

Summary of Q&A at Financial Results Briefing for Fiscal 2025

Note: This briefing also included an explanation regarding the announcement made on the same day entitled "Reconfiguration of certain derivatives operations at the Mizushima Works to strengthen profitability by FY 2030." Related questions and answers are also included below.

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Asahi Kasei Corporation

Participants

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Questions and Answers

Impact of the Middle East situation:

Q: You mentioned that the impact of the Middle East situation has not been reflected in the FY 2026 forecast. Could you provide an estimate of the expected impact on earnings at this point?

Horie: Regarding the Middle East situation, our current assumption is that conditions will stabilize

toward the end of June 2026. Under this scenario, we expect the impact of higher feedstock and fuel prices, particularly naphtha, to persist through H1 2026. We assume naphtha prices will remain at around ¥120,000 per kiloliter during H1, but we anticipate it returning to around ¥63,000 per kiloliter in H2. In principle, we expect that the annual impact of terms of trade and inventory valuation to be immaterial, as we raise product prices to reflect higher costs.

At the same time, we anticipate a risk of declining demand, primarily for automotive-related products in Material, due to rising feedstock and fuel prices. We estimate that this could result in a profit decline of approximately ¥10 billion.

However, we believe that this negative impact can be partially offset by profit growth in Pharmaceuticals, Critical Care, and Electronics, which are less exposed to the impact of the Middle East situation and are expected to deliver stable growth. As a result, we currently view the risk of a significant deterioration in overall profits as limited.

It should be noted that these assumptions regarding naphtha prices and their impact on earnings are preliminary estimates at this point. We will continue to closely monitor market conditions and update the quantitative impact as necessary in future financial results briefings.

Q: Regarding naphtha procurement to operate the ethylene production facility, at the management briefing in April 2026 you indicated that supplies were secured through around the end of June. Could you provide the latest outlook?

Takahashi: We are procuring naphtha based on a comprehensive assessment of market prices and demand conditions, with the highest priority on securing the volumes necessary to maintain operation. Currently, we have secured sufficient naphtha to maintain operation until around July 2026.

Q: Regarding Domestic Homes, how do you assess the procurement risks associated with the Middle East situation? Are these risks affecting your order volume?

Sakai: Procurement risks related to the Middle East situation have not materialized at this time, and the impact is immaterial. That said, supply chain risks may change depending on how the situation develops, and we will continue to closely monitor market conditions and respond flexibly. We have not observed any notable impact on order volume.

Healthcare:

Pharmaceuticals & Life Science

Q: Regarding Tarpeyo IgA nephropathy treatment and Envarsus XR immunosuppressant, what sales growth rates do you expect for FY2026?

Nakano: Sales of Tarpeyo, on a U.S. dollar basis, are expected to grow by 20–30% compared to FY 2025. With the expansion of sales volumes, growth is now in a more stable phase. Although the growth rate will be more moderate than in FY 2025, we expect steady progress continuing toward peak sales of \$500 million.

Sales of Envarsus XR, on a U.S. dollar basis, are expected to grow at a percentage rate in the high teens compared to FY 2025. We also expect the CAGR from FY 2020 to FY 2026 to remain in the 20% range.

Q: Sales of Tarpeyo in the U.S. have remained at around \$80 million per quarter and do not appear to be growing significantly. Considering the situation with competitors, how do you assess the likelihood of achieving your FY 2026 forecast?

Nakano: At the time of the acquisition, we had already factored in the potential impact of competing drugs entering the market, and there has not been any significant change from our initial expectations. We do not see any indication that patients are switching from Tarpeyo to the competing drug. While we continue to monitor new patient enrollment and treatment duration trends, we have

not observed any impact on Tarpeyo sales due to the launch of a competing drug at this time.

We are confident that by strengthening our marketing efforts—including highlighting the fact that Tarpeyo is recommended in *Kidney Disease: Improving Global Outcomes (KDIGO) 2025 Clinical Practice Guideline for the Management of IgA Nephropathy (IgAN) and Immunoglobulin A Vasculitis (IgAV)* as the only IgAN treatment that has demonstrated a reduction in pathogenic IgA in the blood—we can continue to drive growth in FY 2026 toward our peak sales target of \$500 million.

Q: Could you explain the reason for the decline in sales of Tarpeyo in the U.S. from Q3 to Q4?

Nakano: The decline from Q3 to Q4 is primarily due to a seasonal factor in the U.S. market. In the U.S., the annual deductible for health insurance plans resets in January, so there is typically a surge in demand in Q3, followed by a decline in demand in Q4.

Q: Regarding Aicuris Anti-infective Cures AG, which will be consolidated into the statements of income starting in May 2026, operating income/loss for FY 2026 is expected to be a loss of approximately ¥10 billion. How are operating income/loss and the amortization of goodwill and other intangible assets reflected in this estimate?

Nakano: Excluding the amortization of goodwill and other intangible assets, we expect operating income to be positive, primarily supported by royalty income from Prevymis, which has been licensed to Merck & Co., Inc. In addition, we anticipate launching pritelivir in Q3 of FY 2026, and expect its sales to contribute to operating income. On the other hand, although this is still a preliminary estimate, amortization of goodwill and other intangible assets is expected to be in the double-digit billions of yen, resulting in an operating loss of approximately ¥10 billion.

Critical Care

Q: Regarding ACT (defibrillators for professional use, AEDs, etc.) and LifeVest wearable defibrillators, what sales growth rates do you expect for FY 2026?

Nakano: Sales for ACT, on a U.S. dollar basis, are expected to grow by 10–20% compared to FY 2025. We expect steady sales, driven primarily by Zenix, the new defibrillator for professional use launched in FY 2025.

Sales for CMS, including LifeVest, on a U.S. dollar basis are expected to grow at a mid-single-digit rate compared to FY 2025 with firm performance in both North America and Europe.

Homes:

Housing

Q: Regarding Overseas Homes, while operating income for FY 2026 is expected to improve compared to FY 2025, what are the outlooks for the North American and Australian businesses?

Sakai: The improvement in operating income for Overseas Homes is primarily driven by the Australian business. We expect an increase in the volume of order-built homes, supported by strong orders in FY 2025, and we will continue to strengthen sales of ready-built homes, leading to higher operating income.

On the other hand, the North American business is expected to face challenging conditions throughout FY 2026. While we expect a gradual recovery in volumes starting in H2 2026, operating income is expected to remain flat compared to FY 2025 due to lower pricing in response to the difficult operating environment.

Material:

Electronics

Q: Regarding the year-on-year sales growth rates of your mainstay products, what were the results for FY 2025? Also, could you share your outlook for FY 2026?

Hashimoto: In FY 2025, sales of each product grew steadily. Sales of Pimel photosensitive dielectric increased by approximately 30% compared to FY 2024, while glass fabric and camera module ICs each grew by about 10% year-on-year.

In FY 2026, we expect sales of Pimel to increase significantly, by approximately 40% compared to FY 2025, driven by higher utilization rates at the new plant. In addition, we expect sales of glass fabric to grow by 10–20% compared to FY 2025, supported by progress in our high value-added strategy, and sales of camera module ICs to increase at a single-digit rate.

Q: The year-on-year sales growth rate is projected to be higher in FY 2026 than in FY 2025, but what are the reasons for the slower growth in operating income?

Hashimoto: While sales are expected to remain strong, driven by robust demand, fixed costs such as labor expenses are increasing in both electronic components and electronic materials. In addition, we expect higher depreciation associated with the capacity expansion of Pimel, as well as the impact of rising raw material prices for glass fabric. Consequently, operating income growth is expected to be slower than in FY 2025.

Q: Regarding the high value-added strategy for glass fabric, what is the status of the transition from current generation to next generation glass fabric, as well as the progress toward launching quartz glass fabric and low-CTE (low thermal expansion) glass fabric?

Hashimoto: The high value-added strategy is progressing as planned. Regarding next generation glass fabric, we expect sales expansion to begin in earnest in FY 2026, following increased yarn procurement beginning in Q4 of FY 2025.

For quartz glass fabric, we have been shipping samples for customer evaluation since FY 2025, and our schedule remains unchanged: we aim to obtain customer qualification in FY 2026 and achieve full-scale sales contributions starting in FY 2027.

Development of low-CTE glass fabric is currently underway, and we are in the stage of customer evaluation. While the timing of commercialization has not yet been determined, we aim to launch in the future.

Essential Chemical

Q: Although the negative impact of the maintenance turnaround will not recur, operating income growth for FY 2026 remains modest. Could you explain the reason for this? Is this related to the operating rate of the ethylene production facility at Mitsubishi Chemical Asahi Kasei Ethylene Co., Ltd. (AMEC)?

Takahashi: In FY 2026, while the absence of a maintenance turnaround impact is expected to contribute approximately ¥5 billion to income growth, this will be offset by declines in operating income due to several factors, resulting in only modest overall growth. Factors contributing to the decline in operating income include increased fixed costs, as well as the following in elastomers: operating income increased in FY 2025 due to improved terms of trade resulting from a decline in butadiene prices, but is expected to decrease in FY 2026 due to a rebound effect under the assumption of flat butadiene prices; and a decline in utilization rates at the Kawasaki Works leading up to the discontinuation of businesses such as MMA.

The operating rate at AMEC is expected to remain at around 70%, broadly in line with FY2025, and therefore its impact on earnings is not expected to be significant.

Q: What is the outlook for the acrylonitrile (AN) business in South Korea for FY 2026? Has performance improved following the withdrawal of PTT Asahi Chemical Co., Ltd. (PTTAC) from the AN business?

Kudo: Following PTTAC's withdrawal from the AN business, the utilization rate of the AN plant in South Korea has increased, leading to improved profitability. We expect sales to remain steady in FY 2026, and if market prices and demand for AN remain stable, we anticipate further improvement in earnings.

Reconfiguration of certain derivatives operations at the Mizushima Works to strengthen profitability by FY 2030:

Q: What is the expected amount of extraordinary loss associated with the reconfiguration at the Mizushima Works?

Horie: As we already recognized an impairment loss in FY 2023 for facilities related to the asset group for general-purpose petrochemicals and resins at the Mizushima Works, we do not expect to incur any significant additional impairment loss in connection with the current reconfiguration. Nevertheless, we do expect to recognize an extraordinary loss related to asset removal and other associated costs, which we presume will be in the tens of billions of yen. As it is difficult to make a reasonable estimate at this time, the loss will be recognized once the specific impact becomes clear, which is expected to be around 2030.

Kudo: As for the negative impact associated with the recognition of asset removal costs, we intend to manage this appropriately, taking into account the level of net income in FY 2028–30.

Q: What are your views on future structural transformation in Chemical? Is there any possibility of integrating the whole of your petrochemicals-related businesses with another company?

Kudo: Regarding structural transformation of Chemical, we intend to continue our deliberations while consistently focusing on the optimal structure to maximize business value.

We believe that Tongsoh Petrochemical Corp., Ltd., our AN production facility in South Korea, is a highly competitive manufacturing asset compared with our competitors. Given the current uncertainty in the operating environment, we believe it is appropriate to carefully assess our future direction rather than taking premature action.

With respect to elastomers and engineering plastics, we believe that, given our unique strengths, we can take the lead in shaping the future direction of these businesses. In particular, in elastomers for tire applications, communication with customers and development progress have improved, and our strengths are beginning to be demonstrated once again.

We do not currently have any intention to separate the whole of our petrochemical-related businesses and pursue integration with another company. Instead, we will focus on steadily implementing structural transformation on our own.

Note: The forecasts and estimates mentioned 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.