

AsahiKASEI

Asahi Kasei Report 2025

Trailblaze Together



Editorial Policy

Revisiting the Six Questions

Squarely facing questions from investors

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

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

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

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

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

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

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

Dialogue with our stakeholders is never-ending.

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

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

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

September 2025



Questions for fiscal 2024

Our main initiatives

Feedback received and gaps perceived

Revisiting the questions for fiscal 2025

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

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

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

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

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

See p. 14 ▶

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

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

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

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

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

See p. 26 ▶

Q3: How will you focus resources on growth businesses?

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

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

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

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

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Questions for fiscal 2024

Our main initiatives

Feedback received and gaps perceived

Revisiting the questions for fiscal 2025

Q4: What actions are you taking for carbon neutrality?

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

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

😊 The way Environmental Contribution Products, primarily in the Material sector, help reduce GHG emissions in the world is easy to understand, and we look forward to this initiative continuing.

🧐 **We would like to see more progress in green transformation (GX), mainly in the Material sector, and more explanation about the social contributions of the Homes and Healthcare sectors.**

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

See p. 53 ▢

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

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

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

😊 We appreciate your approach of accumulating and leveraging abundant intangible assets such as human resources, technology, and intellectual property, and consider it a strength of Asahi Kasei.

🧐 **We would like you to explain how the use of intangible assets strengthens businesses and contributes to higher earnings in concrete terms.**

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

See p. 62 ▢

Q6: How does your corporate governance function?

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

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

😊 We appreciate that governance is functioning effectively with Outside Directors speaking candidly about Asahi Kasei’s management challenges and issues for enhancing corporate value.

🧐 **To further our understanding, we would like to know how the effectiveness of the Board of Directors has evolved amid structural transformation, proactive growth investments, and M&A.**

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

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¹ Preliminary figure² Based on research by Asahi Kasei Homes

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

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



Q1

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



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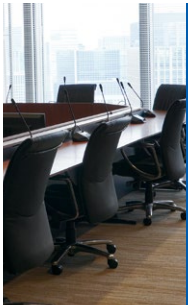


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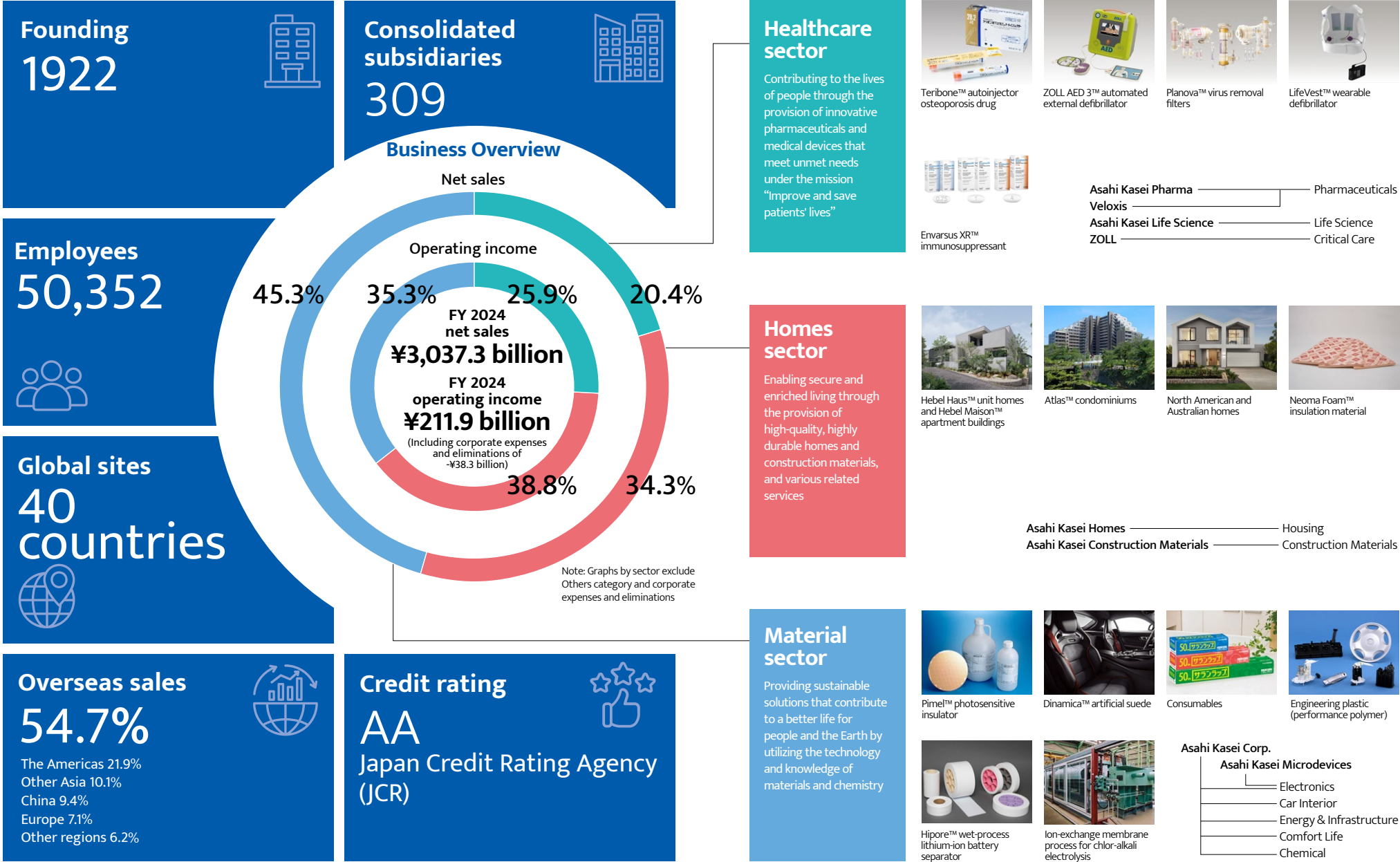


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At a Glance

As of March 31, 2025



Corporate Philosophy

Group Mission

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

Group Vision

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

Group Values

Sincerity

— Being sincere with everyone.

Challenge

— Boldly taking challenges, continuously seeking change.

Creativity

— Creating new value through unity and synergy.

Group Slogan

Creating for Tomorrow

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

A-Spirit—the heritage of Asahi Kasei

- Ambitious motivation:

We will boldly challenge ourselves with high goals, not being satisfied with the current situation
- Healthy sense of urgency:

We will have a strong commitment to goals and focus on generating results
- Quick decisions:

We will rapidly and boldly take actions with nimble connections and genuine communication
- Spirit of advancement:

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

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Message from the CEO



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

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

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Q1

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

Value creation through
“Diversity × Specialty”

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

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

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

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

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

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

The experience of confronting societal challenges: Our greatest management asset

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

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

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

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

Pursuing traditions with the spirit of continuity and change

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

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

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Q2

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

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

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

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

Now we need a completely new approach to improving

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

Strategic investments with high certainty of returns

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

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

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

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

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

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

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Q3

What growth do you expect from the investments you’ve made?

Building a business portfolio to drive sustainable growth

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

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



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

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

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

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

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

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

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

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

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Q4

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

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

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

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

Driving new social impact through structural transformation of our chemical businesses

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

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

The structural transformation of our chemical businesses goes beyond mere downsizing or withdrawal. The tasks ahead are making our remaining businesses more sustainable and applying our technologies to drive carbon neutrality. Since GX is a societal challenge, fostering partnerships and collaborating with others is essential. For instance, our CO₂-chemistry technology, which converts CO₂ into chemicals like polycarbonate, can deliver a much greater

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

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



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

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Q5

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

New business models with value centered on intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Q6

How is your governance evolving along with business portfolio transformation?

Deepening Board of Directors' discussions to enhance corporate value

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

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

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

Risk management through diverse approaches

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

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

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

In closing

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

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

Naturally, I recognize that having a diverse portfolio of

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

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



Koshiro Kudo
President



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