

Q5

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

Answer

Our HR strategy and initiatives reinforce a culture of embracing challenges, empowering diverse personnel with the A-Spirit, the core of our intangible assets. We are promoting new business models with value centered on intangible assets, such as solution-oriented and licensing businesses.



From upper left: Employees in the Homes sector, corporate functions, Judo Team, Homes sector, corporate functions, Material sector, Track Team, Healthcare sector, Healthcare sector, Healthcare sector, corporate fuctions, Material sector

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Special Feature Transformation driven by intangible assets

Leveraging 50 years of trust
Transforming the business model of our ion-exchange membrane process chlor-alkali electrolysis business

Our ion-exchange membrane process chlor-alkali electrolysis business has grown beyond the manufacturing, development, and sales of electrolyzers, ion-exchange membranes, electrodes, and electrolysis cells. Today, it has evolved into a one-stop solution business offering comprehensive services, including monitoring systems and data-driven technical support.

Ion-exchange membrane process for chlor-alkali electrolysis

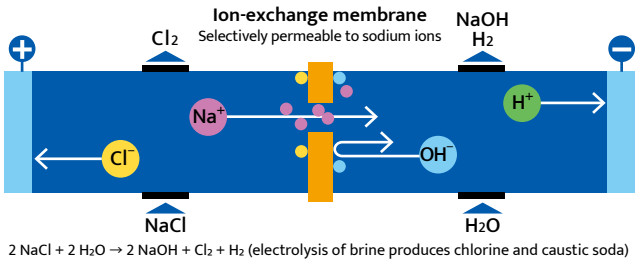
This system uses ion-exchange membranes to electrolyze brine to produce chlorine and caustic soda. Unlike other processes that use mercury or asbestos, the membrane process is highly regarded for not requiring the use of hazardous substances and being energy-efficient.

We developed this technology and achieved the world's first commercial operation in 1975. Today, we are the only company in the industry¹ to offer a one-stop solution that combines our product lineup—electrolyzers, ion-exchange membranes, electrodes, and electrolysis cells—with maintenance and technical support services. 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.

These are essential basic materials for modern society, and their demand continues to grow generally in line with economic growth in countries worldwide. The ion-exchange membrane process chlor-alkali electrolysis business is a key operation supporting the Asahi Kasei Group's revenue base.

¹Asahi Kasei estimate

Basic principle of chlor-alkali electrolysis



Exploring new paths to success through a one-stop solution

A key feature of this business is that, after installing electrolyzers at customer sites, there is ongoing demand for the periodic replacement of ion-exchange membranes and electrodes. In some cases, though, replacement products from other manufacturers may be used, making it necessary to reassess the value we provide to reliably capture this replacement demand and support business growth.

We refocused on the customer's perspective, recognizing their goal of producing chlorine and caustic soda while minimizing power consumption. We shifted our approach from merely promoting the quality of individual components to pursuing solutions that enhance the overall electrolysis efficiency of the chlor-alkali process.

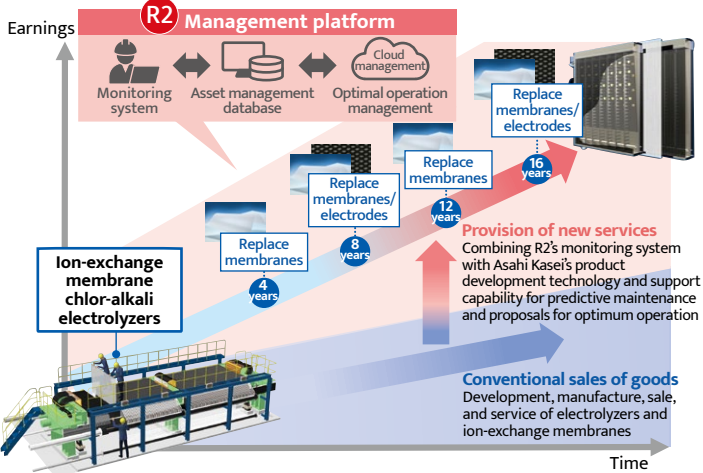
One of the major initiatives supporting this strategic shift was the 2020 acquisition of R2, a company specializing in

monitoring services for electrolysis plants. In addition, as the COVID-19 pandemic made it difficult to leverage our traditional strength of on-site support, we established a remote support system using smart devices. This enabled remote operational support for plants, providing a new means to maintain and strengthen trust with our customers. Through these initiatives, the collaboration between Asahi Kasei and R2 is now providing customers with new value, including predictive maintenance and optimal operation proposals. It is also evolving into a more stable revenue model.

Leveraging expertise from the Homes sector in the Material sector

A major driving force behind this series of business model reforms is the after-service expertise cultivated through Hebel Haus™. Transferring personnel with extensive experience in the Homes sector to the Material sector leverages their knowledge and ingenuity to create new value, fostering inter-business synergies unique to the Asahi Kasei Group.

Evolution from conventional sales to a solution-oriented business



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Special Feature

Transformation driven
by intangible assets

The key factor supporting this reform is not limited to the electrolyzers at the core of the business and their related products. Intellectual property, strong customer relationships, operational expertise, and above all, the team strength of Asahi Kasei—working closely with each customer and collaboratively tackling challenges—are powering the business model transformation.

Brand strength and
trustworthiness



Taisuke Nakamura
Sales Department

Active both in Japan and overseas as a sales representative, handling large-scale plants and sales of R2's monitoring services

Strengths **Customer base built by our predecessors**

During a visit to a customer in India, I was warmly welcomed by the entire team despite it being our first meeting. Even at industry events, I often feel the strength of these trusted relationships, for example, when industry professionals are among the first to greet me. This customer base was carefully cultivated by those who came before me, and my role is to continue their legacy. By deeply understanding our customers and continuously addressing their challenges together, I hope to firmly pass this on to the next generation.

Next **How to ensure customers truly experience the value of our services**

Introducing new solutions is by no means easy. Even after persistent sales efforts, generating interest in R2's monitoring system is just the beginning; securing additional budget for its adoption remains a significant challenge. In addition to the regular sale of ion-exchange membranes, we take initiatives to help customers experience the value of our services, such as offering proposals that bundle monitoring devices, systems, and data analysis, or organizing plant tours for customers at sites where the system is already being used.

Operational expertise



Tetsuya Suwa
Customer Success Department

Providing frontline customer support, including technical services for plant start-up and stable operation

Strengths **Expertise in responding to abnormalities in electrolyzer operations**

Electrolysis plants use natural salt as a raw material, which is prone to inconsistent quality, and handle hazardous substances such as chlorine, hydrogen, and caustic soda, making their operational management extremely challenging. Once installed, the facilities are not easily replaced, so robust support capabilities and strong customer relationships are essential. When working solely with ion-exchange membranes or electrolyzers, responsibility is limited to one's own products. As Asahi Kasei offers one-stop solutions, we need to be responsible for resolving even the most complex and unprecedented challenges. I believe that this deeply ingrained culture of taking on challenges is one of Asahi Kasei's greatest strengths.

Next **Strengthening support through data utilization**

Looking ahead, by leveraging R2's technology to systematize support such as data analysis, we believe we can offer customers even more compelling insights than before.

Another major strength of Asahi Kasei is its well-established framework for developing data scientists in-house. Going forward, we will achieve even greater operational stability for our customers by centrally managing monitoring and data analysis.

Technology and IP



Yu Endo
Ion Exchange Membrane Research & Development Department

Pursuing the highest-quality membranes required by customers as professionals in membrane technology

Strengths **Pride and expertise as membrane specialists**

Fluoropolymers used in ion-exchange membranes are highly specialized, and the membranes themselves have complex structures, and this makes the work fascinating.

By developing and manufacturing all products in-house—not just membranes—we can offset the weaknesses of each component, including ion-exchange membranes, electrodes, and electrolysis cells, enabling the high electrolysis efficiency and stability unique to Asahi Kasei. By combining our technical expertise, we aim to bring to market the best membranes that only Asahi Kasei can create.

Next **Advancing R&D through data utilization**

Operating conditions vary significantly across plants in different countries due to factors such as the composition of the salt used and electricity costs. By expanding the use of monitoring and data analysis and leveraging data from plants around the world in our technology development, we believe we can further enhance our capabilities in developing electrolyzers, ion-exchange membranes, and electrodes, allowing us to respond to a wide range of operating conditions.

In addition, by directly observing customers' actual operational data, we hope to engage in development that is even more closely aligned with the customers' perspective.

Marketing expertise



Shuta Kojima
Marketing Department

Involved in the business model transformation project from the early stages, also responsible for branding

Strengths **Trusted colleagues and team strength**

When proposing new solutions, the key to marketing activities is accurately understanding not only of customer needs but also the varying conditions and climate at sites in different countries. For this reason, field insights from Suwa of the Customer Success Department and Nakamura of the Sales Department play a critical role in guiding various decisions. Having trusted colleagues is, in my view, the true foundation of marketing strength.

Next **Strategically expanding new services**

Our customers already understand the concept we are proposing. Nevertheless, multifaceted communications efforts are needed to get customers to fully embrace the concept and move forward with implementation.

The brand AlkaNexus embodies our vision of leveraging advanced product development, a broad product lineup, the knowledge and trust built over 50 years, and an unwavering spirit of customer focus. By continually providing solutions that address the evolving challenges of customers and the industry, we will ensure the next 50 years of chlor-alkali. We will continue to promote the adoption of our solutions under the philosophy of AlkaNexus.

Digital foundations



Kenji Onaka
Marketing Department

Driving system development that serves as a bridge between R2 and Asahi Kasei, maximizing synergy between the two companies

Strengths **The group's diverse expertise**

I previously worked in the corporate Digital Value Co-Creation, and in January 2025, I was transferred to the Ion-Exchange Membrane & Electrolysis System Division. I currently see myself as serving as a hub, connecting R2, Asahi Kasei, and the corporate personnel with the business division. The Asahi Kasei Group encompasses a diverse range of businesses, and when embarking on new initiatives, being able to draw on the insights of divisions that have already pioneered similar efforts is a significant asset. I believe one of Asahi Kasei's defining cultural traits is that, when you seek guidance, everyone generously and thoroughly shares their knowledge.

Next **Solving problems through data analysis**

As a digital engineer, I find it particularly fascinating to determine how to capture data from customers' plants and leverage it effectively within Asahi Kasei. I am currently exploring new ways to leverage data while building on Asahi Kasei's strength in technical services. For example, we are accelerating the development of new data-driven services by both companies, such as offering electrolysis cell rental during plant maintenance, and implementing operational monitoring systems to prevent problems before they occur.

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HR Strategy



Message from
the Executive Officer for HR

Personnel initiatives that
connect the appeal and
strengths of human resources to
corporate value

Satoshi Nishikawa
Senior Executive Officer
Executive Officer for Human Resources
Deputy Oversight for Health & Productivity Management

Nishikawa possesses wide ranging career experience, including in human resources, business planning for electronic materials, operation of overseas production sites, and sales. He has in-depth and firsthand knowledge of Asahi Kasei's appeal and strengths.

Asahi Kasei's view of its people

When talking about Asahi Kasei's HR strategy, I start with our view of people and our culture rather than our business strategy. Even when we manifest technical or product strengths, I think of the people and the teams who made it happen, and how it was only possible because of them.

Asahi Kasei's view of people and our culture are encapsulated in the following phrases: "Passionate people naturally gather together," "each employee excels as a core member," "strong workplaces don't just follow instructions, but strive earnestly when they believe in their goal," and "there is joy in overcoming difficulties together with colleagues." We describe Asahi Kasei's distinctive characteristic as "Diversity × Specialty." I believe that at the heart of our diverse and distinctive businesses are our view of people and our culture.

Making the most of the strengths of our people

To further refine the strengths of our human resources in line with changing competitive conditions in the world, we have implemented various measures under the basic idea that people are our most valuable assets, everything starts with people. Initiatives to develop management talent and the Group Masters program, which aim to highlight both management skills and expertise, are becoming important pillars that support and lead organizations and businesses. We have also worked to raise people's awareness and implement related initiatives based on the concept of lifelong growth, with the aim of instilling in employees the idea that the company is a place for growth and that the company will provide opportunities for growth. Diversity is a strength of Asahi Kasei, with various industries and technologies intersecting, though our progress has been slow in terms of gender balance. In recent years we have

accelerated efforts to promote DE&I. As a final step in strengthening these initiatives, we introduced a new personnel system for managerial positions in fiscal 2025. This system gives opportunities to people with outstanding ability and motivation, and rewards current efforts and achievements more than past results. Although this is a tough process, we believe it is necessary as a catalyst to unleash the energy of our human resources in the right direction. At the same time, even as the trend toward strictness and autonomy grows stronger, we are also incorporating a scientific perspective into our efforts to evolve our methods of maintaining and improving psychological safety and teamwork on a daily basis.

Delivering results with greater determination based on organizational unity

Although our performance improved during the three years of the previous MTP, we have yet to fully unleash the power of our intangible assets, including our human resources, or fully reflect them in our corporate value. We have established strong systems that enable our human resources to demonstrate their capabilities. From now on, we will focus on delivering results. The key is to focus on business, with HR measures as one tool. As we transform our business portfolio and pursue results, business organizations take charge of HR measures and make the most of the capabilities of their people. The new personnel system is designed to make this possible. Functional organizations will connect with one another and work together to support business transformation and growth.

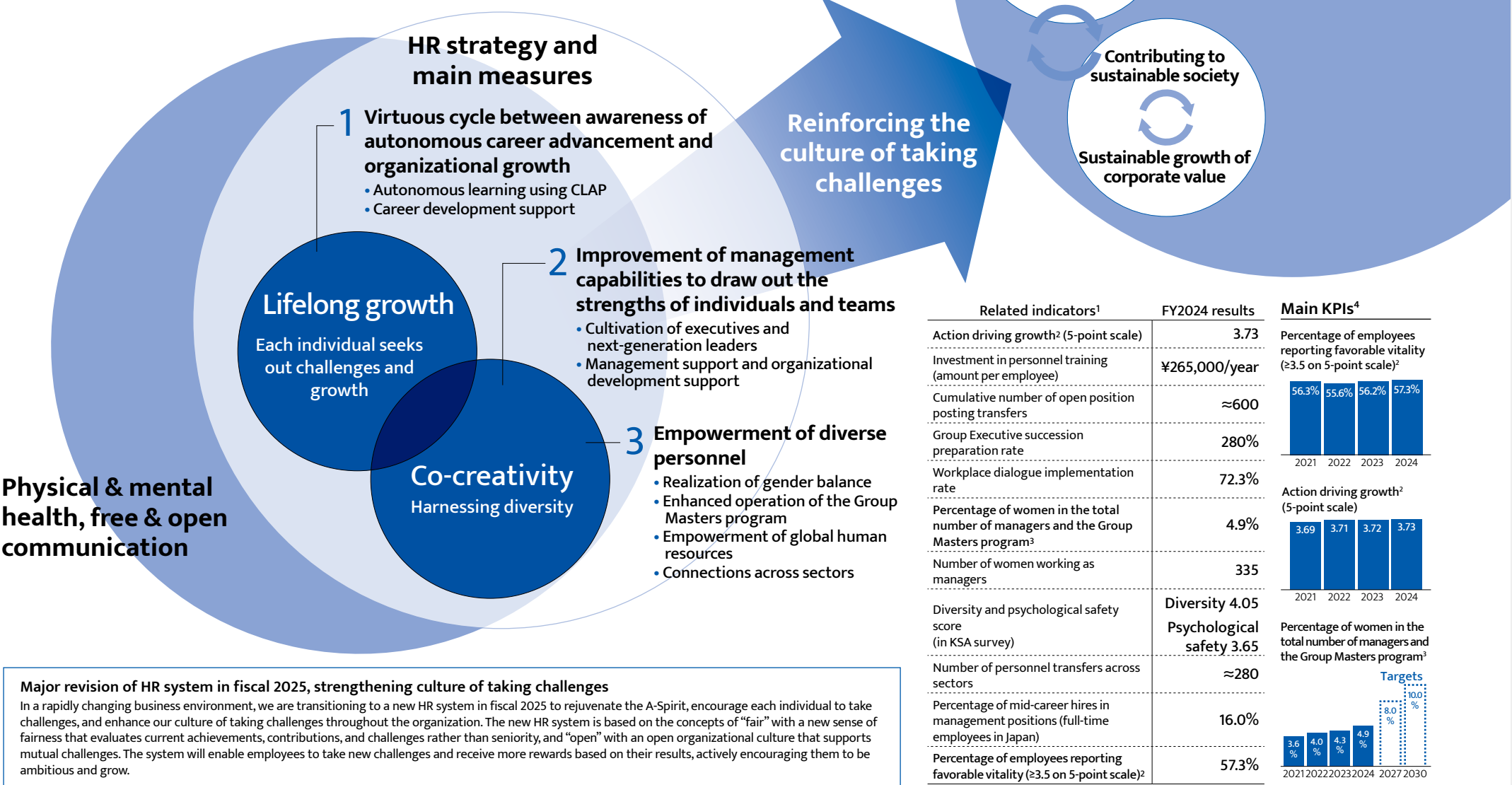
With all organizations united globally to exert Asahi Kasei's collective strengths, including through co-creation with our teams involved in digital capabilities, we will embody the spirit of "Trailblaze Together."

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HR Strategy

HR strategy to reinforce culture of taking challenges with lifelong growth and co-creativity

The “A-Spirit,” Asahi Kasei’s heritage, is our starting point for the sustainable creation of innovative products, services, and business models. To unleash its power, we implement HR strategy and measures to strengthen our culture of taking challenges. The Executive Officer for HR is a member of the Management Council, and regular meetings are held between the President, the Executive Officer for HR, and the Senior General Manager of HR. The aim is to create a system where management strategy and HR strategy are linked.



¹ Results for employees of Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Life Science.
³ Figures for each fiscal year are as of April 1st of the following fiscal year. ⁴ Linked to officer remuneration.

² Employee engagement survey (KSA) indicator.

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HR Strategy

HR Strategy 1

Virtuous cycle between awareness of autonomous career advancement and organizational growth

At Asahi Kasei, challenges involve working together with colleagues to discover one’s roles, grow, and contribute to the organization. We promote HR policies that foster the growth of organizations through individual challenges, creating a virtuous cycle.

Supporting learning for personnel who seek independent growth and challenges

To encourage all employees to re-learn, we utilize our unique Co-Learning Adventure Place (CLAP) learning platform, which offers over 10,000 content items created both internally and externally. We have introduced a learning community as a place to create connections and motivate employees to learn, rather than requiring them to. In fiscal 2023, we launched a community activity where new employees learn alongside peers for nine months. Developing an interest in new fields through connections with peers contributed to growth and reduced career anxiety. Employees shared such feedback as, “It helped me visualize my career prospects,” and “I’m applying what I learned to my work.”

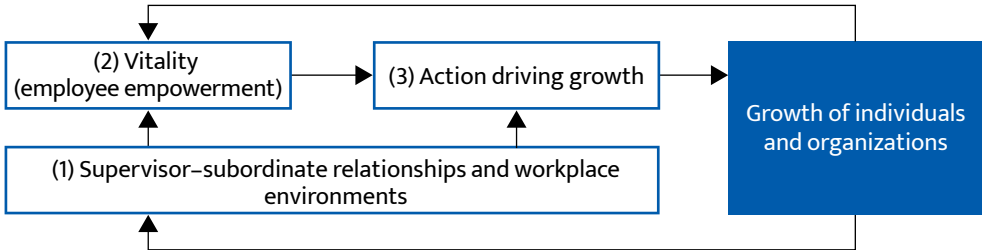


(Supported by: Ministry of Health, Labour and Welfare)

Improving the vitality and growth of individuals and organizations

To grow together, individuals and organizations need to visualize their conditions and provide feedback. We conduct KSA, an engagement survey assessing employee empowerment and growth, to monitor three indicators. The main KPI is “action driving growth,” which consists of experience-based learning and actions that contribute to the organization. In the new MTP, we set the percentage of employees reporting favorable vitality (≥3.5 on 5-point scale) as a new main KPI, believing that increasing employees with high vitality will have a positive impact on the vitality and growth of the organization.

KSA (survey assessing employee empowerment and growth) mechanism



HR Strategy 2

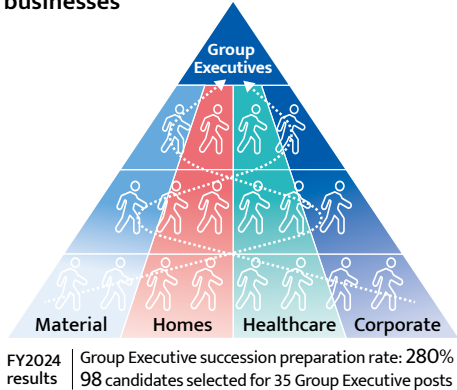
Management capabilities to draw out the strengths of individuals and teams

To make the most of the capabilities of highly specialized and ambitious human resources and achieve results, the leader of each organization holds the key.

Developing the next generation of Executive Officers across sectors

We provide Executive Officer candidates from each business unit with training on the perspective and vision required for management leaders, along with executive coaching and programs for cross-industry networking and learning. The program applies to all three sectors, and members stimulate each other, unleashing their desire to grow and take action to reach higher. In fiscal 2024, we introduced a new program targeting employees around the age of 40 to expand the pool of candidates. We also work to invigorate the talent pool from a long-term perspective, and strengthen personnel development through strategic transfers, such as giving Executive Officer candidates experience managing multiple businesses.

Fostering personnel with rotations among businesses



Supporting newly appointed General Managers who lead our frontline operations

For subordinates working in our frontline operations, support for a newly appointed General Manager who works closely with them is particularly important. These General Managers are encouraged to use KSA to analyze their own organizational issues and implement improvement actions. Some 93% of supervisors of participants in the program noticed changes in their newly appointed General Managers’ behavior and awareness. They responded that the General Managers’ interpersonal skills, such as flexibility and understanding of others, as well as their awareness of leading an organization, had improved.

Workplace dialogue aimed at improving organizational vitality

Taking advantage of the diversity of our human resources, we promote workplace dialogue using KSA to create an organization where members with a variety of experience, values, and abilities can demonstrate their strengths. After receiving feedback, managers discuss issues and future goals with members, and work on actions to raise vitality. While the implementation rate of workplace dialogue remained above 70% in fiscal 2024, we see psychological safety in the workplace and trust between superiors and subordinates as important for effective workplace dialogue. We will also advance approaches tailored to the conditions of individual workplaces.

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HR Strategy

HR Strategy 3

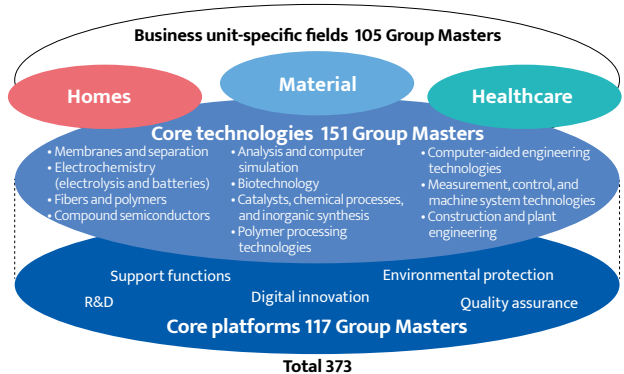
Nurturing organizations and culture where diverse personnel can harness their abilities

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 and ability, 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.

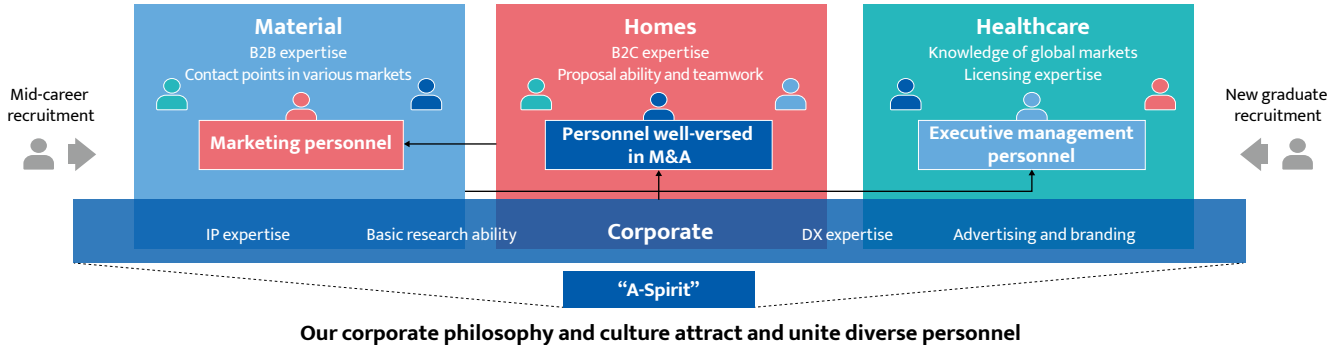
Increasing personnel who contribute to business by expanding Group Masters and accelerating interaction

We have appointed, trained, and compensated Group Masters who are not only able to demonstrate their own expertise but also contribute to the business, including by training the next generation. We review the areas of expertise every year in accordance with our business policy. In recent years, the scope of Group Masters has expanded along with the growth of our business portfolio to include, for example, marketing specialists. The annual Group Master presentations provide an opportunity for a more diverse range of personnel to have stimulating interactions.

Group Masters fields



Personnel with diverse experience, knowledge, and abilities engaged across different sectors and businesses



Empowering diverse personnel

Achieving gender balance

Because a majority of its employees are male, Asahi Kasei recognizes the importance of achieving gender balance and incorporating diverse ideas. Promoting the active participation of women in the workforce and encouraging men to take parental leave are touchstones for this. It is our goal to create an environment where each individual can thrive. We are implementing initiatives to build a pool of candidates, such as training for female management candidates, to create a system that continuously produces female leaders. We also aim to cultivate a managerial perspective and increase motivation to take challenges through mentorship programs for newly appointed female managers and roundtable discussions with female Executive Officers.



Eruboshi¹



PRIDE Index 2024 Bronze²



D&I Award 2024 Best Workplace³

¹ Applicable scope: Asahi Kasei Corp.

² Applicable scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, and Asahi Kasei Medical Co., Ltd.

³ Applicable scope: Asahi Kasei Corp., Asahi Kasei Microdevices, Asahi Kasei Homes, Asahi Kasei Construction Materials, Asahi Kasei Pharma, Asahi Kasei Medical Co., Ltd., and Asahi Kasei Ability Corp.

Providing workstyles for all life stages

Japan's lifestyles are becoming more diverse as the population ages and birthrate declines, and we need to create an environment where people can be engaged while balancing work with childcare and/or family care. Asahi Kasei recognizes that stereotypical gender perceptions still exist, as evidenced by the disparity in the number of days of childcare leave taken and the rate of reduced working hours between men and women. We are working to eliminate these perceptions. In fiscal 2025, we will focus on putting our ideas into practice in workplaces, such as by holding classes for fathers and management training for supporting work-life balance.

Promoting understanding of diversity

To promote understanding of diversity in the workplace and improve psychological safety, we use KSA to monitor understanding of diversity in the workplace. It is also important to recognize and control unconscious bias. We provided relevant training to all Executive Officers, General Managers, and Section Managers from fiscal 2023 to fiscal 2024.

KSA diversity and psychological safety score (out of 5)

	2021	2022	2023	2024
Diversity	3.96	4.00	4.01	4.05
Psychological safety	3.57	3.60	3.61	3.65

Note: Revised due to changes in the basis of calculation.

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Strengthening global human resource engagement with the A-Spirit

With the overseas sales ratio increasing and some 40% of our workforce now non-Japanese, strengthening the engagement of overseas employees is a major challenge for the Asahi Kasei Group. Here are excerpts from a roundtable discussion among employees in the U.S., where we are expanding business across different sectors. While there is concern that expansion through M&A may weaken the A-Spirit, which is Asahi Kasei’s heritage, people and organizations that recently joined the Asahi Kasei Group overseas often show even more A-Spirit than some do in Japan, and operations in Japan can find things to learn from them. We believe that the unique identity of Asahi Kasei can be conveyed to the future by continually sharing the idea that there are different understandings of the A-Spirit between businesses and individuals.

Q How do we maintain both Asahi Kasei’s uniqueness and the diverse cultures of each company?

In the U.S., brands like Synergos, Sage, and Bioprocess are more prominent, and each company has its own established culture. For everyone to understand the A-Spirit, we need to convey Asahi Kasei’s culture to the U.S.

We should take care not to diminish established brands. ZOLL has a strong reputation among critical care professionals. In one TV series, a character shouts, “Get the ZOLL!” when a defibrillator is needed. The ZOLL brand is synonymous with saving lives, which is our mission.

Each business definitely has a different culture. But when I first saw the A-Spirit, I felt it was very similar to Sage’s culture. Of course our cultures are not exactly the same, but even without completely absorbing the A-Spirit, we can align our orientation. Each company can maintain its own culture along with the A-Spirit by formulating policies in line with Asahi Kasei’s targets and MTP.

Asahi Kasei has a very long and rich history, but I don’t think it’s fully ingrained group-wide. What kind of company is Asahi Kasei? What and how does it contribute? What path did it follow, and what are its aims? I think we should all learn more.

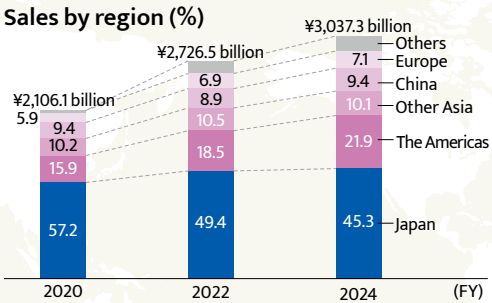
Q What does the Asahi Kasei Group need to reach the next level?

The key to success at global sites is localization. This is true in every region. With too much focus on localization, though, we lose our connections as a group, and each company becomes isolated. The A-Spirit lets us recognize diversity while strengthening unity.

A defining feature of Asahi Kasei is its culture of safety. Safety is important in every field, but especially on construction sites, where accidents can be fatal. Some of the companies acquired for Synergos did not have the same strict safety standards as Asahi Kasei, but improvements are being made. The presence of Asahi Kasei as our parent company has helped us raise safety standards and priorities as a core value.

For each brand to be part of the Asahi Kasei Group, it should uphold the A-Spirit. Since we’re using the Asahi Kasei name, we shouldn’t do anything that conflicts with its culture. We should incorporate the values that are important to Asahi Kasei and create a unified culture. At the same time, each company should continue to maintain its own established culture and brand identity that differs from that of the parent. Such diversity is also part of the A-Spirit.

Sales by region (%)



Q What is important for fostering group-wide culture and awareness?

In the U.S., we try to communicate that we are part of a much larger organization, but most people still identify with Synergos. In order to spread the A-Spirit values, we need to gain awareness that it’s a culture that’s worth adopting.

Continuous communication is important to foster a sense of identity as part of the group. There used to be a strong identity as Polypore, but after John Moyer became CEO, he often emphasized that we are part of Asahi Kasei. I think we need regular communication that is reinforced through repetition.

It’s important for people from each company to meet in-person to deepen their understanding of Asahi Kasei. The A-Spirit is fostered through activity as a part of Asahi Kasei, rather than as part of Asahi Kasei Plastics North America or Sage.

Thanks to the A-Spirit, I learned how many lives ZOLL saved this month, and how it overcame obstacles. I believe the values of Asahi Kasei are fostered by sharing stories of successes, failures, and challenges.



The Asahi Kasei Group’s culture will continue to grow stronger with new colleagues

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Maximum Use of Intangible Assets

Message from the Executive Officer for R&D, DX, and IP

Innovation at Asahi Kasei:
Developing new businesses with
speed and co-creativity

Since I came to Asahi Kasei, I promoted digital transformation (DX) group-wide. We trained over 3,000 digital specialists, focused on participation by all, on-site initiative, and co-creation, to rapidly establish a foundation for utilizing AI and data. An agile organizational culture is based on digital education for all employees. We established an Intellectual Property Intelligence Dept. and are building a foundation for business creation that quickly uses IP information in management. Intangible assets have gained more attention both inside the company and outside.

While strengthening R&D, DX, and IP in the new MTP, we will create new businesses by combining them. Speed is the most important thing. Traditional R&D can take over 10 years to commercialize a business, but now we need to allocate resources efficiently through collaboration both inside and outside the company, not confining technology, information, and data within a single company or business unit. We will share and utilize technology, know-how, and data internally, and focus on strengthening the group-wide ecosystem and developing our infrastructure for AI and data. Asahi Kasei’s environment, where different business units stimulate each other, is appealing to me being from outside the company, and I sense potential for further collaboration to innovate.

Next is to create value involving society as a whole. The Homes sector is collaborating with healthcare startups to allow at-home online medical consultations. The Healthcare sector is exploring new possibilities to use ZOLL’s vital signs data. We are also starting a new initiative called Technology-value Business Creation (TBC) to package our intangible assets and collaborate with other companies from an early stage. We are working on subjects such as lithium-ion capacitor, bacterial testing, and CO₂ separation/recovery. At IBM Japan, joint development and technology licensing contributed to annual revenues of \$1 billion. Asahi Kasei’s open culture should enable further collaboration with external parties.

To accelerate, we are making greater use of AI and digital technologies. In materials informatics (MI), 638 MI specialists are advancing material development at 10 times the normal speed. We will continue making maximum use of AI in management and business strategies. I look forward to maximizing the potential of Asahi Kasei’s intangible assets.



Kazushi Kuse
Director, Vice-Presidential Executive Officer
Oversight of R&D, DX, and IP

At IBM Japan, Kuse led the transformation of research and development for new forms of collaboration with businesses. He became Chief Technology Officer (CTO) in 2017. After joining Asahi Kasei in July 2020, he advanced DX based on people, data, and organizational culture. He assumed his current position in 2024.

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Maximum Use of Intangible Assets

How to monetize technology and know-how more efficiently

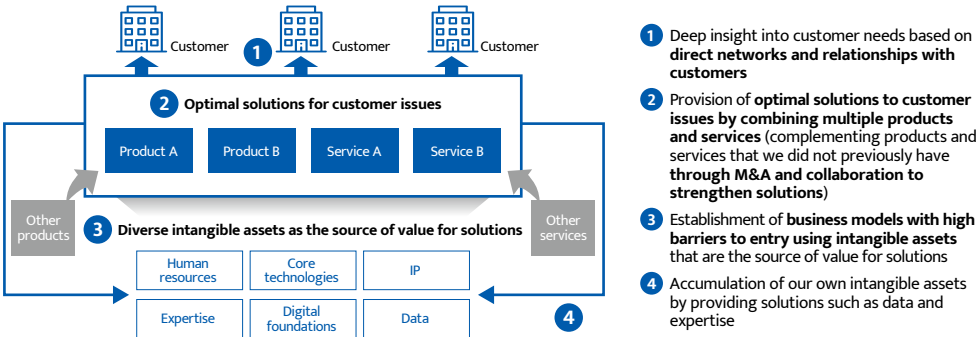
We will concentrate resources on growth businesses and improve ROIC by utilizing a variety of intangible assets, including data utilization, research and development, human resources, and IP. In the Material sector, where reform is particularly urgent, we will move away from the conventional approach typical of the process industries, which is to invest in capital equipment in line with demand. Instead, we will promote efficient, asset-light monetization through solution-oriented businesses and licensing businesses that utilize a wide range of intangible assets in addition to our competitive products and services.

Improving ROIC by strengthening solution-oriented businesses

Asahi Kasei’s solution-oriented businesses combine products and services backed by technological superiority with our customer base, operational know-how, and sales proposal capabilities. These elements are difficult to imitate and create high barriers to entry for competitors, allowing a business configuration that is unique and offers competitive advantages.

The distinctive feature is that these businesses offer optimal solutions to customer issues by combining multiple products and services. We also build direct networks and relationships with customers by positioning ourselves as close to the downstream side of the value chain as possible. Among these businesses, there are some that have ROIC well above 10%, and we intend to further increase these in the future.

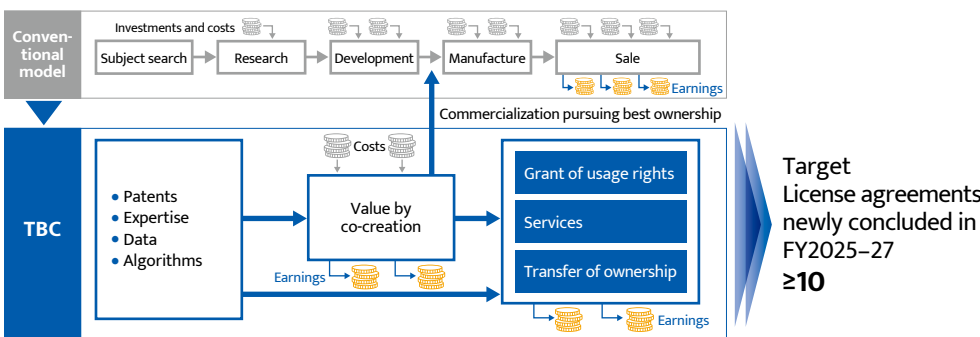
Characteristics of Asahi Kasei’s solution-oriented businesses



Licensing businesses with both “speed” and “asset light” aspects

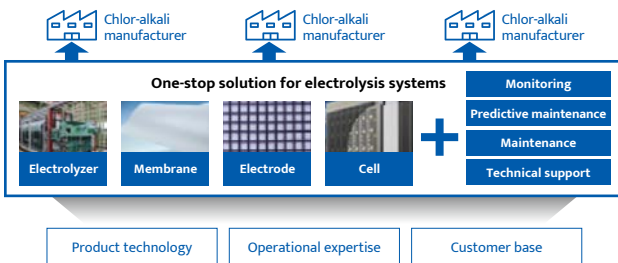
Asahi Kasei is also strengthening TBC as a business model to gain value from intangible assets (IP, know-how, data, algorithms, etc.) comprising our vast accumulated technology and monetize them through licensing. Traditional R&D typically requires a long time to go from selecting a subject to generating earnings. Many projects do not conclude successfully. We are now aiming to monetize the IP, know-how, data, and other results of the research process at an early stage. To achieve this, it is important to collaborate with other companies from as early a stage as possible. We aim to create more than 10 businesses utilizing such licensing between fiscal 2025 and 2027, with a cumulative contribution to income of more than ¥10 billion by around 2030.

TBC: Technology-value Business Creation



Example Ion-exchange membrane process for chlor-alkali electrolysis

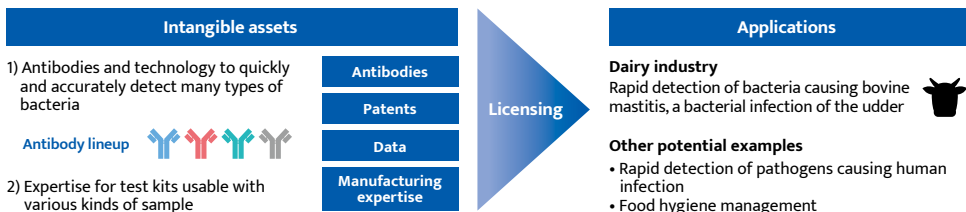
- Business based on systems that use ion-exchange membranes to electrolyze brine to produce chlorine, hydrogen, and caustic soda
- The only company in the industry to offer a full lineup of products including electrolyzers, ion-exchange membranes, electrodes, and cells; leveraging intangible assets such as technology, know-how, and the customer base, we aim to provide one-stop solutions for electrolysis systems and achieve high ROIC



See pp. 63–64

Example Licensing technology for detecting bacteria

- Discovered antibodies able to detect various bacteria through diagnostic reagent technology development, established test kit technology usable with various samples
- Practical application and monetization achieved quickly by licensing to partners with expertise and a business platform in the targeted field



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IP Strategy

Contributing to profit generation through IP

Corporate IP and the Intellectual Property Intelligence Department work together as IP specialists, constantly supporting our evolving businesses and contributing to profit generation.

For details, please refer to the [Intellectual Property Report](#). 

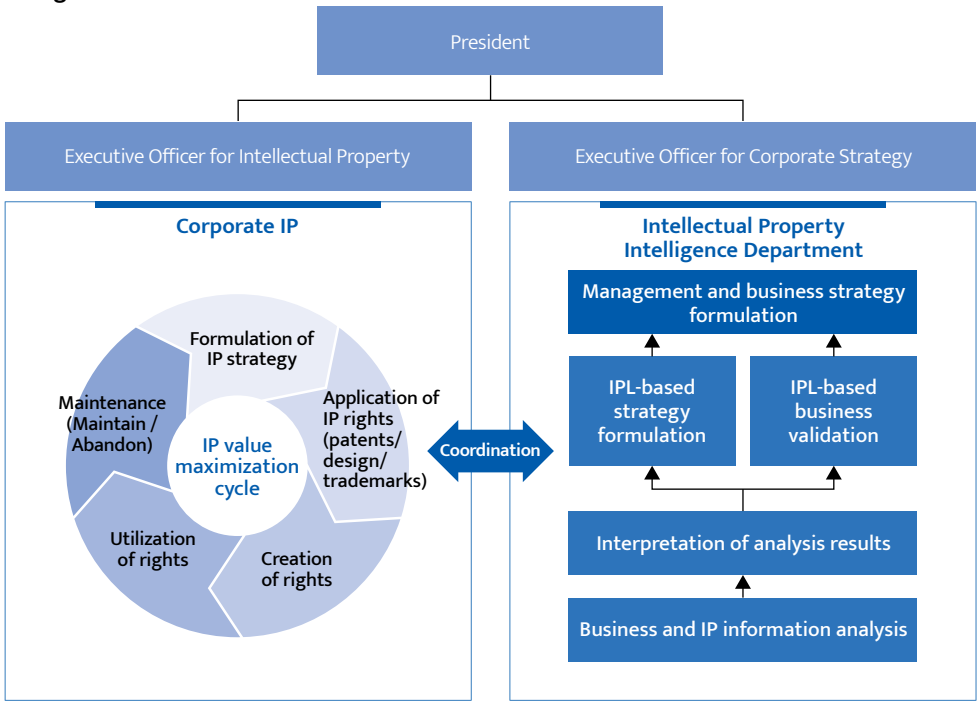
A team of IP experts constantly supporting advanced businesses

Our IP organization consists of the Intellectual Property Intelligence Department under the Executive Officer for Corporate Strategy and Corporate IP under the Executive Officer for Intellectual Property. These two organizations work together to maximize use of our intangible assets.

The Intellectual Property Intelligence Department focuses on contributing to management and business strategy formulation through activities related to IP and intangible assets (IP activities), under the theme of “achieving further increases in corporate value through intangible assets.”

Corporate IP formulates IP strategies necessary to contribute to the accomplishment of business strategies and to the maximization of the value of IP and intangible assets by implementing an “IP value maximization cycle” together with the business divisions to steadily implement these IP strategies.

IP organization



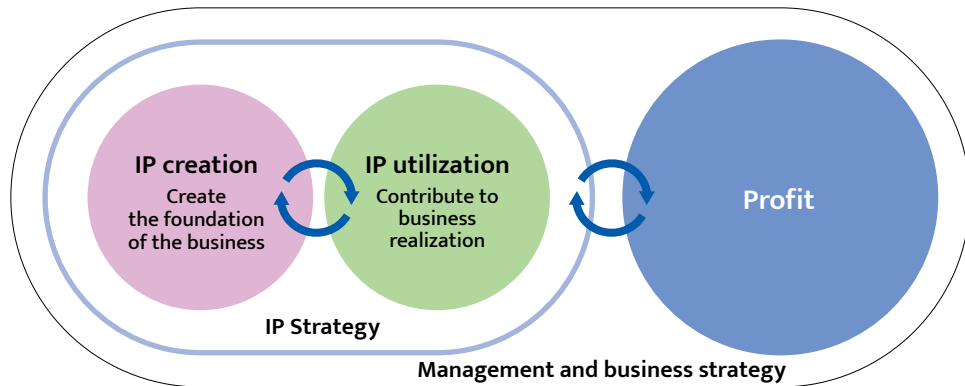
Aiming to maximize profits through solution-oriented businesses and licensing businesses by creating and leveraging IP

Technologies generated through R&D are converted into greater business profits when accompanied by strategic IP activities. It is important to formulate and execute an IP strategy based on two pillars: IP creation, which involves acquiring IP rights for R&D outcomes with future utilization scenarios in mind, and IP utilization, which involves concrete application of those IP rights to the business.

IP creation and utilization are essential for both solution-oriented businesses and licensing businesses, which we focus on as part of our intangible asset strategy. In solution-oriented businesses, we build competitiveness by creating IP rights early and from multiple perspectives to secure target markets, and by leveraging IP rights that address customer challenges. In licensing businesses, we review whether the IP rights we hold are suitable for licensing, create additional IP as needed, and utilize IP through exclusive and non-exclusive licenses.

The key to maximizing IP value is to effectively combine IP creation and utilization in an optimal balance considering each business’s lifecycle and the context of target licensing markets.

How IP creation and utilization together lead to profit



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IP Strategy

Practical IP management by business environment

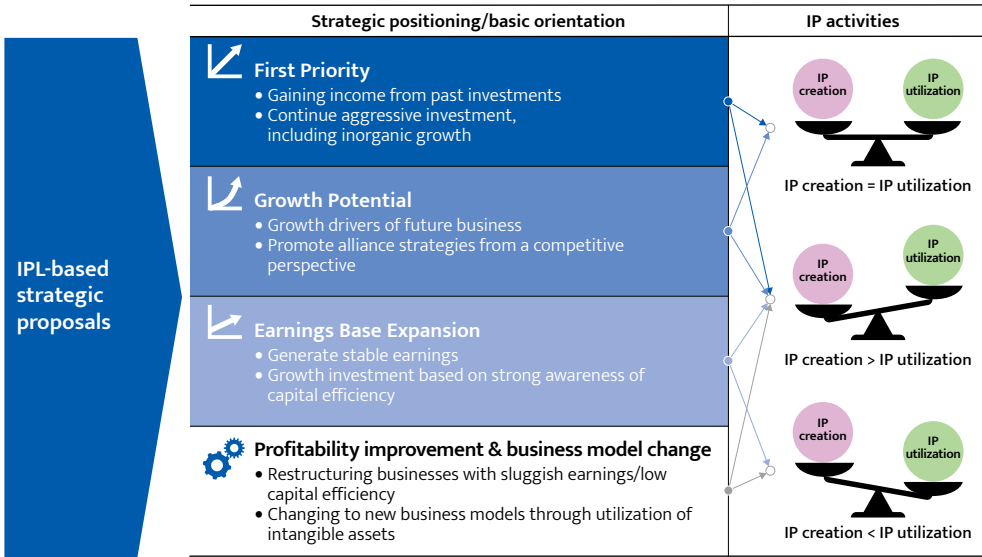
Formulating flexible IP strategies according to business positioning and other factors

Asahi Kasei operates a diverse range of businesses, each with its own strategic positioning and basic orientation. Corporate IP designs the optimal balance between IP creation and utilization—taking into account each business’s strategic positioning and basic orientation, as well as technology trends, market size, and competitive landscape—to develop an IP strategy. The figure below illustrates how IP landscaping (IPL) contributes to the evaluation of each business’s strategic positioning and basic orientation, and the corresponding IP strategy, including the balance between IP creation and utilization.

Businesses designated as First Priority require focused attention to both IP creation and IP utilization. By maximizing profits from IP rights generated through past investments via IP utilization, we contribute to current business profits; and by ensuring that IP and intangible assets generated through proactive IP creation translate into future business profits, we support sustainable business growth. Strategic proposals from a technology perspective through IPL also contribute to more sophisticated investment decisions that enable inorganic growth.

For businesses positioned for Earnings Base Expansion, IP utilization contributes to sustaining profitability and maintaining stable earnings by preventing competitor entry.

IP activity framework according to strategic positioning and basic orientation

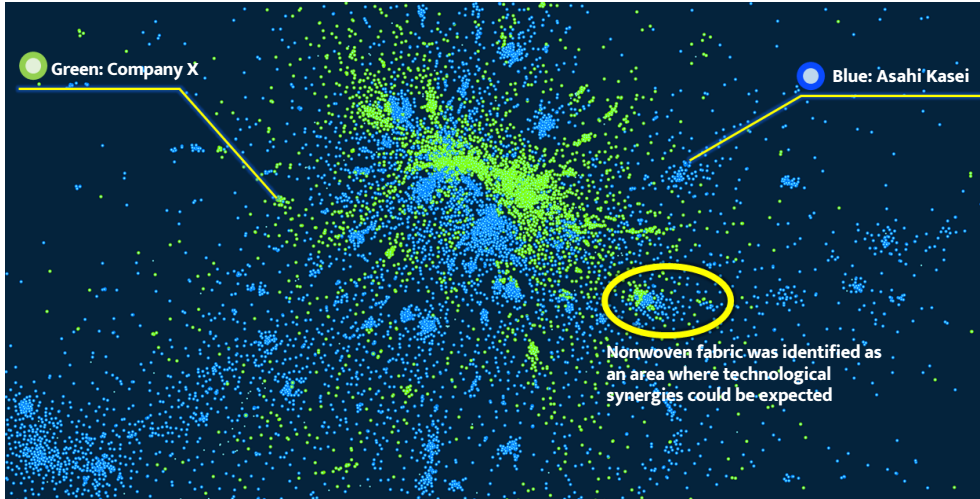


Contribution to management advancement based on IP information analysis (IPL)

The Intellectual Property Intelligence Department leverages IPL, integrating patent information and market trends, to support the formulation of management and business strategies for expanding existing businesses and creating new ones. For key subjects such as growth investments and structural transformation within our business portfolio, IPL provides a technology-informed, comprehensive view of each business. By analyzing the business environment and delivering insights to management, it enhances sophisticated decision-making and strengthens the technology perspective.

The figure below shows a patent overview of our company and Company X in the nonwoven fabric business, created using text-mining methods and used to support the separation of a business from the two companies to form a new joint venture. 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 with high similarity, which roughly corresponds to a business. In the nonwoven fabric technology areas, the patents of both companies were found to form integrated clusters. By further examining the patents in this area, we were able to identify areas within the nonwoven fabric field where synergies between the two companies could be expected, and this analysis was used as a basis for decision-making regarding the establishment of a joint venture between the two companies in this business.

Patent overview using IPL



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

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R&D Strategy



Message from
the Executive Officer for R&D and IP

R&D as the foundation supporting
the diverse businesses of the
Asahi Kasei Group

Toward realizing science-based innovation
— “Where transforming tomorrow begins”

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

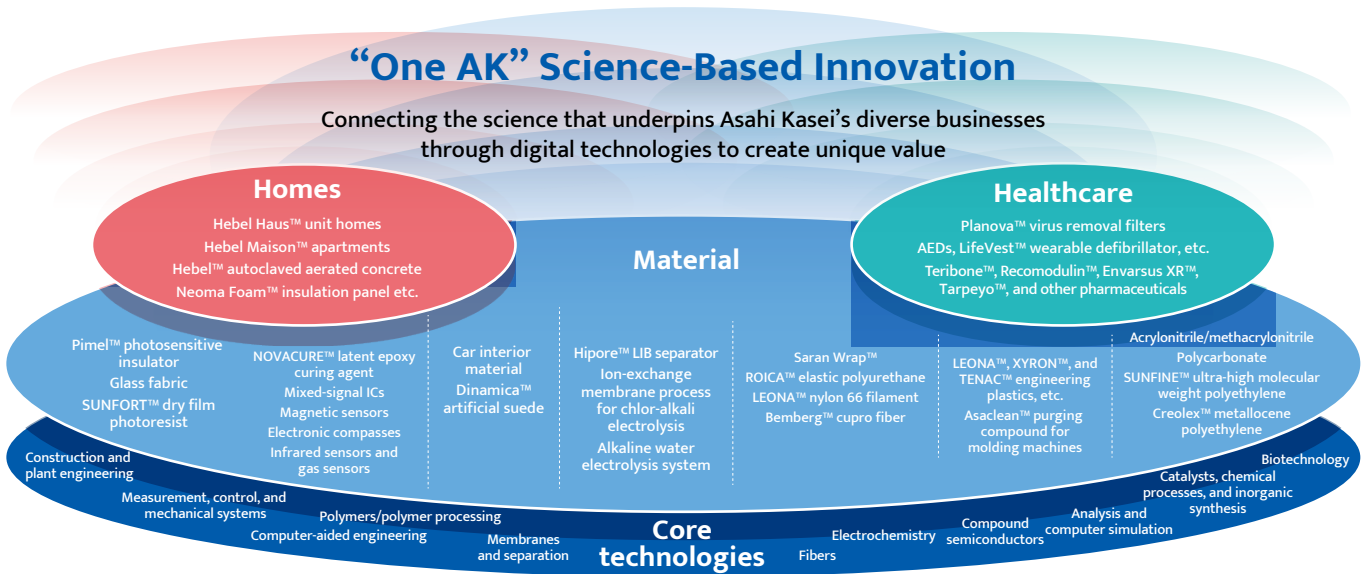
After experience in corporate strategy and as CEO of a subsidiary, Matsuzaki spent several years in research and development at Asahi Kasei Pharma. He has held his current position since fiscal 2024.

Traditionally, Asahi Kasei has driven growth by leveraging its manufacturing strengths and maximizing the value of its tangible assets. Now we are pursuing the challenge of transforming to better leverage the intangible assets long overshadowed by our tangible assets. In the Material sector, we are shifting from a product-driven model focused on large-scale capital investment to a customer-oriented portfolio of high-value-added solutions.

I have extensive experience in R&D in the pharmaceuticals business, and the use of intangible assets such as patents and data. I aim to apply this experience across company-wide R&D to drive business growth by accelerating the creation of new businesses. The key to success lies in linking R&D across the three sectors, grounded in science while fully harnessing rapidly evolving digital technologies, including AI.

Creativity comes not from making something entirely new from scratch, but from combining existing, diverse elements in novel ways. In practice, different elements seldom intersect, limiting opportunities for new combinations. But Asahi Kasei encompasses three business sectors within a single company, managing businesses that are mutually diverse in nature. Each business has advanced, unique technologies and is supported by a large number of highly skilled researchers. So Asahi Kasei is exceptionally well-positioned to drive innovation from within. By sharing technological information through digital means across the three sectors and engaging in science-based discussions while leveraging AI, we can accelerate R&D and enhance the probability of creating successful new businesses.

All great inventions and cutting-edge technologies start with modest discoveries or sudden insights. I believe that the future emerges through countless failures and the persistent application of time and effort. Asahi Kasei aims to achieve a better future through R&D with a vision of “Where transforming tomorrow begins.”



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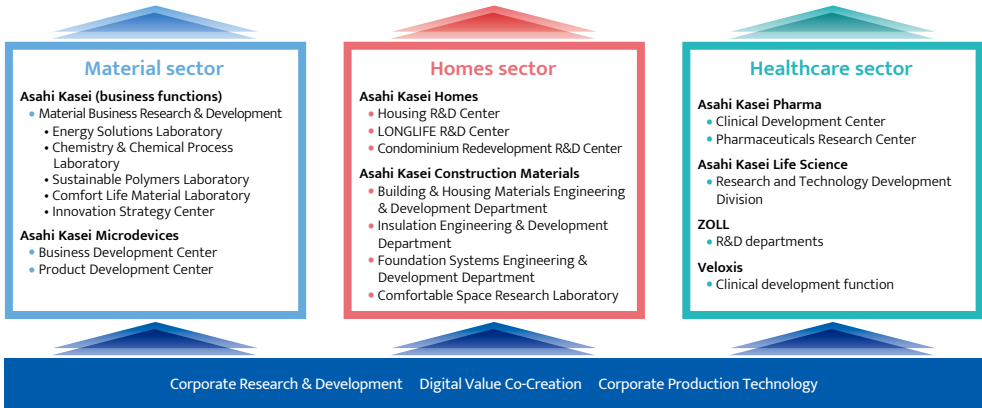
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R&D Strategy

The role of R&D facing an uncertain future—creating synergies and strides in value unique to Asahi Kasei, rooted in diverse technological knowledge

The basic R&D strategy is to establish R&D structures in each of the three sectors, while corporate shared functions provide a management platform (business, technology, and human resources) that is mutually leveraged to generate synergies and great strides in value that are unique to Asahi Kasei. In the Material sector, projects by Corporate Research & Development that have strong relevance to existing businesses are transferred to the respective business divisions. Organizations primarily responsible for Material sector research are consolidated under Material Business Research & Development, creating a structure more focused on contributing to business. Corporate Research & Development is concentrating on subjects from a group-wide perspective, redefining its role relative to the business divisions and optimizing the R&D project portfolio.

Research structure



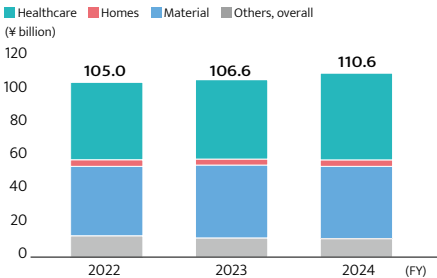
Asahi Kasei R&D mission and vision

Mission	Envision a better future for people and the Earth, create the path that leads there through science-based technological capabilities and a spirit of taking challenges
Vision	A world where everyone can be more excited about the future of life and living

Corporate R&D functions

- 1) Nurturing, acquiring, and cultivating core technology
- 2) Creating new businesses through innovation
- 3) Platform technology functions

R&D expenses

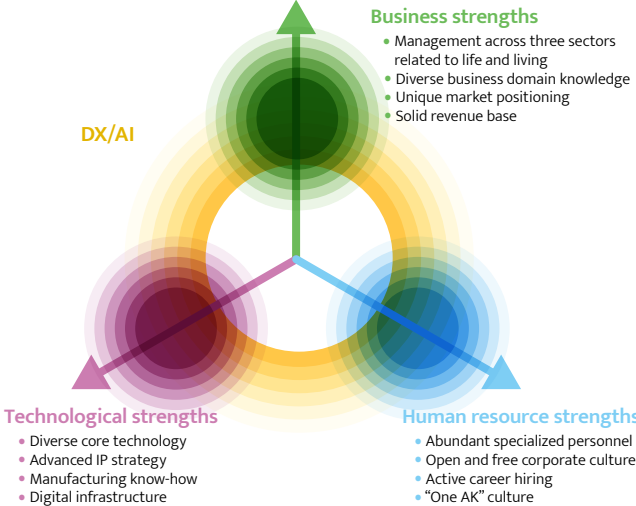


A history of linking, expanding, and enhancing technology across diverse businesses with science as a common language; rapidly accelerating momentum through DX and AI

Our management platform lies in the strengths of our diverse businesses cultivated over a long history, together with the technology and human resources that support them. The sharing and interaction of these three strengths are the source of value creation unique to Asahi Kasei. What makes this possible is that, while we operate a wide range of businesses, the entire organization is connected through science as a common language. For example, in the forward osmosis (FO) / membrane distillation (MD) hybrid membrane system currently being developed for pharmaceutical production processes, we are applying membrane separation technologies cultivated over many years through the development of separators and hollow-fiber membranes. Such innovative applications are made possible because the organization is connected through science. This momentum is being further accelerated through AI. In the past, knowledge was often connected in an analog manner as explicit knowledge, which imposed various limitations on its use. Now, by digitizing knowledge, it has become possible to generate greater and more reliable value, faster.

In corporate R&D, we identify areas to strengthen, primarily focusing on our traditional strengths in the Material sector, while also considering the future direction of society. By promoting DX through AI, we are accelerating the transition from traditional materials sales to data-driven solution-oriented businesses, beginning at the stage of R&D.

Accelerating management platform synergy with DX/AI



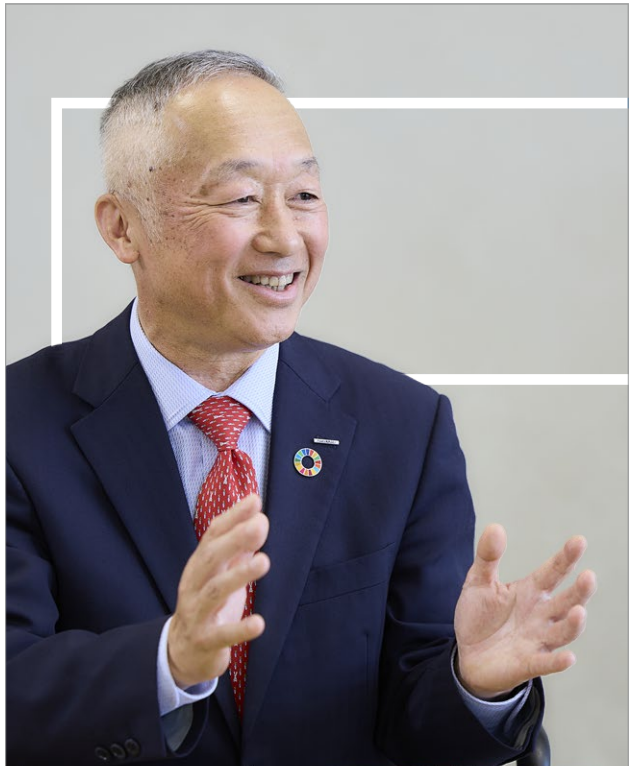
New business domains being created by corporate R&D

Membrane Separation and Purification Solutions
Digital Solutions
Electrolysis Solutions
Battery Materials and Solutions
Sustainable Materials and Solutions

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DX Strategy



Message from the Executive Officer for DX
Expanding DX across the value chain, moving into the phase of driving corporate value

Noriaki Harada
Lead Executive Officer
Executive Officer for DX
Senior General Manager, Digital Value Co-Creation

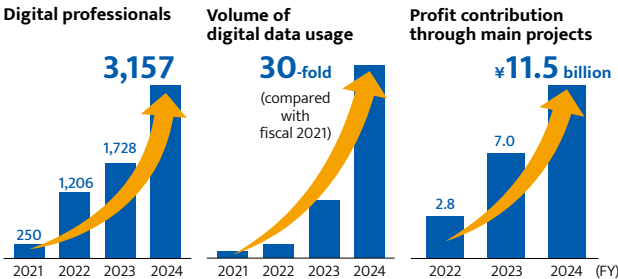
As an information engineering professional, Harada has long been engaged in the development and implementation of Asahi Kasei's plants and production management systems. He has held his current position since fiscal 2024.

The key to strengthening
Asahi Kasei's ecosystem lies in DX

The new MTP emphasizes two key points. The first is to promote DX across the entire value chain. In the previous MTP, we focused on supporting problem-solving at each stage, such as accelerating R&D, reducing production costs, and implementing digital marketing. Now we will enter a phase of transformation across the entire value chain, connecting all business operations. We have reached the stage of translating this into corporate value from the

Since consolidating the company's digital specialist organizations and establishing Digital Value Co-Creation in fiscal 2021, company-wide digital initiatives have progressed remarkably. In the previous MTP, we aimed to achieve KPIs of a tenfold increase in the number of digital professional human resources, a tenfold increase in the volume of digital data usage, and a profit contribution through main projects of ¥10 billion. All KPIs were achieved, and the development of digital professional personnel exceeded expectations, surpassing 3,000 individuals, well above the initial target of 2,500. The use of generative AI and no-code/low-code tools is also advancing, driven by initiatives at the operational level. We have established an environment that enables continuous reform of business models and operational tasks using digital technologies, indicating we have truly entered the Digital Normal period.

Previous MTP: KPIs achieved



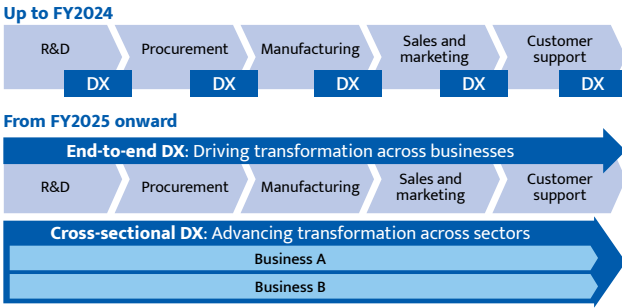
customer's perspective by fundamentally transforming our business models.

One notable example is the ion-exchange membrane process for chlor-alkali electrolysis. We have conducted workshops based on design thinking and received customer feedback through agile development. We established a consistent customer information service spanning development, manufacturing, sales, and technical services. This contributes to competitive advantage and revenue growth.

The second focus is to further broaden our perspective and drive transformation across businesses and sectors. Optimizing procurement of electric power, described on the next page, addresses challenges in the Material and Homes sectors using digital solutions, while promoting renewable energy use within the Asahi Kasei Group. This is a prime example of providing value to society.

To drive DX initiatives in the future, Digital Value Co-Creation will serve as a central hub for all sectors and business units, providing oversight from a company-wide perspective. Tackling true management challenges also requires the management team to exercise top-down leadership. By having executives, including myself, take the lead in articulating our vision and changing behavior, we will strengthen the Asahi Kasei Group's ecosystem through the power of digital technology.

New MTP: Driving DX across the value chain



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DX example

Significantly reducing electricity costs for the Asahi Kasei Group through the combination of Material, Homes, and Digital capabilities

Long-cultivated expertise in in-house power generation

Hydroelectric power marked the starting point of Asahi Kasei’s in-house power generation operations, which have since expanded to include four thermal power plants and nine hydroelectric power plants in Nobeoka City, Miyazaki Prefecture.

Today, in addition to hydroelectric and thermal power, Asahi Kasei also sources renewable energy from solar power installed on its Hebel Haus™ unit homes and Hebel Maison™ apartment buildings, called “Hebel Power,” giving the company a diverse range of electricity supply options. To manage the complexities of electricity supply, such as time-of-use price fluctuations, we established a system to accurately forecast electricity demand and supply across the entire Asahi Kasei Group and develop optimized power procurement plans.

Digital system to forecast surplus power

Asahi Kasei actively promotes the installation of solar power systems on Hebel Haus™ and Hebel Maison™ homes, and the adoption rate in new buildings is currently as high as 95%. Under the national feed-in-tariff (FIT) system, the purchase price for surplus solar power is guaranteed for 10 years. Once this period ends, though, the “post-FIT” purchase price drops significantly. Finding a solution to this challenge was therefore a major issue.

We undertook an initiative to purchase surplus solar power from customers who have reached the post-FIT period, and use it as Hebel Power to supply electricity to our offices, housing exhibition sites, and construction sites, as well as Asahi Kasei Group plants and the Head Office.

Unlike ordinary commercial solar power, though, Hebel Power poses significant challenges for forecasting surplus electricity, as its generation sites are scattered across multiple locations with varying climate conditions.

Digital professional personnel from Digital Value Co-Creation and other divisions played a central role in addressing this challenge. By integrating vast amounts of data, including individual household generation, location, and weather information, and applying AI-based machine learning, we were able to create a highly accurate surplus power forecasting system for predicting electricity purchases.

Optimizing group-wide power procurement

By incorporating the capabilities of the surplus power forecasting system into Asahi Kasei’s electricity retail operations, we have improved the accuracy of optimal power procurement—including Hebel Power and renewable energy sources such as hydroelectric and thermal power—enabling the Asahi Kasei Group to achieve substantial reductions in electricity costs.

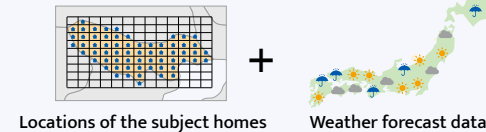
This DX case not only addressed the post-FIT challenges faced by customers in the Homes business but also contributed to the utilization of renewable energy across the entire Asahi Kasei Group.

Power procurement group-wide



Digital Value Co-Creation: Surplus power forecasting system

1) Identify the locations of Hebel Haus™ homes on a map grid and, based on weather forecast data for each grid, predict the electricity to be supplied to the transmission and distribution network (the electricity used by the Asahi Kasei Group) in 30-minute intervals for the following day.



2) Provide the grid operator with highly accurate forecasts in advance. This enables electricity transactions with the grid operator under more favorable conditions.

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