

Third Quarter, 2023 Consolidated Financial Results (Summary)**1. Summary of Consolidated Results (Jan. - Sep.)****(1) Summary**

(Unit: billions of yen)

Items	2022 Jan.1 - Sep.30	2023 Jan.1 - Sep.30	Increase/ decrease	2023 forecast
Net Sales	1,034.2	942.3	(91.8)	1,290.0
Operating Income	54.7	(4.3)	(59.1)	(12.0)
Net Income Attributable to Owners of the Parent	36.7	(6.4)	(43.0)	(43.0)

Revised forecast announced on Nov. 9th., 2023

(2) Net sales and Operating Income by Segment

(Unit: billions of yen)

Segment	2022 Jan.1 - Sep.30	2023 Jan.1 - Sep.30	Increase/ decrease	2023 forecast
Semiconductor and Electronic Materials				
Net Sales	332.3	241.7	(90.6)	333.0
Op. Income	40.5	(12.5)	(53.0)	(14.0)
Mobility				
Net Sales	134.9	131.6	(3.3)	182.0
Op. Income	(1.4)	0.0	1.5	1.0
Innovation Enabling Materials				
Net Sales	105.6	95.5	(10.1)	130.0
Op. Income	7.6	8.3	0.7	10.0
Chemicals				
Net Sales	377.0	384.7	7.8	520.0
Op. Income	19.3	10.2	(9.1)	8.0
Others, Adjustments				
Net Sales	84.4	88.8	4.4	125.0
Op. Income	(11.3)	(10.4)	0.9	(17.0)
Total				
Net Sales	1,034.2	942.3	(91.8)	1,290.0
Op. Income	54.7	(4.3)	(59.1)	(12.0)

Segment	2023 Jan.1 - Mar.31	2023 Apr.1 - Jun.30	2023 Jul.1 - Sep.30
Semiconductor and Electronic Materials			
Net Sales	69.4	84.0	88.3
Op. Income	(10.4)	(2.7)	0.6
Mobility			
Net Sales	42.5	43.1	46.0
Op. Income	(0.5)	(0.3)	0.8
Innovation Enabling Materials			
Net Sales	30.0	31.9	33.6
Op. Income	2.0	2.3	4.0
Chemicals			
Net Sales	127.1	127.8	129.8
Op. Income	3.9	0.9	5.4
Others, Adjustments			
Net Sales	29.9	30.4	28.5
Op. Income	(4.3)	(4.1)	(2.0)
Total			
Net Sales	298.9	317.2	326.2
Op. Income	(9.2)	(4.0)	8.9

2. Cash dividends

Items	2022 Result	2023 Forecast
Cash dividends per share (yen)	65.0	65.0

3. Reference

Items	2022 Jan.1 - Sep.30	2023 Jan.1 - Sep.30	Increase/ decrease
Exchange Rate (yen/US\$)	128.0	138.1	Yen depreciated by 10.1
Domestic Naphtha Price (yen/kl)	77,350	65,850	(11,500)

(Unit: billions of yen)

Items	Dec.31, 2022	Sep.30, 2023	Increase/ decrease
Total Assets	2,093.7	2,098.9	5.2
Interest-Bearing Debt	1,062.6	1,050.3	(12.3)

The above forecast is based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the international situation, costs of naphtha and other raw materials, demand or market conditions for our products such as graphite electrodes and other commodities, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.

Note: For the fiscal year ended December 2022, figures are based on retroactive accounting due to changes in accounting policies for the current fiscal year.

Consolidated Financial Statements
for the first three quarters ended September 30, 2023



I . Consolidated Financial Results

November 9th, 2023

(¥ in millions, US\$ in thousands, except for net income attributable to owners of the parent per share)

	Results for the first three quarters (Jan. 1-Sep. 30)			
	2022	2023	Increase (Decrease)	2023
	¥	¥	%	\$
Net sales	1,034,152	942,307	(8.9)	6,299,684
Operating income	54,748	(4,309)	—	(28,810)
Ordinary income	65,328	(7,150)	—	(47,800)
Net income attributable to owners of the parent	36,678	(6,367)	—	(42,564)
Net income attributable to owners of the parent per share: Basic	202.53	(35.15)		(0.23)
Net income attributable to owners of the parent per share: Diluted	—	—		—

Notes

Important changes in accounting policies : applicable

Comprehensive income :

Results for the year ended September 30, 2023 ¥34,635 million

Results for the year ended September 30, 2022 ¥103,071 million

(¥ in millions, US\$ in thousands, except for stockholders' equity ratio)

	Dec. 31, 2022	Sep. 30, 2023	Sep. 30, 2023
	¥	¥	\$
Total assets	2,093,744	2,098,896	14,031,928
Total equity	574,718	597,090	3,991,775
	%	%	%
Stockholders' equity ratio	26.3	27.2	27.2

Note: For the fiscal year ended December 2022, figures are based on retroactive accounting due to changes in accounting policies for the current fiscal year.

(3) Dividends :

	2022	2023 Forecast
Q1 dividends per share (¥)	—	—
Q2 dividends per share (¥)	0.00	0.00
Q3 dividends per share (¥)	—	—
End of Term dividends per share (¥)	65.00	65.00
Annual dividends per share (¥)	65.00	65.00

II . Forecast of performance for the year ending December 31, 2023

(¥ in millions, US\$ in thousands, except for
net income attributable to owners of the parent per share)

	fiscal year	
	¥	\$
Net sales	1,290,000	8,624,148
Operating income	(12,000)	(80,225)
Ordinary income	(21,000)	(140,393)
Net income attributable to owners of the parent	(43,000)	(287,472)
Net income attributable to owners of the parent per share: Basic	(237.40)	(1.59)

*The above forecast was announced on November 9, 2023.

The above forecast is based on the information available at this point of time. Actual results may differ materially due to a variety of reasons, including such economic factors as fluctuations in foreign currency exchange rates as well as market supply and demand conditions.

Note

The U.S. dollar is valued at ¥149.58 throughout this statement for convenience only.

[Business Results and Financial Conditions]

1. Analysis of business results

(1) Summary

In the nine-month period ended September 30, 2023 ("2023 1Q-3Q"), the global economy continued to normalize and recover due to the easing of restrictions on activities related to the COVID-19 pandemic. However, the semiconductor industry continued the adjustment phase, and the global inflation and the prolonged situation in Ukraine continued to raise energy and raw material costs, as well as supply constraints, resulting in weaknesses in some regions. In the Japanese economy, consumer spending and corporate capital investment showed a gradual recovery.

Consolidated sales for 2023 1Q-3Q decreased to ¥942,307 million from the corresponding nine-month period of the previous year ("2022 1Q-3Q"). The increase in sales in the Chemicals segment was mainly due to an increase in volume in Olefins and Derivatives (the absence of shutdowns related to large-scale maintenance in 1H 2022) and an increase in sales prices of Graphite Electrodes and Basic Chemicals. Sales in the Semiconductors and Electronic Materials segment decreased due to adjustments in the semiconductor and electronic materials-related industries, while sales in the Mobility and Innovation Enabling Materials segments also posted declines. Consolidated operating income for 2023 1Q-3Q decreased from 2022 1Q-3Q to a loss of ¥4,309 million. Operating income increased in the Mobility segment, mainly due to an increase in the volume of Automotive Products, and in the Innovation Enabling Materials segment, mainly due to price increase. On the other hand, in the Semiconductor and Electronic Materials segment, operating income decreased significantly and in the Chemicals segment, operating income decreased due to the negative impact of the difference between receipt and payment of Graphite Electrodes. Ordinary income for 2023 1Q-3Q was a loss of ¥7,150 million due to a decrease in foreign exchange gains and a decrease in equity in earnings of affiliates from 2022 1Q-3Q.

Net income attributable to owners of the parent for 2023 1Q-3Q was a loss of ¥6,367 million, due to an increase in income taxes despite a gain on business transfer.

(Unit: millions of yen)

	2022 1Q - 3Q (Jan.-Sep.)	2023 1Q - 3Q (Jan.-Sep.)	Increase/ decrease	Increase/ decrease rate
Sales	1,034,152	942,307	(91,846)	(8.9)%
Operating income	54,748	(4,309)	(59,057)	—
Ordinary income	65,328	(7,150)	(72,478)	—
Net income attributable to owners of the parent	36,678	(6,367)	(43,044)	—

(2) Overview of Business Segments (January 1 - September 30, 2023), compared with the same period of 2022

[Semiconductor and Electronic Materials]

In the Semiconductor and Electronic Materials segment, sales of both Front-end Semiconductor Materials and Back-end Semiconductor Materials subsegments decreased due to continued weakness in the semiconductor market since the 2nd half of the previous year. In the Device Solutions subsegment, sales decreased significantly due to continued weakness in HD media demand for data centers from the fourth quarter of the previous year, while SiC epitaxial wafers' sales increased. As a result, sales in this segment decreased from 2022 1Q-3Q. Operating loss was recorded due to a decrease in sales as well as inventory write-downs and loss on disposal of inventories of HD media.

(Unit: millions of yen)

	2022 1Q - 3Q (Jan.-Sep.)	2023 1Q - 3Q (Jan.-Sep.)	Increase/ decrease	Increase/ decrease rate
Sales	332,322	241,697	(90,625)	(27.3)%
Operating income	40,520	(12,463)	(52,984)	—

[Mobility]

In the Mobility segment, sales of the Automotive Products subsegment increased due to the launch of products for new car models, despite the impact of the divestiture of ISOLITE GmbH in the July-September quarter of the previous fiscal year. Sales of the Lithium-ion Battery Materials subsegment decreased due to a slowdown in consumer demand.

As a result, sales decreased, and operating income increased in this segment from 2022 1Q-3Q.

(Unit: millions of yen)

	2022 1Q - 3Q (Jan.-Sep.)	2023 1Q - 3Q (Jan.-Sep.)	Increase/ decrease	Increase/ decrease rate
Sales	134,891	131,583	(3,308)	(2.5)%
Operating income	(1,435)	46	1,482	—

[Innovation Enabling Materials]

In the Innovation Enabling Materials segment, from 2022 1Q-3Q, sales decreased due to a decrease in volume, and on the other hand, operating income increased due to higher selling prices caused by a rise in raw material prices.

(Unit: millions of yen)

	2022 1Q - 3Q (Jan.-Sep.)	2023 1Q - 3Q (Jan.-Sep.)	Increase/ decrease	Increase/ decrease rate
Sales	105,572	95,511	(10,061)	(9.5)%
Operating income	7,604	8,278	673	8.9%

[Chemicals segment]

In the Chemicals segment, sales and operating income of the Petrochemicals subsegment increased significantly from 2022 1Q-3Q due to the absence of shutdowns related to large-scale maintenance. In the Basic Chemicals subsegment, sales and operating income increased from 2022 1Q-3Q as a result of progress in passing on higher raw material and fuel prices to selling prices. Sales of the Graphite Electrodes subsegment increased from 2022 1Q-3Q due to selling price increase based on the cost increase, while operating income decreased due to the negative impact of the inventory valuation difference. As a result, sales increased, and operating income decreased in this segment from 2022 1Q-3Q.

(Unit: millions of yen)

	2022 1Q - 3Q (Jan.-Sep.)	2023 1Q - 3Q (Jan.-Sep.)	Increase/ decrease	Increase/ decrease rate
Sales	376,976	384,727	7,751	2.1%
Operating income	19,321	10,214	(9,107)	(47.1)%

2. Financial conditions for the January 1 - September 30, 2023 period (as compared with the conditions at December 31, 2022)

Total assets at the end of 2023 3Q, increased by ¥5,152 million from the end of the previous fiscal year 2022 to ¥2,098,896 million due to an increase in cash and deposits, and property, plant and equipment, despite a decrease in intangible fixed assets such as goodwill. Total liabilities decreased by ¥17,220 million to ¥1,501,806 million due to a decrease in notes and accounts payable trade and interest-bearing debt. Net assets increased by ¥22,372 million, to ¥597,090 million, mainly due to an increase in foreign currency translation adjustments.

(Unit: millions of yen)

	Dec. 31, 2022	Sep. 30, 2023	Increase/ decrease
Total Assets	2,093,744	2,098,896	5,152
Total Liabilities	1,519,026	1,501,806	(17,220)
Net assets	574,718	597,090	22,372

3. Performance forecast

Our Company announced today (November 9) that it has revised its consolidated earnings forecasts. Please refer to the news release " Resonac Revises Forecast of Consolidated Performance " for the assumptions and other information of our earnings forecast.

(Unit: millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Forecast of results for full-year 2023	1,290,000	(12,000)	(21,000)	(43,000)

Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Dec. 31, 2022	Sep. 30, 2023	Sep. 30, 2023
	¥	¥	\$
Assets			
Current assets			
Cash and deposits	186,499	225,353	1,506,575
Notes and accounts receivable-trade	266,093	261,670	1,749,365
Merchandise and finished goods	121,172	128,890	861,682
Work in process	34,130	27,235	182,079
Raw materials and supplies	95,151	92,422	617,879
Other	85,248	60,980	407,678
Allowance for doubtful accounts	(1,254)	(1,402)	(9,375)
Total current assets	787,037	795,150	5,315,883
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	138,242	155,243	1,037,857
Machinery, equipment and vehicles, net	214,718	219,846	1,469,753
Land	233,987	233,053	1,558,051
Other, net	91,118	88,987	594,914
Total property, plant and equipment	678,064	697,129	4,660,575
Intangible assets			
Goodwill	295,355	291,676	1,949,964
Other	198,334	188,298	1,258,848
Total intangible assets	493,689	479,974	3,208,812
Investments and other assets			
Investment securities	83,341	74,553	498,412
Other	52,233	53,242	355,946
Allowance for doubtful accounts	(622)	(1,152)	(7,700)
Total investments and other assets	134,953	126,643	846,658
Total noncurrent assets	1,306,706	1,303,746	8,716,045
Total assets	2,093,744	2,098,896	14,031,928

(¥ in millions, US\$ in thousands)

	Dec. 31, 2022	Sep. 30, 2023	Sep. 30, 2023
	¥	¥	\$
Liabilities			
Current liabilities			
Notes and accounts payable-trade	194,054	177,923	1,189,481
Short-term loans payable	72,419	57,112	381,819
Current portion of long-term loans payable	42,677	22,668	151,546
Current portion of bonds	—	10,000	66,854
Provision	9,576	16,614	111,069
Other	140,152	137,383	918,456
Total current liabilities	458,877	421,700	2,819,226
Noncurrent liabilities			
Bonds payable	260,000	280,000	1,871,908
Long-term loans payable	672,446	665,725	4,450,628
Provision	2,334	3,415	22,830
Net defined benefit liability	9,981	9,138	61,091
Other	115,389	121,828	814,470
Total noncurrent liabilities	1,060,148	1,080,106	7,220,927
Total liabilities	1,519,026	1,501,806	10,040,153
Net assets			
Shareholders' equity			
Capital stock	182,146	182,146	1,217,717
Capital surplus	108,140	108,140	722,959
Retained earnings	165,902	147,424	985,583
Treasury stock	(11,612)	(11,592)	(77,495)
Total shareholders' equity	444,576	426,118	2,848,764
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	355	151	1,009
Deferred gains or losses on hedges	1,461	(204)	(1,366)
Revaluation reserve for land	27,915	28,550	190,865
Foreign currency translation adjustment	72,008	112,676	753,280
Remeasurements of defined benefit plans	3,980	3,528	23,586
Total accumulated other comprehensive income	105,719	144,700	967,374
Non-controlling interests	24,423	26,272	175,637
Total net assets	574,718	597,090	3,991,775
Total liabilities and net assets	2,093,744	2,098,896	14,031,928

Consolidated Statements of Income

(¥ in millions, US\$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2022	2023	2023
	¥	¥	\$
Net sales	1,034,152	942,307	6,299,684
Cost of sales	800,021	763,942	5,107,249
Gross profit	234,131	178,364	1,192,435
Selling, general and administrative expenses	179,384	182,674	1,221,245
Operating income (loss)	54,748	(4,309)	(28,810)
Non-operating income			
Interest income	671	1,227	8,204
Dividends income	749	404	2,700
Equity in earnings of affiliates	3,809	859	5,740
Foreign exchange gains	17,124	7,100	47,464
Miscellaneous income	4,635	4,677	31,268
Total non-operating income	26,987	14,266	95,375
Non-operating expenses			
Interest expenses	10,068	9,959	66,577
Miscellaneous expenses	6,339	7,148	47,788
Total non-operating expenses	16,407	17,107	114,365
Ordinary income (loss)	65,328	(7,150)	(47,800)
Extraordinary income			
Gain on sale of businesses	251	24,319	162,580
Other	5,578	6,943	46,419
Total extraordinary income	5,829	31,262	208,999
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	2,962	2,937	19,633
Impairment loss	4,801	4,092	27,360
Extra retirement payments	261	6,453	43,141
Loss on sale of businesses	3,504	—	—
Loss related to the Antimonopoly Act	6,082	—	—
Other	5,186	2,964	19,815
Total extraordinary losses	22,796	16,446	109,948
Profit before income taxes	48,360	7,666	51,251
Income taxes	4,633	12,812	85,653
Net income (loss)	43,727	(5,146)	(34,401)
Net income attributable to non-controlling interests	7,049	1,221	8,163
Net income (loss) attributable to owners of the parent	36,678	(6,367)	(42,564)

Consolidated Statements of Comprehensive Income

(¥ in millions, US\$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2022	2023	2023
Net income	¥ 43,727	¥ (5,146)	\$ (34,401)
Other comprehensive income:			
Valuation difference on available-for-sale securities	(2,079)	(239)	(1,597)
Deferred gains or losses on hedges	(1,434)	(1,665)	(11,131)
Foreign currency translation adjustments	59,604	40,498	270,747
Remeasurements of defined benefit plans, net of tax	(75)	(452)	(3,019)
Share of other comprehensive income of entities accounted for using equity method	3,329	1,638	10,949
Total other comprehensive income	59,344	39,781	265,948
Comprehensive income	103,071	34,635	231,547
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	94,071	31,980	213,798
Comprehensive income attributable to non-controlling interests	9,000	2,655	17,749

(Reference)**SEGMENT INFORMATION**

Information about sales and operating income :

9 Months ended September 30, 2022		Millions of yen						
	Semiconductor and Electronic Materials	Mobility	Innovation Enabling Materials	Chemicals	Others	Elimination	Consolidated	
Sales								
Outside customers	¥ 332,322	¥ 134,891	¥ 105,572	¥ 376,976	¥ 84,392	¥ —	¥ 1,034,152	
Inter-segment	4,072	145	4,868	10,311	2,730	(22,126)	—	
Total	336,394	135,036	110,440	387,287	87,122	(22,126)	1,034,152	
Operating income (loss)	¥ 40,520	¥ (1,435)	¥ 7,604	¥ 19,321	¥ (248)	¥ (11,015)	¥ 54,748	

9 Months ended September 30, 2023	Millions of yen													
	Semiconductor and Electronic Materials		Mobility	Innovation Enabling Materials		Chemicals	Others	Elimination	Consolidated					
Sales														
Outside customers	¥	241,697	¥	131,583	¥	95,511	¥	384,727	¥	88,789	¥	—	¥	942,307
Inter-segment		2,571		2,438		9,479		8,469		4,839		(27,795)		—
Total		244,267		134,021		104,990		393,196		93,628		(27,795)		942,307
Operating income (loss)	¥	(12,463)	¥	46	¥	8,278	¥	10,214	¥	(2,533)	¥	(7,851)	¥	(4,309)

9 Months ended September 30, 2023	Thousands of U.S. dollars						
	Semiconductor and Electronic Materials	Mobility	Innovation Enabling Materials	Chemicals	Others	Elimination	Consolidated
Sales							
Outside customers	\$ 1,615,836	\$ 879,683	\$ 638,526	\$ 2,572,051	\$ 593,588	\$ —	\$ 6,299,684
Inter-segment	17,186	16,301	63,371	56,616	32,348	(185,822)	—
Total	1,633,022	895,983	701,897	2,628,667	625,936	(185,822)	6,299,684
Operating income (loss)	\$ (83,323)	\$ 311	\$ 55,340	\$ 68,283	\$ (16,933)	\$ (52,487)	\$ (28,810)