

# Consolidated Financial Results

## Third Quarter, 2023

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**Resonac Holdings Corporation**

November 9, 2023

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 1-3Q sales figures were 942.3 billion yen, a 91.8 billion yen decrease from 2022 1-3Q
- Semiconductor & Electronic Materials segment impacted from correction in semiconductor manufacturing and slowdown in data center demand

- 2023 1-3Q operating income was 4.3 billion yen in loss, a 59.1 billion yen decrease from 2022 1-3Q
- Main reasons for the income drop are decreased sales in Semiconductor & Electronic Materials segment, particularly HD media business

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- Revised 2023 full-year forecast. Expected sales figures are 1,290 billion yen, a 20 billion yen increase from the earlier forecast; operating income figures expect 8 billion yen increase from the earlier forecast, namely 12 billion yen in loss

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1. Consolidated Financial Statements for 2023 1-3Q
2. 2023 Full-year Performance Forecast

# Summary (2022 1-3Q vs. 2023 1-3Q)

(Unit: Billions of Yen)

	2022 1-3Q <sup>*1</sup>	2023 1-3Q	Increase/ Decrease
Net sales	1,034.2	942.3	(91.8)
Operating income	54.7	(4.3)	(59.1)
Non-operating income and expenses, net	10.6	(2.8)	(13.4)
Ordinary income	65.3	(7.1)	(72.5)
Extraordinary profit/loss	(17.0)	14.8	31.8
Income before income taxes	48.4	7.7	(40.7)
Net Income	43.7	(5.1)	(48.9)
Net income attributable to owners of the parent	36.7	(6.4)	(43.0)
EBITDA <sup>*3</sup>	135.7	77.5	(58.3)
EBITDA margin%	13.1%	8.2%	(4.9p)

Reference Based on ongoing businesses <sup>\*2</sup>  
(Unit: Billions of Yen)

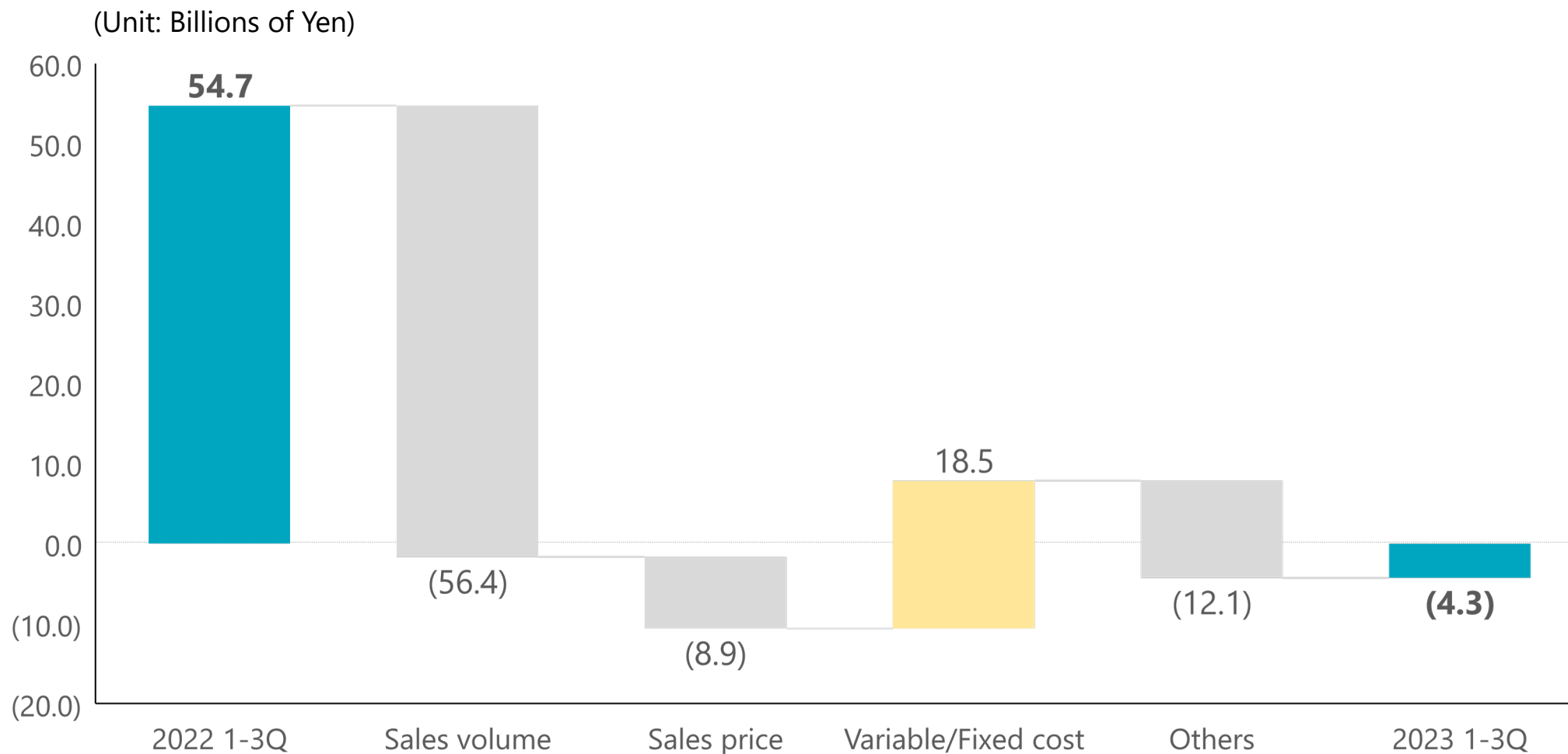
	2022 1-3Q	2023 1-3Q	Increase/ Decrease
Net sales	1,014.5	935.8	(78.7)
Operating income	54.7	(4.7)	(59.4)
EBITDA	135.2	76.7	(58.5)
EBITDA margin%	13.3%	8.2%	(5.1p)

\*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 2022-2023: ISOLITE GmbH and diagnostic medicine

\*3 EBITDA=Operating income + Depreciation + Amortization of goodwill

# Breakdown of Operating Income Changes (2022 1-3Q vs. 2023 1-3Q)



# Sales, Operating Income and EBITDA: Segment Breakdown (2022 1-3Q vs. 2023 1-3Q)

(Unit: Billions of Yen)

Segment		2022 1-3Q	2023 1-3Q	Increase/ Decrease	
Semiconductor and Electronic Materials	Sales	332.3	241.7	(90.6)	(27%)
	Operating Income	40.5	(12.5)	(53.0)	-
	EBITDA	78.1	27.5	(50.6)	(65%)
Mobility	Sales	134.9	131.6	(3.3)	(2%)
	Operating Income	(1.4)	0.0	1.5	-
	EBITDA	12.8	14.0	1.1	9%
Innovation Enabling Materials	Sales	105.6	95.5	(10.1)	(10%)
	Operating Income	7.6	8.3	0.7	9%
	EBITDA	14.0	14.7	0.6	4%
Chemicals	Sales	377.0	384.7	7.8	2%
	Operating Income	19.3	10.2	(9.1)	(47%)
	EBITDA	32.1	23.1	(9.0)	(28%)
Others/ Adjustments	Sales	84.4	88.8	4.4	5%
	Operating Income	(11.3)	(10.4)	0.9	-
	EBITDA	(1.3)	(1.8)	(0.4)	-
Total	Sales	1,034.2	942.3	(91.8)	(9%)
	Operating Income	54.7	(4.3)	(59.1)	-
	EBITDA	135.7	77.5	(58.3)	(43%)

(Unit: Billions of Yen)

	2022 1-3Q	2023 1-3Q	Increase/ Decrease		Performance Overview
Sales	332.3	241.7	(90.6)	(27%)	Sales dropped 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.  - 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: Despite the gradual recovery in demand, which has been weak since 2nd half of the previous year, all major products saw decreases in sales, failing to reach the previous year's level.  - Device Solutions: HD media sales decreased significantly due to the prolonged slump in demand from data centers while sales of SiC epitaxial wafers increased due to higher shipment volumes.
Front-end Semiconductor Materials	73.2	57.6	(15.5)	(21%)	
Back-end Semiconductor Materials	145.9	116.6	(29.3)	(20%)	
Device Solutions	84.4	43.1	(41.3)	(49%)	
Others	28.9	24.3	(4.5)	(16%)	
Operating Income	40.5	(12.5)	(53.0)	-	
EBITDA	78.1	27.5	(50.6)	(65%)	
EBITDA margin%	23.5%	11.4%	(12.1p)	-	

## 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

(Unit: Billions of Yen)

	2022 1-3Q*	2023 1-3Q	Increase/ Decrease		Performance Overview
Sales	134.9	131.6	(3.3)	(2%)	Sales decreased since the product launch for new model vehicles was not enough to make up for the divestiture of ISOLITE GmbH and the impact weak consumer demand had on some products. As profit improvement actions begin to create results, operating income increased.
Automotive Products	109.4	109.5	0.1	0%	
Lithium-ion Battery Materials	23.7	22.0	(1.7)	(7%)	
Others	1.8	0.1	(1.7)	(97%)	
Operating Income	(1.4)	0.0	1.5	-	- Automotive Products: Product launch for new model vehicles and recovery of automobile production in North American region enabled increased sales in every major product category.
EBITDA	12.8	14.0	1.1	9%	- 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 (SPALF) decreased due to weak consumer demand.
EBITDA margin%	9.5%	10.6%	1.1p	-	

\*Includes ISOLITE GmbH, a business divested during 2022

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



(Unit: Billions of Yen)

	2022 1-3Q	2023 1-3Q	Increase/ Decrease		Performance Overview
Sales	105.6	95.5	(10.1)	(10%)	Sales decreased while operating income increased, with less sales volume and higher sales price, which was raised to reflect the increase of material costs.
Operating Income	7.6	8.3	0.7	9%	
EBITDA	14.0	14.7	0.6	4%	
EBITDA margin%	13.3%	15.3%	2.1p	-	

Main Products

- Functional resins, Functional chemicals, Coating materials, Ceramics, Aluminum specialty components

(Unit: Billions of Yen)

	2022 1-3Q	2023 1-3Q	Increase/ Decrease		Performance Overview
Sales	377.0	384.7	7.8	2%	<ul style="list-style-type: none"> <li>- Olefins &amp; Derivatives: Both sales and operating income increased due to the absence of 4-year cycle large scale shutdown taken place last year.</li> <li>- Basic Chemicals: Both sales and operating income increased as a result of progress in passing on higher raw material and fuel prices.</li> <li>- 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.</li> </ul>
Olefins & Derivatives	230.4	232.7	2.3	1%	
Basic Chemicals	61.5	63.7	2.2	4%	
Graphite Electrodes	84.9	87.0	2.1	3%	
Others	0.2	1.3	1.1	668%	
Operating Income	19.3	10.2	(9.1)	(47%)	
EBITDA	32.1	23.1	(9.0)	(28%)	
EBITDA margin%	8.5%	6.0%	(2.5p)	-	

Main Products

- Olefins & Derivatives: Olefins, Organic chemicals

## Non-operating Income/Expenses

(Unit: Billions of Yen)

	2022 1-3Q	2023 1-3Q	Increase/ Decrease
Interest/Dividends income and expenses	(8.6)	(8.3)	0.3
Equity in earnings of affiliates	3.8	0.9	(3.0)
Foreign exchange gains	17.1	7.1	(10.0)
Other	(1.7)	(2.5)	(0.8)
<b>Net</b>	<b>10.6</b>	<b>(2.8)</b>	<b>(13.4)</b>

## Extraordinary Profit/Loss

(Unit: Billions of Yen)

	2022 1-3Q	2023 1-3Q	Increase/ Decrease
Gain on sale of businesses	0.3	24.3	24.1
Losses on sale and retirement of noncurrent assets	(3.0)	(2.9)	0.0
Impairment loss	(4.8)	(4.1)	0.7
Extra retirement payments	(0.3)	(6.5)	(6.2)
Loss on sale of businesses	(3.5)	-	3.5
Loss related to the Antimonopoly Act	(6.1)	-	6.1
Other	0.4	4.0	3.6
<b>Net</b>	<b>(17.0)</b>	<b>14.8</b>	<b>31.8</b>

## Consolidated Balance Sheet

(Unit: Billions of Yen)

Assets	Dec. 31, 2022*1	Sep. 30, 2023	Increase/Decrease	Liabilities and net assets	Dec. 31, 2022*1	Sep. 30, 2023	Increase/Decrease
Cash and deposits	186.5	225.4	38.9	Notes and accounts payable	194.1	177.9	(16.1)
Notes and accounts receivable	266.1	261.7	(4.4)	Interest-bearing debt	1,062.6	1,050.3	(12.3)
Inventories	250.5	248.5	(1.9)	Other liabilities	262.3	273.6	11.2
Other current assets	84.0	59.6	(24.4)	Total liabilities	1,519.0	1,501.8	(17.2)
Total current assets	787.0	795.1	8.1	Total shareholders' equity	444.6	426.1	(18.5)
Total tangible fixed assets	678.1	697.1	19.1	incl. Retained earnings	165.9	147.4	(18.5)
Total intangible fixed assets	493.7	480.0	(13.7)	Total accumulated other comprehensive income	105.7	144.7	39.0
incl. Goodwill	295.4	291.7	(3.7)	incl. Valuation difference on available-for-sale securities	0.4	0.2	(0.2)
incl. Other intangible fixed assets	198.3	188.3	(10.0)	incl. Foreign currency translation adjustment	72.0	112.7	40.7
Investments and other assets	135.0	126.6	(8.3)	Non-controlling interests	24.4	26.3	1.8
Total fixed assets	1,306.7	1,303.7	(3.0)	Total net assets	574.7	597.1	22.4
Total assets	2,093.7	2,098.9	5.2	Total liabilities and net assets	2,093.7	2,098.9	5.2

## Major Indicators

Adjusted net D/E ratio*2 (Times)	1.07	0.97	(0.10)	Equity ratio*3 (%)	26.3	27.2	0.9p
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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 1-3Q
2. 2023 Full-year Performance Forecast

# 2023 Consolidated Forecast

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

	2022 Full-year Results* <sup>1</sup>	2023 Full-year Forecast* <sup>2</sup>	Increase/ Decrease	2023 Earlier Forecast* <sup>3</sup>	
				Full-year Forecast	Increase/ Decrease
Net sales	1,392.6	1,290.0	(102.6)	1,270.0	20.0
Operating income	61.7	(12.0)	(73.7)	(20.0)	8.0
Non-operating income and expenses, net	(0.0)	(9.0)	(9.0)	(6.0)	(3.0)
Ordinary income	61.7	(21.0)	(82.7)	(26.0)	5.0
Extraordinary profit/loss	(10.8)	(19.0)	(8.2)	(10.0)	(9.0)
Income before income taxes	50.9	(40.0)	(90.9)	(36.0)	(4.0)
Net Income	39.7	(41.0)	(80.7)	(35.0)	(6.0)
Net income attributable to owners of the parent	32.4	(43.0)	(75.4)	(37.0)	(6.0)
EBITDA* <sup>4</sup>	170.5	97.4	(73.1)		
EBITDA margin%	12.2%	7.6%	(4.7p)		
ROIC* <sup>5</sup>	3.3%	(0.8%)	(4.1p)		
Adjusted net D/E ratio* <sup>6</sup> (Times)	1.07	1.02	(0.05)		
Net income attributable to owners of the parent per share	¥179.02	(¥237.40)	(¥416.42)		
Cash dividends per share	¥65	¥65	-		

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

\*2 Released Nov. 9, 2023

\*3 Released Aug. 8, 2023

\*4 EBITDA=Operating income + Depreciation + Amortization of goodwill

\*5 ROIC=(Operating income + Equity in earnings of affiliates - Income taxes) / (Interest bearing debt + Total net assets)

\*6 {(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

# Sales and Operating Income 2023: Segment Breakdown (Consolidated)

(Unit: Billions of Yen)

Segment		2023 Forecast*					2022 Results	
		1Q Results	2Q Results	3Q Results	4Q Forecast	Full-year Forecast	Full-year Results	Increase/Decrease
Semiconductor and Electronic Materials	Sales	69.4	84.0	88.3	91.3	333.0	427.2	(94.2)
	Operating Income	(10.4)	(2.7)	0.6	(1.5)	(14.0)	45.5	(59.5)
Mobility	Sales	42.5	43.1	46.0	50.4	182.0	180.6	1.4
	Operating Income	(0.5)	(0.3)	0.8	1.0	1.0	(0.7)	1.7
Innovation Enabling Materials	Sales	30.0	31.9	33.6	34.5	130.0	141.1	(11.1)
	Operating Income	2.0	2.3	4.0	1.7	10.0	10.1	(0.1)
Chemicals	Sales	127.1	127.8	129.8	135.3	520.0	527.8	(7.8)
	Operating Income	3.9	0.9	5.4	(2.2)	8.0	24.9	(16.9)
Others/ Adjustments	Sales	29.9	30.4	28.5	36.2	125.0	115.9	9.1
	Operating Income	(4.3)	(4.1)	(2.0)	(6.6)	(17.0)	(18.1)	1.1
Total	Sales	298.9	317.2	326.2	347.7	1,290.0	1,392.6	(102.6)
	Operating Income	(9.2)	(4.0)	8.9	(7.7)	(12.0)	61.7	(73.7)

\*Released Nov. 9, 2023

## Structural reforms underway to drastically improve profitability

### HD Media

- ▶ Production capacity/workforce optimization
  - Announced to close a manufacturing plant in Taiwan by the end of 2023
  - Combined with a capacity reduction announced in 1Q, a total 1/3 cut in capacity compared to the beginning of the year

### Mobility

- ▶ Price increase/Exit unprofitable product/customer
  - Products to focus are now 48, with 1 added to the list
  - By the end of 2023 3Q, actions have been taken for 11 out of 48; expects total 2 billion yen in improvement
  - 32 are under negotiation for price increase/exit, remaining 5 are on the way

### Company-wide

### Getting rid of products making losses

- ▶ Profit improvement actions on combinations of a product and a customer (mainly domestic) making losses
  - By the end of 2023 3Q, actions are taken for 62% of listed combinations\*
  - For 20%, actions are underway for price increase/exit (68% of which are planned to be done by the end of 2023)

\*Petrochemical business not counted in figures to rule out the market price fluctuations; Mobility and HD Media also not included as they require individual focus



# Appendix

## Consolidated Companies

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

+4: Related to 100% acquisition of AMI Automation

-3: Related to the transfer of diagnostic medicine business

-5: Related to the integration of regional HQs, etc.

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

## Key Outside Factors

(Average)

Items	2022		2023			
	1-3Q Results	3Q Results	1-3Q Results	3Q Results	4Q Forecast	Full-year Forecast
Exchange rates						
(¥/US\$)	128.0	138.4	138.1	144.6	146.2	140.0
	At Sep. 30, 2022: 144.8		At Sep. 30, 2023: 149.6			
(¥/€)	136.0	139.3	149.6	157.3	159.8	152.2
Domestic naphtha price (¥/KL)	77,350	81,400	65,850	63,600	72,500	67,550

(Unit: Billions of Yen)

Segment	2022 1-3Q Results*	2023 1-3Q Results	Increase/ Decrease
Semiconductor and Electronic Materials	33.3	28.9	(4.4)
Mobility	6.6	6.5	(0.1)
Innovation Enabling Materials	5.1	4.2	(0.9)
Chemicals	15.2	13.3	(1.8)
Others	16.2	9.4	(6.7)
Total	76.3	62.3	(14.0)

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

(Unit: Billions of Yen)

	2022 1-3Q Results*	2023 1-3Q Results	Increase/ Decrease
Capital expenditures	76.3	62.3	(14.0)
Depreciation and amortization (excluding PPA & goodwill amortization)	56.5	57.2	0.7
PPA amortization	11.9	11.9	0.0
Goodwill amortization	12.6	12.7	0.0
R&D expenditures	34.8	31.9	(2.9)
Interest/dividend income less interest expenses	(8.6)	(8.3)	0.3
Preferred stock dividends	(5.4)	-	5.4

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

Segment		2022 1-3Q Results* <sup>1</sup>	2023 1-3Q Results	Increase/Decrease
Semiconductor and Electronic Materials	Depreciation (excl. PPA)	18.3	20.7	2.4
	PPA depreciation	9.3	9.3	-
	Goodwill amortization	9.9	9.9	-
Mobility	Depreciation (excl. PPA)	11.1	10.7	(0.3)
	PPA depreciation	1.6	1.6	-
	Goodwill amortization	1.6	1.6	-
Innovation Enabling Materials	Depreciation (excl. PPA)	5.1	5.0	(0.1)
	PPA depreciation	0.7	0.7	0.0
	Goodwill amortization	0.6	0.6	0.0
Chemicals	Depreciation (excl. PPA)	12.6	12.7	0.1
	PPA depreciation	0.2	0.2	0.0
	Goodwill amortization	0.0	0.0	(0.0)
Others	Depreciation (excl. PPA)	8.8	7.6	(1.2)
	PPA depreciation	0.1	0.1	-
	Goodwill amortization	0.5	0.5	0.0
Based on ongoing businesses* <sup>2</sup> Total	Depreciation (excl. PPA)	55.9	56.8	0.9
	PPA depreciation	11.9	11.9	0.0
	Goodwill amortization	12.6	12.7	0.0
Discontinued businesses	Depreciation (excl. PPA)	0.5	0.4	(0.1)
	PPA depreciation	-	-	-
	Goodwill amortization	-	-	-
Total	Depreciation (excl. PPA)	56.5	57.2	0.7
	PPA depreciation	11.9	11.9	0.0
	Goodwill amortization	12.6	12.7	0.0

(Unit: Billions of Yen)

\*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 2022-2023: ISOLITE GmbH and diagnostic medicine

(Unit: Billions of Yen)

	2023 2Q	2023 3Q	Increase/ Decrease
Net sales	317.2	326.2	9.0
Operating income	(4.0)	8.9	12.8
Non-operating income and expenses, net	3.5	(4.6)	(8.2)
Ordinary income	(0.4)	4.2	4.7
Extraordinary profit/loss	0.2	18.5	18.3
Income before income taxes	(0.2)	22.7	22.9
Net Income	(7.4)	13.5	20.9
Net income attributable to owners of the parent	(7.6)	13.4	21.0
EBITDA (Operating income + Depreciation + Amortization of goodwill, etc.)	23.2	36.4	13.3
EBITDA margin%	7.3%	11.2%	3.9p

(Unit: Billions of Yen)

Segment		2022 <sup>*1</sup>				
		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	23.7	24.3	26.6	28.1	102.7
	Operating Income	(3.2)	(4.2)	(4.5)	(7.5)	(19.4)
Based on ongoing businesses <sup>*2</sup> Total	Sales	301.6	341.4	371.5	355.1	1,369.6
	Operating Income	15.4	22.2	17.1	6.3	61.1
Discontinued businesses	Sales	6.4	6.7	6.6	3.4	23.0
	Operating Income	0.4	(0.0)	(0.3)	0.7	0.7
Total	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 2022-2023: ISOLITE GmbH and diagnostic medicine

Segment	Topics
Semiconductor and Electronic Materials	Resonac Announces Termination of HD Media Business in Taiwan
	Resonac Forms Strategic Partnership with Matmerize in Materials Informatics Aiming to Accelerate Development of Semiconductor Materials for 6G
Mobility	Resonac Develops Newly Designed Anisotropic Bonded Magnet
Chemical	Resonac's Oita Complex Acquires ISCC PLUS Certification
	IPEF, Indo-Pacific Economic Framework for Prosperity, Visits Chemical Recycle Plant in Kawasaki

### 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.