



May 13, 2025

To Whom It May Concern

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Notice Concerning Difference Between Full-Year Consolidated Earnings Forecast and Actual Results and Voluntary Return of Part of Executive Compensation

We hereby notify you of a difference between the full-year consolidated earnings forecast for the fiscal year ended March 2025 announced on May 10, 2024, and the actual results announced today, as follows.

1. Fiscal year ended March 2025 Full-Year (April 1, 2024, to March 31, 2025)

Differences between full-year consolidated earnings forecasts and actual results

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A)	million yen 420,000	million yen 18,000	million yen 12,000	million yen 9,000	yen 104.44
Actual results (B)	400,251	14,413	7,623	-12,300	-142.73
Change (B-A)	-19,749	-3,586	-4,376	-21,300	
Rate of change (%)	-4.7%	-19.9%	-36.5%	—	
(Reference) Results for the previous fiscal year (Fiscal year ended March 2024)	389,263	13,376	5,474	11,947	138.61

2. Reasons for the difference

For the consolidated financial results of the fiscal year ended March 2025, net sales, operating income, and ordinary income fell short of the announced forecasts. This was mainly because of the decline in sales and cost increase of chloroprene rubber at our U.S. subsidiary, Denka Performance Elastomer LLC (hereinafter, DPE), due to frost damage caused by cold waves and problems with the supply of raw materials.

In addition, profit attributable to owners of the parent fell significantly below the forecast due to the U.S. subsidiary DPE recording an extraordinary loss of approximately 16.1 billion yen as an impairment loss on related noncurrent assets, as described in the “Announcement Concerning the Recording of Extraordinary Losses of a

U.S. Subsidiary of the Company and of the Provisional Suspension of Chloroprene Rubber Production” announced today. The year-end dividend for the fiscal year ended March 2025 shall remain at the announced forecast of 50 yen (annual dividend of 100 yen).

3. Voluntary return of part of executive compensation

Due to significant loss posted in the business results for the fiscal year ended March 2025 from recording of an extraordinary loss, and the current severe business environment, the Company has decided not to pay performance-linked compensation to Directors for the fiscal year ended March 2025 and to voluntarily return part of the executive compensation for the fiscal year ending March 2026 as follows.

(1) Non-payment of performance-linked compensation to Directors for fiscal year ended March 2025

Company-wide performance-linked compensation:	Non-payment
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Individual performance-linked compensation*	Non-payment
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*The Chairman and President are not eligible for payment.

(2) Voluntary return of part of executive compensation for fiscal year ending March 2026

Subject executives, amount of compensation to be returned and period

Chairman and Representative Director:	20% of monthly fixed compensation from July to September (three months)
Representative Director, President & CEO:	20% of monthly fixed compensation from July to September (three months)
Director and Senior Managing Executive Officer:	15% of monthly fixed compensation from July to September (three months)
Director and Managing Executive Officer:	15% of monthly fixed compensation from July to September (three months)
Other Executive Officers:	10% of monthly fixed compensation from July to September (three months)