

**Asahi Kasei Corporation**

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May 10, 2023

**Consolidated Results for Fiscal 2022:  
April 1, 2022 – March 31, 2023**

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

**I. Summary of Consolidated Results**

## 1. Operating results (percent change from previous year in brackets)

	FY 2022	FY 2021
Net sales	2,726,485 [+10.8%]	2,461,317 [+16.9%]
Operating income	128,352 [-36.7%]	202,647 [+17.9%]
Ordinary income	121,535 [-42.7%]	212,052 [+19.1%]
Net income attributable to owners of the parent	-91,312 [—]	161,880 [+102.9%]
Net income per share*	-65.84	116.68
Diluted net income per share*	—	—
Net income/shareholders' equity	-5.5%	10.3%
Ordinary income/total assets	3.6%	6.8%
Operating income/net sales	4.7%	8.2%

\* Yen

Notes:

- Comprehensive income was ¥25,818 million during fiscal 2022, and ¥261,502 million during fiscal 2021.
- Equity in earnings of affiliates was ¥923 million during fiscal 2022, and ¥8,878 million during fiscal 2021.

## 2. Financial position

At fiscal year end March	2023	2022
Total assets	3,454,526	3,349,075
Net assets	1,696,009	1,718,815
Net worth/total assets	48.1%	50.4%
Net worth per share*	1,198.30	1,216.33

\* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth was ¥1,660,922 million as of March 31, 2023, and ¥1,687,410 million as of March 31, 2022.

## 3. Cash flows

	FY 2022	FY 2021
Cash flows from operating activities	90,804	183,271
Cash flows from investing activities	(213,584)	(221,019)
Cash flows from financing activities	111,780	42,321
Cash and cash equivalents at end of period	247,903	242,948

## II. Cash Dividends

Fiscal year	Cash dividends per share*				Total annual dividend amount	Dividends/ consolidated net income	Dividends/ consolidated net worth	
	Q1	Q2	Q3	Q4				
2021	—	17.00	—	17.00	34.00	47,187	29.1%	3.0%
2022	—	18.00	—	18.00	36.00	49,962	—	3.0%
2023 (forecast)	—	18.00	—	18.00	36.00		49.9%	

\* Yen

## III. Forecast for Fiscal 2023 (April 1, 2023 – March 31, 2024)

(percent change from same period of previous year in brackets)

	For Q1–Q2	For the fiscal year
Net sales	1,360,000 [+0.6%]	2,865,000 [+5.1%]
Operating income	51,500 [−40.0%]	160,000 [+24.7%]
Ordinary income	51,000 [−41.0%]	165,000 [+35.8%]
Net income attributable to owners of the parent	28,000 [−45.9%]	100,000 [—]
Net income per share*	20.20	72.15

\* Yen

Note:

Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.

## IV. Other Information

### 1. Changes in significant subsidiaries which affected scope of consolidation during the period

Addition of one new subsidiary:

Bionova Holdings, Inc.

### 2. Changes in accounting policies, changes in accounting estimates, and retroactive restatement

#### i. Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

Accounting Standards Board of Japan (ASBJ) Guidance No. 31 “Implementation Guidance on Accounting Standard for Fair Value Measurement” is applied from the beginning of the fiscal year ended March 31, 2023. In accordance with Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement regarding transitional treatment, the new accounting policy is to be applied in the future. This change has no effect on the consolidated financial statements for the fiscal year ended March 31, 2023.

#### ii. Application of ASC 842 lease accounting standard

At subsidiaries that apply US GAAP, ASC 842 is applied from the fiscal year ended March 31, 2023. This accounting standard requires a lessee to recognize in principle all leases as assets and liabilities on the balance sheets. As a transitional treatment, the cumulative effect of application of this accounting standard is recognized as of the date of the start of application. As a result, other under property, plant and equipment increased by ¥19,442 million, lease obligations under current liabilities increased by ¥3,576 million, and lease obligations under noncurrent liabilities increased by ¥16,356 million on the consolidated balance sheets for the fiscal year ended March 31, 2023. The effect on the consolidated statements of income is immaterial.

iii. Changes in presentation

Consolidated statements of income:

Foreign exchange gains, which were included in other under non-operating income for the fiscal year ended March 31, 2022, became foreign exchange loss in the fiscal year ended March 31, 2023, and reported separately due to increased materiality. Foreign exchange gains were ¥796 million in the fiscal year ended March 31, 2022.

Costs of idle facilities, which was included in other under non-operating expenses for the fiscal year ended March 31, 2022, is reported separately from the fiscal year ended March 31, 2023, due to increased materiality. Consolidated statements of income for the fiscal year ended March 31, 2022, are restated to reflect this change. As a result, other under non-operating expenses, previously reported to be ¥8,614 million, is separated into other of ¥7,764 million and costs of idle facilities of ¥850 million.

3. Number of shares outstanding

	FY 2022	FY 2021
Number of shares outstanding at end of period	1,393,932,032	1,393,932,032
Number of shares of treasury stock at end of period	7,864,299	6,640,935
Average number of shares outstanding during period	1,386,887,194	1,387,432,219

**V. Summary of Non-Consolidated Results**

1. Results for fiscal 2022 (April 1, 2022 – March 31, 2023)

(1) Operating results (percent change from previous year in brackets)

	FY 2022	FY 2021
Net sales	713,961 [+9.4%]	652,631 [+19.1%]
Operating income (loss)	(11,073) [—]	35,059 [+450.0%]
Ordinary income	38,942 [-52.5%]	81,940 [+26.9%]
Net income (loss)	(201,425) [—]	52,484 [-22.5%]
Net income (loss) per share*	(145.24)	37.83
Diluted net income per share*	—	—

\* Yen

(2) Financial position

At fiscal year end March	2023	2022
Total assets	1,995,939	2,149,337
Net assets	506,780	771,809
Net worth/total assets	25.4%	35.9%
Net worth per share*	365.62	556.34

\* Yen

**VI. Overview of Consolidated Results**

1. Consolidated group results

Net sales increased in all three sectors, notably with the expansion of existing businesses, effect of the weaker yen, higher market prices for petrochemical products, and the effect of consolidation of

acquisitions in the Homes sector, reaching ¥2,726.5 billion, an increase of ¥265.2 billion from a year ago. Although operating income remained firm in the Homes sector, operating income in the Material and Health Care sectors decreased with the deteriorating economic climate and impact of temporary factors. As a result, operating income decreased by ¥74.3 billion to ¥128.4 billion and ordinary income decreased by ¥90.5 billion to ¥121.5 billion. Net income attributable to owners of the parent was impacted by the recording of an impairment loss on goodwill and other intangible assets related to Polypore in the separator business, resulting in a net loss of ¥91.3 billion, a significant decline of ¥253.2 billion from the net income of the previous year.

Regarding non-consolidated results, net sales increased by ¥61.3 billion to ¥714.0 billion, there was an operating loss of ¥11.1 billion representing a ¥46.1 billion decline from the operating income of the previous year, ordinary income decreased by ¥43.0 billion to ¥38.9 billion, and there was a net loss of ¥201.4 billion representing a ¥253.9 billion decline from the net income of the previous year. Decreases in operating income and ordinary income were mainly due to deterioration of performance in the Material segment. The net loss was due to a loss on valuation of shares of subsidiaries and affiliates of ¥257.7 billion related to Asahi Kasei Energy Storage Materials, Inc., the holding company of Polypore, as an effect of the aforementioned impairment loss.

## 2. Results by operating segment

The Asahi Kasei Group's operations are described by major business classification: three reportable segments of Material, Homes, and Health Care, together with an "Others" category.

Accompanying organizational changes at the beginning of the fiscal year, a certain portion of business in Homes and Others, and a certain portion of R&D in corporate expenses, were transferred to Material. Results for the year-ago period have been recalculated for comparison purposes.

### MATERIAL

Sales increased by ¥106.6 billion from a year ago to ¥1,316.6 billion, and operating income decreased by ¥65.0 billion from a year ago to ¥41.0 billion.

Although sales increased with the weaker yen and higher selling prices as a result of passing on increased costs due to higher market prices for petrochemicals, operating income decreased considerably with decreased shipment volumes and lower operating rates for separators and engineering plastics, and deteriorated terms of trade and impact of inventory valuation in basic materials.

### HOMES

Sales increased by ¥76.5 billion from a year ago to ¥899.0 billion, and operating income increased by ¥3.1 billion from a year ago to ¥76.0 billion.

Operating income in order-built homes increased with larger and higher value-added units overcoming increased costs for steel and other materials. Real estate operations were firm. Although construction starts in North America decreased, operating income in overseas operations increased with the effect of the weaker yen and consolidation of the newly acquired Focus Companies.

### HEALTH CARE

Sales increased by ¥81.0 billion from a year ago to ¥496.9 billion, and operating income decreased by ¥10.3 billion from a year ago to ¥41.9 billion.

Although consolidation of Bionova had a negative impact, operating income in health care increased with firm performance of mainstay products.

Operating income in critical care decreased with normalization of the previous year's surge in demand for ventilators due to COVID-19, temporary factors related to the acquisitions of Itamar and Respicardia, and the impact of difficulty in parts procurement.

### OTHERS

Sales increased by ¥1.0 billion from a year ago to ¥14.0 billion, and operating income increased by ¥0.1 billion from a year ago to ¥4.2 billion.

## VII. Consolidated Financial Statements

### 1. Balance sheets

	At end of March 2022	At end of March 2023
<b>Assets</b>		
Current assets		
Cash and deposits	244,641	251,181
Notes, accounts receivable–trade, and contract assets	434,595	442,692
Merchandise and finished goods	252,521	310,380
Work in process	146,120	162,255
Raw materials and supplies	141,608	169,918
Other	117,195	154,335
Allowance for doubtful accounts	(2,471)	(2,567)
Total current assets	1,334,209	1,488,195
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	646,311	663,642
Accumulated depreciation	(333,966)	(347,877)
Buildings and structures, net	312,344	315,765
Machinery, equipment and vehicles	1,569,782	1,611,495
Accumulated depreciation	(1,288,462)	(1,313,694)
Machinery, equipment and vehicles, net	281,320	297,801
Land	69,567	69,232
Lease assets	8,679	12,017
Accumulated depreciation	(6,814)	(6,457)
Lease assets, net	1,865	5,560
Construction in progress	102,284	120,299
Other	159,312	188,994
Accumulated depreciation	(121,477)	(125,950)
Other, net	37,834	63,045
Subtotal	805,215	871,701
Intangible assets		
Goodwill	431,335	368,089
Other	405,508	368,695
Subtotal	836,843	736,784
Investments and other assets		
Investment securities	246,701	212,611
Long-term loans receivable	6,227	8,466
Long-term advance payments–trade	30,432	28,267
Net defined benefit asset	1,193	25,836
Deferred tax assets	54,276	45,916
Other	34,404	37,248
Allowance for doubtful accounts	(426)	(498)
Subtotal	372,808	357,846
Total noncurrent assets	2,014,866	1,966,332
Total assets	3,349,075	3,454,526

	At end of March 2022	At end of March 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	178,092	180,560
Short-term loans payable	239,491	196,032
Commercial paper	113,000	124,000
Current portion of bonds payable	—	40,000
Lease obligations	2,224	6,766
Accrued expenses	146,275	147,163
Income taxes payable	58,115	17,491
Advances received	62,476	72,948
Provision for grant of shares	208	80
Provision for periodic repairs	4,738	8,410
Provision for product warranties	4,007	4,240
Provision for removal cost of property, plant and equipment	4,445	3,788
Other	110,778	110,683
Total current liabilities	923,850	912,163
Noncurrent liabilities		
Bonds payable	160,000	170,000
Long-term loans payable	253,785	409,424
Lease obligations	8,715	28,526
Deferred tax liabilities	52,017	27,767
Provision for grant of shares	490	339
Provision for periodic repairs	5,396	4,309
Provision for removal cost of property, plant and equipment	12,298	15,910
Net defined benefit liability	152,081	128,708
Long-term guarantee deposits	22,490	22,703
Other	39,139	38,671
Total noncurrent liabilities	706,410	846,355
Total liabilities	1,630,260	1,758,517
<b>Net assets</b>		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,887	79,841
Retained earnings	1,282,325	1,142,325
Treasury stock	(6,219)	(7,426)
Total shareholders' equity	1,459,381	1,318,129
Accumulated other comprehensive income		
Net unrealized gain on other securities	66,287	52,310
Deferred gains or losses on hedges	(341)	72
Foreign currency translation adjustment	167,225	265,013
Remeasurements of defined benefit plans	(5,142)	25,397
Total accumulated other comprehensive income	228,029	342,793
Non-controlling interests	31,405	35,087
Total net assets	1,718,815	1,696,009
<b>Total liabilities and net assets</b>	3,349,075	3,454,526

## 2. Statements of income and statements of comprehensive income

### (1) Statements of income

	FY 2021	FY 2022
Net sales	2,461,317	2,726,485
Cost of sales	1,691,549	1,952,709
Gross profit	769,769	773,776
Selling, general and administrative expenses	567,122	645,424
Operating income	202,647	128,352
Non-operating income		
Interest income	1,364	3,896
Dividends income	4,332	4,021
Equity in earnings of affiliates	8,878	923
Other	7,088	5,210
Total non-operating income	21,663	14,050
Non-operating expenses		
Interest expense	3,643	5,907
Foreign exchange loss	—	2,287
Costs of idle facilities	850	3,300
Other	7,764	9,371
Total non-operating expenses	12,257	20,867
Ordinary income	212,052	121,535
Extraordinary income		
Gain on sales of investment securities	26,545	32,201
Gain on sales of noncurrent assets	912	729
Insurance income	3,777	8,814
Gain on step acquisitions	1,700	—
Total extraordinary income	32,934	41,744
Extraordinary loss		
Loss on valuation of investment securities	511	2,805
Loss on disposal of noncurrent assets	7,526	12,517
Impairment loss	6,811	189,446
Loss on fire at plant facilities	—	7,092
Business structure improvement expenses	15,017	13,326
Total extraordinary loss	29,866	225,186
Income (loss) before income taxes	215,121	(61,906)
Income taxes-current	93,046	56,118
Income taxes-deferred	(41,759)	(28,654)
Total income taxes	51,287	27,464
Net income (loss)	163,834	(89,370)
Net income attributable to non-controlling interests	1,954	1,942
Net income (loss) attributable to owners of the parent	161,880	(91,312)

(2) Statements of comprehensive income

	FY 2021	FY 2022
Net income (loss)	163,834	(89,370)
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(25,746)	(13,706)
Deferred gains or losses on hedges	5	414
Foreign currency translation adjustment	114,406	95,343
Remeasurements of defined benefit plans	5,403	30,593
Share of other comprehensive income of affiliates accounted for using equity method	3,599	2,544
Total other comprehensive income	97,668	115,188
Comprehensive income	261,502	25,818
Comprehensive income attributable to:		
Owners of the parent	258,322	23,452
Non-controlling interests	3,180	2,367

### 3. Statements of changes in net assets

	FY 2021	FY 2022
Shareholders' equity		
Capital stock		
Balance at beginning of fiscal year	103,389	103,389
Balance at end of fiscal year	103,389	103,389
Capital surplus		
Balance at beginning of fiscal year	79,641	79,887
Changes during the fiscal year		
Disposal of treasury stock	0	0
Capital increase of consolidated subsidiaries	245	(46)
Total changes of items during the period	245	(46)
Balance at end of fiscal year	79,887	79,841
Retained earnings		
Balance at beginning of fiscal year	1,158,792	1,282,325
Cumulative effect of changes in accounting policies	9,212	—
Restated balance	1,168,004	1,282,325
Changes during the fiscal year		
Dividends from surplus	(47,187)	(48,575)
Net income (loss) attributable to owners of the parent	161,880	(91,312)
Change of scope of consolidation	(371)	(139)
Change of scope of equity method	—	25
Total changes of items during the period	114,321	(140,000)
Balance at end of fiscal year	1,282,325	1,142,325
Treasury stock		
Balance at beginning of fiscal year	(5,932)	(6,219)
Changes during the fiscal year		
Purchase of treasury stock	(412)	(1,414)
Disposal of treasury stock	125	208
Total changes of items during the period	(287)	(1,207)
Balance at end of fiscal year	(6,219)	(7,426)
Total shareholders' equity		
Balance at beginning of fiscal year	1,335,890	1,459,381
Cumulative effect of changes in accounting policies	9,212	—
Restated balance	1,345,102	1,459,381
Changes during the fiscal year		
Dividends from surplus	(47,187)	(48,575)
Net income (loss) attributable to owners of the parent	161,880	(91,312)
Purchase of treasury stock	(412)	(1,414)
Disposal of treasury stock	125	208
Change of scope of consolidation	(371)	(139)
Change of scope of equity method	—	25
Capital increase of consolidated subsidiaries	245	(46)
Total changes of items during the period	114,279	(141,253)
Balance at end of fiscal year	1,459,381	1,318,129

	FY 2021	FY 2022
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of fiscal year	91,887	66,287
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(25,600)	(13,977)
Total changes of items during the period	(25,600)	(13,977)
Balance at end of fiscal year	66,287	52,310
Deferred gains or losses on hedges		
Balance at beginning of fiscal year	(347)	(341)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	5	414
Total changes of items during the period	5	414
Balance at end of fiscal year	(341)	72
Foreign currency translation adjustment		
Balance at beginning of fiscal year	50,462	167,225
Changes during the fiscal year		
Net changes of items other than shareholders' equity	116,763	97,789
Total changes of items during the period	116,763	97,789
Balance at end of fiscal year	167,225	265,013
Remeasurements of defined benefit plans		
Balance at beginning of fiscal year	(10,416)	(5,142)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	5,274	30,538
Total changes of items during the period	5,274	30,538
Balance at end of fiscal year	(5,142)	25,397
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	131,586	228,029
Changes during the fiscal year		
Net changes of items other than shareholders' equity	96,443	114,764
Total changes of items during the period	96,443	114,764
Balance at end of fiscal year	228,029	342,793
Non-controlling interests		
Balance at beginning of fiscal year	27,058	31,405
Changes during the fiscal year		
Net changes of items other than shareholders' equity	4,347	3,682
Total changes of items during the period	4,347	3,682
Balance at end of fiscal year	31,405	35,087
Total net assets		
Balance at beginning of fiscal year	1,494,535	1,718,815
Cumulative effect of changes in accounting policies	9,212	—
Restated balance	1,503,747	1,718,815
Changes during the fiscal year		
Dividends from surplus	(47,187)	(48,575)
Net income (loss) attributable to owners of the parent	161,880	(91,312)
Purchase of treasury stock	(412)	(1,414)
Disposal of treasury stock	125	208
Change of scope of consolidation	(371)	(139)
Change of scope of equity method	—	25
Capital increase of consolidated subsidiaries	245	(46)
Net changes of items other than shareholders' equity	100,789	118,446
Total changes of items during the period	215,069	(22,806)
Balance at end of fiscal year	1,718,815	1,696,009

#### 4. Statements of cash flows

	FY 2021	FY 2022
Cash flows from operating activities		
Income (loss) before income taxes	215,121	(61,906)
Depreciation and amortization	119,738	138,956
Impairment loss	6,811	189,446
Amortization of goodwill	28,391	37,695
Increase (decrease) in provision for grant of shares	60	(279)
Increase (decrease) in provision for periodic repairs	(502)	2,585
Increase (decrease) in provision for product warranties	233	198
Increase (decrease) in provision for removal cost of property, plant and equipment	(1,562)	2,951
Increase (decrease) in net defined benefit liability	(2,939)	(5,838)
Interest and dividend income	(5,696)	(7,917)
Interest expense	3,643	5,907
Equity in (earnings) losses of affiliates	(8,878)	(923)
(Gain) loss on sales of investment securities	(26,545)	(32,201)
(Gain) loss on valuation of investment securities	511	2,805
(Gain) loss on sale of property, plant and equipment	(912)	(729)
(Gain) loss on disposal of noncurrent assets	7,526	12,517
(Increase) decrease in notes, accounts receivable–trade, and contract assets	(45,911)	8,405
(Increase) decrease in inventories	(73,257)	(84,053)
Increase (decrease) in notes and accounts payable–trade	21,392	(7,949)
Increase (decrease) in accrued expenses	10,184	(5,167)
Increase (decrease) in advances received	10,546	8,040
Other, net	(19,112)	(8,982)
Subtotal	238,843	193,563
Interest and dividend income, received	7,212	13,666
Interest expense paid	(3,647)	(5,859)
Income taxes (paid) refund	(59,137)	(110,565)
Net cash provided by (used in) operating activities	183,271	90,804
Cash flows from investing activities		
Payments into time deposits	(3,267)	(5,209)
Proceeds from withdrawal of time deposits	7,224	3,702
Purchase of property, plant and equipment	(142,256)	(151,973)
Proceeds from sales of property, plant and equipment	1,280	7,796
Purchase of intangible assets	(27,452)	(20,185)
Purchase of investment securities	(5,805)	(7,352)
Proceeds from sales of investment securities	33,437	43,200
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(80,912)	(78,420)
Payments of loans receivable	(6,102)	(6,661)
Collection of loans receivable	2,782	2,132
Other, net	52	(613)
Net cash provided by (used in) investing activities	(221,019)	(213,584)

	FY 2021	FY 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	65,632	(29,778)
Increase (decrease) in commercial paper	29,000	11,000
Proceeds from long-term loans payable	896	209,648
Repayment of long-term loans payable	(51,094)	(75,461)
Proceeds from issuance of bonds payable	50,000	50,000
Repayments of lease obligations	(2,298)	(3,665)
Purchase of treasury stock	(412)	(1,415)
Proceeds from disposal of treasury stock	125	208
Cash dividends paid	(47,187)	(48,575)
Proceeds from share issuance to non-controlling interests	—	1,499
Cash dividends paid to non-controlling interests	(2,190)	(1,371)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	—	(163)
Other, net	(152)	(149)
Net cash provided by (used in) financing activities	42,321	111,780
Effect of exchange rate change on cash and cash equivalents	21,027	15,744
Net increase (decrease) in cash and cash equivalents	25,600	4,744
Cash and cash equivalents at beginning of period	216,235	242,948
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	1,112	212
Cash and cash equivalents at end of period	242,948	247,903

## VIII. Business combinations

### 1) Purchase of shares of Bionova Holdings, Inc.

Asahi Kasei Medical Co., Ltd. (Asahi Kasei Medical), a consolidated subsidiary of Asahi Kasei, concluded an agreement through Asahi Kasei Bioprocess Holdings, Inc., a U.S. subsidiary of Asahi Kasei Medical, to wholly acquire Bionova Holdings, Inc. (Registered in Delaware, U.S.; CEO: Darren Head), the 100% parent company of Bionova Scientific, LLC, a provider of contract process development services and GMP (Good Manufacturing Practice) compliant contract manufacturing services to biopharmaceutical companies, especially those developing next-generation antibody based drugs. The acquisition process was completed on May 31, 2022 (JST).

#### 1. Outline of business combination

##### (1) Name and nature of business of counterparty

Name of acquired company: Bionova Holdings, Inc.

Nature of business: Biopharmaceutical manufacturing process development, GMP-compliant contract manufacturing of current and next-generation antibody drugs via its 100% owned operating subsidiary Bionova Scientific, LLC

##### (2) Main reasons for the acquisition

This acquisition enables Asahi Kasei Medical to add a biopharmaceutical CDMO (contract development and manufacturing organization) to its bioprocess business. As process development and GMP manufacturing operations are key to the overall success of biopharmaceutical customers' businesses and the launch of new drugs, being able to offer a broader range of critical know-how driven services to biopharmaceutical customers will allow Asahi Kasei Medical to grow its bioprocess business more rapidly by better serving the industry and by reaching a broader range of customers, including those at the cutting edge of next generation biopharmaceuticals.

##### (3) Acquisition date

May 31, 2022

(4) Statutory form of business combination  
Stock purchase for cash as consideration

(5) Name of company after transaction  
Bionova Holdings, Inc.

(6) Acquired voting right  
Voting right before the acquisition: 0%  
Voting right after the acquisition: 100%

(7) Grounds for determining acquiring company  
Stock purchase for cash as consideration by a consolidated subsidiary

2. The period of acquired company's results included in the consolidated financial statements  
From July 1, 2022, to March 31, 2023

3. Cost of acquisition and details

<u>Purchase consideration</u>	cash	<u>¥42,882 million</u>
Purchase price		¥42,882 million

4. Major acquisition related costs

Advisory fees and others: ¥534 million

5. Amount of goodwill, measurement principle, amortization method, and useful life

(1) Amount of goodwill:  
¥35,455 million

(2) Measurement principle:  
Goodwill is measured as the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed

(3) Amortization method and useful life:  
Straight-line method over 20 years

6. Details of assets acquired and liabilities assumed as of the acquisition date

Current assets	¥1,543 million
<u>Noncurrent assets</u>	<u>¥13,246 million</u>
<u>Total assets</u>	<u>¥14,789 million</u>
Current liabilities	¥1,491 million
<u>Noncurrent liabilities</u>	<u>¥3,056 million</u>
<u>Total liabilities</u>	<u>¥4,547 million</u>

7. Amount of identifiable intangible assets other than goodwill, its details and major weighted average useful life

(1) Purchase price allocated to intangible assets and its major items  
Customer relationships ¥6,559 million

(2) Major weighted average useful life  
Customer relationships 20 years

8. Pro forma effects on the consolidated statements of income assuming the business combination had been completed at the beginning of fiscal year, and method of calculation thereof  
Information is omitted due to immateriality. This note is not subject to audit.

2) Purchase of ownership of Focus Companies

Asahi Kasei Homes Corp. (Asahi Kasei Homes), a consolidated subsidiary of Asahi Kasei, concluded an agreement on October 14, 2022 (U.S. Eastern time) through a U.S. subsidiary of Asahi Kasei Homes, to acquire 100% ownership of Focus Plumbing LLC, Focus Framing, Door & Trim LLC, Focus Electric LLC, Focus Concrete, LLC, and Focus Fire Protection LLC (collectively referred to as “Focus Companies”), a Nevada-based residential plumbing, framing, electric, concrete, and fire protection group (CEO: Steve Menzies). The transaction was completed on October 31, 2022 (U.S. Eastern time).

## 1. Outline of business combination

### (1) Name and nature of business of counterparty

Names of acquired companies: Focus Plumbing LLC, Focus Framing, Door & Trim LLC, Focus Electric LLC, Focus Concrete, LLC, Focus Fire Protection LLC

Nature of business: Nevada-based residential plumbing, framing, electric, concrete, and fire protection group

### (2) Main reasons for the acquisition

While strengthening its core business of order-built unit homes in Japan, Asahi Kasei Homes considers North American and Australian businesses to be important sources of additional growth, positioned as one of the Asahi Kasei Group’s “10 Growth Gears” (GG10), businesses to lead the next phase of growth in fields of focus as part of its medium-term management plan for fiscal 2024 focused on the theme “Be a Trailblazer.” In North America, Asahi Kasei Homes acquired full ownership of Erickson Framing Operations LLC, an Arizona-based supplier of prefabricated building components in 2018; Austin companies<sup>1</sup>, an Arizona-based residential electrical, concrete, and HVAC group in 2020; and Brewer companies<sup>2</sup>, an Arizona-based residential plumbing group in 2021. Asahi Kasei Homes aims to enhance productivity and quality at manufacturing and construction sites by leveraging its systemization know-how.

The Focus Companies have provided high-quality services for residential plumbing, framing, electric, concrete, etc., earning a strong reputation among builders. The acquisition of the Focus Companies was agreed based on expectation of firm housing demand resulting from a shortage of housing due to population growth in Nevada, while having positive synergies with existing businesses in the adjacent state of Arizona. Asahi Kasei Homes aims to provide high-quality home-building services for the construction industry in the U.S., which has many challenges such as labor shortages and long construction periods.

<sup>1</sup> Austin Electric Services, LLC, Austin Concrete & Stone, LLC, and Austin HVAC, LLC

<sup>2</sup> Brewer Companies, LLC, Brewer Enterprises, Inc., Brewer Commercial Services, LLC, JBKB LLC (dba Benjamin Franklin Plumbing), and T-Plug LLC

### (3) Acquisition date

October 31, 2022

### (4) Statutory form of business combination

Ownership purchase for cash as consideration

### (5) Names of companies after transaction

Focus Plumbing LLC, Focus Framing, Door & Trim LLC, Focus Electric LLC, Focus Concrete, LLC, Focus Fire Protection LLC

### (6) Acquired voting right

Voting right before the acquisition: 0%

Voting right after the acquisition: 100%

### (7) Grounds for determining acquiring company

Ownership purchase for cash as consideration by a consolidated subsidiary

## 2. The period of acquired business’s results included in the consolidated financial statements

From November 1, 2022, to March 31, 2023

3. Cost of acquisition and details

<u>Purchase consideration</u>	cash	<u>¥36,183 million</u>
Purchase price:		¥36,183million

4. Major acquisition related costs

Advisory fees and others: ¥724 million

5. Amount of goodwill, measurement principle, amortization method, and useful life

(1) Amount of goodwill:

¥34,952 million\*

\* Based on provisional calculation.

(2) Measurement principle:

Goodwill is measured as the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed

(3) Amortization method and useful life:

Not determined

6. Details of assets acquired and liabilities assumed as of the acquisition date

Current assets	¥9,620 million
<u>Noncurrent assets</u>	<u>¥986 million</u>
<u>Total assets</u>	<u>¥10,606 million</u>
<u>Current liabilities</u>	<u>¥9,375 million</u>
<u>Total liabilities</u>	<u>¥9,375 million</u>

7. Pro forma effects on the consolidated statements of income assuming the business combination had been completed at the beginning of fiscal year, and method of calculation thereof

Information is omitted due to immateriality. This note is not subject to audit.

3) Finalization of provisional accounting treatment for business combination

At the close of the fiscal year ended March 31, 2022, provisional accounting treatment was applied to the business combination with Itamar Medical Ltd., which was performed on December 16, 2021 (U.S. Eastern time). The accounting treatment was finalized during the fiscal year ended March 31, 2023. As a result of review of purchase price allocation, the amount of goodwill has changed from the provisional amount of ¥37,776 million to ¥37,989 million, an increase of ¥213 million.

1. Amount of goodwill, measurement principle, amortization method, and useful life

(1) Amount of goodwill:

¥37,989 million

(2) Measurement principle:

Goodwill is measured as the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed

(3) Amortization method and useful life:

Straight-line method over 20 years

## IX. Segment Information

### 1. Reporting segments

#### (1) Fiscal 2021

	Reporting segments				Others <sup>1</sup>	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	1,210,013	822,449	415,883	2,448,344	12,973	2,461,317
Intersegment	7,639	6,677	20	14,336	40,508	54,844
<b>Total</b>	<b>1,217,652</b>	<b>829,126</b>	<b>415,903</b>	<b>2,462,680</b>	<b>53,481</b>	<b>2,516,161</b>
Operating income	105,969	72,918	52,159	231,046	4,114	235,160
Assets	1,792,383	635,784	861,139	3,289,305	94,687	3,383,992
<i>Other items</i>						
Depreciation and amortization <sup>2</sup>	64,241	13,847	34,504	112,593	1,047	113,640
Amortization of goodwill	12,775	556	15,059	28,391	—	28,391
Investments in associates accounted for using equity method	70,355	8,342	2,314	81,011	20,485	101,496
Increase in property, plant and equipment, and intangible assets	121,289	18,600	24,882	164,771	3,020	167,792

<sup>1</sup> Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

<sup>2</sup> Excluding amortization of goodwill.

#### (2) Fiscal 2022

	Reporting segments				Others <sup>1</sup>	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	1,316,615	898,971	496,881	2,712,466	14,019	2,726,485
Intersegment	10,739	8,291	33	19,063	44,888	63,951
<b>Total</b>	<b>1,327,354</b>	<b>907,262</b>	<b>496,914</b>	<b>2,731,530</b>	<b>58,906</b>	<b>2,790,436</b>
Operating income	41,016	76,018	41,860	158,895	4,250	163,145
Assets	1,751,117	673,257	954,538	3,378,911	102,287	3,481,198
<i>Other items</i>						
Depreciation and amortization <sup>2</sup>	72,078	16,171	43,397	131,646	775	132,421
Amortization of goodwill	15,384	1,200	21,111	37,695	—	37,695
Investments in associates accounted for using equity method	66,560	5,242	2,502	74,305	22,553	96,858
Increase in property, plant and equipment, and intangible assets	106,494	25,685	25,106	157,285	645	157,930

<sup>1</sup> Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

<sup>2</sup> Excluding amortization of goodwill

2. Differences between total amounts of reporting segments and recorded amounts on consolidated financial statements

Sales	Fiscal 2021	Fiscal 2022
Total of reporting segments	2,462,680	2,731,530
Net sales in "Others" category	53,481	58,906
Elimination of intersegment transactions	(54,844)	(63,951)
Net sales on consolidated statements of income	2,461,317	2,726,485

Operating income	Fiscal 2021	Fiscal 2022
Total of reporting segments	231,046	158,895
Operating income in "Others" category	4,114	4,250
Elimination of intersegment transactions	189	301
Corporate expenses, etc. <sup>1</sup>	(32,702)	(35,095)
Operating income on consolidated statements of income	202,647	128,352

<sup>1</sup> Corporate expenses, etc. include corporate revenue, basic research expense, and group management expense, etc. which are not allocated to reporting segments.

Assets	Fiscal 2021	Fiscal 2022
Total of reporting segments	3,289,305	3,378,911
Assets in "Others" category	94,687	102,287
Elimination of intersegment transactions	(533,096)	(519,877)
Corporate assets <sup>1</sup>	498,180	493,205
Total assets on consolidated balance sheets	3,349,075	3,454,526

<sup>1</sup> Corporate assets include assets of Asahi Kasei Corp.—surplus operating funds (cash and deposits), long-term investment capital (investment securities, etc.), and land, etc.

## X. Geographic information

### 1. Fiscal 2021

#### (1) Net sales

Japan	United States	China	Other regions	Total
1,276,878	357,472	238,681	588,286	2,461,317

#### (2) Property, plant and equipment

Japan	United States	Other regions	Total
569,214	119,423	116,578	805,215

### 2. Fiscal 2022

#### (1) Net sales

Japan	United States	China	Other regions	Total
1,347,958	455,712	241,960	680,855	2,726,485

#### (2) Property, plant and equipment

Japan	United States	Other regions	Total
595,513	156,637	119,551	871,701