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# FY2025 2Q Financial Results Presentation
# Summary of Q&A Session
# (November 10, 2025)

## Direction of Management Plan Mission 2030 Revision

Q1: Phase 2 (fiscal 2026 to fiscal 2028) of the Management Plan "Mission 2030" aims for operating income of more than ¥40.0 billion. When you look at the positive impact of fundamental measures related to the chloroprene rubber business and cost reduction effects under best-practice project, this target seems to be highly achievable. However, is this target truly realistic given the effects of such negative factors as growth in depreciation costs associated with the launch of the acetylene black manufacturing facilities in Thailand?
A1: Our operating income plan is currently being rigorously examined to determine its feasibility. We believe the likelihood of achieving this target within the Phase 2 period is high and we are determined to achieve it.

Q2: Denka has positioned the healthcare field as a stable growth field. How do you plan to ensure that the Company's operations in this field enjoy stable growth as these operations include the rapid antigen test kit business, which is susceptible to radical demand fluctuations depending on the extent and rapidity of the spread of infectious diseases?
A2: Not only have we been developing our rapid antigen test kit business but also continuing to strive to achieve business growth in the IVD reagent field, where demand fluctuations are mostly moderate and, therefore, stable expansion is expected. We will also look to leveraging alliances and M&A in order to ensure stable business growth.

Q3: What are the projections for demand and sales prices associated with the chloroprene rubber business under your draft of the revised management plan is based on?
A3: Future trends in demand are expected to vary by application. However, we forecast that overall demand will remain almost unchanged. With regard to sales prices, our policy is to keep pricing appropriate as we work to enhance our business profitability.

## Electronics & Innovative Products

Q4: Demand for generative AI- and power infrastructure-related applications is expanding on an ongoing basis. So, why is Denka's forecast for operating income for the second half of fiscal 2025 only ¥6.2 billion, which is almost unchanged from first-half operating income (¥6.3 billion?)
A4: In the second half, despite anticipating higher sales volumes for generative AI- and power infrastructure-related applications, our forecast reflects growth in costs due to plans to conduct periodic facility repair and expectations of growth in depreciation and other cost items.

Q5: Please describe the initial sales results for SNECTON, which was released in February 2025. Also, has SNECTON been able to penetrate the target market for generative AI-related applications as planned?
A5: The adoption of this product in its target market is on a stable upward trend. From fiscal 2026 onward, we plan to launch a new SNECTON manufacturing facility.

**Life Innovation**

Q6: As sales of Denka's IVD reagents have declined due to weak demand in some overseas markets, it would be frustrating if the Company were to passively wait for market recovery. Does your draft for the revised management plan include policies for countering weak overseas demand via alliances and M&A?

A6: Although some overseas markets are indeed stagnant, we have begun seeing a trend toward gradual recovery in demand. Also, we have no intention to stay passive or just wait for demand recovery. Our policy is to counter this situation by delivering proactive technical services and product proposals. As for alliances, we are considering various forms of partnership-based business development and are discussing diverse options that are not limited to forming alliances only in Japan or in particular countries overseas.

**Elastomers & Infrastructure Solutions**

Q7: For the first half, this segment recorded operating loss of ¥3.4 billion, while the second-half forecast is set as ¥3.9 billion of operational income. What are the factors contributing to this projected ¥7.3 billion turnaround? s

A7: Almost all of the DPE* inventories were shipped during the first half. This allows fundamental measures related to the CR business to take full effect from the second half onward, which is a major factor contributing to the projected improvement. (The effect of these fundamental measures: ¥1.8 billion for the first half → ¥6.8 billion for the second half)

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

**Polymer Solutions**

Q8: Why was the operating income forecast for the second-half of fiscal 2025, set at ¥1.0 billion, down from first-half operating income of ¥1.5 billion?

A8: The determination of this forecast factored in the impact of intensifying competition against Chinese manufacturers in connection with MS resins for use in light guide plate (LGP) applications for PC monitors.

**Others**

Q9: Of extraordinary losses totaling ¥9.4 billion in the first half of fiscal 2025, DPE-related losses were ¥8.4 billion. What items account for the remaining amount?

A9: These items primarily consist of costs for processing residual tasks associated with the withdrawal from the cement business, which terminated production in June 2025.