

## **Transfer of lithium-ion battery separator business by corporate separation (simplified absorption-type separation)**

Asahi Kasei's Board of Directors has today adopted a resolution to execute a separation agreement (Separation Agreement) regarding the transfer of its Hipore™ lithium-ion battery separator<sup>1</sup> business (The Business) to Asahi Communication Corp., a wholly owned subsidiary of Asahi Kasei, which is scheduled to change its name to Asahi Kasei Battery Separator Corp. (AKBSC), with an effective date of October 1, 2024 (scheduled), by absorption-type separation (The Separation).

As The Separation is a simplified absorption-type separation for Asahi Kasei in accordance with the provisions of Paragraph 2 of Article 784 of Japan's Companies Act, certain items and content are omitted from this disclosure.

<sup>1</sup> A lithium-ion battery separator is a microporous membrane between the positive and negative electrodes of a lithium-ion battery, which allows lithium ions to pass through while preventing contact between the electrodes.

### 1. Purpose of The Separation

Asahi Kasei's Group Mission is contributing to life and living for people around the world, and its Energy Storage business aims to contribute to the world's carbon neutrality considering new ways of using energy. Energy Storage is one of Asahi Kasei's "10 Growth Gears" (GG10) businesses to drive future growth as designated in its medium-term management plan for fiscal 2024 focused on the theme "Be a Trailblazer," with earnings growth projected over the medium-to-long term.

The core of the Energy Storage business is Hipore™ wet-process lithium-ion battery separator, whose sales have been expanding in automotive applications in addition to consumer electronics applications, with significant additional demand growth forecasted in automotive applications as an effect of government policies such as the Inflation Reduction Act (IRA) in the United States.

In accordance with this trend and to achieve further growth targeting automotive markets in North America and Japan, a decision was made in October 2023 to expand coating capacity for Hipore™ lithium-ion battery separator in the North America, Japan, and Korea. In order to advance the growth strategy with swifter decision-making for management with greater independence and autonomy, the decision was made to separate The Business into a dedicated subsidiary.

### 2. Overview of The Separation

#### 1) Schedule of The Separation

Authorization by Board of Directors	February 7, 2024 (today)
Execution of Separation Agreement	June 2024 (scheduled)
Approval by General Meeting of Shareholders of the succeeding company <sup>2</sup>	June 2024 (scheduled)
Effective Date of The Separation	October 1, 2024 (scheduled)

<sup>2</sup> Because The Separation corresponds to a simplified absorption-type separation for Asahi Kasei as the separating company in accordance with the provisions of Paragraph 2 of Article 784 of Japan's Companies Act, The Separation Agreement does not require approval by a General Meeting of Shareholders of Asahi Kasei.

#### 2) Method of The Separation

Absorption-type separation with Asahi Kasei as the separating company and AKBSC as the succeeding company.

- 3) Allocation related to The Separation  
AKBSC will issue 10,000 ordinary shares, all of which will be allocated to Asahi Kasei as consideration for The Separation.
- 4) Share warrants and bonds with share warrants with The Separation  
None.
- 5) Change of paid-in capital due to The Separation  
There will be no change in the paid-in capital of Asahi Kasei due to the separation.
- 6) Rights and obligations to be succeeded to the succeeding company  
In accordance with the Separation Agreement, Asahi Kasei shall succeed to AKBSC the assets, liabilities, contractual status and obligations, and other incidental rights and obligations pertaining to The Business.
- 7) Outlook for fulfillment of obligations  
It is judged that there is no issue regarding the outlook for fulfillment of obligations by AKBSC after the Effective Date of the Separation.

### 3. Corporate profile of parties to The Separation

	Separating Company	Succeeding Company
1) Company name	Asahi Kasei Corp.	Asahi Communication Corp.
2) Location	1-1-2 Yurakucho, Chiyoda-ku, Tokyo, Japan	1-1-2 Yurakucho, Chiyoda-ku, Tokyo, Japan
3) Name and position of representative	Koshiro Kudo, President & Representative Director	Yosuke Takayama, Representative Director
4) Business field	Diversified chemicals	Research, planning, and consulting businesses related to manufacture, processing, and sale of chemical products
5) Paid-in capital	¥103,389 million (as of March 31, 2023)	¥1
6) Date of establishment	May 21, 1931	January 25, 2024
7) Outstanding shares	1,393,932,032 (as of March 31, 2023)	1
8) Fiscal year end	March 31	March 31
9) Largest shareholders and percentage of equity	The Master Trust Bank of Japan, Ltd. (trust account): 15.49% Custody Bank of Japan, Ltd. (trust account): 6.14% JP Morgan Chase Bank 385632: 3.41% Nippon Life Insurance Company: 2.95% Asahi Kasei Group Employee Stockholding Association: 2.71%	Asahi Kasei Corp.: 100%

	Sumitomo Mitsui Banking Corp.:	
		1.83%
	State Street Bank West Client — Treaty 505234:	
		1.73%
	Mizuho Trust & Banking Co., Ltd. retirement benefit trust (Mizuho Bank account) Trustee of sub-trust: Custody Bank of Japan, Ltd.:	
		1.43%
	Sumitomo Life Insurance Company:	
		1.43%
	Meiji Yasuda Life Insurance Company	
		1.33%
	(as of March 31, 2023) Note: percentage of equity ownership after exclusion of treasury stock.	

10) Financial position and earnings in previous fiscal year

Asahi Kasei Corp. (consolidated, JGAAP, fiscal year ended March 31, 2023)	
Net assets	¥1,695,382 million
Total assets	¥3,453,900 million
Net worth per share	¥1,197.85
Net sales	¥2,726,485 million
Operating income	¥127,716 million
Ordinary income	¥120,900 million
Net income (loss) attributable to owners of the parent	¥(91,948) million
Net income (loss) per share	¥(66.30)

Note: Figures for the year ended March 31, 2023, previously based on provisional accounting treatment related to business combinations, have been finalized. Financial position and earnings of the succeeding company are omitted as the succeeding company was established in January 2024 and did not exist in the previous fiscal year.

4. Outline of separating business

1) Content of separating business

Operations related to Hipore™ lithium-ion battery separator

2) Operating results of separating business (fiscal year ended March 31, 2023)

Net sales: ¥33,603 million

3) Book value of separating assets and liabilities

Assets		Liabilities	
Current assets	¥31,958 million	Current liabilities	¥16,967 million
Noncurrent assets	¥88,882 million	Noncurrent liabilities	¥332 million
Total	¥120,840 million	Total	¥17,299 million

Note: Because the above values are current as of March 31, 2023, the value of actual separating assets and liabilities will be adjusted to reflect changes up to the Effective Date of The Separation.

## 5. Situation after The Separation

The name of the succeeding company is scheduled to change to Asahi Kasei Battery Separator Corp. on September 1, 2024. There will be no changes to the company name, name and position of representative, business field, paid-in capital, or fiscal year end of Asahi Kasei Corp.

## 6. Future outlook

The effect of The Separation on consolidated earnings is immaterial.

For reference:

Forecast for current fiscal year (announced February 7, 2024) and results of previous fiscal year (consolidated)

(¥ million)

	Net sales	Operating income	Ordinary income	Net income (loss) attributable to owners of the parent
Forecast for current fiscal year (ending March 31, 2024)	2,775,000	130,000	120,000	80,000
Results of previous fiscal year (ended March 31, 2023)	2,726,485	127,716	120,900	(91,948)