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Resonac Corporation

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About the cover page Resonac holds AHA!, a global award, as an initiative to penetrate the Company's Purpose and Values among employees. The 2025 cover once again features the team members who won the Gold Award at the previous year's awards! The 2023 cover showed full-body photos and the 2024 upper body photos, so this year we chose close-ups photos. This represents how the efforts of the people working at Resonac are becoming more in-depth, clearer, and have a higher resolution.

RESONAC REPORT 2025

English Version

RESONAC
Chemistry for Change

RESONAC REPORT 2025

English Version

Dear Reader,

The endless debate about Resonac's identity

As we create our fourth Integrated Report since Resonac's second founding, we initially considered structuring the entire report around the theme of what defines Resonac. The idea was to present what we mean by value creation unique to Resonac. However, we realized that proclaiming what makes Resonac unique ourselves might come across as self-centered and self-complacent. After all, our identity is something that can only be truly defined by how our stakeholders evaluate us.

That said, as you read through this report, you may notice that terms like "identity" and "unique" appear quite frequently in the comments from various members. Indeed, each of us strives within our own role to embody the unique qualities that define Resonac. At the same time, we have come to realize once again that we haven't (yet?) converged on a plausible, definitive definition.

What constitutes Resonac's distinctive "true corporate value"?

During these discussions, one question that needed to be addressed was, "What is corporate value?" In management, corporate value is defined as the present value of future cash flows, while in the investment world, it is discussed as stock price. In this year's Message from the CEO P05), Takahashi states that "the stock price mirrors an approximation of a company's value. P08" However, this comes with a caveat that the capital markets must function properly and be close to fully efficient. Therefore, it is now essential for management to revisit the company's Purpose, Values, and core competencies to maximize true corporate value.

Reflecting on the past three years, we have been dedicated to increasing corporate value, defining "Corporate value = Strategy × Individual strength × Corporate culture" P13. Many of the individuals featured in this publication have also expressed their commitment to "maximizing corporate value." That term appears far more frequently than "identity" and may carry an even wider range of meanings. This suggests that if true corporate value exists, the aspects highlighted will vary depending on perspective, observer, and time frame considered.

To reconsider "What is corporate value?" we took a step back and began by asking, "What constitutes corporate value?" This led us to create the diagram titled "Resonac's Value Creation Hypothesis—2025 Integrated Report Edition." P13 This is a question asking: The value we aim to create is composed of these elements (including those we will strengthen going forward), and should manifest in these ways, and we commit to value creation in belief that the quality and combination of our "secret ingredients" are crucial – what do you think?

Now, we invite you to join in the conversation. We hope you'll join us!

Discussion of Resonac's Value Creation Hypothesis

What Does an Integrated Report Mean to Resonac?

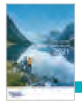
We prepared our Integrated Report with the following in mind.

Provide what? How we have created **value** from the **past** to the **present** and whether we have the structure (business model) and capabilities to create **value** in the future.

To whom? **Our valued stakeholders** with whom we wish to have a long-lasting relationship, including investors with medium- to long-term perspectives

What for? **A communication tool for building trust in Resonac's management, engaging in persuasive dialogue, and co-creating value.** It also plays a role in fostering a corporate culture by aligning the direction of Resonac employees.

Marking the integration of Showa Denko and Hitachi Chemical as a "second founding phase," we have been shifting our business portfolio to one centered on functional materials, strengthening collaboration both internally and externally, and responding flexibly and quickly to the rapidly changing market environment. In order to confidently assure stakeholders of their trust and expectations for Resonac following the start of operations under a new structure, we are preparing this Integrated Report with the aim of proactively answering questions from stakeholders both inside and outside the company.



2021 Merger of the two companies was decided
- What does the Showa Denko and Hitachi Chemical merger entail?
- Is there really any point in merging?

2022 Effective integration
- Who is the CEO? What was the reason and process for the selection?
- The companies effectively merged, but organizational integration is still a long way off

2023 Resonac established
- What's going to change after becoming Resonac?
- Reforms are progressing at a rapid pace, but is governance okay?

2024 Year before the financial and non-financial targets under the long-term vision
- What are Resonac's goals?
- What challenges are in the way of achieving targets?

2025 Final year of the current long-term vision
- What has been achieved since the second founding?
- Has the value creation process changed?

Key opinions from last year's report and incorporation into RESONAC REPORT 2025

Key opinions	Incorporation
The 2023 results seem to show that Resonac failed to generate sufficient profit. I need an explanation for the path to improving profitability. I want to determine its feasibility.	We have included a three-year review and plan on each page, detailing the implementation of items from the current long-term vision and the strategies and achievements of each business. The path to improving profitability and corporate value is also outlined in the Message from the CEO and a series of dialogues.
I understand the enthusiasm and teamwork of the CEO and management team. But is the situation on the ground really keeping up?	We delved into the important matters for each theme through dialogues, and made an effort to convey our thinking in a way that is easy to understand. Employees explain our initiatives at each site to communicate them more effectively. Over the past three years, Resonac's sense of unity has strengthened significantly.
I'd like to see an illustrated model that links financial and non-financial activities within the value creation model.	Alongside our achievements to date, it is crucial that our story for the future is compelling. We examined and included Resonac's value creation hypothesis. We want to use it to facilitate dialogue with stakeholders.

How RESONAC REPORT is made

1. Planning and preparation of editorial policies and contents by means of planning meetings held every two months
   Members: CFO, CSO/CRO, CHRO, CSuO, and staff from the Investor Relations Department, the Human Capital Management Department, the Corporate Planning Department, the Brand Communication Department, and the Sustainability Department
2. Decision of direction and message during meetings of the Sustainability Promotion Council, attended by the CEO, all other chief officers, and all general managers of business units
3. Discussion of each page with Sustainability Partners and those in charge of each department, and draft writing
4. Discussion and approval by the Management Committee and the Board of Directors

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Brief Overviews!

RESONAC REPORT 2025

So, what's our CEO like?

P05
Message from the CEO

The CEO believes that without maintaining our technological edge or making the company a place employees enjoy fun working, we will not be able to enhance our corporate value.

We frequently receive questions from our readers about our initiatives to adhere to the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, as well as material issues and non-financial KPI targets and results. These details, among others, are provided in our Data section.

What are we aiming for?

P35
CFO and Investors Dialogue

Portfolio reforms that we have been carrying out since our second founding. These efforts are still ongoing, and present some challenges. We intend to utilize the honest feedback and critical opinions of investors to work toward improvement together, thereby enhancing our corporate value. We will continue our endeavors on this front.

P45
Choosing to Execute a Partial Spin-off

For example, the partial spin-off of the olefins and derivatives business. In order to make our society a better place through the power of chemistry, we will select optimal solutions that enable further growth and enhance the corporate values of both Resonac and Crasus Chemical.

Where do our strengths lie?

P65
Resonac's Co-creation "Kata"

We solve customer issues through the power of chemistry together with various partners. This is Resonac's co-creation model, or "kata." We provide information on our present and future, starting with the PSC and PMiC.

P83
Implementing Sustainability in Business

We will fulfill our Purpose of "change society through the power of chemistry," thereby creating the future we envision. We discuss the challenges we face and implementation efforts with our Sustainability Advisors, roles newly established this year.

How far have our governance reforms come?

P99
Dialogue Between Outside Directors and an Executive

The enhancement of governance is vital to taking appropriate risks while also implementing aggressive measures. We have one goal: the enhancement of corporate value. This serves as proof that Resonac is a resilient company.