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Financial Results Briefing for the Six Months Ended September 30, 2025

November 20, 2025

(Tokyo Stock Exchange Prime Market, Securities Code: 4047)



関東電化工業
KANTO DENKA KOGYO

1. Overview of Financial Results for the Six Months Ended September 30, 2025

2. Business Outlook and Future Trends

3. Supplementary Materials

Statement of Income

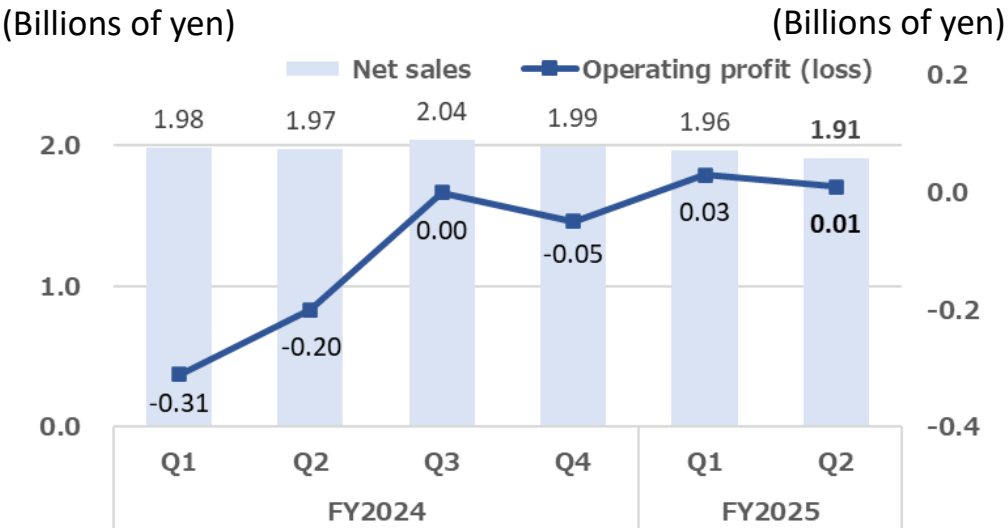
- Net sales decreased by ¥400 million overall. Although sales of specialty gases increased due to higher operating rates at semiconductor manufacturers, they were affected by the fire accident at the Shibukawa plant. On the other hand, a decline in sales of battery materials and the absence of technical support fees this year contributed to the decrease in total sales.
- Operating profit decreased by ¥900 million, mainly due to lower profits in precision chemicals and other businesses, which offset the increase in profits from basic chemicals.
- Ordinary profit decreased by ¥1.4 billion, primarily due to a decrease in foreign exchange gains and the recording of derivative valuation losses.
- Profit attributable to owners of parent decreased by ¥1.3 billion, as the impact of lower ordinary profit and additional disaster-related losses outweighed the absence of environmental countermeasure costs recorded in the previous fiscal year.

	FY2024 H1 Results	FY2025 H1 Results	Difference	% change
(Billions of yen)				
Net sales	31.2	30.8	-0.4	-1.4
Operating profit (loss)	1.7	0.8	-0.9	-52.6
Ordinary profit	2.4	0.9	-1.4	-59.7
Profit before income taxes	2.0	0.3	-1.6	-81.0
Profit attributable to owners of parent	1.4	0.1	-1.3	-92.6
Basic earnings per share (yen)	24.93	1.86	-23.07	

Balance Sheet

	(Billions of yen)	FY2024	H1 FY2025	Difference	% change
Assets		123.6	122.7	-0.9	-0.8
Cash and deposits		20.2	14.3	-5.8	-29.1
Trade receivables		15.4	16.2	0.8	5.2
Inventories		17.2	20.0	2.7	16.2
Non-current assets (tangible + intangible)		55.8	55.7	-0.0	-0.2
Liabilities		55.9	54.7	-1.2	-2.1
Interest-bearing debt		37.8	36.5	-1.2	-3.4
Trade payables		7.5	10.0	2.4	32.9
Income taxes payable		0.7	0.3	-0.3	-45.9
Net assets		67.6	67.8	0.2	0.4
Equity ratio (%)		53.4	54.0	0.6	

(Billions of yen)	FY2024 H1 Results	FY2025 H1 Results	Difference
Net sales	3.9	3.8	-0.0
Operating profit (loss)	(0.5)	0.0	0.5



Net sales

Although there was a positive impact from price adjustments for certain products, net sales declined due to a decrease in sales volumes of organic products.

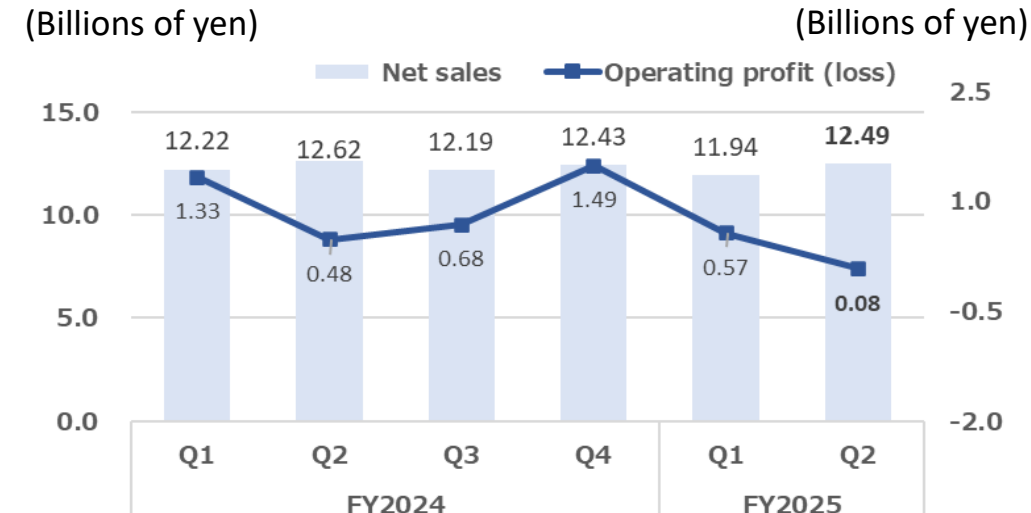
- Caustic soda: Net sales decreased due to lower sales prices resulting from increased export sales.
- Hydrochloric acid: Net sales increased due to price adjustments.
- Trichloroethylene: Net sales decreased due to lower sales volumes.
- Polyvinylidene chloride: Net sales increased as a result of higher sales volumes driven by expanded sales overseas.

Operating profit

Although net sales declined, operating profit increased due to the effects of price adjustments, lower raw material and fuel prices, and a reduction in fixed costs.

Fine Chemicals Division

(Billions of yen)	FY2024 H1 Results	FY2025 H1 Results	Difference
Net sales	24.8	24.4	-0.4
Operating profit (loss)	1.8	Fire accident impact : -0.1 0.6	-1.1



Net sales

Although sales of specialty gases increased overall despite the impact of a fire accident, net sales decreased due to lower sales of battery materials and the absence of technical support fees.

- Nitrogen trifluoride: Sales decreased due to lower sales volumes following the fire accident at the Shibukawa Plant
- Tungsten hexafluoride: Sales increased due to price adjustments
- Hexafluoro-1,3-butadiene: Sales increased due to higher sales volumes
- KSG-14: Sales increased due to higher sales volumes
- Lithium hexafluorophosphate: Sales decreased due to lower sales volumes and lower sales prices
- Technical support fees: Revenue decreased due to the absence of fees in the current fiscal year

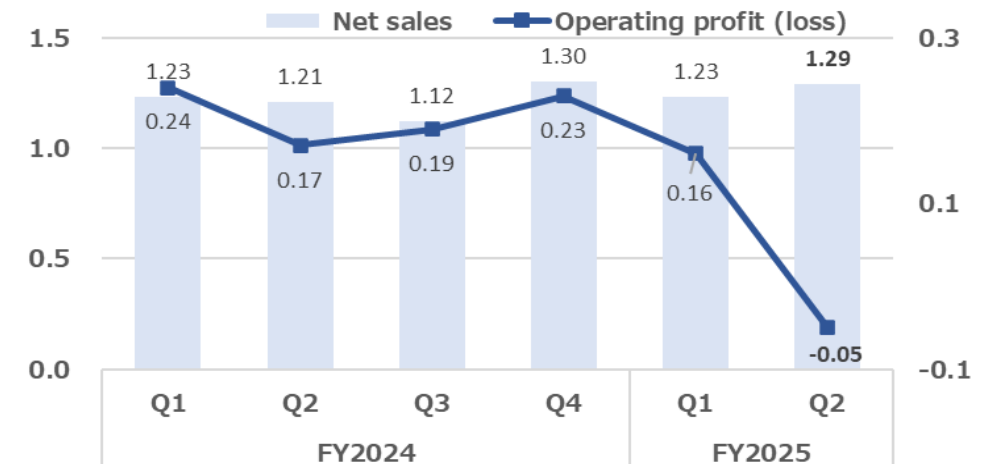
Operating profit

Due to a decrease in net sales, the fire accident, rising raw material prices, and increased depreciation expenses associated with the commencement of operations at Phase II of the plant in China, operating profit declined.

Ferrochemicals, Commercial Business, Facilities Divisions (Including consolidation adjustments)

(Billions of yen)	FY2024 H1 Results	FY2025 H1 Results	Difference
Net sales	2.4	2.5	0.0
Operating profit	0.4	0.1	-0.3

(Billions of yen)



Net sales

Net sales increased in the Commercial Business and Facilities Divisions, while decreasing in the Ferrochemicals Division.

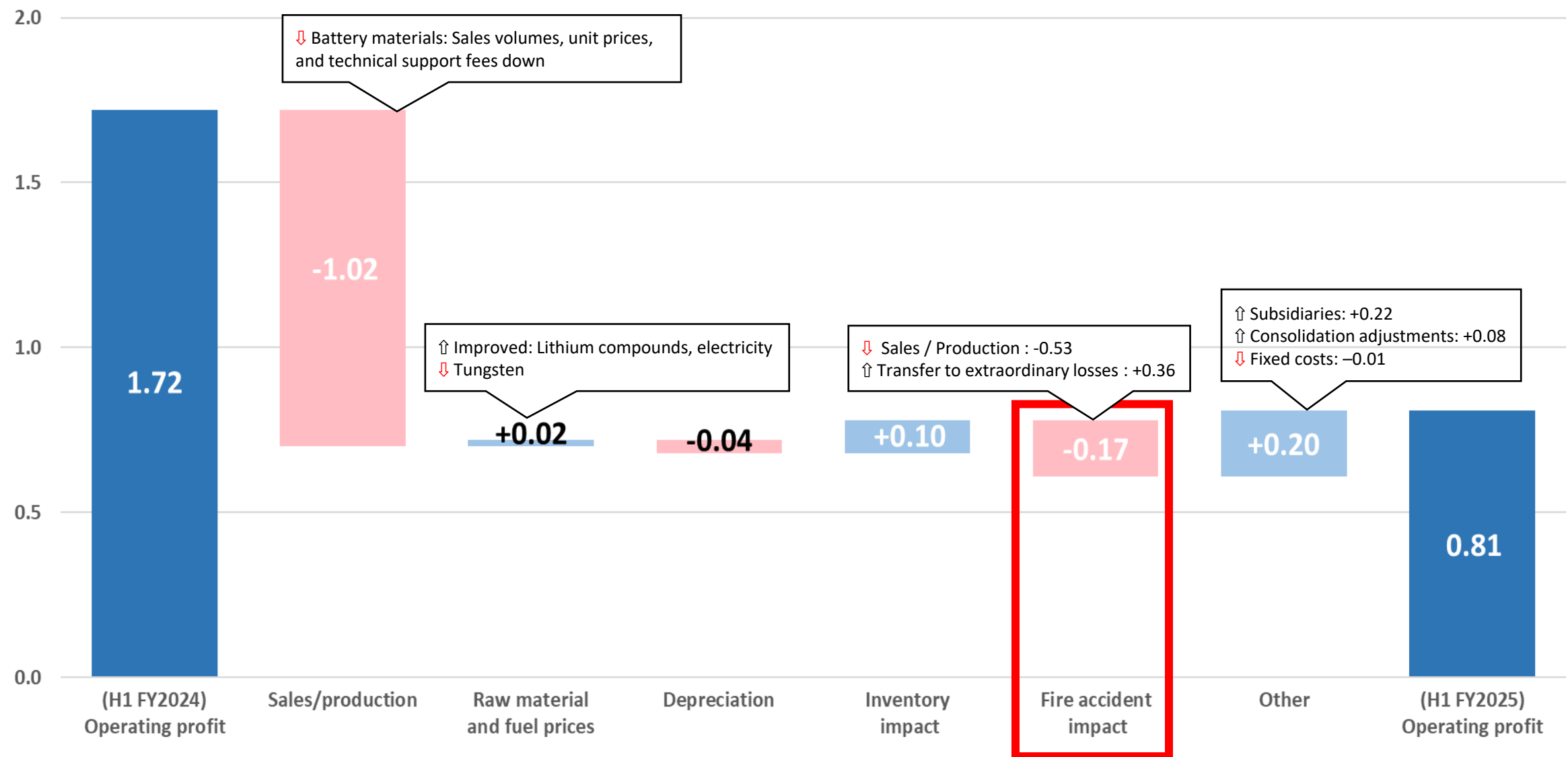
- Ferrochemicals: Sales decreased due to lower sales volume of carriers
- Commercial Business: Sales increased due to higher sales volumes of industrial chemicals
- Facilities: Sales increased due to an increase in contract work

Operating profit

Although net sales increased in the Commercial Business and Facilities Divisions, operating profit decreased due to lower sales in the Ferrochemicals Division and a reduction in adjustments for unrealized gains on fixed assets resulting from the completion of the mass production facilities for KSG-14 in the Facilities Division.

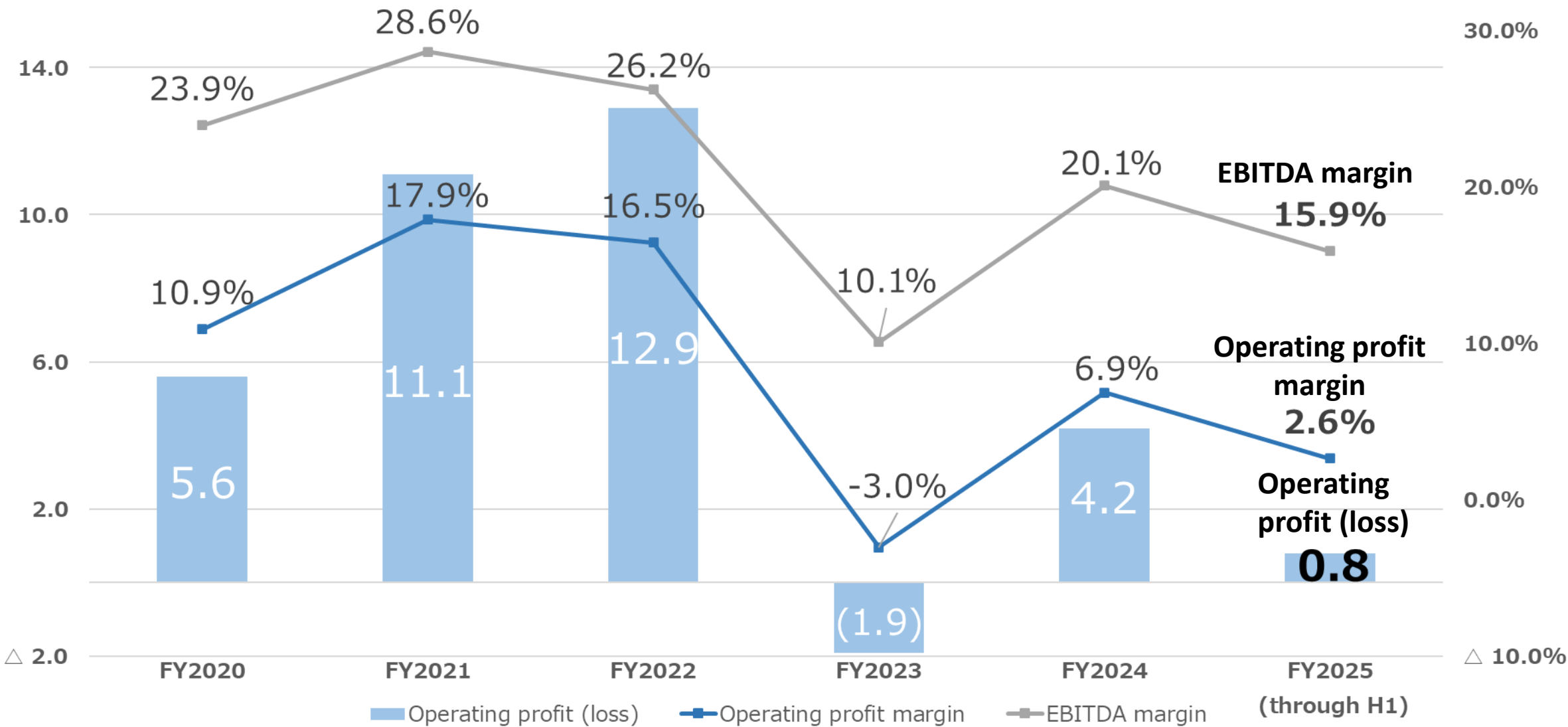
Operating Profit: Difference Analysis (H1 FY2024 vs. H1 FY2025)

(Billions of yen)



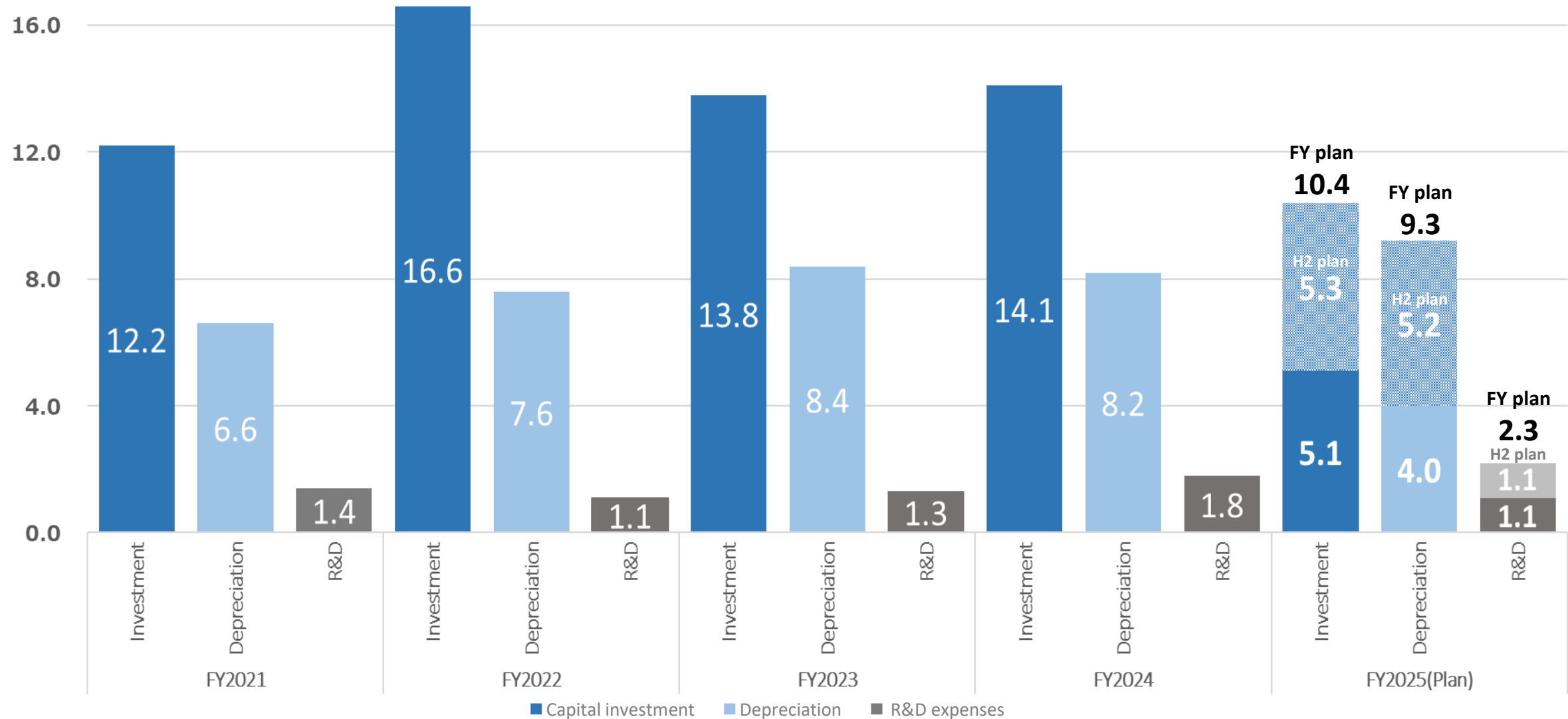
Operating Profit and Operating Profit Margin Over Time

(Billions of yen)



Capital Investment, Depreciation, and Research and Development Expenses Over Time

(Billions of yen)



The Kanto Denka Group (Consolidated Subsidiaries)

	Capital	Share of investment (%)	Net sales: H1 FY2025 (Billions of yen)	Year-on-year change (Billions of yen)	Major business lines
Kanden Kosan Co., Ltd.	¥10 mil.	100.0	3.6	0.0	Sale of chemical products, maintenance of containers, insurance agency services
Jobi Engineering Co., Ltd.	¥120 mil.	49.4	2.3	0.0	Manufacture, processing, and repair of chemical industry equipment
Kanto Denka Finetech Co., Ltd.	¥27 mil.	100.0	0.5	0.3	Manufacture and sale of iron oxide
Kanto Denka Korea Co., Ltd.	300 mil. won	100.0	7.9	0.7	Sale of fluorochemicals
Taiwan Kanto Denka Co., Ltd.	7 mil. NT dollars	100.0	3.5	-0.1	Sale of fluorochemicals
Kanto Denka Fine Products Korea Co., Ltd.	42 bil. won	100.0	1.5	-0.1	Manufacture and sale of fluorochemicals
Xuancheng KDK Technology Co., Ltd.	50 mil. dollars	98.3	0.1	0.1	Manufacture and sale of fluorochemicals
Total			19.7	0.9	

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Shibukawa Factory Fire Accident

Summary of the Accident

- Date and Time of Occurrence: August 7, 2025 (Thursday), 4:31 a.m. (Fire confirmed extinguished at 8:45 a.m.)
- Location of Occurrence: Shibukawa Plant, Nitrogen Trifluoride Production Facility

Damage Situation

- 1 employee fatality, 1 minor injury
- Of the two nitrogen trifluoride production lines, part of one line has sustained damage.

Cause Analysis and Preventive Measures

- Due to the operation of a manual valve that was not specified in the procedures, a rapid flow of nitrogen trifluoride occurred inside the valve
- The resin components of the valve combusted, and this combustion became the ignition point, resulting in an explosive rupture of the piping
- The equipment operating methods have been reviewed to ensure similar situations do not arise

Timing of Operations Resumption

- Of the two nitrogen trifluoride production lines, the undamaged line will resume operations from September 17
- The damaged line is undergoing restoration and safety measures, with operations scheduled to resume in January 2026

Impact on Business Performance

- Impact on operating profit: -0.64 billion yen
(First half: -0.17 billion yen, Second half (forecast): -0.47 billion yen)
- Impact of extraordinary loss: -0.94 billion yen
(First half: -0.51 billion yen, Second half (forecast): -0.42 billion yen)

Total estimated impact of the accident: -1.58 billion yen
All of this is expected to be recorded in the current fiscal year,
excluding insurance proceeds, etc.

Performance Forecast

- Net sales and all levels of profit are expected to decline due to the impact of the fire accident at the Shibukawa Plant.
- In the third quarter, a gain on the sale of investment securities of 300 million yen is expected to be recorded as a result of the sale of policy-holding shares.
- Due to the impact of the fire accident at the Shibukawa Plant, a return to previous levels is not expected until the fourth quarter or later.
- For battery materials, there is growing anticipation for our products, which are the only ones produced domestically in Japan, in response to the trend of de-China-ization of the supply chain. The likelihood of increased sales volume is rising, and this is expected to be realized from fiscal year 2026.

	FY2024	FY2025	FY2025	FY2025
(Billions of yen)	Results	5/15 Forecast	8/8 Forecast	11/10 Forecast
Net sales	62.3	68.0	66.5	64.5
Operating profit	4.2	5.0	4.0	3.3
Ordinary profit	4.5	5.0	4.0	3.5
Profit attributable to owners of parent	3.2	3.3	2.7	1.7
Basic earnings per share (yen)	56.53	57.43	46.99	29.60

Performance Forecast (by Segment)

	Net sales				Operating profit (loss)			
(Billions of yen)	FY2024 results	FY2025 5/15 forecast	FY2025 8/8 forecast	FY2025 11/10 forecast	FY2024 results	FY2025 5/15 forecast	FY2025 8/8 forecast	FY2025 11/10 forecast
Fundamental Chemicals	7.9	8.5	8.5	8.4	(0.5)	0.2	0.2	0.2
Fine Chemicals	49.4	54.6	53.1	50.9	3.9	4.3	3.3	Fire accident impact : -0.6 2.5
Other*	4.8	4.9	4.9	5.2	0.8	0.5	0.5	0.6
Total	62.3	68.0	66.5	64.5	4.2	5.0	4.0	Fire accident impact : -0.6 3.3
(Reference) Specialty gases (non-consolidated)	41.0	46.1		41.5	4.8	4.9		Fire accident impact : -0.6 3.5
(Reference) Loss on valuation of inventories	-	-		-	(1.1)	(0.7)		(0.8)
Capital investment	14.1	11.9		10.4	Assumption for Performance Forecast USD/JPY Rate: ¥145 * "Other" includes the Ferrochemicals, Commercial Business, Facilities Divisions, and consolidation adjustments.			
Depreciation	8.2	9.5		9.3				
R&D expenses	1.8	2.4		2.3				

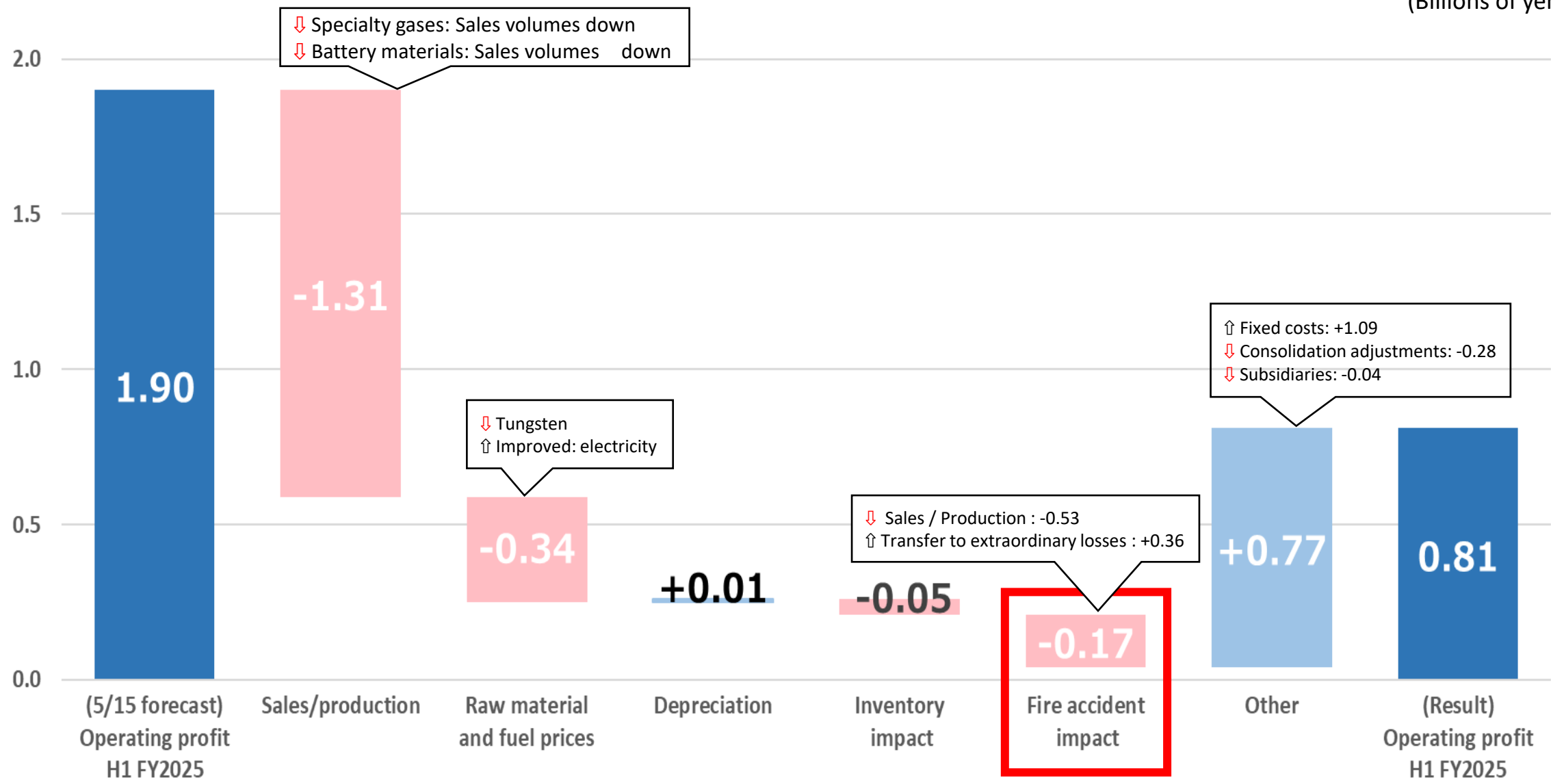
H1 5/15 Forecast vs. Results (by Segment)

	Net sales			Operating profit (loss)		
(Billions of yen)	FY2025 H1 (5/15 forecast)	H1 (results)	Difference	FY2025 H1 (5/15 forecast)	H1 (results)	Difference
Fundamental Chemicals	3.9	3.8	-0.0	0.0	0.0	0.0
Fine Chemicals	26.2	24.4	-1.7	1.6	0.6	-0.9
Other*	2.6	2.5	-0.0	0.3	0.1	-0.1
Total	32.7	30.8	-1.8	1.9	0.8	-1.0
(Reference) Specialty gases (non-consolidated)	22.3	19.5	-2.7	2.1	1.5	-0.6
(Reference) Loss on valuation of inventories	—	—	—	(0.6)	(0.6)	-0.0
Capital investment	4.9	5.1	1.0	* "Other" includes the Ferrochemicals, Commercial Business, Facilities Divisions, and consolidation adjustments.		
Depreciation	4.1	4.0	-0.0			
R&D expenses	1.1	1.1	-0.0			

Operating Profit: Difference Analysis

(H1 5/15 Forecast vs. Results)

(Billions of yen)



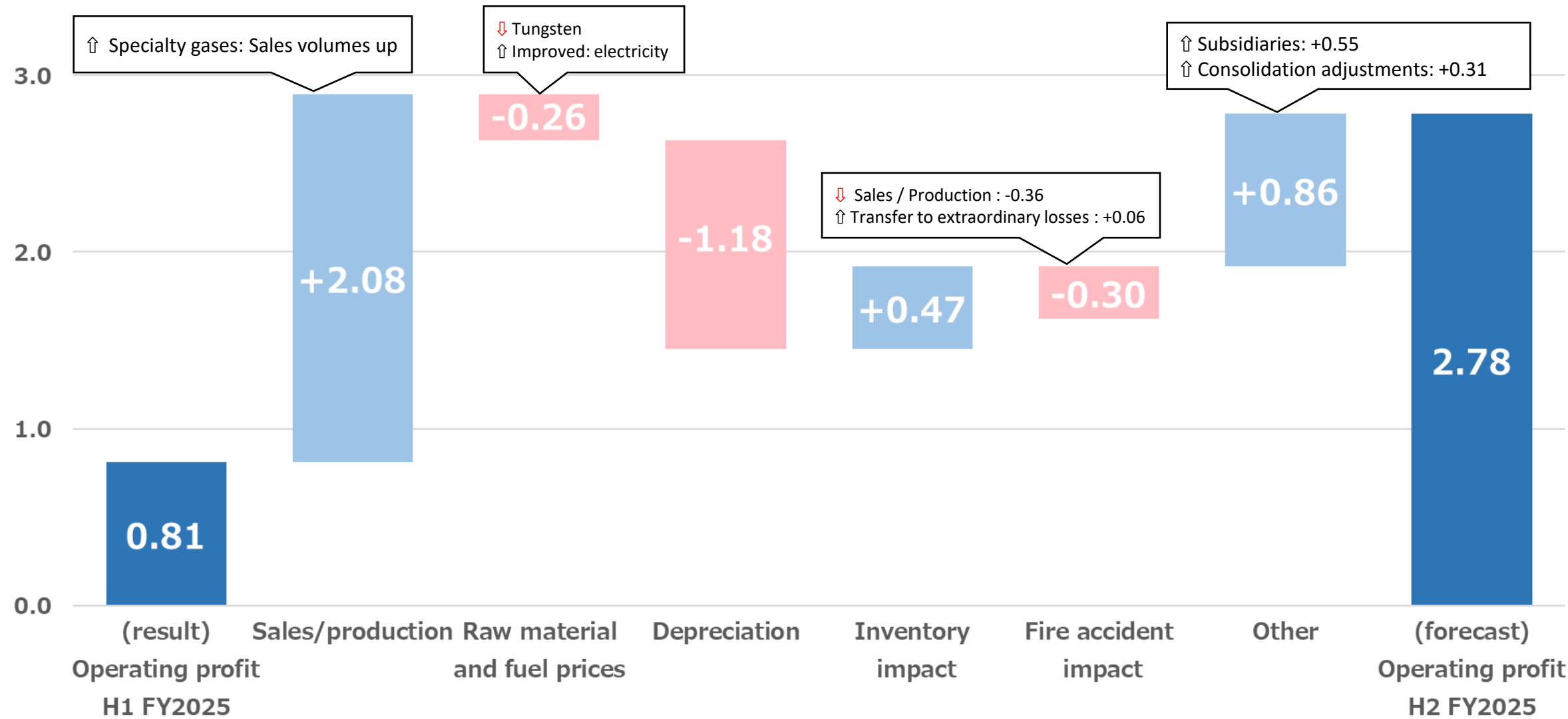
H1 Results vs. H2 Forecast (by Segment)

(Billions of yen)	Net sales			Operating profit (loss)		
	H1 (results)	H2 (forecast)	Difference	H1 (results)	H2 (forecast)	Difference
Fundamental Chemicals	3.8	4.5	0.6	0.0	0.1	0.0
Fine Chemicals	24.4	26.4	2.0	Fire accident impact : -0.1 0.6	Fire accident impact : -0.4 1.8	1.1
Other*	2.5	2.6	0.1	0.1	0.4	0.3
Total	30.8	33.6	2.8	0.8	2.4	1.6
(Reference) Specialty gases (non-consolidated)	19.5	21.9	2.3	Fire accident impact : -0.1 1.5	Fire accident impact : -0.4 2.0	0.5
(Reference) Loss on valuation of inventories	—	—	—	(0.6)	(0.1)	0.4
Capital investment	5.1	5.3	0.2	* "Other" includes the Ferrochemicals, Commercial Business, Facilities Divisions, and consolidation adjustments.		
Depreciation	4.0	5.2	1.1			
R&D expenses	1.1	1.1	0.2			

Operating Profit: Difference Analysis

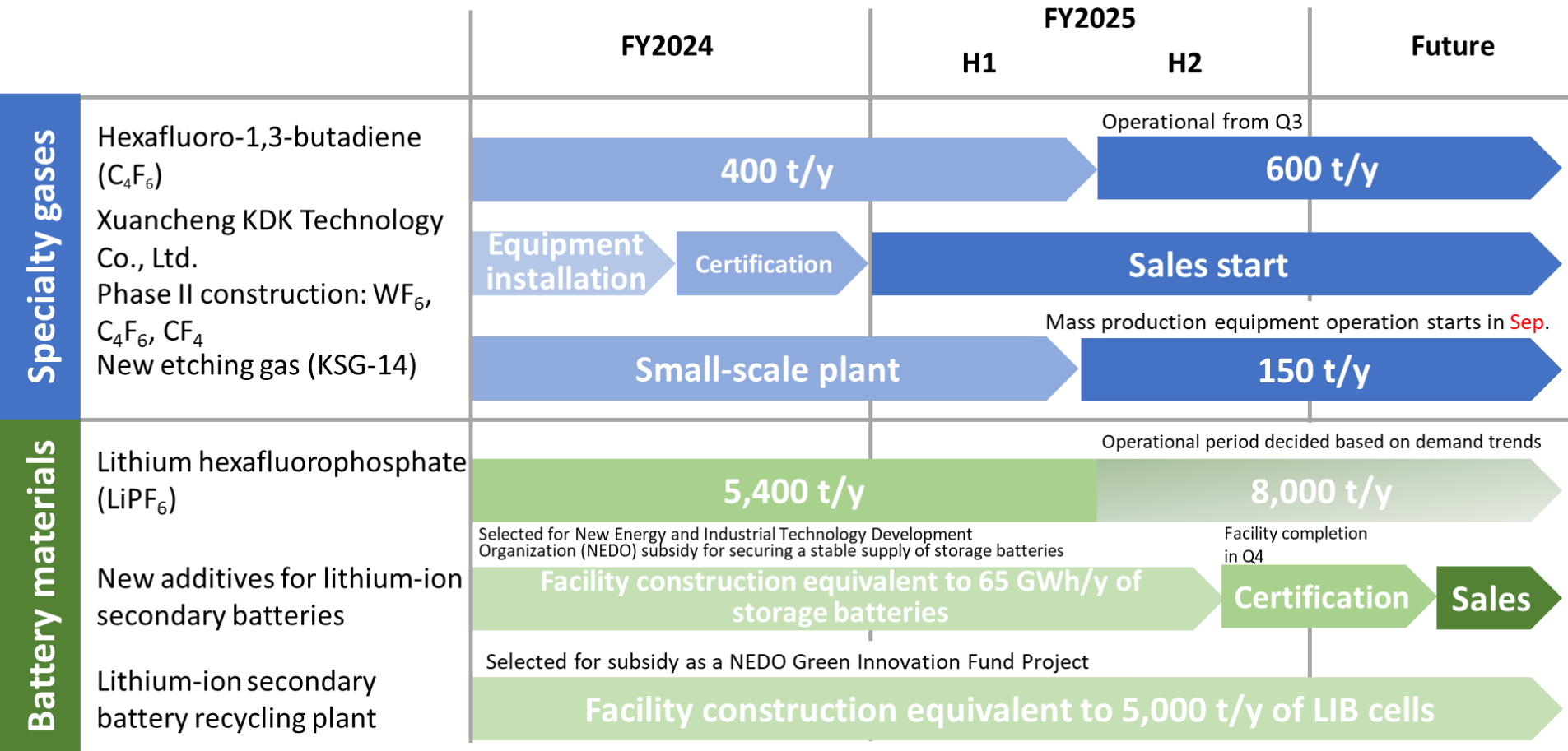
(H1 Result vs. H2 Forecast)

(Billions of yen)

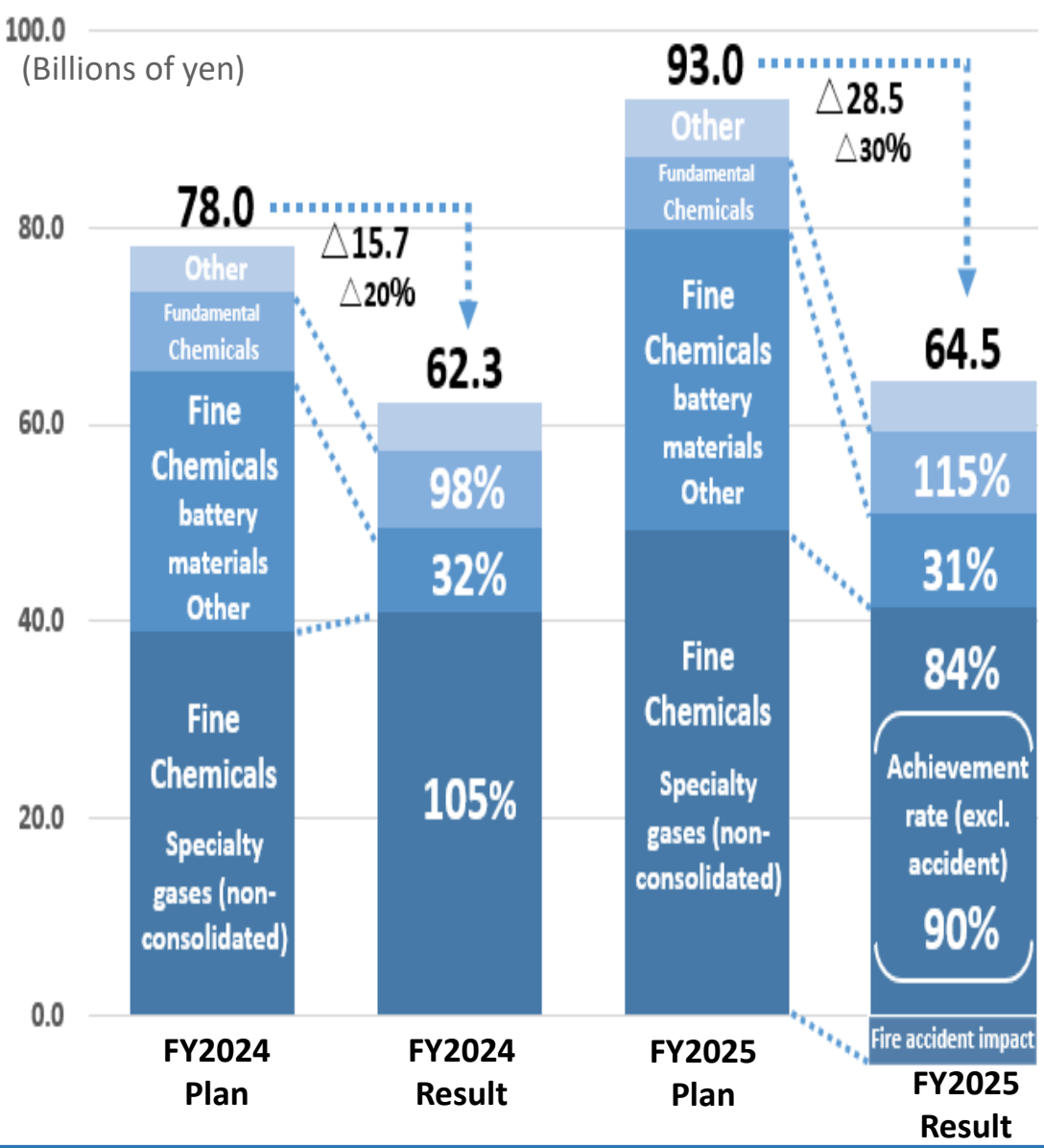


Status of Major Capital Investments

- Full-scale sales of Xuancheng KDK Technology Phase II project will start from Q3.
- The operation of the KSG-14 mass production equipment has been brought forward by one month.
- The additional sales from capacity expansion are expected to reach 13 billion yen in fiscal year 2028 .
(4 billion yen in fiscal year 2026, and 8.5 billion yen in fiscal year 2027)



Difference from the medium-term management plan



【FY2026 Achievement Rate for the Medium-Term Management Plan and Contributing Factors】

- Basic Chemicals: Expected achievement 115%
In the medium-term plan, a reduction in sales volume was anticipated as the business was to be restructured as a raw material supply division. However, the policy was shifted to prioritize achieving stable profitability.
- Specialty Chemicals (non-consolidated specialty gases): Expected achievement 84%
Apart from those related to AI, the recovery of the semiconductor market has been sluggish, resulting in demand levels below those assumed in the medium-term plan. In addition, sales of NF3 decreased due to the fire accident, leading to an outlook of not meeting the plan.
- Specialty Chemicals (excluding non-consolidated specialty gases): Expected achievement 31%
Battery materials, which account for the majority, fell significantly short of the plan due to the slowdown in the growth of the EV market and intensified competition. In response to these market conditions, the license business has also been postponed.

Significant improvement in battery materials is expected from FY2026
due to the shift away from dependence on China in the supply chain.

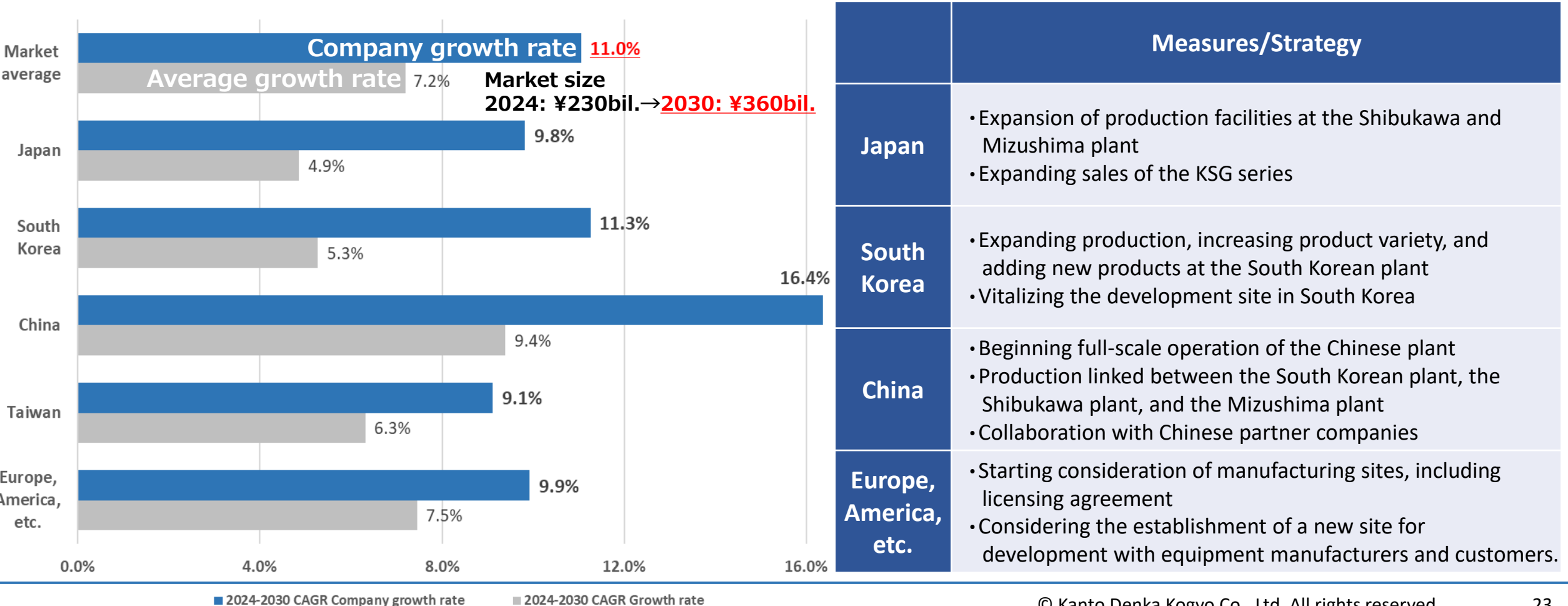
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Outlook and Strategy for Specialty Gases

- The market size of etching and cleaning gases for semiconductor is expected to grow to JPY 360 billion* by 2030.
- Our CAGR (2024-2030) is assumed to be 11.0% compared to a market average of 7.2%*. *Our forecast
- Our target share (2030) is at least 25%.

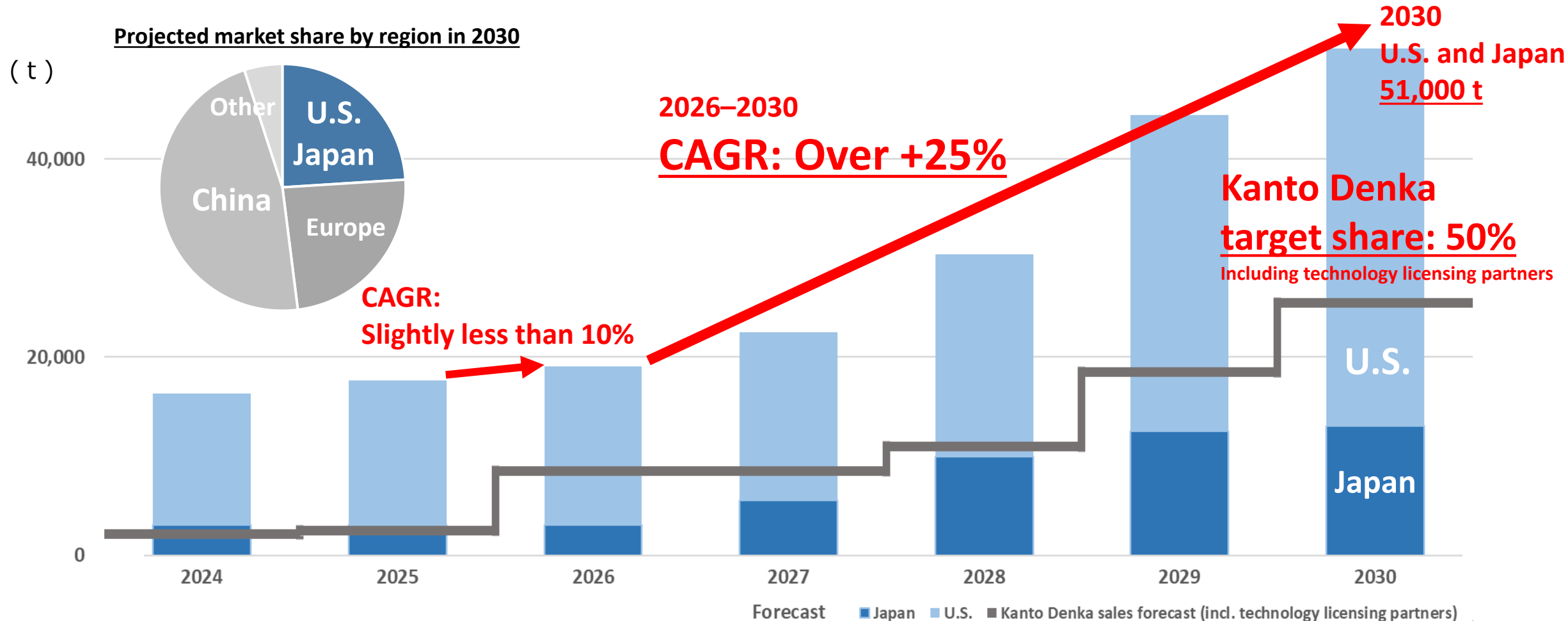


Outlook for Future Battery Materials (LiPF₆)



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- We target U.S. and Japanese markets.
- These two markets are expected to grow to 51,000* tons in 2030. *Our forecast
- Along with building a China-free supply chain (raw materials, manufacturing), promote Li recycling.

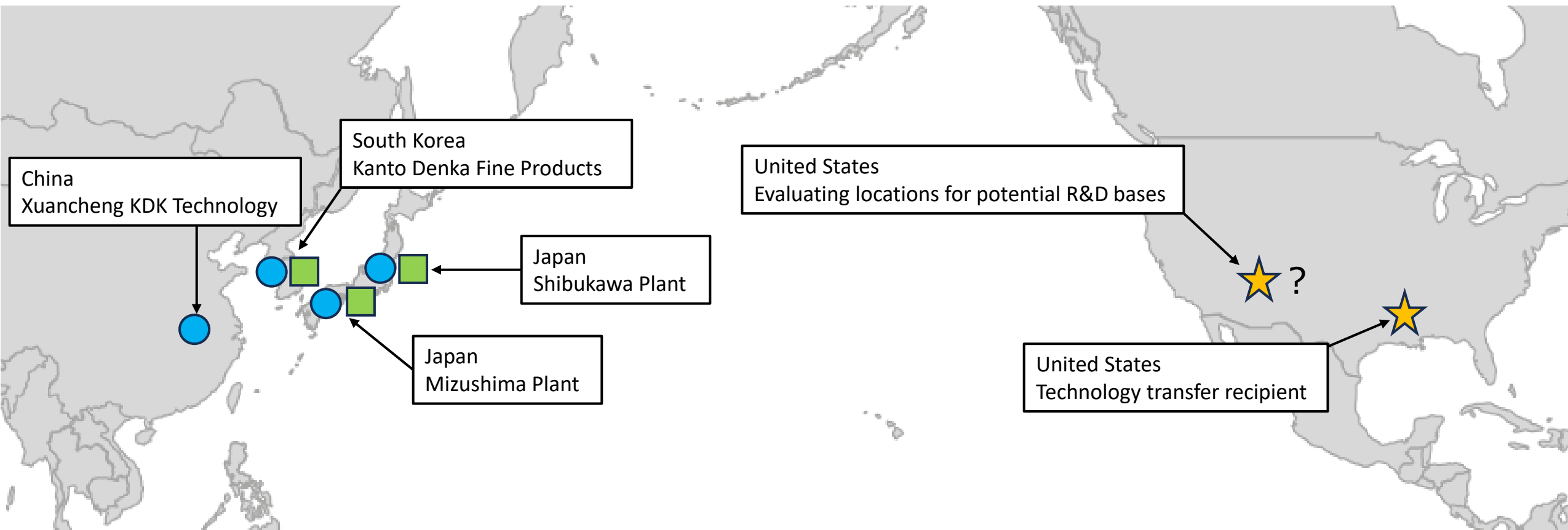


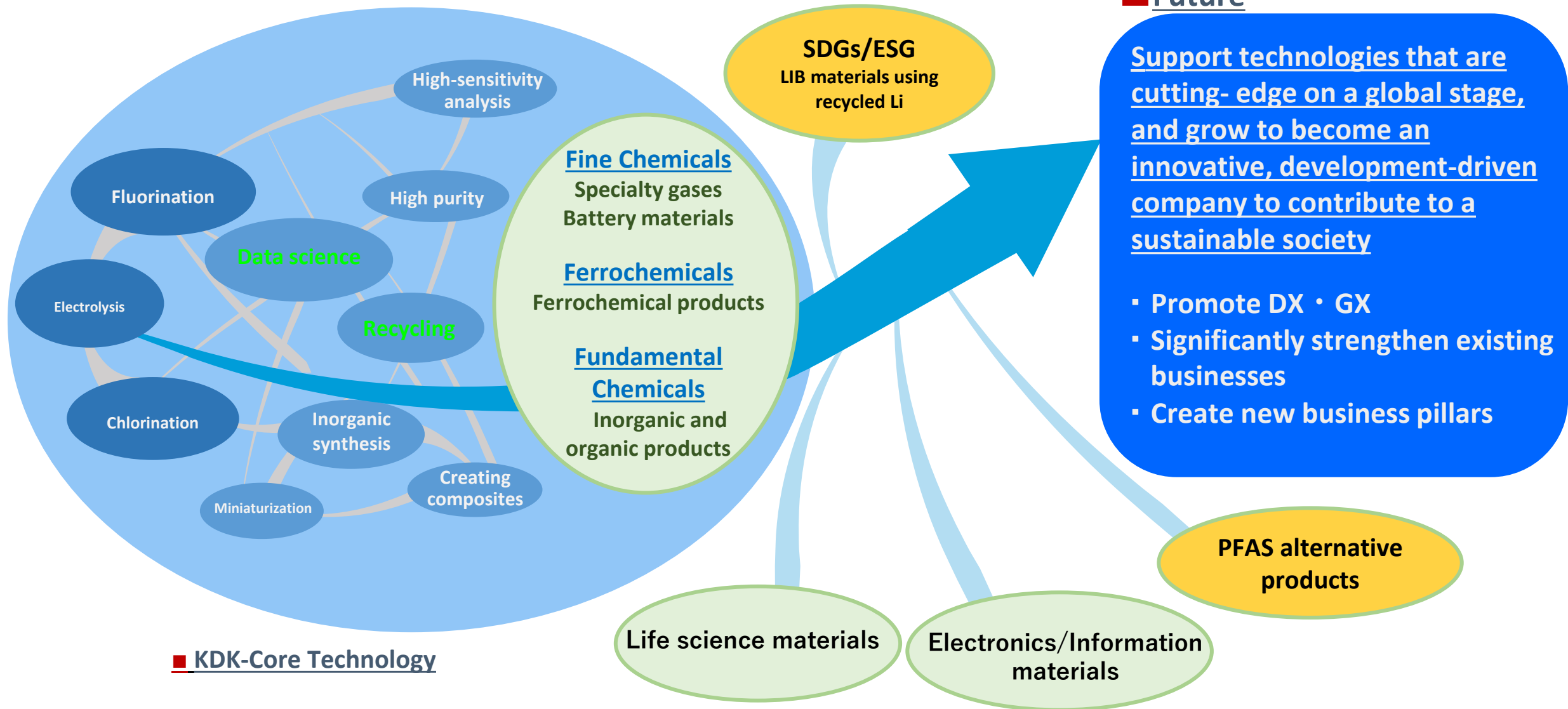
Establishing manufacturing and R&D bases for growth



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- Manufacturing bases: 4 locations in total – 2 in JP, 1 in KR, 1 in CN ●
- R&D bases: 3 locations in total – 2 in JP, 1 in KR ■
- Establishing manufacturing and R&D bases in the US for new growth markets is currently under consideration. ★





Business Segments

Name		Products and services
Fundamental Chemicals	Inorganic products	Caustic soda, hydrochloric acid, sodium hypochlorite, aluminum chloride, etc.
	Organic products	Trichloroethylene, perchloroethylene, vinylidene chloride, cyclohexanol, etc.
Fine Chemicals	Specialty gas products	Sulfur hexafluoride, carbon tetrafluoride, trifluoromethane, hexafluoroethane, nitrogen trifluoride, hexafluoro-1,3-butadiene, octafluoropropane, tungsten hexafluoride, silicon tetrafluoride, chlorine trifluoride, octafluorocyclobutane, monofluoromethane, carbonyl sulfide, KSG-14, KSG-5, etc.
	Battery material products	Lithium hexafluorophosphate, lithium tetrafluoroborate, lithium difluorophosphate, etc.
Ferrochemicals	Ferrochemical products	Carriers, magnetite, pigments, etc.
Commercial Business	Kanden Kosan Co., Ltd.	Sale of chemical products, maintenance of containers, insurance agency services, etc.
Facilities	Jobi Engineering Co., Ltd.	Factory plant construction, plant facility maintenance work, etc.

Notes

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