

AsahiKASEI

Asahi Kasei Report 2025

# *Trailblaze Together*



## Editorial Policy

# Revisiting the Six Questions

## Squarely facing questions from investors

The Asahi Kasei Report is an integrated report designed to communicate to stakeholders the progress of the Asahi Kasei Group's management policies and efforts to improve corporate value.

Published last fiscal year, Asahi Kasei Report 2024 was structured around six actual questions frequently raised by our stakeholders, primarily investors. As reflected in our share price performance, expectations for the company in the capital markets have remained limited.

To narrow the gap between the value of Asahi Kasei as we see it and the value perceived by our investors, and to deepen understanding of the corporate value we strive to enhance, we decided to squarely face the questions and concerns of our stakeholders.

The report was reviewed by many stakeholders, primarily investors, and **through dialogue, we received a wide range of feedback.**

These opinions received have been valuable for our efforts to enhance corporate value, particularly in developing the new medium-term management plan (MTP), "Trailblaze Together," for the period of fiscal 2025–2027.

In Asahi Kasei Report 2025, building on the feedback received last fiscal year and the progress of our activities, we are **revisiting the "Six Questions" and aim to provide even more in-depth answers.**

In particular, we are now being questioned whether the company's management resources, including financial assets, are being appropriately utilized to achieve sustainable growth of corporate value.

Dialogue with our stakeholders is never-ending.

We hope this report conveys to readers our vision, the initiatives we are pursuing, and our firm determination to achieve them.

We will continue to listen closely to stakeholder views and strive to further enhance our management and improve our communication.

We welcome your candid opinions and look forward to continuing to engage in various forms of dialogue.

September 2025



## Questions for fiscal 2024

## Our main initiatives

## Feedback received and gaps perceived

## Revisiting the questions for fiscal 2025

### Q1: Why does Asahi Kasei have three-sector management?

**Answer:** By leveraging diverse management resources, we achieve a balance between growth and stability, which allows sustainable growth of corporate value.

- During the previous MTP, the Material sector faced challenges and the Healthcare sector was returning to a growth trajectory, while the Homes sector posted record-high profits, and overall operating income reached a new record high.
- In December 2024, we held briefings for the media and investors on our intangible assets strategy, focusing on the utilization of diverse intangible assets across the three sectors.

- 😊 We understand that the current three-sector structure—Healthcare, Homes, and Material—is the result of continuous transformation in pursuit of an optimal business portfolio.
- 🗣️ We would like explanations on what kind of company Asahi Kasei aims to become by leveraging its diverse management resources and what synergies can be expected.

**Q1: How will you leverage diverse management assets to achieve sustainable growth of corporate value?**

See p. 14 ▶

### Q2: How will you raise your persistently low P/B ratio?

**Answer:** We are accelerating business portfolio transformation and enhancing profitability through both structural transformation and growth investments.

- During the previous MTP, we adopted decisions on business closures in the Material sector, divestitures in the Healthcare sector, and growth investments of approximately ¥700 billion.
- ROE, which fell to -5.5% in fiscal 2022 when we recorded an impairment loss on Polypore, improved to 7.4% in fiscal 2024.

- 😊 We appreciate your analysis of the presumed factors behind the P/B ratio being below 1, and concur that improving capital efficiency is an issue for you.
- 🗣️ We would like a clear explanation of your specific approaches to improve capital efficiency, the main factor behind the P/B ratio being below 1.

**Q2: What actions are you taking to achieve capital efficiency that exceeds the cost of capital?**

See p. 26 ▶

### Q3: How will you focus resources on growth businesses?

**Answer:** We identify growth-driving businesses and execute growth investments and M&A while maintaining financial discipline.

- We focused on growth-driving businesses, such as investment to expand the Hipore™ wet-process lithium-ion battery separator business and the acquisition of Calliditas, and adopted decisions accordingly.
- In making investment decisions, we not only apply hurdle rates for each project but also devise investment configurations to maximize control of investment risks.

- 😊 We understand that you have identified growth-driving businesses and are concentrating resources on them.
- 🗣️ How will you get earnings contributions from the businesses that have made investments for growth? We would also like to know the positioning and strategy of each business.

**Q3: What growth do you expect from the investments you've made?**

See p. 36 ▶

## Questions for fiscal 2024

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## Revisiting the questions for fiscal 2025

### Q4: What actions are you taking for carbon neutrality?

**Answer:** We aim to achieve it through the application of our green technologies and collaboration with a wide range of stakeholders.

- We established a new target for 2035 as a milestone toward carbon neutrality.
- We reduced GHG emissions by 38%<sup>1</sup> compared with fiscal 2013, and achieved a 1.51-fold increase in GHG reduction contribution from Environmental Contribution Products compared with fiscal 2020.
- In the Homes sector (Asahi Kasei Homes), we achieved RE100, becoming the first domestic homebuilder to do so.<sup>2</sup>

- 😊 The way Environmental Contribution Products, primarily in the Material sector, help reduce GHG emissions in the world is easy to understand, and we look forward to this initiative continuing.
- 🧐 **We would like to see more progress in green transformation (GX), mainly in the Material sector, and more explanation about the social contributions of the Homes and Healthcare sectors.**

### Q4: What social impact will your GX-centered sustainability efforts have?

See p. 53 


### Q5: How will you use intangible assets to improve corporate value?

**Answer:** We are creating more business models with intangible assets as the source of value.

- We are advancing solution-oriented businesses and licensing businesses that leverage intangible assets.
- Various initiatives are progressing centered on “lifelong growth,” in which each individual actively seeks challenges and personal growth, and “co-creativity,” which leverages diversity.

- 😊 We appreciate your approach of accumulating and leveraging abundant intangible assets such as human resources, technology, and intellectual property, and consider it a strength of Asahi Kasei.
- 🧐 **We would like you to explain how the use of intangible assets strengthens businesses and contributes to higher earnings in concrete terms.**

### Q5: How will you transform your business models by leveraging abundant intangible assets?

See p. 62 

### Q6: How does your corporate governance function?

**Answer:** The Board of Directors’ discussions are invigorated by a balance of tension and trust between management and Outside Directors.

- We are promoting initiatives to enhance the effectiveness of the Board of Directors.
- We have revised the remuneration system to strengthen incentives for enhancing corporate value and achieving the objectives of the new MTP.

- 😊 We appreciate that governance is functioning effectively with Outside Directors speaking candidly about Asahi Kasei’s management challenges and issues for enhancing corporate value.
- 🧐 **To further our understanding, we would like to know how the effectiveness of the Board of Directors has evolved amid structural transformation, proactive growth investments, and M&A.**


### Q6: How is your governance evolving along with business portfolio transformation?

See p. 78 

<sup>1</sup> Preliminary figure


<sup>2</sup> Based on research by Asahi Kasei Homes


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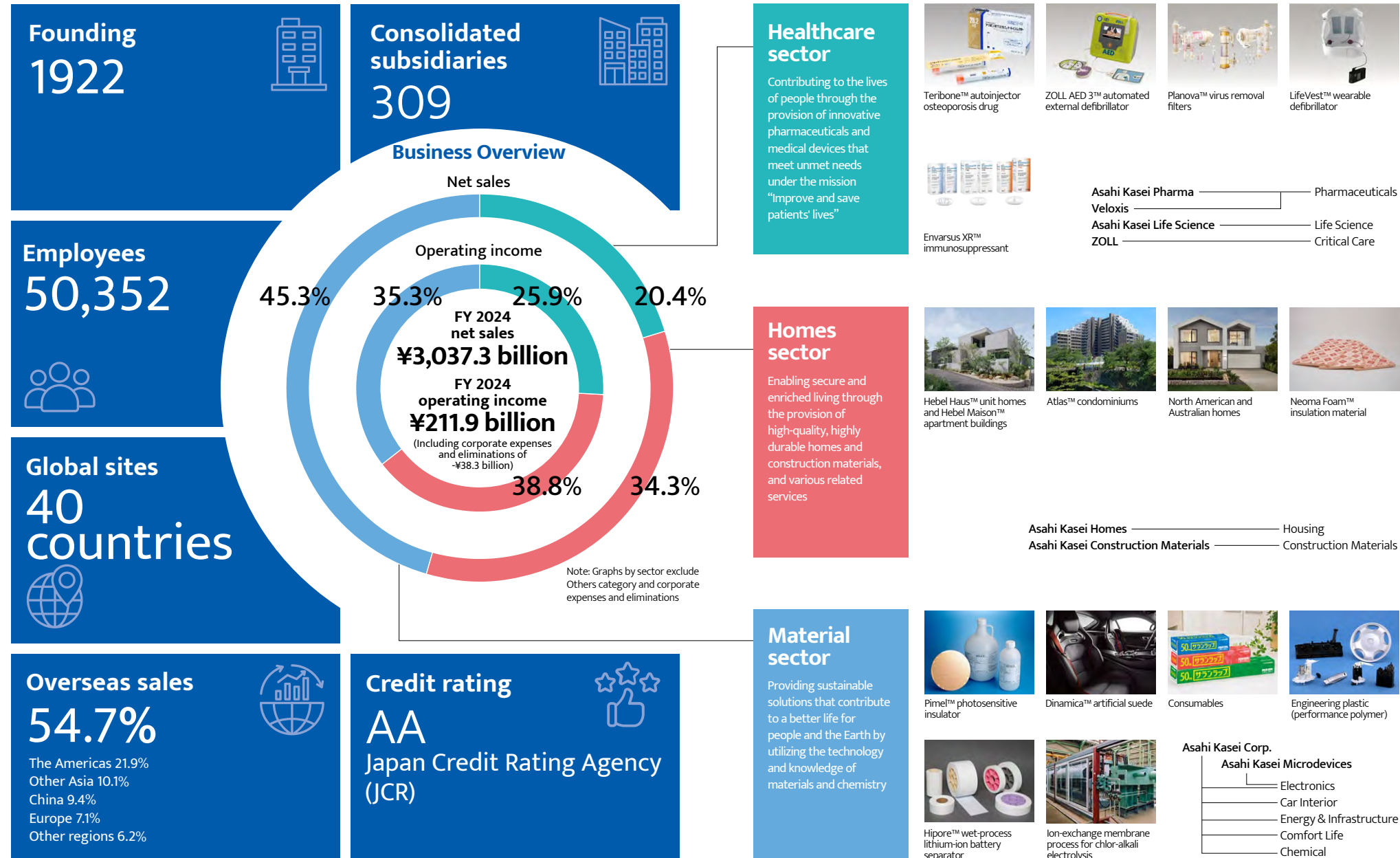
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At a Glance

As of March 31, 2025



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## Corporate Philosophy

**Group Mission** ——— **We, the Asahi Kasei Group, contribute to life and living for people around the world.**

**Group Vision** ——— **Providing new value to society by enabling “living in health and comfort” and “harmony with the natural environment.”**

**Group Values** ——— **Sincerity** — Being sincere with everyone.  
**Challenge** — Boldly taking challenges, continuously seeking change.  
**Creativity** — Creating new value through unity and synergy.

**Group Slogan*****Creating for Tomorrow***

The commitment of the Asahi Kasei Group:  
 To do all that we can in every era to help the people of the world make the most of life and attain fulfillment in living.  
 Since our founding, we have always been deeply committed to contributing to the development of society, boldly anticipating the emergence of new needs.  
 This is what we mean by “Creating for Tomorrow.”

**A-Spirit**—the heritage of Asahi Kasei**Ambitious motivation:**

We will boldly challenge ourselves with high goals, not being satisfied with the current situation

**Healthy sense of urgency:**

We will have a strong commitment to goals and focus on generating results

**Quick decisions:**

We will rapidly and boldly take actions with nimble connections and genuine communication

**Spirit of advancement:**

We will create new ways of doing things without being constrained by existing frameworks

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## Message from the CEO



“Asahi Kasei is a unique company that creates value by combining diversity and specialty.”

**Koshiro Kudo**

President & Representative Director,  
Presidential Executive Officer, Asahi Kasei Corp.

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## Q1 How will you leverage diverse management assets to achieve sustainable growth of corporate value?

### Value creation through “Diversity × Specialty”

Asahi Kasei has directly addressed a wide range of societal challenges across different eras for over a century. By fully leveraging our accumulated management assets, we have continuously created innovative products, services, and business models in a sustainable way. The driving force behind this growth is a combination of diversity and specialty.

Diversity represents the collective talent, technology, and management knowledge we have cultivated across a wide range of businesses, from electrochemistry and regenerated fibers to petrochemicals, electronics, construction materials, housing, pharmaceuticals, and medical devices. Specialty refers to our ability to establish a unique position through a business approach that sets us apart from narrowly focused manufacturers, enabling us to achieve high added value and high earnings. By combining these two strengths, we create a virtuous cycle of stability, challenge, and innovation. This allows us to continually transform our business portfolio, driving ongoing growth. We will continue to advance this approach.

Our stock price nevertheless remains at a level below what we consider satisfactory, and we cannot yet claim to have achieved sustainable growth in corporate value. As the CEO, I feel a strong sense of urgency regarding our price-to-book (P/B) ratio lingering below 1. I believe this challenge stems from two key factors: 1) we have not yet fully met the expectations of our stakeholders, especially investors, regarding capital efficiency, and 2) our approach to value creation and confidence in our path to success have not been clearly conveyed.

Since we have evolved our business portfolio with each era, it may not be accurate to view Asahi Kasei solely through the lens of industry sector classifications at this point in time. While we are classified as a “Chemicals” company in the stock

market, the growing presence of our Healthcare and Homes businesses means that this classification increasingly fails to capture the full scope of our operations.

That is why I want to clearly communicate the unique value Asahi Kasei has created so far, and the value we aim to create in the future.

### The experience of confronting societal challenges: Our greatest management asset

Since our founding in 1922, Asahi Kasei has faced evolving societal challenges head-on, turning the insights we gained into new business opportunities. For example, during times of food shortages, we produced fertilizer from ammonia, helped establish a culture of food preservation with Saran Wrap™ cling film, and proposed new ways of living, such as two-generation and three-story Hebel Haus™ homes. We also contributed to the invention of lithium-ion batteries (LIBs), allowing numerous electronic devices to be smaller and lighter.

Why are we able to continue creating such uniquely impactful businesses? One key reason is the wide range of opportunities our businesses can pursue. Having a diverse portfolio of businesses and products allows us to maintain extensive contact with society, giving us countless opportunities to address a wide range of societal challenges. In developing new businesses, we can explore a broad spectrum of opportunities from perspectives that narrowly focused manufacturers often lack.

Membrane technology for example, one of our core technologies, originally emerged from the Material sector, but today it demonstrates its value in the Healthcare sector as a virus removal filter, essential for the production of biopharmaceuticals. Our ability to develop such technology across multiple sectors lies at the heart of Asahi Kasei’s unique strength—a capability rarely matched anywhere in the world.

While we have launched many businesses, there have also been numerous projects that never reached commercialization. Even this provides valuable experience, as we consider the challenges we faced and how we responded. We preserve the memory of these various initiatives as part of our corporate history. Given the breadth of our business domains, we have built up experience that spans many fields, and this wealth of experience is our most valuable management asset. By applying this experience and embracing ongoing transformation, we have evolved into our current three business sectors of Healthcare, Homes, and Material.

### Pursuing traditions with the spirit of continuity and change

Moving forward, Asahi Kasei will continue to uphold the spirit of continuity and change that has guided our history. No matter how times change or how our businesses evolve, one thing we will never alter is our Group Mission of contributing to life and living for people around the world. We face a future in which AI is ubiquitous. At the same time, while divisions in the international community continue to grow, borderless values that transcend nations and races are spreading. As individuals, we are challenged to ask ourselves what we must do as global citizens of the world. Our technologies advance decarbonization to contribute to carbon neutrality. We create homes that offer greater comfort, safety, and peace of mind. We drive medical innovation that fosters healthy longevity. Through these efforts, we contribute to a society where everyone feels motivated to face tomorrow with confidence. This is the enduring value that Asahi Kasei relentlessly pursues.

I believe that tradition is not what we preserve, but what we create. In an era of change, rather than holding on to past traditions, we must continuously evolve and forge new traditions. It is this challenge that will shape Asahi Kasei’s future.

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## Q2 What actions are you taking to achieve capital efficiency that exceeds the cost of capital?

### A new approach to improving capital efficiency independent of petrochemical market conditions

As noted, a key reason for the subdued share price is that our capital efficiency has been too low to produce the minimum returns expected by shareholders and investors—our cost of capital. In fiscal 2024, we recorded record-high operating income for the first time in six years. The recovery of operating income from the significant decline between fiscal 2022 and 2023 is a positive development, and I am deeply grateful for the outstanding efforts of our employees. And yet, challenges remain from an ROE perspective. ROE was 11.1% in fiscal 2018, but only 7.4% in fiscal 2024. Given our presumed cost of equity, this is not a satisfactory level. We believe that improving capital efficiency requires a fundamental shift in our approach, rather than continuing along the same path as before.

In the past, periods of high capital efficiency coincided with cyclical peaks in the petrochemical market. In our chemicals businesses, centered on acrylonitrile (AN) and the petrochemical chain, we have limited investments since the late 2010s to maintenance rather than major expansions. This approach kept deployed capital from increasing significantly, resulting in substantial income when the petrochemical market was strong. As a result, we achieved high levels of ROIC, which in turn significantly raised our ROE. In recent years, however, the supply-demand balance has been significantly disrupted by factors such as capacity increases among Chinese manufacturers and sluggish demand. We see this as a structural and irreversible change, rather than a temporary deviation. Given the challenging business environment, we should have initiated structural transformation earlier.

Now we need a completely new approach to improving

capital efficiency without relying on income from the chemical business. This entails accelerating structural transformation, especially in the Material sector where generating income has become more difficult, while advancing growth investments with disciplined capital allocation and consistently reaping results. In this way we are transforming into a company capable of sustainably achieving high capital efficiency.

### Strategic investments with high certainty of returns

In the new medium-term management plan (MTP) “Trailblaze Together” for FY2025–27, we anticipate making investment decisions at roughly the same level as in the previous MTP. The difference is that each investment project is now scrutinized more rigorously than before. Over the past decade, stable cash flow from the Homes sector enabled us to sustain capital investments and M&A in the Material and Healthcare sectors. Our solid financial base, which made these investments possible, is a key strength of Asahi Kasei. But this stability may have led to a lapse in investment discipline from time to time. The substantial impairment recorded on Polypore at the end of fiscal 2022 served as an important lesson. This prompted a comprehensive review of past capital investments and M&A, assessing whether investment discipline had been adequately enforced and whether our plans were effectively minimizing risks. This process has significantly strengthened the quality of our investment management.

Investments inevitably lead to temporary declines in capital efficiency. In the current phase of advancing structural transformation while also pursuing growth investments, we need a keen sense of balance. Some investors wonder if this period will be three years of retrenchment, focused on

structural transformation, or three years of advancement, focused on investments for growth. They want clarity one way or the other.

However, each of our diverse range of businesses is at a different stage in its lifecycle. For some businesses, now may be the right time to invest, and delaying could mean falling behind market trends or losing out to competitors. The acquisition of Calliditas and the investment in a Canadian plant for LIB separators, decided under the previous MTP, exemplify such “time is ripe” judgments. In the acquisition of Calliditas, we initially paused consideration after thoroughly analyzing the patents. Following further patent acquisitions and careful assessment, we verified the likelihood of high returns, which led to the final decision. The investment in the LIB separator project was also designed with rigorous risk control, leveraging external funding, public financial support, and a joint venture with a major customer, an automotive manufacturer.

In fiscal 2027, the final year of the new MTP, we are targeting operating income of ¥270 billion, ROIC of 6.0%, and ROE of 9.0%. While this level is satisfactory relative to our cost of capital, it is only a stepping stone. Looking ahead to 2030, we aim for ROIC of at least 8.0% and an ROE of at least 12.0%, and want to bring ROE into double digits as quickly as possible. I consider this to be my mission as President, and the objectives for the three years of the new MTP are clear.

Nevertheless, we will not allocate capital solely for short-term gains in efficiency. Management is not a matter of all or nothing. Having grown within Asahi Kasei, I am confident in my sense of balance. By carefully managing the balance between investment and returns, we will quickly achieve capital efficiency above our cost of capital and continue to enhance corporate value.

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## Q3 What growth do you expect from the investments you've made?

### Building a business portfolio to drive sustainable growth

In the three-year period, the main drivers of income growth will be the Healthcare and Homes sectors. Looking toward 2030, we expect significant income growth in the Material sector, resulting in a business structure where income is relatively even across the three sectors. Our portfolio is steadily evolving from a structure centered on the Material sector to one in which each segment generates high-value-added businesses and consistently produces stable income.

Realizing this vision requires more than simply bringing together businesses that deliver high income right away. To borrow a baseball analogy, a lineup of only cleanup batters would not continue winning. Our goal is to create a virtuous cycle between the two mutually reinforcing aspects of contributing to a sustainable society and achieving sustainable growth of corporate value. We believe that true sustainable growth can only



be achieved with a well-balanced portfolio including businesses that drive short-term growth, those that require investment for medium- to long-term growth, and businesses that generate stable earnings without large capital outlays.

### Advancing medium- to long-term growth across the three sectors

Over the course of the new MTP, we expect particularly strong growth in Pharmaceuticals. Calliditas, acquired in fiscal 2024, is expanding faster than initially anticipated and could reach its projected peak sales of over \$500 million two to three years ahead of originally anticipated after fiscal 2030. This accelerated growth is driven by increasing awareness among physicians, including the inclusion of the target disease IgA nephropathy in draft international treatment guidelines. Going forward, we plan to integrate our domestic Japanese and U.S. pharmaceutical operations under the “One AK (Asahi Kasei) Pharma” framework, and accelerate global expansion focused on our core therapeutic areas. From fiscal 2025, the Healthcare sector is led by a Japanese executive, positioning us to drive full-scale growth in the global market by linking our U.S. and Asian operations.

In the Homes sector, our overseas homes business continues to expand steadily. Since fiscal 2018, we have entered markets with projected medium- to long-term population growth, including North America and Australia, through strategic M&A. Overseas homes now accounts for roughly 30% of sales in the Homes sector. In particular, our North American business is pursuing an approach unique to Asahi Kasei. Rather than acquiring a home builder similar to our business operation in Japan, we are implementing horizontal integration of construction subcontractors. This strategy tackles key challenges in the North American housing industry,

including long construction periods and inconsistent quality. By applying the construction know-how we have developed in Japan, we differentiate ourselves through operational strengths rather than through products. Although demand is temporarily slack due to high mortgage rates and the impact of tariffs, we are positioned to gain firm growth when there is an upturn.

In the Material sector, we do not expect income growth over the next three years. This will be a preparatory phase for a major leap toward 2030.

We continue to anticipate strong growth opportunities in the electronics business, with robust demand centered on AI-related applications. Construction of the Canadian plant for Hipore™ wet-process LIB separator, announced in April 2024, is progressing steadily. While the EV market faces headwinds, including U.S. government policies, we have prepared multiple risk scenarios and established a structure that allows us to respond swiftly.

At the same time, while public attention often focuses on demand-side factors such as automakers' EV production volumes, we maintain a broad perspective, carefully monitoring both supply- and demand-side trends. Since our decision to invest in the Canadian plant, very few companies have announced capacity expansions for separator in the North American market. From the standpoint of supply and demand, then we believe the situation has not worsened significantly. As a leading separator supplier in the North American market, Asahi Kasei is well positioned to pursue a range of strategic options. We are determined to act swiftly and proactively, keeping our eyes on the medium- to long-term market dynamics, rather than being swayed by short-term changes in the business environment.

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## Q4 What social impact will your GX-centered sustainability efforts have?

### Two mutually reinforcing aspects of sustainability: Contributing to a sustainable society and sustainable growth of corporate value

The history of Asahi Kasei has essentially been a history of making positive impacts. We began by supporting the basic necessities of food, clothing, and shelter, including fibers for clothing, food packaging materials, and housing. We now have materials that contribute to carbon neutrality and digital innovation, and innovative pharmaceuticals and medical devices that address unmet needs. Our diverse business portfolio allows us to contribute broadly and deeply to society.

Throughout more than a century of history, Asahi Kasei's social impact has evolved along with changes to our business portfolio. We consider one key measure of whether our contributions are genuinely needed by society to be financial metrics such as capital efficiency. Businesses that do not generate adequate returns on invested capital may be less essential to society. Holding this disciplined view is indispensable for creating sustainable value. Given the breadth of our business operations, I always keep a high-level view of our portfolio, carefully assessing which businesses to invest in, when, and to what extent.

### Driving new social impact through structural transformation of our chemical businesses

As a manufacturer with a Material sector, reducing greenhouse gas (GHG) emissions and achieving green transformation (GX) is an extremely significant challenge. At the core of this effort is the structural transformation of our chemical businesses.

As mentioned earlier, since fiscal 2022, the petrochemical market has been sluggish, making it structurally difficult to maintain the income levels we previously achieved. In other words, continuing under the current conditions makes it increasingly challenging to contribute to society through this business. Accordingly, we have been advancing structural transformation since the previous MTP, announcing discontinuation of the AN business in Thailand and examining capacity reductions through a three-company collaboration for ethylene production facilities in western Japan. While these reforms entail financial impacts, I am confident that ten years from now, people will look back positively on the actions we took.

The structural transformation of our chemical businesses goes beyond mere downsizing or withdrawal. The tasks ahead are making our remaining businesses more sustainable and applying our technologies to drive carbon neutrality. Since GX is a societal challenge, fostering partnerships and collaborating with others is essential. For instance, our CO<sub>2</sub>-chemistry technology, which converts CO<sub>2</sub> into chemicals like polycarbonate, can deliver a much greater

social impact when adopted by chemical manufacturers worldwide. This also allows us to secure earnings in an asset-light manner while achieving high capital efficiency.

In May 2025, we announced our withdrawal from methyl methacrylate and related businesses at our Kawasaki Works in Kanagawa Prefecture. Looking ahead, we plan to concentrate management resources at the Kawasaki Works on Energy & Infrastructure, identified for Growth Potential, positioning it as a core hub for the ion-exchange membrane process for chlor-alkali electrolysis and hydrogen-related business. We are taking a decisive step forward, evolving our contribution from the stable supply of high-quality petrochemical products to providing green hydrogen to society through high-efficiency electrolysis technology.



Alkaline water electrolysis pilot plant at the Kawasaki Works which began operation in fiscal 2024

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## Q5 How will you transform your business models by leveraging abundant intangible assets?

### New business models with value centered on intangible assets

The source of Asahi Kasei's value creation lies in the extensive management assets we have accumulated through our diverse businesses. In particular, our intangible assets—human capital, technology, intellectual property, and management expertise, which are not immediately visible and not recorded on the balance sheets—are the true source of our innovation. By leveraging them, we have created numerous innovative products, services, and business models. Insights gained in one business are applied in another, creating new value. Such inter-business dynamism is a major strength of Asahi Kasei.

Going forward, we will further strengthen new business models centered on intangible assets, such as solution-oriented businesses and licensing businesses, while continuing to pursue even more efficient operations.

While Asahi Kasei's business models are diverse, at our core we remain a manufacturer, with technology-driven innovation at the heart of what we do.

But in today's information-centric society where IT platform companies dominate the market, we have not fully recognized the need to transform our business models as a manufacturer. In the years ahead, it will be crucial not only to center on technology or products, but also to refine related operational know-how and deliver value that our customers appreciate. This approach allows us to achieve higher and more stable earnings.

In our car interior business, for example, our competitive edge comes not only from the quality of our materials but also from our ability to make agile proposals that

address entire vehicle needs. In the ion-exchange membrane chlor-alkali electrolysis business, as well as in our hydrogen-related business that is advancing toward commercialization, value stems from both our electrolyzer and membrane technologies and from systems for monitoring operational performance and operational support that help customers maximize operating rates.

By combining products and services underpinned by advanced technologies with our intangible assets to deliver solutions that best address customer challenges, our solution-oriented businesses represent a key path to success for Asahi Kasei, and we will continue to further strengthen it in the years ahead.

### The dynamism fueled by the cross-boundary capabilities of Asahi Kasei's human resources

People are the key to genuinely driving this transformation of our business models. Asahi Kasei's greatest strength lies in the exceptional personnel we have nurtured across our businesses.

In my own experience interacting with external professionals during human resource training and other opportunities, I often hear that Asahi Kasei's people are extremely capable, which I take as a true compliment. At the same time, I sometimes receive feedback suggesting that broadening perspectives could make our people even more effective.

There may be instances where exceptional individuals become confined within a single sector or business, limiting their full potential. For example, in administrative roles, being assigned to a particular business unit means thoroughly diving into that area, covering everything from marketing to pricing

and regional strategies. I personally spent many years in the fibers business, primarily working with Roica™ spandex (elastic polyurethane filament). Even within the fibers business, there is a broad variety of products, from yarn to diapers, apparel, and airbags, with long value chains. Having expanded globally at an early stage, we faced a diverse range of customers and a steep learning curve. However, my experience as a sales representative provided invaluable training and helped me develop strong capabilities. Through my experience in the Roica™ business, I gained exposure to the full business lifecycle—from expansion through overseas acquisitions and joint ventures to the difficult decision to close our U.S. operations—which helped me understand how businesses should evolve over time.

When human resources honed in this way are transferred to a completely different business unit, they bring fresh perspectives and ideas, often igniting a burst of dynamic contributions. I have witnessed several such instances firsthand. The business practices and strategic insights human resources develop in one sector can introduce new ideas and drive transformation when applied in another. I see these cross-boundary capabilities as the essence of Asahi Kasei's human resources strategy.

We plan to further increase such cross-boundary opportunities going forward. To achieve this, we need to conduct strategic personnel rotations across businesses more dynamically and deliberately. By leveraging talent honed in each sector from a company-wide viewpoint, we can turn Asahi Kasei's human resources into a growth engine for the entire organization. I believe this approach is crucial to accelerating our business model transformation.

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## Q6 How is your governance evolving along with business portfolio transformation?

### Deepening Board of Directors' discussions to enhance corporate value

At Asahi Kasei, discussions at Board of Directors meetings regarding business portfolio transformation aimed at sustainable growth of corporate value have steadily evolved. In particular, fiscal 2024 was the year we formulated the new MTP, and in response to requests from Outside Directors, we engaged in in-depth discussions on its content from an early stage, both on-site and off-site.

As a result, discussions on Asahi Kasei's three-sector management and on enhancing corporate value with an awareness of the capital market made significant progress. Our Outside Directors provided objective and substantive insights, and rigorously questioned whether the executive

team's business portfolio transformation, capital policies, and efforts to strengthen the management platform were genuinely enhancing corporate value. Through these intense dialogues, the executive team was constantly challenged, which in turn enabled a deeper examination of the new MTP's content. Building on investor feedback, discussions to drive faster progress on enhancing corporate value are now more dynamic than ever.

### Risk management through diverse approaches

At the Management Council, executives from the three sectors bring together the knowledge they developed in their respective businesses. This is where Asahi Kasei's unique

strength—harnessing the power of diversity—truly comes into play.

For example, the head of the Homes sector may rigorously question an investment proposal in the Material sector, challenging the team on investment discipline. Alternatively, the head of the Healthcare sector, well-versed in the U.S. market, may offer targeted guidance on overseas M&A in the Homes sector. Such cross-sector knowledge sharing occurs routinely. If we were solely a housing company, we would have had to evaluate risks in the North American market from scratch. At Asahi Kasei, we can assess risks from multiple perspectives, drawing on the accumulated experience across our diverse business sectors. This diversity is precisely what underpins Asahi Kasei's effective risk management and represents one of our key strengths.

## In closing

Asahi Kasei did not originally set out with the intention of developing such a diverse range of businesses. We have always focused on addressing the challenges society faces, investing our management resources in businesses that can create real value in response. It is this steady accumulation of efforts that has built the diverse business structure we have today.

Of course, we could have chosen to become a narrowly focused company with a single business. But we deliberately chose not to focus on a single business, opting instead to create value across a broad range of fields. That choice truly embodies what it means to be Asahi Kasei and reflects the way we generate value.

Naturally, I recognize that having a diverse portfolio of

businesses does not generally correspond with high valuation in the capital markets. Considering Asahi Kasei's considerable potential, though, I can't help feeling frustrated with our current market valuation.

Through the new MTP, we will channel that frustration into action, delivering results that fully meet the expectations of our investors and other stakeholders. With the full commitment of the entire company, we will continue to drive the further enhancement of corporate value.



Koshiro Kudo  
President



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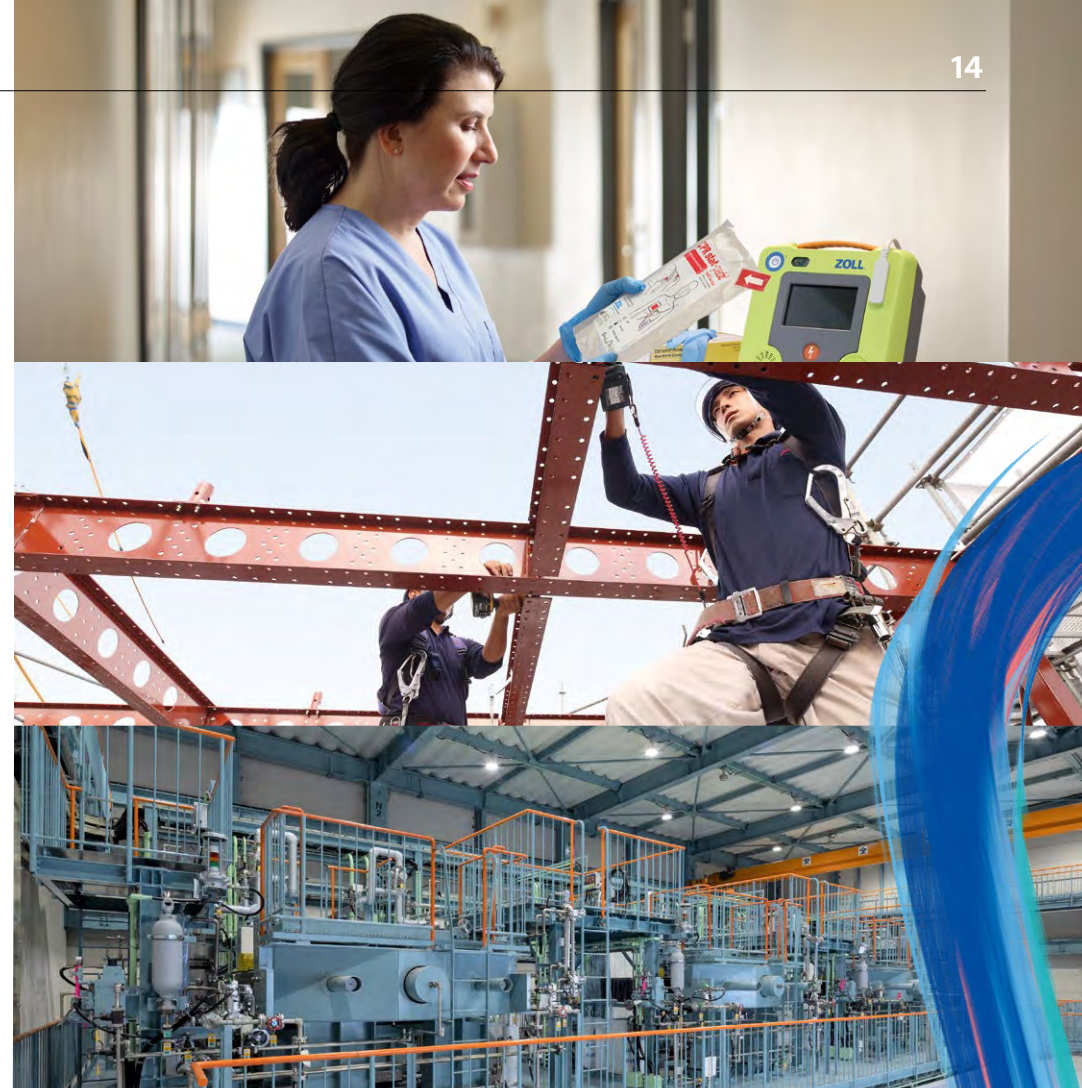
Closing: Comments from Employees

**Q1**

# How will you leverage diverse management assets to achieve sustainable growth of corporate value?

**Answer**

We leverage accumulated management assets and combine our diversity and specialty to continuously create innovative products, services, and business models that lead to sustainable growth of corporate value.



From top to bottom: AED from the Critical Care business (Healthcare sector), house construction site (Homes sector), and pilot plant for hydrogen production in the Energy & Infrastructure business (Material sector)

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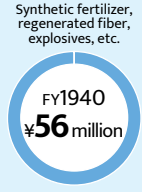
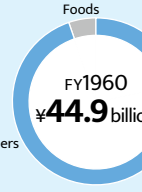
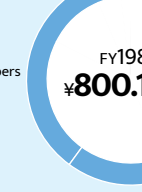
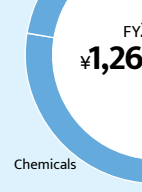

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## Asahi Kasei's Path of Value Creation

# History of business portfolio transformation and growth contributing to solutions to issues in society

	1922-	1960-	1980-	2000-	2020-
Social context	Development of the chemical industry and modern agriculture	Development of public infrastructure in an era of high economic growth	Widespread adoption of electronic devices with the advent of the information age	Prominence of environmental issues and aging populations in developed countries	Societal transformation toward achieving the SDGs
Business of the Asahi Kasei Group	<p>Helping to bring stability to people's lives from our roots in businesses supporting food and clothing, including the production of ammonia, a raw material for fertilizer, and artificial fiber</p> <ul style="list-style-type: none"> <li>The first in Japan to successfully manufacture synthetic ammonia, essential for synthetic fertilizer, increasing agricultural productivity supporting the nation's food supply</li> <li>Produced hydrogen from electricity generated at our own hydroelectric power plant for use as raw material for ammonia</li> </ul> 	<p>Expanding into petrochemicals, homes, healthcare, and electronics, contributing to convenient and comfortable lifestyles as a diversified chemical manufacturer</p> <ul style="list-style-type: none"> <li>Licensed Hebel™ autoclaved aerated concrete technology from Europe and entered the housing and construction materials business</li> <li>Applied spinning technology developed for textiles to Healthcare as synthetic fibers became widespread and Bemberg™ regenerated cellulose fiber struggled</li> </ul> 	<p>Supplying key components for electronic devices integral to modern living, such as large-scale integrated circuits (LSIs) and lithium-ion batteries (LIBs)</p> <ul style="list-style-type: none"> <li>Leveraged chemical industry know-how to start an LSI business and enter the electronics market</li> <li>Acquired Toyo Jozo Co., Ltd. to strengthen the R&amp;D platform and significantly augment the Pharmaceuticals business</li> </ul> 	<p>Contributing to healthy and enriched lifestyles by accelerating the global development of the Healthcare and Homes sectors through M&amp;A</p> <ul style="list-style-type: none"> <li>Entered the Critical Care business by acquiring ZOLL, a U.S. manufacturer of critical care devices</li> <li>Entered the car interior material business by acquiring Sage, a U.S. manufacturer of car interior material, and leveraging it as a platform</li> </ul> 	<p>Enabling sustainability by developing technologies and businesses that help address climate change, unmet medical needs, and other global issues</p> <ul style="list-style-type: none"> <li>Began demonstration of an alkaline water electrolysis system for producing green hydrogen, leveraging technology accumulated since the time of our founding</li> <li>Expanded the U.S. Pharmaceuticals business through the acquisition of Veloxis and Calliditas</li> </ul> 
Business portfolio	<ul style="list-style-type: none"> <li>Ammonia</li> <li>Regenerated fiber (cupro, viscose rayon)</li> <li>Synthetic fertilizer</li> <li>Polystyrene</li> <li>Synthetic fiber (acrylic fiber)</li> <li>Food products (monosodium glutamate)</li> </ul> 	<ul style="list-style-type: none"> <li>Saran Wrap™</li> <li>Acrylonitrile</li> <li>Synthetic rubber</li> <li>Ethylene (construction of naphtha cracker)</li> <li>Autoclaved aerated concrete</li> <li>Hebel Haus™ unit homes</li> <li>Artificial kidneys</li> <li>Pharmaceuticals</li> </ul>	<ul style="list-style-type: none"> <li>Hall elements</li> <li>Large-scale integrated circuits (LSIs)</li> <li>Lithium-ion battery separator</li> <li>Hebel Maison™ apartment buildings</li> <li>Insulation panels</li> <li>Virus removal filters</li> <li>Acquisition of Toyo Jozo Co., Ltd. (pharmaceuticals and liquors)</li> <li>Foods</li> </ul>	<ul style="list-style-type: none"> <li>Electronic compass</li> <li>Car interior material</li> <li>Critical Care</li> <li>Overseas homes</li> <li>Viscose rayon, acrylic fiber, polyester</li> <li>Restructuring of petrochemical business</li> <li>Liquors</li> </ul>	<ul style="list-style-type: none"> <li>Hydrogen production system (currently in verification)</li> <li>Diagnosis and treatment of sleep apnea</li> <li>Biologics CDMO</li> <li>Overseas pharmaceuticals business</li> <li>Photomask pellicles</li> <li>Blood purification business</li> <li>Diagnostics reagents business</li> </ul>
Composition of net sales	<p>Synthetic fertilizer, regenerated fiber, explosives, etc.</p>  <p>FY1940 ¥56 million</p>	<p>Foods, Chemicals, Fibers</p>  <p>FY1960 ¥44.9 billion</p>	<p>Fibers, Chemicals, Others, Foods/Healthcare/Housing/Construction Materials</p>  <p>FY1980 ¥800.1 billion</p>	<p>Chemicals, Housing/Construction Materials, Fibers, Electronics, Others, Healthcare</p>  <p>FY2000 ¥1,269.4 billion</p>	<p>Material, Healthcare, Homes, Others</p>  <p>FY2024 ¥3,037.3 billion</p>

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## Bold challenges of the past

### From a materials manufacturer to revolutionizing homes in the Housing business

#### A determination to create homes that are a source of happiness

The 1960s were a time when Japan was still in the process of post-war reconstruction. Seeing the European cityscapes where sturdy stone and brick houses had been passed down for generations, Kagayaki Miyazaki, who would later become President of Asahi Kasei, reflected on the fragile housing situation in Japan, where houses are crowded together in urban areas and durability is an issue. Miyazaki felt that something had to be done to improve Japan's living environment. It was this strong determination that became the driving force behind our entry into the Housing business. At the time, however, we were a materials manufacturer and housing was an unfamiliar field for us.

#### Searching for the ideal without compromise

In the continued search for construction materials for the ideal long-lasting home, Miyazaki explored materials from all over the world and in 1966 formed a technical partnership with Hebel of Germany. After that, through extensive R&D, we succeeded in creating a completely new construction method that combined steel frames and Hebel™ walls to suit Japan's earthquake-prone environment. This marked the birth of highly earthquake-resistant Hebel Haus™. This has enabled us to take on new challenges in housing, such as proposing two-generation homes, which were unusual at the time, and being the first in the industry to offer a 50-year long-term inspection system. As a result, our Housing business has become an industry leader.



The first Hebel Haus™ unit home

### From clothing to medicine: Cross-sectoral innovation using core technology

#### The seeds of technological innovation born from adversity

With the rise of synthetic fibers in the apparel industry in the early 1970s, the Bemberg™ regenerated cellulose fiber business struggled. We decided to seek new avenues of growth by exploring ways to use Bemberg™ technology to contribute to society. Medical devices were found to be a viable option, but the application of technology to the medical field requires an extremely high level of quality because it is directly linked to human life. While this was the most challenging application development in our history, thanks to the technological capabilities of the textile business that we amassed since our founding, we were able to successfully commercialize a product in the remarkable speed of just five years from the start of research.

#### Turning textile technology into life-saving products

This idea, which took advantage of the structure and properties of fiber, created new value in the sensitive area of blood processing, leading to a full-scale entry into the medical devices business. The hollow-fiber membrane technology established from this challenge later came to fruition as Planova™ virus removal filters. These innovative products improve the safety and productivity of pharmaceuticals and is currently used in the development and manufacturing processes of pharmaceutical companies around the world. The technology for separation using membranes, including hollow-fiber membranes, is called microporous membrane technology. It is being deployed in the environmental and energy fields, such as separators for lithium-ion batteries (LIBs) and alkaline water electrolysis systems for hydrogen production.



Bemberg™ regenerated cellulose fiber (cupro fiber)



Planova™ virus removal filters

### Entered the field of Critical Care through large-scale M&A

#### A transformational acquisition that drew mixed reactions

In fiscal 2012, we spent approximately ¥180 billion, our largest acquisition at the time, to acquire ZOLL, a U.S. manufacturer of Critical Care medical devices. ZOLL's sales in the first year of consolidation were approximately ¥50 billion, leading some to question whether we paid too much. However, we made the acquisition because we saw potential in ZOLL's innovative product portfolio in the field of Critical Care. In particular, the LifeVest™ wearable defibrillator, worn by patients at elevated risk of sudden cardiac arrest (SCA), was a unique product. Our President at the time said, "Asahi Kasei has come this far by starting new businesses. Each time we created a new business, it took determination and accepting some risk." People were persuaded by his strong conviction on the need to acquire ZOLL.

#### Working to become a Global Healthcare Company

Since the acquisition, ZOLL has grown steadily, with sales reaching ¥370.7 billion in fiscal 2024, approximately quadruple the first year on a U.S. dollar basis. Leveraging this M&A know-how, Asahi Kasei is accelerating its business expansion and globalization in Healthcare, acquiring Danish pharmaceutical company Veloxis in fiscal 2019 and Swedish pharmaceutical company Calliditas in fiscal 2024.



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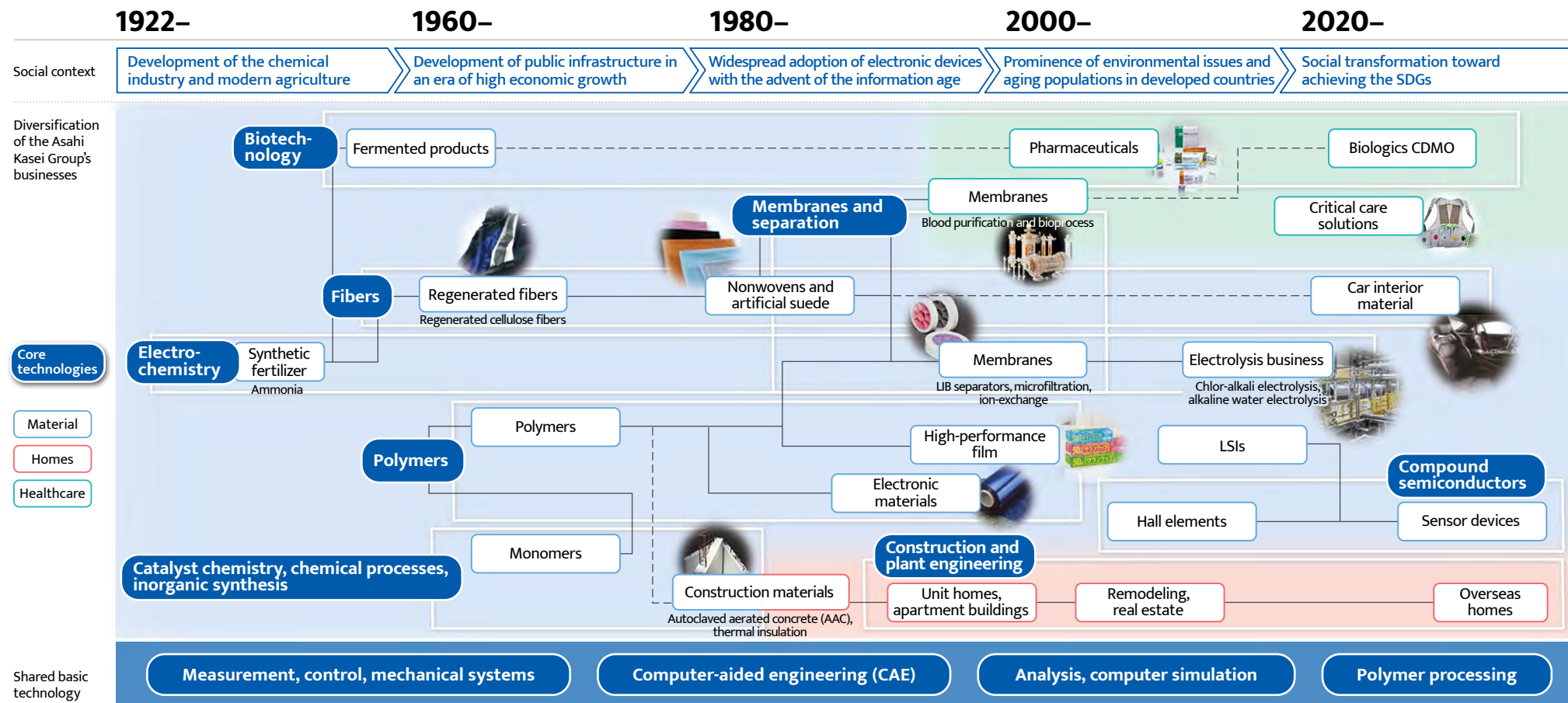
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## Diversifying businesses based on core technologies while addressing a variety of issues in society

Our wide range of core technologies, pioneered by our predecessors in their efforts to address issues in society at the various times, have enabled the creation of many businesses. Interconnected at their roots, these technologies continue to serve as the seeds of new technologies, passed down from generation to generation.



Achievements based on technology and IP assets	1922–	1960–	1980–	2000–	2020–
FY2007	<b>The Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology</b> Development of the novel antileukemic drug N4-behenoyl cytosine arabinoside				
FY2010	<b>The Commendation for Science and Technology by the Minister of Education, Culture, Sports, Science and Technology</b> Comprehensive research on thrombomodulin as an antithrombotic molecule on vascular endothelial cells				
FY2013	<b>The Charles Stark Draper Prize</b> Engineering the rechargeable lithium-ion battery				
FY2014			<b>Heroes of Chemistry Award</b> Non-phosgene polycarbonate (PC) production processes using CO <sub>2</sub> as feedstock		
FY2015			<b>Medal with the Purple Ribbon</b> Development of electronic compass and automatic adjustment method		
FY2016			<b>NIMS Award</b> Development of the lithium-ion battery		
FY2018				<b>German Design Award Special Mention Category 2019</b> AKXY™ concept car	
FY2018				<b>Altair Enlighten Award</b> Glass fiber reinforced polyamide 66 pedal bracket	
FY2019				<b>Nobel Prize in Chemistry</b> Development of the lithium-ion battery	
FY2020					<b>Medal with the Purple Ribbon</b> Development of cyclohexene process for nylon intermediate
FY2024					<b>Minister of Economy, Trade and Industry Invention Award at the 2024 National Commendation for Invention</b> Invention of dielectric composition that enables higher density in semiconductor packages
FY2025					<b>Imperial Invention Prize at the 2025 National Commendation for Invention</b> Invention of technology using nickel to extend electrode service life

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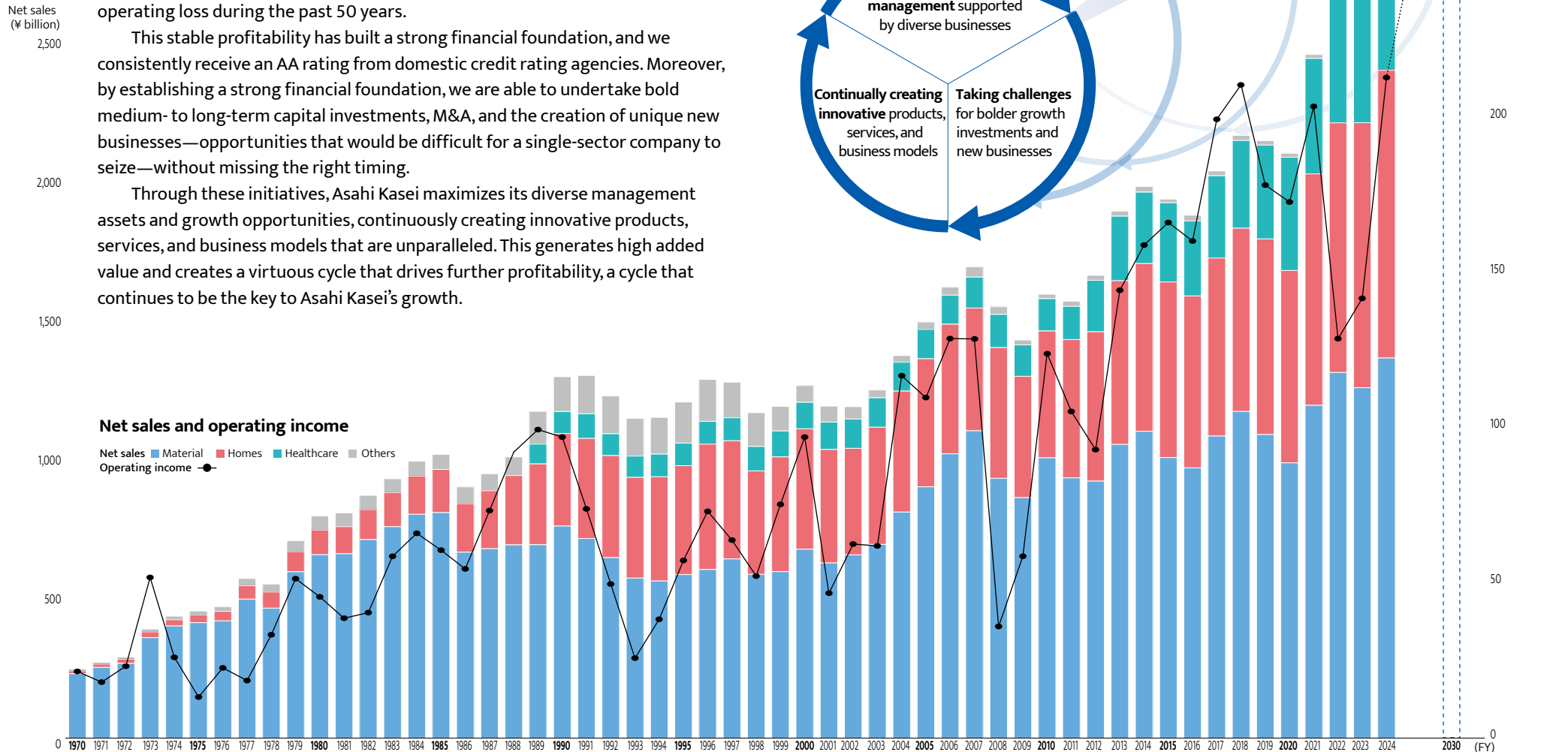
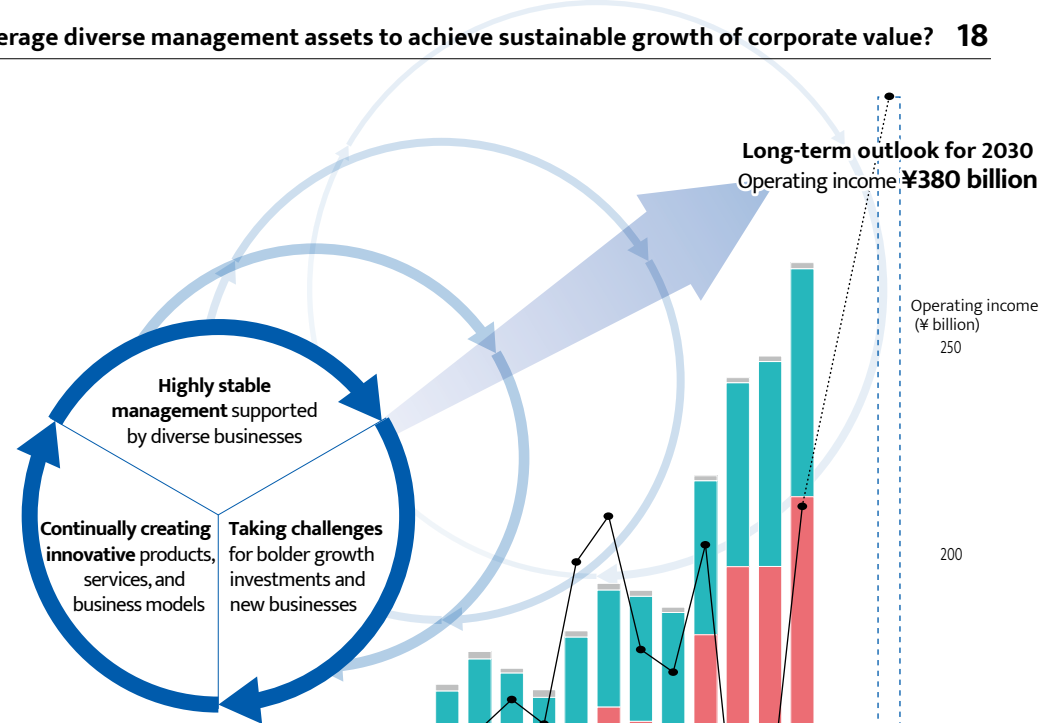
Asahi Kasei's Path of Value Creation

### Stable management through diverse business operations drives new challenges and innovation

Asahi Kasei was once primarily a materials-focused company, centered on businesses such as fibers and chemicals. Over time, the Homes sector grew steadily, and in recent years, the Healthcare sector has been expanding rapidly. This has mitigated the impact of cyclical economic fluctuations, which are typical of materials-related businesses, and we have not recorded a consolidated operating loss during the past 50 years.

This stable profitability has built a strong financial foundation, and we consistently receive an AA rating from domestic credit rating agencies. Moreover, by establishing a strong financial foundation, we are able to undertake bold medium- to long-term capital investments, M&A, and the creation of unique new businesses—opportunities that would be difficult for a single-sector company to seize—without missing the right timing.

Through these initiatives, Asahi Kasei maximizes its diverse management assets and growth opportunities, continuously creating innovative products, services, and business models that are unparalleled. This generates high added value and creates a virtuous cycle that drives further profitability, a cycle that continues to be the key to Asahi Kasei's growth.



Notes: 1. Non-consolidated figures are shown through fiscal 1976; consolidated figures are shown from fiscal 1977.  
 2. Color-coded sales are based on classifications at the time of disclosure; results of healthcare-related businesses through fiscal 1988 are included in "Others."

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Value Creation Model

An ecosystem based on diverse management assets and unique business portfolio management

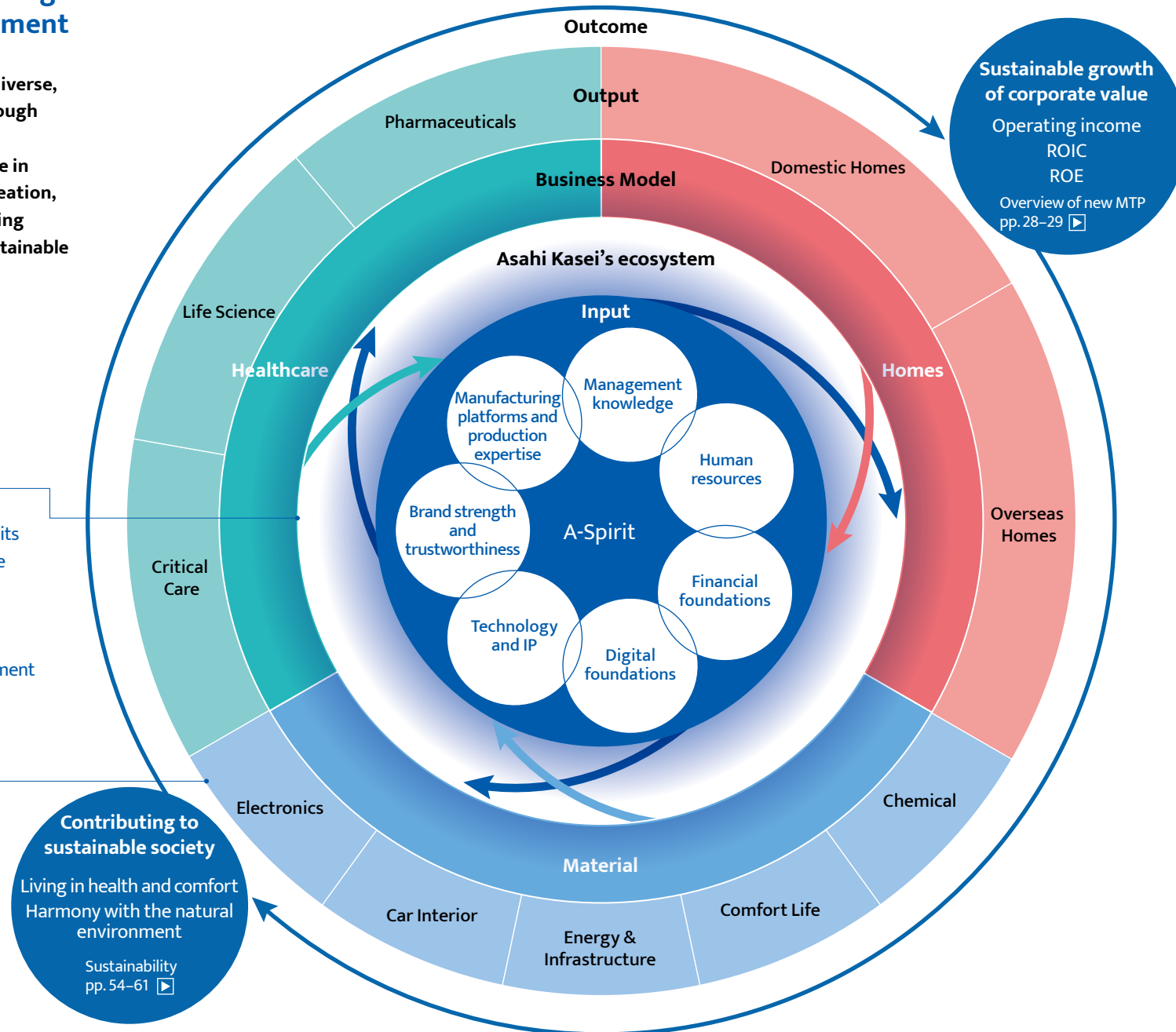
In the process of business portfolio transformation, Asahi Kasei has built an unrivaled ecosystem from diverse, high-quality management assets. Furthermore, through business portfolio management that accomplishes continuous transformation, we provide unique value in a wide range of fields. Through this diverse value creation, we pursue a virtuous cycle of two mutually reinforcing aspects of sustainability: namely, contributing to sustainable society and sustainable growth of corporate value.

(1) Asahi Kasei's ecosystem

Each business sector shares and flexibly utilizes the management assets that Asahi Kasei has cultivated over its history of more than a century to create new value. These wide-ranging management assets include financial foundations based on earnings generated by diverse businesses, diverse human resources, technology, and IP, management knowledge for business portfolio management and M&A, and brand strength and digital foundations.

(2) Business portfolio management

We manage our business portfolio with the aim of maximizing sustainable value from both financial and non-financial perspectives. We utilize a management cycle that includes business evaluation, resource allocation, investment decisions, and monitoring for dozens of businesses. This allows us to take necessary actions in a timely manner, from business creation to business enhancement and even structural transformation.



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## Value Creation Model: Asahi Kasei's Management Assets

## Abundant management resources as the source of value

As we operate a wide variety of businesses, we possess a wealth of unique management assets that are utilized in those businesses as shared assets of the Asahi Kasei Group. By thoroughly utilizing these management assets in each sector and business, we create new value which in turn further expands our management assets in a virtuous cycle.

Characteristics of Asahi Kasei	Specific examples of management assets (as of the end of FY2024)	Major initiatives for strengthening	Related pages
 <b>Business portfolio management for diverse businesses, M&amp;A, expertise of diverse business models, etc.</b>	<ul style="list-style-type: none"> <li>More than a 100-year history of business portfolio transformation</li> <li>Multiple cases of M&amp;A (cases subject to consolidation since 2000): &gt;30</li> </ul>	<ul style="list-style-type: none"> <li>Business portfolio transformation</li> <li>Accelerating growth using M&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>Asahi Kasei's Path of Value Creation pp. 15–16</li> <li>Growth Drivers under the New MTP pp. 37–39</li> </ul>
 <b>Human resources with "A-Spirit" who are active globally in a variety of business fields</b>	Employees: <b>50,352</b> (Healthcare: 11,961, Homes: 13,308, Material: 20,709, Corporate and others: 4,374)	Revised personnel system to strengthen the culture of taking challenges based on the pillars of lifelong growth and co-creativity	HR Strategy pp. 65–69
 <b>Strong financial foundations based on stable earnings from diverse businesses in Healthcare, Homes, and Material</b>	<ul style="list-style-type: none"> <li>Cash-generating capacity ≈ <b>¥1,200 billion</b> (3-year total for FY2025–2027)</li> <li>D/E ratio: <b>0.62</b></li> <li>Credit rating: <b>AA</b> (JCR and R&amp;I)</li> </ul>	Capital allocation which emphasizes the balance of growth investments and shareholder returns along with strengthening cash-generating capacity	Message from the CFO pp. 30–35
 <b>Digital personnel and infrastructure to achieve site-focused DX promotion</b>	<ul style="list-style-type: none"> <li>Number of digital professional personnel: <b>3,157</b></li> <li>Digital data utilization: <b>30-fold increase</b> (compared to FY2021)</li> </ul>	Promoting DX across value chains, sectors, and businesses	DX Strategy pp. 76–77
 <b>Broad range of core technologies derived from electrochemistry, IP strategy using IP landscaping (IPL)</b>	<ul style="list-style-type: none"> <li>R&amp;D expenses: <b>¥110.6 billion</b></li> <li>Number of patents held: Domestic: <b>6,790</b> Overseas: <b>7,683</b></li> </ul>	Strengthening cross-sector R&D and promoting solution-oriented businesses and licensing businesses	Intangible assets, IP, and R&D strategies pp. 70–75
 <b>Relationships of trust and connections across a wide range of industries through diverse businesses (medical institutions, semiconductors, automobiles, energy, apparel, chemicals, general consumers, etc.)</b>	<ul style="list-style-type: none"> <li>Diverse business groups in three sectors</li> <li>Strong brands such as <b>Hebel Haus™</b>, <b>Saran Wrap™</b>, and <b>Bemberg™</b></li> </ul>	Creating value for customers in each business	Sector strategies pp. 40–52
 <b>Safety platform, quality assurance platform, and advanced production technology cultivated primarily in the Material sector</b> <b>Manufacturing sites worldwide</b>	<ul style="list-style-type: none"> <li>Global manufacturing sites: &gt;130</li> <li>Lost-time frequency rate<sup>1</sup>: <b>0.31 (average of manufacturing industries in Japan is 1.30)</b></li> <li>Total participation in quality training: <b>6,600 (36 sessions)</b></li> </ul>	Applying manufacturing platforms and expertise cultivated primarily in the Material sector to the Homes and Healthcare sectors for increased productivity	ESH, QA, and production technology pp. 94–97

<sup>1</sup> Lost-time injuries per million hours worked.

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78	<b>Q6</b> <b>How is your governance evolving along with business portfolio transformation?</b>	+
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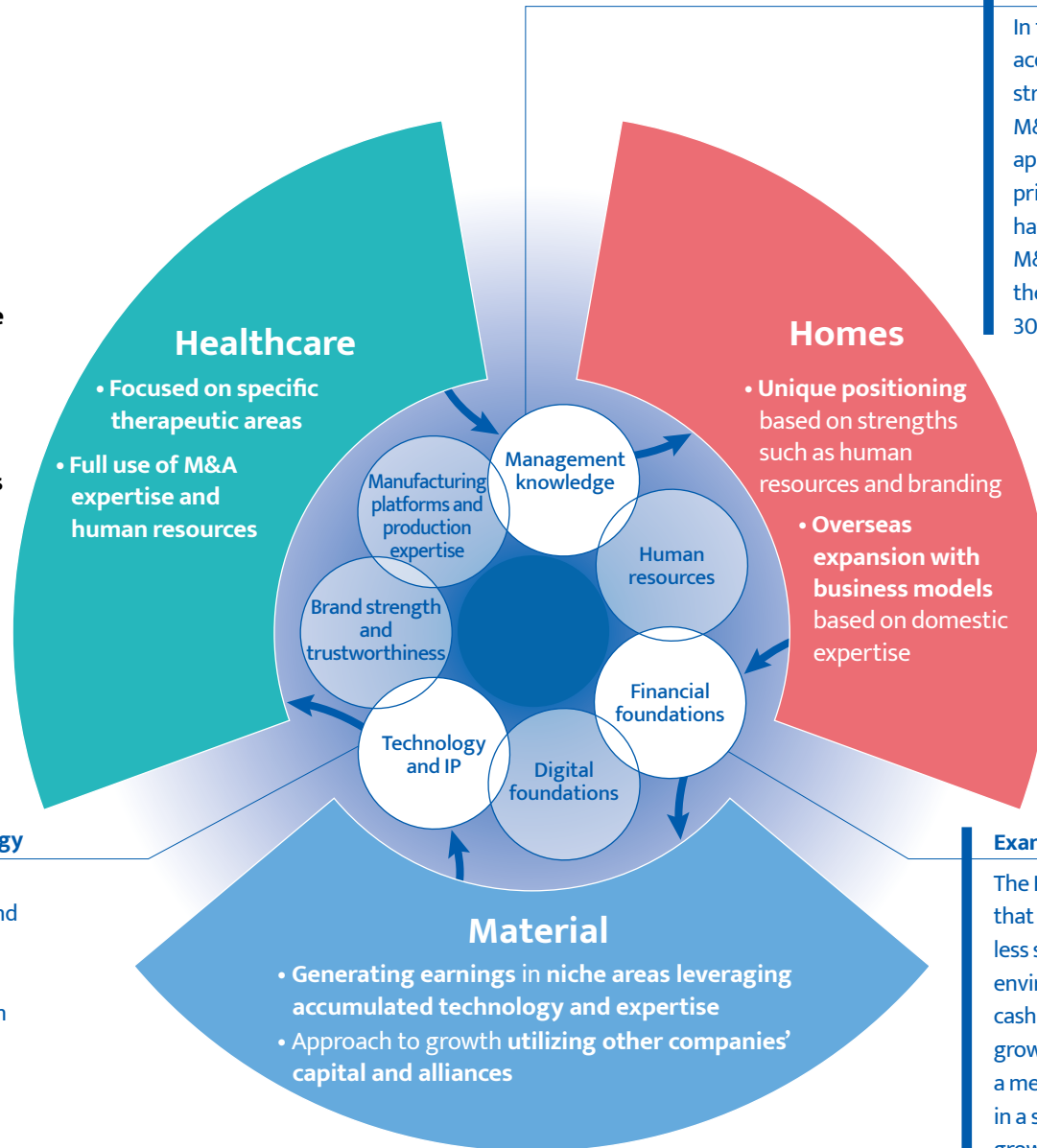
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## Examples of utilizing management assets in three-sector management (ecosystem)

The Asahi Kasei ecosystem describes our management assets created according to the characteristics of each sector and business that are accumulated and shared, and that can be flexibly utilized by other sectors and businesses.

For example, the membrane and separation technology developed in the Material sector was used to create new businesses in the Healthcare sector, the M&A expertise developed in the Healthcare sector was used for overseas M&A in the Homes sector, and the cash-generating ability of the Homes sector was used for growth investments in the Material sector. In this way, by utilizing management assets across different sectors and businesses, Asahi Kasei is able to create unique value.



### Example 1: Membrane and separation technology

Starting with the regenerated fibers business in the Material sector, we refined our membrane and separation technology and expanded to the LIB separator business. In the Healthcare sector, we created a business for virus removal filters, which are necessary for the production of biotherapeutics, and we continue to maintain a leading global market share.

### Example 2: M&A expertise

In the Healthcare sector, starting with the acquisition of ZOLL in 2012, we have built up a strong track record in M&A and accumulated M&A expertise. This expertise has been applied to the Homes sector, which had been primarily focused on Japan, and since 2018, we have created new business models through M&A in the U.S. and Australia. By fiscal 2024, the businesses had grown to approximately 30% of sales in the Homes sector.

### Example 3: Cash-generating ability

The Homes sector is an asset-light operation that requires relatively small investment and is less susceptible to the cyclicity of the business environment, enabling the stable generation of cash. We will utilize this stable cash flow to make growth investments in the Material sector from a medium- to long-term perspective. This results in a system that supports the sustainable growth of the entire Asahi Kasei Group.

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Value Creation Model

## Upper management of companies that joined the Asahi Kasei Group through M&A Leveraging and reinforcing the Asahi Kasei ecosystem

Asahi Kasei proactively performs M&A to obtain new growth drivers, technology, and expertise. While the acquired companies are able to utilize Asahi Kasei's management assets to achieve remarkable growth, the new addition of diverse management assets further reinforces the Asahi Kasei ecosystem.



**Richard A. Packer**  
Vice-Presidential Executive Officer,  
Corporate Initiatives,  
Asahi Kasei Corp.

Involved in the acquisition of ZOLL by Asahi Kasei in 2012 as CEO of ZOLL. Since fiscal 2016, he has served as Head of Healthcare, overseeing pharmaceuticals, medical devices, and life science businesses. He assumed his current position in fiscal 2025, promoting the globalization of the Asahi Kasei Group.

Acquired in 2012 ZOLL (manufacturer of critical care devices)

**Q:** How has ZOLL's corporate value changed since joining the Asahi Kasei Group?

**A:** Based on shared values, ZOLL has grown more than it could have independently.

Joining the Asahi Kasei Group fundamentally enhanced ZOLL's corporate value. I think the fact that Asahi Kasei and ZOLL had shared the same corporate philosophy and values was a major factor. Both companies were committed to the Group Mission of contributing to life and living for people around the world, formulating management plans from a long-term perspective, and aiming for firm sales growth while improving profit margins.

Since joining the Asahi Kasei Group in 2012, ZOLL has achieved significant growth, with sales increasing fourfold and operating income increasing fivefold in dollar terms. With the financial foundation and management support of Asahi Kasei, ZOLL was able to make strategic investments to drive growth. In addition to organic

growth in existing businesses, this included large-scale acquisitions for future growth such as Itamar and Respicardia, which ZOLL could not have done alone.

ZOLL also took advantage of Asahi Kasei's robust IT infrastructure and intellectual property platform to further strengthen business and raise the efficiency of operations. Furthermore, the establishment of a Japanese subsidiary was a significant achievement in terms of enhancing ZOLL's presence and performance in Japan.

Overall, as a member of the large global Asahi Kasei Group, ZOLL has been able to access various management assets while continuing to pursue its mission, thereby further enhancing its corporate value.

**Q:** What are your expectations for the Asahi Kasei Group, and how do you plan to contribute?

**A:** I'm working to establish a management configuration for further growth as a global company.

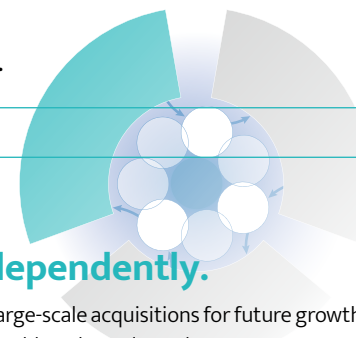
I believe that Asahi Kasei's strength lies in its combination of discipline and long-term perspective in corporate management, which are characteristic of Japanese companies, and its global entrepreneurial spirit, which fosters a culture of creating new businesses and taking on challenges. Since acquiring ZOLL in 2012, Asahi Kasei has grown into a company with a strong presence in global markets, particularly the U.S., not only in Healthcare but also in the Homes and Material sectors. At the same time, Healthcare has grown to become the third pillar of operations along with the Homes and Material sectors, contributing nearly 30% of operating income in fiscal 2024. The evolution of the Healthcare sector shows how the Asahi Kasei Group achieves substantial income growth by proactively allocating resources to growth businesses while streamlining global operations.

On the other hand, the Asahi Kasei Group as a whole still faces challenges in integrating its diverse businesses and operating as a unified global company

across national borders. Starting in fiscal 2025, I am focusing on my duties as Vice President, and I look forward to contributing to the further growth of the Asahi Kasei Group as a global company with strong global management. I am honored to have this opportunity to contribute across different sectors.

By further refining Asahi Kasei's unique ecosystem from a global perspective and leveraging synergies across various fields, the future of Asahi Kasei will be even brighter. As emphasized in the new corporate advertisement in Japan, "Break through! Create! Asahi Kasei," we must broaden our horizons beyond the scope of our current business, break through limits that were considered impossible, and aim to exceed expectations.

I look forward to taking on the challenges that lie ahead as we continue to grow as a global company.



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Value Creation Model

Upper management of companies that joined the Asahi Kasei Group through M&A  
Leveraging and reinforcing the Asahi Kasei ecosystem



**Rich Gallagher**  
Executive Officer, Asahi Kasei Corp.  
CEO, Synergos Companies LLC

Involved in the acquisition of Erickson in 2018 as CEO. He now leads the Synergos Group as a holding company having made multiple subsequent acquisitions of subcontractors.

Acquired in 2018 Erickson (North American residential construction contractor)

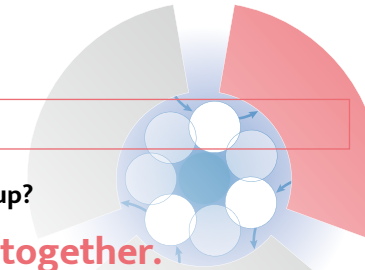
**Q:** What have you found appealing about Asahi Kasei’s corporate culture since joining the Asahi Kasei Group?

**A:** The culture emphasizes open communication and a spirit of working together.

While there may be differences in business culture and a language barrier, our values are aligned. We share the vision of Asahi Kasei’s leadership and enjoy an open channel of communication that is remarkable for such a large corporation. I am confident that Asahi Kasei’s shared platform allows us to be a good partner for creating greater value for all stakeholders, including shareholders, local communities, suppliers, and employees. Asahi Kasei Group employees have been flexible and adaptable to changes in their efforts to become more global. Although the business dynamics are different between the U.S. and Japan, employees in various departments from both countries contribute ideas and work together to solve problems.

This is a very distinctive approach to growing the business together. Even the differences in business culture and language barrier do not hinder smooth communication with the Asahi Kasei Group, which enables a true “working together” approach.

By becoming part of the Asahi Kasei Group, we are accelerating the development of our business model, which integrates the core steps of the construction process to raise the efficiency and quality of work. It also gives us greater purchasing power in global material procurement, while enhancing R&D and employment benefits. It gives our organization a sense of security and strengthens our capability to execute strategy.



**Dirk R. Pieper**  
Senior Executive Officer,  
Asahi Kasei Corp.  
Material Sector Deputy for Car Interior Business and Separator Business

Led the acquisition of Sage as CEO when Asahi Kasei acquired Sage in 2018. Executed planning and promotion of business strategies for the automotive interior materials business, contributing to greater global competitiveness.

Acquired in 2018 Sage (manufacturer of automotive interior materials)

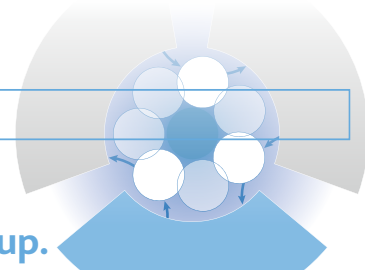
**Q:** How will you contribute to the Asahi Kasei Group in the future?

**A:** I will continue working to raise customer value in the Asahi Kasei Group.

Before joining the Asahi Kasei Group, Sage was a major purchaser of Dinamica™ artificial suede (formerly Lamous™) from Asahi Kasei, and the two companies had long enjoyed a good relationship. After Sage joined the Asahi Kasei Group in 2018, we combined the two companies’ artificial suede businesses, gaining strong synergies based on a common strategy. In addition, Asahi Kasei’s financial strength and M&A capability supported the expansion of Sage’s product portfolio, which strengthened the customer base and enabled significant growth. One example is Sage’s acquisition of Adient’s automotive fabrics business, which elevated our presence in Europe. Another example is our entry to the PVC synthetic leather market. This strategic addition of a new class of material has been a significant source of growth for Sage, and we expect firm growth to continue. We also established a technical marketing center in China, the world’s largest vehicle market, to meet customer needs with a

comprehensive approach including products from both companies. Sage now has a strong platform with local manufacturing of each material supplied to the major markets of the U.S., South America, South Africa, Europe, China, and Japan.

Sage’s strength lies in its ability to listen to customers and propose designs and solutions based on their requirements. By bringing Sage’s customer-centric approach to Asahi Kasei, where strategy has tended to be product-focused, we are supporting Asahi Kasei’s effort to create more solution-oriented businesses. Sage and Asahi Kasei are working together to deliver the best products and services worldwide in order to win over customers. Furthermore, Sage’s experience with enhancing customer value in the automotive field is having a positive impact on Asahi Kasei’s EV separator business. I look forward to continuing collaboration to cultivate automotive customers in the North American market.



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## Materiality












### Focusing on key subjects for value creation

The Asahi Kasei Group manages its operations with the aim of providing new value to society and achieving sustainable growth of corporate value by enabling “Living in health and comfort” and “Harmony with the natural environment” as stated in its Group Vision. The key to continuing value creation lies in the priority issues and subjects that we have designated as our materiality. We proactively address materiality as a foundation and driver of value creation.

#### Materiality identification process



Note: “L” indicates long-term targets, “M” indicates medium-term targets, “S” indicates short-term targets

Subject	Materiality	Related SDGs	Related main targets	FY2024 results
	Corporate governance	 	Improve the supervisory and decision-making functions of the Board of Directors	1) Conducted an evaluation of the effectiveness of the Board of Directors (including the use of a third-party organization on a regular basis) 2) The results of the effectiveness evaluation and responses to identified issues were discussed at the Board of Directors meetings in March and April 2025
	Compliance/sincerity	 	Raise compliance awareness and disseminate the Code of Conduct	Held Cs Talk (workplace discussion on case studies) at all workplaces in Japan
	Human rights	 	Continue activities to raise awareness	Conducted level-based training on business and human rights, e-learning on harassment, training on unconscious bias, etc.
	Safety/quality		At target business sites: 1) Serious industrial accidents: zero 2) Industrial accidents: zero 3) Intensity of accidents: 0.5 or less (average) <sup>1</sup>	1) Serious industrial accidents: 1 2) Industrial accidents: 2 3) Intensity of accidents: 1.17 (average) <sup>1</sup>
	Healthy longevity	 	Contribute to people’s lives by providing innovative pharmaceuticals and medical devices that meet unmet needs	1) Growth rate of cumulative AED shipments over the 3 years of the previous MTP: 52% (compared to previous 3 years) 2) Growth rate of cumulative prescriptions for LifeVest™ over the 3 years of the previous MTP: 7% (compared to previous 3 years)
	Comfortable life		[S] FY2025 targets 1) ZEH <sup>2</sup> ratio in newly built unit homes: 90% 2) ZEH-M <sup>2</sup> ratio in newly built apartments: 85%	1) ZEH ratio: 91% 2) ZEH-M ratio: 82%

<sup>1</sup> An index that quantifies the degree of impact of an industrial accident (based on the Japan Petrochemical Industry Association standard [CCPS])

<sup>2</sup> Net Zero Energy House (ZEH) and Net Zero Energy House Mansion (ZEH-M): Homes with a net energy consumption of zero or less through advanced insulation and energy saving combined with power generation such as solar.

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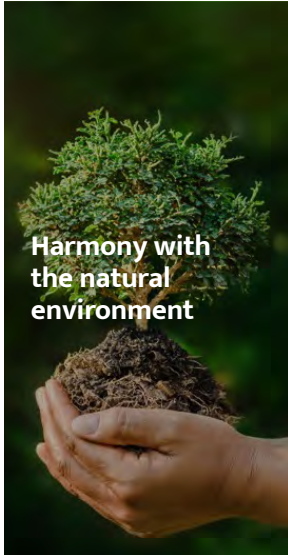






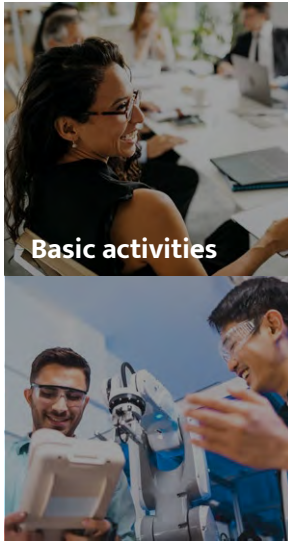







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Materiality

Subject	Materiality	Related SDGs	Related main targets	FY2024 results
 <p>Harmony with the natural environment</p>	Global environment	 	<p><b>L</b> GHG emission reduction contributions through Environmental Contribution Products                      FY2030 target: At least double (compared with FY 2020)                      FY2035 target: At least 2.5 times (compared with FY 2020)</p>	Contribution to reduced GHG emissions: 1.51 times (compared with FY 2020)
	Decarbonization	 	<p><b>L</b> GHG emissions (Scope 1 and Scope 2)                      FY2030 target: Reduce by 30% or more (compared with FY 2013)                      FY2035 target: Reduce by 40% or more (compared with FY 2013)                      FY2050 target: Carbon neutral</p>	38% reduction (compared with FY 2013) [preliminary figure]
	Circular economy	 	<p><b>M</b> <b>S</b> 1) Number of companies using the ion-exchange membrane process chlor-alkali electrolysis cell rental service: 10 (end of FY 2027)                      2) Implementation rate of long-term regular inspections for Hebel Haus™ unit homes and Hebel Maison™ apartment buildings: 70% (end of FY 2025)</p>	1) Companies adopted: 3 2) Implementation rate: 67.6%
	Preventing water pollution		<p>At target business sites:                      1) Maintain zero environmental accidents and serious environmental incidents                      2) Zero environmental incidents (water quality, etc.)</p>	1) Environmental accidents and serious environmental incidents: zero 2) Environmental incidents (water quality, etc.): 4
	Preventing pollution of air and soil		<p>1) Reduce industrial waste generation and promote recycling                      2) Reduce discharge of industrial waste from plastic products and promote recycling</p>	1) Obtained information on disposal companies (recyclers) and disseminated this information internally 2) Ascertained the actual amount of waste plastic generated and its disposal based on the Plastic Resource Circulation Act
	Protecting biodiversity		<p>Promotion of biodiversity                      1) Promote initiatives in line with the National Biodiversity Strategy and Action Plan of Japan                      2) Promote employee awareness-raising activities regarding biodiversity</p>	1) Applied for 30by30 certification for Moriyama Plant's biotope [Moribio] (certified in FY2025) 2) Produced a promotional video for Fuji Office "Asahi Woods of Life" and conducted awareness activities
 <p>Basic activities</p>	Supply chain management	 	<p><b>S</b> CSR procurement questionnaire for main suppliers                      1) Response rate: 100%                      2) Rate at which C and D-rated companies improved to A and B: 100%</p>	1) Response rate: 99.8% (564 companies surveyed) 2) Improvement rate: 90.9% <sup>1</sup>
	Human resources	 	<p><b>M</b> In the employee engagement survey:                      1) Monitoring of indicators for "action driving growth"                      2) FY2027 target for employees reporting favorable vitality (≥3.5 on 5-point scale): 60%</p>	1) 3.73 (5-point scale) Reference FY2022: 3.71, FY2023: 3.72 2) 57.3%
	Diversity, equity and inclusion (DE&I)	 	<p><b>L</b> Percentage of women in the total number of managers and the Group Masters program                      FY2030 target: 10%</p>	4.9% (as of April 1, 2025)
	Communication with stakeholders		<p>1) Build and maintain good relationships with society, customers, business partners, etc.                      2) Actively engage in constructive dialogue with shareholders and investors</p>	1) Conducted community fellowship events, social contribution activities, dialogue with customers and business partners, town hall meetings between executives and employees, etc. 2) Held individual dialogue with shareholders and investors (358 IR/SR interviews), management briefings, financial results briefings, plant tours, etc.
	Risk management		<p>Appropriate management and operation of Significant Group Risks</p>	1) Identified and updated Significant Group Risks: Resolution at the Board of Directors meeting in April 2024 2) Management: The departments in charge set targets and KPIs for each risk subject, and reported the status of activities to the Board of Directors
	Social contribution		<p><b>S</b> Expenses related to social contribution activities: 1% or more of ordinary income</p>	0.71% of ordinary income

<sup>1</sup>Surveys are conducted every other year for raw material and materials suppliers; thus, the figure for 1) is calculated by adding up the results for two years, with all surveyed companies as the denominator.

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Q2

## What actions are you taking to achieve capital efficiency that exceeds the cost of capital?

Answer

We are advancing a new approach to improve capital efficiency that is not dependent on petrochemical market conditions. We aim for income growth in First Priority and Growth Potential businesses through strategic investments using configurations that raise the certainty of returns.



Hibiya Head Office

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Review of the Previous Medium-Term Management Plan (MTP)

Although we failed to achieve results as planned due to factors such as sluggish earnings and impairment losses in the Material sector, earnings recovered significantly in fiscal 2024

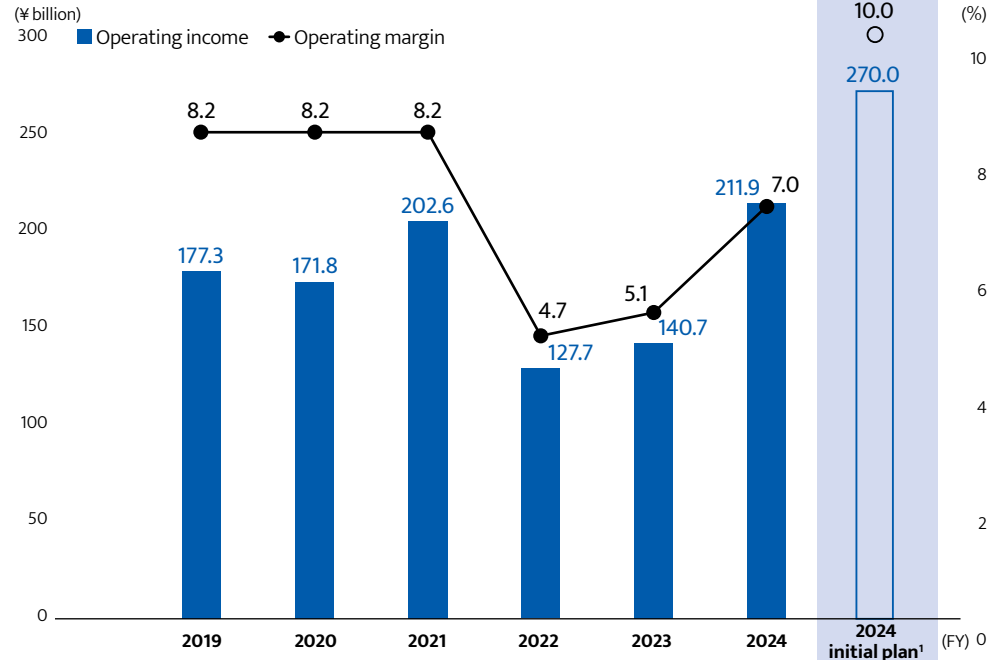


Basic Policy of the Previous MTP (fiscal 2022–2024)

- Gaining results from growth investments and advancing structural transformation of businesses on the scale of ¥100 billion in sales
- Advancing structural transformation of petrochemical chain-related businesses from longer-term perspective
- Focusing resources on “10 Growth Gears” (GG10) businesses to drive future growth

Capital efficiency on path of recovery but earnings recovery still insufficient

Financial KPIs



	2019	2020	2021	2022	2023	2024	2024 initial plan <sup>1</sup>
ROIC	6.6%	4.9%	6.6%	4.0%	5.9%	5.5%	≥8%
ROE	7.6%	5.6%	10.3%	-5.5%	2.5%	7.4%	≥11%

	2019	2020	2021	2022	2023	2024	2024 initial plan <sup>1</sup>
Healthcare operating income	41.9	48.5	64.0	80.0			
Homes operating income	75.4	83.0	95.9	95.0			
Material operating income	41.0	42.6	87.4	130.0			

<sup>1</sup> Announced in April 2022

Business portfolio transformation, including both investments for growth and structural transformation, progressed largely as planned

Growth investment (major investments in GG10)

FY22–24 cumulative investment in GG10<sup>2</sup> ≈ ¥700 billion

- Healthcare**
  - Global Specialty Pharma**
    - Acquisition of Calliditas, a pharmaceutical company headquartered in Sweden
  - Bioprocess**
    - Acquisition of Bionova, a U.S. biologics CDMO, and expansion of business platform
- Homes**
  - North American and Australian Homes**
    - Acquisition of Focus, a building components supplier in Nevada, and ODC, a residential construction work subcontractor in Florida, in the U.S.
- Material**
  - Digital Solutions**
    - Expanded production capacity for Pimel™ as semiconductor buffer coat/interlayer dielectric
  - Energy Storage (separator)**
    - Expansion of automotive LIB separators (construction of integrated plant in North America and addition of new coating facilities in U.S. and Japan)

<sup>2</sup> Total amount including maintenance investments, etc.

Structural transformation

Aiming to gain effect of structural transformation during previous MTP

Sales of subject businesses (FY21 results)

>¥100 billion

Decisions adopted

- Material**
  - Establishment of joint venture for spunbond nonwovens
  - Divestiture of pellicles business
  - Divestiture of businesses of Asahi Kasei Pax
- Homes**
  - Closure of Iwakuni Plant for AAC
- Healthcare**
  - Sepacell™ structural reform
  - Divestiture of blood purification business
  - Divestiture of diagnostic reagents business

Structural transformation of petrochemical chain-related businesses from longer-term perspective

Sales of subject businesses (FY21 results)

≈ ¥600 billion<sup>3</sup>

Naphtha cracker-related operations in Japan

- Advancing collaboration with Mitsubishi Chemical and Mitsui Chemicals
- Studying production optimization, including carbon neutrality of ethylene production facilities in western Japan and future capacity reductions, premised on the establishment of a joint operating entity
- Other businesses**
  - Accelerating studies from the best-owner perspective
  - Decision to discontinue acrylonitrile and other operations of PTT Asahi Chemical

<sup>3</sup> Some overlap with category aiming to gain effect during previous MTP (FY22–24)

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Outline of the New MTP

Our vision is continual creation of innovative products, services, and business models contributing to two mutually reinforcing aspects of sustainability

Strategic positioning of the new MTP “Trailblaze Together”

The new MTP “Trailblaze Together” for fiscal 2025–2027 reiterates Asahi Kasei’s ultimate aim for contributing to sustainable society and sustainable growth of corporate value as two mutually reinforcing aspects of sustainability. Each of our three sectors of Healthcare, Homes, and Material leverages its own unique strengths in business operations that address the world’s challenges while advancing toward achieving our vision for the future.

Our vision for fiscal 2030 is operating income of ¥380 billion, ROIC of 8% or more, and ROE of 12% or more. As an interim step we are targeting operating income of ¥270 billion, ROIC of 6%, and ROE of 9% in fiscal 2027.

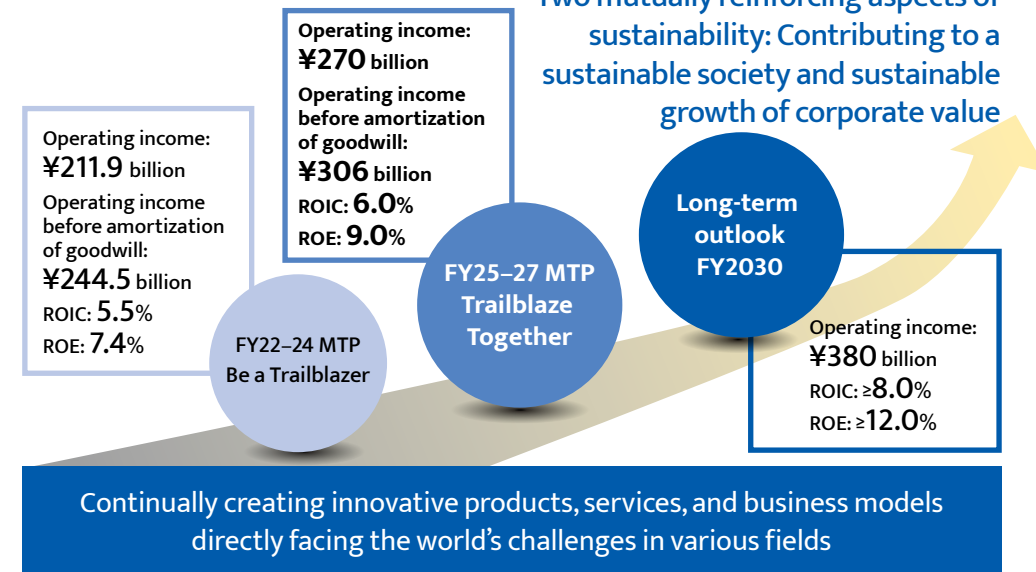
The source of our growth is “Diversity × Specialty.” “Diversity” indicates the abundance of growth opportunities and ability to generate stable earnings as an effect of having a diverse range of business operations, while “Specialty” indicates a focus on differentiation from competitors in order to achieve high added value and high profitability. Together they yield a virtuous cycle of higher management stability, possibilities to take challenges for growth investments and new businesses, and continual innovation.

Moreover, by sharing and mutual utilization of the group-wide management platform we enjoy a unique ecosystem with each business sector providing value through its own path to success, enabling high profit growth and greater capital efficiency.

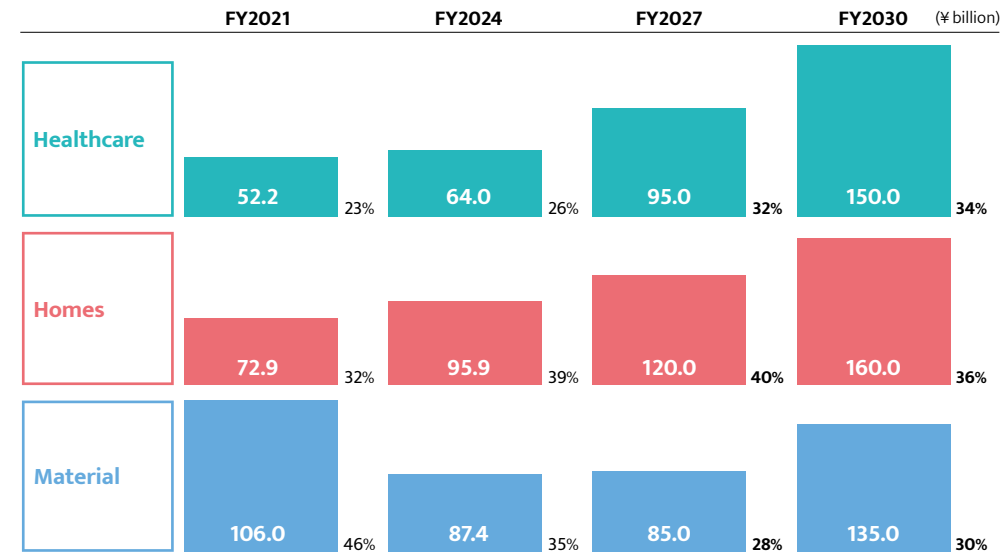
No longer simply a diversified chemical manufacturer; transitioning to a profit structure balanced across the three sectors by 2030

During the previous MTP, the Material sector focused on structural transformation in response to changes in the business environment, while Homes and Healthcare grew steadily. In fiscal 2024, Homes had the highest operating income of all the sectors, and by fiscal 2030 we aim for each sector to have around the same level of operating income. As such, we are increasing the allocation of future growth investments in the Healthcare and Homes sectors. We will generate income from Material by advancing business portfolio transformation and investments in First Priority businesses in order to reach the fiscal 2030 targets. Through the evolution of “Diversity × Specialty,” we will transition from a business structure centered on Material to one in which each sector generates a high level of income with high-value-added businesses.

Vision for FY2030 and MTP targets for FY2027



Operating income\*



\* Percentages by sector exclusive of “Others” category and corporate expenses and eliminations

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## Outline of the New MTP

## Basic policies of the new MTP

The new MTP has three basic policies as shown below.

- Profit growth by generating returns from investments
- Improving capital efficiency through structural transformation and enhanced productivity
- Evolution of “Diversity × Specialty”

Pharmaceuticals, Critical Care, and Overseas Homes will be the main drivers of income growth. In Pharmaceuticals and Overseas Homes, investments we have made, primarily in M&A, will significantly contribute to income. To improve capital efficiency, we advance structural transformation of less profitable operations, especially in the Chemical business.

To strengthen our management platform, we are focusing efforts on green transformation, HR strategy, utilization of intangible assets, and strengthening risk management. We have also adopted KPIs for certain aspects of these efforts.

## Maintaining financial health, improving capital efficiency, increasing profitability

Although our performance was impacted by the situation in Ukraine and the Chinese economy during the previous MTP, we made investments in medium-term growth as planned. We have maintained our financial health, and going forward, we will work to improve our cash-generating ability and capital efficiency by raising productivity and transitioning to asset-light business models.

Although ROE has improved since fiscal 2022 when we recorded a significant impairment loss, it still remains below the assumed cost of shareholders' equity of 8%. Moreover, the P/B ratio continued to be less than 1 since fiscal 2021. We targeting ROE of 9.0% in fiscal 2027, the final year of the new MTP, and measures to improve ROE are currently advancing. All efforts are focused on raising the P/B ratio above 1 as quickly as possible.

We expect cash inflows and cash outflows of approximately ¥1.2 trillion each over the three years of the new MTP. Some 75% of the cash inflows are to come from operating cash flow, with the remaining 25% or so coming from interest-bearing debt, business divestitures, and the use of capital from other companies. We emphasize a balance between investments for growth and shareholder returns, with some 80% of cash outflows planned for investment and some 20% for shareholder returns. We will manage the capital balance with a D/E ratio of around 0.7 and an interest-bearing debt/EBITDA ratio of around 3.0 as indicators of financial health.

By increasing profitability focused on operating income, while maintaining financial health, we aim to return to the capital efficiency level of fiscal 2021 in fiscal 2027, and to achieve significant further improvement in fiscal 2030.

See Message from the CFO on p. 31 [▶](#)

## Management indicators

(¥ million)	FY2021 results	FY2024 results	FY2027 plan	FY24–27 annual growth rate	FY2030 outlook	FY27–30 annual growth rate
Net sales	2,461.3	3,037.3	3,180.0			
<b>Profitability</b>						
Operating income	202.6	211.9	270.0	8.4%	380.0	12.1%
Operating margin (%)	8.2%	7.0%	8.5%			
<b>Operating income before amortization of goodwill</b>	<b>231.0</b>	<b>244.5</b>	<b>306.0</b>			
EBITDA <sup>1</sup>	350.8	398.0	496.0			
EBITDA margin (%)	14.3%	13.1%	15.6%			
Net income attributable to owners of the parent	161.9	135.0	174.0			
EPS (yen)	116.7	97.9	127.4			
<b>Capital efficiency</b>						
ROIC <sup>2</sup>	6.6%	5.5%	6.0%		≥8.0%	
ROE	10.3%	7.4%	9.0%		≥12.0%	
<b>Financial health</b>						
D/E ratio	0.45	0.62	≈0.7			
Interest-bearing debt/EBITDA	2.2	2.9	≈3.0			
Capital ratio	50.4%	46.3%				
Exchange rate (yen/\$)	112	153	140			

<sup>1</sup> EBITDA = operating income + depreciation and amortization (tangible, intangible, and goodwill)

<sup>2</sup> ROIC = (operating income – income taxes) ÷ average annual invested capital

## Main non-financial KPIs

- Our own GHG emissions reduction compared to FY2013 (Scope 1 & 2)  
**FY2030: ≥30%, FY2035: ≥40%**
- GHG emission reduction contributions by Environmental Contribution Products compared to FY2020  
**FY2030: 2 times or more, FY2035: 2.5 times or more**

- Number of new license agreements  
**FY2025–2027: 10 or more**
- Favorable respondents in employee engagement survey vitality index  
**FY2027: 60%**

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62	Q5	+
	<b>How will you transform your business models by leveraging abundant intangible assets?</b>	

78	Q6	+
	<b>How is your governance evolving along with business portfolio transformation?</b>	

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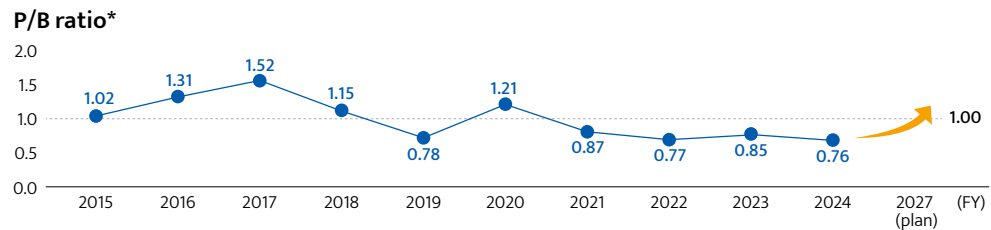
Closing: Comments from Employees

Message from the CFO

**We are making firm progress in transforming our business portfolio, and aim to quickly raise our P/B ratio by performing optimal resource allocation to enhance corporate value**

**Changing our market valuation requires capital efficiency indicative of transformation**

Our operating income in fiscal 2024 reached a new record high for the first time in six years. Although the weaker yen helped, it was really thanks to the firm progress we've made in executing business portfolio transformation during the three years of the previous MTP. That said, our stock market valuation remained sluggish over the past year, with a P/B ratio persistently below 1. This is mainly because our business portfolio transformation has yet to bring sufficient improvement in capital efficiency. It's sometimes been a challenge for us to appropriately allocate resources for swift and flexible response to changes in the operating environment. I also think we should more clearly articulate how we plan to succeed with both growth investments and structural transformation given our unique business portfolio that spans across different industries. To get a better market evaluation, we need to accelerate



\* Based on fiscal year-end closing price



**Toshiyasu Horie**  
Representative Director, Primary Executive Officer

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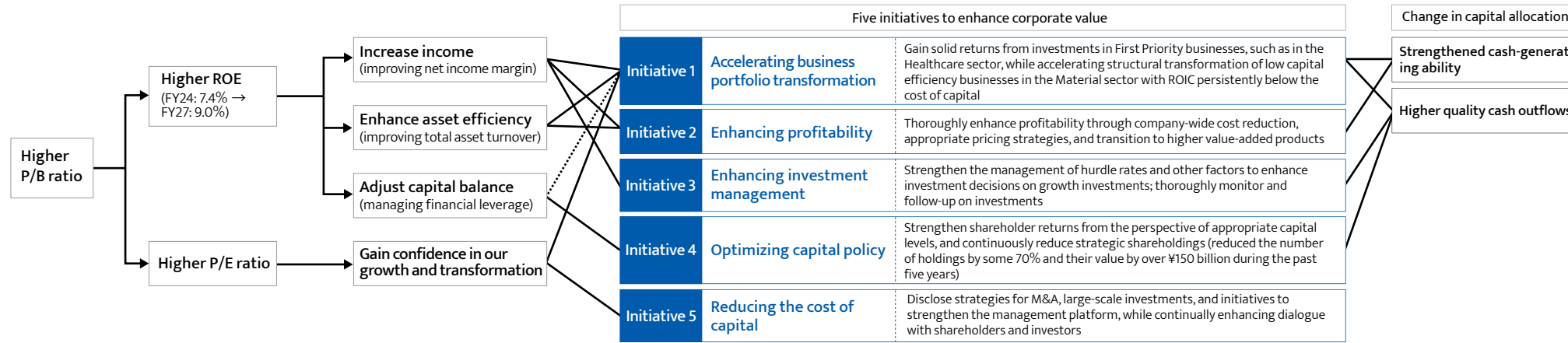
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Message from the CFO

Five initiatives to enhance corporate value



structural transformation under the new MTP while generating solid results from past investments. It's vital that we achieve capital efficiency that exceeds our cost of capital as quickly as possible. I look forward to finding new ways to communicate our vision to gain greater understanding.

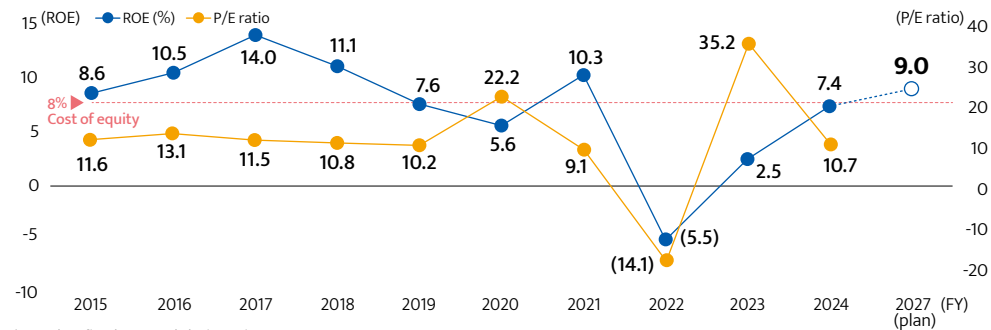
Five initiatives to enhance capital efficiency and improve resource allocation

We are advancing five initiatives to raise corporate value: accelerating business portfolio transformation, enhancing profitability, enhancing investment management, optimizing capital policy, and reducing the cost of capital. Each initiative helps improve our ROE and P/E ratio, and we

believe that continued progress will lead to an improved P/B ratio. These initiatives will also strengthen our cash-generating ability and raise the quality of cash outflows in our resource allocation.

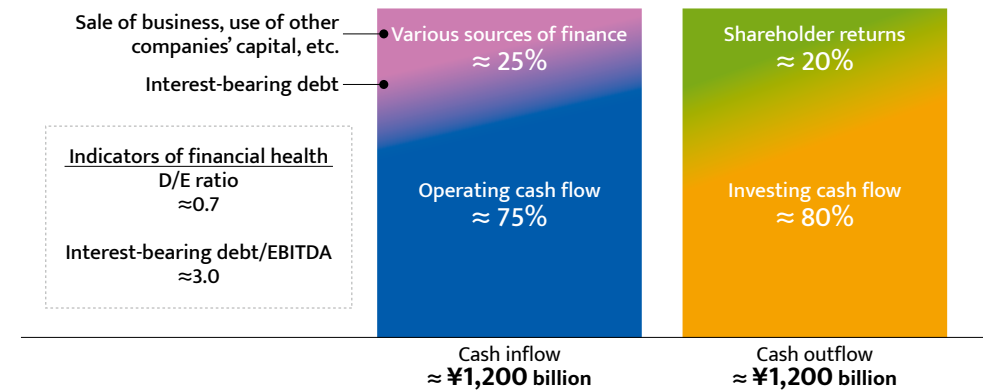
Under the new MTP, we will further strengthen efforts for optimal resource allocation—both growth investments and shareholder returns—to enhance corporate value. During the new MTP, approximately ¥1.2 trillion in cash inflows will be allocated considering the balance between growth investments and shareholder returns. Our rationale and approach to capital allocation will be explained in terms of the five initiatives.

ROE and P/E ratio\*



\* Based on fiscal year-end closing price

Capital allocation policy under the new MTP (FY25-27 total)



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## Message from the CFO

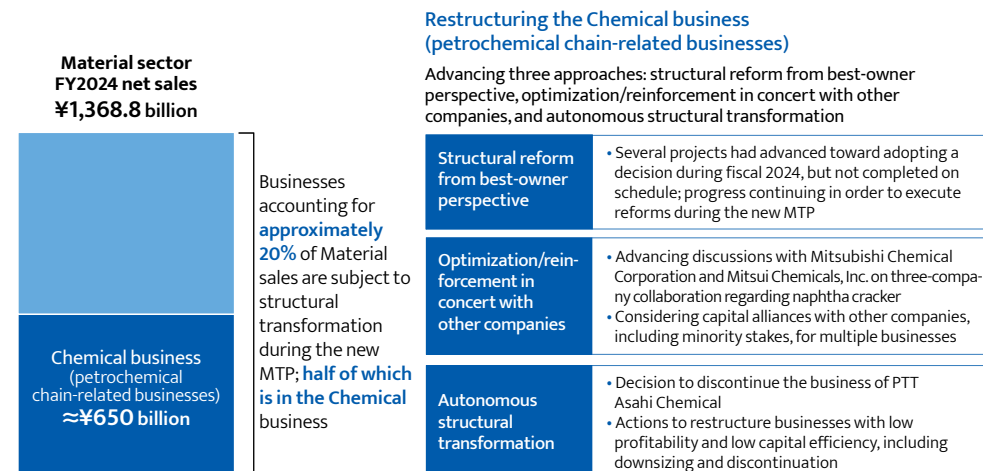
**Initiative 1: Accelerating business portfolio transformation****Enhancing profitability and capital efficiency by gaining solid returns from growth investments to achieve the new MTP targets**

With the first initiative, accelerating business portfolio transformation, we are advancing structural transformation while maximizing returns from past growth investments.

In terms of growth investments, it's important to realize returns from investments we've made in First Priority businesses, such as in the Healthcare sector. Maximizing returns means making the most of the synergies we seek. In Pharmaceuticals, for example, we acquired Calliditas in fiscal 2024, and we are utilizing the U.S. business platform of Veloxis to promote collaboration and efficiency in sales and marketing. In Overseas Homes, we are further reinforcing the Synergos model in the North American market, integrating the main steps of the construction process into an efficient system, leveraging the expertise of systematized home construction in our domestic order-built homes business. We are exploring additional lateral extension in the U.S. to regions where we can effectively apply our strengths. Achieving income growth in First Priority businesses is the key to reaching our operating income target for fiscal 2027, and we will continue making solid progress to that end.

Refer to Growth Drivers under the New MTP on pp. 37–39 [▶](#)

In the Material sector, we will accelerate structural transformation of low capital efficiency businesses with ROIC persistently below the cost of capital, including divestitures, change to minority ownership, and discontinuation. This will be pursued through three approaches: structural reform from best-owner perspective, optimization/reinforcement in concert with other companies, and autonomous structural transformation. For autonomous



structural transformation, we can essentially make decisions independently, which allows us to move more swiftly. The withdrawal of methyl methacrylate (MMA) monomer business and other operations announced in May 2025 is one example. To ensure that ROE consistently exceeds the assumed cost of equity of 8%, stable net income is essential. By accelerating structural transformation, we aim to quickly lay the framework for steadily improving net income.

The business portfolio we aim to achieve through growth investments and structural transformation is one of high-value-added businesses in diverse industries making high-level income contributions, leveraging our unique strengths of “Diversity × Specialty.” By achieving our targets under the new MPT we will advance toward our vision for 2030.

**Initiative 2: Enhancing profitability****Raising cash-generating ability through further promotion of ROIC-based management**

With the second initiative, enhancing profitability, we are working to enhance profitability through company-wide cost reduction, appropriate pricing strategies, and transition to higher value-added products.

To fundamentally strengthen our profitability structure, we launched the Build Up to Trailblaze (BT) project to drive productivity improvements during the previous MTP. In the short term, we are working to improve efficiency in shared fixed costs, reduce indirect material expenses, and review outsourcing costs. These cost-saving measures are expected to generate cumulative income of some ¥12 billion. From a medium- to long-term perspective, we will continue to review management systems and foundations as appropriate for sustainable growth, strengthening profitability by reducing corporate expenses through greater discipline on spending and more efficient operations with digital transformation (DX).

Under the new MTP, we are gaining fundamental improvements in the Material sector and corporate functions, including changes to the operational structure. In addition to structural transformation in the Material sector under Initiative 1, we will enhance organizational efficiency by reviewing maintenance investments and streamlining functions that had been duplicated between the Material sector and corporate functions. Through productivity improvements and cost reductions, we aim to generate some ¥30 billion in cumulative cash flow during the new MTP.

Improving profitability also involves continued promotion of ROIC throughout the company. With ROIC as an integral part of our performance management, we are gaining awareness by each employee of how their work helps to improve ROIC. Firm progress is being made in areas such as appropriate pricing that reflects the cost of raw materials. We will continue to further enhance cash-generating ability with additional steps to shorten our cash conversion cycle and optimize inventory.

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Strengthening the structure of the Material sector and corporate functions

Advancing structural transformation	<ul style="list-style-type: none"> <li>Advancing by three approaches: structural reform from best-owner perspective, optimization/reinforcement in concert with other companies, and autonomous structural transformation</li> </ul>
Thorough control of cash flow and capital expenditure	<ul style="list-style-type: none"> <li>Scrutiny of maintenance investment</li> <li>Working capital management focused on inventory optimization</li> <li>Careful review of which assets should be held internally</li> </ul>
Fixed cost reduction	<ul style="list-style-type: none"> <li>Raising organizational efficiency by streamlining duplicate functions</li> <li>Narrower focus of measures to strengthen the management platform and create new businesses</li> <li>Improving productivity and reducing costs through continuous promotion of DX</li> </ul>

Aiming to generate cash of ≈ ¥30 billion (3-year total)

Initiative 3: Enhancing investment management

Strict evaluation to raise the quality of growth investments

With the third initiative, enhancing investment management, we are raising the quality of growth investments and improving capital efficiency with firm application of hurdle rates along with thorough post-investment monitoring and follow-up.

For projects exceeding a certain investment amount, we make decisions after setting a specific hurdle rate for each project. To address issues identified by the Board of Directors and other bodies regarding former investment judgments, in fiscal 2024 we enhanced the process to more rigorously evaluate investments, allowing more sophisticated investment decision-making. Hurdle rates are set against the weighted average cost of capital (WACC), taking into account factors such as the performance of a business, its position in our portfolio, and geographical considerations. We will continue to strictly apply this as a key criterion for rigorous evaluation of investment projects.

Firm application of hurdle rates has brought about deeper discussions and more quantitative evaluations in the assessment of investment projects than previously. However, given the rapidly changing environment, simply achieving profitability above the hurdle rate is not sufficient. To more rigorously evaluate investment projects, I believe two additional perspectives are necessary.

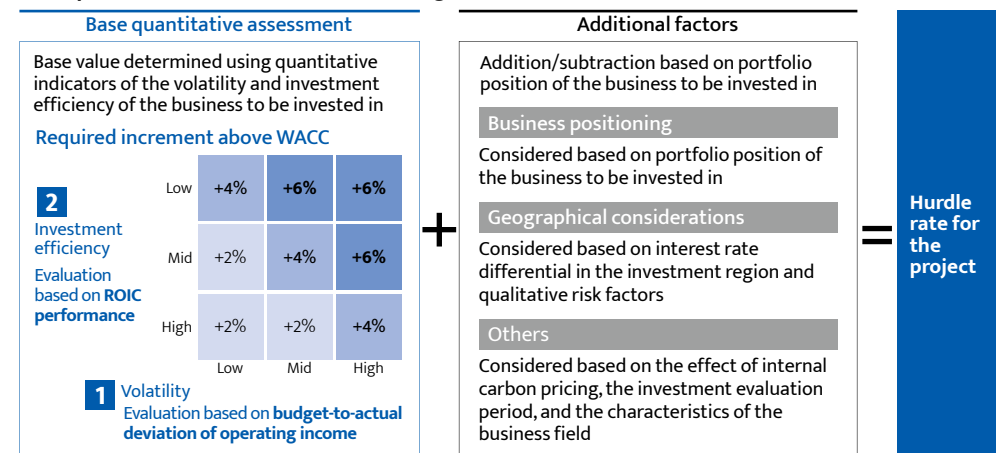
The first is whether a project is really one that we should invest in or not. Asahi Kasei is oriented toward future growth, and we have taken challenges with investments throughout our

history. During periods of moderate global economic expansion, there were times when we could achieve growth through investment without necessarily having our own path to success. Given the current environment of dramatic change, however, it's essential for us to consider whether an investment contributes to our cycle of two mutually reinforcing aspects of sustainability—contributing to a sustainable society and the sustainable growth of corporate value—and whether it is in an area where we can pave our own path to success. By applying this perspective in the selection of investment projects, we can fully leverage not only tangible assets such as facilities, but also intangible assets, which are our strengths. This makes it possible to achieve profitability above the hurdle rate regardless of changes in the external environment.

The second perspective is whether or not the project allows for effective risk management in the case of further changes in the external environment. Conventionally, capital investments involved constructing a plant with our own funds over a period of three years or so, and then generating profits through increased sales. But with external conditions likely to change significantly in a three-year period, there can be a high degree of uncertainty about achieving the expected profitability. For capital investments that take time to bear returns, we consider it essential to carefully craft investment configurations that make use of subsidies or other companies' capital, enabling effective risk management even in the case of a changing environment.

Once an investment is made after such rigorous evaluation, we also have a system to ensure thorough monitoring and follow-up, allowing us to flexibly respond to changes in the business environment. Regarding our Hipore™ investment in Canada, for example, conditions

Example of factors considered in setting hurdle rates



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have changed significantly due to changes in U.S. government policy, and we are responding flexibly to ensure that Phase 1 operations proceed as planned. This allows us to implement timely actions to achieve the expected profitability despite changes in supply and demand.

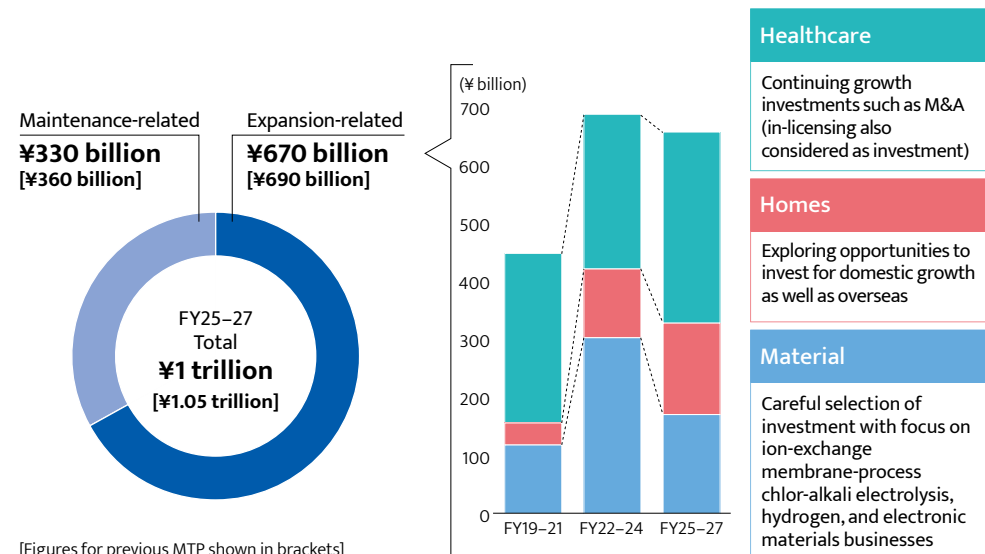
During the new MTP, we expect to adopt decisions on investments totaling ¥1 trillion. Our approach to investment, however, is significantly different from that in the previous MTP. Previously, our investment strategy has allocated cash generated in the Homes sector to the Material and Healthcare sectors from a company-wide perspective. Now each sector is expected to operate independently, with stronger cash flow management to pursue growth opportunities within each sector. In the Material sector, where cash-generating ability remains low, we will carefully select investments and aim to quickly reach the point where they can be managed within the sector's own cash flow.

**Initiative 4: Optimizing capital policy**

**Controlling the level of net worth with enhanced shareholder returns**

The fourth initiative is optimizing capital policy. Since we operate in three business sectors with highly divergent environments and risks, determining the optimal level of net worth requires assessing the risks that pertain to each sector's assets and then considering the appropriate

Total value of investments based on adoption of decisions during the new MTP



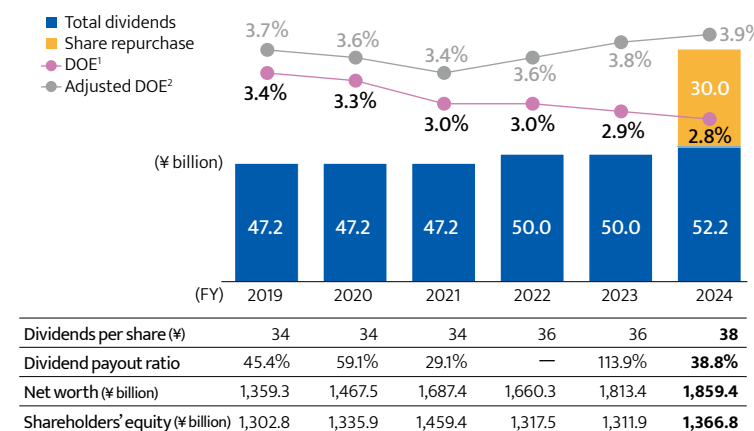
[Figures for previous MTP shown in brackets]

balance between equity and debt. As business portfolio transformation progresses, and looking ahead to the Material sector achieving a more stable growth-oriented configuration, it may be possible to increase financial leverage beyond the current level. At present, though, we consider a D/E ratio of around 0.7 to be appropriate. Within this framework, we will manage the level of net worth by enhancing shareholder returns and continuing to reduce strategic shareholdings.

Under the new MTP, our basic policy for shareholder returns is progressive dividends, aiming to continuously increase the level of returns. We thus adopted dividends on equity (DOE) as a new indicator, and aim to achieve progressive dividends over the medium-to-long term targeting DOE of around 3%. We are currently advancing both growth investments and structural transformation to realize the business portfolio we envision by 2030. Even as these efforts advance, we have maintained stable shareholder returns, supported by strong financial health and stable cash generation, and have implemented progressive dividends without a decrease since fiscal 2009. Since the payout ratio is affected by fluctuations in net income, though, we decided to adopt DOE to provide greater predictability and demonstrate our commitment to stable shareholder returns.

Regarding share repurchases, we retain our approach of flexibly considering investment projects, cash flow, and share price conditions in addition to the optimal capital structure. For capital allocation under the new MTP, while assuming a certain balance between growth investments and shareholder returns, we will allocate resources in accordance with

**Shareholder returns**



<sup>1</sup> DOE (dividends on equity) = total dividends ÷ net worth  
<sup>2</sup> Adjusted DOE = total dividends ÷ shareholders' equity

**Shareholder returns policy**

- Determine level of shareholder returns based on medium-term outlook for free cash flow
- Aiming for medium-to long-term progressive dividends with DOE of 3% as a benchmark
- Share repurchase is decided by comprehensively considering optimal capital structure, investment projects, cash flow, and share price conditions

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## Message from the CFO

circumstances as deemed conducive to sustainable growth of corporate value.

As for strategic shareholdings, we will continue to reduce them, taking into account factors including share price volatility risk, costs associated with such shareholdings, and capital efficiency, as well as the value and benefit of retaining them. Over the past five years, we have reduced the number of holdings by some 70%, a reduction of more than ¥150 billion, and we will continue to further reduce them during the new MTP.

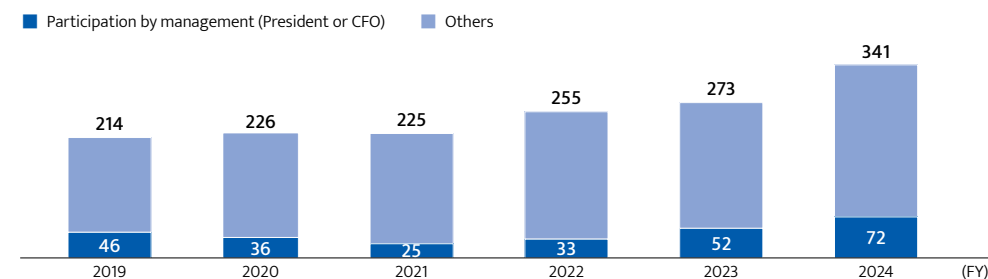
### Initiative 5: Reducing the cost of capital

#### Clearly conveying our vision helps reduce the cost of capital

With the fifth initiative, reducing the cost of capital, we will enhance disclosure of our strategies for M&A and large-scale investments, as well as initiatives to strengthen our management platform, while continuously expanding dialogue with shareholders and investors.

While operating income reached a new record high in fiscal 2024, the composition had changed significantly since fiscal 2018 when the previous high was reached. Petrochemical chain-related businesses, a field generally associated with relatively lower P/E ratios, accounts for a much smaller portion, while income in the Homes and Healthcare sectors has grown significantly. Nevertheless, our P/E ratio at the end of fiscal 2024 was around 11, roughly the same as at the end of fiscal 2018. This indicates that the market lacks sufficient confidence in our growth strategy. To improve the P/E ratio, we need to demonstrate tangible results of our growth strategy in terms of profitability and capital efficiency. We should also more clearly convey our vision and the path to achieving it. One specific step we have taken is to clarify the position of each business in our portfolio with categories such as “First Priority” and “Profitability improvement & business model change” in the management briefing. We have also held small meetings to follow up on the acquisition of Calliditas, and held an intangible asset strategy briefing focused on how we leverage our strength of intangible assets. All of these efforts contribute to reducing the cost of

#### Number of investor meetings



capital. We will continue such measures to gain greater credibility in capital markets, aiming for sustainable growth of corporate value.

Since incorporating the diverse perspectives of shareholders and investors into our management helps us further refine our operations, including disclosure, we actively create opportunities for dialogue with shareholders and investors. We regularly provide feedback on the opinions and comments received to the Board of Directors and senior management, ensuring accurate understanding of how the market evaluates our company, while promptly addressing issues where possible. One specific outcome of such dialogue is enhanced disclosure of amortization of goodwill and other intangible assets related to acquisitions in our financial results presentation materials. We will continue to prioritize dialogue with shareholders and investors while working to enhance the transparency and trustworthiness of management.

#### Meeting your expectations

We continue to face a highly uncertain external environment, including the effect of policy changes in the U.S. To fully evolve into a company that continues steady growth, we need to enhance the quality of resource allocation. When we reached our previous high operating income in fiscal 2018, the Chemical business alone generated nearly ¥80 billion in operating income. In fiscal 2024, that figure declined to under ¥30 billion, and we can't expect significant growth in petrochemical chain-related businesses going forward. That's why we are advancing business portfolio transformation to reallocate resources from petrochemical-related businesses to growth businesses where we can demonstrate our own path to success. We aim to build a business portfolio of high-value-added businesses across diverse industries delivering strong profit contributions, allowing us to continue growing even amid unpredictable external changes. We are now part way along the path to overcome this significant challenge.

As CFO, my role is to work closely with President Kudo to steadily execute the five initiatives described, ensuring that we achieve the new MTP targets of 6.0% ROIC and 9.0% ROE in fiscal 2027, and advance toward achieving our 2030 targets ahead of schedule if possible. At present, we are still not demonstrating sufficient capital efficiency, and I recognize that some shareholders and investors have concerns about our growth. I am determined to do my utmost to show tangible results that give shareholders and investors confidence in our long-term growth prospects.

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Q3

# What growth do you expect from the investments you've made?

Answer

During the new MTP (fiscal 2025–2027), we expect income growth centered on the Healthcare and Homes sectors. Toward 2030, we expect significant income growth in the Material sector, resulting in roughly equivalent income in each sector.



Employees of Calliditas (Healthcare sector)

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## Growth Drivers under the New MTP

### Pharmaceuticals, Critical Care, and Overseas Homes businesses as key drivers of operating income growth through fiscal 2027

#### Businesses classified in 10 categories for clear strategic positioning

##### Resources focused on First Priority businesses

Under the new MTP, businesses are classified in 10 categories to clarify the orientation in the business portfolio and the strategy of each business.

Businesses for priority resource allocation to drive profit growth group-wide are designated as First Priority. The four businesses in this category are Pharmaceuticals, Critical Care, Overseas Homes, and Electronics. The three businesses classified as Growth Potential, with a focus on medium-term growth, are Life Science, Real Estate and Development<sup>1</sup> in Domestic Homes, and Energy & Infrastructure. We classify businesses that generate stable earnings and evaluate growth opportunities with a strong focus on capital efficiency as Earnings Base Expansion. This category includes other domestic Housing businesses such as order-built homes, Construction Materials, Car Interior, and Comfort Life. While expanding the First Priority and Growth Potential businesses, the Chemical business, classified for profitability improvement & business model change, will focus on structural transformation for the time being.

By allocating resources with clear priorities in accordance with the positioning of each business, we aim to achieve sustainable growth and improve capital efficiency.

#### Business positioning

	Healthcare	Homes	Material
<b>First Priority</b> • Gaining income from past investments • Continuing aggressive investment, including inorganic growth	■ Pharmaceuticals ■ Critical Care	■ Overseas Homes	■ Electronics
<b>Growth Potential</b> • Growth drivers of future business • Promoting alliance strategies from a competitive perspective	■ Life Science	■ Domestic Homes (Real estate and development <sup>1</sup> )	■ Energy & Infrastructure
<b>Earnings Base Expansion</b> • Generating stable earnings • Growth investment based on strong awareness of capital efficiency		■ Domestic Homes (Order-built, rental management/brokerage, remodeling, construction materials)	■ Car Interior ■ Comfort Life
<b>Profitability improvement &amp; business model change</b> • Restructuring businesses with sluggish earnings/low capital efficiency • Changing to new business models through utilization of intangible assets			■ Chemical

<sup>1</sup> Including land purchase/use in order-built homes

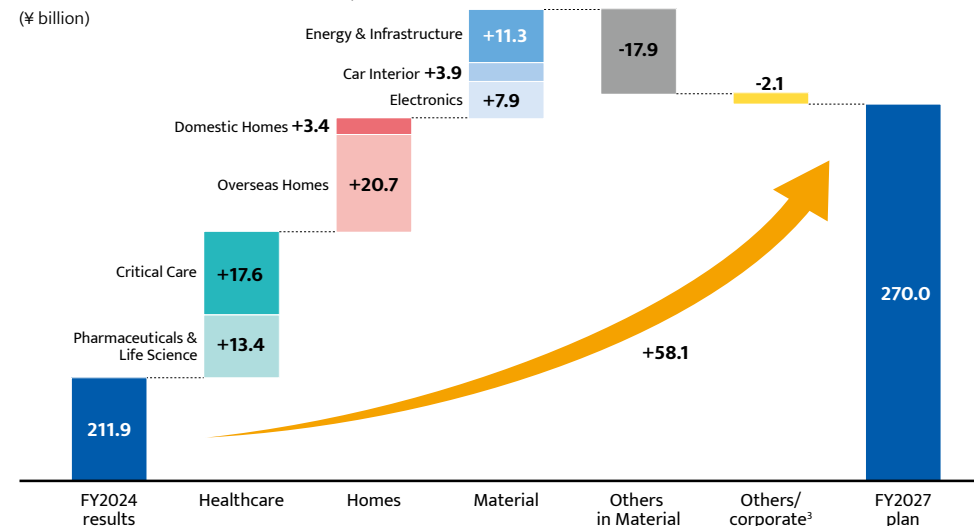
#### Generating income through forward-looking investments in the Healthcare and Homes sectors

##### Accelerating growth in the Material sector centered on the Electronics and Energy & Infrastructure businesses

The Pharmaceuticals, Critical Care, and Overseas Homes businesses will be the growth drivers toward achieving the fiscal 2027 operating income target (¥270 billion). In the Pharmaceuticals business, we will realize growth primarily in the U.S. operations of Veloxis and Calliditas. In the Critical Care business, we will expand sleep apnea-related operations, including Itamar. In the Overseas Homes business, we will advance the integration of construction suppliers through Synergos in North America. In this way, we will steadily reap the results of past M&A investments.

In the Material sector, the Electronics business is expected to continue strong sales, particularly of electronic materials for AI applications such as Pimel™ photosensitive insulator and glass fabric for printed wiring boards. The Car Interior business is also projected to grow steadily, centered on Sage, which handles automotive interior materials. The Energy & Infrastructure business is expected to have improved earnings in the separator business. Meanwhile, in other businesses, the Chemical business, which consists of petrochemical products and engineering plastics, is expected to have declining income due to structural transformation and impacts of market prices.

#### Changes in operating income by business<sup>2</sup>



<sup>2</sup> Fiscal 2024 Material sector results recalculated to reflect the new business categories. <sup>3</sup> Including buffer.

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## Growth Drivers under the New MTP

## Focused investments to raise earnings ability with ROIC by business as an indicator

The below table provides an overview and numerical plans for the 10 business categories. The business configuration is revised to reflect new categories in the Material sector, with the main businesses in each category described.

The Electronics business, corresponding to the previous category of Digital Solutions, includes the electronic materials and electronic components businesses. The Car Interior business consists of Sage, which handles automotive interior materials, and Dinamica™ artificial suede. The Energy & Infrastructure business mainly includes the separator, ion-exchange membrane chlor-alkali electrolysis process, and hydrogen-related businesses. The Comfort Life business category remains unchanged, mainly including fibers-related and consumables-related businesses. The Chemical business includes petrochemical-related operations and downstream products, mainly engineering plastics.

In the new MTP, we will execute the strategies of each sector with a stronger focus on

business-specific ROIC.

In the Healthcare sector, our top priority is to gain earnings from past growth investments, primarily in the Pharmaceuticals business, while also planning proactive M&A and in-licensing activities from a medium- to long-term perspective. In the Homes sector, we will perform M&A in the Overseas Homes business for further geographic expansion.

Furthermore, in the Material sector, we aim to develop asset-light businesses and will focus even more on maximizing business value through collaboration with other companies and the utilization of external resources. The Electronics business will advance as a customer-oriented business, expanding by leveraging close relationships with clients. The automotive interior materials business in Car Interior and the ion-exchange membrane process chlor-alkali electrolysis business in Energy & Infrastructure will be expanded as solution-oriented businesses that offer added value to customers, rather than simply selling products.

## Overview and financial targets of each business category

	Business field	Strategic positioning/basic orientation	Operating income (¥ billion)			ROIC		
			FY24 results <sup>1</sup>	FY27 plan	Difference	FY24 results <sup>1</sup>	FY27 plan	
Healthcare	Pharmaceuticals	<ul style="list-style-type: none"> <li>Pharmaceuticals (transplantation, kidney disease, autoimmune disease, severe infection)</li> </ul>	First Priority <ul style="list-style-type: none"> <li>Focusing on disease areas with strengths</li> <li>Continuous M&amp;A and in-licensing to reach sales of ¥300 billion</li> </ul>	26.6	40.0	+13.4	4%	5%
	Life Science	<ul style="list-style-type: none"> <li>Bioprocess</li> </ul>						
	Critical Care	<ul style="list-style-type: none"> <li>Wearable defibrillators</li> <li>Professional defibrillators, AEDs</li> </ul>	First Priority <ul style="list-style-type: none"> <li>Continued growth in North America</li> <li>Expansion of new businesses in peripheral areas</li> </ul>	37.4	55.0	+17.6	7%	13%
Homes	Domestic Homes	<ul style="list-style-type: none"> <li>Order-built homes</li> <li>Real estate development</li> <li>Construction materials</li> <li>Rental management/brokerage</li> </ul>	Real estate and development Growth Potential Order-built, remodeling, etc. Earnings Base Expansion <ul style="list-style-type: none"> <li>Strengthening order-built homes by shifting to higher added value</li> <li>Exploring medium-term growth opportunities related to real estate and development</li> </ul>	83.6	87.0	+3.4	48%	39%
	Overseas Homes	<ul style="list-style-type: none"> <li>North American Homes</li> <li>Australian Homes</li> </ul>	First Priority <ul style="list-style-type: none"> <li>Expanding regional coverage and strengthening the business model through continuous investment</li> <li>Improving productivity by utilizing expertise of Domestic Homes</li> </ul>	12.3	33.0	+20.7	7%	11%
Material	Electronics	<ul style="list-style-type: none"> <li>Electronic materials</li> <li>Electronic components</li> </ul>	First Priority <ul style="list-style-type: none"> <li>Expansion of semiconductor process materials using proprietary technologies</li> </ul>	22.1	30.0	+7.9	16%	14%
	Car Interior	<ul style="list-style-type: none"> <li>Car interior material</li> <li>Artificial suede</li> </ul>	Earnings Base Expansion <ul style="list-style-type: none"> <li>Providing value to automotive manufacturers as a platform with unique design and processing technologies</li> </ul>	10.8	14.7	+3.9	4%	6%
	Energy & Infrastructure	<ul style="list-style-type: none"> <li>Separator (Hipore™, etc.)</li> <li>Ion-exchange membranes, water processing</li> <li>Hydrogen-related</li> </ul>	Growth Potential <ul style="list-style-type: none"> <li>Medium-term growth through development of Hipore™ in North America</li> <li>Expansion through collaboration between ion-exchange membrane-process chlor-alkali electrolysis and hydrogen-related businesses</li> </ul>	2.8	14.1	+11.3	1%	3%
	Comfort Life	<ul style="list-style-type: none"> <li>Fibers</li> <li>Consumables</li> </ul>	Earnings Base Expansion <ul style="list-style-type: none"> <li>Solidifying highly profitable niche positions, generating stable cash flow</li> <li>Growth through opportunities for expansion in additives, etc.</li> </ul>	19.7	19.2	-0.5	8%	6%
	Chemical	<ul style="list-style-type: none"> <li>Performance chemical (resin-related)</li> <li>Essential chemical (petrochemical-related)</li> </ul>	Profitability improvement & business model change <ul style="list-style-type: none"> <li>Pursuing optimization in concert with other companies</li> <li>Changing to business models utilizing green technology, etc.</li> </ul>	27.9	17.5	-10.4	6%	3%

<sup>1</sup>Fiscal 2024 Material sector results recalculated to reflect the new business categories.

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Growth Drivers under the New MTP

**Investments in Pharmaceuticals, Overseas Homes, Car Interior, and other areas during the previous MTP bearing fruit in the new MTP**

Approximately ¥1 trillion in investments is planned over the three years of the new MTP. Of this, approximately ¥670 billion is to be allocated to growth-oriented investments, primarily in the Healthcare and Homes sectors, with a focus on M&A.

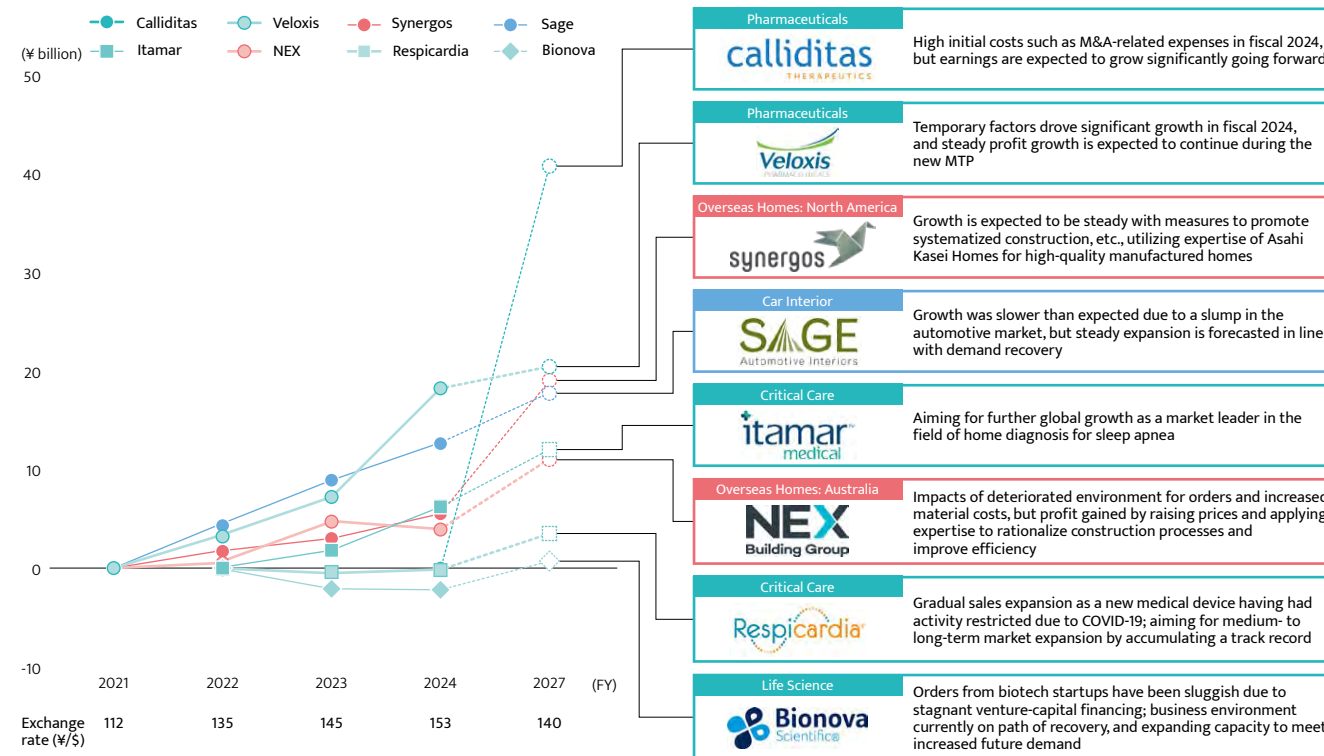
The figure at right shows the profit growth of major M&A transactions, starting from fiscal 2021. While there were periods when growth in the Pharmaceuticals, Overseas Homes, and Car Interior businesses was temporarily delayed due to external factors, overall performance has generally progressed as expected. In contrast, Respicardia and Bionova, which are still in the early stages of product and service development, remain highly sensitive to changes in the business environment.

Aside from profit growth, M&A has enabled the Pharmaceuticals business to steadily evolve into a Global Specialty Pharma business by integrating the strengths of Asahi Kasei Pharma and Veloxis. By integrating our respective expertise in business and clinical development, we will maximize our potential in immunology, transplantation, and related disease areas. In fiscal 2024 we began transitioning to "One AK Pharma," integrating our U.S. and Japanese pharmaceutical operations, with full integration scheduled by the end of fiscal 2025. We will focus on disease areas related to immunology and transplantation, as well as the large hospital market, promoting business development, clinical development, and sales through the collaboration of Asahi Kasei Pharma, Veloxis, and Calliditas.

**Knowledge and expertise gained through M&A as key intangible assets**

The various knowledge and expertise gained through these M&A projects constitute highly important intangible assets for Asahi Kasei. In future M&A, we will leverage this accumulated experience to maximize the prospects for success.

Profit growth from major recent M&A



**M&A selection criteria**

Based on our extensive accumulated experience with many M&A projects, we consider the following four points as keys to success. We steadily deliver results by checking these points thoroughly when choosing target companies.

- Strong business foundation and clear business strategy
- Management that runs operations with full command over the business
- Management that understands and accepts Asahi Kasei Group philosophy, management policies, and business operations
- Trust cultivated through business activities prior to acquisition

**Post-merger integration (PMI)**

We conduct due diligence that anticipates the following three points from the M&A consideration stage to facilitate PMI that maximizes synergies following the execution of M&A.

- Post-acquisition governance (management structure and approval authority at acquired company)
- Post-acquisition operational framework (method for providing services to customers)
- Acquisition scenario to accomplish envisioned operations

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Healthcare Sector Strategy

Message from the Head of the Healthcare Sector

Striving not only to secure a competitive advantage, but to proactively shape the future

Ken Shinomiya

President, Healthcare Business Sector  
 Primary Executive Officer, Asahi Kasei Corp.  
 President & Representative Director,  
 Presidential Executive Officer,  
 Asahi Kasei Life Science Corp.

After experience in the Material sector and corporate administration, Shinomiya is currently responsible for the Healthcare sector. He has worked across a wide range of roles from sales to planning, and brings a multifaceted perspective. He was born in the U.S.

I became Head of the Healthcare sector in fiscal 2025. My predecessor, Richard A. Packer, drove the growth of ZOLL and led the Pharmaceuticals business to global expansion through M&A, contributing significantly to the remarkable growth of the entire sector. I feel a great responsibility in taking on this role.

Under the new MTP, Healthcare will lead the growth of the Asahi Kasei Group. Within the sector, Pharmaceuticals is transforming from a Japan-centered business into a dynamic organization integrating operations in Japan and the U.S. While expanding existing businesses I will also ensure that the M&A we made stays on track, and develop new businesses



for future growth. Our fiscal 2027 target is ¥95 billion in operating income.

COMPETING for the FUTURE

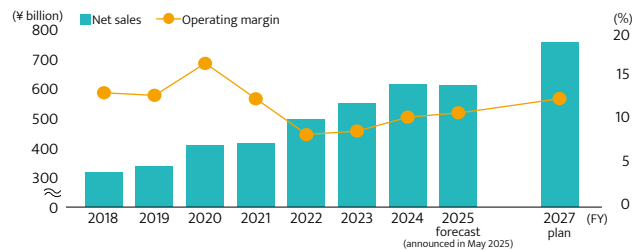
I worked in the chemical-related business for many years, and then in corporate administration. After a secondment to ZOLL, I worked in the Medical business, gaining broad experience in many areas across Asahi Kasei. In the chemical-related business, I worked in planning and faced challenges such as the 2008 financial crisis and the Great East Japan Earthquake, experiencing sudden drops in demand and power

restrictions. Around 2010, I promoted the integration of the naphtha cracker facilities in Mizushima, overcoming strong internal resistance. While overseeing Construction Materials in corporate strategy, I also faced challenges related to pile installation issues. I am sure my experience in these challenging situations will prove valuable.

Healthcare is a growth field rooted in fundamental human needs and innovations in medical technology, and it will play a central role in shaping the future. To create value in this future, managers must constantly take on challenges, learning from one another and maintaining healthy competition. I believe even large-scale investments should be decided swiftly and boldly, as long as they align with the medium to long-term strategy and are financially viable. And when external conditions or the company's circumstances change significantly, we must discontinue even businesses we built. The fiscal 2024 decision to divest the blood purification business was made after thorough discussions about what would be best for our customers, employees, and the future of the business.

Personnel of the Healthcare sector are proud to save patients' lives and improve QOL. I will ensure that this value extends around the world and that our team members can make a meaningful impact as part of a global organization. As a fan of science fiction films, I love imagining the future. I want to share Asahi Kasei's vision of the future in a way that inspires excitement and work together with everyone to make it a reality.

Net sales and operating margin



KPIs

	FY2022	FY2023	FY2024	FY2027 plan
Net sales (¥ billion)	496.9	553.8	615.9	760.0
Operating income (¥ billion)	41.9	48.5	64.0	95.0
Operating margin	8.4%	8.8%	10.4%	12.5%
Operating income before amortization of goodwill (¥ billion)	63.0	71.5	89.3	123.0
EBITDA (¥ billion)	106.4	118.7	144.1	—
ROIC <sup>1</sup>	4.2%	4.5%	5.1%	7.7%
ROIC before amortization of goodwill <sup>2</sup>	6.4%	6.6%	7.1%	10.0%

<sup>1</sup> ROIC = operating income (1 - tax rate) ÷ (fixed assets + working capital, etc.)  
<sup>2</sup> ROIC before amortization of goodwill = (operating income + goodwill amortization) × (1 - tax rate) ÷ (fixed assets + working capital etc.)

Ideals of the Healthcare Sector

Contributing to the lives of people through the provision of innovative pharmaceuticals and medical devices that meet unmet needs under the mission "Improve and save patients' lives"

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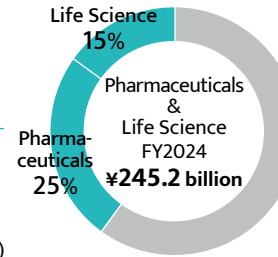
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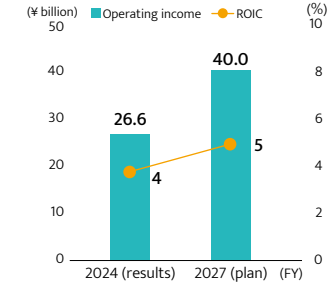
# Pharmaceuticals & Life Science (Pharmaceuticals)



Portion of Pharmaceuticals & Life Science sales in the Healthcare sector



Pharmaceuticals & Life Science operating income / ROIC



## New MTP Policy

### First Priority

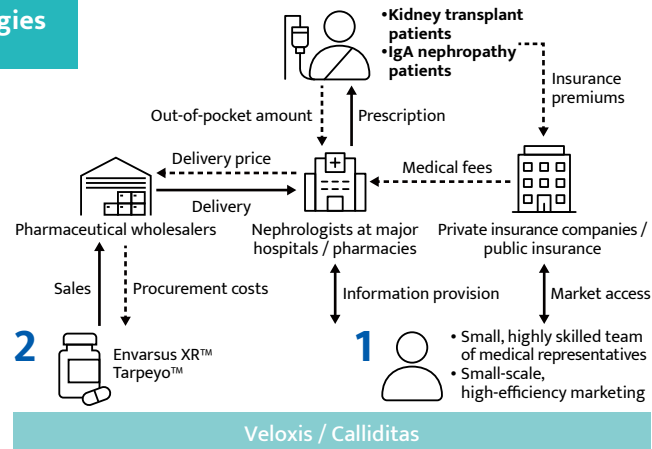
- Income growth from mainstay domestic products in addition to Envarsus XR™ of Veloxis, acquired in FY2019, and Tarpeyo™ of Calliditas, acquired in 2024 (Pharmaceuticals FY2030 sales target ¥300 billion)
- Continued growth investments focused on areas adjacent to immunology and transplantation (additional M&A, in-licensing)

## Product information and operating environment

Main products	Customers	Competitors	Market size	Market share	Important business conditions
Primarily the U.S. market					
Envarsus XR™ immunosuppressant for kidney transplant patients (taken long-term after transplantation)	<ul style="list-style-type: none"> <li>University hospitals, other major hospitals (nephrologists)</li> </ul>	Other tacrolimus formulations and other immunosuppressants	Number of kidney transplant candidates in the U.S.: ≈200,000 <sup>1</sup> In FY2024, ≈28,000 transplants were performed <sup>2</sup> (expected to increase by 5–6% per year on average) <small><sup>1</sup>USRDS (U.S. Renal Data System) <sup>2</sup>OPTN (Organ Procurement and Transplantation Network, operated by UNOS under contract with HRSA) <sup>3</sup>Asahi Kasei estimate</small>	Prescription share: At least 20% <sup>6</sup> <small><sup>6</sup>Asahi Kasei estimate</small>	<ul style="list-style-type: none"> <li>Revision of NHI (National Health Insurance) price</li> <li>Development and launch of competing products, reports of adverse events</li> <li>Revisions to guidelines</li> </ul>
Tarpeyo™ IgA nephropathy treatment (IgA nephropathy is a rare disease characterized by chronic inflammation that gradually impairs kidney function. If the condition progresses, it can lead to kidney failure, requiring dialysis or kidney transplantation)	<ul style="list-style-type: none"> <li>Kidney transplant centers</li> </ul>	APRIL inhibitors and other IgA nephropathy treatments (4 IgA nephropathy treatments have been launched. Tarpeyo™ was the first. The market is expected to form with several more treatments being launched.)	Number of potential IgA nephropathy patients in the U.S.: ≈130,000 <sup>4</sup> Some 45,000 patients projected to be taking medication from FY 2030 onward <sup>5</sup> <small><sup>4</sup>American Society of Nephrology, 2024 <sup>5</sup>Internal projection at time of acquisition</small>	Prescription share: 10% target	
Primarily the Japanese market					
Teribone™ osteoporosis treatment, Kevzara™ rheumatoid arthritis treatment, etc.					

## Business strategies

### Business model and strengths of the U.S. Pharmaceuticals business



### Strength 1 Market positioning in the renal disease field

- Profit structure:** A niche area with relatively low competition allows for a small number of medical representatives and low marketing and R&D costs. Low promotional costs make it easier to maintain profitability while investing in clinical trials and business development.
- Business development:** Targeting markets that are too small for big pharma but too large for small biotech, pursuing M&A and in-licensing opportunities.

### Strength 2 Distinctive formulations

- Envarsus XR™:** Unique extended-release mechanism limits peak blood concentrations and maintains effective drug levels over an extended period. This allows for reduced dosing frequency (once daily) and minimizes side effects.
- Tarpeyo™:** The first FDA-approved treatment for IgA nephropathy in the U.S.<sup>7</sup> Well-balanced in terms of administration, price, efficacy, and safety, making it user-friendly (a type of steroid that is easy to use and suitable as a first-line treatment)

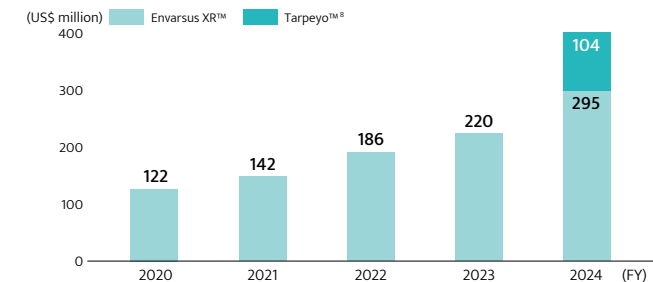
<sup>7</sup> From FDA public documents.

## HIGHLIGHT

### Growth of both drugs leveraging the business foundation in the renal disease field

- Envarsus XR™:** U.S. sales CAGR over 20% since the acquisition (FY2020–2024)
- Tarpeyo™:** Peak sales expected to reach US\$500 million after 2030

U.S. sales of Envarsus XR™ and Tarpeyo™



<sup>8</sup> Sales recorded since consolidation in October 2024.

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Closing: Comments from Employees

# Pharmaceuticals & Life Science (Life Science)



## New MTP Policy

### Growth Potential

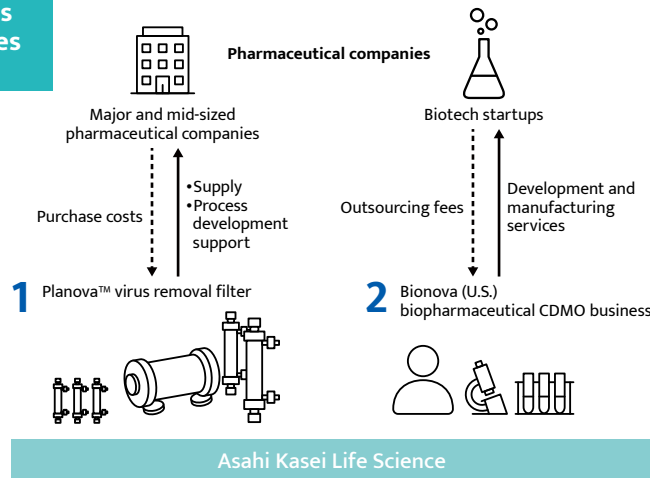
Contributing to the development of the pharmaceutical industry as a premium partner for pharmaceutical companies

- Sustained growth aligned with market expansion of Planova™ virus removal filter
- Expansion of orders for Bionova (CDMO), acquired in FY2022

	Main products and services	Customers	Competitors	Market size and growth rate	Market share	Important business conditions
Product information and operating environment	Planova™ virus removal filter (used for virus removal during pharmaceutical manufacturing)	Pharmaceutical companies, CDMOs, and research institutions	Virus removal filters: Cytiva Corporation [Danaher Corporation] (U.S.), Merck KGaA "Millipore" (Germany)	Virus removal filter market: ≈¥70 billion (biotherapeutics market 2020–30 CAGR: plasma derivatives 5%, biopharmaceuticals 8% <sup>2</sup> ) <sup>1</sup> Asahi Kasei estimate <sup>2</sup> Asahi Kasei estimate	World-class position in the virus removal filter market	Market trends for plasma derivatives and biopharmaceuticals
	Process development and contract manufacturing services (CDMO) for biopharmaceuticals	Pharmaceutical companies (primarily biotech startups)	Small to mid-sized CDMOs (companies offering specialized services, such as for biotech startups)	Biopharmaceutical CDMO market: \$10 billion (2023 to 2028 market CAGR: 13% <sup>3</sup> ) <sup>3</sup> AlliraHealth, Biologics and Advanced Therapies Contract Manufacturing Report, 2024		Funding trends for biotech startups

## Business strategies

### Business model and strengths



### Strength 1 Solid market position of Planova™

- The world's first<sup>4</sup> filter developed to remove viruses from biotherapeutics
- Trusted by pharmaceutical companies and key opinion leaders in the industry, with a strong network built through product proposals tailored to customer needs, stable product supply, and technical support backed by academic expertise

### Strength 2 CDMO business with expertise in next-generation modalities

- Providing biopharmaceutical<sup>5</sup> CDMO services to pharmaceutical companies, Bionova has extensive experience with complex next-generation antibody therapeutics<sup>6</sup> whose process development and manufacture are challenging.
- CDMO services for plasmids<sup>7</sup>, whose demand is expected to grow with the emergence of gene therapy and cell therapy, have also been launched.

### HIGHLIGHT

#### Expansion of Planova™ production capacity in response to growing demand

- FY2019: Increased spinning capacity (Nobeoka City, Miyazaki Prefecture)
- FY2021: Increased spinning capacity (Oita City, Oita Prefecture)
- FY2024: Increased assembly capacity (Nobeoka City, Miyazaki Prefecture)
- FY2029 (planned): Increased spinning capacity (Nobeoka City, Miyazaki Prefecture)



Assembly plant completed in May 2024

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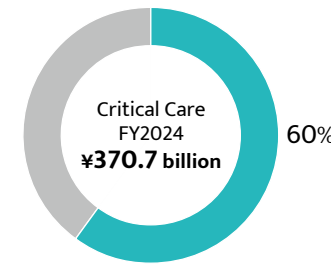
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<sup>4</sup> Asahi Kasei estimate  
<sup>5</sup> Biopharmaceuticals: Drugs whose active ingredients are proteins, etc., produced using biotechnology such as genetic engineering and cell culture  
<sup>6</sup> Next-generation antibody therapeutics: Antibody drugs produced using genetic engineering techniques, differing from conventional antibodies, and including types such as antibody-drug conjugates and bispecific antibodies  
<sup>7</sup> Plasmids: DNA molecules present inside microbial cells such as E. coli, used as key raw materials for therapies including gene therapy, cell therapy, and mRNA vaccines

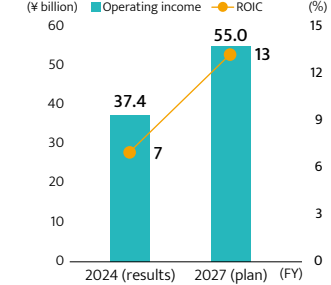
# Critical Care



Portion of Critical Care sales in the Healthcare sector



Critical Care operating income / ROIC



## New MTP Policy

### First Priority

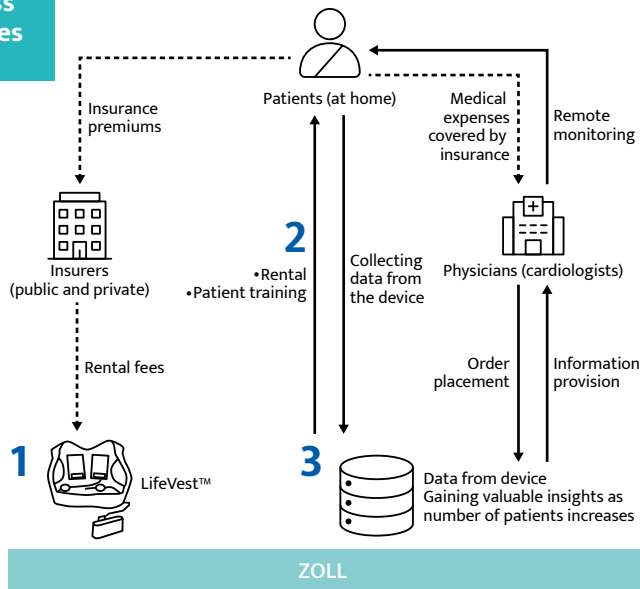
- Grow by raising market share for professional defibrillators, AEDs, etc., and expanding market penetration for LifeVest™
- Create and expand demand for new devices related to sleep apnea (Itamar and Respicardia acquired in fiscal 2021)

## Product information and operating environment

Main products	Customers	Competitors	Market size	Market share	Important business conditions
Therapeutic and diagnostic medical devices prescribed for patients with cardiopulmonary diseases (wearable defibrillators, home diagnostic devices for sleep apnea, etc.)	Physicians (cardiologists, sleep specialists)	Stryker Corporation (U.S.), Koninklijke Philips N.V. (Netherlands), Nihon Kohden Corporation (Japan), Mindray Bio-Medical Electronics Co., Ltd. (China)	Large global market potential in cardiopulmonary disease area Global market potential: >\$10 billion <sup>1</sup> <small><sup>1</sup>Asahi Kasei estimate</small>	Wearable defibrillators: 90% globally <sup>3</sup> <small><sup>3</sup>Asahi Kasei estimate</small>	<ul style="list-style-type: none"> <li>• Revisions to insurance reimbursement prices</li> <li>• Trends in the development and launch of competing products, reports of adverse events</li> <li>• Revisions to guidelines</li> </ul>
Medical devices such as defibrillators and AEDs	Medical institutions and public facilities		Global market potential: >\$5 billion <sup>2</sup> <small><sup>2</sup>Asahi Kasei estimate</small>	Defibrillators and AEDs: Top-tier in the U.S., our main market	

## Business strategies

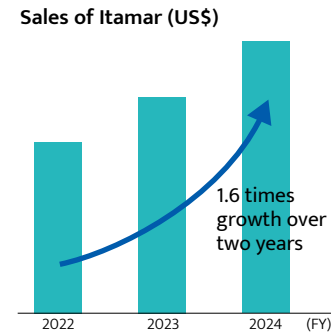
### Business model and strengths of the LifeVest™ wearable defibrillator



- Strength 1 Track record of LifeVest™**
  - Worn by patients at risk of sudden cardiac arrest. A groundbreaking device that automatically delivers an electric shock within approximately one minute if a life-threatening arrhythmia is detected.
  - Worn by more than a million patients worldwide for over 20 years, thousands of lives saved.
- Strength 2 Operations supporting patient quality of life**
  - High-quality operational know-how cultivated over many years (e.g., achieving a rate of over 99% for completing device fitting within 24 hours of order)
- Strength 3 Solid market position and evidence of safety**
  - Established networks and trust with cardiologists, hospitals, and health insurance organizations through LifeVest™ business
  - Algorithms that accurately detect changes in cardiac function. (large volume of clinical data from over 20 years of real-world use and evidence obtained from long-term monitoring)

### Future growth initiatives

- Expansion of the sleep apnea business**
  - In FY2021, we acquired Respicardia and Itamar, gaining innovative devices for the treatment and diagnosis of sleep apnea, a condition often comorbid with cardiovascular disease.
  - Itamar in particular is a global leader in the field of sleep apnea testing and diagnosis, and sales of its WatchPAT™ products are growing around the world. Going forward, by collaborating with the LifeVest™ team, we will gain access not only to sleep specialists but also to cardiologists, expanding the potential market of undiagnosed patients.



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Message from the Head of the Homes Sector

The Homes sector underpins the Asahi Kasei Group with execution, adaptability, and people as strengths

Fumitoshi Kawabata

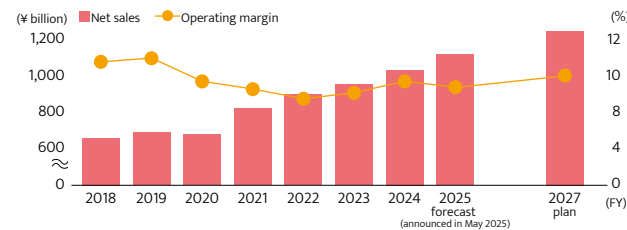
President, Homes Business Sector  
 Vice-Presidential Executive Officer, Asahi Kasei Corp.  
 Chairman & Representative Director, Asahi Kasei Homes Corp.  
 Chairman & Director, Asahi Kasei Construction Materials Corp.

Since joining the company, Kawabata has been active at the forefront of the Homes sector. After serving as Senior General Manager of Sales and Marketing, he was appointed President of Asahi Kasei Homes in fiscal 2017 and assumed his current position in fiscal 2025.



I served as President of Asahi Kasei Homes for eight years starting in fiscal 2017, and since fiscal 2025 I have been supporting the business as Head of the Homes sector. When I assumed my current position, the Homes sector had net sales of approximately ¥620 billion and operating income of around ¥64 billion. Few people inside or outside the company imagined it would grow to the point we can forecast net sales of over ¥1 trillion and operating income of ¥100 billion. Launching the Overseas Homes business faced some internal opposition, given the challenge of entering unfamiliar markets. But having thorough discussion and consideration of opposing views helped us refine the business plan, and this allowed us to

Net sales and operating margin<sup>1</sup>



<sup>1</sup>Fiscal 2019–2021 results recalculated to reflect business classifications adopted in fiscal 2022.

address many challenges as anticipated after launch.

The Homes sector's strength lies in its people

During the three years of the new MTP, we will steadily grow the companies acquired in North America and Australia, ensuring that investment returns in Overseas Homes are realized. In the North American business, after establishing operations in Arizona, Nevada, and Florida, we plan to expand into additional regions.

The Domestic Homes business is expected to achieve steady performance growth. During the previous MTP,

KPIs

	FY2022 <sup>2</sup>	FY2023	FY2024	FY2027 plan
Net sales (¥ billion)	899.0	954.4	1,035.9	1,250.0
Operating income (¥ billion)	75.4	83.0	95.9	120.0
Operating margin	8.4%	8.7%	9.3%	9.6%
Operating income before amortization of goodwill (¥ billion)	76.2	84.2	97.8	123.5
EBITDA (¥ billion)	93.4	104.3	118.5	—
ROIC <sup>3</sup>	27.1%	27.1%	27.1%	22.7%
ROIC before amortization of goodwill <sup>4</sup>	27.3%	27.5%	27.7%	23.4%

<sup>2</sup>Recalculated to reflect completion in Q1 2023 of purchase price allocation on the acquisition of Focus of the U.S. which was completed on October 31, 2022.

<sup>3</sup>ROIC = operating income (1 – tax rate) ÷ (fixed assets + working capital, etc.)

<sup>4</sup>ROIC before amortization of goodwill = (operating income + goodwill amortization) × (1 – tax rate) ÷ (fixed assets + working capital etc.)

construction costs surged due to rising material prices and labor expenses, creating a very challenging business environment. Under these conditions, we implemented a new marketing strategy, transforming target customers and lead-generation methods, and enhancing proposal quality, which led to higher unit prices and improved operating margins. Over the next three years, we will continue to promote higher added-value and larger units, further strengthening the Hebel Haus™ brand. In urban areas, we also plan to strengthen land acquisition capabilities, enabling us to enhance the combined sale of buildings and land, thereby broadening the range of proposals we can offer.

The driving force behind the Homes sector's growth has always been its people. An important role of leaders is to proactively deal with predictable changes and to flexibly and promptly respond to unpredictable changes. While both require critical management decisions, it is ultimately the employees' adaptability and on-site capabilities that turn those decisions into results. I have experienced many cases where, by working together as a unified team, we upended markets. We have truly turned challenges into opportunities. It makes me proud that the Homes business employees' ability is exceptional even within the Asahi Kasei Group. Having a top-level record in the industry is also a source of confidence.

I believe that building homes is an incredibly rewarding industry, as it allows us to be deeply involved in our customers' lives. We will continue to grow to meet the expectations not only of our customers who choose Asahi Kasei, but of all stakeholders involved.

**Ideals of the Homes Sector**

**Enabling secure and enriched living through the provision of high-quality, highly durable homes and construction materials, and various related services**

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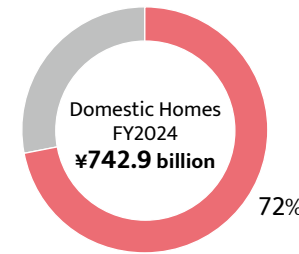
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# Domestic Homes

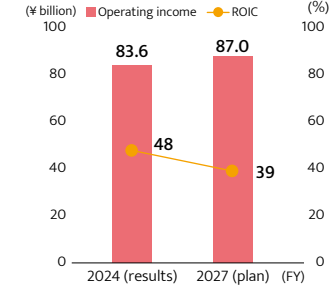
(Order-built homes, rental/brokerage, remodeling)



Portion of Domestic Homes sales in the Homes sector



Domestic Homes operating income / ROIC



## New MTP Policy

### Earnings Base Expansion

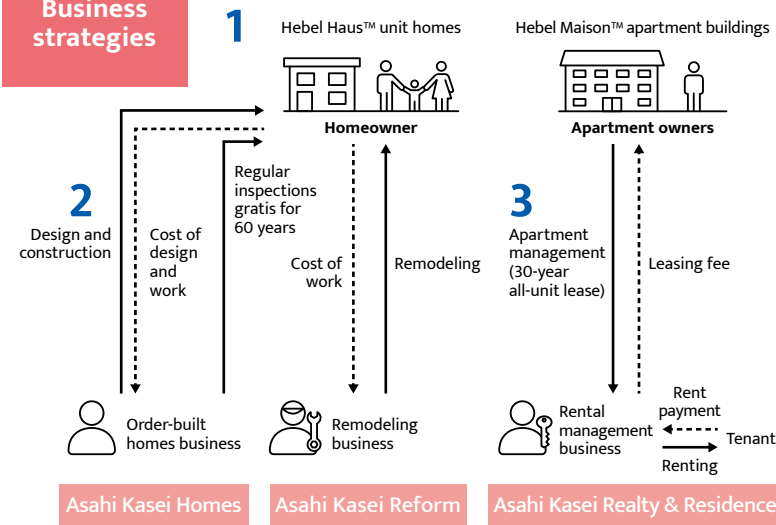
- Enhancing earnings with larger and higher value-added units and expansion of apartment buildings in order-built homes.

## Product information and operating environment

Main products and services	Customers	Competitors	Market size (FY2024)	Market share (FY2024)	Important business conditions
Hebel Haus™ unit homes	Order-built home buyers (higher rate of rebuilding than competitors)	Sekisui House, Ltd., Sumitomo Forestry Co., Ltd., Sekisui Chemical Co., Ltd., Ichijo Co, Ltd., etc. (many others including local builders have a national market share of 5% or less by number of units)	Owner-occupied home starts in the 21 prefectures: 150,000 units <sup>1</sup> <small><sup>1</sup>Number of new home construction starts, Ministry of Land, Infrastructure, Transport and Tourism</small>	Share of owner-occupied home starts in the 21 prefectures: 3.7% <sup>3</sup> <small><sup>3</sup>Asahi Kasei estimate</small>	<ul style="list-style-type: none"> <li>Mortgage interest rate trends</li> <li>Material cost and land price trends</li> <li>Consumer sentiment faced with rising prices</li> </ul>
Hebel Maison™ apartment buildings	Individuals seeking apartment management or land utilization opportunities Note: Sales are limited to 21 prefectures with densely populated areas such as Kanto, Chubu, and Kansai.	Daito Trust Construction Co., Ltd., Sekisui House, Ltd., Daiwa House Industry Co., Ltd., etc.	Rental home starts in the 21 prefectures: 280,000 units <sup>2</sup> Note: While new home construction starts are expected to decline going forward, the decrease in the 21 prefectures is expected to be relatively moderate. <small><sup>2</sup>Number of new home construction starts, Ministry of Land, Infrastructure, Transport and Tourism</small>	Share of rental home starts in 21 prefectures: 2.1% <sup>4</sup> Note: Our market share is higher in central areas, such as the 23 wards of Tokyo, and in three-story unit homes. <small><sup>4</sup>Asahi Kasei estimate</small>	

## Business strategies

### Business model and strengths



- Strength 1 Homes with superior earthquake resistance, fire resistance, and durability**
- Built with robust steel-frame construction using Hebel™ autoclaved aerated concrete and Neoma Foam™ next-generation insulation panels that maintain high thermal performance over the long term. Highly resistant to earthquakes and exceptionally durable.
  - Proprietary after-sales service system including a 60-year gratis inspection program.
- Strength 2 Superior design and proposal capabilities**
- Unique housing solutions, including proposals for two-generation homes, three-story urban homes, and pet-friendly apartments.
  - Collaborative strength of sales, structural design, and interior design, with excellent proposal and consensus-building abilities
- Strength 3 Expansion of services for the approximately 300,000 homes built**
- Remodeling: In addition to stable orders from maintenance work, demand for remodeling is expected to expand going forward.
  - Rental management: Rapidly expanding in line with growing orders for apartment buildings. (as of FY2024, over 120,000 units under management, maintaining a vacancy rate in the 2% range)

**HIGHLIGHT**

**Advancing strategy for larger, higher value-added units**

- Under a new marketing strategy formulated in FY2021, the product lineup was expanded in the luxury residence series targeting upper-middle and high-end segments, and orders for large apartment buildings have increased through strengthened corporate referrals
- Even as the number of units ordered declines, the average price per building has risen, resulting in steady growth in order value

**Value of orders for order-built homes (year-on-year change shown in parentheses)**

Year	Unit homes (¥ billion)	Apartment buildings (¥ billion)	Total (¥ billion)	YOY Change (%)
2022	355.6	130.9	486.5	(-7.5%)
2023	393.9	157.5	551.4	(+10.8%)
2024	426.4	183.9	610.3	(+8.2%)
2025 (forecast) <sup>5</sup>	439.2	191.9	631.1	(+3.0%)

<sup>5</sup> Announced in May 2025

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# Domestic Homes (Real estate development)



## New MTP Policy

### Growth Potential

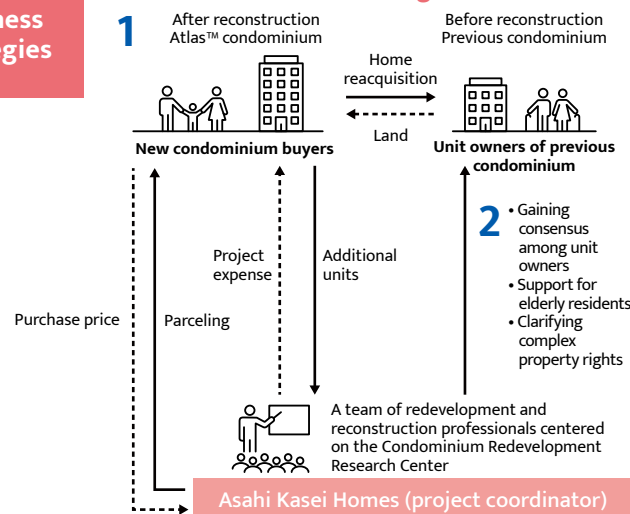
- Strengthening our core urban redevelopment condominium business, while actively considering further investment and development to enhance the business going forward. Pursuing diverse asset development beyond residential properties

## Product information and operating environment

Main products and services	Customers	Competitors	Market size	Market share	Important business conditions
Atlas™ urban condominiums (strengths not only in condominium development on vacant land, but also in rebuilding aging condominiums and redevelopment projects in areas with a high concentration of wooden structures)	New condominium buyers	Developers such as Mitsui Fudosan Residential Co., Ltd., Nomura Real Estate Development Co., Ltd., Mitsubishi Estate Residence Co., Ltd., Daiwa House Industry Co., Ltd., etc.	<ul style="list-style-type: none"> <li>New condominium market: 59,467 units sold nationwide in FY2024<sup>1</sup> (although a gradual overall decline is expected, the number of households in Tokyo is projected to increase, indicating strong demand in urban areas)</li> <li>Reconstruction market: Increasing number of condominiums built at least 40 years ago (1.48 million units at the end of FY2024, projected to double in 10 years and rise by a factor of 3.3 in 20 years, indicating significant business opportunities for reconstruction)<sup>2</sup></li> </ul> <p><sup>1</sup>Source: Real Estate Economic Institute Co., Ltd. <sup>2</sup>Source: Ministry of Land, Infrastructure, Transport and Tourism</p>	<ul style="list-style-type: none"> <li>Condominium reconstruction: 51 projects, ranked No. 1 nationwide<sup>3</sup></li> <li>Statutory redevelopment: 31 projects, ranked 7th nationwide<sup>4</sup></li> </ul> <p><sup>3</sup>Based on the number of reconstruction associations in which the company participated and which received approval in accordance with the Act on Facilitation of Reconstruction of Condominiums (as of April 1, 2025; Source: Industrial Marketing Consultants Co., Ltd.) <sup>4</sup>Urban planning projects for residential use in which the company participated as a member of the redevelopment association, approved by April 2025. (as of April 2025; Source: Industrial Marketing Consultants Co., Ltd.)</p>	<ul style="list-style-type: none"> <li>Real estate-related market trends</li> <li>Heightened construction costs due to increased material prices and labor shortages</li> <li>Active real estate investment market in the Tokyo metropolitan area, including tourist demand (e.g., increased hotel demand)</li> <li>Increased real estate purchases by wealthy foreign investors</li> </ul>

## Business strategies

### Business model and strengths



### Strength 1 Supply of condominiums in prime locations

- Prime locations are often ripe for reconstruction and redevelopment projects, with a high proportion of high-value units.

### Strength 2 Expertise in consultation for consensus-building

- Focused on joint development (exchange of equivalent value) projects in central urban areas, condominium reconstruction, and redevelopment projects. Participating from the early planning stages as a project coordinator, demonstrating persistent consensus-building capabilities faced with complex property rights arrangements.

### Strength 3 Pioneer in condominium reconstruction

- Of the 340 condominium reconstruction projects carried out in Japan to date<sup>5</sup>, the company has participated in over 10%.
- The company's Condominium Redevelopment Research Center functions as a think tank that consolidates expertise, while experienced project staff meet directly with management associations involved in reconstruction to support consensus-building.

<sup>5</sup>As of August 2025; Source: Ministry of Land, Infrastructure, Transport and Tourism

### HIGHLIGHT

#### Expanding beyond condominiums to commercial and other properties

- Entering non-residential businesses such as commercial and office buildings, as well as rental apartments and senior housing
- Going forward, expanding development, acquisition, and management of investment properties, while further strengthening proposal capabilities

Example: "ASOOM Shimbashi" rental office which opened in Tokyo in June 2025



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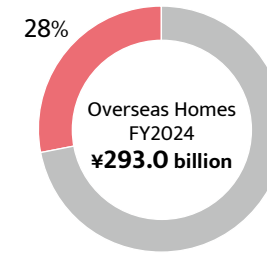
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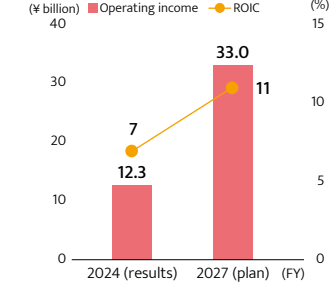
# Overseas Homes



Portion of Overseas Homes sales in the Homes sector



Overseas Homes operating income / ROIC



## New MTP Policy

### First Priority

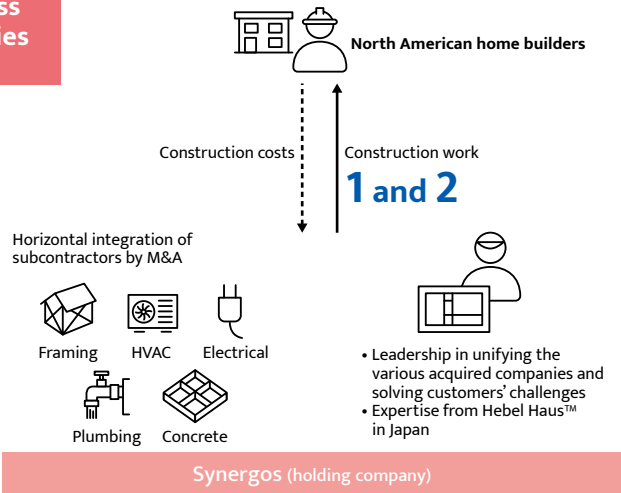
- North American operations: Promoting a business model (Synergos model) that integrates the core steps of the construction process by horizontally consolidating subcontractors, to shorten construction periods and deliver high-quality homes. Sustainable growth through geographic expansion
- Australian operations: Improving profitability and capital efficiency by enhancing business processes.

## Product information and operating environment

Main products and services	Customers	Competitors	Market size (FY2024)	Market share	Important business conditions
North America: Subcontracted construction of homes for sale (operating in Arizona, Nevada, and Florida, states with particularly high population inflows).	North American home builders: DR Horton, Inc., Lennar Corporation, etc. (large-scale developments by major builders are expanding due to housing shortages).	Numerous small- and medium-sized competitors exist at each stage of the process.	Housing starts: 1.36 million units <sup>1</sup> (housing shortages are expected to reach 1.4–1.7 million units annually through 2030 due to increased immigration) <small><sup>1</sup>Source: U.S. Department of Commerce.</small>	Among the top shares in Arizona across the five main construction steps (concrete, electrical, HVAC, plumbing, and framing).	<ul style="list-style-type: none"> <li>Mortgage rates</li> <li>Immigration policy</li> <li>Tariffs on building materials</li> </ul>
Australia: Order-built homes (New South Wales, Queensland, South Australia, Victoria, and Tasmania).	Australian home buyers	Metricon Homes Pty Ltd., ABN Group Pty Ltd., etc.	Units sold: 47,000 units <sup>2</sup> (due to an increased immigration, the government set a target of constructing 1.2 million new homes over the five years starting mid-2024) <small><sup>2</sup>Source: Australian Bureau of Statistics.</small>	Share of housing starts: Top 5 <sup>3</sup> <small><sup>3</sup>July 2023 to June 2024 (Source: HIA Economics)</small>	<ul style="list-style-type: none"> <li>Shortage of skilled workers</li> <li>Rising costs</li> <li>Rising mortgage rates</li> </ul>

## Business strategies

### Business model and strengths in North American operations



#### Strength 1 Expertise in shortening construction timelines

- Centered on subcontractors such as Erickson and Focus, which supply building components; Austin, which performs concrete, electrical, and HVAC work; and Brewer, which performs plumbing work, this innovative business model integrates the five main steps of the home construction process—some 40% of the overall process—to deliver value through shorter construction periods.
- In some cases, construction periods have been reduced to less than 50% of the normal average.

#### Strength 2 Expertise in quality management

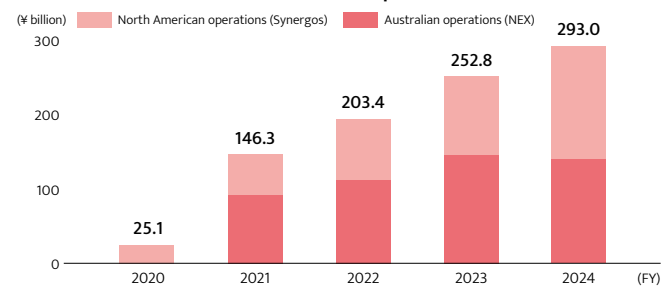
- Synergos manages progress on behalf of the builder. By overseeing multiple steps together, it ensures clear accountability in the event of any issues.
- Leveraging Japanese worksite management expertise to reduce material waste and enhance safety through improved tidiness.

### HIGHLIGHT

#### North American operations: M&A for geographical expansion

- Acquired ODC in September 2024 to expand into Florida, where favorable tax policies, business-friendly regulations, and a warm climate are driving increased influx of companies and working households from other states.
- Planning to expand into Texas around 2026.

#### Net sales in North American and Australian operations



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## Message from the Head of the Material Sector

**In a period of transformation, the Material sector unites to return to a growth trajectory**

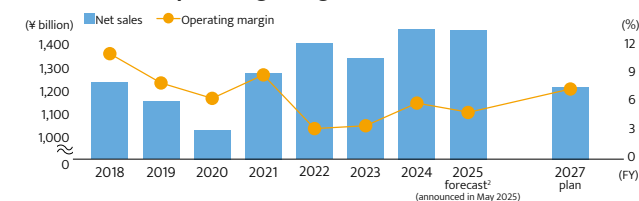
### Hideyuki Yamagishi

President, Material Business Sector  
Primary Executive Officer, Asahi Kasei Corp.

After joining the company as a chemistry researcher, Yamagishi gained experience not only in R&D but also in technology and product development for the Homes business. He then served as a Vice-Minister for Policy Coordination at the Cabinet Office, involved in formulating in Japan's science, technology, and innovation policy. Subsequently, he held positions as Senior General Manager of Corporate Research & Development and President of the former Life Innovation SBU before assuming his current role.

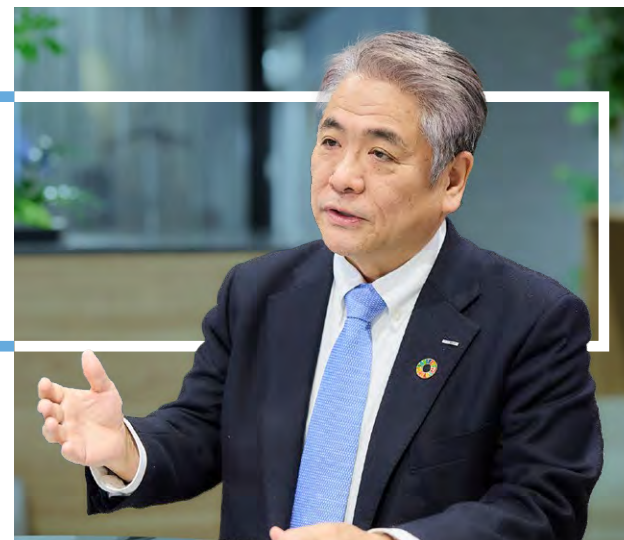
At the beginning of fiscal 2025, the Material sector consolidated its three SBUs into a single unit, creating a structure in which 29 business divisions can unite to tackle challenges together. As the leader of a sector undergoing transformation, I feel a great responsibility. How will we shape the new Material sector? What businesses will we pass on to future generations? This is truly a period of transformation, and these three years are critically important. We are committed to completing structural transformation, centered on the Chemical business, while creating new sources of earnings to reshape the profit structure.

### Net sales and operating margin<sup>1</sup>



<sup>1</sup> Fiscal 2019–2021 results recalculated to reflect business classifications adopted in fiscal 2022.

<sup>2</sup> Starting in fiscal 2025, certain R&D and DX functions which had been included in corporate expenses and eliminations are now included in the Material sector.



### Allocating resources to growth areas and reforming the organizational culture

The growth of the Material sector will be driven by businesses such as the Electronics business, which provide high value to customers through strong technological capabilities and close customer engagement, known as customer-oriented businesses, and by the automotive interior materials and ion-exchange membrane-process chlor-alkali electrolysis businesses, which deliver optimal support through multiple products and services, known as solution-oriented businesses. We will continue to make solid investments in these businesses going forward. In addition,

### KPIs

	FY2022	FY2023	FY2024	FY2027 plan
Net sales (¥ billion)	1,316.6	1,261.7	1,368.8	1,160.0
Operating income (¥ billion)	41.0	42.6	87.4	85.0
Operating margin	3.1%	3.4%	6.4%	7.3%
Operating income before amortization of goodwill (¥ billion)	56.4	47.9	92.8	90.0
EBITDA (¥ billion)	128.5	119.9	157.0	—
ROIC <sup>3</sup>	2.4%	2.6%	5.3%	4.2%
ROIC before amortization of goodwill <sup>4</sup>	3.3%	2.9%	5.6%	4.5%

<sup>3</sup> ROIC = operating income (1 – tax rate) ÷ (fixed assets + working capital, etc.)

<sup>4</sup> ROIC before amortization of goodwill = (operating income + goodwill amortization) × (1 – tax rate) ÷ (fixed assets + working capital etc.)

considering the environment of each business, we will further accelerate collaboration with other companies and the use of external resources, while continuing to pursue capital efficiency.

In undertaking this transformation, it's vital to renew employee awareness. I want every employee to embrace a healthy sense of urgency and to boldly take on challenges without fear of failure, regardless of experience or seniority. To start with, we must properly recognize business achievements and individual contributions and to establish a system for sharing experience across the sector, fostering a culture where everyone can learn from one another and all rise to a higher level. The sector-wide goal of improving ROIC involves actions across sales, development, manufacturing, and administrative functions, including increasing revenue, reducing costs, and improving asset turnover. This should also provide an opportunity for each business unit to strengthen its unity.

I joined Asahi Kasei as a chemical researcher, but have spent much of my career in the Homes sector, which was not my area of specialization. After gaining further experience working at the Cabinet Office, I have now returned to the Material sector. Every time I ventured into uncharted territory, I experienced many failures and often found myself at a loss. I overcame many challenges each time relying on those around me, involving them, and working together with sincerity. We are bringing together knowledge, experience, and individual strengths to drive the transformation of the Material sector. I will leverage the leadership I have cultivated to guide the sector back onto a growth trajectory.

### Ideals of the Material Sector

**Providing sustainable solutions that contribute to a better life for people and the Earth by utilizing the technology and knowledge of materials and chemistry**

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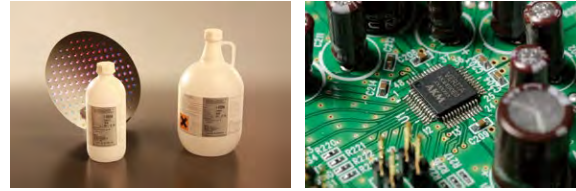
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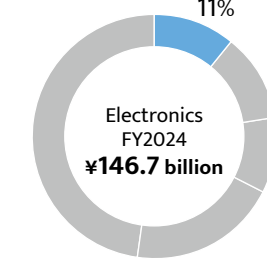
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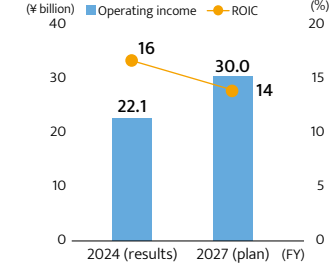
# Electronics



Portion of Electronics sales in the Material sector



Electronics operating income / ROIC



Note: FY2024 results recalculated to reflect reclassified business categories with the new MTP.

## New MTP Policy

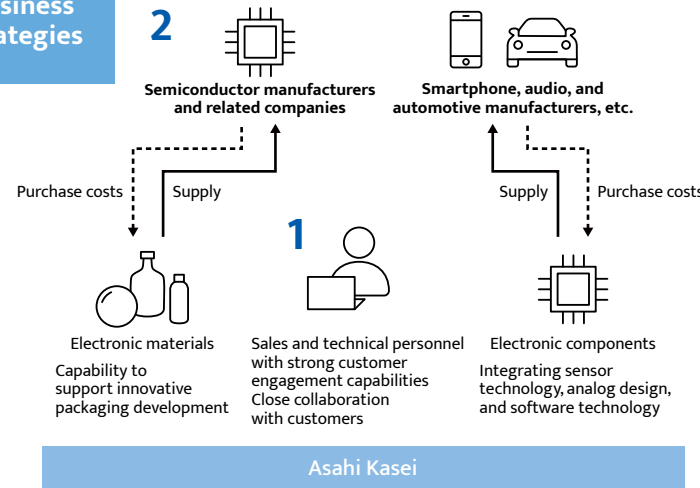
### First Priority

- **Electronic materials:** Propose optimal materials for the advanced semiconductor packaging market based on experience in semiconductors and materials for substrates and packaging processes.
- **Electronic components:** Provide solutions that integrate sensor technology, analog design, and software technology, with a focus on the value chain and customer value creation.

	Main products	Customers	Competitors	Market size and growth rate	Market share	Important business conditions
Product information and operating environment	<b>Electronic materials:</b> Pimel™ photosensitive insulator, glass fabric for printed circuit boards, Sunfort™ photosensitive dry film, and Novacure™ latent curing agent for epoxy resin	Semiconductor manufacturers and substrate-related manufacturers	Japanese manufacturers of back-end semiconductor process materials (Resonac Holdings Corporation, etc.)	• CAGR of 18% (FY2024–2032) <sup>1</sup> in AI server market, the growth market for Pimel™ and glass fabric <small><sup>1</sup>Source: Global Market Insights</small>	• Pimel™: Global top-tier in insulating materials market • Glass fabric: Global top-tier in low-dielectric glass fabric market • Photosensitive dry film: Global top-tier	• Growth of semiconductor market supporting AI technology • Smartphone and EV market trends
	<b>Electronic components:</b> LSIs and magnetic sensors	Electronic device manufacturers (smartphones, audio equipment, automotive devices, etc.)	Global electronic components manufacturers	• Smartphones: Firm demand for camera module ICs as more cameras are equipped with shake cancellation • Automotive: Firm demand for audio ICs with growing needs for audible comfort inside vehicles	Global top-tier market share in ICs for mobile device camera modules	

## Business strategies

### Business model and strengths



### Strength 1 Customer responsiveness

- **Electronic materials:** Ability to rapidly develop solutions by understanding and aligning with customer needs in advanced semiconductor processes.
- **Electronic components:** Ability to provide solutions combining both hardware and software.

### Strength 2 Long-established customer base

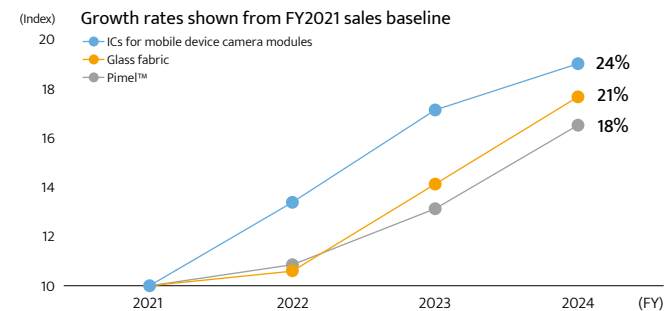
- Leveraging trusted relationships with major manufacturers to understand cutting-edge needs and expand core products in line with market trends.
- **Pimel™:** Rapid demand growth due to widespread adoption of smartphones and data centers
- **Glass fabric:** Rapid demand growth driven by applications such as AI servers
- **ICs for mobile device camera modules:** Supporting advanced features such as image stabilization and high-speed autofocus for smartphone cameras
- Pimel™ received the 2024 TSMC Excellent Performance Award, awarded by the major semiconductor company Taiwan Semiconductor Manufacturing Company (TSMC) to suppliers demonstrating outstanding performance.

### HIGHLIGHT

#### Capital investment to meet strong demand for Pimel™

- Aiming to double FY2022 sales by 2030
- FY2024: New plant began operation (Fuji City, Shizuoka Prefecture)
- FY2028: Second production line at the new plant scheduled to begin operation (Fuji City, Shizuoka Prefecture)

#### Sales CAGR (FY2021–2024) of main products



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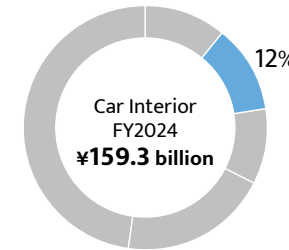
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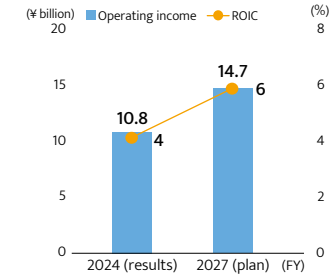
# Car Interior



Portion of Car Interior sales in the Material sector



Car Interior operating income / ROIC



Note: FY2024 results recalculated to reflect reclassified business categories with the new MTP.

## New MTP Policy

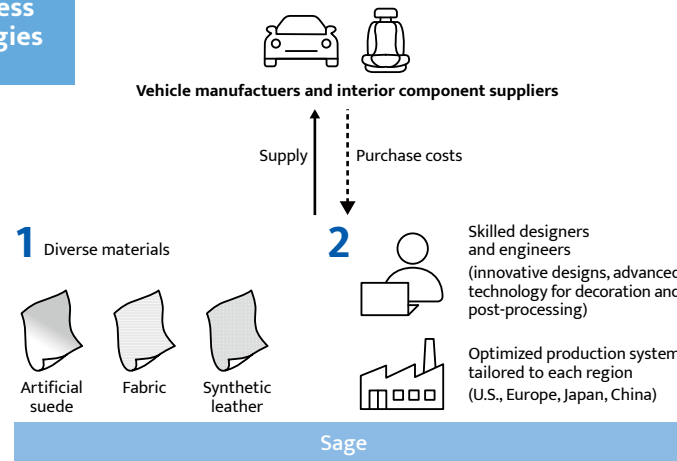
### Earnings Base Expansion

- Solid income growth as a solutions-oriented business leveraging a product lineup tailored to customer needs with innovative designs and advanced technology for decoration and post-processing.

	Main products	Customers	Competitors	Market size and growth rate	Market share	Important business conditions
Product information and operating environment	Car interior materials: Dinamica™ artificial suede, synthetic leather (PVC), and fabric	Major vehicle manufacturers, primarily in Europe and the U.S.	<ul style="list-style-type: none"> <li>• Overall car interior materials: AUNDE Achter &amp; Ebels GmbH (Germany), Seiren Co., Ltd. (Japan), etc.</li> <li>• Artificial suede: Toray Industries, Inc. "Alcantara" (Japan)</li> </ul>	Market size in 2024 <sup>1</sup> : ≈\$7 billion, FY2023–2031 CAGR ≈5% <sup>1</sup> Asahi Kasei estimate	Car interior materials: Global top-tier in sales	<ul style="list-style-type: none"> <li>• Global vehicle production volume</li> <li>• EV market share, competitive trends for PVC in China</li> </ul>

## Business strategies

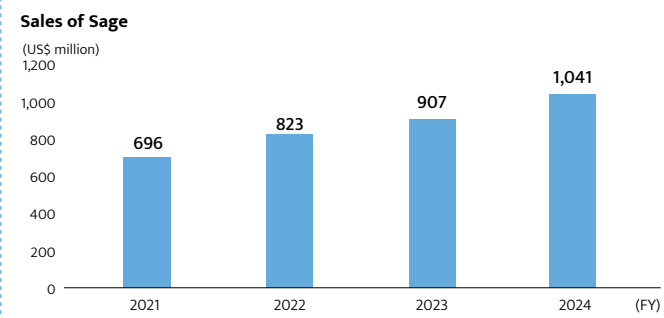
### Business model and strengths



- Strength 1 Diverse products and new material development capabilities**
- Dinamica™ in particular is produced using recycled polyester and water-based polyurethane, and adopted globally as an environmentally friendly, high-end artificial suede.
  - New entry into PVC synthetic leather, a segment with high growth potential. Following a business integration with a joint venture in China in fiscal 2020, sales expanded roughly tenfold over the four years through fiscal 2024.
  - Capability to develop new surface materials leveraging technology and know-how cultivated in the textile business.
- Strength 2 Innovative designs and advanced technology for decoration and post-processing**
- Technical ability to visualize innovative designs, technical ability to balance design with functionality such as durability.
  - A team of skilled designers capable of turning concepts of clients' designers into products.

### HIGHLIGHT

- Targeting sales of ≈¥300 billion around 2030**
- Building on core strengths: Expand the scope of value creation to the entire vehicle interior to maximize the use of intangible assets such as design proposal ability.
  - Differentiation strategy: Develop and commercialize new surface materials with technology development through open innovation.



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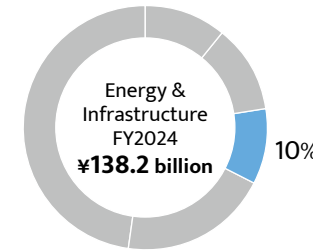
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# Energy & Infrastructure

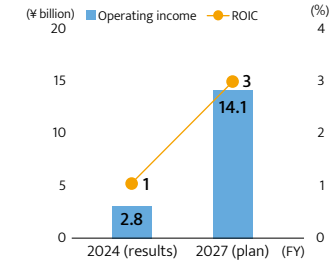
## (Ion-exchange membrane process for chlor-alkali electrolysis)



Portion of Energy & Infrastructure sales in the Material sector



Energy & Infrastructure operating income / ROIC



Note: FY2024 results recalculated to reflect reclassified business categories with the new MTP.

### New MTP Policy

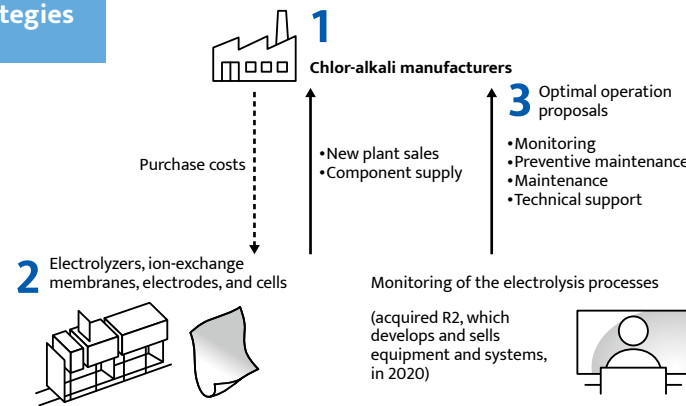
#### Growth Potential

- Steady earnings growth by increasing production capacity to expand the business of the ion-exchange membrane process for chlor-alkali electrolysis and by leveraging a long-established business platform as a solutions-oriented business.
- Leveraging the accumulated customer base, technology, and service platform for the alkaline water electrolysis hydrogen production system business.

	Main products and services	Customers	Competitors	Market size	Market share	Important business conditions
Product information and operating environment	<ul style="list-style-type: none"> <li>Electrolyzers for caustic soda production using the ion-exchange membrane process</li> <li>Ion-exchange membranes, electrodes, and cells</li> <li>Monitoring services for the chlor-alkali electrolysis process</li> </ul>	Global chlor-alkali manufacturers	Ion-exchange membrane process for chlor-alkali electrolysis, hydrogen-related businesses, etc. <ul style="list-style-type: none"> <li>Membranes: AGC Inc. (Japan), Agfa-Gevaert NV (Belgium), Toray Industries, Inc. (Japan), etc.</li> <li>Electrolyzers: thyssenkrupp nucera AG &amp; Co. KGaA (Germany), Siemens AG (Germany), etc.</li> </ul>	Global chlor-alkali demand: Approx. 100 million tons <sup>1</sup> <small><sup>1</sup>Source: "2024 World Analysis - Chlor-Alkali - Appendix," August 4, 2023</small>	Electrolyzers and exchange membranes: Global top-tier in the chlor-alkali electrolysis business	<ul style="list-style-type: none"> <li>Market trends for caustic soda and PVC</li> <li>Trend toward conversion of diaphragm-process plants</li> <li>Environmental regulations by country and region</li> </ul>

### Business strategies

#### Business model and strengths of the ion-exchange membrane process for chlor-alkali electrolysis



Asahi Kasei

#### Strength 1 Customer base

- Long-standing relationships of trust with customers cultivated over 50 years
- Proven track record with adoption at over 160 plants in 30 countries worldwide

#### Strength 2 The only full-line product offering in the industry

- Supplying all key elements required for chlor-alkali electrolysis (electrolyzers, ion-exchange membranes, electrodes, and cells).
- Capable of providing one-stop solutions to address customers' production challenges.

#### Strength 3 Operational expertise

- Marketing and technical service personnel stationed in multiple locations around the world for close customer support.
- People and teamwork for customer-focused problem solving.
- R2's monitoring technology and expertise.

#### HIGHLIGHT

##### Application to alkaline water electrolysis hydrogen production business

- Through a NEDO Green Innovation Fund Project<sup>2</sup>, a pilot plant was constructed in the Kawasaki Works to demonstrate operational technology, including multi-module control.
- Production equipment to manufacture electrolyzer cell frames and membranes for both hydrogen production and the ion-exchange membrane process for chlor-alkali electrolysis is scheduled to begin operation in fiscal 2028 (selected under the Ministry of Economy, Trade and Industry's GX Supply Chain Construction Support Project).
- A small-scale containerized alkaline water electrolysis system has also been added to the lineup, serving as an entry-level model. The first order was received from a hydrogen project in Finland in 2025.



Alkaline water electrolysis pilot plant for hydrogen production at our Kawasaki Works

<sup>2</sup>New Energy and Industrial Technology Development Organization (NEDO) Green Innovation Fund Project: Large-scale Alkaline Water Electrolysis System Development and Green Chemical Plant Demonstration

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# Energy & Infrastructure (Separator)



## New MTP Policy

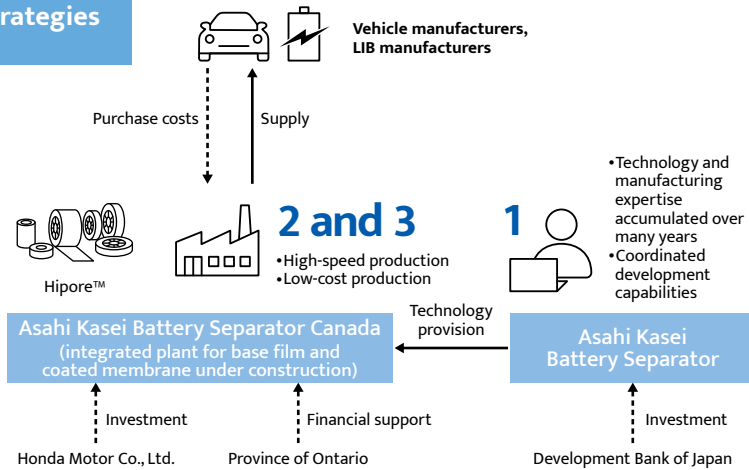
### Growth Potential

- Earnings improvement along with recovery in demand for Hipore™ (wet-process LIB separator)
- Medium-term growth by leveraging the potential of integrated plant for base film manufacturing and coating in North America

Product information and operating environment	Main products	Customers	Competitors	Market size	Market share	Important business conditions
<p>Hipore™ wet-process LIB separator</p>		LIB manufacturers	Shanghai Energy New Materials Technology Co., Ltd. (China), Shenzhen Senior Technology Material Co., Ltd. (China), SK IE Technology Co., Ltd. (South Korea), etc.	<ul style="list-style-type: none"> <li>• Global: 11 billion m<sup>2</sup> in 2024</li> <li>• North America (key market): 1 billion m<sup>2</sup> in 2024 and 3 billion m<sup>2</sup> in 2030 (Asahi Kasei estimate)</li> </ul>	<ul style="list-style-type: none"> <li>• Consumer electronics applications: global top-tier in the high-end market</li> <li>• EV applications: aiming for market share of ≥30% in North America by fiscal 2030</li> </ul>	<ul style="list-style-type: none"> <li>• EV market share</li> <li>• Regulatory environment (EV regulations, IRA, OBBB Act [U.S.])</li> <li>• Tariffs, etc.</li> </ul>

## Business strategies

### Business model and strengths of Hipore™ in North America



### Strength 1 Product performance and quality

- 40-year history (a long-established chemical manufacturer with roots in polyethylene raw material development and membrane separation technology)
- High ability to respond to customer needs using accumulated expertise has enabled the development of products based on a high degree of coordination
- Wide range of coated membranes, quality that contributes to improved battery yields, and uniform pore structure that contributes to longer battery life

### Strength 2 Ample production capacity for the growing EV market in North America

- Commercial operation of integrated plant for base film and coated Hipore™ separator in Ontario, Canada, scheduled for 2027

### Strength 3 High productivity at our plant in Canada

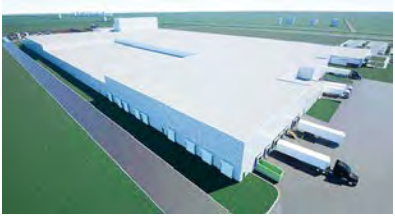
- High speed production (approximately double the industry standard for both base film and coating processes\*)
- Thorough low-cost production

## HIGHLIGHT

### The North American market is expected to grow significantly in the medium-to-long term

- Aiming for a 30% market share in North America by FY2030
- Risks for the Canadian plant investment are being controlled through investments from Honda Motor Co., Ltd., and the Development Bank of Japan Inc., and financial support from the federal government of Canada and the provincial government of Ontario
- Building a business model that steadily captures demand through capacity rights agreement with Toyota Tsusho Corporation, etc., in addition to Partnership with Honda Motor Co., Ltd.

Outline of the North American investment  
 Location: Ontario, Canada  
 Plant overview: Integrated plant for base film manufacturing and coating  
 Total investment: ≈ ¥180 billion  
 Production capacity: ≈700 million m<sup>2</sup>/year (as coated film)  
 Start of commercial operation: planned for 2027  
(at exchange rate of ¥145 per US\$)



Conceptual image of the plant upon completion

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# Q4 What social impact will your GX-centered sustainability efforts have?

## Answer

Through GX initiatives centered on the Material sector, we will continue to reduce our own GHG emissions and help reduce those in society. Our diverse business portfolio allows unique societal impact, such as realizing the long-life concept advocated for many years in the Homes sector and addressing unmet medical needs in the Healthcare sector.



New "earth-tech" product to enable net zero CO<sub>2</sub> throughout the lifecycle of the home (Homes sector)

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Sustainability



Message from the Head of Sustainability Strategy Planning

Asahi Kasei's approach to sustainability is directly facing issues in society while raising corporate value by creating value for society

**Tatsuhiko Tokunaga**  
Executive Officer, Senior General Manager,  
Sustainability Strategy Planning Department

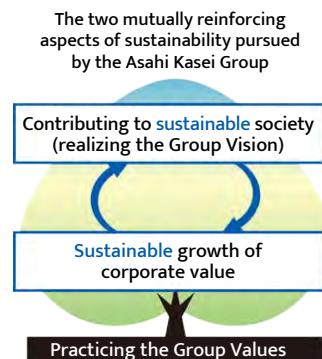
With experience in corporate planning and finance, and having worked in Core Operating Companies and on secondment outside the company, Tokunaga pursues Asahi Kasei's sustainability with a broad and objective perspective.

Mutual reinforcement of contributing to a sustainable society and sustainable growth of corporate value

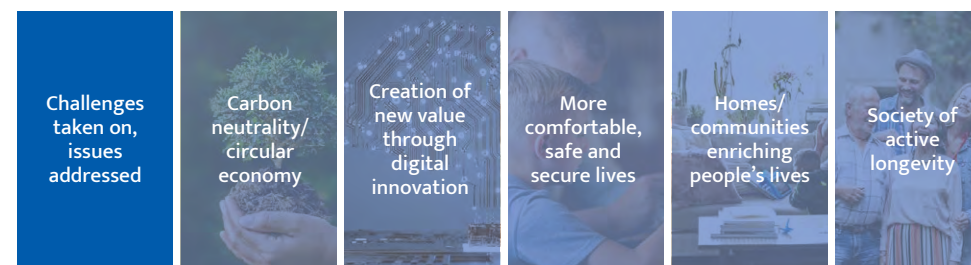
Rising geopolitical risks, global inflation, and social divisions are intensifying instability and uncertainty worldwide. Amid these conditions, some trends run counter to sustainability and ESG, or show signs of backtracking. This does not mean that the pursuit of sustainability is any less necessary. We do not believe that at all. With the global average temperature in 2024 reaching a record high and only 17% of SDG targets currently assessed as on track, efforts toward a sustainable society remain a major global challenge. Against this backdrop, reflecting on what it means to be Asahi Kasei naturally clarifies our approach to sustainability.

Guided by the Group Mission of contributing to life and living for people around the world, the Group Vision for Asahi Kasei is to provide new value for society by enabling "living in health and comfort" and "harmony with the natural environment." Since our founding a century ago, we have faced many challenges in society and turned them into business

opportunities that enhance corporate value. Contributing to a sustainable society is not something swayed by superficial trends; it is at the very core of Asahi Kasei's reason for being. In the new MTP, we continue to pursue the Asahi Kasei ideal by promoting two mutually reinforcing aspects of sustainability: "contributing to a sustainable society" and "sustainable growth of corporate value." In particular, regarding greenhouse gas (GHG)



Continually creating innovative products, services, and business models directly facing the world's challenges in various fields



emissions, we have strengthened our environmental goals, setting a target to reduce Scope 1 and 2 emissions by at least 40% by 2035 compared with fiscal 2013, and a target to increase our contribution to reducing the world's GHG emissions to at least 2.5 times the fiscal 2020 level by 2035.

Of course, the Asahi Kasei Group's efforts are not limited to harmony with the natural environment, exemplified by actions addressing climate change. In the new MTP, we are actively addressing challenges related to another facet of the Group Vision, "living in health and comfort," including more comfortable, safe and secure lives, homes/communities enriching people's lives, and a society of active longevity, while also pursuing the creation of new value through digital innovation as a key driver of these initiatives. The foundation for this is Asahi Kasei Group's three business sectors: Healthcare, Homes, and Material. Leveraging our unparalleled technologies and businesses, along with accumulated knowledge and human resources as intangible assets, we make a positive impact on the world through sustainable innovation. This impact, in turn, enhances corporate value and leads to further value creation.

We will continue to earnestly face issues in society and implement Asahi Kasei's characteristic approach to sustainability as we accelerate the mutual reinforcement between creating value for society and enhancing corporate value.

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## Asahi Kasei's Sustainability

# A mutually reinforcing cycle of economic and social value (environmental and social impact) unique to Asahi Kasei and its diverse range of businesses

Since its founding, Asahi Kasei has provided products and services that address issues in society and environmental challenges, aiming for a mutually reinforcing cycle of contributing to sustainable society and sustainable growth of corporate value. As stated in our Group Slogan, "Creating for Tomorrow," Asahi Kasei is committed to creating value that enriches people's lives. Because of our diverse and distinctive businesses, we have been able to provide unique solutions to issues in society that are different from those offered by more specialized companies. As a result, we have created unique competitive advantages and built a strong financial foundation through stable earnings.

We currently operate in three business sectors of Healthcare, Homes, and Material. We are committed to creating value for society and raising economic value by enabling people around the world to enjoy fulfilling lives and healthy living in any era.







For example, in the Healthcare sector, our Pharmaceuticals business is working to address unmet medical needs, such as for osteoporosis treatment which is increasingly needed as the population ages, and in recent years, kidney disease. In the Critical Care business, we supply defibrillators to treat patients with ischemic heart disease, notably the LifeVest™ wearable defibrillator which constantly monitors cardiac status and automatically administers

electric shock therapy when a life-threatening arrhythmia occurs, thereby saving lives. Additionally, during the COVID-19 pandemic, we quickly manufactured ventilators that were supplied to many medical institutions, helping to sustain the lives of seriously ill patients.

In the Homes sector, in addition to providing safe and comfortable robust homes that protect people's lives from natural disasters, our construction expertise cultivated in Japan is now being applied to overseas businesses.

In the Material sector, we provide value to everyday life in a variety of ways through distinctive products such as Saran Wrap™ cling film, Bemberg™ cupro fiber, high-performance materials used in car parts, and car interior materials. Our electronic components and materials support convenience as essential parts of smartphones and other electronic devices, and are expected to meet emerging needs in AI server applications.

The Asahi Kasei Group has always created innovations that address the world's issues in every era, and we will continue to do so moving forward. Although each step may seem small, we believe that the sum of our business activities has a positive impact on society which generates economic value that leads to improvement of our corporate value.

Sector	Business output (examples)	Outcome (environmental and social impacts)	Financial effects
<b>Healthcare</b> Contributing to the lives of people through the provision of innovative pharmaceuticals and medical devices that meet unmet needs under the mission "Improve and save patients' lives"	The LifeVest™ wearable defibrillator has been worn by <b>over a million patients worldwide for over 20 years</b> 	<ul style="list-style-type: none"> <li>• Saved the lives of thousands of heart disease patients at risk of sudden cardiac arrest, significantly improved patients' QOL, expertise for emerging at-home medical care</li> </ul>  Enjoying life while wearing a LifeVest™	<b>High sales growth</b> (ZOLL's dollar-based revenue quadrupled between FY2012 and FY2024)
<b>Homes</b> Enabling secure and enriched living through the provision of high-quality, highly durable homes and construction materials, and various related services	Over <b>300,000</b> earthquake-resistant, durable, and <b>disaster-resistant</b> Hebel Haus™ unit homes have been supplied 	<ul style="list-style-type: none"> <li>• Established housing technology for durability of over 60 years while current average lifespan of homes in Japan is short, protected the lives of many residents from earthquakes and increasingly severe disasters such as wind and flood damage</li> </ul>  A Hebel Haus™ that served as a fire wall when a disaster occurred	<b>High ROIC</b> (≈50% for Domestic Homes in FY2024)
<b>Material</b> Providing sustainable solutions that contribute to a better life for people and the Earth by utilizing the technology and knowledge of materials and chemistry	Electronic components business leveraging proprietary technology ( <b>over 40 billion</b> Hall elements and Hall ICs, compound semiconductor magnetic sensors, have been supplied) 	<ul style="list-style-type: none"> <li>• Enabled higher efficiency and smaller size of electric motors with compound semiconductor Hall elements and Hall ICs for over 40 years, contributed to energy-saving air conditioners and servers</li> </ul>  Contributing to the spread of AI servers	<b>High operating margin</b> (15% for Electronics [after reclassification] in FY2024)

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Green Transformation (GX)

Providing value for sustainability in various ways with accumulated technologies and businesses

Advancing hydrogen-related business for carbon neutrality

We used hydrogen produced with hydroelectric power as a raw material for ammonia at the time of our founding. We are now developing a process for the stable production of hydrogen from renewable energy, leveraging our knowledge of electrolysis gained through half a century of experience in the chlor-alkali electrolysis business. Developments and demonstrations, including projects supported by the NEDO Green Innovation Fund,\* have progressed smoothly. In fiscal 2024, we received governmental support under the GX Supply Chain Construction Support Project of the Ministry of Economy, Trade and Industry to invest some ¥35 billion in new manufacturing facilities for electrolysis cell frames and membranes (each with a capacity of over 2 GW). These facilities are scheduled to begin operation in fiscal 2028. In order to meet the needs for small-scale hydrogen production equipment, we signed a memorandum of understanding with Industrie De Nora S.p.A. of Italy regarding the development and sale of a containerized alkaline water electrolysis systems. With both large-and small-scale equipment, and solutions for the supply of green hydrogen to meet a wide range of needs, we will meet demand in the hydrogen market, which is expected to expand rapidly in the future, and contribute to reducing global GHG emissions.

\*“Green Innovation Fund /Hydrogen Production by Water Electrolysis Using Renewable Energy” by Japan’s New Energy and Industrial Technology Development Organization (NEDO)

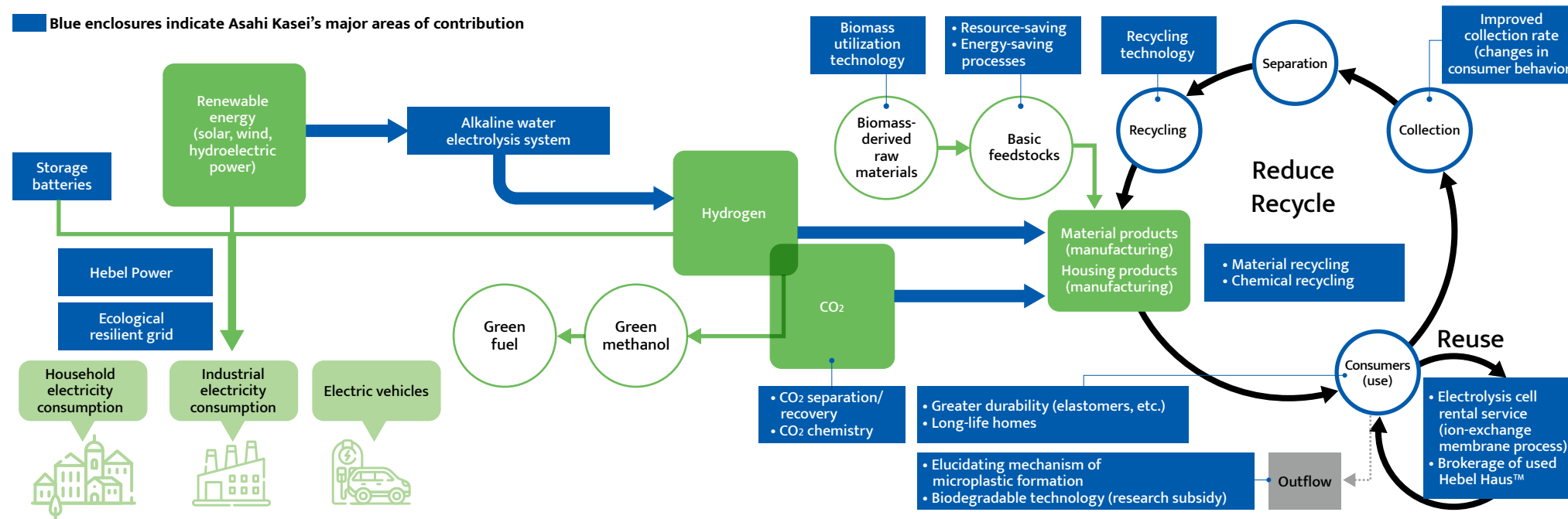
Advancing initiatives for a circular economy

As carbon neutrality and the circular economy need to be achieved by society as a whole, various efforts are required. We have many opportunities to provide value with our diverse intangible assets, such as technology, businesses, and market contacts.

In Homes, we provide products and services for residences with long durability that contribute to a circular economy. With an overall system considering the life cycle of a home and enabling the use of homes across generations, we achieve “long life homes.” In ion-exchange membrane process chlor-alkali electrolysis, we introduced an electrolysis cell rental service that improves electrolysis efficiency (reducing power consumption by customers), and eliminates the need for customers to hold spare cells, improving resource utilization efficiency and the effective use of precious metals. We are promoting monitoring the operational status of electrolysis processes at customers’ plants and shifting from product sales to a solution-oriented business.

In January 2025, we established a laboratory for joint research with the National Institute of Advanced Industrial Science and Technology and AIST Solutions Co., for technologies and systems enabling practical application of a polymer recycling system and designs that enable easy recycling.

Blue enclosures indicate Asahi Kasei’s major areas of contribution



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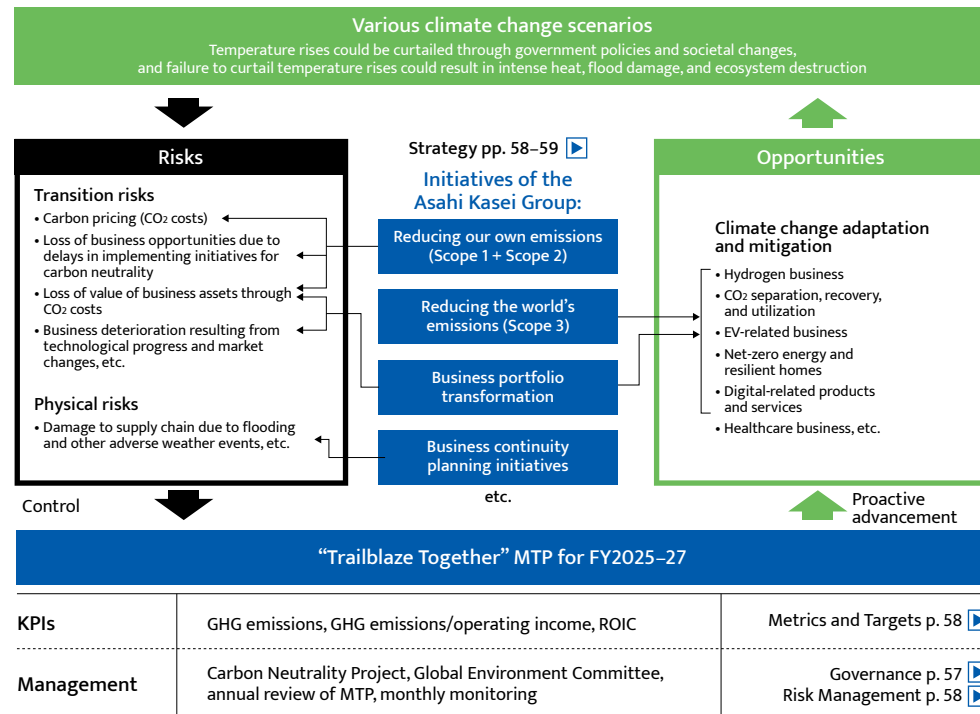
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## Initiatives for achieving carbon neutrality

Climate change is a critical issue that will have a major impact on society, ecosystems, and businesses. Actions and regulations to prevent climate change have the potential to impact the structure of society and corporate strategies. Asahi Kasei is working to transform its business portfolio and improve productivity while taking on the challenge of achieving carbon neutrality and the sustainable growth of corporate value.

### Overview of the Asahi Kasei Group's response to climate change



### Climate change-related information disclosure (disclosure based on the TCFD\* framework)

In the following sections, we describe Asahi Kasei's climate change initiatives in accordance with the TCFD disclosure framework, covering governance, strategy, risk management, and metrics and targets.

#### Governance

Asahi Kasei considers GX (green transformation), which focuses on climate change initiatives, to be an important management issue and is working to address GX as a core element of management strategy.

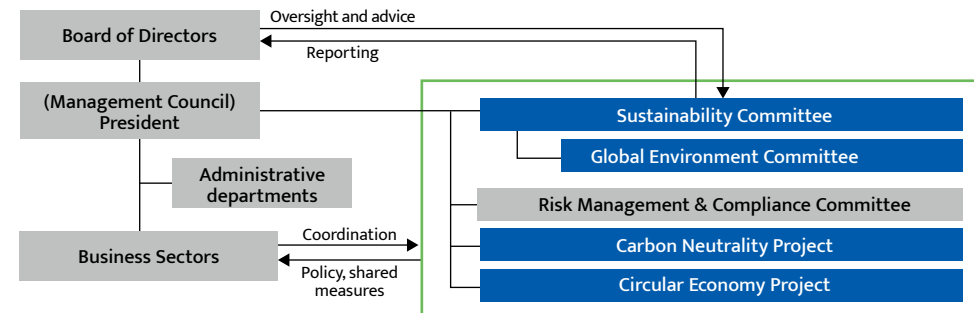
Our climate change policy and priority concerns are deliberated and determined by the Board of Directors, with specific related matters discussed and decided by the Management Council. These deliberations include MTPs, GHG emission reduction targets, capital investment plans, etc., and confirmation of progress on actual results, etc. In formulating the new MTP, we discussed and arranged the orientation and revised targets related to GX, and then proposed them to the Management Council and the Board of Directors for discussion and approval. Each Director, including the President, who chairs the Sustainability Committee, has the skill and competency to appropriately deliberate and decide on climate change strategy.

To promote the implementation of these decisions of the Board of Directors and the Management Council at the business level, we have a Sustainability Committee, where persons responsible for the execution of each business share and discuss sustainability-related issues, including climate change. The committee's findings are reported to the Board of Directors, which discusses how to address these issues company-wide. The Global Environment Committee, a sub-organization of the Sustainability Committee, is chaired by the Executive Officer for GX and includes the heads of business units and manufacturing, production technology, and R&D functions, who share and discuss general environmental issues. Under the Executive Officer for GX, the Carbon Neutrality Project examines scenarios to achieve GHG emission reduction targets and implements specific measures. The review involves regular confirmation by the President, the Executive Officer for Corporate Strategy, and others, while the content is constantly refined. The Circular Economy Project, under the Executive Officer for GX, considers the company's policies and direction regarding the circular economy while managing and promoting the progress of each initiative.

In the Material sector, which accounts for over 90% of our own GHG emissions, we established carbon neutral and carbon footprint departments in April 2025. We will further promote our carbon neutral initiatives through collaboration between business units and the corporate level.

Regarding skills of Directors, please refer to the [Skills Matrix of Directors and Audit & Supervisory Board Members](#)

\* Task Force on Climate-related Financial Disclosures. The TCFD was established and its recommendations were officially announced by the Financial Services Board in 2017. It was dissolved in October 2023 and succeeded by the IFRS Sustainability Disclosure Standards.



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## Green Transformation (GX)

## Strategy

Based on awareness and analysis of the major opportunities and risks associated with various climate change scenarios, we work to actively seize opportunities while controlling risks.

## ■ Assumptions of analysis

The transition risk scenario for limiting temperature rises to 1.5°C above pre-industrial levels is based on the WEO: Net Zero Emissions by 2050 Scenario (NZE)<sup>1</sup>, while the physical risk scenario for temperature rises of 4.0°C if no progress is made in countermeasures is based on the IPCC SSP3-7.0<sup>2</sup>.

For each, we considered the opportunities and risks in the Healthcare, Homes, and Material sectors.

Note: Our analysis is based on a variety of assumptions. Changes to these assumptions could result in actual risks and opportunities differing significantly from the analysis.

<sup>1</sup> One of the scenarios in World Energy Outlook (WEO) 2024, prepared by the International Energy Agency (IEA). NZE is a scenario for achieving global net-zero emissions by 2050 in order to limit temperature rises to 1.5°C by 2100.

<sup>2</sup> A scenario outlined in the IPCC Sixth Assessment Report. The Shared Socio-economic Pathways (SSP) 3-7.0 assumes a scenario whereby measures to address climate change are not adopted and temperatures rise 4°C in 2100 under development marked by regional rivalries.

## Opportunities

We promote business portfolio transformation in line with the shift toward carbon neutrality and other megatrends. Under the new MTP, we plan to adopt decisions on expansion-related investments of some ¥670 billion over the three-year period in First Priority businesses such as Critical Care, Overseas Homes, and Electronics, and in Growth Potential businesses such as Energy & Infrastructure. We expect that some ¥100 billion will be for investments related to GHG emissions reductions. We have also set aside US\$100 million for investment over the five-year period from fiscal 2023 to fiscal 2027 for startups in the field of the environment, including those working to address climate change.

We believe that through business development we can find opportunities for various products and services that address the challenge of mitigating and adapting to climate change. In the 1.5°C scenario, we see prospects for alkaline water electrolysis systems anticipating a hydrogen society, and for LIB separators and other products in light of the future expansion of EVs. In the 4.0°C scenario, we see increased demand for Hebel Haus™ resilient, highly insulated homes and for Neoma Foam™ high performance insulation amid increasingly severe weather disasters and rising temperatures.

## Risks

The risks anticipated in the 1.5°C scenario primarily include stronger regulations through policies such as carbon pricing for carbon neutrality, and changes in material needs in anticipation of carbon neutrality. We also anticipate risks such as changes in market structures due to transition to a circular economy and the emergence of innovative technologies for carbon neutrality. The 4.0°C scenario primarily anticipates physical risks such as extreme heat, heavy rain, and flooding. We are aware of the risk of damage to our major manufacturing sites both in Japan and overseas

due to intensifying wind and flood damage, and the associated damage costs.

Although these risks vary in severity, we believe that all of them could materialize as a result of future climate change. We will continue to take steps to reduce these risks. In the 1.5°C scenario, we will improve energy efficiency, expand of renewable energy use, and develop and apply recycling technologies. In the 4.0°C scenario, we will continually review business continuity plans (BCPs), strengthening proactive responses (reviewing inventories, considering multiple suppliers, etc.), and heatstroke prevention at home construction sites.

Please see the [Sustainability section of our website](#) for more details. ▶

## Risk management

We focus on managing the risks and opportunities associated with climate change. We annually monitor emissions for Scope 1, Scope 2, and Scope 3 (major categories) of GHG emissions, with third-party assurance. We share these figures along with progress toward our targets with the Carbon Neutrality Project, which discusses and confirms future initiatives. During formulation or review of the MTP, we check GHG emission reduction efforts and link them to business strategies and measures.

When making capital investments, we apply internal carbon pricing (ICP) to evaluate investment returns and make the final decision. ICP is set considering carbon price forecasts of the International Energy Agency (IEA), market prices, and our own cost forecasts.

## Metrics and targets

We position the following metrics as being relevant to climate change risks and opportunities.

Indicator	Targets and results	Significance of metric
GHG emissions*	Targets FY2030: Reduce by 30% or more (Japan: reduce by 46%) FY2035: Reduce by 40% or more (Japan: reduce by 60%) Note: Each compared to FY2013 FY2050: Achieve carbon neutrality Results FY2024: 3.19 million t-CO <sub>2e</sub> (38% reduction) [preliminary figure]	Indicates reduction status of Scope 1 and Scope 2
GHG emissions*/operating income	Results FY2024: 15,000 t-CO <sub>2e</sub> /¥1 billion	Decline signifies reduction of carbon tax risk
ROIC (return on invested capital)	Targets FY2027: 6.0% FY2030: 8.0% or more Results FY2024: 5.5%	Increase indicates progress toward becoming high earnings enterprise capable of adapting to change

Internal carbon pricing (ICP)	Make investment decisions based on ¥15,000/t-CO <sub>2e</sub> and utilize in awards program
Reflection of climate change issues in executive remuneration	Monetary performance-linked remuneration, which accounts for 30% of Directors' compensation, is comprised of a combination of the degree of achievement of financial targets and the degree of achievement of non-financial targets, including the promotion of sustainability (reduction of GHG emissions, etc.).

\* GHG emissions are Scope 1 and Scope 2 emissions. Seven types of gases are included in the calculation: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).

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Green Transformation (GX)

**1. Contributing to reductions in society’s GHG emissions**

Our diverse technologies and businesses have wide-ranging potential for contributing to the reduction of society’s GHG emissions. We are committed to creating technologies and developing products that contribute to GHG emission reduction throughout the entire value chain, thereby providing new value to society.

**Targets**

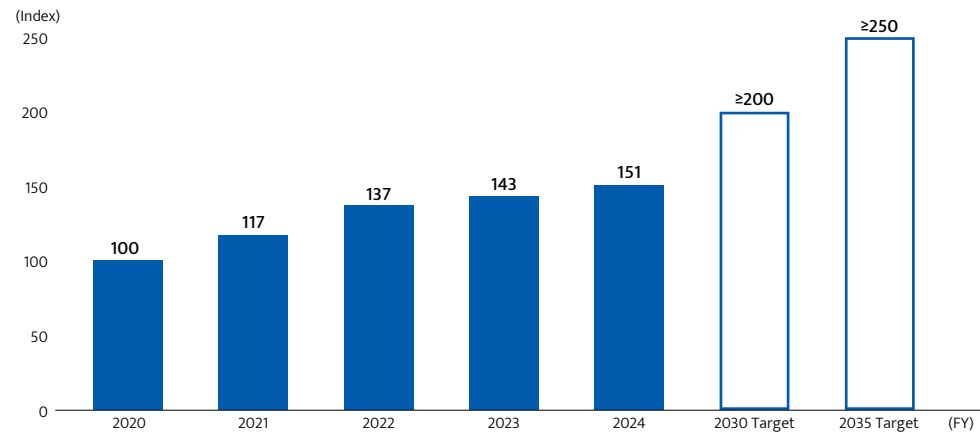
We aim to contribute to reducing GHG emissions in society by increasing the amount of GHG reduction that can be achieved through our Environmental Contribution Products. Specifically, we have set a goal of increasing our contribution to reducing GHG emissions by 2 times or more by fiscal 2030 and by 2.5 times or more by fiscal 2035 compared to fiscal 2020.

**Results and initiatives**

To date, a total of 26 products and technologies have been certified as Environmental Contribution Products. The amount of GHG reduction contribution in fiscal 2024 was 1.51 times greater than in fiscal 2020. We will continue to further expand environmental contributions through our business, including by placing even greater emphasis on environmental contribution in our research and development.

**Targets and results**

**GHG emission reduction contributions through Environmental Contribution Products\***



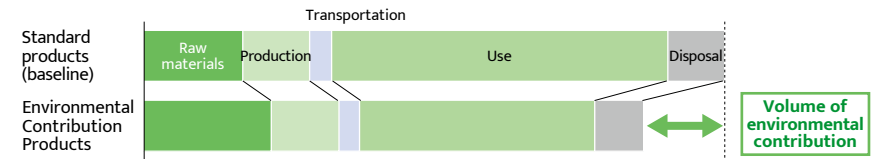
\* Using fiscal 2020 as the baseline year (100)

Note: GHG emission reduction contribution in fiscal 2024 was approximately 19.5 million t-CO<sub>2</sub>e. Baseline setting and methodology for contribution rates included in calculations for individual products, while also looking at our management approach, are established for each individual product. Therefore, please note that the above figures, which are the simple totals of the contributions of each product, are reasonable under certain conditions (and are not suitable for comparison with other companies).

**About Environmental Contribution Products**

Environmental Contribution Products are products and technologies that have been internally certified as contributing to environmental improvement and reducing environmental impact throughout their entire life cycle. When conducting the certification process, we receive advice from external experts on the validity of our calculation methods for, and definitions of, environmental contributions and confirm their rationality.

**Conceptual diagram of Environmental Contribution Products and the volume of their environmental contribution**



**Volume of environmental contribution**

Our calculation and certification of the volume of environmental contribution from our Environmental Contribution Products is based on our own original guidelines which take into consideration guidelines such as those published by the Institute of Life Cycle Assessment, the Japan Chemical Industry Association, the Ministry of Economy, Trade and Industry, and the World Business Council for Sustainable Development (WBCSD). We ensure the rationality of our definitions of the environmental contribution of individual products by having them reviewed by external experts. Further, reviews from academic perspectives have led to improvements in employee knowledge regarding environmental contributions and employee understanding of the promotion of environmental contribution businesses.

**Comment from external expert**



**Hiroyuki Uchida** Principal, Mizuho Research & Technologies, Ltd.

The importance of reducing emissions and Environmental Contribution Products is increasing more than ever as an initiative that aligns corporate growth with GHG emission reductions. On the other hand, if the calculation method is incorrect, there is a risk of causing misunderstandings in society and not producing accurate GHG emission reductions. I commend Asahi Kasei’s sincere efforts to reduce GHG emissions, including calculations based on major guiding documents, reviews by external experts, and disclosure of the process. I look forward to the company’s continued efforts to achieve its targets for 2030 and 2035 under appropriate management.

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## Major Environmental Contribution Products

### Lithium-ion battery (LIB) separators

Reducing GHG emissions from driving as EVs using LIBs become widespread

Separators are one of the main components of LIBs (along with the cathode, anode, and electrolyte) that are used in EVs.

The spread of EVs is contributing to a reduction in GHG emissions during driving compared to gasoline-powered vehicles. Improving battery performance (ensuring driving range and safety) is essential for electric vehicles. We are playing a part in this through the development of separator technology.



### Hebel Haus™ unit homes and Hebel Maison™ apartment buildings

Reducing GHG emissions at the components manufacturing and usage stages through long service life and ZEH standards

By providing long-life homes with a basic structure that lasts for over 60 years, we are reducing the frequency of rebuilding homes and contributing to a reduction in GHG emissions generated during the manufacturing of components and the construction process compared to ordinary homes. In addition, we are promoting the construction of homes that meet the net zero energy house (ZEH) standards, which aim to achieve a home's net energy balance below zero through power generation, improved insulation, and energy conservation, thereby reducing energy consumption and GHG emissions during use.



### Ion-exchange membrane process for chlor-alkali electrolysis

GHG reduction in the electrolysis process for producing caustic soda and chlorine

Caustic soda and chlorine are produced by electrolysis of brine. Of the various electrolysis methods, we offer the ion-exchange membrane process, which has a low environmental impact. Because electrolysis requires a large amount of electricity, we are developing technology for a more power-efficient process. Our latest grade of ion-exchange membrane has achieved a reduction in power consumption of approximately 2% compared to previously. This contributes to reducing energy consumption and GHG emissions during the production of caustic soda and chlorine. Furthermore, we manufacture and sell all of the main components of the electrolysis process (ion-exchange membranes, electrolyzers, electrodes, and electrolysis cells), and are committed to providing optimal solutions.



Please refer to the [List of Our Environmental Contribution Products](#) ▶

### Asahi Kasei's new challenge:

#### establish the next generation of Environmental Contribution Products

In fiscal 2024, we have established a new framework for the next generation of Environmental Contribution Products. This is an initiative to evaluate and visualize the environmental contribution (such as the amount of GHG reduction contribution) at an early stage for technologies and product ideas in the R&D stage that have the potential to become Environmental Contribution Products in the future.

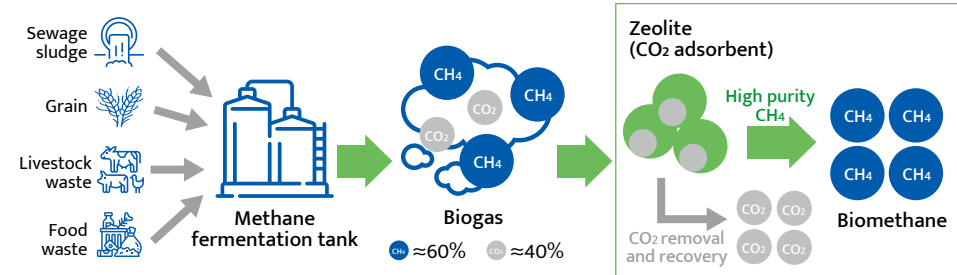
By incorporating a life cycle assessment (LCA) perspective from the stage of R&D, we aim to quantitatively evaluate the environmental impact at each stage of design, material selection, and process construction, leading to smooth certification and environmental value creation after products are released to the market.

#### Example of next-generation of Environmental Contribution Products

#### CO<sub>2</sub> separation and recovery (biogas purification system)

#### Our CO<sub>2</sub> separation and recovery technology

Our proprietary biogas purification system targets biogas generated from biomass resources such as sewage sludge, and efficiently removes CO<sub>2</sub> from the biogas by combining zeolite technology with a gas separation process. As a result, high-purity biomethane gas can be produced with a high recovery rate.



#### Reduction scenario

Demand for biomethane is expanding in Europe and the Americas as an alternative fuel to natural gas. Because it is a carbon-neutral fuel derived from biomass, its use as an alternative to natural gas is expected to significantly reduce GHG emissions.

#### Status of development

In February 2025, we began demonstration trials of a biogas purification system using our zeolite-based CO<sub>2</sub> separation and recovery technology in Kurashiki City, Okayama Prefecture. The project is making steady progress toward commercialization.



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Green Transformation (GX)

2. Reducing our own GHG emissions

In order to achieve carbon neutrality, we have set a new target for fiscal 2035. We will continue to work on reducing GHG emissions in our business activities by taking concrete actions from various perspectives.

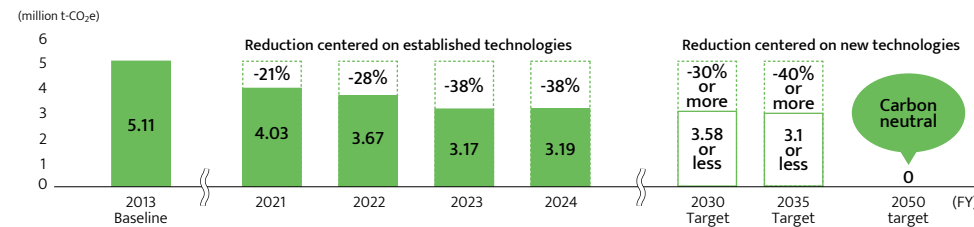
Targets

Targeting Scope 1 (direct GHG emissions by the company) and Scope 2 (indirect GHG emissions associated with the use of electricity, heat, and steam supplied by other companies), we have adopted the goals of reducing emissions by 30% or more compared with fiscal 2013 by fiscal 2030, reducing them by 40% or more by fiscal 2035, and achieving carbon neutrality (net zero emissions) by fiscal 2050.

Results and initiatives

Our GHG emissions for fiscal 2024 totaled 3.19 million t-CO<sub>2</sub>e (preliminary figure), a 38% reduction compared to fiscal 2013. Increased production volume resulted in higher GHG emissions, but thanks to ongoing energy-saving efforts and other initiatives, GHG emissions remain roughly at the same level as in fiscal 2023. To achieve carbon neutrality by fiscal 2050, we intend to steadily reduce emissions by focusing on low-carbon and decarbonized energy sources and transforming our business portfolio.

GHG emissions (Scope 1 and Scope 2)



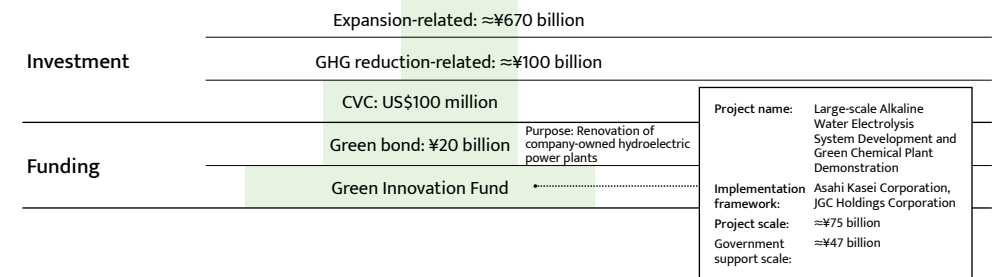
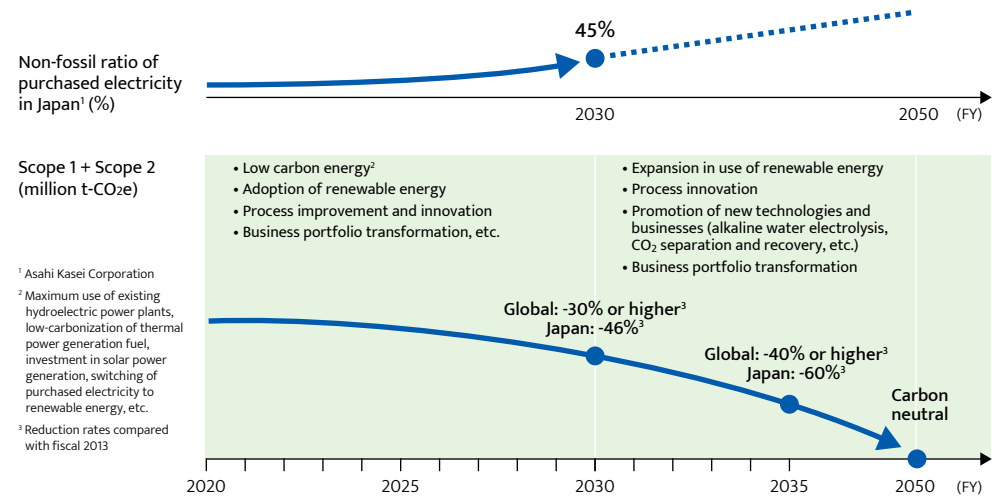
Note: Fiscal 2024 figures are preliminary and may change after undergoing third-party verification.

Activities for achieving carbon neutrality

The achievement of carbon neutrality by fiscal 2050 is a major challenge. In this endeavor, we recognize the essential need not only for steady energy conservation activities and ongoing efforts to reduce GHG emissions but also for fundamental technological innovation and changes in business models.

In fiscal 2025, we will continue to look into every possible GHG emission reduction measure and study specific measures and reduction scenarios from various perspectives, including developing an optimal energy supply system at each site. In the Chemical business, we will also work with other companies to consider feedstock conversion and other measures aimed at decarbonization.

Roadmap to achieving carbon neutrality



HIGHLIGHT

Ecological resilient grid: Enhancing environmental contribution and disaster resistance with rental housing management system utilizing urban rooftops

Asahi Kasei Homes leases the roofs of newly built Hebel Maison™ apartment buildings from the owner for 30 years to operate a solar power generation system and sell the electricity. Asahi Kasei Homes covers the installation and maintenance costs of the solar power equipment, storage batteries, etc., allowing owners to manage rental housing that contributes to the environment and strengthens disaster resistance while keeping investment costs down. Residents are able to continue using electricity and Wi-Fi even during power outages caused by disasters. Asahi Kasei also utilizes any surplus clean electricity within the Asahi Kasei Group. This initiative benefits all parties and has been highly praised externally, receiving various awards.



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# Q5

## How will you transform your business models by leveraging abundant intangible assets?

### Answer

Our HR strategy and initiatives reinforce a culture of embracing challenges, empowering diverse personnel with the A-Spirit, the core of our intangible assets. We are promoting new business models with value centered on intangible assets, such as solution-oriented and licensing businesses.



From upper left: Employees in the Homes sector, corporate functions, Judo Team, Homes sector, corporate functions, Material sector, Track Team, Healthcare sector, Healthcare sector, Healthcare sector, corporate functions, Material sector

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# Special Feature Transformation driven by intangible assets

## Leveraging 50 years of trust Transforming the business model of our ion-exchange membrane process chlor-alkali electrolysis business

Our ion-exchange membrane process chlor-alkali electrolysis business has grown beyond the manufacturing, development, and sales of electrolyzers, ion-exchange membranes, electrodes, and electrolysis cells. Today, it has evolved into a one-stop solution business offering comprehensive services, including monitoring systems and data-driven technical support.

### Ion-exchange membrane process for chlor-alkali electrolysis

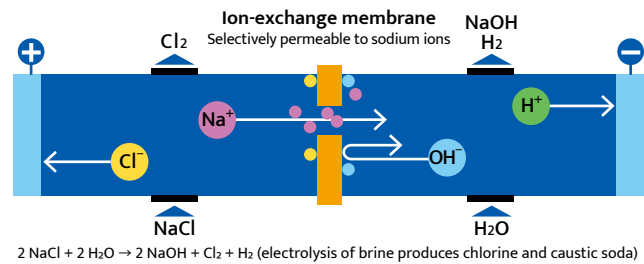
This system uses ion-exchange membranes to electrolyze brine to produce chlorine and caustic soda. Unlike other processes that use mercury or asbestos, the membrane process is highly regarded for not requiring the use of hazardous substances and being energy-efficient.

We developed this technology and achieved the world's first commercial operation in 1975. Today, we are the only company in the industry<sup>1</sup> to offer a one-stop solution that combines our product lineup—electrolyzers, ion-exchange membranes, electrodes, and electrolysis cells—with maintenance and technical support services. The chlorine produced is used in the manufacture of disinfectants, bleach, polyvinyl chloride (PVC), and polyurethane resins, while the caustic soda finds applications across a wide range of industries, including pulp and paper, non-ferrous metals, electronics, and pharmaceuticals.

These are essential basic materials for modern society, and their demand continues to grow generally in line with economic growth in countries worldwide. The ion-exchange membrane process chlor-alkali electrolysis business is a key operation supporting the Asahi Kasei Group's revenue base.

<sup>1</sup>Asahi Kasei estimate

### Basic principle of chlor-alkali electrolysis



### Exploring new paths to success through a one-stop solution

A key feature of this business is that, after installing electrolyzers at customer sites, there is ongoing demand for the periodic replacement of ion-exchange membranes and electrodes. In some cases, though, replacement products from other manufacturers may be used, making it necessary to reassess the value we provide to reliably capture this replacement demand and support business growth.

We refocused on the customer's perspective, recognizing their goal of producing chlorine and caustic soda while minimizing power consumption. We shifted our approach from merely promoting the quality of individual components to pursuing solutions that enhance the overall electrolysis efficiency of the chlor-alkali process.

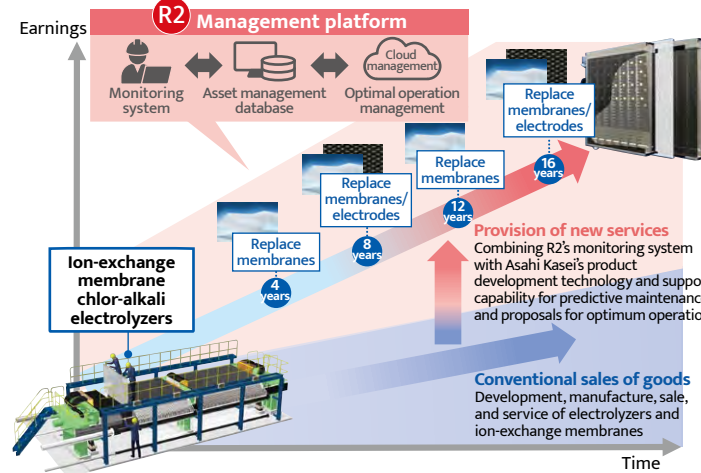
One of the major initiatives supporting this strategic shift was the 2020 acquisition of R2, a company specializing in

monitoring services for electrolysis plants. In addition, as the COVID-19 pandemic made it difficult to leverage our traditional strength of on-site support, we established a remote support system using smart devices. This enabled remote operational support for plants, providing a new means to maintain and strengthen trust with our customers. Through these initiatives, the collaboration between Asahi Kasei and R2 is now providing customers with new value, including predictive maintenance and optimal operation proposals. It is also evolving into a more stable revenue model.

### Leveraging expertise from the Homes sector in the Material sector

A major driving force behind this series of business model reforms is the after-service expertise cultivated through Hebel Haus™. Transferring personnel with extensive experience in the Homes sector to the Material sector leverages their knowledge and ingenuity to create new value, fostering inter-business synergies unique to the Asahi Kasei Group.

### Evolution from conventional sales to a solution-oriented business



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# Special Feature

Transformation driven by intangible assets

The key factor supporting this reform is not limited to the electrolyzers at the core of the business and their related products. Intellectual property, strong customer relationships, operational expertise, and above all, the team strength of Asahi Kasei—working closely with each customer and collaboratively tackling challenges—are powering the business model transformation.

## Brand strength and trustworthiness



**Taisuke Nakamura**  
Sales Department

Active both in Japan and overseas as a sales representative, handling large-scale plants and sales of R2's monitoring services

### Strengths

#### Customer base built by our predecessors

During a visit to a customer in India, I was warmly welcomed by the entire team despite it being our first meeting. Even at industry events, I often feel the strength of these trusted relationships, for example, when industry professionals are among the first to greet me. This customer base was carefully cultivated by those who came before me, and my role is to continue their legacy. By deeply understanding our customers and continuously addressing their challenges together, I hope to firmly pass this on to the next generation.

### Next

#### How to ensure customers truly experience the value of our services

Introducing new solutions is by no means easy. Even after persistent sales efforts, generating interest in R2's monitoring system is just the beginning; securing additional budget for its adoption remains a significant challenge. In addition to the regular sale of ion-exchange membranes, we take initiatives to help customers experience the value of our services, such as offering proposals that bundle monitoring devices, systems, and data analysis, or organizing plant tours for customers at sites where the system is already being used.

## Operational expertise



**Tetsuya Suwa**  
Customer Success Department

Providing frontline customer support, including technical services for plant start-up and stable operation

### Strengths

#### Expertise in responding to abnormalities in electrolyzer operations

Electrolysis plants use natural gas as a raw material, which is prone to inconsistent quality, and handle hazardous substances such as chlorine, hydrogen, and caustic soda, making their operational management extremely challenging. Once installed, the facilities are not easily replaced, so robust support capabilities and strong customer relationships are essential. When working solely with ion-exchange membranes or electrolyzers, responsibility is limited to one's own products. As Asahi Kasei offers one-stop solutions, we need to be responsible for resolving even the most complex and unprecedented challenges. I believe that this deeply ingrained culture of taking on challenges is one of Asahi Kasei's greatest strengths.

### Next

#### Strengthening support through data utilization

Looking ahead, by leveraging R2's technology to systematize support such as data analysis, we believe we can offer customers even more compelling insights than before.

Another major strength of Asahi Kasei is its well-established framework for developing data scientists in-house. Going forward, we will achieve even greater operational stability for our customers by centrally managing monitoring and data analysis.

## Technology and IP



**Yu Endo**  
Ion Exchange Membrane Research & Development Department

Pursuing the highest-quality membranes required by customers as professionals in membrane technology

### Strengths

#### Pride and expertise as membrane specialists

Fluoropolymers used in ion-exchange membranes are highly specialized, and the membranes themselves have complex structures, and this makes the work fascinating.

By developing and manufacturing all products in-house—not just membranes—we can offset the weaknesses of each component, including ion-exchange membranes, electrodes, and electrolysis cells, enabling the high electrolysis efficiency and stability unique to Asahi Kasei. By combining our technical expertise, we aim to bring to market the best membranes that only Asahi Kasei can create.

### Next

#### Advancing R&D through data utilization

Operating conditions vary significantly across plants in different countries due to factors such as the composition of the salt used and electricity costs. By expanding the use of monitoring and data analysis and leveraging data from plants around the world in our technology development, we believe we can further enhance our capabilities in developing electrolyzers, ion-exchange membranes, and electrodes, allowing us to respond to a wide range of operating conditions.

In addition, by directly observing customers' actual operational data, we hope to engage in development that is even more closely aligned with the customers' perspective.

## Marketing expertise



**Shuta Kojima**  
Marketing Department

Involved in the business model transformation project from the early stages, also responsible for branding

### Strengths

#### Trusted colleagues and team strength

When proposing new solutions, the key to marketing activities is accurately understanding not only of customer needs but also the varying conditions and climate at sites in different countries. For this reason, field insights from Suwa of the Customer Success Department and Nakamura of the Sales Department play a critical role in guiding various decisions. Having trusted colleagues is, in my view, the true foundation of marketing strength.

### Next

#### Strategically expanding new services

Our customers already understand the concept we are proposing. Nevertheless, multifaceted communications efforts are needed to get customers to fully embrace the concept and move forward with implementation.

The brand AlkaNexus embodies our vision of leveraging advanced product development, a broad product lineup, the knowledge and trust built over 50 years, and an unwavering spirit of customer focus. By continually providing solutions that address the evolving challenges of customers and the industry, we will ensure the next 50 years of chlor-alkali. We will continue to promote the adoption of our solutions under the philosophy of AlkaNexus.

## Digital foundations



**Kenji Onaka**  
Marketing Department

Driving system development that serves as a bridge between R2 and Asahi Kasei, maximizing synergy between the two companies

### Strengths

#### The group's diverse expertise

I previously worked in the corporate Digital Value Co-Creation, and in January 2025, I was transferred to the Ion-Exchange Membrane & Electrolysis System Division. I currently see myself as serving as a hub, connecting R2, Asahi Kasei, and the corporate personnel with the business division. The Asahi Kasei Group encompasses a diverse range of businesses, and when embarking on new initiatives, being able to draw on the insights of divisions that have already pioneered similar efforts is a significant asset. I believe one of Asahi Kasei's defining cultural traits is that, when you seek guidance, everyone generously and thoroughly shares their knowledge.

### Next

#### Solving problems through data analysis

As a digital engineer, I find it particularly fascinating to determine how to capture data from customers' plants and leverage it effectively within Asahi Kasei. I am currently exploring new ways to leverage data while building on Asahi Kasei's strength in technical services. For example, we are accelerating the development of new data-driven services by both companies, such as offering electrolysis cell rental during plant maintenance, and implementing operational monitoring systems to prevent problems before they occur.

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## HR Strategy



Message from  
the Executive Officer for HR

Personnel initiatives that  
connect the appeal and  
strengths of human resources to  
corporate value

Satoshi Nishikawa

Senior Executive Officer  
Executive Officer for Human Resources  
Deputy Oversight for Health & Productivity Management

Nishikawa possesses wide ranging career experience, including in human resources, business planning for electronic materials, operation of overseas production sites, and sales. He has in-depth and firsthand knowledge of Asahi Kasei's appeal and strengths.

Making the most of the strengths of our people

To further refine the strengths of our human resources in line with changing competitive conditions in the world, we have implemented various measures under the basic idea that people are our most valuable assets, everything starts with people. Initiatives to develop management talent and the Group Masters program, which aim to highlight both management skills and expertise, are becoming important pillars that support and lead organizations and businesses. We have also worked to raise people's awareness and implement related initiatives based on the concept of lifelong growth, with the aim of instilling in employees the idea that the company is a place for growth and that the company will provide opportunities for growth. Diversity is a strength of Asahi Kasei, with various industries and technologies intersecting, though our progress has been slow in terms of gender balance. In recent years we have

accelerated efforts to promote DE&I. As a final step in strengthening these initiatives, we introduced a new personnel system for managerial positions in fiscal 2025. This system gives opportunities to people with outstanding ability and motivation, and rewards current efforts and achievements more than past results. Although this is a tough process, we believe it is necessary as a catalyst to unleash the energy of our human resources in the right direction. At the same time, even as the trend toward strictness and autonomy grows stronger, we are also incorporating a scientific perspective into our efforts to evolve our methods of maintaining and improving psychological safety and teamwork on a daily basis.

Delivering results with greater determination based on organizational unity

Although our performance improved during the three years of the previous MTP, we have yet to fully unleash the power of our intangible assets, including our human resources, or fully reflect them in our corporate value. We have established strong systems that enable our human resources to demonstrate their capabilities. From now on, we will focus on delivering results. The key is to focus on business, with HR measures as one tool. As we transform our business portfolio and pursue results, business organizations take charge of HR measures and make the most of the capabilities of their people. The new personnel system is designed to make this possible. Functional organizations will connect with one another and work together to support business transformation and growth.

With all organizations united globally to exert Asahi Kasei's collective strengths, including through co-creation with our teams involved in digital capabilities, we will embody the spirit of "Trailblaze Together."

Asahi Kasei's view of its people

When talking about Asahi Kasei's HR strategy, I start with our view of people and our culture rather than our business strategy. Even when we manifest technical or product strengths, I think of the people and the teams who made it happen, and how it was only possible because of them.

Asahi Kasei's view of people and our culture are encapsulated in the following phrases: "Passionate people naturally gather together," "each employee excels as a core member," "strong workplaces don't just follow instructions, but strive earnestly when they believe in their goal," and "there is joy in overcoming difficulties together with colleagues." We describe Asahi Kasei's distinctive characteristic as "Diversity × Specialty." I believe that at the heart of our diverse and distinctive businesses are our view of people and our culture.

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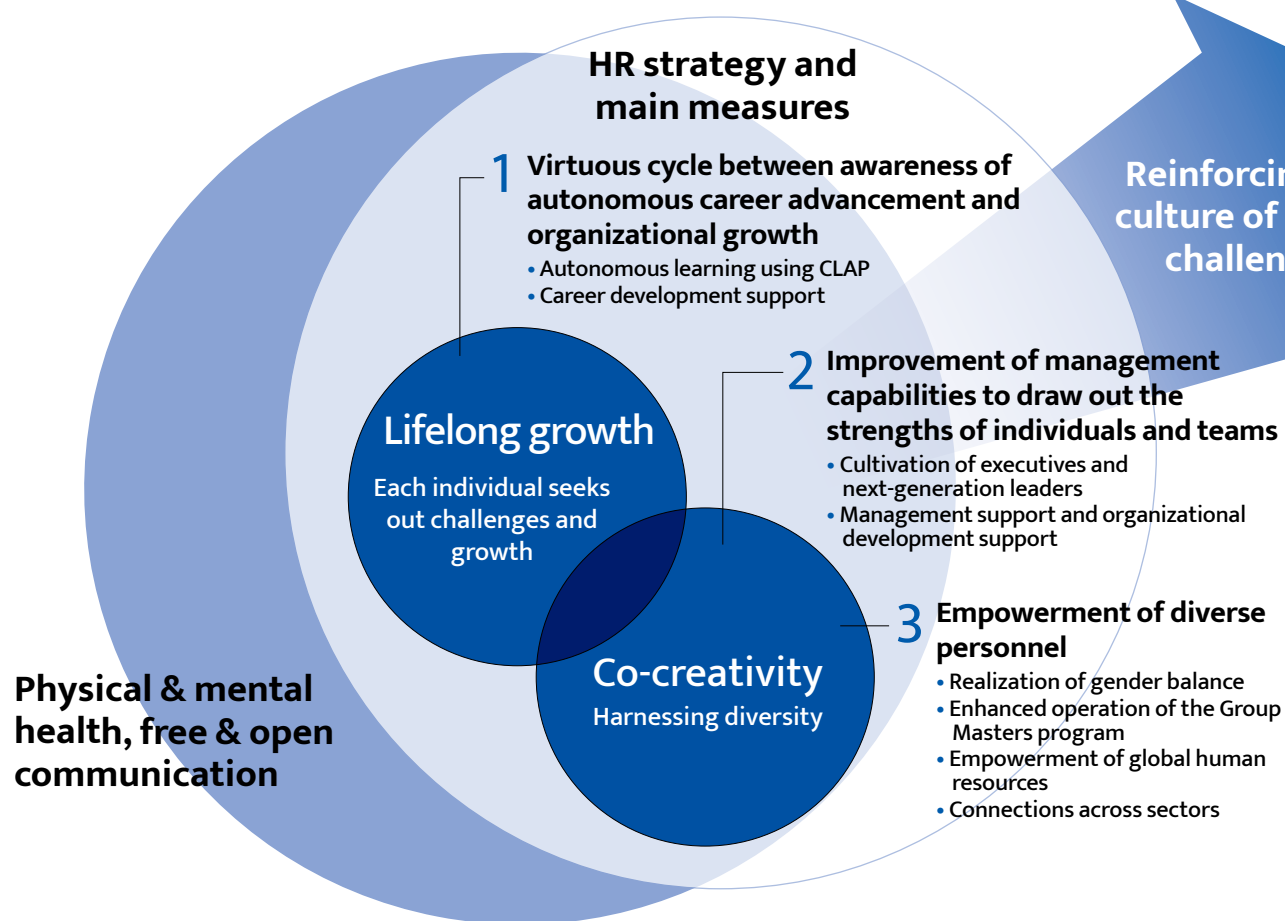
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HR Strategy

### HR strategy to reinforce culture of taking challenges with lifelong growth and co-creativity

The “A-Spirit,” Asahi Kasei’s heritage, is our starting point for the sustainable creation of innovative products, services, and business models. To unleash its power, we implement HR strategy and measures to strengthen our culture of taking challenges. The Executive Officer for HR is a member of the Management Council, and regular meetings are held between the President, the Executive Officer for HR, and the Senior General Manager of HR. The aim is to create a system where management strategy and HR strategy are linked.



**Major revision of HR system in fiscal 2025, strengthening culture of taking challenges**  
 In a rapidly changing business environment, we are transitioning to a new HR system in fiscal 2025 to rejuvenate the A-Spirit, encourage each individual to take challenges, and enhance our culture of taking challenges throughout the organization. The new HR system is based on the concepts of “fair” with a new sense of fairness that evaluates current achievements, contributions, and challenges rather than seniority, and “open” with an open organizational culture that supports mutual challenges. The system will enable employees to take new challenges and receive more rewards based on their results, actively encouraging them to be ambitious and grow.

Related indicators <sup>1</sup>	FY2024 results	Main KPIs <sup>4</sup>
Action driving growth <sup>2</sup> (5-point scale)	3.73	Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) <sup>2</sup> 
Investment in personnel training (amount per employee)	¥265,000/year	
Cumulative number of open position posting transfers	≈600	
Group Executive succession preparation rate	280%	
Workplace dialogue implementation rate	72.3%	Action driving growth <sup>2</sup> (5-point scale) 
Percentage of women in the total number of managers and the Group Masters program <sup>3</sup>	4.9%	
Number of women working as managers	335	
Diversity and psychological safety score (in KSA survey)	Diversity 4.05 Psychological safety 3.65	
Number of personnel transfers across sectors	≈280	Percentage of women in the total number of managers and the Group Masters program <sup>3</sup> 
Percentage of mid-career hires in management positions (full-time employees in Japan)	16.0%	
Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) <sup>2</sup>	57.3%	

<sup>1</sup> Results for employees of Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Life Science. <sup>2</sup> Employee engagement survey (KSA) indicator. <sup>3</sup> Figures for each fiscal year are as of April 1st of the following fiscal year. <sup>4</sup> Linked to officer remuneration.

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HR Strategy

HR Strategy 1

**Virtuous cycle between awareness of autonomous career advancement and organizational growth**

At Asahi Kasei, challenges involve working together with colleagues to discover one’s roles, grow, and contribute to the organization. We promote HR policies that foster the growth of organizations through individual challenges, creating a virtuous cycle.

**Supporting learning for personnel who seek independent growth and challenges**

To encourage all employees to re-learn, we utilize our unique Co-Learning Adventure Place (CLAP) learning platform, which offers over 10,000 content items created both internally and externally. We have introduced a learning community as a place to create connections and motivate employees to learn, rather than requiring them to. In fiscal 2023, we launched a community activity where new employees learn alongside peers for nine months. Developing an interest in new fields through connections with peers contributed to growth and reduced career anxiety. Employees shared such feedback as, “It helped me visualize my career prospects,” and “I’m applying what I learned to my work.”

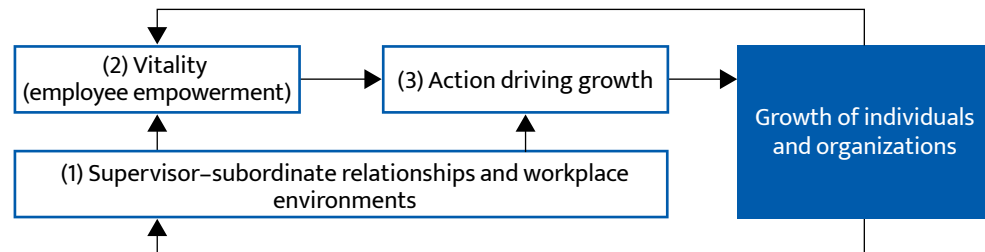


(Supported by: Ministry of Health, Labour and Welfare)

**Improving the vitality and growth of individuals and organizations**

To grow together, individuals and organizations need to visualize their conditions and provide feedback. We conduct KSA, an engagement survey assessing employee empowerment and growth, to monitor three indicators. The main KPI is “action driving growth,” which consists of experience-based learning and actions that contribute to the organization. In the new MTP, we set the percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) as a new main KPI, believing that increasing employees with high vitality will have a positive impact on the vitality and growth of the organization.

**KSA (survey assessing employee empowerment and growth) mechanism**



HR Strategy 2

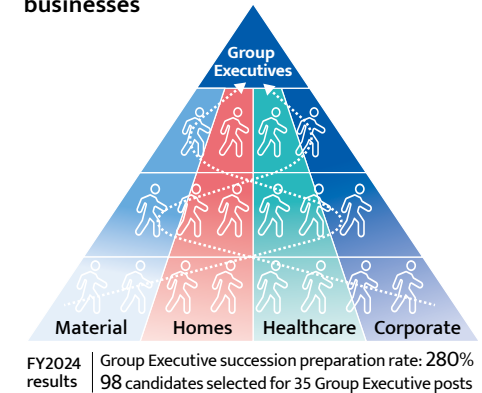
**Management capabilities to draw out the strengths of individuals and teams**

To make the most of the capabilities of highly specialized and ambitious human resources and achieve results, the leader of each organization holds the key.

**Developing the next generation of Executive Officers across sectors**

We provide Executive Officer candidates from each business unit with training on the perspective and vision required for management leaders, along with executive coaching and programs for cross-industry networking and learning. The program applies to all three sectors, and members stimulate each other, unleashing their desire to grow and take action to reach higher. In fiscal 2024, we introduced a new program targeting employees around the age of 40 to expand the pool of candidates. We also work to invigorate the talent pool from a long-term perspective, and strengthen personnel development through strategic transfers, such as giving Executive Officer candidates experience managing multiple businesses.

**Fostering personnel with rotations among businesses**



**Supporting newly appointed General Managers who lead our frontline operations**

For subordinates working in our frontline operations, support for a newly appointed General Manager who works closely with them is particularly important. These General Managers are encouraged to use KSA to analyze their own organizational issues and implement improvement actions. Some 93% of supervisors of participants in the program noticed changes in their newly appointed General Managers’ behavior and awareness. They responded that the General Managers’ interpersonal skills, such as flexibility and understanding of others, as well as their awareness of leading an organization, had improved.

**Workplace dialogue aimed at improving organizational vitality**

Taking advantage of the diversity of our human resources, we promote workplace dialogue using KSA to create an organization where members with a variety of experience, values, and abilities can demonstrate their strengths. After receiving feedback, managers discuss issues and future goals with members, and work on actions to raise vitality. While the implementation rate of workplace dialogue remained above 70% in fiscal 2024, we see psychological safety in the workplace and trust between superiors and subordinates as important for effective workplace dialogue. We will also advance approaches tailored to the conditions of individual workplaces.

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HR Strategy

HR Strategy 3

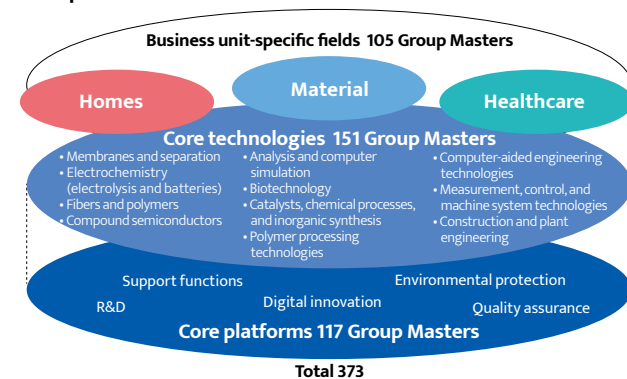
Nurturing organizations and culture where diverse personnel can harness their abilities

As our unique characteristic of “Diversity × Specialty” indicates, we have many diverse personnel with various experience, knowledge, and abilities. Our goal is for these human resources to transcend the boundaries of sectors and businesses to play an active role group-wide. Creating sustainable value requires not only diversity in attributes such as nationality and gender, but also qualitative diversity in areas such as expertise and ability, which create something new when combined, enhancing our co-creativity. To accelerate this, we are utilizing a talent management system to visualize human resources, leading to more strategic placement and development.

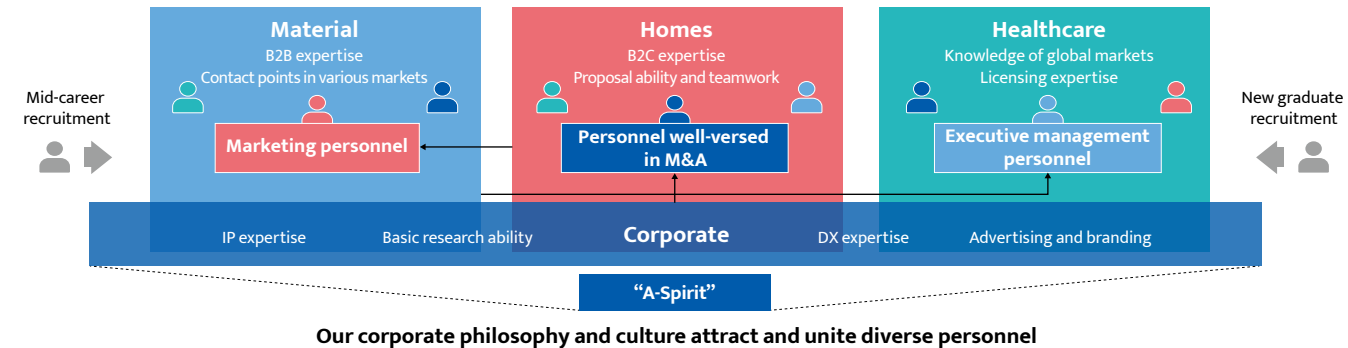
Increasing personnel who contribute to business by expanding Group Masters and accelerating interaction

We have appointed, trained, and compensated Group Masters who are not only able to demonstrate their own expertise but also contribute to the business, including by training the next generation. We review the areas of expertise every year in accordance with our business policy. In recent years, the scope of Group Masters has expanded along with the growth of our business portfolio to include, for example, marketing specialists. The annual Group Master presentations provide an opportunity for a more diverse range of personnel to have stimulating interactions.

Group Masters fields



Personnel with diverse experience, knowledge, and abilities engaged across different sectors and businesses



Empowering diverse personnel

Achieving gender balance

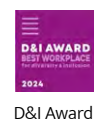
Because a majority of its employees are male, Asahi Kasei recognizes the importance of achieving gender balance and incorporating diverse ideas. Promoting the active participation of women in the workforce and encouraging men to take parental leave are touchstones for this. It is our goal to create an environment where each individual can thrive. We are implementing initiatives to build a pool of candidates, such as training for female management candidates, to create a system that continuously produces female leaders. We also aim to cultivate a managerial perspective and increase motivation to take challenges through mentorship programs for newly appointed female managers and roundtable discussions with female Executive Officers.



Eruboshi<sup>1</sup>



PRIDE Index 2024 Bronze<sup>2</sup>



D&I Award 2024 Best Workplace<sup>3</sup>

<sup>1</sup> Applicable scope: Asahi Kasei Corp.

<sup>2</sup> Applicable scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical Co., Ltd.

<sup>3</sup> Applicable scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, Asahi Kasei Medical Co., Ltd., and Asahi Kasei Ability Corp.

Providing workstyles for all life stages

Japan's lifestyles are becoming more diverse as the population ages and birthrate declines, and we need to create an environment where people can be engaged while balancing work with childcare and/or family care. Asahi Kasei recognizes that stereotypical gender perceptions still exist, as evidenced by the disparity in the number of days of childcare leave taken and the rate of reduced working hours between men and women. We are working to eliminate these perceptions. In fiscal 2025, we will focus on putting our ideas into practice in workplaces, such as by holding classes for fathers and management training for supporting work-life balance.

Promoting understanding of diversity

To promote understanding of diversity in the workplace and improve psychological safety, we use KSA to monitor understanding of diversity in the workplace. It is also important to recognize and control unconscious bias. We provided relevant training to all Executive Officers, General Managers, and Section Managers from fiscal 2023 to fiscal 2024.

KSA diversity and psychological safety score (out of 5)

	2021	2022	2023	2024
Diversity	3.96	4.00	4.01	4.05
Psychological safety	3.57	3.60	3.61	3.65

Note: Revised due to changes in the basis of calculation.

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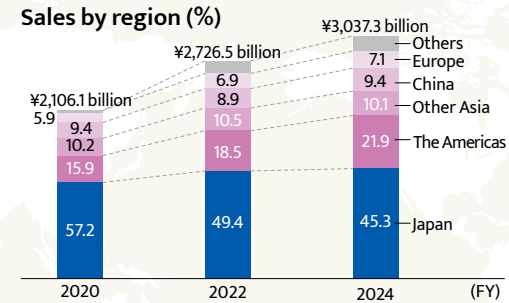
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## Strengthening global human resource engagement with the A-Spirit

With the overseas sales ratio increasing and some 40% of our workforce now non-Japanese, strengthening the engagement of overseas employees is a major challenge for the Asahi Kasei Group. Here are excerpts from a roundtable discussion among employees in the U.S., where we are expanding business across different sectors. While there is concern that expansion through M&A may weaken the A-Spirit, which is Asahi Kasei's heritage, people and organizations that recently joined the Asahi Kasei Group overseas often show even more A-Spirit than some do in Japan, and operations in Japan can find things to learn from them. We believe that the unique identity of Asahi Kasei can be conveyed to the future by continually sharing the idea that there are different understandings of the A-Spirit between businesses and individuals.



### Q How do we maintain both Asahi Kasei's uniqueness and the diverse cultures of each company?

In the U.S., brands like Synergos, Sage, and Bioprocess are more prominent, and each company has its own established culture. For everyone to understand the A-Spirit, we need to convey Asahi Kasei's culture to the U.S.

We should take care not to diminish established brands. ZOLL has a strong reputation among critical care professionals. In one TV series, a character shouts, "Get the ZOLL!" when a defibrillator is needed. **The ZOLL brand is synonymous with saving lives, which is our mission.**

**Each business definitely has a different culture.** But when I first saw the A-Spirit, I felt it was very similar to Sage's culture. Of course our cultures are not exactly the same, but even without completely absorbing the A-Spirit, we can align our orientation. Each company can maintain its own culture along with the A-Spirit by formulating policies in line with Asahi Kasei's targets and MTP.

Asahi Kasei has a very long and rich history, but I don't think it's fully ingrained group-wide. **What kind of company is Asahi Kasei? What and how does it contribute? What path did it follow, and what are its aims?** I think we should all learn more.

### Q What does the Asahi Kasei Group need to reach the next level?

**The key to success at global sites is localization.** This is true in every region. With too much focus on localization, though, we lose our connections as a group, and each company becomes isolated. The A-Spirit lets us recognize diversity while strengthening unity.

**A defining feature of Asahi Kasei is its culture of safety.** Safety is important in every field, but especially on construction sites, where accidents can be fatal. Some of the companies acquired for Synergos did not have the same strict safety standards as Asahi Kasei, but improvements are being made. The presence of Asahi Kasei as our parent company has helped us raise safety standards and priorities as a core value.

For each brand to be part of the Asahi Kasei Group, it should uphold the A-Spirit. Since we're using the Asahi Kasei name, we shouldn't do anything that conflicts with its culture. We should incorporate the values that are important to Asahi Kasei and create a unified culture. At the same time, each company should continue to maintain its own established culture and brand identity that differs from that of the parent. **Such diversity is also part of the A-Spirit.**

### Q What is important for fostering group-wide culture and awareness?

In the U.S., we try to communicate that we are part of a much larger organization, but most people still identify with Synergos. **In order to spread the A-Spirit values, we need to gain awareness that it's a culture that's worth adopting.**

**Continuous communication is important to foster a sense of identity as part of the group.** There used to be a strong identity as Polypore, but after John Moyer became CEO, he often emphasized that we are part of Asahi Kasei. I think we need regular communication that is reinforced through repetition.

**It's important for people from each company to meet in-person to deepen their understanding of Asahi Kasei.** The A-Spirit is fostered through activity as a part of Asahi Kasei, rather than as part of Asahi Kasei Plastics North America or Sage.

Thanks to the A-Spirit, I learned how many lives ZOLL saved this month, and how it overcame obstacles. I believe the values of Asahi Kasei are fostered by sharing stories of successes, failures, and challenges.



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Maximum Use of Intangible Assets

Message from the Executive Officer for R&D, DX, and IP

Innovation at Asahi Kasei:  
Developing new businesses with  
speed and co-creativity

Since I came to Asahi Kasei, I promoted digital transformation (DX) group-wide. We trained over 3,000 digital specialists, focused on participation by all, on-site initiative, and co-creation, to rapidly establish a foundation for utilizing AI and data. An agile organizational culture is based on digital education for all employees. We established an Intellectual Property Intelligence Dept. and are building a foundation for business creation that quickly uses IP information in management. Intangible assets have gained more attention both inside the company and outside.

While strengthening R&D, DX, and IP in the new MTP, we will create new businesses by combining them. Speed is the most important thing. Traditional R&D can take over 10 years to commercialize a business, but now we need to allocate resources efficiently through collaboration both inside and outside the company, not confining technology, information, and data within a single company or business unit. We will share and utilize technology, know-how, and data internally, and focus on strengthening the group-wide ecosystem and developing our infrastructure for AI and data. Asahi Kasei's environment, where different business units stimulate each other, is appealing to me being from outside the company, and I sense potential for further collaboration to innovate.

Next is to create value involving society as a whole. The Homes sector is collaborating with healthcare startups to allow at-home online medical consultations. The Healthcare sector is exploring new possibilities to use ZOLL's vital signs data. We are also starting a new initiative called Technology-value Business Creation (TBC) to package our intangible assets and collaborate with other companies from an early stage. We are working on subjects such as lithium-ion capacitor, bacterial testing, and CO<sub>2</sub> separation/recovery. At IBM Japan, joint development and technology licensing contributed to annual revenues of \$1 billion. Asahi Kasei's open culture should enable further collaboration with external parties.

To accelerate, we are making greater use of AI and digital technologies. In materials informatics (MI), 638 MI specialists are advancing material development at 10 times the normal speed. We will continue making maximum use of AI in management and business strategies. I look forward to maximizing the potential of Asahi Kasei's intangible assets.



**Kazushi Kuse**  
Director, Vice-Presidential Executive Officer  
Oversight of R&D, DX, and IP

At IBM Japan, Kuse led the transformation of research and development for new forms of collaboration with businesses. He became Chief Technology Officer (CTO) in 2017. After joining Asahi Kasei in July 2020, he advanced DX based on people, data, and organizational culture. He assumed his current position in 2024.

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Maximum Use of Intangible Assets

## How to monetize technology and know-how more efficiently

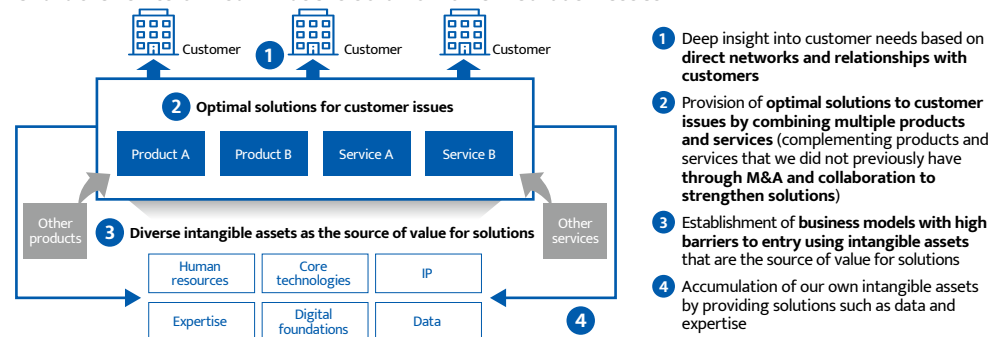
We will concentrate resources on growth businesses and improve ROIC by utilizing a variety of intangible assets, including data utilization, research and development, human resources, and IP. In the Material sector, where reform is particularly urgent, we will move away from the conventional approach typical of the process industries, which is to invest in capital equipment in line with demand. Instead, we will promote efficient, asset-light monetization through solution-oriented businesses and licensing businesses that utilize a wide range of intangible assets in addition to our competitive products and services.

### Improving ROIC by strengthening solution-oriented businesses

Asahi Kasei's solution-oriented businesses combine products and services backed by technological superiority with our customer base, operational know-how, and sales proposal capabilities. These elements are difficult to imitate and create high barriers to entry for competitors, allowing a business configuration that is unique and offers competitive advantages.

The distinctive feature is that these businesses offer optimal solutions to customer issues by combining multiple products and services. We also build direct networks and relationships with customers by positioning ourselves as close to the downstream side of the value chain as possible. Among these businesses, there are some that have ROIC well above 10%, and we intend to further increase these in the future.

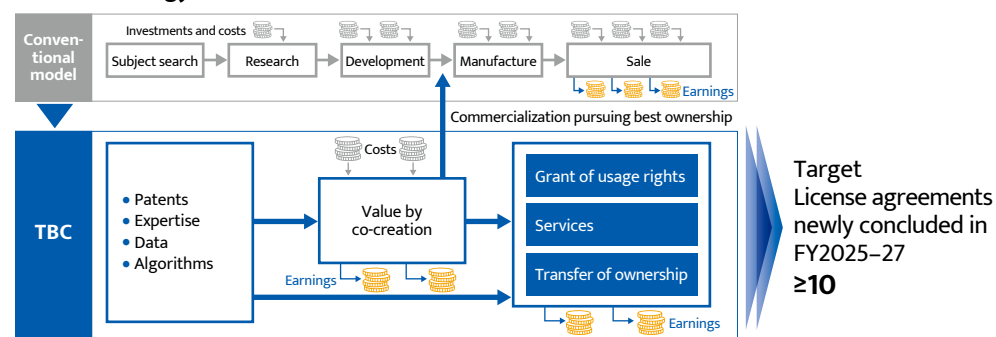
### Characteristics of Asahi Kasei's solution-oriented businesses



### Licensing businesses with both "speed" and "asset light" aspects

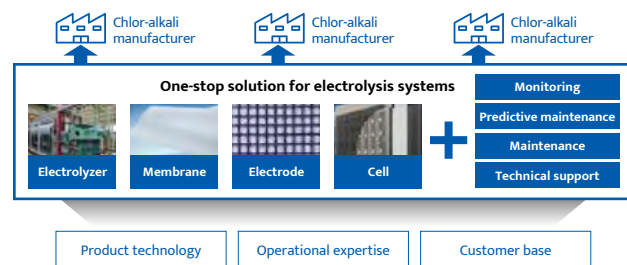
Asahi Kasei is also strengthening TBC as a business model to gain value from intangible assets (IP, know-how, data, algorithms, etc.) comprising our vast accumulated technology and monetize them through licensing. Traditional R&D typically requires a long time to go from selecting a subject to generating earnings. Many projects do not conclude successfully. We are now aiming to monetize the IP, know-how, data, and other results of the research process at an early stage. To achieve this, it is important to collaborate with other companies from as early a stage as possible. We aim to create more than 10 businesses utilizing such licensing between fiscal 2025 and 2027, with a cumulative contribution to income of more than ¥10 billion by around 2030.

### TBC: Technology-value Business Creation



### Example Ion-exchange membrane process for chlor-alkali electrolysis

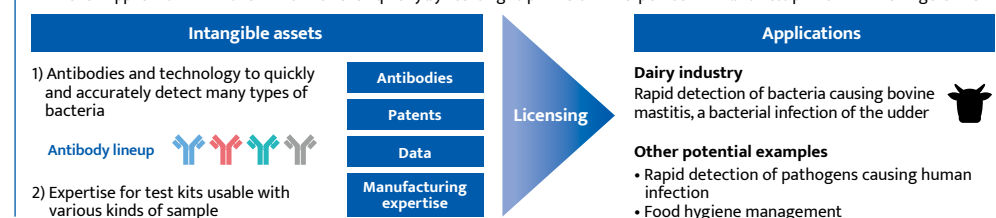
- Business based on systems that use ion-exchange membranes to electrolyze brine to produce chlorine, hydrogen, and caustic soda
- The only company in the industry to offer a full lineup of products including electrolyzers, ion-exchange membranes, electrodes, and cells; leveraging intangible assets such as technology, know-how, and the customer base, we aim to provide one-stop solutions for electrolysis systems and achieve high ROIC



See pp. 63-64

### Example Licensing technology for detecting bacteria

- Discovered antibodies able to detect various bacteria through diagnostic reagent technology development, established test kit technology usable with various samples
- Practical application and monetization achieved quickly by licensing to partners with expertise and a business platform in the targeted field



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## IP Strategy

### Contributing to profit generation through IP

Corporate IP and the Intellectual Property Intelligence Department work together as IP specialists, constantly supporting our evolving businesses and contributing to profit generation.

For details, please refer to the [Intellectual Property Report](#).

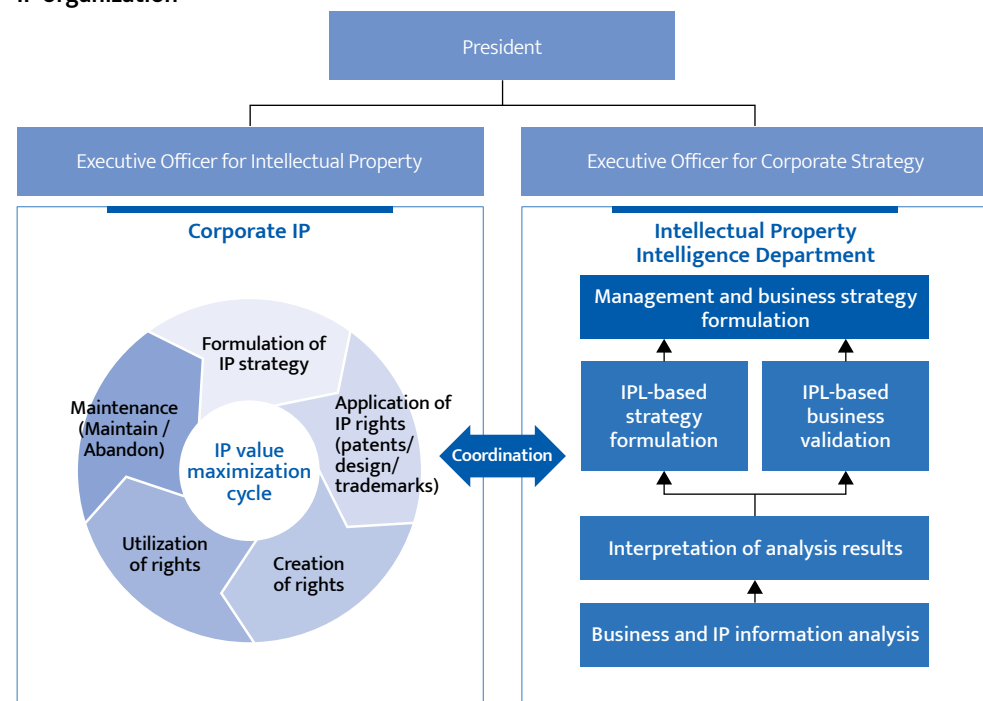
#### A team of IP experts constantly supporting advanced businesses

Our IP organization consists of the Intellectual Property Intelligence Department under the Executive Officer for Corporate Strategy and Corporate IP under the Executive Officer for Intellectual Property. These two organizations work together to maximize use of our intangible assets.

The Intellectual Property Intelligence Department focuses on contributing to management and business strategy formulation through activities related to IP and intangible assets (IP activities), under the theme of “achieving further increases in corporate value through intangible assets.”

Corporate IP formulates IP strategies necessary to contribute to the accomplishment of business strategies and to the maximization of the value of IP and intangible assets by implementing an “IP value maximization cycle” together with the business divisions to steadily implement these IP strategies.

#### IP organization



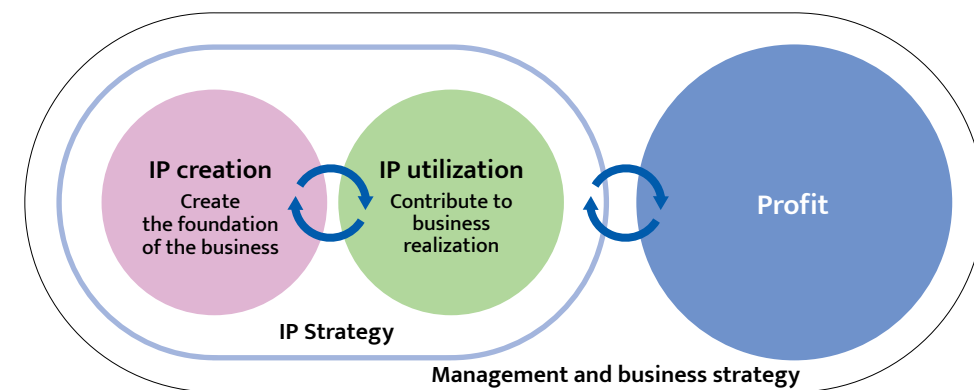
#### Aiming to maximize profits through solution-oriented businesses and licensing businesses by creating and leveraging IP

Technologies generated through R&D are converted into greater business profits when accompanied by strategic IP activities. It is important to formulate and execute an IP strategy based on two pillars: IP creation, which involves acquiring IP rights for R&D outcomes with future utilization scenarios in mind, and IP utilization, which involves concrete application of those IP rights to the business.

IP creation and utilization are essential for both solution-oriented businesses and licensing businesses, which we focus on as part of our intangible asset strategy. In solution-oriented businesses, we build competitiveness by creating IP rights early and from multiple perspectives to secure target markets, and by leveraging IP rights that address customer challenges. In licensing businesses, we review whether the IP rights we hold are suitable for licensing, create additional IP as needed, and utilize IP through exclusive and non-exclusive licenses.

The key to maximizing IP value is to effectively combine IP creation and utilization in an optimal balance considering each business’s lifecycle and the context of target licensing markets.

#### How IP creation and utilization together lead to profit



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IP Strategy

Practical IP management by business environment

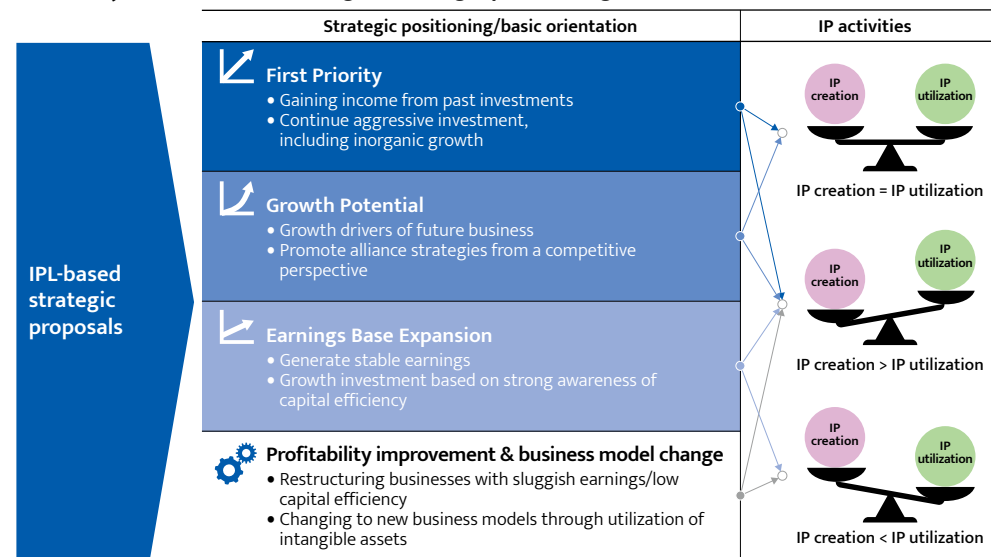
Formulating flexible IP strategies according to business positioning and other factors

Asahi Kasei operates a diverse range of businesses, each with its own strategic positioning and basic orientation. Corporate IP designs the optimal balance between IP creation and utilization—taking into account each business’s strategic positioning and basic orientation, as well as technology trends, market size, and competitive landscape—to develop an IP strategy. The figure below illustrates how IP landscaping (IPL) contributes to the evaluation of each business’s strategic positioning and basic orientation, and the corresponding IP strategy, including the balance between IP creation and utilization.

Businesses designated as First Priority require focused attention to both IP creation and IP utilization. By maximizing profits from IP rights generated through past investments via IP utilization, we contribute to current business profits; and by ensuring that IP and intangible assets generated through proactive IP creation translate into future business profits, we support sustainable business growth. Strategic proposals from a technology perspective through IPL also contribute to more sophisticated investment decisions that enable inorganic growth.

For businesses positioned for Earnings Base Expansion, IP utilization contributes to sustaining profitability and maintaining stable earnings by preventing competitor entry.

IP activity framework according to strategic positioning and basic orientation

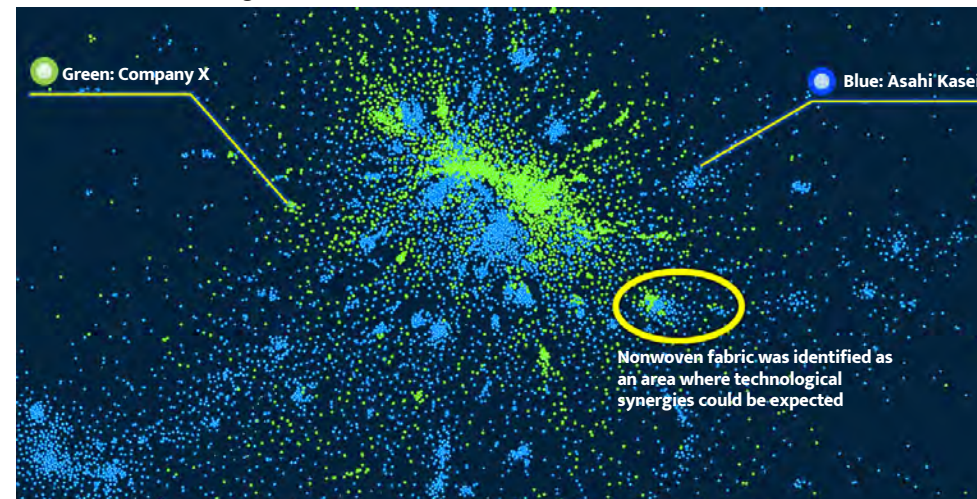


Contribution to management advancement based on IP information analysis (IPL)

The Intellectual Property Intelligence Department leverages IPL, integrating patent information and market trends, to support the formulation of management and business strategies for expanding existing businesses and creating new ones. For key subjects such as growth investments and structural transformation within our business portfolio, IPL provides a technology-informed, comprehensive view of each business. By analyzing the business environment and delivering insights to management, it enhances sophisticated decision-making and strengthens the technology perspective.

The figure below shows a patent overview of our company and Company X in the nonwoven fabric business, created using text-mining methods and used to support the separation of a business from the two companies to form a new joint venture. Each dot represents a single patent, and the distance between dots indicates the similarity between patents. A cluster of dots represents a single technology area with high similarity, which roughly corresponds to a business. In the nonwoven fabric technology areas, the patents of both companies were found to form integrated clusters. By further examining the patents in this area, we were able to identify areas within the nonwoven fabric field where synergies between the two companies could be expected, and this analysis was used as a basis for decision-making regarding the establishment of a joint venture between the two companies in this business.

Patent overview using IPL



Created in-house using VALUENEX Radar (a tool provided by VALUENEX Japan Inc.).

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R&D Strategy



“  
**Message from the Executive Officer for R&D and IP**  
**R&D as the foundation supporting the diverse businesses of the Asahi Kasei Group**  
**Toward realizing science-based innovation — “Where transforming tomorrow begins”**  
 ”

**Osamu Matsuzaki**  
 Senior Executive Officer  
 Executive Officer for R&D and IP  
 Senior General Manager, Corporate Research & Development

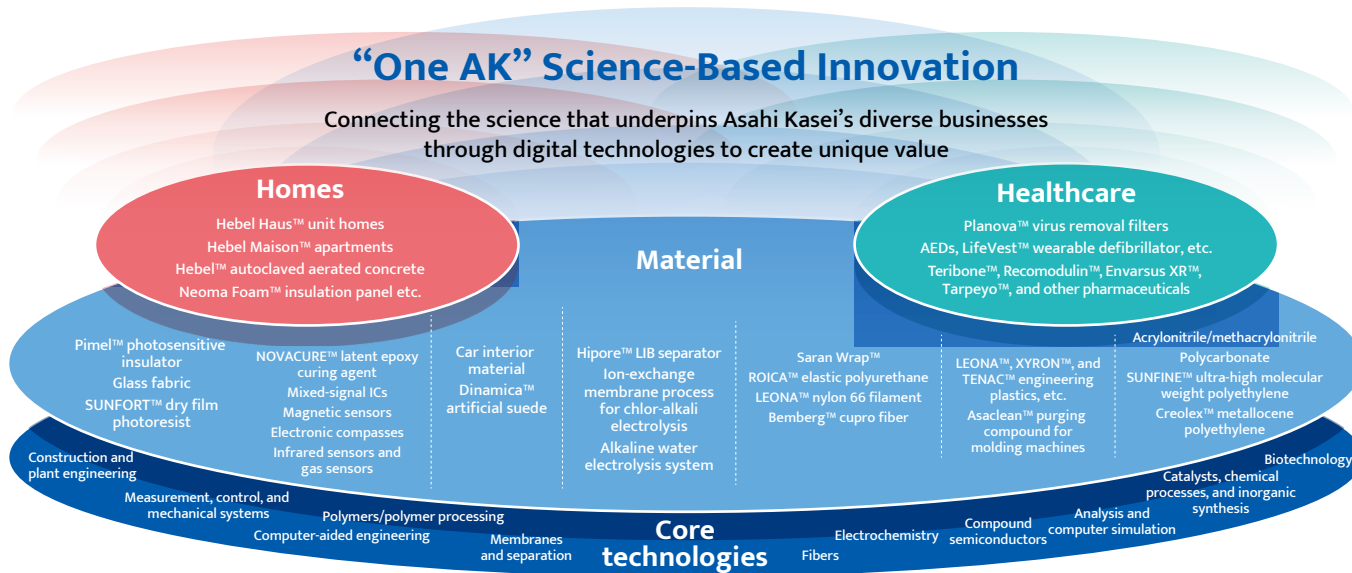
After experience in corporate strategy and as CEO of a subsidiary, Matsuzaki spent several years in research and development at Asahi Kasei Pharma. He has held his current position since fiscal 2024.

Traditionally, Asahi Kasei has driven growth by leveraging its manufacturing strengths and maximizing the value of its tangible assets. Now we are pursuing the challenge of transforming to better leverage the intangible assets long overshadowed by our tangible assets. In the Material sector, we are shifting from a product-driven model focused on large-scale capital investment to a customer-oriented portfolio of high-value-added solutions.

I have extensive experience in R&D in the pharmaceuticals business, and the use of intangible assets such as patents and data. I aim to apply this experience across company-wide R&D to drive business growth by accelerating the creation of new businesses. The key to success lies in linking R&D across the three sectors, grounded in science while fully harnessing rapidly evolving digital technologies, including AI.

Creativity comes not from making something entirely new from scratch, but from combining existing, diverse elements in novel ways. In practice, different elements seldom intersect, limiting opportunities for new combinations. But Asahi Kasei encompasses three business sectors within a single company, managing businesses that are mutually diverse in nature. Each business has advanced, unique technologies and is supported by a large number of highly skilled researchers. So Asahi Kasei is exceptionally well-positioned to drive innovation from within. By sharing technological information through digital means across the three sectors and engaging in science-based discussions while leveraging AI, we can accelerate R&D and enhance the probability of creating successful new businesses.

All great inventions and cutting-edge technologies start with modest discoveries or sudden insights. I believe that the future emerges through countless failures and the persistent application of time and effort. Asahi Kasei aims to achieve a better future through R&D with a vision of “Where transforming tomorrow begins.”



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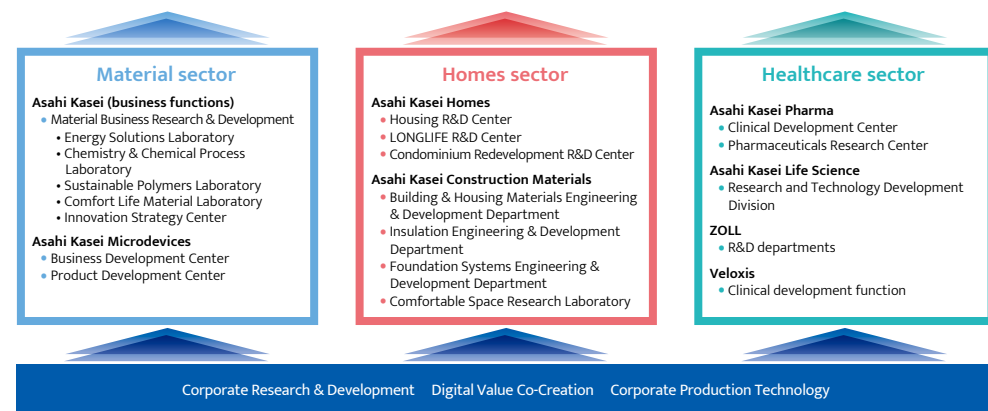
Closing: Comments from Employees

R&D Strategy

The role of R&D facing an uncertain future—creating synergies and strides in value unique to Asahi Kasei, rooted in diverse technological knowledge

The basic R&D strategy is to establish R&D structures in each of the three sectors, while corporate shared functions provide a management platform (business, technology, and human resources) that is mutually leveraged to generate synergies and great strides in value that are unique to Asahi Kasei. In the Material sector, projects by Corporate Research & Development that have strong relevance to existing businesses are transferred to the respective business divisions. Organizations primarily responsible for Material sector research are consolidated under Material Business Research & Development, creating a structure more focused on contributing to business. Corporate Research & Development is concentrating on subjects from a group-wide perspective, redefining its role relative to the business divisions and optimizing the R&D project portfolio.

Research structure



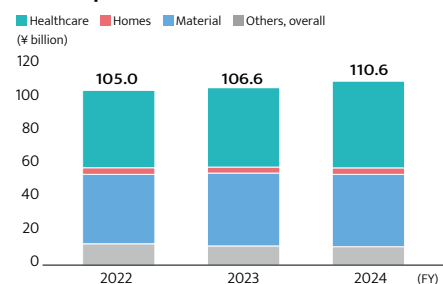
Asahi Kasei R&D mission and vision

Mission	Envision a better future for people and the Earth, create the path that leads there through science-based technological capabilities and a spirit of taking challenges
Vision	A world where everyone can be more excited about the future of life and living

Corporate R&D functions

- 1) Nurturing, acquiring, and cultivating core technology
- 2) Creating new businesses through innovation
- 3) Platform technology functions

R&D expenses

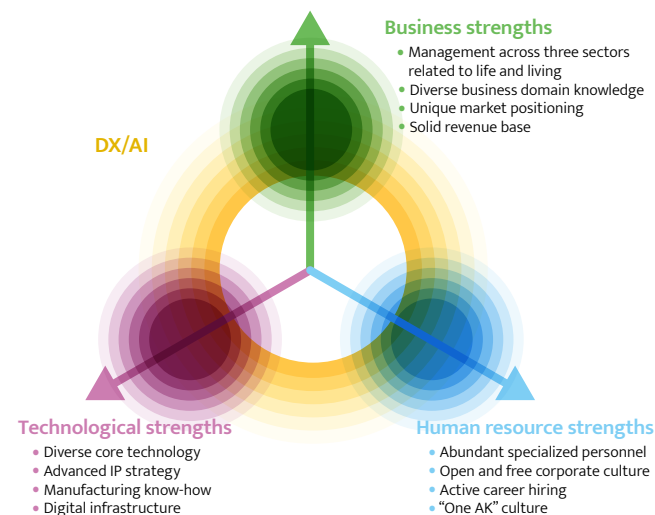


A history of linking, expanding, and enhancing technology across diverse businesses with science as a common language; rapidly accelerating momentum through DX and AI

Our management platform lies in the strengths of our diverse businesses cultivated over a long history, together with the technology and human resources that support them. The sharing and interaction of these three strengths are the source of value creation unique to Asahi Kasei. What makes this possible is that, while we operate a wide range of businesses, the entire organization is connected through science as a common language. For example, in the forward osmosis (FO) / membrane distillation (MD) hybrid membrane system currently being developed for pharmaceutical production processes, we are applying membrane separation technologies cultivated over many years through the development of separators and hollow-fiber membranes. Such innovative applications are made possible because the organization is connected through science. This momentum is being further accelerated through AI. In the past, knowledge was often connected in an analog manner as explicit knowledge, which imposed various limitations on its use. Now, by digitizing knowledge, it has become possible to generate greater and more reliable value, faster.

In corporate R&D, we identify areas to strengthen, primarily focusing on our traditional strengths in the Material sector, while also considering the future direction of society. By promoting DX through AI, we are accelerating the transition from traditional materials sales to data-driven solution-oriented businesses, beginning at the stage of R&D.

Accelerating management platform synergy with DX/AI



New business domains being created by corporate R&D

- Membrane Separation and Purification Solutions
- Digital Solutions
- Electrolysis Solutions
- Battery Materials and Solutions
- Sustainable Materials and Solutions

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DX Strategy



Message from the Executive Officer for DX  
Expanding DX across the value chain, moving into the phase of driving corporate value

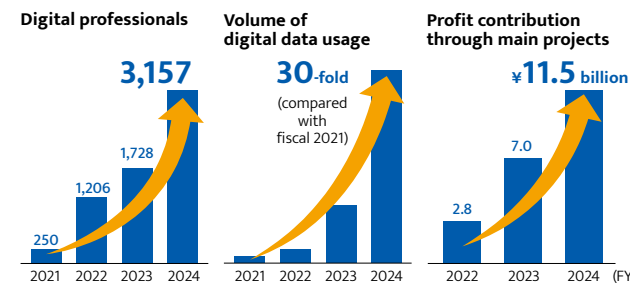
**Noriaki Harada**  
Lead Executive Officer  
Executive Officer for DX  
Senior General Manager, Digital Value Co-Creation

As an information engineering professional, Harada has long been engaged in the development and implementation of Asahi Kasei's plants and production management systems. He has held his current position since fiscal 2024.

The key to strengthening Asahi Kasei's ecosystem lies in DX

The new MTP emphasizes two key points. The first is to promote DX across the entire value chain. In the previous MTP, we focused on supporting problem-solving at each stage, such as accelerating R&D, reducing production costs, and implementing digital marketing. Now we will enter a phase of transformation across the entire value chain, connecting all business operations. We have reached the stage of translating this into corporate value from the

Previous MTP: KPIs achieved



Since consolidating the company's digital specialist organizations and establishing Digital Value Co-Creation in fiscal 2021, company-wide digital initiatives have progressed remarkably. In the previous MTP, we aimed to achieve KPIs of a tenfold increase in the number of digital professional human resources, a tenfold increase in the volume of digital data usage, and a profit contribution through main projects of ¥10 billion. All KPIs were achieved, and the development of digital professional personnel exceeded expectations, surpassing 3,000 individuals, well above the initial target of 2,500. The use of generative AI and no-code/low-code tools is also advancing, driven by initiatives at the operational level. We have established an environment that enables continuous reform of business models and operational tasks using digital technologies, indicating we have truly entered the Digital Normal period.

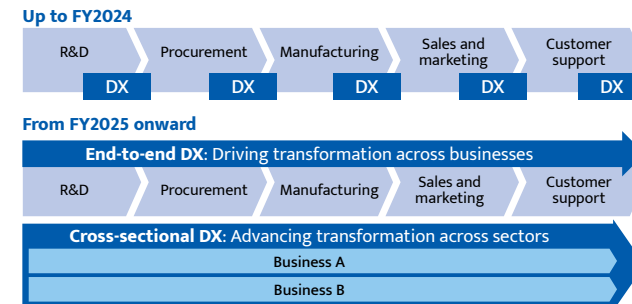
customer's perspective by fundamentally transforming our business models.

One notable example is the ion-exchange membrane process for chlor-alkali electrolysis. We have conducted workshops based on design thinking and received customer feedback through agile development. We established a consistent customer information service spanning development, manufacturing, sales, and technical services. This contributes to competitive advantage and revenue growth.

The second focus is to further broaden our perspective and drive transformation across businesses and sectors. Optimizing procurement of electric power, described on the next page, addresses challenges in the Material and Homes sectors using digital solutions, while promoting renewable energy use within the Asahi Kasei Group. This is a prime example of providing value to society.

To drive DX initiatives in the future, Digital Value Co-Creation will serve as a central hub for all sectors and business units, providing oversight from a company-wide perspective. Tackling true management challenges also requires the management team to exercise top-down leadership. By having executives, including myself, take the lead in articulating our vision and changing behavior, we will strengthen the Asahi Kasei Group's ecosystem through the power of digital technology.

New MTP: Driving DX across the value chain



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DX example

# Significantly reducing electricity costs for the Asahi Kasei Group through the combination of Material, Homes, and Digital capabilities

## Long-cultivated expertise in in-house power generation

Hydroelectric power marked the starting point of Asahi Kasei's in-house power generation operations, which have since expanded to include four thermal power plants and nine hydroelectric power plants in Nobeoka City, Miyazaki Prefecture.

Today, in addition to hydroelectric and thermal power, Asahi Kasei also sources renewable energy from solar power installed on its Hebel Haus™ unit homes and Hebel Maison™ apartment buildings, called "Hebel Power," giving the company a diverse range of electricity supply options. To manage the complexities of electricity supply, such as time-of-use price fluctuations, we established a system to accurately forecast electricity demand and supply across the entire Asahi Kasei Group and develop optimized power procurement plans.

## Digital system to forecast surplus power

Asahi Kasei actively promotes the installation of solar power systems on Hebel Haus™ and Hebel Maison™ homes, and the adoption rate in new buildings is currently as high as 95%. Under the national feed-in-tariff (FIT) system, the purchase price for surplus solar power is guaranteed for 10 years. Once this period ends, though, the "post-FIT" purchase price drops significantly. Finding a solution to this challenge was therefore a major issue.

We undertook an initiative to purchase surplus solar power from customers who have reached the post-FIT period, and use it as Hebel Power to supply electricity to our offices, housing exhibition sites, and construction sites, as well as Asahi Kasei Group plants and the Head Office.

Unlike ordinary commercial solar power, though, Hebel Power poses significant challenges for forecasting surplus electricity, as its generation sites are scattered across multiple locations with varying climate conditions.

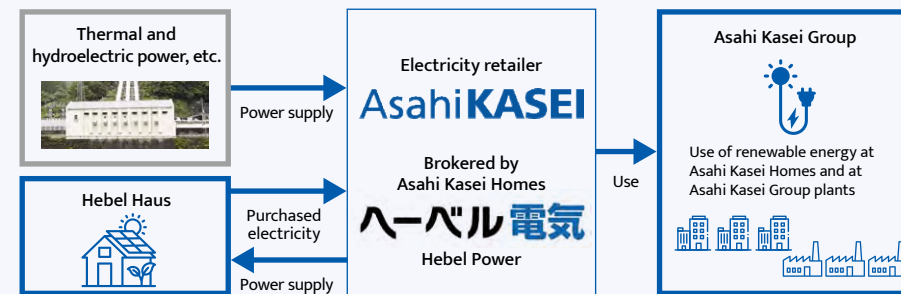
Digital professional personnel from Digital Value Co-Creation and other divisions played a central role in addressing this challenge. By integrating vast amounts of data, including individual household generation, location, and weather information, and applying AI-based machine learning, we were able to create a highly accurate surplus power forecasting system for predicting electricity purchases.

## Optimizing group-wide power procurement

By incorporating the capabilities of the surplus power forecasting system into Asahi Kasei's electricity retail operations, we have improved the accuracy of optimal power procurement—including Hebel Power and renewable energy sources such as hydroelectric and thermal power—enabling the Asahi Kasei Group to achieve substantial reductions in electricity costs.

This DX case not only addressed the post-FIT challenges faced by customers in the Homes business but also contributed to the utilization of renewable energy across the entire Asahi Kasei Group.

### Power procurement group-wide



### Digital Value Co-Creation: Surplus power forecasting system

- 1) Identify the locations of Hebel Haus™ homes on a map grid and, based on weather forecast data for each grid, predict the electricity to be supplied to the transmission and distribution network (the electricity used by the Asahi Kasei Group) in 30-minute intervals for the following day.



- 2) Provide the grid operator with highly accurate forecasts in advance. This enables electricity transactions with the grid operator under more favorable conditions.

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## Q6

# How is your governance evolving along with business portfolio transformation?

## Answer

We are stimulating discussions at Board of Directors meetings regarding business portfolio transformation, including both growth investments and structural transformation, as well as substantive discussions on sustainable growth of corporate value.



Hibiya Head Office

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## Special Feature

Discussion between Outside Directors and institutional investors

# Tense yet constructive discussions at the Board of Directors support bold initiatives

To address investors' questions on Asahi Kasei's three-sector management, what drives or impedes growth, and the P/B ratio, a discussion was held between institutional investors and Outside Directors, facilitated by Mikiya Yamada, Senior Analyst at Mizuho Securities Co., Ltd.

(held on May 27, 2025)



**Tsuyoshi Okamoto**  
Outside Director

**Yuko Maeda**  
Outside Director

**Chieko Matsuda**  
Outside Director

**Yoshinori Yamashita**  
Outside Director

**Mikiya Yamada**  
Senior Analyst, Equity Research  
Mizuho Securities Co., Ltd.

### Yamada:

I'd like to begin by asking about three-sector management, which investors often question. **The three sectors of Healthcare, Homes, and Material have different risk profiles, and their stakeholders and investment horizons vary significantly. Why do you have three-sector management? How can synergies be created that outweigh the typical market undervaluation of a diversified company, and how can shareholder benefits be maximized? We would like to hear the Outside Directors' views, after brief self-introductions.**

**Okamoto** It has been seven years since I became an Outside Director of Asahi Kasei. I served as an executive at Tokyo Gas Co., Ltd. for approximately 20 years. During this time, I gained extensive experience as the company expanded from a city gas provider to a broader energy supplier, with its business footprint extending globally. I also served as an executive at Keidanren (Japan Business

Federation) for six years, during which I made recommendations across a wide range of areas. Asahi Kasei has significant potential, and active discussions are taking place at the Board of Directors. I hope to contribute to realizing this potential through ongoing efforts.

Regarding your question, I would like to begin by noting that these three sectors were not created through acquisitions. Asahi Kasei began with its chemical and fiber businesses and has gradually expanded into various fields, transforming its portfolio in response to changing market conditions. In other words, the company did not set out to manage three sectors from the start. Rather, in pursuit of an optimal business portfolio, it has continually divested low-growth areas and focused investments on higher-growth fields, which has resulted in the current three-sector structure. Accordingly, in the future the company may have 2.5 sectors, or perhaps 3.5. I view this as a result rather than a deliberate plan.

The three sectors share a common corporate culture. In addition, the management platform is shared, including financial resources, human resources, and brand, enabling each of the sectors to pursue the optimal approach for its business. This shared

corporate culture and management platform form the core ecosystem that supports Asahi Kasei's three-sector structure. However, investors may not fully appreciate this structure and the value it provides. The Board of Directors is naturally not satisfied with the P/B ratio being below 1, and it recognizes that the only way to gain investors' confidence is to improve corporate value as quickly as possible. If there are concerns that dividing the company into three sectors and attempting to manage them as a single entity might be undermining corporate value, I would like to state clearly that this is not the case. Having served as an Outside Director for the past seven years, I am confident in this.

**Maeda** After conducting research on polymers at university, I joined Bridgestone Corporation, where I was involved in bringing lithium-ion batteries using conductive polymers to market. I subsequently served as an executive responsible for intellectual property and environmental matters. In addition, I serve as a board member at a university and as a member of a government advisory committee. Having consistently worked in manufacturing and drawing on my experience as an executive, I hope to monitor Asahi

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## Special Feature

Discussion between Outside Directors and institutional investors



Kasei in a way that contributes to enhancing its corporate value.

Regarding three-sector management, from the perspective of my expertise, I believe that leveraging the advanced technological capabilities of the Material sector presents further opportunities for business expansion in the medical field. On the other hand, a challenge is that the ingrained mindset of a materials manufacturer—focusing on delivering exactly what customers request—remains strong. Refining the sales approach can further enhance product value. Specifically, from a pricing perspective in the Healthcare and Homes sectors, negotiations should emphasize not only faithfully delivering products but also ensuring that customers understand the value the company provides. Although cross-group transfers and personnel exchanges are already in place, I believe that incorporating knowledge from different fields and adjusting the sales approach could more effectively realize the benefits of three-sector management.

**Matsuda** I was responsible for corporate analysis at The Long-Term Credit Bank of Japan, Ltd. and Moody's Japan K.K., and later moved to a consulting firm, where I mainly worked on corporate strategy, financial strategy, and strengthening corporate functions. I am currently conducting research at a university on corporate strategy, corporate governance, and financial strategy, with the aim of consolidating these experiences. I actively participate in Board of Directors discussions, leveraging my research on company-wide strategy and business portfolio management.

In response to your question, I feel that the term “three-sector management” may be somewhat overemphasized. The company was previously centered on chemical and fiber businesses. Since focusing solely on the Material sector offered limited future growth, the development of new businesses has led to growth in the Homes and Healthcare sectors. I understand that the term “three-sector management” was deliberately used to signal the company’s intent to develop new businesses at a time when the Material sector was overwhelmingly dominant. In fact, reviewing the company’s history, the three sectors share a strong common foundation, from which they have effectively branched to the present day. To use an analogy, it may be helpful to think of it as a single amoeba that grows and spreads gradually through cell proliferation.

**Yamashita** After joining Ricoh Company, Ltd., I spent about 30 years gaining experience in manufacturing, procurement, and development at domestic and international sites. I then worked in corporate planning, and from 2017, I served as president for six years. From that experience, I recognize that setting a medium- to long-term direction is extremely important in management. Human capital is the driving force behind progress in that direction. I believe that corporate value, including innovation and social contribution, cannot be realized unless employees are able to work with energy and engagement. I also serve as co-chair of the Japan Climate Leaders’ Partnership (JCLP), a corporate group aiming to realize a sustainable carbon-free society, and I hope to make contributions on environmental management as well. I feel that the company’s Board of Directors fosters an open environment where members can express their views freely. I leverage my experience to help keep discussions constructive at all times.

Before joining the Board of Directors, I had some concerns about whether governance was effective and the three sectors were truly managed in an integrated way. However, after visiting sites in person, I am impressed that this is largely the case. As Maeda noted earlier regarding cross-sector transfers and personnel exchanges, I observed at the Healthcare sites that many employees from the Material sector are actively working there. Cross-industry exchanges are often said to spark “chemical reactions” that give rise to new businesses. Between separate companies, underlying corporate cultures can sometimes hinder

this process, making it difficult to create and develop something new. At Asahi Kasei, however, the sectors share the same culture, making it easier to rotate personnel with diverse ideas and experiences and likely fostering these “chemical reactions.” I also believe that what is commonly referred to as innovation through inter-company collaboration may be occurring within the Asahi Kasei Group. This is still a hypothesis, and I hope to verify it going forward. Moreover, although the foundational technologies, production know-how, and digital infrastructure across the three sectors are highly advanced, I intend to examine whether they are being utilized effectively in each sector. Recently, I visited the production line of Planova™ virus-removal filters in Nobeoka City, Miyazaki Prefecture, and observed that it uses the same yarn as Bemberg™ cupro fiber, a major product of the Material sector. The construction materials for Hebel Haus™ also come from the Material sector, and there are many connections in technology and products that span across sectors. I plan to examine these synergies further.

### Investor

**I recognize that Asahi Kasei attracts highly talented individuals even within the chemical industry, but there are specialized companies in each business that have higher growth potential. From your perspective, what is necessary for further growth, and what factors are currently hindering it?**



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## Special Feature

Discussion between Outside Directors and institutional investors

**Okamoto** Regarding the Material sector, in hindsight the company focused too heavily on petrochemical-related chemical businesses and should have pursued structural transformation sooner. In addition, the separator business likely faces major challenges. Polypore, which produces dry-process separator for lithium-ion batteries, resulted in an impairment loss after its initial automotive market strategy failed to materialize. Currently, Asahi Kasei is reviewing each business in the Material sector from the perspective of ROIC, taking steps to streamline some and expand others as appropriate. The Board of Directors is reviewing several cases involving decisions to discontinue, divest, or find a more suitable owner. Despite numerous constraints, Asahi Kasei is working to pursue structural transformation in its petrochemical chain-related businesses. This has long been one of the top priorities of the Board of Directors. We receive explanations from management from early stages, and repeatedly ask whether it could be implemented more quickly and boldly. Efforts are progressing in this area, and I am confident they will deliver results. In the Homes sector, amid declining housing starts in Japan, the strategy of focusing on higher-end order-built homes is well targeted and has been steadily generating income. The sector's overseas expansion has leveraged insights from risk management and business development in the Material and Healthcare sectors, especially in post-merger integration (PMI), drawing on lessons learned across the company. As a result, both the Australian and North American homes businesses have achieved steady growth.

**Q**  
**Investor**

The underlying concern behind the question on growth constraints is that headquarters' resource allocation may not be functioning effectively, and funds may be siloed. If there is room for improvement, how should this be addressed?

**Matsuda** Resource allocation is a key topic for the Board of Directors, with considerable time spent discussing ways to improve ROIC. I do not feel that management or the headquarters' resource allocation function is not working

effectively. Decisions on where to direct investments, including major M&A, are made with the aim of optimizing the company overall. If the organization were siloed, such discussions would not be possible. Areas that do not support the target ROIC need prompt improvement, yet investments are seen as seeding future growth. Human resources are being appropriately allocated, with potential for more strategic initiatives.

**Yamashita** As the newest of the Outside Directors here, I see two areas for improvement. The first is speed. As Matsuda noted, timing is critical for investments, but in cases of divestment or sale, there is often a natural leniency toward the business involved. In these situations, a rational, planned approach is necessary to avoid missing the timing. Accordingly, management has recently proposed empowering each leader in the three sectors to increase the speed of execution. At the same time, the corporate divisions are working on various measures to streamline their size and enhance their functions. The second area is ensuring that all employees are fully aware of ROIC. Even with first-class technology and a solid management foundation, if all employees do not understand the profit structure and how their work contributes to earnings, the results achieved fall short of the potential, which is a significant missed opportunity. Enhancing human capital depends heavily on raising employee awareness. It is not enough to invest in human resources; I believe each employee also needs to be aware of how their work generates earnings.

**Q**  
**Investor**

What do you see as the challenges in improving ROIC, and what specific measures are needed?

**Matsuda** A key challenge, as discussed earlier, is the incomplete implementation of structural transformation. I believe it is increasingly crucial to determine the timing of returns on past capital investments, including M&A. The Board of Directors frequently discusses how to achieve results from growth investments and structural transformation.

**Yamashita** Personally, whether it is an investment or a divestment,



I place great importance on adhering to the original plan. The company's projects are sizable and span extended periods. For instance, the North American investment in the Hipore™ business coincided with a change in the U.S. administration, which led to rapid changes in the external environment. While the Board of Directors regularly discusses the latest developments, attention can sometimes shift more toward responding to ongoing environmental changes than toward the initial investment objectives and intended sources of income. The focus should be on steadily advancing large-scale, long-term projects, rather than being swayed by major environmental changes. I plan to enhance monitoring, mindful that this is how Asahi Kasei has consistently remained competitive.

**Q**  
**Investor**

While I agree that strengthening monitoring is essential, the three sectors encompass 10 main businesses with varying characteristics. Have you considered adopting a committee-based governance structure to reinforce monitoring?

**Okamoto** Although the governance structure is periodically assessed for effectiveness, I do not believe that the functioning, decision-making, or monitoring of the Board of Directors are directly dependent on its structure. While a company with a

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53	Q4	+
	What social impact will your GX-centered sustainability efforts have?	

62	Q5	+
	How will you transform your business models by leveraging abundant intangible assets?	

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Discussion between Outside Directors and institutional investors

nominating committee differs in structure from one like Asahi Kasei's with an Audit & Supervisory Board, what is discussed at the Board of Directors depends on each company's approach and operation of its Board of Directors. I believe the essential duties are the same, regardless of the committee structure.

To illustrate the monitoring function of the Board of Directors, I will explain how the North American separator investment was discussed. The Board of Directors first considered this matter in fiscal 2022. The discussion began with examining why the fiscal 2015 Polypore acquisition had not gone as planned. Having identified the causes, we then discussed the future direction of the separator business. While the Board of Directors agreed that expanding in North America, with its substantial business opportunities, was a promising investment amid EV market growth, it held thorough discussions on how to respond to potential changes in U.S. EV policies. As a result, considering various future risks, the Board of Directors concluded that the investment should not proceed under the proposed scale, pace, or structure, and the matter was temporarily withdrawn from the agenda. Subsequently, toward the end of 2023, management presented a highly refined proposal. The Board of Directors conducted a thorough review, considering not only demand forecast accuracy and production costs, but also the potential involvement of Development Bank of Japan Inc. as a capital partner. In addition, the Board of Directors held extensive discussions on risk management and hurdle rates from multiple perspectives. While management initially wanted to carry the investment plan through all three phases, the Board of Directors insisted that Phase 1's success should not depend on Phases 2 and 3. We requested that Phase 1 be evaluated independently to show results and secure adequate returns, even amid changing external conditions. This likely created significant pressure for management, who may have questioned whether such close oversight was warranted.

Nonetheless, I think this process fostered a healthy tension between the Board of Directors and management, which ultimately built a strong trust-based relationship. In April 2024, the Board of Directors approved the Phase 1 plant investment plan, considering the potential impact of a change in the U.S. administration. That said, I must acknowledge that we could not have fully foreseen the current tariffs or the recent sharp decline in EV demand. Even so,

the current outlook is that Phase 1 of the investment plan will achieve results above the initially anticipated hurdle rate. I consider this to be an example of the Board of Directors functioning effectively in practice.

**Matsuda** Current academic research does not indicate that formal differences in governance structure affect performance. The critical factor is the quality of management at each company. Asahi Kasei has an Audit & Supervisory Board system and ensures relatively effective governance through careful selection of Audit & Supervisory Board Members, criteria for matters submitted to the Board of Directors, and the delegation of authority, thereby achieving a substantive separation of oversight and execution that functions effectively. Since minor matters are not submitted to the Board of Directors, its time is dedicated to discussions on management strategy, the business portfolio, and major investment projects.

**Maeda** As Outside Directors, we pressed management with detailed questions regarding the North American investment in the separator business, and rigorously examined how to mitigate risks. Concerning the governance structure, the Outside Audit & Supervisory Board Members, who have diverse backgrounds including former CFOs, thoroughly monitor risks. I do not see any problem with this system.

**Q Investor**  
As Outside Directors, how do you perceive the current P/B ratio of less than 1, and what actions do you anticipate implementing in response?

**Matsuda** I feel a strong sense of responsibility regarding the P/B ratio being below 1. In the recent revision of the director compensation system, there was a shared recognition of the need to enhance the stock price. Consequently, total shareholder return (TSR) relative to stock price index growth was incorporated as a performance-linked metric for stock-based remuneration. I also believe that, to increase the stock price, it is essential to effectively convey to investors the vision of the Board of Directors for the company's future. Although structural



transformation is discussed at the Board of Directors, it must be executed quickly and firmly, and we intend to monitor its progress more closely than ever.

**Yamashita** As Outside Directors, of course we are not satisfied with a P/B ratio below 1. Acting on behalf of shareholders, we are committed to exercising strong governance to enhance corporate value. Although the company has significant intangible assets, it's a challenge to clearly explain their connection to earnings and corporate value. We are determined to address this and communicate these correlations to investors to support value creation. Having served as an Outside Director for one year, I recognize that while Asahi Kasei is a "good company," I want to help make it a "strong company" as well. When each employee can articulate in their own words how their work contributes to society, individual growth and the company's growth will progress hand in hand. I define this as a "strong company" in the eyes of society, where the determination of each employee supports the overall strength of the organization. To enhance the effectiveness of monitoring by the Board of Directors, I believe it will become increasingly important to gradually expand opportunities for communication with employees and to share with shareholders and investors the matters discussed at the Board of Directors.

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53	Q4	+
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62	Q5	+
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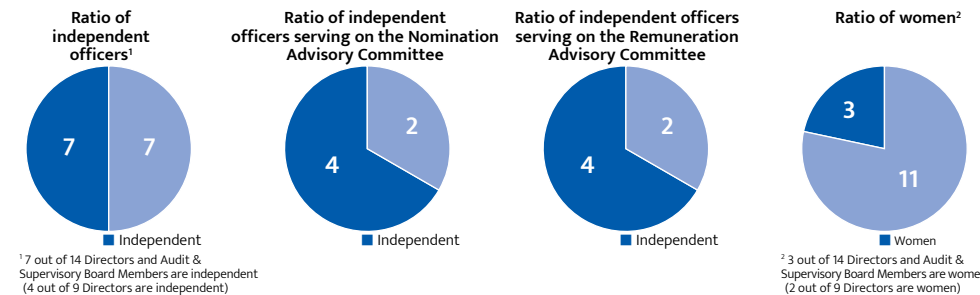
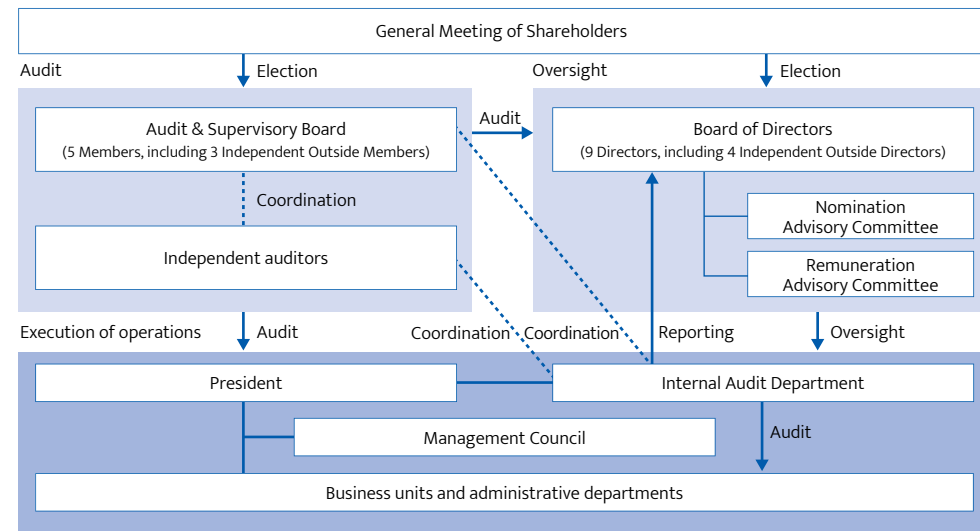
Corporate governance configuration supporting corporate value creation

Basic approach

Guided by the Group Mission of contributing to life and living for people around the world, the Group Vision for Asahi Kasei is to provide new value to people throughout the world and help resolve social issues by enabling “living in health and comfort” and “harmony with the natural environment.” Based on this approach, we aim to contribute to society while achieving sustainable growth and improving corporate value over the medium-to-long term, by spurring innovation and creating synergies through the integration of our diverse range of businesses.

To that end, we continuously pursue the optimal corporate governance framework for ensuring transparent, fair, timely, and resolute decision-making in accordance with changes in the business environment.

Corporate governance configuration (as of June 25, 2025)



Policy for nominating candidates for Director and Audit & Supervisory Board Member

The Company selects candidates for Director who have the knowledge and ability to be a Director. Candidates for Inside Director are selected from individuals who are considered to have specialized knowledge, experience, and abilities in their respective fields. On the other hand, with regard to Outside Directors, the Company expects them to oversee management objectively based on their deep insight. Therefore, these candidates are selected from a wide range of suitable individuals with extensive experience, including business managers, academics, and former government officials.

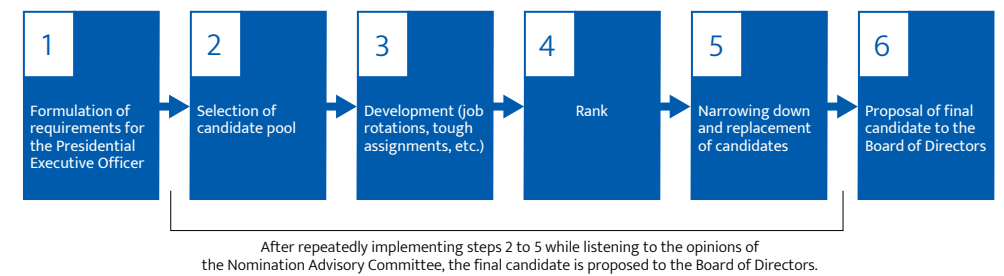
When selecting candidates for Audit & Supervisory Board Member, candidates must have the knowledge and skills appropriate for the position, and the selection must be approved by the Audit & Supervisory Board. The Company also ensures that at least one member has knowledge of finance and accounting.

Succession Planning

1. Succession Plan for the Presidential Executive Officer

At the Company, the current Presidential Executive Officer and the Nomination Advisory Committee work together to formulate a succession plan and select successor candidates. The Nomination Advisory Committee is chaired by an independent Outside Director, and a majority of its members are also independent Outside Directors. The committee regularly deliberates the progress of the succession plan, placing emphasis on the objective perspectives of the Outside Directors. When selecting successor candidates, the Board of Directors respects the opinions of the Nomination Advisory Committee to the greatest extent possible.

2. Selection process for candidates for Presidential Executive Officer



3. Requirements for the Presidential Executive Officer

In addition to qualities such as fairness, creativity, decision-making and execution, mental fortitude, and communication skills, candidates must also have significant work experience in company-wide management organizations, global business, and accomplishing tough assignments.

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Corporate Governance

# Introduction of Directors and Audit & Supervisory Board Members: A diverse Board of Directors with different experiences and expertise

## Directors

Outside Outside Director Independent Independent Officer

For detailed professional experience, please refer to [our website](#).

Name	Term of office	Attendance in FY2024 (Number of meetings attended/ Total number of meetings)			Areas of experience and expertise (skills)										Reason for appointment	Notable concurrent offices		
		Board of Directors	Nomination Advisory Committee	Remuneration Advisory Committee	Corporate Management (experience as president of a listed company)	Management Strategy and Organizational Operations	Finance and Accounting	Sustainability	Global Business	R&D, Innovation, and DX	Manufacturing and Quality Assurance	Human Resources and DE&I	Legal Affairs and Risk Management					
 <b>Hideki Kobori</b> Chairman & Director (Date of birth: February 2, 1955)	13 years	15/15 (Chair) (Non-executive)	8/8	6/6	●												After many years of experience in the electronics business, he assumed a role of executive officer responsible for management strategy, finance and accounting, and internal control for the entire Group in April 2012. In April 2016, he assumed the role of President and Director of the Company. Since April 2022, he has served as Chairman & Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.	Outside Director, Nomura Research Institute, Ltd. Outside Director, Seiko Group Corporation External Director, Japan Investment Corporation
 <b>Koshiro Kudo</b> President & Representative Director Presidential Executive Officer (Date of birth: June 5, 1959)	4 years	15/15	8/8	6/6	●												After many years of experience in the fiber business, he assumed the role of executive officer responsible for management strategy, finance and accounting, and internal control for the entire Group in April 2021. Since April 2022, he has served as President and Director of the Company. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.	
 <b>Kazushi Kuse</b> Director Vice-Presidential Executive Officer (Date of birth: September 15, 1959)	3 years	15/15	—	—					●		●				●		He has extensive experience at IBM and IBM Japan in the R&D, engineering management, digital, and other fields, as well as at a global level. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.	
 <b>Toshiyasu Horie</b> Representative Director Primary Executive Officer (Date of birth: December 30, 1962)	3 years	15/15	—	—		●	●	●	●								After many years of experience in the petrochemicals business, since April 2022, he has been responsible for management strategy and finance and accounting for the Group as a whole. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.	
 <b>Masatsugu Kawase</b> Director Primary Executive Officer (Date of birth: March 9, 1965)	2 years	15/15	—	—					●		●	●					After many years of experience in process development and manufacturing of the petrochemicals business, he has been responsible for ESH, QA, regional offices, manufacturing, production technology, health and productivity management, energy policy, and carbon neutrality since April 2022. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as a Director.	
<span style="background-color: #00a651; color: white; padding: 2px;">Outside</span> <span style="background-color: #0070c0; color: white; padding: 2px;">Independent</span>  <b>Tsuyoshi Okamoto</b> Director (Date of birth: September 23, 1947)	7 years	15/15	8/8 (Chair)	6/6	●												He has rich experience as a corporate executive. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as an Outside Director.	Honorary Counselor, Tokyo Gas Co., Ltd. Outside Director, Mitsubishi Estate Co., Ltd.
<span style="background-color: #00a651; color: white; padding: 2px;">Outside</span> <span style="background-color: #0070c0; color: white; padding: 2px;">Independent</span>  <b>Yuko Maeda</b> Director (Date of birth: July 26, 1960)	4 years	15/15	8/8	6/6					●		●	●	●				She has rich experience as an engineer in industry, academia and government. Based on the experience and knowledge she gained through her career, we expect her to play a full role in deciding important matters and supervising the business execution of the Group as an Outside Director.	Director, CellBank Corp. External Director, MODEC, Inc.
<span style="background-color: #00a651; color: white; padding: 2px;">Outside</span> <span style="background-color: #0070c0; color: white; padding: 2px;">Independent</span>  <b>Chieko Matsuda</b> Director (Date of birth: November 18, 1964)	2 years	15/15	8/8	6/6		●	●	●							●		She has been involved in financial and capital market businesses as well as management consulting businesses and research on corporate and financial strategy for many years. Based on the experience and knowledge she gained through her career, we expect her to play a full role in deciding important matters and supervising the business execution of the Group as an Outside Director.	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, IHI Corporation Outside Member of the Board, Toyota Tsusho Corporation External Director, Isetan Mitsukoshi Holdings Ltd.
<span style="background-color: #00a651; color: white; padding: 2px;">Outside</span> <span style="background-color: #0070c0; color: white; padding: 2px;">Independent</span>  <b>Yoshinori Yamashita</b> Director (Date of birth: August 22, 1957)	1 year	11/11	7/7	5/5 (Chair)	●												He has rich experience as a corporate executive. Based on the experience and knowledge he gained through his career, we expect him to play a full role in deciding important matters and supervising the business execution of the Group as an Outside Director.	Chairperson, Ricoh Company, Ltd. External Director, Nomura Real Estate Holdings, Inc. Outsider Director, Kubota Corporation

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**62 Q5** **How will you transform your business models by leveraging abundant intangible assets?** +

**78 Q6** **How is your governance evolving along with business portfolio transformation?** —

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Audit & Supervisory Board Members

Outside Outside Audit & Supervisory Board Member Independent Independent Officer

For detailed professional experience, please refer to [our website](#).

Name	Term of office	Attendance in FY2024 (Number of meetings attended/Total number of meetings)		Areas of experience and expertise (skills)								Reason for appointment	Notable concurrent offices		
		Board of Directors	Audit & Supervisory Board	Corporate Management (experience as president of a listed company)	Management Strategy and Organizational Operations	Finance and Accounting	Sustainability	Global Business	R&D, Innovation, and DX	Manufacturing and Quality Assurance	Human Resources and DE&I			Legal Affairs and Risk Management	
 <b>Takuya Magara</b> Audit & Supervisory Board Member (Date of birth: December 11, 1957)	2 years	15/15	33/33 (Chair)				●			●	●			He has many years of experience in the R&D and engineering departments of the Housing business. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Audit & Supervisory Board Member.	
 <b>Hiroki Ideguchi</b> Audit & Supervisory Board Member (Date of birth: November 9, 1962)	New appointment	15/15	—		●	●						●	●	After many years of experience in the pharmaceutical business, he has been responsible for human resources, general affairs, legal affairs, PR, and risk management and compliance since April 2022. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Audit & Supervisory Board Member.	
 <b>Akemi Mochizuki</b> Audit & Supervisory Board Member (Date of birth: June 10, 1954)	4 years	15/15	31/33										●	She has been a certified public accountant for many years. Based on the experience and knowledge she gained through her career, we expect her to properly perform her duties as an Outside Audit & Supervisory Board Member.	Certified Public Accountant Outside Director, Audit and Supervisory Committee Member, TSUMURA & CO. Statutory Auditor, SBI Holdings, Inc.
 <b>Haruyuki Urata</b> Audit & Supervisory Board Member (Date of birth: November 8, 1954)	3 years	15/15	33/33		●	●				●				He has rich experience as a corporate manager and an officer in charge of corporate accounting and finance officer. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Audit & Supervisory Board Member.	
 <b>Yoshikazu Ochiai</b> Audit & Supervisory Board Member (Date of birth: January 7, 1960)	2 years	15/15	33/33							●			●	He has many years of experience in legal work. Based on the experience and knowledge he gained through his career, we expect him to properly perform his duties as an Audit & Supervisory Board Member.	Attorney-at-law (Of Counsel, Nishimura & Asahi)

Skills	Reason for selection and details
Corporate Management (experience as president of a listed company)	In light of the management environment of the Group which is accelerating business portfolio transformation, the selection was made because outstanding leadership and diverse experience as the head of a listed company are necessary.
Management Strategy and Organizational Operations	Selected the experience and expertise in planning and executing management strategies, managing large sized organizations, etc., since they are necessary for supervising management strategy, which is the main agenda for the Board of Directors of the Company.
Finance and Accounting	Selected the experience and expertise in planning and executing capital policy and capital allocation, and accounting insights, etc., since they are necessary for business portfolio transformation and management aiming for capital efficiency.
Sustainability	Selected the experience and expertise in supervising sustainability issues at the management level, including carbon neutrality, circular economy, and dealing with human rights, which are core subjects of management strategy.
Global Business	Selected the experience and expertise in leading or supervising international operations, including managing in the global business environment and promoting overseas business operations, since the Company has numerous overseas sites and is strengthening its expansion into global markets.
R&D, Innovation, and DX	R&D, innovation, and DX are the source of the Group's sustainable growth. The experience and expertise in these fields were selected since they are necessary for creating value through them and preventing damage by using cybersecurity, etc.
Manufacturing and Quality Assurance	Selected the experience and expertise in manufacturing technology, quality assurance, and safety technology since they are essential to the Group's business execution.
Human Resources and DE&I	Selected the experience and expertise in this field to create innovations and businesses as well as to promote the active participation and growth of human resources by planning and executing human resources measures aligned with the management strategies and promoting diversity, equity and inclusion (DE&I).
Legal Affairs and Risk Management	Selected the experience and expertise in the legal field, compliance and insights, etc. on risk management, since they are essential to the Group's sustainable growth and prevention of damage.

Notes: 1. The above list presents up to four of each person's main skills. It does not represent all the skills each person possesses.  
2. "Corporate Management (experience as president of a listed company)" is defined as broad and diverse experience that includes elements of the other skills listed in the table above.

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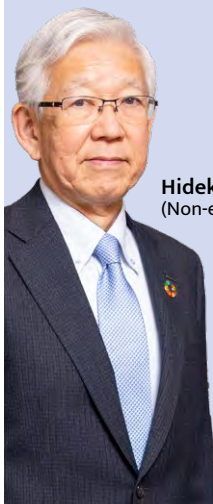
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Corporate Governance

# Constantly evolving our corporate governance approach to accelerate business portfolio transformation

## Message from the Chair of the Board of Directors



Hideki Kobori  
(Non-executive)

Fiscal 2024 marked the final year of the previous MTP. In addition to reviewing it, the Board of Directors focused on deliberations toward formulating the new MTP. As for the new MTP, we went beyond numerical targets and held in-depth discussions on business portfolio strategy, such as the positioning and roles of the three sectors. On the other hand, we believe there is still room for further discussion regarding the evolution of Group management beyond 2030.

Additionally, for fiscal 2024, many subjects related to business portfolio transformation were discussed. In particular, the Board of Directors engaged in rigorous discussions from the perspective of enhancing corporate value. Subjects included the restructuring of petrochemical chain-related businesses, the decision to build a new Canadian plant for the separator business and monitoring its progress, and the strategic positioning and investment returns of the acquisitions of Calliditas in Healthcare and ODC in Homes.

With regard to strengthening our business platform, we had fruitful discussions on further enhancing the link between our human resources strategy and management strategy. Furthermore, in light of the rapidly changing business environment, we view the enhancement of risk management as a key issue. We will deepen discussions on important subjects such as economic security, human rights, and information security. These significant risks will be continuously monitored by the Board of Directors.

I became Chairman of the Board of Directors in April 2022, and at the same time, I launched a project to pursue a new form for the Board of Directors. Together with the Board of Directors Secretariat, we considered (1) the functions and structure of the Board of Directors, and (2) the division of roles between executive and supervisory functions and the operation of the Board of Directors. The results of the review were then discussed by the Board of Directors and at other meetings, and improvements were made through the PDCA cycle of the Board of Directors effectiveness evaluation

process. Regarding (1), we increased the ratio of independent Directors and female Directors, incorporating more objectivity and diverse perspectives into discussions than ever before. Regarding (2), as a result of further delegating authority to the executive side, the number of agenda items related to medium- to long-term strategies and important matters at Board of Directors meetings increased by approximately 30%, allowing us to allocate more time to deliberate on these matters. Additionally, in order to conduct substantive deliberations on important topics such as the structural transformation of petrochemical chain-related businesses, information is provided at off-site meetings prior to deliberations at the Board of Directors meeting, providing an opportunity for Directors to deepen their shared understanding.

Since its founding, the Asahi Kasei Group has boldly transformed its business portfolio in response to needs in society and environmental changes of the time, thereby increasing its corporate value. In the current rapidly changing business environment, we recognize the importance of accelerating the transformation of our business portfolio and strengthening our business platform. We aim to create a virtuous cycle of two aspects of sustainability: namely, “contributing to sustainable society” and “sustainable growth of corporate value.” However, we are increasingly concerned about the current situation where our P/B ratio is below 1. The Board of Directors intends to thoroughly consider together with the executive team how the Asahi Kasei Group should change, and while providing strict supervision, also play a role in providing appropriate encouragement to the executive team.

There is no end to our pursuit of a Board of Directors that contributes to the enhancement of corporate value. Based on the mission, vision, and values of the Asahi Kasei Group, we will continue to question what governance should be, centered on the Board of Directors, and strive to improve corporate value.

## Changes in Corporate Governance

	Up to FY2021	FY2022–24: “Be a Trailblazer” MTP 2024	FY2025: “Trailblaze Together” MTP for FY2025–27
<b>Composition of the Board of Directors</b> Nomination of Officers	<ul style="list-style-type: none"> <li>Increased the ratio of Independent Outside Directors to at least one-third (FY2014)</li> </ul>	<ul style="list-style-type: none"> <li>Increased the ratio of Independent Outside Directors to 4 out of 10 (FY2023)</li> </ul>	<ul style="list-style-type: none"> <li>Increased the ratio of Independent Outside Directors to 4 out of 9 (FY2025)</li> </ul>
<b>Officer remuneration system</b>	<ul style="list-style-type: none"> <li>Established Remuneration Advisory Committee (FY2015)</li> <li>Introduced stock-based remuneration system (FY2017)</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed the proportion of officer remuneration (FY2022)</li> <li>Amended the performance-linked monetary remuneration system: Linked to the indicators of the MTP (FY2022)</li> <li>Revised stock-based remuneration system: Linked to achievement of non-financial indicators (FY2022)</li> <li>Delegated authority to Remuneration Advisory Committee to determine remuneration (FY2020)</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed the proportion of officer remuneration (FY2025)</li> <li>Reviewed indicators related to performance-linked monetary remuneration and stock-based remuneration (FY2025)</li> </ul>
<b>Operation of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Began evaluation of effectiveness of the Board of Directors (FY2015 onward)</li> <li>Expanded provision of information to Outside Directors and Audit &amp; Supervisory Board Members (FY2015 onward)</li> </ul>	<p style="text-align: center;"><b>Reviewed standards for determining agendas for Board of Directors meetings (as necessary)</b></p> <ul style="list-style-type: none"> <li>Used a third-party institution in evaluation of effectiveness of the Board of Directors (FY2023)</li> <li>Introduced matters to be discussed in relation to important management matters (FY2022)</li> <li>Implemented Independent Director Meetings attended only by Outside Directors (FY2021 onward)</li> </ul>	<ul style="list-style-type: none"> <li>Focused discussions on business portfolio transformation and the new MTP (FY2024)</li> <li>Expanded off-site exchanges of opinions and information provision (FY2024)</li> </ul>

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## Further deepening efforts to improve the effectiveness of the Board of Directors

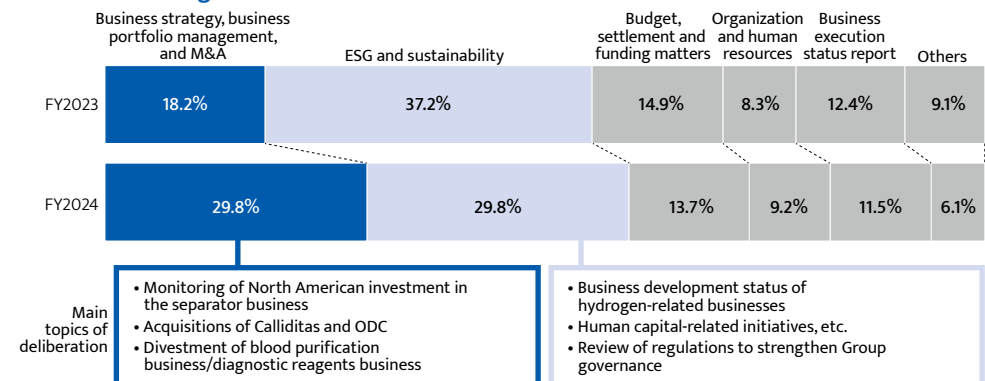
### Main agenda items in FY2024

Meeting	Main agenda items
Board of Directors	<ul style="list-style-type: none"> <li>New MTP and business portfolio transformation</li> <li>Report on human capital initiatives</li> <li>Deliberations and decisions regarding growth investments, M&amp;A, structural reforms, and carve-outs</li> <li>Report on dialogue with investors</li> <li>Report on company-wide risk management status</li> <li>Reports from Nomination Advisory Committee and Remuneration Advisory Committee</li> </ul>
Nomination Advisory Committee	<ul style="list-style-type: none"> <li>Roles and skills matrix required for the Board of Directors</li> <li>Nomination of Officers for fiscal 2025</li> <li>Succession plan for the President</li> </ul>
Remuneration Advisory Committee	<ul style="list-style-type: none"> <li>Review and revision of officer remuneration system (amount level, composition ratio, performance-linked indicators, etc.)</li> <li>Determination of individual performance-linked monetary remuneration amounts</li> </ul>
Audit & Supervisory Board	<ul style="list-style-type: none"> <li>Review of issues and important considerations at Board of Directors meetings</li> <li>Evaluation of improvements to the effectiveness of the Audit &amp; Supervisory Board</li> <li>Exchanges of views with Outside Directors</li> <li>Information sharing and exchanges of views with the internal audit division, Corporate Auditors of subsidiaries, and Independent Auditors</li> </ul>

### Status of deliberations of the Board of Directors

In fiscal 2024, in addition to deliberating on the results of the business portfolio evaluation for the fiscal year, business portfolio strategies were also discussed as an agenda item in deliberations on the new MTP. The new MTP was discussed in a total of 11 meetings, covering the three sectors, financial and capital policies, human resources strategies, and GX-related matters. Additionally, the Company is deepening deliberations on the monitoring of North American investments and large-scale M&A in the separator business, an area being advanced in recent years, along with sustainability. The Board of Directors' in-depth deliberations are reflected in the review of investment hurdle rates and the monitoring of investment projects, and also contribute to the enhancement of Group management, such as by enhancing three-sector management.

### Changes in the number of agenda items and main discussion topics at Board of Directors meetings



### Some of the opinions expressed during the Board of Directors' deliberations on the new MTP

Please refer to [our website](#) for the new MTP after deliberation by the Board of Directors [▶](#)

#### From the Outside Directors

- The Company must steadily increase corporate value and raise the P/B ratio to above 1 as quickly as possible. The stock price will rise once growth investments and business growth begin to take hold, so it is necessary to present a coherent story that covers the ongoing business portfolio transformation, productivity improvements through DX, and financial and capital policies.
- The three sectors of Asahi Kasei are well illustrated in the diagram "Asahi Kasei Ecosystem" in the new MTP. Businesses in each sector have created intangible assets, which have served as the business platform for creating and supporting businesses in other sectors. As a result, there are now three sectors. Asahi Kasei believes that this ecosystem has been functioning well and that it will continue to operate this way.
- It is a little difficult to see the future outlook beyond the new MTP. I would like the new MTP to clearly present its position towards the future vision. In the new MTP, I would like the Healthcare sector to grow by reaping the benefits of the investments made to date. The Homes sector also has a fair number of growth drivers. The Material sector is currently in the process of strengthening itself in preparation for the next stage of growth. I would like to have further discussions about management once these ideas are realized.
- Discussions are currently taking place on the business portfolio and these discussions may result in industry restructuring. Discussions that take into account the possibility that the Company may initiate restructuring need to be deepened.

#### From the Inside Directors

- The main reason why the targets of the previous MTP were not achieved was that the returns on major past investments were lower than expected. On the execution side, we are also looking to further strengthen monitoring of investment projects.
- The three years of the new MTP will be a period of major change. What needs to be done, particularly in the Material sector, is to transform from a product-out type business of general-purpose materials that relies on large-scale capital investment, to a high-value-added solutions business that is resilient to environmental changes. It is important to build a solid foundation over the next three years.



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## Results of the effectiveness evaluation of the Board of Directors

The Board of Directors of Asahi Kasei regularly evaluates its own effectiveness every fiscal year. A summary of the results of the Board of Directors effectiveness evaluation for fiscal 2024 (the “Current Evaluation”) is as follows. In addition, the Company regularly utilizes a third-party organization to evaluate the effectiveness of the Board of Directors in order to continue an evaluation cycle that incorporates an objective perspective.

### 1. Process of Current Evaluation

- |     |                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | December 2024                 | The Board of Directors deliberated on the evaluation process and questionnaire content.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (2) | December 2024 to January 2025 | The questionnaire was administered to all Directors and Audit & Supervisory Board Members. The questionnaire also targeted members of the Nomination Advisory Committee and Remuneration Advisory Committee in addition to the Board of Directors. The questions included the functions, operations, and discussion status of the Board of Directors, Nomination Advisory Committee, and Remuneration Advisory Committee, as well as individual evaluations (self-evaluations) of all Directors and Audit & Supervisory Board Members. |
| (3) | March and April 2025          | The Board of Directors reviewed the results of the evaluation of the effectiveness of the Board of Directors based on the results of the above questionnaire and deliberated on how to address any of the issues identified.                                                                                                                                                                                                                                                                                                           |

### 2. Overview of evaluation results

#### (1) The Board of Directors of the Company confirmed that the effectiveness of the Board of Directors is sufficiently ensured, particularly in the following respects:

- The roles and functions of the Board of Directors are considered as being fulfilled appropriately, as there are increased opportunities for discussion on business portfolio transformation and in-depth deliberations were conducted, based on the Board of Directors’ goal of promoting business portfolio transformation and strengthening the business platform.
- The fact that the new MTP was discussed in depth from multiple angles for each business sector and theme, and that the discussions were thorough and took into account the perspective of capital markets, was appreciated.
- In terms of the operation of the Board of Directors, high regard was given for creating an environment that allows for open and frank discussion, and for continuously improving the issues identified based on the results of the evaluation of the effectiveness of the Board of Directors, leading to highly effective and efficient operation.

#### (2) On the other hand, the Board of Directors shared the view that the following issues remain:

- We recognize the importance of further deepening discussions from a medium- to long-term perspective regarding important management issues such as the nature of our three-sector management, financial strategy, shareholder returns, and capital efficiency, taking advantage of opportunities such as Board of Directors meetings and off-site meetings.
- With regard to improving the quality of discussions at Board of Directors meetings, we have confirmed the importance of discussions that take into account the perspective of the capital markets, and we recognize that there is room for further improvement.
- We recognize the need to further enhance the operation of the Nomination Advisory Committee and the Remuneration Advisory Committee. We continue to effectively consider matters such as the composition of the Board of Directors and officer remuneration.

## Some of the opinions of each officer in the effectiveness evaluation

We believe that candid opinions from effectiveness evaluations, including from Outside Directors, contribute to the substantial improvement of corporate governance, and we work to improve governance each year based on the opinions of each Director. (Please see the next page for details of initiatives for fiscal 2024 and the direction of initiatives for fiscal 2025.)

### ■ From the Outside Directors and Outside Audit & Supervisory Board Members

- I believe that the essential functions of the Board of Directors are to work closely with the executive departments to (1) increase Asahi Kasei’s corporate value, (2) properly present the true image of Asahi Kasei to the capital markets, and (3) influence the executive departments to ensure that they execute properly. I find that Asahi Kasei’s Board of Directors is currently fulfilling its functions appropriately.
- One of the roles of the Board of Directors is to verify whether the executive team’s vision for Asahi Kasei is appropriate from the perspective of shareholders. The Board of Directors in fiscal 2024 reported on the status of deliberations on the new MTP and discussed the vision for Asahi Kasei, so I believe it is fulfilling its roles and functions appropriately.
- We were given opportunities to hold a lot of discussions about business portfolio transformation. We believe that further discussions will be held on strengthening our business platform, so we will continue to focus on this issue.
- As the current P/B ratio and ROE do not meet shareholder expectations, the Board of Directors is required to demonstrate what Asahi Kasei will look like after transforming its business portfolio in a way that will give shareholders hope for the future.
- There are no agenda items at the Board of Directors meetings where discussion from a medium- to long-term perspective is lacking, but as a way to deepen and broaden the discussion, why not have a more open exchange of opinions on the points raised by investors in IR, SR, etc.? The agenda included the benefits of three-sector management, how long will we allow the P/B ratio to remain below 1, and a more concrete growth path. Outside Directors discuss with the execution side from the perspective of external investors and analysts.

### ■ From the Inside Directors

- The discussion tends to be biased towards numbers. It would be even better if we could further discuss the Group’s medium-term direction. Although phrases such as “typical of Asahi Kasei” and “the meaning of three-sector management” were used in the discussion, in order to exchange opinions on the essence of the matter, a more in-depth discussion is needed about how the Company will grow in the future and the direction it will take after transforming its business portfolio.
- An environment and atmosphere have been created in which each Director can speak freely, leading to fruitful discussions. On the other hand, I believe there is room for further enhancement of discussions from an investor’s perspective.



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3. PDCA cycle for effectiveness evaluation and future initiatives

The Company's Board of Directors will identify issues that need to be addressed in order to further improve the effectiveness of the Board of Directors and will implement the following initiatives for improvement.

		Plan Thrust of initiatives in fiscal 2024	Do Major initiatives in fiscal 2024	Check Current evaluation	Act Future initiatives
Board of Directors	Deliberation topics and quality of deliberations	<ul style="list-style-type: none"> <li>Further enhance discussions on important management issues that should be discussed from a medium- to long-term perspective, such as business portfolio transformation and management resource allocation.</li> <li>Increase opportunities for dialogue at venues other than Board of Directors meetings to further strengthen discussions.</li> </ul>	<ul style="list-style-type: none"> <li>Deliberated annual agenda items at Board of Directors meetings.</li> <li>Supervised the progress of the previous MTP and held multifaceted deliberations at the Board of Directors meetings to formulate the new MTP.</li> <li>Large-scale M&amp;A and business restructuring projects were decided after multiple, thorough deliberations at the review stage.</li> <li>Off-site meetings were also held, where the president and Outside Directors exchanged opinions on the new MTP and provided information on the structural reforms of petrochemical chain-related businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Highly lauded for the thorough discussions on business portfolio transformation and the new MTP.</li> <li>Topics that should be further discussed from a medium- to long-term perspective were pointed out (e.g., approaches to three-sector management, financial strategies, shareholder returns, capital efficiency, and human capital management).</li> <li>It was pointed out that, while discussions are being held based on the content of dialogue with investors, there is a need to further deepen discussions from the perspective of investors from both the supervisory and execution sides.</li> </ul>	<p><b>(1) Enhance discussions from a medium- to long-term perspective and improve the quality of discussions at Board of Directors meetings</b></p> <ul style="list-style-type: none"> <li>Enhance deliberations on the Group's future vision after completing the business portfolio transformation, sustainability issues, etc., and deepen management discussions from a medium- to long-term perspective.</li> <li>Further improve the quality of discussions from a capital market perspective by holding exchanges of opinions between Outside Directors and management regarding topics of dialogue with investors.</li> </ul>
	Operation	<ul style="list-style-type: none"> <li>Examine ways to raise the level of discussions at meetings of the Management Council, which conducts deliberations prior to Board of Directors meetings, while streamlining proceedings and increasing the efficiency of Board of Directors meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened corporate involvement in business unit proposals at the pre-deliberation stage. Established a standard format for materials and devised a method for providing advance explanations to Outside Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Operational status received positive evaluations following continuous improvements from the past.</li> <li>To enhance deliberations, there were opinions on the importance of monitoring, prioritizing the allocation of deliberation time to important management issues, and the complementary use of off-site meetings.</li> </ul>	<p><b>(2) Continue to improve operations to deepen discussions at Board of Directors meetings</b></p> <ul style="list-style-type: none"> <li>Rationally narrow down the agenda items at Board of Directors meetings, etc., to ensure time for deliberation on important management issues. Improve the effectiveness of deliberations by enhancing information sharing through effective use of off-site meetings.</li> </ul>
Nomination Advisory Committee Remuneration Advisory Committee		<ul style="list-style-type: none"> <li>Deepen discussion on the composition of the Board of Directors, continuously pursuing the optimal in the context of the Company's management philosophy, management strategies, operating environment, and other considerations.</li> </ul>	<ul style="list-style-type: none"> <li>The Nomination Advisory Committee deepened deliberations on the composition of the Board of Directors and the skills matrix, and clarified the definition of skills, etc.</li> <li>Enhanced information sharing from both advisory committees to the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Both advisory committees were evaluated as functioning appropriately.</li> <li>On the other hand, there were some points raised regarding the need for continued effective consideration (such as the composition of the Board of Directors, succession, and officer remuneration) and information sharing with the Board of Directors.</li> </ul>	<p><b>(3) Improve the operation of the Nomination Advisory and Remuneration Advisory Committees</b></p> <ul style="list-style-type: none"> <li>Improve the operation of both advisory committees and enhance deliberations on the topics listed on the left. In addition, improve the content of information shared with the Board of Directors.</li> </ul>

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Corporate Governance

# Revised the remuneration system to strengthen incentives for enhancing corporate value and achieving the objectives of the new MTP

## Officer remuneration for FY2024

Classification	Amount Paid (¥ millions)	Breakdown by Remuneration Type (¥ millions)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic Remuneration	Performance-linked Monetary Remuneration	Stock-based Remuneration	
Directors	616	455	113	48	11
of which, Outside Directors	72	72	-	-	5
Audit & Supervisory Board Members	158	158	-	-	5
of which, Outside Audit & Supervisory Board Members	54	54	-	-	3

## Revision of remuneration system for Directors

In line with the formulation of the new MTP that began in fiscal 2025, we have made the following two main changes to raise our motivation to achieve our management targets and our awareness of improving corporate value over the medium to long term.

### Review of remuneration composition ratio

- Increased the ratio of performance-linked monetary remuneration and stock-based remuneration

### Review of target indicators

- Revised financial indicators for performance-linked monetary remuneration to emphasize profits and invested-capital efficiency
- Adopted TSR as an indicator for aligning interests with shareholders in stock-based remuneration

The results for fiscal 2024 and an overview of the revised remuneration system are as follows.

### (1) Decision-making policy

As one of the corporate governance mechanisms to ensure that the Asahi Kasei Group achieves sustainable growth and enhances corporate value over the medium-to-long term, the Board of Directors sought the advice of the Remuneration Advisory Committee on the decision-making policy. Respecting the contents of the committee's report, the Board of Directors passed a resolution on the decision-making policy, which includes the following basic policy.

#### Basic policy

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

Remuneration for Non-executive Directors<sup>1</sup> including Outside Directors, who supervise the management of the Company, solely comprises fixed basic remuneration at a level determined in consideration of third-party survey data, in order to secure a high degree of independence unaffected by earnings fluctuations.

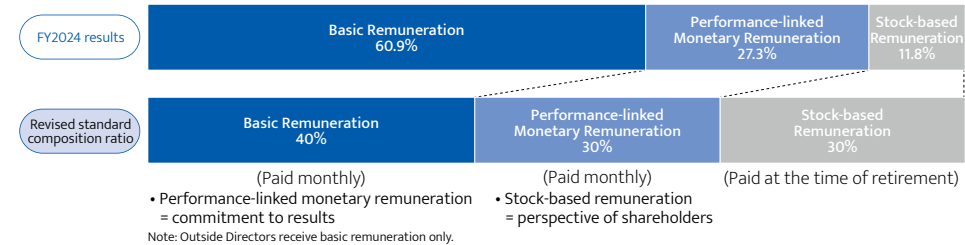
Remuneration for Executive Directors combines performance-linked monetary remuneration with stock-based remuneration as nonmonetary remuneration, in addition to fixed basic remuneration, in order to provide incentives tied to earnings and management strategy as senior management, with levels of remuneration amounts and proportions of types of remuneration adjusted as appropriate for each role according to management strategy and tasks, in consideration of third-party survey data.

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

<sup>1</sup> Non-executive Directors include the Chairman.

## (2) Composition ratio of remuneration for Executive Directors

The standard ratio of total remuneration has been changed to the following; Basic remuneration : Performance-linked monetary remuneration : Stock-based remuneration from approximately 6:3:1 to 4:3:3



## (3) Basic design

### 1) Performance-linked monetary remuneration

- Designed by combining both the achievement of financial targets, such as capital efficiency, to provide incentives tied to earnings and management strategy as senior management, together with the achievement of non-financial targets including individual targets, one of which is progress on sustainability
- Calculated by making a comprehensive judgment based on achievement of financial targets such as consolidated operating income, return on invested capital (ROIC), etc., together with achievement of individually set targets, including progress on sustainability
- Standards for financial incentives selected from the perspectives of appropriateness as clear and objective evaluation criteria based on earnings results as well as awareness for increased invested-capital efficiency
- The formula required to calculate individual performance-linked monetary remuneration is outlined as follows.

$$\text{Index calculated by evaluation}^2 \times \text{Basic amount by rank} = \text{Individual performance-linked monetary remuneration}$$

<sup>2</sup> Coefficient comprehensively considering achievement of financial targets and non-financial targets

FY2024 target figure / standard figure / actual figure

Key management indicators required for calculating performance-linked monetary remuneration	FY2024 target figure / standard figure	FY2024 actual figure
Consolidated net sales	¥2,912.0 billion	¥3,037.3 billion
Consolidated operating income	¥180 billion	¥211.9 billion
Consolidated ROIC <sup>3</sup>	4.5%	5.5%

<sup>3</sup> Consolidated ROIC = (operating income - income taxes) ÷ average annual invested capital

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Revised evaluation indicators

The Company has excluded “consolidated net sales” from the indicators required for calculating performance-linked monetary remuneration in order to emphasize profits and invested-capital efficiency. In addition, with regard to non-financial indicators, the Company has reviewed the target setting for each individual in line with the formulation of the new MTP. As an example, the performance-linked monetary remuneration for the President & Representative Director is evaluated based on the following indicators.

Financial indicators	Operating income	ROE	ROIC	etc.
Non-financial indicators	GHG emissions reduction		GHG emission reduction contributions through Environmental Contribution Products	etc.

2) Stock-based remuneration

- Designed to reinforce a common perspective with shareholders, including both the benefits of share price increases and the risk of share price decreases, a stock-based remuneration system was adopted, and it was revised at the 131st Ordinary General Meeting of Shareholders held on June 24, 2022.
- A trust established by Asahi Kasei acquires shares of the Company and grants them to eligible Directors. Based on the Share Grant Regulations adopted by the Board of Directors, eligible Directors are conferred points in accordance with their ranks and degree of achievement of performance targets (maximum of 150,000 points per fiscal year) and the shares are granted to eligible Directors corresponding to the accumulated number of points at the time of their retirement as Director and as Executive Officer of the Group (one share of stock per point).

FY2024 target figure / standard figure / actual figure

Indicator	Weight	Indicator calculation method	FY2024 target figure / standard figure	FY2024 actual figure
Job satisfaction	1/3	Percentage of employees absent due to mental illness	0.64%	1.20%
DX	1/3	Number of digital professional human resources	2,500	3,157
Diversity	1/3	Percentage of women in the total number of managers and Group Masters	5.0%	4.7%

Revised evaluation indicators

In addition to partially revising non-financial indicators related to sustainability, TSR has been set as an indicator from the perspective of improving corporate value over the medium to long term (underlined parts: revised parts)

Indicator	Weight	Indicator calculation method	FY2024 Results	FY2025 Targets	FY2026 Targets	FY2027 Targets
Employee engagement	1/3	<u>Vitality index in employee engagement survey<sup>1</sup></u>	57.3%	58.2%	59.1%	60.0%
Diversity	1/3	Percentage of women in the total number of managers and Group Masters <sup>2</sup>	4.9%	6.0%	7.0%	8.0%
Corporate value	1/3	<u>Asahi Kasei's total shareholder return (TSR) growth rate relative to stock price index<sup>3</sup></u>	97.3%	100% or more	100% or more	100% or more

<sup>1</sup> The percentage of respondents who gave a favorable response of 3.5 or higher (on a 5-point scale) to questions on the “vitality” index in the employee engagement survey.  
<sup>2</sup> The base date for the target value and actual value of the indicator on diversity is changed from the last day of the fiscal year to the day following the last day of the fiscal year.  
<sup>3</sup> The ratio of the Company's TSR to TOPIX growth rate including dividends (using the average closing price for each day of the last month of the previous fiscal year and the last month of the fiscal year).

3) Decision-making process

- As authorized by the Board of Directors, the Remuneration Advisory Committee confirms the reasonableness and appropriateness of the evaluation of the achievement of targets by Executive Directors, as proposed by the President & Director, and determines performance-linked monetary remuneration amounts for individual Directors by applying this evaluation to the framework formula determined by the Board of Directors.
- The Board of Directors determines the amount of fixed basic remuneration by rank.
- Stock-based remuneration is granted when certain conditions are met, corresponding to points conferred based on the Share Grant Regulations adopted by the Board of Directors (the Remuneration Advisory Committee reports the degree of achievement of targets and the performance-linked indicators at the end of each fiscal year in relation to stock-based remuneration).
- The Remuneration Advisory Committee comprises a majority of Outside Directors and regularly reports to the Board of Directors on the process of confirmation and determination described above.

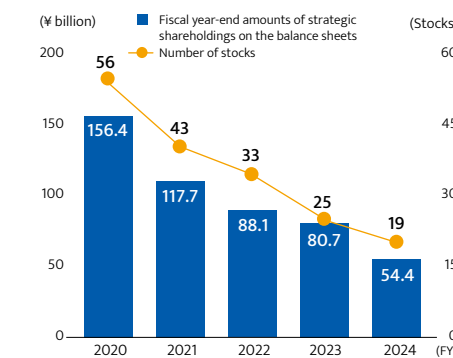
Continuously reducing strategic shareholdings

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

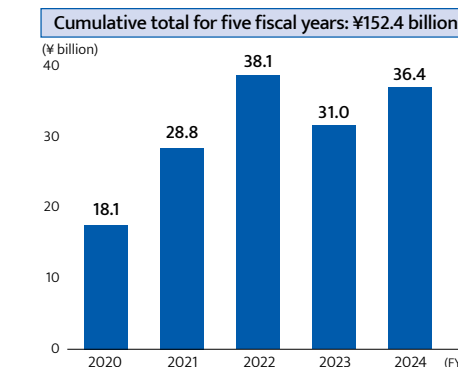
The purpose, effectiveness, and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year and are reviewed by the Board of Directors.

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

Strategic holdings of listed shares



Sales of strategic shareholdings



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## Risk Management



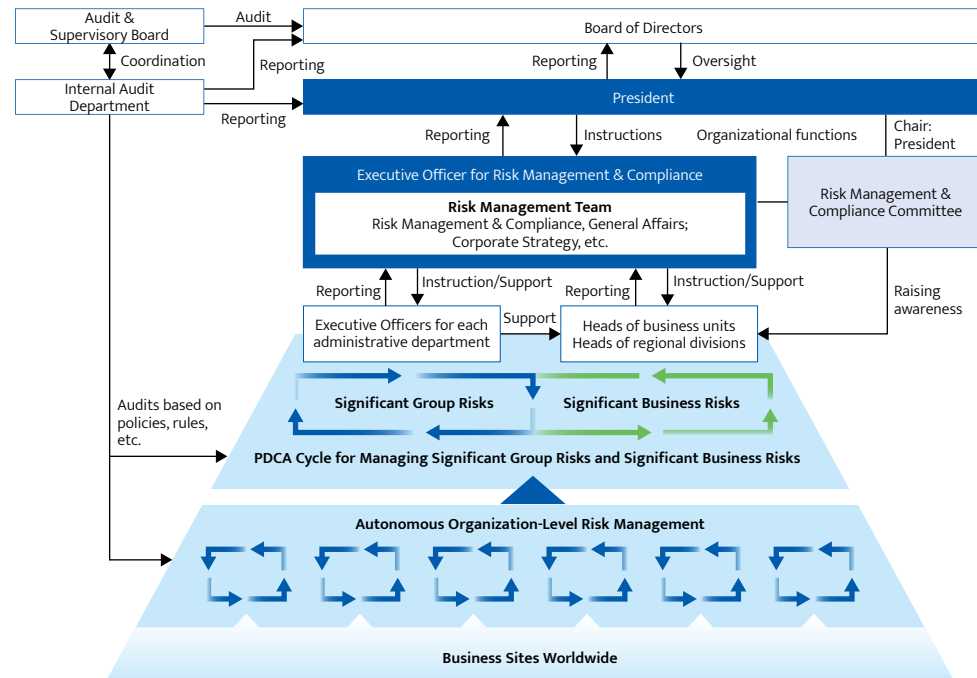
### Risk Management Strengthening risk management in view of business diversity and environmental changes

#### Nobuhiro Yamaguchi

Lead Executive Officer  
Executive Officer for General Affairs, Legal, Corporate Communications; Deputy Oversight: Communications; Executive Officer for Risk Management & Compliance

Our diverse businesses span the globe. In order to respond to the risks associated with each business amid a constantly changing business environment, we conduct risk management in normal times from the perspectives of business sites, business management, and cross-functional operations of administrative departments, and integrate these from a group-wide management perspective. The framework involves regular activities that focus on Significant Group Risks that could have an impact on the entire Asahi Kasei Group or across businesses, and Significant Business Risks that are specific to each business unit. Under this framework, we also analyze and monitor strategic risks associated with large-scale investments such as M&A and business plans.

#### Asahi Kasei's risk management framework



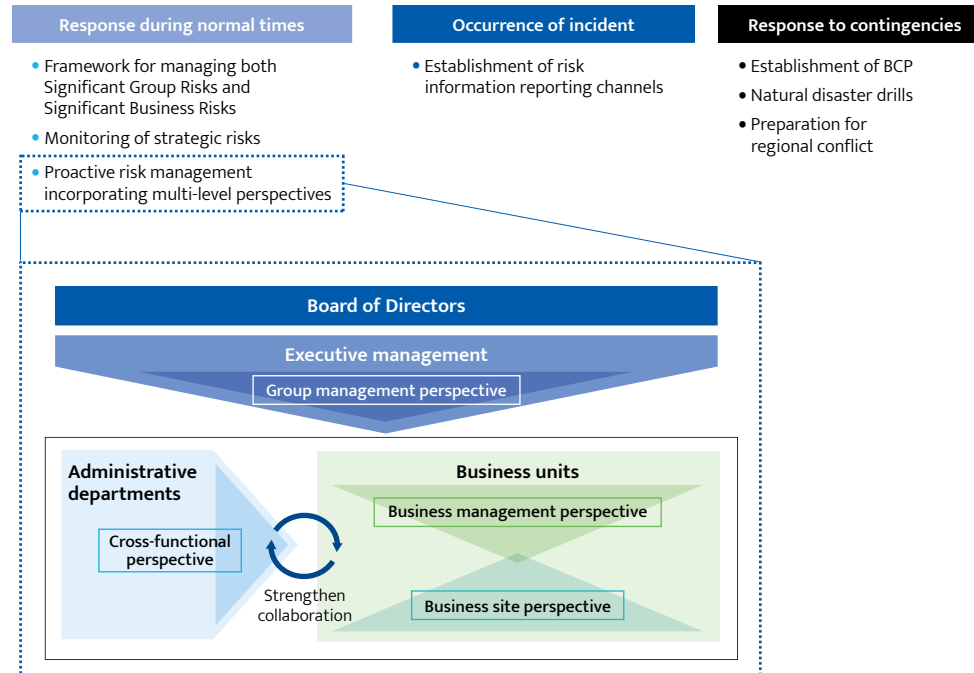
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In terms of crisis response, we formulated disaster mitigation plans and emergency response plans at each production site in response to increasingly severe natural disasters, and conduct ongoing training. At the head office, we conduct drills for task forces that will serve as a command center in preparation for large-scale disasters, and we are promoting the establishment and enhancement of BCPs for each business. We have clarified reporting routes and made them known to employees so that information can be shared quickly from the workplace to management when various risk-related incidents occur.

The Risk Management Team, which serves as the secretariat for all activities, reinforces the coordination of risk management across the entire Asahi Kasei Group by supporting the activities of each organization and promoting smooth cooperation between organizations. The heads of each business unit meet at the Risk Management & Compliance Committee to share risk management initiatives and discuss issues, thereby enhancing activities across the Asahi Kasei Group. Risk management activities are also regularly reported to the Board of Directors for monitoring.

We will continue to enhance our risk management activities and strengthen our protective foundation so that we can address future business expansion and changes in the domestic and international environments.

#### Strengthening responses from normal times to contingencies



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<b>53</b>	<b>Q4</b>	<b>What social impact will your GX-centered sustainability efforts have?</b>	<b>+</b>
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Risk Management

Fiscal 2025 Significant Group Risks and thrust of main initiatives

Significant Group Risks	Thrust of main initiatives	Related pages	
Risks related to accidents at production sites and risks related to laws and regulations concerning environmental protection	<ul style="list-style-type: none"> <li>Reinforcement and enhancement of Life Saving Actions (adherence to activity prohibitions for eliminating serious accidents)</li> <li>Improvement of fire prevention technology at individual production sites</li> <li>Identification of hazard sources at individual production sites, conveyance and education of process safety techniques, and thorough implementation of PDCA in response to abnormalities</li> <li>Provision of information and training on laws, regulations and legal amendments</li> </ul>	The Environment, Safety, and Health (ESH) p. 96 <a href="#">▶</a>	
Risks related to quality-associated misconduct (Including risks related to laws, regulations, certifications, etc.)	<ul style="list-style-type: none"> <li>Enhancement of quality awareness and fostering of culture through regular communication between management and frontline workers</li> <li>Increased quality training from corporate quality assurance departments and dissemination of information regarding quality risks</li> <li>Reinforcement of governance through quality inspections and reinforcement of training for quality assurance personnel</li> <li>Circulation of information regarding regulations and regulatory revisions, thorough education, appointment of experts, and strengthening of internal consultation framework</li> <li>Development of systems for improving compliance</li> </ul>	Quality Assurance p. 97 <a href="#">▶</a>	
Risks related to economic security and global supply chains	Risks concerning U.S. tariff policies	<ul style="list-style-type: none"> <li>Regarding the rise in raw material procurement costs at our U.S. subsidiaries, promotion of passing on the increased tariff burden to sales prices while communicating with customers and consideration of utilizing tariff reduction measures such as tax rebates</li> <li>Regarding exports to the U.S. from Asahi Kasei Group companies in Japan and other countries, review of our global strategy as appropriate while monitoring U.S. demand trends, and promoting R&amp;D of high-value-added products that are less susceptible to price competition</li> </ul>	
	Risks related to tightening of economic sanctions and export restrictions (including both upstream and downstream)	<ul style="list-style-type: none"> <li>Timely monitoring of relevant regulatory trends and necessary action after consultation with relevant organizations and experts as necessary before issues emerge</li> <li>Rigorous screening of transactions through supplier screening system</li> </ul>	
	Risks related to corporate activities due to geopolitics	<ul style="list-style-type: none"> <li>Understanding of the impact on business strategy based on economic security risks and geopolitical risks, as well as consideration and implementation of countermeasures</li> <li>Setting of risk scenarios for contingencies that arise from geopolitical risks, studying of impacts on business activities such as employee safety, procurement, and sales, and implementation/consideration of countermeasures</li> <li>Specification of initial responses and BCP to be carried out under task force in event of emergency</li> </ul>	
	Human rights risks (including both upstream and downstream)	<ul style="list-style-type: none"> <li>Promotion of business activities in accordance with Asahi Kasei Group Human Rights Policy</li> <li>Fostering of an awareness and culture of respect for human rights through human rights due diligence, education and awareness activities, etc.</li> </ul>	Respect for Human Rights p. 98 <a href="#">▶</a>
	Feedstock/material procurement risks	<ul style="list-style-type: none"> <li>Transparency for raw material procurement risks and countermeasure priorities for each business, strengthening of support systems on corporate side</li> <li>Diversification of procurement routes and maintenance of appropriate inventory levels for feedstocks used in major products and businesses</li> <li>Formation and maintenance of relationships with alternative suppliers for equipment components prone to unreliable supplies</li> <li>Revision of management procedures pertaining to delivery and upgrade timings for equipment components</li> </ul>	
Risks related to cybersecurity and technological information management	Risks related to cybersecurity and communications infrastructure	<ul style="list-style-type: none"> <li>Implementation of swift and flexible countermeasures to counter increasingly sophisticated cyberattacks through technical measures made possible by installing security systems and raising and reinforcing awareness regarding security via employee education, etc.</li> <li>Implementation of BCP measures and drills aimed at maintaining functions of communication and information access in event of large-scale disaster</li> <li>Strengthening of security monitoring of overseas Group companies and implementation of measures according to risk</li> <li>Strengthening of cyber incident response capabilities through participation in public-private joint exercises and information gathering in collaboration with external organizations</li> </ul>	Information Security p. 99 <a href="#">▶</a>
	Risk of technological information leakage	<ul style="list-style-type: none"> <li>Formulation of technological information management rules and strengthening of leak prevention measures</li> <li>Strengthening of group-wide unified monitoring systems for leak prevention measures</li> <li>Strengthening of employee awareness activities</li> <li>Stricter and more sophisticated monitoring of confidential information by systems, and expansion of the scope of information subject to such monitoring</li> </ul>	
Risks related to natural disasters, pandemics, and terrorism or conflicts	Headquarters and office districts (domestic and overseas)	<ul style="list-style-type: none"> <li>Formulation of response policies and manuals based on past cases such as large-scale natural disasters and pandemics, implementation of training simulating risk actualization</li> <li>Establishment of response manuals to prepare for acts of terrorism, conflicts, and other contingencies that may occur overseas</li> </ul>	Risk Management p. 92 <a href="#">▶</a>
	Production sites (domestic and overseas)		

The Board of Directors also monitors the following risks as they could have a significant impact on the management of the Company:

Other significant risks	Thrust of main initiatives	
Risks related to M&A	<ul style="list-style-type: none"> <li>Prudent due diligence of potential acquisitions</li> <li>Careful verification of post-merger integration plans</li> </ul>	Growth Drivers under the New MTP pp. 37–39 <a href="#">▶</a>
Risks related to climate change	<ul style="list-style-type: none"> <li>Timely understanding of climate change and related policy trends, and consideration/promotion of countermeasures from both the risk and opportunity perspectives</li> </ul>	Green Transformation (GX) pp. 56–61 <a href="#">▶</a>

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## Health & Productivity Management, ESH & QA, Production Technology

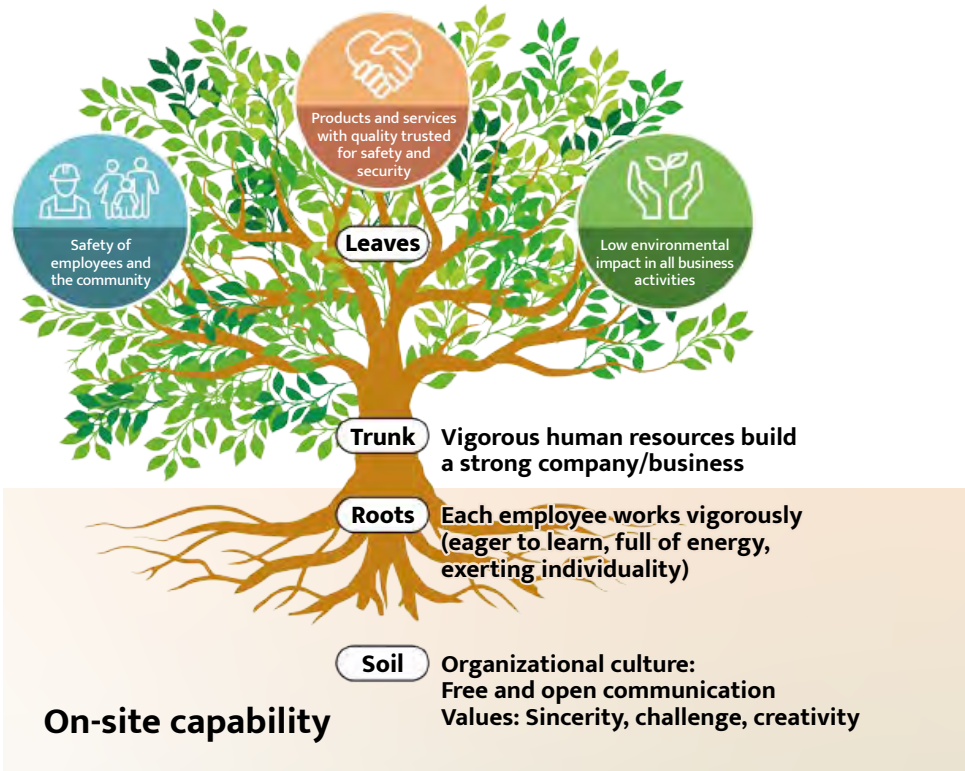


**We aim to create a healthy organizational culture and strong on-site capabilities where employees take the initiative in resolving issues**

**Masatsugu Kawase**

Director, Primary Executive Officer  
Oversight for ESH, QA, Regional Offices, Manufacturing, Production Technology Functions, and Executive Officer for Health & Productivity Management, Energy Policy, Green Transformation

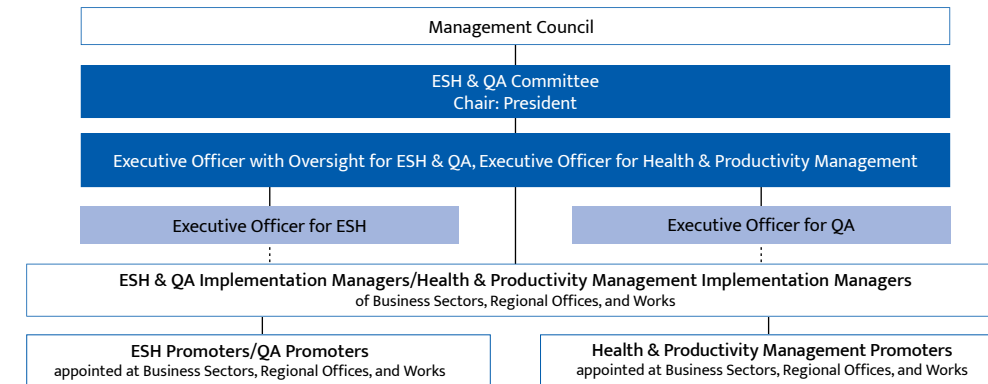
For the Asahi Kasei Group to achieve a virtuous cycle of two aspects of sustainability, “contributing to sustainable society” and “sustainable growth of corporate value,” three conditions are necessary: 1) protecting the safety of employees and local communities, 2) providing quality that inspires confidence in safety and security, and 3) reducing the environmental impact of business operations. To fulfill these conditions, it is extremely important that workplaces and organizations are invigorated through health and productivity management initiatives, that communication is strong, and that



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each employee is full of vitality. In other words, the foundation of all our businesses is a healthy organizational climate and culture that serves as the foundation for corporate operations, and an environment in which each and every frontline employee is healthy and can thrive like the strong roots of a tree. When we think of the soil and roots as “on-site capabilities,” strong on-site capabilities are the ability to proactively discover problems on-site, dig deep into their essence, and solve them independently while taking into consideration the impact on the whole. We believe that this extremely strong ability to execute will lead to the growth of the company and ultimately to increased corporate value. The manufacturing capability and production technology built up over many years are based on this strong on-site capability. With Asahi Kasei’s ecosystem centered on these valuable intangible assets, we intend to provide new value in the three sectors of Healthcare, Homes, and Material.

### Management framework



### The Asahi Kasei Group ESH & QA and Health & Productivity Management Policy

Based on the Group Mission of “contributing to life and living for people around the world,” the Asahi Kasei Group gives the utmost consideration to health maintenance, operational safety, occupational health and safety, quality assurance, and environmental protection throughout the product lifecycle from R&D to disposal as preeminent management tasks in all operations.

- Based on health management activities, we advance and support efforts to maintain and promote the mental and physical health of employees, while improving the organizational climate through the empowerment of individuals and invigoration of organizations.
- We strive for stable and safe operation while preventing workplace accidents and securing the safety of personnel and members of the community.
- We flexibly anticipate the constantly changing needs of customers and society to create and provide products and services with quality that ensures safety and security.
- To counter climate change and preserve the global environment, we reduce the environmental burden of all operations.

In addition to maintaining legal compliance, we set self-imposed targets for continuous improvement, while performing proactive information disclosure and communication to gain public understanding and trust.

Revised on July 11, 2022

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## Health & Productivity Management

### Health & Productivity Management

## Vibrant human resources and organizations rooted in the health of employees and their families

We view maintaining and improving the health of our employees and their families as a management priority, and in fiscal 2020 we issued the Asahi Kasei Group Statement on Management for Health. Based on the belief that human resources are the source of corporate value, we have established health & productivity management as the foundation of our business operations. By creating an environment where each employee is healthy both physically and mentally and can actively and sustainably play a role, we will increase the productivity and creativity of the organization and achieve a sustainable increase in corporate value. We will continue to strive to achieve both long-term growth and fulfill our social responsibilities through investments in human capital.

### Health & productivity management targets

As KPIs for health & productivity management, in order to increase individual productivity, we are promoting measures to reduce the number of days absent from work (absenteeism) due to illness (Targets 1 to 4). In addition, a lack of quality sleep is said to be a major factor contributing to presenteeism, where employees go to work but are unable to perform due to circumstances related to physical or mental well-being. We are focused on addressing this issue, striving to help employees get more sleep of better quality (Target 5).

### Company-wide KPIs and targets

KPIs	(FY)	Results					Targets		
		2020	2021	2022	2023	2024	2025	2026	2027
1) Percentage of employees on leave of absence for mental health purposes (%)		0.98	1.00	1.07	1.16	1.20	1.10	1.05	1.00
2-1) Percentage of employees with serious lifestyle-related illnesses (%)		11.0	10.7	10.7	9.9	9.9	8.2	8.0	7.8
2-2) Percentage of employees affected by metabolic syndrome (%)		11.4	11.1	10.7	10.8	10.9	10.8	10.7	10.6
3) Percentage of districts with a cancer screening rate of 60% (%)	Lung cancer	-	-	-	-	-	100	100	100
	Stomach cancer	-	-	-	-	-	65.1	83.7	100
	Colon cancer	-	-	-	-	-	93.0	97.7	100
	Breast cancer	-	-	-	-	-	67.4	83.7	100
	Cervical cancer	-	-	-	-	-	53.5	76.7	100
3) Number of days absent by employees due to cancer-related illnesses (days)		68.1	87.5	88.6	75.7	82.7	-	-	-
4) Percentage of employees who smoke (%)		24.7	23.5	22.5	21.8	20.2	18.6	17.6	16.6
5) Percentage of employees getting insufficient rest from sleep (%)		28.5	27.2	28.0	28.7	29.5	29.0	28.5	28.0

Applicable scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, Asahi Kasei Life Science, and certain affiliated companies

### Priority measures

#### 1. Measures to improve mental health

To enable our employees to deal with mental health problems at an early stage, we provide Mental Health Self-Care Education to all employees (with 96.2% attendance in fiscal 2024). Three months following training, we conducted an additional survey to confirm whether proper behavioral changes had occurred and to measure the degree to which the educational content had been retained after the program (80.7% of respondents answered "It has already been useful" or "I think it will be useful in the future").

We also conduct follow-up checks on employees who have been transferred, with the aim of preventing their condition from worsening by checking their progress in adapting to life and work after changes in their environment and

## Q6 How is your governance evolving along with business portfolio transformation? 95

responding early to employees who show signs of illness. By sharing the results with workplaces as needed, we are also helping to create a workplace that prevents the onset of mental illness. This initiative was applied company-wide in fiscal 2024, and the follow-up rate for transferred employees was 99.3%.

We also conduct KSA surveys (engagement surveys assessing employee empowerment and growth), which enable more detailed analysis and visualization of work engagement among employees in terms of enthusiasm, immersion, and vitality. We conduct these surveys in conjunction with annual stress checks. We comprehensively utilize the KSA results in each workplace, and we are making efforts to improve work engagement, including by facilitating greater communication among employees.



#### 2. Cancer awareness initiatives

We hold a company-wide online seminar on the topic of preparations employees can start now so that they can continue working even if they are diagnosed with cancer, which forms part of our efforts to raise awareness to improve literacy about cancer. In addition, in order to promote early detection and treatment, we changed the KPI for cancer prevention beginning with fiscal 2025, with the aim to strive for a screening rate of 60% or higher for the five major cancers (lung, stomach, colon, breast, and cervical) in all districts. We will identify factors that affect cancer screening participation and aim to increase the rate of cancer screenings.

We also focus on providing information to help employees balance treatment and work if they are diagnosed with cancer.

Because cancer has a high incidence rate among women in their prime working years, we consider it an important subject from the perspective of promoting the active participation of women in the workforce and are focusing on disseminating information about women's health. Our efforts were recognized as we received the Excellence Award at the Global Women's Body Conference 2025 held at the Expo 2025 Osaka, Kansai, Japan in April 2025.



#### 3. Anti-smoking measures

In April 2024, we introduced a complete smoking ban during working hours and in April 2025 we banned all smoking on company premises and at work functions, to help smokers quit and prevent employees from being exposed to unwanted second-hand smoke.

#### 4. Sleep support measures

Starting in June 2025, we have been conducting a sleep survey for all Group employees (with a participation rate of 95%). As a result, we have implemented a Sleep Improvement Program to provide individual support to employees who have sleep issues.

We also recognize sleep-related issues for employees engaged in shift work as a major health and safety issue, and are working to address them. Specifically, we have produced an educational video for shift workers to improve the quality of their sleep and incorporated this into our in-house training curriculum, helping employees acquire the correct knowledge and establish better sleep habits.

Please see [our website](#) for details on these initiatives

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## The Environment, Safety, and Health (ESH)



### ESH ESH to protect employees and communities

**Kazunori Nakajima**  
Lead Executive Officer  
Executive Officer for Manufacturing, ESH, Regional Offices

The Asahi Kasei Group places the highest priority on employee safety and strives to create an injury-free workplace. Until now, we have focused on developing technologies and rules, but in recent years we have been focusing on fostering a culture of safety. To build a culture of safety, it is essential for employees to have the “on-site capabilities” to proactively identify and solve problems. By visualizing work, sharing knowledge, and clarifying company policies, we are increasing employee autonomy. We believe that this will lead to faster response to problems and operational improvements, which will lead to improved safety performance across the entire organization.

### Occupational safety: current situation and improvement policy

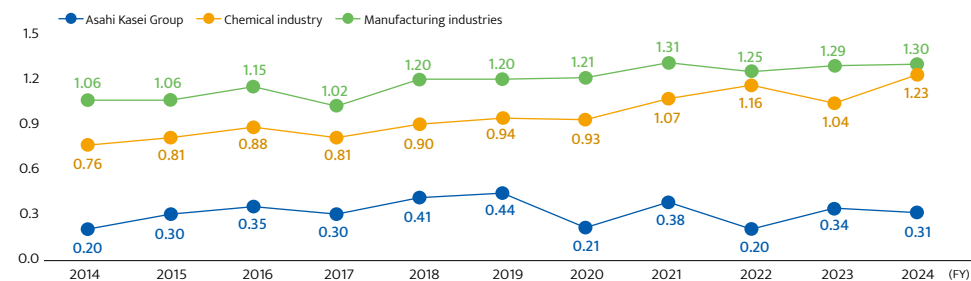
In fiscal 2020, Asahi Kasei established the Life Saving Actions (LSA) program, and implemented it group-wide to eliminate serious occupational accidents. We have identified four actions that pose particularly high risks to life as prohibited behaviors and are promoting strict adherence to these rules in all aspects of our business activities. This program is not only being carried out by our employees but is being expanded to include partner companies both in Japan and overseas. It represents a cornerstone program aimed at eliminating accidents that result in fatalities or serious after-effects.

Our frequency rate of lost-time accidents, which indicates the frequency of injuries resulting in lost work time, is at a good level compared to the manufacturing and chemical industries as a whole. Nevertheless, LSA-related injuries continue to occur. We will continue to advance safety activities.

Additionally, we have positioned measures to combat occupational accidents caused by heatstroke, which have been increasing in recent years, and contact with chemical substances, as priority issues, and are working to thoroughly implement preventative measures and prevent injuries from becoming severe.



### Lost-time injury frequency rate for the Asahi Kasei Group in Japan



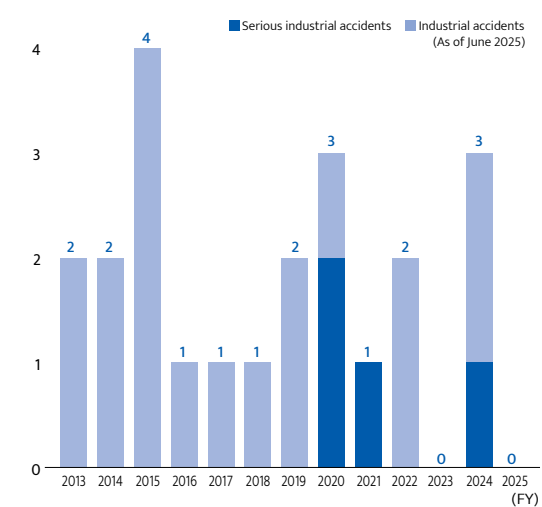
### Process safety: current situation and improvement policy

In fiscal 2024, there were a total of three industrial accidents and serious industrial accidents. Although it was not a serious incident such as an explosion or fire, an accident occurred at one of our overseas bases due to the accidental release of CO<sub>2</sub> from a CO<sub>2</sub> fire extinguishing system. In this case, we established an accident investigation committee to investigate the root cause and are taking measures to prevent recurrence, which we are promoting throughout the company. In fiscal 2025, we will continue to strive toward the goal of zero safety accidents. We will work to enhance our safety and disaster prevention capabilities by identifying safety risks and issues through dialogue with each region and plant and then using this information to make improvements.

Additionally, the following initiatives are being advanced as key priorities for fiscal 2025:

- Expanding target plants for activities to hand down and promote process safety technology since fiscal 2023
- Reinforcing fire prevention and extinguishing equipment in areas with high risk of indoor fires and improving disaster prevention systems
- Sharing information internally on the accidental release of CO<sub>2</sub> from fire extinguishing equipment

### Industrial accidents and serious industrial accidents



## HIGHLIGHT

### Reinforcing fire prevention and extinguishing measures for indoor plant fires

In fiscal 2020 and 2022, fires occurred at plants located in Nobeoka City, Miyazaki Prefecture. In response, we established standards for the installation of fire prevention and extinguishing equipment in areas at high risk of indoor fires to prevent similar accidents from occurring again, and are now widely disseminating these standards throughout the Asahi Kasei Group. These standards identify high-risk areas for plant fires from the following three perspectives:

- A: Areas with combustible materials that are easily ignited and generate a large amount of heat from combustion
- B: Areas where firefighting activities by public fire departments are difficult
- C: Areas where the spread of fire would have a large impact on production facilities, nearby plants, local residents, etc.

We are prioritizing these areas and working to reinforce fire detection equipment, fire prevention and extinguishing equipment that enables early fire extinguishing before a fire spreads, and disaster prevention systems.

Additionally, in clean rooms, where fire smoke is easily dissipated, detection is delayed with ordinary smoke detectors, so we have made it a requirement to install ultra-high sensitivity smoke detectors, and had completed 60% of the renewal plan by the end of fiscal 2024.



Young employees undergoing fire hydrant operation training

Please see [our website](#) for details on these initiatives

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## Quality Assurance and Production Technology



**Quality Assurance**  
**Involving everyone in quality management**  
**—the value of common quality training**  
**across all 3 sectors**

**Hiromi Nakafutami**  
 Lead Executive Officer  
 Executive Officer for QA

At the Asahi Kasei Group, we believe that quality is the foundation of trust, and we advance quality assurance (QA) activities involving all employees. In a global business environment, we are continually working to strengthen our QA system and develop our human resources in order to respond flexibly and appropriately to the laws and regulations of each country, international standards, and diversifying customer needs. Quality is not the responsibility of just one department; it is something that all employees build through their own work, and the accumulation of this builds trust as a company. As “One Team,” we will continue to value our sincerity, challenge, and creativity as we strive to deliver quality that inspires confidence.

### Quality is the foundation of Asahi Kasei’s corporate value

The basic principles of Corporate Quality Assurance are quality that inspires confidence and QA activities involving all employees. We are working to improve the quality and reliability of our products and services. As part of this, we are building a company-wide quality management framework and steadily implementing it, while also ensuring compliance with laws and regulations, international standards, and customer requirements. We are also focusing on fostering a group-wide culture of quality and are carrying out activities that position quality as the foundation of our corporate value.

- #1: Think about your customers
- #2: Say “thank you” a lot
- #3: Create an atmosphere where people can speak freely and frankly
- #4: Go to actual sites and show interest
- #5: Make changes without fear of failure
- #6: Take responsibility as a team
- #7: Pass your role on to the next person in better condition
- #8: Learn about laws, regulations, and contracts

### Town hall meetings to listen in person

One example is holding town hall meetings where manufacturing personnel and the Executive Officer for QA have direct dialogue. The meetings are held regularly at domestic and overseas sites, with the aim of reflecting on-site feedback in management, sharing awareness of quality, and building relationships of trust.

We also provide opportunities to systematically learn about the importance of QA and legal compliance through quality training that utilizes QA case studies both inside and outside the company, and through the quality training system designed for each level and type of work. This allows each employee to have a strong awareness of quality, and develops human resources who can act independently.

Furthermore, the Quality Management Seminar for management personnel, in which the Executive Officer for QA serves as the speaker, aims to deepen understanding of the impact that quality has on corporate value and risk management, with the aim of top management taking the lead in promoting a culture of quality. This allows us to reinforce a culture of quality using both top-down and bottom-up approaches. Through these various initiatives, Asahi Kasei aims to achieve quality management that meets customer trust and to sustainably enhance its corporate value.



## Q6 How is your governance evolving along with business portfolio transformation? 97



**Production Technology**  
**Creating new value with intangible assets**  
**acquired through production technology**

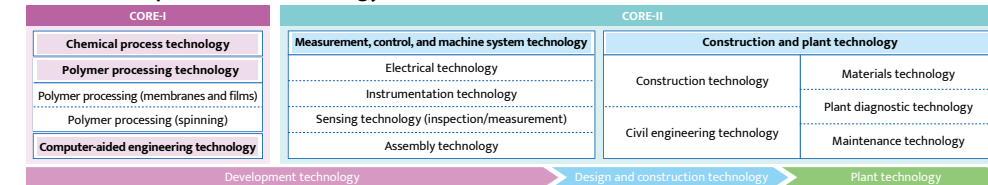
**Toshihiko Takizawa**  
 Lead Executive Officer  
 Executive Officer for Production Technology

Corporate Production Technology provides engineering services both internally and externally, covering everything from development to design, construction, and maintenance. By combining technology we developed ourselves together with new technology and applying them in our facilities, and by promoting planned maintenance and continuous improvements and refinements, we are constantly evolving our facilities to be able to manufacture products that meet customer expectations. The intangible assets we have cultivated through overcoming the many challenges in production, including technology, know-how, and human resources, are the source of our value and an important part of our business platform. We will utilize these intangible assets to create new value in the three sectors of Healthcare, Homes, and Material.

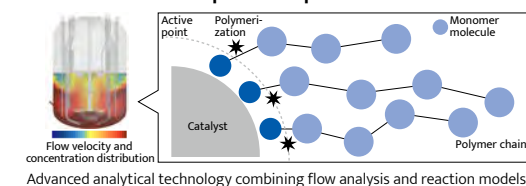
### Corporate Production Technology’s intangible assets

Corporate Production Technology has accumulated a wealth of specialized technology in line with the growth of the Material sector. CORE-I is the most important technology group that drives important businesses, and CORE-II is the essential technology group that forms the foundation of businesses. The linkage and combination of these technologies form consistent engineering capabilities for development, construction, and plant technology, creating a unique strength of Asahi Kasei. Going forward, Corporate Production Technology will act as a hub of the Asahi Kasei Group, always taking on new challenges, developing new technologies for the sectors of Homes and Healthcare as well as Material.

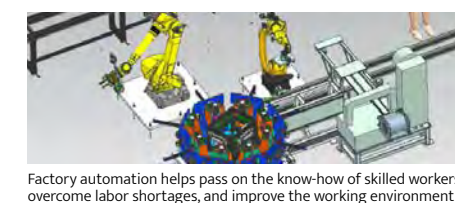
### Asahi Kasei’s production technology



### Example 1: Process development technology to achieve product specifications



### Example 2: Adopting automation at new plants



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Respect for Human Rights / CSR Procurement

Responsible business practices throughout the value chain

Respect for Human Rights

Policy and management framework

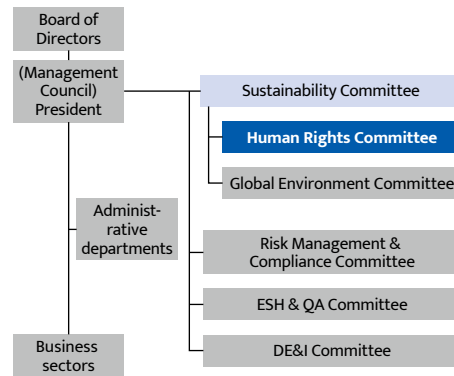
Respect for the human rights of all people is one of the most important aspects of the Asahi Kasei Group’s business activities. The Asahi Kasei Group Human Rights Policy complies with the International Bill of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. The Asahi Kasei Group has also pledged its support for the Ten Principles of the United Nations (UN) Global Compact as well as the UN Guiding Principles on Business and Human Rights. Based on these policies and principles, we work to identify and appropriately address human rights issues.

**Asahi Kasei Group Human Rights Policy** (Approved by the Board of Directors in fiscal 2021)

Basic approach		
<b>Respecting the human rights of all stakeholders</b>	<b>Conforming to international human rights standards</b>	<b>Endeavoring with business partners to remediate and eliminate human rights violations that occur</b>
<p><b>Addressing human rights issues (initiatives through business activities)</b></p> <ul style="list-style-type: none"> <li>• Compliance with laws and regulations (including on working hours, wages, safety and hygiene, and protection of personal information)</li> <li>• Prohibition of discrimination, harassment, and other unacceptable conduct</li> <li>• Respect for the human rights of all people in society (including customers and communities)</li> </ul>	<p><b>Promoting respect for human rights</b></p> <ul style="list-style-type: none"> <li>• Education</li> <li>• Implementation of human rights due diligence</li> <li>• Commitment to engage with affected stakeholders</li> <li>• Establishment and operation of grievance mechanisms</li> <li>• Disclosure</li> </ul>	

We have a Human Rights Committee, chaired by the President, to promote actions in accordance with the Asahi Kasei Group Human Rights Policy. In fiscal 2024, the committee discussed and shared the latest international trends regarding human rights, as well as our current initiatives and orientation. As a result, we confirmed the importance of reviewing existing operations from a human rights perspective and improving our organizational sensitivity to social trends and human rights. Going forward, through the committee, we will continue to share information and improve our efforts regarding human rights.

Management framework



Human rights education and training

The Asahi Kasei Group Code of Conduct stipulates a policy of zero tolerance for any kind of discrimination or harassment. We also provide education and raise awareness with respect for human rights through a variety of methods, including in-house training for specific job levels, e-learning on harassment prevention, and workplace discussions.

CSR Procurement

In addition to our own company, we expect all parties across the supply chain to address social issues such as climate change and respect for human rights in order to achieve sustainability. We are working to promote CSR procurement together with our suppliers with the aim of building a sustainable supply chain.

Policy

We consider all suppliers to be important business partners, and our policy is to treat them with honesty and integrity. We have established the Procurement Mission and Vision, and we work to comply with the [Asahi Kasei Group Procurement Policy](#) to promote procurement activities that prioritize CSR.

Supplier Code of Conduct

In fiscal 2024, we reformulated our Supplier Guidelines as the Supplier Code of Conduct to better promote CSR procurement initiatives. We have begun asking our suppliers to agree to this code of conduct by signing and submitting it. Going forward, we will continue to monitor the compliance status of our suppliers through CSR evaluations and work together to make improvements.

CSR procurement questionnaire

We conduct a survey of our suppliers every year and disclose the results. For suppliers who receive a rating of C or below, we deepen mutual understanding through dialogue and provide support for improvement. We also meet with suppliers whose evaluations have improved significantly compared with previous results, and introduce best practices to suppliers with low evaluations.

Conflict minerals survey

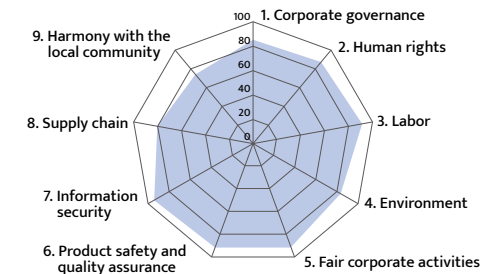
In fiscal 2024, we conducted a survey of suppliers regarding procured materials containing tantalum, tin, tungsten, gold, cobalt, and mica in response to the issue of conflict minerals, which have been identified as a possible source of funding for armed groups linked to inhumane acts. The results of the survey confirmed that none of the materials procured came under the category of conflict minerals.

CSR procurement questionnaire assessment

Rank	Raw material suppliers		Material suppliers	
	FY2021	FY2023	FY2022	FY2024*
A	79	164	119	317
B	17	40	60	181
C	3	10	28	56
D	2	1	7	9
Total	101	215	214	563

\* Including suppliers to certain subsidiaries.

CSR procurement questionnaire Average scores by category in fiscal 2024



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## Compliance / Information Security

### Compliance

#### Group Policy


The Asahi Kasei Group positions compliance as a priority issue of materiality. We seek to ensure that all employees act with sincerity in accordance with our Group Values, in addition to strict compliance with internal rules as well as laws and regulations. We formulated the [Asahi Kasei Group Code of Conduct](#) to ensure compliance among all executives and employees. We thoroughly familiarize them with the code while continuously reviewing it in light of changing societal demands and circumstances.

#### Awareness of the Code of Conduct

##### Cs Talk (workplace discussion on case studies)

As part of our compliance activities, we have been holding “Cs Talk” discussions since fiscal 2019. In Cs Talk, employees exchange opinions at the workplace level about areas for improvement and solutions, considering actual cases of fraud and misconduct as well as issues that require attention in their everyday work. Through their participation, each employee can relate to the case studies in their own workplace, think about how to respond, and express their opinions, which makes potential issues feel relevant to them. By understanding the essence of a problem and comparing it with the Asahi Kasei Group Code of Conduct, employees deepen their understanding of the actions they should take.

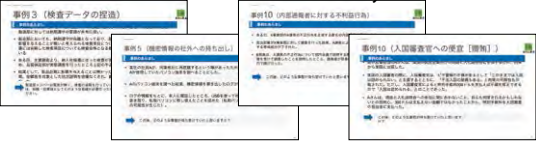
### What is Cs Talk?



A small group of several employees from the same workplace exchange opinions facilitated by a workplace promotion leader

**Method**

Case studies and commentary



Case studies used

- Case studies selected from seven fields by each workplace
- 22 case studies were created and launched in fiscal 2019. After that, in preparation for annual implementation, cases of important subjects that require in-depth response were added, with 80 cases discussed in fiscal 2024

Seven fields	
1	Environment, Safety, and Health
2	Manufacturing and Quality Assurance
3	Marketing and Sales
4	Information Management
5	Sustainability and Human Rights
6	Processing Expenses and Purchasing Goods
7	Others (bribery, insider trading, harassment, etc.)

### Risk Management & Compliance Committee

The Risk Management & Compliance Committee, chaired by the President and whose members consist of the Presidents of Core Operating Companies and heads of administrative departments, shares information on incidents that have occurred within the Asahi Kasei Group, applies group-wide countermeasures, and holds discussions on preventing incidents from occurring. The committee’s discussions, along with a message from the chair, are shared and disseminated by each committee member within their organization, leading to thorough efforts to raise awareness and prevent recurrence throughout the Asahi Kasei Group.

#### Whistle-blowing system

##### There were 81 reports in fiscal 2024

We will continue to operate the system in accordance with the Whistleblower Protection Act and respond appropriately to reports, thereby improving users’ trust in the system and leading to the early detection to and response to fraud and other incidents. We will take steps to resolve the root causes of workplace issues triggered by reports and work to create a better workplace environment.

### Information Security

#### Policy and management framework

Against the backdrop of accelerating DX and organizational expansion through M&A, ensuring information security is an important management issue. We are putting into place a system that enables us to continuously implement information security measures both domestically and internationally. We formulated an [Information Security Policy](#) and established related regulations. Each Group Company also has its own management system and we are working to establish coordinated group-wide security governance. For companies that join the Asahi Kasei Group through M&A, we analyze security risks and implement countermeasures during the post-merger integration (PMI) process. Additionally, we are working to maintain and improve the entire group-wide security level by systematically standardizing our IT environment.

#### Cybersecurity

Cyberattacks are increasing in number and sophistication every year. We are continually strengthening our cybersecurity measures to minimize any impacts on our business activities. For example, we combine Endpoint Detection and Response (EDR), which detects abnormalities in devices, with Security Information and Event Management (SIEM), which analyzes logs to find threats, to develop a system that can detect abnormal behavior early through advanced automatic detection. These measures are handled by the Security Operation Center (SOC) and Computer Security Incident Response Team (CSIRT) operated within the Asahi Kasei Group. The accumulation of response know-how within the company enables us to improve security skills. We also provide information security training to all employees every year, and e-mail messages simulating targeted e-mail attacks are sent to employees to foster the ability to judge suspicious e-mail appropriately and encourage prompt reporting.

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# Basic Information



75th All-Japan Businessmen's Judo Team Championships:  
4th consecutive victory and 21st overall

©Getsuriku



69th All-Japan Men's Corporate Team Ekiden Championships:  
1st victory in 5 years and 26th overall

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## Financial / Non-Financial Information

### 11-Year Financial Summary

Fiscal year		2014	2015	2016	2017 <sup>1</sup>	2018	2019 <sup>2</sup>	2020	2021 <sup>3</sup>	2022 <sup>4</sup>	2023	2024
Statements of income												
Net sales	¥ million	1,986,405	1,940,914	1,882,991	2,042,216	2,170,403	2,151,646	2,106,051	2,461,317	2,726,485	2,784,878	3,037,312
Gross profit	¥ million	547,061	586,216	586,736	649,105	688,548	675,040	680,709	769,769	773,776	815,969	958,260
Operating income	¥ million	157,933	165,203	159,229	198,475	209,587	177,264	171,808	202,647	127,716	140,746	211,921
Net income (loss) attributable to owners of the parent	¥ million	105,652	91,754	115,000	170,248	147,512	103,931	79,768	161,880	(91,948)	43,806	134,996
Balance sheets (fiscal year-end)												
Total assets	¥ million	2,014,531	2,211,729	2,254,500	2,307,154	2,575,203	2,822,277	2,918,941	3,349,075	3,453,900	3,662,730	4,015,214
Interest-bearing debt (excluding lease obligations)	¥ million	266,415	448,219	402,060	301,194	424,457	703,842	658,975	766,276	939,456	917,018	1,157,458
Net assets	¥ million	1,097,722	1,057,399	1,168,115	1,305,214	1,402,710	1,383,460	1,494,535	1,718,815	1,695,382	1,848,625	1,913,944
Net worth	¥ million	1,082,654	1,041,901	1,151,344	1,287,387	1,381,485	1,359,314	1,467,476	1,687,410	1,660,295	1,813,391	1,859,420
Cash flows												
Cash flows from operating activities	¥ million	137,597	216,218	168,965	249,891	212,062	124,460	253,676	183,271	90,804	295,300	301,489
Cash flows from investing activities	¥ million	(100,470)	(285,287)	(89,920)	(110,294)	(198,917)	(318,156)	(157,751)	(221,019)	(213,584)	(142,598)	(381,150)
Free cash flow	¥ million	37,127	(69,069)	79,045	139,597	13,145	(193,696)	95,925	(37,748)	(122,780)	152,702	(79,661)
Cash flows from financing activities	¥ million	(74,016)	101,365	(73,959)	(134,412)	17,388	221,923	(95,869)	42,321	111,780	(94,331)	144,567
Depreciation and amortization, capital expenditures, and R&D expenses												
Depreciation and amortization (excluding amortization of goodwill)	¥ million	86,058	93,811	91,387	95,415	84,556	96,016	108,369	119,738	140,013	152,593	153,478
Amortization of goodwill	¥ million	9,320	15,821	17,806	18,048	19,490	22,288	24,903	28,391	37,273	29,603	32,628
Capital expenditures	¥ million	89,108	99,000	90,573	101,331	136,206	154,122	153,656	186,644	174,873	183,712	211,026
R&D expenses	¥ million	75,540	81,118	79,566	85,695	90,124	90,966	89,745	98,693	105,027	106,597	110,641
Financial indicators												
Operating income before amortization of goodwill	¥ million	167,253	181,024	177,035	216,523	229,077	199,552	196,711	231,037	164,990	170,348	244,549
EBITDA	¥ million	253,311	274,836	268,423	311,938	313,633	295,568	305,080	350,775	305,003	322,941	398,027
Operating margin	%	8.0	8.5	8.5	9.7	9.7	8.2	8.2	8.2	4.7	5.1	7.0
Operating margin before amortization of goodwill	%	8.4	9.3	9.4	10.6	10.6	9.3	9.3	9.4	6.1	6.1	8.1
EBITDA margin	%	12.8	14.2	14.3	15.3	14.5	13.7	14.5	14.3	11.2	11.6	13.1
ROIC	%	8.3	7.9	7.8	9.7	8.8	6.6	4.9	6.6	4.0	5.9	5.5
ROE	%	10.6	8.6	10.5	14.0	11.1	7.6	5.6	10.3	(5.5)	2.5	7.4
D/E ratio		0.25	0.43	0.35	0.23	0.31	0.52	0.45	0.45	0.57	0.51	0.62
Capital ratio	%	53.7	47.1	51.1	55.8	53.6	48.2	50.3	50.4	48.1	49.5	46.3
Per share information												
EPS	¥	75.62	65.69	82.34	121.93	105.66	74.85	57.49	116.68	(66.30)	31.60	97.94
EPS before goodwill amortization	¥	82.29	77.01	95.08	134.85	119.62	90.90	75.44	137.14	(39.42)	52.96	121.61
BPS	¥	775.05	745.94	824.36	922.11	989.51	979.69	1,057.61	1,216.33	1,197.85	1,308.20	1,369.16
Dividends	¥	19	20	24	34	34	34	34	34	36	36	38
DOE	%	2.7	2.6	3.1	3.9	3.6	3.4	3.3	3.0	3.0	2.9	2.8
Stock Information (fiscal year-end)												
Closing price	¥	1,149	760.9	1,080	1,399	1,142	764.8	1,274.5	1,062.5	926.3	1,112	1,047
Market capitalization	¥ billion	1,605.0	1,062.9	1,508.3	1,953.1	1,594.3	1,061.4	1,769.1	1,474.6	1,283.4	1,541.4	1,421.8
P/B ratio		1.48	1.02	1.31	1.52	1.15	0.78	1.21	0.87	0.77	0.85	0.76
Outstanding shares	Thousand shares	1,402,616	1,402,616	1,402,616	1,402,616	1,402,616	1,393,932	1,393,932	1,393,932	1,393,932	1,393,932	1,365,752
Employees (fiscal year-end)		30,313	32,821	33,720	34,670	39,283	40,689	44,497	46,751	48,897	49,295	50,352

<sup>1</sup> Retroactively revised to reflect "Partial Amendments to Accounting Standard for Tax Effect Accounting" which was applied beginning in FY2018. <sup>2</sup> Retroactively revised to reflect purchase price allocation completed in FY2020 related to acquisition of Veloxis. <sup>3</sup> The Accounting Standard for Revenue Recognition was applied beginning in FY2021, with standards for recording net sales and cost of sales regarding certain transactions changed. <sup>4</sup> Retroactively revised to reflect purchase price allocation completed in FY2023 related to acquisition of Focus.

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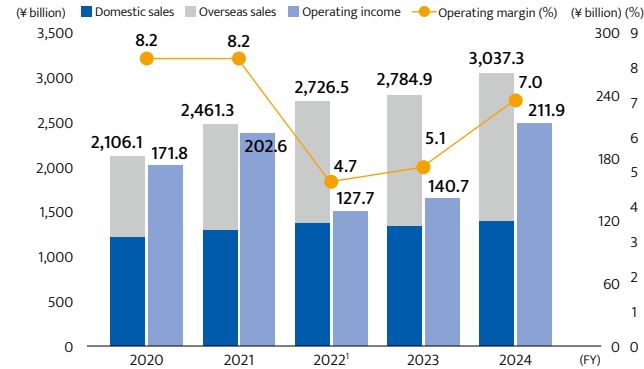
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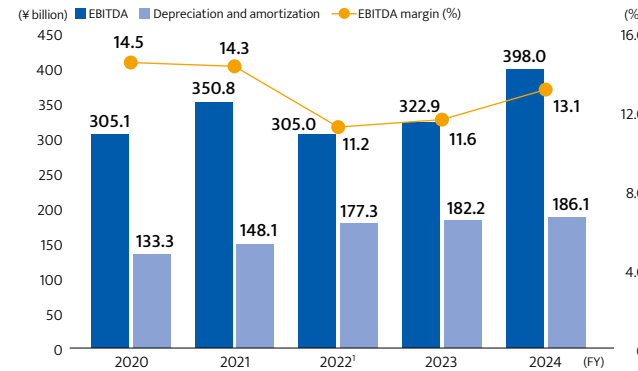
Financial Highlights

Net sales (domestic & overseas), operating income, operating margin



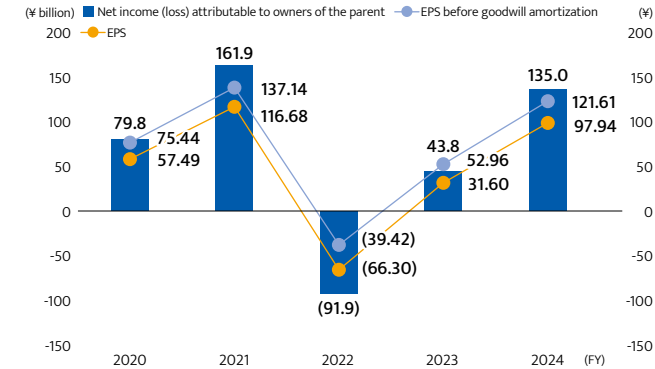
Net sales and operating income increased in fiscal 2024 with income growth in First Priority businesses, mainly Pharmaceuticals, Critical Care, and Electronics, and operating income reached a record high for the first time in six years. The operating margin also improved. Overseas sales increased to over half of total net sales as overseas business expanded, including by M&A, and the yen weakened.

EBITDA<sup>4</sup>, depreciation and amortization, EBITDA margin



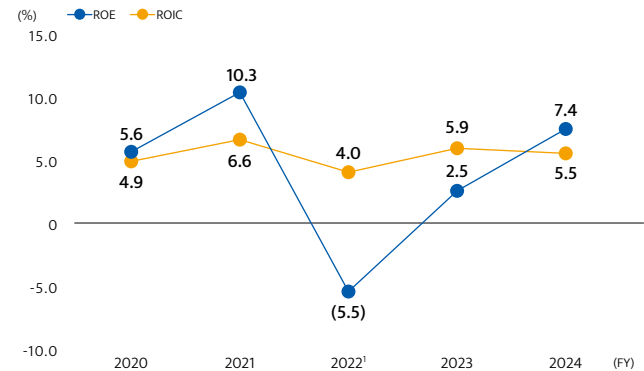
Given the upward trend in depreciation and amortization due to proactive capital expenditure and M&A, the Asahi Kasei Group positions EBITDA as a major KPI signifying its ability to generate cash. In fiscal 2024, depreciation and amortization were held down due to impairment losses primarily in petrochemical chain-related businesses in the Material sector in the previous fiscal year. However, with the acquisition of Calliditas, amortization of goodwill and other intangible assets increased, resulting in a slight overall increase in total depreciation and amortization.

Net income (loss) attributable to owners of the parent, EPS, EPS before goodwill amortization



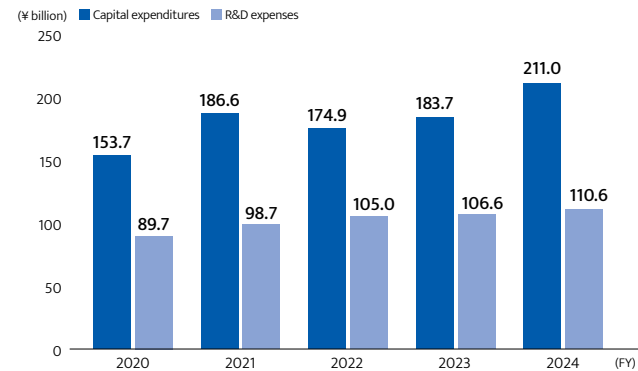
In fiscal 2024, net income attributable to owners of the parent improved significantly, reflecting increased operating income and absence of large impairment loss such as recorded in the previous year in petrochemical chain-related businesses in the Material sector. As goodwill is amortized in accordance with Japanese accounting standards, EPS before amortization of goodwill is shown for reference.

ROE<sup>2</sup>, ROIC<sup>3</sup>



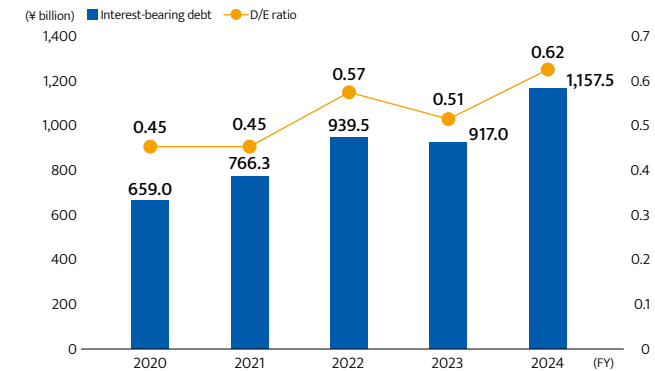
The Asahi Kasei Group positions ROE and ROIC as major KPIs to indicate its efficiency in generating profits relative to shareholders' equity and invested capital. ROE improved in fiscal 2024 with a significant increase in net income. Although operating income increased, ROIC declined slightly due to the previous year's tax benefit from a share transfer between consolidated subsidiaries in the U.S., and higher invested capital from the acquisition of Calliditas, among other factors.

Capital expenditures, R&D expenses



While rigorously reviewing profitability to improve capital efficiency, we are actively making investments aimed at medium-term growth, including business expansion and strengthening the business platform. In fiscal 2024, capital expenditures and R&D expenses increased, driven primarily by investments in First Priority and Growth Potential businesses.

Interest-bearing debt<sup>5</sup>, D/E ratio



In fiscal 2024, cash inflows increased with the recovery in performance, but interest-bearing debt also rose due to higher working capital from rising feedstock prices, as well as funding for acquisitions of Calliditas and ODC. Accordingly, the D/E ratio also increased.

<sup>1</sup> Figures for fiscal 2022 retroactively revised to reflect the completion of purchase price allocation in the first quarter of fiscal 2023 for the acquisition of the Focus Companies of the U.S., which was completed on October 31, 2022

<sup>2</sup> Net income per shareholders' equity

<sup>3</sup> (Operating income – income taxes) ÷ average annual invested capital

<sup>4</sup> Operating income, depreciation, and amortization

<sup>5</sup> Excluding lease obligations

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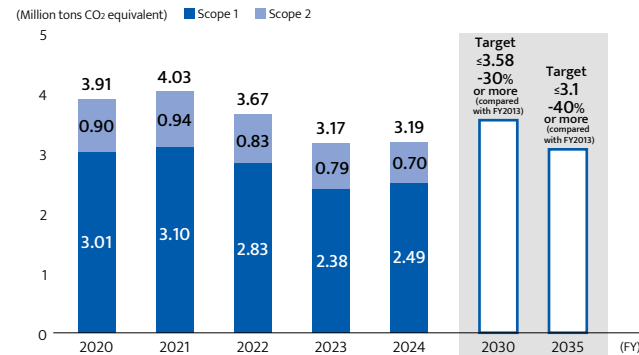
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Financial / Non-Financial Information

Non-Financial Highlights

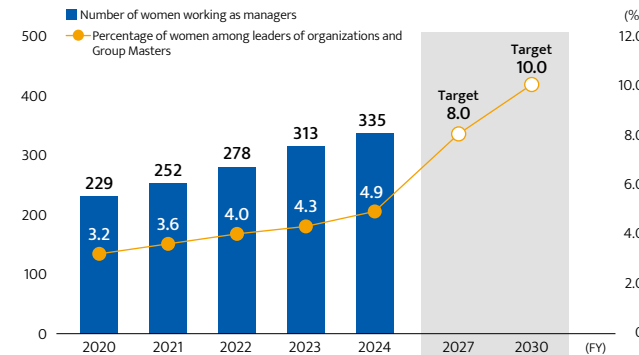
GHG emissions (Scope 1 and Scope 2)



Scope: Production sites of Asahi Kasei and consolidated subsidiaries  
 Note: Fiscal 2024 figures are provisional and subject to change after third-party verification.

To clarify the path to carbon neutrality, in addition to the target of reducing GHG emissions by at least 30% by fiscal 2030 compared with fiscal 2013, we have newly set a target of reducing GHG emissions by at least 40% by fiscal 2035 compared with fiscal 2013. We will steadily reduce emissions through measures such as decarbonizing energy use and transforming our product and business portfolio to achieve these targets.

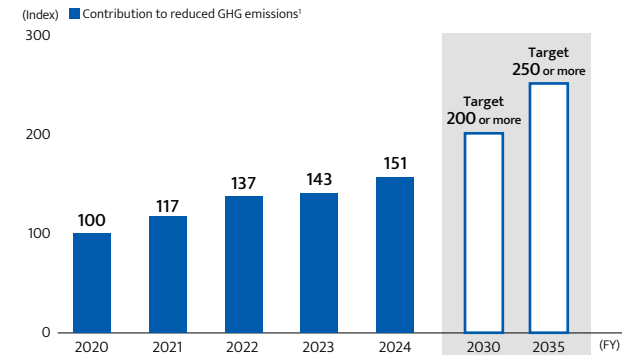
Number of women working as managers and percentage of women among leaders of organizations and Group Masters



Scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Life Science.  
 Note: Figures for each fiscal year are as of April 1st of the following fiscal year.

Amid rapid change in the operating environment, the Asahi Kasei Group must utilize the capabilities of its diverse human resources to raise co-creativity in order to continually create value. With the promotion of women as a KPI, we will realize conditions that enable diverse human resources, including women, to thrive in a variety of settings within the organization through the creation of an environment and requirements for achieving the KPI.

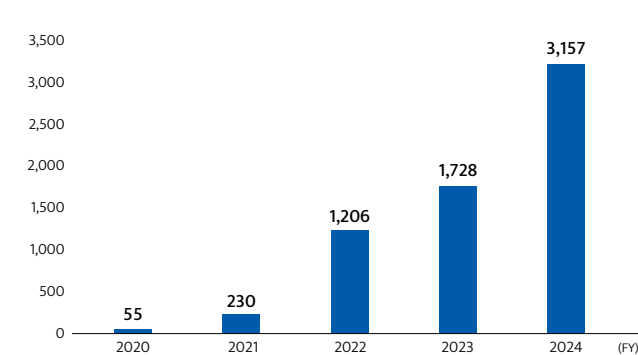
GHG emission reduction contributions through Environmental Contribution Products



Note: Internal calculation of the volume of GHG emission reduction contributions from a life cycle assessment perspective based on the views of outside experts  
<sup>1</sup> Using fiscal 2020 as the baseline year (100)

Products and services of the Asahi Kasei Group that contribute to environmental improvement and reduce environmental impact throughout their life cycle are designated as Environmental Contribution Products. We will work to expand Environmental Contribution Products with the goal of reducing society's overall GHG emissions.

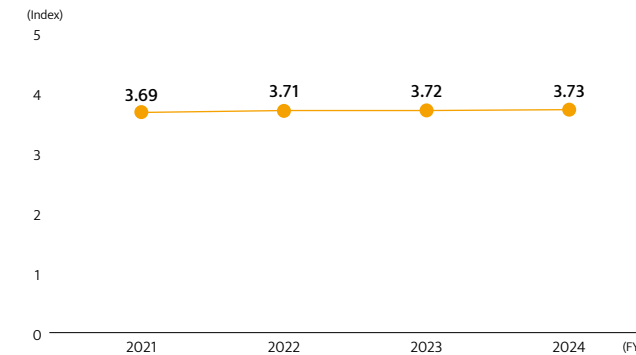
Number of digital professional human resources



Scope: Total employees worldwide  
 Note: Figures for fiscal 2020 include only personnel specialized in data analysis.

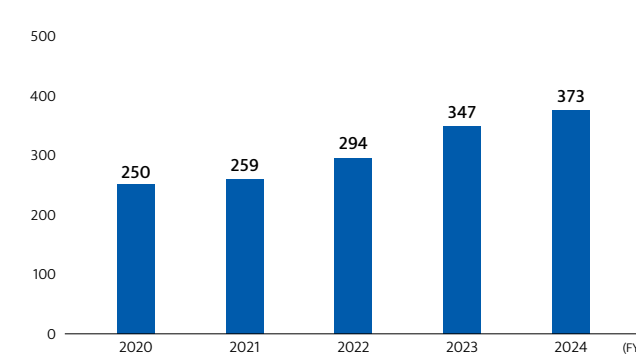
We are cultivating digital professional human resources who utilize advanced digital technology and data to solve business issues and create business models. We have also begun offering certain training courses at overseas affiliates. As digitalization progresses rapidly in a wide range of fields, we have numerous digital professionals working actively around the world.

Index of behavior that leads to growth in annual engagement survey



Based on the philosophy that "people are our most valuable assets, everything starts with people," we promote various initiatives under our HR strategy, focusing on two pillars: lifelong growth and co-creativity. We believe these initiatives create a virtuous cycle, linking "enhancing employee vitality and work engagement" with the "sustainable growth of the Asahi Kasei Group." We have adopted the growth behavior index from the employee engagement survey as a major KPI.

Number of Group Masters



The Asahi Kasei Group appoints, nurtures, and rewards as Group Masters human resources with the potential to proactively engage in and contribute to the creation of new businesses and the enhancement of established businesses. We aim to enhance our corporate value through the development and recruitment of specialists in various fields. For effective utilization, fields of technology and specialization for the appointment of human resources as Group Masters are reviewed annually in accordance with business strategy.

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External Evaluation

Inclusion in Socially Responsible Investment Indexes (as of 2025)

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI ESG Leaders Indexes
- MSCI Nihonkabu ESG Select Leaders Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)
- Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)
- S&P/JPX Carbon Efficient Index



2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Note: The inclusion of the Asahi Kasei Group in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names does not constitute a sponsorship, endorsement, or promotion of the Asahi Kasei Group by MSCI or its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Major Evaluations and Awards

Highest Rank from Development Bank of Japan Inc. (DBJ) Under DBJ Environmentally Rated Loan Program

In September 2024, Asahi Kasei received a Development Bank of Japan loan under the DBJ Environmentally Rated Loan Program, having obtained the system's highest rating as a "company with particularly advanced environmental programs."



DX Stock 2025

In 2025, Asahi Kasei was selected as a Digital Transformation (DX) Stock, in an initiative conducted jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange, for the fifth consecutive year.



"White 500" for 2025 (Large Enterprise Category)

Asahi Kasei was selected as a "White 500" enterprise under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program, conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



"Platinum Kurumin" Certification as a Company Supporting the Next Generation (Child-rearing Support Company)

In 2016, four companies—Asahi Kasei, Asahi Kasei Microdevices, Asahi Kasei Pharma, and Asahi Kasei Medical—received the "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare, recognizing their particularly outstanding efforts to actively support the development of the next generation. (In April 2025, Asahi Kasei Medical's certification was transferred to Asahi Kasei Life Science.)



MSCI ESG Rating of "AA"

MSCI ESG Ratings measure the ESG performance of companies on a scale of seven ranks from "AAA" to "CCC." Asahi Kasei received a rating of "AA."



2024 Asia IP Elite Award in Recognition of Outstanding Intellectual Property Strategies in the Asia-Pacific Region

Asahi Kasei received the 2024 Asia IP Elite Award from Intellectual Asset Management, an international intellectual property-related media organization, in strong recognition of its efforts to proactively convey information about its intellectual property activities to stakeholders.



Imperial Invention Prize at the 2025 National Commendation for Invention

Asahi Kasei's invention of technology using nickel to extend electrode service life (Patent No. 6120804) received the highest Imperial Invention Prize along with the Award for Distinguished Contribution for Driving the Invention into Implementation.

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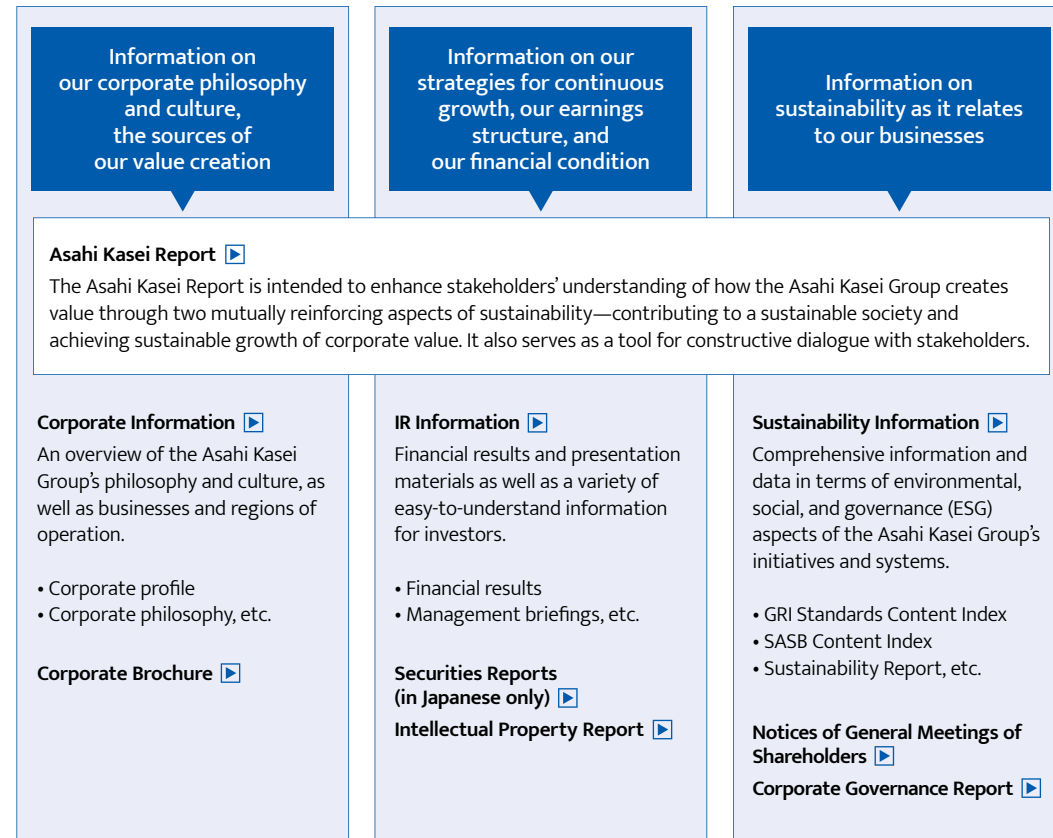
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## The Asahi Kasei Group's Information Structure



### Period under review

The period under review is fiscal 2024 (April 2024 to March 2025). The report also contains some information on activities from April 2025 onward.

### Organizational scope

The scope of the report is Asahi Kasei Corporation and its consolidated subsidiaries (in other cases, noted in the text). The titles and positions of corporate officers and other personnel as shown in this report are current as of September 2024.

### Disclaimer

The forecasts and estimates shown in this report are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcome.

### Affiliated company names

In this report, the names of affiliated companies are abbreviated as follows:

Healthcare sector		
Asahi Kasei Pharma Corp.	Asahi Kasei Pharma	Pharmaceuticals
Veloxis Pharmaceuticals, Inc.	Veloxis	Acquired in fiscal 2019. Pharmaceuticals (Main product: Envarus XR™)
Calliditas Therapeutics AB	Calliditas	Acquired in fiscal 2024. Pharmaceuticals (Main product: Tarpeyo™)
Asahi Kasei Life Science Corp.	Asahi Kasei Life Science	In fiscal 2025, the Bioprocess business at Asahi Kasei Medical Co., Ltd. was transferred to Asahi Kasei Life Science.
Bionova Scientific, LLC	Bionova	Acquired in fiscal 2022. CDMO
ZOLL Medical Corporation	ZOLL	Acquired in fiscal 2012. Critical Care
Respicardia, Inc.	Respicardia	Acquired in fiscal 2021. Central sleep apnea treatment device business
Itamar Medical Ltd.	Itamar	Itamar Acquired in fiscal 2021. Sleep apnea diagnostic device
Homes sector		
Asahi Kasei Homes Corp.	Asahi Kasei Homes	Unit homes, apartments, condominiums, etc.
Asahi Kasei Realty & Residence Corp.	Asahi Kasei Realty & Residence	Real estate brokerage, sales, leasing, management, etc.
Asahi Kasei Reform Corp.	Asahi Kasei Reform	Home remodeling
Synergos Copanies LLC	Synergos	Holding company for North American homes
Erickson Framing Operations LLC	Erickson	Acquired in fiscal 2018. Subcontractor mainly based in Arizona
Austin Companies LLC	Austin	Acquired in fiscal 2020. Subcontractor based in Arizona
Brewer Operations LLC	Brewer	Acquired in fiscal 2021. Subcontractor based in Arizona
Focus Companies LLC	Focus	Acquired in fiscal 2022. Subcontractor based in Nevada
ODC Construction, LLC	ODC	Acquired in fiscal 2024. Subcontractor based in Florida
NEX Building Group Pty Ltd	NEX	Acquired in fiscal 2021. Australian home builder
Asahi Kasei Construction Materials Corp.	Asahi Kasei Construction Materials	Autoclaved aerated concrete, insulation, etc.
Material sector		
Asahi Kasei Microdevices Corp.	Asahi Kasei Microdevices	Electronic components
Sage Automotive Interiors, Inc.	Sage	Acquired in fiscal 2018. Car interior material
Asahi Kasei Battery Separator Corp.	Asahi Kasei Battery Separator	Wet-process LIB separator
Polypore International, LLC	Polypore	Acquired in fiscal 2015. Dry-process LIB separator and lead-acid battery separator
Recherche 2000 Inc.	R2	Acquired in fiscal 2019. Monitoring systems for chlor-alkali electrolysis

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**78 Q6**  
**How is your governance evolving along with business portfolio transformation?**

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Closing: Comments from Employees

## Comments from Employees

The new MTP retains the theme of “Trailblaze” from the previous MTP with the addition of “Together.” This not only conveys the meaning of the Asahi Kasei Group joining forces as one team, but also signifies our commitment to forging ahead together with various stakeholders, including customers, other companies, investors, and local communities. The Asahi Kasei Report 2025 concludes by sharing some comments from employees working on the front lines of our business operations, taken from a survey at an internal briefing of the new MTP.

The Asahi Kasei Group will continue to pave new paths with grand concepts, not bound by its own frameworks.



“For three-sector management to be highly rated by investors, it needs to be more than just good internally. **Producing results is an absolute must**, and rebuilding the Material sector is a pressing need.”

“In order to further strengthen the cohesion of the Asahi Kasei Group, we need to consider what three-sector management means and **how to create synergies**.”

“The positioning of businesses varies, with some expected to grow and some in a difficult situation undergoing structural transformation. **I see this as a turning point for the company**, and I view my current situation in a positive way as I fulfill my responsibilities.”

“We should have a central system that connects and integrates the three sectors and creates innovation. I want us to **create a mechanism that allows intangible assets to be combined to create value**.”

“**We need to be a company where more young people have hopes and dreams. It’s up to the senior management to make this happen.**”

“I completely agree with the President’s idea of producing results through responsibility and tenacity in investments, but it takes too long from the investment proposal to construction and operation, and **the enthusiasm of those who proposed it may not carry forward**. The organizational culture is key.”

“We need to make data-driven judgements about how and where our competitors differentiate themselves in order to make our own business more profitable and efficient.”

“**I want to contribute to improving capital efficiency by clearly explaining to all frontline staff the importance of management with a focus on ROIC.**”

“I want to continue growing and show my junior colleagues that people can still **take on challenges** at any age.”

“It’s a great asset for our different businesses around the world to have relationships that allow them to cooperate when something happens, even if they are not directly related. I would like to use that strength to take on even greater challenges.”

“**We must not be satisfied with the status quo, and instead continue our efforts to overcome the current issues.**”

“What’s next for Asahi Kasei? I’m thinking about my own answer to the question, **“What is Asahi Kasei?”**”

# Trailblaze Together