Aiming to Enhance Corporate Value

The financial results for FY2024, the second year of the Management Plan "Mission 2030," fell short of the plan (resulting in a net loss) due to changes in the business environment and poor performance in the U.S. chloroprene business. In FY2025, we will address the "four profit challenges" while also strengthening strategies and revising targets for growth areas set forth in the Management Plan "Mission 2030." As management increasingly focuses on capital costs and stock price, we will work to enhance corporate value by strengthening cash generation, improving future growth rates, and minimizing capital costs, thereby meeting the expectations of stakeholders, including shareholders and investors.

Business Recovery: Early Recovery to a Growth Trajectory (Strengthening Execution)

Promoting Responses to the "Four Profit Challenges" under the New Management Structure

Issues

- Poor Performance in the U.S. Chloroprene Rubber Business
- Delayed Recovery of Upfront Investments in Electronics and Innovative Products
- Stagnant Performance in Polymer Solutions
- Company-wide Increase in Cost Burden

[Portfolio Shift Implemented in FY2024]

- Suspension of chloroprene rubber manufacturing facilities at DPE in the U.S. (as of May 2025) ▶P04
- Consolidation of manufacturing bases in Toyokalon business
- Withdrawal from Y Film and Caralyan business

Challenge for the Future: Enhancing Corporate Value through Growth Strategy Promotion

Enhancement of corporate value = ↑ Cash generation through business operations / (↓ Minimization of Capital Costs (Systems and Structures to Enhance Reliability) − ↑ Improving Future Growth Rates (Strengthening Intangible Assets as Growth Drivers))

Review of Management Plan "Mission 2030"

- Review of strategies in the three growth areas (ICT & Energy, Healthcare, Sustainable Living)
- Further Promotion of Portfolio Transformation
- Strengthening Intangible Assets Linked to Growth Strategies (Human Capital Management, R&D, Intellectual Property, DX)

Scheduled for Public Announcement in FY2025
Review of Targets and Growth Strategies

PURPOSE

Make the world a better place as specialists in chemistry.

Target Business Portfolio

Denka will strengthen company-wide and business-specific initiatives centered on the following three pillars to enhance corporate value.

(1) Cash generation through business operations: Secure stable earnings through business activities.

(2) Improving Future Growth Rates: Strengthen intangible assets such as technological capabilities, intellectual property, human resources, and brand, which drive growth.

(3) Minimization of Capital Costs: Establish a highly reliable organizational structure to achieve efficient management.

Company-wide initiatives include the creation of new businesses in growth fields, strengthening the management foundation, and promoting sustainability management. Each business aims to become a "three-star business" equipped with three elements—"Specialty," "Megatrends," and "Sustainability"—and will promote initiatives from both short-term and medium- to long-term perspectives.

Enhancement of Corporate Value

↑ Cash generation through business operations — Specialty (Profitability)

[Company-wide initiatives]
- Portfolio transformation aimed at business value creation
- Financial strategy, capital allocation
- Cost reduction through promotion of Best Practice Projects

[Initiatives by Each Business]
- Improving profitability by strengthening product specialty (uniqueness)
- Cost reduction in each business

↑ Improving Future Growth Rates (Strengthening Intangible Assets as Growth Drivers) — Megatrends (Growth Potential)

[Company-wide Initiatives]
- Creation of new businesses in three growth areas
- Enhancing the value of intangible assets and building a challenging organization
  - R&D, intellectual property, human capital value strategy, organizational reform
  - Company-wide initiatives for DX and GX

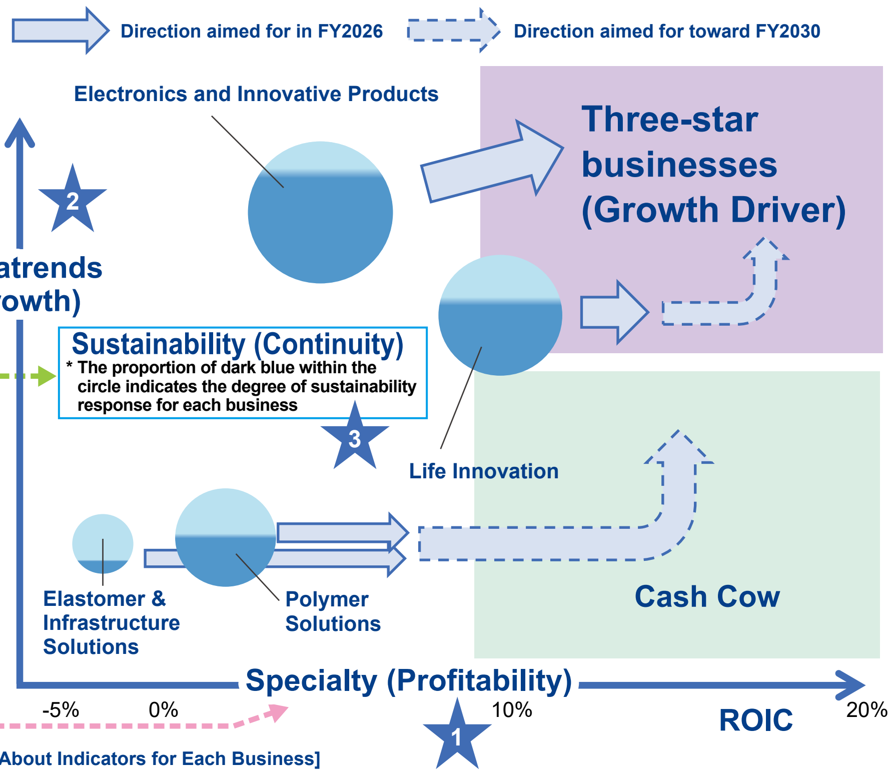
[Initiatives by Each Business]
Promotion of R&D, deployment of DX and GX, Offering new products and improving growth rates through organizational reform

↓ Minimization of Capital Costs (systems and structures to enhance reliability) — Sustainability (Continuity)

[Company-wide Initiatives]
- Sustainability management system
- E) Disclosure of environmental goals and achievements
- S) Initiatives to respect human rights
- G) Management value creation
  - Management conscious of capital costs and stock price, management transparency and soundness
  - Dialogue with shareholders and investors
  - Safety, quality assurance, etc.

[Initiatives by Each Business]
Reducing environmental impact from business activities, enhancing employee capabilities and performance, and improving the sustainability of each business

Target Business Portfolio



[About Indicators for Each Business]
1) Specialty: ROIC is used as an indicator from the perspective of improving income ratio through effective investments leveraging Denka's uniqueness, on the premise of promoting necessary efficiency in each business.
2) Megatrends: Evaluated based on the degree of incorporation of the three growth areas.
3) Sustainability: Indicators are environmental impact and employee productivity for each business.