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June 29, 2026

News Release

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Representative: Jun'ichi Hasegawa, President
(Securities code: 4047, TSE Prime Market)
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Action to Implement Management that is Conscious of Cost of Capital and Stock Price (Update)

Kanto Denka Kogyo Co., Ltd. announces that, in order to achieve sustainable growth and enhance corporate value over the medium to long term, it has conducted an analysis and evaluation of the current situation regarding its efforts to implement management that is conscious of cost of capital and stock price, and has updated the status of initiatives underway for improvement.

For more details, please refer to the attached document entitled "Action to Implement Management that is Conscious of Cost of Capital and Stock Price".

Action to Implement Management that is Conscious of Cost of Capital and Stock Price

June 29, 2026

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

関東電化工業

KANTO DENKA KOGYO

Recognition of the Current Situation (Progress of the Medium-Term Management Plan)

関東電化工業 KANTO DENKA KOGYO

FY2025 Results

Specialty Gases : Despite the impact of a fire in August, our results remained in line with the plan, supported by increased semiconductor manufacturing utilization and the benefits of price revisions.

Battery Materials: Our results significantly underperformed against targets due to the slowdown in EV market growth and intensified competition.

FY2026 Forecast

Specialty Gases : We expect to exceed our plan, driven by the increasing demand for memory semiconductors, including those for generative AI, and the passing on of soaring raw material costs to our pricing.

Battery Materials: We expect a return to profitability, driven by robust demand for non-Chinese products across the supply chain and growing need for Energy Storage Systems (ESS) amid data center expansion. However, overall demand remains below the Mid-term Management Plan assumptions, and our performance will fall short of the plan.

(Billions of Yen)

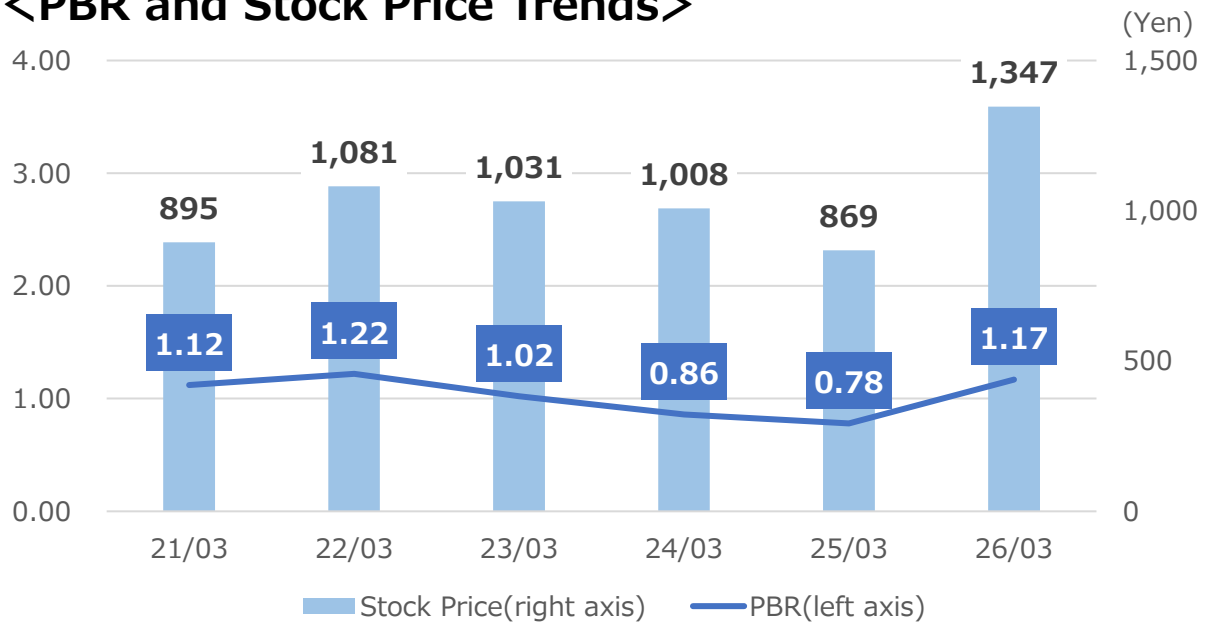
	FY2023		FY2024		FY2025		FY2026	
	Plan*1	Results	Plan*1	Results	Plan*1	Results	Plan*1	Forecast
Net Sales	63.8	64.7	78.0	62.3	93.0	65.4	100.0	95.0
Operating Profit(loss)	(2.0)	(1.9)	7.0	4.2	8.0	5.4	15.0	10.0
ROE	-	-7.0%	-	5.0%	-	5.5%	12.0% or more	9.1%
ROIC*2	-	-1.8%	-	3.8%	-	4.6%	8.0% or more	7.9%

*1 Revised Mid-term Management Plan(announced on November 22, 2023) *2 ROIC is calculated on business assets side

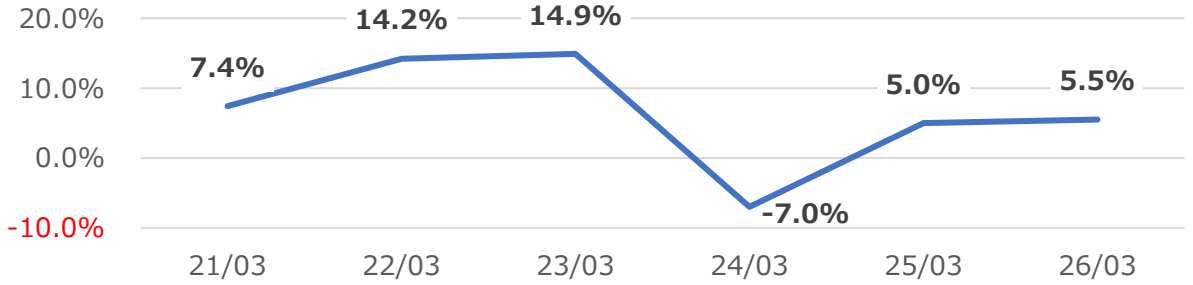
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Recognition of the Current Situation (PBR)

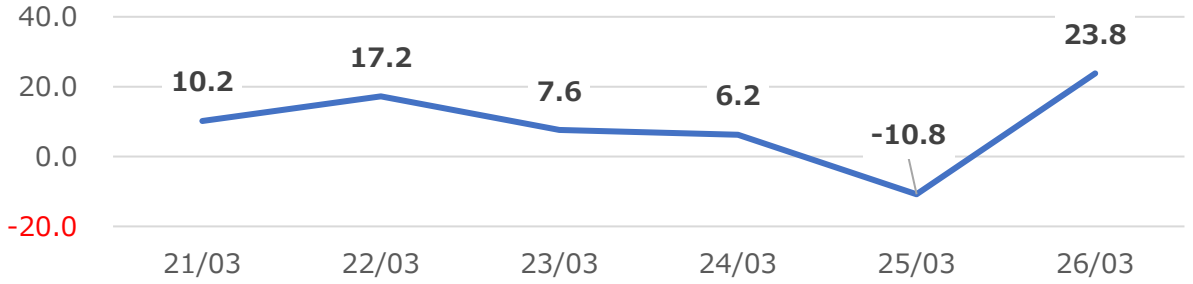
<PBR and Stock Price Trends>



<ROE Trends>



<PER Trends>



PBR has been trending above 1x since January 2026

- The stock price rose in anticipation of growth in the semiconductor market and shifts in the battery materials market.
- We believe our IR activities, particularly briefings for individual investors, have also contributed to these results.
- However, we are in the process of enhancing our investment efficiency.

Future Policies

- Promote ROIC management
- Establish an earnings structure resilient to external environmental changes
- Further strengthen IR/SR activities
- Promote ESG management

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Analysis of ROIC (by Segment)

ROIC	FY2023 Results	FY2024 Results	FY2025 Results	FY2026 Forecast
Fine Chemicals	-2.6%	3.2%	3.3%	6.1%
(Specialty Gases)	2.0%	4.1%	4.0%	5.6%
(Battery Materials)	-33.1%	-12.3%	-9.0%	9.9%
Fundamental Chemicals	-1.3%	-5.4%	1.0%	1.1%
Ferrochemicals	4.7%	8.1%	3.8%	3.0%
Company-wide ROIC	-1.8%	3.8%	4.6%	**7.9%**

Company-wide Target 8% or more

We estimate our cost of capital (WACC) to be 7.9%

<Analysis of ROIC Tree>

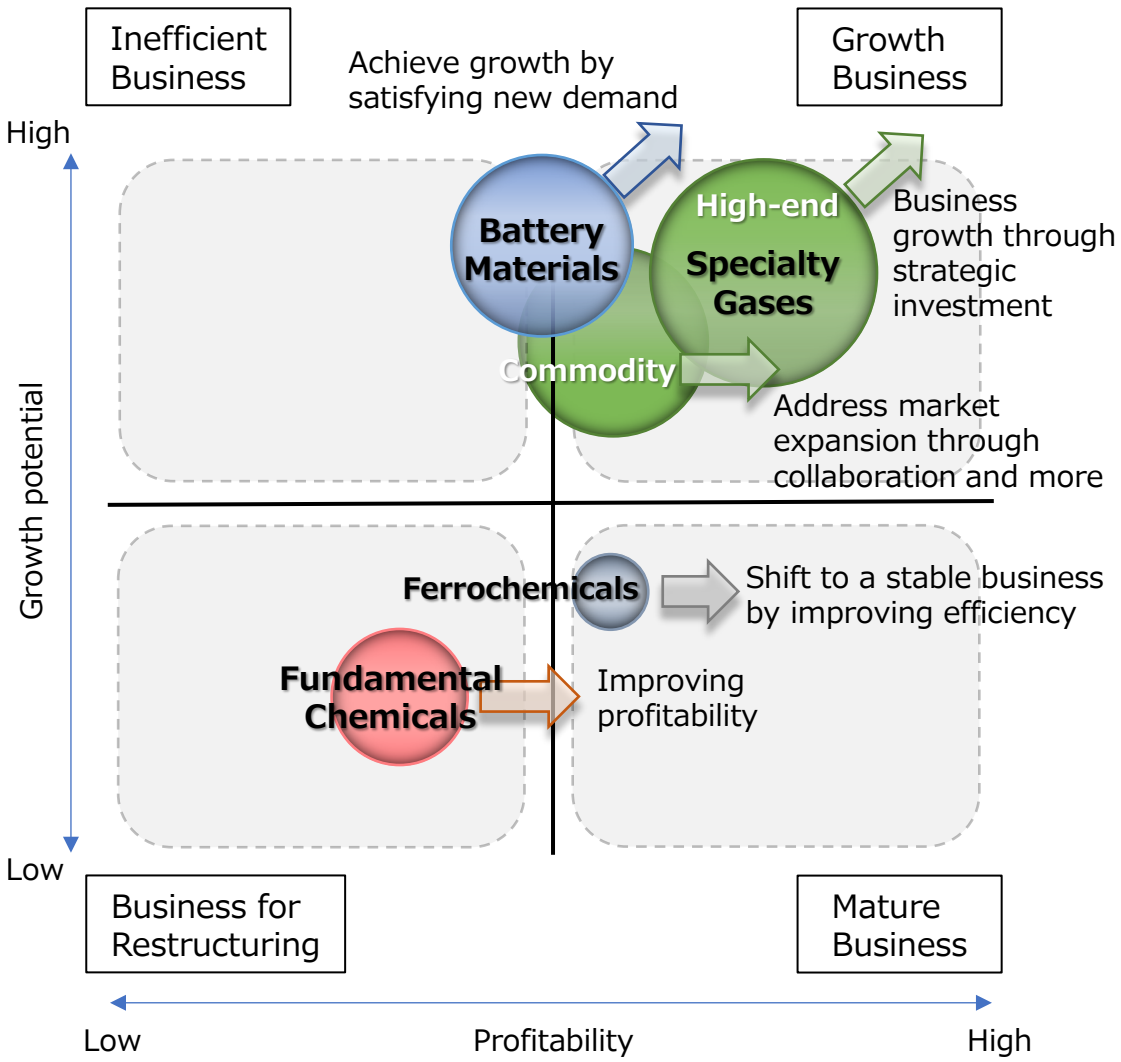
FY2024 Results／FY2025 Results／FY2026 Forecast

ROIC
3.8% ／4.6% ／7.9%

- **After-tax operating profit margin** 4.8% ／5.8% ／ 7.3%
  - Cost of sales ratio: 77.6% ／ 75.8% ／ 77.7%
  - SG&A expense ratio: 15.6% ／ 15.8% ／ 10.3%
- **Invested capital turnover rate** 0.8 ／ 0.8 ／ 1.1
  - Operating capital turnover rate: 2.4 ／ 2.3 ／ 2.6
  - Business non-current assets turnover rate: 1.2 ／ 1.2 ／ 1.8

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Direction of Each Business



Fine Chemicals (Specialty Gases)

- **Achieving sustained growth by meeting robust demand driven by AI-related needs**
  - Expand sales of C_4F_6(capacity-enhanced), KSG®-14, and products manufactured by Xuancheng KDK(C_4F_6, CF_4, WF_6)
  - Scale up our business by leveraging the former carrier manufacturing site and the FPK* expansion site (High-end)
  - Strengthening supply chains through collaboration with Chinese partners (Commodity)
  - Promote joint development with equipment and semiconductor manufacturers
  - Consider establishing an R&D base in the U.S.

Fine Chemicals (Battery Materials)

- **Building a supply chain resilient to geopolitical risks**
  - Our supply chain has been set up to be independent of China for both raw materials and manufacturing processes
  - Construction of a plant to recycle lithium from used batteries
  - Continue and expand licensing business

Fundamental Chemicals

- **Strengthening raw material supply for the fine chemicals business**
  - Implement drastic measures, such as reducing fixed costs, to achieve sustainable profitability

Ferrochemicals

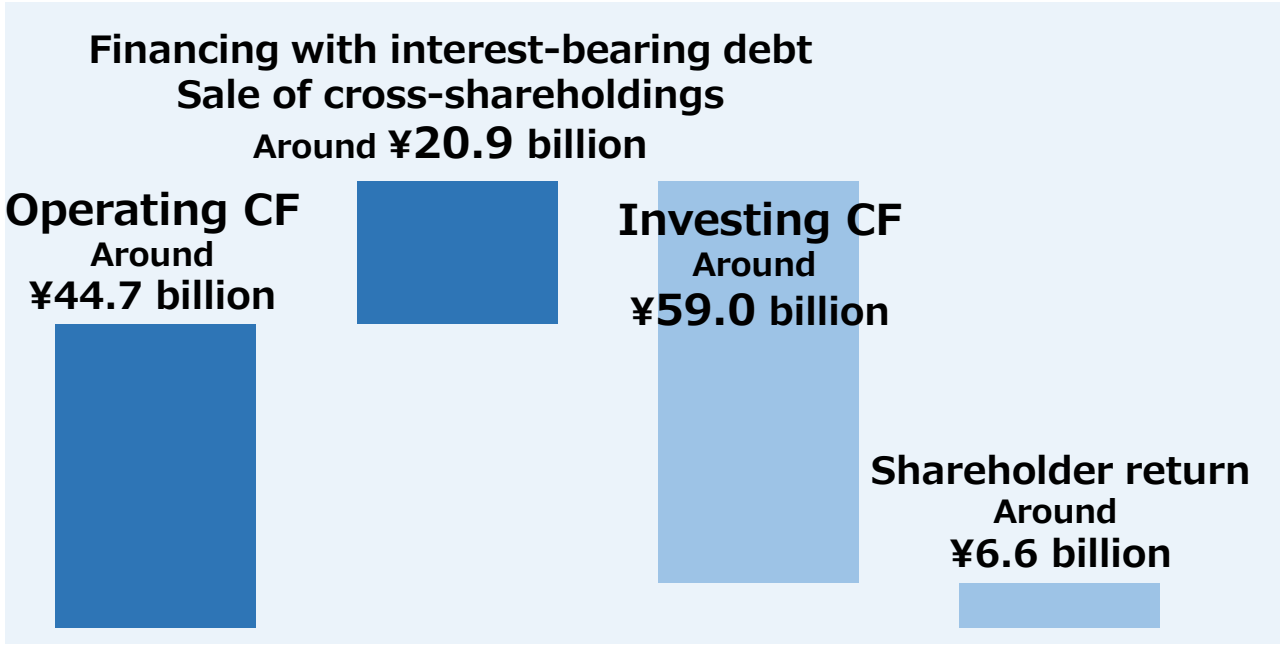
- **Consolidating business operations within the group to optimize management resources and enhance profitability**
  - Carrier manufacturing has been successfully transferred to Kanto Denka Finetech Co., Ltd.

* Kanto Denka Fine Products Korea Co., Ltd.

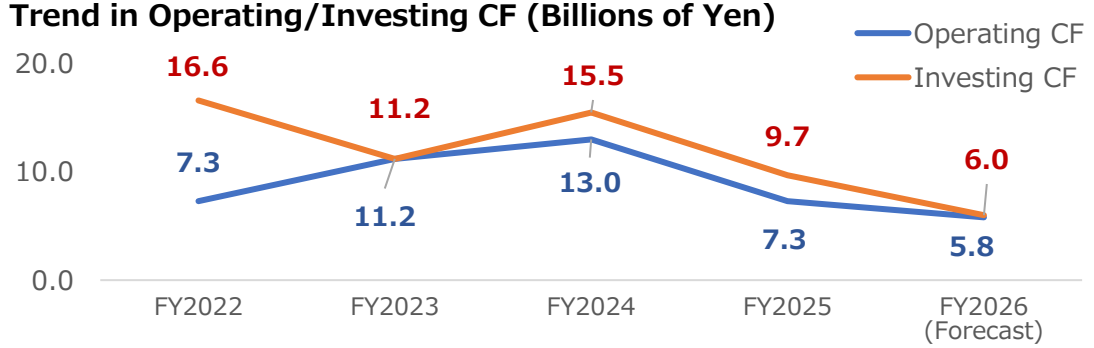
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Cash Allocation

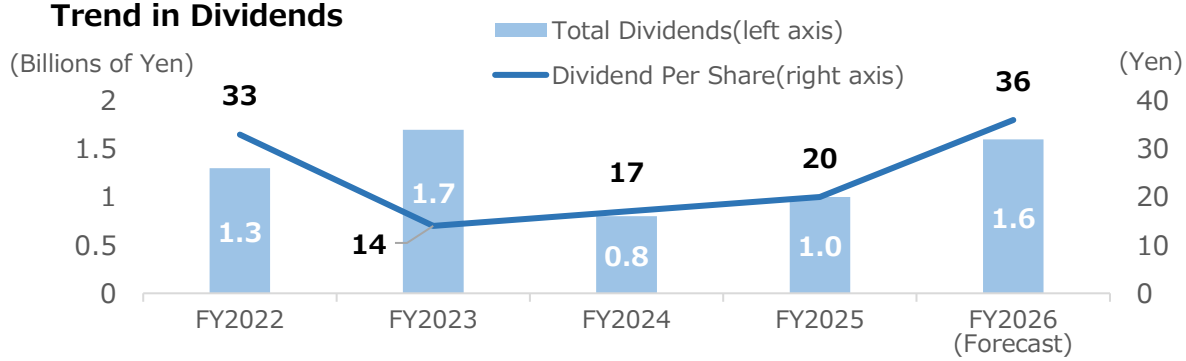
<FY2022-FY2026 Forecast>



Trend in Operating/Investing CF (Billions of Yen)



Trend in Dividends



Consolidated Dividend Payout Ratio 20%	revised to 30% or more

- Capacity expansion projects under the Mid-term Management Plan are largely complete, and Investment CF is trending downward. In FY2026, we project it to align closely with Operating CF.
- We expect operating income to increase year-on-year in both FY2025 and FY2026. Conversely, operating CF will decrease due to higher working capital requirements resulting from soaring raw material costs.
- For FY2026, we will maintain the consolidated dividend payout ratio in line with the Mid-term Management Plan targets.
- We will remain committed to optimizing cash flow and further enhancing shareholder returns in the next Mid-term Management Plan.

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Future Policies

Promote ROIC management

- Utilize ROIC by business for management decisions
- Set the inventory turnover ratio as a KPI and start monitoring it

Establish an earnings structure resilient to external environmental changes

- Focus on developing and investing in growth businesses
- Drive capital-efficient growth through the expansion of our licensing business and strategic collaborations
- Secure stable raw material supply through recycling and supplier diversification

Further strengthen IR/SR activities

- Continue to hold briefings for individual investors
- Further strengthen our information disclosure

Promote ESG management

- Safety First : Commit to thoroughly preventing recurrence and driving continuous safety improvements
- Human Capital Management : Enhance employee training, promote women's participation, conduct engagement surveys, promote KENKO Investment for Health
- Sustainability : Promote efforts to protect natural capital and biodiversity, in addition to reducing greenhouse gas emissions

Improving capital efficiency

Strengthening of the Earnings Base

Improving the expected growth rate

Enhancement of corporate value

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