

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

Date	May 13, 2026
Speaker	YOSHIDA Osamu, Managing Executive Officer & CFO
Reference	Results for FY2025 & Outlook for FY2026

Q&A

■Impact of the Middle East Conflict

Q1. Please explain the negative impact of 15.0 billion yen from the Middle East conflict reflected in the FY2026 financial outlook. Is it correct to understand that this impact is primarily related to the Basic & Green Materials segment? In addition, I understand that your full-year assumption for the domestic standard naphtha price is 95,000 yen per kiloliter, while the H1 price is expected to range from 110,000 to 120,000 yen per kiloliter. This appears likely to result in a substantial inventory valuation gain, particularly in H1. Please explain how this has been incorporated into your financial outlook.

A1. The projected negative impact of 15.0 billion yen is based primarily on two assumptions: the domestic standard naphtha price and the operating rates of naphtha crackers. For the domestic standard naphtha price, we assume that the current level of slightly above 120,000 yen will continue through H1, and then decline in H2 to the level before the impact of the Middle East conflict. For cracker operating rates, we assume that they will fall below 70% in H1 due to the impact of the Middle East conflict. In terms of the breakdown, the Basic & Green Materials segment is expected to be affected the most. In addition to the impact of lower volume from production cutbacks and reduced sales, we also anticipate cost-related impacts, including deterioration in energy efficiency caused by lower operating rates. The combined effect of these factors is estimated to have a negative impact of approximately 15.0 billion yen.

As for terms of trade, as you pointed out, we expect inventory valuation gains from higher naphtha prices to arise in the Basic & Green Materials segment mainly in H1. Meanwhile, primarily in the Mobility Solutions segment, we estimate that there will be time-lag effects for products based on raw-material-linked price formula, resulting in losses mainly in H1. In H1, we expect the Group's overall terms of trade to remain broadly flat, as inventory valuation gains in the Basic & Green Materials segment are expected to be offset by losses from time-lag effects in the Mobility Solutions segment. We are also negotiating with customers to shorten the time lag in reflecting price changes in the price formulas.

Q2. Of the total negative impact of 15.0 billion yen attributed to the Middle East conflict, please explain the details of the inventory-related impact. You mentioned that the FY2026 financial outlook for the Basic & Green Materials segment prepared before reflecting the impact of the Middle East conflict included an inventory valuation loss of approximately 2.5 billion yen as a temporary factor due to fluctuations in raw material prices. However, I believe that if the current domestic standard naphtha price continues, this would result in an inventory valuation gain rather than a loss.

A2. Before reflecting the impact of the Middle East conflict, we had assumed that the domestic

standard naphtha price would decline from the 65,000 yen level to around 60,000 yen. Based on this assumption, we expected to incur inventory valuation losses of approximately 2.5 billion yen in the Basic & Green Materials segment. This is the main factor behind our forecast of a net loss for this segment in FY2026.

Meanwhile, regarding the impact of the Middle East conflict, as mentioned earlier, we assume that the domestic standard naphtha price will remain at the current level of slightly above 120,000 yen through H1, and then decline in H2 to the level before the impact of the Middle East conflict. As a result, primarily in the Basic & Green Materials segment, we expect inventory valuation gains in H1 and inventory valuation losses in H2, which are projected to largely offset each other on a full-year basis. In addition, mainly in the Mobility Solutions segment, we expect losses from time-lag effects in the sales price formulas to arise mainly in H1, while gains from time-lag effects are expected mainly in H2. These are also projected to largely offset each other on a full-year basis.

As described above, profit/loss will be affected by changes in naphtha prices. We will closely monitor the situation and provide detailed updates in our quarterly earnings announcements.

Q3. Please explain your full-year procurement outlook for naphtha and other raw materials.

A3. Given the extreme uncertainty surrounding the Middle East conflict, we believe that neither we nor other companies are currently in a position to say with confidence that procurement will remain stable throughout the year. However, compared with the situation in March and April 2026, our naphtha supplier base has become more diversified and the procurement environment has improved. As a result, we currently have visibility on naphtha procurement for approximately the next two months. We also expect cracker operating rates to gradually improve. For raw materials other than naphtha, we are also experiencing some procurement challenges. However, we have been able to secure the necessary materials, and at this point we do not expect these challenges to affect our operations.

■Life & Healthcare Solutions

Q4. Please explain the business trends in vision care in the Life & Healthcare Solutions segment. For agrochemicals, please also explain why you expect performance to remain roughly flat, and how you view the impact of factors such as rising fertilizer market prices.

A4. From Q3 (October to December) to Q4 (January to March) of FY2025, sales in vision care remained firm, mainly for high-refractive-index lenses. In agrochemicals, sales also remained firm, mainly in the domestic market, where Q4 (January to March) is the peak demand season. Although inventory level adjustments continued in some regions, we achieved stable sales. As a result, we were able to steadily secure operating income before special items in this segment.

For FY2026, we expect sales in vision care to remain firm, mainly for high-refractive-index lenses. Current sales trends also remain steady. In agrochemicals, although sales are expected to remain firm, we expect operating income before special items to remain roughly flat due to cost factors such as higher raw material and logistics costs. With regard to fertilizer market prices, crop planting trends tend to have a greater impact on our Group's

agrochemicals business than fertilizer market prices.

■Mobility Solutions

Q5. With regard to the Mobility Solutions segment, please explain the background behind your FY2026 financial outlook, in which operating income before special items is expected to remain flat year on year. In the solutions business, please explain why profit is expected to remain flat despite the expected benefits from business restructuring. For elastomers, please explain when the new TAFMER™ plant in Singapore is expected to start up, how much volume increase you anticipate, and the status of sales expansion through the diversification of applications. For PP compounds, you expect volume to increase even though automobile production volumes are expected to remain flat. Please explain how you plan to increase volume, and also provide details of the cost reductions incorporated as a positive factor in terms of trade.

A5. First, with regard to the negative impact of 7.5 billion yen from fixed costs and others, we anticipate an increase in fixed costs due to capacity expansions 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). These factors are expected to have a significant impact on profitability. For 4PP in the PP compound business, because this is a build-and-scrap project, we need to keep both the existing and new facilities operating in parallel for certification and other requirements related to the new 4PP facility, while also proceeding with the shutdown of existing facilities. As a result, profitability is expected to be temporarily challenging in FY2026. Since 4PP also incorporates new technology, we expect improvement from volume effects heading into FY2027. For 6TF in elastomers, commercial operations began in April 2026. However, because olefin procurement in Singapore has been constrained due to the impact of the Middle East conflict, we are currently limiting operating rates. As for sales expansion of TAFMER™ through the diversification of its applications, in FY2025 we reduced the share of solar cell encapsulant applications and promoted a shift toward differentiated areas, including high-performance packaging materials, engineering plastics, footwear, and automotive applications. In FY2026, we will continue expanding sales in these areas. In the solutions business, although we have incorporated a certain amount of profit improvement from business restructuring, we do not expect the profit increase from these measures to be significant.

As for automobile production volumes, we expect them to remain largely flat through FY2026, with no significant changes either domestically or overseas. Under these assumptions, we expect volume for PP compounds to increase, but we do not anticipate a significant contribution to operating income before special items. The volume increase is expected to come from the cumulative effect of various initiatives. Regarding cost reductions, we will continue our existing initiatives and execute them steadily.

■ICT Solutions

Q6. For ICT Solutions, you explained that sales volume increased significantly and performance was strong in FY2025. In your FY2026 forecast, please explain the expected growth trends for EUV and DUV pellicles, respectively. For ICROS™ Tape, I understand that you have also been expanding applications beyond the

backgrinding process, so please explain the FY2026 growth outlook, including progress in those initiatives. In particular, the positive year-on-year impact from volume for ICT Solutions overall is 5.0 billion yen in FY2026, which is smaller than the 6.7 billion yen impact in FY2025 and could appear to indicate slower growth. Please explain your view on this.

A6. Pellicles remained firm in FY2025, achieving double-digit percentage growth overall, led particularly by DUV pellicles. For FY2026, we expect sales of EUV pellicles to increase in addition to continued growth in DUV pellicles.

For ICROS™ Tape, volume grew by approximately 20% in FY2025. This growth was driven by progress in expanding applications beyond the wafer backgrinding process into peripheral areas. We expect volume growth to continue in FY2026, as customers are utilizing our advanced technologies to address the increasing bumps on wafer surfaces as semiconductor structures become more advanced.

For the positive volume impact, the FY2026 forecast starts from a base where application expansion and other initiatives have already progressed to some extent. As a result, we expect growth to be more moderate than in FY2025, when volume increased by approximately 20%, a very high level. That said, we still see room for further expansion at a high growth rate, and we intend to reflect future progress in our earnings forecasts as it materializes.

Q7. You expect the smartphone market to be somewhat weak in FY2026. Please explain your outlook for sales of APEL™ in FY2026.

A7. For the smartphone market, particularly in the mid-range and entry-level segments, we expect market conditions to weaken year on year, partly due to memory shortages. On the other hand, APEL™ is used primarily in high-end applications. Therefore, although we expect the overall smartphone market to decline, we aim to steadily capture demand for high-value-added applications.

■Basic & Green Materials

Q8. Regarding the optimization and decarbonization of ethylene production facilities in western Japan, Mitsui Chemicals announced that it will hold a 45% equity interest in the joint operating entity. I understand that this means Mitsui Chemicals' olefin off-take volume in Osaka (western Japan) will decrease from the current 100% to 45%, nearly halving from the current level. Based on this, please explain the status of your consideration of further structural reforms in the Basic & Green Materials segment.

A8. The equity interest in the joint operating entity for the optimization and decarbonization of ethylene production facilities in western Japan is essentially determined based on the ratio of olefin off-take volumes. However, because this plan is aimed toward 2030, we will continue to consider structural reforms while also taking into account the possibility of further declines in demand. We will also consider flexible responses as needed, including external procurement.

Q9. The integration of the domestic polyolefins business is scheduled for FY2026. Please explain how this has been reflected in the FY2026 financial outlook.

A9. The integration of the domestic polyolefins business is progressing smoothly as planned, and we also expect synergies from the integration. However, the effects of the integration are not reflected in the FY2026 financial outlook.

■Group-wide

Q10. Regarding shareholder returns, you stated at the CEO Presentation held in November 2025 that you were considering enhancing shareholder returns with an eye toward dividend on equity (DOE) of 4%. Please explain the background behind your decision to maintain the dividend forecast at this time, as well as your approach to increasing dividends in the future.

A10. We have made no changes to our shareholder return policy. However, given the need to carefully assess factors such as the impact of the Middle East conflict at this point, we have decided to maintain our dividend forecast at this time. In particular, from a cash flow perspective, we expect working capital to increase due to higher domestic standard naphtha prices, so we will closely monitor the situation.

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.