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

Answer

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

Hibiya Head Office

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

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

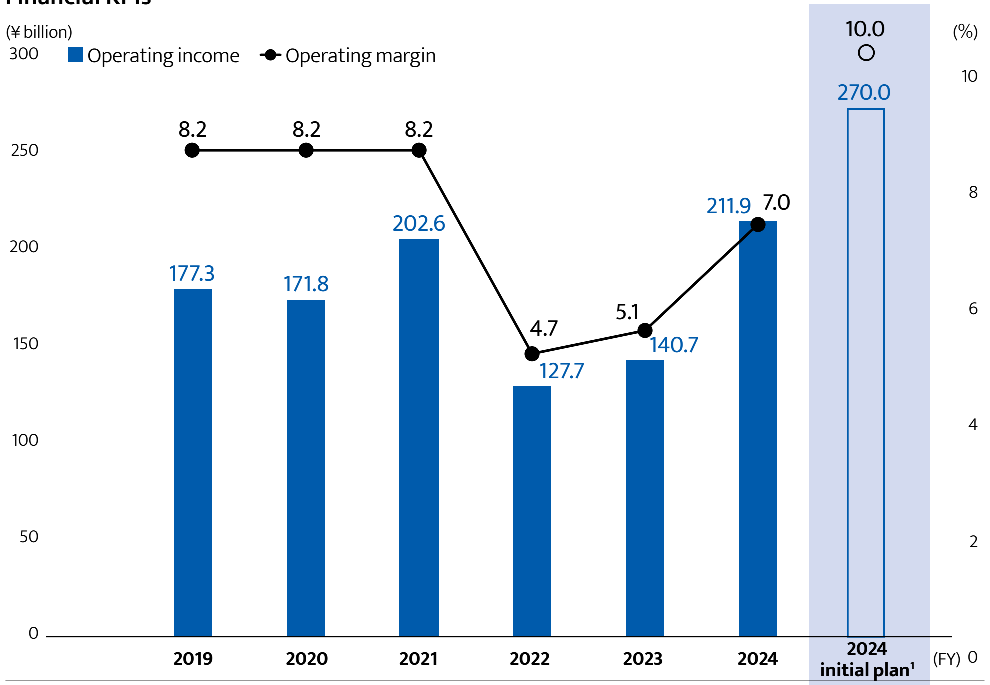
MTP
"Be a Trailblazer"
FY22–24

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

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

Capital efficiency on path of recovery but earnings recovery still insufficient

Financial KPIs



	2019	2020	2021	2022	2023	2024	2024 initial plan[1]
ROIC	6.6%	4.9%	6.6%	4.0%	5.9%	5.5%	≥8%
ROE	7.6%	5.6%	10.3%	-5.5%	2.5%	7.4%	≥11%
Healthcare operating income				41.9	48.5	64.0	80.0
Homes operating income				75.4	83.0	95.9	95.0
Material operating income				41.0	42.6	87.4	130.0

Homes achieved its target, while Healthcare and Material fell short

[1] Announced in April 2022

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

Growth investment (major investments in GG10)

FY22–24 cumulative investment in GG10[2] ≈ ¥700 billion

Healthcare

Global Specialty Pharma
- Acquisition of Calliditas, a pharmaceutical company headquartered in Sweden

Bioprocess
- Acquisition of Bionova, a U.S. biologics CDMO, and expansion of business platform

Homes

North American and Australian Homes
- Acquisition of Focus, a building components supplier in Nevada, and ODC, a residential construction work subcontractor in Florida, in the U.S.

Material

Digital Solutions
- Expanded production capacity for Pimel™ as semiconductor buffer coat/interlayer dielectric

Energy Storage (separator)
- Expansion of automotive LIB separators (construction of integrated plant in North America and addition of new coating facilities in U.S. and Japan)

[2] Total amount including maintenance investments, etc.

Structural transformation

Aiming to gain effect of structural transformation during previous MTP

Sales of subject businesses (FY21 results)
>¥100 billion

>¥80 billion

Decisions adopted

Material
- Establishment of joint venture for spunbond nonwovens
- Divestiture of pellicles business
- Divestiture of businesses of Asahi Kasei Pax

Homes
- Closure of Iwakuni Plant for AAC

Healthcare
- Sepacell™ structural reform
- Divestiture of blood purification business
- Divestiture of diagnostic reagents business

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

Sales of subject businesses (FY21 results)
≈ ¥600 billion[3]

Naphtha cracker-related operations in Japan
- Advancing collaboration with Mitsubishi Chemical and Mitsui Chemicals
- Studying production optimization, including carbon neutrality of ethylene production facilities in western Japan and future capacity reductions, premised on the establishment of a joint operating entity

Other businesses
- Accelerating studies from the best-owner perspective
- Decision to discontinue acrylonitrile and other operations of PTT Asahi Chemical

[3] Some overlap with category aiming to gain effect during previous MTP (FY22–24)

Outline of the New MTP

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

Strategic positioning of the new MTP "Trailblaze Together"

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

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

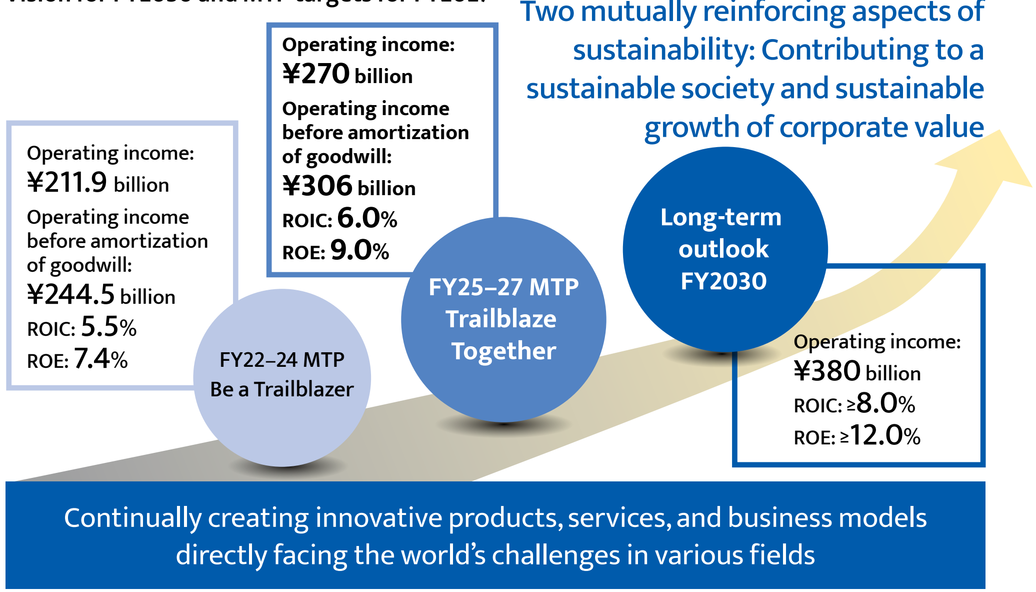
The source of our growth is "Diversity × Specialty." "Diversity" indicates the abundance of growth opportunities and ability to generate stable earnings as an effect of having a diverse range of business operations, while "Specialty" indicates a focus on differentiation from competitors in order to achieve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

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

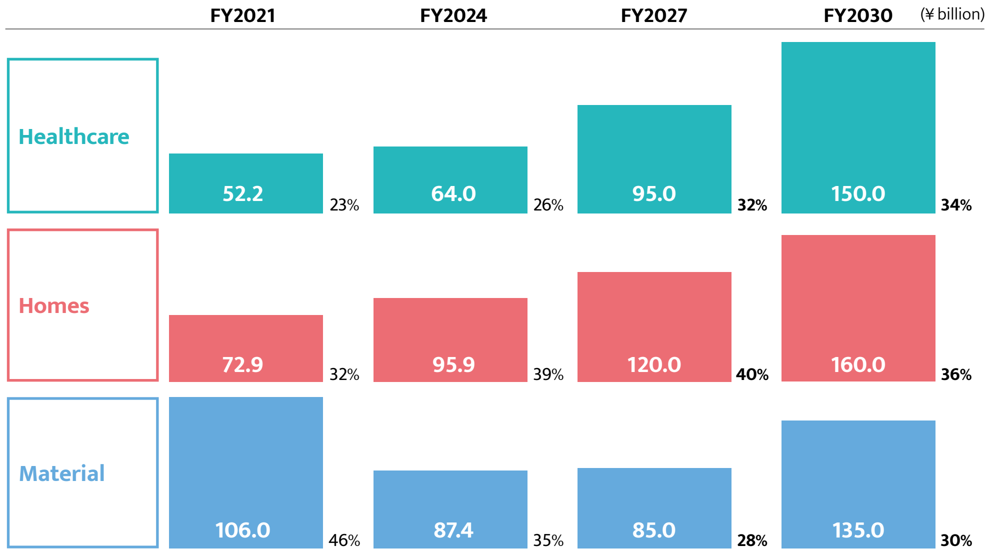
No longer simply a diversified chemical manufacturer; transitioning to a profit structure balanced across the three sectors by 2030

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

Vision for FY2030 and MTP targets for FY2027



Operating income*



* Percentages by sector exclusive of "Others" category and corporate expenses and eliminations

Basic policies of the new MTP

The new MTP has three basic policies as shown below.

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

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

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

Maintaining financial health, improving capital efficiency, increasing profitability

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

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

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

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

See Message from the CFO on p. 31

Management indicators

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

1 EBITDA = operating income + depreciation and amortization (tangible, intangible, and goodwill)
2 ROIC = (operating income − income taxes) ÷ average annual invested capital

Main non-financial KPIs

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

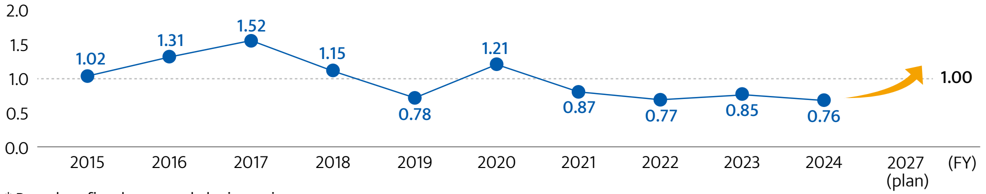
Message from the CFO

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

Changing our market valuation requires capital efficiency indicative of transformation

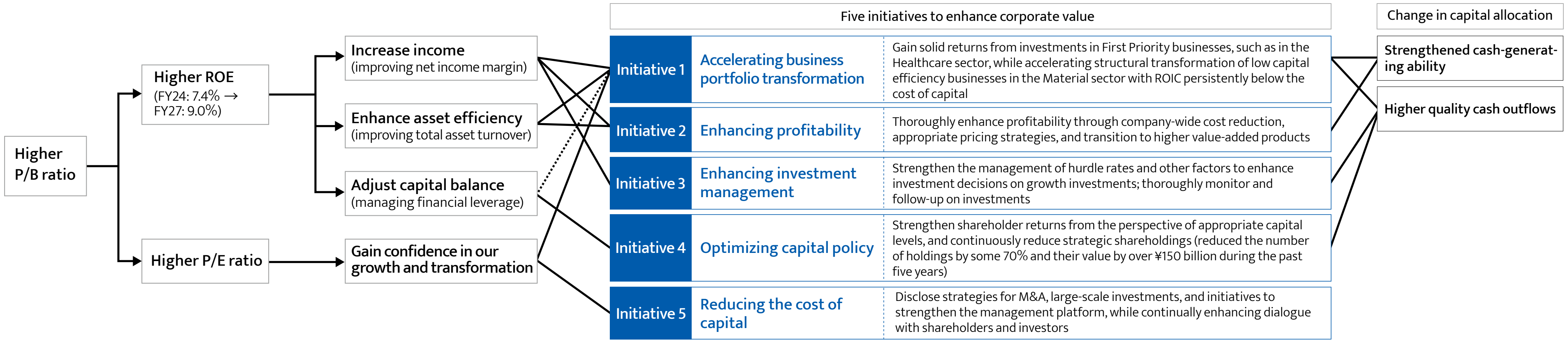
Our operating income in fiscal 2024 reached a new record high for the first time in six years. Although the weaker yen helped, it was really thanks to the firm progress we've made in executing business portfolio transformation during the three years of the previous MTP. That said, our stock market valuation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

P/B ratio*



* Based on fiscal year-end closing price

Five initiatives to enhance corporate value



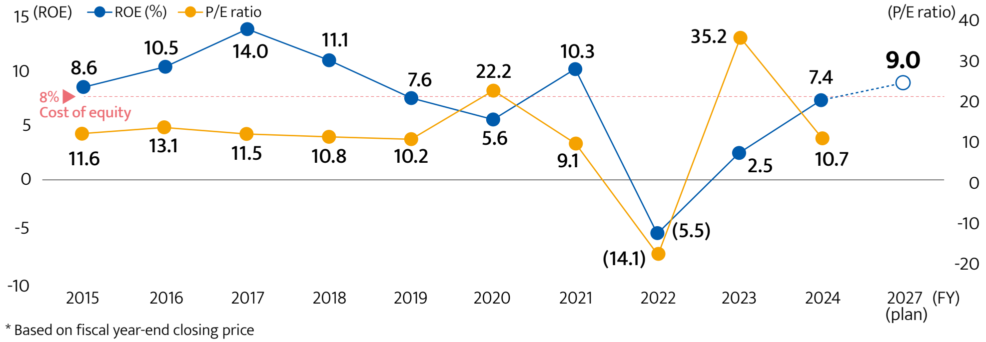
structural transformation under the new MTP while generating solid results from past investments. It's vital that we achieve capital efficiency that exceeds our cost of capital as quickly as possible. I look forward to finding new ways to communicate our vision to gain greater understanding.

Five initiatives to enhance capital efficiency and improve resource allocation

We are advancing five initiatives to raise corporate value: accelerating business portfolio transformation, enhancing profitability, enhancing investment management, optimizing capital policy, and reducing the cost of capital. Each initiative helps improve our ROE and P/E ratio, and we believe that continued progress will lead to an improved P/B ratio. These initiatives will also strengthen our cash-generating ability and raise the quality of cash outflows in our resource allocation.

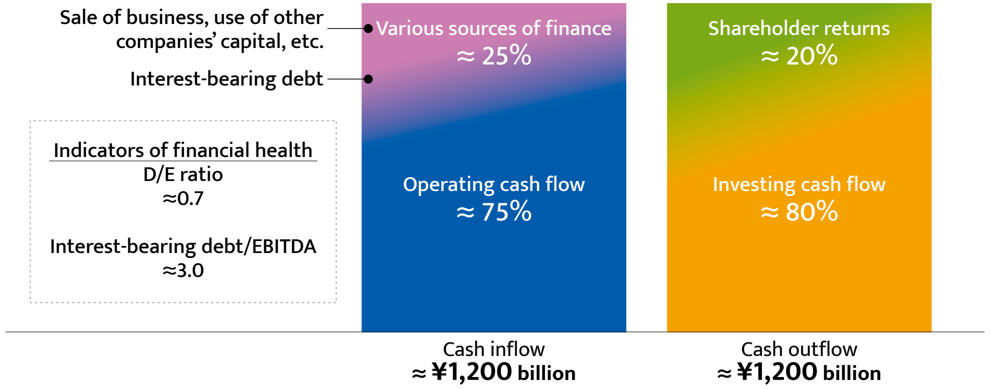
Under the new MTP, we will further strengthen efforts for optimal resource allocation—both growth investments and shareholder returns—to enhance corporate value. During the new MTP, approximately ¥1.2 trillion in cash inflows will be allocated considering the balance between growth investments and shareholder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

ROE and P/E ratio*



* Based on fiscal year-end closing price

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



Initiative 1: Accelerating business portfolio transformation

Enhancing profitability and capital efficiency by gaining solid returns from growth investments to achieve the new MTP targets

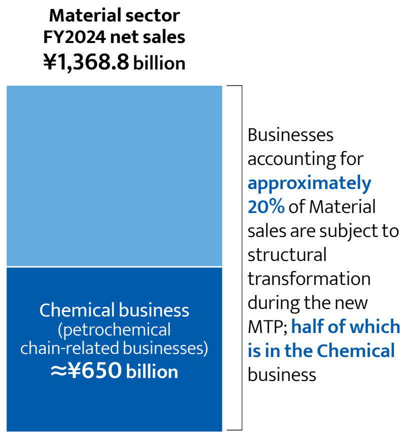
With the first initiative, accelerating business portfolio transformation, we are advancing structural transformation while maximizing returns from past growth investments.

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

Refer to Growth Drivers under the New MTP on pp. 37–39

In the Material sector, we will accelerate structural transformation of low capital efficiency businesses with ROIC persistently below the cost of capital, including divestitures, change to minority ownership, and discontinuation. This will be pursued through three approaches: structural reform from best-owner perspective, optimization/reinforcement in concert with other companies, and autonomous structural transformation. For autonomous structural transformation, we can essentially make decisions independently, which allows us to move more swiftly. The withdrawal of methyl methacrylate (MMA) monomer business and other operations announced in May 2025 is one example. To ensure that ROE consistently exceeds the assumed cost of equity of 8%, stable net income is essential. By accelerating structural transformation, we aim to quickly lay the framework for steadily improving net income.

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



Restructuring the Chemical business (petrochemical chain-related businesses)

Advancing three approaches: structural reform from best-owner perspective, optimization/reinforcement in concert with other companies, and autonomous structural transformation

Structural reform from best-owner perspective	• Several projects had advanced toward adopting a decision during fiscal 2024, but not completed on schedule; progress continuing in order to execute reforms during the new MTP
Optimization/reinforcement in concert with other companies	• Advancing discussions with Mitsubishi Chemical Corporation and Mitsui Chemicals, Inc. on three-company collaboration regarding naphtha cracker • Considering capital alliances with other companies, including minority stakes, for multiple businesses
Autonomous structural transformation	• Decision to discontinue the business of PTT Asahi Chemical • Actions to restructure businesses with low profitability and low capital efficiency, including downsizing and discontinuation

Initiative 2: Enhancing profitability

Raising cash-generating ability through further promotion of ROIC-based management

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

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

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

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

Strengthening the structure of the Material sector and corporate functions

Advancing structural transformation	• Advancing by three approaches: structural reform from best-owner perspective, optimization/reinforcement in concert with other companies, and autonomous structural transformation
Thorough control of cash flow and capital expenditure	• Scrutiny of maintenance investment • Working capital management focused on inventory optimization • Careful review of which assets should be held internally
Fixed cost reduction	• Raising organizational efficiency by streamlining duplicate functions • Narrower focus of measures to strengthen the management platform and create new businesses • Improving productivity and reducing costs through continuous promotion of DX

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

Initiative 3: Enhancing investment management

Strict evaluation to raise the quality of growth investments

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

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

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

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

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

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

Example of factors considered in setting hurdle rates

Base quantitative assessment

Base value determined using quantitative indicators of the volatility and investment efficiency of the business to be invested in

Required increment above WACC

2 Investment efficiency (Evaluation based on **ROIC performance**) \ 1 Volatility (Evaluation based on **budget-to-actual deviation of operating income**)	Low	Mid	High
Low	+4%	+6%	+6%
Mid	+2%	+4%	+6%
High	+2%	+2%	+4%

+

Additional factors

Addition/subtraction based on portfolio position of the business to be invested in

Business positioning
Considered based on portfolio position of the business to be invested in

Geographical considerations
Considered based on interest rate differential in the investment region and qualitative risk factors

Others
Considered based on the effect of internal carbon pricing, the investment evaluation period, and the characteristics of the business field

=

Hurdle rate for the project

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

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

Initiative 4: Optimizing capital policy

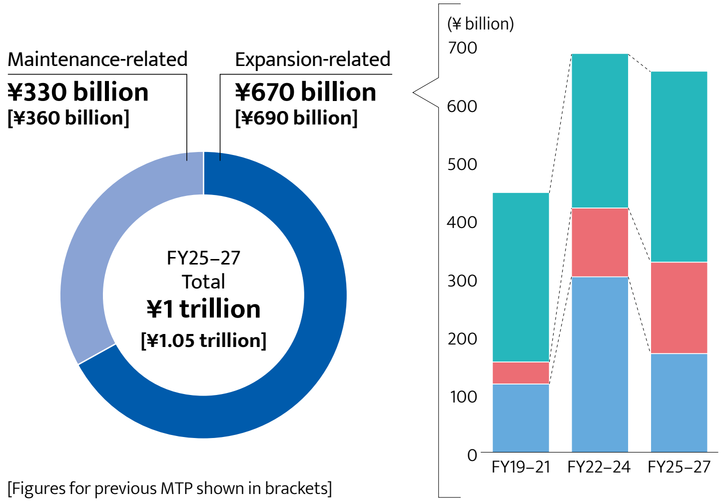
Controlling the level of net worth with enhanced shareholder returns

The fourth initiative is optimizing capital policy. Since we operate in three business sectors with highly divergent environments and risks, determining the optimal level of net worth requires assessing the risks that pertain to each sector's assets and then considering the appropriate balance between equity and debt. As business portfolio transformation progresses, and looking ahead to the Material sector achieving a more stable growth-oriented configuration, it may be possible to increase financial leverage beyond the current level. At present, though, we consider a D/E ratio of around 0.7 to be appropriate. Within this framework, we will manage the level of net worth by enhancing shareholder returns and continuing to reduce strategic shareholdings.

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

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

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



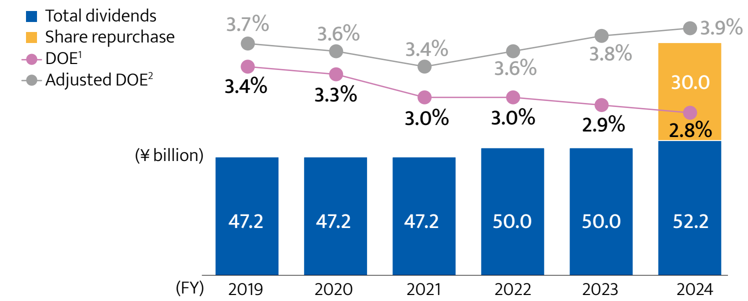
Healthcare
Continuing growth investments such as M&A (in-licensing also considered as investment)

Homes
Exploring opportunities to invest for domestic growth as well as overseas

Material
Careful selection of investment with focus on ion-exchange membrane-process chlor-alkali electrolysis, hydrogen, and electronic materials businesses

[Figures for previous MTP shown in brackets]

Shareholder returns



(FY)	2019	2020	2021	2022	2023	2024
Dividends per share (¥)	34	34	34	36	36	**38**
Dividend payout ratio	45.4%	59.1%	29.1%	—	113.9%	**38.8%**
Net worth (¥ billion)	1,359.3	1,467.5	1,687.4	1,660.3	1,813.4	**1,859.4**
Shareholders' equity (¥ billion)	1,302.8	1,335.9	1,459.4	1,317.5	1,311.9	**1,366.8**

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

Shareholder returns policy

1. Determine 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

circumstances as deemed conducive to sustainable growth of corporate value.

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

Initiative 5: Reducing the cost of capital

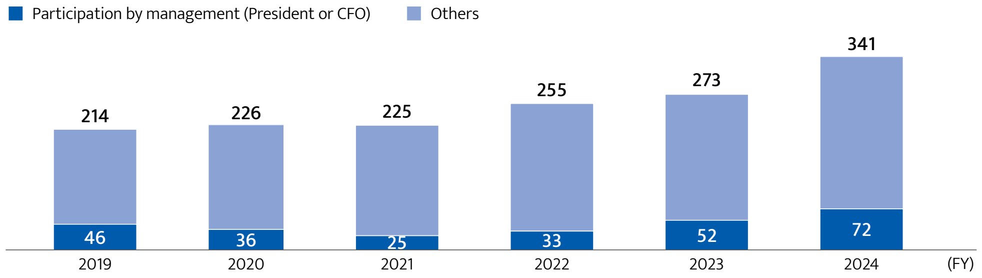
Clearly conveying our vision helps reduce the cost of capital

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

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

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

Number of investor meetings



Meeting your expectations

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

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