

Summary of Questions and Answers at a Briefing on Resonac Holdings, 1st Quarter, 2025 Financial Results

17:00 – 18:00, Thursday, May 15, 2025

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

[General]

Q Regarding the note on page 17 of the presentation material stating "Compared to JGAAP, expenses in 1H increase," how much did the expense increase in 1Q due to the transition to IFRS?

A The transition to IFRS resulted in higher expenses in 1Q, specifically by recognizing the annual property tax and the scheduled maintenance costs for the Basic Chemicals and the Olefins & Derivatives businesses entirely in 1Q. A total related expenses were approximately ¥2-3 billion.

Q: How exactly will the so-called Trump tariffs impact Resonac, both direct and indirect?

A The situation regarding the so-called Trump tariffs is fluid. Revenue to the U.S. accounted for a single-digit percentage of total revenue in 2024, which includes revenue from the already divested U.S. based Life Science business and the Graphite Electrodes manufacturing based in the U.S., so the direct impact is minimal. There are various indirect effects that are directed toward the U.S., and we are assessing the situation while reviewing the entire supply chain. It is currently unclear how tariffs will ultimately be resolved for materials used in servers and smartphones.

Q Were there pull-forward in demand for orders due to the so-called Trump tariffs?

A Supposedly there were some pull-forward orders, but it is difficult to quantify how many.

[Semiconductor and Electronic Materials Segment]

Q Since only JAAP figures are disclosed for 24/4Q, it is difficult to make comparisons, but it seems that 25/1Q shows a decrease in both revenue and core operating profit compared to 24/4Q. Could you explain the background?

A This is due to the impact of the Lunar New Year. Typically, Semiconductor and Electronic Materials segment experiences strong demand for smartphones and other products from 3Q to 4Q, while 1Q tends to see a decline in revenue due to the Lunar New Year. The trend in 25/1Q aligns with this, and there were no other special factors.

Q Could you explain the outlook for each subsegment in the Semiconductor and Electronic Materials Segment from 25/1Q to 25/2Q?

A As a premise, we expect the Front-end Semiconductor Materials subsegment to remain sluggish throughout 2025, and we anticipate flat performance in 25/2Q compared to 25/1Q. The Back-end Semiconductor Materials subsegment is planned to grow steadily, with AI-related materials expected to see high growth. Device Solutions subsegment performed better than expected in 25/1Q, and we anticipate it will remain roughly flat or slightly down in 25/2Q compared to 25/1Q.

Q Regarding AI-related materials, what were the results for 25/1Q and the outlook for 25/2Q?

A Overall, we expect AI-related material revenue to double in fiscal year 2025 compared to fiscal year 2024. In 25/1Q, while there are variations by product, overall progress is in line with our plans. We expect steady growth to continue from 25/2Q onward.

[Chemicals Segment]

Q The Graphite Electrodes business is seeing an increase in losses. Could you explain the background?

A The market conditions for the Graphite Electrodes business are tough, and in 25/1Q, both sales volume and price decreased compared to 24/1Q. The impact of the inventory write-downs also contributed to the increase in losses in 25/1Q.

Q What is the progress on structural reforms in the Graphite Electrodes business? You mentioned closing the sites in Sichuan(China) and Malaysia; what are the specific closure timelines and the expected annual effects of these closures? Additionally, is it possible to expedite the structural reforms?

A It is difficult to provide specific answers regarding the closure timelines and effects. We are actively considering the structural reforms in the Graphite Electrodes business and will communicate updates as progress is made.

* 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 global political situation, economic conditions, regulatory strengthening, demand or market conditions, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.