

## **Resonac Decides to Acquire 100% Shares in AMI Automation**

**- Having 200 DX engineers, AMI will help accelerate DX across the entire Resonac Group -**

Resonac Corporation (President: Hidehito Takahashi; hereinafter, "Resonac") hereby announces that it has decided to acquire 100% of outstanding shares in AMI Automation (based in Mexico, hereinafter, "AMI"). AMI provides automation, control, and optimization solutions to a diverse range of industries.

Resonac acquired 50% ownership in AMI on February 5, 2021\* with an option to acquire the remaining 50% shares within five years from that date. Accordingly, Resonac will acquire the remaining 50% to complete acquisition of 100% shares in AMI. Resonac plans to complete this procedure in the third quarter of 2023.

AMI is a global provider of automation solutions, including hardware, software, and services for a wide range of industries. AMI provides software and services to optimize the operation of electric arc furnaces (hereinafter, "EAF"), which are used by the steel industry. In North America, where the EAF market is expected to expand further, about 90% of EAF steel is produced using AMI's software. This testifies to the fact that AMI is recognized as a world-class innovation leader. Resonac is the leading global provider of high-quality graphite electrodes, with the world's largest graphite electrode production capacity in six manufacturing facilities strategically located around the world.

The acquisition of 100% shares in AMI will allow Resonac to make its graphite business evolve from simple provision of electrode products into provision of total solution services for EAF including support to digitalization of production process. We have already started to provide AMI's digital automation and optimization solutions that enhance EAF operating efficiencies, promote safety, energy conservation, and reduce greenhouse gas emissions while delivering greater value to customers.

AMI has about 200 engineers with digitalization skills, including about 20 AI engineers. In addition to the provision of digital automation and optimization solutions for EAF operators mentioned above, AMI's engineers will cooperate with Resonac's Research Center for Computational Science and Informatics, which promotes relevant research as a source of strength for Resonac, as well as with those working under the Chief Digital Officer (CDO) to accelerate digital transformation across the Resonac Group. Furthermore, AMI offers automation, control and optimization solutions not only to the EAF industry but also to the paper, cement, oil & gas, and various other industries. Thus, Resonac and AMI will identify and implement joint projects to improve efficiency in various manufacturing processes.

\* News release dated February 8, 2021: Showa Denko Invests in AMI Automation

(<https://www.resonac.com/news/2021/02/08/1157.html>)

[About AMI Automation]

Establishment	1987
Head office	Monterrey, N.L., Mexico
Scope of business	<p>Meltshop Solutions:</p> <p>Operation optimization system for EAF and control system for graphite electrodes</p> <p>Industrial Systems:</p> <p>Solutions for production automation and control in various industries.</p>
Number of employees	About 260 (as of May 2023)

[About Resonac group]

The Resonac Group is a group of chemical companies that produces and sells products related to semiconductor and electronic materials, mobility, innovation enabling materials, chemicals, etc. The Group has a wide variety of materials and advanced material technologies applicable to midstream to downstream of supply chains of various products. In January 2023, the Showa Denko Group and the Showa Denko Materials Group (former Hitachi Chemical Group) merged into the Resonac Group and made a start as a new corporate group. The new trade name "RESONAC" was created as a combination of two English words, namely, the word of "RESONATE" and "C" as the first letter of CHEMISTRY. As a "co-creative chemical company,"

Resonac aims to continue growing and enhance its corporate value through co-creation. The Group recorded net sales of about 1,400 billion yen in 2022, and its overseas sales accounted for 56% of net sales. The Group has deployed production/sales bases in 22 countries and regions, and continues operating its business globally (as of January 2023).

For detail, please refer to our Website.

Resonac Holdings Corporation: <https://www.resonac.com/>

[About Resonac Graphite Business Unit]

Resonac manufactures and sells graphite electrodes to be used in EAF applications, where scrap metal and alternate iron units are melted to produce steel. Compared with the production of steel from iron ore in a blast furnace, CO<sub>2</sub> emissions are reduced to about a quarter by using an EAF for steel production. Accordingly, blast furnaces are being replaced with EAFs at an increasing rate around the world. Resonac estimates by 2028 annual demand for graphite electrodes will increase by 50,000 to 70,000 tons. In the United States, where EAFs account for 70% of steel production, the number of new EAF projects are increasing. These new EAF projects are expected to require graphite electrodes with diameters of 28 inches (700 mm) and larger. Resonac is strong in production of these supersize electrodes.

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Resonac Holdings Corporation