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Consolidated Financial Results for the Three Months Ended June 30, 2025 [JGAAP]

August 8, 2025

Company Name: Kanto Denka Kogyo Co., Ltd.

Stock Exchange Listing: Tokyo

Code Number: 4047 <https://www.kantodenka.co.jp/>

Representative: Jun'ichi Hasegawa, President

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Scheduled date to commence dividend payments: —

Availability of supplementary briefing material on financial results: Yes

Financial results briefing session: None

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the first quarter of the fiscal year ending March 31, 2026

(April 1, 2025–June 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 | % |
| Three months ended June 30, 2025 | 15,143 | −2.0 | 779 | −38.5 | 743 | −61.3 | 531 | −54.5 |
| Three months ended June 30, 2024 | 15,445 | −5.3 | 1,266 | — | 1,918 | — | 1,165 | — |

(Note) Comprehensive income:

Three months ended June 30, 2025: ¥(335) million (−%)

Three months ended June 30, 2024: ¥2,151 million (−%)

| | Basic earnings per share | Diluted basic earnings per share |
|----------------------------------|--------------------------|----------------------------------|
| | Yen | Yen |
| Three months ended June 30, 2025 | 9.24 | — |
| Three months ended June 30, 2024 | 20.29 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|-----------------|-----------------|--------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| As of June 30, 2025 | 123,347 | 66,744 | 52.8 | 1,133.10 |
| As of March 31, 2025 | 123,617 | 67,622 | 53.4 | 1,147.96 |

(Reference) Equity capital:

As of June 30, 2025: ¥65,104 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 | — | | | | |
| Fiscal year ending March 31, 2026 (Forecast) | | 9.00 | — | 9.00 | 18.00 |

(Note) 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 |
| First half | 31,800 | 1.7 | 1,000 | −41.9 | 900 | −62.7 | 400 | −72.1 | 6.96 |
| Full year | 66,500 | 6.7 | 4,000 | −6.4 | 4,000 | −11.3 | 2,700 | −16.9 | 46.99 |

(Notes) 1. Revision of performance forecast from the latest announcement: Yes

2. The impact of the fire that occurred at our Shibukawa Plant on August 7, 2025 on our business performance is currently under investigation and has not been reflected in the earnings forecast.

Notes:

(1) Significant changes in the scope of consolidation during the current quarter: Not applicable

New: — companies (company names); Removed: — companies (company names)

(2) Application of special accounting for preparing quarterly 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 June 30, 2025 | 57,546,050 shares | As of March 31, 2025 | 57,546,050 shares |
| As of June 30, 2025 | 88,501 shares | As of March 31, 2025 | 88,481 shares |
| As of June 30, 2025 | 57,457,567 shares | As of June 30, 2024 | 57,452,843 shares |

ii. Number of treasury shares at the end of the period

iii. Average number of shares during the period

Notes: 1. Summary of financial results are not subject to audit by a certified public accountant or an auditing firm.

2. 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.

Contents

| | |
|---|---|
| 1. Overview of operating results, etc..... | 2 |
| (1) Operating results | 2 |
| (2) Financial position | 3 |
| (3) Consolidated earnings forecasts | 3 |
| 2. Consolidated financial statements and notes..... | 4 |
| (1) Consolidated balance sheet..... | 4 |
| (2) Consolidated statement of income and consolidated statement of comprehensive income | 6 |
| Consolidated Statement of Income | 6 |
| Consolidated Statement of Comprehensive Income..... | 7 |
| (3) Notes to the consolidated financial statements | 8 |
| (Special accounting for preparing quarterly consolidated financial statements) | 8 |
| (Segment information) | 8 |
| (Notes on significant changes in the amount of shareholders' equity) | 9 |
| (Notes on premise of going concern) | 9 |
| (Notes on statement of cash flows) | 9 |
| (Significant subsequent events)..... | 9 |

1. Overview of operating results, etc.

(1) Operating results

In the first three months of the fiscal year ending March 31, 2026, the Japanese economy showed signs of a gradual recovery due to improvements in the employment and income environment and the positive effects of various government policies. However, severe conditions continued to prevail. Overseas, the outlook remained uncertain amid growing concerns over the effects of economic downside stemming from the impact of U.S. trade policies, as well as persistent inflation, and fluctuations in financial and capital markets.

Amid this business environment, net sales for the first three months of the fiscal year ending March 31, 2026 amounted to ¥15,143 million, down ¥302 million or 2.0% year on year, due to decreased sales 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 ¥743 million, down ¥1,175 million or 61.3%, due to a decline in foreign exchange gains and a decrease in technical support fees for battery materials in the Fine Chemicals Division. Profit attributable to owners of parent amounted to ¥531 million, down ¥634 million or 54.5%.

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 reduction in sales volume resulting from the discontinuation of certain product lines and a decline in selling price caused by worsening market conditions. Sales of hydrochloric acid were up year on year due to effects from price revisions, despite lower sales volume.

For organic products, a decrease in trichloroethylene and perchloroethylene sales volumes caused sales to decline year on year, despite the effects from price adjustments.

As a result of the above, net sales in the Fundamental Chemicals Division amounted to ¥1,963 million, down ¥18 million or 0.9% year on year. Operating profit amounted to ¥39 million (versus an operating loss of ¥316 million in the first three months of the previous fiscal year).

b. Fine Chemicals Division

Sales of specialty gases for semiconductors increased year on year due to higher sales volume for nitrogen trifluoride and hexafluoro-1,3-butadiene. Tungsten hexafluoride sales increased due to price adjustments.

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 three months ended June 30, 2025.

As a result of the above, net sales in the Fine Chemicals Division amounted to ¥11,943 million, down ¥285 million or 2.3% year on year. Operating profit totaled ¥577 million, down ¥758 million or 56.8%, mainly due to a decrease in technical support fees for battery materials.

c. Ferrochemicals Division

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

As a result of the above, net sales in the Ferrochemicals Division amounted to ¥533 million, down ¥59 million or 10.1% year on year. Operating profit totaled ¥67 million, down ¥19 million or 22.3%.

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 ¥175 million, up ¥16 million or 10.5% year on year. Operating profit totaled ¥49 million, up ¥6 million or 15.0%.

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 ¥526 million, up ¥44 million or 9.2% year on year. Operating profit totaled ¥46 million, down ¥47 million or 50.9%.

(2) Financial position

As of the end of the first quarter of the fiscal year ending March 31, 2026, assets amounted to ¥123,347 million, down ¥269 million from the end of the previous fiscal year. This was mainly due to increases in inventories, other current assets, notes and accounts receivable—trade, contract assets, and investment securities, despite a decrease in cash and deposits.

Total liabilities amounted to ¥56,603 million, up ¥607 million, mainly due to increases in notes and accounts payable—trade and other current liabilities, despite a decrease in borrowings.

Net assets amounted to ¥66,744 million, down ¥877 million, mainly due to a decrease in foreign currency translation adjustment.

(3) Consolidated earnings forecasts

The consolidated earnings forecast for the first half of the fiscal year ending March 31, 2026 has been revised from the previous forecast announced on May 15, 2025. For details, please refer to the "Notice Regarding Revision of Earnings Forecast" released separately.

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. The impact of the fire at our Shibukawa Plant disclosed on August 7, 2025 on our business performance is currently under investigation and has not been reflected in the earnings forecast.

2. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Millions of yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|--|----------------------|---------------------|
| Assets: | | |
| Current assets | | |
| Cash and deposits | 20,294 | 17,785 |
| Notes and accounts receivable—trade, and contract assets | 14,362 | 14,729 |
| Electronically recorded monetary claims—operating | 1,129 | 1,168 |
| Merchandise and finished goods | 7,218 | 7,848 |
| Work in process | 6,124 | 5,813 |
| Raw materials and supplies | 3,938 | 4,738 |
| Other | 4,387 | 4,786 |
| Allowance for doubtful accounts | (28) | (27) |
| Total current assets | 57,426 | 56,844 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 14,049 | 16,001 |
| Machinery and equipment, net | 17,876 | 19,855 |
| Construction in progress | 17,215 | 13,594 |
| Other, net | 6,069 | 5,837 |
| Total property, plant and equipment | 55,210 | 55,289 |
| Intangible assets | 632 | 631 |
| Investments and other assets | | |
| Investment securities | 8,181 | 8,494 |
| Retirement benefit assets | 8 | 8 |
| Deferred tax assets | 1,476 | 1,427 |
| Other | 692 | 661 |
| Allowance for doubtful accounts | (9) | (9) |
| Total investments and other assets | 10,348 | 10,581 |
| Total non-current assets | 66,191 | 66,503 |
| Total assets | 123,617 | 123,347 |

(Millions of yen)

| | As of March 31, 2025 | As of June 30, 2025 |
|--|----------------------|---------------------|
| Liabilities: | | |
| Current liabilities | | |
| Notes and accounts payable—trade | 6,434 | 7,280 |
| Electronically recorded obligations—operating | 1,158 | 1,683 |
| Short-term borrowings | 3,151 | 2,575 |
| Current portion of long-term borrowings | 9,410 | 9,361 |
| Income taxes payable | 739 | 263 |
| Other | 8,286 | 8,956 |
| Total current liabilities | 29,180 | 30,120 |
| Non-current liabilities | | |
| Long-term borrowings | 24,686 | 24,228 |
| Provision for retirement benefits for directors (and other officers) | 158 | 161 |
| Provision for share awards for directors (and other officers) | 52 | 57 |
| Retirement benefit liability | 1,364 | 1,511 |
| Other | 553 | 523 |
| Total non-current liabilities | 26,814 | 26,482 |
| Total liabilities | 55,995 | 56,603 |
| Net assets: | | |
| Shareholders' equity | | |
| Capital | 2,877 | 2,877 |
| Capital surplus | 1,859 | 1,859 |
| Retained earnings | 54,535 | 54,548 |
| Treasury shares | (62) | (62) |
| Total shareholders' equity | 59,210 | 59,223 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,449 | 3,672 |
| Foreign currency translation adjustment | 2,628 | 1,627 |
| Remeasurements of defined benefit plans | 670 | 581 |
| Total accumulated other comprehensive income | 6,748 | 5,881 |
| Non-controlling interests | 1,663 | 1,639 |
| Total net assets | 67,622 | 66,744 |
| Total liabilities and net assets | 123,617 | 123,347 |

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

Consolidated statement of income

(Millions of yen)

| | From April 1, 2024 to June 30, 2024 | From April 1, 2025 to June 30, 2025 |
|--|--|--|
| Net sales | 15,445 | 15,143 |
| Cost of sales | 11,790 | 11,879 |
| Gross profit | 3,654 | 3,263 |
| Selling, general and administrative expenses | 2,388 | 2,483 |
| Operating profit | 1,266 | 779 |
| Non-operating profit | | |
| Interest income | 5 | 6 |
| Dividend income | 308 | 212 |
| Foreign exchange gains | 468 | - |
| Other | 83 | 50 |
| Total non-operating profit | 866 | 268 |
| Non-operating expenses | | |
| Interest expenses | 111 | 113 |
| Foreign exchange losses | - | 30 |
| Loss on valuation of derivatives | 79 | 144 |
| Other | 22 | 16 |
| Total non-operating expenses | 214 | 304 |
| Ordinary profit | 1,918 | 743 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 26 | 10 |
| Total extraordinary losses | 26 | 10 |
| Profit before income taxes | 1,891 | 733 |
| Income taxes payable | 688 | 182 |
| Profit | 1,203 | 551 |
| Profit attributable to non-controlling interests | 37 | 20 |
| Profit attributable to owners of parent | 1,165 | 531 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | From April 1, 2024 to June 30, 2024 | From April 1, 2025 to June 30, 2025 |
|---|--|--|
| Profit | 1,203 | 551 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 470 | 207 |
| Foreign currency translation adjustment | 495 | (1,004) |
| Remeasurements of defined benefit plans | (17) | (89) |
| Total other comprehensive income | 948 | (886) |
| Comprehensive income | 2,151 | (335) |
| Comprehensive income attributable to: | | |
| Owners of parent | 2,144 | (336) |
| Non-controlling interests | 7 | 0 |

(3) Notes to the consolidated financial statements

(Special accounting for preparing quarterly 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 quarter. 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 June 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 | 1,981 | 12,229 | 592 | 158 | 482 | 15,445 | — | 15,445 |
| (2) Inter-segment net sales or transfers | — | — | 0 | 322 | 643 | 965 | (965) | — |
| Total | 1,981 | 12,229 | 592 | 480 | 1,126 | 16,411 | (965) | 15,445 |
| Segment profit (loss) | (316) | 1,335 | 87 | 43 | 94 | 1,243 | 22 | 1,266 |

(Notes) 1. The segment profit (loss) adjustment of ¥22 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 June 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 | 1,963 | 11,943 | 533 | 175 | 526 | 15,143 | — | 15,143 |
| (2) Inter-segment net sales or transfers | — | — | 0 | 287 | 525 | 812 | △812 | — |
| Total | 1,963 | 11,943 | 533 | 462 | 1,052 | 15,955 | △812 | 15,143 |
| Segment profit | 39 | 577 | 67 | 49 | 46 | 780 | △1 | 779 |

(Notes) 1. The segment loss adjustment of -¥1 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.

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

Not applicable.

(Notes on premise of going concern)

Not applicable.

(Notes on statement of cash flows)

A quarterly consolidated cash flow statement for the first quarter has not been prepared. Depreciation expenses (including amortization expenses related to intangible assets) for the first quarter are as follows.

| | Millions of yen | |
|--------------|--|--|
| | From April 1, 2024 to June 30, 2024 | From April 1, 2025 to June 30, 2025 |
| Depreciation | 1,981 | 1,882 |

(Significant subsequent events)

A fire occurred on August 7, 2025, within the nitrogen trifluoride production facility at our Shibukawa Plant. Due to present and future uncertainties, it is difficult to reasonably estimate the impact on our business operations.