# Results Presentation of FY2025 2Q

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

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Possibility
of
chemistry

Securities code: 4061

**Denka Co., Ltd**

November 10, 2025

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## ■ Continuing to 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 continuing to remove and dispose of hazardous materials, including raw materials and intermediates remaining in the equipment.<br>**Key progress since 1Q: Completed removal and disposal of the substances classified as most hazardous. Current efforts include phased removal and disposal of remaining hazardous materials that pose industrial disaster risks, and cleaning of facilities.** |
| Stakeholders | To minimize future costs, DPE is continuing discussions with relevant stakeholders. |
| Shipments | **Key progress since 1Q: Completed switchover to Denka Omi Plant products for previous users of DPE products. Nearly all DPE product inventory shipped during first half.** |

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- **Operating income: Fundamental measures had a +1.8 billion yen impact in 1H in line with the plan; expecting a +8.6 billion yen impact for the full year (vs. FY2024)**
- **Extraordinary losses: -8.4 billion yen in 1H due to the write-down of raw materials and intermediate goods, as well as labor and other costs associated with material removal costs and related expenses**
  **We expect additional extraordinary losses in 2H, including labor and other costs associated with material removal costs and related expenses; however, we plan to offset these as much as possible, such as extraordinary gains**

| (¥ billions) | | 1Q | 2Q | 2H | Full-Year |
|---|---|---|---|---|---|
| Operating income | Impact of fundamental measures | ＋0.9 | +0.9 | ＋6.8 | ＋8.6 |
| Extraordinary gains and losses | DPE-related losses | -2.1 (only includes write-downs of raw materials and intermediate goods, etc.) | -6.3 (Labor and other costs associated with material removal costs and related expenses) | Labor and other costs associated with material removal and related expenses to continue as extraordinary losses from 2H | |
| | Gain on sale of land for Ofuna Plant | ＋8.2 | 0.0 | Compensate | |
| | Gain on sale of strategic cross-shareholdings, etc. | 0.0 | 0.0 | Consider as needed | |

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

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## FY2025 1H Results (P5-P14)

- **Operating income: 9.7 billion yen +0.4 billion yen YoY**
  Electronics & Innovative Products volume +3.4: Moderate demand recovery for general-purpose semiconductors and expanding demand for generative AI-related semiconductors and power infrastructure
  Fixed costs -1.1 (depreciation -0.7, other), currency fluctuations -1.1
- **Net income: 3.9 billion yen +0.5 billion yen YoY**
  DPE-related losses 1H FY2024: None
  → 1H FY2025: -8.4 billion yen (write-down of raw materials in equipment, costs associated with material removal, etc.)
  Gain on sale of land for Ofuna Plant 1H FY2024: None → 1H FY2025: +8.2 billion yen

## FY2025 Earnings Forecast (P15-P19)

- **Operating income: 25.0 billion yen** (unchanged from initial forecast)
- **Net income: 15.0 billion yen** (unchanged from initial forecast)

Operating income: In line with overall forecast, despite mixed results by segment
V-shaped recovery including the +8.6 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

## Shareholder Returns (P20)

- **Dividend forecast: No change from 100 yen per share** (57% total return ratio)
- **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)**

## Direction of Management Plan Mission 2030 Revision (P24-32)

- **Revised Mission 2030 to be announced in February 2026**
- **Phase 2 (FY2026–FY2028): Target ROE of 8% or higher as a highly achievable goal**
- **Phase 3 (FY2029–FY2030): Aim for the best mix of ICT & Energy and Healthcare (operating income: 100 billion yen, 15% ROE); streamline Sustainable Living to focus on competitive businesses only**

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# FY2025 1st Half Results

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## ■ Operating profit rose slightly year on year and exceeded the initial forecast

| (¥ billions) | FY2024 1H Actual | FY2025 1H Actual | (Year on Year) | FY2025 1H Initial Forecast | （vs Initial Forecast） |
|---|---|---|---|---|---|
| Sales | 199.1 | **196.7** | -2.4 | 195.0 | ＋1.7 |
| Operating Income | 9.4 | **9.7** | ＋0.4 | 7.0 | ＋2.7 |
| Operating Margin | 4.7% | **5.0%** | ＋0.3% | 3.6% | ＋1.4% |
| Ordinary Income | 5.6 | **6.8** | ＋1.2 | 4.5 | ＋2.3 |
| Net Income Attributable to Owners of Parent | 3.4 | **3.9** * | ＋0.5 | 2.5 | ＋1.4 |
| Forex (¥/$) | 153.9 | **146.2** | | 145.0 | |
| Japan Naphtha (¥/Kl) | 77,700 | **65,000** | | 69,000 | |

*DPE-related losses　1H FY2024: None　⇒ 1H FY2025: - 8.4 billion yen (costs associated with material removal, etc.)
Gains on sale of land for Ofuna Plant　1H FY2024: None　⇒ 1H FY2025: +8.2 billion yen

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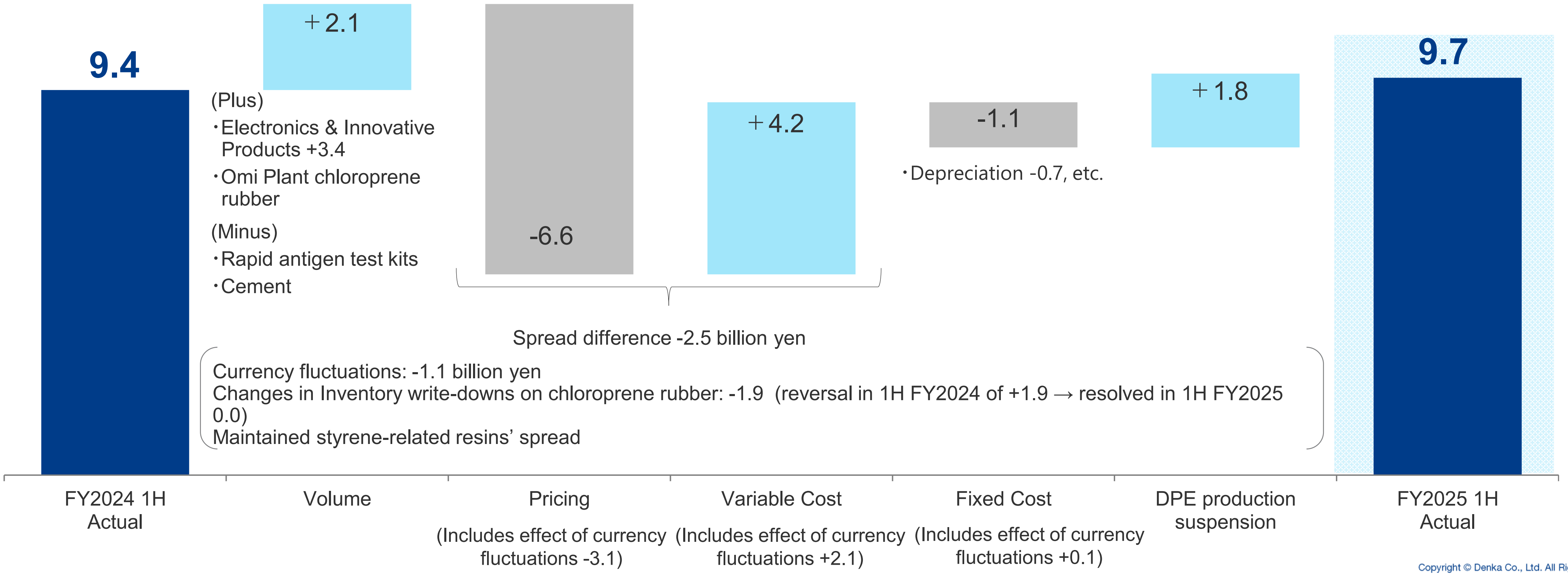
## Despite increased demand for generative AI–related semiconductor and power infrastructure applications and a moderate recovery in general-purpose semiconductors, currency fluctuations and higher fixed costs kept profit increase modest

(¥ billions)

**Operating Income Variance Analysis (Year on Year)**

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■ **While profit increased in Electronics & Innovative Products and Polymer Solutions, profit declined in Life Innovation. As a result, overall performance improved slightly.**

(¥ billions)

| Sales | FY2024 1H Actual | **FY2025 1H Actual** | Incr. Decr. | Volume | Pricing | DPE production suspension |
|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 45.1 | **50.1** | +5.1 | +5.8 | -0.7 | |
| Life Innovation | 22.4 | **21.4** | -1.0 | -1.1 | +0.1 | |
| Elastomers & Infrastructure Solutions | 56.4 | **49.9** | -6.6 | -4.1 | +1.0 | -3.5 |
| Polymer Solutions | 67.4 | **65.4** | -2.0 | +5.1 | -7.1 | |
| Others | 7.7 | **9.8** | +2.1 | +2.1 | +0.0 | |
| Total | 199.1 | **196.7** | -2.4 | +7.8 | -6.6 | -3.5 |

| Operating Income | FY2024 1H Actual | **FY2025 1H Actual** | Incr. Decr. | Volume | Pricing | Cost and Others | DPE production suspension |
|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 4.9 | **6.3** | +1.4 | +3.4 | -0.7 | -1.3 | |
| Life Innovation | 5.7 | **3.8** | -1.9 | -0.9 | +0.1 | -1.1 | |
| Elastomers & Infrastructure Solutions | -3.0 | **-3.4** | -0.4 | -1.0 | +1.0 | -2.2 | +1.8 |
| Polymer Solutions | 0.6 | **1.5** | +0.9 | +0.3 | -7.1 | +7.7 | |
| Others | 1.2 | **1.5** | +0.3 | +0.4 | +0.0 | +0.0 | |
| Total | 9.4 | **9.7** | +0.4 | +2.1 | -6.6 | +3.1 | +1.8 |

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## ■ Increase in profit for Electronics & Innovative Products and Life Innovation

(¥ billions)

| Sales | FY2023 1Q | 2Q | 3Q | 4Q | FY2024 1Q | 2Q | 3Q | 4Q | FY2025 1Q | 2Q | Vs. FY2025 1Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 19.2 | 22.5 | 21.7 | 24.5 | 21.9 | 23.2 | 22.5 | 24.7 | 23.6 | **26.5** | ＋ 2.9 |
| Life Innovation | 7.2 | 15.0 | 15.8 | 9.0 | 7.8 | 14.6 | 12.7 | 8.2 | 6.6 | **14.8** | ＋ 8.3 |
| Elastomers & Infrastructure Solutions | 28.0 | 29.2 | 28.6 | 25.6 | 29.2 | 27.2 | 28.0 | 27.2 | 25.8 | **24.1** | - 1.7 |
| Polymer Solutions | 29.8 | 31.7 | 30.9 | 31.9 | 32.6 | 34.9 | 34.9 | 33.0 | 33.8 | **31.6** | - 2.2 |
| Others | 3.7 | 5.1 | 4.5 | 5.4 | 3.8 | 4.0 | 4.4 | 5.6 | 4.3 | **5.6** | ＋ 1.3 |
| Total | 87.8 | 103.5 | 101.5 | 96.4 | 95.2 | 103.8 | 102.5 | 98.7 | 94.1 | **102.6** | ＋ 8.6 |

| Operating Income | FY2023 1Q | 2Q | 3Q | 4Q | FY2024 1Q | 2Q | 3Q | 4Q | FY2025 1Q | 2Q | Vs. FY2025 1Q |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 2.1 | 2.8 | 1.8 | 2.4 | 2.3 | 2.7 | 2.0 | 2.2 | 2.5 | **3.8** | ＋1.4 |
| Life Innovation | 0.9 | 5.7 | 3.1 | 2.0 | 1.7 | 4.0 | 1.9 | 2.0 | 0.2 | **3.6** | ＋3.4 |
| Elastomers & Infrastructure Solutions | -0.7 | -0.9 | -3.9 | -3.7 | -0.2 | -2.9 | -2.6 | -2.3 | -1.4 | **-2.0** | -0.6 |
| Polymer Solutions | -0.0 | -0.2 | 0.6 | -0.4 | 0.3 | 0.4 | 0.4 | 0.1 | 0.4 | **1.1** | ＋0.7 |
| Others | 0.5 | 0.5 | 0.4 | 0.6 | 0.7 | 0.5 | 0.7 | 0.5 | 0.6 | **0.9** | ＋0.3 |
| Total | 2.8 | 7.7 | 2.0 | 0.8 | 4.7 | 4.7 | 2.4 | 2.6 | 2.3 | **7.4** | ＋ 5.1 |

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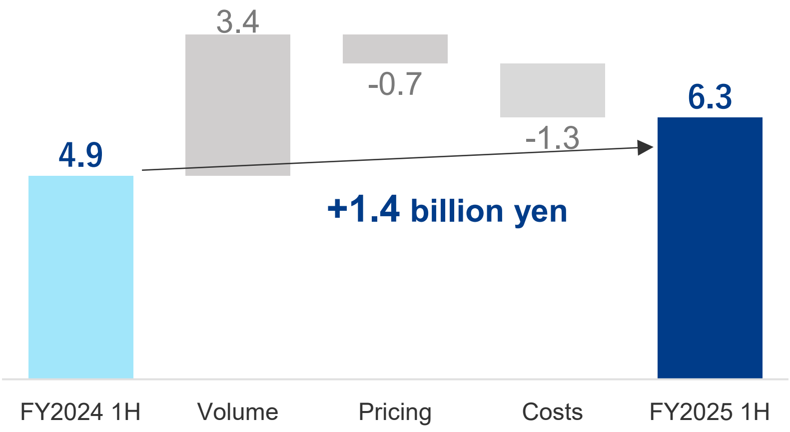
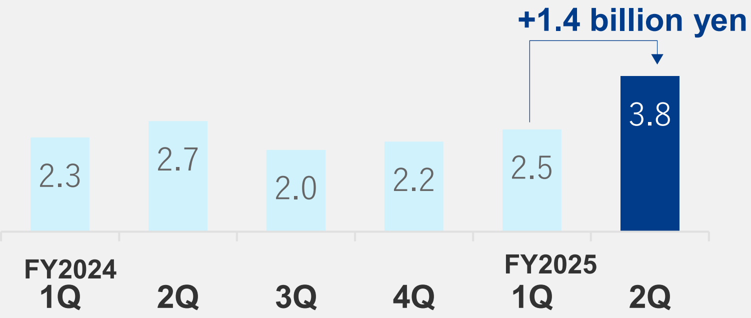
## ■ Profit increased, driven by stronger demand for generative AI–related semiconductors and power infrastructure applications, as well as a moderate recovery in general-purpose semiconductors

### Operating Income Variance Analysis (Year on Year)

(¥ billions)




(Reference) Operating Income by Quarter




2Q Non-Consolidated (vs. 1Q)
・Expanding demand for generative AI-related and power infrastructure applications
・Acetylene black: High-voltage cables are shipped in batches to a certain extent, resulting in shipments increased in 2Q due to differences in timing for said shipments

### Reason for Variance (Year on Year)

※ TIM（Thermal Interface Materials）

| | Volume | By Application: Semiconductor and Electronic Components | By Application: xEV | By Application: Other | Pricing | | Cost and Others |
|---|---|---|---|---|---|---|---|
| Spherical alumina | → | **TIM applications*** Ongoing gradual recovery in demand **Thermal conductive molding compound applications** Ongoing strong sales for AI applications | Sluggish sales in Europe | – | → | Level year on year due to currency fluctuation, despite increase in high-value-added products | ↓ Increase in depreciation expenses -0.7 Inventory impact (effects of high unit cost beginning inventory), etc. |
| Spherical fused silica | ↗ | **Semiconductor sealants applications** Ongoing gradual recovery in demand **Resin substrate applications** Ongoing strong sales for AI applications | – | – | → | | |
| High-performance film | → | Gradual recovery | – | – | → | Level year on year | |
| Acetylene Black | → | – | Sluggish sales in Europe | **For power infrastructure** Strong demand for high-voltage cables | ↘ | Currency fluctuations: Negative | |
| Silicon nitride (powder) | → | – | **For heat dissipation substrates and bearing balls** Level year on year due to replacement demand, despite sluggish EV market | – | → | Level year on year | |
| Ceramic Substrates (silicon nitride and aluminum nitride) | → | – | Sluggish sales in Europe | **For electric railway** Continued steady performance | ↗ | Progress in increasing prices | |

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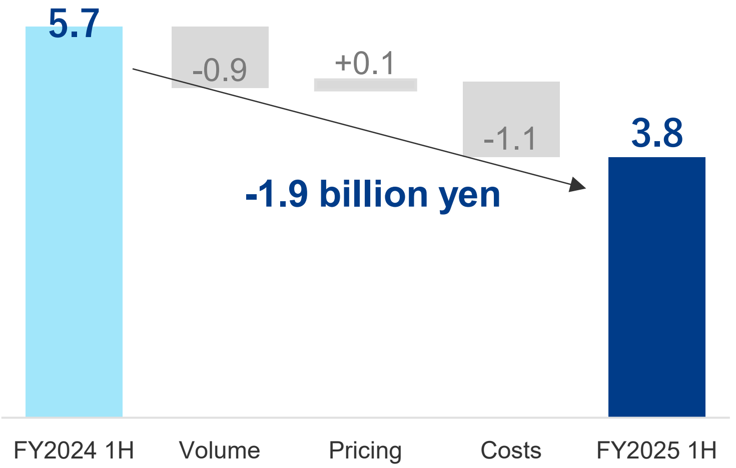
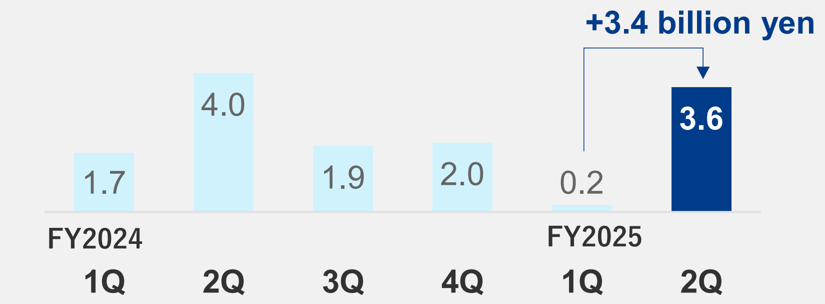
## ■ Shipment decline in COVID-19 test kits from reduced testing demand; ongoing decrease in IVD reagents due to sluggish demand in certain overseas areas

**Operating Income Variance Analysis (Year on Year)**

(¥ billions)




(Reference) Operating Income by Quarter




2Q Non-Consolidated (vs. 1Q)
Influenza vaccine: Shipments started in September as planned
Rapid antigen test kits: Increased shipments of combo kits

**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 | ↗ Early shipments began in September as planned | → Level year on year | ↘ Increase in fixed costs (depreciation-0.5, etc.) |
| Rapid antigen test kits | ↘ ・Decrease in shipments of COVID-19 test kits due to lower demand for testing caused by lower outbreak of the disease compared with the previous year<br>・Shipment of influenza test kits exceeded previous-year results; combo kits increased slightly | → Same as above | |
| IVD reagents (inflammation markers, etc.) | ↘ Decreased sales due to weak demand in some overseas markets | → Same as above | |

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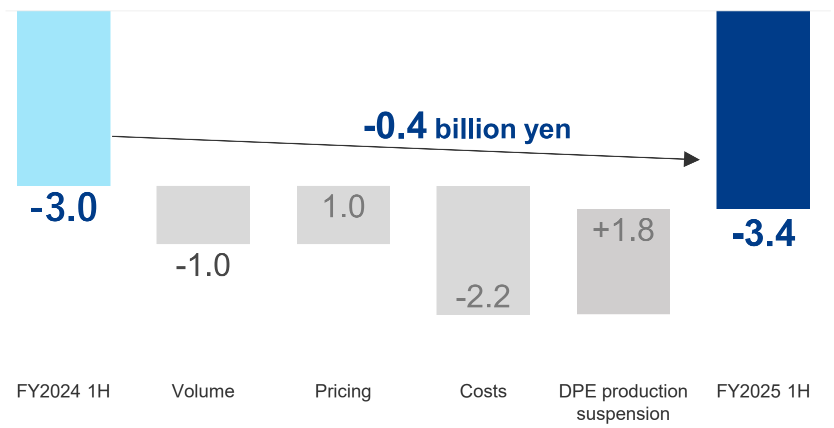
# Year-on-year results remained flat, as changes in inventory valuation write-downs for chloroprene rubber offset the positive impact from the DPE plant suspension

## Operating Income Variance Analysis (Year on Year)

(¥ billions)

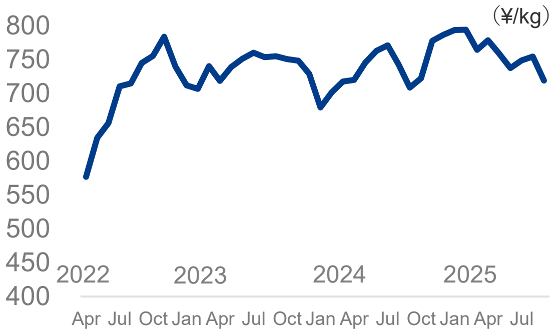



(Reference) Operating Income by Quarter


2Q Non-Consolidated (vs. 1Q)
Chloroprene rubber: Difference in DPE product mix
(shipments largely completed in 1H)

## Reason for Variance (Year on Year)

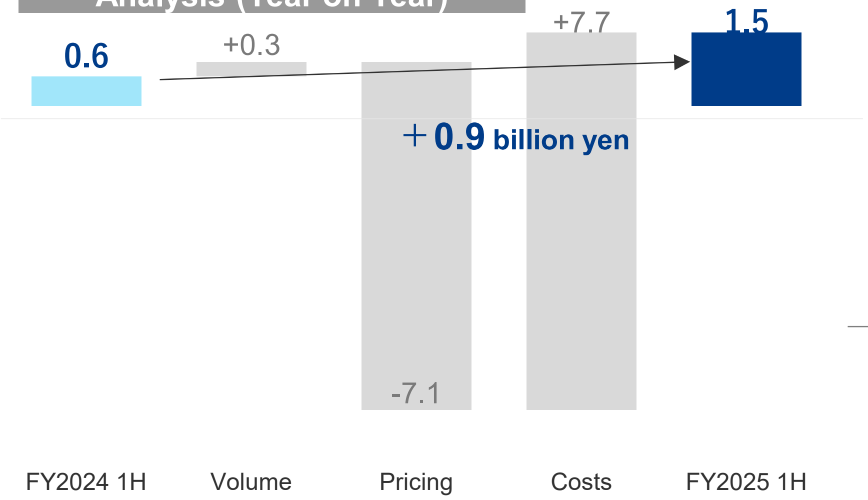
| | Volume | Pricing | Cost and Others |
|---|---|---|---|
| Chloroprene rubber | ↗ Demand was level year on year, while shipments of products from the Omi Plant increased due to substitution for DPE products | ↗ ・Currency fluctuations: Negative<br>・Impact excluding currency fluctuation: Plus<br>[Customs Statistics] Export unit prices (dry + latex) | ↓ Chloroprene rubber: Changes in inventory write-downs (reversal in 1H FY2024 of +1.9 → Resolved in 1H FY2025 0.0) |
| Special cement additives | ↘ Lower demand than in the previous year due to construction delay | ↗ Sales composition difference | |
| Cement | ↓ Production ended in June 2025 | → Level year on year | |



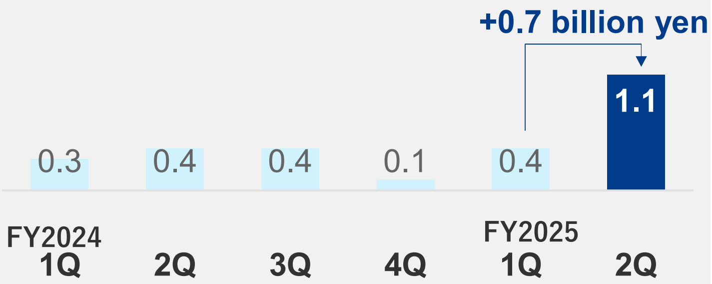
## Profit increased, supported by revisions to appropriate prices for food wrapping sheets and containers

### Operating Income Variance Analysis (Year on Year)

(¥ billions)




(Reference) Operating Income by Quarter




2Q Non-Consolidated (vs. 1Q)
Certain products incorporating a formula for unit sales prices experienced a timing variance in sales price adjustments

### Reason for Variance (Year on Year)

| | Volume | | Pricing | | Cost and Others |
|---|---|---|---|---|---|
| MS resins | ↘ | (LGP applications for PC monitors) Slightly lower than last year | ↘ | Styrene-based resins: Price revision in conjunction with falling raw materials and fuel prices (Spread maintained) | ↗ Variable costs: Improved due to lower raw material and fuel prices |
| AS, ABS, transparent resins, etc. | ↗ | Slightly higher than last year | ↘ | | |
| Food wrapping sheets and containers | → | Level year on year | ↗ | Revision to appropriate prices | |
| Toyokalon | → | Moderate recovery | → | Level year on year | |

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## ■ Electronics & Innovative Products exceeded initial forecast

(¥ billions)

| Sales | FY2025 1H Initial Forecast | FY2025 1H Actual | Incr. Decr. | Volume | Pricing | DPE production suspension |
|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 50.0 | 50.1 | +0.1 | +0.5 | -0.3 | |
| Life Innovation | 20.0 | 21.4 | +1.4 | +0.7 | +0.7 | |
| Elastomers & Infrastructure Solutions | 50.0 | 49.9 | -0.1 | -0.9 | +0.7 | +0.1 |
| Polymer Solutions | 65.0 | 65.4 | +0.4 | +3.4 | -3.0 | |
| Others | 10.0 | 9.8 | -0.2 | -0.2 | - | |
| Total | 195.0 | 196.7 | +1.7 | +3.5 | -1.9 | +0.1 |

| Operating Income | FY2025 1H Initial Forecast | FY2025 1H Actual | Incr. Decr. | Volume | Pricing | Cost and Others | DPE production suspension |
|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 4.0 | 6.3 | +2.3 | +1.3 | -0.3 | +1.4 | |
| Life Innovation | 4.5 | 3.8 | -0.7 | -1.9 | +0.7 | +0.5 | |
| Elastomers & Infrastructure Solutions | -3.5 | -3.4 | +0.1 | -0.7 | +0.7 | +0.3 | -0.2 |
| Polymer Solutions | 1.0 | 1.5 | +0.5 | -0.1 | -3.0 | +3.5 | |
| Others | 1.0 | 1.5 | +0.5 | +0.5 | - | - 0.0 | |
| Total | 7.0 | 9.7 | +2.7 | -0.8 | -1.9 | +5.7 | -0.2 |

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# FY2025 Earnings Forecast

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- **Only sales revised from the initial forecast**
- **Net income: We expect to post extraordinary losses as we build on the fundamental in the chloroprene rubber business; however, we expect extraordinary gains to compensate**

| (¥ billions) | FY2024 1H Actual | FY2024 2H Actual | **FY2024 Actual** | FY2025 1H Actual | FY2025 2H Forecast | **FY2025 Revised Forecast** | (YoY) | vs Initial Forecast |
|---|---|---|---|---|---|---|---|---|
| Sales | 199.1 | 201.2 | **400.3** | 196.7 | 203.3 | **400.0** | -0.3 | -10.0 |
| Operating Income | 9.4 | 5.0 | **14.4** | 9.7 | 15.3 | **25.0** | +10.6 | ±0.0 |
| Operating Margin | 4.7% | 2.5% | **3.6%** | 5.0% | 7.5% | **6.3%** | +2.7% | +0.2% |
| Ordinary Income | 5.6 | 2.0 | **7.6** | 6.8 | 12.2 | **19.0** | +11.4 | ±0.0 |
| Extraordinary gains | 0.3 | 0 | **0.4** | 8.7 | | Compensate | | |
| Extraordinary losses: DPE-related | - | -17.9 | **-17.9** * | -8.4 | Losses | | | |
| Extraordinary loss: Other | -0.6 | -6.5 | **-7.1** | -1.0 | | | | |
| Net Income Attributable to Owners of Parent | 3.4 | -15.7 | **-12.3** | 3.9 | 11.1 | **15.0** | +27.3 | ±0.0 |
| Forex (¥/$) | 153.9 | 151.6 | **152.8** | 146.2 | 148.0 | **147.1** | | |
| Japan Naphtha (¥/Kl) | 77,700 | 73,700 | **75,700** | 65,000 | 58,400 | **61,700** | | |

*Impairment loss -16.1,etc.

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## ■ Progress is on par with the initial forecast, including the temporary suspension of production at DPE

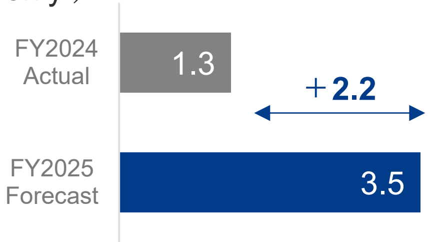
### Major Differences From FY2024 (Operating Income Basis)

(YoY, ¥ billions)

| | Initial Forecast | | | Revised Forecast | | | |
|---|---|---|---|---|---|---|---|
| | 1H | 2H | Full-Year | 1H | 2H | Full-Year | |
| Suspension of production at DPE | +2.0 | +7.0 | ＋9.0 | +1.8 | +6.8 | +8.6 | Sales of DPE products mostly ended in 1H 2H results expected to be in line with the initial forecast |
| Withdrawal from cement business | -0.4 | +1.3 | ＋0.9 | +0.2 | ＋1.4 | +1.6 | Production suspended in 1H as planned |
| Electronics & Innovative Products Substrate Business Business Model Transformation | ＋1.0 | ＋1.3 | ＋2.3 | ＋0.8 | ＋1.0 | +1.8 | Price increases for ceramic substrates, higher ALSINK sales, and cost reductions for HITT PLATE progressing roughly in line with forecast |
| Cost reductions under the Best-Practice Project | +1.0 | +0.2 | +1.2 | +1.5 | +0.7 | +2.2 | Steady progress |
| U.S. tariffs Risk of lower sales price and volume | -2.0 | -1.0 | -3.0 | - | - | - | Recognized indirect impact across various products |

【Cost reductions under the Best-Practice Project】

（Direct impact on profit (loss) only）

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■ **We expect overall results to stay in line with the initial forecast, with Life Innovation likely to fall below plan due to the decline in infectious diseases, and demand in Electronics & Innovative Products exceeds expectations for generative AI-related semiconductors and power infrastructure applications**

| Operating Income (¥ billions) | 1H Actual | 2H Forecast | Forecast | vs Initial Forecast | Progress |
|---|---|---|---|---|---|
| Electronics & Innovative Products | 6.3 | 6.2 | 12.5 | 2.5 | While we expect weaker-than-anticipated demand for general-purpose semiconductor and xEV applications, we project stronger-than-expected growth in demand for AI-related semiconductors and power infrastructure applications |
| Life Innovation | 3.8 | 3.7 | 7.5 | -2.5 | Rapid antigen test kits: Weaker than expected demand due to fewer outbreaks of infectious diseases<br>IVD reagents: Projecting a slow recovery from sluggish demand in certain overseas areas |
| Elastomers & Infrastructure Solutions | -3.4 | 3.9 | 0.5 | -0.5 | Despite initially projecting a recovery in chloroprene rubber demand, current demand remains sluggish, resulting in projections below the initial forecast |
| Polymer Solutions | 1.5 | 1.0 | 2.5 | 0.5 | Functional resins: Demand expected to exceed projections |
| Others | 1.5 | 0.5 | 2.0 | 0.0 | |
| Total | 9.7 | 15.3 | 25.0 | 0.0 | |

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## Depreciation changed from initial forecast

(¥ billions)

| | Investment & Lending | | | | Depreciation | | | | R&D | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1H (YoY) | | Full Year (vs Initial Forecast) | | 1H (YoY) | | Full Year (vs Initial Forecast) | | 1H (YoY) | | Full Year (vs Initial Forecast) | |
| | FY2024 | FY2025 | FY2025 | | FY2024 | FY2025 | FY2025 | | FY2024 | FY2025 | FY2025 | |
| | 1H Actual | **1H Actual** | Initial Forecast | **Revised Forecast** | 1H Actual | **1H Actual** | Initial Forecast | **Revised Forecast** | 1H Actual | **1H Actual** | Initial Forecast | **Revised Forecast** |
| Electronics & Innovative Products | 15.0 | **11.7** | **40.0** | No change | 4.7 | **5.5** | **11.6** | **11.2** | 2.8 | **2.9** | **6.0** | No change |
| Life Innovation | 4.8 | **1.2** | **3.0** | | 1.6 | **2.1** | **4.0** | **4.0** | 2.1 | **2.3** | **5.0** | |
| Elastomers & Infrastructure Solutions | 4.8 | **3.8** | **11.0** | | 4.6 | **4.2** | **9.0** | **8.4** | 1.3 | **1.3** | **2.5** | |
| Polymer Solutions | 3.4 | **2.3** | **6.0** | | 2.6 | **2.5** | **5.0** | **5.0** | 1.2 | **1.0** | **2.0** | |
| Others | 0.0 | **0.0** | | | 0.2 | **0.2** | **0.4** | **0.4** | | | | |
| Total | 28.0 | **19.0** | **60.0** | | 13.7 | **14.4** | **30.0** | **29.0** | 7.4 | **7.5** | **15.5** | |

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## ■ 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<br>Mid-term 50.0<br>End 50.0 | 100.0<br>Mid-term 50.0<br>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 | 29.0 |
| 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%** |

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(¥ billions)

| Sales | FY2024 Actual | **FY2025 Forecast** | 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 | +2.3 | -0.5 | |
| Elastomers & Infrastructure Solutions | 111.7 | **105.0** | -6.7 | + 2.3 | +2.3 | -11.3 |
| Polymer Solutions | 135.4 | **125.0** | -10.4 | +4.1 | - 14.5 | |
| Others | 17.7 | **20.0** | +2.3 | +2.3 | - | |
| Total | 400.3 | **400.0** | -0.3 | +23.8 | -12.8 | -11.3 |

| Operating Income | FY2024 Actual | **FY2025 Forecast** | Incr. Decr. | Volume | Pricing | Cost and Others | DPE production suspension |
|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 9.2 | **12.5** | +3.3 | +6.8 | -0.1 | -3.4 | |
| Life Innovation | 9.6 | **7.5** | -2.1 | +1.1 | -0.5 | -2.7 | |
| Elastomers & Infrastructure Solutions | -8.0 | **0.5** | +8.5 | +4.6 | +2.3 | -6.9 | +8.6 |
| Polymer Solutions | 1.2 | **2.5** | +1.3 | - 0.2 | -14.5 | +16.0 | |
| Others | 2.5 | **2.0** | -0.5 | -0.5 | - | +0.0 | |
| Total | 14.4 | **25.0** | +10.6 | +11.8 | -12.8 | +3.0 | +8.6 |

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(¥ billions)

| Sales | FY2025 Initial Forecast | FY2025 Revised Forecast | Incr. Decr. | Volume | Pricing | DPE production suspension |
|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 105.0 | **105.0** | ± 0.0 | +1.3 | -1.3 | |
| Life Innovation | 45.0 | **45.0** | ±0.0 | -1.1 | +1.1 | |
| Elastomers & Infrastructure Solutions | 105.0 | **105.0** | ± 0.0 | -1.5 | +0.8 | +0.7 |
| Polymer Solutions | 135.0 | **125.0** | - 10.0 | -1.6 | -8.4 | |
| Others | 20.0 | **20.0** | ±0.0 | ± 0.0 | - | |
| Total | 410.0 | **400.0** | - 10.0 | -2.8 | -7.9 | +0.7 |

| Operating Income | FY2025 Initial Forecast | FY2025 Revised Forecast | Incr. Decr. | Volume | Pricing | Cost and Other | DPE production suspension |
|---|---|---|---|---|---|---|---|
| Electronics & Innovative Products | 10.0 | **12.5** | +2.5 | +2.4 | - 1.3 | +1.4 | |
| Life Innovation | 10.0 | **7.5** | - 2.5 | - 3.5 | +1.1 | - 0.1 | |
| Elastomers & Infrastructure Solutions | 1.0 | **0.5** | - 0.5 | - 1.8 | +0.8 | +1.0 | - 0.4 |
| Polymer Solutions | 2.0 | **2.5** | +0.5 | - 0.5 | - 8.4 | +9.5 | |
| Others | 2.0 | **2.0** | ±0.0 | - 0.0 | +0.0 | +0.0 | |
| Total | 25.0 | **25.0** | ±0.0 | - 3.5 | - 7.9 | +11.8 | - 0.4 |

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# (Reference) Quarterly Trends (By Segment)

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| Sales (¥ billions) | FY2023 | | | | FY2024 | | | | FY2025 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q Actual | 2Q Actual | 2H Forecast (3Q･4Q) |
| Electronics & Innovative Products | 19.2 | 22.5 | 21.7 | 24.5 | 21.9 | 23.2 | 22.5 | 24.7 | 23.6 | 26.5 | 54.9 |
| Life Innovation | 7.2 | 15.0 | 15.8 | 9.0 | 7.8 | 14.6 | 12.7 | 8.2 | 6.6 | 14.8 | 23.6 |
| Elastomers & Infrastructure Solutions | 28.0 | 29.2 | 28.6 | 25.6 | 29.2 | 27.2 | 28.0 | 27.2 | 25.8 | 24.1 | 55.1 |
| Polymer Solutions | 29.8 | 31.7 | 30.9 | 31.9 | 32.6 | 34.9 | 34.9 | 33.0 | 33.8 | 31.6 | 59.6 |
| Others | 3.7 | 5.1 | 4.5 | 5.4 | 3.8 | 4.0 | 4.4 | 5.6 | 4.3 | 5.6 | 10.2 |
| Total | 87.8 | 103.5 | 101.5 | 96.4 | 95.2 | 103.8 | 102.5 | 98.7 | 94.1 | 102.6 | 203.3 |

| Operating Income (¥ billions) | FY2023 | | | | FY2024 | | | | FY2025 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q Actual | 2Q Actual | 2H Forecast (3Q･4Q) |
| Electronics & Innovative Products | 2.1 | 2.8 | 1.8 | 2.4 | 2.3 | 2.7 | 2.0 | 2.2 | 2.5 | 3.8 | 6.2 |
| Life Innovation | 0.9 | 5.7 | 3.1 | 2.0 | 1.7 | 4.0 | 1.9 | 2.0 | 0.2 | 3.6 | 3.7 |
| Elastomers & Infrastructure Solutions | -0.7 | -0.9 | -3.9 | -3.7 | -0.2 | -2.9 | -2.6 | -2.3 | -1.4 | -2.0 | 3.9 |
| Polymer Solutions | -0.0 | -0.2 | 0.6 | -0.4 | 0.3 | 0.4 | 0.4 | 0.1 | 0.4 | 1.1 | 1.0 |
| Others | 0.5 | 0.5 | 0.4 | 0.6 | 0.7 | 0.5 | 0.7 | 0.5 | 0.6 | 0.9 | 0.5 |
| Total | 2.8 | 7.7 | 2.0 | 0.8 | 4.7 | 4.7 | 2.4 | 2.6 | 2.3 | 7.4 | 15.3 |

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# Direction of Management Plan
# Mission 2030 Revision

**Revised of the Mission 2030 Management Plan**

**To be announced in February 2026**

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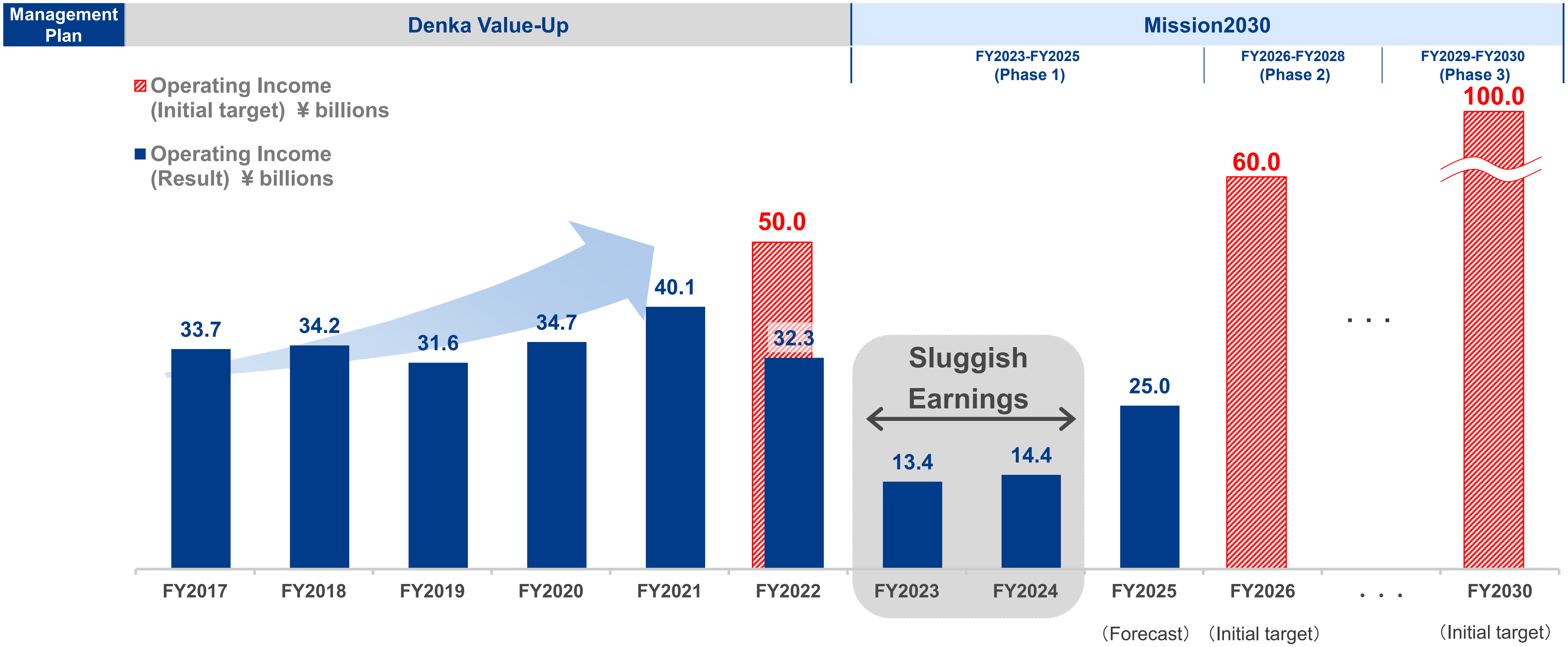
## ■ While previous growth stemmed from vision-based goal setting, Mission2030 has experienced a slow start




| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 | FY2026 | ・・・ | FY2030 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ROIC(%) | 8.2 | 7.8 | 6.6 | 6.8 | 7.3 | 6.7 | 2.5 | 2.5 | 4.2 | 7.0 | ・・・ | 10.0 |
| ROE(%) | 10.0 | 10.3 | 9.1 | 8.8 | 9.4 | 4.4 | 4.0 | -4.1 | 5.1 | 11.0 | ・・・ | 15.0 |

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## ■ Initiatives in Phase 1 (FY2023–FY2025) to generate profit in Phase 2 (FY2026–FY2028)

Status of Phase 1 (FY2023-FY2025)

### Initiatives

1. **Make aggressive upfront investment in expanding markets**
   -xEV, Semiconductor, Power Infrastructure, Healthcare, Diagnostic Areas, etc.
2. **Restructure unprofitable businesses**
   -Cement business, Norovirus vaccine development, Ofuna plant, DPE
3. **Strengthen initiatives in new business creation**

### Changes in Conditions

1. **Delay in monetization from upfront investments due to rapid market changes**
   -Slower xEV market growth, changes in semiconductor markets (delayed recovery in general-purpose and rapid growth in generative AI-related), etc.
2. **Longer-than-expected response period for DPE business**
   -Portfolio transformation delayed as restructuring non-profitable businesses took priority
3. **Delays in developing new products**

Phase 1 Results

**Weakened profitability and financial condition**

Phase 2 (FY2026-FY2028)

**Initiatives in Phase 1 to generate profit in Phase 2**

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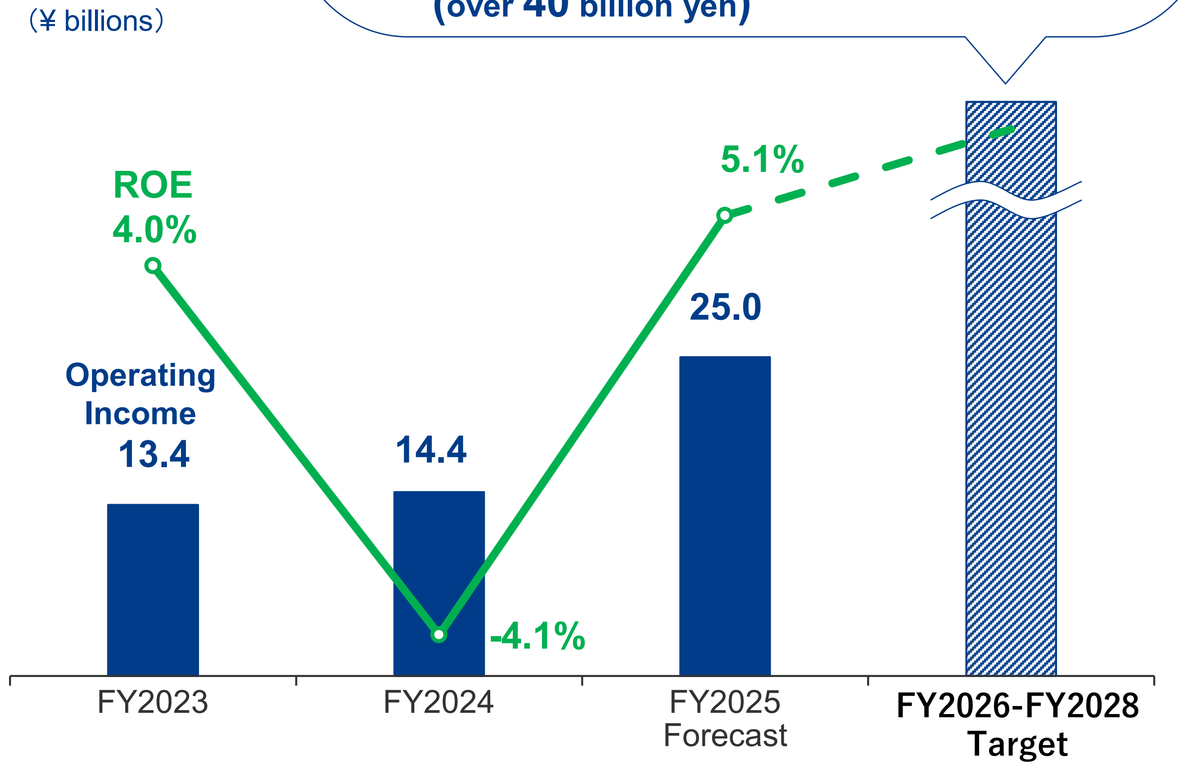
## ■ Target ROE of 8% or higher as a highly achievable goal in Phase 2 (FY2026-FY2028) of Mission2030

| Mission2030 | |
|---|---|
| FY2023-FY2025 (Phase 1) | **FY2026-FY2028 (Phase 2)** |

**Phase 2 Targets**

**Operating Income**
**Record-high profit**
**(over 40 billion yen)**

**ROE**
**8.0% or higher**




### Initial plan

＜FY2030＞
- Operating Income 100 billion yen
- ROE 15%
- 3-Star Businesses*100%

**Maintaining our visionary goal while shifting to a more realistic timeline**

*Business that combines the three elements of specialty, megatrends, and sustainability.

### Phase 2

Aim to achieve **record-high profit (i.e. operating income over 40 billion yen)** and **ROE 8.0% or more** as highly achievable goals during Phase 2

**［Key Measures for Profit Recovery］**

**1. Reduce DPE-related burdens at an earlier stage**

**2. 2. Select and focus on priority areas**

- ➤ Strategic expansion
- ➤ Reap the benefit of upfront investments
- ➤ Business model shifts

Styrene chain: Establish structures in collaboration with external partners

**3. Take a practical approach to new business creation**

Implement a trickle out strategy based on existing products

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# 1. Reduce DPE-related burdens at an earlier stage

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- Operating income: Fundamental measures had a +15.0 billion yen impact in FY2026 (vs. FY2024)
- Net income: Targeting ROE of 8% or higher during Phase 2, despite the possibility of extraordinary losses beyond FY2026 due to fundamental measures.

| (¥ billions) | FY2024 | FY2025 | FY2026- |
|---|---|---|---|
| Operating income | → | Impact of fundamental measures: +8.6 (vs. FY2024) → | Impact of fundamental measures: +15.0 (vs. FY2024) |
| Ordinary income | | | |
| Extraordinary gains | | Compensate* | |
| Extraordinary losses: DPE-related | -17.9 → | Possibility of losses → | Possibility of losses |
| Net income attributable to owners of parent | | *Compensated by extraordinary gains (gain on sale of land for Ofuna Plant, gain on sale of stock, etc.) | During Phase 2 (FY2026-FY2028) ROE 8.0% or higher |

**Targeting an ROE of 8.0%or higher**

1. Recover operating income
(Including the effects fundamental measures)

2. Leverage available-for-sale assets

3. Reduce losses at an earlier stage

Note: This slide has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated slide and the Japanese original, the original shall prevail.

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# 2. Select and Focus on Priority Areas (Strategy Overview)

*See reference page for details by product.

■ Execute three strategies with well-defined focus: strategic expansion, reap the benefit of upfront investments, and capital efficiency improvement ＆ business model shifts

| Business Strategy \ Fields / Main Divisions | ICT&Energy<br>Electronics & Innovative Products | Healthcare<br>Life Innovation | Sustainable Living<br>Elastomers & Infrastructure Solutions<br>Polymer Solutions |
|---|---|---|---|
| ➤ Strategic Expansion | **Focus on Core Strengths in Advanced Thermal Management**<br>● Semiconductor applications (Generative AI-Related)<br>● Power infrastructure applications | **Leverage Alliances and M&A** | |
| ➤ Reap the benefit of upfront investments | **Strengthen Initiatives for Early Profit Monetization Rather Than Wait for Market Recovery**<br>● Semiconductor applications (General-Purpose)<br>● xEV applications<br>・Shift applications to generative AI and power infrastructure fields<br>・Pursue optimal production systems | ● Diagnosis field (Rapid antigen test kits, IVD reagents)<br>・Expand product lineup<br>・Maximize cost competitiveness (through automation)<br>● Prevention field (Influenza vaccines) | |
| ➤ Capital Efficiency Improvement ＆ Business Model Shifts | **Shift Business Model ＆ Reform Structures**<br>● Functionality of printed circuit boards (Ceramic substrates and Metal substrates) | | ● Carbide Chain<br>・Maximize earnings at Omi Plant<br>● Styrene Chain<br>・Strengthen cooperation within the petrochemical complex |

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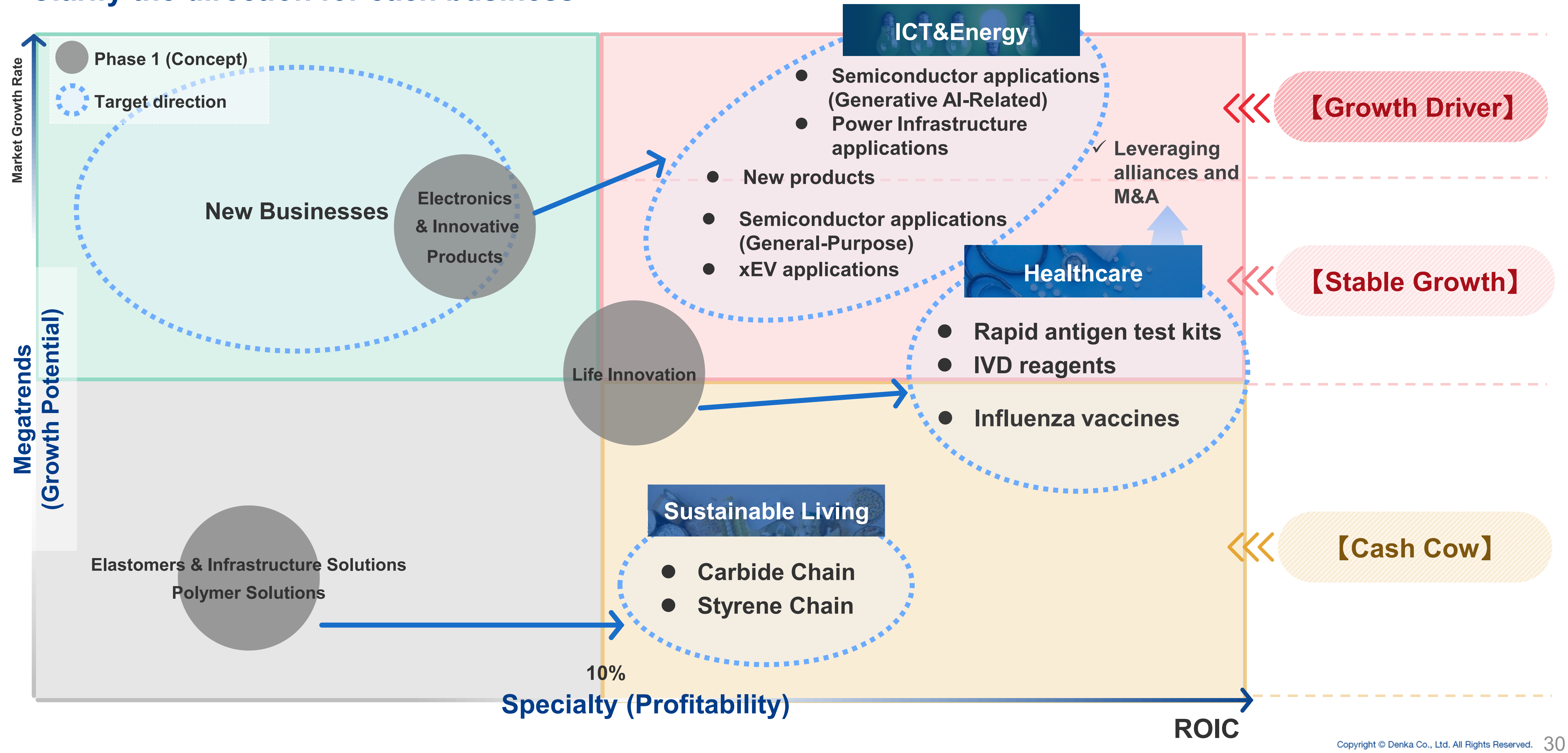
## ■ Clarify the direction for each business

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# Capital Allocation and Governance

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## ■ Strengthen governance by improving management decision-making speed and related areas

| | |
|---|---|
| **Shareholder Returns** | ● 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) |
| **Financial Strategy** | ● D/E ratio: Improve from the current level of approximately 0.7x<br>● Investment: Focus on strategic expansion<br>● Improve capital efficiency through the sale of non-operational assets<br>Basic policy: Plan to reduce strategic cross-shareholdings (listed shares) to zero |
| **Governance** | ● Improve management decision-making speed, including business restructuring<br>● Strengthen oversight of management (screening and monitoring) by the Board of Directors and other bodies<br>● Reinforce investment management<br>(Tighten investment decision standards, scrutinize strategic investments, and enhance supervision of investment discipline)<br>● Strengthen the operational framework of the Nomination & Remuneration Advisory Committee |

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## Work toward the future we envision beyond Phase 3

**Phase 1**

ICT&Energy | Healthcare | Sustainable Living

Focused upfront investments and restructuring of unprofitable businesses

**Phase 2**

Growth businesses

ICT&Energy | Healthcare

Cash cow businesses

Sustainable Living

Rebuilding the growth trajectory (earning power) through well-defined strategy execution

**Phase 3 and Beyond**

Lead as a growth driver

Pursue stable growth

Focus on businesses that can sustain competitiveness

# Aim for the best mix of ICT & Energy and Healthcare to achieve visionary goal

Visionary goal

Operating Income: 100 billion yen
ROE: 15%

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# (Reference) Select and Focus on Priority Areas (by Product)

* Supplemental information for page 29

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■ Execute three strategies with well-defined focus: strategic expansion, reap the benefit of upfront investments, and capital efficiency improvement ＆ business model shifts

| Business Strategy / Fields / Main Divisions | ICT&Energy<br>Electronics & Innovative Products | Healthcare<br>Life Innovation | Sustainable Living<br>Elastomers & Infrastructure Solutions<br>Polymer Solutions |
|---|---|---|---|
| ➤ Strategic Expansion | 【Semiconductor applications (Generative AI-Related)】 【Growth Driver】<br>SNECTON, TBM, Spherical alumina, Spherical fused silica, New grade development (Boron nitride, etc.)<br>【Power Infrastructure applications 】<br>Acetylene black, ALSINK 【Growth Driver】 | ✓ Leverage Alliances and M&A 【Growth Driver】 | |
| ➤ Reap the benefit of upfront investments | 【Semiconductor applications (General-Purpose)】 【Stable Growth】<br>Spherical alumina, Spherical fused silica, High-performance film<br>【xEV applications】 【Stable Growth】<br>Spherical alumina, Silicon nitride (powder), Acetylene black | 【Diagnosis fields】 【Stable Growth】<br>Rapid antigen test kits<br>IVD reagents<br>【Prevention fields】 【Cash Cow】<br>Influenza vaccines | |
| ➤ Capital Efficiency Improvement ＆ Business Model Shifts | 【xEV applications】 【Stable Growth】<br>Functionality of printed circuit boards (Ceramic substrates・Metal substrates) | | Carbide Chain 【Cash Cow】<br>(Chloroprene rubber, etc.)<br>Styrene Chain 【Cash Cow】<br>(Styrene monomer, Functional resins, etc.) |

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