

Summary of Questions and Answers at a Briefing on Resonac Holdings, 2023 Financial Results

17:00 – 18:30, Wednesday, February 14, 2024

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

[General]

Q. Extraordinary profit/loss of 2024 forecast is expected to be negative. Considering that the figure includes gains on sale of noncurrent asset announced in November 2023 as an extraordinary profit, does it mean that there is a structural reforms cost expected as an extraordinary loss?

A. Fair point. Some structural reforms will be carried over to 2024 despite my intention to get them done by 2023, therefore expects a certain amount of extraordinary loss.

[Starts the Assessment of Partial Spin-off of Petrochemical Business]

Q. Are there significant hurdles to clear regarding stakeholders to implement the spin-off that you are aware of at this point?

A. There are hurdles to clear including application for listing, but at this point, none are considered as a knock-out factor. Already in contact with related ministries and financial institution.

Q. How do you appeal to investors, including current shareholders, regarding the new company?

A. A concrete equity story is yet to be built. In addition to the relative stability of our petrochemicals business in terms of performance and earning cash-flow, possible measures for refined operational excellence and green transformation are on the table.

Q. An Industry-wide reorganization, such as integration with other companies, off the table?

A. If it serves to enhance the corporate value and make our employees happy, it is still an option. Contacts with other petrochemical players will remain active.

Q. Why did you choose the partial spin-off as a scheme?

A. By thinking through the balance of happiness of employees, social responsibility and shareholders' return, it was important to keep the new company accessible to Resonac resources including R&D, with Resonac keeping a stake little short of 20%.

[Semiconductor and Electronic Materials segment]

Q. What is your intention of establishing a Packaging Solution Center in the US?

A. A major goal is to have closer contact with AI semiconductor designers, including GAFAM.

Q. What is the difference between 2024 forecast and 2023 results regarding Semiconductor and Electronic Materials segment?

A. For sales, semiconductor back-end materials will be in continued recovery including the first half, while semiconductor front-end materials expect to recover from the second half as NAND production expects to be weak during the first half. Sales of HD media saw a recovery in 2023 4Q and expects to maintain that level for the first half of 2024, slightly increasing in the second half.

For operating income, the largest improvement was HD media business, which was unprofitable in 2023, turning profitable.

[Mobility segment]

Q. What makes the first half and the second half so different in 2024?

A. There are continued efforts to improve profitability underway and the second half expects to benefit more from them.

[Chemicals segment]

Q. Graphite Electrodes business seemed to have performed poorly in 2023. How do you plan to turn it around?

A. In 2024, global graphite electrodes demand is expected to be largely unchanged from 2023 and tough price competition mainly in Asia and Europe likely remain. However, given the inventory write-offs done in 2023 and decreased needle coke price, in the second half of 2024 when inventory with decreased material price starts rolling out, expects improvement in income even without a recovery in volume.

* 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.