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Denka



May 13, 2026

To whom it may concern

Company name: Denka Company Limited
Name of Representative: Ikuo Ishida, Representative Director, President & CEO
(TSE Prime Code: 4061)
Contact: Hiroyuki Yamamoto,
General Manager, Corporate Communications Department
(TEL: +81-3-5290-5511)

Notice Concerning Recording of Extraordinary Income and Losses (Consolidated and Non-consolidated)

Denka Company Limited (the "Company") hereby announces that it has recorded extraordinary income and extraordinary losses in its financial results for the fiscal year ended March 31, 2026, as described below.

1. Recording of Extraordinary Loss (Loss on Liquidation of Business)

The Company recorded a loss on liquidation of business of 21,112 million yen as an extraordinary loss in its consolidated financial results for the fiscal year ended March 31, 2026. This mainly includes the write-downs of raw materials and intermediate goods, and labor costs associated with material removal and related expenses at Denka Performance Elastomer LLC, a U.S.-based subsidiary that has elected not to restart production at its chloroprene rubber manufacturing facilities for an indefinite period.

In addition, due to the occurrence of this event, the Company recorded a loss on valuation of shares of subsidiaries and associates of 24,079 million yen (extraordinary loss) and a reversal of provision for loss on business of subsidiaries and associates of 8,677 million yen (extraordinary income) in its non-consolidated financial results for the fiscal year ended March 31, 2026. The loss on valuation of shares of subsidiaries and associates and the reversal of provision for loss on business of subsidiaries and associates in the non-consolidated financial results are eliminated in the consolidated financial results and therefore have no impact on consolidated profit or loss.

2. Recording of Extraordinary Income (Gain on Negative Goodwill) and Extraordinary Loss (Loss on Step Acquisition)

As announced in the "Notice Concerning Change in Equity-Method Affiliate (Becoming a Consolidated Subsidiary)" dated March 9, 2026, the Company has completed the conversion of Toyo Styrene Co., Ltd., which was an equity-method affiliate, into a consolidated subsidiary. As a result, the Company recorded a gain on negative goodwill of 6,517 million yen as an extraordinary income and a loss on step acquisition of 4,875 million yen as an extraordinary loss in its consolidated financial results for the fiscal year ended March 31, 2026.

3. Impact on Financial Results

The extraordinary income and losses in 1 and 2 above were incorporated into the full-year consolidated financial results forecast for the fiscal year ended March 31, 2026, announced on February 6, 2026, and the impact on income before income taxes is negligible. Furthermore, these are recorded in the consolidated and non-consolidated financial results of the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)" announced today.

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