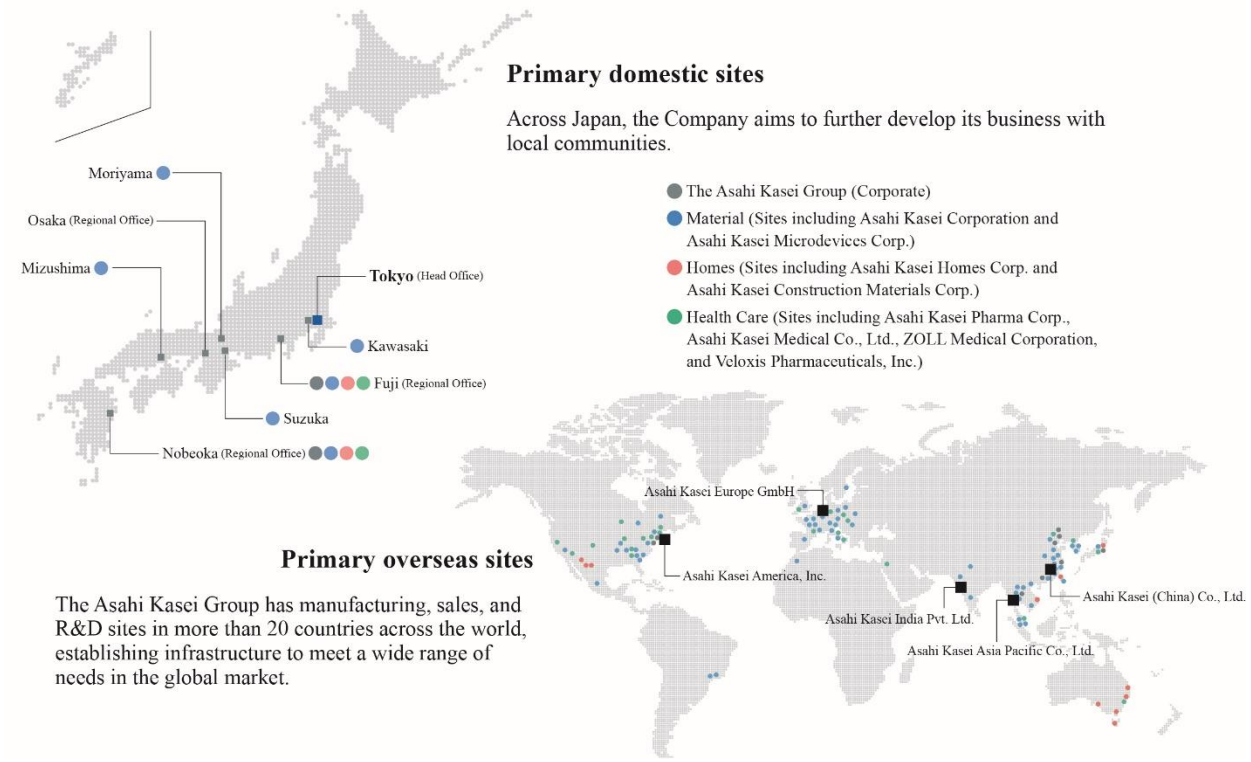
* KSA, an engagement survey assessing employee empowerment and growth, is gauging three indicators: supervisor–subordinate relationships and workplace environments; employee empowerment; and a growth behavior index. We have been conducting this survey annually since 2020.

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

Since April 2016, the Company has employed the Operating Holding Company structure shown below 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 287 subsidiaries included in the scope of consolidation and 39 affiliates accounted for using equity method (as of March 31, 2024).



Consolidated Financial Statements

Consolidated Balance Sheets
(As of March 31, 2024)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2023)	Consolidated Fiscal Year (As of March 31, 2024)
(Assets)		
Current assets	**1,488,195**	**1,650,037**
Cash and deposits	251,181	338,108
Notes, accounts receivable–trade, and contract assets	442,692	485,941
Merchandise and finished goods	310,380	317,397
Work in process	162,255	171,645
Raw materials and supplies	169,918	189,794
Other	154,335	150,030
Allowance for doubtful accounts	(2,567)	(2,877)
Noncurrent assets	**1,965,705**	**2,012,693**
Property, plant and equipment	**871,701**	**853,289**
Buildings and structures	315,765	302,906
Machinery, equipment and vehicles	297,801	270,007
Land	69,232	72,750
Lease assets	5,560	6,926
Construction in progress	120,299	132,051
Other	63,045	68,650
Intangible assets	**736,158**	**754,728**
Goodwill	348,561	360,676
Other	387,597	394,052
Investments and other assets	**357,846**	**404,676**
Investment securities	212,611	188,288
Long-term loans receivable	8,466	17,198
Long-term advance payments–trade	28,267	26,692
Net defined benefit asset	25,836	41,876
Deferred tax assets	45,916	84,557
Other	37,248	46,638
Allowance for doubtful accounts	(498)	(574)
Total assets	**3,453,900**	**3,662,730**

(Notes) 1. Amounts are rounded to the nearest million yen.
2. Calculation of results of the previous fiscal year, previously based on provisional accounting treatment related to business combinations, has been finalized.

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2023)	Consolidated Fiscal Year (As of March 31, 2024)
(Liabilities)	**1,758,517**	**1,814,106**
Current liabilities	**912,163**	**914,572**
Notes and accounts payable–trade	180,560	213,252
Short-term loans payable	196,032	178,091
Commercial paper	124,000	83,000
Current portion of bonds payable	40,000	30,000
Lease obligations	6,766	7,815
Accrued expenses	147,163	151,577
Income taxes payable	17,491	17,827
Advances received	72,948	88,415
Provision for grant of shares	80	70
Provision for periodic repairs	8,410	4,805
Provision for product warranties	4,240	4,369
Provision for removal cost of property, plant and equipment	3,788	6,511
Other	110,683	128,838
Noncurrent liabilities	**846,355**	**899,534**
Bonds payable	170,000	200,000
Long-term loans payable	409,424	425,926
Lease obligations	28,526	30,729
Deferred tax liabilities	27,767	20,184
Provision for grant of shares	339	545
Provision for periodic repairs	4,309	7,924
Provision for removal cost of property, plant and equipment	15,910	15,843
Net defined benefit liability	128,708	133,434
Long-term guarantee deposits	22,703	23,295
Other	38,671	41,654
Net assets	**1,695,382**	**1,848,625**
Shareholders' equity	**1,317,493**	**1,311,878**
Capital stock	103,389	103,389
Capital surplus	79,841	80,272
Retained earnings	1,141,690	1,135,533
Treasury stock	(7,426)	(7,316)
Accumulated other comprehensive income	**342,802**	**501,513**
Net unrealized gain on other securities	52,310	51,269
Deferred gains or losses on hedges	72	(14)
Foreign currency translation adjustment	265,022	417,391
Remeasurements of defined benefit plans	25,397	32,867
Non-controlling interests	**35,087**	**35,234**
Total liabilities and net assets	**3,453,900**	**3,662,730**

(Notes) 1. Amounts are rounded to the nearest million yen.
2. Calculation of results of the previous fiscal year, previously based on provisional accounting treatment related to business combinations, has been finalized.

Consolidated Statements of Income
(April 1, 2023 – March 31, 2024)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)	Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)
Net sales	2,726,485	2,784,878
Cost of sales	1,952,709	1,968,909
Gross profit	**773,776**	**815,969**
Selling, general and administrative expenses	646,060	675,223
Operating income	**127,716**	**140,746**
Non-operating income	14,050	17,693
Interest income	3,896	7,684
Dividends income	4,021	3,504
Equity in earnings of affiliates	923	—
Other	5,210	6,504
Non-operating expenses	20,867	68,320
Interest expense	5,907	7,448
Equity in losses of affiliates	—	38,106
Other	14,959	22,766
Ordinary income	**120,900**	**90,118**
Extraordinary income	41,744	52,110
Gain on sales of investment securities	32,201	27,088
Gain on sales of noncurrent assets	729	527
Insurance income	8,814	15,346
Gain on business transfer	—	2,986
Settlement income	—	6,163
Extraordinary loss	225,186	113,385
Loss on valuation of investment securities	2,805	1,773
Loss on disposal of noncurrent assets	12,517	8,044
Impairment losses	189,446	92,834
Loss on fire at plant facilities	7,092	—
Business structure improvement expenses	13,326	10,733
Income (loss) before income taxes	**(62,541)**	**28,843**
Income taxes—current	56,118	31,984
Income taxes—deferred	(28,654)	(49,469)
Net income (loss)	**(90,005)**	**46,328**
Net income attributable to non-controlling interests	1,942	2,522
Net income (loss) attributable to owners of the parent	**(91,948)**	**43,806**

(Notes) 1. Amounts are rounded to the nearest million yen.
2. Calculation of results of the previous fiscal year, previously based on provisional accounting treatment related to business combinations, has been finalized.

Consolidated Financial Statements

(Reference)
Summary of Consolidated Statements of Cash Flows
(April 1, 2023 – March 31, 2024)

(In millions of yen)

Description	Consolidated Fiscal Year (April 1, 2023 – March 31, 2024
Cash flows from operating activities	**295,300**
Income before income taxes	28,843
Depreciation and amortization	152,593
Amortization of goodwill	29,603
Decrease in notes, accounts receivable–trade, and contract assets	(19,087)
Increase in inventories	(16,303)
Decrease in notes and accounts payable–trade	18,630
Decrease in accrued expenses	(2,416)
Increase in advances received	14,979
Income taxes (paid) refund	(34,834)
Other	123,292
Cash flows from investing activities	**(142,598)**
Purchase of property, plant and equipment	(147,705)
Proceeds from sales of property, plant and equipment	1,183
Purchase of intangible assets	(24,249)
Purchase of investment securities	(10,576)
Proceeds from sales of investment securities	37,559
Proceeds from business transfer	7,320
Other	(6,130)
Cash flows from financing activities	**(94,331)**
Net increase in loans payable, commercial papers and bonds payable	(33,673)
Cash dividends paid	(49,962)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	(166)
Other	(10,529)
Effect of exchange rate change on cash and cash equivalents	**29,662**
Net increase in cash and cash equivalents	**88,034**
Cash and cash equivalents at beginning of period	**247,903**
Decrease in cash and cash equivalents resulting from corporate division	**(2,439)**
Cash and cash equivalents at end of period	**333,498**

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

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets
(As of March 31, 2024)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2023)	Non-Consolidated Fiscal Year (As of March 31, 2024)
(Assets)		
Current assets	**594,213**	**609,537**
Cash and deposits	36,335	44,405
Notes receivable–trade	482	444
Electronically recorded monetary claims–operating	4,655	4,115
Accounts receivable–trade	145,501	176,406
Merchandise and finished goods	130,235	123,990
Work in process	40,183	43,591
Raw materials and supplies	64,404	64,900
Prepaid expenses	6,766	8,118
Accounts receivable–other	23,846	47,590
Income taxes refund receivable	21,173	9,665
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	82,841	62,950
Advances paid	21,021	7,363
Other	19,580	16,010
Allowance for doubtful accounts	(2,811)	(11)
Noncurrent assets	**1,401,726**	**1,357,927**
Property, plant and equipment	**452,427**	**399,749**
Buildings	133,745	117,017
Structures	48,178	39,089
Machinery and equipment	141,059	115,333
Vehicles	623	521
Tools, furniture and fixtures	9,350	8,594
Land	48,425	48,811
Lease assets	11	4
Construction in progress	71,036	70,379
Intangible assets	**41,759**	**39,551**
Software	40,777	38,748
Other	982	802
Investments and other assets	**907,540**	**918,628**
Investment securities	99,173	93,700
Stocks of subsidiaries and affiliates	756,714	728,952
Investments in capital	133	133
Long-term loans receivable	2	—
Long-term loans receivable from subsidiaries and affiliates	15,901	19,365
Long-term advance payments–trade	19,071	17,654
Long-term prepaid expenses	1,634	2,204
Deferred tax assets	7,589	49,818
Other	7,328	7,264
Allowance for doubtful accounts	(4)	(463)
Total assets	**1,995,939**	**1,967,465**

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2023)	Non-Consolidated Fiscal Year (As of March 31, 2024)
(Liabilities)	**1,489,160**	**1,341,855**
Current liabilities	**821,666**	**624,351**
Notes payable–trade	787	1,065
Accounts payable–trade	68,661	82,025
Short-term loans payable	96,500	96,390
Commercial paper	124,000	83,000
Current portion of bonds payable	40,000	30,000
Current portion of long-term loans payable	52,491	52,567
Short-term loans payable to subsidiaries and affiliates	303,863	167,737
Lease obligations	6	3
Accounts payable–other	30,657	19,326
Accrued expenses	39,787	34,306
Advances received	6,721	10,339
Deposits received	6,379	6,521
Provision for grant of shares	29	48
Provision for periodic repairs	8,410	4,805
Provision for removal costs of property, plant and equipment	2,937	3,459
Provision for loss on guarantees	3,251	3,897
Notes payable–alternative payment	561	—
Other	36,627	28,862
Noncurrent liabilities	**667,493**	**717,504**
Bonds payable	170,000	200,000
Long-term loans payable	407,354	422,067
Lease obligations	5	3
Provision for retirement benefits	56,272	56,034
Provision for grant of shares	205	328
Provision for periodic repairs	511	3,864
Provision for removal costs of property, plant and equipment	10,684	9,333
Long-term guarantee deposits	3,427	3,308
Other	19,035	22,568

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2023)	Non-Consolidated Fiscal Year (As of March 31, 2024)
(Net assets)	**506,780**	**625,610**
Shareholders' equity	**456,505**	**576,815**
Capital stock	**103,389**	**103,389**
Capital surplus	**79,396**	**79,396**
Legal capital surplus	79,396	79,396
Other capital surplus	0	0
Retained earnings	**281,145**	**401,345**
Legal retained earnings	25,847	25,847
Other retained earnings	255,297	375,498
Reserve for special depreciation	96	1,583
Reserve for advanced depreciation of noncurrent assets	12,513	12,340
Reserve for special disaster	21	21
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	153,668	272,554
Treasury stock	**(7,425)**	**(7,315)**
Valuation and translation adjustments	**50,275**	**48,795**
Net unrealized gain on other securities	**50,199**	**48,826**
Deferred gains or losses on hedges	**77**	**(31)**
Total liabilities and net assets	**1,995,939**	**1,967,465**

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

Non-Consolidated Financial Statements

Non-Consolidated Statements of Income
(April 1, 2023 – March 31, 2024)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)	Non-Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)
Net Sales	713,961	681,508
Cost of sales	611,691	594,600
Gross profit	**102,269**	**86,908**
Selling, general and administrative expenses	113,343	113,454
Operating loss	**(11,073)**	**(26,546)**
Non-operating income	63,141	239,949
Interest and dividends income	60,794	237,925
Other income	2,347	2,025
Non-operating expenses	13,126	20,762
Interest expenses	3,364	4,506
Foreign exchange loss	3,492	4,029
Costs of idle facilities	2,067	2,602
Other	4,202	9,625
Ordinary income	**38,942**	**192,641**
Extraordinary income	36,309	42,587
Gain on sales of investment securities	31,932	25,943
Gain on sales of noncurrent assets	0	10
Gain on extinguishment of tie-in shares	4,377	—
Insurance income	—	10,198
Gain on business transfer	—	2,640
Settlement income	—	3,668
Gain on liquidation of subsidiaries and affiliates	—	127
Extraordinary loss	279,893	133,079
Loss on valuation of investment securities	436	1,573
Loss on valuation of shares of subsidiaries and affiliates	257,780	20,722
Loss on sales of shares of subsidiaries and affiliates	—	19,153
Loss on disposal of noncurrent assets	10,129	5,976
Impairment loss	1,837	84,393
Loss on fire at plant facilities	7,092	—
Business structure improvement expense	2,620	1,263
Income (loss) before income taxes	**(204,643)**	**102,148**
Income taxes—current	(3,698)	(26,485)
Income taxes—deferred	481	(41,530)
Net income (loss)	**(201,425)**	**170,162**

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

Independent Auditors' Report (consolidated)

May 8, 2024

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Japan LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Kensuke Koda
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hideki Godai
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Masaki Nitta

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, 2023, through March 31, 2024.

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.

Other Statements

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

The other statements are not included within the scope of our audit findings regarding the consolidated financial statements, and we do not indicate our opinions on the contents of the other statements.

Our responsibility with regard to the auditing of the consolidated financial statements is to read through the contents of other statements and consider if there are any material differences between its contents and those of the consolidated financial statements or the knowledge we have obtained through our auditing activities. Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in the contents of other statements through our auditing activities, we are required to report such fact.

We have found no matters to report regarding the contents of other statements.

Responsibilities of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board 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 us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, we consider 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, we are 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 our conclusions 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. We are responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and are solely responsible for the audit opinion.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence, any measures taken to remove obstacles or any safeguards that are applied to reduce obstacles to an acceptable level, if any.

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 8, 2024

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Japan LLC

Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Kensuke Koda
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Hideki Godai
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Masaki Nitta

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 133rd fiscal period from April 1, 2023 through March 31, 2024.

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, 2024, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

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

Other Statements

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

The other statements are not included within the scope of our audit findings regarding the financial statements and the accompanying supplementary schedules, and we do not indicate our opinions on the contents of the other statements.

Our responsibility with regard to the auditing of the financial statements and the accompanying supplementary schedules is to read through the contents of other statements and consider if there are any material differences between its contents and those of the financial statements and the accompanying supplementary schedules or the knowledge we have obtained through our auditing activities. Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in the contents of other statements through our auditing activities, we are required to report such fact.

We have found no matters to report regarding the contents of other statements.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

Audit & Supervisory Board Members and the Audit & Supervisory Board 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 us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, we consider 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, we are 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 our conclusions 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.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board 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.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on our independence, any measures taken to remove obstacles or any safeguards that are applied to reduce obstacles to an acceptable level, if any.

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 133rd financial period from April 1, 2023, to March 31, 2024, the Audit & Supervisory Board has prepared this audit report upon deliberations based on the audit reports prepared by each of the Audit & Supervisory Board Members, and hereby reports as follows:

1. Method and Content of Audit Conducted by Audit & Supervisory Board Members and the Audit & Supervisory Board

(1) The Audit & Supervisory Board formulated audit policies, audit plans, etc. and received reports from each of the Audit & Supervisory Board Members regarding the status of implementation of their audits and results thereof. The Audit & Supervisory Board also 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 Audit & Supervisory Board Members set down by the Audit & Supervisory Board and in accordance with the audit policy and audit plans, we, Audit & Supervisory Board Members, sought to facilitate mutual understanding with Directors, the internal audit division and other employees 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, 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 Japan 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.

3) We confirmed the contents of the basic policy on control of the Company presented in the business report.

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. 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), etc. and requested explanations as necessary. With respect to the key audit matters (KAM), we discussed them with PricewaterhouseCoopers Japan LLC, received reports on the status of their audits, and requested explanations as necessary.

Based on the above-described methods, the Audit & Supervisory Board Members 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.
4) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report.
5) We confirmed the development of 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 the Company.

(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 Japan 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 Japan LLC, are appropriate.

May 8, 2024

The Audit & Supervisory Board
Asahi Kasei Corporation

Audit & Supervisory Board Member	Yutaka Shibata
Audit & Supervisory Board Member	Takuya Magara
Outside Audit & Supervisory Board Member	Akemi Mochizuki
Outside Audit & Supervisory Board Member	Haruyuki Urata
Outside Audit & Supervisory Board Member	Yoshikazu Ochiai