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Consolidated Financial Forecast for the Fiscal Year Ending December 31, 2026

Crasus Chemical Inc. (the "Company") hereby announces its consolidated financial forecast for the fiscal year ending December 31, 2026, covering the period from January 1 to December 31, 2026, prepared in accordance with Japanese GAAP, as follows.

[Consolidated] (Unit: Millions of yen)

Item \ Fiscal year	Fiscal Year Ending December 31, 2026 (Forecast)			First Half ended June 30, 2026 (Results)		Fiscal Year Ended December 31, 2025 (Results)	
		% of Revenue	Year-on-Year Change (%)		% of Revenue		% of Revenue
Revenue	323,400	100.0	6.4	132,009	100.0	303,926	100.0
Operating profit	3,000	0.9	-28.8	3,564	2.7	4,211	1.4
Ordinary profit	4,200	1.3	-24.9	4,134	3.1	5,589	1.8
Profit attributable to owners of parent	1,700	0.5	-45.1	2,621	2.0	3,096	1.0
Net income per share	¥7.25			¥11.18		¥13.21	
Dividend per share	¥12.00			—		¥0.00	

(Note)

1. Effective August 10, 2026, the Company effected a stock split at a ratio of 234,415,443 shares for every 200,100 shares of common stock. Net income per share has been calculated as if the stock split had been effected at the beginning of FY2025.
2. The Group's shareholder return policy following the listing is as follows. The petrochemicals business operated by the Group may experience significant short-term fluctuations in operating results due to changes in raw material costs and product market conditions. Nevertheless, the Group has historically generated stable cash flows over the medium to long term through measures including formula-based pricing linked to raw material costs, the replacement and modernization of production facilities, and business portfolio reforms based on selection and concentration. On this basis, the Group has adopted the following policy:

① Target a dividend on equity ratio (DOE) of 5% and provide stable dividends. DOE is calculated by dividing annual dividends by the average of shareholders' equity at the beginning and end of the fiscal year.

② Generate stable cash flows and achieve earnings growth, while seeking to continuously enhance shareholder returns in light of operating results, cash flows, financial condition and other relevant factors.

3. The consolidated financial forecast for FY2026 presented in this document has been prepared based on actual results through the second quarter of FY2026 and estimates for the third quarter and thereafter.
4. The average exchange rate for the First Half ended June 30, 2026 was ¥158 to the U.S. dollar, and the average domestic naphtha price was ¥92,300 per kiloliter.
5. The full-year forecast for FY2026 assumes an exchange rate of ¥156.5 to the U.S. dollar and a domestic naphtha price of ¥89,150 per kiloliter, based on actual results through June 2026 and assumptions for the period from July 2026 onward. For the period from July 2026 onward, the assumed exchange rate is ¥155 to the U.S. dollar and the assumed domestic naphtha price is ¥86,000 per kiloliter.

[Assumptions Underlying the Earnings Forecast for the Fiscal Year Ending December 31, 2026]

The Group consists of the Company, three consolidated subsidiaries and five associates. It manufactures and sells petrochemical products that are essential to people's daily lives. Under its purpose, "Chemistry for Tomorrow," the Group seeks to contribute to the sustainable development of society while maintaining harmony between the environment and industry. To fulfill this purpose, the Group aims to evolve from a conventional petrochemical manufacturer into a next-generation petrochemical company that opens the way to a sustainable society. Building on safe and stable operations, the Group will pursue reliable supply to customers and reinforce its position as a trusted provider of industrial infrastructure. It will also promote technological innovation and co-creation with stakeholders in order to establish a carbon circulation-oriented business model and create value that supports safe and secure daily life.

1. Outlook for the Group

During the First Half ended June 30, 2026, the global economy remained unstable amid continuing geopolitical tensions in the Middle East and concerns regarding logistics disruptions around the Strait of Hormuz. In Japan, employee compensation increased and corporate capital expenditure showed signs of growth, while concerns persisted over the impact of higher crude oil prices and inflation.

In the petrochemical industry, operating rates at domestic ethylene plants remained low, reflecting sluggish domestic demand for petrochemical products and oversupply caused by the construction and expansion of petrochemical plants overseas, particularly in China. In addition, heightened tensions in the Middle East have raised concerns over the procurement of crude oil, naphtha and other feedstocks and have increased manufacturing costs due to higher prices, leaving the outlook uncertain.

Against this backdrop, the Group has secured the feedstocks required for operations by diversifying its sources of naphtha procurement, including sources outside the region surrounding the Strait of Hormuz. With respect to higher manufacturing costs resulting from rising feedstock prices, the selling prices of many of the Group's products are determined using formulas linked to raw material prices, enabling the Group to appropriately pass higher costs through to selling prices.

Under these conditions, for FY2026 the Group forecasts consolidated revenue of ¥323.4 billion, up 6.4% year on year; operating profit of ¥3.0 billion, down 28.8%; ordinary profit of ¥4.2 billion, down 24.9%; and profit attributable to owners of the parent of ¥1.7 billion, down 45.1%.

2. Assumptions Underlying the Earnings Forecast

(1) Revenue

Although the Group has a single reportable segment, Petrochemicals, it prepares its revenue forecast separately for each of the following four businesses: the Olefins Business, the Organic Chemicals Business, the Synthetic Resins Business and the Other Business. Sales volume assumptions reflect historical trends, customer demand outlook, and the Group's sales strategy. Selling price assumptions reflect the industry environment and procurement prices for naphtha and other raw materials.

For the First Half ended June 30, 2026, the Group recorded revenue of ¥132,009 million. In the Olefins Business, although selling prices increased in line with higher prices for naphtha and other feedstocks, sales volume decreased due to planned maintenance of the ethylene plant (*). In addition, following completion of the planned maintenance, the Group operated the ethylene plant at a reduced rate due to temporary constraints on naphtha procurement arising from the situation in the Middle East. As a result, revenue in the Olefins Business amounted to ¥62,051 million. In the Organic Chemicals Business, although sales volume decreased due to the planned maintenance, selling prices increased in line with higher raw material prices. As a result, revenue amounted to ¥24,154 million. In the Synthetic Resins Business, selling prices increased in line with the rise in domestic naphtha prices, resulting in revenue of ¥38,020 million. Revenue in the Other Business amounted to ¥7,784 million.

For the fiscal year ending December 31, 2026, the Group forecasts revenue of ¥323.4 billion, representing an increase of 6.4% year on year. In the Olefins Business, in addition to actual results through the First Half ended June 30, 2026, the forecast reflects sales volume assumptions based on customer demand outlook and the Company's sales strategy. Selling price assumptions incorporate the pass-through of higher naphtha prices, as well as a deterioration in the profitability of export sales due to weak overseas market conditions. As a result, revenue is forecast at ¥167.0 billion, representing a decrease of 0.5% year on year. In the Organic Chemicals Business, in addition to actual results through the First Half ended June 30, 2026, the forecast assumes a decrease in sales volume due to oversupply resulting from the construction and expansion of petrochemical plants, particularly in China. Selling price assumptions incorporate the pass-through of higher prices for naphtha and other raw materials. As a result, revenue is forecast at ¥52.0 billion, representing an increase of 8.8% year on year. In the Synthetic Resins Business, in addition to actual results through the First Half ended June 30, 2026, the forecast incorporates an increase in sales volume attributable to customers' efforts to secure inventories in response to the situation in the Middle East, as well as the impact of planned maintenance at competitors' plants. As a result, revenue is forecast at ¥87.0 billion, representing an increase of 22.5% year on year. In the Other Business, in addition to actual results through the First Half ended June 30, 2026, the Group developed its sales plan for utilities, including electricity, steam and industrial water, based on the operating plans of companies located within the Oita Petrochemical Complex. As a result, revenue is forecast at ¥17.4 billion, representing an increase of 1.2% year on year.

(*) Planned maintenance

In the fiscal year ending December 31, 2026, the Group conducted planned maintenance of its ethylene plant from February through April 2026. The planned maintenance is conducted once every four years to perform statutory inspections of the plant and equipment. Production is suspended during the planned maintenance period, and sales are therefore primarily made from inventory. Accordingly, sales volume for FY2026, particularly in the Olefins Business, is expected to be lower than in a typical year.

(2) Cost of sales, Gross Profit

For the First Half ended June 30, 2026, cost of sales was ¥119,805 million and gross profit was ¥12,204 million. This was primarily attributable to a decrease in naphtha procurement resulting from lower sales volume due to the planned maintenance, as well as a positive effect (*) of ¥7.2 billion arising from a sharp increase in naphtha prices over a short period due to the situation in the Middle East, which increased gross profit. The forecast for cost of sales for the fiscal year ending December 31, 2026 reflects actual results through the First Half ended June 30, 2026. For the period from July 2026 onward, cost of sales has been estimated on a bottom-up basis by individual cost item, including other raw material and fuel costs, personnel expenses and depreciation, based on assumptions regarding naphtha prices, a key feedstock, and foreign exchange rates. The forecast also incorporates the expected effects of cost reductions through production rationalization and other measures. Although profit for the First Half ended June 30, 2026 was increased by a positive inventory valuation effect, the forecast incorporates a negative inventory valuation effect of ¥8.2 billion from July 2026 onward due to declining naphtha prices. As a result, cost of sales is forecast at ¥302.1 billion, representing an increase of 6.8% year on year, and gross profit is forecast at ¥21.3 billion, representing an increase of 0.9% year on year.

(*) Inventory Valuation Effect

The Group refers to the effects arising from the weighted-average method and the lower-of-cost-or-market method collectively as "inventory valuation effect." These effects arise from the timing of fluctuations in raw material prices and the level of inventories held. Although they may significantly increase or decrease profit in a particular accounting period, they tend to offset each other over medium- to long-term price cycles. For example, the positive effect on profit arising during a period of rising prices may subsequently become a negative factor during a period of declining prices.

< Effect of the Weighted-Average Method>

The Group applies the weighted-average method to value inventories. Under this method, manufacturing costs are calculated by averaging the acquisition costs of naphtha and other raw materials purchased in prior periods and those purchased during the current period. Accordingly, when raw material prices fluctuate significantly, a difference may arise between current market prices and the costs recognized for accounting purposes. More specifically, when raw material prices are rising, relatively low-cost inventories are reflected in product costs, temporarily increasing profit. The Group refers to this as a “positive inventory valuation effect.” Conversely, when raw material prices are declining, relatively high-cost inventories are reflected in product costs, which tends to temporarily reduce profit. The Group refers to this as a “negative inventory valuation effect.”

<Effect of the Lower-of-Cost-or-Market Method >

At the end of each reporting period, the Group compares the carrying amount of inventories with their net realizable value. If the carrying amount exceeds the net realizable value, the carrying amount is written down to the net realizable value in accordance with the lower-of-cost-or-market method. Such write-downs are reassessed and reversed, as appropriate, on a quarterly basis and may affect full-year profit or loss.

(3) Selling, General and Administrative Expenses, Operating Profit

Selling, general and administrative expenses consist mainly of logistics costs, personnel expenses, outsourcing expenses, research and development expenses, and other expenses. For the First Half ended June 30, 2026, selling, general and administrative expenses amounted to ¥8,640 million, reflecting increases in logistics costs and personnel expenses. As a result, operating profit amounted to ¥3,564 million. The forecast for selling, general and administrative expenses for the fiscal year ending December 31, 2026 reflects actual results through the First Half ended June 30, 2026, as well as the anticipated effects of increases in logistics costs, personnel expenses and other costs from July 2026 onward. Selling, general and administrative expenses are forecast at ¥18.3 billion, representing an increase of 8.3% year on year. As a result, operating profit is forecast at ¥3.0 billion, representing a decrease of 28.8% year on year.

(4) Non-operating Income and Expenses, Ordinary Profit

Non-operating income and expenses consist mainly of share of profit or loss of entities accounted for using the equity method, net financial income or expenses, rental income and expenses related to non-current assets, and other non-operating items. The forecast reflects actual results through June 2026. For the period from July 2026 onward, each item has been estimated on a bottom-up basis, taking into account the relevant trends and circumstances as of the date of the forecast. For the fiscal year ending December 31, 2026, net non-operating income is forecast at ¥1.2 billion, representing a decrease of 12.9% year on year. As a result, ordinary profit is forecast at ¥4.2 billion, representing a decrease of 24.9% year on year.

(5) Extraordinary Income and Losses and Profit Attributable to Owners of the Parent

For the First Half ended June 30, 2026, the Group recorded a loss on retirement of non-current assets of ¥944 million in connection with the planned maintenance. For the fiscal year ending December 31, 2026, the Group expects to record a loss on retirement of non-current assets of ¥1.3 billion. Income taxes have been estimated based on the Group’s earnings plan. As a result, profit attributable to owners of the parent is forecast at ¥1.7 billion, representing a decrease of 45.1% year on year.

[Cautionary Statement Regarding the Financial Forecast]

Forward-looking statements, including the financial forecast contained in this document, are based on information currently available to the Company and certain assumptions that the Company considers reasonable. Actual results may differ from the forecast due to various factors.

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