Major Questions and Answers from the Web Financial Results Briefing for the First Quarter of the Fiscal Year Ending March 2027

Date and time: Wednesday, July 29, 2026, 12:00–12:45

Attendee: Yoshinori Katayama, Executive Officer and Deputy General Manager, Corporate Planning Division

<Analysis of Changes in Operating Profit for the First Quarter of the Fiscal Year Ending March 2027>

Q: Compared with the same period of the previous fiscal year, the business environment appears to have improved in areas such as Electronic＆Advanced Materials and Life Science. How is this reflected in the analysis of changes in operating profit?

A: The impact of sales volume changes was negative overall, mainly due to lower sales of Chemicals. On the other hand, dental materials, thermal management materials, and high-purity IPA performed steadily and contributed positively. For polycrystalline silicon, sales volume decreased year on year.

<Approach to the Full-Year Forecast for the Fiscal Year Ending March 2027>

Q: Regarding the full-year forecast for the fiscal year ending March 2027, operating profit is planned to decrease by ¥3.0 billion year on year. What are the main factors behind this? I would also like to confirm the impact of raw material and fuel prices and your response to sales price revisions.

A: In response to rising raw material and fuel prices, we are taking measures to maintain and improve profitability while considering supply-demand conditions and contract terms for each product. In terms of volume, we expect increases mainly in Advanced Materials; however, negative factors caused by lower operating rates and deterioration in unit consumption in the first quarter are expected to affect the full year as well. In addition, increases in R&D expenses and depreciation expenses have also been factored in as causes of lower profit.
For Chemicals, we are working on necessary price revisions while taking into account supply-demand conditions and cost trends for each product. We expect the effects of profitability improvement to emerge toward the second half. As for IPA, contract structures and terms differ by customer, so we cannot generalize, but we are taking measures to maintain and improve profitability based on raw material price trends.

Q: Regarding the outlook for net sales in the Electronic & Advanced Materials segment, what are the main factors behind the expected increase?

A: IC chemicals, namely IPA, are expected to increase sales as demand remains firm. We also anticipate higher sales due to an increase in the operating rate at STAC in South Korea. Overall, we expect sales to increase in other subsegments as well. For polycrystalline silicon, while the impact of inventory adjustments in the supply chain remains, we are closely monitoring trends in downstream demand.

Q: The full-year operating profit forecast for Cement is ¥7.0 billion, a decrease of ¥2.5 billion year on year. What are the main factors behind this?

A: We mainly expect cost-side impacts, including higher fuel prices.

<Status of Polycrystalline Silicon>

Q: I would like to ask about the market environment for polycrystalline silicon. Silicon wafer manufacturers have said that demand for advanced applications remains firm, and that supply-demand conditions are tight for 200 mm and 150 mm or smaller wafers, as well as dummy wafers and test wafers. On the other hand, polycrystalline silicon seems to be moving differently. Could you explain the difference in market sentiment between polycrystalline silicon and silicon wafers?

A: We recognize that the business environment for polycrystalline silicon wafer manufacturers remains firm, but inventory adjustments still remain across the supply chain as a whole. Polycrystalline silicon is also a product that is relatively easy to hold in inventory, so shipment movements currently appear somewhat sluggish. However, if downstream demand continues, we believe demand for our products will also spread through the supply chain, albeit with a time lag.

<Trends in Sales Volume of Chemicals>

Q: Regarding trends in sales volume of Chemicals, what are the main factors?

A: In the first quarter, production and sales volumes were affected in part because some products were impacted by raw material procurement conditions. For VCM, we conducted sales operations with an emphasis on profitability, taking into account overseas market conditions and the cost environment.