

## Balance Sheets (Annual)

Resonac Holdings Corporation

(Unit : millions of yen)

|   | 2018      | 2019      | 2020      | 2021      | 2022      |
|---|-----------|-----------|-----------|-----------|-----------|
| <b>Assets</b>                                 |           |           |           |           |           |
| <b>Current assets</b>                         |           |           |           |           |           |
| Cash and deposits                             | 113,186   | 122,086   | 198,982   | 236,237   | 187,126   |
| Notes and accounts receivable - trade         | 203,730   | 170,293   | 271,628   | 278,641   | 265,466   |
| Merchandise and finished goods                | 65,882    | 70,140    | 93,947    | 96,805    | 121,238   |
| Work in process                               | 26,160    | 30,979    | 28,383    | 27,993    | 34,186    |
| Raw materials and supplies                    | 60,758    | 72,548    | 67,877    | 79,080    | 95,151    |
| Deferred tax assets                           | 3,747     | -         | -         | -         | -         |
| Other   | 28,202    | 31,765    | 62,917    | 81,201    | 86,272    |
| Allowance for doubtful accounts               | (1,386)   | (754)     | (1,092)   | (1,426)   | (1,254)   |
| Total current assets                          | 500,280   | 497,057   | 722,644   | 798,531   | 788,183   |
| <b>Non-current assets</b>                     |           |           |           |           |           |
| <b>Property, plant and equipment</b>          |           |           |           |           |           |
| Buildings and structures, net                 | 78,777    | 77,123    | 142,300   | 136,541   | 138,242   |
| Machinery, equipment and vehicles, net        | 146,764   | 140,349   | 222,036   | 199,209   | 214,718   |
| Tools, furniture and fixtures, net            | 6,773     | 7,498     | 29,601    | 23,276    | 24,280    |
| Land  | 234,987   | 223,997   | 264,589   | 242,556   | 234,425   |
| Leased assets                                 | -         | 5,408     | 29,613    | 19,157    | 19,389    |
| Construction in progress                      | 11,106    | 18,794    | 38,980    | 38,782    | 50,866    |
| Total property, plant and equipment           | 478,406   | 473,168   | 727,119   | 659,521   | 681,918   |
| <b>Intangible assets</b>                      |           |           |           |           |           |
| Goodwill                                      | -         | 3,346     | 359,200   | 311,766   | 295,355   |
| Customer related assets                       | -         | 1,631     | 152,564   | 141,141   | 133,639   |
| Other   | 14,950    | 17,673    | 86,679    | 69,582    | 65,352    |
| Total intangible assets                       | 14,950    | 22,650    | 598,443   | 522,489   | 494,346   |
| <b>Investments and other assets</b>           |           |           |           |           |           |
| Investment securities                         | 71,886    | 71,786    | 106,408   | 103,798   | 84,041    |
| Net defined benefit asset                     | 249       | 244       | 21,184    | 33,088    | 18,046    |
| Deferred tax assets                           | 1,590     | 3,381     | 15,883    | 15,207    | 17,169    |
| Other   | 16,717    | 16,221    | 19,671    | 10,223    | 17,340    |
| Allowance for doubtful accounts               | (8,332)   | (8,125)   | (7,747)   | (466)     | (622)     |
| Total investments and other assets            | 82,109    | 83,506    | 155,399   | 161,850   | 135,973   |
| Total non-current assets                      | 575,466   | 579,325   | 1,480,962 | 1,343,859 | 1,312,238 |
| Total assets                                  | 1,075,746 | 1,076,381 | 2,203,606 | 2,142,390 | 2,100,421 |
| <b>Liabilities</b>                            |           |           |           |           |           |
| <b>Current liabilities</b>                    |           |           |           |           |           |
| Notes and accounts payable - trade            | 139,420   | 117,510   | 164,356   | 207,745   | 195,356   |
| Short-term loans payable                      | 61,747    | 52,720    | 62,645    | 59,451    | 72,419    |
| Current portion of long-term loans payable    | 41,403    | 31,943    | 31,387    | 52,858    | 42,677    |
| Commercial papers                             | 20,000    | -         | 10,000    | 15,000    | -         |
| Current portion of bonds                      | -         | -         | 25,000    | 19,999    | -         |
| Accounts payable - other                      | 56,471    | -         | -         | -         | -         |
| Provision for repairs                         | 64        | 644       | 28        | 4,848     | 19        |
| Provision for bonuses                         | 3,516     | 3,050     | 8,815     | 8,815     | 9,489     |
| Provision for bonuses for directors           | -         | -         | -         | 71        | 47        |
| Provision for stock benefits                  | 5         | -         | 13        | 39        | 21        |
| Provision for business structure improvement  | 129       | 1,686     | 1,748     | -         | -         |
| Other   | 39,425    | 55,323    | 108,078   | 119,824   | 142,524   |
| Total current liabilities                     | 362,181   | 262,875   | 412,071   | 488,650   | 462,551   |
| <b>Non-current liabilities</b>                |           |           |           |           |           |
| Bonds payable                                 | 42,000    | 62,000    | 66,929    | 146,945   | 259,954   |
| Long-term loans payable                       | 122,818   | 151,861   | 839,436   | 536,503   | 672,446   |
| Deferred tax liabilities                      | 6,683     | 7,950     | 63,372    | 60,144    | 51,416    |
| Deferred tax liabilities for land revaluation | 32,324    | 32,150    | 30,241    | 30,128    | 29,525    |
| Provision for repairs                         | 1,102     | 2,021     | 3,168     | 96        | 1,260     |
| Provision for stock benefits long term        | 156       | 200       | 204       | 196       | 302       |

|   |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|
| Provision for business structure improvement          | 2,876     | 824       | 654       | 812       | 772       |
| Net defined benefit liability                         | 22,018    | 9,969     | 24,750    | 17,523    | 9,981     |
| Other   | 18,248    | 27,099    | 44,701    | 42,941    | 37,538    |
| Total non-current liabilities                         | 248,226   | 294,074   | 1,073,455 | 835,287   | 1,063,192 |
| Total liabilities                                     | 610,406   | 556,949   | 1,485,526 | 1,323,937 | 1,525,744 |
| Net assets  |           |           |           |           |           |
| Shareholders' equity                                  |           |           |           |           |           |
| Capital stock   | 140,564   | 140,564   | 140,564   | 182,146   | 182,146   |
| Capital surplus                                       | 78,911    | 78,912    | 78,190    | 119,772   | 108,140   |
| Retained earnings                                     | 197,717   | 249,246   | 165,572   | 143,335   | 163,425   |
| Treasury shares                                       | (11,659)  | (11,664)  | (11,657)  | (11,655)  | (11,612)  |
| Total shareholders' equity                            | 405,532   | 457,057   | 372,669   | 433,598   | 442,100   |
| Accumulated other comprehensive income                |           |           |           |           |           |
| Valuation difference on available-for-sale securities | 7,489     | 9,789     | 3,728     | 2,838     | 559       |
| Deferred gains or losses on hedges                    | 836       | 433       | 908       | 1,167     | 1,461     |
| Revaluation reserve for land                          | 33,281    | 33,060    | 29,034    | 28,928    | 27,915    |
| Foreign currency translation adjustment               | 7,069     | 4,140     | (506)     | 38,421    | 72,008    |
| Remeasurements of defined benefit plans               | (8,244)   | (5,114)   | 128       | 9,036     | 6,211     |
| Total accumulated other comprehensive income          | 40,431    | 42,309    | 33,292    | 80,391    | 108,154   |
| Non-controlling interests                             | 19,377    | 20,067    | 312,119   | 304,463   | 24,423    |
| Total net assets                                      | 465,340   | 519,433   | 718,080   | 818,452   | 574,677   |
| Total liabilities and net assets                      | 1,075,746 | 1,076,381 | 2,203,606 | 2,142,390 | 2,100,421 |

Note: For the year ended December 31.

## Statements of Income (Annual)

Resonac Holdings Corporation

(Unit : millions of yen)

|   | 2018    | 2019    | 2020     | 2021      | 2022      |
|---|---------|---------|----------|-----------|-----------|
| Net sales   | 992,136 | 906,454 | 973,700  | 1,419,635 | 1,392,621 |
| Cost of sales   | 705,003 | 671,157 | 814,378  | 1,081,642 | 1,089,639 |
| Gross profit  | 287,133 | 235,297 | 159,322  | 337,994   | 302,983   |
| Selling, general and administrative expenses                  | 107,130 | 114,499 | 178,771  | 250,796   | 243,611   |
| Operating income  | 180,003 | 120,798 | (19,449) | 87,198    | 59,371    |
| <b>Non-operating income</b>                                   |         |         |          |           |           |
| Interest income   | 809     | 1,112   | 882      | 741       | 1,068     |
| Dividend income   | 1,545   | 1,456   | 1,523    | 1,527     | 766       |
| Share of profit of entities accounted for using equity method | 1,253   | 748     | 1,245    | 5,251     | 3,630     |
| Foreign exchange gains  | -       | -       | -        | 4,281     | 10,632    |
| Rent income on non-current assets                             | 1,366   | 1,351   | 1,522    | -         | -         |
| Subsidy income  | -       | 65      | 1,388    | -         | -         |
| Miscellaneous income  | 1,248   | 1,465   | 2,082    | 6,840     | 6,465     |
| Total non-operating income                                    | 6,221   | 6,196   | 8,642    | 18,640    | 22,561    |
| <b>Non-operating expenses</b>                                 |         |         |          |           |           |
| Interest expenses   | 2,983   | 2,255   | 6,986    | 10,006    | 15,744    |
| Financing expenses  | -       | -       | 16,075   | -         | -         |
| Environmental expenses  | 462     | 1,231   | -        | -         | -         |
| Loss on mothballing of operation                              | 1,479   | 1,444   | -        | -         | -         |
| Miscellaneous expenses  | 2,959   | 5,445   | 10,103   | 8,971     | 6,822     |
| Total non-operating expenses                                  | 7,420   | 7,701   | 33,164   | 18,977    | 22,565    |
| Ordinary income   | 178,804 | 119,293 | (43,971) | 86,861    | 59,367    |
| <b>Extraordinary income</b>                                   |         |         |          |           |           |
| Gain on sales of non-current assets                           | -       | 701     | 2,974    | 1,255     | 13,578    |
| Gain on sales of investment securities                        | 1,521   | 1,743   | 4,959    | 5,967     | 5,187     |
| Gain on liquidation of subsidiaries                           | 361     | -       | -        | -         | -         |
| Gain on sale of businesses                                    | -       | 312     | -        | -         | -         |
| Other   | 218     | 486     | 497      | 15,811    | 4,515     |
| Total extraordinary income                                    | 2,100   | 2,930   | 8,430    | 23,033    | 23,280    |
| <b>Extraordinary losses</b>                                   |         |         |          |           |           |
| Loss on sales and retirement of non-current assets            | 5,196   | 5,156   | 2,956    | 4,988     | 6,153     |
| Impairment loss   | 22,573  | 15,662  | 16,602   | 11,564    | 10,091    |
| Loss on sale of businesses                                    | -       | -       | -        | 12,078    | 3,504     |
| Business structuring expenses                                 | -       | 1,686   | 5,908    | 32,767    | -         |
| Loss related to the Antimonopoly Act                          | -       | -       | -        | -         | 5,579     |
| Other   | 7,626   | 1,836   | 7,253    | 25,571    | 8,737     |
| Total extraordinary losses                                    | 35,395  | 24,340  | 32,720   | 86,968    | 34,064    |
| Profit (loss) before income taxes                             | 145,509 | 97,883  | (68,260) | 22,926    | 48,583    |
| Income taxes - current  | 25,669  | 22,196  | 6,891    | 26,957    | 18,617    |
| Income taxes - deferred                                       | 3,087   | 386     | (10,051) | (6,688)   | (8,092)   |
| Total income taxes  | 28,756  | 22,582  | (3,160)  | 20,270    | 10,525    |
| Net income (loss)   | 116,752 | 75,300  | (65,101) | 2,657     | 38,058    |
| Net income (loss) attributable to non-controlling interests   | 5,249   | 2,212   | 11,203   | 14,751    | 7,265     |
| Net income attributable to owners of the parent               | 111,503 | 73,088  | (76,304) | (12,094)  | 30,793    |

| Consolidated Statements of Comprehensive Income       |         |         |          |        |         |
|---|---------|---------|----------|--------|---------|
| Net income (loss)                                     | 116,752 | 75,300  | (65,101) | 2,657  | 38,058  |
| <b>Other comprehensive income</b>                     |         |         |          |        |         |
| Valuation difference on available-for-sale securities | (9,127) | 2,333   | (6,101)  | (949)  | (2,246) |
| Deferred gains or losses on hedges                    | (2,942) | (406)   | 474      | 259    | 294     |
| Foreign currency translation adjustment               | (7,667) | (2,992) | (4,770)  | 39,074 | 32,932  |
| Remeasurements of defined benefit plans, net of tax   | (3,556) | 3,131   | 5,257    | 8,927  | (2,805) |

|   |          |        |          |        |        |
|---|----------|--------|----------|--------|--------|
| Share of other comprehensive income of entities accounted for using equity method | (1,405)  | (59)   | 54       | 958    | 1,763  |
| Total other comprehensive income  | (24,697) | 2,007  | (5,087)  | 48,268 | 29,937 |
| Comprehensive income  | 92,055   | 77,308 | (70,188) | 50,925 | 67,995 |
| (Comprehensive income attributable to)  |          |        |          |        |        |
| Comprehensive income attributable to owners of the parent                         | 87,463   | 75,187 | (81,294) | 35,111 | 59,569 |
| Comprehensive income attributable to non-controlling interests                    | 4,593    | 2,121  | 11,107   | 15,814 | 8,426  |

Note: For the year ended December 31.

## Statements of Cash Flows

Resonac Holdings Corporation

(Unit : millions of yen)

|  | 2018     | 2019     | 2020      | 2021     | 2022     |
|--|----------|----------|-----------|----------|----------|
| <b>Cash flows from operating activities</b>  |          |          |           |          |          |
| Net income before income taxes   | 145,509  | 97,883   | (68,260)  | 22,926   | 48,583   |
| Depreciation   | 39,459   | 37,704   | 68,643    | 97,726   | 92,716   |
| Impairment loss  | 22,573   | 15,662   | 16,602    | 11,564   | 10,091   |
| Amortization of goodwill   | -        | 98       | 9,322     | 17,720   | 16,843   |
| Amortization of negative goodwill  | (19)     | -        | -         | -        | -        |
| Increase (decrease) in allowance for doubtful accounts   | (2,134)  | (700)    | (791)     | -        | -        |
| Increase (decrease) in provision for business structure improvement                              | (704)    | (494)    | (179)     | -        | -        |
| Increase (decrease) in provision for loss on guarantees  | (2,640)  | -        | -         | -        | -        |
| Increase (decrease) in net defined benefit liability   | 3,522    | (11,757) | 2,431     | 4,038    | (2,383)  |
| Interest and dividend income   | (2,354)  | (2,568)  | (2,405)   | (2,267)  | (1,834)  |
| Interest expenses  | 2,983    | 2,255    | 6,986     | 10,006   | 15,744   |
| Financing expenses   | -        | -        | 16,075    | -        | -        |
| Share of (profit) loss of entities accounted for using equity method                             | (1,253)  | (748)    | (1,245)   | (5,251)  | (3,630)  |
| Loss (gain) on sales and valuation of investment securities                                      | 1,062    | (1,735)  | (2,619)   | (5,101)  | (4,952)  |
| Loss on retirement of non-current assets   | 4,851    | 5,070    | 2,627     | 4,838    | 6,045    |
| Loss (gain) on sales of non-current assets   | 141      | (615)    | (2,645)   | (1,104)  | (13,470) |
| Loss (gain) on sales of businesses   | -        | -        | -         | (3,045)  | 3,504    |
| Business structuring expenses  | -        | -        | 5,908     | 32,767   | -        |
| Loss related to the Antimonopoly Act   | -        | -        | -         | -        | 5,579    |
| Decrease (increase) in notes and accounts receivable - trade                                     | (29,583) | 33,489   | 14,879    | (51,628) | 23,653   |
| Decrease (increase) in inventories   | (40,469) | (21,585) | 70,713    | (43,739) | (40,083) |
| Increase (decrease) in notes and accounts payable - trade  | 20,397   | (21,898) | (22,744)  | 72,694   | (18,592) |
| Other, net   | 6,162    | (25,591) | 13,272    | (34,230) | 1,157    |
| Subtotal   | 167,506  | 104,472  | 127,540   | 127,914  | 138,971  |
| Interest and dividend income received  | 4,005    | 3,431    | 6,546     | 7,266    | 8,686    |
| Interest expenses paid   | (4,269)  | (2,326)  | (5,371)   | (9,999)  | (15,641) |
| Income taxes (paid) refund   | (17,457) | (27,022) | (19,429)  | (9,898)  | (31,667) |
| Net cash provided by (used in) operating activities  | 149,785  | 78,554   | 109,286   | 115,283  | 100,349  |
| <b>Cash flows from investing activities</b>  |          |          |           |          |          |
| Payments into time deposits  | (172)    | (53)     | (885)     | (1,666)  | (1,606)  |
| Proceeds from withdrawal of time deposits  | 210      | 53       | 1,144     | 1,507    | 2,570    |
| Purchase of property, plant and equipment  | (41,269) | (40,708) | (64,500)  | (67,741) | (87,857) |
| Proceeds from sales of property, plant and equipment   | 392      | 1,251    | 7,723     | 2,223    | 20,960   |
| Purchase of investment securities  | (703)    | (864)    | (286)     | (3,270)  | (1,667)  |
| Proceeds from sales of investment securities   | 3,975    | 5,677    | 22,697    | 9,318    | 22,019   |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation                 | -        | (4,851)  | (890,230) | -        | -        |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | -        | 529      | -         | 84,133   | -        |
| Net decrease (increase) in short-term loans receivable   | 197      | 450      | 67        | (1,230)  | 774      |
| Payments of long-term loans receivable   | (2,950)  | (558)    | (630)     | (246)    | (410)    |
| Collection of long-term loans receivable   | 672      | 289      | 275       | 14,271   | 251      |
| Other, net   | (9,690)  | (9,369)  | (5,425)   | (8,693)  | (9,701)  |
| Net cash provided by (used in) investing activities  | (49,338) | (48,156) | (930,047) | 28,606   | (54,667) |
| <b>Cash flows from financing activities</b>  |          |          |           |          |          |
| Net increase (decrease) in short-term loans payable  | (24,507) | (9,545)  | (19,226)  | 6,352    | 11,838   |

|   |          |          |          |           |           |
|---|----------|----------|----------|-----------|-----------|
| Net increase (decrease) in commercial papers  | 15,000   | (20,000) | 10,000   | 5,000     | (15,000)  |
| Proceeds from long-term loans payable   | 33,206   | 64,396   | 702,163  | 24,300    | 409,600   |
| Repayments of long-term loans payable   | (81,559) | (47,206) | (44,134) | (307,247) | (285,642) |
| Proceeds from issuance of bonds   | -        | 20,000   | -        | 99,539    | 112,536   |
| Redemption of bonds   | -        | -        | -        | (25,000)  | (20,000)  |
| Proceeds from issuance of common stock  | -        | -        | 268,503  | 82,405    | -         |
| Purchase of treasury shares   | (10,016) | (9)      | (3)      | (7)       | (3)       |
| Proceeds from sales of treasury shares  | 26,104   | 0        | 18       | 0         | -         |
| Cash dividends paid   | (10,084) | (21,861) | (11,674) | (9,479)   | (11,758)  |
| Proceeds from stock issuance to non controlling shareholders                                      | -        | -        | -        | 29,766    | -         |
| Cash dividends paid to non controlling shareholders   | (2,365)  | (1,329)  | (1,397)  | (16,117)  | (13,025)  |
| Purchase of investments in subsidiaries without change in scope of consolidation                  | -        | -        | (1,987)  | (5,293)   | (287,635) |
| Other, net  | (6,840)  | (2,992)  | (5,740)  | (5,960)   | (4,875)   |
| Net cash provided by (used in) financing activities   | (61,061) | (18,546) | 896,521  | (121,741) | (103,964) |
| Effect of exchange rate change on cash and cash equivalents                                       | (3,231)  | (2,388)  | 434      | 14,634    | 10,027    |
| Net increase (decrease) in cash and cash equivalents  | 36,154   | 9,464    | 76,194   | 36,782    | (48,255)  |
| Cash and cash equivalents at beginning of period  | 76,833   | 112,835  | 121,734  | 197,928   | 234,938   |
| Increase in cash and cash equivalents from newly consolidated subsidiary                          | -        | 310      | -        | 229       | -         |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (153)    | (875)    | -        | -         | -         |
| Cash and cash equivalents at end of period  | 112,835  | 121,734  | 197,928  | 234,938   | 186,683   |

Note: For the year ended December 31.