

Denka

Possibility
of
chemistry

Results Presentation of FY2021 3Q

(the 9 months of the Fiscal year ending March 2022)

Securities code : 4061

Denka Co.,Ltd

February 7, 2022

1 FY2021 3Q Results

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FY2021 3Q Results

(¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.
Sales	262.0	284.0	+ 22.0
Operating Income	28.0	32.2	+ 4.2
Operating Margin	10.7%	11.3%	+ 0.6%
Ordinary Income	27.3	30.1	+ 2.8 (Extraordinary losses) Costs related to voluntary product recall-1.0 *
Net income attributable to Owners of parent	18.9	22.9	+ 4.0

* 1.0 billion yen in expenses related to the voluntary recall of some lots of rapid test kits for COVID-19 antigens was recorded as an extraordinary loss.

**Denka Value-Up initiatives led to record-making
profits for cumulative 3Q**

YoY (¥ billions)

Sales**284.0 billion****+ 22.0**

- | | |
|---|--------|
| 1. Volume : Increased demand for xEVs and semiconductor-related products
Sales increased for test reagents such as rapid test kits for COVID-19 antigens (including supply to the government) and inflammation markers, while sales of influenza vaccines decreased due to weakening productivity.
Demand recovered from the negative impact of COVID-19 (chloroprene rubber, etc.) | + 17.5 |
| 2. Pricing : Revised price for styrene-related products in conjunction with rising raw materials costs | + 26.7 |
| 3. Other : Change in accounting standards for recognition of revenue (change in group trading company net sales, etc.) | - 22.3 |

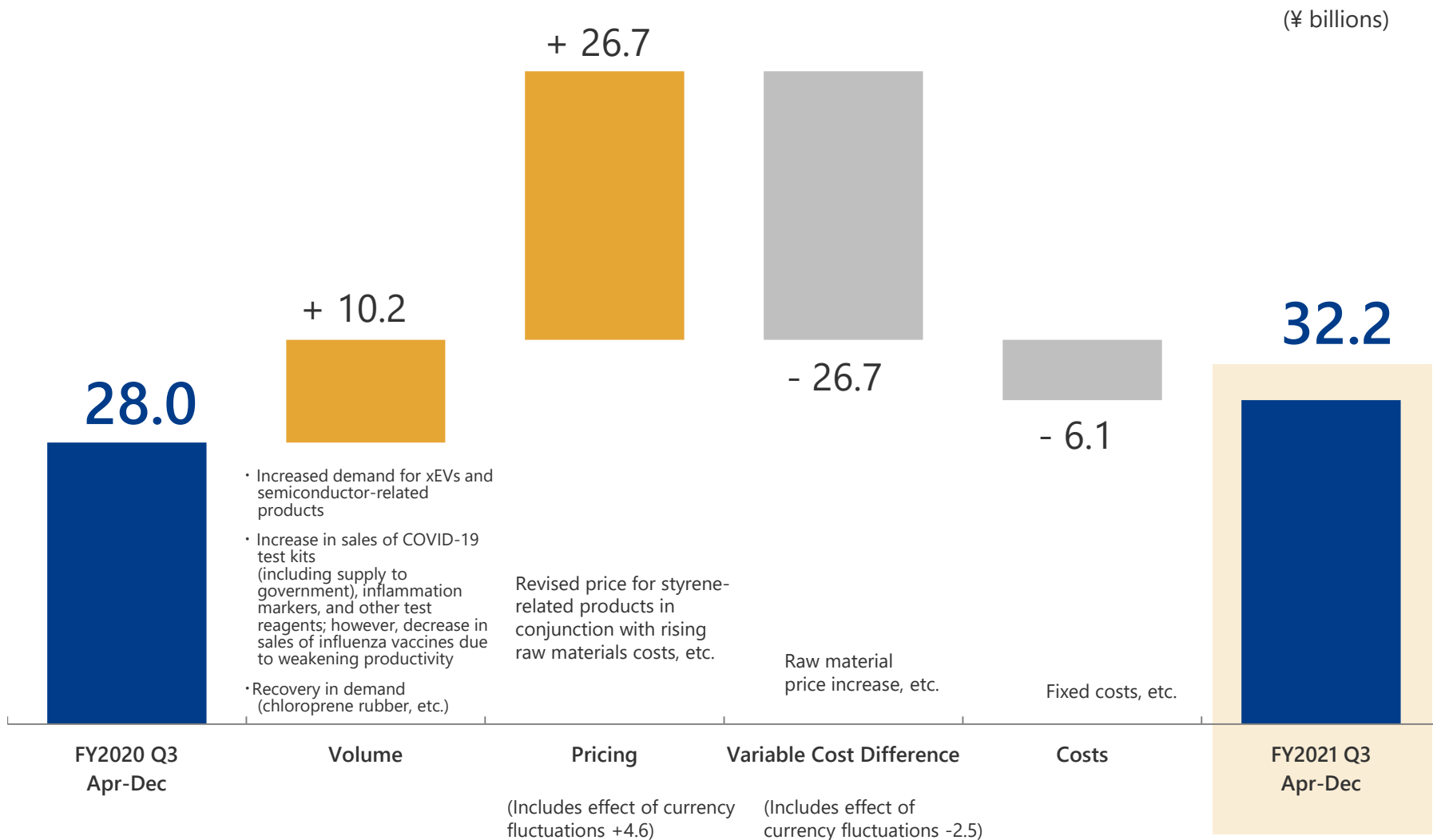
YoY (¥ billions)

Operating Income**32.2 billion****+ 4.2**

- | | |
|---|--------|
| 1. Volume : Increased demand for xEVs and semiconductor-related products
Sales increased for test reagents such as rapid test kits for COVID-19 antigens (including supply to the government) and inflammation markers, while sales of influenza vaccines decreased due to weakening productivity.
Demand recovered from the negative impact of COVID-19 (chloroprene rubber, etc.) | + 10.2 |
| 2. Pricing : Revised pricing for styrene-related products in conjunction with rising raw materials costs (includes impact of currency fluctuations +4.6) | + 26.7 |
| 3. Variable Cost
Difference : Raw material price increase, etc. (Includes effect of currency fluctuations -2.5) | - 26.7 |
| 4. Costs : Fixed costs, etc. | - 6.1 |

Maintained spread* due to agile price revisions, in response to rising raw material prices
Increased income due to positive volume resulting from recovery, expansion, and growth in demand

c) Graph of Operating Income Change Factors (Year-on-Year)



Maintained spread due to agile price revisions, in response to rising raw material prices
 Increased income due to positive volume resulting from recovery, expansion, and growth in demand

Sales (¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Other *
Electronics & Innovative Products	56.6	66.2	+ 9.5	+ 2.5	+ 9.4	- 2.3
Life Innovation	36.6	36.2	- 0.5	- 0.6	+ 0.2	-
Elastomer & Infrastructure Solutions	66.6	77.5	+ 10.9	+ 2.9	+ 9.5	- 1.4
Polymer Solutions	78.6	92.7	+ 14.1	+ 22.0	- 7.5	- 0.4
Others	23.5	11.4	- 12.1	-	+ 6.1	- 18.1
Total	262.0	284.0	+ 22.0	+ 26.7	+ 17.5	- 22.3

*Change in accounting standards for recognition of revenue

Operating Income (¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Cost & Others
Electronics & Innovative Products	10.2	13.8	+ 3.6	+ 2.5	+ 5.3	- 4.2
Life Innovation	13.8	11.9	- 1.9	- 0.6	- 0.3	- 1.0
Elastomer & Infrastructure Solutions	-2.1	-1.2	+ 0.9	+ 2.9	+ 4.3	- 6.2
Polymer Solutions	5.4	6.3	+ 0.9	+ 22.0	+ 0.1	- 21.3
Others	0.7	1.3	+ 0.7	-	+ 0.7	- 0.0
Total	28.0	32.2	+ 4.2	+ 26.7	+ 10.2	- 32.7

Three divisions, led by Electronics & Advanced Products,
contributed to profit growth

(¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Other
Sales	56.6	66.2	+ 9.5	+ 2.5	+ 9.4	- 2.3 *
Operating Income	10.2	13.8	+ 3.6	+ 2.5	+ 5.3	- 4.2

*Change in accounting standards for recognition of revenue

Sales Trends and Costs by Product

- Spherical alumina
 - Growth of xEV-related applications and 5G communications-related demand
 - Results of partial operation of new facilities in Singapore (scheduled for full operation in April 2022)
- Fused silica
High-performance film
 - Shipments exceeded the previous year, supported by strong demand for semiconductor-related products
- Acetylene black
 - Shipment of xEV-related products exceeded the previous year; however, lower October-December automobile production due to semiconductor shortages impacted the performance
 - Strong demand for high-voltage cables for offshore wind power generation
- Ceramic substrates
 - Shipment of xEV-related products exceeded the previous year; however, lower October-December automobile production due to semiconductor shortages impacted the performance
 - Delay in demand recovery for electric railways due to the negative impact of COVID-19
- Other
 - Increase in raw materials costs (→rise in prices for fused silica from November, etc.)
 - Costs for further development of specialties (e.g., increase in costs for systems to production increase, and sales strength, etc.)

**Increase in profits from megatrends in xEV, 5G,
and semiconductors**

(¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Other
Sales	36.6	36.2	- 0.5	- 0.6	+ 0.2	-
Operating Income	13.8	11.9	- 1.9	- 0.6	- 0.3	- 1.0

Sales Trends and Costs by Product

COVID-19 rapid antigen test kit

- Improved rapid antigen testing system as part of countermeasures against COVID-19 infections between July and September
Supplied for distribution by the Ministry of Health, Labor and Welfare (for use in elderly care facilities, workplaces, schools, etc.)
- Demand for testing system dropped sharply between October and December as the fifth wave came to an end
- Voluntary recall announced in November (220,000 kits); conducted replacement shipments
- Meanwhile, sales prices declined year on year (insurance points reduced beginning December 31).
- Start Overseas shipping to the U.S. In November

Other test reagents (Inflammation markets, etc.)

- In addition to a recovery of demand in China, increased demand for tests in Europe and the U.S.

Influenza vaccine

- Production and shipment volumes were lower than last year due to a deterioration in yield rate caused by differences in the strains manufactured and a shortage in vaccine production materials

Rapid test kits for COVID-19 antigens contributed to profits at the same level as in the previous year; however, influenza vaccine shipments fell, resulting in lower profits

(¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Other
Sales	66.6	77.5	+10.9	+ 2.9	+ 9.5	- 1.4*
Operating Income	-2.1	-1.2	+ 0.9	+ 2.9	+ 4.3	- 6.2

*Change in accounting standards for recognition of revenue

Sales Trends and Costs by Product

- Chloroprene rubber**
 - Strong recovery in demand in industrial, adhesive, and automotive applications
 - Made additional price increases in February (following in August) due to rising raw materials prices (butadiene, chlorine, coke)
 - U.S. DPE shut down facilities after frost damage in February and Hurricane Ida at the end of August. The resumption of operations was delayed compared with the November forecast
- Special cement Additives**
 - A drop in shipment volume due to a slowdown in private construction
- Cement**
 - As well as sluggish private sector demand, public sector demand for disaster recovery, etc. also fell from the previous year, while prices rose for raw materials and fuel, including coal

**Operating losses continued due to the impact of the hurricane on
U.S. DPE and soaring raw materials prices**

(¥ billions)	FY2020 3Q Apr-Dec Actual	FY2021 3Q Apr-Dec Actual	Incr. Decr.	Pricing	Volume	Other
Sales	78.6	92.7	+14.1	+ 22.0	- 7.5	- 0.4*
Operating Income	5.4	6.3	+ 0.9	+ 22.0	+ 0.1	- 21.3

*Change in accounting standards for recognition of revenue

Sales Trends and Costs by Product

- MS resin
 - Demand for use in light guide plates in TVs and monitors and in other applications such as cosmetic containers has remained strong (While shipped volumes of PS resin dropped from last year due to conversion to MS resin manufacturing facilities and remodeling)
- AS, ABS, transparent resins, etc.
 - Recovery from the negative impact of COVID-19 resulting in increased shipped volumes over previous year
- Food wrapping sheets and containers
 - Almost unchanged from last year
- Toyokalon
 - Recovery from the negative impact of COVID-19 resulting in increased shipped volumes over previous year
- Spread
 - Spread improved due to price pass-through in response to rising raw materials prices (ethylene, benzene, etc.)

Profit increase due to improved spreads, despite higher raw material prices

FY2021 Earnings Forecast

(¥ billions)	FY2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	FY 2020 Act	Incr. Decr.
Sales	395.0	385.0	- 10.0	354.4	+ 30.6
Operating Income	44.0	40.0	- 4.0	34.7	+ 5.3
Operating Margin	11.1%	10.4%	- 0.7%	9.8%	+ 0.6%
Ordinary Income	40.0	36.0	- 4.0	32.1	+ 3.9
Net income attributable to Owners of parent	29.0	26.0	- 3.0	22.8	+ 3.2

Although operating income decreased compared with the November forecast, we expect each profit indicator to beat our record high

FY2021 Full-Year Operating Income Forecast: ¥40.0 billion (Down ¥4.0 billion vs. November Forecast)**① Elastomer & Infrastructure Solutions - 2.5 billion**

[Volume: -1.9 billion]

⇒ The impact of Hurricane Ida on the upstream supply chain resulted in a delay of the start-up of U.S. DPE (suspended since August) compared with our November forecast, leading to opportunity losses

② Life Innovation - 1.0 billion

[Volume: +2.2 billion]

⇒ Test demand declined sharply between October and December when the fifth wave of COVID-19 settled (replacement shipments for voluntary recalls made beginning in November)
Demand for tests due to the 6th wave increased rapidly beginning in January

[Pricing: -3.7 billion]

⇒ Insurance points for COVID-19 antigen tests were reduced on December 31 last year
Normally, points are revised on April 1, but since the points were a temporary measure moved ahead by government policy, we did not incorporate the point revisions in our November forecast.
(Insurance points: antigen test kit 600 points → 300 points; combo kit 600 points → 420 points)

③ Polymer Solutions – 1.0 billion

[Volume: - 0.7 billion]

⇒ Demand for MS and MBS resins was lower than the November forecast due to deteriorating market conditions in China; and we also expect demand for AS and ABS resins to be affected significantly by reduced automobile production due to semiconductor shortages

Sales

385.0 billion

Vs. forecast (¥ billions)

- 10.0

- | | | |
|------------|--|-------|
| 1. Volume | : Positive factors (Increasing demand for COVID-19 rapid antigen test kits)
Negative factors (Opportunity loss due to reduced DPE production, reduced demand for functional resins) | - 6.5 |
| 2. Pricing | : Positive factors (Additional price increases for chloroprene rubber, POVAL, etc.)
Negative factors (Reduced insurance points for COVID-19 rapid antigen test kits) | - 3.5 |

Operating Income

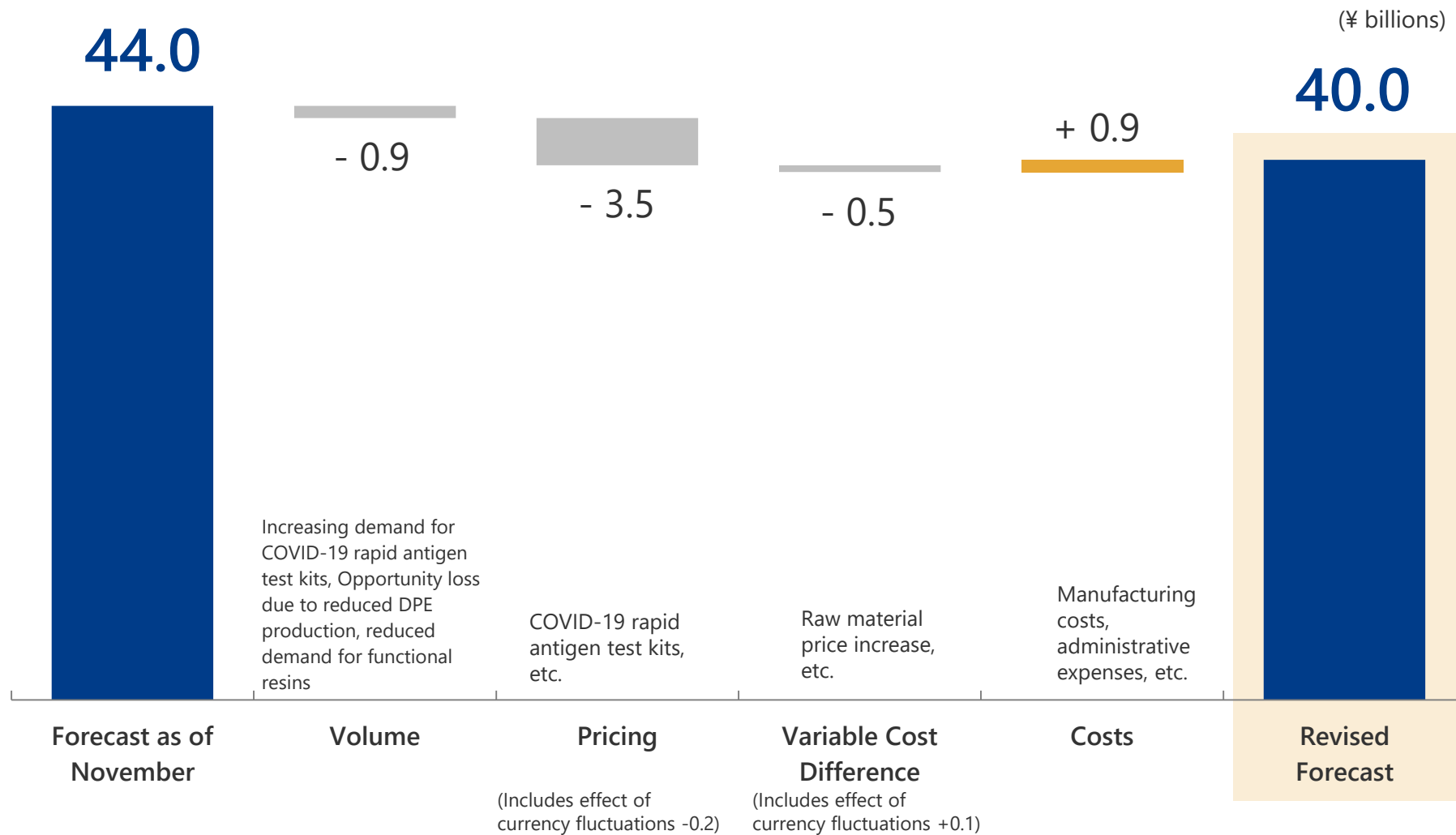
40.0 billion

Vs. forecast (¥ billions)

- 4.0

- | | | |
|-----------------------------|--|-------|
| 1. Volume | : Positive factors (Increasing demand for COVID-19 rapid antigen test kits)
Negative factors (Opportunity loss due to reduced DPE production, reduced demand for functional resins) | - 0.9 |
| 2. Pricing | : Positive factors (Additional price increases for chloroprene rubber, POVAL, etc.)
Negative factors (Reduced insurance points for COVID-19 rapid antigen test kits)
(Includes effect of currency fluctuations -0.2) | - 3.5 |
| 3. Variable Cost Difference | : Raw material price increase, etc. (includes effect of currency fluctuations +0.1) | - 0.5 |
| 4. Costs | : Manufacturing costs, administrative expenses, etc. | + 0.9 |

Expected substantial negative cost-price spreads



Expected substantial negative cost-price spreads

FY2021 Earnings Forecast

e) By Segment (vs Forecast as of November)

Sales (¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing		Volume	
Electronics & Innovative Products	90.0	90.0	± 0.0	+ 0.1	- 0.1		
Life Innovation	50.0	45.0	- 5.0	- 3.7	- 1.3		
Elastomer & Infrastructure Solutions	110.0	110.0	± 0.0	+ 0.7	- 0.7		
Polymer Solutions	130.0	125.0	- 5.0	- 0.6	- 4.4		
Others	15.0	15.0	± 0.0	-	± 0.0		
Total	395.0	385.0	- 10.0	- 3.5	- 6.5		

Operating Income (¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing		Volume		Cost& Others
Electronics & Innovative Products	18.5	18.5	± 0.0	+ 0.1	- 0.9	+ 0.8		
Life Innovation	15.5	14.5	- 1.0	- 3.7	+ 2.2	+ 0.5		
Elastomer & Infrastructure Solutions	-1.0	-3.5	- 2.5	+ 0.7	- 1.9	- 1.3		
Polymer Solutions	9.5	8.5	- 1.0	- 0.6	- 0.7	+ 0.4		
Others	1.5	2.0	+ 0.5	-	+ 0.5	± 0.0		
Total	44.0	40.0	- 4.0	- 3.5	- 0.9	+ 0.4		

Despite increased demand for COVID-19 tests, profit decreased due to reduced insurance points, opportunity loss caused by delay in the launch of DPE, and a decrease in demand for functional resins

(¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Cost& Others
Sales	90.0	90.0	± 0.0	+ 0.1	- 0.1	
Operating Income	18.5	18.5	± 0.0	+ 0.1	- 0.9	+ 0.8

Sales Trends & Costs by Product

- | | |
|---------------------------------------|---|
| Spherical alumina | <ul style="list-style-type: none"> xEV-related and 5G communications-related demand expected to grow in line with our November forecast |
| Fused silica
high-performance film | <ul style="list-style-type: none"> Strong shipments of semiconductor-related products continue, supported by growing demand for 5G communications and data centers; performance is in line with our November forecast |
| Acetylene black | <ul style="list-style-type: none"> Shipment of xEV-related products expected to be sluggish due to the impact of reduced automobile production caused by semiconductor shortages Demand for high-voltage cable applications for offshore wind power generation expected to remain firm and in line with our November forecast |
| Ceramic substrates | <ul style="list-style-type: none"> We expect xEV-related shipments to be lower due to the impact of reduced automobile production caused by semiconductor shortages |
| Other | <ul style="list-style-type: none"> Decrease in manufacturing costs due to lower sales volume, etc. |

**To be in line with our November forecast due to cost decreases,
despite the impact of automobile production cutbacks
caused by semiconductor shortages**

(¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Cost& Others
Sales	50.0	45.0	- 5.0	- 3.7	- 1.3	
Operating Income	15.5	14.5	- 1.0	- 3.7	+ 2.2	+ 0.5

Sales Trends & Costs by Product

COVID-19 rapid
antigen test Kit

- Sharp drop in test demand between October and December, when the fifth wave of COVID-19 settled (replacement shipments for voluntary recalls made beginning in November)
- Demand for tests due to the sixth wave increased rapidly beginning in January
- Insurance points for COVID-19 antigen tests were reduced on December 31 last year. Normally, points are revised on April 1, but since the points were a temporary measure moved ahead by government policy, we did not incorporate the point revisions in our November forecast. (Insurance points: antigen test kit 600 points → 300 points; combo kit 600 points → 420 points)

Other test reagents
(inflammation
markers, etc.)

- Strong demand in China, Europe and the U.S. and expected boost shipments

Influenza vaccine

- Vaccinations after December expected to be lower than expected

We project higher shipment volume COVID-19 test kits, but performance is likely to be lower than our November forecast due to the revision of insurance points

(¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Cost& Others
Sales	110.0	110.0	± 0.0	+ 0.7	- 0.7	
Operating Income	-1.0	-3.5	- 2.5	+ 0.7	- 1.9	- 1.3

Sales Trends & Costs by Product

- Chloroprene rubber**
- Due to Hurricane "Ida", DPE facilities had been shut down since the end of August, causing delays compared with our initial schedule and resulting in opportunity losses in connection with lower production (impact: ¥1.5 billion)
 - We made additional price increases in February following in August) due to rising raw materials prices (butadiene, chlorine, coke)
We expect to raise sales prices (see table)

- Special cement Additives**
- We expect shipment volume to decline

- Cement**
- Sales prices fell short of November forecast despite the pursuit of price hike negotiations



**Expected profit decrease due to opportunity losses
caused by the delayed start-up of U.S. DPE**

(¥ billions)	FY 2021 Forecast as of November	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Cost& Others
Sales	130.0	125.0	- 5.0	- 0.6	- 4.4	
Operating Income	9.5	8.5	- 1.0	- 0.6	- 0.7	+ 0.4

Sales Trends & Costs by Product

- MS resin
- We expect light guide plate applications for TVs and monitors to fall short of November forecast due to lower demand in China and other markets
 - Focusing on other applications such as lighting and cosmetics containers
- AS, ABS, transparent resins, etc.
- We expect sales volume of AS and ABS to be lower due to the impact of reduced automobile production caused by the shortage of semiconductors
 - Market conditions likely to weaken for transparent resins, mainly in China.
- Food wrapping sheets and containers
- Spread to worsen due to price increase delays
- Toyokalon
- We expect sales volume to fall in stock adjustment.

Expected decrease due to deteriorating market in China and the impact of reduced automobile production from semiconductor shortages

(¥ billions)	FY2020 Q3 (Apr-Dec) Actual	Q4 (Jan-Mar) Actual	Full-Year (Apr-Mar) Actual	FY2021 Q3 (Apr-Dec) Actual	Q4 (Jan-Mar) Actual	Full-Year (Apr-Mar) Actual
Investment	31.7	10.6	42.3	27.8	11.2	39.0
Depreciation	17.2	5.7	22.9	17.6	5.9	23.5
R&D	11.1	3.6	14.7	10.9	3.6	14.5
Interest-Bearing Debt	140.0	138.2	138.2	135.7	137.0	137.0
	FY2020 Q3 (Apr-Dec) Actual	Q4 (Jan-Mar) Actual	Full-Year (Apr-Mar) Actual	FY2021 Q3 (Apr-Dec) Actual	Q4 (Jan-Mar) Actual	Full-Year (Apr-Mar) Actual
Forex (¥/\$)	106.1	104.8	105.8	111.0	114.3	111.8
Japan Naphtha (¥/KI)	29,360	38,800	31,800	53,800	59,600	55,300

Continuing strategic investment into specialty businesses

		FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Revised Forecast
Net Income	(billion)	23.0	25.0	22.7	22.8	26.0
Dividend per share*	(¥)	105.0	120.0	125.0	125.0	145.0
						Mid-term70.0 End75.0
Dividend	(billion)	9.2	10.5	10.8	10.8	12.5
Shareholders Return		40%	42%	48%	47%	48%
Stock Purchase	(billion)	2.3	2.1	-	-	-
Total Return	(billion)	11.5	12.6	10.8	10.8	12.5
Total Return Ratio		50%	50%	48%	47%	48%
Depreciation		24.6	22.9	22.5	22.9	23.5
Investment & lending	(billion)	27.0	32.8	36.9	42.3	39.0
ROE		10.0%	10.3%	9.1%	8.8%	9.4%

* The figures have been adjusted, considering stock consolidation of 1 from 5 on 10/1/2017.

Expecting to maintain a dividend of ¥145 per share

Operating Income (¥ billions)	FY2020 Actual	FY2021 Revised Forecast	FY2022 Management Plan	Year on year	Main measures
Electronics & Innovative Products	14.2	18.5	22.0	+3.5	<p>Spherical alumina: Accelerated xEV and 5G communications-related demand and impact of Singapore expansion (scheduled for completion in March 2022)</p> <p>Acetylene black: Accelerated demand for high-voltage cable applications for xEVs and offshore wind turbines; further shift from low-cost applications to high-value-added applications</p>
Life Innovation	14.8	14.5	11.0	-3.5	<p>Influenza vaccine: New facility for bulk liquid production to begin operations for the 2022 season</p> <p>Test reagents: Expansion of product lineup, recovery of demand for tests (inflammation markers for China, etc.)</p> <p>COVID-19 test kit: Factor in the risk of falling sales prices</p> <p>DELYTACT® Injection G47Δ virus preparation for cancer treatment: Shipments started in October 2021 (expected full-scale contribution from FY2023)</p>
Elastomer & Infrastructure Solutions	-3.6	-3.5	7.0	+10.5	<p>Chloroprene rubber: Price revisions, recovery from Hurricane "Ida" impact (transitory)</p> <p>Cement: Price revisions</p> <p>Special cement additives: Increasing in demand for the linear <i>shinkansen</i>, focus on expanding sales of the Clear Shot dust control product used in tunnel construction.</p>
Polymer Solutions	8.4	8.5	11.0	+2.5	<p>MS resin: Increasing in demand in light guide plates in TVs and monitors as well as in lighting, and expanding demand in other applications such as cosmetic containers. Production capacity in Singapore to be double (operations started in July 2021)</p> <p>IP: Expanding sales of high value-added grades (for automotive interior/exterior materials, etc.)</p>
Others	0.8	2.0	-1.0	-3.0	(Includes increased labor costs resulting from better labor conditions throughout the entire Group)
Total	34.7	40.0	50.0	+10.0	

* DELYTACT is a registered trademark of Daiichi Sankyo Company, Limited

Continuing Denka Value-Up specialty strategy towards ¥50 billion target in operating income

Sales (¥ billions)	FY2020 Actual	FY2021 Revised Forecast	Incr. Decr.	Change in accounting standards for recognition of revenue		
				Pricing	Volume	Other
Electronics & Innovative Products	77.7	90.0	+ 12.3	+ 4.5	+ 11.4	- 3.6
Life Innovation	42.9	45.0	+ 2.1	- 4.0	+ 6.2	- 0.1
Elastomer & Infrastructure Solutions	91.9	110.0	+ 18.1	+ 6.9	+ 13.3	- 2.0
Polymer Solutions	109.9	125.0	+ 15.1	+ 29.9	- 14.1	- 0.6
Others	32.0	15.0	- 17.0	-	+ 8.1	- 25.1
Total	354.4	385.0	+ 30.6	+ 37.3	+ 24.8	- 31.5

*Change in accounting standards for recognition of revenue

Operating Income (¥ billions)	FY2020 Actual	FY2021 Revised Forecast	Incr. Decr.	Change in accounting standards for recognition of revenue		
				Pricing	Volume	Cost& Others
Electronics & Innovative Products	14.2	18.5	+ 4.3	+ 4.5	+ 6.2	- 6.5
Life Innovation	14.8	14.5	- 0.3	- 4.0	+ 5.7	- 2.0
Elastomer & Infrastructure Solutions	-3.6	-3.5	+ 0.1	+ 6.9	+ 4.4	- 11.3
Polymer Solutions	8.4	8.5	- 0.1	+ 29.9	- 0.3	- 29.5
Others	0.8	2.0	+ 1.2	-	+ 1.2	- 0.0
Total	34.7	40.0	+ 5.3	+ 37.3	+ 16.8	- 49.4

FY2022 Management Plan

k)(Reference) Quarterly trends (by segment)

Denka

Sales (¥ billions)	FY2019				FY2020				FY2021			Q4 Forecast (Net)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Electronics & Innovative Products	17.3	20.0	18.3	20.0	17.1	19.6	20.0	21.1	21.0	22.8	22.3	23.8
Life Innovation	5.1	9.9	13.7	6.8	5.3	10.9	20.5	6.3	6.0	19.3	10.9	8.8
Elastomer & Infrastructure Solutions	26.9	27.6	24.9	26.1	19.8	22.0	24.8	25.2	24.6	26.8	26.1	32.5
Polymer Solutions	32.4	33.5	30.5	31.5	25.3	25.1	28.3	31.3	31.8	31.5	29.5	32.3
Others	9.1	10.1	9.2	7.7	8.7	6.5	8.2	8.5	3.5	4.0	4.0	3.6
Total	90.9	101.1	96.7	92.1	76.2	84.1	101.7	92.4	86.7	104.4	92.8	101.0

Operating Income (¥ billions)	FY2019				FY2020				FY2021			Q4 Forecast (Net)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Electronics & Innovative Products	2.6	3.3	2.8	4.0	2.8	3.8	3.6	4.0	4.4	4.8	4.6	4.7
Life Innovation	0.1	2.4	3.8	0.6	0.0	2.4	11.4	1.0	0.3	10.4	1.2	2.6
Elastomer & Infrastructure Solutions	2.1	1.0	0.0	0.8	0.3	-0.4	-1.9	-1.5	0.1	-0.0	-1.2	-2.3
Polymer Solutions	1.8	2.0	1.5	1.9	1.3	1.6	2.5	3.0	2.6	1.8	1.9	2.2
Others	0.2	-0.0	0.5	0.3	0.0	0.3	0.3	0.2	0.4	0.5	0.4	0.7
Total	6.7	8.6	8.7	7.6	4.4	7.7	16.0	6.7	7.7	17.5	7.0	7.8

- ✓ Establishment of New Business Development
- ✓ Restructuring of Corporate Research and Development (Present)

Research & Development Dept./Intellectual Property Dept.
 /Automotive Materials & Solutions Dept.
 /New Business Planning & Development Dept.

Denka Innovation Center

Administration Dept.

Advanced Technologies Research Institute
 Advanced Materials Research Dept.
 Specialty Ceramics Research Dept.
 Advanced Polymer Research Dept.
 Materials Characterization Dept

Life Innovation Research Institute
 Diagnostics Research Dept.
 Vaccine & Biomedicine Dept.

Infrastructure & Solutions Development Research Institute
 Solutions Development Dept

- Polymer & Processing Technology Institute
- Electronics & Innovative Products
- Life Innovation
- Elastomer & Infrastructure Solutions
- Polymer Solutions

- ✓ Restructuring of Denka Innovation Center
- ✓ Reorganization of research department of existing businesses (Since after April 1, 2022)

New Business Development

R&D Management Dept./Intellectual Property Dept.
 /Analysis Technology Research Dept. / New Business Creation Dept.
 /New Business Incubation Dept.

Denka Innovation Center

Administration Dept./ Advanced Materials Research Dept.
 / Specialty Ceramics Research Dept./ Advanced Polymer Research Dept./ Vaccine & Biomedicine Dept./ Diagnostics Research Dept./ Infrastructure & Solutions Research Dept.

- Electronics & Innovative Products**
 - Ceramics Research Dept. (Omuta Plant)
 - Electronic Materials Research Dept. (Shibukawa Plant)
 - Polymer Processing Research (Isesaki Plant)
 - Battery & Conductive Materials Dept. Polymer Research Dept. (Chiba Plant)
- Life Innovation**
 - Vaccine & Diagnostics R&D Dept. (Gosen Site)
 - Diagnostics Research Dept. (Denka Innovation Center)
- Elastomer & Infrastructure Solutions**
 - Cement & Special Cement Additives Research Dept. Organic Materials Research Dept. (Omi Plant)
 - Infrastructure & Solutions Research Dept. (Denka Innovation Center)
 - Ceramics Research Dept. (Omuta Plant)
 - Polymer Research Dept. (Chiba Plant)
 - Electronic Materials Research Dept. (Shibukawa Plant)
- Polymer Solutions**
 - Polymer Research Dept. (Chiba Plant)
 - Organic Materials Research Dept. (Omi Plant)
 - Polymer Processing Research Dept. (Isesaki Plant)
 - Plastic Processing Dept. (Ofuna Plant)

Strengthening of new business creation and further development of existing businesses

Clarification of responsibility and management system for research

Cautionary statement regarding forward-looking information

Target figures in this material are not forecasts of business results.

In addition, any description relating to the future in this material is subject to known or unknown risks and uncertainties, although it is based on management's current assumptions and beliefs in light of the information currently available to it.

Please be cautioned that a number of important factors could cause actual results to differ significantly from the description in the material.

Such risks and uncertainties include adverse economic conditions, currency exchange rate fluctuations, adverse legislative and regulatory developments, delays in new product launch, pricing, and product initiatives of competitors, the inability of the Company to market existing and new products effectively, interruptions in production, infringements of the company's intellectual property rights and the adverse outcome of material litigation.

Possibility of chemistry

Denka

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