



Denka

Possibility
of
chemistry

Results Presentation of FY2025 1Q

(The 1st 3 Months of the Fiscal year ending March 2026)

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Securities code: 4061

Denka Co., Ltd

August 7, 2025

- Working to and 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 removing and disposing of hazardous materials, including raw materials and intermediates remaining in the equipment.
Stakeholders	To minimize future costs, DPE is continuing discussions with relevant stakeholders.
Shipments	We are supplying existing inventory produced before the production suspension to users of DPE products, while gradually switching over to products manufactured at the Denka Omi Plant.
Environmental regulations	<p>New air emission regulations on chemical substances were announced in April 2024.</p> <p>DPE and relevant industry groups requested an extension of the grace period.</p> <p>According to a White House announcement, a presidential proclamation dated July 17, 2025, extended the original regulatory grace period by two years.</p> <p>However, <u>this decision does not affect DPE policy to maintain the suspension of production.</u></p>

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- Operating income: Fundamental measures had a +0.9 billion yen impact in 1Q; expecting a +9.0 billion yen impact for the full year (vs. FY2024)
- Extraordinary losses: 1Q includes -2.1 billion yen in write-downs of raw materials and intermediate goods, etc. only
We expect additional extraordinary losses from 2Q onward, including labor costs and material removal costs; however, we plan to offset these as much as possible with extraordinary gains

		(¥ billions)			
		1Q	2Q	2H	Full-Year
Operating income	Impact of fundamental measures	+0.9	+1.1	+7.0	+9.0
Extraordinary gains and losses	DPE-related losses	-2.1 <small>(only includes write-downs of raw materials and intermediate goods, etc.)</small>	Labor costs, material removal costs, and other expenses incurred as extraordinary losses from 2Q		
	Gain on sale of land for Ofuna Plant	+8.2	Compensate		
	Gain on sale of strategic cross-shareholdings	0.0			

Full benefit from 2H due to plans to ship all DPE inventory by the end of 1H

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FY2025 1Q
Results
(P5-P13)

- **Operating income:** 2.3 billion yen -2.4 billion yen YoY
Changes in inventory write-downs on chloroprene rubber: -2.1 (reversal in 1Q FY2024 of +2.1 → resolved in 1Q FY2025 0.0), etc.
- **Net income:** 5.0 billion yen +2.8 billion yen YoY
DPE-related losses 1Q FY2024: None → 1Q FY2025: -2.1 billion yen (write-downs of raw materials and intermediate goods in equipment, etc.)
Gains on sale of land for Ofuna Plant 1Q FY2024: None → 1Q FY2025: + 8.2 billion yen

FY2025
Earnings Forecast
(P14-P16)

- **Operating income:** 25.0 billion yen (unchanged from initial forecast)
 - **Net income:** 15.0 billion yen (unchanged from initial forecast)
- Overall progress was in line with projections
- Operating income: V-shaped recovery including the +9.0 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 measures 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
(P17)

- **Dividend forecast:** No change from 100 yen per share (57% total return ratio)
Unchanged from the previous year in anticipation of improved cash flow
- **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)

FY2025 1Q Results

- Operating income declined due to changes in inventory write-downs on chloroprene rubber; however, net income increased from the gain on sale of land for Ofuna Plant

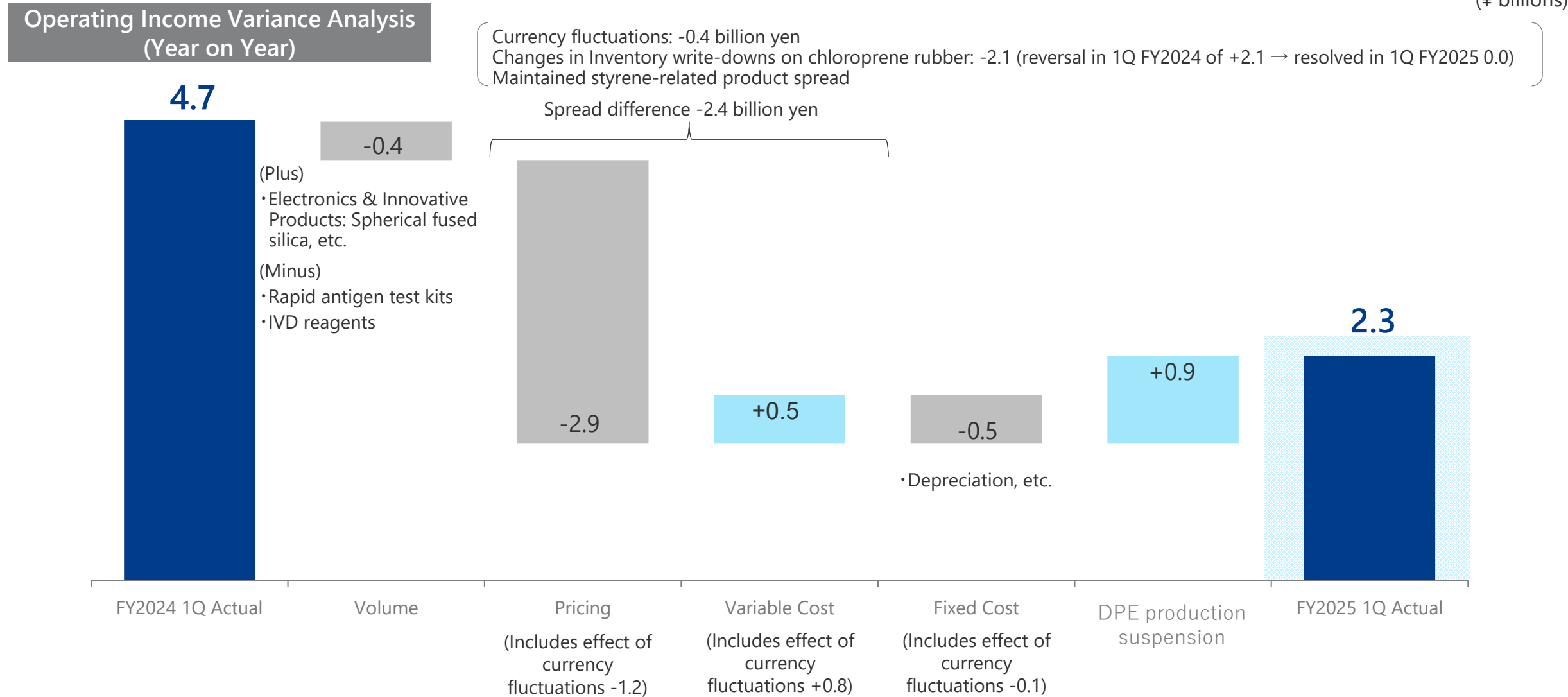
(¥ billions)

	FY2024 1Q Actual	FY2025 1Q Actual	(Year on Year)
Sales	95.2	94.1	-1.2
Operating Income	4.7	2.3	-2.4
Operating Margin	5.0%	2.4%	-2.5%
Ordinary Income	3.6	1.7	-1.9
Net Income Attributable to Owners of Parent	2.3*	5.0*	+2.8
Forex (¥/\$)	155.0	145.3	
Japan Naphtha (¥/kl)	78,900	65,100	

*DPE-related losses 1Q FY2024: None
 Gains on sale of land for Ofuna Plant 1Q FY2024: None

⇒ 1Q FY2025: -2.1 billion yen (write-downs of raw materials and intermediate goods in equipment, etc.)
 ⇒ 1Q FY2025: + 8.2 billion yen

■ Despite stronger demand for AI-related products and a gradual recovery of other products in Electronics & Innovative Products, profit declined due to lower sales of rapid antigen test kits and IVD reagents, along with changes in inventory write-downs on chloroprene rubber



■ Decline in profit for Life Innovation and Elastomers & Infrastructure Solutions

(¥ billions)

Sales	FY2024 1Q Actual	FY2025 1Q Actual	Incr. Decr.	Volume	Pricing	DPE production suspension
Electronics & Innovative Products	21.9	23.6	1.7	+1.9	-0.1	
Life Innovation	7.8	6.6	-1.2	-1.2	+0.0	
Elastomers & Infrastructure Solutions	29.2	25.8	-3.4	-2.5	+0.4	-1.3
Polymer Solutions	32.6	33.8	+1.2	+4.5	- 3.3	
Others	3.8	4.3	+0.5	+0.5	-	
Total	95.2	94.1	-1.2	+3.1	- 2.9	-1.3

Operating Income	FY2024 1Q Actual	FY2025 1Q Actual	Incr. Decr.	Volume	Pricing	Cost and Others	DPE production suspension
Electronics & Innovative Products	2.3	2.5	+0.2	+1.3	-0.1	-1.0	
Life Innovation	1.7	0.2	- 1.5	-1.0	+0.0	- 0.6	
Elastomers & Infrastructure Solutions	-0.2	-1.4	- 1.2	-0.9	+0.4	- 1.7	+0.9
Polymer Solutions	0.3	0.4	+0.1	+0.2	- 3.3	+3.3	
Others	0.7	0.6	- 0.0	- 0.0	-	- 0.0	
Total	4.7	2.3	- 2.4	- 0.4	- 2.9	+0.0	+0.9

- QoQ decline in profit due to lower profits in Life Innovation, despite moderate demand recovery in Electronic & Innovative Products and Polymer Solutions and positive impact from DPE's production suspension in Elastomer & Infrastructure Solutions

Sales	FY2023				FY2024				FY2025	Vs. (¥ billions) FY2024 4Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	-1.1
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	-1.6
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	-1.4
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	+0.8
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	-1.3
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	-4.6

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

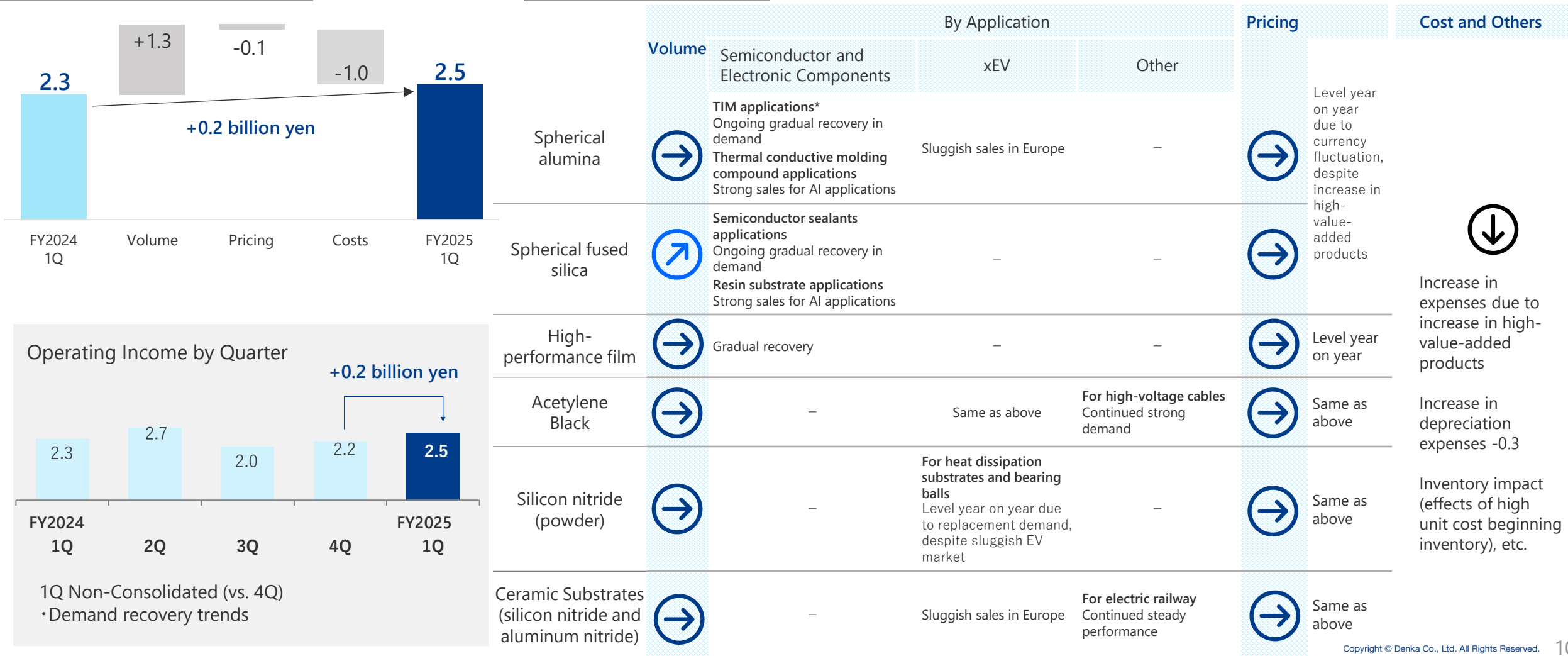
■ Profit increased, driven by rising demand in growth markets, including AI and high-voltage transmission, along with a gradual recovery in non-AI semiconductor demand

Operating Income Variance Analysis (Year on Year)

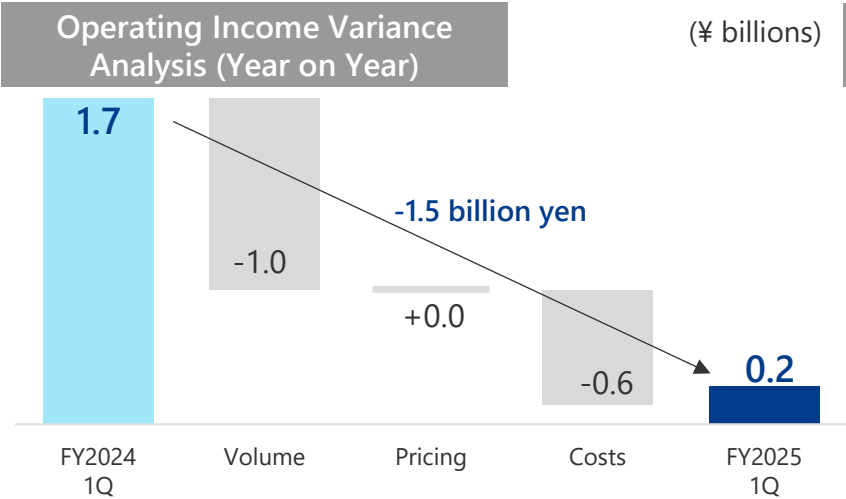
(¥ billions)

Reason for Variance (Year on Year)

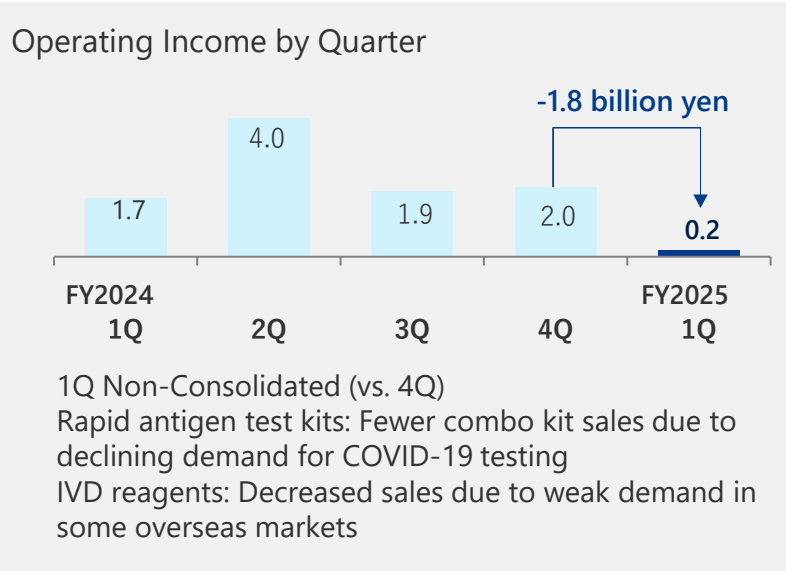
※ TIM (Thermal Interface Materials)



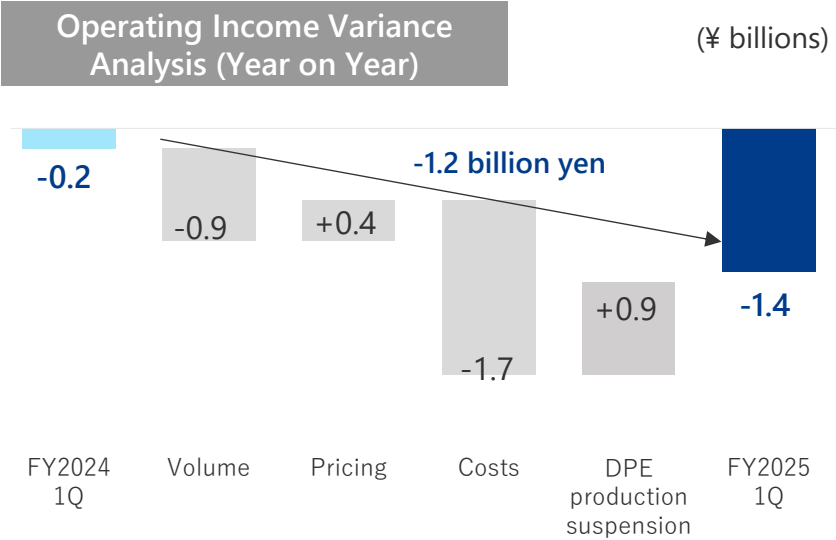
■ Profit decreased for rapid antigen test kits due to lower shipments of combo kits caused by changing trends in infectious diseases
Shipment of IVD reagents decreased due to weak demand in some overseas markets



Reason for Variance (Year on Year)		*Combo kits: Test kits that detect both COVID-19 and influenza simultaneously		
		Volume	Pricing	Cost and Others
Influenza vaccines	→	Manufacturing toward September shipments in line with plan	→	Level year on year
Rapid antigen test kits	↘	• Decrease in shipments of combo kits and COVID-19 test kits due to lower demand for testing caused by lower outbreak of infectious diseases compared with the previous year • Increase in shipments of influenza test kits for inventories		→
IVD reagents (inflammation markers, etc.)	↘	Decreased sales due to weak demand in some overseas markets	→	↘ Increase in fixed costs (depreciation, etc.)
			Same as above	

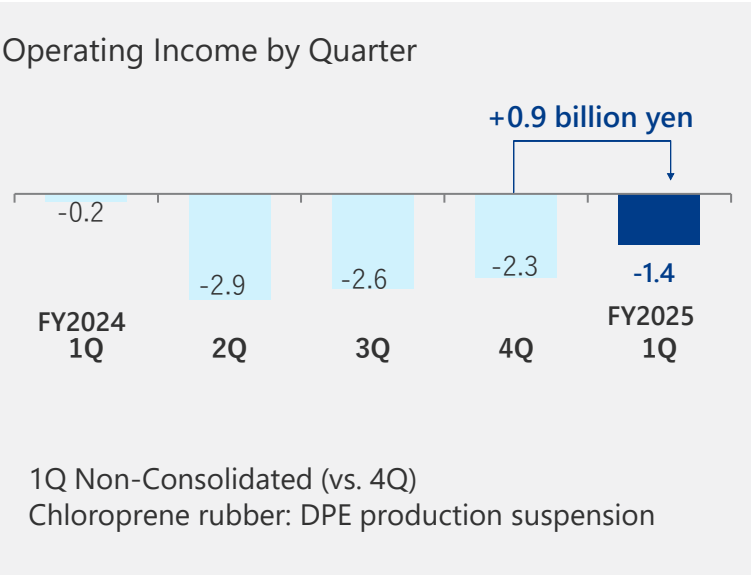


■ Lower profit for chloroprene rubber due to changes in inventory valuation write-downs; cement production ended in June

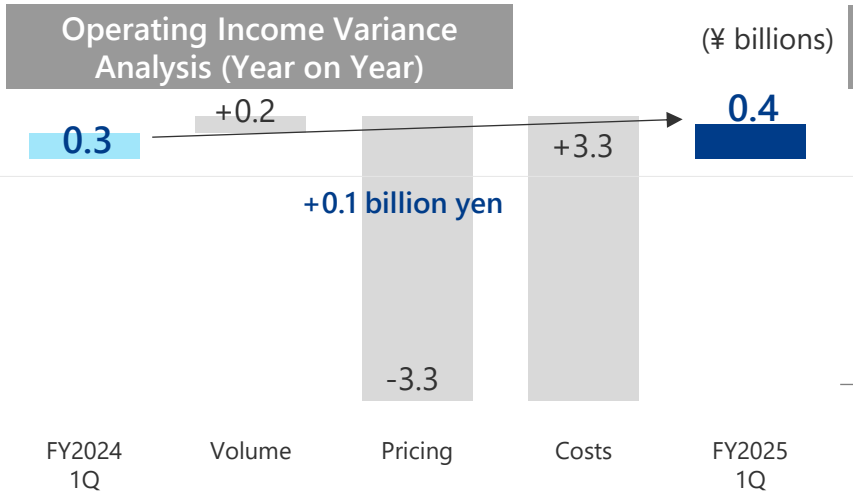


Reason for Variance (Year on Year)

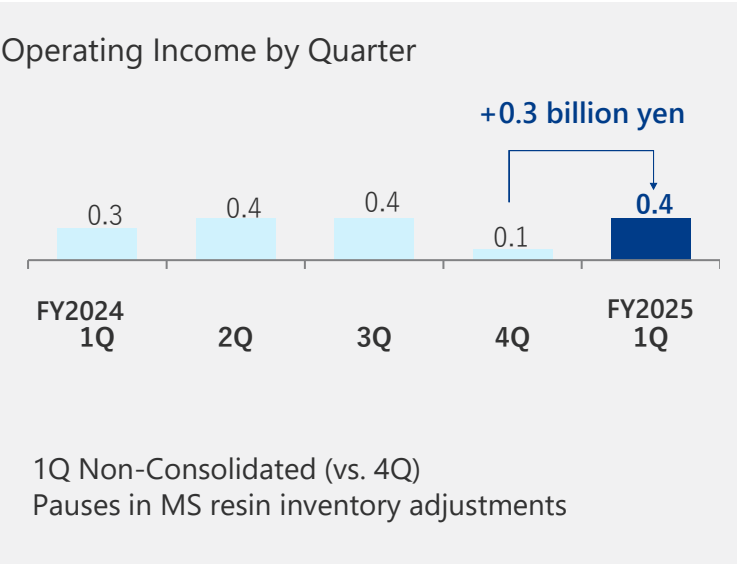
	Volume		Pricing		Cost and Others																																																																					
Chloroprene rubber	→	Level year on year	→	<div>• Currency fluctuations: Negative</div> <div>• Impact excluding currency fluctuation: Plus</div> <div>[Customs Statistics] Export unit prices (dry + latex)</div> <div><table border="1"><caption>[Customs Statistics] Export unit prices (dry + latex) (¥/Kg)</caption><thead><tr><th>Year</th><th>Apr</th><th>Jul</th><th>Oct</th><th>Jan</th><th>Apr</th><th>Jul</th><th>Oct</th><th>Jan</th><th>Apr</th><th>Jul</th><th>Oct</th><th>Jan</th><th>Apr</th></tr></thead><tbody><tr><td>2022</td><td>550</td><td>600</td><td>650</td><td>700</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td><td>780</td><td>750</td></tr><tr><td>2023</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td></tr><tr><td>2024</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td></tr><tr><td>2025</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td><td>780</td><td>750</td><td>720</td><td>700</td><td>720</td><td>750</td></tr></tbody></table></div> <div>↓</div> <div>Chloroprene rubber: Changes in inventory write-downs (reversal in 1Q FY2024 of +2.1 → Resolved in 1Q FY2025 0.0)</div>	Year	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	2022	550	600	650	700	750	780	750	720	700	720	750	780	750	2023	750	780	750	720	700	720	750	780	750	720	700	720	750	2024	750	780	750	720	700	720	750	780	750	720	700	720	750	2025	750	780	750	720	700	720	750	780	750	720	700	720	750
Year	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Apr																																																													
2022	550	600	650	700	750	780	750	720	700	720	750	780	750																																																													
2023	750	780	750	720	700	720	750	780	750	720	700	720	750																																																													
2024	750	780	750	720	700	720	750	780	750	720	700	720	750																																																													
2025	750	780	750	720	700	720	750	780	750	720	700	720	750																																																													
Special cement additives	↘	Lower demand than in the previous year due to construction delay	→																																																																							
Cement	↘	Production ended in June 2025	→																																																																							



Level year on year



Reason for Variance (Year on Year)		Volume	Pricing	Cost and Others
MS resins	(LGP applications for PC monitors) Level year on year in demand	→	↘	
AS, ABS, transparent resins, etc.	Level year on year	→	↘	↗ Styrene Related Products: Price revision in conjunction with falling raw materials and fuel prices (spread maintained) Variable costs: Improved due to lower raw material and fuel prices (spread maintained)
Food wrapping sheets and containers	Level year on year	→	↘	Fixed costs: Level year on year
Toyokalon	Level year on year	→	→	Level year on year



FY2025 (Fiscal Year Ending March 2026) Earnings Forecast

- Overall progress was in line with projections
- Operating income: V-shaped recovery including the +9.0 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

Operating Income (¥ billions)	1Q Actual	1H Forecast	Full-Year Forecast	Progress	Progress
Electronics & Innovative Products	2.5	4.0	10.0	◎ (Slightly higher than projected)	1H: Demand for AI continues to grow 2H: Additionally projecting a recovery in demand for semiconductor-related products (initial forecast assumptions unchanged)
Life Innovation	0.2	4.5	10.0	△ (Slightly lower than projected)	1H: Rapid antigen test kits saw a lower-than-anticipated demand for testing due to changing trends in infectious diseases in 1Q. 2Q is likely to see a certain level of demand, including demand for distributor inventory; however, we will continue to monitor changing trends in infectious diseases. Influenza vaccines is anticipated to contribute to earnings from September as shipments start on schedule (Impact of temporary suspension of tetanus vaccine shipments is minimal) 2H: Projecting increased demand for combo kits; however, we will monitor changing trends in infectious diseases (initial forecast assumptions unchanged)
Elastomers & Infrastructure Solutions	-1.4	-3.5	1.0	○ (In line with projections)	1H: Demand for chloroprene rubber is in line with projections (plans for all DPE product inventory to be shipped in 1H) 2H:
Polymer Solutions	0.4	1.0	2.0	○ (In line with projections)	1H: Demand for PCs and consumer electronics, etc. remained overall in line with expectations 2H: Projecting continued moderate demand recovery (initial forecast assumptions unchanged)
Others	0.6	1.0	2.0		
Total	2.3	7.0	25.0	US tariff impact of -3.0 billion yen (unchanged from initial forecast)	

■ Initial forecast unchanged

(¥ billions)

	Investment & Lending				Depreciation				R&D			
	FY2024		FY2025		FY2024		FY2025		FY2024		FY2025	
	1Q Actual	FY2024 Actual	1Q Actual	FY2025 Forecast (No change)	1Q Actual	FY2024 Actual	1Q Actual	FY2025 Forecast (No change)	1Q Actual	FY2024 Actual	1Q Actual	FY2025 Forecast (No change)
Electronics & Innovative Products	5.3	40.9	4.4	40.0	2.4	9.6	2.7	11.6	1.4	5.5	1.5	6.0
Life Innovation	3.0	10.6	0.8	3.0	0.8	3.5	1.0	4.0	1.2	4.4	1.3	5.0
Elastomers & Infrastructure Solutions	1.9	11.7	1.8	11.0	2.3	9.2	2.1	9.0	0.7	2.7	0.6	2.5
Polymer Solutions	1.9	6.0	1.1	6.0	1.3	5.2	1.3	5.0	0.6	2.3	0.5	2.0
Others	0.0	0.0	0.0	0.0	0.1	0.4	0.1	0.4	-	-	-	-
Total	12.1	69.2	8.1	60.0	6.8	27.9	7.2	30.0	3.8	14.9	3.9	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	30.0
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%

(¥ billions)

Sales	FY2024 1H Actual	FY2025 1H Forecast (No change)	Incr. Decr.	DPE			(¥100 million)
				Volume	Pricing	production suspension	
Electronics & Innovative Products	45.1	50.0	+4.9	+5.8	-0.9		
Life Innovation	22.4	20.0	-2.4	-1.7	-0.7		
Elastomers & Infrastructure Solutions	56.4	50.0	-6.4	-3.3	+0.4	-3.5	
Polymer Solutions	67.4	65.0	-2.4	+1.9	-4.3		
Others	7.7	10.0	+2.3	+2.3	-		
Total	199.1	195.0	-4.1	+5.0	-5.5	-3.5	
Operating Income	FY2024 1H Actual	FY2025 1H Forecast (No change)	Incr. Decr.	DPE			DPE production suspension
				Volume	Pricing	Cost and Others	
Electronics & Innovative Products	4.9	4.0	-0.9	+2.6	-0.9	-2.6	
Life Innovation	5.7	4.5	-1.2	+1.1	-0.7	-1.6	
Elastomers & Infrastructure Solutions	-3.0	- 3.5	-0.5	+0.0	+0.4	-2.8	+2.0
Polymer Solutions	0.6	1.0	+0.4	+0.5	-4.3	+4.3	
Others	1.2	1.0	-0.2	-0.2	-	-0.0	
Total	9.4	7.0	-2.4	+4.0	-5.5	-2.8	+2.0

(¥ billions)

Sales	FY2024 Actual	FY2025 Forecast (No change)	Incr. Decr.	Volume	Pricing	DPE production suspension	
Electronics & Innovative Products	92.2	105.0	+12.8	+12.9	-0.1		
Life Innovation	43.3	45.0	+1.7	+3.5	-1.8		
Elastomers & Infrastructure Solutions	111.7	105.0	-6.7	+3.8	+1.5	-12.0	
Polymer Solutions	135.4	135.0	-0.4	+6.5	-6.9		
Others	17.7	20.0	+2.3	+2.3	-		
Total	400.3	410.0	+9.7	+29.0	-7.2	-12.0	
Operating Income	FY2024 Actual	FY2025 Forecast (No change)	Incr. Decr.	Volume	Pricing	Cost and Others	DPE production suspension
Electronics & Innovative Products	9.2	10.0	+0.8	+5.4	-0.1	-4.5	
Life Innovation	9.6	10.0	+0.4	+4.6	-1.8	-2.5	
Elastomers & Infrastructure Solutions	-8.0	1.0	+9.0	+6.8	+1.5	-8.3	+9.0
Polymer Solutions	1.2	2.0	+0.8	+0.4	-6.9	+7.3	
Others	2.5	2.0	-0.5	-0.5	-	-0.0	
Total	14.4	25.0	+10.6	+16.8	-7.2	-8.0	+9.0

Sales (¥billions)	FY2023				FY2024				FY2025		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q Actual	2Q Forecast	2H Forecast
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	26.4	55.0
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	13.4	25.0
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	24.2	55.0
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.2	70.0
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.7	10.0
Total	87.8	103.5	101.5	96.4	95.2	1,03.8	102.5	98.7	94.1	100.9	215.0

Operating Income (¥ billions)	FY2023				FY2024				FY2025		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q Actual	2Q Forecast	2H Forecast
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	2.5	1.5	6.0
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	0.2	4.3	5.5
Elastomers & Infrastructure Solutions	- 0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-1.4	-2.1	4.5
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	0.6	1.0
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	0.6	0.4	1.0
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	4.7	18.0

Cautionary statement regarding forward-looking information

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

In addition, any description relating to the future in this material is subject to known or unknown risks and uncertainties, although it is based on management's current assumptions and beliefs in light of the information currently available to it. Please be cautioned that a number of important factors could cause actual results to differ significantly from the description in the material.

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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