

Asahi Kasei Corporation

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Consolidated Results for Fiscal 2020: April 1, 2020 – March 31, 2021

(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 2020	FY 2019
Net sales	2,106,051 [−2.1%]	2,151,646 [−0.9%]
Operating income	171,808 [−3.1%]	177,264 [−15.4%]
Ordinary income	178,036 [−3.2%]	184,008 [−16.4%]
Net income attributable to owners of the parent	79,768 [−23.2%]	103,931 [−29.5%]
Net income per share*	57.49	74.85
Diluted net income per share*	—	—
Net income/shareholders' equity	5.6%	7.6%
Ordinary income/total assets	6.2%	6.8%
Operating income/net sales	8.2%	8.2%

* Yen

Notes:

- Comprehensive income was ¥157,941 million during fiscal 2020, and ¥37,167 million during fiscal 2019.
- Equity in earnings of affiliates was ¥3,451 million during fiscal 2020, and ¥7,138 million during fiscal 2019.

2. Financial position

At fiscal year end March	2021	2020
Total assets	2,918,941	2,822,277
Net assets	1,494,535	1,383,460
Net worth/total assets	50.3%	48.2%
Net worth per share*	1,057.61	979.69

* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth was ¥1,467,476 million as of March 31, 2021, and ¥1,359,314 million as of March 31, 2020.
- Calculation of total assets as of March 31, 2020, previously based on provisional accounting treatment related to business combinations, has been finalized.

3. Cash flows

	FY 2020	FY 2019
Cash flows from operating activities	253,676	124,460
Cash flows from investing activities	(157,751)	(318,156)
Cash flows from financing activities	(95,869)	221,923
Cash and cash equivalents at end of period	216,235	204,771

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				
2019	—	18.00	—	16.00	34.00	47,188	45.4%	3.5%
2020	—	17.00	—	17.00	34.00	47,187	59.1%	3.3%
2021 (forecast)	—	—	—	—	34.00		30.4%	

* Yen

III. Forecast for Fiscal 2021 (April 1, 2021 – March 31, 2022)

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

	For Q1–Q2	For the fiscal year
Net sales	1,149,000 [+16.1%]	2,375,000 [+12.8%]
Operating income	88,500 [+15.3%]	190,000 [+10.6%]
Ordinary income	91,500 [+18.1%]	196,000 [+10.1%]
Net income attributable to owners of the parent	87,000 [+86.0%]	155,000 [+94.3%]
Net income per share*	62.70	111.71

* 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:

Sage Automotive Interiors Germany GmbH

2. Changes in accounting policies, changes in accounting estimates, and retroactive restatement: None

3. Number of shares outstanding

	2021	2020
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	6,396,867	6,440,327
Average number of shares outstanding during period	1,387,525,767	1,388,564,157

V. Summary of Non-Consolidated Results

1. Results for fiscal 2020 (April 1, 2020 – March 31, 2021)

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

	FY 2020	FY 2019
Net sales	548,149 [-8.6%]	599,972 [-9.9%]
Operating income	6,374 [-69.1%]	20,648 [-59.6%]
Ordinary income	64,546 [-15.9%]	76,768 [-28.0%]
Net income	67,717 [+17.0%]	57,873 [-35.2%]
Net income per share*	48.80	41.68
Diluted net income per share*	—	—

* Yen

(2) Financial position

At fiscal year end, March	2021	2020
Total assets	2,289,241	1,919,199
Net assets	790,312	744,199
Net worth/total assets	34.5%	38.8%
Net worth per share*	569.58	536.36

* Yen

VI. Overview of Consolidated Results

1. Consolidated group results

Operating income increased in the Health Care segment with firm performance of operations related to the treatment of COVID-19, while the Material segment was impacted by the global economic deterioration caused by the coronavirus pandemic and the Homes segment was impacted by a consumption tax increase in Japan and by the pandemic. Consolidated net sales decreased by ¥45.6 billion from a year ago to ¥2,106.1 billion, operating income decreased by ¥5.5 billion from a year ago to ¥171.8 billion, and ordinary income decreased by ¥6.0 billion from a year ago to ¥178.0 billion. Net income attributable to owners of the parent decreased by ¥24.2 billion to ¥79.8 billion with extraordinary loss incurred due to a semiconductor plant fire and income tax expenses temporary elevated due to reconfiguration of organizations related to Veloxis Pharmaceuticals, Inc.

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 decreased by ¥101.9 billion from a year ago to ¥991.2 billion, and operating income decreased by ¥25.9 billion from a year ago to ¥66.5 billion.

Performance recovered from the second quarter with recovery of automotive-related markets and recovery of petrochemical market prices, but there was a significant impact from the pandemic especially in the first quarter.

HOMES

Sales decreased by ¥11.8 billion from a year ago to ¥692.6 billion, and operating income decreased by ¥9.2 billion from a year ago to ¥63.5 billion.

Although real estate operations performed well, order-built homes operations and remodeling operations were impacted by a consumption tax increase in Japan and COVID-19 restrictions.

HEALTH CARE

Sales increased by ¥70.1 billion from a year ago to ¥407.9 billion, and operating income increased by ¥24.1 billion from a year ago to ¥67.6 billion.

Although sales activities were restricted due to COVID-19, critical care operations had a large-scale increase in demand for ventilators and pharmaceutical and medical device operations performed well.

OTHERS

Sales decreased by ¥2.0 billion from a year ago to ¥14.3 billion, and operating income increased by ¥0.6 billion from a year ago to ¥3.8 billion.

VII. Consolidated Financial Statements

1. Balance sheets

	At end of March 2020	At end of March 2021
Assets		
Current assets		
Cash and deposits	207,957	221,779
Notes and accounts receivable–trade	330,999	338,640
Merchandise and finished goods	216,463	203,159
Work in process	160,064	166,494
Raw materials and supplies	101,313	111,798
Other	92,153	97,131
Allowance for doubtful accounts	(1,519)	(2,225)
Total current assets	1,107,430	1,136,776
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	563,110	598,675
Accumulated depreciation	(305,259)	(319,144)
Buildings and structures, net	257,851	279,531
Machinery, equipment and vehicles	1,466,958	1,535,326
Accumulated depreciation	(1,243,780)	(1,286,057)
Machinery, equipment and vehicles, net	223,179	249,269
Land	67,024	70,577
Lease assets	9,645	8,615
Accumulated depreciation	(8,964)	(7,687)
Lease assets, net	681	928
Construction in progress	75,487	84,463
Other	172,674	182,414
Accumulated depreciation	(143,210)	(149,920)
Other, net	29,464	32,495
Subtotal	653,686	717,262
Intangible assets		
Goodwill	365,680	351,921
Other	349,566	342,454
Subtotal	715,246	694,374
Investments and other assets		
Investment securities	244,581	286,517
Long-term loans receivable	7,951	1,241
Long-term advance payments–trade	20,467	29,390
Deferred tax assets	44,466	21,116
Other	28,883	32,709
Allowance for doubtful accounts	(435)	(445)
Subtotal	345,914	370,529
Total noncurrent assets	1,714,846	1,782,165
Total assets	2,822,277	2,918,941

	At end of March 2020	At end of March 2021
Liabilities		
Current liabilities		
Notes and accounts payable–trade	131,207	142,087
Short-term loans payable	275,671	144,571
Commercial paper	139,000	84,000
Lease obligations	1,006	880
Accrued expenses	121,520	126,705
Income taxes payable	18,145	21,268
Advances received	73,623	78,601
Provision for grant of shares	78	124
Provision for periodic repairs	4,043	7,222
Provision for product warranties	3,738	3,522
Provision for removal cost of property, plant and equipment	2,640	5,651
Other	71,863	88,533
Total current liabilities	842,531	703,163
Noncurrent liabilities		
Bonds payable	60,000	110,000
Long-term loans payable	229,172	320,404
Lease obligations	3,506	3,921
Deferred tax liabilities	70,600	58,669
Provision for grant of shares	412	513
Provision for periodic repairs	4,560	3,415
Provision for removal cost of property, plant and equipment	5,771	12,652
Net defined benefit liability	174,365	158,832
Long-term guarantee deposits	21,613	21,939
Other	26,287	30,899
Total noncurrent liabilities	596,286	721,243
Total liabilities	1,438,817	1,424,406
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,641	79,641
Retained earnings	1,125,738	1,158,792
Treasury stock	(5,990)	(5,932)
Total shareholders' equity	1,302,777	1,335,890
Accumulated other comprehensive income		
Net unrealized gain on other securities	67,027	91,887
Deferred gains or losses on hedges	(241)	(347)
Foreign currency translation adjustment	13,027	50,462
Remeasurements of defined benefit plans	(23,275)	(10,416)
Total accumulated other comprehensive income	56,538	131,586
Non-controlling interests	24,145	27,058
Total net assets	1,383,460	1,494,535
Total liabilities and net assets	2,822,277	2,918,941

2. Statements of income and statements of comprehensive income

(1) Statements of income

	FY 2019	FY 2020
Net sales	2,151,646	2,106,051
Cost of sales	1,476,606	1,425,342
Gross profit	675,040	680,709
Selling, general and administrative expenses	497,776	508,901
Operating income	177,264	171,808
Non-operating income		
Interest income	2,769	1,895
Dividends income	5,251	4,308
Equity in earnings of affiliates	7,138	3,451
Insurance income	1,724	2,618
Other	3,596	5,059
Total non-operating income	20,479	17,331
Non-operating expenses		
Interest expense	4,016	3,209
Other	9,720	7,893
Total non-operating expenses	13,735	11,102
Ordinary income	184,008	178,036
Extraordinary income		
Gain on sales of investment securities	13,679	17,312
Gain on sales of noncurrent assets	4,268	353
Total extraordinary income	17,948	17,665
Extraordinary loss		
Loss on valuation of investment securities	1,953	66
Loss on disposal of noncurrent assets	9,668	10,637
Impairment losses	21,949	1,937
Loss on disaster	2,437	—
Loss on fire at plant facilities	—	22,287
Loss on product compensation	5,173	2,118
Business structure improvement expenses	4,840	7,750
Total extraordinary loss	46,022	44,795
Income before income taxes	155,934	150,906
Income taxes—current	54,173	73,273
Income taxes—deferred	(3,967)	(4,465)
Total income taxes	50,206	68,808
Net income	105,728	82,098
Net income attributable to non-controlling interests	1,797	2,330
Net income attributable to owners of the parent	103,931	79,768

(2) Statements of comprehensive income

	FY 2019	FY 2020
Net income	105,728	82,098
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(34,895)	24,806
Deferred gains or losses on hedges	(201)	(106)
Foreign currency translation adjustment	(26,115)	35,491
Remeasurements of defined benefit plans	(3,867)	12,631
Share of other comprehensive income of affiliates accounted for using equity method	(3,482)	3,020
Total other comprehensive income	(68,561)	75,842
Comprehensive income	37,167	157,941
Comprehensive income attributable to:		
Owners of the parent	35,730	154,817
Non-controlling interests	1,437	3,124

3. Statements of changes in net assets

	FY 2019	FY 2020
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	79,708	79,641
Changes during the fiscal year		
Disposal of treasury stock	0	(0)
Cancellation of treasury stock	(7,878)	—
Transfer from retained earnings to capital surplus	7,856	0
Capital increase of consolidated subsidiaries	(46)	0
Total changes of items during the period	(67)	0
Balance at end of fiscal year	79,641	79,641
Retained earnings		
Balance at beginning of fiscal year	1,077,586	1,125,738
Changes during the fiscal year		
Dividends from surplus	(48,723)	(45,800)
Net income attributable to owners of the parent	103,931	79,768
Transfer from retained earnings to capital surplus	(7,856)	(0)
Change of scope of consolidation	801	(914)
Total changes of items during the period	48,152	33,054
Balance at end of fiscal year	1,125,738	1,158,792
Treasury stock		
Balance at beginning of fiscal year	(3,936)	(5,990)
Changes during the fiscal year		
Purchase of treasury stock	(10,016)	(10)
Disposal of treasury stock	83	69
Cancellation of treasury stock	7,878	—
Total changes of items during the period	(2,055)	59
Balance at end of fiscal year	(5,990)	(5,932)
Total shareholders' equity		
Balance at beginning of fiscal year	1,256,747	1,302,777
Changes during the fiscal year		
Dividends from surplus	(48,723)	(45,800)
Net income attributable to owners of the parent	103,931	79,768
Purchase of treasury stock	(10,016)	(10)
Disposal of treasury stock	84	69
Change of scope of consolidation	801	(914)
Capital increase of consolidated subsidiaries	(46)	0
Total changes of items during the period	46,030	33,113
Balance at end of fiscal year	1,302,777	1,335,890

	FY 2019	FY 2020
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of fiscal year	101,971	67,027
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(34,945)	24,860
Total changes of items during the period	(34,945)	24,860
Balance at end of fiscal year	67,027	91,887
Deferred gains or losses on hedges		
Balance at beginning of fiscal year	(40)	(241)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(201)	(106)
Total changes of items during the period	(201)	(106)
Balance at end of fiscal year	(241)	(347)
Foreign currency translation adjustment		
Balance at beginning of fiscal year	42,020	13,027
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(28,993)	37,434
Total changes of items during the period	(28,993)	37,434
Balance at end of fiscal year	13,027	50,462
Remeasurements of defined benefit plans		
Balance at beginning of fiscal year	(19,213)	(23,275)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(4,062)	12,859
Total changes of items during the period	(4,062)	12,859
Balance at end of fiscal year	(23,275)	(10,416)
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	124,738	56,538
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(68,200)	75,049
Total changes of items during the period	(68,200)	75,049
Balance at end of fiscal year	56,538	131,586
Non-controlling interests		
Balance at beginning of fiscal year	21,225	24,145
Changes during the fiscal year		
Net changes of items other than shareholders' equity	2,920	2,913
Total changes of items during the period	2,920	2,913
Balance at end of fiscal year	24,145	27,058
Total net assets		
Balance at beginning of fiscal year	1,402,710	1,383,460
Changes during the fiscal year		
Dividends from surplus	(48,723)	(45,800)
Net income attributable to owners of the parent	103,931	79,768
Purchase of treasury stock	(10,016)	(10)
Disposal of treasury stock	84	69
Change of scope of consolidation	801	(914)
Capital increase of consolidated subsidiaries	(46)	0
Net changes of items other than shareholders' equity	(65,280)	77,962
Total changes of items during the period	(19,250)	111,075
Balance at end of fiscal year	1,383,460	1,494,535

4. Statements of cash flows

	FY 2019	FY 2020
Cash flows from operating activities		
Income before income taxes	155,934	150,906
Depreciation and amortization	96,016	108,369
Impairment loss	21,949	1,937
Amortization of goodwill	22,288	24,903
Amortization of negative goodwill	(79)	—
Increase in provision for grant of shares	119	148
Increase in provision for periodic repairs	332	2,033
Increase (decrease) in provision for product warranties	640	(221)
Increase in provision for removal cost of property, plant and equipment	3,141	9,891
Decrease in net defined benefit liability	(4,069)	(4,303)
Interest and dividend income	(8,021)	(6,202)
Interest expense	4,016	3,209
Equity in earnings of affiliates	(7,138)	(3,451)
Gain on sales of investment securities	(13,679)	(17,312)
Loss on valuation of investment securities	1,953	66
Gain on sale of property, plant and equipment	(4,268)	(353)
Loss on disposal of noncurrent assets	9,668	10,637
Decrease in notes and accounts receivable—trade	16,919	5,214
(Increase) decrease in inventories	(51,950)	6,110
(Decrease) increase in notes and accounts payable—trade	(45,562)	1,706
Increase in accrued expenses	2,624	1,371
(Decrease) increase in advances received	(1,925)	8,190
Other, net	(20,688)	15,896
Subtotal	178,218	318,744
Interest and dividend income, received	10,834	8,690
Interest expense paid	(4,203)	(3,086)
Income taxes paid	(60,388)	(70,672)
Net cash provided by operating activities	124,460	253,676
Cash flows from investing activities		
Payments into time deposits	(4,195)	(6,262)
Proceeds from withdrawal of time deposits	13,343	4,333
Purchase of property, plant and equipment	(138,354)	(133,347)
Proceeds from sales of property, plant and equipment	5,693	656
Purchase of intangible assets	(16,096)	(16,945)
Purchase of investment securities	(10,820)	(8,061)
Proceeds from sales of investment securities	23,543	20,264
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(175,759)	(4,811)
Payments for transfer of business	(1,964)	(17,566)
Payments of loans receivable	(23,170)	(6,144)
Collection of loans receivable	9,253	10,428
Other, net	369	(297)
Net cash used in investing activities	(318,156)	(157,751)

	FY 2019	FY 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	172,022	(168,641)
Increase (decrease) in commercial paper	62,000	(55,000)
Proceeds from long-term loans payable	45,816	143,467
Repayment of long-term loans payable	(17,586)	(16,936)
Proceeds from issuance of bonds payable	40,000	50,000
Redemption of bonds	(20,000)	—
Repayments of lease obligations	(1,276)	(1,226)
Purchase of treasury stock	(10,016)	(10)
Proceeds from disposal of treasury stock	84	69
Proceeds from share issuance to non-controlling interests	849	—
Cash dividends paid	(48,723)	(45,800)
Cash dividends paid to non-controlling interests	(1,052)	(1,198)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	—	(307)
Other, net	(194)	(287)
Net cash provided by (used in) financing activities	221,923	(95,869)
Effect of exchange rate change on cash and cash equivalents	(4,060)	9,639
Net increase in cash and cash equivalents	24,167	9,695
Cash and cash equivalents at beginning of period	180,520	204,771
Increase in cash and cash equivalents resulting from changes in scope of consolidation	85	1,769
Cash and cash equivalents at end of period	204,771	216,235

VIII. Business combination

Business combination by purchase

Sage Automotive Interiors, Inc. (Sage), a subsidiary of Asahi Kasei, concluded an agreement with Adient, plc on March 5, 2020, to acquire Adient's automotive fabrics business, and the acquisition was completed on September 30, 2020 (U.S. Eastern time). In connection with the acquisition, shares in 11 companies related to the said business were acquired from Adient, with 6 companies becoming consolidated subsidiaries and 5 companies becoming equity-method affiliates.

1. Outline of business combination

(1) Name and nature of business of counterparty

Name of acquired company: Adient, plc

Nature of business: Development, manufacture, and sale of fabrics for automotive interiors

(2) Main reasons for the acquisition

By combining the automotive fabrics business acquired from Adient, having marketing, manufacturing, and development centered in Europe, together with its own established business, Sage will be able to further expand in Europe, the largest market for automotive interior fabric and the source of innovative automotive trends. Sage plans to achieve the following synergies through this acquisition.

- Optimum global manufacturing
- Mutually complementary relationships with NA/EU OEMs
- Full product lineup (fabric, artificial suede, synthetic leather)

By advancing its regional strategy and product strategy around the world to reinforce its position as one of the leading suppliers of vehicle seat fabric and strengthen its relationships with

automotive OEMs in each region, Sage is expected to make a growing contribution to the Asahi Kasei Group's overall expansion of business in the automotive field. Sage also expects that expansion in Europe will enable it to maintain its leading position in the global market for automotive interior materials.

(3) Acquisition date

September 30, 2020

(4) Statutory form of business combination

Asset and stock purchase for cash as consideration

(5) Grounds for determining acquiring company

Asset and stock purchase for cash as consideration by a consolidated subsidiary

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

From October 1, 2020, to March 31, 2021

3. Cost of acquisition and details

Asset and stock purchase price: ¥18,025 million

Purchase price: ¥18,025 million

4. Major acquisition related costs

Advisory fees and others: ¥1,732 million

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

a) Amount of goodwill: ¥4,799 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 ¥6,012 million

Noncurrent assets ¥11,956 million

Total assets ¥17,968 million

Current liabilities ¥4,291 million

Noncurrent liabilities ¥451 million

Total liabilities ¥4,741 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 relationships ¥2,586 million

b) Major weighted average useful life

Customer relationships 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.

IX. Segment Information

1. Reporting segments

(1) Fiscal 2019

	Reporting segments				Others ¹	Total ³
	Material	Homes	Health Care ³	Subtotal		
<i>Sales</i>						
Customers	1,093,145	704,423	337,788	2,135,356	16,290	2,151,646
Intersegment	5,105	123	11	5,240	36,645	41,884
Total	1,098,249	704,546	337,799	2,140,595	52,935	2,193,530
Operating income	92,365	72,711	43,506	208,582	3,177	211,758
Assets	1,481,133	551,515	703,773	2,736,421	84,093	2,820,515
<i>Other items</i>						
Depreciation and amortization ²	58,561	10,545	19,268	88,374	1,472	89,845
Amortization of goodwill	12,072	60	10,156	22,288	—	22,288
Investments in associates accounted for using equity method	56,902	9,543	1,500	67,945	18,388	86,333
Increase in property, plant and equipment, and intangible assets	104,466	18,208	15,943	138,616	2,175	140,792

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

² Excluding amortization of goodwill.

³ Calculation of total assets as of March 31, 2020, previously based on provisional accounting treatment related to business combinations, has been finalized.

(2) Fiscal 2020

	Reporting segments				Others ¹	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	991,227	692,639	407,904	2,091,770	14,281	2,106,051
Intersegment	5,515	22	24	5,561	41,010	46,572
Total	996,743	692,661	407,928	2,097,331	55,292	2,152,623
Operating income	66,461	63,548	67,603	197,612	3,800	201,413
Assets	1,567,831	568,563	734,658	2,871,052	92,878	2,963,930
<i>Other items</i>						
Depreciation and amortization ²	59,019	11,180	31,106	101,305	1,538	102,843
Amortization of goodwill	11,934	91	12,878	24,903	—	24,903
Investments in associates accounted for using equity method	62,204	14,121	2,192	78,517	19,085	97,602
Increase in property, plant and equipment, and intangible assets	100,458	18,658	15,934	135,050	809	135,859

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

² Excluding amortization of goodwill

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

Sales	Fiscal 2019	Fiscal 2020
Total of reporting segments	2,140,595	2,097,331
Net sales in "Others" category	52,935	55,292
Elimination of intersegment transactions	(41,884)	(46,572)
Net sales on consolidated statements of income	2,151,646	2,106,051

Operating income	Fiscal 2019	Fiscal 2020
Total of reporting segments	208,582	197,612
Operating income in "Others" category	3,177	3,800
Elimination of intersegment transactions	303	551
Corporate expenses, etc. ¹	(34,797)	(30,156)
Operating income on consolidated statements of income	177,264	171,808

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

Assets	Fiscal 2019	Fiscal 2020
Total of reporting segments ²	2,736,421	2,871,052
Assets in "Others" category	84,093	92,878
Elimination of intersegment transactions	(589,354)	(602,842)
Corporate assets ¹	591,115	557,853
Total assets on consolidated balance sheets ²	2,822,277	2,918,941

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

² Calculation of total assets as of March 31, 2020, previously based on provisional accounting treatment related to business combinations, has been finalized.

X. Geographic information

1. Fiscal 2019

(1) Net sales

Japan	United States	China	Other regions	Total
1,290,077	269,481	188,553	403,535	2,151,646

(2) Property, plant and equipment

Japan	United States	Other regions	Total
477,359	105,925	70,403	653,686

2. Fiscal 2020

(1) Net sales

Japan	United States	China	Other regions	Total
1,204,218	309,723	198,903	393,206	2,106,051

(2) Property, plant and equipment

Japan	United States	Other regions	Total
518,408	107,365	91,489	717,262

XI. Important Subsequent Events

Business combinations by purchase

1) Acquisition of Respicardia, Inc.

ZOLL Medical Corporation (ZOLL), a consolidated subsidiary of Asahi Kasei, has acquired Respicardia, Inc.* (Respicardia), a U.S. medical equipment company which develops, manufactures, and sells the **remedē**® System, an implantable neurostimulator device for the treatment of central sleep apnea (CSA). The acquisition process was completed on April 9, 2021 (U.S. Eastern time).

* Registered in Delaware with head office functions in Minnesota.

1. Outline of business combination

(1) Name and nature of business of counterparty

Name of acquired company: Respicardia, Inc.

Nature of business: Development, manufacture, and sale of implantable neurostimulator device

(2) Main reasons for the acquisition

With established businesses centered on cardiopulmonary resuscitation, notably defibrillators for medical professionals, automated external defibrillators (AEDs), and LifeVest® wearable defibrillators, ZOLL has sought to further expand in the field of acute critical care including peripheral areas such as heart failure and respiratory dysfunction. Respicardia develops innovative therapies for conditions with large unmet clinical needs. With this acquisition, ZOLL will combine its expertise in cardiac and respiratory care with Respicardia's novel **remedē**® System to make a meaningful difference in the health and quality of life for many patients.

(3) Acquisition date

April 9, 2021

(4) Statutory form of business combination

Stock purchase for mainly cash as consideration

(5) Name of company after transaction

Respicardia, 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 mainly cash as consideration by a consolidated subsidiary

2. Cost of acquisition and details

Purchase consideration*	cash	US\$122 million
	loans and accrued interest	US\$108 million
Purchase price		US\$229 million

* Not including conditional consideration.

3. Substance of conditional consideration specified in the stock purchase agreement and policy for accounting treatment

(1) Substance of conditional consideration

The agreement provides for additional payment based on the acquired company's achievement of certain performance targets

(2) Policy for accounting treatment

Variable portion of conditional consideration will be treated in accordance with Generally Accepted Accounting Principles of the United States

4. Amount of goodwill, measurement principle, amortization method, and useful life
Not determined at present

2) Acquisition of additional shares in McDonald Jones Homes Pty Ltd

Asahi Kasei Homes Australia Pty Ltd, a consolidated subsidiary of Asahi Kasei, concluded an agreement on April 16, 2021, to purchase additional shares in McDonald Jones Homes Pty Ltd (McDonald Jones), an equity-method affiliate of Asahi Kasei.

1. Reasons for the acquisition

In July 2017, Asahi Kasei acquired a 40% interest in McDonald Jones, a detached housing company in Australia. Expertise of Asahi Kasei Homes Corp., a consolidated subsidiary of Asahi Kasei, regarding industrialized housing provided valuable support for sales and marketing, and helped to reduce costs by shortening the construction period. The acquisition of additional shares will accelerate such measures and enable further market expansion and growth in the Australian housing market, contributing to sustainable growth in corporate value for Asahi Kasei.

2. Profile of McDonald Jones

Name: McDonald Jones Homes Pty Ltd
Managing Director: Andrew Helmers
Main office: Newcastle, New South Wales, Australia
Established: 1987
Number of home starts: 2,761 units (fiscal year ended June 2020)
Sales: AU\$891 million (fiscal year ended June 2020)
Employees: Approximately 890 (as of March 2021)
Business: Construction of custom-built homes and sale of pre-built homes

3. Outline of the acquisition

(1) Method and procedure of acquisition

The share purchase agreement was concluded between Asahi Kasei Homes Australia Pty Ltd, a subsidiary of Asahi Kasei Homes Corp., and a shareholder of McDonald Jones. In accordance with the agreement, Asahi Kasei Homes Australia Pty Ltd is scheduled to acquire a 40% interest in McDonald Jones.

(2) Change in voting right due to the acquisition

Voting right before the acquisition: 40%
Voting right after the acquisition: 80%

(3) Cost of acquisition and details

<u>Purchase consideration</u>	<u>cash</u>	<u>AU\$113 million</u>
Purchase price		AU\$113 million