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August 7, 2026

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2027 (Under Japanese GAAP)

Company name: Denka Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 4061
URL: https://www.denka.co.jp/eng
Representative: Ikuo Ishida, Representative Director, President
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for equity analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2027 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	96,977	3.1	10,993	377.6	9,475	466.8	2,843	(43.2)
June 30, 2025	94,067	(1.2)	2,302	(51.2)	1,671	(53.7)	5,001	122.2

Note: Comprehensive income For the three months ended June 30, 2026: ¥2,986 million [271.1%]
For the three months ended June 30, 2025: ¥804 million [(90.4)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	32.98	–
June 30, 2025	58.04	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2026	698,793	336,864	44.3
March 31, 2026	681,006	338,826	45.6

Reference: Equity
As of June 30, 2026: ¥309,778 million
As of March 31, 2026: ¥310,709 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	50.00	–	50.00	100.00
Fiscal year ending March 31, 2027	–				
Fiscal year ending March 31, 2027 (Forecast)		50.00	–	50.00	100.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecasts for consolidated financial results for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	205,000	4.2	17,000	74.5	11,000	62.0	0	(100)	0.00
Full fiscal year	450,000	17.1	30,000	14.4	20,000	3.7	16,000	1.9	185.67

Note: Revisions to the most recently announced earnings forecast: Yes

For details on the earnings forecast, please refer to the Results Presentation of FY2026 1Q (The 1st 3 Months of the Fiscal year ending March 2027) and Notice Regarding Revision of Consolidated Financial Forecasts for the First Half of the Fiscal Year Ending March 31, 2027, which were announced today.

Please note that the full-year consolidated financial results forecast shown above refers to the one announced on May 13, 2026, and has not been revised at this time. The Company plans to revise it at the time of the announcement of the consolidated financial results for the first six months of the fiscal year ending March 31, 2027.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None
Newly included: 0 companies (Company name)
Excluded: 0 companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
(ii) Changes in accounting policies due to other reasons: None
(iii) Changes in accounting estimates: None
(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2026	88,555,840 shares
As of March 31, 2026	88,555,840 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	2,355,271 shares
As of March 31, 2026	2,356,126 shares

(iii) Average number of shares outstanding during the period
(cumulative from the beginning of the fiscal year)

Three months ended June 30, 2026	86,200,406 shares
Three months ended June 30, 2025	86,176,092 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters
(Notes on statements about the future)
Earnings forecasts and other forward-looking statements in this report are based on information presently available to management and assumptions that management deems reasonable. Actual earnings and other forecasts may differ significantly from those in this report in accordance with numerous factors.

Table of Contents – Attachments

1. Qualitative Information on Financial Results for the Period under Review

(1) Operating Results

During the three months ended June 30, 2026, the Japanese economy experienced a moderate recovery as personal consumption and capital investment showed signs of improvement while market prices for crude oil and petroleum products soared due to escalating tensions in the Middle East. The global economy as a whole showed a rebound. However, the outlook is uncertain due to factors such as developments in U.S. trade policy and the situation in the Middle East.

Amid such circumstances, the Group has launched Phase 2 of its “Mission 2030” management plan starting this fiscal year. This involves a review of the “Mission 2030” management plan, which began in FY2023, in light of rapid changes in the business environment and other factors. The three-year period from FY2026 to FY2028 has been designated as Phase 2, during which we will focus our resources on select priority areas and work to "rebuild our earning power" and "strengthen foundations for a new growth stage" to drive further growth.

For the three months ended June 30, 2026, net sales were ¥96,977 million, up ¥2,910 million, or 3.1%, year on year mainly due to higher sales volumes, particularly in electronics and innovative products, as well as sales price reviews in response to soaring raw material and fuel prices, and increased proceeds resulting from the depreciation of the yen. In terms of earnings, in addition to these factors, there was a temporary profit-boosting effect from inventory effects. Consequently, operating profit was ¥10,993 million (up ¥8,691 million, or 377.6%, year on year), and ordinary profit was ¥9,475 million (up ¥7,803 million, or 466.8%, year on year). Profit attributable to owners of parent was ¥2,843 million (down ¥2,158 million, or 43.2%, year on year), mainly due to the recording of an extraordinary loss related to 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.

[Electronics & Innovative Products Division]

Demand for products in this division continued to increase for AI-related applications and power infrastructure. Sales of spherical silica and spherical alumina remained strong with the expansion of demand for semiconductors for AI applications. Sales of high-performance film also increased, supported by a gradual recovery in demand for electronic component applications. In addition, sales of acetylene black increased due to rising demand for high-voltage cable applications and energy storage systems (ESS) applications for data centers, and sales of ALSINK, a high-reliability heat dissipating plate, increased due to a recovery in demand for electric railway applications and growth in demand for direct current transmission applications. Sales of SNECTON, a low-dielectric organic insulating resin, also remained strong.

As a result, division net sales increased ¥2,766 million, or 11.7%, year on year to ¥26,377 million, and operating profit increased ¥1,213 million, or 49.2%, year on year to ¥3,680 million.

[Life Innovation Division]

Sales volume of POCT test reagents declined year on year due to a decline in the number of tests conducted. Sales of other test reagents resulted in a year-on-year increase, supported by a gradual recovery in demand and the addition of KAINOS Laboratories, Inc. as a consolidated subsidiary.

As a result, division net sales increased ¥409 million, or 6.2%, year on year to ¥6,994 million, and operating profit decreased ¥11 million, or 5.0%, year on year to ¥210 million.

[Elastomers & Infrastructure Solutions Division]

Demand for chloroprene rubber remained roughly on par with the previous fiscal year’s level. However, profitability improved as high-cost manufacturing facilities at a U.S.-based subsidiary remained suspended. In addition, sales of corrugated pipes for agricultural and civil engineering applications increased, but sales of special cement additives fell below the previous fiscal year’s level due to construction delays and other factors.

As a result, division net sales decreased ¥2,134 million, or 8.3%, year on year to ¥23,669 million, and operating profit was ¥2,741 million, an increase of ¥4,137 million year on year (operating loss in the corresponding period of the previous fiscal year was ¥1,395 million).

[Polymer Solutions Division]
In response to soaring raw material and fuel costs, the division revised the selling price of each product. In terms of sales volume, sales of polystyrene resins contributed as a result of the addition of TOYO STYRENE Co., Ltd. as a consolidated subsidiary. On the other hand, sales of MS resins by Denka Singapore Pte. Ltd. fell below the previous fiscal year's level due to a delayed recovery in demand. Shipments of styrene monomer declined due to scheduled maintenance, and sales of AS and ABS resins fell below the previous fiscal year's level. Also, sales of sheets for food wrapping materials and their processed products remained roughly on par with the previous fiscal year's level.

As a result, division net sales increased ¥2,287 million, or 6.8%, year on year to ¥36,083 million, and operating profit increased ¥3,221 million, or 805.3%, year on year to ¥3,621 million due partly to a temporary profit-boosting effect from inventory effects.

[Others Division]
Transaction volumes of Akros Trading Co., Ltd. and other trading companies remained roughly unchanged year on year.

As a result, division net sales decreased ¥418 million, or 9.8%, year on year to ¥3,852 million, and operating profit increased ¥153 million, or 26.0%, year on year to ¥743 million.

(2) Financial Position

Total assets at the end of the three months ended June 30, 2026 increased by ¥17,786 million from the end of the previous fiscal year to ¥698,793 million. Current assets increased by ¥8,016 million from the end of the previous fiscal year to ¥268,092 million, mainly due to an increase in inventories. Non-current assets increased by ¥9,769 million from the end of the previous fiscal year to ¥430,700 million, mainly due to an increase in property, plant and equipment.

Liabilities increased by ¥19,748 million from the end of the previous fiscal year to ¥361,929 million, mainly due to an increase in interest-bearing debt.

Net assets, including non-controlling interests, decreased by ¥1,962 million from the end of the previous fiscal year to ¥336,864 million.

As a result, the equity ratio decreased from 45.6% at the end of the previous fiscal year to 44.3%.

(3) Consolidated Financial Results Forecast and Other Forward-Looking Information

We have revised the consolidated financial results forecast for the first six months of the fiscal year ending March 31, 2027 (from April 1, 2026 to September 30, 2026), which was previously announced on May 13, 2026, taking into account recent performance trends and other factors, as follows.

A. Forecasts for consolidated financial results for the first six months of the fiscal year ending March 31, 2027

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	210,000	12,000	7,000	0	0.00
Revised forecast (B)	205,000	17,000	11,000	0	0.00
Amount of change (B−A)	(5,000)	5,000	4,000	–	
Change (%)	(2.4)%	41.7%	57.1%	–	
(Reference) Previous consolidated results (first six months of fiscal year ended March 31, 2026)	196,699	9,740	6,791	3,902	45.28

Note: The above forecasts are based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly due to various factors.

B. Reasons for revising the forecasts

Regarding the consolidated financial forecasts for the first half of the fiscal year ending March 31, 2027, while demand for Electronics & Innovative Products remains steady, the Company anticipate a temporary positive impact on inventory valuation due to sales price revisions implemented in Polymer Solutions products and others to address the rapid rise in raw material and fuel prices caused by the situation in the Middle East, demand for Life Innovation products is expected to fall below initial projections. As a result, net sales are expected to be lower than the previously announced forecast, while operating income and ordinary income are expected to exceed the previously announced forecast. In addition, net income attributable to owners of the parent is expected to remain unchanged from the previously announced forecast, as the Company anticipate recording an extraordinary loss, such as a loss on liquidation of business, for Denka Performance Elastomer LLC, a U.S.-based subsidiary that has elected not to restart production at its facilities for an indefinite period.

Note that the full-year consolidated financial forecasts have not been revised at this time. The Company plan to review the forecasts at the time of the second-quarter financial results announcement.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	35,270	37,004
Notes and accounts receivable - trade, and contract assets	88,299	83,277
Merchandise and finished goods	84,661	87,802
Work in process	7,235	10,622
Raw materials and supplies	35,500	37,076
Other	9,367	12,582
Allowance for doubtful accounts	(258)	(273)
Total current assets	260,075	268,092
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	87,304	87,918
Machinery, equipment and vehicles, net	106,783	106,074
Tools, furniture and fixtures, net	5,264	5,392
Land	61,412	61,409
Leased assets, net	3,424	6,317
Construction in progress	78,997	85,572
Total property, plant and equipment	343,187	352,684
Intangible assets		
Goodwill	2,246	2,218
Patent right	264	257
Software	1,701	1,856
Other	841	786
Total intangible assets	5,053	5,117
Investments and other assets		
Investment securities	47,463	45,862
Long-term loans receivable	980	981
Retirement benefit asset	9,032	8,609
Deferred tax assets	6,822	8,331
Other	8,670	9,393
Allowance for doubtful accounts	(278)	(278)
Total investments and other assets	72,690	72,898
Total non-current assets	420,930	430,700
Total assets	681,006	698,793

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	43,005	46,275
Short-term borrowings	51,797	58,347
Commercial papers	20,000	24,000
Current portion of long-term borrowings	150	15,250
Current portion of bonds payable	15,000	15,000
Income taxes payable	7,520	3,699
Accrued consumption taxes	491	395
Provision for bonuses	3,647	6,445
Other	43,484	41,475
Total current liabilities	185,096	210,889
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	124,766	115,279
Deferred tax liabilities	5,341	5,949
Deferred tax liabilities for land revaluation	8,524	8,524
Retirement benefit liability	1,895	1,894
Provision for share awards	141	128
Other	6,414	9,263
Total non-current liabilities	157,083	151,039
Total liabilities	342,180	361,929
Net assets		
Shareholders' equity		
Share capital	36,998	36,998
Capital surplus	49,415	49,260
Retained earnings	174,127	172,685
Treasury shares	(7,716)	(7,714)
Total shareholders' equity	252,825	251,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,258	12,919
Deferred gains or losses on hedges	760	836
Revaluation reserve for land	10,176	10,176
Foreign currency translation adjustment	26,934	29,014
Remeasurements of defined benefit plans	5,752	5,601
Total accumulated other comprehensive income	57,883	58,548
Non-controlling interests	28,117	27,085
Total net assets	338,826	336,864
Total liabilities and net assets	681,006	698,793

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statement of Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	94,067	96,977
Cost of sales	73,912	68,002
Gross profit	20,155	28,975
Selling, general and administrative expenses	17,853	17,981
Operating profit	2,302	10,993
Non-operating income		
Interest income	262	36
Dividend income	329	453
Share of profit of entities accounted for using equity method	858	413
Other	357	223
Total non-operating income	1,808	1,126
Non-operating expenses		
Interest expenses	614	614
Foreign exchange losses	167	46
Loss on disposal of non-current assets	492	53
Cost during the suspension of plant operation	567	1,125
Other	597	804
Total non-operating expenses	2,439	2,645
Ordinary profit	1,671	9,475
Extraordinary income		
Gain on sale of non-current assets	8,188	–
Total extraordinary income	8,188	–
Extraordinary losses		
Loss on liquidation of business	2,201	4,844
Total extraordinary losses	2,201	4,844
Profit before income taxes	7,658	4,630
Income taxes – current	2,943	2,693
Profit	4,714	1,937
Profit (loss) attributable to non-controlling interests	(287)	(905)
Profit attributable to owners of parent	5,001	2,843

Quarterly Consolidated Statement of Comprehensive Income

Three Months Ended June 30

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	4,714	1,937
Other comprehensive income		
Valuation difference on available-for-sale securities	1,269	(1,982)
Deferred gains or losses on hedges	245	(32)
Foreign currency translation adjustment	(5,292)	2,393
Remeasurements of defined benefit plans, net of tax	1	(103)
Share of other comprehensive income of entities accounted for using equity method	(133)	774
Total other comprehensive income	(3,909)	1,049
Comprehensive income	804	2,986
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,571	3,508
Comprehensive income attributable to non-controlling interests	(766)	(521)

(3) Notes to Quarterly Consolidated Financial Statements

Notes on going concern assumption

Not applicable.

Notes in case of significant changes in shareholders' equity

Not applicable.

Segment information, etc.

[Segment information]

I. Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Net sales									
Sales to external customers	23,611	6,585	25,803	33,795	89,796	4,271	94,067	–	94,067
Intersegment sales or transfers	–	–	4	26	31	1,240	1,271	(1,271)	–
Total	23,611	6,585	25,808	33,821	89,827	5,511	95,338	(1,271)	94,067
Segment profit (loss)	2,467	221	(1,395)	400	1,693	590	2,284	17	2,302

Notes: 1. The other businesses category refers to business segments not included in the reportable segments, including plant engineering business and trading company business, etc.

2. Adjustments to segment profit (loss) of ¥17 million were due to elimination of intersegment transactions.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on net sales by region

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Net sales	52,674	26,129	15,263	41,393	94,067
Percentage of consolidated net sales (%)	56.0	27.8	16.2	44.0	100.0

Note: Net sales are classified by country or region based on the location of customers.

II. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

1. Information on net sales and income or loss by reportable segment

(Millions of yen)

	Reportable segment					Other businesses (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Electronics & Innovative Products	Life Innovation	Elastomers & Infrastructure Solutions	Polymer Solutions	Total				
Net sales									
Sales to external customers	26,377	6,994	23,669	36,083	93,124	3,852	96,977	–	96,977
Intersegment sales or transfers	–	–	5	26	31	1,547	1,578	(1,578)	–
Total	26,377	6,994	23,674	36,109	93,156	5,399	98,556	(1,578)	96,977
Segment profit (loss)	3,680	210	2,741	3,621	10,255	743	10,999	(5)	10,993

Notes: 1. The other businesses category refers to business segments not included in the reportable segments, including plant engineering business and trading company business, etc.

2. Adjustments to segment profit (loss) of ¥5 million are due to elimination of intersegment transactions.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information on net sales by region

(Millions of yen)

	Japan	Overseas			Total
		Asia	Others	Total	
Net sales	56,264	24,079	16,633	40,713	96,977
Percentage of consolidated net sales (%)	58.0	24.8	17.2	42.0	100.0

Note: Net sales are classified by country or region based on the location of customers.

Notes on statement of cash flows

We have not prepared quarterly consolidated statement of cash flows for the three months ended June 30, 2026. Depreciation (including amortization of intangible assets except goodwill) and amortization of goodwill for the three months ended June 30, 2026 are as follows:

(Millions of yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation	7,177	7,755
Amortization of goodwill	9	28