

Summary of Questions and Answers at a Briefing on Resonac Holdings, 2nd Quarter, 2024 Financial Results

17:00 – 18:00, Thursday, August 8, 2024

Briefer: Hideki Somemiya, Director & Managing Corporate Officer, CFO

*All contents are based on the information available as of the date and time of the briefing.

[Companywide]

Q As a result of the revision of the earnings forecast for this fiscal year, EPS has also increased. Please let us know about the shareholder return policy, including the possibility of an increase in dividends.

A The final profit for this fiscal year will include the impact of extraordinary income increased by the gain on the sale of noncurrent assets, and before deciding to increase dividend we will carefully consider whether it can be continued stably in the future. In addition, we have a cash allocation policy in which half to 2/3 of operating cash flow is allocated preferentially to capital investment, and the remainder is allocated to shareholder return and loan repayment. We will continue to repay borrowings while keeping an eye on future interest rates.

[Semiconductor and Electronic Materials Segment]

Q In the first half of the fiscal year, sales of Back-end Semiconductor Materials and Device Solutions increased significantly from the previous year. What is the background to this increase and how does the sales differ by product unit?

A Among Device Solutions, sales of HD media increased. This was due to an increase in volume as customers adjusted their inventory levels. As fixed costs were reduced through structural reforms, operating income improved and became profitable for the first half. As for Back-end Materials, sales of AI-related materials such as NCF, TIM materials, and copper-clad laminates grew in particular.

Q What is the background of the flat sales of Front-end Semiconductor Materials from 1Q to 2Q? What is the outlook for the second half of the year?

A As for Front-end materials, the level of wafer inventories among customers is still high, and although there is a moderate recovery trend from 1Q to 2Q and the second half of the year, sales are expected to be generally flat.

[Mobility Segment]

Q Based on trends in the Thai and Chinese markets, please explain the segments performance trends for the period from 1Q to 2Q and the second half of the year?

A The impact of the market deterioration in Thailand on the business has expanded in 2Q and the situation is expected to be continued in the second half of the year. Although the impact of sluggish sales in the Chinese market continues, there has been no particular change in the underlying trend.

[Chemicals Segment]

Q Does Olefins & Derivatives expect sales and operating income to increase year-on-year? And how is the progress of the partial spin-off.

A With the rise in naphtha prices, Olefins & Derivatives expects sales and operating income to increase year-on-year. Preparations for the partial spin-off are underway, including the establishment of a preparatory company on August 1, 2024.

Q With regard to Graphite Electrodes, please let us know whether your company believes that the current production capacity is acceptable, given the continuing poor market conditions.

A The optimization of the production capacity of Graphite Electrode is being discussed in the company. As nothing has been decided at present, please wait for the announcement in the future.

* Performance forecast and other statements pertaining to the future as contained in this presentation are 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.