

Questions from the Internet Briefing for Institutional Investors and Analysts on Mitsui Chemicals Group's Consolidated Financial Results for 3rd Quarter of Fiscal 2025

Date	February 5, 2026
Speaker	HIRO Junichi, Director, IR Department, Corporate Communications Division
Reference	Results for 3rd Quarter of FY2025 & Outlook for FY2025

**Q&A**

**■Life & Healthcare Solutions**

**Q1. Please explain why you expect a significant year-on-year increase in operating income before special items for Life & Healthcare Solutions in H2 of FY2025. In particular, given that oral care benefited from the international dental show in H2 of the previous year, why do you still expect profit to increase even against that high base?**

**A1.** In vision care, sales have remained firm, and we expect it to contribute to higher profit compared with the same period last year. In oral care, customer inventory level adjustments occurred in Q1 (April to June) as a reaction to the sales increase associated with the international dental show in FY2024; however, those adjustments are being resolved, and we expect sales to increase in Q4 (January to March). Our outlook for agrochemicals is broadly unchanged from the previous forecast. Some sales that had been expected in Q3 (October to December) were deferred to Q4 (January to March), and we expect this sales timing difference to unwind in Q4. In addition, sales of TENE BENAL™ continue to be firm. While dinotefuran is affected by inventory level adjustments in some regions, we expect to achieve the planned level of sales.

**Q2. As for the agrochemicals business, please provide a breakdown of the volume increase effects for the full year, separating domestic and overseas contributions. Please also explain the extent of the impact from the sales timing shift between Q3 (October to December) and Q4 (January to March), and specify whether this impact pertains to domestic or overseas operations. In addition, even taking this impact into account, the operating income before special items for Q4 appears to be at a high level. Please explain the underlying reason for this high level, including if this should be interpreted as an assumption of significantly strong domestic sales performance. Furthermore, please also explain whether this strong domestic performance reflects industry-wide trends or is specific to you.**

**A2.** With regard to the agrochemicals business, there have been no significant changes in the environment since our last forecast (on November 11). While we will refrain from providing detailed breakdowns of domestic and overseas performance here, domestic operations have achieved increases in both sales revenue and operating income before special items, compared to the previous fiscal year. Overseas, we also anticipate steady growth from TENE BENAL™, centered on sales in Asia, compared to the previous fiscal year. Regarding dinotefuran, there has been no significant change from the previous fiscal year, although it has been affected by the inventory level adjustment in some regions. For Q4 (January to March), we anticipate an increase in the operating income before special items as the peak demand season in the domestic market is in this quarter. Moreover, the sales timing shift from Q3 (October to December) to Q4 (January to March) resulted in an approximately 2.0

billion yen negative impact on profit. This was due to overseas shipment delays, and we anticipate profit growth in Q4, compared to Q3, due to this timing shift.

Furthermore, we believe that the overall domestic situation in the industry is favorable. There were factors such as pest outbreaks and an increase in rice acreage. Additionally, we consider that inventories across domestic markets have decreased significantly this fiscal year. Therefore, as market-wide inventory levels are on a recovery trend, we expect the favorable business environment to continue into the next fiscal year.

**Q3. Please also explain whether there was any impact in Q3 (October to December) from the suspension of production at the Omuta Works manufacturing facilities.**

**A3.** There was no impact from the production suspension at the Omuta Works manufacturing facilities in Q3 (October to December).

**■Mobility Solutions**

**Q4. Please explain why operating income before special items in Mobility Solutions was broadly flat from Q2 (July to September) to Q3 (October to December) of FY2025. Is it correct to understand that while the impact from regular maintenance in elastomers was resolved, the segment was affected by lower automobile production volumes? In addition, please comment on how confident you are about a recovery from the impact of lower automobile production volumes toward Q4 (January to March).**

**A4.** As you noted, in elastomers, the impact from regular maintenance in Q2 (July to September) was resolved, and operating income before special items improved. On the other hand, in PP compounds, operating income before special items worsened compared with Q2, due to lower automobile production volumes—particularly in North America—caused by seasonality, semiconductor supply constraints, and other factors.

From Q3 (October to December) to Q4 (January to March), we expect total PP compounds sales volume to increase by a few percent. By site, we expect higher sales volume in North America to be the main driver. In addition, in the solutions business, prototype-related sales at ARRK have historically tended to be weighted toward Q4, and we expect this to contribute to profit improvement as well.

**Q5. Regarding your full-year forecast for operating income before special items in the Mobility Solutions segment, there has been a significant change in the breakdown of the year-on-year variance compared with the previous outlook (on November 11). Previously, you projected the impact of volume variance to be +6.0 billion yen, terms of trade to be -5.5 billion yen, and fixed costs to be -2.6 billion yen. In the current forecast, however, volume variance is estimated at -1.5 billion yen, terms of trade at -2.0 billion yen, and fixed costs at +1.4 billion yen. While terms of trade have improved, volume has decreased, and fixed costs appear to have moved in a positive direction. As these changes are substantial, please explain the key factors behind the changes in each item.**

**A5.** With regard to the volume variance, at the time of the previous forecast (on November 11), we had anticipated an increase in volume reflecting the commencement of commercial operations at the new TAFMER™ plant in Singapore (hereinafter referred to as 6TF) and the

new high-performance PP facility at Ichihara Works (hereinafter referred to as 4PP). However, under the current plan, commercial operation at these facilities is now expected to commence in FY2026. In addition, the volume variance has deteriorated due to the impact of lower automobile production volumes in Q3 (October to December). As for elastomers, there have been no major changes in the business environment, and sales volumes have remained largely stable.

Regarding the terms of trade, the improvement is attributable to the impact of the weaker yen from 147 yen to 150 yen per U.S. dollar as well as the gains from time lag effects in the sales price formula driven by lower raw material prices in the PP compound business.

As for fixed costs, we expect improvements such as lower depreciation expenses due to the revision of the launch schedule of 6TF and 4PP to FY2026.

**Q6. Regarding elastomers, please explain whether the increase in sales volume was sufficient to offset the increase in fixed costs, excluding the impact of foreign exchange losses due to the yen appreciation, for the cumulative period from April to December on a year-on-year basis. In addition, I understand that for FY2026, you previously indicated that the operating income before special items was unlikely to grow significantly due to the increase in fixed costs associated with the commencement of commercial operations at 6TF. Please also explain whether this view remains largely unchanged.**

**A6.** Sales volume for elastomers, including EPT and LUCANT<sup>TM</sup>, increased.

With regard to TAFMER<sup>TM</sup>, it has a wide range of applications, and our ongoing initiatives to expand sales through the diversification of its applications remain unchanged. As for the year-on-year change in the April-to-December period, excluding the impact of foreign exchange losses due to the yen appreciation, selling prices declined from Q1(April to June) to Q2 (July to September) of the previous fiscal year (FY2024) and have not changed significantly since then. In FY2026, commercial operations at the new plant (6TF) are expected to commence. Given the large scale of the plant, fixed costs such as depreciation expenses are also expected to increase to a certain extent. We will work to grow sales volume to cover this increase in fixed costs and pursue the diversification of TAFMER<sup>TM</sup>'s applications, to help ensure 6TF contributes to earnings.

**Q7. Please explain the sales trends for PP compounds in Q3 (October to December) and the expected trends in Q4 (January to March).**

**A7.** In Q3 (October to December), total PP compounds sales volume decreased by around 5% year-on-year. By site, the decline was most pronounced in North America, and sales volume also decreased in China and Europe. In contrast, ASEAN posted a significant increase and Japan also rose slightly. From Q3 (October to December) to Q4 (January to March), we expect conditions in the North American market to improve gradually as factors such as semiconductor supply constraints ease. As a result, we expect sales volume to grow steadily from Q3 to Q4.

**Q8. Regarding the gains from time lag effects in the sales price formula in the PP compound business, if the current level of raw material prices continues, will the unwind of these gains have a negative impact on operating income before special**

**items next fiscal year (FY2026)? In addition, please explain whether your view on the terms of trade for TAFMER™ remains unchanged from the previous outlook (on November 11).**

**A8.** In FY2025, the PP compound business saw gains from time lag effects in the sales price formula driven by lower raw material prices in Japan as well as certain areas in ASEAN and North America. We expect these time lag gains to be eliminated next fiscal year, as we assume that raw material prices will remain flat. Therefore, we believe it is important to secure earnings by increasing sales volume through the expansion of differentiated applications and other initiatives.

In addition, we have maintained the selling prices of TAFMER™, and we will continue to ensure that we maintain favorable margins for this product.

#### ■ICT Solutions

**Q9. ICT Solutions is performing well. Please explain the sales trends for your key products—ICROS™ Tape, pellicles, and APEL™—from Q2 (July to September) to Q3 (October to December), and from Q3 (October to December) to Q4 (January to March). Please also explain whether you factor in a risk of a decline in smartphone production volumes due to higher component prices, such as semiconductors.**

**A9.** ICROS™ Tape has continued to perform well and its sales increased slightly from Q2 (July to September) to Q3 (October to December). Pellicles also continued to perform well. By contrast, sales of APEL™ did not increase significantly, as smartphone production volumes have not been rising significantly.

From Q3 (October to December) to Q4 (January to March), we expect sales of semiconductor-related materials to decline due to the Chinese New Year. As for APEL™, while we need to closely monitor the risk of a smartphone production volume slowdown due to higher component prices, at present we do not see a significant impact. Accordingly, we expect sales of APEL™ to increase slightly from Q3 to Q4.

#### ■Basic & Green Materials

**Q10. In the Basic & Green Materials segment, your profit/loss is expected to be close to break-even in Q4 (January to March), by which time phenol production at the Ichihara Works will have been shut down. In FY2026, the integration of domestic polyolefins business is planned to take place, but a major regular maintenance is also scheduled at the Osaka Works. As such, it seems unlikely to me that your profit/loss will substantially improve from FY2025 to FY2026. Is it reasonable to assume that, given the extremely weak market conditions, your profit/loss will remain close to break-even until the benefits from production capacity optimization through the consolidation of Chiba ethylene facilities planned for FY2027 begin to materialize? Additionally, please explain the progress of the domestic polyolefins business integration and whether its expected synergy effects of 8.0 billion yen or more will materialize from FY2026.**

**A10.** In Q4 (January to March), while we anticipate a negative impact of approximately 3.0 billion yen from levies such as property tax, we expect a certain level of profitability excluding this factor. However, as you have pointed out, we recognize the severity of the situation with the deteriorating market conditions and stagnant operating rates. Therefore,

we will pursue further price increases and rationalization to sustainably achieve profitability in the Basic & Green Materials business.

With regard to the integration of domestic polyolefins business, our focus is not on increasing sales volume, but rather on building a stronger polyolefins business by pursuing rationalization through the consolidation of facilities and product lines and the reduction of administration functions. As the integration process is still underway, we will refrain from explaining the details; however, we believe that the process is progressing steadily. As for the integration effects, we aim to swiftly realize the benefits from steady rationalization—rather than from sales volume growth—as explained at the business strategy presentation on September 10, and we are progressing smoothly toward achieving this.

**Q11. In the Basic & Green Materials segment, please explain whether the plant incidents that occurred in H2 are moving toward resolution and there will not be any impact carried over into the next fiscal year (FY2026). In addition, there have been many plant incidents, and therefore please also explain your approach and measures to eliminate such issues going forward.**

**A11.** The plant incidents that occurred in H2 are moving toward resolution. We do not expect their impacts to be carried over into the next fiscal year (FY2026).

As we stated in the CEO Presentation held on November 26, we take these incidents very seriously and have a strong sense of urgency about eliminating them. We will rigorously implement various countermeasures, including recurrence-prevention measures, and work to eliminate such incidents.

■**Group-wide**

**Q12. As for shareholder returns, you had previously indicated that you would consider increasing dividends; however, you announced a repurchase of your own shares this time. Please explain the rationale for implementing a share repurchase instead of a dividend increase. Additionally, in your shareholder return policy, you stated that you “consider enhancing shareholder returns, with an eye toward a DOE of 4.0% by FY2028.” Please elaborate on what this means. Specifically, please explain whether you are suggesting that (1) although you expect an operating cash flow of 200.0 billion yen for this fiscal year, you are uncertain whether this level can be sustained in subsequent years, so you need until FY2028 to achieve this DOE target, or (2) it is possible to reach this at an earlier time.**

**A12.** The purpose of the share repurchase is to improve capital efficiency and enhance our corporate value over the medium to long term. We aim to raise our price-to-book ratio consistently above 1.0, and we decided to carry out this share repurchase as part of our efforts to improve capital efficiency toward achieving that goal. Furthermore, we are approaching a financial structure and business foundations capable of steadily generating operating cash flows at a level of approximately 200 billion yen. This reflects the positive impact of business divestitures and our asset-light approach.

With regard to our DOE target of 4.0%, we will proceed in alignment with our cash allocation policy, as presented at the CEO Presentation and similar opportunities. We aim to achieve this goal at the earliest possible time, without waiting until FY2028. We will continue to actively explore how we can improve capital efficiency and enhance shareholder returns.

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.