

## ASAHI KASEI Decided to Acquire Swedish Pharmaceutical Company—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement of ASAHI KASEI CORPORATION (security code: 3407)'s decision to acquire a Swedish pharmaceutical company.

- (1) On May 28, ASAHI KASEI CORPORATION (the "Company") announced its decision to acquire Calliditas Therapeutics AB (Calliditas), a Swedish pharmaceutical company, through a tender offer. The tender offer is expected to commence on July 18, and the Company aims to acquire Calliditas for the total equity value of approximately SEK 11.8 billion (approximately JPY 173.9 billion) and make it a wholly-owned subsidiary. Calliditas' flagship product, TARPEYO, is the only drug currently approved and marketed for IgA nephropathy, a rare disease resulting in sustained kidney damage and renal failure, that has been shown to prevent the disease progression. In the kidney disease area, Envarsus XR (immunosuppressant for kidney transplant patients) of Veloxis, which was acquired by the Company in January 2020, has been steadily increasing its sales in the U.S. The acquisition this time is intended to enhance the presence of the Company's U.S. pharmaceutical business in this area.
- (2) In recent years, the Company has been aggressively investing for medium- and long-term growth, and interest-bearing debt has been increasing compared to the past. In addition to the recently announced construction of a Canadian plant for automotive LIB separators, this acquisition is expected to incur a commensurate financial burden. However, JCR has determined that there is no need to immediately review the rating upon the announcement of the acquisition due to factors including the following: (i) the Company's financial base is sound, with equity capital of 1.8 trillion yen and DER of 0.51x at the end of the fiscal year ended March 2024 (FY2023), and the Company has a certain degree of risk tolerance; (ii) its financial structure is expected to be appropriately controlled in line with the policies of its medium-term management plan, including the sale of business in its future portfolio evolution; and (iii) the acquisition this time is expected to be profitable in FY2025 after amortization of goodwill and others, and early contribution to the performance is planned. JCR will focus on future developments such as results of this acquisition, efforts to improve its financial condition after the acquisition, and whether the Company can quickly return the performance to a growth trajectory through growth investments including this acquisition and other measures.

Shigenobu Tonomura, Takeshi Fujita

### <Reference>

Issuer: ASAHI KASEI CORPORATION

Long-term Issuer Rating: AA      Outlook: Stable

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