Reconfiguration of certain derivatives operations at the Mizushima Works to strengthen profitability by FY 2030

AsahiKASEI
Creating for Tomorrow

May 12, 2026

Asahi Kasei Corporation

Overview of today's decision

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Current state of Japan's petrochemical industry

A key industry that supports society at large

Structural issues

- **Operating rates remained persistently low** due to the long-term decline in demand as the population decreases, as well as diminished competitiveness in the East Asian region which had been a major export market
- Progress toward **carbon neutrality**

Policies of our chemical business

1) Raising operating rates through industry-wide consolidation of businesses with low rates of operation and making future supply more robust

2) Continuing businesses where Asahi Kasei has strengths, and fulfilling responsibility to supply

3) Contributing to the advancement toward carbon neutrality

The advancement of accordant measures will contribute to solving the above-described structural issues, and be conducive to the robustness of Japan's petrochemical industry

Today's decision is based on policy 1), shown above

Summary of today's announcement

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1. Reconfiguration of certain derivatives operations (styrene monomer, polyethylene, acrylonitrile, polycarbonate diol) at the Mizushima Works by fiscal 2030

(1) Products with production to be discontinued targeting fiscal 2030	• Styrene monomer • Polyethylene (LDPE[1] and HDPE[2])	Discontinuation of production targeting fiscal 2030 Cessation of sale TBD (sale continuing for some time)
(2) Products for the supply framework to be reconfigured	• Acrylonitrile (AN) • polycarbonate diol (PCD)	Partial scale reduction, partial discontinuation of production lines in Mizushima targeting fiscal 2030 (overseas production continuing)

- ✓ **Transition period of ≈4 years allotted for changeover to substitute products** across the supply chain; **in the interim, Asahi Kasei will prioritize maintaining stable supply** and fulfill its supply responsibility
- ✓ Even after Asahi Kasei discontinues domestic production of certain derivatives as above, their overall domestic production capacity will still be amply above domestic demand. Following our discontinuation of production, it is expected that operating rates of relevant facilities throughout Japan will increase, **resulting in a more robust petrochemical industry supply chain**.

2. Regarding measures for decarbonization and optimization of ethylene production facilities in western Japan as announced on January 27, 2026, study is advancing premised on a joint operating entity held 45% by Mitsui Chemicals, 45% by Mitsubishi Chemical, and 10% by Asahi Kasei

- ✓ The 3 companies will continue to **jointly study raising the competitiveness of basic chemicals and building a sustainable operating platform**

[1] Low-density polyethylene [2] High-density polyethylene

Orientation of the Chemical business

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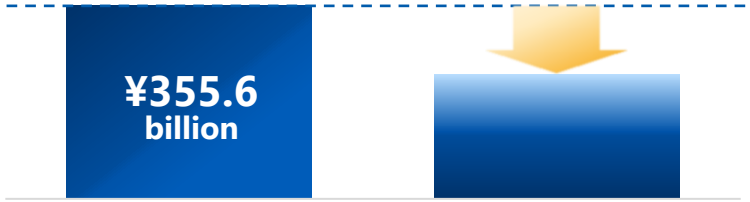
Red lettering indicates update from April 15 management briefing

Advancing structural transformation and partnerships to strengthen Japan's petrochemical competitiveness and provide value globally beyond 2030

Structural transformation

With the completion of structural reforms such as the integration of ethylene production facilities and reconfiguration of certain derivatives operations by around FY2030, Essential Chemical will decline to a few percent of total consolidated net sales

Essential Chemical sales (consolidated)



	FY2025	Around FY2030
Portion of total net sales	12%	A few percent

Structural transformation decided in FY2025–26

May 2025	Structural reform at Kawasaki Works (discontinuation of MMA, etc.)
Dec. 2025	Discontinuation of hexamethylene diamine production in Nobeoka
Jan. 2026	Selection for HtA Support Program[1] and plan to integrate ethylene manufacturing facilities with Mitsui Chemicals and Mitsubishi Chemical
May 2026	**Reconfiguration of certain derivatives operations at the Mizushima Works to strengthen profitability by FY2030**

Medium-term vision

- **Provision of feedstock conversion and decarbonization solutions**
- **Highly profitable and capital-efficient business structure**
  - Continuing the stable supply of high value-added products that are critical to the supply chain
  - Optimizing capacity and achieving high competitiveness through collaboration with other companies

Example of feedstock conversion and decarbonization solution

Revolefin™

Key technology for petrochemical consolidation that contributes to decarbonization

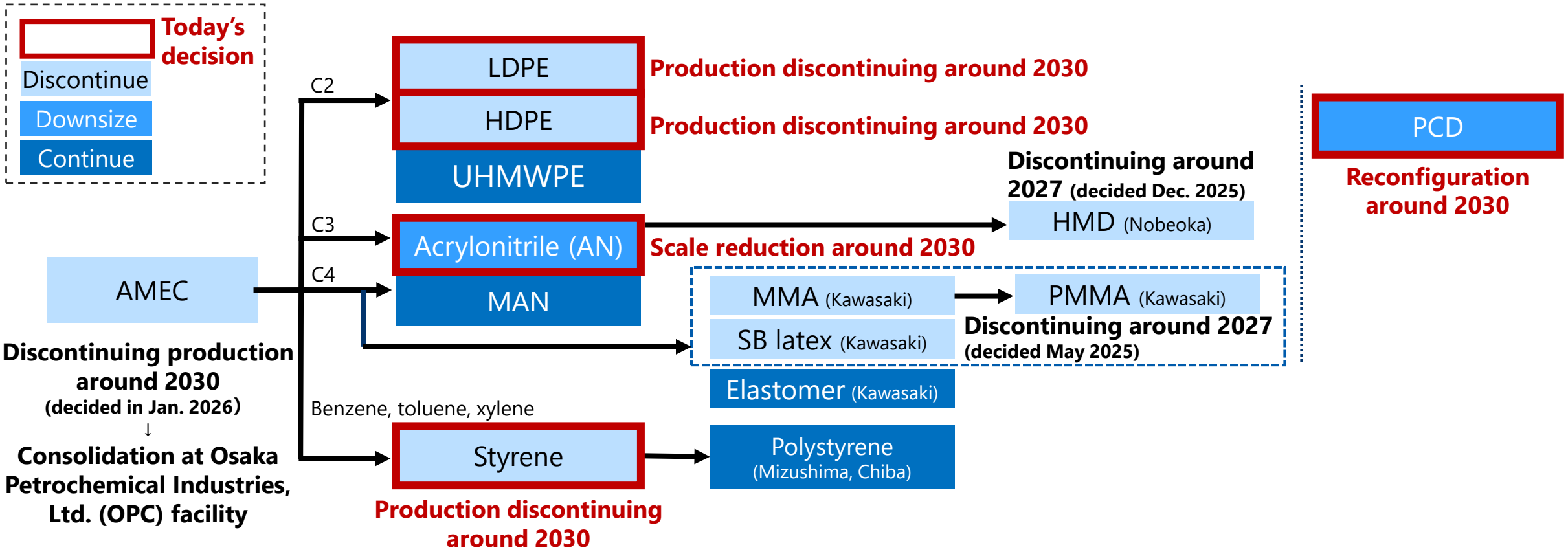
- **Use of bioethanol** as feedstock to **produce basic chemicals** such as ethylene, propylene, C4 olefins, and aromatics (benzene, toluene, xylene) **through a one-stop manufacturing process,** supplying products of **the same quality and composition as those derived from fossil resources**
- Implementation is possible with minimal capital investment, as only the decomposition furnace needs to be replaced with dedicated equipment, allowing **the existing plant to be utilized**

Commercialization is being studied at the integrated ethylene manufacturing facilities in Osaka

[1] Fiscal 2025 Support Program for Energy and Manufacturing Process Conversion in Hard-to-Abate Industries by the Ministry of Economy, Trade and Industry

Reconfiguration of operations in Mizushima

(including previously announced matters)



AMEC: Asahi Kasei Mitsubishi Chemical Ethylene Corp. (joint venture with Mitsubishi Chemical operating an ethylene production facility in Mizushima)
UHMWPE: Ultra-high molecular weight polyethylene
MAN: Methacrylonitrile
HMD: Hexamethylene diamine
PCD: Polycarbonate diol
MMA: Methyl methacrylate
PMMA: Polymethyl methacrylate

Outline of reconfiguration decided today

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(1) Products with production to be discontinued targeting fiscal 2030

Product	Schedule for discontinuation of production	Schedule for cessation of sale
Styrene monomer	**Targeting fiscal 2030**	TBD (sale continuing for some time)
Suntec™-LD and Suntec™-EVA low-density polyethylene (LDPE)		
Suntec™-HD and Creolex™ high-density polyethylene (HDPE)		

(2) Products for the supply framework to be reconfigured

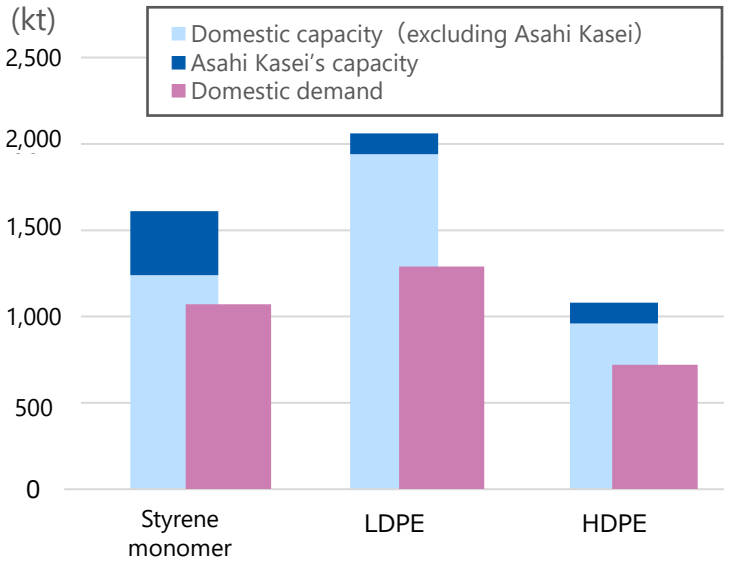
Product	Scope of reconfiguration
Acrylonitrile (AN)	Reducing scale of Mizushima production line targeting fiscal 2030 (supply continuing together with Tongsuh Petrochemical Corp., Ltd. of Korea)
Duranol™ polycarbonate diol (PCD)	Discontinuing production at the Mizushima Plant targeting fiscal 2030 (supply continuing with production by Asahi Kasei Performance Chemicals Corp. of China, etc.)

State of Japan's petrochemical industry

[with regard to products with production to be discontinued as shown in (1), above] **(kt)**

	Domestic capacity	Asahi Kasei's capacity	Domestic demand	Production volume	Import volume	Export volume
Styrene monomer	1,610	370	1,070	1,300	0	230
LDPE	2,060	120	1,290	1,160	380	250
HDPE	1,080	120	720	660	210	150

Note: Production capacities as of December 31, 2024, according to survey by the Ministry of Economy, Trade and Industry; HDPE capacity of swing facilities included in the HDPE total. Other figures from the Japan Petrochemical Industry Association (2024).



Investment proportions in joint operating entity for ethylene production facility in western Japan

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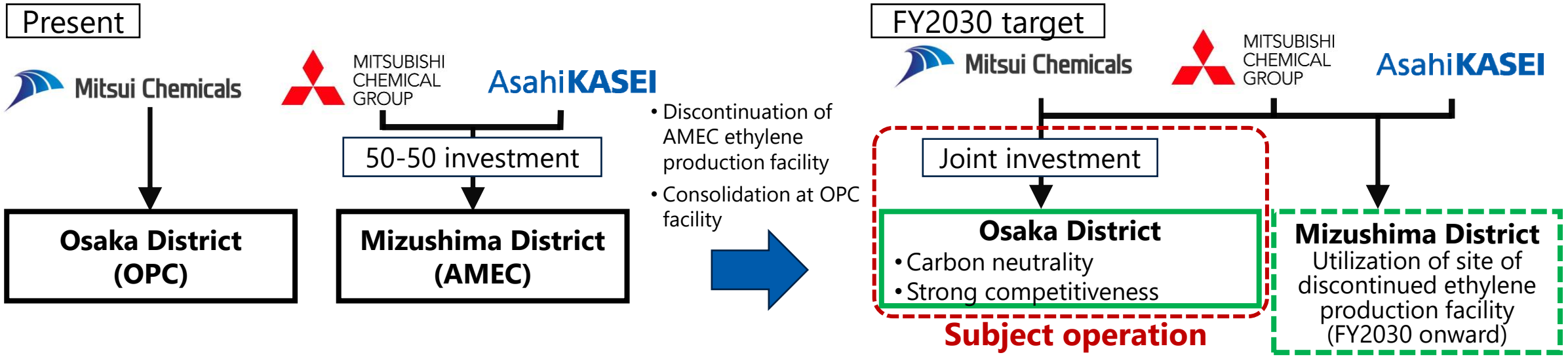
Regarding the joint operating entity for an ethylene production facility in western Japan as announced on Jan. 27, 2026, it has been agreed to advance studies on consolidation premised on holdings of 45% by Mitsui Chemicals, 45% by Mitsubishi Chemical, and 10% by Asahi Kasei; in the following outline from Jan. 2026, **red lettering indicates updated information**

Timing of production optimization	Fiscal 2030 target
Method of production optimization	Discontinuation of Asahi Kasei Mitsubishi Chemical Ethylene Corp. (AMEC) ethylene production facility and consolidation at Osaka Petrochemical Industries, Ltd. (OPC) facility
Equity ratio	Based on the proportion of offtake volumes among the three companies **Mitsui Chemicals 45%, Mitsubishi Chemical 45%, Asahi Kasei 10% as premise for advancing studies on consolidation**
Integration structure	Implemented through a joint operating entity (JV)
Timing of joint operating entity establishment	TBD
Ethylene production capacity (with maintenance turnaround)	Before consolidation: 951,000 tons/year After consolidation: 455,000 tons/year



Structural transformation of the Material sector under the current MTP

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Red lettering indicates update from April 15 management briefing

Material sector FY2024 sales

¥1,368.8 billion

Businesses accounting for **approximately 20%** of Material sales are subject to structural transformation during the MTP; **half** of which is in the **Chemical** business

State of progress

- Decisions adopted on structural transformation covering **about 70%** of the MTP target, both **reform of the Chemical business including matters announced today and divestitures/alliances with other companies in businesses other than Chemical**
- **Advancing study for further structural transformation centered on the Chemical business**

	Scale of sales (approximate)*	Decision adoption, subject	
Chemical business	¥35 billion	Jun. 2025, MMA, etc. Dec. 2025, Hexamethylene diamine Jan. 2026, Naphtha cracker integration	Decided in FY2025
Businesses other than Chemical	¥90 billion	Dec. 2025, Integration of trading company functions Dec. 2025, Divestiture of lead battery separator business Mar. 2026, Discontinuation of UVC LED device production	
Chemical business	¥78 billion	**May 2026, Reconfiguration of certain derivatives operations at the Mizushima Works**	Decided today

* Consolidated net sales

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