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Press Release

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Idemitsu Kosan and Mitsui Chemicals Reach Final Agreement on Consolidating Chiba Ethylene Complexes to Optimize Production

Idemitsu Kosan Co., Ltd. (Tokyo: 5019; Representative Director, President and CEO: SAKAI Noriaki; hereinafter “Idemitsu”) and Mitsui Chemicals, Inc. (Tokyo: 4183; President & CEO: HASHIMOTO Osamu; hereinafter “Mitsui”) have been advancing front-end engineering and design (FEED)^{*1} for a project to optimize production through the consolidation of their Chiba ethylene complexes, as announced on October 9, 2024.

The two companies have now reached a final agreement as outlined below.

1. Background and Purpose

In 2010, Idemitsu and Mitsui used a limited liability partnership (LLP) to establish Chiba Chemicals Manufacturing (hereinafter “CCM”) and have since jointly operated their ethylene facilities in the Chiba region with the aim of optimizing production.

However, given the opening of large new and expanded petrochemical complexes elsewhere – mainly in China – coupled with declining domestic demand for ethylene, the business environment for petrochemicals in Japan is expected to become increasingly challenging. Idemitsu and Mitsui have therefore been examining the consolidation of their respective ethylene facilities in the Chiba region into a single unit.

Now, following extensive discussions regarding the potential impact of consolidation both on feedstock procurement and on the production and supply framework for relevant products, the two companies have agreed to consolidate their ethylene facilities into one unit at Mitsui’s existing site. The companies aim through this to further strengthen the competitiveness of their existing operations.

Looking ahead, Idemitsu and Mitsui will also deepen collaboration to promote efforts aimed at building a next-generation green complex that supports resource circulation.

2. Consolidation of ethylene facilities in the Chiba region

- (1) Planned timing of consolidation: July 2027 (following regular maintenance at Idemitsu's Chiba Complex)
- (2) Consolidation method: Closure of Idemitsu's facility and consolidation of production at Mitsui's facility
- (3) Feedstock for the ethylene facility: To be supplied to CCM by both companies
- (4) Products involved: All fractions, including ethylene, propylene and C4^{*2}
- (5) Business format after consolidation: Joint operation of Mitsui's facilities via CCM

*1 Front-end engineering and design (FEED)

The basic design phase, carried out after a feasibility study. It involves scrutinizing a project's challenges, risks, costs and the like in greater detail, and determining the basic specifications of the plant.

*2 C4

A mixture of butane, butylene, butadiene and other hydrocarbons with four carbon atoms, created as a by-product of the thermal cracking of naphtha.

Reference:

Overview of CCM

Item	Details
Name	Chiba Chemicals Manufacturing LLP
Head Office	Konan 2-15-3, Minato-ku, Tokyo
Establishment	April 1, 2010
Investment	<ul style="list-style-type: none">• Capital contribution: 200 million yen• Investment ratio: 50–50 joint venture between Idemitsu and Mitsui
Business	<ul style="list-style-type: none">• Joint ethylene complex operation in Chiba• Manufacturing of ethylene, propylene and other fractions• Supply of these products to Idemitsu and Mitsui
Ethylene production capacity	920,000 tons/year (Idemitsu: 370,000 tons; Mitsui: 550,000 tons. Figures for year when periodic maintenance was carried out)