

Denka

Possibility
of
chemistry

Results Presentation of FY2022 3Q

(The 9 months of the Fiscal year ending March 2023)

Securities code: 4061

Denka Co., Ltd

February 7, 2023

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	FY2021 3Q Cumulative (Apr-Dec) Actual	FY2022 3Q Cumulative (Apr-Dec) Actual	FY2021 Actual	FY2022 Forecast as of November	FY2022 Revised Forecast (announced January 13)
Forex (¥/\$)	111.0	135.7	112.1 (4Q: 115.4) (Jan-Mar)	138.3 (4Q: 145.0) (Jan-Mar)	134.8 (4Q: 132.0) (Jan-Mar)
Japan Naphtha (¥/kl)	53,800	79,900	56,800 (4Q: 65,800) (Jan-Mar)	77,800 (4Q: 72,800) (Jan-Mar)	75,900 (4Q: 63,900) (Jan-Mar)
					(¥ billions)
Investment	27.8	28.1	35.6	43.0	43.0
Depreciation	17.6	20.2	23.9	26.0	26.0
R&D	10.9	11.3	14.2	15.0	15.0
Interest Bearing Debt	135.7	178.4	137.0	164.0	164.0

Naphtha prices remained lower than expected, however the yen appreciated more than expected

FY2022 3Q Results

(¥ billions)	FY2021 3Q Cumulative (Apr-Dec) Actual	FY2022 3Q Cumulative (Apr-Dec) Actual	(Year on Year)
Sales	284.0	308.7	+ 24.8
Operating Income	32.2	26.1	- 6.1
Operating Margin	11.3%	8.4%	- 2.9%
Ordinary Income	30.1	23.7	- 6.4
Net Income Attributable to Owners of Parent	22.9	8.8*	- 14.1

*Extraordinary Losses of -17.0 billion yen due to withdrawal from cement business (cumulative 3Q)

*Sale of strategic cross-shareholdings +3.1 billion yen (cumulative 3Q)

Lower profit year on year

YoY (¥ billions)

Sales**308.7 billion****+24.8**

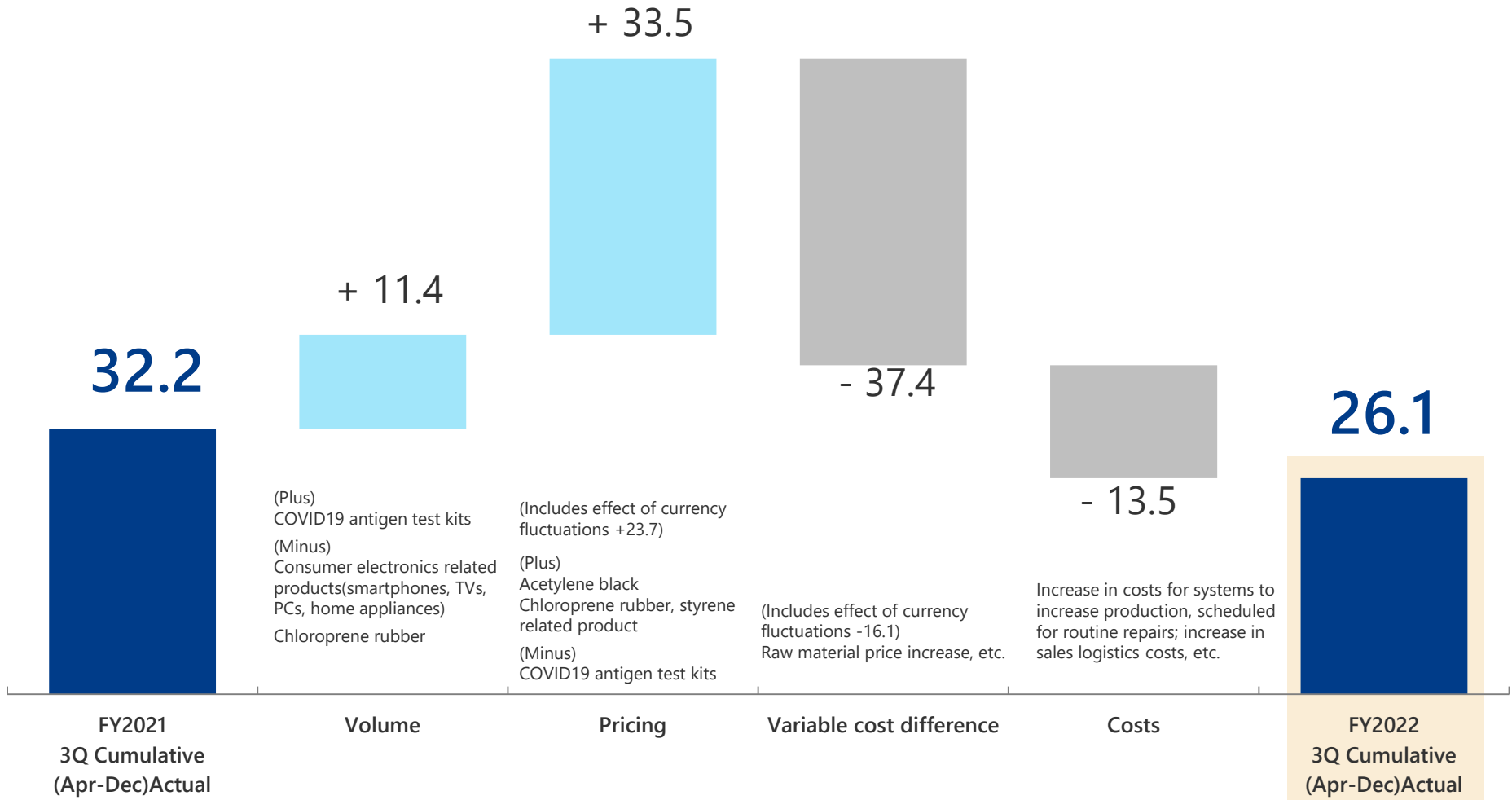
1. Volume:	(See below)	- 8.7
2. Pricing:	(See below)	+ 33.5

**Operating
Income****26.1 billion****- 6.1**

1. Volume	(Plus) COVID-19 antigen test kits: Increased demand with the 7th and 8th wave of infections	
	(Minus) Semiconductor-related, functional resins: Deceleration of market activity in China for consumer electronics (smartphones, TVs, PCs, home appliances)	+ 11.4
	Chloroprene rubber: Lower demand for applications in industry, adhesives, automobiles, etc.	
2. Pricing:	(Includes effect of currency fluctuations +23.7)	
	(Plus) Acetylene black: Significant price revision in line with product value	
	Chloroprene rubber, styrene-related products, etc.: Price revisions in response to higher raw materials and fuel prices	+ 33.5
	(Minus) COVID-19 antigen test kits: Price declines due to reduction in insurance points	
3. Variable cost difference:	(Includes effect of currency fluctuations -16.1)	- 37.4
	Price increase for raw materials, fuel prices, etc.	
4. Cost variances:	Increased costs for building a system to increase production and for strengthening sales systems; styrene monomer plant scheduled for routine repairs in the first half (last performed in FY2018), increase in sales logistics costs, etc.	- 13.5

**Profit decrease due to negative cost and variable cost variances,
despite positive volume and selling price variances**

(¥ billions)



Profit decrease due to negative cost and variable cost variances, despite positive volume and selling price variances

FY2022 3Q Results

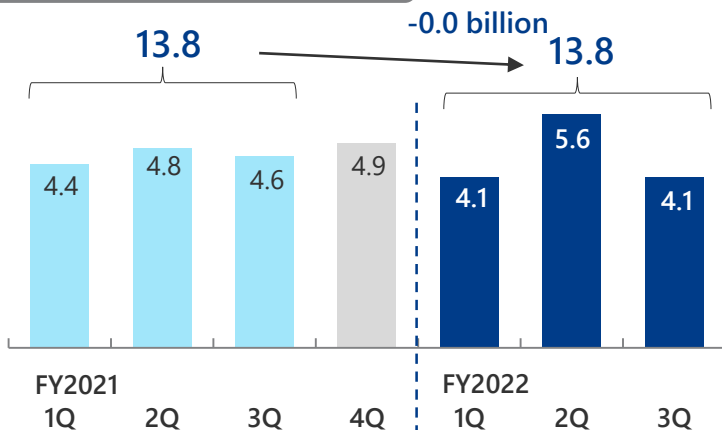
d) By Segment (Year on Year)

Sales (¥billions)	FY2021	FY2022	Incr. Decr.	Volume		Pricing	
	3Q Cumulative (Apr-Dec)Actual	3Q Cumulative (Apr-Dec)Actual					
Electronics & Innovative Products	66.2	69.8	+ 3.6	- 8.5	+ 12.1		
Life Innovation	36.2	38.8	+ 2.6	+ 21.8	- 19.1		
Elastomers & Infrastructure Solutions	77.5	94.5	+17.0	- 4.6	+ 21.6		
Polymer Solutions	92.7	93.9	+ 1.2	- 17.7	+ 18.9		
Others	11.4	11.7	+ 0.3	+ 0.3	-		
Total	284.0	308.7	+24.8	- 8.7	+ 33.5		

Operating Income (¥ billions)	FY2021	FY2022	Incr. Decr.	Volume		Pricing		Cost& Others
	3Q Cumulative (Apr-Dec)Actual	3Q Cumulative (Apr-Dec)Actual						
Electronics & Innovative Products	13.8	13.8	- 0.0	- 4.0	+ 12.1	- 8.2		
Life Innovation	11.9	11.5	- 0.4	+ 19.5	- 19.1	- 0.7		
Elastomers & Infrastructure Solutions	-1.2	- 0.0	+ 1.1	- 1.5	+ 21.6	- 18.9		
Polymer Solutions	6.3	-1.1	- 7.4	- 3.5	+ 18.9	- 22.8		
Others	1.3	1.9	+ 0.5	+ 0.9	-	- 0.3		
Total	32.2	26.1	- 6.1	+ 11.4	+ 33.5	- 50.9		

Sharp decline in profit for Polymer Solutions

Operating Income by Quarter



Operating Income Variance Analysis (Year on Year)

(¥ billions)

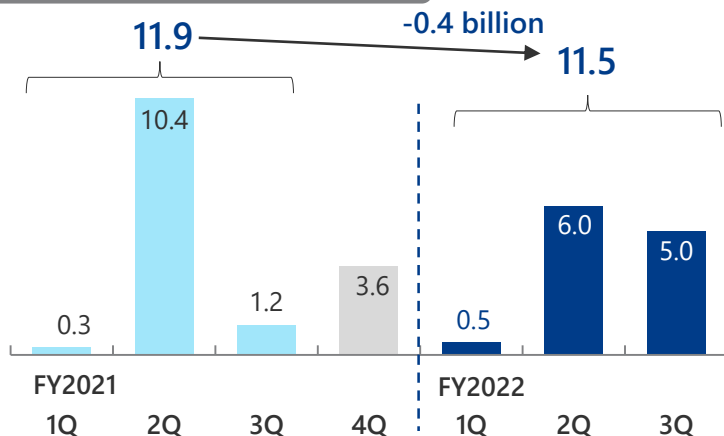


Sales Trends and Costs by Product

- Spherical alumina**
 - Demand for xEVs has been recovering since July; but demand from consumer electronics (smartphones, PCs, home appliances) weakened beginning in October, resulting in lower shipments year on year for cumulative 3Q
- Fused silica**
 - Weakness in consumer electronics (smartphones, PCs, home appliances) in the first half was offset by a recovery in automotive applications; but demand from consumer electronics weakened further beginning in October, and shipments fell year on year
- High-performance film**
 - Weakness in consumer electronics (smartphones, PCs, home appliances) in the first half was offset by a recovery in automotive applications; but demand from consumer electronics weakened further beginning in October, and shipments fell year on year
- Acetylene black**
 - Strong shipments for high-voltage cables continued from the previous year
 - Shipments for xEV-related products, which began recovering in July last year, were generally level year on year through 3Q
 - Sales prices rose sharply due to price revisions in line with product value
- Ceramic substrates (silicon nitride, aluminum nitride)**
 - Demand from electric railways remained sluggish as in the previous fiscal year
 - Shipments for xEV-related products, which began recovering in July last year, were generally level year on year through 3Q
- Cost**
 - Increased costs due to rising raw materials and fuel prices (corresponding to product prices), increase in costs for systems to increase production, cost to strengthen sales systems

Despite the impact of acetylene black price revisions, demand for consumer electronics (smartphones, PCs, home appliances) weakened, leading to level results year on year

Operating Income by Quarter



Operating Income Variance Analysis (Year on Year)

(¥ billions)



Sales Trends and Costs by Product

Influenza vaccine

- Shipment increased year on year due to increased production in connection with the new undiluted liquid plant building, despite a significant decrease in consumption rates for supply volume in the market compared to the previous year

COVID-19 rapid antigen test kit

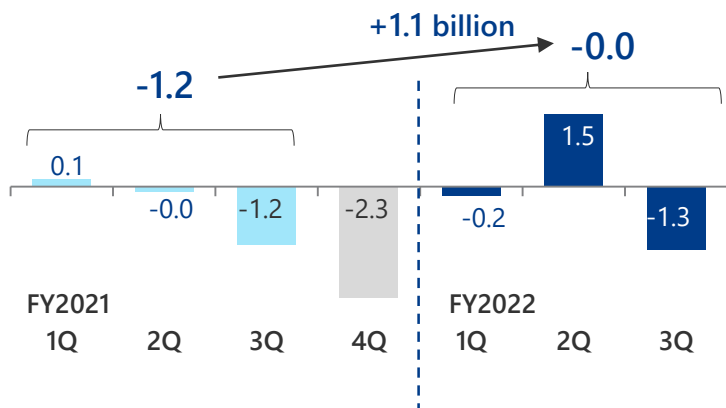
- Even in the absence of supply to the Japanese government to the degree of the previous year, shipments were significantly higher year on year for test kits in Japan due to the 7th and 8th wave of infections
- Selling prices fell sharply due to the reduction of insurance points on December 31, 2021

Other test reagents (Inflammation markets, etc.)

- Despite the trend of increasing demand for testing, shipments were lower year on year due to a decrease in demand for hospital testing as a result of the activity restrictions during China's Zero-COVID policy, as well as self-restraint after the government's easing of measures

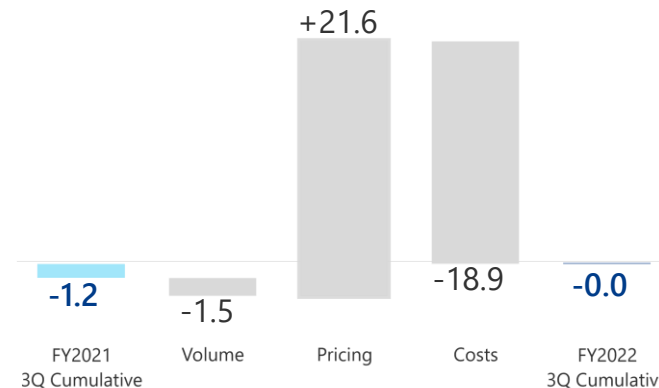
Despite increased profit for influenza vaccines, overall profit was level year on year due to decrease in profit for COVID-19 antigen test kits (impact of price decline > impact of volume increase)

Operating Income by Quarter



Operating Income Variance Analysis (Year on Year)

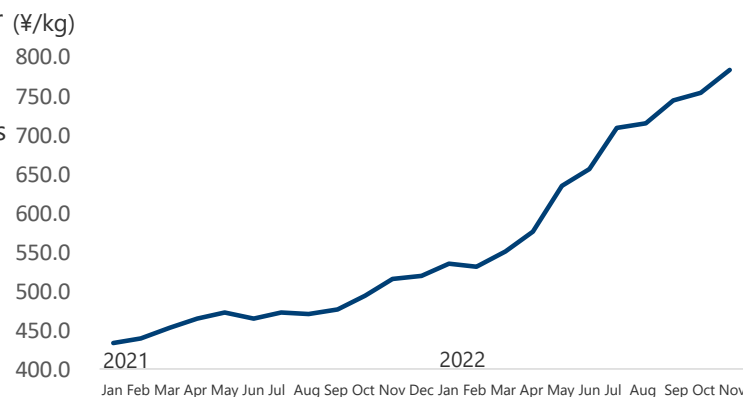
(¥ billions)



Sales Trends and Costs by Product

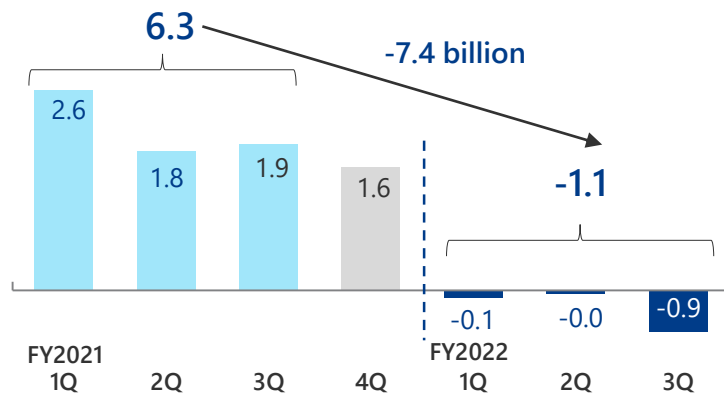
- Chloroprene rubber**
 - Shipments were lower year on year due to inventory reductions at users in response to declining demand in industrial, adhesive, automotive, and other applications, as well as intensified competition with the products of other companies
 - Spread improved due to price hikes in response to rising raw materials costs (additional price increase in September of last year (4th increase))
- Special cement additives**
 - Largely unchanged from last year
- Cement**
 - The 2,300 yen/ton price increase is almost complete (as of September 30) Progress in the 3000 yen/ton price increase has been delayed
 - Coal prices soared (FY2021 3Q Cumulative: \$153/t ⇒ FY2022 3Q Cumulative: \$392/t)

[Customs Statistics] Chloroprene rubber (dry + latex) export unit price (¥/kg)



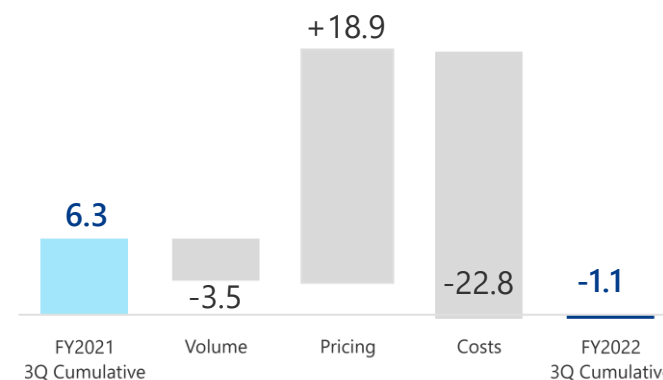
Despite a large increase in cement costs due to a sharp rise in coal prices, overall profit improved due to higher profits related to chloroprene rubber (impact of price hikes > impact of demand decline)

Operating Income by Quarter



Operating Income Variance Analysis (Year on Year)

(¥ billions)



Sales Trends and Costs by Product

- MS resin**
 - In the first half, weak demand for LGP applications for TVs and PC monitors due to the economic slowdown in the Chinese market was offset by increasing capacity in Singapore to capture replacement demand from competing materials; however, demand weakened further beginning in 3Q, and shipments fell significantly lower year on year
- AS, ABS, transparent resins, etc.**
 - Global economic slowdowns (e.g., home appliances, etc.) led to increased efforts to reduce inventories at users, resulting in lower shipments year on year
- Food wrapping sheets and containers**
 - Shipment volume was lower than the previous year
- Toyokalon**
 - Shipments were lower year on year stemming from continuing weakness in purchasing power in Africa and the U.S. due to inflation
- Cost**
 - Raw materials cost increases (maintained spread due to flexible price revisions)
 - Styrene monomer plant routine repairs (last performed in FY 2018) during the first half increased sales logistics costs

Price revisions in response to rising raw materials prices implemented to maintain the spread; however, profit declined significantly due to lower demand caused by economic downturn, as well as an increase in routine repair and logistics costs.

FY2022 Earnings Forecast

(¥ billions)	FY2022 Forecast as of November	FY2022 Revised Forecast (announced January 13)	(vs Forecast as of November)	FY2021 Actual	(Year on Year)
Sales	445.0	410.0	- 35.0	384.8	+ 25.2
Operating Income	43.0	33.0	- 10.0	40.1	- 7.1
Operating Margin	9.7%	8.0%	- 1.7%	10.4%	- 2.4%
Ordinary Income	39.0	29.0	- 10.0	36.5	- 7.5
Net Income Attributable to Owners of Parent	18.5	12.0	- 6.5	26.0	- 14.0

Lower profit compared with forecast as of November

FY2022 Operating Income Forecast

33.0 billion yen (-10.0 billion yen vs forecast as of November)

(1) Electronics & Innovative Products -4.0 billion yen

[Volume: -5.2 billion yen]

- ⇒ Consumer-related products such as high-performance film, fused silica, spherical alumina, etc.
- Market inventories ballooned due to supply chain disruptions during a period of increased demand. While the disruption has subsided and supply chain companies are more proactive in reducing inventories, we expect shipments to be lower than actual demand in response to a sharp decline in demand for consumer electronics (smartphones, PCs, home appliances).

(2) Elastomers & Infrastructure Solutions -5.0 billion yen

[Volume: -5.2 billion yen]

⇒ Chloroprene rubber

- We expect demand for industrial, adhesive, and automotive applications to decline due to the global economic slowdown, resulting in inventory reductions at users and intensified competition from the products of other companies, including products from China

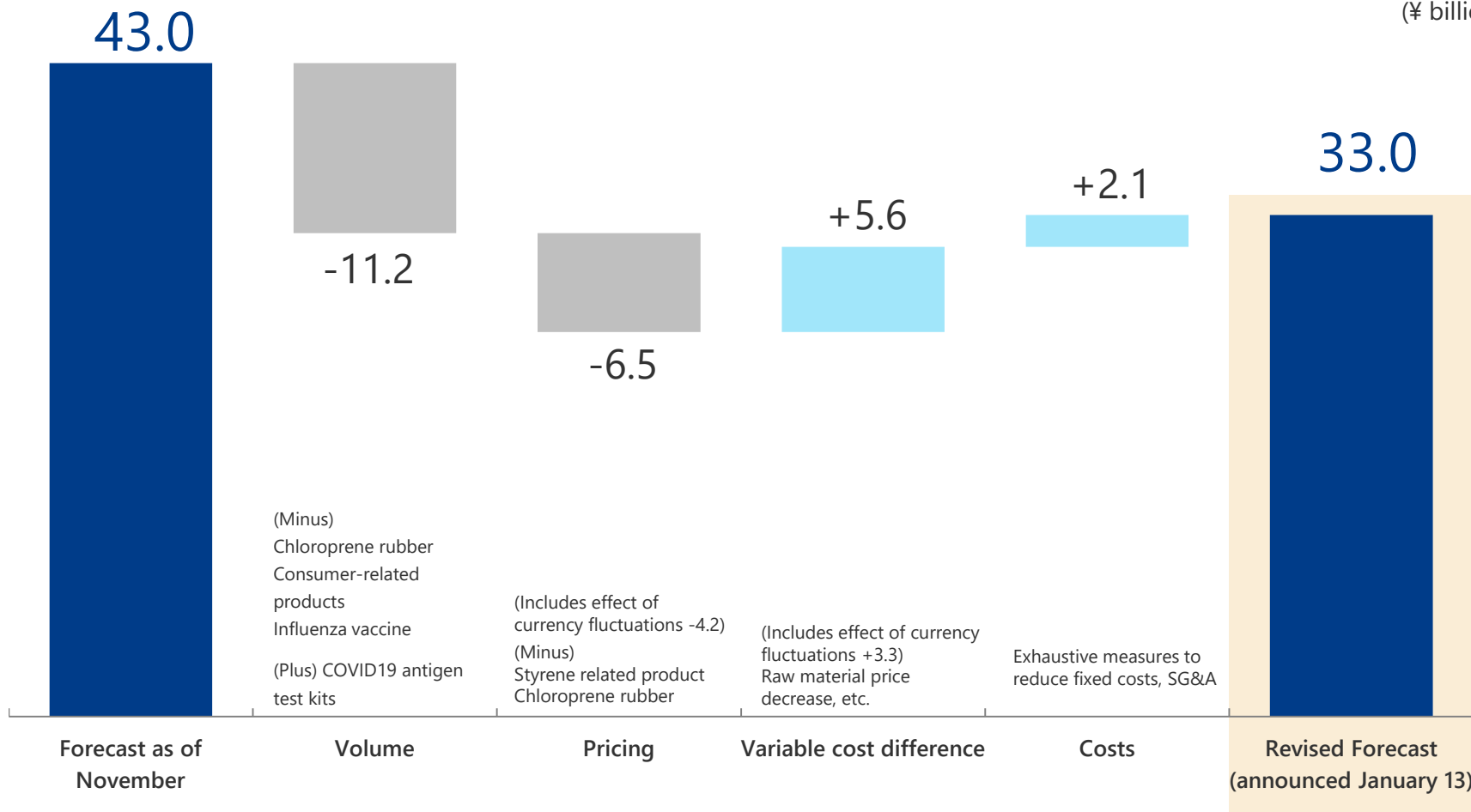
Vs. forecast as of November (¥ billions)

Sales	410.0 billion	- 35.0
1. Volume:	(See below)	- 28.5
2. Pricing:	(See below)	- 6.5
Operating Income	33.0 billion	- 10.0
1. Volume:	(Minus) Chloroprene rubber: Demand declined sharply due to economic slowdown Consumer-related products (electronic materials-related and functional resins): Sharp decline in demand for smartphones, TVs, PCs, and home appliances Influenza vaccine: Influenza vaccine uptake lower than expected (Plus) COVID-19 antigen test kits: Increased demand with the 8th wave of infections	- 11.2
2. Pricing:	(Includes effect of currency fluctuations -4.2) (Minus) Styrene-related products: Price revision due to decline in raw materials and fuel prices Chloroprene rubber: Impact of stronger yen	- 6.5
3. Variable cost difference:	(Includes effect of currency fluctuations +3.3) Price decrease for raw materials, fuel prices, etc.	+ 5.6
4. Cost variances:	Exhaustive measures to reduce fixed costs (repairs, etc.), SG&A	+ 2.1

Forecast profit decrease, despite positive variable cost variances and cost variances, due to negative impact of volume and price variances

d) Graph of Operating Income Change Factors (vs Forecast as of November)

(¥ billions)



Forecast profit decrease, despite positive variable cost variances and cost variances, due to negative impact of volume and price variances

FY2022 Earnings Forecast

e) By Segment (vs Forecast as of November)

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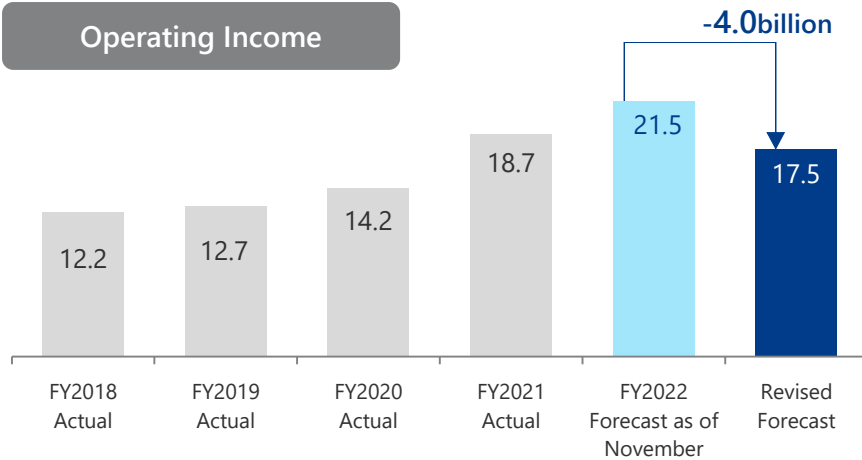
Sales (¥billions)	FY2022 Forecast as of November	FY2022 Revised Forecast (announced January 13)	Incr. Decr.	Breakdown	
				Volume	Pricing
Electronics & Innovative Products	105.0	95.0	-10.0	- 9.3	- 0.7
Life Innovation	50.0	50.0	± 0.0	- 0.4	+ 0.4
Elastomers & Infrastructure Solutions	140.0	125.0	-15.0	- 12.4	- 2.6
Polymer Solutions	135.0	125.0	-10.0	- 6.3	- 3.7
Others	15.0	15.0	± 0.0	-	-
Total	445.0	410.0	-35.0	- 28.5	- 6.5

Operating Income (¥ billions)	FY2022 Forecast as of November	FY2022 Revised Forecast (announced January 13)	Incr. Decr.	Breakdown		
				Volume	Pricing	Cost& Others
Electronics & Innovative Products	21.5	17.5	- 4.0	- 5.2	- 0.7	+ 1.9
Life Innovation	13.0	14.0	+ 1.0	+ 0.7	+ 0.4	- 0.2
Elastomers & Infrastructure Solutions	3.5	-1.5	- 5.0	- 5.2	- 2.6	+ 2.7
Polymer Solutions	2.5	1.0	- 1.5	- 1.0	- 3.7	+ 3.2
Others	2.5	2.0	- 0.5	- 0.5	-	- 0.0
Total	43.0	33.0	- 10.0	- 11.2	- 6.5	+ 7.7

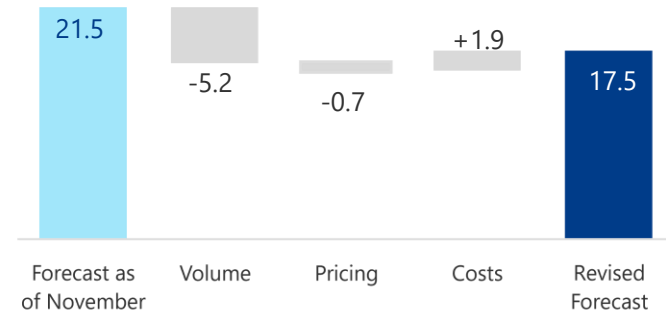
We expect a significant profit decline for Electronics & Innovative Products, as well as Elastomers & Infrastructure Solutions

(¥ billions)

Operating Income



Operating Income Variance Analysis (vs Forecast as of November)



Market Outlook and Sales Trends

(Market)	Forecast as of November	Revised Forecast (announced January 13)
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Semiconductors	Consumer electronics weakened, and automotive-related demand could not compensate	Consumer demand weakened greater than our forecast as of November
xEV	Gradual recovery beginning in July	(No change)
Renewable energy (High voltage-cables)	Continued strong demand	(No change)

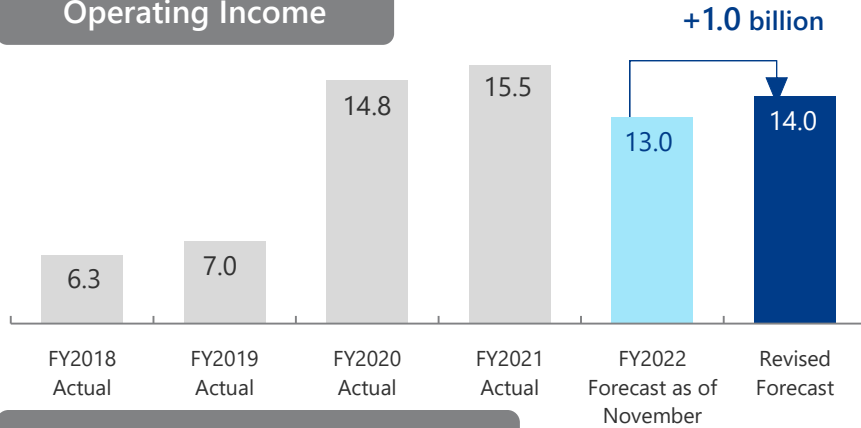
Sales Trends

Fused silica	: We forecast consumer electronics demand to swing downward and be lower than projected
High-performance film	
Spherical alumina	: We expect demand for xEVs to be in line with forecast; however, spherical alumina overall downside prospect as we project consumer demand to be lower than forecast
Ceramic substrates (silicon nitride, aluminum nitride)	: We forecast underperformance due to market share decline among certain users
Acetylene black	: We forecast demand for LiBs for consumer use to decline.

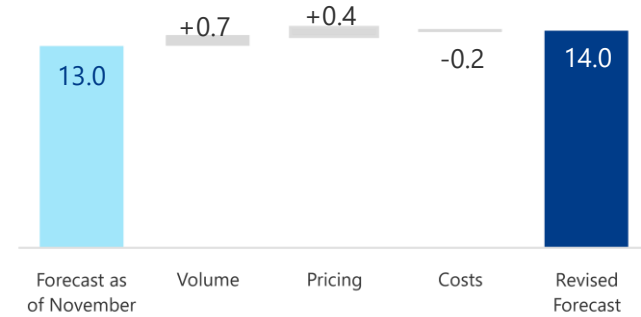
We forecast lower profit due to further weakening in demand for consumer electronics (smartphones, PCs, home appliances)

(¥ billions)

Operating Income



Operating Income Variance Analysis (vs Forecast as of November)



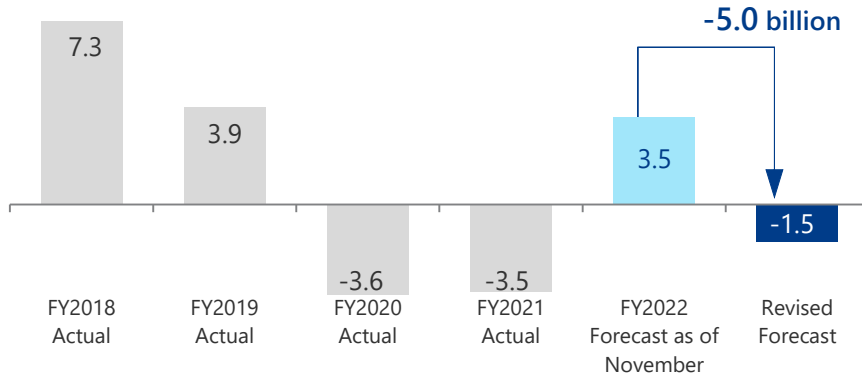
Market Outlook and Sales Trends

(Market)	Forecast as of November	Revised Forecast (announced January 13)	Sales Trends
Influenza	We forecast an outbreak to a certain degree	<ul style="list-style-type: none"> • Outbreaks are in line with expectations • Vaccination coverage was much lower than expected • A year-on-year increase in numbers 	<p>Influenza vaccine : We expect 10 million vaccines to be manufactured as planned; however, we project the market consumption to be lower than expected initially</p>
COVID-19	7th wave (through August) 8th wave (projected)	Greater than projected due to the 8th wave	<p>COVID-19 rapid antigen test kits : We expect shipments to increase due to increased demand in connection with the 8th wave (Including simultaneous test kits for COVID 19 and influenza)</p>
Other test reagents (Inflammation markets, etc.)	Despite a trend toward increasing demand, in hospital testing demand decreased due to the Shanghai lockdowns	China eased regulations, but demand for hospital testing remained weak due to behavioral self-restraint	<p>Other test reagents (Inflammation markets, etc.) : Same as forecast as of November</p>

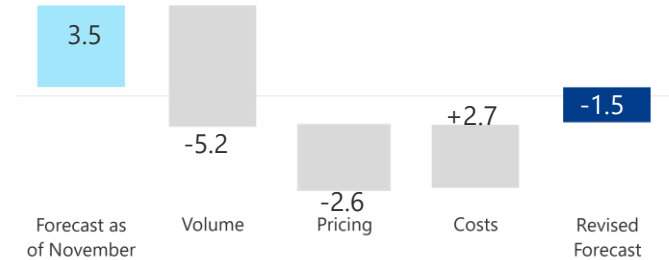
Despite lower-than-expected influenza vaccine consumption rates, we expect profit to increase in response to higher demand for COVID-19 antigen test kits in connection with the 8th wave of infections

(¥ billions)

Operating Income



Operating Income Variance Analysis (vs Forecast as of November)



Market Outlook and Sales Trends

(Market)

Forecast as of November

Revised Forecast (announced January 13)

Sales Trends

Chloroprene rubber

Raw materials lower than forecast as of August (coke, etc.)
Demand expected to remain on par with FY2019

Global economic slowdown will reduce demand in industrial, adhesive, and automotive applications

We expect inventory reductions related to lower demand and intensified competition with the products of other companies to reduce volume significantly

Negative impact due to greater-than-expected strength of the yen

(Forecast as of November: 145 yen/US\$ for the 2nd half
→ Revised forecast: 138 yen/US\$ for the 2nd half)

Special cement additives

Recovery of demand is expected to be delayed

(No change)

Same as forecast as of November

Cement

Fuel coal: US\$405/ton

Fuel coal: US\$396/ton

In negotiations for additional price increase of 3,000 yen/t, but progress delayed

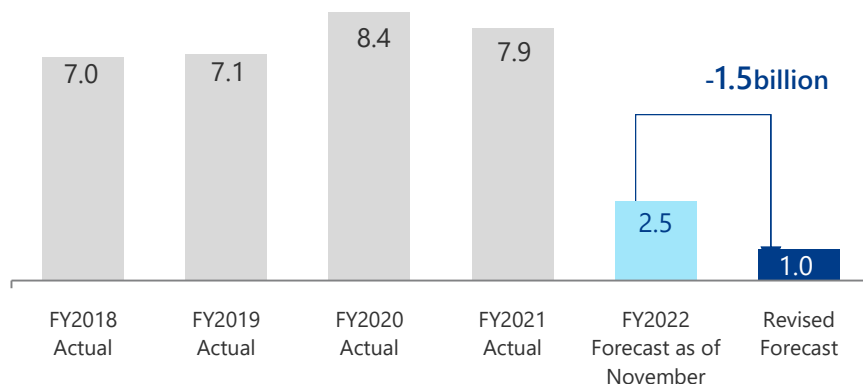
We expect profit to decrease sharply due to lower demand for chloroprene rubber

FY2022 Earnings Forecast

f) Polymer Solutions (vs Forecast as of November)

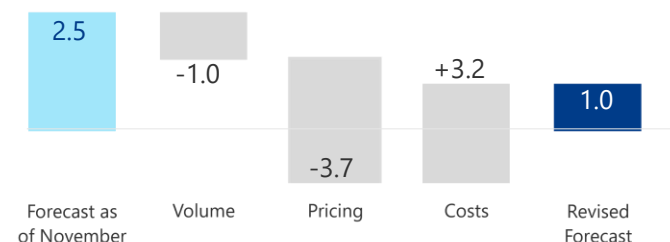
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Operating Income



Operating Income Variance Analysis (vs Forecast as of November)

(¥ billions)



Market Outlook and Sales Trends

(Market)	Forecast as of November	Revised Forecast (announced January 13)
Consumer Electronics (TVs, PCs, home appliances, etc.)	We forecast the recovery in demand to be slower than expected and will begin in November or later	Recovery of demand is expected to be delayed
Cosmetics containers, General merchandise, etc.	Economic slowdown in Chinese Market Assuming recovery in the second half of the year	Recovery of demand is expected to be delayed
Food containers	Decrease in demand related to supermarkets and convenience stores, but increase in take-out-related demand Recovery of demand is expected to be delayed	Greater decrease in demand than expected
Toyokalon	Prolonged decrease in demand due to inflation in the African and U.S. markets	Greater decrease in demand than expected

Sales Trends	
MS resin	: Same as forecast as of November (MS resin manufacturing and sales company has a December fiscal year end)
AS, ABS, transparent resins, etc.	: Demand for consumer electronics, cosmetics containers, general merchandise, etc., expected to be lower than forecast
Food wrapping sheets and containers	: Lower than November forecast
Toyokalon	: Lower than November forecast

Demand recovery has been slower than expected, and we forecast lower profits

Spherical Alumina

[Market share: Approximately 50%]

• We expect sales volume next year to exceed this year due to rising demand

(Application 1) Thermal interface materials for LiB cooling mechanisms

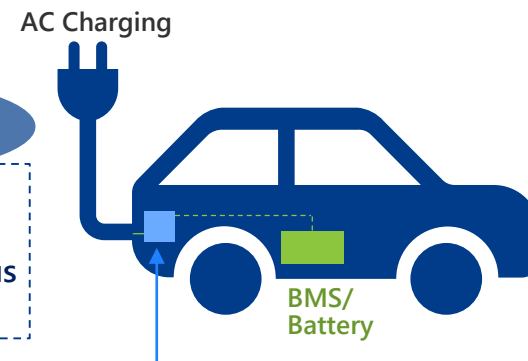
(Application 2) Thermal interface materials for On Board Chargers (OBC)

Market Expansion
+ Top Share

Increase in battery output, downsizing, and weight reductions
⇒ Increase in OBC heat generation and heat generation density
Rapid growth in demand for OBCs with an output range of 6kW-plus
= Further growth in demand for spherical alumina

(Application 3) Consumer-product related
(semiconductor sealants)

→ Products for graphics-related semiconductors, high-speed/large-capacity routers and servers, etc.; however, inventory adjustments are currently underway



On Board Charger (OBC)

- Transformer installed in EV/PHEV (one transformer required)
- Boosts and regulates power supply voltage (AC current) of an ordinary charger to the battery voltage (DC current)

Silicon Nitride Powder

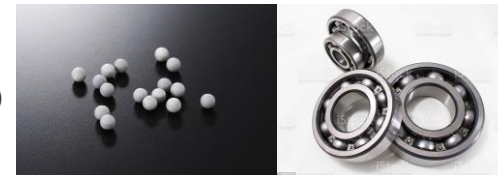
[Market share: Approximately 50%]

- We expect sales volume next year to exceed this year due to rising demand
- (Application 1) Heat-dissipating substrates for xEV inverters (Market share: Approximately 90%)
- (Application 2) Use in bearing balls for offshore wind power generation
- (Application 3) Use in bearing balls for EV traction motors

- Demand increased in response to preventing electrical corrosion in connection with high-output, high-frequency motors, as well as to support high speed rotation stemming from miniaturization
- Increased adoption due to price/quality balance compared to competing products

(Supply structure) Continuously increase in manufacturing capacity ⇒ Supply structure responding to market expansion

Silicon nitride ball and bearing (concept)



Market Expansion
+ Share Expansion

Semiconductor-Related Products

- While inventory adjustments are underway due to a decline in consumer demand, we expect to see demand recover beginning in July
 - ✓ Fused silica: Sealants
 - ✓ High-performance film: Carrier tape for semiconductors and electronic components
 - ✓ Elegrip tape: Back grinding tape, dicing tape
- ✓ Emitter: Surface observation application for semiconductor materials and devices (wafer inspection, mask inspection, etc.) and circuit patterning application in semiconductor manufacturing lithography processes, etc.

Emitters



Market Expansion

Demand for emitters capable of emitting electronic wires only a few micrometers thick due to miniaturization and microminiaturization of semiconductors

DELYTACT (G47Δ)

- A new concept using genetically modified herpes simplex virus type I to develop the world's first approved oncolytic virus for treating cancer targeting malignant glioma

Enhance supply structure to establish a mass production system in response to strong supply requests from domestic and overseas customers
⇒ Plan to increase supply volume in FY2023

Influenza Vaccine

- Although we manufactured 10 million vaccines this fiscal year, the low market consumption rate resulted in lower-than-expected sales; however, we expect sales volume next year to exceed this year
 - ✓ Due to the change in administrative measures for COVID-19 vaccinations, the impact on influenza vaccines should decrease during the next fiscal year
⇒ We expect the vaccination status to return to normal
 - ✓ We made various necessary preparations leading to the start of production this fiscal year, which was the first year of operations in the new building
We will be able to accelerate supply to the market by about one month next year, which will be the second year of production

Expand market share by increasing shipments during the beginning of the supply period (September-October) when the market is at its peak

Test Reagents (Inflammation Markets)

- With the lifting of China's Zero-COVID policy, we expect demand in the Chinese market to recover over the next fiscal year; we project sales volume to exceed this fiscal year

Elastomers & Infrastructure Solutions

Chloroprene rubber

[Market share: Approximately 40%]

Price Maintenance + Demand Recovery

- Raised prices four times since last year. Maintained selling price as the price leader in the market
- Determine demand recovery trends by application and region, and prepare for response during the recovery period
Inventory adjustments in the market should run its course in the first half of the next fiscal year, and demand should recover beginning in the second half We expect sales volume to exceed this year

Cement

- We are planning for spread improvement by ensuring an additional price increase of 3,000 yen/t

Functional Resins

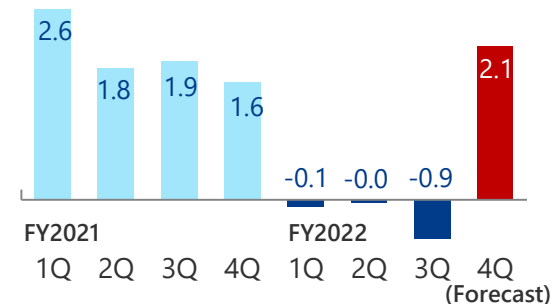
- ✓ MS Resin: Demand for LGP applications and other applications began to recover sharply beginning December 2022

We expect sales volume next year to exceed this year

*Singapore MS resin manufacturing and sales company has a December fiscal year end

- ✓ AS, ABS, transparent resins: Demand expected to recover in consumer-related, cosmetics, and general merchandises for China
Sales volume expected to increase over the next fiscal year

Polymer Solutions Operating Income by Quarter



Polymer Solutions

- ✓ Costs: We will record about 1.5 billion yen in routine repairs for the styrene monomer plant in FY2022
Next scheduled maintenance is for FY2026, so costs will be lower in FY2023

		FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Forecast (announced January 13)
Net Income	(¥ billions)	25.0	22.7	22.8	26.0	12.0
Dividends per Share*	(¥/share)	120.0	125.0	125.0	145.0	100.0
						Mid-term 70.0 End 30.0
Dividend	(¥ billions)	10.5	10.8	10.8	12.5	8.6
Shareholders Return		42%	48%	47%	48%	72%
Stock Purchase	(¥ billions)	2.1	-	-	-	-
Total Return	(¥ billions)	12.6	10.8	10.8	12.5	8.6
Total Return Ratio		50%	48%	47%	48%	72%
Depreciation	(¥ billions)	22.9	22.5	22.9	23.9	26.0
Investment & Lending	(¥ billions)	32.8	36.9	42.3	35.6	43.0
ROE		10.3%	9.1%	8.8%	9.4%	(6.2%)
Equity Ratio		51.0%	50.0%	50.8%	51.7%	(50.6%)
Net D/E Ratio		0.40	0.42	0.42	0.40	(0.47)

5years Cumulative
(2018~2022)

Total
Return Ratio
50.9%

We reduced dividends due to unavoidable circumstances calling for a significant downward revision
We intend to maintain a policy of 50% standard total return ratio for the five-year cumulative period of the
***Denka Value-Up* management plan (2018-2022)**

(Reference) Forecast (By Segment) (Year on Year)

Sales (¥billions)	FY2021 Actual	FY2022 Revised Forecast (announced January 13)	Incr. Decr.	Volume		Pricing	
Electronics & Innovative Products	90.2	95.0	+ 4.8	- 11.0	+ 15.9		
Life Innovation	46.1	50.0	+ 3.9	+ 20.7	- 16.8		
Elastomers & Infrastructure Solutions	106.9	125.0	+ 18.1	- 9.2	+ 27.4		
Polymer Solutions	126.6	125.0	- 1.6	- 24.3	+ 22.7		
Others	15.1	15.0	- 0.1	- 0.1	-		
Total	384.8	410.0	+ 25.2	- 24.0	+ 49.2		

Operating Income (¥ billions)	FY2021 Actual	FY2022 Revised Forecast (announced January 13)	Incr. Decr.	Volume		Pricing		Cost& Others
Electronics & Innovative Products	18.7	17.5	- 1.2	- 6.6	+ 15.9	- 10.4		
Life Innovation	15.5	14.0	- 1.5	+ 16.8	- 16.8	- 1.5		
Elastomers & Infrastructure Solutions	-3.5	-1.5	+ 2.0	- 4.0	+ 27.4	- 21.4		
Polymer Solutions	7.9	1.0	- 6.9	- 3.2	+ 22.7	- 26.5		
Others	1.5	2.0	+ 0.5	+ 1.0	-	- 0.6		
Total	40.1	33.0	- 7.1	+ 4.1	+ 49.2	- 60.4		

(Reference) Quarterly Trends (By Segment)

Denka

Sales (¥billions)	FY2020				FY2021				FY2022			4Q Forecast (Net)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Electronics & Innovative Products	17.1	19.6	20.0	21.1	21.0	22.8	22.3	24.0	21.9	25.6	22.3	25.2
Life Innovation	5.3	10.9	20.5	6.3	6.0	19.3	10.9	9.9	6.4	15.5	16.9	11.2
Elastomers & Infrastructure Solutions	19.8	22.0	24.8	25.2	24.6	26.8	26.1	29.3	30.4	32.5	31.6	30.5
Polymer Solutions	25.3	25.1	28.3	31.3	31.8	31.5	29.5	33.9	31.6	32.0	30.3	31.1
Others	8.7	6.5	8.2	8.5	3.5	4.0	4.0	3.7	4.1	2.9	4.7	3.3
Total	76.2	84.1	101.7	92.4	86.7	104.4	92.8	100.9	94.4	108.6	105.8	101.3

Operating Income (¥ billions)	FY2020				FY2021				FY2022			4Q Forecast (Net)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Electronics & Innovative Products	2.8	3.8	3.6	4.0	4.4	4.8	4.6	4.9	4.1	5.6	4.1	3.7
Life Innovation	0.0	2.4	11.4	1.0	0.3	10.4	1.2	3.6	0.5	6.0	5.0	2.5
Elastomers & Infrastructure Solutions	0.3	-0.4	-1.9	-1.5	0.1	-0.0	-1.2	-2.3	-0.2	1.5	-1.3	-1.5
Polymer Solutions	1.3	1.6	2.5	3.0	2.6	1.8	1.9	1.6	-0.1	-0.0	-0.9	2.1
Others	0.0	0.3	0.3	0.2	0.4	0.5	0.4	0.2	0.6	0.4	0.9	0.1
Total	4.4	7.7	16.0	6.7	7.7	17.5	7.0	7.9	4.9	13.4	7.8	6.9

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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