

Notice Regarding Revisions to Consolidated Financial Results Forecast and Year-end Dividend Forecast for the Fiscal Year Ending March 31, 2023

Denka Company Limited (hereinafter the “Company”) hereby announces that in view of recent business performance trends and other factors, the following revisions have been made to the consolidated financial results forecast and year-end dividend forecast for the fiscal year ending March 31, 2023 that the Company released on November 8, 2022.

1. Revision to financial results forecast

(1) Revision to consolidated financial results forecast for the fiscal year ending March 31, 2023

(April 1, 2022 through March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	445,000	43,000	39,000	18,500	214.54
Revised forecast (B)	410,000	33,000	29,000	12,000	139.16
Change (B - A)	-35,000	-10,000	-10,000	-6,500	
Change (%)	-7.9%	-23.3%	-25.6%	-35.1%	
(Reference) Consolidated results for the previous fiscal year (Year ended March 31, 2022)	384,849	40,123	36,474	26,012	301.67

(2) Reasons for revision of results forecast

Demand for electronics & innovative products, chloroprene rubber and other mainstay products dropped sharply due to the rapid weakening of the global economy. The Company has made the revisions as described above, because it is inevitable that both net sales and income will fall substantially below previous forecasts, despite efforts to achieve cost savings and other initiatives to generate profits.

(Additional information)

Full-year results forecast by segment for the fiscal year ending March 31, 2023

(Million yen)

		Previous forecast (A)	Revised forecast (B)	Change (B - A)
Electronics & Innovative Products	Net sales	105,000	95,000	-10,000
	Operating income	21,500	17,500	-4,000
Life Innovation	Net sales	50,000	50,000	—
	Operating income	13,000	14,000	1,000
Elastomers & Infrastructure Solutions	Net sales	140,000	125,000	-15,000
	Operating income	3,500	-1,500	-5,000
Polymer Solutions	Net sales	135,000	125,000	-10,000
	Operating income	2,500	1,000	-1,500
Others	Net sales	15,000	15,000	—
	Operating income	2,500	2,000	-500
Total	Net sales	445,000	410,000	-35,000
	Operating income	43,000	33,000	-10,000

2. Revision to dividend forecast

(1) Details of revision to year-end dividend forecast

	Annual dividend (yen)		
	End of first six months	Year-end	Total
Previous forecast	70.00 yen	75.00 yen	145.00 yen
Revised forecast		30.00 yen	100.00 yen
Results for current period	70.00 yen		
Results for previous period (fiscal year ended March 31, 2022)	70.00 yen	75.00 yen	145.00 yen

(2) Reasons for revision

Under the management plan “Denka Value-Up,” the Company attaches importance to dividend payments based on a total return ratio of 50% while flexibly carrying out treasury stock purchases based on share price

performance, etc.

As described above, however, a substantial decline in income is inevitable, and with sincere regret, the Company will reduce the year-end dividend to 30 yen per share and revise its annual dividend forecast to 100 yen, compared to 145 yen under the previous forecast.

As a result, the cumulative total return ratio for the five-year period under the management plan “Denka Value-Up” (FY2018-FY2022) will be 50.9%.

Total return ratio for the period under Denka Value-Up (FY2018-FY2022)

	Actual results in FY2018	Actual results in FY2019	Actual results in FY2020	Actual results in FY2021	Forecast for FY2022	Cumulative total
Net income attributable to owners of parent	Million yen 25,046	Million yen 22,703	Million yen 22,785	Million yen 26,012	Million yen 12,000	Million yen 108,547
Total return	12,579	10,785	10,785	12,510	8,627	55,287
Dividend	10,479	10,785	10,785	12,510	8,627	53,187
Acquisition of treasury stock	2,099	—	—	—	—	2,099
Total return ratio	50.2%	47.6%	47.3%	48.1%	71.9%	50.9%

(Note) The above forecasts are based on information available to the Company at the time of the publication of this document and certain assumptions that the Company considers to be reasonable and may differ from the actual results due to various factors in the future.