

Asahi**KASEI**

**Fiscal 2023 3rd Quarter
Financial Results
– Supplementary
Financial Summary –**

February 7, 2024

Asahi Kasei Corporation

Disclaimer

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

2023 Apr.-Dec. results

- Firm growth in Homes but operating income decreased year-on-year with demand slowdown and lower market prices in Material, and in Health Care, recovery in Critical Care exceeded by increased costs and impact of an acquisition in the Health Care business category
- After a nadir in Q4 of FY2022, **three straight quarters of quarterly operating income growth** and recovery trend continuing

FY 2023 forecast

- **Year-on-year operating income increase forecasted;** continued firm performance of Homes and **Critical Care to drive earnings** in Health Care but slower than expected recovery of operating environment in Material
- Ongoing efforts to enhance earnings structure by passing on increased feedstock costs, reducing manufacturing costs, and reducing inventories and SG&A.
- Accelerating studies on structural transformation of business portfolio related to petrochemical chain in Basic Materials and advancing investment in growth businesses with more exacting scrutiny on profitability while reaping the fruits of past investments

Shareholder returns

- Full-year dividend forecast of ¥36 per share (no change from the previous forecast) based on shareholder returns policy

Progress of MTP

- Asahi Kasei, Gentari, and JGC signed MOU on FEED study for 60 MW class alkaline water electrolyser to produce green hydrogen in Malaysia

1. Consolidated results for Q3 2023

Financial results for Q3 2023 (consolidated, year-on-year)

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Consolidated net sales increased year-on-year with firm sales in Homes and Health Care, although Material had slower demand in China and lower market prices than expected

Operating income growth in Homes was firm, but decreased year-on-year with demand slowdown and lower market prices in Material and, in Health Care, recovery in Critical Care exceeded by increased costs and impact of an acquisition in the Health Care business category

Net income decreased year-on-year with lower operating income and deterioration in equity in earnings/losses of affiliates

		2022		2023		Increase (decrease)	% change
		Q3 ¹	Apr.-Dec. ¹	Q3	Apr.-Dec.		
Net sales	(¥ billion)	689.2	2,040.4	718.2	2,064.1	23.7	1.2%
Operating income	(¥ billion)	30.3	116.1	42.6	98.5	(17.6)	-15.1%
Operating margin		4.4%	5.7%	5.9%	4.8%		
Operating income before goodwill amortization	(¥ billion)	40.2	144.1	50.2	120.5	(23.6)	-16.4%
EBITDA	(¥ billion)	76.2	246.9	88.8	233.4	(13.5)	-5.5%
EBITDA margin		11.1%	12.1%	12.4%	11.3%		
Net income attributable to owners of the parent	(¥ billion)	14.1	65.8	27.7	58.6	(7.2)	-11.0%
¥/US\$ exchange rate (market average)		142	137	148	143		
¥/€ exchange rate (market average)		144	141	159	155		
Naphtha price (¥/kL, domestic)		72,500	80,000	72,800	68,000		

¹ Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

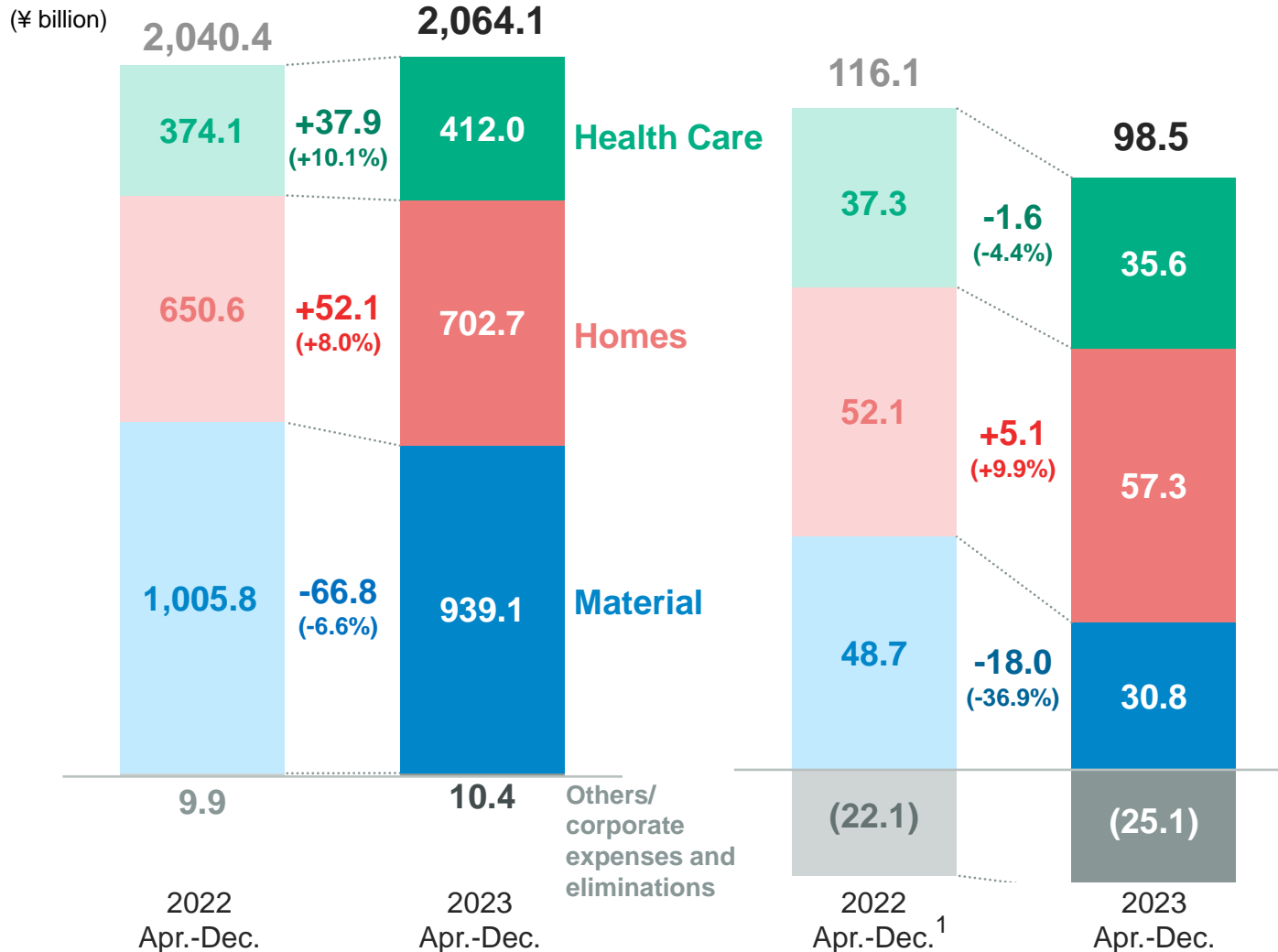
Q3 2023 operating performance results by segment (year-on-year)

Sales (YoY)

+¥23.7 billion (+1.2%)

Operating income (YoY)

-¥17.6 billion (-15.1%)



Health Care

Sales increase, but operating income decrease

- **Health Care business category -¥6.9 billion;** Decreased income with higher SG&A, nonrecurrence of previous year's lump sum licensing income, and negative impact of Bionova consolidation
- **Critical Care +¥5.3 billion;** Increased income with improved reimbursement conditions for LifeVest, higher sales price of defibrillators, and increased shipments of AEDs due to improvement of difficulty in parts procurement

Homes

Sales and operating income increase

- **Homes business category +¥3.1 billion;** Although income in order-built homes decreased with lower volume of work, income increased with expansion of real estate and overseas business
- **Construction Materials +¥2.0 billion;** Increased income with progress in passing on increased costs

Material

Sales and operating income decrease

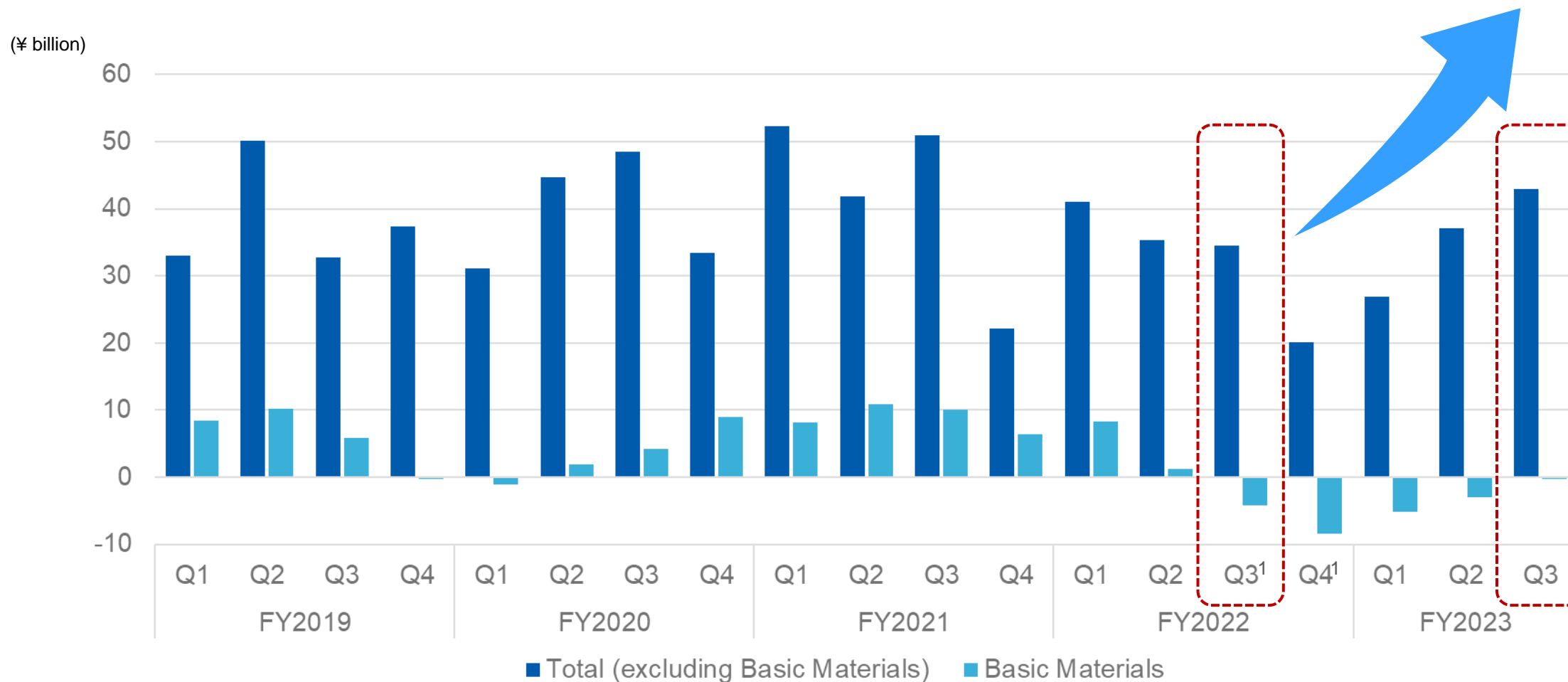
- **Environmental Solutions -¥9.8 billion;** Effects of lower amortization of goodwill and other intangible assets due to Polypore impairment but decreased income as Basic Materials had lower volumes due to demand slowdown, and impact of inventory valuation due to lower material prices
- **Life Innovation -¥5.8 billion;** Decreased income with decreased sales volumes due to demand slowdown and increased fixed costs

¹ Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

Changes in quarterly operating income

Enhanced marketing activities and cost reductions bearing fruit, recovery of income since bottoming out in Q4 FY 2022

Including Basic Materials whose operating climate remains challenging, Q3 operating income increased year-on-year



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Year-on-year variations

SG&A

Increased value of overseas expenses due to weaker yen, impact of new consolidations, etc.

Non-operating income/expense

Decreased equity in earnings of affiliates due to deteriorated earnings at PTT Asahi Chemical, etc.

Extraordinary income/loss

Transition from loss to income with loss on fire recorded in previous year and transfer of pellicles business in current year

(¥ billion)

	2022 Apr.-Dec. ¹		2023 Apr.-Dec.		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	2,040.4	100.0%	2,064.1	100.0%	23.7	+1.2%
Cost of sales	1,442.7	70.7%	1,461.9	70.8%	19.2	+1.3%
Gross profit	597.7	29.3%	602.2	29.2%	4.5	+0.8%
Selling, general and administrative expenses	481.6	23.6%	503.7	24.4%	22.1	+4.6%
Operating income	116.1	5.7%	98.5	4.8%	(17.6)	-15.1%
Net non-operating income (expenses)	(4.4)		(8.0)		(3.6)	
of which, net equity in earnings (losses) of affiliates	1.5		(0.5)		(2.0)	
Ordinary income	111.6	5.5%	90.5	4.4%	(21.1)	-18.9%
Net extraordinary income (loss)	(8.9)		4.5		13.4	
Income before income taxes	102.8	5.0%	95.0	4.6%	(7.8)	-7.5%
Income taxes	(36.0)		(34.4)		1.6	
Net income attributable to non-controlling interests	(1.0)		(2.1)		(1.1)	
Net income attributable to owners of the parent	65.8	3.2%	58.6	2.8%	(7.2)	-11.0%

¹ Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

Transition from loss to income with loss on fire recorded in previous year and transfer of pellicles business in current year

	(¥ billion)		
	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)
Gain on sales of investment securities	7.1	10.0	2.9
Gain on sales of noncurrent assets	0.7	0.2	(0.5)
Insurance income	1.8	2.1	0.2
Gain on business transfer	–	3.0	3.0
Settlement income	–	2.5	2.5
Total extraordinary income	9.6	17.8	8.1
Loss on valuation of investment securities	1.7	1.0	(0.7)
Loss on disposal of noncurrent assets	5.2	4.4	(0.8)
Impairment loss	1.3	2.2	0.9
Loss on fire at plant facilities	5.6	–	(5.6)
Business structure improvement expenses	4.7	5.7	1.0
Total extraordinary loss	18.5	13.2	(5.3)
Net extraordinary income (loss)	(8.9)	4.5	13.4

Total assets

Increased value of overseas assets due to weaker yen

Liabilities

Increased interest-bearing debt and value of overseas liabilities due to weaker yen

Net assets

Increased accumulated other comprehensive income due to weaker yen

	At end of Mar. 2023	At end of Dec. 2023	Increase (decrease)		At end of Mar. 2023	At end of Dec. 2023	Increase (decrease)
Current assets	1,488.2	1,616.4	128.2	Liabilities	1,758.5	1,869.0	110.5
Cash and deposits	251.2	358.1	107.0	Current liabilities	912.2	949.5	37.4
Notes, accounts receivable– trade, and contract assets	442.7	473.4	30.7	Notes and accounts payable–trade	180.6	203.7	23.2
Inventories	642.6	655.5	12.9	Other current liabilities	731.6	745.8	14.2
Other current assets	151.8	129.4	(22.3)	Noncurrent liabilities	846.4	919.5	73.1
Noncurrent assets	1,965.7	2,034.3	68.6	Net assets	1,695.4	1,781.6	86.3
Property, plant and equipment	871.7	902.7	30.9	Shareholders' equity	1,317.5	1,326.6	9.1
Intangible assets ¹	736.2	732.7	(3.4)	Capital stock	103.4	103.4	–
Investments and other assets	357.8	398.9	41.0	Capital surplus	79.8	80.3	0.4
				Retained earnings ¹	1,141.7	1,150.3	8.6
				Treasury stock	(7.4)	(7.3)	0.1
				Accumulated other comprehensive income	342.8	420.1	77.3
				Non-controlling interests	35.1	34.9	(0.2)
Total assets	3,453.9	3,650.7	196.8	Total liabilities and net assets	3,453.9	3,650.7	196.8
Goodwill ¹	348.6	349.0	0.4				
Interest-bearing debt ²	939.5	1,041.7	102.2				
D/E ratio	0.57	0.60	0.03				

¹ Figures at the end of March 2023 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

² Excluding lease obligations

Operating

Greater cash provided with reduced demand for working capital due to efforts to curtail inventories, etc. and decreased income tax payment, although income before income taxes decreased

Investing

Less cash used compared to previous year with impact of Bionova and Focus acquisition

Financing

Less cash provided with decreased fundraising by borrowings etc.

(¥ billion)

	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)
a. Net cash provided by (used in) operating activities	1.2	170.9	169.7
b. Net cash provided by (used in) investing activities	(203.4)	(116.7)	86.7
Outlays for capital expenditure	(126.4)	(127.1)	(0.7)
Outlays for M&A	(78.1)	-	78.1
Others	1.1	10.4	9.3
c. Free cash flows [a+b]	(202.2)	54.2	256.4
d. Net cash provided by (used in) financing activities	232.9	40.0	(192.9)
e. Others	13.1	14.0	0.9
Net increase (decrease) in cash and cash equivalents [c+d+e]	43.7	108.2	64.4

2. Forecast for FY 2023

FY 2023 operating performance forecast (consolidated, year-on-year)

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Net sales decrease in Material, but overall increase with firm performance in Homes and Health Care

Operating income increase; continued firm performance of Homes and Critical Care to drive earnings in Health Care but slower than expected recovery of operating environment in Material

Net income significantly recovering from net loss due to impairment on Polypore in the previous fiscal year

		FY 2022 ¹			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
		H1	H2 ¹		H1	Q3	Q4 forecast	H2 forecast				
Net sales	(¥ billion)	1,351.2	1,375.3	2,726.5	1,345.9	718.2	710.9	1,429.1	2,775.0	48.5	+1.8%	2,822.0
Operating income	(¥ billion)	85.8	41.9	127.7	55.9	42.6	31.5	74.1	130.0	2.3	+1.8%	140.0
Operating margin		6.4%	3.0%	4.7%	4.2%	5.9%	4.4%	5.2%	4.7%			5.0%
Operating income before goodwill amortization	(¥ billion)	103.9	61.1	165.0	70.3	50.2	38.5	88.7	159.0	(6.0)	-3.6%	169.0
EBITDA	(¥ billion)	170.7	134.3	305.0	144.7	88.8	77.6	166.3	311.0	6.0	+2.0%	321.0
EBITDA margin		12.6%	9.8%	11.2%	10.7%	12.4%	10.9%	11.6%	11.2%			11.4%
Net income attributable to owners of the parent	(¥ billion)	51.7	(143.7)	(91.9)	30.8	27.7	21.4	49.2	80.0	171.9		85.0
EPS	(¥)	37.28	(103.58)	(66.30)	22.25	20.00	15.46	35.46	57.71	124.01		61.32
EPS before goodwill amortization	(¥)	50.33	(89.75)	(39.42)	32.68	25.47	20.49	45.96	78.64	118.06		82.24
¥/US\$ exchange rate (market average)		134	137	135	141	148	145	146	144			143
¥/€ exchange rate (market average)		139	143	141	153	159	160	160	156			154
Naphtha price (¥/kL, domestic)		83,800	69,500	76,700	65,600	72,800	71,000	71,900	68,750			69,800
Dividends per share (¥)		18	18	36	18	-	-	18	36			36
						(forecast)	(forecast)	(forecast)	(forecast)			(forecast)

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FY 2023 operating performance forecast by segment (year-on-year)

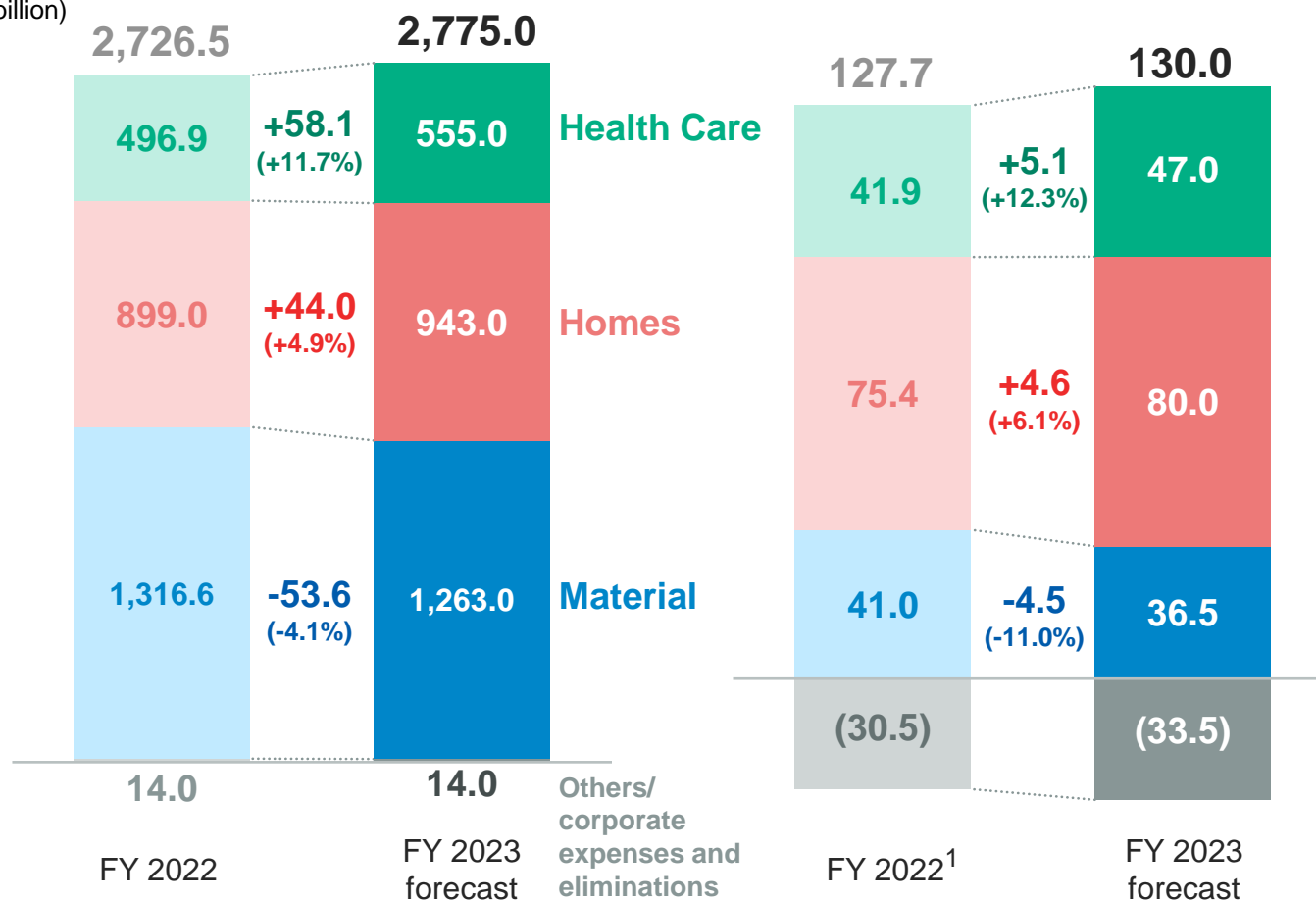
Sales (YoY)

+¥48.5 billion (+1.8%)

Operating income (YoY)

+¥2.3 billion (+1.8%)

(¥ billion)



Health Care

Sales and operating income increase

- **Health Care business category -¥5.0 billion;** Decreased income with higher SG&A, lower license income, and negative impact of Bionova consolidation
- **Critical Care +¥10.2 billion;** Increased income with improved reimbursement conditions for LifeVest, higher sales price of defibrillators, and increased shipments of AEDs due to improvement of difficulty in parts procurement

Homes

Sales and operating income increase

- **Homes business category +¥2.1 billion;** Decreased income in order-built homes with lower volume of work, but increased income with expansion of real estate and overseas business
- **Construction Materials +¥2.3 billion;** Increased income with progress in passing on increased costs

Material

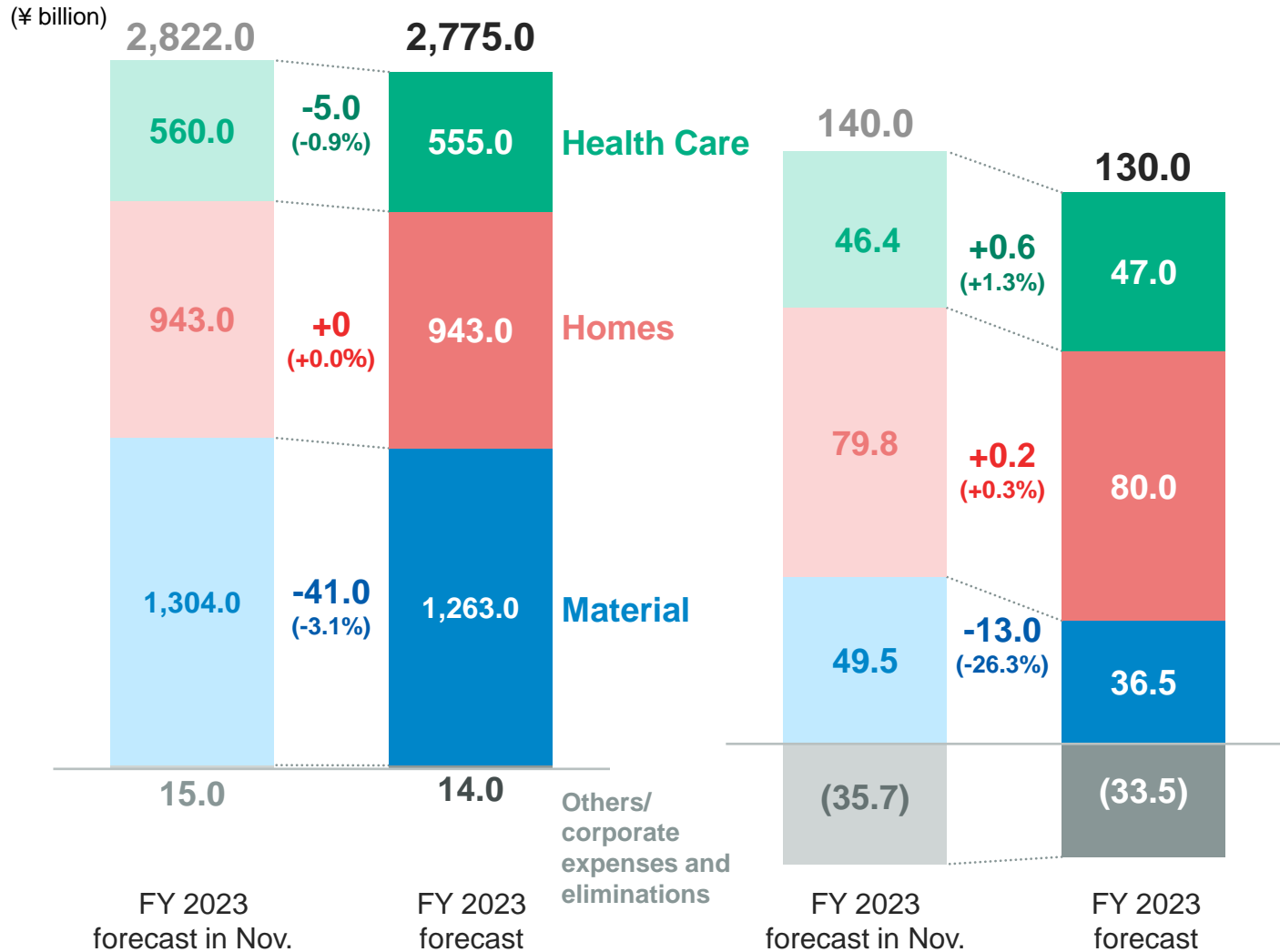
Sales and operating income decrease

- **Environmental Solutions -¥3.9 billion;** Effects of lower amortization of goodwill and other intangible assets due to Polypore impairment but decreased income as Basic Materials had lower volumes due to demand slowdown, and impact of inventory valuation due to lower material prices

¹ Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

Sales
(vs. forecast in Nov.)
-¥47.0 billion (-1.7%)

Operating income
(vs. forecast in Nov.)
-¥10.0 billion (-7.1%)



Health Care → Sales and operating income as expected

- Basically in line with previous forecast

Homes → Sales and operating income as expected

- Basically in line with previous forecast

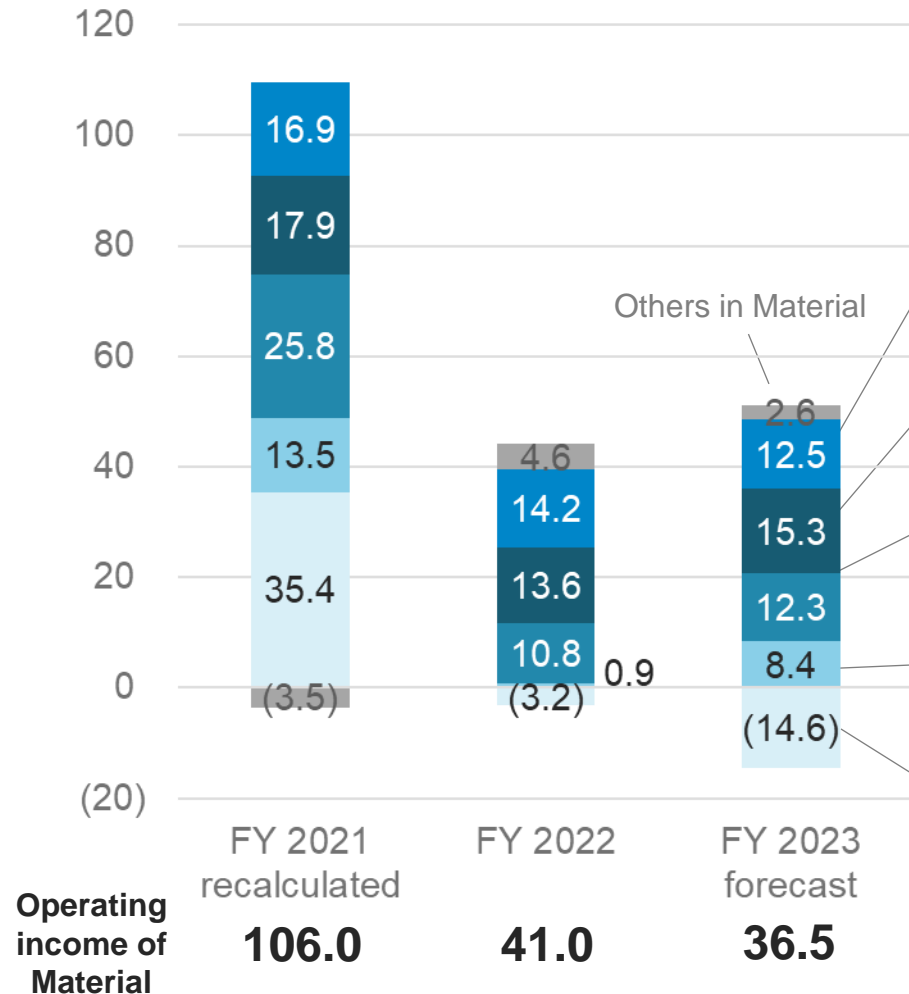
Material → Sales and operating income revised downward

- **Environmental Solutions -¥10.4 billion;** Income forecast revised downward due to lower than expected demand and deteriorated terms of trade with increased feedstock costs in Basic Materials, and lower than expected demand for separators
- **Life innovation -¥2.7 billion;** Digital Solutions demand basically as expected in targeted applications such as high-end smartphones and AI servers, but downward revised larger than expected demand decline in general applications

Material operating income declining for three years with impact of significant change in the operating environment centered on Basic Materials

Aiming for income growth by proactively advancing investment in growth markets while accelerating structural transformation

Operating income (¥ billion)



Current business environment and outlook

Life Innovation (Digital Solutions)

- Partial recovery of semiconductor and electronics markets but robust demand in leading-edge markets related to high-end smartphones, EVs, and AI
- Accelerating growth in leading-edge products and services with strengths in niche areas

Life Innovation (excl. Digital Solutions)

- Ongoing steady demand for consumables, fibers, and additives
- Aiming for steady income growth in niche markets focused on fields where we exhibit strengths

Mobility & Industrial

- Income on path of improvement with progress in overcoming impact of reduced vehicle production due to semiconductor shortages, etc.
- Firmly advancing development of business platform for car interior materials at Sage

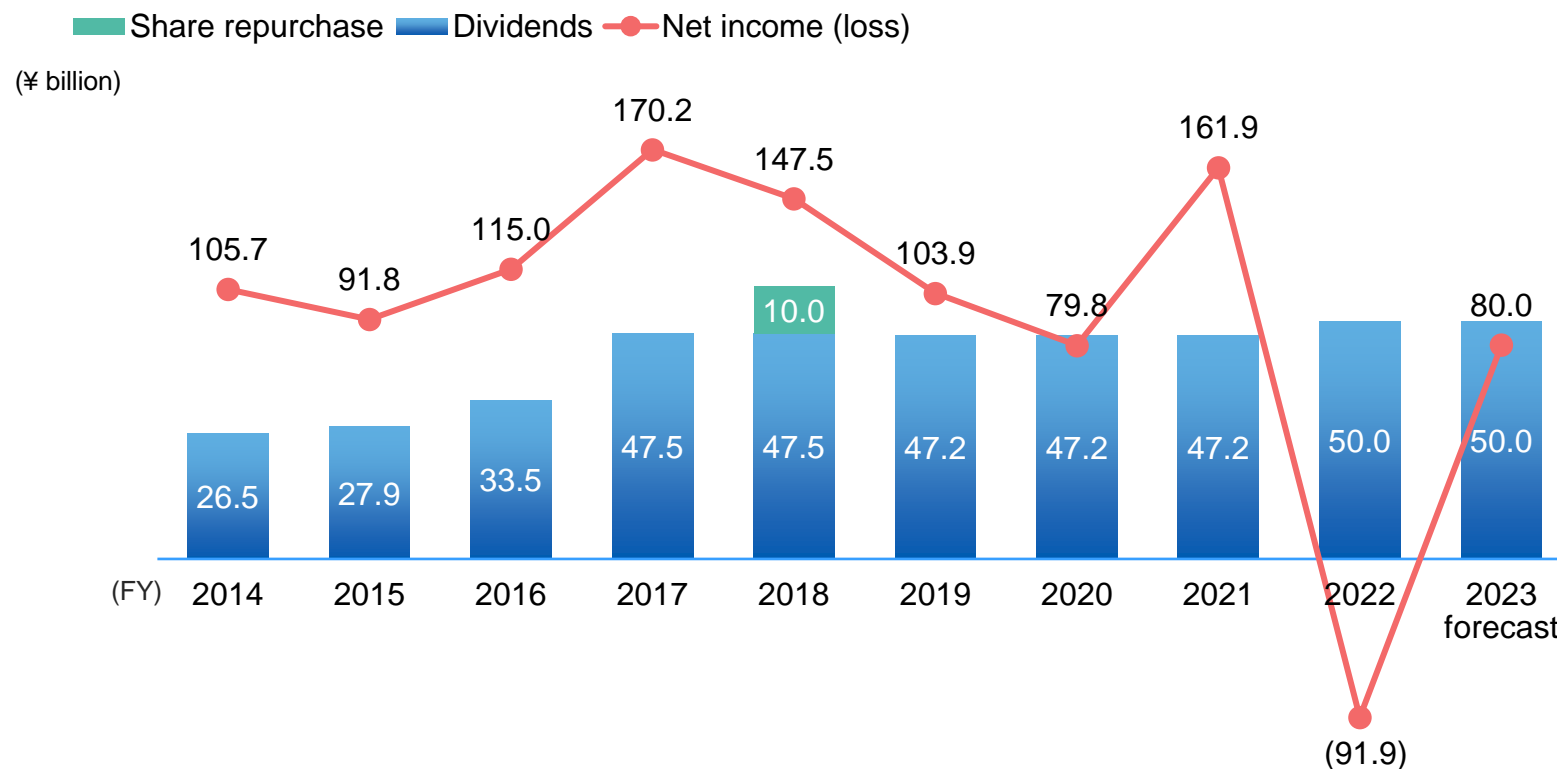
Environmental Solutions (excl. Basic Materials)

- Income from separators business impacted by reduced demand ahead of major expansion of North American EV market
- Aiming for further growth, advancing studies on investment in North America

Environmental Solutions (Basic Materials)

- Situation of structural oversupply continuing centered on China
- Advancing structural transformation to transition away from low growth, low capital efficiency, and high volatility

Interim dividend of ¥18 per share, full-year dividend forecast of ¥36 per share (no change from the previous forecast) based on shareholder returns policy



Shareholder returns policy

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

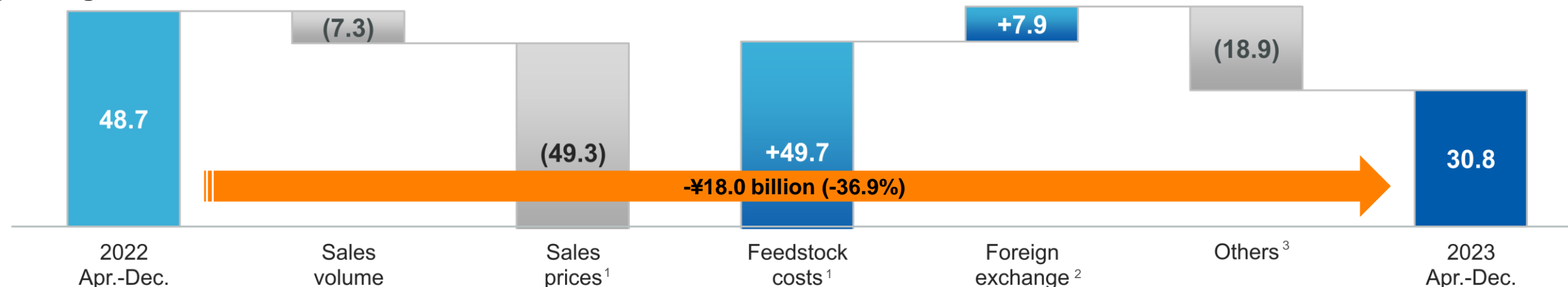
Payout ratio	25.1%	30.4%	29.1%	27.9%	32.2%	45.4%	59.1%	29.1%	—	62.4%
Dividend per share (¥)	19	20	24	34	34	34	34	34	36	36

3. Results by segment

Terms of trade improved as negative impact of sales prices due to lower market prices was offset by reduced feedstock costs and positive impact of foreign exchange, but operating income decreased with lower sales volume due to demand slowdown and negative impact of others (inventory valuation, operating rates, etc.)

Operating income increase/decrease

(¥ billion)



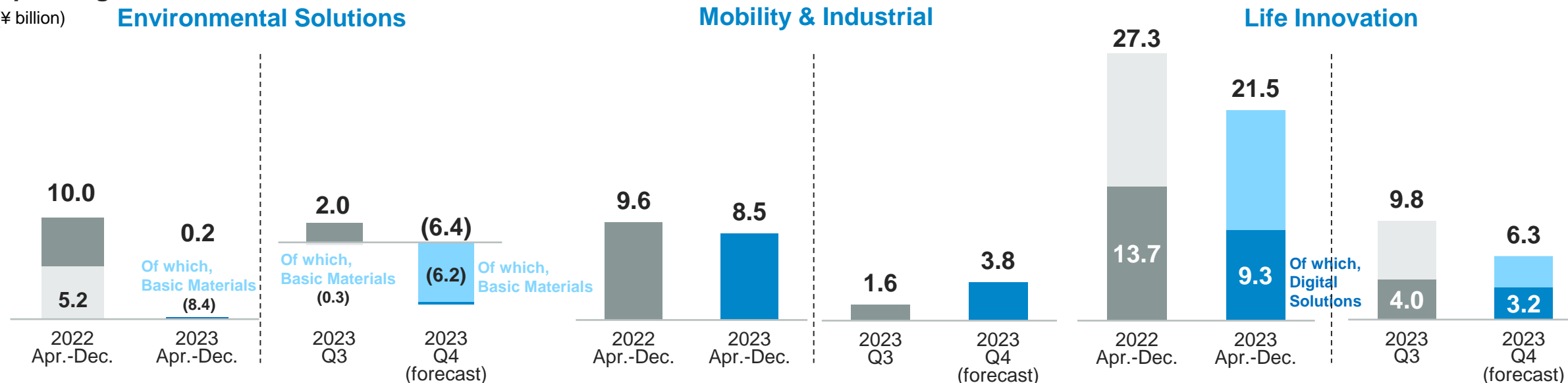
Material Segment	Sales				Operating income								
	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)	% change	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)	% change	Increase (decrease) due to:				
									Sales Volume	Sales prices ¹	Feedstock cost ¹	Foreign exchange ²	Others ³
Material Segment	1,005.8	939.1	(66.8)	-6.6%	48.7	30.8	(18.0)	-36.9%	(7.3)	(49.3)	49.7	7.9	(18.9)
Environmental Solutions	428.0	367.5	(60.5)	-14.1%	10.0	0.2	(9.8)	-97.9%	(6.3)	(38.6)	28.2	3.0	3.9 ⁴
of which, Basic Materials	276.0	219.2	(56.9)	-20.6%	5.2	(8.4)	(13.6)	-	-	-	-	-	-
Mobility & Industrial	286.1	283.8	(2.4)	-0.8%	9.6	8.5	(1.1)	-11.4%	2.2	(14.8)	15.2	1.8	(5.4)
Life Innovation	291.2	287.5	(3.7)	-1.3%	27.3	21.5	(5.8)	-21.3%	(3.2)	4.1	(1.0)	3.1	(8.8)
of which, Digital Solutions	96.4	94.2	(2.2)	-2.3%	13.7	9.3	(4.4)	-32.3%	-	-	-	-	-
Others in Material	0.5	0.3	(0.2)	-47.3%	1.9	0.6	(1.3)	-69.0%	-	-	7.2 ⁴	-	(8.6)

¹ Excluding effect of foreign exchange. ² Effect of foreign exchange associated with sales prices and feedstock costs. ³ Foreign currency translation adjustment, fixed costs, inventory valuation, etc.

⁴ "Others" in operating income of Environmental Solutions includes increase/decrease related to internal sales price which correlates with "Feedstock cost" for the segment; to compensate, corresponding positive and negative figures are shown as "Feedstock cost" and "Others" of Others in Material.

Operating income

(¥ billion)



Main businesses		2023 Apr.-Dec. vs 2022 Apr.-Dec. (YoY)		Q4 forecast vs Q3 (QoQ)	
Environmental Solutions	Separators	↗	Impact of decreased shipments and reduced operating rates, but operating income increase with decreased amortization of goodwill and other intangible assets due to impairment on Polypore in previous fiscal year	↘	Increased shipments with new adoptions in automotive applications, but operating income decrease due to product mix and seasonal increases in fixed costs such as maintenance
	Basic Materials	↘	Operating income decrease with reduced shipments due to sluggish demand, impact of inventory valuation, and maintenance turnaround	↘	Operating income decrease with reduced shipments due to sluggish demand, deterioration of operating rates, and increased fixed costs due to advancement of maintenance schedule
Mobility & Industrial	Car interior material	↗	Operating income increase with greater sales volume due to recovery from impact of reduced vehicle production and effect of increased capacity, and improved terms of trade	↗	Reduced demand in China and Europe but steady operating income with progress in passing on costs
	Engineering plastics & others	↘	Firm shipments centered on automotive applications, but operating income decrease with impact of inventory valuation and lower operating rates due to production adjustments	↗	Operating income increase with increased shipments in consumer electronics, office equipment, and industrial applications, and improved terms of trade
Life Innovation	Digital Solutions	↘	Decreased operating income with fewer shipments in H1 due to lower demand in electronics and semiconductor markets, and impact of inventory valuation	↘	Demand trending toward gradual improvement but operating income decrease with shipments ahead of schedule and seasonal increases in fixed costs

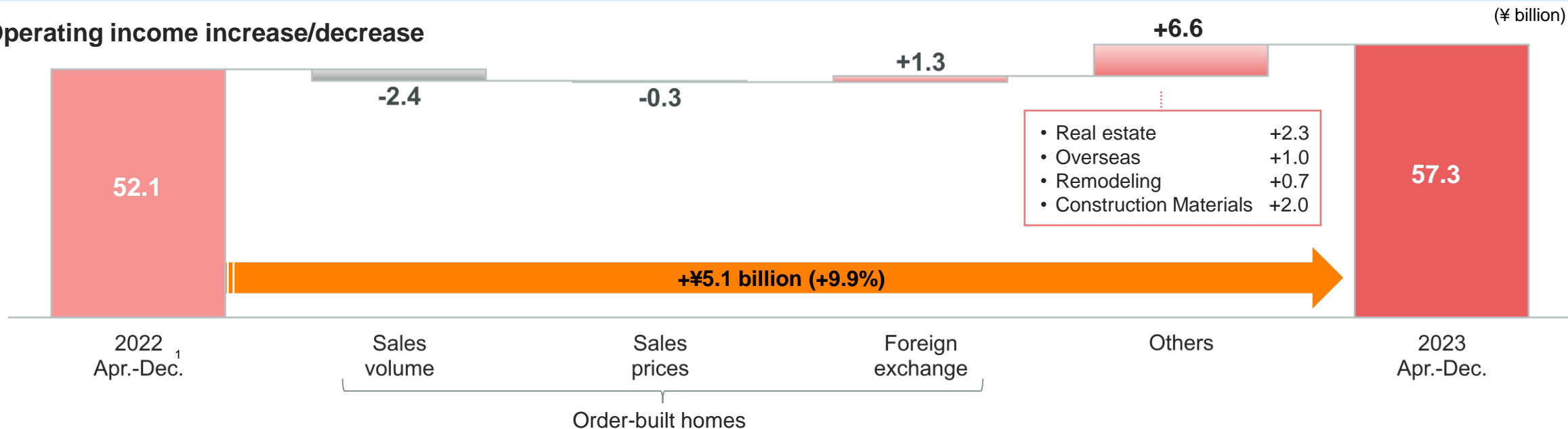
(¥ billion)

Sales	H1	H2	FY 2022	H1	H2 forecast		FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.	
					Q3	Q4 forecast					
Material Segment	678.8	637.8	1,316.6	610.2	328.9	323.9	652.8	1,263.0	(53.6)	-4.1%	1,304.0
Environmental Solutions	291.3	268.6	559.8	234.7	132.8	129.5	262.3	497.0	(62.8)	-11.2%	522.0
of which, Basic Materials	187.4	174.5	361.9	138.3	80.8	77.8	158.7	297.0	(64.9)	-17.9%	314.0
Mobility & Industrial	192.1	186.3	378.4	187.7	96.0	99.2	195.3	383.0	4.6	+1.2%	385.0
Life Innovation	195.2	182.6	377.7	187.5	100.0	94.5	194.5	382.0	4.3	+1.1%	396.0
of which, Digital Solutions	66.5	56.0	122.5	61.0	33.1	31.8	65.0	126.0	3.5	+2.9%	136.0
Others in Material	0.3	0.4	0.7	0.3	0.0	0.7	0.7	1.0	0.3	+50.0%	1.0

Operating Income	H1	H2	FY 2022	H1	H2 forecast		FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.	
					Q3	Q4 forecast					
Material Segment	40.6	0.4	41.0	17.7	13.0	5.7	18.8	36.5	(4.5)	-11.0%	49.5
Environmental Solutions	12.5	(14.8)	(2.3)	(1.8)	2.0	(6.4)	(4.4)	(6.2)	(3.9)	-	4.2
of which, Basic Materials	9.5	(12.7)	(3.2)	(8.1)	(0.3)	(6.2)	(6.5)	(14.6)	(11.4)	-	(6.1)
Mobility & Industrial	9.1	1.7	10.8	6.9	1.6	3.8	5.4	12.3	1.5	+13.8%	13.6
Life Innovation	19.6	8.2	27.8	11.7	9.8	6.3	16.1	27.8	(0.0)	-0.1%	30.5
of which, Digital Solutions	10.5	3.7	14.2	5.3	4.0	3.2	7.2	12.5	(1.7)	-12.1%	17.1
Others in Material	(0.6)	5.2	4.6	1.0	(0.4)	2.0	1.6	2.6	(2.0)	-43.8%	1.2

Effects of higher unit prices and fixed cost reductions exceeded by negative impacts in sales factor due to reduced volume of work, but increased operating income with firm performance in real estate, overseas business, and construction materials

Operating income increase/decrease



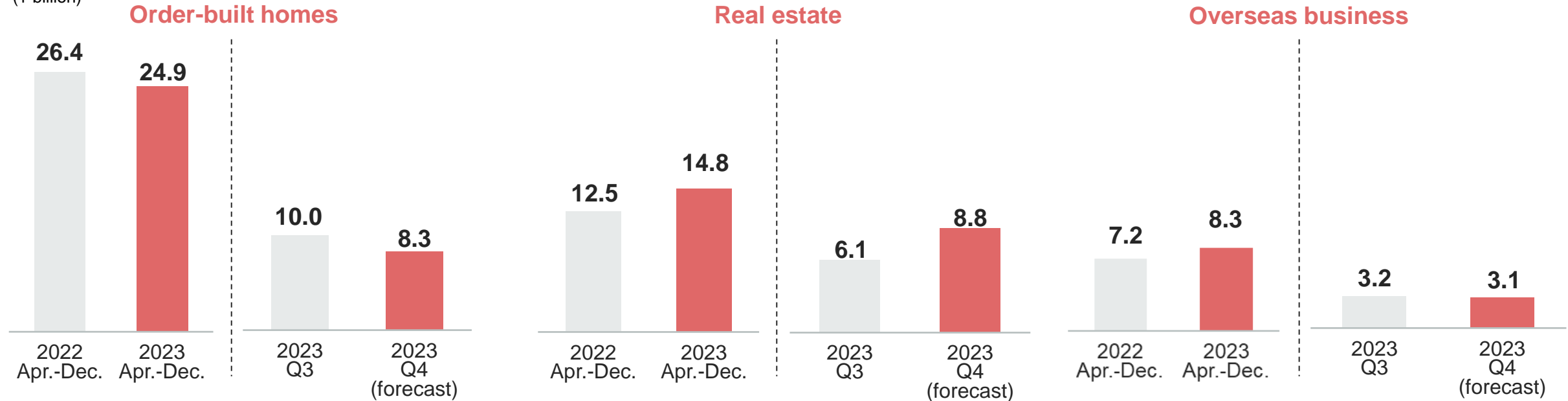
	Sales				Operating income							
	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)	% change	2022 Apr.-Dec.	2023 Apr.-Dec. ¹	Increase (decrease)	% change	Increase (decrease) due to:			
									Order-built homes			Others
								Sales	Marginal profit	Fixed cost		
Homes segment	650.6	702.7	52.1	+8.0%	52.1	57.3	5.1	+9.9%	(2.4)	(0.3)	1.3	6.6
Homes	620.5	670.2	49.7	+8.0%	50.8	53.9	3.1	+6.2%	(2.4)	(0.3)	1.3	4.6 ²
Construction Materials	30.1	32.5	2.4	+7.9%	1.3	3.4	2.0	+149.1%	-	-	-	2.0

¹ Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

² Real estate, Remodeling, Overseas, etc.

Operating income

(¥ billion)



Main businesses		2023 Apr.-Dec. vs 2022 Apr.-Dec. (YoY)		Q4 forecast vs Q3 (QoQ)	
Homes	Order-built homes		Increased average unit prices with larger and higher value-added units and reduced costs, but operating income decrease with higher material costs and decreased volume		Operating income decrease with lower volume of work due to seasonal factors related to revenue recognition
	Real estate		Operating income increase with firm growth of number of units in rental management business and earnings differential among condominium units delivered		Operating income increase with firm performance of rental management business and improved product mix of condominium units delivered
	Overseas		Increased operating income with progress in passing on higher material and labor costs which significantly impacted year-ago period in Australian business (decreased operating income in North American business compared to year-ago period when selling prices were maintained while lumber prices declined)		Lower volume due to seasonal factors but progress in passing on higher labor costs in Australian business; steady operating income overall

(¥ billion)

Sales	FY 2022			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
	H1	H2		H1	H2 forecast						
				Q3	Q4 forecast						
Homes Segment	420.4	478.5	899.0	462.6	240.0	240.3	480.4	943.0	44.0	+4.9%	943.0
Homes	401.0	458.2	859.2	440.6	229.5	229.8	459.4	900.0	40.8	+4.7%	900.0
Order-built homes	196.6	214.1	410.7	195.6	102.7	101.7	204.4	400.0	(10.7)	-2.6%	400.0
Real estate	81.1	108.4	189.5	87.1	50.7	62.2	112.9	200.0	10.5	+5.5%	200.0
Remodeling	26.1	28.3	54.4	27.9	13.4	14.6	28.1	56.0	1.6	+3.0%	57.0
Overseas business	96.8	106.6	203.4	129.4	62.5	53.1	115.6	245.0	41.6	+20.4%	240.0
Others	0.4	0.8	1.2	0.6	0.1	(1.8)	(1.6)	(1.0)	(2.2)	-185.2%	3.0
Construction Materials	19.4	20.3	39.7	22.0	10.5	10.5	21.0	43.0	3.3	+8.2%	43.0

Operating income	FY 2022 ¹			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
	H1	H2		H1	H2 forecast						
				Q3	Q4 forecast						
Homes Segment	33.6	41.8	75.4	35.4	21.9	22.7	44.6	80.0	4.6	+6.1%	79.8
Homes	32.9	41.0	73.9	32.7	21.2	22.1	43.3	76.0	2.1	+2.8%	76.0
Order-built homes	16.2	20.8	37.0	14.9	10.0	8.3	18.3	33.2	(3.8)	-10.2%	33.2
Real estate	7.5	14.2	21.7	8.7	6.1	8.8	14.9	23.6	1.9	+8.9%	23.4
Remodeling	2.5	3.3	5.8	3.2	1.4	2.0	3.4	6.7	0.9	+15.5%	6.6
Overseas business	6.4	2.1	8.6	5.1	3.2	3.1	6.3	11.4	2.9	+33.3%	11.4
Others	0.3	0.6	0.9	0.8	0.5	(0.2)	0.3	1.1	0.2	+21.7%	1.4
Construction Materials	0.7	0.7	1.5	2.6	0.7	0.4	1.2	3.8	2.3	+158.8%	3.8

¹ Figures for fiscal 2022 are retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

Orders for order-built homes decreased year-on-year in H1 but improved in Q3 with firm orders for large multi-dwelling homes; continuing to advance larger and higher added-value units from Q4 onward

Steady expansion of rental management business in real estate based on recent expansion of orders for multi-dwelling homes

(¥ billion, % indicates year-on-year comparison)

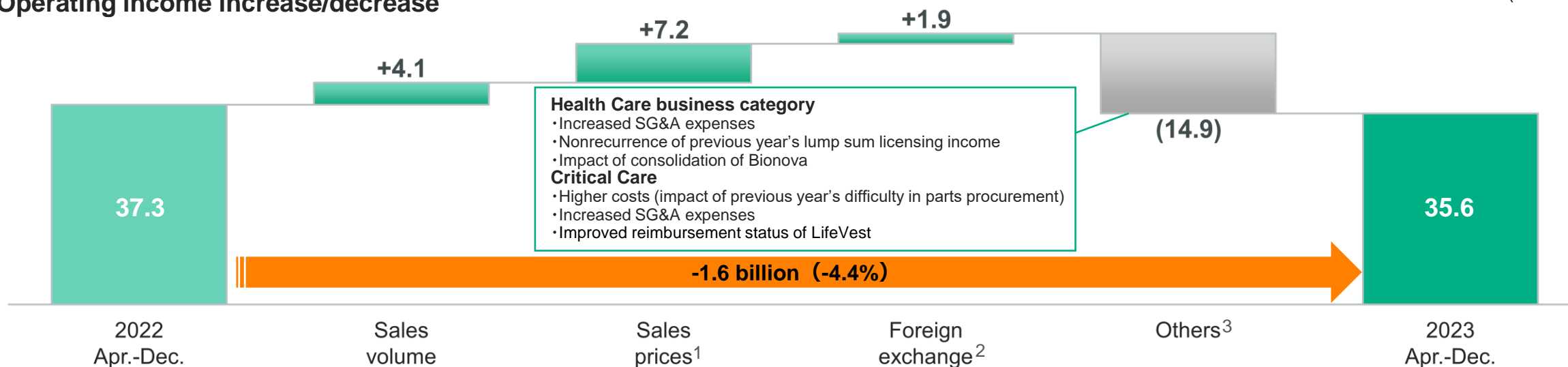
	Order-built homes						Real estate			
	Orders		Sales				Sales ¹			
	Value of new orders during the term	Order backlog	Unit homes	Multi-dwelling homes	Other	Total	Development	Renta/brokerage	Total	
FY 2021 H1	206.3	(+42.0%)	563.5	127.4	51.0	10.6	189.0	21.8	64.2	86.0
H2	178.0	(-1.8%)	533.3	142.3	60.6	11.6	214.5	29.5	67.0	96.5
annual	384.3	(+17.7%)		269.7	111.6	22.2	403.5	51.3	131.2	182.5
FY 2022 H1	191.2	(-7.3%)	548.1	130.9	55.5	10.2	196.6	11.7	69.4	81.1
H2	164.4	(-7.6%)	503.0	134.9	65.5	13.7	214.1	35.2	73.2	108.4
annual	355.6	(-7.5%)		265.8	121.0	23.9	410.7	46.9	142.6	189.5
FY 2023 H1	186.5	(-2.4%)	525.0	113.7	69.3	12.5	195.6	12.7	74.4	87.1
Q3	91.3	(+26.3%)	525.8	60.6	36.4	5.8	102.7	13.0	37.8	50.7
Q4 forecast	95.5	(+3.7%)	499.9				101.7	20.9	41.3	62.2
H2 forecast	186.8	(+13.6%)	499.9				204.4	33.8	79.1	112.9
annual forecast	373.3	(+5.0%)					400.0	46.5	153.5	200.0

¹ Within real estate business, condominiums business is shown as "Development" while brokerage business and rental management are shown together as "Rental/brokerage" (FY 2021-2022 revised accordingly)

In Critical Care, positive sales prices factor with progress in passing on higher costs to defibrillator prices and positive sales volume factor for AEDs with improvement of difficulty in parts procurement; in the Health Care business category, negative others factor with nonrecurrence of previous year's lump sum licensing income, increased SG&A expenses, and impact of new consolidation of Bionova; overall operating income decreased

Operating income increase/decrease

(¥ billion)



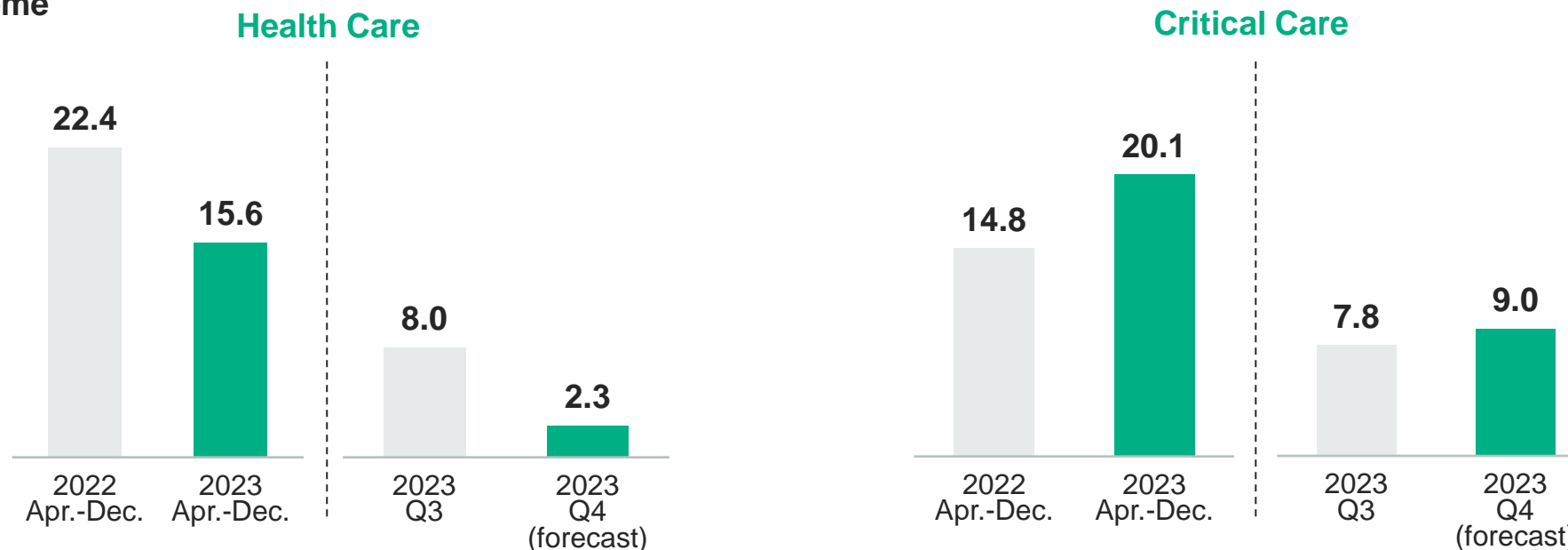
	Sales				Operating income							
	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)	% change	2022 Apr.-Dec.	2023 Apr.-Dec.	Increase (decrease)	% change	Increase (decrease) due to:			
									Sales volume	Sales prices ¹	Foreign exchange ²	Others ³
Health Care Segment	374.1	412.0	37.9	+10.1%	37.3	35.6	(1.6)	-4.4%	4.1	7.2	1.9	(14.9)
Health Care	153.4	157.2	3.8	+2.5%	22.4	15.6	(6.9)	-30.7%	1.8	(0.2)	0.2	(8.6)
Critical Care	220.7	254.8	34.1	+15.4%	14.8	20.1	5.3	+35.5%	2.4	7.4	1.8	(6.3)

¹ Excluding effect of foreign exchange. ² Effect of foreign exchange associated with sales prices.

³ Including foreign currency translation adjustment, fixed cost variance, and nonrecurring income/expense related to licensing, new consolidations, etc.

Operating income

(¥ billion)



Main businesses		2023 Apr.-Dec. vs 2022 Apr.-Dec. (YoY)		Q4 forecast vs Q3 (QoQ)	
Health Care	Pharmaceuticals	↘	Favorable sales trend for Envarsus XR, but operating income decrease with increased costs associated with new product launch and nonrecurrence of previous year's lump sum licensing income	↘	Operating income decrease with lower shipments and higher SG&A expenses due to seasonal factors
	Medical	↘	Operating income decrease with consolidation of Bionova and decreased shipments of Planova due to inventory adjustments by customers.	↘	Recovery of shipments of Planova, but operating income decrease with seasonal increase in SG&A expenses
Critical Care	LifeVest	↗	Operating income increase with improved reimbursement status, etc.	↗	Operating income increase with increased revenue due to firm orders
	Defibrillators	↗	Operating income increase with progress in passing on increased costs and increased shipments of AEDs along with recovery from difficulty in parts procurement	↗	Increased operating income with increased shipments of AEDs and professional defibrillators

(¥ billion)

Sales	FY 2022			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
	H1	H2		H1	H2 forecast						
				Q3	Q4 forecast						
Health Care Segment	245.5	251.4	496.9	266.5	145.5	143.0	288.5	555.0	58.1	+11.7%	560.0
Health Care	98.9	101.3	200.2	100.9	56.4	52.8	109.1	210.0	9.8	+4.9%	213.0
Pharmaceuticals	53.6	56.4	110.0	56.3	32.4	28.3	60.7	117.0	7.0	+6.4%	118.0
Medical	45.3	44.9	90.2	44.5	23.9	24.5	48.5	93.0	2.8	+3.1%	95.0
Critical Care	146.6	150.1	296.7	165.7	89.2	90.2	179.3	345.0	48.3	+16.3%	347.0

Operating income	FY 2022			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
	H1	H2		H1	H2 forecast						
				Q3	Q4 forecast						
Health Care Segment	25.8	16.0	41.9	19.8	15.8	11.4	27.2	47.0	5.1	+12.3%	46.4
Health Care	14.6	8.4	22.9	7.5	8.0	2.3	10.4	17.9	(5.0)	-21.9%	17.5
Critical Care	11.3	7.7	18.9	12.3	7.8	9.0	16.8	29.1	10.2	+53.6%	28.9

EBITDA	FY 2022			FY 2023 forecast				FY 2023 forecast	Increase (decrease)	% change	FY 2023 forecast in Nov.
	H1	H2		H1	H2 forecast						
				Q3	Q4 forecast						
Health Care Segment	57.2	49.2	106.4	54.0	33.6						114.3
Health Care	27.2	22.2	49.4	21.7	15.5						46.1
Critical Care	30.0	27.0	57.0	32.3	18.1						68.1

(Sales region, monetary unit)		FY 2022			FY 2023		Apr.-Dec. (YoY)	
		Q3	Apr.-Dec.		Q3	Apr.-Dec.	Increase (decrease)	% change
Asahi Kasei Pharma								
Teribone	(Japan, ¥ billion)	10.2	30.8	39.9	10.6	29.9	(0.9)	-3.0%
Recomodulin	(Japan, ¥ billion)	2.5	6.7	8.4	2.5	6.6	(0.0)	-0.6%
Kevzara	(Japan, ¥ billion)	2.6	7.1	9.3	3.1	8.5	1.4	+19.9%
Reclast	(Japan, ¥ billion)	0.4	1.1	1.4	0.4	1.0	(0.1)	-6.7%
Plaquenil	(Japan, ¥ billion)	1.4	4.1	5.4	1.6	4.5	0.4	+8.5%
Veloxis Pharmaceuticals								
Envarsus XR	(US, \$ million)	53	141	186	62	169	28	+19.9%

	Generic name	Classification	Indication	Formulation
Teribone	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Reclast	Zoledronic acid	Osteoporosis drug	Osteoporosis	Injection
Recomodulin	Recombinant thrombomodulin alfa	Anticoagulant	Disseminated intravascular coagulation	Injection
Kevzara	Sarilumab (rDNA origin)	Interleukin-6 inhibitor	Rheumatoid arthritis not responding well to conventional treatments	Injection
Plaquenil	Hydroxychloroquine sulfate	Immunomodulator	Cutaneous lupus erythematosus, systemic lupus erythematosus	Tablet
Envarsus XR	Tacrolimus extended-release tablets	Immunosuppressant drug	Kidney transplantation	Tablet

Development stage	Code name, generic name	Indication	Origin	Development	Region/remarks
Market launch (Q1 FY 2023)	AK1820, isavuconazonium sulfate	Aspergillosis, mucormycosis and cryptococcosis	Licenced	In-house	Brand name: Cresemba
Filed					Additional formulation
Phase III	TA799, apraglutide	Short bowel syndrome	Licensed	Licensor	Phase I in Japan was conducted by Asahi Kasei Pharma
Phase II	ART-123, recombinant thrombomodulin alfa	Chemotherapy-induced peripheral neuropathy (CIPN)	In-house	In-house	Additional indication Joint U.S.-Japan Phase I study in progress
Phase II	AK1830	Pain associated with osteoarthritis	Licensed	In-house	
Phase II		Chronic low back pain			
Phase I	AK1910	Autoimmune diseases	Licensed	In-house	
Phase III (overseas)	ART-123, recombinant thrombomodulin alfa	Severe sepsis with coagulopathy	In-house	In-house	United States, Europe, etc.
Phase I (overseas)	ART-123, recombinant thrombomodulin alfa	Chemotherapy-induced peripheral neuropathy (CIPN)	In-house	In-house	United States
Phase I (overseas)	AK1320	Spinal fusion surgery	In-house	In-house	North America
Phase I (overseas)	VEL-101	SOT (solid organ transplant)	Licensed	In-house	United States, etc.
Phase II (licensed out)	LY3857210	Chronic pain	Co-development	Licensee	Global (Asahi Kasei Pharma has promotion rights in Japan and China)

4. Appendix

(¥ billion)

	2022 Apr.-Dec.		2023 Apr.-Dec.		Increase (decrease)	% change
	Overseas sales	% of total	Overseas sales	% of total		
Material Segment	595.1	59.2%	571.6	60.9%	(23.5)	-3.9%
Environmental Solutions	236.8	55.3%	213.0	58.0%	(23.8)	-10.0%
Mobility & Industrial	228.7	79.9%	226.9	79.9%	(1.8)	-0.8%
Life Innovation	129.1	44.3%	131.4	45.7%	2.3	+1.8%
Others in Material	0.5	100.0%	0.2	97.6%	(0.2)	-48.6%
Homes Segment	149.5	23.0%	191.9	27.3%	42.5	+28.4%
Homes	149.5	24.1%	191.9	28.6%	42.5	+28.4%
Construction Materials	-	-	-	-	-	-
Health Care Segment	291.3	77.9%	328.1	79.6%	36.8	+12.6%
Health Care	73.9	48.2%	77.1	49.0%	3.2	+4.3%
Critical Care	217.4	98.5%	251.0	98.5%	33.6	+15.5%
Others	0.7	7.4%	0.9	8.9%	0.2	+25.2%
Consolidated	1,036.6	50.8%	1,092.5	52.9%	55.9	+5.4%

Overseas sales by region						
Asia	415.7	20.4%	390.2	18.9%	(25.5)	-6.1%
of which, sales to China	194.6	9.5%	191.4	9.3%	(3.2)	-1.6%
The Americas	379.8	18.6%	422.9	20.5%	43.1	+11.3%
Europe	125.9	6.2%	138.5	6.7%	12.6	+10.0%
Other countries	115.3	5.6%	141.0	6.8%	25.8	+22.3%

Segment	Business category	Company	Operations	Consolidation on statements of income	Cost	Goodwill
Homes	Homes	Focus Companies (Focus Plumbing LLC and 4 other companies)	Residential construction work in North America	Nov.1, 2022	¥36.2 billion	¥12.8 billion
Health Care	Health Care	Bionova Holdings, Inc.	Biopharmaceutical manufacturing process development, GMP-compliant manufacturing of current and next-generation antibody drugs	Jul. 1, 2022	¥42.9 billion	¥35.5 billion

(¥ billion)

	FY 2020 (recalculated)				FY 2021 (recalculated)				FY 2022				FY 2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 forecast
Material Segment	208.0	236.8	271.0	289.0	279.6	296.3	315.2	318.9	339.4	339.4	327.0	310.8	296.8	313.4	328.9	323.9
Environmental Solutions	89.0	95.1	106.5	123.7	119.1	129.0	137.3	137.2	149.9	141.4	136.8	131.8	114.6	120.1	132.8	129.5
of which, Basic Materials	53.7	55.9	64.4	77.1	72.4	82.3	90.2	90.0	100.1	87.3	88.7	85.9	66.2	72.1	80.8	77.8
Mobility & Industrial	39.1	55.6	71.6	76.8	75.4	76.5	80.7	89.6	92.5	99.7	94.0	92.3	91.8	96.0	96.0	99.2
Life Innovation	79.9	85.9	92.7	88.3	85.0	90.5	97.1	91.9	96.9	98.3	96.0	86.5	90.3	97.3	100.0	94.5
of which, Digital Solutions	28.0	28.1	30.7	27.5	28.6	30.6	31.3	30.9	34.2	32.3	29.9	26.1	29.4	31.7	33.1	31.8
Others in Material	(0.0)	0.3	0.2	0.2	0.0	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.0	0.0	0.7
Homes Segment	147.8	184.8	170.2	177.1	195.1	197.9	218.3	211.2	206.6	213.8	230.1	248.4	221.1	241.6	240.0	240.3
Homes	139.1	175.3	161.0	169.4	187.2	188.6	208.5	202.2	197.5	203.5	219.5	238.8	210.5	230.2	229.5	229.8
Construction Materials	8.8	9.5	9.2	7.6	7.9	9.3	9.8	9.0	9.2	10.3	10.7	9.6	10.6	11.4	10.5	10.5
Health Care Segment	95.7	109.2	103.0	100.0	105.8	100.1	107.0	103.0	121.4	124.1	128.6	122.8	129.4	137.1	145.5	143.0
Health Care	36.5	37.8	40.7	39.4	42.8	42.6	46.8	42.1	50.5	48.5	54.5	46.8	51.1	49.8	56.4	52.8
Critical Care	59.2	71.4	62.3	60.6	63.0	57.5	60.3	60.9	71.0	75.6	74.1	76.0	78.3	87.3	89.2	90.2
Others	3.6	3.5	3.0	3.3	3.0	3.3	3.2	3.5	3.0	3.5	3.4	4.1	3.4	3.1	3.8	3.6
Consolidated	455.2	534.2	547.3	569.4	583.4	597.6	643.7	636.6	670.4	680.8	689.2	686.1	650.7	695.2	718.2	710.9

Quarterly operating income

AsahiKASEI

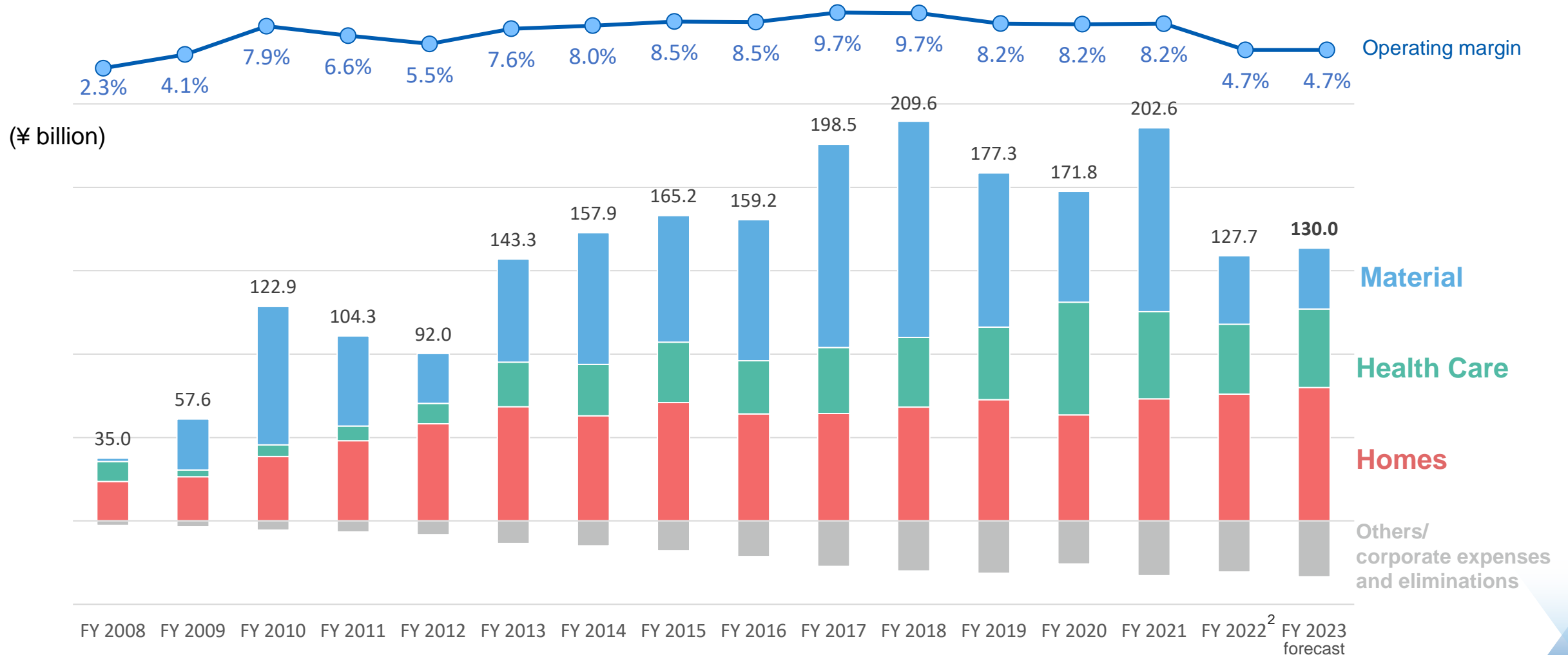
(¥ billion)

	FY 2020 (recalculated)				FY 2021 (recalculated)				FY 2022				FY 2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3 ¹	Q4 ¹	Q1	Q2	Q3	Q4 forecast
Material Segment	8.0	11.0	20.9	23.0	31.1	27.5	29.8	17.6	26.8	13.9	8.1	(7.7)	7.6	10.1	13.0	5.7
Environmental Solutions	1.9	4.4	8.2	13.0	14.3	14.5	13.8	6.2	10.2	2.4	(2.6)	(12.2)	(0.7)	(1.1)	2.0	(6.4)
of which, Basic Materials	(1.0)	2.0	4.2	8.9	8.2	10.8	10.0	6.4	8.3	1.2	(4.2)	(8.5)	(5.1)	(2.9)	(0.3)	(6.2)
Mobility & Industrial	(3.3)	0.8	3.9	6.3	8.2	5.0	5.4	7.1	5.2	3.9	0.5	1.2	3.0	3.9	1.6	3.8
Life Innovation	8.2	6.6	9.0	5.5	10.2	8.9	10.8	4.9	12.1	7.5	7.7	0.6	4.5	7.2	9.8	6.3
of which, Digital Solutions	3.1	2.8	3.8	3.6	4.3	4.6	4.6	3.4	6.7	3.8	3.2	0.5	2.0	3.3	4.0	3.2
Others in Material	1.2	(0.8)	(0.3)	(1.8)	(1.6)	(1.1)	(0.2)	(0.6)	(0.6)	0.1	2.5	2.7	0.8	0.2	(0.4)	2.0
Homes Segment	10.6	20.9	16.4	15.2	15.1	18.1	22.3	17.3	15.3	18.3	18.5	23.3	13.4	21.9	21.9	22.7
Homes	9.8	19.6	15.5	14.8	14.7	17.3	21.3	17.3	15.0	17.9	17.9	23.1	12.5	20.2	21.2	22.1
Construction Materials	1.0	1.3	1.1	0.0	0.4	0.8	1.0	0.0	0.3	0.4	0.6	0.1	0.9	1.7	0.7	0.4
Health Care Segment	15.5	19.9	20.4	11.8	20.5	13.8	15.9	2.0	14.8	11.0	11.4	4.6	9.6	10.3	15.8	11.4
Health Care	5.7	5.1	8.8	3.4	7.6	5.9	9.0	(0.7)	10.0	4.5	7.9	0.5	5.1	2.4	8.0	2.3
Critical Care	9.8	14.8	11.7	8.4	12.9	7.8	6.9	2.7	4.8	6.5	3.5	4.1	4.5	7.9	7.8	9.0
Others	0.8	1.0	0.9	1.5	0.5	1.2	0.9	1.5	0.6	1.2	0.8	1.7	0.6	1.0	0.6	0.3
Corporate expenses and eliminations	(4.8)	(6.1)	(5.8)	(9.2)	(6.7)	(7.9)	(8.0)	(9.8)	(8.1)	(7.9)	(8.6)	(10.2)	(9.4)	(9.2)	(8.7)	(8.6)
Consolidated	30.1	46.7	52.7	42.3	60.5	52.6	60.9	28.6	49.4	36.4	30.3	11.7	21.8	34.1	42.6	31.5

¹ Figures for fiscal 2022 are retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022.

Operating income trend¹

Income structure is more resilient with steady income growth in Homes and income expanding in Health Care; profitability in Material is the issue for income growth moving forward



¹ Results of past fiscal years are reclassified to the current disclosure segments with simplified calculation for reference

² Figures for fiscal 2022 retroactively revised to reflect result of PPA (purchase price allocation) completed in Q1 2023 related to Focus Companies acquired on October 31, 2022

Segments	Business categories	Businesses
Material	Environmental Solutions	Separators
		Membrane solutions
		Synthetic rubber & elastomers
		Basic Materials Petrochemical-related business
	Mobility & Industrial	Car interior material
		Engineering plastics
		Performance coating materials
	Life Innovation	Digital Solutions Electronic materials
		Digital Solutions Electronic devices
		Comfort Life High-performance materials (functional additives, etc.)
Comfort Life Fibers (apparel, etc.)		
Homes	Homes	Order-built homes (unit homes, multi-dwelling homes)
		Real estate (condominiums, rental management)
		Remodeling
		Overseas business (North American, Australian)
	Construction Materials	Construction materials
Health Care	Health Care	Pharmaceuticals (therapeutic drugs)
		Medical (bioprocess, blood purification)
	Critical Care	Defibrillators
		LifeVest (wearable cardioverter defibrillator)

- For comparison purposes, results of past fiscal years are recalculated in accordance with the new classifications from FY 2022
- The Accounting Standard for Revenue Recognition is applied beginning with FY 2021.
- Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.
- EBITDA = operating income, depreciation, and amortization (tangible, intangible, and goodwill)

Schedule for announcement of financial results for fiscal 2023

May 9, 2024 (JST)