



Results Presentation of FY2025 2Q

(The 1st Half of the Fiscal year ending March 2026)

Denka

Possibility
of
chemistry

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Securities code: 4061

Denka Co., Ltd

November 10, 2025

- Continuing to fully bringing down manufacturing facilities and equipment into a safe status
- Discussions with each stakeholder are ongoing

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

Equipment	To fully bringing down the manufacturing facilities and equipment into a safe status, DPE is continuing to remove and dispose of hazardous materials, including raw materials and intermediates remaining in the equipment. Key progress since 1Q: Completed removal and disposal of the substances classified as most hazardous. Current efforts include phased removal and disposal of remaining hazardous materials that pose industrial disaster risks, and cleaning of facilities.
Stakeholders	To minimize future costs, DPE is continuing discussions with relevant stakeholders.
Shipments	Key progress since 1Q: Completed switchover to Denka Omi Plant products for previous users of DPE products. Nearly all DPE product inventory shipped during first half.

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- **Operating income:** Fundamental measures had a +1.8 billion yen impact in 1H in line with the plan; expecting a +8.6 billion yen impact for the full year (vs. FY2024)
- **Extraordinary losses:** -8.4 billion yen in 1H due to the write-down of raw materials and intermediate goods, as well as labor and other costs associated with material removal costs and related expenses
We expect additional extraordinary losses in 2H, including labor and other costs associated with material removal costs and related expenses; however, we plan to offset these as much as possible, such as extraordinary gains

(¥ billions)		1Q	2Q	2H	Full-Year	
Operating income	Impact of fundamental measures	+ 0.9	+0.9	+ 6.8	+ 8.6	Full benefit from 2H due to plans to ship all DPE inventory by the end of 1H
Extraordinary gains and losses	DPE-related losses	-2.1 (only includes write-downs of raw materials and intermediate goods, etc.)	-6.3 (Labor and other costs associated with material removal costs and related expenses)	Labor and other costs associated with material removal and related expenses to continue as extraordinary losses from 2H		
	Gain on sale of land for Ofuna Plant	+ 8.2	0.0	Compensate		
	Gain on sale of strategic cross-shareholdings, etc.	0.0	0.0			
				Consider as needed		

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FY2025 1H
Results
(P5-P14)

- **Operating income: 9.7 billion yen +0.4 billion yen YoY**
Electronics & Innovative Products volume +3.4: Moderate demand recovery for general-purpose semiconductors and expanding demand for generative AI-related semiconductors and power infrastructure
Fixed costs -1.1 (depreciation -0.7, other), currency fluctuations -1.1
- **Net income: 3.9 billion yen +0.5 billion yen YoY**
DPE-related losses 1H FY2024: None
→ 1H FY2025: -8.4 billion yen (write-down of raw materials in equipment, costs associated with material removal, etc.)
Gain on sale of land for Ofuna Plant 1H FY2024: None → 1H FY2025: +8.2 billion yen

FY2025
Earnings Forecast
(P15-P19)

- **Operating income: 25.0 billion yen** (unchanged from initial forecast)
 - **Net income: 15.0 billion yen** (unchanged from initial forecast)
- Operating income: In line with overall forecast, despite mixed results by segment
V-shaped recovery including the +8.6 billion yen impact of fundamental measures related to the chloroprene rubber business
- Net income : We expect to 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
(P20)

- **Dividend forecast: No change from 100 yen per share** (57% total return ratio)
- **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)**

Direction of
Management Plan
Mission 2030
Revision (P24-32)

- **Revised Mission 2030 to be announced in February 2026**
- **Phase 2 (FY2026–FY2028): Target ROE of 8% or higher as a highly achievable goal**
- **Phase 3 (FY2029–FY2030): Aim for the best mix of ICT & Energy and Healthcare (operating income: 100 billion yen, 15% ROE); streamline Sustainable Living to focus on competitive businesses only**

FY2025 1st Half Results

■ Operating profit rose slightly year on year and exceeded the initial forecast

(¥ billions)	FY2024 1H Actual	FY2025 1H Actual	(Year on Year)	FY2025 1H Initial Forecast	(vs Initial Forecast)
Sales	199.1	196.7	-2.4	195.0	+ 1.7
Operating Income	9.4	9.7	+ 0.4	7.0	+ 2.7
Operating Margin	4.7%	5.0%	+ 0.3%	3.6%	+ 1.4%
Ordinary Income	5.6	6.8	+ 1.2	4.5	+ 2.3
Net Income Attributable to Owners of Parent	3.4	3.9[*]	+ 0.5	2.5	+ 1.4
Forex (¥/\$)	153.9	146.2		145.0	
Japan Naphtha (¥/kl)	77,700	65,000		69,000	

*DPE-related losses

1H FY2024: None

⇒ 1H FY2025: - 8.4 billion yen (costs associated with material removal, etc.)

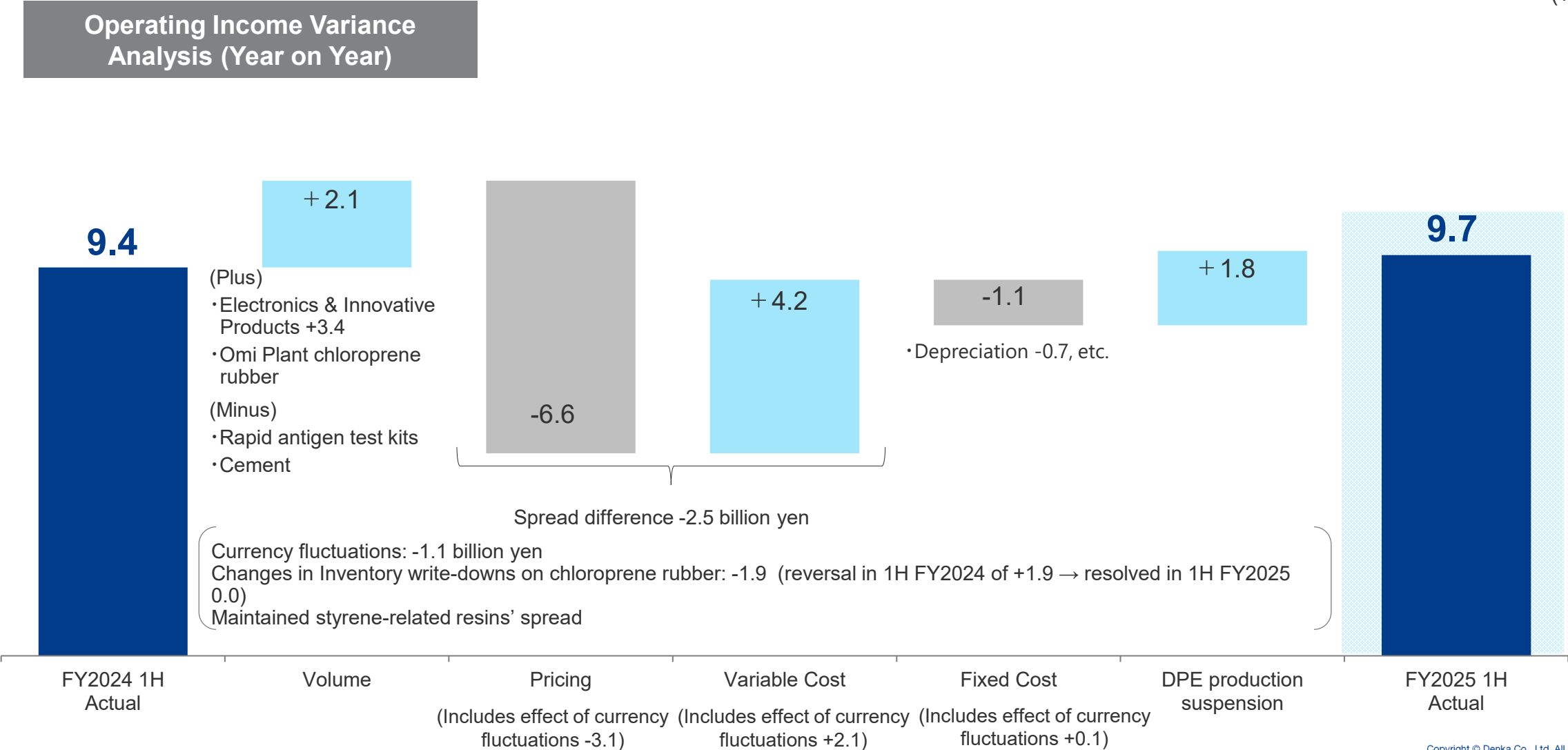
Gains on sale of land for Ofuna Plant

1H FY2024: None

⇒ 1H FY2025: +8.2 billion yen

■ Despite increased demand for generative AI-related semiconductor and power infrastructure applications and a moderate recovery in general-purpose semiconductors, currency fluctuations and higher fixed costs kept profit increase modest

(¥ billions)



- While profit increased in Electronics & Innovative Products and Polymer Solutions, profit declined in Life Innovation. As a result, overall performance improved slightly.

Sales	FY2024 1H Actual	FY2025 1H Actual	Incr. Decr.	Volume	Pricing	DPE production suspension	(¥ billions)
Electronics & Innovative Products	45.1	50.1	+5.1	+5.8	-0.7		
Life Innovation	22.4	21.4	-1.0	-1.1	+0.1		
Elastomers & Infrastructure Solutions	56.4	49.9	-6.6	-4.1	+1.0	-3.5	
Polymer Solutions	67.4	65.4	-2.0	+5.1	-7.1		
Others	7.7	9.8	+2.1	+2.1	+0.0		
Total	199.1	196.7	-2.4	+7.8	-6.6	-3.5	
Operating Income	FY2024 1H Actual	FY2025 1H Actual	Incr. Decr.	Volume	Pricing	Cost and Others	DPE production suspension
Electronics & Innovative Products	4.9	6.3	+1.4	+3.4	-0.7	-1.3	
Life Innovation	5.7	3.8	-1.9	-0.9	+0.1	-1.1	
Elastomers & Infrastructure Solutions	-3.0	-3.4	-0.4	-1.0	+1.0	-2.2	+1.8
Polymer Solutions	0.6	1.5	+0.9	+0.3	-7.1	+7.7	
Others	1.2	1.5	+0.3	+0.4	+0.0	+0.0	
Total	9.4	9.7	+0.4	+2.1	-6.6	+3.1	+1.8

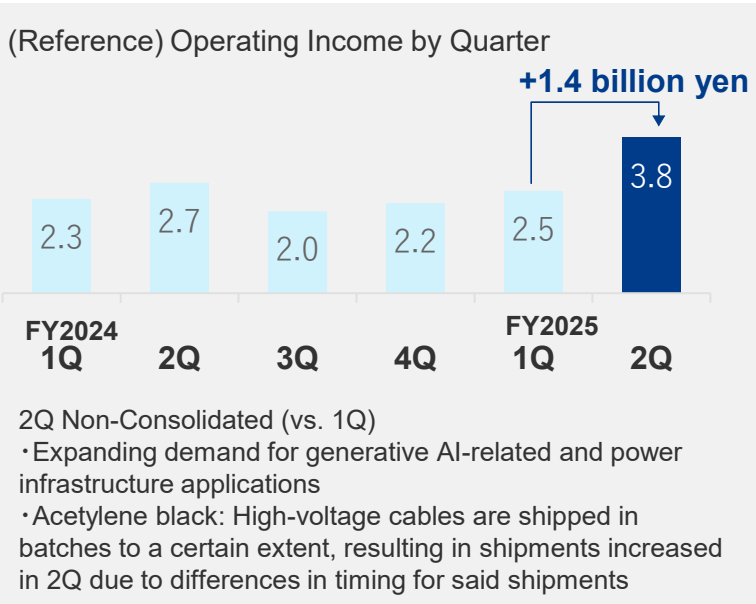
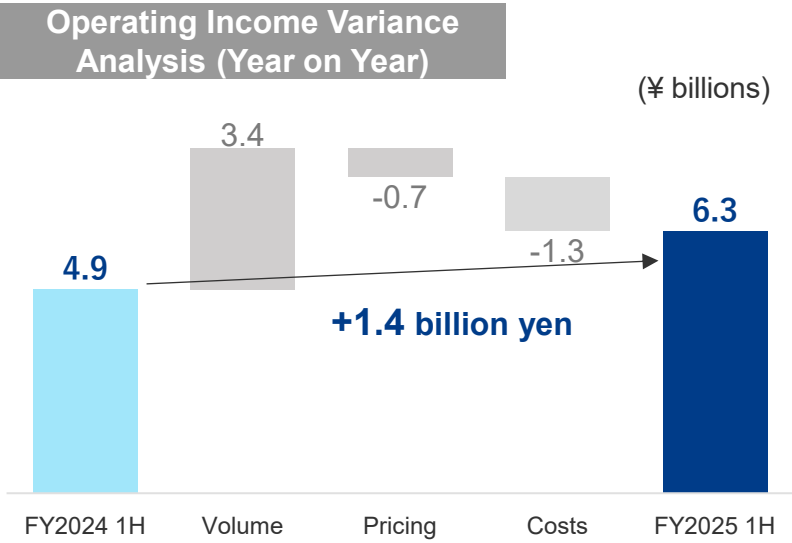
■ Increase in profit for Electronics & Innovative Products and Life Innovation

(¥ billions)

Sales	FY2023				FY2024				FY2025		Vs. FY2025 1Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	26.5	+ 2.9
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	14.8	+ 8.3
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	24.1	- 1.7
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.6	- 2.2
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.6	+ 1.3
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	102.6	+ 8.6

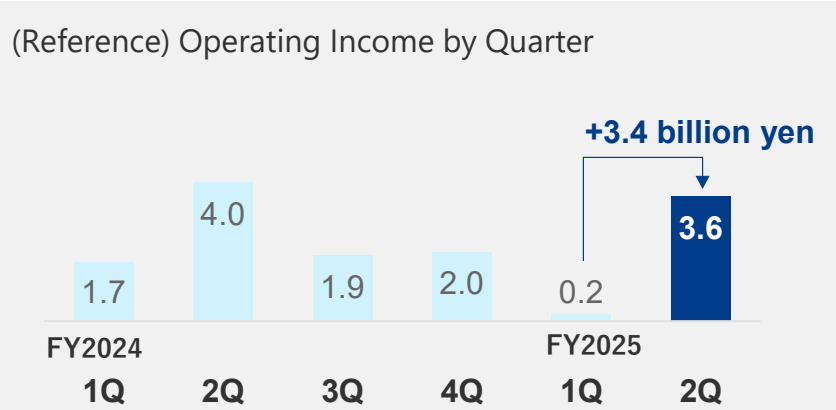
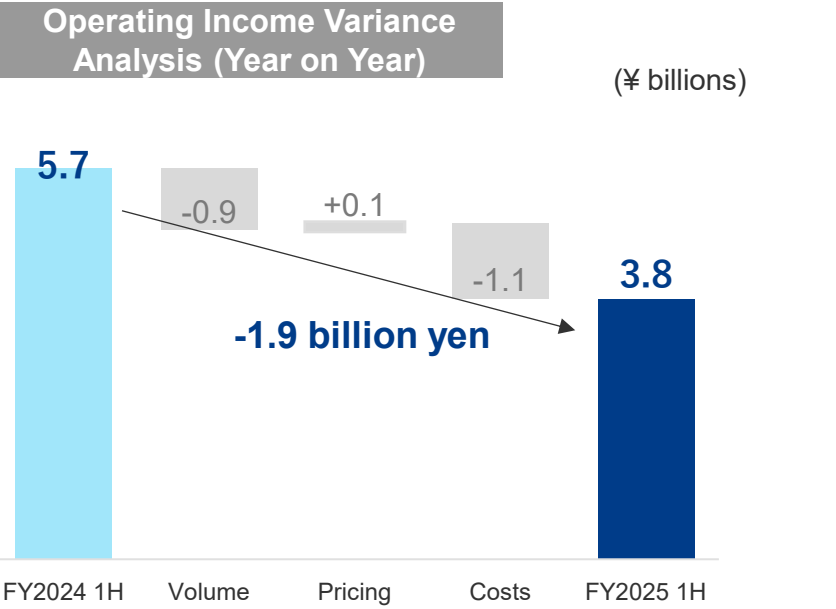
Operating Income	FY2023				FY2024				FY2025		Vs. FY2025 1Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	2.5	3.8	+ 1.4
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	0.2	3.6	+ 3.4
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-1.4	-2.0	-0.6
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	1.1	+ 0.7
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	0.6	0.9	+ 0.3
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	7.4	+ 5.1

Profit increased, driven by stronger demand for generative AI-related semiconductors and power infrastructure applications, as well as a moderate recovery in general-purpose semiconductors



Reason for Variance (Year on Year)		By Application			Pricing	Cost and Others
	Volume	Semiconductor and Electronic Components	xEV	Other		
		TIM applications* Ongoing gradual recovery in demand Thermal conductive molding compound applications Ongoing strong sales for AI applications				
Spherical alumina	→		Sluggish sales in Europe	—	→	Level year on year due to currency fluctuation, despite increase in high-value-added products
Spherical fused silica	↗	Semiconductor sealants applications Ongoing gradual recovery in demand Resin substrate applications Ongoing strong sales for AI applications	—	—	→	↓ Increase in depreciation expenses -0.7
High-performance film	→	Gradual recovery	—	—	→	Level year on year Inventory impact (effects of high unit cost beginning inventory), etc.
Acetylene Black	→	—	Sluggish sales in Europe	For power infrastructure Strong demand for high-voltage cables	↘	Currency fluctuations: Negative
Silicon nitride (powder)	→	—	For heat dissipation substrates and bearing balls Level year on year due to replacement demand, despite sluggish EV market	—	→	Level year on year
Ceramic Substrates (silicon nitride and aluminum nitride)	→	—	Sluggish sales in Europe	For electric railway Continued steady performance	↗	Progress in increasing prices

■ Shipment decline in COVID-19 test kits from reduced testing demand; ongoing decrease in IVD reagents due to sluggish demand in certain overseas areas

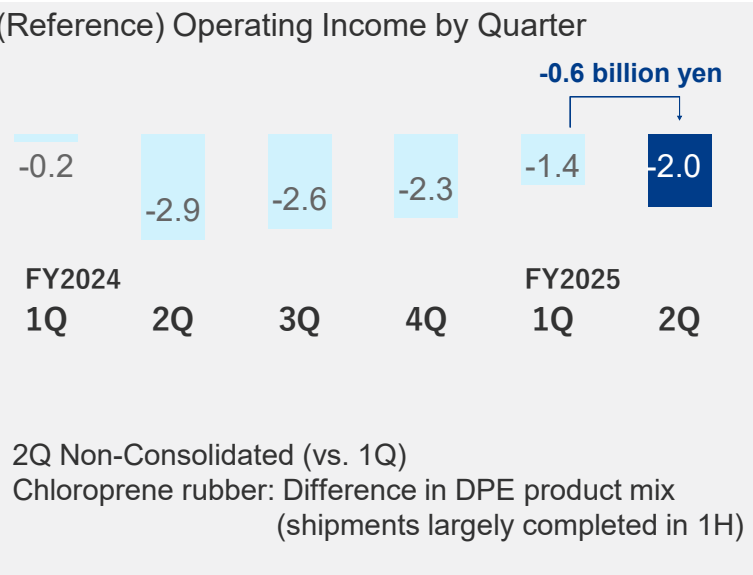
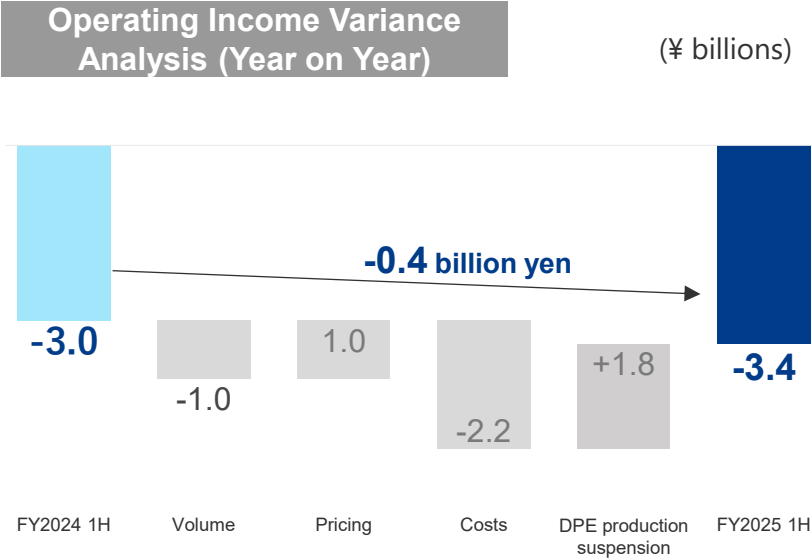


2Q Non-Consolidated (vs. 1Q)
Influenza vaccine: Shipments started in September as planned
Rapid antigen test kits: Increased shipments of combo kits

Reason for Variance (Year on Year)				
		Volume	Pricing	Cost and Others
Influenza vaccines	↗	Early shipments began in September as planned	→	Level year on year
Rapid antigen test kits	↘	- Decrease in shipments of COVID-19 test kits due to lower demand for testing caused by lower outbreak of the disease compared with the previous year - Shipment of influenza test kits exceeded previous-year results; combo kits increased slightly	→	Same as above
IVD reagents (inflammation markers, etc.)	↘	Decreased sales due to weak demand in some overseas markets	→	Same as above

↘ Increase in fixed costs (depreciation-0.5, etc.)

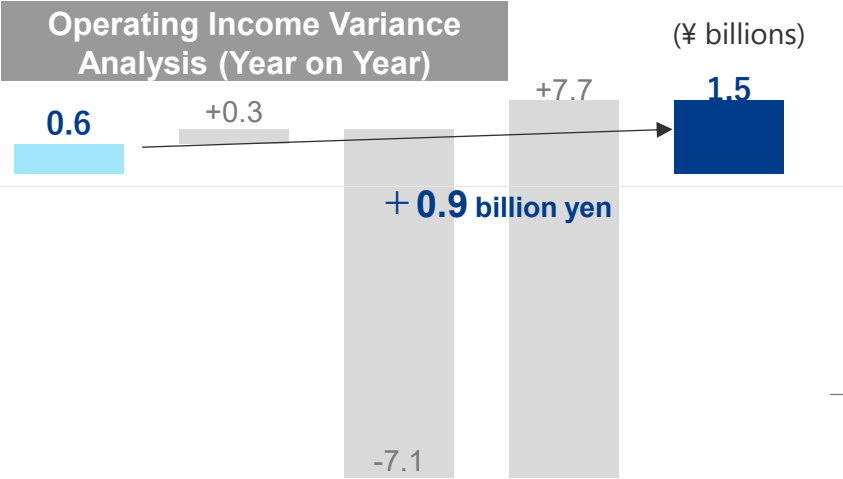
Year-on-year results remained flat, as changes in inventory valuation write-downs for chloroprene rubber offset the positive impact from the DPE plant suspension



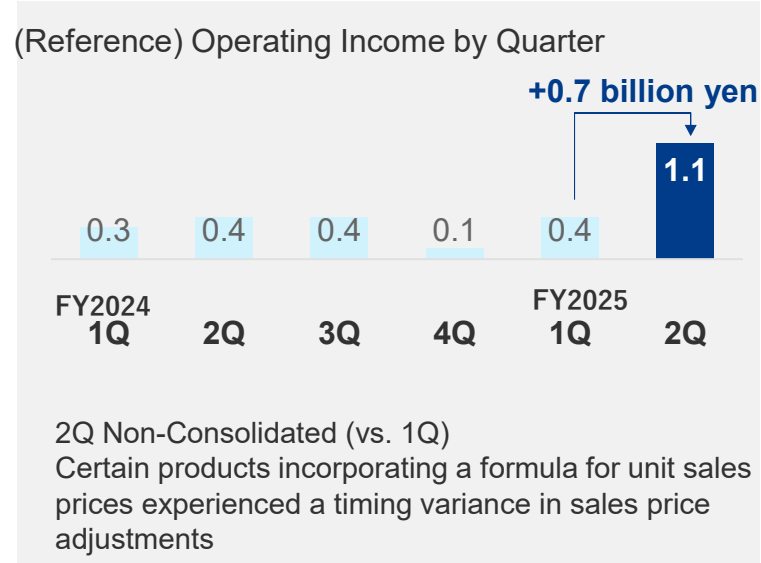
Reason for Variance (Year on Year)

	Volume	Pricing	Cost and Others
Chloroprene rubber	⬆️ Demand was level year on year, while shipments of products from the Omi Plant increased due to substitution for DPE products	⬆️ • Currency fluctuations: Negative • Impact excluding currency fluctuation: Plus [Customs Statistics] Export unit prices (dry + latex) (¥/kg) Chloroprene rubber: Changes in inventory write-downs (reversal in 1H FY2024 of +1.9 → Resolved in 1H FY2025 0.0)	⬇️
Special cement additives	⬇️ Lower demand than in the previous year due to construction delay	⬆️ Sales composition difference	
Cement	⬇️ Production ended in June 2025	➡️ Level year on year	

Profit increased, supported by revisions to appropriate prices for food wrapping sheets and containers



FY2024 1H Volume Pricing Costs FY2025 1H



Reason for Variance (Year on Year)		Volume	Pricing	Cost and Others
MS resins	(LGP applications for PC monitors) Slightly lower than last year	↘	↘	Variable costs: Improved due to lower raw material and fuel prices
AS, ABS, transparent resins, etc.	Slightly higher than last year	↗	↘	
Food wrapping sheets and containers	Level year on year	→	↗	
Toyokalon	Moderate recovery	→	→	

■ Electronics & Innovative Products exceeded initial forecast

(¥ billions)

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FY2025 Earnings Forecast

- Only sales revised from the initial forecast
- Net income: We expect to post extraordinary losses as we build on the fundamental in the chloroprene rubber business; however, we expect extraordinary gains to compensate

(¥ billions)	FY2024 1H Actual	FY2024 2H Actual	FY2024 Actual	FY2025 1H Actual	FY2025 2H Forecast	FY2025 Revised Forecast	(YoY)	vs Initial Forecast
Sales	199.1	201.2	400.3	196.7	203.3	400.0	-0.3	-10.0
Operating Income	9.4	5.0	14.4	9.7	15.3	25.0	+ 10.6	± 0.0
Operating Margin	4.7%	2.5%	3.6%	5.0%	7.5%	6.3%	+ 2.7%	+ 0.2%
Ordinary Income	5.6	2.0	7.6	6.8	12.2	19.0	+ 11.4	± 0.0
Extraordinary gains	0.3	0	0.4	8.7				
Extraordinary losses: DPE-related	-	-17.9	-17.9 *	-8.4				
Extraordinary loss: Other	-0.6	-6.5	-7.1	-1.0				
Net Income Attributable to Owners of Parent	3.4	-15.7	-12.3	3.9	11.1	15.0	+ 27.3	± 0.0
Forex (¥/\$)	153.9	151.6	152.8	146.2	148.0	147.1		
Japan Naphtha (¥/kl)	77,700	73,700	75,700	65,000	58,400	61,700		

Compensate

Losses

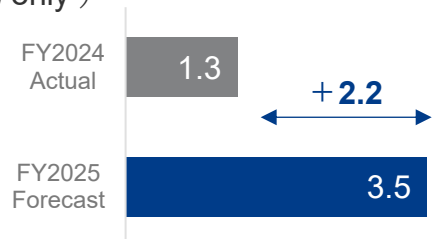
*Impairment loss -16.1, etc.

■ Progress is on par with the initial forecast, including the temporary suspension of production at DPE

Major Differences From FY2024 (Operating Income Basis) (YoY, ¥ billions)

	Initial Forecast			Revised Forecast			
	1H	2H	Full-Year	1H	2H	Full-Year	
Suspension of production at DPE	+2.0	+7.0	+ 9.0	+1.8	+6.8	+8.6	Sales of DPE products mostly ended in 1H 2H results expected to be in line with the initial forecast
Withdrawal from cement business	-0.4	+1.3	+ 0.9	+0.2	+ 1.4	+1.6	Production suspended in 1H as planned
Electronics & Innovative Products Substrate Business Business Model Transformation	+ 1.0	+ 1.3	+ 2.3	+ 0.8	+ 1.0	+1.8	Price increases for ceramic substrates, higher ALSINK sales, and cost reductions for HITT PLATE progressing roughly in line with forecast
Cost reductions under the Best-Practice Project	+1.0	+0.2	+1.2	+1.5	+0.7	+2.2	Steady progress
U.S. tariffs Risk of lower sales price and volume	-2.0	-1.0	-3.0	-	-	-	Recognized indirect impact across various products

【Cost reductions under the Best-Practice Project】
(Direct impact on profit (loss) only)



- We expect overall results to stay in line with the initial forecast, with Life Innovation likely to fall below plan due to the decline in infectious diseases, and demand in Electronics & Innovative Products exceeds expectations for generative AI-related semiconductors and power infrastructure applications

Operating Income (¥ billions)	1H Actual	2H Forecast	Forecast	vs Initial Forecast	Progress
Electronics & Innovative Products	6.3	6.2	12.5	2.5	While we expect weaker-than-anticipated demand for general-purpose semiconductor and xEV applications, we project stronger-than-expected growth in demand for AI-related semiconductors and power infrastructure applications
Life Innovation	3.8	3.7	7.5	-2.5	Rapid antigen test kits: Weaker than expected demand due to fewer outbreaks of infectious diseases IVD reagents: Projecting a slow recovery from sluggish demand in certain overseas areas
Elastomers & Infrastructure Solutions	-3.4	3.9	0.5	-0.5	Despite initially projecting a recovery in chloroprene rubber demand, current demand remains sluggish, resulting in projections below the initial forecast
Polymer Solutions	1.5	1.0	2.5	0.5	Functional resins: Demand expected to exceed projections
Others	1.5	0.5	2.0	0.0	
Total	9.7	15.3	25.0	0.0	

■ Depreciation changed from initial forecast

	Investment & Lending				Depreciation				R&D (¥ billions)			
	1H (YoY)		Full Year (vs Initial Forecast)		1H (YoY)		Full Year (vs Initial Forecast)		1H (YoY)		Full Year (vs Initial Forecast)	
	FY2024	FY2025	FY2025		FY2024	FY2025	FY2025		FY2024	FY2025	FY2025	
	1H Actual	1H Actual	Initial Forecast	Revised Forecast	1H Actual	1H Actual	Initial Forecast	Revised Forecast	1H Actual	1H Actual	Initial Forecast	Revised Forecast
Electronics & Innovative Products	15.0	11.7	40.0	No change	4.7	5.5	11.6	11.2	2.8	2.9	6.0	No change
Life Innovation	4.8	1.2	3.0		1.6	2.1	4.0	4.0	2.1	2.3	5.0	
Elastomers & Infrastructure Solutions	4.8	3.8	11.0		4.6	4.2	9.0	8.4	1.3	1.3	2.5	
Polymer Solutions	3.4	2.3	6.0		2.6	2.5	5.0	5.0	1.2	1.0	2.0	
Others	0.0	0.0			0.2	0.2	0.4	0.4				
Total	28.0	19.0	60.0		13.7	14.4	30.0	29.0	7.4	7.5	15.5	

■ Unchanged from the previous year dividend of 100 yen per share in anticipation of improved cash flow

		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	29.0
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
ROIC		7.8%	6.6%	6.8%	7.3%	6.7%	2.5%	2.5%	4.2%
ROE		10.3%	9.1%	8.8%	9.4%	4.4%	4.0%	-4.1%	5.1%

Sales	FY2024 Actual	FY2025 Forecast	Incr. Decr.	DPE			(¥ billions)
				Volume	Pricing	production suspension	
Electronics & Innovative Products	92.2	105.0	+12.8	+12.9	- 0.1		
Life Innovation	43.3	45.0	+1.7	+2.3	-0.5		
Elastomers & Infrastructure Solutions	111.7	105.0	-6.7	+ 2.3	+2.3	-11.3	
Polymer Solutions	135.4	125.0	-10.4	+4.1	- 14.5		
Others	17.7	20.0	+2.3	+2.3	-		
Total	400.3	400.0	-0.3	+23.8	-12.8	-11.3	

Operating Income	FY2024 Actual	FY2025 Forecast	Incr. Decr.	DPE			
				Volume	Pricing	Cost and Others	production suspension
Electronics & Innovative Products	9.2	12.5	+ 3.3	+ 6.8	-0.1	-3.4	
Life Innovation	9.6	7.5	-2.1	+ 1.1	-0.5	-2.7	
Elastomers & Infrastructure Solutions	-8.0	0.5	+ 8.5	+4.6	+2.3	-6.9	+8.6
Polymer Solutions	1.2	2.5	+ 1.3	- 0.2	-14.5	+ 16.0	
Others	2.5	2.0	-0.5	-0.5	-	+0.0	
Total	14.4	25.0	+ 10.6	+11.8	-12.8	+3.0	+8.6

Sales	FY2025 Initial Forecast	FY2025 Revised Forecast	Incr. Decr.	DPE			(¥ billions)
				Volume	Pricing	production suspension	
Electronics & Innovative Products	105.0	105.0	± 0.0	+1.3	-1.3		
Life Innovation	45.0	45.0	± 0.0	-1.1	+1.1		
Elastomers & Infrastructure Solutions	105.0	105.0	± 0.0	-1.5	+0.8	+0.7	
Polymer Solutions	135.0	125.0	- 10.0	-1.6	-8.4		
Others	20.0	20.0	± 0.0	± 0.0	-		
Total	410.0	400.0	- 10.0	-2.8	-7.9	+0.7	

Operating Income	FY2025 Initial Forecast	FY2025 Revised Forecast	Incr. Decr.	DPE			
				Volume	Pricing	Cost and Other	production suspension
Electronics & Innovative Products	10.0	12.5	+ 2.5	+ 2.4	- 1.3	+ 1.4	
Life Innovation	10.0	7.5	- 2.5	- 3.5	+ 1.1	- 0.1	
Elastomers & Infrastructure Solutions	1.0	0.5	- 0.5	- 1.8	+0.8	+1.0	- 0.4
Polymer Solutions	2.0	2.5	+ 0.5	- 0.5	- 8.4	+ 9.5	
Others	2.0	2.0	± 0.0	- 0.0	+ 0.0	+ 0.0	
Total	25.0	25.0	± 0.0	- 3.5	- 7.9	+11.8	- 0.4

Sales (¥ billions)	FY2023				FY2024				FY2025		2H Forecast (3Q·4Q)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q Actual	2Q Actual	
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	26.5	54.9
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	14.8	23.6
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	24.1	55.1
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.6	59.6
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.6	10.2
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	102.6	203.3

Operating Income (¥ billions)	FY2023				FY2024				FY2025		2H Forecast (3Q·4Q)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q Actual	2Q Actual	
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	2.5	3.8	6.2
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	0.2	3.6	3.7
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-1.4	-2.0	3.9
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	1.1	1.0
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	0.6	0.9	0.5
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	7.4	15.3

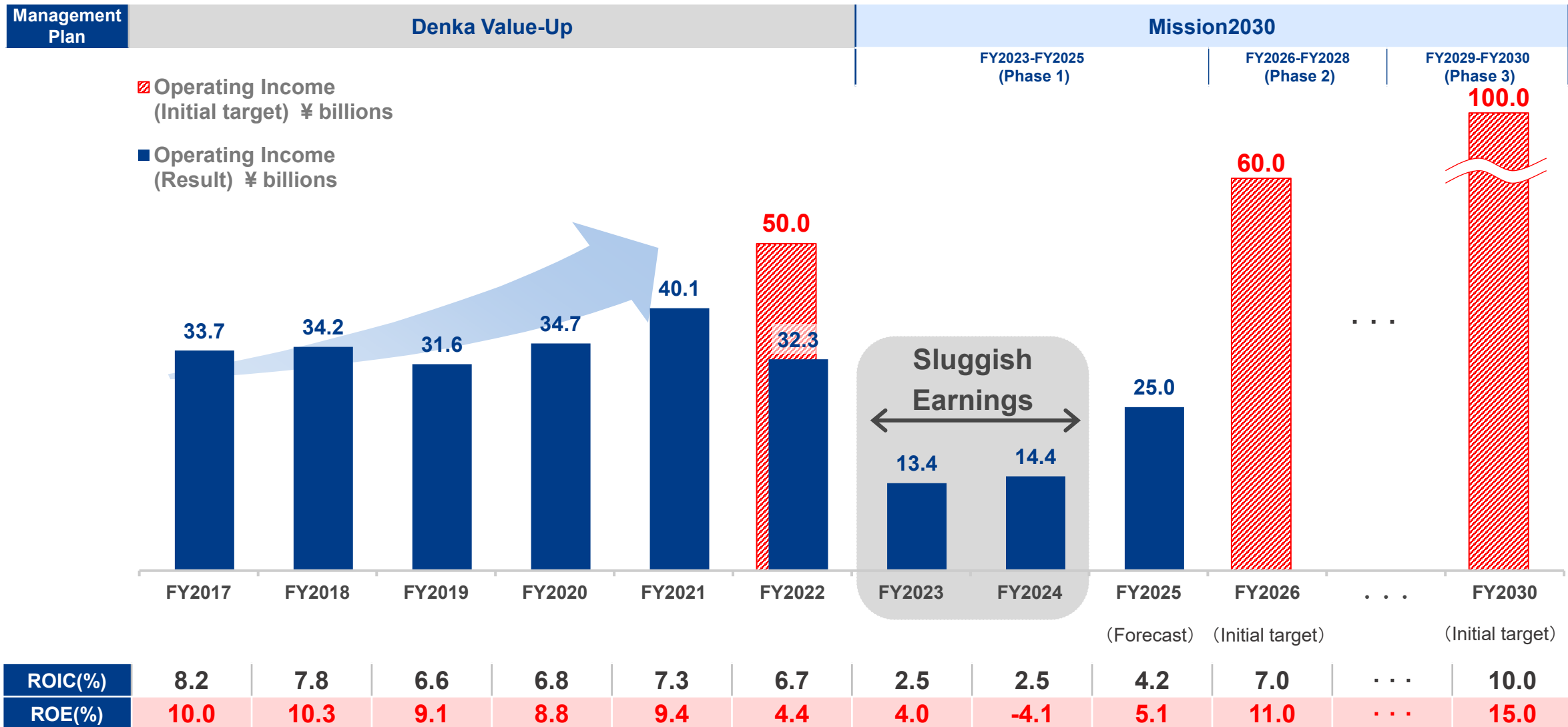
Direction of Management Plan Mission 2030 Revision

Revised of the Mission 2030 Management Plan



To be announced in February 2026

- While previous growth stemmed from vision-based goal setting, Mission2030 has experienced a slow start



■ Initiatives in Phase 1 (FY2023–FY2025) to generate profit in Phase 2 (FY2026–FY2028)

Status of Phase 1 (FY2023-FY2025)

Initiatives

- 1. Make aggressive upfront investment in expanding markets**
-xEV, Semiconductor, Power Infrastructure, Healthcare, Diagnostic Areas, etc.
- 2. Restructure unprofitable businesses**
-Cement business, Norovirus vaccine development, Ofuna plant, DPE
- 3. Strengthen initiatives in new business creation**

Changes in Conditions

- 1. Delay in monetization from upfront investments due to rapid market changes**
-Slower xEV market growth, changes in semiconductor markets (delayed recovery in general-purpose and rapid growth in generative AI-related), etc.
- 2. Longer-than-expected response period for DPE business**
-Portfolio transformation delayed as restructuring non-profitable businesses took priority
- 3. Delays in developing new products**

Phase 1 Results

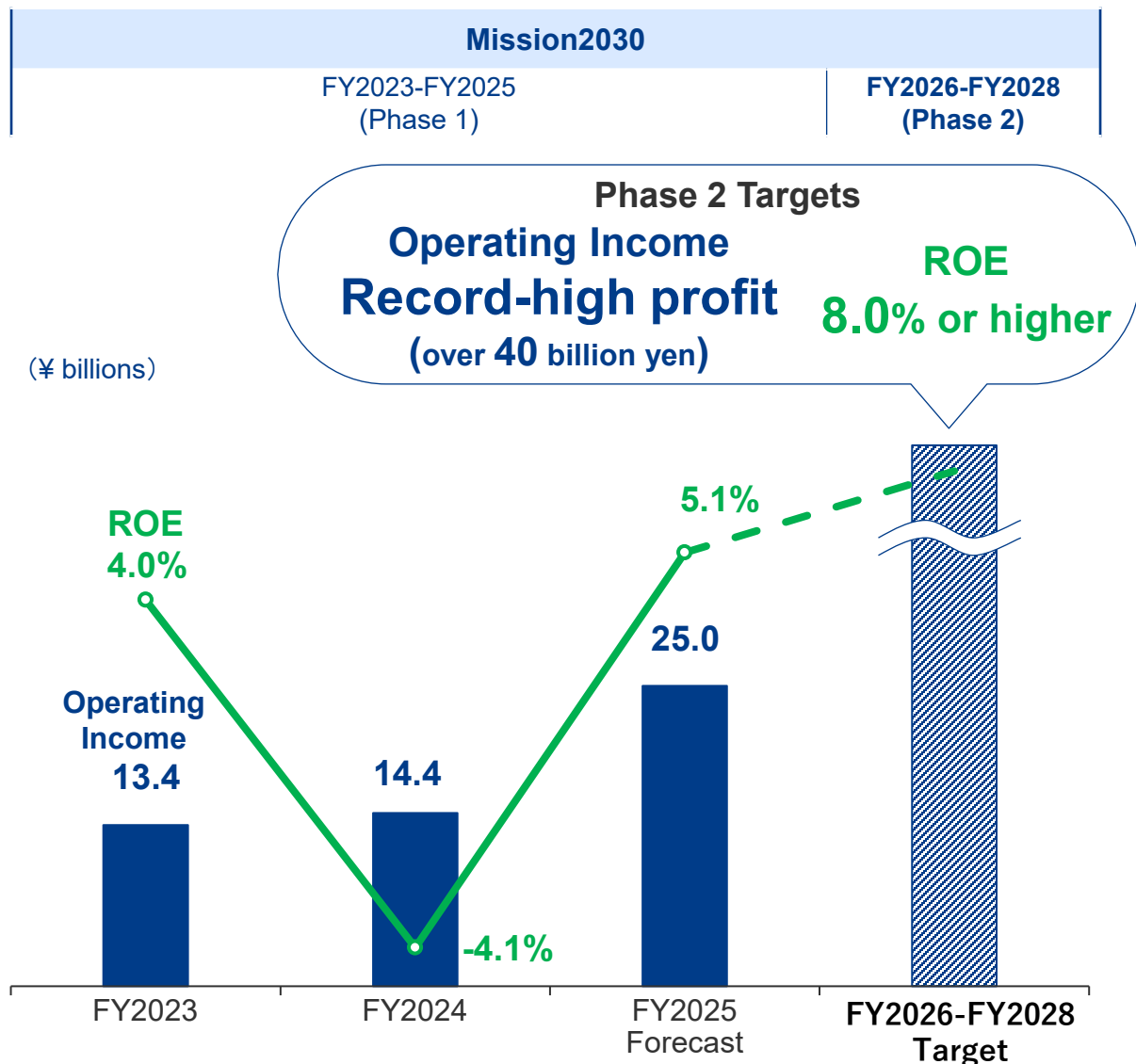


Weakened profitability and financial condition

Phase 2 (FY2026-FY2028)

Initiatives in Phase 1 to generate profit in Phase 2

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



Initial plan

- <FY2030>
- Operating Income 100 billion yen
 - ROE 15%
 - 3-Star Businesses*100%

➤➤➤ **Maintaining our visionary goal while shifting to a more realistic timeline**

*Business that combines the three elements of specialty, megatrends, and sustainability.

Phase 2

Aim to achieve **record-high profit** (i.e. operating income over 40 billion yen) and **ROE 8.0% or more** as highly achievable goals during Phase 2

[Key Measures for Profit Recovery]

1. Reduce DPE-related burdens at an earlier stage
2. Select and focus on priority areas

- Strategic expansion
- Reap the benefit of upfront investments
- Business model shifts

Styrene chain: Establish structures in collaboration with external partners

3. Take a practical approach to new business creation

Implement a trickle out strategy based on existing products

1. Reduce DPE-related burdens at an earlier stage

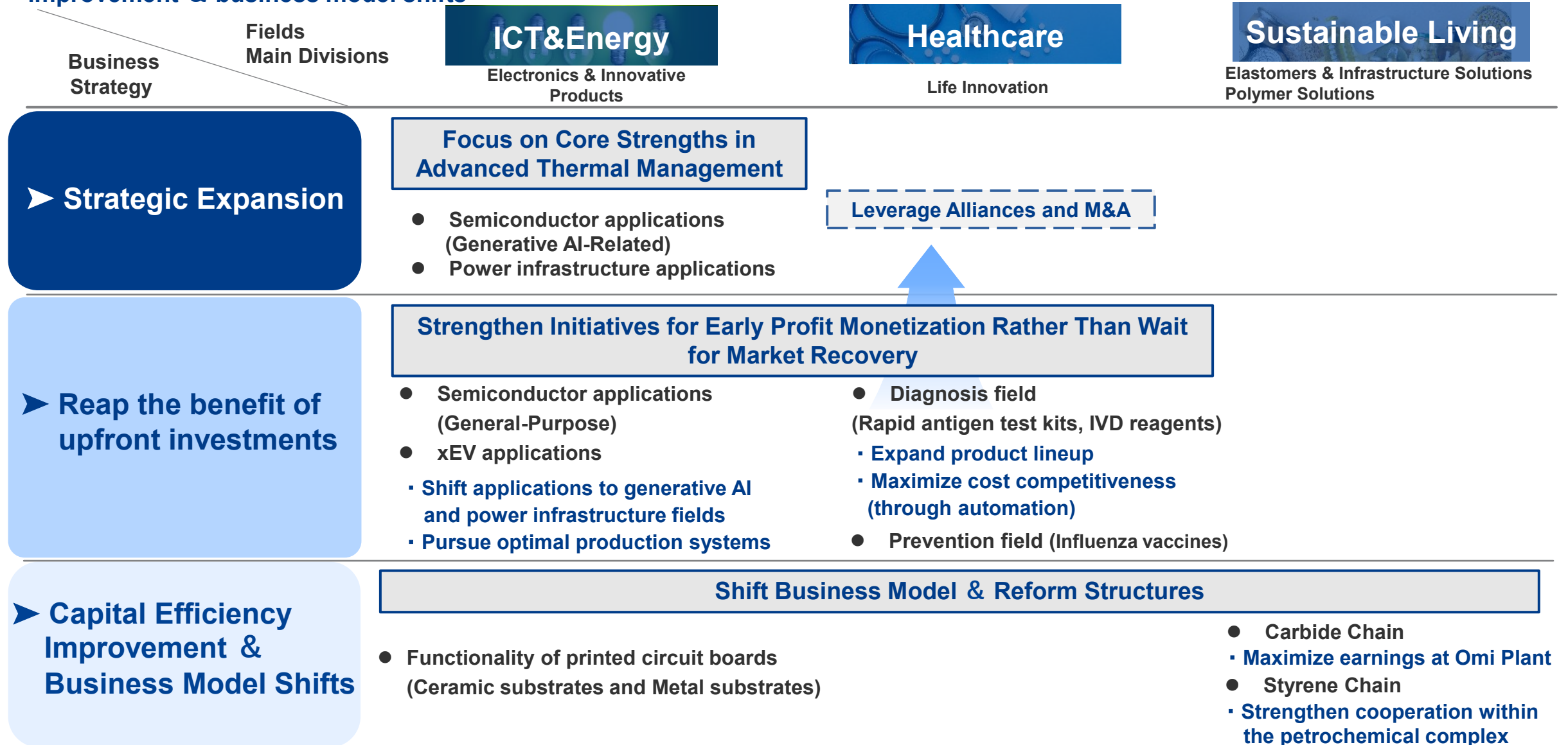
- Operating income: Fundamental measures had a +15.0 billion yen impact in FY2026 (vs. FY2024)
- Net income: Targeting ROE of 8% or higher during Phase 2, despite the possibility of extraordinary losses beyond FY2026 due to fundamental measures.

(¥ billions)	FY2024	FY2025	FY2026-	
Operating income	→	Impact of fundamental measures: +8.6 (vs. FY2024)	Impact of fundamental measures: +15.0 (vs. FY2024)	1. Recover operating income (Including the effects fundamental measures)
Ordinary income				2. Leverage available-for-sale assets
Extraordinary gains				
Extraordinary losses: DPE-related	-17.9	Possibility of losses	Possibility of losses	3. Reduce losses at an earlier stage
Net income attributable to owners of parent		*Compensated by extraordinary gains (gain on sale of land for Ofuna Plant, gain on sale of stock, etc.)	During Phase 2 (FY2026-FY2028) ROE 8.0% or higher	

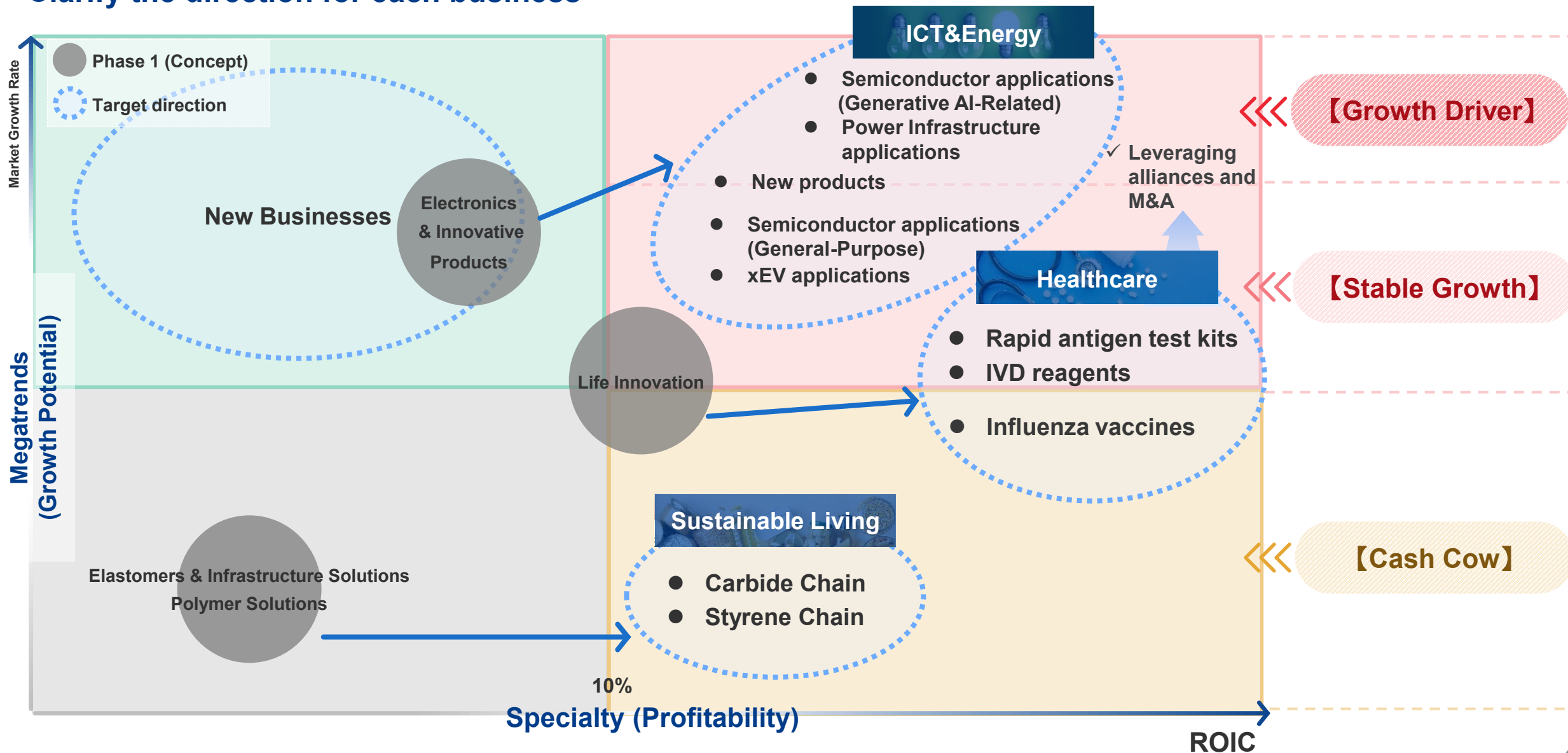
Note: This slide has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated slide and the Japanese original, the original shall prevail.

2. Select and Focus on Priority Areas (Strategy Overview) *See reference page for details by product.

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



Clarify the direction for each business



■ Strengthen governance by improving management decision-making speed and related areas

Shareholder Returns

- 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)

Financial Strategy

- D/E ratio: Improve from the current level of approximately 0.7x
 - Investment: Focus on strategic expansion
 - Improve capital efficiency through the sale of non-operational assets
- Basic policy: Plan to reduce strategic cross-shareholdings (listed shares) to zero**

Governance

- Improve management decision-making speed, including business restructuring
- Strengthen oversight of management (screening and monitoring) by the Board of Directors and other bodies
- Reinforce investment management
(Tighten investment decision standards, scrutinize strategic investments, and enhance supervision of investment discipline)
- Strengthen the operational framework of the Nomination & Remuneration Advisory Committee

■ Work toward the future we envision beyond Phase 3



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

* Supplemental information for page 29

Denka

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

