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(Securities Code: 3407)

May 30, 2025

(Commencement date of measures for electronic provision of information: May 23, 2025)

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 134th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Please be kindly informed that the 134th 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 134th Ordinary General Meeting of Shareholders” on the following websites on the Internet.

[Company’s website]

<https://www.asahi-kasei.com/jp/shoushu/134.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, Tuesday, June 24, 2025.

- 1. Date and Time:** Wednesday, June 25, 2025, 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 134th Fiscal Period (April 1, 2024 - March 31, 2025)
 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 Nine Directors
 - Proposal 2:** Election of Two Audit & Supervisory Board Members
 - Proposal 3:** Revision of Amount of Remuneration for Directors

Disclosure on websites

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

Guidance on how to exercise your voting rights

There are the following three ways:

1. Attend the General Meeting of Shareholders

Date and Time of the Meeting: Wednesday, June 25, 2025, 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 Tuesday, June 24, 2025, 5:00 p.m. (JST)

3. Exercise by the Internet

Deadline of Exercise: Must be entered no later than Tuesday, June 24, 2025, 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 Nine Directors

The term of office of the following ten Directors will expire at the close of this Ordinary General Meeting of Shareholders: Messrs. Hideki Kobori, Koshiro Kudo, Kazushi Kuse, Toshiyasu Horie, Hiroki Ideguchi, Masatsugu Kawase, Tsuyoshi Okamoto, and Yoshinori Yamashita, and Mses. Yuko Maeda and Chieko Matsuda. Therefore, from the perspective of increasing the ratio of Independent Outside Directors on the Board of Directors, the Company proposes that the following nine candidates be elected as Directors.

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

The candidates are as follows:

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
1	Hideki Kobori	February 2, 1955	<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 Nomination Advisory Committee member Remuneration Advisory Committee member 	Re-appointed
3	Kazushi Kuse	September 15, 1959	<ul style="list-style-type: none"> Director Vice-Presidential Executive Officer Oversight of R&D, DX, IP 	Re-appointed
4	Toshiyasu Horie	December 30, 1962	<ul style="list-style-type: none"> Representative Director Primary Executive Officer Executive Officer for Strategy, Accounting & Finance, IR Oversight of Internal Control, IT, Communications, Sustainability Strategy Planning, Asahi Kasei Europe GmbH, Asahi Kasei America, Inc., Asahi Kasei (China) Co., Ltd. 	Re-appointed
5	Masatsugu Kawase	March 9, 1965	<ul style="list-style-type: none"> Director Primary Executive Officer Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology Executive Officer for Health & Productivity Management, Energy Policy, Green Transformation 	Re-appointed

Candidate No.	Name	Date of birth	Position and responsibilities at the Company	Candidate attribute
6	Tsuyoshi Okamoto	September 23, 1947	<ul style="list-style-type: none"> • Outside Director • Chair of the Nomination Advisory Committee • Remuneration Advisory Committee member 	Re-appointed
				Outside Director
				Independent
7	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
8	Chieko Matsuda	November 18, 1964	<ul style="list-style-type: none"> • Outside Director • Nomination Advisory Committee member • Remuneration Advisory Committee member 	Re-appointed
				Outside Director
				Independent
9	Yoshinori Yamashita	August 22, 1957	<ul style="list-style-type: none"> • Outside Director • Nomination Advisory Committee member • Chair of the Remuneration Advisory Committee 	Re-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	 <p>Hideki Kobori February 2, 1955</p>	<p>140,500 (of which, to be delivered based on the stock-based remuneration system: 60,000)</p> <p>15/15</p> <p>13 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>April 1978: Joined the Company April 2008: Asahi Kasei Microdevices Director April 2008: Asahi Kasei Microdevices Senior Executive Officer April 2009: Asahi Kasei Microdevices Primary Executive Officer April 2010: Asahi Kasei Microdevices President & Representative Director April 2010: Asahi Kasei Microdevices Presidential Executive Officer April 2012: Senior Executive Officer June 2012: Director (position held at present) April 2014: Representative Director April 2014: Primary Executive Officer April 2016: President and Director April 2016: Presidential Executive Officer April 2022: Chairman and Director (position held at present)</p> <ul style="list-style-type: none"> ● Board of Directors Meeting convener & chair ● Nomination Advisory Committee member ● Remuneration Advisory Committee member <p>[Notable Concurrent Offices] Outside Director, Nomura Research Institute, Ltd. Outside Director, Seiko Group Corporation External Director, Japan Investment Corporation</p>
<p>[Reasons for us to nominate him as a Director candidate and expected roles] After many years of experience in the electronics business, including as Marketing and Sales Center General Manager, Corporate Strategy and Planning General Manager, and President and Representative Director of Asahi Kasei Microdevices, he assumed a role of executive officer responsible for Strategy, Accounting & Finance, and Internal Control for the entire Group in April 2012. In April 2016, he assumed the role of President and Director of the Company. Since April 2022, he has served as Chairman & Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.</p>			
<p>[Message from the candidate] By promoting corporate governance conducive to a virtuous cycle of contributing to a sustainable society and achieving sustainable growth of the Asahi Kasei Group's corporate value, we continue to strive 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="304 689 475 752">Koshiro Kudo June 5, 1959</p>	<p data-bbox="507 353 683 568">104,650 (of which, to be delivered based on the stock-based remuneration system: 67,250)</p> <p data-bbox="564 600 625 627">15/15</p> <p data-bbox="507 658 683 842">4 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p data-bbox="707 309 1415 707"> 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 1415 887" style="list-style-type: none"> ● Shareholders Meeting and Management Council convener & chair ● Oversight of Group management ● Nomination Advisory Committee member ● Remuneration Advisory Committee member
<p data-bbox="296 898 1415 1144">[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 the 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 the business execution of the Group as a Director.</p>			
<p data-bbox="296 1144 1415 1272">[Message from the candidate] The situation of the world is becoming increasingly uncertain, and it can be said that we have entered an era of unpredictable times. In order to practice resilient management, we will push forward as one under the slogan “Trailblaze Together” to achieve our new 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 at the Company [Notable concurrent offices]
3	 <p data-bbox="309 633 472 719">Kazushi Kuse September 15, 1959</p>	<p data-bbox="501 309 689 521">33,125 (of which, to be delivered based on the stock-based remuneration system: 21,125)</p> <p data-bbox="501 555 632 584">15/15</p> <p data-bbox="501 618 689 790">3 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p data-bbox="708 309 1385 734"> April 1987: Joined IBM Japan April 2005: IBM Japan Executive Officer January 2008: IBM Vice President January 2017: IBM Japan Chief Technology Officer July 2020: Joined the Company July 2020: Executive Officer July 2020: Executive Fellow April 2021: Senior Executive Officer April 2021: Digital Value Co-Creation Senior General Manager April 2022: Primary Executive Officer June 2022: Director (position held at present) April 2024: Vice-Presidential Executive Officer (position held at present) </p> <p data-bbox="708 768 1034 797">● Oversight of R&D, DX, IP</p>
<p data-bbox="300 813 1407 954">[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 the business execution of the Group as a Director.</p>			
<p data-bbox="300 976 1407 1142">[Message from the candidate] We will strongly promote value creation to achieve a sustainable company and society by maximizing the use of intangible assets such as the Asahi Kasei Group's core technologies, production expertise, intellectual property, data, etc., and digital platform including AI. We will strengthen our solution and licensing businesses to provide value that establishes a sustainable future. We appreciate your support, as we aim for further 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 at the Company [Notable concurrent offices]
4	 <p>Toshiyasu Horie December 30, 1962</p>	<p>43,625 (of which, to be delivered based on the stock-based remuneration system: 21,625)</p> <p>15/15</p> <p>3 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>April 1985: Joined the Company</p> <p>April 2015: Asahi Kasei Chemicals Corporate Planning & Coordination General Manager</p> <p>April 2016: Petrochemicals SBU Planning & Coordination General Manager</p> <p>April 2019: Executive Officer</p> <p>April 2020: Lead Executive Officer</p> <p>April 2022: Senior Executive Officer</p> <p>June 2022: Director (position held at present)</p> <p>April 2023: Representative Director (position held at present)</p> <p>April 2024: Primary Executive Officer (position held at present)</p> <ul style="list-style-type: none"> ● Executive Officer for Strategy, Accounting & Finance, IR ● Oversight of Internal Control ● Oversight of IT ● Oversight of Communications ● Oversight of Sustainability Strategy Planning ● Oversight of 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]</p> <p>After many years of experience in the petrochemicals business, he assumed the 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 the business execution of the Group as a Director.</p>			
<p>[Message from the candidate]</p> <p>In a business environment with drastic changes, it is now that the Company will work on implementing our new medium-term management plan “Trailblaze Together,” which aims to achieve a high level of profit contribution from high value-added businesses in various industries that are unique to the Company. Through this implementation, we will aim to contribute to a sustainable society and a sustainable increase in 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	 <p data-bbox="311 660 470 750">Masatsugu Kawase March 9, 1965</p>	<p data-bbox="502 336 686 548">27,625 (of which, to be delivered based on the stock-based remuneration system: 14,625)</p> <p data-bbox="502 582 686 616">15/15</p> <p data-bbox="502 649 686 828">2 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p data-bbox="710 313 1380 672"> 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 June 2023: Director (position held at present) April 2025: Primary Executive Officer (position held at present) </p> <ul data-bbox="710 705 1380 851" style="list-style-type: none"> ● Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology ● Executive Officer for Health & Productivity Management ● Executive Officer for Energy Policy ● Executive Officer for Green Transformation
<p data-bbox="295 873 1396 1052">[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 the business execution of the Group as a Director.</p>			
<p data-bbox="295 1075 1396 1232">[Message from the candidate] We will strengthen initiatives on health and productivity management, the environment, safety, and quality assurance, which are fundamental elements of our business activities, to ensure the safety and security of our stakeholders. In addition, in order to contribute to a sustainable society and a sustainable increase in corporate value, we will aim to achieve the GX strategy goals and improve our production technology.</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]
6	<p>[Outside Director Candidate]</p>  <p>R O I Tsuyoshi Okamoto September 23, 1947</p>	<p>14,800</p> <p>15/15</p> <p>7 years (at the close of the 134th 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 June 2023: Tokyo Gas Co., Ltd. Honorary Counselor (position held at present)</p> <ul style="list-style-type: none"> ● Chair of the Nomination Advisory Committee ● Remuneration Advisory Committee member <p>[Notable Concurrent Offices] Honorary Counselor, Tokyo Gas Co., Ltd. Outside Director, Japan Post Holdings Co., Ltd. (scheduled to retire on June 25, 2025) 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 the 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 world is in the midst of drastic changes. Companies cannot survive without adapting to these changes. With the aim of contributing to a sustainable society and a sustainable increase in corporate value, the Asahi Kasei Group will constantly strive to create an optimal portfolio. By doing so, I will do my utmost to be a pioneer in renewing the foundations of society.</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]
7	<p>[Outside Director Candidate]</p>  <p>Yuko Maeda July 26, 1960</p>	<p>0 15/15 4 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>April 1984: Joined Bridgestone Corporation September 2003: Tokyo Medical and Dental University Director of Technology Transfer Center and Intellectual Property Manager of Intellectual Property Right Department October 2009: Tokyo Medical and Dental University Visiting Professor October 2011: Kyoto Prefectural University of Medicine Specially Appointed Professor May 2013: Bridgestone Corporation Executive Officer April 2014: Japan Agency for Marine-Earth Science and Technology Auditor January 2017: CellBank Corp. Director (position held at present) October 2020: Kyushu University Executive Vice President 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. External Director, MODEC, Inc.</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 the 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 conditions are changing drastically, the Asahi Kasei Group providing diverse materials will lead the world, contribute to society and strive to ensure sustainable growth over the medium- to long-term. Also, leveraging my experience in industry, academia, and government, I will dedicate myself to effecting business growth and greater sustainability through innovation to provide our stakeholders with satisfaction.</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>Chieko Matsuda November 18, 1964</p>	<p>0 15/15 2 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>April 1987: Joined The Long-Term Credit Bank of Japan, Limited October 1998: Joined Moody's Japan K.K. September 2001: Corporate Directions, Inc. Partner October 2006: Booz & Company, Inc. Vice President (Partner) April 2011: Tokyo Metropolitan University Faculty of Economics and Business Administration Professor (position held at present) April 2011: Tokyo Metropolitan University Graduate School of Management Professor (position held at present) June 2023: Director, the Company (position held at present)</p> <ul style="list-style-type: none"> ● Nomination Advisory Committee member ● Remuneration Advisory Committee member <p>[Notable Concurrent Offices] Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Member of the Board, Toyota Tsusho Corporation External Director, Isetan Mitsukoshi Holdings Ltd.</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 the business execution of the Group as an Outside Director.</p>			
<p>[Supplementary explanations on independence] The Group had management consulting transactions with her until fiscal 2022. However, the amount of said transactions is very small, not more than ¥10 million, and such situation does not have any influence on her independence.</p>			
<p>[Message from the candidate] In an environment with drastic changes, steering management is becoming more difficult, but new business opportunities are also increasing. With appropriate risk-taking, we will do our utmost for our stakeholders to enhance economic and social value and strive toward the future vision of the Asahi Kasei Group.</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>Yoshinori Yamashita August 22, 1957</p>	<p>0 11/11 1 year (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>March 1980: Joined Ricoh Company, Ltd. April 2008: Ricoh Electronics, Inc. President April 2010: Ricoh Company, Ltd. Group Executive Officer April 2011: Ricoh Company, Ltd. Corporate Senior Vice President April 2011: Ricoh Company, Ltd. Corporate Planning Division General Manager June 2012: Ricoh Company, Ltd. Director (position held at present) June 2012: Ricoh Company, Ltd. Corporate Executive Vice President April 2014: Ricoh Company, Ltd. Business Solutions Group General Manager June 2016: Ricoh Company, Ltd. Deputy President April 2017: Ricoh Company, Ltd. Representative Director April 2017: Ricoh Company, Ltd. President April 2023: Ricoh Company, Ltd. Chairperson (position held at present) June 2024: Director, the Company (position held at present)</p> <ul style="list-style-type: none"> ● Nomination Advisory Committee member ● Chair of the Remuneration Advisory Committee <p>[Notable Concurrent Offices] Chairperson, Ricoh Company, Ltd. External Director, Nomura Real Estate Holdings, Inc. Outsider Director, Kubota Corporation</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 the business execution of the Group as an Outside Director.</p>			
<p>[Supplementary explanations on independence] The Group has transactions with Ricoh Company, Ltd., where he currently works, mainly concerning office supplies including copiers. However, the amount of said transactions is very small, not more than 1% of the consolidated sales of the Group and not more than 1% of the consolidated sales of Ricoh Company, Ltd., and such situation does not have any influence on his independence. Furthermore, he serves as the Director and Chairperson at Ricoh Company, Ltd., but his role in the company is primarily to supervise management. He does not hold an executive officer position and is not involved in the execution of daily operations.</p>			
<p>[Message from the candidate] Digitalization and climate change are significantly affecting economic society. The Company, which is committed to comfortable lives and harmony with the natural environment, is expected to further contribute to solving social issues and increase corporate value. As geopolitical risks increase, by leveraging my experience of leading globalization and business transformation, I intend to devote my full efforts to advising and supervising management.</p>			

- (Notes)
1. There is no conflict of interest between any candidate and the Company.
 2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded agreements with Messrs. Hideki Kobori, Tsuyoshi Okamoto, and Yoshinori Yamashita, and Mses. Yuko Maeda and Chieko Matsuda, which limit their liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of their individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher.
 3. The Company has entered into an indemnification agreement with all Directors as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations. If the reelection of each candidate is approved, the agreement with each of them will remain in effect.
 4. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties. Each candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.
 5. IHI Corporation, a company where Ms. Chieko Matsuda serves as an Outside Director, found improper alterations in the test operation records carried out during the production process for marine engines and land-use engines manufactured by a subsidiary company of IHI Corporation, as well as misconduct in the snow removal performance test of rotary snowplows in another subsidiary company. The company disclosed respective facts in April 2024 and July 2024. The company is working to investigate the causes and formulate measures for preventing recurrence, among others. In addition, Japan Fair Trade Commission determined that a subsidiary company of IHI Corporation has engaged in a violation of the Antimonopoly Act for its mechanical parking systems business, and the company disclosed the said fact in March 2025 (the subsidiary company was approved for leniency program which resulted in no cease and desist orders and no surcharge payment orders). Although she was not aware of these facts until the aforementioned incidents came to light, she has regularly made suggestions regarding the importance of compliance and group governance on occasions including the meetings of the Board of Directors. Subsequent to the discovery of the said incidents, she is fulfilling her assigned duties as Outside Director by providing appropriate guidance on the investigation into the facts and implementation of measures to prevent recurrence.

Proposal 2: Election of Two Audit & Supervisory Board Members

The term of office of Audit & Supervisory Board Members Yutaka Shibata and Akemi Mochizuki 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 Ms. Akemi Mochizuki 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 Ms. Akemi Mochizuki meets the requirements for an independent officer stipulated by the Tokyo Stock Exchange, the Company has registered her with the Tokyo Stock Exchange as an 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/ Attendance at Board of Directors meetings/ Attendance at Audit & Supervisory Board meetings	Career summary [Notable concurrent offices]
1	 [N] Hiroki Ideguchi November 9, 1962	32,309 (of which, to be delivered based on the stock-based remuneration system: 21,625)	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 June 2023: Director (position held at present)
	[Reasons for us to nominate him as an Audit & Supervisory Board Member candidate and expected roles] After many years of experience in the pharmaceutical business, and then serving as Senior General Manager of Corporate Strategy of the Company, 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 properly perform his duties as an Audit & Supervisory Board Member.		
	[Message from the candidate] Based on my experience in the pharmaceutical business, I have worked on a wide range of management issues covering corporate strategy, general affairs, legal affairs, PR, risk management, human resources strategy, and others. By utilizing this experience, I will strive in audit duties to ensure that the Asahi Kasei Group will contribute to a sustainable society and achieve a sustainable increase in corporate value.		

Candidate No.	Name, Date of Birth	No. of Company's shares held/ Attendance at Board of Directors meetings/ Attendance at Audit & Supervisory Board meetings	Career summary [Notable concurrent offices]
2	 <p>Akemi Mochizuki June 10, 1954</p>	<p>0</p> <p>15/15</p> <p>31/33</p> <p>4 years (at the close of the 134th Ordinary General Meeting of Shareholders)</p>	<p>October 1984: Joined Aoyama Audit Corporation</p> <p>March 1988: Certified as a Certified Public Accountant</p> <p>August 1996: Joined Tohmatsu Audit Corporation (currently Deloitte Touche Tohmatsu LLC)</p> <p>June 2001: Tohmatsu Audit Corporation Partner</p> <p>July 2018: Akahoshi Audit Corporation Partner (position held at present)</p> <p>June 2021: Audit & Supervisory Board Member, the Company (position held at present)</p> <p>[Notable Concurrent Offices]</p> <p>Partner, Akahoshi Audit Corporation (scheduled to retire on June 30, 2025)</p> <p>Outside Director, Audit and Supervisory Committee Member, TSUMURA & CO.</p> <p>Statutory Auditor, SBI Holdings, Inc.</p>
<p>[Reasons for us to nominate her as an Outside Audit & Supervisory Board Member candidate and expected roles]</p> <p>She has been a certified public accountant for many years. Based on the experience and knowledge, we expect her to properly perform her duties as an Outside Audit & Supervisory Board Member. Furthermore, as mentioned above, she has considerable insight into finance and accounting.</p>			
<p>[Supplementary explanations on independence]</p> <p>The Group has no transactions with her or the organizations to which she belongs.</p>			
<p>[Message from the candidate]</p> <p>To establish a foundation toward new challenges, the Group is currently in a period where the balance between offense and defense is extremely important. To ensure that the Group can further progress and contribute to society through proper decision-making and swift execution, I will fulfill my responsibilities as a part of governance based on the experience I gained during my first term as an Audit & Supervisory Board Member and others.</p>			

- (Notes)
1. There is no conflict of interest between either candidate and the Company.
 2. In accordance with Article 427, Paragraph 1, of the Companies Act, the Company has concluded an agreement with Ms. Akemi Mochizuki, which limits her liability as specified in Article 423, Paragraph 1, of the Companies Act, with the amount of her individual liability being either ¥10 million or the minimum amount stipulated by law or ordinance, whichever is higher. The Company plans to conclude a similar agreement with Mr. Hiroki Ideguchi, if he is elected as Audit & Supervisory Board Member.
 3. The Company has entered into an indemnification agreement with Ms. Akemi Mochizuki as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify her 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 Ms. Akemi Mochizuki is approved, the agreement with her will remain in effect. If Mr. Hiroki Ideguchi is elected as Audit & Supervisory Board Member, the same indemnification agreement will be executed with him.
 4. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties. Each candidate will be included as an insured party under the insurance agreement. In addition, the Company plans to renew the agreement with the same contents at the next renewal.

(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)

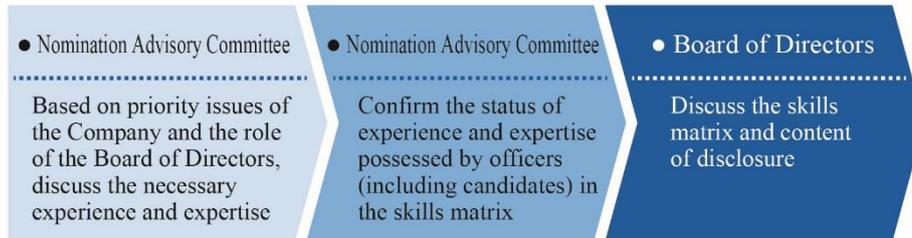
Experience and Expertise of Directors and Audit & Supervisory Board Members (Skills Matrix)

In order to “contribute to life and living for people around the world,” the Company pursues a virtuous cycle of two aspects of sustainability: “contributing to a sustainable society” and “sustainable growth of corporate value.” In addition, in a discontinuous and uncertain business environment, the Group acknowledges that it is particularly an important management issue for the Group to accelerate business portfolio transformation with both growth investments and structural transformation.

Based on this management issue, the role of the Board of Directors of the Company is to supervise important matters and make important decisions on management of the Group, which operates a wide range of businesses, including management strategies such as the medium-term management plan, business portfolio management, allocation of management resources, and sustainability. In order to fulfill this role, in addition to ensuring independence and diversity, it is necessary for the Board of Directors as a whole to possess extensive experience and a high level of expertise.

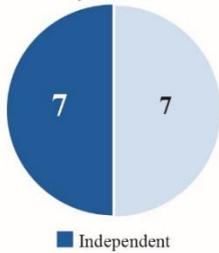
Therefore, the Board of Directors and the Nomination Advisory Committee of the Company identify the experience and expertise (skills) required for Directors and Audit & Supervisory Board Members, and then confirm the status of such skills held by using a skills matrix. The following was revised in fiscal 2024 through this process.

(Process for reviewing skills matrix)



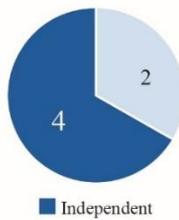
(Composition ratio)

Ratio of Independent Directors and Audit & Supervisory Board Members

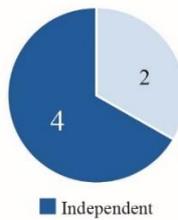


7 out of 14 Directors and Audit & Supervisory Board Members are independent (4 out of 9 Directors are independent)

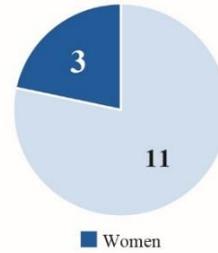
Ratio of Independent Directors on Nomination Advisory Committee



Ratio of Independent Directors on Remuneration Advisory Committee



Ratio of Women



3 out of 14 Directors and Audit & Supervisory Board Members are women (2 out of 9 Directors are women)

Skills Matrix of Directors and Audit & Supervisory Board Members (Planned) After the General Meeting of Shareholders

Abbreviations: O = Outside Director, I = Independent

Skills	Directors							
	Hideki Kobori	Koshiro Kudo	Kazushi Kuse	Toshiyasu Horie	Masatsugu Kawase	Tsuyoshi Okamoto	Yuko Maeda	Chieko Matsuda
						☐	☐	☐
Corporate Management (experience as President of a listed company)	●	●				●		
Management Strategy, Organization Operation				●				●
Finance, Accounting				●				●
Sustainability				●	●		●	●
Global Businesses			●	●				
R&D, Innovation, DX			●		●		●	
Manufacturing & Quality Assurance					●		●	
Human Resources, DE&I			●				●	●
Legal Affairs, Risk Management								

(Notes) 1 The above table indicates up to four major skills for each individual and does not represent all of their skills.

2 “Corporate Management (experience as President of a listed company)” is positioned as broad and diverse experience, including elements of other skills listed in the above table.

Directors	Audit & Supervisory Board Members					Reasons and details of skill selection
Yoshinori Yamashita	Takuya Magara	Hiroki Ideguchi	Akemi Mochizuki	Haruyuki Urata	Yoshikazu Ochiai	
○			○	○	○	
●						In light of the management environment of the Group which is accelerating business portfolio transformation, the selection was made because outstanding leadership and diverse experience as the head of a listed company are necessary.
		●		●		Selected the experience and expertise in planning and executing management strategies, managing large-sized organizations, etc., since they are necessary for supervising management strategy, which is the main agenda for the Board of Directors of the Company.
		●	●	●		Selected the experience and expertise in planning and executing capital policy and capital allocation, and accounting insights, etc., since they are necessary for business portfolio transformation and management aiming for capital efficiency.
	●					Selected the experience and expertise in supervising sustainability issues at the management level, including carbon neutrality, circular economy, and dealing with human rights, which are core subjects of management strategy.
				●	●	Selected the experience and expertise in leading or supervising international operations, including managing in the global business environment and promoting overseas business operations, since the Company has numerous overseas sites and is strengthening its expansion into global markets.
	●					R&D, innovation, and DX are the source of the Group's sustainable growth. The experience and expertise in these fields were selected since they are necessary for creating value through them and preventing damage by using cybersecurity, etc.
	●					Selected the experience and expertise in manufacturing technology, quality assurance, and safety technology since they are essential to the Group's business execution.
		●				Selected the experience and expertise in this field to create innovations and businesses as well as to promote the active participation and growth of human resources by planning and executing human resources measures aligned with the management strategies and promoting diversity, equity and inclusion (DE&I).
		●	●		●	Selected the experience and expertise in the legal field, compliance and insights, etc. on risk management, since they are essential to the Group's sustainable growth and prevention of damage.

Proposal 3: Revision of Amount of Remuneration for Directors

At the 131st Ordinary General Meeting of Shareholders held on June 24, 2022, shareholders approved the current amount of remuneration for Directors at ¥800 million or less per annum (of which ¥80 million or less per annum for Outside Directors), and this amount has remained unchanged.

The new medium-term management plan “Trailblaze Together” (announced on April 10, 2025) will start in fiscal 2025. To establish an effective level of remuneration to acquire diverse human resources with outstanding insight and knowledge, and to raise the proportion of performance-linked monetary remuneration to further motivate Executive Directors to achieve management targets, the Company requests your approval for revision of the amount of remuneration for Directors to ¥1 billion or less per annum (including ¥150 million or less per annum for Outside Directors).

The details of the Company’s policy for determining the content of individual remuneration, etc. for each Director are outlined in the Business Report (pages 50–53), and we intend to change its content so that it is linked to the new medium-term management plan, on the condition that Proposal 3 is approved.

This proposal is to revise the remuneration amount for monetary remuneration to be paid to Directors, and the Company has determined that the remuneration amount is necessary and reasonable and that the proposal is appropriate in light of the criteria for calculating the amount of monetary remuneration for individual Directors set forth in the policy, the percentage of monetary remuneration for Directors to the total Director remuneration, and the number of Directors eligible to receive remuneration, etc. Furthermore, this proposal has been deliberated by the Remuneration Advisory Committee, the majority of whose members are Outside Directors, to ensure the appropriateness of the Director remuneration and the independence, objectivity, and transparency of the decision-making process, and has been confirmed as appropriate.

The Company currently has ten Directors (four of whom are Outside Directors). If Proposal 1 is approved as proposed, the Company will have nine Directors (four of whom are Outside Directors). The Articles of Incorporation stipulate that there shall be no more than twelve Directors.

(For your reference)
Major Changes in Director Remuneration

The details of the Company’s policy for determining the content of individual remuneration, etc. for each Director are outlined in the Business Report (pages 50–53), and we intend to change its content so that it is aligned with the new medium-term management plan, on the condition that Proposal 3 is approved. The major changes are as follows:

1. Revision of proportions of Director remuneration

In order to enhance motivation to achieve management objectives and to heighten awareness of improving corporate value over the medium to long term, the Company will raise the proportions of performance-linked monetary remuneration and stock-based remuneration among the components of basic remuneration, performance-linked monetary remuneration, and stock-based remuneration for individual Executive Directors. As a result, the proportion among basic remuneration, performance-linked monetary remuneration, and stock-based remuneration will be 4:3:3 as a standard, instead of the current ratio of approximately 6:3:1.

Concept of revision of proportions of Executive Director remuneration:



(Note) When determining the level of remuneration amount and remuneration composition, the Company takes third-party survey data into consideration to ensure it provides appropriate motivation in accordance with management strategies and management issues.

2. Revision of performance-linked monetary remuneration

Performance-linked monetary remuneration, a component of Executive Directors’ remuneration, is configured to reflect the achievement of both financial targets including invested capital efficiency and non-financial targets including progress on sustainability as an incentive linked to earnings and management strategy as management leaders. Consolidated net sales had previously been included as financial targets, but will be excluded to place emphasis on income and invested capital efficiency. In addition, for non-financial targets, the Company will review how to set individual targets aligning with the new medium-term management plan.

As a result, for example, when determining performance-linked monetary remuneration of the President & Representative Director, in addition to financial targets such as operating income, ROE, and ROIC, the achievement of non-financial targets, such as promotion of initiatives on important subjects including GHG emission reduction and GHG emission reduction contributions of Environmental Contribution Products, will be comprehensively taken into consideration.

3. Changes in stock-based remuneration

As for stock-based remuneration, a component of Executive Directors' remuneration, the details are entrusted to the Board of Directors within the framework as approved at the 131st Ordinary General Meeting of Shareholders held on June 24, 2022. However, this is to be changed to align with the new medium-term management plan.

Based on the Share Grant Regulations adopted by the Board of Directors, the Company introduces a stock-based remuneration system where each Director is conferred points according to individual ranks and the degree of achievement of performance targets, and the Company's shares are granted to each Director corresponding to the accumulated number of points at the time of their retirement as Director through share grant trust. As an indicator to measure the achievement of such performance targets, the Company has previously set non-financial indicators on sustainability. However, these indicators are to be changed as follows by adding the perspective of enhancing corporate value over the medium to long term (the underlined parts indicate the changes).

Indicators before changes (three fiscal years during the previous medium-term management plan)

Indicator	Weight	Indicator calculation method	Fiscal 2022 target /actual	Fiscal 2023 target /actual	Fiscal 2024 target /actual
<u>Job satisfaction</u>	1/3	<u>Percentage of employees absent due to mental illness</u>	0.80%/1.07%	0.70%/1.16%	0.64%/1.20%
<u>DX</u>	1/3	<u>Total number of digital professionals</u>	1,000/1,206	1,750/1,728	2,500/3,157
Diversity	1/3	Percentage of women among managers and Group Masters	3.9%/3.8%	4.4%/4.4%	5.0%/4.7%

Indicators after changes (three fiscal years during the new medium-term management plan)

Indicator	Weight	Indicator calculation method	Fiscal 2024 actual	Fiscal 2025 target	Fiscal 2026 target	Fiscal 2027 target
<u>Employee engagement</u>	1/3	<u>Employee empowerment indicator in the employee engagement survey¹</u>	57.3%	58.2%	59.1%	60.0%
Diversity	1/3	Percentage of women among managers and Group Masters ²	4.9%	6.0%	7.0%	8.0%
<u>Corporate value</u>	1/3	<u>The Company's total shareholder return (TSR) to stock price index growth rate³</u>	97.3%	100% or above	100% or above	100% or above

- 1 Percentage of favorable responses with an average of ≥ 3.5 (5-point scale) among all respondents to the question on employee empowerment indicator in the employee engagement survey.
- 2 The base date for the target value and actual value of the indicator on diversity is changed from the last day of the fiscal year to the day following the last day of the fiscal year.
- 3 The ratio of the Company's total shareholder return (TSR) to TOPIX growth rate including dividends (using the average closing price for each day of the last month of the previous fiscal year and the last month of the current fiscal year).

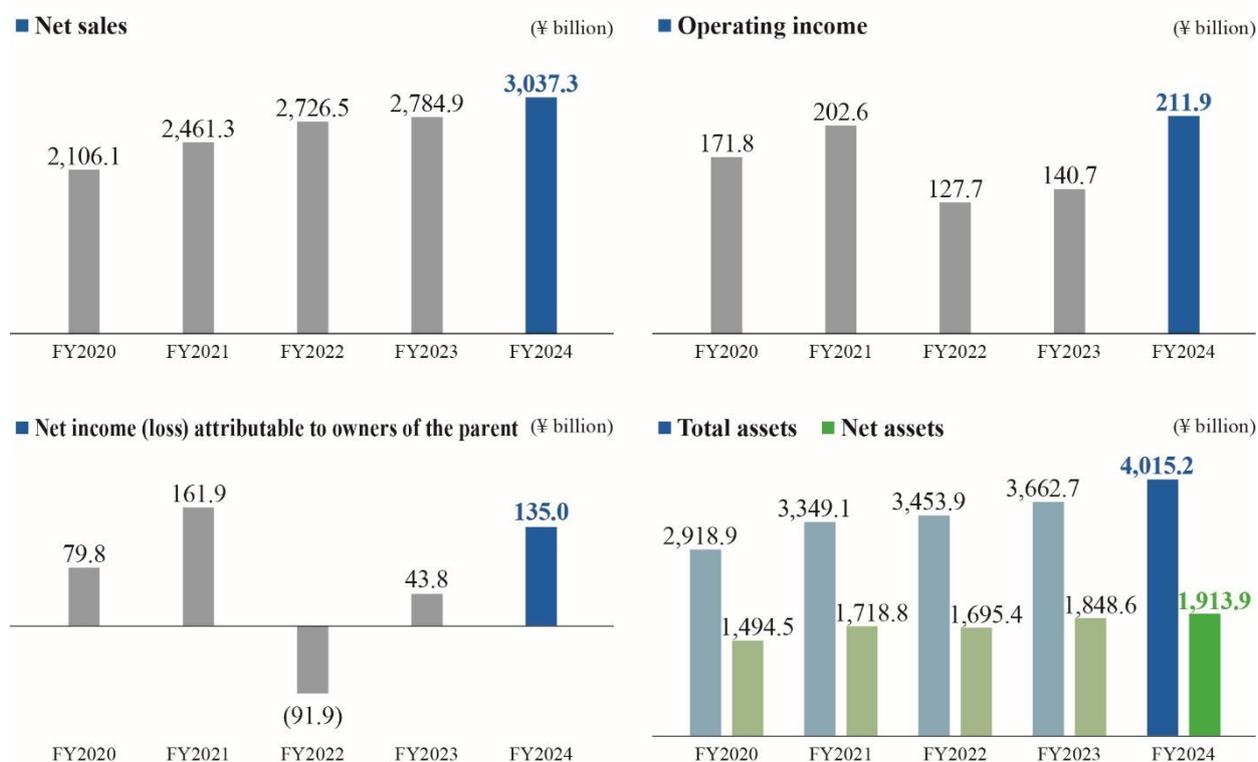
(Appendix)

Business Report

(From April 1, 2024 to March 31, 2025)

1. The Group's Business Results

Consolidated results

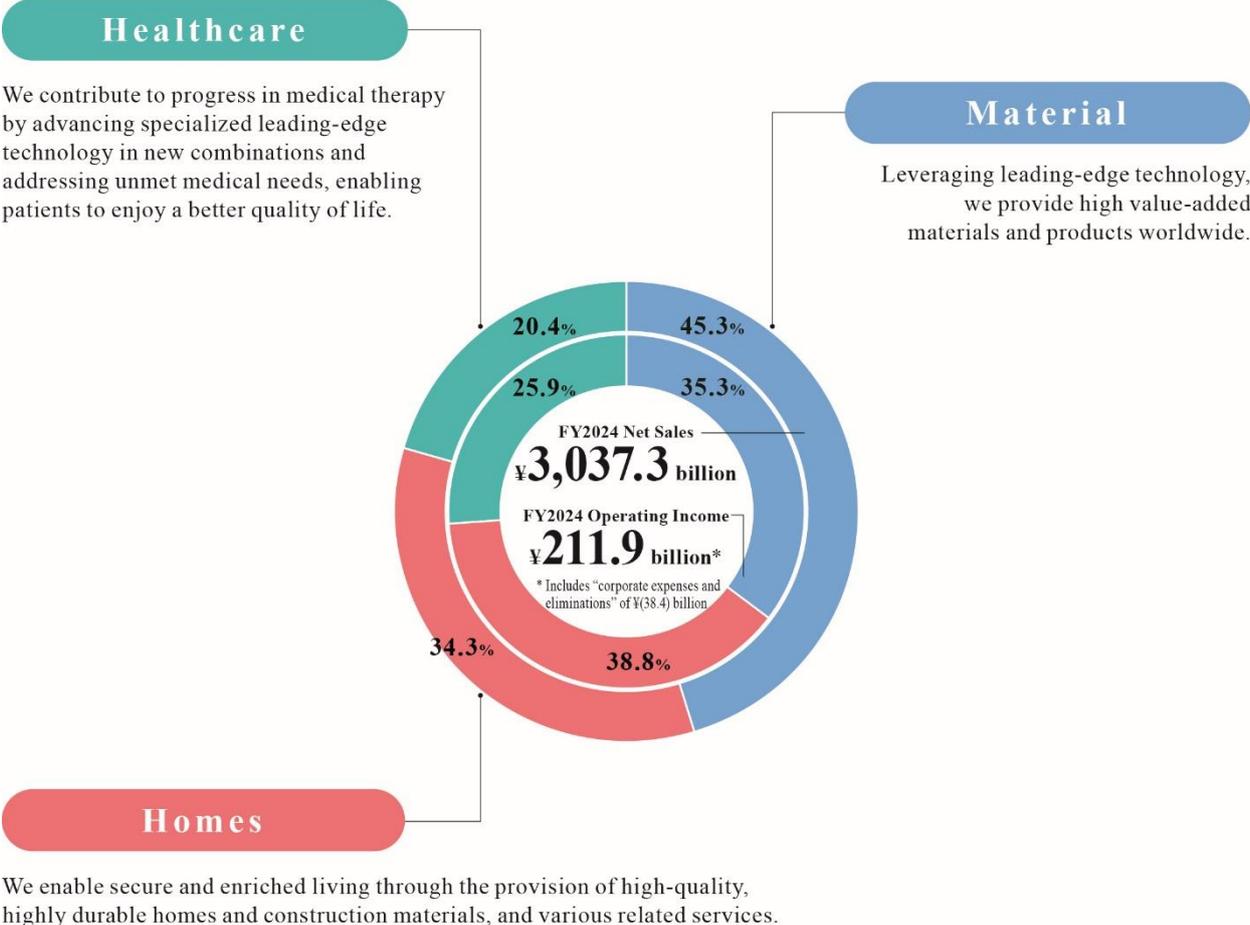


Business results of the fiscal year under review

Consolidated net sales for the fiscal year under review were ¥3,037.3 billion, an increase of ¥252.4 billion from the previous year, and operating income was ¥211.9 billion, an increase of ¥71.2 billion from the previous year. Material segment had improved terms of trade due to rise in petrochemical market prices as well as sales expansion associated with favorable demand on semiconductor- and electronics-related markets, while Homes and Healthcare segments had firm performance. Ordinary income was ¥193.5 billion, up ¥103.3 billion from the previous year, mainly due to a decrease in equity in losses of affiliates. Although impairment losses decreased compared with the previous year, net income attributable to owners of the parent increased to ¥135.0 billion, an increase of ¥91.2 billion mainly due to an increase in tax expenses.

The Asahi Kasei Group’s Businesses and Main Products

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



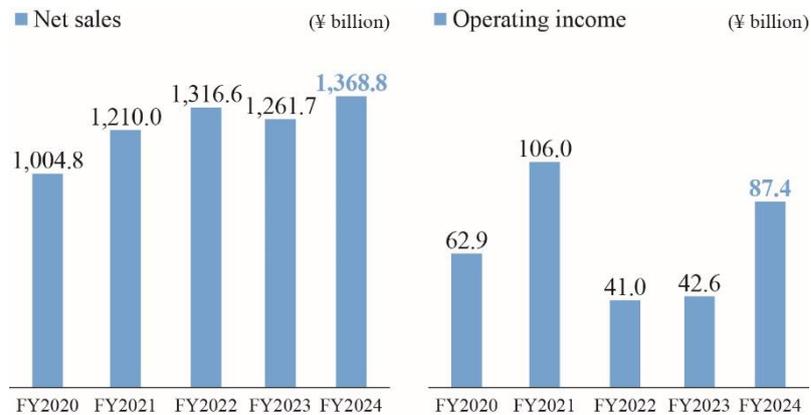
Material

[Main businesses]

With materials and technologies for a carbon neutral society including energy storage and green hydrogen manufacturing technology, resin and fiber products that contribute to next generation mobility, electronic materials including semiconductor 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 as well as promoting products and developing technologies to achieve a sustainable society.

[Overview of results by segment]

The Digital Solutions business had increased sales associated with favorable demand on semiconductor- and electronics-related markets, including AI servers and high-end smartphones, and led the performance. In addition, the Mobility & Industrial business had improved terms of trade due to progress in passing on increased costs and had firm sales of car interior material. The Environmental Solutions business also had improved terms of trade in the Basic Materials business, resulting in increased income in the entire Material segment.



Fiscal 2024 highlight

Started construction of a new plant for wet-process lithium-ion battery separators

The Company held a groundbreaking ceremony for its new manufacturing facility for Hipore™ lithium-ion battery separator in Port Colborne, Ontario, Canada. The investment utilizes external capital and an alliance, with commercial production planned to begin in 2027.

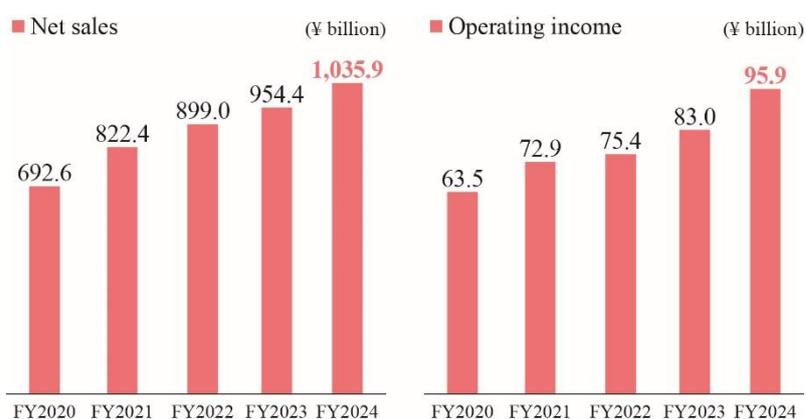
Homes

[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 and real estate business in this segment.

[Overview of results by segment]

In Homes business, income increased mainly with expansion of the order-built homes due to rise in average price from large-scale and highly value-added properties as well as improvement of marginal profit ratio from cost reduction. The Construction Materials business also progressed in passing on increased costs, resulted in increased income in the entire Homes segment.



Fiscal 2024 highlight

Acquisition of ODC Construction, LLC, a subcontractor performing residential construction work in the United States

As our business expands in North America, following the expansions in Arizona and Nevada, the Company has acquired Florida-based ODC. We will improve the efficiency and quality of construction work, and aim for further growth of the North American homes business.

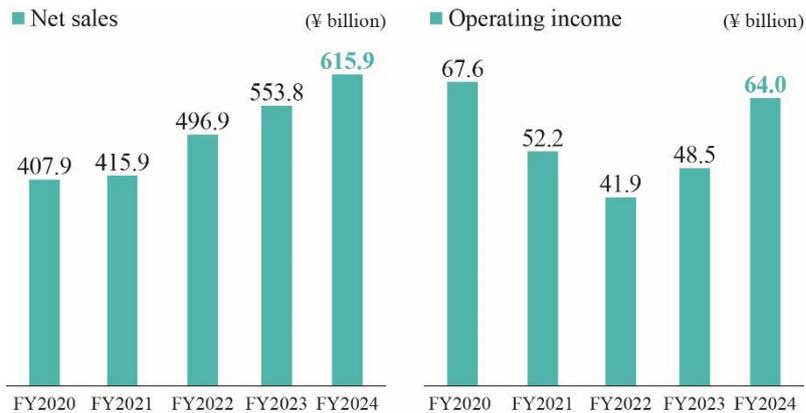
Healthcare

[Main businesses]

We provide pharmaceuticals globally in the fields of orthopedics, critical/intensive care, and renal/immune system. We also contribute to the improvement of safety and productivity of pharmaceuticals, by providing products used in the manufacturing process of biopharmaceuticals, etc. and contract development and manufacturing services (CDMO). In the critical care business, AEDs, professional defibrillators, temperature management systems, and others help to save people's lives.

[Overview of results by segment]

Pharmaceutical and medical business had increased sales volume with its mainstay drugs such as Envarsus XR[®], despite recording of costs associated with acquisition of Swedish pharmaceutical company, Calliditas Therapeutics AB. In addition, critical care business also expanded mainly due to passing on increased costs and cost reduction for defibrillators, and increased number of new patients for LifeVest[®], resulting in increased income in the entire Healthcare segment.



Fiscal 2024 highlight

Acquisition of Calliditas Therapeutics AB, a Swedish pharmaceutical company

The Company acquired Calliditas, a company that has a drug for the treatment of renal disease. Through this acquisition, the Company will expand its business foundation in the United States, the world's largest healthcare market, and further increase its presence in renal, autoimmune, and rare diseases.

2. Medium-term Management Strategies / Plans and Progress

1. Management environment and management issues

As shown in the United Nations' "The 2030 Agenda for Sustainable Development," there are various issues toward a sustainable society, and initiatives are being taken around the world. However, according to the United Nations' 2023 report, only 15% of the Sustainable Development Goals (SDGs) are evaluated as on track for progress. There are still more challenges required to solve issues.

For example, the global annual average temperature in 2024 is reported to increase to more than 1.5°C above that during the industrial revolution for the first time. Global warming is progressing, and disasters are becoming more frequent. In addition, while resource shortages and biodiversity loss due to the rising global population are expanding, expectations for healthy, safe and comfortable living are increasing.

Over the century since its founding, the Group has grown in response to the needs of each era. These issues for a sustainable society are not only challenging for the Group itself, but also are business opportunities to actively engage in. Many of these issues cannot be solved by a single company or industry, and collaboration across companies and industries is becoming more important. For example, there are subjects and issues that are mutually related beyond industry boundaries, such as housing and energy, medical and housing, etc. The Company recognizes that this environment is a great business opportunity for the Company, which has three sectors of Material, Homes and Healthcare. The Company also has diverse assets, including human resources, core technologies, brands, and management knowledge, which the Company has cultivated over the past 100 years. By utilizing diversity, which is the Group's characteristic, the Company will aim to continuously create innovative products, services, and business models with high value-added and specialty in an approach focusing on differentiation from our competitors.

On the other hand, when looking at the current situation, our management environment is rapidly changing with significantly heightened uncertainties. Conflicts, political instability, social divisions, and reduced policy predictability around the world are risk factors including instability of energy and raw materials supply chain, financial market volatility, and downturn in the world economy. By firmly looking at the management environment, the entire Group will combine its strengths as one team to navigate the path with our customers and other companies, investors and other various stakeholders to provide value. The Company will aim for two mutually reinforcing aspects of sustainability: "contribution to sustainable society" and "sustainable growth of corporate value."

2. Review of previous medium-term management plan

Under the Medium-Term Management Plan 2024 “Be a Trailblazer” from fiscal 2022 to fiscal 2024, while the Company actively invested in growth-driving businesses, it made decisions on structural transformation including business transfers, and promoted business portfolio transformation.

Due to the deterioration of the management environment beyond expectations, earnings were sluggish mainly in the Material sector. As a result, the Company posted impairment losses in fiscal 2022, which significantly decreased ROE. However, in fiscal 2024, which was the final year, operating income recovered to a certain level due to solid growth in the Homes and Healthcare sectors as well as a profit recovery in the Material sector.

Operating income, net income and others did not achieve the initial plan. However, financial health is generally maintained at a high level despite active investments.

[Changes of management indicators]

		FY2022 result	FY2023 result	FY2024 result	FY 2024 initial plan (announced in April 2022)
(¥ billion)					
Net sales		2,726.5	2,784.9	3,037.3	2,700.0
Profitability	Operating income	127.7	140.7	211.9	270.0
	Operating margin	4.7%	5.1%	7.0%	10.0%
	Operating income before goodwill amortization	165.0	170.3	244.5	
	EBITDA ¹	305.0	322.9	398.0	470.0
	EBITDA margin	11.2%	11.6%	13.1%	17.4%
	Net income attributable to owners of the parent	(91.9)	43.8	135.0	200.0
	EPS (¥)	(66.3)	31.6	97.94	144
Capital efficiency	ROIC²	4.0%	5.9%	5.5%	≥8%
	ROE³	(5.5%)	2.5%	7.4%	≥11%
Financial health	D/E ratio	0.57	0.51	0.62	
	Interest-bearing debt/EBITDA	3.1	2.8	2.9	
	Equity ratio	48.1%	49.5%	46.3%	
Exchange rate (¥/\$)		135	145	153	110

1 EBITDA = operating income + depreciation and amortization (tangible, intangible, and goodwill)

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

3 ROE = net income ÷ (shareholders' equity + accumulated other comprehensive income)

3. Measures and progress

May and November 2024

Material

Three companies' joint feasibility study on the carbon neutrality of ethylene production facilities in western Japan

In May, Asahi Kasei, Mitsui Chemicals, and Mitsubishi Chemical announced that they decided to perform a joint feasibility study on feedstock and fuel conversion etc. at the three companies' ethylene production facilities in western Japan in order to advance carbon neutrality and lead the decarbonization of society. In November, based on the discussions thus far, the three companies reached an agreement to perform a more in-depth study on production optimization, including carbon neutrality of ethylene production facilities and future capacity reductions, premised on the establishment of a joint operating entity.

May 2024

General

Selected as a DX Stock for fourth consecutive year

The Company has been selected as a DX Stock 2024, a selection that the Ministry of Economy, Trade and Industry (METI) makes jointly with the Tokyo Stock Exchange and the Information-technology Promotion Agency, Japan. The Asahi Kasei Group has been accelerating DX promotion in order to maximize the utilization of diverse intangible assets, which are the source of its growth. In this year's award, the Company was highly evaluated for improving its competitive advantage through digitalization and taking on challenges to business transformation, as well as its organizational culture reform through human resources development.

July 2024

Homes

Asahi Kasei Homes achieved "RE100"¹ for the first time among Japanese homebuilders²

For electricity consumed in its business activities, Asahi Kasei Homes achieved procurement of 100% renewable energy in fiscal 2023 and reported the achievement to the international initiative "RE100" in July 2024. Asahi Kasei Homes installed solar power equipment on Hebel Haus™ homes and Hebel Maison™ apartment buildings, and promoted the use of renewable energy through its own electricity supply service "Hebel Electricity."

¹ An international initiative that aims for companies to use 100% renewable energy for power consumed in their business activities

² Based on our own research

September 2024

Homes

Asahi Kasei Homes acquired ODC Construction (refer to page 28)

Healthcare

Acquisition of Calliditas Therapeutics AB, a Swedish pharmaceutical company (refer to page 29)

Healthcare

Decision to establish Asahi Kasei Life Science and transfer shares of Asahi Kasei Medical

The Company decided to transfer the bioprocess business etc. of Asahi Kasei Medical to newly established Asahi Kasei Life Science by absorption-type separation, and to transfer shares of Asahi Kasei Medical including the Blood Purification Business to a special purpose company established by Integral. Asahi Kasei Medical's Blood Purification Business will become an independent company specializing in medical devices under Integral.

Healthcare

Asahi Kasei Pharma decided to transfer its diagnostics business etc. to Nagase

Asahi Kasei Pharma decided to transfer its diagnostics business, Ohito Pharmaceuticals Plant, and Ohito Office to Nagase, which has a firm presence and outstanding technological capabilities in bio-related fields, and concluded a final agreement.

November 2024

Material

Asahi Kasei Battery Separator started construction of a new plant for wet-process lithium-ion battery

separators in Canada (refer to page 27)

December 2024

Material

Received the 2024 TSMC Excellent Performance Award in recognition of Pimel™ photosensitive dielectric for advanced semiconductor packaging

At the “2024 TSMC Excellent Performance Award” held by Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC), the Company received “Excellent Technology Collaboration and Production Support in Advanced Packaging” in recognition of Pimel™ photosensitive dielectric. TSMC presents this award to suppliers that have made remarkable contributions to its technology leadership and manufacturing with advanced semiconductor processes. The Company’s Pimel™ was highly evaluated for its product contribution.

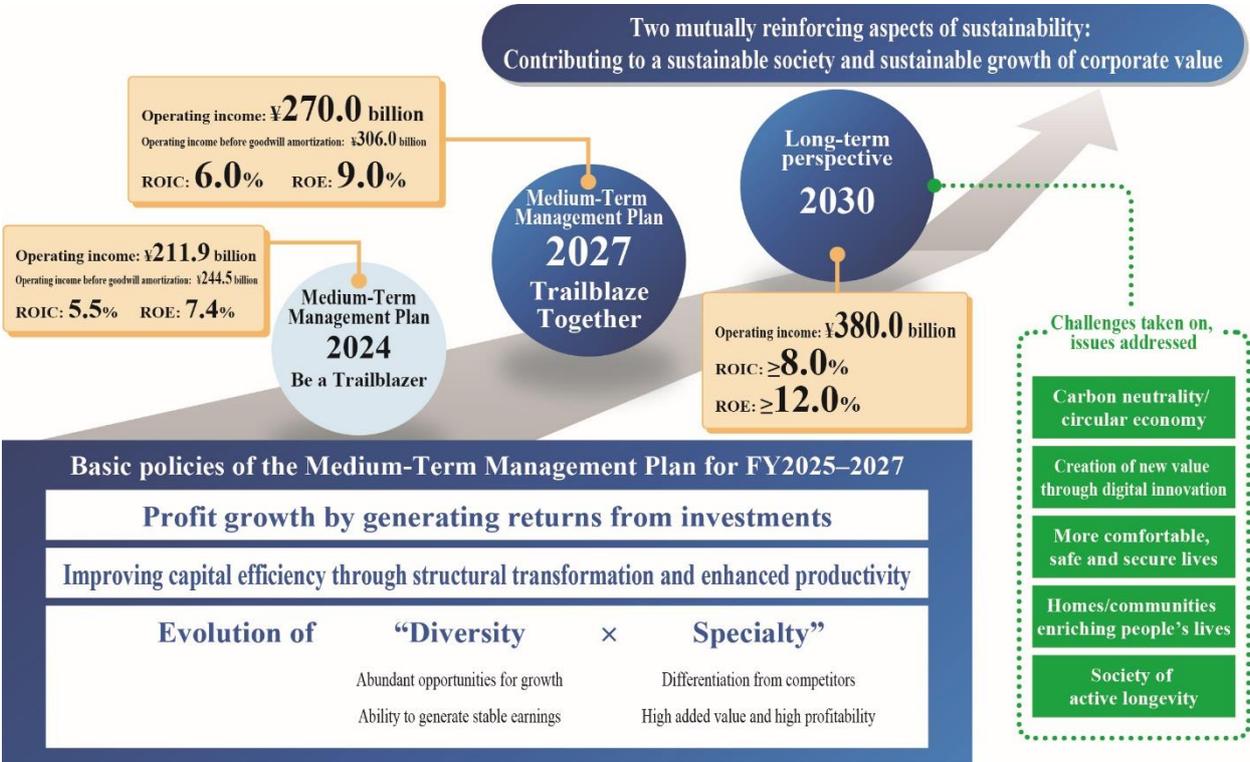
4. New medium-term management plan

■ Overview

In order to pursue a virtuous cycle of two aspects of sustainability: “contributing to a sustainable society” and “sustainable growth of corporate value,” the Company will implement “Medium-Term Management Plan 2027—Trailblaze Together” for the three years from fiscal 2025 to fiscal 2027.

In addition to achieving profit growth by generating returns from investments, and improving capital efficiency through structural transformation and enhanced productivity, the Company will evolve “Diversity × Specialty,” which is the Company’s characteristic, by further strengthening and utilizing its business platform. The Company will aim for operating income of ¥270.0 billion, ROIC of 6%, and ROE of 9% in the final year of fiscal 2027.

“Diversity” refers to abundant opportunities for growth and the ability to generate stable earnings through diverse business development, and “Specialty” refers to the achievement of high added value and high profitability through a business approach that focuses on differentiation from competitors. These are the sources of the Company’s unique value provision.



■ Growth strategy

In this medium-term management plan, the Company divides its businesses into 10 categories based on the basic orientation of the business portfolio and business strategy.

The businesses that drive profit growth for the entire Group through active resource allocation are positioned as First Priority. This includes Pharmaceuticals, Critical Care, Overseas Homes, and Electronics.

Businesses classified as Growth Potential, which aim for growth from a medium-term perspective, are Life Science, real estate development in Domestic Homes, and Energy & Infrastructure.

While expanding these businesses, Chemical, which is positioned for profitability improvement & business model change, will focus on structural transformation for the time being.

By clearly allocating resources based on the position of the businesses, the Company will aim for sustainable growth and improved capital efficiency.

	Healthcare	Homes	Material
First Priority <ul style="list-style-type: none"> ● Gaining income from past investments ● Continue aggressive investment, including inorganic growth 	 Pharmaceuticals	 Overseas Homes	 Electronics
	 Critical Care		 Life Science
Growth Potential <ul style="list-style-type: none"> ● Growth drivers of future business ● Promote alliance strategies from a competitive perspective 		 Domestic Homes <small>[Order-built, remodeling, etc.]</small>	 Car Interior
			 Comfort Life
Earnings Base Expansion <ul style="list-style-type: none"> ● Generate stable earnings ● Growth investment based on strong awareness of capital efficiency 			 Chemical
 Profitability improvement & business model change <ul style="list-style-type: none"> ● Restructuring businesses with sluggish earnings/low capital efficiency ● Changing to new business models through utilization of intangible assets 			

* Development business in real-estate (excl. rental and brokerage business) and land purchase/use in order-built homes

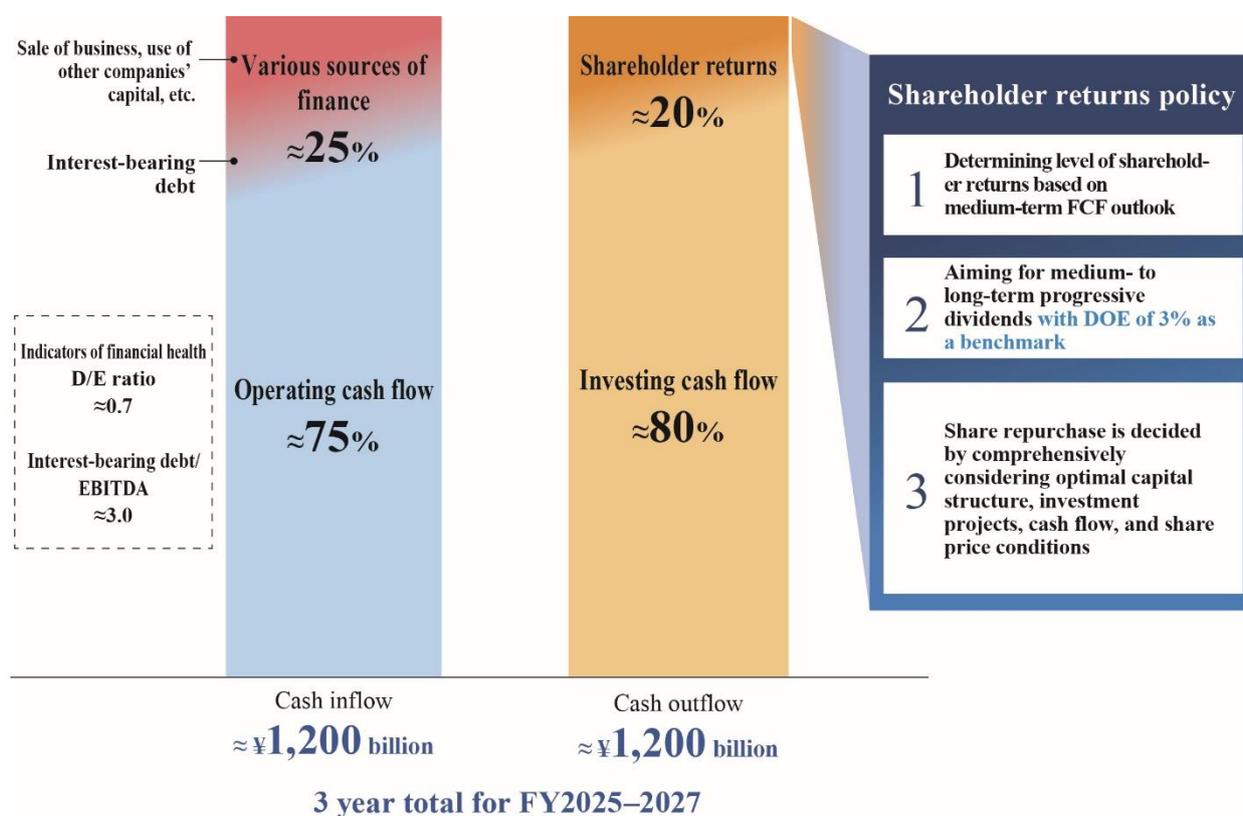
■ Capital allocation

As for capital allocation, from the cash inflow perspective, the Company will sell businesses and utilize other companies' capital as sources of finance in addition to interest-bearing debt. From a cash outflow perspective, the Company will emphasize the balance between investment for growth and shareholder returns.

As for shareholder returns policy, based on the medium-term free cashflow outlook, the Company will emphasize medium- to long-term progressive dividends, and aims to continuously improve the level of returns with DOE (dividends on equity) of 3% as a benchmark.

The approach to share repurchasing remains unchanged. The Company will review and implement share repurchases in consideration of investment projects, cash flows, and share price conditions in addition to optimization of its capital structure.

From the perspective of financial health, the Company manages capital balance with a D/E ratio of 0.7 and interest-bearing debt/EBITDA of 3.0 as benchmarks.



■ Strengthening the business platform

The core of the Company's management is the business platform built over a history of more than 100 years. Diverse human resources, management knowledge, technology, intellectual property, and digital platform lead to the Company's unique value provision.

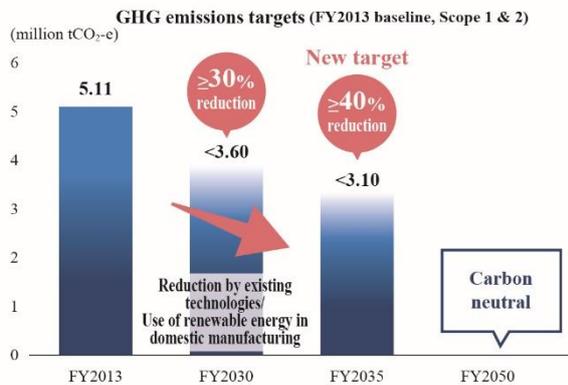
Moving forward, while the Company continuously strengthens the business platform, each business will mutually share and flexibly utilize the business platform to aim for a sustainable increase in corporate value.

Green transformation

In addition to reducing the Company's GHG emissions, the Company will contribute to reducing society's GHG emissions by expanding sales of the Group's Environmental Contribution Products.

Reducing our own GHG emissions

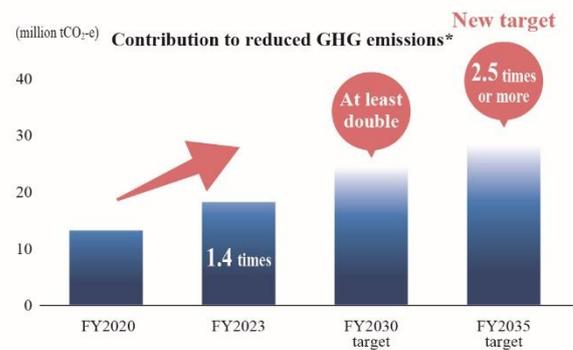
FY2030 $\geq 30\%$ reduction (46% domestic reduction) } Compared to FY2013
 FY2035 $\geq 40\%$ reduction (60% domestic reduction)
 FY2050 Carbon neutral



- **Low-carbon energy**
(renewal and utilization of hydropower plants, use of renewable energy, etc.)
- **Development of mechanisms for reducing GHG emissions**
(application of internal carbon pricing, systematizing CFP calculation, etc.)
- **Transformation of product and business portfolio**

Reducing the world's GHG emissions (expanding Environmental Contribution Products)

FY2030 At least double the contribution to reduced GHG emissions } Compared to FY2020
 FY2035 At least 2.5 times the contribution to reduced GHG emissions



- **Ion-exchange membrane process chlor-alkali electrolysis**
(Reducing power consumption in electrolysis)
- **LIB separator**
(Reducing GHG emissions from driving as electric vehicles using LIBs become widespread)
- **Hebel Haus™ unit homes**
- **Hebel Maison™ apartment buildings**
(Providing long service life to reduce GHG emissions from component manufacture and construction)

* The contribution to reduced GHG emissions is calculated independently from the viewpoint of LCA based on the opinions of external experts.

Human resources strategy

With an approach of “people are our most valuable assets, everything starts from people,” the Company will aim for a virtuous cycle of “enhancing employee vitality and work engagement” and “sustainable growth of the Group.”



Main KPIs	Growth behavior index				Empowerment of diverse personnel			Employee vitality			
	Index of behavior that leads to growth (5-point scale) in annual engagement survey				Percentage of women among managers and Group Masters			Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) in annual engagement survey			
	FY22	FY23	FY24	FY27	FY24	FY27	FY30	FY22	FY23	FY24	FY27
	3.71	3.72	3.73	Further increase	4.9%	8.0%	10.0%	55.6%	56.2%	57.3%	60.0%

Utilization of intangible assets

The Company has various intangible assets that play an extremely important role in the business platform. For example, the digital platform is in the “digital normal period,” in which DX is promoted in the normal course of business. The Company will further enhance operations and improve productivity through the active introduction of AI. In addition, by utilizing a wide variety of intangible assets, the Company will promote the development of “solution businesses” and “licensing businesses” as a new approach to generating earnings.

5. Business risks

As the business environment surrounding the Group is changing drastically, the Company defines especially critical risks requiring regular monitoring by the Board of Directors as Significant Group Risks, and risks critical for business units as Significant Business Risks to enhance the risk management PDCA. Specifically, the Company established a risk management framework, clarified the roles of the constituents, and formed a risk management team whose key members include the Executive Officer for risk management and compliance, General Affairs, and Corporate Strategy. Under the instruction of the President, the team works with each administrative function and business unit to design specific risk mitigations and makes regular status reports to the Board of Directors. The status of group-wide risk management activities of the Group was evaluated through the Internal Audit Department in fiscal 2024, and was confirmed that the group-wide risk management activities are generally being maintained and operated in line with the initial plan. As for improvements according to the evaluation results, the Company is further enhancing risk management activities at the site level and promoting initiatives for greater penetration of risk information escalation rules.

The following were identified as Significant Group Risks for fiscal 2024.

Significant Group Risks	
Selection Criteria	<ul style="list-style-type: none"> ■ Significant risks with the potential to impede the fulfillment of the Group Mission or the accomplishment of the goals of the medium-term management plan ■ Risks that relate to social responsibility with a large degree of impact on, or significant attention from, stakeholders and society ■ Shared, group-wide significant risks requiring a group-wide response
Risks Identified	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Risks related to accidents at production sites</p> <hr/> <p>Risks related to quality-associated misconduct</p> <hr/> <p>Risks related to domestic and international laws, regulations, certification requirements, etc., regarding the environment, safety, and quality assurance</p> <hr/> <p>Risks related to natural disasters, pandemics, and terrorism or conflicts</p> <hr/> <p>Risks related to economic security and global supply chains (economic sanctions and export restrictions, geopolitics, human rights, feedstock/material procurement)</p> <hr/> <p>Risks related to cybersecurity and technological information management</p> </div>
Other risks monitored by the Board of Directors	
	<div style="border: 1px solid #ccc; padding: 5px;"> <p>Risks related to M&A</p> <hr/> <p>Risks related to climate change</p> </div>

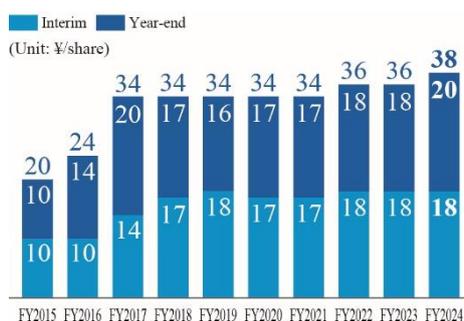
3. Finance

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. The basic policy is to return profits to shareholders through dividends, aiming to stably improve the dividend level.

For the consolidated business results of fiscal 2024, net income exceeded the initial plan. The year-end dividend for fiscal 2024 shall be ¥20 per share, which, together with the interim dividend of ¥18 per share already paid, will bring the annual dividend to ¥38 per share, an increase of ¥2 per share over the previous fiscal year. For fiscal 2025, based on the performance forecasts, the Company plans to pay out an annual dividend of ¥40 per share.

In the new medium-term management plan, the Company especially emphasizes progressive dividends, incorporating DOE (dividends on equity) as an indicator. The Company will consider and implement share repurchases by comprehensively considering the optimization of capital structure, investment projects, cash flows, and share price conditions.



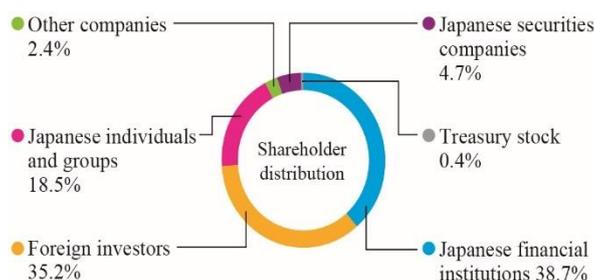
(Note) The Company purchased treasury stock of approximately ¥10.0 billion in fiscal 2019, and approximately ¥30.0 billion in fiscal 2024.

2. Status of shares

Total number of authorized shares: 4,000,000,000 shares

Total number of outstanding shares: 1,365,751,932 shares (including 6,108,866 shares of treasury stock)

Number of shareholders: 217,144 persons (increased by 5,030 persons compared to the previous fiscal year)



Largest shareholders (top 10)

Name of shareholder	Number of shares owned (thousand shares)	Percentage of equity* (%)
The Master Trust Bank of Japan, Ltd. (trust account)	224,915	16.54
Custody Bank of Japan, Ltd. (trust account)	89,413	6.58
Nippon Life Insurance Company	40,880	3.01
Asahi Kasei Group Employee Stockholding Assn.	38,489	2.83
JPMorgan Securities Japan Co., Ltd.	32,237	2.37
State Street Bank West Client — Treaty 505234	26,280	1.93
State Street Bank and Trust Company 505001	20,967	1.54
Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.	19,800	1.46
Sumitomo Life Insurance Company	19,778	1.45
Meiji Yasuda Life Insurance Company	18,416	1.35

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

3. Status of funds raised

In fiscal 2024, in order to respond to financing needs for the acquisitions of ODC and Calliditas, the Group raised new funds by issuing the twenty-sixth, twenty-seventh, twenty-eighth, and twenty-ninth series unsecured straight bonds, in addition to bank loans and issuing commercial paper. As a result, outstanding interest-bearing debt (excluding lease obligations) at the fiscal year-end increased by ¥240.4 billion from a year ago to ¥1,157.5 billion.

4. Main lenders and loans

(¥ million)	
Lender	Loan
Mizuho Bank, Ltd.*	129,093
Sumitomo Mitsui Banking Corporation*	121,789
Development Bank of Japan Inc.	115,000
The Norinchukin Bank	73,748
MUFG Bank, Ltd.	72,662
Shinkin Central Bank	52,500
Bank Mendes Gans N.V.	45,030
Nippon Life Insurance Company	38,114
Resona Bank, Limited	20,154
Sumitomo Mitsui Trust Bank, Limited	16,398

* The loan amounts of the lender include loans from lenders' overseas affiliates.

(Note) Other than above, there is an outstanding loan of ¥55,200 million as a syndicated loan.

(For your reference) Message from the responsible Executive Officer

Toshiyasu Horie, Representative Director and Primary Executive Officer

Under the previous medium-term management plan, operating income and ROE, etc. did not achieve the plan due to insufficient response to the significant changes in the business environment for the Material sector. Based on these changes, we worked on business portfolio transformation for the future, that is, business structural transformation as well as investment in growth fields. Under the new medium-term management plan, we will emphasize a balance between investment and shareholder returns while we continue to accelerate business portfolio transformation. As for shareholder returns, we will incorporate DOE (dividends on equity) as an indicator as we aim continuously raise the level of shareholder returns.

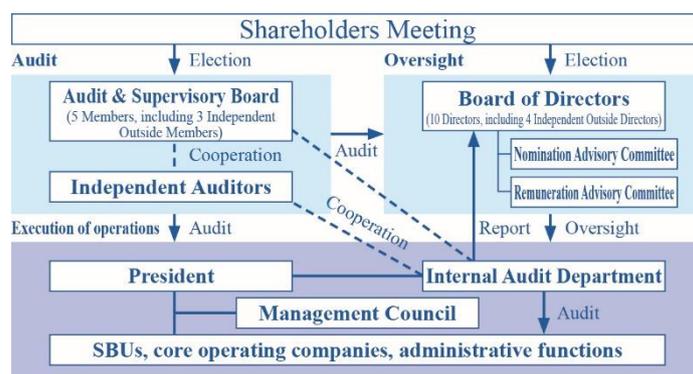
4. Corporate Governance

1. Basic views on corporate governance

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

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

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



Key points

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

* If the proposal in the Reference Documents is approved as proposed, 4 out of 9 Directors will be Independent Outside Directors.

3. Meetings of Board of Directors, Advisory Committees, and Audit & Supervisory Board (FY2024)

	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"> ● New medium-term management plan and business portfolio transformation ● Examinations and decisions of growth investments, M&A, structural transformation, and carve-outs ● Reports of initiatives for human capital ● Reports of the group-wide risk management status ● Reports of dialogue with investors ● Reports of Nomination and Remuneration Advisory Committees
Nomination Advisory Committee	8	100% (all members)	<ul style="list-style-type: none"> ● Roles expected of the Board of Directors and skills matrix ● Nomination of officers for fiscal 2025 ● Succession plan for the President
Remuneration Advisory Committee	6	100% (all members)	<ul style="list-style-type: none"> ● Review and revision of the officer remuneration system (level of remuneration amount, composition ratio, performance-linked indicators, etc.) ● Decision on individual performance-linked monetary remuneration amounts
Audit & Supervisory Board	33	99% (Audit & Supervisory Board Members)	<ul style="list-style-type: none"> ● Review of the discussion points and key considerations at the Board of Directors ● Evaluation of improvements in the effectiveness of the Audit & Supervisory Board ● Opinion exchange sessions with Outside Directors ● Information sharing and opinion exchange sessions with the internal audit division, the Corporate Auditors of subsidiaries, and the auditing firm

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)
Director	Tsuyoshi Okamoto	15 out of 15 meetings (100%)	–	8 out of 8 meetings (100%)	6 out of 6 meetings (100%)
	Yuko Maeda	15 out of 15 meetings (100%)	–	8 out of 8 meetings (100%)	6 out of 6 meetings (100%)
	Chieko Matsuda	15 out of 15 meetings (100%)	–	8 out of 8 meetings (100%)	6 out of 6 meetings (100%)
	Yoshinori Yamashita	11 out of 11 meetings (100%)	–	7 out of 7 meetings (100%)	5 out of 5 meetings (100%)
Audit & Supervisory Board Members	Akemi Mochizuki	15 out of 15 meetings (100%)	31 out of 33 meetings (94%)	–	–
	Haruyuki Urata	15 out of 15 meetings (100%)	33 out of 33 meetings (100%)	–	–
	Yoshikazu Ochiai	15 out of 15 meetings (100%)	33 out of 33 meetings (100%)	–	–

Classification	Name	Remarks
Directors	Tsuyoshi Okamoto	Based on his experience as a company President, he made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, he made comments and asked questions, in particular, about risk management in investment decisions, consideration on employees' perception and motivation on measures, and three-sector management, and fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
	Yuko Maeda	Based on her experience in research and development and management at companies, universities, and other institutions, she made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, she made comments and asked questions, in particular, about intellectual property, human resource management, and cooperation with academia, and fulfilled the role and responsibility expected of Outside Director, including providing supervision, advice, and suggestions on the management.
	Chieko Matsuda	Based on her experience at a university and in management consulting, she made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, she made comments and asked questions, in particular, about the management of the business portfolio, Group governance, capital policy, management strategy, and human resources allocation, and fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
	Yoshinori Yamashita	Based on his experience as a company President, he made necessary statements as appropriate at meetings of the Board of Directors and each committee. During the fiscal year under review, he made comments and asked questions, in particular, about the management of the business portfolio, growth strategy for overseas business, and utilization of digital technology, and fulfilled the role and responsibility expected of Outside Director, including by providing supervision, advice, and suggestions on the management.
Audit & Supervisory Board Members	Akemi Mochizuki	Based on her experience as a certified public accountant, she made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, she made comments and asked questions, in particular, from the perspectives of risk management and accounting, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.
	Haruyuki Urata	Based on his experience as a company President and a head of finance, he made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, he made comments and asked questions, in particular, about group governance and communication with capital markets, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.
	Yoshikazu Ochiai	Based on his experience as a prosecutor and attorney, he made necessary statements as appropriate at meetings of the Board of Directors and Audit & Supervisory Board. During the fiscal year under review, he made comments and asked questions, in particular, from the perspectives of risk management and compliance, and fulfilled the role and responsibility expected of Outside Audit & Supervisory Board Member to ensure the legality and appropriateness of management decision-making.

5. Directors and Audit & Supervisory Board Members (As of March 31, 2025)

Position	Name	Responsibilities	Concurrent holding of important posts
Chairman & Director	Hideki Kobori	<ul style="list-style-type: none"> Board of Directors Meeting convener & chair Nomination Advisory Committee member Remuneration Advisory Committee member 	<ul style="list-style-type: none"> Outside Director, Nomura Research Institute, Ltd. Outside Director, Seiko Group Corporation External Director, Japan Investment Corporation
President & 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 Nomination Advisory Committee member Remuneration Advisory Committee member 	
Director	Kazushi Kuse	<ul style="list-style-type: none"> Vice-Presidential Executive Officer Oversight of R&D Oversight of DX 	
Representative Director	Toshiyasu Horie	<ul style="list-style-type: none"> Primary Executive Officer Executive Officer for Strategy, Accounting & Finance, IR Executive Officer for Internal Control Oversight of Asahi Kasei Europe GmbH Oversight of Asahi Kasei America, Inc. Oversight of Asahi Kasei (China) Co., Ltd. Executive Officer for Sustainability Strategy Planning 	
Director	Hiroki Ideguchi	<ul style="list-style-type: none"> Senior Executive Officer Oversight of General Affairs & HR 	
Director	Masatsugu Kawase	<ul style="list-style-type: none"> Senior Executive Officer Oversight of ESH, QA, Regional Offices, Manufacturing, Production Technology Executive Officer for Health & Productivity Management Executive Officer for Energy Policy Executive Officer for Green Transformation 	
Outside Director	Tsuyoshi Okamoto	<ul style="list-style-type: none"> Chair of the Nomination Advisory Committee Remuneration Advisory Committee member 	<ul style="list-style-type: none"> Honorary Counselor, Tokyo Gas Co., Ltd. Outside Director, Japan Post Holdings Co., Ltd. Outside Director, 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, CellBank Corp. External Director, MODEC, Inc.
Outside Director	Chieko Matsuda	<ul style="list-style-type: none"> Nomination Advisory Committee member Remuneration Advisory Committee member 	<ul style="list-style-type: none"> Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Member of the Board, Toyota Tsusho Corporation External Director, Isetan Mitsukoshi Holdings Ltd.
Outside Director	Yoshinori Yamashita	<ul style="list-style-type: none"> Nomination Advisory Committee member Chair of Remuneration Advisory Committee 	<ul style="list-style-type: none"> Chairperson, Ricoh Company, Ltd. External Director, Nomura Real Estate Holdings, Inc. Outsider Director, Kubota Corporation

Position	Name	Responsibilities	Concurrent holding of important posts
Audit & Supervisory Board Member	Yutaka Shibata		
Audit & Supervisory Board Member	Takuya Magara		
Outside Audit & Supervisory Board Member	Akemi Mochizuki		<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		
Outside Audit & Supervisory Board Member	Yoshikazu Ochiai		<ul style="list-style-type: none"> • Attorney-at-law (Of Counsel, Nishimura & Asahi (Gaikokuho Kyodo Jigyo) law firm)

- (Notes) 1. No special relationship exists between the above important posts held concurrently and the Company.
2. Directors Tsuyoshi Okamoto, Yuko Maeda, Chieko Matsuda, and Yoshinori Yamashita are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
3. Audit & Supervisory Board Members Akemi Mochizuki, Haruyuki Urata, and Yoshikazu Ochiai are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act and are registered as Independent Officers as specified by the Tokyo Stock Exchange.
4. Audit & Supervisory Board Members Akemi Mochizuki and Haruyuki Urata have extensive experience as a certified public accountant, and an Executive Officer responsible for accounting and finance, respectively, and both have considerable insight into finance and accounting.
5. The Company has executed contracts with five Directors: Hideki Kobori, Tsuyoshi Okamoto, Yuko Maeda, Chieko Matsuda, and Yoshinori Yamashita as well as five Audit & Supervisory Board Members: Yutaka Shibata, Takuya Magara, Akemi Mochizuki, Haruyuki Urata, and Yoshikazu Ochiai to limit liability for damages as stipulated in Article 423, Paragraph 1 of the Companies Act, to the higher of either ¥10 million or the minimum liability limit amount for damages stipulated in laws and regulations.
6. The Company has entered into an indemnification agreement with all Directors and Audit & Supervisory Board Members stated above as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company will indemnify them for the expenses stipulated in Item 1, Paragraph 1 and losses stipulated in Item 2, Paragraph 1 of the same Act to the extent provided by laws and regulations.
7. The Company has concluded a directors and officers liability insurance agreement with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with Directors, Audit & Supervisory Board Members, Executive Officers, and Directors, Corporate Auditors, Executive Officers at major subsidiary companies, as the insured parties. The insurance agreement shall cover compensation for damage, settlements, attorney's fees, etc. to be borne by the insured parties, and premiums are fully covered by the Company. However, measures are taken so that the properness of the execution of duties by the insured parties is not impaired by excluding from coverage criminal acts of the insured or damage incurred by the insured in connection with acts committed by the insured with knowledge that the act violates laws and regulations.

6. Independent Auditors

- (1) Name of Independent Auditors
PricewaterhouseCoopers Japan LLC
- (2) The rationale for the Audit & Supervisory Board having agreed on the amount of remuneration, etc. to be paid to Independent Auditors pertaining to fiscal 2024
 - 1) Remuneration for audit services as stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act
PricewaterhouseCoopers Japan: ¥310 million
 - 2) Total amount of money and other financial profit to be paid by the Company and its subsidiaries
PricewaterhouseCoopers Japan: ¥548 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.

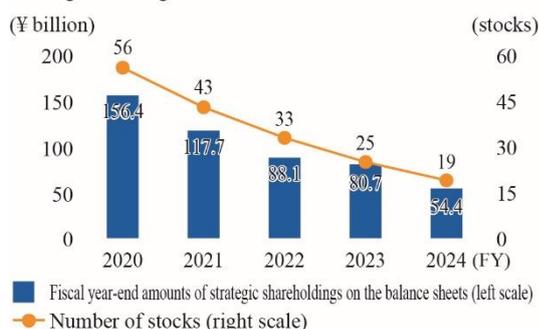
(For your reference)
Strategic Shareholdings

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.

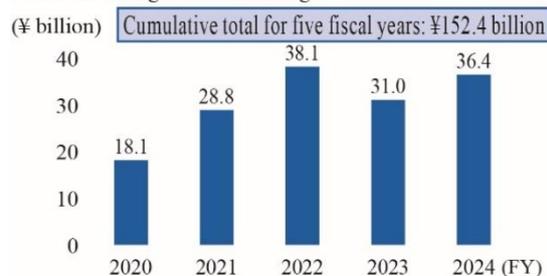
The purpose, effectiveness and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year, and are reviewed by the Board of Directors.

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.

Strategic holdings of listed shares



Sales of strategic shareholdings



7. Remuneration for Officers

The amount of remuneration, etc. of Directors and Audit & Supervisory Board Members in fiscal 2024

Classification	Amount paid (¥ million)	Breakdown by remuneration type (¥ million)			Number of Directors and Audit & Supervisory Board Members paid
		Basic remuneration	Performance- linked monetary remuneration	Stock-based remuneration*	
Directors	616	455	113	48	11
(of which Outside Directors)	72	72	–	–	5
Audit & Supervisory Board Members	158	158	–	–	5
(of which Outside Audit & Supervisory Board Members)	54	54	–	–	3

* 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 2024

Classification	Number of shares	Number of eligible officers
Directors (excluding Outside Officers)	0 shares (common stock)	0

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

Resolutions by the General Meeting of Shareholders on remuneration, etc. of Directors and Audit & Supervisory Board Members

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

Remuneration for Directors

(1) Decision-making policy

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

Basic policy:

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

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

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

To ensure the optimal way of remunerating Directors and design of the remuneration system, the Board of Directors and the Remuneration Advisory Committee regularly deliberate, continually confirm appropriateness, and make improvements.

(2) Basic design

1) Performance-linked monetary remuneration

- Designed by combining both the achievement of financial targets including invested capital efficiency to provide incentives tied to earnings and management strategy as management leaders together with the achievement of non-financial targets including individual targets including progress on sustainability
- Calculated by making a comprehensive judgment based on the achievement of financial targets such as consolidated net sales, operating income, ROIC, etc., together with the 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 of increased invested capital efficiency
- The formula required to calculate individual performance-linked monetary remuneration is outlined as follows:

$$\boxed{\text{Index calculated by evaluation*}} \times \boxed{\text{Basic amount by rank}} = \boxed{\text{Individual performance-linked monetary remuneration}}$$

*Coefficient comprehensively considering achievement of financial targets and non-financial targets

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

	Fiscal 2024 target figure / standard figure	Fiscal 2024 actual figure
Consolidated net sales	¥2,912.0 billion	¥3,037.3 billion
Consolidated operating income	¥180.0 billion	¥211.9 billion
Consolidated ROIC*	4.5%	5.5%

* (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 2024.

Indicator	Indicator Calculation Method	Fiscal 2024 target figure / standard figure	Fiscal 2024 actual figure
Job satisfaction	Percentage of employees absent due to mental illness	0.64%	1.20%
DX	Total number of digital professionals	2,500	3,157
Diversity	Percentage of women among managers and Group Masters	5.0%	4.7%

The details of performance-linked monetary remuneration and stock-based remuneration above are planned to be changed, subject to the approval of Proposal 3 to be proposed at the 134th Ordinary General Meeting of Shareholders (please refer to the details after the change on pages 23-24).

(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 performance-linked monetary remuneration amount 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 Outside Directors comprise a majority of the Remuneration Advisory Committee, 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, 2025)

Name	Position and responsibilities
Yoshinori Yamashita	Outside Director, Chair of the Remuneration Advisory Committee
Tsuyoshi Okamoto	Outside Director
Yuko Maeda	Outside Director
Chieko Matsuda	Outside Director
Hideki Kobori	Chairman & Director
Koshiro Kudo	Representative Director, President & 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 2024 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, of whose members Outside Directors comprise a majority, to ensure objectivity and transparency of the decision.
- The decision on performance-linked monetary remuneration has been made through a highly independent, objective, and transparent process of the Remuneration Advisory Committee.

(For your reference) Executive Directors



- Performance-linked monetary remuneration = commitment to results
 - Stock-based remuneration = sharing the perspective with shareholders
- (Note) Remuneration for Outside Directors is comprises basic remuneration only

Remuneration for Audit & Supervisory Board Members

- A 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 among 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 results of the evaluation of the effectiveness of the Board of Directors (hereinafter, “the fiscal year’s evaluation”) in fiscal 2024 are summarized as follows. In order to maintain an evaluation cycle that also incorporates an objective perspective, the Company will continue to use the third-party organization on a regular basis for evaluating the effectiveness of the Board of Directors.

1. Process of the fiscal year’s Evaluation

- (1) December 2024
The Company’s Board of Directors deliberated on the implementation process and survey content of the fiscal year’s evaluation.
- (2) From December 2024 to January 2025
Survey of all Directors and Audit & Supervisory Board Members was conducted. The survey covered not only the Board of Directors, but also the Nomination Advisory Committee and Remuneration Advisory Committee. The survey topics included the functions, operation and discussion status of meetings of the Board of Directors, the Nomination Advisory Committee, and Remuneration Advisory Committee, and individual evaluation (self-evaluation) of all Directors and Audit & Supervisory Board Members.
- (3) March and April 2025
The Company’s Board of Directors confirmed the results of the evaluation of the effectiveness of the Board of Directors based on the survey results above, and deliberated on responses to the issues identified.

2. Summary of results of the evaluation

- (1) **The Company’s Board of Directors confirmed that the effectiveness of the Board of Directors is sufficiently ensured, particularly in the following aspects.**
 - Based on the Board of Directors’ vision to promote business portfolio management and strengthening of the business platform, the roles and functions of the Company’s Board of Directors were evaluated as being appropriately fulfilled, as it increased the opportunities to discuss business portfolio transformation and conducted substantial deliberations.
 - The Board of Directors was evaluated for deepening the deliberations on the new medium-term management plan from multiple perspectives by business sector and by subject, and for enhancing discussion with an awareness of the perspective of capital markets.
 - In operational aspects, the Board of Directors was evaluated for maintaining an environment that encourages open and lively discussion, and for achieving highly effective and efficient operation through continuous improvements of issues identified from the results of the evaluation of the effectiveness of the Board of Directors.
- (2) **On the other hand, the Company’s Board of Directors shared that there are still issues regarding the following points.**
 - The Board of Directors recognizes the importance of utilizing the Board of Directors meetings and off-site settings to further deepen discussions from a medium- to long-term perspective on material management issues, including the way of three-sector management, financial strategy, shareholder returns, and capital efficiency.
 - Regarding raising the quality of discussions by the Board of Directors, the Board of Directors confirmed the importance of having discussions with an awareness of the perspective of capital markets, and recognizes that there is room for further enhancement of the discussions.
 - The Board of Directors recognizes the need to further enhance the operation of the Nomination Advisory Committee and Remuneration Advisory Committee, and to continue effective consideration of the Board of Directors composition and officer remuneration.

3. PDCA cycle of evaluation of the effectiveness of the Board of Directors and future measures

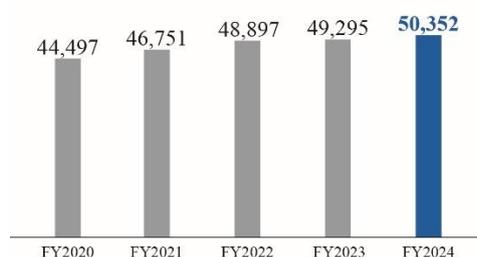
The Company's Board of Directors identifies the issues to be addressed to further enhance the effectiveness of the Board of Directors, and implements measures for improvement as follows.

		Plan: Direction of measures for fiscal 2024	Do: Primary measures during fiscal 2024	Check: Evaluation for the fiscal year	Act: Future measures
Board of Directors	Deliberation subjects/deliberation quality	<ul style="list-style-type: none"> ■ Further enhance discussions on material management issues that need to be discussed from a medium- to long-term perspective, such as business portfolio transformation and management resource allocation ■ Aim to further deepen discussions by increasing opportunities to exchange opinions outside Board of Directors meetings 	<ul style="list-style-type: none"> ■ Deliberate on the annual agenda at the Board of Directors ■ Supervise the progress of the previous medium-term management plan, and deliberate at the Board of Directors from multiple perspectives for formulating the new medium-term management plan ■ Regarding large M&A and business transformation projects, make a decision after sufficient multiple deliberations at the consideration stage ■ In off-site settings as well, exchange opinions on the new medium-term management plan with the President and the Outside Officers, and provide information on structural reform on petrochemical chain-related businesses 	<ul style="list-style-type: none"> ■ Highly evaluated on enhanced deliberation on business portfolio transformation and the new medium-term management plan ■ Subjects were identified that need further enhanced deliberations from a medium- to long-term perspective (e.g., the way of three-sector management, financial strategy, shareholder returns, capital efficiency, human capital management) ■ Discussions were held based on dialogue with investors, but the need to further deepen discussions from the investor viewpoint was identified, both from supervision and execution perspectives 	<p>(1) Enhance discussions from a medium- to long-term perspective and raise the quality of discussions at the Board of Directors</p> <ul style="list-style-type: none"> ■ Enhance deliberations such as the Group's future vision after the completion of business portfolio transformation and sustainability issues, and deepen management discussions from a more medium- to long-term perspective ■ Regarding the subject of dialogue with investors, further raise the quality of discussions from the perspective of the capital markets by exchanging opinions between Outside Directors and the management
	Operation	<ul style="list-style-type: none"> ■ Aim for higher-level discussions by the Management Council, which is responsible for deliberation prior to Board of Directors meetings, and further rationalize and raise the efficiency of agenda management at the Board of Directors 	<ul style="list-style-type: none"> ■ Strengthen the involvement of corporate functions in proposals by business units at the prior deliberation phase. Establish a standard form for materials, and devise ways to provide prior briefings to Outside Officers 	<ul style="list-style-type: none"> ■ Status of operation was evaluated positively due to continuous improvements from the past ■ To enhance deliberation, there were opinions on viewpoints to consider for monitoring, allocating more time to deliberation on material management issues, and utilization of off-site settings to supplement Board of Directors meetings 	<p>(2) Continue to improve operations to deepen discussions at the Board of Directors</p> <ul style="list-style-type: none"> ■ Gain more time to deliberate material management issues by rationally narrowing down the Board of Directors agenda. Improve the effectiveness of deliberations by enhancing information sharing through the effective utilization of off-site settings
Nomination and Remuneration Advisory Committees	<ul style="list-style-type: none"> ■ Deepen discussions on the composition of the Board of Directors, and continuously pursue the optimal form of the Board of Directors in light of the management philosophy, management strategy, business environment, etc. 	<ul style="list-style-type: none"> ■ Deepen deliberations on the composition of the Board of Directors and skills matrix, and clarify skill definition at the Nomination Advisory Committee ■ Enhance information sharing from both advisory committees to the Board of Directors 	<ul style="list-style-type: none"> ■ Both advisory committees are evaluated as functioning properly ■ On the other hand, subjects that require continuous effective consideration (composition of the Board of Directors, succession, officer remuneration, etc.) and issues of information sharing with the Board of Directors were identified 	<p>(3) Enhancement of operation of Nomination and Remuneration Advisory Committees</p> <ul style="list-style-type: none"> ■ Enhance the operation of both advisory committees, and aim for enhanced deliberation on the subjects listed on the left. In addition, enhance the content of information sharing with the Board of Directors 	

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

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

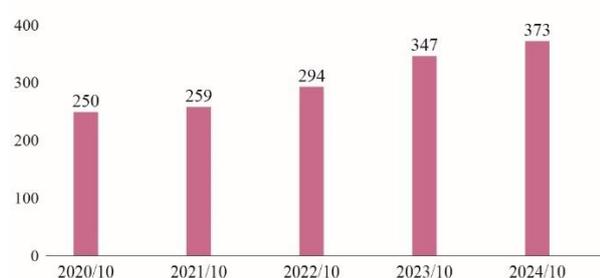
1 Number of employees at the Group (as of the end of each fiscal year)



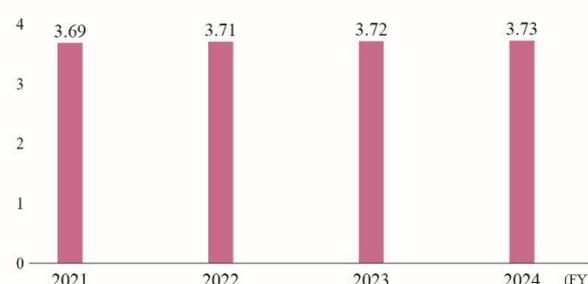
(Note) The ratio of overseas employees for FY2024 is slightly above 40%.

(For your reference) Human resources-related data

Number of Group Masters



Growth behavior index from work engagement survey



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



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

From the previous medium-term management plan, the Company positions “lifelong growth” to continue to grow and take on challenges, and “co-creativity” to expand and connect diversity, as pillars of human resource strategy and promotes various measures accordingly.

The Company is promoting measures to leverage the unique value of the Group by enhancing management’s ability to draw out both individual and team capabilities, achieving career autonomy and growth for each individual, and organically connecting diverse technologies, businesses, and human resources.

Three KPIs pertaining to human resources are adopted and monitored: the number of Group Masters¹, the Growth Behavior Index^{1,2}, and the proportion of women working as managers and Group Masters.

1 Major KPI until fiscal 2024

2 Average value of responses (5-point scale) on the Growth Behavior Index in the employee engagement survey

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

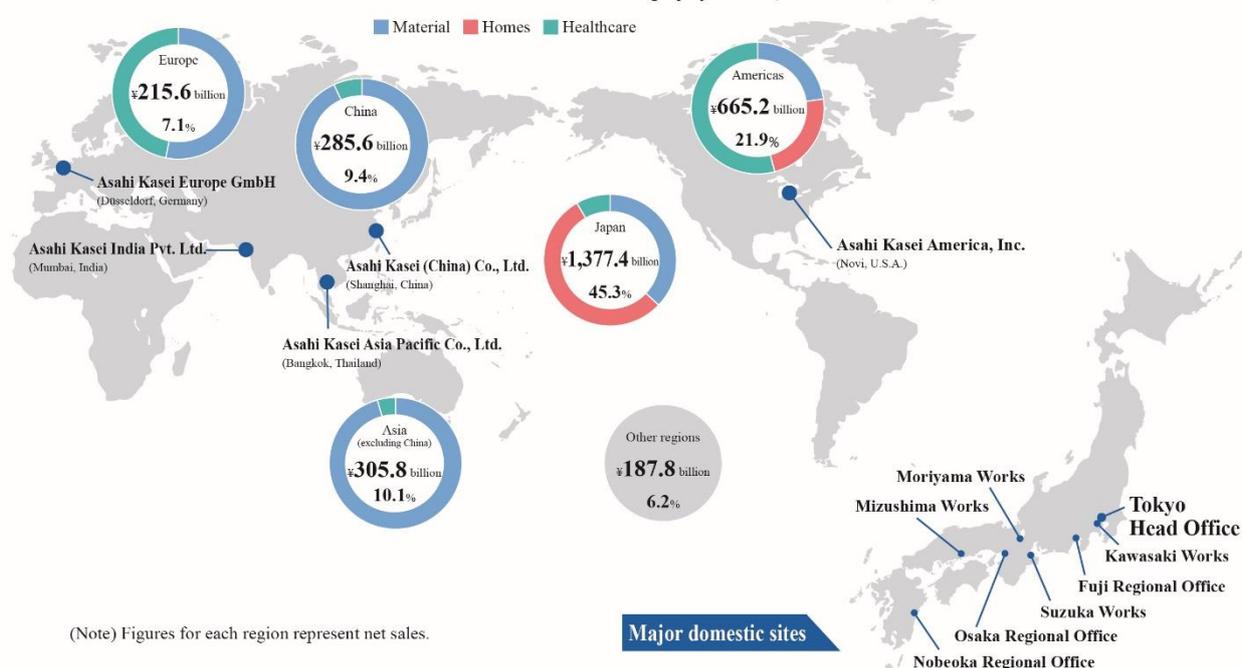
Since April 2016, the Company has employed an operating holding company configuration and performed operations to heighten and integrate knowledge, technologies, and human resources as well as to enhance competitiveness, with the aim of enhancing its corporate value.



(Note) 1. The above structure is as of March 31, 2025. Effective April 2025, a share transfer in relation to Asahi Kasei Medical was conducted, and a new company was established (refer to page 32). In order to facilitate decision-making, Asahi Kasei Corp. discontinued its strategic business unit (SBU) configuration and reorganized into a unified organization.

(Note) 2. There are 309 subsidiaries included in the scope of consolidation and 34 affiliates accounted for using equity method (as of March 31, 2025).

Major overseas sites



(Note) Figures for each region represent net sales.

Consolidated Financial Statements

Consolidated Balance Sheets (As of March 31, 2025)

(¥ million)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2024)	Consolidated Fiscal Year (As of March 31, 2025)
(Assets)		
Current assets	1,650,037	1,769,448
Cash and deposits	338,108	393,467
Notes, accounts receivable–trade, and contract assets	485,941	491,414
Merchandise and finished goods	317,397	341,531
Work in process	171,645	183,613
Raw materials and supplies	189,794	194,186
Other	150,030	169,042
Allowance for doubtful accounts	(2,877)	(3,805)
Noncurrent assets	2,012,693	2,245,766
Property, plant and equipment	853,289	920,611
Buildings and structures	302,906	324,950
Machinery, equipment and vehicles	270,007	271,970
Land	72,750	81,945
Lease assets	6,926	7,725
Construction in progress	132,051	162,890
Other	68,650	71,131
Intangible assets	754,728	930,553
Goodwill	360,676	389,640
Technology assets	146,643	297,384
Other	247,409	243,529
Investments and other assets	404,676	394,602
Investment securities	188,288	168,371
Long-term loans receivable	17,198	9,561
Long-term advance payments–trade	26,692	24,416
Net defined benefit asset	41,876	74,133
Deferred tax assets	84,557	69,217
Other	46,638	49,431
Allowance for doubtful accounts	(574)	(527)
Total assets	3,662,730	4,015,214

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

(¥ million)

Accounts	Previous Consolidated Fiscal Year (As of March 31, 2024)	Consolidated Fiscal Year (As of March 31, 2025)
(Liabilities)	1,814,106	2,101,271
Current liabilities	914,572	964,608
Notes and accounts payable–trade	213,252	193,583
Short-term loans payable	178,091	203,249
Commercial paper	83,000	87,000
Current portion of bonds payable	30,000	20,000
Lease obligations	7,815	8,049
Accrued expenses	151,577	180,644
Income taxes payable	17,827	18,666
Advances received	88,415	109,750
Provision for grant of shares	70	176
Provision for periodic repairs	4,805	10,297
Provision for product warranties	4,369	4,708
Provision for removal cost of property, plant and equipment	6,511	13,854
Other	128,838	114,631
Noncurrent liabilities	899,534	1,136,663
Bonds payable	200,000	280,000
Long-term loans payable	425,926	567,209
Lease obligations	30,729	29,538
Deferred tax liabilities	20,184	55,608
Provision for grant of shares	545	611
Provision for periodic repairs	7,924	5,516
Provision for removal cost of property, plant and equipment	15,843	6,874
Net defined benefit liability	133,434	121,619
Long-term guarantee deposits	23,295	24,070
Other	41,654	45,618
Net assets	1,848,625	1,913,944
Shareholders' equity	1,311,878	1,366,768
Capital stock	103,389	103,389
Capital surplus	80,272	80,319
Retained earnings	1,135,533	1,191,076
Treasury stock	(7,316)	(8,015)
Accumulated other comprehensive income	501,513	492,652
Net unrealized gain on other securities	51,269	35,996
Deferred gains or losses on hedges	(14)	(78)
Foreign currency translation adjustment	417,391	394,803
Remeasurements of defined benefit plans	32,867	61,776
Non-controlling interests	35,234	54,523
Total liabilities and net assets	3,662,730	4,015,214

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

Consolidated Statements of Income
(April 1, 2024 – March 31, 2025)

(¥ million)

Accounts	Previous Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)	Consolidated Fiscal Year (April 1, 2024 – March 31, 2025)
Net sales	2,784,878	3,037,312
Cost of sales	1,968,909	2,079,051
Gross profit	815,969	958,260
Selling, general and administrative expenses	675,223	746,340
Operating income	140,746	211,921
Non-operating income	17,693	20,826
Interest income	7,684	9,982
Dividends income	3,504	3,396
Other	6,504	7,448
Non-operating expenses	68,320	39,288
Interest expense	7,448	9,096
Equity in losses of affiliates	38,106	7,188
Foreign exchange loss	2,786	5,624
Other	19,980	17,380
Ordinary income	90,118	193,459
Extraordinary income	52,110	44,520
Gain on sales of investment securities	27,088	32,453
Gain on sales of noncurrent assets	527	336
Insurance income	15,346	9,512
Gain on business transfer	2,986	—
Settlement income	6,163	—
Gain on negative goodwill	—	2,218
Extraordinary loss	113,385	43,377
Loss on valuation of investment securities	1,773	2,286
Loss on disposal of noncurrent assets	8,044	8,503
Impairment losses	92,834	12,181
Loss on product compensation	—	1,977
Business structure improvement expenses	10,733	18,429
Income before income taxes	28,843	194,602
Income taxes—current	31,984	47,914
Income taxes—deferred	(49,469)	6,283
Net income	46,328	140,404
Net income attributable to non-controlling interests	2,522	5,408
Net income attributable to owners of the parent	43,806	134,996

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

Consolidated Financial Statements

(Reference)
Summary of Consolidated Statements of Cash Flows
(April 1, 2024 – March 31, 2025)

(¥ million)

Description	Consolidated Fiscal Year (April 1, 2024 – March 31, 2025)
Cash flows from operating activities	301,489
Income before income taxes	194,602
Depreciation and amortization	153,478
Amortization of goodwill	32,628
Decrease in notes, accounts receivable–trade, and contract assets	2,816
Increase in inventories	(32,068)
Decrease in notes and accounts payable–trade	(26,732)
Increase in accrued expenses	21,115
Increase in advances received	20,982
Income taxes (paid) refund	(45,456)
Other	(19,875)
Cash flows from investing activities	(381,150)
Purchase of property, plant and equipment	(201,684)
Proceeds from sales of property, plant and equipment	723
Purchase of intangible assets	(16,255)
Purchase of investment securities	(8,025)
Proceeds from sales of investment securities	36,913
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(191,174)
Payments for transfer of business	(8,281)
Other	6,634
Cash flows from financing activities	144,567
Net increase in loans payable, commercial paper, and bonds payable	222,422
Cash dividends paid	(49,962)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	(325)
Purchase of treasury stock	(30,019)
Proceeds from share issuance to non-controlling interests	16,312
Other	(13,861)
Effect of exchange rate change on cash and cash equivalents	(8,503)
Net increase in cash and cash equivalents	56,403
Cash and cash equivalents at beginning of period	333,498
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	134
Cash and cash equivalents at end of period	390,035

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

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets (As of March 31, 2025)

(¥ million)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2024)	Non-Consolidated Fiscal Year (As of March 31, 2025)
(Assets)		
Current assets	609,537	590,949
Cash and deposits	44,405	42,960
Notes receivable-trade	444	—
Electronically recorded monetary claims—operating	4,115	3,405
Accounts receivable—trade	176,406	155,046
Merchandise and finished goods	123,990	123,030
Work in process	43,591	40,363
Raw materials and supplies	64,900	63,060
Prepaid expenses	8,118	9,641
Accounts receivable—other	47,590	30,368
Income taxes refund receivable	9,665	7,476
Short-term loans receivable	2	—
Short-term loans receivable from subsidiaries and affiliates	62,950	86,300
Advances paid	7,363	11,564
Other	16,010	17,742
Allowance for doubtful accounts	(11)	(7)
Noncurrent assets	1,357,927	1,586,614
Property, plant and equipment	399,749	319,897
Buildings	117,017	94,328
Structures	39,089	35,140
Machinery and equipment	115,333	91,782
Vehicles	521	442
Tools, furniture and fixtures	8,594	8,833
Land	48,811	48,957
Lease assets	4	10
Construction in progress	70,379	40,405
Intangible assets	39,551	34,371
Software	38,748	33,606
Other	802	765
Investments and other assets	918,628	1,232,346
Investment securities	93,700	67,734
Stocks of subsidiaries and affiliates	728,952	1,038,922
Investments in capital	133	153
Long-term loans receivable from subsidiaries and affiliates	19,365	43,650
Distressed receivables	—	5,146
Long-term advance payments—trade	17,654	16,392
Long-term prepaid expenses	2,204	2,545
Deferred tax assets	49,818	55,961
Other	7,264	6,988
Allowance for doubtful accounts	(463)	(5,146)
Total assets	1,967,465	2,177,563

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

(¥ million)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2024)	Non-Consolidated Fiscal Year (As of March 31, 2025)
(Liabilities)	1,341,855	1,611,084
Current liabilities	624,351	672,633
Notes payable–trade	1,065	855
Accounts payable–trade	82,025	68,098
Short-term loans payable	96,390	111,145
Commercial paper	83,000	87,000
Current portion of bonds payable	30,000	20,000
Current portion of long-term loans payable	52,567	63,238
Short-term loans payable to subsidiaries and affiliates	167,737	199,612
Lease obligations	3	4
Accounts payable–other	19,326	17,204
Accrued expenses	34,306	40,110
Advances received	10,339	13,422
Deposits received	6,521	6,790
Provision for grant of shares	48	84
Provision for periodic repairs	4,805	10,297
Provision for removal costs of property, plant and equipment	3,459	5,589
Provision for loss on guarantees	3,897	1,608
Other	28,862	27,575
Noncurrent liabilities	717,504	938,451
Bonds payable	200,000	280,000
Long-term loans payable	422,067	562,938
Lease obligations	3	6
Provision for retirement benefits	56,034	55,632
Provision for grant of shares	328	392
Provision for periodic repairs	3,864	1,302
Provision for removal costs of property, plant and equipment	9,333	5,504
Provision for loss on business of subsidiaries and associates	—	6,670
Long-term guarantee deposits	3,308	3,217
Other	22,568	22,790

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

(¥ million)

Accounts	Previous Non-Consolidated Fiscal Year (As of March 31, 2024)	Non-Consolidated Fiscal Year (As of March 31, 2025)
(Net assets)	625,610	566,480
Shareholders' equity	576,815	533,678
Capital stock	103,389	103,389
Capital surplus	79,396	79,396
Legal capital surplus	79,396	79,396
Other capital surplus	0	—
Retained earnings	401,345	358,908
Legal retained earnings	25,847	25,847
Other retained earnings	375,498	333,060
Reserve for special depreciation	1,583	1,280
Reserve for advanced depreciation of noncurrent assets	12,340	11,921
Reserve for special disaster	21	22
Reserve for dividend equalization	7,000	7,000
General reserve	82,000	82,000
Retained earnings brought forward	272,554	230,838
Treasury stock	(7,315)	(8,015)
Valuation and translation adjustments	48,795	32,802
Net unrealized gain on other securities	48,826	32,728
Deferred gains or losses on hedges	(31)	74
Total liabilities and net assets	1,967,465	2,177,563

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

Non-Consolidated Financial Statements

Non-Consolidated Statements of Income (April 1, 2024 – March 31, 2025)

(¥ million)

Accounts	Previous Non-Consolidated Fiscal Year (April 1, 2023 – March 31, 2024)	Non-Consolidated Fiscal Year (April 1, 2024 – March 31, 2025)
Net Sales	681,508	726,492
Cost of sales	594,600	607,094
Gross profit	86,908	119,397
Selling, general and administrative expenses	113,454	118,747
Operating income (loss)	(26,546)	650
Non-operating income	239,949	29,639
Interest and dividends income	237,925	24,054
Foreign exchange gains	—	1,442
Other income	2,025	4,143
Non-operating expenses	20,762	13,970
Interest expenses	4,506	7,068
Foreign exchange loss	4,029	—
Costs of idle facilities	2,602	1,479
Other	9,625	5,423
Ordinary income	192,641	16,319
Extraordinary income	42,587	40,309
Gain on sales of investment securities	25,943	32,324
Gain on sales of shares of subsidiaries and associates	—	1,181
Gain on liquidation of subsidiaries and affiliates	127	23
Gain on sales of noncurrent assets	10	134
Gain on extinguishment of tie-in shares	—	0
Insurance income	10,198	6,646
Gain on business transfer	2,640	—
Settlement income	3,668	—
Extraordinary loss	133,079	34,780
Loss on valuation of investment securities	1,573	1,361
Loss on valuation of shares of subsidiaries and affiliates	20,722	2,419
Loss on sales of shares of subsidiaries and affiliates	19,153	—
Loss on disposal of noncurrent assets	5,976	5,786
Impairment loss	84,393	10,247
Business structure improvement expense	1,263	2,969
Loss on product compensation	—	1,800
Provision of allowance for doubtful accounts for subsidiaries and associates	—	3,528
Provision for loss on business of subsidiaries and associates	—	6,670
Income before income taxes	102,148	21,847
Income taxes—current	(26,485)	(15,443)
Income taxes—deferred	(41,530)	268
Net income	170,162	37,022

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

Independent Auditors' Report (consolidated)

May 8, 2025

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Japan LLC

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

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, 2024, through March 31, 2025.

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.
- In order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to be the basis for our audit opinion on the consolidated financial statements, we plan and implement audit on the consolidated financial statements. We are responsible for conducting, supervising, and inspecting the audit of the consolidated financial statements, and are solely

responsible for the audit opinion.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

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

Interest

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

Independent Auditors' Report (non-consolidated)

May 8, 2025

The Board of Directors
Asahi Kasei Corporation

PricewaterhouseCoopers Japan LLC

Tokyo Office

Designated Limited Liability Partner Certified Public Accountant Kensuke Koda
Engagement Partner

Designated Limited Liability Partner Certified Public Accountant Hideki Godai
Engagement Partner

Designated Limited Liability Partner Certified Public Accountant Masaki Nitta
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheets, the statements of income, the statements of changes in net assets, and the related notes, and the accompanying supplementary schedules of Asahi Kasei Corporation (the "Company") for the 133rd fiscal period from April 1, 2024 through March 31, 2025.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

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

Other Statements

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

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

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

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

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

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by us. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, we consider internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While our conclusions are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary

schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

We report to Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

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

Interest

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

Audit Report

With respect to the Directors' performance of their duties during the 134th financial period from April 1, 2024, to March 31, 2025, 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 documents and inspected operations and financial affairs at the head office and other major business locations including overseas. With respect to subsidiaries, we facilitated a mutual understanding and exchanged information with Directors, Corporate Auditors, etc. of subsidiaries, and received from subsidiaries reports on their operations as necessary, including visits to major overseas sites.
- 2) We periodically received reports from Directors and other employees, sought explanations as necessary, and expressed our opinions regarding the contents of resolutions by the Board of Directors concerning the development of systems stipulated in Article 100, Paragraphs 1 and 3, of the Ordinance for Enforcement of the Companies Act, which are necessary to ensure that Directors' performance of their duties is in conformity with laws and regulations and the Articles of Incorporation of the Company, and to ensure the appropriateness of operations of the Company and its subsidiaries, as described in the business report, as well as the status of the building and management of the systems developed pursuant to such resolutions (internal control systems).

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

- 3) We confirmed the contents of the basic policy on control of the Company presented in the business report.
- 4) We monitored and examined whether the Independent Auditors maintained their independence and properly conducted audit, received reports from the Independent Auditors concerning the status of the performance of its duties. We were also notified by the Independent Auditors that they had in place "systems for ensuring proper execution of duties" (matters listed in each item of Article 131 of the Corporate Accounting Rules) in accordance with the "Standards on Quality Control for Audits" (Business Accounting Council), etc. and requested explanations as necessary. With respect to the key audit matters (KAM), we discussed them with PricewaterhouseCoopers Japan LLC, received reports on the status of their audits, and requested explanations as necessary.

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

2. Results of Audit

- (1) Results of audit of the business report, etc.
 - 1) We acknowledge that the business report and the supplementary schedules fairly present the status of the Company pursuant to laws and regulations and the Articles of Incorporation of the Company.

- 2) We acknowledge that no misconduct or material fact constituting a violation of any laws or regulations or the Articles of Incorporation of the Company was found with respect to the Directors' performance of their duties.
 - 3) We acknowledge that the details of resolutions approved by the Board of Directors concerning the internal control systems are appropriate. No matters that necessitate comment were found regarding the details described in the business report and the Directors' performance of their duties both with respect to the internal control systems including internal control over financial reporting.
 - 4) No matters that necessitate comment were found regarding the basic policy on control of the Company presented in the business report.
 - 5) We confirmed the development of the damage compensation suit concerning piling work filed by Mitsui Fudosan Residential Co., Ltd. and two other companies against Asahi Kasei Construction Materials Corporation, a subsidiary of the Company.
- (2) Results of audit of the non-consolidated financial statements and the supplementary schedules
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Japan LLC, are appropriate.
- (3) Results of audit of the consolidated financial statements
We acknowledge that the methods of the audit used and results of audit reached by the Independent Auditors, PricewaterhouseCoopers Japan LLC, are appropriate.

May 8, 2025

The Audit & Supervisory Board
Asahi Kasei Corporation

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