

Denka

Possibility
of
chemistry

Feb 27, 2026 Management Presentation Management Plan Mission 2030 Phase 2 (FY2026–FY2028)

Securities code: 4061

Denka Co., Ltd



Rebuilding Earning Power: The Start of a New Growth Phase

Mission 2030 Management Plan Phase 2 (FY2026 - FY2028)

- **Mission 2030 Management Plan Phase 2 Formulation and Objectives**

Nearly one year after becoming President, Denka has deployed and prepared a range of initiatives to return our company to a growth trajectory and present a clear path toward further growth.

We expect to achieve operating income of ¥25 billion and an ROE of 5% or more in FY2025.

Aiming for further growth, we revised Mission 2030 and formulated Phase 2, which focuses on FY2026 to FY2028.

Our goals in Phase 2 are to rebuild our earning power and strengthen foundations for a new growth stage.

- **Phase 2 Key Measures**

(1) Strengthen and advance the competitiveness of growth businesses in ICT & Energy and Healthcare.

(2) Sustainable Living will create cash cows by focusing on businesses that can sustain competitiveness.

(3) Reach an early resolution regarding DPE and minimize the financial burden.

(4) Create new businesses. Implement the Trickle Out Strategy to expand existing businesses through FY2030, after which we will plant the seeds for at least 10 new initiatives for the period beyond FY2030.

(5) Restore our financial position by improving profitability through the above measures and carefully select investments.

- **Targets During Phase 2**

Achieve **record-high operating income and a ROE of 8%** during Phase 2 as a highly reliable plan.

- **New Growth Stage during and beyond Phase 3**

Pursue a growth model based on rebuilt earning power through **the best mix of ICT & Energy and Healthcare, which have different growth trends**. Achieve sustainable growth unique to Denka and deliver solutions to social issues that only we can provide.

- **Delivering on Our Commitments Under Our Motto of *Initiative and Execution*.**

Representative Director,
President, and Chief
Executive Officer

Ikuo Ishida

1 Basic Policy and Vision

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1

Basic Policy and Vision

(1) Overview of Phase 2

(2) Financial Strategy and Governance

(3) Portfolio Transformation and Long-Term Vision

2

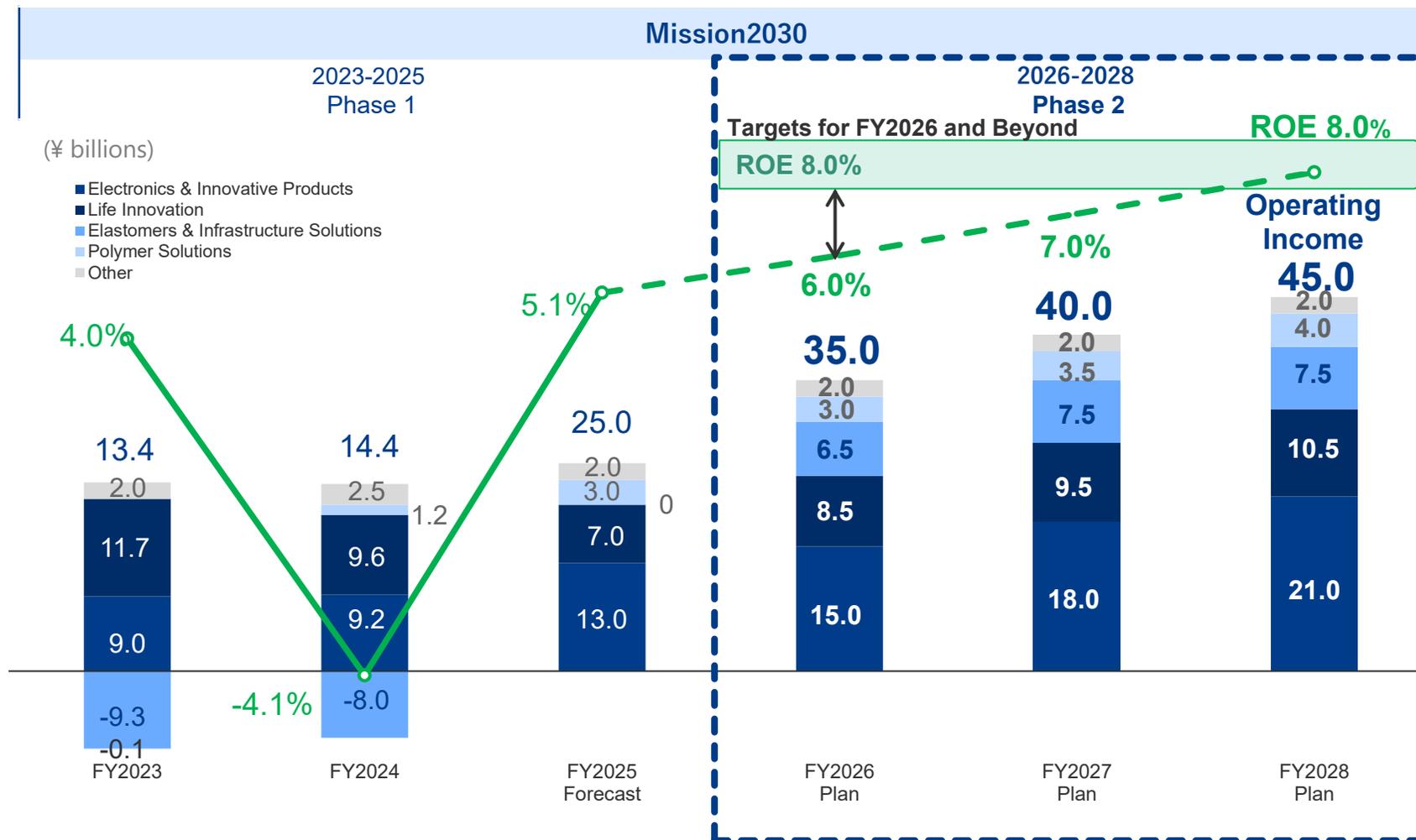
Phase 2 Strategies

3

Reference

Overview of Phase 2

■ Set ROE of 8% or higher as a highly achievable plan in Phase 2 (FY2026-FY2028) of Mission2030



Aim for ROE 8.0% during Phase 2

Approach to ROE

(Probability)

Achieve an ROE of 8.0% by FY2028 at the latest, factoring in various risks

(Potential accelerators for achieving ROE 8.0%)

- DPE: Minimize cost burden
- DPE: Develop a plan until anticipated closure early in Phase 2
- Recognize deferred tax assets
- Gain on sale of strategic cross-shareholdings

Extraordinary Losses Posted

¥8.4 Bn

Impairment loss on goodwill, etc., related to Icon due to termination of norovirus vaccine development

¥25.1 Bn

Impairment loss on DPE and Ofuna Plant fixed assets, etc.

Anticipates extraordinary loss due to fundamental measures in the chloroprene rubber business but plans to off-set with gains such as Extraordinary gains

(See next slide for more details)

DPE-Related Impact on Net Income

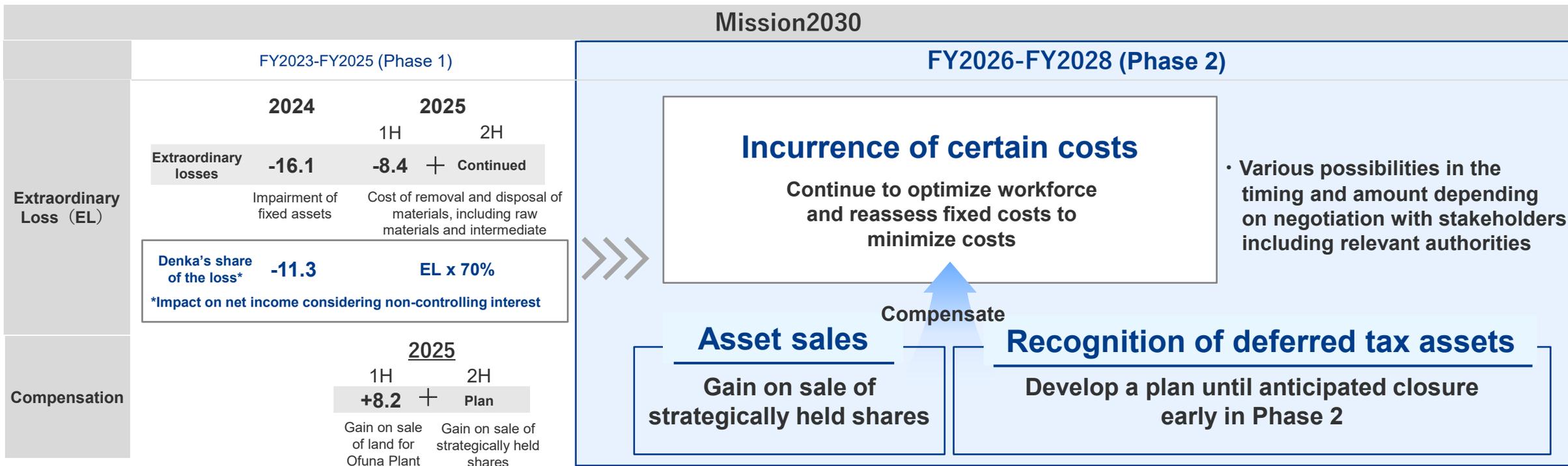
Note: This slide has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated slide and the Japanese original, the original shall prevail.

- For the impact on net income in Mission2023 Phase 2, anticipates certain cost but plans to off-set with gains such as Extraordinary gains.



Possibility of incurring certain costs as shutdown proceeds

Impact on Net Income in Phase 2

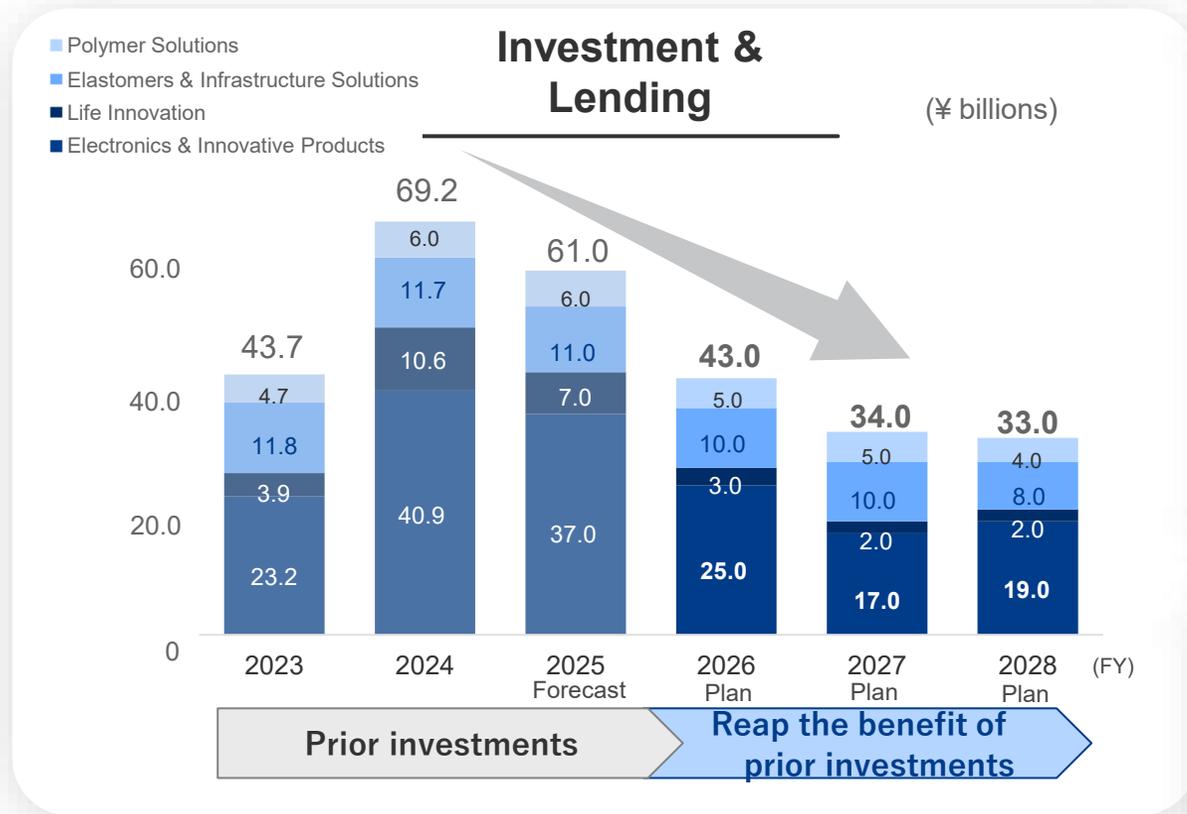


Shareholder Return Policy

- Total return ratio target of 50% (cumulative eight-year total for plan)
- Aim to maintain or increase dividend per share

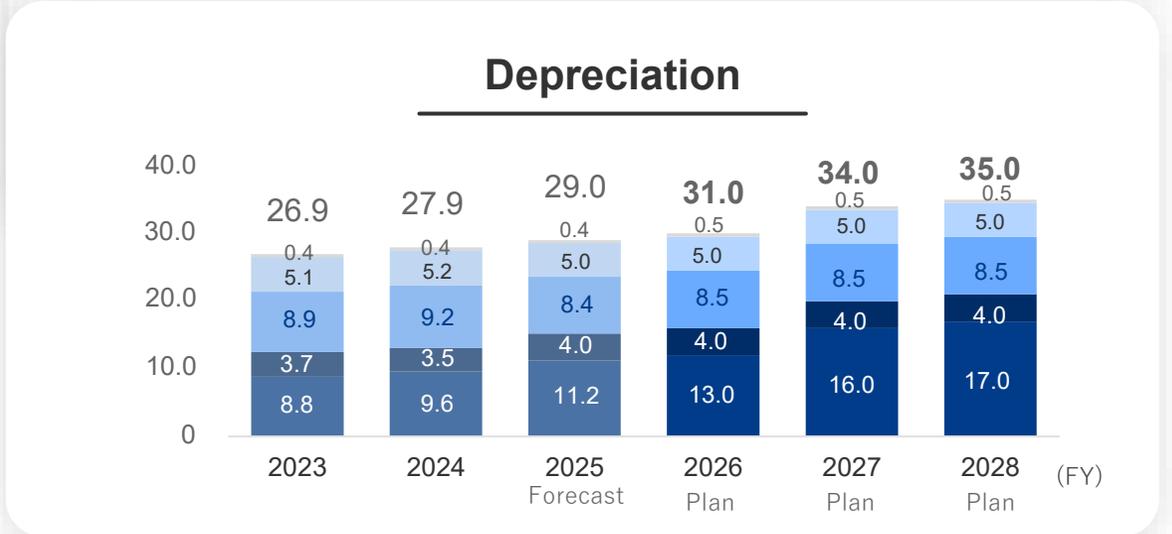
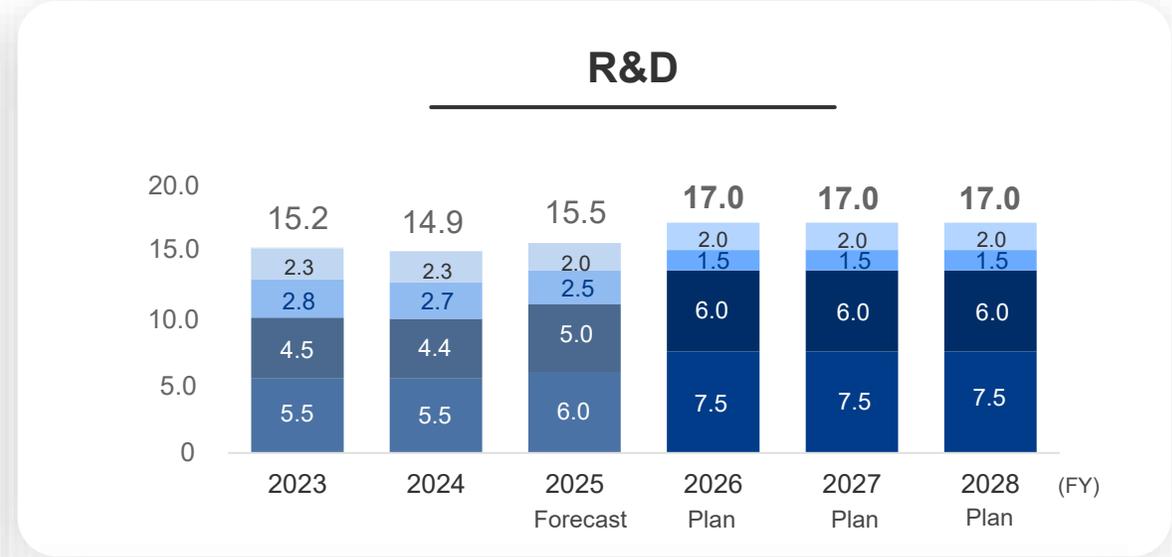
		FY2023	FY2024	FY2025 Forecast	FY2026 Plan	FY2027 Plan	FY2028 Plan
Net Income	(¥ billions)	11.9	-12.3	15.0	18.0	22.0	26.0
Dividends per Share	(¥/share)	100.0	100.0	100.0			
			Mid-term 50.0 End 50.0	Mid-term 50.0 End 50.0	<div style="border: 2px solid blue; padding: 10px; width: fit-content; margin: auto;"> <p>Maintain shareholder return policy</p> </div>		
Dividend	(¥ billions)	8.6	8.6	8.6			
Shareholders Return		72%	-	57%			
Stock Purchase	(¥ billions)	-	-	-			
Total Return	(¥ billions)	8.6	8.6	8.6			
Total Return Ratio (Single-Year)		72%	-	57%			
Total Return Ratio (Cumulative)		72%	-	176%			
ROE (%)		4.0%	-4.1%	5.1%	6.0%	7.0%	8.0%
DOE (%)		2.9%	2.9%	2.9%	—	—	—

■ Focus investments on strategic growth areas



Investment concentrated in FY2024 and FY2025, particularly in a new acetylene black manufacturing facility in Thailand

Focus investments on strategic growth areas in Phase 2



1

Basic Policy and Vision

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Phase 2 Strategies

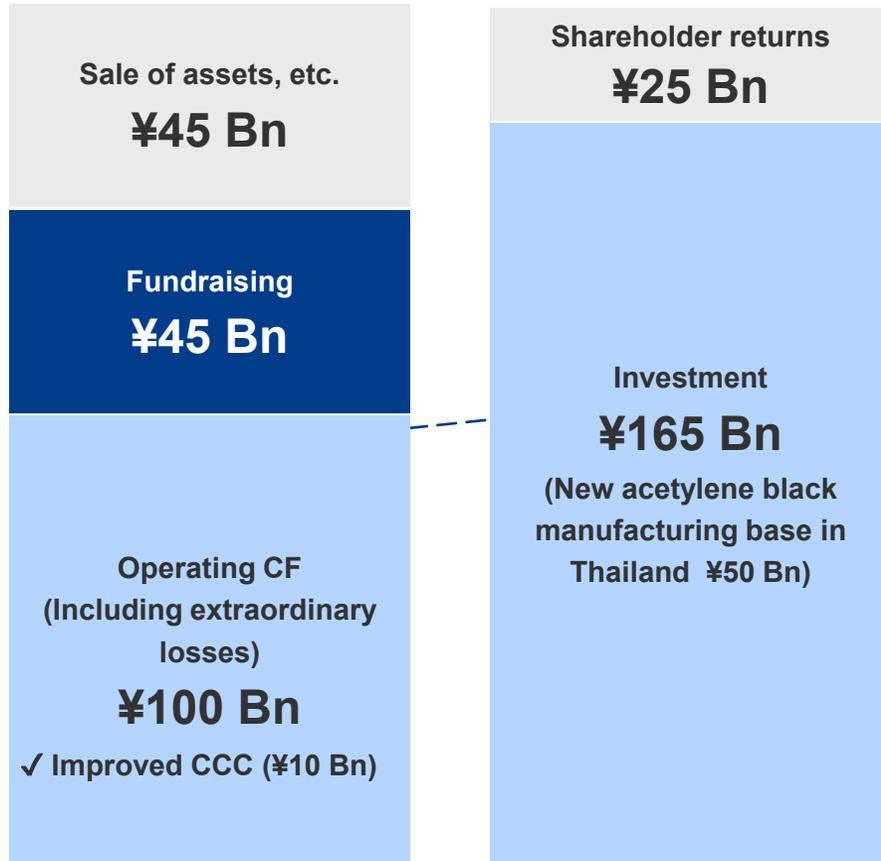
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Reference

- Investment peaked in FY2025, centered on the new acetylene black production site in Thailand
- Expanded operating cash flow based on profit growth and focused investment will improve the D/E ratio

Phase 1 (FY2023 - FY2025)

D/E Ratio 0.75



Phase 2 (FY2026 - FY2028)

D/E Ratio 0.7 or less



- Increase profits by rebuilding earning power
- Focus investments on strategic expansion



■ Continue strengthening governance to achieve Phase 2 targets

Continuation and Enhancement of Key Initiatives

2023

-

2025

Phase 2 and Beyond

- **Nominating and Remuneration Advisory Committee**
 - (1) Effective management of committees by strengthening independence and objectivity**
 - Majority of outside directors
 - Appointment of outside directors as committee chairs
 - (2) President and representative director appointment process**
 - Selection and interview of candidates
 - Appointment following fair evaluation and discussion
- **Conduct ongoing medium- to long-term discussions at the Board of Directors and D&A Round Table meetings to enhance corporate value**
 - **Further enhancement of discussions at Board meetings**

Our decision-making process became more sophisticated through advance discussions at D&A Round Table meetings on large-scale investment projects, including the new acetylene black facility in Thailand.

→ Improved post-resolution monitoring and follow-up

- (3) **Succession plan discussion**
 - Election of female and younger directors from short-, medium-, and long-term perspectives

▼

Appointment of executive officer positions around the age of 50
⇒ 3 executive officers as of April

- **Enhance medium- to long-term corporate value and strengthen alignment with shareholders**
 - Strengthen ROIC-driven business portfolio management
Clarify the business structure of growth areas and cash cows, and share with shareholders a resource allocation story aimed at enhancing medium- to long-term corporate value
- **Enhance monitoring system to increase the certainty of management plan execution**
 - Monitor KPIs based on the Phase 2 plan and formulate flexible strategies, including alternative measures and resource reallocation, in response to changes in assumptions
- **Expand strategic agenda to enhance the quality of management decision making**
 - Strengthen strategic discussions that enable outside directors to contribute value, including growth challenges for Phase 2 and beyond and sustainability

Improve effectiveness in achieving Phase 2 targets

1

Basic Policy and Vision

- (1) Overview of Phase 2
- (2) Financial Strategy and Governance
- (3) Portfolio Transformation and Long-Term Vision**

2

Phase 2 Strategies

3

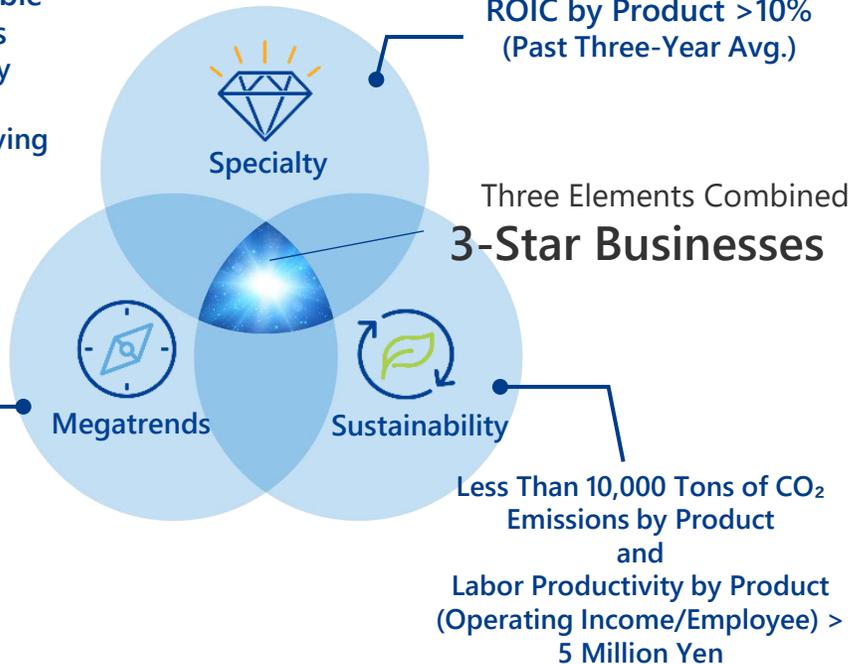
Reference

■ Prioritize specialty (ROIC) improvement to rebuild earning power in Phase 2

MISSION

By 2030, we will increase the value of our human resources and management, and we will focus on creating business value that combines the three elements of specialty, megatrends, and sustainability.

Three Applicable Focus Areas
 • ICT & Energy
 • Healthcare
 • Sustainable Living



Reorganize businesses through withdrawal or sale, pursuing a portfolio transformation

Start



Phase 2

Focus on profitability and financial strength

Prioritize specialties within the 3-Star portfolio (ROIC by product over 10%)

Phase 3 and Beyond



■ Select and focus: Transform low-profit businesses and growth areas in Phase 2

Phase 1

- Transform 1-Star loss-generating businesses and strengthen priority areas

Select

ICT & Energy

- ▶ Withdrew from Y-Film and Caralyan (Ofuna Plant)

Healthcare

- ▶ Terminated contract manufacturing for macromolecular sodium hyaluronate
- ▶ Discontinued development of the norovirus vaccine at Icon

Sustainable Living

- ▶ Temporarily suspended chloroprene rubber business in the U.S.
- ▶ Withdrew from the cement business
- ▶ Withdrew Evolmer from the market
- ▶ Consolidated Toyokalon production sites

Focus

ICT & Energy

- ✓ Invested in semiconductor and xEV areas

Healthcare

- ✓ Completed capacity expansion for influenza vaccines, antigen test kits, and IVD reagents



Phase 2

- Transform low-profit businesses and growth areas

Select

ICT & Energy

- ▶ Clarify the optimal direction for electronic circuit boards and pursue partnerships and alliances

Sustainable Living

- ▶ Make an early decision on the the U.S. chloroprene rubber business
- ▶ Optimize production and implement structural reforms at the Omi Plant
- ▶ Build alliances in the styrenics business (and begin considering a spin-off)

Focus

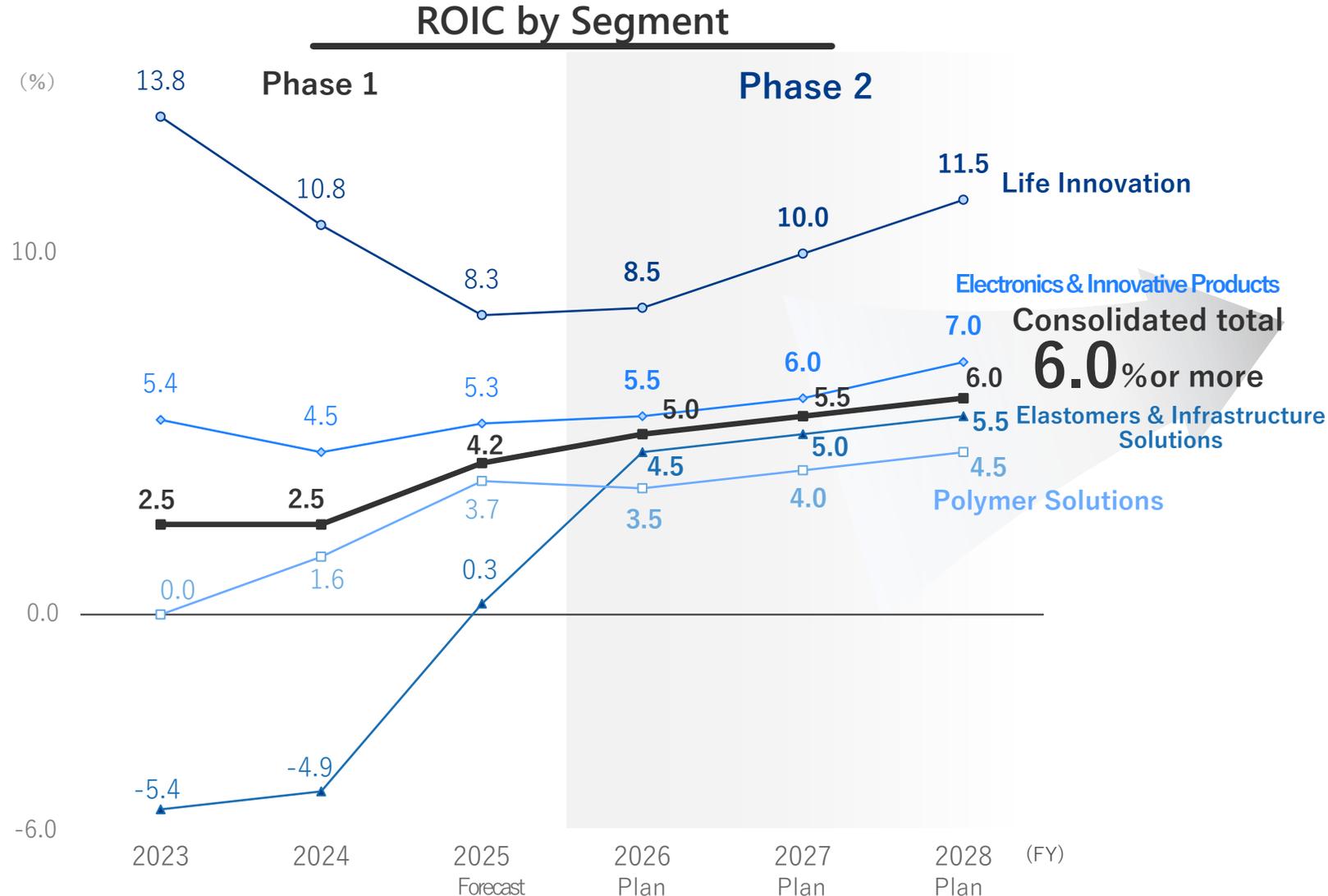
ICT & Energy

- ✓ Focus on generative AI and power infrastructure

Healthcare

- ✓ Leverage alliances (including M&A) centered on diagnostic areas

■ Improve ROIC across all segments during Phase 2



■ Consolidated total

Financial strengthening through profit recovery across divisions

○ Life Innovation

Stable growth, generally above 10%

◇ Electronics & Innovative Products

Expansion in growth areas and harvesting of prior investments

▲ Elastomers & Infrastructure Solutions

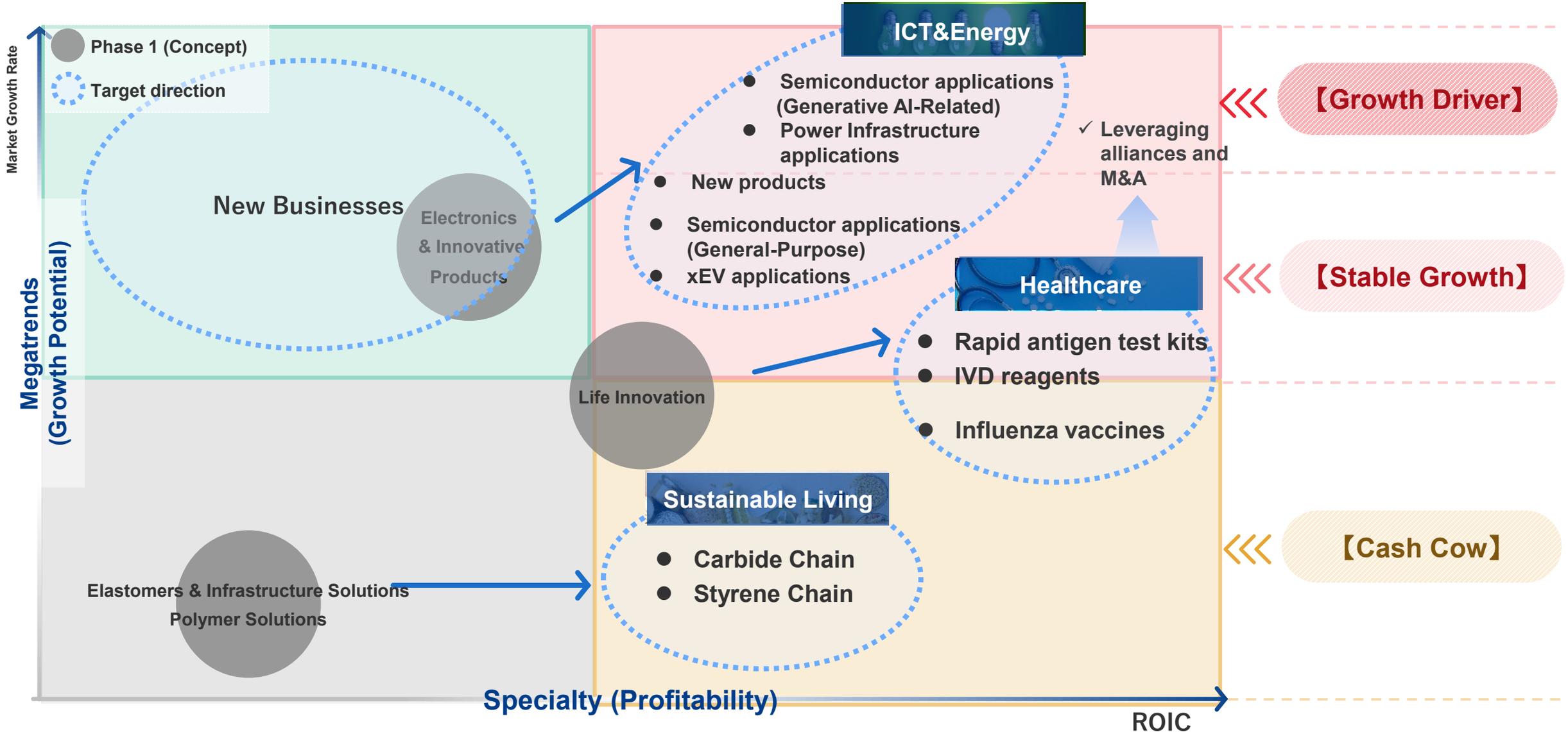
Recovery starting in FY2025 through structural reforms

□ Polymer Solutions

Recovery through structural reforms

6.0% or more

■ Rebuild earning power in Phase 2 by focusing on improving specialty (profitability)



- Create social value through the unique, best mix of ICT & Energy and Healthcare that only Denka can deliver



Denka

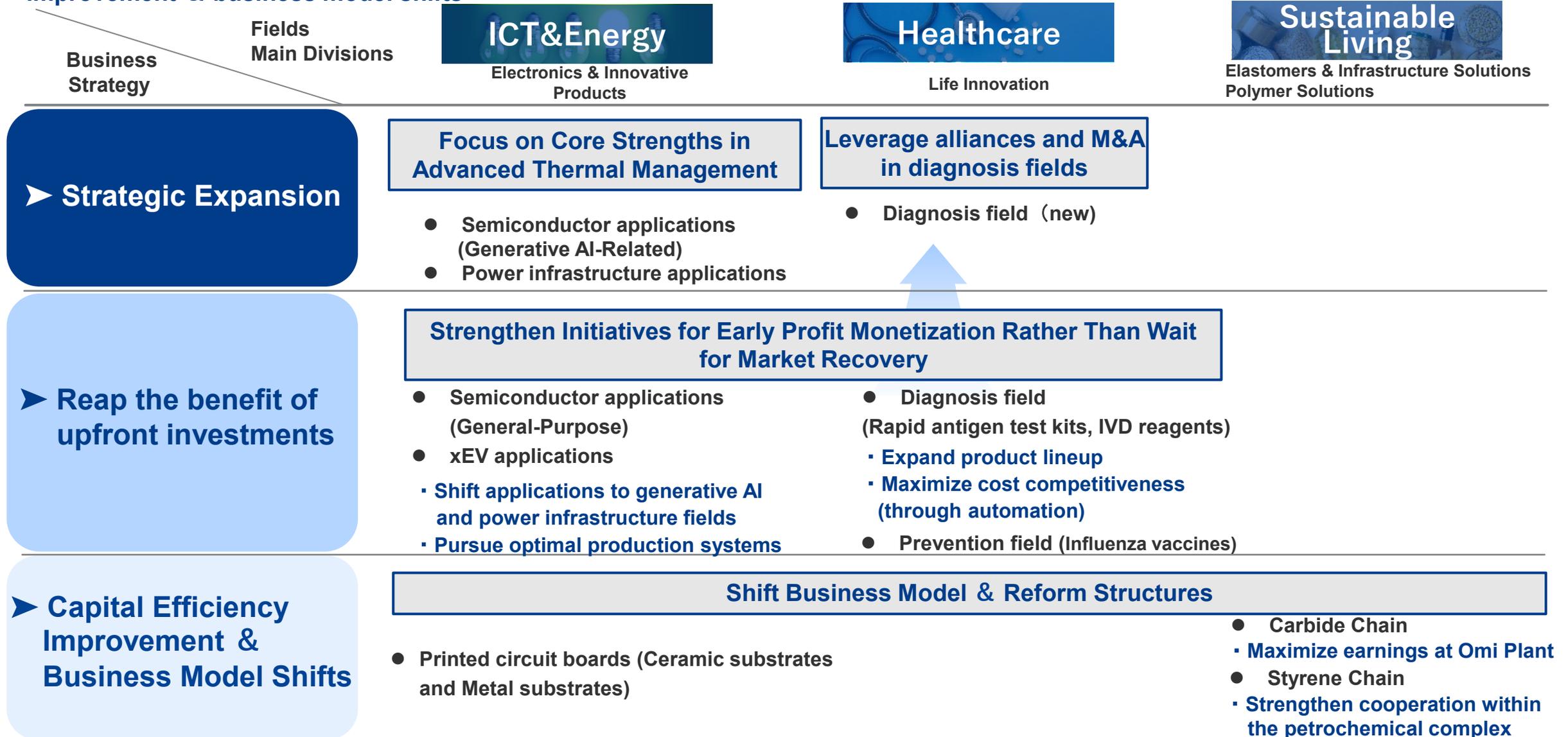
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1 Basic Policy and Vision

2 Phase 2 Strategies

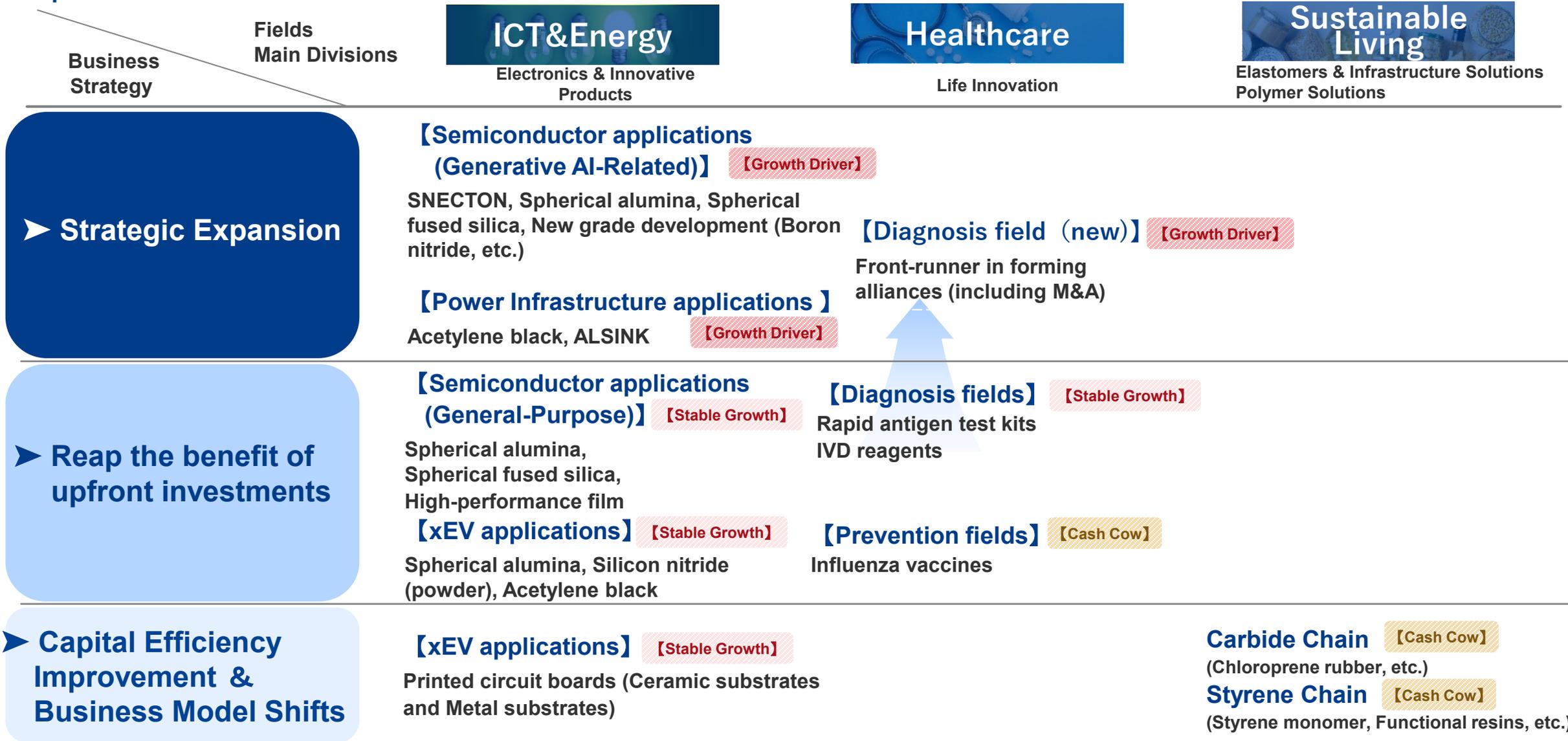
3 Reference

- Execute three strategies with well-defined focus: strategic expansion, reap the benefit of upfront investments, and capital efficiency improvement & business model shifts



(Reference) Select and Focus on Priority Areas (by Product)

- Execute three strategies with well-defined focus: strategic expansion, reap the benefit of upfront investments, and capital efficiency improvement & business model shifts



Strategy

Supply key materials for thermal management and achieve de facto standard status in cutting-edge fields

Extensive technologies and the ability to keep up with market needs
Sustainable growth in cutting-edge fields, not limited to AI

Our Strengths

Responsiveness to Needs



Technological Capabilities

High temperature control, precision spheronization, organic/inorganic fusion, etc.

Sustainable Growth Drivers

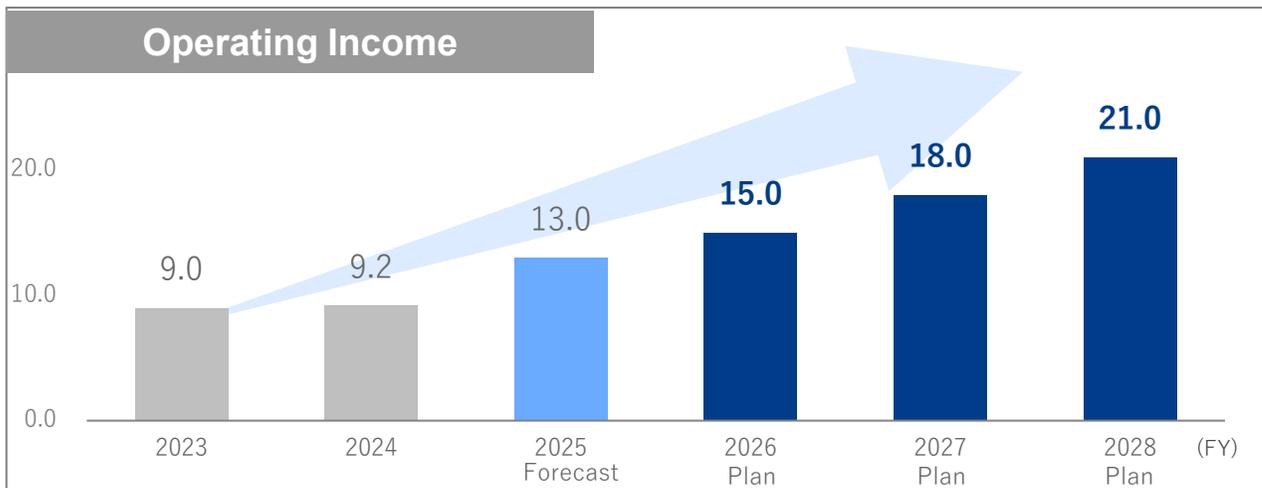
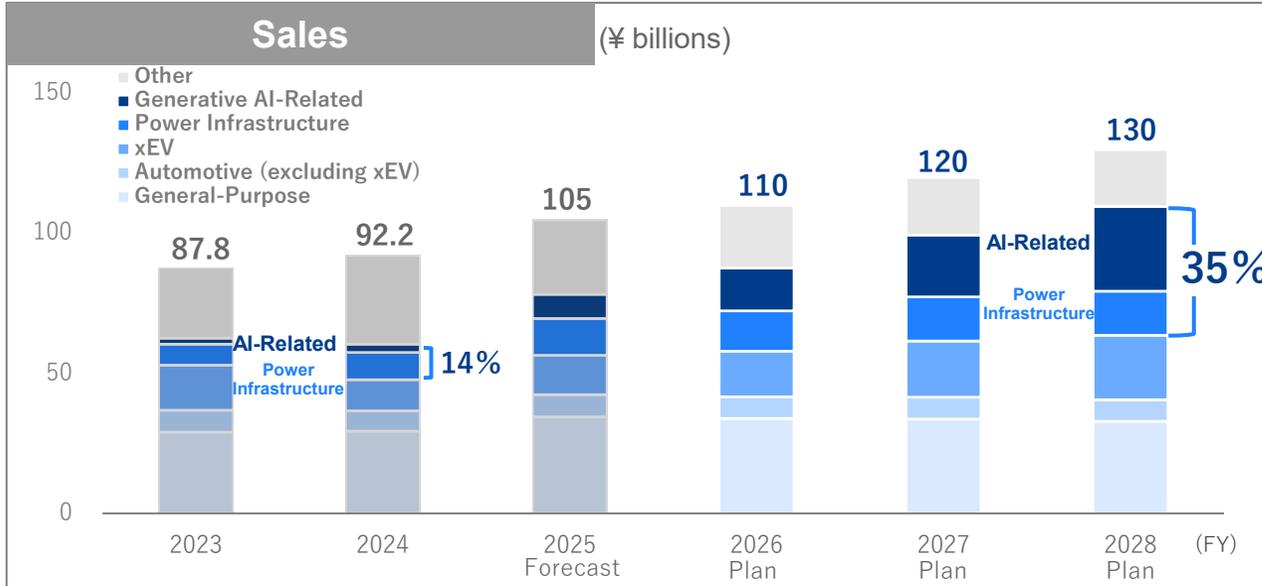
Stay ahead of changes in market needs

Keep pace with any market change

Respond with extensive inorganic and organic technologies, including in the area of thermal management

Market Changes Cutting-Edge Fields

■ Maintain top share in current applications and become the de facto standard in growth markets to lead the company as growth drivers



Rationale for Growth Drivers

(1) Growth in line with increasing generative AI-related demand

▶ Strategic Expansion

Main Products

- Spherical fused silica, spherical alumina, SNECTON

(2) DC and high-voltage trends in power infrastructure

▶ Strategic Expansion

Main Products

- Acetylene black, ALSINK

(3) Reap the benefits of investments through application shifts and optimized production amid semiconductor market recovery and the medium-to long-term xEV megatrend

▶ Reap the benefit of prior investments

Main Products

- Spherical alumina, spherical fused silica, high-performance film, silicon nitride (powder), acetylene black, etc.

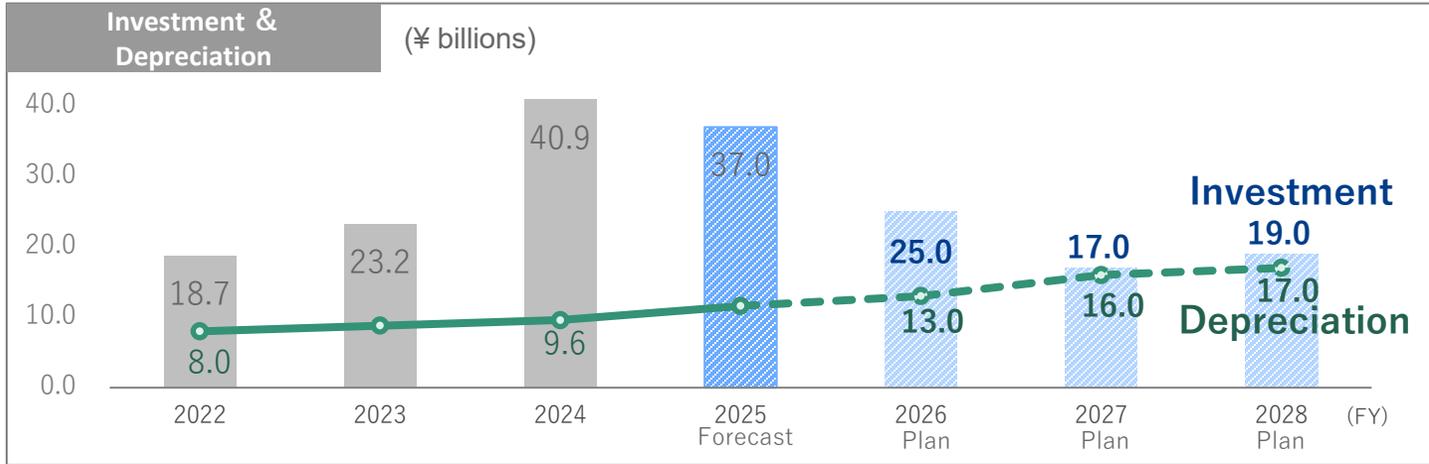
(4) Structural reform of substrate business

▶ Improve capital efficiency
Shift business model

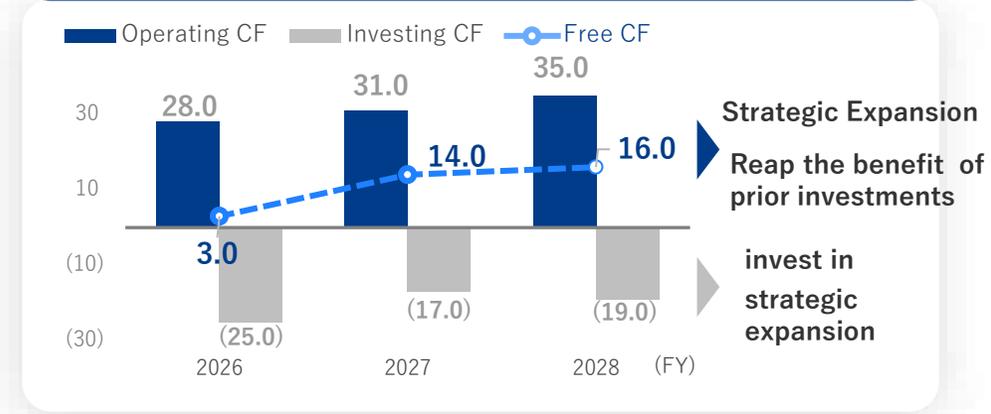
Main Products

- SNP, ANP, HITT PLATE

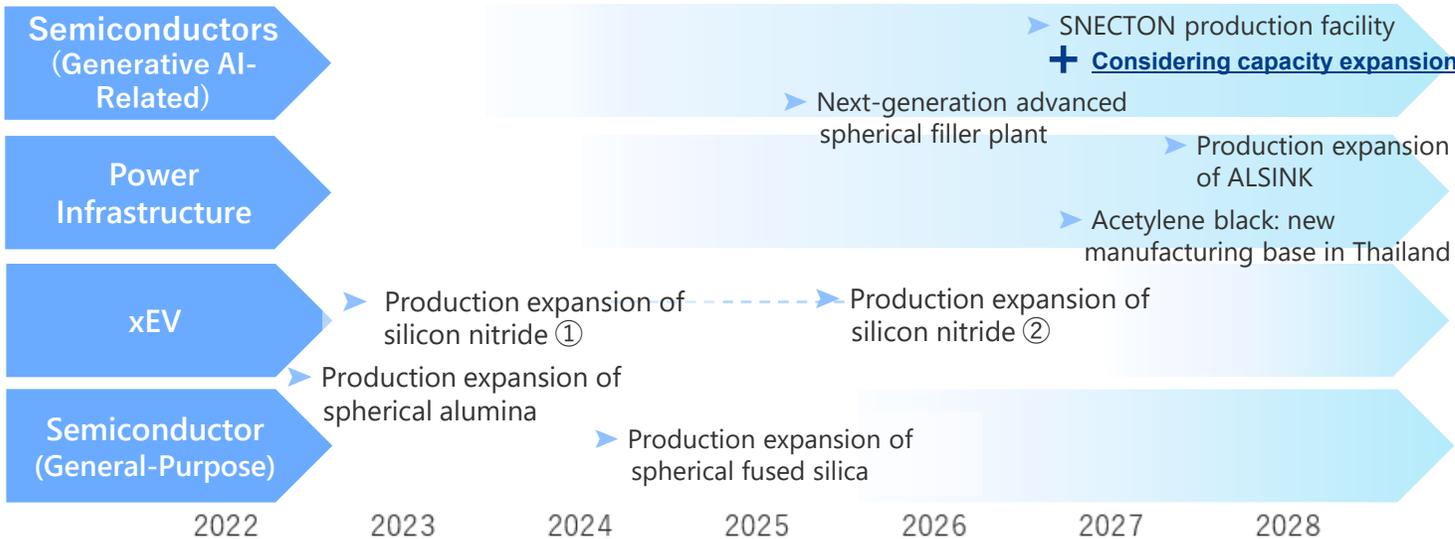
Investment and return: Reap the benefits of strategic investments through Phase 1 and invest in strategic expansion in Phase 2



Operating CF & Investing CF in Phase 2



- Outlook for Market Expansion/Recovery and Startup Timing of Strategic Investments -



- Capacity Expansion and Investments -

Strategic investment	Capacity	Investment
▶ SNECTON production facility	not disclosed	¥7 Bn
+ SNECTON capacity expansion	Under final review	Under final review
▶ Advanced spherical filler plant	not disclosed	¥5 Bn
▶ Production expansion of ALSINK	1.3 x	not disclosed
▶ Acetylene black: new manufacturing base in Thailand	11,000 tons/year(1.5 x)	\$0.4 Bn
▶ Production expansion of silicon nitride	① 1.3 x ② 1.5 x (vs.①)	not disclosed
▶ Production expansion of spherical alumina	5 x (vs. 2018)	not disclosed
▶ Production expansion of spherical fused silica	1.3 x	not disclosed

Strategic expansion: Focus on core strengths in advanced thermal management

AI-Related		Strategy Policy
Main Products	Targets	Main Applications and Overview
SNECTON 	Sales target for low dielectric-related materials (¥ billions) 	TOPIC In-house manufacturing facility to be operational by the end of FY2026 (Key applications) ○Copper clad laminates (CCL) ○Flexible copper clad laminates (FCCL) ○Interlayer insulating materials For data centers, cellular base stations, AI servers, etc.
Spherical fused silica 	Sales ratio of specialty sealant materials FY2021 = 18% FY2028 = 50%+	(Key applications) ○Resin substrate (Low dielectric loss tangent) ○Optical ferrule applications For generative AI and related data centers
Spherical alumina 	Sales for next-generation memory 	(Key applications) ○Thermal conductive molding compound For GDDR7 and up Also under consideration for HBM

Advantages of SNECTON

Characteristics: Low dielectric constant and low dielectric loss tangent

Delivers low transmission loss required in cutting-edge fields, including AI and high-speed communications

Strengths from CCL constituent materials: Soft and hard types

SNECTON
Offers grades in both soft and hard types
Enables optimal formulations, including fillers (spherical fused silica, etc.)

Unique electrical properties: Low dielectric and high processability

Low dielectric constant and low dielectric loss tangent
→ Reduced transmission loss

POINT 1: Low dielectric
Low dielectric loss performance equal to or exceeding PTFE (a fluoropolymer), the highest-performing material among existing products

POINT 2: High processability
Supports multilayer processing and offers excellent heat resistance and adhesion to copper foil
Processability not available with PTFE

Unique material that combines excellent dielectric loss tangent and processability

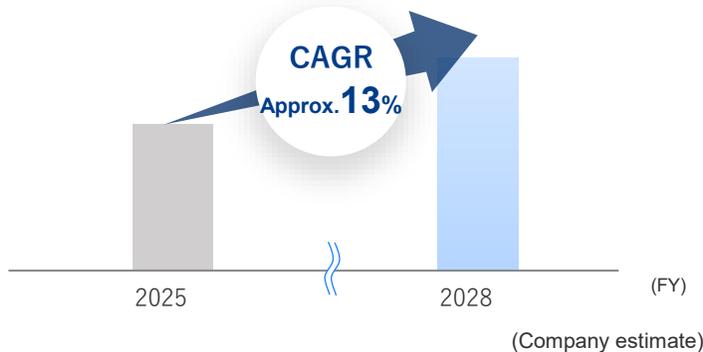
Strategic expansion to address growing markets, including direct current transmission and ESS in power infrastructure

Business Environment

Projected Growth Rate of the High-Voltage Cable Market



Projected Growth Rate of the IGBT Module (High-Voltage) Market



※IGBT : Insulated Gate Bipolar Transistor

Power Infrastructure

Strategy Policy

Main Products

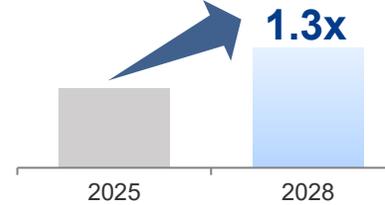
Target

Key Highlights

Acetylene black



Power infrastructure applications Sales



(High-voltage cable applications)
Growing demand due to DC and high-voltage trends

(Application shift toward ESS)
Approaches to demand markets in North America, China, and Europe
Energy storage growth trends in North American data centers

※ESS : Energy Storage System

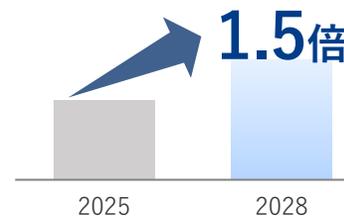
Strategic investment

Construction of new manufacturing base in Thailand

ALSINK



DC power transmission applications Sales

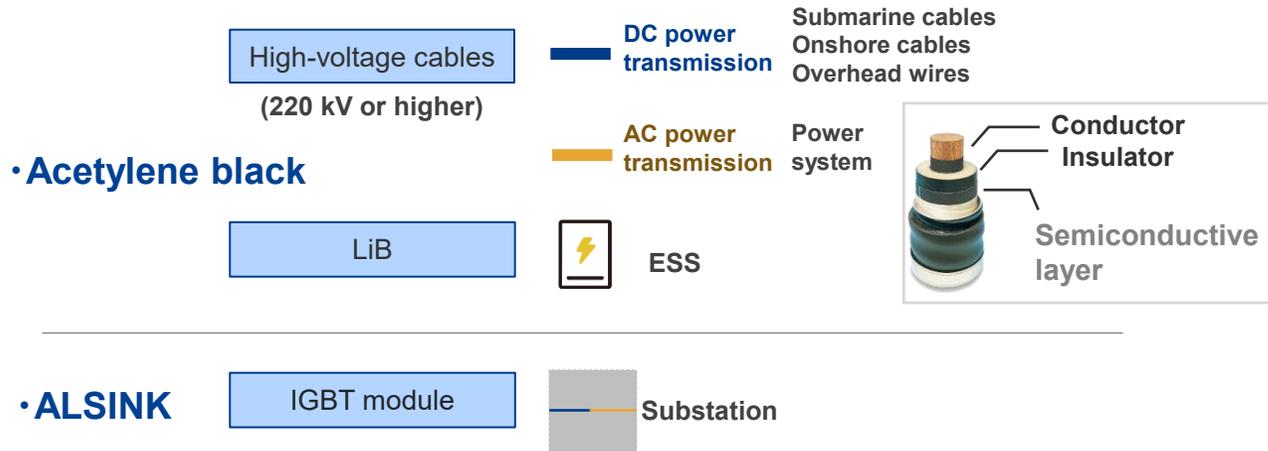


(DC power transmission applications)
Expanding demand for AC-to-DC conversion equipment to enable higher-voltage and higher-current transmission

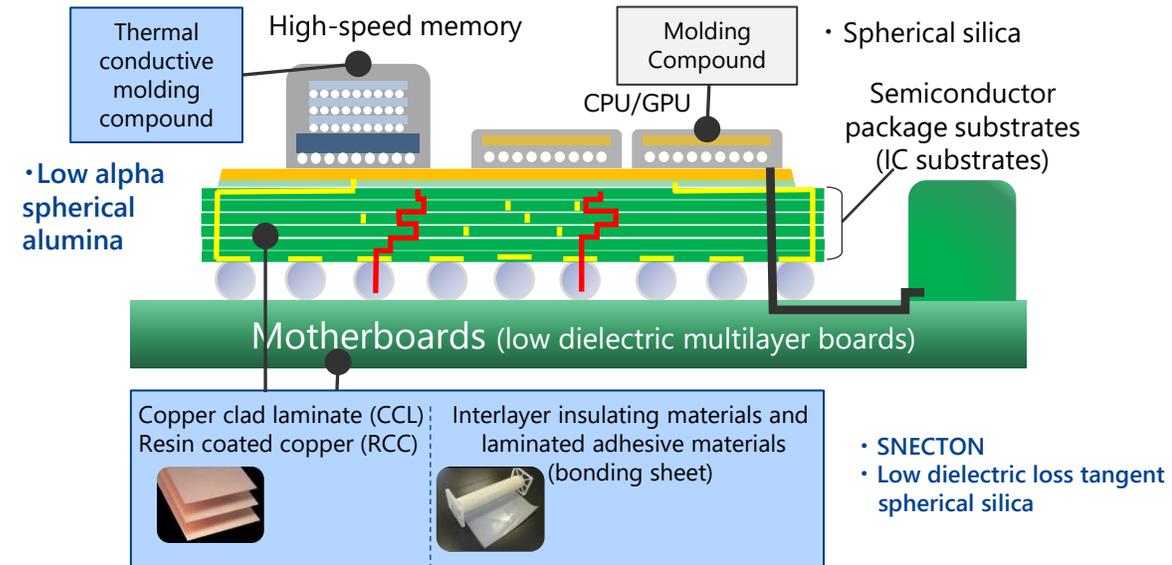
Strategic investment

Capacity expansion of ALSINK production

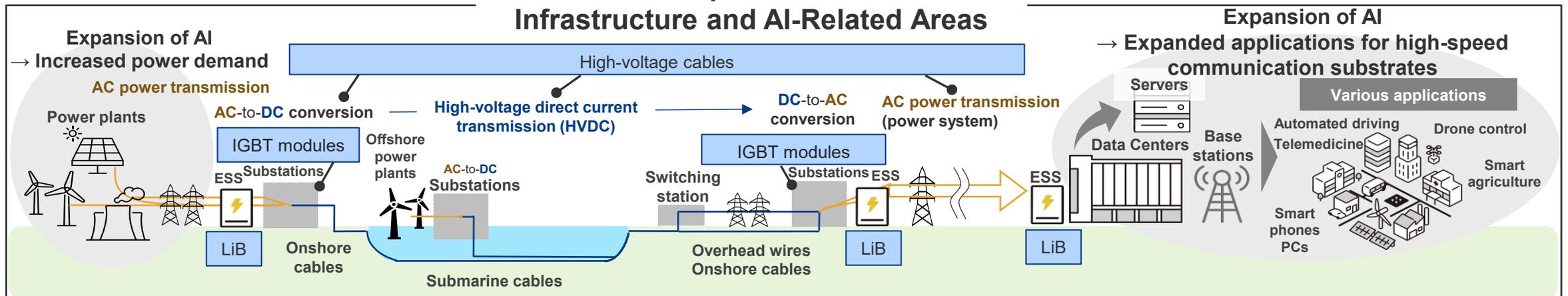
Denka Materials Used in Power Infrastructure



Denka Materials Used in AI and High-Speed Communication-Related Areas



Relationship Between Power Infrastructure and AI-Related Areas



■ New Acetylene black manufacturing base in Thailand : Market Expansion and Optimal Production

Investment Overview

Established a joint venture with SCGC*, and an acetylene black production plant is under construction

(* SCG Chemicals Public Company Limited, head office: Bangkok, Thailand)

- (Capital: \$200 million) Investment ratio: Denka Group 60%, SCGC 40%
- Investment amount: \$400 million ● Production capacity: 11,000 tons/year
- Scheduled start of operations: around FY2027

Applications and Market Trends

Power Infrastructure/ ESS



Applications: High-voltage cables, lithium-ion batteries

Growing demand due to direct current and high-voltage trends
Expand applications to ESS

xEV

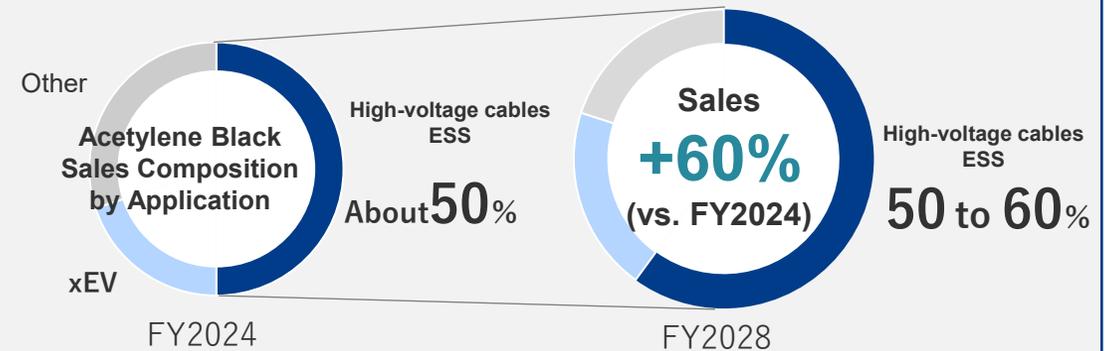


Application: Lithium-ion batteries

Demand growth has slowed at present, but should expand over the medium to long term
Aiming to make a full-scale entry into the Chinese market with the opening of a fourth base

Acetylene Black: Validity of New Manufacturing Base (4th Base)

(1) Increase in sales associated with market expansion



(2) Increase production efficiency

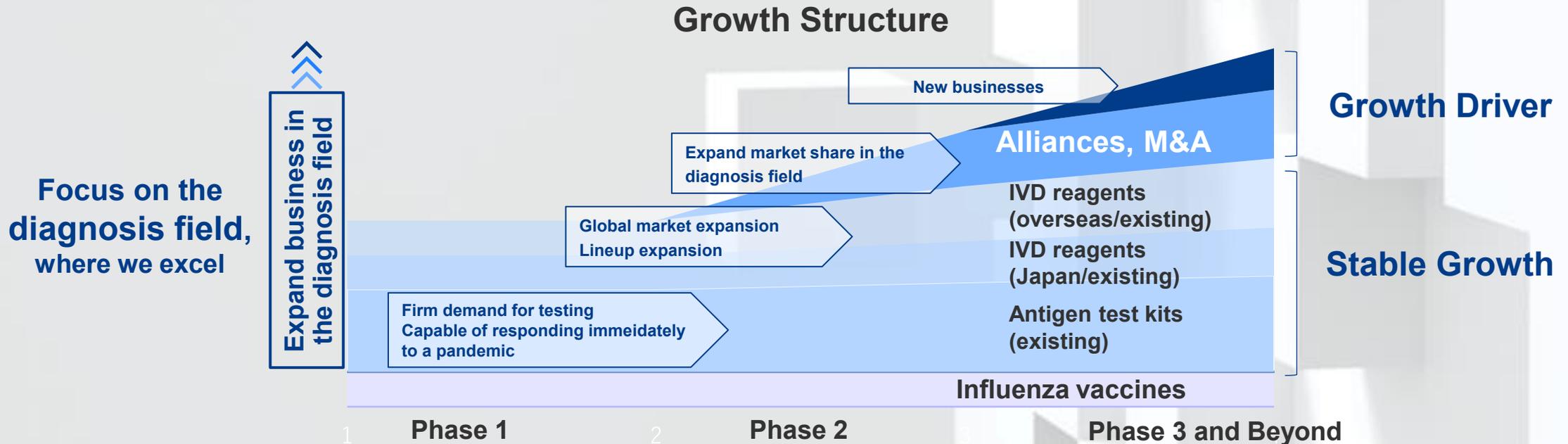
New base: High production efficiency, large cost advantage

(3) Optimal production

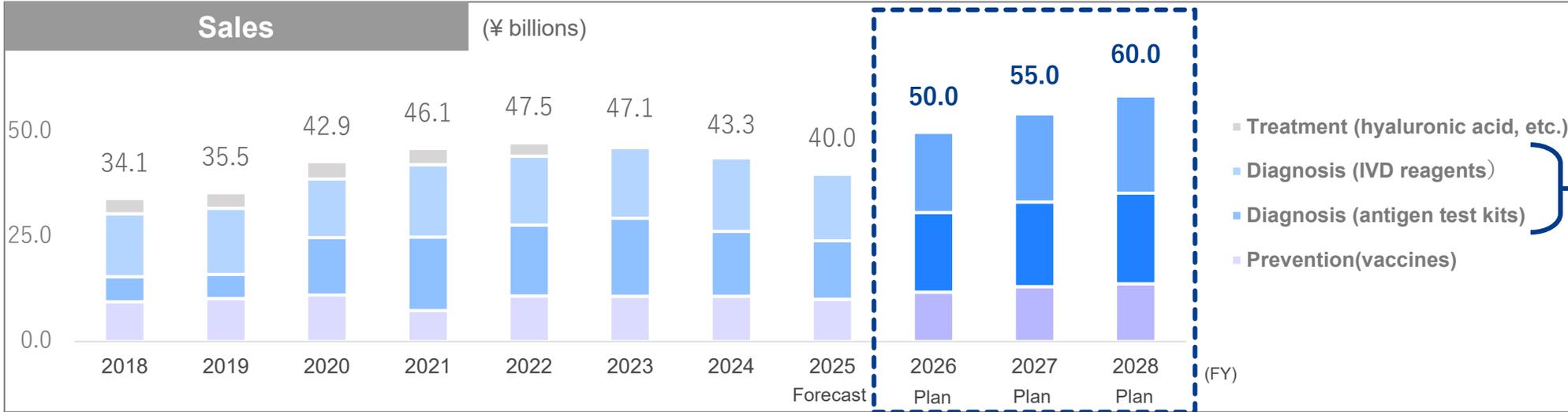
Achieve optimal production across all four bases, considering CO2 emissions and production costs

strategy

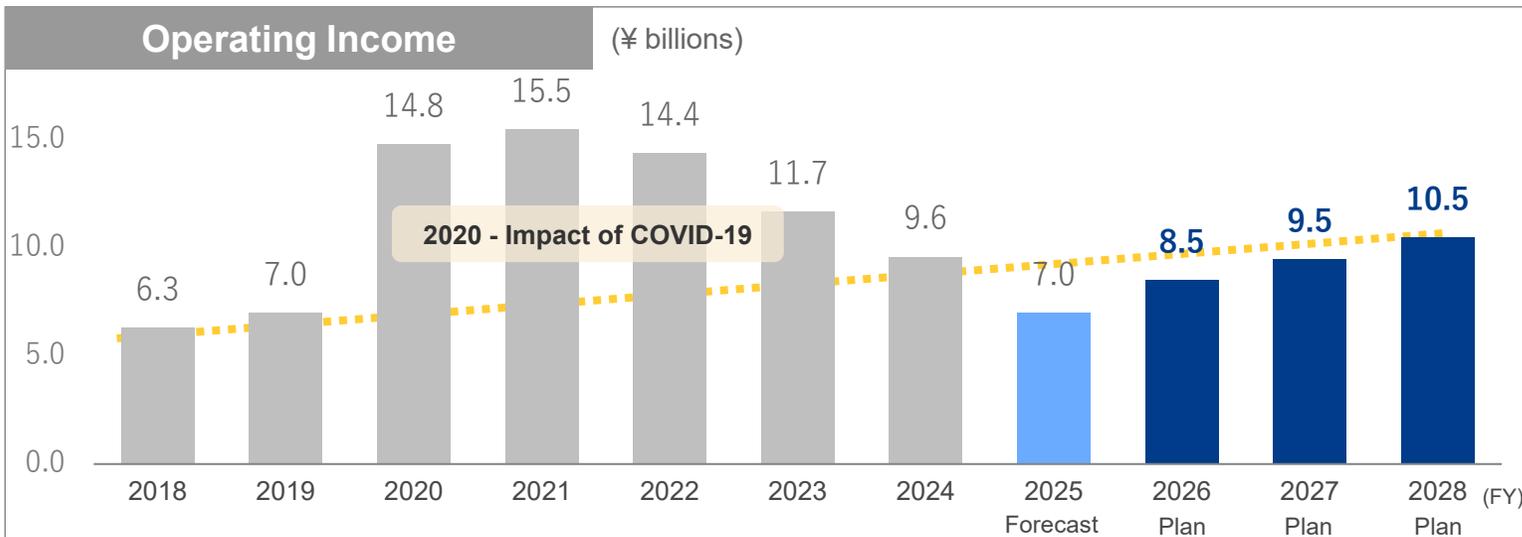
Build on the stable growth of existing businesses, while becoming a frontrunner in alliance formation (including M&A) in the industry



■ Aiming to expand business through alliances and M&A building on the stable growth of existing businesses



Focus on the diagnosis field, where we excel



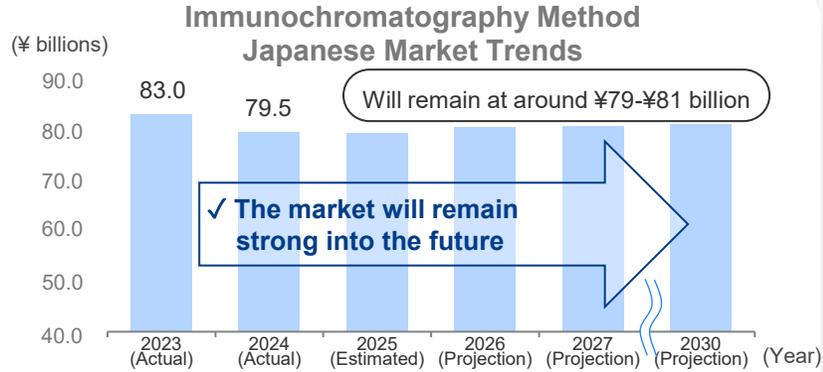
Rationale for Stable Growth

- (1) Despite fluctuations in infectious disease trends, testing demand remains stable and resilient, with minimal impact from economic cycles
- (2) Global market expansion for in vitro diagnostics (IVDs)
- (3) Leveraging alliances and M&A to expand further in categories where we excel

Capacity-upgraded facility in operation, responding to firm demand for POCT and the expanding IVD market

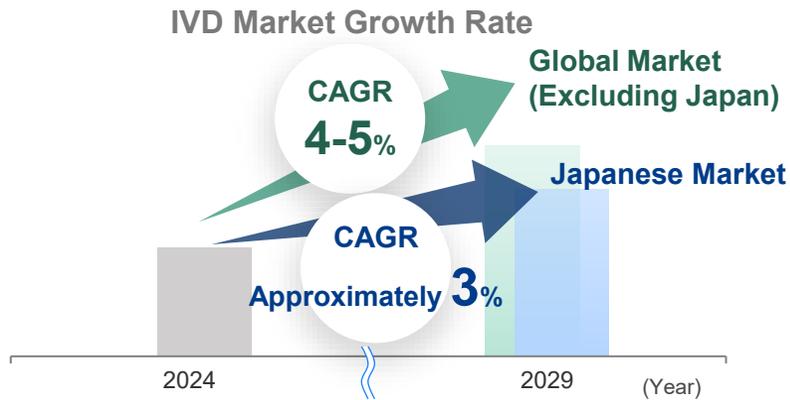
Business Environment

Antigen Test Kits



Source: 2025 IVD & Clinical Testing Market Data Book, Fuji Keizai

IVD Reagents



Denka estimate

Strategy Policy

Main Products

Overview

Antigen Test Kits

Firm Demand and Proven Effectiveness of Stronger Capabilities

Maximizing the Impact of Stronger Capabilities

- ✓ Strengthen cost competitiveness through process reform
- ✓ Respond to sudden increases in demand (pandemics, etc.)
- ✓ Develop overseas, leveraging characteristics not requiring equipment

✓ Basic profit-generating capacity due to solid testing demand

Strengthening Our Business Foundation in Japan and Expanding Markets Overseas

Japan

Overseas

IVD Reagents

Mature market ⇒ Expand market Share

- ✓ Strengthen self-sales system
- ✓ Expand lineup

Growing market ⇒ Stable supply Increase adoption of new categories

- ✓ Deepen relationships with partners
- ✓ Restructure OEM/CDMO business

Influenza vaccines

Cost optimization through reorganization of manufacturing facilities and improve utilization rates

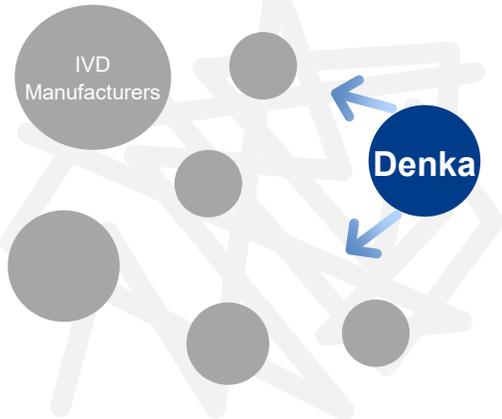
- ✓ Revise cost structure, including the reorganization of manufacturing facilities
 - ✓ Consider collaborations and alliances in response to an uncertain business environment
- Aiming for optimal production and higher utilization rates

*We have not included the G47Δ therapeutic virus in for cancer treatment in Phase 2 due to ongoing study of the relevant production technology

- Become a frontrunner in alliance formation (including M&A) in the in vitro diagnostics (IVD) industry to create and expand markets

Market Environment (IVD in Japan)

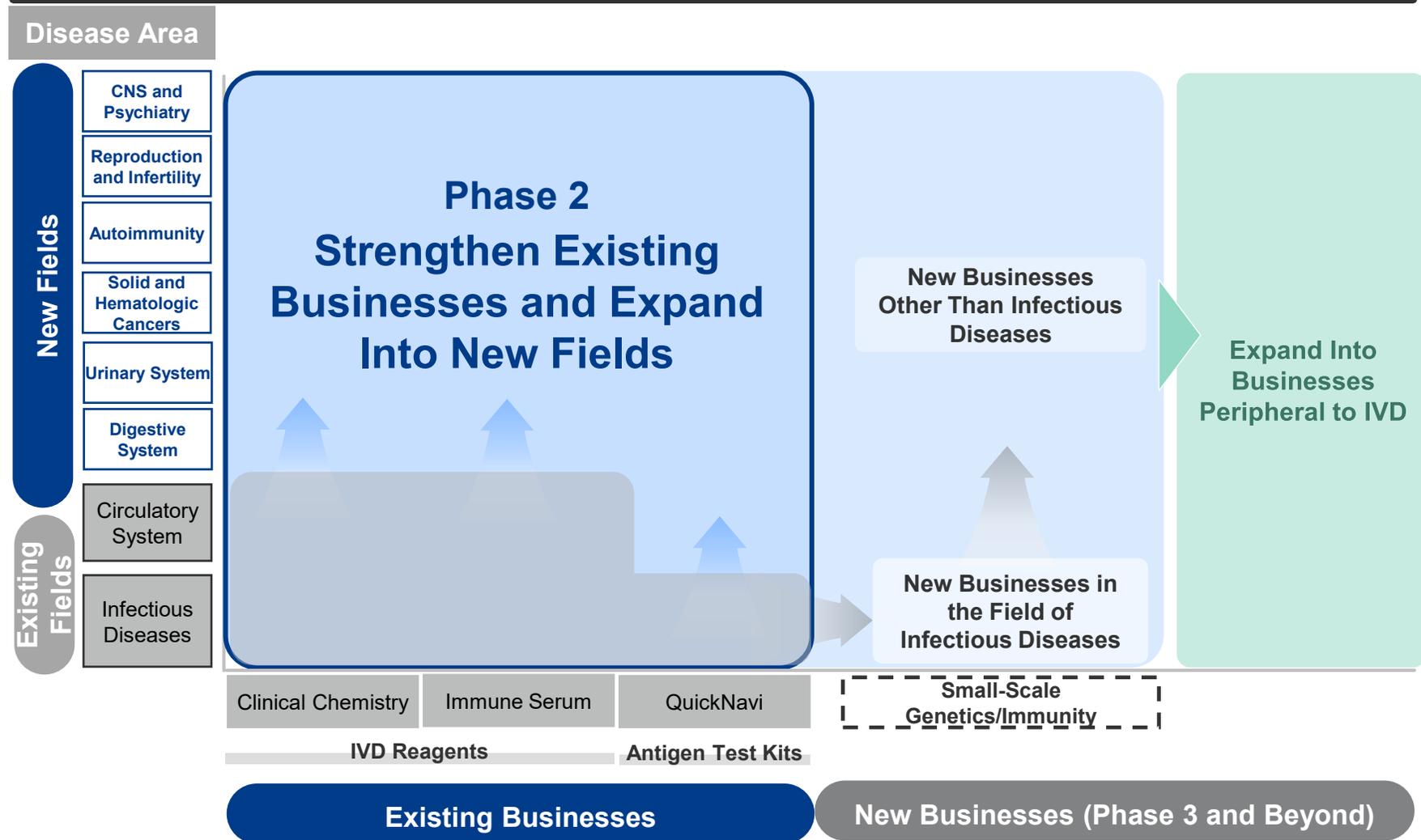
Domestic IVD manufacturers range widely in size



Challenges

- Maturation of the Japanese market
- Secure international competitiveness
- Entry of foreign manufacturers
- Development of dedicated equipment
- Acquisitions from other industries to work around legal barriers to entry

Expansion of Disease Area and the Denka Businesses



■ Launched a tender offer for shares and other securities of Kainos Co., Ltd.

TOB Overview	
Offeror	Flowers Co., Ltd.*1
TOB Target	Kainos Co., Ltd.(securities code: 4556)
TOB Format	Tender offer
Purpose	Integrate business operations as a wholly owned subsidiary
Purchase Price	¥2,285 per share
No. of Shares to Be Purchased	3,454,960 shares*2 (minimum 1,990,000 shares)
Acquisition Ratio (Tentative)	77.7% (minimum 44.73%) ⇒ To become a wholly owned subsidiary after completion of TOB
Tender Offer Period	February 9, 2026 to March 25, 2026

*1 Special purpose company established for this transaction
 *2 All shares excluding non-tendered shares, shares owned by BBT and treasury shares owned by the target company

Background and Purpose

Background

External Environment

Need to strengthen international competitiveness to survive as a reagent manufacturer in Japan

↓

Target Company

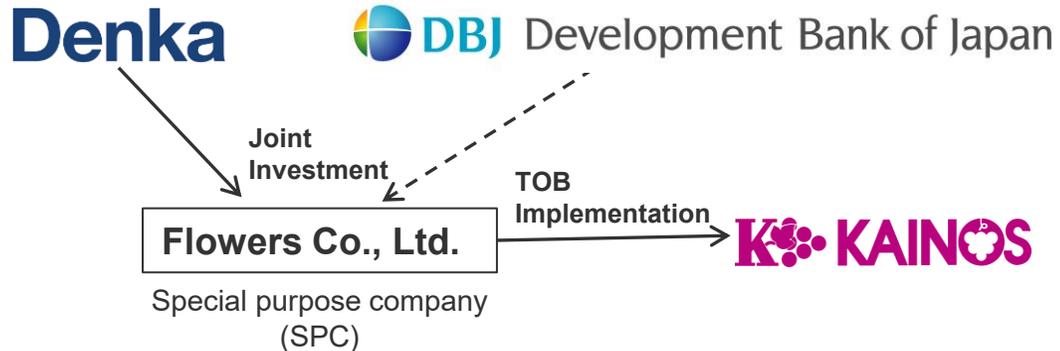
In vitro diagnostics manufacturer focusing on clinical diagnostics
 We are already in a cooperative relationship for the in-licensing and out-licensing of certain Denka products; the company's business is highly complementary to the Denka businesses

	Denka	Kainos
IVD Reagents	Biochemistry	Cholesterol, Kidney and liver function, Diabetes mellitus
	Immunity	CRP, allergies, Blood transfusion, Tumor markers
Antigen Test Kits	Antigens	Influenza, COVID-19, etc.
	Genes	COVID-19, Norovirus, etc.

Testing Categories: Complementary

Purpose

- The first step in becoming a front runner in alliance formation
- Expansion of the highly complementary business relationship between the two companies



■ Maximize synergies by leveraging both companies' channels and technologies



Anticipated synergies

Sales Synergies

(1) Sales growth through cross-selling

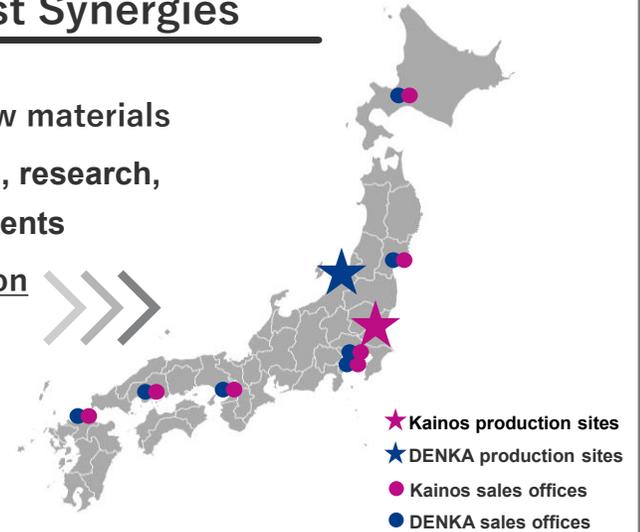
- Both companies possess different IVD reagents (complementarity)
- Expansion of contract services business channels
- Sales expansion of Kainos nucleic acid chromatography product* Swiftgene

(2) Accelerated expansion of Kainos products into overseas markets

- Kainos overseas sales ratio: Approx. 3% (FY2024 actual)
⇒Overseas expansion through utilization of Denka overseas sales channels (Denka: Overseas sales ratio in the IVD reagents business exceeds 50%)

Cost Synergies

- (1) Joint procurement of raw materials
- (2) Optimization of logistics, research, and back office departments
- (3) Sales office consolidation
- (4) Strengthened BCP



* Nucleic acid chromatography products : simple and rapid genetic testing reagents consisting of (i) nucleic acid amplification reagents based on the NASBA method—a specific technique used particularly for amplifying RNA among the isothermal nucleic acid amplification methods that amplify nucleic acids (such as RNA or DNA) at a constant temperature—and (ii) nucleic acid chromatography detection strips, which are devices enabling visual confirmation of amplified nucleic acids.

Strategy

Create cash cows by optimizing and restructuring business chains, and decisively transform portfolio to focus only on those businesses that will remain as the winners

Elastomers & Infrastructure Solutions

Carbide Chain Optimization

- Announced fundamental measures for DPE
Optimizing business to maximize revenue
- Maximize earnings at Omi Plant
Maximize the benefits of [hydropower generation](#)

Polymer Solutions

Styrene Chain Restructuring

- Business restructuring based on industry-wide optimization and Denka's business optimization
Carve-outs to increase business value through alliances

| NEW |

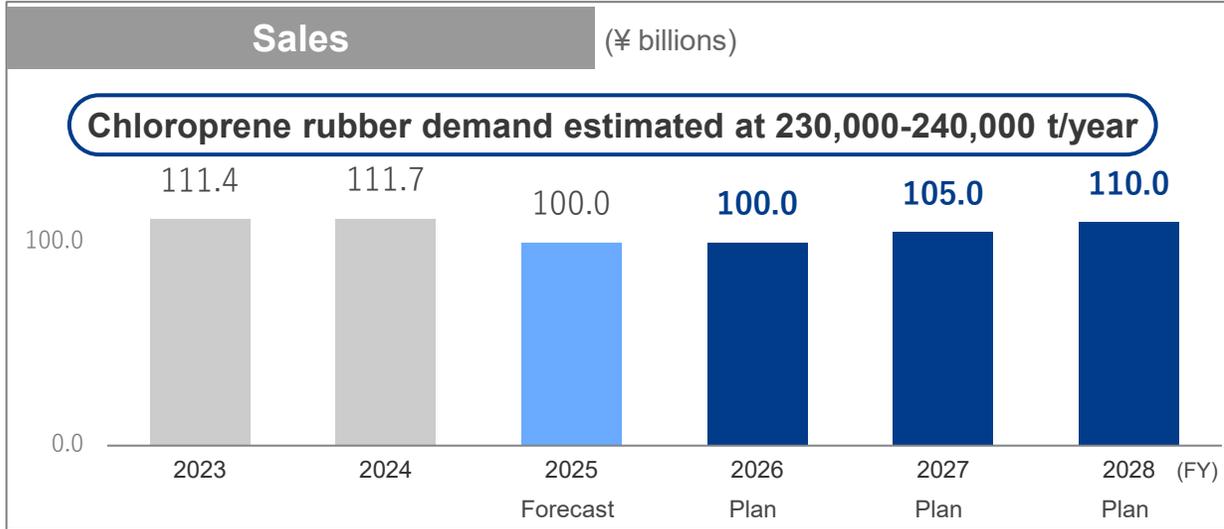
- Began looking into spin-off of styrenics business

Announced Feb 27, 2026



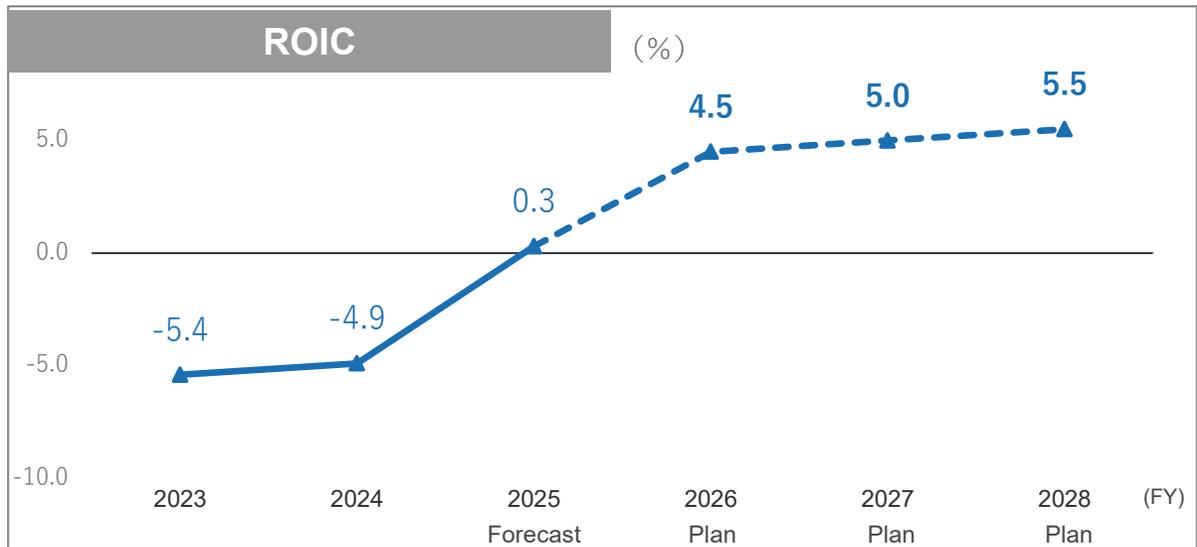
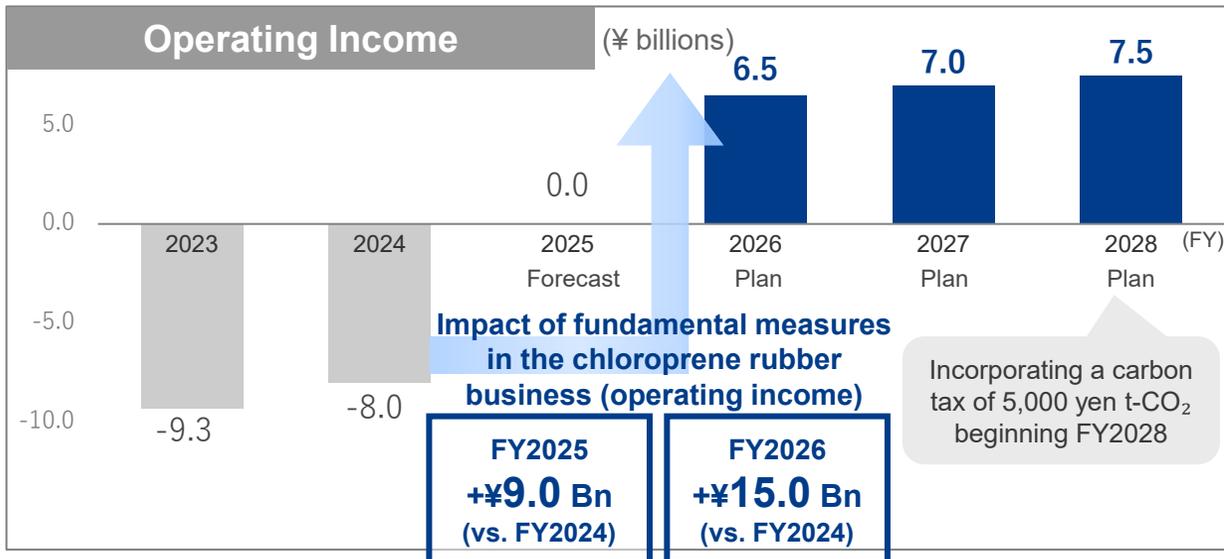
Long-Term Vision
Focus on businesses that can sustain competitiveness

■ Generate cash using the profit contribution of structural reforms and improved profitability from the chloroprene rubber business

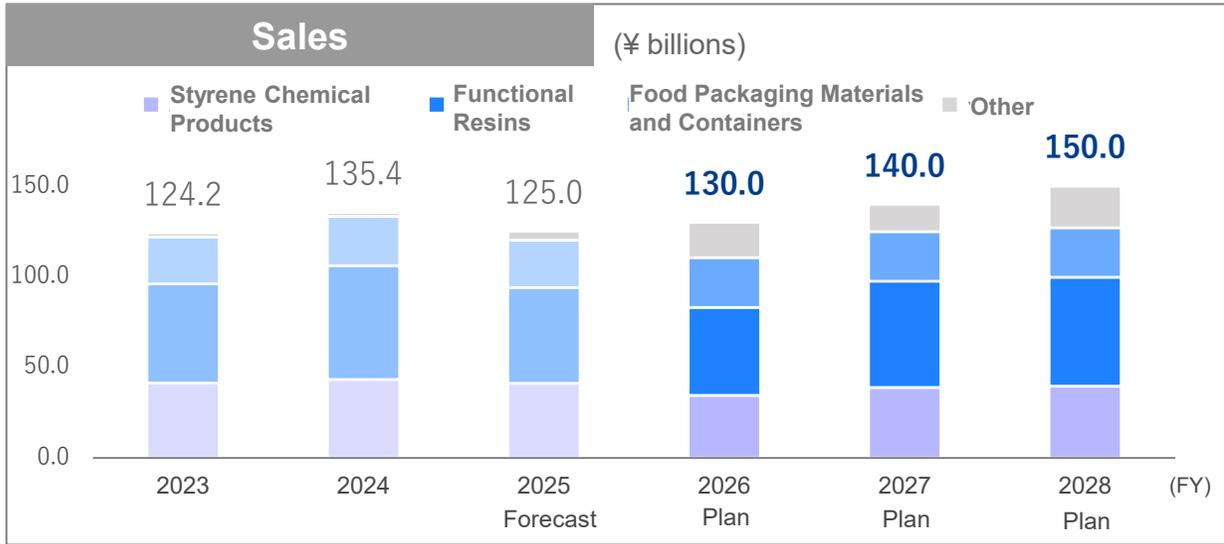


Rationale for Cash Cow

- Impact of fundamental measures in the chloroprene rubber business**
 +¥15.0 billion in FY2026 (vs. FY2024)
 Maximum utilization of U.S. sales network acquired through DPE
- Maximization of benefits from hydroelectric power generation and structural reform of low-capital-efficiency businesses**
- Add environmental value to improve competitiveness in new markets**
 FASTRONG, biomass colgate, LEAF

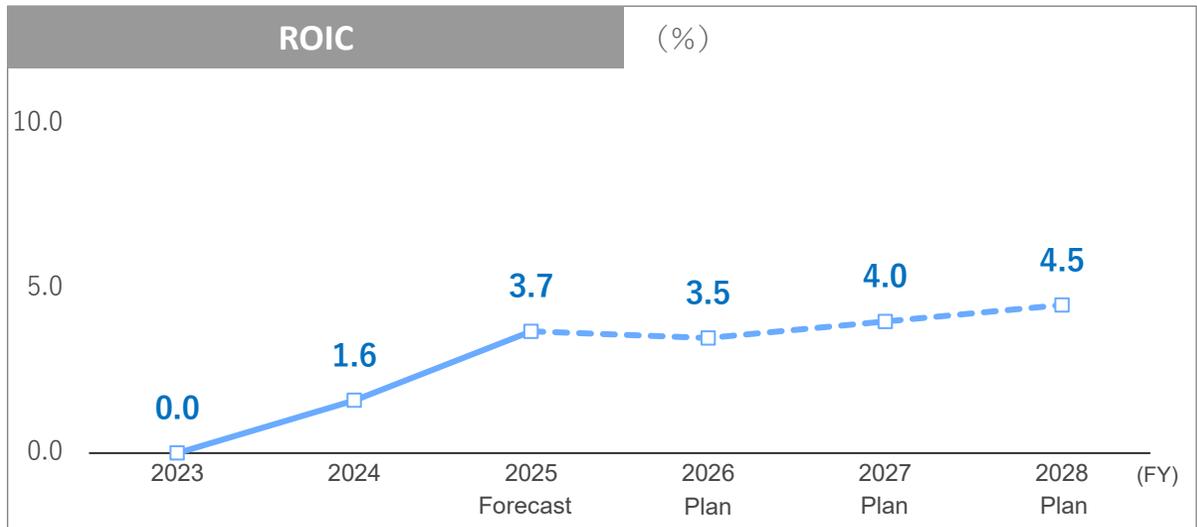
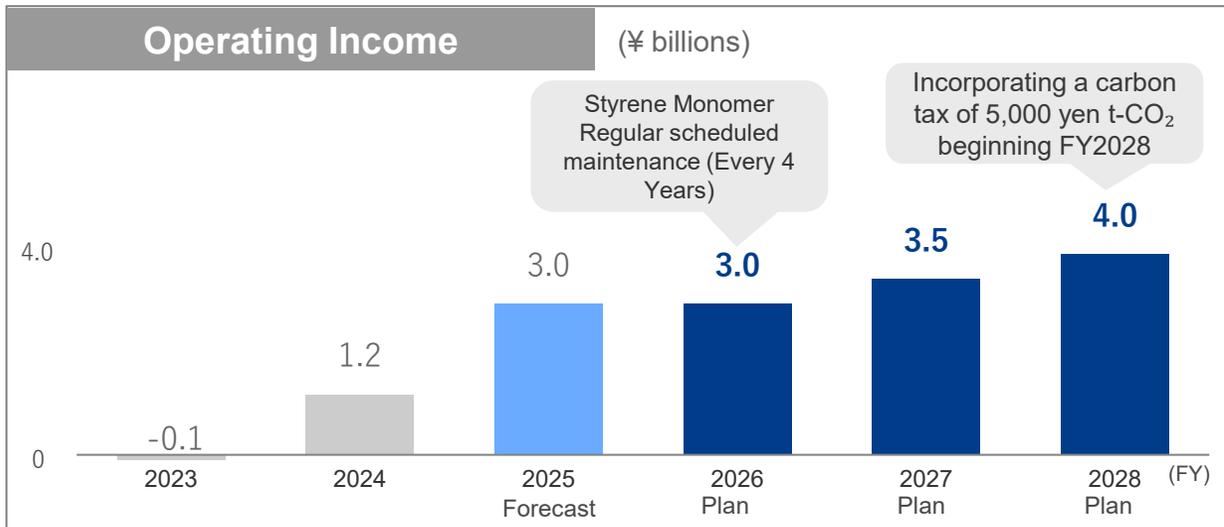


ROIC improvement through production optimization and other structural reforms



Rationale for Cash Cow

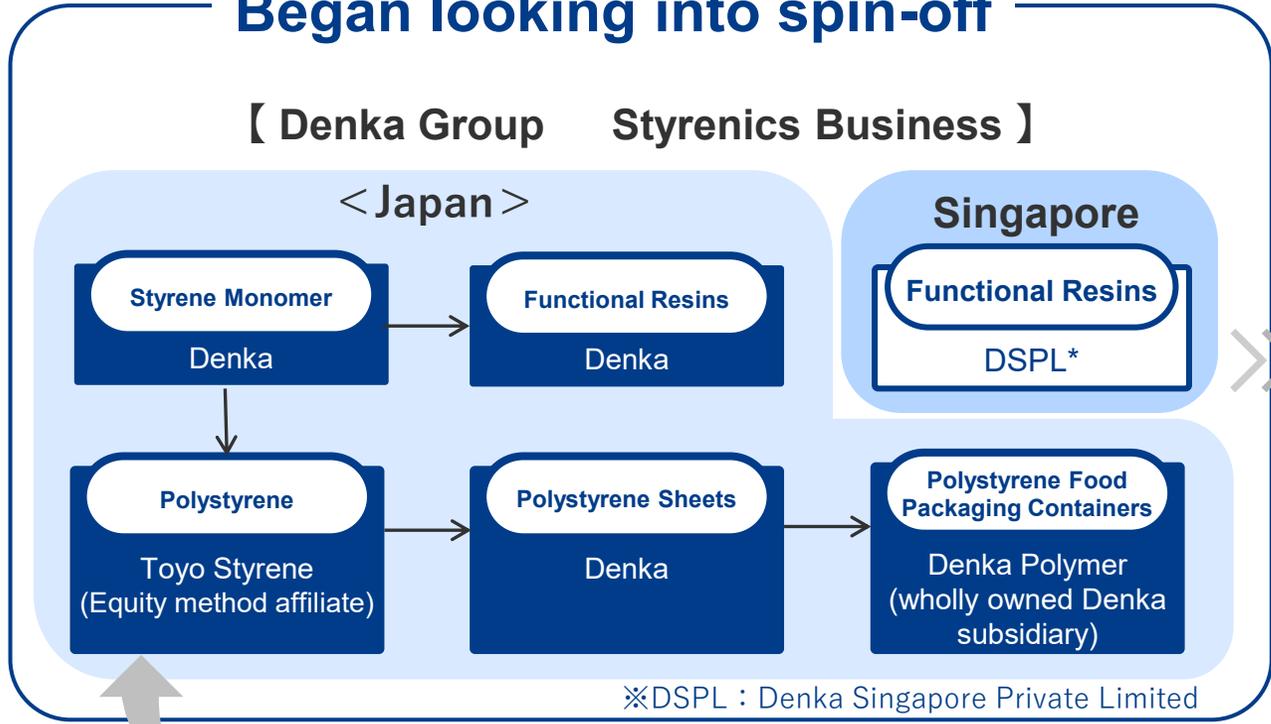
- Structural reforms throughout the styrene chain**
Began looking into spin-off and/or external collaborations
- Structural reform via downsizing and other individual business optimization**
Optimize production in our own styrene chain; consider collaborations with other companies and select best owners, accounting for the characteristics of each product



■ Began looking into spin-off of styrenics business

Began looking into spin-off

【 Denka Group Styrenics Business 】



Reference: Investment Ratio of Toyo Styrene (Equity Method Affiliate)

Denka Company Limited	: 50%
NIPPON STEEL Chemical & Material Co., Ltd.	: 35%
Daicel Corporation	: 15%

Timing: Around April 2027

Purpose

- Expand strategic options, including collaborations and equity alliances
- Strengthen profitability and invest for future growth through agile decision making

Background Leading to the Spin-Off

Internal Environment

As part of the portfolio transformation, carefully select businesses with a competitive advantage in light of rapid changes in the external environment

External Environment

- Increased international competition stemming from an expansion of production facilities
- Declining profitability and cash generation capacity due to lower utilization rates
- Need for a flexible business management structure that includes industry collaborations and strategic partnerships

■ Implement a trickle-out strategy based on existing products for more rapid market introduction



Trickle-Out Strategy

Strengthen collaboration between new business creation and business divisions

Uncover latent needs that exist peripheral to existing businesses and commercialize opportunities as quickly as possible

From FY2023

Develop SNECTON and expand laterally in cutting-edge fields based on the SNECTON technology



Identify cutting-edge market needs in business fields

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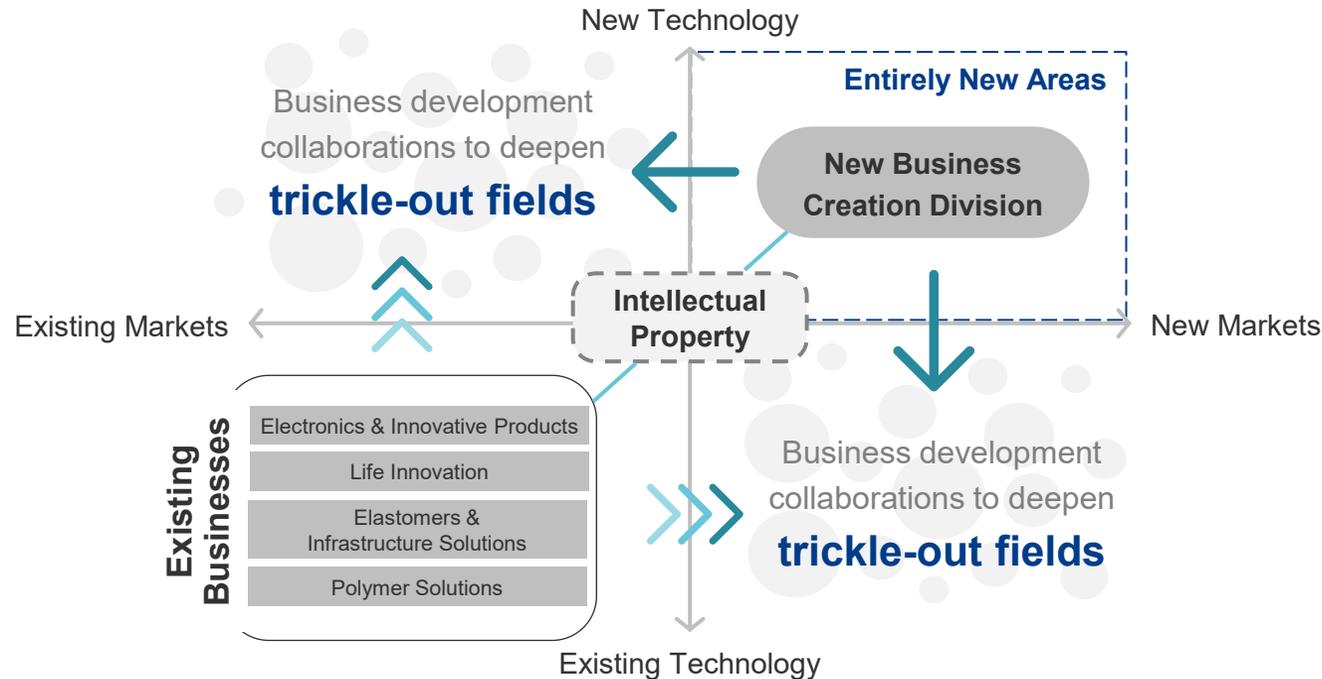
From FY2026

Select 10 new business candidates with significant growth potential for FY2030 and beyond



Several new businesses are expected to become profitable during Phase 2

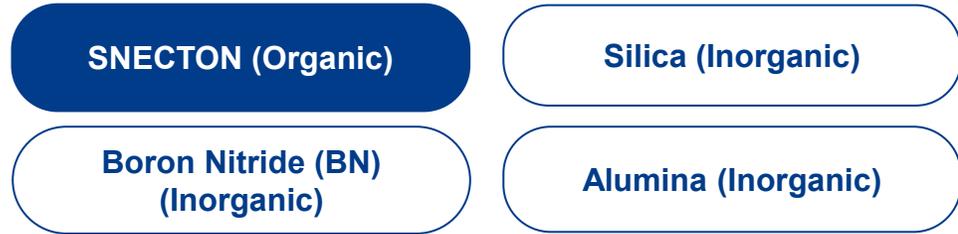
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Denka's Strengths

Extensive Technological Expertise in Organic Chemistry × Inorganic Chemistry × Biotechnology

Phase 1 Trickle-out Strategy: Launch of SNECTON and expansion into related businesses



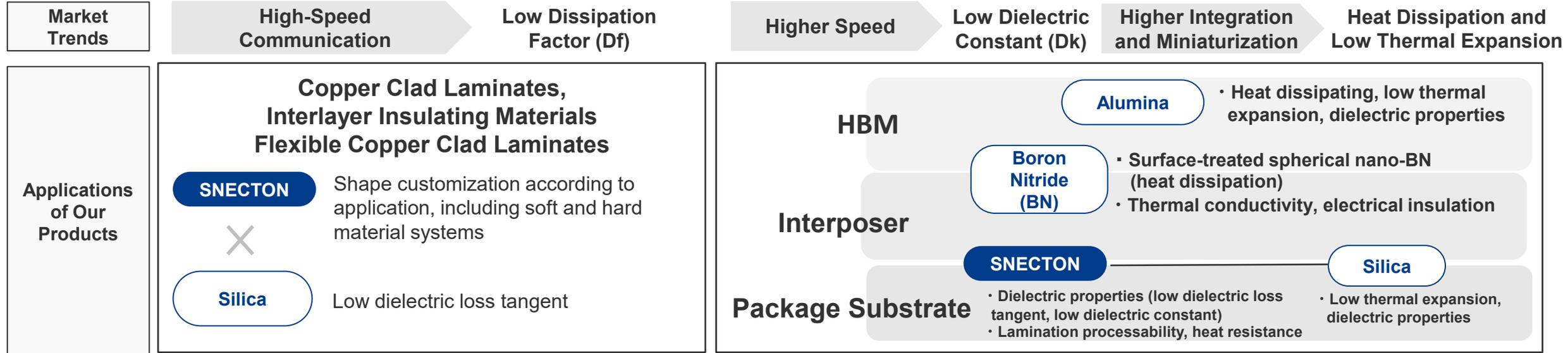
Expand Lineup

Phased development of grades with different characteristics, including product formats, glass transition points, etc.

Propose Set Solutions to Meet Increasingly Sophisticated Demands

Printed Circuit Boards

Next-Generation Semiconductors



Strategic Development in Business Units

Specific initiatives toward new business creation

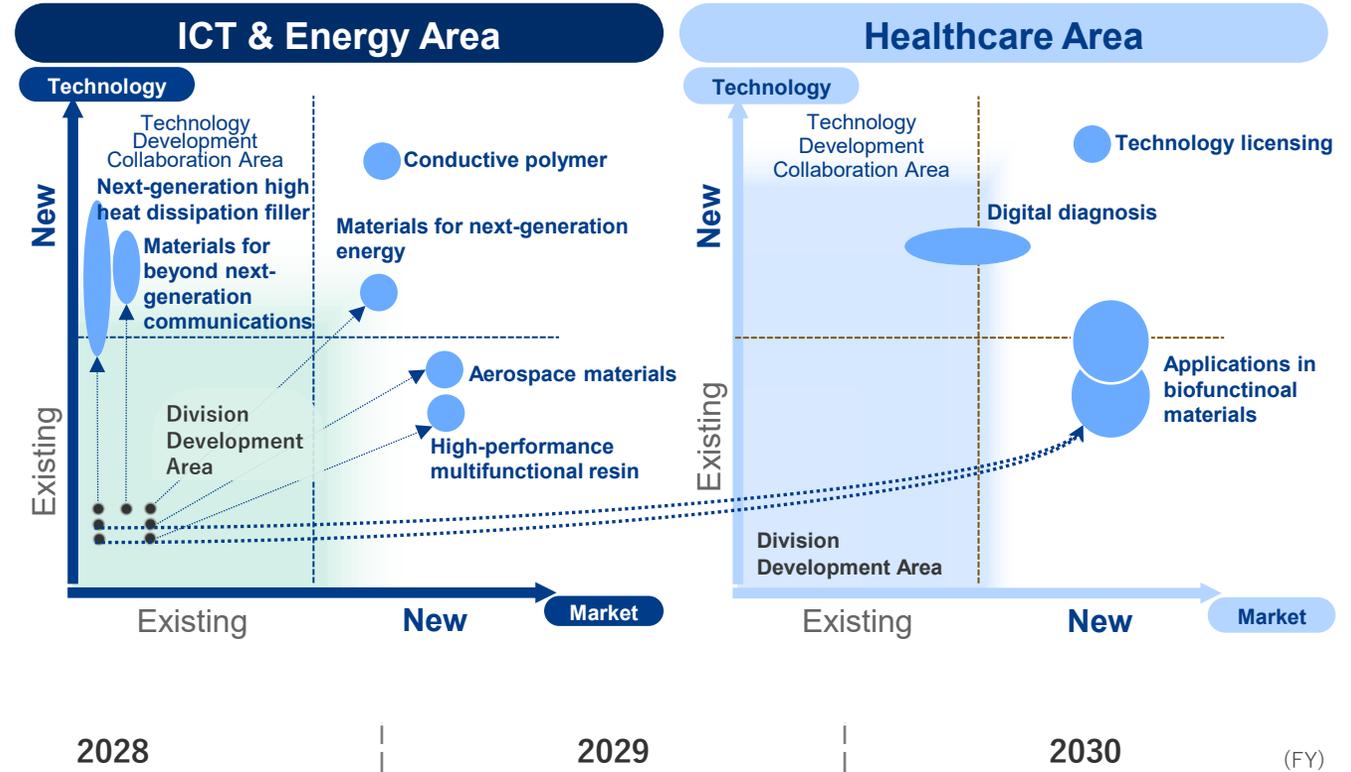
New Focus on Electronic Materials

Spherical fused silica, spherical alumina
Nitrides
(High-temperature processing material)

Existing Products

HARDLOC and ELEGRIP
(Adhesive bonding material that cures at room temperature)

SNECTON
(Resin material offering low dielectric loss tangent and cross-linking properties)



10 New Business Candidates and Target Dates for Commercialization

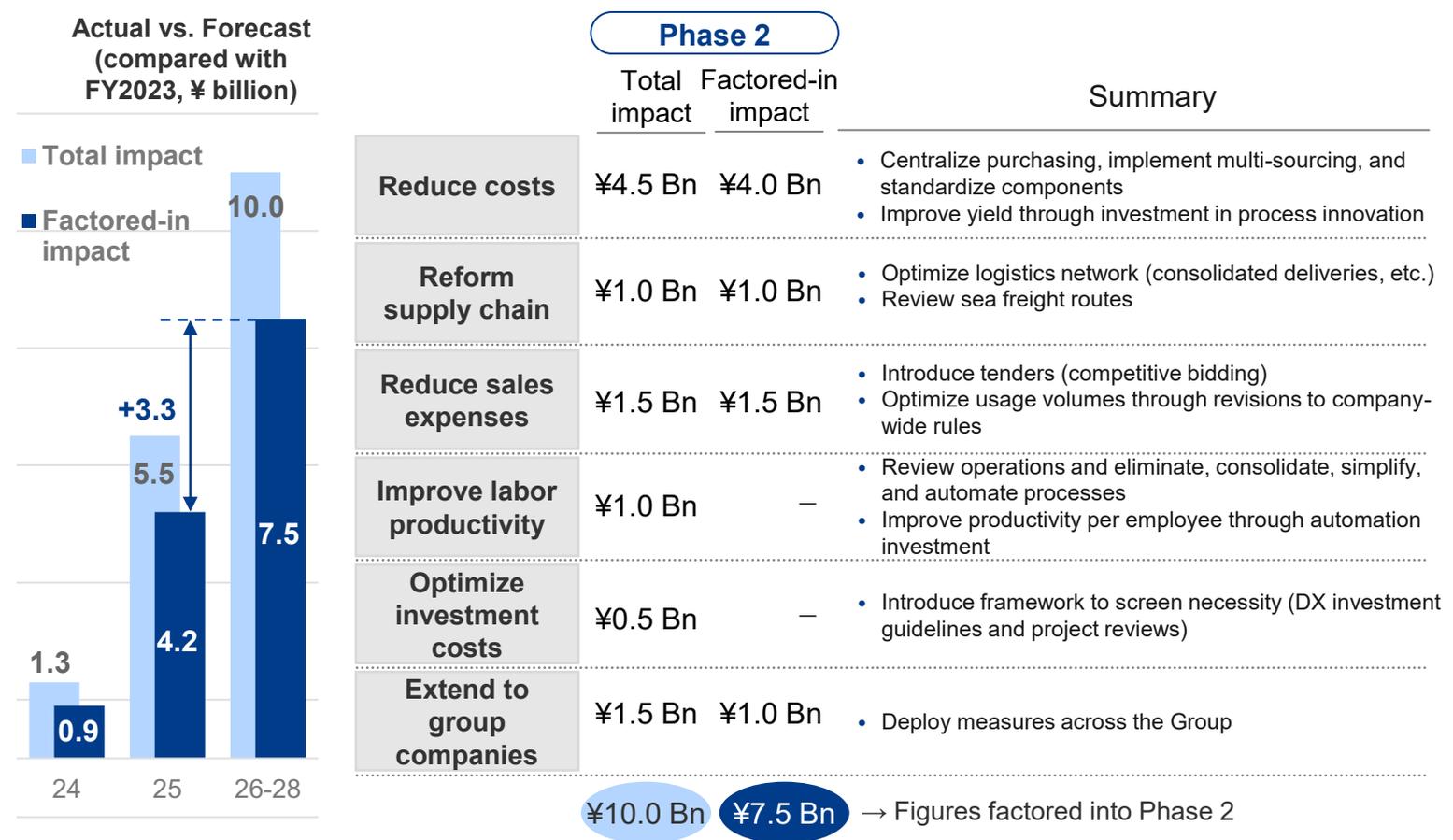


	2027	2028	2029	2030	(FY)
Healthcare	(1) Technology licensing	(5) Digital diagnostics (CVC:AeviceHealth)			
ICT&Energy		(3) Conductive polymers (CVC:Cleva) (4) High-performance multifunctional resins (CVC:AresMaterials)	(6) Next-generation high heat dissipation filler (CVC:Naieel) (7) Materials for next-generation energy	(8) Aerospace materials (9) Materials for beyond next-generation communications (academia)	
Sustainable Living				(10) CO2 utilization technology (academia)	

※academia : Collaboration with universities and other institutions

■ Achieve 10 billion yen in cost improvements through the Best Practices Project and enhance human resources value through operational improvements and the growth of each employee.

Actual vs. Forecast



■ Total impact amount: Total amount of impact calculated based on the measurement criteria defined under the project.
 ■ Factored-in impact: Direct impact on gains and losses, excluding reductions in labor hours (effective avoidance of additional hiring), suppression of purchase price increases, and restraint of additional investment expenses.

Changes at Denka Driven by the Project

- Mindset Shift → Treat Costs as Personal Responsibility**
 - Consistent communication from top management
 - Involvement of numerous employees in cost reduction activities
 - A growing culture of **recognizing the necessity and appropriateness of costs**
- Mastery of Basic Operations → Understanding the Key Drivers of Operational Efficiency**
 - Company-wide sharing of operational efficiency checklists
 - Autonomous operational improvements** at each worksite

Examples

 - ✓ Is this work truly necessary?
 - ✓ Are there overlaps in functions or roles?
 - ✓ Are processes, services, or outputs excessive?
 - ✓ Is there potential for automation, standardization, or outsourcing?
- Data-Driven Approach → Establishment of a Fact-Based Mindset**
 - Thorough visualization of cost structures across a wide range of expenses
 - Shift from experience- and intuition-based discussions to data- and fact-based discussions
 - Optimization of previously unaddressed costs**
 - Review of unnecessary expenditures and excess inventory**

■ Steady progress toward 2030 targets

Sustainability Management From a Medium- to Long-Term Perspective

Phase 1

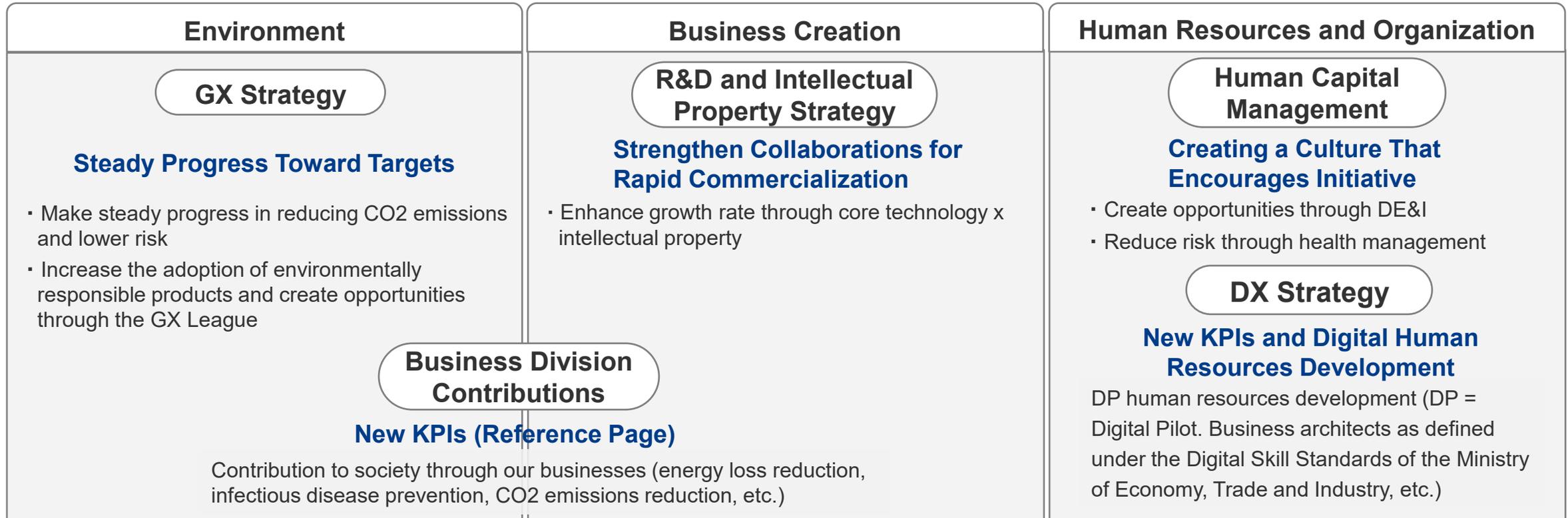
Non-financial KPIs under Mission 2030 are progressing steadily



Phase 2

- Implement each strategy to achieve targets
- Revise certain KPIs to align with our vision

Phase 2 (Overview)



List of Key Non-Financial KPIs

Steady progress toward achieving targets such as CO₂ emission reduction

Progress (Changes) in Key Financial KPIs	FY2023 Actual	FY2024 Actual	FY2025 Forecast	FY2026 Plan	FY2030 Target	Comment
CO₂ emissions (vs. FY2013)	29% reduction (1.75 million t-CO ₂)	28% reduction (1.77 million t-CO ₂)	40% reduction (1.47 million t-CO ₂)	53% reduction (1.17 million t-CO ₂)	60% reduction (0.98 million t-CO ₂)	Withdrawal from cement has brought us closer to target achievement
Maximum renewable energy output (MW)	146	147	146	150	150	Approaching target achievement levels with launch of renewable energy generation
Frequency of occupational accidents <small>(no. of injuries or deaths/total working hours x 1,000,000)</small>	0.43	0.73	0.5※	0.5	≤ 0.2	*Annualized number of occupational accidents as of this time
(New) Ratio of females in management positions	5%	5%	5%	8%	15%	Medium- to long-term succession plans
(New) Development of digital human resources	-	* DP 78 people	DP 170 people	* DP 270 people	DP 400 people	*Digital Pilot Business architects as defined under the Digital Skill Standards of the Ministry of Economy, Trade and Industry, etc.
(Discontinued) Ratio of female/foreign/mid-career managers	-	-	-	-	50%	Changed the target to focus on the ratio of female managers
(Discontinued) Average training expenditure	-	-	-	-	Doubled the ratio as of FY2021 (¥106,000/people/year)	Developing new KPIs tied to management strategy

Probability of Achieving CO₂ Emissions Targets

Withdrawal From Cement Business



CO₂ Emissions Reduction

(vs. FY2013)

approx.

900,000 t-CO₂

Production ended in June 2025

Denka's Use of In-House Hydropower Power



Power Source Composition
*FY2024

approx. **30%**

Number of Power Plants
*Includes joint venture holdings

17 locations

General Household Power
Consumption Equivalent

approx. **180,000**
households

Maximum Output

approx. **140MW**

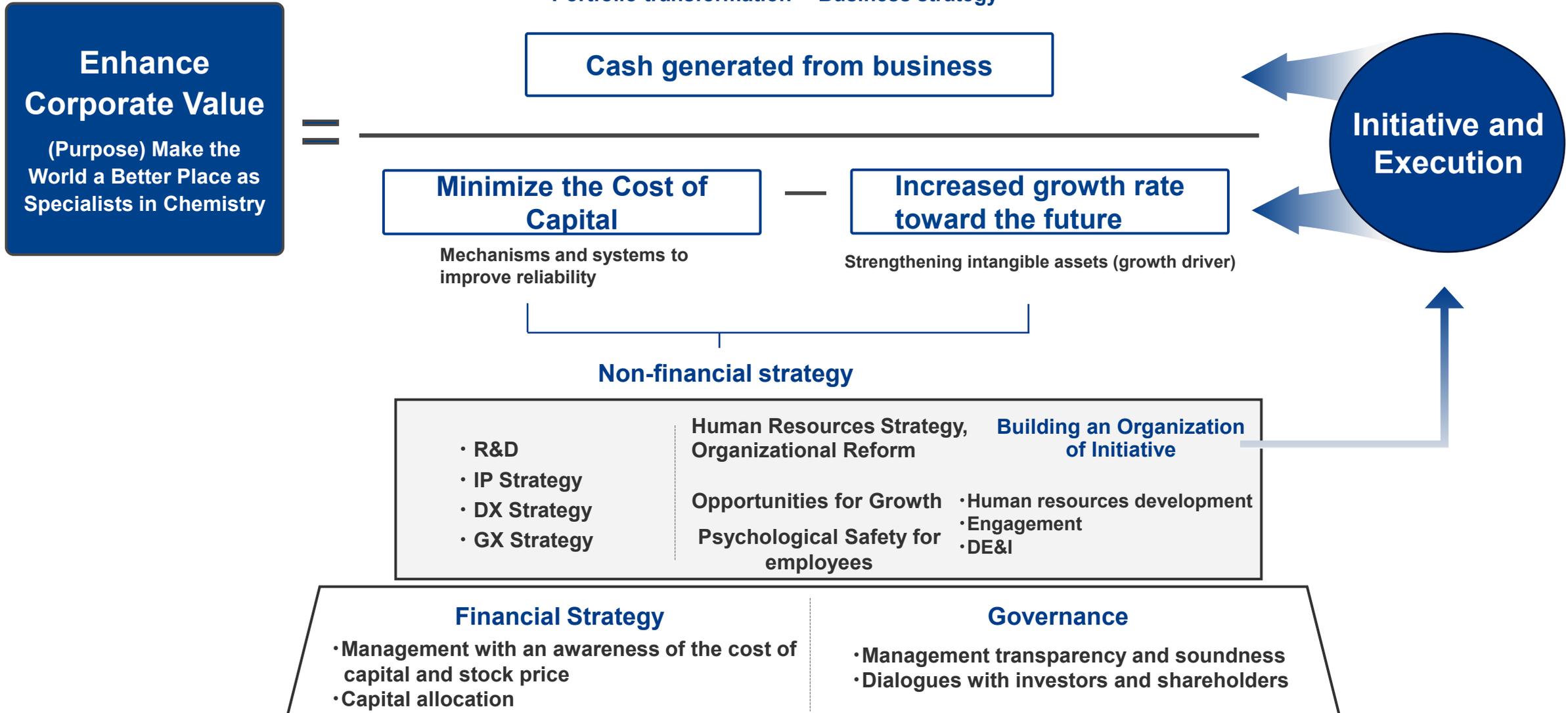
1 Basic Policy and Vision

2 Phase 2 Strategies

3 Reference

■ List of Key financial objectives

Misson2030 (¥ billions)		Phase 1			Phase 2			Initial Target	
		FY2023 Actual	FY2024 Actual	FY2025 Forecast	FY2026 Plan	FY2027 Plan	FY2028 Plan	FY2026	FY2030
Profitability	Sales	389.3	400.3	390.0	410.0	440.0	470.0	550.0	650.0
	Operating Income	13.4	14.4	25.0	35.0	40.0	45.0	60.0	100.0
	Operating Margin	3.4%	3.6%	6.4%	8.5%	9.1%	9.6%	11%	15%
	Net Income	11.9	-12.3	15.0	18.0	22.0	26.0	39.8	69.7
Capital Efficiency	ROE	4.0%	-4.1%	5.1%	Aiming for an ROE of 8.0% beginning in FY2026 as an achievable target			11%	15% or higher
	ROIC	2.5%	2.5%	4.2%	5.0%	5.5%	6.0%	7% or higher	10% or higher
Capital Allocation	D/E Ratio	0.57	0.73	0.75	0.75	0.70	≤ 0.7	0.6 to 0.8	
	Investment	43.7	69.2	61.0	43.0	34.0	33.0	¥570 billion in cash flow from investing activities over 8 years	
	Total Return Ratio	72%	-	57%	<ul style="list-style-type: none"> Total return ratio target of 50% (cumulative eight-year total for plan) Aiming to maintain and increase dividend per share 			50%	
	Annual Dividend (¥/share)	100	100	100				-	



(Reference) Major Initiatives Under the Non-Financial Strategy

■ Non-financial strategy: Progress toward 2030 targets

Phase 2 Measures

GX Strategy

Steady Progress Toward Targets

- Strengthen competitiveness of businesses and products that contribute to carbon neutrality
- Design a system for environmentally friendly products
(calculate the environmental value of existing products, develop a mechanism for creating environmentally friendly products, create environmental value from the perspective of the production process incorporating the mass balance method (e.g., hydroelectric power generation))
- Expand the ratio of renewable energy; support emissions trading in the GX League
⇒ Reducing CO₂ emission risks and maximizing business opportunities for environmentally friendly products

DX Strategy

New KPIs and Digital Human Resources

Establish KPIs (no. of laborers reduced, time saved, budget savings)
Brainstorm new business ideas using generative AI
DP human resources development
(DP = Digital Pilot. Business architects as defined under the Digital Skill Standards of the Ministry of Economy, Trade and Industry, etc.)

R&D and Intellectual Property Strategy

Strengthen Collaborations for Rapid Commercialization

Accelerate growth rates via core technology x intellectual property

- Trickle-out strategy through collaboration among R&D, IP, and business divisions
- Accelerating the new business exploration process (AI Analysis & IP Landscape)

Human Capital Management

Creating a Culture That Encourages Initiative

Link management strategy and human capital strategy (optimize recruitment, placement, and human capital development)

Health management and DE&I; improved employee engagement

Review KPI for ratios of female/foreign/mid-career managers

→ Focus on female managers

Business Division Contributions

New KPIs (Reference Page)

Contribution to society through our businesses

(energy loss reduction, infectious disease prevention, CO₂ emissions reduction, etc.)

Division	Business That Solves Social Issues	Non-Financial KPIs	FY2030 Target
<p>Electronics & Innovative Products</p>	<p>Specialist in energy loss reduction and product life extension related to electronic products, leveraging a combination of organic and inorganic chemical technologies</p>	<p>Sales targets for materials that contribute to next-generation communications and generative AI innovations</p>	<p>Sales for low dielectric-related materials: <u>20 billion yen or more</u> (SNECTON, spherical fused silica, spherical alumina, boron nitride, etc.)</p>
		<p>Sales targets for materials that contribute to improved battery performance and life</p>	<p>Sales for conductive materials and high-heat-dissipating materials: <u>4x (vs. FY2024)</u> (acetylene black, spherical alumina)</p>
<p>Life Innovation</p>	<p>Specialist in supporting the health of people around the world and preventing infectious diseases/lifestyle-related diseases</p>	<p>Number of POCTs and IVD reagents adopted on major global platforms</p>	<p>At least <u>five</u> new adoptions</p>
		<p>Immediate production capacity increase for POCT during a pandemic outbreak</p>	<p>System for <u>2.5-times</u> increase vs. FY2024</p>
		<p>Increase the number of ferritin tests performed</p>	<p><u>150%</u> vs FY2024</p>
		<p>Increase the number of sd-LDL tests performed</p>	<p>Aiming for insurance coverage in FY2026; <u>400%-plus</u> vs. FY2024</p>

Division	Business That Solves Social Issues	Non-Financial KPIs	FY2030 Target
Elastomers & Infrastructure Solutions	Specialist in infrastructure sector CO ₂ reductions, leveraging technology in concrete	Reduced carbide chain CO ₂ emissions at the Omi Plant	<p>Reduce CO2 emissions by 23% (vs. FY2024; corrected results*) *Corrected results for FY2024: Value obtained by subtracting cement and CSA from actual FY2024 emissions < Under consideration ></p> <ul style="list-style-type: none"> • Make effective use of resources by reusing surplus quicklime powder • Capitalize on the potential of converting carbide electric furnace raw materials (e.g., biochar and purchased quicklime)
	Specialist in solving global food shortages through biostimulant soil improvement technology	Number of biostimulants deployed worldwide	<p>Biostimulants Participate in overseas exhibitions: 10 or more (+6 countries vs. FY2025)</p>
	Specialist in facilitating the use of recycled raw materials and resource recycling related to fertilizer products	Ratio of recycled raw materials in fertilizer products	<ul style="list-style-type: none"> • Fused silicate phosphorus fertilizer Toretaro: 100% replacement from phosphorus ore (planned replacement rate for FY2025: 10%) • Hinode Kagaku Kogyo is replacing phosphate ore with ash from combustion of sewage sludge as a raw material for fertilizer products

Division	Business That Solves Social Issues	Non-Financial KPIs	FY2030 Target
<p>Polymer Solutions</p>	<p>Specialist in expanding circulation and delivering limited resources to the future</p>	<p>Introduction of environment-related products</p>	<p>Number of D-NODE™-related products on the market: <u>30</u></p>
		<p>Establish a system, from styrene chemical recycling tests to implementation</p>	<ul style="list-style-type: none"> ▪ Circular volume: <u>5,000 tons/year</u> ▪ Lateral recycling partners: <u>10</u>
<p>New Business Development</p>	<p>Specialist in creating new businesses that will improve the quality of life in the future</p>	<p>Number of new businesses created to solve social issues</p>	<p><u>5</u></p>
		<p>Number of new business ideas for solving social issues</p>	<p><u>10</u></p>

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.

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Possibility of chemistry

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