

Fiscal quarter ended June 2020  
– supplementary financial summary –

August 4, 2020

Asahi Kasei Corporation

# Contents

## 1. Consolidated results for fiscal quarter ended June 2020

8	Summary of financial results
9	Statements of income
10	Balance sheets
11	Cash flows
12	Sales and operating income increase/decrease by segment

## 2. Forecast for first half fiscal 2020

14	Consolidated operating performance forecast
15	Sales and operating income forecast by segment

## 3. Appendix

17-18	Sales and operating income increase/decrease by business category
19-20	Sales and operating income forecast for first half by business category
21	Overseas sales by business category
22	Extraordinary income and loss
23-31	Overview of results by segment
32-33	Quarterly sales and operating income by segment

### 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 Q1 2020 results

- ✓ Operating income in Material decreased as an effect of global economic slowdown resulting from novel coronavirus pandemic, while operating income in Homes and Health Care increased.
- **Material**
  - Basic Materials:** Operating income decreased with reduced shipment volumes, effects of lower market prices for petrochemical feedstocks on inventories, and deteriorated terms of trade for acrylonitrile (AN).
  - Performance Products:** Operating income decreased as an effect of significant declines in demand among automobile-related markets and apparel-related markets.
  - Specialty Solutions:** Operating income increased with favorable demand related to communications infrastructure and tablet PCs, while lithium-ion battery separator shipments increased firmly.
- **Homes**
  - ◆ Operating income increased with firm performance of condominiums in real estate, and a portion of deliveries of order-built homes being postponed from the previous period due to delayed supply of components as an effect of the novel coronavirus.
  - ◆ Orders for order-built homes decreased from the year-ago period due to restriction of admission to model homes to prevent the spread of novel coronavirus infection.
- **Health Care**
  - ◆ Despite negative factors such as reduced outpatient visits and curtailed business activity due to the novel coronavirus, and amortization of goodwill related to the acquisition of Veloxis Pharmaceuticals Inc., operating income increased with shipment growth for ventilators and virus removal filters as an effect of elevated demand due to the novel coronavirus.

# Focus of Q2 2020 forecast

- ✓ Q2 operating income expected to be even with Q1 in Material, increase from Q1 in Homes and Health Care; year-on-year, decrease in Material and Homes, increase in Health Care, and decrease overall.

- **Material**

Recovery of demand is expected, especially with recovery of vehicle production, but operating income is expected to be even with Q1 as a portion of product shipments spill into Q3. Year-on-year decrease expected with effects of lower petrochemical feedstock prices and declines in demand among automobile-related and apparel-related markets similar to Q1.

- **Homes**

Firm performance in real estate such as condominiums expected, but year-on-year operating income decrease with reduced deliveries of order-built homes as measures to prevent novel coronavirus infection make construction work slower, and impact of lower orders for remodeling. Orders for order-built homes expected to recover with gradual recovery of customer visits to model homes and use of digital marketing leveraging IT.

- **Health Care**

Year-on-year, operating income decrease expected in Health Care business category with impact of amortization of goodwill related to Veloxis, effect of novel coronavirus, and reduced reimbursement prices in Japan, but operating income increase expected in Critical Care business category centered on increased demand for ventilators; operating income increase expected for Health Care segment overall.

# Focus of FY 2020 full-year forecast (1)

## H2 2020 and full-year forecast

- ✓ Regarding the impact of the novel coronavirus, although it remains difficult to anticipate the spread of infections, economic policies, and recovery of markets in various countries, it is believed that the general trend for recovery of economic activity with measures to prevent infection will continue. Due to obscurity of the market environment outlook, the H2 and full-year forecasts for Material, having a broad scope of business activity, are determined in a range, as are the overall consolidated operating income forecasts.
- ✓ Operating income change from H1 to H2
  - **Material**
    - ◆ Operating income increase expected with improved automobile-related demand due to recovery of vehicle production, and recovery of demand and improved terms of trade for petrochemical products such as AN.
  - **Homes**
    - ◆ Slight operating income increase expected with gradual easing of restrictions to prevent novel coronavirus infection.
    - ◆ Orders for order-built homes expected to recover with gradual recovery of customer visits to model homes and use of digital marketing leveraging IT.
  - **Health Care**
    - ◆ Operating income decrease expected as ventilator demand subsides and due to tendency for Health Care business category fixed costs to occur in H2.

# Focus of FY 2020 full-year forecast (2)

## H2 2020 and full-year forecast (continued)

### ✓ Full-year forecast (net sales, operating income, year-on-year change)

#### ➤ **Material**

Net sales decline by around 15% and operating income decline by around 50% with significant impact from novel coronavirus.

#### ➤ **Homes**

Net sales decline by around 5% and operating income decline by around 30%.

#### ➤ **Health Care**

Net sales growth by over 15% with contribution from acquired businesses and operating income growth by around 25%.

Together with curtailment of corporate expenses, overall operating income expected to decrease by around 30% to ¥120–130 billion. While the severe operating environment and uncertainty about the outlook persist, efforts will be made to improve performance by curtailing fixed costs, reducing inventories, and making swift and appropriate management decisions according to changes in the environment.

## Shareholder returns

- ✓ Basic policy for stable dividends and continuously increased dividends remains unchanged.
- ✓ Interim dividends to be determined based on H1 results and full-year forecast after Q2, annual dividends to be determined based on full-year results and ascertaining effect of novel coronavirus on the subsequent fiscal year.



1. Consolidated results for fiscal quarter ended June 2020

# Summary of financial results

(¥ billion)

	Q1 2019	Q1 2020	Increase (decrease)	% change
Net sales	502.1	455.2	(46.9)	-9.3%
Operating income	41.3	30.1	(11.2)	-27.2%
Ordinary income	44.0	30.2	(13.7)	-31.3%
Net income attributable to owners of the parent	24.4	13.6	(10.8)	-44.3%

¥/US\$ exchange rate (market average)	110	108	(2)
¥/€ exchange rate (market average)	123	118	(5)

# Statements of income

(¥ billion)

	Q1 2019		Q1 2020		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	502.1	100.0%	455.2	100.0%	(46.9)	-9.3%
Cost of sales	339.4	67.6%	305.3	67.1%	(34.1)	-10.0%
Gross profit	162.7	32.4%	149.9	32.9%	(12.8)	-7.9%
Selling, general and administrative expenses	121.4	24.2%	119.8	26.3%	(1.6)	-1.3%
Operating income	41.3	8.2%	30.1	6.6%	(11.2)	-27.2%
Net non-operating income (expenses)	2.6		0.1		(2.5)	
of which,						
net financing income (expense)	1.7		1.3		(0.3)	
net equity in earnings (losses) of affiliates	2.2		(0.1)		(2.3)	
foreign exchange gains (loss)	(0.9)		(0.4)		0.5	
Ordinary income	44.0	8.8%	30.2	6.6%	(13.7)	-31.3%
Net extraordinary income (loss)	(0.2)		(4.8)		(4.5)	
Income before income taxes	43.8	8.7%	25.5	5.6%	(18.3)	-41.8%
Income taxes	18.8		11.2		(7.7)	
Net income attributable to non-controlling interests	0.5		0.7		0.2	
Net income attributable to owners of the parent	24.4	4.9%	13.6	3.0%	(10.8)	-44.3%

# Balance sheets

(¥ billion)

	At end of Mar. 2020	At end of Jun. 2020	Increase (decrease)		At end of Mar. 2020	At end of Jun. 2020	Increase (decrease)
Current assets	1,107.4	1,070.9	(36.5)	Liabilities	1,438.8	1,409.0	(29.8)
Cash and deposits	208.0	210.1	2.1	Current liabilities	842.5	689.1	(153.4)
Notes and accounts receivable–trade	331.0	278.5	(52.5)	Noncurrent liabilities <sup>2</sup>	596.3	719.9	123.6
Inventories	477.8	497.1	19.3	Net assets	1,383.5	1,379.1	(4.4)
Other current assets	90.6	85.1	(5.5)	Shareholders' equity	1,302.8	1,294.0	(8.8)
Noncurrent assets	1,714.8	1,717.2	2.4	Capital stock	103.4	103.4	–
Property, plant and equipment	653.7	664.7	11.1	Capital surplus	79.6	79.7	0.0
Intangible assets <sup>1</sup>	715.2	696.4	(18.9)	Retained earnings	1,125.7	1,116.9	(8.8)
Investments and other assets <sup>1</sup>	345.9	356.1	10.2	Treasury stock	(6.0)	(6.0)	(0.0)
				Accumulated other comprehensive income	56.5	61.0	4.5
				Noncurrent liabilities	24.1	24.1	(0.0)
Total assets	2,822.3	2,788.1	(34.2)	Total liabilities and net assets	2,822.3	2,788.1	(34.2)

Goodwill <sup>1</sup>	365.7	355.5	(10.2)
Interest-bearing debt <sup>2</sup>	703.8	710.8	7.0
D/E ratio	0.52	0.52	0.01

<sup>1</sup> Figures at the end of March 2020 retroactively revised reflecting PPA (purchase price allocation) results completed in Q1 2020 related to Veloxis Pharmaceuticals Inc. acquired on March 3, 2020 (CET).

Before revision : goodwill ¥149.1 billion, investments and other assets ¥5.5 billion

After revision : goodwill ¥45.2 billion, intangible assets ¥133.6 billion, noncurrent liabilities ¥24.3 billion

<sup>2</sup> Excluding lease obligations.

# Cash flows

(¥ billion)

	Q1 2019	Q1 2020
a. Net cash provided by (used in) operating activities	15.9	50.1
b. Net cash provided by (used in) investing activities	(16.4)	(32.8)
c. Free cash flows [a+b]	(0.5)	17.3
d. Net cash provided by (used in) financing activities	(5.3)	(16.4)
e. Effect of exchange rate change on cash and cash equivalents	(4.3)	(0.5)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(10.1)	0.3
g. Cash and cash equivalents at beginning of period	180.5	204.8
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.1	1.7
i. Cash and cash equivalents at end of period [f+g+h]	170.5	206.8

# Sales and operating income increase/decrease by segment

AsahiKASEI

(¥ billion)

		Q1 2019	Q1 2020	Net increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Material	Sales	271.4	204.7	(66.7)	-24.6%	(46.6)	(16.2)	(1.4)	(3.9)
	Operating income	25.9	8.9	(17.0)	-65.7%	(16.1)			15.3
Homes	Sales	144.6	150.9	6.3	+4.4%	0.4	(1.0)	-	7.0
	Operating income	9.9	10.8	0.8	+8.4%	(0.9)			2.8
Health Care <sup>1</sup>	Sales	82.7	95.7	13.0	+15.7%	8.5	(0.2)	(0.0)	4.7
	Operating income	12.6	15.5	2.9	+22.9%	3.9			(0.8)
Others	Sales	3.5	3.9	0.4	+11.7%	0.4	-	-	-
	Operating income	0.3	0.7	0.4	-	0.3			0.1
Corporate expenses and eliminations	Operating income	(7.4)	(5.8)	1.6	-	-	-	-	1.6
Consolidated	Sales	502.1	455.2	(46.9)	-9.3%	(37.3)	(17.4)	(1.4)	7.7
	Operating income	41.3	30.1	(11.2)	-27.2%	(12.8)			18.9

<sup>1</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care segment from Q1 2020.



## 2. Forecast for first half fiscal 2020

# Consolidated operating performance forecast

(¥ billion)

	FY 2019			FY 2020 forecast			Increase (decrease) b-a	% change
	Q1	Q2	H1 a	H1		H1 b		
				Q1	Q2			
Net sales	502.1	566.6	1,068.6	455.2	523.8	979.0	(89.6)	-8.4%
Operating income	41.3	60.4	101.7	30.1	35.9	66.0	(35.7)	-35.1%
Ordinary income	44.0	61.3	105.3	30.2	36.3	66.5	(38.8)	-36.8%
Net income attributable to owners of the parent	24.4	53.5	77.9	13.6	19.4	33.0	(44.9)	-57.6%

¥/US\$ exchange rate (market average)	110	107	109	108	105	106	(2)
¥/€ exchange rate (market average)	123	119	121	118	120	119	(2)

# Sales and operating income forecast by segment

## Sales

(¥ billion)

	FY 2019			FY 2020 forecast			Net Increase (decrease) b-a	% change
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 b		
Material	271.4	288.9	560.2	204.7	227.3	432.0	(128.2)	-22.9%
Homes	144.6	188.9	333.4	150.9	179.1	330.0	(3.4)	-1.0%
Health Care <sup>1</sup>	82.7	84.9	167.6	95.7	113.3	209.0	41.4	+24.7%
Others	3.5	3.9	7.4	3.9	4.1	8.0	0.6	+8.3%
Consolidated	502.1	566.6	1,068.6	455.2	523.8	979.0	(89.6)	-8.4%

## Operating income

	FY 2019			FY 2020 forecast			Net Increase (decrease) b-a	% change
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 b		
Material	25.9	31.0	56.9	8.9	9.1	18.0	(38.9)	-68.3%
Homes	9.9	22.8	32.7	10.8	13.2	24.0	(8.7)	-26.6%
Health Care <sup>1</sup>	12.6	13.3	25.9	15.5	20.0	35.5	9.6	+37.0%
Others	0.3	0.8	1.1	0.7	0.3	1.0	(0.1)	-5.9%
Corporate expenses and eliminations	(7.4)	(7.5)	(14.9)	(5.8)	(6.7)	(12.5)	2.4	—
Consolidated	41.3	60.4	101.7	30.1	35.9	66.0	(35.7)	-35.1%

<sup>1</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care segment from Q1 2020.



## 3. Appendix

# Sales and operating income increase/decrease by business category<sup>1</sup> (i)

(¥ billion)

		Q1 2019	Q1 2020	Net increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Basic Materials	Sales <sup>2</sup>	81.1	59.8	(21.3)	-26.2%	(8.8)	(11.6)	(0.2)	(0.8)
	Operating income	8.8	(1.7)	(10.4)	-119.2%	(3.8)			5.0
Performance Products	Sales <sup>2</sup>	108.6	67.9	(40.7)	-37.5%	(37.6)	(2.1)	(0.4)	(0.9)
	Operating income	10.4	1.4	(9.0)	-86.7%	(13.1)			6.2
Specialty Solutions	Sales <sup>2</sup>	71.3	70.3	(1.0)	-1.5%	1.1	(2.4)	(0.8)	0.3
	Operating income	5.4	7.8	2.4	+43.6%	0.8			4.0
Others in Material	Sales <sup>2</sup>	10.4	6.7	(3.7)	-36.0%	(1.2)	-	-	(2.5)
	Operating income	1.3	1.4	0.1	+9.4%	(0.0)			0.1
Homes	Sales	130.6	139.1	8.5	+6.5%	2.6	(1.2)	-	7.0
	Operating income	8.8	9.8	1.0	+11.6%	(0.3)			2.5
Construction Materials	Sales	14.0	11.9	(2.1)	-15.3%	(2.3)	0.2	-	-
	Operating income	1.3	1.1	(0.2)	-15.0%	(0.6)			0.3

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Beginning with FY 2020, method of consolidation adjustment in Material segment is changed. FY 2019 sales results are recalculated in accordance with the change.

# Sales and operating income increase/decrease by business category<sup>1</sup> (ii)

(¥ billion)

		Q1 2019	Q1 2020	Net increase (decrease)	% change	Increase (decrease) due to:			
						Sales volume	Sales prices	of which, due to foreign exchange	Others
Health Care <sup>2</sup>	Sales	34.3	36.5	2.2	+6.5%	(0.2)			3.0
	Operating income	6.8	5.7	(1.0)	-15.4%	(0.1)	(0.5)	(0.0)	(0.4)
Critical Care	Sales	48.4	59.2	10.8	+22.3%	8.8			1.7
	Operating income	5.9	9.8	3.9	+67.3%	4.0	0.3	(0.0)	(0.4)
Others	Sales	3.5	3.9	0.4	+11.7%	0.4			–
	Operating income	0.3	0.7	0.4	–	0.3	–	–	0.1
Corporate expenses and eliminations	Operating income	(7.4)	(5.8)	1.6	–	–	–	–	1.6
Consolidated	Sales	502.1	455.2	(46.9)	-9.3%	(37.3)			7.7
	Operating income	41.3	30.1	(11.2)	-27.2%	(12.8)	(17.4)	(1.4)	18.9

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# Sales forecast for first half by business category

(¥ billion)

	FY 2019			FY 2020 forecast			Increase (decrease) b-a	% change
	Q1	Q2	H1 a	Q1	Q2	H1 b		
Basic Materials <sup>1</sup>	81.1	85.2	166.3	59.8	59.2	119.0	(47.3)	-28.4%
Performance Products <sup>1</sup>	108.6	109.4	217.9	67.9	89.1	157.0	(60.9)	-28.0%
Specialty Solutions <sup>1</sup>	71.3	84.8	156.1	70.3	70.7	141.0	(15.1)	-9.7%
Others in Material <sup>1</sup>	10.4	9.5	19.9	6.7	8.3	15.0	(4.9)	-24.6%
Homes	130.6	174.3	304.9	139.1	166.9	306.0	1.1	+0.4%
Construction Materials	14.0	14.5	28.6	11.9	12.1	24.0	(4.6)	-16.0%
Health Care <sup>2</sup>	34.3	35.8	70.1	36.5	39.5	76.0	5.9	+8.4%
Critical Care	48.4	49.1	97.5	59.2	73.8	133.0	35.5	+36.4%
Others	3.5	3.9	7.4	3.9	4.1	8.0	0.6	+8.3%
Consolidated	502.1	566.6	1,068.6	455.2	523.8	979.0	(89.6)	-8.4%

<sup>1</sup> Beginning with FY 2020, method of consolidation adjustment in Material segment is changed. FY 2019 sales results are recalculated in accordance with the change.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# Operating income forecast for first half by business category<sup>1</sup>

(¥ billion)

	FY 2019			FY 2020			Increase (decrease) b-a	% change
	Q1	Q2	H1 a	Q1	Q2	H1 b		
Basic Materials	8.8	11.3	20.1	(1.7)	1.2	(0.5)	(20.6)	-102.5%
Performance Products	10.4	10.2	20.7	1.4	3.1	4.5	(16.2)	-78.2%
Specialty Solutions	5.4	9.5	14.9	7.8	4.7	12.5	(2.4)	-16.4%
Others in Material	1.3	(0.1)	1.2	1.4	0.1	1.5	0.3	+27.7%
Homes	8.8	21.3	30.1	9.8	12.7	22.5	(7.6)	-25.2%
Construction Materials	1.3	1.5	2.7	1.1	0.4	1.5	(1.2)	-45.2%
Health Care <sup>2</sup>	6.8	7.2	14.0	5.7	3.8	9.5	(4.5)	-32.1%
Critical Care	5.9	6.1	11.9	9.8	16.2	26.0	14.1	+118.2%
Others	0.3	0.8	1.1	0.7	0.3	1.0	(0.1)	-5.9%
Corporate expenses and eliminations	(7.4)	(7.5)	(14.9)	(5.8)	(6.7)	(12.5)	2.4	—
Consolidated	41.3	60.4	101.7	30.1	35.9	66.0	(35.7)	-35.1%

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# Overseas sales by business category

(¥ billion)

	Q1 2019			Q1 2020			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Basic Materials <sup>1</sup>	81.1	40.8	50.4%	59.8	25.3	42.3%	(15.5)	-38.1%
Performance Products <sup>1</sup>	108.6	65.1	60.0%	67.9	34.5	50.8%	(30.7)	-47.1%
Specialty Solutions <sup>1</sup>	71.3	47.3	66.3%	70.3	47.5	67.7%	0.3	+0.6%
Others in Material <sup>1</sup>	10.4	0.2	1.5%	6.7	0.3	4.3%	0.1	+88.2%
Homes	130.6	5.1	3.9%	139.1	4.1	3.0%	(0.9)	-18.6%
Construction Materials	14.0	–	–	11.9	–	–	–	–
Health Care <sup>2</sup>	34.3	11.8	34.3%	36.5	15.5	42.4%	3.7	+31.7%
Critical Care	48.4	47.9	99.0%	59.2	58.8	99.3%	10.9	+22.7%
Others	3.5	0.4	10.8%	3.9	0.4	10.8%	0.0	+11.4%
<b>Total</b>	<b>502.1</b>	<b>218.6</b>	<b>43.5%</b>	<b>455.2</b>	<b>186.4</b>	<b>40.0%</b>	<b>(32.1)</b>	<b>-14.7%</b>

Asia		111.7	22.2%		84.6	18.6%	(27.1)	-24.3%
of which, sales to China		48.1	9.6%		44.6	9.8%	(3.6)	-7.4%
The Americas		73.5	14.6%		69.2	15.2%	(4.2)	-5.8%
Europe		28.0	5.6%		26.4	5.8%	(1.6)	-5.8%
Other countries		5.4	1.1%		6.2	1.4%	0.8	+15.4%

Sales, excluding Homes and  
Construction Materials

357.5    213.5    59.7%    304.2    182.3    59.9%

<sup>1</sup> Beginning with FY 2020, method of consolidation adjustment in Material segment is changed. FY 2019 sales results are recalculated in accordance with the change.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# Extraordinary income and loss

(¥ billion)

	Q1 2019	Q1 2020	Increase (decrease)
Gain on sales of investment securities	0.5	0.0	(0.5)
Gain on sales of noncurrent assets	0.4	0.1	(0.3)
Total extraordinary income	0.9	0.1	(0.8)
Loss on valuation of investment securities	–	0.0	0.0
Loss on disposal of noncurrent assets	1.0	1.7	0.7
Impairment loss	0.0	0.0	(0.0)
Business structure improvement expenses	0.1	3.1	3.0
Total extraordinary loss	1.1	4.8	3.7
Net extraordinary income (loss)	(0.2)	(4.8)	(4.5)

# Material segment (i)

(¥ billion)

	Net sales			
	Q1 2019 <sup>1</sup>	Q1 2020	Increase (decrease)	% change
<b>Material segment</b>	271.4	204.7	(66.7)	-24.6%
Basic Materials	81.1	59.8	(21.3)	-26.2%
Performance Products	108.6	67.9	(40.7)	-37.5%
Specialty Solutions	71.3	70.3	(1.0)	-1.5%
Others	10.4	6.7	(3.7)	-36.0%

	Operating income <sup>2</sup>			
	Q1 2019	Q1 2020	Increase (decrease)	% change
<b>Material segment</b>	25.9	8.9	(17.0)	-65.7%
Basic Materials	8.8	-1.7	(10.4)	-119.2%
Performance Products	10.4	1.4	(9.0)	-86.7%
Specialty Solutions	5.4	7.8	2.4	+43.6%
Others	1.3	1.4	0.1	+9.4%

## Basic Materials

### Operating income decrease:

- (-) Deteriorated terms of trade and decreased shipments of acrylonitrile
- (-) Inventory valuation loss by the gross average method due to decreased prices for feedstock prices such as naphtha

<sup>1</sup> Beginning with FY 2020, method of consolidation adjustment in Material segment is changed. FY 2019 sales results are recalculated in accordance with the change.

<sup>2</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals

# Material segment (ii)

## Performance Products

### Operating income decrease:

- (+) Improved terms of trade due to decreased prices for feedstock such as naphtha
- (-) Decreased shipments of automobile-related products
- (-) Decreased shipments of fiber products for apparel applications

### Highlights

- May, decision to close spunbond nonwoven fabric plant in Nobeoka, Miyazaki

## Specialty Solutions

### Operating income increase:

- (+) Increased shipments of Li-ion battery separator
- (+) Increased shipments of electronic materials for communications infrastructure and tablet PCs
- (-) Decreased shipments of automobile-related products

# Homes segment (i)

(¥ billion)

	Net sales			
	Q1 2019	Q1 2020	Increase (decrease)	% change
<b>Homes segment</b>	144.6	150.9	6.3	+4.4%
Homes	130.6	139.1	8.5	+6.5%
Order-built homes, etc. (Asahi Kasei Homes)	79.5	80.7	1.2	+1.5%
Real estate (Asahi Kasei Realty & Residence)	31.7	41.5	9.8	+30.8%
Remodeling (Asahi Kasei Reform)	13.7	12.0	(1.6)	-12.0%
Other housing-related, etc.	5.6	4.8	(0.8)	-15.0%
Construction Materials	14.0	11.9	(2.1)	-15.3%

## Operating income increase:

- (+) Firm performance of pre-built homes in real estate
- (+) Increased deliveries of order-built homes
- (-) Decreased number of remodeling works

## Home order trend

Year-on-year 47.8% decrease in value of new orders for order-built homes due to restriction of admission to model homes.

	Operating income <sup>1</sup>			
	Q1 2019	Q1 2020	Increase (decrease)	% change
<b>Homes segment</b>	9.9	10.8	0.8	+8.4%
Homes	8.8	9.8	1.0	+11.6%
Order-built homes, etc. (Asahi Kasei Homes)	3.7	3.6	(0.1)	-2.9%
Real estate (Asahi Kasei Realty & Residence)	3.6	5.2	1.5	+42.4%
Remodeling (Asahi Kasei Reform)	1.3	1.0	(0.2)	-17.8%
Other housing-related, etc.	0.2	0.0	(0.2)	-90.7%
Construction Materials	1.3	1.1	(0.2)	-15.0%

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

## 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 <sup>1</sup>				Sales of remodeling	Other sales <sup>2</sup>	Consolidated		Order backlog
						Pre-built homes	Rental housing	Other	Total					
FY16	H1	206.6	(-4.9%)	183.5	(-0.1%)	11.8	41.2	1.8	54.8	27.0	(0.5)	264.8	(+2.6%)	538.8
	H2	194.3	(+6.1%)	220.8	(-3.1%)	9.5	43.5	1.6	54.6	29.1	0.8	305.3	(-6.1%)	515.8
	annual	400.9	(+0.1%)	404.3	(-1.8%)	21.3	84.7	3.4	109.4	56.1	0.4	570.2	(-2.2%)	
FY17	H1	193.1	(-6.5%)	182.7	(-0.4%)	12.0	45.3	1.6	59.0	26.8	0.1	269.6	(+1.8%)	528.9
	H2	212.5	(+9.4%)	224.1	(+1.5%)	14.7	47.8	2.5	65.1	28.4	1.1	318.7	(+4.4%)	520.9
	annual	405.6	(+1.2%)	406.8	(+0.6%)	26.8	93.2	4.2	124.1	55.2	2.2	588.3	(+3.2%)	
FY18	H1	210.1	(+8.8%)	175.5	(-4.0%)	16.8	49.7	1.6	68.1	27.2	1.0	271.8	(+0.8%)	557.8
	H2	241.5	(+13.6%)	228.2	(+1.8%)	13.2	52.1	2.1	67.4	31.2	6.1	332.9	(+4.5%)	575.0
	annual	451.6	(+11.3%)	403.7	(-0.8%)	29.9	101.8	3.7	135.4	58.4	7.1	604.7	(+2.8%)	
FY19	Q1	91.2	(-7.0%)	79.5	(+15.4%)	3.5	26.9	1.3	31.7	13.7	5.6	130.6	(+12.8%)	590.8
	Q2	110.7	(-1.2%)	117.8	(-5.9%)	4.0	27.5	1.0	32.6	18.3	5.7	174.4	(+11.7%)	589.0
	H1	201.9	(-3.9%)	197.3	(+12.4%)	7.6	54.4	2.3	64.3	32.0	11.3	304.9	(+12.2%)	
	H2	198.4	(-17.8%)	218.4	(-4.3%)	28.0	56.8	2.8	87.6	29.4	9.0	344.4	(+3.4%)	578.2
	annual	400.3	(-11.3%)	415.7	(+3.0%)	35.5	111.2	5.1	151.9	61.3	20.4	649.3	(+7.4%)	
FY20	Q1	47.6	(-47.8%)	80.7	(+1.5%)	12.0	28.6	0.9	41.5	12.0	4.8	139.1	(+6.5%)	549.0
	Q2 forecast	88.6	(-20.0%)	100.3	(-14.8%)	18.0	29.9	1.1	49.0	13.5	4.2	166.9	(-4.2%)	540.4
	H1 forecast	136.2	(-32.6%)	181.0	(-8.3%)	30.0	58.5	2.0	90.5	25.5	9.0	306.0	(+0.4%)	

<sup>1</sup> Income from maintenance service which was previously included in SG&A is included in sales beginning with FY 2019.<sup>2</sup> Results of Erickson Framing Operations LLC and its consolidated subsidiaries, acquired on November 30, 2018 (US Eastern time), are included from Q4 2018.

# Health Care segment (i)

(¥ billion)

	Net sales			
	Q1 2019	Q1 2020	Increase (decrease)	% change
<b>Health Care segment</b>	82.7	95.7	13.0	+15.7%
Health Care <sup>1</sup>	34.3	36.5	2.2	+6.5%
Critical Care	48.4	59.2	10.8	+22.3%

## Operating income increase:

- (+) Good performance of Critical Care business centering on ventilators
- (+) Increased shipments of Planova virus removal filters
- (-) Increased amortization of goodwill and intangible fixed assets due to acquisition of Veloxis

## Highlights

- May, obtainment of new drug approval in China for Flivas agent for dysuria treatment
- June, introduction of the ZOLL AED 3 defibrillator in US

	Operating income <sup>2</sup>			
	Q1 2019	Q1 2020	Increase (decrease)	% change
<b>Health Care segment</b>	12.6	15.5	2.9	+22.9%
Health Care <sup>1</sup>	6.8	5.7	(1.0)	-15.4%
Critical Care	5.9	9.8	3.9	+67.3%

<sup>1</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

<sup>2</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

# Health Care segment (ii)

## Sales of Health Care business category

(¥ billion)

		FY 2019		FY 2020
		Q1	H1	Q1
Pharmaceuticals <sup>1</sup>		15.8	33.3	18.0
Medical devices		18.5	36.8	18.5
Total		34.3	70.1	36.5

## Main pharmaceuticals sales

		FY 2019		FY 2020
		Q1	H1	Q1
(Sales region, monetary unit)				
<b>Asahi Kasei Pharma</b>				
Teribone	(Japan, ¥ billion)	6.4	14.4	6.6
Recomodulin	(Japan, ¥ billion)	2.9	6.1	2.4
Kevzara	(Japan, ¥ billion)	0.8	1.9	1.2
Flivas	(Japan, ¥ billion)	0.7	1.4	0.5
Bredinin	(Japan, ¥ billion)	0.7	1.4	0.6
Elcitonin	(Japan, ¥ billion)	0.5	1.1	0.3
Reclast	(Japan, ¥ billion)	0.4	0.7	0.3
<b>Veloxis Pharmaceuticals</b>				
Envarsus XR	(US, \$ million)			27

<sup>1</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in pharmaceuticals from Q1 2020.

# Health Care segment (iii)

## Main pharmaceuticals products

	Generic name	Classification	Indication	Formulation
Asahi Kasei Pharma				
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
Flivas	Naftopidil	Dysuria treatment	Benign prostatic hyperplasia	Tablet
Elcitonin Inj. 20S	Elcatonin	Osteoporosis drug	Osteoporosis pain	Injection
Bredinin	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrotic syndrome, lupus nephritis	Tablet
Veloxis Pharmaceuticals				
Envarsus XR	Tacrolimus extended-release tablets	Immunosuppressant drug	Kidney transplantation	Tablet

# Health Care segment (iv) Pharmaceutical pipeline

Development stage	Code name, form, generic name	Classification	Indication	Region	Origin	Remarks
Phase III	AK1820, injection/ capsule, isavuconazole	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	
Approved (overseas)	Flivas, tablet, naftopidil	Dysuria treatment	Benign prostatic hyperplasia	China	In-house	
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	

# Health Care segment (reference)

Financial performance of Critical Care business category in US dollars

(\$ million)

	FY 2019				FY 2020	Q1 2020 vs Q1 2019	
	Q1	H1	H2	Total	Q1	Increase (decrease)	% change
Net sales	440	897	983	1,880	550	110	+24.9%
Gross operating income before PPA <sup>1</sup> impact	84	175	199	374	127	43	+51.0%
Goodwill <sup>2</sup>	(20)	(43)	(50)	(93)	(25)	(5)	/
Other intangible assets, etc. <sup>2</sup>	(11)	(22)	(22)	(45)	(11)	0	
Amortization/depreciation from PPA <sup>1</sup> revaluation	(31)	(65)	(72)	(138)	(36)	(5)	
Consolidated operating income	53	110	126	236	91	38	+70.9%

<sup>1</sup> Purchase price allocation

<sup>2</sup> Figures shown for goodwill and other intangible assets, etc. consist of the following:

1) Amortization of goodwill and other intangible assets, etc. based on Japan GAAP and US GAAP in relation to acquisition of ZOLL by Asahi Kasei in April 2012

2) Amortization of goodwill and other intangible assets, etc. based on Japan GAAP in relation to acquisitions by ZOLL after April 2012

(Figures shown for gross operating income before PPA impact include amortization of intangible assets, etc. based on US GAAP in relation to acquisitions by ZOLL after April 2012.)

# Quarterly sales by segment

(¥ billion)

	FY 2019				FY 2020	FY 2020
	Q1	Q2	Q3	Q4	Q1	Q2 forecast
<b>Material segment</b>	271.4	288.9	275.7	257.3	204.7	227.3
Basic Materials <sup>1</sup>	81.1	85.2	83.2	72.9	59.8	59.2
Performance Products <sup>1</sup>	108.6	109.4	103.6	99.2	67.9	89.1
Specialty Solutions <sup>1</sup>	71.3	84.8	80.1	76.8	70.3	70.7
Others <sup>1</sup>	10.4	9.5	8.7	8.3	6.7	8.3
<b>Homes segment</b>	144.6	188.9	156.3	214.7	150.9	179.1
Homes	130.6	174.3	141.9	202.5	139.1	166.9
Construction Materials	14.0	14.5	14.4	12.2	11.9	12.1
<b>Health Care segment</b>	82.7	84.9	83.5	86.7	95.7	113.3
Health Care <sup>2</sup>	34.3	35.8	32.3	30.9	36.5	39.5
Critical Care	48.4	49.1	51.2	55.8	59.2	73.8
<b>Others</b>	3.5	3.9	4.4	4.5	3.9	4.1
<b>Consolidated</b>	502.1	566.6	519.9	563.1	455.2	523.8

<sup>1</sup> Beginning with FY 2020, method of consolidation adjustment in Material segment is changed. FY 2019 sales results are recalculated in accordance with the change.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# Quarterly operating income by segment<sup>1</sup>

(¥ billion)

	FY 2019				FY 2020	FY 2020
	Q1	Q2	Q3	Q4	Q1	Q2 forecast
<b>Material segment</b>	25.9	31.0	22.2	13.3	8.9	9.1
Basic Materials	8.8	11.3	6.1	0.4	(1.7)	1.2
Performance Products	10.4	10.2	7.8	5.3	1.4	3.1
Specialty Solutions	5.4	9.5	8.4	7.1	7.8	4.7
Others	1.3	(0.1)	(0.0)	0.5	1.4	0.1
<b>Homes segment</b>	9.9	22.8	13.4	26.6	10.8	13.2
Homes	8.8	21.3	12.1	25.2	9.8	12.7
Construction Materials	1.3	1.5	1.8	1.1	1.1	0.4
<b>Health Care segment</b>	12.6	13.3	9.9	7.7	15.5	20.0
Health Care <sup>2</sup>	6.8	7.2	3.8	0.1	5.7	3.8
Critical Care	5.9	6.1	6.1	7.7	9.8	16.2
<b>Others</b>	0.3	0.8	0.9	1.2	0.7	0.3
<b>Corporate expenses and eliminations</b>	(7.4)	(7.5)	(7.8)	(11.8)	(5.8)	(6.7)
<b>Consolidated</b>	41.3	60.4	38.5	37.0	30.1	35.9

<sup>1</sup> Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

<sup>2</sup> Results of Veloxis Pharmaceuticals Inc., acquired on March 3, 2020 (CET), are included in Health Care business category from Q1 2020.

# *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.”

**AsahiKASEI**