AsahiKASEI





Asahi Kasei Report 2026

Trailblaze Together



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

As of March 31, 2026

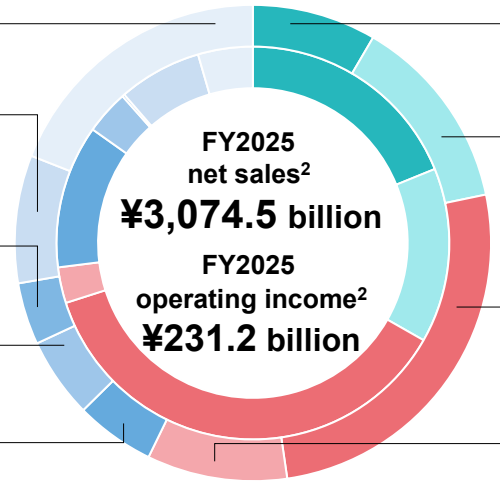
Founding
1922

Employees
47,895

Global sites
40 countries

Net sales / operating income by business
(outer ring: net sales / inner ring: operating income)

(¥ billion)



- **Chemical** 577.9 / 11.3
- **Comfort Life** 263.6 / 17.2
- **Energy & Infrastructure** 127.9 / 0.5
- **Car Interior** 165.7 / 9.1
- **Electronics[1]** 164.0 / 29.6
- **Pharmaceuticals & Life Science** 259.9 / 47.3
- **Critical Care** 404.2 / 36.1
- **Domestic Homes** 788.1 / 92.4
- **Overseas Homes** 289.3 / 7.4

Overseas sales
55.1%
of which,
The Americas 23.3%
Other Asia 9.6%
China 8.3%
Europe 7.5%
Other regions 6.4%

Consolidated subsidiaries
285

Number of Olympic medals won
18
(by Asahi Kasei employees)

[1] FY2025 results recalculated to reflect slight reallocation between others in Material and certain businesses in FY2026
[2] Totals for net sales and operating income inclusive of the Others category as well as corporate expenses and eliminations

Healthcare sector

Pharmaceuticals
- Pharmaceuticals (autoimmune disease, severe infection, transplantation, kidney disease, etc.)


Envarsus XR™ immunosuppressant

Life Science
- Virus removal filters for pharmaceutical manufacturing processes
- Biologics CDMO, etc.


Planova™ virus removal filter

Critical Care
- Wearable defibrillators
- Professional defibrillators, AEDs
- Sleep apnea-related devices, etc.


Defibrillators for professional use

Homes sector

Domestic Homes
- Unit homes, apartments, condominiums
- Rental management, real estate
- Remodeling
- Construction materials (AAC, thermal insulation, etc.)


Hebel Haus™ unit homes and Hebel Maison™ apartment buildings

Overseas Homes
- North American Homes
- Australian Homes

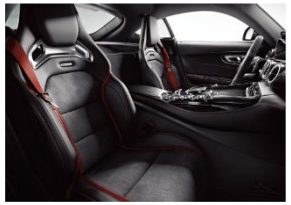

North American and Australian homes

Material sector

Electronics
- Electronic materials
- Electronic components


Pimel™ photosensitive insulator

Car Interior
- Car interior materials (artificial suede and synthetic leather, etc.)


Dinamica™ artificial suede

Energy & Infrastructure
- Lithium-ion battery (LIB) separators
- Ion-exchange membrane process for chlor-alkali electrolysis
- Hydrogen production system, etc.


Hipore™ wet-process LIB separator

Comfort Life
- Fibers
- Consumables
- Pharmaceutical and food additives (microcrystalline cellulose, etc.)



Consumables

Chemical
- Performance chemical (resin-related, etc.)
- Essential chemical (petrochemical-related, etc.)


Engineering plastic (performance polymer)

Financial Performance

Net sales growth rate

Approximately **8%**

(FY2020–25 CAGR)

Stable earnings

No consolidated operating losses in the past 50 years

High credit rating

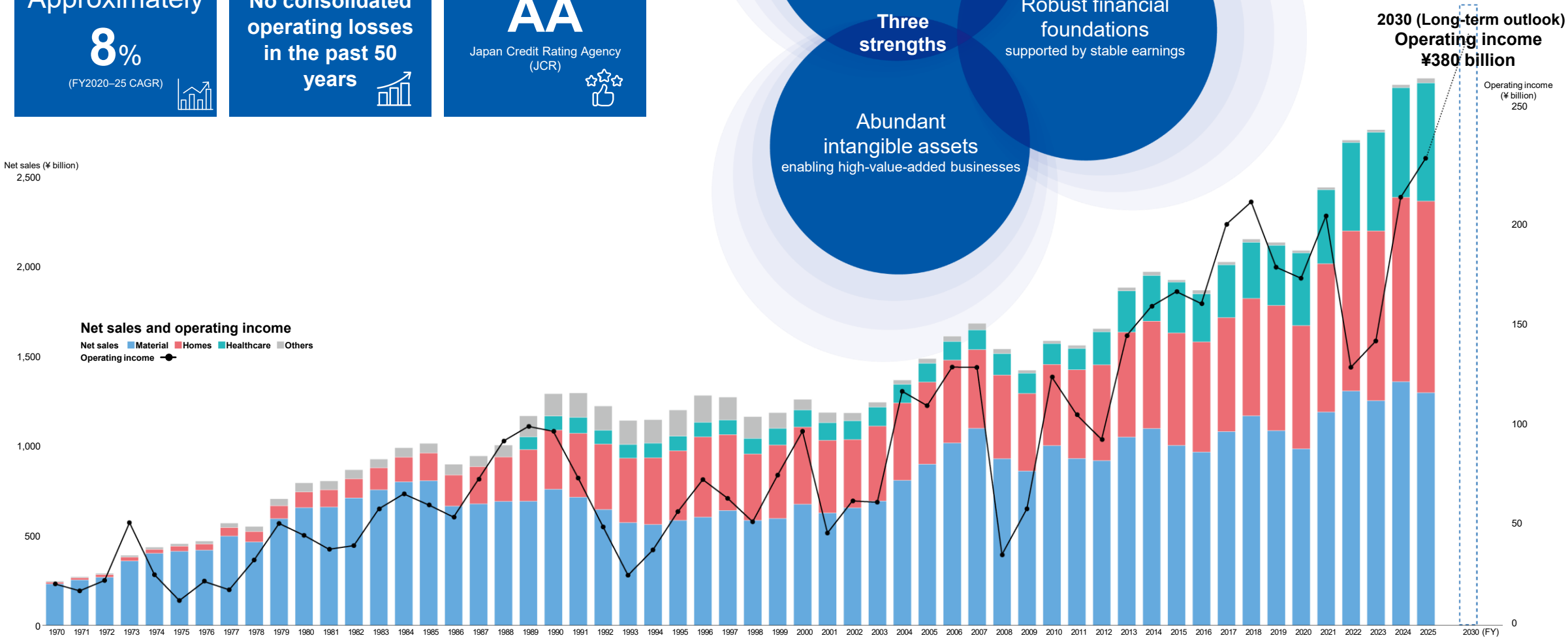
AA

Japan Credit Rating Agency (JCR)

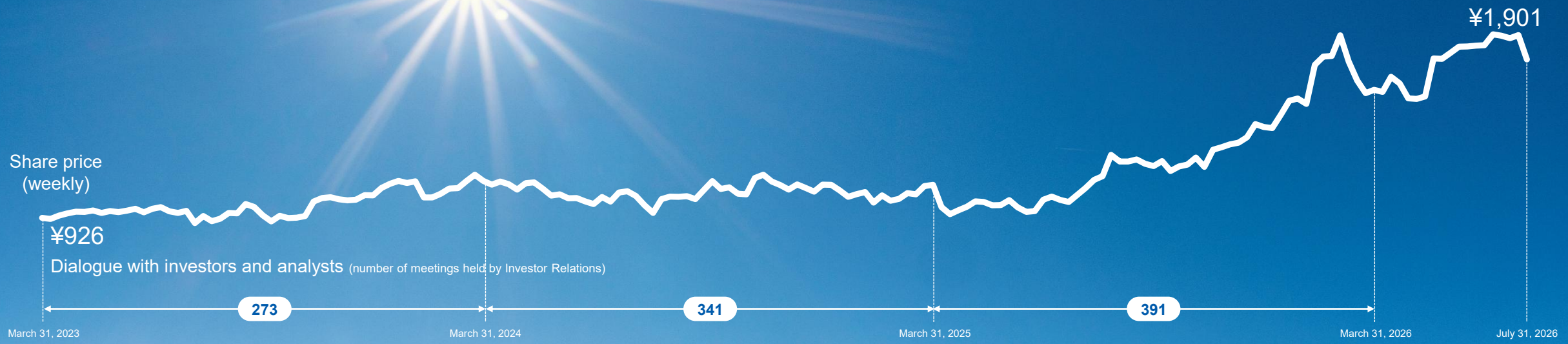
Three strengths

- **Ability to transform the business portfolio** by replacing businesses in accordance with the needs of the times
- **Robust financial foundations** supported by stable earnings
- **Abundant intangible assets** enabling high-value-added businesses

2030 (Long-term outlook)
Operating income ¥380 billion



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.”



Editorial Policy

For our investors and other stakeholders

Our investors had questions. For two years, we squarely addressed them.

Published two years ago, *Asahi Kasei Report 2024* was structured around **six actual questions frequently raised by our investors and other stakeholders**. In the following year's Asahi Kasei Report 2025, we continued this dialogue by **reexamining the six questions** in light of further feedback and progress in our initiatives to enhance corporate value, and **provided more in-depth answers**.

As reflected in our share price performance in recent years, expectations for Asahi Kasei in the capital markets had remained limited. With the aim of narrowing the gap between the value of Asahi Kasei as we see it and the value perceived by our investors, the Asahi Kasei Report continues to serve the same purpose: **squarely addressing our stakeholders' questions and creating opportunities for dialogue**.

	Q1	Q2	Q3	Q4	Q5	Q6
Theme of the 2024 Report Six Questions to Bridge the Gap	Why does Asahi Kasei have three-sector management?	How will you raise your persistently low P/B ratio?	How will you focus resources on growth businesses?	What actions are you taking for carbon neutrality?	How will you use intangible assets to improve corporate value?	How does your corporate governance function?
Theme of the 2025 Report Revisiting the Six Questions	How will you leverage diverse management assets to achieve sustainable growth of corporate value?	What actions are you taking to achieve capital efficiency that exceeds the cost of capital?	What growth do you expect from the investments you've made?	What social impact will your GX-centered sustainability efforts have?	How will you transform your business models by leveraging abundant intangible assets?	How is your governance evolving along with business portfolio transformation?

Although we seem to be regaining the market's trust, now even greater progress is expected of us.

Now, as opportunities for dialogue with investors have increased while progress in transforming our business portfolio has advanced and business performance has recovered, we feel that we are **regaining the market's trust**.

At the same time, we naturally understand that our corporate value remains well below that which investors would consider satisfactory. Rather than the historically discounted value of Asahi Kasei because we are perceived as a conglomerate, we believe the market should expect a corporate value that reflects our **unique value by virtue of having a diverse range of businesses**. In addition to further improving our business performance, we will continue to squarely address your questions and strive to communicate in an easily understandable manner.

Feedback from investors today

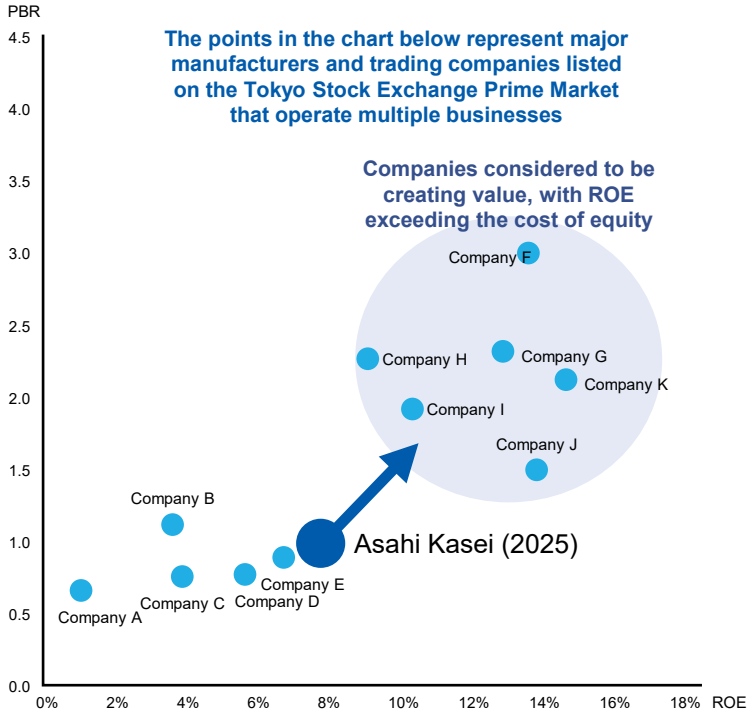
Comments reflecting renewed confidence

- "We highly value the business portfolio transformation achieved through structural transformation and the results delivered by First Priority businesses."
- "Asahi Kasei is no longer the petrochemicals-centered diversified chemical manufacturer it once was, and appears to be transforming into a company centered on high-value-added businesses."
- "The recent acquisitions by the Pharmaceuticals business appear to be progressing well. Aicuris, the acquisition of which was announced in February 2026, also appears to be aligned with the strategy in the Pharmaceuticals business."
- "The utilization of intangible assets, including diverse human resources, technologies, and intellectual property, is increasingly being articulated in specific terms through disclosures and dialogue, leading to a deeper understanding."

Further expectations and uncertainties

- "ROE still appears to be below the cost of equity and has yet to reach a level that supports expectations for sustainable growth in corporate value."
- "Although progress has been made in transforming the business portfolio, it remains unclear what kind of company Asahi Kasei ultimately aims to become. The answer to 'Who is Asahi Kasei?' is not yet clearly visible."
- "Asahi Kasei is actively pursuing M&A and capital investment, but are management processes functioning effectively, including the establishment and subsequent monitoring of hurdle rates for individual investment decisions?"
- "How are diverse intangible assets linked to value creation? Is management able to deliver reproducible results?"

The market valuation investors believe Asahi Kasei should command



Now is the time to inspire confidence in future growth. Addressing the “Six Requirements” that companies with a diverse portfolio of businesses must meet.

Theme of the 2026 Report

Six Requirements

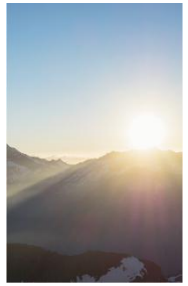
for companies with a diverse portfolio of businesses

The theme of the Asahi Kasei Report 2026 is **“Six Requirements for Companies with a Diverse Portfolio of Businesses Like Asahi Kasei”**.

Through dialogue with investors, we perceive that they have many uncertainties as to whether companies with a diverse portfolio of businesses can really enhance corporate value. Nevertheless, we believe that having a diverse portfolio of businesses is not necessarily an impediment to enhancing corporate value, but can be turned into a strength if the necessary requirements continue to be met.

Now is the time **for Asahi Kasei to squarely address this critical issue** and articulate our vision for enhancing corporate value and the initiatives to achieve it. We welcome your feedback after reading this year’s report.

The Six Requirements for companies with a diverse portfolio of businesses	Example of a conglomerate that struggles to enhance corporate value
1 **Ability to continuously transform the business portfolio in response to changing times**	1 Sluggish restructuring of unprofitable businesses and an inability to make timely growth investments result in an outdated business portfolio
2 **Appropriate allocation of resources**	2 Investments are either optimized for individual businesses or spread unfocused due to lack of clear priorities for growth investments
3 **Ability to continuously innovate by leveraging diverse intangible assets**	3 High barriers between business sectors make it difficult to share intangible assets
4 **Ability to continue contributing to sustainability**	4 Inability to achieve both social and economic value, precluding sustainable creation of value
5 **Strong and effective corporate governance**	5 Effective oversight by the Board of Directors is inhibited by the diversity of businesses
6 **Firm relationships with diverse stakeholders**	6 A loss of stakeholder trust by one business affects the reputation of other businesses



02 Corporate Philosophy
03 At a Glance: Business Overview
04 At a Glance: Strengths and Achievements
05 Editorial Policy
The “Six Requirements” for companies with a diverse portfolio of businesses
09 Contents

10 What Asahi Kasei Aims For

11 Message from the CEO



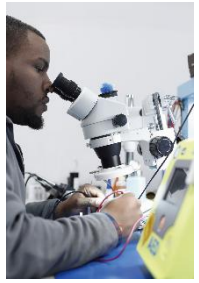
“I bet Asahi Kasei can solve this challenge.” We want to continue being a company that people will say this about in 10 or 20 years.
President
Koshiro Kudo

16 How We Create Value
21 Materiality

22 Requirement 1

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

23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei’s M&A capability leveraged in its Pharmaceuticals business



32 Requirement 2

Appropriate allocation of resources

33 Message from the CFO
Unique business portfolio management to achieve growth and efficiency



40 Requirement 3

Ability to continuously innovate by leveraging diverse intangible assets

41 Use of Intangible Assets
42 HR Strategy
46 Fostering mutual understanding and trust through dialogue to support global management
Deepening connections through the Team AK Meeting
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy



73 Requirement 4

Ability to continue contributing to sustainability

74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
77 Rental housing that naturally fosters child-rearing communities
Hebel Maison™ “BORIKI”
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature



84 Requirement 5

Strong and effective corporate governance

85 Corporate Governance
96 Roundtable Discussion Among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA



107 Requirement 6

Firm relationships with diverse stakeholders

108 Communication with Local Communities
Special Feature:
Building Asahi Kasei’s corporate value together with Nobeoka
110 Stakeholder Communication
111 External Evaluation



112 Basic Information

113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure

Closing: Group Management Standards for Enhancing Corporate Value





What Asahi Kasei Aims For

What are Asahi Kasei's strengths? And how will the company contribute to sustainability and achieve sustainable growth of corporate value?
Our aims are described in the Message from the CEO and How We Create Value.

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

“I bet Asahi Kasei can solve this challenge.” We want to continue being a company that people will say this about in 10 or 20 years.



Koshiro Kudo
President, Asahi Kasei Corp.

CEO MESSAGE

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

What I hope the Asahi Kasei Report will convey: The potential of having a diverse portfolio of businesses

What I most want to convey to investors through this report is that Asahi Kasei is not a company that is difficult to understand because of its diversity, but rather a company that can forge a path to success in response to changing times precisely because of its diversity.

Our diverse businesses spanning Healthcare, Homes, and Material operate in different market environments and may appear to have little in common. Investors may thus find Asahi Kasei difficult to analyze and understand. My dialogue with investors has made this clear to me. And yet, serving diverse markets is what allows us to capture a wide range of growth opportunities. When faced with difficult times, we can stand firm, learn, and flexibly apply the lessons to our next phase of growth. I believe that this is one of Asahi Kasei's characteristic strengths. You may suspect that, as President, I am not an objective observer of my own company. But it is only because I know Asahi Kasei so well that I feel frustrated when the company's true potential is not fully appreciated by investors.

That said, I recognize that our ROE, an important metric, remains inadequate considering the expectations of shareholders and investors. But having achieved record-high operating income for the second consecutive year in fiscal 2025, I also sense that stakeholders are gradually beginning to recognize Asahi Kasei's fundamental strengths and underlying value. Given this growing recognition, I would like to use this year's Asahi Kasei Report to convey as clearly as possible the potential of Asahi Kasei's diverse portfolio of businesses.

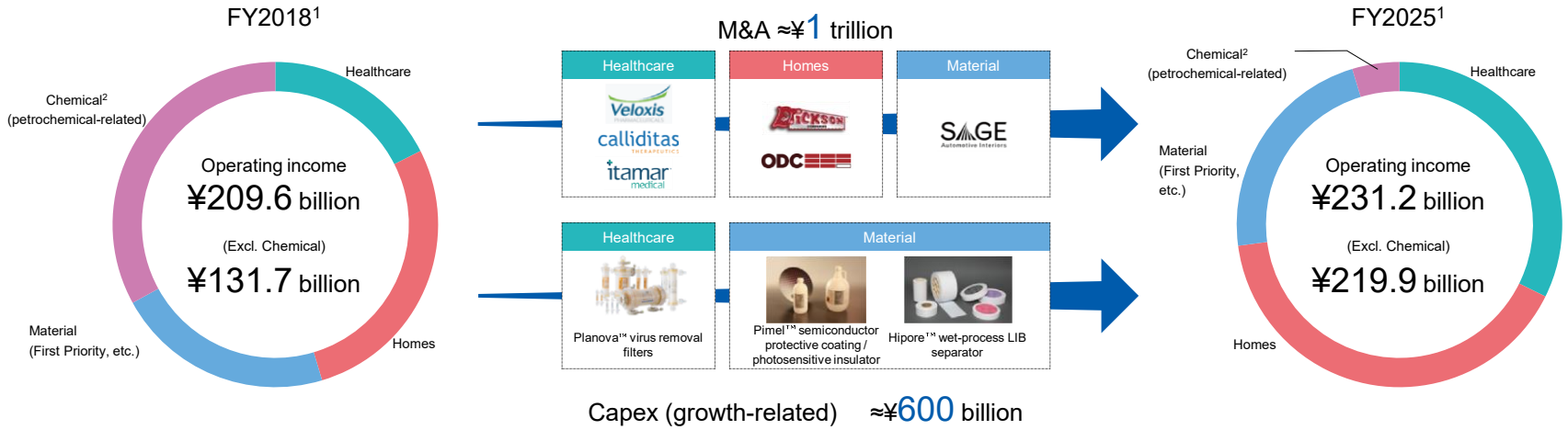
Who is Asahi Kasei?

As President, I have many opportunities to engage in dialogue with overseas investors who take a long-term perspective. In these discussions, I believe the most important question for me to answer is, "Who is Asahi Kasei?"

Asahi Kasei is not simply a company with a diverse portfolio of businesses. Throughout our history spanning more than a century, we have continually transformed our business portfolio while overcoming numerous changes in the operating environment, including a World War, energy crises, financial crises, and a pandemic. What we have built through this process is far more than our assets of over ¥4 trillion. The customer perspective cultivated in our Homes sector, expertise in M&A and global management attained in our Healthcare sector, the technological foundation refined in our Material sector, and our people who excel across sectors and businesses—these diverse intangible assets, though invisible, are the very source of Asahi Kasei's value creation. We share our financial foundation and diverse intangible assets across sectors and businesses, drawing flexibly on these resources. We liken this to a natural ecosystem and call it "Asahi Kasei's ecosystem."

In other words, the answer to "Who is Asahi Kasei?" is: "A company that continually transforms its business portfolio in response to changing times and continues to provide value to society by leveraging the strength of *Asahi Kasei's ecosystem*."

Transforming the business portfolio through proactive growth investments



1 The graph above shows the percentage breakdown for the Group as a whole, excluding the Others category and corporate expenses and eliminations
2 Total profit from the businesses currently included in Performance Chemicals and Essential Chemicals

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Asahi Kasei is strongest in times of change

When unimaginable things seem to occur every year, it feels like the management's adaptability and resilience are being tested more than ever. But no matter what challenges may arise, I am prepared to face them with confidence. There are two reasons for this.

The first is the financial foundation that Asahi Kasei has built through the management of its diverse portfolio of businesses. The Healthcare, Homes, and Material sectors have different business cycles, enabling us to generate stable cash flow group-wide. This allows us to seize growth opportunities in a timely manner and make bold growth investments.

The other reason is the corporate culture that Asahi Kasei has cultivated. During my many years in the fibers business, I experienced difficult circumstances, including the closure of operating sites. This helped me recognize how strong Asahi Kasei is when confronted with a crisis. The culture is shared throughout the Asahi Kasei Group. Although different people are engaged in different businesses, we all share the same fundamental values and sense of mission, and we have overcome many crises together. We take on new business challenges with a bold, independent spirit, continuing to learn from failure rather than assigning blame. I believe this culture of teamwork has been the driving force behind our continuous transformation of the business portfolio for more than a century. I also believe that we have been able to sustain our growth because our employees have a firm understanding of this history, and continually strive to transform themselves as well.

Paths to success distinct from those of specialist manufacturers

Asahi Kasei's strength is not simply having a diverse range of businesses. Rather, it lies in our ability to identify our advantages amid a changing environment, discover distinctive paths to success, and continue developing our businesses. Even without the solid backing of one of the major commercial groupings, we took on new business challenges throughout our history of more than a century and continued to grow despite numerous obstacles. Through this process, we have developed the ability to thoroughly examine customer challenges and create distinctive solutions within certain constraints, rather than competing based on scale or financial resources.

Take the Homes business, for example. When the business was first launched, we could not match specialized homebuilders in terms of either funding or business experience. It was because of these constraints that we focused exclusively on order-built homes, where we could leverage the strengths of our human resources, rather than developing homes for sale that required us to own land. By refining our distinctive value proposition in areas such as two-generation homes and three-story homes in urban areas, we built the powerful Hebel Haus™ brand in Japan. The same applies to the Pharmaceuticals business. Rather than competing head-on with major pharmaceutical companies, we have chosen a distinctive path as a global specialty pharmaceutical company focused on specific disease areas.

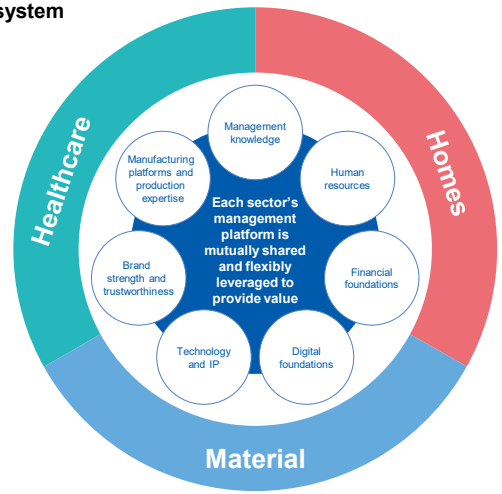
In this way, Asahi Kasei has grown its businesses not by seeking the largest scale, but by creating distinctive value rooted in our distinctive strengths.

Supporting this path to success is Asahi Kasei's ecosystem, which harnesses expertise and human resources across the boundaries between sectors and businesses. At Asahi Kasei, technologies, expertise, and human resources developed in one business often contribute to the growth of another. For example, the establishment of our Homes business was made possible by the capabilities of talented personnel brought together from other businesses. Similarly, the creation of the Planova™ virus-removal filter business in the Healthcare sector would not have been possible without the membrane technology developed in the Material sector.

I believe that further advancing this ecosystem will be essential to Asahi Kasei's future growth. The Material sector is currently in the midst of transformation and is preparing to take on its next challenge by incorporating the B2C marketing and business management expertise of the Homes sector, as well as the global management and M&A expertise of the Healthcare sector.

The most important driving force behind this ecosystem is our human resources. Asahi Kasei has a wealth of human resources with diverse expertise in areas including B2B and B2C businesses, marketing, and research and development. I personally gained considerable experience in sales in the fibers business, which has an exceptionally long value chain, and this experience now informs how I assess other businesses. The Material sector has human resources who have refined advanced technologies that are competitive on the global stage. The Homes sector has human resources with extensive knowledge of recurring-revenue businesses and downstream businesses close to the final consumers. The Healthcare sector, meanwhile, has human resources capable of creating value through their deep expertise and global perspectives. This depth of human resources is Asahi Kasei's greatest strength. Going forward, I intend to expand opportunities for our people to excel across different sectors and enhance our ability to reproduce business growth.

Asahi Kasei's ecosystem



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

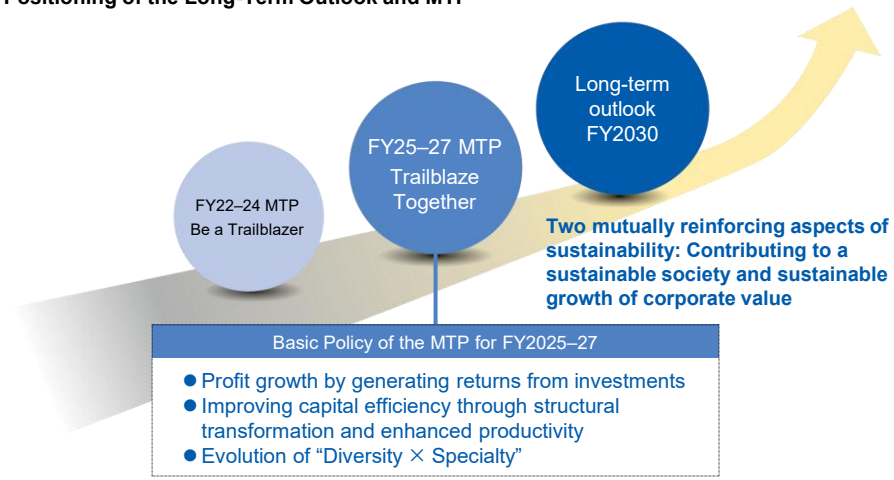
Self-assessment of progress on MTP for FY2025–27: 80 out of 100

If I were to assess our current progress under the medium-term management plan (MTP) “Trailblaze Together,” I would give it a score of 80 out of 100. In fiscal 2025, as in the previous fiscal year, we achieved record-high operating income. Steady progress in transforming our business portfolio, together with significant growth in operating income driven primarily by our First Priority businesses in the Healthcare, Homes, and Material sectors, is transforming Asahi Kasei well beyond its traditional identity as a diversified chemical manufacturer.

Even so, we still have a long way to go in transforming our business portfolio. This is because, despite achieving record-high profit, we have yet to fully reap the benefits of our growth investments to date, and there is still room to leverage our ecosystem that brings together diverse expertise and human resources. I believe that the gap between our target ROE and the current level ultimately comes down to this. I take it as my personal responsibility to see this transformation through. I will ensure that the results of our growth investments translate into tangible income growth and improved capital efficiency, and will continue to face even difficult decisions head-on, without shying away from them.

I would also like to emphasize that we are managing the company with our sights set beyond the ROE target of 9% for fiscal 2027. Through dialogue with investors, I understand that they expect us to achieve a double-digit ROE. With a view to the long-term outlook of 12% in fiscal 2030, we are managing the company with strong determination and are beginning to feel progress toward achieving this target.

Positioning of the Long-Term Outlook and MTP



Management indicators

	(¥ billion)	FY2025	FY2026 forecast[3]	FY2027 revised plan[4]	FY2027 initial plan[5]	FY24–27 revised annual growth rate	FY2030 target
	Net sales	3,074.5	3,254.0	3,470.0	3,180.0		
Profitability	**Operating income**	**231.2**	**248.0**	**270.0**	270.0	8.4%	**380.0**
	Operating margin (%)	7.5%	7.6%	7.8%	8.5%		
	Operating income before amortization of goodwill	**264.9**	**286.0**	**306.0**	306.0		
	EBITDA[1]	427.5	466.0	483.0	496.0		
	EBITDA margin (%)	13.9%	14.3%	13.9%	15.6%		
	Net income (loss) attributable to owners of the parent	158.8	160.0	174.0	174.0		
	EPS (yen)	117.0	119.7	129.6	127.4		
Capital efficiency	**ROIC[2]**	**5.9%**	**5.7%**	**6.0%**	6.0%		**≥8.0%**
	ROE	**8.0%**	**7.7%**	**9.0%**	9.0%		**≥12.0%**
Financial health	D/E ratio	0.46	-	≈0.7	≈0.7		
	Interest-bearing debt/EBITDA	2.3	-	≈3.0	≈3.0		
	Capital ratio	50.5%	-				
	Exchange rate (yen/$)	151	150	140	140		

[1] EBITDA = operating income + depreciation and amortization (tangible, intangible, and goodwill) [2] ROIC = (operating income − income taxes) ÷ average annual invested capital [3] Announced in May 2026 [4] Announced in April 2026 [5] Announced in April 2025

Main non-financial KPIs

Our own GHG emissions reduction compared to FY2013 (Scope 1 & 2)	GHG emission reduction contributions by Environmental Contribution Products compared to FY2020
FY2030: **≥30%** FY2035: **≥40%**	FY2030: **2 times or more** FY2035: **2.5 times or more**
Favorable respondents in employee engagement survey vitality index	**Number of new license agreements[6]**
FY2027: **60%**	FY2025–2027: **10 or more**

[6] Outcomes from projects centered on Technology-value Business Creation (TBC)

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

I keenly sense progress as the management of each sector has become increasingly sophisticated, which underpins our fiscal 2025 performance.

The Healthcare sector has entered a new phase of growth. We encountered numerous challenges, including a temporary plateau in the growth of the Critical Care business and greater-than-expected difficulties in establishing our new biologics CDMO business. What makes this achievement particularly significant is that we overcame these challenges and firmly seized business opportunities, including the growth of the acquired pharmaceutical company Calliditas and a recovery in demand for Planova™ virus removal filters.

The Homes sector demonstrated its solid competitive strength. Despite an extremely challenging business environment, the domestic order-built homes business achieved record-high operating income. I believe this is the culmination of the strong Hebel Haus™ brand and customer base we have built over the years, together with a deeply rooted culture of firm commitment to achieving targets. In our overseas operations, a key area for future growth, the business environment remains challenging in North America due to a sluggish recovery in demand. Nevertheless, I am confident that the business will become a powerful growth engine when the market turns around.

The Material sector also made steady progress in its structural transformation. While the Electronics business achieved substantial growth by capturing opportunities related to AI and semiconductors, we also made major structural transformation decisions, including the restructuring of certain derivatives operations at the Mizushima Works in the Chemical business and the divestiture of the lead-acid battery separator business. Changes of this magnitude bring uncertainty for our employees. I believe that the future growth of the Material sector depends on each leader, myself included, carefully explaining the significance of this structural transformation and ensuring that all stakeholders can move forward with a shared conviction.

The path to growth naturally inevitably entails risks. We are closely monitoring the potential impact of geopolitical uncertainty, particularly the situation in the Middle East, as well as future policy trends of the U.S. administration. We will absorb the impact of such factors through the effect of diversification among three business sectors, which have different economic cycles, as well as our solid financial foundation, while steadily capturing growth opportunities.

My message today for the Asahi Kasei of 10 to 20 years hence

We are not going to be a company that achieves only temporary success or pursues only short-term profits. In every era, we aspire to remain a company that society and our customers look to and rely on, believing that Asahi Kasei can solve even the most difficult challenges.

It is easy to say that we will earnestly address societal issues. However, implementing solutions in society and delivering tangible value is no easy task. In many cases, this is because advanced manufacturing capabilities are essential. As such, manufacturers like us have a vital role to play. I believe that for improvement in society, manufacturers need to rise to the challenge. There is no future if the manufacturing sector loses its vitality. That is why Asahi Kasei will continue to squarely face society's most difficult challenges through its products and services, including achieving carbon neutrality, enabling more comfortable, safe, and secure living, and realizing a society of active longevity in which people can lead fulfilling lives.

Of course Asahi Kasei cannot transform society on its own. But we intend to be a company with that inspires potential business partners to think, "By joining forces with Asahi Kasei, we could change the world."

As I look ahead to 2030 and 2040, my belief is encapsulated in the words, "Tradition is not what we preserve, but what we create." Our company will decline if we cling to the legacy of the past rather than embrace the determination to transform and redefine tradition ourselves. I chose the word "Trailblaze" for both the previous MTP and the current one because I want anyone who may have begun settling into complacency to break free and continue taking on challenges at the forefront. I want each employee to reflect on how our Group Mission of contributing to life and living for people around the world resonates with them and what it means to them today, and then make a wholehearted effort of their own. Doing so will contribute to society, drive Asahi Kasei's growth, and foster their own personal growth. I intend to continue nurturing this virtuous cycle.

In closing, I would like to state with confidence that Asahi Kasei today has become a company that offers hope and holds greater potential for growth than ever before. We are evolving into a company that can forge a path to success in response to changing times precisely because of its diversity. I ask that you continue to take a long-term view of our evolution. I also invite you to join us in blazing a trail toward a new future, to "Trailblaze Together."



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Unique business models transforming diverse management assets into value

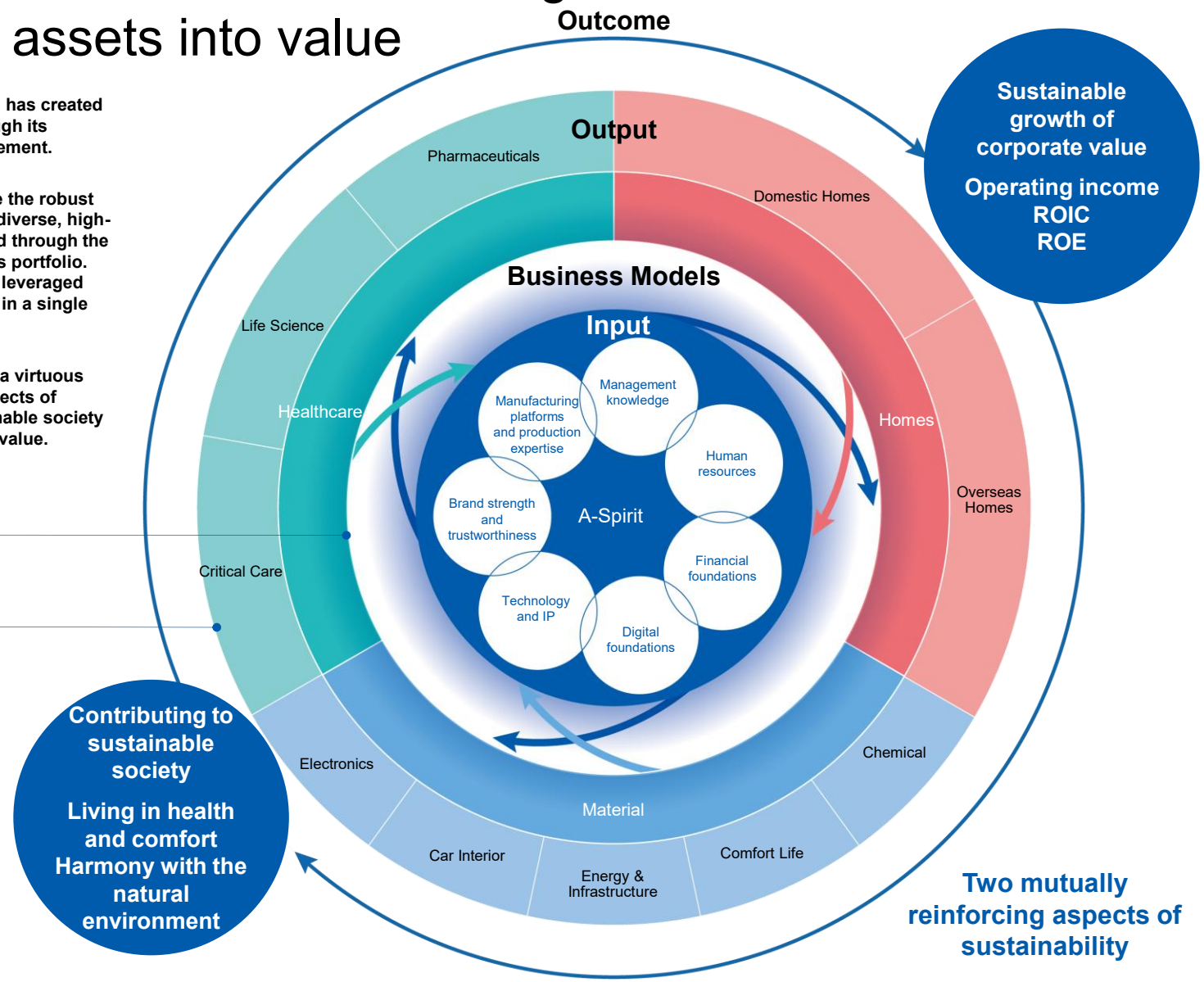
For more than a century, Asahi Kasei has created diverse and unique businesses through its distinctive business portfolio management.

The sources of our value creation are the robust financial foundations and unrivaled, diverse, high-quality intangible assets accumulated through the process of transforming our business portfolio. These assets are shared and flexibly leveraged across businesses and sectors, as if in a single ecosystem.

Through these initiatives, we pursue a virtuous cycle of two mutually reinforcing aspects of sustainability: contributing to sustainable society and sustainable growth of corporate value.

Asahi Kasei's ecosystem

Business portfolio management



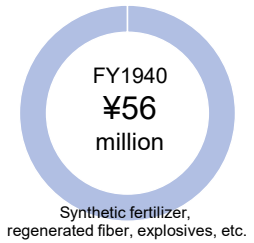
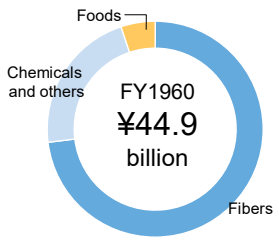
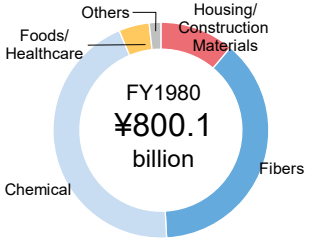
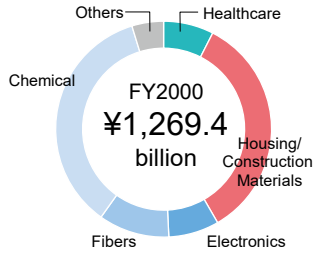
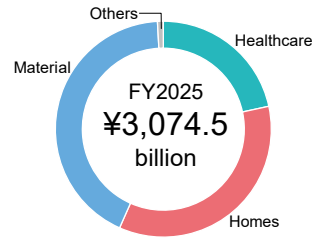
Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Input

Management assets accumulated through a history of business creation

Since it was founded, Asahi Kasei has continuously created new businesses by responding to the societal challenges and customer needs of each era. Numerous bold initiatives, including entering the housing industry as a materials manufacturer with the aim of innovating residences, and expanding into critical care through our first large-scale acquisition, have led to the accumulation of unique management assets, including human resources, technology, intellectual property, and organizational capabilities.

	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	Social transformation toward achieving the SDGs
Business portfolio					
New business entry, M&A / Withdrawal, downsizing, divestment	➡ Ammonia ➡ Regenerated fiber (cupro, viscose rayon) ➡ Synthetic fertilizer ➡ Polystyrene ➡ Synthetic fiber (acrylic fiber) ➡ Food products (monosodium glutamate)	➡ Saran Wrap™ ➡ Acrylonitrile ➡ Synthetic rubber ➡ Ethylene (construction of naphtha cracker) ➡ Autoclaved aerated concrete ➡ Hebel Haus™ unit homes ➡ Artificial kidneys ➡ Pharmaceuticals	➡ Hall elements ➡ Large-scale integrated circuits (LSIs) ➡ Lithium-ion battery (LIB) separators ➡ Hebel Maison™ apartment buildings ➡ Insulation panels ➡ Virus removal filters ➡ Acquisition of Toyo Jozo Co., Ltd. (pharmaceuticals and liquors) ⬅ Foods	➡ Electronic compass ➡ Car interior material ➡ Critical Care ➡ Overseas Homes ⬅ Viscose rayon, acrylic fiber, polyester ⬅ Restructuring of petrochemical business ⬅ Liquors	➡ Hydrogen production system (currently in verification) ➡ Diagnosis and treatment of sleep apnea ➡ CDMO ➡ Overseas pharmaceuticals ⬅ Photomask pellicles ⬅ Blood purification ⬅ Diagnostic reagents ⬅ Lead-acid battery separator
Key management assets	Technology and IP Following the licensing of ammonia and viscose rayon production technologies, we developed technologies into businesses which then led to the next generation of technologies. These successive advances gave rise to the technologies that produce today's high-performance materials.	Financial foundations Launched with the aim of innovating residences, the Homes business has continued to grow for over half a century. It generates stable cash flow and has established a solid financial foundation that supports the creation of new businesses and growth investments group-wide.	Manufacturing platforms and production expertise The manufacturing platforms and production expertise cultivated in the fibers business evolved into membrane and separation technology, which is utilized in core businesses such as the separator business and the virus removal filter business.	Management knowledge In fiscal 2012, we acquired ZOLL in our first major overseas acquisition. This served as a catalyst for us to accumulate management knowledge in areas such as global management and M&A.	Human resources As business globalization advances, we now have some 48,000 diverse personnel around the world. Personnel with a high level of expertise work across different sectors and businesses, aiming to create new businesses.
Composition of net sales					

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Input

Strengthening Management Assets for Value Creation

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 FY2025)	Main initiatives addressing challenges under the current MTP	Related pages
Management knowledge	Business portfolio management for diverse businesses, M&A, expertise of diverse business models, etc.	● More than a 100-year history of business portfolio transformation ● Multiple cases of M&A (cases subject to consolidation since 2000): **>30**	● Reclassification of each business into four categories to enable more appropriate resource allocation	Business Portfolio Transformation pp. 23–26 ▶
			● In Pharmaceuticals, accelerating profit growth at Calliditas and strengthening the pipeline through the acquisition of Aicuris	M&A Management pp. 27–31 ▶
Human resources	Human resources with “A-Spirit” who are active globally in a variety of business fields	● Employees: **47,895** (Healthcare: 10,388, Homes: 13,093, Material: 20,377, Corporate and others: 4,037)	● Revising the HR system to strengthen a culture of taking on challenges ● Strengthening the development of management human resources globally	HR Strategy pp. 42–46 ▶
Financial foundations	Strong financial foundations based on stable earnings from diverse businesses in Healthcare, Homes, and Material	● Cash-generating capacity **≈¥1,200 billion** (3-year total for FY2025–2027) ● D/E ratio: **0.46** ● Credit rating: **AA** (JCR and R&I)	● Investment management through strengthened application of hurdle rates ● Progressive dividends with DOE of 3% as a benchmark and flexible share repurchases	Message from the CFO pp. 33–39 ▶
Digital foundations	Digital personnel and infrastructure to achieve site-focused DX promotion	● Abundant digital professional personnel ● Customer, manufacturing, and R&D data accumulated in each business	● Establishment of Smart Text Hub, Asahi Kasei’s proprietary AI platform, to create synergies across sectors and businesses	Digital and AI Strategy pp. 57–59 ▶
Technology and IP	Broad range of core technologies derived from electrochemistry, IP strategy using IP landscaping (IPL)	● R&D expenses: **¥110.5 billion** ● Number of patents held: **Domestic 6,567** **Overseas 7,110**	● Enhancement of R&D leveraging AI to increase the speed of development and commercialization ● Strengthening business models to generate value from intangible assets, and gain revenue by licensing	R&D and IP Strategy pp. 47–54 ▶
Brand strength and trustworthiness	Relationships of trust and connections across a wide range of industries through diverse businesses (medical institutions, semiconductors, automotive, energy, apparel, chemicals, general consumers, etc.)	● Diverse business groups in three sectors ● Strong brands such as **Hebel Haus™, Saran Wrap™, and Bemberg™**	● Raising the market share of products in Electronics in AI-related markets and in Pharmaceuticals in the renal disease field, to enhance our presence in specific markets	Sector Strategies pp. 60–72 ▶
Manufacturing platforms and production expertise	Safety platform, quality assurance platform, and advanced production technology cultivated primarily in the Material sector Manufacturing sites worldwide	● Global manufacturing sites: **>130** Lost-time frequency rate[1]: **0.27** (average of manufacturing industries in Japan is 1.30) ● Total participation in quality training: **7,198** (38 sessions)	● To further strengthen competitiveness, adopting smart laboratories to accelerate R&D and applying physical AI in manufacturing processes	Production Technology Strategy pp. 55–56 ▶ Quality Assurance p.106 ▶

[1] Lost-time injures per million hours worked.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For —
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Business Models

Asahi Kasei's Unique Path to Success

Asahi Kasei's business models are characterized by two key features: optimal allocation of resources by ascertaining which businesses can maximize value through business portfolio management, and also continuously creating unique, high-value-added businesses in a sustainable manner through an ecosystem in which intangible assets cultivated across our diverse businesses, including human resources, technologies, and intellectual property, as well as our robust financial foundation, are leveraged across business boundaries.

(1) Business portfolio management

Focused investment in specific markets

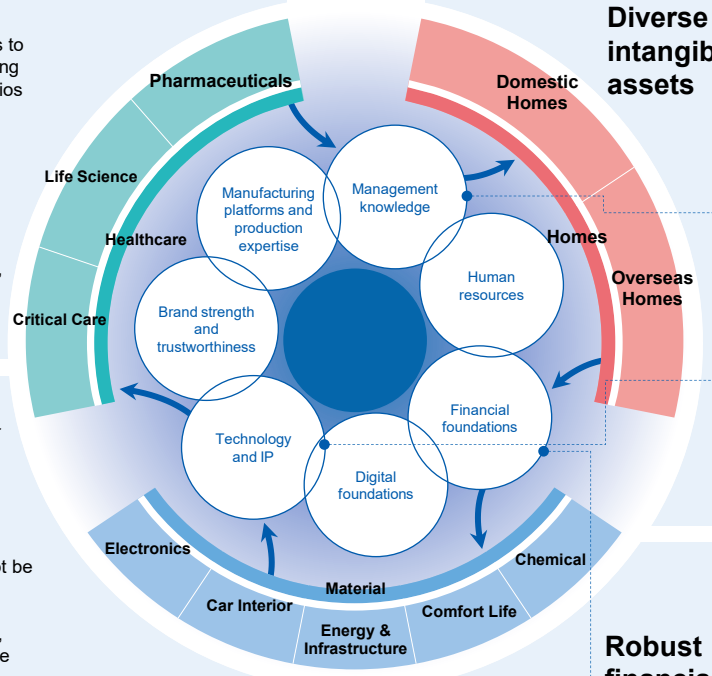
Many of Asahi Kasei's businesses focus not on general-purpose or mass-market products, but on specific markets where they can deliver greater value. Our diverse portfolio of businesses enables us to hone our ability to identify promising markets, thoroughly refine scenarios for achieving success over the medium to long term, and concentrate resources while maintaining financial discipline. In this way, we continuously create unique, high-value-added businesses.

For details, see Sector Strategies, pp. 60–72

Structural transformation from a best owner perspective

For businesses that can no longer realize their potential financial and social value under Asahi Kasei's ownership, we carefully examine whether their strategies can be adequately reformulated. If, as a result, it is found that we would not be the best owner of a business, we promptly pursue structural transformation through divestiture, withdrawal, or other measures. We make these decisions from a medium- to long-term perspective, regardless of whether the business is currently profitable.

For details, see Business Portfolio Transformation, pp. 23–26



(2) Leveraging Asahi Kasei's ecosystem

Diverse intangible assets

By sharing diverse intangible assets across sectors and businesses and flexibly leveraging them group-wide, we create new value that distinguishes us from specialized companies. These wide-ranging intangible assets include diverse human resources, technology and IP, management knowledge in areas such as business portfolio management and M&A, our brand, and digital foundations, and they continue to accumulate through our day-to-day business activities.

For details, see Use of Intangible Assets, pp. 41–59

Example **Deployment of M&A expertise**

Beginning with the acquisition of ZOLL in 2012, we have built a strong track record and accumulated sophisticated expertise on M&A. This expertise has also been applied in the Homes sector, which had primarily focused on the Japanese market, and is now being leveraged in our North American and Australian businesses.

For details, see M&A Management, pp. 27–31

Example **Creating technological synergies**

Starting with the regenerated fibers business, we applied our membrane and separation technologies in areas including the LIB separator business. We also established the virus removal filter business.

For details, see R&D and IP Strategy, p. 48

Robust financial foundations

We maintain robust financial foundations supported by stable earnings from a diverse portfolio of businesses with different industry cycles. In particular, the Homes sector, which has strong brand recognition in Japan with asset-light operation, generates consistently high cash flow that underpins the Asahi Kasei Group's financial foundations.

For details, see Value Creation Model, p. 20

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Outcome

Two mutually reinforcing aspects of sustainability (1)

Asahi Kasei pursues two mutually reinforcing aspects of sustainability: sustainable growth of corporate value and contributing to a sustainable society. As a result of advancing business portfolio transformation toward this goal, the foundation for enhancing corporate value is steadily changing. Asahi Kasei has changed from a company whose earnings were driven primarily by the Material sector, including fibers and chemicals, to one with a well-balanced earnings composition, supported first by growth in the Homes sector and, more recently, by expansion in the Healthcare sector. As a result, the earnings structure is shifting to one in which capital efficiency, as measured by ROE and ROIC, is less susceptible to fluctuations in petrochemical market conditions and capable of achieving more stable and sustainable improvements in capital efficiency.

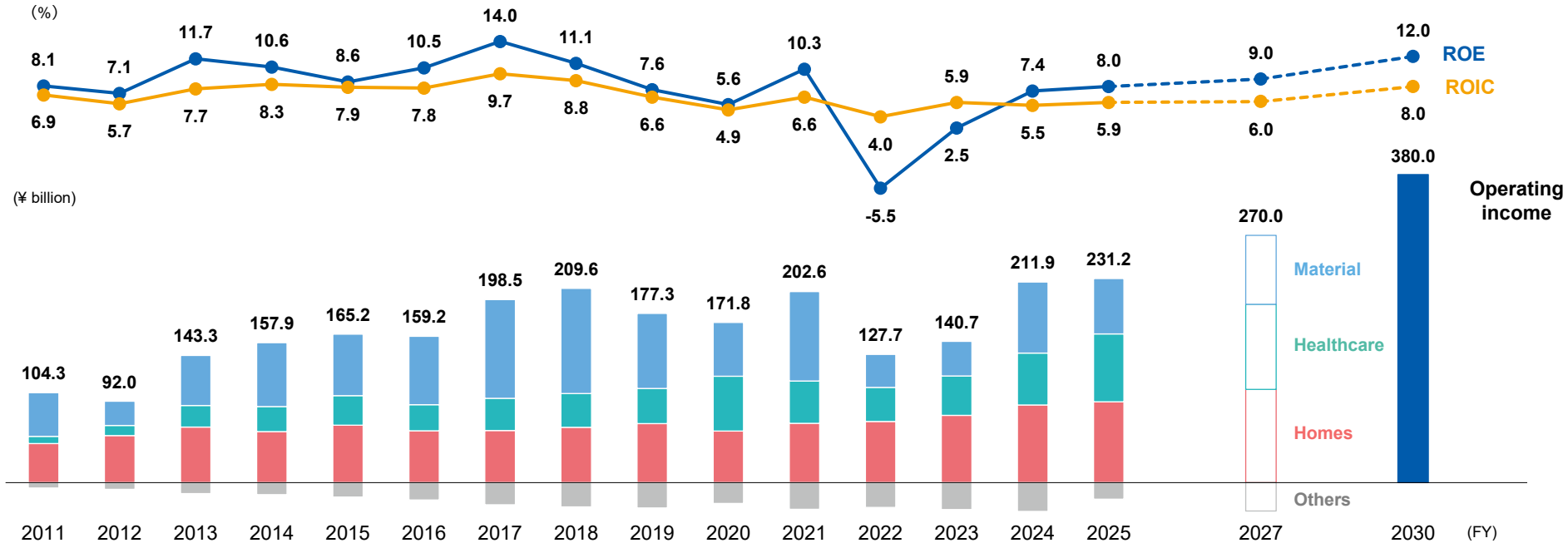
Operating income and capital efficiency

FY2011–FY2025 average ROE: 7.8% ROIC: 6.8%

Achieved high levels of capital efficiency through the Material sector steadily capturing growth in demand amid global economic expansion and the Healthcare sector achieving growth driven by factors including the acquisition of ZOLL

Capital efficiency remained low due to a deterioration in the business environment for the Material sector amid factors including U.S.-China decoupling

Capital efficiency improved through the growth of First Priority businesses in the Healthcare and Material sectors



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Outcome

Two mutually reinforcing aspects of sustainability (2)

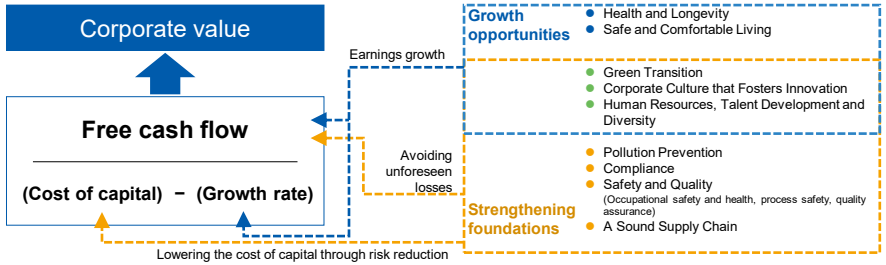
Materiality, or priority issues for sustainability, represents the key matters to be addressed in realizing two mutually reinforcing aspects of sustainability. In fiscal 2025, Asahi Kasei reviewed its materiality in light of changes in the business environment and its business portfolio, as well as rising societal expectations regarding sustainability. The new materiality issues, the approach to them, and the process used to identify them, are introduced below.

(For the indicators, targets, progress, and other details for each materiality, please refer to p. 75.)

	Materiality (Priority issues for sustainability)	Classification of significance: Financial effects	Classification of significance: Impact on society	Related SDGs
Living in health and comfort	**Health and Longevity**	Opportunities	Positive impact	3
Living in health and comfort	**Safe and Comfortable Living**	Opportunities	Positive impact	9, 11
Harmony with the natural environment	**Green Transition**	Opportunities Risks	Positive impact Negative impact	6, 7, 12, 13, 14, 15, 17
Harmony with the natural environment	**Pollution Prevention**	Risks	Negative impact	
Fundamental initiatives	**Corporate Culture that Fosters Innovation**	Opportunities	Positive impact	9
Fundamental initiatives	**Human Resources, Talent Development and Diversity**	Opportunities	Positive impact	5, 8
Fundamental initiatives	**Compliance**	Risks	Negative impact	16
Fundamental initiatives	**Safety and Quality** (Occupational safety and health, process safety, quality assurance)	Risks	Negative impact	12
Fundamental initiatives	**A Sound Supply Chain**	—[1]	Negative impact	12

Enhancing corporate value through materiality initiatives

The new materiality framework comprises items related to business growth opportunities that contribute to generating free cash flow over the medium to long term and increasing business growth rates, as well as items related to strengthening the business foundation that contribute to reducing the cost of capital and avoiding unforeseen losses. We will enhance corporate value by advancing materiality initiatives under appropriate governance.



Materiality identification process

1 Identification of potential sustainability issues
Based on Asahi Kasei's corporate philosophy, medium-term management plan, and the status of each business, the secretariat (Sustainability Strategy Planning Department and Corporate Strategy) referred to international standards such as ESRS[2] and SASB[3] Standards to identify 179 items consisting of sustainability-related opportunities and risks that could affect the company's corporate value (financial impact), as well as potential impacts of the company's businesses on the environment and society (Impacts, Risks, and Opportunities: IROs).

2 Assessment of significance
Criteria were established for assessing the significance of IROs from the perspectives of the degree of impact on the company's businesses and society, likelihood of occurrence, and other factors. Based on the established assessment criteria, 48 highly significant IROs were identified, taking into account the characteristics and value chains of each business.

3 Evaluation of appropriateness and organization of items
The 48 identified IROs were evaluated by cross-checking them against the SASB Standards' industry topics and disclosure metrics, as well as the company's existing materiality items. The validity of the assessment results was evaluated based on advice from external experts and discussions with relevant internal departments. Similar items were then consolidated and organized into nine materiality items (34 IROs).

4 Discussion and approval by the Management Council, Board of Directors, and other bodies
The nine material issues and related matters were discussed at Management Council and Board of Directors meetings (three times each in fiscal 2025) and by the Sustainability Committee, and were finalized by the Board of Directors in March 2026. Indicators and targets continue to be reviewed.

[1] Items for which opportunities, risks, and impacts on society were considered in the materiality assessment, but which did not exceed the materiality threshold established in the assessment criteria. [2] European Sustainability Reporting Standards. [3] Sustainability Accounting Standards Board. Based on our business portfolio, we selected six industries under the SASB Standards as relevant for reference: Biotechnology & Pharmaceuticals, Medical Equipment & Supplies, Chemicals, Home Builders, Construction Materials, and Real Estate Services. These industries account for 90% of the operating income projected under the MTP.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
11 Message from the CEO
16 How We Create Value
21 Materiality
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times −
	23	Business Portfolio Transformation
	27	M&A Management
	29	Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

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

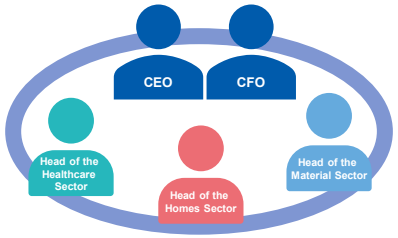
	Healthcare	Homes	Material
First Priority ● Gaining income from past investments ● Continuing aggressive investment, including inorganic growth	Pharmaceuticals Critical Care	Overseas Homes	Electronics
Growth Potential ● Growth drivers of future business ● Promoting alliance strategies from a competitive 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.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources +
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4
73 Ability to continue contributing to sustainability +
Requirement 5
84 Strong and effective corporate governance +
Requirement 6
107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

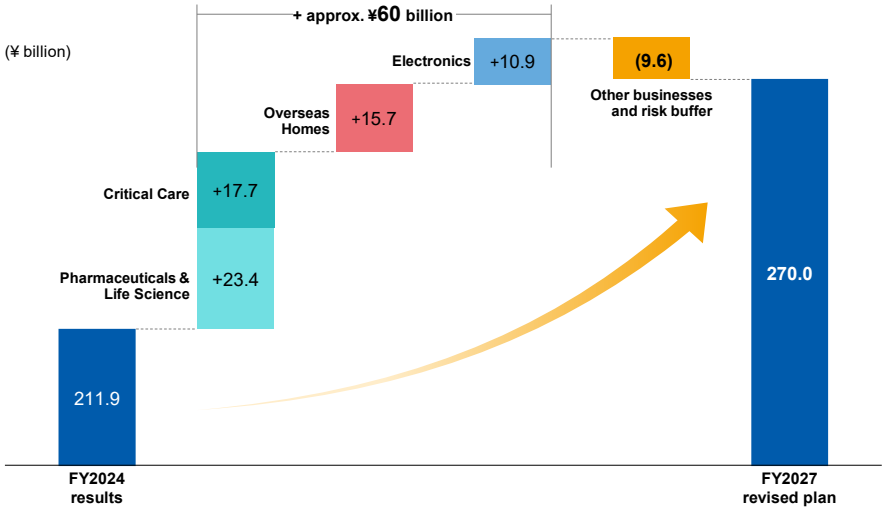
Steady progress in business portfolio transformation

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

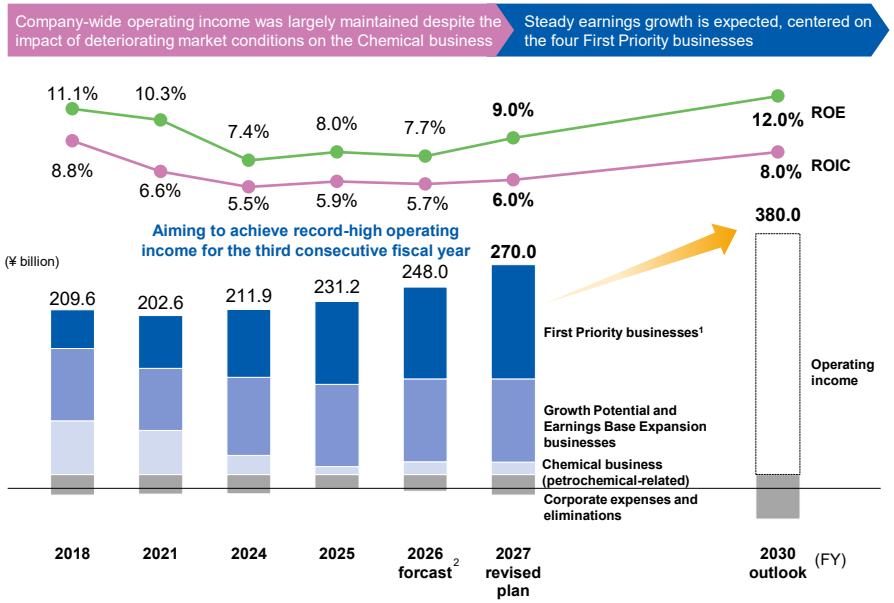


- **Electronics**: Against a backdrop of expanding AI-related demand, we are increasing production capacity and pursuing strategies to enhance the added value of products, primarily in the electronic materials business. In an industry where keeping pace with rapid technological innovation is essential,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

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +

Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business

Requirement 2
32 Appropriate allocation of resources +

Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +

Requirement 4
73 Ability to continue contributing to sustainability +

Requirement 5
84 Strong and effective corporate governance +

Requirement 6
107 Firm relationships with diverse stakeholders +

112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure

Closing
Group Management Standards for Enhancing Corporate Value

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)

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources +
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4
73 Ability to continue contributing to sustainability +
Requirement 5
84 Strong and effective corporate governance +
Requirement 6
107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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

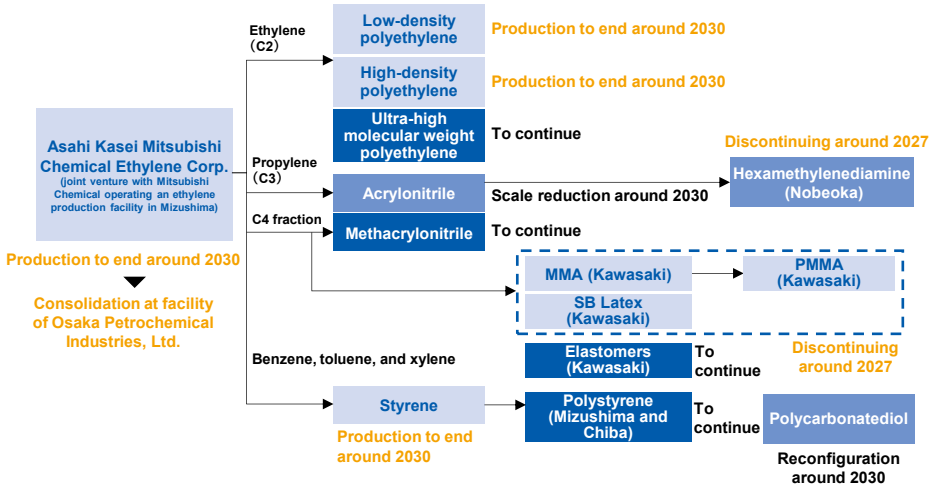
By consolidating ethylene production facilities and reconfiguring derivatives operations, we will streamline excess capacity, contribute to higher capacity utilization across Japan, and stabilize earnings. In particular, given the limits to optimizing ethylene production facilities under the current 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.

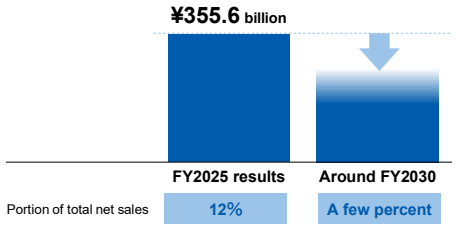
At the same time, implementing such structural transformation entails challenges such as fulfilling our supply responsibilities, supporting customers in transitioning to alternatives, and addressing costs related to withdrawal and workforce optimization. To address these challenges, we provided for a 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.



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +

Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business

Requirement 2
32 Appropriate allocation of resources +

Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +

Requirement 4
73 Ability to continue contributing to sustainability +

Requirement 5
84 Strong and effective corporate governance +

Requirement 6
107 Firm relationships with diverse stakeholders +

112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure

Closing
Group Management Standards for Enhancing Corporate Value

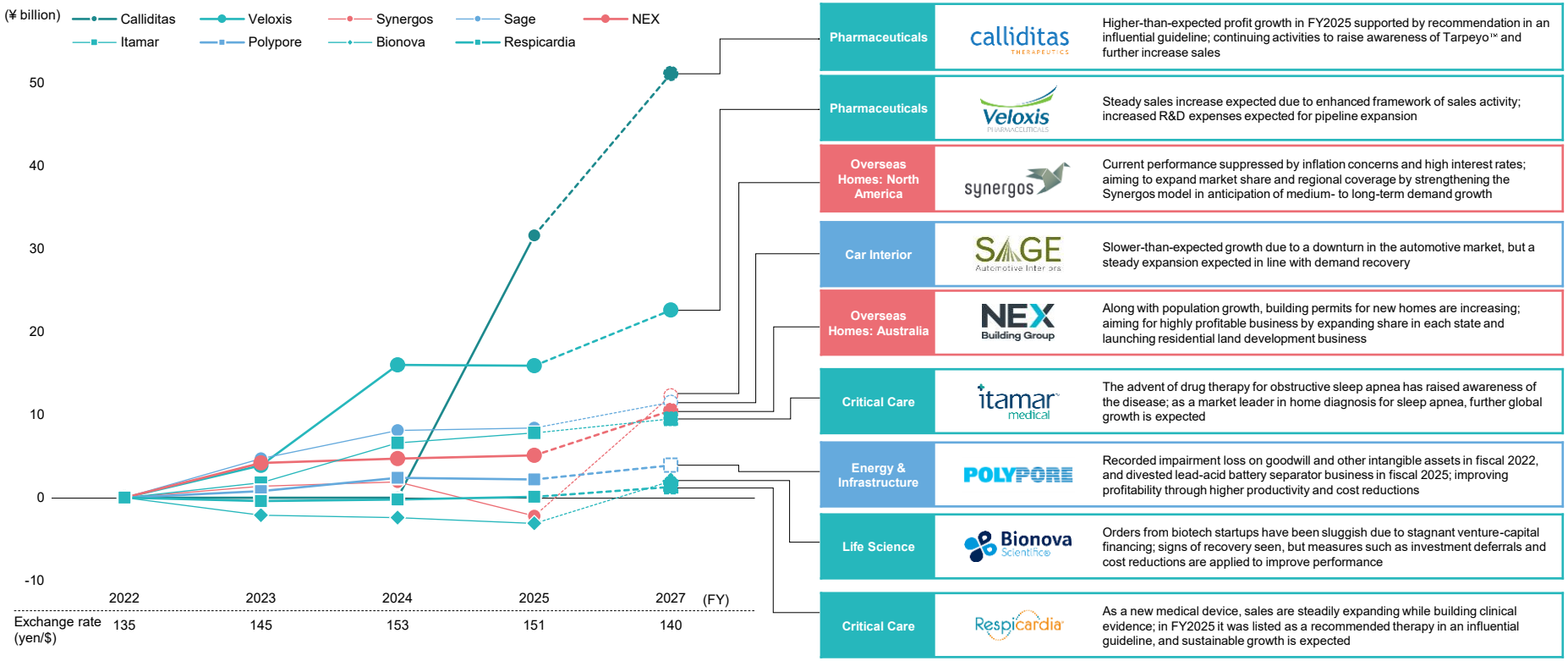
Business expansion through Asahi Kasei's distinctive approach to M&A

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

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4
73 Ability to continue contributing to sustainability
Requirement 5
84 Strong and effective corporate governance
Requirement 6
107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources +
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4
73 Ability to continue contributing to sustainability +
Requirement 5
84 Strong and effective corporate governance +
Requirement 6
107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4
73 Ability to continue contributing to sustainability
Requirement 5
84 Strong and effective corporate governance
Requirement 6
107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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



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



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2
32 Appropriate allocation of resources +
Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4
73 Ability to continue contributing to sustainability +
Requirement 5
84 Strong and effective corporate governance +
Requirement 6
107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

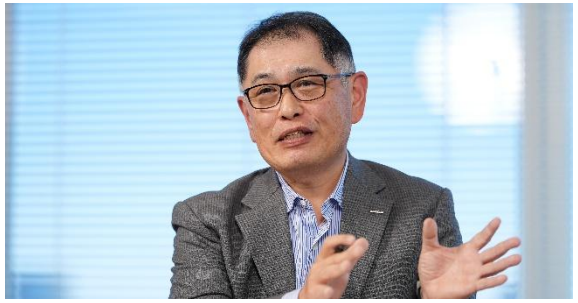
Special Feature Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business

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.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times −
23 Business Portfolio Transformation
27 M&A Management
29 Special Feature: Asahi Kasei's M&A capability leveraged in its Pharmaceuticals business
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Requirement 2

Appropriate allocation of resources

Asahi Kasei's initiatives

Leveraging our solid financial foundation, we are actively investing in growth and providing stable shareholder returns while maintaining a strong commitment to financial discipline.

We will further strengthen balance sheet management to sustainably generate returns commensurate with the cost of capital.



Homes sector

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources −
	33	Message from the CFO
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

Unique business portfolio management to achieve growth and efficiency

Optimal resource allocation is essential to sustainably enhance the corporate value of Asahi Kasei, with its unique business portfolio. I will fully describe my views on capital allocation and balance sheet management, two topics that have attracted considerable interest from investors.



Toshiyasu Horie

Representative Director,
Primary Executive Officer

Review of fiscal 2025

Q How do you perceive the increase in your share price over the past year?

We believe that the improvement in our share price observed since around the middle of fiscal 2025 reflects the capital market's gradually growing recognition of the results of our business portfolio transformation, which we have pursued through both structural transformation and growth investments. Nevertheless, we do not yet feel that we have achieved our target level of corporate value. To sustainably achieve capital efficiency exceeding the cost of capital, we must further enhance the composition of our balance sheet and transform our business portfolio into one capable of generating sufficient returns on invested capital.

Share price since fiscal 2025



* TOPIX rebased to Asahi Kasei's share price as of April 1, 2025

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources –
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Vision for 2030

How do you want Asahi Kasei to be perceived toward 2030?

Since its founding, Asahi Kasei has expanded its businesses by sincerely addressing the world's challenges and providing the value needed by the world in each era. We currently operate in the three sectors of Healthcare, Homes, and Material, but we do not necessarily need to remain confined to this framework. We must identify what the world needs and what value Asahi Kasei can provide, and then grow businesses befitting of capital investment. This is the fundamental premise underlying our business portfolio transformation toward 2030.

We aim to be a company that continues to achieve sustainable growth while creating new value for the world. To achieve this, we must continually transform our business portfolio in response to the world's changes and allocate capital in a balanced manner to businesses with high growth potential and capital efficiency. Through the steady transformation of our business portfolio driven by the combination of growth investments and structural transformation since the previous MTP, our business and earnings composition has changed significantly from its former petrochemicals-centered structure. We would like investors to view Asahi Kasei not as a diversified chemical manufacturer as in the past, but as a company that contributes to the world in growth areas through a diverse range of businesses. We are determined to steadily demonstrate the results of our business portfolio transformation and improvements in capital efficiency so that we earn such recognition.

What level of corporate value do you aim for by 2030?

The first step toward reaching our target level of corporate value is to eliminate the conglomerate discount. Based on a comprehensive assessment of various simulations, we believe that our current corporate value, namely our market capitalization, may be discounted by approximately 30% to 50% relative to the aggregate value of our businesses. We surmise that this is because companies with multiple businesses tend to be less favored by investors due in part to the difficulty of understanding them, and because the capital markets undervalue each of our businesses themselves.

For the capital markets to appropriately recognize the value of our business portfolio, each business must first achieve growth and deliver results that exceed the benchmarks for its respective industry. In addition, particularly with regard to the Healthcare sector, as many of the analysts who cover Asahi Kasei focus on the chemicals sector, we need to provide more detailed explanations of the value of the Pharmaceuticals, Life Science, and Critical Care businesses, each of which has different growth and profitability characteristics. By demonstrating a track record of growth and enhancing communication, we will do our utmost to ensure that capital markets appropriately recognize the value of our entire business portfolio.

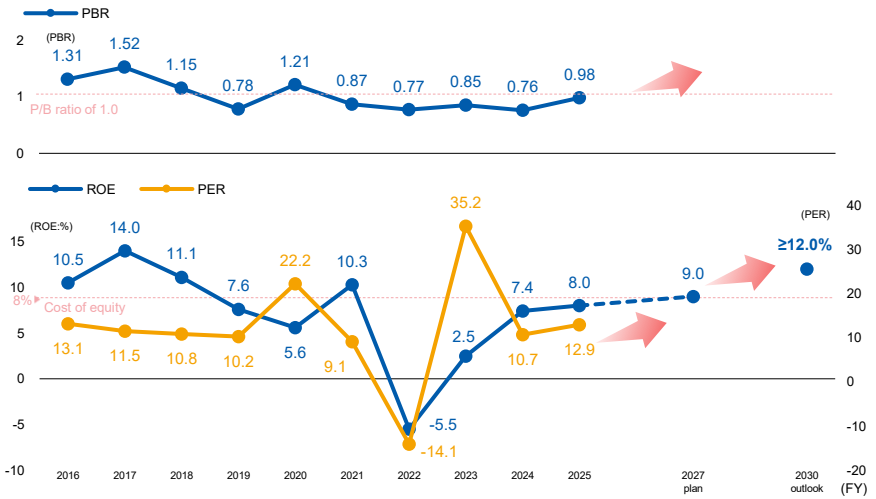
What kind of balance sheet are you aiming for by 2030?

Transforming the balance sheet is the essence of business portfolio transformation. Which businesses should we allocate capital to, which assets should drive growth, and where should we generate stable cash flow? The answers to such questions are reflected in the content of our balance sheet.

To realize our vision of being a company that continues to grow sustainably while creating new value for the world, we need a balance sheet comprising assets that drive group-wide income growth, assets representing upfront investments to develop businesses that will contribute to future growth, and assets that continuously generate cash to support a solid financial foundation. Under our current business classifications, these correspond respectively to the First Priority, Growth Potential, and Earnings Base Expansion businesses.

However, our current balance sheet still includes assets that require invested capital but do not generate sufficient returns commensurate with the cost of capital. It is important to reduce the burden of such assets on the balance sheet by advancing structural transformation in the businesses that hold them. As of fiscal 2025, approximately 10% of our total balance sheet is attributable to businesses requiring structural transformation. I believe that the growth rate of the company as a whole will change significantly if we can reduce this proportion as much as possible and reallocate the corresponding resources to First Priority and other businesses. Looking toward 2030, the First Priority and Growth Potential businesses will play a more central role, supported by the Earnings Base Expansion businesses. This is the balance sheet structure we aim to achieve.

PBR, ROE, and PER*



* PBR and PER are based on fiscal year-end closing prices

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources –
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Balance sheet management (investment management)

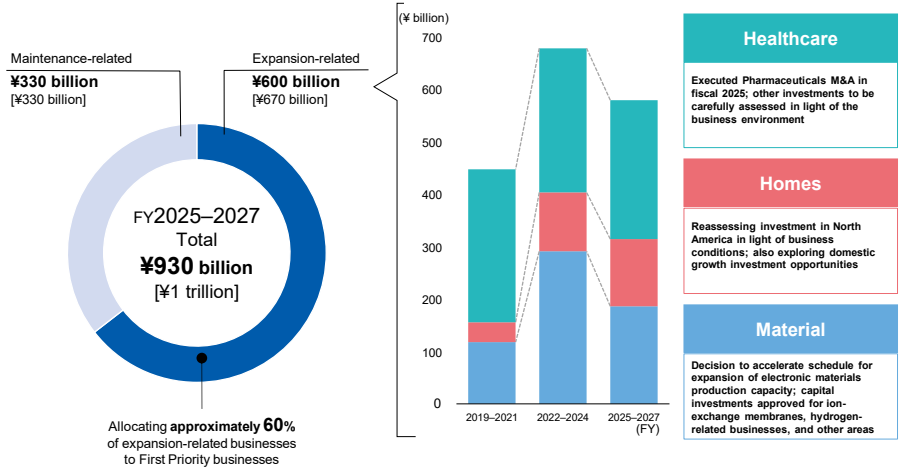
Q What is the background to your investment plan under the current MTP, and what do you emphasize in investment management?

Under the current MTP, we are transforming our business portfolio through both structural transformation and growth investments. This is also a transitional phase toward achieving our vision for 2030. The investments planned under the current MTP are necessary to shift the balance sheet toward an asset composition that enables more stable growth. Even so, such investments will not lead to enhanced corporate value unless we maintain rigorous investment discipline and generate returns commensurate with invested capital.

Under the current MTP, we changed the metric for shareholder returns from the conventional dividend payout ratio to DOE (dividends on equity). This reflects our commitment to providing stable and sustainable returns on the capital entrusted to us by our shareholders, rather than focusing solely on the level of profit in individual fiscal years. We have a responsibility to utilize equity efficiently to enhance corporate value without eroding the capital that supports future shareholder returns. While maintaining the necessary level of financial soundness and avoiding excessive capital accumulation, we will seek to sustainably improve ROE by enhancing profitability and optimizing our capital structure.

When making investment decisions, we set hurdle rates based on the cost of capital (WACC), taking into account the characteristics and risks of each business, and rigorously assess investment returns. In particular, we conduct more careful examinations of large-scale M&A proposals and businesses requiring substantial invested capital, considering the extent of their potential impact on corporate value and the magnitude of the associated risks. Even businesses with high profit margins have a responsibility to achieve an adequate level of capital efficiency if they require substantial invested capital. In addition to rigorous screening when making investment decisions, we continuously monitor investments after execution to determine whether they are generating the initially anticipated returns, thereby increasing the certainty of generating returns from investments while mitigating the risk of capital erosion.

Total value of investments based on decisions during the current MTP



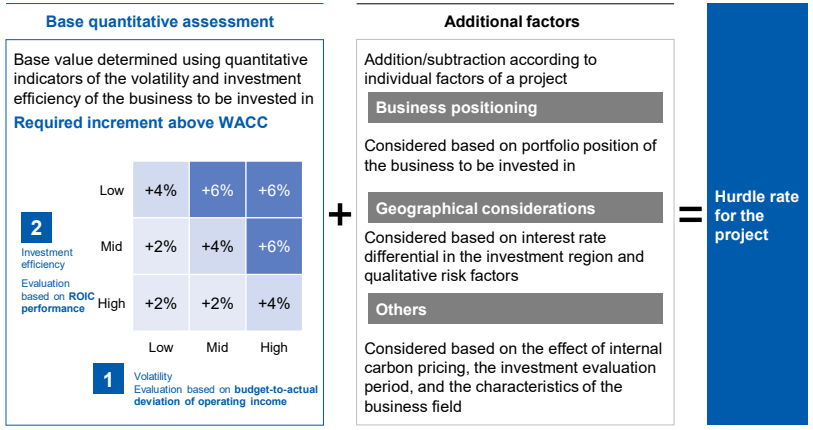
Note: Figures in brackets indicate the initial plan under the current MTP

Application of hurdle rates to support investment discipline

When pursuing growth investments, we thoroughly examine whether they are aligned with our business strategies and whether they can generate sufficient returns to warrant the investment. One of the criteria used in this assessment is the application of hurdle rates. One example is the acquisition of Aicuris in the Pharmaceuticals business, announced in February 2026. We set a hurdle rate in advance that would satisfy our investment return requirements and proceeded with our assessment after clearly establishing the maximum acceptable investment amount. We approached the transaction on the premise that we would forgo the investment if it exceeded this limit, regardless of its strategic significance. As a result, we were able to execute the acquisition while maintaining investment discipline.

Hurdle rates are applied not only to large-scale investments such as M&A but also as common criteria for comprehensively assessing strategic fit, growth potential, risk, and capital efficiency from the initial stages of investment consideration in each business sector. Projects that are not expected to generate sufficient returns may be reconsidered before reaching the formal investment proposal stage. Going forward, we will continue to steadily execute growth investments while pursuing both greater investment discipline and improved capital efficiency through our investment management framework, including hurdle rates.

Approach to setting hurdle rates



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources –
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

How do you utilize ROIC in management?

There are two main ways in which we utilize ROIC. The first is to translate it into improvement initiatives at the business site level. How each employee contributes to improving ROIC varies according to their role. Initiatives such as reducing inventories, improving yields, increasing productivity, and raising capacity utilization all contribute to greater capital efficiency, albeit in different ways. I believe that operational improvements undertaken with an awareness of ROIC are becoming firmly instilled throughout the company.

The second is utilization at the management level. To strengthen the balance sheet and promote the transformation of the business portfolio, we need to reallocate capital from businesses with limited scope for improving capital efficiency to those with high capital efficiency or promising future growth prospects. We use ROIC as a criterion in making such decisions. That said, we do not assess all businesses using the same yardstick. Businesses in the growing Healthcare sector, for example, are not be evaluated solely on the basis of short-term ROIC. The priority is to enhance their profitability and growth potential. Improvement of profitability indicators such as the EBITDA margin will lead to higher ROIC in the future. Meanwhile, for businesses that are mature but whose ROIC remains below the cost of capital, we must consider measures from a range of perspectives. Depending on the circumstances, we will consider such measures as forming alliances, divestiture, or closure.

The key to ROIC management is not simply pursuing numerical targets. By proceeding with both operational improvements and reviewing capital allocation at the management level, we will raise group-wide ROIC toward 2030.

Financial targets and outlook for improving ROIC in each business category

		Business field	Strategic positioning	Operating income (¥ billion)			ROIC		Approach to the FY2027 ROIC target
				FY2025	FY2027 revised plan	Difference	FY2025	FY2027 revised plan	
Healthcare	Pharmaceuticals	• Pharmaceuticals (autoimmune disease, severe infection, transplantation, kidney disease, etc.)	First Priority	47.3	50.0	+2.7	6%	6%	• ROIC is currently on par with the cost of capital due to the execution of growth investments, primarily M&A in Pharmaceuticals; as the business is in a growth phase, we place priority on profit growth rather than short-term ROIC • We thoroughly pursue profitability improvements by expanding sales of core products and realizing the benefits of investments
	Life Science	• Virus removal filters for pharmaceutical manufacturing processes • Biologics CDMO	Growth Potential						
	Critical Care	• Wearable defibrillators • Professional defibrillators, AEDs • Sleep apnea-related devices	First Priority	36.1	55.0	+18.9	7%	13%	• We will improve ROIC through the steady growth of new defibrillator products and LifeVest™ • Profit growth from sleep apnea diagnostic and therapeutic devices and other products will also contribute
Homes	Domestic Homes	• Order-built homes (unit homes, apartment buildings) • Real estate development (condominiums) • Remodeling • Rental management and real estate brokerage • Construction materials (autoclaved aerated concrete [AAC] panels and thermal insulation)	Real estate development Growth Potential Order-built, remodeling, etc. Earnings Base Expansion	92.4	87.0	-5.4	40%	27%	• Although ROIC will decline due to investments in real estate development as a driver of future growth, it will remain at a high level, supported by highly profitable, asset-light businesses centered on order-built homes
	Overseas Homes	• North American Homes • Australian Homes	First Priority	7.4	28.0	+20.6	3%	9%	• We aim for ROIC above the cost of capital by steadily restoring the North American business to growth as demand recovers and improving the profitability of the Australian business
Material	Electronics	• Electronic materials • Electronic components	First Priority	28.2	33.0	+4.8	18%	17%	• We continue to maintain a high level of ROIC by expanding production capacity to meet robust demand related to AI and leading-edge semiconductors while achieving profit growth
	Car Interior	• Car interior materials (artificial suede and synthetic leather)	Earnings Base Expansion	9.1	12.0	+2.9	4%	5%	• We are improving ROIC, which is currently slightly below the cost of capital, through steady profit growth and enhanced profitability
	Energy & Infrastructure	• Lithium-ion battery (LIB) separators • Ion-exchange membrane process for chlor-alkali electrolysis • Hydrogen production system	Growth Potential	0.5	1.0	+0.5	0%	0%	• As performance remains weak due to changes in the separator business environment, we will pursue profit maximization through strategic review • As upfront investments are being made to generate profit contributions from 2030 onward, we will steadily execute business strategies to achieve growth while carefully assessing market trends
	Comfort Life	• Fibers • Consumables • Pharmaceuticals and food additives	Earnings Base Expansion	17.2	21.0	+3.8	6%	6%	• Although ROIC is currently on par with the cost of capital, we will promote initiatives to improve ROIC by leveraging the distinctive strengths of each niche business
	Chemical	• Performance chemical (resin-related) • Essential chemical (petrochemical-related)	Profitability improvement & business model change	11.3	18.0	+6.7	2%	4%	• Although ROIC remains below the cost of capital, we will steadily promote structural transformation toward 2030 with the aim of establishing a business structure with high profitability and capital efficiency

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Balance sheet management (debt and capital structure)

What is the rationale for a D/E ratio benchmark of 0.7?

Taking into account both equity and debt perspectives, we believe that a D/E ratio of approximately 0.7 is currently appropriate for Asahi Kasei as we move forward with the transformation of our business portfolio toward 2030.

Asahi Kasei aims to build a business portfolio that is resilient to market fluctuations and capable of stable growth. Achieving this requires us to maintain a certain level of financial stability while simultaneously promoting structural transformation and growth investments. Furthermore, to achieve sustainable growth toward 2030 and beyond, we must maintain sufficient capacity to investment so we can respond flexibly to future growth opportunities.

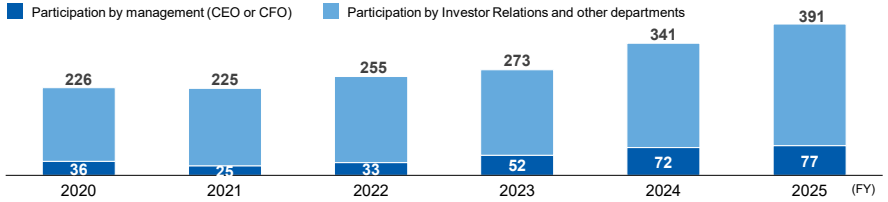
Asahi Kasei is currently progressing toward its vision for 2030. We are advancing structural transformation with an eye toward 2030, including the restructuring of certain derivatives operations at the Mizushima Works announced in May 2026. However, the content of our balance sheet will not be completely transformed during the period of the current MTP. As such, rather than excessively increasing leverage at this stage, it is important to maintain our credit ratings and preserve our ability to raise funds when necessary. We will continue to enhance the quality of our balance sheet and thereby increase corporate value.

How are you working to reduce the cost of capital?

There are three perspectives I consider important in reducing the cost of capital: responding to costs arising from societal demands, engaging in dialogue with capital markets, and strengthening governance.

Our businesses are closely linked to our materiality. We operate businesses that help address issues in the world, including through Environmental Contribution Products, and our strategic direction is aligned with the world's needs. By linking our response to the world's issues with business growth, we will reduce the cost of capital by both expanding medium- to long-term earnings opportunities and mitigating risks.

Number of meetings with investors and securities analysts



It is also important to clearly disclose the progress of our business portfolio transformation and the future we aspire to achieve, while continually enhancing dialogue with shareholders and investors. We will apply the perspectives gained through such dialogue to improve management and disclosure, enhancing the trust of capital markets. For example, we drew on feedback received through dialogue with investors about how to present the impact of the situation in the Middle East on our business performance, and disclosed guidance that clearly described our risk assumptions despite the uncertainty. Having disclosed our position, we were subsequently able to engage in more substantive dialogue with investors.

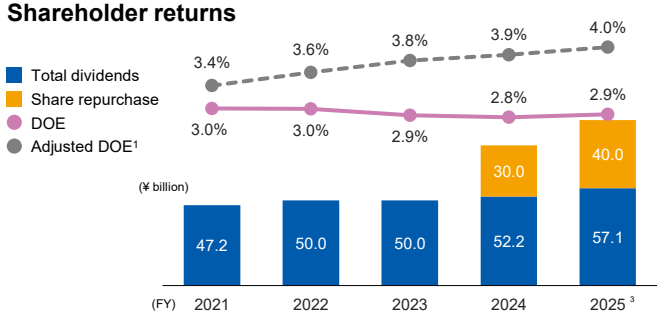
At the same time, as we operate globally, enhancing governance is also an important priority. In particular, as we pursue our growth strategy centered on the United States, we need consistent group-wide governance, taking into account differences between Japan and the United States with regard to systems, cultures, and approaches to management.

Reducing the cost of capital in the true sense requires not only improving financial indicators, but also deepening relationships of trust with capital markets and establishing a framework that enables stable business operations while mitigating unforeseen risks.

What is the concept of your shareholder returns policy?

Under the current MTP, we have adopted DOE as an indicator for shareholder returns. As noted earlier, this is based on our emphasis on accountability for the capital entrusted to us by our shareholders. To achieve stable and sustainable shareholder returns, we must efficiently utilize the underlying capital to generate earnings without eroding it. Based on this approach, we seek to enhance our profitability and sustainably improve ROE.

Shareholder returns



Dividends per share (¥)	34	36	36	**38**	**42**
Dividend payout ratio	29.1%	-	113.9%	**38.8%**	**35.9%**
Net worth	1,687.4	1,660.3	1,813.4	**1,859.4**	**2,088.5**
Shareholders' equity[2]	1,459.4	1,317.5	1,311.9	**1,366.8**	**1,468.3**

[1] Adjusted DOE (dividends on equity) = total dividends ÷ shareholders' equity
[2] Shareholders' equity = net worth − accumulated other comprehensive income
[3] Share repurchase of ¥40.0 billion is the maximum amount decided on November 5, 2025, not the actual amount repurchased

Shareholder returns policy

1 Determining level of shareholder returns based on medium-term outlook for free cash flow

2 Aiming for medium- to long-term progressive dividends with DOE of 3% as a benchmark

3 Share repurchase is decided by comprehensively considering optimal capital structure, investment projects, cash flow, and share price conditions

Annual TSR
(total shareholder returns)

FY2023	FY2024	**FY2025**
124%	97%	**148%**

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources −
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

As our DOE is currently slightly below the benchmark of 3%, we are enhancing shareholder returns through progressive dividends in order to reach that level as soon as we can. We will also flexibly repurchase shares depending on the circumstances.

Share repurchases are one effective means of improving ROE. However, this alone will not be sufficient to raise ROE to an adequate level. We still have assets requiring structural transformation on the balance sheet, which weighs on profitability. For improved ROE, in addition to shareholder returns, we are accelerating the review of our business portfolio based on ROIC in order to replace existing assets with more capital-efficient assets.

Capital allocation

What do you emphasize in capital allocation?

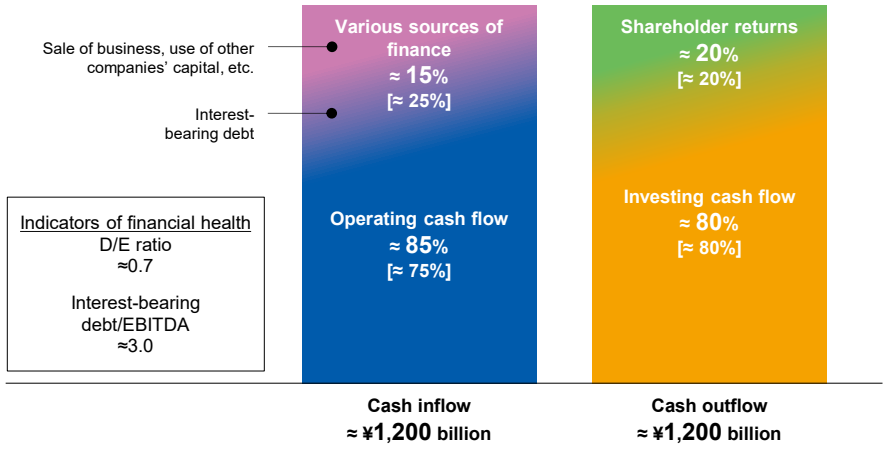
In capital allocation, we emphasize the balance between investments for growth and shareholder returns. While we are maintaining total cash outflows of approximately ¥1.2 trillion as initially planned under the current MTP, operating cash flow is exceeding the initial forecast due to strong profit growth, and our reliance on interest-bearing debt is expected to be lower than initially projected. We are also steadily pursuing business divestitures, utilizing other companies' capital, and leveraging various financial incentives to support both structural transformation and growth investments.

Our approach to investment and shareholder returns is to first allocate funds to growth investments, maintenance investments, and dividend payments guided by DOE, and then to flexibly repurchase shares as appropriate. We are currently in the midst of our transformation toward 2030, and there may be periods when our capital base temporarily expands. Nevertheless, we will continue working to raise ROE with profit growth that outpaces such expansion, primarily in our First Priority businesses. I consider strengthening our earnings capacity by achieving growth to be the most fundamental way to improve ROE.

Also, given that our transformation is still in progress, there will be times when we need to send an appropriate message to the capital markets. Our capital allocation policy thus reserves some capacity for share repurchases, allowing us to perform them flexibly at appropriate times.

We will continue to advance growth investments, structural transformation, and shareholder returns in an integrated manner to enhance corporate value and improve capital efficiency.

Capital allocation policy under the current MTP (FY2025–2027 total)



Note: Figures in brackets indicate the initial plan under the current MTP.

What decision-making criteria are needed for capital allocation across your diverse businesses?

Formerly, we sometimes considered capital allocation separately for each of the sectors of Healthcare, Homes, and Material. Now, rather than taking a sector-by-sector approach, we take a group-wide perspective focused on optimizing the company as a whole and determining the best way to enhance corporate value.

For me, the starting point when considering capital allocation is whether a business enables us to leverage the strengths that are unique to Asahi Kasei. I assess whether we forge a path to success for the business by maximizing the use of intangible assets, including technology, and building distinctive business models. For example, amid significant changes in the business environment, ROIC in the petrochemical business deteriorated substantially due to factors including declining profitability caused by worsening market conditions and the heavy burden of maintenance investment. This was once a competitive business and a pillar of the Asahi Kasei Group's earnings, and it is also a business to which I feel a strong personal attachment, having been involved in it for many years. However, we cannot continue investing capital in a business where it has become difficult to generate returns exceeding the cost of capital. Based on this judgment, we are now accelerating structural transformation.

On that basis, we will adjust the level of capital invested according to each business's position. We intend to allocate more capital to businesses positioned as First Priority or Growth Potential as they will contribute to future growth and enhanced corporate value. Investment in the Material sector may appear relatively restrained, but these decisions are not made on a sector basis. Rather, this reflects the priorities we have determined for the company as a whole, taking into account the business environment, growth potential, profitability, and capital efficiency.

My mission is to continue allocating capital to optimize the company as a whole, rather than optimizing individual sectors or businesses. We will steadily evolve our business portfolio toward one comprising businesses with greater growth potential and higher capital efficiency.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources –
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Toward further enhancing corporate value

What's next to further enhance corporate value?

We will continue to steadily advance five initiatives: accelerating business portfolio transformation, enhancing profitability, enhancing investment management, optimizing capital policy, and reducing the cost of capital.

The most important challenge is accelerating business portfolio transformation. To achieve our targeted balance sheet structure, we must continue our structural transformation. The structural transformation we are pursuing under the current MTP is not our final destination. We will reassess the significance of businesses that are unable to generate returns commensurate with the cost of capital, and consider a range of options as necessary, while asking ourselves whether we can continue to be their best owner. At the same time, we need to identify businesses with strong growth potential and profitability and concentrate capital in those businesses. Simply continuing to invest in our existing businesses and assets will not naturally lead us to the position we aim to achieve by 2030. It is important to identify the true drivers of growth within each business and cultivate business clusters capable of generating greater added value and capital efficiency.

Enhancing profitability is also essential. In addition to fundamental initiatives such as cost reductions, we will fully leverage the intangible assets we have accumulated since our founding to advance business portfolio transformation, create new businesses, and enhance the agility and profitability of existing businesses, thereby increasing returns on invested capital.

My role as CFO is to work together with President Kudo to address these challenges in order to further enhance our corporate value.

Five initiatives to enhance corporate value

Accelerating business portfolio transformation	Gain solid returns from investments in First Priority businesses while accelerating structural transformation of low capital efficiency businesses in the Material sector with ROIC persistently below WACC
Enhancing profitability	In addition to appropriate price increases, decreased sales of general-purpose products, and cost reductions through procurement process reform, advancing measures to optimize organizational functions
Enhancing investment management	Strengthen the management of hurdle rates and other factors to enhance investment decisions on growth investments; thoroughly monitor and follow-up on investments
Optimizing capital policy	Strengthen shareholder returns from the perspective of appropriate capital levels, and continuously reduce strategic shareholdings (reduced the number of holdings by some 70% and their value by over ¥180 billion during the past five years)
Reducing the cost of capital	Disclosure of strategies for acquisitions, large-scale investments, etc., and initiatives to strengthen management foundations, as well as ongoing enrichment of dialogue with investors

Special incentive program for employee stock ownership

Although not included among the five measures for enhancing corporate value, in fiscal 2026 we introduced a performance-linked special incentive program for the employee stockholding association. We expect this will further increase employees' sense of participation in enhancing corporate value and strengthening their engagement over the medium to long term. Through employee ownership of Asahi Kasei shares, this program is intended to heighten awareness among both management and employees of the importance of enhancing corporate value, while also supporting employees in building their personal assets. Asahi Kasei is a company that continuously transforms its business portfolio in response to changing times. Employees at the front lines contribute to raising profitability and capital efficiency through daily efforts for improvement, while management is responsible for decisions to transform the business portfolio. As such, management has a particularly serious responsibility to enhance corporate value. Steady progress in business portfolio transformation will enhance corporate value, and the resulting gains will in turn lead to employees building their personal assets. The program is intended to foster such a virtuous cycle.

A final word to our shareholders and investors

What I would like to convey to our shareholders and investors is that we are implementing the current MTP with a firm commitment to further accelerating the transformation of our business portfolio toward 2030, and thereby steadily enhancing corporate value. We will also steadily increase shareholder returns in line with the results achieved. We are still in the midst of this transformation and have not yet demonstrated sufficient improvement in capital efficiency. However, by steadily implementing measures in line with the approach outlined in this message, we will enhance capital efficiency as quickly as possible by improving the quality of the balance sheet and enhancing profitability. We will first ensure the achievement of our current MTP target of 9.0% ROE in fiscal 2027, while also aiming to achieve our target of 12.0% ROE in 2030 as far ahead of schedule as possible. Asahi Kasei is now undergoing a major transformation. We will clearly demonstrate the progress and results of this transformation to our shareholders and investors, and we hope you will look forward to our future growth.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources –
33 Message from the CFO
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Requirement 3

Ability to continuously innovate by leveraging diverse intangible assets

Asahi Kasei's initiatives

We have advanced value creation across businesses and sectors by leveraging the diverse intangible assets unique to Asahi Kasei, including human resources, technologies, and management knowledge.

Going forward, we will leverage the Asahi Kasei ecosystem to create even more innovative products, services, and business models.



Material sector

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets −
	41	Use of Intangible Assets
	42	HR Strategy
	47	R&D and IP Strategy
	55	Production Technology Strategy
	57	Digital and AI Strategy
	60	Sector Strategies
	61	Messages from the Sector Presidents
	63	Healthcare Sector Strategy
	66	Homes Sector Strategy
	69	Material Sector Strategy
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing
		Group Management Standards for Enhancing Corporate Value

Mechanisms for creating value through Asahi Kasei's ecosystem

Asahi Kasei's ability to share and leverage intangible assets such as human resources, technologies, and management knowledge across sectors and businesses is a distinctive competitive strength.
What should be the form of corporate functions responsible for human resources, R&D, intellectual property, production technology, and digital strategy in order to create value that the individual businesses could not generate on their own? Various issues based on awareness of this issue are described.



HR Strategy

p. 42

- Renewing the HR system to strengthen a culture of taking on challenges
- Management support and leader development to draw out the strengths of individuals and teams
- Developing management human resources globally and fostering group-wide cohesion



Production Technology Strategy

p. 55

- Applying production technology to utilize core technologies across sectors
- Early application of physical AI in manufacturing processes
- Creation of smart laboratories to accelerate R&D



R&D and IP Strategy

p. 47

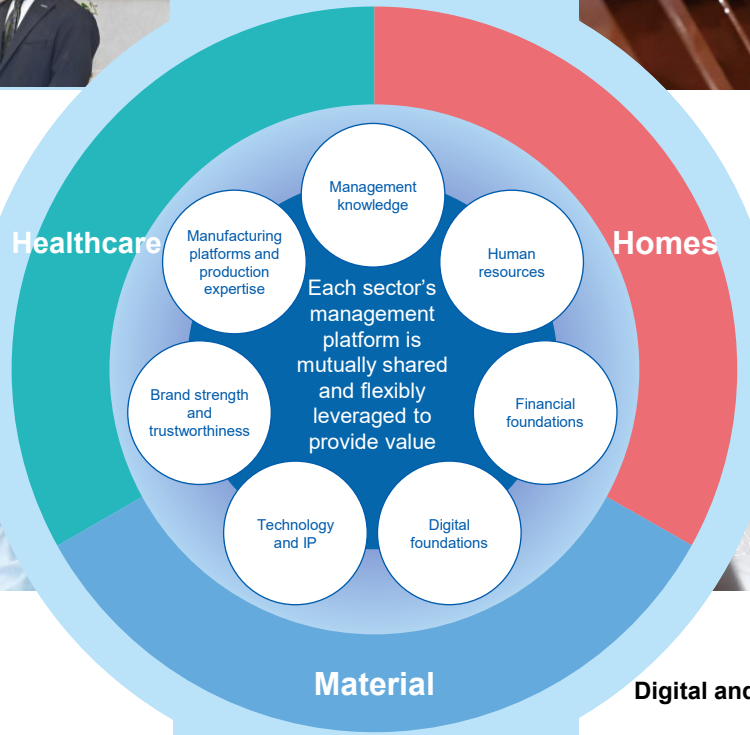
- Leveraging core technologies to create new innovations
- Enhancement of R&D leveraging AI to increase the speed of development and commercialization
- Strengthening of business models that generate value from intangible assets, and gaining earnings though licensing



Digital and AI Strategy

p. 57

- Establishment of an environment enabling the use of AI and data across sectors and businesses (developing ST-Hub, a dedicated AI platform for the Asahi Kasei Group)
- Incorporating the utilization of data and AI into operational sites
- Development of digital human resources



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value



Human resources strategy behind the character of Asahi Kasei

Satoshi Nishikawa
Senior Executive Officer
Executive Officer for Human Resources

What constitutes the strength that is the source of Asahi Kasei's competitiveness?

The strength of our people is rooted in the values and culture shared across our diverse businesses and job functions. This culture is characterized by such qualities as thinking and acting independently, joining forces with colleagues to confront difficulties, and recognizing that every business has passionate stories woven by our predecessors as well as its own unsung heroes. Another distinctive strength of Asahi Kasei's people is that, while each individual possesses a high degree of expertise and takes pride in their business, when they transfer across business boundaries, they adapt to their new environment and open a fresh chapter in their career story.

This culture is like a secret sauce that has been handed down through the generations over many years. It has been created and enriched through the accumulation of actions motivated by the desire to make Asahi Kasei better. At a time when business portfolio transformation and growth investments are proceeding in parallel, I see numerous related parties at every business site engaging sincerely with both the business and its members, earnestly considering and discussing how to connect their strengths to Asahi Kasei's future, and taking bold action. Each time I witness this, I am reminded that therein lies the essence of Asahi Kasei's strength.

What is the essence of Asahi Kasei's human resources strategy?

Although the secret sauce has fostered people with certain qualities, as society and the business environment change, and employees' values and views of their careers become increasingly diverse, it is important not to simply let it evolve on its own, but also to refine it deliberately. This, in turn, is deeply connected to our human resources strategy. I believe the essence of our human resources strategy lies in the interaction between medium- to long-term efforts to transform our culture and strengthen our foundations and strategic measures that address the short- to medium-term challenges of individual businesses, This ultimately enhances the sustainability of both the company as a whole and each of its businesses. In some cases, the proactive establishment of a basic structure comes first, and this facilitates the agile execution of strategic measures. In others, aligning cultural transformation with strategic measures gives it greater relevance and credibility. Although both ultimately seek to achieve the same goal, they differ in terms of pace and the sequence in which they are undertaken. In an organization such as ours, where people on the front lines demonstrate a strong sense of initiative, this discrepancy often becomes particularly pronounced. Rather than avoiding it, however, we deliberately bring the opposing views together and work through them. By repeating this process, our unique secret sauce will continue to evolve.

What's next for the evolution of Asahi Kasei's ecosystem?

To transform our corporate culture and strengthen our foundations, we have pursued a variety of initiatives, including promoting career ownership, reforming management, and advancing diversity. While formulating the previous MTP, we identified lifelong growth and co-creativity as common themes. To further accelerate this effort, in fiscal 2025 we transitioned to a new HR system designed to encourage employees to take on challenges. These initiatives are intended to ignite the inherent desire of every employee to take on challenges and engage in co-creation, enabling them to lead more fulfilling professional lives. However, some degree of anxiety and uncertainty is unavoidable during the transition, and rather than turning a blind eye to these concerns, we are addressing them carefully while aligning everyone around the future we seek, with the aim of creating an environment that generates genuine value.

Another fundamental initiative is to establish a framework for strengthening our global human resources. With overseas sales accounting for more than half of total sales and overseas markets expected to assume even greater importance as sources of future growth, it is increasingly important to continuously develop management human resources outside Japan and increase their participation in group-wide management. In fiscal 2025, following discussions that included executives outside Japan, we established a set of common rules, the GMS*, aimed at enhancing the corporate value of the Asahi Kasei Group. In fiscal 2026, we are increasing the number of overseas executives participating in group-wide management and fostering a deeper understanding of GMS and more substantive discussions on enhancing overall corporate value based on that understanding.

Going forward, as we continue to evolve Asahi Kasei's distinctive mechanism for value creation on a global scale, we aim to remain a company that takes on challenges through the power of co-creativity generated by its diverse businesses, and an inclusive company that embraces diverse businesses and people.

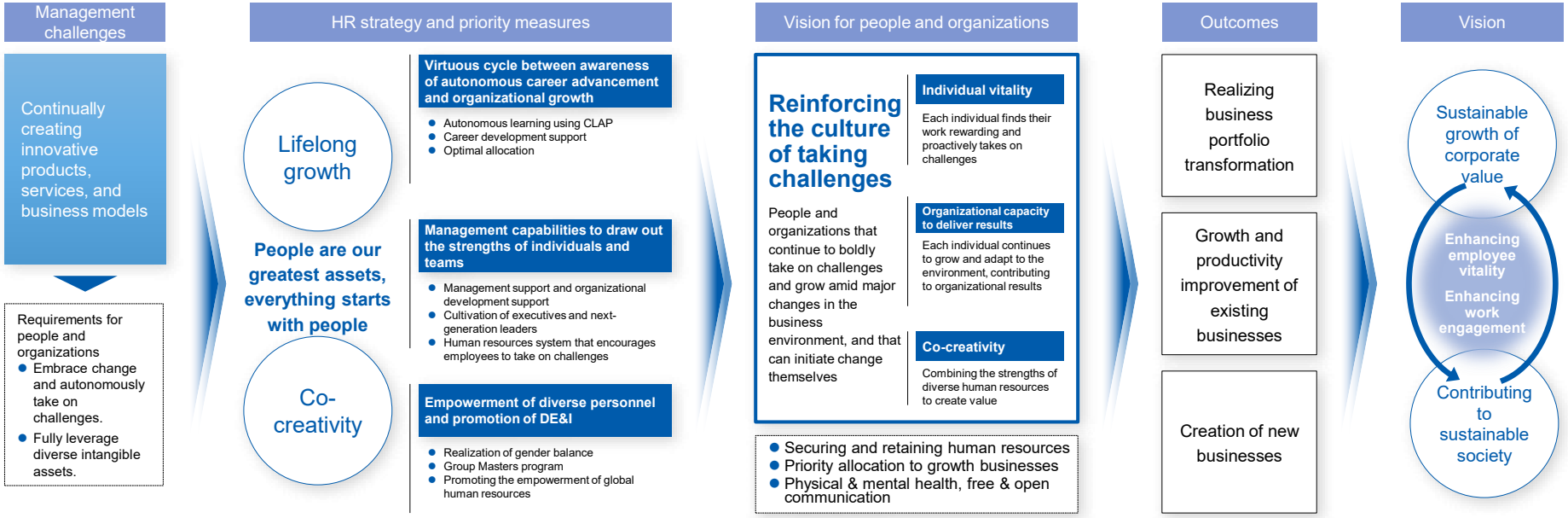
* Group Management Standards (fundamental standards of conduct for enhancing the value of the Asahi Kasei Group. For details, see page 115. ▶)

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

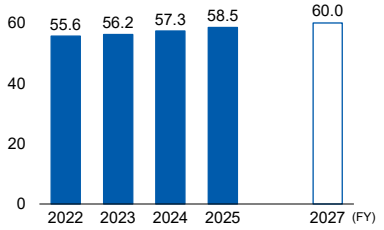
Enhancing corporate value by reinforcing the culture of taking on challenges

For Asahi Kasei, which continues to evolve with the times, human capital management is an important management priority that supports the enhancement of our corporate value. Under the current MTP, our human resources strategy is built on two pillars: "lifelong growth," in which each individual actively seeks personal growth and challenges, and "co-creativity," which leverages diversity to promote collaboration. We are advancing human resources initiatives from three broad perspectives. By developing people and organizations that continue to take on bold challenges and grow even amid changes in the operating environment, we will contribute to our businesses and enhance corporate value.

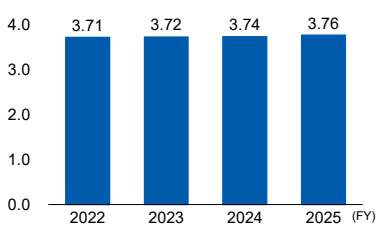


Trends in main KPIs

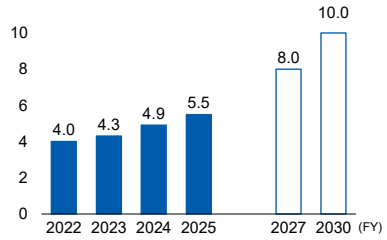
Percentage of employees reporting favorable vitality (%)[1,2,4]
(3.5 or higher on a 5-point scale)



Indicator of actions driving growth[1,2]



Percentage of women in the total number of managers and the Group Masters program[1,3,4]



Related indicators[1]	FY2025 Results
Investment in personnel training	¥255,000/person/year
Group Executive succession preparation rate	285%
Workplace dialogue implementation rate	73.6%
Number of women working as managers	361
Diversity and psychological safety score (in KSA survey)	Diversity: 4.09 Psychological safety: 3.67
Number of personnel transfers across sectors and corporate functions	≈300

[1] Scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Therapeutics, and Asahi Kasei Life Science. [2] Scores from the KSA employee engagement survey. [3] Figures for each fiscal year are as of April 1st of the following fiscal year. [4] Linked to executive compensation. [5] Average training implemented per person in Japan. [6] Percentage of candidates for Group Executive positions who are senior general managers or heads of business units. [7] Rate of implementation of discussions on an organization's issues, aspirations and future initiatives by each organization

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Strategy 1 People and organizations that achieve lifelong growth: Strengthening a culture of challenge through a new personnel system

At Asahi Kasei, taking on challenges does not mean individuals acting independently of one another. It means working together with colleagues to discover one's role, grow, and contribute to the organization. We will promote HR policies that foster the growth of organizations through individual challenges, creating a virtuous cycle. We are also strengthening support for organizational leaders to maximize the capabilities of highly motivated personnel who embrace challenges.

Introduction of a new HR system in fiscal 2025: Promoting young talent based on merit and enabling senior employees to continue thriving

Fair + Open

In response to the rapidly changing business environment, we transitioned to a new HR system in fiscal 2025 to encourage each employee to take on challenges and foster a culture of taking challenges throughout the organization. The new system embraces "Fair," signifying a new form of fairness, and "Open," reflecting our aim to foster an open organizational culture in which employees support one another in taking on challenges. The system features an evaluation and compensation framework that emphasizes current performance, contributions, and challenges undertaken, rather than past achievements, and steady progress is being made in appointing younger employees to managerial positions. The issue going forward is how to achieve behavioral change among individual employees by firmly instilling the new system throughout the organization. We are strengthening support for managers, who play a key role in this effort, to help them consistently set a clear direction, support employees in taking on challenges, and provide high-quality feedback. Through these practices, managers can take on challenges and grow alongside team members with diverse values while fostering an organizational culture with a high level of psychological safety. We also held workshops in each business sector on utilizing the system, working to promote a shared understanding of its aims and the expected approach to management. In addition, we have introduced 360-degree feedback to encourage managers to engage in self-reflection and change their behavior, thereby further strengthening the culture of taking on challenges envisioned under the new HR system.

Connecting individual growth to organizational growth

We conduct KSA, an annual engagement survey assessing employee empowerment and growth for all employees. The aim is to enhance individual and organizational vitality and encourage behaviors that support taking on challenges and achieving growth. This survey measures three indicators: supervisor-subordinate relationships and workplace environments, vitality, and actions driving growth. The results are provided as feedback to line managers. In particular, we monitor the indicator for behaviors that lead to growth and the percentage of employees reporting favorable levels of vitality as KPIs, using the results to assess conditions by workplace and age group and improve talent development initiatives.

We also continue to promote workplace dialogue, through which each organization discusses its challenges, desired state, and future initiatives. We assess the state of workplace relationships and provide each manager with feedback on the results, and in fiscal 2025, we also began an initiative to present specific actions based on the assessment results. As the business environment continues to change, including through the transformation of our business portfolio, maintaining and enhancing employee vitality is a key priority. We will therefore strengthen support tailored to the circumstances of each organization and promote initiatives that link the growth of each individual to organizational growth.

Developing management human resources across business sectors by leveraging Asahi Kasei's ecosystem

Our Next-Generation Management Human Resource Development Program is designed to develop management human resources capable of leading the Asahi Kasei Group from the perspective of overall optimization. The program is intended for Group Executive[1] candidates selected from each business through assessments and dialogue with senior management. Launched in fiscal 2017, the program has continued to evolve each year. In fiscal 2025, we introduced a framework under which executives themselves mentor candidates and contribute to the development of human resources in areas beyond their own responsibilities. Learning from mentors in different areas enables candidates to develop multifaceted perspectives and make more sophisticated management decisions. Furthermore, through opportunities to gain experience across businesses and sectors, we seek to broaden their perspectives and develop an outlook encompassing the entire Asahi Kasei Group, while enhancing their leadership capabilities through diverse experiences. The ability to provide such development opportunities across business sectors could be considered to be a distinctive feature of management human resource development at Asahi Kasei. Going forward, our challenge is to appoint diverse human resources, including younger employees and women, to senior management positions, thereby enhancing the quality of decision-making and creating new value.

[1] Group Executives are appointed from among Executive Officers by resolution of the Board of Directors of Asahi Kasei. Group Executives have the responsibility and authority to enhance the corporate value of the entire Asahi Kasei Group.

Management Human Resource Development Program



KPI Group Executive succession preparation rate
260% in fiscal 2023 ⇒ 280% in fiscal 2024 ⇒ 285% in fiscal 2025

Developing personnel who seek independent growth and challenges: supporting young employees

We are developing learning communities as forums where young personnel can learn proactively and expand their networks. The community activity where new employees learn alongside peers launched in fiscal 2023, has helped alleviate career-related concerns among young employees and foster connections across the regions where they are assigned. Going forward, we plan to expand it into an initiative that also engages more experienced young employees. Since fiscal 2025, we have strengthened onboarding by taking an integrated approach spanning recruitment through development after employees join the company. In addition to communicating workplace expectations before they join, we support their early success through training conducted in collaboration with local communities and other initiatives. This initiative was selected for the Grand Prize in the Human Resources Recruitment and Development Transformation category of the Large Enterprise Division at the Career Ownership Management Award 2026.

2026 Career Ownership Management Award 最優秀賞 (人材採用・育成の変革部門)

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Strategy 2 Harnessing the abilities of diverse personnel to enhance our co-creativity

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, ability, and experience, 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.

Bringing out the strengths of diverse human resources by achieving gender balance

For Asahi Kasei, with its diverse businesses and human resources, DE&I is a foundation for creating corporate value. DE&I goes beyond legal compliance and securing human resources. Incorporating diverse perspectives into decision-making enhances the quality and speed of decisions and serves as a source of competitiveness that drives innovation. As the social environment changes and businesses become increasingly sophisticated, maximizing the value of Asahi Kasei's ecosystem requires greater diversity among decision-makers and the establishment of a workplace culture in which everyone can fulfill their potential.

We regard achieving gender balance as a key pillar of our DE&I initiatives and have strengthened efforts to promote women to leadership positions and encourage men to take childcare leave. In recent years, both the percentage of eligible male employees taking childcare leave and the number of days taken have increased substantially, reflecting steady progress in fostering a supportive workplace culture.

Meanwhile, although we have strengthened development measures for the promotion of women, their appointment to decision-making positions has not progressed sufficiently and remains an issue. We are therefore working to continuously build a pipeline of female talent through initiatives such as female leadership development programs, mentoring programs, and career training for women. In addition, each business sector and operating company formulates personnel plans for individual employees, helping to clarify development needs, provide opportunities to gain experience, and ensure appropriate assignments. Furthermore, we have designated the percentage of women in leadership positions (managers and Group Masters) as a KPI, and since fiscal 2022 have linked the level of achievement to executive compensation to enhance the effectiveness of our initiatives.

Promoting understanding of diversity

To promote DE&I, we are working to develop inclusive leadership and foster an inclusive organizational culture. Understanding and appropriately managing unconscious bias are essential for managers to harness the capabilities of diverse human resources and translate them into organizational strength. We are therefore strengthening initiatives to enhance psychological safety in the workplace. We also use KSA to continuously monitor the level of understanding of diversity and the extent to which psychological safety has taken root in the workplace.

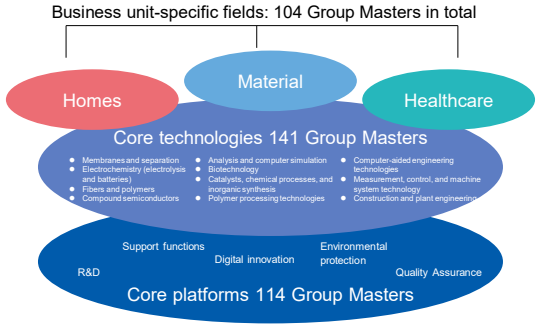
KSA diversity and psychological safety score (out of 5)

	FY2022	FY2023	FY2024	**FY2025**
Diversity	4.00	4.01	4.05	**4.09**
Psychological safety	3.60	3.61	3.65	**3.67**

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

Through the Group Masters system, which nurtures highly specialized personnel whose expertise is recognized both within and outside the company, we aim to create new businesses and strengthen existing businesses. The fields of specialization in which Group Master positions are established are reviewed annually in light of changes in business strategy, ensuring close alignment between business strategies and human resource development policies. Having a wealth of specialized personnel within the company who can be contacted at any time offers a variety of advantages in areas such as new customer development and business creation, and represents one of the most compelling aspects of Asahi Kasei's ecosystem.

Group Masters fields



Total 359

Developing global management personnel and fostering group-wide cohesion

In light of the increasing proportion of overseas sales and the expansion of our businesses, particularly in North America, we regard the development of management personnel capable of leading businesses globally and the advancement of human resource management at overseas locations as important management priorities. In particular, subsidiaries that have joined the Asahi Kasei Group through M&A each have their own well-established brands and corporate cultures. While respecting these distinctive characteristics, it is an urgent priority to foster a sense of unity and identity as the Asahi Kasei Group and to instill the A-Spirit throughout the organization. We identify issues based on the business strategies and market characteristics of each region, with Corporate Human Resources and regional human resources teams working together to address them.

In North America in particular, amid continued growth investments, including M&A, we recognize the establishment of governance for local management, the alignment of senior management with group-wide policies and values, and the systematic development of next-generation management personnel as priority issues, and are working earnestly to address them. Through development programs for candidates for future management and functional leadership roles, we provide opportunities to build networks across different businesses and entities, and to participate in group-wide management.

In fiscal 2025, we implemented initiatives to facilitate interaction between them and next-generation management personnel in Japan, held regular meetings among senior management in North America and corporate executives, and promoted the sharing of group-wide issues to foster mutual understanding.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Fostering mutual understanding and trust through dialogue to support global management

Deepening connections through the Team AK Meeting



Along with growth in overseas sales, the proportion of non-Japanese employees has risen to some 40% of Asahi Kasei Group personnel. One endeavor to maintain alignment in global management is the Team AK Meeting held since fiscal 2019. The meeting provides a forum for leaders of North American operations and senior management from Japan to engage in direct dialogue to deepen mutual understanding and strengthen relationships of trust.

The fiscal 2025 meeting was held in Michigan, home to Asahi Kasei America's headquarters, with approximately 70 participants. Leaders from the Healthcare, Homes, and Material sectors gathered together to engage in discussions that transcended businesses and national boundaries. Next-generation leadership candidates from each sector also played leading roles in the dialogue, contributing to lively discussions on the Asahi Kasei Group's strengths and challenges, as well as approaches to further value creation.

By learning from one another and combining their diverse strengths, we will continue to carry forward the Asahi Kasei Group's unique ability to create value for future generations.

Mutual Understanding and Trust Fostered Through Team AK Meeting Create Value from Diversity



Richard A. Packer
Vice-Presidential Executive Officer, Corporate Initiatives, Asahi Kasei Corp.
President, Asahi Kasei America, Inc.

One of the Asahi Kasei Group's greatest strengths is the diversity of its people. Across Healthcare, Homes, and Material, individuals with different cultures, experiences, and areas of expertise contribute to the success of our businesses. We need to make sure these differences do not become barriers, but instead serve as a source of new value creation.

In North America, I have seen insights from the Homes sector applied to Corporate Venture Capital (CVC) activities in the Material sector. Learning and collaboration across business sectors and functions create new ideas, fresh perspectives, and opportunities for growth.

Realizing the full potential of this diversity requires more than simply having talented people from different backgrounds. It requires building trust that extends beyond national borders, organizational structures, and business sectors. The Team AK Meeting provides an important opportunity to foster this mutual understanding and trust.

"One AK" does not mean everyone thinks or operates the same way. It means sharing a common purpose while leveraging the unique strengths of each individual, business, and culture. By connecting diversity with trust, we can strengthen the Asahi Kasei Group's sustainable growth and competitiveness, while creating new value for future generations.

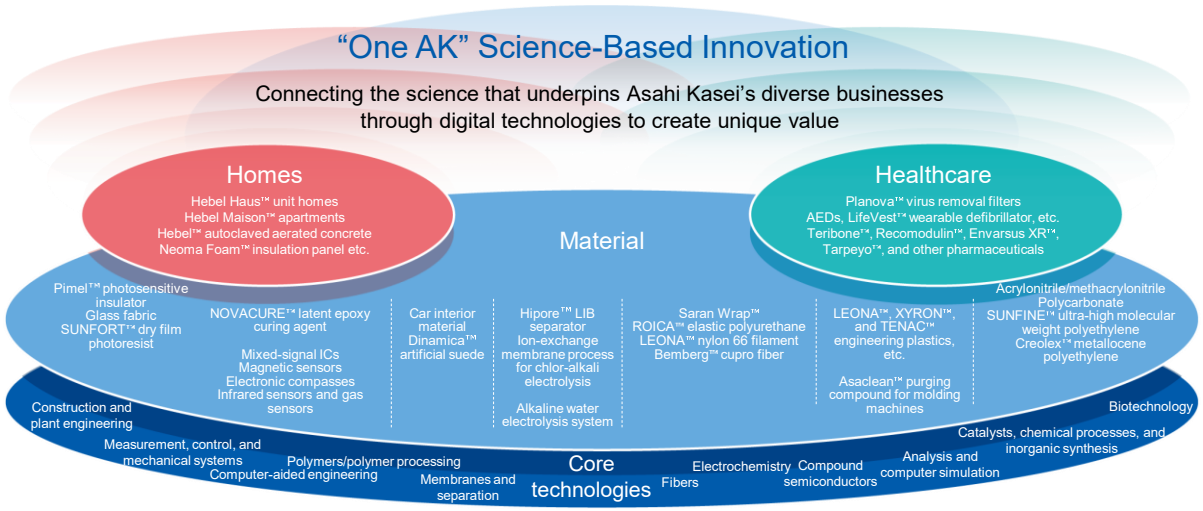
Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 — 32 Appropriate allocation of resources +
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 — 73 Ability to continue contributing to sustainability +
Requirement 5 — 84 Strong and effective corporate governance +
Requirement 6 — 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value



What Asahi Kasei's R&D can do for an uncertain future

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



What is Asahi Kasei's distinctive approach to R&D?

Asahi Kasei operates businesses across three distinct sectors: Healthcare, Homes, and Material. Each sector has its own R&D organization and pursues advanced research and development in its respective fields. Asahi Kasei also creates new value by combining technologies and expertise across sectors.

Since its founding, Asahi Kasei has actively embraced outstanding fundamental technologies, integrating them with its own proprietary technologies to bring them into practical use in society. Underpinning this is our ability to use science, which is the foundation of technology, as a common language as we extend its application across sectors. Among the technologies supporting businesses created through this process, we define those that particularly differentiate us from other companies as core technologies, and we deliberately work to refine them.

Connecting diverse technologies through science, developing core technologies from those connections, and leveraging them to create new businesses. This is what characterizes Asahi Kasei's distinctive approach to R&D.

R&D for the future

Beginning in fiscal 2025, Asahi Kasei's R&D leaders from each sector have been meeting four times a year to exchange information, identify technologies that can be mutually leveraged, and apply them to their respective R&D activities. For fiscal 2026, we are considering using this forum to identify the challenges faced by each business, share them across Asahi Kasei, and create opportunities to exchange ideas for cross-sector solutions. We have also clarified the role of our corporate research organization, which is not directly affiliated with any particular business, in pursuing group-wide synergies and creating distinctive added value unique to Asahi Kasei. It focuses on research subjects that connect different sectors, as well as subjects that are difficult for individual businesses to pursue due to the associated risks or the timing of practical implementation. We are using rapidly evolving generative AI to accelerate the exploration of new research subjects and the sharing and utilization of internal knowledge.

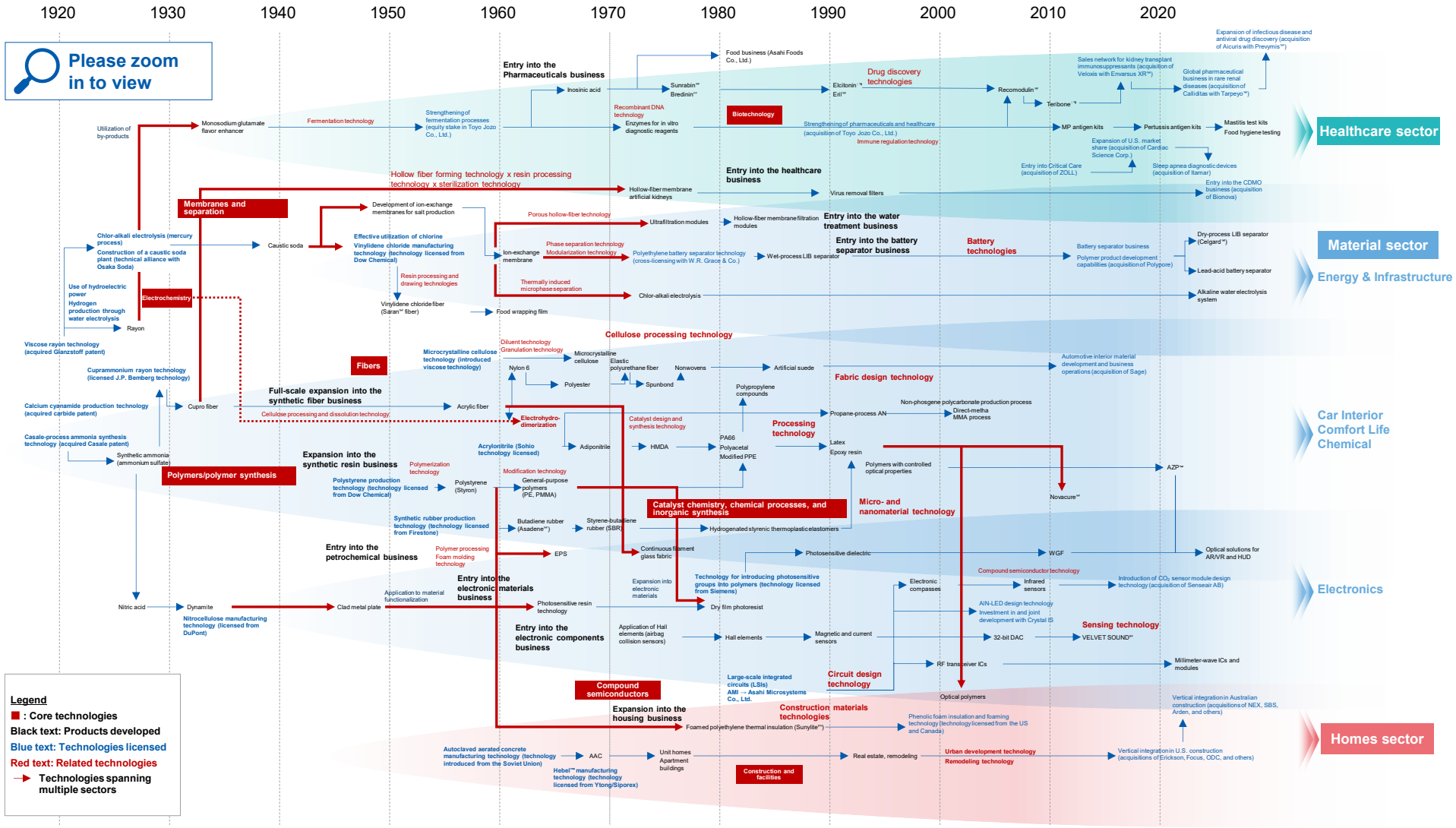
These initiatives are significantly expanding the potential for new businesses spanning all three sectors.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Lineage of technology in the current business portfolio

Asahi Kasei has transformed its businesses in response to the societal challenges and market changes of each era, while carrying forward and advancing the technologies and expertise that underpin them. What technologies were introduced, and when? Where did the core technologies come from? How were they developed into products and businesses? How have they been passed on, leading to today's growth businesses? This is the background that shaped the current business portfolio.



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Examples of R&D expected to generate innovation

Exceptional innovation from core technologies: FO–MD hybrid membrane system

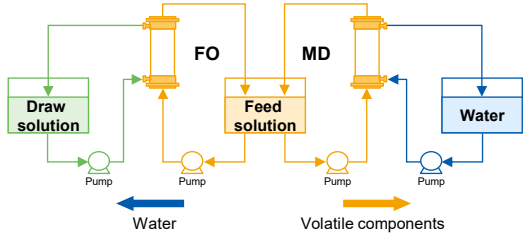
Asahi Kasei has cultivated its core membrane and separation technologies over many years. By refining these technologies to their fullest potential, we have created an unprecedented innovation in pharmaceutical concentration processes. Based on hollow-fiber membranes, this technology integrates two distinct separation principles: forward osmosis (FO) and membrane distillation (MD).

The FO membrane selectively separates only water using a difference in osmotic pressure, while the MD membrane efficiently removes organic solvents using a difference in vapor pressure. By combining these two technologies in a proprietary configuration, we developed a new process that enables concentration without heating or pressurization, while allowing precise control over the balance between water and solvent content. This process also offers significant advantages in reducing energy requirements and simplifying equipment, contributing to the stable production of high-value-added pharmaceuticals that has been difficult to achieve using conventional methods. For example, it shortens freeze-drying time while minimizing heat-induced quality degradation for peptide therapeutics, and it is applicable to organic solvent systems and highly concentrated solutions for nucleic acid therapeutics.

This technology is a prime example of innovation emerging from core technologies, originating in Asahi Kasei's membrane and separation technologies. The company aims to develop it into a next-generation, high-value-added business following the Planova™ virus removal filter.

FO/MD membrane system

Revolutionary FO–MD system for pharmaceutical manufacturing processes



- Concentration at or below room temperature without heating, avoiding damage to peptides and other heat-sensitive pharmaceutical ingredients
- Dramatically shorter freeze-drying times and reduced energy consumption
- Applicable to organic solvent systems and high-concentration conditions in nucleic acid therapeutics

Refining Asahi Kasei's core membrane and separation technologies to accelerate new business development in the Healthcare sector

Two world-leading technologies in AlN substrates for power semiconductors

Together with its U.S. subsidiary Crystal IS, Asahi Kasei is advancing research and development on aluminum nitride (AlN) single-crystal substrates, which are expected to become a key material for next-generation semiconductor devices. Combining high thermal conductivity, excellent breakdown voltage characteristics, and a wide bandgap, AlN is an ultra-wide-bandgap semiconductor material attracting attention as a next-generation substrate with the potential to drive innovation across a broad range of advanced technology fields, including high-frequency wireless communications, aerospace, and power conversion systems.

Leveraging Crystal IS's world-leading AlN crystal growth and substrate processing technologies, Asahi Kasei is working to achieve the practical application of high-quality, large-diameter AlN substrates. Furthermore, through open innovation involving joint research with Nagoya University and other universities in Japan and overseas, Asahi Kasei is also advancing research and development on cutting-edge devices that use AlN substrates. Going beyond materials development, Asahi Kasei is working to create new value in its electronics business by developing device structures and performance-enhancement technologies that take full advantage of AlN's properties.

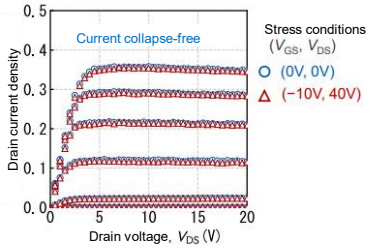
In this way, based on two world-leading AlN technologies, Asahi Kasei is taking on the challenge of creating new value in next-generation semiconductors and contributing to the realization of a sustainable and enriched society.

World-leading Scaling up to 4-inch aluminum nitride wafers



Collaboration with U.S. subsidiary Crystal IS

World-leading Enhanced performance of high-frequency devices



Joint research with Nagoya University

Accelerating the creation of new businesses in Electronics, centered on AlN technology pioneered through two world-leading strengths

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Diverse R&D subjects expanding possibilities for the future

The role and organizational structure of R&D for an uncertain future

Each of Asahi Kasei's three sectors has its own distinctive R&D framework, through which it pursues subjects required for the future development of its businesses and proprietary expertise that provides a competitive advantage.

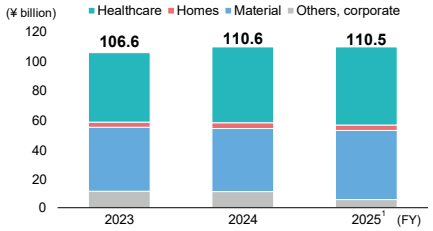
At the same time, we are evolving our organizational structure, including centralizing R&D on medium- to long-term subjects and R&D based on a group-wide perspective within Corporate Research & Development. This will enable us to maximize each sector's strengths, accelerate the creation of new businesses, and sustain the growth of existing businesses.

Asahi Kasei's R&D mission and vision

Mission
Grounded in science, driven by courage, we connect today to a better tomorrow for people and our planet

Vision
To create a world where every person is filled with excitement for the life and lifestyle of tomorrow

R&D expenses



Healthcare

Asahi Kasei Therapeutics

Drug discovery research	Exploring technologies, compounds, and therapeutic concepts with the potential to become new drugs, creating a source of future pipeline assets #Basic Research #Drug Target Discovery #Drug Candidate Creation
Clinical development	Evaluating the efficacy and safety of drug candidates in humans and generating the clinical data required to obtain regulatory approval #Clinical Trials #Efficacy & Safety #Regulatory Approval
Business development	Acquiring products, technologies, and business opportunities that drive growth through external partnerships, in-licensing, acquisitions, etc. #External Partnerships #Drug In-Licensing and M&A

Asahi Kasei Life Science

R&D and Business Development	R&D and business development in the bioprocess field. Strengthening product competitiveness while exploring new technologies, products, and business opportunities #Virus Removal #Biopharmaceutical CDMO #Next-Generation Modalities

ZOLL

R&D departments	Developing new products and technologies, and exploring partnerships, acquisitions, and new business opportunities, primarily in the fields of critical care, cardiovascular care, and sleep medicine #Critical and Cardiovascular Care #Sleep Medicine #Medical Device Innovation

Homes

Asahi Kasei Homes

LONGLIFE R&D Center	Researching new ways of living that reflect changing resident needs and evolving social trends, and seeking to enhance the value of homes and help resolve social issues through lifestyle-related housing solutions #Living with Pets #Senior Lifestyles #Home Security #Two-Generation Homes #Dual-Income Families etc.
Housing R&D Center	Conducting demonstration tests to scientifically verify the safety, durability, and comfort of homes and enhance their long-term value #Seismic and Fire Resistance #Weather Resistance and Durability #Thermal Environment #Acoustics
Condominium Redevelopment R&D Center	Contributing to disaster preparedness and urban revitalization through research and communication that support urban renewal #Condominium Reconstruction #Urban Renewal #Disaster-Resilient Urban Development

Asahi Kasei Construction Materials

Comfortable Space Research Laboratory Thermal Insulation Technology Dept., etc.	Contributing to comfortable living environments and a safe, secure, and sustainable society by integrating proprietary technologies in architecture, civil engineering, and spatial design #Living Environments #Sustainable Materials and Technologies

Material

Asahi Kasei Material Business Research & Development

Energy Solutions Laboratory	R&D and new business creation in electrochemistry, LIB separators, highly conductive electrolytes, and lithium doping #Electrochemistry #Battery Prototyping and Performance Evaluation #Control of Higher-Order Polymer Structures and Physical Properties #Computational Chemistry
Chemistry & Chemical Process Laboratory	Driving the practical application and decarbonization of AI and energy technologies, with catalyst design, process development, precision organic and inorganic synthesis, and advanced analysis as core technologies #Chemical Processes (Reaction and Separation Control) #Catalysts (Nanoparticle and Structural Control) #Organic/Inorganic Synthesis (Precision Synthesis and Particle Control)
Polymer Science & Technology Laboratory	Advancing core polymer chemistry technologies to meet diverse market needs in electronics, resources and energy, and other fields #Polymer Synthesis, Depolymerization, and End-Group Modification #Composite Processing #Fiber Processing #Cellulose Science

Asahi Kasei Microdevices

Business Development Center	Conducting R&D on silicon photonics applying semiconductor thin-film technology, and technology development focused on its integration with AI technology through external co-creation #Silicon Photonics #AI Technology
Product Development Center	Promoting the development of products utilizing sensing technology, with a focus on energy conservation, health, comfort, and related fields #Sensing Technology #Energy Conservation, Health, and Comfort

Corporate

Innovation Strategy Center (#R&D Strategy #Creation of New Businesses #Open Innovation), Advanced Technology Research Laboratories (#Membranes and Separation #Compound Semiconductors #Nanomaterials #Advanced Biotechnology), Platform Lab for Science & Technology (#Analytical Science #Computational Science #Data Science and AI), Digital Value Co-Creation, Corporate Production Technology, CVC (Corporate Venture Capital) Office, TBC Project

[1] Starting in fiscal 2025, certain R&D which had been included in corporate expenses and eliminations is now included in the Material sector.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Intellectual property and intangible assets contributing to corporate value

Three contributions and how we create value leveraging intellectual property and intangible assets

The Asahi Kasei Group leverages intellectual property and intangible assets through three initiatives to enhance corporate value.

●1. Connecting intellectual property to management

Through IP landscaping (IPL) analysis, we support the formulation of management and business strategies and help accelerate business portfolio transformation by enhancing management and business decision-making. (See p. 52 ▶)

●2. Connecting intellectual property to value

We contribute to enhancing profitability by creating opportunities for business co-creation based on the intellectual property and intangible assets generated by the Asahi Kasei Group. (See p. 53 ▶)

●3. Connecting intellectual property to business

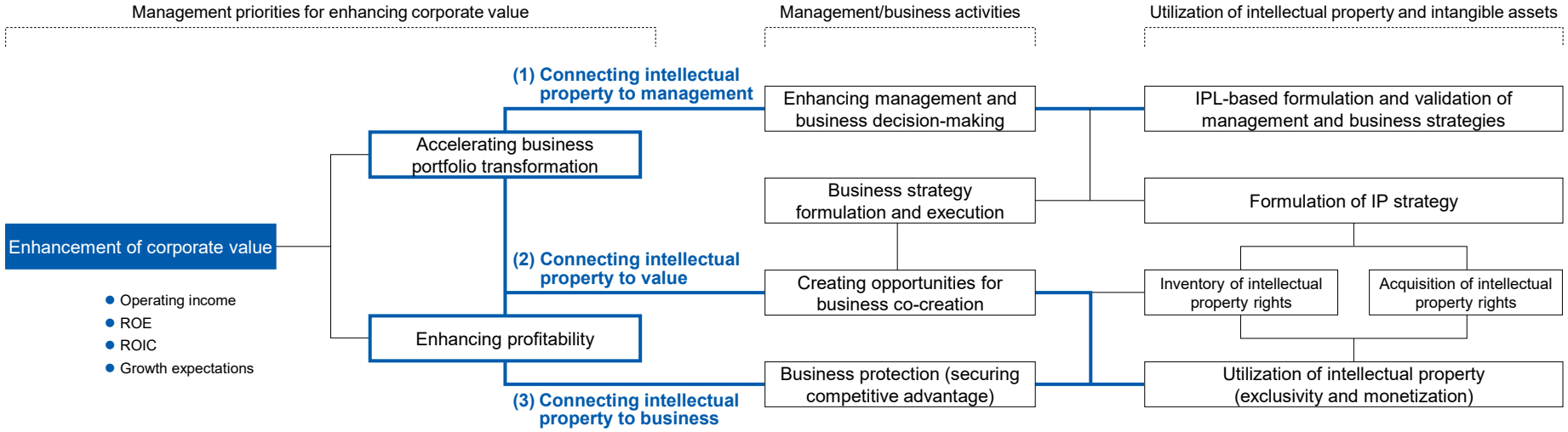
We contribute to enhancing the earnings power of our businesses by formulating IP strategies to realize business strategies, and acquiring and utilizing intellectual property rights to secure competitive advantages. (See p. 54 ▶)

Organizational structure enabling IP expertise from diverse business sectors to be circulated and leveraged across the Group

These three IP and intangible asset initiatives are carried out by three organizations: Corporate IP, the Intellectual Property Intelligence Department, and the TBC (Technology-value Business Creation) Project. IP specialists in Corporate IP lead the IP activities of each business division, the Intellectual Property Intelligence Department contributes to the formulation of management and business strategies through IPL, and the TBC Project pursues business co-creation with external partners and gaining earnings by leveraging the company's intangible assets. We have developed and visualized the way to link IP and intangible assets to enhanced corporate value, including the three forms of contribution, and shared it across the relevant organizations. This enables each organization to understand its role, leverage its strengths, and conduct activities through mutual collaboration and complementary efforts.

Furthermore, in response to the transformation of Asahi Kasei's business portfolio, the IP organizations have accumulated high-quality IP expertise across a diverse range of business sectors. The ability to leverage this IP expertise across business sectors is another strength of the Asahi Kasei Group. For example, in the Overseas Homes business, which the Homes sector has been strengthening in recent years as a First Priority business, we are fully leveraging the Material sector's IP expertise in acquiring and utilizing intellectual property rights for overseas markets, together with the Healthcare sector's IP expertise in IP due diligence and post-merger integration for overseas M&A.

We are also promoting the cross-functional use of IP expertise, such as applying the Material sector's expertise in Asian markets to the Healthcare sector, as well as sharing and applying IP expertise within the same business sector.



Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

(1) Connecting intellectual property to management: Contributing to business portfolio transformation

In transforming our business portfolio, one of Asahi Kasei's key management priorities, we analyze the business environment through IPL providing a comprehensive, technology-informed view of businesses, and share our findings with management, thereby contributing to management decision-making by strengthening the technology perspective.

Example 1

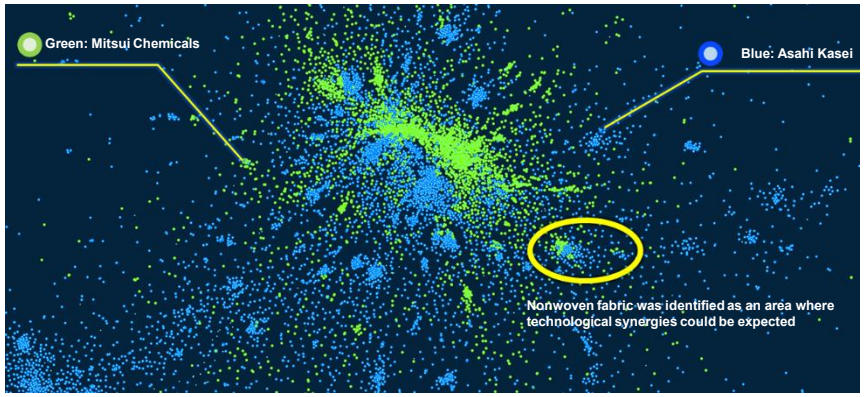
Patent landscape analysis for the spunbond nonwovens business

In 2023, we established a joint venture with Mitsui Chemicals, Inc. for the spunbond nonwovens business, one of the structural transformations in the Material sector. During the decision-making process, various analyses of intellectual property objectively demonstrated technological synergies between the two companies. We also conducted simulations to assess the joint venture's competitive advantages. With this approach as part of its comprehensive strategic decision-making, Asahi Kasei achieved a structural transformation of its spunbond nonwovens business.

The figure below provides an overview of patents held by Asahi Kasei and Mitsui Chemicals, Inc., created using text-mining methods. 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, which roughly corresponds to a business. Patents held by Asahi Kasei and Mitsui Chemicals, Inc. formed a single cluster in the area related to nonwoven fabrics. Further examining the patents, we were able to clearly identify potential areas of synergy between the two companies in the field of nonwoven fabrics.

An assessment of the two companies' nonwoven fabric-related technological capabilities, based on patent scores, indicated the potential to achieve strong competitiveness in this market through collaboration. Based on these analysis results, we were able to demonstrate to senior management that the proposed joint venture with Mitsui Chemicals, Inc. in the field of nonwoven fabrics was a promising opportunity from an intellectual property perspective, thereby supporting the management decision to establish the joint venture.

Patent overview using IPL



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

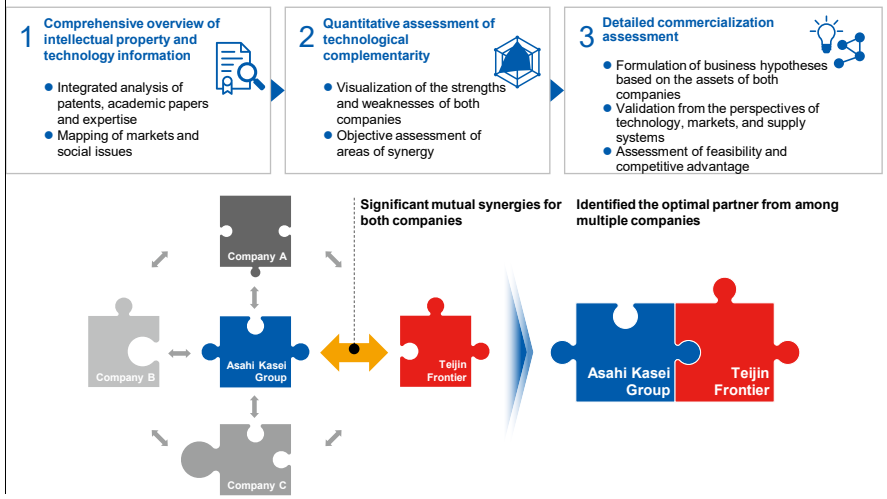
Example 2

Co-creation support for TA Frontier Co., Ltd. —Enhancing management decision-making through a strategic advisory function

In considering the business integration of Teijin Frontier Co., Ltd. and Asahi Kasei Advance Corp. to form TA Frontier Co., Ltd., one of the structural transformations in the Material sector, we conducted an integrated analysis of the two companies' technology assets, market environments, social issues, and supply chains, based on intellectual property information.

Specifically, we conducted a comprehensive review of patent information from multiple fiber-related companies by technology field, and quantified the extent to which Asahi Kasei's strengths and weaknesses complemented those of other companies as their degree of technological complementarity. This enabled us to objectively visualize their suitability as co-creation partners and the synergies that could be generated by combining the technologies of the two companies. In addition to patent information, we also considered each company's expertise, social trends, and initiatives to reduce environmental impact, and proposed multiple co-creation subjects, including environmentally conscious materials and new businesses leveraging supply chains.

In this way, by using intellectual property intelligence to identify future business opportunities, technological synergies, and competitive advantages, we contributed to better-informed management decision-making regarding the establishment of TA Frontier Co., Ltd.



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

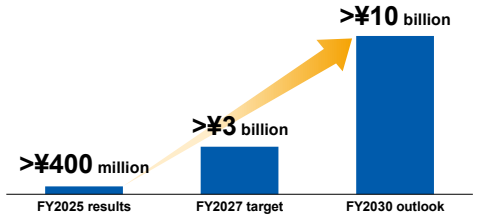
(2) Connecting intellectual property to value: Monetizing intellectual property through business co-creation

Technology-value Business Creation (TBC)

Asahi Kasei is strengthening Technology-value Business Creation (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 and other means. As it is difficult for a single company alone to establish all the necessary technologies and business foundations, we develop business concepts based on our intangible assets and combine them with the tangible and intangible assets of external partners, enabling both parties to co-create businesses quickly and in an asset-light manner.

Through initiatives to generate value from intangible assets, centered on these activities, we aim to achieve a cumulative contribution to income of more than ¥10 billion by 2030.

Cumulative contribution to income



- **Target: 10 new license agreements* (cumulative total for the three years from fiscal 2025 to fiscal 2027)**
- **Six license agreements concluded in fiscal 2025**

* Results from projects centered on initiatives to monetize intangible assets (TBC)

Example of TBC

Application of the proprietary intangible asset of antibody technology for bacterial detection

Bovine mastitis, an infectious disease caused by bacterial infection of the udders of dairy cows, is a major issue in the dairy industry. Because milk from cows infected with mastitis cannot be shipped, the disease has a significant financial impact on dairy farmers. Therefore, there is a need to diagnose mastitis and begin treatment as quickly as possible.

We had conducted research on bacterial detection technologies for the diagnosis of infectious diseases in the Healthcare sector. In doing so, we built a broad portfolio of antibodies against various bacterial species, and acquired expertise in developing test kits compatible with a variety of specimen types. This technology enables dairy farmers themselves to easily detect bacteria in milk in approximately one hour, about 1/50 of the time required by conventional methods. By enabling an early response to mastitis, this technology is expected to reduce economic losses for dairy farmers.

In August 2025, we entered into a licensing agreement with AR BROWN Co., Ltd. covering this test kit technology in Japan, Asia, and the Middle East. In addition to an upfront payment, we are entitled to receive royalties based on sales following commercialization.

Development of the rapid test kit for bacteria causing bovine mastitis

Development of the core technology

The R&D department developed a bacterial detection technology using proprietary antibodies that target the L7/L12 protein within bacterial cells.



Application to human infectious disease

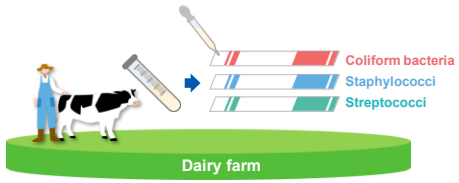
Building on this bacterial detection technology, we developed a rapid diagnostic kit for mycoplasma pneumonia, a human infectious disease for which no simple, rapid testing method had previously been available. Sales commenced in 2013.

(The business was divested in 2021)



Application to animal infectious disease

We focused on mastitis, which causes significant economic losses in the animal infectious disease field. Leveraging the lineup of bacterial detection antibodies, and diagnostic kit development expertise gained in the human infectious disease field, we developed rapid diagnostic kits for three major causative bacterial species.



Initiatives leading to a licensing business

Step 1 Formulating a commercialization policy

As we do not have a nationwide network for delivering diagnostic products to dairy farmers, we determined that commercialization on our own would require considerable time. We therefore formulated a policy of pursuing early commercialization through collaboration with a partner that already has an established business platform in the dairy farming field.

Step 2 Business model assessment

During business model assessment, we anticipated capabilities that potential partners may lack, such as contract manufacturing resources, and secured and established these capabilities in advance to enhance the value of our proposal to potential partners.

Step 3 Partner search

To identify partners capable of expanding the business globally, we conducted both push- and pull-based activities, and secured prospective partner companies.

Step 4 Negotiating a co-creation agreement

We clarified the requirements of both parties and discussed them individually to work toward a mutual agreement to ensure that an equitable business co-creation relationship would ensue following the conclusion of the agreement.

Step 5 Support for our partner

We began providing support in both technology and business development to help our partner commercialize the technology.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

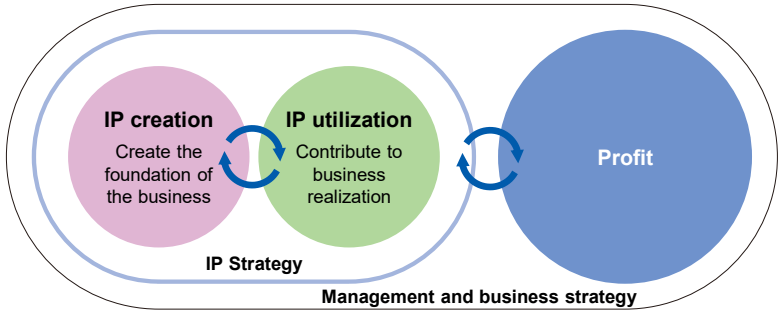
(3) Connecting intellectual property to business: Contributing to enhanced profitability

Leveraging intellectual property and intangible assets to secure our technological advantage

Technologies generated through research and development can be converted into greater business profits when accompanied by strategic intellectual property activities. It is important to formulate and execute an intellectual property strategy comprising two mutually reinforcing elements: IP creation, which involves securing intellectual property rights for R&D results based on anticipated future utilization scenarios, and IP utilization, which involves applying those rights to businesses.

We also support efforts to earn customers' trust in our technological capabilities by leveraging intellectual property and intangible assets to secure our competitive advantage. The evaluation and adoption of our products by key customers enhance confidence in our products and technological capabilities. Expanding sales to other customers also significantly increases business profits. Once we earn customers' trust, we are then able to identify their emerging needs at an early stage. By responding to these needs, we build sustainable relationships which further contribute to the enhancement of corporate value.

How IP creation and utilization together lead to profit

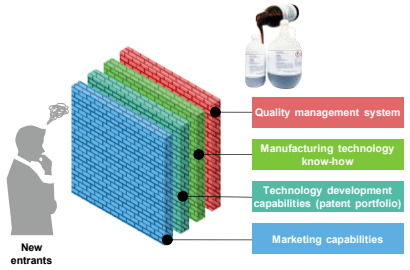


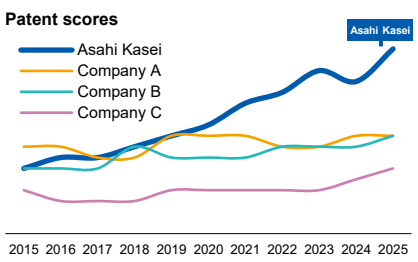
Example of IP creation

IP initiatives supporting the success and competitive advantage of Pimel™

Pimel™ is a liquid photosensitive resin that is used around the world for applications including surface protection of semiconductor devices and as interlayer dielectric for redistribution layers, with its use expanding in advanced packaging. The Pimel™ business is growing through a virtuous cycle of identifying customer needs, developing products, and ensuring a stable supply. Marketing capabilities (human network), production technology expertise, quality control systems, and technological development capabilities (patent portfolio), are all intangible assets that are difficult for competitors to replicate. Together, they form a formidable fourfold barrier to entry that contributes to the growth of the business.

The development speed of Pimel™ is accelerated by close collaboration with customers in product evaluation and development. Corporate IP contributes to maintaining and expanding business earnings by promptly filing patent applications and securing rights to protect inventions generated through rapid development. The continued growth in the patent score representing the technological value of Pimel™ reflects both the cutting-edge technological development capabilities we have demonstrated in this industry in recent years and the patent rights we have steadily secured for the resulting inventions. This demonstrates that the creation of intellectual property is contributing to the business's strong technological competitiveness.





Example of IP utilization

Extending the market exclusivity period for Teribone™ osteoporosis treatment (freeze-dried formulation)

The reexamination period for Teribone™ (freeze-dried formulation) expired in 2017, and sales were expected to decline sharply following the market entry of generics. To address this risk, we launched the Teribone™ Autoinjector, a new formulation that enables patients to self-inject at home, while also working to protect the Teribone business through a portfolio of patents. Specifically, we secured multifaceted protection through patents covering such areas as dosage and administration that define the drug's use for patients at high risk of fracture, as well as manufacturing methods. As a result, we successfully extended the effective period of market exclusivity for Teribone™ (freeze-dried formulation) and sales were maintained.

In September 2023, following a petition for a preliminary injunction against patent infringement based on a manufacturing process patent held by Asahi Kasei Therapeutics, a preliminary injunction was issued prohibiting the manufacture, sale, and offering for sale of a generic version of Teribone™ (freeze-dried formulation).

The litigation was settled with the opposing party in the Intellectual Property High Court on October 20, 2025. This settlement will contribute significantly to maximizing the value of the drug based on its intellectual property strategy.

This achievement demonstrates the true value of leveraging intellectual property by leveraging a patent portfolio to protect the business and maintaining business profits against the threat of generics.



Asahi Kasei Report 2026

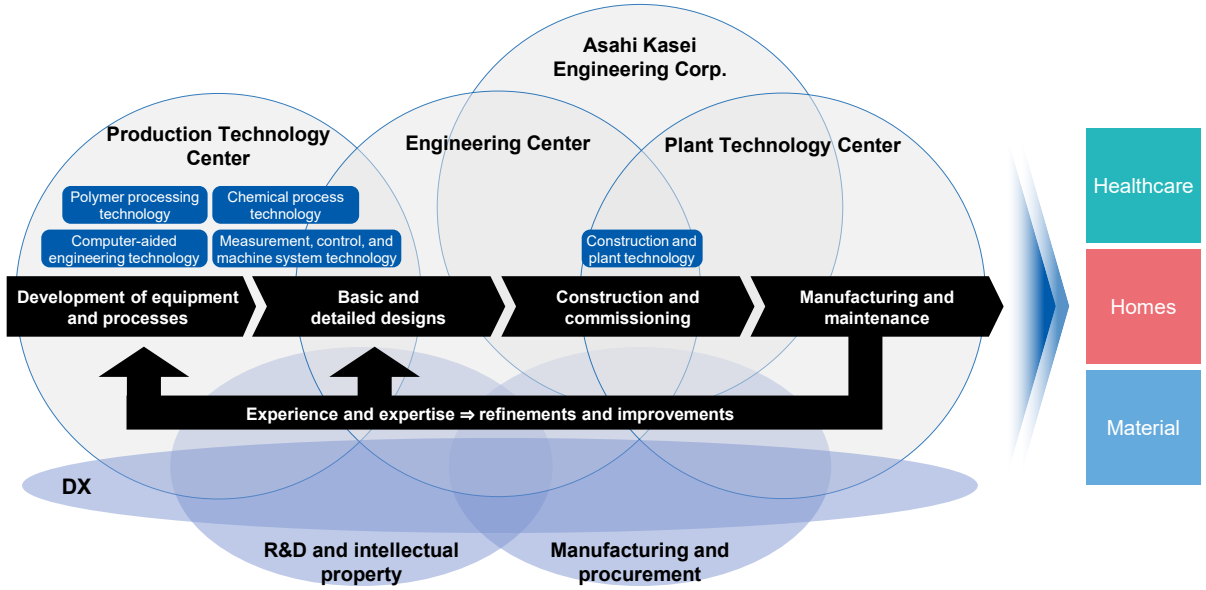
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value



Manufacturing challenges have no boundaries between sectors—creating new value through collaboration and AI

Toshihiko Takizawa
Lead Executive Officer
Executive Officer for Production Technology
Senior General Manager, Corporate Production Technology

Corporate Production Technology organizational structure:



With an integrated engineering framework comprising three centers and Asahi Kasei Engineering Corp., seamless integration of development, construction and maintenance is an organizational strength

What are the strengths of Asahi Kasei's production technology?

Asahi Kasei's production technology has evolved through co-creation among Corporate Production Technology, the production technology functions of each business, and the manufacturing, environment and safety, quality assurance, R&D, intellectual property, and procurement departments. Manufacturing operations are realized through a chain of development ⇒ design ⇒ construction ⇒ manufacturing ⇒ maintenance. Seamless information sharing among the respective departments enables equipment upgrades, process improvements, and the prevention of operational issues, leading to optimized manufacturing processes. We are confident that the close integration of this engineering chain is what makes our production technology strong.

Why is production technology a source of corporate value creation for Asahi Kasei?

In developing a diverse portfolio of niche businesses, Asahi Kasei has created differentiated products and services by combining general-purpose technologies with its proprietary production technologies. We also apply manufacturing and maintenance expertise acquired in one business to the manufacturing processes of other businesses. This application of technology group-wide is a unique advantage of owner engineering and an important intangible asset underpinning corporate value. Going forward, guided by our belief that manufacturing challenges have no boundaries between sectors, we will continue to apply technologies across the sectors and devote our full efforts to driving profit growth and improving capital efficiency in each business.

How will you further enhance corporate value?

Recently, our use of AI has given us confidence that we can efficiently and effectively deploy technologies across the Asahi Kasei Group's broad range of businesses. How can we use AI to formalize and share the tacit knowledge held by each business, foster previously less apparent connections between areas of expertise, and translate these into new synergies? Companies like Asahi Kasei with a diverse portfolio of businesses are particularly well positioned to maximize the benefits of AI and accelerate growth. We will position the use of AI in production technology as a highest priority and advance related initiatives in collaboration with the digital transformation departments and other relevant functions.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +

Requirement 1
22 Ability to continuously transform the business portfolio in response to changing times +

Requirement 2
32 Appropriate allocation of resources +

Requirement 3
40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy

Requirement 4
73 Ability to continue contributing to sustainability +

Requirement 5
84 Strong and effective corporate governance +

Requirement 6
107 Firm relationships with diverse stakeholders +

112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure

Closing
Group Management Standards for Enhancing Corporate Value

Expanding the application of production technologies and accelerating value creation through AI

Application of pore size control technology developed through polymer processing in the Material sector

In the Material sector, we have created numerous unique products, including membranes and separators, centered on our pore size control technology, which imparts functionality to polymer products through specialized processing. We have also accumulated extensive expertise in the shape measurement technologies and quality control methods that support these products. These technological foundations are utilized in a wide range of fields, including the high-precision pore size design and quality control required for virus removal filters, as well as foaming technology for thermal insulation materials. Positioning pore size control technology as one of the Asahi Kasei Group's core technologies, we aim to create new markets and applications by strengthening our competitive advantage through application across diverse business sectors while further advancing this technology.

Integrating AI into assembly and automation technologies cultivated in the Healthcare sector

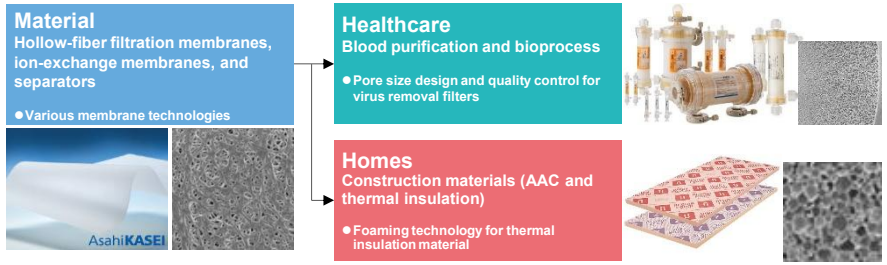
The Life Science business has long had a strong need for automation in its assembly processes, and we were quick to engage in production innovation using robotics. In the electronic materials business, we are currently leveraging the automation technologies we have developed to bring our smart laboratory concept to fruition, creating a fully unmanned experimental environment operating 24 hours a day.

We are also promoting the introduction of physical AI, which integrates automation technologies with AI, positioning it as a key technology for addressing future personnel shortages and facilitating the transfer of expert skills. In particular, welding processes in the Homes business are highly dependent on skilled workers with advanced expertise, while the number of such workers is declining. To address this challenge, we aim to implement physical AI at an early stage as we work to enhance the competitiveness of our production sites and establish a foundation for sustainable manufacturing.

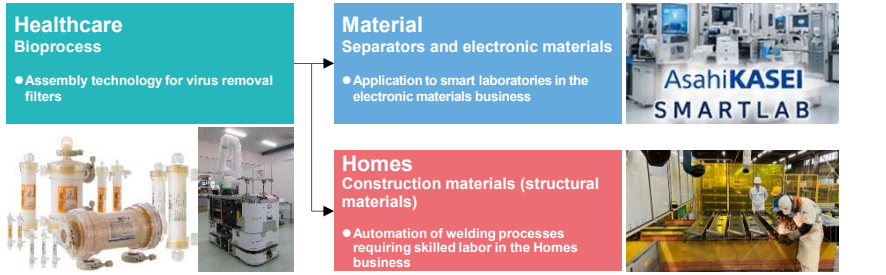
Leveraging AI for more efficient and sophisticated development of products and production technologies; application to smart laboratories

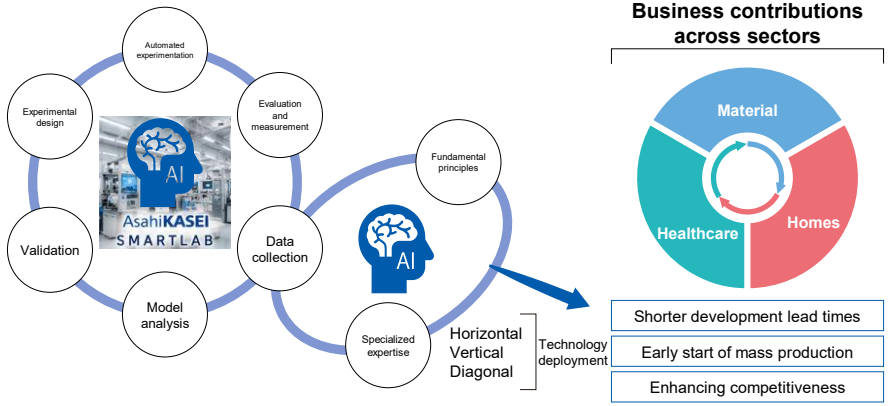
Advancing production technologies is essential for response to rapid changes in the business environment, and AI is indispensable to achieving this. For example, through collaboration with the DX organization, the smart laboratory developed for the electronic materials mentioned above aims to shorten product development lead times and enable an early transition to mass production. At the smart laboratory, not only experiments but also analysis and evaluation are automated, and AI autonomously devises the conditions for subsequent experiments based on the results. By operating around the clock, the laboratory can conduct 10,000 experiments per month, a scale that would be impossible to achieve through human effort alone. We will use the vast amount of data generated not only to optimize production conditions for electronic materials, but also for applications in other products and other sectors. To achieve this, we believe it is important not to use AI as a black box, but rather to integrate it with specialized production technology expertise and fundamental principles, thereby deepening our understanding of the underlying phenomena and applying the insights gained to other similar processes. (For details, please refer to Digital and AI Strategy, p. 57. ▶)

Pore size control technology



Assembly and automation technologies





Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

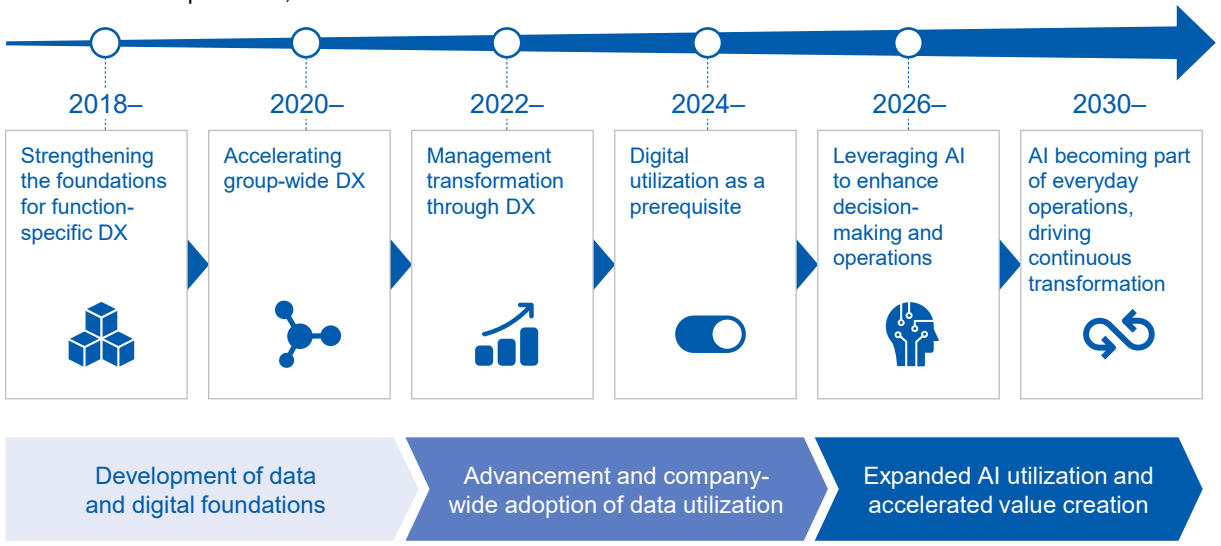


AI brings out the value of having diverse businesses

Akio Terada
Executive Officer for DX
Senior General Manager, Digital Value Co-Creation
General Manager, DX Strategy Promotion Center

Deeper use of data and AI to sustainably increase corporate value

By combining technological advances with the capabilities of our people, and continuously transforming our businesses and operations, we create value for the future.



How do you assess Asahi Kasei's DX initiatives?

Asahi Kasei has advanced DX through initiatives originating at the front lines of R&D, manufacturing, sales and other operations, steadily building data infrastructure, developing human resources, and implementing individual projects. As a result, we have steadily strengthened the foundation for using digital technologies to enhance business competitiveness, including more sophisticated development through materials informatics (MI), improved productivity through smart factories, and company-wide development of digital human resources. We view our selection as a DX Stock for six consecutive years under an initiative led by Japan's Ministry of Economy, Trade and Industry as evidence that our progress has earned a certain degree of recognition.

At the same time, to be candid, I feel that we still retain some characteristics of a collection of small and medium-sized enterprises. While each business has developed its own strengths and advanced digitalization, and individual efforts have helped extend successful initiatives across the organization, the hindrance of organizational barriers has prevented their benefits from scaling significantly. Our next stage is to pursue high-impact DX that optimizes the company as a whole, such as connecting assets across businesses to create new businesses, and to address fundamental management challenges so that DX delivers substantial contributions to profit.

How will the Asahi Kasei ecosystem evolve through the use of AI?

The most important aspect of Asahi Kasei's digital strategy going forward is achieving both the democratization and the governance of data usage. This means defining who may use data and to what extent based on its nature and content, creating an environment in which data can be shared securely, and everyone has appropriate access. This will serve as the starting point for value creation. At the same time, my mission is to swiftly advance a grand design for the entire Asahi Kasei Group, including the design of data structures, AI integration, and a common platform.

Asahi Kasei's path to success will continue to lie in diversification. Rather than being a large corporation that is merely a patchwork of businesses, we will sustain our success by establishing horizontal connections as a reproducible system. We will enhance the quality and speed of decision-making while promoting the reuse of knowledge and creating new combinations across business boundaries. We will position AI as an accelerator, embed it throughout the organization, and further evolve Asahi Kasei's ecosystem.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

An internal environment that brings results from DX and AI

DX and AI that deliver tangible results involve value creation by Digital Value Co-Creation, starting from management challenges faced by the businesses

The use of DX and AI is simply a means of achieving the desired outcomes, including improving business profitability, accelerating management decision-making, redesigning operations to enhance efficiency, and expanding future growth opportunities. At Asahi Kasei, Digital Value Co-Creation, a corporate division, addresses the specific management challenges of each business and promotes group-wide support utilizing data and AI. One of the strengths of the Asahi Kasei Group is its framework for efficiently and continuously gaining business results from digital initiatives by establishing shared group-wide digital foundations, preventing the duplication of investments by individual businesses.

For example, by developing shared infrastructure essential to manufacturing sites (manufacturing IoT and data analytics platforms), as well as a shared generative AI platform exclusively for the Asahi Kasei Group (see p. 59 for details), we are creating an environment in which businesses can utilize shared DX infrastructure together with internal data and knowledge. Through these efforts, we aim to improve operational efficiency in each business and enhance management decision-making.

These initiatives are beginning to make steady, direct contributions to profit generation in each business. For example, at plants and other manufacturing sites, the automatic collection of quality inspection data and AI-based detection of risks in quality-related responses have reduced workloads by thousands of hours while improving quality reliability. We are also building a track record of earnings improvements through machine learning-based demand forecasting and inventory management. In corporate administrative functions, we have also enhanced visualization of business operations across the Asahi Kasei Group with management dashboards and a platform for GHG emissions data.

Hands-on support from digital professionals and improved employee literacy as keys to implementation at the front lines

DX can only function effectively when infrastructure, human resources, and support processes work together as one. Over the past decade, Asahi Kasei has implemented a wide range of measures aimed at encouraging all employees to embrace the use of digital technologies in their work. Throughout these efforts, we have consistently emphasized hands-on support provided by corporate digital professionals, extending through implementation at operational sites.

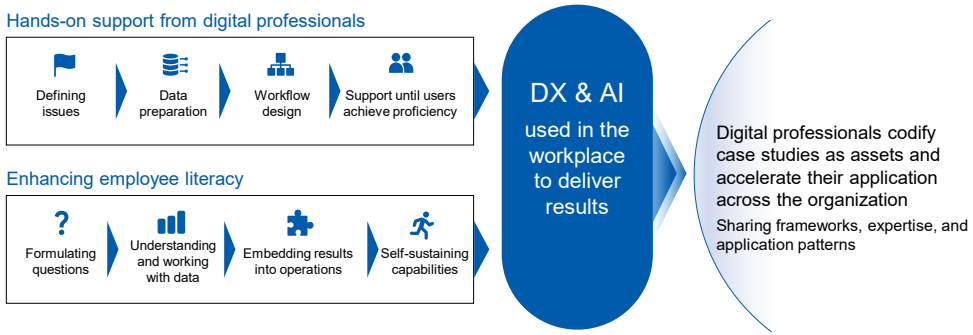
Each business has its own unique operations and challenges. Consequently, the outcomes of DX and AI initiatives vary significantly depending on how challenges are defined and how data is prepared. For this reason, Digital Value Co-Creation, the corporate division supporting operational sites, does more than simply provide tools. It works alongside operational sites to identify issues, preprocess data, and design workflows, providing ongoing support until the tools can be used effectively in practice. Asahi Kasei's early progress in the use of digital technologies owes less to the development of the infrastructure itself than to how it is used to deliver results at operational sites.

Another important benefit of Asahi Kasei's DX and AI initiatives is the ability to take successful practices developed in one business and apply them across other businesses. Rather than treating these efforts as isolated projects, we build up frameworks for defining challenges, know-how, and patterns of application as shared assets, enabling faster and more reliable utilization across different businesses.

Expanding these initiatives also requires improving the digital literacy of employees at operational sites. Through measures such as enhanced e-learning programs and the DX Open Badge Program (development of MI personnel, etc.), we have also established systems to develop personnel who understand what questions to ask, what data to use and how to handle it, and how to incorporate outcomes into operations. In this way, the benefits of hands-on support are not temporary, but are embedded in the organization's ability to independently drive its own initiatives.

Key initiatives

Key initiatives	Initiatives	Main projects	Expected outcomes
Build a company-wide platform	Establish an environment that enables company-wide use of AI and data	• Company-wide DX platforms (Smart Text Hub [AI platform], MI data analytics platform, etc.) • Human resources and management data platform	Greater operational efficiency and more sophisticated decision-making
Generate profits at operational sites	Integrate data and AI in manufacturing, sales, and operations to deliver results	• Demand forecasting and inventory optimization • Automation of quality inspections • Utilization of internal and external data	Cost reduction, inventory reduction, and profitability improvement
Develop and deploy human resources	Develop digital human resources and extend the benefits company-wide	• Development of digital human resources • Hands-on support at operational sites	Improved reproducibility of outcomes and company-wide application



Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

A shared AI platform to further Asahi Kasei's ecosystem

ST-Hub, Asahi Kasei Group's proprietary AI platform to search internal documents, on-site data, and other information, providing answers with maximum efficiency

Asahi Kasei is rapidly advancing its own in-house AI platform to utilize proprietary knowledge lying dormant group-wide. Asahi Kasei's AI platform, Smart Text Hub (ST-Hub), uses AI to search internal documents, manufacturing-site data, customer interaction records, and operational expertise in a secure environment, and provide answers. A key benefit is the ability to obtain answers based on proprietary internal information while preventing information leakage.

The core value of having the AI platform in-house lies in the ability to reuse expertise on the use of AI gained in various settings across the organization. Data preprocessing (data structuring, tagging, addition of metadata, etc.) has a major impact on the quality of AI output. By applying this expertise across organizational boundaries, Asahi Kasei is driving group-wide operational transformation, such as applying expertise of corporate production technology in searching design standards to searches for design documents in the Homes sector, and applying expertise developed in the Material sector for structuring sales reports and searching for similar cases to searches of past customer interactions in the Healthcare sector.

Another advantage of an in-house system is that it provides a platform accessible to everyone. Providing individual AI licenses to all personnel, including those at manufacturing sites, is not practical in terms of either cost or administration. We also want to avoid the proliferation of multiple software packages. By having the system in-house, we have reduced costs to approximately one-twentieth of what would be required to adopt an external service company-wide, while creating an environment in which every employee can access and utilize AI.

Data, expertise and human resource information from each business—AI as an engine for generating new value

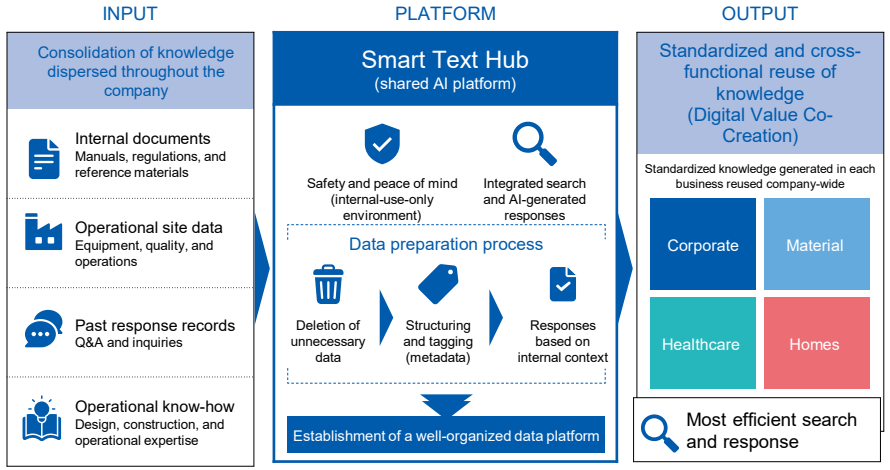
Since it was founded, Asahi Kasei has created new business value by applying technologies and insights developed in one business to other applications. The fundamental value of AI lies in its ability to combine knowledge in this way, faster and with greater reproducibility than ever before. Beyond simply improving operational efficiency, it provides a foundation for reexamining the underlying patterns of past successes so they can be deliberately replicated.

For example, Asahi Kasei has used the technology of Bemberg™ cupro fiber to expand into hollow-fiber membranes, artificial kidneys, and ultimately Planova™ virus-removal filters. By utilizing AI, we expect to connect dispersed knowledge across areas such as material properties, manufacturing processes, and application development, enabling us to systematically explore potential applications in other fields.

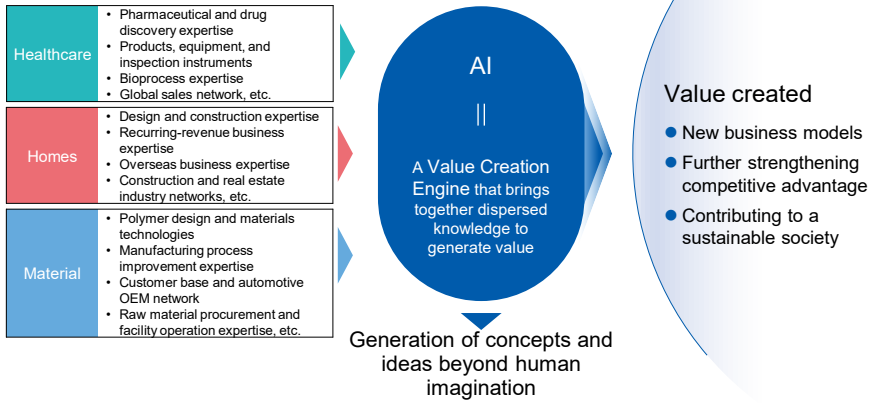
The recurring-revenue business concept developed in our Homes business is also being applied to the ion-exchange membrane chlor-alkali electrolysis business as a model for continuously delivering value that extends beyond product sales to include operation, maintenance, and optimization. Using AI to visualize and apply these value creation patterns across the organization allows us to enhance business models in other businesses with a high degree of reproducibility.

In this way, generative AI truly serves as a value creation engine for Asahi Kasei. We will create new business models by organically reconnecting the know-how accumulated across our diverse operations with the expertise of our people in new ways.

Overview of the ST-Hub shared AI platform



Value creation unique to Asahi Kasei



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets —
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Turning intangible assets into competitive advantage

Diverse human resources, technologies, intellectual property, management knowledge, and production expertise. The intangible assets that the Asahi Kasei Group has accumulated over many years are shared and utilized across the Healthcare, Homes, and Material sectors, underpinning the competitive advantages of their respective businesses. In turn, the strengths and expertise generated by each business are shared across the Asahi Kasei Group, leading to the creation of new value. This virtuous cycle is the source of value creation unique to Asahi Kasei.

Healthcare



Role

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”

Path to success

- Focus on specific therapeutic areas
- Full use of M&A expertise and human resources

Homes



Role

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

Path to success

- Unique positioning based on strengths such as human resources and branding
- Overseas expansion with business models based on domestic expertise

Material

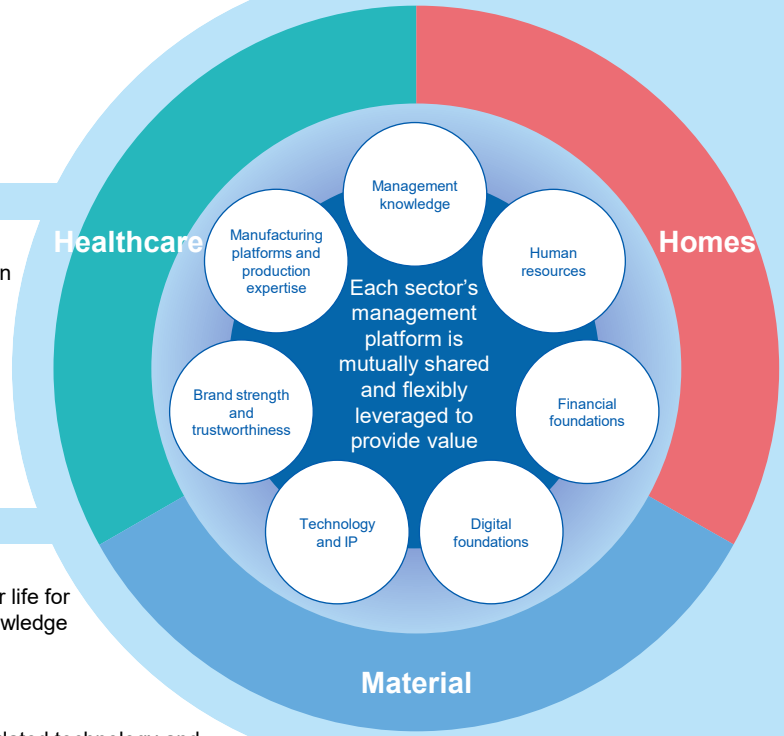


Role

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

Path to success

- Generating earnings in niche areas leveraging accumulated technology and expertise
- Approach to growth utilizing other companies’ capital and alliances



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Sector strategies to enhance corporate value



Healthcare

Ken Shinomiya
Primary Executive Officer
President, Healthcare Sector

Innovative pharmaceuticals and medical devices that contribute to peoples' lives and drive the growth of the Asahi Kasei Group

In the Healthcare sector, the investments and efforts to strengthen our business foundations to date are steadily beginning to bear fruit. The Life Science business and Critical Care business have returned to growth trajectories. In the Pharmaceuticals business, in addition to growth at Veloxis and Calliditas, we welcomed Aicuris as a new member whose business is closely aligned with our strategy. Of the approximately 10,000 employees in the Healthcare sector, around 7,000 work in the United States. Since April 2026, I have also been based in the United States, the world's largest market, managing the sector from the forefront of innovation. I believe the knowledge and networks I develop here will provide an important foundation not only for the growth of the Healthcare sector but also for accelerating the globalization of the Asahi Kasei Group.

In addition to innovations in medical technology, the evolution of AI and robotics give the healthcare industry the potential to transform futures once confined to the imagination into something real. With pride in our role in a sector dedicated to life, we will continue to face challenges as a driver supporting the growth of Asahi Kasei.



Homes

Yuji Owaku
Primary Executive Officer
President, Homes Sector

Our people have always been the driving force of our growth—continuing to embrace challenges without fear of change

In fiscal 2025, the Homes sector achieved record highs in both net sales and operating income. Our ability to advance a strategic focus on larger and higher value-added homes, despite significant changes in the business environment, was possible thanks to our on-site capabilities, which remain closely attuned to customers.

The key to further growth is passing on to the next generation a culture in which each individual can take on new challenges without fear of failure. As Sector President, I will promote coordination across business boundaries and create an environment in which people continually take on new challenges.

Housing is a field full of promise, allowing us to create new value for people's lives. Having built beyond 300,000 homes over more than 50 years, our relationships with customers represent an enormous asset. While co-creating value with customers in Japan through services for existing homes such as remodeling and rental management, growth opportunities in our North American and Australian businesses are expanding. Each employee's effort to take on challenges is a source of growth as we forge the future of the Homes sector.



Material

Hiroyoshi Matsuyama
Primary Executive Officer
President, Material Sector

Redefining competitiveness, entering new growth markets; supporting society while advancing reforms

The Material sector is at a historic turning point. While investing for growth such as in electronic materials, we are advancing structural transformation of the Chemical business and accelerating business portfolio transformation. We are making a clean break from a business model premised on Japan's rapid economic growth and the expansion of Asian markets. We are reassessing our strategies and assumptions, thoroughly enhancing productivity and profitability, and questioning the reason for our products as we redefine the sources of our competitiveness.

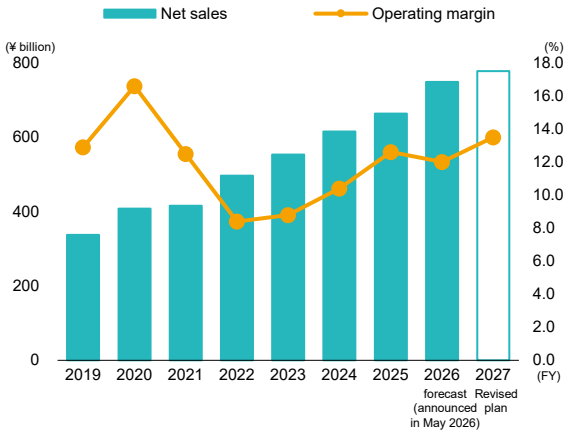
Growth markets such as AI and semiconductors, separation, energy storage, and hydrogen offer significant opportunities. While actively investing in electronics, we will expand our value proposition with recurring services in addition to providing products in areas such as ion-exchange membranes. Our sensing and signal processing technologies are also a major strength as we transform business models to monitor the condition of equipment and products while utilizing data. We are creating a new group of businesses that support society while proactively promoting reforms to transform ourselves without delay.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Healthcare

Net sales and operating margin



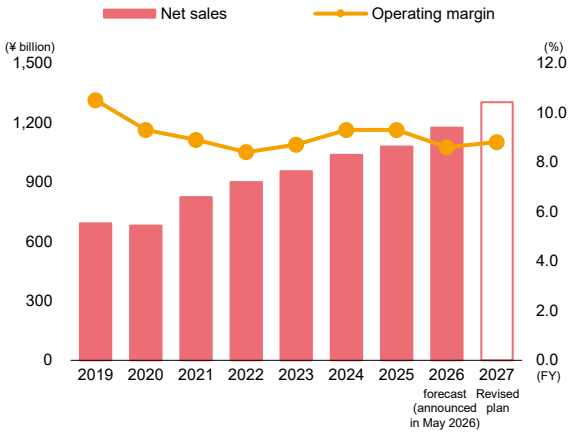
KPIs

(¥ billion)

(FY)	2023	2024	2025	2027 Revised plan[5]
Net sales	553.8	615.9	664.1	778.0
Operating income	48.5	64.0	83.5	105.0
Operating margin	8.8%	10.4%	12.6%	13.5%
Operating income before amortization of goodwill	71.5	89.3	109.6	132.0
EBITDA	118.7	144.1	170.7	—
ROIC[3]	4.5%	5.1%	6.0%	7.8%
ROIC before amortization of goodwill[4]	6.6%	7.1%	7.9%	9.9%

Homes

Net sales and operating margin[1]



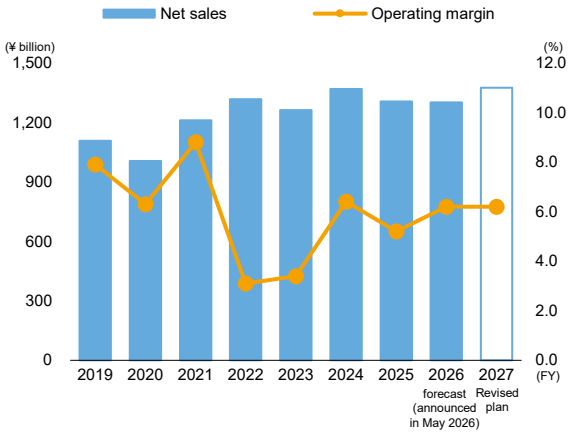
KPIs

(¥ billion)

(FY)	2023	2024	2025	2027 Revised plan[5]
Net sales	954.4	1,035.9	1,077.4	1,302.0
Operating income	83.0	95.9	99.8	115.0
Operating margin	8.7%	9.3%	9.3%	8.8%
Operating income before amortization of goodwill	84.2	97.8	102.0	118.5
EBITDA	104.3	118.5	122.7	—
ROIC[3]	27.1%	27.1%	21.9%	18.2%
ROIC before amortization of goodwill[4]	27.5%	27.7%	22.3%	18.7%

Material

Net sales and operating margin[1]



KPIs

(¥ billion)

(FY)	2023	2024	2025[2]	2027 Revised plan[5]
Net sales	1,261.7	1,368.8	1,306.2	1,375.0
Operating income	42.6	87.4	68.3	85.0
Operating margin	3.4%	6.4%	5.2%	6.2%
Operating income before amortization of goodwill	47.9	92.8	73.7	90.0
EBITDA	119.9	157.0	141.0	—
ROIC[3]	2.6%	4.8%	4.1%	4.5%
ROIC before amortization of goodwill[4]	2.9%	5.1%	4.4%	4.8%

[1] Fiscal 2019–2021 results recalculated to reflect business classifications adopted in fiscal 2022.
[2] 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.
[3] ROIC = operating income (1 − tax rate) ÷ (fixed assets + working capital, etc.)
[4] ROIC before amortization of goodwill = (operating income + goodwill amortization) × (1 − tax rate) ÷ (fixed assets + working capital etc.)
[5] Announced in April 2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Pharmaceuticals & Life Science (Pharmaceuticals)

(FY2025 Pharmaceuticals & Life Science)
Net sales: ¥259.9 billion Operating income: ¥47.3 billion

Product and business information

Primarily the U.S. market

Envarsus XR™ immunosuppressant for kidney transplant patients (transplantation)
A formulation from Veloxis, acquired in fiscal 2019. Taken long-term after kidney transplantation

Tarpeyo™ treatment for IgA nephropathy (kidney disease)
A formulation from Calliditas, acquired in fiscal 2024. IgA nephropathy is a rare disease in which chronic inflammation impairs kidney function. If the condition progresses, it can lead to kidney failure, requiring dialysis or kidney transplantation

Pritelivir treatment for herpes simplex virus infections (severe infectious diseases)
A formulation from Aicuris, acquired in fiscal 2026. Expected to serve as a treatment for herpes simplex virus infections in immunocompromised patients. Currently under regulatory review, with launch planned during fiscal 2026


Envarsus XR™



Tarpeyo™

Primarily the Japanese market

Teribone™ osteoporosis drug (orthopedics)

Kevzara™ treatment for rheumatoid arthritis (autoimmune diseases)

Recomodulin™ anticoagulant (severe infectious diseases)

Cresemba™ treatment for invasive fungal infections (severe infectious diseases), etc.

Business environment

	Customer	Competitors	Market size	Market share	Important business conditions
Envarsus XR™	● University hospitals, other major hospitals (nephrologists) ● Kidney transplant centers	Other tacrolimus formulations and other immunosuppressants	Number of kidney transplant candidates in the U.S.: Approximately 200,000[1] In FY2024, ≈28,000 transplants were performed[2] (expected to increase by 5–6% per year on average)[3] [1] USRDS (U.S. Renal Data System) [2] OPTN (Organ Procurement and Transplantation Network, operated by UNOS under contract with HRSA) [3] Asahi Kasei estimate	Prescription share: At least 20%[6] [6] Asahi Kasei estimate	● Revision of NHI (National Health Insurance) price ● Development and launch of competing products, reports of adverse events ● Revisions to guidelines
Tarpeyo™		APRIL inhibitors and other IgA nephropathy treatments (as of August 2026, 5 IgA nephropathy treatments have been launched. The market is expected to form with several more treatments being launched)	Number of potential IgA nephropathy patients in the U.S.: ≈130,000 to 200,000[4] Approximately 40,000 to 60,000 patients projected to be taking medication from FY 2030 onward[5] [4] American Society of Nephrology, 2024 [5] Asahi Kasei estimate at time of acquisition	Prescription share: 10% target	

Strengths and business strategy

Strength: Market positioning in the U.S. renal disease field

Distinctive formulations

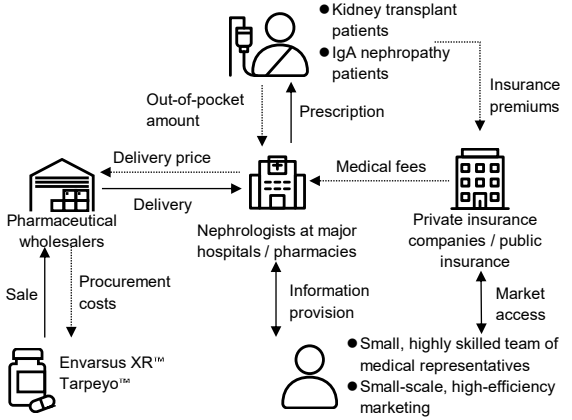
- Envarsus XR™ is a unique extended-release mechanism limits peak blood concentrations and maintains effective drug levels over an extended period. This allows for reduced dosing frequency (once daily) and minimizes side effects.
- Tarpeyo™ is the first FDA-approved treatment for IgA nephropathy in the U.S.[7] 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)

[7] From FDA public documents.

Focusing on relatively low-risk rare disease areas

- Targeting niche, low-competition areas that are too small for big pharma. 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 model in the United States



Veloxis / Calliditas

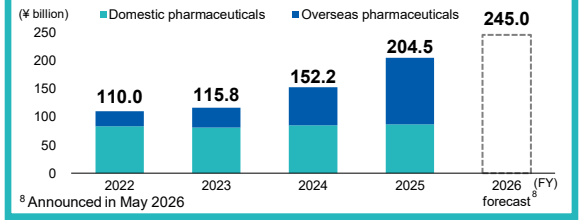
Business Strategy

Establishing a foundation for sustainable growth focused on rare diseases in the autoimmune, renal, transplantation, and severe infectious disease areas, primarily in the U.S. market

Overseas pharmaceuticals business driving sales growth

- Tarpeyo™: Peak sales expected to reach US$500 million after 2030. Given factors such as the steady progress in raising awareness among physicians, the milestone may be reached sooner
- Envarsus XR™: U.S. sales CAGR over 20% since the acquisition (FY2020–2025)

Net sales of the Pharmaceuticals business



[8] Announced in May 2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Pharmaceuticals & Life Science (Life Science)

Product and business information

Planova™ virus removal filter
Cellulose hollow-fiber filters used to remove viruses during the manufacture of biopharmaceuticals and plasma derivatives

Process development and contract manufacturing services (CDMO) business for biopharmaceuticals
Acquired Bionova in FY2022
(A CDMO [contract development and manufacturing organization] is contracted by pharmaceutical companies to develop manufacturing processes and perform manufacturing of pharmaceuticals)


Planova™ virus removal filter


Cell culture process equipment for the CDMO business

Business environment

	Customer	Competitors	Market size	Market share	Important business conditions
Planova™	● Pharmaceutical companies ● CDMO ● Research institutions	Virus removal filters: Cytiva Corp. [Danaher Corp.] (U.S.), Merck KGaA "Millipore" (Germany)	Virus removal filter market: ≈¥70 billion (2020–2030 pharmaceutical market CAGR: plasma derivatives 5%[1], biopharmaceuticals 8%[2]) [1] MRB Asahi Kasei protein-region-country forecasts 2020-2030-V5 Feb.2023 [2] Database from Evaluate	World-class position in the virus removal filter market	● Market trends for plasma derivatives and biopharmaceuticals
CDMO	● 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%[3]) [3] AliraHealth, Biologics and Advanced Therapies Contract Manufacturing Report, 2024	—	● Funding trends for biotech startups

Strengths and business strategy

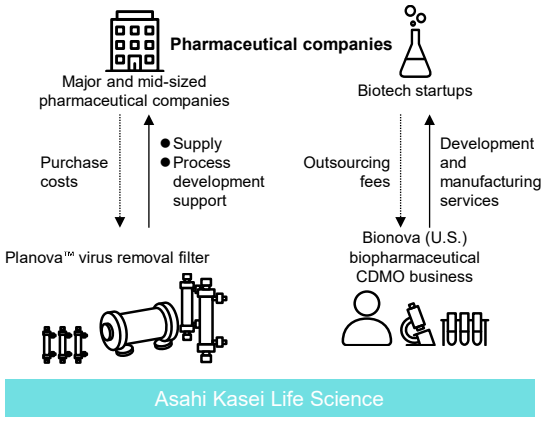
Strength: Solid market position of Planova™, built over many years

Planova™ customer base

- The world's first[4] 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

Operation of CDMO business with expertise in next-generation modalities

- Extensive experience with complex next-generation antibody therapeutics[5] whose process development and manufacture are challenging.
- CDMO services for plasmids[6], whose demand is expected to grow with the emergence of gene therapy and cell therapy, have also been launched.



[4] Asahi Kasei estimate
[5] 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
[6] 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

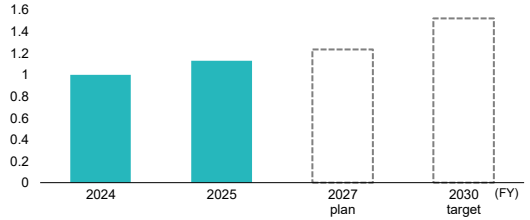
Business Strategy

Strengthening our market position through capacity expansion, high-performance product development, and technical support in anticipation of stable growth in the biopharmaceutical market

Past and planned expansions of Planova™ production capacity

- 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)

Projected Planova™ sales from FY2024 baseline



Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Critical Care

(FY2025 Critical Care)
Net sales: ¥404.2 billion Operating income: ¥36.1 billion

Product and business information

ACT (Acute Care Technology)
Medical devices such as defibrillators and AEDs

CMS (Cardiac Management Solutions)
Therapeutic and diagnostic medical devices prescribed for patients with cardiopulmonary diseases, centered on the LifeVest™ wearable defibrillator

Sleep apnea-related business
Itamar's diagnostic devices and Respicardia's therapeutic devices, both of which were acquired in fiscal 2021

The Critical Care business is operated by ZOLL, which was acquired in fiscal 2012
ZOLL is a market leader in innovative medical devices for serious cardiopulmonary conditions



AED


Defibrillators for medical institutions


LifeVest™


WatchPAT™


remedē™ System

Business environment

	Customer	Competitors	Market size	Market share	Important business conditions
ACT (Defibrillators, etc.)	● Medical institutions ● Public facilities	Stryker Corporation (U.S.), Koninklijke Philips N.V. (Netherlands), Nihon Kohden Corporation (Japan), Mindray Bio-Medical Electronics Co., Ltd. (China)	Global market potential: >$5 billion[1] [1] Asahi Kasei estimate	Defibrillators and AEDs: Top-tier in the U.S., our main market	● Revisions to insurance reimbursement prices ● Trends in the development and launch of competing products, reports of adverse events ● Revisions to guidelines
CMS (LifeVest™, etc.)	● Physicians (cardiologists, sleep specialists)		Global market potential for wearable defibrillators: >$6 billion ($2–3 billion in the U.S. and $3–4 billion in Europe and other regions)	Wearable defibrillators: approximately 80% in the U.S. and approximately 100% in Europe and other regions	

Strengths and business strategy

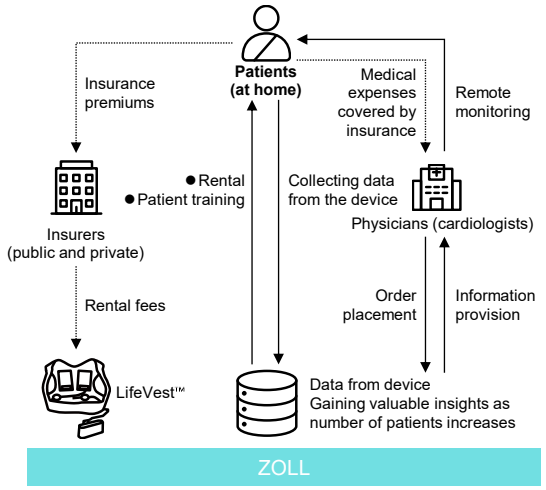
Strength: Trust among healthcare professionals, underpinned by a unique product portfolio and extensive track record

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

Operations supporting patient quality of life
- High-quality operational know-how cultivated over many years for LifeVest™ (e.g., achieving a rate of over 99% for completing device fitting within 24 hours of order)

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)

Business model for LifeVest™

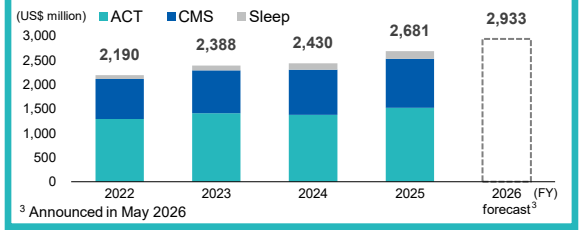


Business Strategy

Solidify the market positions of existing businesses, including defibrillators and LifeVest™, while accelerating market penetration of sleep apnea-related devices

- ACT: Target a CAGR of 20% or more (FY2025 to FY2028), outpacing the market growth rate, through measures including the launch of new defibrillators for medical institutions
- CMS: Further expand sales of LifeVest™ in the U.S. and expand business in Europe, where market penetration remains low
- Sleep: Aim to expand sales, supported by factors including the inclusion of Respicardia's products as a recommended treatment in the American Academy of Sleep Medicine's clinical practice guideline for the treatment of central sleep apnea[2]

Critical Care net sales



[3] Announced in May 2026

[2] Treatment of central sleep apnea in adults: an American Academy of Sleep Medicine clinical practice guideline

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Domestic Homes
(Order-built, rental management/real estate brokerage, remodeling, construction materials)

(FY2025 Domestic Homes)
Net sales: ¥739.5 billion Operating income: ¥81.7 billion

Product and business information

Order-built homes business
Hebel Haus™ unit homes
Hebel Maison™ apartment buildings
Note: Sales are limited to 21 prefectures with densely populated areas such as Kanto, Chubu, and Kansai.

Rental management business
Management of apartment buildings

Real estate brokerage business
Brokerage and purchase and resale of real estate

Remodeling business
Maintenance and renovation work for homes sold by Asahi Kasei Homes

Construction materials business
Hebel™ autoclaved aerated concrete
Neoma Foam™ next-generation insulation panels, etc.



Product information and operating environment

	Customer	Competitors	Market size	Market share	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: 130,000 units[1] [1] Number of new home construction starts, Ministry of Land, Infrastructure, Transport and Tourism (FY2025)	Share of owner-occupied home starts in the 21 prefectures: 3.7%[3] [3] Asahi Kasei estimate (FY2025)	● Mortgage interest rate trends ● Material cost and land price trends ● Consumer sentiment faced with rising prices
Hebel Maison™ apartment buildings	● Individuals seeking apartment management or land utilization opportunities	Daito Trust Construction Co., Ltd., Sekisui House, Ltd., Daiwa House Industry Co., Ltd., etc.	Rental home starts in the 21 prefectures: 250,000 units[2] Note: While new home construction starts are expected to decline going forward, the decrease in the 21 prefectures is expected to be relatively moderate. [2] Number of new home construction starts, Ministry of Land, Infrastructure, Transport and Tourism (FY2025)	Share of rental home starts in 21 prefectures: 2.3%[4] Note: Our market share is higher in central areas, such as the 23 wards of Tokyo, and in three-story unit homes. [4] Asahi Kasei estimate (FY2025)	

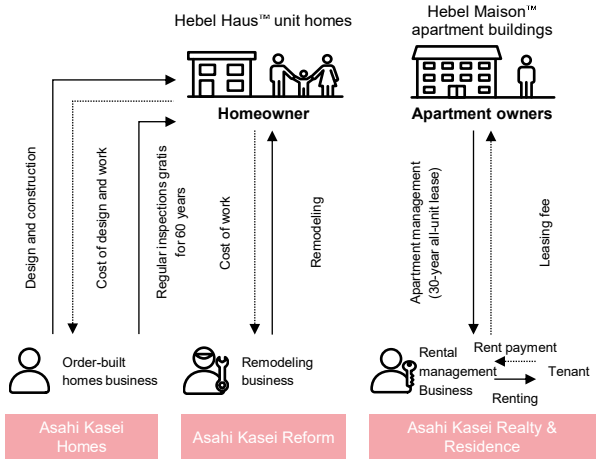
Strengths and business strategy

Strength: High-value-added homes offering earthquake resistance, fire resistance, and durability

Homes with superior earthquake resistance, fire resistance, and durability
- Robust steel-frame construction incorporates Hebel™ and Neoma Foam™, which maintains high thermal insulation performance over the long term. Highly earthquake-resistant and durable
- Proprietary after-sales service system including a 60-year gratis inspection program

Superior design and housing solution proposal capabilities
- Unit homes: Two-generation homes and three-story urban homes
- Apartment buildings: Unique housing solutions, including pet-friendly rental housing

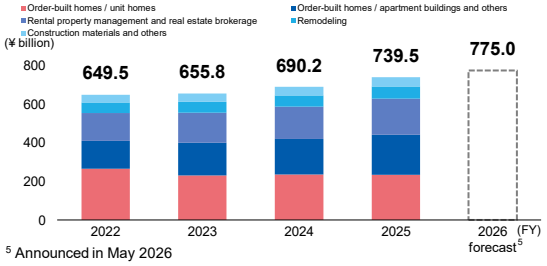
Services for the approximately 310,000 homes built
- Remodeling: In addition to stable orders from maintenance work, demand for remodeling is expected to expand going forward.
- Rental management: Rapidly expanding in line with growing orders for apartment buildings. (as of FY2025, approx. 126,000 units under management, maintaining a vacancy rate in the 2% range)



Business Strategy

Enhancing customer appeal through even larger, higher-value-added order-built homes and strengthening recurring-revenue business by expanding the portfolio of high-quality properties
- Despite a decline in the number of housing units ordered, an expanded product lineup in the luxury residence series targeting upper-middle and high-end segments and strengthened corporate sales have increased the average price per building, resulting in steady growth in the value of orders received
- Recurring-revenue business, such as rental management, have steadily expanded in line with the recent growth in orders for apartment buildings

Net sales by business



[5] Announced in May 2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Domestic Homes (Real estate development)

(FY2025 Real Estate Development)
Net sales: ¥48.6 billion Operating income: ¥10.7 billion

Product and business information

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. A distinctive presence, particularly as a pioneer in condominium reconstruction (the company has participated in over 10% of the 340 condominium reconstruction projects carried out in Japan to date[1])

[1] As of August 2025; Source: Ministry of Land, Infrastructure, Transport and Tourism



Product information and operating environment

Customer	Competitors	Market size	Market share	Important business conditions
● 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.	● New condominium market: 59,940 units sold nationwide in FY2025 [2] (although a gradual overall decline is expected, the number of households in Tokyo is projected to increase, indicating strong demand in urban areas) ● 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)[3] [2] Source: Real Estate Economic Institute Co., Ltd. [3] Source: Ministry of Land, Infrastructure, Transport and Tourism	● Condominium reconstruction: 56 projects, ranked No. 1 nationwide[4] ● Statutory redevelopment: 32 projects, ranked 7th nationwide[5] [4] 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.) [5] Urban planning projects for residential use in which the company participated as a member of the redevelopment association, approved by April 2026. (as of April 2026; Source: Industrial Marketing Consultants Co., Ltd.)	● Real estate-related market trends ● Heightened construction costs due to increased material prices and labor shortages ● Active real estate investment market in the Tokyo metropolitan area, including tourist demand (e.g., increased hotel demand) ● Increased real estate purchases by wealthy foreign investors

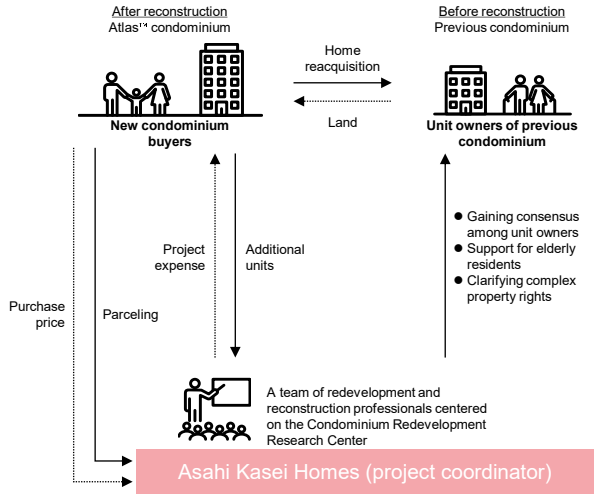
Strengths and business strategy

Strength: Leveraging expertise developed through reconstruction, redevelopment, and exchange of equivalent value projects

Supply of condominiums in prime locations
- Prime locations are often ripe for reconstruction and redevelopment projects, with a high proportion of high-value units

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

Unrivaled track record in condominium reconstruction
- Asahi Kasei'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

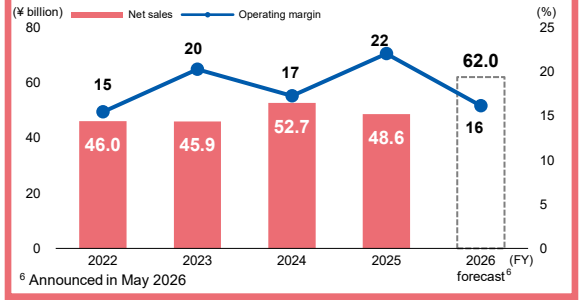


Business Strategy

Development of highly profitable businesses centered on urban redevelopment projects and expansion of the investment and development business

- Expanding beyond condominiums to commercial and other properties
- Furthermore, going forward, expanding development, acquisition, and management of investment properties

Net sales and operating margin of the real estate development business



[6] Announced in May 2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Overseas Homes

(FY2025 Overseas Homes)
Net sales: ¥289.3 billion Operating income: ¥7.4 billion

Product and business information

North America
Subcontracted construction of homes for sale (operating in Arizona, Nevada, and Florida, states with particularly high population inflows)

Australian operations
Australia's third-largest home builder (operating in New South Wales, Queensland, South Australia, Victoria, and Tasmania, covering approximately 80% of Australia's population)


North American homes


Australian homes

Product information and operating environment

	Customer	Competitors	Market size	Market share	Important business conditions
North American Homes	● North American home builders: D.R. 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[1] (housing shortages are expected to reach 1.4–1.7 million units annually through 2030 due to increased immigration) [1] Source: U.S. Department of Commerce (2025 results)	Among the top shares in Arizona across the five main construction steps (concrete, electrical, HVAC, plumbing, and framing).	● Rising mortgage rates ● Immigration policy ● Impact of rising material costs
Australian Homes	● Australian home buyers (strong in order-built homes for the upper-middle- and high-end segments)	Metricon Homes Pty Ltd., ABN Group Pty Ltd., etc.	Housing starts: Approximately 180,000 units[2] (due to increased immigration, the government set a target of constructing 1.2 million new homes over the five years starting mid-2024) [2] Source: Australian Bureau of Statistics (2025 results)	Share of unit home housing starts: Top 3[3] [3] July 2024 to June 2025 (Source: HIA Economics)	● Shortage of skilled workers ● Rising costs ● Rising mortgage rates

Strengths and business strategy

Strength: Expertise in the domestic homes business developed through **Hebel Haus™**

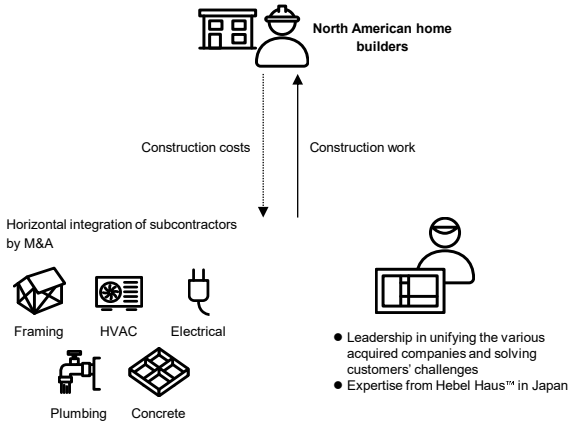
North America:
A distinctive business model designed to enhance efficiency and productivity through systematized construction

- Shorter construction periods: Integrates five core steps of the construction process (accounting for approximately 40% of the overall home construction process) to provide an integrated construction system. In some cases, construction periods have been reduced to less than 50% of the normal average
- Improved quality control: We manage progress on behalf of the builder. Reducing rework for builders through integrated management of five major steps

Australia:
Advancing systematized construction through vertical integration of a steel frame supplier

- Reducing costs by bringing part of steel frame production in-house and leveraging systematized construction expertise

Business model for North American operations



Business Strategy

Building and expanding business models in anticipation of medium- to long-term demand growth in the North American and Australian markets

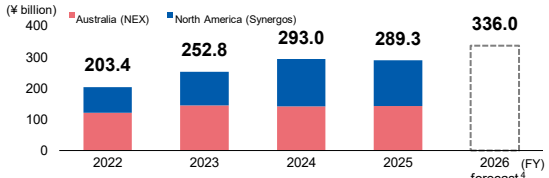
North American operations: Expanding market share and regional coverage through broader adoption of the business model

- In addition to Arizona and Nevada, business expanded to Florida through the acquisition of ODC in fiscal 2024. Furthermore, in fiscal 2025, we built our own structural frame plant, with expansion into Texas also under consideration
- Focusing on acquiring new customers in anticipation of a market recovery

Australian operations: Expanding the built-for-sale housing business to maximize the benefits of systematized construction

- Launching a new land development business with the aim of attracting new customer segments

Net sales in North American and Australian operations



[4] Announced in May 2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Electronics

(FY2025 Electronics[1])
Net sales: ¥164.0 billion Operating income: ¥29.6 billion

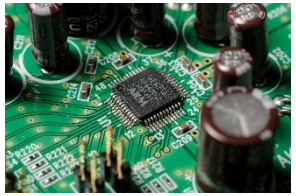
Product and business information

Electronic materials
Pimel™ photosensitive insulator, glass fabric for printed circuit boards, Sunfort™ photosensitive dry film, and other materials mainly used in back-end semiconductor processes

Electronic components
LSIs, magnetic sensors, current sensors, and other products


Pimel™


Glass fabric for printed circuit boards


LSI

Product information and operating environment

	Customer	Competitors	Market size	Market share	Important business conditions
Electronic materials	● Semiconductor manufacturers ● Substrate-related manufacturers	Primarily Japanese electronic materials manufacturers (Resonac Holdings Corporation, etc.)	CAGR of 20% (FY2024–2031)[2] in the AI/key device market, the growth market for Pimel™ and glass fabric [2] Fuji Chimera Research Institute, Inc., 2025 Comprehensive Survey of Data Center/AI Key Device Markets	● Pimel™: Global top-tier in the photosensitive 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
Electronic components	● Electronic device manufacturers (smartphones, audio equipment, automotive devices, etc.)	Global electronic components manufacturers	● Smartphones: Firm demand for camera module ICs as cameras offer increasingly advanced features such as image stabilization ● Automotive: Firm demand for audio ICs amid growing demand for comfortable sound environments. Demand for current sensors for EVs is also expected to grow going forward	● Global top-tier market share in ICs for mobile device camera modules	

Strengths and business strategy

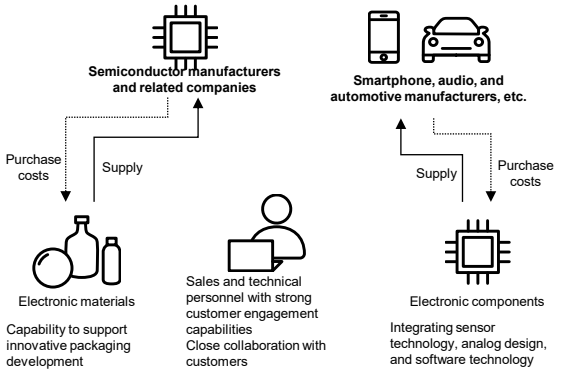
Strength: Ability to accurately identify market leaders and create de facto industry standards through design and development that anticipate market needs

Electronic materials: Ability to rapidly develop solutions by understanding and aligning with customer needs in advanced semiconductor processes

- Results: Pimel™ received the TSMC Excellent Performance Award, awarded by the major semiconductor company Taiwan Semiconductor Manufacturing Company (TSMC) to suppliers demonstrating outstanding performance, for two consecutive years in 2024 and 2025

Electronic components: Providing solutions combining both hardware and software

- Results: In ICs for mobile device camera modules, co-created new camera control technologies with customers that enable benefits such as thinner smartphones, wider image stabilization angles and lower power consumption



Business Strategy

Pioneering development of high-performance materials and components that enable cutting-edge semiconductors and electronic devices, and establishment of systems for their supply

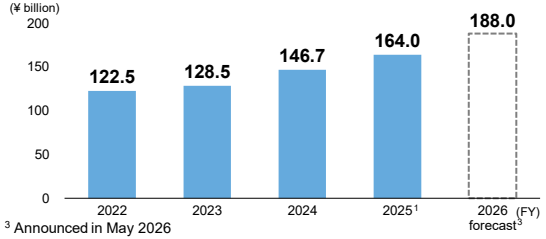
Pimel™: Capital investment to meet strong demand (Fuji City, Shizuoka Prefecture)

- FY2024: New plant began operation
- FY2028: Second production line at the new plant scheduled to begin operation

Glass fabric: Launch of cutting-edge products

- Advancing the development of next-generation and subsequent-generation glass fabric for high-speed communications and expanding production volumes

Net sales of the Electronics business



[3] Announced in May 2026

FY2025 results recalculated to reflect slight reallocation between others in Material and certain businesses in FY2026

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Car Interior

(FY2025 Car Interior)
Net sales: ¥165.7 billion Operating income: ¥9.1 billion

Product and business information

Car interior materials
Fabric
Synthetic leather (PVC)
Dinamica™ artificial suede
(a proprietary product highly regarded as a sustainable, high-quality material manufactured without the use of organic solvents)

The automotive interior materials business is operated by Sage, a global leader in automotive interior materials, which was acquired in fiscal 2018




Product information and operating environment

Customer	Competitors	Market size	Market share	Important business conditions
Major vehicle manufacturers, primarily in Europe and the U.S.	● Overall car interior materials: AUNDE Achter & Ebels GmbH (Germany), Seiren Co., Ltd. (Japan), etc. ● Artificial suede: Toray Industries, Inc. “Alcantara” (Japan)	2024 automotive interior materials market size[1]: ≈$7 billion, FY2023–2031 CAGR ≈5% [1] Asahi Kasei estimate	Car interior materials: Global top-tier in sales	● Global vehicle production volume ● EV market share, competitive trends for PVC in China

Strengths and business strategy

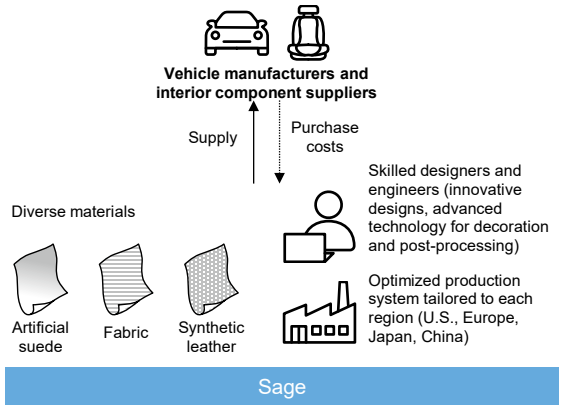
Strength: An automotive interior design platform provider offering innovative designs and advanced decoration and post-processing technologies

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 five years through fiscal 2025
- Capability to develop new surface materials leveraging technology and know-how cultivated in the textile business

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

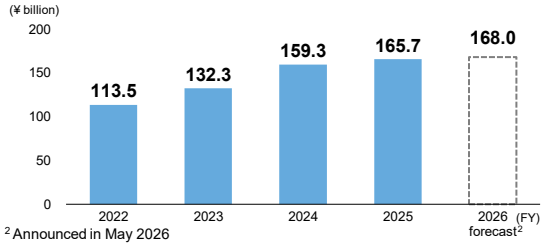


Business Strategy

Strengthen the interior decoration product portfolio and extend the scope of value provided to customers throughout the entire vehicle interior

- Further strengthen design proposal ability: Establish a team of designers capable of customization in line with regional design trends
- New product development: Develop and commercialize new surface materials with technology development through open innovation

Net sales of the Car Interior business



[2] Announced in May 2026

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

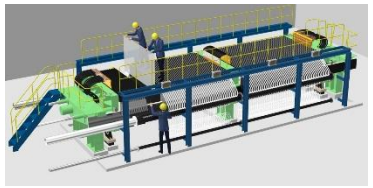
Energy & Infrastructure
(Ion-exchange membrane process for chlor-alkali electrolysis)

(FY2025 Energy & Infrastructure)
Net sales: ¥127.9 billion Operating income: ¥0.5 billion

Product and business information

Development, manufacture, and sale of electrolyzers, ion-exchange membranes, electrodes and electrolysis cells for caustic soda production using the ion-exchange membrane process
Monitoring services and technical support for the chlor-alkali electrolysis process

Note: The ion-exchange membrane chlor-alkali electrolysis process is a system that uses ion-exchange membranes to electrolyze brine and produce chlorine and caustic soda. 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.


Electrolyzer


Ion-exchange membrane

Product information and operating environment

Customer	Competitors	Market size	Market share	Important business conditions
Global chlor-alkali manufacturers	Ion-exchange membrane process for chlor-alkali electrolysis, hydrogen-related businesses, etc. ● Membranes: AGC Inc. (Japan), Agfa-Gevaert NV (Belgium), Toray Industries, Inc. (Japan), etc. ● Electrolyzers: thyssenkrupp nucera AG & Co. KGaA (Germany), Siemens AG (Germany), etc.	Global chlor-alkali demand: Approx. 100 million tons* * Source: "2024 World Analysis – Chlor-Alkali – Appendix," August 4, 2023	Electrolyzers and exchange membranes: Global top-tier in the chlor-alkali electrolysis business	● Market trends for caustic soda and PVC ● Trend toward conversion of diaphragm-process plants ● Environmental regulations by country and region

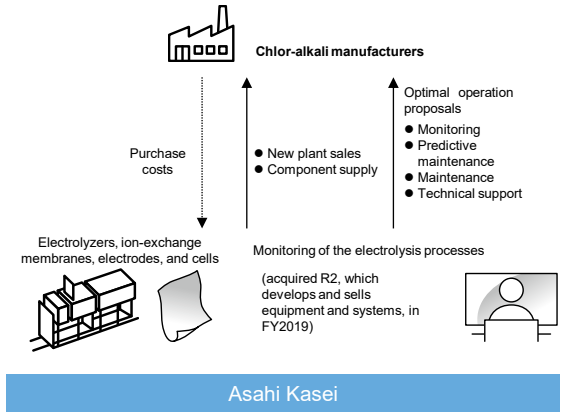
Strengths and business strategy

Strength: One-stop solutions combining a broad product portfolio with monitoring capabilities

Customer base
- Long-standing relationships of trust with customers cultivated over 50 years
- Proven track record with adoption at over 170 plants in 30 countries worldwide

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

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

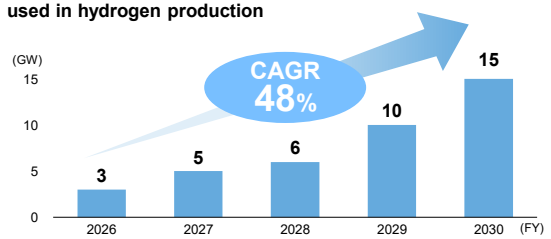


Business Strategy

Sustainable growth through strengthening the solutions business within the ion-exchange membrane business, and the launch of new hydrogen-related businesses

- Our large-scale alkaline water electrolysis system has been in operation for six years. It has a world-class track record
- 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).

Projected demand for water electrolyzers used in hydrogen production



Source: Prepared by Asahi Kasei based on BloombergNEF, Hydrogen Supply Outlook 2025

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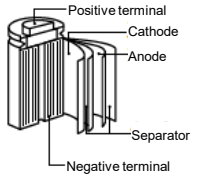
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets −
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Energy & Infrastructure (Separator)

Product and business information

Hipore™ wet-process LIB separator
Celgard™ dry-process LIB separator (acquired Polypore in fiscal 2015)

Note: A separator is a film positioned between a battery's positive and negative electrodes. It allows ions to pass between the electrodes while preventing contact between them, preventing short circuits.





Product information and operating environment

Customer	Competitors	Market size	Market share	Important business conditions
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.	● North American EV market: 1.3 billion m² in 2030 (2025–2030 CAGR of 10%, Asahi Kasei estimate) ● North American ESS market: 1.3 billion m² by 2030, comparable to the EV market (2025–2030 CAGR of 11%, Asahi Kasei estimate)	● Consumer electronics applications: Global top-tier in the high-end market ● EV applications: Aiming for market share of ≥30% in North America by fiscal 2030	● EV market share ● Demand from AI and data centers ● Demand for grid-scale energy storage systems ● Regulatory environment (EV regulations, IRA, OBBB Act [U.S.]) ● Tariffs, etc.

Strengths and business strategy

Strength: Continuously evolving, high-performance, high-quality products backed by expertise cultivated over many years

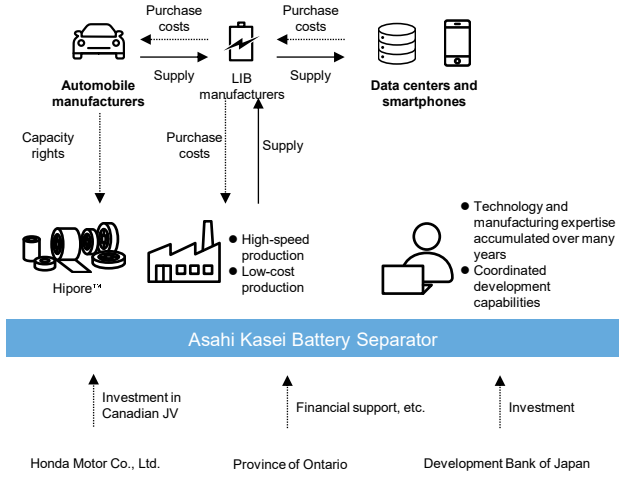
Product performance and quality

- 40-year history (a long-established chemical manufacturer with roots in polyethylene raw material development and membrane and separation technologies)
- 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

Ample production capacity to meet anticipated demand growth

- Completion of an integrated plant for base film and coated Hipore™ separator in Ontario, Canada, scheduled for fiscal 2027 (speed approximately double the industry standard for both base film and coating processes[1])

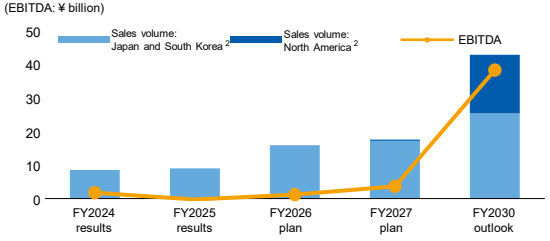
[1] Asahi Kasei estimate



Business Strategy: Maximizing earnings by flexibly shifting the sales portfolio in response to rapid market changes

- Short term: Achieve growth by reliably capturing expanding AI-related demand for energy storage systems (ESS)
- Medium to long term: Focus on expanding the customer base in anticipation of future demand growth, despite the current slowdown in EV demand growth

Sales volume and EBITDA of the Hipore business



[2] Japan, South Korea, and North America indicate sites of production

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
41 Use of Intangible Assets
42 HR Strategy
47 R&D and IP Strategy
55 Production Technology Strategy
57 Digital and AI Strategy
60 Sector Strategies
61 Messages from the Sector Presidents
63 Healthcare Sector Strategy
66 Homes Sector Strategy
69 Material Sector Strategy
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

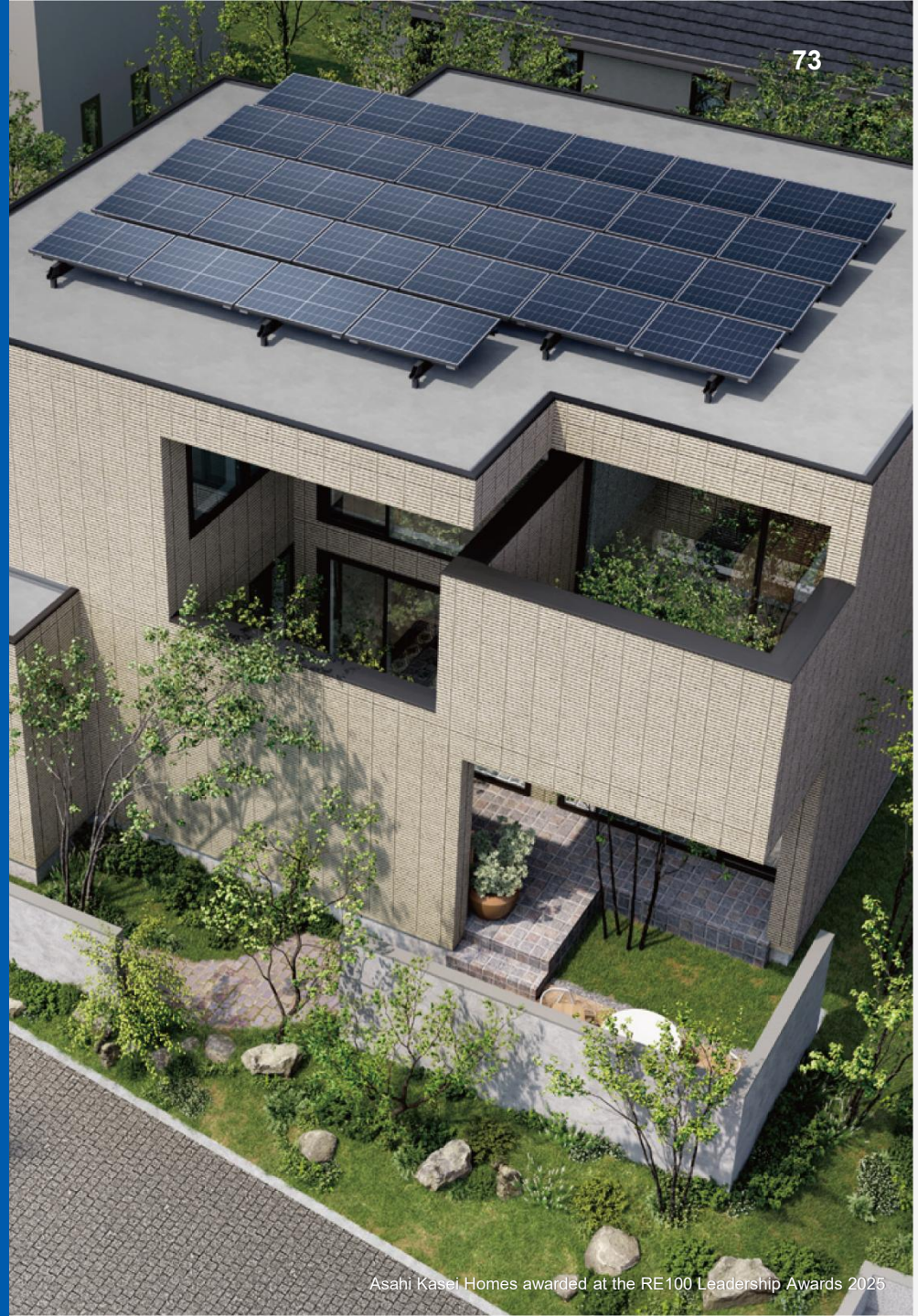
Requirement 4

Ability to continue contributing to sustainability

Asahi Kasei's initiatives

As the times change, the world continually faces new challenges. We have always worked to address these challenges through our diverse businesses.

Now our businesses continue to address major issues such as carbon neutrality.



Asahi Kasei Homes awarded at the RE100 Leadership Awards 2025

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability −
	74	Message from the Head of Sustainability Strategy Planning
	75	Progress on Materiality Initiatives
	76	Social Impacts
	78	Green Transformation (GX)
	83	Resource Circulation and Coexistence with Nature
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing
		Group Management Standards for Enhancing Corporate Value



Creating distinctive value and sustainability through Asahi Kasei's diverse businesses and technologies

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

What are Asahi Kasei's strengths for achieving sustainability?

Environmental issues, geopolitical tensions, supply chain disruptions, and other factors have brought into question many assumptions that were taken for granted. Because of this growing uncertainty, we need a clearer understanding of the essence of issues when making decisions and taking actions. In this environment, the Asahi Kasei Group's diversity of businesses and technologies, together with the corporate culture that embraces them, are major strengths as we forge a path to the future.

For example, in the Chemical business, we are reducing GHG emissions by consolidating ethylene production facilities and reconfiguring derivatives operations. This is not simply a matter of restructuring. We are also leveraging the catalyst technologies cultivated in our petrochemical operations to develop Revolefin™ technology to produce basic chemicals from bio-based feedstock, enabling the manufacture of greener products. We are also applying the technology and expertise cultivated in our ion exchange membrane chlor-alkali electrolysis business to the development and commercialization of technology to produce hydrogen, considered to be the ultimate form of clean energy. Each of these initiatives reflects Asahi Kasei's unique approach to addressing the world's challenges with an eye to the future.

We will continue to respond flexibly to changes in the world by developing solutions that meet the needs of the times from our unique perspective, thereby leading to further growth and increased earnings.

Why did you redefine your materiality in fiscal 2025?

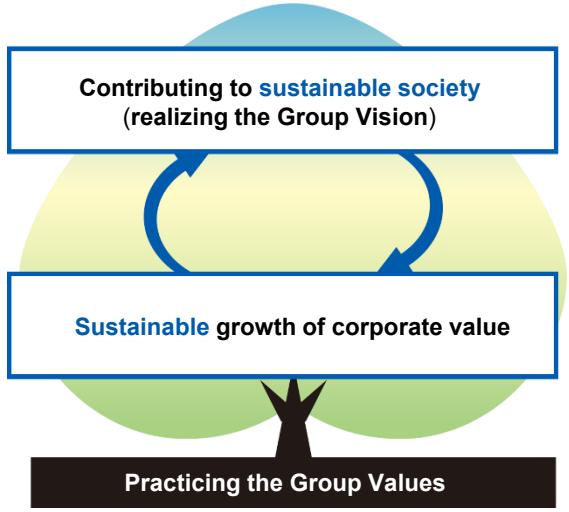
The redefinition was made in light of the growing expectations of society and investors regarding sustainability. We made it more clear how materiality stands at the core of our Group Mission, Group Vision, Group Values and MTP, and is intrinsically connected to raising corporate value.

We identified contributing to health and longevity, safe and comfortable living, and green transition as core elements of value creation, while positioning preventing pollution, safety/quality, compliance, and supply chain soundness as foundations supporting our business activities. Human resources and corporate culture were also identified as material issues essential to the sustainable enhancement of corporate value.

Asahi Kasei operates a diverse range of businesses across the Healthcare, Homes, and Material sectors, addressing societal issues from a variety of perspectives. Another distinctive characteristic of Asahi Kasei is the ability to create value broadly across different businesses. We have technology for materials that support daily life and healthcare, and housing products and services that contribute to fulfilling lives and environmental improvement. The Asahi Kasei Group brings together intangible assets, including diverse markets, technologies, expertise, and the people who underpin them, and works toward a shared Group Mission and Group Vision. We will continue to leverage this as a unique strength as we create new value. Our materiality serves as a guideline for management in achieving this objective. The recent revision of our materiality also provided an opportunity for management to review and reaffirm the issues that are truly important to the Asahi Kasei Group as a whole.

Through effective initiatives addressing our materiality, we will create a mutually reinforcing cycle of contributing to a sustainable society and sustainable growth of corporate value, resulting in growth over the medium to long term.

The two mutually reinforcing aspects of sustainability for the Asahi Kasei Group



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

L Long-term targets: from FY2030 M Medium-term targets: up to FY2027 S Short-term targets: FY2025

Materiality	Initiatives		Classification of financial effects	Related main indicators and targets	FY2025 results	Related SDGs
Health and Longevity	Provision of products and services that contribute to health and longevity		Opportunities	M 1) Three-year growth rate in AED unit shipments 2) Three-year growth rate in the number of LifeVest™ prescriptions 3) Operating income of: a. Pharmaceuticals & Life Science, and b. Critical Care[1]	1) 35% 2) 8% 3) a. ¥47.3 billion b. ¥36.1 billion	
Safe and Comfortable Living	Provision of products and services that contribute to comfortable living with peace of mind		Opportunities	S 1) ZEH[2] ratio for newly built unit homes: FY2025 target of 90% 2) ZEH-M[2] ratio in newly built apartments: FY2025 target of 85% 3) Operating income of: a. Overseas Homes, b. Real Estate Development, and c. Electronics[1]	1) 93% 2) 80% 3) a. ¥7.4 billion b. ¥10.7 billion c. ¥28.2 billion	
Green Transition	Contributing to decarbonization	Provision of products and services that contribute to reducing society's GHG emissions	Opportunities Risks	L 1) GHG emission reduction contributions through Environmental Contribution Products ・2030 target: At least 2 times (compared with FY2020) ・FY2035 target: At least 2.5 times (compared with FY2020) 2) Energy & Infrastructure operating income[1]	1) 1.55 times (compared with FY2020) 2) ¥500 million	
		Reducing our own GHG emissions	Risks	L GHG emissions (Scope 1 and 2) ・2030 target: Reduce by 30% or more (compared with FY2013) ・FY2035 target: Reduce by 40% or more (compared with FY2013) ・2050 target: Achieve carbon neutrality	Reduced by 43% (compared with FY2013) [preliminary figure]	
	Evolution of business toward a circular economy		Risks	M 1) Number of companies using the ion-exchange membrane process chlor-alkali electrolysis cell rental service: 10 (end of FY 2027) S 2) Implementation rate of long-term regular inspections for Hebel Haus™ unit homes and Hebel Maison™ apartment buildings[3]: 70% (end of FY 2025)	1) Cumulative total of seven companies 2) 70.2%	
	Preparedness for natural disasters		Risks	S Promote the revision of disaster risk response plans, primarily at manufacturing sites Target: By the end of FY2027	Reviewed and assessed the status of disaster risk mitigation measures and recovery plans at major manufacturing sites	
Pollution Prevention	Appropriate management of hazardous substances and substances of concern		Risks	At applicable sites: 1) Environmental accident target: Zero 2) Serious environmental incident target: Zero	1) Zero 2) 1 incident	
Corporate Culture that Fosters Innovation	Promoting understanding of the Group Mission and Group Vision		Opportunities	Number of dialogues between the President and employees (town hall meetings, etc.)	24 sessions, 217 participants	
Human Resources, Talent Development and Diversity	Securing human resources and strengthening lifelong growth and co-creativity		Opportunities	M 1) In the employee engagement survey: a. Monitoring of the "action driving growth" indicator b. Percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) ・FY2027 target: 60% L 2) Percentage of women in the total number of managers and Group Masters ・FY2030 target: 10%	1) a. 3.76 (on a 5-point scale) [FY2023: 3.72; FY2024: 3.74] 1) b. 58.5% 2) 5.5% (As of April 1, 2026)	
Compliance	Reducing compliance-related risks		Risks	1) Number of Cs Talk[4] sessions held 2) Percentage of respondents to the Cs Talk[4] promotion leader survey who agreed that Cs Talk led to an increase in members' compliance awareness[5] 3) Percentage of respondents to the compliance survey[6] who agreed that Cs Talk led to an increase in members' compliance awareness[5]	1) 4,192 sessions 2) 94.8% 3) 81.5%	
Safety and Quality (Occupational safety and health, process safety, quality assurance)	Ensuring safety in business activities		Risks	1) Fatal and permanently disabling accidents: Target of zero 2) At applicable sites: a. Serious industrial accidents and industrial accidents: Target of zero b. Intensity of industrial accidents: Target of 0.5 or less (average)[7]	1) Fatal accidents: Zero; permanently disabling accidents: 2 2) a. Serious industrial accidents: Zero; industrial accidents: 1 2) b. 1.05 (average)	
	Achieving quality with confidence		Risks	Serious quality incidents and legal or regulatory violations: Target of zero	Zero	
A Sound Supply Chain	Responsible supply chain management		— (Assessment in terms of the magnitude of social impact)	CSR procurement questionnaire for major suppliers 1) Questionnaire response rate (Target: 100%) 2) Percentage of companies rated C or D subject to follow-up that improve to an A or B rating (Target: 100%)	1) 99.6% (519 companies surveyed) 2) 93.9%[8]	

[1] Operating income of First Priority and Growth Potential businesses under the MTP. [2] 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. [3] Percentage of buildings at least 30 years old scheduled for inspection during the fiscal year that were inspected. [4] An initiative in which approximately 30,000 employees in Japan, working in teams organized by workplace and led by a designated facilitator, discuss compliance-related scenarios that could arise in their daily work to confirm the appropriate actions employees should take in accordance with the Asahi Kasei Group Code of Conduct. [5] Percentage of respondents who selected significantly or to some extent in response to a question asking whether the initiative had helped raise their compliance awareness on a five-point scale. [6] Conducted every other year for approximately 30,000 employees in Japan. [7] An index that quantifies the degree of impact of an industrial accident (based on the Japan Petrochemical Industry Association standard [CCPS]). [8] The results for the past two years were combined to calculate this figure because we conduct surveys of raw material suppliers and material suppliers, respectively, every other year.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Social value created through solutions unique to Asahi Kasei

Many of Asahi Kasei's businesses focus on specific markets. We have identified societal issues that tend to be overlooked and challenges that specialized manufacturers find difficult to address, and have developed distinctive solutions by leveraging our human resources and technologies. Through initiatives across a broad range of fields unique to Asahi Kasei, we create not only diverse social impacts but also significant financial value.

Materiality

Health and Longevity

Societal issue

How to help patients with IgA nephropathy, a cause of kidney failure?

- **Patient population:** The potential patient population in the U.S. is estimated at approximately 130,000 to 200,000. The disease tends to develop in younger people and, if it progresses, can lead to end-stage renal failure.
- **Economic loss:** Declining productivity among people in their prime working years represents a significant economic loss.
- **Rising healthcare costs:** If the disease progresses to the point where dialysis or kidney transplantation is required, it places a significant financial burden on government programs such as Medicare (the U.S. public health insurance program for older adults and people with disabilities).

Business output

Launched Tarpeyo™ as the first treatment for IgA nephropathy in the U.S.



Social impact

Rapidly gained acceptance as a first-line treatment for IgA nephropathy in the U.S., contributing to improved patient quality of life

- The launch of this treatment has further increased awareness and understanding of IgA nephropathy
- The only treatment recommended KDIGO 2025 Clinical Practice Guideline for the Management of IgA Nephropathy (IgAN) and Immunoglobulin A Vasculitis (IgAV)

Financial value

Achieved strong sales growth for Tarpeyo™ (potential to achieve the FY2030 peak sales target of US$500 million ahead of schedule)

Safe and Comfortable Living

Societal issue

How to replace older residences that lack earthquake resistance?

- **Needs for redevelopment:** More than 20% of condominium units in Japan, approximately 1.77 million, are at least 40 years old. This number is forecasted to increase rapidly. The number of poorly managed units is also growing as residents age while many inherited properties are left vacant. This can lead to a deterioration of public safety in the surrounding communities.
- **Disaster resilience issues:** Another pressing issue is the redevelopment of areas densely built with wooden houses. Although there are national and local government programs to address this issue, progress has been slow.

Business output

Constructed new condominiums to replace older ones and to redevelop residential areas



Social impact

Contributed to disaster-resilient urban development and the provision of high-quality homes

- Participated in more than 10% of condominium reconstruction projects in Japan (a cumulative total of 56 condominium reconstruction projects). Widely disseminating this expertise to society. Leading reconstruction efforts across the industry
- The newly built condominiums have earned strong recognition, including first place in the "Tokyo × Location" category for newly built condominiums in the Greater Tokyo Area in the 2026 Oricon Customer Satisfaction™ Survey

Financial value

Supplied condominiums in urban areas with limited availability and achieved a high operating margin (FY2025 Real Estate Development operating margin: 22%)

Green Transition

Societal issue

How to curb the increase in power usage with the growth of AI and data centers?

- **Increasing power consumption**: The amount of power consumed for data processing is growing dramatically as the widespread adoption of AI increases the demand for data centers.
- **Advancing progress while decarbonizing**: Increasing energy efficiency as data processing capability rises.

Business output

Supplying Pimel™ photosensitive insulator and other materials for advanced semiconductor packaging in AI servers



Social impact

Contributing to reduced GHG emissions by enabling advanced AI semiconductors with high processing capacity and power efficiency

- Advanced semiconductor packaging with materials such as Pimel™ contribute to improved energy efficiency of data centers by reducing the amount of power needed to perform a given amount of processing

Financial value

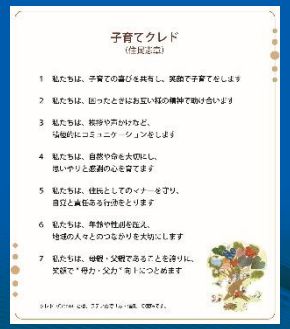
Strong profit growth and high capital efficiency (FY2025 Electronics ROIC: 18%)

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Rental housing that naturally fosters child-rearing communities
Hebel Maison™ “BORIKI”

Launched by Asahi Kasei Homes in fiscal 2012, Hebel Maison™ BORIKI apartment buildings are designed to realize a lifestyle in which residents can share the concerns and challenges of raising children, as well as the joys and rewards thereof. Developed based on broad feedback from households raising children, it provides a living environment where connections among residents and with the local community can develop naturally. The Asahi Kasei Group handles the entire process, from design and construction through property management and operation, supporting the ongoing development of the community. As nuclear families become increasingly common, our surveys have revealed that many parents do not have sufficient access to people they can turn to for advice or entrust with the care of their children. At BORIKI, only households that endorse the Child-Rearing Credo may become residents, creating a community whose members share common values. After moving in, residents further strengthen their connections through social events.


子育てクレド
(住民憲法)

1 私たちは、子育ての喜びを共有し、笑顔で子育てをします
2 私たちは、困ったときにはお互い様の精神で助け合います
3 私たちは、挨拶や声かけなど、積極的にコミュニケーションをします
4 私たちは、自然や命を大切にし、思いやりと感謝の心を育てます
5 私たちは、住民としてのマナーを守り、自立と責任ある行動をとります
6 私たちは、年齢や性別を超え、地域の人々とのつながりを大切にします
7 私たちは、地域・父親であることを誇りに、笑顔で“母力・父力”向上につとめます

Challenging conventional wisdom in the rental housing industry



What families raising children truly want is not physical features such as facilities and functionality, but connections with other people. In the rental housing industry, value is generally determined by location and facilities. People doubted whether a community-centered concept would attract tenants, and whether we could achieve rental rates that met property owners’ expectations. Our strong sense of mission and teamwork enabled us to take on this challenge.

Shoko Tamamitsu, iDX Planning & Development Dept., Technology Division, Asahi Kasei Homes Corp.

Value that cannot be created by simply building homes



Managing value-added rental housing such as BORIKI requires considerable time and effort, from recruiting tenants to providing support. The expertise and people that enable us to continuously foster these communities are assets unique to Asahi Kasei. We will continue to take the lead in implementing initiatives needed for housing in Japan.

Chiyako Tate, Property Management Dept., Business Promotion Division, Asahi Kasei Realty & Residence Corp.



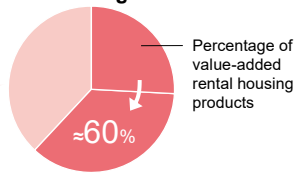
Rental housing as a driver of earnings in Homes

In addition to BORIKI for families raising children, Asahi Kasei Homes has developed high-value-added rental housing focused on the value created by bringing people together. Examples include PAWTNER, which offers a lifestyle in which residents can live comfortably with their pets, and Hebel Village, which provides safe, comfortable homes for active seniors. These pioneering initiatives have earned high praise from many rental property owners. As a result, these initiatives have strengthened the competitive advantage of the order-built homes business and led to larger, higher-value-added orders, driving earnings for Asahi Kasei Homes.

- **Percentage of orders for value-added rental housing**

FY2019 26%

FY2025 62%



- **Average floor area of apartment buildings[1]**

FY2019 → FY2025 ≈40% increase

- **Average unit price of apartment buildings[1]**

FY2019 → FY2025 ≈110% increase

[1] Data for buildings dedicated to rental apartments (not including rental units combined with owner-occupied homes)

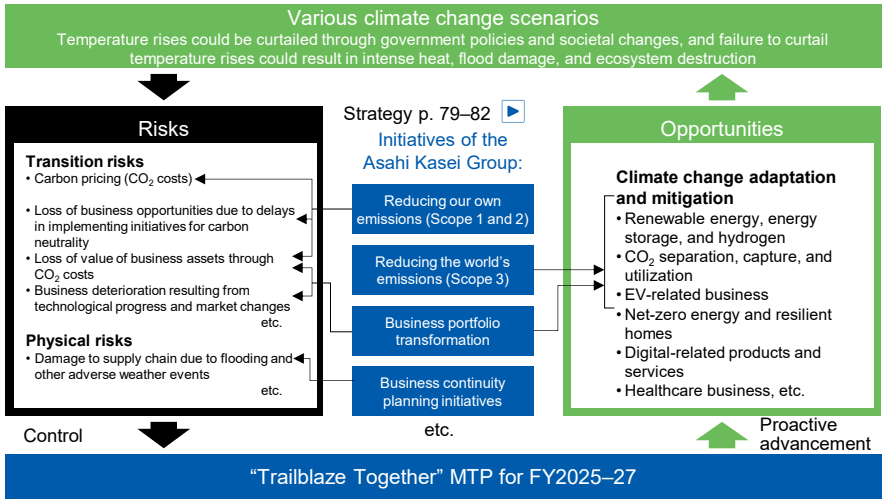
Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability −
	74	Message from the Head of Sustainability Strategy Planning
	75	Progress on Materiality Initiatives
	76	Social Impacts
	78	Green Transformation (GX)
	83	Resource Circulation and Coexistence with Nature
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group’s Information Structure
		Closing
		Group Management Standards for Enhancing Corporate Value

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



KPI	GHG emissions, GHG emissions/operating income	Metrics and Targets p. 80
Management	Carbon Neutrality Project, Global Environment Committee, annual review of MTP, monthly monitoring	Governance p. 78 Risk Management p. 80

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.

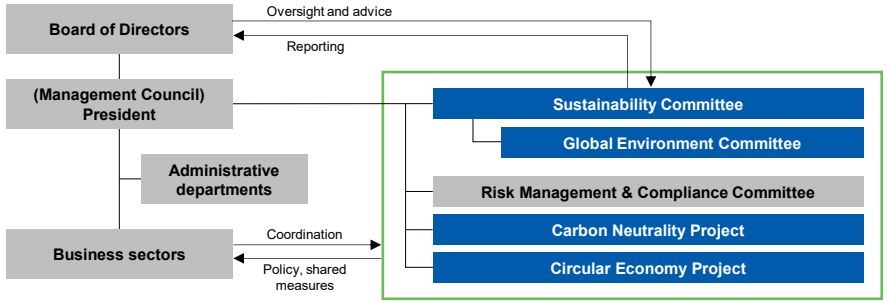
Governance

Asahi Kasei positions green transformation (GX), centered on climate change initiatives, as an important management priority. It is being advanced as a core element of management strategy.

Policies and key matters concerning climate change are deliberated and determined by the Board of Directors. Specific matters, including the identification of opportunities and risks, GHG emissions reduction targets, and capital investment plans, are deliberated and determined by the Management Council, the decision-making body for business execution. As indicated in the skills matrix, the Board of Directors is composed of Directors with the appropriate knowledge and experience to oversee climate change strategy (see p. 86).

To promote the implementation of policies determined by the Board of Directors and the Management Council at the business level, we have a Sustainability Committee chaired by the President, where persons responsible for the execution of each business share and discuss sustainability-related issues, including climate change. The content of these discussions is reported to the Board of Directors and used to consider the direction of company-wide initiatives. 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 environmental issues.

Under the Executive Officer for GX, the Carbon Neutrality Project examines scenarios from an overall optimization perspective and implements specific measures to achieve GHG emission reduction targets. Information on important matters is shared as needed with the President, the Executive Officer for Corporate Strategy, and others, and the orientation is regularly confirmed. The Circular Economy Project considers the Asahi Kasei Group's policies and future direction while monitoring the progress of and promoting individual initiatives.



* Task Force on Climate-related Financial Disclosures. The TCFD was established in December 2015 and its recommendations were officially announced by the Financial Stability Board in June 2017. It was dissolved in October 2023 and succeeded by the IFRS Sustainability Disclosure Standards.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability –
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Strategy

Assumptions of analysis

We apply the Net Zero Emissions by 2050 Scenario (NZE) from the World Energy Outlook (WEO) as a scenario in which GHG emissions are sharply reduced to limit the temperature rise to 1.5°C above pre-industrial levels, and IPCC SSP3-7.0[1] as a scenario in which insufficient progress on measures to address global warming leads to a temperature rise of 4°C.

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

[1] 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

Asahi Kasei promotes business portfolio transformation in line with the shift toward carbon neutrality and other megatrends. Under the current MTP, we plan to make decisions on approximately ¥600 billion in expansion-related investments over the three-year period, primarily in First Priority and Growth Potential businesses. Of this amount, approximately ¥70 billion is expected to be invested in addressing climate change-related opportunities and risks. We also conduct investment activities through corporate venture capital (CVC) with the aim of incorporating new technologies and pursuing collaboration. To address climate change, we have set aside $100 million under the Care for Earth investment framework for the five-year period from fiscal 2023 to fiscal 2027 and are investing in startups in the environmental field.

We view growing demand for products and services that contribute to climate change mitigation and adaptation as a business opportunity.

+1.5°C Scenario Opportunities and risks by sector: ● Healthcare, ▲ Homes, ■ Material

Significant changes	Key opportunities	Time horizon[2]
Transition to a carbon-neutrality	▲ Promoting the adoption of ZEH and ZEH-M ■ Growing demand for renewable energy ■ Growing demand for energy conservation ■ Growing demand for carbon-neutral products and services	Short to medium term
Widespread adoption of EVs	■ Growing EV-related demand (battery materials and automotive weight-reduction materials)	Short to medium term
Emergence of a hydrogen society	■ Growing demand for water electrolysis using renewable energy	Medium term
Transition to a circular economy	▲ ■ Growing demand for products and services compatible with a circular economy	Short to medium term
Expansion of the digital market	■ Digital solutions for society, daily life, and industry to achieve carbon neutrality	Short term

[2] Time horizon: Short term: through 2030; Medium term: 2030–2040

+4°C Scenario

Increasing severity of wind and flood damage	▲ Growing demand for disaster-resilient homes	Medium term
Rising temperatures	▲ Growing need for thermal insulation performance	Short term
Increase in heatstroke and infectious diseases	● Growing demand for relevant pharmaceuticals and medical devices	Medium term

Risks

Under the +1.5°C scenario, the principal transition risks anticipated are tighter regulations resulting from policies such as carbon pricing aimed at achieving carbon neutrality, as well as associated changes in demand for materials suited to a carbon-neutrality. We also anticipate risks such as changes in market structures due to an accelerated transition to a circular economy and the emergence of innovative technologies for carbon neutrality.

Meanwhile, the +4°C scenario primarily anticipates physical risks such as extreme heat, heavy rain, and flooding. In particular, 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 losses. Although these risks vary in severity, we believe they could materialize in the future, and we will pursue initiatives to mitigate them in accordance with their potential impact.

Specifically, in response to the +1.5°C scenario, we will improve energy efficiency, expand the use of renewable energy, develop and deploy recycling technologies, and review the allocation of management resources. In response to the +4°C scenario, in addition to continuously reviewing our business continuity plans (BCPs), we will strengthen advance preparations, including reviewing inventory levels and considering multiple suppliers, and implement measures to prevent heatstroke at home construction sites.

+1.5°C Scenario

Significant changes	Key risks	Time horizon
Transition to a carbon-neutrality	▲ ■ Increased costs due to tighter regulations (manufacturing and raw materials) ▲ ■ Changes in material needs (carbon neutrality requirements and required specifications) ▲ ■ Investors and customers selecting companies based on the status of their carbon neutrality initiatives, and a decline in public reputation	Short to medium term
Changes in market structure	▲ ■ Contraction of existing markets due to the transition to a circular economy ▲ ■ Contraction of existing markets due to advances in alternative technologies	Medium term

+4°C Scenario

Increasing severity of wind and flood damage	"Physical" production risks ● ▲ ■ Production shutdowns due to disaster damage at plants ● ▲ ■ Disruptions to raw material supply chains due to disaster damage at suppliers	Short to medium term
Rising temperatures	"Human" production risks ▲ ● ■ Deterioration of working conditions and productivity at manufacturing, logistics, construction, and other worksites	Short term

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Risk management

Under the scenarios described above, we assess the current and future impacts that may arise for our businesses in terms of their likelihood and magnitude, among other factors, and identify opportunities and risks.

In addition, as fundamental climate-related data, we annually monitor actual GHG emissions for Scope 1, Scope 2, and Scope 3 (major categories), with third-party assurance. The actual emissions data and progress toward targets are shared with the Carbon Neutrality Project, which discusses future initiatives. Furthermore, during formulation of the MTP and annual reviews, we assess progress and challenges in GHG emission reduction efforts and incorporate the findings into our consideration of business strategies and measures.

When making capital investments, we take internal carbon pricing (ICP) into account to evaluate investment returns and use the results to inform investment decisions. The ICP price 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%)	Indicates reduction status of Scope 1 and Scope 2
		FY2035	Reduce by 40% or more (Japan: reduce by 60%) Note: Each compared to FY2013	
		FY2050	Achieve carbon neutrality	
	Results	FY2025	2.9 million t-CO_2e (43% reduction) [preliminary figure]	
GHG emissions*/ operating income	Results	FY2025	13,000 t-CO_2e/¥1 billion	Decline signifies reduction of carbon tax risk

* GHG emissions are Scope 1 and Scope 2 emissions. Covers seven types of GHGs (CO_2, CH4, N_2O, HFCs, PFCs, SF_6, and NF_3). From the perspective of the entire value chain, we have also set a target of increasing the GHG emission reduction contributions of products and services that help reduce society's GHG emissions and otherwise contribute to the environment (Environmental Contribution Products) to at least 2 times by fiscal 2030 and at least 2.5 times by fiscal 2035 compared to fiscal 2020.

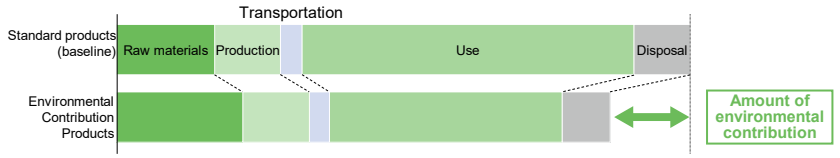
Other related matters

Internal carbon pricing (ICP)	Make investment decisions based on ¥15,000/t-CO_2e 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.).

Contributing to reductions in the world's GHG emissions

■ **Environmental Contribution Products**

We internally certify products and services that contribute to reducing environmental impact throughout their entire life cycle as Environmental Contribution Products. We confirm the validity of the calculation methods through reviews by external experts. (Please refer to our website for details on the main products. ▶)

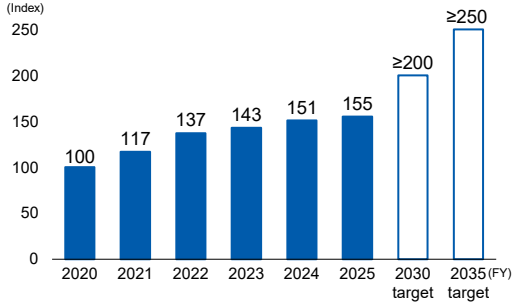


■ **Targets and progress**

For GHG emission reduction contributions from Environmental Contribution Products, we aim to achieve at least 2 times the fiscal 2020 level by fiscal 2030 and at least 2.5 times that level by fiscal 2035. As of fiscal 2025, this figure stands at 1.55 times the fiscal 2020 level, indicating steady progress toward achieving the targets.

Note: The GHG emission reduction contribution was approximately 20.1 million t-CO_2e in fiscal 2025. Please note that the contribution is calculated based on assumptions that differ by product, and the figure is a simple aggregate and therefore not suitable for comparison with other companies.

GHG emission reduction contributions through Environmental Contribution Products



Comment from external expert



Hiroyuki Uchida Principal, Research Institute, Mizuho Bank, Ltd.

Efforts to simultaneously advance decarbonization and strengthen industrial competitiveness are progressing in both private markets and public policy. Against this backdrop, societal interest in GHG emission reduction contributions and Environmental Contribution Products is also continuing to grow. Meanwhile, if there are errors or a lack of transparency in the methods used to calculate avoided emissions or in the information disclosed, the impact could extend beyond an individual company and undermine the credibility of reduced emissions initiatives as a whole. Asahi Kasei strives to ensure objectivity and transparency through calculations based on major guidelines and reviews by external experts. I commend them for maintaining a high standard of information disclosure through these efforts, representing a pioneering initiative among Japanese companies. I look forward to the Asahi Kasei Group continuing to lead industry efforts to enhance the credibility of reduced emissions and promote their implementation in society by ensuring appropriate calculations and highly transparent disclosure.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Example calculation of contribution to reduced GHG emissions by Environmental Contribution Product

Hall IC for smartphone cameras (for optical image stabilization camera modules)

Eliminates the need for a dedicated optical image stabilization (OIS) processor, reducing the circuit board area required



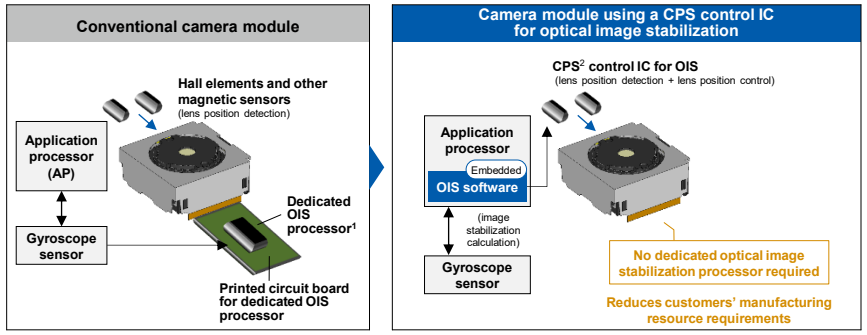
Conventional camera modules incorporated magnetic sensors such as Hall elements and a dedicated optical image stabilization processor. The use of this product (Hall IC), together with optical image stabilization software provided for the application processor, eliminates the need for a dedicated optical image stabilization processor. Reducing the circuit board area required contributes to lowering GHG emissions at the customer's manufacturing stage.

Stage of contribution (life cycle stage)

Raw material extraction → Manufacturing → Distribution → Use → Disposal

Note: The adoption of this product contributes to reducing customers' GHG emissions from the raw material extraction stage through the manufacturing stage.

Comparison of composition



Calculation method

Reduction per unit
(A-B)
A: CFP[3] of magnetic sensors such as Hall elements + dedicated OIS processor + circuit board
B: CFP[3] of this product (Hall IC)

× **Sales volume** = **Contribution to reduced GHG emissions**

[1] Dedicated OIS processor with image stabilization calculation function and lens position control function
[2] Close position sensing
3 Carbon footprint of product

Candidates to be next-generation Environmental Contribution Products

To create environmental value in the future, we certify products under development as next-generation Environmental Contribution Products if they are expected to contribute to the environment, are projected to be launched or generate sales within five years, and are conducive to quantification of their contribution to reduced environmental impact.

Examples of next-generation of Environmental Contribution Products

CNF composite

3D printing material that utilizes biomass-based materials and contributes to resource circulation

KARAKSA™

Product overview
Our CNF (cellulose nanofiber) composite combines our proprietary, highly heat-resistant CNF with resin. Made using raw materials including biomass-derived renewable resources, it is a resin material for 3D printing

Key environmental contributions
- Reduced dependence on fossil resources through the use of biomass-derived raw material (CNF)
- Its recyclable material design enables the recycling of materials after use and trimmings and other scrap generated during molding, contributing to the realization of a circular society

Technological strengths
- Achieves a high degree of design freedom in molding due to its thixotropy[4]
- Offers excellent mechanical properties, including strength and elasticity, enabling stable printing

Hard-coating agent for plastic glazing[5]

Supporting the practical application of plastic windows and helping reduce the environmental impact of mobility



Product overview
A hard-coating agent for plastic glazing that enables automotive window glass to be replaced with plastic by using our proprietary hard-coating technology to provide the abrasion resistance and high durability, including weather and chemical resistance, required for vehicle window glazing

Key environmental contributions
- Contributing to reduced energy consumption while driving by enabling lighter vehicles through the practical application of plastic windows
- Reducing VOC[6] emissions in the production process through the use of a water-based coating

Technological strengths
- Proprietary coating technology that provides the high abrasion resistance and durability required for plastic glazing
- Water-based material design that achieves a simple layer structure without the need for conventional surface treatment

[4] Thixotropy is the property of becoming more fluid when subjected to an external force (shear) and recovering viscosity when left to stand
[5] Plastic glazing is the use of resin material instead of glass for windows and openings, contributing to weight reduction and improved impact resistance
[6] Volatile organic compounds. A group of substances that readily evaporate into the atmosphere and contribute to air pollution and adverse health effects

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Reducing our own GHG emissions

We will continue to implement concrete measures from various perspectives and reduce GHG emissions from our business activities as we work toward carbon neutrality.

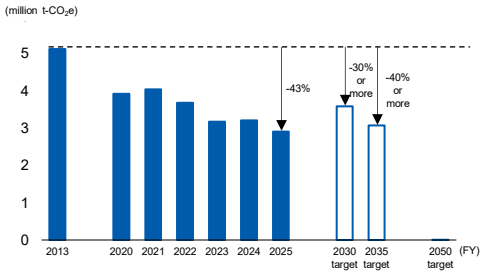
Targets

Targeting Scope 1 (our own direct GHG emissions) 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.

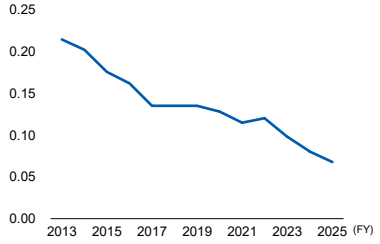
Results and initiatives

GHG emissions in fiscal 2025 totaled 2.90 million t-CO_2e (preliminary figure[1]), a 43% reduction from fiscal 2013, reflecting ongoing efforts to improve energy and production efficiency, as well as fluctuations in production volume due to scheduled maintenance and other factors, and structural transformation. We also continue to reduce GHG emissions intensity per unit of profit as we work to evolve into a company aligned with a sustainable society.

GHG emissions (Scope 1 and Scope 2)



GHG emissions/ (operating income + depreciation and amortization)

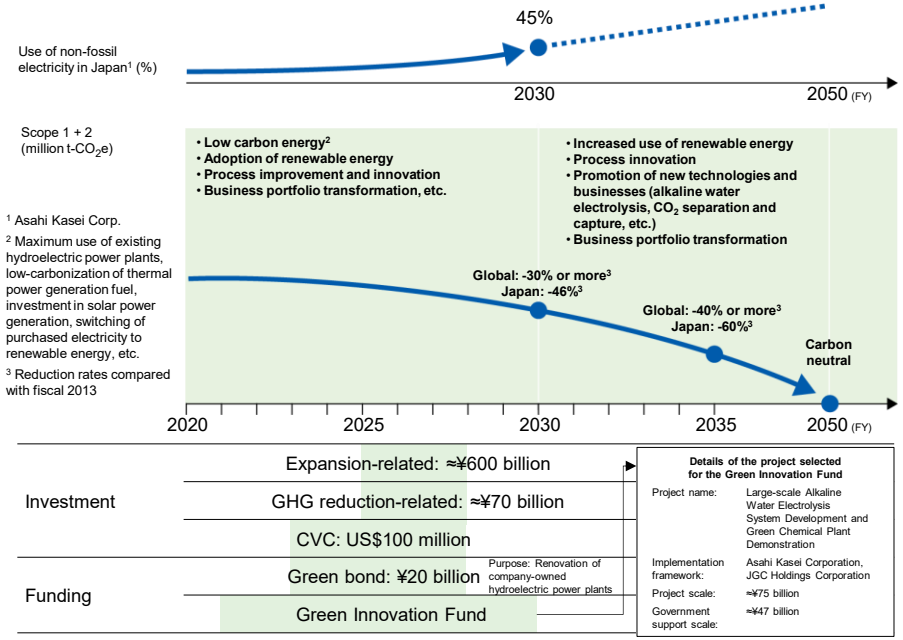


Activities for achieving carbon neutrality

The achievement of carbon neutrality by fiscal 2050 is a major challenge. We not only need to steadily advance energy conservation activities and ongoing efforts to reduce GHG emissions, but also to advance fundamental technological innovation and transformation of business models. In fiscal 2026, we will continue to identify GHG emission reduction measures and advance their implementation. We will also consider specific measures and reduction scenarios for developing optimal energy supply systems at each site, taking into account factors such as structural transformation.

[1] Fiscal 2025 GHG emissions are preliminary and may be revised after undergoing third-party verification.

Roadmap to achieving carbon neutrality

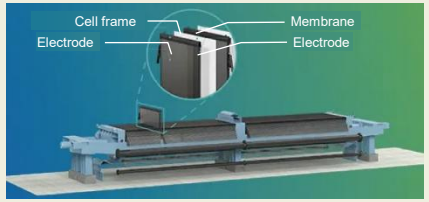


Note: The color coding for investments and financing indicates the applicable periods

Reducing the world's GHG emissions as well as our own: hydrogen-related initiatives

Asahi Kasei continues to validate its technology with the aim of becoming a key player in the emerging market for water electrolyzers used to produce clean hydrogen, and entered the full-scale commercialization phase in fiscal 2025. At the Kawasaki Works, construction is currently underway on new facilities capable of producing electrolyzer cell frames and membranes for both clean hydrogen production and the ion-exchange membrane process for chlor-alkali electrolysis, with operations scheduled to begin in fiscal 2028 (production capacity: 2 GW).

This project is receiving financial support under the GX Supply Chain Construction Support Project promoted by the Ministry of Economy, Trade and Industry. Through its hydrogen-related businesses, Asahi Kasei will contribute to reducing the world's GHG emissions and as well as those from its own operations.



Alkaline water electrolyzer for hydrogen production

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Advancing sustainability through resource circulation and harmony with nature

Advancing initiatives for the transition to a circular economy

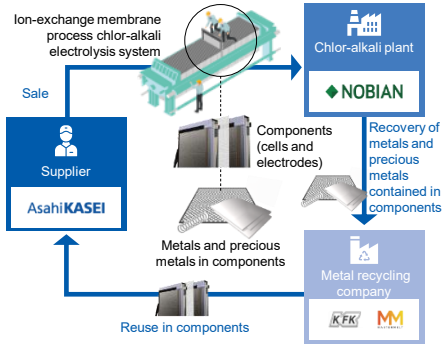
We are advancing initiatives from a variety of perspectives to ensure the sustainable use of finite resources.

Recycling

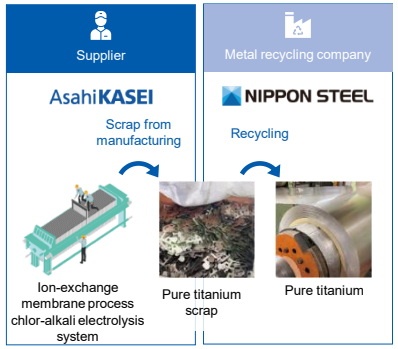
Ion-exchange membrane process for chlor-alkali electrolysis

In our ion-exchange membrane-process chlor-alkali electrolysis business, which sells equipment and systems for producing the basic chemicals caustic soda and chlorine, we launched a joint demonstration project with Nobian Industrial Chemicals B.V., Furuya Metal Co., Ltd., and Mastermelt Ltd. to recycle metals used in electrolysis cells and electrodes. Also, in collaboration with Nippon Steel Corp. and Nippon Steel Trading Corp., we established a recycling initiative to recover pure titanium scrap generated during the electrolysis cell manufacturing process for reuse as raw material for pure titanium. Through such initiatives, we are building an ecosystem for metal recycling across the industry.

Overview of the cell and electrode metal recycling process involving four companies



Recycling initiative for pure titanium recovery



Technology utilization

Chemical business

In preparation for the launch of commercial production of green basic chemicals in collaboration with Mitsui Chemicals, Inc. and Mitsubishi Chemical Corporation, we plan to install an initial production facility at our Mizushima Works using Revolefin™ technology for producing green basic chemicals such as ethylene and propylene from bioethanol. Following verification of equipment performance, operation, and operability, we aim to begin commercial production in fiscal 2034. (For details, please refer to p. 26. ▶)

Promoting initiatives related to natural capital

Asahi Kasei began operation with hydroelectric power generation in Nobeoka City, Miyazaki Prefecture, Japan, and continues to operate in close connection with nature, including water resources. As consideration for natural capital becomes increasingly important, we aim to both contribute to sustainability and enhance corporate value by gaining a clearer understanding of our dependencies and impacts on nature.

Analysis and disclosure in line with the LEAP approach recommended by TNFD[1]

Asahi Kasei is conducting natural capital analysis using the LEAP approach advocated by the TNFD. The LEAP approach is a methodology for identifying the interfaces between business activities and nature, and progressively assessing and organizing dependencies and impacts on nature, as well as the associated risks and opportunities. The analysis began with the Material sector, which was identified as highly significant in terms of its impact on nature and scale of sales, and is now being expanded and deepened to encompass the Homes and Healthcare sectors. Going forward, we will continue to ensure thorough compliance with relevant laws and regulations, conduct business activities with due consideration for biodiversity, and promote the sustainable use and conservation of natural capital.

LEAP approach (Asahi Kasei's initiatives shown at the bottom)

Scoping	Locate	Evaluate	Assess	Prepare
Setting the scope of assessment	Identification of priority regions for assessment and disclosure	Assessment of dependencies and impacts on nature	Assessment of nature-related risks and opportunities	Response to and disclosure of risks and opportunities
• 3 sectors • Japan/overseas • Upstream and direct operations	Prioritized large-scale manufacturing sites for assessment	Confirmed significant interactions with nature, particularly in relation to GHG emissions, water, and pollution	Identified basic risks and opportunities; to be further examined based on L and E assessments	Ongoing risk reduction; to be further examined based on L, E, and A assessments

Certification of a Nationally Certified Sustainably Managed Natural Site

Asahi Kasei participates in the 30by30[2] Alliance for Biodiversity, which was established to help achieve the international 30by30 target of halting and reversing biodiversity loss. As part of this initiative, under a program that certifies corporate green spaces and other conserved areas as OECMs[3], two Asahi Kasei sites, Asahi Woods of Life in Fuji City, Shizuoka Prefecture, and Moribio in Moriyama City, Shiga Prefecture, have been certified by Japan's Ministry of the Environment as Nationally Certified Sustainably Managed Natural Sites. Both sites undertake green space management and biodiversity conservation activities that take local ecosystems into consideration, contributing to biodiversity conservation and coexistence with nature.



Moribio in Moriyama City, Shiga Prefecture (certified in the first half of fiscal 2025)

[1] TNFD (Taskforce on Nature-related Financial Disclosures) is an international disclosure framework and organization that promote the assessment and disclosure of risks and opportunities related to natural capital.
[2] 30by30 is a target to effectively conserve and manage at least 30% of land and sea areas by 2030, toward achieving "nature positive" with the aim of reversing nature loss by 2030.
[3] OECM (Other Effective area-based Conservation Measures) is an international framework for designating areas outside protected areas that contribute to biodiversity conservation.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability −
74 Message from the Head of Sustainability Strategy Planning
75 Progress on Materiality Initiatives
76 Social Impacts
78 Green Transformation (GX)
83 Resource Circulation and Coexistence with Nature
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Requirement 5

Strong and effective corporate governance

Asahi Kasei's initiatives

We are enhancing governance to support growth investments and structural transformation in the course of transforming our business portfolio.

We will continue working to further enhance the effectiveness of governance, such as by improving the quality of Board of Directors discussions.



Asahi Kasei's diverse human resources

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance
	85	Corporate Governance
	96	Roundtable Discussion among Outside Directors
	99	Interview with Newly Appointed Outside Director
	100	Risk Management
	102	Compliance / Information Security
	103	Respect for Human Rights / CSR Procurement
	104	Health & Productivity Management, Production, ESH & QA
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

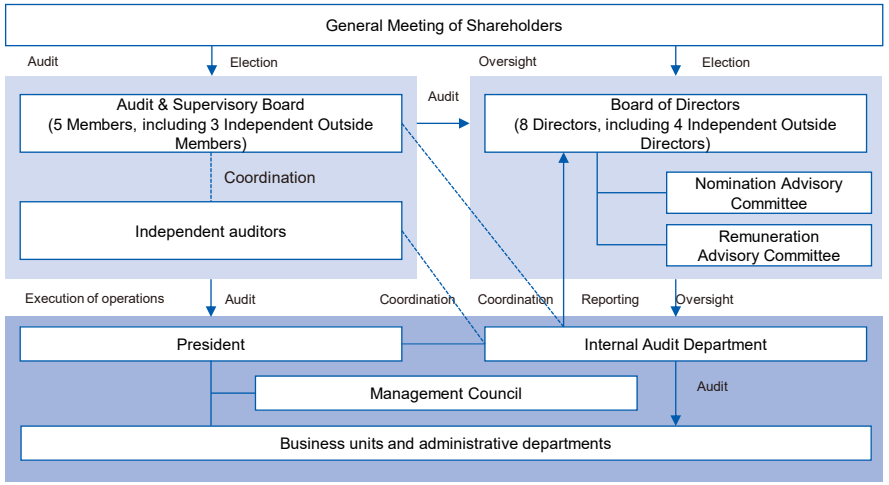
Corporate governance framework for fulfilling the “six requirements”

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.

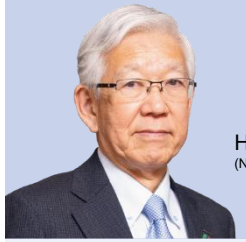
To that end, we continuously pursue the optimal corporate governance framework for ensuring transparent, fair, timely, and resolute decision-making in accordance with changes in the business environment.

Corporate governance configuration (as of June 24, 2026)



Reasons for adopting the structure of a company with an Audit & Supervisory Board

Asahi Kasei has adopted the structure of a company with an Audit & Supervisory Board to achieve both agile management decision-making and effective supervision and auditing. The Board of Directors, made up of Directors with diverse internal and external experience and expertise, is responsible for important management decisions and oversight. In addition, objectivity and transparency in officer appointments and compensation are ensured through voluntary committees on which Outside Directors constitute a majority. The Audit & Supervisory Board audits the legality and appropriateness of management by leveraging the in-depth knowledge of the company held by full-time Audit & Supervisory Board Members and the expertise of Outside Audit & Supervisory Board Members. The role and composition of the Board of Directors and the company’s governance structure are continuously reviewed through effectiveness evaluations.



Hideki Kobori
(Non-executive)

Message from the Chair of the Board of Directors

In fiscal 2025, the Board of Directors focused its discussions on agenda items related to the “Six Requirements” for Asahi Kasei to sustainably enhance corporate value. Amid a highly uncertain business environment resulting from changes in the global trade environment and geopolitical landscape, the Board of Directors placed a certain degree of emphasis on discussing short-term issues while proactively addressing agenda items related to business portfolio transformation, resource allocation, and risk management. In particular, with regard to the structural transformation of the Chemical business, we advanced discussions strategically and with a sense of urgency, aiming to reach decisions promptly, thereby further accelerating business portfolio transformation.

Asahi Kasei also operates a diverse range of businesses with different business environments and competitive positions. Outside Directors highlighted the importance of investment discipline that takes into account the characteristics of each business, and our decision-making framework has evolved to incorporate the hurdle rates established for each business by the corporate administrative function. In the acquisition of Aicuris as well, comments from Outside Directors regarding the hurdle rate prompted the business unit to reassess the underlying assumptions. Our decision-making reflects such discussions on investment discipline by the Board of Directors.

Another important subject that we continue to discuss is Asahi Kasei’s medium- to long-term aspirations. Returning to the fundamental question of the Asahi Kasei Group’s reason for being and what defines Asahi Kasei as it continuously evolves through business portfolio transformation in accordance with the times, we will further enhance discussions, including through off-site meetings, on the alignment of business and human resource strategies in businesses that continue to expand globally through growth investments, as well as the governance framework that supports them.

Asahi Kasei’s strength lies in the diversity of its businesses and human resources. At the same time, maintaining and strengthening group-wide cohesion is essential to leveraging this strength. Based on this awareness, in fiscal 2025 we established the Group Management Standards[1] as guidelines for action by the Asahi Kasei Group’s leaders toward enhancing corporate value. Through its deliberations on these measures, the Board of Directors promotes the adoption of shared values based on the Group Mission, Group Vision, and Group Values, as well as group-wide initiatives to enhance corporate value.

In fiscal 2026, the addition of a new Outside Director brought further expertise in global management and DX-driven business model transformation, while Outside Directors came to account for half of the Board. Amid growing uncertainty in the business environment, it is essential to assess risks and opportunities with a high level of sensitivity from diverse perspectives. By bringing together the expertise of all attendees of meetings of the Board of Directors and further enhancing the effectiveness of the Board of Directors, we will contribute to further increasing the corporate value of the Asahi Kasei Group.

[1] GMS (Group Management Standards) are fundamental standards of conduct for enhancing the value of the Asahi Kasei Group. (please refer to Closing. ▶)

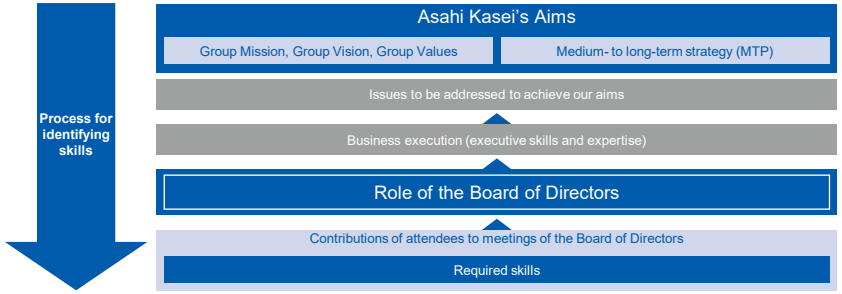
Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Board of Directors composition suited to business portfolio transformation

Against a backdrop of discontinuity and uncertainty in the business environment, Asahi Kasei recognizes that accelerating business portfolio transformation through the two-pronged approach of growth investments and structural transformation is a particularly important task of management. As such, the company defines the role of the Board of Directors as providing oversight and making important decisions on key management matters for the Asahi Kasei Group and its broad range of businesses. These matters include management strategies such as the MTP, business portfolio management and allocation of management resources, and sustainability.

Process for selecting skills

Based on the company's aims for the future, the Nomination Advisory Committee clarified the role of the Board of Directors, including oversight of the executives working to achieve such aims. It then discussed and selected the skills needed by Directors and Audit & Supervisory Board Members to fulfill that role.



Skills	Reason for selection and details
Corporate Management (experience as president of a listed company)	In light of the management environment of the Asahi Kasei 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 Asahi Kasei.
Finance, 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 Asahi Kasei has numerous overseas sites and is strengthening its operations in global markets.
R&D, Innovation, and DX	R&D, innovation, and DX are the source of the Asahi Kasei 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 with 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 Asahi Kasei 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 Asahi Kasei Group's sustainable growth and prevention of damage.

Skills matrix based on management issues

Directors' skills matrix

Outside Outside Director Independent Independent Officer

	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
Hideki Kobori	●								
Koshiro Kudo	●								
Toshiyasu Horie		●	●	●	●				
Masatsugu Kawase				●		●	●		
Yuko Maeda (Outside, Independent)				●		●	●	●	
Chieko Matsuda (Outside, Independent)		●	●	●				●	
Yoshinori Yamashita (Outside, Independent)	●								
Hiroyuki Ogawa (Outside, Independent)	●								

Audit & Supervisory Board Members' skills matrix

Outside Outside Audit & Supervisory Board Member Independent Independent Officer

Takuya Magara				●		●	●		
Hiroki Ideguchi		●	●					●	●
Akemi Mochizuki (Outside, Independent)			●						●
Haruyuki Urata (Outside, Independent)		●	●		●				
Yoshikazu Ochiai (Outside, Independent)					●				●

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.

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Directors

Outside Outside Director Independent Independent Officer



Chairman & Director
Hideki Kobori
(Date of birth: February 2, 1955)

Role	Chair of the Board of Directors (non-executive) Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

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 Asahi Kasei Group in April 2012. In April 2016, he assumed the role of President and Director of Asahi Kasei. Since April 2022, he has served as Chairman & Director of Asahi Kasei. 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 Asahi Kasei Group as a Director.



Outside Independent

Director
Yuko Maeda
(Date of birth: July 26, 1960)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

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 Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and its committees, she provides appropriate input as necessary based on her experience in research and development and management at companies, universities, and other organizations. In fiscal 2025, she provided comments and raised questions particularly regarding marketing strategy, human resource management, and safety at manufacturing sites.



President & Representative Director
Presidential Executive Officer
Koshiro Kudo
(Date of birth: June 5, 1959)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

After many years of experience in the fiber business, he served in positions including Executive Officer of Asahi Kasei Fibers Corp., President of the Fibers & Textiles SBU, and President of the Performance Products SBU. In April 2021, he assumed responsibility for management strategy, finance and accounting, and internal control for the entire Asahi Kasei Group. Since April 2022, he has served as President and Director of Asahi Kasei. 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 Asahi Kasei Group as a Director.



Outside Independent

Director
Chieko Matsuda
(Date of birth: November 18, 1964)

Role	Member of the Nomination Advisory Committee Member of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

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 Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and each committee, she provides pertinent comments as appropriate, drawing on her experience in academia and management consulting. In fiscal 2025, she provided comments and raised questions particularly regarding capital policy from the perspectives of capital markets and investors, as well as group-wide governance and risk management.



Representative Director
Primary Executive Officer
Toshiyasu Horie
(Date of birth: December 30, 1962)

Attendance (FY2025)	Board of Directors: 100% (15/15)

Reason for appointment

After many years of experience in the petrochemicals business and serving as the executive responsible for general affairs, legal affairs, communications, risk management, and compliance, he has overseen the Asahi Kasei Group's overall management strategy, accounting and finance, and other functions 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 Asahi Kasei Group as a Director.



Outside Independent

Director
Yoshinori Yamashita
(Date of birth: August 22, 1957)

Role	Member of the Nomination Advisory Committee Chair of the Remuneration Advisory Committee
Attendance (FY2025)	Board of Directors: 100% (15/15) Nomination Advisory Committee: 100% (6/6) Remuneration Advisory Committee: 100% (4/4)

Reason for appointment

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 Asahi Kasei Group as an Outside Director.

Contributions based on areas of expertise

At meetings of the Board of Directors and each committee, he provides pertinent comments as appropriate, drawing on his experience as a corporate executive. In fiscal 2025, he provided comments and raised questions particularly regarding risks in global management, ensuring the effectiveness of measures at the operational level, and approaches to internal and external communications.



Director
Primary Executive Officer
Masatsugu Kawase
(Date of birth: March 9, 1965)

Attendance (FY2025)	Board of Directors: 100% (15/15)

Reason for appointment

After many years of experience in process development and manufacturing in 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 Asahi Kasei Group as a Director.



Outside Independent

Director
Hiroyuki Ogawa
(Date of birth: March 23, 1961)

Role	Chair of the Nomination Advisory Committee Member of the Remuneration Advisory Committee

Reason for appointment

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 Asahi Kasei Group as an Outside Director.

Note: As he was newly elected as a Director at the 135th Ordinary General Meeting of Shareholders of Asahi Kasei held on June 24, 2026, there is no information on his attendance etc. for fiscal 2025.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Audit & Supervisory Board Members

Outside Outside Audit & Supervisory Board Member
Independent Independent Officer



Audit & Supervisory Board Member
Takuya Magara
(Date of birth: December 11, 1957)

Attendance (FY2025)	Board of Directors: 100% (15/15) Audit & Supervisory Board: 100% (34/34)

Reason for appointment

He has many years of experience in R&D and technology in the Homes business. Based on this experience and knowledge, we expect him to properly perform his duties as an Audit & Supervisory Board Member.



Audit & Supervisory Board Member
Hiroki Ideguchi
(Date of birth: November 9, 1962)

Attendance (FY2025)	Board of Directors*: 100% (15/15) Audit & Supervisory Board: 100% (22/22) * Including Board of Directors meetings attended as a Director prior to retiring as Director on June 25, 2025

Reason for appointment

After many years of experience in the pharmaceutical business and subsequently serving as Senior General Manager of Corporate Strategy at Asahi Kasei, he was responsible for human resources, general affairs, legal affairs, communications, and risk management and compliance from April 2022. Based on this experience and knowledge, we expect him to properly perform his duties as an Audit & Supervisory Board Member.



Outside
Independent

Audit & Supervisory Board Member
Akemi Mochizuki
(Date of birth: June 10, 1954)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 97% (33/34)

Reason for appointment

She has been a certified public accountant for many years. Based on her experience and knowledge, we expect her to properly perform her duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, she provides pertinent comments as appropriate based on her experience as a certified public accountant. In FY2025, she provided comments and raised questions particularly from the perspectives of risk management and accounting.



Outside
Independent

Audit & Supervisory Board Member
Haruyuki Urata
(Date of birth: November 8, 1954)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 97% (33/34)

Reason for appointment

He has extensive experience as a corporate manager and an officer in charge of corporate accounting and finance. Based on his experience and knowledge, we expect him to properly perform his duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, he provides pertinent comments as appropriate based on his experience as a corporate executive and chief financial officer. In FY2025, he provided comments and raised questions particularly regarding group-wide governance and internal control systems.



Outside
Independent

Audit & Supervisory Board Member
Yoshikazu Ochiai
(Date of birth: January 7, 1960)

Attendance in FY2025

Board of Directors: 100% (15/15)
Audit & Supervisory Board: 100% (34/34)

Reason for appointment

He has many years of experience in legal work. Based on his experience and knowledge, we expect him to properly perform his duties as an Outside Audit & Supervisory Board Member.

Contributions based on areas of expertise

At meetings of the Board of Directors and the Audit & Supervisory Board, he provides relevant comments as appropriate based on his experience as a public prosecutor and attorney. In fiscal 2025, he has provided observations and raised questions particularly concerning risk management, compliance, and information security.

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

Asahi Kasei 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. With regard to Outside Directors, we expect them to oversee management objectively based on their deep insight. Candidates are therefore selected from among 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. We also ensure that at least one member has knowledge of finance and accounting.

To facilitate discussion at meetings of the Board of Directors, we have maintained a composition in which Internal Directors are primarily executives responsible for corporate functions. We have also established a standard stipulating that, in principle, a Director may not concurrently serve as a Director of four or more listed companies other than Asahi Kasei. For information on concurrent positions held by Directors and Audit & Supervisory Board Members as of the end of May 2026, please refer to the Notice of the General Meeting of Shareholders. ▶

Composition of the Board of Directors

Following the General Meeting of Shareholders in June 2026, the proportion of Outside Directors increased to 50%, further strengthening supervisory functions.

Men Women

Directors		Audit & Supervisory Board Members	
Inside Directors	Outside Directors	Inside Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members
4	4	2	3
Ratio of Outside Directors	Ratio of Female Directors	Ratio of Outside Officers (including Audit & Supervisory Board Members)	Ratio of Female Officers (including Audit & Supervisory Board Members)
50% (4/8)	25% (2/8)	54% (7/13)	23% (3/13)
Ratio of independent officers serving on the Nomination Advisory Committee		Ratio of independent officers serving on the Remuneration Advisory Committee	
67% (4/6)		67% (4/6)	

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Succession Planning Initiatives / Changes in Corporate Governance

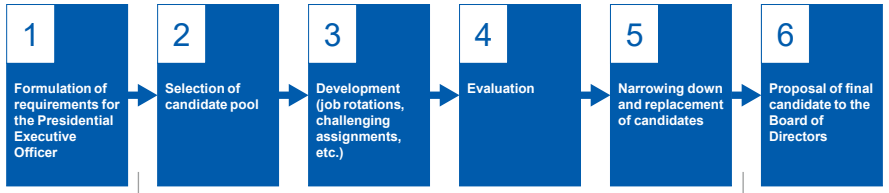
Succession Planning

1. Succession Plan for the Presidential Executive Officer

At Asahi Kasei, 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

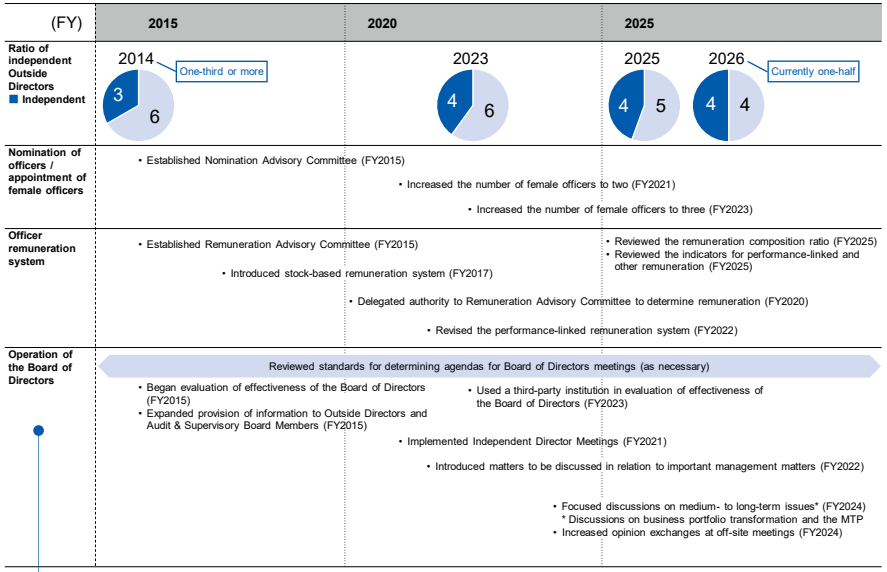
Twice a year, the Nomination Advisory Committee receives reports on the selection and development of the pool of successor candidates identified by the incumbent and executive management. Based on these reports, the committee deliberates and provides the incumbent and executive management with necessary advice. Based on the results of these deliberations, a proposal for the final candidate is submitted to the Board of Directors, which makes the final decision on the successor candidate.



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 challenging assignments.

Changes in Corporate Governance



Highlight

Off-site meetings to enhance the effectiveness of the Board of Directors

We have long held off-site meetings and believe that making effective use of them is important to improving the effectiveness of the Board of Directors in practice. At these meetings, medium- to long-term subjects and strategies for major investment decisions are shared with the members of the Board of Directors from the conceptual stage of each proposal. By providing a forum for open and candid exchanges of views, the meetings deepen the understanding of Outside Officers in particular, thereby facilitating more in-depth discussions at meetings of the Board of Directors. A total of 10 meetings were held in fiscal 2025.

Main subjects of off-site meetings in fiscal 2025
● Initiatives to enhance corporate value (multiple meetings)
● Structural reform in the Kawasaki area and an overview of the electrolysis hub concept (multiple meetings)
● Engagement between Outside Directors and institutional investors
● Policies on human capital-related initiatives
● Briefing on First Priority businesses
● Report on CVC activities

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Deliberations by the Board of Directors and other bodies to support the sustainable enhancement of corporate value

Based on the agenda it establishes at the beginning of each fiscal year, the Board of Directors focuses its deliberations on management strategy and business portfolio management, including management by business sector and the long-term outlook toward 2030, as well as growth investments to realize that outlook, post-investment monitoring, and structural transformation. In addition, as business portfolio transformation progresses, group-wide governance and internal controls become increasingly important, and the Board of Directors discusses ways to strengthen them. The Board of Directors also continues to deliberate on sustainability initiatives and disclosures.

Agenda items and deliberations of the Board of Directors

Requirement Relationship to the "Six Requirements" investors expect companies to meet

Relationship between the main subjects of deliberation by the Board of Directors and the "Six Requirements"		Number of items in FY2025
Business strategy, business portfolio management, and M&A (Requirement 1, 2, 3, 6)	● Initiatives to enhance corporate value ● Business portfolio transformation – MTP-related matters – Acquisition of Aicuris – Concept for an electrolysis hub at the Kawasaki Works – Monitoring of North American investment in Hipore – Structural transformation of the Chemical business	29
Governance, internal control, and audit (Requirement 5, 6)	● Setting the agenda for the Board of Directors ● Reports from Nomination Advisory Committee and Remuneration Advisory Committee ● Establishment of Group Management Standards* ● Enhancing the effectiveness of internal control ● Report on the status of audits by Audit & Supervisory Board Members	29
Sustainability and intangible assets (Requirement 3, 4)	● Review of materiality ● Periodic report from the Human Rights Committee	8
Other agenda items (budgets, financial results and funding, organizational and personnel matters, reports on the status of business execution, etc.)		52

* GMS (Group Management Standards) are fundamental standards of conduct for enhancing the value of the Asahi Kasei Group. (please refer to Closing. ▶)

Agenda items for the Nomination Advisory Committee and Remuneration Advisory Committee

	Number of meetings held annually	Main agenda items
Nomination Advisory Committee	**6**	● **Composition and size of the Board of Directors** ● Nomination of Officers for fiscal 2026 ● **Officer nomination process and selection criteria** ● **Succession plan for the President**
Remuneration Advisory Committee	**4**	● **Review and deliberation of the officer remuneration system** ● **Determination of individual performance-linked remuneration amounts**

Selected opinions expressed by Outside Directors during Board of Directors deliberations

Initiatives to enhance corporate value

- **As I stated during discussions on the MTP, I would like to see the ROE and ROIC targets raised further.** Investors are also paying close attention to this. How will this be explained to investors, and how will these indicators be improved?
- **We need to clearly explain the link between the MTP and corporate value in terms that all employees can understand.** Creating a clear link between employees' own work, initiatives to enhance corporate value, and the resulting outcomes will make these efforts sustainable. While it is difficult to set a target for the share price, **we should clearly demonstrate how this corporate value enhancement project will lead to an increase in the share price.**
- The share price has been rising because the results of business portfolio transformation have become visible. Although it is important to review the impact of the recent share buyback, **we must not lose sight of the need for growth investments.** Once we have completed structural transformation, where will we invest next? To explain to investors why they should invest in Asahi Kasei, **we must clearly articulate where Asahi Kasei intends to invest.**
- We believe the P/B ratio has risen above 1.0 because the capital markets recognize our ability to execute structural transformation and the growth of our First Priority businesses in line with their plans. However, **we need to consider what is required for the market to assign an even higher valuation to Asahi Kasei's current capabilities.**

Structural transformation of the Chemical business

- The question is what direction the Mizushima site will take as a result of structural transformation. At other sites, including Kawasaki, business portfolio transformation has also progressed, with initiatives beginning to gain momentum and showing promising results. The Mizushima area is a GX hub and also benefits from the strength of its existing businesses. **We tend to say that all our sites are equally strong, but we need to define their respective roles more clearly, such as positioning the Mizushima area to grow within the GX framework.**

Enhancing the effectiveness of internal control

- **We recognize the efforts to pursue various initiatives to ensure that controls implemented by the corporate divisions are thoroughly embedded throughout the organization.** At the same time, there is a risk that headquarters may have difficulty maintaining visibility into acquired overseas subsidiaries. We understand that the North American operating companies in the Healthcare sector are being discussed at Healthcare sector meetings, and we would like this to remain a priority.

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Fulfillment of the Board of Directors Secretariat's functions / Evaluation of the effectiveness of the Board of Directors

Board of Directors Secretariat supporting the foundation for enhancing corporate value

Under the joint oversight of Corporate Strategy and General Affairs, the Board of Directors Secretariat works in coordination with the Chair of the Board of Directors and performs a broad range of functions, from serving as a hub between supervision and execution to supporting the General Meeting of Shareholders and shareholder relations dialogue. In addition to supporting management decision-making, the Secretariat serves as a bridge between the Board of Directors and investors, thereby enabling the Board of Directors to fulfill its functions effectively.



Strengths of the Secretariat

Effective joint management leveraging the expertise and strengths of each organization

- Corporate Strategy, which oversees management and business strategies and serves as the secretariat for the Management Council, collaborates with General Affairs, which is responsible for legal affairs, governance, and other functions
- Strong agenda-setting capabilities enable management issues to be promptly incorporated into the agenda. The two divisions function as one, coordinating in the optimal manner for each matter to enhance the effectiveness of the Board of Directors

Connecting the Board of Directors with the capital markets

- Serving as the secretariat for the General Meeting of Shareholders and handling shareholder relations dialogue in an integrated manner, while sharing insights from a diverse range of investors with the Board of Directors. A virtuous cycle of fostering understanding and trust among capital market participants through dialogue based on discussions of the Board of Directors
- Responsible for planning corporate governance initiatives and incorporating investor perspectives into each measure

Structure and operation comprising the aspects required of the Board of Directors Secretariat

1. Knowledge and expertise

- A team comprising personnel with knowledge of management strategy and expertise in finance, legal affairs, governance, and corporate regulations

2. Oversight of business operations

- As a corporate division of an operating holding company, exercising oversight from a position that maintains a certain degree of independence from business execution
- Both functions are overseen by Executive Officers. They play a central role in management and accurately identify issues

3. Functions supporting Outside Directors

- Opportunities are provided for briefings and exchanges of views on individual business strategies and other subjects, as well as site visits, to deepen outside officers' understanding of the businesses and elicit opinions from diverse perspectives

Comment from an institutional investor

Yuji Watanabe — Chief Analyst, Japan Equity Management Department and Responsible Investment Department, Daiwa Asset Management Co., Ltd.

Strengthening the functions of the Board of Directors Secretariat is essential for ensuring effective governance conducive to enhancing corporate value. Through shareholder relations dialogue, we have confirmed that Asahi Kasei's Board of Directors Secretariat possesses a high level of expertise and execution capabilities, as well as the necessary authority, and supports the Board of Directors in fulfilling its functions. We have also continued our dialogue based on the recognition that, like human resources, intellectual property, and brands, the Board of Directors Secretariat is an important foundation for creating corporate value. Going forward, I expect Asahi Kasei to continue strengthening the Secretariat's functions from a high-level perspective and to proactively communicate these efforts and their value.

Results of the effectiveness evaluation of the Board of Directors

The Board of Directors of Asahi Kasei evaluates its own effectiveness every fiscal year. We also regularly utilize 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. FY2025 Evaluation Process

(1)	December 2025	The Board of Directors deliberated on the evaluation process and questionnaire content.
(2)	December 2025 to January 2026	The questionnaire was given to all Directors and Audit & Supervisory Board Members. The questionnaire covered the Board of Directors, Nomination Advisory Committee, and Remuneration Advisory Committee (collectively, the Relevant Bodies). The questionnaire addressed the functions, operations, and status of discussions of the Relevant Bodies, as well as individual evaluations (self-evaluations) of Directors and Audit & Supervisory Board Members. To further enhance supervisory functions, the latest questionnaire assessed both the extent to which the Board of Directors as a whole exercised its supervisory functions and each individual's contribution to the exercise of those functions.
(3)	March and April 2026	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 issues identified.

2. Overview of evaluation results

(1) The Board of Directors confirmed that its own effectiveness is sufficiently ensured, particularly in the following respects:

- The evaluation recognized that business portfolio transformation toward 2030 (growth investments and structural transformation) was increasingly placed on the agenda, enriching discussions in both quality and quantity, and that discussions of management issues from a medium- to long-term perspective had deepened overall.
- The evaluation recognized the in-depth discussions of key management issues that appropriately incorporated the perspectives of the capital markets and other stakeholders, as well as deeper discussions on monitoring from a risk perspective such as IT security risks.
- In terms of the operation of the Board of Directors, high regard was given to the frank exchange of critical opinions aimed at enhancing corporate value, as well as the environment that allows for open and active discussion, in which Outside Directors and Outside Audit & Supervisory Board Members can readily express their views.

(2) On the other hand, the Board of Directors shared the view that the following issues remain:

- To sustainably enhance corporate value, there is a need to place greater emphasis on discussions of medium- to long-term strategies for the future, further expand discussions on the evolution of sector management, and add greater depth to discussions from the perspective of capital markets through multifaceted consideration.
- From the perspective of improving the quality of Board of Directors discussions, there is a need to make effective use of off-site meetings to deepen discussions on medium- to long-term strategic subjects and further enhance Outside Officers' understanding of the businesses.
- For the Nomination Advisory Committee, there is a need to consider further enhancing the management of the succession plan for the Presidential Executive Officer. For the Remuneration Advisory Committee, there is a need to proceed with deliberations on the next revision of the officer remuneration system.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance –
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

3. PDCA cycle for effectiveness evaluation and future initiatives

		Plan Thrust of initiatives in fiscal 2025	Do Major initiatives in fiscal 2025	Check Current evaluation	Act Future initiatives
Board of Directors	Subjects and quality of deliberations	● Enhance deliberations on the image of the Asahi Kasei Group's future after business portfolio transformation, sustainability issues, etc., and deepen management discussions from a medium- to long-term perspective. ● Further improve the quality of discussions from a capital market perspective by such measures as holding exchanges of opinions between Outside Directors and management regarding subjects of dialogue with investors.	● Deliberated annual agenda items at Board of Directors meetings. Continued deliberations, particularly on subjects that contribute to enhancing corporate value, including measures to enhance corporate value and sustainability. ● Discuss the future concept for First Priority businesses in the Material sector, including through off-site sessions. ● Prior to small-group meetings with institutional investors, Outside Directors exchange views at off-site sessions to facilitate constructive dialogue.	● Progress in placing business portfolio transformation on the agenda and discussions from a medium- to long-term perspective were evaluated positively. ● The need was identified to place greater emphasis on discussing the future strategy for NEXT Asahi Kasei (Asahi Kasei beyond the current MTP), responses to changes in the business environment, and other matters in order to sustainably enhance corporate value. ● Regarding discussions from a capital markets perspective, the need was identified to further deepen discussions on Asahi Kasei's unique value creation through its diverse businesses and its technology-related growth strategies.	**(1) Agenda setting that contributes to the sustainable enhancement of corporate value** ● At meetings of the Board of Directors and other forums, enhance discussions on the Asahi Kasei Group's future strategy based on addressing the future vision for each sector and NEXT Asahi Kasei, and the allocation of resources based on these visions, as well as the management foundations that support growth. ● Continue initiatives to maximize corporate value, including expanding discussions on measures to enhance corporate value from the perspectives of technology and innovation.
	Operation	● 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.	● The Board of Directors Secretariat worked closely with the Chair of the Board of Directors to develop a schedule for Board of Directors deliberations, rationally consolidating and streamlining agenda items. Time allocation was optimized to facilitate more in-depth discussions of key management issues.	● Assessed to be appropriate in light of steady operational improvements. ● It was noted that, to enhance the quality of discussions, off-site meetings are also important for establishing a shared understanding of underlying matters, including Asahi Kasei's corporate culture.	**(2) Operational improvements to enhance the quality of discussions by the Board of Directors** ● Enhance the effectiveness of deliberations by the Board of Directors through ongoing operational improvements, including optimizing the use of off-site meetings and improving document formats.
Nomination Advisory Committee Remuneration Advisory Committee		● Enhance the operation of both advisory committees to facilitate more substantive deliberations on the composition of the Board of Directors, succession planning, executive remuneration, and other matters. In addition, improve the content of information shared with the Board of Directors.	● The Nomination Advisory Committee deliberated on the matters listed to the left. Following the General Meeting of Shareholders in June 2026, Outside Directors comprised half of the Board of Directors. ● Revised executive remuneration to strengthen incentives for enhancing corporate value.	● The functions of both advisory committees were assessed to be appropriate. Information sharing with the Board of Directors was also highly rated. ● Progress on the succession plan is regularly reviewed by the Nomination Advisory Committee. In this process, suggestions were also provided for further improving committee operations.	**(3) Initiatives to deepen discussions by the Nomination Advisory Committee and Remuneration Advisory Committee** ● We will continue to consider ways to enhance the management of succession plans. We will also deepen discussions on the appropriate executive remuneration system for enhancing corporate value, with a view to the next revision.

Selected opinions expressed by Outside Directors in the effectiveness evaluation

One strength of the Board of Directors is that, in supporting initiatives to leverage the advantages of sector management, its members are able to candidly offer critical opinions and observations that contribute to enhancing corporate value. I would like to encourage further discussion of the path for growth that we aspire to for the future.

To enhance the quality of discussions, the Board of Directors deliberated on its priority subjects, agenda items, and the schedule for submitting matters for discussion, resulting in more efficient operation. Meetings between institutional investors and Outside Directors enabled discussions to consistently consider investors' perspectives, further enhancing the effectiveness of the Board of Directors.

Deliberations on sustainability-related agenda items, made me clearly understand how robust Asahi Kasei's initiatives are in this area. As disclosure requirements continue to expand, companies will increasingly need to communicate a narrative of their thinking and approach to these matters, and how their initiatives relate to their business operations. The Board of Directors will review these matters from an integrated perspective to prevent siloed approaches.

Overall, the Nomination Advisory Committee has adequately discussed the matters submitted for deliberation. Going forward, however, there is a need to further deepen discussions on the succession plan, the process and criteria for selecting officers, communication with potential successors, the views of top management, and the composition of the top management team.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance –
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Remuneration system that strengthens incentives for enhancing corporate value

Officer remuneration for FY2025

Classification	Amount Paid (¥ million)	Breakdown by Remuneration Type (¥ million)			Number of Directors and Audit & Supervisory Board Members Paid
		Basic Remuneration	Performance-linked Monetary Remuneration	Stock-based Remuneration	
Directors	744	455	151	139	10
of which, Outside Directors	81	81	—	—	4
Audit & Supervisory Board Members	169	169	—	—	6
of which, Outside Audit & Supervisory Board Members	61	61	—	—	3

Remuneration for Directors

(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[1] 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.

[1] Non-executive Directors include the Chairman & Director.

(2) Composition ratio of remuneration for Executive Directors

The standard composition ratio of basic remuneration, performance-linked monetary remuneration, and stock-based remuneration is set at 4:3:3



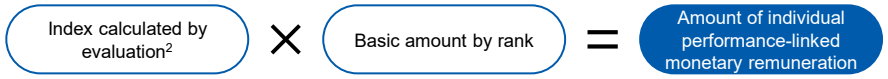
- Performance-linked monetary remuneration = commitment to results
- Stock-based remuneration = perspective of shareholders

Note: Outside Directors receive basic remuneration only.

(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.



[2] Coefficient comprehensively considering achievement of financial targets and non-financial targets

FY2025 target figure / standard figure / actual figure

Key management indicators required for calculating performance-linked monetary remuneration	FY2025 target figure / standard figure	FY2025 actual figure
Consolidated operating income	¥215.0 billion	¥231.2 billion
Consolidated ROIC[3]	6.0%	5.9%

[3] Consolidated ROIC = (operating income – income taxes) ÷ average annual invested capital

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance –
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

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 Asahi Kasei Group (one share of stock per point).

FY2025 target figure / standard figure / actual figure

Indicator	Indicator calculation method	FY2025 target figure / standard figure	FY2025 actual figure
Employee engagement	Vitality index in employee engagement survey[1]	58.2%	58.5%
Diversity	Percentage of women in the total number of managers at section chief or higher and Group Masters[2]	6.0%	5.5%
Corporate value	Asahi Kasei's total shareholder return (TSR) growth rate relative to stock price index[3]	100% or more	115.2%

[1] 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.
[2] As of April 1 of the following fiscal year.
[3] 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).
- A majority of the Remuneration Advisory Committee comprises Outside Directors, and it regularly reports to the Board of Directors on the process of confirmation and determination described above.

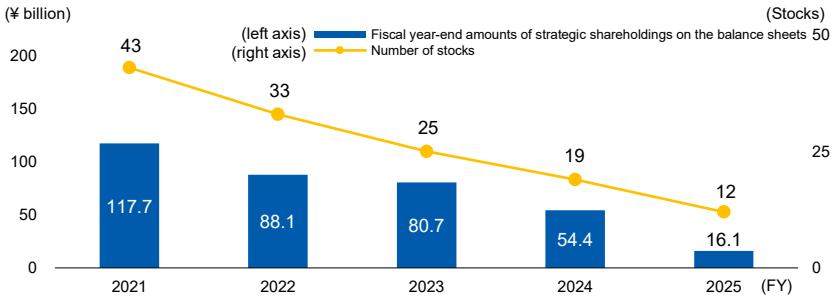
Progress in reducing strategic shareholdings

Asahi Kasei continues 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.

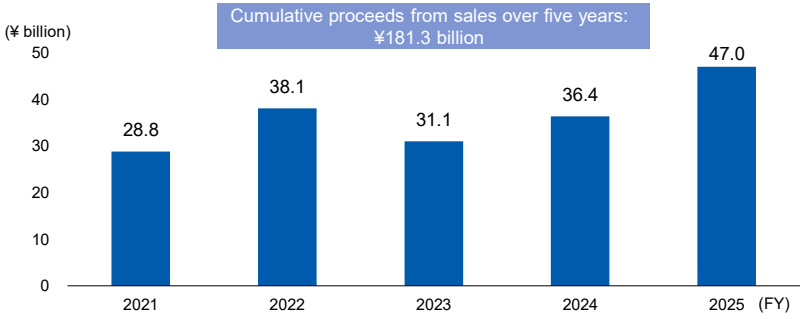
The purpose, effectiveness, and economic rationale of individual strategic shareholdings are regularly evaluated from qualitative and quantitative aspects each year and are reviewed by the Board of Directors.

As a result of verification, Asahi Kasei 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



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Further enhancing the effectiveness of the Audit & Supervisory Board

Overview of activities of Audit & Supervisory Board Members

Under the audit policy established by the Audit & Supervisory Board, each Audit & Supervisory Board Member audits the performance of duties by Directors through such activities as attending meetings of the Board of Directors and other important meetings, engaging in dialogue with executives and relevant departments, and conducting inspections of sites in Japan and overseas. They also work closely with the internal audit division and the independent auditor to enhance governance and risk management, thereby contributing to the sustainable improvement of corporate value. In fiscal 2025, the Audit & Supervisory Board Members conducted 82 interviews with executives (with at least one Outside Audit & Supervisory Board Member participating in 83% of them) and visited 19 locations in Japan and overseas (9 domestic sites[1] and 10 overseas companies).

[1] Certain domestic sites include multiple business units.

Status of Audit & Supervisory Board Meetings

In fiscal 2025, the Audit & Supervisory Board met 34 times[2].

[2] In principle, meetings were held in a hybrid format: online on the day before a Board of Directors meeting, and in person after a Board of Directors meeting.

Key matters discussed by the Audit & Supervisory Board

Resolutions and approvals	Audit plans, reports on the status of audits, evaluation of the effectiveness of the Audit & Supervisory Board, assessment of the suitability of the independent auditor, the independent auditor's remuneration, Audit & Supervisory Board audit reports, etc.
Deliberations and discussions	Review of Board of Directors meetings, remuneration of Audit & Supervisory Board Members, internal control reports, matters related to fiscal year-end audits, key discussion points for interviews, etc.
Reporting	Review of meetings to exchange opinions with Outside Directors, non-assurance services provided by the independent auditor, reports on audit activities, etc.

Priority audit items

The priority audit items and key audit points established by the Audit & Supervisory Board for fiscal 2025 are as follows.

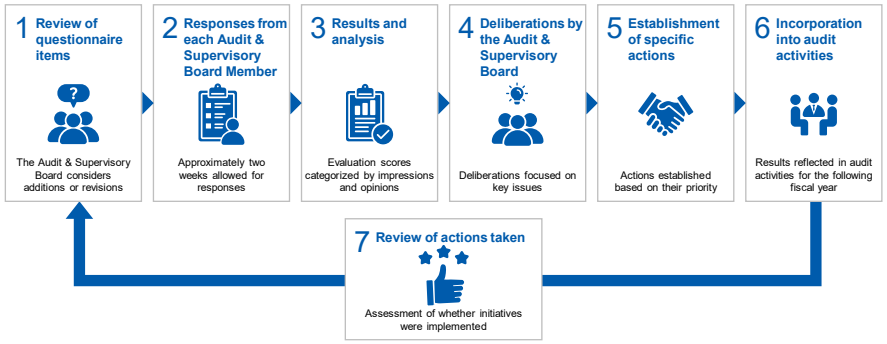
Corporate governance	Effectiveness of the Board of Directors, enhancement of the group-wide management infrastructure, review of deliberations at major related meetings (Management Council meetings, business sector meetings, and committee meetings, etc.) and assessment of the status of group-wide governance
Company-wide risk management	Review of progress in establishing the risk management framework, review of risk management at subsidiaries including overseas operations, and review of the implementation status of IT controls
Sustainability management	Progress on the MTP, productivity improvement, human resources and human capital, and business portfolio transformation

The principal audit activities conducted in relation to the priority audit items above were as follows.

- Attendance at meetings of the Board of Directors and other important meetings, and expression of opinions as necessary
- Regular interviews with Directors, executives responsible for the Healthcare, Homes, and Material sectors, Executive Officers, Presidents of key subsidiaries, and departments responsible for group-wide internal control (IT, the environment, safety, & quality assurance, and procurement & logistics, etc.)
- Direct verification of manufacturing and overseas sites identified as important, primarily from a risk-based perspective
- Meetings among the three audit functions held with the internal audit division and the independent auditor
- Confirmation that the independent auditor followed an appropriate process in selecting key audit matters (KAMs)

Evaluation of the effectiveness of the Audit & Supervisory Board

To continuously improve the effectiveness of audit activities, the Audit & Supervisory Board conducts an effectiveness evaluation using an 18-item questionnaire that requires respondents to provide their names and rate each item on a five-point scale, with written explanations for their ratings. In fiscal 2025, the Audit & Supervisory Board conducted a self-evaluation and continued to implement the PDCA cycle by verifying the evaluation results, identifying issues, and reflecting them in the audit plan for the following fiscal year, thereby working to further enhance effectiveness.



Examples of initiatives undertaken in fiscal 2025 based on the effectiveness evaluation results

Coordination among the three audit functions	• In response to the view that coordination with the internal audit division and the independent auditor should be further strengthened, meetings among the three audit functions were held regularly (eight times a year) to enable in-depth discussions on specific topics • Interviews were conducted with the internal audit division and the independent auditor to identify specific areas for improvement in strengthening coordination among the three audit functions • Interviews were conducted with the auditors of overseas subsidiaries to confirm the status of the companies concerned and the state of communication with the independent auditor • Launched the Meeting to Consider Internal Control as a venue for in-depth discussions, including sharing information and exchanging views with the internal audit division and other relevant departments, and reflecting the outcomes in audit activities
Coordination with Outside Directors	• Extended the time allocated for meetings with Outside Directors to share information on operational issues identified through on-site audits and interviews and to exchange views on internal control • The Audit & Supervisory Board discusses topics for meetings with Outside Directors in advance to ensure that the issues it has identified are effectively shared with them and to encourage more active discussion
Auditing Directors' performance of duties	• At Audit & Supervisory Board meetings held after meetings of the Board of Directors, the Audit & Supervisory Board reviewed the preceding Board of Directors meeting to foster a shared understanding of audit perspectives and identified issues • Added an interim audit status report as part of feedback to the Board of Directors to increase opportunities to share significant audit matters and perspectives
Others	• Established emergency response guidelines for Audit & Supervisory Board Members and the Audit & Supervisory Board as a basic response policy for crises that could adversely affect stakeholders, including fraud and misconduct

It is deemed that open and in-depth discussions are being held among Audit & Supervisory Board Members, and that the overall effectiveness of the Audit & Supervisory Board is assured. To enhance the monitoring of the operation of internal control systems throughout the Asahi Kasei Group, including at overseas sites, we will further strengthen coordination among the three audit functions and other relevant functions.

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Accelerating the creation of synergies by integrating expertise across business sectors to become a stronger, more resilient, and competitive company



With its diverse range of businesses, what challenges must Asahi Kasei overcome to evolve into a high-growth, highly efficient company that achieves sustainable growth in corporate value? Three Outside Directors, who oversee business execution from the perspectives of their diverse experience and expertise, discussed the direction Asahi Kasei should pursue, considering the company's current market valuation, progress on business portfolio transformation, and governance issues.

Q1 What are your views on the Company's share price level and price-to-book ratio (P/B ratio), as well as the "conglomerate discount" reflected in its market valuation?

Yamashita Although the share price has risen since the beginning of the year, its growth has only been on par with that of the Nikkei Stock Average. The P/B ratio has now exceeded 1.0, but it is still far from a satisfactory level. The challenge is how to clearly communicate to investors the progress of business portfolio transformation and the outlook for First Priority businesses. We are also entering a critically important phase in terms of communication.

Matsuda When I became an Outside Director of Asahi Kasei, the P/B ratio was below 1.0. At the time, the businesses in which we anticipated growth were still developing, and we were exploring various possibilities for the direction of each business. As a result, in some respects, we were not yet in a position to fully communicate the growth story to investors. Those businesses gradually moved onto a growth trajectory, enabling the P/B ratio to rise above 1. Given Asahi Kasei's potential, however, I feel that the company deserves a higher valuation.

Maeda I understand concerns about a conglomerate discount from an investor's perspective, and this is affecting the company's market valuation to some extent. However, as an Outside Director who has seen how the company actually operates, I recognize that diversification also offers numerous benefits. For example, membrane and separation technology, a core technology cultivated in the Material sector, has been applied to the development of virus removal filters and other products in the Healthcare sector. As this illustrates, a distinctive feature of Asahi Kasei's diversification is its cross-sector utilization of technologies, human resources, and other elements of its management platform. In other words, diversification leverages the company's strengths, and I do not see any need to change the overall direction.

Yamashita Particularly in today's uncertain environment, maintaining business foundations across a range of somewhat distinct markets may be one path to success.

Matsuda There are two key points in managing a conglomerate. One is to create clear business synergies, and the other is for headquarters to perform management from the perspective of overall optimization. If this can be achieved, it will be more efficient to appropriately assess businesses and allocate management resources within the group than to leave these decisions to the market. Asahi Kasei has long maintained a certain standard of management control, but in recent years the challenge has shifted to raising that standard to the next level. Examples include discussions on assessing Asahi Kasei's corporate value through sum-of-the-parts (SOTP) analysis and on how that value should be communicated to investors. Going forward, communicating such information more proactively to investors and engaging them in dialogue can help deepen the capital market's understanding.

Q2 How can the "Asahi Kasei ecosystem" that serves as the foundation for generating synergies be leveraged further?

Matsuda It is difficult to articulate, but rather than the term "ecosystem" as commonly used in business, I feel that expressions reflecting how living organisms actually function, such as "metabolism" or "amoeba," are more characteristic of Asahi Kasei. It is not a rigid, textbook-like formula in which A and B exist, and something new is created when something is added. Synergies seem to emerge organically, and

GOVERNANCE

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value



whenever an unexpected situation arises, people naturally respond flexibly to support one another. This kind of organizational culture also contributes to the creation of synergies.

Maeda I view Asahi Kasei's ecosystem as the integration of tangible and intangible management foundations, including human resources, technology and intellectual property, financial strength, and branding. The presence of diverse businesses, organizational cultures, and human resources within the Asahi Kasei Group is a strength, as it enables the company to harness a wide range of ideas. That is why I would like Asahi Kasei to place even greater emphasis on creating synergies through the cross-sector transfer of human resources, and the sharing of technologies and knowledge. For example, in the Material sector, there may be cases where an excessive emphasis is placed on meeting immediate customer needs from the perspective of a materials manufacturer, but viewing the situation from the perspective of another business could lead to different approaches to negotiation, or other new ideas.

Matsuda Academic research indicates that the accumulation of experience is a key factor in successful M&A. Asahi Kasei has personnel with extensive M&A experience, but it is extremely important to pass that experience on and accumulate it as an organizational capability. Doing so should contribute significantly to establishing a competitive advantage unique to Asahi Kasei.

Yamashita It's just as you say. Formalizing tacit knowledge will be a major challenge for many Japanese companies going forward. For example, M&A in Asahi Kasei's Pharmaceuticals business is led by outstanding human resources with an excellent eye for opportunities in the industry, but it would be a waste to leave this expertise as knowledge dependent on particular individuals. Asahi Kasei has the organizational capabilities and human resources suited to each of its businesses. Going forward, however, to accelerate the creation of synergies, the company needs to articulate and share each business's distinctive organizational capabilities and the experience accumulated by individuals.

Maeda While it is important to be supported by outstanding human resources, it is equally essential to instill their knowledge and experience as organizational strengths. Being a company capable of sharing individuals' knowledge and experience throughout the organization and passing them on to the next generation will lead to sustainable growth.

Yamashita As an example of future synergy creation, technologies cultivated in the Material sector have given rise to businesses in the Healthcare sector that could grow significantly, generating new technologies and business insights that, in turn, drive the next phase of growth in the Material sector. Such a virtuous cycle of value creation will open up even greater possibilities for growth.

How do you assess the executive team's progress in business portfolio transformation?

Yamashita When the "Trailblaze Together" MTP for FY2025–27 was launched in fiscal 2025, Asahi Kasei clarified the positioning and direction of each business and established specific numerical targets. This gave employees in each business a stronger sense of purpose and significantly enhanced the company's ability to execute transformation. It is important to clearly define the roles and objectives not only of growth businesses, but also of businesses working to improve profitability or transform their business models, as well as those from which we have decided to withdraw. Clear objectives encourage employees in each business to take the initiative and embrace challenges. Asahi Kasei is a company capable of



turning structural transformation into a driving force for new value creation and growth.

Matsuda In executing business portfolio transformation, the decisiveness of top management serves as an extremely powerful driver. In addition, I feel that the benefits of the initiatives undertaken in recent years to strengthen management control are steadily bearing fruit now. Looking at the investment proposals actually submitted to the Board of Directors, it is evident that there is a widespread commitment to evaluating investments from the perspectives of both risk and return, and to thoroughly enforcing disciplined investment management.

Yamashita Investors analyze risks, returns, and other factors and construct investment portfolios by considering how much capital to allocate to each industry. Viewed in this light, in transformation of the business portfolio of Asahi Kasei, with its diverse businesses, it is likewise essential to thoroughly enforce disciplined resource allocation while appropriately evaluating businesses and investment opportunities. The diverse range of businesses must be clearly made a strength by combining resources and expertise within the Asahi Kasei Group more efficiently to create new growth opportunities and synergies.

The challenge is to further refine these organizational capabilities and ensure that the capital markets fully understand Asahi Kasei's value as a diversified company.

Matsuda That's right. Continuing to provide clear explanations is the key to diminishing the conglomerate discount and changing capital markets' assessment of the company.

GOVERNANCE

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance –
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Which Board of Directors discussions left an impression?

Maeda The discussions concerning the investment project for the separator business in North America were particularly memorable. While the executive team was highly motivated to proceed with the investment, the Board of Directors discussed multiple facets of the market environment, the validity of the plan, and the associated risks from a broader viewpoint. The Outside Directors expressed the view that contractual safeguards should be put in place to prepare for unforeseen circumstances. The executive team took this feedback seriously and incorporated it into the terms of the contract, and I felt that this exemplified one of Asahi Kasei's strengths in pursuing the optimal approach for the circumstances.

Yamashita Asahi Kasei has a culture of taking feedback from Outside Directors seriously and responding promptly. This is why the Board of Directors must engage with the executive team without compromise. Even on the same matter, priorities may differ, with the executive team emphasizing the speed of decision-making and the Board of Directors emphasizing the rigor of monitoring. This may lead to differences of opinion, but sound governance requires the executive and supervisory functions to each fulfill their respective roles while maintaining an appropriate degree of tension.



Matsuda In the case of the acquisition of Aicuris as well, the Outside Directors raised points concerning the returns required as an investment. In response, the executive team reexamined the risk assumptions underlying the acquisition proposal and revised the proposal accordingly. This is a good example of the Board of Directors fulfilling its role. It is also important for the Board of Directors to consider matters from a diverse range of perspectives. An institutional investor once remarked, "It is good that all of Asahi Kasei's outside officers have distinct areas of expertise." It appears that such a composition of Outside Directors is surprisingly uncommon, and the investor seemed to view it favorably. By drawing on the diverse expertise and experience of outside officers to present opinions from a broad range of perspectives, we aim to achieve effective and impartial oversight.

What should be the roles of the Nomination Advisory Committee and Remuneration Advisory Committee? Also, how do you assess Asahi Kasei's corporate governance structure, and what governance issues should it address going forward?

Maeda With regard to the Nomination Advisory Committee, the Outside Directors have made recommendations concerning the succession planning process for nominating the next President, and discussions are underway. The substance of these discussions is also reported to the Board of Directors.

Yamashita The Remuneration Advisory Committee has previously reviewed remuneration levels and other matters in conjunction with the formulation of each MTP, but these discussions need to be taken further going forward. As growth investments are increasing the number of personnel outside Japan, I would like us, as a committee, to deepen our deliberations on the appropriate remuneration framework for the Asahi Kasei Group as a whole while accumulating the necessary data.

Matsuda Regarding the governance structure, I personally feel that a company with an Audit & Supervisory Board has an exceptionally effective governance structure when operated appropriately. At companies with a traditional Audit & Supervisory Board structure, the monitoring function was not always fully exercised. At Asahi Kasei, however, the Board of Directors now functions largely as a monitoring board. At the same time, it is highly significant to have an established role for Audit & Supervisory Board Members, who rigorously examine risks and focus on statutory audits. A major strength of a company with an Audit & Supervisory Board is its ability to function effectively in terms of both monitoring and auditing.

Yamashita Asahi Kasei's Healthcare, Homes, and Material sectors each have different business characteristics and operating models. While growth strategies for each business area are being discussed with a view looking beyond the current MTP, the challenge is to also engage in thorough discussions on the crucial question of what the Asahi Kasei Group should aspire to become in FY2030 and beyond. Based on this concept for the future, we must also consider the most appropriate corporate governance structure for Asahi Kasei.

What kind of company should Asahi Kasei aspire to become?

Matsuda Many industries in Japan will likely be forced to undergo restructuring in the years ahead. The chemical industry, in particular, has a large number of players, so I would like Asahi Kasei to take the lead in its restructuring.

Maeda Industry restructuring will proceed on a global scale. I would like Asahi Kasei to aspire to become a company capable of competing in every market around the world.

Matsuda I was particularly struck by Mr. Yamashita's remark that although Asahi Kasei is a "good company," he wants to make it a "strong company." I, too, would like Asahi Kasei to become even stronger.

Yamashita Ultimately, a company is a collective of people. From this perspective, I see a "strong company" as one in which every employee across the Asahi Kasei Group can explain how their work contributes to society in their own words. As the number of such employees grows, everyone becomes capable of taking decisions, making the company exceptionally strong. This is because each employee understands what they need to do and can act accordingly, even without instructions. Asahi Kasei is just one step away from reaching that point.

GOVERNANCE

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Forging ahead together with an external perspective: new challenges for growth and value creation



Hiroyuki Ogawa Outside Director

Completed a master's degree in metal processing at the Graduate School of Kyoto University in 1985 and joined Komatsu Ltd.
Served as President and Representative Director for six years from April 2019, and became Chairman of the Board in April 2025.
Appointed as an Outside Director of Asahi Kasei in June 2026.

What is your impression of Asahi Kasei?

I see Asahi Kasei as a company that has grown through a diversified business portfolio, expanding from its foundation in Material into Homes and Healthcare. At the same time, Asahi Kasei has a history of transforming its portfolio in response to changes in the world, and it is now at a critical juncture as it shifts toward higher-value-added businesses. Amid the impacts of decarbonization, the proliferation of AI, digitalization, and geopolitical risks, it is essential to invest in growth businesses, reassess low-profitability businesses, and strengthen global competitiveness.

I also recognize that the key to further enhancing corporate value lies in strengthening collaboration among the businesses to generate synergies and provide new value to society. This is a strength unique to Asahi Kasei, which operates a diverse range of businesses.

I felt that the "Trailblaze Together" MTP for FY2025–27 embodies the determination to go beyond existing frameworks and blaze a trail to the future. Transforming the business structure to achieve sustainable growth, simultaneously addressing social issues and enhancing corporate value, and shifting toward high-value-added businesses through business portfolio transformation and improved capital efficiency are highly significant initiatives. Komatsu is also a company that has achieved growth by responding to changes in the business environment and transforming its business structure. I have personally worked on business restructuring, improving capital efficiency, strengthening global human resources and organizations, and advancing GX and DX. I feel there is a strong affinity between our two companies, as we have much in common as manufacturers that have leveraged the legacies built by our predecessors while turning changes in the business environment into opportunities for growth.

Drawing on your experience, how do you intend to contribute as an Outside Director?

The role of an Outside Director is to provide an objective perspective from an independent standpoint, and contribute to discussions that enhance corporate value. In particular, I will closely examine whether management strategies are leading to greater capital efficiency, whether the risk-return profiles of investment decisions are appropriate, and whether the overall business portfolio is well balanced. Drawing on my own experience, I will actively exchange views by offering perspectives grounded in on-site sensibility and global business management.

Three experiences have had a major influence on my approach to work. The first was my experience as the leader of projects involving plant transfers and the integration of group companies, through which I learned the importance of considering and acting from the perspectives of both the transferring and receiving sides. The second was my experience of the Great East Japan Earthquake while serving as General Manager of the Ibaraki Plant. Despite the damage to buildings and equipment, we were able to resume operations just 10 days after the earthquake, and I was able to experience the power of our on-site capabilities, teamwork, and employee dedication. The third was managing overseas operations in the United States and Indonesia. In the United States, I focused on establishing a framework capable of meeting rapidly growing demand. In Indonesia, I worked to build relationships with customers and distributors, and to execute strategies with the future of the local site in mind. In the process of working with people from different cultures and with different values, I came to realize that the essence of management lies in unlocking the power of the organization, and that even an excellent strategy creates no value unless it can be executed on site.

These experiences taught me that a company can sustain its competitiveness only when its products and technologies, on-site and organizational capabilities, the strengths of its people, and the quality of its decision-making all come together as one. For this reason, in management, I place great importance on maintaining a balance among three forms of reasoning: rationality, reasonableness, and sentiment. I also consider people and organizations to be the source of corporate value. The growth of both individuals and organizations is fostered by when they take on challenges in their respective roles and overcome difficult situations, which in turn leads to corporate growth.

Based on these concepts, I intend to support Asahi Kasei's various endeavors as an Outside Director and contribute to enhancing its corporate value over the medium to long term.

Asahi Kasei Report 2026

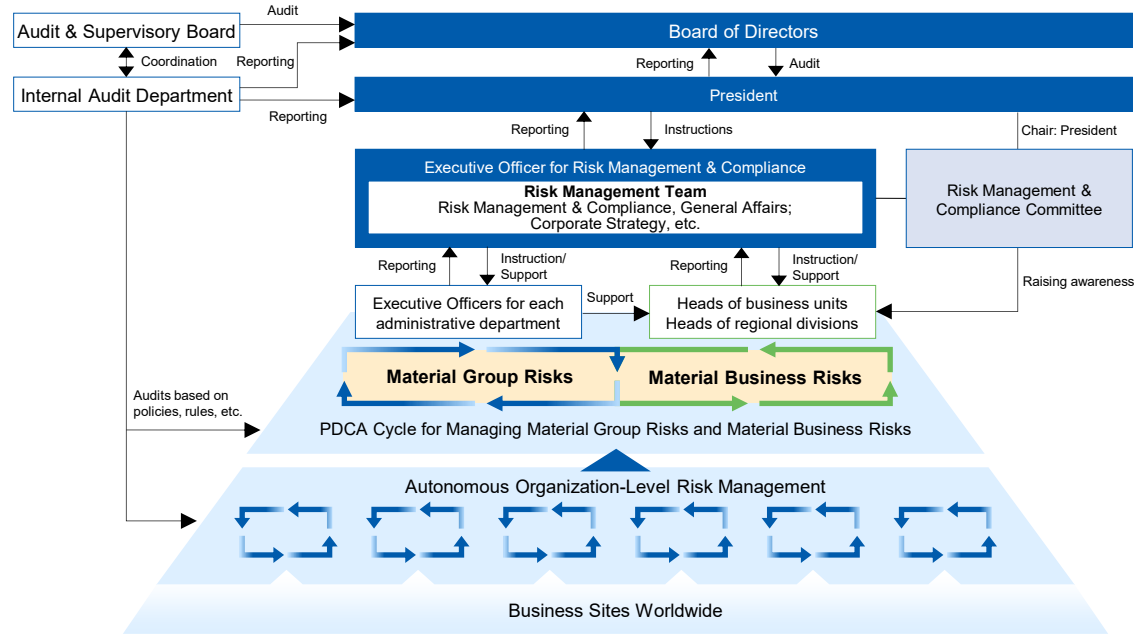
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value



Risk management supporting value creation in an era of change

Nobuhiro Yamaguchi
Lead Executive Officer
Executive Officer for General Affairs, Legal, Corporate Communications, Risk Management & Compliance

Asahi Kasei's risk management framework



How is Asahi Kasei responding to increasingly complex risks?

The outbreak of hostilities in the Middle East at the end of February 2026 has brought raw material procurement risks to the fore, primarily affecting businesses in the Material sector. Geopolitical risks continue to simmer, while the proliferation of AI is heightening the threat of cyberattacks. Risks are becoming increasingly complex, and their impact on the Asahi Kasei Group when they materialize is greater than ever before. In such an environment, it is important not only to accurately identify risks and implement countermeasures, but also to view them from the perspective of creating business opportunities.

To systematically promote risk management, Asahi Kasei designates risks that affect multiple businesses as "Material Group Risks," with corporate functions taking the lead in strengthening our overall ability to respond. Furthermore, given the diversity of our businesses, each business unit must take the initiative in addressing its own risks. Each business unit identifies and addresses "Material Business Risks" based on management decisions and in accordance with the circumstances specific to its business. Corporate functions also review and monitor investments and strategies, striving to optimize the balance between risk and return across the Asahi Kasei Group.

Enhancing the effectiveness of risk management

Asahi Kasei is a unique enterprise engaged in a diverse range of businesses. As the risks faced differ from business to business, it is essential for each individual to take ownership of risk, recognize issues independently, and take action. For this reason, each business and operational site conducts risk assessments, evaluates the impact and priority of identified risks, and considers appropriate response measures.

Risk assessments provide an opportunity to take a comprehensive view of risks and help heighten risk awareness at operational sites. If each operational site can recognize signs of risk at an early stage and report them promptly, the quality and speed of the Asahi Kasei Group's organizational response will also increase. We will also work to strengthen our crisis response capabilities by enhancing our business continuity plans and examining risk scenarios involving cyberattacks, quality-related incidents, and other events. In this way, we aim to enhance the effectiveness of risk management by heightening risk awareness and strengthening crisis response capabilities, while also improving coordination between each business and the corporate divisions.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Fiscal 2026 Material Group Risks and thrust of main initiatives

Material 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		● Reinforcement and enhancement of Life Saving Actions (adherence to activity prohibitions for eliminating serious accidents) ● Improvement of fire prevention technology at individual production sites ● Identification of hazard sources at individual production sites, conveyance and education of process safety techniques, and thorough implementation of PDCA in response to abnormalities ● Provision of information and training on laws, regulations, and legal amendments	Manufacturing and ESH p. 105 ▶
Risks related to quality-associated misconduct (Including risks related to laws, regulations, certifications, etc.)		● Enhancement of quality awareness and fostering of culture through regular communication between management and frontline workers ● Increased quality training from corporate quality assurance departments and dissemination of information regarding quality risks ● Reinforcement of governance through quality inspections and reinforcement of training for quality assurance personnel ● Circulation of information regarding regulations and regulatory revisions, thorough education, appointment of experts, and strengthening of internal consultation framework ● Development of systems for improving compliance	Quality Assurance p. 106 ▶
Risks related to economic security and global supply chains	Risks concerning U.S. tariff policies	● Regarding the rise in raw material procurement costs at U.S. subsidiaries, raising sales prices to pass on the increased tariff burden while communicating with customers, and consideration of utilizing tariff reduction measures such as tax rebates, as well as changing the supply chain as necessary ● 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&D of high-value-added products that are less susceptible to price competition	
	Risks related to tightening of economic sanctions and export restrictions (including both upstream and downstream)	● Timely monitoring of relevant regulatory trends and necessary action after consultation with relevant organizations and experts as necessary before issues emerge ● Rigorous screening of transactions through supplier screening system	
	Risks related to corporate activities due to geopolitics	● Understanding of the impact on business strategy based on economic security risks and geopolitical risks, as well as consideration and implementation of countermeasures ● 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 ● Specification of initial responses and BCP to be carried out under task force in event of emergency	
	Human rights risks (including both upstream and downstream)	● Promotion of business activities in accordance with Asahi Kasei Group Human Rights Policy ● Fostering of an awareness and culture of respect for human rights through human rights due diligence, education and awareness activities, etc.	Respect for Human Rights p. 103 ▶
	Feedstock/material procurement risks	● Transparency for raw material procurement risks and countermeasure priorities for each business, strengthening of corporate support systems ● Diversification of procurement routes and maintenance of appropriate inventory levels for feedstocks used in major products and businesses ● Formation and maintenance of relationships with alternative suppliers for equipment components prone to unreliable supplies ● Revision of management procedures pertaining to delivery and upgrade timings for equipment components	
Risks related to cybersecurity and technological information management	Risks related to cybersecurity and communications infrastructure	● Implementation of swift and flexible countermeasures against increasingly sophisticated cyberattacks through technical measures made possible by installing security systems and raising and reinforcing awareness regarding security via employee education, etc. ● Implementation of BCP measures and drills aimed at maintaining functions of communication and information access in event of large-scale disaster ● Strengthening of security monitoring of overseas affiliated companies and implementation of measures according to risk ● Strengthening of cyber incident response capabilities through participation in public-private joint exercises and information gathering in collaboration with external organizations	Information Security p. 102 ▶
	Risk of technological information leakage	● Formulation of technological information management rules and strengthening of leak prevention measures ● Strengthening of group-wide unified monitoring systems for leak prevention measures ● Strengthening of employee awareness activities ● Stricter and more sophisticated monitoring of confidential information by systems, and expansion of the scope of information subject to such monitoring	
Risks related to natural disasters, pandemics, and terrorism or conflicts	Headquarters and office districts (domestic and overseas)	● Formulation of response policies and manuals based on lessons learned from large-scale natural disasters, pandemics, and other events, and implementation of training ● Establishment of response manuals to prepare for acts of terrorism, conflicts, and other contingencies that may occur overseas	Risk Management p. 100 ▶
	Production sites (domestic and overseas)		
Risks related to securing human resources at production and construction sites in Japan		● Diversification of recruitment methods in light of future labor market trends ● Implementation of measures to secure human resources, including at contractors, in collaboration with local communities	Communication with Local Communities p. 108 ▶

The Board of Directors also monitors the following risks as they could have a material impact on the management of the company:

Other material risks	Thrust of main initiatives	Related pages
Risks related to M&A	● Prudent due diligence of potential acquisitions ● Careful verification of post-merger integration plans	M&A Management pp. 27-31 ▶
Risks related to climate change	● Timely understanding of climate change and related policy trends, and consideration/promotion of countermeasures from perspectives of both risks and opportunities	Green Transformation (GX) pp. 78-82 ▶

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Compliance

Putting sincerity into practice group-wide

The Asahi Kasei Group positions compliance as one of its highest-priority material issues. To ensure thorough compliance with laws and regulations governing its businesses and operations, as well as internal rules, and to put sincerity, one of the Group Values, into practice, we established the Asahi Kasei Group Code of Conduct and promote awareness of it.

Promoting awareness and understanding of the Code of Conduct



The Code of Conduct provides criteria for making decisions when acting with integrity. To promote awareness and understanding of the Code among employees, we conduct group-wide compliance activities at both the workplace and individual levels. As a specific initiative, we have been holding “Cs Talk” discussions since fiscal 2019. Cs Talk is an initiative in which workplace teams discuss scenarios that may arise in day-to-day operations and confirm the actions employees should take in accordance with the Code of Conduct. In addition, for important topics such as laws and regulations, the relevant departments take the lead in providing compliance education for individual employees through e-learning and other means.

To verify the effectiveness of these activities, we use our awareness survey conducted every other year to assess the extent to which Cs Talk has improved compliance awareness. Through this survey, we also identify overall compliance trends as well as workplace-specific issues, share these issues, and incorporate the findings into improvement activities at each workplace.

Whistle-blowing system **There were 102 reports in fiscal 2025**

We 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 of and response to misconduct 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.

Advancing management-led initiatives and preventing recurrence

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.

Information security

Strengthening measures to address cybersecurity risks

Against the backdrop of accelerating DX and organizational expansion through M&A, we position cybersecurity as a key management risk that could affect business continuity and corporate value. Based on this recognition, we have established a framework for continuously implementing measures in Japan and overseas.

Policy and management framework

Asahi Kasei formulated an Information Security Policy and established related regulations. Each affiliated 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.

Further strengthening cybersecurity

To strengthen cybersecurity, we continuously verify the effectiveness of risk management through regular reports to the Board of Directors while promoting security enhancements across the group.

From a governance perspective, we implement and continuously review security policies, and have a group-wide security consultation center. We also implement company-wide controls by working to standardize risk assessments and security measures across our diverse range of business activities.

From a technology and operations perspective, we have introduced mechanisms to protect computers, servers, and other devices, together with a range of security measures. We also continuously monitor and analyze system usage to detect suspicious behavior at an early stage. In addition, the Security Operation Center (SOC) and Computer Security Incident Response Team (CSIRT) operated within the Asahi Kasei Group provide monitoring and detection 24 hours a day, 365 days a year, working to ensure a swift initial response to incidents and prevent further damage. We also continuously assess the effectiveness of our measures through third-party risk assessments, penetration testing, and joint public-private exercises, thereby strengthening resilience and driving continuous improvement. In addition, we are enhancing our ability to respond to evolving threats by strengthening measures against phishing emails and ransomware.

From the perspective of systems and supply chains, we are advancing vulnerability management and strengthening the management of contractors to reduce security risks across both our systems and the entire supply chain.

From an internal control perspective, we seek to prevent internal misconduct by ensuring appropriate management of critical information and rigorous access controls. We also continuously provide security training and targeted phishing email exercises for all employees to maintain and enhance security awareness throughout the group. Furthermore, as the use of AI in business expands, we are addressing emerging risks by establishing rules for the use of AI and developing a management platform.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Respect for Human Rights

Respecting human rights and promoting responsible business activities

Respect for human rights forms the foundation of all activities of the Asahi Kasei Group. Asahi Kasei believes it is of paramount importance that people of diverse backgrounds respect one another's individuality and human rights, and that everyone can lead vibrant lives. Guided by the Asahi Kasei Group Human Rights Policy, which sets forth our fundamental approach and initiatives regarding respect for human rights, we pursue our Group Mission of contributing to life and living for people around the world.

Asahi Kasei Group Human Rights Policy

(Approved by the Board of Directors in fiscal 2021)

Basic approach

Respecting the human rights of all stakeholders	Conforming to international human rights standards	Endeavoring with business partners to remediate and eliminate human rights violations that occur

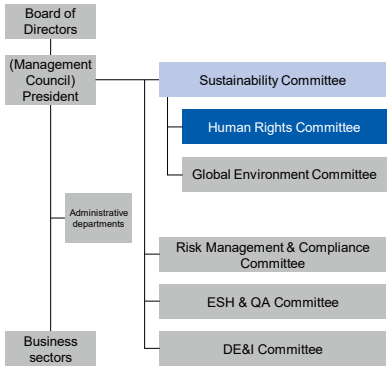
Addressing human rights issues (initiatives through business activities)
- Compliance with laws and regulations (including on working hours, wages, safety and hygiene, and protection of personal information)
- Prohibition of discrimination, harassment, and other unacceptable conduct
- Respect for the human rights of all people in society (including customers and communities)

Promoting respect for human rights
- Education
- Implementation of human rights due diligence
- Commitment to engage with affected stakeholders
- Establishment and operation of grievance mechanisms
- Disclosure

Management framework

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 2025, we shared information on trends concerning human rights, the status of our initiatives, and their future orientation. We concluded that it is essential for all employees to properly understand societal expectations regarding human rights, reflect on their own conduct, and work together with mutual respect. 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 respect for human rights and diversity. We also provide education and raise awareness regarding 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

Building a resilient and sustainable supply chain

In addition to our own company, we expect all parties across the supply chain to address 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 continue to ask 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.

CSR procurement questionnaire: Number of responses and assessment

Rank	FY2022	FY2023	FY2024	FY2025
A	119	177	317	337
B	60	44	181	134
C	28	13	56	42
D	7	1	9	4
Total	214	235	563	517
Scope	Material suppliers to Asahi Kasei	Raw material and logistics suppliers to Asahi Kasei	Material suppliers to Asahi Kasei Suppliers to affiliated companies	Raw material and logistics suppliers to Asahi Kasei Suppliers to affiliated companies

FY2025 CSR procurement questionnaire: Average score by category



Conflict minerals survey

In fiscal 2025, 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, we surveyed suppliers regarding all 28 procured raw material items potentially classified as conflict minerals and confirmed that none involved the use of conflict minerals.

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Health & Productivity Management, Production, ESH & QA



Environment, safety, and quality are the foundation of our businesses as we seek to further enhance corporate value

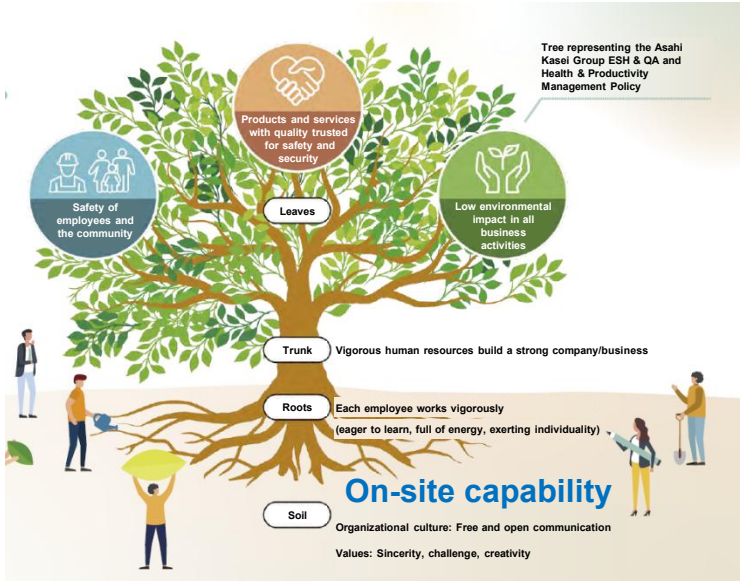
Masatsugu Kawase
Director, Primary Executive Officer
Oversight for ESH, QA, Regional Offices, Manufacturing, Production Technology Functions, Health & Productivity Management; Executive Officer for Energy Policy, Green Transformation

Q What are the “on-site capabilities” that underpin environmental, safety, and quality activities, the foundations of our businesses?

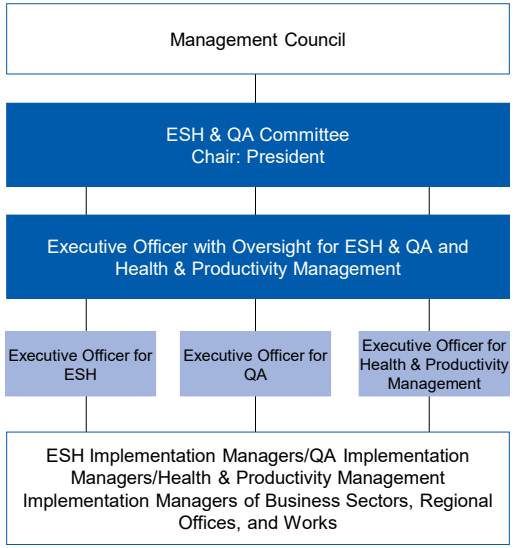
The foundations for Asahi Kasei to achieve a virtuous cycle of two aspects of sustainability, “contributing to a sustainable society” and “sustainable growth of corporate value,” and to create innovative products, services, and business models are: 1) protecting the safety of employees and local communities, 2) providing quality that inspires confidence in safety and security, and 3) reducing the environmental impact of business operations. To make these business foundations robust, it is essential to foster an organizational culture that embodies our Gorup Values of Sincerity, Challenge, and Creativity, as well as an open workplace environment that facilitates communication, thereby creating conditions in which each individual is eager to learn, full of vitality, and empowered to excel. We define this as “on-site capabilities” and cultivate them through our health and productivity management initiatives. In fiscal 2025, reflecting on serious quality incidents and severe accidents in the past, we worked to enhance our on-site capabilities and achieved zero serious incidents.

Q How will you further enhance corporate value?

At Asahi Kasei, we have created value by combining “Diversity × Specialty.” In our environmental, safety, and quality activities as well, we are building on a solid business foundation to advance initiatives that lead to value creation across business sectors and through global operation. Asahi Kasei has more than 130 sites worldwide, producing and providing a diverse range of products and services. Nevertheless, the environmental, safety, and quality activities that underpin each business have much in common, and the underlying concept of “on-site capabilities” is the same group-wide. We define these in the Group Principles and conduct business activities at each site while respecting the laws, regulations, and cultures of each country. Moreover, by extending the advanced quality assurance technologies cultivated in the Healthcare sector and the sophisticated safety management and environmental technologies developed in the Material sector to other sectors, as well as utilizing them across sectors, we are creating value unique to Asahi Kasei, unrivaled elsewhere.



Management framework



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Health & Productivity Management

Healthy employees build strong workplaces

Enhancing on-site capabilities and corporate value, starting with physical and mental well-being

Asahi Kasei regards the physical and mental well-being of each employee as the foundation of all its business activities. We believe that supporting physical and mental well-being and preventing and reducing absences due to illness help secure the workforce and enhance on-site capabilities, therebyz contributing to improvements in environmental protection, safety, quality, labor productivity, and ultimately corporate value.

Advancing mental health measures and workplace revitalization in tandem to prevent and reduce absences

1. Measures to improve mental health: From preventing issues to supporting return to work and preventing recurrence

To prevent mental health issues, which are a major cause of employee absence, we provide employees with annual self-care education. The participation rate in fiscal 2025 was 95.9%, and three months after the training, 84.4% of participants responded that it was useful or that they expected it to be so in the future, confirming that greater awareness had been fostered. We also followed up with employees who had experienced changes in their work environment, such as those newly hired or reassigned, and arranged consultations or other forms of assistance for 89.5% of those deemed to require support. We support employees who have taken leave in returning to work and help prevent recurrence. We will further enhance measures for self-care and for care through lines of reporting, and early support based on analyses of the causes and circumstances underlying employee absences.

2. Creating vibrant workplaces: Unlocking organizational potential through dialogue and workplace improvement

Rather than viewing mental health issues solely as individual concerns, we use KSA, stress checks, and other tools to visualize workplace issues and connect the findings to dialogue, workplace improvements, and management support, thereby creating workplaces where employees feel comfortable seeking advice and support one another. Going forward, we will assess the effectiveness of these measures using indicators such as KSA and work engagement, and roll out initiatives that have been confirmed to be effective group-wide.



Creating an environment where employees can thrive over the long term through initiatives ranging from cancer prevention to support for balancing treatment and work

1. Reducing cancer risk and promoting early detection: Disseminating accurate knowledge and creating an environment conducive to cancer screening

Regarding cancer, another major cause of leave from work, we are working to improve lifestyle habits, disseminate accurate knowledge, and encourage employees to undergo cancer screenings and follow-up examinations. In fiscal 2025, screening rates for all five major cancers exceeded the national target of 60%. We are improving access to screenings in accordance with the specific challenges at each site and ensuring thorough follow-up so that employees undergo further diagnostic examinations as needed.

2. Support for balancing treatment and work: Creating an environment where employees can continue working with confidence while managing illness

We held seminars featuring video interviews with employees who have experienced cancer and their supervisors, attracting a cumulative total of approximately 700 participants in fiscal 2025. We are currently developing a peer support framework that supports both affected employees and their workplaces, drawing on the perspectives of employees within the company who have experienced cancer.

Manufacturing and ESH

Manufacturing expertise creates added value for businesses

Occurrence of and response to serious occupational accidents and serious industrial accidents in fiscal 2025

In fiscal 2025, we achieved zero workplace fatalities, while the lost-time injury frequency rate and severity rate for employees in Japan were 0.27 and 0.011, respectively, remaining well below the chemical industry averages. There were also no lost-time injuries caused by exposure to liquids or similar incidents, and we are mitigating the risk of serious injury even at workplaces that handle chemicals and high-temperature fluids.

In process safety and disaster prevention, we are working to prevent major incidents by ensuring that lessons learned from past incidents are not forgotten, passing down process safety and disaster prevention skills, addressing indoor locations with high fire risk, and issuing process safety and disaster prevention alerts.

In environmental protection, we are working to prevent environmental accidents and serious environmental incidents, reduce GHG emissions, and enhance management systems, thereby reducing the environmental impact of our business activities.

Extending the high safety standards developed in the Material sector to other sectors

Asahi Kasei's Material sector has accumulated advanced safety management expertise over many years as a process industry involving high temperatures, high pressures, and chemical reactions. Risk assessments to prevent accidents and disasters, the concept of defense in depth, and equipment design and operational management based on fundamental principles form the foundation of environmental protection and safety activities group-wide. A distinctive feature of Asahi Kasei is that this approach to safety extends beyond the Material sector to the Healthcare and Homes sectors. By embedding rigorous safety standards group-wide that exceed the regulatory requirements and industry standards applicable to each business, we not only ensure employee safety but also improve quality, maintain stable operations, and strengthen business continuity. By viewing safety as a source of competitiveness and leveraging expertise and human resources across sectors, we provide an essential foundation for sustainable growth of corporate value under three-sector management.

Generating synergies across sectors for manufacturing, recycling, and contributions to society

The value generated by Asahi Kasei's three-sector management extends beyond the diversity of its technologies and products. Expertise in manufacturing, the environment, and safety developed in the Material sector is widely applied to recycling and resource circulation initiatives in the Homes and construction materials businesses, as well as to activities promoting coexistence with local communities. Moreover, as personnel take active roles across sector boundaries, experience and perspectives from different businesses come together, leading to new solutions and value creation. For example, the risk management and facility operation expertise established in the Material sector also contributes to enhancing quality and reliability in the Healthcare sector and ensuring long-term safety in the Homes sector.

Through such interactions, non-financial value in areas including environmental protection and safety, quality, and resilience is enhanced across the Asahi Kasei Group, creating competitive advantages that could not be achieved by individual businesses themselves. The circulation of knowledge, personnel, and ideas across sectors is the driving force that enables us to contribute to a sustainable society while enhancing corporate value.

Asahi Kasei Report 2026
02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Quality Assurance

Earning trust and enhancing corporate value through quality activities involving all employees

Achieving quality that inspires confidence through quality assurance activities emphasizing involvement of all employees

Under its policy to create and provide products and services with quality that ensures safety and security, Asahi Kasei promotes quality assurance activities with a commitment to involvement by all employees, based on the belief that quality must be built in by every employee. By fostering a culture of quality, we are working to earn greater trust from customers and enhance corporate value. Our initiatives have also been presented and showcased at other companies, academic societies, and other forums, earning recognition as an advanced example of quality management.

Our motto is “Let’s inspire your customers!” Every individual’s work leads to customer inspiration and trust

The Executive Officer for QA personally visits manufacturing sites in Japan and overseas to engage in direct dialogue with employees through town hall meetings and to provide quality training on an ongoing basis. The number of sites hosting these programs has grown to 81 over the past five years. Employees responsible for each stage of the process through to product delivery participate, reaffirming that their own work contributes to the next stage and to value for customers. During Quality Month each November, employees from senior management to on-site personnel engage in dialogue about quality and consider the roles they should fulfill from their respective positions. The foundation for these efforts is the “Eight Principles for Raising Asahi Kasei’s On-site Capabilities.” By instilling in each employee what the company values and fostering a culture of quality, we are enhancing quality capabilities group-wide and sustainably increasing corporate value.

Eight Principles for Raising Asahi Kasei’s On-site Capabilities

#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

Unique training for quality assurance personnel: Developing personnel and enhancing on-site capabilities

To develop core personnel responsible for quality assurance, we conduct the Quality Assurance Forum, a six-month program featuring lectures by external instructors and discussions among participants. A total of more than 448 people have participated over 10 years. On the final day, participants declare the actions they will take to address quality issues in their own organizations, and then undertake improvement activities on site. We are also expanding our online quality education content, enabling employees to learn anytime and anywhere. Through this combination of in-person and online education, we seek to develop quality assurance personnel and establish a culture of quality. In addition, the number of employees passing the QC Examination, which we encourage employees to take, continues to grow steadily, with many Asahi Kasei Group employees among the top-scoring successful candidates.

Extending Initiatives to Business Sector Management and Global Operations

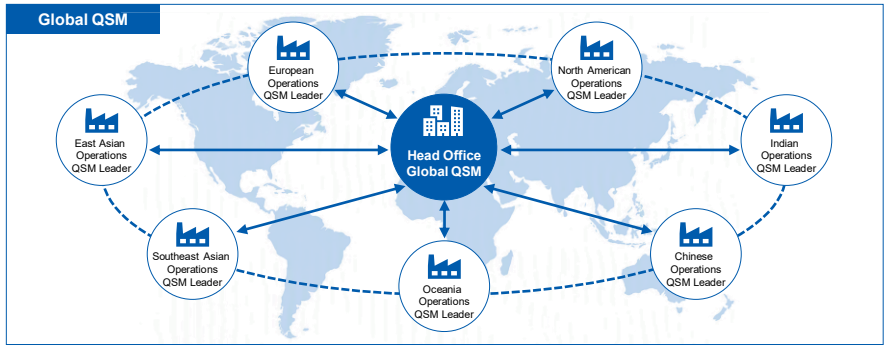
Globally leveraging connections across the Asahi Kasei Group and its business sectors

Building relationships of trust with local leaders through global QSM: Connecting the strengths of frontline operations to support the Asahi Kasei Group’s sustainable growth

As the Asahi Kasei Group operates globally, risks related to quality, safety, and maintenance are becoming increasingly diverse and complex. To respond to these changes in the business environment, we are promoting Global QSM (Quality, Safety, and Maintenance) activities. We believe that maintaining close connections with the leaders at each site is essential to these activities. Based on shared Group Principles, Global QSM is an initiative to visualize risks and strengths related to quality, safety, and maintenance at sites worldwide, with the aim of preventing serious accidents and quality issues, and to strengthen our business foundation. We are reinforcing risk management by visualizing risks. We also share best practices globally and across organizational boundaries, helping each site grow, and enhancing corporate value.

Leveraging the Asahi Kasei Group’s global connections Example: Joint council activities involving the Healthcare, Homes, and Material sectors in the United States

In North America, council activities involving leaders in the respective areas of quality, safety, and maintenance are particularly active. Affiliated companies share their challenges and best practices. Through discussion, participants gain insights into advanced initiatives, generating cross-sector synergies in a variety of areas. Approaches to quality, safety, and maintenance developed in the Material sector are being extended to the Healthcare and Homes sectors. By leveraging expertise and human resources across business sectors, this serves as an important foundation for supporting the sustained enhancement of corporate value under three-sector management. In China, in addition to safety and maintenance initiatives, we began holding quality assurance exchange meetings in fiscal 2025, bringing together those responsible for quality and sharing the challenges and strengths of each company. Based on this, we are strengthening coordination across regions and advancing efforts to enhance on-site capabilities globally.



Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance −
85 Corporate Governance
96 Roundtable Discussion among Outside Directors
99 Interview with Newly Appointed Outside Director
100 Risk Management
102 Compliance / Information Security
103 Respect for Human Rights / CSR Procurement
104 Health & Productivity Management, Production, ESH & QA
Requirement 6 107 Firm relationships with diverse stakeholders +
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group’s Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Requirement 6

Firm relationships with diverse stakeholders

Asahi Kasei's initiatives

Because we have a diverse range of businesses, we have always placed great importance on building strong relationships of trust with our diverse stakeholders.

As expressed by "Trailblaze Together," the title of our current MTP, we will work together with our stakeholders to blaze a trail toward the future.



Afforestation program in Japan


Workplace tour for high school students in the U.S.



Judo workshop with Olympians in Germany

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders −
	108	Special Feature: Building Asahi Kasei's corporate value together with Nobeoka
	110	Stakeholder Communication
	111	External Evaluation
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

Special Feature

Building Asahi Kasei's corporate value together with Nobeoka

The trust placed in Asahi Kasei by its many stakeholders has enabled the company to continuously transform its business portfolio and achieve growth for more than a century. In particular, Nobeoka City in Miyazaki Prefecture, Japan, the cradle of Asahi Kasei, remains an important site supporting many of our businesses and employees, and is one of the foundations underpinning our corporate value.

The vitality of the local community and corporate growth are inseparable. Through our initiatives to create the future together with Nobeoka and the voices of employees working there, we present the strengths of Asahi Kasei that underpin its business portfolio transformation.

Main products manufactured in the Nobeoka/Hyuga area: Our history of creating growth businesses for each era

- 1930s: Bemberg™ cupro fiber, viscose rayon (production discontinued in 2001)
- 1970s: Leona™ nylon 66 filament, Leona™ nylon 66 resin, Ceolus™ microcrystalline cellulose
- 1980s: Dinamica™ artificial suede, Hall elements, photomask pellicles (transferred to Mitsui Chemicals, Inc. in 2023)
- 1990s: LSIs, Planova™ virus removal filters
- 2000s: Eltas™ spunbond nonwoven fabric (plant closed in 2020), artificial kidneys (business transferred in 2025)
- 2010s: Hipore™ wet-process lithium-ion battery separator

(As of March 31, 2026: 5,476 employees in the Nobeoka/Hyuga area)



"The future of Nobeoka is the future of Asahi Kasei" Regional revitalization directly addresses management challenges

Nobeoka, the cradle of Asahi Kasei, is a key operating site that has underpinned the transformation of the company's business portfolio for more than a century, and has generated growth businesses for each era.

The Nobeoka area is home to contractors, educational institutions, government agencies, and local communities that support Asahi Kasei. Our longstanding ties with the local community have enabled us to continue taking on challenges and embracing new technologies and human resources, even as the business environment has changed and our core businesses have shifted.

Asahi Kasei therefore regards regional revitalization not as a social contribution activity, but as a management priority for safeguarding and strengthening its business foundation. This is because regional issues such as population decline and securing human resources are also directly linked to the continuity and growth of Asahi Kasei's businesses.

Based on this perspective, we established the Community Invigoration Group within the Nobeoka General Affairs Department in 2020. Guided by the belief that the future of the region is also the future of our company, the Community Invigoration Group is working to build a sustainable business foundation helping the community continue to attract people.

Creating an attractive region where people gather and can take on challenges is the very source of business growth

A distinctive feature of the Community Invigoration Group's approach is that Asahi Kasei engages not as a supporter, but as a member of the local community. Under the slogan "Get out into the community!" members of the Community Invigoration Group have personally visited shopping districts, government agencies, and companies, building relationships through ongoing dialogue. The issues and needs identified through this process have shaped our current initiatives, including company tours, hands-on science classes for parents and children, internships, and the promotion of local attractions through social media.

In particular, with securing human resources for local companies as a key theme, efforts to establish a framework through which local companies support one another's recruitment activities, such as operating a portal site to raise awareness and understanding of local companies, are steadily beginning to bear fruit. In addition, a growing number of employees are volunteering to support community activities, and this engagement with the community is also helping to enhance the vitality of the Asahi Kasei Group as a whole. The decline of the community would lead to the decline of Asahi Kasei. This strong sense of personal responsibility is shared throughout Asahi Kasei as it continues to operate in the Nobeoka area. That is why we strive to create an environment in which we can take action and embrace challenges together with the community.

Perspective of the Community Invigoration Group, Nobeoka General Affairs Department, Nobeoka Office

Working in the Nobeoka area also means living in the Nobeoka area. That is why we need to create a foundation that makes people want to live in this community, not only through collaboration with schools and companies but also through education for the next generation and local events. Going forward, we intend to assess the benefits these initiatives have brought to both the community and Asahi Kasei, use the findings to make improvements and develop new measures, and build an organization that continues to evolve.



Mio Kawaguchi | Takumi Kido | Junichiro Sonoda | Kazue Yamauchi

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders −
	108	Special Feature: Building Asahi Kasei's corporate value together with Nobeoka
	110	Stakeholder Communication
	111	External Evaluation
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing
		Group Management Standards for Enhancing Corporate Value

Employee interview

Businesses may change, but the commitment of our people remains unchanged



Masaaki Kai
Nonwovens Division
Asahi Kasei Fibers Nobeoka Co., Ltd.

1981	Joined the company, assigned to Production Section, Viscose Rayon Plant (Fibers being one of Asahi Kasei's founding businesses)
2001	Viscose rayon production discontinued. Transferred to Manufacturing Section, Eltas Plant; involved in plant start-up (spunbond business)
2019	Eltas Plant damaged by a tornado
2020	Closure of the Eltas Plant
2020	Transferred to Lamous Manufacturing Section, Nonwovens Plant (Car Interior business)
2023	Rehired after retirement, assigned to Nonwovens Division, continuing to the present

Q What kind of work have you done in Nobeoka?

I have been involved in a wide range of businesses, including viscose rayon, spunbond, and car interior. Although I moved between businesses and workplaces many times, my desire to make Asahi Kasei a better company never changed.

Equipment and technology are, of course, important, but they alone are not enough to overcome difficult circumstances. This was true when we discontinued the viscose rayon business, and also when we launched the Nonwovens Plant. Faced with equipment unlike anything we had ever worked with before, we pooled our ideas and continued making improvements for many years. I believe we were able to achieve world-class productivity because, even when things did not go well, there were people determined to find a way forward and overcome the challenges together.

At the Viscose Rayon Plant where I had my first assignment, there was an expression: the "rayon spirit." The expression referred to the determination to overcome difficult circumstances by supporting one another. It means looking ahead especially in difficult times, valuing one's colleagues, and remaining tenaciously committed to creating something better. I believe that spirit continues to be passed down at many of our workplaces today.

Q How did you feel when the decision was made to discontinue the viscose rayon business?

The Viscose Rayon Plant was where I grew professionally, so I had truly mixed feelings when the decision was made to close it. Looking at the aging equipment, I understood that this day would eventually come. And yet, when the plant manager pressed the stop button on the final operating unit, and the machinery that had run for so many years went silent, I could not hold back my tears.

That was why, even after moving to a new business, I felt that I could not let it end there. I believed that my role was to take what I had learned in the viscose rayon business and carry it forward into the next business. I was not alone in feeling this way. Many colleagues who had gained valuable experience at the Viscose Rayon Plant moved on to different businesses and workplaces, where they continued to make improvements and take on new challenges.

Q What aspects of Asahi Kasei's distinctive character did you experience during unforgettable events such as discontinuing a business and having tornado damage?

To me, a person's true character is most clearly revealed in difficult times. When the Eltas Plant was struck by a tornado, we received an astonishing amount of support from other plants and departments. No one told them to do so, but they acted out of a desire to help colleagues in need. The same was true when we discontinued the viscose rayon business. Despite facing anxieties of their own, many people encouraged their colleagues and devoted themselves to launching new businesses.

Over my 45-year career, I have come to realize that Asahi Kasei's strength lies in these bonds between people. This cannot be expressed in numbers or written down in a manual. Yet whenever we faced adversity, it was always the commitment of our people that ultimately sustained the organization.

Q What would you like to pass on to the next generation?

Teaching technical skills and knowledge is important of course. But what I want to convey even more is how we should engage with people. When I was young, I was genuinely delighted when my supervisor wrote a handwritten response to an opinion I had expressed. Because of that experience, I continue to place great importance on engaging with the comments of each individual. People grow through the guidance and support of others. The accumulation of these interactions, in turn, shapes an organization's culture. Asahi Kasei has a hands-on culture in which people engage wholeheartedly with their colleagues and their work. I believe that this spirit, passed down from the Viscose Rayon Plant to the Eltas Plant and then to the next generation, is the source of Asahi Kasei's underlying strength. That is why, in the time I have left, I want to pass on as much as possible of what I have learned through experience to the next generation. I see that as my final role to fulfill.



Masaaki Kai (center), subject of the interview, with Daisuke Hironaka (left), Plant Manager, Nonwovens Plant, and Junichiro Sonoda (right), Community Invigoration Group

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 — 32 Appropriate allocation of resources +
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 — 73 Ability to continue contributing to sustainability +
Requirement 5 — 84 Strong and effective corporate governance +
Requirement 6 — 107 Firm relationships with diverse stakeholders −
108 Special Feature: Building Asahi Kasei's corporate value together with Nobeoka
110 Stakeholder Communication
111 External Evaluation
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Dialogue with diverse stakeholders is the catalyst for creating value

Dialogue with diverse stakeholders in Healthcare, Homes, and Material

Asahi Kasei operates businesses across three distinct sectors: Healthcare, Homes, and Material. Each business differs in its market environment, customers, and the role society expects it to play. That is why, through dialogue with a diverse range of stakeholders, including employees, customers, suppliers, local communities, shareholders and investors, and government authorities, it is essential to understand their respective expectations and challenges, and to reflect them in management.

In particular, transforming our business portfolio involves taking on challenges for growth and undertaking difficult structural transformation. Achieving this requires not only management decisions, but also the understanding and trust of the stakeholders who support them. Asahi Kasei aims to deepen relationships and create value together through dialogue with its stakeholders. It is because we have a diverse range of businesses that we can incorporate diverse perspectives and gain new insights and business opportunities from them. For Asahi Kasei, dialogue with diverse stakeholders is the catalyst for creating value.

Inside the Asahi Kasei Group

Group-wide

- Town hall meetings between young employees and top management (FY2025: 24 sessions, 217 participants)



- Vision meeting with overseas leadership



- Introduction of a special incentive program for the employee stockholding association

Group-wide

- Development of a support system for generating forest-derived J-Credits (demonstration in Nobeoka City)

Group-wide

- Enhancing corporate value through dialogue with investors (number of investor meetings in FY2025: 391)

Healthcare sector

- Regularly conducting PPI[2] activities in the Pharmaceuticals business to incorporate patient perspectives into research and development, information provision, disease awareness, and other initiatives

Trailblaze Together

National government, local governments and universities

Material sector

- Decarbonization of ethylene production facilities and optimization of production capacity by Asahi Kasei, Mitsui Chemicals, Inc., and Mitsubishi Chemical Corp. (Ministry of Economy, Trade and Industry HtA Support Program[1])
- Expansion of production capacity for alkaline water electrolysis system components for clean hydrogen production (Ministry of Economy, Trade and Industry's GX Supply Chain Development Support Program)
- Establishment of a spin-off venture with Nagoya University focused on ultra-wide band gap semiconductor technology



Healthcare sector

- Planning relocation of the Pharmaceutical R&D hub to Shonan Health Innovation Park to create new value through dialogue with pharmaceutical companies, universities, and startups



Customers, other companies, and investors

Material sector

- Trust built through close communication with customers; TSMC Excellent Performance Award (received for the second consecutive year)
- Conclusion of a capacity rights agreement with Toyota Tsusho for lithium-ion battery (LIB) separators



Homes sector

- Received high ratings in customer satisfaction surveys for unit homes, apartments and condominiums in Japan
- Enhancing Hebelian Net, a website for Hebel Haus™ owners in Japan, to maintain customer connections for decades after delivery (approximately 210,000 members)
- Long-term inspection completion rate of 70% or higher
- Using renewable electricity generated at Hebel Haus™ in the company's own operations and those of its suppliers



[1] FY2025 Support Program for Energy and Manufacturing Process Transformation in Hard-to-Abate Industries
[2] Patient and public involvement

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders −
108 Special Feature: Building Asahi Kasei's corporate value together with Nobeoka
110 Stakeholder Communication
111 External Evaluation
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Recognition by a wide range of stakeholders

Inclusion in Socially Responsible Investment Indexes (as of July 2026)

- **FTSE4Good Index Series**
- **FTSE JPX Blossom Japan Index**
- **FTSE JPX 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**

FTSE4Good

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

MSCI Selection Indexes Constituents 2026

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

S&P/JPX Carbon Efficient Index

2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2026 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

DX Stock 2026
In 2026, 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 sixth consecutive year.

DX銘柄2026 Digital Transformation

"White 500" for 2026 (Large Enterprise Category)
Asahi Kasei was certified as a "White 500" enterprise under the 2026 Certified Health & Productivity Management Outstanding Organizations Recognition Program jointly conducted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門 ホワイト500

"Platinum Kurumin" Certification as a Company Supporting the Next Generation (Child-rearing Support Company)
In 2016, four companies, Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Therapeutics, and Asahi Kasei Life Science, received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare in recognition of their particularly outstanding initiatives among companies actively supporting the development of the next generation.

プラチナくるみん 子育てサポートしています

CDP A- Ratings for Climate Change and Water Security
Asahi Kasei received A- ratings for both Climate Change and Water Security in CDP's 2025 assessment.

CDP Discloser 2025

Highest MSCI ESG Rating of "AAA"
MSCI ESG Ratings measure the ESG performance of companies on a scale of seven ranks from "AAA" to "CCC." Asahi Kasei received the highest rating of "AAA." (As of July 2026)

Received the 2026 Tanahashi Prize from the Electrochemical Society of Japan for alkaline water electrolysis technology for clean hydrogen production
Six of our engineers received the 2026 Tanahashi Prize from the Electrochemical Society of Japan for technological development related to the Aqualyzer™ an alkaline water electrolysis system used to produce clean hydrogen.

Received the Best IR Award presented by the Japan Investor Relations Association
Asahi Kasei received the Best IR Award in fiscal 2025 in recognition of ongoing improvements in our management approach and IR activities, including deeper dialogue with investors and more comprehensive information disclosure.

2025 IR Best IR Award

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For +
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times +
Requirement 2 32 Appropriate allocation of resources +
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4 73 Ability to continue contributing to sustainability +
Requirement 5 84 Strong and effective corporate governance +
Requirement 6 107 Firm relationships with diverse stakeholders −
108 Special Feature: Building Asahi Kasei's corporate value together with Nobeoka
110 Stakeholder Communication
111 External Evaluation
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Basic Information


Town hall meeting: Healthcare sector (Tokyo)


Town hall meeting: Homes sector (Osaka)


Town hall meeting: Material sector (Moriyama)

Asahi Kasei Report 2026

	02	Corporate Philosophy
	03	At a Glance
	05	Editorial Policy
	09	Contents
	10	What Asahi Kasei Aims For +
Requirement 1	22	Ability to continuously transform the business portfolio in response to changing times +
Requirement 2	32	Appropriate allocation of resources +
Requirement 3	40	Ability to continuously innovate by leveraging diverse intangible assets +
Requirement 4	73	Ability to continue contributing to sustainability +
Requirement 5	84	Strong and effective corporate governance +
Requirement 6	107	Firm relationships with diverse stakeholders +
	112	Basic Information
	113	Financial / Non-Financial Information
	114	The Asahi Kasei Group's Information Structure
		Closing Group Management Standards for Enhancing Corporate Value

Financial / Non-Financial Information (11-Year Summary)

Fiscal year		2015	2016	2017[1]	2018	2019[2]	2020	2021[3]	2022[4]	2023	2024	2025
Financial Information												
Statements of income												
Net sales	¥ million	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	3,074,505
Gross profit	¥ million	586,216	586,736	649,105	688,548	675,040	680,709	769,769	773,776	815,969	958,260	1,008,592
Operating income	¥ million	165,203	159,229	198,475	209,587	177,264	171,808	202,647	127,716	140,746	211,921	231,200
Net income (loss) attributable to owners of the parent	¥ million	91,754	115,000	170,248	147,512	103,931	79,768	161,880	(91,948)	43,806	134,996	158,793
Balance sheets (fiscal year-end)												
Total assets	¥ million	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	4,137,943
Interest-bearing debt (excluding lease obligations)	¥ million	448,219	402,060	301,194	424,457	703,842	658,975	766,276	939,456	917,018	1,157,458	967,544
Net assets	¥ million	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	2,165,647
Net worth	¥ million	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	2,088,458
Cash flows												
Cash flows from operating activities	¥ million	216,218	168,965	249,891	212,062	124,460	253,676	183,271	90,804	295,300	301,489	303,104
Cash flows from investing activities	¥ million	(285,287)	(89,920)	(110,294)	(198,917)	(318,156)	(157,751)	(221,019)	(213,584)	(142,598)	(381,150)	(106,873)
Free cash flow	¥ million	(69,069)	79,045	139,597	13,145	(193,696)	95,925	(37,748)	(122,780)	152,702	(79,661)	196,231
Cash flows from financing activities	¥ million	101,365	(73,959)	(134,412)	17,388	221,923	(95,869)	42,321	111,780	(94,331)	144,567	(245,354)
Depreciation and amortization, capital expenditures, and R&D expenses												
Depreciation and amortization (excluding amortization of goodwill)	¥ million	93,811	91,387	95,415	84,556	96,016	108,369	119,738	140,013	152,593	153,478	162,598
Amortization of goodwill	¥ million	15,821	17,806	18,048	19,490	22,288	24,903	28,391	37,273	29,603	32,628	33,746
Capital expenditures	¥ million	99,000	90,573	101,331	136,206	154,122	153,656	186,644	174,873	183,712	211,026	222,324
R&D expenses	¥ million	81,118	79,566	85,695	90,124	90,966	89,745	98,693	105,027	106,597	110,641	110,537
Financial indicators												
Operating income before amortization of goodwill	¥ million	181,024	177,035	216,523	229,077	199,552	196,711	231,037	164,990	170,348	244,549	264,946
EBITDA	¥ million	274,836	268,423	311,938	313,633	295,568	305,080	350,775	305,003	322,941	398,027	427,545
Operating margin	%	8.5	8.5	9.7	9.7	8.2	8.2	8.2	4.7	5.1	7.0	7.5
Operating margin before amortization of goodwill	%	9.3	9.4	10.6	10.6	9.3	9.3	9.4	6.1	6.1	8.1	8.6
EBITDA margin	%	14.2	14.3	15.3	14.5	13.7	14.5	14.3	11.2	11.6	13.1	13.9
ROIC	%	7.9	7.8	9.7	8.8	6.6	4.9	6.6	4.0	5.9	5.5	5.9
ROE	%	8.6	10.5	14.0	11.1	7.6	5.6	10.3	(5.5)	2.5	7.4	8.0
D/E ratio	—	0.43	0.35	0.23	0.31	0.52	0.45	0.45	0.57	0.51	0.62	0.46
Capital ratio	%	47.1	51.1	55.8	53.6	48.2	50.3	50.4	48.1	49.5	46.3	50.5
Per share information												
EPS	¥	65.69	82.34	121.93	105.66	74.85	57.49	116.68	(66.30)	31.60	97.94	116.97
EPS before goodwill amortization	¥	77.01	95.08	134.85	119.62	90.90	75.44	137.14	(39.42)	52.96	121.61	141.83
BPS	¥	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	1,539.66
Dividends	¥	20	24	34	34	34	34	34	36	36	38	42
DOE	%	2.6	3.1	3.9	3.6	3.4	3.3	3.0	3.0	2.9	2.7	2.9
Stock Information (fiscal year-end)												
Closing price	¥	760.9	1,080	1,399	1,142	764.8	1,274.5	1,062.5	926.3	1,112	1,047	1,509
Market capitalization	¥ billion	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	2,046.8
P/B ratio	—	1.02	1.31	1.52	1.15	0.78	1.21	0.87	0.77	0.85	0.76	0.98
Outstanding shares	Thousand shares	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	1,365,752
Employees (fiscal year-end)	—	32,821	33,720	34,670	39,283	40,689	44,497	46,751	48,897	49,295	50,352	47,895
Non-Financial Information												
Greenhouse gas (GHG) emissions (Scope 1 and Scope 2)[5]												
Scope 1	(million t-CO_2e)					2.96	3.01	3.10	2.83	2.38	2.50	2.25
Scope 2	(million t-CO_2e)					1.03	0.90	0.94	0.83	0.79	0.70	0.65
GHG emission reduction contributions through Environmental Contribution Products[6]	Index						100	117	137	143	151	155
Index of behavior that leads to growth in annual engagement survey	Index							3.69	3.71	3.72	3.74	3.76
Number of women working as managers and percentage of women among leaders of organizations and Group Masters[7]												
Number of women working as managers	—							252	278	313	335	361
Percentage of women among leaders of organizations and Group Masters	%							3.6	4.0	4.3	4.9	5.5
Favorable respondents in the employee engagement survey vitality index (3.5 or higher on a five-point scale)	%							56.3	55.6	56.2	57.3	58.5

[1] Retroactively revised to reflect "Partial Amendments to Accounting Standard for Tax Effect Accounting" which was applied beginning in FY2018. [2] Retroactively revised to reflect purchase price allocation completed in FY2020 related to acquisition of Veloxis. [3] 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. [4] Retroactively revised to reflect purchase price allocation completed in FY2023 related to acquisition of Focus. [5] Scope: Production sites of Asahi Kasei and consolidated subsidiaries. Preliminary figures for FY2025. Figures are subject to change after third-party verification. [6] Internal calculation of the volume of GHG emission reduction contributions from a life cycle assessment perspective based on the views of outside experts. Using fiscal 2020 as the baseline year (100). [7] Scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Therapeutics, and Asahi Kasei Life Science. Leaders of organizations are managerial personnel who serve in key leadership roles. Note: Figures for each fiscal year are as of April 1st of the following fiscal year.

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 — 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 — 32 Appropriate allocation of resources
Requirement 3 — 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 — 73 Ability to continue contributing to sustainability
Requirement 5 — 84 Strong and effective corporate governance
Requirement 6 — 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Information on our corporate philosophy and culture, the sources of our value creation

Information on our strategies for continuous growth, our earnings structure, and our financial condition

Information on sustainability as it relates to our businesses

Asahi Kasei Report

The Asahi Kasei Report is intended to enhance stakeholders' understanding of how the Asahi Kasei Group creates value through two mutually reinforcing aspects of sustainability—contributing to a sustainable society and achieving sustainable growth of corporate value. It also serves as a tool for constructive dialogue with stakeholders.

Corporate Information

An overview of the Asahi Kasei Group's philosophy and culture, as well as businesses and regions of operation.

- Corporate profile
- Corporate philosophy, etc.

Corporate Brochure

IR Information

Financial results and presentation materials as well as a variety of easy-to-understand information for investors.

- Financial results
- Management briefings, etc.

Securities Reports (in Japanese only)

Intellectual Property Report

Sustainability

Comprehensive information and data in terms of environmental, social, and governance (ESG) aspects of the Asahi Kasei Group's initiatives and systems.

- GRI Standards Content Index
- SASB Content Index
- Sustainability Report, etc.

Notices of General Meetings of Shareholders

Corporate Governance Report

Period under review

The period under review is fiscal 2025 (April 2025 to March 2026).

The report also contains some information on activities from April 2026 onward.

Organizational scope

The scope of the report is Asahi Kasei Corp. 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 2026. In this report, "Asahi Kasei" and "the Asahi Kasei Group" refer to the entire Asahi Kasei Group, comprising Asahi Kasei Corp. and all of its consolidated subsidiaries, and "Asahi Kasei Corp." refers to the parent company on a non-consolidated basis.

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 Therapeutics Corp.	Asahi Kasei Therapeutics	Pharmaceuticals. Name changed from Asahi Kasei Pharma Corp. in April 2026
Veloxis Pharmaceuticals, Inc.	Veloxis	Acquired in fiscal 2019. Pharmaceuticals (Main product: Envarsus XR™)
Calliditas Therapeutics AB	Calliditas	Acquired in fiscal 2024. Pharmaceuticals (Main product: Tarpeyo™)
Aicuris Anti-infective Cures AG	Aicuris	Acquired in fiscal 2026. Pharmaceuticals (compound scheduled for launch: pritelivir)
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	Acquired in fiscal 2021. Sleep apnea diagnostic device
Homes sector		
Asahi Kasei Homes Corp.	Asahi Kasei Homes	Unit homes, apartment buildings, 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 Companies LLC	Synergos	Holding company for North American homes
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 (lead-acid battery separator business divested in fiscal 2025)
Recherche 2000 Inc.	R2	Acquired in fiscal 2019. Monitoring systems for chlor-alkali electrolysis
Crystal IS, Inc.	Crystal IS	Acquired in fiscal 2011. Startup developing AlN (aluminum nitride) substrates

Asahi Kasei Report 2026

02 Corporate Philosophy
03 At a Glance
05 Editorial Policy
09 Contents
10 What Asahi Kasei Aims For
Requirement 1 22 Ability to continuously transform the business portfolio in response to changing times
Requirement 2 32 Appropriate allocation of resources
Requirement 3 40 Ability to continuously innovate by leveraging diverse intangible assets
Requirement 4 73 Ability to continue contributing to sustainability
Requirement 5 84 Strong and effective corporate governance
Requirement 6 107 Firm relationships with diverse stakeholders
112 Basic Information
113 Financial / Non-Financial Information
114 The Asahi Kasei Group's Information Structure
Closing
Group Management Standards for Enhancing Corporate Value

Closing

Group Management Standards for Enhancing Corporate Value

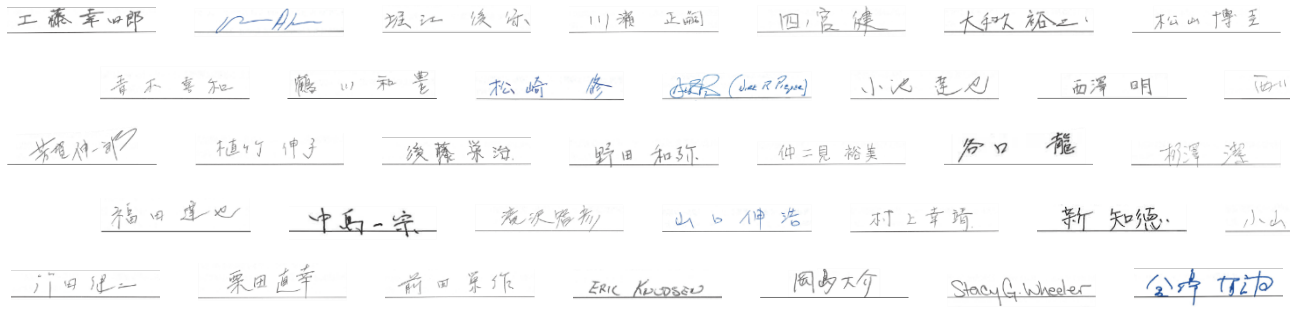
Following discussions among our Group Executives, Asahi Kasei established the Group Management Standards (GMS) as guidelines for action to enhance the corporate value of the Asahi Kasei Group, and began implementing them in April 2026.

Group Executives are management personnel selected from among Directors, Executive Officers, and other leaders of Asahi Kasei and affiliated companies. They have the responsibility and authority to enhance the corporate value of the entire Asahi Kasei Group across businesses and regions. There are currently 33 Group Executives worldwide.
The GMS apply not only to Group Executives but to all leaders across the Asahi Kasei Group. They set forth the standards of conduct required for the four elements necessary to enhance corporate value: improving business performance, preventing unforeseen losses, reducing the cost of equity, and creating synergies among diverse businesses.

This report has presented the “Six Requirements” that the Asahi Kasei Group considers essential to achieving sustainable growth of corporate value, together with the initiatives aimed at fulfilling them.

The Group Executives will use the GMS as a common language and act from the perspective of optimizing the Asahi Kasei Group as a whole, transcending the boundaries of businesses, regions, and functions.
By continuing to steadily fulfill the “Six Requirements,” we will achieve sustainable enhancement of the Asahi Kasei Group’s corporate value.

Group Executives and Operating Company Presidents: GMS Endorsement Signatures



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