

Denka

Denka Company Limited

Q3 Financial Results Briefing for the Fiscal Year Ending March 2026

February 6, 2026

Event Summary

| | | |
|------------------------|---|---|
| [Event Name] | Q3 Financial Results Briefing for the Fiscal Year Ending March 2026 | |
| [Fiscal Period] | FY2025 Q3 | |
| [Date] | February 6, 2026 | |
| [Venue] | Webcast | |
| [Speaker] | Rimiru Hayashida | Director, Senior Managing Executive Officer, Chief Financial Officer (CFO) |

Presentation

Hayashida: I am Hayashida. It is a pleasure to be with you today.

Thank you very much for joining Denka's FY2025 Q3 results presentation today.

| Production Suspension at DPE (U.S. Chloroprene Rubber Manufacturing Subsidiary) (1) Latest Status After Production Suspension | | Denka |
|--|---|-------|
| ■ Continuing to safely shut down manufacturing facilities ■ Progress in optimizing staffing levels as shut-down proceeds ■ Discussions with relevant stakeholders are ongoing | | |
| <small>* DPE: Denka Performance Elastomer LLC, a U.S. chloroprene rubber manufacturing subsidiary</small> | | |
| 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. 3Q: Removal of remaining materials and cleaning of equipment are in steady progress. | |
| Number of Employees | As the shut-down progresses, DPE is working to optimize its workforce. (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) | |
| Stakeholders | To minimize future costs, DPE is continuing discussions with relevant stakeholders. | |

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.

Copyright © Denka Co., Ltd. All Rights Reserved. 2

First of all, please see page two for an update on DPE, our US chloroprene rubber manufacturing subsidiary, after the production suspension.

We are still in the process of removing and disposing of raw materials and intermediate products from the DPE manufacturing facilities in order to bring them to a safe shutdown. As for progress, in Q2, we have completed the extraction of substances that were determined to be high priority in the safety evaluation. In Q3, the remaining materials were also extracted, and progress was made in cleaning the facilities.

The number of employees has gradually decreased from approximately 250 at the end of March 2025 to approximately 140 at the end of December. As a result of the current progress in deactivation work, we are in the process of optimizing our workforce, and we expect to have approximately 100 employees by April 2026.

Discussions with stakeholders are ongoing to minimize future costs.

- **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 (only includes write-downs of raw materials and intermediate goods, etc.) | -2.1 | -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.

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.

Copyright © Denka Co., Ltd. All Rights Reserved. 3

Next, please turn to page three for an explanation of the impact on FY2025 results.

The effect of the fundamental measures on operating income was a positive JPY4.2 billion in the cumulative Q3 period. For the full year, we expect an increase of JPY8.6 billion, on par with the plan.

Since the shipment of DPE products was generally completed during H1 of the fiscal year, the benefits from Q3 are contributing to the full benefits. In Q4, we expect a significant improvement in earnings, as results in the same period last year were impacted by factors such as scheduled maintenance.

Regarding extraordinary gains and losses, in addition to the write-down of raw materials and intermediate products recorded in Q1, we incurred expenses such as labor costs associated with the removal of raw materials in Q2 and Q3. This led to a negative impact of JPY13.5 billion for the first nine months. Q4 is also expected to incur an extraordinary loss.

In response, the Company plans to compensate for this by recording a gain on the sale of land for the Ofuna Plant in Q1, as well as by selling strategic cross-shareholdings.

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)**

Copyright © Denka Co., Ltd. All Rights Reserved. 4

See page four. The following are the key points of today's briefing.

In Q3 of FY2025, the volume difference in electronics and innovative products increased by JPY4.7 billion on higher demand for AI-related products and power infrastructure, as well as a moderate recovery in demand for general-purpose semiconductors.

The DPE production suspension impact of JPY4.2 billion contributed to a significant overall increase in profit of JPY6.4 billion over the previous year.

As explained on the previous page, net income increased by JPY3 billion from the previous year due to a DPE-related loss of JPY13.5 billion and a gain of JPY8.2 billion on the sale of the Ofuna Plant site.

Since each segment has mixed results, we have changed the breakdown of operating income in the full-year forecast, but the overall forecast remains unchanged from the November forecast.

The dividend forecast remains unchanged from JPY100 per share. The Company aims to maintain and increase the dividend per share based on a total return ratio of 50% for the cumulative eight years in the Mission 2030 Management Plan.

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

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

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

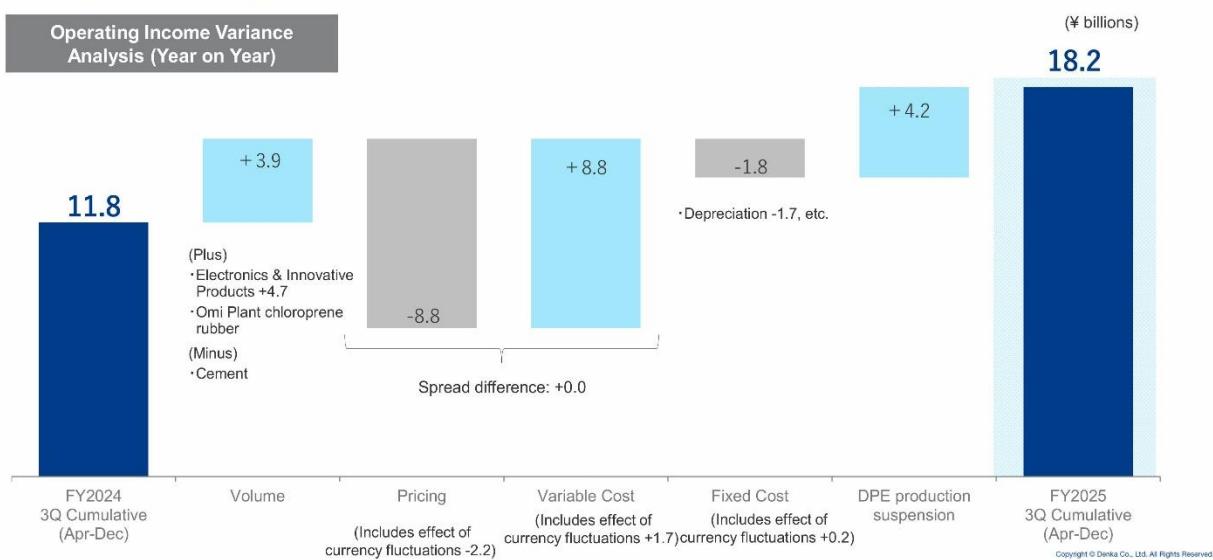
【Extraordinary loss/income: -5.0 year on year】
DPE-related losses: -13.5
Gains on sale of land for Ofuna Plant: +8.2

Copyright © Denka Co., Ltd. All Rights Reserved. 6

Please see page six as we begin to explain the FY2025 Q3 financial results.

Sales totaled JPY290.8 billion, down from the previous year. Operating income was JPY18.2 billion, ordinary income was JPY13.7 billion, and net income was JPY5.5 billion, each representing a significant increase YoY.

■ 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



See page seven. We would like to explain the factors behind the increase or decrease in operating income.

Regarding the volume variance, it was a positive JPY3.9 billion, driven primarily by increased sales in electronics and innovative products as well as Omi Plant chloroprene rubber

The net spread variance between pricing and variable cost difference was roughly flat YoY. The fixed cost variance resulted in a negative impact of JPY1.8 billion, driven by factors such as higher depreciation costs.

The impact of the DPE production suspension was a positive JPY4.2 billion.

| FY2025 3Q Results 3) Change Factors by Segment By Segment (Year on Year) | | | | | Denka | |
|--|--------------------------------------|--------------------------------------|----------------|--------|---------|---|
| ■ Profit increased significantly for Electronics & Innovative Products, as well as Elastomers & 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 | 75.9 | +8.4 | +8.5 | -0.2 | |
| Life Innovation | 35.1 | 34.9 | -0.1 | -0.6 | +0.4 | |
| Elastomers & Infrastructure Solutions | 84.5 | 72.8 | -11.7 | -6.4 | +1.8 | -7.0 |
| Polymer Solutions | 102.4 | 93.3 | -9.1 | +1.7 | -10.8 | |
| Others | 12.1 | 13.9 | +1.7 | +1.7 | - | |
| Total | 301.6 | 290.8 | -10.8 | +4.9 | -8.8 | -7.0 |
| Operating Income | FY2024 3Q Cumulative (Apr-Dec) | FY2025 3Q Cumulative (Apr-Dec) | Incr. Decr. | Volume | Pricing | DPE production suspension |
| Electronics & Innovative Products | 6.9 | 9.7 | +2.8 | +4.7 | -0.2 | -1.7 |
| Life Innovation | 7.6 | 6.6 | -1.0 | -0.1 | +0.4 | -1.3 |
| Elastomers & Infrastructure Solutions | -5.7 | -2.3 | +3.4 | -0.9 | +1.8 | -1.8 |
| Polymer Solutions | 1.1 | 2.0 | +0.9 | -0.1 | -10.8 | +11.8 |
| Others | 1.9 | 2.2 | +0.3 | +0.3 | - | -0.0 |
| Total | 11.8 | 18.2 | +6.4 | +3.9 | -8.8 | +7.0 |

Copyright © Denka Co., Ltd. All Rights Reserved. 8

See page eight. Here is a variance analysis of sales and operating income by segment.

Electronics and innovative products and elastomers & infrastructure solutions reported significant gains.

■ Profit increased significantly for Elastomers & Infrastructure Solutions

| Sales | FY2023 | | | | FY2024 | | | | FY2025 | | | vs. FY2025 2Q |
|---------------------------------------|--------|-------|-------|------|--------|-------|-------|------|--------|-------|------|---------------------|
| | 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 | -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 |

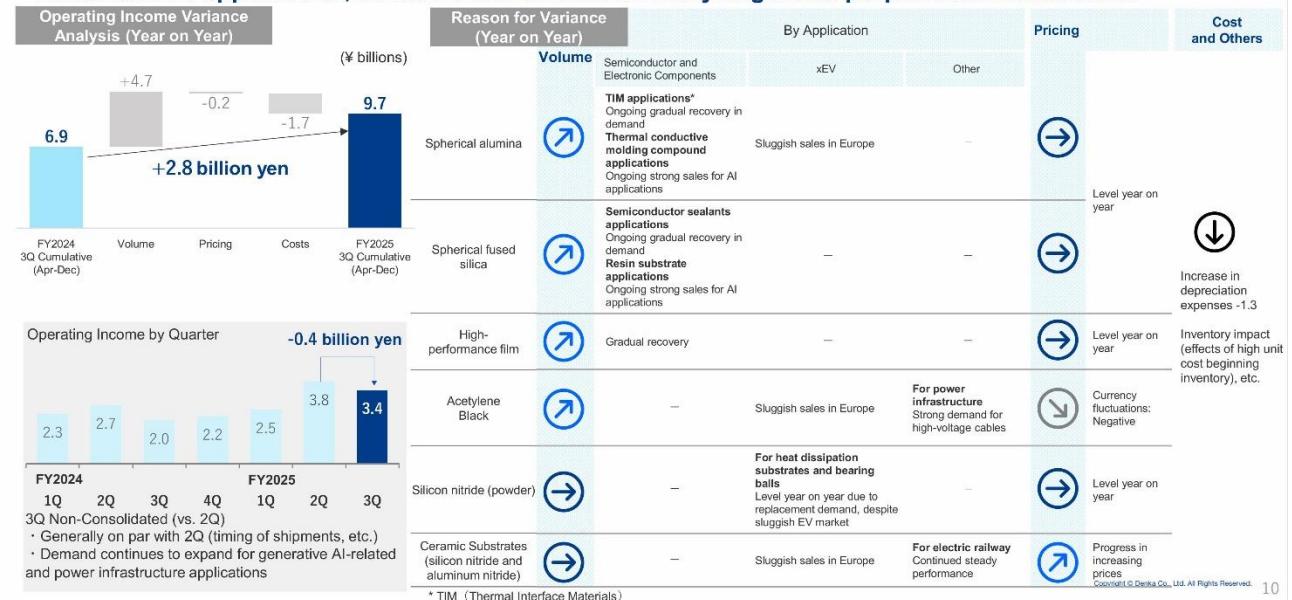
| Operating Income | FY2023 | | | | FY2024 | | | | FY2025 | | | vs. FY2025 2Q |
|---------------------------------------|--------|------|------|------|--------|------|------|------|--------|------|-----|---------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | |
| Electronics & Innovative Products | 2.1 | 2.8 | 1.8 | 2.4 | 2.3 | 2.7 | 2.0 | 2.2 | 2.5 | 3.8 | 3.4 | -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 |

Copyright © Denka Co., Ltd. All Rights Reserved. 9

See page nine, which shows quarterly changes in each segment and compares them to the previous quarter.

Compared to Q2, Q3 saw an increase in elastomers & infrastructure solutions and an overall increase in profits.

■ 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



10

From here, we provide detailed explanation of the difference analysis by segment.

See page 10 for the detailed explanation for electronics and innovative products. The volume difference was an increase of JPY4.7 billion due to a moderate recovery in demand for general-purpose semiconductors in

addition to increased demand for generated AI-related and power infrastructure applications, resulting in an increase in profit.

As for sales trends by application, demand remained strong for generative AI-related products, specifically spherical alumina for thermal conductive molding compound applications and spherical silica for resin substrates applications. Demand for general-purpose semiconductors also continued to recover moderately.

Demand for acetylene black for use in high-voltage cables for power infrastructure applications also remained strong and exceeded the previous year's level. On the other hand, sales volumes of spherical alumina, acetylene black, and ceramic substrates for xEVs dipped due to weak demand for EVs in Europe and the US.

The cost difference for the segment as a whole deteriorated from the previous year due to an increase in depreciation and other factors.

A comparison with the previous quarter is shown on the lower left of the slide. Q3 was generally comparable to Q2.



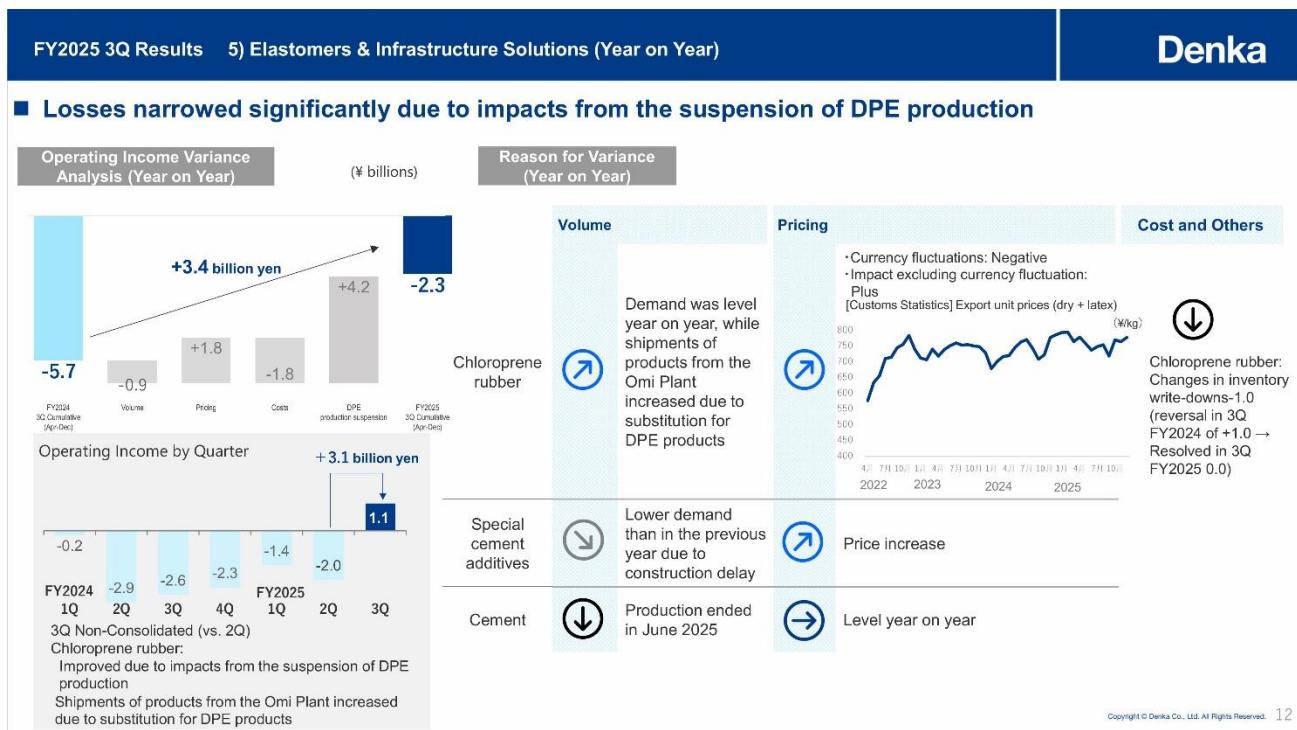
Page 11 describes life innovation.

Shipments of influenza vaccines remained in line with the previous year. Regarding antigen test kits, while shipments of COVID-19 test kits decreased, the early flu season led to increased shipments of influenza and combo kits, resulting in a slight increase YoY overall. Regarding IVD reagents, while sales decreased due to sluggish performance in some overseas markets, sales prices were positive YoY due to the sales composition difference.

On the cost front, fixed costs increased due to the commencement of depreciation associated with the start of operations at the new plant.

As a result of the above, the segment as a whole did not see an increase in sales that exceeded the increase in depreciation expenses associated with the capacity expansion of test kits and IVD reagents, resulting in a decrease in profit.

Compared to Q2, Q3 profit decreased due to early shipment of influenza vaccines from September as planned.



Page 12 describes elastomers and infrastructure solutions.

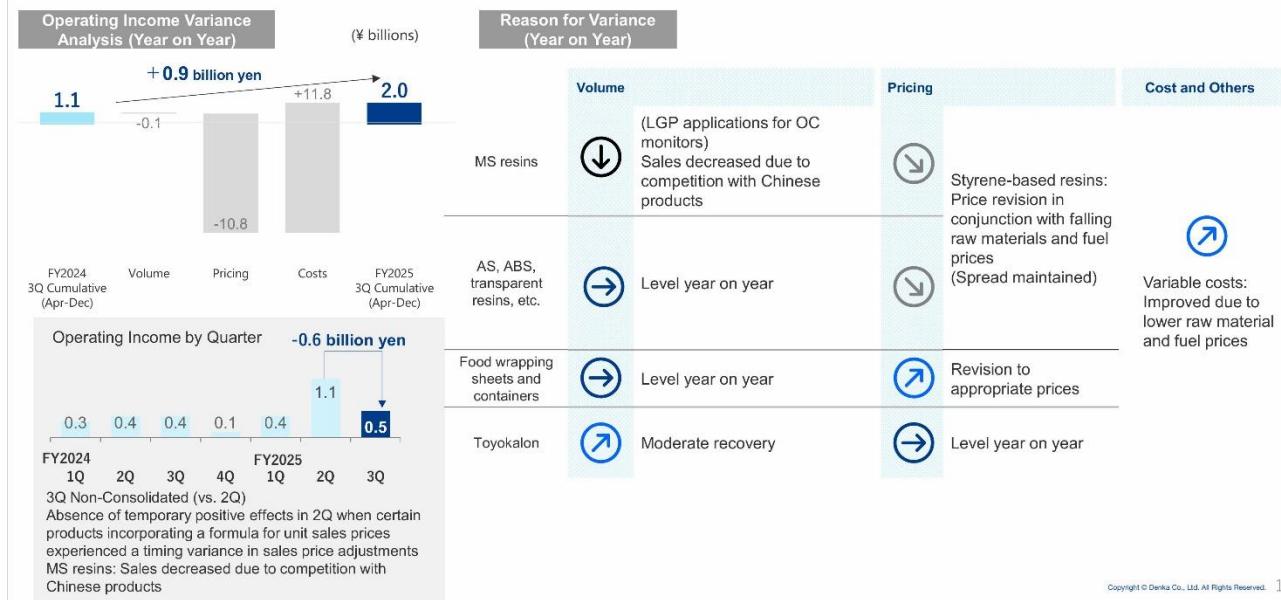
While overall demand for chloroprene rubber remained flat YoY, shipments from the Omi Plant increased due to a shift from DPE products. On the other hand, sales of special cement additives decreased due to lower demand than in the previous year, caused by construction delays, but selling prices increased from last year as a result of price hikes. Cement production was terminated in June as planned.

Regarding the cost variance, it was negative YoY, as the previous year's earnings were bolstered by a JPY1 billion reversal of the inventory write-down for chloroprene rubber.

The impact of the DPE production suspension was a positive JPY4.2 billion, significantly narrowing the overall losses for the segment.

Compared to Q2, earnings increased significantly and quarterly net income turned positive, driven by the impact of the DPE production suspension and increased shipments from the Omi Plant.

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



Page 13 describes polymer solutions.

Sales of MS resin for PC monitor light guide plates declined due to intensified competition with Chinese products. Meanwhile, Toyokalon's sales volume increased due to a gradual recovery in demand.

In addition, the spread for food wrapping sheets and containers improved as a result of the correction of prices to reasonable levels.

Compared to Q2, the decrease in profit was due to lower sales of MS resins amidst competition from Chinese products, as well as a temporary positive effect in Q2 from a period of declining raw material prices.

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

*Impairment loss -16.1, etc.

Copyright © Denka Co., Ltd. All Rights Reserved. 15

Please refer to page 15 for an explanation of the earnings forecast. As noted here, the forecast for FY2025 has been revised only for sales. Only the breakdown of operating income has been changed from the November forecast, as progress differs by segment.

■ 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 | |

Copyright © Denka Co., Ltd. All Rights Reserved. 16

On page 16, we will explain the progress by segment.

In electronics and innovative products, demand for generated AI-related products and power infrastructure applications is expected to grow continuously, slightly exceeding our forecast. On the other hand, regarding life innovation, we expect demand for antigen test kits in Q4 to be weaker than initially anticipated, as the spread of infectious diseases has stabilized.

Elastomers and infrastructure solutions are also expected to be lower than expected due to weak current demand for chloroprene rubber. In polymer solutions, the forecast is higher than expected, mainly due to a decrease in costs.

As described above, while performance has been mixed across segments, overall progress is generally in line with our expectations. Therefore, we have left our consolidated operating income forecast unchanged from the previous forecast announced in November.

| FY2025 Earnings Forecast 3) Investments, Depreciation and R&D Expenses by Segment | | | | | | | | | | Denka | | | | |
|---|------------------------------|--------|-----------------------------------|------------------|------------------------------|--------|-----------------------------------|------------------|------------------------------|--------|-----------------------------------|------------------|------------|--|
| ■ Investment & lending changed from initial forecast | | | | | | | | | | | | | | |
| | Investment & Lending | | | | Depreciation | | | | R&D | | | | ¥ billions | |
| | 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 | | FY2024 | FY2025 | FY2025 | | FY2024 | FY2025 | FY2025 | | | |
| | Actual | Actual | Nov. Forecast | Revised Forecast | Actual | Actual | Nov. Forecast | Revised Forecast | Actual | Actual | Nov. Forecast | Revised Forecast | | |
| Electronics & Innovative Products | 20.8 | 25.9 | 40.0 | * 37.0 | 7.0 | 8.3 | 11.2 | | 4.2 | 4.3 | 6.0 | | | |
| Life Innovation | 8.4 | 1.4 | 3.0 | 3.0 | 2.4 | 3.2 | 4.0 | | 3.5 | 3.5 | 5.0 | | | |
| Elastomers & Infrastructure Solutions | 9.1 | 8.5 | 11.0 | 11.0 | 6.9 | ** 6.2 | 8.4 | | 1.9 | 1.8 | 2.5 | | No change | |
| Polymer Solutions | 4.3 | 3.7 | 6.0 | 6.0 | 3.9 | 3.8 | 5.0 | No change | 1.8 | 1.5 | 2.0 | | No change | |
| Others | - | - | - | - | 0.3 | 0.3 | 0.4 | | - | - | - | | | |
| Total | 42.6 | 39.5 | 60.0 | 57.0 | 20.5 | 21.7 | 29.0 | | 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

Copyright © Denka Co., Ltd. All Rights Reserved. 17

Page 17 shows investment, depreciation, and R&D expenses by segment.

Depreciation and R&D expenses for FY2025 remain unchanged from the November forecast.

Capital expenditures have been revised downward from the November forecast of JPY60 billion to JPY57 billion, taking into account the progress of some investments.

■ 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% |

©. All Rights Reserved. 18

On page 18, I will explain about shareholder return and ROE.

The dividend forecast for FY2025 is unchanged from the November forecast of JPY100, the same amount as the previous year.

Regarding our dividend policy, there is no change to our basic policy of aiming to maintain or increase the dividend per share, while targeting a cumulative total return ratio of 50% over the eight-year period.

This concludes our presentation. Thank you for your kind attention.

(Note about this transcript)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. This transcript was edited for clarity and brevity at the Company's discretion. Additionally, forward-looking statements, including plans and targets, contained herein, like those in the briefing's presentation materials, are judgments based on information in the Company's possession as of the briefing's date and certain assumptions deemed reasonable by the Company. Forward-looking statements involve uncertainty. Actual outcomes may differ substantially from such forward-looking statements as a result of various factors.