**Management Presentation**
**Summary of Q&A Session**
**(February 27, 2026)**

**Overall**

Q1: With regard to the impact of DPE-related extraordinary losses, Denka anticipates certain expenses during Phase 2 (FY2026–FY2028) and intends to counter them with, for example, extraordinary gains. Could you elaborate on the content of these and other gains included in the management plan?

A1: The resulting volume of extraordinary losses could vary greatly depending on the outcomes of stakeholder negotiations, as could the timing when such losses are recorded. In any case, however, our plans call for offsetting such expenses with gain on sale of strategic cross-shareholdings. We will also utilize deferred tax assets for the same purpose, which can be achieved through the early finalization of the closure plan in Phase 2.

**Electronics & Innovative Products**

Q2: Denka's operating income forecast for fiscal 2026 amounts to ¥15.0 billion, an increase of ¥2.0 billion year on year. This pace of increase is slow, compared to the ¥13.0 billion in operating income forecast for fiscal 2025, which is a year-on-year increase of ¥4.83 billion. On the other hand, operating income forecast for fiscal 2027 amounts to ¥18.0 billion, an increase of ¥3.0 billion year on year. This increase seems to be substantially large, considering that a new base in Thailand will begin recording depreciation at that time. Could you elaborate on the underlying factors affecting these forecasts?

A2: We anticipated that growth in profit from AI- and power infrastructure-related products would gain momentum from fiscal 2025 onward. In addition, we expected price revisions for ceramic substrates, along with other steps undertaken in fiscal 2025, would lead to improvement in profit. These factors, in turn, caused us to forecast a high volume of profit growth for fiscal 2025.

Q3: Please describe your sales forecast for SNECTON, a low dielectric resin, for Phase 2.

A3: Making progress in its adoption, SNECTON has now gained certification from a number of customers for electronic circuit boards applications. In fiscal 2026, we will continue to focus on marketing soft-type SNECTON and, accordingly, we are planning to expand its sales. Additionally, we also plan to launch hard-type SNECTON during the Phase 2 period. When combined, sales of both types are expected to total somewhere between ¥5.0 billion and ¥15.0 billion.

Q4: What are your views on future trends of spherical fused silica for resin substrates and

spherical alumina for thermal conductive molding compound, both of which are expected to see growing demand?
A4: Demand for spherical fused silica for resin substrates has been growing remarkably. Furthermore, some customers have increased the volume of spherical fused silica used in their processes in response to shortages of the supply of low dielectric glass cloth. We consider this trend a tailwind. Meanwhile, our spherical alumina has steadily been adopted and certified by customers as thermal conductive molding compound for GDDR7 and next-generation memory devices. This product is undergoing certification as a material used in HBM devices.

Q5: Denka invested USD400 million in a new acetylene black production base in Thailand, but its supply capacity is limited to 11,000 tons. Doesn't that mean this facility is unprofitable?
A5: The launch of the new base in Thailand Will enable us to secure a four-location production structure for acetylene black. Moreover, the facility in question boasts high efficiency so we expect to benefit from its cost effectiveness. Accordingly, we will optimize production based on the demand-supply balance and cost efficiency. On the sales front, we will expand sales of acetylene black for high-voltage cables and energy storage systems (ESS). In particular, we have seen a sharp growth in demand for the ESS application. Taking these factors into account, we believe that maintaining the profitability of the investment is feasible.

**Life Innovation**
Q6: There seems to be a number of partner candidates for Denka as it strives to form alliances within the industry of in-vitro diagnosis (IVD) pharmaceuticals. What points will you focus on when selecting partners?
A6: The IVD industry structurally includes a diverse range of domestic corporations. Denka's basic policy is to serve as an agent of change for this industry and become a front runner in alliance formation. We believe that forming alliances is essential to strengthening the international competitiveness of Japan's IVD products and accelerating collaborative innovation. Such alliances will also be a key to maintaining and enhancing product quality, which has enabled Japan's IVD industry to gain a worldwide reputation. These are the underlying thoughts on which our policy is based. Therefore, we deem it extremely important to identify potential partners who align with us on this underlying approach and share the direction we aim to take going forward. In addition, it is also important to ensure that Denka and its partners occupy complementary relationships so we can work robustly in collaboration.

**Elastomers & Infrastructure Solutions**
Q7: What is your plan for firmly establishing the chloroprene rubber (CR) business as a cash-cow business? To do so, how will you enhance the effectiveness of CR production, which has been consolidated at the Omi Plant, after executing fundamental measures for the CR business?
A7: On the production front, the consolidation of CR-related facilities at the Omi Plant has, to a certain degree, restricted the volume of supply. Within this constraint, however, we will

thoroughly improve production efficiency and thus secure a maximum production volume. On the sales front, we will approach the U.S. market by taking full advantage of the sales network gained through DPE. Looking ahead, by considering marketability and the applications of our offerings, we will also focus increasingly on areas where we possess strength so that we can enjoy further growth in these areas. Through these initiatives, we will enhance our cash-generation capabilities.

**Polymer Solutions**

Q8: With regard to discussions now under way regarding a possible spin-off of styrene-related businesses, we anticipate that a majority of Polymer Solutions' business will be spun off. Could you describe the structure of the spin-off you have in mind?

A8: The scope of the spin-off will indeed encompass the majority of Polymer Solutions' business and will target operations that account for approximately 90% of its current net sales and profit. As for the structure of the spin-off, we are currently considering launching a new company wholly owned by Denka. While we intend to push ahead with preparatory procedures for its launch in April 2027, it is conceivable that we could work with an external partner to launch the company if an appropriate candidate is identified in time. In any case, however, our policy is to ensure that Denka owns a majority stake. Also, we will consider a variety of options, including measures to optimize each individual operation, even as we explore opportunities for partnership with diverse candidates ranging from upstream to downstream constituents of the styrene chain.