

New Medium-Term Management Plan 2024—Be a Trailblazer

The Asahi Kasei Group formulated its new medium-term management plan (MTP) for three years from fiscal 2022 to fiscal 2024 focused on the theme “Be a Trailblazer” as the first step toward realizing its vision for 2030.

■ Review of the Previous Medium-Term Management Plan

While we achieved our initial target for net sales in fiscal 2021, the final year of the previous MTP, results for operating income, net income, ROIC, and ROE fell short of the plan amid changes in international affairs—such as the decoupling of the United States and China and the situation in Russia and Ukraine—and major changes in the operating environment, including the COVID-19 pandemic and surging feedstock and fuel prices. At

Major Initiatives

- Promoted growth strategies through proactive M&A in the Health Care and Homes sectors
- Accelerated the technological development and commercialization of hydrogen-related, CO₂ chemistry, and other businesses
- Implemented reforms in strategic restructuring businesses identified through business evaluations

Priority Investments

- Implemented M&A in the Health Care sector
- Expanded growth businesses such as lithium-ion battery (LIB) separator
- Strengthened foundation for digital transformation (DX) and decarbonization

Strengthened Business Platform

- Green:** Formulated Sustainability Policy, introduced internal carbon pricing, and declared goal of achieving carbon neutrality
- Digital:** Formulated Asahi Kasei DX Vision 2030, established Digital Value Co-Creation, and launched DX training
- People:** Strengthened management capabilities, began career design program for young employees, and promoted empowerment of women

the same time, we steadily implemented growth strategies in our fields for provision of value and strengthened our foundation for growth under an uncertain operating environment.

■ Vision for 2030

Issues exposed by major changes in society, such as those prompted by COVID-19, correspond with the Asahi Kasei Group's commitment to “Care for People, Care for Earth.” Such issues will become more interrelated across a variety of industries as industrial boundaries become less distinct. The Asahi Kasei Group, with its diverse range of businesses, views these issues as significant business opportunities and aims to achieve further growth by boldly taking on challenges in our five fields for provision of value. We are also targeting a reduction in our GHG emissions of 30% or more by fiscal 2030 compared with fiscal 2013.

Long-Term Outlook for Around FY2030

Operating income ¥400 billion
ROE 15% or more ROIC 10% or more

■ Aims of the New Medium-Term Management Plan

We will evolve our business portfolio to realize our vision by pursuing two mutually reinforcing aspects of sustainability as “contributing to sustainable society” and “the sustainable growth of corporate value.” Specifically, we will focus resources on business that will drive future growth while reaping the benefits of growth investments and advancing the reform of strategic restructuring businesses. In addition, we will embark on a fundamental business structure transformation from a medium-term perspective.

Financial Targets for FY2024

Operating income ¥270 billion
ROE 11% or more ROIC 8% or more

■ Basic Guidelines for Business Portfolio Evolution

Challenging investment for growth together with cash generation through the strengthening of existing businesses and structural transformation are the essential combination for further evolution of our business portfolio. To strike a balance between them, we will place a strong emphasis on the three elements of speed, asset-light, and high value-added.

With regard to “asset-light,” we will create optimal business models and scenarios tailored to each of our businesses based on the following two approaches without being constrained by conventional ideas of the process industries. In terms of existing businesses, we will pursue ways to generate profits by utilizing existing assets to the full. In the Material sector in particular, we will examine a variety of possibilities, including the downsizing and divestiture of businesses, from the standpoint of reducing GHG emissions to achieve carbon neutrality. In order to establish new businesses, we will thoroughly pursue optimal uses of capital, including utilizing the capital of other companies, without being exclusively dependent on our own R&D investments or owning our own facilities for commercialization. Being asset-light in the development of new businesses accelerates the pace of development and allows us to focus on fields where we can build superior positions, resulting in higher added value.

■ Challenging Investment for Future Growth

The Asahi Kasei Group has designated businesses that will drive future growth as 10 Growth Gears (GG10) and will focus resources on them going forward. With GG10 as gears to not only accelerate our own growth but also the transformation of society, we aim to accelerate the creation of a sustainable society.

We plan to invest ¥1 trillion or more on a cumulative basis over the period of the new MTP, of which approximately ¥600 billion will be in GG10-related businesses. We will also proactively identify M&A opportunities to make bold investments. For more details, please see the “Capital Expenditure and

Investments” section on [page 28](#). Although GG10 currently account for approximately 35% of our total operating income, we will aim to increase this to more than 70% by around 2030. The following table provides an overview of GG10.

Overview of GG10 Businesses

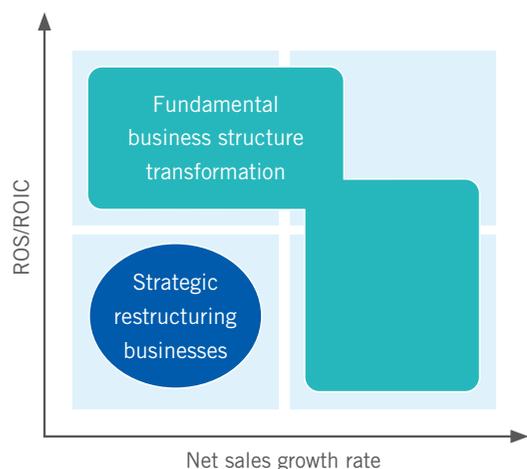
GG10	Major Products and Services	Market Environment	Future Direction
Environment & Energy			
Hydrogen-Related (P46)	Hydrogen-related business centered on alkaline water electrolysis systems	Amid growing global demand for green hydrogen, the water electrolysis market is predicted to grow, led by Europe.	Through participation in demonstration projects around the world, etc., we aim to become a leading supplier driving the commercialization of the business by 2025 and construction of a supply chain.
CO ₂ Chemistry (P47)	<ul style="list-style-type: none"> CO₂ separation and recovery systems (CO₂ adsorption technologies, etc.) CO₂ chemistry (manufacture of chemical products using CO₂ as feedstock) 	The CO ₂ separation and recovery market, garnering increasing attention with efforts to achieve carbon neutrality, is expected to expand globally.	We will advance demonstrations in Europe with the aim of commercializing a business for CO ₂ separation and recovery systems by 2027. As for CO ₂ chemistry, we began R&D in the 1980s and have been operating a licensing business since 2002; we will seek to commercialize next-generation technologies in addition to expanding existing technologies.
Energy Storage (P48)	<ul style="list-style-type: none"> LIB separators and next-generation battery materials Various new technologies helping enhance the value of batteries over their total life 	With growth centered on automotive applications, the LIB separator market is forecasted to more than triple in size between 2021 and 2025.	To meet robust demand, we will increase our production capacity for LIB separators over the medium to long term, including by examining strategic partnerships. We will identify various new technologies that will contribute to the swift commercialization of innovative new materials and the enhancement of the value of batteries over their total life.
Mobility			
Car Interior Material(P49)	<ul style="list-style-type: none"> Interior materials, such as seat upholstery Interior space management-related technologies and solutions (air conditioning, sound, etc.) 	As new needs arise in relation to interior space in conjunction with the rapidly advancing shift to electric vehicles (EVs) on a global scale, the growth of the car interior market is expected to outpace the growth of automobile production.	Catering to new market trends and needs, we will utilize group-wide resources such as marketing, technological, and design capabilities in an integrated manner, and strengthen our concept proposals in addition to material proposals with the aim of becoming the leading global manufacturer of car interior materials.
Life Material			
Digital Solutions (P50)	<p>Electronic components Current sensors, gas sensors, magnetic sensors, millimeter wave radar ICs, etc.</p> <p>Electronic materials Photosensitive polyimide, photosensitive dry film, high-performance glass fabric, epoxy resin curing agent, etc.</p>	The market for digital solutions is likely to expand due to increasing needs for digital technologies and the cutting-edge technologies that underpin them due to the progression toward a carbon-neutral society, an aging society, and a digital society.	We will offer components, materials, and solutions in response to the needs of the digital society by strengthening our integration of electronic components and materials. In addition, we will explore new developments aimed at future growth, including M&A, while promoting the identification of new business opportunities.

GG10	Major Products and Services	Market Environment	Future Direction
Home & Living			
North American and Australian Homes (P53) 	<p>North America Promoting a supplier model to streamline a wide range of processes in manufacturing and on construction sites</p> <p>Australia Promoting a new business model pursuing competitive advantages leveraging strengths in R&D</p>	Amid expectations of solid ongoing demand for homes in North America and Australia on the back of a housing shortage associated with population growth, issues including labor shortages, lengthy construction periods, and delays in the adoption of IT have become evident.	Using our know-how in industrialized housing development cultivated in Japan, we will offer high-quality homes suited to local conditions. In North America, we will aim to establish and promote a supplier model streamlining a wide range of processes around housing frames at manufacturing and construction sites. In Australia, we will pursue customer satisfaction by establishing a highly competitive business model that builders or suppliers could not achieve alone.
Environmental Homes and Construction Materials (P52) 	Hebel Haus™ unit homes, Hebel Maison™ apartment buildings, pre-owned Hebel Haus™ homes, Neoma Foam™ insulation panels	Potential demand is high as only 20% of new order-built unit homes in Japan currently meet ZEH standards, despite the government target for ZEH-level energy efficiency performance in new housing from fiscal 2030.	Based on our superior homes with high durability and thermal insulation performance, we will offer new solutions in the field of energy, such as electricity purchasing systems. By contributing to the environment and realizing customer satisfaction, we expect this business to continue to be a main source of stable earnings from fiscal 2025 onward.
Health Care			
Critical Care (P57) 	<ul style="list-style-type: none"> • Critical care medical devices, such as defibrillators (defibrillators for professional use, AEDs, LifeVest™ wearable defibrillator, etc.,) • Diagnosis and treatment of cardiopulmonary conditions 	Global market growth is anticipated in both critical care medical devices and the diagnosis and treatment of cardiopulmonary conditions due to factors including the progression and increasing sophistication of medical care and the aging of society.	We will aim to become the leading global player in cardiopulmonary resuscitation and related areas through endeavors that include offering critical care medical devices and multifaceted solutions for the diagnosis, treatment, and management of heart disease and launching innovative medical devices that address unmet needs in relation to sleep apnea, acute myocardial infarction, and other diseases.
Global Specialty Pharma (P55) 	Various pharmaceuticals for immunology and transplantation, etc. (such as Envarsus XR™ immunosuppressant)	With approximately 25,000 kidney transplants carried out annually in the United States, the market is expected to see ongoing growth.	We will promote business development, clinical development, and sales through collaboration between Asahi Kasei Pharma and Veloxis Pharmaceuticals. In addition, we will aim to capture further growth opportunities, including the potential for acquiring a business platform in Europe.
Bioprocess (P56) 	<ul style="list-style-type: none"> • Bioprocess-related products centered on Planova™ virus removal filters • Pharmaceutical contract research organization (CRO) and contract development and manufacturing organization (CDMO) services 	The bioprocess market is predicted to expand continuously due to the ongoing growth of biotherapeutics, such as biopharmaceuticals, and the increasing diversity and sophistication of pharmaceutical technologies.	In addition to expanding our position in the virus removal filter market, we will aim to capture further growth opportunities through our entry into the CRO and CDMO businesses.

■ Generating Cash through the Strengthening of Existing Businesses and Structural Transformation

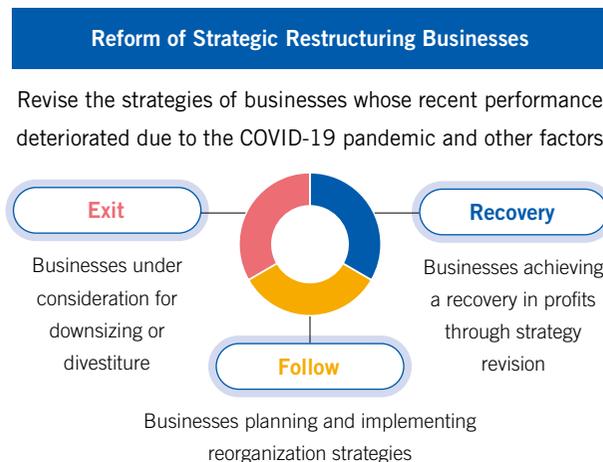
During the period of the new MTP, we will promote fundamental business structure transformation from a medium-term perspective while aiming to complete the reform of the strategic restructuring businesses, which we has been advancing since the period of the previous MTP.

Business Evaluation Framework



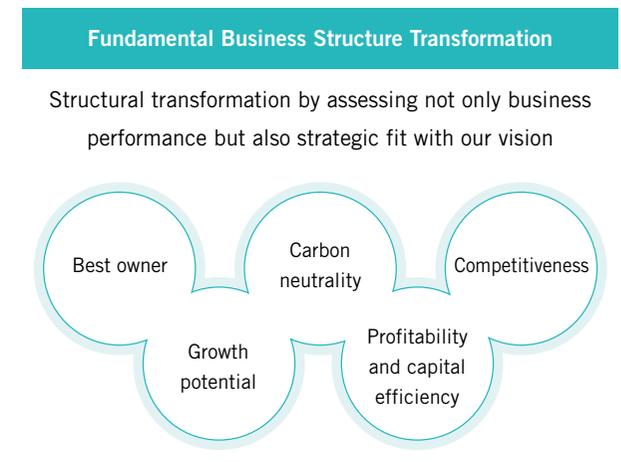
Building on evaluations of the growth potential (net sales growth rate), profitability (operating margin), and capital efficiency (ROIC) of each strategic restructuring business, we have evaluated these businesses including the perspectives of sustainability (quantitative indicators such as GHG emissions), profit amount, profit volatility, and business stage. Based on the results of the business evaluations, senior executives, including the President, and the heads of businesses held discussions

reexamining the strategies of strategic restructuring businesses. These businesses are categorized as Recovery businesses (those achieving a recovery in profits through strategy revision), Follow businesses (those planning and implementing reorganization strategies), and Exit businesses (those under consideration for downsizing or divestiture). Going forward, we will carefully monitor Follow businesses and downsize or sell Exit businesses as quickly as possible. At the same time, we will implement regular evaluations of our business portfolio, based on which we will promptly reformulate the strategies of underperforming businesses.



- #### Targets in the New Medium-Term Management Plan
- Assess Follow businesses that are currently executing reformulated strategies and complete the downsizing or divestiture of Exit businesses
 - Implement regular business evaluations and revise the strategies of underperforming businesses

Furthermore, we will advance a fundamental business structure transformation, not only with respect to businesses with deteriorating performance but also from the standpoint of compatibility with our vision. Assessing businesses from the five perspectives of best owner, carbon neutrality, competitiveness, growth potential, and profitability and capital efficiency, we will create and implement a specific road map during the period of the new MTP. We will then allocate the resources gained through fundamental business structure transformation to GG10 in order to accelerate the evolution of our business portfolio.



- #### Targets in the New Medium-Term Management Plan
- Formulate and implement a road map for fundamental business structure transformation
 - Invest the resources gained through transformation in GG10 to accelerate growth