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Denka Co., Ltd. FY2026 2Q Financial Results Presentation
Summary of Q&A Session
(November 9, 2026)

Overall

Q1: Denka raised its full-year forecasts of FY2026 for operating income and ordinary income by ¥7 billion and ¥6 billion, respectively, from the initial forecast. On the other hand, the net income forecast, at ¥16 billion, remains unchanged. Why is that?
A1: Our latest forecasts factor in possibility of extraordinary losses, including those related to the DPE production suspension and our withdrawal from the DENKA ER business, in addition to other possible expenses that could be recorded as we progress with the transformation of our portfolio. On the other hand, we also expect to record extraordinary gains. Therefore, net income is expected to remain at ¥16 billion as initially estimated.

Electronics & Innovative Products

Q2: How likely is it the sales of soft-type SNECTON to be in full swing in the second half of the fiscal year? Also, how many companies do you expect to certify this product in 2028? Please describe the status of its qualification by end users, including hyper scalers.
A2: The certification process for glass cloth sourced from Taiwan and China is progressing by copper-clad laminate (CCL) manufacturers, and as the shortage of low-dielectric glass cloth supply is gradually resolved, we expect to see the sales of SNECTON to be in full swing from the second half. With regard to the M9 equivalent, we currently anticipate that three hyper scalers will adopt it in fiscal 2028.

Q3: How are you breaking down sales proportionally between the M8 and M9 equivalents in your fiscal 2028 sales target for soft-type SNECTON, which is set at ¥20 billion. Also, does this target include sales of M10 equivalent?
A3: Sales of the M8 and M9 equivalents each account for roughly a half of our fiscal 2028 sales target. M10 equivalents are currently under evaluation by CCL manufacturers and are not included in the figures for Phase 2 of the "Mission 2030" Medium-Term Management Plan.

Q4: Denka is considering investing approximately ¥1 billion to double its soft-type SNECTON production capacity. This is considerably less than ¥7 billion initial investment. Why is that?
A4: Thanks to the scalability afforded by the design of our production facilities established via the initial investment, despite the relatively smaller amount of funds involved, this investment will double our current production capability.

Q5: Please describe how the reduction in the Singapore Plant's acetylene black production due to restrictions on its raw material procurement will impact results. Will you consider securing alternative product supply from your new plant in Thailand?
A5: We forecast a negative impact of around ￥2.5 billion for FY2026 if the Singapore Plant's production volume is kept low until the end of the fiscal year. While product supply from the Singapore Plant remains limited, demand for products used in high-voltage cables remains strong. Therefore, user evaluations are now under way to obtain qualifications from customers for our Thailand-made products as soon as possible.

Life Innovation

Q6: Denka revised its FY2028 operating income target, formulated for the Life Innovation under "Mission 2030" Medium-Term Management Plan, downwardly by ¥5.5 billion. Please tell us what led to this revision.

A6: The revised target is based on conservative assumptions that exclude possible growth in demand for rapid antigen test kits due to infectious disease outbreak. If an infectious disease outbreak occurs, actual operating results may exceed our target. We have also prepared a structure enabling us to accommodate such growth in demand.

Elastomers & Infrastructure Solutions

Q7: Please share your future outlook on market conditions and demand-supply balance for chloroprene rubber (CR).

A7: For the time being, we are assuming that global demand will remain constant, requiring an annual demand of roughly 230,000 tons of CR. We will strive to enhance profitability by leveraging our access to the U.S. market, which we secured through the acquisition of DPE, as well as by allocating the limited production capacity of the Omi Plant on the manufacture of high-value-added products.

Polymer Solutions

Q8: Could you tell us why Toyo Styrene and Denka Polymer have been excluded from the scope of operations to be taken over by Node Chemical in the course of spinning out the Denka Group's styrene-related businesses? What direction will Node Chemical take going forward? Please share your thoughts, including those regarding the new company's profitability as a sales service company, measures to reduce fixed costs until it suceeds manufacturing and sales divisions, the future possibility of external alliances, and its IPO potential.

A8: Plans call for promoting structural reforms at the two companies with Denka's proactive involvement. They will then become subject to Node Chemical's comprehensive management. Node Chemical will start as a business securing sales commissions as a primary profit source and then suceeds manufacturing and sales divisions in April 2028. We will also consider measures to reduce fixed costs and promote downsizing. In these and other ways, we will achieve business growth, while keeping in reserve possible external alliances and IPOs as future options.