

Consolidated Financial Results

First Quarter, 2023

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Resonac Holdings Corporation

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The logo for Resonac, featuring the word "RESONAC" in a bold, blue, sans-serif font. The letter "R" is stylized with a vertical line through its left side.

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- 2023 1Q, compared to 1Q previous year, net sales saw a decrease by 9.1 billion yen. Weakened demand for HD media and semiconductor materials lead to a decrease of sales in Semiconductor and Electronic Materials segment, surpassing an increase of sales in Chemical segment, brought about by higher cost of raw material and utilities.
- Operating income fell by 25 billion yen compared to 1Q previous year; partly due to loss of disposal of inventories and inventory write-downs in HD media business, which continued to suffer from diminished demand.
- Excluding sales and income came from divested businesses, net sales decreased by 5.8 billion yen, operating income by 24.8 billion yen.

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- Estimated 2023 full year forecast despite remained uncertainty in demand trend of semiconductor and electronic material industry
- 2023 full year estimates 20 billion yen in an operating loss, a significant decrease by 81.7 billion yen compared to 2022 same period.

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1. Consolidated Financial Statements for 2023 1Q
2. 2023 Full-year Performance Forecast

Summary (2022 1Q vs. 2023 1Q)

(Unit: Billions of Yen)

	2022 1Q ^{*1}	2023 1Q	Increase/ Decrease
Net sales	308.0	298.9	(9.1)
Operating income	15.8	(9.2)	(25.0)
Non-operating income and expenses, net	4.6	(1.7)	(6.3)
Ordinary income	20.3	(10.9)	(31.2)
Extraordinary profit/loss	(2.3)	(3.8)	(1.5)
Income before income taxes	18.0	(14.7)	(32.8)
Net Income	12.6	(11.2)	(23.8)
Net income attributable to owners of the parent	8.9	(12.3)	(21.1)
EBITDA ^{*3}	42.3	17.9	(24.4)
EBITDA margin%	13.7%	6.0%	(7.7p)

Reference Based on ongoing businesses ^{*2}
(Unit: Billions of Yen)

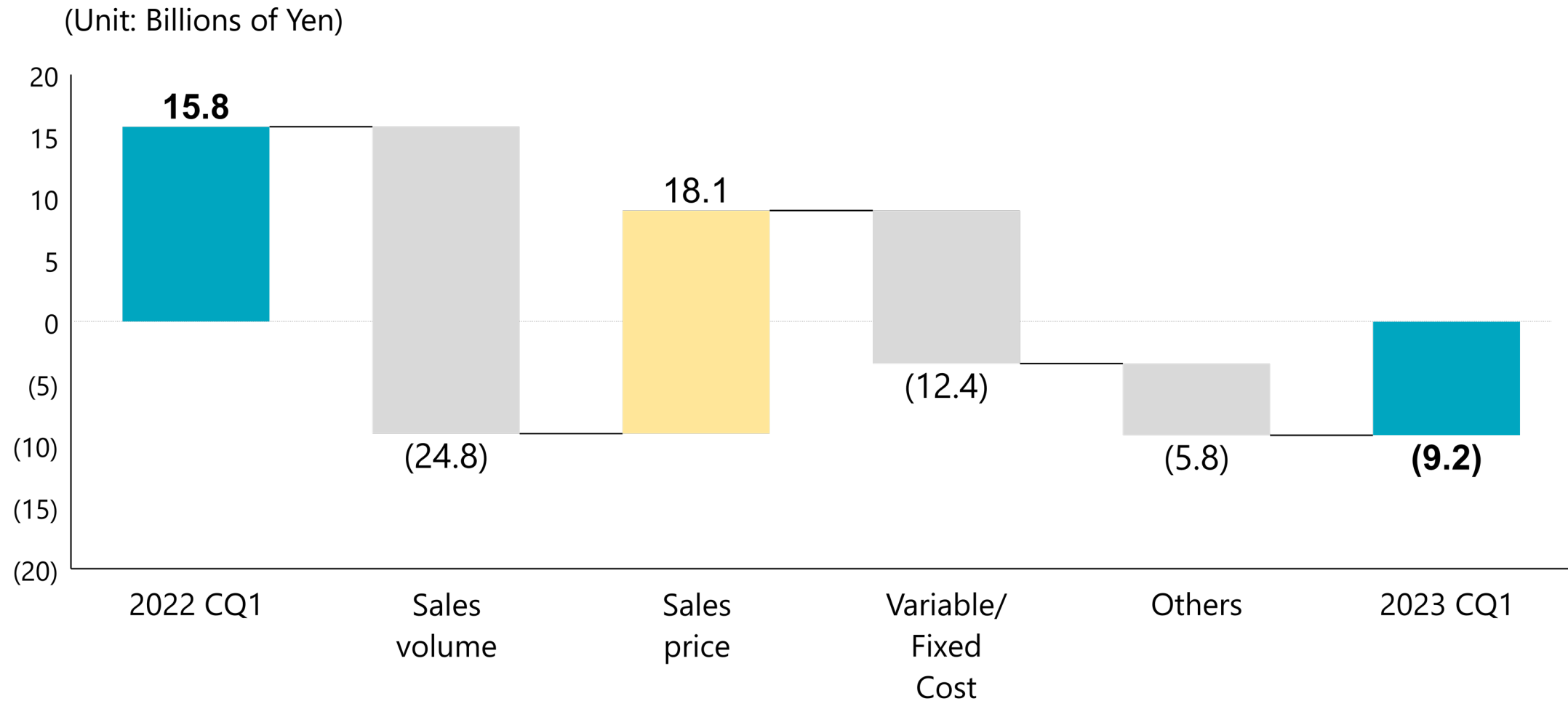
	2022 1Q	2023 1Q	Increase/ Decrease
Net sales	304.8	298.9	(5.8)
Operating income	15.6	(9.2)	(24.8)
EBITDA	42.1	17.9	(24.2)
EBITDA margin%	13.8%	6.0%	(7.8p)

*1 Change in accounting policy applied retroactively to 2022 figures; same for other pages

*2 Unaudited figures for reference purposes. Excluding results of businesses divested during 2022: ISOLITE GmbH

*3 EBITDA=Operating income + Depreciation + Amortization of goodwill, etc.

Breakdown of Operating Income Changes (2022 1Q vs. 2023 1Q)



Sales, Operating Income and EBITDA: Segmental Breakdown (2022 1Q vs. 2023 1Q)

(Unit: Billions of Yen)

Segment		2022 1Q	2023 1Q	Increase/ Decrease	
Semiconductor and Electronic Materials	Sales	107.3	69.4	(38.0)	(35%)
	Operating Income	13.2	(10.4)	(23.5)	-
	EBITDA	25.5	2.7	(22.8)	(90%)
Mobility	Sales	44.4	42.5	(1.9)	(4%)
	Operating Income	0.5	(0.5)	(1.0)	-
	EBITDA	5.1	4.2	(0.9)	(17%)
Innovation Enabling Materials	Sales	34.3	30.0	(4.3)	(13%)
	Operating Income	2.9	2.0	(0.9)	(30%)
	EBITDA	5.0	4.2	(0.8)	(16%)
Chemicals	Sales	95.1	127.1	32.0	34%
	Operating Income	2.2	3.9	1.7	73%
	EBITDA	6.4	8.2	1.8	29%
Others/ Adjustments	Sales	26.9	29.9	3.0	11%
	Operating Income	(3.0)	(4.3)	(1.2)	-
	EBITDA	0.3	(1.4)	(1.7)	-
Total	Sales	308.0	298.9	(9.1)	(3%)
	Operating Income	15.8	(9.2)	(25.0)	-
	EBITDA	42.3	17.9	(24.4)	(58%)

Semiconductor and Electronic Materials

(Unit: Billions of Yen)

	2022 1Q	2023 1Q	Increase/ Decrease		Performance Overview
Sales	107.3	69.4	(38.0)	(35%)	<p>Sales dropped significantly as weakened demand, began 2nd half of the previous year, lingered on. Decreased sales, combined with inventory write-downs and loss of disposal of inventories in HD media business, resulted in an operating loss.</p> <ul style="list-style-type: none"> - Front-end Semiconductor Materials: As the trend of production adjustment affected front-end this year, sales of both high-purity gases for electronics and CMP slurry decreased. - Back-end Semiconductor Materials: All major products saw decreases in sales as production adjustment continued in back-end semiconductors. - Device Solutions: HD media sales decreased significantly due to continued weak demand from data centers while sales of SiC epitaxial wafers increased due to higher shipment volumes.
Front-end Semiconductor Materials	23.4	20.5	(2.9)	(12%)	
Back-end Semiconductor Materials	46.9	32.5	(14.4)	(31%)	
Device Solutions	29.7	10.6	(19.2)	(64%)	
Others	7.3	5.8	(1.4)	(20%)	
Operating Income	13.2	(10.4)	(23.5)	-	

Main Products

- Front-end Semiconductor Materials: High-purity gases for electronics, CMP slurry
- Back-end Semiconductor Materials: Epoxy molding compounds, Die bonding materials, Copper clad laminates, Photosensitive dry films, Photosensitive solder resists
- Device Solutions: HD media, SiC epitaxial wafers, Compound semiconductors

Mobility

(Unit: Billions of Yen)

	2022 1Q	2023 1Q	Increase/ Decrease		Performance Overview
Sales	44.4	42.5	(1.9)	(4%)	<p>Both sales and operating income decreased, due to the divestiture of ISOLITE GmbH in 2022 3Q as well as the impact of weak consumer demand for certain products.</p> <ul style="list-style-type: none"> - Automotive Products: Excluding the impact of business divestiture, sales increased; Product launch for new model vehicles and recovery of automobile production in North American region enabled increased sales in every major product category. - Lithium-ion Battery Materials: Sales of carbon nanofiber additives for cathodes and anodes of LIBs and anodes materials increased, while sales of aluminum laminate film (<i>SPALF</i>) decreased due to weak consumer demand.
Automotive Products	35.6	35.2	(0.4)	(1%)	
Lithium-ion Battery Materials	8.9	7.1	(1.8)	(20%)	
Others	(0.1)	0.2	0.3	-	
Operating Income	0.5	(0.5)	(1.0)	-	

Main Products

- Automotive Products: Plastic molded products, Friction materials, Powder metal products
- Lithium-ion Battery Materials: Aluminum laminate film (*SPALF*), Carbon nanofiber additives for cathodes and anodes of LIBs, Anode materials

Innovation Enabling Materials / Chemicals

(Unit: Billions of Yen)

		2022 1Q	2023 1Q	Increase/ Decrease		Performance Overview
Innovation Enabling Materials	Sales	34.3	30.0	(4.3)	(13%)	Sales decreased as sales volume down, despite raised product prices as raw material prices rose. Operating income decreased due to lower sales volume and sales prices yet to reflect the total increase of material costs.
	Operating Income	2.9	2.0	(0.9)	(30%)	
Chemicals	Sales	95.1	127.1	32.0	34%	<ul style="list-style-type: none"> - Petrochemicals: Both sales and operating income increased due to higher sales prices caused by higher naphtha prices, as well as the absence of 4-year cycle large scale shutdown maintenance and an earthquake shutdown took place last year. - Basic Chemicals: Both sales and operating income increased as a result of progress in passing on higher raw material and fuel prices. - Graphite Electrodes: Despite decreased shipment volume, sales increased due to higher sales price reflecting increased cost. Operating income decreased due to the negative impact of the inventory valuation difference.
	Petrochemicals	52.2	78.0	25.8	49%	
	Basic Chemicals	17.7	20.7	3.1	17%	
	Graphite Electrodes	25.1	28.3	3.2	13%	
	Others	0.0	(0.0)	(0.1)	-	
	Operating Income	2.2	3.9	1.7	73%	

Main Products

- Innovation Enabling Materials: Functional resins, Functional chemicals, Coating materials, Ceramics, Aluminum specialty components
- Petrochemicals: Olefins, Organic chemicals

Non-operating Income/Expenses

(Unit: Billions of Yen)

	2022 1Q	2023 1Q	Increase/ Decrease
Interest/Dividends income and expenses	(1.3)	(2.9)	(1.6)
Equity in earnings of affiliates	1.1	0.9	(0.3)
Other	4.7	0.3	(4.4)
Net	4.6	(1.7)	(6.3)

Extraordinary Profit/Loss

(Unit: Billions of Yen)

	2022 1Q	2023 1Q	Increase/ Decrease
Gains on sale of investment securities	0.1	0.4	0.3
Losses on sale and retirement of noncurrent assets	(0.7)	(1.2)	(0.5)
Impairment losses	(0.1)	(2.9)	(2.8)
Other	(1.6)	(0.1)	1.5
Net	(2.3)	(3.8)	(1.5)

Consolidated Balance Sheet

(Unit: Billions of Yen)

Assets	Dec. 31, 2022*1	Mar. 31, 2023	Increase/Decrease	Liabilities and net assets	Dec. 31, 2022*1	Mar. 31, 2023	Increase/Decrease
Cash and deposits	187.3	170.9	(16.4)	Notes and accounts payable	194.1	174.6	(19.5)
Notes and accounts receivable	265.3	231.8	(33.5)	Interest-bearing debt	1,062.6	1,053.7	(8.9)
Inventories	250.5	252.8	2.3	Other liabilities	262.3	242.1	(20.2)
Other current assets	84.0	69.5	(14.5)	Total liabilities	1,519.0	1,470.4	(48.7)
Total current assets	787.0	724.9	(62.1)	Total shareholders' equity	444.6	420.8	(23.7)
Total tangible fixed assets	678.1	679.7	1.6	incl. Retained earnings	165.9	142.2	(23.7)
Total intangible fixed assets	493.7	487.5	(6.2)	Total accumulated other comprehensive income	105.7	109.7	4.0
incl. Goodwill	295.4	291.2	(4.2)	incl. Valuation difference on available-for-sale securities	0.4	0.1	(0.2)
incl. Other intangible fixed assets	198.3	196.3	(2.0)	incl. Foreign currency translation adjustment	72.0	77.8	5.8
Investments and other assets	135.0	134.2	(0.7)	Non-controlling interests	24.4	25.5	1.0
Total fixed assets	1,306.7	1,301.4	(5.3)	Total net assets	574.7	556.0	(18.8)
Total assets	2,093.7	2,026.3	(67.4)	Total liabilities and net assets	2,093.7	2,026.3	(67.4)

Major Indicators

Adjusted net D/E ratio*2 (Times)	1.07	1.12	0.04p	Equity ratio*3 (%)	26.3	26.2	(0.1p)
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*1 Change in accounting policy applied retroactively to 2022 figures; same for other pages

*2 $\{(Loans\ payable + Commercial\ papers + Bonds\ payable + Lease\ liabilities) - Cash\ and\ deposits - 50\%\ of\ subordinated\ loan\} / (Total\ shareholders'\ equity + 50\%\ of\ subordinated\ loan)$; evaluates 50% of subordinated loan as equity capital, based on the credit rating given by Japan Credit Rating Agency, Ltd. on April 27, 2020

*3 $(Total\ net\ assets - Non-controlling\ interests) / Total\ liabilities\ and\ net\ assets) \times 100$

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1. Consolidated Financial Statements for 2023 1Q
2. 2023 Full-year Performance Forecast

2023 Consolidated Forecast (Full-year)

(Unit: Billions of Yen except Cash dividends per Share and Net income per Share)

	2022 Result*1	2023 Forecast*2	Increase/ Decrease	2023 Forecast	
				1st Half	2nd Half
Net sales	1,392.6	1,340.0	(52.6)	640.0	700.0
Operating income	61.7	(20.0)	(81.7)	(20.0)	0.0
Non-operating income and expenses, net	(0.0)	(11.0)	(11.0)	(4.0)	(7.0)
Ordinary income	61.7	(31.0)	(92.7)	(24.0)	(7.0)
Extraordinary profit/loss	(10.8)	(17.0)	(6.2)	(10.0)	(7.0)
Income before income taxes	50.9	(48.0)	(98.9)	(34.0)	(14.0)
Net Income	39.7	(43.0)	(82.7)	(30.0)	(13.0)
Net income attributable to owners of the parent	32.4	(46.0)	(78.4)	(32.0)	(14.0)
Net income attributable to owners of the parent per share	¥179.02	(¥253.98)	(¥433.00)		
Cash dividends per share	¥65	TBD	-		

*1 Change in accounting policy applied retroactively to 2022 figures; same for other pages

*2 Released May 15, 2023

Sales and Operating Income 2022: Segmental Breakdown (Consolidated)

(Unit: Billions of Yen)

Segment		2023 Forecast ^{*1}					2023 Earlier Forecast ^{*2}		2022 Result
		1Q	2Q	1 st Half	2 nd Half	Full Year	1Q	Difference	Full Year
Semiconductor and Electronic Materials	Sales	69.4	80.6	150.0	200.0	350.0	80.0	(10.6)	427.2
	Operating Income	(10.4)	(9.6)	(20.0)	(2.0)	(22.0)	(10.5)	0.1	45.5
Mobility	Sales	42.5	47.5	90.0	90.0	180.0	43.0	(0.5)	180.6
	Operating Income	(0.5)	(1.0)	(1.5)	(1.0)	(2.5)	(1.5)	1.0	(0.7)
Innovation Enabling Materials	Sales	30.0	40.0	70.0	70.0	140.0	33.0	(3.0)	141.1
	Operating Income	2.0	2.0	4.0	4.0	8.0	1.5	0.5	10.1
Chemicals	Sales	127.1	142.9	270.0	280.0	550.0	134.0	(6.9)	527.8
	Operating Income	3.9	4.1	8.0	11.0	19.0	2.0	1.9	24.9
Others/ Adjustments	Sales	29.9	30.1	60.0	60.0	120.0	30.0	(0.1)	115.9
	Operating Income	(4.3)	(6.2)	(10.5)	(12.0)	(22.5)	(5.5)	1.2	(18.1)
Total	Sales	298.9	341.1	640.0	700.0	1,340.0	320.0	(21.1)	1,392.6
	Operating Income	(9.2)	(10.8)	(20.0)	0.0	(20.0)	(14.0)	4.8	61.7

*1 Released May 15, 2023

*2 Released Feb. 14, 2023

Structural Reforms

Thorough and non-consecutive actions based on the grasp of changes in business environment

Production capacity optimization, deeming cyclicity unavoidable

Strategy shift, including change in market/product to focus on

Resource shift based on new strategy

HD Media	Mobility	Getting rid of products making losses
<ul style="list-style-type: none"> - Optimize production capacity and workforce (20 percent down in production capacity) - Disposed most of inventories piled up by the end of 1Q 	<ul style="list-style-type: none"> - Formed a team designated for structural reforms - Boost negotiations with customers to either increase sales price drastically or exit businesses which were making operational losses (which accounted for 1/3 of segmental sales) - Close & integrate a plant in Kansai region 	<ul style="list-style-type: none"> - For businesses other than HD media and mobility, listed combinations of a product and a customer (mainly domestic) which were making operational losses - Accelerate planning & action to improve profitability <div data-bbox="1643 1092 2247 1253" style="border: 1px solid black; padding: 5px;"> <p>Progress by the end of 2023 1Q*:</p> <ul style="list-style-type: none"> - Actions taken : 51% (Price increase/exit) - Actions underway: 28% (of which 80% planned to be done by the end of 2023) </div> <p>*Petrochemical business not counted in figures to rule out the market price fluctuations</p>

Appendix

Consolidated Companies

Consolidated subsidiaries: 104 (-4 from Dec. 31, 2022)

-3: Integration of regional HQs

-1: Absorption and merger of HC Holdings K.K., an SPC to acquire former Hitachi Chemical

Equity method applied: 12 (-1 from Dec. 31, 2022)

Key Outside Factors

Item	2022	2023	(Average)	
	1Q	1Q	2022 Full-year Result	2023 Full-year Forecast
Exchange rates				
(¥/US\$)	116.2	132.3	131.4	132.0
	<i>At Mar. 31, 2022:</i> 122.4	<i>At Mar. 31, 2023:</i> 133.5	<i>At Dec. 31, 2022:</i> 132.7	
(¥/€)	130.4	142.1	138.0	142.0
Domestic naphtha price (¥/KL)	64,600	66,500	76,150	65,700

(Unit: Billions of Yen)

	2022 1Q*	2023 1Q	Increase/ Decrease
Capital expenditures	23.1	21.0	(2.1)
Depreciation and amortization	22.3	22.9	0.6
R&D expenditures	11.2	10.3	(0.9)
Interest/dividend income less interest expenses	(1.3)	(2.9)	(1.6)
Preferred stock dividends	(3.2)	-	3.2

* Change in accounting policy applied retroactively to 2022 figures; same for other pages

(Unit: Billions of Yen)

Segment	2022 1Q	2023 1Q	Increase/ Decrease
Semiconductor and Electronic Materials	12.9	10.9	(2.0)
Mobility	1.8	2.4	0.5
Innovation Enabling Materials	1.7	1.3	(0.5)
Chemicals	4.1	3.8	(0.2)
Others	2.6	2.6	0.1
Total	23.1	21.0	(2.1)

(Unit: Billions of Yen)

Segment		2022 1Q	2023 1Q	Increase/ Decrease
Semiconductor and Electronic Materials	Depreciation	9.0	9.7	0.7
	Amortization of goodwill	3.3	3.3	0.0
Mobility	Depreciation	4.1	4.2	0.1
	Amortization of goodwill	0.5	0.5	0.0
Innovation Enabling Materials	Depreciation	1.9	2.0	0.0
	Amortization of goodwill	0.2	0.2	0.0
Chemicals	Depreciation	4.1	4.3	0.2
	Amortization of goodwill	0.0	0.0	0.0
Others	Depreciation	3.2	2.7	(0.5)
	Amortization of goodwill	0.2	0.2	0.0
Based on ongoing businesses* Total	Depreciation	22.3	22.9	0.6
	Amortization of goodwill	4.2	4.2	0.0
Discontinued business	Depreciation	-	-	0.0
	Amortization of goodwill	-	-	0.0
Total	Depreciation	22.3	22.9	0.6
	Amortization of goodwill	4.2	4.2	0.0

*Unaudited figures for reference purposes. Excluding results of businesses divested during 2022: ISOLITE GmbH

(Unit: Billions of Yen)

	2022 4Q*	2023 1Q	Increase/ Decrease
Net sales	358.5	298.9	(59.5)
Operating income	7.0	(9.2)	(16.2)
Non-operating income and expenses, net	(10.6)	(1.7)	8.9
Ordinary income	(3.6)	(10.9)	(7.3)
Extraordinary profit/loss	6.2	(3.8)	(10.0)
Income before income taxes	2.6	(14.7)	(17.3)
Net Income	(4.0)	(11.2)	(7.2)
Net income attributable to owners of the parent	(4.3)	(12.3)	(8.0)
EBITDA (Operating income + Depreciation + Amortization of goodwill, etc.)	34.8	17.9	(16.9)
EBITDA margin (%)	9.7%	6.0%	(3.7p)

* Change in accounting policy applied retroactively to 2022 figures; same for other pages

Sales and Operating Income 2022: Segmental Breakdown (Consolidated)

(Unit: Billions of Yen)

Segment		2022 ^{*1}				
		1Q	2Q	3Q	4Q	Full Year
Semiconductor and Electronic Materials	Sales	107.3	113.0	112.0	94.8	427.2
	Operating Income	13.2	14.1	13.2	5.0	45.5
Mobility	Sales	41.2	38.9	45.0	45.7	170.8
	Operating Income	0.3	(1.2)	0.1	0.7	(0.1)
Innovation Enabling Materials	Sales	34.3	35.7	35.6	35.5	141.1
	Operating Income	2.9	2.6	2.1	2.5	10.1
Chemicals	Sales	95.1	129.5	152.5	150.8	527.8
	Operating Income	2.2	10.9	6.2	5.6	24.9
Others/ Adjustments	Sales	26.9	27.6	29.9	31.5	115.9
	Operating Income	(3.0)	(4.0)	(4.2)	(6.8)	(18.1)
Based on ongoing businesses ^{*2} Total	Sales	304.8	344.6	374.9	358.5	1,382.8
	Operating Income	15.6	22.4	17.4	7.0	62.4
Discontinued business	Sales	3.2	3.4	3.2	0.0	9.8
	Operating Income	0.2	(0.2)	(0.6)	0.0	(0.7)
Total Amount Adjustments	Sales	308.0	348.0	378.1	358.5	1,392.6
	Operating Income	15.8	22.2	16.8	7.0	61.7

*1 Change in accounting policy applied retroactively to 2022 figures; same for other pages

*2 Unaudited figures for reference purposes. Excluding results of businesses divested during 2022: ISOLITE GmbH

Segment	Topics
General	Resonac Wins the Grand Prix at NIKKEI Integrated Report Award 2022 — “Message from the top management” in our report obtained full marks in the screening process of the Award —
	Mr. Tsuneishi Takes Office as Outside Director of Resonac Holdings — Former Chairman of a semiconductor production equipment company will help Resonac to strengthen management power to compete in the semiconductor materials market —
Semiconductor and Electronic Materials	Resonac and Infineon Technologies Strengthen Cooperation in SiC Materials for Power Semiconductors
	Resonac Develops and Starts to Mass-produce Third Generation High-grade SiC Epitaxial Wafers — Through supply of top-quality epitaxial wafers, Resonac contributes to practical application of space-saving high-output next-generation power semiconductors —
	DENSO Adopts Resonac’s SiC Epi-wafer for Power Semiconductor for Use in Inverter —The new inverter will be installed in Toyota’s new BEV “LEXUS RZ” —
Others	Resonac Corporation Signs Contract to Transfer Shares of Diagnostic Reagent Subsidiaries in Japan, China and the United States

News Release

Please refer to our news releases for details

<https://www.resonac.com/news>

Note

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.