

To Be a Long-Loved Company

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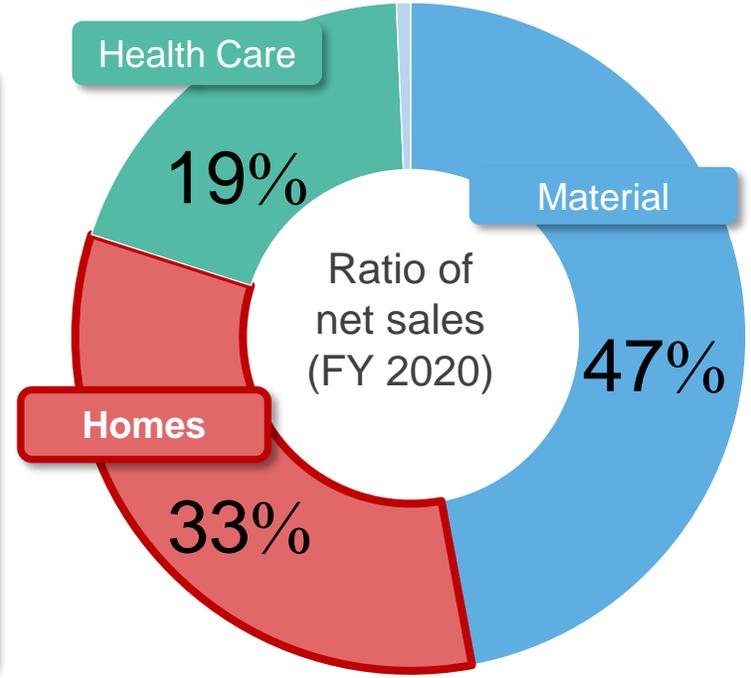
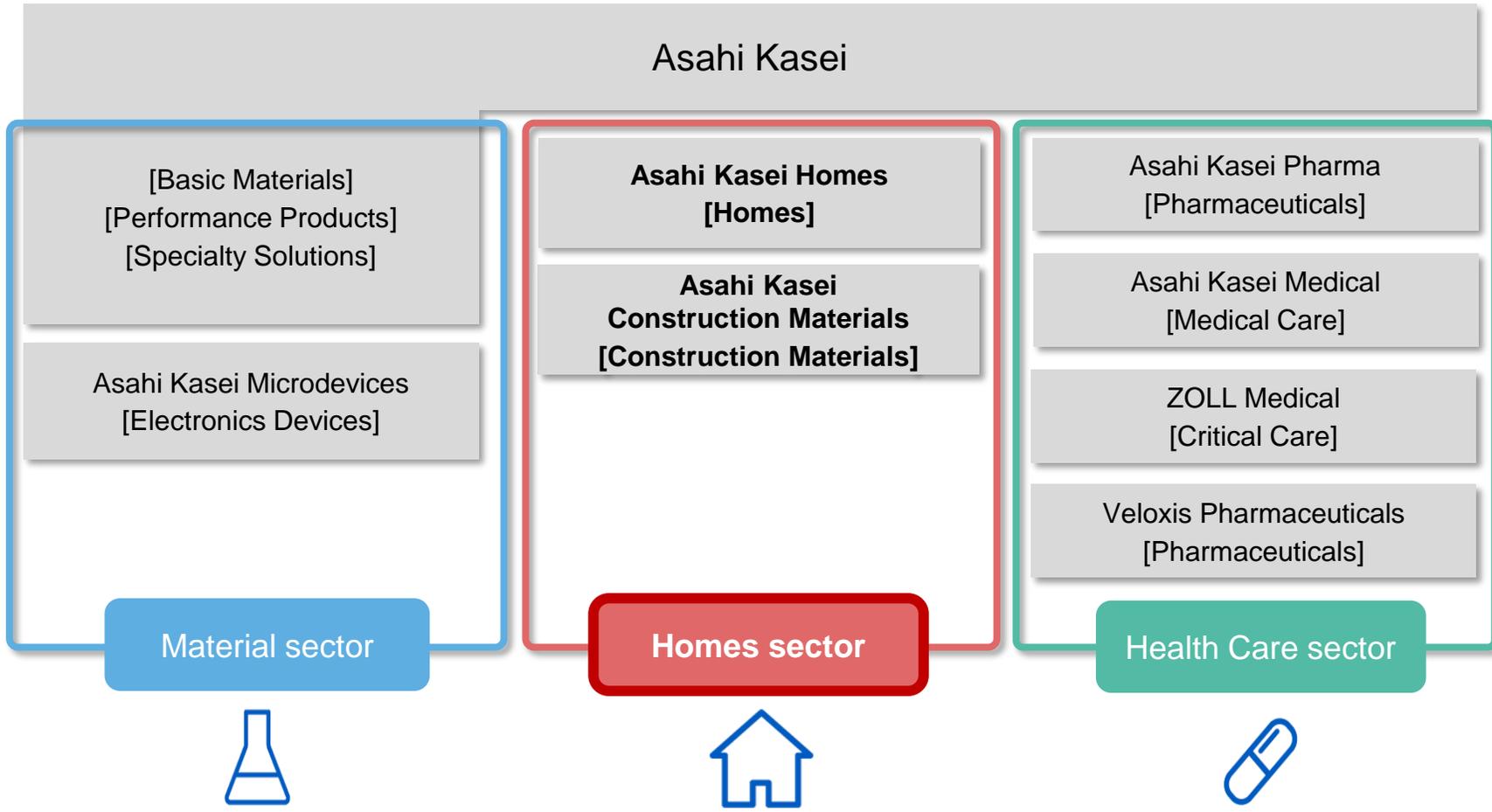
Homes Business Briefing
December 9, 2021



1. Overview of Homes Sector

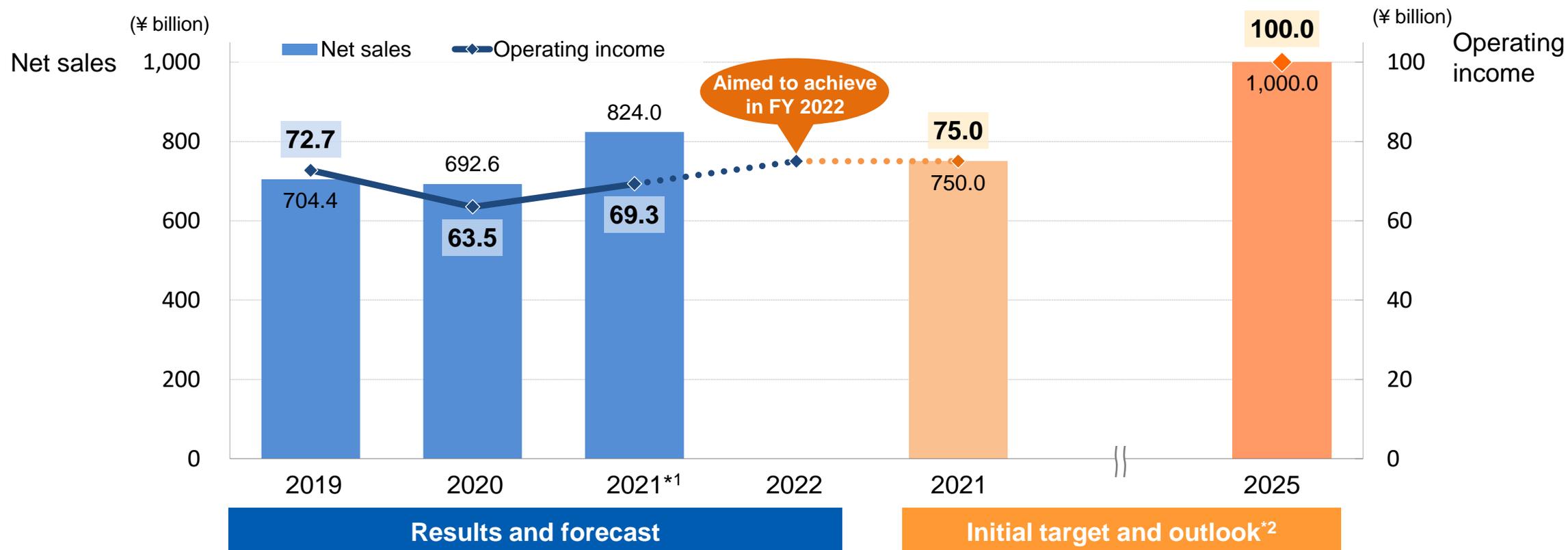
Homes Sector Overview

**Contributing to realization of the Group Mission: “Life and Living of People around the World” through housing;
Contributing to growth of the corporate value of the Group through stable cash flow creation**



Medium-term Management Initiative for Homes Sector: Financial Target and Outlook

- ✓ Operating income in FY 2019 and FY 2020 generally in line with the Medium-term Management Initiative.
- ✓ For FY 2021, net sales target expected to be exceeded with growth in overseas business, while operating income target not to be reached due to decrease in orders received under the effect of COVID-19; achievement aimed one year later in FY 2022.



*1 Forecast as of November 2021

*2 Announced in May 2019



2. Medium-term Management Initiative for Homes Business and its Progress

Asahi Kasei Homes

Aspiration at the company's establishment

- **“Housing is root of well-being of the people. We wish to ensure happy life for people.”**

Creating robust and long-lasting houses

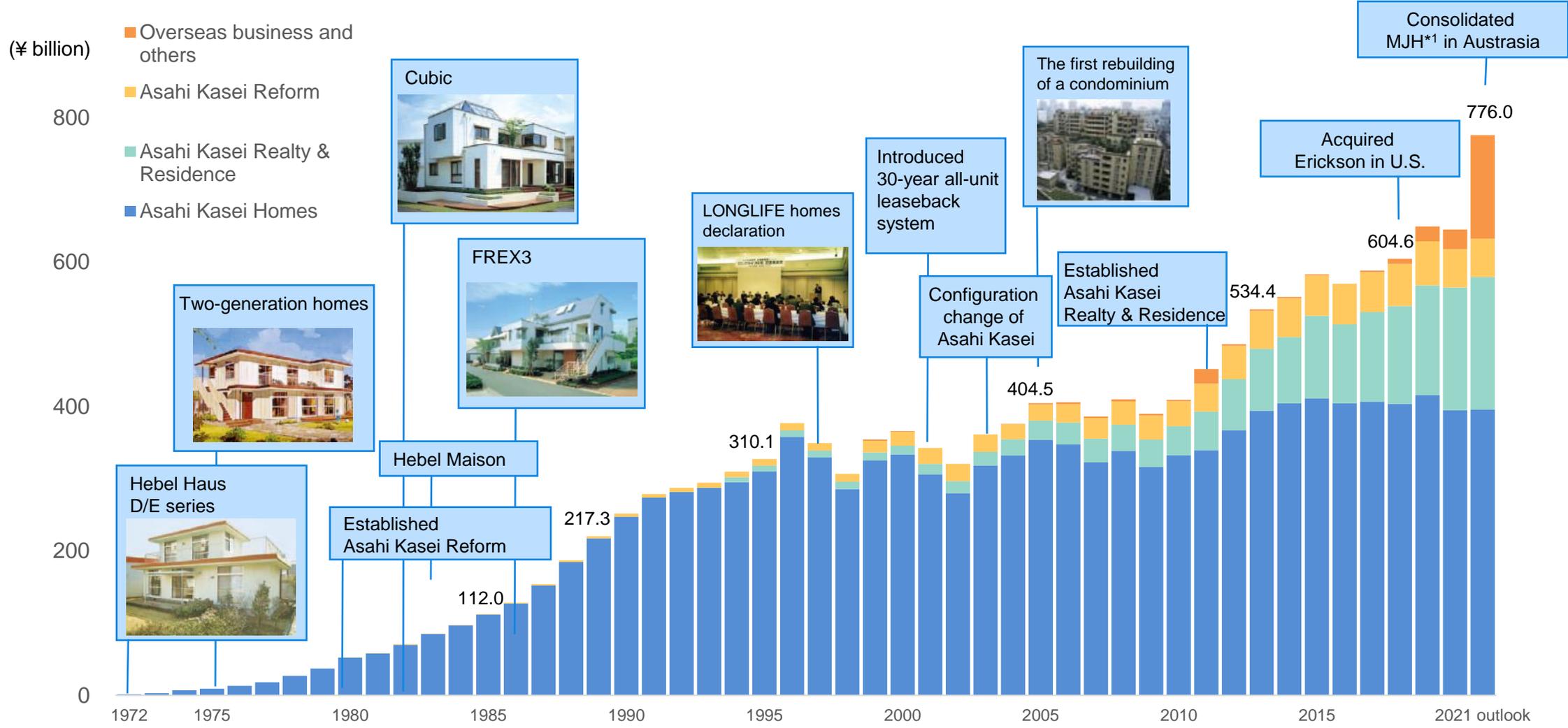


- **Build houses that only Asahi Kasei as a materials manufacturer can realize**
The fruit of relentless efforts to pursue higher quality with manufacturing spirit

- **Foster talents who have "integrity, attraction, and sincerity"**
Becoming a person who can support customers' life through housing and who is supportive to co-workers, friends, and family

Net sales of Asahi Kasei Homes Group

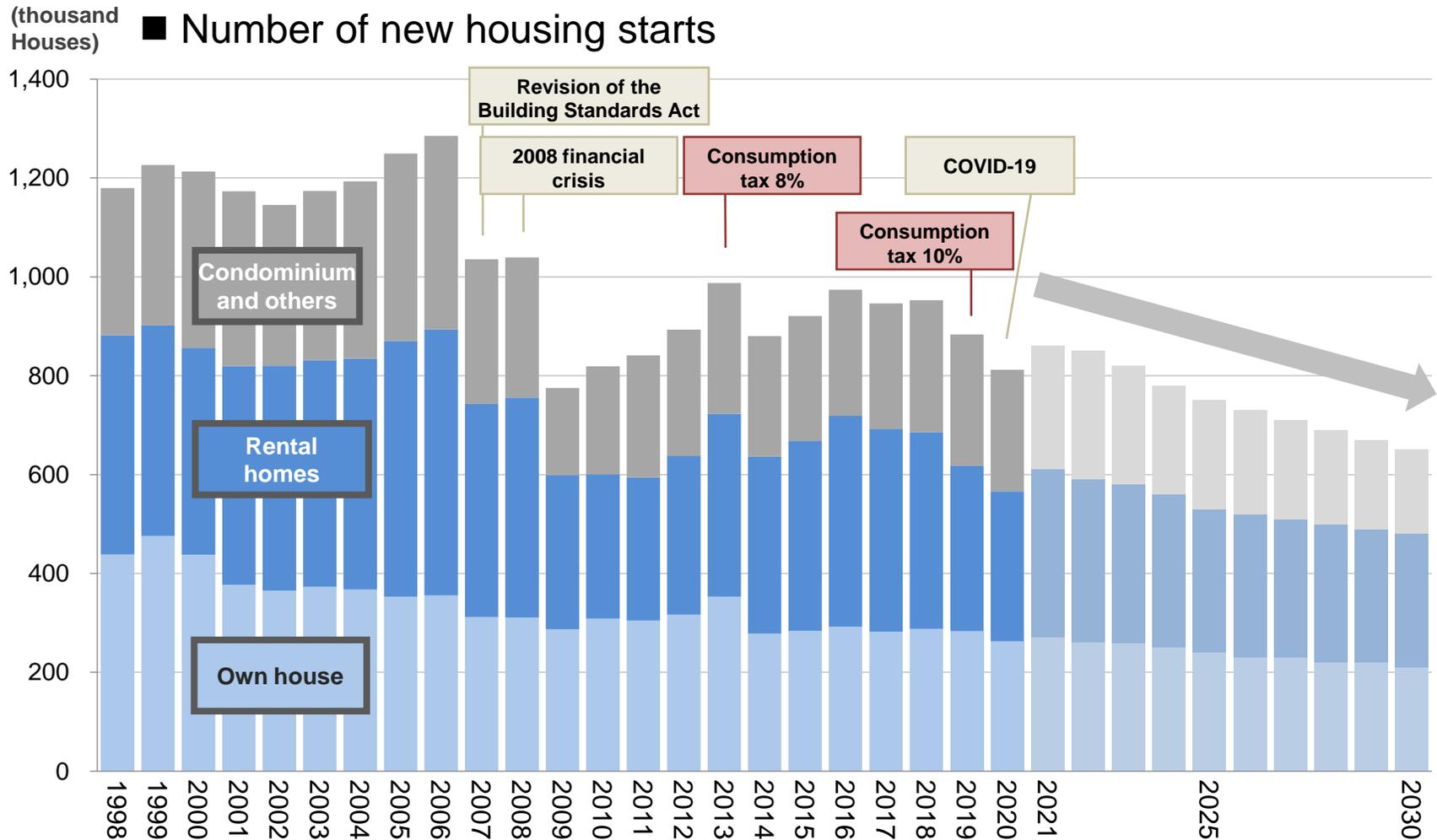
FY 2021 net sales expected to reach record high in 49 years since its establishment in 1972.



*1 McDonald Jones Homes Pty Ltd

Recognition of Business Environment: Forecast of the number of housing starts and issues

The number of housing starts will be decreasing in the future in Japan.



Issues

- How to be chosen by customers continuously in the domestic housing market getting smaller (existing business)
- How to capture new growing markets (new business)

Source: Results are from "Statistics on Housing Starts" by the Ministry of Land, Infrastructure, Transport and Tourism. Forecasts for FY2021 and after are from the research by Nomura Research Institute (2021).

New business strategy started in 2019

Strategy concept

Transform into **Asahi Kasei Homes Group** that continues **challenging** and **growing**

Three pillars of strategy

Pursue quality social stock
-- Create, protect, and utilize --

Challenge toward expansion
-- Existing business and new business --

Underlying the two pillars above

Establish a foundation of Asahi Kasei Homes Group
-- Human, digitization, group management --

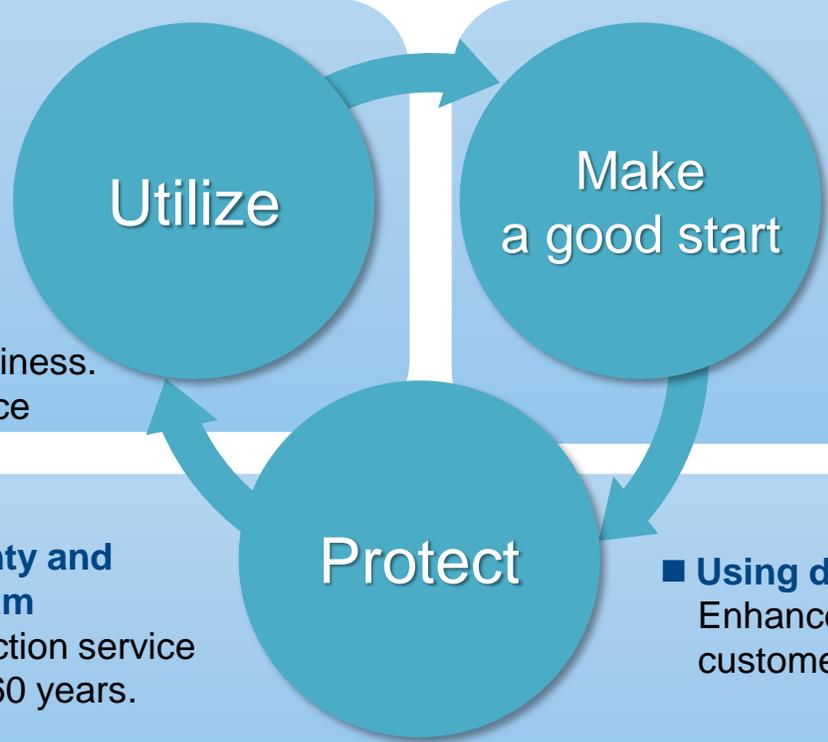
Strengthen and expand value chain

Three Pillars of Asahi Kasei Homes Group's Management Strategy (1)



Realization of LONGLIFE

Build a platform to protect life of people, enrich their living and support them through life.



■ Reinforcing activities to contribute to environmental protection

Purchase electric power by Hebel Electric Power.

■ Reinforcing support for moving house through purchase of existing house, etc.

- Strengthen the Stock Hebel Haus business.
- LONGLIFE purchase guarantee service

■ Increasing convenience for customers considering purchasing a home

Reinforce efforts to attract customers through measures other than model houses, such as online events.

■ Strengthening proposals and differentiation to meet the needs

Strengthen the area and product strategy.



■ Long-term warranty and inspection program

Provide free inspection service of the building for 60 years.

■ Using digital marketing

Enhance the contact point with customers.



HEBEL HAUS

ALL for LONGLIFE

Order-built homes: Product and area strategy (unit homes)

Catching changes of customers' sense of value and strengthening proposals tailored to the specific area.

Unit homes

City

- Expanding the line-up of heavy gauge steel structure products
- Increasing the brand value in areas of large share

Example of a heavy gauge steel structure product



Suburb/outskirts

- Proposing a semi-order plan (my DESSIN)
- Proposing new ways of living to accommodate changes of lifestyle

Example of my DESSIN



**Strengthening the large and high grade zone, and increasing productivity of smaller houses;
Aiming at 80% of ZEH ratio in 2025**

Order-built homes: Product and area strategy (multi-dwelling homes)

Catching the needs of the time and offer products that have value for both owners and tenants

Multi-dwelling homes

City

Suburb/outskirts

- Differentiation with value-added products*, and Asahi Kasei Realty & Residence's services for tenants with distinctive features
- Marketing activities targeting corporate customers and activities to attract customers for repeated orders



**Promoting large-sized and high-value-added products,
Accelerating dissemination of ZEH-M**

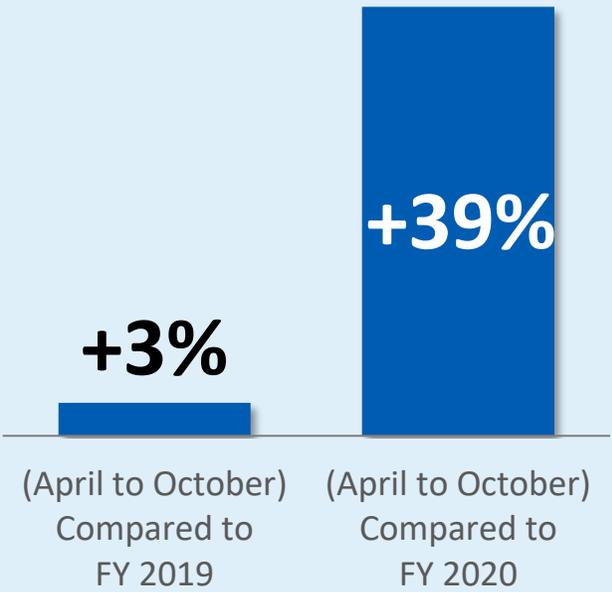
* Value-added products: Living with pet animals, child-rearing support, ZEH-M, etc.

Order-built homes: Status of orders received

Average unit price is increasing with high-value-added products and large-sized products while the number of buildings is decreasing.

Value of orders received

- FY 2021 (cumulative from April to October)

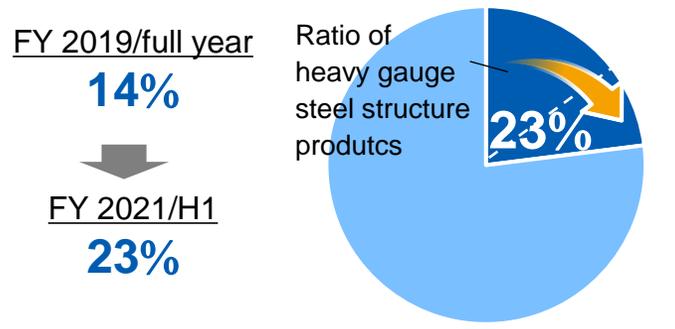


Unit homes

- Average area



- Heavy gauge steel structure products ratio

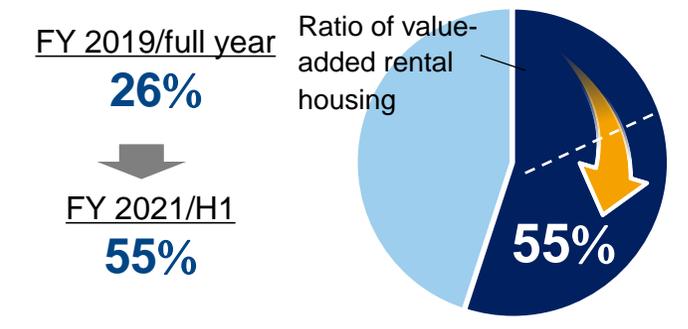


Multi-dwelling homes*

- Average area



- Value-added products ratio

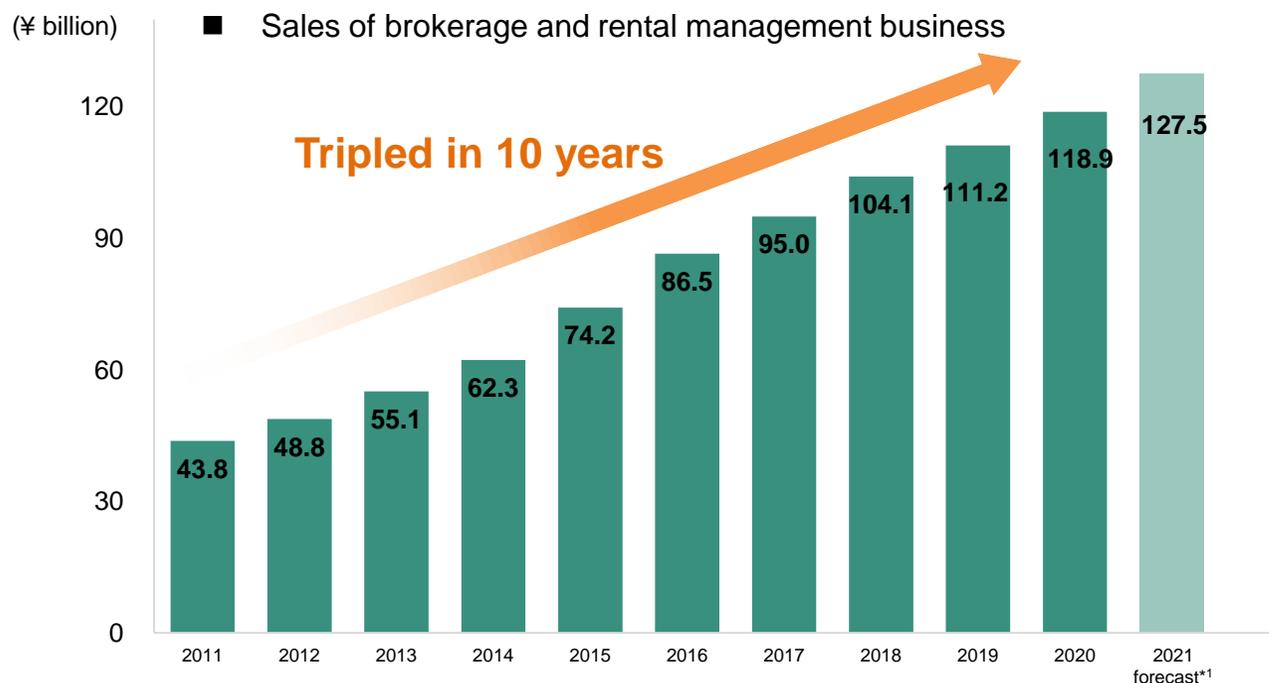


* Including combined use with apartment

Existing homes business (Brokerage and Rental Management)

Utilizing customer's property: leasing, selling, and inheriting

- Management of apartment units amounts to about 110,000. Healthy growth of the business is expected to continue in the future.
- Support for moving house and selling/purchasing house will be increasingly important. (Currently, owners of 3,000 buildings/year change due to inheritance or sale.)



*1 Forecast as of November 2021

● Differentiation of products through creation of a characteristic community

Apartment for living with pet animals



Apartment with child-rearing support



● "LONGLIFE purchase guarantee service" started in 2019

Asahi Kasei Realty & Residence promises:

- higher appraisal of a property when selling it in the future; and
- purchase guarantee if the property could not be sold.

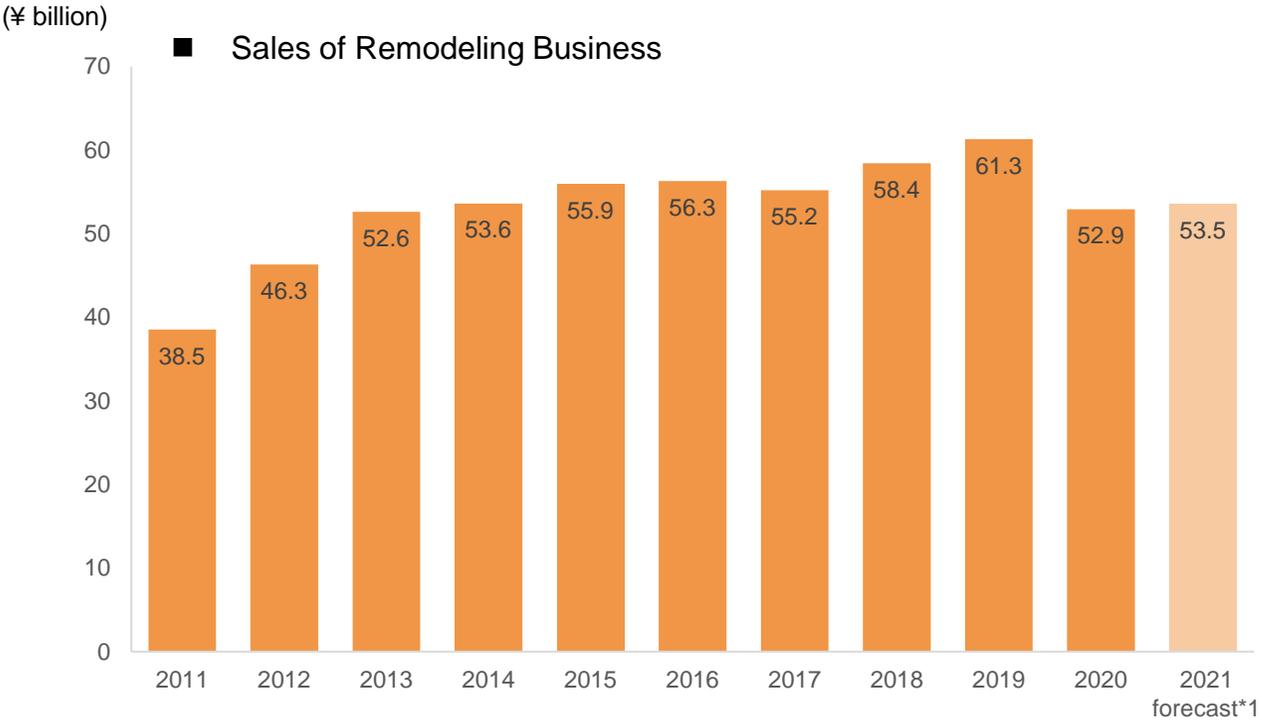
(only for certain products that meet specific conditions)



Existing Homes Business (Remodeling)

Enhancing the contact points with customers to play the core role in realizing LONGLIFE

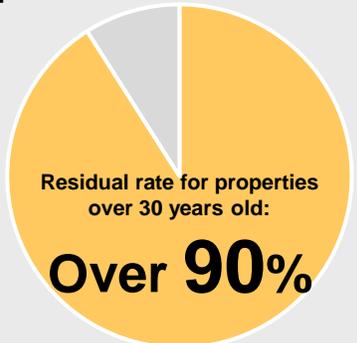
- Targeting approx. 300,000 existing buildings of Hebel Haus and Hebel Maison (including over 60,000 buildings of 30 years or older)
- Renovation needs are expected to increase in coming years as a large number of properties built in the 1990s will be aged over 30 years.



- **Free inspection service of building for 60 years started in 2019.**
 - Extending the period of the free inspection service from 30 years to 60 years
 - Applying the service retrospectively to all the properties built in the past



- **Strengthening renovation capitalizing on the performance of robust building frame**



Residual rate for properties over 30 years old:
Over 90%

Internal research in 2019



Hebel Haus of 24 years old

Customer satisfaction

Support customers sincerely and continue to be chosen by a wide range of customers of different age groups.



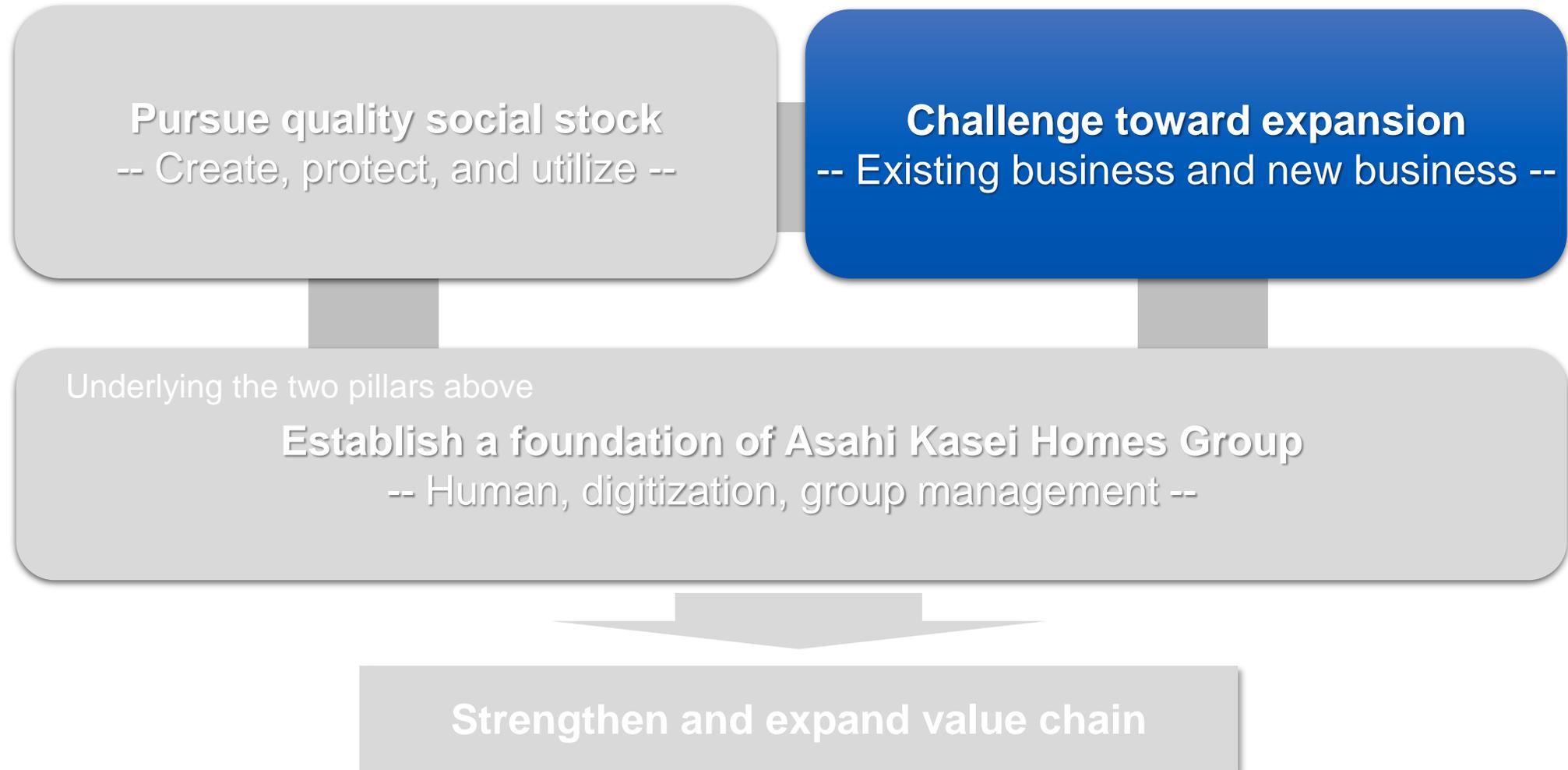
2021 ORICON Customer Satisfaction Survey No. 1
in Heavy gauge steel structure segment,
House manufacturer custom-built house

Heavy gauge
steel structure
category

Ranked No.1 for
6 consecutive years*

* 2016 through 2021

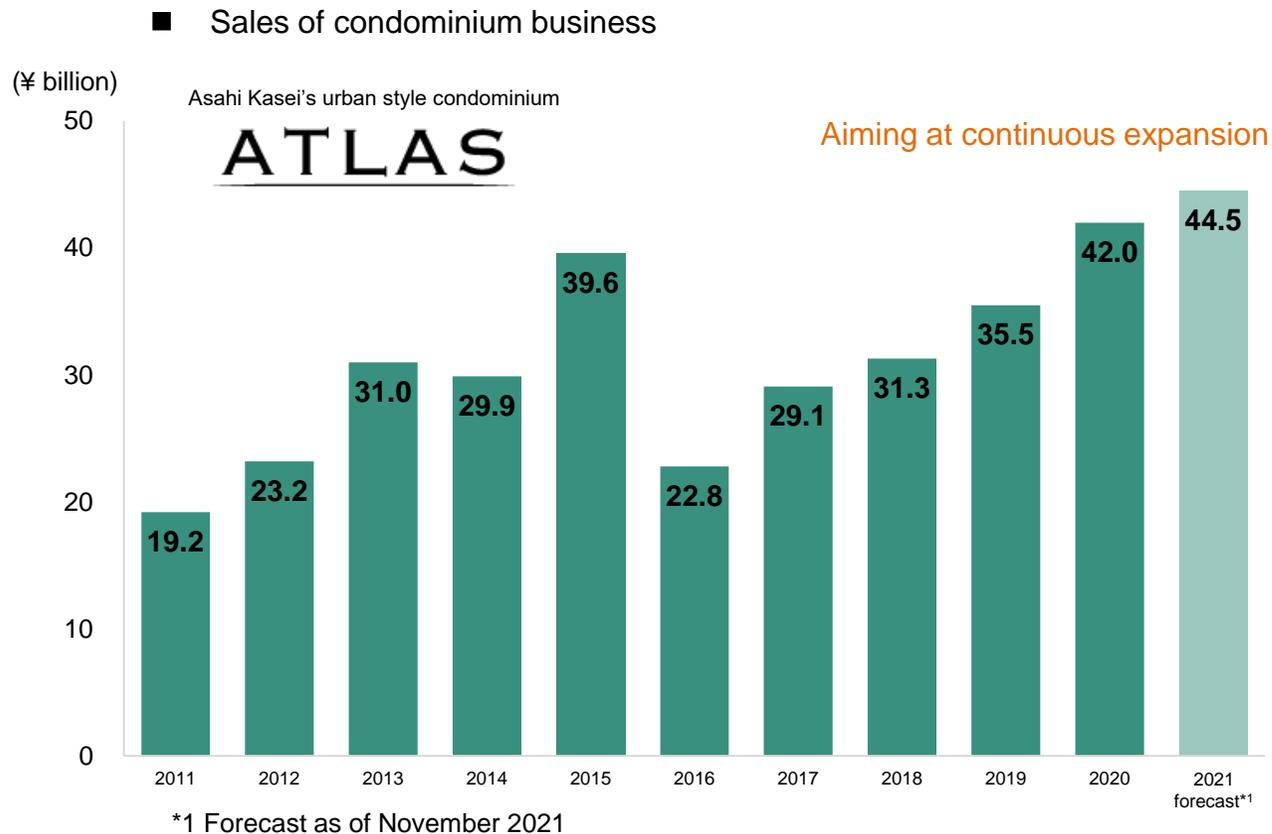
Three Pillars of Asahi Kasei Homes Group's Management Strategy (2)



Condominium Business (1)

Applying the know-how accumulated in the order-built homes business to urban renewal projects

- Promoting rebuilding of aged condominiums, and eliminating disaster prevention issues in dense wood-frame areas
- Applying the know-how accumulated in urban areas (strengths of proposal and reaching agreement) to regional cities



● Rebuilding of aged condominiums "Miyamasuzaka Building, The SHIBUYA Residence"



- Case example of success in reaching an agreement that had been difficult to achieve for a long time
- Reforming condominiums built according to the old standards of earthquake resistance is one of the social issues.

Condominium Business (2)

■ Case example of redevelopment of a dense wood-frame area "Atlas Tsukiji"

- A congested residential area with aged wood-frame buildings in Tokyo having risks of collapse and spread of fire in disasters was redeveloped.



● Case example of redevelopment of an urban area "Atlas Kurashiki Le Cinq"

- Disaster-resistant city was achieved by developing a hotel, commercial and public facilities as well as condominiums.



Senior Business and Medium-Rise Building Business

Apartment for seniors "Hebel Village"

No.1 in the cumulative number of apartment buildings for seniors;
Seamless offering of residence according to health condition of the residents.



ヘーベルVillage ヴィレッジ



Apartment for seniors

Village ヴィラージュ リーシュ



Residence with services for the elderly



Unit home/condominium

Cumulative number: 110 buildings, 1,387 houses
(As of end of September 2021)

Medium-rise building "Hebel Builds" (4- to 8-story)

Supporting expansion of value-added apartments;
Maximizing use of land and meeting diversified needs in a city

ヘーベルビルズ



5-story

6-story

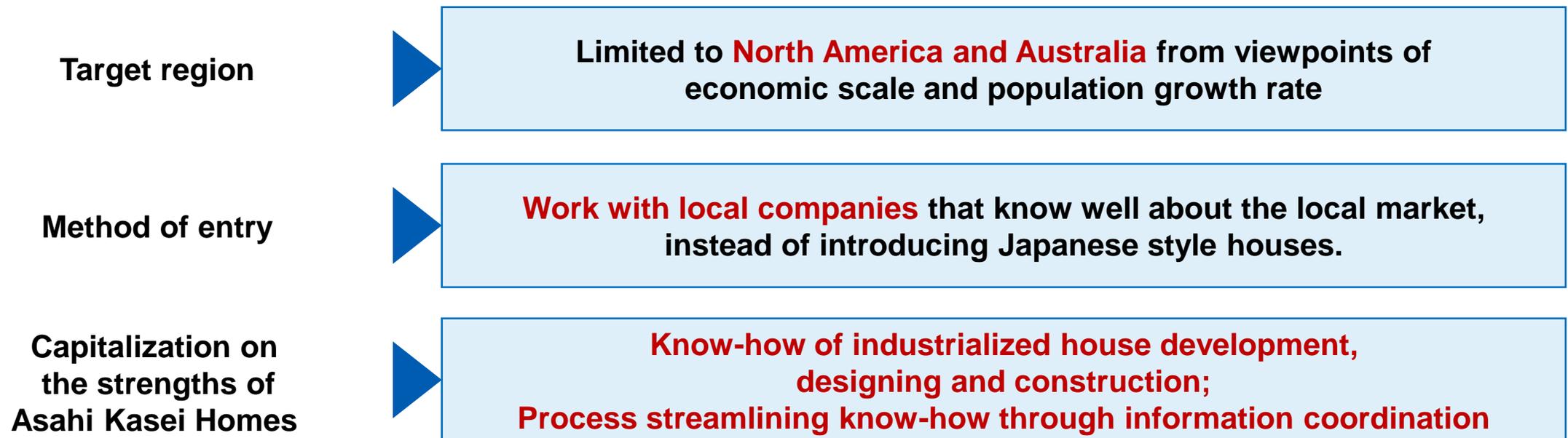
7-story

Overseas Business: Future Vision and Policy

Future Vision:

Provide high-quality housing suitable for the local area by improving efficiency and productivity through industrialization

Specific policy



Approach of capitalizing on the strengths of Asahi Kasei Homes, not an entry as a real estate developer

Overseas Business: Strategy and Targets

Bring about innovation in construction industry and construction sites

Issues: Labor shortage, long construction periods, delay in introducing IT, etc.

	Australia 	North America 
Industry characteristics	<p><u>Custom-built houses are the majority.</u></p> <ul style="list-style-type: none"> ● Builder and developer are separate businesses. 	<p><u>Built-for-sale houses are the majority.</u></p> <ul style="list-style-type: none"> ● Builder ≈ developer ● Construction work for each process is performed by a supplier.
Direction of strategy	<p><u>To be a builder pursuing competitive advantages based on the strength of R&D.</u></p> <ul style="list-style-type: none"> ● Emphasis on customer satisfaction ● Innovation to realize high quality and cost reduction 	<p><u>To seek the best streamlining of construction work through collaboration among suppliers</u></p> <ul style="list-style-type: none"> ● Specialized on the building frame that relates to quality ● Innovation to realize high quality and streamlining of construction process

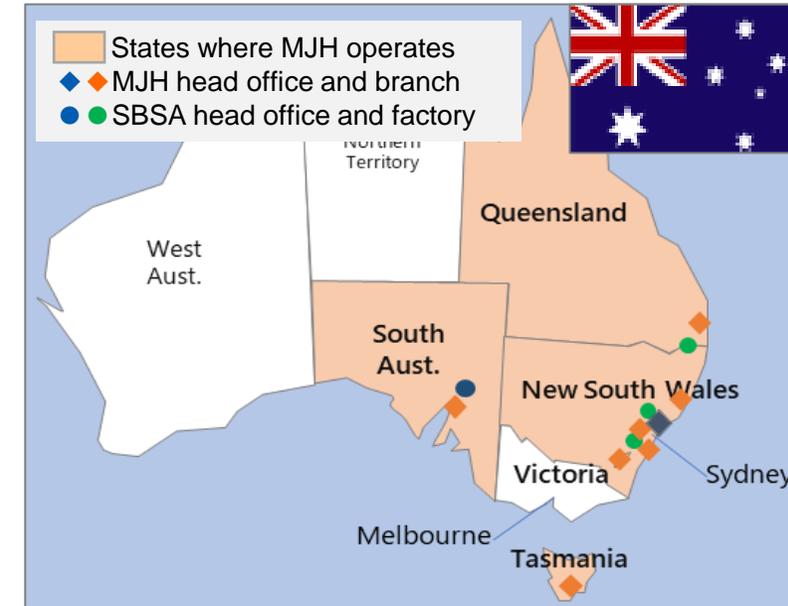
Aiming at operating margin of 10% or more in overseas business

Overseas Business: Australia

Builder:
McDonald Jones
Capital tie-up in 2017, consolidation in 2021



Establishing an Australian model of strong competitive advantages that cannot be possible by a single builder or supplier



■ Activities

Theme	Progress
Shorter construction period	Analyzed periods of construction and proposed rearranging the construction process.
Order management	Construction period from receiving an order to commencement of construction was set as KPI.
Sales support	Used the sales promotion know-how in Japan. Achieved the highest ever sales in FY2020.
Technological development	The issue of sound insulation floor was solved with the knowledge of steel structure. Developed products for rebuilding market.

■ Housing starts ranking in Australia

Ranked **6th** in 2017 ⇒ **3rd** in 2020

Rank	Builder	2020 Number of housing starts
1	Company A	6,052
2	Company B	5,345
3	MJH Group	4,548
4	Company C	4,205
5	Company D	3,015

Source: HIA Economics



Building frame supplier:
Steel Building Systems Australia

Consolidation in 2020

Overseas Business: North America



**Building frame supplier:
Erickson**

Consolidation in 2018



Establishing a supplier model that can handle different processes in manufacturing and on construction sites in a rational manner



Supplier of electric, concrete, and HVAC:

Austin

Consolidation in 2020

Activities

- Built a structure necessary to implement strategies in the future
- Started working on shortening the construction period and increasing quality in several construction trials
- Plan activities in full scale to create synergy of three companies



**Plumbing supplier:
Brewer**

Consolidation in 2021



Three Pillars of Asahi Kasei Homes Group's Management Strategy (3)



Organization Enhancement and Human Resources Development

Implement drastic reforms to increase productivity, consolidate human resources, and reinforce proposal strength and cooperation.

Organization enhancement

- Consolidating sales divisions and branch offices (Reinforcing proposal strength in each area)
 - Integrating offices of remodeling business and real estate business
 - Building up the call center workforce
- } (Strengthening the customer support)

Digitization

- Increasing work efficiency (introducing a thin client for sales, design, and construction work)
 - IoT disaster information system LONGLIFE AEDGiS
- Completed installation of seismometers covering the whole area of 23 wards of Tokyo

Human resources development

- Introducing a career change system (position posting system within the Asahi Kasei Homes Group)
- Launch of Asahi Kasei Homes Construction Technology Education Center
- Improvement of construction site environments

Transforming the head office in Jinbocho into a hot-desking office

Work style to promote DX and allow employees to design their own way of working.



Strengthen and Expand Value Chain

Pursue quality social stock
-- Create, protect, and utilize --

Challenge toward expansion
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Underlying the two pillars above

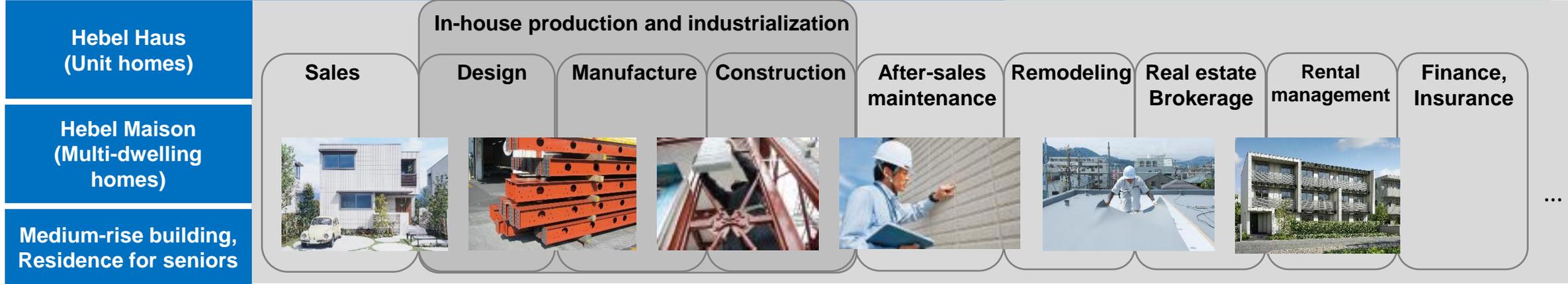
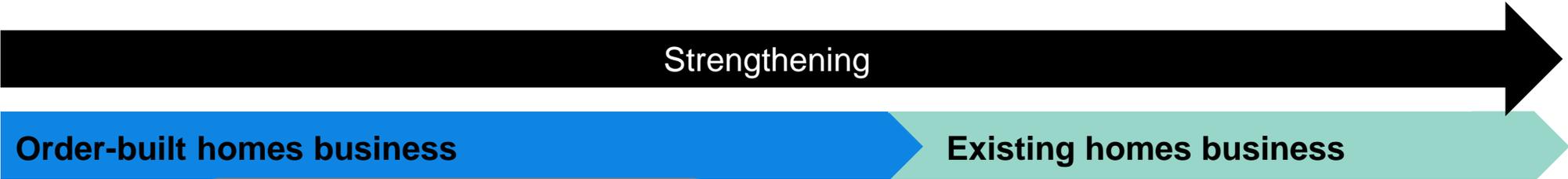
Establishing a foundation of Asahi Kasei Homes Group
-- Human, digitization, group management --



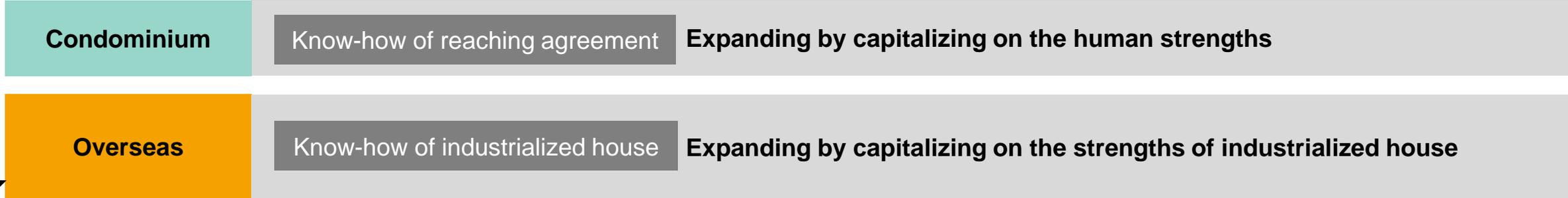
Strengthen and Expand Value Chain

Strengthen and Expand Value Chain

Strengthening and expanding the value chain by capitalizing on the strengths of Asahi Kasei Homes



Expansion



Objectives to Attain through Strengthening and Expansion of Value Chain

Fulfillment of customer satisfaction

- ✓ Customer satisfaction is the basis of the value chain. We will continue to provide houses and services that give customers satisfaction.

Stable, high profitability

- ✓ Enhance synergy among different businesses starting from order-built homes business to thereby expand our market share and increase profitability and cash generation.

Creation of new markets

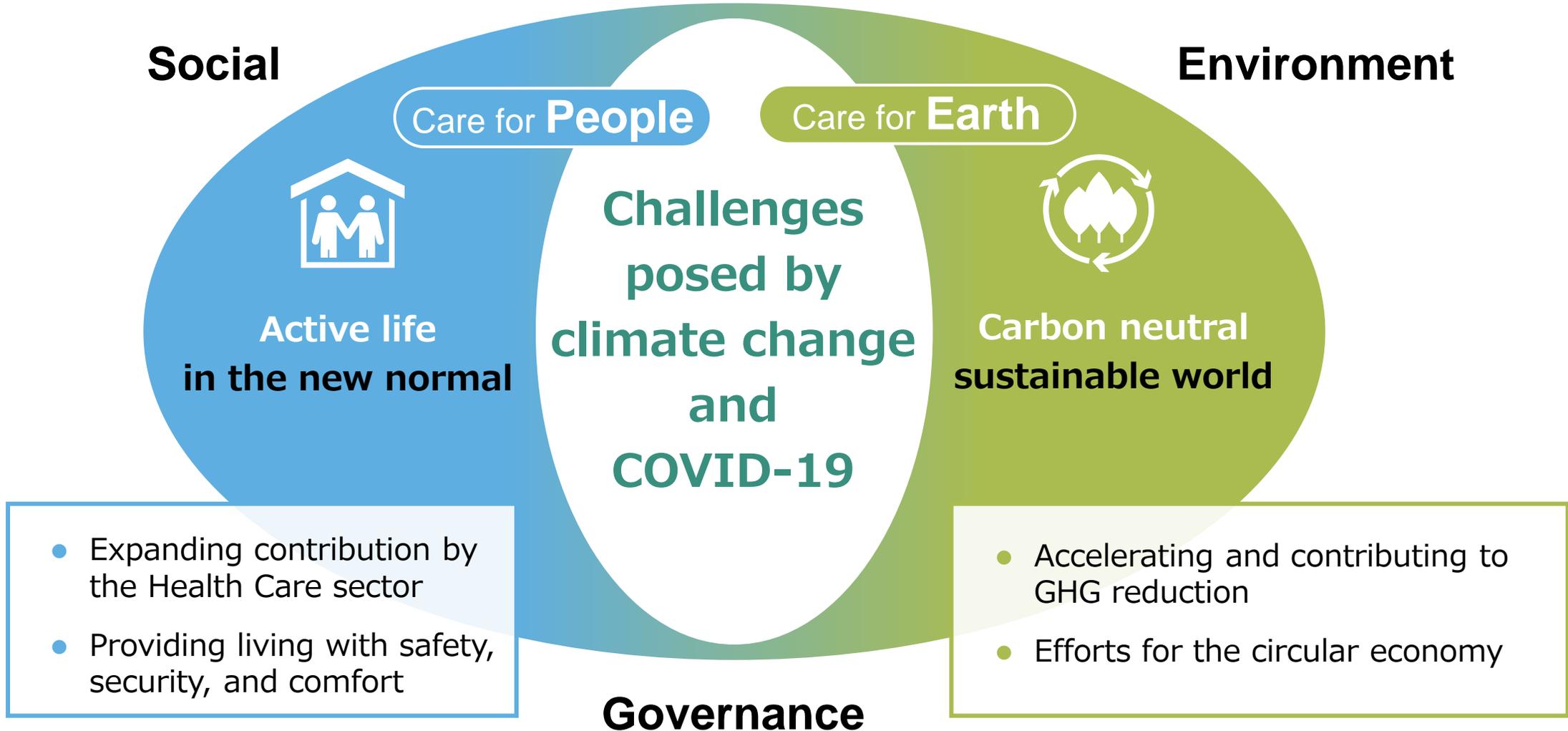
- ✓ Create new markets in order to maintain stable profitability and cash generation for a long period of time.



3. For Sustainable Future

Role of Homes Business

We can contribute to solving many social issues through homes business.



Contribution to Society

Care for People

Solution of issues through housing

- **Proposal of ways of living that meet the needs in changing lifestyle**
 - Research on needs for housing required in the “new normal” age, specifications development, and product launch



Hebel Haus "onefitto"
(Launched in 2020)



Inner terrace



Work space



Building a digital service platform
Stock space with a smart lock for
package drop service

Disaster prevention, disaster mitigation and resilience enhancement

- **Advancing quake resistant techniques**
(ruggedization, smaller damage, flexibility of plan and low cost)
- **IoT disaster information system**
(instant estimation of damage on individual buildings in the event of earthquake)
- **After-disaster support in emergency, recovery and reconstruction**



Obtained resilience certification



Visiting a disaster-hit area to
support early recovery

Activities on occupational health and safety

- **Creating safe and comfortable work sites**
 - Introduce spot heating/cooling air conditioners in all work sites
 - Provide air-conditioning wear for use in summer
- **Activities of work environment improvement committee and health committee**



Environmental concern

Care for Earth

Environmental policy of Asahi Kasei Homes Group

1. Promotion of carbon-free society and resilience

- Contribute to mitigation of climate change by promoting decarbonization in life cycle of houses and business activities, and effectively use renewable energy.
- Provide resilient houses that protect life and living of people against disaster damage.

2. Realization of circular economy

- Provide LONGLIFE houses to reduce wastes generated from construction work.
- Contribute to realization of the circular economy by effectively using limited resources and promoting recycling.

3. Living in harmony with nature pursued in cooperation with stakeholders

- Increase knowledge of preservation of biodiversity, and in cooperation with stakeholders, aim at realization of living in harmony with rich nature.



"Asahi Woods of Life" in Fuji, Shizuoka

Measures to deal with climate change

□ Dissemination of Hebel Haus ZEH



Steady progress toward achieving targets

FY	2016	2017	2018	2019	2020	2025
Target	10%	18%	40%	60%	70%	80%
Result	12%	25%	44%	61%	66%	

(Targets and results include Nearly ZEH, etc.)

□ Hebel Maison ZEH-M dissemination

The number of orders received is steadily increasing.

-- ZEH-M apartment "Eco ResiGrid" --

This is a project in which Asahi Kasei Homes rents roofs of Hebel Maison apartments to install photovoltaic power generating system and battery, own them, and perform maintenance management thereof.



Participation in RE100 and Promotion of Renewable Energy

Asahi Kasei Homes participated in RE100 Initiative in 2019

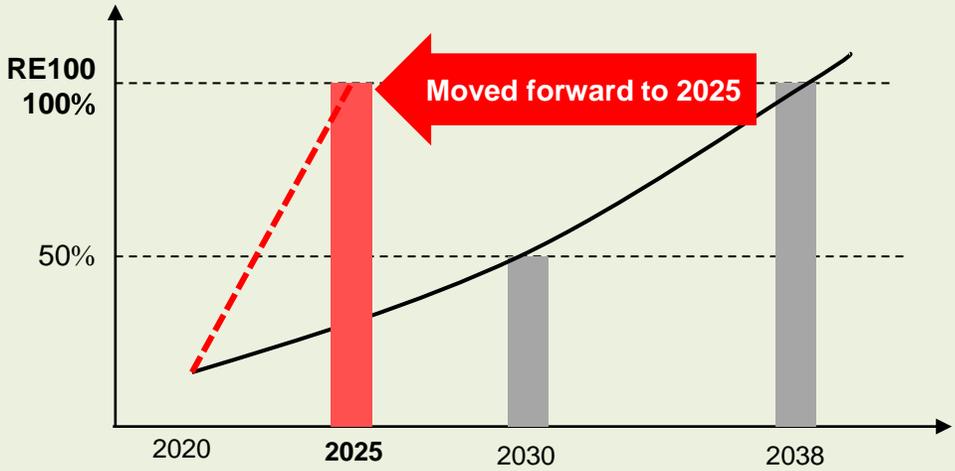


Target year of achievement

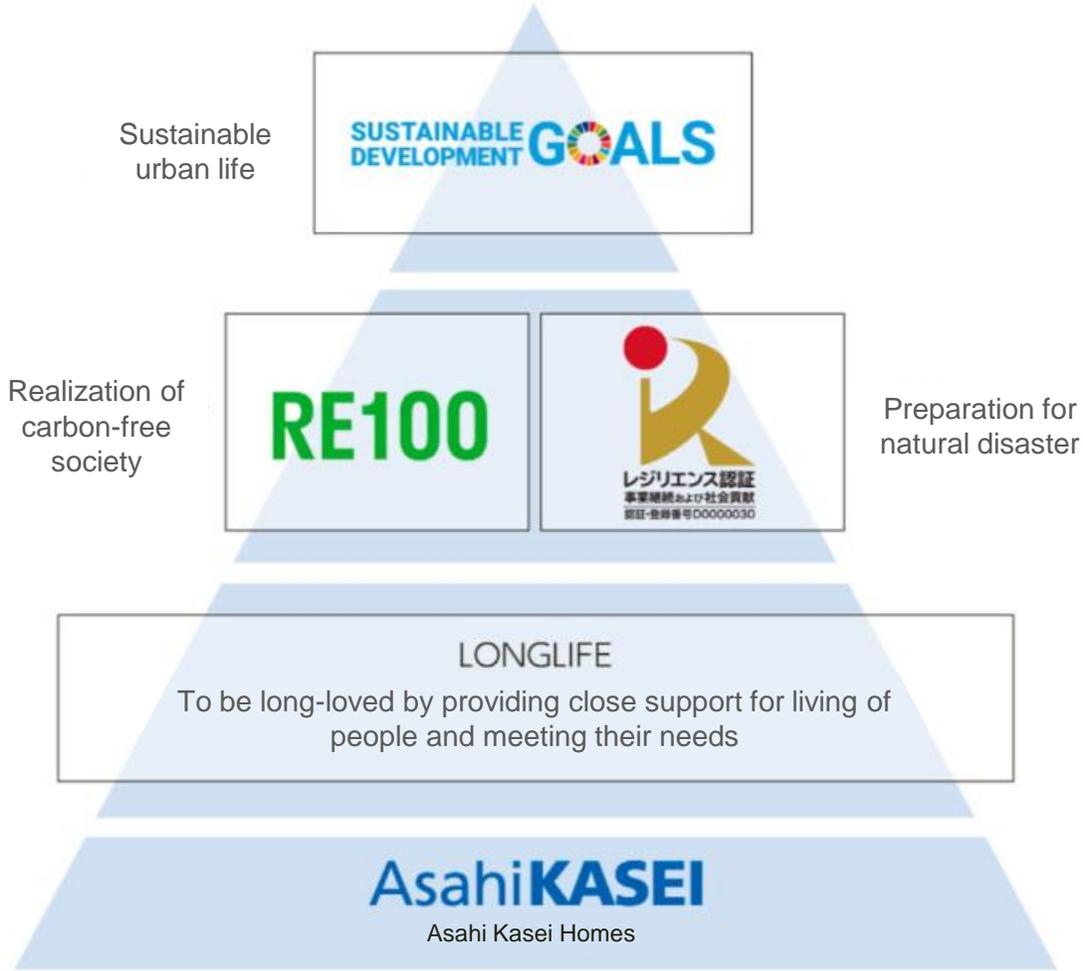
Initial target year 2038 has been moved forward to 2025.

□ Measures for achievement: Power supply scheme "Hebel Electric Power"

- Purchase and appropriation of the surplus power of Hebel Haus after expiration of FIT
- Appropriation of the surplus power of Hebel Maison's "Eco ResiGrid"



Sustainable Future led by "LONGLIFE"



Aiming to realize "sustainable urban life" by combining accumulated know-how of "LONGLIFE" with the RE100 vision and resilience



Summary

To Be a Long-Loved Company

1. Reinforce the value chain among existing businesses to enhance customer satisfaction and realize high-level profitability and cash generation.

2. Under the business circumstances that are expected to change, make investments, including overseas and new businesses, on carefully selected areas in order to maintain profitability and cash generation from a long-term perspective.

3. For sustainable future, continue to proactively address environment-friendly activities and other projects to contribute to solution of social issues.

A wide-angle photograph of a city skyline at sunset. The sun is low on the horizon, casting a warm orange and yellow glow across the sky and the city. The sky transitions from a pale blue at the top to a bright orange near the horizon. The city below is densely packed with buildings, with several prominent skyscrapers. The overall mood is serene and celebratory.

The 50th anniversary of Asahi Kasei Homes in 2022

To be a company that continues to be chosen
and long-loved by customers and society