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Notice Regarding Beginning of Consideration of Splitting off Basic & Green Materials Business for Advance Collaboration with Other Companies and Integration and Transformation

Mitsui Chemicals, Inc. (“the Company”) has begun to consider splitting off its Basic & Green Materials business ("B&GM"), which is primarily engaged in petrochemicals, in order to transition to a more robust business structure and promote the shift to green society, with a view to pursuing collaboration with other companies as well as integration and transformation.

1. Background to the considered split

In order to accelerate the transformation of our business portfolio as part of the Basic Strategy of our long-term management plan, VISION 2030, we are promoting strategies, including alliances with other companies, in our specialty chemicals domains (Life & Healthcare Solutions, Mobility Solutions, ICT Solutions) and B&GM, which have different industry structures, business strategies, and speeds required in decision-making.

Specifically, in the specialty chemicals domains, we are focusing on differentiated fields where we can utilize our strengths, and through proactive resource investment and new business development, including M&A and alliances, we are working to develop a high-growth, high-profitability global specialty chemical business. In addition, for B&GM, we are working to develop a strong green chemicals business that supports Japanese industry through restructuring, development of high-performance materials, and the shift to green chemicals.

B&GM is a business sector that plays an important role in Japan's industrial competitiveness, economic security, carbon neutrality, etc. through stabilizing energy supplies such as oil refining upstream in the supply chain, and supplying essential materials to other industries such as the automobile and semiconductor industries downstream.

Meanwhile, the business environment surrounding B&GM is facing a severe profit situation due to a gradual decline in demand in Japan caused by a declining population, while the construction of new large plants overseas continues. This situation is expected to continue for the next few years. Currently, we are working on downsizing our naphtha crackers and restructuring and enhancing the performance of our derivatives, including phenols and polyolefins, but we need to continue with further structural improvements.

For B&GM to operate independently as a strong green chemicals business that is internationally competitive and supports Japanese industry, we have determined that it is necessary to advance collaboration

with other companies that have similar businesses and approaches, and further to integrate management resources in order to realize together a strong business entity in terms of human resources, technology, competitiveness, business foundations, and other resources.

2. Details of the considered split

(1) Scope of the consideration

We will continue to consider the details based on B&GM's current businesses listed below.

- Phenols, Industrial Chemicals, Sustainable Feedstocks, Licensing,
Prime Polymer Co., Ltd.(Polyolefins) , Polyurethanes

(2) Ideal Vision

We aim to turn B&GM into a strong, self-sustaining business entity through collaboration with other companies and integration and transformation, thus creating a Japan's leading basic and green materials company, which will pursue the following objectives:

- Promoting the shift to green chemicals
- Contributing to customer needs and enhanced quality of life through development of high- performance materials
- Strengthening competitiveness and product development capabilities to compete with imported products
- Contributing to economic security and other issues

(3) Schedule etc.

While we will strive to realize the ideal vision as early as possible, we will split off B&GM and establish the business entity—which will serve as a core in future integration and transformation—by around 2027. The new entity will enable us to make management decisions that are fast-paced and tailored to the petrochemicals sector, and pursue investments for green chemicals and other projects financed by its own cash flow. We will leverage this to facilitate integration and transformation going forward.

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