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FY2025 3Q Financial Results Presentation
Summary of Q&A Session
(February 6, 2026)

Overall

Q1: Denka seems to be planning to compensate extraordinary losses related to DPE with gains on sale of strategic cross-shareholdings and other moves. If, however, from fiscal 2026 Denka was to record extraordinary losses of a similar size over a two- or three-year period, would it be possible to constantly compensate such losses with, for example, gains on sale of assets?
A1: Currently, we are not positioned to clearly forecast whether Denka might record extraordinary losses on a similar scale from fiscal 2026 onward, because our estimates pertaining to such losses could vary greatly depending on the results of negotiations with each stakeholder. On the other hand, resources available from the sale of strategic cross-shareholdings and other assets are limited. Therefore, our plan is to control final profit by, for example, increasing operating income through the promotion of the management plan.

Electronics & Innovative Products

Q2: Please describe the sales status of SNECTON, a low dielectric resin. Also, what is your forecast for this product?
A2: Since the sales of SNECTON began to ramp up around May 2025, we have steadily gained certification from customers and expanded its sales. On the other hand, our customers’ production plans have been negatively impacted by the supply of associated materials, including glass cloth and copper foil, falling short of demand. However, the demand-supply balance of these materials is expected to improve in the third or fourth quarter of fiscal 2026. As soon as this happens, we will pursue further sales expansion for SNECTON.

Q3: We have heard that Denka has a medium- to long-term plan for releasing a hard-type SNECTON, adding it to its current sales lineup consisting solely of soft-type SNECTON. Does this mean Denka will remain focused on marketing soft-type SNECTON during fiscal 2026?
A3: Yes, we will mainly continue to focus on marketing soft-type SNECTON in fiscal 2026. However, customers are currently evaluating our hard-type SNECTON. We are working so that hard-type SNECTON turn into sales contributors from some time in the second half of fiscal 2026 at the earliest or fiscal 2027.

Life Innovation

Q4: An influenza epidemic is currently under way; what prompted Denka to downwardly revise its forecast for full-year operating income from ¥7.5 billion to ¥7.0 billion?
A4: The third-quarter sales of rapid antigen test kits have been robust. This came about on the back of the first wave of the influenza epidemic from November 2025 as well as a concurrent spread of COVID-19 infections. However, the influenza epidemic ceased by the end of 2025 and did not extend into the New Year season, which typically sees disease spread due to the upturn in the movement of people. Moreover, the remaining volume of customer inventories is still high. Taking these factors into account, we have downwardly revised our sales forecasts for the fourth quarter.

Q5: Please share your forecast for fiscal 2026.
A5: For fiscal 2026, we believe that it will be a while before sales of rapid antigen test kits recover due to the high volume of customer inventories. However, we will take full advantage of our supply structure, which has been strengthened via the launch of a new production facility, with an eye to achieving an upturn in sales by, for example, ensuring swift product supply at the time of infectious disease epidemics. In addition, we will focus on developing our IVD reagent business, which is not susceptible to the impact of infectious disease epidemics. In this way, we will pursue business growth.

Elastomers & Infrastructure Solutions
Q6: Please share your current views on demand for chloroprene rubber (CR).
A6: At the beginning of fiscal 2025, we had projected a moderate recovery in demand. Currently, however, recovery in demand remains weak. Furthermore, we have been affected by U.S. tariff issues, the deceleration of China's economy, and other factors. Accordingly, we expect CR demand to remain flat or decrease somewhat compared with the previous year.

Polymer Solutions
Q7: Sales of MS resins seem to be not so robust in the third quarter. What is your forecast for the fourth quarter?
A7: With regard to MS resins, cheaper competing products manufactured in China are catching up with ours in terms of quality. This situation is expected to remain unchanged in the fourth quarter, causing MS resin sales volumes staying weak. However, we are stepping up sales of MS resins for new applications. Through these efforts, we aim to achieve a recovery in sales in the second half of 2026 or 2027.