

# Consolidated Financial Results

## First Half, 2024

Hideki Somemiya, CFO

Director & Managing Corporate Officer

**Resonac Holdings Corporation**

August 8, 2024

**RESONAC**

1. 2024 1H saw improvements both in sales and income compared to 2023 1H
2. 2024 full-year forecast revised upward, expects increased sales and income compared to 2023

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1. 2024 1H Consolidated Financial Statements
2. 2024 Performance Forecast

(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease
Net sales	616.1	668.5	52.4
Operating income	(13.2)	28.0	41.1
Non-operating income and expenses, net	1.8	2.5	0.7
Ordinary income	(11.4)	30.5	41.8
Extraordinary profit/loss	(3.6)	17.6	21.3
Income before income taxes	(15.0)	48.1	63.1
Net Income	(18.7)	38.4	57.1
Net income attributable to owners of the parent	(19.8)	38.4	58.3
EBITDA <sup>*2</sup>	41.0	83.8	42.7
EBITDA margin	6.7%	12.5%	5.9p

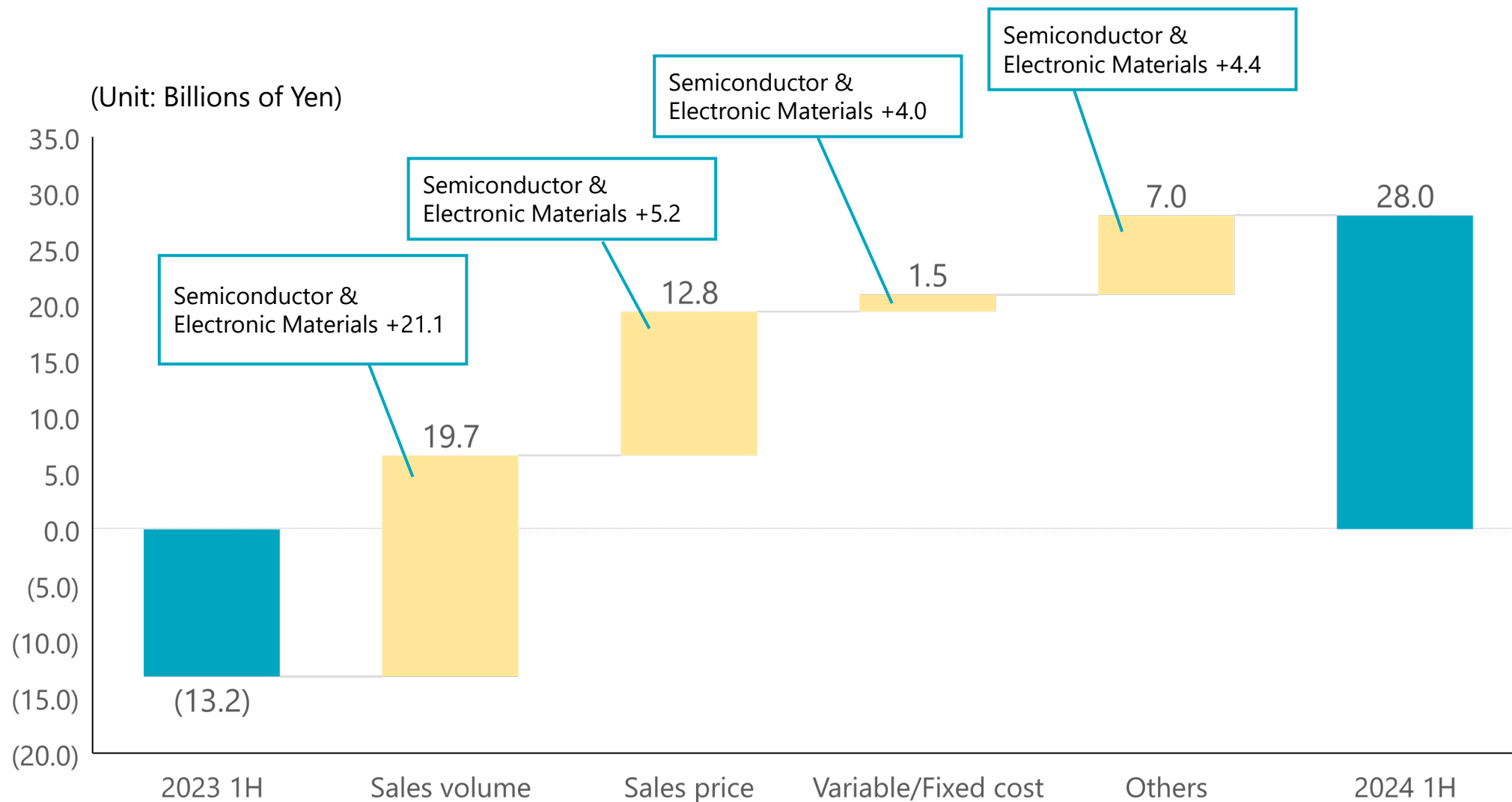
Reference Based on ongoing businesses<sup>\*1</sup>  
(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease
Net sales	609.6	668.5	58.9
Operating income	(13.5)	28.0	41.5
EBITDA	40.3	83.8	43.5
EBITDA margin	6.6%	12.5%	5.9p

<sup>\*1</sup> Unaudited figures for reference purposes. Excluding results of businesses divested during 2023-2024: Diagnostic medicine

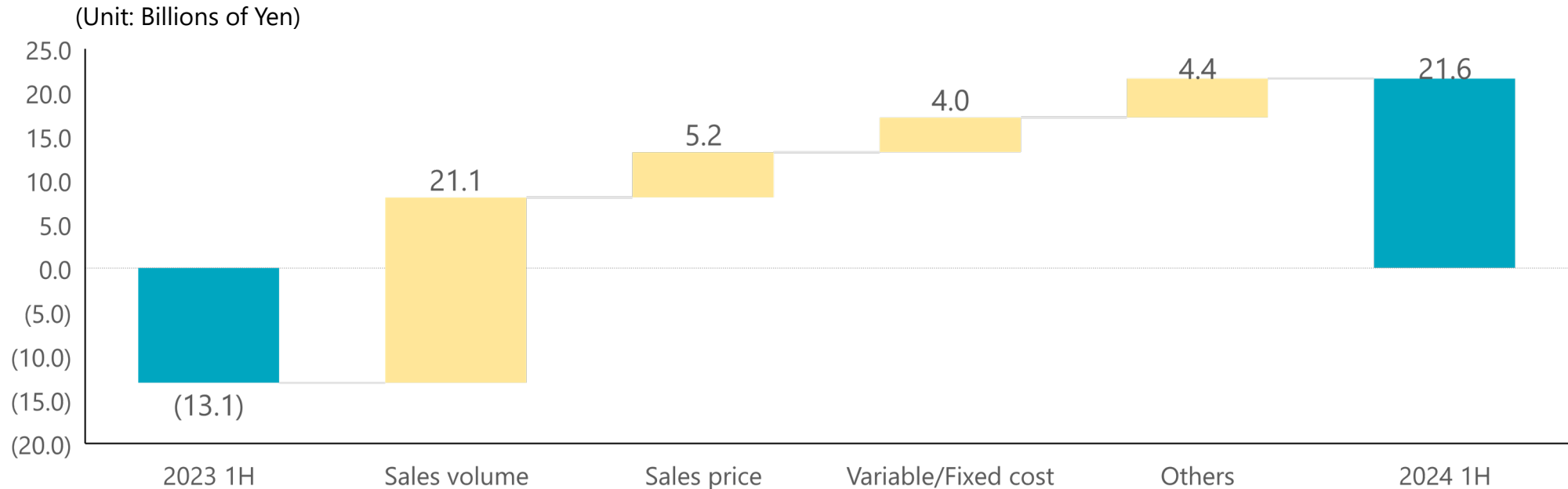
<sup>\*2</sup> EBITDA=Operating income + Depreciation + Amortization of goodwill

# Breakdown of Operating Income Changes (2023 1H vs. 2024 1H)

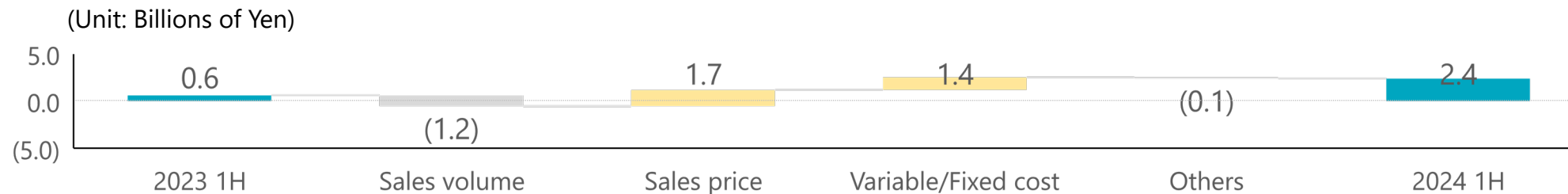


# Breakdown of Segment Operating Income Changes (2023 1H vs. 2024 1H)

## Semiconductor & Electronic Materials



## Mobility

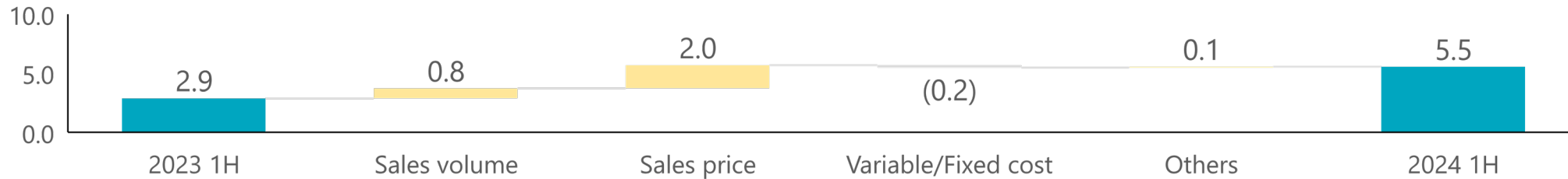


\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

# Breakdown of Segment Operating Income Changes (2023 1H vs. 2024 1H)

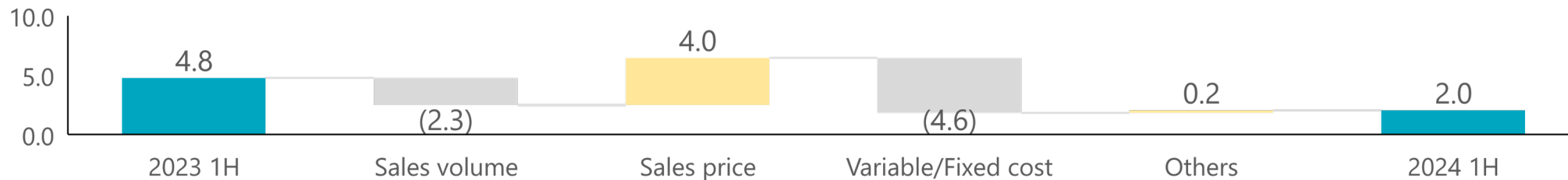
## Innovation Enabling Materials

(Unit: Billions of Yen)



## Chemicals

(Unit: Billions of Yen)



\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

# Sales, Operating Income and EBITDA: Segment Breakdown (2023 1H vs. 2024 1H)

(Unit: Billions of Yen)

Segment		2023 1H*	2024 1H	Increase/ Decrease	
Semiconductor and Electronic Materials	Sales	153.4	209.6	56.2	37%
	Operating Income	(13.1)	21.6	34.7	-
	EBITDA	13.3	48.6	35.4	267%
Mobility	Sales	103.9	108.0	4.1	4%
	Operating Income	0.6	2.4	1.8	292%
	EBITDA	10.7	12.9	2.2	21%
Innovation Enabling Materials	Sales	43.6	47.0	3.5	8%
	Operating Income	2.9	5.5	2.6	92%
	EBITDA	6.3	8.9	2.6	42%
Chemicals	Sales	254.9	245.4	(9.5)	(4%)
	Operating Income	4.8	2.0	(2.7)	(57%)
	EBITDA	13.4	11.4	(2.0)	(15%)
Others/ Adjustments	Sales	60.3	58.5	(1.8)	(3%)
	Operating Income	(8.3)	(3.6)	4.7	-
	EBITDA	(2.6)	2.0	4.5	-
Total	Sales	616.1	668.5	52.4	9%
	Operating Income	(13.2)	28.0	41.1	-
	EBITDA	41.0	83.8	42.7	104%

\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)



# Semiconductor and Electronic Materials

(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease		Performance Overview
Sales	153.4	209.6	56.2	37%	Both sales and operating income increased as sales volume increased, thanks to the gradual recovery in demand which began in 2023 1H  - Front-end Semiconductor Materials: Sales increased partly due to weaker yen  - Back-end Semiconductor Materials: All major products saw increases in sales with larger sales volume as semiconductor market recovered  - Device Solutions: HD media sales increased significantly due to the recovery of the demand for data centers. Sales of SiC epitaxial wafers also increased due to larger sales volume
Front-end Semiconductor Materials	39.5	42.0	2.5	6%	
Back-end Semiconductor Materials	72.7	97.9	25.1	35%	
Device Solutions	25.8	48.9	23.1	90%	
Others	15.4	20.8	5.4	35%	
Operating Income	(13.1)	21.6	34.7	-	
EBITDA	13.3	48.6	35.4	267%	
EBITDA margin	8.6%	23.2%	14.6p	-	

## 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)

	2023 1H*	2024 1H	Increase/ Decrease		Performance Overview
Sales	103.9	108.0	4.1	4%	Both sales and operating income increased as automobile production recovered and sales volume related to new model vehicles grew  - Automotive Products: Sales largely unchanged; while the recovery of automobile production and the launch of products for new model vehicles were favorable, the situation in Thailand had a negative impact in demand
Automotive Products	89.4	88.8	(0.6)	(1%)	
Lithium-ion Battery Materials	14.7	17.0	2.4	16%	
Others	(0.1)	2.2	2.3	-	
Operating Income	0.6	2.4	1.8	292%	- Lithium-ion Battery Materials: Sales of aluminum laminate film ( <i>SPALF</i> ) decreased due to weak consumer demand; sales of anodes materials grew and sales of carbon nanofiber additives for cathodes and anodes of LIBs remained unchanged as shipment for EVs increased
EBITDA	10.7	12.9	2.2	21%	
EBITDA margin	10.3%	12.0%	1.7p	-	

\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

Main Products

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

(Unit: Billions of Yen)

	2023 1H*	2024 1H	Increase/ Decrease		Performance Overview
Sales	43.6	47.0	3.5	8%	Sales increased as sales price was raised to reflect the sharp increase of material costs and sales volume increased; Operating income increased compared to 2023 1H when sales price was yet to reflect the increase in cost
Operating Income	2.9	5.5	2.6	92%	
EBITDA	6.3	8.9	2.6	42%	
EBITDA margin	14.4%	18.9%	4.5p	-	

\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

Main Products

- Functional resins, Functional chemicals, Coating materials, Ceramics

(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease		Performance Overview
Sales	254.9	245.4	(9.5)	(4%)	- Olefins & Derivatives: Both sales and operating income increased due to higher naphtha price, while sales volume decreased due to the shutdown maintenance of petrochemical derivatives
Olefins & Derivatives	153.5	155.9	2.4	2%	
Basic Chemicals	40.7	40.4	(0.3)	(1%)	
Graphite Electrodes	59.9	49.0	(10.9)	(18%)	
Others	0.8	0.1	(0.7)	(83%)	
Operating Income	4.8	2.0	(2.7)	(57%)	- Basic Chemicals: Sales largely unchanged; operating income decreased as some products saw increased material price
EBITDA	13.4	11.4	(2.0)	(15%)	- Graphite Electrodes: Both sales volume and price decreased due to the weak market condition, leading to the decrease in operating income
EBITDA margin	5.2%	4.6%	(0.6p)	-	

## Main Products

- Olefins &amp; Derivatives: Olefins, Organic chemicals

## Non-operating Income/Expenses

(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease
Interest/Dividends income and expenses	(5.6)	(5.1)	0.5
Equity in earnings of affiliates	1.9	2.7	0.7
Foreign exchange gains	7.2	6.6	(0.6)
Other	(1.7)	(1.7)	0.0
<b>Net</b>	<b>1.8</b>	<b>2.5</b>	<b>0.7</b>

## Extraordinary Profit/Loss

(Unit: Billions of Yen)

	2023 1H	2024 1H	Increase/ Decrease
Gain on sale of noncurrent assets	1.5	20.2	18.7
Losses on sale and retirement of noncurrent assets	(2.2)	(2.0)	0.2
Impairment loss	(3.0)	(1.4)	1.6
Other	0.0	0.8	0.8
<b>Net</b>	<b>(3.6)</b>	<b>17.6</b>	<b>21.3</b>

## Consolidated Balance Sheet

(Unit: Billions of Yen)

Assets	Dec. 31, 2023	Jun. 30, 2024	Increase/Decrease	Liabilities and net assets	Dec. 31, 2023	Jun. 30, 2024	Increase/Decrease
Cash and deposits	190.3	238.4	48.1	Notes and accounts payable	177.4	177.2	(0.2)
Notes and accounts receivable	266.1	279.1	13.0	Interest-bearing debt	1,016.5	1,024.8	8.2
Inventories	225.2	237.8	12.6	Other liabilities	259.4	267.3	8.0
Other current assets	70.3	72.4	2.1	<b>Total liabilities</b>	<b>1,453.3</b>	<b>1,469.3</b>	<b>16.0</b>
<b>Total current assets</b>	<b>751.9</b>	<b>827.7</b>	<b>75.7</b>	Total shareholders' equity	416.0	405.9	(10.1)
Total tangible fixed assets	678.6	701.8	23.2	incl. Retained earnings	137.3	128.9	(8.4)
Total intangible fixed assets	470.6	446.7	(23.9)	Total accumulated other comprehensive income	136.9	213.2	76.3
incl. Goodwill	285.2	277.1	(8.1)	incl. Revaluation reserve for land	26.1	61.1	35.0
incl. Other intangible fixed assets	185.4	169.6	(15.8)	incl. Foreign currency translation adjustment	99.2	143.1	43.9
Investments and other assets	130.9	138.6	7.8	Non-controlling interests	25.8	26.4	0.5
<b>Total fixed assets</b>	<b>1,280.0</b>	<b>1,287.1</b>	<b>7.1</b>	<b>Total net assets</b>	<b>578.7</b>	<b>645.4</b>	<b>66.8</b>
<b>Total assets</b>	<b>2,032.0</b>	<b>2,114.8</b>	<b>82.8</b>	<b>Total liabilities and net assets</b>	<b>2,032.0</b>	<b>2,114.8</b>	<b>82.8</b>

## Major Indicators

Adjusted net D/E ratio* <sup>1</sup> (Times)	1.00	0.86	(0.14)	Equity ratio* <sup>2</sup> (%)	27.2	29.3	2.1p
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\*1 [(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

\*2 (Total net assets - Non-controlling interests) / (Total liabilities and net assets) x 100

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1. 2024 1H Consolidated Financial Statements
2. 2024 Performance Forecast

# 2024 Consolidated Forecast

(Unit: Billions of Yen)

	2023 Results (A)	2024 Forecast (C)* <sup>1</sup>	Increase/ Decrease (C) – (A)	2024 Earlier Forecast (B)* <sup>2</sup>	Increase/ Decrease (C) – (B)
Net sales	1,288.9	1,392.0	103.1	1,360.0	32.0
Operating income	(3.8)	61.0	64.8	47.0	14.0
Non-operating income and expenses, net	(11.0)	(10.0)	1.0	(15.0)	5.0
Ordinary income	(14.8)	51.0	65.8	32.0	19.0
Extraordinary profit/loss	(11.4)	(1.0)	10.4	(4.0)	3.0
Income before income taxes	(26.2)	50.0	76.2	28.0	22.0
Net Income	(18.0)	35.0	53.0	26.0	9.0
Net income attributable to owners of the parent	(19.0)	34.5	53.5	25.0	9.5
EBITDA* <sup>3</sup>	105.7	171.3	65.6		
EBITDA margin	8.2%	12.3%	4.1p		
ROIC* <sup>4</sup>	0.5%	3.0%	2.5p		
Adjusted net D/E ratio* <sup>5</sup> (Times)	1.00	0.93	(0.07)		
Net income attributable to owners of the parent per share	(¥104.65)	¥190.86	¥295.51	¥138.31	¥52.56
Cash dividends per share	¥65	¥65	-	¥65	-

\*1 Released Aug. 8, 2024

\*2 Released Apr. 16, 2024

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

\*4 ROIC=(Operating income +Equity in earnings of affiliates - Income taxes) / (Interest-bearing debt + Total net assets)

\*5 {(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 and July 29, 2024



# 2024 Sales and Operating Income: Segment Breakdown (Consolidated)



Segment		2024 Forecast <sup>*1</sup>				2023 Results <sup>*2</sup>		2024 Earlier Forecast <sup>*3</sup>	
		1Q Results	2Q Results	1H Results	Full-year Forecast	Full-year Results	Increase/Decrease	Full-year Forecast	Increase/Decrease
Semiconductor and Electronic Materials	Sales	97.5	112.1	209.6	433.0	338.1	94.9	410.0	23.0
	Operating Income	6.3	15.3	21.6	50.0	(9.4)	59.4	31.0	19.0
	EBITDA margin	20.0%	26.0%	23.2%	24.1%	13.0%	11.1p		
Mobility	Sales	52.6	55.5	108.0	205.0	216.1	(11.1)	210.0	(5.0)
	Operating Income	1.7	0.7	2.4	4.0	5.4	(1.4)	7.0	(3.0)
	EBITDA margin	12.9%	11.1%	12.0%	11.7%	11.9%	(0.2p)		
Innovation Enabling Materials	Sales	22.3	24.7	47.0	100.0	93.0	7.0	95.0	5.0
	Operating Income	2.4	3.1	5.5	10.0	7.9	2.1	9.0	1.0
	EBITDA margin	18.3%	19.4%	18.9%	16.6%	11.9%	(0.2p)		
Chemicals	Sales	116.8	128.6	245.4	535.0	516.3	18.7	535.0	-
	Operating Income	0.7	1.4	2.0	11.0	7.7	3.3	13.0	(2.0)
	EBITDA margin	4.4%	4.9%	4.6%	5.5%	11.9%	(0.2p)		
Others/ Adjustments	Sales	32.2	26.2	58.5	119.0	125.4	(6.4)	110.0	9.0
	Operating Income	(2.2)	(1.4)	(3.6)	(14.0)	(15.3)	1.3	(13.0)	(1.0)
	EBITDA margin	2.4%	4.5%	3.4%	(2.3%)	(2.7%)	0.5p		
Total	Sales	321.4	347.2	668.5	1,392.0	1,288.9	103.1	1,360.0	32.0
	Operating Income	8.9	19.0	28.0	61.0	(3.8)	64.8	47.0	14.0
	EBITDA margin	11.3%	13.7%	12.5%	12.3%	8.2%	4.1p		

(Unit: Billions of Yen)

\*1 Released Aug. 8, 2024 \*2 Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

\*3 Released Apr. 16, 2024

# Appendix



(Unit: Billions of Yen)

	2023 1H Results	2024 1H Results	Increase/ Decrease	2023 Full-year Results	2024 Full-year Forecast	Increase/ Decrease
CF from operating activities	48.1	53.3	5.2	118.7	114.0	(4.7)
CF from investing activities	(45.1)	(11.1)	34.1	(61.9)	(82.0)	(20.1)
Free CF	2.9	42.2	39.3	56.8	32.0	(24.8)
CF from financing activities	(23.5)	(11.2)	12.3	(62.9)	15.0	77.9
Others	10.0	16.7	6.7	9.9		
Increase/decrease of cash and cash equivalents	(10.6)	47.7	58.3	3.9		

(Unit: Billions of Yen)

	2023 1H Results*1	2024 1H Results	Increase/ Decrease	2023 Full-year Results*1	2024 Full-year Forecast	Increase/ Decrease
Capital expenditures	39.1	46.0	6.8	96.6	122.4	25.8
Depreciation and amortization (excluding PPA & goodwill amortization)	37.8	39.1	1.3	76.6	77.1	0.5
PPA amortization	7.9	8.1	0.1	15.9	16.0	0.1
Goodwill amortization	8.4	8.6	0.2	17.0	17.2	0.3
R&D expenditures	20.9	21.3	0.4	42.7	43.8	1.1
Interest/dividend income less interest expenses	(5.6)	(5.1)	0.5	(11.1)	(11.7)	(0.5)

(Unit: Billions of Yen)

Segment	2023 1H Results*	2024 1H Results	Increase/Decrease	2023 Full-year Results*	2024 Full-year Forecast	Increase/Decrease
Semiconductor and Electronic Materials	18.9	23.1	4.2	38.8	64.1	25.3
Mobility	5.0	5.9	0.9	13.4	11.4	(2.0)
Innovation Enabling Materials	1.8	1.9	0.1	4.4	5.2	0.8
Chemicals	8.0	9.8	1.8	23.2	27.4	4.2
Others	5.3	5.3	(0.0)	16.9	14.3	(2.6)
Total	39.1	46.0	6.8	96.6	122.4	25.8

\* Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

(Unit: Billions of Yen)

Segment		2023 1H Results*1	2024 1H Results	Increase/Decrease	2023 Full-year Results*1	2024 Full-year Forecast	Increase/Decrease
Semiconductor and Electronic Materials	Depreciation (excl. PPA)	13.5	14.2	0.7	27.6	28.6	1.0
	PPA depreciation	6.2	6.2	-	12.4	12.4	0.0
	Goodwill amortization	6.6	6.6	(0.0)	13.3	13.3	(0.0)
Mobility	Depreciation (excl. PPA)	8.0	8.4	0.4	16.0	15.7	(0.3)
	PPA depreciation	1.1	1.1	-	2.1	2.1	0.0
	Goodwill amortization	1.1	1.1	-	2.1	2.1	(0.0)
Innovation Enabling Materials	Depreciation (excl. PPA)	2.5	2.4	(0.1)	4.9	4.8	(0.2)
	PPA depreciation	0.5	0.5	0.0	0.9	1.0	0.0
	Goodwill amortization	0.4	0.4	0.0	0.9	0.9	0.0
Chemicals	Depreciation (excl. PPA)	8.4	8.9	0.5	16.9	17.5	0.6
	PPA depreciation	0.1	0.2	0.1	0.3	0.4	0.1
	Goodwill amortization	0.0	0.2	0.2	0.1	0.3	0.2
Others	Depreciation (excl. PPA)	5.0	5.2	0.2	10.6	10.5	(0.2)
	PPA depreciation	0.1	0.1	-	0.2	0.2	0.0
	Goodwill amortization	0.3	0.3	0.0	0.6	0.6	0.0
Based on ongoing businesses*2 Total	Depreciation (excl. PPA)	37.4	39.1	1.7	76.2	77.1	0.9
	PPA depreciation	7.9	8.1	0.1	15.9	16.0	0.1
	Goodwill amortization	8.4	8.6	0.2	17.0	17.2	0.3
Discontinued businesses	Depreciation (excl. PPA)	0.4	-	(0.4)	0.4	-	(0.4)
	PPA depreciation	-	-	-	-	-	-
	Goodwill amortization	-	-	-	-	-	-
Total	Depreciation (excl. PPA)	37.8	39.1	1.3	76.6	77.1	0.5
	PPA depreciation	7.9	8.1	0.1	15.9	16.0	0.1
	Goodwill amortization	8.4	8.6	0.2	17.0	17.2	0.3

\*1 Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

\*2 Unaudited figures for reference purposes. Excluding results of businesses divested during 2023-2024: Diagnostic medicine

(Unit: Billions of Yen)

	2024 1Q	2024 2Q	Increase/ Decrease
Net sales	321.4	347.2	25.8
Operating income	8.9	19.0	10.1
Non-operating income and expenses, net	2.1	0.4	(1.6)
Ordinary income	11.0	19.5	8.5
Extraordinary profit/loss	18.7	(1.0)	(19.7)
Income before income taxes	29.7	18.4	(11.3)
Net Income	27.4	11.0	(16.3)
Net income attributable to owners of the parent	27.1	11.4	(15.7)
EBITDA (Operating income + Depreciation + Amortization of goodwill, etc.)	36.3	47.5	11.3
EBITDA margin	11.3%	13.7%	2.4p



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

(Unit: Billions of Yen)

Segment		2023 <sup>*1</sup>				
		1Q	2Q	3Q	4Q	Full-year
Semiconductor and Electronic Materials	Sales	69.4	84.0	88.3	96.4	338.1
	Operating Income	(10.4)	(2.7)	0.6	3.0	(9.4)
Mobility	Sales	51.8	52.1	55.4	56.7	216.1
	Operating Income	0.3	0.3	2.2	2.6	5.4
Innovation Enabling Materials	Sales	20.7	22.9	24.2	25.2	93.0
	Operating Income	1.2	1.7	2.6	2.3	7.9
Chemicals	Sales	127.1	127.8	129.8	131.6	516.3
	Operating Income	3.9	0.9	5.4	(2.5)	7.7
Others/ Adjustments	Sales	26.9	26.9	28.5	36.6	118.9
	Operating Income	(4.4)	(4.3)	(2.0)	(4.9)	(15.7)
Based on ongoing businesses <sup>*2</sup> Total	Sales	295.9	313.7	326.2	346.6	1,282.4
	Operating Income	(9.3)	(4.2)	8.9	0.5	(4.1)
Discontinued businesses	Sales	3.0	3.5	0.0	0.0	6.5
	Operating Income	0.1	0.2	(0.0)	(0.0)	0.4
Total	Sales	298.9	317.2	326.2	346.6	1,288.9
	Operating Income	(9.2)	(4.0)	8.9	0.5	(3.8)

\*1 Change in segmentation applied retroactively (Aluminum Specialty Components business moved from Innovation Enabling Materials to Mobility)

\*2 Unaudited figures for reference purposes. Excluding results of businesses divested during 2023-2024: Diagnostic medicine

Segment	Topics
Semiconductor and Electronic Materials	Resonac Announces New US-JOINT Consortium 10 Partners to Collaborate on Next-Generation Semiconductor Packaging in Silicon Valley
	Resonac Announces to Sell Former HD Plant Building in Taiwan
Mobility	Resonac Develops High-performance Disc Brake Pad for EV Aiming to start production of pads with superior braking power and abrasion resistance in 2026
Chemicals	Resonac Announces Establishment of a Petrochemical Business Subsidiary Preparing for Company Split
	Resonac Corporation, Neste and Marubeni Corporation to cooperate on renewable chemicals in Japan
Others	Resonac Contracts the Fundraising through New Subordinated Loan and the Early Repayment of Existing Subordinated Loan

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.