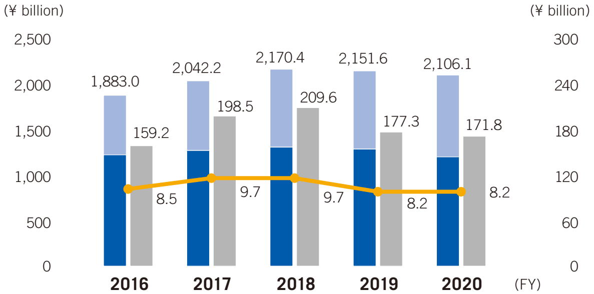
Financial Highlights

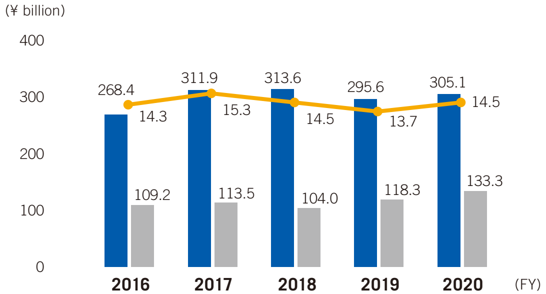
Net sales (domestic & overseas), operating income, operating margin



Domestic sales | Overseas sales (left scale)
Operating income (right scale) | Operating margin (%)

In fiscal 2020, both sales and operating income were largely flat year on year as earnings in the Health Care sector offset declines in the Material and Homes sectors that stemmed from COVID-19. Overseas sales accounted for over 40% of total net sales in fiscal 2020, reflecting an increase in overseas sales due to overseas business expansion, including through M&A.

EBITDA[1], depreciation and amortization, EBITDA margin

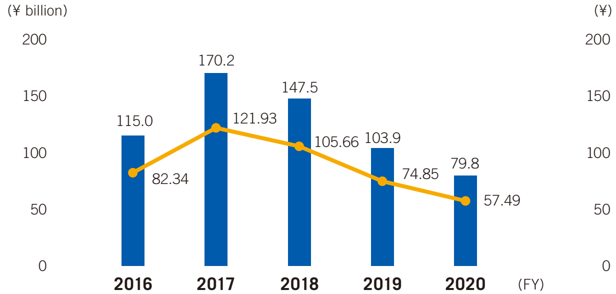


EBITDA | Depreciation and amortization (tangible, intangible, and goodwill)
EBITDA margin (%)

[1] Operating income, depreciation, and amortization

The amount of depreciation and amortization is increasing with proactive capital expenditures and M&A activity. EBITDA is regarded as a key performance indicator (KPI) signifying the generation of cash flow. The decrease in depreciation and amortization in fiscal 2018 resulted from a change in the method of depreciation of property, plant and equipment from the declining-balance method to the straight-line method.

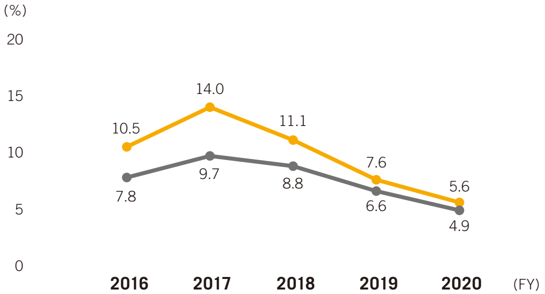
Net income attributable to owners of the parent, EPS



Net income attributable to owners of the parent (left scale)
EPS (right scale)

Net income attributable to owners of the parent in fiscal 2020 decreased due to a one-off increase in tax expenses due to the reconfiguration of organizations related to Veloxis Pharmaceuticals, Inc. (hereinafter Veloxis). As a result, EPS also decreased.

ROE[2], ROIC[3]

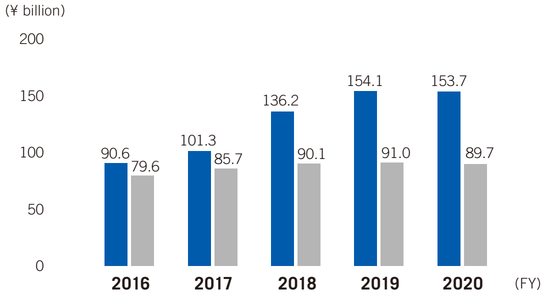


ROE | ROIC

[2] Net income per shareholders' equity
[3] (Operating income – income taxes) / average annual invested capital

The Company positions ROE and ROIC as KPIs to indicate its efficiency in generating profits. In fiscal 2020, ROE declined due to the decrease in net income. ROIC also declined due to the one-off increase in tax expenses due to the reconfiguration of organizations related to Veloxis and an expansion in invested capital associated with an increase in interest-bearing debt following the acquisition of Veloxis.

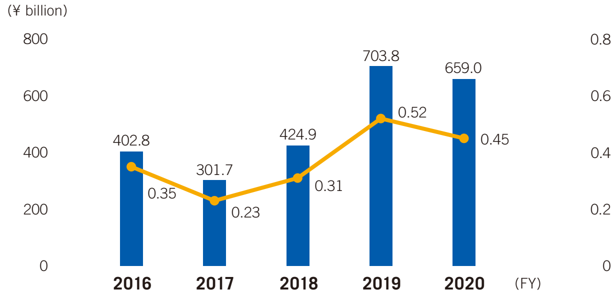
Capital expenditure, R&D expenses



Capital expenditure | R&D expenses

The Company proactively carries out capital expenditure geared toward growth, including sustainability- and digital transformation-related investments, and research and development (R&D) aimed at the Health Care sector and in new business creation. However, in fiscal 2020, both capital expenditure and R&D expenses were flat year on year due to strict scrutiny over investments in light of the impact of COVID-19.

Interest-bearing debt, D/E ratio

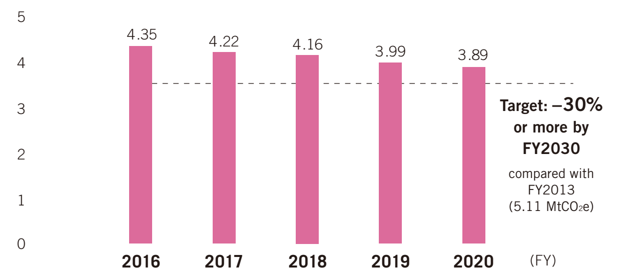


Interest-bearing debt (left scale) | D/E ratio (right scale)

Although interest-bearing debt increased in fiscal 2019 due to the acquisition of Veloxis, it decreased in fiscal 2020 because of the repayment of loans payable following an improvement in cash flows. As a result, the D/E ratio at the end of fiscal 2020 decreased by 0.07, remaining in line with our target ratio of around 0.5.

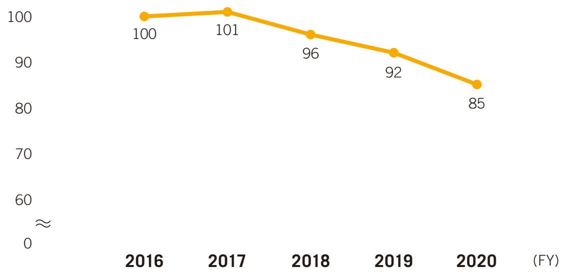
Non-Financial Highlights

Greenhouse gas (GHG) emissions



The Asahi Kasei Group has thus far targeted the reduction of greenhouse gas emissions relative to sales (emissions intensity). However, we changed to an absolute emissions reduction target to indicate a clearer path toward the achievement of carbon neutrality. We are steadily reducing emissions to achieve our target and will endeavor to reduce emissions going forward.

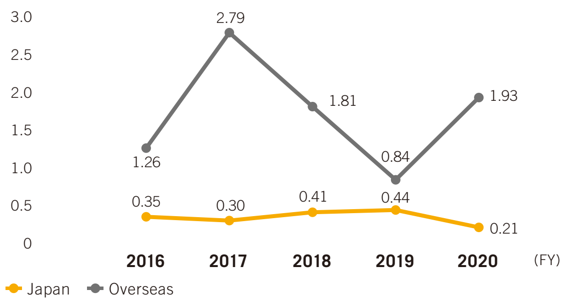
Energy intensity[1]



[1] Indexed to energy consumption per unit of production in fiscal 2016 as 100

We promote energy conservation at every stage of our business activities to prevent global warming and conserve limited resources. Over the past five years, we have made steady improvements, lowering our energy consumption per unit of production by 1% annually on average.

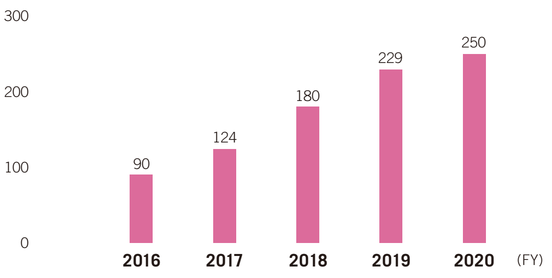
Workplace injury frequency rate[2,3]



[2] Number of accidental deaths and injuries resulting in the loss of one or more workdays, per million man-hours worked
[3] Among domestic and overseas subsidiaries and affiliates applying the Asahi Kasei Group Responsible Care Program

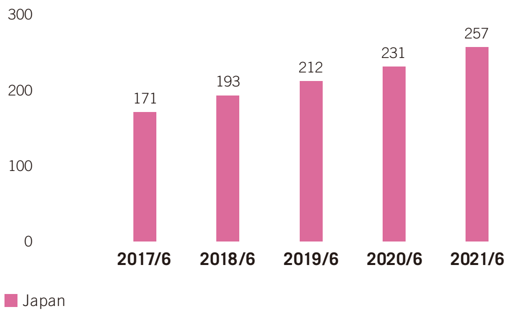
While the frequency rate of lost-workday injuries among employees in Japan improved significantly, this rate deteriorated among overseas employees. We are making improvements by applying measures to avoid recurrence based on analysis of the causes of injuries that have occurred, while implementing preventive measures based on risk assessments.

Number of Group Masters



To foster the growth of our human resources while simultaneously capturing external human resources, we appoint, nurture, and reward as Group Masters individuals with the potential to proactively engage in and contribute to the creation of new businesses and the enhancement of established businesses.

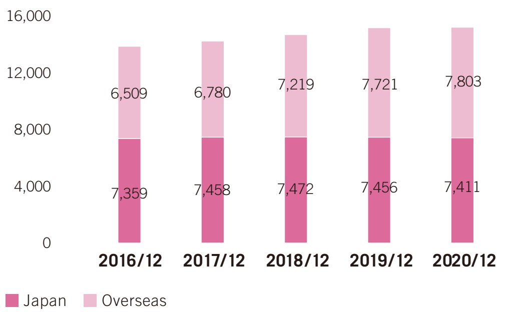
Number of women working as managers[4]



[4] Results for personnel employed by Asahi Kasei Corp., Asahi Kasei Microdevices Corp., Asahi Kasei Homes Corp., Asahi Kasei Construction Materials Corp., Asahi Kasei Pharma Corp., and Asahi Kasei Medical Co., Ltd.

Asahi Kasei believes that it is essential for a diverse range of human resources with a variety of values and backgrounds to play active roles. For this reason, we foster an environment to support the advancement of women to positions in organizational management.

Number of patents



We are focused on building and maintaining an intellectual property network to secure competitive advantage. We evaluate whether to maintain or abandon our intellectual property every year, aiming to form an optimal intellectual property portfolio. As we expand our business globally, it is becoming increasingly important to obtain patents overseas.