

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

17:30 – 19:00, Thursday, February 13, 2025

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

[General]

Q What is included in the difference between operating income and core operating income in the IFRS-based consolidated forecast?

A As of 2025, we transitioned to the International Financial Reporting Standards (IFRS). We use core operating income as an indicator of core business profitability under IFRS, while we used operating income for that purpose under Japanese Generally Accepted Accounting Principles (JGAAP). Under IFRS, operating income is calculated by subtracting non-recurring items from core operating income. Non-recurring items in 2025 consist mainly of structural reform costs, including those related to the graphite electrodes business and several others, which we believe will cover the amount necessary to fully recognize potential impairment losses.

*Key differences between core operating income (IFRS) and operating income (JGAAP) at Resonac : Core operating income (IFRS) does not include the amortization of goodwill from acquisitions.

Q Are there any differences in the timing of recognition or other aspects when transitioning to IFRS from JGAAP?

A For annual maintenance costs incurred in our Olefins & Derivatives and other businesses, we smoothed out these costs throughout the year under JGAAP. However, under IFRS, they are recognized at the time they are incurred. Since annual maintenances for the Olefins & Derivatives and Basic Chemicals businesses are conducted in the first half of the year, we expect a certain amount of maintenance costs to be recognized in that period.

Q Regarding the core operating income, could you explain the background of the ¥22 billion included in the 2025 forecast under "Others/ Adjustments"?

A In 2024, we implemented a major initiative to reduce fixed costs. For 2025, we plan to recognize the deferred fixed costs from those reductions. Our intention is not to spend the entire ¥22 billion planned this time, but rather to focus on how much we can reduce this amount during the current fiscal year.

Q Your presentation materials show the EPS target of ¥500. Could you please provide the timeline for this goal?

A We have also set KPI targets of a 20% EBITDA margin and a 10% ROIC. The EPS target of ¥500 is expected to be achieved sometime between the attainment of the 20% EBITDA margin and the 10% ROIC.

[Semiconductor and Electronic Materials Segment]

Q What percentage do AI-related materials account for within the Semiconductor and Electronic Materials segment? Are AI-related materials more profitable compared to legacy semiconductor-related materials?

A Based on the sales figures for 2024, AI-related materials are estimated to account for approximately 10% of the total materials sales of Back-end Semiconductor Materials. In comparison to legacy semiconductors, AI-related products are more profitable.

Q The Semiconductor and Electronic Materials segment has seen a decline in sales and operating income from 3Q to 4Q 2024, and the figures for sales revenue and core operating income in the first half of 2025 are also projected weak. Where do you consider the bottom to be?

A The decline in sales and operating income since 3Q 2024 is primarily due to seasonality. We anticipate that the bottom will be 1Q 2025, which is most affected by the Lunar New Year, and we expect a recovery trend to follow. However, the recovery may vary depending on the specific application markets.

Q Regarding the performance forecast for the Semiconductor and Electronic Materials segment in 2025, could you provide insights on the direction for each subsegment?

A In terms of sales revenue outlook by subsegment, nearly stable sales are expected for Front-end Semiconductor Materials as customer demand in the memory market (NAND in particular) is expected to remain flat, despite the recovery trend. For Back-end Semiconductor Materials, we expect a considerable growth. As for Device Solutions, we anticipate a steady growth.

[Chemicals Segment]

Q I would like to ask about the new segment, the Crasus Chemical segment. Is it correct to assume that the balance sheet image for the new company, Crasus Chemical, includes operating liabilities of ¥30 billion to ¥50 billion, with a Net D/E ratio of slightly over 1.0?

A Your image of the balance sheet is largely accurate.

Q In the forecast for the Chemicals segment, core operating income is expected to be in the red. Could you explain the background behind this expectation?

A We anticipate an expansion of the losses in the graphite electrode business, and we are prepared for a significant loss in the first half of the year.

* 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.