

Denka

Possibility
of
chemistry

Results Presentation of FY2021 2Q

(the 1st Half of the Fiscal year ending March 2022)

Securities code : 4061

Denka Co. ,Ltd

November 8, 2021

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FY2021 1st Half Results

(¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	FY 2021 1st Half Forecast as of August	Incr. Decr.
Sales	160.3	191.1	+ 30.8	185.0	+ 6.1
Operating Income	12.1	25.2	+ 13.2	22.0	+ 3.2
Operating Margin	7.5%	13.2%	+ 5.7%	11.9%	+ 1.3%
Ordinary Income	12.3	23.7	+ 11.4	20.0	+ 3.7
Net income attributable to Owners of parent	10.0	18.0	+ 8.0	15.0	+ 3.0

**With the success of the Denka Value-Up management plan initiatives,
Marking the very highest profits for the first half FY**

Sales

191.1 billion

YoY (¥ billions)

+ 30.8

1. Volume	: Expansion and growth of demand (COVID-19 rapid antigen test kit, xEV-related, semiconductor-related, etc) Recovery of demand from COVID-19 impact (Chloroprene Rubber, etc)	+ 31.2
2. Pricing	: Styrene-based products sales price revision due to raw material price increase, etc.	+ 15.4
3. Other	: Change in accounting standards for recognition of revenue (Group trading company portion, etc)	- 15.7

Operating Income

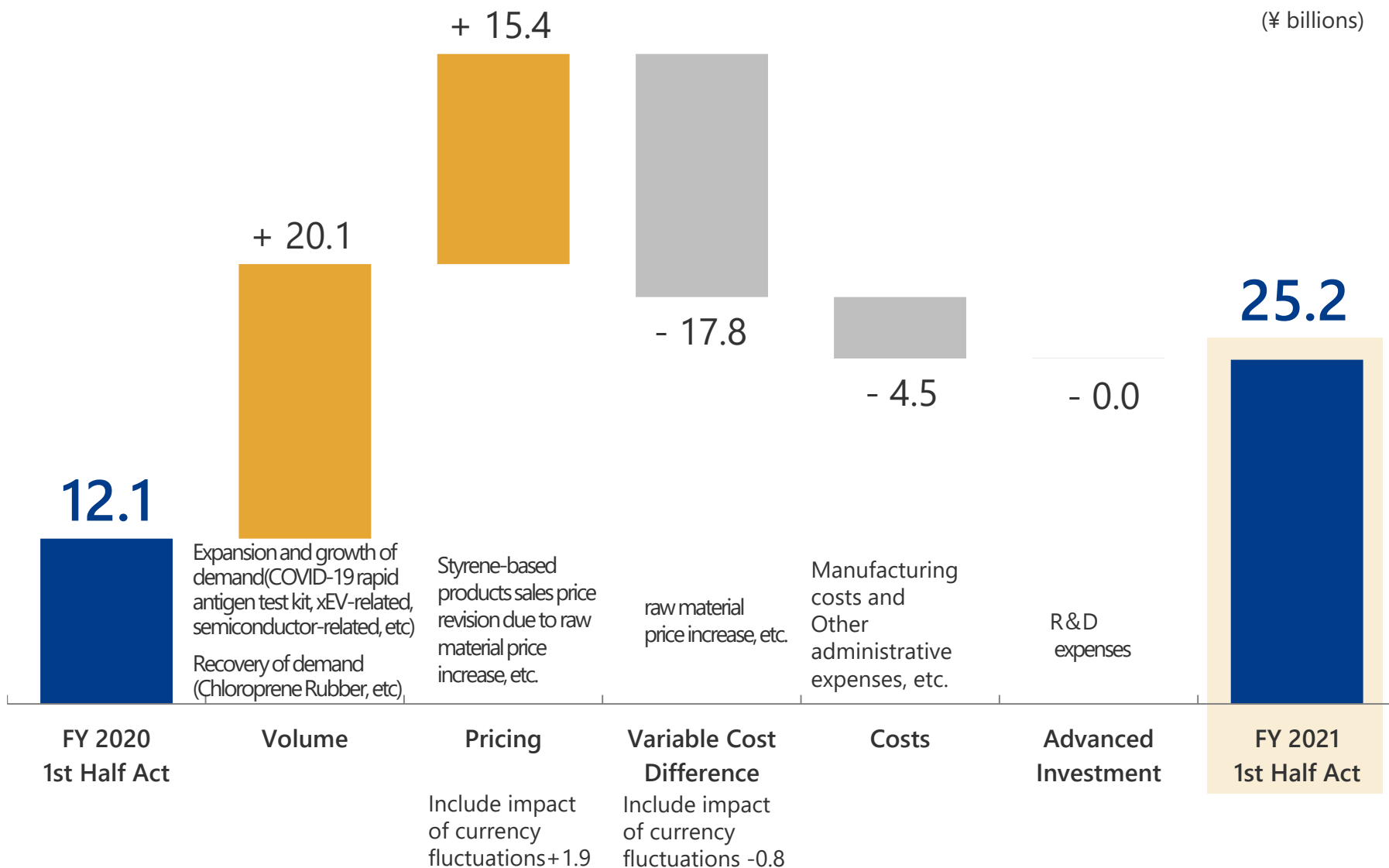
25.2 billion

YoY (¥ billions)

+ 13.2

1. Volume	: Expansion and growth of demand (COVID-19 rapid antigen test kit, xEV-related, semiconductor-related, etc) Recovery of demand from COVID-19 impact (Chloroprene Rubber, etc)	+ 20.1
2. Pricing	: Styrene-based products sales price revision due to raw material price increase, etc. (include impact of currency fluctuations +1.9)	+ 15.4
3. Variable Cost Difference	: Raw material price increase, etc. (include impact of currency fluctuations -0.8)	- 17.8
4. Costs	: Manufacturing costs and Other administrative expenses, etc.	- 4.5
5. Advanced Investments	: R&D expense	- 0.0

Increase in income significantly surpassing a worsened spread* and cost increases, thanks to larger sales volume from demand recovery, expansion and growth



Doubled operating income compared to last year

Sales (¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Other*
Electronics & Innovative Products	36.7	43.8	+ 7.1	+ 1.3	+ 7.8	- 1.9
Life Innovation	16.2	25.3	+ 9.1	- 0.4	+ 9.6	- 0.1
Elastomer & Infrastructure Solutions	41.8	51.4	+ 9.6	+ 0.7	+ 10.1	- 1.2
Polymer Solutions	50.4	63.2	+12.8	+ 13.8	- 0.5	- 0.4
Others	15.2	7.5	- 7.8	-	+ 4.2	- 12.0
Total	160.3	191.1	+30.8	+ 15.4	+ 31.2	- 15.7

*Change in accounting standards for recognition of revenue

Operating Income (¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Cost& Others
Electronics & Innovative Products	6.6	9.2	+ 2.6	+ 1.3	+ 4.1	- 2.8
Life Innovation	2.4	10.7	+ 8.3	- 0.4	+ 9.1	- 0.4
Elastomer & Infrastructure Solutions	-0.1	0.0	+ 0.2	+ 0.7	+ 5.2	- 5.7
Polymer Solutions	2.9	4.3	+ 1.5	+ 13.8	+ 1.0	- 13.3
Others	0.3	0.9	+ 0.6	-	+ 0.6	- 0.0
Total	12.1	25.2	+ 13.2	+ 15.4	+ 20.1	- 22.3

**Life Innovation and Electronics & Innovative Products
contributed to significant profit increase**

(¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Other	FY 2021 1st Half Forecast as of August
Sales	36.7	43.8	+ 7.1	+ 1.3	+ 7.8	- 1.9*	43.0
Operating Income	6.6	9.2	+ 2.6	+ 1.3	+ 4.1	- 2.8	8.0

*Change in accounting standards for recognition of revenue

Sales Trends and Costs by Product

Sales trends

- Spherical alumina
 - Growth of xEV-related applications and 5G communications-related demand
 - Partial operation of new facilities in Singapore (scheduled for completion in March 2022)
- Acetylene black
 - Strong demand for xEV-related applications and high-voltage cables for offshore wind power generation
- Ceramic substrates
 - Delay in recovery of demand from electric railways, due to the impact of COVID-19.
- Fused silica
High-performance film
 - Thanks to expanded demand from 5G communications and data centers, shipments of semiconductor-related products exceed previous year.
- Cost
 - Increase in raw materials costs (→rise in prices for fused silica from November, etc.)
 - Further Costs in development of specialties
(Increased costs for building a system to increase production, and strengthening sales systems)

Increased profits thanks to growing megatrends in xEV, 5G, and semiconductors, despite increased costs due to higher raw material prices

(¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Other	FY 2021 1st Half Forecast as of August
Sales	16.2	25.3	+ 9.1	- 0.4	+ 9.6	- 0.1*	24.0
Operating Income	2.4	10.7	+ 8.3	- 0.4	+ 9.1	- 0.4	8.5

*Change in accounting standards for recognition of revenue

Sales Trends & Costs by Product

Sales trends

- COVID-19 rapid antigen test kit
 - Significant increase in sales volumes due to supply to the Ministry of Health, Labour and Welfare distribution project to enhance the rapid antigen testing system, part of COVID-19 countermeasures (sales started in August last year)
- Other test reagents
 - In addition to a recovery of demand in China, increased demand for testing for other than COVID-19 amongst patients with COVID-19 in Europe and the US
- Influenza vaccine
 - Shipment volumes were lower than last year due to the differences in the strains manufactured from the previous year's, and shortages of materials used in vaccine production, given the move of global pharmaceutical companies to increase production of COVID-19 vaccines

**the COVID-19 rapid antigen test kits drive
a significant profit increase**

(¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Other	FY 2021 1st Half Forecast as of August
Sales	41.8	51.4	+ 9.6	+ 0.7	+ 10.1	- 1.2*	51.0
Operating Income	-0.1	0.0	+ 0.2	+ 0.7	+ 5.2	- 5.7	0.5

*Change in accounting standards for recognition of revenue

Sales Trends & Costs by Product

Sales trends

Chloroprene rubber

- Strong recovery in demand in industrial, adhesive, and automotive applications

Special cement additives

- A drop in shipment volume due to a slowdown in private construction

Cement

- As well as sluggish private sector demand, weaker public sector demand for disaster recovery, etc. compared to the previous year

Cost

- Price increase in raw materials :butadiene/chlorine/coke (chloroprene rubber), coal (cement), etc.

a larger recovery in demand for chloroprene rubber

(¥ billions)	FY 2020 1st Half Act	FY 2021 1st Half Act	Incr. Decr.	Pricing	Volume	Other	FY 2021 1st Half Forecast as of August
Sales	50.4	63.2	+ 12.8	+ 13.8	- 0.5	- 0.4*	62.0
Operating Income	2.9	4.3	+ 1.5	+ 13.8	+ 1.0	- 13.3	4.5

*Change in accounting standards for recognition of revenue

Sales Trends & Costs by Products

Sales trends

MS resin

- Strong demand for use in light guide plates in TVs and monitors and in other applications such as cosmetic containers
(Shipped volumes of PS resin dropped compared to last year due to conversion to MS resin manufacturing facilities and remodeling)

AS, ABS, transparent resins, etc.

Food wrapping sheets and containers

Toyokalon

- Recovery from negative impact of COVID-19 resulting in increased shipped volumes over the previous year

Cost

- Price increase in raw materials (ethylene, benzene, etc.)

Increased profits thanks to maintained spreads despite an raw materials prices increase, along with increased shipping volume from demand recovery

Sales (¥ billions)	FY 2021 1st Half Forecast as of August	FY 2021 1st Half Act	Incr. Decr.	Pricing		Volume		
Electronics & Innovative Products	43.0	43.8	+ 0.8	+ 0.3	+ 0.5			
Life Innovation	24.0	25.3	+ 1.3	+ 0.2	+ 1.0			
Elastomer & Infrastructure Solutions	51.0	51.4	+ 0.4	+ 0.0	+ 0.4			
Polymer Solutions	62.0	63.2	+ 1.2	+ 0.1	+ 1.1			
Others	5.0	7.5	+ 2.5	-	+ 2.5			
Total	185.0	191.1	+ 6.1	+ 0.7	+ 5.5			
Operating Income (¥ billions)	FY 2021 1st Half Forecast as of August	FY 2021 1st Half Act	Incr. Decr.	Pricing		Volume		Cost& Others
Electronics & Innovative Products	8.0	9.2	+ 1.2	+ 0.3	+ 0.3	+ 0.6		
Life Innovation	8.5	10.7	+ 2.2	+ 0.2	+ 1.6	+ 0.4		
Elastomer & Infrastructure Solutions	0.5	0.0	- 0.5	+ 0.0	- 0.3	- 0.2		
Polymer Solutions	4.5	4.3	- 0.2	+ 0.1	+ 0.2	- 0.4		
Others	0.5	0.9	+ 0.4	-	+ 0.4	+ 0.0		
Total	22.0	25.2	+ 3.2	+ 0.7	+ 2.2	+ 0.3		

Increased profits owing to shipments ahead of schedule of influenza vaccines, and higher-than-expected sales of semiconductor-related products

FY2021 Earnings Forecast

(¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.	FY 2020 Act	Incr. Decr.
Sales	365.0	395.0	+ 30.0	354.4	+ 40.6
Operating Income	42.0	44.0	+ 2.0	34.7	+ 9.3
Operating Margin	11.5%	11.1%	△ 0.4%	9.8%	+ 1.3%
Ordinary Income	39.0	40.0	+ 1.0	32.1	+ 7.9
Net income attributable to Owners of parent	29.0	29.0	± 0.0	22.8	+ 6.2

**Expect further profits increase
beyond initial forecasts aimed for the highest profits**

Vs. Initial forecast (¥ billions)

Sales**395.0 billion****+30.0**

- | | | |
|------------|--|--------|
| 1. Volume | : Positive (upwards trend in semiconductor-related products)
Negative (temporary factors such as Hurricane Ida at DPE USA and downward trend in influenza vaccines, etc.) | + 3.0 |
| 2. Pricing | : COVID-19 rapid antigen test kit
Styrene-based products sales price revision due to raw material price increase, etc. | + 27.0 |

Vs. Initial forecast (¥ billions)

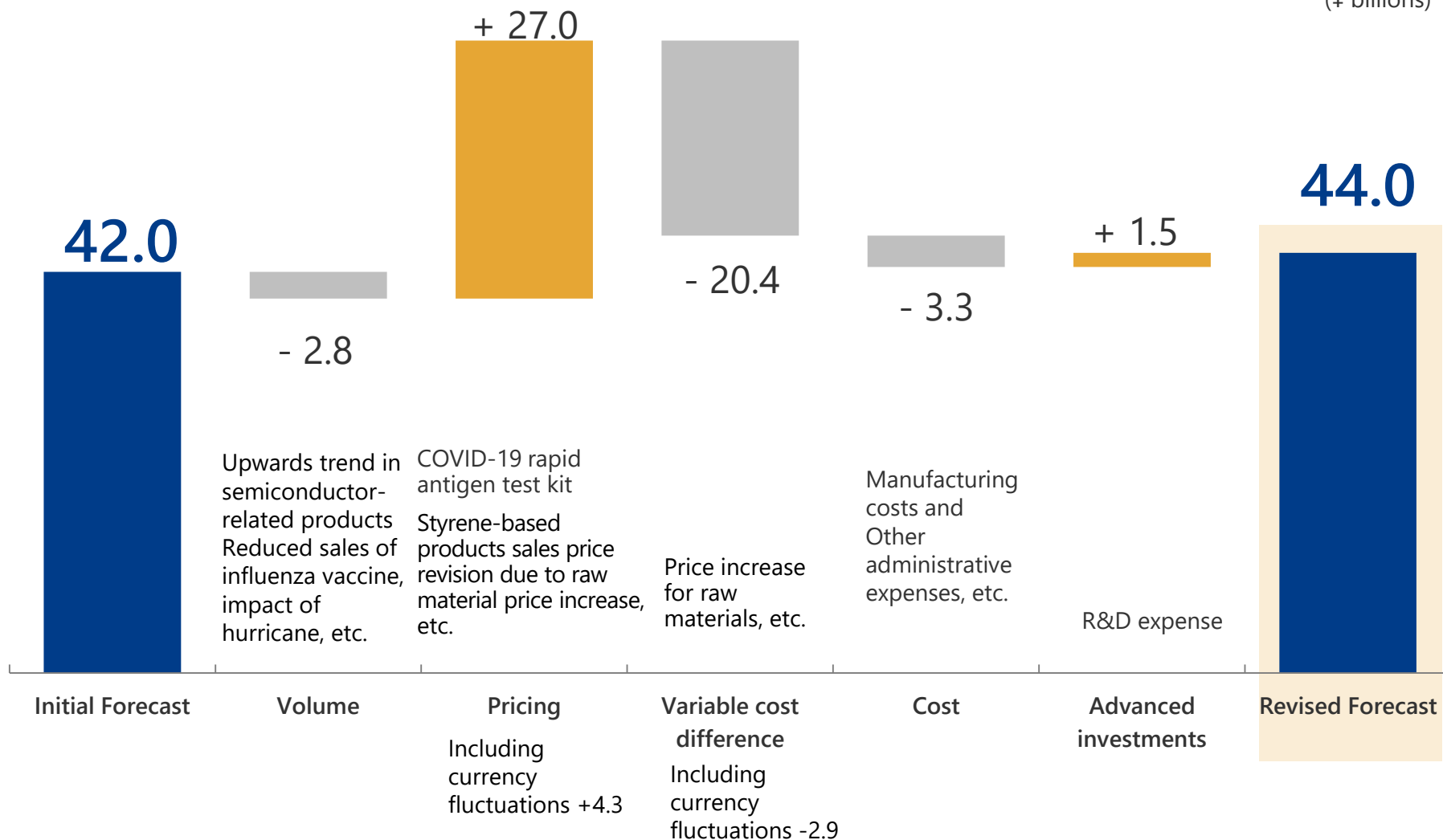
Operating Income**44.0 billion****+2.0**

- | | | |
|-----------------------------|---|--------|
| 1. Volume | : Positive (upwards trend in semiconductor-related products)
Negative (temporary such as Hurricane Ida at DPE USA, JPY -2.5 billion, downward trend in influenza vaccines, etc.) | - 2.8 |
| 2. Pricing | : COVID-19 rapid antigen test kit
Styrene-based products sales price revision due to raw material price increase (including currency fluctuations +4.3) | + 27.0 |
| 3. Variable Cost Difference | : Raw material price increase, etc. (include impact of currency fluctuations -2.9) | - 20.4 |
| 4. Costs | : Manufacturing costs and Other administrative expenses, etc. | - 3.3 |
| 5. Advanced Investments | : R&D expense | + 1.5 |

The positive impact such as sales of the COVID-19 rapid antigen test kit will outweigh temporary negative impact such as Hurricane Ida at DPE USA

c) Graph of Operating Income Change Factors (vs Forecast at the beginning)

(¥ billions)



The positive impact such as sales of the COVID-19 rapid antigen test kit will outweigh temporary negative impact such as Hurricane Ida at DPE USA

Sales (¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.	Pricing		Volume	
Electronics & Innovative Products	85.0	90.0	+ 5.0	+ 2.2	+ 2.8		
Life Innovation	40.0	50.0	+10.0	+ 8.8	+ 1.2		
Elastomer & Infrastructure Solutions	105.0	110.0	+ 5.0	+ 3.2	+ 1.8		
Polymer Solutions	125.0	130.0	+ 5.0	+ 12.7	- 7.7		
Others	10.0	15.0	+ 5.0	-	+ 5.0		
Total	365.0	395.0	+30.0	+ 27.0	+ 3.0		

Operating Income (¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.	Pricing		Volume		Cost& Others
Electronics & Innovative Products	17.0	18.5	+ 1.5	+ 2.2	+ 1.8	- 2.5		
Life Innovation	10.5	15.5	+ 5.0	+ 8.8	- 3.2	- 0.6		
Elastomer & Infrastructure Solutions	4.0	-1.0	- 5.0	+ 3.2	- 1.9	- 6.3		
Polymer Solutions	9.5	9.5	± 0.0	+ 12.7	+ 0.1	- 12.8		
Others	1.0	1.5	+ 0.5	-	+ 0.5	- 0.0		
Total	42.0	44.0	+ 2.0	+ 27.0	- 2.8	- 22.2		

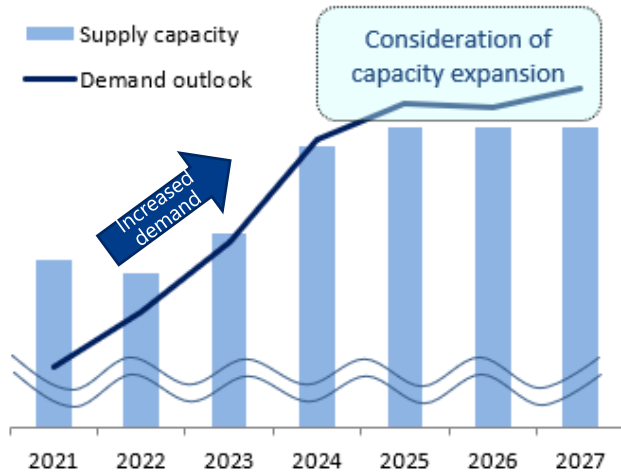
Increased profits in Life Innovation and Electronics & Innovative Products will offset an expected loss of Elastomer & Infrastructure Solutions due to Hurricane Ida at DPE USA

(¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.	
Sales	85.0	90.0	+5.0	
Operating Income	17.0	18.5	+1.5	
(Profit differences)				
	Pricing	Volume	Cost& Others	Total
	+2.2	+1.8	-2.5	+1.5

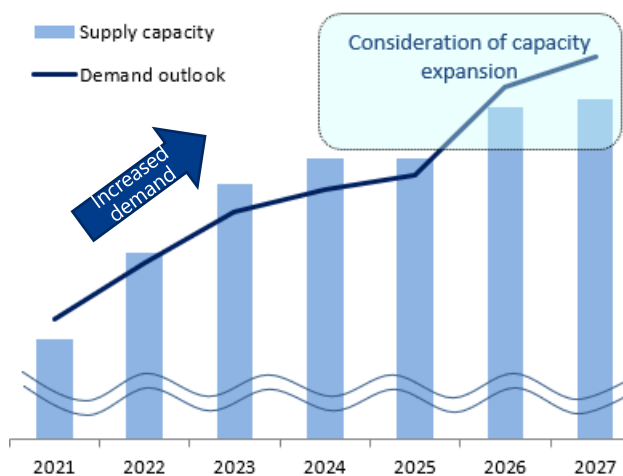
Sales trends	
Spherical alumina	<ul style="list-style-type: none"> Increased xEV-related, 5G communications-related demand is expected to be in line with the initial forecast. Effect of partial operation of new facilities in Singapore also expected to be in line with the initial forecast
Acetylene black	<ul style="list-style-type: none"> Move to strong demand for xEV-related applications and high-voltage cables for offshore wind power generation, and shipments are expected to be in line with the initial forecast (production locations: Chiba, Omuta, Singapore)
Ceramic substrates	<ul style="list-style-type: none"> We expect a delay in demand recovery from electric railways, for which the impact of COVID-19 continues.
Fused silica High-performance film	<ul style="list-style-type: none"> Bolstered by expanded demand for 5G communications and data centers, shipments of semiconductor-related products are expected to exceed initial forecasts.

Market trends

Acetylene black: Demand forecast for "high-voltage cable applications" and Denka's supply capacity



Acetylene black: Demand forecast for "LiB applications" and Denka's supply capacity



Our global share of acetylene black
 No. 1 global share conductive auxiliaries for LiB cathodes
 No. 1 global share conductive materials for high-voltage cables

⇒ De facto standard

Increasing profits due to more than expected demand for semiconductor-related products

(¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.
Sales	40.0	50.0	+10.0
Operating Income	10.5	15.5	+5.0

(Breakdown of profit differences)

Pricing	Volume	Cost& Others	Total
+8.8	-3.2	-0.6	+5.0

Sales trends	
COVID-19 rapid antigen test kit	<ul style="list-style-type: none"> Maintain sales pricing that exceeds initial forecasts Within the domestic market, supply to the Japanese government has achieved forecasts from the start of the fiscal year that took on board the expansion of demand for screening tests at elderly care facilities Risk of fluctuation due to a decrease in newly infected patients In the overseas market, shipments are expected to drop due to a decrease in deployment (U.S. sales started from November, and will gradually expand to other regions)
Other test reagents	<ul style="list-style-type: none"> In addition to a recovery of demand in China, there is also increased demand for testing for other than COVID-19 amongst patients with COVID-19 in Europe and the US, thus we forecast this to exceed expectations
Influenza vaccine	<ul style="list-style-type: none"> Shipment volumes were lower than last year due to the differences in the strains manufactured from the previous year's, and shortages of materials used in vaccine production, given the move of global pharmaceutical companies to increase production of COVID-19 vaccines

Market trends

Main administrative measures to enhance the COVID-19 antigen testing system

Date	Details of administrative notices		Issued by
2021 Jan. 22	Recommendation of antigen kits in elderly care facilities		MHLW
Jun. 9	Distribution of antigen kits to elderly care facilities		//
Aug. 13	Promotion of proactive testing in workplaces		//
Aug. 25	Implementation of qualitative antigen testing in schools, etc.		MEXT
Sep. 27	Sale of medical antigen test kits at pharmacies		MHLW

<<Expanded demand for the antigen test kits>>

Development of rapid antigen test kit product lines



Build a production system to handle up to 130,000 tests daily

While influenza vaccine shipment volumes have failed to meet initial forecasts, the COVID-19 rapid antigen test kits will drive a significant profit increase

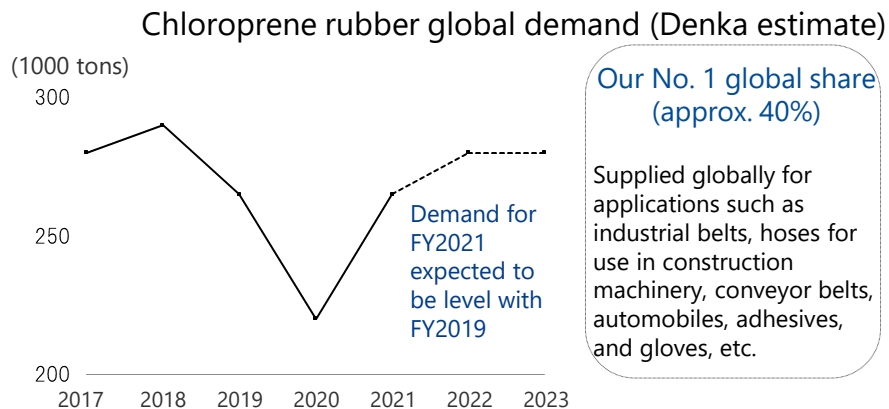
(¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.
Sales	105.0	110.0	+5.0
Operating Income	4.0	-1.0	-5.0

(Breakdown of profit differences)

Pricing	Volume	Cost& Others	Total
+3.2	-1.9	-6.3	-5.0

Sales trends	
Chloroprene rubber	<ul style="list-style-type: none"> We have seen a temporary slowdown in medical glove applications, but we expect a healthy recovery in demand in industrial, adhesive, and automotive applications that will exceed forecasts. Price increase from August 2021 (more than USD500 or EUR450 per metric ton) Impact of Hurricane Ida: DPE USA, -2.5 billion yen (Temporary drop in production because of impact on supply chain)
Special cement additives	<ul style="list-style-type: none"> Expected to be largely in line with initial forecasts
Cement	<ul style="list-style-type: none"> Expected to be largely in line with initial forecasts Price increase from Jan. 2022 (+2,300 ¥/ton)

Market trends



Agricultural sector

Full-scale sales of Recolte™ biostimulant to begin in Japan in October

~Activated fulvic acid produced using our proprietary manufacturing method is effective in revitalizing crops~

Forecast global biostimulant market scale*

- 2022 growth to USD 3.3 billion
- Annual growth rate of 10.4%

* Markets and Markets 2017



Recolte™ Biostimulant

Demand for chloroprene rubber is expected to recover more than as forecast, however, a significant drop in profitability is expected due to the negative impact of Hurricane: Ida at USA and increasing raw materials prices

(¥ billions)	FY2021 Initial Forecast	FY2021 Revised Forecast	Incr. Decr.
Sales	125.0	130.0	+5.0
Operating Income	9.5	9.5	± 0.0

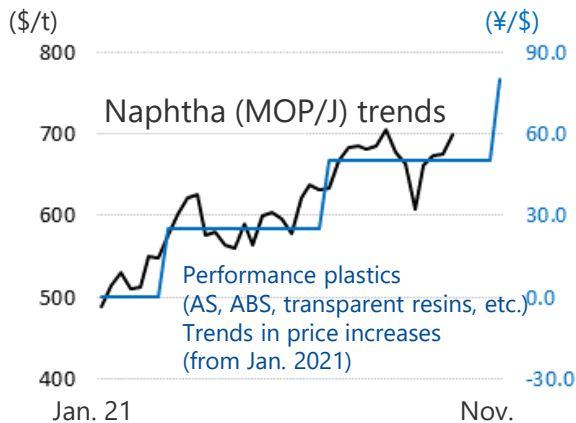
(Breakdown of profit differences)

Pricing	Volume	Cost& Others	Total
+12.7	+0.1	-12.8	±0.0

Sales trends	
MS resin	<ul style="list-style-type: none"> Demand for use in LGP applications in TVs has run its course, and will fall below initial forecasts. Other applications including for lighting and cosmetics containers will increase (Properties of MS resin: dimensional stability, low specific gravity, high moldability, etc.)
AS, ABS, transparent resins, etc.	<ul style="list-style-type: none"> Greater than expected recovery in demand. Sales volumes are expected to exceed initial forecast.
Food wrapping sheets and containers	<ul style="list-style-type: none"> Expected to be largely in line with initial forecasts (implement price increase in line with higher raw material prices)
Toyokalon	<ul style="list-style-type: none"> Continued recovery in demand in the Africa and U.S. markets. Expected to be largely in line with initial forecasts

Market trends

Price revisions of raw materials and in this segment

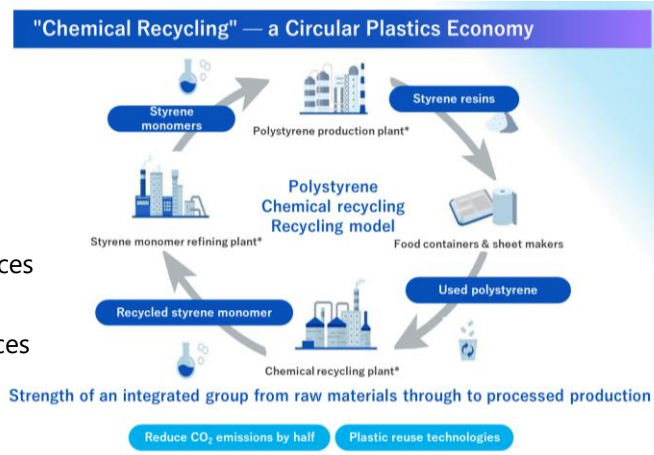


[Our Approach]

- Gradual price increases (Polyvinyl alcohol, food wrapping sheets, BOPS, AS, ABS, transparent resins, etc.)
- Sales price contracts linked to raw material prices (Styrene monomers, etc.)
- Price negotiations in line with raw material prices (Other products)

➡ Maintain spread

As the spread will be maintained despite an increase in raw materials costs, operating income is expected as initial forecasts



Sales (¥ billions)	FY 2020 Act	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Other*
Electronics & Innovative Products	77.7	90.0	+ 12.3	+ 4.3	+ 11.4	- 3.5
Life Innovation	42.9	50.0	+ 7.1	- 0.5	+ 7.7	- 0.1
Elastomer & Infrastructure Solutions	91.9	110.0	+ 18.1	+ 5.0	+ 15.3	- 2.2
Polymer Solutions	109.9	130.0	+ 20.1	+ 31.9	- 11.1	- 0.7
Others	32.0	15.0	- 17.0	-	+ 8.1	- 25.1
Total	354.4	395.0	+ 40.6	+ 40.6	+ 31.5	- 31.5

*Change in accounting standards for recognition of revenue

Operating Income (¥ billions)	FY 2020 Act	FY2021 Revised Forecast	Incr. Decr.	Pricing	Volume	Cost& Others
Electronics & Innovative Products	14.2	18.5	+ 4.3	+ 4.3	+ 7.3	- 7.3
Life Innovation	14.8	15.5	+ 0.7	- 0.5	+ 3.7	- 2.5
Elastomer & Infrastructure Solutions	-3.6	-1.0	+ 2.6	+ 5.0	+ 4.2	- 6.6
Polymer Solutions	8.4	9.5	+ 1.1	+ 31.9	+ 1.0	- 31.8
Others	0.8	1.5	+ 0.7	-	+ 0.7	- 0.0
Total	34.7	44.0	+ 9.3	+ 40.6	+ 16.9	- 47.3

Growth in demand for Electronics & Innovative Products supported by megatrends will contribute to significant increasing profits

(¥ billions)	FY2020 1H Actual (Apr-Sep)	FY2021 1H Actual (Apr-Sep)	FY2020 Actual (Apr-Mar)	FY2021 Initial Forecast (Apr-Mar)	FY2021 Revised Forecast (Apr-Mar)
Investment	17.1	15.4	42.3	43.0	43.0
Depreciation	11.5	11.5	22.9	23.5	23.5
R&D	7.4	7.4	14.7	16.0	14.5
Interest-Bearing Debt	140.5	131.5	138.2	137.0	137.0
	FY2020 1H Actual (Apr-Sep)	FY2021 1H Actual (Apr-Sep)	FY2020 Actual (Apr-Mar)	FY2021 Initial Forecast (Apr-Mar)	FY2021 Revised Forecast (Apr-Mar)
Forex (¥/\$)	106.8	109.9	105.8	108.0	111.8
Japan Naphtha (¥/kl)	28,250	50,800	31,800	46,000	56,600

Continuing strategic investment into specialty businesses

		FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Revised Forecast
Net Income	(billion)	23.0	25.0	22.7	22.8	29.0
Dividend per share*	(¥)	105.0	120.0	125.0	125.0	145.0
						Mid-term 70.0 End 75.0
Dividend	(billion)	9.2	10.5	10.8	10.8	12.5
Shareholders Return		40%	42%	48%	47%	43%
Stock Purchase	(billion)	2.3	2.1	-	-	Continue our policy targeting a total return ratio of 50%
Total Return	(billion)	11.5	12.6	10.8	10.8	
Total Return Ratio		50%	50%	48%	47%	
Depreciation		24.6	22.9	22.5	22.9	23.5
Investment & lending	(billion)	27.0	32.8	36.9	42.3	43.0
ROE		10.0%	10.3%	9.1%	8.8%	10.4%

* The figures have been adjusted before 10/1/2017, when stock consolidation to 1 from 5 was executed.

**Forecasted dividends per share: up 10 yen to 145 yen,
from the 135 yen initial forecast**

Sales (¥ billions)	FY2019				FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	H2 Forecast (3Q, 4Q)
Electronics & Innovative Products	17.3	20.0	18.3	20.0	17.1	19.6	20.0	21.1	21.0	22.8	46.2
Life Innovation	5.1	9.9	13.7	6.8	5.3	10.9	20.5	6.3	6.0	19.3	24.7
Elastomer & Infrastructure Solutions	26.9	27.6	24.9	26.1	19.8	22.0	24.8	25.2	24.6	26.8	58.6
Polymer Solutions	32.4	33.5	30.5	31.5	25.3	25.1	28.3	31.3	31.8	31.5	66.8
Others	9.1	10.1	9.2	7.7	8.7	6.5	8.2	8.5	3.5	4.0	7.5
Total	90.9	101.1	96.7	92.1	76.2	84.1	101.7	92.4	86.7	104.4	203.9
Operating Income (¥ billions)	FY2019				FY2020				FY2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	H2 Forecast (3Q, 4Q)
Electronics & Innovative Products	2.6	3.3	2.8	4.0	2.8	3.8	3.6	4.0	4.4	4.8	9.3
Life Innovation	0.1	2.4	3.8	0.6	0.0	2.4	11.4	1.0	0.3	10.4	4.8
Elastomer & Infrastructure Solutions	2.1	1.0	0.0	0.8	0.3	-0.4	-1.9	-1.5	0.1	-0.0	-1.0
Polymer Solutions	1.8	2.0	1.5	1.9	1.3	1.6	2.5	3.0	2.6	1.8	5.2
Others	0.2	-0.0	0.5	0.3	0.0	0.3	0.3	0.2	0.4	0.5	0.6
Total	6.7	8.6	8.7	7.6	4.4	7.7	16.0	6.7	7.7	17.5	18.8

Operating Income (¥ billions)	FY2020 Actual	FY2021 Revised Forecast	FY2022 Management Plan	Year- on- year	Main measures
Electronics & Innovative Products	14.2	18.5	22.0	+3.5	<p>Spherical alumina: Increasing xEV and 5G communications-related demand, effect of expansion in Singapore operations (to be completed around the end of fiscal 2021)</p> <p>Acetylene black: Increasing demand for xEV and high-voltage offshore wind power generation cables, shift from low-cost applications to high-value-added applications</p>
Life Innovation	14.8	15.5	11.0	-4.5	<p>Influenza vaccine: New facilities production operations from 2022 season</p> <p>Test reagents: Product line-up expansions, testing demand recovery (CRP for China, etc.)</p> <p>COVID-19 test kit: Estimated drop in prices The DELYTACT* (G47Δ) Oncolytic Virus: Shipment to begin in October 2021 (Expected to contribute in FY2023 and beyond)</p>
Elastomer & Infrastructure Solutions	-3.6	-1.0	7.0	+8.0	<p>Chloroprene rubber: Recovery in demand, price revision, resolution of hurricane Ida impact (transient)</p> <p>Cement: Price revision, increasing resource recycling (acceptance in municipal waste)</p> <p>Special cement additives: Increasing demand in "the linear shinkansen", by promoting sales of "Clear Shot", dust control product used in tunnel construction</p>
Polymer Solutions	8.4	9.5	11.0	+1.5	<p>MS resin: Increasing demand in light guide plates in TVs and monitors as well as in lighting, and expanding demand in other applications such as cosmetic containers Production capacity in Singapore doubled (operation started in July)</p> <p>IP: Expanding sales of high value-added grades (for automotive interior/exterior materials, etc.)</p>
Others	0.8	1.5	-1.0	-2.5	(Includes increasing labor costs resulting from better labor conditions throughout the entire Group)
Total	34.7	44.0	50.0	+6.0	* DELYTACT is a registered trademark of Daiichi Sankyo Company, Limited

Completing the specialty strategy of the Denka Value-Up
to achieve 50 billion yen in operating income

Cautionary statement regarding forward-looking information

Target figures in this material are not forecasts of business results.

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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

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