

Questions from the Internet Briefing for Institutional Investors and Analysts on Mitsui Chemicals Group's Consolidated Financial Results for 1st Half of Fiscal 2025

Date	November 11, 2025
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Reference	Results for 1st Half of FY2025 & Outlook for FY2025

Q&A

■Life & Healthcare Solutions

Q1. Please explain the background behind the 9.5 billion yen increase in operating income before special items in the Life & Healthcare Solutions segment over the period from H1 to H2.

A1. The main factor behind the expected profit increase is that the peak demand season in the domestic agrochemicals market occur in H2. In addition, in the agrochemicals business, there were numerous pest outbreaks, primarily of stink bugs (Pentatomidae), as well as a shift from production of feed rice to table rice and increase in rice acreage caused by the rising rice price. These factors along with others attributed to a firm domestic demand for insecticides and herbicides in H1. It is also expected to remain firm over the period from H1 to H2. Furthermore, in the oral care business, we expect to see an increase in profit as the effects of the business restructuring currently underway start to materialize mainly in H2 and thereafter.

Q2. Please explain when you anticipate the inventory level adjustments for agrochemicals in Brazil to be completed.

A2. The impact of inventory level adjustment of dinotefuran mainly remains. We are currently working in collaboration with local distributors and others to address the inventory level adjustments in the market, and they are gradually being resolved. We aim to eliminate the impact within the current fiscal year.

■Mobility Solutions

Q3. Please explain the background behind the decline in operating income before special items of 3.2 billion yen in the Mobility Solutions segment from Q1 (April to June) to Q2 (July to September).

A3. Costs related to elastomers increased due to regular maintenance of the plants at the Ichihara Works and Singapore in Q2. In addition, in the PP compound business, the gains from time lag effects in the sales price formula that occurred in Q1 due to drop in raw material prices were eliminated in Q2 causing the operating income before special items to decrease.

Q4. Please explain the background behind the increase in operating income before special items of 1.0 billion yen in the Mobility Solutions segment over the period from H1 to H2. Please also explain the situation regarding the increase in sales volume of TAFMER™ through the diversification of its applications.

A4. With regard to elastomers, we expect an increase in operating income before special items, driven by the resolution of cost increases associated with the regular maintenances that occurred in Q2. In addition, we anticipate an increase in profit in the solutions business

including ARRK, as the peak demand season is in H2 and the effects of the business restructuring currently underway are expected to materialize mainly in H2 and thereafter. Conversely, in the PP compound business, we anticipate a decrease in profit due to the elimination of the gains from time lag effects in the sales price formula that occurred in H1 (Q1) due to the drop in raw material prices. Taking the above positive and negative factors into account, we expect an increase in profit of 1.0 billion yen.

Regarding the sales expansion of TAFMER™ through the diversification of its applications, the supply-demand environment for solar cell encapsulant applications remains challenging. However, we are working to expand sales of TAFMER™ for high-performance packaging materials, engineering plastics, footwear, and other applications. Furthermore, for automotive applications, although some of our customers are bound by contracts to procure specified materials over a fixed period of time and therefore switching is expected to take some time, we are steadily working to expand sales.

Q5. Regarding the Mobility Solutions segment, please explain the impact of the commencement of commercial operations at the new TAFMER™ plant in Singapore (hereinafter referred to as 6TF) and the new high-performance PP plant at Ichihara Works (hereinafter referred to as 4PP).

A5. Currently, both 6TF and 4PP are in trial operation. At this point, we expect commercial operations to begin during H2, although we have yet to decide on when it will actually start. Even after operations start, we do not expect an immediate ramp-up to full capacity, so during the initial phase of operation, we anticipate that profit increase from higher sales volume and profit decline from higher fixed costs will offset each other. Therefore, we do not expect the start of commercial operations at these plants will have a significant impact on operating income before special items in FY2025.

Q6. Please explain the foreign exchange impact on the Mobility Solutions segment.

A6. For FY2025, we assume the yen to appreciate by 6 yen year-on-year, from 153 yen per dollar to 147 yen per dollar, and we expect a negative foreign exchange impact on operating income before special items compared with the previous fiscal year. This estimated decline in profit includes not only the impact of reduced export proceeds from elastomers and other products, but also profit losses related to currency translation at various sites, mainly in North America, associated with PP compounds.

Q7. Please explain the sales trend for PP compounds at each site during H1, including supplementary information on the factors involved. Please also explain the sales outlook from H1 to H2. Furthermore, I recognize that there are no plans for capacity expansion projects regarding PP compounds. So, please also explain whether it is correct to understand that production of PP compounds for FY2026 is expected to remain flat compared to FY2025.

A7. The total sales volume of PP compounds in H1 has remained almost flat compared to the previous fiscal year, with only a slight decrease overall. By region, sales volume in North America decreased by approximately 5% due to reduced automobile production caused by factors including U.S. trade policies. In contrast, sales volume in ASEAN increased by approximately 10%, driven by factors including a recovery from the decline in automobile

production in the previous fiscal year and increased sales in regions surrounding Thailand including Indonesia.

From H1 to H2, sales volume of PP compounds is expected to decline slightly in North America, while increasing in other regions, mainly in Japan. In overall, sales of PP compounds are expected to remain roughly flat.

As for the next fiscal year, we are not currently operating all sites at full capacity. Instead, we have established a flexible production and supply structure that allows allocation among sites. Accordingly, we recognize that we are capable of accommodating increases in volume that may occur in the near term. In addition, we believe that capacity expansion projects for PP compounds will not require particularly large investment. Therefore, if it is confirmed that sales volume will increase significantly going forward, we will implement capacity expansions or other measures whenever necessary.

■ICT Solutions

Q8. Please explain the sales situation for semiconductor and optical materials in the ICT Solutions segment. In addition, I understand that the performance in the cutting-edge field was firm during H1. Please explain whether there are any signs of market adjustments or slowdowns expected in H2.

A8. With regard to semiconductor-related materials, driven by the demand growth particularly in cutting-edge field, sales of pellicles (EUV/DUV) have increased by approximately 20 to 30% year-on-year. Furthermore, ICROS™ Tape is a product widely adopted from the cutting-edge to the legacy markets, and the sales have remained firm due to the recovery trend in the legacy field, in which inventory level adjustments had been continuing. Although we noted back in May the need to monitor pulled-forward demand carefully for this product, we now expect stable sales performance overall, including in the cutting-edge semiconductor market, to continue into H2. In addition, sales of TPX have also remained firm as a backlight component for LCD reflective sheet applications.

Q9. Regarding operating income before special items in the ICT Solutions segment, please explain the outlook from H1 to H2. As I understand it, semiconductor-related materials are typically H1 oriented, with earnings declining in Q4 (January to March). Please explain whether it is correct to understand that the profit decline in semiconductor & optical materials and ICT films & sheets is expected to be offset by profit from coating & engineering materials, resulting in no significant profit fluctuations from H1 to H2.

A9. With regard to coating & engineering materials, sales have been stable and substantial, so we expect steady operating income before special items from H1 to H2. As for semiconductor & optical materials and ICT films & sheets, as you pointed out, sales tend to decline in Q4 (January to March) due to factors such as the Chinese New Year. However, Q3 (October to December) is the peak demand season, and demand for semiconductor-related materials also remains firm. Taking these factors into account, we expect no significant fluctuations in profit from H1 to H2 in these two businesses.

■Basic & Green Materials

Q10. Regarding operating income before special items in the Basic & Green Materials

segment, the previous outlook (announced on August 7) was a loss of 8.0 billion yen for H1, whereas the actual H1 result was a loss of 10.5 billion yen. Please explain the reasons behind the deterioration by 2.5 billion yen compared to the previous outlook.

A10. Operating income before special items in H1 declined from the previous outlook due to a deterioration in energy efficiency caused by low facility operating rates, continued challenging market conditions for certain products, and the impact of the suspension of the TDI plant at the Omuta Works. We recognize that the impact of deteriorating supply-demand conditions for crackers and derivatives is gradually becoming apparent, and we need to promptly advance our business restructuring efforts, including the transformation of crackers, to improve the supply-demand balance.

Q11. Please explain the background behind the increase in operating income before special items of 14.0 billion yen in the Basic & Green Materials segment over the period from H1 to H2.

A11. We anticipate that the negative impact of approximately 7.0 to 8.0 billion yen from the major regular maintenance at the Ichihara Works and other factors and inventory valuation losses in H1 will be eliminated in H2. With regard to the effects of the business restructuring, we expect operating income before special items to improve by approximately 2.0 to 3.0 billion yen from H1 to H2 through the shutdown of the phenol plant at the Ichihara Works, the transfer of our equity interest in the phenol business joint venture in China, and the optimization of production capacity for the TDI plant at the Omuta Works. Furthermore, during H1, the MDI business at Kumho Mitsui Chemicals Inc., our equity-method affiliate in South Korea, was impacted by regular maintenance. Consequently, we expect an increase in profit of approximately 2.0 billion yen from H1 to H2. Due to the above factors and cost reductions, we anticipate a profit increase in this segment from H1 to H2.

Q12. Please explain your assumptions for the cracker operating rates in H2.

A12. We anticipate that cracker operating rates will remain just below 80% in H2.

■Group-wide

Q13. Regarding the impact of suspension of production at the Omuta Works, please explain the breakdown of a negative impact of approximately 2.0 to 2.5 billion yen in H1. Please also explain the production ramp-up in H2 to make up for the suspension.

A13. Of the negative impact of 2.0 to 2.5 billion in H1, approximately 2.0 billion yen was incurred in the Life & Healthcare Solutions segment. The breakdown is as follows: approximately half stems from alternative procurement, occurrence of utility losses, and other factors, while the remainder consists of impact of inventory depletion of ophthalmic lens materials (inventory fixed costs) and opportunity losses associated with reduced external sales of certain byproducts. As for inventory, sales of ophthalmic lens materials are strong, so finding a timing for increased production will not be easy. However, we will work to increase its production in H2 and thereafter to make up for the depletion. In addition, regarding the remaining several hundred million yen incurred outside the Life & Healthcare Solutions segment, the Basic & Green Materials segment experienced a decline in sales for some

products.

Q14. Please explain how the effects of the business restructuring in the specialty chemicals domains, primarily at Kulzer (oral care) and ARRK (solutions business), are expected to materialize heading into H2.

A14. With regard to the business restructuring in the specialty chemicals domains, we are working to enhance profitability through cost structure optimization, including reorganization of sales sites, primarily at Kulzer and ARRK. The business restructuring is proceeding largely according to plan, and we anticipate that the effects will gradually materialize from H2 and onward.

Q15. Regarding the outlook for non-recurring items in FY2025, please explain the factors behind the deterioration in 3.0 billion yen from the initial outlook (announced on May 13) of -12.0 billion yen to the current outlook of -15.0 billion yen.

A15. We are currently proceeding with the disposal of inefficient assets to enhance capital efficiency through the promotion of an asset-light structure. The reason behind the deterioration in the outlook is that this factor has been incorporated into the current outlook.

Please note that this document has been translated from the original Japanese into English for the convenience of our stakeholders. The information was originally provided in Japanese. If there is any discrepancy, the Japanese language version is the official document and is available on our Japanese language website.