ASAHI YUKIZAI

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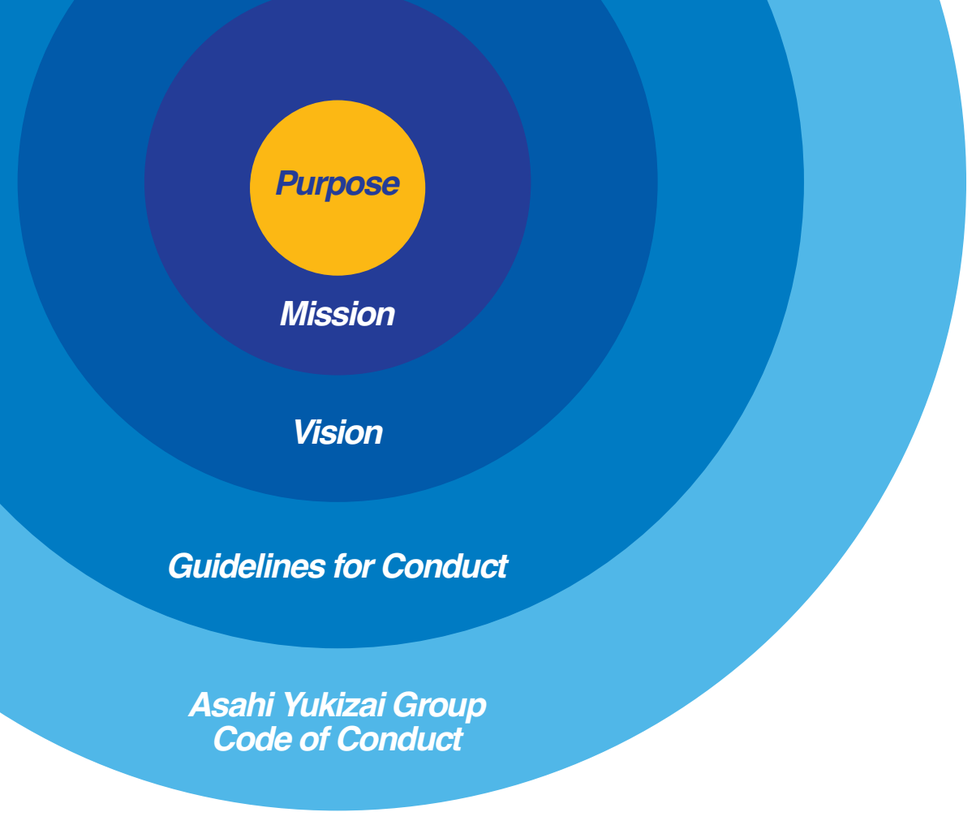
Integrated Report 2025



Philosophy

Purpose

To offer peace of mind through reliable quality and dedicated support.

Mission

To contribute to the customers' manufacturing process with solutions that add value.

Vision

To attempt something that has never been done before and make a real difference in customer experience.

Guidelines for Conduct

Take an interest in and try out new things.

Keep enhancing our sophisticated expertise.

Understand others deeply and discover their issues.

Fulfill our individual roles while remaining mindful of shared goals.

Asahi Yukizai Group Code of Conduct

What we should practice when working for Asahi Yukizai Group and what we should keep in mind.

ASAHI YUKIZAI

Contents

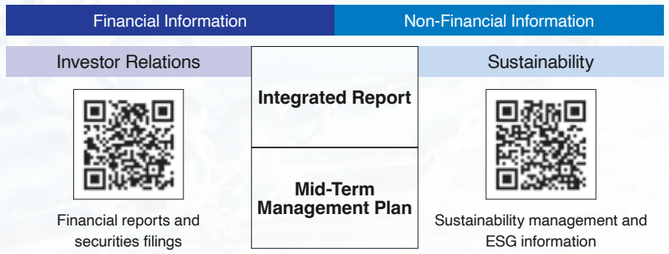
Editorial Policy

This is the first Integrated Report issued by the Asahi Yukizai Group and aims to provide a comprehensive overview of our strategy, business model, and approach to sustainable value creation from both financial and non-financial perspectives. In preparing this report, we have referenced the International Integrated Reporting Framework issued by the IIRC and the Ministry of Economy, Trade and Industry (METI)'s Guidance for Collaborative Value Creation. The primary reporting period covers FY2024 (April 2024 to March 2025). Forward-looking statements included in this report are based on information available at the time of publication and involve inherent risks and uncertainties. Actual results may differ materially due to changes in the business environment and other factors.

Cover Concept

The cover visual represents the Asahi Yukizai Group's core businesses—resin materials, water treatment, and fluid control systems—symbolizing the flow of technology and value creation toward a sustainable future. The rising morning light reflects our corporate name, "Asahi," and our commitment to continuous growth and innovation. Through advanced technologies and close collaboration with customers, we remain dedicated to delivering solutions that create long-term value for society.

Disclosure Framework



Creating and expanding niche markets while strengthening our differentiation toward becoming a Great Niche Top™.

President & CEO
Kazuya Nakano

Asahi Yukizai marked our 80th anniversary in 2025. From our origins in plywood manufacturing, we have consistently pioneered new business areas—including thermoplastic valves, semiconductor materials, and water treatment and resource development. Although our semiconductor-related business endured many years of losses, we persevered and transformed it into a core pillar of growth.

I believe our true strength lies not in scale or market share, but in the long-standing trust we have earned. It is this conviction that gave rise to our vision of becoming a “Great Niche Top™.” From corrosion control solutions that address societal challenges, to PFAS-free solutions, expansion in China and India, and sustained investment in human capital and intellectual property—each of these initiatives is designed to continuously strengthen our sustainable corporate value.
Our mission is to evolve alongside society and our customers, remaining an indispensable partner in their progress. Building on 80 years of achievement, we continue to advance toward our next stage of growth.

Delivering Peace of Mind through Reliable Quality and Dedicated Support

By “niche markets,” we refer to markets that may be modest in size individually, yet exist worldwide and serve structurally essential functions. A truly great company distinguishes itself by delivering distinctive, customer-centric products and services, earning recognition as an indispensable and trusted partner.

The Vision behind “Great Niche Top™”

——What does “Great Niche Top™” mean to you?

Nakano The term "niche top" is often used together with "global" as in "global niche top," and we were honored to be selected for METI’s Global Niche Top 100 Companies in 2020. However, we intentionally chose to define our own vision as "Great Niche Top™."

Our ambition is not to pursue scale or market share, but to become the trusted benchmark of our industry. We aspire to be the company customers immediately think of when it comes to thermoplastic valves and piping systems. In this field, we have built a long-term track record through years of sustained effort. Over time, we have strengthened our core capabilities—including superior corrosion resistance and integrated engineering expertise spanning design, installation, and maintenance. While “global” emphasizes geographic reach, “great” reflects our determination to become an iconic and trusted presence within the industry.

Enabling Customer Evolution through Our Technological Excellence

——What value does Asahi Yukizai provide to society?

Nakano In the Valve & Piping Systems Division, we do far more than simply sell valves. Our core contribution lies in delivering superior corrosion resistance. Corrosion-related challenges exist across industries worldwide, and our strength lies in addressing them comprehensively through integrated products and services from a single source. Around 2014, when I served as Head of the Division, we crystallized this strength into the concept of “corrosion control solutions.”

The Resin Division has long been built on close collaboration with customers, developing materials through continuous co-creation. We have consistently evolved thermosetting technologies—such as phenolic resins—in line with industry needs. The Electronics Materials Business is one such outcome. In addition, the Foundry Materials Business and the Foaming Materials Business form two other core pillars of our portfolio. Across these three pillars, we create value in partnership with our customers in each respective field. While the value delivered by each business differs, at the core our philosophy can be summarized as enabling our customers’ evolution through our technologies.

——Today, semiconductor-related businesses are a core part of Asahi Yukizai’s portfolio. How did this challenge begin?

Nakano When we first entered the semiconductor field, it was a bold strategic challenge for us.
As customers sought to launch new electronics materials business, they turned to us for our proven capabilities in resin synthesis and purification—and we chose to step forward alongside them. The business did not scale overnight. It began in highly specialized niche applications and evolved steadily through continuous experimentation and refinement. Over the past three decades, it has grown into a trusted and indispensable player within the industry.

——It appears that it took many years for those early investments to deliver tangible results.

Nakano Our engagement in the semiconductor field began in the 1990s with resins for electronics materials. Guided by our philosophy of "Challenge, Create, Change" established in 2000, we have consistently pursued a hands-on approach—identifying customer applications, tailoring specifications, and carrying technologies all the way through to full-scale practical adoption.
Dymatrix™, our thermoplastic valve used in semiconductor manufacturing processes, also endured extended periods without profitability. Through continuous improvement, rigorous testing, and refinement, it has now grown into a core pillar of our business. Many of our businesses require time to mature, but this long-term commitment is precisely the source of our competitive strength.

We relentlessly adapt solutions to customer processes, elevate quality and reliability without compromise, translate frontline insights into next-generation designs, confront failures with integrity and root-cause discipline, and invest ahead of demand in people and facilities to ensure stable supply. Only through this accumulation of disciplined execution do we earn the trust to remain a partner of choice for our customers.

At the same time, we take a disciplined approach to portfolio management. Rather than pursuing growth indiscriminately, we regularly reassess businesses where we are not the optimal owner and redeploy resources toward our strategic priority areas.

Growing Businesses through Trial, Learning, and Continuous Improvement

——How have Asahi Yukizai’s core strengths evolved over time?

Nakano Our origins trace back to plywood manufacturing,

where the in-house development of phenolic adhesives for wood bonding laid the foundation for our phenolic resin technologies.
At a time when metal piping dominated the industry, we took the bold step of developing thermoplastic valves. While thermoplastic valves offer clear advantages—such as light weight and corrosion resistance—its application requires specialized expertise in on-site installation.
Initially, we supplied piping materials alone. Over time, however, we expanded into engineering services, delivering optimized design and construction tailored to each site. This integration of materials and implementation significantly enhanced the value we provide to customers.

Our distinctive strength lies in extending beyond the traditional scope of a chemical manufacturer to also engage in on-site implementation and engineering.
While some industry players view on-site involvement as a risk, we see it as an opportunity—one that has become deeply embedded in our corporate culture.
By continuously evolving this approach, we help customers operate their plants with confidence, ensuring stable and uninterrupted production.

We have also long emphasized customer education. Many initially express concerns regarding the strength, pressure resistance, and temperature tolerance of thermoplastic piping.
To address this, we operate demonstration trucks equipped with testing systems, allowing customers to experience product performance firsthand. These mobile units feature full-scale piping systems installed with our products and travel nationwide to deepen understanding and trust.
Through persistent trial and improvement, we have transformed shifting market needs into sustained product innovation.

Building on this organic growth model, we have also expanded our business portfolio to cultivate new growth pillars. In 2013, we brought Drico into the Group as a strategic step toward establishing a third core business.
Drico is engaged in the design, construction, and maintenance of water treatment facilities, and also operates geothermal and hot spring well drilling businesses.

Leveraging Drico’s proprietary design and construction capabilities, we are planning to strengthen collaboration with the engineering function of the Valve & Piping Systems

Division to create even greater integrated value.

Strengthening Frontline Execution Capability and Cultivating Proactive Talent

——What do you expect from employees to make the value creation process truly effective, and how does Asahi Yukizai support their development?

Nakano At Asahi Yukizai, we place strong emphasis on what we call “frontline execution capability” —the ability of those closest to operations to make timely, flexible decisions in response to change.
To strengthen this capability, we focus on developing individuals who act autonomously rather than waiting for instructions. We believe people grow through relationships, and cultivating proactive talent is essential to our culture.

To become a Great Niche Top™, deep specialization is not optional—it is the foundation of our corporate value. We must possess expertise and insight that earn the trust and respect of our customers.

At the organizational level, we are systematically developing future leaders who can guide the Company as a whole. Establishing a robust succession plan is critical to ensuring management continuity. From an organizational development perspective, we prioritize strengthening the quality of relationships across the organization, alongside continued investment in both talent and organizational development.

For managers in particular, self-awareness is a core competency. By actively embracing feedback and understanding their strengths and challenges, leaders improve how they engage with others and foster a culture of listening. This, in turn, enhances the ability to ask fundamental questions and enables deeper thinking and dialogue.
To strengthen these capabilities, we have implemented a leadership development initiative focused on enhancing managers’ listening. Now in its third year, it has been expanded to middle management and has become a key driver of cultural transformation.

We have also promoted continuous learning through initiatives such as professional certification programs. While these efforts have helped build a learning-oriented culture, strengthening team performance will be an increasingly important focus going forward.
Ultimately, we believe leadership is defined not only by individual capability, but by the ability to build and empower high-performing teams.

Mid-Term Management Plans: GNT2025 and GNT2030

——Could you share your assessment of the achievements and remaining challenges under the Mid-Term Management Plan for FY2021–25 (GNT2025)?

Nakano Over the five-year period of GNT2025 beginning in FY2021, we navigated profound global shifts, including the COVID-19 pandemic, geopolitical decoupling between the U.S. and China, and a surge in semiconductor demand. Against this backdrop, we executed our strategy around four core pillars: accelerating growth in semiconductor-related businesses and International markets, strengthening the profitability of our domestic operations, restructuring low-performing businesses—including strategic exits where appropriate—and cultivating new business opportunities to expand our long-term growth potential.

Our operating profit target was ¥12.0 billion, and in FY2023 we temporarily exceeded this level, reaching ¥15.6 billion, supported by strong investment in semiconductor fabrication in the U.S.
However, the external environment has remained volatile, and profits are expected to decline across FY2024–25. While we received requests to revise numerical targets, we maintained a consistent strategic direction.

Through this period, two structural constraints became clear. These were limitations in human resources and production capacity. Recognizing these issues in FY2023, we accelerated hiring for FY2024–25 and advanced capital investments both earlier and at a larger scale than originally planned.
In the Electronics Materials Business, for example, we invested approximately ¥6.0 billion in our Aichi Plant and completed a new facility in 2024. Originally planned at roughly half that level, the investment was expanded in response to market growth and our strengthening competitive position, enabling us to serve both advanced and legacy semiconductor segments.

These strategic investments increased fixed costs, including labor and depreciation.
As a result, operating profit is projected at ¥11.1 billion in FY2024 and approximately ¥7.5 billion in FY2025—lower year over year, yet still well above the roughly ¥4.0 billion level at the outset of GNT2025.
We were also significantly affected by currency movements, with the yen weakening from an assumed ¥120 per U.S. dollar to levels approaching ¥160.

While short-term results fluctuated due to external factors, our strategic direction has remained unchanged. Adjustments were limited to the timing and scale of investment.
Looking ahead to the next mid-term management plan, we clearly recognize that meaningful investment is essential to advance to our next stage of growth. We have now entered a phase of proactive investment to meet rising customer expectations and capture long-term opportunities.

——In November 2025, the outline of the new Mid-Term Management Plan for FY2026–30 (GNT2030) was announced. Could you share the thinking behind it?

Nakano Before formulating GNT2030, we conducted a thorough review of GNT2025.
Under GNT2025, we focused on international expansion, semiconductor-related businesses, and improving domestic profitability, and achieved steady progress.

While GNT2030 sets ambitious targets for sales and profits toward 2030, its defining feature is that it represents a strategic investment phase designed to propel our next stage of growth.
To achieve these objectives, we will drive disciplined execution through both near-term initiatives and medium-

term growth programs, clearly defining strategic priorities and implementation roadmaps across each business division.

In the Valve & Piping Systems Division, we are deepening our focus on semiconductor applications while accelerating international expansion, particularly in the U.S. and China, which we position as core growth markets.
The U.S. alone accounts for 20–25% of Group sales and remains a critical base despite near-term uncertainty related to trade policy. China, while facing economic headwinds, continues to align with our strategy of local production for local consumption, and we will continue targeted investment in the market.

Our distribution model is another competitive advantage, with roughly 70–80% of sales conducted through Group companies under direct management globally.
In parallel, we are scaling up prefabrication—off-site manufacturing of integrated piping solutions—in the U.S. and Japan to enhance project value and drive sales growth.

In the Resin Division, electronics materials for semiconductor applications remain the primary growth engine.
While the Foundry Materials Business faces challenging domestic conditions, international markets—particularly China and India—offer significant growth potential, and we plan to advance capital investment in India in anticipation of future demand.
Our Foaming Materials Business also represents a differentiated offering, providing spray-applied insulation solutions. Leveraging construction capabilities within the Group, we aim to strengthen our market presence and enhance integrated solution value.

Driving Growth through Strategic Investment

——Could you share your approach to growth investment and capital policy, particularly from the perspective of capital efficiency?

Nakano Under GNT2025, we have undertaken significant strategic investments, particularly in growth areas such as electronics materials. While these investments have increased fixed costs and impacted near-term profitability beginning in FY2024, sustainable growth is not possible without proactive investment.

In China, demand for our resin products continues to expand amid accelerating localization trends. In Nantong, we are constructing a new plant with approximately three times the capacity of our existing facility, scheduled for completion in 2027. This project represents a key strategic initiative under GNT2025, and will contribute to strengthening China's industrial infrastructure.

With respect to capital policy, we have introduced a new shareholder return framework based on sustainable profit growth. Under a progressive dividend policy, we target a cumulative total shareholder return ratio of 50–70% for FY2025–30. While maintaining financial soundness, we aim to deliver proactive and balanced returns.
This approach reflects our commitment to disciplined capital allocation and capital-efficient management. We place strong emphasis on investor engagement, actively communicating through earnings briefings and other channels to ensure accountability.
For investments in international operations and new businesses, which inherently involve higher risk, we articulate their long-term value creation potential and proceed with stakeholder understanding.

Investment in human capital and intellectual capital is another core pillar of our capital strategy. Initiatives such as positioning work engagement as a KPI reflect our view that people-related spending is not a cost, but a long-term investment in growth. In parallel, strengthening knowledge transfer while leveraging AI and digital transformation is essential to enhancing capital productivity.

Through this integrated approach, growth investment and capital policy are closely aligned. We prioritize sustained investment to support medium- to long-term growth without being overly influenced by short-term earnings volatility, while consistently engaging with investors and maintaining a strong focus on capital efficiency and long-term trust.

Advancing Environmental Initiatives

——How are you addressing environmental challenges?

Nakano From an environmental perspective, regulatory scrutiny of per- and polyfluoroalkyl substances (PFAS) is intensifying in Europe and the U.S. While PFAS have long been used across various applications, concerns regarding their persistence in the human body and the environment have raised health and sustainability issues.
In response, we are developing valves incorporating PFAS-free materials and began pilot testing in collaboration with Kurita Water Industries Ltd. in spring 2025. Beyond this, by supplying highly corrosion-resistant thermoplastic piping materials, we help extend the service life of water treatment facilities. This contributes to reduced maintenance burdens, lower waste generation, and a smaller overall environmental footprint.
More broadly, Japanese manufacturing is characterized by strength in the upstream segments of the industrial value chain, supported by a network of highly specialized niche companies. These companies sustain critical industries through complementary expertise.
For example, semiconductors cannot be produced without photoresists—and companies like ours play a vital role in supporting those photoresist manufacturers within this industrial ecosystem.

Continuing Our Journey as a Great Niche Top™

——Finally, what message would you like to share with stakeholders who are reading this integrated report?

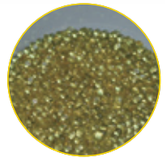
Nakano The Asahi Yukizai Group remains firmly committed to becoming a Great Niche Top™ company, earning the trust of our customers and society. To realize this vision, we will continue to challenge ourselves as we move toward our next stage of growth.
We sincerely appreciate the continued support and engagement of our stakeholders and look forward to building long-term value together through open dialogue and mutual trust.

Our History

Our predecessor, Nicchitsu Kozai Kogyo Co., Ltd., was established in Nobeoka City, Miyazaki Prefecture, on March 12, 1945. In 2025, we marked the 80th anniversary of our founding. The following section outlines our journey over the past eight decades.

1946
Molding materials "AV Light" launched

1954
Shell mold resin for casting launched



1956
ASAHIAV™, the world's first injection-molded thermoplastic stop valve, launched

1959
Diaphragm valves launched

1963
Resin-coated sand (RCS) launched

1965
Ball valves launched

1968
Aichi Plant constructed; production of shell mold resin and RCS commenced

1969
Butterfly valves launched

1977
Demonstration trucks introduced for customer visits

1989
Phenol urethane resin system for on-site foaming launched

1990
Resins for electronics materials launched

1991
Research Center constructed at Nobeoka Head Office

Hiroshima Plant constructed; RCS production commenced

1996
Tochigi Plant constructed; RCS production commenced

1998
PVC pipe production commenced at Tochigi Plant

1999
Asahi/America, Inc. joined the Group (consolidated subsidiary / U.S.)

2000
Dymatrix™ series launched

Amori Techno Center constructed; Engineering Department relocated from Nobeoka Plant

2004
Aichi Research Laboratory constructed

2005
Asahi Organic Chemicals Trading (Shanghai) Co., Ltd. established (consolidated subsidiary / China)

2006
Asahi Organic Chemicals (Nantong) Co., Ltd. established (consolidated subsidiary / China)

2008
Asahi AV Valve (Shanghai) Co., Ltd. established (consolidated subsidiary / China)

2011
FALCONICS™ launched

2012
HexaPass™ low-odor RCS launched

Polyurethane grouting materials for tunnel construction launched

Asahi Modi Materials Pvt. Ltd. established (consolidated subsidiary / India)

2013
Drico Co., Ltd. joined the Group (consolidated subsidiary / Japan)

2014
Asahi Korea Co., Ltd. established (consolidated subsidiary / South Korea)

Asahi AV Europe GmbH established (consolidated subsidiary / Germany)

2016
Asahi Asia Pacific Pte. Ltd. established (consolidated subsidiary / Singapore)

Asahi Yukizai Mexico S.A. de C.V. established (consolidated subsidiary / Mexico)

2017
Daiwa Kousan Co., Ltd. joined the Group (consolidated subsidiary / Japan)

2018
Asahi AV Japan Co., Ltd. and Asahi AV Trading Co., Ltd. merged; company name changed to AViTOP Co., Ltd. (consolidated subsidiary / Japan)

Middle East Branch opened

2019
Rand Wick Co., Ltd. joined the Group (consolidated subsidiary / Japan)

Asahi Africa (Pty) Ltd. established (non-consolidated subsidiary / South Africa)

1945 Founding

1950 Company name changed

1960 Over-the-counter listing (OTC market)

1974 Listed on the First Section of the Tokyo Stock Exchange

1983 Capital increased to ¥5.0001 billion

2001 Dual head office system adopted (Nobeoka and Tokyo), together with two business divisions (Valve & Piping Systems and Resin)

2014 Water Treatment & Natural Resources Development Control Administration established; three-division structure adopted

2016 Company name changed to Asahi Yukizai Corporation

2022 Listed on the Tokyo Stock Exchange Prime Market

1945 *1950* *1960* *1970* *1980* *1990* *2000* *2010* *2020*

Global Events

1945 End of World War II

1961 Yuri Gagarin becomes the first human in space

1964 Tokyo Olympic Games held

1969 Apollo 11 lands on the moon

1980 Iran-Iraq War breaks out

1990 German reunification

2001 September 11 terrorist attacks in the U.S.

2008 Global Financial Crisis triggered by the collapse of Lehman Brothers

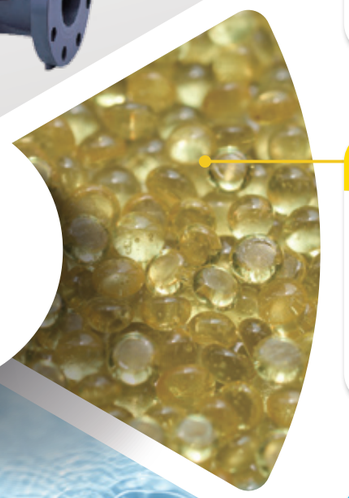
2011 Great East Japan Earthquake

2020 COVID-19 pandemic spreads worldwide

2021 Tokyo Olympic Games held

Our Businesses

We operate three business segments that support manufacturing processes around the world.
The Valve & Piping Systems Division provides thermoplastic valves and piping equipment, while the Resin Division supplies synthetic resins for the automotive, housing and construction, and electronics industries. In addition, the Water Treatment & Natural Resources Development Division delivers comprehensive solutions for water treatment and natural resources development.



Valve & Piping Systems Division

ASAHI AV

Nobeoka Plant
(Nakanose-cho, Nobeoka-shi, Miyazaki)

- AViTOP Co., Ltd.
- Asahi/America, Inc.
- Asahi Organic Chemicals Trading (Shanghai) Co., Ltd.
- Asahi AV Valve (Shanghai) Co., Ltd.
- Asahi AV Europe GmbH
- Asahi Korea Co., Ltd.
- Asahi Asia Pacific Pte. Ltd.
- Daiwa Kousan Co., Ltd.

Resin Division

- Asahi Organic Chemicals (Nantong) Co., Ltd.
- Asahi Modi Materials Pvt. Ltd.
- Asahi Yukizai Mexico S.A. de C.V.
- Rand Wick Co., Ltd.

Water Treatment & Natural Resources Development Division

- Drico Co., Ltd.
- Drico Aqua Serve Co., Ltd.

ASAHI YUKIZAI

- Corrosion Resistance
- Low Particle Generation
- Engineering Solutions
- Prefabrication
- PFAS Compliance
- Low Metal Content
- Low Odor
- High Thermal Insulation
- Water Treatment
- Drilling Technology

- Electronics Industry (Semiconductors / FPDs / Solar Cells)
- Steel & Non-Ferrous Metals
- Chemicals & Electrochemical Plants
- Water Treatment (Wastewater / Water Supply)
- Aquariums & Aquaculture
- Agriculture
- Mining
- Seawater Desalination
- Automobile & Construction Machinery
- Building & Housing
- Tunnels
- Hot Springs
- Geothermal Power Generation

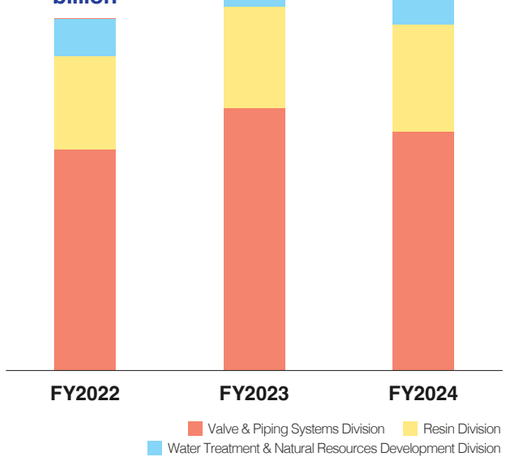
- Japan
- United States
- China
- South Korea
- ASEAN
- India
- Europe
- Middle East
- Africa
- Mexico

Asahi Yukizai at a Glance

(as of March 31, 2025)

Net Sales

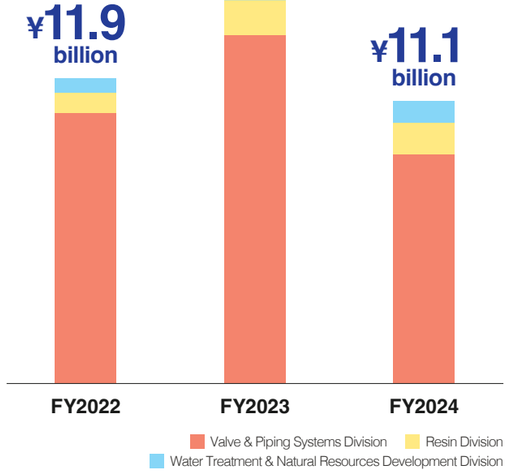
¥77.1 billion
¥87.4 billion
¥85.2 billion



Net sales reached a record high of ¥87.4 billion in FY2023. In FY2024, net sales totaled ¥85.2 billion, affected by declines in the U.S. and China.

Operating Profit

¥11.9 billion
¥15.6 billion
¥11.1 billion



Operating profit reached a record high in FY2023. In FY2024, operating profit remained high at ¥11.1 billion.

International Sales

37.2%

We continue expanding our global business, particularly in the U.S. and China. The Valve & Piping Systems Division accounts for 48.2% of sales, while the Resin Division accounts for 27.9%.

R&D Expenses

¥1.8 billion

We accurately grasp customer needs in each business division, strengthen and expand our core businesses, and promote R&D that explores adjacent fields and establishes new businesses.

Capital Expenditure

¥4.9 billion

Capital expenditure in FY2024 remained near ¥5.0 billion. This reflects continued investment in the Resin Division's Aichi Electronics Materials 2nd Plant.

Equity Ratio

73.4%

The equity ratio remains high at 73.4%. This supports a stable management foundation backed by sound financial strength.

ROIC

9.6%

ROIC exceeds the 9% target of the Mid-Term Management Plan for FY2021-25 (GNT2025). We will continue to improve capital efficiency.

ROE

10.3%

ROE stands at 10.3%, indicating efficient use of shareholders' equity and stable profitability.

Employees (Consolidated)

1,787

Business expansion and a focus on growth areas have increased employee numbers. We view our people as a key asset and strengthen talent development and engagement.

GHG Emissions Reduction

20% (vs. FY2021)

We aim to reduce Scope 1 and 2 GHG emissions by 42% by FY2030 compared with FY2021. As of FY2024, emissions have already been reduced by 20%.

Value Creation Process

Building on the organizational knowledge cultivated over 80 years of delivering value to customers—and guided by our mission, “To contribute to the customers’ manufacturing process with solutions that add value”—we aim to expand globally while enhancing both corporate and social value.

Managing Resources

▼Financial Capital
Sound financial foundation enabling continued investment
- ☑Growth investments: ¥4,892 million
- ☑Equity ratio: 73.4%

Management focused on stock price and cost of capital

▼Manufacturing Capital
Global manufacturing footprint and production capabilities
- ☑Japan: 5 manufacturing sites
- ☑International: 5 manufacturing sites

▼Intellectual Capital
Technology and expertise cultivated over 80 years
- ☑R&D expenses: ¥1,753 million
- ☑Engineering expertise

▼Human Capital
Human resources committed to delivering value to customers
- ☑Group employees: 1,787 (consolidated)

▼Social Relationship Capital
Long-term customer base and trusted relationships
- ☑Strong relationships with customers
- ☑Global network of partner companies

▼Natural Capital
Natural resources required for business activities
- ☑Energy consumption: (Scope 1 and 2) 463 GJ
- ☑Water consumption: 854 km³

Delivering Value to Customers

▼Our Strengths
Corporate culture of sincerely empathizing with customers

Advanced technologies and engineering expertise refined over 80 years

Global value delivery network

▼Business Segments
Valve & Piping Systems Division

Resin Division

Water Treatment & Natural Resources Development Division

Our Philosophy

Purpose	To offer peace of mind through reliable quality and dedicated support.
Mission	To contribute to the customers’ manufacturing process with solutions that add value.
Vision	To attempt something that has never been done before and make a real difference in customer experience.

▼Mid-Term Management Plan for FY2026–30 (GNT2030)

Value-driven management focused on the cost of capital, and business growth through portfolio strategy

Basic Strategy
- Positioning the period up to FY2030 as a preparation phase for future growth, we will actively implement growth investments—such as new plant construction and new product development—while giving due consideration to the cost of capital, improving operational efficiency through digitalization, and investing in human capital.
- We will strengthen our semiconductor business and accelerate global expansion by broadening our portfolio of high-value-added products and driving growth through overseas plant construction, M&A, and strategic alliances.

Outputs
FY2030 targets
Net sales: ¥120.0 billion
Operating profit: ¥20.0 billion
ROIC: 10%　ROE: 15%

Outcomes

Our Vision

▼Great
We strive to be a symbol of excellence in our industry by passionately solving customer challenges and continuously evolving the knowledge we’ve cultivated over generations.

▼Niche
We are committed to creating and expanding unique markets, organically integrating our accumulated assets and expertise through a value delivery model that anticipates change.

▼Top
We aim to remain a frontrunner by creating value that resonates globally—with both customers and society—through purpose-driven innovation and impact.

Outputs

Long-term outlook (around 2035)

Net sales: ¥200.0 billion
Operating profit: ¥40.0 billion
ROIC: 13%　ROE: 18%

Key Management Issues (Materiality)

- Strengthening the management foundation
- Delivering safe and reliable solutions through organizational knowledge
- Creating social value and contributing to customer innovation

Material Selection Process

To realize our vision of Great Niche Top™ in line with our corporate philosophy, it is essential to identify material issues with significant impact, set medium- to long-term goals perspective, and work toward achieving them.

Based on the concept of double materiality and aligned with our corporate philosophy and vision, we have identified priority material issues following approval by the Board of Directors.

For each material issue, we have established KPIs and are addressing them over the medium to long term in alignment with our new mid-term management plan, with the aim of creating value for both our company and society, including the environment. We will periodically review these material issues to assess whether any adjustments are necessary in response to changes in the internal and external business environment.

Step 1

Identification of potential material issues

We broadly identify potential material issues based on international standards such as ISO 26000 and the SASB standards, as well as peer company practices and industry trends.

Step 2

Prioritization of material issues

Through interviews with executives, we prioritize potential material issues from a double materiality perspective, considering impacts on the environment and society as well as on our company, while ensuring alignment with our corporate philosophy and vision.

Step 3

Finalization of material issues

Material issues are finalized following deliberation and approval by the Board of Directors.

Three Material Issues for Value Creation

Material Issues	Targets		
Strengthening the Management Foundation	Leveraging digital technologies to drive innovation, transform business models, and enhance productivity	Increasing the robustness of our entire supply chain, from procurement and production to logistics and sales	Strengthening risk management, including information security, sustainability management, and global governance
Delivering Safe and Reliable Solutions through Organizational Knowledge	Enabling employees to maximize their abilities and work safely while maintaining both physical and mental well-being Human capital KPIs see page 47	Consistently providing customers with safe and reliable products and services	Actively developing products and services that anticipate evolving customer and market needs Effectively utilizing accumulated technologies and expertise
Creating Social Value and Contributing to Customer Innovation	Making environmental contributions through business activities while preventing negative environmental impacts Sustainability KPIs see page 43	Contributing to community development through collaboration among industry, academia, and government	Driving to customer innovation through the creation of new materials, technologies, and application areas in response to emerging market needs

Outline of the New Mid-Term Management Plan for FY2026–30 (GNT2030)

Our goal is to become a frontrunner that resonates with society by relentlessly pursuing the creation and expansion of unique markets as an industry icon. We are entering a crucial phase to steadily implement the outcomes of our investments toward achieving our vision of becoming a "Great Niche Top™."

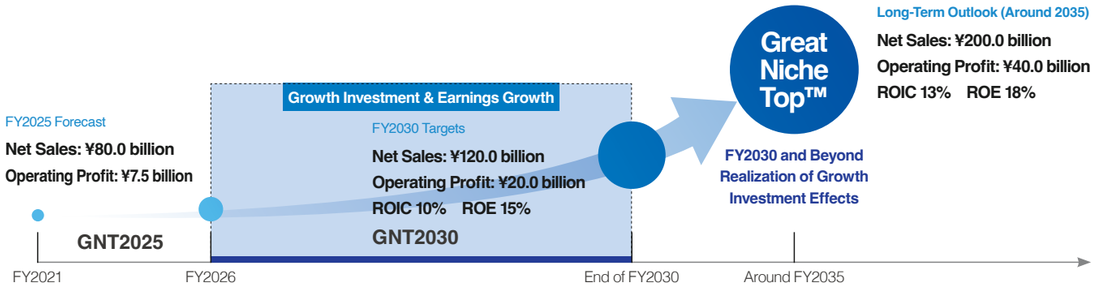
Our Vision and the Positioning of GNT2030

The outline of GNT2030 redefines “Great Niche Top™” as our vision.

Vision

Great：We strive to be a symbol of excellence in our industry by passionately solving customer challenges and continuously evolving the knowledge we’ve cultivated over generations.
Niche：We are committed to creating and expanding unique markets, organically integrating our accumulated assets and expertise through a value delivery model that anticipates change.
Top：We aim to remain a frontrunner by creating value that resonates globally—with both customers and society—through purpose-driven innovation and impact.

We regard GNT2030 as a crucial phase for building a new value delivery model while steadily expanding profits and laying the groundwork to become a frontrunner by realizing the outcomes of our investments.



Strategic Framework of GNT2030

With our mission of “To contribute to the customers’ manufacturing process with solutions that add value,” we aim to grow and expand our business and enhance our corporate value. Leveraging our design and production techniques, manufacturing capabilities, quality control, engineering expertise, responsiveness to customer needs, and other strengths cultivated over eighty years of providing solutions, we will focus on the following three growth strategies.

Financial Strategy (Supporting Growth)

Cash Allocation: Strengthening growth investments and shareholder returns by appropriately leveraging debt while maintaining financial soundness

ROIC Management: Optimizing the allocation of management resources with a focus on capital efficiency

Three Growth Strategies

We position the transformation of our domestic business model as our highest priority and will actively promote it. We will enhance our intangible assets and technologies while accelerating semiconductor business expansion and strengthening our global presence.

Regional Niche-Leading Strategy

*Excludes semiconductor businesses

U.S.

Expansion of prefabrication facilities

Middle East & Africa

Promoting metal replacement (in desalination, electrolysis, and chemical processes)

India

Considering construction of a 2nd resin-coated sand (RCS) plant

China

Expanding production of high-performance resin for foundry applications

Deepening and Expanding the Semiconductor Business

Valve & Piping Systems Division

Establishment of a global supply system for Dymatrix™ products
Nobeoka, Japan: Exploring utilization of Asahi Kasei Microdevices’ semiconductor manufacturing facilities
China: Considering local production to enable stable supply tailored to local market needs

Resin Division

- Development of electronics materials for rapidly growing downstream processes
- Enhancing local production in China (expanding capacity through construction of the Nantong Electronics Materials 2nd Plant)

Transforming Domestic Business Models (from Competition to Co-Creation)

Valve & Piping Systems Division
×
Water Treatment & Natural Resources Development Division

Business model transformation for integrated provision of corrosion control solutions combining products and services

Resin Division – Foundry Materials

- Restructuring and co-creating the RCS business in collaboration with other companies
- Expanding proprietary resin technologies with high performance and low environmental impact across Japan and global casting industries

Resin Division – Foaming Materials

- Further strengthening integrated material and construction operations with Group construction companies (Rand Wick)
- Building a stable construction system by enhancing product quality and performance

Key Financial Indicators

We aim for net sales of ¥120.0 billion, operating profit of ¥20.0 billion, ROIC of 10%, and ROE of 15% in FY2030. For shareholder returns, we target a cumulative payout ratio of 50–70% over six years from FY2025. Our long-term outlook for around 2035 targets net sales of ¥200.0 billion, operating profit of ¥40.0 billion, ROIC of 13%, and ROE of 18%.

Financial targets under GNT2030

	Item	Actual Results FY2024	FY2025 Forecast	FY2030 Targets	Long-Term Outlook (2035)
Profitability	Net Sales	¥85.2 billion	¥80.0 billion	**¥120.0 billion**	**¥200.0 billion**
	Operating Profit	¥11.1 billion	¥7.5 billion	**¥20.0 billion**	**¥40.0 billion**
	EBITDA	¥14.0 billion	¥11.1 billion	**¥30.0 billion**	–
	Net Profit	¥7.6 billion	¥5.1 billion	**¥14.0 billion**	–
Capital Efficiency	ROIC	10%	6%	**10%**	**13%**
	ROE	10%	–	**15%**	**18%**
Financial Soundness	D/E ratio	0.08	–	**≤ 0.5**	–
Shareholder Returns	Total Payout Ratio	40%	–	**50–70%***	–

*The total payout ratio is targeted at 50–70% over six years from FY2025, while maintaining financial soundness with a D/E ratio of 0.5 or below.

Executive Vice President & COO
Sueyoshi Suetome

Primary Executive Officer & CFO
Hideo Hikami

Insights from the COO and CFO

Our Strategy for Sustainable Growth

As we introduce the outline of our new Mid-Term Management Plan for FY2026–30 (GNT2030) and enter a new phase of growth, we asked the COO and CFO about the initiatives they will pursue to achieve it.

Enhancing Intangible Assets is Key to Business Growth

——The CxO structure was introduced in April 2025. Has this changed the decision-making process or the way the organization operates?

Hikami It is still early, so the changes may not yet be fully visible. However, the CEO, COO, and CFO are now working more closely together, with strong alignment on strategic direction. Since the second half of this fiscal year, we have restructured our executive meetings so that each CxO holds clearly defined decision-making authority. We operate as a more unified CxO leadership team.

Suetome People have started calling me “COO,” which still feels a bit unfamiliar. In practice, however, my role has not fundamentally changed. My priority remains to support our frontline teams so they can perform at their best.

——The outline of the new Mid-Term Management Plan for FY2026–30 (GNT2030) places greater emphasis on human capital investment as a key intangible asset. From an intellectual property perspective, the transfer of know-how will also be an important factor.

Hikami Linking intangible assets to long-term value is increasingly important. While the income statement remains essential, sustainable value is also shaped by how we manage and deploy the balance sheet. At the center of this effort are our people. Our priority is to create an environment where diverse talent can fully utilize their capabilities. After evaluating multiple key performance indicators (KPIs), we selected work engagement as our primary measure, given its demonstrated link to performance.

Suetome Preserving and passing on our know-how is equally important. Under our “Great Niche Top™” philosophy, we operate in highly specialized markets. As a result, we have tended to be cautious about imitation by competitors, and this sometimes discouraged us from documenting our expertise.
At the same time, because we are a niche company, we have also underestimated the risk of imitation and have not always secured patents for our technologies. Consequently, some expertise has remained tacit and concentrated in individuals. Gaps in knowledge transfer often become apparent only when younger employees struggle with tasks that were never formally codified.
To address this, we have begun recording the movements of skilled workers and using those recordings as training materials on the shop floor. We continue to explore how to transform the tacit knowledge of skilled workers into shared organizational knowledge.

——CEO Nakano has stated that he wants to strengthen relationships with customers and translate them into value. How do you view this?

Suetome I see our customers as one of our most important assets. Our value does not lie simply in delivering products, but in supporting our customers’ processes with value-added solutions.
Every interaction matters—including how we respond to complaints. These interactions build trust and reinforce long-term relationships. We seek to deepen these relationships while learning from customer satisfaction surveys.

Hikami My role is to express corporate value in financial terms. That value rests on the trust we earn with our customers. Trust must first be earned and then reflected in sustainable growth and financial performance. The stronger our customer relationships, the more resilient our business becomes.

——What do you see as Asahi Yukizai’s core strengths?

Hikami One of our core strengths is our ability to deliver consistently high quality through engineering excellence. At the foundation of this capability is a culture that prioritizes customers with integrity. Over time, the trust built through this approach has supported stable growth.

Suetome Another key factor lies in the care we bring to our customer interactions. We often receive strong feedback regarding quality, particularly through direct engagement. For example, when responding to complaints, customers sometimes express appreciation, noting that few companies would go to such lengths. We take pride in earning our customers’ confidence through that level of commitment.

Navigate the Five-year Investment Phase

——How do you approach decisions about investing in or exiting a business?

Hikami Of course, continuing to operate at a loss is undesirable. We set guiding principles based on the stage of each business, defining what needs to be achieved and within what timeframe.
New ventures inherently involve uncertainty, so we manage risk through defined budget limits and structured review processes. We also set specific milestones and regularly evaluate the probability of success and key hurdles before deciding whether to continue or exit.

Suetome Clearly defining what to pursue and what to let go is essential. We are actively engaged in projects at the development stage. However, if they fail to generate sales over time, employee motivation can decline, and adjustments may become necessary. On the frontlines, there is often a strong focus on cost control and short-term profitability. In the past, we have at times been overly cautious with investment and insufficiently focused on long-term growth. That is why we believe it is important to select and nurture initiatives that support sustainable growth while maintaining employee engagement.

——GNT2030 positions the coming years as an investment phase. What is your perspective on this?

Hikami I see the next five years as a period of preparation for future growth. To achieve that growth, sustained investment and talent acquisition will be essential. Achieving our long-term growth objectives requires consistent commitment and disciplined execution. It is therefore critical to set clear priorities, monitor our position carefully, and execute in line with our plan.

Suetome Expectations from the capital markets are evolving. Rather than simply accumulating profits, companies are now expected to demonstrate consistent growth through investment. While past emphasis may have been placed more heavily on profitability, active global expansion and domestic investment are now equally important. At the same time, we aim to strengthen our organizational foundations so that employees can see and experience tangible growth alongside the Company.

——People development is central to achieving sustained growth. What challenges do you see?

Hikami We must accelerate digital transformation, including the practical use of artificial intelligence (AI). While digitalization is progressing on the shop floor, we have yet to achieve what I would call true transformation. As a first step, my department is strengthening employee training so that our people can understand AI and apply it effectively in their work.
We also want to foster a culture in which people communicate in measurable terms. Just as importantly, we encourage initiative. When employees bring forward ideas, we ask them to be clear about what they aim to achieve and how success will be measured.

Suetome Many of our manufacturing sites have employees in their 50s and 60s who manage on-site operations while also taking on supervisory responsibilities. This makes it difficult to allocate sufficient time to pass on know-how and other intangible assets.
Addressing these talent constraints is therefore a major priority. However, I do not believe workforce shortages should prevent us from pursuing growth. We will move forward by integrating the transfer of on-site expertise with broader people development efforts.
Encouragingly, our locally hired employees in markets such as China and India are making strong contributions. A significant portion of our customers are companies headquartered outside Japan. We work closely with them through local teams to co-develop manufacturing solutions tailored to their needs.

——How do you approach identifying and managing key risks?

Hikami Manufacturing for the Valve & Piping Systems Division is currently concentrated at our Nobeoka Plant. We view this concentration as a potential risk. Given the anticipated impact of a potential Nankai Trough megaquake—a large-scale earthquake expected to affect western Japan—we are reviewing our investment strategy from a disaster preparedness perspective. Geopolitical risks in global markets also remain an ongoing consideration in our operations.
At the same time, as mentioned earlier, the strong sense of integrity among our employees creates an environment in which compliance and reputational risks are less likely to materialize. From a financial perspective, we maintain a very strong capital position, with a D/E ratio just under 0.1, providing ample investment capacity. In managing investments, we make disciplined decisions with careful consideration of capital costs and hurdle rates.
While some investors have raised questions about continued investment in China, our products are well accepted by local customers, and as we strengthen our production systems, we expect sales to grow accordingly. Expanding our business portfolio across Japan, the U.S., and India should help mitigate risk.

Suetome As I mentioned earlier, we see significant risks related to human resources at the operational level. Looking ahead, we will focus on passing on technical skills and know-how while developing younger talent in preparation for the retirement of veteran employees.

Toward Sustainable Growth

——How do you engage with the capital markets and communicate with investors? What role does the integrated report play in that effort?

Hikami We see the integrated report as a platform to clearly communicate who we are and how we create value over the long term. Our goal is to ensure that investors can clearly see our potential for sustainable growth.
With respect to shareholder returns, we intend to maintain a progressive dividend policy while targeting a total payout ratio of 50–70%. Meanwhile, we will continue to invest for growth. Where operating cash flow is temporarily insufficient, we will make prudent use of debt financing to maintain stable dividends and overall shareholder returns.

Suetome I would also like the integrated report to serve as a learning resource for our employees. For our investors, we remain committed to delivering steady growth and building long-term trust.

——Lastly, do you have a message for our stakeholders?

Hikami In recent years, fluctuations in our performance have made it more difficult for investors to recognize a clear growth trajectory. That is why I see it as part of my responsibility to communicate clearly—through our integrated report and other channels—that we are positioned for sustainable growth.
We place importance on the concept of double materiality, recognizing both our financial performance and our environmental and social impact. Our vision is to achieve sustainable growth while contributing positively to society.
We hope that those who share this perspective will continue to support us over the long term.

Suetome I am committed to meeting the expectations of all stakeholders, including our employees and customers. We will create an environment where employees can take initiative while preserving the strengths that define our organization, enabling each individual to grow and contribute in meaningful ways.
We will continue to deliver high-quality products and remain a company our customers can rely on. By leveraging the strengths of our local teams and global network, we will move steadily toward our next stage of growth.

From left:

Assistant Director,
Resin Works, Resin Division
Yasuhiro Matumoto

General Manager,
Human Resources Department,
Corporate Finance &
Strategy Division
Mariko Okabe

Executive Officer,
Valve & Piping Works,
Valve & Piping Systems Division
Kenji Koushou

Manufacturing DNA: Taking on New Challenges to Make a Real Difference

What defines Asahi Yukizai's manufacturing DNA? Three senior leaders—Kenji Koushou, Head of Manufacturing for the Valve & Piping Systems Division; Yasuhiro Matumoto, Head of Manufacturing for the Resin Division; and Mariko Okabe, General Manager of the Human Resources Department—discuss the philosophy and strengths that form the foundation of the Company's manufacturing capabilities and support sustainable growth.

Okabe What sets the Valve & Piping Systems Division and the Resin Division apart, and where do you see our strongest competitive advantages?

Koushou Our Valve & Piping Systems Division is built around two core businesses: corrosion-resistant thermoplastic piping materials under the ASAHIAV™ brand and high-performance thermoplastic valves for semiconductor cleaning equipment marketed as Dymatrix™. These piping materials combine superior corrosion resistance with advanced customization capabilities, including large-diameter products engineered to meet specific customer requirements. With Dymatrix™, our competitive edge comes from technologies that minimize particle generation, supporting continued semiconductor miniaturization.

Matumoto The Resin Division operates across three focused businesses—Foundry Materials, Foaming Materials, and Electronics Materials—each generating ¥1–2 billion in annual sales and serving highly specialized niche markets. Within the Foundry Materials Business, we are the only company in Japan to integrate the development, manufacturing, and sales of both resin-coated sand (RCS) and its resins, supported by a nationwide manufacturing and supply network that holds the leading domestic market share. The Foaming Materials Business focuses on developing new products for housing insulation, while the Electronics Materials Business leverages advanced resin synthesis technologies to achieve high-volume production for semiconductor and display applications. Our manufacturing strength comes from the people and expertise on the shop floor. When challenges arise, teams work together to maintain safe and stable operations. When disasters disrupt competitors' supply, we step in with emergency manufacturing support to ensure continuity for our customers—acting with a commitment to sustaining the industry as a whole.

Okabe A common strength across both businesses lies in our sincere, team-based approach and our commitment to addressing customer challenges head-on and delivering on their expectations. Looking back on the period from 2021 to 2025, what major changes have shaped our businesses?

Koushou Since the COVID-19 pandemic, we've seen strong growth in products for the electronics industry, with Dymatrix™ expanding particularly rapidly. This reflects years of steady investment now coming to fruition, and we're confident this momentum will continue.

Matumoto For the Resin Division, a major turning point came in 2021 when we exited the molding materials business to sharpen our focus on growth areas. Meanwhile, the rapid expansion of digital technologies and AI has driven strong demand in our Electronics Materials Business. Together, these shifts have transformed the division's growth trajectory.

Okabe Which manufacturing segments are driving growth today, and how do you see them evolving?

Koushou The electronics industry, including semiconductors, remains a key growth engine, particularly in China, South Korea, and North America. At the same time, we continue to see steady global expansion in the chemical and water treatment sectors, which are core markets for ASAHIAV™ products.

Matumoto Across the Resin Division, both Electronics Materials and Foundry Materials are on strong growth paths. In Foundry Materials, we're increasing investment in high-growth regions such as India to build a sustainable global expansion platform.

Okabe How are you advancing digitalization across your factories?

Koushou Digitalization helps us clearly see where bottlenecks occur and optimize operations to shorten production lead times. Given the wide variety of products we manufacture, automation takes time—but by leveraging data, we're steadily improving productivity and shifting toward higher value-added work.

Matumoto In the Resin Division, digitalization is moving quickly at new plants through enhanced process visibility, including integrated production control systems. While older facilities present challenges, we're making steady progress through targeted upgrades—such as automating inspection data capture—to modernize operations step by step.

Providing Reliable Quality and Peace of Mind

Okabe Our workforce has grown by more than 200 employees during the Mid-Term Management Plan for FY2021–25 (GNT2025). What remains most important as the organization expands?

Koushou Health and safety come first—without them, there can be no sustainable quality or productivity.

Matumoto Across our plants, we reinforce our Five Principles of Safe Conduct. This is to ensure that neither we nor our colleagues become involved in workplace accidents—whether as the cause or the victim.

Koushou At the foundation of safety lie the 5S principles—Sort, Set in order, Shine, Standardize, and Sustain. By consistently following established processes, we create a culture where safe practices become second nature, extending beyond safety into quality and production excellence. Greeting also plays an important role. When 5S is firmly embedded in clean, well-organized factories and employees greet one another openly, customers can instinctively sense the high quality of our products—making the factory itself a visible embodiment of our commitment to quality.

Okabe Across all sites, employees work safely and with confidence, with operational standards consistently upheld. This shared culture is one of our defining strengths and will remain essential as we continue to grow.

The Role and Responsibilities of the Lead Plant

Okabe With international production sites in place, how do you view the role of the lead plants in each division?

Matumoto The Resin Division operates production sites in China, India, and Mexico. The Aichi Plant serves as our lead plant, where expertise in manufacturing processes and equipment operations has been accumulated over many years. Its core role is to transfer this knowledge and experience across our global operations.

Koushou For the Valve & Piping Systems Division, the Nobeoka Plant functions as the central manufacturing hub. As the heart of our operations, it plays a key role in disseminating the manufacturing and quality control expertise developed at Nobeoka when expanding production internationally. We view the systematic transfer of this know-how as a core responsibility of the lead plant.

Developing People to Support Manufacturing Excellence

Okabe When it comes to manufacturing talent, what do you value most today, and what do you believe needs to further evolve in the future?

Koushou Both businesses embody our corporate philosophy of sincere, dedicated support. Manufacturing teams work closely with technology, quality, and sales functions to address challenges as one unified organization. Putting customers first is deeply ingrained across our manufacturing workforce.

Matumoto I refer to our factory teams as manufacturing professionals, with a strong sense of gratitude and respect. Their skills and expertise, built through years of experience, form the foundation of our operations. We are currently strengthening role clarity across departments and processes, standardizing workflows, increasing operational transparency, and eliminating waste. Through these efforts, we are systematically developing our manufacturing teams into specialists.

Koushou We appoint highly skilled specialists as master technicians to lead talent development, while also promoting cross-training to build flexible, highly responsive factories.

Okabe While experienced employees continue to form the backbone of our operations, we have seen a growing number of mid-career hires in recent years. We view this as an important form of diversity. By bringing in diverse perspectives, we expect fresh insights to emerge—driving innovation and uncovering opportunities to improve long-established practices across our production activities.

Outlook for the Valve & Piping Systems Division and the Resin Division

Koushou We expect Dymatrix™ to grow at over 10%, driven by demand in the semiconductor cleaning equipment market, while global growth in thermoplastic piping materials is projected at around 7%. We also anticipate a steady pipeline of new products responding to market needs and are strengthening our production capabilities to meet rising demand.

Matumoto The Resin Division anticipates continued growth in the Electronics Materials Business both in Japan and internationally. We also expect further expansion of Foundry Materials in markets such as India and China, while Foaming Materials should benefit from domestic energy-efficiency policies. We have expectations for the new products currently under development, which we believe will drive our next phase of growth.

Okabe Across our factories, we continue to take on new challenges—pushing beyond what has been done before to create meaningful value for customers. This commitment to tackling customer challenges head-on and delivering solutions with persistence is the essence of our manufacturing DNA.

Enabling the Future through Technology —Valve & Piping Systems Business

Executive Officer,
Business Planning
Management Division,
Valve & Piping Systems Division
Syunichirou Hagihara

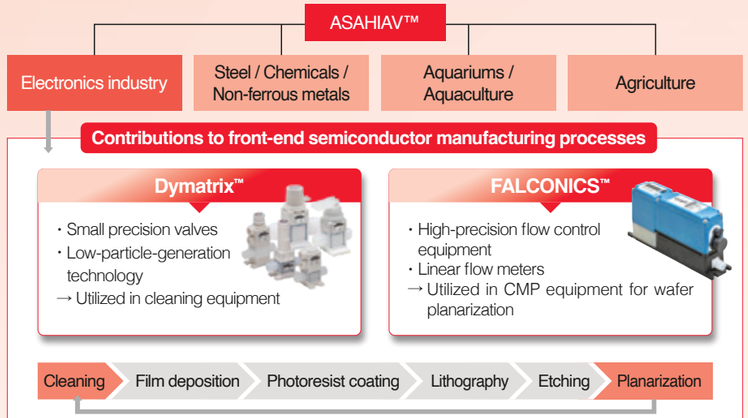
Outlook **Supporting the Flow—Enabling stable operations and infrastructure transformation**

Our products and services exist to ensure the stable operation of our customers' plants, while ultimately contributing to richer lives and a more prosperous future for society. In a rapidly changing world, we are committed to maintaining uninterrupted production flows and remaining a trusted partner our customers can always rely on. By delivering value beyond expectations through safe and innovative solutions, we will continue to shape the future together with our customers.

Strengths

Our position in niche markets

Thermoplastic valves with superior corrosion resistance and durability are widely used in environments where protection against corrosion and metal leaching is essential. In semiconductor manufacturing, Dymatrix™ and FALCONICS™ enable advanced front-end processes through technologies such as low particle generation control.



Foundations of competitive advantage

Technological development capability

We continuously develop products tailored to advanced customer needs and deliver high-performance products designed for long-term use.

Engineering capability

Leveraging extensive know-how in resin piping, we provide end-to-end solutions from design through construction and maintenance, including customized design, engineering-based modifications, and construction management.

Organizational capability to maintain high quality

We accumulate know-how by applying extensive historical survey and measurement data to enhance the strength and quality of piping materials, and we apply this expertise to our products. We have adopted a quality control system that ensures safety and security.

Global production and supply system

We are strengthening our production systems in the U.S. and China, expanding the know-how of our Nobeoka Plant to our international operations, and becoming a problem-solving partner closely aligned with our customers' facilities.

Nobeoka Plant (Japan): the Group's flagship manufacturing site

To achieve more advanced manufacturing, our Nobeoka Plant leverages IT to visualize operations, eliminate waste, and drive digital transformation, while advancing in-house development of business systems through a low-code development platform. Through agile development based on frontline feedback, we have developed more than 50 systems, including a Manufacturing Execution System, Mold Management System, Parts Shipping App, and NCR App. As one example, the time required to locate molds has been significantly reduced, resulting in annual savings of approximately 2,400 hours. The introduction of tablet devices has enabled paperless operations and improved work efficiency. By analyzing accumulated data and applying insights to continuous improvement, we have achieved major outcomes, including shorter manufacturing lead times. Looking ahead, we will roll out these frontline-led operational reforms across the company, aiming to achieve true digital transformation.

Business strategy

Regional niche-leading strategy

U.S.

Expansion of prefabrication facilities

Middle East & Africa

Promoting metal replacement (in desalination, electrolysis, and chemical processes)

Deepening and expanding the semiconductor business

Establishment of a global supply system for Dymatrix™ products

Nobeoka, Japan: Exploring the utilization of Asahi Kasei Microdevices' semiconductor manufacturing facilities
China: Considering local production to ensure a stable supply tailored to local market needs

Advancing the electronics industry by delivering differentiated value through innovative thinking and proprietary technologies

- Our strengths

Low-particle-generation technology, high customizability, and high-precision flow control technology

- Market environment and value creation strategy

With the ongoing miniaturization of semiconductors, cleaning and CMP equipment are required to deliver ever higher precision.
By leveraging core technological—strengths such as low-particle-generation performance, high customizability, and high-precision flow control capabilities, embodied in products like Dymatrix™ and FALCONICS™—we improve semiconductor yield and process performance while reducing operating costs.
In response to robust global demand, we will expand production sites and strengthen capacity and efficiency to establish a global supply system capable of meeting diverse customer needs.

Transforming domestic business models (from competition to co-creation)

Valve & Piping Systems Division × Water Treatment & Natural Resources Development Division

Business model transformation for integrated provision of corrosion control solutions combining products and services

TOPICS

What drives our strengths—voices from the Valve & Piping Systems Division

"We are committed to sincerely addressing customer challenges and standing alongside our customers without ever turning away. Our products are characterized by robustness and durability. Through solution-oriented proposals, we build trusted relationships with our customers."

"We emphasize building relationships in which we face challenges together with our customers, in line with our corporate philosophy of supporting them through value-added solutions. When product complaints occur, issues that extend beyond the scope of quality control are addressed in close collaboration with our technical departments. These efforts feed back into our technology, driving further improvements."

"Customer satisfaction is our highest priority. We operate under the principle that no matter how excellent a product is, it holds no value unless it genuinely creates value for our customers. What matters most is whether customers perceive true value in our products and services—this is our guiding principle. We strive to create products that satisfy not only our direct customers, but also the customers they serve."

From left:

Manager, Middle East Branch, Global Sales Management Division, Asahi Yukizai

Satoru Minato

General Manager, Chemicals Department, Sumitomo Corporation Middle East

Kengo Shiba

Strengthening Water Infrastructure in the Middle East through Desalination Projects

Many countries in the Middle East, including Saudi Arabia and the UAE, face severe freshwater shortages, affecting both industry and daily life. As water demand continues to rise with population growth and industrial development, desalination has become essential to securing a reliable water supply. To support the region's water infrastructure, Asahi Yukizai is actively expanding the adoption of its high-performance resin valves, ASAHIAV™, for desalination applications.

The Critical Role of Desalination in the Middle East's Water Supply

Minato Many countries in the Middle East, especially the Gulf states, lie in desert regions with very little rainfall and limited freshwater resources.

Shiba That's right. In recent years, rapid population growth and industrial development have pushed water demand sharply higher. Saudi Arabia, in particular, has grown significantly through its petroleum industry, but it is now seriously pursuing diversification into manufacturing and services. Securing freshwater resources will be essential to supporting growth beyond oil.

Minato Against this backdrop, desalination has become central to addressing water shortages across the region. Building and maintaining reliable water infrastructure through desalination is now a top priority in the Middle East.

Shiba Exactly. Across the Gulf region, led by Saudi Arabia, investment in desalination plants is expected to reach approximately $1 trillion over the next five years. To meet this strong demand, Sumitomo Corporation Middle East FZE (Sumitomo Middle East) will continue to invest in and support the operation of local desalination projects as a general trading company.

Expanding the Adoption of Thermoplastic Valves in Partnership with Sumitomo Middle East

Minato We have been supporting desalination projects in Saudi Arabia with our thermoplastic valves since around 2015. Although I was assigned to Dubai in 2022, I had long hoped to work closely with Sumitomo Middle East, which has extensive experience in plant projects across the region. I proposed introducing our thermoplastic valves for desalination plants, and those efforts are now beginning to gain momentum.

Shiba Sumitomo Middle East has strong expertise in the supply chain for oil country tubular goods used in oil and gas production, but this collaboration with Asahi Yukizai is our first initiative involving thermoplastic valves. When replacing metal valves, Asahi Yukizai's clear communication with project teams and strong design capabilitie enabled us to confidently recommend the company to maintenance providers.
Today, our involvement extends beyond launching new desalination plants to include valve replacement and ongoing operations after warranty periods expire. Such facilities must operate reliably and efficiently for 30–40 years over their full lifecycle, yet engineering contractors typically provide little support once the warranty period ends. For this reason, Asahi Yukizai's products are essential for long-term maintenance and play a critical role in ensuring stable plant operations.

Minato We always start by understanding our customers' challenges. Across the valve industry—not just in desalination—metal valves still account for around 98% of the market. In many ways, they dominate the field, making it difficult for thermoplastic valves to gain acceptance. Maintenance companies are also hesitant to move away from familiar metal valves, often worried about potential issues. However, desalination plants face specific challenges when it comes to valve replacement. Some metal valves weigh more than a ton, and prolonged exposure to seawater inevitably leads to corrosion, requiring replacement every two to three years. These replacements are large-scale operations that take time and drive up costs. And because a stable water supply must be maintained even during maintenance, operators are eager to reduce how often valves need to be replaced. That is where thermoplastic valves come in. Compared with metal valves, they are lighter, highly resistant to seawater corrosion, and far more durable—significantly reducing replacement frequency.

Shiba Water demand will continue to rise, and shortages already exist today. For that reason, we see strong long-term potential for desalination plants in the Middle East. It is also a business we are proud of, given its substantial contribution to society.

Shaping the Future of Water Infrastructure with Thermoplastic Valves

Minato We have been manufacturing thermoplastic valves since 1956, and over the decades we have built strong engineering capabilities and a reputation for reliability, placing us among the global leaders in this field. That long history is why we are so deeply committed to this technology.

Shiba As you mentioned, Mr. Minato, we see strong potential for these valves not only in desalination plants but across a wide range of applications. Their excellent resistance to seawater corrosion, lightweight design that enables faster installation and replacement, and longer service life that reduces maintenance needs are all major advantages. In addition, fewer failures help minimize the impact on downstream equipment.

Minato Transitioning to thermoplastic valves involves several challenges. These range from long-established standards built around metal valves to concerns about temperature, pressure, outdoor conditions, and even the timing of investment decisions. We address these issues by working closely with project sites, tackling each challenge one by one. This approach has helped build confidence not only in technical specifications but also in practical performance—from installation and maintenance to daily operation. For example, in May 2025, Dubai recorded a record-high temperature of 51.6°C (120.7°F). In such environments, customers often question how these valves will perform under extreme heat and intense ultraviolet exposure. Although outdoor valve surfaces can reach approximately 70°C (158°F) and are exposed to strong UV radiation, we have conducted rigorous third-party testing to verify long-term durability under these conditions.

Shiba Having a thermoplastic valve specialist like you based in Dubai is truly reassuring, Mr. Minato. Even in extreme heat, you regularly visit desalination plants, assess issues firsthand, and provide practical solutions to site managers. I truly appreciate your efforts.

Minato Thank you very much. Our first objective in the Middle East is to establish a new standard for corrosion-resistant, reliable water infrastructure using thermoplastic valves. Through these valves, we aim to deliver water systems that balance reliability with cost efficiency—in essence, reshaping the valve market. By integrating products, technical documentation, and on-site support into a single value proposition, we hope to make the Middle East's water infrastructure a global model. Ultimately, we seek to strengthen the resilience of essential lifelines against future risks while contributing to the region's long-term development.

Shiba That's right. After steadily building trust with customers through consistent efforts, we are now beginning to see tangible momentum. I see this as just the start of the next phase. The desalination projects we are developing in the Middle East are essential not only as a business but also in supporting a sustainable society, which makes reliable operations especially important. In addition, Asahi Yukizai's thermoplastic valves, with their high corrosion resistance, have strong potential for use in chemical plants that handle aggressive acids and alkalis. Because they are lighter than metal valves, they improve safety during installation and help reduce both transportation costs and carbon emissions. They also last much longer, dramatically reducing waste. Looking ahead, we hope to continue expanding our business together with Asahi Yukizai—centered on desalination projects—while contributing to the infrastructure that supports everyday life.

Creating Niche-Leading Markets & Driving Global Expansion

Executive Officer,
Resin Division
Hidehiro Korogi

Outlook

Until now, the Resin Division has driven technological development by working closely with customers in Japan, where quality standards are exceptionally high. Under the Mid-Term Management Plan for FY2026–30 (GNT2030), we will identify key growth areas across our product applications. By delivering forward-looking solutions, we will create niche-leading markets and leverage our track record in Japan to expand international.

Strengths

A pioneer in the Foundry Materials Business, with leading technologies in Japan across three core businesses

The Resin Division comprises three segments: the Electronics Materials Business, which supplies raw materials for semiconductors and flat panel displays (FPDs); the Foaming Materials Business, which manufactures insulating foam materials; and the Foundry Materials Business, which supplies raw materials for casting. We have established a nationwide manufacturing and supply network.

1 Electronics Materials Business

Low-metal-content technologies for semiconductor and electronic applications

We excel in low-metal-content technologies that enhance performance by significantly reducing metallic impurities while maintaining excellent heat resistance. Our technologies also deliver high-precision microfabrication and strong environmental performance.

2 Foaming Materials Business

Creating new markets with high-performance insulation technologies

We developed BEXUR™, a world-leading on-site foaming system that can be applied to complex-shaped areas, enabling highly efficient and airtight insulation installation. It delivers 24% higher insulation performance compared with conventional products and contributes to the creation of more spacious and comfortable living environments.

3 Foundry Materials Business

Maintaining a leading position in Japan with high value-added products

Our foundry materials are used in casting processes for automotive components, and we operate manufacturing facilities in major automotive production hubs.

Applications of foundry materials

Resin-coated sand (RCS)
Sand coated with shell mold resin

Sand molds
Formed by blowing the material into molds heated to approximately 280°C (536°F)

Automotive cast components
Used in manufacturing processes for automotive engines, brake components, suspension parts, and exhaust system components

Contributing to front-end semiconductor manufacturing processes through applications in photoresist and underlayer materials

Legacy semiconductors

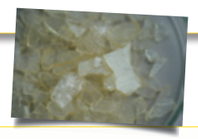
Primarily used in industrial equipment, automotive applications, and the energy sector

- 3D gaming
- Robotics
- Mobile payments

Advanced semiconductors

High-performance, high-efficiency semiconductors used in cutting-edge fields such as AI and autonomous driving

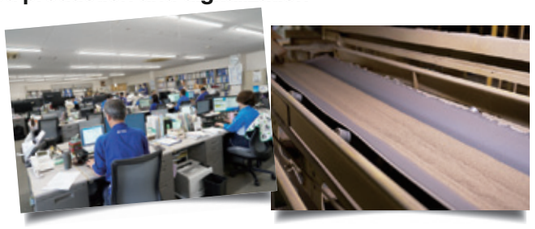
- Autonomous driving
- Smart cities
- AI



Cleaning → Film deposition → Photoresist coating → Lithography → Etching → Planarization

Aichi Plant (Japan): the flagship plant driving advanced production and digitalization

The Aichi Plant manufactures electronics materials, foaming materials, and foundry materials for the Resin Division. In the electronics materials field, domestic operations began in 1990, followed by completion of the 1st plant in 2000 and the 2nd plant in July 2024. The plant supplies base resins for photoresist materials to customers in both legacy and advanced semiconductor markets.



Business strategy

Regional niche-leading strategy

A global leader in foundry materials, delivering new value in molding processes and contributing to the sustainability of customers' businesses

- Our strengths

・Advanced resin development and manufacturing technologies
・RCS production technologies

- Market environment and value creation strategy

India

With strong demand expected for RCS, we will create niche-leading markets through value-added products that support thin-wall and complex-shaped castings.

China

As improving yield and reducing environmental impact become key challenges, we will expand our business with high-performance resin products leveraging technologies such as high strength and low odor.

Deepening and expanding the semiconductor business

A global supplier contributing to the advancement of the electronics industry through innovative technologies and uncompromising quality

- Our strengths

・Synthesis, purification, and low-metal-content technologies

- Market environment and value creation strategy

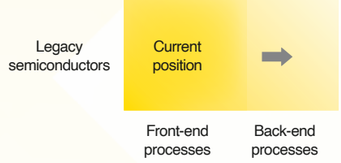
Japan

・By advancing synthesis, purification, low-metal-content and analytical technologies, we will develop electronics materials for advanced semiconductors applications and back-end processes, and expand into high value-added domains.

China

・Amid accelerating domestic production of semiconductors and FPDs, we will construct the Nantong Electronics Materials 2nd Plant (scheduled for completion in March 2027), tripling production capacity for photoresist base resins.

Development roadmap for electronics materials



TOPICS

What drives our strengths—voices from the Resin Division

"We launched our Foundry Materials Business in Japan at an early stage, and have worked closely with customers to advance manufacturing together. One key strength is our diverse product lineup, developed by continuously incorporating customer feedback and focusing on ease of use."

"Our culture is built on earnest employees—sometimes perhaps even a little too earnest—who engage sincerely with customers. We take pride in our ability to visit customers, identify their needs, and reliably deliver what they require."

"In insulation materials, issues can require removal and reinstallation, which is why we place strong emphasis on product quality. At the same time, our ability to respond quickly on-site and resolve problems is another major strength."

Building Future Infrastructure through Corrosion-Resistant Solutions & Natural Resource Development

Lead Executive Officer,
Water Treatment &
Natural Resources Development
Control Administration
Osamu Sameshima

Outlook

This business, centered on Drico Co., Ltd., has consistently provided integrated design, construction, and maintenance services for water treatment facilities and equipment. Under the Mid-Term Management Plan for FY2026–30 (GNT2030), we will strengthen collaboration within the Group and expand our business scope into corrosion control solutions. Going forward, through our extensive experience in hot spring drilling and equipment installation, as well as geothermal drilling projects that support the utilization of underground energy resources, we will contribute to building sustainable social infrastructure. Building on the technologies and trust cultivated in the fields of water, energy, and the environment, we will continue to create value that supports the future.

Strengths

End-to-end solutions enabled by integrated expertise

Beyond drilling wells for hot springs and geothermal power generation, we offer comprehensive support covering the design, construction, and ongoing maintenance of hot spring and water treatment facilities and equipment.

Natural Resources Development

- Hot spring exploration & drilling
- Geothermal well construction

We undertake hot spring well drilling, and the design and construction of related facilities. We also execute drilling projects for geothermal energy development, a highly promising renewable energy source.

Maintenance Services

- Facility operation & maintenance
- Inspection, cleaning & renovation

Based on our extensive experience in maintaining water treatment facilities and equipment, we provide tailored maintenance and repair services for each facility through a one-stop service approach.

Water Treatment Systems

- Design & construction of facilities
- Wastewater recycling systems

We provide wastewater and reclaimed water systems for factories, commercial facilities, and large-scale buildings. We also design and construct facilities for public infrastructure such as water purification and wastewater treatment plants.

Water Treatment Chemicals

- Manufacture & sale of chemicals
- Water treatment diagnostic services

In addition to proprietary chemicals, we manufacture and sell solution-oriented products such as deodorizing agents. We also propose optimized treatment solutions through raw water diagnosis, analysis, and testing.

Achieve stable operation and extended lifespan of hot spring facilities through design, construction, and maintenance.

Create sustainable water solutions through combined expertise in design, chemicals, and maintenance.

Proprietary technologies and resource recycling models

Water Treatment Systems: Anaerobic treatment system

This system enables the efficient treatment of wastewater with high organic content using anaerobic microorganisms.The resulting biogas can be reused as an energy source.

Case Study: Bihoro Regional Agricultural Processing Cooperative Federation

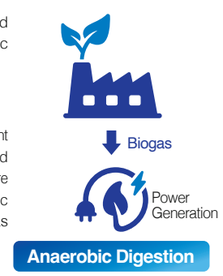
Following the introduction of the anaerobic treatment system, odors were significantly reduced, earning positive feedback from local residents. The biogas produced is also used as fuel to generate steam for facility heating.

Water Treatment Systems: Biogas power generation plant construction

These plants collect locally generated food waste and produce biogas through anaerobic digestion facilities for power generation.

Case Study: Earth's Blessing Farm Matsumoto

At this facility, a biogas power generation plant supplies heat and carbon dioxide produced during electricity generation to smart agriculture greenhouses. Residues from the anaerobic digestion process are also fully utilized as fertilizer, achieving zero waste.



Renewable resource solutions

Natural Resources Development: Geothermal Power Generation

Geothermal energy is a clean, renewable energy source that utilizes heat stored underground. Drawing on our extensive experience in well drilling and resource development, we safely and efficiently extract geothermal resources, contributing to sustainable energy supply and regional revitalization.

Case Study: C-Energy Co., Ltd. (Chubu Electric Power Group)

By separating hot water and steam obtained from geothermal wells, C-Energy has achieved the coexistence of hot springs use and geothermal power generation. The hot water is supplied to nearby hot spring communities, while the steam is used for electricity generation.

Maintenance Services: Proprietary Web-Based Management System "Re:MAS"

Re:MAS is a proprietary web-based management system that visualizes the operational status of facilities and equipment in real time. It helps reduce workloads, supports stable operation, and contributes to the long-term operation of facilities and equipment.

Case Study: Tokyo International Airport (Haneda)

Re:MAS is used to monitor airport facility operations year-round. The system enables early response to abnormalities and supports preventive maintenance through the use of accumulated operational data.

Business strategy

Transforming domestic business models (from competition to co-creation)

Valve & Piping Systems Division × Water Treatment & Natural Resources Development Division

Business model transformation for integrated provision of corrosion control solutions combining products and services

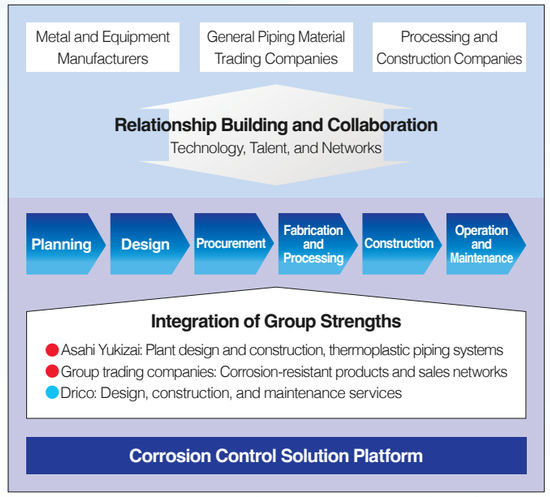
Providing safety and reliability across manufacturing processes through corrosion control solutions

- Our strengths

Integrated capabilities across the Group, including design, procurement, construction, and maintenance

- Market environment and value creation strategy

・Growing demand for labor-saving solutions in factory construction and maintenance
・Expansion of industries facing corrosion risks, including chemicals, semiconductors, and water treatment
・Developing the "Corrosion Control Solution Platform" that delivers integrated one-stop solutions by leveraging metals, equipment, and Group-wide capabilities



TOPICS

What drives our strengths—voices from the Water Treatment & Natural Resources Development Division

"Our strength lies in the uniqueness of our business and our locally rooted, relationship-driven sales approach. We listen directly to customers' needs and provide integrated support from design through maintenance. This fosters long-term customer relationships and helps build strong trust-based partnerships."

Asahi/America: At the Forefront of Global Growth

Adapting and Advancing in a Transforming U.S. Market

Asahi/America (A/A) is the U.S.-based subsidiary of Asahi Yukizai, headquartered in Lawrence, Massachusetts, and a core driver of the Group's global growth strategy. A/A leads procurement, manufacturing, and sales of thermoplastic valves and prefabricated solutions, delivering localized value across key growth markets. In FY2023, A/A achieved record-high net sales and operating profit, further reinforcing its role as a strategic growth engine for the Group. In this interview, Daniel Anderson, President & CEO of A/A, and Percy Li, Executive Officer, Asahi Yukizai, discuss how co-creation with customers is shaping global strategy—covering U.S. market dynamics, scalable expansion approaches, collaboration with the Nobeoka Plant, and the path forward for sustained growth.

——How does A/A contribute to the Group's global growth?

Percy Li (Li) A/A has evolved far beyond a sales subsidiary to become a central growth platform for Asahi Yukizai's global strategy. We drive expansion in North America, scale high-value business models, and translate local market opportunities into recurring sales growth. Our competitive strength lies in our ability to meet growing demand across three strategic growth markets simultaneously—semiconductors, environmental infrastructure, and infrastructure renewal. This multi-market reach, unique within the Group, allows us to balance growth cycles while building durable competitive advantage. A/A also strengthens profitability through its natural hedge from U.S. dollar-denominated sales and its resilient, diversified supply chain—capabilities that help mitigate cost pressures arising from U.S.–China trade tensions. At the same time, A/A serves as a scalable growth engine, refining business models*1 proven in North America and deploying them across other regions to accelerate global expansion. By the end of the Mid-Term Management Plan for FY2021–25 (GNT2025), A/A's sales are projected to represent 20–25% of Group sales, establishing A/A as a core pillar of the Group's global strategy and a key driver of long-term growth.

——How scalable is A/A's business model beyond the U.S.?

Daniel Anderson (Anderson) The strength of A/A's business model lies in its scalability. What we have built in the U.S. can be adapted effectively across diverse markets, including Latin America and Australia. By staying deeply aligned with local customer needs and delivering tailored products and services, this enables us to continuously strengthen our competitiveness on a global scale.

Li This expansion is being executed through three integrated growth drivers. First, in knockdown production, country-level supply chains are being reinforced local sourcing, improved cost efficiency, and greater operational resilience. Second, our prefabrication business is addressing major social challenges—such as labor shortages and rising costs—by delivering lower costs and reduced environmental impact. As a scalable construction model, it provides a powerful platform for global rollout. Third, through proprietary brand product development, we are accelerating customized solutions across high-growth sectors, including semiconductors, data centers, and environmental applications. These initiatives deepen the Asahi Brand's recognition and credibility established in North America. They also enhance our competitive position as we expand into markets beyond the U.S.

——How do you assess growth opportunities in the U.S. and across the broader Americas?

Li In the U.S., sustained large-scale investment in the semiconductor sector continues to drive strong demand for ultra-high-purity piping and valves for ultrapure water applications, where minimal chemical leaching is critical. The rapid expansion of AI, cloud computing, and 5G is accelerating data center construction, while infrastructure renewal across water, sewage, and chemical plants remains a steady source of demand. In the environmental sector, A/A is benefiting from growth by applying its differentiated capabilities in the construction and renewal of waste treatment facilities. Beyond the U.S., Canada is positioned for steady expansion driven by ongoing renewal of water and sewage infrastructure. In Mexico, growing industrial concentration in the automotive and broader manufacturing sectors is fueling demand in chemical processing applications. In South America, particularly in Chile, we are securing high-value niche opportunities in the mining and energy sectors. By aligning our solutions with the specific growth drivers of each region, we expect to sustain long-term expansion globally.

——How do you assess A/A's position in the U.S. semiconductor market?

Anderson Over the 2010–2022 period, investment in semiconductor manufacturing plant construction in the U.S. was centered on one to two large-scale projects per year. During this period, A/A's market share ranged from 15–30%, with average annual sales to the semiconductor industry of $8–10 million. In 2023, the enactment of the CHIPS Act triggered a surge in large-scale semiconductor plant construction aimed at expanding U.S. semiconductor manufacturing capacity. Severe material shortages quickly emerged. Working closely with Asahi Yukizai and our supplier network, we secured sufficient inventory to maintain stable supply and on-time delivery. This operational agility reinforced customer confidence and translated into rapid sales growth. As a result, A/A's semiconductor-related sales exceeded $80 million, with its U.S. market share rising to an estimated 60%. Rising labor and material costs introduced volatility, driving project delays and temporary suspensions and pushing market prices for oversupplied products down by 25–30% from their 2023 peak—making semiconductors A/A's most volatile business segment. Looking ahead, while competitive intensity is expected to increase, we will continue to differentiate through superior product performance, uncompromising quality, and value-added services such as delivery management and prefabricated solutions to sustain long-term growth.

——What is investment strategy in the U.S.?

Li We view investment in the U.S.as a strategic imperative to accelerate our shift toward localized U.S. production and deepen our local value creation. By investing in A/A, we are expanding local manufacturing and sourcing capabilities while reducing exposure to tariff-related risks and supply chain disruption. We are also evaluating the establishment of satellite facilities near major customers' new semiconductor plants to enhance proximity, responsiveness, and operational flexibility. We are also evaluating the adoption of next-generation materials technologies critical to semiconductor applications. These initiatives strengthen our structural competitiveness and position us for durable long-term growth in the U.S. market.

——What strategic value does the Nobeoka Plant bring to A/A?

Anderson Our collaboration with the Nobeoka Plant is a core source of A/A's technological differentiation. We work in close partnership on product design and development. Together, we have co-developed a wide range of products for A/A's customers—including wafer check valves and pre-molded butterfly valves—leveraging Japanese raw materials processed at A/A's manufacturing facilities. Beyond technology, our employee exchange program is strengthening organizational capability by accelerating talent development, deepening cross-border collaboration, and expanding commercial opportunities across the Group.

——Please share your outlook.

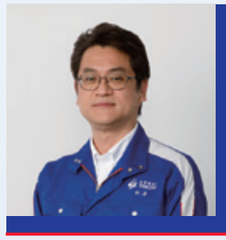
Li Our operating model is increasingly locally driven, enhancing the value we deliver through expanded manufacturing, sourcing, and customer responsiveness. Looking ahead, our differentiation will be anchored in superior quality assurance and cost competitiveness, combined with product portfolios tailored to local market needs and continued progress in reducing environmental impact, including ensuring compliance with PFAS regulations. On the logistics front, delivery speed and reliability are being enhanced through optimized inventory deployment and faster fulfillment capabilities. Our organization is evolving into our customers' first point of contact—ensuring rapid response to post-delivery issues and systematically capturing and sharing operational knowledge to continuously improve service quality.

Anderson We expect substantial large-scale investment to continue over the coming years. To sustain customer satisfaction and deliver consistent performance, securing materials, managing lead times, optimizing inventory, expanding manufacturing capacity, and accessing skilled labor—often in collaboration with strategic partners—will be essential. Against this backdrop, A/A's Mid-Term Management Plan is focused on sharpening commercial execution. We are diversifying channel partnerships to reduce reliance on any single partner and transforming our customer service organization into a proactive inside sales engine that drives demand generation and lead capture. We are also expanding our field sales presence to accelerate brand visibility. Marketing initiatives are being intensified through market intelligence, product positioning, growth analytics, and the strategic use of technology deployment case studies to stimulate new demand. To bring these strategies to life, we engage with thousands of customers each month across multiple touchpoints—including in-person visits, technical presentations, online meetings, trade shows, and digital channels—while providing engineering reviews and on-site training to support informed customer decision-making.

*1 Business model:

▶ Knockdown assembly	• A production and logistics approach in which components are manufactured at the Nobeoka Plant and assembled at local facilities. • This approach lowers transportation costs, reduces tariff exposure, and enhances component-level quality control.
▶ Prefabrication (off-site manufacturing)	• An off-site manufacturing approach in which major components are produced in advance and assembled on-site. • This approach improves cost efficiency, ensures consistent quality, speeds project execution, and reduces environmental impact.
▶ Proprietary product expansion	• A product strategy focused on expanding proprietary branded offerings aligned with evolving local market needs. • This enhances differentiation and supports growth in sectors such as semiconductors, data centers, and environmental applications.

Global Growth Strategy in Core Businesses



CEO, Asahi AV Valve (Shanghai) Co., Ltd.
Shoji Wakita

Business Environment

China's semiconductor manufacturing equipment market is the world's largest and continues to grow rapidly. Sales of Dymatrix™ in China have increased significantly since 2020.

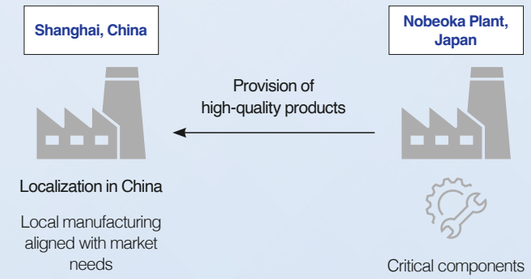
GNT2030 Strategy

To address growing demand in semiconductor manufacturing-related fields, we are strengthening and expanding our local manufacturing capacity. We are also considering establishing a Dymatrix™ production facility in China.

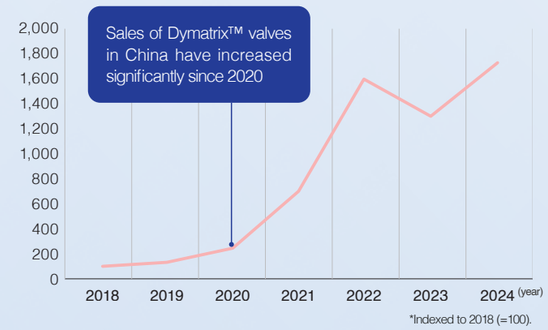
China

We aim to establish a manufacturing base in China, build a supply system tailored to market characteristics, and achieve localization. To expand local production capacity, we are considering the construction of a new Dymatrix™ plant and capital investment.

Business Model and Strengths



Dymatrix™ Valve Sales in China



Business Strategy

Market Expansion and Adaptability Enhancement	• Expand product lineup to meet local needs • Establish local technical teams
Developing Sales and Distribution Channels	• Expand sales network,through the establishment of new offices • Further training and strengthening of local staff
Strengthening Local Production and Supply Capabilities	• Enhancing the supply chain to achieve stable supply

Executive Officer, Electronics Materials Department, Resin Division
Hiroyuki Hyodo

Business Environment

In the electronics materials market, the localization of raw material production is accelerating demand for our products. In the foundry materials, ongoing urbanization is expected to drive demand including pumps.

GNT2030 Strategy

In parallel with the construction of a new electronics materials plant in Nantong, we will expand local OEM partnerships in foundry materials through strategic alliances to better respond to local demand.

China

We are constructing a new plant* to triple production capacity, leveraging resin synthesis and purification technologies to deliver higher-value-added products to Chinese manufacturers.

*Scheduled to be completed in March 2027.

Business Strategy

Expand sales through high-performance resins and OEM supply of high-performance resin-coated sand (RCS).

Differentiation and collaboration strategy

Vision

Through the development, manufacturing, and sale of high-performance resins, we will enhance the added value of customer products and contribute to the advancement of casting technology.

Artist's rendering of new plant

Executive Vice President, Asahi Modi Materials Pvt. Ltd.
Toyokazu Kitahashi

Business Environment

Demand in the foundry materials field is expected to continue rising, supported by expanding production of automobiles and agricultural and construction machinery driven by economic growth.

GNT2030 Strategy

Since we anticipate higher quality demands for foundry material products in local mold forming processes, we will expand our high-performance product lineup and advance the construction of a new plant. By strengthening our supply system for high-performance products, we aim to establish our products as the de facto industry standard.

India

Business Strategy

Expand sales through increased supply capacity and expansion of high-performance RCS.

Growth acceleration strategy based on active investment in supply capacity and differentiated products

Vision

We will support customers' manufacturing processes by accurately responding to their needs and promptly delivering high-quality products and services.

Mexico

Business Strategy

Expand sales by leveraging purchased products in addition to high-performance RCS and recycled sand.

Growth strategy based on resource efficiency and utilization of purchased products

Vision

We will support customers' manufacturing processes by combining high-performance RCS, recycled sand, and purchased products to meet a wide range of customer needs and enhance the value we provide.

Sustainability Initiatives

We prioritize sustainable management and advances ESG initiatives throughout the Group. Through the Sustainability Management Committee, we position the mitigation of related risks and the creation of new opportunities, including the development of products and technologies that contribute to a sustainable society, as key management priorities. By accurately identifying these risks and opportunities and linking them to our management strategy, we aim to enhance our long-term corporate value.

Manager, Sustainability Management Group, General Affairs Department, Corporate Finance & Strategy Division

Kimiya Taguchi

Sustainability Policy (Revised on October 1, 2025)

We aim to create a virtuous cycle between two dimensions of sustainability: the continuous enhancement of corporate value and contribution to a sustainable social environment.

The Corporate Philosophy defines the Group's Purpose as "Offering peace of mind through reliable quality and dedicated support" and its Mission as "To contribute to the customers' manufacturing process with solutions that add value" In addition, to avoid stagnation and continue growing by anticipating change, the Group's Vision is "Taking on new challenges and making a real difference."

By conducting business activities based on this Corporate Philosophy, the Group seeks to enhance its long-term corporate value. At the same time, by promoting sustainability initiatives aligned with its management plans and business strategies, the Group contributes to the realization of a sustainable society.

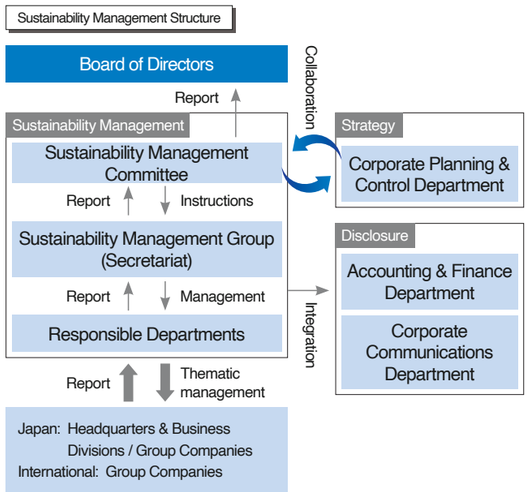
Implementation Structure

In April 2025, we established the Sustainability Management Group to develop and operate a sustainability management framework that identifies opportunities for value creation and manages the risks that may hinder them.

The Sustainability Management Committee (chaired by the President) reviews the Group's key risks and opportunities, assesses their likelihood and impact, and identifies priority management themes as well as the departments responsible for addressing them. The Sustainability Management Group, which serves as the secretariat of the Committee, continuously monitors the progress of responses to key risks and opportunities by the responsible departments.

(For details of major risks and response status, please refer to the Securities Report for the fiscal year ended March 31, 2025.)

Sustainability Management Structure



Sustainability Management Process

- Identification of risks and opportunities facing the Group through department-wide surveys (including impacts on the Company, the environment, and society)
- Structuring risk and opportunity information through risk scenario analysis

- Evaluation of each risk scenario based on internally defined criteria, including likelihood of occurrence, level of impact on stakeholders, and business recovery capability
- Review by the Sustainability Management Committee and approval by the Board of Directors

- Development of response and opportunity measures by the responsible departments for each risk category, with consideration given to their integration into the Mid-Term Management Plan
- Implementation of each measure under the leadership of the responsible departments

- Regular monitoring of progress in implementing risk response measures and opportunity initiatives by the Sustainability Management Group, supporting continuous improvement by responsible departments

Environmental Sustainability through our Business

Through our core business activities, we contribute to environmental sustainability while creating long-term value. The following section outlines key initiatives.

Valve & Piping Systems Division

Launching demonstration testing of PFAS-free thermoplastic valves

We manufacture thermoplastic valves that are lightweight, corrosion-resistant, and durable. These valves are used across a wide range of applications, including steelmaking, chemical processing, semiconductor manufacturing, aquariums, and agricultural water systems. Some of these valves incorporate components containing per- and polyfluoroalkyl substances (PFAS). Growing concerns over the health and environmental impacts of certain PFAS compounds, which are persistent in the environment, have led to increasing regulatory controls, particularly in Europe and the U.S.

At present, fluoropolymers such as PVDF, PTFE, and FKM used in thermoplastic valves are not subject to regulation. However, the possibility of comprehensive future regulations raises concerns about potential impacts across a wide range of industries. In collaboration with Kurita Water Industries Ltd., we are developing PFAS-free thermoplastic valves using alternative materials for ultrapure water production lines in the semiconductor industry. Demonstration testing in water treatment equipment began in spring 2025.

Resin Division

Driving energy efficiency with high-performance insulation BEXUR™

In the construction sector, where energy efficiency standards are being strengthened in pursuit of a carbon-neutral society, performance requirements for insulating materials are becoming increasingly stringent. At the same time, as greater emphasis is placed on spacious living environments and design flexibility, achieving both high performance and space-saving efficiency has become a key challenge.

Developed to address these needs, the on-site foaming urethane solution BEXUR™ delivers world-class insulation performance, enabling compliance with the latest energy efficiency standards while minimizing material thickness. It also features proprietary technology that retains insulating gas over extended periods, limiting performance degradation and ensuring stable long-term performance. Its superior workability—unique to on-site foaming—allows seamless application even in complex structures, contributing to both comfort and reduced environmental impact. We will continue to contribute to the realization of a sustainable society through the provision of safe and reliable products.

Water Treatment & Natural Resources Development Division

Advancing construction for geothermal power generation, a renewable energy source

There is growing interest in renewable energy sources that reduce greenhouse gas (GHG) emissions. Particularly in Japan, which is located in a volcanic belt, geothermal power generation—using high-temperature underground steam and hot water to produce electricity—is attracting increasing attention. While geothermal power has a relatively modest output, it enables stable electricity generation around the clock. In addition, the high-temperature steam and hot water produced can be reused for agricultural greenhouses, aquaculture, and local heating systems.

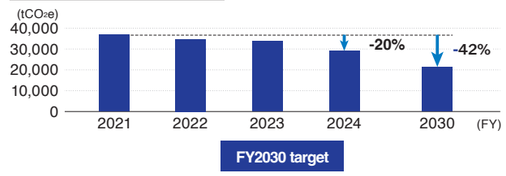
Dorico Co., Ltd., a member of the Group, drilled Japan's first geothermal power well in 1952 and has since drilled more than 200 wells. Currently, Dorico undertakes drilling and renovation projects in Kyushu, Hokkaido, and the Tohoku region, as well as hot spring well drilling. To address the challenge of high costs, Dorico is working to improve drilling efficiency and increase equipment utilization. Through these efforts, the company contributes to the development of geothermal power generation, helping to expand the share of renewable energy and reduce greenhouse gas emissions.

Carbon Neutrality Initiatives

GHG emissions reduction targets

To assess and manage climate-related risks and operations, we calculate GHG emissions (Scope 1, 2, and 3) in accordance with the GHG Protocol. We have set FY2021 as the base year for our GHG emissions reduction targets and aim to reduce Scope 1 and 2 emissions by 42% by FY2030. We will work toward establishing long-term targets for FY2050.

Trends in Scope 1 and 2 emissions



42% reduction in Scope 1 and 2 emissions from FY2021 levels

Driving Sustainable Corporate Value through Intellectual Property

For 80 years, we have accumulated technologies and know-how—refined through delivering value to customers—as intellectual property (IP). By leveraging these assets, we have maintained our competitive advantage and achieved steady growth. In recent years, in response to rapid changes in the digital landscape, we have advanced the digitization of our intellectual property and are leveraging technologies such as generative AI to create new market opportunities and drive business expansion. We will continue to regard intellectual property as a core management resource and further integrate it into our business strategy to achieve sustainable growth and enhance long-term corporate value.

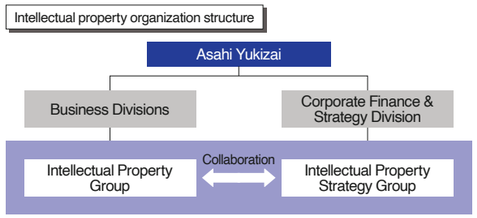
Assistant Director,
Corporate Planning & Control Department,
Corporate Finance & Strategy Division

Norimitsu Kai

IP Infrastructure

IP Management Framework

We have established an IP management framework that promotes collaboration between the Intellectual Property Groups within each business division and the Intellectual Property Strategy Group in the Corporate Finance & Strategy Division. Through this structure, we aim to enhance sustainable corporate value through the strategic use of intellectual property.



▶Systems and mechanisms to drive innovation and business impact

Training and development programs	Invention incentive program	Technology and IP management systems
IP training workshops and structured engineer development programs	A comprehensive incentive program covering both patents and proprietary know-how	Implementation of a patent management system and digitization of technical documentation

Intellectual property as a source of competitive strength

Our intellectual property capabilities are built on five key pillars: brand equity, de facto standard products, customization expertise, environmentally friendly technologies, and proprietary know-how. Together, these elements form the foundation of our competitive advantage.

IP Activities to Drive Sustainable Growth and Corporate Value

Vision for 2030

Looking ahead to 2030, we will support business division KPIs while driving profitability and sustainably enhancing corporate value through optimized use of management resources and strengthened profit-generation capabilities.

Profitability improvement

We will strategically leverage intellectual property to strengthen our competitive advantage and create new business opportunities, thereby enhancing long-term profitability.

Decision-making support

We will rapidly provide critical IP insights to management, supporting more sophisticated strategic and investment decisions.

Reduction of the cost of capital

We will communicate IP-driven achievements and growth stories both internally and externally, deepen engagement with investors, and build strong, trust-based relationships with capital markets.

Main initiatives

IP portfolio mapping
We visualize relationships between intellectual property assets, competitors, customers, business environments, products, and profitability to support sales activities and technology exploration.

Strategy development
We support differentiation strategy development through analysis of digitized patent information.

Market analysis
We anticipate market needs through IP analysis of customer challenges, competitor movements, technology trends, and market developments, and support business strategy development by building patent portfolios that drive R&D and solution proposals.

Market creation
We utilize newly created and protected innovations to develop businesses aligned with identified market needs, creating and expanding new markets.

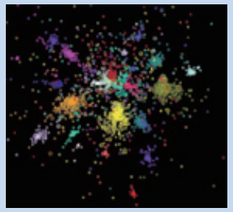
Case studies

Competitive intelligence and development support through IP analysis

Background
The Dymatrix™ business was launched around 2000 as a functional valve solution amid growing demand for high-precision chemical control technologies in wafer cleaning processes within semiconductor manufacturing. Although we entered the market later than major competitors, the business steadily expanded globally through our proprietary technologies.

Activities
Through IP analysis incorporating business environment data and competitor intelligence, we identified industry-wide technological trends and shared these insights with relevant departments. This approach supported our business strategy by leveraging IP insights.

IP analysis map › Competitor trends › Product development



- Particle control structure
- Chemical retention prevention structure
- Chemical flow control structure

FALCONICS™: Patent Nos. 5995657, 6037845, 6216601
Dymatrix™: Patent Nos. 7539394, 7530486, 7610937

Human Capital Development Strategy for Growth with Our Employees

To achieve sustainable growth through delivering value to customers worldwide, we have positioned work engagement as a key performance indicator. We are accelerating our people development initiatives to build a diverse, globally capable workforce and enable employees to fully realize their potential. This approach supports the creation of unique markets and our global expansion. A key element of this strategy is ensuring employees' physical and mental health and well-being.

General Manager, Human Resources Department, Corporate Finance & Strategy Division
Mariko Okabe

Approach to Human Capital Management

Philosophy on human capital management

We create value through employees who sincerely engage with customers and deliver high-quality products and reliable services. For our continued growth and development, it is essential that we and our employees work together under our corporate philosophy to contribute value to customers worldwide. Employee growth drives value creation and supports our long-term growth. Accordingly, we have established our fundamental approach to people—our core management asset—within our Human Resources Policy.

Human Resources Policy

Recognizing people as a core management asset, we integrate initiatives across three key areas. Through embodying our corporate philosophy, employees drive the sustainable development of both the Company and themselves.

1. We continuously secure talent to drive business growth and develop people who take ownership of their work.
2. We enhance our personnel systems to fairly evaluate diverse employees and provide opportunities for growth.
3. We foster an engaging workplace environment, pursuing both job satisfaction and workplace well-being.

Human resources strategy framework

Talent strengths anchored in our corporate philosophy

- ○ We create value through honest and tenacious employees who deliver high-quality products and reliable services.
- ○ Our purpose, as defined in our corporate philosophy, is to offer peace of mind through reliable quality and dedicated support—made possible by our people.
- ○ We have established our Human Resources Policy as a shared commitment between the Company and employees.

Strategic priorities under GNT2030

- ○ To achieve continued growth, we must cherish our DNA while contributing value to customers worldwide.
- ○ Our key priority for GNT2030 is to develop a diverse, globally capable workforce and build an organization where employees can fully realize their potential.
- ○ We define global talent as professionals who can collaborate across cultures and contribute to business operations.

Our ideal talent: Own the Challenge–Move Forward Together

1 Take an interest in and try out new things

2 Keep enhancing our sophisticated expertise

Ownership & Initiative

3 Understand others deeply and discover their issues

4 Fulfill our individual roles while remaining mindful of shared goals

Human resources strategy

Strategic initiatives for talent and organizational capability

1. Fostering leadership and organizational development

- ○ Strengthening leadership and organizational development to maximize performance
- ○ Focusing on cultivating next-generation leaders who will drive the organization forward

➡ Leadership training, enhanced succession planning, and coaching programs

2. Driving growth through strength-based development

- ○ Strengthening core professional expertise
- ○ Career development focused on individual strengths
- ○ Developing global talent capable of cross-cultural collaboration and business contribution

➡ Strengthened professional development frameworks and global talent programs

3.Advancing health management and occupational safety

- ○ Health promotion and well-being initiatives
- ○ Health and productivity management declaration
- ○ Workplace safety performance and incident monitoring

➡ Health management projects, safety forums, and ongoing safety walkthroughs conducted by the President

Foundational initiatives for sustainable growth

Growth-focused initiatives to strengthen competitiveness

- ○ Talent acquisition and retention initiatives
- ○ Diversity and inclusion initiatives

Risk Management and Social Responsibility Initiatives

- ○ Compliance and information security initiatives
- ○ Human rights protection initiatives

Case studies

1. Fostering leadership and organizational development

We conduct annual leadership training for all line managers at the section chief level and above. The program includes goal-setting and performance management, quality improvement initiatives, and feedback based on organizational analysis of stress survey results to enhance management capabilities. Since FY2023, we have expanded a coaching program from executive officers to department managers and section chiefs, entering its third phase in FY2025. These initiatives aim to maximize organizational performance by strengthening people development and energizing the organization.

2. Driving growth through strength-based development

We are strengthening global talent development to support the international expansion of our business. We define global talent as professionals who can collaborate across cultures and contribute to business operations, supported by core capabilities in adaptability, English proficiency, and business skills. Through cross-cultural communication training, we deepen intercultural understanding, strengthen core professional expertise, and enhance language skills. In FY2025, we also increased financial incentives for professional certifications.

3. Promoting health management and enhancing workplace safety

In August 2023, we declared our commitment to actively promoting health and productivity management. We support employee well-being by creating a safe, secure, and engaging workplace environment. To accurately assess workplace health, we improved participation in stress surveys, achieving a 99% participation rate in FY2024 through the dedicated efforts of regional health and safety officers. We also promote health through initiatives such as walking programs and wellness seminars led by our chief occupational health nurse.

Human capital KPIs

Initiative	KPIs	KPI Deadline	Targets	Latest Results (FY2024)
Work engagement	Work engagement score	End of FY2030	≥ 50 (standardized score)	Non-consolidated: 48.6
Strategic initiatives initiative 1: Fostering leadership and organizational development	Leadership training participation rate (for section chiefs and above)	End of each fiscal year	100%	98%
Strategic initiatives initiative 2: Driving growth through strength-based development	Cross-cultural communication training participants (basic program)	End of FY2030	120+	86
Strategic initiatives initiative 3: Advancing health management and occupational safety	Percentage of employees aged 40 and over eligible for specific health guidance	End of FY2030	≤ 20%	22.1%
	Smoking rate	End of FY2030	≤ 25%	29.8%
	Stress survey participation rate	End of each fiscal year	≥ 93%	99.1%
Foundational initiatives	Percentage of women in management positions	End of FY2031	≥ 10%	1.9%
	Percentage of male employees, including fixed-term employees, taking childcare leave for 20 days or more	End of FY2028	≥ 50%	35%
	Compliance training participation rate (actual attendance rate among scheduled participants)	End of each fiscal year	100%	100%
	Information security training completion rate (all employees provided with company-issued PCs)	End of each fiscal year	100%	100%

EHS Policy

The Asahi Yukizai Group places the highest priority on safety in its management practices and recognizes its responsibility to protect the global environment. Across all business activities—including the Valve & Piping Systems Division, the Resin Division, and the Water Treatment & Natural Resources Development Division—we actively promote initiatives that prioritize environment, health and safety (EHS) throughout product development, manufacturing, delivery, and waste management.

Environmental Initiatives

Under our ISO 14001-certified environmental management system, we implement pursue environmental initiatives across all business activities related to our products and services, with a particular focus on climate change.

To date, we have achieved results in reducing energy consumption, improving energy efficiency, and minimizing waste. Although total electricity and thermal energy consumption decreased compared with FY2023, energy intensity increased slightly in FY2024.

Occupational Safety and Health

Safety is the top priority across all Group operations. We seek to prevent occupational accidents through initiatives focused on four key areas: promoting physical and mental well-being, strengthening safety awareness, ensuring safe workplaces, and improving working conditions. These efforts include supporting employee health, encouraging open communication on safety, improving workplace safety through 5S activities, risk assessments, and equipment improvements, and continuously enhancing working conditions through employee participation. In FY2024, as in the previous year, we conducted safety and health rounds at all domestic manufacturing plants, and through these ongoing activities, we continue to foster a strong culture of safety.

Since FY2023, we have implemented the Health and Productivity Management Promotion Project to strengthen organizational systems that support employee well-being. These initiatives have included a health points program and mental health training. As a result, in March 2025, we were recognized for the second consecutive year as a 2025 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category) by Japan's Ministry of Economy, Trade and Industry (METI) and the Nippon Kenko Kaigi.

Engagement with Local Communities

Guided by the principle of "value creation and social contribution" set forth in the Asahi Yukizai Group Code of Conduct, we actively engage in community outreach as part of our employees' commitment to community involvement.

Community initiatives

Community clean-up activities around our facilities, support for first-aid training programs, hosting student internships, educational visits and programs for local schools and universities in Nobeoka, Japan, blood donation drives, and participation in local summer festivals

For further details, please refer to the relevant sections of our website.

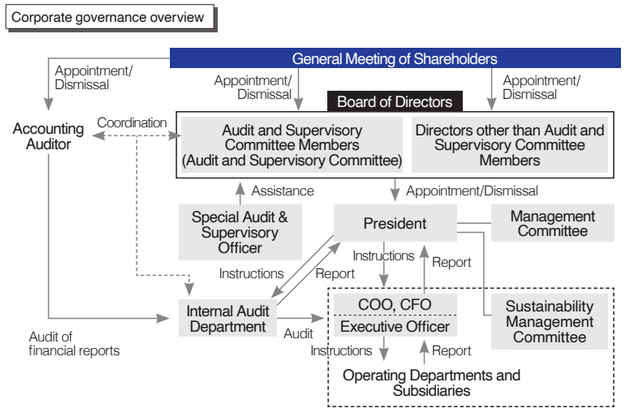
https://www.asahi-yukizai.co.jp/en/activity_report8/

Governance Philosophy

We place strong emphasis on building trust with our shareholders and all other stakeholders while pursuing sustainable growth and enhancing corporate value over the medium to long term. Centered on the Board of Directors and the Audit and Supervisory Committee, we seek to strengthen and enhance corporate governance to ensure transparent, fair, and timely decision-making.

Corporate Governance Structure

Asahi Yukizai has adopted a governance structure with an Audit and Supervisory Committee to enhance the supervisory function of the Board of Directors, thereby strengthening corporate governance and increasing corporate value. Each governance body operates within this framework.



Board and Committee Structure

Board of Directors

The Board of Directors consists of seven Directors: four Directors who are not members of the Audit and Supervisory Committee (including one Outside Director) and three Directors who serve as members of the Audit and Supervisory Committee (all of whom are Outside Directors). The President serves as Chair of the Board. The Board meets at least once a month. Matters to be resolved by the Board are defined in the Company's Board of Directors Regulations and Delegation of Authority Regulations.

Specific matters discussed in FY2024

- Approval of business plans and major capital investments
- Disclosure of sustainability information
- Share repurchase and subsidiary management policies
- Global whistleblowing system
- Initiatives to strengthen corporate governance, etc.

■ Status of activities
The Board met 16 times in FY2024.
■ Current composition (as of June 2025)
- Proportion of outside directors 57.1%
- Percentage of female directors 28.6%

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three Outside Directors. To strengthen audit and supervisory functions, one full-time member has been appointed. The full-time member serves as Chair of the Committee. The Committee meets regularly in accordance with the Company's Audit and Supervisory Committee Regulations.

Specific matters discussed in FY2024

- EHS and safety and quality management systems
- Progress on the Mid-Term Management Plan (GNT2025)
- Compliance with laws and regulations
- Strengthening talent and organizational capabilities
- Progress in sustainability management, etc.

■ Status of activities
The Committee met 14 times in FY2024.

Nomination and Remuneration Committee

Asahi Yukizai has established a Nomination and Remuneration Committee to enhance the independence, objectivity, and accountability of the Board of Directors in matters relating to director nominations and remuneration.

The Committee consists of four Directors, three of whom are Outside Directors.

An Outside Director serves as Chair of the Committee. The Committee meets at least four times a year in accordance with the Company's Nomination and Remuneration Committee Regulations. The Committee deliberates on matters relating to the nomination and remuneration of Directors (excluding Audit and Supervisory Committee members) and Executive Officers upon referral from the President or the Board of Directors, and submits its recommendations to the Board.

Specific matters discussed in FY2024

- Executive remuneration framework and individual performance evaluations
- Candidates for Director and Executive Officer positions
- Introduction of a CxO structure and related candidates
- Nomination and remuneration of Special Audit & Supervisory Officer
- Initiatives to develop next-generation leadership, etc.

■ Established in 2021
■ Status of activities
The Committee met 4 times in FY2024.
■ Current composition (as of June 2025)
- Chair: Masato Kashiwagi
- Members: Kazuya Nakano, Atsuko Yoshimura, Toshiko Kuboki, Minoru Fukui

Outside Director
Atsuko Yoshimura

Outside Director (Audit & Supervisory Committee Member)
Masato Kashiwagi

Outside Director (Audit & Supervisory Committee Member)
Minoru Fukui

Outside Director (Audit & Supervisory Committee Member)
Toshiko Kuboki

Executive Vice President & COO
Sueyoshi Suetome

President & CEO
Kazuya Nakano

Primary Executive Officer & CFO
Hideo Hikami

President & CEO

Kazuya Nakano

Date of birth: December 23, 1957

Apr. 1981	Joined Asahi Kasei Corporation
Apr. 2009	Joined the Company
Apr. 2011	Executive Officer
Apr. 2013	General Manager, Performance Resin Division
Apr. 2014	General Manager, Valve & Piping Systems Division (VPS Division)
Jun. 2015	Director
Apr. 2016	Senior Executive Officer
Apr. 2018	Representative Director (present), President (present), in charge of Compliance (present)
Apr. 2019	Head of Corporate Strategy Division (CS Division); in charge of EHS (Environment, Health & Safety)
Nov. 2019	General Manager, Internal Control Department
Apr. 2020	In charge of the Facilities Department
Apr. 2022	In charge of EHS (present)
Sep. 2023	In charge of the Health Management Promotion Project (present)
Apr. 2024	Chairman & Representative Director, Rand Wick Co., Ltd.
Apr. 2025	CEO (present)

Executive Vice President & COO

Sueyoshi Suetome

Date of birth: December 24, 1963

Jul. 1992	Joined the Company
Apr. 2012	General Manager, Nobeoka Manufacturing Department, Valve & Piping Works, VPS Division
Jul. 2014	General Manager, Corporate Planning & Control Department, CS Division
Apr. 2016	Executive Officer
Jun. 2017	Director (present)
Apr. 2018	Head of VPS Division; Chairman, Asahi Organic Chemicals Trading (Shanghai) Co., Ltd.; Chairman, Asahi AV Valve (Shanghai) Co., Ltd.
Apr. 2020	Head of Manufacturing, VPS Division
Apr. 2022	Senior Executive Officer
Apr. 2024	Primary Executive Officer; Head of Resin Division (present); Chairman, Asahi Organic Chemicals (Nantong) Co., Ltd. (present)
Apr. 2025	Executive Vice President (present), COO (present), in charge of Overall Business Operations (present)
Jun. 2025	Head of VPS Division

Primary Executive Officer & CFO

Hideo Hikami

Date of birth: June 18, 1962

Apr. 1986	Joined Asahi Kasei Corporation
May 2004	General Manager, Planning & Coordination Department, Asahi Kasei Electronics Co., Ltd.
Apr. 2011	Manager, Business Development Group, Management Strategy Office, Asahi Kasei Corporation
Jul. 2012	Vice President, Business Development, ZOLL Medical
Apr. 2016	Deputy Project Manager, UVC Project, Asahi Kasei Corporation
Apr. 2019	Deputy General Manager, Corporate Planning Department, Asahi Kasei Corporation
Oct. 2020	Principal Expert, M&A, Asahi Kasei Corporation
Apr. 2023	Joined the Company; Executive Officer; Deputy Head of CS Division
Jun. 2023	Director (present); Head of CS Division
Apr. 2024	Senior Executive Officer; in charge of New Business Development Projects (present)
Apr. 2025	Primary Executive Officer (present); CFO (present); Head of Corporate Finance & Strategy Division (present)

Outside Director

Atsuko Yoshimura

Date of birth: May 6, 1971

Apr. 1995	Joined Nippon Telegraph and Telephone Corporation
Jun. 2004	Joined JPMorgan Securities Japan Co., Ltd.
Mar. 2007	Joined UBS Securities Japan Co., Ltd.
Mar. 2015	Joined Goldman Sachs Japan Co., Ltd.
Sep. 2020	Managing Director; Head of Asia Region Strategy, Roquette Japan K.K.
Dec. 2021	Representative Director & President; Managing Director; Head of Asia Region Strategy, Roquette Japan K.K.
Jun. 2022	Outside Director, Fujimi Incorporated (present)
Mar. 2023	Representative Director, VG-C Inc. (present)
Dec. 2023	Representative Director; CEO & Co-founder, PhytoMol-Tech Co., Ltd. (present)
Jan. 2024	Managing Director, DAIZ Engineering Inc. (now SprouTx Inc.) (present)
Jun. 2025	Outside Director, the Company (present)

Outside Director (Audit & Supervisory Committee Member)

Toshiko Kuboki

Date of birth: February 26, 1960

Apr. 1987	Admitted to the bar (Dai-Ichi Tokyo Bar Association), and joined Yamasaki Law & Patent Offices
Apr. 1993	Founded Ono & Kuboki Law Office
Apr. 2003	Founded Kuboki Law Office, appointed as Managing Partner (present)
Apr. 2012	Visiting Professor, Graduate School of Law, Chuo University (present)
Jun. 2015	Outside Director, Qol Co., Ltd. (now Qol Holdings Co., Ltd.) (present)
Jun. 2016	Outside Audit & Supervisory Board Member, Citizen Holdings Co., Ltd. (now Citizen Watch Co., Ltd.)
Jun. 2019	Outside Director, Citizen Watch Co., Ltd. (present)
Apr. 2023	Vice President, Tokyo Medical and Dental University (now Institute of Science Tokyo)
Jun. 2023	Outside Director (Audit & Supervisory Committee Member), the Company (present)
Oct. 2024	Vice President, Institute of Science Tokyo (present)

Outside Director (Audit & Supervisory Committee Member)

Minoru Fukui

Date of birth: July 8, 1956

Apr. 1981	Joined Asahi Kasei Corporation
Apr. 2006	Chairman and President, Hangzhou Asahi Kasei Textiles Co., Ltd.
Feb. 2010	Assistant General Manager, R&D Laboratory for Applied Products, Asahi Kasei Fibers Corp.
May 2013	General Manager, R&D Center, Asahi Kasei Fibers Corp.
Apr. 2015	General Manager, Fiber Technology Development Division, Corporate R&D Division; Director, Fiber R&D Center, Asahi Kasei Corporation
Jul. 2016	Supervisory Innovation Coordinator, National Institute of Advanced Industrial Science and Technology (AIST)
Apr. 2023	Research Emeritus Counselor, AIST Kansai (present)
Jun. 2024	Outside Director (Audit & Supervisory Committee Member), the Company (present)

Outside Director (Audit & Supervisory Committee Member)

Masato Kashiwagi

Date of birth: July 3, 1964

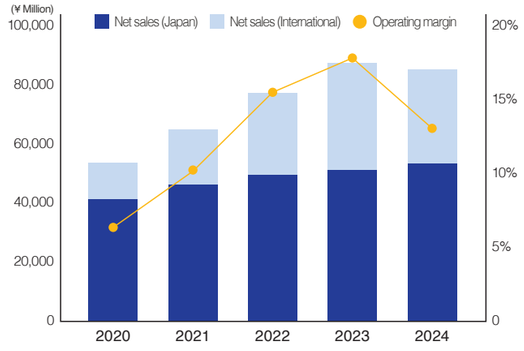
Apr. 1987	Joined Asahi Kasei Corporation
Jun. 2010	General Manager, Accounting Department, Asahi Kasei Pharma Corporation
Jan. 2016	General Manager, Corporate Planning Department, Asahi Kasei Pharma Corporation
Apr. 2018	General Manager, Overseas Business Development Department, Asahi Kasei Pharma Corporation
Apr. 2019	General Manager, Corporate Management Division, Asahi Kasei Pharma Corporation
Apr. 2023	Executive Officer, Asahi Kasei Pharma Corporation
Apr. 2025	Assistant to the President
Jun. 2025	Outside Director (Audit & Supervisory Committee Member), the Company (present)

Skills Matrix

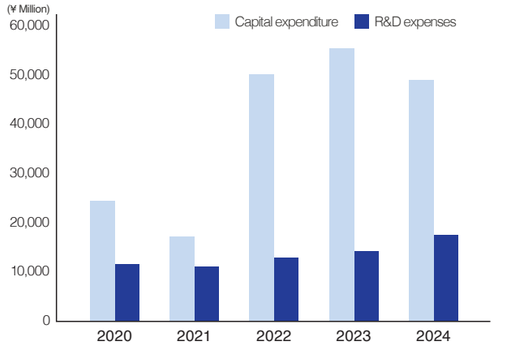
Asahi Yukizai has identified the skills its Board of Directors should possess in nine categories: (1) Corporate Management, (2) Sales and Marketing, (3) Manufacturing and Safety, (4) Finance, Accounting, and Capital Markets, (5) Legal Affairs and Risk Management, (6) Human Resources and Talent Development, (7) Global Experience, (8) Sustainability (ESG), and (9) R&D and Technology.The current skills matrix for our Board of Directors is shown in the table below.

	Corporate Management	Sales & Marketing	Manufacturing & Safety	Finance, Accounting & Capital Markets	Legal Affairs & Risk Management	Human Resources & Talent Development	Global Experience	Sustainability (ESG)	R&D & Technology
Kazuya Nakano	●	●			●	●	●	●	
Sueyoshi Suetome			●			●			●
Hideo Hikami				●		●	●		
Atsuko Yoshimura	●			●			●		
Toshiko Kuboki					●			●	
Minoru Fukui			●				●		●
Masato Kashiwagi				●		●			

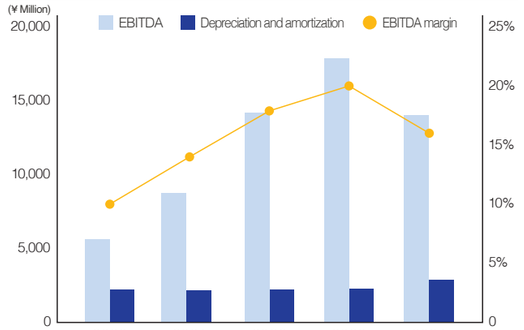
Net sales, operating margin



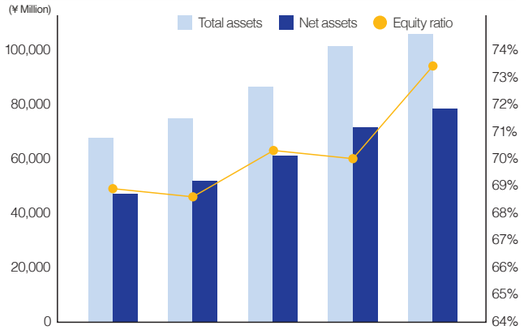
Capital expenditure, R&D expenses



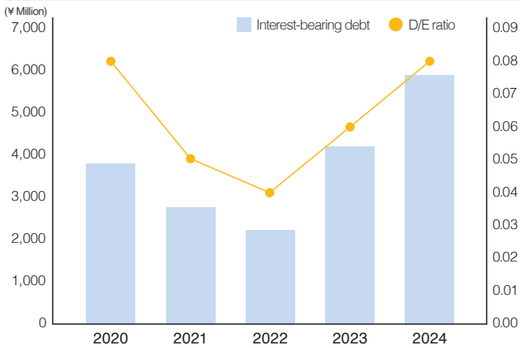
EBITDA, depreciation and amortization, EBITDA margin



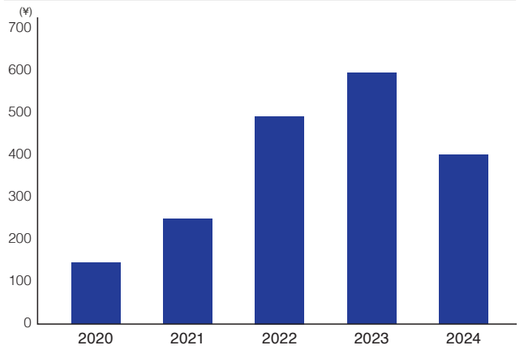
Total assets, net assets, equity ratio



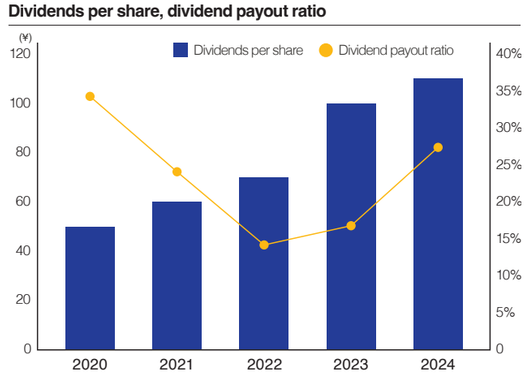
Interest-bearing debt, D/E ratio



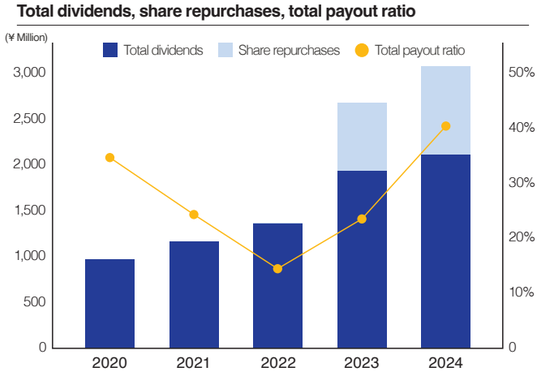
Earnings per share



Dividends per share, dividend payout ratio



Total dividends, share repurchases, total payout ratio



	Unit	FY2020	FY2021	FY2022	FY2023	FY2024
P/L						
Net sales	¥ Million	53,551	64,732	77,099	87,426	85,162
Cost of sales	¥ Million	35,944	43,108	47,356	51,754	52,219
Gross profit	¥ Million	17,607	21,624	29,743	35,672	32,943
Selling, general and administrative expenses	¥ Million	14,203	15,049	17,795	20,097	21,822
Operating profit	¥ Million	3,404	6,575	11,947	15,576	11,121
Ordinary profit	¥ Million	3,648	7,012	12,140	16,076	11,250
Net profit	¥ Million	2,789	4,773	9,425	11,382	7,624
R&D expenses, depreciation and amortization						
R&D expenses	¥ Million	1,159	1,117	1,295	1,424	1,753
Capital expenditure	¥ Million	2,446	1,727	5,012	5,533	4,892
Depreciation and amortization (incl. goodwill)	¥ Million	2,200	2,188	2,222	2,279	2,876
C/F						
Operating cash flow	¥ Million	3,420	7,175	5,841	9,698	11,335
Investing cash flow	¥ Million	(2,069)	(1,655)	(4,836)	(4,649)	(5,157)
Free cash flow	¥ Million	1,352	5,520	1,005	5,049	6,177
Financing cash flow	¥ Million	(1,146)	(2,064)	(1,871)	(546)	(1,572)
Net cash flow	¥ Million	206	3,456	(866)	4,503	4,606
B/S						
Total assets	¥ Million	67,732	74,925	86,256	101,371	105,772
Net assets	¥ Million	47,108	51,867	61,179	71,673	78,262
Equity	¥ Million	46,667	51,363	60,613	70,951	77,637
Non-controlling interests	¥ Million	441	504	566	723	626
Total liabilities	¥ Million	20,624	23,058	25,077	29,698	27,509
Interest-bearing debt	¥ Million	3,804	2,770	2,226	4,200	5,900
Financial indicators						
Equity ratio	%	68.9	68.6	70.3	70.0	73.4
ROIC	%	5.7	9.1	16.1	16.5	9.6
ROE	%	6.2	9.7	16.8	17.3	10.3
D/E ratio	Times	0.08	0.05	0.04	0.06	0.08
EBITDA	¥ Million	5,604	8,763	14,169	17,855	13,997
Stock information						
Issued shares (incl. treasury shares)	Thousand shares	19,800	19,800	19,800	19,800	19,800
Number of treasury shares	Thousand shares	648	649	642	802	1,017
Average shares outstanding	Thousand shares	19,143	19,152	19,157	19,150	19,000
Earnings per share	¥	145.67	249.21	491.99	594.32	401.28
Net assets per share	¥	2,436.63	2,681.92	3,163.80	3,734.61	4,133.27
Annual dividend per share	¥	50	60	70	100	110
Total dividends	¥ Million	962	1,154	1,355	1,927	2,096
Dividend payout ratio	%	34.3	24.1	14.2	16.8	27.4
Total payout ratio	%	34.5	24.2	14.4	23.4	40.2
DOE (dividends / equity)	%	2.1	2.3	2.4	2.9	3.0

Corporate Data (as of September 30, 2025)

Corporate Information

Company name	ASAHI YUKIZAI CORPORATION
URL	https://www.asahi-yukizai.co.jp/
Head office	Tokyo Head Office: 21st Floor, Ueno Frontier Tower 3-24-6 Ueno, Taito-ku, Tokyo, Japan Nobeoka Head Office (Registered Office): 2-5955 Nakanose-cho, Nobeoka-shi, Miyazaki, Japan
Established	March 12, 1945

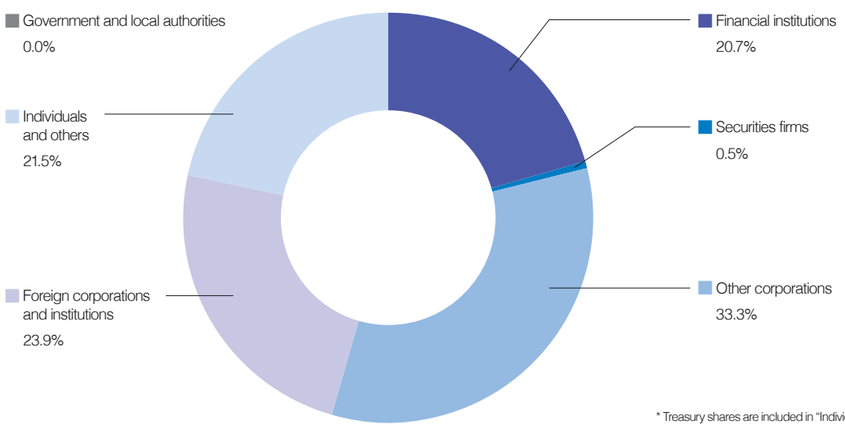
Capital	¥5,000,100,000
Employees (consolidated)	1,784
Issued shares	19,800,400
Number of shareholders	7,894
Transfer agent	Sumitomo Mitsui Trust Bank, Limited.
Stock listing	Tokyo Stock Exchange, Prime Market
Independent auditor	PricewaterhouseCoopers Japan LLC

Major Shareholders (Top 10)

Name	Number of shares held (thousands)	Percentage of shareholding (%)
Asahi Kasei Corporation	5,839	30.8
The Master Trust Bank of Japan, Ltd. (Trust account)	1,739	9.2
STATE STREET BANK AND TRUST COMPANY 505001	1,271	6.7
Custody Bank of Japan, Ltd. (Trust account)	1,020	5.4
The Miyazaki Bank, Ltd.	491	2.6
STATE STREET BANK AND TRUST COMPANY 510312	398	2.1
MSIP CLIENT SECURITIES	357	1.9
Nippon Life Insurance Company	356	1.9
STATE STREET BANK AND TRUST COMPANY 510311	316	1.7
SHIN ASAHI CO,. LTD	199	1.1

* The Company holds 867 thousand treasury shares, but is excluded from the above list of major shareholders.

Shareholder Composition



* Treasury shares are included in "Individuals and others."

Business Locations