

# Results Presentation of FY2025 3Q

**Denka**

Possibility  
of  
chemistry

(The 9 Months of the Fiscal year ending March 2026)

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Securities code: 4061

**Denka Co., Ltd**

February 6, 2026

- Continuing to safely shut down manufacturing facilities
- Progress in optimizing staffing levels as shut-down proceeds
- Discussions with relevant stakeholders are ongoing

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

Equipment	To safely shut down the manufacturing facilities, DPE is continuing to remove and dispose of materials, including raw materials and intermediates.  2Q: Completed removal of the substances prioritized based on safety evaluation. <b>3Q: Removal of remaining materials and cleaning of equipment are in steady progress.</b>
Number of Employees	<b>As the shut-down progresses, DPE is working to optimize its workforce.</b> <b>(Number of employees: approx. 250 at the end of March 2025 → approx. 140 at the end of December 2025 → anticipate approx. 100 in April 2026)</b>
Stakeholders	To minimize future costs, DPE is continuing discussions with relevant stakeholders.

- **Operating income:** Fundamental measures had a +4.2 billion yen impact in cumulative 3Q in line with the plan; expecting a +8.6 billion yen impact for the full year (vs. FY2024)
- **Extraordinary losses:** -13.5 billion yen in cumulative 3Q due to the write-down of raw materials and intermediate products, as well as labor and other costs associated with material removal costs and related expenses. Labor and other costs associated with the removal and cleaning activities to continue as extraordinary losses at 4Q; however, we plan to offset these as much as possible, such as extraordinary gains

(¥ billions)	1Q	2Q	3Q	4Q	Full-Year	
Operating income	Impact of fundamental measures	+0.9	+0.9	+2.5	+4.3	+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)	-5.1 (Labor and other costs associated with material removal costs and related expenses)	Labor and other costs associated with removal and cleaning activities to continue as extraordinary losses at 4Q	
	Gain on sale of land for Ofuna Plant	+8.2	-	-	Compensate	
	Gain on sale of strategic cross-shareholdings, etc.	0.0	0.0	0.0	Consider	

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

The 4Q improvement is expected to be significant, as the 4Q last year saw a further deterioration in profitability due to the impact of periodic repairs to DPE and other factors.

FY2025 3Q  
Results  
(P5-P13)**■ Operating income: 18.2 billion yen + 6.4 billion yen YoY**

Electronics & Innovative Products volume +4.7 : Moderate demand recovery for general-purpose semiconductors and expanding demand for generative AI-related semiconductors and power infrastructure  
DPE production suspension +4.2

**■ Net income: 5.5 billion yen + 3.0 billion yen YoY**

DPE-related losses 3Q FY2024 : None →  
3Q FY2025 -13.5 (write-down of raw materials in equipment, costs associated with material removal, etc.)  
Gain on sale of land for Ofuna Plant 3Q FY2024 : None → 3Q FY2025 + 8.2

FY2025  
Earnings Forecast  
(P14-P17)**■ Operating income: 25.0 billion yen** (unchanged from the November forecast)**■ Net income: 15.0 billion yen** (unchanged from the November 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 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  
(P18)**■ 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)**

# FY2025 3Q Results

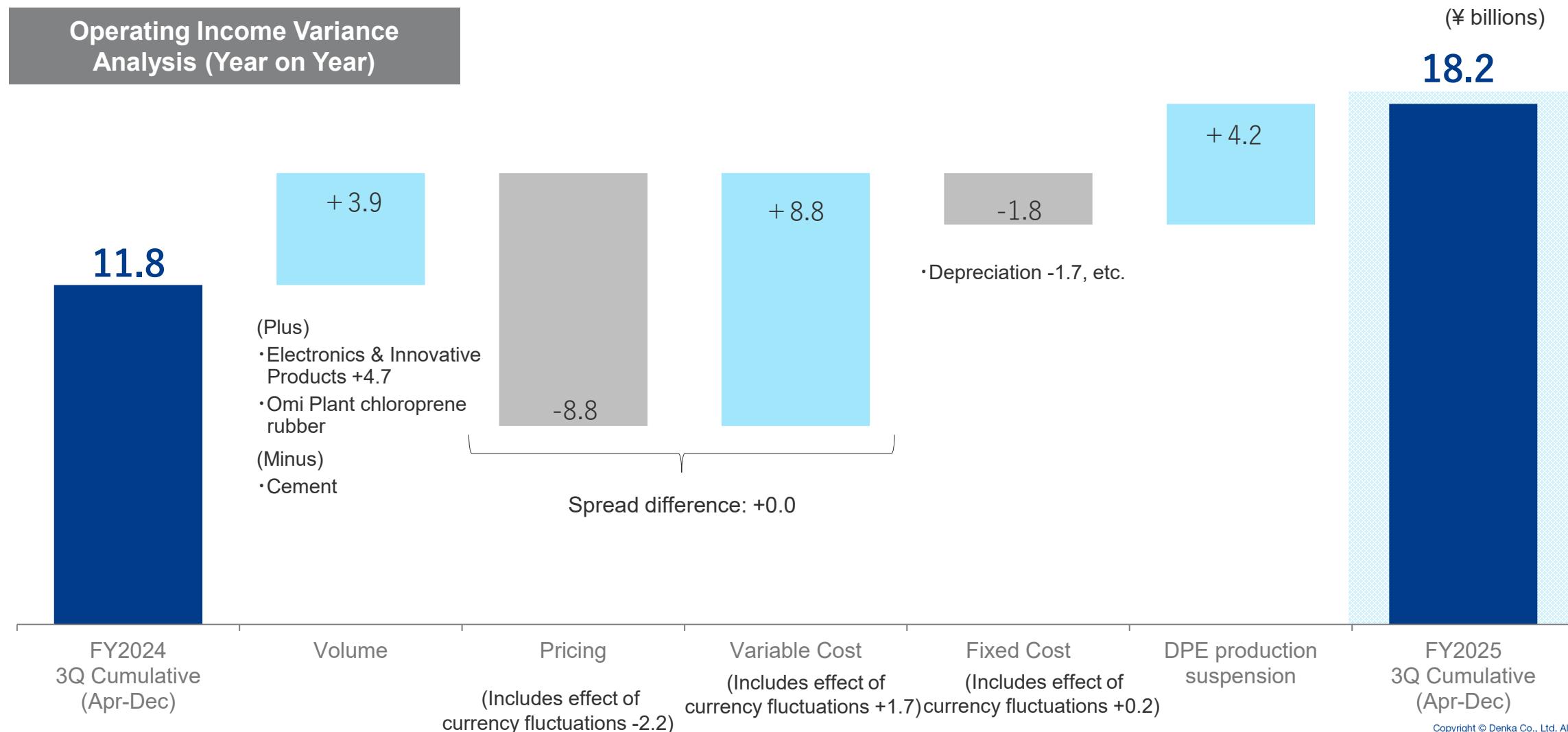
## ■ Posted significant increases in operating income, ordinary income, and net income

	FY2024 3Q Cumulative (Apr-Dec)	FY2025 3Q Cumulative (Apr-Dec)	(Year on Year)
(¥ billions)			
Sales	301.6	<b>290.8</b>	-10.8
Operating Income	11.8	<b>18.2</b>	+ 6.4
Operating Margin	3.9%	<b>6.3%</b>	+ 2.3%
Ordinary Income	4.3	<b>13.7</b>	+ 9.4
Net Income Attributable to Owners of Parent	2.6	<b>5.5</b>	+ 3.0
Forex (¥/\$)	152.3	<b>148.5</b>	
Japan Naphtha (¥/Kl)	76,200	<b>65,100</b>	

【Non-operating expenses/income: +3.0 year on year】  
 Foreign exchange gains/losses: +1.2  
 Loss on disposal of fixed assets: + 0.6

【Extraordinary loss/income: -5.0 year on year】  
 DPE-related losses: -13.5  
 Gains on sale of land for Ofuna Plant: +8.2

- Increased demand for generative AI-related semiconductor and power infrastructure applications drove positive volume growth and, together with the impact of the DPE production suspension, led to significant profit growth



## ■ Profit increased significantly for Electronics &amp; Innovative Products, as well as Elastomers &amp; Infrastructure Solutions

Sales	FY2024 3Q Cumulative (Apr-Dec)	FY2025 3Q Cumulative (Apr-Dec)	Incr. Decr.	Volume	Pricing	DPE production suspension	(¥ billions)
Electronics & Innovative Products	67.5	<b>75.9</b>	+ 8.4	+ 8.5	-0.2		
Life Innovation	35.1	<b>34.9</b>	-0.1	-0.6	+ 0.4		
Elastomers & Infrastructure Solutions	84.5	<b>72.8</b>	-11.7	-6.4	+ 1.8	-7.0	
Polymer Solutions	102.4	<b>93.3</b>	-9.1	+ 1.7	-10.8		
Others	12.1	<b>13.9</b>	+ 1.7	+ 1.7	-		
<b>Total</b>	<b>301.6</b>	<b>290.8</b>	-10.8	+ 4.9	-8.8	-7.0	
Operating Income	FY2024 3Q Cumulative (Apr-Dec)	FY2025 3Q Cumulative (Apr-Dec)	Incr. Decr.	Volume	Pricing	Cost and Others	DPE production suspension
Electronics & Innovative Products	6.9	<b>9.7</b>	+ 2.8	+ 4.7	-0.2	-1.7	
Life Innovation	7.6	<b>6.6</b>	-1.0	-0.1	+ 0.4	-1.3	
Elastomers & Infrastructure Solutions	-5.7	<b>-2.3</b>	+ 3.4	-0.9	+ 1.8	-1.8	+ 4.2
Polymer Solutions	1.1	<b>2.0</b>	+ 0.9	-0.1	-10.8	+ 11.8	
Others	1.9	<b>2.2</b>	+ 0.3	+ 0.3	-	-0.0	
<b>Total</b>	<b>11.8</b>	<b>18.2</b>	+ 6.4	+ 3.9	-8.8	+ 7.0	+ 4.2

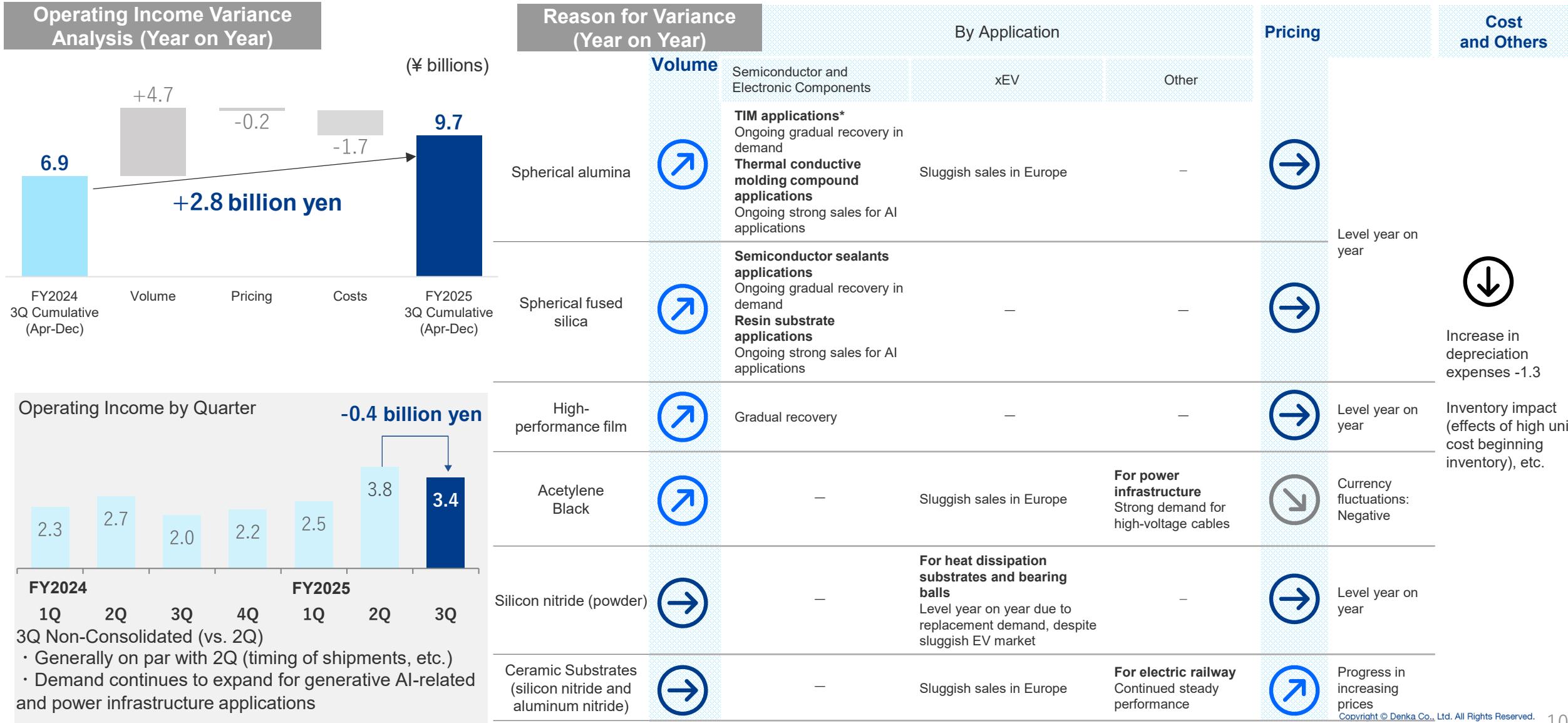
## ■ Profit increased significantly for Elastomers &amp; Infrastructure Solutions

(¥ billions)

Sales	FY2023				FY2024				FY2025		vs. FY2025 2Q	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q		
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	26.5	25.8	-0.7
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	14.8	13.5	-1.3
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	24.1	22.9	-1.2
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.6	27.8	-3.8
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.6	4.0	-1.6
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	102.6	94.1	-8.6

Operating Income	FY2023				FY2024				FY2025		vs. FY2025 2Q	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q		
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	2.5	3.8	3.4	-0.4
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	0.2	3.6	2.8	-0.8
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-1.4	-2.0	1.1	+3.1
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	1.1	0.5	-0.6
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	0.6	0.9	0.6	-0.3
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	7.4	8.5	+1.0

■ 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

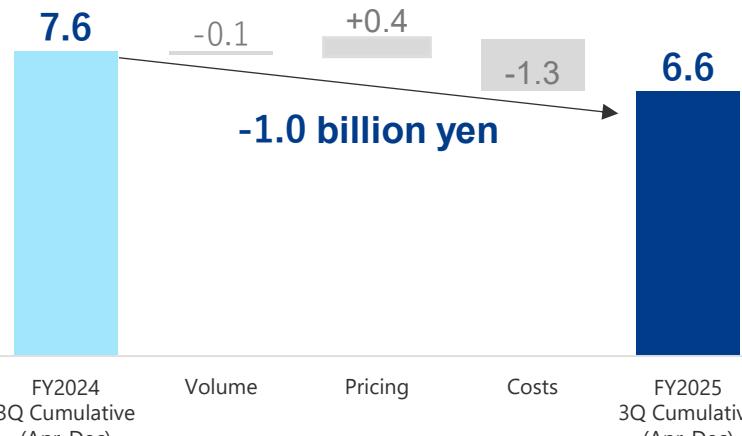


- Generally on par with 2Q (timing of shipments, etc.)
- Demand continues to expand for generative AI-related and power infrastructure applications

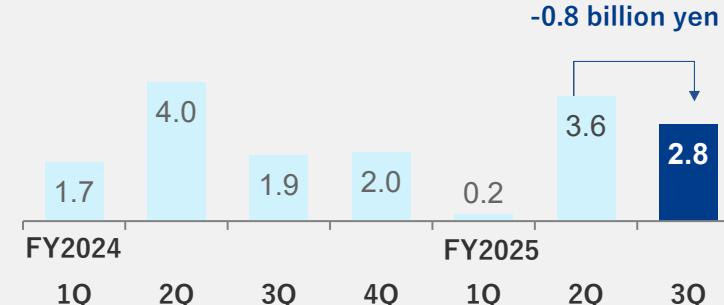
■ Profit declined due to insufficient sales growth to offset increased depreciation from capacity expansion for test kits and IVD reagents

Operating Income Variance Analysis (Year on Year)

(¥ billions)



Operating Income by Quarter



3Q Non-Consolidated (vs. 2Q)

Vaccines: Early shipments began in September as planned, leading to higher profit at 2Q

Reason for Variance (Year on Year)

\*Combo kits: Test kits that detect both COVID-19 and influenza simultaneously

Volume

Influenza vaccines



Level year on year

Pricing



Level year on year

Cost and Others



Same as above  
Increase in fixed costs (depreciation-0.8, etc.)

Rapid antigen test kits



- Slight overall increase
- Shipments of new COVID-19 test kits decreased, while shipments of influenza test kits and combo kits increased due to the early spread of influenza

IVD reagents (inflammation markers, etc.)



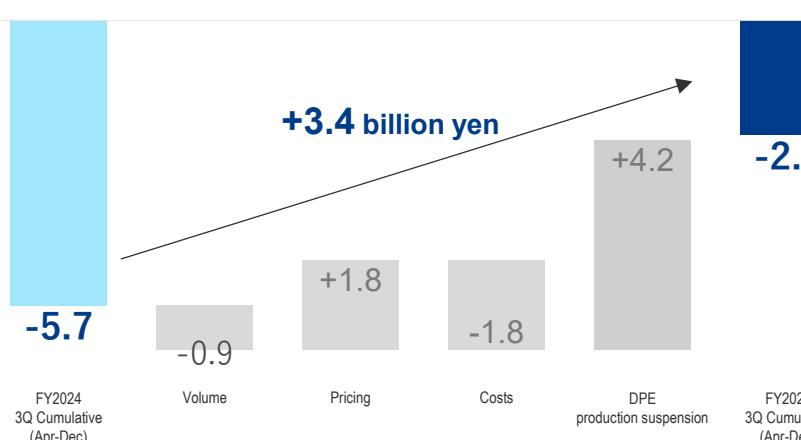
Decreased sales due to weak demand in some overseas markets



Sales composition difference

## ■ Losses narrowed significantly due to impacts from the suspension of DPE production

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



### Operating Income by Quarter



Chloroprene rubber:  
Improved due to impacts from the suspension of DPE production  
Shipments of products from the Omi Plant increased due to substitution for DPE products

### Reason for Variance (Year on Year)

#### Volume

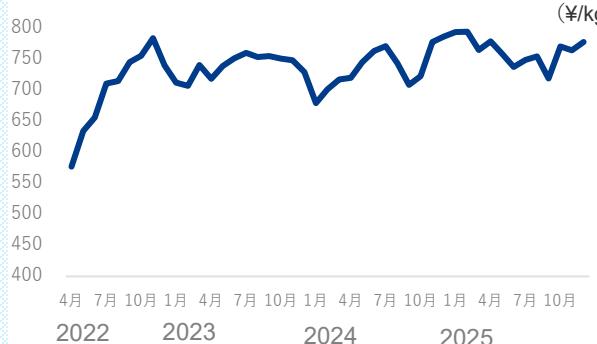
Chloroprene rubber



Demand was level year on year, while shipments of products from the Omi Plant increased due to substitution for DPE products

#### Pricing

- Currency fluctuations: Negative
- Impact excluding currency fluctuation: Plus [Customs Statistics] Export unit prices (dry + latex)



#### Cost and Others



Chloroprene rubber: Changes in inventory write-downs -1.0 (reversal in 3Q FY2024 of +1.0 → Resolved in 3Q FY2025 0.0)

Special cement additives



Lower demand than in the previous year due to construction delay



Price increase

Cement

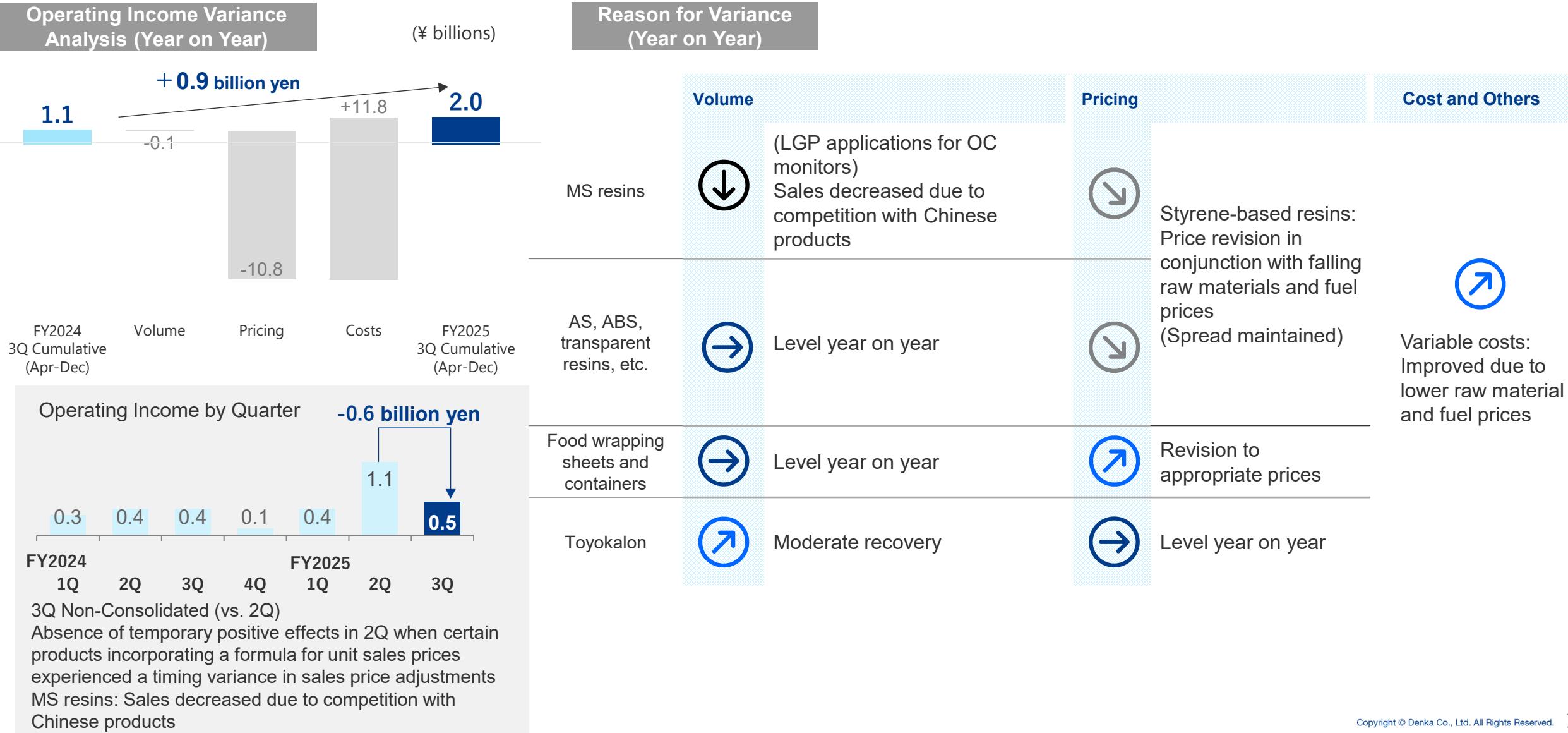


Production ended in June 2025



Level year on year

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



# FY2025 Earnings Forecast

## ■ Only sales revised from the November forecast. Operating income is generally in line with expectations.

(¥ billions)	3Q Cumulative	4Q	FY2024 Actual	3Q Cumulative	4Q Forecast	FY2025 Revised Forecast	(YoY)	vs. November Forecast
Sales	301.6	98.7	<b>400.3</b>	290.8	99.2	<b>390.0</b>	-10.3	-10.0
Operating Income	11.8	2.6	<b>14.4</b>	18.2	6.8	<b>25.0</b>	+10.6	± 0.0
Operating Margin	3.9%	2.6%	<b>3.6%</b>	6.3%	6.3%	<b>6.4%</b>	+2.7%	+ 0.1%
Ordinary Income	<b>4.3</b>	<b>3.3</b>	<b>7.6</b>	<b>13.7</b>	<b>5.3</b>	<b>19.0</b>	+11.4	± 0.0
Extraordinary gains	0.3	0	<b>0.4</b>	8.5	Gains Losses	Compensate		
Extraordinary losses: DPE-related	-	-17.9	<b>-17.9*</b>	-13.5				
Extraordinary loss: Other	-0.8	-6.3	<b>-7.1</b>	-0.4				
Net Income Attributable to Owners of Parent	<b>2.6</b>	<b>-14.9</b>	<b>-12.3</b>	<b>5.5</b>	<b>9.5</b>	<b>15.0</b>	+27.3	± 0.0
Forex (¥/\$)	152.3	154.1	<b>152.8</b>	148.5	156.2	<b>150.4</b>		
Japan Naphtha (¥/Kl)	76,200	73,800	<b>75,700</b>	65,100	64,200	<b>65,000</b>		

\*Impairment loss -16.1,etc.

■ Only the breakdown of operating income is revised from the November forecast.  
 Overall results to stay in line with the November forecast.

Operating Income (¥ billions)	3Q Cumulative (Apr-Dec)	4Q Forecast	Forecast	vs. November Forecast	Progress
Electronics & Innovative Products	9.7	3.3	13.0	+ 0.5	Profit is slightly above expectations, with ongoing stronger demand for generative AI-related semiconductors and power infrastructure applications, as well as a moderate recovery in general-purpose semiconductors
Life Innovation	6.6	0.4	7.0	-0.5	Rapid antigen test kits: Weaker than expected demand due to fewer outbreaks of infectious diseases
Elastomers & Infrastructure Solutions	-2.3	2.3	0.0	-0.5	Chloroprene rubber: Recovery in demand was weaker than expected
Polymer Solutions	2.0	1.0	3.0	+ 0.5	Exceeded expectations due to cost reductions
Others	2.2	-0.1	2.0	± 0.0	
Total	18.2	6.8	25.0	± 0.0	

## ■ Investment &amp; lending changed from initial forecast

	Investment & Lending				Depreciation				R&D			
	3Q Cumulative (Year on Year)		Full Year (vs. November Forecast)		3Q Cumulative (Year on Year)		Full Year (vs. November Forecast)		3Q Cumulative (Year on Year)		Full Year (vs. November Forecast)	
	FY2024	FY2025	FY2025	Nov. Forecast	FY2024	FY2025	FY2025	Nov. Forecast	FY2024	FY2025	FY2025	Nov. Forecast
	Actual	Actual	Revised Forecast	Actual	Actual	Actual	Revised Forecast	Actual	Actual	Actual	Actual	Revised Forecast
Electronics & Innovative Products	20.8	25.9	40.0	* 37.0	7.0	8.3	11.2	No change		4.2	4.3	6.0
Life Innovation	8.4	1.4	3.0	3.0	2.4	3.2	4.0	No change		3.5	3.5	5.0
Elastomers & Infrastructure Solutions	9.1	8.5	11.0	11.0	6.9	** 6.2	8.4	No change		1.9	1.8	2.5
Polymer Solutions	4.3	3.7	6.0	6.0	3.9	3.8	5.0	No change		1.8	1.5	2.0
Others	-	-	-	-	0.3	0.3	0.4	No change		-	-	-
Total	42.6	39.5	60.0	57.0	20.5	21.7	29.0	No change		11.4	11.1	15.5

\* Timing differences in acceptance inspection related to investment in a new acetylene black manufacturing facility in Thailand

\*\* Includes decrease in DPE depreciation

## ■ 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
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	57.0
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 Actual	FY2025 Forecast	Incr. Decr.			DPE production suspension
				Volume	Pricing	
Electronics & Innovative Products	92.2	<b>105.0</b>	+ 12.8	+12.2	+0.6	
Life Innovation	43.3	<b>40.0</b>	-3.3	-3.5	+0.3	
Elastomers & Infrastructure Solutions	111.7	<b>100.0</b>	-11.7	-2.7	+2.3	-11.3
Polymer Solutions	135.4	<b>125.0</b>	-10.4	+2.5	-12.8	
Others	17.7	<b>20.0</b>	+2.3	+2.3	-	
<b>Total</b>	<b>400.3</b>	<b>390.0</b>	-10.3	+10.7	-9.7	-11.3

Operating Income	FY2024 Actual	FY2025 Forecast	Incr. Decr.			Cost and Others	DPE production suspension
				Volume	Pricing		
Electronics & Innovative Products	9.2	<b>13.0</b>	+ 3.8	+ 6.3	+0.6	-3.1	
Life Innovation	9.6	<b>7.0</b>	-2.6	-0.9	+0.3	-1.9	
Elastomers & Infrastructure Solutions	-8.0	<b>0.0</b>	+ 8.0	+3.1	+2.3	-6.0	+8.6
Polymer Solutions	1.2	<b>3.0</b>	+ 1.8	-0.5	-12.8	+ 15.1	
Others	2.5	<b>2.0</b>	-0.5	-0.5	-	+0.0	
<b>Total</b>	<b>14.4</b>	<b>25.0</b>	+ 10.6	+7.6	-9.7	+4.1	+8.6

(¥ billions)

Sales	FY2023				FY2024				FY2025				4Q Forecast
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Electronics & Innovative Products	19.2	22.5	21.7	24.5	21.9	23.2	22.5	24.7	23.6	26.5	25.8	29.1	
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	14.8	13.5	5.1	
Elastomers & Infrastructure Solutions	28.0	29.2	28.6	25.6	29.2	27.2	28.0	27.2	25.8	24.1	22.9	27.2	
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.6	27.8	31.7	
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.6	4.0	6.1	
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	102.6	94.1	99.2	
Operating Income	FY2023				FY2024				FY2025				4Q Forecast
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q		
Electronics & Innovative Products	2.1	2.8	1.8	2.4	2.3	2.7	2.0	2.2	2.5	3.8	3.4	3.3	
Life Innovation	0.9	5.7	3.1	2.0	1.7	4.0	1.9	2.0	0.2	3.6	2.8	0.4	
Elastomers & Infrastructure Solutions	-0.7	-0.9	-3.9	-3.7	-0.2	-2.9	-2.6	-2.3	-1.4	-2.0	1.1	2.3	
Polymer Solutions	-0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	1.1	0.5	1.0	
Others	0.5	0.5	0.4	0.6	0.7	0.5	0.7	0.5	0.6	0.9	0.6	0.1	
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	7.4	8.5	6.8	

## 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

# Denka

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