Long-Term Vision

Showa Denko and Hitachi Chemical were integrated to form Resonac in 2023. We see this as our second founding, and with the stated goals of the long-term vision to transform into a world class functional chemical company from Japan by 2030, we are moving forward with our journey of value creation.

Based on the belief that sustainability is the cornerstone of its corporate strategy, Resonac has established financial and non-financial KPIs and targets linked to material issues for sustainability and its envisioned ideal state. It has established strategies for each business and function and is making progress on related initiatives.

Purpose

Change society through the power of chemistry

Material issues for sustainability

- Gain credibility through responsible business management
- Strengthen co-creativity & competitiveness and create social value through innovation and business
- Develop autonomous, creative, and active human resources and culture

Long-term vision Ideal state

Non-financial KPIs

Company that can compete on the world stage	Company that contributes to a sustainable global society	Company that develops co-creative talent that represents Japan's manufacturing industry
World-class competitiveness and profitability	Capability to create innovations and to develop new businesses	Ability to train competitive talent with shared values

Financial KPIs

Key strategies

1. Establishment of a world-class revenue base
2. Improvement in Portfolio Management
3. Innovation (technology x business model)
4. Strengthening of management foundation (platform)

Financial and non-financial KPIs

Results in 2024

Financial KPIs

- Net sales: ¥1.4 trillion
- EBITDA margin: 13.7%
- ROIC: 5.2%
- Net D/E ratio: x0.74

Scores of the survey on implementation of the Purpose and Values: Purpose: 57% Values: 67%

Greenhouse gas emissions (Scope 1 + Scope 2): 4,250 kt-CO_2

Serious occupational accidents: 1

P123 / Material Issues and Non-financial KPI Targets and Results

2025

Further focus! **Say & Do**

By actively investing in AI semiconductors and encouraging co-creative innovation, we will evolve Resonac's growth base and lead the market

Aggressive investment in growing semiconductor materials business

1
- Say: Aggressive investment in growing semiconductor materials business
- Do: Active investment in AI semiconductors to accelerate growth

2
- Say: Accelerate creation of co-creative innovations
- Do: Strengthening its R&D power through integration of R&D, and co-creation

3
- Say: Cultural transformation and human resource development
- Do: Evolving growth base through co-creation

Ideal state

Financial KPIs

- Net sales: Over ¥1 trillion
- EBITDA margin: 20%
- ROIC: 10% over the medium to long term
- Net D/E ratio: x1.0 in a stable manner

Inculcation of Purpose and Values and cultivation of a co-creation culture

Greenhouse gas emissions (Scope 1 + Scope 2): 30% reduction from the level of 2013 (* 2030 target)

Serious occupational accidents: 0

Non-financial KGI / KPI targets that measure the progress of 15 components linked to material issues

P123 / Material Issues and Non-financial KPI Targets and Results

Long-Term Vision

Q In the four years since Showa Denko's tender offer for Hitachi Chemical shares in 2020, how far have business portfolio reforms progressed?

Done Up Until Now

Striving to become a world-class functional chemical company

Showa Denko and Hitachi Chemical merged to become a functional chemical company that covers the growth area of semiconductor materials by utilizing the technological synergies of the two companies spanning midstream to downstream sectors. Behind this lies a proven track record of improving capital efficiency through strategic selection and concentration.

We have three criteria for our portfolio management policy: (1) Fitness for strategy: Does it fit our strategy in terms of portfolio attributes on the basis of sustainability? (2) Best owner: Who is the best management entity to maximize the value of the business? (3) Profitability and capital efficiency: Does the business or investment meet the expected profitability and capital efficiency?

2021	• **SHOKO CO., LTD.** (Trading company: selling chemicals) • **Aluminum can business** • **Food wrapping film business** • **Aluminum rolling products business** • **Printed circuit board business** • **Electricity storage device and system business**
2022	• **Ceramic business** • **ISOLITE** (Heat insulation parts business as well as vehicles)
2023	• **Diagnostic reagent business**
2024	• **Regenerative medicine business** • **Surface protection films business**
2025	• **Resonac Packaging Corporation** (as well as food packaging materials) • **Clean-S Showa Co., Ltd.** (exhaust gas abatement equipment business) • **Resin molded products in China** • **F2 Chemicals Ltd.** (production and selling per- and polyfluoroalkyl substances)

* Additionally, partial spin-off of Crasus Chemical Inc. is scheduled in 2026.

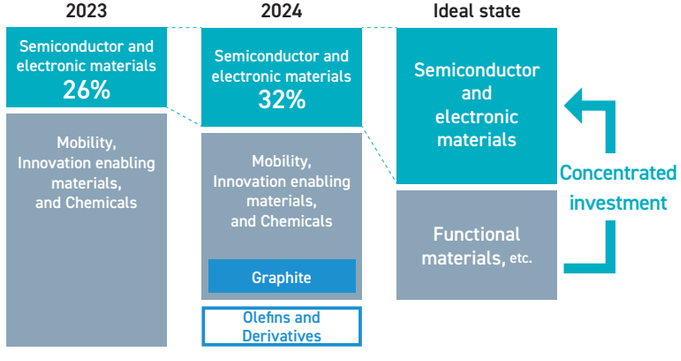
Through this strategy, we have reformed 15 businesses. In terms of corporate value, we have generated over ¥200.0 billion through business divestitures. Although we feel that we are getting closer to our ideal portfolio, we will continue to review and reshuffle our portfolio to further strengthen our growth base.

For the Future

Promotion of concentration and optimization according to business characteristics

Although we have many semiconductor material products that command a high market share, our goal is not to be a semiconductor manufacturer, but a company that provides materials that fulfill the functions required by the growing market. We will continue to make investment decisions while keeping an eye on what kind of materials we can provide to a market that is currently undergoing a transformation.

While leveraging the strengths Showa Denko and Hitachi Chemical cultivated as Japanese chemical manufacturers, we will transition to a highly profitable business structure through concentration and optimization based on business characteristics. We will continue to advance businesses that change society through the power of chemistry and generate earnings by solving social issues.



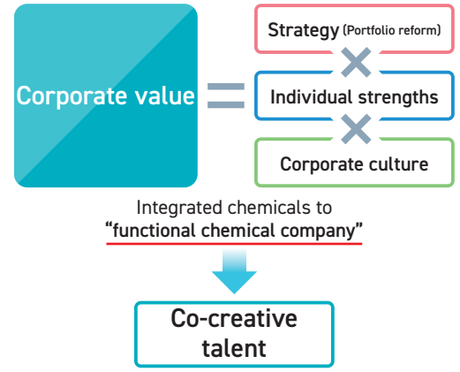
Q What have you been pursuing under your current long-term vision? What does the future hold?

Done Up Until Now

Our long-term vision, and the management team and human resource development that drive its execution

Upon integration, we announced our long-term vision for establishing the new company in December 2020. Under our purpose of changing society through the power of chemistry, we defined our vision as becoming a "company that can compete on the world stage" and a "company that contributes to a sustainable global society." Then, in 2022, Mr. Takahashi took over as CEO, bringing about major changes in the management team. Of the total 32 corporate officers from both companies, 26 were removed and Team Takahashi was born. The team includes 5 people (29% of current Management Committee members), who joined our company as mid-career hires over the past few years, including CEO Takahashi, and they have been leading activities in their respective fields by utilizing their professional skills. We also refreshed our outside directors. As a result, Resonac has changed to a structure in which experienced Board members with the skills we need are leveraging their experience to help enhance our corporate value.

In this VUCA (volatility, uncertainty, complexity, and ambiguity) era, strategy is a commodity, and the true differentiator is whether companies have developed human resources that can see things through. This is why Resonac, which is transforming from a comprehensive chemical manufacturer to a functional chemical company, has been working hard to develop co-creative talent.

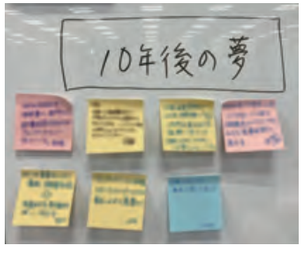


To solve social issues, we autonomously connect across companies and departments with empathy and resonance, driven by talents who can lead creative change and problem-solving through co-creation.

For the Future

Towards the next long-term vision

We are currently working to achieve our financial and non-financial targets up to 2025 with an eye to achieving our long-term vision for 2030. At the same time, we are conducting initiatives for the New Long-term Vision Project , which involves updating our long-term vision beyond 2025 and considering the material issues, priority measures, and targets for 2030. Our focus is on how we can contribute to society and the environment through the power of chemistry, and the kind of company we strive to be to achieve that. We started the project in the second half of 2024, and are finalizing the direction of the entire company by exchanging the opinions of each department, including the young employees that will lead the next generation, with the thoughts of Team Takahashi. In the next six months, we will create a vision and strategy that is not just decorative, but full of soul!



Workshop by volunteer of electronics business headquaters