Requirement 1

Ability to continuously transform the business portfolio in response to changing times

Asahi Kasei's initiatives

Through our distinctive business portfolio management and M&A, we are building a business portfolio capable of sustainable growth.

Going forward, we will gain results from our growth investments to date in terms of sustainable profit growth and improved capital efficiency.



Healthcare sector

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Asahi Kasei's business portfolio management

Optimal group-wide resource allocation in accordance with the positioning of each business

We conduct business portfolio management to achieve sustainable growth in corporate value. Based on the financial and strategic characteristics of each business, we classify our businesses into four categories: First Priority, Growth Potential, Earnings Base Expansion, and Profitability improvement & business model change. By allocating resources with clear priorities in accordance with the positioning of each business, we aim to maximize profits through company-wide optimization. For example, when making decisions on major investments in each business, we set hurdle rates based on the business's position in the business portfolio, with the aim of enhancing investment profitability. (See Message from the CFO on p. 33 ▶)

Disciplined monitoring and thorough implementation of a PDCA cycle

To enhance the effectiveness of business portfolio management, we have established dedicated monitoring meetings in addition to meetings of the Board of Directors and Management Council, and continuously monitor business performance and strategic progress from both quantitative and qualitative perspectives. In particular, businesses that continue to generate returns below the cost of capital are designated as Businesses Under Specific Management and managed from perspectives that differ from those applied in regular monitoring. Specifically, we have established a framework for setting milestones, such as turning a profit and improving profitability, and regularly monitoring progress toward their achievement. If progress deviates from the plan, we promptly implement additional measures or review the strategy. We then reassess the business's position within the business portfolio as necessary and actively consider divestiture or withdrawal if certain conditions are not met.

For large-scale capital investments and acquisitions, we also review their results following execution and apply the experience accumulated within the Asahi Kasei Group to the decision-making process for subsequent investments.

Business positioning

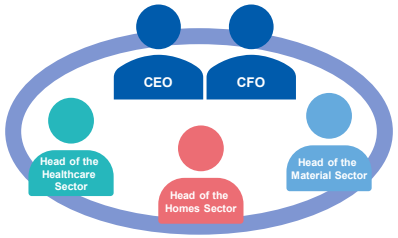
	Healthcare	Homes	Material
First Priority ● Gaining income from past investments ● Continuing aggressive investment, including inorganic growth	Pharmaceuticals Critical Care	Overseas Homes	Electronics
Growth Potential ● Growth drivers of future business ● Promoting alliance strategies from a competitive perspective	Life Science	Domestic Homes Real estate development	Energy & Infrastructure
Earnings Base Expansion ● 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
Profitability improvement & business model change ● Restructuring businesses with sluggish earnings/low capital efficiency ● Changing to new business models through utilization of intangible assets			Chemical

Dialogue across different sectors as key

For a company such as ours that operates a diverse range of businesses, it is important to maintain decentralized management based on our three business sectors, enabling each sector to swiftly formulate and execute autonomous strategies aligned with its markets, while corporate management presents discipline from a group-wide perspective based on capital efficiency and growth potential, thereby optimizing the business portfolio. With each organization fulfilling its respective role without compromise, each business thoroughly explores how best to succeed with limited management resources, giving rise to business models unique to Asahi Kasei and distinct from those of specialized companies.

For this sound relationship between the businesses and corporate management to create value, it is essential that Sector Presidents and Executive Officers with experience in different businesses engage in candid discussions beyond the confines of their respective roles before decisions are made by the Board of Directors. We recognize that one factor behind the impairment loss recorded for the Polypore-related business in fiscal 2022 was our excessive emphasis on business autonomy, which prevented corporate management from fully exercising appropriate monitoring and oversight. Reflecting on this experience, the CEO, CFO, and Sector Presidents now engage in regular dialogue to discuss the business portfolio from perspectives including capital efficiency and growth potential. In addition, corporate management is leading efforts to establish a framework for strengthening the review and management of major investment projects. Asahi Kasei's approach to business portfolio management is to engage in discussions from the shared perspective of enhancing the corporate value of the Asahi Kasei Group as a whole, rather than each sector only considering its own businesses.

Effective business portfolio discussions among the CEO, CFO, and heads of the three sectors



Effective business portfolio management is achieved through discussions among the CEO, CFO, and Sector Presidents, who consider not only their respective sectors but also what is optimal for the company as a whole.

Perspectives for consideration and discussion

- Capital efficiency (ROIC)
- Competitive advantage
- Market growth potential
- Compatibility with intangible assets, etc.

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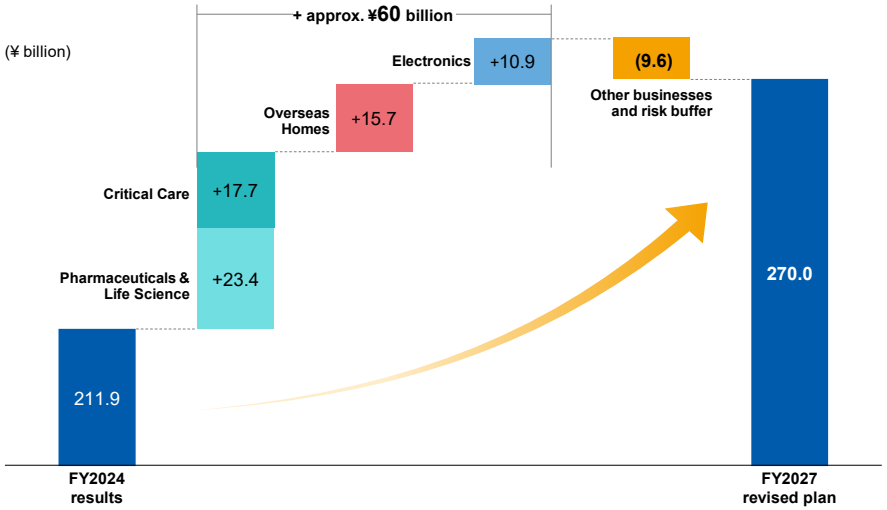
Steady progress in business portfolio transformation

Growth investments in the First Priority businesses

Under the current MTP, we aim to increase operating income by approximately ¥60 billion, from ¥211.9 billion in fiscal 2024 to ¥270.0 billion in fiscal 2027. The four First Priority businesses will be the main drivers of this earnings growth.

- **Pharmaceuticals**: Sales of the IgA nephropathy treatment Tarpeyo™ of Calliditas, which we acquired during the previous MTP, are expanding faster than initially anticipated. In addition, a product in the pipeline of Aicuris, which we newly acquired under the current MTP, is expected to launch in fiscal 2026. Through such M&A activities, we aim to establish a sustainable foundation for growth that enables us to continuously augment our pipeline and to conduct in-house drug discovery and development in preparation for patent cliffs.
- **Critical Care**: Growth is accelerating again through expansion of the core product lineup, including professional defibrillators and AEDs, and strengthened sales of the LifeVest™ wearable defibrillator in Europe, the United States, and emerging markets. Given that this business is particularly sensitive to healthcare systems and pricing regulations, we will promote a shift toward high-value-added products and enhancement of our services.
- **Overseas Homes**: Although we expect our North American operations to fall short of the initial plan under the current MTP due to sluggish demand caused by persistently high interest rates and economic uncertainty, the market is expected to grow steadily over the medium to long term. We are therefore working to develop new customers in anticipation of a recovery in demand. Our Australian operations are also pursuing new initiatives, including built-for-sale homes and real estate development.

Changes in operating income by business

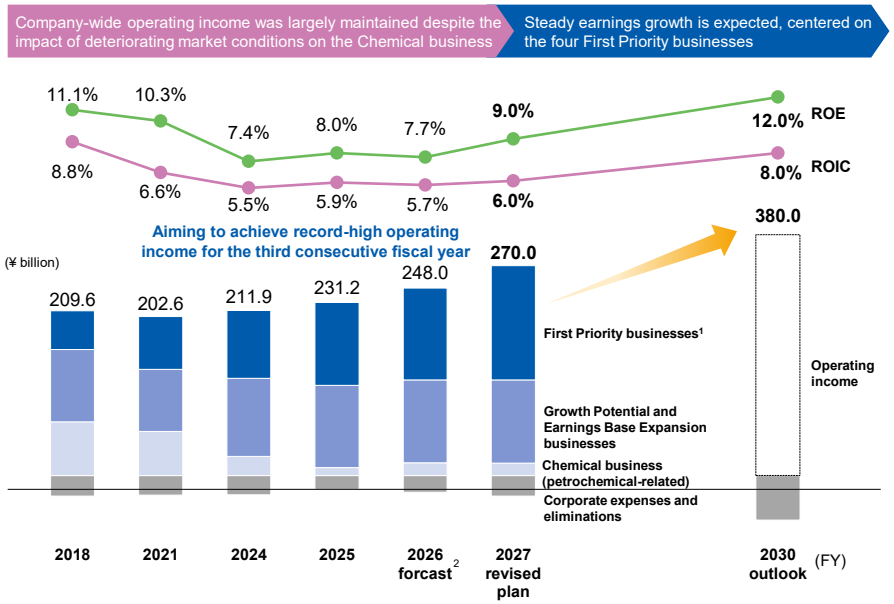


- **Electronics**: Against a backdrop of expanding AI-related demand, we are increasing production capacity and pursuing strategies to enhance the added value of products, primarily in the electronic materials business. In an industry where keeping pace with rapid technological innovation is essential, we aim to engage in joint development with customers and continuously strengthen our differentiated technologies.

Through business portfolio transformation, we aim to achieve record-high operating income for the third consecutive year in fiscal 2026

Our earnings structure is steadily changing as a result of proactive investment in growth businesses and initiatives to structurally transform low-profit businesses and improve their profitability. Under the previous MTP, although operating income from First Priority businesses increased, company-wide operating income remained largely unchanged due to irreversible changes in market conditions affecting the Chemical business. Since fiscal 2024, however, the performance of the Chemical business has stabilized, while profit growth in First Priority businesses has driven company-wide earnings. Following fiscal 2024 and fiscal 2025, we aim to achieve record-high operating income for the third consecutive year in fiscal 2026 (as of the announcement in May 2026).

Operating income, ROE, and ROIC



[1] Total operating income from businesses currently included in Pharmaceuticals & Life Science, Critical Care, Overseas Homes, and Electronics
[2] Announced in May 2026

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Major capital expenditures (FY2025 onward)

Segment	Subsegment	Project	Timeline
Healthcare	Pharmaceuticals & Life Science	Construction of a new spinning plant for Planova™ virus removal filters	Scheduled for completion and commencement of commercial production in FY2029
		Capacity expansion at Bionova, a biologics CDMO	Scheduled for completion in FY2027 or later
		Construction of a new plasmid manufacturing facility at Bionova, a biologics CDMO	Process development: Completion in the first half of FY2025 GMP manufacturing[2]: Scheduled for completion in FY2026 or later
Material	Electronics	Expansion of production capacity for Pimel™ photosensitive insulator	Scheduled for completion in FY2027
	Energy & Infrastructure	Expansion of coating capacity for Hipore™ lithium-ion battery separators	Scheduled for completion in the first half of FY2026
		Construction of an integrated membrane production and coating line for Hipore™ lithium-ion battery separators	Scheduled for completion in FY2027 (Start of operation is expected to be postponed by 1.5 to 2 years from the initial plan)
		Construction of a new plant for electrolysis cell frames and membranes for alkaline water electrolysis and chlor-alkali electrolysis	Scheduled for completion in FY2028
	Material sector-wide	Hydroelectric power plant renovation (Suigasaki Power Plant)	Completed in the first half of FY2025

Major M&A transactions (FY2025 onward)

Healthcare	Pharmaceuticals & Life Science	Aicuris	May 2026 (Start of P&L consolidation)

Progress on major structural transformation initiatives (FY2025 onward)

Healthcare	Pharmaceuticals & Life Science	Withdrawal from the Sepacell™ (leukocyte reduction filter) business	Production and sales scheduled to end in March 2027
		Divestiture of the diagnostic reagents business and other businesses	Divested in July 2025
	Critical Care	Partial divestiture of the data management business	Divested in November 2025
Material	Energy & Infrastructure	Divestiture of the lead-acid battery separator business	Divested in December 2025
	Comfort Life	Management integration of Asahi Kasei Advance, which performs trading company functions, and Teijin Frontier	Integration scheduled for October 2026
	Performance Chemical	Discontinuation of hexamethylenediamine (HMD) production	Production scheduled to end in April 2027
	Essential Chemical	Discontinuation of acrylonitrile and other operations of PTT Asahi Chemical	Dismantling of plant facilities
		Withdrawal from the MMA, CHMA, acrylic resin, and SB latex businesses	MMA: Production and sales scheduled to end in September 2026 CHMA: Production and sales ended in March 2026 Acrylic resin: Production ended in September 2026 and sales scheduled to end in September 2027 SB latex: Production scheduled to end in September 2027 and sales in December 2027
		Decarbonization of ethylene production and optimization of production capacity in western Japan	Ethylene production facilities at Mitsubishi Chemical Asahi Kasei Ethylene Corp. scheduled to cease operations around FY2030
		Restructuring of certain derivatives operations at the Mizushima Works	Production scheduled to end or supply system to be restructured around FY2030

1 Manufacturing pharmaceuticals in compliance with Good Manufacturing Practice (GMP) standards for manufacturing control and quality control that pharmaceutical manufacturers are required to observe

(As of March 31, 2026)

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Specific Example: Structural transformation of Chemical business

In light of the structural changes surrounding Japan's petrochemical industry, we have made decisions on comprehensive, phased reforms. Following our May 2025 announcement of the decision to exit the methyl methacrylate (MMA) and related businesses at the Kawasaki Works, these have included formulating a policy in May 2026 to consolidate ethylene production facilities in collaboration with Mitsui Chemicals, Inc. and Mitsubishi Chemical Corp., as well as deciding to reconfigure certain derivatives operations at the Mizushima Works.

Background to the structural transformation of Chemical business

The purpose of this structural transformation is to move away from low-profitability businesses that are highly susceptible to market fluctuations and transition to a more capital-efficient business structure. This decision was made possible by our early recognition of structural challenges, including declining domestic demand and low capacity utilization caused by oversupply in East Asia, as well as our thorough business evaluations based on factors such as future growth potential and capital efficiency. Through in-depth discussions of the business portfolio among the CEO, CFO, and the Sector Presidents, we have established a framework for making decisions, including withdrawal and downsizing, from the perspectives of future growth potential and capital efficiency, with no business given preferential treatment. Under this framework, the Chemical business, which had long been a major source of earnings, was designated for "Profitability improvement & business model change."

Our vision and challenges ahead for the Chemical business

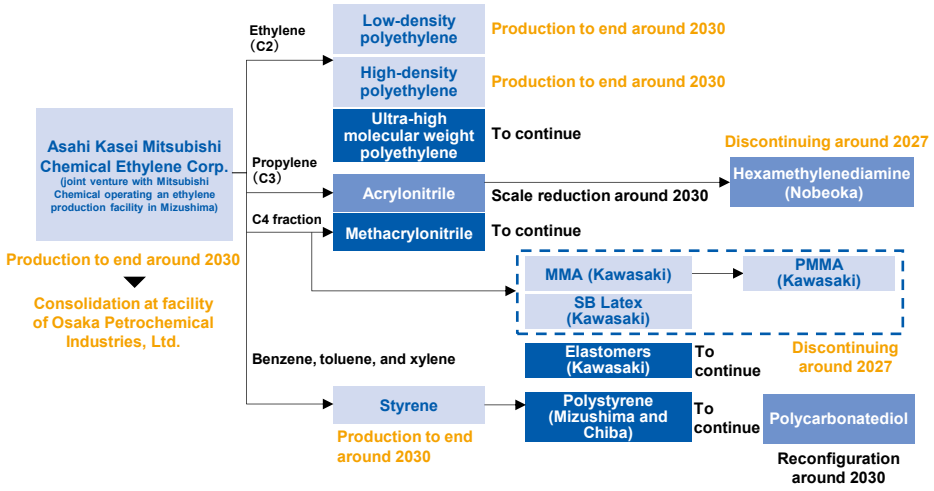
By consolidating ethylene production facilities and reconfiguring derivatives operations, we will streamline excess capacity, contribute to higher capacity utilization across Japan, and stabilize earnings. In particular, given the limits to optimizing ethylene production facilities under the current business structure, we believe that moving forward with Japan's first multi-site integration is a rational choice for maintaining and strengthening competitiveness. We will continue to ensure the stable supply of high-value-added products that are critical to the supply chain, while also exploring ways to optimize production capacity and achieve greater competitiveness for other products through collaboration with other companies.

In addition, we are pursuing this structural transformation in tandem with the transition to carbon neutrality. By applying Revolefin™ technology, which uses bioethanol as a feedstock, we will leverage existing facilities to produce bioethylene and other products, thereby advancing decarbonization and turning environmental value into a new source of competitiveness. In this way, rather than merely reducing the size of the business, we are transforming both its earnings structure and business model.

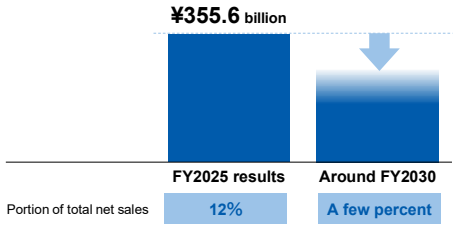
At the same time, implementing such structural transformation entails challenges such as fulfilling our supply responsibilities, supporting customers in transitioning to alternatives, and addressing costs related to withdrawal and workforce optimization. To address these challenges, we provided for a transition period of approximately four years, and are proceeding with the reorganization in stages while ensuring stable supply. In making investment decisions necessary to ensure stable supply, we will also maintain a strong focus on capital efficiency and continue to exercise disciplined decision-making.

Through these initiatives, the Essential Chemical business will account for a smaller share of overall net sales and operating income over the medium to long term, enabling us to transition to a more stable earnings structure for the Asahi Kasei Group as a whole. By moving away from a highly volatile business mix and shifting toward a business portfolio centered on First Priority businesses, we will achieve sustainable growth in corporate value.

Reconfiguration of the Chemical business in Mizushima



Net sales of the Essential Chemical business (consolidated)



What is Revolefin™, Asahi Kasei's Innovative technology for producing bio-based chemicals?

- **Efficient production technology:** Asahi Kasei's proprietary catalyst technology enables **one-stop production of basic chemicals from plant-based ethanol** instead of fossil resources
- **Leverage existing facilities:** The process can be implemented with minimal capital investment because **existing plants can be utilized** by replacing only the cracking furnace with dedicated equipment.



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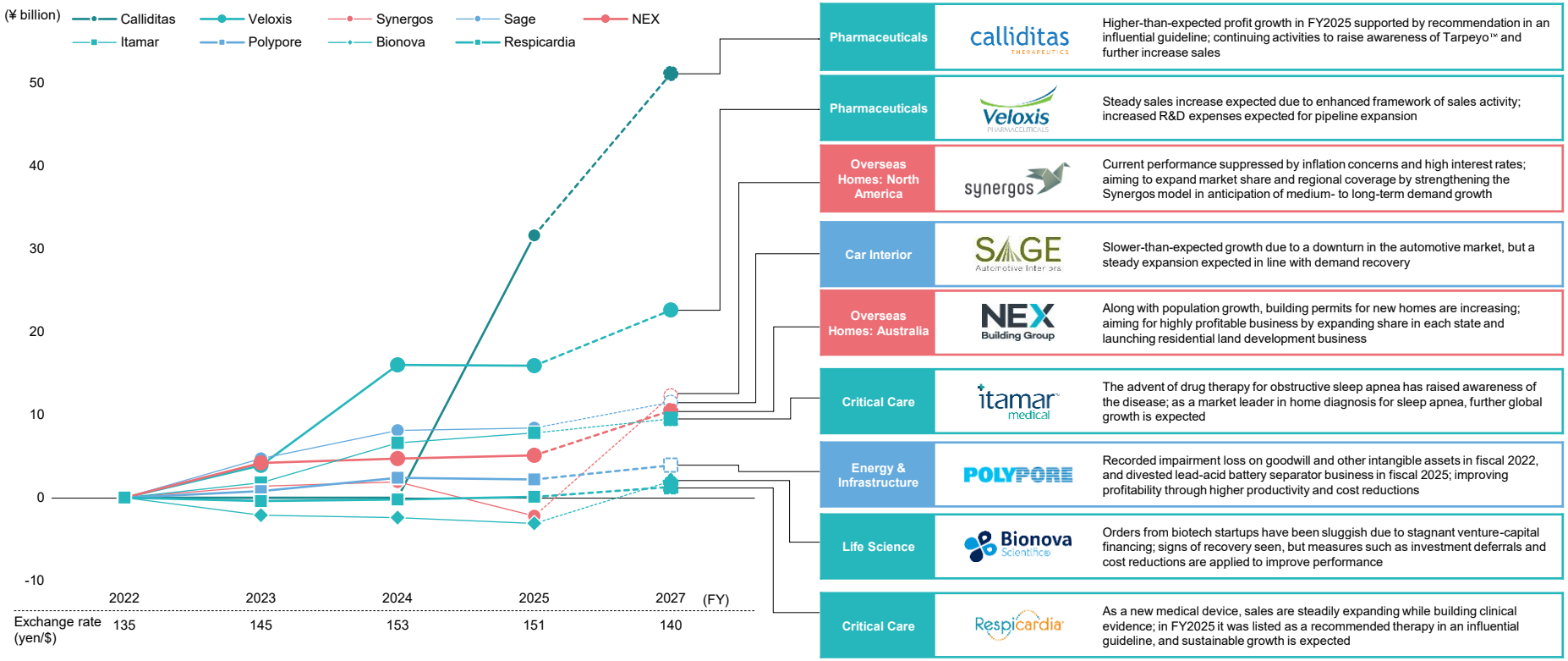
Business expansion through Asahi Kasei's distinctive approach to M&A

Past investments steadily bearing fruit under the current MTP

Since the acquisition of ZOLL in fiscal 2012, Asahi Kasei has pursued opportunities for non-linear growth through M&A in its growth businesses. In recent years in particular, we have actively pursued M&A, primarily in the Pharmaceuticals business, where we aim to establish a business platform in the growing U.S. market, in the Critical Care business, where we aim to launch new businesses in fields adjacent to existing operations, and in the Overseas Homes business, where we aim to establish new business models in the North American and Australian markets. A representative example during the period of the current MTP is the acquisition in 2026 of Aicuris, a German pharmaceutical development company, for approximately ¥140 billion.

The figure below shows the profit growth of major acquisitions, starting from fiscal 2022, the first year of the previous MTP. Calliditas in the Pharmaceuticals business is expected to make significantly greater progress than anticipated at the time of acquisition. In addition, while there were periods when growth in the Overseas Homes and Car Interior businesses was temporarily delayed due to external factors, overall performance has generally progressed as expected. Meanwhile, earnings remain low at Polypore, where the business environment has changed significantly from the assumptions made at the time of acquisition, and at Respicardia and Bionova, where the launch of business has been delayed because their products and services are still at an early stage. Going forward, we will continue to implement the post-merger integration (PMI) process to maximize the value of acquired businesses.

Profit growth from major recent M&A



Pharmaceuticals	calliditas THERAPEUTICS	Higher-than-expected profit growth in FY2025 supported by recommendation in an influential guideline; continuing activities to raise awareness of Tarpeyo™ and further increase sales
Pharmaceuticals	Veloxis PHARMACEUTICALS	Steady sales increase expected due to enhanced framework of sales activity; increased R&D expenses expected for pipeline expansion
Overseas Homes: North America	synergos	Current performance suppressed by inflation concerns and high interest rates; aiming to expand market share and regional coverage by strengthening the Synergos model in anticipation of medium- to long-term demand growth
Car Interior	SAGE Automotive Interiors	Slower-than-expected growth due to a downturn in the automotive market, but a steady expansion expected in line with demand recovery
Overseas Homes: Australia	NEX Building Group	Along with population growth, building permits for new homes are increasing; aiming for highly profitable business by expanding share in each state and launching residential land development business
Critical Care	itamar medical	The advent of drug therapy for obstructive sleep apnea has raised awareness of the disease; as a market leader in home diagnosis for sleep apnea, further global growth is expected
Energy & Infrastructure	POLYPORE	Recorded impairment loss on goodwill and other intangible assets in fiscal 2022, and divested lead-acid battery separator business in fiscal 2025; improving profitability through higher productivity and cost reductions
Life Science	Bionova Scientific	Orders from biotech startups have been sluggish due to stagnant venture-capital financing; signs of recovery seen, but measures such as investment deferrals and cost reductions are applied to improve performance
Critical Care	Respicardia	As a new medical device, sales are steadily expanding while building clinical evidence; in FY2025 it was listed as a recommended therapy in an influential guideline, and sustainable growth is expected

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How we increase the certainty of M&A success



Commemorative tree planted when ZOLL joined the Asahi Kasei Group

1 Learning from impairment loss on major acquisition

Asahi Kasei's past acquisitions were undertaken based on expectations for market growth and the creation of synergies. However, we have also experienced acquisitions that did not deliver the initially anticipated results due to changes in the business environment. For example, Polypore, which we acquired in fiscal 2015 to accelerate growth in the separator business, continued to perform significantly below plans amid changes in the business environment, resulting in the recognition of an impairment loss of approximately ¥185 billion in fiscal 2022.

The most important lesson from this experience is that, rather than focusing solely on expectations for market growth, it is essential to anticipate changes in the business environment and determine how Asahi Kasei can contribute to value creation. Today, from the initial stages of each potential acquisition, we conduct a detailed assessment of how our strengths—including technology, human resources, intellectual property, and customer base—can be combined and how they can be leveraged to create value. In addition to assessing the likelihood of market growth, we have shifted to a more rigorous approach that examines whether our proactive involvement can increase the certainty of achieving that growth.

2 Review of the candidate selection process

In selecting M&A opportunities, Asahi Kasei emphasizes not only strategic fit, but also mutual understanding through dialogue. With regard to strategic fit, we focus primarily on the First Priority businesses in each sector, placing particular emphasis on whether we can build a competitive advantage over the medium to long term. Our recent acquisitions of Calliditas and Aicuris in the Pharmaceuticals business were also selected in line with our business strategy, with an emphasis on their potential to create value in highly specialized niche fields where we do not compete directly with major pharmaceutical companies.

Regarding mutual understanding through dialogue, we maintain ongoing dialogue with companies that are potential M&A candidates from the long-list stage and establish collaborative relationships through arrangements such as outsourcing agreements where necessary. This enables us to identify at an early stage the management team's aspirations, organizational culture, and decision-making characteristics that cannot be discerned from financial data and business plans alone. We regard this process not simply as a means of identifying potential candidates, but as an important step in selecting partners with whom we can create value over the long term. In addition to quantitative assessments, our approach of gaining an understanding of the essence of candidate companies through dialogue provides the foundation for ensuring the quality of our M&A activities.

3 Enhancing the effectiveness of PMI

In PMI, Asahi Kasei focuses not on the formal integration of systems and frameworks, but on generating growth that would not have been possible prior to the acquisition by combining the Asahi Kasei Group's management platform with the acquired company's strengths, while maintaining and further developing those strengths. To this end, we respect the expertise of the acquired company's management and delegate the necessary authority, while sharing group-wide growth strategy and values, and working together with the acquired company's management to pursue value creation uniquely enabled by being part of the Asahi Kasei Group. We are promoting effective PMI by clearly defining which areas are to be left to the acquired company's discretion and which are to be aligned with Asahi Kasei.

In particular, when acquiring overseas companies, our highest priority is to deepen our understanding of the organizational culture through ongoing dialogue with the acquired company's management team. Building on a foundation of transparent information sharing and mutual trust, we emphasize the governance and support required for the company as a member of the group without compromising the speed of decision-making. Furthermore, by combining Asahi Kasei's extensive intangible assets, including R&D, intellectual property, legal expertise, and human resources, we seek to create growth opportunities that would be difficult for the acquired company to realize on its own.

4 M&A expertise as an intangible asset

Enhancing the certainty of success in M&A requires more than simply successfully executing individual transactions. It is essential to establish a repeatable framework for the knowledge gained from each case to be accumulated within the organization and leverages M&A expertise itself as one of our intangible assets in subsequent decision-making and execution. In the Pharmaceuticals business, for example, the knowledge and networks accumulated through past acquisitions have helped generate new investment opportunities and increase the certainty of success. We have also established a structure that enables us to manage the entire process internally, from the assessment of proposals to decision-making and PMI. Under this structure, we achieve both speed and precision by applying the experience gained at each stage to subsequent transactions.

Going forward, rather than leaving these experiences as insights for individuals or specific departments, we will promote them as organizational assets that can be shared and utilized group-wide. Specifically, we will increase the certainty of success by systematizing insights in proposal assessments and PMI, by enhancing execution capabilities through the development and engagement of global human resources, and by heightening group-wide expertise through knowledge sharing across sectors.

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Special Feature

Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business

In the case of M&A for a company that is not a pure-play pharmaceutical manufacturer, there are many challenges to executing PMI and managing the acquired businesses. And yet, Asahi Kasei achieved profit growth through its acquisitions of Veloxis in fiscal 2019 and Calliditas in fiscal 2024. Then in fiscal 2026 the management teams of Asahi Kasei Therapeutics (formerly Asahi Kasei Pharma), Veloxis, and Calliditas worked together to acquire Aicuris. Here, leaders of our Pharmaceuticals business discuss the essence of Asahi Kasei's capability to execute M&A, including how we build trust with acquisition targets, make the most of diversity, and practice PMI.

How does Asahi Kasei select acquisition targets for its Pharmaceuticals business?

Aoki It's important for us to strategically focus on specialty areas such as transplantation and kidney disease, where we are less likely to face direct competition with major pharmaceutical companies. Considering risks related to drug discovery, we want acquisition targets to have promising products already on the market or attractive late-stage pipeline assets. This is especially the case for us, since we aren't a pure-play pharmaceutical manufacturer. We need to avoid concentrating too much risk in any single business.

But the most critical factor of all for us is whether the company's management team is committed to continuing to build the business and further enhance its value. This is a fundamental part of Asahi Kasei's approach to M&A in any sector.

Okajima At the time they joined Asahi Kasei, Veloxis and Calliditas each had products already on the market with significant growth potential: Envarsus XR™ immunosuppressant for kidney transplant patients, and Tarpeyo™ IgA nephropathy treatment. In our discussions with their respective management teams, I was particularly impressed by how clearly they articulated their own growth strategies. We also felt that their style of boldly developing markets with small, highly capable teams was compatible with our corporate culture, and we concluded that the value of their businesses could be further enhanced as part of the Asahi Kasei Group.

Why did Veloxis and Calliditas agree to join the Asahi Kasei Group?

Wheeler Veloxis had built an efficient and strong sales and marketing organization in the U.S. We believed that additional scale would be needed to sustain this strength while achieving further growth. In particular, we sought to further strengthen our intellectual property strategy and R&D capabilities to maximize the value of our pharmaceutical portfolio and expand innovation opportunities. The Asahi Kasei Group's complementary intangible assets helped accelerate these efforts and position Veloxis for long-term success.

Johansson Calliditas also agreed to join the Asahi Kasei Group because we saw it as a partner capable of maximizing the value of Tarpeyo™ as we sought to expand sales and increase the reach. Another important factor was Asahi Kasei's track record of business development in the U.S. healthcare sector following its acquisition of ZOLL, a U.S.-based medical device manufacturer.

What concerns did Veloxis and Calliditas have about joining the Asahi Kasei Group, and how were those concerns allayed?

Johansson Based on the general image of Japanese



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companies, we were concerned that we might lose autonomy and speed in decision-making. We were also concerned that, by becoming part of a larger organization, we could lose some of the innovation and agility that we had cultivated. Fortunately, however, such concerns proved unfounded.

Aoki People tend to think of a Japanese company as being hierarchical and slow to act due to an emphasis on procedure. Asahi Kasei's Healthcare sector, however, gained experience with nimble management when Rick Packer, currently Vice-Presidential Executive Officer of Asahi Kasei, was head of the sector.

When ZOLL joined the Asahi Kasei Group with Rick as CEO, we learned the importance of quick decision-making and global management. We are applying those lessons in our PMI today.

PMI can be seen as the process of aligning an acquired company's organizations and systems with those of the acquirer. But we don't see it that way. Before an acquisition, we spend time engaging in dialogue with potential candidates, deepening mutual understanding of one another's values and corporate cultures, while building relationships of trust. After an acquisition, we continue working together, including through cross-cultural training, to identify the optimal way to leverage our respective strengths. It isn't a one-way process.

Okajima Being transparent with information is essential for building trust. You can't really deepen trust without openly sharing and discussing necessary information, including sensitive information such as labor costs and organizational structures.

For example, each company has its own drug development pipeline. After an acquisition, we carefully share the background and strategic positioning of each pipeline compound and discuss, without preconceptions, whether development should be continued from the perspective of our global strategy. There may be an item that we feel is highly important in Japan. After explaining our rationale and listening to different perspectives from overseas members, we may reconsider its positioning. Such candid discussions are only possible if a certain level of trust has been built through day-to-day communication and one-on-one dialogue.

Q After an acquisition, what do you address together, and what does each company handle itself?

Aoki Our basic policy is to entrust business operations to the management of each company, while aligning the orientation of areas for growth and our group-wide shared values. We don't want to second-guess those who know what they're doing.

The personnel in the U.S. have the best understanding of the U.S. business, just as the personnel in Japan do of the Japanese business. Rather than sending expatriates from Japan to manage things in detail, we delegate authority to the management teams of each company and respect their autonomous operation.

Johansson Asahi Kasei truly respects our expertise and seeks to make the most of our strengths. We don't receive detailed instructions regarding day-to-day business operations. Because of that trust, we feel empowered to take responsibility and maximize the value of our business.

Wheeler This mindset is also reflected in our decision-making process. The main locations of the Pharmaceuticals business are Veloxis in the U.S., Calliditas in Europe, and Asahi Kasei in Japan. The decision-making criteria are consistent regardless of where a decision is made. Starting in fiscal 2026, we are holding monthly Executive Committee meetings to discuss and decide on global matters for the Pharmaceuticals business. There are also regular opportunities for leaders in the Healthcare sector to meet and discuss matters. Even though we are geographically dispersed, we share a common understanding, which enables faster decision-making.

Johansson This arrangement and teamwork also functioned effectively in the acquisition of Aicuris. Asahi Kasei Group personnel with expertise in finance, business development, legal affairs, and other fields worked closely together. I think we prevailed over the competing bidders because we could complete many steps internally without relying on external support. This allowed us to make decisions quickly with confidence. The U.S., European, and Japanese personnel shared a common outlook, which enabled us to make a series of decisions without delay.

Wheeler We also talked with Aicuris's management team about our own experience after Veloxis and Calliditas joined the Asahi Kasei Group. They were very pleased to know that Asahi Kasei does not apply strict uniformity in management, but rather seeks growth while respecting the expertise and strengths of each company. This garnered us a great deal of trust with them.

Q How have Veloxis and Calliditas changed since joining the Asahi Kasei Group?

Wheeler The first thing I felt after joining Asahi Kasei was the depth of its management platform. There is a shared commitment to developing businesses from a medium- to long-term perspective, and it was a big change for us to not only have access to capital but also receive the support of expert personnel having a wide range of specializations. For example, Veloxis's in-licensing of the VEL-101 pipeline compound in fiscal 2021 was facilitated by Asahi Kasei's financial foundation and research capabilities. We continue to advance its development while leveraging the strengths of the Asahi Kasei Group as a whole, including collaboration



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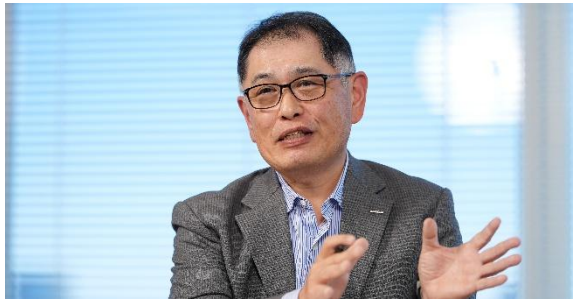
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with Bionova, a sister company which operates a unique CDMO business.

Asahi Kasei's intellectual property and legal departments have also been a significant source of support. In the U.S., generic drug manufacturers may challenge patents protecting branded pharmaceuticals, potentially leading to litigation. By combining the expertise of both companies in patent strategy and legal matters, we successfully navigated these challenges while further strengthening our intellectual property strategies to maximize product value and extend the lifecycle of our portfolio.

Johansson At Calliditas, we have also seen greater efficiency in various functions, including market access strategy and navigating the U.S. healthcare reimbursement environment, as collaboration with Veloxis has progressed under Asahi Kasei. Because both Veloxis and Calliditas have strengths in the area of kidney disease, synergies are emerging in areas such as academic conference activities and building relationships with key opinion leaders (KOLs). We also feel that our recognition and brand strength within the industry have improved, and that trust among physicians and patients has increased.

Wheeler These synergies are also evident in our sales activities. In the U.S., we are currently integrating the sales forces for Envarsus XR™ and Tarpeyo™ to strengthen our ability to respond to clinical needs. As a drug for kidney transplant patients, Envarsus XR™ is typically first prescribed at major hospitals where transplants are performed. Patients may later receive regular care at a local medical institution. In such cases, the Tarpeyo™ sales team can support the continued treatment of patients who were originally prescribed Envarsus XR™ at a major hospital. We expect this will improve the efficiency of patient follow-up and enhance the productivity of sales activities.



Q How has Asahi Kasei changed since acquiring Veloxis and Calliditas?

Aoki The biggest change is that we are now able to identify a wider range of business opportunities and make decisions more broadly. For example, the approvals for both Envarsus XR™ and Tarpeyo™ were obtained through the FDA's 505(b)(2)* pathway, which allows an application to be filed making use of data from existing active ingredients. New value is created through innovations in administration methods and formulation design. This way of thinking provided us with important insights that we would not have gained through our domestic business in Japan alone, as we had been focused on discovering new compounds.

In the acquisition of Aicuris, we also heavily relied on the management teams of Veloxis and Calliditas. Stacy in particular met with the management of Aicuris in person several times, and built a relationship of trust. I believe this was highly advantageous for us in completing the acquisition. Moreover, this wouldn't have been possible without Veloxis's deep understanding of unmet medical needs related to serious infectious diseases in the field of transplant medicine.

* 505(b)(2) is one of the application pathways of the U.S. Food and Drug Administration. It enables application for a new drug formulation utilizing an existing active ingredient.

Okajima Our approach to risk has also changed. Our traditional risk management focused on mitigation and avoidance of risks. But by incorporating the perspectives of Veloxis and Calliditas, we have become more proactive in taking risks in order to achieve future growth. This is applied in the design of clinical trials and in the licensing of new pipeline candidates.

After discussing something, we take action more quickly. I feel this has become a strength for the whole Asahi Kasei Group. By bringing in management personnel with different experiences and values, we are a more ambitious organization.

Q What does the future hold for Asahi Kasei's Pharmaceuticals business?

Aoki In order for the Pharmaceuticals business to achieve



sustainable and independent growth, including the development of our pipeline, we aim for revenue on the scale of ¥300 billion in fiscal 2030.

Okajima To achieve this goal, we will further strengthen global collaboration so that we can leverage R&D functions and personnel across national borders. In fiscal 2026 we dispatched the head of our Pharmaceuticals Research Center to the U.S. While the Research Center remains located in Japan, it's significant for the head of research to be in the U.S., the world's leading hub for healthcare innovation. This will strengthen our network with local research institutions, startups, and partner companies, enabling us to identify opportunities to acquire new pipeline candidates at an earlier stage.

In addition, by having the head of research make decisions related to intellectual property strategy and early-stage development closer to the front line of innovation, we aim to enhance both the speed and quality of decision-making, and further strengthen the R&D capabilities of the Asahi Kasei Group as a whole.

Wheeler Since joining the Asahi Kasei Group, we have come to appreciate that Asahi Kasei is a company that has grown by flexibly adapting the form of its businesses in response to changes in the operating environment. The experience it has accumulated over more than 100 years in transforming its business portfolio will be highly valuable for the future growth of the Pharmaceuticals business as well.

Aoki We do not view M&A simply as a means of expanding scale. We position it as an important strategic tool for enhancing intangible assets such as personnel and management expertise, and connecting them to the next stage of growth. The experience and knowledge gained through this process can be applied to the future growth of the Asahi Kasei Group as a whole.

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