

The background of the slide features a photograph of hikers in a forest. A prominent white diagonal line runs from the bottom-left towards the top-right, dividing the image. The scene is bathed in warm, golden light, likely from the sun being low in the sky, creating a lens flare effect. The hikers are seen from behind, walking along a path covered in fallen leaves and branches.

AsahiKASEI

**Medium-term
Management Plan 2024
“Be a Trailblazer”
Progress and Outlook**

May 20, 2024

Asahi Kasei Corporation

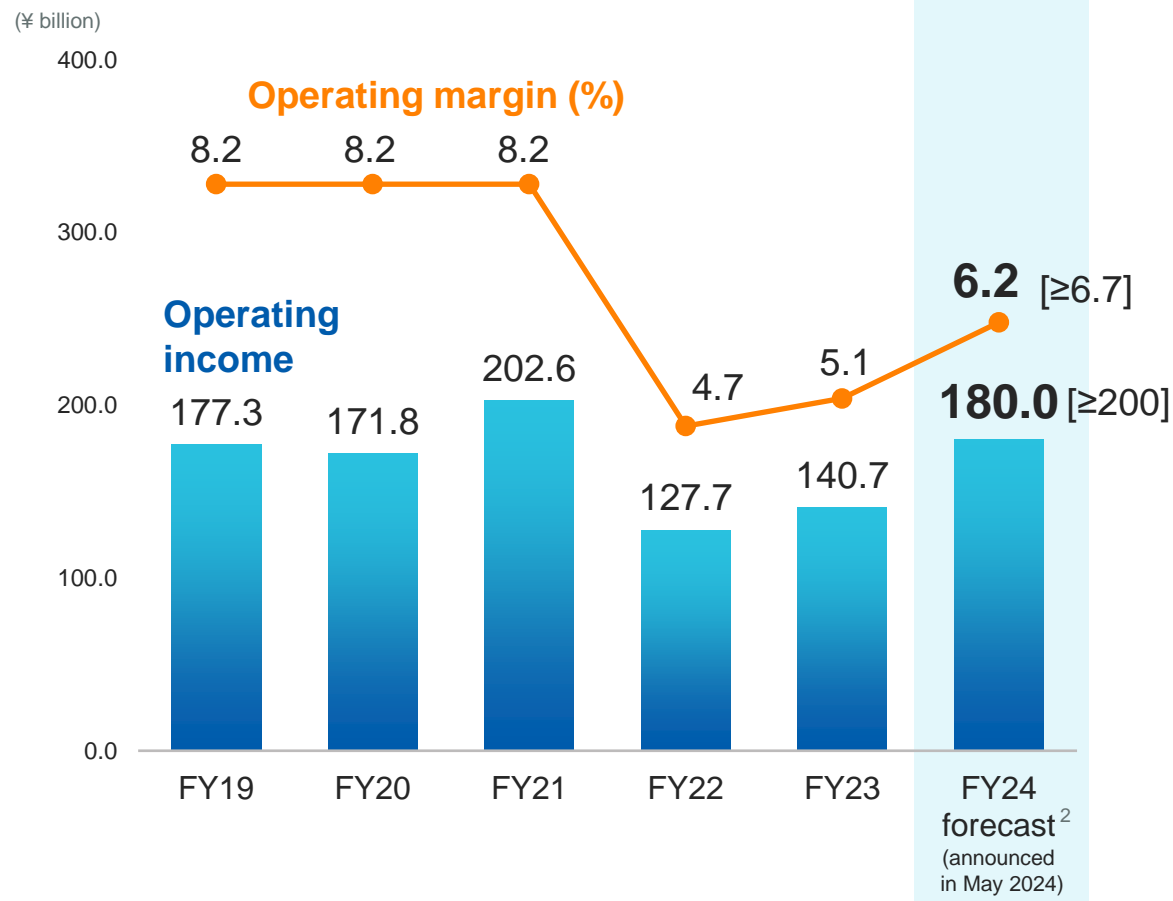
Outline

- 1. Financial status of the MTP**
2. Business portfolio transformation
3. Status of growth strategies
4. Medium-term trajectory

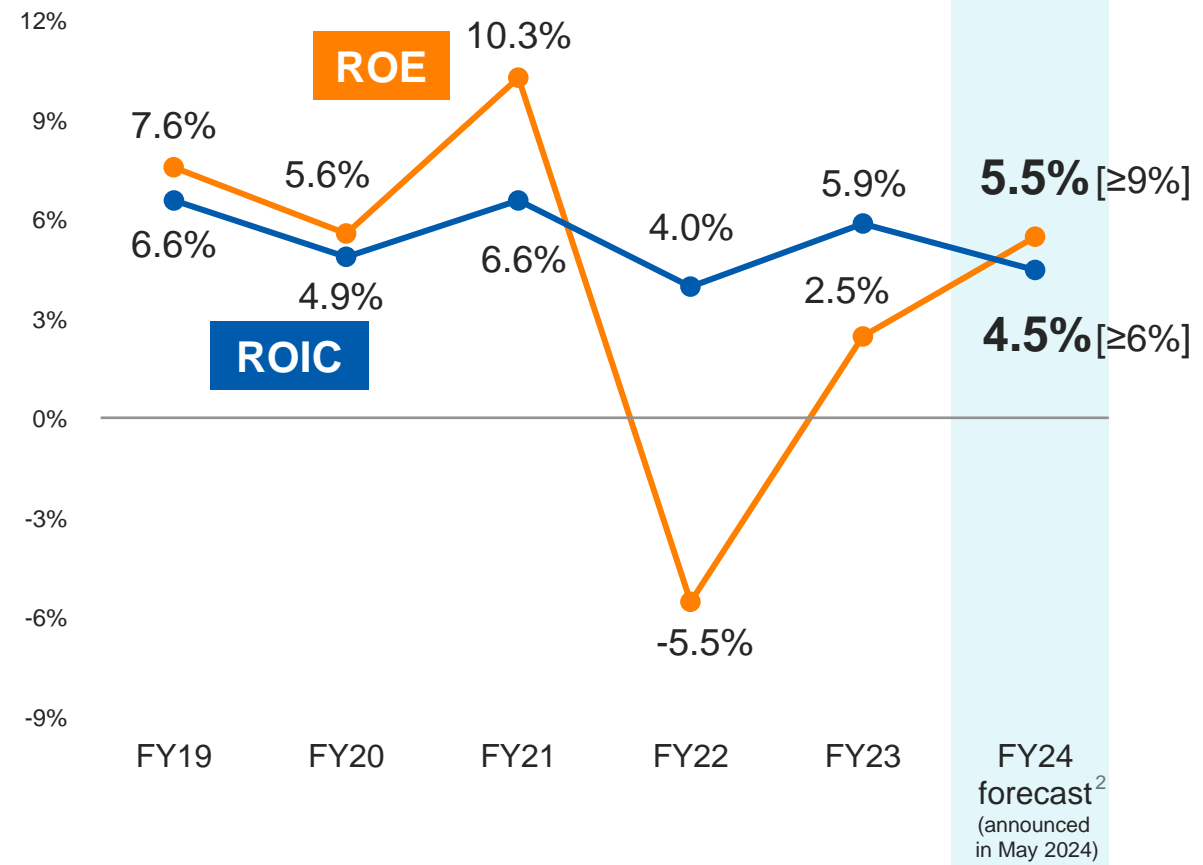


In FY23, income was sluggish due to weak performance of Material and impairment loss (ROIC improved due to tax effect at North American subsidiaries); although income is expected to recover steadily in FY24, each indicator is expected to fall below the medium-term targets

Operating income and operating margin



ROIC¹ and ROE



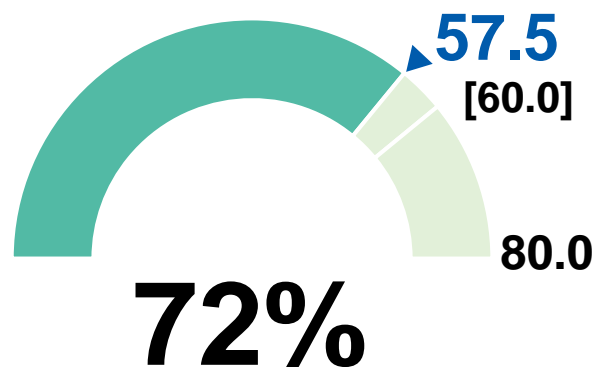
¹ Overall ROIC = (operating income – income taxes) ÷ average annual invested capital; same on following pages. ² Figures in brackets are targets announced in April 2023.

Health Care returned to growth trajectory after slight pause, and Homes generally progressed as planned; reviewing strategy and accelerating structural transformation in Material

FY24 operating income attainment forecast

Blue figures indicate forecast in May 2024, black figures indicate MTP targets in April 2022, [brackets] indicate revised targets in April 2023

Health Care

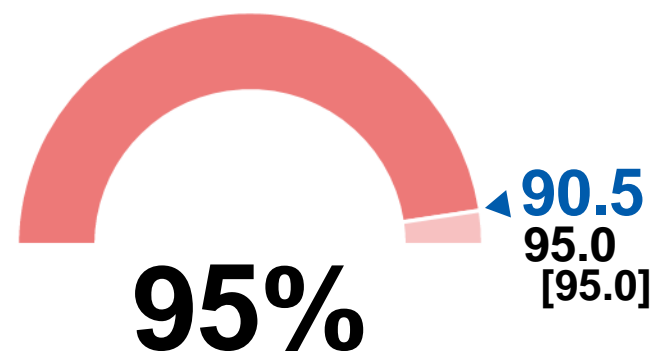


Returning to growth trajectory after temporary stagnation

No change in strategy, pursuing high growth

- ▶ Further sales expansion of ZOLL and Veloxis
- ▶ Continually exploring investment opportunities for medium-term growth

Homes

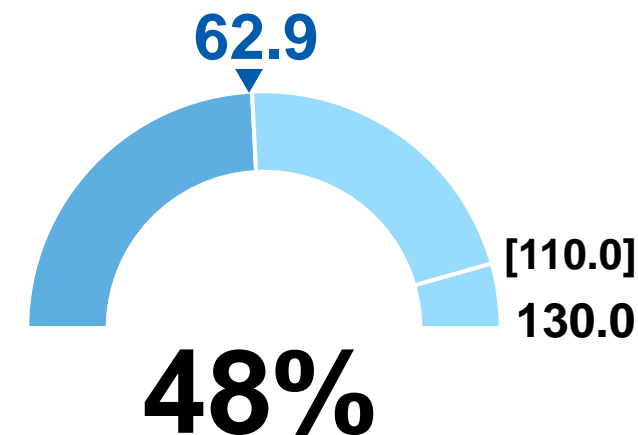


Achieved record-high income

No change in strategy, continuing to strengthen cash generation capabilities

- ▶ Shifting to higher added value in the domestic market
- ▶ Further growth in overseas businesses

Material



Sluggish due to changes in the business environment

Major review of strategy, accelerating business portfolio transformation

- ▶ Accelerating structural transformation related to petrochemicals
- ▶ Improving profitability by expanding sales and reducing costs
- ▶ Executing Hipore expansion strategy

Key actions in FY2024

The following three main factors have resulted in sluggish performance compared with the time of formulating the MTP

1. Deterioration of the petrochemical market environment

- Demand slowdown, particularly in the Chinese market
- Decline in market prices due to expansion of capacity for ethylene etc.

Perceived as irreversible

- ▶ **Accelerating studies of structural transformation in petrochemical chain-related businesses**

2. Changes in the environment for EVs

- Expanded presence of Chinese companies in the automotive battery supply chain

Taking new challenges after identifying markets to address

- ▶ **Strengthening relationships with customers, including through capital alliances**
- ▶ **Large-scale investment in the North American market**

3. Post-pandemic changes in demand

- Deteriorated conditions in the electronics market
- Sluggish growth of the automotive market
- Intensified competition in general-purpose products

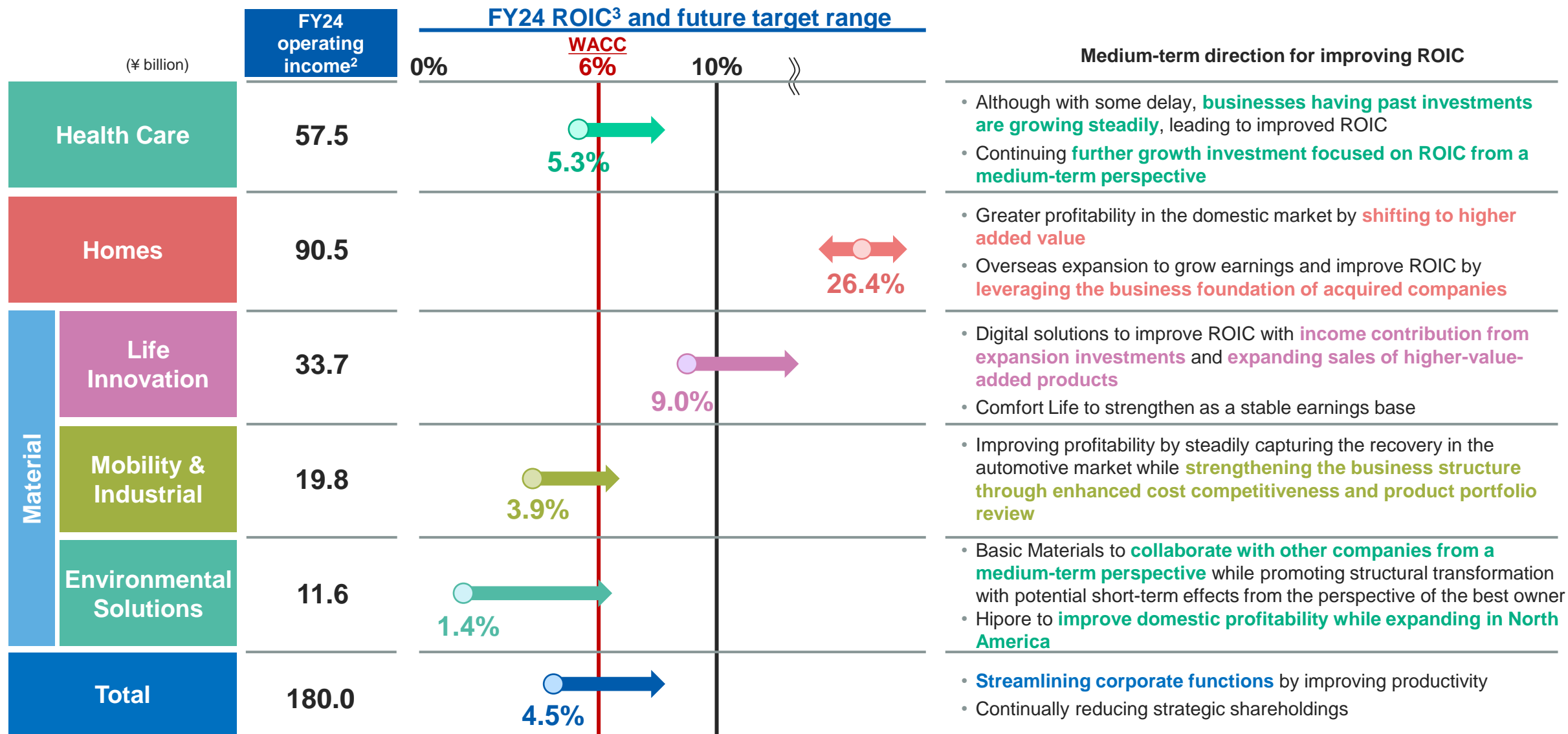
Market conditions improving, but need to enhance ability to pass on increased costs

- ▶ **Increasing capacity for advanced products and shifting from general-purpose products to high-value-added products**
- ▶ **Strengthening platform-based businesses centered on points of contact with customers**

Accelerating business portfolio transformation in the final year of the MTP with greater focus on targeted markets/regions and strategic initiatives with customers

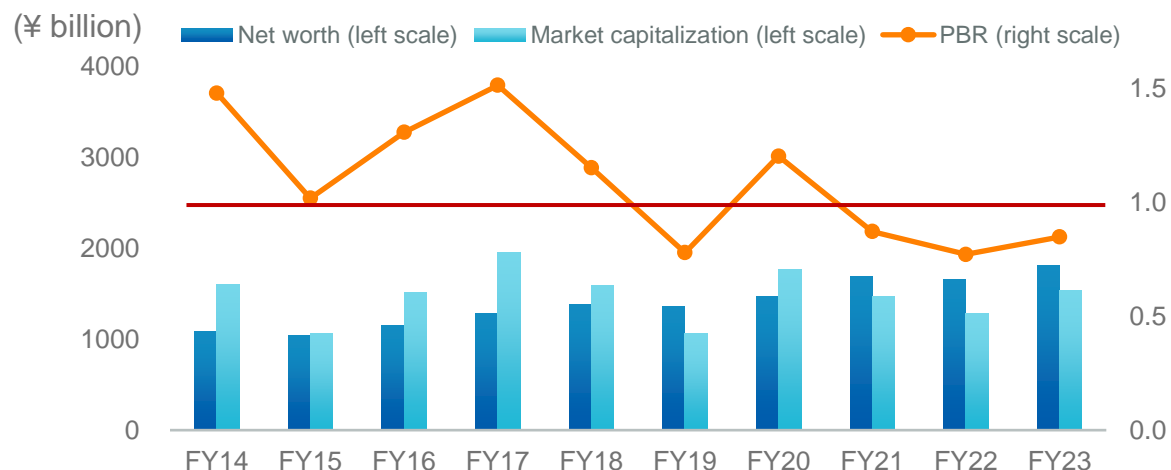
Current ROIC by business and prospects for improvement

Working to quickly achieve overall ROIC levels exceeding WACC¹ through measures to improve investment efficiency



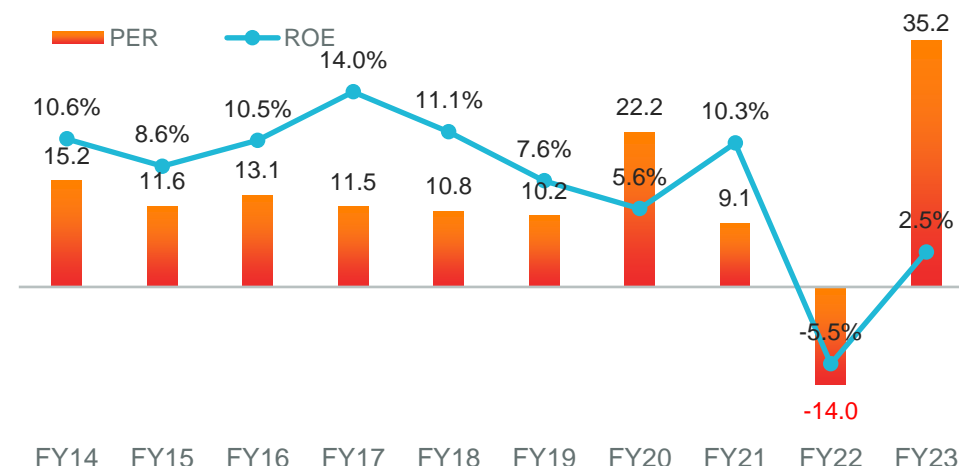
¹ Weighted average cost of capital. ² Forecast announced in May 2024. ³ By business unit, ROIC = operating income (1 – tax rate) ÷ (fixed assets + working capital, etc.); same on following pages.

PBR (price to book value ratio)



PBR has been below 1.0 since FY21, but has recently improved; net worth has increased due to foreign currency translation adjustment by the weakening of the yen

ROE and PER (price to earnings ratio)



Weak net income due to sluggish earnings and impairment losses, and ROE below the assumed cost of equity of 8%

Accelerating business portfolio transformation

Accelerating structural transformation of low-capital-efficient businesses whose ROIC has remained below WACC

Enhancing profitability

In addition to group-wide cost reduction activities, thorough profit-enhancing measures through appropriate price increases and reduction of general-purpose products



Enhancing investment management

More sophisticated investment decisions with stricter management of hurdle rates along with thorough post-investment follow-up

Reducing the cost of capital

Enhancing disclosure of investment strategies, business strategies, and initiatives to strengthen management foundations

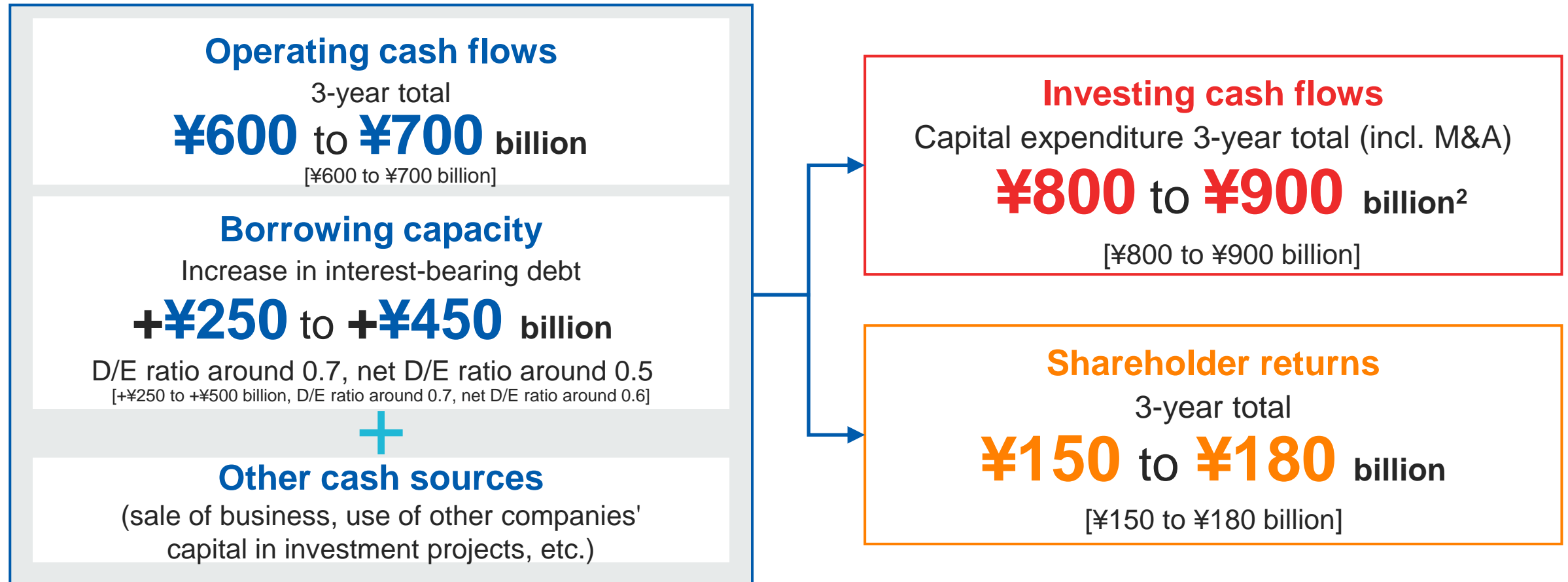
Optimizing capital policy

Raising shareholder returns and reducing strategic shareholdings based on the perspective of capital adequacy

Focusing on "accelerating business portfolio transformation" and "enhancing profitability" to improve PBR levels

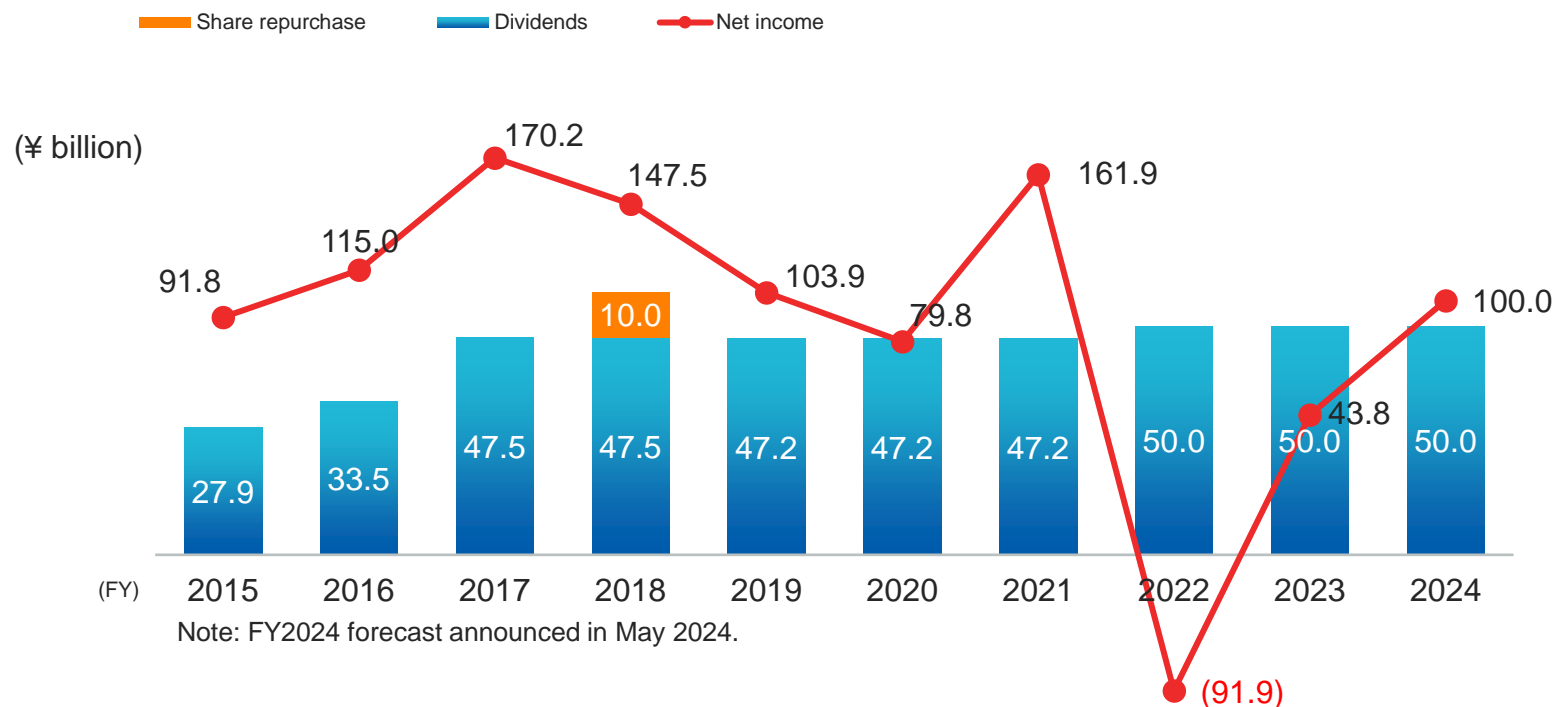
While both operating cash flow and investing cash flow are expected to meet planned levels, consideration given to "other cash sources" from the sale of businesses, etc., in light of lower-than-planned business earnings

Framework for capital allocation (3-year period FY2022–2024)¹



¹ Bracketed items indicate outlook at time of management briefing in April 2023. ² Cash-outflow basis (different from decision-adopted basis)

Shareholder returns basically through dividends, increasing the level of returns in line with profit growth



Payout ratio	30.4%	29.1%	27.9%	32.2%	45.4%	59.1%	29.1%	—	113.9%	49.9%
Dividends per share (¥)	20	24	34	34	34	34	34	36	36	36

Shareholder returns policy

- 1) Determining level of shareholder returns based on medium-term FCF outlook
- 2) Shareholder returns basically by dividends, aiming to maintain or increase dividends per share
- 3) Aiming for payout ratio of around 30–40% (3-year total), aiming to steadily increase level of shareholder returns
- 4) Share repurchases as appropriate based on comprehensive consideration of optimal debt/equity level, investment items, and share price

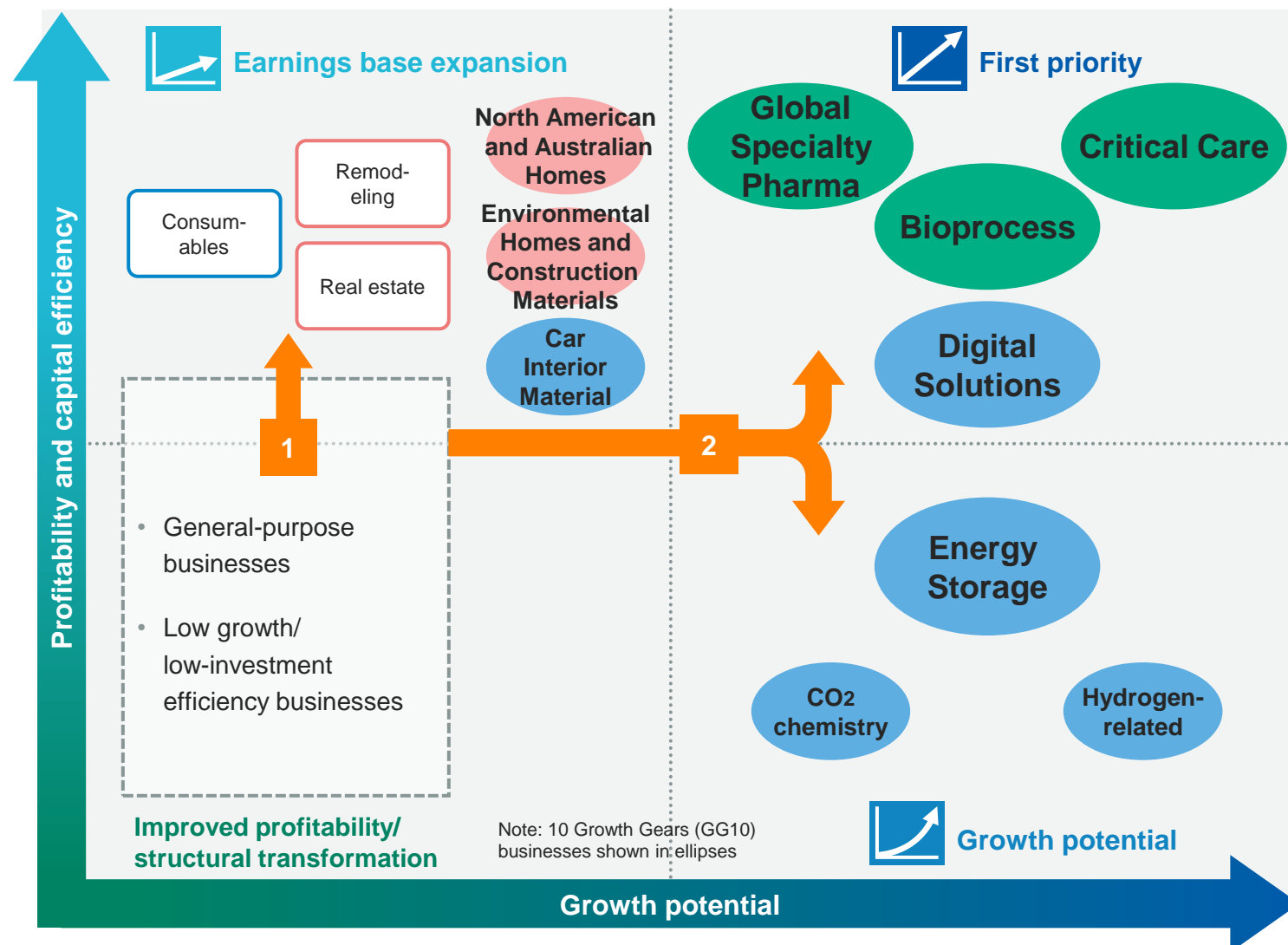
**Dividends per share will be maintained or increased from FY24 onward,
with particular emphasis on 2) progressive dividends**

Outline

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Promoting actions in accordance with clearer positioning of each business



1 Raising business productivity

- ✓ More robust business structure
- ✓ Maximum use of accumulated know-how, customer base, etc.

2 Shifting resources to growth business



Human resources

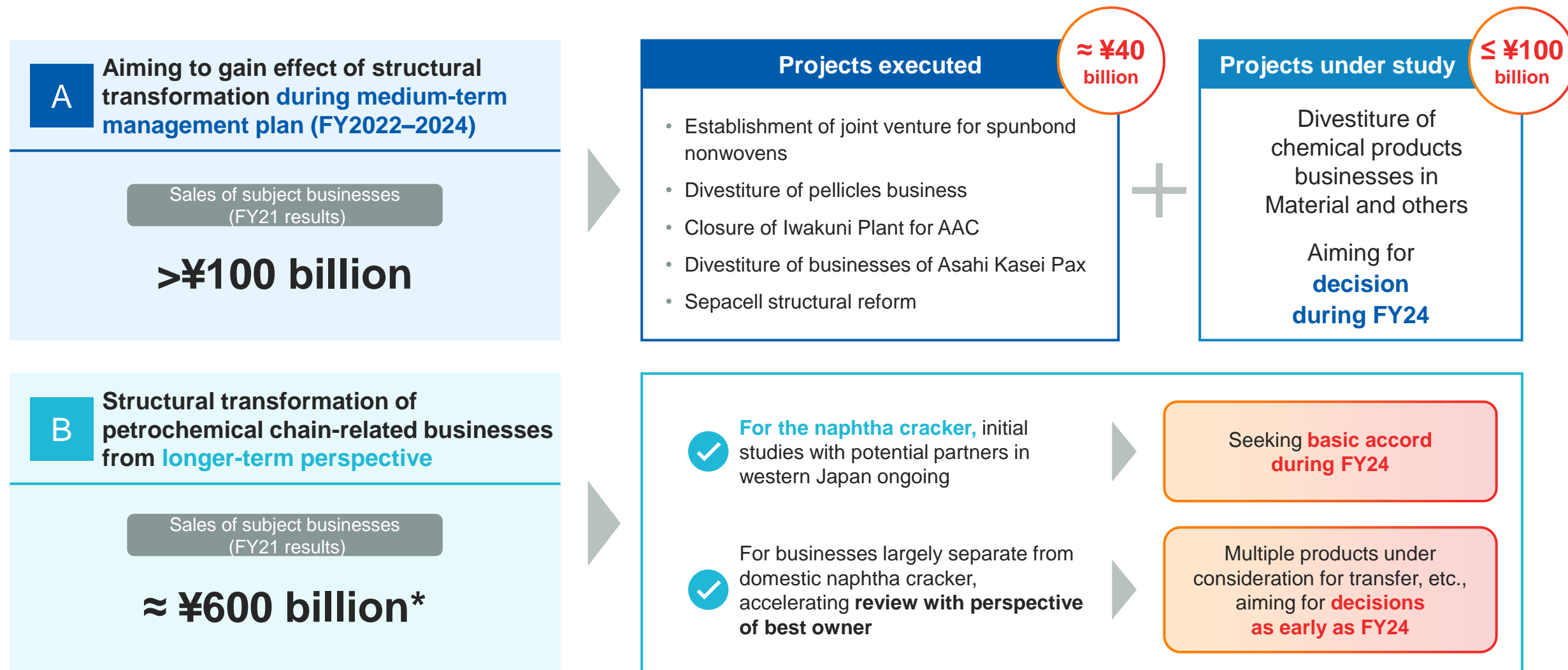


Funds



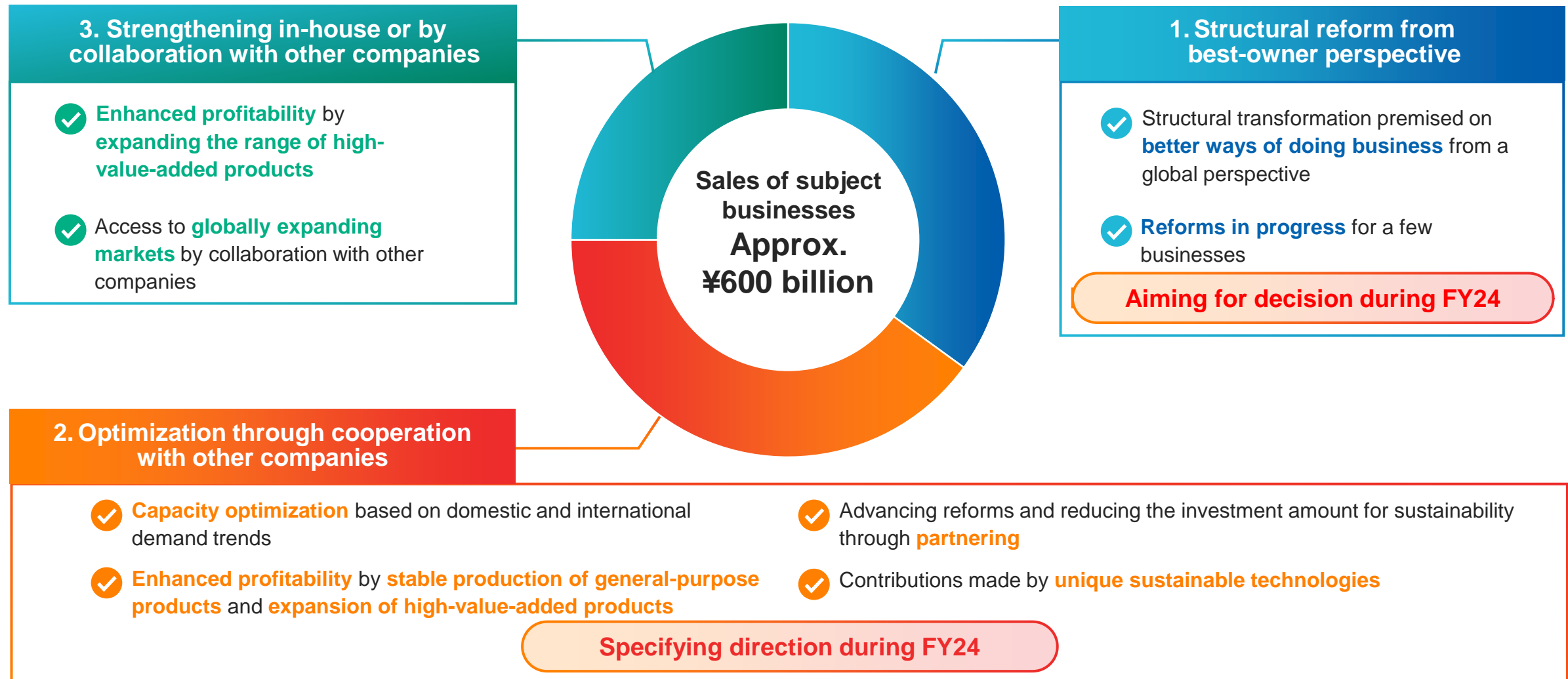
Technology and business foundations

Some uncertainties regarding negotiations with counterparties, but generally on track for decision during FY24

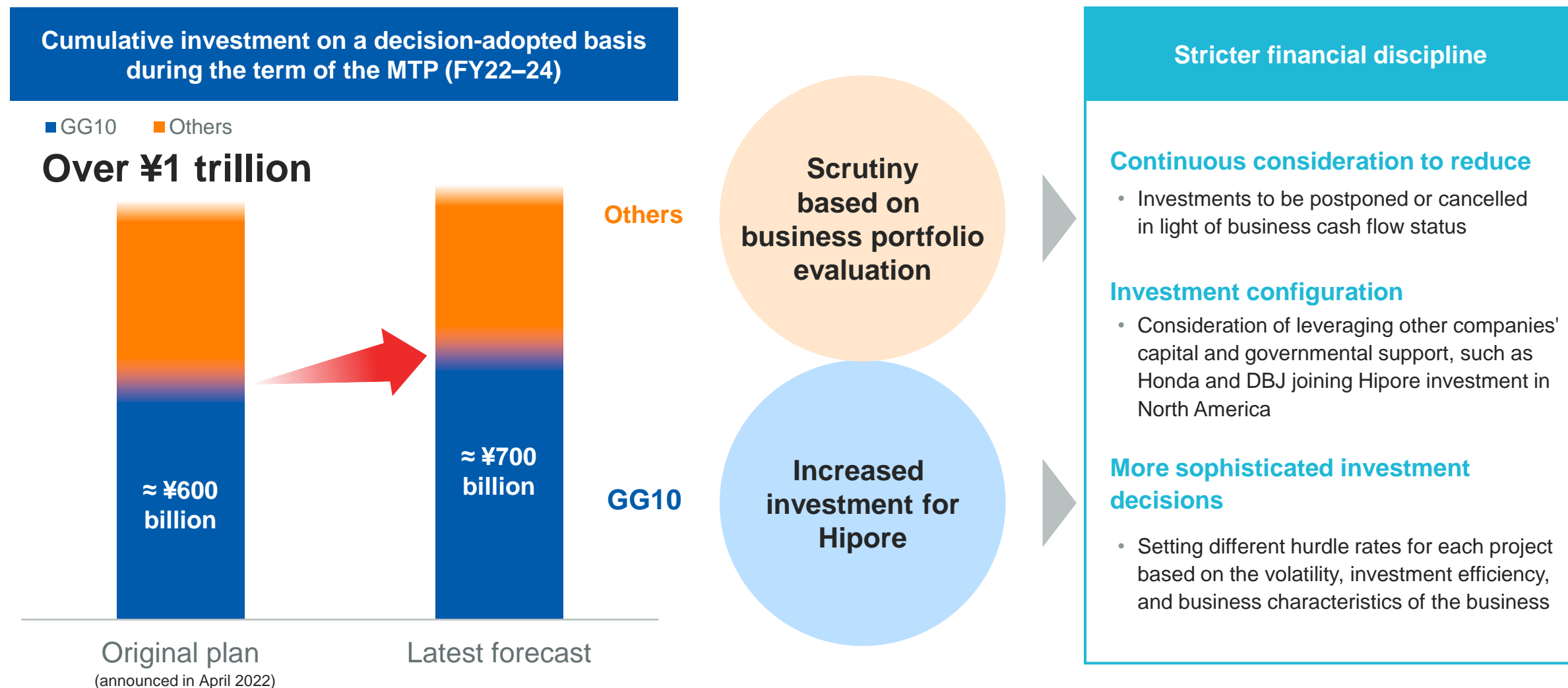


* Some overlap with category A.

Category B "Structural transformation of petrochemical chain-related businesses" is being promoted through three approaches; earliest effects are sought by "Structural reform from best-owner perspective"



As the scale of investment in GG10 was enlarged by decision for North American investment in Hipore, investment in other businesses is restrained; continuing to thoroughly implement financial discipline in investment judgements



Accelerating business process innovation centered on the BT Project to promote group-wide productivity enhancement; generated some ¥10 billion of cost reductions in FY23, aiming for cumulative effect of some ¥20 billion through ongoing concrete action



Promoting group-wide productivity innovation

Short-term perspective

Generating income through measures to improve profitability and thorough discipline



Medium- to long-term perspective

Considering the management system and foundation best suited for sustainable growth

Cost-reducing effect of short-term measures

Higher efficiency of shared fixed costs

Reduced expenses for indirect goods

Review of outsourcing costs

FY23
≈ ¥10 billion

FY24
High single-digit ¥ billions



Aiming for a cumulative reduction of ≈ ¥20 billion

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Health Care and Homes are expected to achieve profit growth in line with targets, and plan to invest in expansion as assumed; Environmental Solutions is increasing investments based on clearer growth opportunities from a medium-term perspective in Hipore

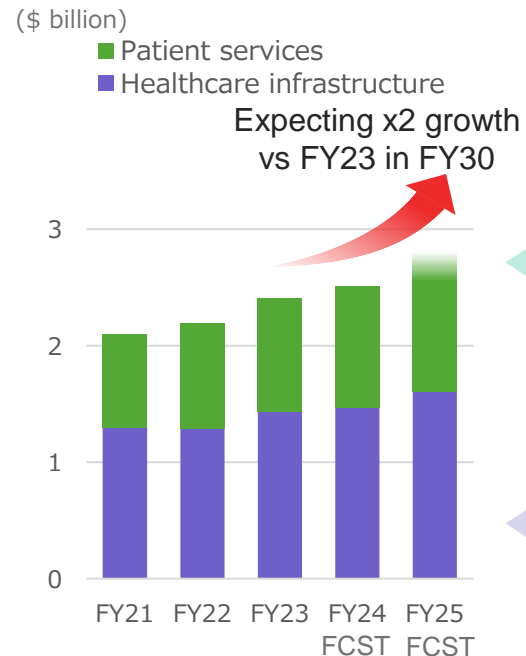
	Businesses to drive future growth 10 Growth Gears (GG10)	FY22–24 investment amount and major projects to date (¥ billion, decision-adopted basis)	FY21 ⇒ FY24 profit increase ¹	GG10 financial targets
First Priority <ul style="list-style-type: none"> Gaining income from past investments Continued aggressive investment, including inorganic growth 	<div>Critical Care</div> <div>Global Specialty Pharma</div> <div>Bioprocess</div> <div>Health Care</div>	<div>≤200</div> <ul style="list-style-type: none"> Acquisition of Bionova Scientific, a U.S. biologics CDMO, and expansion of business base 	<div>+ ≈15 billion</div> <div>↗</div>	FY22–24 cumulative investment (decision-adopted basis) ¥700 billion (total amount including maintenance investments, etc.) Increase due to Hipore investment in North America etc.
	<div>Digital Solutions</div> <div>Material</div> <div>Life Innovation</div>	<div>≤100</div> <ul style="list-style-type: none"> Increased capacity for Pimel semiconductor buffer coat/interlayer dielectric 	<div>± 0 billion</div> <div>→</div>	
Growth Potential <ul style="list-style-type: none"> Growth drivers of future business Promoting alliance strategies from a competitive perspective 	<div>Energy Storage (separator)</div> <div>Hydrogen-related</div> <div>CO₂ Chemistry</div> <div>Material</div> <div>Environmental Solutions</div>	<div>≤300</div> <ul style="list-style-type: none"> Expansion of automotive LIB separators (Integrated plant in NA and addition of coating facilities in NA, Japan, and South Korea) 	<div>– ≈20 billion</div> <div>↘</div>	FY24 operating income GG10 total ¥110 billion >50% of all business income ² Below initial target of ¥150 billion due to downturn in separator
	<div>North American & Australian Homes</div> <div>Environmental Homes and Construction Materials</div> <div>Homes</div>	<div>≤100</div> <ul style="list-style-type: none"> Acquisition of Focus Companies in the U.S. Acquisition of Arden Homes in Australia 	<div>+ ≈10 billion</div> <div>↗</div>	
Earnings Base Expansion <ul style="list-style-type: none"> Finding opportunities to expand scale while maintaining stable earnings (focus on projects with high probability of success) 	<div>Car Interior Material</div> <div>Material</div> <div>Mobility & Industrial</div>	<div>≤50</div> <ul style="list-style-type: none"> U.S. automotive interior materials 	<div>+ ≈10 billion</div> <div>↗</div>	

¹ Operating income + amortization from PPA

² Proportion of business income, excluding corporate expenses

Pursuing further growth in the area of serious cardiopulmonary conditions (Organic growth of existing businesses + Reaping fruits of past investments + Pursuit of new business)

Sales growth concept



Patient services

LifeVest wearable defibrillator, Cardiac diagnostics and management, Sleep apnea diagnostics and treatment, etc.

Healthcare infrastructure

Defibrillators, AED, Cardiopulmonary resuscitation, Temperature management system, Software solutions, etc.

Recent Developments and Strategic Directions of Major Businesses



LifeVest
wearable defibrillator

- Sales in North America growing due to **steady medical orders** and **higher reimbursement rate**.
- As a market pioneer, continue to focus on **strengthening relationships with cardiologists** and **promoting clinical value**. Accelerate market penetration, and pursue sales and profit growth.

Respicardia®

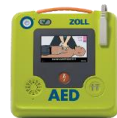


Implantable
central sleep
apnea (CSA)
treatment device

- Struggle with identifying CSA patients to be treated and delay to the original market development plan
- No change in clinically differentiated technology and growth potential of the treatment**
- Aim to expand the number of cases by **educating hospitals about the diagnosis and prescription process** and **increasing awareness to target patients**



Defibrillator for
healthcare
professionals



AEDs, cardiopulmonary
resuscitation, etc.

- Recovery of profit margins as procurement issues recede, sales growing by leveraging the benefit of **the diversified product mix for hospitals/EMS/public safety**.
- Aim for solid growth by expanding product lineup and promoting sales expansion outside of North America.

itamar™
medical



Home sleep apnea
testing solution

- Growing globally and we are the global leader in home sleep diagnostics space**
- Aim to increase sales and contribute to profit by **exploiting the potential market of undiagnosed patients particularly in cardiology leveraging LifeVest team**

Transformation into Global Specialty Pharma focused on immunology/transplantation and adjacent disease areas

Niche therapeutic areas

Focus on specialty areas such as immunology/transplant, renal diseases, and severe infection in immuno-compromised population

Global business expansion

Implementation of additional M&A to strengthen business platform and pipelines

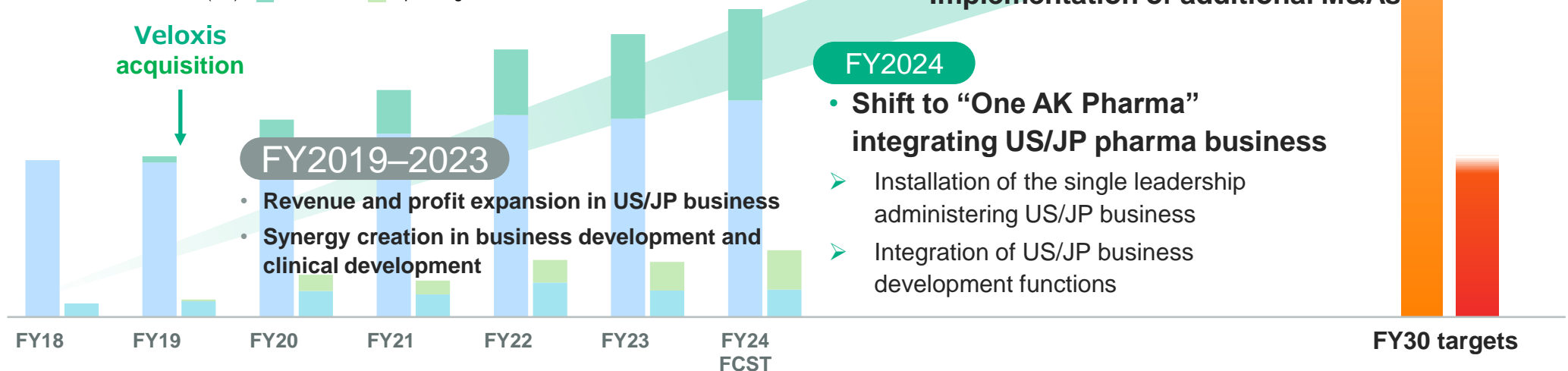
Global management style

Transition to "One AK (Asahi Kasei) Pharma"

FY2018–FY2024 CAGR (2 companies total)

Net Sales ————— **13%**
Operating income ————— **30%**
(before PPA amortization)

Asahi Kasei Pharma (Japan): Revenue (light blue), Operating income (dark blue)
Veloxis (US): Revenue (light green), Operating income before PPA amortization (dark green)



Providing high-quality homes suited to each local area through efficiency improvement and productivity improvement by industrialization

North America

Industrialization of North American home building with core strategy of management of the construction process



North American holding company

Promoting industrialized construction by integrating core processes (plumbing, concrete, framing, electrical, and HVAC) in the building process



Supplier of framing
Erickson
Consolidated in 2018



Supplier of concrete, electrical, and HVAC
Austin
Consolidated in 2020



Supplier of plumbing
Brewer
Consolidated in 2021



Supplier of concrete, plumbing, framing, and electrical
Focus
Consolidated in 2022

Considering expansion into new areas

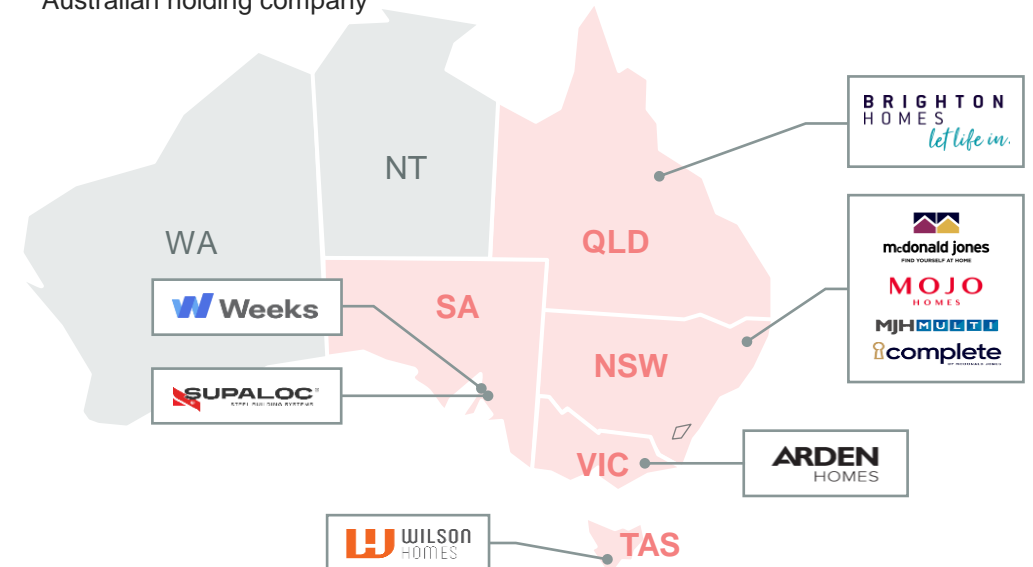
Australia

Providing diverse value leveraging business scale based on cooperation between Japan and Australia



Australian holding company

Operating in five states, building nationwide network – risen to 3rd place among Australian builders by number of construction starts



Competitive advantage of diverse value provision

Contributing to sustainability with homes together with customers

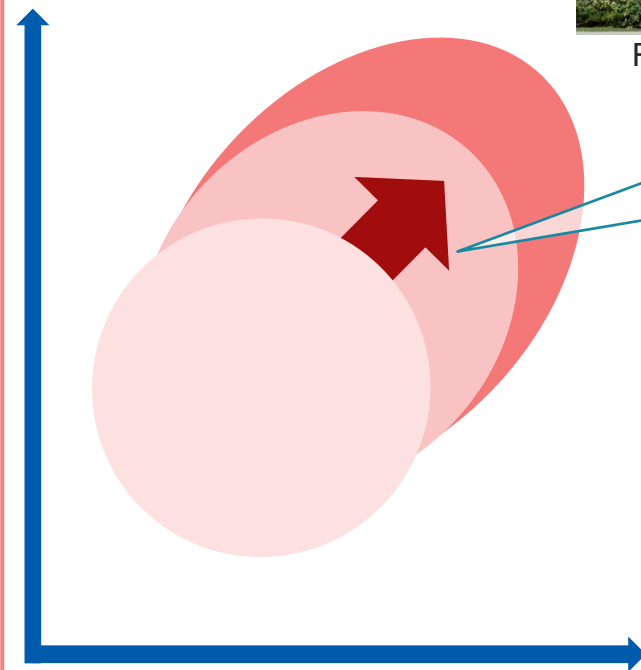
Earnings generation by significant increase in average unit price

Promoting larger and higher value-added units



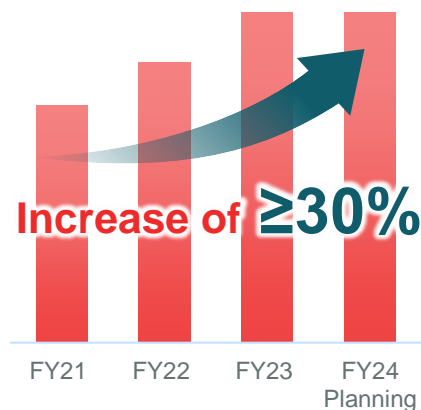
RATIUS GR heavy-gauge steel-frame home with large roof

Added value



Floor area

Average unit price



Achieving shift to higher added value with industry-leading HR potential and high-quality services

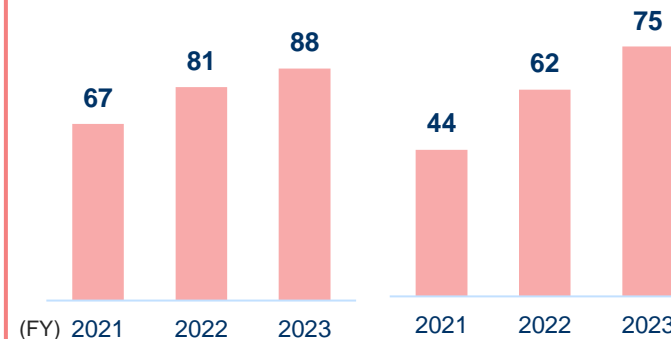


Oricon Customer Satisfaction Survey
Ranked No. 1 for 9 years (2016–2024)
in steel-frame order-built homes category

Advancing as a leading environmental company, achieving RE100 and promoting “net-zero emissions” homes

Hebel Haus unit homes ZEH* rate (%)
(by final contract)

Hebel Maison apartment buildings ZEH-M rate (%)
(by orders)



RE100 | CLIMATE GROUP | CDP

On track to achieve in FY23
(scheduled to file application in July)

Asahi Kasei Homes joined the RE100 Initiative for 100% use of renewable energy in 2019

* Net zero-emissions home.

Hipore targeting growth in North America and Japan where EV market expansion is expected,
North American expansion strategy utilizing quick decision-making and various means

Capital expenditure

1) Expansion of coating capacity

Installing new coating lines in the U.S., Japan, and South Korea, with total investment of some ¥40 billion (announced October 2023)



U.S.
(Charlotte, NC)



Japan
(Hyuga, Miyazaki)



Korea
(Pyeongtaek, Gyeonggi)

2) Construction of integrated plant in North America (Canada)

Constructing integrated plant for base film and coated separator in Canada, with total investment of some ¥180 billion (announced in April 2024)

Vertical collaboration and utilization of external funds

HONDA



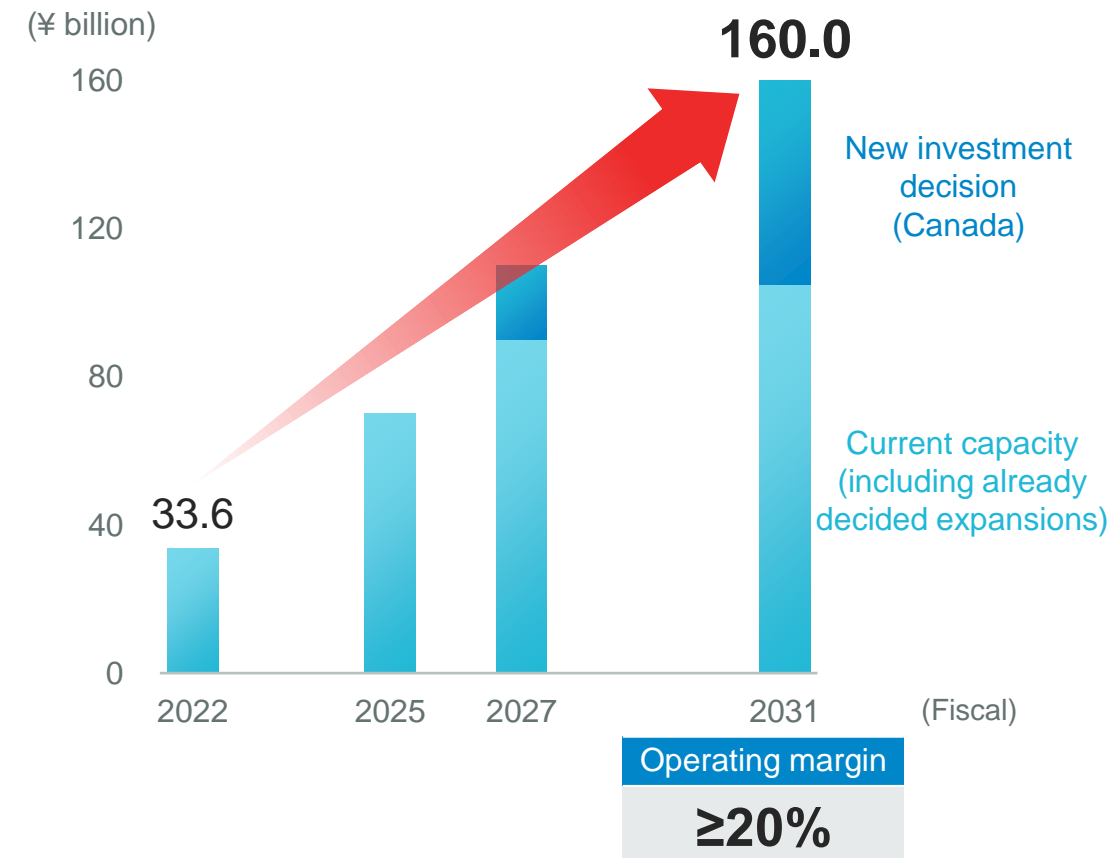
AsahiKASEI

Considering alliance
with Honda Motor Co., Ltd.



Investment from the
Development Bank of Japan

Sales outlook for Hipore business



Leveraging the strengths of electronic components and electronic materials, accelerating expansion and growth to become a major earnings pillar of the Material sector



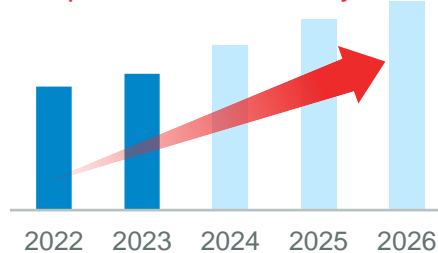
Pimel semiconductor buffer coat/ interlayer dielectric (advanced semiconductors)

- ✓ Expanding supply of products for the most advanced semiconductor processes

New plant in Fuji scheduled to start operation in 2024
(production capacity doubled)



Sales concept
Expected to **double** by 2030



Market CAGR
7% or more
(2022–2028)



Glass fabric for printed wiring boards/package substrates (multi-layered/thinner)

- ✓ Expanding sales of low dielectric glass fabric for AI servers, switchers, and routers
(expanding in next-generation applications)

Current generation

- 400 GbE switches/routers
- AI servers

FY23

Asahi Kasei

Others

Share
54%

Next generation

- 800 GbE switches/routers

FY23

Share
93%

Based on growth in next-generation markets, **sales are expected to triple by 2030**

Market CAGR
20% or more
(2022–2028)

(Asahi Kasei estimates of share by sales volume)

Planning to invest **¥100 billion** in expansion by 2030
aiming at the most advanced and next-generation markets

Growing number of examples of earnings generation utilizing intangible assets such as licensing and data; new promotion organization established, further enhancing initiatives

P-PaaS (Product-based Platform as a Service)

Providing platforms that increase customer value based on the added value of Asahi Kasei's materials and products

Specific examples of earnings generation

Licensing

- High-purity carbonates manufacturing technology
- Neoma Foam thermal insulation



Features of Neoma Form

Top-class
high insulation
performance

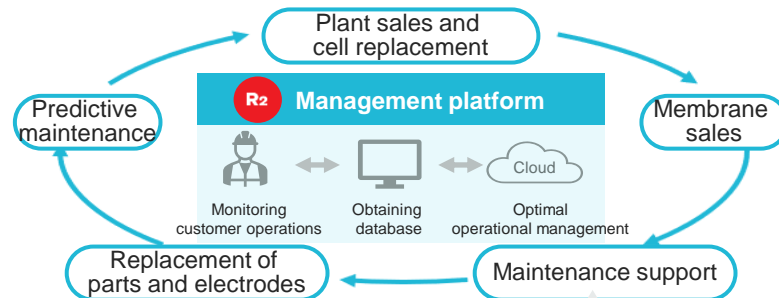
Long-term
insulation
performance

Combustion
resistance

Environmental
performance

New business model

- Providing new services in ion-exchange membrane business

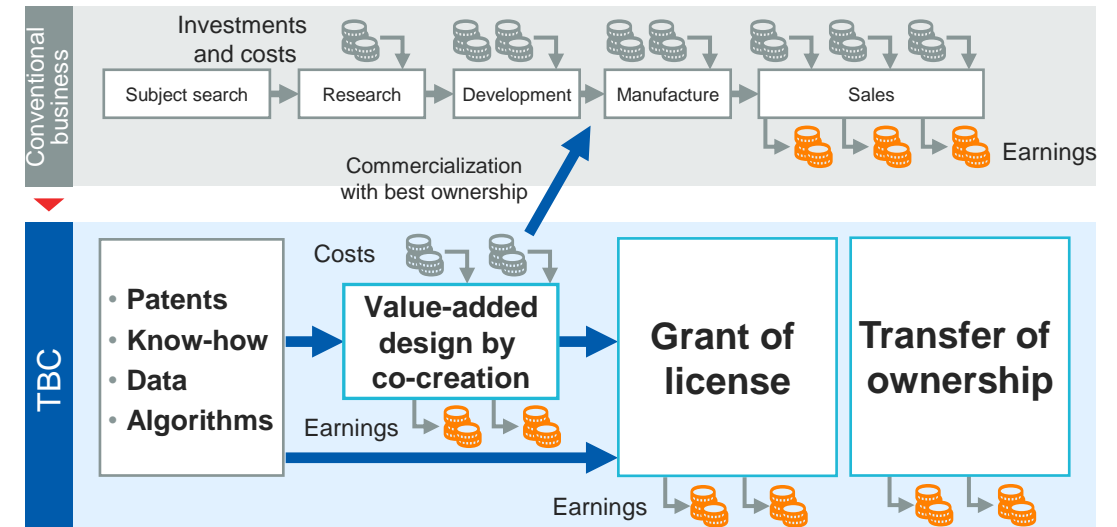


- Chlor-alkali electrolysis cell rental service
Demonstration trial of rental service for replacement during maintenance of cells in Europe

Framework to further accelerate initiatives

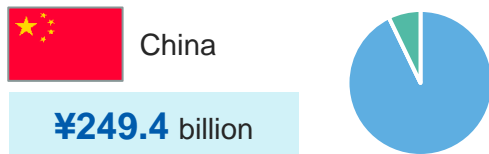
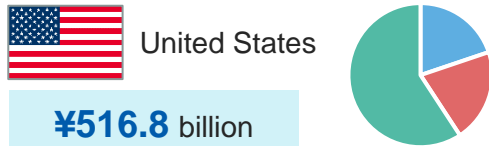
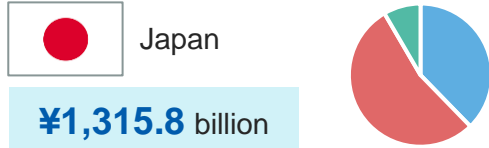
Accelerating through “TBC Project” established in Corporate Research & Development

TBC: Technology value Business Creation



Advancing business based on positioning of each region; steady growth in the United States through continuous measures for expansion

FY23 sales by region



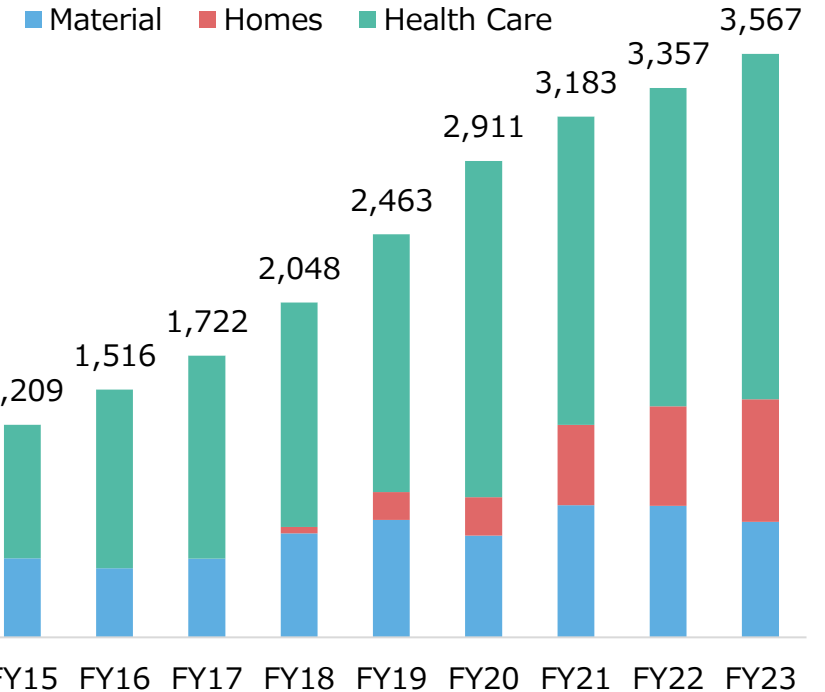
Legend: ■ Material ■ Homes ■ Health Care

Positioning of each region

- Focusing on businesses that contribute to sustainability
- Locus of core technology
- The center and largest growth market for the Health Care sector
- New growth opportunities for the Homes sector and separator
- Creating business opportunities by capturing growth markets
- Advancing based on the characteristics of each country, including India and Australia
- Creating new value by partnering with leading local companies
- More localized business activities to adapt to the fast-changing environment
- Developing sustainability-related businesses such as hydrogen
- Developing advanced technology in partnership with local companies in the field of mobility

Sales in the U.S. (US\$ million)

(approximate value calculated by the average exchange rate for each year, excluding businesses in "Others" category)






Continuous expansion through M&A and organic growth

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Positioning of major businesses by sector (GG10 in bold)

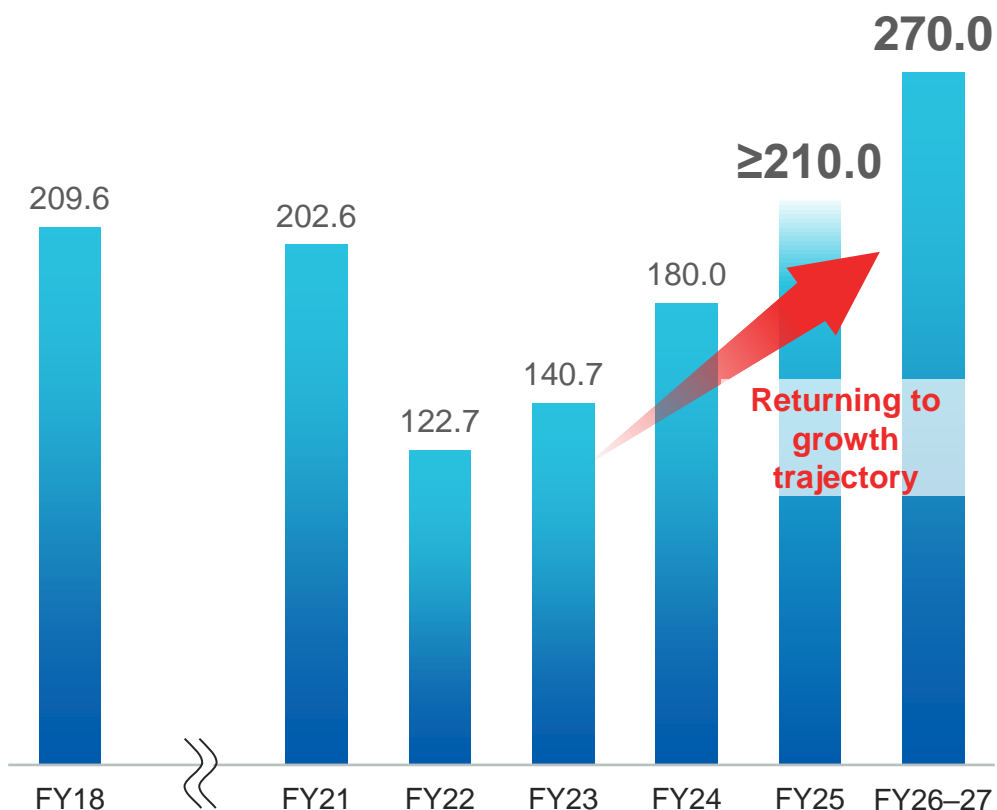
	 First Priority	 Growth Potential	 Earnings Base Expansion	Profitability improvement, structural transformation
Health Care	<ul style="list-style-type: none"> ▶ Critical Care ▶ Global Specialty Pharma ▶ Bioprocess 			<ul style="list-style-type: none"> ▶ Domestic business (Sepacell, etc.)
Homes			<ul style="list-style-type: none"> ▶ North American and Australian Homes ▶ Environmental Homes and Construction Materials ▶ Remodeling ▶ Real estate 	<ul style="list-style-type: none"> ▶ AAC business
Material	<ul style="list-style-type: none"> ▶ Digital Solutions 	<ul style="list-style-type: none"> ▶ Energy Storage ▶ CO₂ Chemistry ▶ Hydrogen-related 	<ul style="list-style-type: none"> ▶ Car Interior Material ▶ Consumables 	<ul style="list-style-type: none"> ▶ Petrochemical chain-related ▶ General-purpose products ▶ Low-growth, low-investment efficiency businesses

**FY24 operating income
≈ ¥60 billion**

Current MTP is a three-year phase to form the basis for the next stage of growth through **investments for growth with clear priorities** and **acceleration of structural transformation**

- ✓ Capital efficiency being improved through profit generation by business portfolio transformation and growth investments, aiming to achieve record-high profit in FY25
- ✓ Targeting FY26–27 operating income of ¥270 billion, the original MTP target

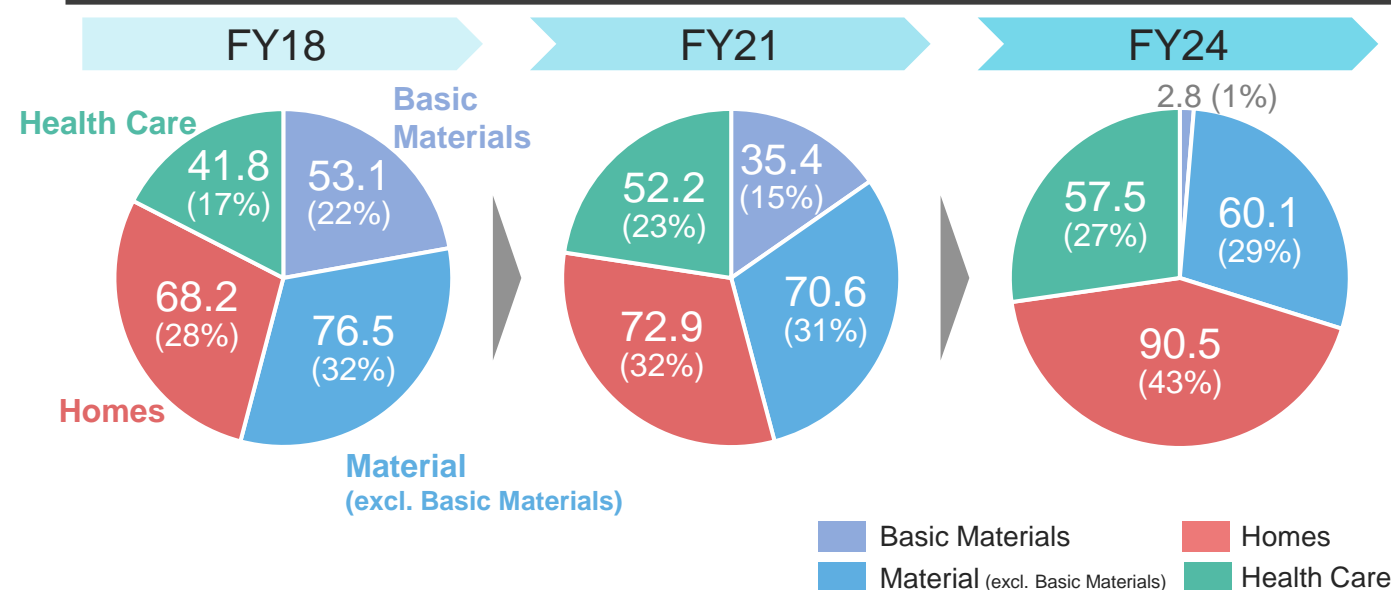
Operating income (¥ billion)¹



¹ Results up to FY23 and forecast for FY24 (announced in May 2024)

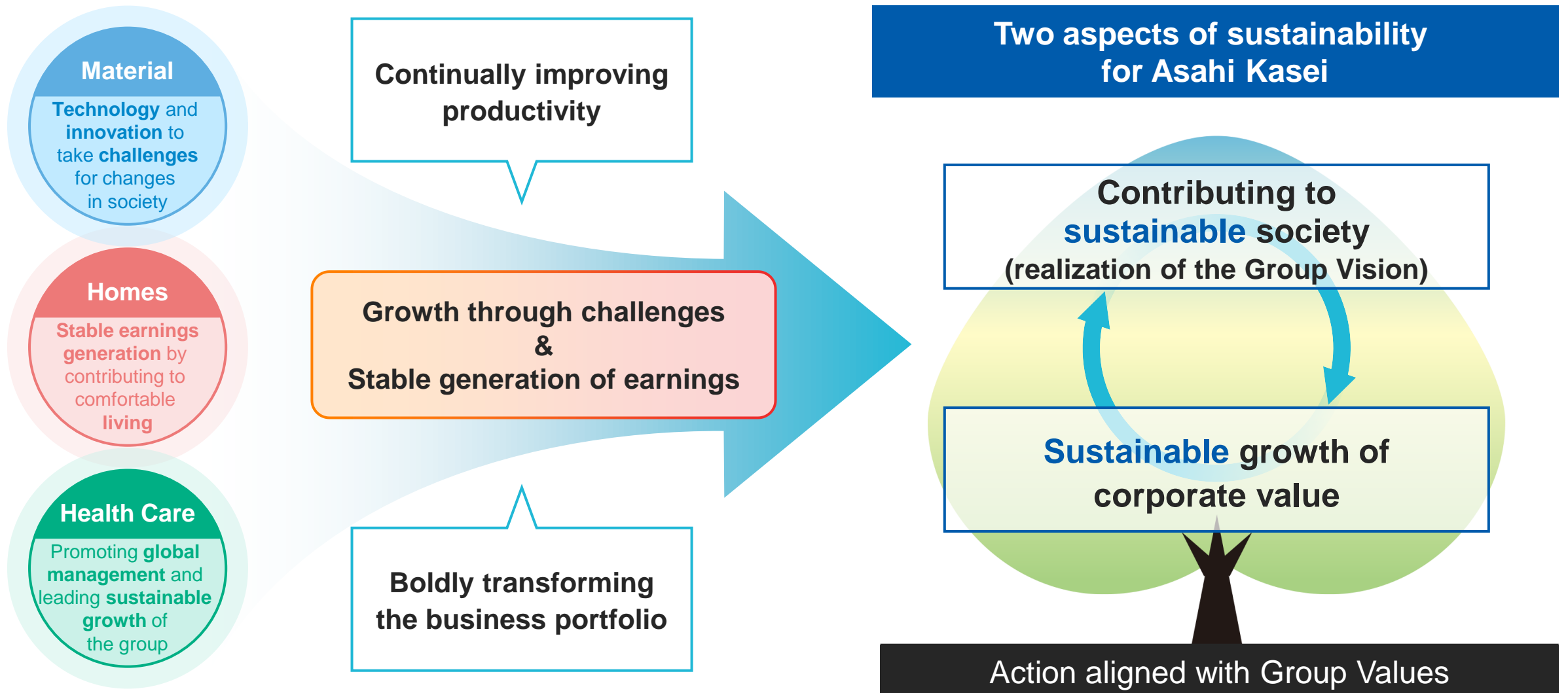
² Percentage of total operating income of business units

Change in composition of operating income (¥ billion)²



Concept for FY25 operating income by sector





While maintaining financial soundness based on stable business earnings, continuing to take challenges for "business portfolio transformation" and "diverse growth opportunities in three sectors"

Appendix



Financial
KPIs[Brackets indicate
forecast announced
in April 2023]

Profit growth

Operating income

FY24
forecast**¥180 billion**
[≥ ¥200 billion]around
FY30**¥400 billion**

Capital efficiency

ROE

ROIC

FY24
forecast**5.5%**
[≥9%]**4.5%**
[≥6%]around
FY30**≥15%****≥10%**

Business portfolio transformation

Operating Income from GG10

FY24
forecast**About 50%**
[≥50%]around
FY30**≥70%**Proportion of patents
in force for GG10

FY30

≥50%
(FY21: ≥30%)

Digital professionals

FY24

10 times
(vs. FY21)Number of
Group Masters

FY24

360
(FY21 : 259)Our own GHG
emissions reduction

FY30

≥30%
(vs. FY13)GHG reduction
by Environmental Contribution
Products

FY30

2X or more
(vs. FY20)Non-
Financial
KPIs

		FY2022	FY2023	FY2024 forecast (announced in May 2024)	FY2024 plan (announced in April 2023)	Long-term outlook (around 2030)
Profitability	Net sales	2,726.5	2,784.9	2,912.0	3,000.0	
	Operating income	127.7	140.7	180.0	≥200.0	400.0
	Operating margin	4.7%	5.1%	6.2%	≥6.7%	
	Operating income before amortization of goodwill	165.4	170.3	208.7		
	EBITDA ¹	305.0	322.9	356.0	≥370.0	
	EBITDA margin	11.2%	11.6%	12.2%	≥12.3%	
	Net income attributable to owners of the parent	(91.9)	43.8	100.0	≥140.0	300.0
	EPS (yen)	(66.3)	31.6	72.1	≥101	216
Capital efficiency	ROIC ²	4.0%	5.9%	4.5%	≥6%	≥10%
	ROE	-5.5%	2.5%	5.5%	≥9%	≥15%
Financial health	D/E ratio	0.57	0.51			
	Net D/E ratio	0.41	0.32			
	Equity ratio	48.1%	49.5%			
Exchange rate (yen/\$)		135.5	144.6	145	130	

¹ EBITDA = operating income + depreciation and amortization (tangible, intangible, and goodwill). ² ROIC = (operating income - income taxes) / average invested capital.

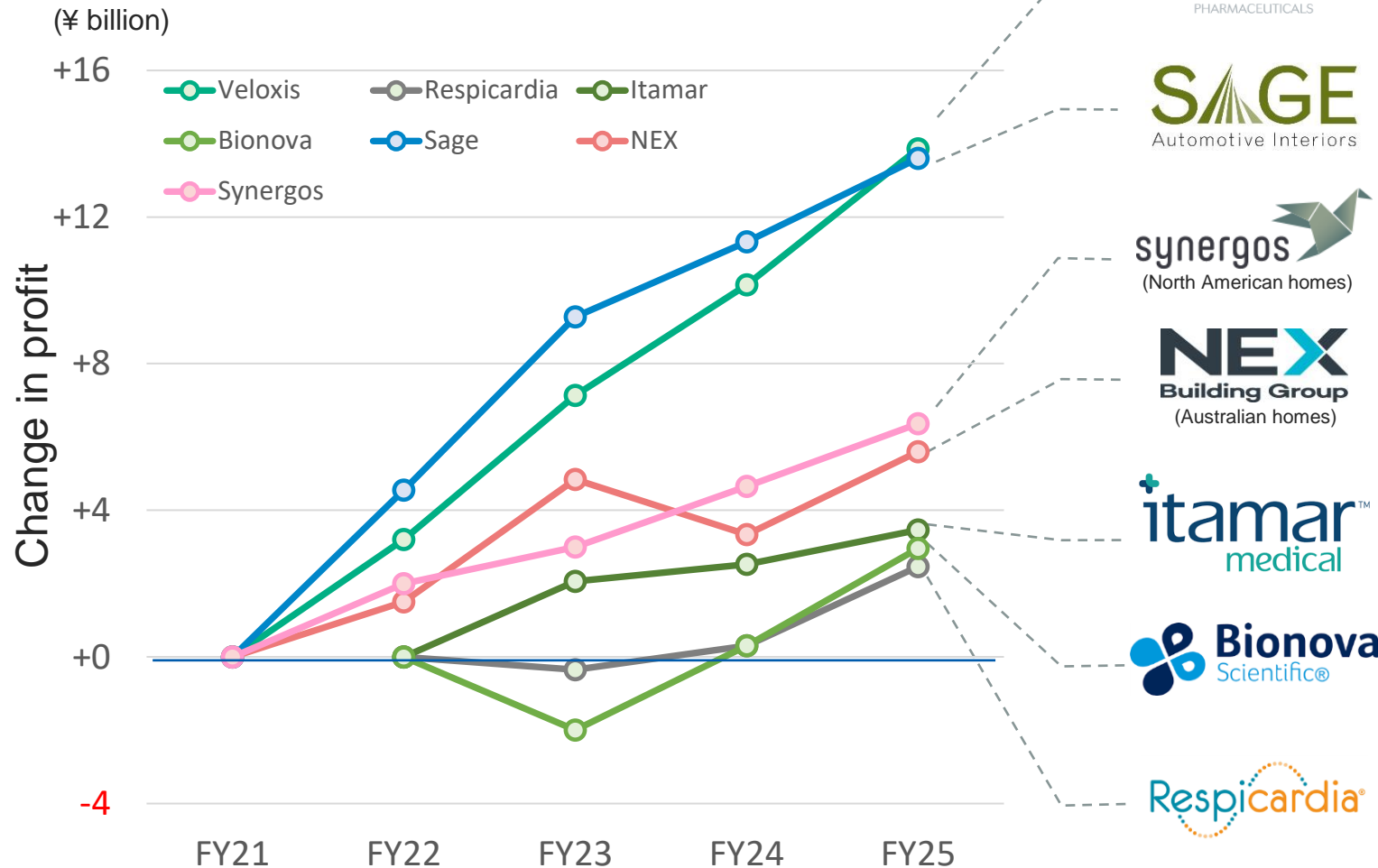
(¥ billion)		FY2022 ²	FY2023	FY2024 forecast (announced in May 2024)	FY2024 plan (announced in April 2023)
Health Care	Net sales (a)	496.9	553.8	578.0	590.0
	Operating income (b)	41.9	48.5	57.5	60.0
	Operating margin (b/a)	8.4%	8.8%	9.9%	10.2%
	EBITDA (c)	106.4	118.7	126.6	126.0
	EBITDA margin (c/a)	21.4%	21.4%	21.9%	21.4%
	ROIC	4.2%	4.5%	5.3%	6.0%
Homes	Net sales (a)	899.0	954.4	1,004.0	1,000.0
	Operating income (b)	75.4	83.0	90.5	95.0
	Operating margin (b/a)	8.4%	8.7%	9.0%	9.5%
	EBITDA (c)	93.4	104.3	111.7	115.0
	EBITDA margin (c/a)	10.4%	10.9%	11.1%	11.5%
	Free cash flow rate	1.3%	7.1%	2.7%	4.0%
Material	ROIC	27.1%	27.1%	26.4%	24.0%
	Net sales (a)	1,316.6	1,261.7	1,312.0	1,530.0
	Operating income (b)	41.0	42.6	62.9	110.0
	Operating margin (b/a)	3.1%	3.4%	4.8%	7.2%
	EBITDA (c)	128.5	119.9	134.2	187.0
	EBITDA margin (c/a)	9.8%	9.5%	10.2%	12.2%
	ROIC	2.4%	2.6%	3.6%	6.0%

¹ Management KPIs by sector highlighted. As figures in this table are results, forecasts and plans for each sector, their sums do not equal the total consolidated figures.

² Adjusted to reflect PPA allocation, completed Q1 of FY23, on Focus Companies of the U.S., acquired on October 31, 2022.

Sales of Sage and Veloxis have grown steadily after the pandemic, and overseas homes businesses have achieved profit expansion as expected; Respicardia and Bionova, in contrast, are at early stages of business and thus affected by market launch delays

Profit growth during MTP for major M&A deals*



Impacted by COVID-19, but profits are steadily increasing 1–2 years behind the original plan

Impacted by sluggish growth in the automotive market, but now growing steadily as demand recovers

By applying Asahi Kasei Homes' expertise for high quality and industrialization, growing steadily with measures to promote industrialized construction in North America

Despite impact of deteriorating order environment and rising cost of materials, securing profits by raising prices, streamlining processes, and deploying expertise to improve efficiency

Sales continue to grow, although 1–1.5 years later than originally projected; aiming for further growth globally as a market leader in the area of home diagnosis of sleep apnea

Orders from biotech startups declined due to abrupt change in their funding environment; business environment recovering, and capacity expansion advancing to meet future demand growth

Moderate sales growth being a new medical device, impacted by COVID-19 restrictions on activity; aiming for medium- to long-term market expansion by accumulating a track record

* Changes in operating income plus PPA amortization; FY21 baseline except Bionova, Itamar, and Respicardia. FY24 and FY25 are forecasts.

For investments that exceed a certain amount, decisions are made after setting a hurdle rate for each project

Base quantitative evaluation

Base value determined using quantitative indicators of the "volatility" and "investment efficiency" of a business

Required increment above WACC

<div> <div>2</div> <div>Investment efficiency</div> </div>	Low	+4%	+6%	+6%
	Mid	+2%	+4%	+6%
	High	+2%	+2%	+4%
		Low	Mid	High

1

Volatility

Evaluation based on Budget-to-actual deviation of operating income

Additional factors considered

Addition/subtraction by individual factors of a project

Examples

Result of past investments

Hurdle rate may be raised considering profitability of past investments in same business

Positioning in business portfolio

Hurdle rate to be raised uniformly for businesses positioned for earnings improvement or structural transformation

Sustainability

Hurdle rate may be raised considering effect on IRR when internal carbon pricing is applied

**Hurdle rate
for a project**

Sustainable growth of EBITDA, recovering from delay due to impact of COVID-19; continuing proactive investment for medium-term growth

Challenging investment for growth (including plans)

Critical Care

- Entry into field of sleep apnea leveraging business platform and expertise in cardiovascular disease

Global Specialty Pharma

- Successful expansion in U.S. market after addition of Veloxis, reinforcing pipeline (VEL-101 etc.), and broadening areas of therapeutic interest

Bioprocess

- Entry into biologics CDMO (acquisition of Bionova) and investment in capacity expansion

Cash generation from structural transformation and strengthening existing businesses (including plans)

Structural transformation

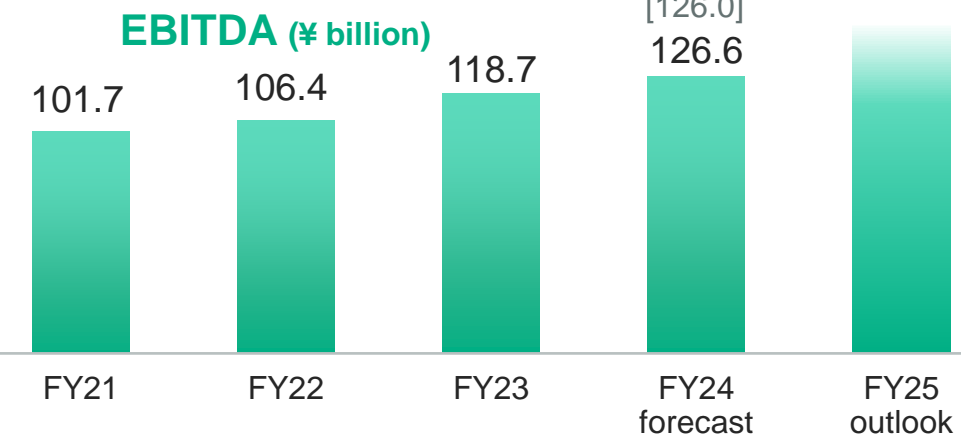
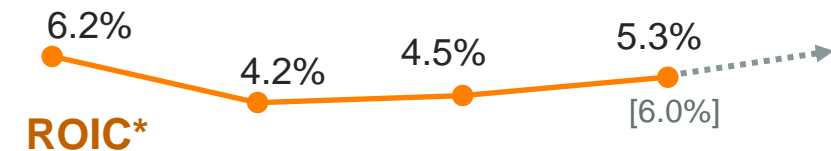
- Restructuring of Sepacell business (portfolio review underway covering all business)

Strengthening existing businesses

- Sales growth of Envarsus XR, Teribone AI, and Kevzara
- Improvement of drug value through IP strategy (Teribone)
- Reinforcement of new drug pipeline through licensing (Empaveli, Doptelet)
- Reinforcement of the bioprocess business platform (e.g. opening of China Bioprocess Technical Center)

Management KPIs

[Figures in brackets are FY24 targets announced in April 2023]



Pursuing EBITDA growth while considering ROIC

Advancing overseas expansion and new business creation with focus on investment efficiency to further increase cash generation in addition to strengthening the profitability of existing businesses

Challenging investment for growth (including plans)

North American and Australian Homes

- Obtaining business platform through successive M&A and further expansion leveraging expertise of Asahi Kasei Homes

Others

- Creating new value through CVC activity
- Exploring new business opportunities through in-house ventures
(Connect Platform Co., Ltd. established in 2022; expanding provision of community platform for residents)

Cash generation from structural transformation and strengthening existing businesses (including plans)

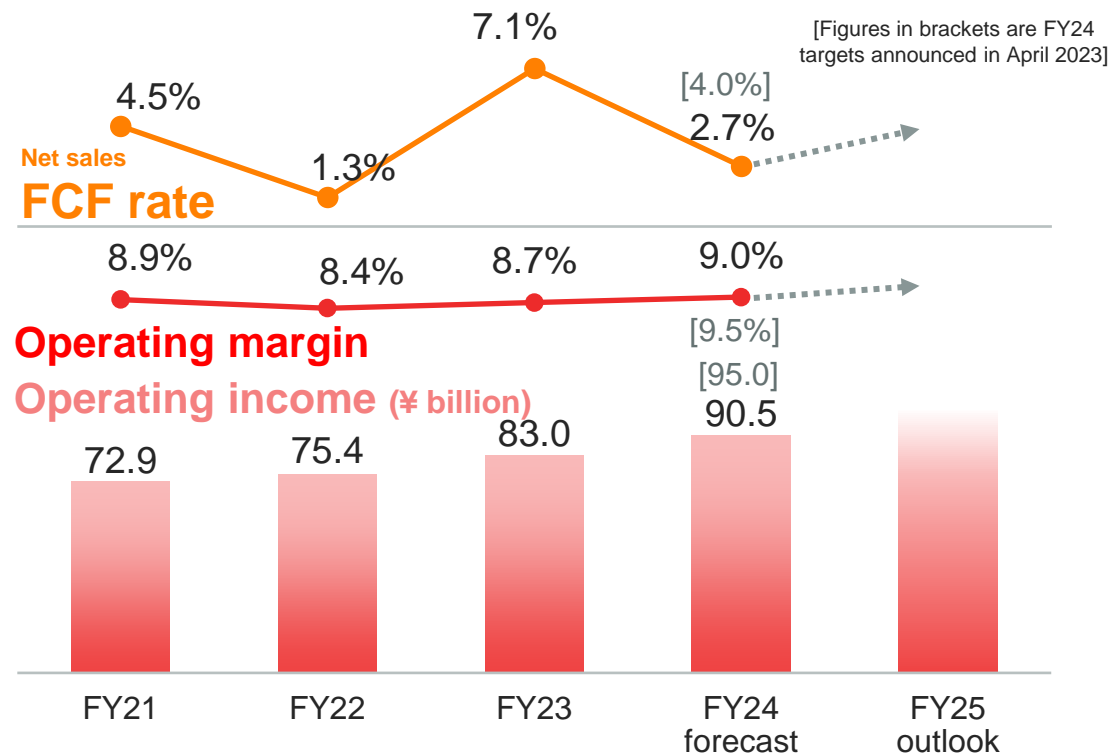
Structural transformation

- Closed Iwakuni Plant for AAC

Strengthening existing businesses

- Enhancing earnings with shift to high-value-added order-built homes business
- Licensing of Neoma Foam insulation material
- Further enhancing resilience
(Japan Resilience Award for 5 consecutive years, Grand Prize twice)
- Promoting GHG reduction in overall business activities
(on track to achieve RE100, obtained SBT certification, endorsement of TCFD recommendations)

Management KPIs



Note on ROIC* FY24 forecast: 26.4% (April 2023 target for FY24: 24.0%)

The cash-generating ability of the business is maintained, with FCF remaining positive even when investments such as M&A were made

Accelerating structural reform in light of sluggish performance; investments for future growth advanced with strong awareness of capital efficiency, including the use of capital from other companies

Challenging investment for growth (including plans)

Energy Storage (separator)

- **Constructing integrated plant in North America** for automotive LIB separators and **adding new coating facilities** in the U.S., Japan, and South Korea

Digital Solutions

- Adding new plant for **Pimel** photosensitive insulator

Hydrogen-related

- Development of **large-scale alkaline water electrolysis system** for **hydrogen production**

CO₂ Chemistry

- Development of **technology to produce chemical products** using **biomass feedstock**

Cash generation from structural transformation and strengthening existing businesses (including plans)

Structural transformation

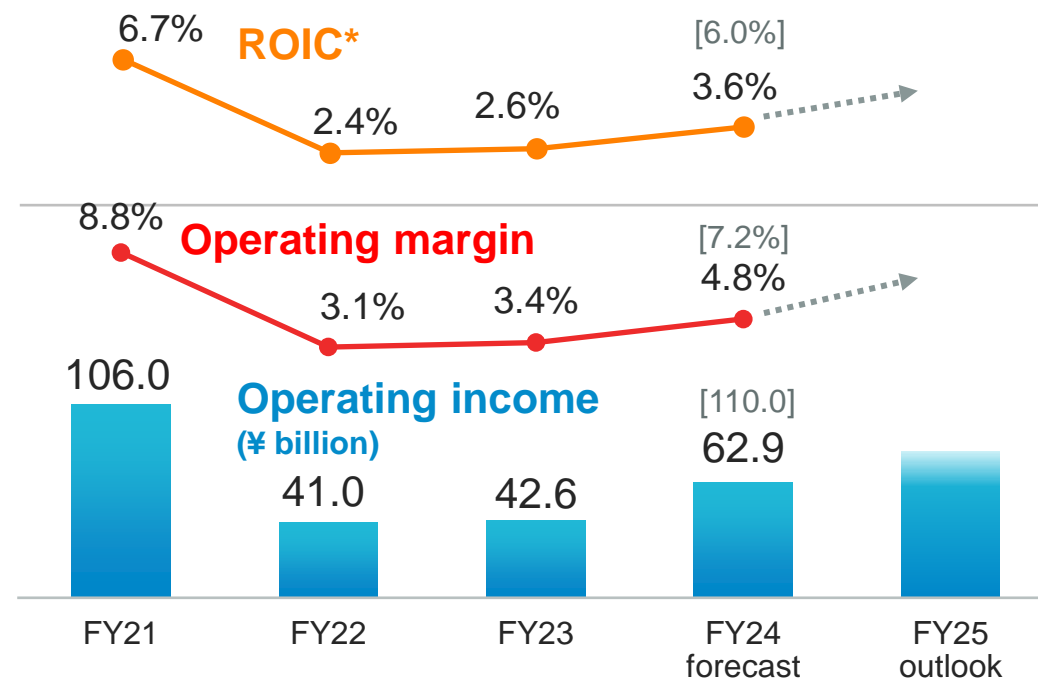
- Established joint venture for **spunbond nonwoven fabric business**
- Divested businesses of **Asahi Kasei Pax** and **photomask pellicles**
- Advancing **short-term viable projects** in petrochemical chain-related businesses

Strengthening existing businesses

- Promoting **high-performance coreless current sensors** for automotive applications
- Expanding **low dielectric glass fabric** for AI servers, switches, and routers

Management KPIs

[Figures in brackets are FY24 targets announced in April 2023]



Gaining improvement through strategic initiatives with customers and higher value-added product mix in addition to accelerating structural transformation

Evolving into a premium partner for pharmaceutical companies, contributing to biologics safety and manufacturing efficiency

- Achieve growth by capturing the needs and business opportunities of the pharmaceutical market multilaterally through the development of diverse products and services

Recent situation

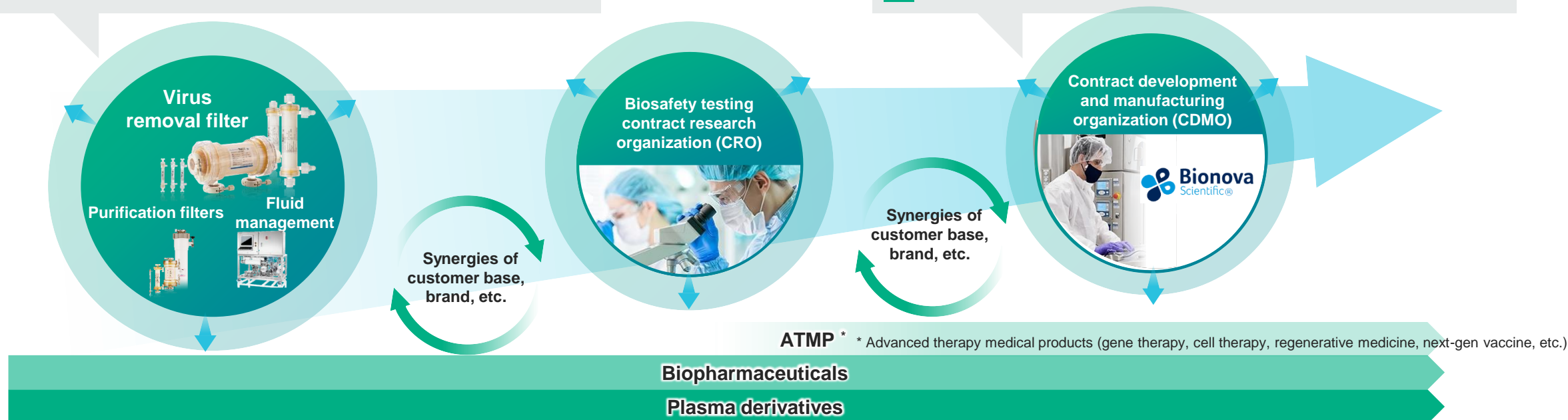
Future measures

- Due to the end of COVID-19 related demand and the customers' safety stock adjustment, sales of Planova virus removal filter temporarily stagnated
- In the medium to long term, **no change in prospect of Planova demand increase** driven by pharmaceutical market growth
- To strengthen market leadership position, **continue to expand production capacity, improve production efficiency, and develop new products**

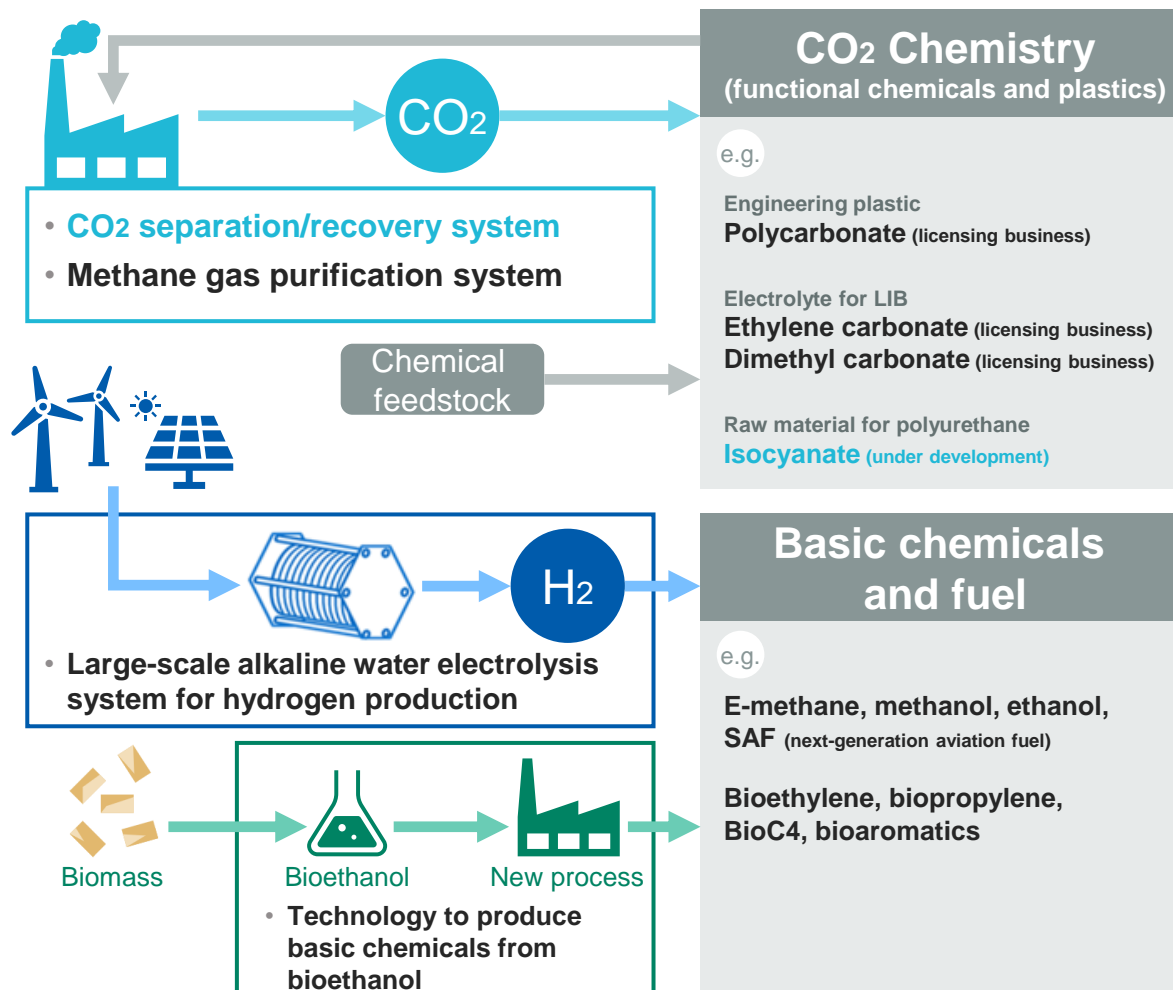
Recent situation

Future measures

- Due to the abrupt change in the funding environment for biotech startups, the number of orders for antibody drugs temporarily stagnated
- Implement **investments in preparation for the funding environment recovery and next growth phase of the market**
 - Feb. 2023: Decided capacity expansion of process development and GMP manufacturing of antibody drugs
 - Investments to enter the gene therapy and cell therapy areas under discussion



While strengthening cooperation with government entities and partner companies, advancing commercialization based on the concept to provide a platform based on the added value of Asahi Kasei's materials and products



Green Innovation Fund project

Development of large-scale alkaline water electrolysis hydrogen production system and demonstration of green chemical plant

Project scale

¥75 billion

Project period

FY21–30

Phase 2 overview

- Supplying chemical plant with hydrogen from 60 MW alkaline water electrolysis system in Malaysia
Demonstration by Asahi Kasei, JGC, and Gentari from 2027 to 2030



AsahiKASEI

Process demonstration and commercialization

Commercial-scale demonstration of basic chemicals production with biomass feedstock

Capacity

40–50 kt

Start of operation

FY27 target

- Connection and integration with refining system of a naphtha cracker
Minimized capital investment and use of mass-balance approach

Lower carbon footprint of products

Certified traceability

Leveraging joint ventures, licensing, etc.

Key technology of petrochemical industry consolidation that can contribute to sustainability

Accelerating the group-wide deployment of digital professionals, with a dedicated DX organization taking the lead, and transitioning to Digital Normal Period in which all employees work with a mindset of digital technology utilization; making a greater contribution to earnings through business process innovation and business model creation



FY24 KPI targets DX-Challenge 10-10-10

10-times more digital professionals¹
FY24 target 2,500 (3-year cumulative)
FY23 result 1,728 (2-year cumulative)

10-times more digital data usage²
FY24 target 10 times
FY23 result 11 times

¥10 billion profit contribution from main projects
FY24 target ¥10 billion (3-year cumulative)
FY23 result ¥7 billion (2-year cumulative)

¹ Compared to 2021. ² Compared to April 2022.

In a world moving toward carbon neutrality and a circular economy, aiming to be the “decarbonization partner” for various industries with a two-pronged approach of obtaining earnings opportunities and fulfilling social responsibilities

Obtaining earnings opportunities related to carbon neutrality and circular economy

Expansion of Environmental Contribution Products

- Certified 23 products as of fiscal 2023, sales proportion* of 32% in fiscal 2022 (e.g., LIB separator, UVC-LED)

* Proportion of total sales excluding Health Care

"Care for Earth" investment framework

- Investment framework of \$100 million in five years
 - ✓ As the first project, investment was made in the U.S. startup NFW developing non-petroleum-based leather alternative



MIRUM®

New business and technology

- Hydrogen-related
- CO₂ chemistry
- Circular economy technology development

Fulfilling social responsibilities (GHG emissions reduction)

Low-carbon energy

- Low-carbon fuel for thermal power generation
- Renovating and maximizing use of hydroelectric power plants
- New investment in renewable energy, switching purchased electricity to renewable energy, etc.

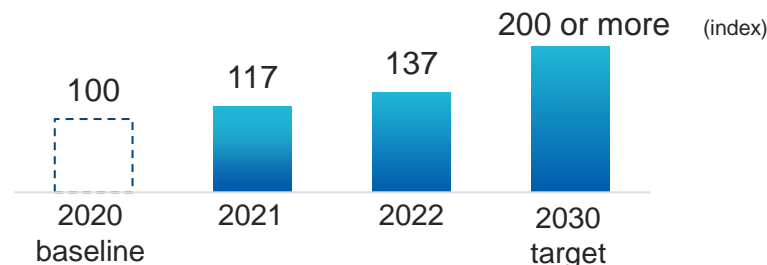
Arrangements for low carbon

- Profitability assessment of capital expenditures incorporating internal carbon pricing (¥15,000/t-CO₂)
- Carbon footprint calculation/systemization

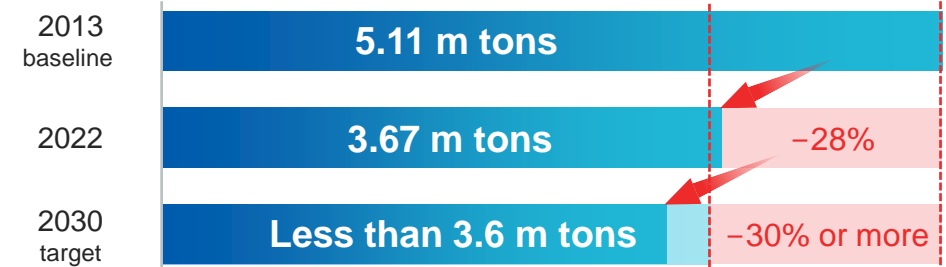
Product and business portfolio transformation

- Evaluating profitability even with investment/cost burden (including carbon tax) required for carbon neutrality, and value provision to customers for carbon neutrality

GHG emission reduction by Environmental Contribution Products



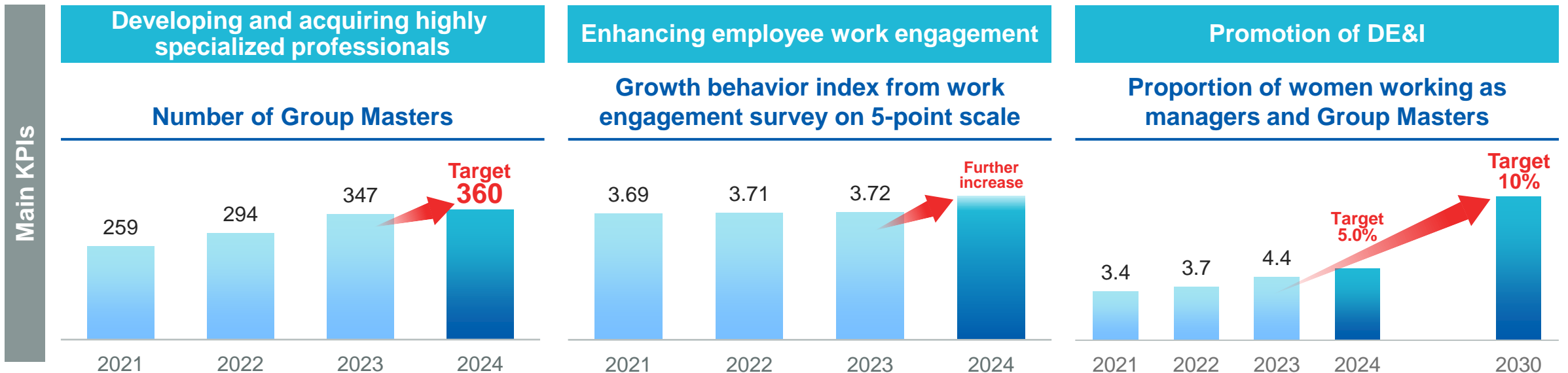
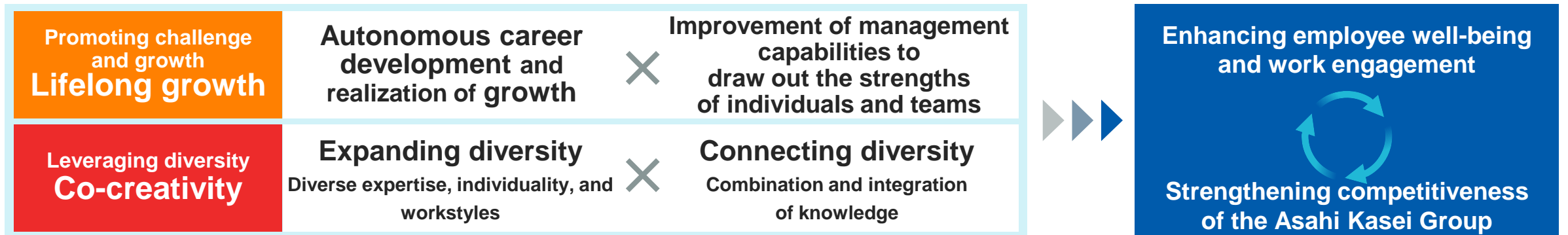
Reduction of our own GHG emissions



Target for reducing domestic GHG emissions in 2030: 46%

KPI progress

“People are our most valuable assets – everything starts with people”
Discovering the future with
“Lifelong growth” and “Co-creativity” of diverse individuals



Maximizing the value of human capital through various initiatives to increase corporate value

Support for challenge, learning and growth

• Proprietary learning platform – CLAP

- **More than 10,000** internal and external e-learning programs (free)
- Enables employees to learn through **tailoring to their occupations and building communities between them**



• Established DE&I Promotion Committee (FY2023)

- Strongly promoting both **top management's commitment** and **proactive efforts of each division**

• Initiatives to promote DE&I

- Unconscious bias training for managerial posts
- Programs (training, mentoring, etc.) for female managerial posts
- Paternity leave for male employees

Promotion of DE&I measures

Support for autonomous career development

• Talent management system – CaMP

- **Visualization of human resources** such as skills and expertise held
- Used to review succession plans and transfers



• Open position system

- **Operating for 20 years** since its introduction in 2003
- Cumulatively some 1,700 positions posted and 500 personnel transferred

Lifelong growth

Co-Creativity

• Miyazaki Prefecture Digital Talent Development Consortium (est. May 2023)

- Collaboration among 5 organizations in industry, academia, and government including Asahi Kasei and Miyazaki Univ. (Yukihiko Uchi* **appointed as special professor**)
- **DX talent development** in Miyazaki Prefecture, the cradle of Asahi Kasei and a center of production



Development of the next generation

* Senior Fellow of Asahi Kasei's Digital Value Co-Creation

Areas focused on thus far

Autonomous risk management in each organization



Clarification of **risk management framework** and **roles of involved parties**

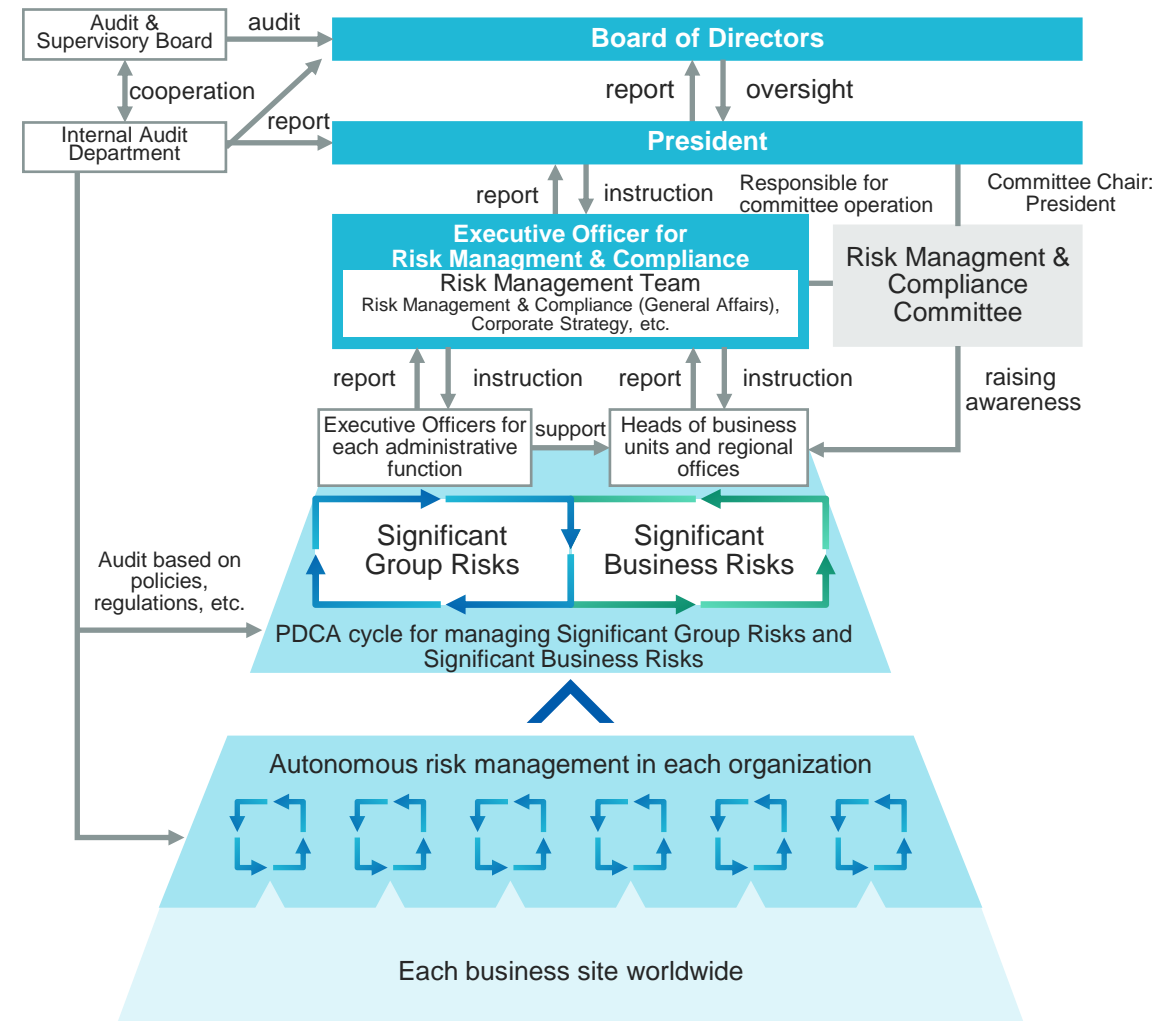
Enhancement of **PDCA cycle** for risk management

Approach to further enhancement

Risk management implementation **corresponding to business characteristics**

Greater **collaboration** between organizations for administration and business operation

Risk management framework and roles of constituents



Effectiveness of the Board of Directors confirmed through evaluation by a third-party organization; continuing measures for further improvement

PDCA cycle to improve the effectiveness of the Board of Directors

PLAN and DO (previous efforts)

- Revised composition of Board of Directors and executive remuneration system
- Enhanced operation of Board of Directors meetings
- Various cooperation and information sharing initiatives

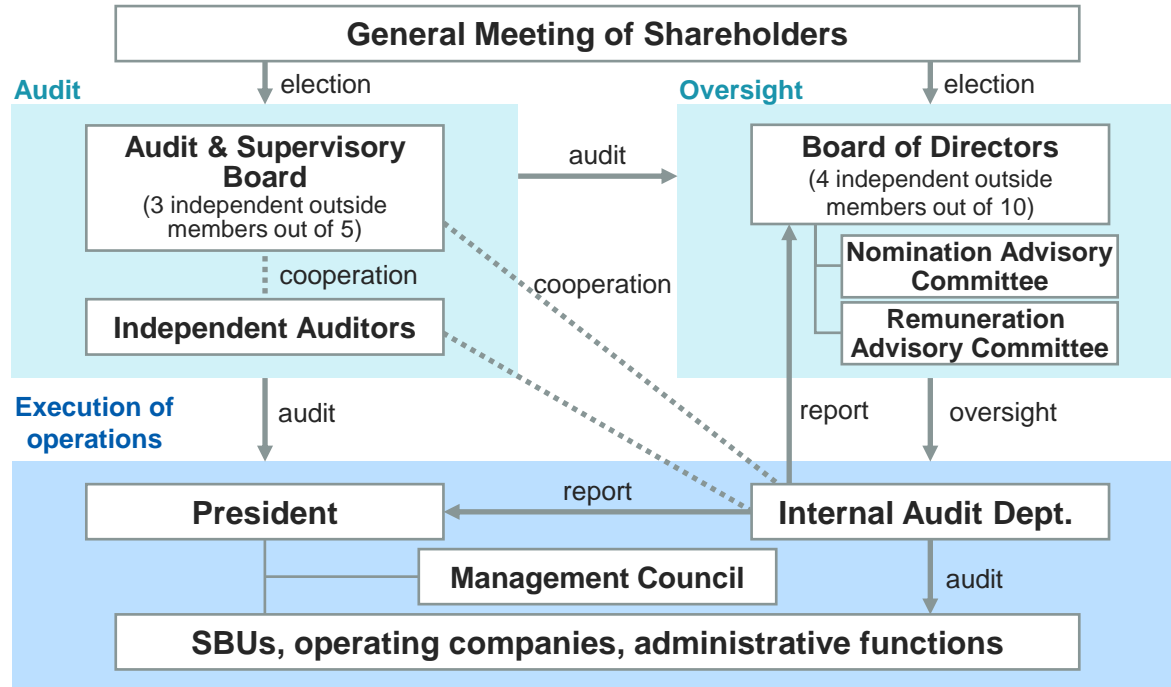
CHECK (third-party evaluation)

- Evaluated as **"Ensuring sufficient effectiveness"**
 - Composition of the Board of Directors
 - Role and function of Directors, Audit & Supervisory Board Members, and Board of Directors
 - Contribution of Outside Directors and Audit & Supervisory Board Members etc.

ACT (future efforts)

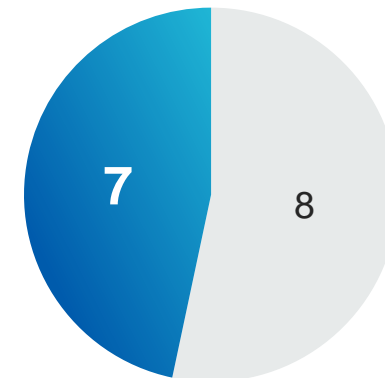
- Further enhancement of **discussions on medium- to long-term perspectives**
 - Business portfolio transformation, allocation of management resources, etc.
- Continuous review of composition of the Board of Directors, etc.

Corporate governance configuration



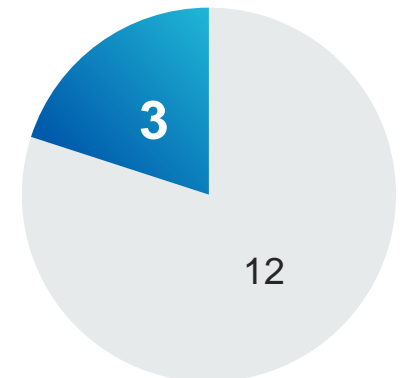
Composition of Board of Directors and Audit & Supervisory Board

Proportion of independent members



Note: 7 independent members out of 15 total members; among Directors, 4 independent members out of 10

Proportion of women



Note: 3 women out of 15 total members; among Directors, 2 women out of 10



Creating for Tomorrow

THE COMMITMENT OF THE ASAHI KASEI GROUP:

To do all that we can in every era to help the people of the world make the most of life and attain fulfillment in living.

Since our founding, we have always been deeply committed to contributing to the development of society, boldly anticipating the emergence of new needs.

This is what we mean by “Creating for Tomorrow.”

Disclaimer

The forecasts and estimates shown in this document are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future to not imply a guarantee of actual outcomes.

