



Fiscal 2021 3rd Quarter Financial Results

– supplementary financial summary –

February 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 Q3 2021 results and FY 2021 forecast

Q3 2021 results

- Net sales, operating income, ordinary income, and net income all at new record highs for Apr.–Dec. period

FY 2021 forecast

- Full-year forecast announced in November remains unchanged
- From Q3 to Q4, seasonal factors and supply chain disruption due to COVID-19 foreseen, but firm demand and recovery toward FY 2022 expected
- Carefully watching risks related to semiconductor shortage, high feedstock prices, and supply chain disruption

Shareholder returns

- Full-year dividend forecast remaining at ¥34 per share
- No change in basic policy for stable and continually increased dividends while making determination in consideration of full-year results

Financial results for Q3 2021 (consolidated)

- Considerable increase in net sales and operating income compared to year-ago period significantly impacted by COVID-19
- Net sales, operating income, ordinary income, and net income all at new record highs for Apr.–Dec. period

(¥ billion)

	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Net sales	1,536.7	1,824.8	288.1	+18.7%
Operating income	129.5	174.1	44.5	+34.4%
Ordinary income	132.3	184.2	51.9	+39.2%
Net income attributable to owners of the parent	80.0	140.7	60.7	+75.9%

¥/US\$ exchange rate (market average)

106

111

¥/€ exchange rate (market average)

122

131

Financial results for Q3 2021 (by segment)

- Large increase in net sales and operating income in Material compared to year-ago period significantly impacted by COVID-19
- Increase in net sales and operating income in all segments compared with Apr.–Dec. 2019, prior to COVID-19

Net sales (¥ billion)

	FY 2019 Apr.–Dec.	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	2021 vs. 2020	
				Increase (decrease)	% change
Material	835.9	705.6	882.4	176.8	+25.1%
Homes	489.7	512.3	619.3	107.0	+20.9%
Health Care	251.1	307.9	312.9	5.0	+1.6%
Others	11.8	10.8	10.1	(0.7)	-6.7%
Consolidated	1,588.5	1,536.7	1,824.8	288.1	+18.7%

Operating income

Material	79.1	42.8	91.7	48.9	+114.4%
Homes	46.2	48.2	55.7	7.5	+15.6%
Health Care	35.8	55.8	50.2	(5.7)	-10.1%
Others	1.9	2.4	2.1	(0.3)	-12.5%
Corporate expenses and eliminations	(22.7)	(19.7)	(25.6)	(5.9)	–
Consolidated	140.2	129.5	174.1	44.5	+34.4%

Material

Increased shipments of engineering plastics with recovery of automobile-related markets, increased shipments of LIB separator with increased production capacity, increased shipments of electronic materials with robust semiconductor market demand, rapid rise in petrochemical market prices with recovery of demand; considerably increased sales and income

Homes

Strong performance in US business, consolidation of Australia business; increased sales and income

Health Care

Ventilator shipments decreasing considerably from year-ago period with surge in demand, but strong performance of mainstay businesses in Critical Care such as defibrillators, firm performance of pharmaceuticals and medical devices; increased sales and decreased income by a moderate margin

Statements of income

- SG&A: Effect of newly consolidated companies such as McDonald Jones, increased expenses for logistics and R&D
- Non-operating income/expense: Improvement of equity in earnings of affiliates with improved performance at PTT Asahi Chemical Company Limited
- Extraordinary income/loss: Gain on sales of investment securities due to sales of strategic shareholdings, recording of business structure improvement expenses related to semiconductor plant fire
- Income taxes: Taxes reduced by approximately ¥8 billion with reconfiguration of Veloxis organizations

(¥ billion)

	FY 2020		FY 2021		Increase (decrease)	% change
	Apr.–Dec.	% of sales	Apr.–Dec.	% of sales		
Net sales	1,536.7	100.0%	1,824.8	100.0%	288.1	+18.7%
Cost of sales	1,036.0	67.4%	1,235.7	67.7%	199.8	+19.3%
Gross profit	500.7	32.6%	589.0	32.3%	88.3	+17.6%
Selling, general and administrative expenses	371.2	24.2%	414.9	22.7%	43.8	+11.8%
Operating income	129.5	8.4%	174.1	9.5%	44.5	+34.4%
Net non-operating income (expenses)	2.8		10.2		7.4	
of which, net equity in earnings (losses) of affiliates	1.2		7.7		6.5	
Ordinary income	132.3	8.6%	184.2	10.1%	51.9	+39.2%
Net extraordinary income (loss)	(14.1)		1.6		15.7	
Income before income taxes	118.2	7.7%	185.8	10.2%	67.6	+57.2%
Income taxes	(36.5)		(43.4)		(7.0)	
Net income attributable to non-controlling interests	(1.8)		(1.7)		0.0	
Net income attributable to owners of the parent	80.0	5.2%	140.7	7.7%	60.7	+75.9%

Balance sheets

- Total assets: Goodwill and intangible assets recorded on acquisitions, increased accounts receivable and inventories with increased market prices
- Liabilities: Increased interest-bearing debt, increased accounts payable with higher feedstock prices
- Net assets: Increased retained earnings with recording of net income

(¥ billion)

	At end of Mar. 2021	At end of Dec. 2021	Increase (decrease)		At end of Mar. 2021	At end of Dec. 2021	Increase (decrease)
Current assets	1,136.8	1,309.1	172.3	Liabilities	1,424.4	1,613.5	189.1
Cash and deposits	221.8	245.8	24.0	Current liabilities	703.2	875.2	172.0
Notes and accounts receivable–trade	338.6	435.0	96.3	Noncurrent liabilities	721.2	738.3	17.1
Inventories	481.5	512.8	31.3	Net assets	1,494.5	1,627.0	132.5
Other current assets	94.9	115.5	20.6	Shareholders' equity	1,335.9	1,437.8	101.9
Noncurrent assets	1,782.2	1,931.4	149.3	Capital stock	103.4	103.4	–
Property, plant and equipment	717.3	765.9	48.7	Capital surplus	79.6	79.5	(0.1)
Intangible assets	694.4	798.9	104.5	Retained earnings	1,158.8	1,261.1	102.3
Investments and other assets	370.5	366.7	(3.9)	Treasury stock	(5.9)	(6.2)	(0.3)
				Accumulated other comprehensive income	131.6	159.8	28.3
				Non-controlling interests	27.1	29.3	2.3
Total assets	2,918.9	3,240.5	321.6	Total liabilities and net assets	2,918.9	3,240.5	321.6
Goodwill	351.9	410.8	58.9				
Interest-bearing debt ¹	659.0	799.8	140.8				
D/E ratio	0.45	0.50	0.05				

¹ Excluding lease obligations.

Cash flows

- Operating: Increased income before income taxes, but decrease in cash provided as working capital such as accounts receivable and inventories increased
- Investing: Cash used for M&A increased year-on-year (acquisition of Itamar Medical closed in Q3)
- Financing: Cash provided even after dividends payment due to fundraising

(¥ billion)

	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.
a. Net cash provided by (used in) operating activities	175.4	112.7
b. Net cash provided by (used in) investing activities	(104.7)	(175.3)
c. Free cash flows [a+b]	70.7	(62.6)
d. Net cash provided by (used in) financing activities	(30.2)	82.1
e. Effect of exchange rate change on cash and cash equivalents	0.1	7.5
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	40.5	27.0
g. Cash and cash equivalents at beginning of period	204.8	216.2
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	1.8	1.1
i. Cash and cash equivalents at end of period [f+g+h]	247.1	244.3

FY 2021 operating performance forecast (consolidated)

- Full-year forecast announced in November remains unchanged
- Forecasting increased sales and operating income compared to previous year significantly impacted by COVID-19
- Carefully watching risks related to semiconductor shortage, high feedstock prices, and supply chain disruption

(¥ billion, unless otherwise specified)

	FY 2019	FY 2020	FY 2021 forecast	2021 vs.2020		FY 2021 forecast in Nov.
				Increase (decrease)	% change	
Net sales	2,151.6	2,106.1	2,453.0	346.9	+16.5%	2,453.0
Operating income	177.3	171.8	213.1	41.3	+24.1%	213.1
Ordinary income	184.0	178.0	222.0	44.0	+24.7%	222.0
Net income attributable to owners of the parent	103.9	79.8	185.5	105.7	+132.5%	185.5

Net income per share (EPS) (¥)	74.85	57.49	133.70			133.69
Dividends per share (¥)	34	34	(forecast) 34			(forecast) 34
Payout ratio (%)	45.4	59.1	25.4			25.4

¥/US\$ exchange rate (market average)

109

106

111

110

¥/€ exchange rate (market average)

121

124

130

130

FY 2021 operating performance forecast (by segment)

- Full-year forecast announced in November remains unchanged in all segments
- Large increase in net sales and operating income in Material compared to year-ago period significantly impacted by COVID-19

Net sales

(¥ billion)

	FY 2019	FY 2020	FY 2021 forecast			FY 2021 forecast	2021 vs. 2020 % change	2021 vs. 2019 % change
			H1	H2 forecast				
				Q3				
Material	1,093.1	991.2	570.3	312.1	621.7	1,192.0	+20.3%	+9.0%
Homes	704.4	692.6	398.1	221.1	425.9	824.0	+19.0%	+17.0%
Health Care	337.8	407.9	205.9	107.0	217.1	423.0	+3.7%	+25.2%
Others	16.3	14.3	6.7	3.4	7.3	14.0	-2.0%	-14.1%
Consolidated	2,151.6	2,106.1	1,181.0	643.7	1,272.0	2,453.0	+16.5%	+14.0%

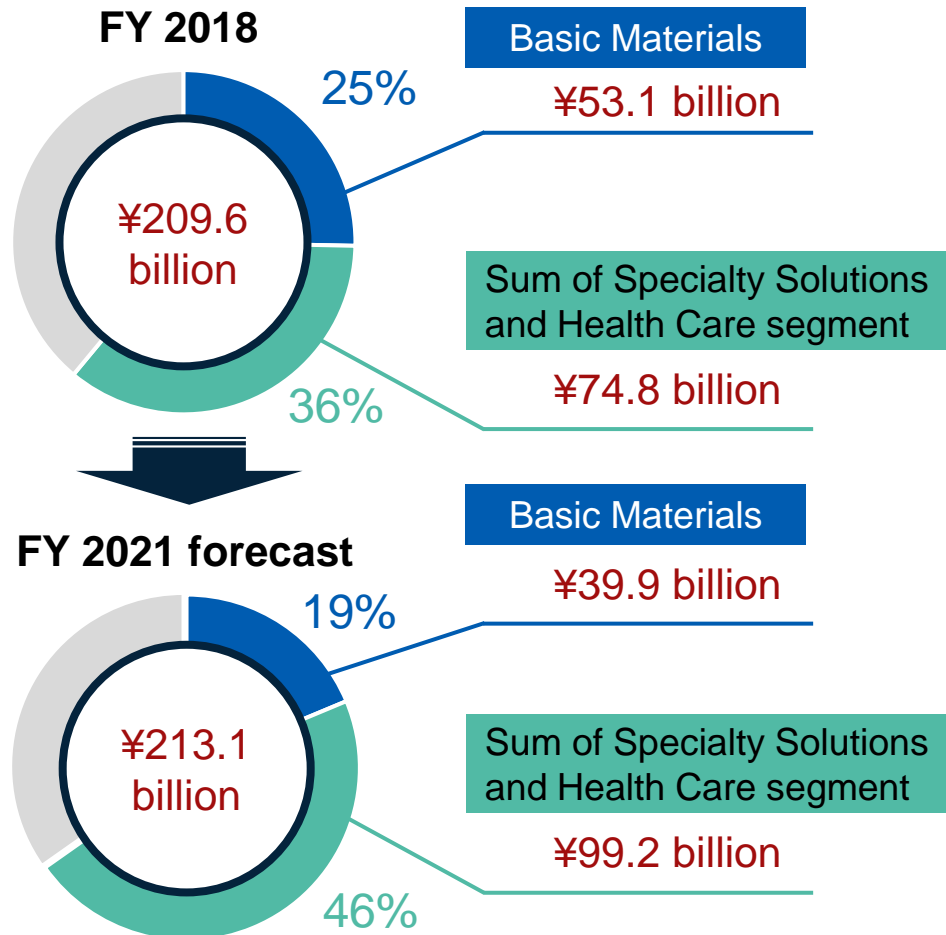
Operating income

Material	92.4	66.5	60.7	31.0	55.0	115.7	+74.0%	+25.2%
Homes	72.7	63.5	33.3	22.4	35.9	69.3	+9.0%	-4.7%
Health Care	43.5	67.6	34.3	15.9	25.2	59.5	-12.0%	+36.7%
Others	3.2	3.8	1.4	0.7	1.4	2.8	-26.6%	-12.2%
Corporate expenses and eliminations	(34.5)	(29.6)	(16.5)	(9.0)	(17.5)	(34.1)	—	—
Consolidated	177.3	171.8	113.1	60.9	100.0	213.1	+24.1%	+20.2%

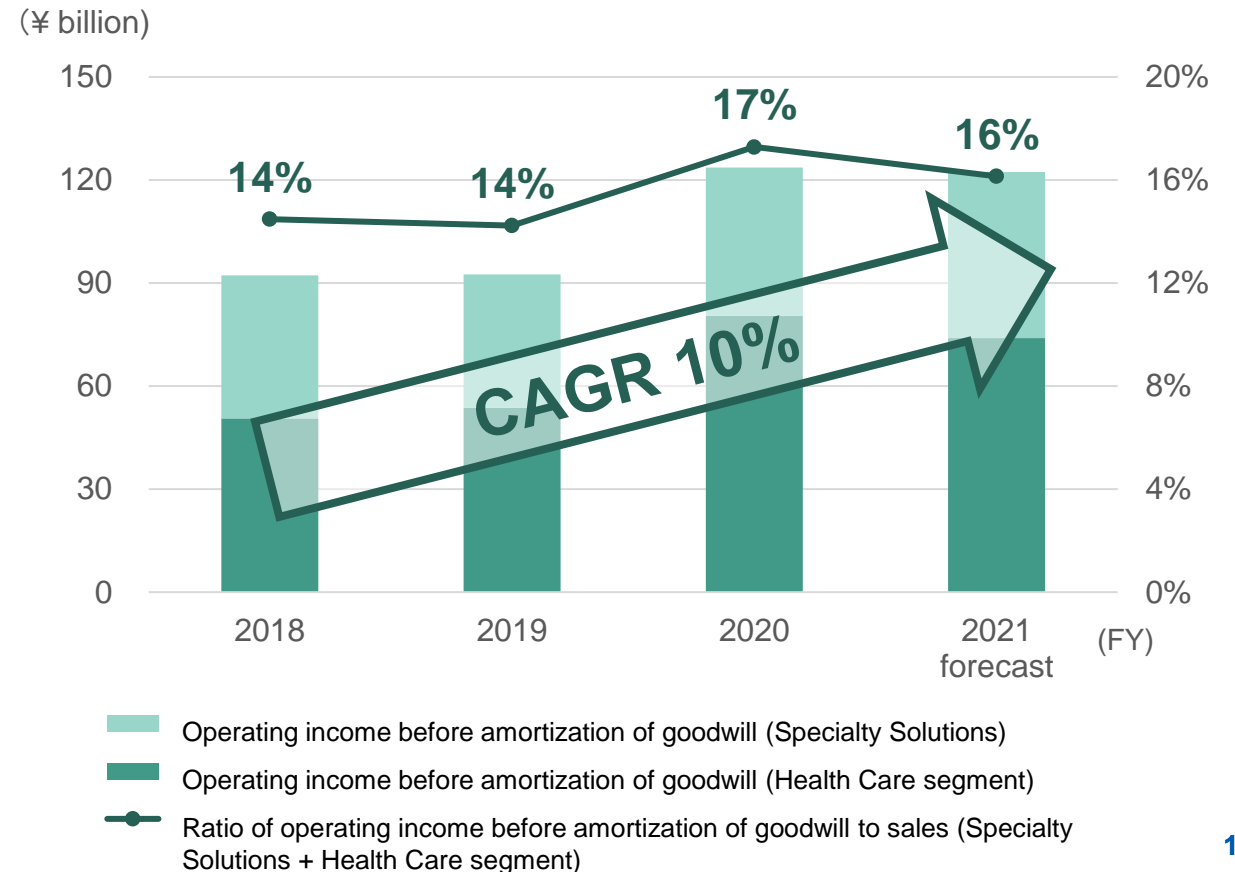
Change in operating income composition compared to FY 2018

- Compared to previous record-high operating income in FY 2018, decreased proportion of general-purpose petrochemicals (Basic Materials) and steady expansion of high value-added businesses in high-growth fields (Specialty Solutions and Health Care segment) resulting in rising proportion

Consolidated operating income composition



Operating income before amortization of goodwill (Specialty Solutions and Health Care segment)



Review of business trends for 3 years under mid-term management initiative “Cs+ for Tomorrow 2021”

Segment		Business trends
Health Care		<ul style="list-style-type: none"> ➤ On track to exceed current medium-term target. Forecasted to achieve high growth rate centered on Critical Care ➤ Ongoing growth expected as the growth driver of the overall group
Material	Specialty Solutions	<ul style="list-style-type: none"> ➤ Increased earnings centered on separators and electronic materials even under unpredictable operating environment due to COVID-19 ➤ Ongoing growth expected with firm demand
	Performance Products	<ul style="list-style-type: none"> ➤ Products for automotive markets faced challenges with slowdown in business confidence, effect of COVID-19, and reduced vehicle production due to semiconductor shortage ➤ Forthcoming demand expansion expected with recovery of vehicle production
	Basic Materials	<ul style="list-style-type: none"> ➤ Reduced proportion of overall group business due to stabilization of earnings centered on acrylonitrile cost formula adoption and group-wide portfolio transformation ➤ Certain profitability expected even at times of softening market prices due to reinforcement of stable earnings structure
Homes		<ul style="list-style-type: none"> ➤ Impacted by COVID-19 but steady earnings contribution through firm execution of current medium-term strategies ➤ Aiming to achieve medium-term operating income targets 1 year behind schedule

Appendix

Results for Q3 2021

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FY 2021 forecast

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Overview by segment

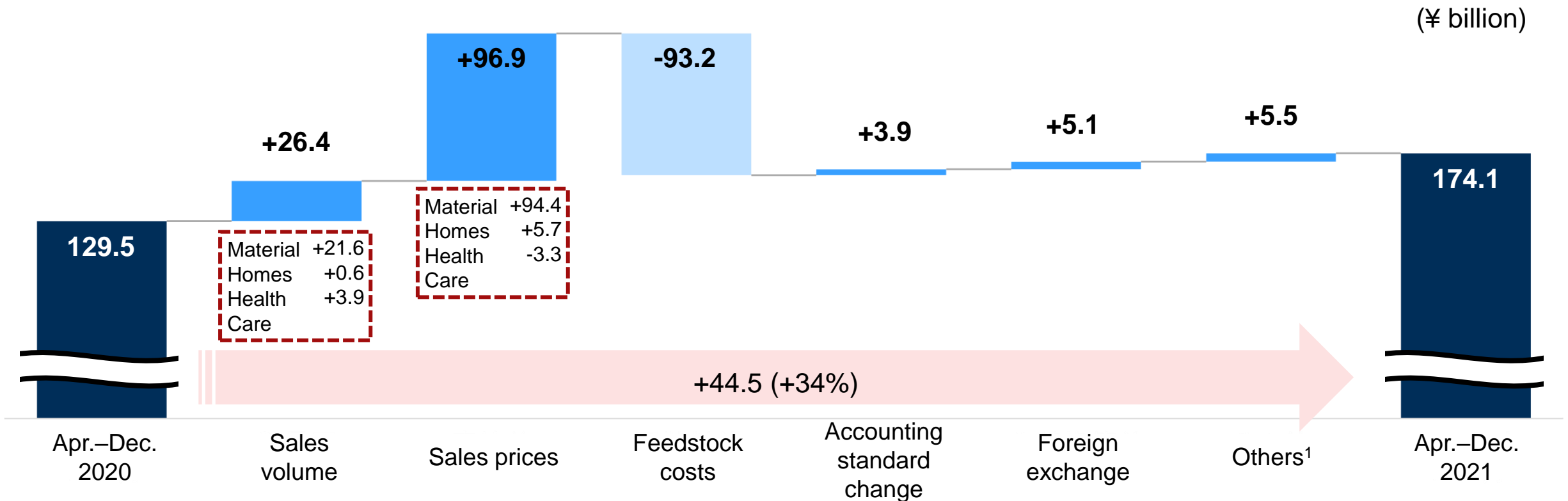
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Operating income increase/decrease Apr.–Dec. 2021 vs. 2020

- Positive effect of sales volume centered on Material with recovery from COVID-19 impact
- Large impact of increased feedstock costs, but large positive effect of sales prices due to increased market prices as well, resulting in positive effect of terms of trade



¹ Fixed costs, inventory valuations, new consolidation, etc.

Sales and operating income increase/decrease, Apr.–Dec. 2021 vs. 2020

(¥ billion)

		FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change	Increase (decrease) due to:				
						Sales volume	Sales prices	of which, due to foreign exchange	Others	Accounting standard change
Material segment	Sales	705.6	882.4	176.8	+25.1%	78.3	94.4	13.7	31.7	(27.6)
	Operating income	42.8	91.7	48.9	+114.4%	21.6			(67.0)	(0.1)
Basic Materials	Sales	185.7	266.8	81.1	+43.7%	36.4	57.3	1.0	5.8	(18.3)
	Operating income	4.2	33.8	29.7	–	5.0			(32.4)	(0.2)
Performance Products	Sales	266.4	338.1	71.7	+26.9%	23.7	31.4	6.6	18.6	(2.0)
	Operating income	12.7	27.0	14.3	+112.5%	11.2			(28.3)	(0.0)
Specialty solutions	Sales	225.0	248.8	23.8	+10.6%	14.9	5.8	6.1	7.3	(4.3)
	Operating income	25.3	33.3	8.0	+31.7%	5.4			(3.3)	0.1
Others in Material	Sales	28.5	28.7	0.2	+0.8%	3.4	–	–	–	(3.1)
	Operating income	0.6	(2.4)	(3.0)	–	(0.0)			(3.0)	–
Homes segment	Sales	512.3	619.3	107.0	+20.9%	16.4	5.7	–	70.2	14.6
	Operating income	48.2	55.7	7.5	+15.6%	0.6			(2.9)	4.1
Homes	Sales	475.4	584.3	109.0	+22.9%	17.2	5.7	–	70.2	15.8
	Operating income	44.9	53.3	8.4	+18.7%	0.7			(2.1)	4.1
Construction Materials	Sales	37.0	35.0	(2.0)	-5.4%	(0.8)	0.0	–	–	(1.2)
	Operating income	3.6	2.4	(1.2)	-34.1%	(0.1)			(1.2)	(0.0)
Health Care segment	Sales	307.9	312.9	5.0	+1.6%	(2.7)	(3.3)	0.2	11.1	(0.1)
	Operating income	55.8	50.2	(5.7)	-10.1%	3.9			(6.2)	(0.1)
Health Care	Sales	115.0	132.1	17.1	+14.9%	15.3	(2.5)	0.0	4.4	(0.1)
	Operating income	19.6	22.5	2.9	+15.0%	10.3			(4.8)	(0.1)
Critical Care	Sales	192.9	180.8	(12.1)	-6.3%	(18.1)	(0.8)	0.1	6.8	–
	Operating income	36.3	27.7	(8.6)	-23.7%	(6.4)			(1.4)	–
Others	Sales	10.8	10.1	(0.7)	-6.7%	(0.7)	–	–	–	–
	Operating income	2.4	2.1	(0.3)	-12.5%	0.2			(0.5)	–
Corporate expenses and eliminations	Operating income	(19.7)	(25.6)	(5.9)	–	–	–	–	(5.9)	–
Consolidated	Sales	1,536.7	1,824.8	288.1	+18.7%	91.3	96.9	13.8	113.0	(13.2)
	Operating income	129.5	174.1	44.5	+34.4%	26.4			(82.6)	3.9

Sales and operating income increase/decrease, Oct.–Dec. 2021 vs. 2020

(¥ billion)

		FY 2020 Oct.–Dec.	FY 2021 Oct.–Dec.	Increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Material segment	Sales	267.2	312.1	44.9	+16.8%	8.2	37.9	6.7	(1.2)
	Operating income	21.9	31.0	9.1	+41.4%	(0.9)			(27.9)
Basic Materials	Sales	69.0	98.7	29.7	+43.0%	13.9	20.2	0.3	(4.4)
	Operating income	4.1	11.4	7.4	+181.6%	0.8			(13.6)
Performance Products	Sales	107.5	117.3	9.8	+9.1%	(8.2)	14.3	3.2	3.7
	Operating income	7.9	9.7	1.8	+23.3%	(2.3)			(10.1)
Specialty solutions	Sales	80.4	86.0	5.6	+6.9%	1.5	3.5	3.2	0.5
	Operating income	10.1	9.8	(0.3)	-2.5%	0.6			(4.3)
Others in Material	Sales	10.3	10.2	(0.1)	-1.0%	1.0			(1.1)
	Operating income	(0.1)	(0.0)	0.1	–	(0.0)			0.1
Homes segment	Sales	173.6	221.1	47.5	+27.4%	10.6	1.4	–	35.5
	Operating income	16.5	22.4	5.9	+35.5%	2.5			2.0
Homes	Sales	161.0	208.5	47.5	+29.5%	10.3	1.3	–	35.9
	Operating income	15.5	21.3	5.8	+37.1%	2.2			2.2
Construction Materials	Sales	12.6	12.7	0.0	+0.3%	0.3	0.1	–	(0.4)
	Operating income	1.2	1.1	(0.1)	-10.2%	0.3			(0.5)
Health Care segment	Sales	103.0	107.0	4.0	+3.9%	(1.5)	(1.4)	(0.4)	6.9
	Operating income	20.4	15.9	(4.5)	-22.2%	1.1			(4.3)
Health Care	Sales	40.7	46.8	6.1	+14.9%	5.5	(0.8)	0.0	1.3
	Operating income	8.8	9.0	0.2	+2.4%	3.5			(2.5)
Critical Care	Sales	62.3	60.3	(2.1)	-3.3%	(7.0)	(0.6)	(0.4)	5.5
	Operating income	11.7	6.9	(4.8)	-40.7%	(2.4)			(1.7)
Others	Sales	3.4	3.4	(0.0)	-0.0%	(0.0)			–
	Operating income	0.7	0.7	0.0	+6.5%	0.0			0.0
Corporate expenses and eliminations	Operating income	(6.8)	(9.0)	(2.2)	–	–	–	–	(2.2)
Consolidated	Sales	547.3	643.7	96.4	+17.6%	17.3	38.0	6.3	41.1
	Operating income	52.7	60.9	8.2	+15.5%	2.6			(32.4)

Overseas sales

(¥ billion)

	FY 2020 Apr.–Dec.			FY 2021 Apr.–Dec.			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Material segment	705.6	388.1	55.0%	882.4	533.4	60.4%	145.3	+37.4%
Basic Materials	185.7	79.9	43.0%	266.8	131.8	49.4%	52.0	+65.1%
Performance Products	266.4	156.4	58.7%	338.1	224.1	66.3%	67.7	+43.3%
Specialty Solutions	225.0	150.1	66.7%	248.8	174.8	70.3%	24.7	+16.5%
Others	28.5	1.7	5.9%	28.7	2.6	9.1%	0.9	+53.9%
Homes segment	512.3	15.9	3.1%	619.3	110.3	17.8%	94.4	–
Homes	475.4	15.9	3.3%	584.3	110.3	18.9%	94.4	–
Construction Materials	37.0	0.0	0.0%	35.0	0.0	0.0%	(0.0)	-7.2%
Health Care segment	307.9	237.5	77.1%	312.9	235.2	75.2%	(2.3)	-1.0%
Health Care	115.0	46.3	40.3%	132.1	56.2	42.6%	9.9	+21.4%
Critical Care	192.9	191.2	99.1%	180.8	179.0	99.0%	(12.2)	-6.4%
Others	10.8	1.5	13.7%	10.1	1.1	11.1%	(0.4)	-24.3%
Consolidated	1,536.7	643.0	41.8%	1,824.8	880.0	48.2%	237.0	+36.9%
Asia		287.4	18.7%		391.2	21.4%	103.7	+36.1%
of which, sales to China		143.0	9.3%		182.1	10.0%	39.0	+27.3%
The Americas		246.0	16.0%		287.0	15.7%	41.0	+16.7%
Europe		89.9	5.9%		111.1	6.1%	21.2	+23.6%
Other countries		19.7	1.3%		90.7	5.0%	71.0	–

Extraordinary income and loss

(¥ billion)

	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)
Gain on sales of investment securities	8.8	14.3	5.5
Gain on sales of noncurrent assets	0.3	0.9	0.6
Gain on step acquisitions	–	1.7	1.7
Total extraordinary income	9.1	16.8	7.7
Loss on valuation of investment securities	0.0	0.2	0.2
Loss on disposal of noncurrent assets	6.5	5.3	(1.2)
Impairment loss	0.2	0.4	0.2
Loss on fire at plant facilities	11.6	–	(11.6)
Business structure improvement expenses	4.8	9.3	4.5
Total extraordinary loss	23.2	15.2	(8.0)
Net extraordinary income (loss)	(14.1)	1.6	15.7

Consolidated operating performance forecast

(¥ billion)

	FY 2019	FY 2020			FY 2021				Increase (decrease) b-a	% change	FY 2021 forecast in Nov.
		H1	H2	Total a	H1	FY 2021		Total b			
						Q3	H2 forecast				
Net sales	2,151.6	989.4	1,116.7	2,106.1	1,181.0	643.7	1,272.0	2,453.0	346.9	+16.5%	2,453.0
Operating income	177.3	76.8	95.0	171.8	113.1	60.9	100.0	213.1	41.3	+24.1%	213.1
Ordinary income	184.0	77.5	100.6	178.0	119.2	65.0	102.8	222.0	44.0	+24.7%	222.0
Net income attributable to owners of the parent	103.9	46.8	33.0	79.8	91.3	49.4	94.2	185.5	105.7	+132.5%	185.5

¥/US\$ exchange rate (market average)	109	107	105	106	110	114	112	111			110
¥/€ exchange rate (market average)	121	121	126	124	131	130	130	130			130

Sales forecast by business category

(¥ billion)

	FY 2019	FY 2020			FY 2021				Increase (decrease) b-a	% change	FY 2021 forecast in Nov.
		H1	H2	Total a	H1	H2		Total b			
						Q3	forecast				
Material segment	1,093.1	438.4	552.9	991.2	570.3	312.1	621.7	1,192.0	200.8	+20.3%	1,192.0
Basic Materials	316.8	116.7	152.2	268.9	168.1	98.7	184.9	353.0	84.1	+31.3%	353.0
Performance Products	423.9	158.9	216.7	375.6	220.8	117.3	244.2	465.0	89.4	+23.8%	465.0
Specialty Solutions	312.5	144.6	162.6	307.2	162.8	86.0	172.2	335.0	27.8	+9.1%	335.0
Others in Material	40.0	18.2	21.4	39.6	18.6	10.2	20.4	39.0	(0.6)	-1.5%	39.0
Homes segment	704.4	338.7	353.9	692.6	398.1	221.1	425.9	824.0	131.4	+19.0%	824.0
Homes	649.3	314.4	330.4	644.8	375.8	208.5	400.2	776.0	131.2	+20.3%	776.0
Construction Materials	55.1	24.3	23.5	47.8	22.3	12.7	25.7	48.0	0.2	+0.4%	48.0
Health Care segment	337.8	204.9	203.0	407.9	205.9	107.0	217.1	423.0	15.1	+3.7%	423.0
Health Care	133.3	74.3	80.1	154.4	85.3	46.8	90.7	176.0	21.6	+14.0%	176.0
Critical Care	204.5	130.6	122.9	253.5	120.5	60.3	126.5	247.0	(6.5)	-2.6%	247.0
Others	16.3	7.5	6.8	14.3	6.7	3.4	7.3	14.0	(0.3)	-2.0%	14.0
Consolidated	2,151.6	989.4	1,116.7	2,106.1	1,181.0	643.7	1,272.0	2,453.0	346.9	+16.5%	2,453.0

Operating income forecast by business category

(¥ billion)

	FY 2019	FY 2020			FY 2021				Increase (decrease) b-a	% change	FY 2021 forecast in Nov.
		H1	H2	Total a	H1	H2 forecast		Total b			
						Q3					
Material segment	92.4	20.8	45.6	66.5	60.7	31.0	55.0	115.7	49.2	+74.0%	115.7
Basic Materials	26.6	0.1	13.9	14.0	22.4	11.4	17.5	39.9	25.9	+185.2%	39.9
Performance Products	33.7	4.8	13.8	18.6	17.2	9.7	21.1	38.3	19.7	+105.6%	38.3
Specialty Solutions	30.4	15.2	19.6	34.8	23.5	9.8	16.2	39.7	4.8	+13.9%	39.7
Others in Material	1.6	0.7	(1.7)	(1.0)	(2.4)	(0.0)	0.2	(2.2)	(1.2)	–	(2.2)
Homes segment	72.7	31.7	31.9	63.5	33.3	22.4	35.9	69.3	5.7	+9.0%	69.3
Homes	67.4	29.4	30.3	59.7	32.0	21.3	34.0	66.0	6.4	+10.7%	66.0
Construction Materials	5.6	2.4	1.3	3.7	1.3	1.1	1.9	3.2	(0.5)	-13.5%	3.2
Health Care segment	43.5	35.4	32.2	67.6	34.3	15.9	25.2	59.5	(8.1)	-12.0%	59.5
Health Care	17.8	10.8	12.1	23.0	13.6	9.0	10.1	23.6	0.7	+2.9%	23.6
Critical Care	25.7	24.6	20.1	44.6	20.7	6.9	15.1	35.9	(8.8)	-19.7%	35.9
Others	3.2	1.7	2.1	3.8	1.4	0.7	1.4	2.8	(1.0)	-26.6%	2.8
Corporate expenses and eliminations	(34.5)	(12.9)	(16.7)	(29.6)	(16.5)	(9.0)	(17.5)	(34.1)	(4.5)	–	(34.1)
Consolidated	177.3	76.8	95.0	171.8	113.1	60.9	100.0	213.1	41.3	+24.1%	213.1

Operating income trends from Q3 to Q4 forecast

- From Q3 to Q4, seasonal factors and supply chain disruption due to COVID-19 foreseen
- Basically firm demand, and recovery toward FY 2022 expected

Segment		Q3→Q4 operating income trends
Material	Basic Materials	➤ Firm demand for acrylonitrile, but income decrease forecasted due to deteriorating terms of trade
	Performance Products	➤ Increased fixed costs, but alleviation of effect of reduced vehicle production due to semiconductor shortage; income increase forecasted
	Specialty Solutions	➤ Increased costs for materials, logistics, etc., and seasonal factors such as Chinese New Year; income decrease forecasted
Homes		<ul style="list-style-type: none"> ➤ Difference in construction works in progress, effect of shortage of home fixtures, etc. in order-built homes ➤ Decreased deliveries of condominium units forecasted in real estate ➤ Increased costs such as labor costs and negative effect due to lumber price decrease forecasted in overseas business
Health Care		<ul style="list-style-type: none"> ➤ Income decrease forecasted in Health Care business category due to year-end rise in R&D expenses, etc. ➤ Income increase forecasted in Critical Care due to firm demand, even with effect of consolidation of Itamar

Material segment (i)

(¥ billion)

	Sales			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Material segment	705.6	882.4	176.8	+25.1%
Basic Materials	185.7	266.8	81.1	+43.7%
Performance Products	266.4	338.1	71.7	+26.9%
Specialty Solutions	225.0	248.8	23.8	+10.6%
Others	28.5	28.7	0.2	+0.8%

	Operating income			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Material segment	42.8	91.7	48.9	+114.4%
Basic Materials	4.2	33.8	29.7	–
Performance Products	12.7	27.0	14.3	+112.5%
Specialty Solutions	25.3	33.3	8.0	+31.7%
Others	0.6	(2.4)	(3.0)	–

Basic Materials

Operating income increase:

- (+) Inventory valuation gain by the gross average method due to increased feedstock prices
- (+) Improved terms of trade for acrylonitrile

Highlights

- July, announcement of license agreement for a technology package to manufacture high-purity ethylene carbonate and dimethyl carbonate using CO₂ as main feedstock
- January, Tongsuh Petrochemical becoming the first acrylonitrile manufacturer in Asia to acquire ISCC PLUS certification; announcement of plan to produce acrylonitrile using biomass-derived raw material

Material segment (ii)

Performance Products

Operating income increase:

- (+) Increased shipments of automobile-related products
- (+) Increased shipments of fiber products for apparel applications

Highlights

- August, decision to optimize the global strategy of ROICA spandex business; discontinuation of production and sales at a German subsidiary
- August, decision of discontinuation of Asaflex clear styrenic block copolymer business
- November, supply agreement for butadiene from plastic waste and biomass to produce S-SBR for fuel-efficient tires
- December, decision to establish Asahi Kasei Airbag Fabric Vietnam

Specialty Solutions

Operating income increase:

- (+) Increased shipments of each product in separator business
- (+) Increased shipments of electronic materials with robust semiconductor market demand

Highlights

- May, announcement of discontinuation of acrylic latex and photocatalyst coating businesses and closure of Wakayama Plant
- September, establishment of joint venture in China for dry-process lithium-ion battery separator by Polypore

Homes segment (i)

(¥ billion)

	Net sales			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Homes segment	512.3	619.3	107.0	+20.9%
Homes	475.4	584.3	109.0	+22.9%
Order-built homes, etc.	282.0	296.7	14.7	+5.2%
Real estate	135.6	136.4	0.8	+0.6%
Remodeling	39.9	39.5	(0.4)	-0.9%
Overseas business, etc.	18.0	111.8	93.8	–
Construction Materials	37.0	35.0	(2.0)	-5.4%

	Operating income			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Homes segment	48.2	55.7	7.5	+15.6%
Homes	44.9	53.3	8.4	+18.7%
Order-built homes, etc.	22.2	25.2	3.0	+13.5%
Real estate	18.3	15.8	(2.5)	-13.7%
Remodeling	3.7	3.8	0.2	+4.6%
Overseas business, etc.	0.8	8.6	7.8	–
Construction Materials	3.6	2.4	(1.2)	-34.1%

Operating income increase:

- (+) Firm performance of overseas businesses (growth of U.S. business, consolidation of Australia business)
- (+) Higher average unit prices due to increased deliveries of larger order-built homes
- (+) Impact of application of Accounting Standard for Revenue Recognition
- (–) Decreased deliveries of order-built homes

Home order trend

- Year-on-year 25.2% increase in value of new orders for order-built homes with recovery from the significant impact of COVID-19

Highlights

- April, agreement to acquire controlling interest in McDonald Jones in Australia; consolidation in June
- August, announcement of forecast to achieve RE100 target ahead of schedule in 2025 by Asahi Kasei Homes
- November, acquisition of Brewer Companies providing plumbing services for home construction in the US

Homes segment (ii)

(¥ billion, % indicates year-on-year comparison)

		Value of new orders during the term		Sales of order-built homes, etc.				Sales of real estate				Sales of remodeling	Other sales ^{2,3}	Consolidated	Order backlog
				Unit homes	Multi-dwelling homes	Other ¹	Total	Pre-built homes	Rental housing	Other	Total				
FY17	H1	193.1	(-6.5%)	143.2	36.7	2.7	182.7	12.0	45.3	1.6	59.0	26.8	1.1	269.6	528.9
	H2	212.5	(+9.4%)	161.7	58.8	3.6	224.1	14.7	47.8	2.5	65.1	28.4	1.1	318.7	520.9
	annual	405.6	(+1.2%)	304.9	95.6	6.3	406.8	26.8	93.2	4.2	124.1	55.2	2.2	588.3	
FY18	H1	210.1	(+8.8%)	136.4	36.8	2.3	175.5	16.8	49.7	1.6	68.1	27.2	1.0	271.8	557.8
	H2	241.5	(+13.6%)	162.8	61.4	4.0	228.2	13.2	52.1	2.1	67.4	31.2	6.1	332.9	575.0
	annual	451.6	(+11.3%)	299.3	98.1	6.3	403.7	29.9	101.8	3.7	135.4	58.4	7.1	604.7	
FY19	H1	201.9	(-3.9%)	144.0	43.9	9.4	197.3	7.6	54.4	2.3	64.3	32.0	11.3	304.9	589.0
	H2	198.4	(-17.8%)	146.9	62.3	9.2	218.4	28.0	56.8	2.8	87.6	29.4	9.0	344.4	578.2
	annual	400.3	(-11.3%)	290.9	106.2	18.6	415.7	35.5	111.2	5.1	151.9	61.3	20.4	649.3	
FY20	H1	145.3	(-28.1%)	132.8	46.9	8.1	187.8	30.9	58.1	2.1	91.0	25.8	9.8	314.4	543.8
	H2	181.3	(-8.6%)	136.6	61.1	9.2	206.9	11.1	60.8	7.1	79.0	27.2	17.4	330.4	527.5
	annual	326.6	(-18.4%)	269.3	108.0	17.4	394.7	42.0	118.9	9.1	170.1	52.9	27.2	644.8	
FY21 ⁴	H1	206.3	(+42.0%)	127.4	51.0	10.6	189.0	20.5	62.5	3.1	86.0	26.7	74.0	375.8	563.5
	Q3	81.1	(-3.8%)	73.4	29.0	5.2	107.6	17.1	31.8	1.4	50.4	12.8	37.7	208.5	549.9

Forecast for value of new orders FY 21 H2 178.1 (-1.8%) Forecast for order backlog At end of FY 21 552.3
FY 21 full year 384.4 (+17.7%)

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

² Results of Erickson Framing Operations LLC and its consolidated subsidiaries are included from Q4 2018.

³ Results of Australian company McDonald Jones Homes Pty Ltd and its consolidated subsidiaries are included from Q1 2021.

⁴ The Accounting Standard for Revenue Recognition is applied beginning with FY 2021. Order backlog shown above remains based on the previous method.

Health Care segment (i)

(¥ billion)

	Net Sales			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Health Care segment	307.9	312.9	5.0	+1.6%
Health Care	115.0	132.1	17.1	+14.9%
Critical Care	192.9	180.8	(12.1)	-6.3%

	Operating income			
	FY 2020 Apr.–Dec.	FY 2021 Apr.–Dec.	Increase (decrease)	% change
Health Care segment	55.8	50.2	(5.7)	-10.1%
Health Care	19.6	22.5	2.9	+15.0%
Critical Care	36.3	27.7	(8.6)	-23.7%

Operating income decrease:

- (+) Firm performance of defibrillators and LifeVest wearable defibrillators
- (+) Increased shipments of pharmaceuticals centered on Teribone osteoporosis drug
- (+) Gain on accounting treatments associated with acquisition of Respicardia
- (–) Decreased shipments of ventilators

Health Care segment (ii)

Highlights

M&A and licensing-in:

- April, acquisition of Respicardia, Inc. in the U.S. by ZOLL
- April, global license agreement by Veloxis for FR104, a CD28 antagonist monoclonal antibody fragment, for all transplant indications
- July, license agreement by Asahi Kasei Pharma for marketing in Japan of Plaquenil Tablets 200 mg, an immunomodulator
- September, agreement for acquisition by ZOLL of Itamar Medical Ltd., an Israeli medical device manufacturer; completion of acquisition in December
- September, exclusive option agreement by Asahi Kasei Pharma for commercialization in Japan of AGN1 LOEP Hip Kit
- December, acquisition of Bionique Testing Laboratories LLC, an US-based mycoplasma testing services provider, by Asahi Kasei Medical
- December, exclusive distribution agreement in Japan by Asahi Kasei Medical for Seraph 100 Microbind Affinity Blood Filter

Others:

- July, decision to double production capacity for Planova BioEX virus removal filters by Asahi Kasei Medical
- August, decision to transfer manufacture and sales approval for 3 products in Ribotest series of rapid diagnostic test kits by Asahi Kasei Pharma
- September, application for approval to manufacture and sell AK1820 (isavuconazonium sulfate) in Japan by Asahi Kasei Pharma

Health Care segment (iii)

Sales of Health Care business category

(¥ billion)

	FY 2020			FY 2021	
	Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
Pharmaceuticals	21.9	59.8	81.1	25.8	70.6
Medical devices	18.8	55.2	73.3	20.9	61.5
Total	40.7	115.0	154.4	46.8	132.1

Main pharmaceuticals sales

(Sales region, monetary unit)	FY 2020			FY 2021	
	Oct.–Dec.	Apr.–Dec.	Total	Oct.–Dec.	Apr.–Dec.
Asahi Kasei Pharma					
Teribone (Japan, ¥ billion)	8.6	22.8	31.0	10.4	29.0
Recomodulin (Japan, ¥ billion)	2.7	7.5	9.4	2.5	7.0
Kevzara (Japan, ¥ billion)	1.5	3.9	5.3	2.1	5.5
Reclast (Japan, ¥ billion)	0.4	1.0	1.3	0.4	1.0
Plaquenil (Japan, ¥ billion)				1.6	1.6
Veloxis Pharmaceuticals					
Envarsus XR (US, \$ million)	34	94	122	39	107

Health Care segment (iv)

Main pharmaceuticals products

	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

Pharmaceutical 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
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	

Quarterly sales

	FY 2020				FY 2021			(¥ billion)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	FY 2021 H2 forecast
Material segment	204.7	233.7	267.2	285.6	276.8	293.5	312.1	621.7
Basic Materials	57.5	59.2	69.0	83.2	79.1	89.0	98.7	184.9
Performance Products	68.2	90.7	107.5	109.2	110.3	110.5	117.3	244.2
Specialty Solutions	70.0	74.6	80.4	82.1	78.2	84.7	86.0	172.2
Others	9.0	9.2	10.3	11.1	9.2	9.3	10.2	20.4
Homes segment	150.9	187.8	173.6	180.3	197.6	200.5	221.1	425.9
Homes	139.1	175.3	161.0	169.4	187.2	188.6	208.5	400.2
Construction Materials	11.9	12.5	12.6	10.9	10.4	11.9	12.7	25.7
Health Care segment	95.7	109.2	103.0	100.0	105.8	100.1	107.0	217.1
Health Care	36.5	37.8	40.7	39.4	42.8	42.6	46.8	90.7
Critical Care	59.2	71.4	62.3	60.6	63.0	57.5	60.3	126.5
Others	3.9	3.6	3.4	3.4	3.2	3.5	3.4	7.3
Consolidated	455.2	534.2	547.3	569.4	583.4	597.6	643.7	1,272.0

Quarterly operating income

	FY 2020				FY 2021			(¥ billion)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	FY 2021 H2 forecast
Material segment	8.9	12.0	21.9	23.7	32.1	28.6	31.0	55.0
Basic Materials	(1.7)	1.8	4.1	9.8	10.1	12.3	11.4	17.5
Performance Products	1.4	3.4	7.9	6.0	10.6	6.6	9.7	21.1
Specialty Solutions	7.8	7.4	10.1	9.5	12.9	10.6	9.8	16.2
Others	1.4	(0.7)	(0.1)	(1.6)	(1.5)	(0.9)	(0.0)	0.2
Homes segment	10.8	20.9	16.5	15.4	15.2	18.2	22.4	35.9
Homes	9.8	19.6	15.5	14.8	14.7	17.3	21.3	34.0
Construction Materials	1.1	1.3	1.2	0.1	0.4	0.9	1.1	1.9
Health Care segment	15.5	19.9	20.4	11.8	20.5	13.8	15.9	25.2
Health Care	5.7	5.1	8.8	3.4	7.6	5.9	9.0	10.1
Critical Care	9.8	14.8	11.7	8.4	12.9	7.8	6.9	15.1
Others	0.7	1.0	0.7	1.4	0.3	1.1	0.7	1.4
Corporate expenses	(5.8)	(7.1)	(6.8)	(10.0)	(7.6)	(8.9)	(9.0)	(17.5)
Consolidated	30.1	46.7	52.7	42.3	60.5	52.6	60.9	100.0

Notes

- The Accounting Standard for Revenue Recognition is applied beginning with FY 2021, the effect of which is separately indicated as “Accounting standard change” on p. 14 and included in “Others” on p. 15 in the tables of “Sales and operating income increase/decrease.”
- Results of US company Veloxis Pharmaceuticals, Inc. are included in the Health Care business category of the Health Care segment from Q1 2020.
- Results of Australian company McDonald Jones Homes Pty Ltd and its consolidated subsidiaries are included in the Homes business category of the Homes segment from Q1 2021.
- Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

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.”

