



# Results Presentation of FY2024

(Fiscal Year Ended March 2025)

## Denka

Possibility  
of  
chemistry

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Securities code: 4061

**Denka Co., Ltd**

May 13, 2025

■ Denka will record an extraordinary loss at DPE. In addition, DPE has elected not to restart production at its chloroprene rubber manufacturing facilities for an indefinite period.

\* DPE: Denka Performance Elastomer LLC, a U.S. chloroprene rubber manufacturing subsidiary

DPE has faced challenges including rising costs, staffing challenges, declining volumes of chloroprene rubber production, chloroprene rubber market being impacted by the changes in the global economic environment, which have placed pressure on profits

Rising costs	Identification, design, purchase, installation, and operation of pollution control equipment to reduce chloroprene emissions that DPE did not anticipate being required at the time it acquired the facility
	Rising energy costs and a shortage of qualified staff necessary to operate new pollution control equipment and implement other emission reduction measures
	Increasing prices of key raw materials and repair work, exacerbated by inflation in the United States
Staffing challenges	Overall challenges in securing and maintaining qualified staff
Declining volumes of chloroprene rubber production	Operational restrictions arising from the pollution reduction measures
	Unscheduled plant outages associated with supply chain disruptions and severe weather events
Chloroprene rubber market affected by the global economic environment	Impact of changes in the global economic environment affecting the chloroprene rubber market

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Led to the expectation that improving profitability in the near term would be difficult

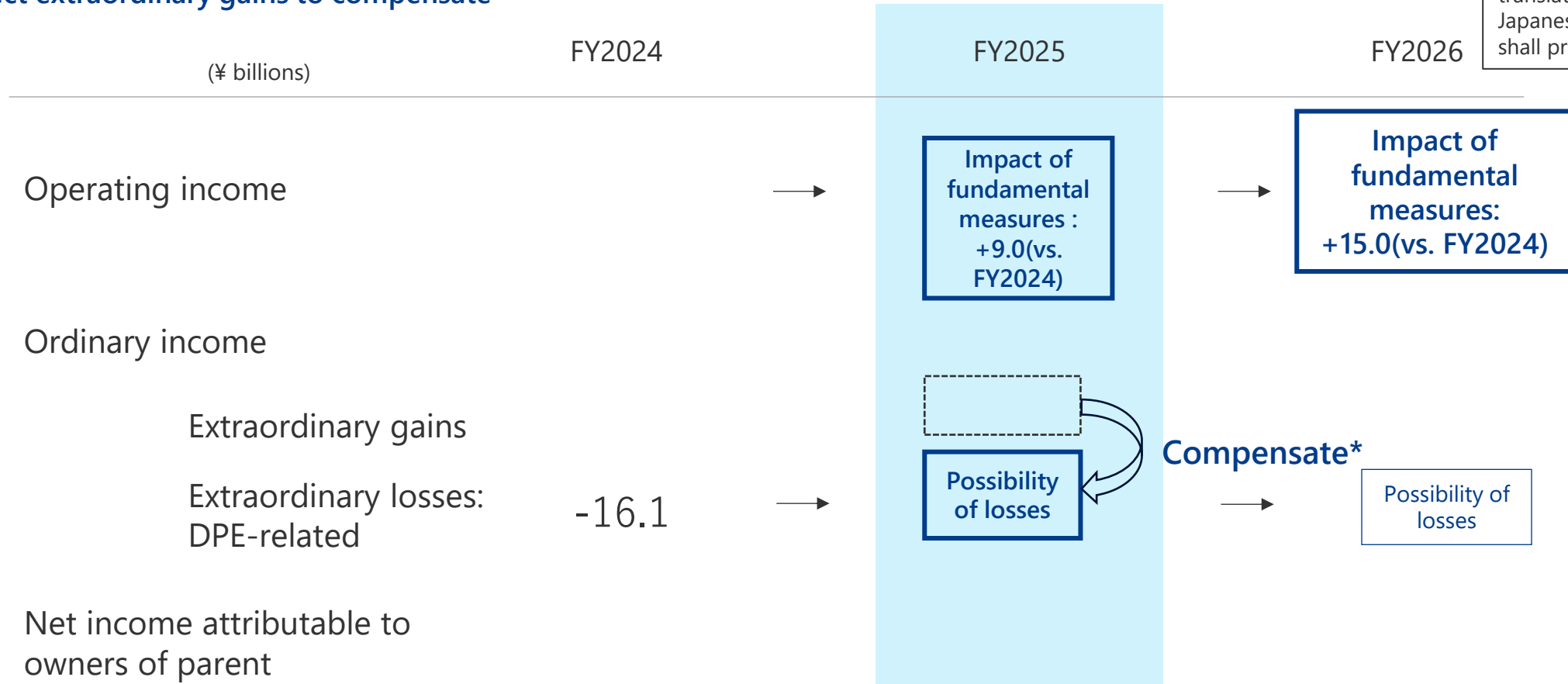
Denka will record an extraordinary loss of approximately 16.1 billion yen for the fiscal year ended March 31, 2025, as an impairment loss on manufacturing facilities at DPE

Suspension of production at DPE’s chloroprene rubber manufacturing facilities for an indefinite period  
All options, including a potential sale of DPE’s business or its assets, will be considered

Users of DPE products will be supplied from current inventories and by production at the Denka’s Omi Plant

- **Operating income:** Fundamental measures had a +9.0 billion yen impact in FY2025 (vs. FY2024); expecting a +15.0 billion yen impact in FY2026 (vs. FY2024)
- **Net income:** Despite the possibility of extraordinary losses as we build on the fundamental measures taken in FY2025, we expect extraordinary gains to compensate

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\*Compensated by extraordinary gains (gain on sale of land for Ofuna Plant, gain on sale of stock, etc.)

FY2024 Results  
(P5-P14)

- Operating income: 14.4 billion yen (+1.0 billion yen YoY)
- Net income: -12.3 billion yen (-24.2 billion yen YoY)

Gain on sale of strategic cross-shareholdings: -17.1 (+17.4 in FY2023; +0.4 in FY2024)

Impairment loss on U.S. DPE -16.1

Loss on liquidation of business: -0.3 (-7.6\*<sup>1</sup> in FY2023; -7.9 in FY2024\*<sup>2</sup>)

\*1 Impairment loss on goodwill of related to Icon Genetics due to termination of norovirus vaccine development , etc., : -6.8 billion yen

\*2 Impairment loss on Ofuna plant, withdrawal from cement business, etc.

FY2025  
Earnings Forecast  
(P15-P28)

- Operating income: 25.0 billion yen (+ 10.6 billion yen YoY)
- Net income: 15.0 billion yen (+ 27.3 billion yen YoY)

Operating income: V-shaped recovery including the +9.0 impact of fundamental measures related to the chloroprene rubber business

Net income: We may post extraordinary losses as we build on the fundamental in the chloroprene rubber business; however, we expect extraordinary gains (gain on sale of land for Ofuna Plant, gain on sale of stock, etc.) to compensate

Shareholder  
Returns  
(P29)

- Maintain 100 yen per share dividend, the same as the previous year(total return ratio of 57.5%)
- Future dividend policy: Aiming to maintain or increase dividend per share based on a total return ratio of 50% (cumulative total for the eight years of the management plan)

Measures to Improve  
Profitability/Notice of  
Management  
Presentation(P30-35)

- Management presentation scheduled for May 30, 2025: Explain management policies and performance recovery measures
- We intend to review our management plan in light of changed assumptions and make a public announcement during FY2025

# FY2024(Fiscal Year Ended March 2025) Results

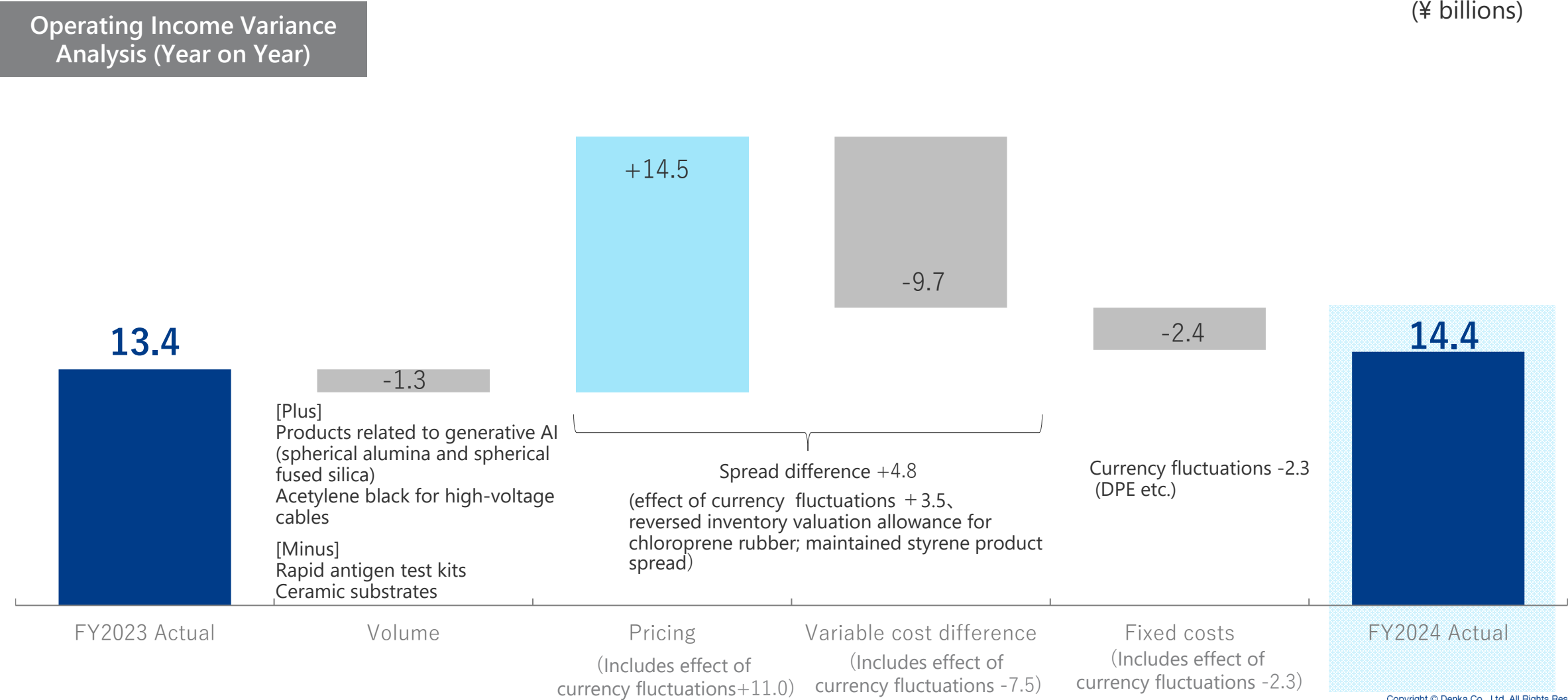
■ Operating income increased slightly; however net income fell significantly due to an impairment loss on fixed assets related to U.S. DPE

(¥ billions)	FY2023 Actual	FY2024 Actual	(Year on Year)	Forecast as of November 2024	(vs. Forecast as of November)
Sales	389.3	400.3	+ 11.0	420.0	-19.7
Operating income	13.4	14.4	+ 1.0	18.0	-3.6
Operating margin	3.4%	3.6%	+ 0.2%	4.3%	-0.7%
Ordinary Income	5.5	7.6	+ 2.1	12.0	-4.4
Net Income Attributable to Owners of Parent	11.9	- 12.3	- 24.2	9.0	-21.3
Forex (¥/\$)	143.8 (1H 139.9/2H 147.7)	152.8 (1H 153.9/2H 151.6)	[Extraordinary loss: -33.7 (YoY)] • Gain on sale of strategic cross-shareholdings: -17.1 (FY2023: +17.4 → FY2024: +0.4) Impairment loss on fixed assets (U.S.DPE): -16.1 Impairment loss on shares of subsidiaries and associates: -1.1 Loss on business liquidation*: -0.3	150.5	
Japan Naphtha (¥/Kl)	69,000 (1H 65,450/2H 72,550)	75,700 (1H 77,700/2H 73,700)		75,700	

\*

FY2023: Impairment loss on goodwill, etc., related to Icon Genetics due to termination of norovirus vaccine: -6.8; etc.  
 FY2024: Impairment loss on Ofuna plant, withdrawal from the cement business, etc.

■ Demand was on recovering trend for semiconductors and electronic components-related products, while demand also grew for products related to generative AI. However, operating income increased slightly, mainly due to lower volume for combo kits (influenza and COVID-19) and ceramic substrates



- While profit increased in Elastomers & Infrastructure Solutions and Polymer Solutions, profit declined in Life Innovation. As a result, overall performance rose only slightly compared with the previous year

Sales	FY2023	FY2024	Incr. Decr.	Volume	Pricing	(¥ billions)
Electronics & Innovative Products	87.8	92.2	+ 4.4	+ 2.4	+ 2.0	
Life Innovation	47.1	43.3	- 3.8	- 3.7	- 0.1	
Elastomers & Infrastructure Solutions	111.4	111.7	+ 0.3	- 1.4	+ 1.7	
Polymer Solutions	124.2	135.4	+ 11.1	+ 0.1	+ 11.0	
Others	18.8	17.7	- 1.0	- 1.0	-	
Total	389.3	400.3	+ 11.0	- 3.5	+ 14.5	

Operating Income	FY2023	FY2024	Incr. Decr.	Volume	Pricing	Cost and Other
Electronics & Innovative Products	9.0	9.2	+ 0.1	+ 2.3	+ 2.0	- 4.1
Life Innovation	11.7	9.6	- 2.1	- 3.7	- 0.1	+ 1.7
Elastomers & Infrastructure Solutions	-9.3	-8.0	+ 1.3	- 0.7	+ 1.7	+ 0.4
Polymer Solutions	-0.1	1.2	+ 1.3	+ 0.4	+ 11.0	- 10.2
Others	2.0	2.5	+ 0.4	+ 0.4	-	- 0.0
Total	13.4	14.4	+ 1.0	- 1.3	+ 14.5	- 12.2



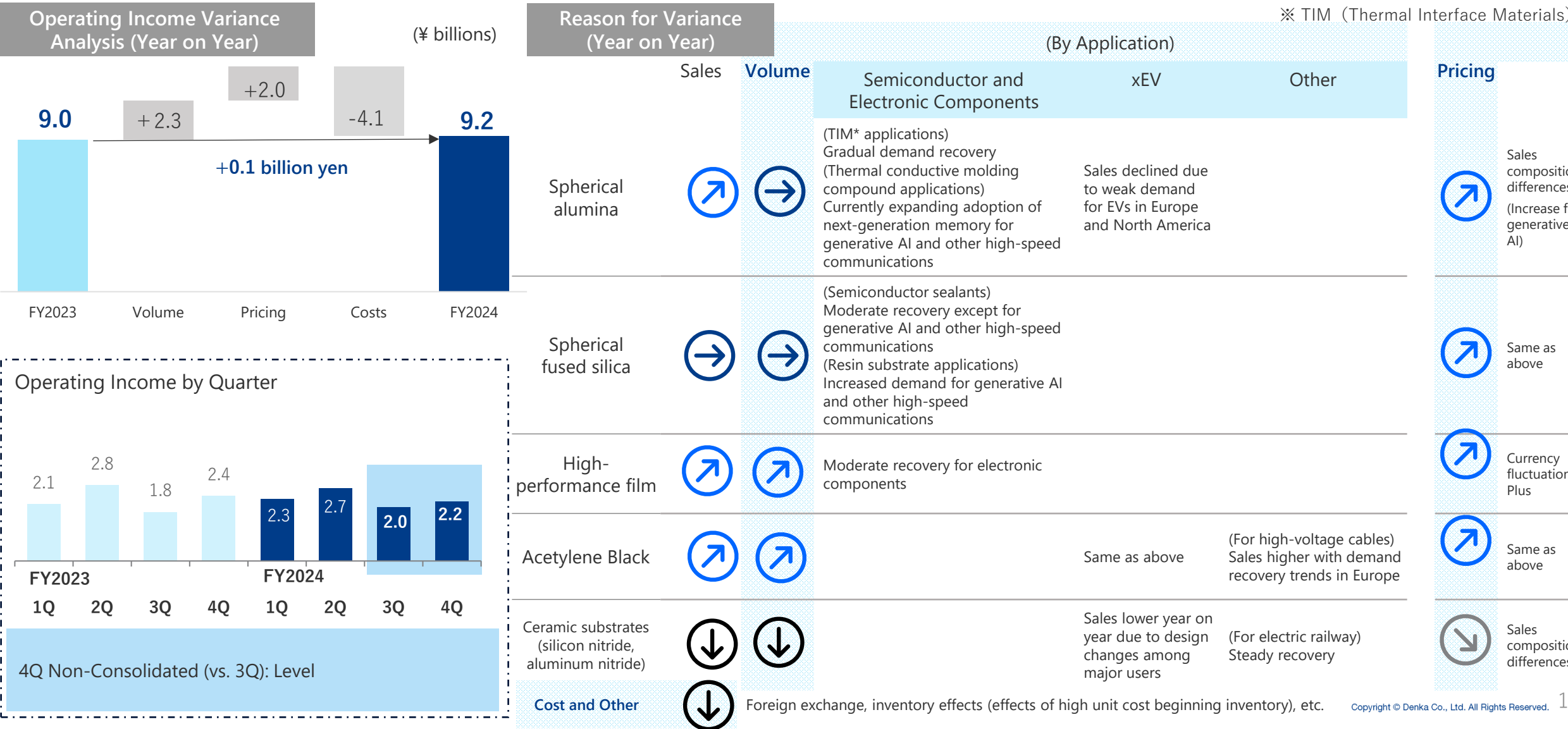
## ■ 3Q sales overall were level

(¥ billions)

Sales	FY2023				FY2024				Vs. FY2024 3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	+ 2.2
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	- 4.5
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	- 0.8
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	- 1.9
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	+ 1.2
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	- 3.9

Operating Income	FY2023				FY2023				Vs. FY2024 3Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	+ 0.2
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	+ 0.1
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	+ 0.3
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	- 0.3
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	- 0.2
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	+ 0.2

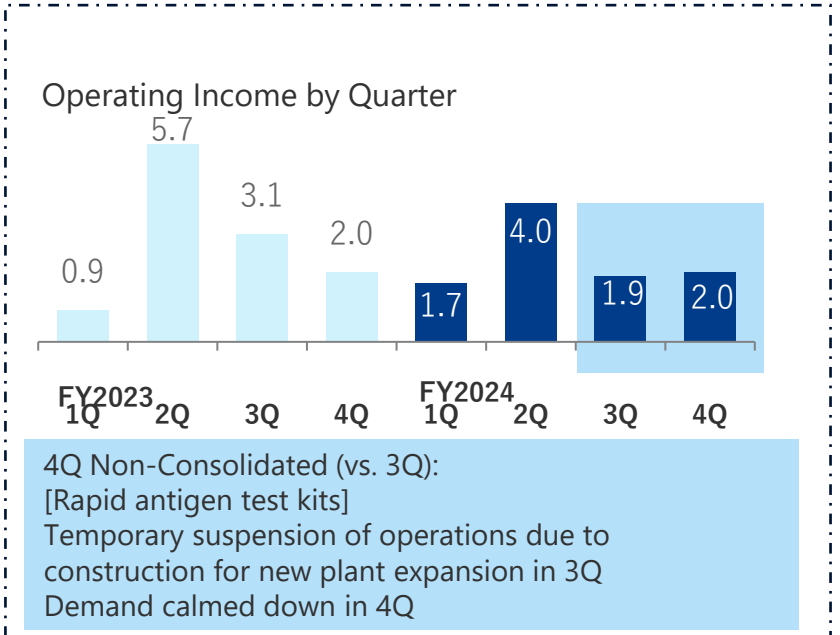
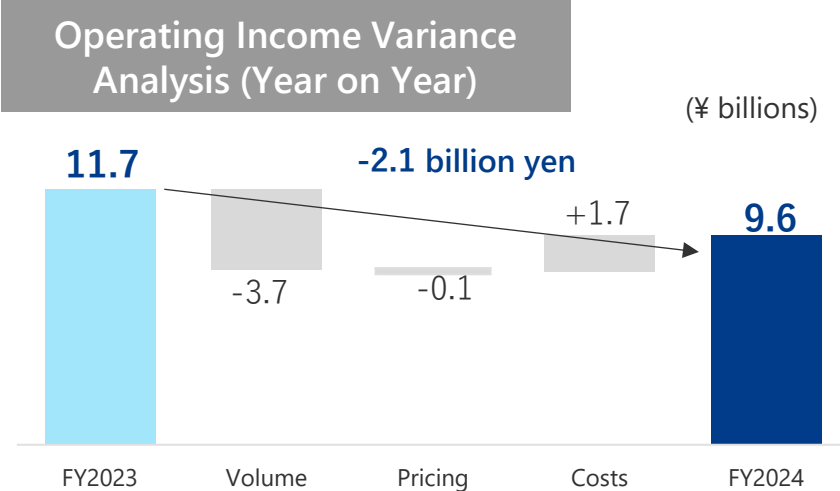
Overall performance remained in line with the previous year. We saw a recovery in demand for semiconductors and electronic components and high-voltage cables, as well as demand growth for high-speed communications including generative AI, on the other hand specification changes among key ceramic substrates users led to lower sales and there was an increase in costs due to inventory impact



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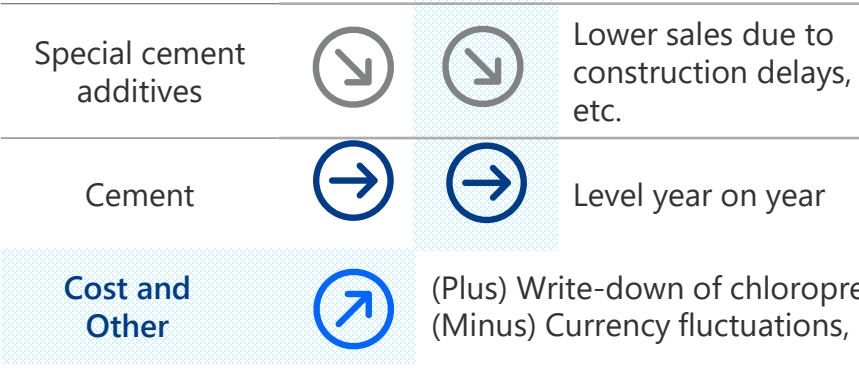
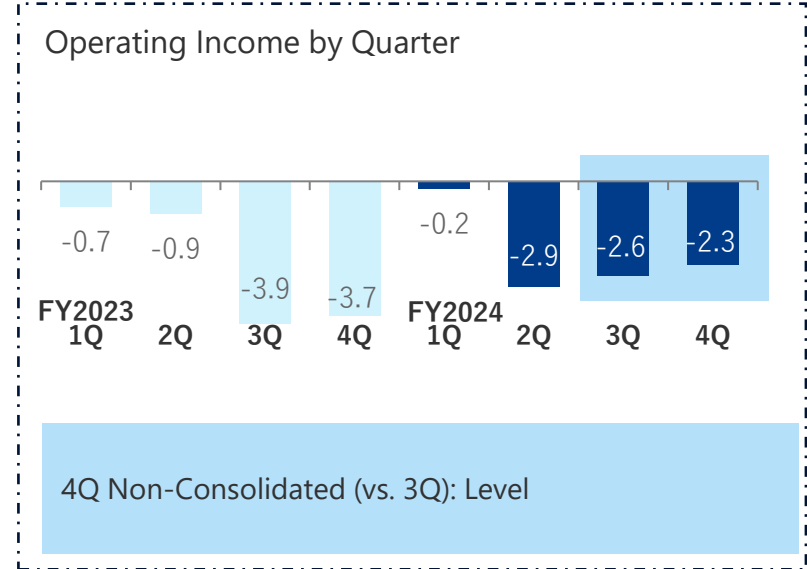
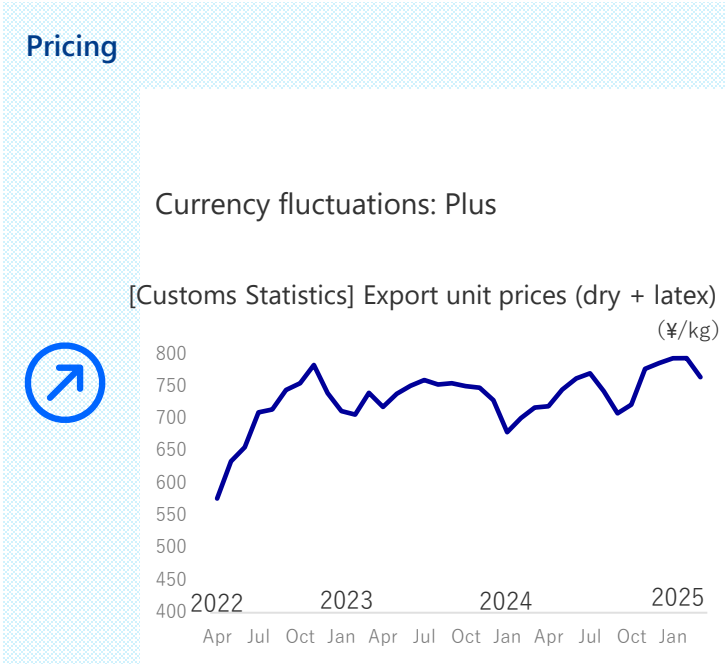
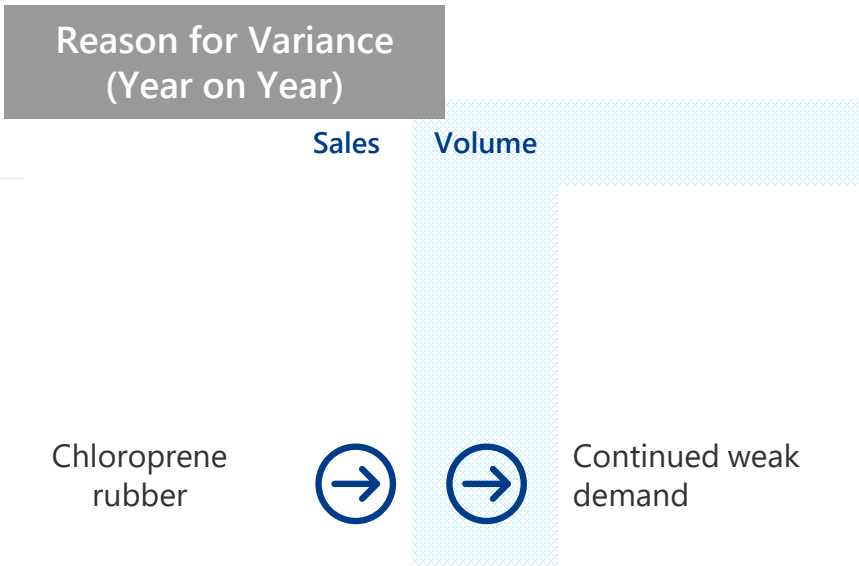
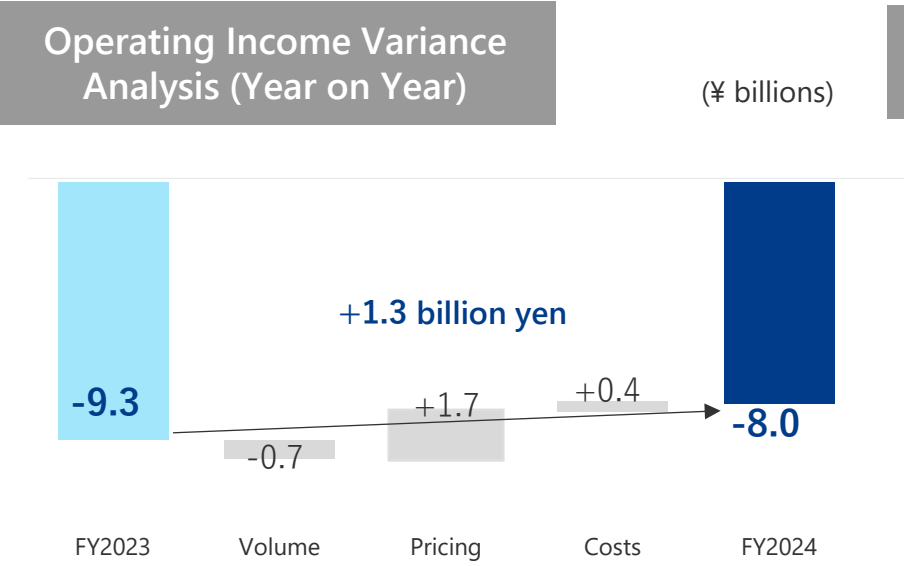
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Rapid antigen test kit sales volume declined despite continued full operations in response to heavy demand for testing

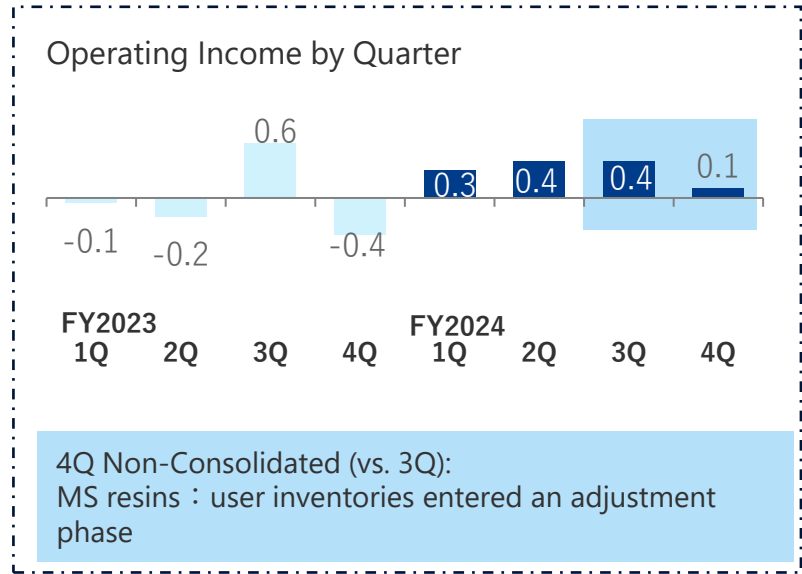
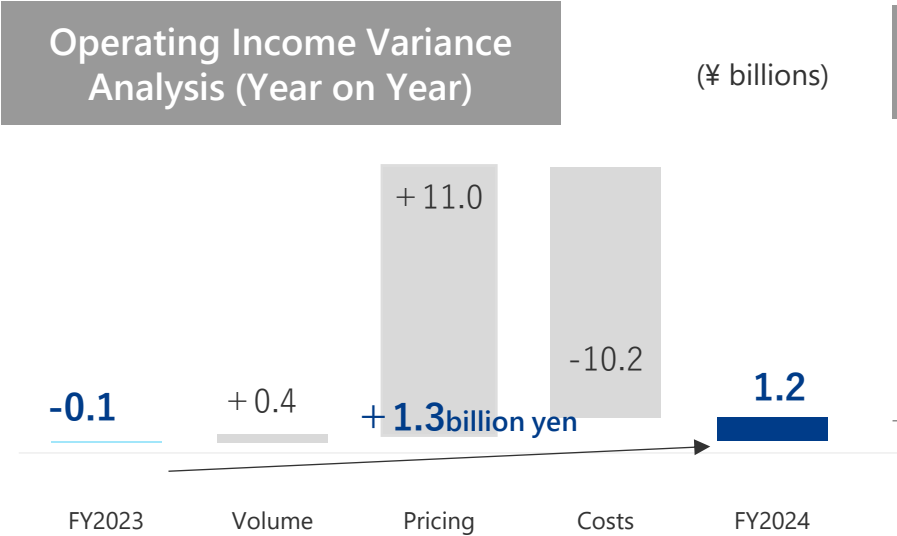


Reason for Variance (Year on Year)				
	Sales	Volume		Pricing
Influenza vaccines	→	→	Level year on year	→
Rapid antigen test kits	↓	↓	Sales volume declined despite continued full operations in response to heavy demand for testing (Causes) Beginning inventory lower than last year Temporary suspension of operations due to construction for new plant expansion Demand calmed down in 4Q	→ Impact of insurance point reductions was minimal
IVD reagents (inflammation markers, etc.)	→	→	Level year on year	→
Cost and Other	↗	Inventory impact (increase in inventory for new plant startup), decrease in goodwill amortization (Icon Genetics), etc.		

■ Chloroprene rubber volume level with the previous year; however, profit increased due to the impact of currency fluctuations, etc.



Swung to profit with demand recovery for PCs and consumer electronics, etc.



Reason for Variance (Year on Year)			
	Sales	Volume	Pricing
MS resins	↗	→	↗ (LGP applications) PC monitor sales remained steady; user inventories entered an adjustment phase in 4Q
AS, ABS, transparent resins, etc.	↗	↗	↗ (Consumer electronics applications) Demand recovery trending in China Styrene Related Product: Price revision with rising raw materials and fuel prices (spread maintained)
Food wrapping sheets and containers	→	→	↗ Level year on year
Toyokalon	→	→	→ Level year on year
Cost and Other	↘	Worsened due to rising raw material and fuel prices (spread maintained)	

■ **Elastomers & Infrastructure Solutions down due to the impact of freezing damage and raw material supply problems caused by the cold weather in DPE**

Sales	Forecast as of November 2024	FY2024 Actual	Incr. Decr.	Volume		Pricing		(¥ billions)
Electronics & Innovative Products	95.0	92.2	- 2.8	-	2.8	+	0.0	
Life Innovation	45.0	43.3	- 1.7	-	2.0	+	0.3	
Elastomers & Infrastructure Solutions	120.0	111.7	- 8.3	-	8.2	-	0.1	
Polymer Solutions	140.0	135.4	- 4.6	-	4.6	-	0.1	
Others	20.0	17.7	- 2.3	-	2.3		-	
Total	420.0	400.3	- 19.7	-	19.9	+	0.1	

Operating Income	Forecast as of November 2024	FY2024 Actual	Incr. Decr.	Volume		Pricing		Cost and Other
Electronics & Innovative Products	10.0	9.2	- 0.8	-	0.8	+	0.0	- 0.1
Life Innovation	10.0	9.6	- 0.4	-	1.5	+	0.3	+ 0.8
Elastomers & Infrastructure Solutions	-5.5	-8.0	- 2.5	-	0.8	-	0.1	- 1.6
Polymer Solutions	1.5	1.2	- 0.3	-	0.3	-	0.1	+ 0.0
Others	2.0	2.5	+ 0.5	+	0.5		-	+ 0.0
Total	18.0	14.4	- 3.6	-	2.9	+	0.1	- 0.8

# FY2025 (Fiscal Year Ending March 2026) Earnings Forecast

- V-shaped recovery, despite the risk of U.S. tariffs, due to suspension of production at DPE
- Further progress in fundamental measures in the chloroprene rubber business in FY2025 could result in extraordinary losses, which we expect will be covered by extraordinary gains

(¥ billions)	FY2024 Actual	FY2025 Forecast	Incr. Decr	FY2025 First Half Forecast	FY2025 2H Forecast	<div>[Assumptions of FY2025 Forecast]  (1)The consolidated earnings forecast takes into account the anticipated impact of the suspension of manufacturing facilities at DPE.  (2) Incorporated risks related to U.S. tariffs<ul style="list-style-type: none"><li>•Risk of lower sales prices</li><li>•Risk of lower sales volume</li></ul> (3) Exchange rate assumption: 145yen/US\$1 Currency sensitivity: 1 yen/US\$1 increase ⇒ Operating income -0.4 bil. yen</div>
Sales	400.3	410.0	+ 9.7	195.0	215.0	
Operating income	14.4	25.0	+ 10.6	7.0	18.0	
Operating margin	3.6%	6.1%	+ 2.5%	3.6%	8.4%	
Ordinary Income	7.6	19.0	+ 11.4	4.5	14.5	
Extraordinary gains	+0.4					
Extraordinary losses: DPE-related	-16.1	Possibility of losses				
Extraordinary loss: Other	-9.0					
Net income attributable to owners of parent	-12.3	15.0	+ 27.3	2.5	12.5	
Forex (¥/\$)	152.8	145.0		145.0	145.0	
Japan Naphtha (¥/KI)	75,700	69,000		69,000	69,000	

Compensate













- In addition to the suspension of production at DPE, measures to improve profitability is forecasted to result in a V-shaped recovery. We factored in the risk of U.S. tariffs

	1H	2H	Full-Year	
<b>FY2024 Operating Income</b>	<b>9.4</b>	<b>5.0</b>	<b>14.4</b>	(¥ billions)
Suspension of production at DPE	+2.0	+7.0	+ 9.0	
Withdrawal from cement business	-0.4	+1.3	+ 0.9	
Electronics & Innovative Products Substrate Business Business Model Transformation	+ 1.0	+ 1.3	+ 2.3	<b>Substrate Business Business Model Transformation Details</b> <ul style="list-style-type: none"> <li>• Ceramic substrates(aluminum nitride, silicon nitride)               <ul style="list-style-type: none"> <li>: revise prices significantly to align with product value to optimize sales portfolio</li> </ul> </li> <li>• ALSINK (metal/ceramic composite substrate)               <ul style="list-style-type: none"> <li>: Expand sales and production capacity for DC power transmission to reflect growing demand</li> </ul> </li> <li>• HITT PLATE (metal substrate)               <ul style="list-style-type: none"> <li>: Reduce costs by outsourcing the circuit process</li> </ul> </li> </ul>
Expanding demand for generative AI, recovering demand for semiconductors and consumer appliances	+0.5	+ 2.4	+ 2.9	
Cost reductions under the Best-Practice Project	+1.0	+0.2	+1.2	
Other	-3.5	+ 2.8	-0.7	
<b>FY2025 Operating Income (Before Factoring Risks)</b> (Calculated at ¥150/US\$1)	<b>10.0</b>	<b>20.0</b>	<b>30.0</b>	
U.S. tariffs Risk of lower sales price and volume	-2.0	-1.0	-3.0	Looking to minimize impact through price shifting and other measures
Currency fluctuation (150 yen/US\$1 → 145 yen/US\$1)	-1.0	-1.0	-2.0	Currency sensitivity: 1 yen/US\$1 increase ⇒ Operating income -0.4 bil. yen
<b>FY2025 Operating Income (After Factoring Risks)</b>	<b>7.0</b>	<b>18.0</b>	<b>25.0</b>	

■ Demand for generative AI continues to expand;  
demand for semiconductors other than generative AI recovering gradually

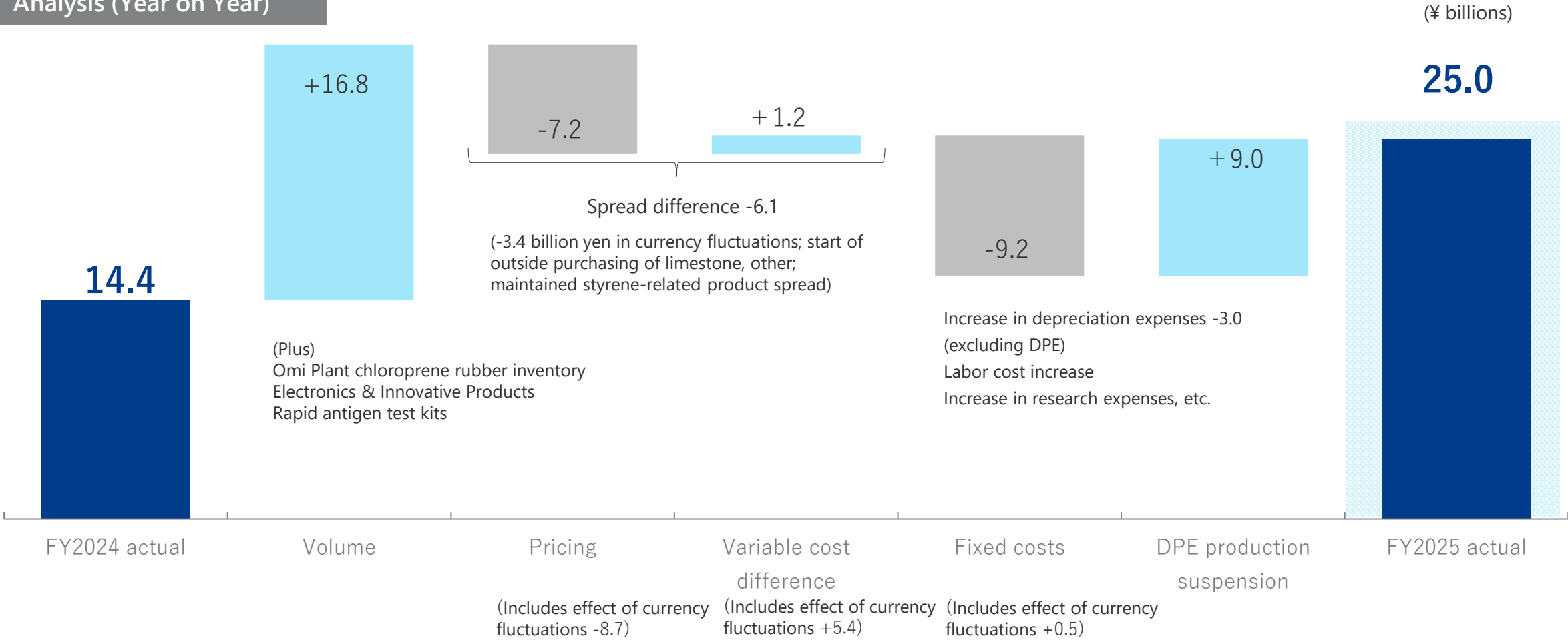
Weather Symbols

(Good)      (Bad)

	(Market Trends)		FY2024 Actual		FY2025 Forecast
Electronics & Innovative Products	Semiconductor and Electronic Components (including automotive-related)		Generative AI Increasing demand  Other Than Generative AI Slowing recovery	▶ 	Generative AI Ongoing steady growth  Other Than Generative AI Continued Slow recovery
	xEV		Growth rate of EVs in Europe and the U.S. slower than EVs in China (our products account for a high percentage of sales in Europe and the U.S.)	▶ 	While there is a plan for recovery in EV production under stricter emission regulations in Europe, we did not factor in a recovery; expecting performance level year on year
Life Innovation	Infectious Disease Testing (e.g., COVID-19, influenza)		Full operation continued in response to strong demand for testing, while demand calmed down in 4Q Impact of insurance point reductions minimal	▶ 	Influenza infections to return to normal levels Assuming FY2024 levels for COVID-19
Elastomers & Infrastructure Solutions	Chloroprene Rubber		Global demand for chloroprene rubber was 230,000 tons Demand remains sluggish except for certain applications (gloves)	▶ 	Global demand for chloroprene rubber expected to be 240,000 tons Gradual recovery in demand beginning in the second half
Polymer Solutions	Resin		PC, consumer electronics Demand was steady while there was an inventory adjustment in 4Q General Merch. Food Containers Demand remains sluggish Wage increases have not kept pace with higher prices, and demand likely to remain weak in the ready-made market	▶ 	PCs, Home Appliances Level year on year General Merch. Demand to remain sluggish Food Containers Continued weak demand as in the previous year

■ We expect a major recovery due to increased sales of chloroprene rubber from Omi Plant, Electronics & Innovative Products, and rapid antigen diagnostic kits, in addition to the production suspension at DPE

Operating Income Variance  
Analysis (Year on Year)



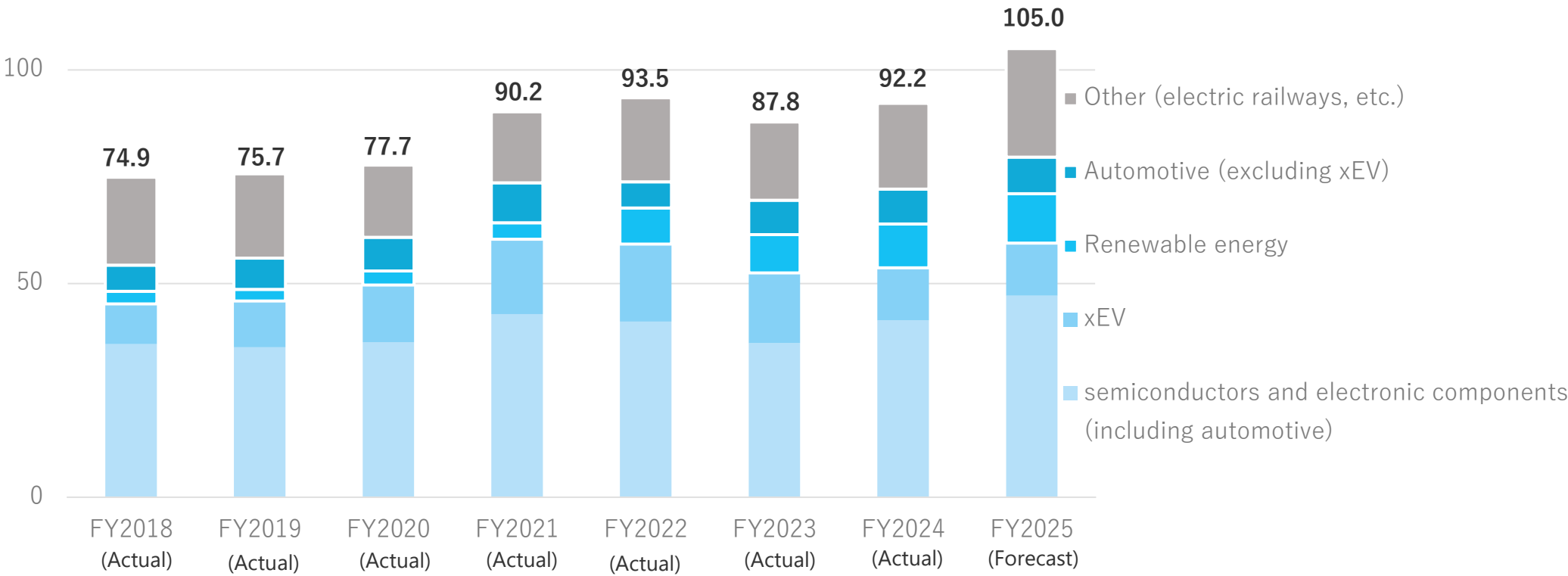
## ■ We expect a significant profit increase with the recovery in Electronics &amp; Innovative Products, as well as Elastomers &amp; Infrastructure Solutions

Sales	FY 2024 Actual	FY2025 Forecast	Incr. Decr.	Volume	Pricing	DPE production suspension	(¥ billions)
Electronics & Innovative Products	92.2	105.0	+ 12.8	+ 12.9	- 0.1		
Life Innovation	43.3	45.0	+ 1.7	+ 3.5	- 1.8		
Elastomers & Infrastructure Solutions	111.7	105.0	- 6.7	+ 3.8	+ 1.5	- 12.0	
Polymer Solutions	135.4	135.0	- 0.4	+ 6.5	- 6.9		
Others	17.7	20.0	+ 2.3	+ 2.3	-		
Total	400.3	410.0	+ 9.7	+ 29.0	- 7.2	- 12.0	
Operating Income	FY 2024 Actual	FY2025 Forecast	Incr. Decr.	Volume	Pricing	Cost and Other	DPE production suspension
Electronics & Innovative Products	9.2	10.0	+ 0.8	+ 5.4	- 0.1	- 4.5	
Life Innovation	9.6	10.0	+ 0.4	+ 4.6	- 1.8	- 2.5	
Elastomers & Infrastructure Solutions	-8.0	1.0	+ 9.0	+ 6.8	+ 1.5	- 8.3	+ 9.0
Polymer Solutions	1.2	2.0	+ 0.8	+ 0.4	- 6.9	+ 7.3	
Others	2.5	2.0	- 0.5	- 0.5	-	- 0.0	
Total	14.4	25.0	+ 10.6	+ 16.8	- 7.2	- 8.0	+ 9.0

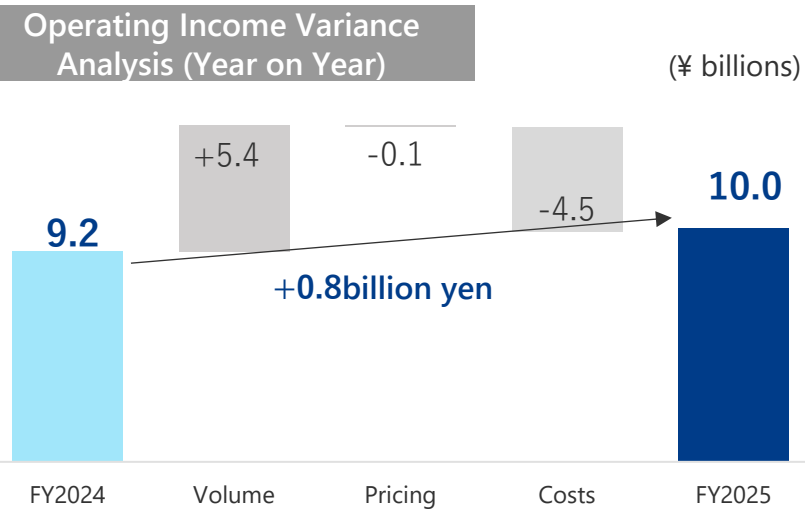
■ Despite a delay in recovery, we expect business growth in megatrending semiconductors, xEVs, and renewable energy

Sales Composition by Application

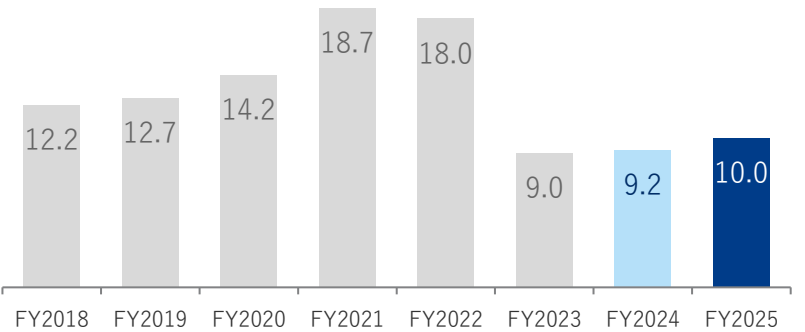
(Sales: ¥ billions)



Increase due to growing demand for generative AI and other high-speed communications, trending recovery in semiconductor and electronic components-related demand



Operating Income



Reason for Variance (Year on Year)

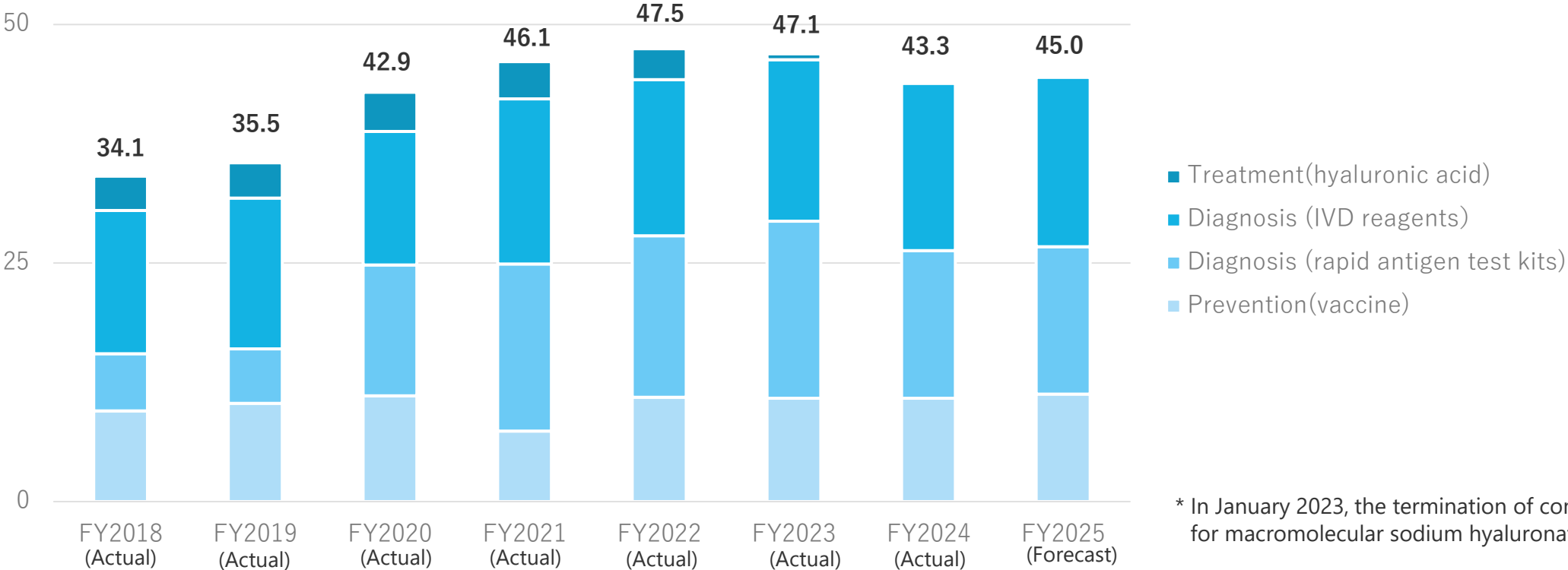
※ TIM (Thermal Interface Materials)

Sales	Volume	(By Application)			Pricing
		Semiconductor and Electronic Components	xEV	Other	
Spherical alumina	↗	↗ (TIM applications) Level year on year (Heat-dissipating sealant applications) Demand for generative AI to increase steadily	Level year on year		→
Spherical silica	↗	↗ (Semiconductor sealants) Recovery trend (Resin substrate applications) Demand for generative AI increased			→
High-performance film	↗	↗ Recovery trend			→
Acetylene black	↗		Same as above	Sound demand in high-Voltage Cable application	→
Ceramic substrates (silicon nitride, aluminum nitride)	→	→	Same as above	Firm demand for electric railway and industrial applications	↗ Revise prices significantly to optimize sales portfolio
Cost and Other		Depreciation -1.9, research expenses -0.6, acetylene black (Thailand) preparatory costs, inventory impact (high unit cost in beginning-of-year inventory), etc.			

- Ongoing demand for testing after increased demand in response to changes in the environment for infectious diseases after COVID-19. Further expansion with the new plant beginning operations in April 2025

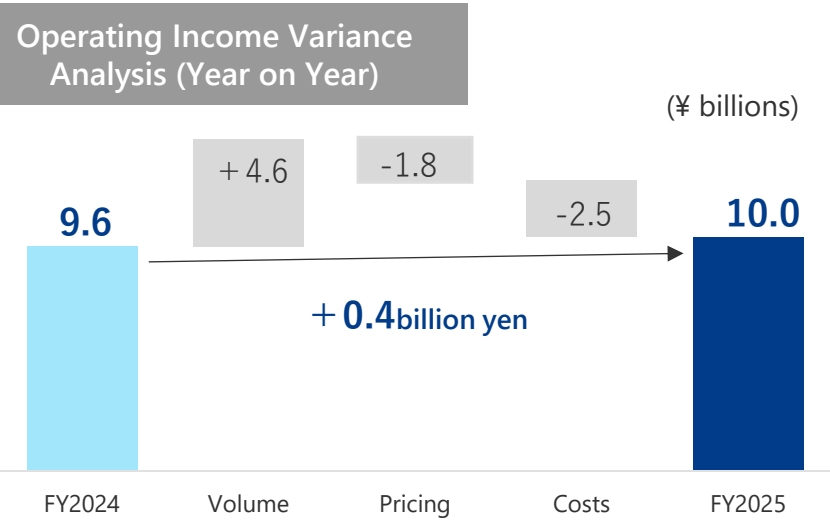
Sales Composition by Application

(Sales: ¥ billions)

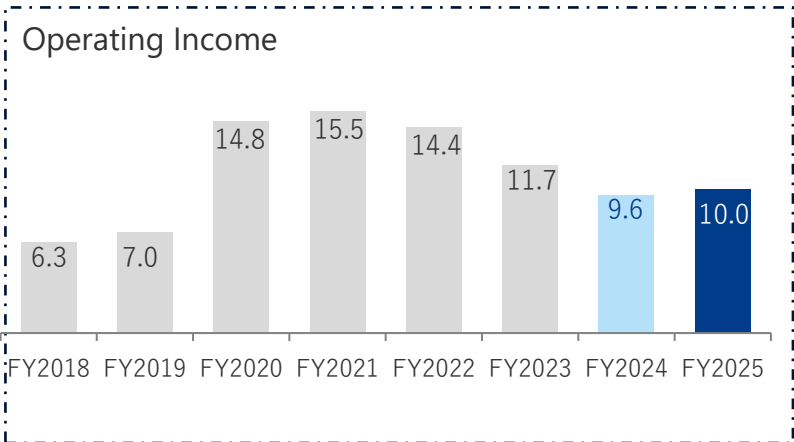


\* In January 2023, the termination of contract manufacturing for macromolecular sodium hyaluronate.

Slight increase despite new plant beginning operations in April 2025 and increase in sales volume, due to depreciation

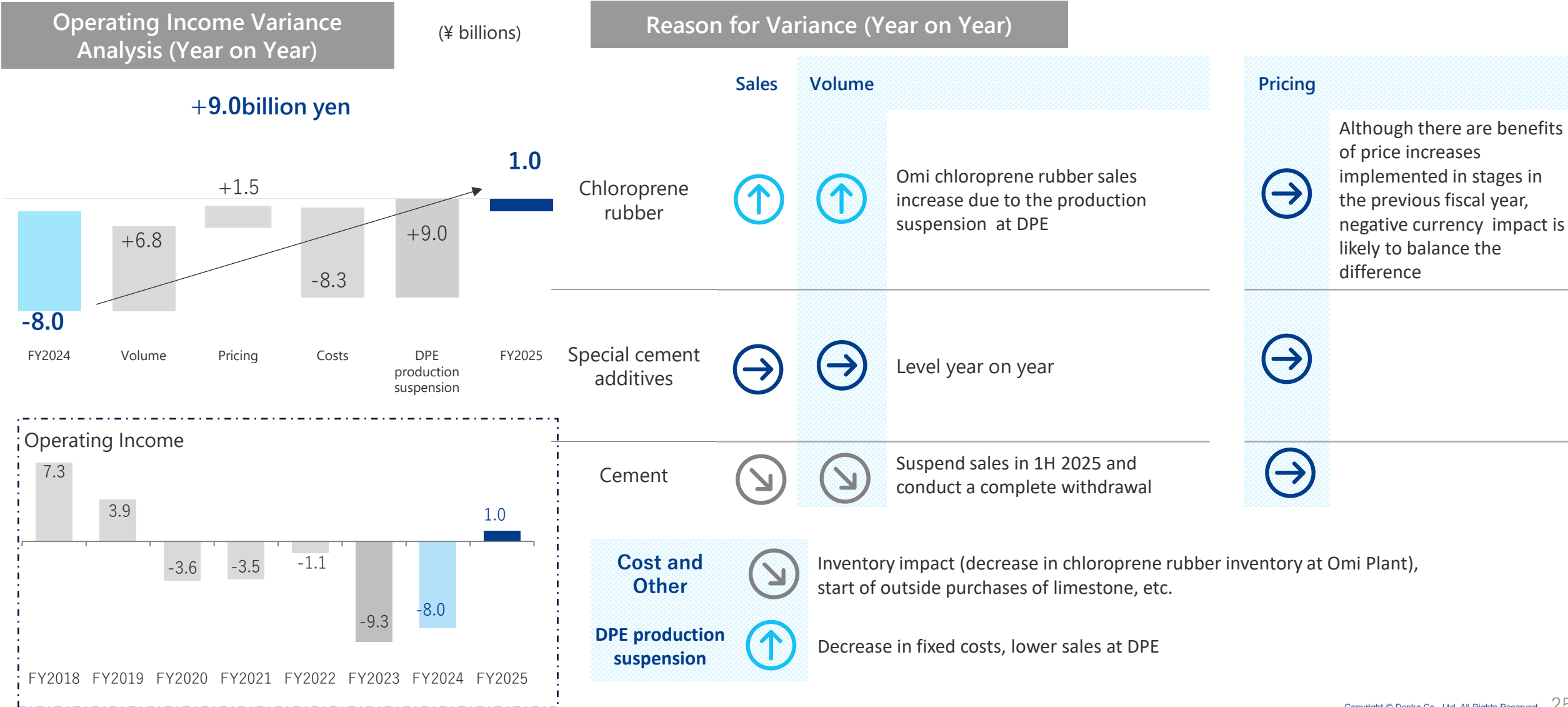


Reason for Variance (Year on Year)		Sales		Volume		Pricing	
Influenza Vaccine	→	→	Level year on year	→	Level year on year		
Rapid Antigen Test Kits	↗	↗	New plant beginning operations April 2025, sales volume increase	↘	Sales composition differences		
IVD Reagents (inflammation markers, etc.)	→	→	Level year on year	→	Level year on year		
Cost and Other	↘	Depreciation (new plant operation), research expenses, etc.					





Significant increase due to impact of DPE production suspension and increase in chloroprene rubber sales from the Omi Plant

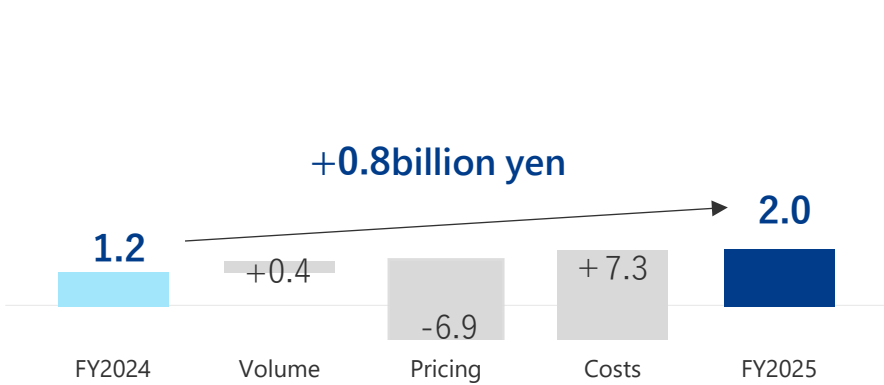


Increase due to higher shipments of MS resin, etc.

Operating Income Variance  
Analysis (Year on Year)

(¥ billions)

Reason for Variance  
(Year on Year)



	Sales	Volume	
MS Resin	↗	↗	Gradual recovery in demand
AS, ABS, Transparent Resins, Etc.	→	→	Level year on year
Food Wrapping Sheets and Containers	→	→	Level year on year
Toyokalon	→	→	Level year on year

Pricing



Revised prices in response to declining raw materials and fuel prices (spread maintained)

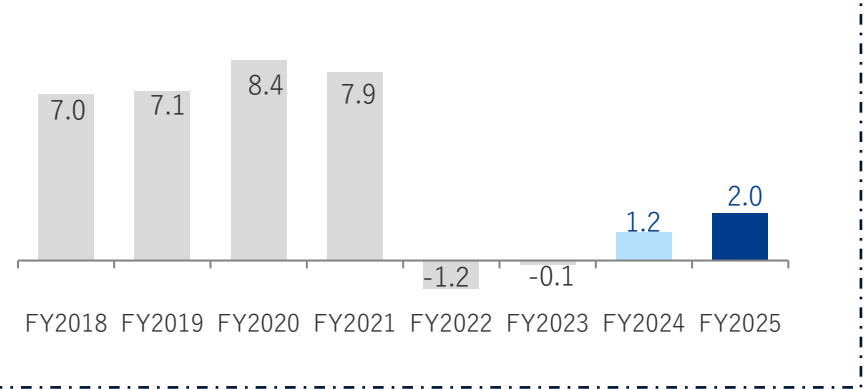


Revision to appropriate prices



Level year on year

Operating Income



Cost and Other



Lower costs due to lower raw material and fuel prices (spread maintained)

- Best Practice Project currently underway to achieve 10 billion yen/year cost reductions in FY2026
- Achieve cost saving of 1.29 billion yen in FY2024 due to cost reductions, reduced selling expenses, optimized investments, etc.
- Forecast for FY2025 includes 2.5 billion yen against a target of 5.0 billion yen

Result &Target



■ We expect to make carefully selected strategic investments in FY2025, while the launch of a new manufacturing hub for acetylene black in Thailand is planned

(¥ billions)

	Investment & Lending				Depreciation				R&D			
	FY2024		FY2025		FY2024		FY2025		FY2024		FY2025	
	1H Actual	FY2024 Actual	1H Forecast	FY2025 Forecast	1H Actual	FY2024 Actual	1H Forecast	FY2025 Forecast	1H Actual	FY2024 Actual	1H Forecast	FY2025 Forecast
Electronics & Innovative Products	15.0	40.9	20.0	40.0	4.7	9.6	5.8	11.6	2.8	5.5	3.0	6.0
Life Innovation	4.8	10.6	2.0	3.0	1.6	3.5	2.0	4.0	2.1	4.4	2.5	5.0
Elastomers & Infrastructure Solutions	4.8	11.7	5.0	11.0	4.6	9.2	4.5	9.0	1.3	2.7	1.5	2.5
Polymer Solutions	3.4	6.0	3.0	6.0	2.6	5.2	2.5	5.0	1.2	2.3	1.0	2.0
Others	0.0	0.0			0.2	0.4	0.2	0.4				
Total	28.0	69.2	30.0	60.0	13.7	27.9	15.0	30.0	7.4	14.9	8.0	15.5

- Dividend forecast 100 yen/share, unchanged from last year

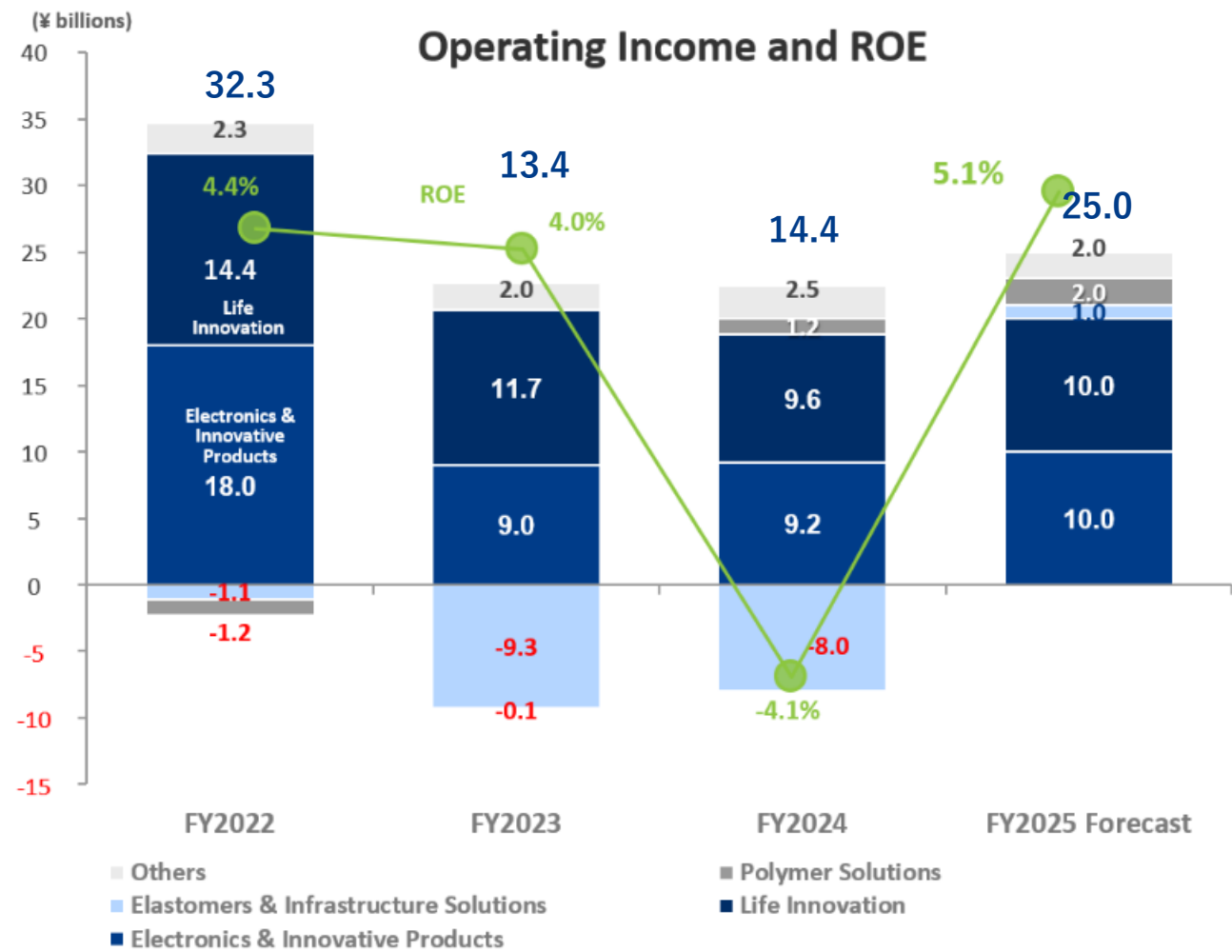
- Expecting improved cash flow next year and beyond

		FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast
Net Income	(¥ billions)	25.0	22.7	22.8	26.0	12.8	11.9	-12.3	15.0
Dividends per Share	(¥/share)	120.0	125.0	125.0	145.0	100.0	100.0	100.0	100.0
								Mid-term 50.0 End 50.0	Mid-term 50.0 End 50.0
Dividend	(¥ billions)	10.5	10.8	10.8	12.5	8.6	8.6	8.6	8.6
Shareholders Return		42%	48%	47%	48%	68%	72%	-	57%
Stock Purchase	(¥ billions)	2.1	-	-	-	-	-	-	-
Total Return	(¥ billions)	12.6	10.8	10.8	12.5	8.6	8.6	8.6	8.6
Total Return Ratio		50%	48%	47%	48%	68%	72%	-	57%
Depreciation	(¥ billions)	22.9	22.5	22.9	23.9	27.0	26.9	27.9	30.0
Investment & Lending	(¥ billions)	32.8	36.9	42.3	35.6	39.4	43.7	69.2	60.0
Interest-Bearing Debt	(¥billions)	112.1	134.3	138.2	137.0	169.7	174.4	217.7	215.0
Net D/E Ratio		0.40	0.42	0.42	0.40	0.50	0.45	0.61	0.66
<b>ROIC</b>		<b>7.8%</b>	<b>6.6%</b>	<b>6.8%</b>	<b>7.3%</b>	<b>6.7%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>4.2%</b>
<b>ROE</b>		<b>10.3%</b>	<b>9.1%</b>	<b>8.8%</b>	<b>9.4%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>-4.1%</b>	<b>5.1%</b>

# Measures to Improve Profitability

## Notice of Management Presentation

- Operating income weakened significantly over the past three years due to poor chloroprene rubber business performance at DPE
- ROE weakened from FY2022 due to extraordinary losses recorded as a result of structural reforms. We expect FY2025 ROE to improve to 5.1%



Factors Contributing to Decline in Profitability

- 1 Extraordinary loss due to structural reforms

Extraordinary loss	FY2022	-17.7 billion yen	Cement business withdrawal-related
	FY2023	-6.8 billion yen	Impairment loss on goodwill, etc., related to Icon Genetics and the termination of norovirus vaccine development
	FY2024	-16.1 billion yen	Impairment loss on DPE (U.S.A.) fixed assets, etc.
- 2 Sluggishness in the U.S. chloroprene rubber business
- 3 Slowing growth in Electronics & Advanced Products
- 4 Stalled performance in Polymer Solutions
- 5 Company-wide cost increases

- We will revise our management plan and make an announcement by the end of FY2025, reflecting changing assumptions and the start of fundamental measures at DPE
- We plan to hold management presentation on May 30, 2025, to explain the direction of management plan revision, measures to recover business performance and measures to strengthen our management base, etc.

		Indicator	M30 (When Formulated)		Changes
(1)	GDP Growth Rate (2017-2030 CAGR)	Japan China Southeast Asia India	1.2% 6.1% 6.9% 8.8%	⬇️	1.0% 3.9% 4.3% 5.8%
(2)	DX	DX Investments (Japan)	2019: 800 billion yen 2030: 3 trillion yen	⬆️	2030: 3.3 trillion yen
(3)	AI	AI Investments (Japan)	2018: 500 billion 2030: 2 trillion yen	➡️	No change
(4)	Electronic Devices	Global 5G-Related Device Market	2020: 11 trillion yen 2030: 70 trillion yen	➡️	No changes (not comparable)
(5)	EV	EV sales as a percentage of global new vehicle	2025: 31% 2030: 51%	⬇️	2025: 13.9% 2030: 27.1% <small>*Based on battery production capacity</small>
(6)	Semiconductors	Semiconductor- related products	2020: < 50 trillion yen 2030: 100 trillion yen	➡️	No changes (not comparable)
(7)	Petrochemicals	Ethylene demand (Japan)	—	⬇️	2022: 5.5 million tons 2030: 5.1 million tons

✓ May 30, 2025

Management presentation

- Direction of Management Plan Revision
- Measures to recover performance and strengthen our management base

✓ During FY2025

Announce revised management plan

Revise:

- 1) Fundamental measures in the chloroprene rubber business
- 2) Portfolio transformation
- 3) ROE improvement measures
- 4) Strengthen governance structure



- We selected our CFO as a candidate for director based on dialogues with shareholders. We continue to deepen discussions on business portfolio transformation, etc.

01 New President: Ikuo Ishida

In addition to a wealth of practical experience, Mr. Ishida has overseen business strategies for the entire Denka Group. We believe his ability to execute and make decisions will meet our challenges and drive rapid growth.

Reappointment

Ikuo Ishida

Representative Director, President, and Chief Executive Officer



[Career Highlights]

1985	Joined Denka Co., Ltd.
1985-2007	Experienced in sales of chloroprene rubber and other products; served in posts overseas
2007-2022	Electronics & Innovative Products Division (appointed general manager in 2019)
2023-2024	Director, Managing Executive Officer, Corporate Planning and Chief Human Resources Officer (CHRO), other
2025-	Representative Director, President, and Chief Executive Officer
[No. of Shares Held]	8,233 shares (including 2,633 shares to be granted under stock grant trust)

02 Director Candidate: CFO Rimiru Hayashida

In charge of financial strategy, Mr. Hayashida has shared with the board of directors his awareness of issues from the investor's perspective. He will lead company-wide strategies to improve the profitability of the Denka Group.

New

Rimiru Hayashida

Senior Managing Executive Officer  
Chief Financial Officer (CFO), Chief Supply Chain Officer (CSCO)



[Career Highlights]

1985	Joined Denka Co., Ltd.
2017-2023	Executive Officer (Accounting Dept., Financial Strategy Dept.)
2023-2024	Managing Executive Officer (Accounting Dept., Financial Strategy Dept.)
2024-2025	Managing Executive Officer, CFO (Accounting Dept., Financial Strategy Dept., Corporate Communications Dept.)
2025-	Senior Executive Officer ,CFO (Financial Strategy), CSCO (Supply Chain), other
[No. of Shares Held]	8,978 shares (including 878 shares to be granted under stock grant trust)

■ Changes in Directors and Executive Officers

New

Masanobu Kosaka

Chief Technology Officer (Production and Process Technology, Digital Strategy and Innovation, Engineering)

Retiring

Manabu Yamamoto

Retiring as Chairman of the Board, appointed Senior Advisor to the Board

Retiring

Kazuo Takahashi

Retiring as Representative Director and Senior Managing Executive Officer, appointed Executive Fellow

- Strengthening the knowledge, experience, and expertise of the board of directors to review performance recovery measures, measures to strengthen our management foundation, and the management plan

New Board Composition

		Independent Outside	Corporate Management Planning	Foster Human Capital	Global Business	Financial Strategy and Accounting	Legal and Compliance	ESG and Sustainability			Business Value Creation and Marketing	R&D and Intellectual Property	Engineering and Manufacturing	DX
								E (Environment)	S (Social)	G (Governance)				
	Representative Director and Chairman	Toshio Imai	○	○	○			○		○	○			
	Representative Director and President	Ikuo Ishida	○	○	○		○			○	○			
New	Director	Rimiru Hayashida	○			○				○				
New	Senior Managing Executive Officer	Masanobu Kosaka			○			○	○			○	○	○
	Managing Executive Officer	Rumiko Nakata	✓	○					○					
	Director	Mizuhiro Uchida				○	○		○	○				○
	Full-time Audit Committee Member	Toshio Kinoshita	✓		○	○				○				
	Audit Committee Member	Akio Yamamoto	✓	○	○	○					○			
	Audit Committee Member	Miyuki Matoba	✓				○		○	○		○		

Independence

Ratio of Independent Outside Directors

44%

Expertise

Financial Strategy and Accounting

Appointed CFO  
DX

Appointed CTO

Gender

Female Directors

2 of 9 directors

Nominating and Remuneration Advisory Committee

Committee Chair

Outside Director

- Ongoing initiatives to bolster the functions of outside directors and officers; discussions to enhance corporate value
- Consider greater incentives in the director compensation plan (amended in FY2023) to better align interests with shareholders

### Initiatives to Facilitate Outside Directors in Their Respective Tasks

#### Nominating and Remuneration Advisory Committee (Met 4 Times in FY2024)

- ✓ Committee chaired by an outside director
- ✓ Strengthened involvement of outside directors in succession planning

#### Audit Committee (Met 14 Times in FY2024)

- ✓ **Discussion of Mission 2030 Progress**
  - Conducted an audit of the rationality and efficiency of the business execution process, including business portfolio reforms and progress toward KPI targets
  - Recommendations reflecting diverse opinions from outside directors (priority issues including DPE business, new product development, new business creation, etc.)
- ✓ **On-Site Visits to Confirm Work Conditions**
  - Outside directors personally visited plants and research facilities to verify business activities and asset preservation in Japan and overseas
  - Provided opportunity for meeting audit responsibilities and allowed directors to develop a deeper understanding of the business

#### Management Issues Roundtable (Met 12 Times in FY2024)

- ✓ Held as a forum to enhance cooperation between internal and external directors, facilitating more meaningful discussions of important management topics
- ✓ Discussions on high-impact measures for the chloroprene rubber business

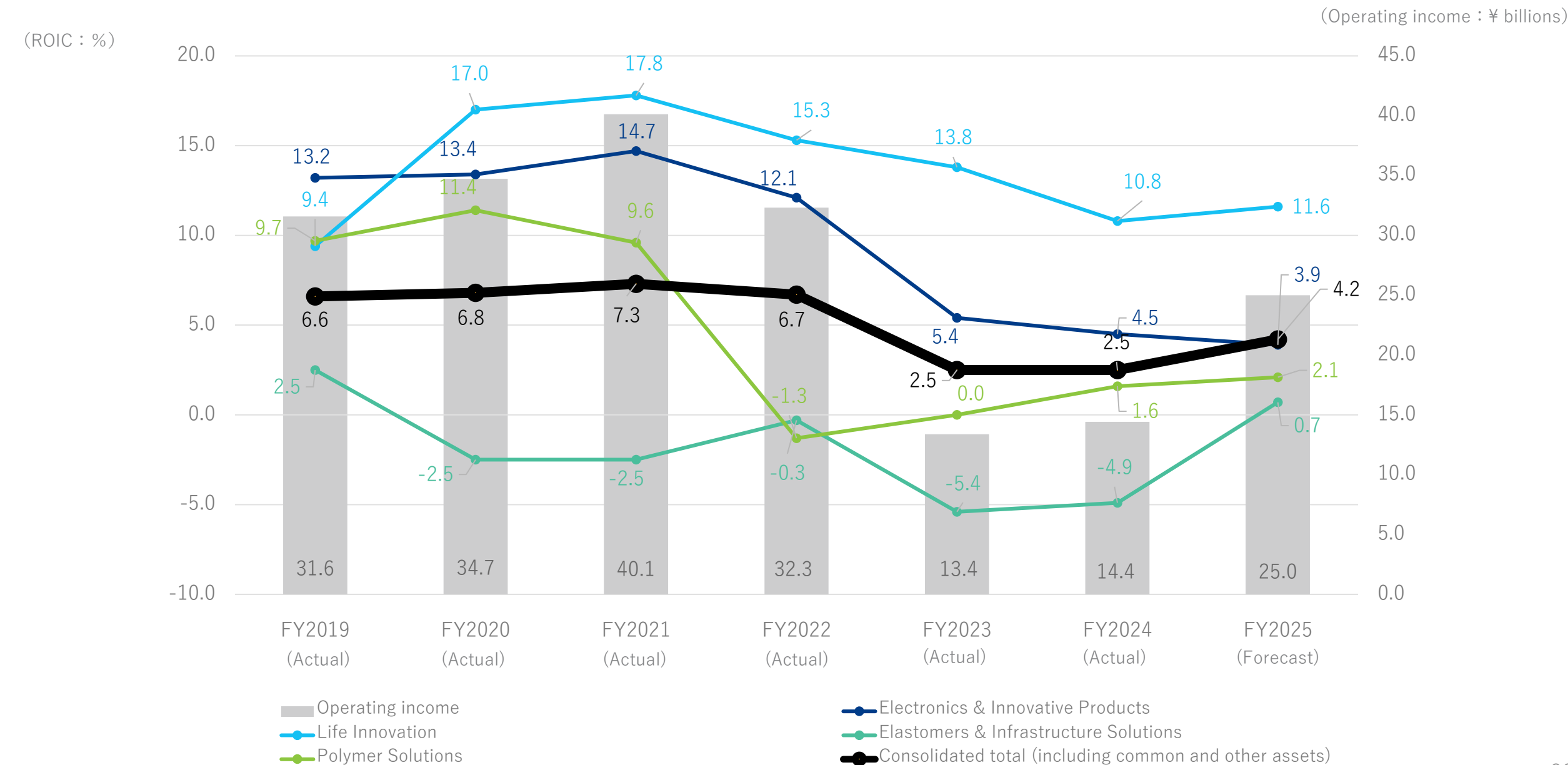
#### Sustainability Committee (Met 3 Times in FY2024)

- ✓ **Progress of Sustainability Activities, Non-Financial Targets/KPIs; Strengthening Response to Risk and Revenue Opportunities**
- ✓ Outside Directors and Full-Time Audit Committee Members as Observers

### Strengthening Executive Compensation System Incentives

#### Director Compensation Plan (Amended in 2023)

- ✓ Reviewed compensation mix and strengthened short-term incentives
- ✓ Adopted individual performance evaluation system
- ✓ Adopted stock compensation for executive officers



Sales (¥ billions)	FY2023				FY2024				FY2025 Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	50.0	55.0
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	20.0	25.0
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	50.0	55.0
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	65.0	70.0
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	10.0	10.0
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	195.0	215.0

Operating income (¥ billions)	FY2023				FY2024				FY2025 Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1H	2H
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	4.0	6.0
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	4.5	5.5
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-3.5	4.5
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	1.0	1.0
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	1.0	1.0
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	7.0	18.0

## 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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