0→1 MAKE IT HAPPEN

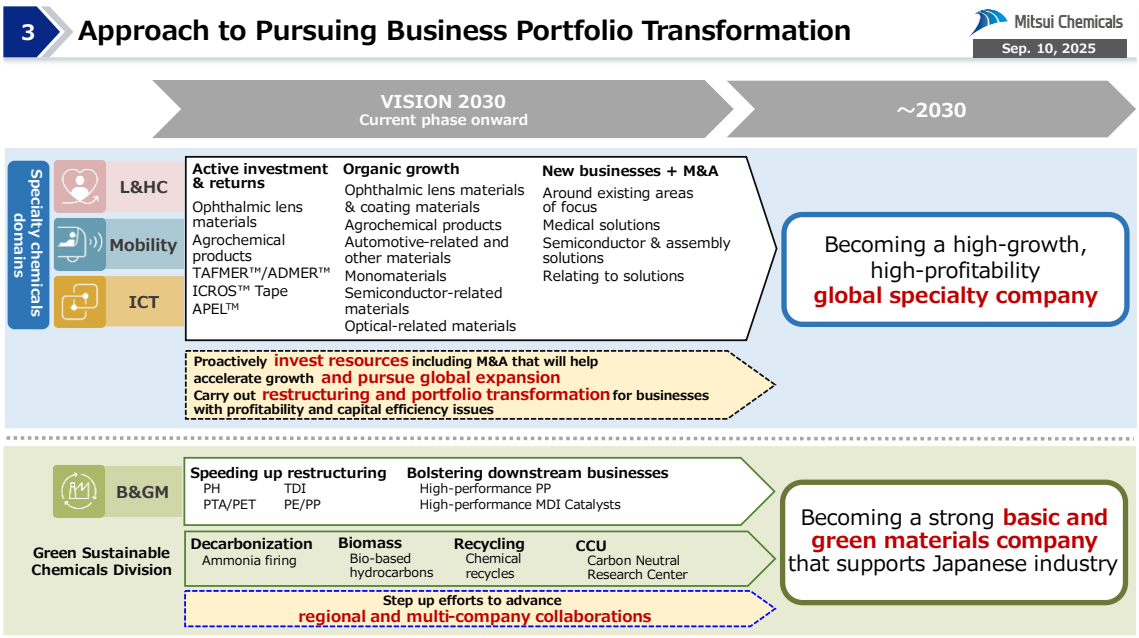
Mitsui Chemicals Group

Business Strategy Presentation focused on the integration of Polyolefins business Basic & Green Materials

IZAWA Kazumasa
伊澤　一雅
Senior Managing Executive Officer
Business Sector President, Basic & Green Materials Business Sector

Sep. 10, 2025

Contents



【CEO　HASHIMOTO Osamu】

At the CEO presentation on May 30, we explained the policy that, amid significant changes in the environment surrounding us, the Specialty chemicals domains and Basic & Green Materials (B&GM) should each have different goals, and that management should be carried out with the aim of achieving these goals.

The Specialty domain aims to become a high-growth, high-profit global specialty company by strengthening its business foundation through various partnerships and other strategies to win fierce competition globally.

Despite challenging conditions as overcapacity, particularly in China, we aim to build a strong basic and green materials company supporting Japanese industry by strengthening its business foundation as an essential industry.

4 Ideal Vision for the B&GM Business

Mitsui Chemicals
Sep. 10, 2025

Aiming to build a globally competitive, Japan-leading business entity through transformation and collaborations with other companies

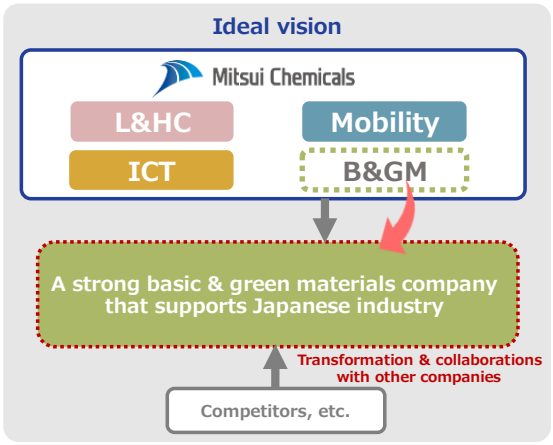
Aims of the split

Create in the petrochemical sector a Japan-leading green chemical business entity with a competitive edge against imports, through accelerated transformation and collaborations with other companies

Enable the specialty chemicals domains and the B&GM business – each requiring a different speed of decision-making – to execute strategies under their own governance structures

Support Japanese industry through contributions to economic security, enhanced quality of life via further performance improvements to materials, carbon neutrality, and other initiatives

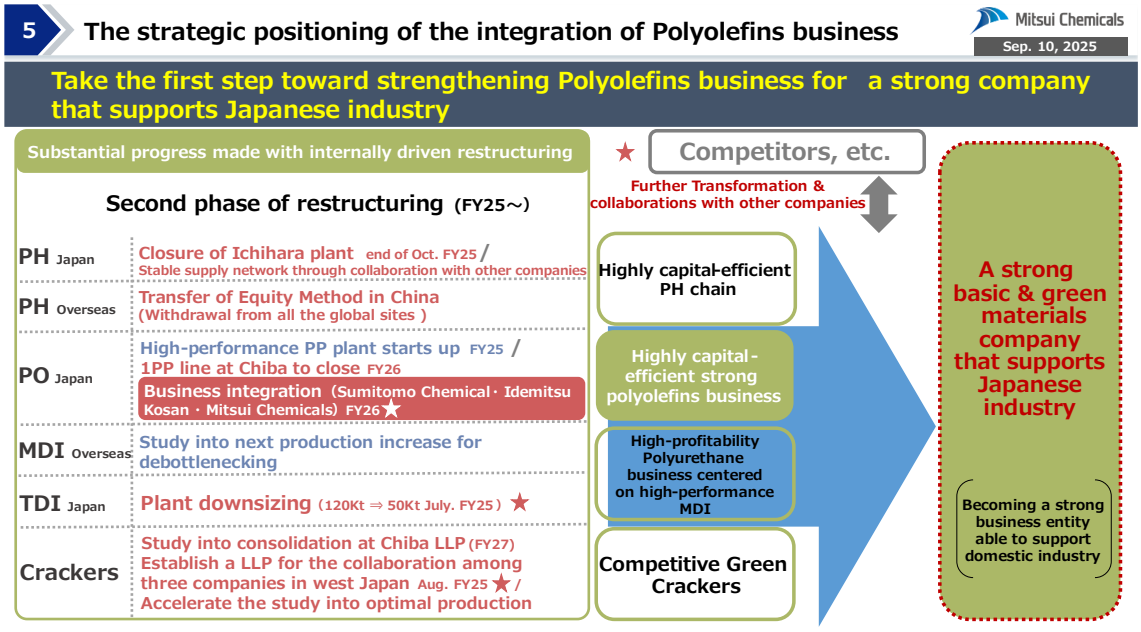
While we will strive to realize this ideal vision as early as possible, the business will be split off by around 2027.



We believe that the ideal future for B&GM is to become an essential company that can contribute to customers across a wide range of fields such as automotive, semiconductors, packaging, and healthcare.

It is expected that, by accelerating efforts to collaborate and reorganize with other companies, the industry will eventually consolidate into a few firms. However, since reorganization involves the consent of the other parties, the progress is still uncertain. Therefore, we will at least execute spin-off B&GM as a wholly owned subsidiary by around 2027.

The purpose of the spin-off is as stated in this document. When considering the future direction, as business models and investment approaches of Specialty chemicals domains and B&GM will increasingly diverge, we aim to establish a strong foundation that allows B&GM to operate independently in order to enable quick decision-making as B&GM.



We have made considerable progress in the restructuring that our company can handle on its own so far. In addition to restructuring, we have also promoted efforts to select and strengthen competitive derivatives. Since the initiatives we can undertake through our own efforts are surely progressing, from now on we will further strengthen the business foundation through collaborations and transformations with other companies.

Through collaborations and transformations with other companies, we aim to establish a highly capital efficient phenol chain, a strong and highly capital-efficient polyolefin (PO) business entity related to today's announcement, and a high-profitability polyurethane business centered on high-performance MDI. Additionally, by strengthening the complex in a new way with competitive crackers that include green initiatives having the greatest impact, we ultimately aspire to become Japan's leading basic and green materials company.

The business integration of PO announced today is one step toward moving in that direction.

Mitsui Chemicals
Sep. 10, 2025

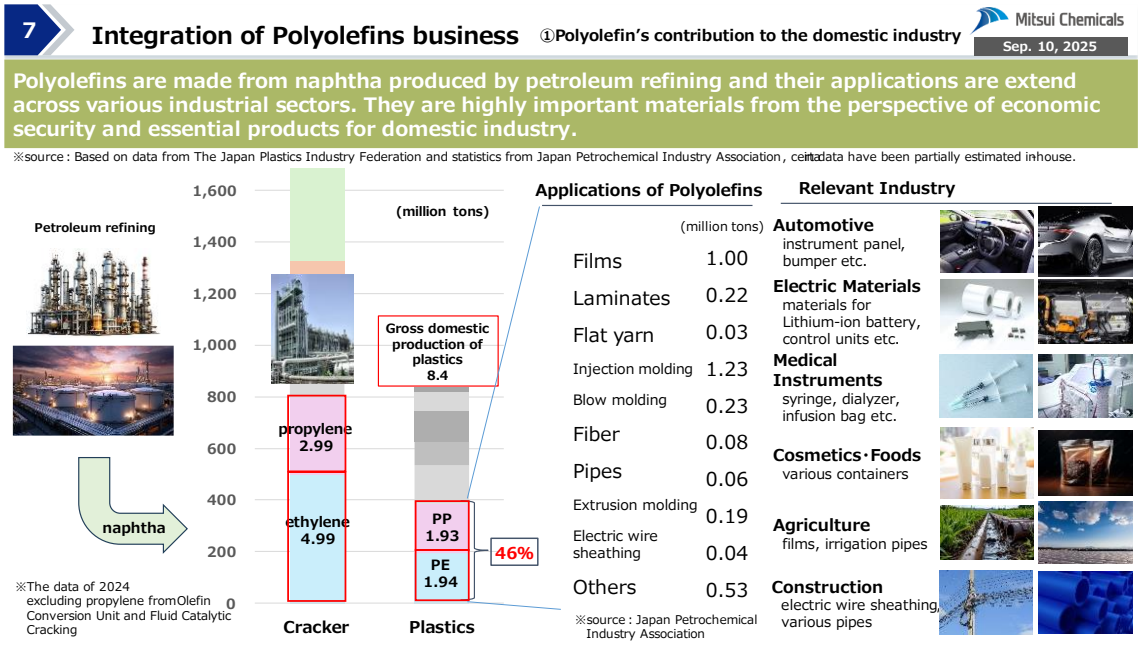
Contents

- The aims and strategic positioning of the integration of Polyolefins business related to the direction of Mitsui Chemicals Group's business portfolio transformation

  CEO HASHIMOTO Osamu

- **Business Strategy of Basic & Green Materials**
  - **The integration of Polyolefins business**
  - **Business Plan**

  Senior Managing Executive Officer
  IZAWA Kazumasa



【Senior Managing Executive Officer IZAWA Kazumasa】

The slide shows the industrial chain connected from left to right.

Among all petrochemicals, PO is a core product. Among the domestic total plastic production of 8.4 million tons, the two products PE and PP account for 46%. The production volume of these two products, just under 4 million tons, is further processed and supplied to various industries. We consider the applications shown in the photo on the right, such as automobile instrument panels and bumpers, lithium-ion battery materials for electronic devices, medical equipment, and high-performance packaging materials, to be areas where high functionality is required, and where differentiation from imported products can be achieved. PO is sometimes referred to as a commodity resin, but in addition to being an essential material in our daily lives, there are many areas where functionality is required, and therefore, we consider that there are business opportunities in such areas.

The left side of the slide mentions raw materials, stating that about 5 million tons of ethylene and about 3 million tons of propylene come from crackers. For example, since just over 40% of the 5 million tons of ethylene is used for PE production, strengthening the PO business, including PE, will also lead to enhancing the competitiveness of the cracker.

We have explained that in the restructuring strategy of B&GM, instead of following the traditional concept of complexes which focuses on how to utilize the

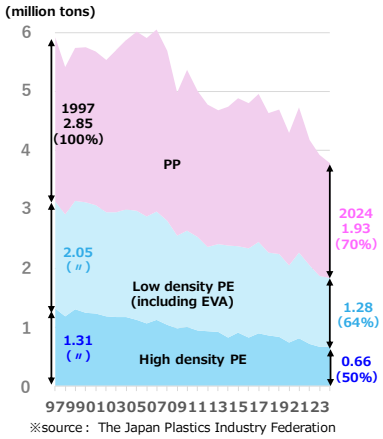
fractions derived from cracker production capacity, we aim to optimize crackers capacity by working backward from required production capacity for strong derivatives that can remain competitive in the future. We ask for your understanding that PO serves as a core and critical product in driving this strategy forward.

Integration of Polyolefins business

②Trend of reorganization among domestic polyolefins manufacturers

Although domestic polyolefins makers have promoted reorganization and consolidation, consolidation has not progressed as much as in oil refinery industry(4 companies) and steel industry (3 blast furnace steelmakers), and as a result, excess capacity remains unresolved.

Trend of domestic production of PP / PE



※source： The Japan Plastics Industry Federation

As of September 1994

Mitsui Petrochemical Industries (PE、PP)
Idemitsu Petrochemical Co., Ltd. (〃)
Sumitomo Chemical Co., Ltd. (〃)
Mitsubishi Petrochemical Co., Ltd. (〃)
Mitsubishi Kasei Corporation (〃)
Tonen Chemical Corporation (〃)
Showa Denko K.K. (〃)
Nippon Petrochemicals Co., Ltd. (〃)
Tosoh Corporation (〃)
Asahi Chemical Industry Co., Ltd. (〃)
Chisso Corporation (〃)
Ube Industries Ltd. (〃)
Maruzen Polymer Co., Ltd. (PE)
Nippon Unicar Company Limited (PE)
DuPont-Mitsui Polychemicals Co., Ltd. (PE)
Mitsui Toatsu Chemicals (PP)
Tokuyama Corporation (PP)

PE : 15 companies (3.55 million tons/year)
PP : 14 companies (2.58 million tons/year)

reorganization

consolidation

As of April 2025

Prime Polymer Co., Ltd. (PE、PP)
SUMITOMO CHEMICAL COMPANY, LIMITED (PE、PP)
Japan Polyethylene Corporation (PE)
Japan Polypropylene Corporation (PP)
SunAllomer Ltd. (PP)
Tosoh Corporation (PE)
Asahi kasei Corp. (PE)
KEIYO POLYETHYLENECO., LTD. (PE)
UBE-MARUZEN POLYETHYLENE CO., LTD. (PE)
ENEOS NUC Corporation (PE)
Dow-Mitsui Polychemicals Company, Ltd. (PE)

※product capacity : fiscal yearend 2023

PE : 9 companies (3.23 million tons/year)
PP : 4 companies (2.62 million tons/year)

※source : Japan Petrochemical Industry Association

Looking at the trend of domestic production of PP / PE, they have been declining steadily since around 2007. We consider this is due to be a decrease in domestic demand caused by the downsizing and thinning of packaging containers, as well as the impact of inexpensive imported goods entering commodity domains. In response to this situation, domestic PO manufacturers have shifted their focus from pursuing volumes of commodity products to areas where functionality is required.

As a result of restructuring and consolidation driven by the above-mentioned business environment, the number of companies has been consolidated from 15 PE firms and 14 PP firms in 1994 to 9 PE firms and 4 PP firms currently. On the other hand, production capacity has only been reduced by about 10% for PE from 3.55 million tons in 1994, while PP remains almost unchanged at 2.58 million tons today.

Compared to other industries, such as oil refinery and blast furnace steelmakers, which are consolidated into a few companies, the restructuring and consolidation in this field has been delayed, and we recognize that PO manufacturers also need to take a more proactive approach to the issue of excess capacity.

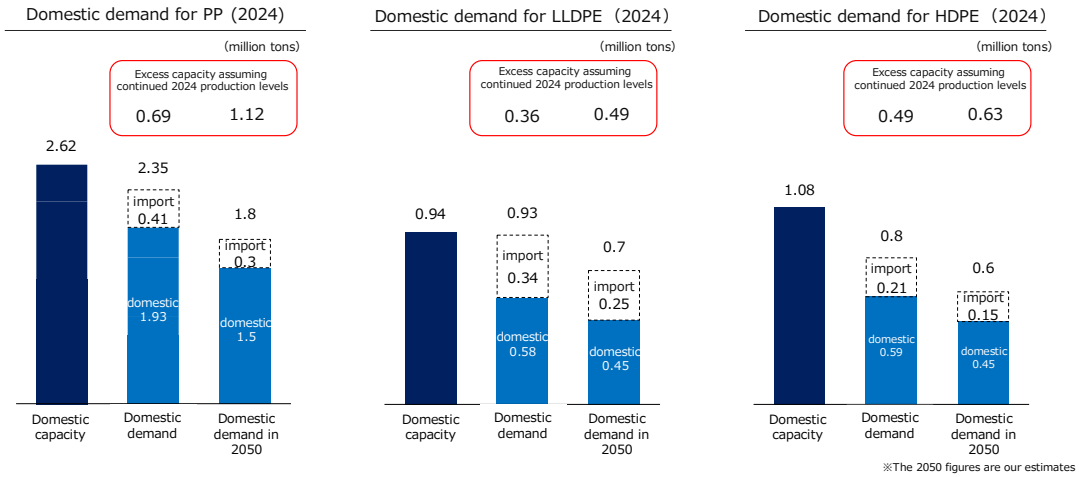
Integration of Polyolefins business

③Domestic supply and demand conditions for Polyolefins

Mitsui Chemicals

Sep. 10, 2025

Due to declining domestic demand caused by population decrease and changes in lifestyle , demand for domestically produced polyolefins is expected to shrink further.
With domestic production capacity expected to be halved, business restructuring is inevitable.



The slide shows our estimates of domestic PO production capacity and domestic demand as of fiscal 2024, as well as the demand in 2050, considering changes such as population decline and improvements in recycling rates.

For example, for PP, the domestic production volume is 1.93 million tons against a production capacity of 2.62 million tons as of fiscal year 2024, resulting in an excess capacity of about 0.7 million tons.

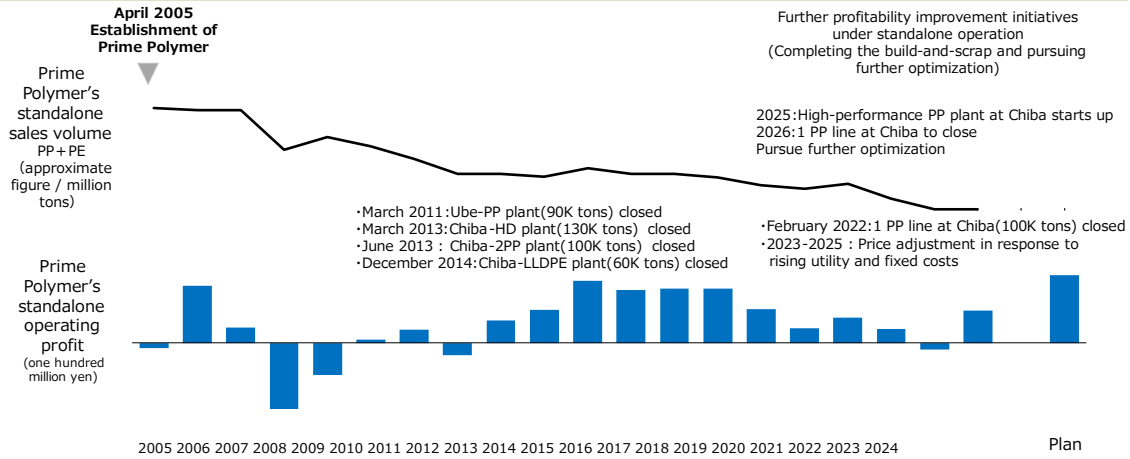
According to our estimates, the demand in 2050 will decrease to 1.8 million tons, so we expect the excess capacity to exceed 1.0 million tons. Since we expect the production overcapacity to expand in the future, we believe it is necessary to proceed with production optimization.

On the other hand, since PO is an essential material, there will still be a demand of just over 3 million tons even in 2050. To continue supplying this demand, we will consider various improvements such as enhancing functions, greening, and building new state-of-the-art plants to improve production efficiency and increase competitiveness.

Integration of Polyolefins business

④Trend of our polyolefins business earnings

- Although Prime Polymer had optimized production and maintained profitability following the2008 financial crisis, it has experienced sluggish earnings since 2020 due to the impact of COVID19 pandemic.
- Since 2023, it's earnings have improved driven by production optimization and price adjustments. Looking ahead we plan to expand earnings by optimizing production capacity through build-and-scrap initiatives.



Our PO business is primarily operated by Prime Polymer Co., Ltd. (PRM), a joint venture established in 2005 with Idemitsu Kosan. As a result of efforts to optimize production through the suspension of four plants between 2011 and 2014 due to the 2008 global financial crisis, PRM alone has been able to secure operating profits. Furthermore, in response to the COVID-19 pandemic and capacity expansions mainly in China, one plant was shut down in 2022 to further optimize production. Since 2023, in addition to production optimization, we have also been working on price rationalization to respond to the recent increases in utility costs and fixed expenses. Starting this fiscal year, we plan to operate a plant producing high-performance polypropylene (PP) and begin supplying it, while simultaneously advancing further production optimization.

However, since we believe that our current structure is still insufficient to respond to various changes in the business environment, we have begun considering this business integration.

Integrated domestic polyolefins business of SUMITOMO CHEMICAL COMPANY, LIMITED (“SUMITOMO”) into Prime Polymer Co., Ltd.(“PRM”). SUMITOMO will acquire a stake in PRM as a shareholder.

Outline of PRM

Company name	Prime Polymer Co., Ltd.
Domestic sites	Head office(Tokyo), Sales office(Nagoya, Osaka) Fundamental Research Laboratory, Packaging and Industrial Materials Laboratory, Automotive Materials Laboratory, Ichihara Works, Anesaki Works, Osaka Works,
Affiliated Companies	Evolue Japan Co., ltd.(“Evolue Japan”) Prime Evolue Singapore Pte. Ltd. Tokuyama Polypropylene Co., Ltd.(“Tokuyama PP”)
Established	April 1, 2005
President and Vice president	YOSIZUMI Fumio, President YAMADA Eiichiro, Executive Vice President
Capital	20 billions of yen(Mitsui Chemicals(“Mitsui”) 65% ; Idemitsu Kosan(“Idemitsu”) 35%)
Sales Revenue	286.3 billions of yen (Standalone PRM, FY 24)
Production Capacity	PP:1.26 million tons/year (including Tokuyama PP) PE:0.55 million tons/year (including Evolue Japan)
Number of Employees	710 (as of the end of March 2025)

SUMITOMO’s business to be integrated

Business	・Domestic PP business(including PP-CPD business) ・Domestic LLDPE business(including Evolue Japan) ※excluding domestic LDPE business, overseas affiliated companies*
Sites	Head office(Tokyo), Branch office(Nagoya) Chiba Works, EGM laboratory
Sales revenue	101 billions of yen (FY 24)
Production Capacity	PP :0.33 million tons/year PE :0.17 million tons/year
Number of Employees	Approximately 200

*・PO business in Singapore and Saudi Arabia
・PP-CPD business in Thailand, Europe and the US

・Integrated SUMITOMO’s business listed above into PRM
・SUMITOMO will acquire PRM’s shares for consideration

【Investment ratio in PRM】
・Before integration : Mitsui 65%, Idemitsu 35%
・After integration : Mitsui 52%, Idemitsu 28%, SUMITOMO 20%

Currently, discussions are progressing among three companies, and while the final agreement is yet to be reached, we would like to explain the content of the PO business integration that is currently under consideration based on the provided materials.

We are considering integrating Sumitomo Chemical's domestic PP business and domestic LLDPE business into PRM. Among Sumitomo Chemical's PO business, the domestic LDPE business, PO businesses in Singapore and Saudi Arabia, and the PP compound business in Europe and the United States are not subject to integration consideration.

As consideration for integrating Sumitomo Chemical's relevant business into PRM and Sumitomo Chemical acquiring shares of PRM, discussions are progressing on the assumption that the shareholding ratio will be 52% for our company, 28% for Idemitsu Kosan, and 20% for Sumitomo Chemical.

With the integration, PRM is expected to have sales of approximately 390 billion yen based on the fiscal year 2024 financial results.

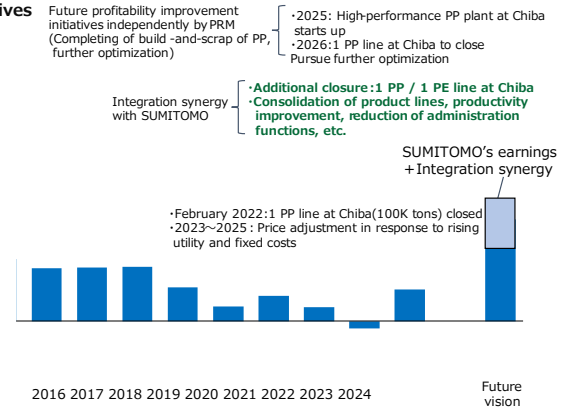
We will realize profitability improvement and increased capital efficiency in polyolefins business by generating integration synergies worth more than 8 billion yen through initiatives including consolidation of facilities and product lines. (Post-integration, we aim to improve ROIC in our polyolefins business by 1-2% compared to the current level.)

Cost reduction effects through rationalization and related initiatives

(billions of yen)

Items	Intended effects
Optimization of production capacity ・Additional actions to close and consolidate facilities ⇒ PP : 1 line, PE : 1 line	about 4
Consolidation of product lines / productivity improvement	about 2
Reduction of administration functions etc.	about 2
Amount of synergies	about 8

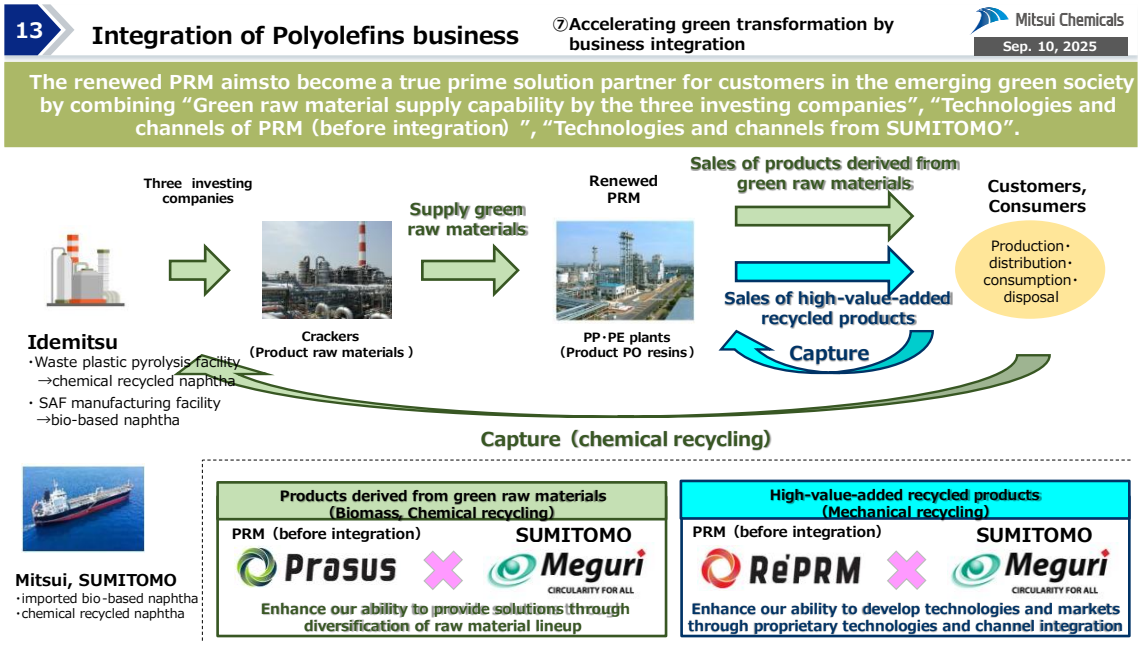
We will strive to realize synergy effects exceeding 8 billion yen by further initiatives.



We aim to achieve synergy effects such as cost reductions of more than 8 billion yen through the business integration. About half of that, approximately 4 billion yen, is expected to come from optimizing production capacity by additionally shutting down the PE I line and PP I line. Furthermore, since both companies have many brands, we expect around 2 billion yen in effects from consolidation and rationalization of production. In addition, by slimming down the overlapping administration functions, an effect of about 2 billion yen is anticipated.

In addition to these effects, discussions are progressing towards achieving synergy effects exceeding 8 billion yen through the accumulation of additional items. We believe that such cost improvements are important for the PO business to enhance competitiveness at the border against inexpensive imports from overseas.

As shown in the graph on the right side of the slide, we aim not only to improve profitability by adding integration synergies to the combined profits of PRM and Sumitomo Chemical but also to enhance capital efficiency through initiatives such as optimizing production capacity and reducing inventory. The business integration we are currently considering is not aimed at increasing volume, but rather at creating a strong business structure with high capital efficiency. By realizing the future vision including integration synergies, we aim to improve ROIC by approximately 2 percentage points in terms of capital efficiency.



This business integration will accelerate the green transformation needed going forward.

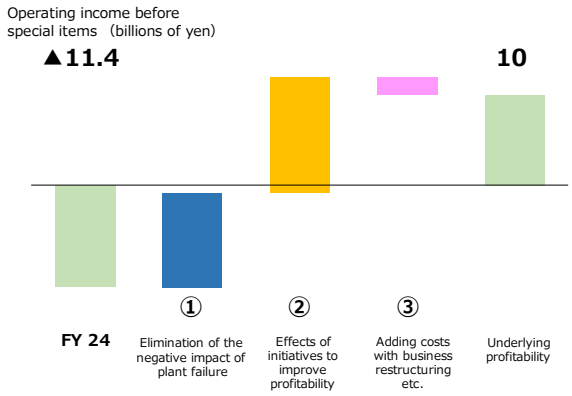
As stated on the left side of the slide, Idemitsu Kosan is beginning advanced initiatives such as producing chemical recycled naphtha from plastic pyrolysis facilities and bio-based naphtha from SAF manufacturing facilities. Both Sumitomo Chemical and our company have started using imported bio-based naphtha and chemical recycled naphtha.

In the Keiyo area, optimization of crackers is also being considered, so in the future, the three companies that will be shareholders of PRM are expected to supply green raw materials from competitive crackers and provide customers with products that add value such as green or recycled to the high-performance polyolefins that PRM possesses.

PRM has already been promoting green and recycling initiatives under brands such as Prasus® and Re’PRM®, and since Sumitomo Chemical is also actively developing with its Meguri® brand, we consider that further expansion can be accelerated by integrating these technologies as well as unifying sales and distribution channels.

By adding the effects of elimination of the negative impact of plant failure in Osaka Works ("plant failure") and ongoing initiatives to improve profitability to the FY24 performance, current underlying profitability of Basic & Green Materials ("B&GM") business is at the ¥10 billion level.

Profitability of B&GM business



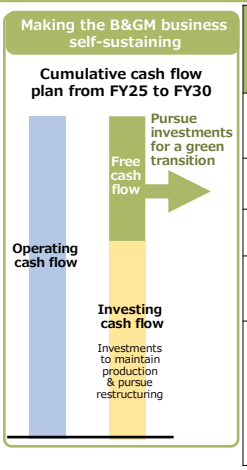
Increase or decrease factors for operating income before special items

① **Elimination of the negative impact of plant failure**	**+10.5**
② **Effects of initiatives to improve profitability** ・sales growth ・sales price adjustment in response to rising utility and fixed costs ・cost reduction ・business restructuring etc.	**+13**
③ **Adding costs with business restructuring, etc.** ・closure of Ichihara PH plant in second half of 2025 (brought forward)	**△2**

(billions of yen)

The B&GM segment recorded a core operating loss exceeding 10 billion yen in fiscal 2024 due to the impact of the Osaka ethylene plant failure.
Since then, in addition to elimination of the negative impact of the plant failure above-mentioned, we have been improving profitability through business structure improvements such as expanding sales, price optimization, cost reduction, and the transfer of equity interest in Shanghai Sinopec Mitsui Chemicals, Co., Ltd., and we consider that the current underlying profitability of B&GM has reached a scale of around 10 billion yen in core operating profit.

B&GM business will achieve 36 billions of yen of operating income before special items in 2030 by promoting the second phase of restructuring and bolstering downstream businesses. Integration with SUMITOMO is an important item to the initiatives above.



Business	Ideal state	2025~2030 Promoting the second phase of restructuring and bolstering downstream business	Improving profitability (billions of yen)
Crackers	Competitive crackers	(East Japan)2027:Decision to consolidation at Chiba LLP (West Japan)Establish a LLP for the collaboration among three companies and accelerate the study into optimal cracker production	+17
PH	Highly capital-efficient PH chain	・2025: Transfer of Equity Method in China ・Closure of Ichihara PH plant in second half of 2025 (brought forward)	
PTA・PET	Securing profit through optimal business structure	Domestic facilities have been closed by 2024	
Polyurethanes	High-profitability polyurethane business centered on high-performance MDI	・2025:Downsizing ofOmuta TDI plant ・High-performance MDI: Beginning study into next production increase for debottlenecking	
Polyolefins (PP・PE)	Highly capital-efficient high-performance polyolefins business	・Completion of build -and-scrap of PP 2025: High-performance PP plant starts up 2026: 1 PP line at Chiba to close ・Considering further optimization	
		・Optimization by integration with SUMITOMO **Additional closure 1 PP / 1 PE line at Chiba, Consolidation of product lines, productivity improvement, reduction of administration functions, etc.**	Integration synergy more than +8

Current underlying profitability 10

＋

Promoting the second phase of restructuring and bolstering downstream business **more than+25**

2030:B&GM business
・Operating income before special items :**36**
・ROIC: **Around 6.5%**

(billions of yen)

We will continue to improve profitability through the second phase of reconstruction and bolstering downstream business.

Regarding crackers, we will optimize production at both the East and West sites to enhance cost competitiveness.

Regarding PH, we have decided to transfer of equity method in China (Shanghai Sinopec Mitsui Chemicals, Co., Ltd.). Furthermore, domestically, we have decided to bring forward the shutdown of the Ichihara plant, one of the two plants, and through production optimization resulting from this, we will enhance our cost competitiveness.

Regarding PTA・PET, we have already suspended our domestic facilities.

Regarding polyurethane, while implementing TDI downsizing in Omuta, we have also started considering next production increase of high-performance MDI through debottlenecking in South Korea.

Regarding polyolefins, we will create a strong, high-performance PO (polyolefin) business with high capital efficiency by advancing optimization through the business integration announced today, in addition to the previously promoted high-performance PP's B&S.

In addition to the current underlying profitability of around 10 billion yen in operating income before special items, by further accumulating initiatives such as the second phase of restructuring and bolstering downstream business, we aim for 36 billion yen in operating income before special items, along with an ROIC level of 6.5% in 2030.


A global solutions company that
leads change and contributes to a sustainable future

Chemistry for Sustainable World

Mitsui Chemicals

Challenge Diversity One Team

Statements made in this document with respect to Mitsui Chemicals' current plans, estimates, strategies, and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Mitsui Chemicals.

Information provided here, other than historical facts, refers to future prospects and performance, and has been prepared by Mitsui Chemicals management on the basis of currently available information. This covers various risks, including, but not limited to, economic conditions (especially, customer demand), foreign currency exchange rates and other factors. As a result, actual future performance may differ from any forecasts contained in this document.

Mitsui Chemicals has no responsibility for any possible damages arising from the use of this information nor does Mitsui Chemicals have any obligation to update present forward-looking statements, or release new ones, as a result of new information, future events or otherwise.

This document may not include all the information Mitsui Chemicals has disclosed to stock exchanges or made public in other ways. Please be aware that the content on this document is subject to change or deletion without advance notice.

Although Mitsui Chemicals has made careful efforts regarding the accuracy of the contents here, Mitsui Chemicals assumes no responsibility for problems including, but not limited to, incorrect information, or malicious tampering with the content of the data in this document by any third parties or problems resulting from downloading. Furthermore, this website is not an offer or a solicitation of an offer to buy or sell securities. Please be aware that decisions regarding investing are the responsibility of users themselves.