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Denka Company Limited

Q4 Financial Results Briefing for the Fiscal Year Ending March 2026

May 13, 2026

Event Summary

[Event Name]	Q4 Financial Results Briefing for the Fiscal Year Ending March 2026	
[Fiscal Period]	FY2025 Q4	
[Date]	May 13, 2026	
[Venue]	Webcast	
[Speakers]	Ikuo Ishida Rimiru Hayashida	Representative Director, President & CEO Director, Senior Managing Executive Officer, Chief Financial Officer (CFO)

Presentation

Ishida: Hello, everyone. I am Ishida from Denka. Thank you very much for joining us today at the Denka FY2025 results presentation despite your busy schedules. We are also deeply grateful for your continued support of our business. I would like to begin by presenting the latest developments in SNECTON, spherical fused silica, and spherical alumina, our AI-related products that are key drivers of the Company's growth.

Please turn to page two. I will begin with the latest developments on SNECTON and spherical fused silica for CCL applications, two products I would like to cover together. Before discussing each product, allow me to briefly revisit the composition of CCL, which I trust most of you are already familiar with.

The insulating layer of CCL is primarily composed of four materials: soft-type resin, hard-type resin, filler, and glass cloth. To enable AI and other high-speed communications, these materials are required to deliver very high levels of low dielectric loss tangent performance.

Of these four materials, we will provide solutions across three product items: soft-type and hard-type SNECTON, and low dielectric loss tangent spherical silica as the filler. Our ability to offer material approaches from both organic and inorganic perspectives is a significant competitive strength.

The dedicated plant for soft-type SNECTON, as shown in the photo here, is scheduled for completion in mid-May, and we are making steady progress in obtaining certification from CCL manufacturers.


For hard-type SNECTON, development samples are currently under evaluation at CCL manufacturers as we work toward a commercial launch during FY2026. In parallel, we are in the final stages of internal review regarding capacity expansion for hard-type SNECTON. We are also preparing the next addition to the SNECTON lineup beyond the hard-type, continuing to execute what we refer to as our "trickle-out strategy."

As for low dielectric loss tangent spherical silica, sales volume is increasing in line with expanding market demand.

Latest Status of Products for AI (SNECTON, Spherical Fused Silica, Spherical Alumina) (2)

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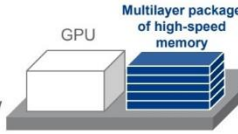
**■ Spherical Alumina for Thermal Conductive Molding Compound Application:
Demand for GDDR7 remains firm. Adoption for multilayer packages has also been decided.**



Strengths of Our Products

- **Product Lineup** with various particle sizes
- By optimally combining products, **formulation proposals that achieve high heat dissipation** are possible
- To respond to semiconductor miniaturization, **fine powder** production is possible (direct production rather than sorting for target particle sizes)

Thermal Conductive Molding Compound for High-Speed Memory

Spherical Alumina for Thermal Conductive Molding Compound	
For GDDR (High-speed data transfer)	For multilayer packages of high-speed memory (HBM, etc.)
<p>Demand for GDDR7 remains firm. User evaluations of grades for next-generation GDDR are also progressing smoothly.</p> 	<p>Adoption for new projects decided. For next-generation Packages, Development of new grades is also underway</p> 

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Please turn to page three, where I will discuss spherical alumina used in thermal conductive molding compounds for high-speed memory applications. Our spherical alumina features a broad product lineup covering various particle sizes, enabling us to propose formulations that deliver high thermal conductivity through the optimal combination of these products. We are also capable of producing fine-particle grades to meet the demands of semiconductor miniaturization, which we believe represents a comprehensive strength that sets us apart from competitors.

Leveraging these strengths, we are focused on expanding sales for GDDR and multilayer package applications such as HBM. For GDDR applications, demand for GDDR7, the latest generation, is progressing steadily, and user evaluation for next-generation GDDR is also advancing on track.

For multilayer package applications, adoption has been confirmed for new projects, and we expect sales to begin this fiscal year. As with GDDR, development of grades for next-generation packages is also underway. Beyond simply expanding sales of products that capture these megatrends, and as I have mentioned before, we aim to develop distinctive products by combining our unique organic and inorganic materials and technologies, with the goal of establishing a solid position in the most advanced fields.

- **Operating income: The impact of fundamental measures was +8.8 billion yen in FY2025, and expected to be +15.0 billion yen in FY2026 (vs. FY2024), both in line with the plan**
- **Extraordinary gains / losses: Certain amount of extraordinary losses are expected in FY2026 as well; however, we plan to off-set these losses by recording extraordinary gains, etc.**
- **Develop a plan until anticipated closure early in the Mission 2030 Phase 2 period (FY2026–FY2028)**

Latest Status	Equipment	To safely shut down the manufacturing facilities, DPE is in the final stages of the removal and disposal of materials, including raw materials and intermediates.
	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 → approx. 80 at the end of April 2026)
	Stakeholders	To minimize future costs, DPE is continuing discussions with relevant stakeholders.

(\$ billions)		FY2024	FY2025	FY2026
Operating income	Impact of fundamental measures (vs. FY2024)		+8.8	+15.0
Extraordinary gains and losses	DPE-related losses	-17.9 (Impairment loss -16.1, etc.)	-18.4 (Write-down of raw materials and intermediate products, and costs associated with material removal costs, etc., including labor costs)	Certain costs are also expected to be incurred as extraordinary losses in FY2026
	Gain on sale of land for Ofuna Plant		+8.2	Compensate
	Gain on sale of strategically held shares		+12.6	
	Recognition of deferred tax assets			Consider

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.

Please turn to page four, where I will discuss the financial impact and latest developments following the suspension of production at DPE, our US chloroprene rubber manufacturing subsidiary.

Work to safely idle DPE’s manufacturing facilities, including the extraction and disposal of raw materials and intermediate products, is now in its final stages. We are rightsizing our workforce in line with progress on the idling work. The headcount, originally 250, stood at 140 as of the end of December 2025, and approximately 80 as of end of April 2026. We will make every effort to engage with stakeholders in order to reach an early resolution and minimize future cost burdens.

I will now turn to the financial impact. The operating income benefit from our fundamental measures came to +JPY8.8 billion in FY2025 vs. FY2024. Our original plan was +JPY9 billion, so we came in largely on track at JPY8.8 billion. For FY2026, we expect to be in line with the plan at +JPY15 billion vs. FY2024.

On the extraordinary items side, in addition to write-downs on raw materials and intermediate products, we incurred labor costs associated with the extraction work on raw materials and other items mentioned earlier, resulting in a full-year extraordinary loss of JPY18.4 billion. This was offset by a gain of JPY8.2 billion from the sale of land at the Ofuna Plant, as well as JPY12.6 billion in gains on the sale of strategic cross-shareholdings. We expect certain costs to arise in FY2026 as well, and we intend to manage net income by offsetting these with extraordinary gains and other items.

FY2025
Actual
(P6-P15)

■ **Operating income: 26.2 billion yen (+11.8 billion yen YoY)**

Electronics & Innovative Products volume +6.7: Expanding demand for semiconductors (AI-related) and power infrastructure, and moderate demand recovery for semiconductors (general-purpose)

DPE production suspension: +8.8

■ **Net income: 15.7 billion yen (+28.0 billion yen YoY) → ROE 5.2%**

Extraordinary gains: Gain on sale of strategic cross-shareholdings

Extraordinary gains: Gain on sale of land for Ofuna Plant

Extraordinary losses: Loss on liquidation of business, etc. (DPE-related, etc.)

FY2024 +0.4 → FY2025 +12.6

FY2024 None → FY2025 +8.2

FY2024 -25.1 → -21.1

20.8

Compensate

FY2026
Forecast
(P16-P29)

Incorporated a impact of the situation in the Middle East (-5.0 billion yen) into the Mission 2030 Management Plan Phase 2 targets

■ **Operating income: 30.0 billion yen (-5.0 billion yen vs. Phase 2 plan, +3.8 billion yen YoY)**

■ **Net income: 16.0 billion yen (-2.0 billion yen vs. Phase 2 plan, +0.3 billion yen YoY)**

(Status of each segment excluding the impact of the situation in the Middle East [vs. Phase 2 plan])

Electronics & Innovative Products: Upward revision due to expanding demand for AI-related products

(SNECTON, spherical fused silica, spherical alumina, etc.)

Life Innovation: Downward revision of sales volume for rapid antigen test kits in response to the current trends in infectious disease outbreaks

Shareholder Returns
(P30)

■ **Maintain dividend at 100 yen per share, the same as the previous year (54% 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)**

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Please turn to page five, which covers today's results presentation highlights. For FY2025 results, the volume variance in the electronics & innovative products segment came to JPY6.7 billion, driven by expanding demand for AI-related and power infrastructure products as well as a gradual recovery in general-purpose semiconductor demand. Combined with the JPY8.8 billion contribution from the DPE production suspension mentioned earlier, overall operating income improved significantly by JPY11.8 billion YoY.

Net income improved significantly by JPY28 billion YoY to JPY15.7 billion, as DPE-related losses were offset by extraordinary gains as explained on the previous page. ROE came to 5.2%.

For the FY2026 earnings forecast, we used the operating income target of JPY35 billion set under Phase II of Management Plan Mission 2030 as the base and factored in a JPY5 billion negative impact from the situation in the Middle East, arriving at a forecast of JPY30 billion. The details will be explained later, but this is based on the assumption that the situation in Iran will normalize by October, with the impact being felt mainly in H1. Net income is expected to be JPY16 billion. In addition to the impact of the situation in the Middle East, we have also incorporated the latest business conditions, resulting in some variation across segments.

Specifically, the electronics & innovative products segment has been revised upward due to growing demand for AI-related products including SNECTON, spherical fused silica, and spherical alumina, while the life innovation segment has been revised downward in terms of sales volume for rapid antigen test kits, reflecting current infectious disease prevalence.

Regarding shareholder returns, we are maintaining a dividend of JPY100 per share, the same as the previous year. Our dividend policy remains unchanged: we aim to maintain or increase the dividend per share based on a total return ratio of 50% on a cumulative basis over the eight years of our management plan.

Hayashida, our CFO, will now present the details of our financial results from the next page onward. Hayashida, please go ahead.

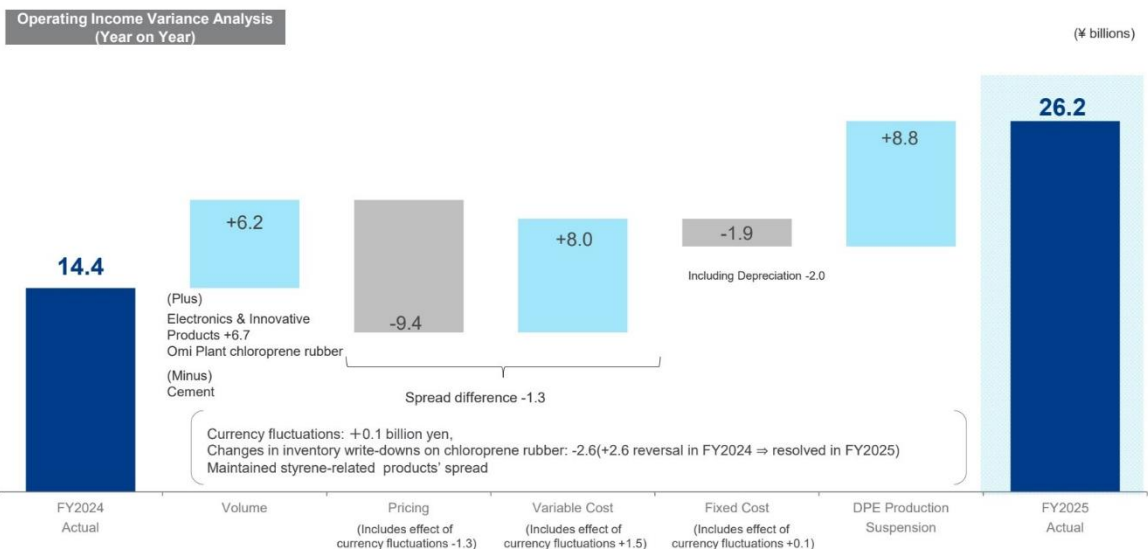
- Operating income achieved a V-shaped recovery due to the growing demand for semiconductors (AI-related) and power infrastructure together with the effects of fundamental measures for chloroprene rubber
- Net income increased significantly as DPE-related losses were compensated by gain on sale of strategic cross-shareholdings and gain on sale of land for Ofuna Plant

(¥ billions)	FY2024 Actual	FY2025 Actual	(Year on Year)	FY2025 February Forecast	(vs. February Forecast)
Sales	400.3	384.2	-16.0	390	-5.8
Operating income	14.4	26.2	+11.8	25.0	+1.2
Operating Margin	3.6%	6.8%	+3.2%	6.4%	+0.4%
Ordinary Income	7.6	19.3	+11.7	19.0	+0.3
Extraordinary gains: Gain on sale of strategic cross-shareholdings	0.4	12.6	208		
Extraordinary gains: Gain on sale of land for Ofuna Plant	-	8.2			
Extraordinary losses: Loss on liquidation of business, etc. (DPE-related, etc.)	-25.1	-21.1	← Compensate		
Extraordinary gains and losses: Others (Gain on negative goodwill, etc.)	-	2.4			
Net Income Attributable to Owners of Parent	-12.3	15.7	+28.0	15.0	+0.7
Forex (Yen/\$)	152.8	150.2		150.4	
Japan Naphtha (Yen/KI)	(1H 153.9 / 2H 151.6) 75,700	(1H 146.2 / 2H 154.3) 65,800		65,000	

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Hayashida: I am Hayashida. Let me begin with the financial results. Please turn to page seven. FY2025 results were as follows: sales of JPY384.2 billion, operating income of JPY26.2 billion, ordinary income of JPY19.3 billion, and net income of JPY15.7 billion. As shown, results came broadly in line with the forecast announced in February and improved significantly compared to the previous year.

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



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The following page covers the operating income change factors. The volume variance came to +JPY6.2 billion, driven by increased sales in electronics & innovative products and chloroprene rubber from the Omi Plant, among other factors. The spread variance, which nets pricing and variable costs, was -JPY1.3 billion, due to

inventory write-downs on chloroprene rubber, among other factors. Fixed costs were -JPY1.9 billion, mainly due to higher depreciation expenses, while the DPE production suspension contributed +JPY8.8 billion. As outlined above, the significant improvement in FY2025 operating income was driven primarily by higher sales volume and the effect of the DPE production suspension.

FY2025 Results (3) Change Factors by Segment (Year on Year)				Denka			
■ Significant profit increase in Electronics & Innovative Products and Elastomers & Infrastructure Solutions							
Sales	FY2024	FY2025	Incr. Decr.	DPE Production Suspension			(\$ billions)
				Volume	Pricing		
Electronics & Innovative Products	92.2	104.4	+12.2	+11.7	+0.5		
Life Innovation	43.3	40.5	-2.7	-3.0	+0.3		
Elastomers & Infrastructure Solutions	111.7	97.6	-14.1	-5.0	+2.2	-11.3	
Polymer Solutions	135.4	124.2	-11.2	+1.1	-12.3		
Others	17.7	17.6	-0.2	-0.2	-		
Total	400.3	384.2	-16.0	+4.7	-9.4	-11.3	
Operating income	FY2024	FY2025	Incr. Decr.	DPE Production Suspension			
				Volume	Pricing	Cost and Others	
Electronics & Innovative Products	9.2	13.9	+4.7	+6.7	+0.5	-2.4	
Life Innovation	9.6	6.2	-3.4	-1.9	+0.3	-1.7	
Elastomers & Infrastructure Solutions	-8.0	0.1	+8.0	+1.6	+2.2	-4.6	+8.8
Polymer Solutions	1.2	3.6	+2.4	-0.1	-12.3	+14.8	
Others	2.5	2.4	-0.0	-0.0	-	-	
Total	14.4	26.2	+11.8	+6.2	-9.4	+6.1	+8.8

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Please turn to page nine, which presents a breakdown in sales and operating income by segment. Electronics & innovative products, which benefited significantly from higher sales volume, and elastomers & infrastructure solutions, which benefited from the DPE production suspension, both recorded substantial increases in profit.

■ While profit decreased for Life Innovation, overall profit was in line with the previous quarter as other segments increased profit

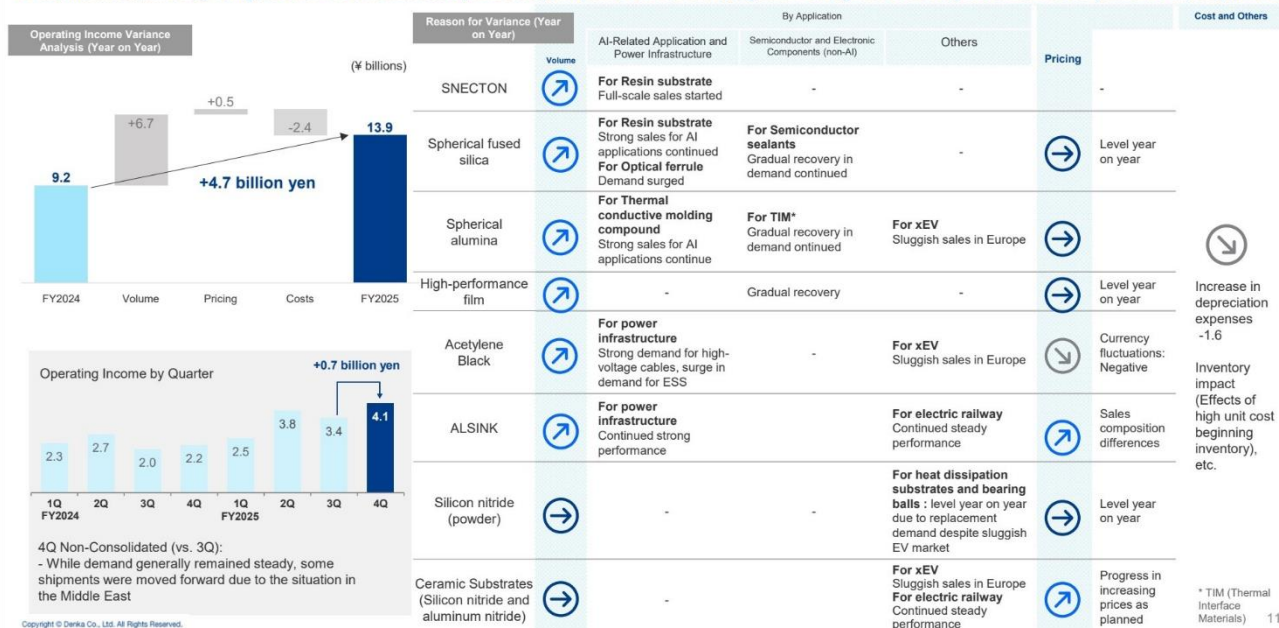
(¥ billions)

Sales	FY2023				FY2024				FY2025				vs. 3Q (Incr./Decr.)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
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	28.5	+2.7
Life Innovation	7.2	15.0	15.8	9.0	7.8	14.6	12.7	8.2	6.6	14.8	13.5	5.6	-7.9
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	24.8	+1.9
Polymer Solutions	29.8	31.7	30.9	31.9	32.6	34.9	34.9	33.0	33.8	31.6	27.8	30.9	+3.1
Others	3.7	5.1	4.5	5.4	3.8	4.0	4.4	5.6	4.3	5.6	4.0	3.7	-0.3
Total	87.8	103.5	101.5	96.4	95.2	103.8	102.5	98.7	94.1	102.6	94.1	93.5	-0.6

Operating income	FY2023				FY2024				FY2025				vs. 3Q (Incr./Decr.)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
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	4.1	+0.7
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	-3.1
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	2.4	+1.2
Polymer Solutions	0.0	-0.2	0.6	-0.4	0.3	0.4	0.4	0.1	0.4	1.1	0.5	1.6	+1.1
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	-0.4
Total	2.8	7.7	2.0	0.8	4.7	4.7	2.4	2.6	2.3	7.4	8.5	8.0	-0.4

Please turn to page 10, which shows the quarterly trends and QoQ comparisons by segment. While life innovation recorded a decline in profit in Q4, all other segments posted increases, resulting in overall operating income that was broadly in line with Q3.

■ Profit increased, driven by rising demand for Semiconductors (AI-Related) and power infrastructure, together with a gradual recovery in Semiconductor (General-Purpose) demand



Please turn to page 11, which covers the electronics & innovative products segment. The segment recorded a profit increase, with the volume variance coming to +JPY6.7 billion, driven by expanding demand for AI-

related and power infrastructure products as well as a gradual recovery in general-purpose semiconductor demand.

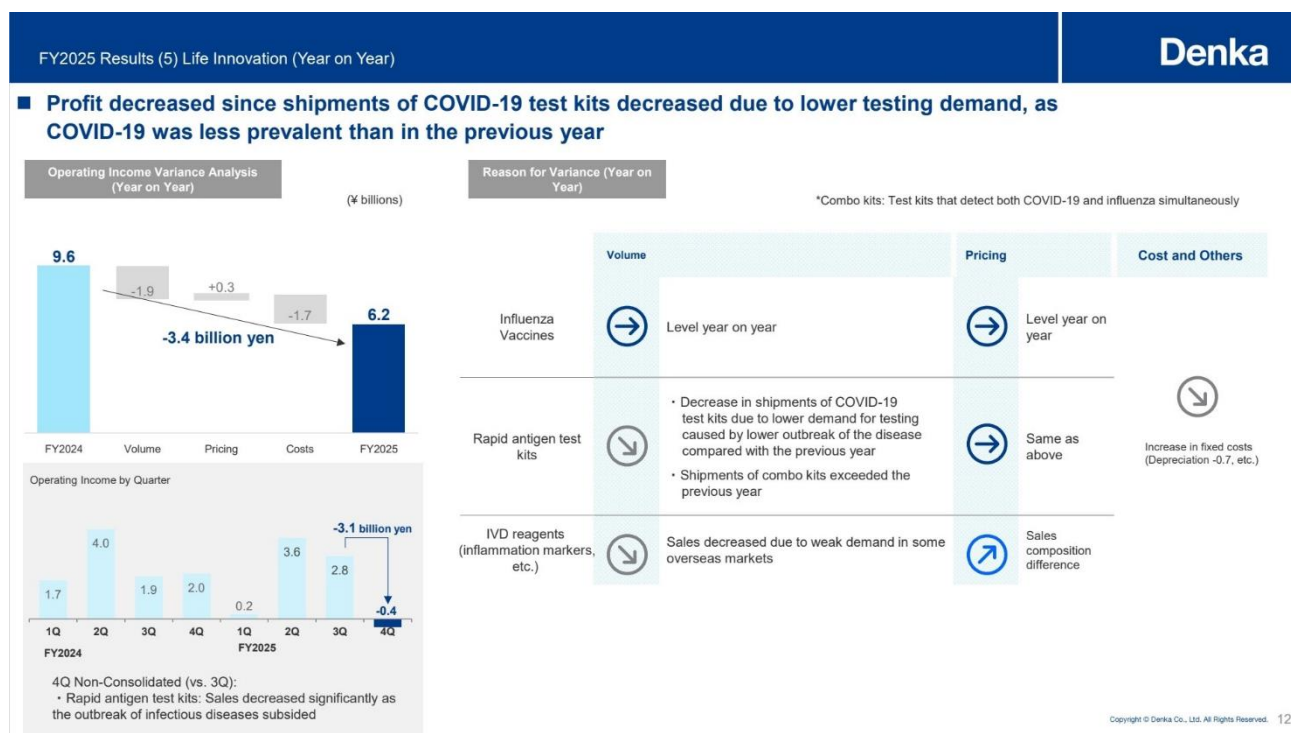
In terms of sales trends by application, demand continued to grow for spherical fused silica in resin substrate applications and spherical alumina in thermal conductive molding compound applications, in addition to SNECTON, where sales for AI applications gained full momentum during the year.

For acetylene black, demand remained firm and exceeded the previous year for both high-voltage cable applications in power infrastructure and ESS applications in data centers.

For xEVs, demand for EVs in Europe and North America continued to be weak, and sales volumes of spherical alumina, acetylene black, and ceramic substrates remained level with the previous year.

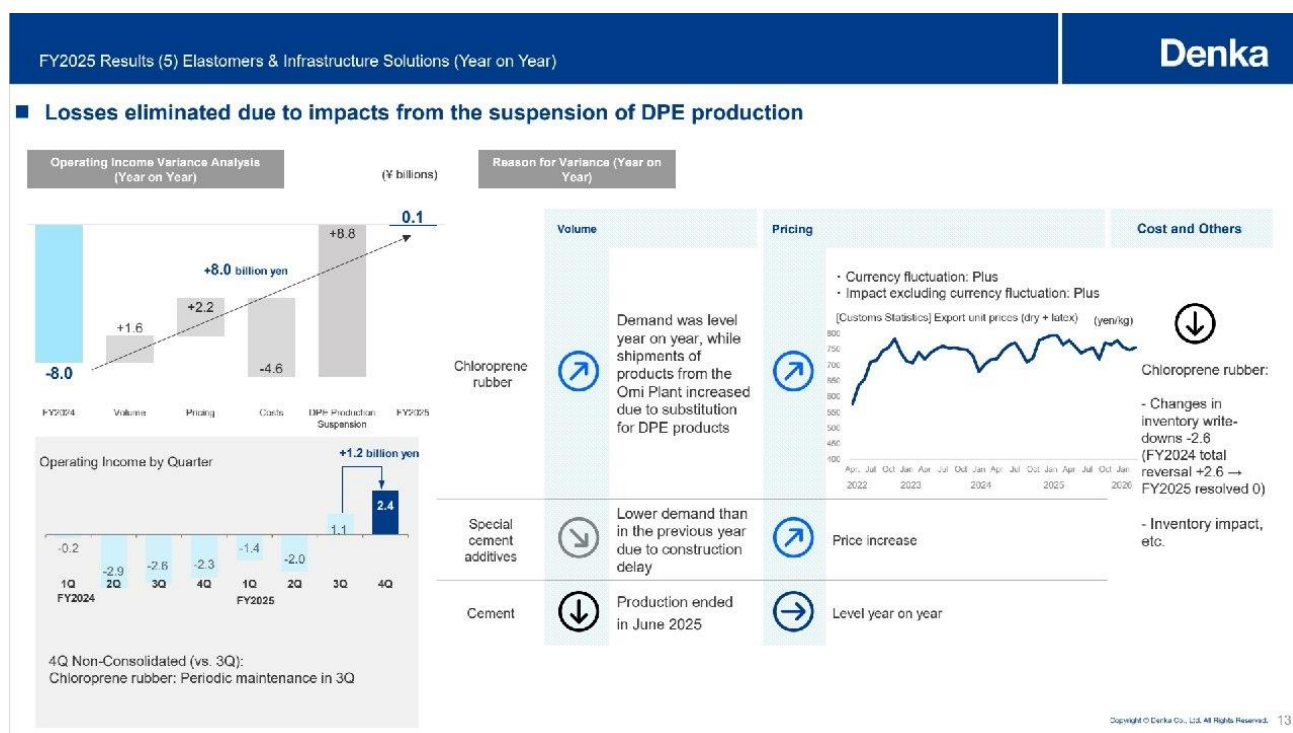
The pricing variance for ceramic substrates was positive YoY, as price increases progressed broadly in line with the plan. The cost variance for the segment as a whole worsened compared to the previous year, mainly due to higher depreciation expenses.

The lower left of the slide shows the QoQ comparison. Q4 operating income came in +JPY0.7 billion vs. Q3, as demand was generally firm across the board and was further supported by the pull-forward of certain shipments due to the situation in the Middle East.



Please turn to page 12, which covers life innovation. The segment recorded a decline in profit, largely due to a decrease in shipments of COVID-19 test kits resulting from lower testing demand, as COVID-19 did not spread as widely as in the previous year. Influenza vaccine shipments were level with the previous year. For rapid antigen test kits, while combo kit shipments increased, COVID-19 test kit shipments declined, resulting in overall shipments falling below the previous year.

In addition, sales of IVD reagents decreased due to weakness in certain overseas markets. On the cost side, fixed costs increased due to depreciation associated with the launch of the new plant. As for the QoQ comparison, Q4 recorded a significant decline in profit, as sales of rapid antigen test kits fell sharply reflecting the rapid slowdown in infectious disease activity at the start of the new year.

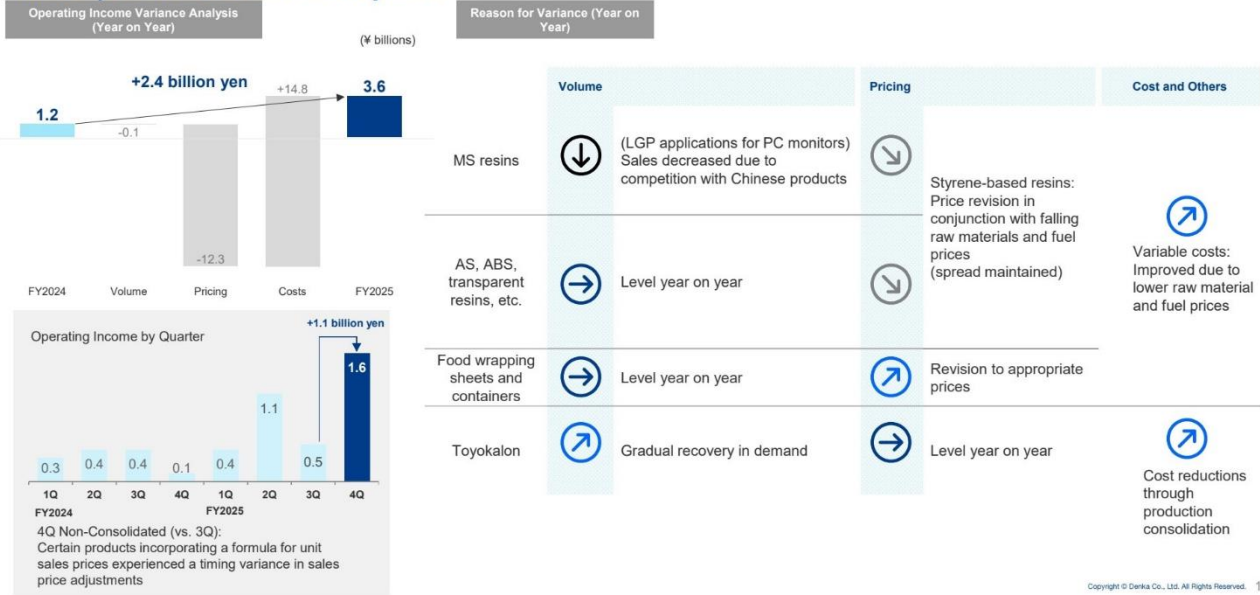


Please turn to page 13, we will discuss elastomers & infrastructure solutions. For this segment, the DPE production suspension effect eliminated the deficit for the first time in six years. Demand for chloroprene rubber was level with the previous year; however, shipments from the Omi Plant increased due to the shift from DPE products.

Sales of special cement additives fell below the previous year due to construction delays, and cement production was terminated in June of last year as planned. On the cost side, the variance was negative YoY, as the previous year's results had been boosted by the reversal of a JPY2.6 billion inventory write-down on chloroprene rubber.

On the other hand, the DPE production suspension contributed +JPY8.8 billion, and this effect was significant enough to eliminate the deficit for the segment as a whole. As for the QoQ comparison, Q4 recorded a significant increase in profit compared to Q3, which had been impacted by scheduled maintenance.

Profit increased, supported by revisions to appropriate prices for food wrapping sheets and containers, together with the production consolidation of Toyokalon



Please turn to page 14, which covers polymer solutions. Sales of MS resin for LGP applications for PC monitors declined due to competition from Chinese products. On the other hand, the segment as a whole recorded a profit increase, driven by improved spreads for food wrapping sheets and containers, as well as a gradual demand recovery for Toyokalon and the benefits of consolidating production bases. Compared to Q3, Q4 recorded a significant increase in profit, since certain products incorporating a formula for unit sales prices experienced a timing variance in sales price adjustments.

Overall results exceeded the forecast, driven by the strong performance of Electronics & Innovative Products

Sales	FY2025 February Forecast	FY2025 Actual	Incr. Decr.	DPE Production Suspension			(¥ billions)
				Volume	Pricing		
Electronics & Innovative Products	105.0	104.4	-0.6	-0.3	-0.3		
Life Innovation	40.0	40.5	+0.5	+0.5	-0.0		
Elastomers & Infrastructure Solutions	100.0	97.6	-2.4	-2.4	-0.1	+0.0	
Polymer Solutions	125.0	124.2	-0.8	-1.5	+0.7		
Others	20.0	17.6	-2.4	-2.4	-		
Total	390.0	384.2	-5.8	-6.1	+0.4	+0.0	

Operating income	FY2025 February Forecast	FY2025 Actual	Incr. Decr.	Cost and Others			DPE Suspension Effect
				Volume	Pricing		
Electronics & Innovative Products	13.0	13.9	+0.9	+0.4	-0.3	+0.7	
Life Innovation	7.0	6.2	-0.8	-0.9	-0.0	+0.2	
Elastomers & Infrastructure Solutions	0.0	0.1	+0.1	-0.8	-0.1	+0.7	+0.3
Polymer Solutions	3.0	3.6	+0.6	+0.4	+0.7	-0.5	
Others	2.0	2.4	+0.4	+0.4	-	-	
Total	25.0	26.2	+1.2	-0.5	+0.4	+1.1	+0.3

Please turn to page 15, which covers the variance against the earnings forecast. Compared to the earnings

forecast announced in February, overall results came in above forecast, driven largely by the outperformance in electronics & innovative products.

FY2026 Earnings Forecast (1) Consolidated Summary (Year on Year)					Denka	
■ Incorporated a -5.0 billion yen impact from the situation in the Middle East to Management Plan Mission 2030 Phase 2						
(billion yen)	FY2025 Actual	FY2026 Plan	FY2026 Forecast	(Year on Year)	FY2026 1H Forecast	FY2026 2H Forecast
Sales	384.2	410.0	450.0	+65.8	210.0	240.0
Operating income	26.2	35.0	30.0	+3.8	12.0	18.0
Operating Margin	6.8%	8.5%	6.7%	-0.2%	5.7%	7.5%
Ordinary Income	19.3		20.0	+0.7	7.0	13.0
Extraordinary gains: Gain on sale of strategic cross-shareholdings	12.6					
Extraordinary gains: Gain on sale of land for Ofuna Plant	8.2					
Extraordinary losses: Loss on liquidation of business, etc. (DPE-related, etc.)	-21.1					
Extraordinary gains and losses: Others (Negative goodwill, etc.)	2.4					
Net Income Attributable to Owners of Parent	15.7	18.0	16.0	+0.3	0.0	16.0
Forex (Yen/\$)	150.2	148.0	158.0		158.0	158.0
Japan Naphtha (Yen/KL)	65,800	58,400	123,250		121,100	125,400

Main Forecast Assumptions

Effect on material procurement

- Disrupted during 1H
- Recover to normal conditions from October
- Prices remain at a high level throughout the fiscal year

Currency sensitivity

1 yen/USD decrease → Operating income +0.3 billion yen

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Please turn to page 17, which covers the FY2026 earnings forecast. The full-year FY2026 earnings forecast incorporates the impact of the situation in the Middle East into the Phase II targets of Management plan Mission 2030, with sales forecast at JPY450 billion, operating income at JPY30 billion, ordinary income at JPY20 billion, and net income at JPY16 billion. As with FY2025, we expect certain DPE-related extraordinary losses, which we intend to offset with extraordinary gains and other items.

- Incorporating a decrease in production of acetylene black and other products due to raw materials supply restrictions, and a decrease in sales volume of rapid antigen test kits, assuming the spread of infectious diseases on a par with the previous year

(¥ billions)

Operating income	Mission2030 Phase 2 Plan	FY2026 Forecast			Vs. Mission 2030 Phase 2 Plan	Main Differences
		Latest Estimate	Middle East Impact	Total		
Electronics & Innovative Products	15.0	16.5	-3.5	13.0	-2.0	Demand for AI-related applications and power infrastructure expanded beyond the Phase 2 plan, but production of Acetylene Black, etc. decreased due to raw materials procurement restrictions caused by the Middle East situation.
Life Innovation	8.5	6.0	0.0	6.0	-2.5	Revised sales volume of rapid antigen test kits from the Phase 2 plan, assuming the spread of infectious diseases on a par with the previous year
Elastomers & Infrastructure Solutions	6.5	7.0	0.0	7.0	+0.5	Pass on cost impact of the Middle East situation to prices
Polymer Solutions	3.0	3.5	-1.5	2.0	-1.0	Production decrease due to raw materials procurement restrictions caused by the Middle East situation
Others	2.0	2.0	0.0	2.0	+0.0	
Total	35.0	35.0	-5.0	30.0	-5.0	

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Please turn to page 18, which shows the revisions from the Management Plan Mission 2030 Phase II plan by segment. In formulating the FY2026 earnings forecast, we have first incorporated the latest business conditions to the targets set under Phase II of Management Plan Mission 2030. Electronics & innovative products, which was expected to exceed the plan due to AI-related products, has been revised upward. On the other hand, life innovation had been revised downward, based on the assumption that infectious disease activity will be at the same level as the previous year.

As a result, while there was variation across segments, the overall level was one where we could expect operating income of JPY35 billion. We then factored in a JPY5 billion negative impact from the situation in the Middle East, arriving at an operating income forecast of JPY30 billion. Our assumptions for raw material procurement are that supply will be disrupted through H1, with a return to normal from October onward. For raw material prices, we have based our estimates on the assumption that prices will remain elevated throughout the fiscal year. While we expect to pass through the impact of higher raw material prices into selling prices, we have factored in the negative impact of reduced production due to raw material procurement restrictions.

Regarding the impact of the situation in the Middle East, while the outlook remains uncertain, we have factored in a certain degree of negative impact as a risk. We are already taking steps to minimize this impact through further price pass-throughs and other measures.

■ Ongoing steady growth for AI-Related applications and power infrastructure



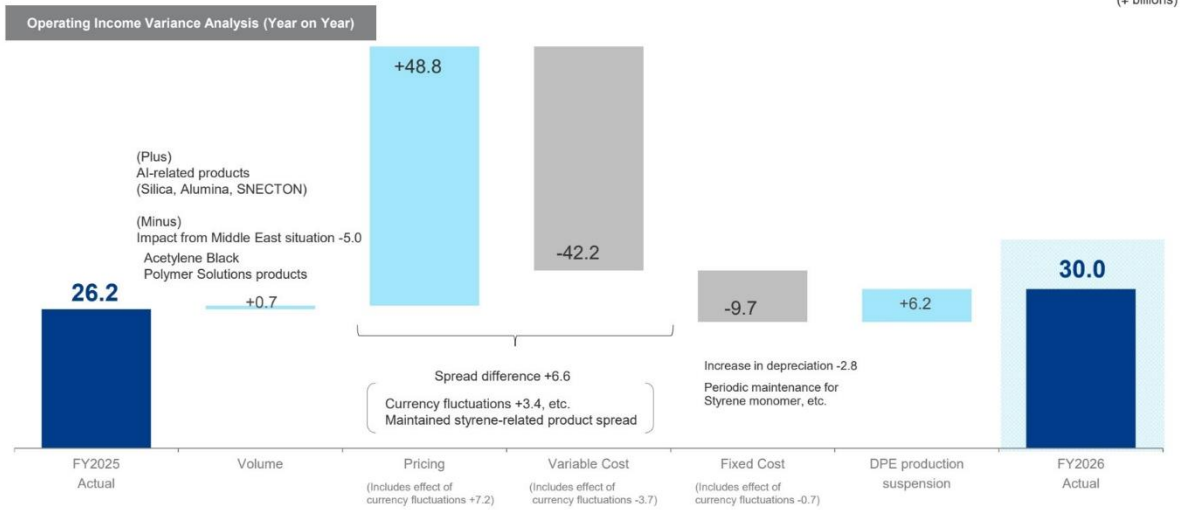
	(Market Trends)	FY2025 Actual	FY2026 Forecast
Electronics & Innovative Products	Semiconductor and Electronic Components	AI-Related: Ongoing steady growth Other Than AI: Continued Slow recovery	AI-Related: Ongoing steady growth Other Than AI: Continued Slow recovery
		Power infrastructure (High-voltage cables, ESS, etc.) High-voltage cables: Ongoing steady growth ESS: Increasing demand	High-voltage cables: Ongoing steady growth ESS: Increasing demand
	xEV	Low demand	Level year on year
Life Innovation	Infectious Disease Testing (COVID-19, influenza, etc.)	Compared to FY2024, no major outbreaks of infectious diseases were observed	Assuming levels of outbreaks similar to FY2025
Elastomers & Infrastructure Solutions	Chloroprene rubber	Global demand for chloroprene rubber was 230,000 tons; downward trend continued	Demand remains sluggish; global demand of 230,000 tons
Polymer Solutions	Resin	PCs, Home Appliances General Merch. Low demand Food Containers	PCs, Home Appliances General Merch. Low demand Food Containers

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Please turn to page 19, which covers the market outlook underlying the earnings forecast. In electronics & innovative products, we expect continued steady growth in AI-related semiconductors and power infrastructure applications. For xEVs, on the other hand, weak demand is expected to continue. For infectious disease testing, we are assuming influenza and COVID-19 activity will be at the same level as the previous year.

Global demand for chloroprene rubber is expected to remain weak at around 230,000tons, as in the previous year. For resins as well, we expect overall weak demand to continue at broadly the same level as the previous year.

- Expecting operating income increase; reflecting continued demand growth for AI-related products (SNECTON, spherical fused silica, spherical alumina, etc.) and the positive impact of the DPE shutdown, while incorporating the impact of the Middle East situation



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Please turn to the following page, which covers the operating income change factors. The volume variance is expected to be limited to +JPY0.7 billion, as the anticipated expansion in demand for AI-related products will be partially offset by the negative impact of the situation in the Middle East. The spread variance, which nets pricing and variable costs, is expected to be +JPY6.6 billion, mainly due to currency fluctuations. Regarding the Middle East situation, we expect to appropriately pass through higher raw material costs into selling prices. Fixed costs are expected to be -JPY9.7 billion, due to higher depreciation expenses and a large-scale scheduled maintenance at the styrene monomer plant that occurs once every four years, among other factors. The financial improvement effect from the suspension of production at DPE is expected to be +JPY6.2 billion, as DPE inventory sales are completed.

■ **Despite the negative impact of the situation in the Middle East, overall profit increased due to higher profits in Elastomers & Infrastructure Solutions**

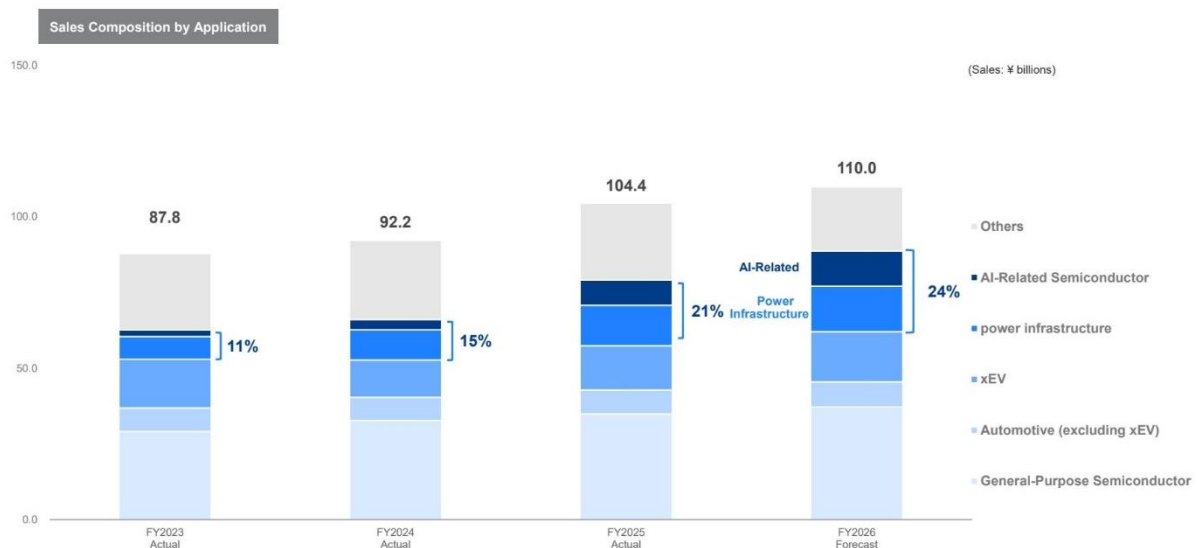
Sales	FY2025 Actual	FY2026 Forecast	Incr. Decr.	DPE Production Suspension			(\$ billions)
				Volume	Pricing		
Electronics & Innovative Products	104.4	110.0	+5.6	-3.6	+9.1		
Life Innovation	40.5	45.0	+4.5	+5.1	-0.6		
Elastomers & Infrastructure Solutions	97.6	105.0	+7.4	+7.6	+6.1	-6.2	
Polymer Solutions	124.2	170.0	+45.8	+11.7	+34.1		
Others	17.6	20.0	+2.4	+2.4	-		
Total	384.2	450.0	+65.8	+23.2	+48.8	-6.2	

Operating income	FY2025 Actual	FY2026 Forecast	Incr. Decr.	DPE Production Suspension			(\$ billions)
				Volume	Pricing	Cost and Others	
Electronics & Innovative Products	13.9	13.0	-0.9	-0.3	+9.1	-9.7	
Life Innovation	6.2	6.0	-0.2	+1.8	-0.6	-1.5	
Elastomers & Infrastructure Solutions	0.1	7.0	+6.9	+2.2	+6.1	-7.5	+6.2
Polymer Solutions	3.6	2.0	-1.6	-2.5	+34.1	-33.2	
Others	2.4	2.0	-0.4	-0.5	-	+0.0	
Total	26.2	30.0	+3.8	+0.7	+48.8	-51.9	+6.2

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Please turn to page 21, which shows a comparison of sales and operating income by segment. While electronics & innovative products and polymer solutions are expected to see a decline in profit due to the negative impact of the situation in the Middle East, elastomers & infrastructure solutions is expected to record a significant increase in profit due to the effect of DPE production suspension.

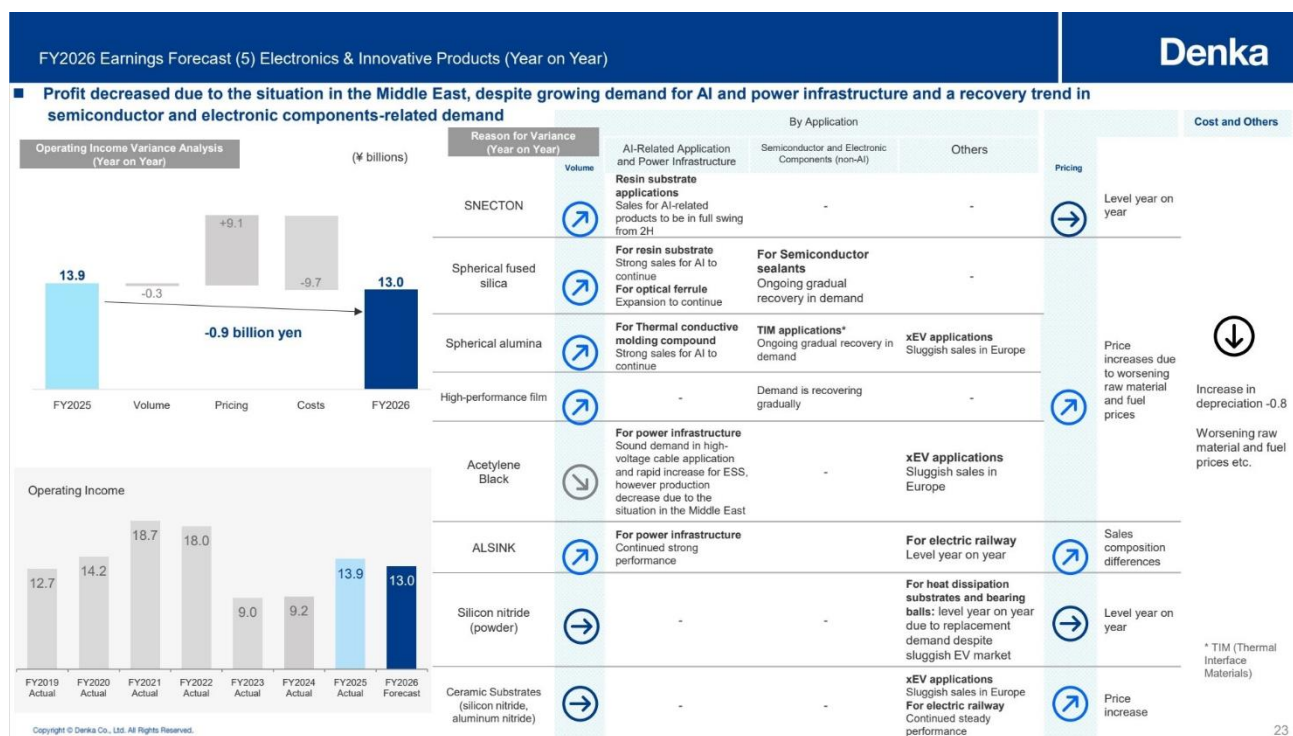
■ **Demand expansion for Semiconductors (AI-Related) and power infrastructure continues**



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Please turn to page 22, which covers the trends in sales and sales composition by application for electronics & innovative products. In FY2026, we expect sales to increase further from FY2025, when segment sales reached an all-time high, as market recovery and expansion continue. The sales composition for AI and power

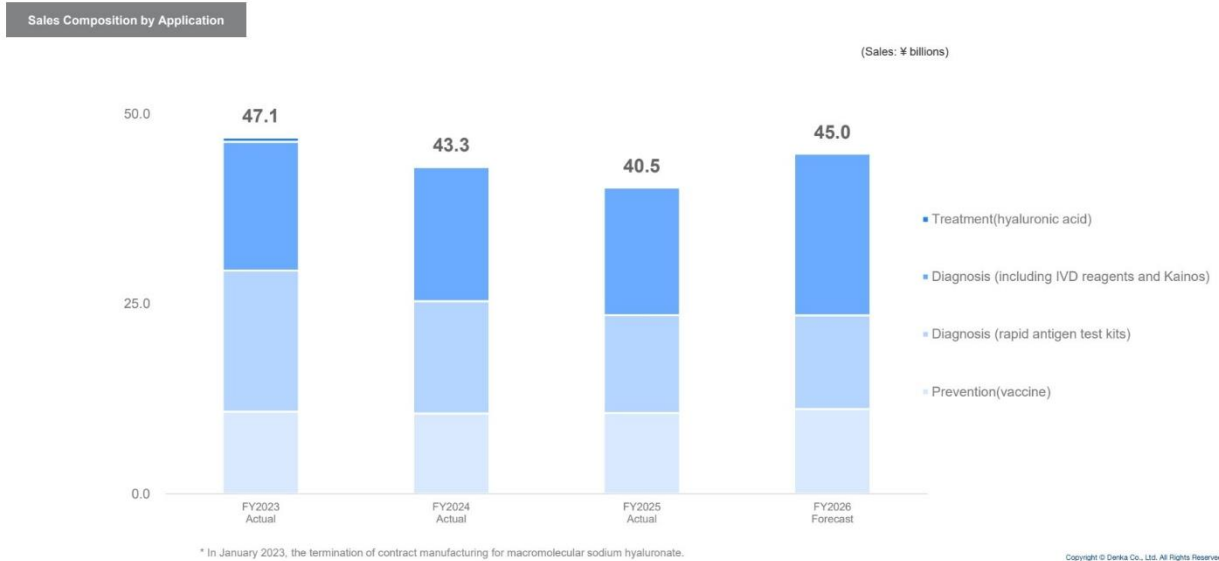
infrastructure applications, which are key focus areas, is expected to increase from 21% in FY2025 to 24% in FY2026. While this does not represent a significant increase, this reflects the incorporation of the negative impact of the situation in the Middle East on acetylene black, among other factors. As mentioned earlier, we will make every effort to minimize the negative impact of the situation in the Middle East.



The following slide covers the operating income change factors for electronics & innovative products. Despite expanding demand for high-speed communications including AI and a recovery in semiconductor and electronic components-related demand, the segment is expected to record a decline in profit after factoring in the impact of the situation in the Middle East. The reasons for the YoY variance by product and application are as shown on the right side of the slide. For semiconductors and electronic components, shipments for high-speed communications including AI are expected to exceed the previous year. While demand for acetylene black for power infrastructure applications is also expected to remain firm, shipments are forecast to fall below the previous year after incorporating the impact of the situation in the Middle East.

On the cost side, costs are expected to increase due to higher raw material prices; however, we plan to recover this through pass-throughs into selling prices.

- Rapid antigen test kits assume infectious disease prevalence will be level year on year. IVD reagents revenue to increase due to consolidation of Kainos.



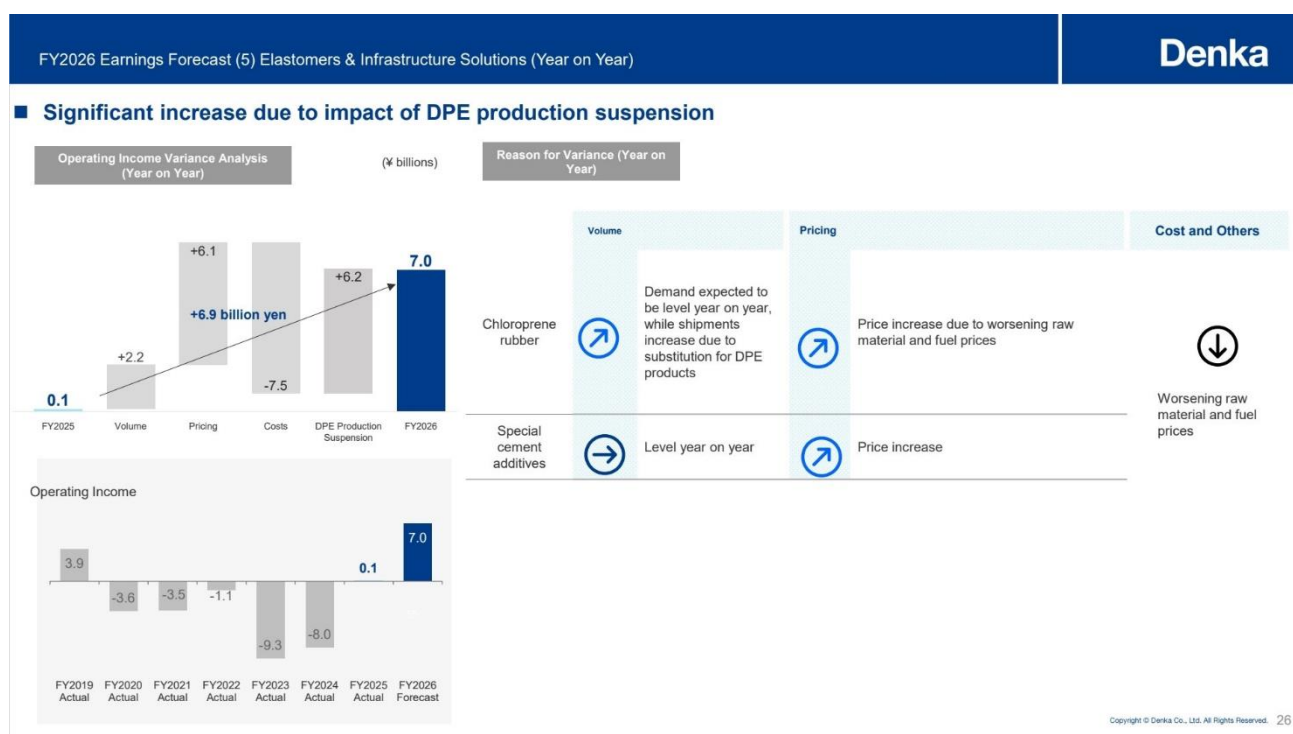
The following slide covers life innovation, showing the trends in sales and sales composition by application. In the diagnostics field, the testing business, which expanded following the post-COVID-19 environmental changes, is being maintained at a certain scale. We will also continue to advance our response to the steadily growing IVD reagents segment, driving the growth strategy for life innovation.

- Rapid antigen test kits: Assuming infectious disease outbreaks at levels similar to the previous year. IVD reagents: Positive impact from the consolidation of Kainos

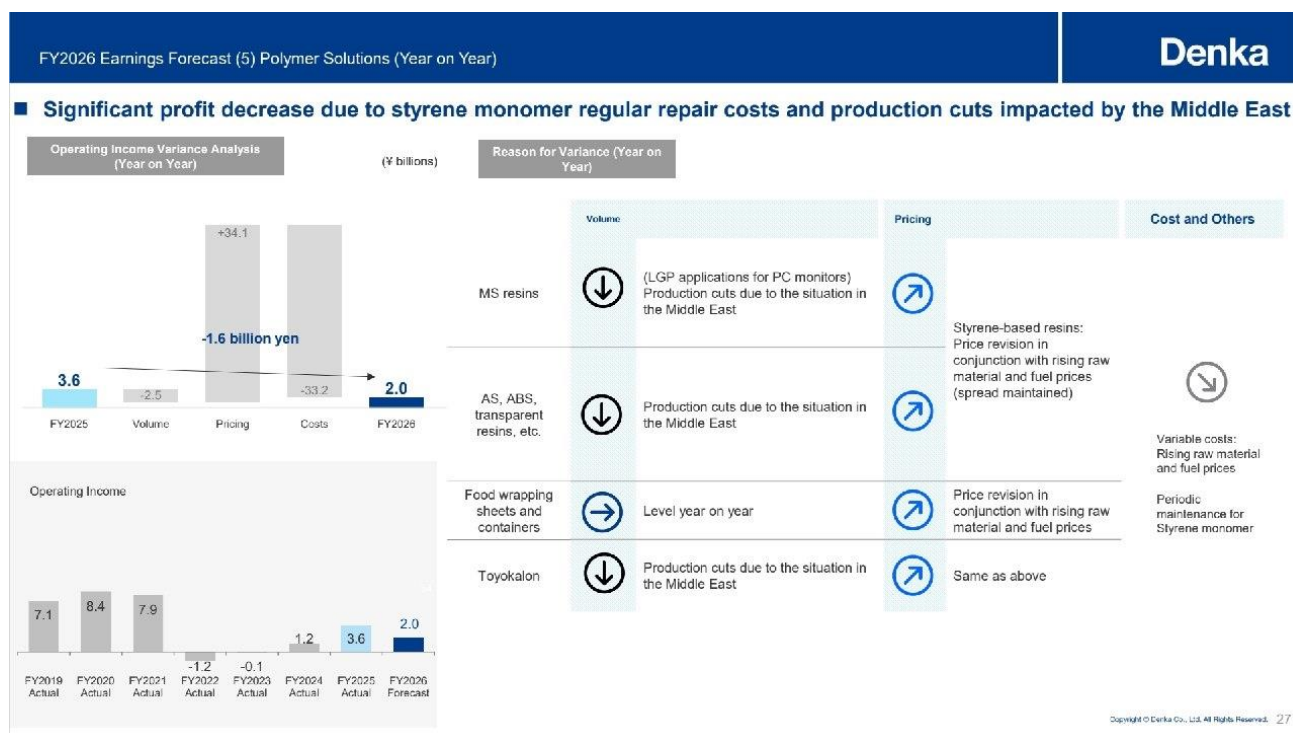


Please turn to page 25, which covers the operating income change factors for life innovation. For influenza vaccines, we are assuming vaccination rates in line with the previous year, with production volume also planned at the same level as the previous year. Rapid antigen test kits are also expected to be in line with the

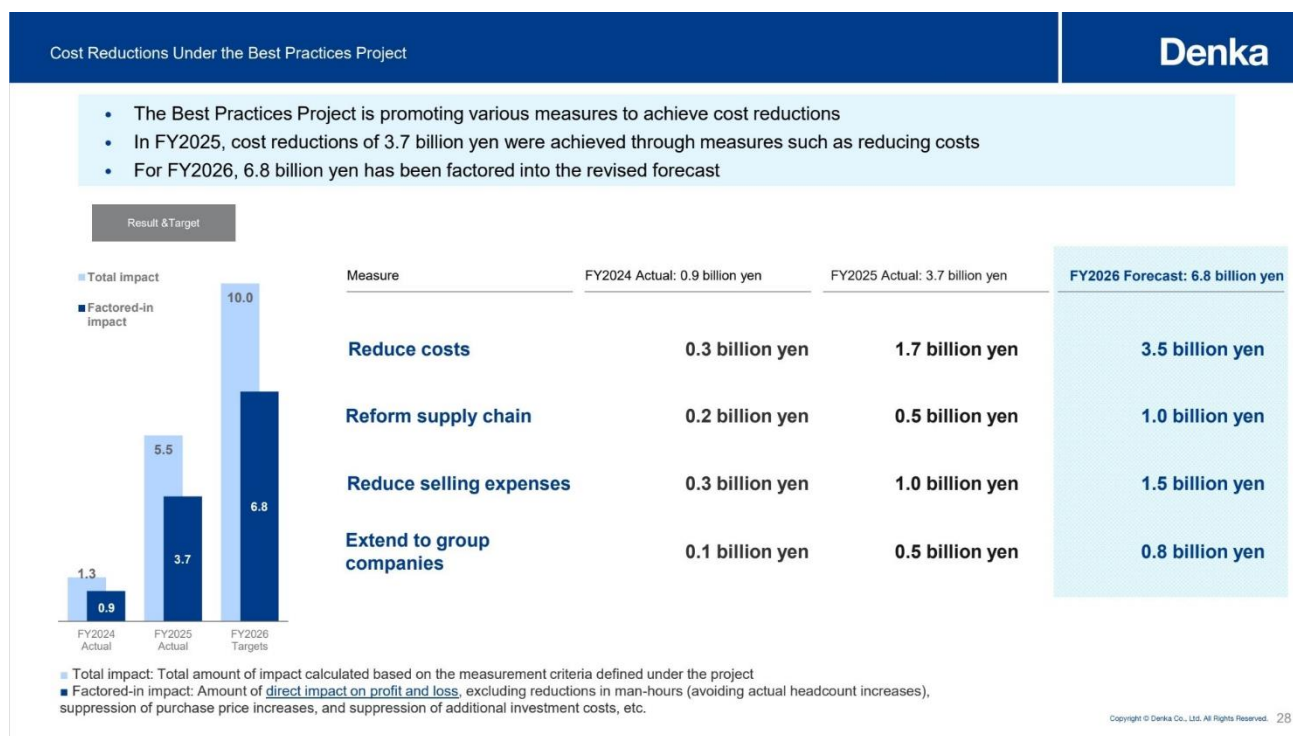
previous year. IVD reagents are expected to exceed the previous year, including the incremental contribution from the consolidation of Kainos; however, due to higher costs including variable costs, the segment as a whole is expected to be in line with the previous year.



Moving on to page 26, we will discuss elastomers & infrastructure solutions. For this segment, we expect a significant increase in profit overall due to the impact of the DPE production suspension. While we are seeing the impact of rising raw material prices, we will implement price increases across the board, including for chloroprene rubber.



Moving on to the next slide, we will discuss polymer solutions. Styrene-related resins, including MS resins, AS, ABS, transparent resins, etc., are expected to fall below the previous year due to the impact of the situation in the Middle East. In addition, we have the once-every-four-years scheduled maintenance of the styrene monomer plant, and as a result, we expect a decline in profit for the segment overall.



Moving on to page 28, we will explain the progress of cost reductions under the best practices project. The total effect of the best practices project is expected to reach JPY10 billion in FY2026. Of this, JPY6.8 billion, which directly impacts profit and loss, has been factored into our forecast this time.

In FY2025, we achieved cost reductions of JPY5.5 billion through measures such as reducing costs. The P&L impact came to JPY3.7 billion.

- In FY2026, investment in the new production plant for acetylene black in Thailand will progress, and the capital investment amount will decrease

(¥ billions)

	Investment & Lending ^{**1}				Depreciation				R&D			
	FY2025		FY2026		FY2025		FY2026		FY2025		FY2026	
	1H Actual	Full-Year Actual	1H Forecast	Full-Year Forecast	1H Actual	Full-Year Actual	1H Forecast	Full-Year Forecast	1H Actual	Full-Year Actual	1H Forecast	Full-Year Forecast
Electronics & Innovative Products	11.7	37.9	15.0	25.0	5.5	11.2	6.0	12.0	2.9	5.8	3.5	7.0
Life Innovation	1.2	6.1	3.0	4.0	2.1	4.2	2.1	4.2	2.3	4.5	2.0	4.0
Elastomers & Infrastructure Solutions	3.8	11.1	5.0	10.0	4.2	8.3 ^{**2}	4.5	9.0	1.3	2.5	1.5	3.0
Polymer Solutions	2.3	5.2	4.0	7.0	2.5	5.2	3.2	6.4	1.0	1.9	1.0	2.0
Others	0.1	0.4	0.5	1.0	0.2	0.3	0.2	0.4				
Total	19.1	60.8	27.5	47.0	14.4	29.2	16.0	32.0	7.5	14.8	8.0	16.0

^{**1} "Others" includes CVC, etc.

^{**2} Includes decrease in DPE depreciation

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Moving on to page 29, we will show investments, depreciation and research expenses by segment. In FY2026, investment is expected to reach JPY47 billion, declining from the peak recorded in the previous fiscal year.

- Unchanged from the previous year dividend of 100 yen per share in anticipation of improved cash flow

		FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2026 Forecast
Net Income	(¥ billions)	22.7	22.8	26.0	12.8	11.9	-12.3	15.7	16.0
Dividends per Share	(yen/share)	125.0	125.0	145.0	100.0	100.0	100.0	100.0	100.0
Dividend	(¥ billions)	10.8	10.8	12.5	8.6	8.6	8.6	8.6	8.6
Shareholders Return		48%	47%	48%	68%	72%	-	55%	54%
Stock Purchase	(¥ billions)	-	-	-	-	-	-	-	-
Total Return	(¥ billions)	10.8	10.8	12.5	8.6	8.6	8.6	8.6	8.6
Total return ratio		48%	47%	48%	68%	72%	-	55%	54%
Depreciation	(¥ billions)	22.5	22.9	23.9	27.0	26.9	27.9	29.2	32.0
Investment & Lending	(¥ billions)	36.9	42.3	35.6	39.4	44.0	70.0	60.8	47.0
Interest Bearing Debt	(¥ billions)	134.3	138.2	137.0	169.7	174.4	217.7	221.7	245.0
Net D/E Ratio		0.42x	0.42x	0.40x	0.50x	0.45x	0.61x	0.60x	0.69x
ROIC		6.6%	6.8%	7.3%	6.7%	2.5%	2.5%	4.2%	4.5%
ROE		9.1%	8.8%	9.4%	4.4%	4.0%	△4.1%	5.2%	5.1%
DOE		4.3%	4.2%	4.5%	2.9%	2.9%	2.9%	2.8%	2.7%

^{**1}Including CVC, etc. Copyright © Denka Co., Ltd. All Rights Reserved. 30

Moving on to page 30, we will discuss shareholder returns and ROE. Regarding shareholder returns, as has been our policy, we will aim 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). Based on this policy, the dividend forecast for FY2026 is to maintain JPY100 per share, the same as the previous year.

Regarding ROE, we expect 5.1%, and we will aim to exceed this figure by minimizing the impact of the situation in the Middle East and further expanding our growth areas. This concludes my presentation.

(Note about this transcript)

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