



# **Fiscal 2022 2<sup>nd</sup> Quarter Financial Results**

**– supplementary financial summary –**

November 9, 2022

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.

# Focus of H1 2022 results and FY 2022 forecast

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## H1 2022 results

- Sales increased due to weaker yen, increased market prices of petrochemicals, etc., reaching a record high for H1.
- Operating income decreased due to economic slowdown in addition to lingering semiconductor shortages, lockdowns in China, and the Russia-Ukraine situation, resulting in sluggish demand, higher feedstock prices, etc., as well as temporary positive factors occurring in the previous year in Health Care

## FY 2022 forecast

- Severe operating climate continuing in H2; firm performance in Homes and H2 profit recovery in Health Care, but operating income forecasted to decrease with lower profit in Material, mainly due to the separator business and Basic Materials
- Efforts to suppress the negative impact by passing on the cost increase from higher feedstock prices, cost reductions, optimal inventory management, etc., while accelerating business portfolio transformation under the medium-term management plan

## Shareholder returns

- Interim dividend of ¥18 per share, full-year dividend forecast of ¥36 per share (no change from the previous forecast)
- Studying additional returns including share buybacks in accordance with shareholder returns policy of the medium-term management plan

## Progress of medium-term management plan

- In the Homes business, acquisition of the Focus Companies involved in residential construction in the U.S.
- Start of construction of water electrolysis pilot test plant for hydrogen production to accelerate hydrogen-related business

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This slide summarizes the key points of today's presentation.

## Current situation and outlook for business environment

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- Efforts to suppress the impact of a severe operating climate by passing on the cost increase from higher feedstock prices, cost reductions, optimal inventory management, greater control of procurement of components and parts, etc.

Major operating climate changes	Impacted segment	Current situation and outlook
China economic trends	Material	Decreased demand for products for automobiles, smartphones, etc., centered in H1; monitoring risks of decreased demand due to economic downturn in China
Semiconductor shortages	Material	Lingering impact in H1 and reduced vehicle production resulting in decreased demand for automotive-related products, but moderate improvement forecasted in H2
	Health Care	In Critical Care, impact from difficulties in procurement of defibrillator parts continued in H1, but improvement forecasted in H2
Russia-Ukraine situation	Material	Reduced vehicle production centered in Europe due to difficulty of procuring parts by OEMs in H1, but improvement forecasted in H2
Higher feedstock and material prices	Material	Generally high feedstock prices continuing, but proactively passing on the cost increase to curtail deterioration of terms of trade
	Homes	Impact of continuously high steel price, etc., centered on domestic order-built homes and Construction Materials; in North American business, H1 selling prices maintained while lumber prices declined resulting in improved profitability, but selling prices forecasted to decline in H2

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# 1. Consolidated results for H1 2022

## Financial results for H1 2022 (consolidated)

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- Sales increased in all segments due to weaker yen, increased market prices of petrochemicals, etc.
- Operating income decreased due to economic slowdown in addition to lingering semiconductor shortages, lockdowns in China, and the Russia-Ukraine situation, resulting in sluggish demand, higher feedstock prices, etc., as well as temporary positive factors occurring in the previous year in Health Care
- Net income decreased due to partial income tax reduction in H1 2021 from reconfiguration of Veloxis organizations, lower gain on sales of strategic shareholdings, etc., in addition to lower operating income

		H1 2021	H1 2022	Increase (decrease)	% change	H1 2022 forecast in Aug.	Increase (decrease)	% change
Net sales	(¥ billion)	1,181.0	1,351.2	170.2	+14.4%	1,387.0	(35.8)	-2.6%
Operating income	(¥ billion)	113.1	85.8	(27.3)	-24.2%	86.3	(0.5)	-0.6%
Operating margin		9.6%	6.4%			6.2%		
EBITDA	(¥ billion)	185.1	170.7	(14.4)	-7.8%			
EBITDA margin		15.7%	12.6%					
Net income attributable to owners of the parent	(¥ billion)	91.3	51.7	(39.6)	-43.3%	52.8	(1.1)	-2.0%
¥/US\$ exchange rate (market average)		110	134			132		
¥/€ exchange rate (market average)		131	139			139		
Naphtha price (¥/KL, domestic)		50,600	83,800			83,800		
Dividends per share (¥)		17	18			18		

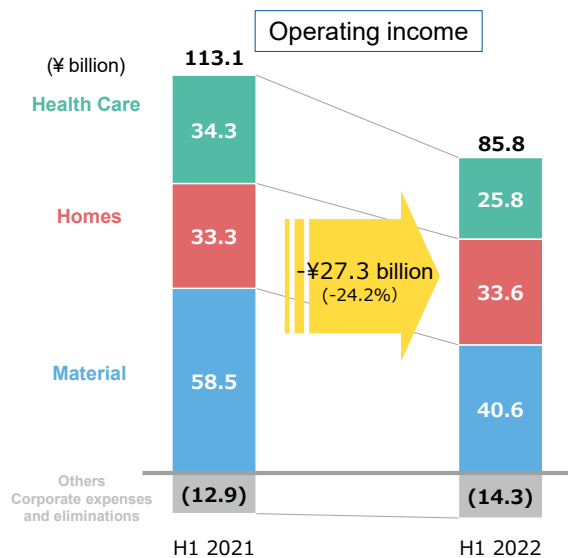
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In H1 2022, net sales were 1,351.2 billion yen, operating income was 85.8 billion yen, and net income attributable to owners of the parent was 51.7 billion yen. With regard to net income, a partial income tax reduction from reconfiguration of organizations of Veloxis Pharmaceuticals, Inc. was included in the 91.3 billion yen in H1 2021. Excluding this, the decline would have been 38% year-on-year.

## Results by segment (year-on-year)

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- Although Digital Solutions and the Homes and Health Care business categories performed well, operating income in the Material and Health Care segments decreased due to deteriorating operating climate and temporary factors of the previous year in the Health Care segment



### Major factors by segment

#### Health Care: Sales increase, but operating income decrease

Increased operating income in the Health Care business category with firm shipments of mainstay products, despite impact of consolidation of Bionova; decreased operating income in Critical Care with normalization of effect from surge in demand for ventilators, temporary impact of acquisitions, etc., and reduced shipments due to difficulty in parts procurement

#### Homes: Sales increase, but flat operating income

Decreased operating income in real estate, but increased operating income in order-built homes with higher average unit prices due to larger and higher value-added units, and firm performance of North American business

#### Material: Sales increase, but operating income decrease

Increased prices due to weaker yen and passing on the cost increase from higher market prices of petrochemicals, firm performance in Digital Solutions; decreased shipments of separators, etc., deterioration in terms of trade for Basic Materials

<sup>1</sup> For comparison purposes, results of past fiscal years are hereinafter recalculated in accordance with the new classifications.

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Operating income in Health Care declined to 25.8 billion yen from 34.3 billion yen in the same period last year. In the Health Care business category, there was a negative impact of the consolidation of Bionova Scientific, LLC in the U.S. from FY 2022. In Critical Care, negative factors include normalization of the effect from a surge in demand for ventilators, impact of consolidation of Itamar Medical Ltd., and the effect of accounting treatment related to acquisition of Respicardia, Inc., recorded in H1 2021. Together, these factors have a negative impact of more than 10 billion yen. Despite positive factors such as the passing on of cost increases and contribution from the pharmaceuticals business centered on Veloxis, the negative factors outweighed them.

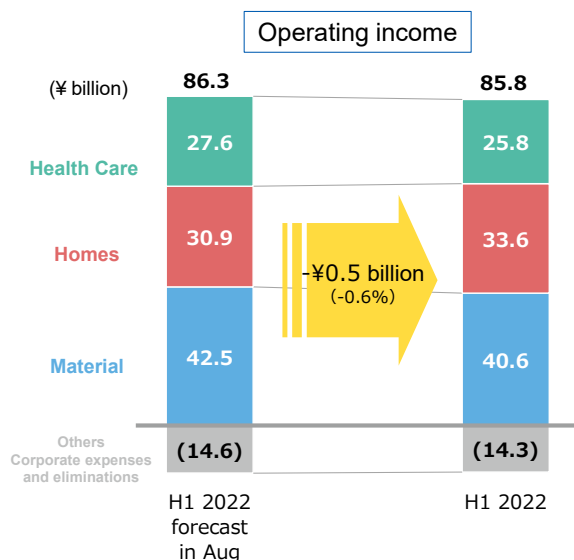
Operating income in Homes was flat year-on-year. In overseas operations, the North American business was particularly firm.

In Material, shipments decreased in the separator business and terms of trade deteriorated in Basic Materials, centered on acrylonitrile (AN), leading to a year-on-year decline in operating income.

## Results by segment (vs. H1 2022 forecast in Aug)

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➤ Operating income nearly as forecast, with Material and Health Care falling short but Homes exceeding



### Major factors by segment

#### Health Care: Sales and operating income below forecast

Planova shipments and Bionova performance below forecast, and shipments in Critical Care below forecast with lingering impact of difficulties in procurement of parts

#### Homes: Sales and operating income above forecast

Reduced fixed costs in domestic order-built homes, selling prices in North American business maintained higher than expected

#### Material: Sales and operating income below forecast

Firm performance of Life Innovation, but shipments in Basic Materials and engineering plastics below forecast, and lower than expected shipments and operating rates for separators

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Operating income for H1 was 85.8 billion yen, down from the previous forecast of 86.3 billion yen announced in August. Health Care was slightly lower than the previous forecast. This was due to higher-than-expected SG&A expenses for Bionova in the Health Care business category, partly due to the foreign exchange rate, and lower-than-expected shipments of defibrillators in Critical Care due to the prolonged impact of parts procurement difficulties.

Homes exceeded the previous forecast, with the order-built homes business and overseas operations performing well.

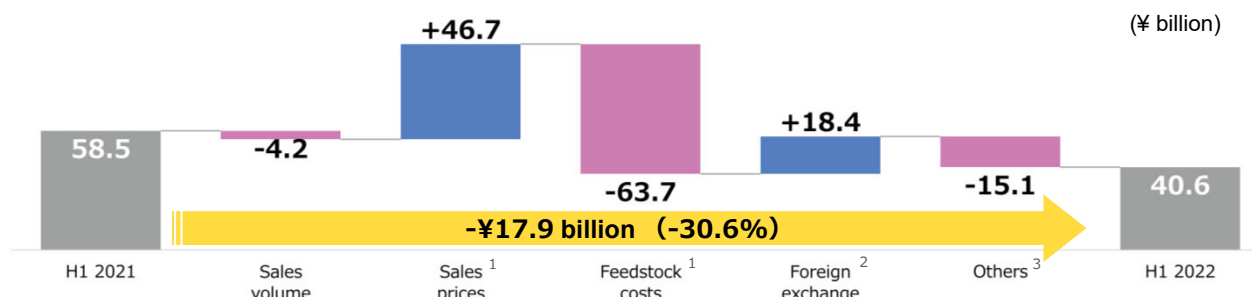
Material fell short of the previous forecast due to lower-than-expected shipments in Basic Materials and engineering plastics, as well as lower-than-expected shipments and capacity utilization in the separator business.



## Operating income increase/decrease (Material)

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- Impact of higher feedstock costs was offset by weaker yen and sales price increases to pass on the increased costs; operating income decrease due to sales volume and others (operating rates, inventory valuations, fixed costs, etc.)



		H1 2021 (recalculated)	H1 2022	Increase (decrease)	% change	Increase (decrease) due to:				
						Sales volume	Sales prices <sup>1</sup>	Feedstock costs <sup>1</sup>	Foreign exchange <sup>2</sup>	Others <sup>3</sup>
Material segment	Sales	575.9	678.8	103.0	+17.9%	(19.0)	46.7	–	35.9	39.4
	Operating income	58.5	40.6	(17.9)	-30.6%	(4.2)	–	(63.7)	18.4	(15.1)
Environmental Solutions	Sales	248.2	291.3	43.1	+17.4%	(12.9)	31.0	–	12.2	12.7
	Operating income	28.9	12.5	(16.4)	-56.7%	(6.6)	–	(59.4)	9.3	9.4
Mobility & Industrial	Sales	151.8	192.1	40.3	+26.6%	(9.0)	14.1	–	14.1	21.0
	Operating income	13.2	9.1	(4.2)	-31.5%	0.7	–	(15.3)	3.3	(6.9)
Life Innovation	Sales	175.6	195.2	19.6	+11.2%	2.9	–	–	9.6	5.6
	Operating income	19.1	19.6	0.5	+2.6%	1.7	1.5	(2.2)	5.8	(6.4)
Others in Material	Sales	0.3	0.3	(0.0)	-7.2%	(0.0)	–	–	–	0.0
	Operating income	(2.7)	(0.6)	2.1	–	0.0	–	13.3	–	(11.2)

<sup>1</sup> Excluding effect of foreign exchange.

<sup>2</sup> Effect of foreign exchange associated with sales prices and feedstock costs.

<sup>3</sup> Foreign currency translation adjustment, fixed costs, inventory valuations, etc.

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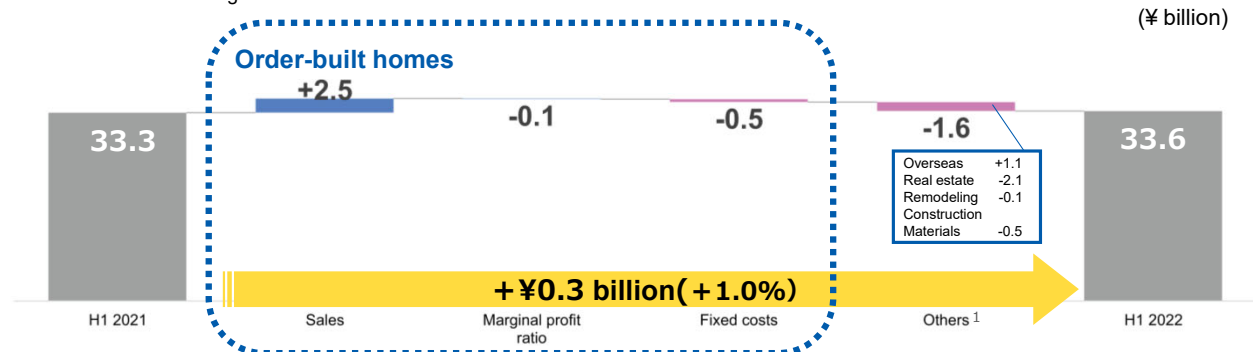
Here is the analysis on year-on-year operating income increase/decrease in H1 for each segment.

Operating income for Material was 40.6 billion yen, down 17.9 billion yen year-on-year. The sales volume factor is a negative 4.2 billion yen. While the sales price factor was a positive 46.7 billion yen, the feedstock costs factor was a negative 63.7 billion yen, which means that we were not able to fully pass on the cost increase to prices. However, the foreign exchange factor shown next is a net figure of those related to the selling price and the feedstock costs respectively, and including this would mean that a deterioration in terms of trade was avoided. “Others” factor included impacts of lower capacity utilization due to lower shipments, increased fixed costs at expanded plants, and an increase in losses at some overseas businesses due to foreign exchange impacts, together resulting in a negative 15.1 billion yen.

## Operating income increase/decrease (Homes)

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- Operating income flat with sales factor from larger and higher value-added units in domestic order-built homes offset by impact of higher material costs and negative factors under others



### Sales and operating income increase/decrease

		H1 2021 (recalculated)	H1 2022	Increase (decrease)	% change	Increase (decrease) due to:			
						Order-built homes			Others <sup>1</sup>
						Sales	Marginal profit	Fixed cost	
Homes segment	Sales	393.0	420.4	27.5	+7.0%	7.8	—	—	19.6
	Operating income	33.3	33.6	0.3	+1.0%	2.5	(0.1)	(0.5)	(1.6)

<sup>1</sup> Real estate, remodeling, overseas, Construction Materials, etc.

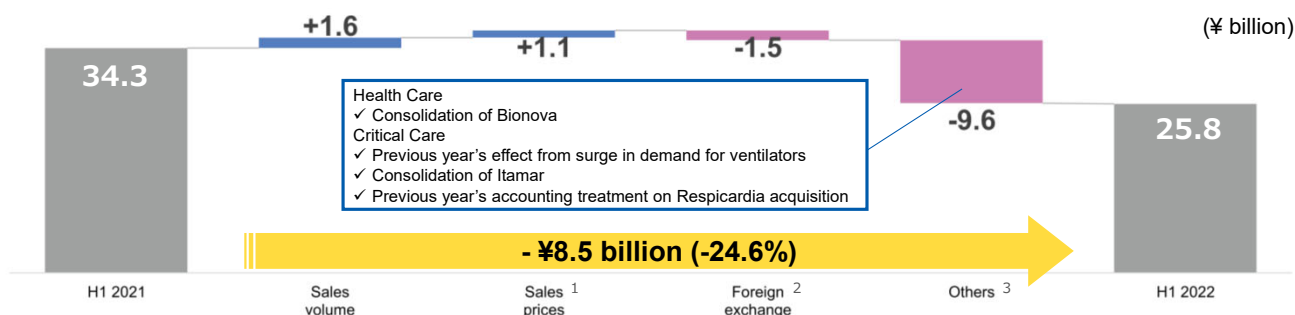
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Operating income for Homes was 33.6 billion yen, up 300 million yen year-on-year, almost unchanged. In the domestic order-built homes, we have been focusing on increasing larger and higher value-added units for some time, which resulted in increased sales despite the decreased number of construction works.

## Operating income increase/decrease (Health Care)

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- In the Health Care business category, positive effect from sales volume due to increased shipments of mainstay products, but impact of consolidation of Bionova; in Critical Care, normalization of effect from surge in demand for ventilators, impact from consolidation of Itamar, and nonrecurrence of previous year's accounting treatment on Respicardia acquisition



### Sales and operating income increase/decrease

		H1 2021	H1 2022	Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices <sup>1</sup>	Foreign exchange <sup>2</sup>	Others <sup>3</sup>
Health Care segment	Sales	205.9	245.5	39.6	+19.2%	3.4	1.1	(1.5)	36.6
	Operating income	34.3	25.8	(8.5)	-24.6%	1.6			(9.6)
Health Care	Sales	85.3	98.9	13.6	+15.9%	9.2		0.1	5.1
	Operating income	13.6	14.6	1.0	+7.3%	5.5	(0.9)	0.1	(3.8)
Critical Care	Sales	120.5	146.6	26.0	+21.6%	(5.7)		1.9	31.5
	Operating income	20.7	11.3	(9.4)	-45.6%	(3.9)		(1.7)	(5.8)

<sup>1</sup> Excluding effect of foreign exchange.







<sup>2</sup> Effect of foreign exchange associated with sales prices and feedstock costs.

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

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Operating income for Health Care was 25.8 billion yen, a decline of 8.5 billion yen year-on-year. The negative 9.6 billion yen in "others" factor is due to various factors as noted on the graph. The total of these factors exceeded 10 billion yen, which, however, were partially offset by the positive effect of foreign currency translation adjustment, etc.

# Operating income trends in H1 2022 (year-on-year)

		Trends	Major factors of operating income increase/decrease
Material	Environmental Solutions		<b>Separators:</b> Operating income decrease with sluggish demand in both consumer electronics and automotive applications due to Chinese economic downturn and reduced vehicle production <b>Basic Materials:</b> Operating income decrease with terms of trade deteriorating due to increased feedstock costs and sluggish demand due to economic slowdown (degree of decrease reduced through formula-based pricing for acrylonitrile)
	Mobility & Industrial		<b>Car interior material:</b> Operating income flat with increased shipments as impact of reduced vehicle production partially improved, but higher costs of feedstocks and logistics <b>Engineering plastics &amp; others:</b> Operating income decrease with sluggish demand due to lingering impact of reduced vehicle production
	Life Innovation		<b>Digital Solutions:</b> operating income increase with greater shipments of electronic devices for smartphone applications, continuing brisk semiconductor markets, and weaker yen exchange value
Homes	Homes		<b>Order-built homes:</b> Higher material costs, but operating income increase with higher average unit prices resulting from larger and higher value-added units <b>Overseas:</b> Operating income increase with progress in Q1FY22 passing on lumber price rise of Q4FY21 and maintaining sales prices after subsequent lumber price decrease in North American operations <b>Real estate:</b> Operating income decrease with fewer deliveries of condominium units
Health Care	Health Care		<b>Pharmaceuticals:</b> License income in the year-ago period, and higher SG&A due to increased activity and license cost, but operating income increase with growing shipments of mainstay drugs such as Teribone and Envarsus XR <b>Medical Devices:</b> Increased shipments of Planova and benefit of foreign currency translation adjustment due to weaker yen, but operating income decrease with impact of consolidation of Bionova and increased logistics costs
	Critical Care		<b>Defibrillators:</b> Operating income decrease with normalization of effect from surge in demand for ventilators, and decreased shipments due to difficulty in parts procurement <b>LifeVest:</b> Operating income increase with benefit of foreign currency translation adjustment due to weaker yen <b>Others:</b> Nonrecurrence of previous year's accounting treatment on Respicardia acquisition, impact from consolidation of Itamar

## Overseas sales

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(¥ billion)

	H1 2021 (recalculated)		H1 2022		Increase (decrease)	% change
	Overseas sales	% of total	Overseas sales	% of total		
<b>Material segment</b>	349.6	60.7%	402.1	59.2%	52.5	+15.0%
Environmental Solutions	154.9	62.4%	158.6	54.5%	3.8	+2.4%
Mobility & Industrial	115.9	76.4%	156.2	81.3%	40.3	+34.8%
Life Innovation	78.5	44.7%	86.9	44.5%	8.4	+10.7%
Others in Material	0.3	100.0%	0.3	100.0%	(0.0)	-7.2%
<b>Homes segment</b>	73.1	18.6%	96.8	23.0%	23.7	+32.4%
Homes	73.1	19.5%	96.8	24.1%	23.7	+32.4%
Construction Materials	-	-	-	-	-	-
<b>Health Care segment</b>	156.5	76.0%	191.0	77.8%	34.5	+22.1%
Health Care	37.0	43.4%	46.5	47.0%	9.4	+25.4%
Critical Care	119.4	99.1%	144.5	98.6%	25.1	+21.0%
<b>Others</b>	0.4	6.6%	0.5	8.1%	0.1	+25.4%
<b>Consolidated</b>	579.6	49.1%	690.4	51.1%	110.8	+19.1%
<b>Overseas sales by region</b>						
Asia	255.1	21.6%	276.9	20.5%	21.8	+8.6%
of which, sales to China	117.6	10.0%	128.1	9.5%	10.5	+8.9%
The Americas	189.6	16.1%	254.6	18.8%	65.0	+34.3%
Europe	74.5	6.3%	84.8	6.3%	10.3	+13.8%
Other countries	60.4	5.1%	74.1	5.5%	13.7	+22.6%

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Overseas sales accounted for 51% of consolidated sales in H1. There was a slight increase from H1 2021 due in part to the impact of foreign exchange rates, but there is no significant change.

# Statements of income

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## Variations from year-ago period

- 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 decreased earnings at PTT Asahi Chemical
- Extraordinary income/loss: Recording of loss on fire at plant facilities, decreased gain on sales of strategic shareholdings, nonrecurrence of gain on step acquisitions

(¥ billion)

	H1 2021		H1 2022		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,181.0	100.0%	1,351.2	100.0%	170.2	+14.4%
Cost of sales	795.0	67.3%	948.4	70.2%	153.4	+19.3%
Gross profit	386.0	32.7%	402.8	29.8%	16.8	+4.3%
Selling, general and administrative expenses	272.9	23.1%	317.0	23.5%	44.1	+16.2%
Operating income	113.1	9.6%	85.8	6.4%	(27.3)	-24.2%
Net non-operating income (expenses)	6.1		0.6		(5.5)	
of which,						
net equity in earnings (losses) of affiliates	5.0		2.3		(2.7)	
Ordinary income	119.2	10.1%	86.4	6.4%	(32.8)	-27.5%
Net extraordinary income (loss)	(0.0)		(5.7)		(5.6)	
Income before income taxes	119.2	10.1%	80.7	6.0%	(38.5)	-32.3%
Income taxes	(26.8)		(28.3)		(1.5)	
Net income attributable to non-controlling interests	(1.1)		(0.7)		0.4	
Net income attributable to owners of the parent	91.3	7.7%	51.7	3.8%	(39.6)	-43.3%

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In non-operating income/expenses, equity in earnings of affiliates decreased. This was mainly due to a deterioration in the profitability of AN manufactured and sold by PTT Asahi Chemical Company Limited.

## Extraordinary income and loss

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	(¥ billion)		
	H1 2021	H1 2022	Increase (decrease)
Gain on sales of investment securities	6.1	2.2	(3.9)
Gain on sales of noncurrent assets	0.3	1.0	0.7
Insurance income	–	1.8	1.8
Gain on step acquisitions	1.7	–	(1.7)
<b>Total extraordinary income</b>	<b>8.1</b>	<b>5.0</b>	<b>(3.1)</b>
Loss on valuation of investment securities	0.0	1.4	1.4
Loss on disposal of noncurrent assets	2.9	3.3	0.4
Impairment loss	0.2	0.0	(0.1)
Loss on fire at plant facilities	–	4.1	4.1
Business structure improvement expenses	5.1	1.9	(3.2)
<b>Total extraordinary loss</b>	<b>8.2</b>	<b>10.7</b>	<b>2.5</b>
<b>Net extraordinary income (loss)</b>	<b>(0.0)</b>	<b>(5.7)</b>	<b>(5.6)</b>

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Net extraordinary loss was 5.7 billion yen, worsened by 5.6 billion yen year-on-year.

In extraordinary income, gain on sales of investment securities declined as sales of strategic shareholdings, which had been promoted for some time, are somewhat settling down.

In extraordinary loss, loss on fire at plant facilities of 4.1 billion yen was recorded, which includes the transfer of some fixed costs related to the fire at the Bemberg plant in Nobeoka City, Miyazaki Prefecture, as well as restoration costs.

## Balance sheets

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- Total assets: Increased value of overseas assets due to weaker yen, increased inventories due to higher feedstock prices
- Liabilities: Increased interest-bearing debt, increased value of overseas liabilities due to weaker yen
- Net assets: Accumulated other comprehensive income increased with greater foreign currency translation adjustment due to weaker yen in addition to recording of net income

	At end of Mar. 2022	At end of Sep. 2022	Increase (decrease)		At end of Mar. 2022	At end of Sep. 2022	Increase (decrease)
							(¥ billion)
Current assets	1,334.2	1,476.5	142.3	Liabilities	1,630.3	1,750.5	120.2
Cash and deposits	244.6	243.3	(1.4)	Current liabilities	923.9	934.4	10.6
Notes, accounts receivable- trade, and contract assets	434.6	451.8	17.2	Notes and accounts payable-trade	178.1	193.4	15.3
Inventories	540.2	648.4	108.1	Other current liabilities	745.8	741.0	(4.8)
Other current assets	114.7	133.1	18.4	Noncurrent liabilities	706.4	816.1	109.6
Noncurrent assets	2,014.9	2,214.2	199.4	Net assets	1,718.8	1,940.3	221.5
Property, plant and equipment	805.2	849.5	44.2	Shareholders' equity	1,459.4	1,487.5	28.2
Intangible assets	836.8	984.5	147.7	Capital stock	103.4	103.4	-
Investments and other assets	372.8	380.2	7.4	Capital surplus	79.9	79.8	(0.0)
				Retained earnings	1,282.3	1,310.3	28.0
				Treasury stock	(6.2)	(6.0)	0.2
				Accumulated other comprehensive income	228.0	419.5	191.5
				Non-controlling interests	31.4	33.2	1.8
<b>Total assets</b>	<b>3,349.1</b>	<b>3,690.8</b>	<b>341.7</b>	<b>Total liabilities and net assets</b>	<b>3,349.1</b>	<b>3,690.8</b>	<b>341.7</b>
Goodwill	431.3	526.7	95.3				
Interest-bearing debt <sup>1</sup>	766.3	910.4	144.1				
D/E ratio	0.45	0.48	0.02				

<sup>1</sup> Excluding lease obligations.

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Comparing the end of September with the end of March 2022, total assets increased by 341.7 billion yen. In assets, inventories in current assets increased by 108.1 billion yen. Liabilities also increased, and in net assets, accumulated other comprehensive income increased due to foreign currency translation adjustment and other factors. As a result, the D/E ratio at the end of September 2022 was 0.48. Regarding inventories, we will continue to make efforts for optimal inventory management toward the end of FY 2022.



## Cash flows

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- Operating: Flow turned negative with decreased income before income taxes, increased inventories, and increased income tax payments related to reconfiguration of Veloxis organizations
- Investing: Cash used for M&A increased with acquisition of Bionova Scientific
- Financing: Cash provided even after dividends payment due to debt financing

	H1 2021	H1 2022	(¥ billion) Increase (decrease)
a. Net cash provided by (used in) operating activities	76.7	(3.7)	(80.4)
b. Net cash provided by (used in) investing activities	(91.6)	(131.2)	(39.7)
Outlays for capital expenditure	(80.0)	(86.1)	(6.2)
Outlays for M&A	(19.9)	(42.4)	(22.5)
Others	8.2	(2.8)	(11.0)
c. Free cash flows [a+b]	(14.9)	(134.9)	(120.0)
d. Net cash provided by (used in) financing activities	6.3	106.3	100.0
e. Effect of exchange rate change on cash and cash equivalents	0.2	26.8	26.6
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(8.4)	(1.8)	6.6

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Net cash used in operating activities was 3.7 billion yen, due to an increase in inventories, etc. Net cash used in investing activities was 131.2 billion yen, including the acquisition of Bionova, which resulted in a year-on-year deterioration in free cash flows. In H2, we will strive to improve cash flows by strengthening management, including reduction of working capital.

## 2. Forecast for FY 2022

## FY 2022 operating performance forecast (consolidated)

AsahiKASEI

- Severe operating climate expected to continue from H1, with decreased overall operating income resulting from the decrease in Material
- Closely watching operating climate changes such as lingering semiconductor shortages, continuously high feedstock prices, economic slowdown, etc.
- FY 2022 full-year dividends forecasted at ¥36 per share, unchanged from May announcement; studying additional returns including share buybacks in accordance with shareholder returns policy of the medium-term management plan

		FY 2021	FY 2022 forecast	Increase (decrease)	% change	FY 2022 forecast in May	Increase (decrease)	% change
Net sales	(¥ billion)	2,461.3	2,851.0	389.7	+15.8%	2,731.0	120.0	4.4%
Operating income	(¥ billion)	202.6	177.0	(25.6)	-12.7%	210.5	(33.5)	-15.9%
Operating margin		8.2%	6.2%	-2.0%		7.7%	-1.5%	
EBITDA	(¥ billion)	350.8	352.0	1.2	+0.3%	369.0	(17.0)	-4.6%
EBITDA margin		14.3%	12.3%	-1.9%		13.5%	-1.2%	
Net income attributable to owners of the parent	(¥ billion)	161.9	129.0	(32.9)	-20.3%	164.5	(35.5)	-21.6%
EPS	(¥)	116.68	92.98			118.58	(25.60)	-21.6%
EPS before goodwill amortization	(¥)	137.14	119.65			139.63	(19.98)	-14.3%
¥/US\$ exchange rate (market average)		112	137			115		
¥/€ exchange rate (market average)		131	139			130		
Naphtha price (¥/kL, domestic)		56,700	76,800			70,000		
Dividends per share (¥)		34	36 (forecast)			36 (forecast)		

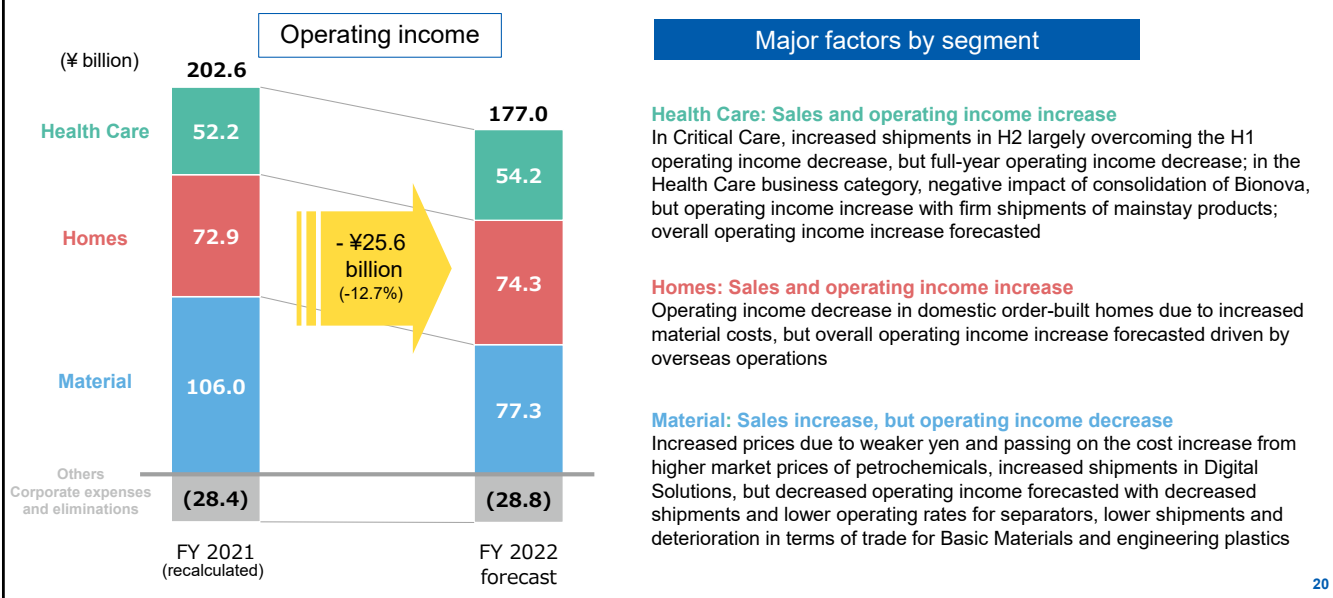
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For the full year of FY 2022, we forecast net sales of 2,851.0 billion yen, a record high. Operating income is projected at 177.0 billion yen, a 12.7% decrease from the previous year. We consider the decline in the ratio of operating income to net sales to be an issue. Net income is expected to be 129.0 billion yen, down 20.3% from the previous year.

## Operating performance forecast (year-on-year)

AsahiKASEI

- Although Digital Solutions and the Homes and Health Care business categories expected to perform well, operating income decrease forecasted in Material due to deteriorating operating climate



For the full year, operating income in Health Care is forecast to increase to 54.2 billion yen from 52.2 billion yen in the previous year. In the Health Care business category, despite the negative impact of the consolidation of Bionova, operating income is expected to increase due to steady performance including Veloxis. In Critical Care, operating income is forecast to decline year-on-year due to the impact of H1 performance, but we expect recovery in H2 with shipments growth.

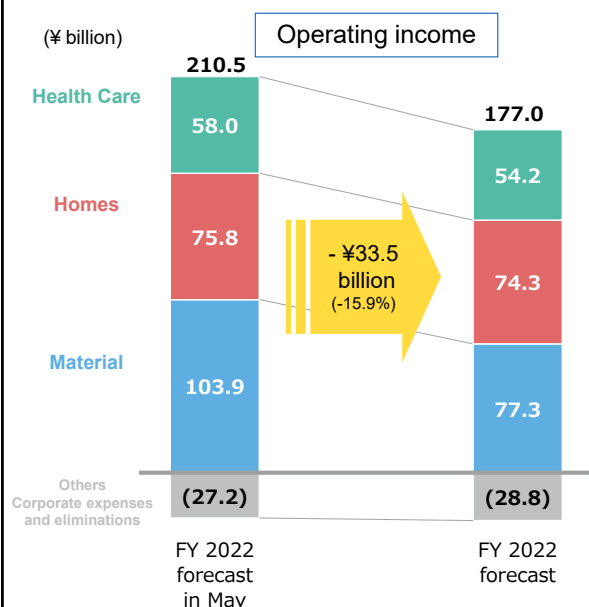
Homes is expected to steadily improve its performance, increasing operating income to 74.3 billion yen from 72.9 billion yen in the previous year.

In Material, operating income is expected to decline to 77.3 billion yen from 106.0 billion yen in the previous year. With the severe operating climate expected to continue in H2 and demand not expected to recover much, we expect shipments in separators, Basic Materials, and engineering plastics to decline from the previous year.

## Operating performance forecast (vs. forecast in May)

AsahiKASEI

- Impact of weaker yen, but operating income forecast revised downward with effect of deteriorating operating climate centered on Material



### Major factors by segment

#### Health Care: Sales revised upward, but operating income revised downward

In the Health Care business category, firm sales of mainstay drugs, but operating income forecast revised downward due to impact of consolidation of Bionova, not assumed in original forecast; in Critical Care, operating income forecast revised downward due to slower than expected improvement of performance of mainstay businesses such as defibrillators and LifeVest

#### Homes: Sales revised upward, but operating income revised downward

Operating income forecast in North American business revised upward, but operating income forecast in domestic order-built homes and Construction Materials revised downward due to impact of higher material costs

#### Material: Sales revised upward, but operating income revised downward

Increased prices due to weaker yen and passing on the cost increase from higher market prices of petrochemicals, but operating income forecast revised downward with decreased shipments of separators and engineering plastics due to reduced vehicle production from lingering impact of semiconductor shortage, and with reduced demand and deteriorated terms of trade in Basic Materials

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The full-year operating income forecast is 177.0 billion yen, downward revised from 210.5 billion yen in the initial forecast announced in May. All segments have been revised downward. Health Care is impacted by the prolonged difficulty in procuring parts for defibrillators and the delay in improvement of the performance of LifeVest wearable defibrillators in Critical Care, especially in H1, although it will improve in H2. In Homes, the Homes business category is expected to remain in line with the initial forecast, while Construction Materials is expected to deteriorate due to soaring material prices. In Material, the operating climate is expected to remain severe.

## Sales forecast by business category

AsahiKASEI

(¥ billion)

	FY 2021 (recalculated)			FY 2022 forecast		Increase (decrease)	% change	FY2022 H2 forecast -H1	FY 2022 forecast in May	
	H1	H2		H1	H2 forecast					
<b>Material segment</b>	575.9	634.1	1,210.0	678.8	742.2	1,421.0	211.0	+17.4%	63.3	1,393.0
Environmental Solutions	248.2	274.5	522.6	291.3	317.7	609.0	86.4	+16.5%	26.5	620.0
Mobility & Industrial	151.8	170.3	322.1	192.1	211.9	404.0	81.9	+25.4%	19.8	370.0
Life Innovation	175.6	189.0	364.6	195.2	211.8	407.0	42.4	+11.6%	16.7	402.0
Others in Material	0.3	0.4	0.7	0.3	0.7	1.0	0.3	+42.1%	0.4	1.0
<b>Homes segment</b>	393.0	429.5	822.4	420.4	474.6	895.0	72.6	+8.8%	54.1	865.0
Homes	375.8	410.7	786.5	401.0	454.0	855.0	68.5	+8.7%	53.0	825.0
Construction Materials	17.1	18.8	35.9	19.4	20.6	40.0	4.1	+11.4%	1.2	40.0
<b>Health Care segment</b>	205.9	210.0	415.9	245.5	274.5	520.0	104.1	+25.0%	29.0	458.0
Health Care	85.3	88.8	174.2	98.9	107.1	206.0	31.8	+18.3%	8.2	194.0
Critical Care	120.5	121.2	241.7	146.6	167.4	314.0	72.3	+29.9%	20.8	264.0
Others	6.3	6.7	13.0	6.5	8.5	15.0	2.0	+15.6%	2.1	15.0
<b>Consolidated</b>	1,181.0	1,280.3	2,461.3	1,351.2	1,499.8	2,851.0	389.7	+15.8%	148.5	2,731.0

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## Operating income forecast by business category

AsahiKASEI

(¥ billion)										
	H1	H2	FY 2021 (recalculated)	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change	FY 2022 H2 forecast -H1	FY 2022 forecast in May
<b>Material segment</b>	58.5	47.4	106.0	40.6	36.7	77.3	(28.7)	-27.1%	(3.9)	103.9
Environmental Solutions	28.9	20.0	48.9	12.5	8.8	21.3	(27.6)	-56.4%	(3.7)	42.3
Mobility & Industrial	13.2	12.5	25.8	9.1	7.3	16.4	(9.4)	-36.3%	(1.7)	23.8
Life Innovation	19.1	15.7	34.8	19.6	19.0	38.6	3.8	+10.8%	(0.6)	37.4
Others in Material	(2.7)	(0.8)	(3.5)	(0.6)	1.6	1.0	4.5	–	2.1	0.4
<b>Homes segment</b>	33.3	39.6	72.9	33.6	40.7	74.3	1.4	+1.9%	7.1	75.8
Homes	32.0	38.6	70.6	32.9	39.6	72.5	1.9	+2.7%	6.7	72.5
Construction Materials	1.2	1.1	2.3	0.7	1.1	1.8	(0.5)	-21.7%	0.4	3.3
<b>Health Care segment</b>	34.3	17.9	52.2	25.8	28.4	54.2	2.0	+3.9%	2.5	58.0
Health Care	13.6	8.3	21.8	14.6	11.0	25.6	3.8	+17.3%	(3.5)	28.3
Critical Care	20.7	9.6	30.3	11.3	17.3	28.6	(1.7)	-5.7%	6.0	29.7
Others	1.7	2.4	4.1	1.7	1.4	3.1	(1.0)	-24.7%	(0.3)	2.5
Corporate expenses and eliminations	(14.6)	(17.9)	(32.5)	(16.0)	(15.9)	(31.9)	0.6	–	0.1	(29.7)
<b>Consolidated</b>	113.1	89.5	202.6	85.8	91.2	177.0	(25.6)	-12.7%	5.4	210.5

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With regard to the operating income trends for Material from H1 to H2, Environmental Solutions and Mobility & Industrial are both expected to decline, from 12.5 billion yen to 8.8 billion yen, and from 9.1 billion yen to 7.3 billion yen, respectively. Life Innovation is expected to remain largely flat from H1 to H2, with some businesses performing well.

Major factors in the decline in operating income include, in Environmental Solutions in particular, the inventory valuation gain recorded in H1, which is not expected in H2, as well as the slow recovery of business itself.

# Operating income trends from H1 to H2 2022

		Trends	Major factors of operating income increase/decrease
Material	Environmental Solutions		<b>Separators:</b> Operating income increase forecasted with demand recovery of automotive and consumer electronics applications while carefully monitoring risks of decreased demand due to reduced vehicle production from lingering semiconductor shortages and global economic downturn <b>Basic Materials:</b> Operating income decrease forecasted with deterioration of terms of trade and impact of inventory valuation
	Mobility & Industrial		<b>Car interior material:</b> Operating income increase forecasted with increased shipments as semiconductor shortages abate, and improved terms of trade <b>Engineering plastics &amp; others:</b> Increased shipments as semiconductor shortages abate, but operating income decrease forecasted with deteriorated terms of trade for nylon 66 and impact of inventory valuation
	Life Innovation		<b>Digital Solutions:</b> Operating income increase forecasted with improvement of shipments of some electronic materials impacted by lockdowns in China <b>Comfort Life:</b> Operating income decrease forecasted with fire at Bemberg plant, deteriorated terms of trade in other businesses, increased fixed costs, etc.
Homes	Homes		<b>Order-built homes:</b> Higher material costs, but operating income increase forecasted with large number of construction works in H2 and higher average unit prices resulting from larger units <b>Overseas:</b> In North American business, operating income decrease forecasted with decreased selling prices due to lower lumber costs <b>Real estate:</b> Operating income increase forecasted with many deliveries of condominium units in H2
Health Care	Health Care		<b>Pharmaceuticals:</b> Firm sales of mainstay drugs such as Envarsus XR and increased license income, but operating income decrease forecasted with increased SG&A for licensing and R&D in H2 <b>Medical Devices:</b> Operating income decrease forecasted with higher costs of feedstocks and logistics
	Critical Care		<b>Defibrillators:</b> Operating income increase forecasted with increased shipments as difficulty in parts procurement improves <b>LifeVest:</b> Operating income decrease forecasted with increased SG&A, etc.

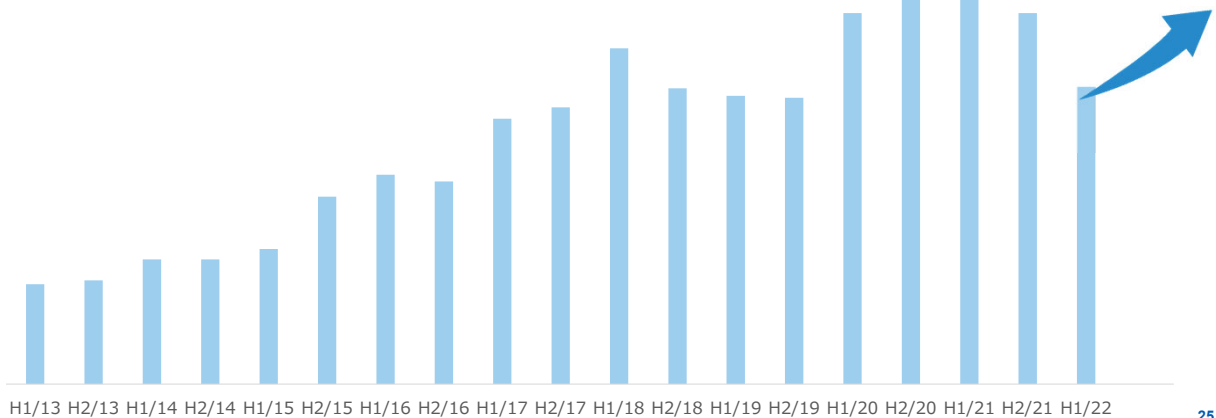


## Reference: Trend in shipments of lithium-ion battery separators

AsahiKASEI

- Although medium to longer-term business expansion has advanced in line with market expansion, shipments declined with automotive applications impacted by reduced vehicle production due to semiconductor shortages from H2 FY 2021, and demand slowdown in consumer electronics applications due to Chinese economic downturn
- Increased shipments are forecasted due to demand recovery in H2 FY 2022

**Trend in shipments of lithium-ion battery separators**  
(indexed on H1 FY2013 shipment volume)



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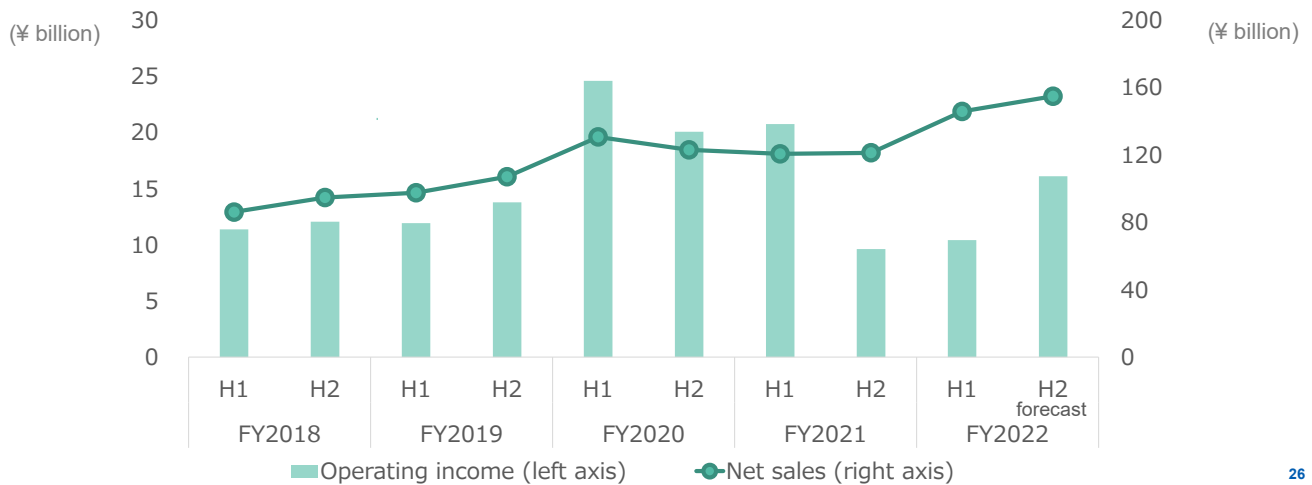
This chart shows the trend in shipments of Hipore and Celgard LIB separators, indexed on H1 2013. H1 2022 shipments fell more than expected. This was because demand for consumer electronics applications was generally weak, mainly due to the economic downturn in China, and for automotive applications, vehicle production reduced due to supply chain disruptions in some of the high-end models that we have focused on. We expect shipments to recover through H2.

## Reference: Trend in net sales and operating income in Critical Care

AsahiKASEI

> Operating income declined in H2 FY 2021 with decreased shipments of defibrillators due to difficulty in parts procurement, increased costs, etc., but improvement after H1 FY 2022

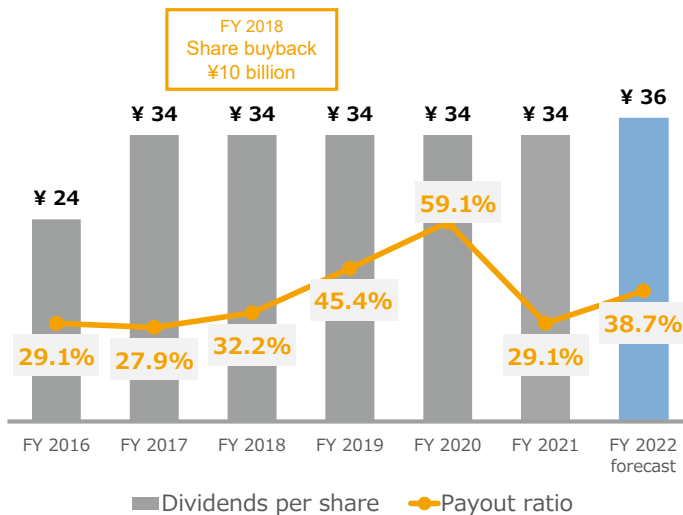
- Positive effect from surge in demand for ventilators due to COVID-19
- Positive effect from accounting treatment on Respicardia acquisition
- Negative impact of Respicardia acquisition (goodwill, etc.)
- Negative impact of Itamar acquisition (goodwill, etc.)



This chart shows sales and operating income in Critical Care. From FY 2020 to H1 2021, there were positive impacts such as increased demand for ventilators due to COVID-19 and accounting treatment on the acquisition of Respicardia. On the other hand, from H1 2021 onward, there are negative impacts from the consolidation of Respicardia and Itamar, including goodwill. Excluding these factors, we see Critical Care is expanding steadily.

# Shareholder returns

- FY2022 interim dividend of ¥18 per share
- FY2022 full-year dividend of ¥36 per share forecasted; studying additional returns including share buybacks considering operating performance, etc.



## 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 buybacks as appropriate based on comprehensive consideration of suitable level of equity, investment items, and share price

FY 2022 interim dividend was determined at 18 yen per share. The annual dividend is forecast to be 36 yen per share, with a payout ratio of 38.7%. As stated in the MTP, we will continue to study share buybacks for additional returns.

# 3. Appendix



# Revision of business categories (since April 2022)

Segments	Business categories	Businesses
Material	Environmental Solutions	Separators
		Membrane Solutions
		Synthetic Rubber & Elastomers
	Mobility & Industrial	Basic Materials <sup>1</sup>
		Fibers (automotive)
		Engineering Plastics
		Performance Coating Materials
	Life Innovation	Digital Solutions
		Electronic Materials
		Electronic Devices
		UVC Project
		Functional Additives
		Explosives
Comfort Life		
Photoproducts		
Fibers (apparel, industrial, etc.)		
Consumables		
Asahi Kasei Advance <sup>2</sup>		
Homes	Homes	
	Construction Materials	
Health Care	Health Care	
	Critical Care	
Others		
Corporate expenses and eliminations		

- Formerly Basic Materials
- Formerly Performance Products
- Formerly Specialty Solutions
- Formerly Corporate expenses and eliminations

1 Certain products are transferred to Mobility & Industrial  
 2 Asahi Kasei Advance results, previously separated among Performance Products, Others in Material, and Construction Materials, are now included in Life Innovation

## Material segment

(¥ billion)

Sales	H1	H2	FY 2021 (recalculated)	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change
	<b>Material segment</b>	<b>575.9</b>	<b>634.1</b>	<b>1,210.0</b>	<b>678.8</b>	<b>742.2</b>	<b>1,421.0</b>	<b>211.0</b>
Environmental Solutions	248.2	274.5	522.6	291.3	317.7	609.0	86.4	+16.5%
of which, Basic Materials	154.7	180.1	334.8	187.4	199.6	387.0	52.2	+15.6%
Mobility & Industrial	151.8	170.3	322.1	192.1	211.9	404.0	81.9	+25.4%
Life Innovation	175.6	189.0	364.6	195.2	211.8	407.0	42.4	+11.6%
of which, Digital Solutions	59.3	62.2	121.4	66.5	75.5	142.0	20.6	+16.9%
Others in Material	0.3	0.4	0.7	0.3	0.7	1.0	0.3	+42.1%

Operating income	H1	H2	FY 2021 (recalculated)	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change
	<b>Material segment</b>	<b>58.5</b>	<b>47.4</b>	<b>106.0</b>	<b>40.6</b>	<b>36.7</b>	<b>77.3</b>	<b>(28.7)</b>
Environmental Solutions	28.9	20.0	48.9	12.5	8.8	21.3	(27.6)	-56.4%
of which, Basic Materials	19.0	16.4	35.4	9.5	3.8	13.3	(22.1)	-62.5%
Mobility & Industrial	13.2	12.5	25.8	9.1	7.3	16.4	(9.4)	-36.3%
Life Innovation	19.1	15.7	34.8	19.6	19.0	38.6	3.8	+10.8%
of which, Digital Solutions	8.9	8.0	16.9	10.5	11.5	22.0	5.1	+29.8%
Others in Material	(2.7)	(0.8)	(3.5)	(0.6)	1.6	1.0	4.5	—

## Homes segment (i)

Sales		H1	H2	FY 2021 (recalculated)	FY 2022		Increase (decrease)	% change	
					H1	H2 forecast			
<b>Homes segment</b>		<b>393.0</b>	<b>429.5</b>	<b>822.4</b>	<b>420.4</b>	<b>474.6</b>	<b>895.0</b>	<b>72.6</b>	<b>+8.8%</b>
Homes		<b>375.8</b>	<b>410.7</b>	<b>786.5</b>	<b>401.0</b>	<b>454.0</b>	<b>855.0</b>	<b>68.5</b>	<b>+8.7%</b>
Order-built homes, etc.		189.0	214.5	403.5	196.6	216.9	413.5	10.0	+2.5%
Real estate		86.0	96.5	182.5	81.1	107.4	188.5	6.0	+3.3%
Remodeling		26.7	25.7	52.5	26.1	28.9	55.0	2.5	+4.9%
Overseas business		73.1	73.1	146.3	96.8	99.7	196.5	50.2	+34.4%
Others		0.9	0.9	1.8	0.4	1.1	1.5	(0.3)	-16.8%
Construction Materials		<b>17.1</b>	<b>18.8</b>	<b>35.9</b>	<b>19.4</b>	<b>20.6</b>	<b>40.0</b>	<b>4.1</b>	<b>+11.4%</b>

Operating income		H1	H2	FY 2021 (recalculated)	FY 2022		Increase (decrease)	% change	
					H1	H2 forecast			
<b>Homes segment</b>		<b>33.3</b>	<b>39.6</b>	<b>72.9</b>	<b>33.6</b>	<b>40.7</b>	<b>74.3</b>	<b>1.4</b>	<b>+1.9%</b>
Homes		<b>32.0</b>	<b>38.6</b>	<b>70.6</b>	<b>32.9</b>	<b>39.6</b>	<b>72.5</b>	<b>1.9</b>	<b>+2.7%</b>
Order-built homes, etc.		14.1	22.3	36.4	16.2	19.1	35.3	(1.1)	-3.1%
Real estate		9.6	10.1	19.7	7.5	12.8	20.3	0.6	+3.0%
Remodeling		2.6	2.7	5.2	2.5	3.3	5.8	0.6	+11.4%
Overseas business		5.4	2.2	7.5	6.4	3.6	10.0	2.5	+32.9%
Others		0.4	1.3	1.7	0.3	0.8	1.0	(0.7)	-38.8%
Construction Materials		<b>1.2</b>	<b>1.1</b>	<b>2.3</b>	<b>0.7</b>	<b>1.1</b>	<b>1.8</b>	<b>(0.5)</b>	<b>-21.7%</b>

## Homes segment (ii)

- Year-on-year decrease in orders for domestic order-built homes for H1 FY2022, targeting increase in H2  
(¥ billion, % indicates year-on-year comparison)

		Order-built homes, etc.						Real estate				
		Orders		Sales				Sales				
		Value of new orders during the term	Order backlog	Unit homes	Multi-dwelling homes	Other <sup>1</sup>	Total	Pre-built homes	Rental housing	Other	Total	
FY 2020	H1	145.3	(-28.1%)	543.8	132.8	46.9	8.1	187.8	30.9	58.1	2.1	91.0
	H2	181.3	(-8.6%)	527.5	136.6	61.1	9.2	206.9	11.1	60.8	7.1	79.0
	annual	326.6	(-18.4%)		269.3	108.0	17.4	394.7	42.0	118.9	9.1	170.1
FY 2021 <sup>2</sup>	H1	206.3	(+42.0%)		127.4	51.0	10.6	189.0	20.5	62.5	3.1	86.0
	H2	178.0	(-1.8%)	533.3	142.3	60.6	11.6	214.5	24.7	64.6	7.2	96.5
	annual	384.3	(+17.7%)		269.7	111.6	22.2	403.5	45.2	127.1	10.2	182.5
FY 2022 <sup>2</sup>	H1	191.2	(-7.3%)	548.1	130.9	55.5	10.2	196.6	10.1	66.5	4.5	81.1
	H2 forecast	181.6	(+2.0%)	519.7				216.9	30.4	69.5	7.5	107.4
	annual forecast	372.8	(-3.0%)					413.5	40.5	136.0	12.0	188.5

<sup>1</sup> Income from maintenance service which was previously included in SG&A is included in sales beginning with FY 2019.

<sup>2</sup> The Accounting Standard for Revenue Recognition is applied beginning with FY 2021. Order backlog shown above remains based on the previous method.



## Homes segment (iii)<sup>1</sup>

### H1 2022 Results

(% indicates year-on-year comparison)

	¥ billion	Orders received		Number of units delivered <sup>2</sup>		
		(% change)	(units)	(% change)	(units)	(% change)
Unit homes	121.8	-16.7%	2,837	-25.9%	3,377	-8.4%
Multi-dwelling homes	69.3	+15.6%	2,979	-9.5%	3,008	+0.4%
Other	–	–	–	–	12	-68.4%
Order-built homes total	191.2	-7.3%	5,816	-18.3%	6,397	-4.8%

### FY 2022 Forecast

(% indicates year-on-year comparison)

	¥ billion	Orders received		Number of units delivered <sup>2</sup>		
		(% change)	(units)	(% change)	(units)	(% change)
Unit homes	232.0	-12.4%	5,400	-23.7%	7,380	-7.0%
Multi-dwelling homes	140.8	+17.7%	6,050	-3.0%	6,610	-3.6%
Other	–	–	–	–	50	-45.7%
Order-built homes total	372.8	-3.0%	11,450	-14.0%	14,040	-5.7%

<sup>1</sup> Presenting domestic figures only.

<sup>2</sup> Beginning with FY 2021, the accounting method for order-built homes is changed with application of the Accounting Standard for Revenue Recognition. Accordingly, "number of units delivered" does not correspond to sales of the same period.

## Health Care segment (i)

(¥ billion)

Sales	H1	H2	FY 2021	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change
	<b>Health Care segment</b>	<b>205.9</b>	<b>210.0</b>	<b>415.9</b>	<b>245.5</b>	<b>274.5</b>	<b>520.0</b>	<b>104.1</b>
Health Care	85.3	88.8	174.2	98.9	107.1	206.0	31.8	+18.3%
Pharmaceuticals	44.8	48.6	93.3	53.6	57.4	111.0	17.7	+18.9%
Medical devices	40.6	40.3	80.8	45.3	49.7	95.0	14.2	+17.5%
Critical Care	120.5	121.2	241.7	146.6	167.4	314.0	72.3	+29.9%

Operating income	H1	H2	FY 2021	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change
	<b>Health Care segment</b>	<b>34.3</b>	<b>17.9</b>	<b>52.2</b>	<b>25.8</b>	<b>28.4</b>	<b>54.2</b>	<b>2.0</b>
Health Care	13.6	8.3	21.8	14.6	11.0	25.6	3.8	+17.3%
Critical Care	20.7	9.6	30.3	11.3	17.3	28.6	(1.7)	-5.7%

EBITDA	H1	H2	FY 2021	H1	H2 forecast	FY 2022 forecast	Increase (decrease)	% change
	<b>Health Care segment</b>	<b>57.7</b>	<b>44.1</b>	<b>101.7</b>	<b>57.2</b>			
Health Care	23.6	19.0	42.6	27.2				
Critical Care	34.1	25.1	59.2	30.0				

## Health Care segment (ii)

(Sales region, monetary unit)	FY 2021		FY 2022	H1 2022 vs H1 2021	
	H1		H1	Increase (decrease)	% change
<b>Asahi Kasei Pharma</b>					
Teribone (Japan, ¥ billion)	18.6	38.2	20.7	2.1	+11.5%
Recomodulin (Japan, ¥ billion)	4.5	8.7	4.2	(0.3)	-6.3%
Kevzara (Japan, ¥ billion)	3.5	7.3	4.5	1.0	+29.7%
Reclast (Japan, ¥ billion)	0.6	1.3	0.7	0.0	+2.3%
Plaquenil (Japan, ¥ billion)		2.7	2.7	2.7	
<b>Veloxis Pharmaceuticals</b>					
Envarsus XR (US, \$ million)	67	142	88	21	+31.0%

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

## Health Care segment (iii)

### Pharmaceuticals pipeline

Development stage	Code name, form, generic name	Classification	Indication	Region	Origin	Remarks
Pending approval	AK1820, injection/capsule, isavuconazonium sulfate	Antifungal agent	Invasive fungal infections	Japan	Licensed	
Phase II	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Chemotherapy-induced peripheral neuropathy (CIPN)	Japan	In-house	Additional indication Joint U.S.-Japan Phase I study in progress
Phase II	AK1830, oral	Analgesic	Pain associated with osteoarthritis	Japan	Licensed	
Phase II			Chronic low back pain			
Pending approval (overseas)	HE-69, tablet, mizoribine	Immunosuppressant	Lupus nephritis, nephrotic syndrome	China	In-house	Additional indication
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alfa	Anticoagulant	Severe sepsis with coagulopathy	United States, Europe, etc.	In-house	

## Major M&A (since April 2021)

Segment	Business category	Company	Operations	Consolidation on statements of income	Cost	Goodwill
Homes	Homes	McDonald Jones Homes Pty Ltd	Construction of custom-built homes and sale of pre-built homes in Australia	Apr. 1, 2021	¥19.1 billion	¥5.5 billion
	Homes	Focus Companies (Focus Plumbing LLC and 4 other companies)	Residential construction work in North America	Nov. 1, 2022	\$250 million (provisional calculation)	undetermined
Health Care	Health Care	Bionova Holdings, Inc.	Biopharmaceutical manufacturing process development, GMP-compliant manufacturing of current and next-generation antibody drugs	Jul. 1, 2022	¥42.6 billion (provisional calculation)	¥39.8 billion (provisional calculation)
	Critical Care	Respocardia, Inc.	Development, manufacture, and sale of an implantable neurostimulator device for the treatment of central sleep apnea (CSA)	Apr. 9, 2021	¥30.7 billion	¥14.4 billion
		Itamar Medical Ltd.	Development, manufacture, and sale of diagnostic devices for sleep apnea	Dec. 16, 2021	¥60.9 billion	¥37.8 billion (provisional calculation)

## Capex, depreciation/amortization, R&D

(¥ billion)

	Capital expenditures			Depreciation and amortization <sup>1</sup>			R&D expenditures		
	FY 2021 (recalculated)	H1 2022	FY 2022 forecast	FY 2021 (recalculated)	H1 2022	FY 2022 forecast	FY 2021 (recalculated)	H1 2022	FY 2022 forecast
<b>Material segment</b>	121.3	45.4	120.0	64.2	34.7		33.8	20.4	
Environmental Solutions	65.0	23.0		32.3	17.4		8.6	5.1	
Mobility & Industrial	22.8	7.6		13.2	7.4		10.2	5.8	
Life Innovation	33.5	14.9		18.8	9.9		14.9	9.5	
Others in Material	-	-		(0.0)	(0.0)		0.2	-	
<b>Homes segment</b>	18.6	9.9	22.0	13.8	7.6		3.7	1.9	
Homes	15.7	8.5		11.5	6.5		3.1	1.6	
Construction Materials	2.9	1.4		2.3	1.2		0.6	0.3	
<b>Health Care segment</b>	24.9	9.9	29.0	34.5	21.1		47.4	22.2	
Health Care	13.6	4.0		18.4	10.7		24.7	9.1	
Critical Care	11.2	5.9		16.1	10.4		22.7	13.1	
Others	3.0	0.2	1.0	1.0	0.4		0.1	0.1	
Corporate expenses and eliminations	18.9	8.8	25.0	6.1	3.0		13.7	5.1	
<b>Total</b>	<b>186.6</b>	<b>74.2</b>	<b>197.0</b>	<b>119.7</b>	<b>66.8</b>	<b>138.0</b>	<b>98.7</b>	<b>49.7</b>	<b>112.0</b>

Amortization of goodwill

28.4	18.1
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<sup>1</sup> Amortization of goodwill is excluded and shown separately below the table.

## Major investments

Segment	Business category	Product	Completion of construction/ Start-up	Capacity	Location	
Material	Environmental Solutions	Renovation of hydroelectric power plants (Suigasaki power plant)	H1 2025	–	Nishiusuki-gun, Miyazaki, Japan	
		Capacity increase for Hipore Lithium-ion battery separator	FY 2022	300 million m <sup>2</sup> /y	Moriyama-shi, Shiga, Japan	
			H1 2023	350 million m <sup>2</sup> /y	Hyuga-shi, Miyazaki, Japan	
	Life Innovation	Capacity increase for Celgard Lithium-ion battery separator	FY 2024 or later	150 million m <sup>2</sup> /y	North Carolina, the U.S.	
		Mobility & Industrial	Capacity increase for Dinamica artificial suede (formerly Lamous)	H1 2022	4 million m <sup>2</sup> /y	Nobeoka-shi, Miyazaki, Japan
			Capacity increase for spunbond nonwovens	H1 2022	15,000 ton /y	Chonburi Province, Thailand
Health Care	Health Care	New plant for Ceolus microcrystalline cellulose	H1 2023	–	Kurashiki-shi, Okayama, Japan	
		Capacity increase for Planova BioEX virus removal filters	H2 2022	–	Oita-shi, Oita, Japan	
	Health Care	Construction of new assembly plant for Planova virus removal filters	FY 2023	–	Nobeoka-shi, Miyazaki, Japan	

## Highlights (since April 2022)

### Investment for growth (GG10)

- ◆ April, agreement for acquisition by Asahi Kasei Medical of Bionova Scientific, LLC, a U.S.-based biopharmaceutical CDMO; acquisition completed in May
- ◆ May, AKM to launch low-latency solution with Active Road Noise Cancellation (ARNC) technology for automotive with Silentium
- ◆ June, Alchemedicine and Asahi Kasei Pharma Enter into Exclusive License Agreement for Selective Endothelin A Receptor Antagonist
- ◆ **September, Asahi Kasei Pharma and Swedish Orphan Biovitrum Japan conclude exclusive distribution agreement for pegcetacoplan, a complement C3 inhibitor for paroxysmal nocturnal hemoglobinuria, and avatrombopag, an agent for improving thrombocytopenia associated with chronic liver disease**
- ◆ **November, Asahi Kasei Homes acquires Focus Companies in the U.S.**
- ◆ **November, start of construction of alkaline water electrolysis pilot test plant for hydrogen production**

**Bold: newly added**

- ◆ Material
- ◆ Homes
- ◆ Health Care
- ◆ Corporate

### Structural transformation and strengthening existing businesses

- ◆ May, Transfer of photomask pellicles business to Mitsui Chemicals, Inc., by corporate separation (simplified absorption-type separation)
- ◆ **August, Celgard Enters into Strategic Alliance Agreement for High-Performance Lithium Iron Phosphate (LFP) Battery Separator Technology with American Battery Factory**
- ◆ **October, Capacity increase for resin compound manufacturing plant in China**

### Strengthening business platform

- ◆ May, Asahi Kasei establishes group-wide data management platform
- ◆ May–June, start of provision of carbon footprint data for engineering plastics, synthetic rubber, and elastomers
- ◆ June, selected as “DX (Digital Transformation) Stock” for second consecutive year
- ◆ **August, received the highest rank from Development Bank of Japan, Inc. (DBJ) under its DBJ Environmentally Rated Loan Program**
- ◆ **August, selected as a constituent stock for ESG investment indexes of “FTSE4Good Index Series” and “FTSE Blossom Japan Index” for second consecutive year**



## Quarterly sales (since FY 2019)

(¥ billion)

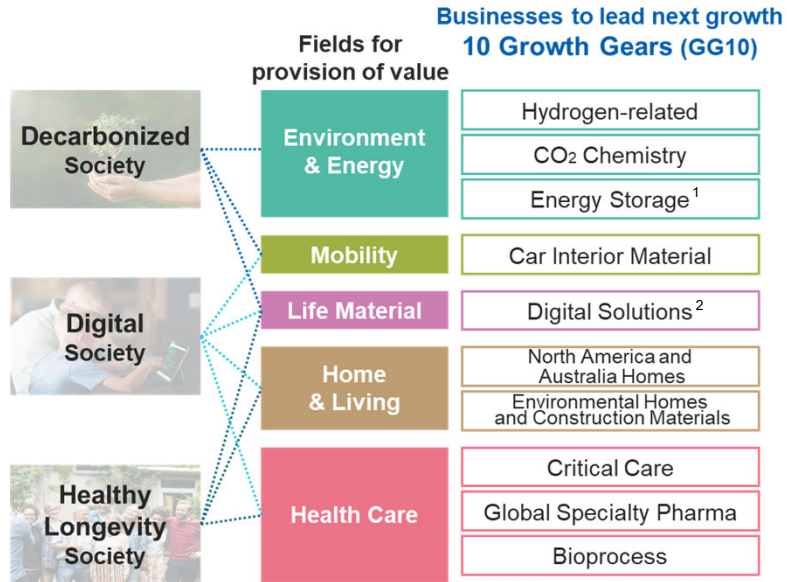
	FY 2019 (recalculated)				FY 2020 (recalculated)				FY 2021 (recalculated)				FY 2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
<b>Material segment</b>	274.6	292.2	279.5	260.4	208.0	236.8	271.0	289.0	279.6	296.3	315.2	318.9	339.4	339.4	742.2
Environmental Solutions	116.8	124.1	118.7	104.7	89.0	95.1	106.5	123.7	119.1	129.0	137.3	137.2	149.9	141.4	317.7
of which, Basic Materials	75.5	77.9	76.8	64.8	53.7	55.9	64.4	77.1	72.4	82.3	90.2	90.0	100.1	87.3	199.6
Mobility & Industrial	68.6	67.1	64.5	63.2	39.1	55.6	71.6	76.8	75.4	76.5	80.7	89.6	92.5	99.7	211.9
Life Innovation	89.3	101.1	96.3	92.5	79.9	85.9	92.7	88.3	85.0	90.5	97.1	91.9	96.9	98.3	211.8
of which, Digital Solutions	27.3	30.4	30.7	28.5	28.0	28.1	30.7	27.5	28.6	30.6	31.3	30.9	34.2	32.3	75.5
Others in Material	0.0	0.0	(0.0)	0.0	(0.0)	0.3	0.2	0.2	0.0	0.3	0.2	0.2	0.2	0.2	0.7
<b>Homes segment</b>	141.4	185.5	152.5	211.5	147.8	184.8	170.2	177.1	195.1	197.9	218.3	211.2	206.6	213.8	474.6
Homes	130.6	174.3	141.9	202.5	139.1	175.3	161.0	169.4	187.2	188.6	208.5	202.2	197.5	203.5	454.0
Construction Materials	10.8	11.2	10.7	9.0	8.8	9.5	9.2	7.6	7.9	9.3	9.8	9.0	9.2	10.3	20.6
<b>Health Care segment</b>	82.7	84.9	83.5	86.7	95.7	109.2	103.0	100.0	105.8	100.1	107.0	103.0	121.4	124.1	274.5
Health Care	34.3	35.8	32.3	30.9	36.5	37.8	40.7	39.4	42.8	42.6	46.8	42.1	50.5	48.5	107.1
Critical Care	48.4	49.1	51.2	55.8	59.2	71.4	62.3	60.6	63.0	57.5	60.3	60.9	71.0	75.6	167.4
<b>Others</b>	3.4	3.9	4.3	4.5	3.6	3.5	3.0	3.3	3.0	3.3	3.2	3.5	3.0	3.5	8.5
<b>Consolidated</b>	502.1	566.6	519.9	563.1	455.2	534.2	547.3	569.4	583.4	597.6	643.7	636.6	670.4	680.8	1,499.8

## Quarterly operating income (since FY 2019)

(¥ billion)

	FY 2019 (recalculated)				FY 2020 (recalculated)				FY 2021 (recalculated)				FY 2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
<b>Material segment</b>	24.5	29.9	21.1	12.0	8.0	11.0	20.9	23.0	31.1	27.5	29.8	17.6	26.8	13.9	36.7
Environmental Solutions	9.5	13.9	8.9	1.4	1.9	4.4	8.2	13.0	14.3	14.5	13.8	6.2	10.2	2.4	8.8
of which, Basic Materials	8.4	10.2	5.8	(0.3)	(1.0)	2.0	4.2	8.9	8.2	10.8	10.0	6.4	8.3	1.2	3.8
Mobility & Industrial	6.3	6.4	4.0	3.5	(3.3)	0.8	3.9	6.3	8.2	5.0	5.4	7.1	5.2	3.9	7.3
Life Innovation	7.6	9.9	8.3	6.7	8.2	6.6	9.0	5.5	10.2	8.9	10.8	4.9	12.1	7.5	19.0
of which, Digital Solutions	1.8	3.4	3.2	3.5	3.1	2.8	3.8	3.6	4.3	4.6	4.6	3.4	6.7	3.8	11.5
Others in Material	1.1	(0.3)	(0.1)	0.4	1.2	(0.8)	(0.3)	(1.8)	(1.6)	(1.1)	(0.2)	(0.6)	(0.6)	0.1	1.6
<b>Homes segment</b>	9.9	22.8	13.3	26.5	10.6	20.9	16.4	15.2	15.1	18.1	22.3	17.3	15.3	18.3	40.7
Homes	8.8	21.3	12.1	25.2	9.8	19.6	15.5	14.8	14.7	17.3	21.3	17.3	15.0	17.9	39.6
Construction Materials	1.2	1.4	1.7	1.0	1.0	1.3	1.1	0.0	0.4	0.8	1.0	0.0	0.3	0.4	1.1
<b>Health Care segment</b>	12.6	13.3	9.9	7.7	15.5	19.9	20.4	11.8	20.5	13.8	15.9	2.0	14.8	11.0	28.4
Health Care	6.8	7.2	3.8	0.1	5.7	5.1	8.8	3.4	7.6	5.9	9.0	(0.7)	10.0	4.5	11.0
Critical Care	5.9	6.1	6.1	7.7	9.8	14.8	11.7	8.4	12.9	7.8	6.9	2.7	4.8	6.5	17.3
<b>Others</b>	0.5	0.9	1.0	1.2	0.8	1.0	0.9	1.5	0.5	1.2	0.9	1.5	0.6	1.2	1.4
Corporate expenses and eliminations	(6.3)	(6.4)	(6.7)	(10.4)	(4.8)	(6.1)	(5.8)	(9.2)	(6.7)	(7.9)	(8.0)	(9.8)	(8.1)	(7.9)	(15.9)
<b>Consolidated</b>	41.3	60.4	38.5	37.0	30.1	46.7	52.7	42.3	60.5	52.6	60.9	28.6	49.4	36.4	91.2

## Next growth businesses in Medium-Term Management Plan 2024 (GG10)



<sup>1</sup> Separators, etc.

<sup>2</sup> Electronic components, electronic materials, etc.

## Notes

- EBITDA = operating income, depreciation, and amortization (tangible, intangible, and goodwill)
- 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.

## IR Calendar

**Schedule for announcement  
of financial results for  
fiscal 2022 3<sup>rd</sup> Quarter**

**February 8, 2023 (JST)**

# AsahiKASEI

## *Creating for Tomorrow*

### **THE COMMITMENT OF THE ASAHI KASEI GROUP:**

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

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

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

