Summary of Main Q&A: Web Earnings Briefing for the Second Quarter of the Fiscal Year Ending March 2027

Date: October 29, 2026, 12:00–12:55

Attendees: Tomohiro Inoue, Representative Director, President and Executive Officer
Yoshimasa Katayama, Executive Officer, Deputy General Manager, Corporate Planning Division

[Electronic & Advanced Materials | Polycrystalline Silicon: Sales Volume and Supply-Demand]

Q: Has your full-year sales volume outlook for polycrystalline silicon changed from the previous forecast? How do you view the supply-demand environment?

A: We expect full-year sales volume to be **roughly in line with the previous fiscal year**. We initially anticipated somewhat stronger demand, but the market is currently in a plateau phase. Although there is movement in downstream semiconductor markets, it has not yet translated sufficiently into higher overall demand for polysilicon. Accordingly, our FY26 assumption is essentially flat year on year.

[Electronic & Advanced Materials | Aluminum Nitride: Operating Rate and Capacity Expansion]

Q: Aluminum nitride is performing well. What is the current operating status, and how much room is there to increase production?

A: We are currently operating at **nearly 100%, i.e., full production**. Although inquiries remain strong, our capacity to further increase output with existing facilities is limited. We have therefore decided to invest in expanding capacity for powder and granules, and this investment is currently underway.

[Cement | Impact of the Domestic Sales Business Transfer on Earnings]

Q: What will be the profit impact of shifting to OEM sales from the second half?

A: The shift to OEM sales will have a **negative impact of approximately ¥2.0 billion** on operating income. However, we expect to offset this with other improvement factors, and we have left our segment earnings forecast unchanged.

[Chemicals | Factors Driving Profit Improvement from the First Half to the Second Half]

Q: How would you break down the expected improvement in second-half sales and profit into price revisions, operating rates, one-off factors, and so on?

A: The main improvement factors are as follows. While the improvement plan is challenging, the target is within reach.

Penetration of the price revisions announced in August
The full contribution is expected from October onward.

Improved prices for caustic soda and other products
Both higher volumes and price revisions are contributing.

Higher plant operating rates
In Q1, operating rates were reduced due to unstable raw material supply volumes. In the second half, we expect normalized operations to reduce the burden of fixed costs.

Manufacturing cost improvements

[Life Science | Factors Driving Higher Profit in the Second Half]

Q: What factors will drive profit improvement from the first half to the second half? Apart from plastic lenses, what will contribute?

A: Dental materials remain solid, but we do not expect significant growth from the first half to the second half. The main driver of improvement is the **diagnostics business**. At A&T, **system replacement projects are expected to increase in the second half**. At the Tokuyama Life Science Group, the negative impact of China's volume-based procurement program has run its course, and we expect growth in IVD-related materials for China. We anticipate **positive factors of approximately ¥1.5 billion**, mainly from diagnostics-related businesses.

End