

Asahi Kasei Corp. March 8, 2023 Security code: 3407

Notice of recording impairment loss and revision of consolidated performance forecast

Please be informed that Asahi Kasei now expects to record an impairment loss related to consolidated subsidiary Polypore International, LP (Polypore) in fiscal 2022 (April 1, 2022 – March 31, 2023). Consequently, the consolidated performance forecast for fiscal 2022 announced on February 8, 2023, has been revised as shown below.

1. Revision of consolidated forecast

	Net sales (¥ million)	Operating income (¥ million)	Ordinary income (¥ million)	Net income attributable to owners of the parent (¥ million)	Net income per share (¥)
Previous forecast	2,737,000	125,000	118,000	70,000	50.46
Revised forecast	2,737,000	125,000	118,000	(105,000)	(75.69)
Increase (decrease)	0	0	0	(175,000)	
Percent change	_	_	_	_	_
cf. fiscal 2021	2,461,317	202,647	212,052	161,880	116.68

2. Reason for revision

Asahi Kasei acquired Polypore in August 2015, obtaining the Celgard™ dry-process lithium-ion battery (LIB) separator business, with growing demand anticipated in environmentally friendly vehicle applications, etc., and the Daramic[™] lead-acid battery separator business, with steady demand foreseen in a broad range of applications. Since then, these businesses have been operated together with the Hipore™ wet-process LIB separator business, which had grown in consumer electronics applications, as a single battery separator business. As forthcoming trends in markets for environmentally friendly vehicles and the corresponding strategy for each business have become clear in the course of operating activities, it was decided that the Hipore™ business and Polypore will be operated separately. Assets of each business were accordingly regrouped into separate units, and impairment testing was performed based on expected future cash flows. As a result, an impairment loss of approximately ¥185 billion* on goodwill and other intangible assets associated with Polypore is now expected to be recorded as an extraordinary loss in fiscal 2022. Today, the Board of Directors has therefore decided to revise the forecast for net income attributable to owners of the parent (net income) in the consolidated performance forecast for fiscal 2022, as shown above. The effect on net income is expected to be ¥175 billion in consideration of reversal of deferred tax liabilities corresponding to the aforementioned other intangible assets.

The fiscal year-end dividend forecast of ¥18 per share, as announced on February 8, 2023, remains unchanged.

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3. Recording of extraordinary loss on non-consolidated financial statements

As an effect of the impairment loss related to Polypore, the actual value of shares of Asahi Kasei Energy Storage Materials, Inc., the holding company of Polypore, is significantly diminished. A loss on valuation of shares of subsidiaries and affiliates of approximately ¥260 billion* is therefore expected to be recorded as an extraordinary loss on the non-consolidated financial statements for fiscal 2022. This has no effect on the consolidated financial statements.

* Premised on exchange rate of ¥136 per US\$ as of March 7, 2023.

Note: This forecast is based on the best information available at this time, but actual outcomes may differ due to a variety of factors which cannot be foreseen.

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