

First Quarter, 2024 Consolidated Financial Results (Summary)

1. First Quarter Results

(1) Summary

(Unit: billions of yen)

Items	2023 Jan.1 - Mar.31	2024 Jan.1 - Mar.31	Increase/ decrease
Net Sales	298.9	321.4	22.5
Operating Income	(9.2)	8.9	18.2
Net Income Attributable to Owners of the Parent	(12.3)	27.1	39.3

(2) Net Sales and Operating Income by Segment

(Unit: billions of yen)

Segment		2023 Jan.1 - Mar.31	2024 Jan.1 - Mar.31	Increase/ decrease
Semiconductor and Electronic Materials	Net Sales	69.4	97.5	28.1
	Op. Income	(10.4)	6.3	16.6
Mobility	Net Sales	51.8	52.6	0.7
	Op. Income	0.3	1.7	1.4
Innovation Enabling Materials	Net Sales	20.7	22.3	1.6
	Op. Income	1.2	2.4	1.2
Chemicals	Net Sales	127.1	116.8	(10.3)
	Op. Income	3.9	0.7	(3.2)
Others, Adjustments	Net Sales	29.9	32.2	2.3
	Op. Income	(4.3)	(2.2)	2.1
Total	Net Sales	298.9	321.4	22.5
	Op. Income	(9.2)	8.9	18.2

Since the current fiscal year, the Aluminum Specialty Components business was transferred from the Innovation Enabling Materials segment to the Mobility segment, and the figures for 2023 shown in the chart have been changed retroactively.

2. Reference

Items	2023 Jan.1 - Mar.31	2024 Jan.1 - Mar.31	Increase/ decrease
Exchange Rate (yen/US\$)	132.3	148.6	Yen depreciated by 16.3
Domestic Naphtha Price (yen/kl)	66,500	72,500	6,000

(Unit: billions of yen)

Items	Dec.31, 2023	Mar.31, 2024	Increase/ decrease
Total Assets	2,032.0	2,043.5	11.5
Interest-Bearing Debt	1,016.5	998.2	(18.3)

Note : 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.

Consolidated Financial Statements

For the first quarter ended March 31, 2024



I . Consolidated Financial Results

May 15th, 2024

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

	Results for the first quarter (Jan.1-Mar.31)			
	2023	2024	Increase (Decrease)	2024
	¥	¥	%	\$
Net sales	298,919	321,374	7.5	2,122,543
Operating income	(9,208)	8,944	—	59,070
Ordinary income	(10,909)	11,011	—	72,726
Net income attributable to owners of the parent	(12,263)	27,063	—	178,740
Net income attributable to owners of the parent per share: Basic	(67.71)	149.53		0.99
Net income attributable to owners of the parent per share: Diluted	—	—		—

Notes

Important changes in accounting policies : not applicable

Comprehensive income :

Results for the year ended March 31, 2024 ¥45,927 million

Results for the year ended March 31, 2023 ¥(6,871) million

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

	Dec. 31, 2023	Mar. 31, 2024	Mar. 31, 2024
	¥	¥	\$
Total assets	2,031,953	2,043,464	13,496,228
Total equity	578,668	610,670	4,033,224
	%	%	%
Stockholders' equity ratio	27.2	28.6	28.6

(3) Dividends:

	2023	2024 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, 2024

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

	1st half		fiscal year	
	¥	\$	¥	\$
Net sales	670,000	4,425,071	1,360,000	8,982,234
Operating income	14,000	92,464	47,000	310,415
Ordinary income	6,000	39,628	32,000	211,347
Net income attributable to owners of the parent	0	0	25,000	165,115
Net income attributable to owners of the parent per share: Basic	—	—	138.34	0.91

*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 ¥151.41 throughout this statement for convenience only.

[Business Results and Financial Conditions]

1. Analysis of business results

(1) Summary

In the three-month period ended March 31, 2024 (“2024 1Q”), the global economy continued to show weakness in some regions due to supply constraints such as the impact of global monetary tightening and the rise in energy and raw material costs due to the prolonged situation in Ukraine and the Middle East. On the other hand, there was a recovery in the semiconductor industry. Japanese economy recovered moderately as a whole, while standstills in the recovery of consumer spending were seen and corporate capital investment showed a gradual recovery.

Consolidated sales for 2024 1Q increased from the corresponding three-month period of the previous year (“2023 1Q”). Sales decreased in the Chemicals segment due to a decrease in the quantity of Graphite Electrodes and a decrease in Olefins & Derivatives due to the maintenance of petrochemical derivatives. In the Semiconductors and Electronic Materials segment, sales increased significantly compared to 2023 1Q, when adjustments were taken place in the semiconductor industry. And sales in the Mobility and Innovation Enabling Materials segments also increased due to volume increases.

Consolidated operating income for 2024 1Q increased from 2023 1Q. In the Chemicals segment, operating income decreased due to a decrease in volume, though in the Semiconductors and Electronic Materials segment, operating income increased significantly. In the Mobility and Innovation Enabling Materials segments, operating income increased mainly due to an increase in volume.

Ordinary income for 2024 1Q increased from 2023 1Q mainly due to an increase in foreign exchange gains.

Net income attributable to owners of the parent for 2024 1Q increased from 2023 1Q due to gains on sales of fixed assets of land and buildings of the former head office.

(Unit: millions of yen)

	2023 1Q Jan.-Mar.	2024 1Q Jan.-Mar.	Increase/ decrease	Increase/ decrease rate
Sales	298,919	321,374	22,455	7.5%
Operating income	(9,208)	8,944	18,151	—
Ordinary income	(10,909)	11,011	21,920	—
Net income attributable to owners of the parent	(12,263)	27,063	39,326	—

(2) A breakdown of net sales and operating income by segment (January 1 - March 31, 2024)

[Semiconductor and Electronic Materials]

In the Semiconductor and Electronic Materials segment, sales of Semiconductor Materials increased due to a gradual recovery in semiconductor market conditions from the second quarter of the previous fiscal year. In Device Solutions, sales of HD media increased significantly due to a recovery in demand for data centers, and sales of SiC epitaxial wafers increased due to an increase in sales volume.

As a result, sales and operating income in this segment increased from 2023 1Q.

(Unit: millions of yen)

	2023 1Q (Jan-Mar)	2024 1Q (Jan-Mar)	Increase/ decrease	Increase/ decrease rate
Sales	69,389	97,455	28,066	40.4%
Operating income	(10,372)	6,261	16,633	—

[Mobility]

In the Mobility segment, sales of Automotive Products increased due to the recovery of automobile production and the launch of products for new models. For Lithium-ion Battery Materials, while the impact of slowing demand for consumer products continued, sales increased due to an increase in the demand for electric vehicles.

As a result, sales and operating income increased in this segment compared from 2023 1Q.

(Unit: millions of yen)

	2023 1Q (Jan-Mar)	2024 1Q (Jan-Mar)	Increase/ decrease	Increase/ decrease rate
Sales	51,803	52,551	748	1.4%
Operating income	301	1,731	1,430	475.3%

*Since the current fiscal year, the Aluminum Specialty Components business was transferred from the Innovation Enabling Materials segment to the Mobility segment, and the figures for 2023 shown in the chart have been changed retroactively.

[Innovation Enabling Materials]

In the Innovation Enabling Materials segment, sales increased from 2023 1Q due to the pass-through of higher raw material prices to product sales prices and an increase in sales volume. Operating income increased from 2023 1Q due to the elimination of the time lag factor in price pass-through.

(Unit: millions of yen)

	2023 1Q (Jan-Mar)	2024 1Q (Jan-Mar)	Increase/ decrease	Increase/ decrease rate
Sales	20,710	22,342	1,632	7.9%
Operating income	1,219	2,448	1,229	100.9%

*Since the current fiscal year, the Aluminum Specialty Components business was transferred from the Innovation Enabling Materials segment to the Mobility segment, and the figures for 2023 shown in the chart have been changed retroactively.

[Chemicals segment]

In the Chemicals segment, sales and operating income of Olefins & Derivatives decreased due to a decrease in sales volume caused by the maintenance of petrochemical derivatives, despite an increase in unit sales price due to an increase in naphtha prices. Sales of Basic Chemicals decreased due to a decline in unit sales prices associated with a decline in raw fuel prices for some products, outweighing the effects of overall higher unit sales prices. Operating income increased due to the effects of overall higher unit sales prices and cost effects associated with a decline in raw fuel prices. Sales and operating income of Graphite Electrodes decreased due to a decrease in sales volume and unit sales price.

As a result, sales and operating income decreased from 2023 1Q.

(Unit: millions of yen)

	2023 1Q (Jan-Mar)	2024 1Q (Jan-Mar)	Increase/ decrease	Increase/ decrease rate
Sales	127,097	116,779	(10,318)	(8.1)%
Operating income	3,902	671	(3,231)	(82.8)%

2. Financial conditions for the January 1 - March 31, 2024 period (as compared with the conditions at December 31, 2022)

Total assets at the end of 2024 1Q increased from the end of the previous fiscal year 2023 due to an increase in cash and deposits, despite a decrease in intangible fixed assets such as goodwill.

Total liabilities decreased mainly due to a decrease in interest-bearing debt.

Net assets increased due to the recording of Net income attributable to owners of the parent and an increase in foreign currency translation adjustments.

(Unit: millions of yen)

	Dec. 31, 2023	Mar. 31, 2024	Increase/ decrease
Total Assets	2,031,953	2,043,464	11,511
Total Liabilities	1,453,285	1,432,793	(20,491)
Net assets	578,668	610,670	32,003

3. Performance forecast

There is no change to the consolidated earnings forecast announced on April 16, 2024. For the assumptions of the forecast, please refer to "Resonac Revises Forecast of Consolidated Performance" announced on April 16, 2024.

(Unit: millions of yen)

	1st half 2024	fiscal year 2024
Sales	670,000	1,360,000
Operating income	14,000	47,000
Ordinary income	6,000	32,000
Net income attributable to owners of the parent	0	25,000

Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Dec. 31, 2023	Mar. 31, 2024	Mar. 31, 2024
	¥	¥	\$
Assets			
Current assets			
Cash and deposits	190,318	213,204	1,408,125
Notes and accounts receivable-trade	266,122	255,188	1,685,412
Merchandise and finished goods	115,123	117,358	775,098
Work in process	23,687	24,869	164,251
Raw materials and supplies	86,383	81,419	537,739
Other	72,019	79,333	523,962
Allowance for doubtful accounts	(1,731)	(1,784)	(11,780)
Total current assets	751,922	769,588	5,082,806
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	154,659	155,672	1,028,147
Machinery, equipment and vehicles, net	218,346	221,090	1,460,210
Land	230,806	225,253	1,487,702
Other, net	74,775	83,565	551,912
Total property, plant and equipment	678,586	685,580	4,527,971
Intangible assets			
Goodwill	285,199	281,442	1,858,808
Other	185,390	173,968	1,148,985
Total intangible assets	470,589	455,410	3,007,793
Investments and other assets			
Investment securities	72,503	73,650	486,428
Other	59,515	60,612	400,314
Allowance for doubtful accounts	(1,163)	(1,375)	(9,084)
Total investments and other assets	130,856	132,886	877,658
Total noncurrent assets	1,280,031	1,273,876	8,413,422
Total assets	2,031,953	2,043,464	13,496,228

(¥ in millions, US\$ in thousands)

	Dec. 31, 2023	Mar. 31, 2024	Mar. 31, 2024
	¥	¥	\$
Liabilities			
Current liabilities			
Notes and accounts payable-trade	177,375	175,051	1,156,139
Short-term loans payable	52,489	53,991	356,586
Current portion of long-term loans payable	23,552	22,695	149,891
Commercial papers	10,000	—	—
Current portion of bonds	40,000	40,000	264,183
Provision	12,198	17,783	117,451
Other	146,267	142,564	941,576
Total current liabilities	461,881	452,084	2,985,825
Noncurrent liabilities			
Bonds payable	250,000	250,000	1,651,146
Long-term loans payable	625,840	616,565	4,072,155
Provision	3,361	3,857	25,474
Net defined benefit liability	9,961	9,900	65,386
Other	102,242	100,388	663,018
Total noncurrent liabilities	991,404	980,710	6,477,179
Total liabilities	1,453,285	1,432,793	9,463,004
Net assets			
Shareholders' equity			
Capital stock	182,146	182,146	1,202,999
Capital surplus	108,140	108,140	714,220
Retained earnings	137,269	117,510	776,107
Treasury stock	(11,593)	(13,460)	(88,899)
Total shareholders' equity	415,963	394,336	2,604,428
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	194	177	1,167
Deferred gains or losses on hedges	1,196	(553)	(3,653)
Revaluation reserve for land	26,113	61,149	403,862
Foreign currency translation adjustment	99,217	119,435	788,821
Remeasurements of defined benefit plans	10,154	9,779	64,588
Total accumulated other comprehensive income	136,875	189,987	1,254,785
Non-controlling interests	25,830	26,347	174,011
Total net assets	578,668	610,670	4,033,224
Total liabilities and net assets	2,031,953	2,043,464	13,496,228

Consolidated Statements of Income

(¥ in millions, US\$ in thousands)

	Results for the first quarter (Jan.1-Mar.31)		
	2023	2024	2024
	¥	¥	\$
Net sales	298,919	321,374	2,122,543
Cost of sales	247,178	251,452	1,660,737
Gross profit	51,742	69,922	461,805
Selling, general and administrative expenses	60,949	60,978	402,736
Operating income (loss)	(9,208)	8,944	59,070
Non-operating income			
Interest income	345	461	3,045
Dividends income	71	344	2,274
Equity in earnings of affiliates	885	386	2,550
Foreign exchange gains	495	4,176	27,584
Miscellaneous income	1,674	1,611	10,637
Total non-operating income	3,470	6,979	46,090
Non-operating expenses			
Interest expenses	3,292	3,256	21,506
Miscellaneous expenses	1,879	1,655	10,928
Total non-operating expenses	5,171	4,911	32,434
Ordinary income (loss)	(10,909)	11,011	72,726
Extraordinary income			
Gain on sales of noncurrent assets	24	19,699	130,103
Gain on revision of retirement benefit plan	379	—	—
Gain on reversal of PCB disposal costs	347	—	—
Other	487	1,080	7,135
Total extraordinary income	1,237	20,779	137,238
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	1,189	854	5,637
Impairment loss	2,908	752	4,969
Other	977	491	3,243
Total extraordinary losses	5,075	2,097	13,849
Profit (loss) before income taxes	(14,746)	29,694	196,114
Income taxes	(3,501)	2,304	15,218
Net income (loss)	(11,245)	27,389	180,896
Net income attributable to non-controlling interests	1,018	326	2,156
Net income (loss) attributable to owners of the parent	(12,263)	27,063	178,740

Consolidated Statements of Comprehensive Income

(¥ in millions, US\$ in thousands)

	Results for the first quarter (Jan.1-Mar.31)		
	2023	2024	2024
	¥	¥	\$
Net income (loss)	(11,245)	27,389	180,896
Other comprehensive income:			
Valuation difference on available-for-sale securities	(209)	5	34
Deferred gains or losses on hedges	(1,485)	(1,755)	(11,591)
Foreign currency translation adjustments	6,178	19,845	131,070
Remeasurements of defined benefit plans, net of tax	(124)	(375)	(2,480)
Share of other comprehensive income of entities accounted for using equity method	13	817	5,399
Total other comprehensive income	4,374	18,538	122,433
Comprehensive income	(6,871)	45,927	303,329
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	(8,308)	45,140	298,128
Comprehensive income attributable to non-controlling interests	1,437	787	5,201

(Reference)**SEGMENT INFORMATION**

Information about sales and operating income :

3 months ended March 31, 2023	Millions of yen						
	Semiconductor and Electronic Materials	Mobility	Innovation Enabling Materials	Chemicals	Others	Elimination	Consolidated
Sales							
Outside customers	¥ 69,389	¥ 51,803	¥ 20,710	¥ 127,097	¥ 29,920	¥ —	¥ 298,919
Inter-segment	830	551	2,307	3,178	1,471	(8,337)	—
Total	70,219	52,355	23,017	130,275	31,391	(8,337)	298,919
Operating income (loss)	¥ (10,372)	¥ 301	¥ 1,219	¥ 3,902	¥ 2,712	¥ (6,969)	¥ (9,208)

3 months ended March 31, 2024	Millions of yen						
	Semiconductor and Electronic Materials	Mobility	Innovation Enabling Materials	Chemicals	Others	Elimination	Consolidated
Sales							
Outside customers	¥ 97,455	¥ 52,551	¥ 22,342	¥ 116,779	¥ 32,247	¥ —	¥ 321,374
Inter-segment	1,427	2,198	3,137	3,287	1,523	(11,573)	—
Total	98,883	54,749	25,479	120,066	33,770	(11,573)	321,374
Operating income (loss)	¥ 6,261	¥ 1,731	¥ 2,448	¥ 671	¥ 117	¥ (2,284)	¥ 8,944

3 months ended March 31, 2024	Thousands of U.S. dollars						
	Semiconductor and Electronic Materials	Mobility	Innovation Enabling Materials	Chemicals	Others	Elimination	Consolidated
Sales							
Outside customers	\$ 643,651	\$ 347,078	\$ 147,560	\$ 771,274	\$ 212,980	\$ —	\$ 2,122,543
Inter-segment	9,428	14,518	20,718	21,711	10,058	(76,433)	—
Total	653,078	361,596	168,278	792,985	223,039	(76,433)	2,122,543
Operating income (loss)	\$ 41,351	\$ 11,435	\$ 16,169	\$ 4,430	\$ 771	\$ (15,086)	\$ 59,070