Consolidated Financial Results for the Six Months Ended September 30, 2025 [JGAAP]

November 10, 2025

Company Name: Kanto Denka Kogyo Co., Ltd. Stock Exchange Listing: Tokyo
Code Number: 4047 https://www.kantodenka.co.jp/english/
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Scheduled date for submitting the Semi-annual Securities Report: November 10, 2025
Scheduled date to commence dividend payments: December 8, 2025
Availability of supplementary briefing material on financial results: Yes
Financial results briefing session: Yes (For institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the first half of the fiscal year ending March 31, 2026 (April 1, 2025–September 30, 2025)

(1) Consolidated operating results

(% figures are the rate of year-on-year increase or decrease)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2025	30,841	–1.4	815	–52.6	972	–59.7	106	–92.6
Six months ended September 30, 2024	31,265	–10.3	1,721	–	2,412	–	1,432	456.5

(Note) Comprehensive income:
Six months ended September 30, 2025: ¥901 million (–61.8%)
Six months ended September 30, 2024: ¥2,359 million (13.6%)

	Basic earnings per share	Diluted basic earnings per share
	Yen	Yen
Six months ended September 30, 2025	1.86	–
Six months ended September 30, 2024	24.93	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2025	122,676	67,884	54.0	1,154.67
As of March 31, 2025	123,617	67,622	53.4	1,147.96

(Reference) Equity capital:
As of September 30, 2025: ¥66,224 million
As of March 31, 2025: ¥65,958 million

2. Dividends

	Annual dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	–	8.00	–	9.00	17.00
Fiscal year ending March 31, 2026	–	9.00			
Fiscal year ending March 31, 2026 (Forecast)			–	9.00	18.00

(Notes) Revision of dividend forecast from the latest announcement: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026
(April 1, 2025–March 31, 2026)

(% figures are the rate of year-on-year increase or decrease)

	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
Full year	64,500	3.4	3,300	–22.8	3,500	–22.4	1,700	–47.7	29.60

(Note) Revision of performance forecast from the latest announcement: Yes

Notes:
(1) Significant changes in the scope of consolidation during the first half: Not applicable
New: — companies (company names); Removed: — companies (company names)

(2) Application of special accounting for preparing the consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
i. Changes in accounting policies accompanying amendments to accounting standards, etc.: None
ii. Changes in accounting policies other than i.: None
iii. Changes in accounting estimates: None
iv. Retrospective restatement: None

(4) Number of shares issued (common stock)

i. Number of shares issued at the end of the period (including treasury shares)	As of September 30, 2025	57,546,050 shares	As of March 31, 2025	57,546,050 shares
ii. Number of treasury shares at the end of the period	As of September 30, 2025	192,101 shares	As of March 31, 2025	88,481 shares
iii. Average number of shares during the period	As of September 30, 2025	57,434,742 shares	As of September 30, 2024	57,453,953 shares

Notes: The “Consolidated Financial Statements for the Six Months Ended September 30, 2025” are not subject to audit by a certified public accountant or an auditing firm.

Proper use of performance forecasts, and other special matters
(Notes to forward-looking statements)
The performance outlooks and other forward-looking statements in this document are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and are not intended to be a promise by the Company that they will be realized. Actual results may differ significantly due to various factors. Please refer to "Consolidated earnings forecasts" on page 3 of the attached materials for information on the performance forecasts.
(How to obtain supplementary financial results briefing materials)
The Company plans to hold a financial results briefing for institutional investors and securities analysts on Thursday, November 20, 2025. Supplementary financial results briefing materials to be used at this briefing will be posted on the Company's website after the session.

Contents

1. Overview of operating results, etc.

(1) Operating results

In the first half of the fiscal year ending March 31, 2026, the Japanese economy showed signs of a gradual recovery due to the positive effects of various government policies under an improving employment and income environment. However, severe conditions continued to prevail. Overseas, the outlook remained uncertain amid downside risks to the economy from policy developments and fluctuations in financial and capital markets, including persistently high interest rates in Europe and the United States, continued stagnation in China's real estate market, and the recoil from last-minute demand ahead of tariff increases in the United States.

Amid this business environment, net sales for the first half amounted to ¥30,841 million, down ¥424 million or 1.4% year on year, mainly due to decreased sales primarily in the Fine Chemicals Division and Ferrochemicals Division, despite the Group's active efforts in marketing. On the profit front, the Group recorded an ordinary profit of ¥972 million, down ¥1,440 million or 59.7% year on year, due to a decrease in technical support fees for battery materials and foreign exchange gains in the Fine Chemicals Division, as well as an increase in research and development expenses and personnel expenses. On the bottom line, profit attributable to owners of parent amounted to ¥106 million, down ¥1,325 million or 92.6% year on year, due to the recording of loss on disaster.

The following provides an overview for each segment.

a. Fundamental Chemicals Division

For inorganic products, sales of caustic soda decreased year on year due to a decline in selling price associated with an increase in export sales and a reduction in sales volume resulting from the discontinuation of certain product lines. Hydrochloric acid sales increased due to price adjustments.

For organic products, sales of trichloroethylene decreased year on year due to a decline in sales volume. Sales of vinylidene chloride increased year on year due to higher sales volume.

As a result of the above, net sales in the Fundamental Chemicals Division amounted to ¥3,880 million, down ¥81 million or 2.0% year on year. On the operating front, operating profit amounted to ¥53 million (compared with an operating loss of ¥525 million in the same period of the previous year), due to the effects of price revisions for certain products, as well as lower raw material and fuel prices and reduced fixed costs resulting from inventory impact.

b. Fine Chemicals Division

Sales of specialty gases for semiconductors decreased year on year due to lower sales volumes of carbonyl sulfide and nitrogen trifluoride, the latter of which saw reduced production as a result of a fire incident. Sales of KSG-14 and hexafluoro-1,3-butadiene increased year on year due to higher sales volumes, while sales of tungsten hexafluoride rose due to the effects of price revisions.

Sales of lithium hexafluorophosphate, a battery material, were down due to a decrease in sales volume and selling price. Technical support fees received under license agreements decreased, as no such fees were recorded in the six months ended September 30, 2025.

As a result of the above, net sales in the Fine Chemicals Division amounted to ¥24,434 million, down ¥423 million or 1.7% year on year. On the operating front, operating profit totaled ¥658 million, down ¥1,166 million or 63.9% year on year, due to a decrease in technical support fees for battery materials, higher raw material prices for specialty gases for semiconductors, and increased depreciation associated with the start of operations at Phase II of Xuancheng KDK Technology Co., Ltd.

c. Ferrochemicals Division

Sales of reprographic carriers, used in developers for copiers and printers, were down year on year due to lower sales volumes.

Sales of iron oxide were on par with the same period of the previous year.

As a result of the above, net sales in the Ferrochemicals Division amounted to ¥1,003 million, down ¥180 million or 15.3% year on year. Operating profit totaled ¥62 million, down ¥130 million or 67.6%.

d. Commercial Business Division

Commercial business sales were up year on year due to higher sales of chemical products.

As a result of the above, net sales in the Commercial Business Division amounted to ¥366 million, up ¥55 million or 18.0% year on year. Operating profit totaled ¥73 million, up ¥10 million or 17.1%.

e. Facilities Division

Net sales in chemical facility plant and general industrial plant construction were up year on year due to an increase in contract work.

As a result of the above, net sales in the Facilities Division amounted to ¥1,156 million, up ¥204 million or 21.5% year on year. Operating profit totaled ¥200 million, down ¥12 million or 5.8% year on year, due to an increase in fixed costs.

As previously disclosed, a fire occurred on August 7, 2025, within the premises of our Shibukawa Plant (Shibukawa City, Gunma Prefecture). As a result of this incident, one of our employees lost their life and another was injured. We would like to express our deepest condolences for the employee who lost their life and extend our sincere apologies and sympathy to the bereaved family. We also sincerely apologize for the great inconvenience and concern inflicted on local residents, shareholders, business partners, relevant authorities, and all other parties concerned.

In response to the incident, the Company established an accident investigation committee and conducted an investigation with the cooperation of the relevant authorities and based on the opinions of external experts. For details on the cause of the accident identified through the investigation, the measures taken to prevent recurrence, and the operational status of each finished good, please refer to the "Notice of a Fire at Our Shibukawa Plant (Sixth Report)" released today, November 10, 2025.

We will place the highest priority on safety, thoroughly implement measures to prevent any recurrence of such an accident, and make every effort to foster a strong safety culture and restore trust.

(2) Financial position

As of the end of the first half of the fiscal year ending March 31, 2026, total assets amounted to ¥122,676 million, down ¥941 million from the end of the previous consolidated fiscal year, mainly due to a decrease in cash and deposits, despite increases in inventories and investment securities.

Total liabilities amounted to ¥54,791 million, down ¥1,203 million, mainly due to decreases in other current liabilities and borrowings, despite increases in notes and accounts payable - trade and electronically recorded obligations - operating.

Net assets amounted to ¥67,884 million, up ¥262 million, mainly due to an increase in the valuation difference on available-for-sale securities, which exceeded decreases in the foreign currency translation adjustment and retained earnings. The equity ratio was 54.0%, versus 53.4% at the end of the previous fiscal year.

(3) Consolidated earnings forecasts

The consolidated earnings forecast for the fiscal year ending March 31, 2026 has been revised from the forecast announced on August 8, 2025. For details, please refer to the separately published "Notice of Difference Between Forecast and Actual Results for the First Half of the Fiscal Year Ending March 31, 2026 and Revision of Full-Year Consolidated Earnings Forecast."

The above forecasts were created based on information available as of the date of this document's publishing, and actual results may differ versus forecast figures due to a variety of factors arising in the future.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets:		
Current assets		
Cash and deposits	20,294	14,396
Notes and accounts receivable—trade, and contract assets	14,362	15,217
Electronically recorded monetary claims—operating	1,129	1,080
Merchandise and finished goods	7,218	7,543
Work in process	6,124	5,935
Raw materials and supplies	3,938	6,600
Other	4,387	4,394
Allowance for doubtful accounts	(28)	(28)
Total current assets	57,426	55,140
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	14,049	17,001
Machinery and equipment, net	17,876	23,784
Construction in progress	17,215	8,573
Other, net	6,069	5,746
Total property, plant and equipment	55,210	55,105
Intangible assets	632	641
Investments and other assets		
Investment securities	8,181	10,158
Retirement benefit assets	8	10
Deferred tax assets	1,476	981
Other	692	647
Allowance for doubtful accounts	(9)	(10)
Total investments and other assets	10,348	11,788
Total non-current assets	66,191	67,535
Total assets	123,617	122,676

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities:		
Current liabilities		
Notes and accounts payable—trade	6,434	8,122
Electronically recorded obligations—operating	1,158	1,967
Short-term borrowings	3,151	4,087
Current portion of long-term borrowings	9,410	9,683
Income taxes payable	739	399
Provision for loss on disaster	-	126
Other	8,286	5,878
Total current liabilities	29,180	30,264
Non-current liabilities		
Long-term borrowings	24,686	22,234
Provision for retirement benefits for directors (and other officers)	158	164
Provision for share awards for directors (and other officers)	52	46
Retirement benefit liability	1,364	1,546
Other	553	534
Total non-current liabilities	26,814	24,527
Total liabilities	55,995	54,791
Net assets:		
Shareholders' equity		
Capital	2,877	2,877
Capital surplus	1,859	1,859
Retained earnings	54,535	54,124
Treasury shares	(62)	(159)
Total shareholders' equity	59,210	58,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,449	4,771
Foreign currency translation adjustment	2,628	2,183
Remeasurements of defined benefit plans	670	567
Total accumulated other comprehensive income	6,748	7,522
Non-controlling interests	1,663	1,659
Total net assets	67,622	67,884
Total liabilities and net assets	123,617	122,676

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	From April 1, 2024 to September 30, 2024	From April 1, 2025 to September 30, 2025
Net sales	31,265	30,841
Cost of sales	24,733	24,999
Gross profit	6,532	5,841
Selling, general and administrative expenses	4,811	5,026
Operating profit	1,721	815
Non-operating profit		
Interest income	18	18
Dividend income	279	191
Foreign exchange gains	442	203
Other	219	97
Total non-operating profit	960	511
Non-operating expenses		
Interest expenses	224	220
Loss on valuation of derivatives	-	112
Other	45	20
Total non-operating expenses	269	354
Ordinary profit	2,412	972
Extraordinary losses		
Loss on retirement of non-current assets	65	66
Environmental expenses	300	-
Loss on disaster	-	517
Total extraordinary losses	365	583
Profit before income taxes	2,047	388
Income taxes payable	533	288
Profit	1,513	100
Profit (loss) attributable to non-controlling interests	81	(6)
Profit attributable to owners of parent	1,432	106

Consolidated statement of comprehensive income

(Millions of yen)

	From April 1, 2024 to September 30, 2024	From April 1, 2025 to September 30, 2025
Profit	1,513	100
Other comprehensive income		
Valuation difference on available-for-sale securities	(454)	1,354
Foreign currency translation adjustment	1,334	(450)
Remeasurements of defined benefit plans	(34)	(103)
Total other comprehensive income	845	801
Comprehensive income	2,359	901
Comprehensive income attributable to:		
Owners of parent	2,343	880
Non-controlling interests	15	20

(3) Consolidated statement of cash flows

(Millions of yen)

	From April 1, 2024 to September 30, 2024	From April 1, 2025 to September 30, 2025
Cash flows from operating activities		
Profit before income taxes	2,047	388
Depreciation	4,042	4,091
Interest and dividend income	(298)	(209)
Interest expenses	224	220
Foreign exchange losses (gains)	(1,008)	369
Loss on retirement of non-current assets	65	66
Decrease (increase) in trade receivables	72	(759)
Decrease (increase) in inventories	636	(2,775)
Increase (decrease) in trade payables	912	2,419
Increase (decrease) in provision for loss on disaster	-	126
Decrease (increase) in other current assets	98	(206)
Increase (decrease) in other current liabilities	242	(1,617)
Other	60	26
Subtotal	7,095	2,141
Interest and dividends received	295	208
Interest paid	(228)	(223)
Income taxes refund (paid)	409	(626)
Cash flows from operating activities	7,572	1,499
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,871)	(5,403)
Purchase of investment securities	(12)	(14)
Other	26	(505)
Cash flows from investing activities	(8,858)	(5,924)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(425)	1,724
Proceeds from long-term borrowings	-	1,181
Repayments of long-term borrowings	(4,524)	(4,153)
Dividends paid	(402)	(517)
Dividends paid to non-controlling interests	(30)	(24)
Purchase of treasury shares	-	(112)
Other	(83)	(86)
Cash flows from financing activities	(5,467)	(1,989)
Effect of exchange rate change on cash and cash equivalents	778	160
Net increase (decrease) in cash and cash equivalents	(5,974)	(6,253)
Cash and cash equivalents at beginning of period	25,225	20,098
Cash and cash equivalents at end of period	19,250	13,845

(4) Notes to the consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Special accounting for preparing the consolidated financial statements)

Tax expenses are calculated by multiplying profit before income taxes by the reasonably estimated effective tax rate after the application of tax effect accounting to profit before income taxes for the fiscal year ending March 31, 2026, including the first half. However, in cases where calculating tax expenses using the estimated effective tax rate would significantly lack rationality, tax expenses are calculated using the statutory effective tax rate.

(Segment information)

I. From April 1, 2024 to September 30, 2024

1. Information on net sales, profit or loss by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded on the statement of income (Note 2)
	Fundamental Chemicals	Fine Chemicals	Ferrochemicals	Commercial Business	Facilities	Total		
Net sales								
(1) Net sales to external customers	3,961	24,857	1,184	310	951	31,265	—	31,265
(2) Inter-segment net sales or transfers	—	—	0	584	1,346	1,931	(1,931)	—
Total	3,961	24,857	1,184	895	2,298	33,196	(1,931)	31,265
Segment profit (loss)	(525)	1,825	192	62	212	1,768	(47)	1,721

(Notes) 1. The segment profit (loss) adjustment of –¥47 million is elimination of inter-segment transactions.
2. Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

2. Information about impairment loss and goodwill on non-current assets by reportable segment

Not applicable.

II. From April 1, 2025 to September 30, 2025

1. Information on net sales, profit or loss by reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amount recorded on the statement of income (Note 2)
	Fundamental Chemicals	Fine Chemicals	Ferrochemicals	Commercial Business	Facilities	Total		
Net sales								
(1) Net sales to external customers	3,880	24,434	1,003	366	1,156	30,841	—	30,841
(2) Inter-segment net sales or transfers	—	—	0	613	1,116	1,729	(1,729)	—
Total	3,880	24,434	1,004	979	2,272	32,570	(1,729)	30,841
Segment profit	53	658	62	73	200	1,048	(233)	815

(Notes) 1. The segment profit adjustment of –¥233 million is elimination of inter-segment transactions.
2. Segment profit is adjusted with operating profit in the consolidated statement of income.

2. Information about impairment loss and goodwill on non-current assets by reportable segment

Not applicable.