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Consolidated Results for Fiscal 2018: April 1, 2018 – March 31, 2019

(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 2018	FY 2017
Net sales	2,170,403 [+6.3%]	2,042,216 [+8.5%]
Operating income	209,587 [+5.6%]	198,475 [+24.6%]
Ordinary income	219,976 [+3.5%]	212,544 [+32.3%]
Net income attributable to owners of the parent	147,512 [−13.4%]	170,248 [+48.0%]
Net income per share*	105.66	121.93
Diluted net income per share*	—	—
Net income/shareholders’ equity	11.1%	14.0%
Ordinary income/total assets	9.0%	8.7%
Operating income/net sales	9.7%	9.7%

* Yen

Notes:
- Comprehensive income was ¥148,696 million during fiscal 2018, and ¥177,717 million during fiscal 2017.
- Equity in earnings of affiliates was ¥12,112 million during fiscal 2018, and ¥13,137 million during fiscal 2017.

2. Financial position

At fiscal year end March	2019	2018
Total assets	2,575,203	2,307,154
Net assets	1,402,710	1,305,214
Net worth/total assets	53.6%	55.8%
Net worth per share*	989.51	922.11

* Yen

Notes:
- Net worth consists of shareholders’ equity and accumulated other comprehensive income.
- Net worth as of March 31, 2019, was ¥1,381,485 million; as of March 31, 2018, ¥1,287,387 million.

3. Cash flows

	FY 2018	FY 2017
Cash flows from operating activities	212,062	249,891
Cash flows from investing activities	(198,917)	(110,294)
Cash flows from financing activities	17,388	(134,412)
Cash and cash equivalents at end of period	180,520	148,596

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	Total annual			
2017	—	14.00	—	20.00	34.00	47,484	27.9%	3.9%
2018	—	17.00	—	17.00	34.00	47,484	32.2%	3.6%
2019 (forecast)	—	—	—	—	36.00		34.1%	

* Yen

III. Forecast for Fiscal 2019 (April 1, 2019 – March 31, 2020)

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

	For Q1–Q2	For the fiscal year
Net sales	1,088,000 [+4.5%]	2,268,000 [+4.5%]
Operating income	97,500 [−6.5%]	205,000 [−2.2%]
Ordinary income	102,000 [−7.5%]	214,000 [−2.7%]
Net income attributable to owners of the parent	67,000 [−15.1%]	147,500 [−0.0%]
Net income per share*	47.99	105.65

* 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 two new subsidiaries:
Sage Automotive Interiors, Inc. and Asahi Kasei Materials America, Inc.

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

i. Changes in presentation

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting:
"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28) issued by the Accounting Standards Board of Japan is applied from the year ended March 31, 2019. Accordingly, all deferred tax assets are shown under investments and other assets, and all deferred tax liabilities are shown under noncurrent liabilities.

Due to this change, in the consolidated balance sheets for the year ended March 31, 2018, deferred tax assets of ¥20,032 million under current assets and ¥8,983 million from among deferred tax liabilities under noncurrent liabilities are included in the ¥17,775 million shown as deferred tax assets under investments and other assets, while deferred tax liabilities are shown as ¥36,639 million.

Consolidated balance sheets:
Asset retirement obligations, which were reported separately under current liabilities and noncurrent liabilities for the year ended March 31, 2018, are included in other from the year ended March 31, 2019, due to diminished materiality. Consolidated balance sheets for the year ended March 31, 2018, are restated to reflect this change. As a result, ¥557 million, previously reported as

asset retirement obligations, is included in other under current liabilities, and ¥3,282 million, previously reported as asset retirement obligations, is included in other under noncurrent liabilities.

ii. Changes in accounting policy difficult to distinguish from changes in accounting estimates

Change in method of depreciation of property, plant and equipment:

Whereas Asahi Kasei and its subsidiaries in Japan had previously primarily applied the declining-balance method for depreciation of property, plant and equipment (except lease assets), this was changed to the straight-line method from the year ended March 31, 2019.

The Asahi Kasei Group has continued to acquire overseas companies in recent years, and since overseas subsidiaries apply the straight-line method for depreciation of property, plant and equipment, there is an increase in the proportion of property, plant and equipment depreciated by the straight-line method.

Furthermore, the Asahi Kasei Group is currently advancing investments to expand businesses with competitive superiority, as well as investments for modification and rationalization, based on the “Cs for Tomorrow 2018” three-year strategic management initiative. Large-scale investments in domestic manufacturing plants were implemented, especially in the Material sector, during the year ended March 31, 2019, the final fiscal year of the three-year period. As such expansions of manufacturing plants are successively starting operation beginning from the year ended March 31, 2019, the situation of domestic capital expenditure is changing.

This changing situation surrounding property, plant and equipment presented an opportunity to reconsider the method of depreciation.

Long-term and stable operation of the property, plant and equipment of Asahi Kasei and its subsidiaries in Japan is expected to contribute to the achievement of stable earnings for Asahi Kasei and its subsidiaries in Japan. Therefore, it was determined that adoption of the straight-line method of depreciation of property, plant and equipment in Japan as well would not only be a cost allocation method more accurately reflecting the state of use of property, plant and equipment, but also more appropriate for performance management of the Asahi Kasei Group.

Due to this change, operating income was ¥9,727 million higher, and ordinary income and income before income taxes were each ¥9,760 million higher, than they would have been with the previous method.

3. Number of shares outstanding

	2019	2018
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of shares of treasury stock at end of period	6,491,383	6,491,617
Average number of shares outstanding during period	1,396,129,891	1,396,322,137

V. Summary of Non-Consolidated Results

1. Results for fiscal 2018 (April 1, 2018 – March 31, 2019)

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

	FY 2018	FY 2017
Net sales	665,839 [+7.1]	621,875 [+8.6]
Operating income	51,072 [+15.6%]	44,192 [+47.1%]
Ordinary income	106,679 [+13.3%]	94,163 [+18.9%]
Net income	89,279 [+5.9%]	84,284 [−57.6%]
Net income per share*	63.95	60.36
Diluted net income per share*	—	—

* Yen

(2) Financial position

At fiscal year end, March	2019	2018
Total assets	1,759,139	1,649,268
Net assets	778,223	758,254
Net worth/total assets	44.2%	46.0%
Net worth per share*	557.42	543.11

* Yen

VI. Overview of Consolidated Results

1. Consolidated group results

The global economy was favorable during the first half of fiscal 2018 buoyed by a strong US economy, but the outlook became increasingly obscure during the second half as the Chinese economy slowed considerably due to US-Chinese trade friction. Although firm economic growth continued in Japan despite the occurrence of natural disasters, concern of a downturn spread during the second half due to such global economic trends.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) increased by ¥128.2 billion from a year ago to ¥2,170.4 billion, operating income increased by ¥11.1 billion to ¥209.6 billion, and ordinary income increased by ¥7.4 billion to ¥220.0 billion with improved terms of trade in chemical operations in the Material segment, as well as generally firm sales overall. Net income attributable to owners of the parent decreased by ¥22.7 billion to ¥147.5 billion with lower gain on sales of investment securities and absence of the previous year’s one-time beneficial effect of the US tax reform.

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.

MATERIAL

Sales increased by ¥88.5 billion from a year ago to ¥1,176.2 billion, and operating income increased by ¥7.6 billion from a year ago to ¥129.6 billion.

Although fibers & textiles operations were impacted by higher feedstock costs, sales and operating income increased with greater shipments of nonwovens such as Lamous™ microfiber suede and Bemliese™ cupro nonwoven fabric, improved profitability of Bemberg™ cupro fiber, and the consolidation of Sage Automotive Interiors, Inc.

Among chemical operations, in petrochemicals, sales and operating income increased with improved terms of trade for acrylonitrile and absence of the previous year’s impact from a maintenance turnaround at the naphtha cracker of Asahi Kasei Mitsubishi Chemical Ethylene Corp. In performance polymers, although terms of trade for engineering plastics improved, terms of trade for synthetic rubber were not as favorable as in the previous year, and sales increased while operating income was flat. In performance materials and consumables, sales of ion-exchange membranes were firm while shipments of electronic materials declined, and sales increased but operating income decreased.

Among electronics operations, although shipments of Li-ion battery separator increased, the lead-acid battery separator business was impacted by lower shipments and increased costs associated with capacity expansion, and sales in separators increased while operating income decreased. Sales and operating income in electronic devices decreased as sales of devices for smartphones were lower than in the previous year.

HOMES

Sales increased by ¥18.8 billion from a year ago to ¥659.8 billion, and operating income increased by ¥3.8 billion from a year ago to ¥68.2 billion.

Sales decreased in order-built homes operations as the number of unit-home buildings delivered decreased, but operating income was flat as an effect of cost reduction. The value of orders increased by 11.3% with firm orders for unit homes and some rush demand ahead of the upcoming consumption tax increase seen for apartment buildings. Rental management and condominiums in real estate performed well, and remodeling operations were firm. Sales and operating income increased for homes operations overall.

Sales and operating income increased in construction materials operations with greater shipments of each product.

HEALTH CARE

Sales increased by ¥19.9 billion from a year ago to ¥316.2 billion, and operating income increased by ¥2.4 billion from a year ago to ¥41.8 billion.

Shipments of Teribone™ osteoporosis drug and Kevzara™ agent for rheumatoid arthritis increased, but sales and operating income in pharmaceutical operations decreased with reduced reimbursement prices and lower shipments of other products due to competition from generics.

Although shipments of Planova™ virus removal filters increased, dialysis products were impacted by reduced reimbursement prices, and sales in medical devices operations increased while operating income decreased.

Sales and operating income in critical care operations grew with considerably increased shipments of defibrillators for professional use.

OTHERS

Sales increased by ¥1.0 billion from a year ago to ¥18.3 billion, and operating income increased by ¥0.5 billion from a year ago to ¥2.4 billion.

VII. Consolidated Financial Statements

1. Balance sheets

	At end of March 2018	At end of March 2019
Assets		
Current assets		
Cash and deposits	156,318	193,893
Notes and accounts receivable–trade	341,396	350,716
Merchandise and finished goods	169,948	201,699
Work in process	109,486	131,686
Raw materials and supplies	80,253	93,961
Other	83,956	82,900
Allowance for doubtful accounts	(2,411)	(3,461)
Total current assets	938,947	1,051,393
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	517,562	547,422
Accumulated depreciation	(285,760)	(294,536)
Buildings and structures, net	231,802	252,886
Machinery, equipment and vehicles	1,399,081	1,439,166
Accumulated depreciation	(1,200,504)	(1,222,201)
Machinery, equipment and vehicles, net	198,577	216,966
Land	62,938	63,889
Lease assets	11,698	10,159
Accumulated depreciation	(10,901)	(9,423)
Lease assets, net	798	736
Construction in progress	50,502	64,188
Other	153,002	160,631
Accumulated depreciation	(135,571)	(137,930)
Other, net	17,431	22,701
Subtotal	562,048	621,366
Intangible assets		
Goodwill	252,724	319,898
Other	161,898	210,080
Subtotal	414,621	529,978
Investments and other assets		
Investment securities	314,830	296,330
Long-term loans receivable	27,793	19,993
Deferred tax assets	17,775	27,508
Other	31,406	29,052
Allowance for doubtful accounts	(266)	(418)
Subtotal	391,538	372,465
Total noncurrent assets	1,368,207	1,523,810
Total assets	2,307,154	2,575,203

	At end of March 2018	At end of March 2019
Liabilities		
Current liabilities		
Notes and accounts payable–trade	171,413	180,429
Short-term loans payable	118,018	97,579
Commercial paper	20,000	77,000
Current portion of bonds payable	—	20,000
Lease obligations	199	164
Accrued expenses	105,787	113,221
Income taxes payable	29,714	24,971
Advances received	70,142	75,836
Provision for grant of shares	28	82
Provision for periodic repairs	3,185	5,342
Provision for product warranties	2,730	3,102
Provision for removal cost of property, plant and equipment	2,425	2,251
Other	65,505	81,877
Total current liabilities	589,146	681,853
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	143,176	209,878
Lease obligations	352	253
Deferred tax liabilities	36,639	48,299
Provision for grant of shares	172	289
Provision for periodic repairs	3,263	2,929
Provision for removal cost of property, plant and equipment	2,699	3,018
Net defined benefit liability	170,634	168,685
Long-term guarantee deposits	20,658	21,143
Other	15,198	16,145
Total noncurrent liabilities	412,793	490,639
Total liabilities	1,001,939	1,172,493
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,440	79,708
Retained earnings	981,934	1,077,586
Treasury stock	(3,930)	(3,936)
Total shareholders' equity	1,160,833	1,256,747
Accumulated other comprehensive income		
Net unrealized gain on other securities	121,128	101,971
Deferred gains or losses on hedges	92	(40)
Foreign currency translation adjustment	28,676	42,020
Remeasurements of defined benefit plans	(23,343)	(19,213)
Total accumulated other comprehensive income	126,553	124,738
Non-controlling interests	17,827	21,225
Total net assets	1,305,214	1,402,710
Total liabilities and net assets	2,307,154	2,575,203

2. Statements of income and statements of comprehensive income

(1) Statements of income

	FY 2017	FY 2018
Net sales	2,042,216	2,170,403
Cost of sales	1,393,111	1,481,855
Gross profit	649,105	688,548
Selling, general and administrative expenses	450,630	478,960
Operating income	198,475	209,587
Non-operating income		
Interest income	2,078	3,094
Dividends income	6,626	6,060
Equity in earnings of affiliates	13,137	12,112
Other	5,961	4,238
Total non-operating income	27,802	25,504
Non-operating expenses		
Interest expense	4,594	4,371
Foreign exchange loss	2,971	2,686
Other	6,169	8,058
Total non-operating expenses	13,733	15,115
Ordinary income	212,544	219,976
Extraordinary income		
Gain on sales of investment securities	15,164	11,580
Gain on sales of noncurrent assets	534	655
Total extraordinary income	15,698	12,235
Extraordinary loss		
Loss on valuation of investment securities	31	173
Loss on disposal of noncurrent assets	6,261	6,630
Impairment losses	2,158	11,090
Business structure improvement expenses	1,460	3,921
Total extraordinary loss	9,908	21,814
Income before income taxes	218,333	210,397
Income taxes–current	63,239	63,730
Income taxes–deferred	(17,095)	(3,148)
Total income taxes	46,143	60,582
Net income	172,190	149,815
Net income attributable to non-controlling interests	1,941	2,303
Net income attributable to owners of the parent	170,248	147,512

(2) Statements of comprehensive income

	FY 2017	FY 2018
Net income	172,190	149,815
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	7,651	(19,058)
Deferred gains or losses on hedges	37	(132)
Foreign currency translation adjustment	(12,252)	12,464
Remeasurements of defined benefit plans	9,735	4,311
Share of other comprehensive income of affiliates accounted for using equity method	356	1,297
Total other comprehensive income	5,528	(1,119)
Comprehensive income	177,717	148,696
Comprehensive income attributable to:		
Owners of the parent	175,557	146,339
Non-controlling interests	2,160	2,357

3. Statements of changes in net assets

	FY 2017	FY 2018
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	79,443	79,440
Changes during the fiscal year		
Disposal of treasury stock	1	6
Capital increase of consolidated subsidiaries	(4)	262
Total changes of items during the period	(3)	268
Balance at end of fiscal year	79,440	79,708
Retained earnings		
Balance at beginning of fiscal year	850,532	981,934
Changes during the fiscal year		
Dividends from surplus	(39,106)	(51,674)
Net income attributable to owners of the parent	170,248	147,512
Change of scope of consolidation	259	(187)
Total changes of items during the period	131,402	95,652
Balance at end of fiscal year	981,934	1,077,586
Treasury stock		
Balance at beginning of fiscal year	(3,242)	(3,930)
Changes during the fiscal year		
Purchase of treasury stock	(688)	(40)
Disposal of treasury stock	1	34
Total changes of items during the period	(687)	(6)
Balance at end of fiscal year	(3,930)	(3,936)
Total shareholders' equity		
Balance at beginning of fiscal year	1,030,122	1,160,833
Changes during the fiscal year		
Dividends from surplus	(39,106)	(51,674)
Net income attributable to owners of the parent	170,248	147,512
Purchase of treasury stock	(688)	(40)
Disposal of treasury stock	2	40
Change of scope of consolidation	259	(187)
Capital increase of consolidated subsidiaries	(4)	262
Total changes of items during the period	130,712	95,914
Balance at end of fiscal year	1,160,833	1,256,747

	FY 2017	FY 2018
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of fiscal year	113,475	121,128
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	7,653	(19,157)
Total changes of items during the period	7,653	(19,157)
Balance at end of fiscal year	121,128	101,971
Deferred gains or losses on hedges		
Balance at beginning of fiscal year	55	92
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	37	(132)
Total changes of items during the period	37	(132)
Balance at end of fiscal year	92	(40)
Foreign currency translation adjustment		
Balance at beginning of fiscal year	40,831	28,676
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	(12,155)	13,344
Total changes of items during the period	(12,155)	13,344
Balance at end of fiscal year	28,676	42,020
Remeasurements of defined benefit plans		
Balance at beginning of fiscal year	(33,140)	(23,343)
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	9,797	4,130
Total changes of items during the period	9,797	4,130
Balance at end of fiscal year	(23,343)	(19,213)
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	121,222	126,553
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	5,331	(1,815)
Total changes of items during the period	5,331	(1,815)
Balance at end of fiscal year	126,553	124,738
Non-controlling interests		
Balance at beginning of fiscal year	16,771	17,827
Changes during the fiscal year		
Net changes of items other than shareholders’ equity	1,057	3,398
Total changes of items during the period	1,057	3,398
Balance at end of fiscal year	17,827	21,225
Total net assets		
Balance at beginning of fiscal year	1,168,115	1,305,214
Changes during the fiscal year		
Dividends from surplus	(39,106)	(51,674)
Net income attributable to owners of the parent	170,248	147,512
Purchase of treasury stock	(688)	(40)
Disposal of treasury stock	2	40
Change of scope of consolidation	259	(187)
Capital increase of consolidated subsidiaries	(4)	262
Net changes of items other than shareholders’ equity	6,388	1,582
Total changes of items during the period	137,100	97,496
Balance at end of fiscal year	1,305,214	1,402,710

4. Statements of cash flows

	FY 2017	FY 2018
Cash flows from operating activities		
Income before income taxes	218,333	210,397
Depreciation and amortization	95,415	84,556
Impairment loss	2,158	11,090
Amortization of goodwill	18,048	19,490
Amortization of negative goodwill	(159)	(159)
Increase in provision for grant of shares	200	170
Increase in provision for periodic repairs	1,280	1,823
Increase in provision for product warranties	280	364
(Decrease) increase in provision for removal cost of property, plant and equipment	(1,066)	145
Decrease in provision for loss on litigation	(2,137)	—
Decrease in net defined benefit liability	(4,875)	(4,287)
Interest and dividend income	(8,704)	(9,154)
Interest expense	4,594	4,371
Equity in earnings of affiliates	(13,137)	(12,112)
Gain on sales of investment securities	(15,164)	(11,580)
Loss on valuation of investment securities	31	173
Gain on sale of property, plant and equipment	(534)	(655)
Loss on disposal of noncurrent assets	6,261	6,630
(Increase) decrease in notes and accounts receivable–trade	(38,986)	3,942
Increase in inventories	(11,815)	(57,968)
Increase (decrease) in notes and accounts payable–trade	23,020	(776)
Increase in accrued expenses	6,014	5,859
(Decrease) increase in advances received	(2,463)	5,266
Other, net	17,259	15,328
Subtotal	293,851	272,914
Interest and dividend income, received	10,267	11,247
Interest expense paid	(4,736)	(4,412)
Income taxes paid	(49,492)	(67,687)
Net cash provided by operating activities	249,891	212,062
Cash flows from investing activities		
Payments into time deposits	(9,508)	(13,812)
Proceeds from withdrawal of time deposits	3,012	7,880
Purchase of property, plant and equipment	(82,909)	(114,718)
Proceeds from sales of property, plant and equipment	1,601	652
Purchase of intangible assets	(13,363)	(10,136)
Purchase of investment securities	(11,564)	(2,624)
Proceeds from sales of investment securities	17,774	17,030
Purchase of shares in subsidiaries resulting in change in scope of consolidation	—	(93,487)
Payments for transfer of business	—	(2,764)
Payments of loans receivable	(45,261)	(5,092)
Collection of loans receivable	30,568	18,813
Other, net	(645)	(659)
Net cash used in investing activities	(110,294)	(198,917)

	FY 2017	FY 2018
Cash flows from financing activities		
Net decrease in short-term loans payable	(28,935)	(36,840)
(Decrease) increase in commercial paper	(36,000)	57,000
Proceeds from long-term loans payable	15,395	85,492
Repayment of long-term loans payable	(23,532)	(53,833)
Proceeds from issuance of bonds payable	—	20,000
Redemption of bonds	(20,000)	—
Repayments of lease obligations	(389)	(237)
Purchase of treasury stock	(688)	(40)
Proceeds from disposal of treasury stock	2	40
Cash dividends paid	(39,106)	(51,674)
Cash dividends paid to non-controlling interests	(1,141)	(1,155)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	—	(1,148)
Other, net	(18)	(217)
Net cash (used in) provided by financing activities	(134,412)	17,388
Effect of exchange rate change on cash and cash equivalents	(937)	543
Net increase in cash and cash equivalents	4,247	31,077
Cash and cash equivalents at beginning of period	144,077	148,596
Increase in cash and cash equivalents resulting from changes in scope of consolidation	272	846
Cash and cash equivalents at end of period	148,596	180,520

VIII. Business combinations

Business combinations by purchase

1) Senseair AB

1. Outline of business combination

(1) Name and nature of business of counterparty
Name of acquired company: Senseair AB
Nature of business: Manufacture and sale of NDIR gas sensor modules

(2) Main reasons for the acquisition
In addition to joint development through which Senseair's optical path design technology and manufacturing know-how for gas sensors is combined with the small, high-quality IR light emitting elements and detectors based on the core technology for compound semiconductors of consolidated subsidiary Asahi Kasei Microdevices Corp., the acquisition will make it possible for the two companies to more deeply integrate their technological knowledge and market networks, enabling an expansion of business activities in the market for air, gas, and alcohol sensors, where rapid growth is forecasted.

(3) Acquisition date
April 4, 2018

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

(5) Name of company after transaction
Senseair AB

(6) Acquired voting right
Voting right before the acquisition: 8.1%
Additional voting right acquired as of the acquisition date: 91.9%
Voting right after the acquisition: 100%

(7) Basic means of materializing the acquisition
Stock purchase for cash as consideration by a consolidated subsidiary

2. The period of acquiree's results included in the consolidated financial statements
From April 4, 2018, to March 31, 2019

3. Cost of acquisition and details
Stock purchase price: ¥6,079 million
Purchase price: ¥6,079 million

4. Major acquisition related costs
Advisory fees and others: ¥295 million

5. Difference between cost of acquisition and total of individual transactions leading to the acquisition
¥173 million

6. Amount of goodwill, measurement principle, amortization method, and useful life
a) Amount of goodwill: ¥4,171 million
b) Measurement principle:
Goodwill is measured as the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed
c) Amortization method and useful life:
Straight-line method over 20 years

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

Current assets	¥1,296 million
Noncurrent assets	¥1,544 million
Total assets	¥2,840 million
Current liabilities	¥580 million
Noncurrent liabilities	¥352 million
Total liabilities	¥932 million

8. Amount of identifiable intangible assets other than goodwill, its details and major weighted average useful life
a) Purchased price allocated to intangible assets and its major items

Customer-related assets	¥693 million
Technology-related assets	¥681 million

b) Major weighted average useful life

Customer-related assets	20 years
Technology-related assets	10 years
Total	15 years

9. 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) Sage Automotive Interiors, Inc.

1. Outline of business combination

(1) Name and nature of business of counterparty
Name of acquired company: Sage Automotive Interiors, Inc
Nature of business: Development, manufacture, and sale of fabrics as automotive interior material

(2) Main reasons for the acquisition
- Enhanced access to vehicle manufacturers and Tier-1 suppliers, in order to swiftly and accurately ascertain trends and needs in the automotive industry
- Proposal and provision of comprehensive vehicle interior designs and solutions leveraging Sage's design and marketing capabilities in combination with various Asahi Kasei products and technologies such as fibers, plastics, and sensors
- Utilizing Sage's sales, manufacturing, and marketing bases as management infrastructure and resources for the global expansion of Asahi Kasei's operations

(3) Acquisition date
September 27, 2018

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

(5) Name of company after transaction
Sage Automotive Interiors, Inc.

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

(7) Basic means of materializing the acquisition
Stock purchase for cash as consideration by a special purpose subsidiary

2. The period of acquiree's results included in the consolidated financial statements
From October 1, 2018, to March 31, 2019

3. Cost of acquisition and details
Stock purchase price: ¥79,904 million
Purchase price: ¥79,904 million

4. Major acquisition related costs
Advisory fees and others: ¥1,430 million

5. Amount of goodwill, measurement principle, amortization method, and useful life
a) Amount of goodwill: ¥68,171 million
b) Measurement principle:
Goodwill is measured as the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed
c) 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	¥23,467 million
Noncurrent assets	¥59,076 million
Total assets	¥82,543 million
Current liabilities	¥55,254 million
Noncurrent liabilities	¥11,193 million
Total liabilities	¥66,447 million

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

a) Purchase price allocated to intangible assets and its major items

Customer-related assets	¥45,886 million
Trademarks	¥2,953 million

b) Major weighted average useful life

Customer-related assets	19 years
Trademarks	20 years
Total	19 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.

3) Erickson Framing Operations LLC

1. Outline of business combination

(1) Name and nature of business of counterparty

Name of acquired company: Erickson Framing Operations LLC

Nature of business: Manufacture, sales, and installation of panelized walls and trusses, along with doors and trim in Arizona, California, and Nevada

(2) Main reasons for the acquisition

A leading US provider of building components including panelized walls and roof trusses for wooden houses, Erickson serves homebuilders by supplying and installing the building components for more than 3,000 houses per year. Whereas houses in the US are generally built by fabricating and assembling at the construction site, Erickson's panelized framing systems streamline the construction process by pre-fabricating components at a factory to be shipped and erected at the building site. As construction costs in the US continue to climb due to a persistent manpower shortage and rising material prices, there is growing demand for pre-fabricated building systems which enable cost reduction with less labor and shorter construction time. Consolidated subsidiary Asahi Kasei Homes believes that this presents an opportunity to leverage the systemization know-how gained through its business of providing high quality and high value-added Hebel Haus™ order-built unit homes in Japan, leading to further enhancement of Erickson's pre-fabricated building system in order to create new value for the US housing market.

(3) Acquisition date

November 30, 2018

(4) Statutory form of business combination

Membership interests purchase for cash as consideration

(5) Name of company after transaction

Erickson Framing Operations LLC

(6) Acquired voting right

Voting right before the acquisition: 0%

Voting right after the acquisition: 100%

(7) Basic means of materializing the acquisition

Membership interests purchase for cash as consideration by a consolidated subsidiary

2. The period of acquiree's results included in the consolidated financial statements

From January 1, 2019, to March 31, 2019

3. Cost of acquisition and details

Membership interests purchase price: ¥10,050 million

Purchase price: ¥10,050 million

4. Major acquisition related costs

Advisory fees and others: ¥281 million

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

a) Amount of goodwill: ¥1,230 million

b) Measurement principle

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

c) 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	¥3,728 million
Noncurrent assets	¥9,137 million
Total assets	¥12,864 million
Current liabilities	¥4,240 million
Noncurrent liabilities	¥38 million
Total liabilities	¥4,278 million

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

a) Purchased price allocated to intangible assets and its major items

Customer-related assets	¥6,779 million
Order backlog	¥1,138 million

b) Major weighted average useful life

Customer-related assets	19 years
Order backlog	4 years
Total	17 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.

IX. Segment Information

1. Reporting segments

(1) Fiscal 2017

	Reporting segments				Others[1]	Total
	Material	Homes	Health Care	Subtotal		
Sales						
Customers	1,087,720	640,988	296,258	2,024,966	17,251	2,042,216
Intersegment	5,014	39	34	5,086	27,557	32,643
Total	1,092,734	641,026	296,292	2,030,052	44,807	2,074,860
Operating income	121,925	64,357	39,464	225,746	1,870	227,616
Assets	1,332,202	483,342	450,846	2,266,390	78,427	2,344,817
Other items						
Depreciation and amortization[2]	56,002	9,506	19,340	84,848	1,665	86,513
Amortization of goodwill	8,961	—	8,821	17,782	266	18,048
Investments in associates accounted for using equity method	45,020	12,318	450	57,788	17,172	74,961
Increase in property, plant and equipment, and intangible assets	59,814	18,431	12,186	90,431	1,226	91,657

[1] Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.
[2] Excluding amortization of goodwill.

(2) Fiscal 2018

	Reporting segments				Others[1]	Total
	Material	Homes	Health Care	Subtotal		
Sales						
Customers	1,176,217	659,754	316,166	2,152,138	18,265	2,170,403
Intersegment	5,066	207	34	5,307	31,359	36,666
Total	1,181,283	659,961	316,201	2,157,445	49,624	2,207,069
Operating income[2]	129,565	68,161	41,825	239,551	2,411	241,962
Assets	1,492,277	523,692	472,846	2,488,815	84,873	2,573,688
Other items						
Depreciation and amortization[3]	50,471	9,069	18,042	77,582	1,375	78,957
Amortization of goodwill	10,700	15	8,774	19,490	—	19,490
Investments in associates accounted for using equity method	55,424	11,671	226	67,321	19,424	86,745
Increase in property, plant and equipment, and intangible assets	86,640	17,613	17,306	121,558	1,624	123,182

[1] Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.
[2] As shown IV. Other Information 2. Changes in accounting policies, changes in accounting estimates, and retroactive restatement, the company and its subsidiaries in Japan changed from the declining-balance method to the straight-line method for depreciation of property, plant and equipment (except lease assets) from the year ended March 31, 2019. Due to this change, operating income in Material was ¥7,111 million higher, in Homes ¥1,005 million higher, in Health Care ¥674 million higher, and in Others ¥937 million higher than it would have been using the previous method.
[3] Excluding amortization of goodwill.

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

Sales	Fiscal 2017	Fiscal 2018
Total of reporting segments	2,030,052	2,157,445
Net sales in “Others” category	44,807	49,624
Elimination of intersegment transactions	(32,643)	(36,666)
Net sales on consolidated statements of income	2,042,216	2,170,403

Operating income	Fiscal 2017	Fiscal 2018
Total of reporting segments	225,746	239,551
Operating income in “Others” category	1,870	2,411
Elimination of intersegment transactions	381	(133)
Corporate expenses, etc.*	(29,522)	(32,241)
Operating income on consolidated statements of income	198,475	209,587

* Corporate expenses, etc. include corporate revenue, basic research expense, and group management expense, etc. which are not allocated to reporting segments.

Assets	Fiscal 2017	Fiscal 2018
Total of reporting segments	2,266,390	2,488,815
Assets in “Others” category	78,427	84,873
Elimination of intersegment transactions	(512,163)	(425,141)
Corporate assets*	474,499	426,656
Total assets on consolidated balance sheets	2,307,154	2,575,203

* 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 2017

(1) Net sales

Japan	United States	China	Other regions	Total
1,274,548	191,765	183,425	392,477	2,042,216

(2) Property, plant and equipment

Japan	United States	Other regions	Total
384,076	85,003	92,969	562,048

2. Fiscal 2018

(1) Net sales

Japan	United States	China	Other regions	Total
1,311,136	227,993	211,504	419,770	2,170,403

(2) Property, plant and equipment

Japan	United States	Other regions	Total
428,900	104,413	88,053	621,366