

Asahi Kasei Corporation

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**Consolidated Results for 1st to 3rd Quarter Fiscal 2023:
April 1, 2023 – December 31, 2023**

(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)

	Q1-Q3 2023	Q1-Q3 2022
Net sales	2,064,146 [+1.2%]	2,040,417 [+11.8%]
Operating income	98,499 [-15.1%]	116,062 [-33.3%]
Ordinary income	90,502 [-18.9%]	111,650 [-39.4%]
Net income attributable to owners of the parent	58,565 [-11.0%]	65,784 [-53.2%]
Net income per share*	42.25	47.42
Diluted net income per share*	—	—

* Yen

Notes:

- Comprehensive income was ¥138,769 million during Q1-Q3 2023, and ¥147,727 million during Q1-Q3 2022.
- Calculation of results for Q1-Q3 2022, previously based on provisional accounting treatment related to business combinations, has been finalized.

2. Financial position

At end of	December 2023	March 2023
Total assets	3,650,657	3,453,900
Net assets	1,781,637	1,695,382
Net worth/total assets	47.8%	48.1%
Net worth per share*	1,260.10	1,197.85

* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth was ¥1,746,722 million as of December 31, 2023, and ¥1,660,295 million as of March 31, 2023.
- Calculation of results as of March 31, 2023, previously based on provisional accounting treatment related to business combinations, has been finalized.

II. Cash Dividends

Fiscal year	Cash dividends per share*				Total annual
	Q1	Q2	Q3	Q4	
2022	—	18.00	—	18.00	36.00
2023	—	18.00	—		
2023 (forecast)				18.00	36.00

* Yen

Note: The cash dividend forecast has not been revised.

III. Forecast for Fiscal 2023 (April 1, 2023 – March 31, 2024)

1. Latest forecasts (percent change from results in year-ago period in brackets)

	For the fiscal year
Net sales	2,775,000 [+1.8%]
Operating income	130,000 [+1.8%]
Ordinary income	120,000 [-0.7%]
Net income attributable to owners of the parent	80,000 [—]
Net income per share*	57.71

* Yen

Notes:

- 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.
- The forecast for fiscal 2023 announced on November 7, 2023, has been revised.
- As provisional accounting treatment related to business combinations has been finalized, results for the year-ago period were revised accordingly for comparison purposes.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period

Elimination of one subsidiary:

Asahi Kasei Spunbond (Thailand) Co., Ltd.

2. Special accounting methods for preparation of the consolidated financial statements

Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate. When calculation using reasonably estimated annual effective tax rate causes irrational results, income tax amount is calculated based on the legal tax rate.

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

4. Notable changes in shareholders' equity: None

5. Number of shares outstanding

	Q1-Q3 2023	FY 2022
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	7,757,782	7,864,299
Average number of shares outstanding during period	1,386,133,632	1,387,159,926 *

* Q1-Q3 2022

V. Consolidated Financial Statements

1. Balance sheets

	At end of March 2023	At end of December 2023
Assets		
Current assets		
Cash and deposits	251,181	358,137
Notes, accounts receivable–trade, and contract assets	442,692	473,366
Merchandise and finished goods	310,380	305,071
Work in process	162,255	171,743
Raw materials and supplies	169,918	178,647
Other	154,335	132,628
Allowance for doubtful accounts	(2,567)	(3,194)
Total current assets	1,488,195	1,616,397
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	663,642	690,550
Accumulated depreciation	(347,877)	(358,062)
Buildings and structures, net	315,765	332,488
Machinery, equipment and vehicles	1,611,495	1,636,131
Accumulated depreciation	(1,313,694)	(1,338,569)
Machinery, equipment and vehicles, net	297,801	297,562
Land	69,232	69,209
Lease assets	12,017	12,392
Accumulated depreciation	(6,457)	(6,609)
Lease assets, net	5,560	5,783
Construction in progress	120,299	132,138
Other	188,994	198,675
Accumulated depreciation	(125,950)	(133,204)
Other, net	63,045	65,471
Subtotal	871,701	902,650
Intangible assets		
Goodwill	348,561	348,959
Other	387,597	383,764
Subtotal	736,158	732,722
Investments and other assets		
Investment securities	212,611	237,136
Long-term loans receivable	8,466	14,994
Long-term advance payments–trade	28,267	26,784
Net defined benefit asset	25,836	27,598
Deferred tax assets	45,916	45,714
Other	37,248	47,230
Allowance for doubtful accounts	(498)	(569)
Subtotal	357,846	398,887
Total noncurrent assets	1,965,705	2,034,260
Total assets	3,453,900	3,650,657

	At end of March 2023	At end of December 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	180,560	203,712
Short-term loans payable	196,032	222,303
Commercial paper	124,000	140,000
Current portion of bonds payable	40,000	30,000
Lease obligations	6,766	7,189
Accrued expenses	147,163	124,704
Income taxes payable	17,491	11,896
Advances received	72,948	81,835
Provision for grant of shares	80	—
Provision for periodic repairs	8,410	3,711
Provision for product warranties	4,240	4,299
Provision for removal cost of property, plant and equipment	3,788	3,493
Other	110,683	116,377
Total current liabilities	912,163	949,519
Noncurrent liabilities		
Bonds payable	170,000	200,000
Long-term loans payable	409,424	449,380
Lease obligations	28,526	28,563
Deferred tax liabilities	27,767	24,034
Provision for grant of shares	339	615
Provision for periodic repairs	4,309	5,383
Provision for removal cost of property, plant and equipment	15,910	14,901
Net defined benefit liability	128,708	131,900
Long-term guarantee deposits	22,703	23,011
Other	38,671	41,712
Total noncurrent liabilities	846,355	919,500
Total liabilities	1,758,517	1,869,020
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,841	80,272
Retained earnings	1,141,690	1,150,292
Treasury stock	(7,426)	(7,311)
Total shareholders' equity	1,317,493	1,326,642
Accumulated other comprehensive income		
Net unrealized gain on other securities	52,310	57,070
Deferred gains or losses on hedges	72	(3)
Foreign currency translation adjustment	265,022	338,863
Remeasurements of defined benefit plans	25,397	24,150
Total accumulated other comprehensive income	342,802	420,080
Non-controlling interests	35,087	34,915
Total net assets	1,695,382	1,781,637
Total liabilities and net assets	3,453,900	3,650,657

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1-Q3 2022	Q1-Q3 2023
Net sales	2,040,417	2,064,146
Cost of sales	1,442,706	1,461,923
Gross profit	597,711	602,223
Selling, general and administrative expenses	481,649	503,724
Operating income	116,062	98,499
Non-operating income		
Interest income	2,031	4,877
Dividends income	3,654	3,222
Equity in earnings of affiliates	1,501	—
Other	3,213	4,464
Total non-operating income	10,399	12,563
Non-operating expenses		
Interest expense	3,594	4,854
Equity in losses of affiliates	—	485
Other	11,218	15,221
Total non-operating expenses	14,812	20,560
Ordinary income	111,650	90,502
Extraordinary income		
Gain on sales of investment securities	7,132	10,016
Gain on sales of noncurrent assets	670	156
Insurance income	1,843	2,091
Gain on business transfer	—	2,986
Settlement income	—	2,502
Total extraordinary income	9,645	17,752
Extraordinary loss		
Loss on valuation of investment securities	1,713	970
Loss on disposal of noncurrent assets	5,242	4,406
Impairment loss	1,340	2,195
Loss on fire at plant facilities	5,561	—
Business structure improvement expenses	4,665	5,661
Total extraordinary loss	18,521	13,232
Income before income taxes	102,774	95,021
Total income taxes	36,035	34,396
Net income	66,740	60,625
Net income attributable to non-controlling interests	955	2,060
Net income attributable to owners of the parent	65,784	58,565

2) Statements of comprehensive income

	Q1-Q3 2022	Q1-Q3 2023
Net income	66,740	60,625
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(947)	4,689
Deferred gains or losses on hedges	442	(76)
Foreign currency translation adjustment	79,048	72,335
Remeasurements of defined benefit plans	1,179	(1,267)
Share of other comprehensive income of affiliates accounted for using equity method	1,265	2,462
Total other comprehensive income	80,987	78,144
Comprehensive income	147,727	138,769
Comprehensive income attributable to:		
Owners of the parent	146,678	135,843
Non-controlling interests	1,049	2,925

3. Statements of cash flows

	Q1-Q3 2022	Q1-Q3 2023
Cash flows from operating activities		
Income before income taxes	102,774	95,021
Depreciation and amortization	102,787	112,890
Impairment loss	1,340	2,195
Amortization of goodwill	28,072	22,035
Increase (decrease) in provision for grant of shares	(208)	196
Increase (decrease) in provision for periodic repairs	1,107	(3,625)
Increase (decrease) in provision for product warranties	184	(17)
Increase (decrease) in provision for removal cost of property, plant and equipment	(1,557)	(1,306)
Increase (decrease) in net defined benefit liability	(2,117)	3,042
Interest and dividend income	(5,685)	(8,099)
Interest expense	3,594	4,854
Equity in (earnings) losses of affiliates	(1,501)	485
(Gain) loss on sales of investment securities	(7,132)	(10,016)
(Gain) loss on valuation of investment securities	1,713	970
(Gain) loss on sale of property, plant and equipment	(670)	(156)
(Gain) loss on disposal of noncurrent assets	5,242	4,406
(Gain) loss on business transfer	—	(2,986)
(Increase) decrease in notes, accounts receivable–trade, and contract assets	(11,290)	(18,892)
(Increase) decrease in inventories	(103,985)	(5,929)
Increase (decrease) in notes and accounts payable–trade	16,355	16,621
Increase (decrease) in accrued expenses	(24,764)	(25,579)
Increase (decrease) in advances received	6,440	8,155
Other, net	(11,369)	2,169
Subtotal	99,330	196,434
Interest and dividend income, received	11,175	11,701
Interest expense paid	(3,228)	(4,480)
Income taxes (paid) refund	(106,056)	(32,722)
Net cash provided by (used in) operating activities	1,222	170,932
Cash flows from investing activities		
Payments into time deposits	(3,135)	(3,539)
Proceeds from withdrawal of time deposits	2,390	2,482
Purchase of property, plant and equipment	(110,767)	(108,204)
Proceeds from sales of property, plant and equipment	3,551	907
Purchase of intangible assets	(15,682)	(18,899)
Purchase of investment securities	(5,774)	(9,307)
Proceeds from sales of investment securities	9,501	18,093
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(78,070)	—
Proceeds from business transfer	—	7,320
Payments of loans receivable	(7,667)	(12,238)
Collection of loans receivable	2,342	6,214
Other, net	(106)	475
Net cash provided by (used in) investing activities	(203,416)	(116,696)

	Q1-Q3 2022	Q1-Q3 2023
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	68,920	13,143
Increase (decrease) in commercial paper	70,000	16,000
Proceeds from long-term loans payable	130,653	65,500
Repayment of long-term loans payable	(33,909)	(17,394)
Proceeds from issuance of bonds payable	50,000	60,000
Redemption of bonds	—	(40,000)
Repayments of lease obligations	(2,405)	(6,114)
Purchase of treasury stock	(1,412)	(7)
Proceeds from disposal of treasury stock	208	122
Cash dividends paid	(48,575)	(49,962)
Proceeds from share issuance to non-controlling interests	1,499	—
Cash dividends paid to non-controlling interests	(1,888)	(1,074)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	(163)	(166)
Other, net	(68)	(88)
Net cash provided by (used in) financing activities	232,859	39,959
Effect of exchange rate change on cash and cash equivalents	13,054	13,964
Net increase (decrease) in cash and cash equivalents	43,719	108,160
Cash and cash equivalents at beginning of period	242,948	247,903
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	212	—
Decrease in cash and cash equivalents resulting from corporate division	—	(2,439)
Cash and cash equivalents at end of period	286,878	353,624