

## **Mitsubishi Chemical Group Corporation**

Operational Summary for the Third Quarter of the Fiscal Year Ending March 31, 2026

February 5, 2026

## Event Summary

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<b>[Company Name]</b>	Mitsubishi Chemical Group Corporation	
<b>[Company ID]</b>	4188-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Operational Summary for the Third Quarter of the Fiscal Year Ending March 31, 2026	
<b>[Fiscal Period]</b>	FY2026 Q3	
<b>[Date]</b>	February 5, 2026	
<b>[Number of Pages]</b>	21	
<b>[Time]</b>	17:00 – 17:58 (Total: 58 minutes, Presentation: 25 minutes, Q&A: 33 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	2	
	Minoru Kida	Vice President, Chief Financial Officer
	Tappei Shimizu	Director, Investor Relations Office
<b>[Analyst Names]*</b>	Go Miyamoto	SMBC Nikko Securities
	Mikiya Yamada	Mizuho Securities
	Takato Watabe	Morgan Stanley MUFG Securities
	Hidemitsu Umebayashi	Daiwa Securities
	Shigeki Okazaki	Nomura Securities

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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# Presentation

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**Moderator:** Thank you very much for joining us for the earnings briefing of Mitsubishi Chemical Group Corporation. We will begin with a presentation on results of Q3 FY2025 by our CFO, Minoru Kida, and then take questions.

We have 60 minutes scheduled for the whole of this conference. Before we begin the conference, let us remind investors that we may make forward-looking statements based on company expectations and information available as of now, which are subject to risks and uncertainties, which may be beyond company control.

Please be advised that actual results or outcome may turn out to be significantly different. Please also be advised that this conference is recorded and will be made publicly available on our website. With that, we would like to begin, and I'd like to give the floor to our CFO.

**Kida:** Good afternoon, everyone. Thank you very much for joining us this afternoon. Let me begin with an overall summary of Q3 FY2025 results.

I don't think the slide is changing. Just a moment, please. It appears that the slide, which is shared on the screen is not changing appropriately. Okay. Thank you very much. It's working now.

## Summary



### FY2025 3Q(Nine Months) Actual

- During the third quarter of the fiscal year ending March 31, 2026, semiconductor-related businesses performed steadily, however, the business environment remained sluggish for materials-related businesses due to economic stagnation and uncertainty in various regions, with no signs of improvement in market prices and demand.
- Core operating income of Chemicals for the first nine months of FY2025 turned out to be ¥41.2 billion. Core operating income decreased 22% year on year as the situation remained challenging for MMA monomer and basic materials, despite the accumulation of cost reduction effects in addition to revenue growth due mainly to the price gap in Specialty Materials. The MCG Group's overall core operating income decreased only 2% year on year, partly due to solid performance of Industrial Gases.
- Net income attributable to owners of the parent for the Group on the whole increased 77% year on year due mainly to the proceeds from the transfer of Mitsubishi Tanabe Pharma recorded in 2Q, despite the non-recurring loss recorded in 3Q resulting from the decision to withdraw from the coke and carbon materials businesses.

### FY2025 Forecast

- As the Company expects to record additional non-recurring losses resulting from the acceleration of structural reforms, including a loss associated with the recent decision to withdraw from the coke and carbon materials businesses, profit attributable to owners of the parent for the full year has been revised from the previous forecast of ¥125 billion to ¥47 billion. The forecast for core operating income remains unchanged. Core operating income was revised at the time of the announcement of 1H financial results on October 31, reflecting the expectation that an early recovery in sluggish demand for products in Basic Materials & Polymers and MMA monomer market conditions would be difficult.
- As for dividend forecast, we maintain the initial forecast of year-end dividend of ¥16 per share and an annual dividend of ¥32 per share.
- We will continue to rapidly and steadily implement initiatives aimed at portfolio transformation and profit improvement based on the "three criteria for business selection" and "three disciplined approaches in business operations" under the guiding principles for our business operations in the Medium-Term Management Plan 2029.

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During Q3 FY2025, semiconductor-related businesses performed steadily. However, the business environment remained sluggish for materials-related businesses due to economic stagnation and uncertainty in various regions with no signs of improvement in market prices and demand.

Core operating income of chemicals for the first nine months came to JPY41.2 billion. Core operating income decreased 22% YoY as the situation remains challenging for MMA monomers and basic materials despite the

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accumulation of cost reduction effects in addition to revenue growth due mainly to the price gap in specialty materials.

The MCG Group's overall core operating income decreased only 2% YoY, partly due to solid performance of industrial gases. Net income attributable to owners of the parent for the Group on the whole increased 77% YoY due mainly to the proceeds from the transfer of Mitsubishi Tanabe Pharma recorded in Q2 despite the non-recurring loss recorded in Q3, resulting from the decision to withdraw from the coke and carbon materials businesses.

With regard to the full year forecast, as the Company expects to record additional non-recurring losses associated with the acceleration of structural reforms, including the recent decision to withdraw from the coke and carbon materials businesses, we have revised the forecast for profit attributable to owners of the parent for the full year from JPY125 billion to JPY47 billion.

The forecast for core operating income remains unchanged after the revision, after our H1 earnings in October, reflecting the expectation that an early recovery in sluggish demand for products in basic materials and polymers and MMA monomer market conditions would be difficult.

As for dividend, we maintained the initial forecast of year-end dividend of JPY16 per share and an annual dividend of JPY32 per share. We will continue to rapidly and steadily implement initiatives aimed at portfolio transformation and profit improvement based on the three criteria for business selection and three disciplined approaches in business operations under the guiding principles for our business operations in the Medium-Term Management Plan 2029.

## Consolidated Statements of Operations



	Exchange Rate (¥/\$)	153.0	149.3	(3.7)	(2%)
	Naphtha Price (¥/kl)	76,300	65,000	(11,300)	(15%)
		Nine Months Ended Dec. 31, 2024	Nine Months Ended Dec. 31, 2025	Difference	(Billions of Yen) %
<b>Sales Revenue</b>		2,982.7	2,737.3	(245.4)	(8%)
<b>Core Operating Income *1</b>		190.2	185.6	(4.6)	(2%)
Special Items		(44.5)	(72.3)	(27.8)	
<b>Operating Income</b>		145.7	113.3	(32.4)	(22%)
<b>Income before Taxes</b>		117.4	89.3	(28.1)	(24%)
<b>Net Income from Continuing Operations</b>		78.9	62.4	(16.5)	
Net Income from Discontinued Operations		27.9	94.8	66.9	
<b>Net Income</b>		106.8	157.2	50.4	
<b>Net Income Attributable to Owners of the Parent</b>		59.4	105.4	46.0	77%
Net Income Attributable to Non-Controlling Interests		47.4	51.8	4.4	
*1 Share of profit of associates and joint ventures included		6.9	4.4	(2.5)	

Core operating income is calculated as operating income (loss) excluding certain gains and expenses attributable to non-recurring factors (losses incurred by business withdrawal and streamlining, etc.).

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Now on P&L for the first three quarters. The average exchange rate during the three quarters was JPY149.3 to the US dollar with the yen appreciating 2% YoY. The average price of naphtha was JPY65,000 per kiloliter, down 15% YoY. Revenue during the period came to JPY2,737.3 billion, down JPY245.4 billion or 8% YoY.

Major negative factors here were JPY89 billion due to prices, JPY91 billion due to volume and JPY66 billion related to business restructuring. Core operating income came to JPY185.6 billion, down JPY4.6 billion YoY,

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and is generally progressing well against the forecast for H2 announced in October. Special items came to a net loss of JPY72.3 billion, down JPY27.8 billion YoY.

Operating income came to JPY113.3 billion. Income before income taxes, JPY89.3 billion. Net income from discontinued operations came to JPY94.8 billion, which includes the gain from the transfer of Mitsubishi Tanabe Pharmaceutical shares. Profit attributable to owners of the parent came to JPY105.4 billion, up JPY46 billion YoY.

## Sales Revenue and Core Operating Income by Business Segment



	Nine Months Ended Dec. 31, 2024		Nine Months Ended Dec. 31, 2025		Difference			
	Sales Revenue	Core Operating Income	Sales Revenue	Core Operating Income	Sales Revenue	%	Core Operating Income	%
<b>Total Consolidated</b>	<b>2,982.7</b>	<b>190.2</b>	<b>2,737.3</b>	<b>185.6</b>	<b>(245.4)</b>	<b>(8%)</b>	<b>(4.6)</b>	<b>(2%)</b>
<b>Specialty Materials</b>	<b>805.3</b>	<b>33.4</b>	<b>785.8</b>	<b>45.2</b>	<b>(19.5)</b>	<b>(2%)</b>	<b>11.8</b>	<b>35%</b>
Advanced Films & Polymers	354.5	28.5	339.8	31.3	(14.7)		2.8	
Advanced Solutions	263.4	10.7	255.6	16.7	(7.8)		6.0	
Advanced Composites & Shapes	187.4	(5.8)	190.4	(2.8)			3.0	
<b>MMA &amp; Derivatives</b>	<b>320.6</b>	<b>33.0</b>	<b>263.8</b>	<b>1.6</b>	<b>(56.8)</b>	<b>(18%)</b>	<b>(31.4)</b>	<b>(95%)</b>
MMA	238.4	30.5	184.6	(3.3)	(53.8)		(33.8)	
Coating & Additives	82.2	2.5	79.2	4.9	(3.0)		2.4	
<b>Basic Materials &amp; Polymers</b>	<b>784.6</b>	<b>(12.0)</b>	<b>593.0</b>	<b>(2.9)</b>	<b>(191.6)</b>	<b>(24%)</b>	<b>9.1</b>	<b>-</b>
Materials & Polymers	603.6	9.0	517.5	2.8	(86.1)		(6.2)	
Carbon Products	181.0	(21.0)	75.5	(5.7)	(105.5)		15.3	
<b>Others</b>	<b>106.4</b>	<b>(1.7)</b>	<b>102.4</b>	<b>(2.7)</b>	<b>(4.0)</b>	<b>(4%)</b>	<b>(1.0)</b>	<b>-</b>
<b>Chemicals Business</b>	<b>2,016.9</b>	<b>52.7</b>	<b>1,745.0</b>	<b>41.2</b>	<b>(271.9)</b>	<b>(13%)</b>	<b>(11.5)</b>	<b>(22%)</b>
Industrial Gases	965.8	137.5	992.3	144.4	26.5	3%	6.9	5%
[Inventory valuation gain/loss]					Difference			
Advanced Films & Polymers			0.0	0.2			0.2	
Materials & Polymers			0.8	(10.0)			(10.8)	
Carbon Products			(9.3)	(0.8)			8.5	
Total			(8.5)	(10.6)			(2.1)	

\* Breakdown figures of segment are approximation for reference purpose only.

\* Figures for FY2024, the Pharma business has been reclassified as a discontinued operation, and the figures of some business have been changed partially from those announced on May 13, 2025.

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Next, let us review revenue and core operating income by segment. For specialty materials, revenue came down 2% YoY, but core operating income increased 35%. Revenue declined by JPY19.5 billion YoY due to the divestiture of business as a result of steady progress in structural reforms, lower demand for applications related to EV and for construction materials, and the impact of US tariffs. Core operating income increased by JPY11.8 billion YoY, thanks to rationalization, mainly in the carbon fiber-related businesses in addition to improvement in the price gap through retaining and improving selling prices for each product.

For MMA and derivatives, both revenue and operating income came down significantly by 18% and 95%, respectively, YoY due to the continued decline in market prices of MMA monomers since H2 of the previous fiscal year.

For basic materials and polymers, revenue was down 24% YoY, but operating loss was reduced by JPY9.1 billion. Revenue decreased by JPY191.6 billion YoY due to the impact of the transfer of shares in subsidiaries and lower feedstock prices, as well as a decline in sales volume after reducing coke production capacity. Core operating loss was reduced by JPY9.1 billion YoY. Inventory valuation worsened, but there was a positive impact of the timing of sales price revision for polyolefins and the benefits of structural reforms in carbon products.

For chemicals business as a whole, revenue decreased 13% YoY and core operating came down by 22% YoY. Specialty materials was firm and drove performance, and carbon products improved steadily. However, with the decline in the MMA market, chemicals as a whole had core operating income decline by JPY11.5 billion YoY.

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Industrial gases has been steady with revenue up 3% and core operating income up 5% YoY.

## Analysis of Core Operating Income



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Slide six is a breakdown of the JPY4.6 billion decline in core operating income. Prices had a negative impact of JPY23.8 billion. This includes a negative JPY1.2 billion impact of the foreign exchange rate. Excluding that, the price impact was significantly down for MMA and derivatives due to a decline in market prices.

## Analysis of Core Operating Income Specialty Materials Segment



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On the other hand, specialty materials succeeded in retaining and improving selling prices. The price impact was positive for basic materials and polymers, too. That was also true for carbon products. Volumes had a

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negative impact of JPY9.2 billion. Demand was firm for semiconductor-related businesses, but particularly for industrial gases, demand in Europe and the US was generally weak.

Cost reductions had a positive impact of JPY41.1 billion, reflecting increased effects in each of the industrial gases and chemicals businesses. Others had a negative impact of JPY12.7 billion and includes cost increases due to inflation and deterioration in inventory valuation gains and losses due to a decline in naphtha prices.

Let me provide further detail by segment. At the segment level, major factors of YoY changes are not much different from Q2. For specialty materials, core operating income was up by JPY11.8 billion YoY. Prices had a positive impact of JPY7 billion. For advanced films and polymers and advanced solutions, this was thanks to retaining and raising selling prices, in particular for semiconductor-related products. The volume factor was positive by JPY600 million. For advanced films and polymers, volumes had a negative impact due to customer inventory adjustments for display applications.

For advanced solutions, volumes had a negative impact as demand declined for electrolytes for use in EVs, mainly in Europe and the US and as sales volume of construction materials and printing materials declined. For advanced composites and shapes, the volume factor was positive, thanks to increased demand for high-performance engineering plastics.

Cost reductions had a positive impact of JPY10.1 billion, thanks to rationalization involving structural reforms and review of production sites in each business. The negative difference of JPY5.9 billion from others came from increased costs associated with inflation.

## Analysis of Core Operating Income MMA & Derivatives Segment



(31.4) Billion Yen

(Billions of Yen)



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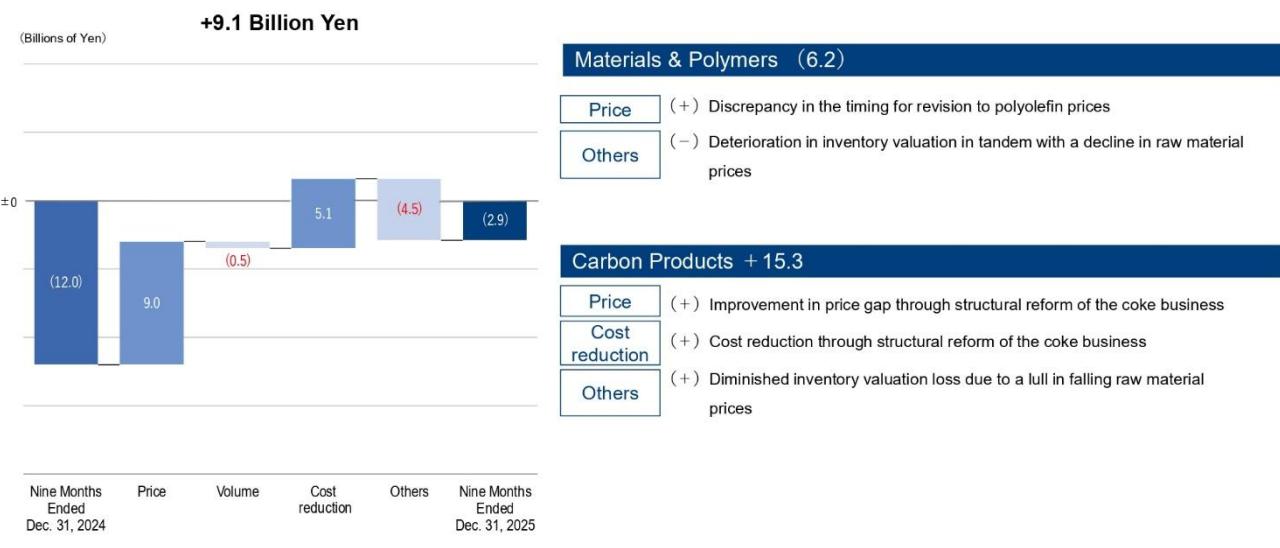
MMA and derivatives recorded a profit decrease of JPY 31.4 billion YoY. The price gaps deteriorated by JPY 33.5 billion. While the price gaps for coatings and additives improved, the market price of MMA monomers declined significantly YoY, narrowing the spread. The volume also worsened by JPY3.4 billion due to reduced demand.

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## Analysis of Core Operating Income Basic Materials & Polymers Segment



Basic materials and polymers reduced its loss by JPY9.1 billion YoY. The price gaps improved by JPY9 billion. Within materials and polymers, discrepancy in the timing for revision to polyolefin prices and the ability to maintain relatively high sales prices during the naphtha price decline phase contributed to profit improvement.

The carbon business also saw an improvement in the price gaps from the year before as the reduction of production capacity in Kagawa was completed, reducing loss-making transactions based on market prices. The cost reduction impact was positive JPY5.1 billion, accumulating effects from fixed cost reduction in materials and polymers and structural reforms in carbon products.

Other differences were negative JPY4.5 billion, reflecting increased costs due to inflation. Although inventory valuation losses in the carbon business decreased due to falling raw material prices, valuation gains and losses in materials and polymers deteriorated.

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## Analysis of Core Operating Income Industrial Gases Segment



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Industrial gases recorded a JPY6.9 billion increase in core operating income YoY. Although price gaps deteriorated due to rising electricity prices in the US and sales volume decreased, primarily in Europe and the US, profit increased due to the effects of cost reduction through productivity improvements being promoted in each of the regions.

## Consolidated Special Items



	Nine Months Ended Dec. 31, 2024	Nine Months Ended Dec. 31, 2025	(Billions of Yen)
<b>Total Special Items</b>	<b>(44.5)</b>	<b>(72.3)</b>	<b>(27.8)</b>
Gain on business transfer	-	<b>8.0</b>	<b>8.0</b>
Gain on sales of shares of subsidiaries and associates	<b>5.6</b>	<b>2.3</b>	<b>(3.3)</b>
Reversal of provision for loss on plant closure	<b>1.9</b>	<b>1.1</b>	<b>(0.8)</b>
Special retirement expenses	<b>(1.7)</b>	<b>(37.3)</b>	<b>(35.6)</b>
Impairment loss	<b>(41.2)</b>	<b>(30.8)</b>	<b>10.4</b>
Loss of associates and joint ventures	-	<b>(4.5)</b>	<b>(4.5)</b>
Loss on disposal of inventories	<b>(0.2)</b>	<b>(4.2)</b>	<b>(4.0)</b>
Loss on sale and disposal of fixed assets	<b>(6.4)</b>	<b>(3.3)</b>	<b>3.1</b>
Others	<b>(2.5)</b>	<b>(3.5)</b>	<b>(1.0)</b>

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The special items for the first three quarters totaled a negative JPY72.3 billion. H1 recorded a negative JPY39.6 billion. In Q3, we recognized an additional JPY32.7 billion losses. And as announced on February 2, we have decided to withdraw from the coke and carbon materials business. Measures such as reducing fixed costs through downsizing production, reviewing the sales portfolio, and implementing thorough cost reductions

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were progressing steadily and profitability was improving. However, the overseas coke market remains depressed due to prolonged oversupply caused by excess production in China.

There is no prospect of resolving this structural issue. Therefore, we have decided that achieving medium- to long-term growth would be difficult even with various measures to improve profitability and the superior quality of our coke. Furthermore, the carbon material business continues to face oversupply and sluggish demand. Considering these circumstances and comprehensively reviewing the mid- to long-term positioning of these product lines within our overall business portfolio against our three criteria for business selection, consistency with our vision, competitive advantage and growth potential, we have decided to withdraw from these product lines.

And consequently, we recorded a non-recurring loss of about JPY19 billion in Q3, primarily due to impairment losses on fixed assets. We anticipate equipment removal costs and expenses related to employee support measures totaling about JPY66 billion, which will be recorded as estimates in Q4 of fiscal year ending March 2026.

## Consolidated Cash Flows



	Nine Months Ended Dec. 31, 2024	Nine Months Ended Dec. 31, 2025
<b>Net cash provided by (used in) operating activities</b>	<b>342.8</b>	<b>247.7</b>
Income before taxes	161.5	223.7
Depreciation and amortization	207.5	202.1
Change in operating receivables/payables	10.0	(3.1)
Change in Inventories	(28.2)	(6.4)
Others	(8.0)	(168.6)
<b>Net cash provided by (used in) investment activities</b>	<b>(211.0)</b>	<b>123.1</b>
Capital expenditure	(243.8)	(209.0)
Sale of assets	38.2	534.0
Investment and loans receivable, etc.	(5.4)	(201.9)
<b>Free cash flow</b>	<b>131.8</b>	<b>370.8</b>

	Nine Months Ended Dec. 31, 2024	Nine Months Ended Dec. 31, 2025	(Billions of Yen)
<b>Net cash provided by (used in) financing activities</b>	<b>(153.5)</b>	<b>(347.3)</b>	
Interest bearing debts	(91.6)	(225.3)	
Dividends, etc.	(61.9)	(122.0)	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(21.7)</b>	<b>23.5</b>	
Effect of exchange rate changes and changes in scope of consolidation	10.3	16.9	
<b>Total</b>	<b>(11.4)</b>	<b>40.4</b>	

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Let me now explain cash flow. Operating cash flow resulted in an inflow of JPY247.7 billion. Cash flow from inventories was an outflow of JPY6.4 billion, primarily due to building up inventories in preparation for full-scale shipments of carbon fiber composites parts for robotaxis. Investing cash flow resulted in an inflow of JPY123.1 billion. Cash flow from capital expenditures was negative JPY209 billion. Growth investments in specialty materials are progressing, including capacity expansion at CPC in Italy for carbon fiber composites and in the UK for Soarnol for barrier packaging applications.

Cash flow from asset sales was positive JPY534 billion. This reflects proceeds from the sale of shares in associated companies and group companies, primarily MTPC, as well as proceeds from the sale of cross shareholdings and noncore assets driven by our ongoing portfolio review. Investing activities resulted in a net outflow of JPY201.9 billion. This includes expenditures related to the acquisition of subsidiaries in Australia and New Zealand within the industrial gases segment. As a result, free cash flow was positive JPY370.8 billion.

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Cash flows from financing activities were negative JPY347.3 billion, primarily due to repayments of interest-bearing debt, dividend payments, and share buybacks.

## Consolidated Statements of Financial Positions



	Mar.31.2025	Dec.31.2025	Difference	(Billions of Yen)	Mar.31.2025	Dec.31.2025	Difference	(Billions of Yen)
Cash & cash equivalents	326.1	366.5	40.4		Interest-bearing debt	2,178.5	2,030.7	(147.8)
Trade receivables	764.8	678.4	(86.4)		Trade payables	424.6	405.1	(19.5)
Inventories	759.4	675.6	(83.8)		Others	1,006.9	903.9	(103.0)
Others	211.3	333.9	122.6		<b>Liabilities</b>	<b>3,610.0</b>	<b>3,339.7</b>	<b>(270.3)</b>
<b>Current assets</b>	<b>2,061.6</b>	<b>2,054.4</b>	<b>(7.2)</b>		Share capitals, Retained earnings, etc.,	1,512.4	1,526.6	14.2
Fixed assets	2,446.5	2,472.0	25.5		Other components of equity	228.2	323.7	95.5
Goodwill	827.6	880.2	52.6		<b>Equity attributable to owners of the parent</b>	<b>1,740.6</b>	<b>1,850.3</b>	<b>109.7</b>
Investments & Other	558.9	414.9	(144.0)		Non-controlling interests	544.0	631.5	87.5
<b>Non-current assets</b>	<b>3,833.0</b>	<b>3,767.1</b>	<b>(65.9)</b>		<b>Equity</b>	<b>2,284.6</b>	<b>2,481.8</b>	<b>197.2</b>
<b>Total assets</b>	<b>5,894.6</b>	<b>5,821.5</b>	<b>(73.1)</b>		<b>Total liabilities &amp; equity</b>	<b>5,894.6</b>	<b>5,821.5</b>	<b>(73.1)</b>

Net Interest-bearing debt *1	1,852.3	1,528.3	(324.0)
Net D/E ratio	1.06	0.83	(0.23)
ROE *2	2.6%	-	-

\*1 Net interest-bearing debt (End of Dec.31, 2025)  
 = interest-bearing debt (2,000.7 billion yen)  
 - (cash and cash equivalents (366.5 billion yen) + investments of surplus funds 136.0 billion yen)  
 Note : Interest-bearing debt includes lease obligations.

\*2 Ratio of net income attributable to owners of the parent.

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Now the consolidated statement of financial positions. Total assets were JPY5,821.5 billion, down JPY73.1 billion from the end of the previous fiscal year. There was a drop of JPY630 billion, primarily due to the impact of business restructuring centered on the sale of MTPC.

On the other hand, factors contributing to an increase in assets included the portion of proceeds from the sale of MTPC remaining as cash on hand as of the end of December and foreign exchange rates. Net of these factors, total assets decreased by about JPY73 billion. Net interest-bearing debt decreased by JPY324 billion from the end of the previous fiscal year, and the net D/E ratio improved significantly to 0.83 from 1.06 at the end of the previous fiscal year.

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## Sales Revenue and Core Operating Income by Business Segment [Quarterly Data]



	FY2024					FY2025				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total	
<b>Total Consolidated</b>										(Billions of Yen)
<b>Specialty Materials</b>										
Advanced Films & Polymers	Sales Revenue	1,017.0	992.8	972.9	964.9	3,947.6	880.7	918.4	938.2	2,737.3
	Core Operating Income	63.6	65.9	60.7	38.6	228.8	56.6	69.5	59.5	185.6
Advanced Solutions	Sales Revenue	274.3	263.5	267.5	266.0	1,071.3	258.3	261.6	265.9	785.8
	Core Operating Income	11.0	13.1	9.3	(9.5)	23.9	14.1	19.0	12.1	45.2
Advanced Composites & Shapes	Sales Revenue	118.9	117.7	117.9	116.3	470.8	113.7	112.0	114.1	339.8
	Core Operating Income	8.7	10.4	9.4	5.5	34.0	11.8	10.5	9.0	31.3
<b>MMA &amp; Derivatives</b>	Sales Revenue	87.2	85.7	90.5	88.8	350.2	82.5	87.6	85.5	255.6
MMA	Core Operating Income	3.1	4.1	3.5	(9.3)	1.4	3.7	8.8	4.2	16.7
Coating & Additives	Sales Revenue	68.2	60.1	59.1	62.9	250.3	62.1	62.0	66.3	190.4
	Core Operating Income	(0.8)	(1.4)	(3.6)	(5.7)	(11.5)	(1.4)	(0.3)	(1.1)	(2.8)
<b>Basic Materials &amp; Polymers</b>	Sales Revenue	111.9	112.4	96.3	97.0	417.6	91.2	86.9	85.7	263.8
Materials & Polymers	Core Operating Income	11.0	15.8	6.2	2.7	35.7	3.9	0.3	(2.6)	1.6
Carbon Products	Sales Revenue	84.1	85.0	69.3	69.1	307.5	65.6	60.1	58.9	184.6
	Core Operating Income	9.9	14.8	5.8	1.8	32.3	2.5	(1.5)	(4.3)	(3.3)
<b>Others</b>	Sales Revenue	27.8	27.4	27.0	27.9	110.1	25.6	26.8	26.8	79.2
	Core Operating Income	1.1	1.0	0.4	0.9	3.4	1.4	1.8	1.7	4.9
<b>Chemicals Business</b>	Sales Revenue	272.2	266.6	245.8	202.0	986.6	191.5	195.6	205.9	593.0
Industrial Gases	Core Operating Income	(7.0)	(4.7)	(0.3)	(2.6)	(14.6)	(3.6)	1.2	(0.5)	(2.9)
	Sales Revenue	196.5	198.9	208.2	174.6	778.2	166.7	173.1	177.7	517.5
	Core Operating Income	1.2	3.2	4.6	3.8	12.8	(0.7)	4.0	(0.5)	2.8
	Sales Revenue	75.7	67.7	37.6	27.4	208.4	24.8	22.5	28.2	75.5
	Core Operating Income	(8.2)	(7.9)	(4.9)	(6.4)	(27.4)	(2.9)	(2.8)	(0.0)	(5.7)
	Sales Revenue	31.1	38.4	36.9	64.6	171.0	26.7	40.3	35.4	102.4
	Core Operating Income	1.2	(2.8)	(0.1)	(0.6)	(2.3)	(2.8)	1.0	(0.9)	(2.7)
	Sales Revenue	689.5	680.9	646.5	629.6	2,646.5	567.7	584.4	592.9	1,745.0
	Core Operating Income	16.2	21.4	15.1	(10.0)	42.7	11.6	21.5	8.1	41.2
	Sales Revenue	327.5	311.9	326.4	335.3	1,301.1	313.0	334.0	345.3	992.3
	Core Operating Income	47.4	44.5	45.6	48.6	186.1	45.0	48.0	51.4	144.4

\* Breakdown figures of segment are approximation for reference purpose only.

\* Figures for FY2024, the Pharma business has been reclassified as a discontinued operation, and the figures of some business have been changed partially from those announced on May 13, 2025.

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This slide shows the trends in core operating income from Q2 to Q3 of fiscal year ending March 2026. The core operating income for Q3 was JPY59.5 billion, a decrease of JPY10 billion from Q2. Specialty materials recorded JPY12.1 billion, a decline of JPY6.9 billion from JPY19 billion in Q2. In advanced films and polymers, sales increased as customer inventory adjustments for display applications 20:57 allowed, but profit decreased due to scheduled maintenance and repairs at some sites and the impact of winter holidays in Europe and US.

In advanced solutions, semiconductor-related businesses generally performed well, but profit decreased due to the absence of one-time revenues from large-scale water treatment project for semiconductors completed in Q2, and other temporary factors at some businesses. Advanced composites and shapes saw improved performance in its high-performance carbon fiber and composite parts businesses, but losses widened due to the impact of winter holidays in Europe and US.

MMA and derivatives recorded a loss of JPY2.6 billion, down JPY2.9 billion from Q2. This was primarily due to worsening price gaps caused by weak market conditions for MMA monomers as well as the impact of scheduled maintenance and repairs at various sites.

Basic materials and polymers saw a JPY1.7 billion decrease in profit from JPY1.2 billion in Q2 to a loss of JPY0.5 billion in Q3. Materials and polymers posted a loss despite improved inventory valuation gains and losses due to deteriorating price gaps caused by timing differences in polyolefin price revisions. However, in carbon products, the loss narrowed due to improved price gaps from progress in structural reforms and improved inventory valuation gains and losses.

Industrial gases saw a decline in sales volume due to sluggish gas demand. However, foreign exchange impacts, price management, and productivity improvement activities led to an increase in profit from JPY48 billion in Q2 to JPY51.4 billion in Q3, up JPY3.4 billion.

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## Consolidated Statements of Operations



Exchange Rate (¥/\$)	146.1	152.9	149.5	148.1	1.4	
Naphtha Price (¥/kl)	64,700	64,300	64,500	63,800	700	(Billions of Yen)
	1H (Actual)	2H (Forecast)	FY2025 Forecast	FY2025 Forecast (Announced on Oct. 31)	Difference	% to Previous Forecast
<b>Sales Revenue</b>	1,799.1	1,872.9	<b>3,672.0</b>	3,672.0	<b>0.0</b>	0%
<b>Core Operating Income</b>	126.1	123.9	<b>250.0</b>	250.0	<b>0.0</b>	0%
Special Items	(39.6)	(140.4)	(180.0)	(74.0)	(106.0)	
<b>Operating Income (Loss)</b>	86.5	(16.5)	<b>70.0</b>	176.0	(106.0)	(60%)
Financial Income/Expenses	(17.8)	(16.2)	(34.0)	(38.0)	4.0	
<b>Income (Loss) before Taxes</b>	68.7	(32.7)	<b>36.0</b>	138.0	(102.0)	
Income Taxes	(21.1)	5.1	(16.0)	(43.0)	27.0	
<b>Net Income (Loss) from Continuing Operations</b>	47.6	(27.6)	<b>20.0</b>	95.0	(75.0)	
Net Income (Loss) from Discontinued Operations	94.9	(0.1)	<b>94.8</b>	94.9	(0.1)	
<b>Net Income (Loss)</b>	142.5	(27.7)	<b>114.8</b>	189.9	(75.1)	
<b>Net Income (Loss) Attributable to Owners of the Parent</b>	110.1	(63.1)	<b>47.0</b>	125.0	(78.0)	(62%)
Net Income Attributable to Non-Controlling Interests	32.4	35.4	<b>67.8</b>	64.9	<b>2.9</b>	

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Next, I will explain the revisions to the full year earnings forecast for fiscal year ending March 2026. We maintain our full year forecast for sales revenue and core operating income announced at the interim results earnings briefing. While core operating income for Q3 was JPY59.5 billion, the chemicals business as a whole performed largely as expected and the industrial gases business also showed steady progress.

We will continue our efforts to achieve the full year core operating income target of JPY250 billion. However, due to the recognition of losses associated with the withdrawal from the coke and carbon materials businesses and acceleration of structural reforms, we anticipate additional losses under special items, resulting in the latest forecast for the full year of a loss of JPY180 billion.

Accordingly, the latest forecast for operating income of JPY70 billion and net income attributable to owners of the parent of JPY47 billion. And this concludes my explanation. Thank you for your attention.

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## Question & Answer

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**Moderator [M]:** Thank you very much for your kind attention. We will now take questions. And once we have gone around everyone, we may provide a second opportunity. If we need to make some detailed confirmation, we may need to come back to you later. Please contact Investor Relations directly later.

So first, I'd like to invite from SMBC Nikko Securities, Miyamoto-san.

**Miyamoto [Q]:** Good afternoon. This is Miyamoto from SMBC Nikko Securities. Earlier, you talked about chemicals market, and you said that it was generally as expected. But if you look at specialty materials, toward Q4, some of the businesses would be challenged to meet the full year target. So if you could perhaps talk about the outlook for Q4, maybe qualitatively for each segment, please?

**Company Representative [A]:** Thank you very much, Miyamoto-san, for your question. So towards Q4, well, this time, JPY250 billion target is maintained, as I mentioned earlier. So as you look at Q3 results, you can actually do the math. And you understand that for chemicals, we will need an income of about JPY20 billion in Q4. For industrial gases, we will need about JPY45 billion. As of now, and obviously, there are uncertainties, but if you look at segment by segment, I may be able to provide some light.

Advanced films and polymers and films, there is seasonality. In Q4, this is always down. That is an annual pattern, so that would be a negative factor. But overall, the business is expected to transition firmly. For advanced solutions, again, we do have some negative factors such as scheduled maintenance but as I mentioned earlier, the demand for use in semiconductors is strong and so we believe that Q4 should also be firm.

And then advanced composites and shapes, and this is where you asked questions, and there's a lot of focus on, in Q3, the high-performance engineering plastic is usually centered around Europe, and the holiday actually has a negative factor. But then in Q4, that typically comes back. With regard to composite parts or like used in robotaxis, this will really start up in calendar 2026. So every year, we are shipping for about 100 units or so or in units of 100.

So this business, we have quite high certainty that this will be more profitable. For MMA, in Q3, there were a lot of scheduled maintenance turnarounds. So that will be gone, but then the market situation is still challenging. Currently, if you look at ICIS levels, USD1,280, that's probably USD30 to USD50 better than where it was at the bottom. So the competition in China is being challenged. But then if you look at the feedstocks, the acetone prices are coming up slightly, and that is pushing up the MMA prices a little bit, so we do see some signs of MMA prices rising.

And then after the Chinese New Year, we will try to focus on what happens to the prices and supply-demand balance. For basic materials and polymers, petrochemicals would be challenged and that's probably unchanged from up to Q2. For polyolefins, the strength is continuing. Polypropylene is as expected, but even for polyethylene, the strength is actually exceeding our expectations. But then for the liquid ethylene derivatives, for example, ethylene glycol and [inaudible] ones or C3 [polypropylenes] and oxo alcohol, acrylic acid, those are still facing difficulties.

For carbon products, in Q4, we expect this to turn profitable. Recently, we announced the withdrawal from the business, but there is still profitability here, thanks to structural reforms. And maybe I'm [inaudible] myself, but we did really make really, really hard and difficult efforts, and that is really bearing fruit, and that will be making tangible contribution in Q4. So that was the overall view of what we are or what we expect for Q4.

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**Miyamoto [Q]:** Just one follow-up question. So what about cost reduction this time about JPY29 billion from prices? And then you were also looking at asset reduction and that was the expectation.

**Company Representative [A]:** We haven't changed the outlook there. We will continue to work on pricing policy, and this is clearly making a difference in Q3, and we will continue for this in Q4.

**Moderator [M]:** Next question from Yamada-san from Mizuho Securities.

**Yamada [Q]:** Yamada from Mizuho Securities. Carbon products restructuring was mentioned and -- thank you very much on -- it was February 2, I was not able to make it, but I'd like to learn more taking this opportunity. Impairment loss of JPY19 billion is recognized and 600 members will be giving support for the retransfer. And adding that, probably the loss will be JPY25 billion or JPY30 billion in losses. But you are saying that JPY80 billion level losses to be recognized. So there will be dismantling costs that will be incurred that much. Why is this large?

And also, carbon materials and cokes, you have withdrawn from these businesses, so the whole group is going to be withdrawn. And why IFRS, it is not categorized as discontinued businesses and the downward revision for discontinued ones, but the restructuring expenses for carbon businesses is outweighed by this recognition. Why is that?

**Company Representative [A]:** Thank you very much. For the losses in the carbon products business, carbon business, well, I'm repeating myself, but what has been recognized in Q3 is about JPY19 billion or JPY18.5 billion, and majority was the impairment losses on fixed assets, and also inventory losses also recorded valuation. So all the losses recognized in Q3 is impairment losses. And as I said, in Q4, this is just an estimate for the time being, which is not accurate, but at the moment, we're estimating JPY66 billion in losses to be recognized.

And on this JPY66 billion, there's a dismantling fee, removal fee of equipment and also support for employees that are transferred. And also, there will be some close-up and shutdown expenses for the businesses. And the removal or dismantling construction cost would be really large and to what extent you would do this is really a question. Those that are not related to safety will be removed or, and then the remaining ones will be just left in place. That is one approach, but you can also dismantle everything on the ground, and then there are long pipes under the ground, and you may have to pull them out, in a sense. But at this time, of course, we have to consider possibly attracting other businesses, right?

So we are now trying to remove everything on the ground and that dismantling fee is really large at this moment. And this will be recorded in the P&L, but this will be incurred for the next several years. So in the discount calculation, the net present value under the discounting will be recognized as of the losses for this fiscal year, so that's why we have estimated JPY66 billion.

And then as for the discontinued businesses, why we are not categorizing this in the discontinued businesses? Compared to the accounting standards, the discontinued ones won't have the scope of those that have the businesses that will be continued for more than one year, so we've decided to withdraw from this business, but the ultimate shutdown of this coke business will not be until H2 of FY2027 because there are long-term contracts that we have signed with the customers, and we have to fulfill that contract obligation.

And put it differently, you cannot really switch off all the lights of one house. That is not the case that is going to happen. So at least we have to keep burning the cokes for one year or more, and that business will be continuous. So that's why we are not allowed to reclassify this as discontinued businesses as compared to the regulations.

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**Yamada [Q]:** So full withdrawal in FY2027. In the beginning of 2027, is it going to be classified as discontinued business?

**Company Representative [A]:** That will be difficult. Okay. So we are expecting in H2 of FY2027 or by March 2028, at the latest, all the shipments that are scheduled will be completed. So if you look at MPTC, maybe you can get a year but in the case of Mitsubishi Tanabe Pharmaceutical, the sale was announced to be July 1. And then Q1 would be the one where this would be classified as discontinued business. So this will be the timing that you have to look at. So probably this is not going to be classified as discontinued business until Q1 or Q2 of 2027. So this will be part of coke's business until then.

**Yamada [Q]:** Okay. So the downward revision was more than the total of JPY66 billion and the JPY19 billion. Why is that?

**Company Representative [A]:** Well, I'm sorry, but we cannot disclose details by item. But in December, Sakamoto explained about this, but majority of the ones should be dealt with by the end of this fiscal year. And so as far as we can, we would like to put this to an end. And then we have some idea about how to do it now. And obviously, for ethylene in the Western Japan, that is also taken into account, and there are many backlogged ones that have been accumulated for many years will have to be dealt with, and we would put it to an end by the end of this fiscal year.

**Moderator [M]:** Next, we would like to invite Watabe-san from Morgan Stanley MUFG Securities.

**Watabe [Q]:** This is Watabe speaking. Overall, for Q3, you have the core operating income of JPY66 billion. Was it mostly in line? Could you give us a more granular view? And for carbon products, next year, you are expecting that to be breaking even?

**Company Representative [A]:** Thank you very much for the question. With regard to Q3, is no expectations and how did the results fare, obviously, there are some ups and downs but generally speaking, they were in line. And then obviously, there are some ups and downs or deviations so perhaps let me go through this. For maybe MMA and films really came in line with expectations, almost exactly, and there was some upside for advanced solutions. For semiconductor-related businesses, like synthesized quartz or cleaning agents for semiconductors, those actually came in a little better than expected.

On the other hand, AC&S, AC and shapes, advanced composites and shapes, that was slightly down. For high-performance engineering plastics, there were some small M&As that we executed in the US, and so the US operations were expected to grow more. But then the high-performance engineering plastics operations in the US slightly underperforming and that could relate to industrial gases. But overall, throughout the year, the trading in the US was generally low or slower than expected.

Another area was petrochemical that was slightly down. Material and polymers, as I mentioned, the polyolefins were very strong. Sometimes they exceeded expectations, but the liquids like C2/C3 derivatives, they were expected to improve further, but it appears that the Chinese products are still having a great impact and a drag on the market and the prices were lower, so that was slower than expected.

And then what was better than expected was industrial gases. Industrial gases are steady, and we expected it to be steady, but it's a little better than expected. So that would be the review of three quarter against what we had expected. I'm sorry, it was a bit qualitative.

**Watabe [Q]:** So for carbon products, next quarter or next year, would be zero or breakeven?

**Company Representative [A]:** Yes, close to zero. In Q4, as I mentioned earlier, it is to turn profitable but then carbon products contracts are usually on an annual basis, so we are negotiating next year's prices and

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contracts. And so we are trying to transition into tolling business that is less subject to market prices. And for some customers, they have accepted that, and we have been able to do that in this financial year, but obviously, it depends on the counterpart.

So in Q4, we are in a review or a new approach, and that is making us profitable. In Q4, we're not sure if we can do that for everyone in the next financial year, but we probably won't have billions of yen of losses going forward.

**Moderator [M]:** Next question, Okazaki-san from Nomura Securities.

**Okazaki [Q]:** Okazaki from Nomura Securities. In the December briefing, carbon products and MMA and petrochemicals businesses are struggling. That's what you said. So by the end of this fiscal year, you are going to come up with some certain measures and the actual that was done for carbon products. But as for the remaining ones, MMA and petrochemicals, in what way can we expect a certain announcement by the end of this year? What is your current thoughts?

**Company Representative [A]:** Thank you very much for the question. As for carbon products, yes, we have made announcement, and in the carbon products business, as Yamada-san said, so even if we say, carbon product business, there's not much that is left with us. So as for carbon business, we have clarified the future direction so the remaining question is how to execute that. But for the remaining two businesses, as for petrochemicals, the Western Japan ethylene was already explained. And Mizushima cracker will be shut down, that was decided.

But in a sense, so this is not the end of the story, but actually, this is the beginning of the story. So, so far, as we have the opportunity to have dialogues, we have been explaining about this, but crackers are just part of the whole business. So what about the derivatives other than crackers? So this is also true with the Western Japan ethylene business. But as for petrochemicals, why do we have to stay involved?

So we're not planning to make a lot of profits from petrochemicals, but as a green chemical business foundation technologies, petrochemical has a relevance. But in terms of commercial and monetization, so we talked about ethylene, but when it comes to derivatives, you have to look at broadly, looking at various options like collaborations, so that's what we are discussing right now.

So with regard to collaborations, I'm not sure whether we can get to that point or not, but that is the general direction that we are having a discussion on and what are the steps that we have to follow until we reach that time? And these steps will be announced by the end of March. Whether this can be explained by March 31 or at the timing of full year earnings results for this fiscal year, we may announce that. So there might be some time lag, but that's the time frame that we're looking at for now.

As for MMA, other than compared to petrochemicals and cokes, in terms of the scale, it is an order of magnitude smaller. So as we explained in the briefing the other day, there are three businesses that would require structural reforms in the quadrant diagram in the left bottom corner, but there are some differences in terms of priorities or scales between MMAs and the other two because we stay number one player in MMA in the world, and we have the ability to compete still, so how we can take advantage of our competitive advantage and take action in the market? And what about the global allocation of our system? And what do we do about production capacity? There are several options, and we would like to put them into one single package and present it by the end of March.

**Okazaki [Q]:** With regard to MMA, so even if the current market condition continues, can we expect this to break even in the next fiscal year?

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**Company Representative [A]:** If the current market condition continues, then we are not going to make it to breakeven. Honestly speaking, of course, what about the prices of the [acetone]? But USD1,280 on ICIS basis, that's the price, but it used to be USD1230 or USD1240 on ICIS basis, so it is going up, but still, we're not there yet so there needs to be one more round of cost reduction. And also, there's production allocation and relationship with joint ventures have to take into account so there was unevenness in terms of capacity adjustment in some sites. So at the current price level, we may be able to have a breakeven or almost there, barely there.

**Moderator [M]:** Next, Umebayashi-san from Daiwa Securities.

**Umebayashi [Q]:** This is Umebayashi from Daiwa Securities. I have a question about the three-way consolidation in West Japan for petchem. So you talked about green investments and the facilities, the tank, et cetera, for those new chemicals, and you've got this grant from the national government. So it's not each player, but you'll start this new joint venture, the three-way joint venture. That's my understanding.

But then the dismantling expenses at Mizushima for the ethylene cracker, et cetera, that should actually be borne by all the three parties. That sounds like a fair way to me. But in reality, is it maybe you and Asahi Kasei, the joint venture, is that joint venture going to shoulder all that? And if that's the case, it doesn't seem too fair as a scheme. So could you elaborate on that, please?

**Company Representative [A]:** Thank you very much for the question. First and foremost, maybe the other way around, with regards to who bears losses and expenses, this joint venture you mentioned, the specific framework, we're using JVs and LLP and they are different. So there will be one LLP. And if the LLP is with three companies coming on equal footing, so that's investment. And then the LLP would actually take care of everything that is not so essential.

So the Mizushima dismantling, et cetera, those expenses that are associated with closure of what is already there, those will be borne by the three parties in an equal way. But then this JV, this is about the continued operation. This side will depend on the offtake balance among the three parties. So the investment would depend on how much offtake is expected from each partner. So the JV will be about the remaining operations. And then the LLP is for dismantling, et cetera, for the discontinued operations, and that will be borne equally by the three parties.

**Umebayashi [Q]:** Thank you very much for that clarification. So that kind of a negative part taking care of what's no longer necessary, so the losses there would probably happen after the operations cease or do you actually try to allocate some expenses upfront?

**Company Representative [A]:** With regard to that, we haven't really, we're not in a position to share all that in detail today, and I'm not in a position to discuss specific figures. But obviously, it will be done according to accounting rules. And what the accounting rule says that if you have something that isn't going to be utilized in the future, you will need to do impairment, that's the route. And so such impairment would probably happen before long.

And then what happens after that, dismantling, et cetera, we have yet to finalize the fine details. So at this point in time, the only thing I can say is that the losses will be borne equally by, effectively by the three parties. So that's probably the only thing that is certain at this point in time.

**Moderator [M]:** There's only eight minutes left. Are there any other questions?

**Miyamoto [Q]:** Miyamoto from SMBC Securities. I would like to ask one more question. With regard to carbon composite from 2026 calendar year, there has been a shipment of 100 units per month. So in terms of production, are you already doing mass production? Or for the next fiscal year, you are going to increase the

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production rate and shipments will be increased from April to June or July to September? Can you give us the current status of the carbon composite?

**Company Representative [A]:** Well, calendar year and fiscal year are mixed together, so it may have been confusing. But from 2026 calendar year, the shipments have been started on a full-scale basis. Because of the relationship with the customers, I cannot specify the exact number of units to be shipped. But for this fiscal year or FY2025 total number of units to be shipped, there's still several hundred that we have in mind. But for the next fiscal year, as estimate, there's going to be a quite a large number, like 4x more is the order of magnitude we're looking at in terms of forecast, so I'm not sure if what you are imagining is in line with what we have. But compared to FY2025 in 2026 fiscal year, there's going to be a huge increase in units, and there will be more contribution to profit. That's what we're expecting to see.

**Miyamoto [Q]:** Okay. On December IR Day, the production units has been increased from 5 per week to 10 per week, but this has been one more step of increase and there's no problem in terms of increasing the production volume that much. Can you give us the answer?

**Company Representative [A]:** You talked about 10 units per week, but in January or February, that 10 units per week has been made larger by 3x or 4x in January and February, and that will be further increased in FY2026. That's what we are expecting for now.

**Miyamoto [Q]:** Then the past one, two months, there has been increase in the production quite a lot, and there's going to be further increase in the production volume, and there's no problem that you're facing. So in January and February, the shipment units is going to be increased larger, so what about the production volume?

**Company Representative [A]:** The production volume has been increased.

**Moderator [M]:** Thank you very much. Would there be other questions? We have four more minutes. If anyone has a short easy question, I think we can take that. No. Are we good? If that's the case, I think we would like to close today's conference. Thank you very much for your participation. Thank you very much for staying with us towards the very end. Let me give the floor to our CFO once again.

**Kida [M]:** Ladies and gentlemen, thank you very much for joining us for the earnings conference. There is some uncertainty and sluggishness with regard to economy here and there, and the business environment around us isn't that favorable yet. But at the same time, we talked about a lot of non-recurring items, and we will continue our efforts toward portfolio reform and profitability improvement, we will accelerate that.

And we are now seeing some tangible results and effects of those efforts. So we will continue our company-wide efforts to implement those measures so as to live up to the expectation of our stakeholders. We ask for your continued support. Thank you very much.

**Moderator [M]:** Thank you very much. And with this, we would like to close today's earnings conference. Thank you very much once again for joining us. Good evening.

[END]

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#### **Document Notes**

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