



Accelerating Growth as a Global Healthcare Company

Acquisition of Calliditas Therapeutics AB

May 28, 2024
Asahi Kasei Corporation

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i. Introduction

ii. Growth Strategy for Healthcare

iii. Growth Strategy for Global Specialty Pharma


iv. Calliditas Acquisition

Regarding this acquisition


- 1. Today, we announced our determination to acquire Calliditas Therapeutics AB (“Calliditas”).**
- 2. Calliditas has a strong presence in the U.S. pharmaceuticals market for renal diseases, with high growth prospects for the future.**
- 3. The acquisition price is approximately ¥173.9 billion.
The tender offer will begin in July 2024, with the aim of closing by the end of September.**
- 4. Operating income after PPA amortization from this acquisition is expected to be positive in FY2025. Product on the market is expected to generate peak sales of more than 500M USD after FY2030.**

The vision we aim to achieve with this acquisition


Expand our US pharmaceuticals business from renal transplantation to the renal disease area and increase our presence



Contribute to the fulfilment of unmet medical needs by leveraging synergies with our products and pipeline



As a global specialty pharma, drive growth in the Healthcare sector along with the medical devices business



Contribute to the sustainable increase of Asahi Kasei's corporate value by achieving growth in the Healthcare sector to make it the third major pillar

Progress on GG10

Health Care and Homes are expected to achieve profit growth in line with targets, and plan to invest in expansion as assumed; Environmental Solutions is increasing investments based on clearer growth opportunities from a medium-term perspective in Hipore

First Priority

- Gaining income from past investments
- Continued aggressive investment, including inorganic growth

Growth Potential

- Growth drivers of future business
- Promoting alliance strategies from a competitive perspective

Earnings Base Expansion

- Finding opportunities to expand scale while maintaining stable earnings (focus on projects with high probability of success)

Businesses to drive future growth 10 Growth Gears (GG10)		FY22–24 investment amount and major projects to date (¥ billion, decision-adopted basis)	FY21 ⇒ FY24 profit increase ¹
Critical Care Global Specialty Pharma Bioprocess	Health Care	≤200	Acquisition of Bionova Scientific, a U.S. biologics CDMO, and expansion of business base
Digital Solutions	Material Life Innovation	≤100	Increased capacity for Pimel semiconductor buffer coat/interlayer dielectric
Energy Storage (separator) Hydrogen-related CO ₂ Chemistry	Material Environmental Solutions	≤300	Expansion of automotive LIB separators (Integrated plant in NA and addition of coating facilities in NA, Japan, and South Korea)
North American & Australian Homes Environmental Homes and Construction Materials	Homes	≤100	Acquisition of Focus Companies in the U.S. Acquisition of Arden Homes in Australia
Car Interior Material	Material Mobility & Industrial	≤50	U.S. automotive interior materials

GG10 financial targets

FY22–24 cumulative investment
(decision-adopted basis)

¥700 billion
(total amount including maintenance investments, etc.)

Increase due to Hipore investment in North America etc.

FY24 operating income

GG10 total

¥110 billion
>50% of all business income²

Below initial target of ¥150 billion due to downturn in separator

¹ Operating income + amortization from PPA
² Proportion of business income, excluding corporate expenses

GG10 Growth Strategies: Global Specialty Pharma

Transformation into Global Specialty Pharma focused on immunology/transplantation and adjacent disease areas

Niche therapeutic areas

Focus on specialty areas such as immunology/transplant, renal diseases, and severe infection in immuno-compromised population

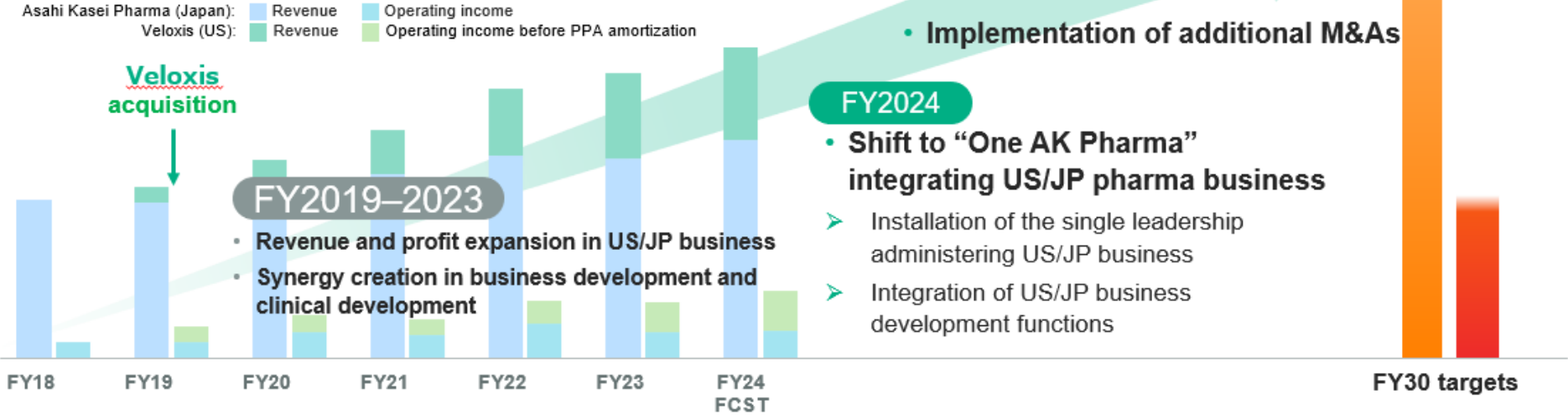
Global business expansion

Implementation of additional M&A to strengthen business platform and pipeline

Global management style

Transition to "One AK (Asahi Kasei) Pharma"

FY2018–FY2024 CAGR (2 companies total)		
Net Sales		13%
Operating income (before PPA amortization)		30%





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Policies for Healthcare

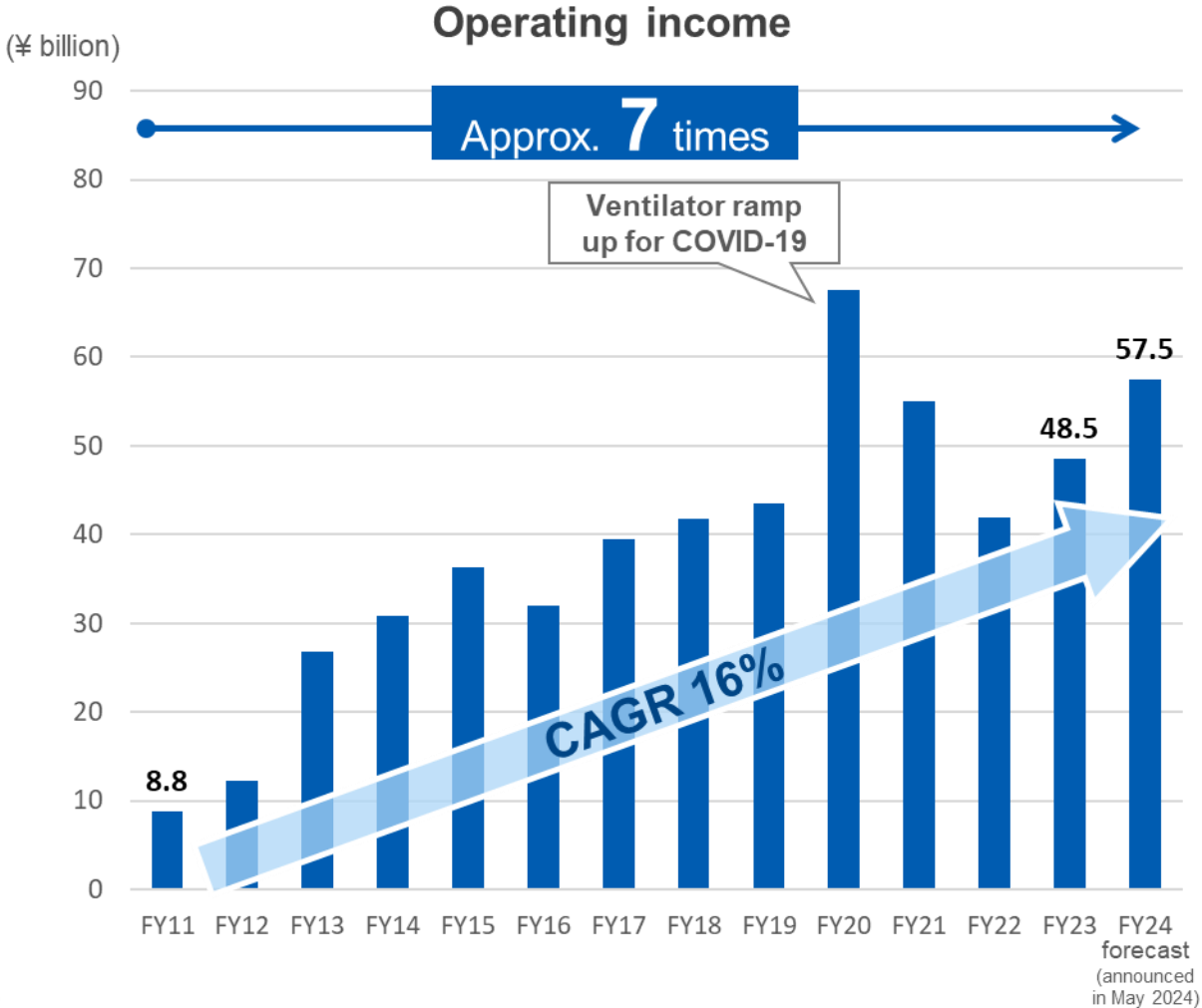
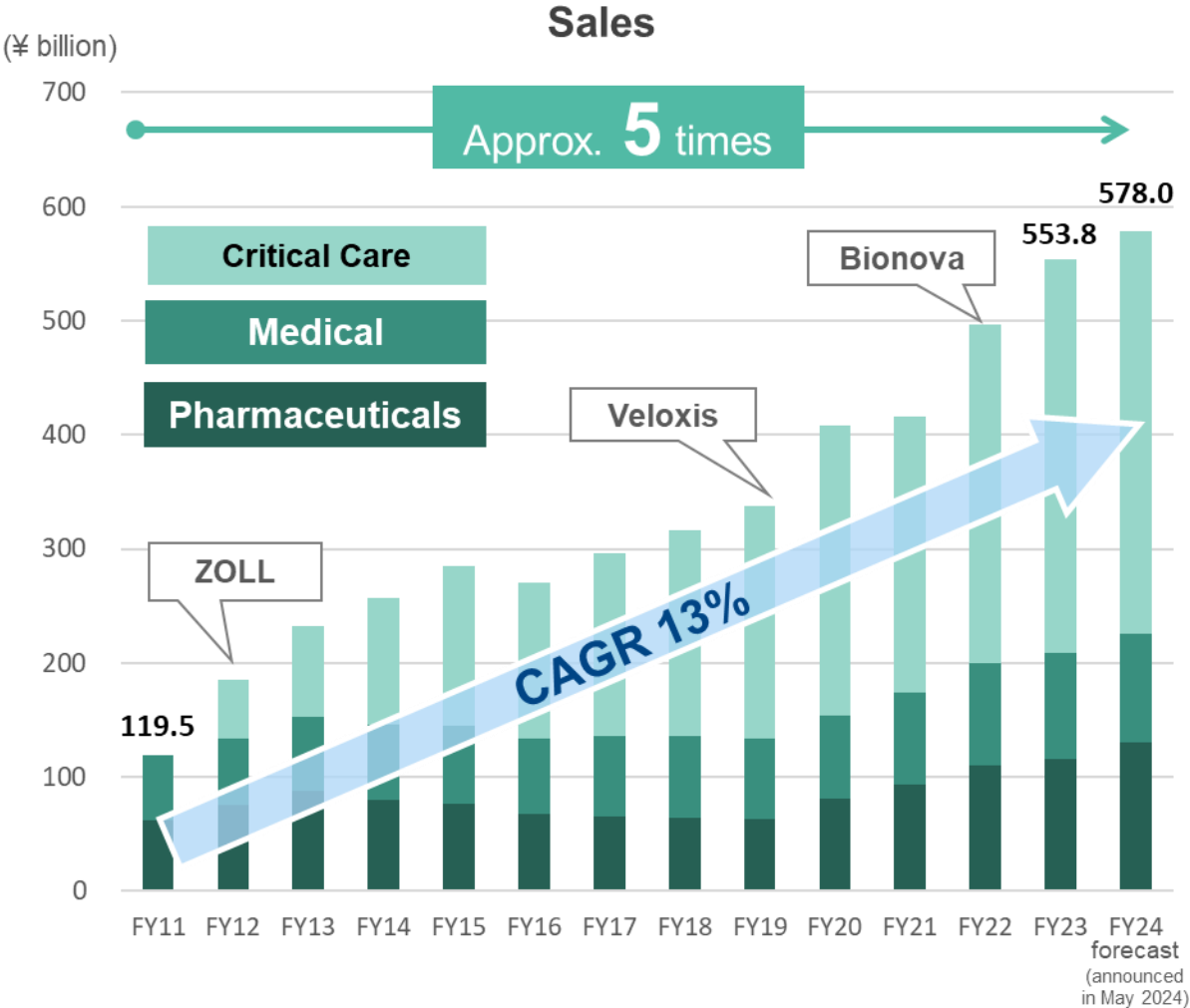
Healthcare to become the third major pillar and growth driver of Asahi Kasei

Operate both pharmaceuticals business and medical devices business

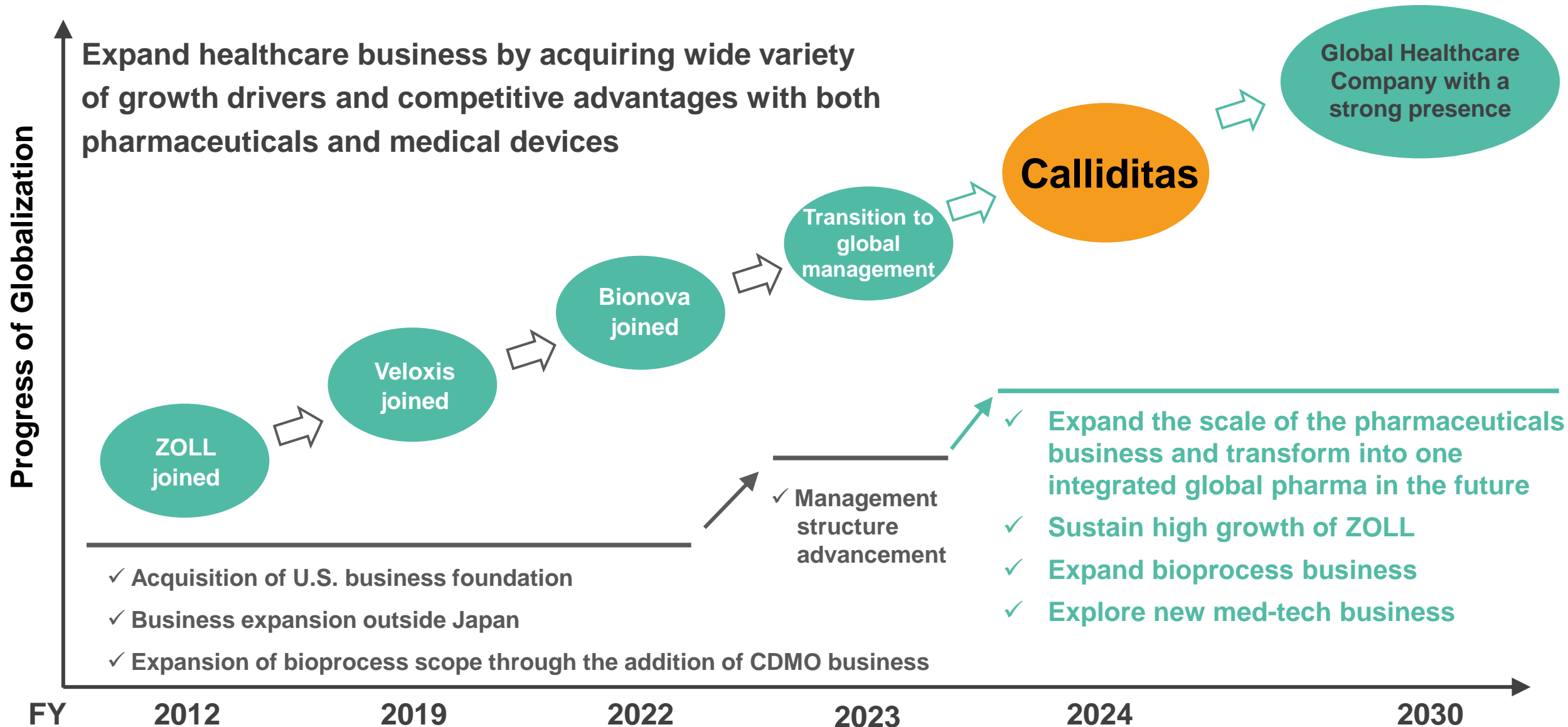
Target sales of ¥1,000 billion and operating income of ¥200 billion in FY2030

Financial History of Healthcare

High growth in Critical Care and accelerating growth in Pharmaceuticals and Medical, with both sales and operating income growing at over 10% CAGR

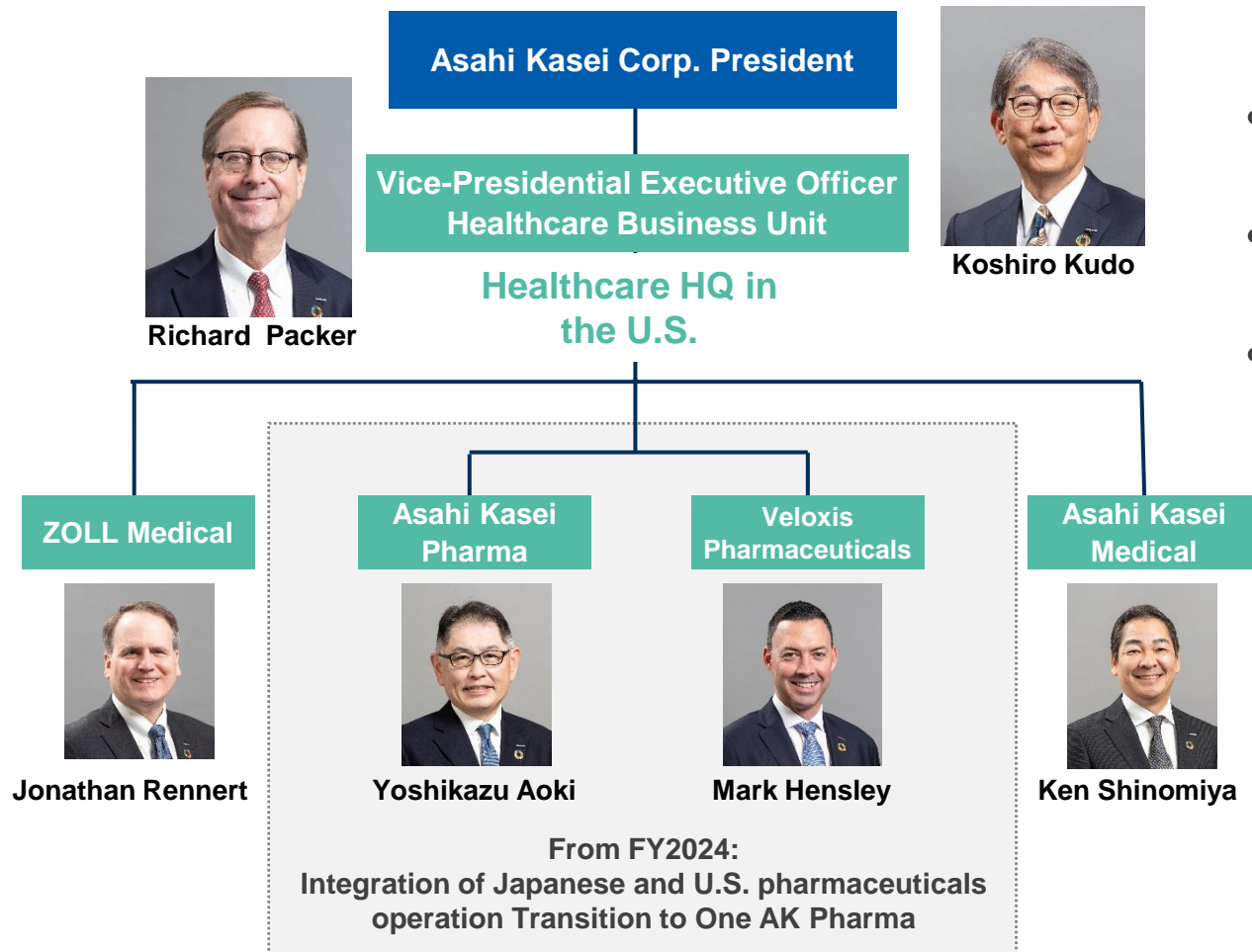


Accelerate growth as a Global Healthcare Company



Leadership of Healthcare Sector

From FY2023, transition to a global management system suited for incorporating innovation and accelerate our growth strategy



- Transitioned to a single leader structure
- Established a Healthcare HQ in the U.S.
- Strong mix of international executives

Grow Calliditas under advanced global management structure

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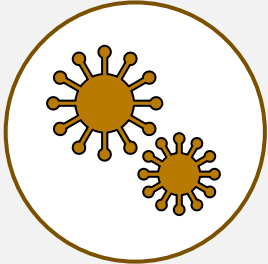
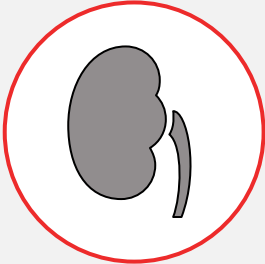
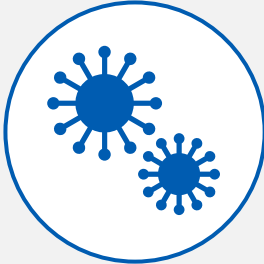
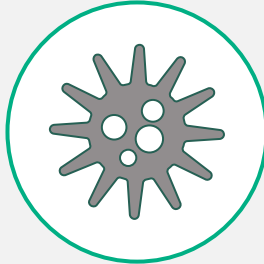
Growth Strategy as a Global Specialty Pharma

Business model focused on specialty therapeutic area with relatively low risk

Business model	Business area	<ul style="list-style-type: none"> ● Less competitive ● Modest probability of success in development ● Smaller clinical trial size / lower R&D expenditure ● Covered by fewer sales reps and marketing numbers
	Profit Structure	<ul style="list-style-type: none"> ● Low promotional costs, making it easier to maintain profitability while investing in clinical trials and business development
	Business development	<ul style="list-style-type: none"> ● Too small for big pharma but too big for small biotech
Management structure		<ul style="list-style-type: none"> ● Appointment of senior management with diverse backgrounds and nationalities

Global Specialty Pharma Focus Areas

Target large hospitals and focus on specialist/rare diseases

Focus Areas	Immunology	Renal disease	Organ Transplantation area	Severe infectious disease*
Products	 <ul style="list-style-type: none">• Kevzara• Plaquenil• Bredinin	 <ul style="list-style-type: none">• Bredinin• 「Tarpeyo」	 <ul style="list-style-type: none">• Envarsus XR	 <ul style="list-style-type: none">• Cresemba• Recomodulin
R&D	<ul style="list-style-type: none">• AK1910	<ul style="list-style-type: none">• AK196	<ul style="list-style-type: none">• VEL-101	

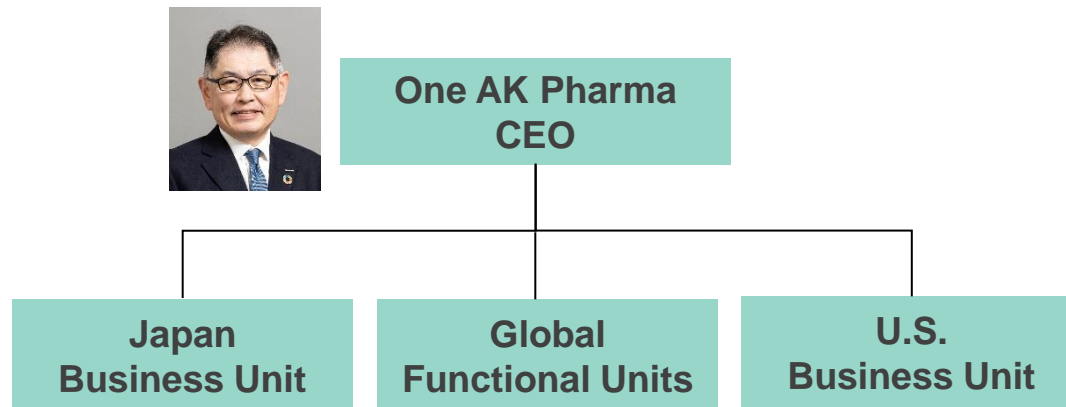
*invasive/severe infection (e.g. deep mycosis)

Transition to One AK Pharma capable of implementing growth strategy

Aim for a sales scale and structure that can cover R&D and business development costs for continued growth

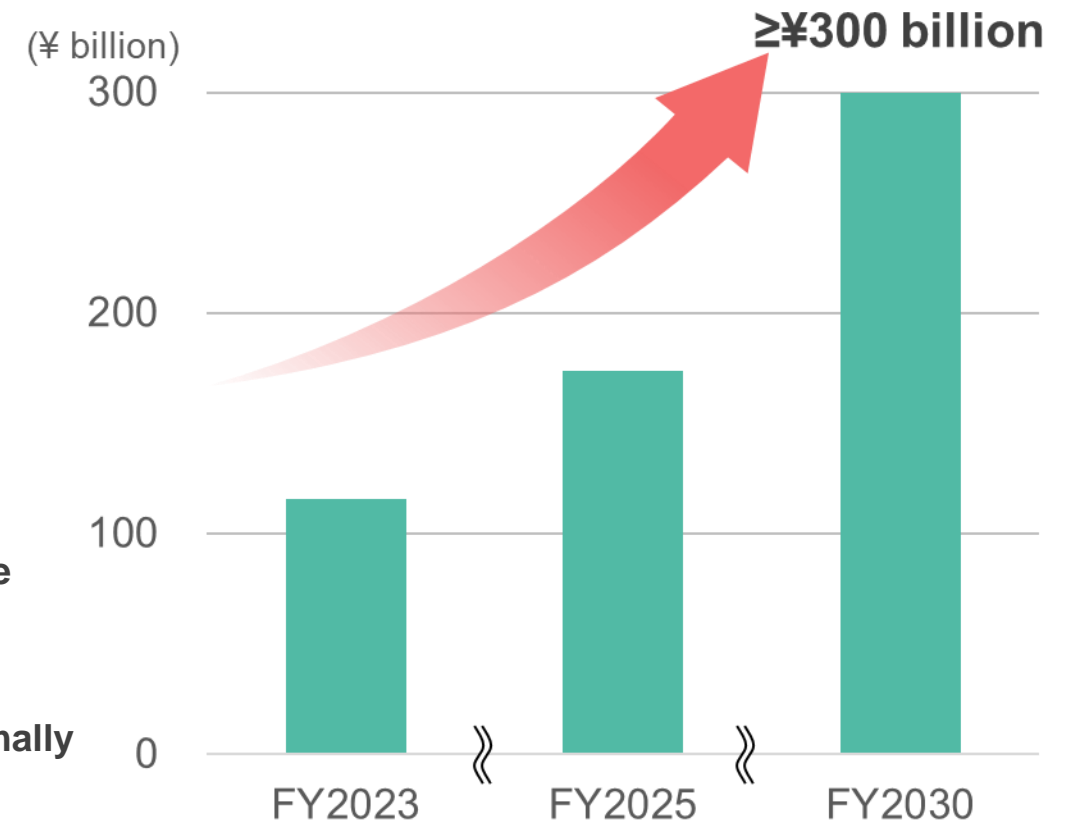
One AK Pharma Structure

✓ One Leader ✓ One Goal ✓ One Strategy



- ◆ Establish a global business platform as one company by integrating the functions
- ◆ Led by a global management team with diverse backgrounds
- ◆ Resources of the pharmaceuticals business are consolidated and optimally allocated under one strategy

One AK Pharma Sales targets

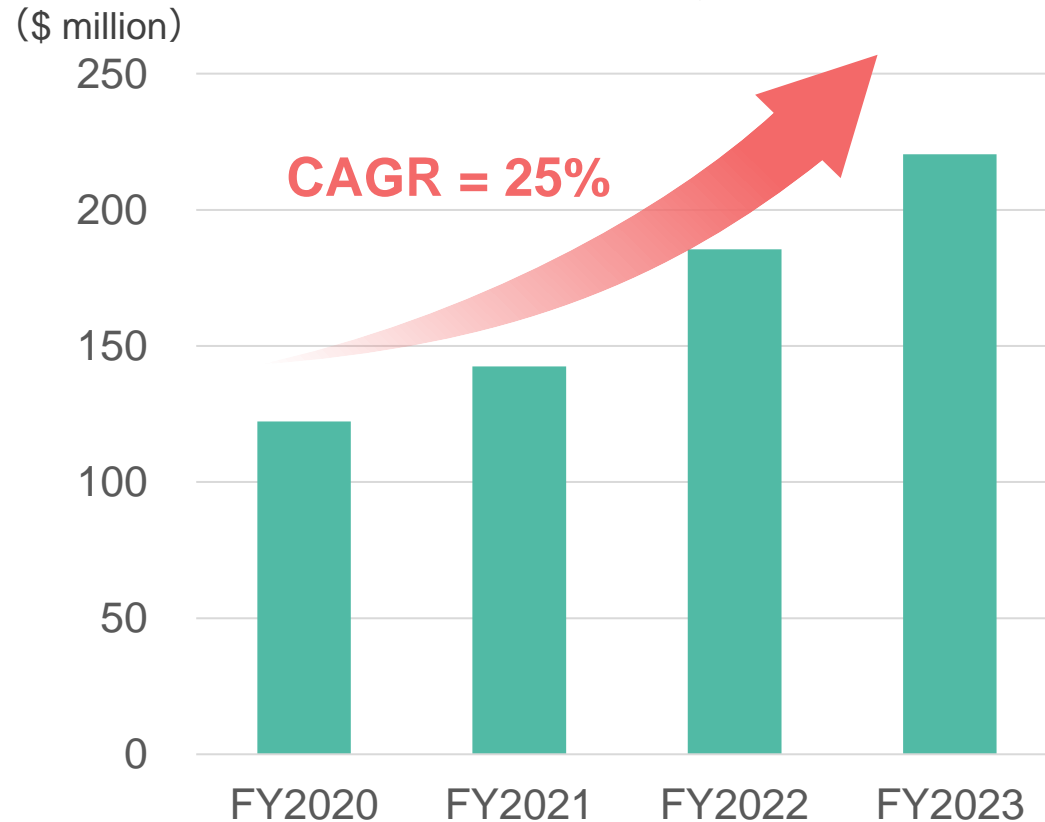


Achievements of Veloxis

Steady growth in market share, with a sales CAGR of more than 20% since acquisition

「Envarsus XR」 Sales in the U.S.

* Immunosuppressant drug for renal transplant



Market

- **Number of kidney transplants:** Steady Increase (CAGR of over 6% between CY2020 and CY2023)

Achievements

- **Sales:** Strong growth
- **Share:** The proportion of prescriptions in de novo kidney transplants is exceeding initial expectations. Also, market share in the tacrolimus market is steadily increasing (FY2019 5.2% ⇒ FY2023 Over 20%)

Development

- **VEL-101:** Immunosuppressant for organ transplantation with potentially fewer side effects. Development progressing as planned; Ph1 study completed and Ph2 study planned.

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Calliditas: expanding Global Specialty Pharma's scope in Nephrology and Rare Disease



Market Leader

- Tarpeyo: the first ever fully approved treatment for IgA nephropathy (currently approved in U.S., Europe, and China)



Strategic Fit

- Expands our U.S. commercial footprint and builds on our existing expertise in immunology, renal transplantation and rare disease

calliditas
THERAPEUTICS

Expansion Opportunities



- With the FDA granting full approval in December 2023, the patient population eligible for prescriptions expanded, leading to expectations of accelerated business growth

Financial Impact



- Revenues expected to >\$500 million by mid-2030s
- Accretive to FY25 operating income after amortization of goodwill and intangible assets

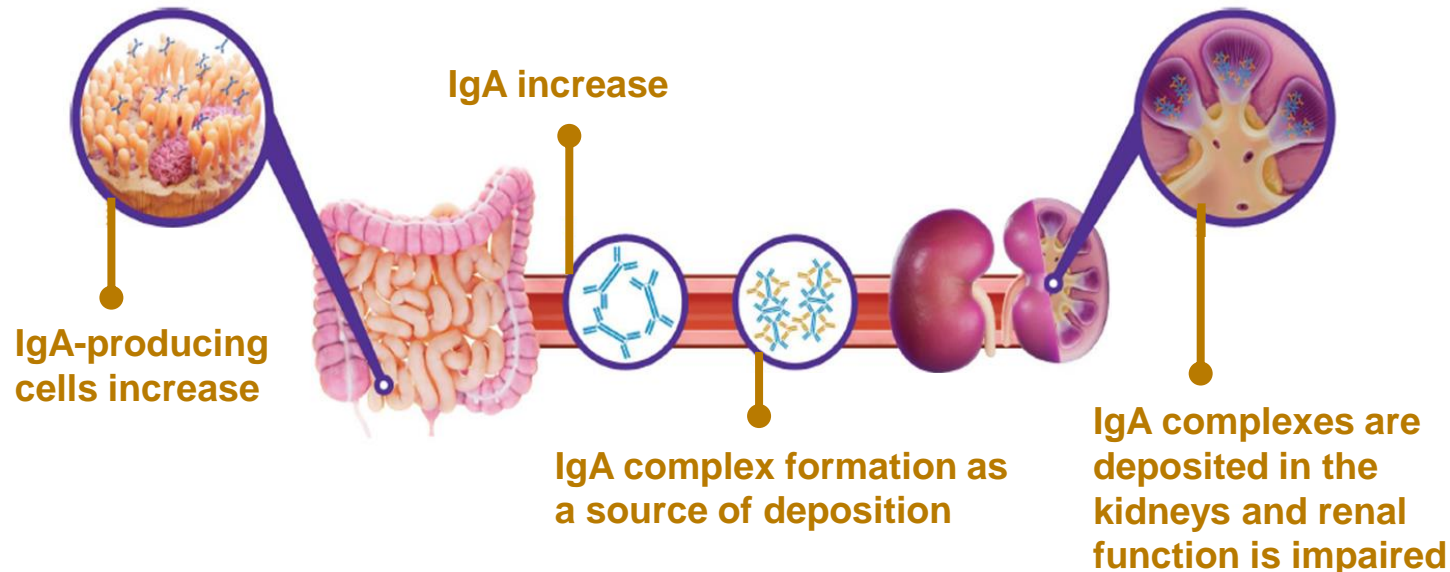
IgA nephropathy is a rare disease resulting in sustained kidney damage and renal failure

IgA nephropathy

Chronic kidney disease caused by the overproduction of the antibody IgA (immunoglobulin A) in the ileum that are deposited in the renal glomeruli leading to reduced kidney function

Symptoms

Hematuria
Edema
Hypertension



20-40% develop renal failure



Dialysis or kidney transplantation required

Features of Tarpeyo

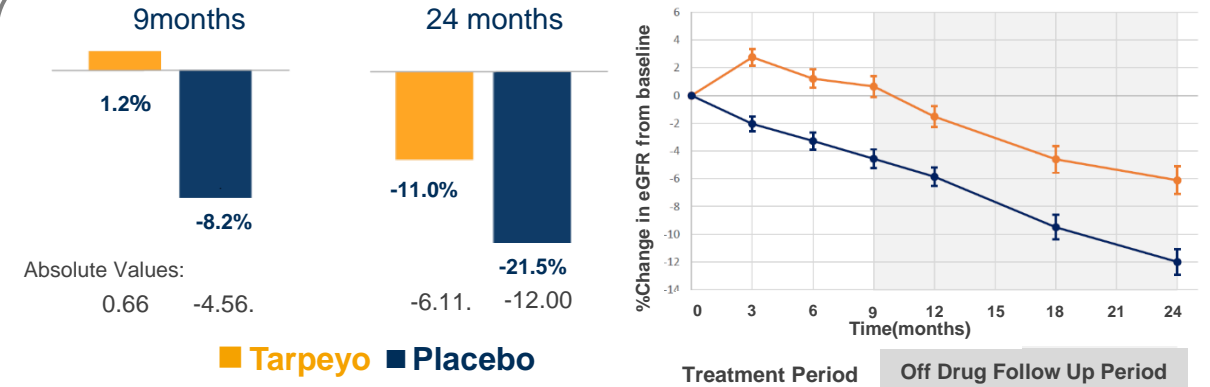


Unique technological formulation of budesonide (steroid) for the treatment of IgA nephropathy

Formulated to release in the ileum of the small intestine

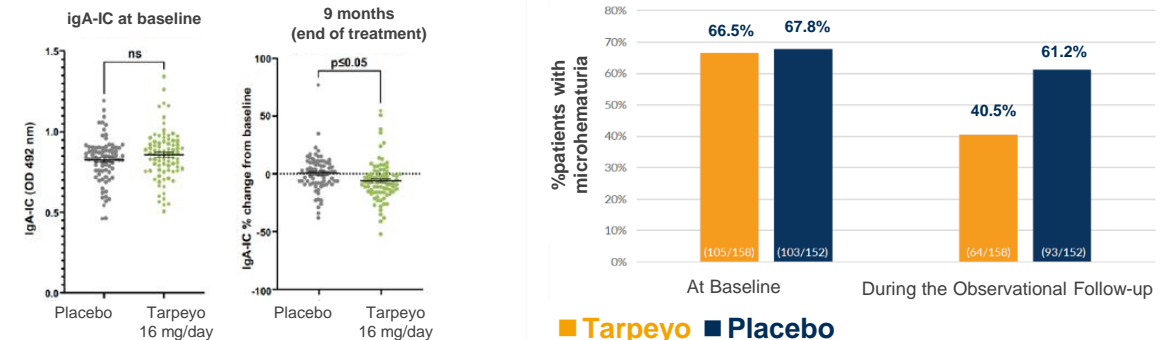
Inhibiting IgA production to prevent the worsening of renal function due to IgA nephropathy

Reduced deterioration of renal function



Ph3 results: improved renal function at 24 months after 9 months of dosing

Improvement in IgA Nephropathy biomarkers



Tarpeyo resulted in a statistically significant reduction in IgA-IC levels over the treatment period vs. placebo ($p \leq 0.05$)

Tarpeyo resulted in a statistically significant improvement in the proportion of patients exhibiting microhematuria vs. placebo ($p = 0.0001$)

9 months of dosing reduced blood IgA immune complex levels and microscopic hematuria

Calliditas expands our U.S. commercial footprint...



**IgA
nephropathy**



Kidney transplantation

Marketed Products

TARPEYO™
(budesonide) delayed release capsules
(Calliditas' U.S. product)

Once-daily
Envarsus XR™
(tacrolimus extended-release tablets)
(Veloxis' U.S. product)

Global Market Size (Est. CAGR)¹

~\$40B (8%)

~\$7B (5%)

U.S. Treating Physicians

>5,000

~2,500

Call Point

Nephrologist

Kidney Transplant Center

Leverage platform with new Business Development opportunities in the renal disease space

¹ Internal analysis

Reference: Overview of Calliditas Pharmaceuticals

Company name	Calliditas Therapeutics AB
Establishment	<p>2004: Established as Pharmalink AB</p> <p>2017: Changed to current company name</p> <p>2018: Listed on the NASDAQ Stockholm</p> <p>2020: Listed on the NASDAQ Global Select Market in the U.S., still takes the form of a dual listing</p>
Location	Stockholm, Sweden
CEO	Renée Aguiar-Lucander
Business overview	Research, development, manufacturing and marketing of therapies primarily for kidney diseases
Marketed product	<p>Product Name: Tarpeyo (Generic name: Budesonide)</p> <p>Indication: Primary IgA nephropathy who are at risk for disease progression</p> <p>Merchandising right:</p> <ul style="list-style-type: none"> U.S.: Launched in 2021 by Calliditas EU: Launched in 2022 by STADA Arzneimittel China: Launched in 2024 by Everest Medicines (Japan: Not yet launched, Viartis has exclusive rights to develop and market)
Pipeline	Setanaxib: Under clinical development in primary biliary cholangitis, alport syndrome and solid tumors
Revenue	<p>2021: 229 million SEK / Approx 22 million USD</p> <p>2022: 803 million SEK / Approx 75 million USD</p> <p>2023: 1,207 million SEK / Approx 113 million USD</p>



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.”

