

**FY2024 4Q Financial Results Presentation**  
**Summary of Q&A Session**  
**(May 13, 2025)**

**Fundamental Measures in the Chloroprene Rubber (CR) Business**

Q1: Denka expects fundamental measures it has undertaken in the CR business to yield increases in consolidated operating income compared with the fiscal 2024 level of ¥9.0 billion and ¥15.0 billion, respectively, in fiscal 2025 and fiscal 2026. Please share details of these profit effects.

A1: Considering the expected impact of the suspension of operations at manufacturing facilities at DPE,\* the full-year profit effect which fiscal 2026 will receive amount to around ¥15.0 billion due mainly to reductions in costs. On the other hand, the profit effect for fiscal 2025 is likely to total ¥9.0 billion because products with high unit prices have been carried over from fiscal 2024 and will be sold during the current fiscal year.

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

Q2: The U.S. tariffs may enable DPE to enjoy advantages arising from the domestic manufacturing of CR. Is DPE not considering the resumption of operations at these facilities?

A2: Having examined circumstances surrounding DPE, we forecast that improving its profitability would be difficult even when factoring in any market edge it might gain thanks to the U.S. tariffs. DPE has thus decided to suspend production at its CR manufacturing facilities for an indefinite period .

Q3: What are the plans for the employment at DPE and its manufacturing facilities going forward?

A3: Currently, DPE has yet to reach any decision regarding the employment at DPE. DPE is now engaged in periodic facility repair. Afterward, DPE will undertake such tasks as extracting and disposing of residual hazardous substances, such as raw materials and intermediate products, that remain in tanks and other manufacturing facilities.

**Impact of Tariffs**

Q4: Please elaborate on the expected impact of the tariffs on Denka's operating results.

A4: Annual sales of Denka's U.S.-bound products currently amount to around ¥30.0 billion, and we have factored in 10% of this amount, or ¥3.0 billion, as an approximate estimate of the amount of risk to operating income posed by tariffs. Although the outlook remains unclear, we will strive to minimize the negative impact of the tariffs. For example, we will maintain our prices at present levels even if the tariffs cause our customers to bear a greater burden when purchasing.

**Electronics & Innovative Products**

Q5: Please elaborate on the factors causing Denka to forecast that fiscal 2025 operating income will increase from the ¥9.2 billion recorded in fiscal 2024 to ¥10.0 billion even though sales of xEV-related products are expected to remain virtually unchanged from fiscal 2024, while upfront investment is likely to result in higher costs.

A5: We anticipate growth in demand for acetylene black for use in high-voltage cables and are also factoring in sales of spherical alumina, spherical fused silica, and SNECTON for generative AI-related applications. These are positive factors supporting the projected growth in fiscal 2025 operating income.

Q6: Please tell us the approximate ratios of spherical fused silica and spherical alumina for generative AI-related applications to overall sales of these two products.

A6: Spherical fused silica and spherical alumina for generative AI-related applications each account for roughly 20% of these sales.

Q7: As part of the substrate business model transformation Denka aims to achieve in fiscal 2025, the Company intends to revise product prices. At the same time, demand is expected to grow in the area of DC power transmission. Please share the details.

A7: The main applications of ceramic substrates are products for automotive use and products for electric railways. Denka's substrates boast superiority in heat dissipation while being highly appreciated in areas involving high-voltage equipment. Our sales policy is to focus on serving customers who fully understand the features of Denka products and will allow us to upwardly revise their prices. Also, we have seen constantly robust demand for ALSINK, a high-reliability heat-dissipating base plate, in areas related to electric railways. Furthermore, this ALSINK has begun benefitting from rapid growth in fresh demand in connection with applications involving DC power transmission, which is used in such facilities as wind power plants.