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(Securities Code: 3407)

June 2, 2023

(Commencement date of measures for electronic provision of information: May 26, 2023)

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 132nd ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Please be kindly informed that the 132nd 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 132nd Ordinary General Meeting of Shareholders” on the following websites on the Internet.

[Company’s website]

<https://www.asahi-kasei.com/jp/shoushu/132.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 26, 2023.

- 1. Date and Time:** Tuesday, June 27, 2023, 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 132nd Fiscal Period (April 1, 2022 - March 31, 2023)
 2. Results of Audits of the Consolidated Financial Statements by the Independent Auditors and the Audit & Supervisory Board
 - Proposals to be resolved:**
 - Proposal 1:** Election of Ten Directors
 - Proposal 2:** Election of Two Audit & Supervisory Board Members

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/or 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 27, 2023, 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 26, 2023, 5:00 p.m. (JST)

3. Exercise by the Internet

Deadline of Exercise: Must be entered no later than Monday, June 26, 2023, 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 1: Election of Ten Directors

The term of office of the following nine Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Koshiro Kudo, Shuichi Sakamoto, Fumitoshi Kawabata, Kazushi Kuse, Toshiyasu Horie, Tsuneyoshi Tatsuoka, and Tsuyoshi Okamoto, and Ms. Yuko Maeda. Therefore, in order to further strengthen the monitoring capability of the Board of Directors, the Company proposes that the number of Directors be increased by one and that the following ten candidates be elected as Directors.


Meanwhile, candidates Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto and Meses. 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	<ul style="list-style-type: none"> Chairman & Director Board of Directors Meeting convener & chair Nomination Advisory Committee member Remuneration Advisory Committee member 	Re-appointed
2	Koshiro Kudo	June 5, 1959	<ul style="list-style-type: none"> President & Representative Director 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 	Re-appointed
3	Kazushi Kuse	September 15, 1959	<ul style="list-style-type: none"> Director Primary Executive Officer Oversight of Digital Transformation (DX) 	Re-appointed
4	Toshiyasu Horie	December 30, 1962	<ul style="list-style-type: none"> Representative Director Senior Executive Officer Executive Officer for Strategy, Accounting & Finance, IR, Internal Control Deputy for Asahi Kasei Europe GmbH Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd. 	Re-appointed
5	Hiroki Ideguchi	November 9, 1962	<ul style="list-style-type: none"> Senior Executive Officer Oversight of General Affairs & HR Executive Officer for General Affairs, Legal Affairs, and PR Executive Officer for Risk Management & Compliance 	Newly-appointed
6	Masatsugu Kawase	March 9, 1965	<ul style="list-style-type: none"> Senior Executive Officer Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology Functions Executive Officer for Health & Productivity Management, Energy Policy & Carbon Neutrality 	Newly-appointed



Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
7	Tsuneyoshi Tatsuoka	January 29, 1958	<ul style="list-style-type: none"> • Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member 	Re-appointed Outside Director Independent
8	Tsuyoshi Okamoto	September 23, 1947	<ul style="list-style-type: none"> • Outside Director • Chair of the Nomination Advisory Committee • Chair of the Remuneration Advisory Committee 	Re-appointed Outside Director Independent
9	Yuko Maeda	July 26, 1960	<ul style="list-style-type: none"> • Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member 	Re-appointed Outside Director Independent
10	Chieko Matsuda	November 18, 1964		Newly-appointed Outside Director Independent


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


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
1	 Hideki Kobori February 2, 1955	68,700 15/15 11 years (at the close of the 132nd Ordinary General Meeting of Shareholders)	<p>April 1978: Joined the Company</p> <p>April 2008: Asahi Kasei Microdevices Director</p> <p>April 2008: Asahi Kasei Microdevices Senior Executive Officer</p> <p>April 2009: Asahi Kasei Microdevices Primary Executive Officer</p> <p>April 2010: Asahi Kasei Microdevices President & Representative Director</p> <p>April 2010: Asahi Kasei Microdevices Presidential Executive Officer</p> <p>April 2012: Senior Executive Officer</p> <p>June 2012: Director (position held at present)</p> <p>April 2014: Representative Director</p> <p>April 2014: Primary Executive Officer</p> <p>April 2016: President and Director</p> <p>April 2016: Presidential Executive Officer</p> <p>April 2022: Chairman and Director (position held at present)</p> <ul style="list-style-type: none"> ● Board of Directors Meeting convener & chair ● Nomination Advisory Committee member ● Remuneration Advisory Committee member
<p>[Reasons for us to nominate him as a director candidate and expected roles]</p> <p>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.</p>			
<p>[Message from the candidate]</p> <p>Having celebrated our centennial last year, we are now facing a significant turning point in the environment for the Group. We strive to be more adaptable to changes, contribute to a sustainable society, achieve sustainable growth of the Group's corporate value, and enforce corporate governance to earn the trust of shareholders and other stakeholders.</p>			


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
2	 <p data-bbox="304 723 466 779">Koshiro Kudo June 5, 1959</p>	<p data-bbox="555 477 635 506">18,600</p> <p data-bbox="563 539 627 568">15/15</p> <p data-bbox="515 602 683 779">2 years (at the close of the 132nd Ordinary General Meeting of Shareholders)</p>	<p data-bbox="707 309 1406 705"> 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) </p> <ul data-bbox="707 734 1406 943" style="list-style-type: none"> ● Shareholders Meeting and Management Council convener & chair ● Oversight of Group management, Executive Officer for Material, and Executive Officer for Sustainability Strategy Planning ● Nomination Advisory Committee member ● Remuneration Advisory Committee member
<p data-bbox="296 958 1398 1169">[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.</p>			
<p data-bbox="296 1182 1398 1317">[Message from the candidate] Seriously facing current and future issues around the world, such as global environmental problems, declining birthrate and aging population, and regional disparities, we accelerate new business creation and portfolio transformation. With these efforts, I will fully commit to business management to grow our corporate value sustainably.</p>			


Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]
3	 Kazushi Kuse September 15, 1959	12,000 11/11 1 year (at the close of the 132nd Ordinary General Meeting of Shareholders)	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 (position held at present) April 2022: Primary Executive Officer (position held at present) June 2022: Director (position held at present) ● Oversight of Digital Transformation (DX)
<p>[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.</p> <p>[Message from the candidate] To transform a business or society, diverse members need to work together to create value. We accelerate digital transformation focusing on people, data, and organizational culture and drive co-creation of values across different teams, companies, and countries. We are working to make the most of Asahi Kasei's abundant intangible assets to develop new businesses and increase corporate value.</p>			
4	 Toshiyasu Horie December 30, 1962	22,000 11/11 1 year (at the close of the 132nd Ordinary General Meeting of Shareholders)	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 (position held at present) June 2022: Director (position held at present) April 2023: Representative Director (position held at present) ● Executive Officer for Strategy, Accounting & Finance, IR ● Executive Officer for Internal Control ● Deputy for Asahi Kasei Europe GmbH ● Oversight of Asahi Kasei America, Inc. ● Oversight of Asahi Kasei (China) Co., Ltd.
<p>[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.</p> <p>[Message from the candidate] As the business environment is changing rapidly, the Company is at a major turning point. Considering such conditions, we accelerate business portfolio transformation and advance the development of growth businesses with clear priorities. We also contribute to a sustainable society to improve our corporate value.</p>			

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Tenure as Director	Career summary and position/responsibility at the Company [Notable concurrent offices]	
5	 Hiroki Ideguchi November 9, 1962	10,684	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) <ul style="list-style-type: none"> ● Oversight of General Affairs & HR ● Executive Officer for General Affairs, Legal Affairs, and PR ● Executive Officer for Risk Management & Compliance 	
	[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.			
	[Message from the candidate] Even though our business environment is unclear and uncertain, we aim to fulfill stakeholders' expectations and enable the Group to continuously increase its value through contributions to a sustainable society. To ensure this, I strive to reform the general affairs and personnel functions, including governance and human resources, that form the base for growth.			
6	 Masatsugu Kawase March 9, 1965	3,000	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) <ul style="list-style-type: none"> ● Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology Functions ● Executive Officer for Health & Productivity Management ● Executive Officer for Energy Policy & Carbon Neutrality 	
	[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.			
	[Message from the candidate] In terms of quality assurance, environmental 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 carbon-neutral targets to ensure contributions to a sustainable society and a sustainable increase in corporate value.			

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]
7	<p>[Outside Director Candidate]</p>  <p>RO Tsuneyoshi Tatsuoka January 29, 1958</p>	<p>9,100 15/15 7 years (at the close of the 132nd Ordinary General Meeting of Shareholders)</p>	<p>April 1980: Joined Ministry of International Trade and Industry January 2010: Councilor, Cabinet Secretariat August 2011: Deputy Vice-Minister of Economy, Trade and Industry June 2013: Vice-Minister of Economy, Trade and Industry July 2015: Retired from Ministry of Economy, Trade and Industry June 2016: Director, the Company (position held at present)</p> <ul style="list-style-type: none"> ● Nomination Advisory Committee member ● Remuneration Advisory Committee member <p>[Notable Concurrent Offices] Outside Director, Mitsubishi Corporation External Director, Nikon Corporation</p>
<p>[Reasons for us to nominate him as an outside director candidate and expected roles] He has rich experience regarding industry and economic policy. Based on the experience and knowledge 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.</p>			
<p>[Supplementary explanations on independence] The Group currently does not have any transactions with the Ministry of Economy, Trade and Industry, for which he has worked in the past.</p>			
<p>[Message from the candidate] Our business environment becomes more unpredictable with elevated geopolitical risks, complicated global environmental and energy issues, accelerated worldwide inflation, and financial markets in flux. Under such conditions, I leverage my experience to help Asahi Kasei grow sustainably according to the medium-term management plan.</p>			

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	<p>[Outside Director Candidate]</p>  <p>TSUYOSHI OKAMOTO September 23, 1947</p>	<p>10,100</p> <p>15/15</p> <p>5 years (at the close of the 132nd Ordinary General Meeting of Shareholders)</p>	<p>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 (position held at present)</p> <ul style="list-style-type: none"> ● Chair of the Nomination Advisory Committee ● Chair of the Remuneration Advisory Committee <p>[Notable Concurrent Offices] Senior Corporate Advisor, Tokyo Gas Co., Ltd. Outside Director, Japan Post Holdings Co., Ltd. Outside Director, Mitsubishi Estate Co., Ltd.</p>
<p>[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.</p>			
<p>[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.</p>			
<p>[Message from the candidate] The situation around the Company is always changing. The Asahi Kasei Group needs to contribute to society and improve corporate value by addressing this changing situation with its traditionally fostered diversity and ability to transform. To achieve this, we are focused on boldly transforming the portfolio and achieving continuous growth.</p>			

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	<p>[Outside Director Candidate]</p>  <p>Yuko Maeda July 26, 1960</p>	<p>0</p> <p>15/15</p> <p>2 years (at the close of the 132nd Ordinary General Meeting of Shareholders)</p>	<p>April 1984: Joined Bridgestone Corporation</p> <p>September 2003: Tokyo Medical and Dental University Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department</p> <p>October 2009: Tokyo Medical and Dental University Visiting Professor</p> <p>October 2011: Kyoto Prefectural University of Medicine Specially Appointed Professor</p> <p>May 2013: Bridgestone Corporation Executive Officer</p> <p>April 2014: Japan Agency for Marine-Earth Science and Technology Auditor</p> <p>January 2017: CellBank Corp. Director (position held at present)</p> <p>October 2020: Kyushu University Executive Vice President (position held at present)</p> <p>June 2021: Director, the Company (position held at present)</p> <ul style="list-style-type: none"> ● Nomination Advisory Committee member ● Remuneration Advisory Committee member <p>[Notable Concurrent Offices] Director, CellBank Corp. Outside Director, KOSE Corporation</p>
<p>[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.</p>			
<p>[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.</p>			
<p>[Message from the candidate] As social and economic conditions are changing increasingly, the Asahi Kasei Group with diversified values needs to flexibly and speedily contribute to society and ensure sustainable growth over a medium to long term. Leveraging not only the Company's resources but also my experience accumulated over many years in industry, government, and academia, I will work to generate greater synergy.</p>			

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	<p>[Outside Director Candidate]</p>  <p>NOI Chieko Matsuda November 18, 1964</p>	0	<p>April 1987: Joined The Long-Term Credit Bank of Japan, Limited</p> <p>October 1998: Joined Moody's Japan K.K.</p> <p>September 2001: Corporate Directions, Inc. Partner</p> <p>October 2006: Booz & Company, Inc. Vice President (Partner)</p> <p>April 2011: Tokyo Metropolitan University Faculty of Economics and Business Administration Professor (position held at present)</p> <p>April 2011: Tokyo Metropolitan University Graduate School of Management Professor (position held at present)</p> <p>[Notable Concurrent Offices] Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Independent Non-executive Director of the Board, Kirin Holdings Company, Limited Outside Director, IHI Corporation</p>
<p>[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.</p>			
<p>[Supplementary explanations on independence] The Group formerly had management consulting transactions with her. 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.</p>			
<p>[Message from the candidate] The combination of increasing economic value and achieving social value is the most important mission for companies surviving in the 21st century. To accomplish the mission, I will do my utmost for stakeholders in the Asahi Kasei Group.</p>			

- (Notes)
- There is no conflict of interest between any candidate and the Company.
 - In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Messrs. Tsuneyoshi Tatsuoka and Tsuyoshi Okamoto, and Ms. Yuko Maeda, which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher. The Company plans to conclude a similar agreement with Ms. Chieko Matsuda, if she is elected as Director.
 - 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 Messrs. Hiroki Ideguchi and Masatsugu Kawase, and Ms. Chieko Matsuda, are elected as Directors, the same indemnification agreement will be executed with them.
 - 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.
 - Japan Post Holdings Co., Ltd., a company where Mr. Tsuyoshi Okamoto serves as an Outside Director, received an administrative disposition pursuant to the Act on Japan Post Holdings Co., Ltd. and an administrative disposition pursuant to the Insurance Business Act in December 2019, in relation to the incident at Japan Post Insurance Co., Ltd. and Japan Post Co., Ltd., the company's subsidiaries, in which numerous cases of improper solicitation occurred in relation to insurance products provided by Japan Post Insurance Co., Ltd. Although Mr.

Okamoto was not aware of this fact until the aforementioned incident came to light, he has regularly brought attention to the importance of group governance on occasions including their meetings of the Board of Directors. Subsequent to the discovery of the said incident, he has fulfilled his assigned duties such as by providing appropriate guidance on the investigation into the facts and implementation of measures to prevent recurrence.

Proposal 2: Election of Two Audit & Supervisory Board Members


The term of office of Audit & Supervisory Board Members Masafumi Nakao and Tetsuo Ito will expire at the close of this Ordinary General Meeting of Shareholders. The Company therefore proposes that the following two candidates be elected as Audit & Supervisory Board Members. Prior agreement of the Audit & Supervisory Board has been obtained regarding the submission of this proposal.


Candidate Mr. Yoshikazu Ochiai is a candidate for Outside Audit & Supervisory Board Member, and the Company judges that the candidate has sufficient independence with no conflict of interest with the general shareholders in light of the Company's criteria for independence for Outside Audit & Supervisory Board Members. As Mr. Yoshikazu Ochiai meets the requirements for independent officer stipulated by the Tokyo Stock Exchange, the Company has registered him with the Tokyo Stock Exchange as independent officer.

The candidates are as follows:

Abbreviations:

R = Re-appointed, N = Newly-appointed, O = Outside Audit & Supervisory Board Member, I = Independent

Candidate No.	Name, Date of Birth	No. of Company's shares held	Career summary [Notable concurrent offices]
1	 Takuya Magara December 11, 1957 N	12,596	April 1982: Joined the Company April 2012: Asahi Kasei Homes Executive Officer April 2014: Asahi Kasei Homes Director April 2014: Asahi Kasei Homes Senior Executive Officer April 2016: Asahi Kasei Homes Primary Executive Officer April 2018: Asahi Kasei Homes Vice-Presidential Executive Officer April 2022: Asahi Kasei Homes Advisor (position held at present)
[Reasons for us to nominate him as an Audit & Supervisory Board Member candidate and expected roles] He has been involved in research and development and technology of the homes business for many years. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Audit & Supervisory Board Member.			
[Message from the candidate] Since joining the Company, I have gained experience based on front-line technologies in the homes business and have been involved in research and development, manufacturing, technologies (for environment, safety, quality, and procurement), management, and others. In the drastically changing environment, I strive to think outside the box, see facts clearly, and commit to audits to help Asahi Kasei improve its corporate value and implement sustainable management.			

Candidate No.	Name, Date of Birth	No. of Company's shares held	Career summary [Notable concurrent offices]
2	 <p>NOI Yoshikazu Ochiai January 7, 1960</p>	0	<p>April 1986: Appointed as Public Prosecutor October 2015: Tokyo District Public Prosecutors Office Deputy Superintending Prosecutor April 2017: Saitama District Public Prosecutors Office Chief Prosecutor February 2018: Supreme Public Prosecutors Office Director of Criminal Affairs Dept. July 2020: Supreme Public Prosecutors Office Deputy Prosecutor-General June 2022: Tokyo High Public Prosecutors Office Superintending Prosecutor January 2023: Retired as Public Prosecutor April 2023: Certified as an attorney-at-law April 2023: Nishimura & Asahi law firm Of Counsel (position held at present)</p> <p>[Notable Concurrent Offices] Of Counsel, Nishimura & Asahi law firm</p>
	<p>[Reasons for us to nominate him as an Outside Audit & Supervisory Board Member candidate and expected roles] He has a long-term experience as a legal professional. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Outside Audit & Supervisory Board Member.</p>		
	<p>[Supplementary explanations on independence] The Group has law-related transactions with Nishimura & Asahi law firm, where he currently works. However, the Group does not have an advisory contract with the firm. The transaction amount is very small, not more than 1% of the consolidated sales of the Group and not more than 1% of the total annual revenue of the firm. The transactions are not with Mr. Yoshikazu Ochiai, but with other attorneys at the firm. In addition, his position at the firm is "Of Counsel," of which role is similar to an advisor, and is not involved in any transactions with the Company, and therefore, such situation does not have any influence on his independence.</p>		
	<p>[Message from the candidate] As society is changing, and accordingly, people have different expectations for companies, the Asahi Kasei Group has consistently brought people happiness and made social contributions. Based on my experience as a law practitioner striving to establish social justice, I will support corporate governance to contribute to a sustainable society and ensure a sustainable growth of corporate value.</p>		

- (Notes)
1. There is no conflict of interest between either candidate and the Company.
 2. If Messrs. Takuya Magara and Yoshikazu Ochiai are elected as Audit & Supervisory Board Members, in accordance with Article 427, Paragraph 1, of the Companies Act, the Company plans to conclude agreements with them which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
 3. If Messrs. Takuya Magara and Yoshikazu Ochiai are elected as Audit & Supervisory Board Members, the Company will enter into an indemnification agreement with them 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.
 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.

End

(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

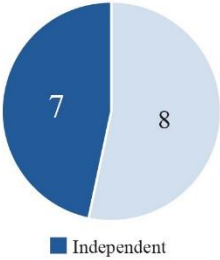
In order to “contribute to life and living for people around the world,” the Company pursues two aspects of sustainability: “contributing to a sustainable society” and “sustainable increase in corporate value.” To this end, we have identified the knowledge, experience, and capabilities required to advance 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 decided to adjust the composition so that Inside Directors can be served mainly by officers responsible for corporate departments.

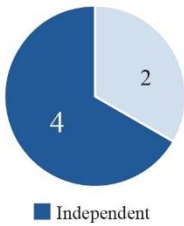
If the Directors and Audit & Supervisory Board Members are elected as in the proposals, we expect each Director and Audit & Supervisory Board Member to demonstrate their knowledge, experience, capabilities, etc., especially in the areas described as follows, and will accordingly carry out important decision-making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

Ratio of Independent Directors and Audit & Supervisory Board Members



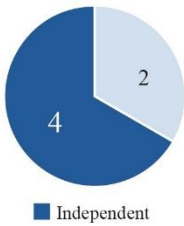
7 out of 15 Directors and Audit & Supervisory Board Members are independent (4 out of 10 Directors are independent)

Ratio of Independent Directors on Nomination Advisory Committee



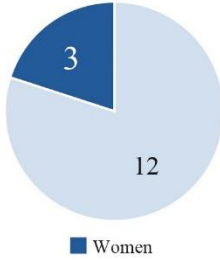
Independent

Ratio of Independent Directors on Remuneration Advisory Committee



Independent

Ratio of Women



Women

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				★			★	
	Tsuneyoshi Tatsuoka	Ⅱ		★		★		★	
	Tsuyoshi Okamoto	Ⅱ	★	★				★	
	Yuko Maeda	Ⅱ		★	★			★	
	Chieko Matsuda	Ⅱ	★	★				★	
Audit & Supervisory Board Members	Yutaka Shibata		★	★				★	
	Takuya Magara				★			★	
	Akemi Mochizuki	Ⅱ		★				★	
	Haruyuki Urata	Ⅱ	★	★				★	
	Yoshikazu Ochiai	Ⅱ			★			★	

(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.

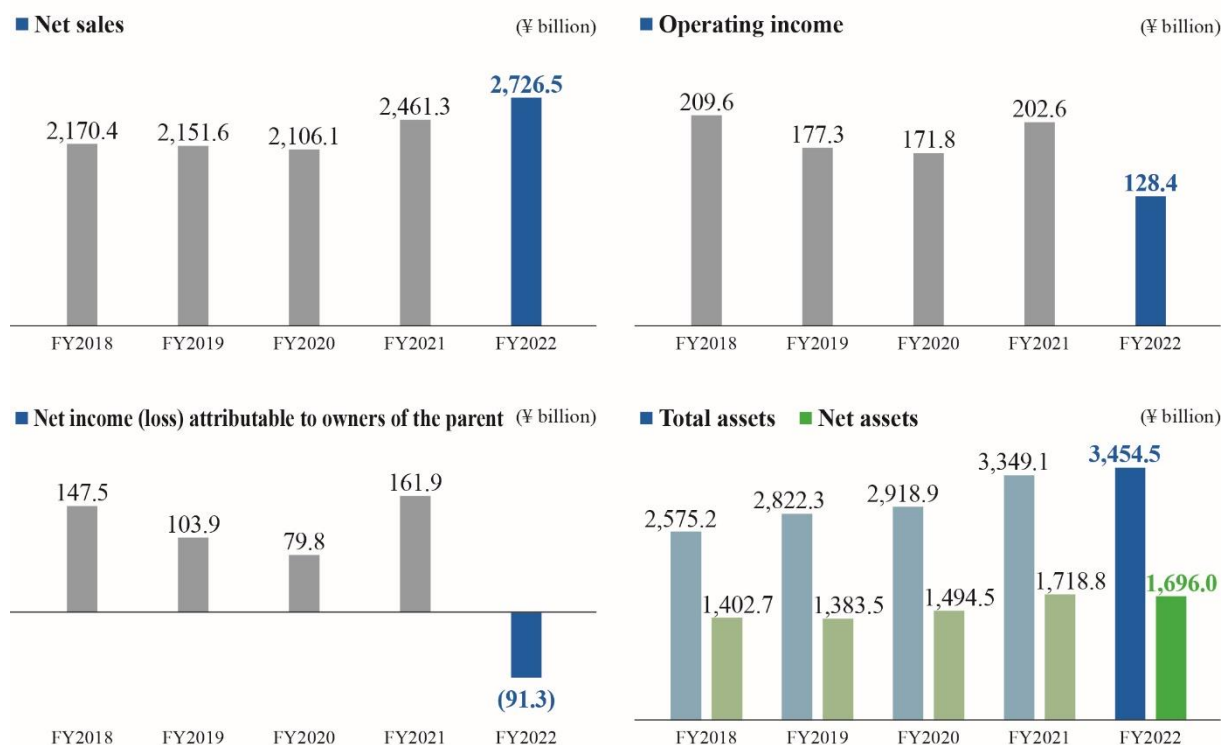
(Appendix)

Business Report

(From April 1, 2022 to March 31, 2023)

1. The Group's Business Results

Consolidated results

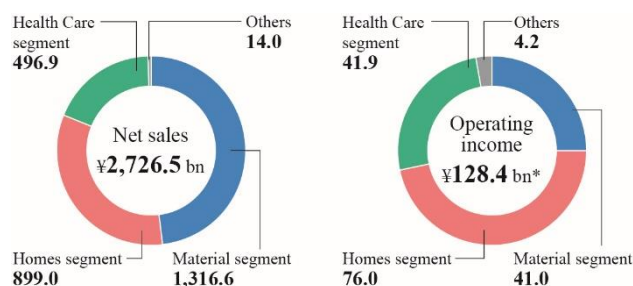


Primary factors for changes in net sales

The expansion of existing businesses, the effect of the weaker yen, a surge in petrochemical product markets, and new consolidation of companies acquired in the Homes segment increased net sales in all segments.

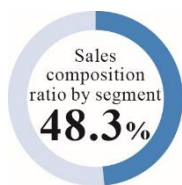
Primary factors for changes in net income

Although the Homes segment stayed firm, the Material and the Health Care segments had decreased operating income due to challenging business conditions, temporary factors, and others. In addition, the Material segment recorded an impairment loss on Polypore in the separator business. These resulted in a significant decrease in net income.



* Includes "corporate expenses and eliminations" of ¥(34.8) billion

Material



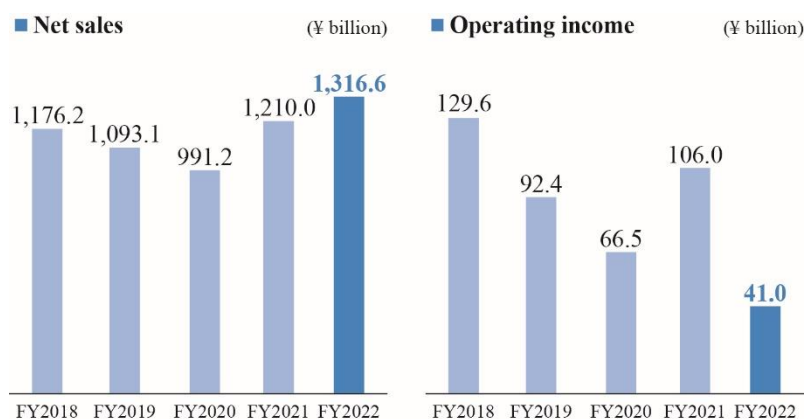
[Main businesses]

With materials and technologies for creating 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.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Centered on the Basic Materials business, there were factors such as decreased inventory valuation gain and worsened terms of trade caused by rising feedstock prices. In addition, decreased product demand led to low sales volumes, which resulted in a decrease in operating income.



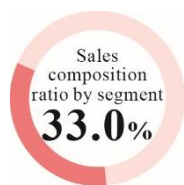
Fiscal 2022 highlight

Started construction of alkaline water electrolysis pilot test plant for hydrogen production at Kawasaki Works

To meet demand for hydrogen expected to help realize a carbon-neutral society, the Company started the construction of a test plant for hydrogen production at its Kawasaki Works. This test plant receives support from the Green Innovation Fund of NEDO*.

* New Energy and Industrial Technology Development Organization, which is a national research and development agency

Homes



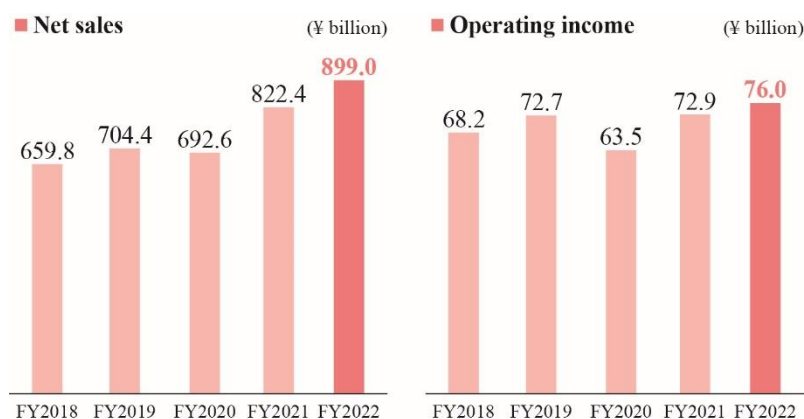
[Main businesses]

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.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

Although the order-built homes operation was affected by a material price surge, profits were maintained with larger and higher value-added homes. The overseas and real estate operations also contributed to increased operating income.

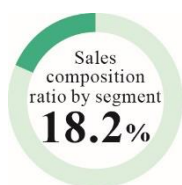


Fiscal 2022 highlight

Received the first prize of Japan Resilience Award 2022

The Kurashiki City redevelopment project, jointly driven by Kurashiki City, Research Institute of Architecture, Asahi Kasei Realty & Residence Corp., and Nippo Corp., received the first prize of Japan Resilience Award 2022, which is presented by Association for Resilience Japan (a general incorporated association).

Health Care



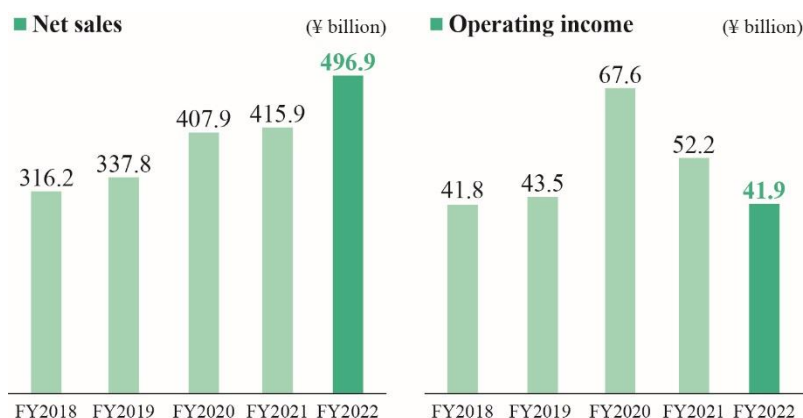
[Main businesses]

We provide world-class drugs 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 the contract development and manufacturing services. In the critical care business, AEDs, professional defibrillators, temperature management systems, and others help to save people's lives.

[Supplementary explanations on business results per segment]

Primary factors for changes in operating income:

While the pharmaceutical and medical care business increased the sales volumes of main products, the critical care business resulted in a decreased operating income due to temporary factors related to acquisitions and difficulty in procuring components.



Fiscal 2022 highlight

Decided to expand the capacity of Bionova Scientific, a U.S. biologics CDMO

For Bionova Scientific, a U.S. subsidiary that was acquired in May 2022, it was decided to enhance its process development capability for complex next-generation antibody-based drugs and to quadruple the capacity of GMP manufacturing*.

* Manufacturing compliant with the rigorous standards of GMP (Good Manufacturing Practice)

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 times such as establishment of livelihood base, abundance of goods, comfort and convenience, and demand in emerging countries.

Currently, the awareness of social and environmental issues is growing globally. The changes caused by the COVID-19 pandemic in the world have brought about a tectonic shift that we have never experienced before. The shift made people change their values significantly, raise consciousness about life and health, and transform their life-styles and work-styles, while uncovering various issues. In addition, interest in environmental issues is increasing rapidly. Particularly, reducing greenhouse gas (GHG) emissions, a primary cause of climate change risk, is a pressing challenge for mankind, and the global commitments are accelerated. Furthermore, as prerequisites for business activities, companies are expected to contribute to circular economy and respect for human rights across supply chains including business partners.

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, we will be able to contribute from various perspectives, which represents a great business opportunity for our Group. The Group considers “contributing to a sustainable society” to be a current societal need that must be solved, and will tackle this challenge as a management issue. To do so, it is crucial to achieve high profitability and “sustainable growth of corporate value” based on the trust of all stakeholders.

The Group will pursue achieving both contribution to sustainable society and sustainable growth of corporate value through transparent and fair management practices, as challenges toward sustainability.

(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. Financial indicators

In the first year of the medium-term management plan, a prolonged semiconductor shortage, decreased demand due to lockdowns in China, and surging feedstock and fuel prices caused revenues to stagnate, and the operating income decreased from the previous fiscal year to ¥128.4 billion. Additionally, recording impairment on Polypore resulted in a net loss, which also caused ROE to decrease significantly to minus 5.5%.

Although the business environment is expected to improve gradually, considering a delay from the initial plan, we set the operating income target for fiscal 2024 to at least ¥200.0 billion and aim to achieve the initial target of ¥270.0 billion with a delay of two or three years.

		FY2021	FY2022	FY2024 revised target	FY2024 initial plan (as of April 2022)	Long-term outlook (around 2030)
(¥ billion, unless otherwise specified)						
Profitability	Net sales	2,461.3	2,726.5	3,000.0	2,700.0	
	Operating income	202.6	128.4	≥ 200.0	270.0	400.0
	Operating margin	8.2%	4.7%	≥ 6.7%	10.0%	
	Operating income before amortization of goodwill	231.0	166.0			
	EBITDA* ¹	350.8	305.0	≥ 370.0	470.0	
	EBITDA margin	14.3%	11.2%	≥ 12.3%	17.4%	
	Net income (loss) attributable to owners of the parent	161.9	(91.3)	≥ 140.0	200.0	300.0
	EPS (¥)	117	(66)	≥ 101	144	216
Capital efficiency	ROIC* ²	6.6%	4.0%	≥ 6%	≥ 8%	≥ 10%
	ROE	10.3%	(5.5%)	≥ 9%	≥ 11%	≥ 15%
Financial health	D/E ratio	0.45	0.57			
	Net D/E ratio	0.31	0.41			
	Capital ratio	50.4%	48.1%			
Exchange rate (¥/\$)		112	135	130	110	

*1 Operating income, depreciation, and amortization (tangible, intangible, and goodwill)

*2 ROIC = (operating income – income taxes) / average annual invested capital

3. Measures and progress

May 2022

Environment & Energy, Mobility

Started providing carbon footprint data for each product

The Company established a platform to grasp the amount of GHG emissions and calculate the carbon footprint of products. The platform covers synthetic rubber and elastomer products and performance plastic products, which are used as material for automotive parts, electronic parts, etc. The Company has started providing carbon footprint data to customers.

May 2022

Health Care

Acquired Bionova Scientific, U.S.-based CDMO* for next-generation antibody drugs

Asahi Kasei Medical completed the acquisition of Bionova Scientific, LLC, a provider of contract manufacturing process development services and GMP-compliant contract antibody drug manufacturing services for biopharmaceutical companies. The business will be expanded by building on Bionova Scientific's strengths as a CDMO* specialized in the process design and manufacture of various types of biologics that are particularly difficult to develop.

* Stands for a "Contract Development and Manufacturing Organization," which contracts to manufacture biotech medicines or develop the manufacturing process for pharmaceutical companies.

May 2022, February 2023

Life Material

Decided to transfer the photomask pellicles business to Mitsui Chemicals, Inc. and the spunbond nonwoven business to a new company through an incorporation-type company separation with Mitsui Chemicals, Inc.

In May 2022, the Company decided to transfer the photomask pellicles business to Mitsui Chemicals, Inc., and in February 2023, to transfer the spunbond nonwoven business to a company to be established by joint incorporation-type company separation with Mitsui Chemicals, Inc.

June 2022

General

Selected as a DX Stock two years in a row

The Group's medium-term management plan positions the promotion of DX as a key theme for enhancing the business foundation, and we have deepened and accelerated the commitment. In recognition of the commitment, we were selected as a Digital Transformation Stock (DX Stock), an initiative conducted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, two years in a row.

November 2022

Environment & Energy, Mobility

Acquired the international sustainability and carbon certification ISCC PLUS

The Company and its affiliated companies acquired ISCC PLUS*, an international certification on sustainable products, for several products.

* ISCC PLUS certification: ISCC is an international certification system on sustainability and carbon. In the system, the ISCC PLUS certification mainly focuses on managing and ensuring through the supply chain bio-based or regenerative materials and products which are sold around the world.

October 2022, February 2023

Home & Living

Acquired Focus Companies in U.S. and Arden Homes in Australia to enhance overseas home business

Asahi Kasei Homes completed the acquisition of Focus Plumbing LLC, Focus Framing, Door & Trim LLC, Focus Electric LLC, Focus Concrete, LLC, and Focus Fire Protection LLC, a residential construction group, through a U.S. subsidiary in October 2022, and the acquisition of Arden Homes Pty Ltd, an Australian home builder operating in the state of Victoria, through an Australian subsidiary in February 2023.

December 2022

General

Started the learning platform CLAP for employees

In December 2022, the learning platform CLAP (Co-Learning Adventure Place)* started for employees to enable self-motivated learning, facilitate their reskilling, and implement the “lifelong growth” vision proposed in the HR strategy.

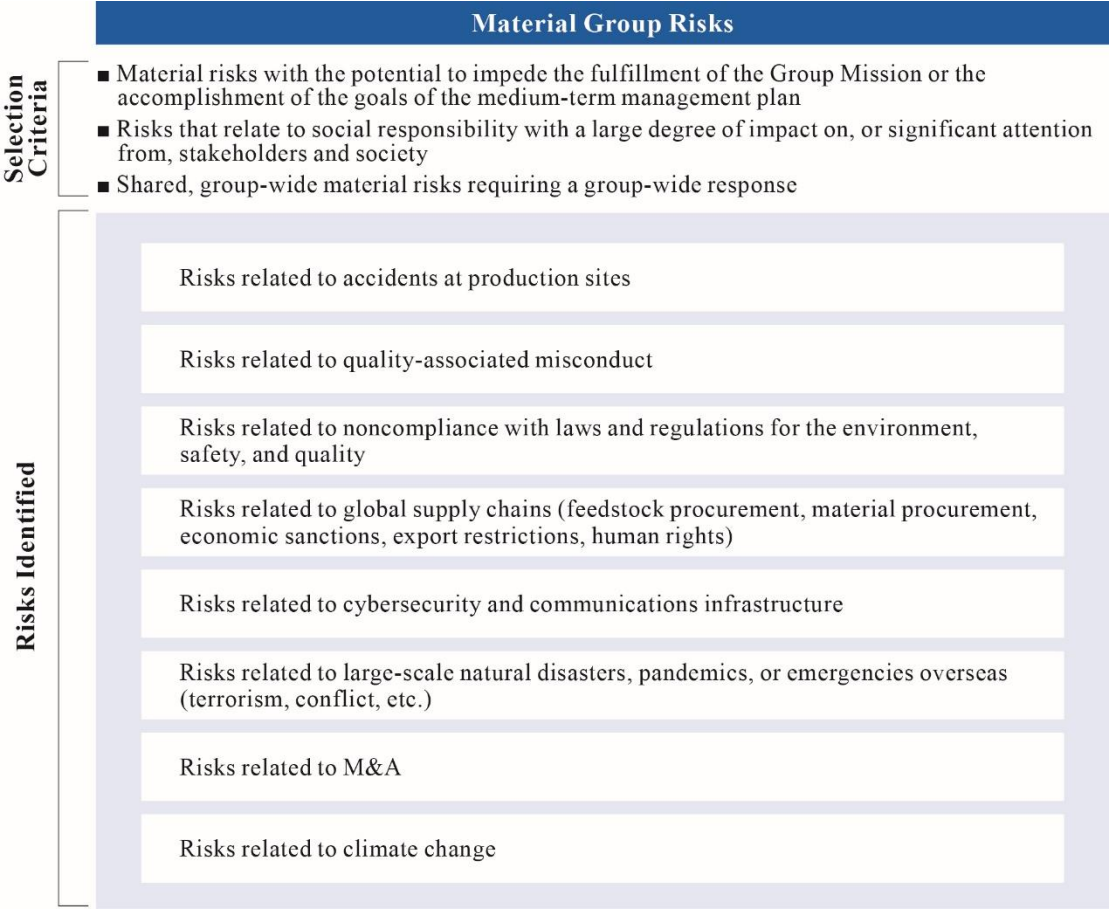
* The system enables employees to take approximately 11,500 training courses provided internally and externally, covering various fields, including business management, marketing, languages, and programming.

(Note) The Group total capital expenditure was ¥174.9 billion in fiscal 2022.

4. Business risks

As the business environment surrounding the Group is changing drastically, the Company started reinforcing risk management in fiscal 2022. Especially critical risks requiring regular monitoring by the Board of Directors are defined as Material Group Risks, and risks critical for business divisions as Material 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, the General Affairs, and the 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 Material Group Risks for fiscal 2022.



3. Finance

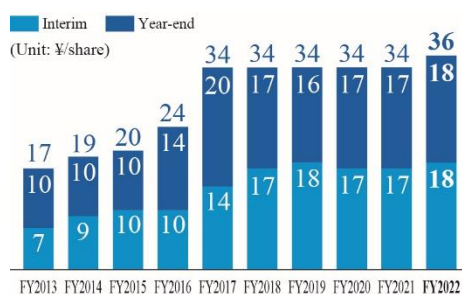
1. The Company's views on shareholder returns and year-end dividends

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 considered and implemented based on comprehensive consideration of investment projects and share prices.

Although the consolidated business results of fiscal 2022 are below the plan, based on the shareholder return policy described above, the year-end dividend for fiscal 2022 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 2023, based on the business results forecasts, the Company plans to pay out an annual dividend of 36 yen per share.



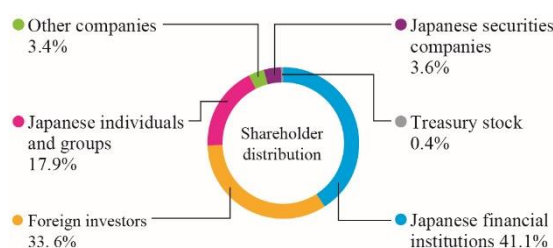
(Note) The Company purchased treasury stock of approximately ¥10.0 billion in fiscal 2019.

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 6,088,015 shares of treasury stock)

Number of shareholders: 205,670 persons (increased by 39,233 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)	215,003	15.49
Custody Bank of Japan, Ltd. (trust account)	85,246	6.14
JP Morgan Chase Bank 385632	47,302	3.41
Nippon Life Insurance Company	40,880	2.95
Asahi Kasei Group Employee Stockholding Assn.	37,622	2.71
Sumitomo Mitsui Banking Corp.	25,404	1.83
State Street Bank West Client — Treaty 505234	24,008	1.73

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
Meiji Yasuda Life Insurance Company	18,416	1.33

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

3. Status of funds raised

In fiscal 2022, the Group raised low-interest funds such as by issuing the nineteenth, twentieth, and twenty-first series unsecured straight bonds as well as bank loans and issuing commercial paper to meet the funding needs for acquiring Bionova and Focus Companies, increasing operating funds, and others. As a result, outstanding interest-bearing debt (excluding lease obligations) at the fiscal year-end increased by ¥173.2 billion from a year ago to ¥939.5 billion.

4. Main lenders and loans

(In millions of yen)

Lender	Loan
Mizuho Bank, Ltd. (Note)	132,045
Sumitomo Mitsui Banking Corporation (Note)	121,636
MUFG Bank, Ltd. (Note)	88,359
Development Bank of Japan Inc.	85,000
Shinkin Central Bank	52,500
The Norinchukin Bank	39,817
Sumitomo Mitsui Trust Bank, Limited	33,503
Bank Mendes Gans N.V.	14,621
The Miyazaki Bank, Ltd.	10,025
Nippon Life Insurance Company	9,000

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

(For your reference) Message from the CFO

Toshiyasu Horie, Senior Executive Officer

The annual dividend for fiscal 2022 was set at 36 yen per share. We will continue to improve the Group's profitability and achieve stable increase in dividend level through challenging investments for the next stage of growth, structural transformation of our business portfolio, and cash generation from existing businesses, while maintaining a sound financial position.

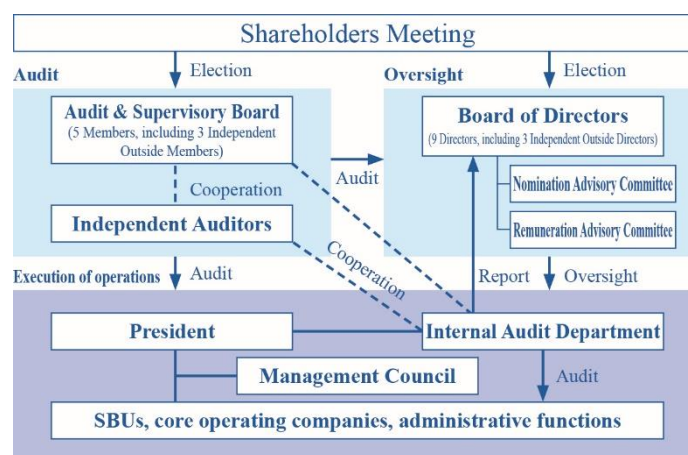
4. Corporate Governance

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

- One-third of Directors are Independent Outside Directors
- One Director is 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

Note: If the proposals in the Reference Documents are approved as described, four of ten Directors will be Independent Outside Directors, and the number of female Directors will be two.

3. Meetings of Board of Directors, Advisory Committees, and Audit & Supervisory Board (FY2022)

	No. of meetings held	Average attendance	Main agenda items
Board of Directors	15	99% (Directors and Audit & Supervisory Board Members)	<ul style="list-style-type: none"> ● Medium-term management plan, annual management plan ● Quarterly and annual results ● Examinations, decisions, and follow-up of large investments, M&A, and reorganization ● Analysis and disclosure for TFCD ● Enhancement of risk management, follow-up on plant accidents, and influence of the situation in Ukraine ● Effectiveness evaluation of the Board of Directors, review on the officer remuneration system, nomination of officers
Nomination Advisory Committee	5	100% (all members)	<ul style="list-style-type: none"> ● Election of chair ● Committee schedule ● Nomination of officers for fiscal 2023
Remuneration Advisory Committee	6	100% (all members)	<ul style="list-style-type: none"> ● Review on the officer remuneration decision-making policy ● Review on the performance-linked remuneration system ● Review on the stock-based remuneration system ● Decision of individual performance-linked remuneration amounts
Audit & Supervisory Board	19	98% (Audit & Supervisory Board Members)	<ul style="list-style-type: none"> ● Audit plans ● Opinion exchange on agenda of the Board of Directors meetings ● Checks of financial statements ● Opinion exchange sessions with Outside Directors ● Evaluation of Independent Auditors

4. Major activities of Outside Officers

Classification	Name	Situation of attendance to the Board of Directors (attendance rate)	Situation of attendance to the 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%)	–	5 out of 5 meetings (100%)	6 out of 6 meetings (100%)
	Tsuyoshi Okamoto	15 out of 15 meetings (100%)	–	5 out of 5 meetings (100%)	6 out of 6 meetings (100%)
	Yuko Maeda	15 out of 15 meetings (100%)	–	5 out of 5 meetings (100%)	6 out of 6 meetings (100%)
Audit & Supervisory Board Members	Tetsuo Ito	13 out of 15 meetings (87%)	17 out of 19 meetings (90%)	–	–
	Akemi Mochizuki	15 out of 15 meetings (100%)	19 out of 19 meetings (100%)	–	–
	Haruyuki Urata	11 out of 11 meetings (100%)	14 out of 14 meetings (100%)	–	–

Classification	Name	Remarks
Directors	Tsuneyoshi Tatsuoka	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience in industrial policy, he made comments and asked questions about macro economy across different industries, financial discipline from an investor perspective, etc., and fulfilled the role and responsibility expected of Outside Director, including providing supervision, advice, and suggestions on the management.
	Tsuyoshi Okamoto	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience as a company owner, he made comments and asked questions about the way of effective risk management, consideration on employees affected by measures, etc., and fulfilled the role and responsibility expected of Outside Director, including providing supervision, advice, and suggestions on the management.
	Yuko Maeda	She attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on her experience in research and development and management at companies, universities, and other institutions, she made practical comments and asked questions about human resource management, cooperation with research and development units and academia, etc., and fulfilled the role and responsibility expected of Outside Director, including providing supervision, advice, and suggestions on the management.
Audit & Supervisory Board Members	Tetsuo Ito	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience as a prosecutor and an attorney, he made comments and asked questions about attention points when building an effective risk management system, etc., and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member, including audits on the management.
	Akemi Mochizuki	She attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on her experience as a certified public accountant, she made comments and asked questions about attention points for effective internal audits and risk management, etc., and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member, including audits on the management.
	Haruyuki Urata	He attended each meeting stated above and made necessary statements on proposals and deliberations, etc. as appropriate. In particular, based on his experience as a company owner and a head of finance, he made comments and asked questions from the perspectives of capital markets and investors, risk management with a global view, etc., and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member, including audits on the management.

5. Directors and Audit & Supervisory Board Members (As of March 31, 2023)

Position	Name	Responsibilities	Concurrent holding of important posts
Chairman and Representative Director	Hideki Kobori	<ul style="list-style-type: none"> Board of Directors Meeting convener & chair Nomination Advisory Committee member Remuneration Advisory Committee member 	
President and Representative Director	Koshiro Kudo	<ul style="list-style-type: none"> 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	Shuichi Sakamoto	<ul style="list-style-type: none"> Primary Executive Officer Executive Officer for Health Care 	<ul style="list-style-type: none"> Outside Director of Nicca Chemical Co., Ltd. (assumed on March 28, 2023)
Director	Fumitoshi Kawabata	<ul style="list-style-type: none"> Primary Executive Officer Executive Officer for Homes 	
Director	Kazushi Kuse	<ul style="list-style-type: none"> Primary Executive Officer Oversight of Digital Transformation (DX) 	
Director	Toshiyasu Horie	<ul style="list-style-type: none"> Senior Executive Officer Executive Officer for Strategy, Accounting & Finance, IR Deputy for Asahi Kasei Europe GmbH Oversight of Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd. 	
Outside Director	Tsuneyoshi Tatsuoka	<ul style="list-style-type: none"> Nomination Advisory Committee member Remuneration Advisory Committee member 	<ul style="list-style-type: none"> Outside Director of Mitsubishi Corporation External Director of Nikon Corporation
Outside Director	Tsuyoshi Okamoto	<ul style="list-style-type: none"> Chair of the Nomination Advisory Committee Chair of the Remuneration Advisory Committee 	<ul style="list-style-type: none"> Senior Corporate Advisor of Tokyo Gas Co., Ltd. Outside Director of Japan Post Holdings Co., Ltd. Outside Director of Mitsubishi Estate Co., Ltd.
Outside Director	Yuko Maeda	<ul style="list-style-type: none"> Nomination Advisory Committee member Remuneration Advisory Committee member 	<ul style="list-style-type: none"> Director of CellBank Corp. Outside Director of KOSE Corporation
Audit & Supervisory Board Member	Masafumi Nakao		
Audit & Supervisory Board Member	Yutaka Shibata		
Outside Audit & Supervisory Board Member	Tetsuo Ito		<ul style="list-style-type: none"> Attorney-at-law (Of Counsel, Nishimura & Asahi) Outside Director of Japan Petroleum Exploration Co., Ltd.

Position	Name	Responsibilities	Concurrent holding of important posts
Outside Audit & Supervisory Board Member	Akemi Mochizuki		<ul style="list-style-type: none"> • 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		

- (Notes) 1. No special relationship exists between the above important posts held concurrently and the Company.
2. Directors Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, and Yuko Maeda 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 Tetsuo Ito, Akemi Mochizuki, and Haruyuki Urata 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 Member Akemi Mochizuki has extensive experience in corporate auditing as a certified public accountant, and she has considerable insight into finance and accounting.
 5. The Company has executed contracts with three Directors: Tsuneyoshi Tatsuoka, Tsuyoshi Okamoto, and Yuko Maeda as well as five Audit & Supervisory Board Members: Masafumi Nakao, Yutaka Shibata, Tetsuo Ito, Akemi Mochizuki, and Haruyuki Urata 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 Aarata 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 2022
 - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act
PricewaterhouseCoopers Aarata: ¥231 million
 - 2) Total amount of money and other financial profit to be paid by the Company and its subsidiaries
PricewaterhouseCoopers Aarata: ¥377 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).

- 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.

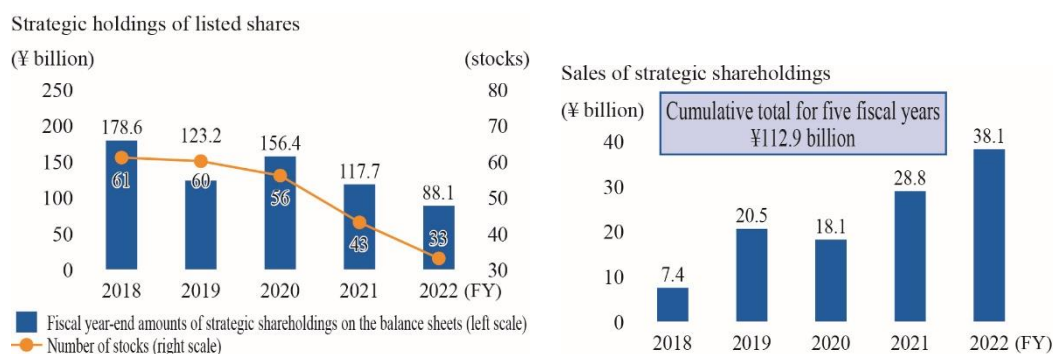
In addition to the above case, if it is deemed difficult for Independent Auditors to perform their duties adequately, the Audit & Supervisory Board shall decide a proposal concerning dismissal or denial of reappointment of Independent Auditors, and the Board of Directors shall submit the relevant proposal 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 2022

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	528	379	95	54	11
(of which Outside Directors)	53	53	–	–	3
Audit & Supervisory Board Members	154	154	–	–	6
(of which Outside Audit & Supervisory Board Members)	53	53	–	–	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 2022

Classification	Number of shares	Number of eligible officers
Directors (excluding Outside Officers)	63,500 shares (common stock)	2

(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)	6
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 and 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:

$$\boxed{\text{Index calculated by evaluation}^*} \times \boxed{\text{basic amount by rank}} = \boxed{\text{individual performance-linked remuneration amount}}$$

* Coefficient comprehensively considering achievement of financial targets and nonfinancial targets

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

	Fiscal 2022 target figure / standard figure	Fiscal 2022 actual figure
Consolidated net sales	¥2,731.0 billion	¥2,726.5 billion
Consolidated operating income	¥210.5 billion	¥128.4 billion
Consolidated ROIC*	6.0%	4.0%

* (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 2022.

Indicator	Indicator Calculation Method	Fiscal 2022 target figure / standard figure	Fiscal 2022 actual figure
Job satisfaction	Percentage of employees absent due to mental illness	0.80%	1.07%
DX	Total number of digital professionals	1,000	1,206
Diversity	Percentage of female	3.9%	3.8%

	employees in line posts and highly specialized positions		
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(3) Decision-making process

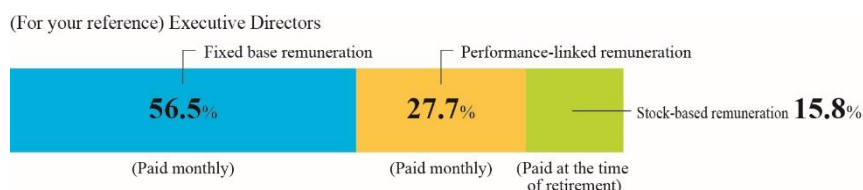
- Entrusted to the Remuneration Advisory Committee based on a resolution of the Board of Directors
- The Remuneration Advisory Committee is authorized to confirm the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors as proposed by the President & 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, 2023)

Name	Position and responsibilities
Tsuyoshi Okamoto	Outside Director Chair of the Remuneration Advisory Committee
Tsuneyoshi Tatsuoka	Outside Director
Yuko Maeda	Outside Director
Hideki Kobori	Chairman and Representative 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 2022 are in line with the Decision-making Policy

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



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

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.

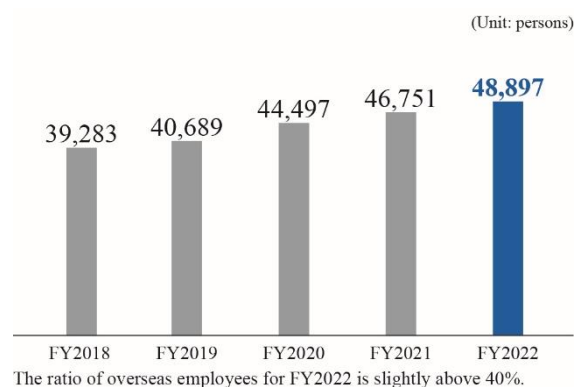
8. Results of evaluation of effectiveness of the Board of Directors

The Board of Directors of the Company conducts regular evaluations of its own effectiveness every fiscal year. The evaluation method and measures in fiscal 2022 and issues recognized for the future are as follows:

<p>Effectiveness evaluation method</p>	<p>In the middle of the fiscal year, based on the previous fiscal year's evaluation as well as institutional investors' demands and capital market trends, the chair of the Board of Directors took the lead in examining the future direction of the Company's Board of Directors. Independent officer meetings, which were attended only by Outside Directors and Outside Audit & Supervisory Board Members, also conducted interim reviews on the effectiveness of the Board of Directors and exchanged opinions. Then, the Board of Directors discussed the matters to organize and categorize them into issues that require improvement within the current fiscal year and ones that require continuous consideration. After these steps, at the start of the new fiscal year, the Board of Directors again deliberated on the effectiveness of the Board of Directors, as well as checking the progress of improvement actions in the fiscal year.</p>
<p>Main measures implemented in fiscal 2022</p>	<p>The Board of Directors of the Company implemented the following measures in fiscal 2022 based on evaluation of the previous fiscal year.</p> <p>1) The composition of the Board of Directors To keep a higher level of the Group management and supervision and auditing on the management in this discontinuous and uncertain business environment, we have discussed the composition of the Board of Directors considering the balance of its diversity and independence. We decided that the following rectifications will be made on the member composition to further enhance the monitoring capability of the Board of Directors and facilitate discussions in the Board of Directors:</p> <ul style="list-style-type: none"> i. A rectification to ensure that Inside Directors are mainly composed of officers responsible for corporate departments ii. Increases in Independent Outside Directors and female Directors <p>2) Receiving feedback from employees Anonymous surveys were conducted for officers and employees (who are not Directors or Audit & Supervisory Board Members) who attended the Board of Directors meetings as assistants for proposing or reporting. The surveys are intended to know what expectations or issues the officers and employees have with the Board of Directors. The surveys found that employees and other staff generally recognize the value in deliberations by the Board of Directors from perspectives different from those of internal discussions. The survey also helped us identify issues with how to propose and report matters in the Board of Directors meetings with an awareness of differences from internal meetings, including the Management Council. These issues have led to the following improvements for facilitating meetings.</p> <p>3) Improvements for facilitating meetings Starting from fiscal 2022, the agenda includes matters to be discussed in addition to matters to be resolved and reported, and a procedure is established for the Management Council meetings and other internal meetings to share their discussions with the Board of Directors. With such measures, the Board of Directors can discuss important management matters more deeply. In addition, the meetings of the Board of Directors provide a more concise explanation of materials while enabling outside officers to receive a preliminary explanation. The executive summary is utilized to organize discussion points. These improvements helped the Board of Directors have more effective discussions. Furthermore, a guidance document was created to clarify basic points so that meetings can be facilitated more effectively, considering the composition and role of the Board of Directors.</p>
<p>Issues recognized for the future</p>	<p>Based on measures implemented in fiscal 2022, the Board of Directors has confirmed a common awareness of the following issues for the future.</p> <p>1) Methods to evaluate the effectiveness of the Board of Directors We continue to scrutinize evaluation methods with objective perspectives, such as working with third parties.</p> <p>2) The way that the Board of Directors should be As our business environment is changing, we continuously pursue the ideal Board of Directors (in terms of independence, diversity, and organizational structure).</p>

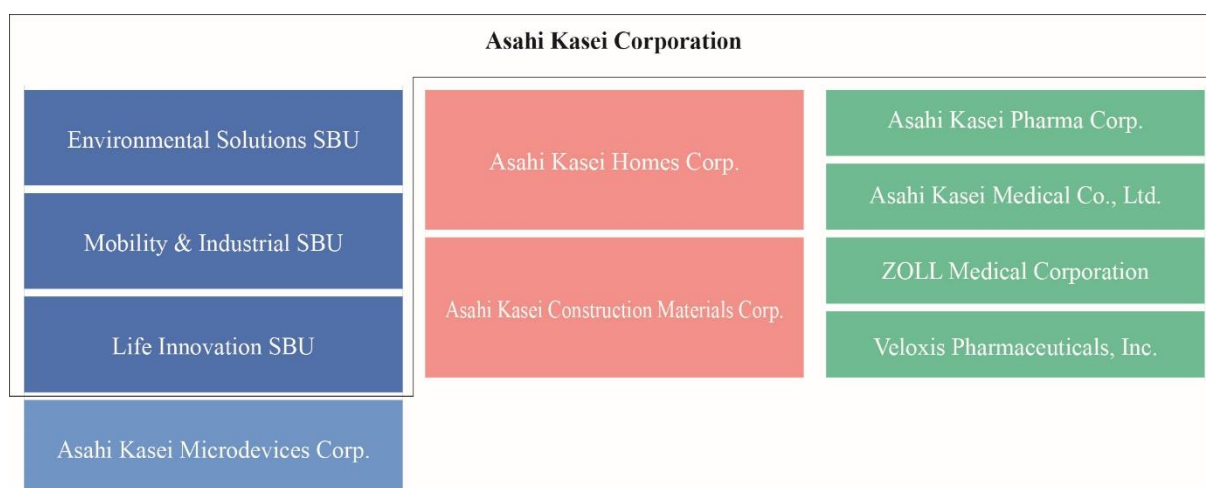
5. Other Data

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



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

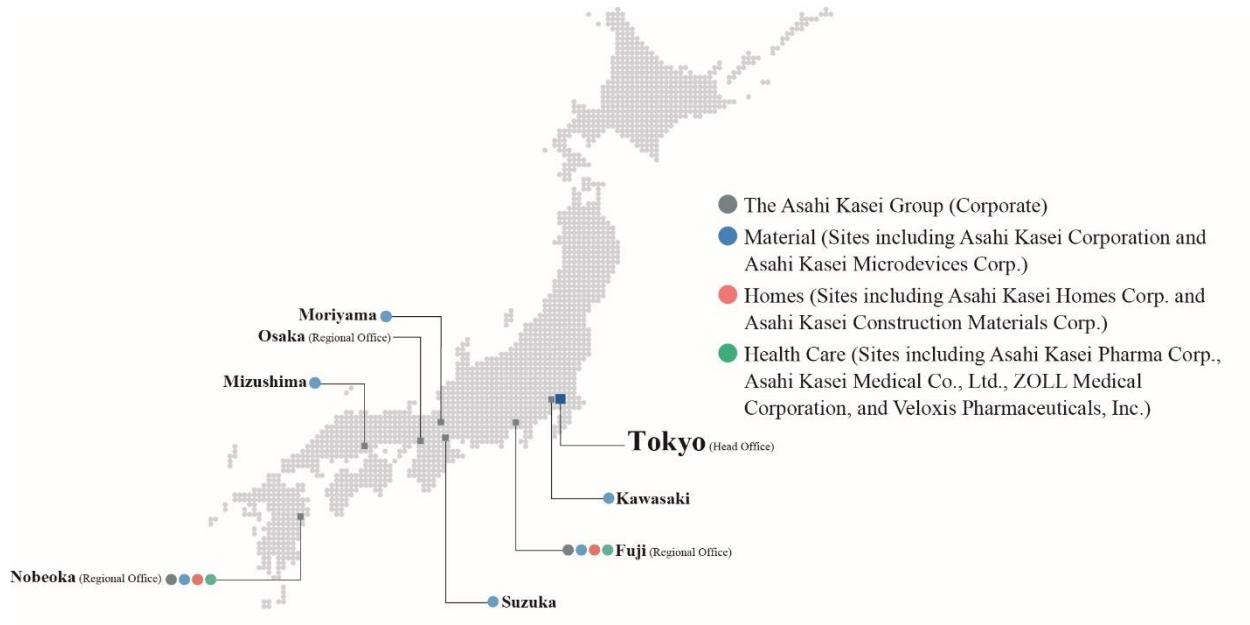
Since April 2016, the Company has adopted an Operating Holding Company structure as follows and conducted businesses in order to heighten and integrate the knowledge, technologies, and human resources as well as to enhance its competitiveness, with the aim of enhancing its corporate value.



(Note) There are 285 subsidiaries included in the scope of consolidation and 43 affiliates accounted for using equity method (as of March 31, 2023).

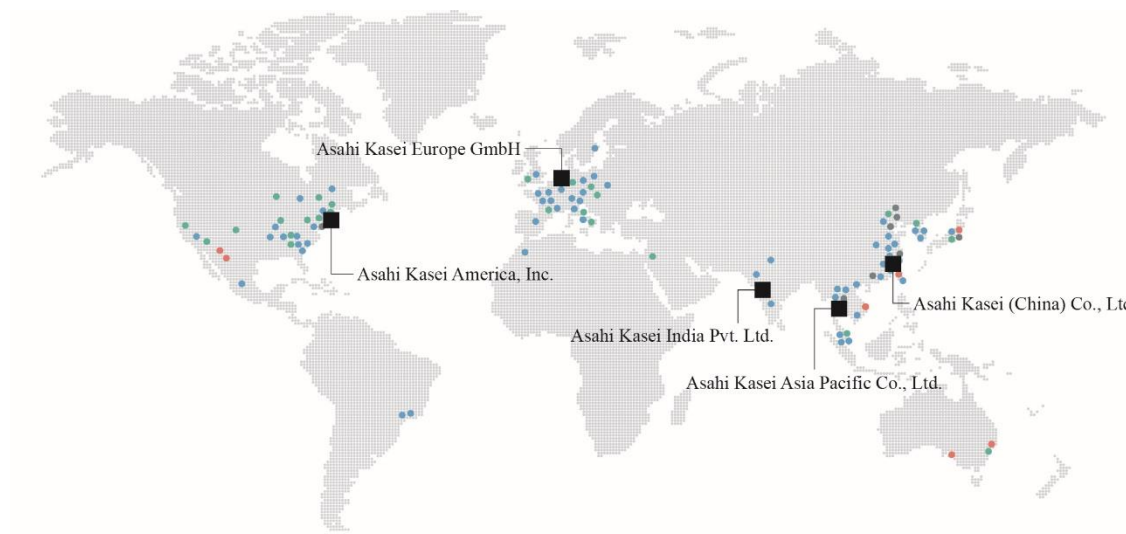
Primary domestic sites

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



Primary overseas sites

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



Consolidated Balance Sheets
(As of March 31, 2023)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2022)	Consolidated Fiscal Year (As of March 31, 2023)
(Assets)		
Current assets	1,334,209	1,488,195
Cash and deposits	244,641	251,181
Notes, accounts receivable–trade, and contract assets	434,595	442,692
Merchandise and finished goods	252,521	310,380
Work in process	146,120	162,255
Raw materials and supplies	141,608	169,918
Other	117,195	154,335
Allowance for doubtful accounts	(2,471)	(2,567)
Noncurrent assets	2,014,866	1,966,332
Property, plant and equipment	805,215	871,701
Buildings and structures	312,344	315,765
Machinery, equipment and vehicles	281,320	297,801
Land	69,567	69,232
Lease assets	1,865	5,560
Construction in progress	102,284	120,299
Other	37,834	63,045
Intangible assets	836,843	736,784
Goodwill	431,335	368,089
Other	405,508	368,695
Investments and other assets	372,808	357,846
Investment securities	246,701	212,611
Long-term loans receivable	6,227	8,466
Long-term advance payments–trade	30,432	28,267
Net defined benefit asset	1,193	25,836
Deferred tax assets	54,276	45,916
Other	34,404	37,248
Allowance for doubtful accounts	(426)	(498)
Total assets	3,349,075	3,454,526

Note: Amounts are rounded to the nearest million yen.

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2022)	Consolidated Fiscal Year (As of March 31, 2023)
(Liabilities)	1,630,260	1,758,517
Current liabilities	923,850	912,163
Notes and accounts payable–trade	178,092	180,560
Short-term loans payable	239,491	196,032
Commercial paper	113,000	124,000
Current portion of bonds payable	—	40,000
Lease obligations	2,224	6,766
Accrued expenses	146,275	147,163
Income taxes payable	58,115	17,491
Advances received	62,476	72,948
Provision for grant of shares	208	80
Provision for periodic repairs	4,738	8,410
Provision for product warranties	4,007	4,240
Provision for removal cost of property, plant and equipment	4,445	3,788
Other	110,778	110,683
Noncurrent liabilities	706,410	846,355
Bonds payable	160,000	170,000
Long-term loans payable	253,785	409,424
Lease obligations	8,715	28,526
Deferred tax liabilities	52,017	27,767
Provision for grant of shares	490	339
Provision for periodic repairs	5,396	4,309
Provision for removal cost of property, plant and equipment	12,298	15,910
Net defined benefit liability	152,081	128,708
Long-term guarantee deposits	22,490	22,703
Other	39,139	38,671
Net assets	1,718,815	1,696,009
Shareholders' equity	1,459,381	1,318,129
Capital stock	103,389	103,389
Capital surplus	79,887	79,841
Retained earnings	1,282,325	1,142,325
Treasury stock	(6,219)	(7,426)
Accumulated other comprehensive income	228,029	342,793
Net unrealized gain on other securities	66,287	52,310
Deferred gains or losses on hedges	(341)	72
Foreign currency translation adjustment	167,225	265,013
Remeasurements of defined benefit plans	(5,142)	25,397
Non-controlling interests	31,405	35,087
Total liabilities and net assets	3,349,075	3,454,526

Note: Amounts are rounded to the nearest million yen.

Consolidated Statements of Income
(April 1, 2022 – March 31, 2023)

(In millions of yen)

Accounts	Previous Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)	Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)
Net sales	2,461,317	2,726,485
Cost of sales	1,691,549	1,952,709
Gross profit	769,769	773,776
Selling, general and administrative expenses	567,122	645,424
Operating income	202,647	128,352
Non-operating income	21,663	14,050
Interest income	1,364	3,896
Dividends income	4,332	4,021
Equity in earnings of affiliates	8,878	923
Other	7,088	5,210
Non-operating expenses	12,257	20,867
Interest expense	3,643	5,907
Foreign exchange loss	—	2,287
Costs of idle facilities	850	3,300
Other	7,764	9,371
Ordinary income	212,052	121,535
Extraordinary income	32,934	41,744
Gain on sales of investment securities	26,545	32,201
Gain on sales of noncurrent assets	912	729
Insurance income	3,777	8,814
Gain on step acquisitions	1,700	—
Extraordinary loss	29,866	225,186
Loss on valuation of investment securities	511	2,805
Loss on disposal of noncurrent assets	7,526	12,517
Impairment losses	6,811	189,446
Loss on fire at plant facilities	—	7,092
Business structure improvement expenses	15,017	13,326
Income (loss) before income taxes	215,121	(61,906)
Income taxes—current	93,046	56,118
Income taxes—deferred	(41,759)	(28,654)
Net income (loss)	163,834	(89,370)
Net income attributable to non-controlling interests	1,954	1,942
Net income (loss) attributable to owners of the parent	161,880	(91,312)

Note: Amounts are rounded to the nearest million yen.

(Reference)
Summary of Consolidated Statements of Cash Flows
(April 1, 2022 – March 31, 2023)

(In millions of yen)

Description	Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)
Cash flows from operating activities	90,804
Loss before income taxes	(61,906)
Depreciation and amortization	138,956
Amortization of goodwill	37,695
Decrease in notes, accounts receivable–trade, and contract assets	8,405
Increase in inventories	(84,053)
Decrease in notes and accounts payable–trade	(7,949)
Decrease in accrued expenses	(5,167)
Increase in advances received	8,040
Income taxes (paid) refund	(110,565)
Other	167,348
Cash flows from investing activities	(213,584)
Purchase of property, plant and equipment	(151,973)
Proceeds from sales of property, plant and equipment	7,796
Purchase of intangible assets	(20,185)
Purchase of investment securities	(7,352)
Proceeds from sales of investment securities	43,200
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(78,420)
Other	(6,650)
Cash flows from financing activities	111,780
Net increase in loans payable, commercial papers and bonds payable	165,409
Cash dividends paid	(48,575)
Other	(5,055)
Effect of exchange rate change on cash and cash equivalents	15,744
Net increase in cash and cash equivalents	4,744
Cash and cash equivalents at beginning of period	242,948
Increase in cash and cash equivalents resulting from changes in scope of consolidation	212
Cash and cash equivalents at end of period	247,903

Note: Amounts are rounded to the nearest million yen.

Non-Consolidated Balance Sheets
(As of March 31, 2023)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2022)	Non-Consolidated Fiscal Year (As of March 31, 2023)
(Assets)		
Current assets	505,771	594,213
Cash and deposits	37,220	36,335
Notes receivable–trade	743	482
Electronically recorded monetary claims–operating	4,358	4,655
Accounts receivable–trade	159,207	145,501
Merchandise and finished goods	97,174	130,235
Work in process	32,634	40,183
Raw materials and supplies	53,903	64,404
Prepaid expenses	6,884	6,766
Accounts receivable–other	40,072	23,846
Income taxes refund receivable	—	21,173
Short-term loans receivable	2	2
Short-term loans receivable from subsidiaries and affiliates	40,656	82,841
Advances paid	19,778	21,021
Other	15,547	19,580
Allowance for doubtful accounts	(2,407)	(2,811)
Noncurrent assets	1,643,567	1,401,726
Property, plant and equipment	418,300	452,427
Buildings	127,739	133,745
Structures	41,273	48,178
Machinery and equipment	134,214	141,059
Vehicles	466	623
Tools, furniture and fixtures	9,133	9,350
Land	47,447	48,425
Lease assets	7	11
Construction in progress	58,022	71,036
Intangible assets	30,945	41,759
Software	29,833	40,777
Other	1,112	982
Investments and other assets	1,194,322	907,540
Investment securities	126,644	99,173
Stocks of subsidiaries and affiliates	998,800	756,714
Investments in capital	2	133
Long-term loans receivable	3	2
Long-term loans receivable from subsidiaries and affiliates	38,435	15,901
Long-term advance payments–trade	20,397	19,071
Long-term prepaid expenses	1,898	1,634
Deferred tax assets	2,055	7,589
Other	6,088	7,328
Allowance for doubtful accounts	—	(4)
Total assets	2,149,337	1,995,939

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2022)	Non-Consolidated Fiscal Year (As of March 31, 2023)
(Liabilities)	1,377,528	1,489,160
Current liabilities	898,037	821,666
Notes payable–trade	510	787
Accounts payable–trade	65,594	68,661
Short-term loans payable	131,500	96,500
Commercial paper	113,000	124,000
Current portion of bonds payable	—	40,000
Current portion of long-term loans payable	71,129	52,491
Short-term loans payable to subsidiaries and affiliates	330,173	303,863
Lease obligations	3	6
Accounts payable–other	40,167	30,657
Accrued expenses	39,418	39,787
Income taxes payable	41,457	—
Advances received	3,261	6,721
Deposits received	4,818	6,379
Provision for grant of shares	166	29
Provision for periodic repairs	4,738	8,410
Provision for removal costs of property, plant and equipment	3,751	2,937
Provision for loss on guarantees	3,209	3,251
Notes payable–alternative payment	421	561
Other	44,723	36,627
Noncurrent liabilities	479,491	667,493
Bonds payable	160,000	170,000
Long-term loans payable	248,441	407,354
Lease obligations	4	5
Provision for retirement benefits	59,401	56,272
Provision for grant of shares	274	205
Provision for periodic repairs	1,978	511
Provision for removal costs of property, plant and equipment	5,328	10,684
Long-term guarantee deposits	3,429	3,427
Other	636	19,035

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2022)	Non-Consolidated Fiscal Year (As of March 31, 2023)
(Net assets)	771,809	506,780
Shareholders' equity	707,711	456,505
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	531,145	281,145
Legal retained earnings	25,847	25,847
Other retained earnings	505,298	255,297
Reserve for special depreciation	—	96
Reserve for advanced depreciation of noncurrent assets	12,602	12,513
Reserve for special disaster	21	21
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	403,675	153,668
Treasury stock	(6,218)	(7,425)
Valuation and translation adjustments	64,098	50,275
Net unrealized gain on other securities	64,465	50,199
Deferred gains or losses on hedges	(367)	77
Total liabilities and net assets	2,149,337	1,995,939

Note: Amounts are rounded to the nearest million yen.

Non-Consolidated Statements of Income
(April 1, 2022 – March 31, 2023)

(In millions of yen)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2021 – March 31, 2022)	Non-Consolidated Fiscal Year (April 1, 2022 – March 31, 2023)
Net Sales	652,631	713,961
Cost of sales	509,609	611,691
Gross profit	143,021	102,269
Selling, general and administrative expenses	107,962	113,343
Operating income (loss)	35,059	(11,073)
Non-operating income	55,635	63,141
Interest and dividends income	53,751	60,794
Other income	1,884	2,347
Non-operating expenses	8,754	13,126
Interest expenses	2,808	3,364
Foreign exchange loss	1,145	3,492
Costs of idle facilities	491	2,067
Other	4,310	4,202
Ordinary income	81,940	38,942
Extraordinary income	24,731	36,309
Gain on sales of investment securities	24,466	31,932
Gain on sales of noncurrent assets	265	0
Gain on extinguishment of tie-in shares	—	4,377
Extraordinary loss	29,743	279,893
Loss on valuation of investment securities	490	436
Loss on valuation of shares of subsidiaries and affiliates	5,984	257,780
Loss on disposal of noncurrent assets	6,050	10,129
Impairment loss	3,652	1,837
Loss on fire at plant facilities	—	7,092
Business structure improvement expense	1,808	2,620
Loss on exchange from property dividend	11,759	—
Income (loss) before income taxes	76,928	(204,643)
Income taxes—current	31,151	(3,698)
Income taxes—deferred	(6,706)	481
Net income (loss)	52,484	(201,425)

Note: Amounts are rounded to the nearest million yen.

Independent Auditors' Report (consolidated)

May 9, 2023

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Aarata LLC

Tokyo Office

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant Isao Ohno

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant Yuichiro Amano

Designated Limited Liability Partner
Engagement Partner

Certified Public Accountant Kensuke Koda

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, 2022, through March 31, 2023.

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 and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditors' Report (non-consolidated)

May 9, 2023

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Aarata LLC

Tokyo Office Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Isao Ohno
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Yuichiro Amano
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Kensuke Koda

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 132nd fiscal period from April 1, 2022 through March 31, 2023.

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, 2023, 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 and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report

With respect to the directors' performance of their duties during the 132nd financial period from April 1, 2022, to March 31, 2023, 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 Aarata LLC, sought explanations as necessary and expressed our opinions regarding assessment of internal control over financial reporting as well as the status of audit thereof.
 - 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, and requested explanations when deemed necessary. We were also notified by the Independent Auditors that they had in place "systems for ensuring proper execution of duties" (matters listed in each item of Article 131 of the Corporate Accounting Rules) in accordance with the "Standards on Quality Control for Audits" (Business Accounting Council, October 28, 2005), etc. and requested explanations as necessary.

Based on the above-described methods, the 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) Regarding the damage compensation suit concerning piling work filed by Mitsui Fudosan Residential Co., Ltd. and two other companies against Asahi Kasei Construction Materials Corporation, a subsidiary of the Company, we will continue to keep close watch on any new developments as well as the effectiveness of activities including environmental conservation, quality assurance and occupational safety and health.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.
- (3) Results of audit of the consolidated financial statements
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Aarata LLC, are appropriate.

May 9, 2023

The Audit & Supervisory Board
Asahi Kasei Corporation

Audit & Supervisory Board Member	Masafumi Nakao
Audit & Supervisory Board Member	Yutaka Shibata
Outside Audit & Supervisory Board Member	Tetsuo Ito
Outside Audit & Supervisory Board Member	Akemi Mochizuki
Outside Audit & Supervisory Board Member	Haruyuki Urata