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Denka Co., Ltd.
(Securities Code: 4061)

**NOTICE OF CONVOCATION OF
THE 160TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and Time: Thursday, June 20, 2019 at 10:00 a.m.

Place: Nihonbashi Mitsui Hall, COREDO Muromachi 1 (reception desk on the 4th floor)
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

Proposals to be resolved:

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Partial Amendment to the Articles of Incorporation
- Proposal No. 3: Election of Seven (7) Directors (Excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 4: Election of Five (5) Directors who are Audit & Supervisory Committee Members
- Proposal No. 5: Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member
- Proposal No. 6: Establishment of Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 7: Establishment of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members
- Proposal No. 8: Determination of Amount and Details of Stock Compensation, etc. for Directors (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)

Please exercise your voting rights in writing or via the Internet by
5:00 p.m. on Wednesday, June 19, 2019.

Message from the Management To Our Shareholders

As specific measures to realize the benefits of the “Denka Value-Up” plan in its second year, we will make steady progress in our two Group reorganization plans, and take further steps to strengthen governance by shifting to a system based on an Audit & Supervisory Committee.

Enclosed please find the Notice of Convocation of the 160th Ordinary General Meeting of Shareholders.

We would like to take this opportunity to express our gratitude to you for your continued support of Denka and make some observations concerning the Company’s results and current initiatives.

During the fiscal year ended March 31, 2019 (fiscal 2018), the Japanese economy rebounded moderately, with a pickup in personal spending and an increase in capital investment. However, in the second half, there were some signs of weakness in exports and production, reflecting the emergence of trade friction between the United States and Canada and increased uncertainties about the future due to the UK leaving the EU and other factors. In the chemical sector, corporate earnings generally held up, despite the rising raw material prices.

Against this economic backdrop, the Denka Group launched the new five-year “Denka Value-Up” management plan in fiscal 2018, to embody “The Denka Value” corporate philosophy. There are three growth visions in the “Denka Value-Up” plan: becoming a “Specialty-Fusion Company,” securing “Sustained Growth” and achieving “Sound Growth,” based on which we are pursuing the two growth strategies of refocusing the business portfolio and introduction of innovative processes.

As a result, consolidated sales and earnings reached all-time highs. During the year under review, the initial year of our new management plan, sales rose on the back of market price revisions to absorb rising raw materials costs, and an increase in units sold, principally in the electronics and advanced product ranges. Turning to earnings, the Company posted a second straight year of record highs in operating and ordinary income and profit attributable to owners of the parent, driven by increased sales volumes and improved terms of trade. These positives outweighed the increased cost burden from regular maintenance of styrene monomer facilities upfront investments for future growth businesses including healthcare. Posting a second straight year of record-high earnings has enabled a sense that the “Denka Value-Up” growth vision really is permeating the whole Denka Group.

We have designated the current fiscal year, the second year of the “Denka Value-Up” plan, as the year in which plan policies truly begin to bear fruit. Now it is necessary to accelerate the pace of plan implementation, to achieve even higher goals. One specific policy will be the two-stage reorganization of four Denka Group companies scheduled to take place on April 1, 2020. One is the merger of DENKA SEIKEN Co., Ltd. and Denka to strengthen the healthcare business. The other is the integration of our consolidated subsidiaries Akros Trading Co., Ltd. and YK Inoas Co., Ltd., with the aim of optimizing the Group’s trading house operations. For more details on these changes, please refer to page 42 of this Notice of Convocation.

The Group has designated strengthening corporate governance as a priority. It has taken measures to ensure the transparency and soundness of its business operations through a range of policies, including the introduction of the executive officer system, with the aim of clearly separating supervisory and decision-making from business execution roles. Other measures include shortening the term of office of Directors, taking on three Outside Directors and setting up an optional Management Advisory Committee centered on outside officers.

To further strengthen corporate governance, we have decided to shift from the “Company with Audit & Supervisory Board” structure to a governance model based on an Audit & Supervisory Committee, assuming approval at the 160th Ordinary General Meeting of Shareholders. This move is intended to (1) deepen the separation of executive and supervisory roles, (2) increase the number of Outside Directors, and (3) broaden the diversity of the Board of Directors. This will facilitate more rapid decision-making and bolster the supervisory function of Directors at the Board of Directors meetings, by vesting voting rights in Directors who are Audit & Supervisory Committee members.

Looking ahead, we recognize that grounding our business in the ESG perspective is the key to retaining the trust of all stakeholders and continuing to grow in years ahead. By aiming to become a specialty company capable of contributing to the development of society, we are positioning ourselves to realize “The Denka Value” corporate philosophy, and help achieve the goals set out in the United Nations SDGs. We hope we can count on the continued understanding and support of our shareholders in this endeavor.

May 2019

Manabu Yamamoto
Representative Director, President

To Our Shareholders:

Manabu Yamamoto
President
Denka Co., Ltd.
1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo

**NOTICE OF CONVOCATION OF
THE 160TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

You are cordially invited to attend the 160th Ordinary General Meeting of Shareholders of Denka Co., Ltd. (the “Company”) to be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights in writing by submitting the Voting Rights Exercise Form by mail or via the Internet etc. as described in the “Guide for Exercise of Voting Rights” (Page 5). Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on Wednesday, June 19, 2019.

- 1. Date and Time:** Thursday, June 20, 2019 at 10:00 a.m.
- 2. Place:** **Nihonbashi Mitsui Hall, COREDO Muromachi 1
(reception desk on the 4th floor)**
2-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 160th Term (from April 1, 2018 to March 31, 2019) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 160th Term (from April 1, 2018 to March 31, 2019)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Partial Amendment to the Articles of Incorporation
- Proposal No. 3:** Election of Seven (7) Directors (Excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 4:** Election of Five (5) Directors who are Audit & Supervisory Committee Members
- Proposal No. 5:** Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member
- Proposal No. 6:** Establishment of Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)
- Proposal No. 7:** Establishment of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members
- Proposal No. 8:** Determination of Amount and Details of Stock Compensation, etc. for Directors (Excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)

- © The following are posted on the Company's website at <https://www.denka.co.jp/> in accordance with law and Article 16 of the Company's Articles of Incorporation and thus are not included in the documents attached to this notice of convocation.
- Company's Systems and Policies (Systems to Ensure the Appropriateness of Operations, Operational Status of Systems to Ensure the Appropriateness of Operations, and Basic Policies regarding the Control of the Company) in the Business Report
 - Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
 - Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements
- The Business Report, consolidated financial statements and the non-consolidated financial statements audited by the Audit & Supervisory Board Members and the Accounting Auditor include the above documents posted on the Company's website.
- © If any revisions are made to the Business Report, Consolidated Financial Statements, Non-consolidated Financial Statements, or Reference Documents for the General Meeting of Shareholders, they will be posted on the Company's website at <https://www.denka.co.jp/>.

<Guide for Exercise of Voting Rights>

The following three methods are available for exercising voting rights pertaining to the Company's General Meeting of Shareholders.

(1) Exercise of Voting Rights by Attending the Meeting

Please bring the enclosed Voting Rights Exercise Form with you to the meeting and submit it to the receptionist at the meeting venue.

- * In the case of exercising voting rights by attending the meeting as a proxy, please submit a document evidencing the authority of proxy to the receptionist at the meeting venue together with the Voting Rights Exercise Form. Please note that such proxy must be one shareholder of the Company with voting rights in accordance with Article 18 of the Company's Articles of Incorporation.

(2) Exercise of Voting Rights in Writing by Mail (Voting Rights Exercise Form)

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send the completed form to us so that it is received by 5:00 p.m. on Wednesday, June 19, 2019.

(3) Exercise of Voting Rights via the Internet etc.

Please access the website for exercising voting rights designated by the Company (<https://www.web54.net>), use the "Voting Rights Exercise Code" and the "Password" indicated on the enclosed Voting Rights Exercise Form, and follow the on-screen guidance. Please vote for or against the proposals by 5:00 p.m. on Wednesday, June 19, 2019.

(Inquiry about Exercise of Voting Rights via the Internet etc.)
Sumitomo Mitsui Trust Bank Stock Transfer Web Support Dial
Tel: 0120-652-031
(office hours: 9:00 a.m. - 9:00 p.m.)

*Handling of duplicated exercise of voting rights

If you exercise your voting rights both by Method (2) Exercise of Voting Rights in Writing by Mail (Voting Rights Exercise Form) and by Method (3) Exercise of Voting Rights via the Internet etc., the exercise of voting rights by Method (3) Exercise of Voting Rights via the Internet etc. shall prevail regardless of the time of arrival of the votes.

In addition, if you exercise your voting rights multiple times via the Internet, etc., the vote made last shall prevail.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

It is proposed that the surplus be appropriated as follows:

Matters concerning year-end dividends

In the management plan “Denka Value-Up,” formulated in November 2017, the Company sets out its basic concepts of safety as No. 1 priority, environmental awareness, fostering and tapping human capital and contributing to the community, all of which are indispensable for continued growth of the Company. We aim to realize sustainable and sound growth as a “Specialty-Fusion Company,” through new strategies to achieve dramatic growth globally.

The Company has formulated an investment plan as we look to achieve these goals, but in regard to shareholder returns, we will remain committed to the “Policy on Shareholder Returns,” with a 50% target total payout ratio, reflecting our determination to return the profits yielded by the initiatives of the previous management plan “Denka100” formulated in November 2014, even during the “Denka Value-Up” management plan.

<Shareholder returns in the management plan “Denka Value-Up”>

Remain committed to a “50% standard for the target total payout ratio*”

Regarding shareholder returns, the dividend is prioritized, with flexible purchase of treasury shares, depending on stock price movements and other factors.

* Total payout ratio = (Dividends paid + treasury stock purchased) / consolidated net income

<Investment plan in the management plan “Denka Value-Up”>

Total for five years:	¥200.0 billion
Of which strategic investment:	¥75.0 billion (¥15.0 billion/year)
M&A, etc.:	¥60.0 billion
Process reform:	¥15.0 billion
Regular investment:	¥125.0 billion (¥25.0 billion/year)

With respect to the year-end dividend for the 160th term, in view of the above, the Company proposes the following.

- (1) Type of dividend property
Cash
- (2) Allocation of dividend property and total amount thereof
¥60 per share of common stock of the Company
Total amount of dividends: ¥5,219,073,480
- (3) Effective date of dividends from surplus
June 21, 2019

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reason for amendment

(1) Historically, under the recognition that the reinforcement of corporate governance is an important management issue, the Company has strived to establish a fair and highly transparent corporate foundation by strengthening the supervisory functions of the Board of Directors and auditing functions of the Audit & Supervisory Board Members through initiatives such as adopting an Executive Officer System in which business execution functions are separated from the supervisory and decision-making functions of management, as well as appointing three (3) Outside Directors and two (2) Outside Audit & Supervisory Board Members.

At this time, the Company shall transition to a Company with Audit & Supervisory Committee, thus realizing an additional layer of strength in the supervisory functions of the Board of Directors by allowing Directors who are Audit & Supervisory Committee Members to have voting rights in the Board of Directors and further strengthening the structure of the Company.

In line with the above, the Company shall delete provisions related to the Audit & Supervisory Board Members and the Audit & Supervisory Board and establish new provisions related to the Audit & Supervisory Committee and Audit & Supervisory Committee Members, while also making required amendments to passages related to strengthening governance.

(2) At the same time, new provisions shall be established to the effect that all or part of important decisions on the execution of business operations may be delegated to Directors, by resolution of the Board of Directors.

(3) In line with the above, changes shall be made to other related provisions, including amendments and deletions of words and phrases, the new establishment of articles, and changes to numbering.

Furthermore, the amendments to the Articles of Incorporation in this proposal shall take effect at the conclusion of this General Meeting of Shareholders.

(Reference)

Purpose of shifting to a governance model based on an Audit & Supervisory Committee

By vesting Board of Directors voting rights in Directors who are Audit & Supervisory Committee members, we are further strengthening auditing and supervisory roles.

• **Further separating supervisory roles and business execution**

By further deepening the separation of management supervisory and executive roles, we are working to ensure transparent, fair, fast-reacting and resolute management.

• **Increasing the number of Outside Directors**

We will increase the number of Outside Directors from 3 (37.5% of the total) to 5 (41.7%).

• **Strengthening diversity**

By striking an appropriate balance among Director appointments in terms of breadth of expertise, experience and ability, we aim to foster gender equality, a more international perspective and other forms of diversity.

2. Details of amendment

The details of the amendment are as follows:

(Underlined portions are amended.)

Present Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 – Article 3 (Omitted)</p> <p>Article 4 (Organization) The Company shall have following bodies in addition to the General Meeting of Shareholders and Directors.</p>	<p style="text-align: center;">CHAPTER I GENERAL PROVISIONS</p> <p>Article 1 – Article 3 (Unchanged)</p> <p>Article 4 (Organization) The Company shall have following bodies in addition to the General Meeting of Shareholders and Directors.</p>

<p>1 Board of Directors 2 <u>Audit & Supervisory Board Members</u> 3 <u>Audit & Supervisory Board</u> 4 Accounting Auditor</p> <p>Article 5 – Article 18 (Omitted)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19 (Number of Directors) The Company shall have not more than <u>ten (10)</u> Directors.</p> <p>Article 20 (Election) Directors shall be elected at the General Meeting of Shareholders. Resolutions for the election of Directors shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights. Resolutions for the election of Directors shall not be by cumulative voting.</p> <p>Article 21 (Term of Office) The term of office of a Director shall expire at the end of the Ordinary General Meeting of Shareholders for the last settlement period ending within one (1) year after their appointment to office.</p> <p>Article 22 – Article 23 (Omitted)</p> <p>Article 24 (Convener and Chairman) Except as otherwise provided by laws and</p>	<p>1 Board of Directors 2 <u>Audit & Supervisory Committee</u> (Removed) <u>3</u> Accounting Auditor</p> <p>Article 5 – Article 18 (Unchanged)</p> <p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>Article 19 (Number of Directors) The Company shall have not more than <u>nine (9)</u> Directors <u>(excluding Directors who are Audit & Supervisory Committee Members)</u>. <u>The Company shall have not more than six (6) Directors who are Audit & Supervisory Committee Members.</u></p> <p>Article 20 (Election) Directors shall be elected at the General Meeting of Shareholders, <u>with a distinction made between Directors who are Audit & Supervisory Committee Members and other Directors.</u> Resolutions for the election of Directors shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights. Resolutions for the election of Directors shall not be by cumulative voting.</p> <p>Article 21 (Term of Office) The term of office of a Director <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire at the end of the Ordinary General Meeting of Shareholders for the last settlement period ending within one (1) year after their appointment to office. <u>The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the end of the Ordinary General Meeting of Shareholders for the last settlement period ending within two (2) years after their appointment to office.</u> <u>The term of office of a Director who is an Audit & Supervisory Committee Member appointed to fill the vacancy of a Director who is an Audit & Supervisory Committee Member who resigned before the end of his/her term shall be until the term of the resigned Director who is an Audit & Supervisory Committee Member expires.</u></p> <p>Article 22 – Article 23 (Unchanged)</p> <p>Article 24 (Convener and Chairman) Except as otherwise provided by laws and</p>
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<p>regulations, the Chairman of the Board of Directors shall convene the meetings of the Board of Directors and act as the Chairman thereof. When the Chairman of the Board of Directors is unable to act or the position of Chairman of the Board of Directors is vacant, <u>the President and Director shall perform this role in his/her place, and if the President and Director is unable to act,</u> another Director shall perform this role in his/her place, in accordance with an order of priority previously determined by the Board of Directors.</p> <p>Article 25 (Notice of Convocation) Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Audit & Supervisory Board Member</u> three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p style="text-align: center;">(Newly established)</p> <p>Article <u>26</u> (Omission of Board of Directors resolution) (Omitted)</p> <p>Article <u>27</u> (Emolument and other financial benefits for the Directors) The emolument, bonus and other financial benefits received from the Company in consideration of execution of the duty (hereinafter referred to as “emoluments and other financial benefits”) of Directors shall be determined by resolution at a General Meeting of Shareholders.</p> <p>Article <u>28</u> (Agreements with Outside Directors to limit responsibility) (Omitted)</p> <p style="text-align: center;"><u>CHAPTER V AUDIT & SUPERVISORY BOARD MEMBERS AND AUDIT & SUPERVISORY BOARD</u></p> <p><u>Article 29–Article 37</u> (Omitted)</p> <p style="text-align: center;">(Newly established)</p>	<p>regulations, the Chairman of the Board of Directors shall convene the meetings of the Board of Directors and act as the Chairman thereof. When the Chairman of the Board of Directors is unable to act or the position of Chairman of the Board of Directors is vacant, another Director shall perform this role in his/her place, in accordance with an order of priority previously determined by the Board of Directors.</p> <p>Article 25 (Notice of Convocation) Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>not more than</u> three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p><u>Article 26 (Delegation of Decisions on the Execution of Important Business Operations)</u> <u>In accordance with Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of decisions on the execution of important business operations (excluding matters provided for in each item of Paragraph 5 of the same) to Directors, by resolution of the Board of Directors.</u></p> <p>Article <u>27</u> (Omission of Board of Directors resolution) (Unchanged)</p> <p>Article <u>28</u> (Emolument and other financial benefits for the Directors) The emolument, bonus and other financial benefits received from the Company in consideration of execution of the duty (hereinafter referred to as “emoluments and other financial benefits”) of directors shall be determined by resolution at a General Meeting of Shareholders, <u>with a distinction made between Directors who are Audit & Supervisory Committee Members and other Directors.</u></p> <p>Article <u>29</u> (Agreements with Outside Directors to limit responsibility) (Unchanged)</p> <p style="text-align: center;">(Removed)</p> <p style="text-align: center;">(Removed)</p> <p style="text-align: center;"><u>CHAPTER V AUDIT & SUPERVISORY COMMITTEE</u></p>
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<p>(Newly established)</p>	<p><u>Article 30(Standing Audit & Supervisory Committee Members)</u> <u>The Audit & Supervisory Committee may appoint one or more Standing Audit & Supervisory Committee Members by resolution.</u></p>
<p>(Newly established)</p>	<p><u>Article 31 (Convenor)</u> <u>The Audit & Supervisory Committee meetings are convened by a member specified at its previous meeting. However, this does not prevent other members of the Audit & Supervisory Committee from convening meetings.</u></p>
<p>(Newly established)</p>	<p><u>Article 32 (Notice of Convocation)</u> <u>Notice of convocation of a meeting of the Audit & Supervisory Committee shall be sent to each Audit & Supervisory Committee Member not more than three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p>
<p>CHAPTER VI ACCOUNTING</p>	<p>CHAPTER VI ACCOUNTING</p>
<p>Article <u>38</u> (Business year) (Omitted)</p>	<p>Article <u>33</u> (Business year) (Unchanged)</p>
<p>Article <u>39</u> (Date of record for dividend of surplus) (Omitted)</p>	<p>Article <u>34</u> (Date of record for dividend of surplus) (Unchanged)</p>
<p>Article <u>40</u> (Interim dividend) (Omitted)</p>	<p>Article <u>35</u> (Interim dividend) (Unchanged)</p>
<p>Article <u>41</u> (Period of exclusion) (Omitted)</p>	<p>Article <u>36</u> (Period of exclusion) (Unchanged)</p>
<p>(Newly established)</p>	<p><u>Supplementary Provisions</u> <u>Contracts to limit liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act in relation to the actions of Outside Audit & Supervisory Board Members (including former Outside Audit & Supervisory Board Members) prior to the conclusion of the 160th Ordinary General Meeting of Shareholders shall comply with the provisions of Article 37 of the Articles of Incorporation before amendment by resolution at the 160th Ordinary General Meeting of Shareholders.</u></p>

Proposal No. 3: Election of Seven (7) Directors (Excluding Directors who are Audit & Supervisory Committee Members)

If Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee, and the terms of office of all eight (8) incumbent Directors will expire when the amendments to the Articles of Incorporation take effect.

Accordingly, the election of seven (7) Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter, the same applies in this proposal) is proposed.

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

The candidates for Directors are as follows.

No.		Name	Positions and responsibilities at the Company	Attendance at Board of Directors meetings
1	Reappointed	Shinsuke Yoshitaka	Chairman, Board of Directors	13/13 (100%)
2	Reappointed	Manabu Yamamoto	Representative Director, President and Chief Executive Officer	13/13 (100%)
3	Reappointed	Norihiro Shimizu	Director and Senior Managing Executive Officer Chief Scientific Officer (CSO) Chief R&D Officer In charge of New Business Planning & Development Dept., R&D Promoting Dept., Intellectual Property Dept.	13/13 (100%)
4	New appointment	Masaharu Suzuki	Managing Executive Officer Chief Technical Officer (CTO) In charge of Purchasing Dept., Logistics Dept., Electric Power Dept., Production & Process Technology Dept., Engineering Dept., Digital Innovation Dept.	—/—
5	New appointment	Toshio Imai	Managing Executive Officer In charge of Corporate Planning Dept., Investor Relations Dept., CSR & Corporate Communications Dept., Automotive Materials & Solutions Dept., Denka Corporation, Denka Chemicals GmbH General Manager, Denka Value-Up Promotion Dept.	—/—
6	Outside Reappointed Independent Director	Akio Yamamoto	Director	13/13 (100%)
7	Outside Reappointed Independent Director	Tatsutsugu Fujihara	Director	13/13 (100%)

Reappointed: Candidate for reappointment as Director

New appointment: Candidate for new appointment as Director

Outside: Candidate for Outside Director

Independent Director: Independent Director as notified to the Tokyo Stock Exchange

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
1	(Reappointed) Shinsuke Yoshitaka (February 1, 1951) Age: 68 [June 2008] [11 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1974 Joined the Company January 2001 General Manager of Corporate Planning Dept. of the Company June 2006 Director of the Company, General Manager of Corporate Planning Dept. and Investor Relations & Corporate Communications Dept. June 2007 Senior Executive Officer of the Company June 2008 Director and Senior Executive Officer of the Company April 2010 Representative Director and Managing Executive Officer of the Company April 2011 Representative Director, President and Chief Executive Officer of the Company June 2011 Outside Director of Koatsu Gas Kogyo Co., Ltd. (present) April 2017 Representative Director, Chairman, Board of Directors of the Company April 2019 Chairman, Board of Directors of the Company (present)	27,000
	Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Director] Subsequent to responsibility for management strategy, medical business, accounting and finance, and investor relations and corporate communication, Mr. Shinsuke Yoshitaka promoted the “Denka100” management plan as Representative Director, President. In addition to a wealth of experience and results as a manager, he serves as the Chairman of the Board of Directors, as the Chairman based on his deep knowledge and understanding of the Group. The Company has judged that he can appropriately fulfill the role of supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] Under the corporate philosophy “The Denka Value, “I will make every effort to boost the corporate value of the Company with good faith and determination, while also constantly endeavoring for sound and transparent management from the perspective of our stakeholders, as Chairman of the Board of Directors.</p>	

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
2	(Reappointed) Manabu Yamamoto (March 31, 1956) Age: 63 [June 2013] [6 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1981 Joined the Company June 2004 General Manager of Functional Ceramics Div. of Electronics Materials Business Group of the Company April 2009 Executive Officer of the Company, General Manager of Electronics Materials Div. of Electronics Materials Business Group of the Company April 2011 Senior Executive Officer of the Company April 2013 Managing Executive Officer of the Company, Head of Electronics & Innovative Products June 2013 Director and Managing Executive Officer of the Company April 2015 General Manager of Corporate Planning Dept. of the Company April 2016 Director and Senior Managing Executive Officer of the Company June 2016 Outside Audit & Supervisory Board Member of Koatsu Gas Kogyo Co., Ltd. (present) (until June 2019 (planned)) April 2017 Representative Director, President and Chief Executive Officer of the Company (present)	7,600
	Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Director] Through work experience at overseas subsidiaries and many years of responsibility for the electronics materials business division, Mr. Manabu Yamamoto possesses international viewpoints and adequate operational experience. After he integrated new business strategies and accounting and finance strategies across the entire Denka Group as the executive responsible for management strategy, accounting and finance, and investor relations and corporate communication divisions, Mr. Yamamoto currently serves as President and Representative Director. Based on his rich experience and impressive track record in Company administration, it is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] In order to meet the expectations and trust of all stakeholders, I will steadily promote the management plan, "Denka Value-Up," which is now in its second year, and pursue sustainable growth even in rapidly changing markets, through further specialization of our business structure and productivity innovations, while aiming to be a sound company that fulfills our social responsibility.</p>	

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held
3	(Reappointed) Norihiro Shimizu (October 2, 1955) Age: 63 [June 2017] [2 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1980 October 2008 April 2009 April 2011 April 2013 June 2017 April 2018	Joined the Company General Manager of Electronic Materials Research Institute of the Company Executive Officer of the Company Senior Executive Officer, General Manager of Central Research Institute of the Company Managing Executive Officer, General Manager of Research and Development Dept. of the Company Director and Managing Executive Officer of the Company Director and Senior Managing Executive Officer of the Company (present)	5,000
	Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Director] Mr. Norihiro Shimizu has ample practical experience, including oversight of research and development activities for many years in the fields of polymers and electronic materials. Currently, as Chief Scientific Officer and Chief R&D Officer, he is responsible for all research and development operations, and for business strategy including development of next-generation products and of new businesses. In light of his deep expertise and experience in research and development operations, we judge him to be well-suited for decision-making regarding significant business matters, and for supervision of business execution by directors and executive officers, and so seek his election as a Director.</p> <p>[Message to shareholders] Through continuous innovation leveraging the comprehensive capabilities of the Group, I am committed to ensuring sustainable growth and improving corporate value by implementing business strategy at individual businesses in a way that strikes a balance between profitability and sustainability.</p>		

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
	(New appointment) Masaharu Suzuki (December 11, 1955) Age: 63 [—] [—]	April 1981 Joined the Company June 2005 Deputy General Manager, Shibukawa Plant of the Company June 2007 Deputy General Manager, Omuta Plant of the Company April 2011 Executive Officer of the Company, Director Chairman of Denka Chemicals Holdings Asia Pacific Pte., Ltd. April 2015 Managing Executive Officer of the Company (present) April 2017 General Manager, Corporate Planning Dept. of the Company May 2017 General Manager, Business Process Reform Promotion Dept. of the Company January 2018 General Manager, Denka Value-Up Promotion Dept. of the Company	4,000
4	Attendance at Board of Directors meetings —/— (—%)	<p>[Reasons for selection as the candidate for Director] Mr. Masaharu Suzuki possesses adequate operational experience, including work experience in research and development and plant manufacturing, responsibility for the management of an overseas subsidiary, business strategy, and management divisions such as investor relations and corporate communication. Currently, Mr. Suzuki directs the overall technical divisions as Chief Technical Officer, while also taking responsibility for the Digital Innovation Dept., a new department created to strategically build and operate general information systems for the Group. It is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] I will endeavor to boost the corporate value of the Company by promoting ESG-oriented management from a global perspective.</p>	

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
	(New appointment) Toshio Imai (January 25 1959) Age: 60 [—] [—]	April 1982 Joined the Company October 2006 General Manager, Styrene Div. of the Company June 2011 General Manager, Corporate Planning Dept. of the Company April 2013 Executive Officer of the Company, Assistant to General Manager, Elastomers & Performance Plastics April 2015 General Manager, Elastomers & Performance Plastics of the Company April 2017 Managing Executive Officer of the Company (present) April 2019 General Manager, Denka Value-Up Promotion Dept. of the Company (present)	5,700
5	Attendance at Board of Directors meetings —/— (— %)	<p>[Reasons for selection as the candidate for Director] Mr. Toshio Imai possesses adequate operational experience, including work experience at overseas subsidiaries, and taking responsibility for the styrene and elastomer businesses over many years. Currently, Mr. Imai is in charge of business strategy for the Denka Group as a whole, including overseas businesses, as the executive responsible for management strategy and investor relations and corporate communication divisions, and he is promoting the management plan, “Denka Value-Up.” It is hence judged by the Company that he can appropriately fulfil the role of determining important business execution and supervising the business execution of Directors and Executive Officers, and requests his election as Director.</p> <p>[Message to shareholders] I will focus on achieving the targets in the management plan, “Denka Value-Up,” based on the corporate philosophy, “The Denka Value,” thus achieving “sustained growth” and “sound growth,” as I endeavor to boost the corporate value of the Company.</p>	

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held
6	(Candidate for Outside Director) (Reappointed) (Independent Director) Akio Yamamoto (December 2, 1951) Age: 67 [June 2015] [4 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1974 April 1999 April 2004 April 2007 April 2009 June 2014 June 2015	Joined Mitsui & Co., Ltd. President of Mitsui & Co., Benelux S.A./N.V. Vice President of Synthetic Resin & Inorganic Chemical Products Business Unit of Mitsui & Co., Ltd. Executive Officer of Mitsui & Co., Ltd. (until March 2010), President of Mitsui & Co. (Thailand) Ltd. Representative Director and President of Mitsui Bussan Plastic Trade Co., Ltd. (present Mitsui & Co. Plastics Ltd.) (until June 2014) Counselor of Mitsui & Co. Plastics Ltd. (until June 2015) Outside Director of the Company (present)	-
	Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Outside Director] Mr. Akio Yamamoto has rich experience and great insight as a manager in Japan and overseas through his involvement in corporate management for many years. His career included serving as an Executive Officer of Mitsui & Co., Ltd. and the Representative Director and President of Mitsui & Co. Plastics Ltd. He also has rich international experience, including serving as a vice president at global enterprises. The Company proposes that Mr. Yamamoto be elected as an Outside Director in the expectation that he will utilize his knowledge in providing suggestions about the Company's overseas business expansion strategy and management in general. Although he used to work at a company that has transactions with the Company, the Company considers that there is no risk that conflict of interest with other general shareholders will arise because 1) he is not a current or a recent operating officer of the said company; 2) although the Company's sales to the said company account for 6.7% of the Company's total sales, substantial transactions between the Company and the said company are payments of commission by the Company to the said company for services offered by its trading company function and the amount of commission paid is modest (under 2% of the said company's sales); and 3) he satisfies the Company's "Standards of Independence for Outside Executives" and thus, the Company considers that the said company has no special impact on the Company's decision-making by the Board of Directors etc.</p> <p>[Message to shareholders] Amid major changes in the global market environment, I intend to contribute to the sound operation of the Company and increasing corporate value, while prioritizing an awareness of circumstances at business sites, and remaining committed to a medium- to long-term perspective and a strong stance of fairness.</p>		

Notes: 1. No material conflict of interest exists between the Company and the above candidate.

2. Until June 2014, Mr. Yamamoto worked as president and representative director for a specified related party of the Company.

3. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently concludes liability limitation contracts with the candidate that limit his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Yamamoto is approved, the Company plans to continue the same contracts.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
7	(Candidate for Outside Director) (Reappointed) (Independent Director) Tatsutsugu Fujihara (November 23, 1952) Age: 66 [June 2016] [3 years * at the conclusion of this Ordinary General Meeting of Shareholders]	<p>April 1976 Joined The Dai-Ichi Kangyo Bank, Ltd.</p> <p>May 2000 General Manager, Osaka Sales Department of The Dai-Ichi Kangyo Bank, Ltd.</p> <p>April 2002 General Manager, Osaka Sales Department III of Mizuho Corporate Bank, Limited</p> <p>March 2003 Executive Officer of Mizuho Corporate Bank, Limited (until April 2003), General Manager, Corporate Department II (until April 2003)</p> <p>June 2003 Managing Executive Officer of Orient Corporation (until March 2005)</p> <p>April 2005 Managing Executive Officer of Mizuho Corporate Bank, Limited (until March 2007)</p> <p>June 2007 Director and President of Mizuho Marketing Experts Co., Ltd. (until March 2013)</p> <p>June 2013 Representative Director and President of KSO Corporation</p> <p>June 2014 Representative Director and Chairman of KSO Corporation</p> <p>April 2016 Director of KSO Corporation</p> <p>June 2016 Chairman and Executive Officer of KSO Corporation (until June 2018)</p> <p>June 2016 Outside Director of the Company (present)</p>	-
	Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Outside Director] Having worked in corporate management at financial institutions for many years, Mr. Tatsutsugu Fujihara has rich experience and great insight as a manager and possesses advanced insights regarding corporate finance, and to utilize these insights and receive recommendations toward the Company's overall management, his election as Outside Director is requested. Additionally, although he used to work at a financial institution that has transactions with the Company, the Company considers that there is no risk that conflict of interest with other general shareholders will arise because 1) he is not a current or a recent operating officer of the said financial institution; 2) a significant number of years have passed since he retired from the said financial institution (twelve years have passed since his retirement as of the day of this Ordinary General Meeting of Shareholders); 3) the composition of borrowings relative to net assets of the Company is low at approximately 30%, and the Company's dependency on the said financial institution is low as it accounts for less than 10% of overall borrowings; and 4) he satisfies the Company's "Standards of Independence for Denka Outside Officers" and thus, the Company considers that the said financial institution has no special impact on the Company's decision-making by the Board of Directors, etc.</p> <p>[Message to shareholders] I will always approach matters from a fair perspective, and intend to contribute to the growth of the Company in the true sense, not simply business performance in terms of numbers.</p>	

Notes: 1. No material conflict of interest exists between the Company and the above candidate.

2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently concludes liability limitation contracts with the candidate that limit his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Fujihara is approved, the Company plans to continue the same contracts.

Proposal No. 4: Election of Five (5) Directors who are Audit & Supervisory Committee Members

If Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, the election of five (5) Directors who are Audit & Supervisory Committee Members is proposed.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

The candidates for Directors who are Audit & Supervisory Committee Members are as follows.

No.	Name	Positions and responsibilities at the Company	Attendance at Audit & Supervisory Board meetings	Attendance at Board of Directors meetings
1	New appointment Mitsukuni Ayabe	Director, Executive Vice President Supervisor of Life Innovation Division President and Representative Director of DENKA SEIKEN Co., Ltd.	—/— (—)	13/13 (100%)
2	New appointment Junichi Kimura	Advisor	—/— (—)	—/— (—)
3	Outside New appointment Independent Director Yasuo Sato	Director	—/— (—)	13/13 (100%)
4	Outside New appointment Independent Director Toshio Kinoshita	Audit & Supervisory Board Member	15/15 (100%)	13/13 (100%)
5	Outside New appointment Independent Director (planned) Hiroko Yamamoto		—/— (—)	—/— (—)

New appointment: Candidate for new appointment as Director (Audit & Supervisory Committee Member)

Outside: Candidate for Outside Director (Audit & Supervisory Committee Member)

Independent Director: Independent Directors as notified to the Tokyo Stock Exchange

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held
1	(New appointment) Mitsukuni Ayabe (September 23, 1952) Age: 66 [June 2011] [8 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1977 June 2004 June 2007 April 2010 June 2011 April 2013 April 2015 April 2016 April 2017	Joined the Company General Manager of Research and Development Dept. of the Company Executive Officer of the Company, Managing Director of Denka Singapore Pte., Ltd., Managing Director of Denka Advantech Pte., Ltd. Senior Executive Officer of the Company, Director and Chairman of Denka Chemicals Holdings Asia Pacific Pte., Ltd. Director and Managing Executive Officer of the Company Director and Senior Managing Executive Officer of the Company Representative Director and Senior Managing Executive Officer of the Company Representative Director, Executive Vice President and Chief Operating Officer of the Company Director, Executive Vice President of the Company (present) President and Representative Director of DENKA SEIKEN Co., Ltd. (present)	12,300
	Attendance at Audit & Supervisory Board meetings —/— (—) Attendance at Board of Directors meetings 13/13(100%)	[Reasons for selection as the candidate for Director who is an Audit & Supervisory Committee Member] Subsequent to management of research and development and overseas subsidiaries and responsibility for medical business, accounting and finance, and investor relations and corporate communication, Mr. Mitsukuni Ayabe directed the overall technical divisions as the general executive for planning and development, while also assisting the President as Executive Vice President and Chief Operating Officer. Currently, Mr. Ayabe is in charge of the Life Innovation Division and supports strategies in the growing healthcare field. The Company has judged that his rich and great insight and knowledge are required in supervision and audits of the Company's management, and requests his election as Director who is an Audit & Supervisory Committee Member.		
		[Message to shareholders] I am committed to improving corporate value and creating a company more trusted by society, through audits of the legality and validity of the execution of business duties, etc.		

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
	(New appointment) Junichi Kimura (August 12, 1958) Age: 60 [—] [—]	April 1981 Joined the Company June 2006 General Manager, Purchasing Dept. of the Company June 2007 General Manager, Corporate Planning Dept. of the Company June 2011 Director of Toyo Styrene Co., Ltd. April 2013 Executive Officer of the Company, General Manager, Corporate Planning Dept. April 2015 General Manager, Life Science & Environment Products of the Company April 2017 Managing Executive Officer of the Company April 2019 Advisor of the Company (present)	4,900
2	Attendance at Audit & Supervisory Board meetings —/— (—) Attendance at Board of Directors meetings —/— (—)	<p>[Reasons for selection as the candidate for Director who is an Audit & Supervisory Committee Member]</p> <p>Mr. Junichi Kimura possesses adequate operational experience, including work experience in purchasing and corporate planning, before managing an affiliated company operating a styrene business and taking responsibility for the resin processing business and China business. The Company has judged that his rich and great insight and knowledge are required in supervision and audits of the Company's management, and requests his election as Director who is an Audit & Supervisory Committee Member.</p> <p>[Message to shareholders]</p> <p>As an Audit & Supervisory Committee Member, I intend to contribute to the Company becoming a highly sustainable company by approaching audits and other duties in a fair and transparent manner, in order to satisfy all stakeholders.</p>	

Note: No material conflict of interest exists between the Company and the above candidate.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.		Number of shares of the Company held
3	(Candidate for Outside Director who is an Audit & Supervisory Committee Member) (New appointment) (Independent Director) Yasuo Sato (September 30, 1942) Age: 76 [June 2015] [4 years * at the conclusion of this Ordinary General Meeting of Shareholders]	April 1965	Joined TEIKOKU SANSO Co., Ltd. (present Air Liquide Japan Ltd.)	-
		March 1987	Director and Vice President of Electronics Div. of Air Liquide Japan Ltd.	
		April 1992	Vice President of Worldwide Electronics Div. of L'Air Liquide S.A. (until March 1996)	
		March 1999	Representative Director and President of Air Liquide Japan Ltd. (until January 2003)	
		January 2003	Director and Chairman of Japan Air Gases Co., Ltd. (until March 2005)	
		March 2005	Director and Advisor (part-time) of Air Liquide Japan Ltd. (until September 2007)	
		June 2005	Outside Director of Denal Silane Co., Ltd. (until February 2008)	
		May 2006	President & CEO of I.B. Associates Co., Ltd. (present Wisemech Corporation) (until June 2016)	
		June 2006	Outside Auditor of Santen Pharmaceutical Co., Ltd. (until June 2014)	
		February 2008	Auditor of Denal Silane Co., Ltd. (until June 2014)	
June 2015	Outside Director of the Company (present)			
July 2016	Director Chairman of Wisemech Corporation (present)			
	Attendance at Audit & Supervisory Board meetings —/— (—)	[Reasons for selection as the candidate for Outside Director who is an Audit & Supervisory Committee Member] Mr. Yasuo Sato has rich experience and great insight as a manager through his involvement in corporate management for many years. His career included serving as the President of Air Liquide Japan Ltd. He also has rich international experience, including serving as a vice president at global enterprises, and also has experience as Outside Auditor at a listed company. The company proposes that Mr. Sato be elected as an Outside Director who is an Audit & Supervisory Committee Member, in the expectation that he will utilize his knowledge in supervision and audits of the Company's management.		
	Attendance at Board of Directors meetings 13/13(100%)	[Message to shareholders] In a spirit of rationality and fairness, I am determined to contribute to the medium- to long-term growth of the Company and boosting corporate value, while aiming for the steady implementation and further development of corporate governance.		

Notes: 1. No material conflict of interest exists between the Company and the above candidate.

2. Up to February 2008, Mr. Sato was an Outside Director of a subsidiary of the Company. Up to June 2014, he worked as corporate auditor of a subsidiary of the Company.

3. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently concludes liability limitation contracts with the candidate that limit his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Sato is approved, the Company plans to continue the same contracts.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
4	(Candidate for Outside Director who is an Audit & Supervisory Committee Member) (New appointment) (Independent Director) Toshio Kinoshita (April 12, 1949) Age: 70 [—] [—]	July 1983 Registered as Certified Public Accountant July 1989 Partner, U.S. Coopers & Lybrand L.L.P (current PricewaterhouseCoopers) (until June 1998) June 1994 Representative employee of Chuo Audit Corporation (until July 2005) July 1998 Senior Managing Partner for North America, New York Head Office, U.S. PricewaterhouseCoopers L.L.P. (until June 2005) July 2005 Management Board Member for International Business of Tokyo Office of ChuoAoyama PricewaterhouseCoopers (until June 2007) July 2007 Chief Executive of The Japanese Institute of Certified Public Accountants (JICPA) (until July 2013) July 2013 Council Member of JICPA (until July 2016) June 2014 Outside Audit & Supervisory Board Member of Panasonic Corporation (present) July 2014 Representative Director of Global Professional Partners (present) August 2014 Outside Corporate Auditor of Weathernews Inc. (until August 2018) March 2015 Outside Director of Asatsu-DK Inc. (until December 2018) June 2015 Outside Audit & Supervisory Board Member of the Company (present) June 2015 Outside Director of TACHI-S CO., LTD. (present) July 2015 Outside Director of Mizuho Bank, Ltd. (present) January 2018 Outside Director of ThreePro Group Inc. (present) (to date)	-
	Attendance at Audit & Supervisory Board meetings 15/15(100%) Attendance at Board of Directors meetings 13/13(100%)	<p>[Reasons for selection as the candidate for Outside Director who is an Audit & Supervisory Committee Member] Mr. Toshio Kinoshita has experience and rich accounting knowledge gained as a certified public accountant who practiced in Japan and the U.S. for many years and is well versed in international accounting. The Company proposes that Mr. Kinoshita be elected as an Outside Director who is an Audit & Supervisory Committee Member in the expectation that he will utilize his knowledge in supervision and audits of the Company's management.</p> <p>[Message to shareholders] I shall exert every effort to strengthen corporate governance and build a management environment that can accurately implement corporate governance, in order to boost corporate value and shareholder value.</p>	

- Notes: 1. No material conflict of interest exists between the Company and the above candidate.
 2. Based on Article 427, Paragraph 1 of the Companies Act, the Company currently concludes liability limitation contracts with the candidate that limit his liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If the election of Mr. Kinoshita is approved, the Company plans to conclude similar contracts.
 3. The candidate is currently an Outside Audit & Supervisory Board Member of the Company, and his term of office shall be four (4) years at the conclusion of this Ordinary General Meeting of Shareholders.

No.	Name (Date of birth) [Director since] [Director's term of office]	Career summary and significant concurrent positions, etc.	Number of shares of the Company held
	(Candidate for Outside Director who is an Audit & Supervisory Committee Member) (New appointment) (Independent Director (planned)) Hiroko Yamamoto (February 16, 1956) Age: 63 [—] [—]	April 2000 Registered as a lawyer (Dai-Ichi Tokyo Bar Association) Joined Takusyou Law Office (until July 2016) July 2016 Joined Sasanami Law Office (to date)	-
5	Attendance at Audit & Supervisory Board meetings —/— (—) Attendance at Board of Directors meetings —/— (—)	<p>[Reasons for selection as the candidate for Outside Director who is an Audit & Supervisory Committee Member]</p> <p>Ms. Hiroko Yamamoto has a long experience as a lawyer and abundant legal knowledge. The Company proposes that Ms. Yamamoto be elected as an Outside Director who is an Audit & Supervisory Committee Member, in the expectation that she will utilize her knowledge in supervision and audits of the Company's management, as well as provide advice from a viewpoint based in diversity. Although she has never been directly engaged in corporate management, the Company deems that Ms. Yamamoto will duly execute her duties as an Outside Director who is an Audit & Supervisory Committee Member because she is well versed in corporate legal affairs and has extensive insight into corporate governance.</p> <p>[Message to shareholders]</p> <p>Drawing on my experience and knowledge as a lawyer, I intend to perform my responsibilities as a Director who is an Audit & Supervisory Committee Member, while focusing on the fullest compliance and the effectiveness of corporate governance in a spirit of diversity.</p>	

Notes: 1. No material conflict of interest exists between the Company and the above candidate.

2. If the election of Ms. Yamamoto is approved, the Company plans to concludes liability limitation contracts with her, based on Article 427, Paragraph 1 of the Companies Act that limit her liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher.

Proposal No. 5: Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

If Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, in order to ensure that the number of incumbent Directors who are Audit & Supervisory Committee Members does not fall short of that required by laws and regulations or the Articles of Incorporation of the Company, the election of one (1) substitute Director who is an Audit & Supervisory Committee Member is proposed.

The consent of the Audit & Supervisory Board has been obtained for the submission of this proposal.

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

The candidate for substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
<p>Candidate for Substitute Outside Director who is an Audit & Supervisory Committee Member</p> <p>Gotaro Ichiki (December 4, 1949) Age:69</p>	April 1975 Admitted to the bar in Japan (Yokohama Bar Association) Joined Sagami Godo Law Office	-
	April 1983 Joined Hamada & Matsumoto Law Firm (transferred to Daini Tokyo Bar Association)	
	April 1985 Partner in Hamada & Matsumoto Law Firm	
	April 1996 Vice President of Daini Tokyo Bar Association (until March 1997)	
	April 2000 Deputy Secretary of Japan Federation of Bar Associations (until March 2002)	
	December 2002 Partner in Mori Hamada & Matsumoto Law Firm formed as a result of merger (until December 2014)	
	January 2015 Joined Kowa Law Office	
	March 2015 Outside Director of Nippon Denko Co., Ltd. (present)	
	March 2016 Outside Director of COCA-COLA WEST COMPANY, LIMITED (until March 2017)	
	April 2016 Supervisory Officer of DBJ Private REIT Investment Corporation (present)	
	April 2017 Outside Auditor of COCA-COLA WEST COMPANY, LIMITED (until December 2017)	
July 2017 Administrative Director of General Incorporated Foundation Judiciary Association (present)		
June 2018 Outside Director of Lotte Holdings Co., Ltd.(present) (to date)		
<p>[Reasons for selection as the candidate for substitute Director who is an Audit & Supervisory Committee Member]</p> <p>Mr. Gotaro Ichiki has a long experience as a lawyer and abundant legal knowledge. The Company proposes that Mr. Ichiki be elected as a substitute Outside Director who is an Audit & Supervisory Committee Member in the expectation that he will utilize his knowledge in supervision and audits of the Company’s management. Although he has never been directly engaged in corporate management, the Company deems that Mr. Ichiki will duly execute his duties as an Outside Director who is an Audit & Supervisory Committee Member because he is well versed in corporate legal affairs and has extensive insight into corporate governance.</p>		

- Notes: 1. No material conflict of interest exists between the Company and the above candidate.
2. Based on Article 427, Paragraph 1 of the Companies Act, the Company plans to conclude liability limitation contracts with Outside Director who is an Audit & Supervisory Committee Member that limit their liability for damages of Article 423, Paragraph 1 of said Act to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher. If Mr. Ichiki assumes the position of Outside Director who is an Audit & Supervisory Committee Member, the Company plans to conclude an identical contract with him.

3. The candidate satisfies the conditions for independent officers as defined by Tokyo Stock Exchange, Inc., and if he assumes the position of Outside Director who is an Audit & Supervisory Committee Member, the Company plans to designate him as an independent officer.

(Reference)

The Company's views regarding Directors

In order to promote the new management plan, "Denka Value-Up" aimed at realizing "The Denka Value," the Company's corporate philosophy, the Company aims to strengthen the management structure with Directors and Executive Officers, while enriching the governance structure and supervisory functions.

In electing Directors, internal Directors are chosen from persons who possess a wealth of experience and achievements in various divisions within the Company, while also possessing insights and adequate specialized knowledge as Director, and Outside Directors are chosen from persons who possess specialization required for continuous growth and improvement in corporate value of the Company and wide insights based on a wealth of business experience. The Company believes that it is important for the Board of Directors as a whole to elect a good balance of personnel with a variety of knowledge, experience, and abilities, and ensure that the composition of the Board of Directors is diverse in terms of gender, international background, and other factors.

Additionally, the Company believes that Independent Directors should comprise at least one-third of Directors, and implements this policy.

Standards of Independence for Denka Outside Officers

The Company selects candidates for Outside Directors based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer. Specifically, the Company has defined the following standards, in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors.

Standards of Independence for Outside Officers

The standard of independence for an Outside Director of the Company shall be persons that do not fall under any of the categories defined in items (1) through (5) below.

- (1) An executor of business (*4) at a main customer (*1), main supplier (*2), or main lender (*3) that is a main trading partner of the Company;
- (2) A consultant, accountant, lawyer, or other such person that has received money or other property exceeding ¥10 million in value per year from the Company, excluding officer compensation, in the most recent fiscal year;
- (3) A person belonging to a group for whom the amount paid by the Company makes up 2% or more of the group's revenues or total income in the most recent fiscal year, in cases where the entity receiving property under item (2) above is a group;
- (4) A person that has fallen under any of the above categories (1) through (3) within the past year;
- (5) A spouse or relation within the second degree of a person falling under any of the categories below (excluding an insignificant person):
 - i. A person that falls under any of the above categories (1) through (4);
 - ii. A person that is or was an executor of business at the Company or a subsidiary of the Company now or within the past year.

(*1) Main customer: A customer from whom the amount paid has made up 2% or more of the Company's revenues in the most recent fiscal year

(*2) Main supplier: A supplier to whom the amount paid from the Company has made up 2% or more of the supplier's revenues in the most recent fiscal year

(*3) Main lender: A lender that was essential for the Company's funding, and that the Company relied on to the extent the lender was irreplaceable, as of the end of the most recent fiscal year

(*4) Executor of business: An executive director, executive, executive officer, or other employee, etc.

Proposal No. 6: Establishment of Amount of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members)

If Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

It was approved at the 158th Ordinary General Meeting of Shareholders held on June 22, 2017 that the maximum amount of remuneration for Directors of the Company shall be ¥500.0 million a year (including the maximum amount of ¥50.0 million for Outside Directors), but with the transition to a Company with Audit & Supervisory Committee, the Company proposes to abolish this remuneration and establish a new maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) of ¥490.0 million a year (including the maximum amount of ¥40.0 million for Outside Directors), taking into consideration the amount of remuneration thus far and Directors’ duties.

As previously, the above amount of remuneration to Directors (excluding Directors who are Audit & Supervisory Committee Members) does not include portions of their salaries as employees.

Outside Directors are outside the scope of the payment of performance-linked remuneration.

The Company currently has eight (8) Directors (including three (3) Outside Directors), and if Proposal No. 2 and Proposal No. 3 are approved as originally proposed, the number of Directors subject to this proposal (excluding Directors who are Audit & Supervisory Committee Members) will be seven (7) (including two (2) Outside Directors).

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

Proposal No. 7: Establishment of Amount of Remuneration for Directors who are Audit & Supervisory Committee Members

If Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee.

Accordingly, the Company proposes that the maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members be ¥166.0 million a year, taking their duties into consideration.

If Proposal No. 2 and Proposal No. 4 are approved as originally proposed, the number of Directors who are Audit & Supervisory Committee Members subject to this proposal will be five (5).

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

**Proposal No. 8: Determination of Amount and Details of Stock Compensation, etc. for Directors
(Excluding Directors who are Audit & Supervisory Committee Members and
Outside Directors)**

1. Reasons for the proposal and reasons why the remuneration is appropriate

The introduction of a “stock remuneration plan” (hereinafter the “Plan”) for Directors (excluding Outside Directors) was approved at the 158th Ordinary General Meeting of Shareholders held on June 22, 2017. To establish a clear peg between the Company’s stock value and Director remuneration, Directors will benefit from rises in the stock price, but they will also bear risk when it falls. With the aim of improving medium-to-long-term business performance and raising awareness of contribution to increased corporate value by ensuring that benefits and risks from share price changes are shared by all stockholders, the Company considers the Plan appropriate and seeks approval for its aim of creating a new form of payment by stock remuneration. However, if Proposal No. 2 “Partial Amendment to the Articles of Incorporation” is approved as originally proposed, the Company will transition to a Company with Audit & Supervisory Committee, and therefore approval is once again sought for an amount of remuneration based on the Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members; hereinafter the same applies).

Furthermore, as with the amount of remuneration under the existing Plan, this amount of remuneration shall be established as a separate framework from the remuneration limits for which approval is sought in Proposal No. 6 “Establishment of Remuneration for Directors (Excluding Directors who are Audit & Supervisory Committee Members.”

This proposal is a procedural matter accompanying the Company’s transition to a Company with Audit & Supervisory Committee, and the Company considers the actual content of the remuneration appropriate, as it is the same content as that which has already been approved.

At present, the number of Directors who are subject to the Plan is five (5), and it shall remain five (5) even if Proposal No. 3 “Election of Seven (7) Directors (Excluding Directors who are Audit & Supervisory Committee Members)” is approved as originally proposed.

The effectiveness of this proposal shall be subject to the amendments to the Articles of Incorporation in Proposal No. 2 “Partial Amendment to the Articles of Incorporation” taking effect.

2. Amount and details of remuneration, etc. under the Plan

(1) Overview of the Plan

In the Plan, cash shall be entrusted to a trust (hereinafter the “Trust”) to be established by the Company. The Company’s common stock (hereinafter the “Company Stock”) shall be acquired by the Trust. Points shall be granted to Directors in line with the Stock Allotment Regulations laid down by the Company, and, through the Trust, the Company Stock shall be allocated in proportion to the number of points granted.

In principle, Directors receive the Company Stock at the time when the Director resigns.

(2) Trust period

The Trust period shall be the three years from August 2017 to August 2020. However, the Trust period may be extended as provided in (3) below.

(3) Upper limit of cash the Company will contribute

As remuneration for Directors in office during the three years from the conclusion of the Ordinary General Meeting of Shareholders in June 2017 until the conclusion of the Ordinary General Meeting of Shareholders in June 2020 (hereinafter the “Applicable Period”), the Trust will contribute a maximum of ¥120 million in cash (corresponding to ¥40 million per year) during the Trust period (three years) as funds to acquire the Company Stock to grant to Directors under the Plan, and will establish the Trust with Directors who satisfy certain requirements as beneficiaries (the Trust has already been established).

By a resolution of the Board of Directors, the Trust period may be extended at its expiration, and the Plan may be continued (this includes de facto extension of the Trust contract by the transfer of assets of the Trust to another trust with the same purpose as the Trust created by the Company, and likewise hereafter). In such a case of extension, the Company shall make additional cash contributions to the Trust of up to ¥40 million multiplied by the number of years of extension, during the period of the Trust extension, as funds for additional acquisition of the Company Stock needed for payment to Directors under the Plan.

(4) Method of acquisition of Company Stock by the Trust

The acquisition of the initial round of Company Stock by the Trust has already been carried out, through the stock market using cash entrusted by the Company as funds.

(5) Method of calculation and upper limit for number of shares of Company Stock to be delivered to Directors

1) Method of granting points for Directors and upper limits

Based on the Stock Allotment Regulations laid down by the Board of Directors, points shall be granted based on position or role of the individual Director on the day of point granting, as laid down in the provisions of share transfer during the period of the Trust.

However, the total number of points to be granted by the Company to Directors shall not exceed 110,000 per year.

2) Grants of Company Stock corresponding to number of points granted

In line with the procedures described in (6) below, Directors shall receive Company Stock in a total corresponding to the number of points granted to them as described in 1) above.

The total of shares of Company Stock to be granted to individual Directors shall be 0.2 times the number of points granted to the Director. (However, with regard to Company Stock, in the cases where it is deemed reasonable to adjust the number of shares of Company Stock to be transferred due to stock split or stock consolidation, etc., a reasonable adjustment shall be made in proportion to the ratio of the stock split or consolidation).

Note: The total of shares of Company Stock to be granted to individual Directors was approved as 1.0 at the 158th Ordinary General Meeting of Shareholders held on June 22, 2017, but this has been adjusted downward to 0.2, because of the fact that the Company conducted a consolidation of stock with a date of October 1, 2017.

(6) Grant of Company Stock to Directors

The grant of Company Stock to individual Directors described in (5) above shall be undertaken by the Trust through the prescribed beneficiary determination procedures at the time of retirement of the Director. However, when conditions of the provisions for grant of stock are met, cash payment may be made instead of Company Stock compensation, after converting a certain proportion of the Company Stock within the Trust. In the event of a settlement of the Company Stock in the Trust by responding to a tender offer, etc., when Company Stock in the Trust is converted to cash, cash payments may be made instead of granting Company Stock.

(Reference)

Denka's Corporate Governance Initiatives

Basic Approach to Corporate Governance

In order to fulfill the expectations and trust of its many stakeholders, including shareholders, customers, local society, and employees, based on “The DenkaValue” (corporate philosophy), which forms the basis for the activities of the Denka Group, the Company strives to strengthen its business foundation by improving its earnings power and expanding the scope of operations, while also working to improve corporate value by making every effort to continue being a company that can win the trust and sympathy of society.

The Company considers corporate governance as the foundation for the above, and so we have striven to strengthen governance, in order to fulfill the responsibilities we owe to all our stakeholders, and ensure the transparency and soundness of our management.

The Denka Value (Corporate Philosophy)

“The Denka Value” (corporate philosophy) consists of the “Denka Mission,” which represents our uppermost mission statement, and the “Denka Principles,” a set of precepts guiding actions taken by every Group employee.

“The Denka Value” lies at the pinnacle of all corporate activities, including management plans, and through implementing “The Denka Value,” the Company will work to respond to the expectations and trust of society.

“The Denka Value” (Corporate Philosophy)

The Denka Mission

Taking on the challenge of expanding the possibilities of chemistry to create new value and contribute to sound social development.

Note: Based on the corporate slogan “Possibility of Chemistry.”

The Denka Principles

We:

- Boldly confront challenges with determination and sincerity.
- Think and take action today with the future in mind.
- Deliver new values, and inspire customers through innovative monozukuri.*
- Respect the environment and create a cheerful workplace that prioritizes safety.
- Contribute to a better society, whilst taking pride in being a trusted corporate citizen.

*Japanese-style craftsmanship



Current Corporate Governance System

Board of Directors and optional committee

■ Board of Directors (met 13 times in fiscal 2018)

To realize the Company's corporate philosophy, "The Denka Value," the Board of Directors monitors and supervises major operational decision-making and execution of business duties by executive officers, based on strategic and management planning. The Board of Directors as a whole appoints candidates to be Directors in line with the standards for the appointment of both internal and Outside Directors, based on the belief that it is important to appoint a good balance of people with a variety of expertise, experiences, and skills. For further details of our approach in appointing members of the Board of Directors, please see page 27.

Additionally, the Management Advisory Committee has been established as an advisory organ of the Board of Directors, to strengthen the roles of the Board of Directors and foster higher standards of objectivity and transparency. It also organizes the D&A Round Table, aimed at enriching deliberations on major matters of particular management concern.

In addition, in principle, the Company has discontinued the use of executive titles, (such as Senior Managing Director, Managing Director) for Directors, such that all Directors may focus on monitoring and supervising the execution of business duties from an equal standpoint. Also, the Company has set the length of directors' terms to one year, in order to facilitate flexible checks on directors at the General Meeting of Shareholders.

■ Management Advisory Committee (Met 3 times in fiscal 2018)

For major management matters such as nomination, remuneration and other elements of governance, the Board of Directors has set up the Management Advisory Committee, comprising all Outside Directors, all Outside Audit & Supervisory Board Members, the Chairman and the President, to foster transparency and objectivity in management decision-making, informed by a wide range of opinion and advice from Outside Directors.

In the previous fiscal year, this Committee received reports and advice from the Board of Directors regarding remuneration and redeployments at the Director and Executive Officer level.

■ D&A Round Table (Met 12 times in fiscal 2018)

In order to facilitate in-depth discussions regarding management matters that are of particular importance, the D&A Round Table is organized every month as a forum bringing together all Outside Directors and Outside Audit & Supervisory Board Members and all internal Directors and Audit & Supervisory Board Members, for free, open-minded, constructive discussions, exchange of opinions and information, and strengthening of cooperation.

■ Evaluation of the Effectiveness of the Board of Directors

At Denka, the effectiveness of the Board of Directors is analyzed and evaluated annually by all Directors and all Audit & Supervisory Board Members. As a result of measures taken in the previous fiscal year, we reaffirmed that discussion was reinvigorated at the Board of Directors, by ensuring an appropriate Board size and composition (in terms of getting the right balance of expertise, experience, ability and diversity) and an appropriate meeting frequency and duration, as well as through various initiatives including prior explanation of agenda items, to deepen the understanding of Outside Officers of the Company, enabling them to make proactive contributions at the Board of Directors meetings.

Furthermore, at the previous appraisal, by ensuring that there is sufficient time for deliberations including information provision and prior explanation, to enable appropriate management and supervision by the Board of Directors with regard to the overall business strategy of the Denka Group, we have ensured constructive and adequate discussions based on diverse opinions and advice received from outside officers, through channels such as the optional Management Advisory Committee, which fosters transparent and objective business decision-making and has as its members all Outside Directors, all Outside Auditors, the Chairman and the President. This is based on the perceived need to further improve the functioning of the Board of Directors meeting and realize the "Denka Value-Up" plan.

At the same time, in order to foster deeper discussion of business strategy for the whole Denka Group and business strategy for individual units, there is a view that it is important to adjust the allocation of time at meetings of the Board of Directors, and to ensure details of medium-to-long- and short-term business strategy are shared by Company and outside officers.

Looking ahead, in light of these constructive opinions, we will take steps to further improve the effectiveness of the Board of Directors, aiming to improve medium-to-long-term corporate value.

Audit & Supervisory Board (Met 15 times in fiscal 2018)

In accordance with their fiduciary responsibilities to shareholders, Corporate Auditors and the Audit & Supervisory Board work with the support of the full-time staff of the Auditor's Office, whose independence from management is ensured, to conduct audits of the execution of directors' duties, internal governance, business duties, and accounting, by exercising statutory rights that include requesting reports on the businesses of the Company, investigations pertaining to business duties and accounting, and the appointment, dismissal, and remuneration of an external auditing firm.

In addition, in view of the roles and responsibilities of the Audit & Supervisory Board, the Company appoints candidates to be Audit & Supervisory Board Members based on the decision that there should be at least one person with expertise in finance and accounting.

Outside Officers

Regarding Outside Officers, the Company selects candidates based mainly on practical considerations, such as whether we can expect the candidate to contribute to an increase in the corporate value of the Company as an independent officer, and has also defined its own standards of independence (Please see page 27.), in accordance with the requirements for independence stipulated in the Companies Act, in addition to the standards for independence defined by the Tokyo Stock Exchange and other factors.

In addition, by enhancing their understanding of the Company, the Company strives to create an environment that allows those appointed as Outside Officers to perform their roles for the sake of the sustainable growth of the Company and the increase of its corporate value.

Specifically, in addition to tours of offices, plants, and other facilities, the Company has been implementing the following initiatives:

■ Business and research policy briefings (Met twice in fiscal 2018)

Briefings are held in order to have Outside Officers understand the Company's medium- to long-term and short-term business and research policies.

■ Outside Officer Liaison Committee (Met 4 times in fiscal 2018)

The Company holds "Outside Officer Liaison Committee" meetings to facilitate the exchange of information and mutual awareness among Outside Officers concerning matters related to Denka's corporate governance and business.

Initiatives to Corporate Governance Thus Far

	Purpose	Measures
2007	To speed up decision-making	<ul style="list-style-type: none"> ▪ Cut the number of directors by half ▪ Introduction of a corporate officer system
2008	Ensure that Directors monitor and supervise the execution of business on an equal footing	Abolition of executive titles (such as Senior Managing Director, Managing Director)
	Clear separation of monitoring and supervisory functions from the execution of business	Reassigning the authority of business execution and executive titles from directors to corporate officers
	Flexibly place checks on directors	Shortening the length of directors' appointments to one year
	<ul style="list-style-type: none"> • Step up checks on management from an external perspective • Create system enabling appropriate advice-giving even outside of meetings of the Board of Directors, by arranging ample exchange of opinions 	<ul style="list-style-type: none"> ▪ By appointing two Outside Directors, the number of appointments of Outside Officers rises to four, including two Outside Audit & Supervisory Board Members (per statutory requirements) ▪ Holding regular exchanges of opinion between outside officers and top management
	Speed up decision-making by deepening discussions of important management matters	Establishment of a Management Committee comprising directors, Audit & Supervisory Board Members (Outside), and some corporate officers
2015	Improve the governance framework and raise standards of transparency and soundness of management	Increasing the number of Outside Directors (from two to three) and reducing the number of members of the Board of Directors (by two)
	Create venues for free, vigorous and constructive deliberations, exchange of opinion and information and alliance-strengthening for Internal and Outside Directors and Audit & Supervisory Board Members	Decision to step up round-table meetings of Outside Directors and Corporate Auditors formerly held twice per year, and hold a monthly round-table conference of Directors and Audit & Supervisory Board Members”
	Work to ensure optimum standards of corporate governance to ensure sustainable growth and improve medium to long-term corporate value	Compilation of the Denka Corporate Governance Guidelines
	Deepen understanding of the Company's business, and stimulate debate at meetings of the Board of Directors	More advance explanations to Outside Officers regarding specific agenda items that required adequate explanation
	Enable exchange of information and formation of consensus among outside officers	Decision to hold “Outside Officer Liaison Committee” four times per year
2016	Promote understanding of the Company's medium- to long-term and short-term business and research objectives	Decision to hold business and research objective briefings for Outside Officers twice a year
	Ensure adequate the Board of Directors' auditing and monitoring of execution of business duties by executive officers	Clarification of the details of agenda and report materials at the Board of Directors meetings
	Step up the effectiveness of the Board of Directors	Decisions to arrange for all Directors and all Audit & Supervisory Board Members to annually analyze and evaluate the effectiveness of the Board of Directors, and disclose the results in the Corporate Governance Report
2017	Foster greater transparency and objectivity in business decision-making, with the Board of Directors accepting diverse opinions and advice from the Outside Officers with regard to major business topics including appointments, remuneration and other governance matters	Establishment of the Management Advisory Committee comprising all Outside Directors, all Outside Audit and Supervisory Board Members, the Chairman and the President
		Rename the “round-table conference of Directors and Audit & Supervisory Board Members” the “D&A Round Table”
2019	Further strengthen corporate governance and improve corporate value by further strengthening the supervisory role of the Board of Directors, by enabling more rapid decision-making and vesting directors who are members of the Audit & Supervisory Committee with voting rights at the Board of Directors meeting	Shift from the “Company with Audit & Supervisory Board” model to that of a “Company with Audit & Supervisory Committee” (planning)

Business Report

(From April 1, 2018 to March 31, 2019)

1. Overview of the Group

(1) Business Progress and Results

During the fiscal year ended March 31, 2019 (fiscal 2018), the Japanese economy rebounded moderately, with a pickup in personal spending and an increase in capital investment, but weakness became evident in certain export and production activities in the second half. Concerns grew over prospects for the global economy due in part to the emergent trade friction between the United States and China and the UK's decision to leave the EU, despite overall ongoing moderate recovery momentum, especially in the United States.

Corporate earnings were solid overall in the chemical industry, despite an increase in raw material prices and other negatives.

Against this economic backdrop, the Group in fiscal 2018 launched the new five-year "Denka Value-Up" management plan, to realize "The Denka Value" corporate philosophy. Resources were then channeled into expanding businesses and consolidated earnings, by pursuing the two growth strategies of refocusing the business portfolio and introduction of innovative processes, based on the three growth visions in the "Denka Value-Up" plan: becoming a "Specialty-Fusion Company," securing "Sustained Growth" and achieving "Sound Growth." As a result, sales increased ¥17,498 million or 4.4% year on year to ¥413,128 million reaching all-time highs. During the year under review, the initial year of our new management plan, sales rose on the back of market price revisions to absorb rising raw materials costs, and an increase in units sold, principally in the electronics and innovative product ranges. Turning to earnings, the Company posted a second straight year of record highs in operating and ordinary income and profit attributable to owners of the parent, driven by increased volumes sold and improved terms of trade. These positives outweighed the increased cost burden from regular maintenance of styrene monomer facilities and upfront investments for future growth businesses including healthcare. Operating income rose ¥34,228 million (up ¥576 million year on year, a 1.7% increase), ordinary income rose ¥32,811 million (up ¥1,311 million year on year, a 4.2% increase), and profit attributable to owners of the parent rose ¥25,046 million (up ¥2,010 million year on year, an 8.7% increase). These positives outweighed the increased cost burden from regular maintenance of styrene monomer facilities and costs from upfront investments for the future including healthcare and other sectors.

On April 1, 2018, production of highly pure DENKA BLACK carbon black was shifted from the Elastomers & Performance Plastics Division to the Electronics & Innovative Products Division. The classification of year on year changes assumes implementation of this change.

Results of operations by division are described below.

Elastomers & Performance Plastics Division (Sales: ¥179,237 million)

Principal products: Chloroprene rubber, styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, etc.

Sales of chloroprene rubber fell in volume terms amid reduced production due to cold weather at Denka Performance Elastomer LLC, our United States subsidiary. But sales revenues increased on the back of the revised sales prices. ABS resin performed robustly, with sales and earnings increasing for polystyrene resin and MS resin at Denka Singapore Pte., Ltd., our Singapore subsidiary.

As a result, division sales increased ¥9,127 million or 5.4% year on year to ¥179,237 million.

Infrastructure & Social Solutions Division (Sales: ¥54,846 million)

Principal products: Cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.

Sales were robust for special cement additives and corrugated drainpipes for agriculture and civil engineering, as well as fire-resistant and steel materials, but cement sales prices failed to correct as expected and shipments of fertilizers were weak. Shipments also fell for certain products due to the impact of typhoons and other natural disasters.

As a result, division sales increased ¥1,700 million or 3.2% year on year to ¥54,846 million.

Electronics & Innovative Products Division (Sales: ¥67,113 million)

Principal products: Fused silica, electronic circuit substrates, fine ceramics, electronic packaging materials and acetylene black, etc.

Sales volumes and revenues increased for electronic circuit substrates and ALSINK, highly reliable heat-dissipating plate and spherical alumina for thermal dissipation materials. Volume and revenue growth was also seen in high-purity conductive carbon black for lithium ion secondary batteries and high-voltage power cable. However, sales were down year on year for functional films including THERMO FILM ALS for transportation and packing of electronic components and semiconductors and ALONBRIGHT SiAlON phosphors for LED.

As a result, division sales increased ¥4,499 million or 7.2% year on year to ¥67,113 million.

Life Science & Environmental Products Division (Sales: ¥39,034 million)

Principal products: Food packaging materials, housing materials, life science and industrial materials, etc.

Sales revenues for plastic rain gutters and industrial tapes increased, and sales were robust for film for food packaging material and processed products from DENKA Polymer Co., Ltd. Sales for “TOYOKALON” synthetic fiber for wigs were flat year on year, but DX Filmanti-weather fluorine alloy film were down year on year. Shipments of influenza vaccines were down year on year.

As a result, division sales decreased ¥1,946 million or 4.7% year on year to ¥39,034 million.

Life Innovation Division (Sales: ¥34,104 million)

Principal products: Joint function improvers, vaccines, and diagnostic reagents, etc.

Domestic and export sales volumes and sales increased for DENKA SEIKEN Co., Ltd.’s reagents, and shipments of influenza vaccines were up year on year.

As a result, division sales increased ¥1,766 million or 5.5% year on year to ¥34,104 million.

Others Division (Sales: ¥38,791 million)

Principal business: Plant engineering etc.

Transaction volumes of Akros Trading Co., Ltd. and other trading companies were up from the previous year. The value of projects completed by Denka Consultant & Engineering Co., Ltd. increased.

As a result, division sales increased ¥2,351 million or 6.5% year on year to ¥38,791 million.

(2) Capital Investment

In the period under review, the Group has launched a new five-year management plan “Denka Value-Up.” In the “Denka Value-Up” plan, investments totaling 200 billion over five years will be made in two growth strategies, our refocusing of the business portfolio and introduction of innovative processes, to meet numerical targets. In fiscal year ended March 31, 2019, the Group carried out capital investments totaling ¥32,745 million.

Capital investment in the Elastomers & Performance Plastics Division amounted to ¥8,636 million. Principal items were capital investment for the Company’s Omi Plant and Chiba Plant.

In the Infrastructure & Social Solutions Division, capital investment amounted to ¥9,208 million, which mostly concerned the Company’s Omi Plant and Omuta Plant.

In the Electronics & Innovative Products Division, capital investment amounted to ¥6,842 million, which mostly concerned the Company’s Omuta Plant. The investments were mostly works to expand spherical alumina production capacity at the Company’s Omuta Plant, and in works to expand purity carbon black capacity at Denka Singapore Pte. Ltd.

Capital investment in the Life Science & Environmental Products Division amounted to ¥2,146 million mainly for the Company and DENKA Polymer Co., Ltd.

In the Life Innovation Division, capital investments of ¥5,893 million were made at DENKA SEIKEN Co., Ltd. and other units.

Main capital investment projects completed during fiscal 2018 included installation of production lines for Evolmer, a new high-performance elastomer, at our Omi Plant, and works to increase production capacity for electronics and highly advanced product lines at the Omuta and Shibukawa Plants. Likewise, as part of the operational process reforms carried out in introducing innovative processes growth strategy under the “Denka Value-Up” plan, the Company completed refurbishment works at headquarters offices and a new corporate administrative office, Omi Innovation Hub, at the flagship Omi Plant. Capital investment projects currently under construction include a new hydroelectric power facility at the Omi Plant and investment in new production facilities for influenza vaccines at DENKA SEIKEN Co., Ltd.

(3) Financing

In fund procurement, the Company issued ¥15 billion in corporate bonds in April 2018, to meet costs of redemption of previously issued corporate bonds.

(4) Issues to be Addressed

The Company launched the “Denka Value-Up” five-year management plan in the previous fiscal year, aimed at realizing the “The Denka Value” concept.

In fiscal 2018, the first year of the plan, we made steady progress in the three “Denka Value-Up” growth visions, aiming to become a Specialty-Fusion Company supported by sustained and sound growth, as well as the two growth strategies of refocusing the business portfolio and introduction of innovative processes.

In specific measures, core Group company DENKA SEIKEN Co., Ltd. decided to double production capacity for influenza vaccines from current levels in the priority domain of healthcare. In October 2018, it also launched the QuickNavi Reader™, a densitometry (optical density measurement) analyzer device for the QuickNavi™-Flu2 rapid diagnostic kit for the influenza virus. Looking ahead, the Denka Group will continue to contribute to a higher quality of life for people around the world, by developing advanced technologies in the fields of illness prevention, diagnosis and treatment.

Likewise, in the environment and energy field, we have decided to increase production capacity for ceramic substrates and spherical alumina in investments totaling ¥8.0 billion in the Omuta Plant and at our Singapore unit, to meet rapidly growing demand around the world for thermal-dissipation materials as electric vehicles become more widespread. This will give us strong leading status in the market for thermal-dissipation materials especially for eco-friendly vehicles as the trend toward electrically powered cars gathers pace around the world.

At the same time, we expect turbulence in the global situation amid intensifying trade friction between the United States and China, and a rise in protectionism as typified by Britain’s decision to leave the European Union, exacerbated by the increased frequency of natural disasters. What was until recently considered conventional wisdom has suddenly been replaced by unconventional thinking. To ensure sustainable growth, it is necessary to rigorously promote the new “Denka Value-Up” plan, based on a clear understanding of global megatrends.

For this reason, we have decided to undertake the following two reforms.

One of these initiatives is the integration on April 1, 2020 of the healthcare business through the merger of DENKA SEIKEN Co., Ltd. with Denka. DENKA SEIKEN has taken a central role within the Denka Group healthcare business for many years. By fully integrating it as a core business of the Denka Group, we aim to further develop the business by strengthening governance, speeding up decision-making and consolidating the organizational framework. The second reorganization is the integration of the Group's two trading companies, Akros Trading Co., Ltd and YK Inoas Co., Ltd. We expect this integration to help us develop into a more prominent trading company house within the chemical industry, by making effective use of the management resources of both companies and by globally maximizing marketing synergies.

The second reform, concerning human resource management, aims to ensure Denka attracts the specialized personnel that are essential for achievement of goals in the "Denka Value-Up" plan. Through overhauls of the job grouping and personnel appraisal systems, as well as the expansion of human resources training programs and promotion of diversity, the Denka Group will position itself to fully leverage the capabilities of diversified human resources and create an environment in which employees can grow with the Company.

To continue to justify the trust of all stakeholders and to continue to grow in years ahead, we will develop our businesses aiming to become a specialty company, grounded in a recognition of ESG as the basis of our operations; in other words, with an emphasis on safety as No. 1 priority, environmental awareness, fostering and tapping human capital, contributing to the community and corporate governance. These initiatives will, we believe, enable us to realize "The Denka Value" corporate philosophy and meet the United Nations-designated social development goals.

(Reference)

Denka's SDG Initiatives

Adopted by the United Nations in September 2015, the Sustainable Development Goals form an action plan comprising 17 goals and 169 targets in areas including climate change, energy, health and employment, with 2030 as target date for achievement.

Mindful of its responsibilities as a corporate citizen, the Company will contribute to achievement of the SDG targets, a concern of all mankind, and will consider what should be done in future years to usher in a sustainable society.

This feature focuses on recent topics in the Company's SDG-related initiatives.

Market launch of Quick Navi-Reader™ device for influenza diagnosis

In October 2018, DENKA SEIKEN, a core company of the Denka Group, and its major marketing partner Otsuka Pharmaceutical Co., Ltd. launched the Quick Navi-Reader™ densitometry (optical density measurement) analyzer, for use with the Quick Navi-Flu2 in vitro diagnostic kit.

Quick Navi-Flu2 is a market-leading quick diagnostic kit in Japan, able to detect rapidly and highly accurately the presence of the influenza virus in the body. It is possible to determine within five minutes whether the “lines” are present or not.

In influenza diagnosis, healthcare professionals determine visually whether or not the “lines” are present, but there will sometimes be differences in judgment depending on the individual in question. The Quick Navi-Reader™ can capture and analyze “line” images generated by Quick Navi-Flu2 using an optical sensor. Comparison with preset threshold values enables analysis by densitometry (optical density measurement), yielding a positive or negative judgment. The results of the test enable objective evaluation without any variation due to human differences.

The Quick Navi-Reader™ supports on-the-spot diagnosis through two modes. With “Suguyomitori mode” (with evaluations made in five seconds), results are displayed with insertion of the test device after the evaluation time has elapsed. With the “Jidouyomitori mode”, the test device is inserted immediately after adding sample droplets, and evaluations are made automatically at one-minute intervals with results displayed when the positive threshold value is exceeded.

DENKA SEIKEN already markets influenza, norovirus and other test reagents in its Quick-Navi™ Series. We will further expand our line-up of infectious disease diagnostic products, supporting doctors on the front line.

Strategic investment in expanding the thermal-dissipation materials business for automakers Leading the global market through major increases in production capacity

As a leading manufacturer of “silicon nitride ceramic substrates” and “spherical alumina,” the Company is working to bolster production capacity through Group wide capital investment totaling around ¥8.0 billion, to respond to rapidly growing global demand for thermal-dissipation materials, amid a move towards electric-powered engines in the automotive industry.

Over some 30 years in the field of “silicon nitride ceramic substrates,” Denka has used products produced in an integrated system that includes the manufacture of raw materials (silicon nitride powder) to garner highly favorable customer reviews, by supplying aluminum nitride substrates and metal substrates, and also offering solutions that meet diverse needs.

These products boast superior thermal conductivity and heat-cycle reliability. In recent years, they have become sought after for use as insulation and thermal-dissipation components for motor-driving power modules installed in eco-friendly vehicles. With this capital investment, Denka intends to introduce cutting-edge front-end process automation, and thus increase its production capacity threefold (compared with the 2018 level).

We also boast the top market share in the field of “spherical alumina,” where thanks to products that leverage our proprietary fusing technologies, we already have an unassailable leading position in the market. Needs of lithium-ion batteries for eco-friendly vehicles and heat-resistant materials for all kinds of control mechanism are increasing. Looking ahead, we expect demand to further expand as devices of all types grow more functionally sophisticated, and we are building additional production facilities at the Singapore subsidiary, following on from the Omuta Plant, where the Group manufactures these products. In this way, we are increasing production capacity fivefold compared with fiscal 2018, while also establishing business continuity plans through dispersal of production bases, establishing a supply framework capable of meeting the demands of the rapidly growing global market.

In the “Denka Value-Up” plan, the Company has designated environment and energy as a priority business. We aim to contribute to sustainable global development by focusing on the spread of clean energy and enhancing energy efficiency, as set forth in the SDGs, through *monozukuri* (Japanese-style craftsmanship) in the chemicals field.

Planned full-scale entry into the biostimulants market

As part of measures to accelerate the growth of the specialty businesses being promoted under the “Denka Value-Up” plan, Denka has decided to make a full-scale entry into the biostimulants market.

Biostimulants are defined as “substances and microorganisms that positively affect the sound growth of plants and help enhance their quality in terms of such properties as resilience against stress and the volume of crop yields.” *1 While biostimulants “enhance the intrinsic properties of targeted plants,” they are also designed to help plants better adapt to and thrive in the various “environments surrounding them.” High expectations have been placed in biostimulants as a way of resolving social issues such as the tightening supply of agricultural products due to population growth, and worsening damage to farm products due to global warming and climate change. The global biostimulants market was valued at approximately US\$2.2 billion in 2018 and is expected to be worth approximately US\$3.3 billion in 2022, with an annual average growth rate estimated at 10.4%. *2

For over 50 years, the Company has been marketing AZUMIN humic acid fertilizer, considered biostimulant. AZUMIN is a product that not only improves soil quality, but can have a highly beneficial effect in improving plant growth even in difficult environments, and therefore is expected to contribute to the promotion of sustainable farming and the creation of farmland that is resilient to climate change and natural disasters, and has been highly praised by many agricultural producers.

With this full-scale entry into the biostimulants market, we are focusing on making our products more functionally sophisticated and developing new products through open innovation, taking advantage of the technological assets we have accumulated over many years. At the same time, we will utilize the Denka Group’s overseas network to expand sales and consider opportunities for alliances with biostimulant makers outside Japan. Denka will continue to support the expansion of global agricultural production, as we contribute to achieving the SDGs, a concern of all humanity.

*1 Source: Japan Biostimulant Association website (partially revised)

*2 Source: MarketsandMarkets 2017

Measures to reduce ocean plastics

Recently there has been rising international concern, widely addressed in mass media such as newspapers, magazines and online, about the problem of plastics dumped in ocean waters.

Specific regulations have begun to come into force, including the European Union's passing of a ban on the use of single-use disposable plastic products (effective 2021), and, in Asian countries, introduction of charges for plastic bags issued in shops, and restrictions on their use. In addition, the “Ocean Plastics Charter” was announced at the 2018 G7 summit in Charlevoix, and momentum is building for an agreement on stepping up the 3R (reduce, reuse, recycle) approach to disposable plastics under the “Ocean Plastics Charter” at international conferences, etc. such as the G20 summit scheduled to be held in June 2019.

Denka has long been committed to the recycling of resources, such as waste plastic at its cement plants. In measures to recycle materials for raw materials and fuel for cement production in fiscal 2017, we received approximately 850,000 tons of waste plastics, shredder dust from vehicle dismantling, sludge and sewage slurry, left-over construction soil, factory byproducts, etc. This outstanding environmental technology that utilizes waste materials, which would formerly have been disposed of in landfills, as resources will play a significant role in contributing to the prevention of waste creation and promoting recycling, as set forth in the SDGs.

At the same time, as a company that manufactures and sells plastic products, in September 2018 Denka participated in a conference established by 22 companies including Denka to deal with the ocean plastics issue. At the conference, participants engaged in activities to raise awareness of the 3R campaign among countries and regions that create a large amount of waste plastic.

Furthermore, as initiatives focused on product development, we have launched sales of styrene plastic sheets that reduce plastic use by approximately 35% compared with traditional A-PET containers, and developed environment-friendly materials with a content of at least 25% of the biomass plastic based on plant oil, as part of efforts to provide environmentally-friendly food packaging containers.

New environment-friendly product of a Group company DENKA Polymer “CLEALEAD™,” a food container that uses a high-strength BOPS (biaxially oriented polystyrene sheet). The new container is 35% lighter than one made with traditional A-PET (amorphous polyethylene terephthalate).

Food container that uses “PLAPS™,” the bioplastic using materials combining polylactic acid, a plastic material derived from starch and other plant products, and polystyrene.

**More information on Denka
's SDG initiatives is provided in our “Denka Report.”**

Our “Denka Report” has been issued as an integrated report since the “Denka Report 2018” in September 2018, providing a comprehensive overview of corporate information to stakeholders, including shareholders and investors, with a focus on the creation of value over the medium- to long-term from the perspective of ESG-oriented management.

The full text (PDF) of the Denka Report can be found on Denka’s website (<https://www.denka.co.jp/sustainability/report>), where there is also information on environmental performance and other CSR and ESG-related data.

Printed copies of the report may also be requested from the above website.

(Reference)

News Check

Topics for the period under review

Please see the News Release Topics section of our website for other information and news

Group reorganization to achieve the “Denka Value-Up” plan goals

As part of measures to achieve the goals of the “Denka Value-Up” management plan launched in April 2018, the Board of Directors of Denka on March 11, 2019 passed a resolution to proceed on April 1, 2020 with a reorganization of the Group by the mergers of DENKA SEIKEN Co., Ltd. with Denka, with the aim of strengthening the healthcare business and Akros Trading Co., Ltd. with YK Inoas Co., Ltd., optimizing the Group’s trading house activities.

Strengthening the healthcare business: Merger of Denka and DENKA SEIKEN

In the healthcare business, the Denka Group engages in the vaccine and diagnostic reagent business through DENKA SEIKEN Co., Ltd., while Denka develops norovirus vaccines using proprietary plant-based gene modification technologies held by the macromolecular sodium hyaluronate preparation business and IconGenetics GmbH, a Germany-based subsidiary, and operates other development businesses including cancer gene alteration analysis and remedy information services.

In the “Denka Value-Up” plan, healthcare has been designated as a priority area. To further strengthen and expand this business, we aim to generate the following four benefits by integrating the separate healthcare operations of the two companies:

(1) Accelerate the expansion of our specialty businesses, a “Denka Value-Up” growth strategy

By integrating the comprehensive strengths of the Denka Group, we will accelerate the expansion and development of our specialty businesses.

(2) Strengthen governance

We will further strengthen governance through integration of our healthcare businesses, to respond appropriately to risks specific to this business.

(3) Accelerate decision-making

Based on the Denka Group corporate philosophy and business strategy, we will speed up decision-making for large-scale investments in the healthcare sector, which is expected to grow in the future.

(4) Synergies in HR and organizational structures

Through the integration, we plan to further step up personnel exchanges and strengthen our organizational structure.

Optimizing Group trading house activities

Merger of consolidated subsidiaries Akros Trading and YK Inoas

Akros Trading Co., Ltd. and YK Inoas Co., Ltd. are consolidated subsidiary trading companies handling all kinds of chemical products, mainly those traded among businesses within the Group, for the Denka Group.

On April 1, 2020, an integration of our two trading houses on equal terms will be carried out.

Through this merger, the Company aims to make effective use of the management resources of both companies and streamline their businesses, as well as strengthen the Company's sales capabilities in Japan and overseas by maximizing marketing synergies for electronic materials and special cement additives and other products. This will further raise standards of service to our premium customers, and contribute to goal achievement in the “Denka Value-Up” management plan.

(5) Financial Position and Results of Operations

(Millions of yen, unless otherwise stated)

Item	157th term (from April 1, 2015 to March 31, 2016)	158th term (from April 1, 2016 to March 31, 2017)	159th term (from April 1, 2017 to March 31, 2018)	160th term (from April 1, 2018 to March 31, 2019)
Net sales	369,853	362,647	395,629	413,128
Operating income	30,634	25,844	33,652	34,228
Ordinary income	27,022	23,158	31,499	32,811
Profit attributable to owners of parent	19,472	18,145	23,035	25,046
Net income per share (yen)	214.71	205.05	261.80	286.18
Total assets	443,864	454,944	473,799	483,827
Total net assets	216,071	227,487	242,780	250,481
Net assets per share (yen)	2,366.74	2,526.42	2,727.94	2,839.16
Total shareholders' equity ratio (%)	47.7	49.1	50.5	51.0
Return on equity (ROE) (%)	9.3	8.3	10.0	10.3
Total dividends paid	5,836	6,194	9,206	10,479
Dividends per share (yen)	65.00	70.00	105.00	120.00

- Notes: 1. The Company conducted a consolidation of shares at a ratio of five shares to one share with an effective date of October 1, 2017. As a result, net income per share, net assets per share and dividends per share in the above chart are provided assuming that the share consolidation had been conducted at the beginning of the 157th term.
2. Net income per share is calculated using the average number of shares issued and outstanding excluding treasury stock. Net assets per share are calculated using the number of shares issued and outstanding at the end of the fiscal year excluding treasury stock.
3. For total dividends paid and dividends per share for the 160th term, the sum of the interim dividend paid in December 2018 and the dividend proposed for resolution at this Ordinary General Meeting of Shareholders is indicated.
4. Details of assets and profit/loss in the 159th term are subject to retroactive application of the partial amendment of Accounting Standards for Tax Effect Accounting (Corporate Accounting Standard No. 28, February 16, 2018) from the beginning of the 160th term, and are for indicative purposes.

(6) Significant Subsidiaries (as of March 31, 2019)

1) Significant subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
Denka Singapore Pte., Ltd.	SGD 69,410 thousand	100.0 (100.0)	Manufacturing and sales of acetylene black and functional polystyrene resin products
Denka Chemicals Holdings Asia Pacific Pte., Ltd.	USD 68,700 thousand	100.0	Regional headquarters for Southeast and South Asia
Denka Performance Elastomer LLC	USD 62,000 thousand	70.0 (70.0)	Manufacturing and sales of synthetic rubbers
Hinode Kagaku Kogyo	JPY 300 million	100.0	Manufacturing and sales of fertilizers and chemical products
Nishi-nihon Koatsu Gas Co., Ltd.	JPY 80 million	93.3	Manufacturing and sales of high-pressure gas
Denka RENOTEC Co., Ltd.	JPY 50 million	100.0	Repair, design, engineering and management work for concrete structures
Denka Azumin Co., Ltd.	JPY 300 million	100.0	Manufacturing and sales of fertilizers and agricultural materials
Denka Inorganic Materials Tianjin Co., Ltd.	JPY 250 million	100.0	Manufacturing and sales of special cement additives
Denka Infrastructure Technologies Shanghai Co., Ltd.	JPY 210 million	100.0	Business headquarters for special cement additives in China
Denka Infrastructure Malaysia Sdn Bhd.	MYR 7,151 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
Denka Construction Solutions Malaysia Sdn Bhd.	MYR 1,500 thousand	100.0 (100.0)	Manufacturing and sales of construction chemicals
PT. Hissan Trading Indonesia	USD 300 thousand	100.0 (100.0)	Sales of special cement additives, etc.in Indonesia
Denka Advantech Pte., Ltd.	SGD 17,000 thousand	100.0 (100.0)	Manufacturing and sales of fused silica and synthetic fiber for wigs and hairpieces
Denal Silane Co., Ltd.	JPY 500 million	51.0	Manufacturing and sales of monosilane gas, etc.
Denka Advanced Materials (Suzhou) Co., Ltd.	CNY 55,440 thousand	100.0	Manufacturing, processing, and sales of electronic packaging materials and food packaging materials, etc.
Denka Electronic Materials Dalian Co., Ltd.	JPY 1,000 million	100.0	Processing and sales of electronic materials
Denka Advanced Materials Vietnam Co., Ltd.	USD 12,000 thousand	100.0 (100.0)	Manufacturing and sales of electronic packaging materials and vinyl tapes
DENKA Polymer Co., Ltd.	JPY 2,080 million	100.0	Manufacturing and sales of various packaging materials and plastic containers
Nakagawa Techno Industrial Co., Ltd.	JPY 50 million	100.0	Manufacturing, processing, and sales of metal rain gutters
DENKA SEIKEN Co., Ltd.	JPY 1,000 million	100.0	Manufacturing and sales of vaccines and clinical diagnostic reagents

YK Inoas Co., Ltd.	JPY 100 million	100.0	Sales of raw materials for industrial applications, civil engineering and construction materials, and interior materials
Denka Chemicals G.m.b.H	256,000 euros	100.0	Import, export and marketing of chemical and electronics products
Denka Consultant & Engineering Co., Ltd.	JPY 50 million	100.0	Design and engineering of various industrial facilities, transportation facilities, etc.
Akros Trading Co., Ltd.	JPY 1,200 million	68.5	Sales of inorganic industrial products, organic industrial products, industrial resins, etc.
Akros Trading China Co., Ltd.	USD 300 thousand	100.0 (100.0)	Sales of electronic packaging materials, etc.
Akros Trading Taiwan Co., Ltd.	TWD 29,000 thousand	100.0 (100.0)	Sales of resins and semiconductor-related materials, etc.

Note: The Company's percentage of equity participation is calculated by dividing the number of shares held by the Company by the number of shares issued and outstanding. The figure within parentheses indicates the percentage of indirect ownership by subsidiaries.

2) Significant affiliates

Company name	Capital	The Company's percentage of equity participation	Principal business
Toyo Styrene Co., Ltd.	JPY 5,000 million	50.0	Manufacturing processing sales of polystyrene resin and styrene-based special resin.
Denak Co., Ltd.	JPY 600 million	50.0	Manufacturing and sales of monochloroacetic acid
Kurobegawa Power Plant	JPY 3,000 million	50.0	Electric power supply

(7) Principal Business Details (as of March 31, 2019)

The Company manufactures and sells the following products.

Business division	Main products
Elastomers & Performance Plastics Division	Chloroprene rubber, styrene monomer, polystyrene resin, ABS resin, CLEAREN, heat-resistant resin, transparent resin, POVAL, etc.
Infrastructure & Social Solutions Division	Cement, special cement additives, fertilizers, calcium carbide, fire resistant materials, environmental materials, etc.
Electronics & Innovative Products Division	Fused silica, electronic circuit substrates, fine ceramics, electronic packaging materials, acetylene black, etc.
Life Science & Environmental Products Division	Food packaging materials, housing materials, life science and industrial materials, etc.
Life Innovation Division	Joint function improvers, Vaccines, diagnostic reagents, etc.
Others Division	Plant engineering etc.

(8) Principal Offices and Factories (as of March 31, 2019)

Company name	Principal offices
Denka Co., Ltd.	Head Office: 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo Branches: Osaka, Nagoya, Fukuoka, Niigata, Hokuriku (Toyama), Sapporo, Tohoku (Sendai) Plants: Omi (Itoigawa, Niigata Prefecture), Omuta, Chiba (Ichihara, Chiba Prefecture), Shibukawa, Ofuna (Kamakura, Kanagawa Prefecture), Isesaki Research Institutes: Denka Innovation Center (Advanced Technologies Research Institute, Life Innovation Research Institute, Infrastructure & Solutions Development Research Institute) (Machida, Tokyo) Polymer & Processing Technology Institute (Ichihara, Chiba Prefecture)
Denka Singapore Pte., Ltd.	Head Office and Plants: Singapore
Denka Chemical Holdings Asia Pacific Pte., Ltd.	Head Office: Singapore
Denka Performance Elastomer LLC	Head Office and Plant: Louisiana, United States
Hinode Kagaku Kogyo	Head Office and Plant: Maizuru, Kyoto Prefecture
Nishi-nihon Koatsu Gas Co., Ltd.	Head Office: Fukuoka, Fukuoka Prefecture
Denka RENOTEC Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Azumin Co., Ltd.	Head Office and Plant: Hanamaki, Iwate Prefecture
Denka Inorganic Materials Tianjin Co., Ltd.	Head Office and Plant: Tianjin, China
Denka Infrastructure Technologies Shanghai Co., Ltd.	Head Office: Shanghai, China
Denka Infrastructure Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia
Denka Construction Solutions Malaysia Sdn Bhd.	Head Office and Plant: Selangor, Malaysia
PT. Hissan Trading Indonesia	Head Office: Jakarta, Indonesia
Denka Advantech Pte., Ltd.	Head Office and Plant: Singapore
Denal Silane Co., Ltd.	Head Office: Chuo-ku, Tokyo
Denka Advanced Materials (Suzhou) Co., Ltd.	Head Office and Plant: Suzhou, Jiangsu, China
Denka Electronic Materials Dalian Co., Ltd.	Head Office and Plant: Dalian, Liaoning, China
Denka Advanced Materials Vietnam Co., Ltd.	Head Office and Plant: Hung Yen, Vietnam
DENKA Polymer Co., Ltd.	Head Office: Koto-ku, Tokyo Plants: Sakura, Katori (Tako-machi, Chiba Prefecture), Goi (Ichihara, Chiba Prefecture)
Nakagawa Techno Industrial Co., Ltd.	Head Office and Plant: Kasai, Hyogo Prefecture
DENKA SEIKEN Co., Ltd.	Head Office: Chuo-ku, Tokyo Plant: Gosen, Niigata Prefecture
YK Inoas Co., Ltd.	Head Office: Bunkyo-ku, Tokyo
Denka Chemicals G.m.b.H	Head Office: Düsseldorf, Germany
Denka Consultant & Engineering Co., Ltd.	Head Office: Chuo-ku, Tokyo
Akros Trading Co., Ltd.	Head Office: Minato-ku, Tokyo

Akros Trading China Co., Ltd.	Head Office: Shanghai, China
Akros Trading Taiwan Co., Ltd.	Head Office: Hsin-Chu, Taiwan

(9) Employees (as of March 31, 2019)

1) The Group

Business segment	Number of employees	
Elastomers & Performance Plastics Division	1,007	[96]
Infrastructure & Social Solutions Division	1,015	[126]
Electronics & Innovative Products Division	1,106	[107]
Life Science & Environmental Products Division	1,043	[177]
Life Innovation Division	882	[277]
Others Division	712	[185]
Corporate (common)	368	[58]
Total	6,133	[1,026]

- Notes: 1. The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in brackets.
2. The number of employees indicated for “Corporate (common)” is the number of employees who belong to administrative divisions that cannot be classified into a specific business.

2) The Company

Number of employees	Increase (Decrease) from the previous fiscal year-end	Average age	Average service years
3,250 [515]	+239 [-153]	40.6	17.1

- Note: The number of employees indicated is the number of full-time employees and the annual average number of temporary employees is indicated in the brackets.

(10) Principal Lenders (as of March 31, 2019)

Lender	Outstanding borrowings (Millions of yen)
Syndicated loan	25,000
Mizuho Bank, Ltd.	17,634
M&A loans	12,442
The Norinchukin Bank	5,895
Sumitomo Mitsui Banking Corporation	5,498

- Notes: 1. The syndicated loan is managed by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and the Development Bank of Japan Inc. and is co-financed.
2. M&A loans refers to an overseas M&A support loan system maintained by the Japan Bank for International Cooperation in cooperation with private banks.

(11) Other Significant Matters concerning the Group’s Current Situation

Not applicable

2. Status of Shares (as of March 31, 2019)

(1) Total Number of Authorized Shares	290,000,000 shares
(2) Shares of Common Stock Issued	88,555,840 shares (including 1,571,282 shares of treasury stock)
(3) Number of Shareholders	26,821

(4) Major Shareholders

Shareholder name	Number of shares held (hundred shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	103,461	11.89
Japan Trustee Service Bank, Ltd. (Trust Account)	78,104	8.98
Trust & Custody Services Bank, Ltd. (Mizuho Corporate Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	32,158	3.70
National Mutual Insurance Federation of Agricultural Cooperatives	29,007	3.33
MITSUI LIFE INSURANCE, CO., LIMITED	23,816	2.74
STATE STREET BANK AND TRUST COMPANY 505001	17,050	1.96
Japan Trustee Service Bank, Ltd. (Trust Account 5)	15,092	1.74
Mitsui Sumitomo Insurance Company, Limited	13,832	1.59
SSBTC CLIENT OMNIBUS ACCOUNT	13,819	1.59
JP MORGAN CHASE BANK 385151	13,766	1.58

Notes: 1. 1,571,282 shares of treasury stock have been excluded from the above list of major shareholders.
2. Treasury stock is excluded for calculation of the percentage of shares held.
3. MITSUI LIFE INSURANCE, CO., LIMITED changed its trade name to TAIJU LIFE INSURANCE COMPANY LIMITED on April 1, 2019.

(5) Other Significant Matters concerning Shares

Not applicable.

3. Matters concerning the Company's Stock Acquisition Rights (as of March 31, 2019)

Not applicable

4. Company Officers

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2019)

Name	Position	Responsibilities and significant concurrent positions
Shinsuke Yoshitaka	Chairman, Board of Directors	Outside Director of Koatsu Gas Kogyo Co., Ltd.
Manabu Yamamoto	President	President and Chief Executive Officer Outside Audit & Supervisory Board Member of Koatsu Gas Kogyo Co., Ltd.
Mitsukuni Ayabe	Director	Executive Vice President and Chief Operating Officer Supervisor, Life Innovation President and Representative Director of DENKA SEIKEN Co., Ltd.
Norihiro Shimizu	Director	Managing Executive Officer Chief Scientific Officer (CSO) Chief R&D Officer In charge of New Business Planning & Development Dept., R&D Promoting Dept., Intellectual Property Dept.
Kenji Nakano	Director	Managing Executive Officer Supervisor, Infrastructure & Social Solutions Chief Compliance Officer In charge of Secretary Dept., Internal Auditing Dept., Administrative Dept., Legal Dept., HR Dept.
Yasuo Sato	Director (Outside Director)	Chairman and Director of Wisemech Corporation
Akio Yamamoto	Director (Outside Director)	
Tatsutsugu Fujihara	Director (Outside Director)	
Shohei Tamaki	Audit & Supervisory Board Member	
Masanori Sakamoto	Audit & Supervisory Board Member	
Tsunehiro Sasanami	Outside Audit & Supervisory Board Member	Lawyer, Sasanami Law Office
Toshio Kinoshita	Outside Audit & Supervisory Board Member	Representative Director of Global Professional Partners Outside Audit & Supervisory Board Member of Panasonic Corporation Outside Director of Mizuho Bank, Ltd. Outside Director of TACHI-S CO., LTD. Outside Director of ThreePro Group Inc.

- Notes: 1. Directors Mr. Yasuo Sato, Mr. Akio Yamamoto, and Mr. Tatsutsugu Fujihara are outside directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Audit & Supervisory Board Members Mr. Tsunehiro Sasanami and Mr. Toshio Kinoshita are outside auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Director Mr. Tatsutsugu Fujihara retired as Chairman and Executive Officer of KSO Corporation in June 2018.
4. Audit & Supervisory Board Member Mr. Toshio Kinoshita is a certified public accountant, and has an adequate level of knowledge regarding finance and accounting.
5. Audit & Supervisory Board Member Mr. Toshio Kinoshita retired as Outside Corporate Auditor of Weathernews Inc. in August 2018, and in December 2018 as outside Director of ASATSU-DK Inc.

6. The Company designated Directors Mr. Yasuo Sato, Mr. Akio Yamamoto, and Mr. Tatsutsugu Fujihara and Audit & Supervisory Board Members Mr. Tsunehiro Sasanami and Mr. Toshio Kinoshita as independent directors/auditors as defined by Tokyo Stock Exchange, Inc. and notified it of the designation.

(Reference)

Executive Officers (as of April 1, 2019)

Position	Name	Responsibilities
President and Chief Executive Officer	Manabu Yamamoto	
Executive Vice President and Chief Operating Officer	Mitsukuni Ayabe	Supervisor, Life Innovation President and Representative Director of DENKA SEIKEN Co., Ltd.
Senior Managing Executive Officer	Norihiro Shimizu	Chief Scientific Officer (CSO) Chief R&D Officer In charge of New Business Planning & Development Dept., R&D Promoting Dept., Intellectual Property Dept.
Managing Executive Officer	Masaharu Suzuki	Chief Technical Officer (CTO) In charge of Purchasing Dept., Logistics Dept., Electric Power Dept., Production & Process Technology Dept., Engineering Dept., Digital Innovation Dept.
	Tetsuya Shinmura	General Manager, Omi Plant
	Toshio Imai	In charge of Corporate Planning Dept., Investor Relations Dept., CSR & Corporate Communications Dept., Automotive Materials & Solutions Dept., Denka Corporation, Denka Chemicals GmbH General Manager, Denka Value-Up Promotion Dept.
	Hideki Hirano	Supervisor of Environmental Measures Promotion In charge of Internal Auditing Dept., Environment and Safety Dept., Quality Assurance Dept.
	Hideki Watanabe	General Manager, Chiba Plant
	Koki Tabuchi	General Manager, Elastomers & Performance Plastics
	Executive Officer	Toyoki Yokoyama
Shojiro Watanabe		General Manager, Omuta Plant
Nobuyuki Yoshino		Assistant to Chief R&D Officer In charge of Innovation Center General Manager, Advanced Technologies Research Institute
Kazuya Tokumoto		Managing Director, DCHA, DSPL, and DAPL
Hideki Takahashi		General Manager, Life Innovation General Manager, Medical Science Dept.
Kazuo Takahashi		President of Denka Performance Elastomer LLC
Rimiru Hayashida		General Manager, Accounting & Finance Dept.
Jinichi Osuga		General Manager, Life Science & Environment Products
Yoshimi Ishizuka		General Manager, Shibukawa Plant
Kiyoshi Asami		In charge of HR Dept., Legal Dept., Secretary Dept. General Manager, Administrative Dept.
Ikuo Ishida		General Manager, Electronics & Innovative Products

Notes: DCHA: Denka Chemicals Holdings Asia Pacific Pte., Ltd.

DSPL: Denka Singapore Pte., Ltd.

DAPL: Denka Advantech Pte., Ltd.

(2) Summary of Liability Limitation Agreements

Based on Article 427, Paragraph 1 of the Companies Act, the Company currently concludes liability limitation contracts with Directors Mr. Yasuo Sato, and Mr. Akio Yamamoto, and Mr. Tatsutsugu Fujihara and Audit & Supervisory Board Members Mr. Tsunehiro Sasanami and Mr. Toshio Kinoshita that limit their liability for damages of Article 423, Paragraph 1 of said Act. The limit of liability under the contract is set to a predefined amount of ¥5 million or more or the amount stipulated by laws and regulations, whichever is higher.

(3) Remuneration for and Other Payments to Directors and Audit & Supervisory Board Members

Category	Number of persons	Amount of remuneration, etc. (Millions of yen)	Breakdown					
			Cash remuneration				Stock remuneration	
			Basic remuneration		Performance-linked remuneration			
			Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)	Number of persons	Total (Millions of yen)
Directors (of which Outside Directors)	8 (3)	377 (36)	8 (3)	307 (36)	5 (-)	44 (-)	5 (-)	25 (-)
Audit & Supervisory Board Members (of which Outside Audit & Supervisory Board Members)	4 (2)	79 (24)	4 (2)	79 (24)	- (-)	- (-)	- (-)	- (-)
Total (of which outside officers)	12 (5)	456 (60)	12 (5)	386 (60)	5 (-)	44 (-)	5 (-)	25 (-)

- Notes: 1. The maximum amount of cash compensation remuneration for Directors is ¥500 million per year (of which the maximum amount of remuneration for Outside Directors is ¥50 million, excluding the portions of their salaries as employees) as resolved at the 158th Ordinary General Meeting of Shareholders held on June 22, 2017.
2. The maximum amount of remuneration for Audit & Supervisory Board Members is ¥13 million per month as resolved at the 147th Ordinary General Meeting of Shareholders held on June 29, 2006.
3. The total amount of stock remuneration is the amount of expenses recorded for the fiscal year under review for the stock remuneration plan that allots shares of the Company (a stock remuneration plan wherein a trust established by the Company makes acquisitions using funds contributed by the Company, and shares of the Company and cash equivalent to the disposal conversion amount of the Company's shares are allotted to Directors (excluding Outside Directors) through said trust).

(4) Outside Officers

1) Significant concurrent positions as business executors at other companies, etc. and the relationship between the Company and such companies, etc.

Director Mr. Yasuo Sato is Chairman and Director of Wisemech Corporation. There are no significant transactions between the Company and Wisemech Corporation.

Director Mr. Tatsutsugu Fujihara served as Chairman and Executive Officer of KSO Corporation until June 2018. There are no significant transaction relations between the Company and KSO Corporation.

Audit & Supervisory Board Member Mr. Tsunehiro Sasanami is a lawyer with Sasanami Law Office. There are no significant transactions between the Company and Sasanami Law Office.

Audit & Supervisory Board Member Mr. Toshio Kinoshita is Representative Director of GlobalProfessional Partners. There are no significant transactions between the Company and GlobalProfessional Partners.

2) Significant concurrent positions as outside officers etc. at other companies, etc. and the relationship between the Company and such companies, etc.

Audit & Supervisory Board Member Mr. Toshio Kinoshita is Outside Audit & Supervisory Board Member of Panasonic Corporation and Outside Director of Mizuho Bank, Ltd., Outside Director of TACHI-S CO., LTD., and Outside Director of ThreePro Group Inc.

He also served as Outside Corporate Auditor at Weathernews Inc. until August 2018, and until December 2018 as Outside Director at ASATSU-DK Inc.

There are no significant transactions between the Company and TACHI-S CO., LTD., ThreePro Group Inc., Weathernews Inc., and ASATSU-DK Inc.

The Company has transactions with Panasonic Corporation and Mizuho Bank, Ltd., but there are no special interest relationships.

3) Relationship with specified related parties such as major customers

Not applicable

4) Principal activities in the fiscal year ended March 31, 2019

i. Outside Directors

[Board of Directors meetings]

The Board of Directors met 13 times in the fiscal year ended March 31, 2019. Mr. Yasuo Sato, Mr. Akio Yamamoto and Mr. Tatsutsugu Fujihara attended all 13 meetings of the Board of Directors (attendance rate: 100%). Mr. Yasuo Sato and Mr. Akio Yamamoto, based on their rich experience and wide views as managers and rich international experience serving as persons responsible for business at global companies, and Mr. Tatsutsugu Fujihara, based on his rich experience and wide views as a manager, and expert knowledge of corporate finance, actively made inquiries and recommendations on the Denka Group's corporate management in the medium-to-long term, including business strategies and fund management systems, etc., as well as overseas subsidiaries. They also received briefings on the business, and asked questions and stated opinions to Directors etc., as necessary, from external viewpoints.

ii. Outside Audit & Supervisory Board Members

[Board of Directors meetings]

The Board of Directors met 13 times in the fiscal year ended March 31, 2019. Mr. Tsunehiro Sasanami and Mr. Toshio Kinoshita attended all 13 meetings of the Board of Directors (attendance rate: 100%). Mr. Sasanami, based on his rich experience and expert knowledge as a lawyer, and Mr. Kinoshita, based on his experience and rich accounting knowledge as a certified public accountant in Japan and the US, proactively asked questions and made recommendations from an accounting perspective on business development contractual terms and business planning. They also received briefings on the business and asked questions and stated opinions to Directors, etc., as necessary, from external viewpoints.

[Audit & Supervisory Board meetings]

The Audit & Supervisory Board met 15 times in the fiscal year ended March 31, 2019. Mr. Tsunehiro Sasanami and Mr. Toshio Kinoshita attended all 15 meetings of the Audit & Supervisory Board (attendance rate: 100%). They also attended the Board of Directors meetings and other important meetings. In addition, they reviewed important minutes, authorization documents, etc., investigated the Company's divisions and departments, business sites and subsidiaries, and received

briefings on the status of business execution at periodic divisional report meetings. They reported the results of these activities to the Audit & Supervisory Board and had necessary discussions with other Audit & Supervisory Board Members.

	Board of Directors meetings		Audit & Supervisory Board meetings	
	Attendance	Attendance rate	Attendance	Attendance rate
Director Yasuo Sato	13/13	100%	-	-
Director Akio Yamamoto	13/13	100%	-	-
Director Tatsutsugu Fujihara	13/13	100%	-	-
Audit & Supervisory Board Member Tsunehiro Sasanami	13/13	100%	15/15	100%
Audit & Supervisory Board Member Toshio Kinoshita	13/13	100%	15/15	100%

5. Accounting Auditor

(1) Accounting Auditor's Name

Ernst & Young ShinNihon LLC

(2) Accounting Auditor's Remuneration, etc. for the Fiscal Year Ended March 31, 2019

	Amount paid (thousands of yen)
Remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2019	78,000
Monetary or property benefits to be paid by the Company and its subsidiaries to the Accounting Auditor	121,970

Notes: 1. Under the audit agreement between the Company and its Accounting Auditor, remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Act are not strictly distinguished and they cannot be substantially distinguished. Consequently, the sum of the amounts of these remunerations is stated as the amount of remuneration, etc. for the Accounting Auditor for the fiscal year ended March 31, 2019.

2. The Audit and Supervisory Board of the Company, in observance of the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed the time taken to audit each audit item compared to audit plans for previous fiscal years and comparisons with amounts for other companies as disclosed for the fiscal year ended March 31, 2018, and agrees to the fees, etc., of the Accounting Auditor under Article 399, Item 1 of the Companies Act.

3. Financial statements (including corresponding statements) of some of the Company's significant subsidiaries are audited (subject to regulations of the Companies Act and the Financial Instruments and Exchange Act; including corresponding laws and regulations overseas) by Certified Public Accountants or Audit Corporations (including persons with qualifications that correspond to these qualifications overseas) other than the Company's Accounting Auditor.

(3) Non-audit Services

The Company pays fees to Ernst & Young ShinNihon LLC mainly for work in the creation of comfort letters associated with the issuance of corporate bonds.

(4) Policy for Determination of Dismissal or Non-reappointment of the Accounting Auditor

If the Audit & Supervisory Board considers that it has become difficult for the Accounting Auditor to perform its duties appropriately or otherwise considers it necessary, the Audit & Supervisory Board will make a resolution for dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors will submit a proposal to the General Meeting of Shareholders based on this resolution.

If the Accounting Auditor is deemed to fall under any item of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board will dismiss the Accounting Auditor upon consent of all the Audit & Supervisory Board Members.

(5) Disposition of Suspension of Business of the Accounting Auditor during the Past Two Years

Not applicable

(6) Outline of the Limited Liability Contracts

Not applicable

Consolidated Financial Statements

Consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Account item	(Reference) 159th term	160th term	Account item	(Reference) 159th term	160th term
(Assets)	473,799	483,827	(Liabilities)	231,019	233,346
Current assets	184,129	190,730	Current liabilities	158,043	154,047
Cash and deposits	14,115	13,902	Notes and accounts payable-trade	53,625	52,924
Notes and accounts receivable-trade	95,583	95,780	Short-term loans payable	41,100	43,101
Merchandise and finished goods	43,761	47,455	Commercial papers	-	2,000
Work in process	3,669	4,389	Current portion of long-term loans payable	634	5,062
Raw materials and supplies	18,870	19,911	Current portion of bonds	15,000	5,000
Other	8,595	9,802	Accounts payable-other	14,677	18,504
Allowance for doubtful accounts	(466)	(511)	Income taxes payable	5,855	3,010
			Accrued consumption taxes	1,081	487
			Accrued expenses	10,746	10,881
			Provision for bonuses	3,002	3,122
			Other	12,321	9,953
Noncurrent assets	289,670	293,097	Noncurrent liabilities	72,975	79,298
Property, plant and equipment	209,761	218,677	Bonds payable	12,000	22,000
Buildings	39,424	40,497	Long-term loans payable	39,535	34,969
Structures	22,111	21,895	Deferred tax liabilities	5,318	4,961
Machinery and equipment	66,947	70,359	Deferred tax liabilities for land revaluation	8,403	8,403
Vehicles	488	796	Net defined benefit liability	6,002	7,269
Tools, furniture and fixtures	3,249	3,820	Provision for stock benefits	18	44
Land	63,323	63,366	Other	1,696	1,650
Lease assets	248	307	(Net assets)	242,780	250,481
Construction in progress	13,968	17,634	Shareholders' equity	212,479	225,498
Intangible assets	13,880	12,415	Capital stock	36,998	36,998
Software	1,148	978	Capital surplus	49,391	49,353
Goodwill	9,315	8,312	Retained earnings	129,278	144,638
Right of using patent	3,417	3,124	Treasury stock	(3,189)	(5,492)
Investments and other assets	66,027	62,004	Accumulated other comprehensive income	26,584	21,362

Investment securities	58,178	55,028	Valuation difference on available-for-sale securities	17,448	15,182
Long-term loans receivable	552	236	Deferred gains or losses on hedges	(195)	(345)
Long-term prepaid expenses	2,122	1,699	Revaluation reserve for land	10,260	10,260
Deferred tax assets	2,534	2,736	Foreign currency translation adjustment	1,241	(120)
Other	2,779	2,422	Remeasurements of defined benefit plans	(2,170)	(3,614)
Allowance for doubtful accounts	(139)	(118)	Non-controlling interests	3,717	3,620
Total	473,799	483,827	Total	473,799	483,827

(Notes) 1. Amounts are rounded down to the nearest million yen.

2. Amounts of the Consolidated Balance Sheet in the 159th term are subject to retroactive application of the partial amendment of Accounting Standards for Tax Effect Accounting (Corporate Accounting Standard No. 28, February 16, 2018) from the beginning of the 160th term, and are for indicative purposes.

Consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	(Reference) 159th term		160th term	
Net sales		395,629		413,128
Cost of sales		295,583		310,839
Gross profit		100,046		102,289
Selling, general, and administrative expenses		66,394		68,060
Operating income		33,652		34,228
Non-operating income				
Interest and dividend income	1,681		2,313	
Equity in earnings of affiliates	1,105		1,384	
Other	702	3,488	495	4,193
Non-operating expenses				
Interest expenses	707		762	
Other	4,933	5,641	4,849	5,611
Ordinary income		31,499		32,811
Extraordinary income				
Loss on sales of investment securities	-	-	689	689
Extraordinary loss				
Loss on liquidation of business	1,928		389	
Loss on disaster	-	1,928	718	1,108
Income before income taxes		29,571		32,392
Income taxes-current	7,280		6,480	
Income taxes-deferred	(933)	6,347	978	7,459
Profit		23,224		24,933
Profit (loss) attributable to non-controlling interests		188		(112)
Profit attributable to owners of parent		23,035		25,046

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

Non-consolidated Financial Statements

Non-consolidated Balance Sheet

(As of March 31, 2019)

(Millions of yen)

Account item	(Reference) 159th term	160th term	Account item	(Reference) 159th term	160th term
(Assets)	366,464	371,751	(Liabilities)	194,861	195,453
Current assets	115,636	120,635	Current liabilities	127,358	124,321
Cash and deposits	3,175	4,609	Accounts payable-trade	33,925	31,005
Notes receivable-trade	4,493	3,971	Short-term loans payable	27,675	27,675
Accounts receivable-trade	59,233	59,912	Commercial papers	-	2,000
Merchandise and finished goods	29,461	31,822	Current portion of long-term loans payable	58	5,053
Raw materials and supplies	11,189	12,223	Current portion of bonds	15,000	5,000
Prepaid expenses	1,152	1,319	Accounts payable-other	13,054	16,265
Short-term loans receivable	1,803	1,855	Income taxes payable	3,940	783
Other	5,134	4,921	Accrued consumption taxes	883	106
Allowance for doubtful accounts	(7)	(1)	Accrued expenses	6,581	6,909
			Deposits received	23,846	27,452
			Provision for bonuses	1,590	1,747
			Other	803	321
Noncurrent assets	250,827	251,116	Noncurrent liabilities	67,502	71,132
Property, plant and equipment	163,111	167,866	Bonds payable	12,000	22,000
Buildings	26,874	28,100	Long-term loans payable	39,495	34,442
Structures	19,404	19,370	Deferred tax liabilities	5,676	5,346
Machinery and equipment	43,911	46,622	Deferred tax liabilities for land revaluation	8,403	8,403
Vehicles	346	672	Provision for retirement benefits	972	68
Tools, furniture and fixtures	2,203	2,670	Provision for stock benefits	18	44
Land	60,451	60,451	Asset retirement obligations	127	128

Construction in progress	9,919	9,978	Other	809	700
Intangible assets	1,001	830	(Net assets)	171,603	176,297
Software	610	529	Shareholders' equity	145,526	152,402
Right of using patent	391	301	Capital stock	36,998	36,998
Investments and other assets	86,714	82,419	Capital surplus	49,284	49,284
Investment securities	36,351	32,783	Legal capital surplus	49,284	49,284
Stocks of subsidiaries and affiliates	45,091	45,094	Other capital surplus	0	0
Long-term loans receivable	2,101	1,879	Retained earnings	62,424	71,610
Long-term prepaid expenses	1,413	1,178	Other retained earnings	62,424	71,610
			Reserve for advanced depreciation of noncurrent assets	3,823	3,804
Other investments	1,757	1,483	Retained earnings brought forward	58,600	67,806
Allowance for doubtful accounts	(1)	(1)	Treasury stock	(3,180)	(5,492)
			Valuation and translation adjustments	26,076	23,895
			Valuation difference on available-for-sale securities	15,816	13,635
			Revaluation reserve for land	10,260	10,260
Total	366,464	371,751	Total	366,464	371,751

(Notes) 1. Amounts are rounded down to the nearest million yen.

2. Amounts of the Non-consolidated Balance Sheet in the 159th term are subject to retroactive application of the partial amendment of Accounting Standards for Tax Effect Accounting (Corporate Accounting Standard No. 28, February 16, 2018) from the beginning of the 160th term, and are for indicative purposes.

Non-consolidated Statement of Income

(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Account item	(Reference) 159th term		160th term	
Net sales		237,833		243,735
Cost of sales		172,167		178,540
Gross profit		65,665		65,194
Selling, general, and administrative expenses		44,661		45,949
Operating income		21,003		19,245
Non-operating income				
Interest and dividend income	5,255		7,834	
Other	768	6,023	1,056	8,890
Non-operating expenses				
Interest expenses	483		524	
Other	3,840	4,323	3,706	4,231
Ordinary income		22,703		23,904
Extraordinary income				
Gain on sales of investment securities	-	-	689	689
Extraordinary loss				
Loss on liquidation of business	1,928		389	
Loss on disaster	-	1,928	481	870
Income before income taxes		20,775		23,723
Income taxes-current	5,061		3,850	
Income taxes-deferred	(1,018)	4,043	603	4,453
Profit		16,732		19,269

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

Independent Auditors' Report
(English Translation)

May 8, 2019

To the Board of Directors
Denka Co., Ltd.

Ernst & Young ShinNihon LLC

Mineo Kambayashi
Certified Public Accountant
Designated and Engagement Partner
Shigeyuki Honda
Certified Public Accountant
Designated and Engagement Partner
Yasuyuki Kitamura
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Section 4 of the Companies Act of Japan, we have audited the consolidated financial statements, which consist of the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of Denka Co., Ltd. (hereinafter referred to as the "Company") for the fiscal year from April 1, 2018 to March 31, 2019.

Management's Responsibility for 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. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of

accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Denka Group consisting of Denka Co., Ltd. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

Our firm and engagement partners have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Independent Auditors' Report
(English Translation)

May 8, 2019

To the Board of Directors
Denka Co., Ltd.

Ernst & Young ShinNihon LLC

Mineo Kambayashi
Certified Public Accountant
Designated and Engagement Partner
Shigeyuki Honda
Certified Public Accountant
Designated and Engagement Partner
Yasuyuki Kitamura
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act of Japan, we have audited the non-consolidated financial statements, which consist of the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements, and the accompanying supplementary schedules thereof of Denka Co., Ltd. (hereinafter referred to as the "Company") for the 160th term from April 1, 2018 to March 31, 2019.

Management's Responsibility for Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan. This responsibility includes designing and operating internal control, which management considers necessary for the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the non-consolidated financial statements and the accompanying supplementary schedules based on our audit as independent auditors. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplementary schedules. The procedures selected and applied depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplementary schedules, whether due to fraud or error. The purpose of the audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the

accompanying supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the financial statements and the accompanying supplementary schedules thereof referred to above present fairly, in all material respects, the financial position and the results of operations of the Company applicable to the fiscal year ended March 31, 2019 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

Our firm and engagement partners have no interest in the Company which should be disclosed in compliance with the Certified Public Accountant Act of Japan.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Audit Report

(English Translation)

With respect to the Directors' performance of their duties during the 160th term from April 1, 2018 to March 31, 2019, the Audit & Supervisory Board has prepared this audit report after deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby reports as follows:

1. Auditing Method Applied by the Audit & Supervisory Board Members and the Audit & Supervisory Board and Details Thereof
 - (1) The Audit & Supervisory Board established auditing policies, assignment of duties, and other relevant matters, and received a report from each Audit & Supervisory Board Member regarding the status of implementation of audits and results thereof. In addition, the Audit & Supervisory Board received reports from the Directors, other relevant personnel and the Accounting Auditor regarding the status of performance of their duties, and requested explanations as necessary.
 - (2) In conformity with the auditing standards for Audit & Supervisory Board Members established by the Audit & Supervisory Board, and in accordance with the auditing policies, assignment of duties and other relevant matters, each Audit & Supervisory Board Member communicated with Directors, the Internal Auditing Department, other employees, and any other relevant personnel, and endeavored to collect information and maintain and improve the audit environment, conducting audits as follows.
 - 1) Each Audit & Supervisory Board Member also attended meetings of the Board of Directors and other important meetings, received reports from the Directors, employees and other relevant personnel regarding the status of performance of their duties, requested explanations as necessary, examined important documents related to important decisions and associated information, and inspected the status of operations and assets at the head office and other principal business offices. Concerning subsidiaries, communication was made with Directors and Audit & Supervisory Board Members, etc., of subsidiaries, and information was collected, and business reports were received from subsidiaries as necessary.
 - 2) The Audit & Supervisory Board Members also expressed opinions on the resolutions of the Board of Directors regarding the establishment of the system to ensure that the Directors' performance of their duties as stated in the Business Report complies with laws and regulations and the Company's Articles of Incorporation and other systems that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of operations of a corporate group comprised of a joint stock company (kabushiki kaisha) and its subsidiaries, and the systems (internal control systems) established based on such resolutions. Audit & Supervisory Board Members periodically received reports from Directors, employees and other relevant personnel regarding the status of development and operation of such systems and requested explanations as necessary.
 - 3) With respect to the basic policy set forth in Article 118, Item 3 (i) of the Ordinance for Enforcement of the Companies Act and the measures set forth in Item 3 (ii) of the said article, which are described in the Business Report, the Audit & Supervisory Board Members examined the content based on the status of deliberations at meetings of the Board of Directors and other meetings.
 - 4) Audit & Supervisory Board Members monitored and verified whether the Accounting Auditor maintained its independence and implemented appropriate audits, received reports from the Accounting Auditor regarding the status of the performance of its duties, and requested explanations as necessary. In addition, the Audit & Supervisory Board Members received notice from the Accounting Auditor that the "system for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Ordinance for Corporate Accounting) had been prepared in accordance with the "Quality Control Standards Relating to Auditing" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and requested explanations as necessary.

Based on the above method, the Audit & Supervisory Board Members reviewed the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and the accompanying supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements), and the business report and its accompanying supplementary schedules for the fiscal year in question.

2. Results of Audit

(1) Results of Audit of Business Report, etc., and Other Relevant Documents

- 1) In our opinion, the Business Report and the accompanying supplementary schedules present fairly the conditions of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- 2) We have found no instances of misconduct or material violation of the applicable laws and regulations or the Articles of Incorporation with respect to performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters requiring special mention regarding the description in the Business Report and the performance of duties by the Directors related to such internal control systems.
- 4) We have found no matters requiring special mention with respect to the basic policies regarding the determination of policies on control of the finances and business of the Company described in the Business Report. In our opinion, the measures described in the Business Report, set forth in Article 118, Item 3 (ii) of the Ordinance for Enforcement of the Companies Act, are in line with the basic policy, do not impair the common interests of the Company's shareholders, and are not for the purpose of maintaining the position of the Company's officers.

(2) Results of Audit of Non-consolidated Financial Statements and the Accompanying Supplementary Schedules

In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the method and the results of the audit performed by Ernst & Young ShinNihon LLC are fair and reasonable.

May 8, 2019

Audit & Supervisory Board, Denka Co., Ltd.

Full-time Audit & Supervisory Board Member
Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member
Audit & Supervisory Board Member

Shohei Tamaki
Masanori Sakamoto
Tsunehiro Sasanami
Toshio Kinoshita

(Note) Audit & Supervisory Board Members Tsunehiro Sasanami and Toshio Kinoshita are outside audit & supervisory board members as stipulated in Article 2, Item 16 of the Companies Act.