

Resonac HD Announced Earnings Forecast for FY2023—No Immediate Impact on Ratings; JCR Will Monitor Progress of Future Performance Recovery

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Resonac Holdings Corporation (security code: 4004)'s earnings forecasts for the fiscal year ending December 31, 2023.

- (1) On May 15, Resonac Holdings Corporation (the "Company") announced its full-year earnings forecast for the fiscal year ending December 31, 2023 (FY2023), which had been undecided, along with its financial results for the first quarter of FY2023. The forecasts are net sales of 1,340 billion yen (down 3.8% year-on-year), operating loss of 20 billion yen (operating income of 61.7 billion yen for FY2022), and net loss of 46 billion yen (net income of 32.4 billion yen for FY2022). As for the operating income (loss) by segment, Chemicals and Innovation Enabling Materials are expected to solidly secure the black figure, while Semiconductor and Electronic Materials and Mobility are forecast to post losses of 22 billion yen and 2.5 billion yen, respectively. In addition, extraordinary losses will be recorded associated with the implementation of structural reforms centered on HD Media and Mobility.
- (2) The Company's current performance has been severely affected by the semiconductor market adjustment and slowdown in data center investment. However, JCR believes that the performance of both Semiconductor and Electronic Materials and Mobility will pick up as the market environment recovers and structural reforms progress. In addition, it seems that there are no change in the business strategy that these are the medium- to long-term growth drivers. Although the posting of a net loss will inevitably have a negative impact on the Company's financials, its equity capital amounting to 550.3 billion yen at the end of FY2022 (without considering the equity content of 275 billion yen for the subordinated loans) indicates a certain level of financial durability. JCR believes that there is no need to immediately review the rating with the release of the full-year earnings forecast. JCR will closely monitor the Company's efforts and progress toward the recovery of performance.

Shigenobu Tonomura, Takeshi Fujita

<Reference>

Issuer: Resonac Holdings Corporation

Long-term Issuer Rating: A Outlook: Stable

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)