

April 1, 2025

Cosmo Energy Holdings Co., Ltd.

Maruzen Petrochemical Co., Ltd.

Sumitomo Chemical Co., Ltd.

### Notice Concerning Optimization of Ethylene Production in the Chiba Area

Sumitomo Chemical Co., Ltd. ("Sumitomo Chemical") and Maruzen Petrochemical Co., Ltd. ("Maruzen Petrochemical"), a subsidiary of Cosmo Energy Holdings Co., Ltd. ("Cosmo Energy Holdings"), have made the following announcement.

As announced on October 28, 2024(\*), Maruzen Petrochemical and Sumitomo Chemical have been exploring ways to optimize ethylene production. Maruzen Petrochemical has now decided to shut down its in-house ethylene production facilities by fiscal 2026 and consolidate production at Keiyo Ethylene, a joint venture between the two companies. This decision aims to further enhance the operating rate and competitiveness of Keiyo Ethylene.

In Japan's petrochemical industry, the severe business environment caused by the global oversupply of ethylene due to the construction and expansion of large-scale facilities in China and the decline in domestic ethylene demand has led to continued low operation rates for ethylene production facilities in Japan. In addition, there is a demand for companies to actively participate in and contribute to green transformation (GX) to achieve net zero carbon emissions.

Against this backdrop, Maruzen Petrochemical and Sumitomo Chemical are working on optimizing ethylene production in the Chiba area based on the fundamental principle of reasonably sharing necessary costs between the two companies. By improving the operating rate of Keiyo Ethylene, which is the most advanced and largest ethylene production facility in Japan, lowering fixed costs, and reducing CO<sub>2</sub> emissions, the two parties will strive to maintain and enhance the competitiveness of the petrochemical complex they are part of while advancing GX initiatives.

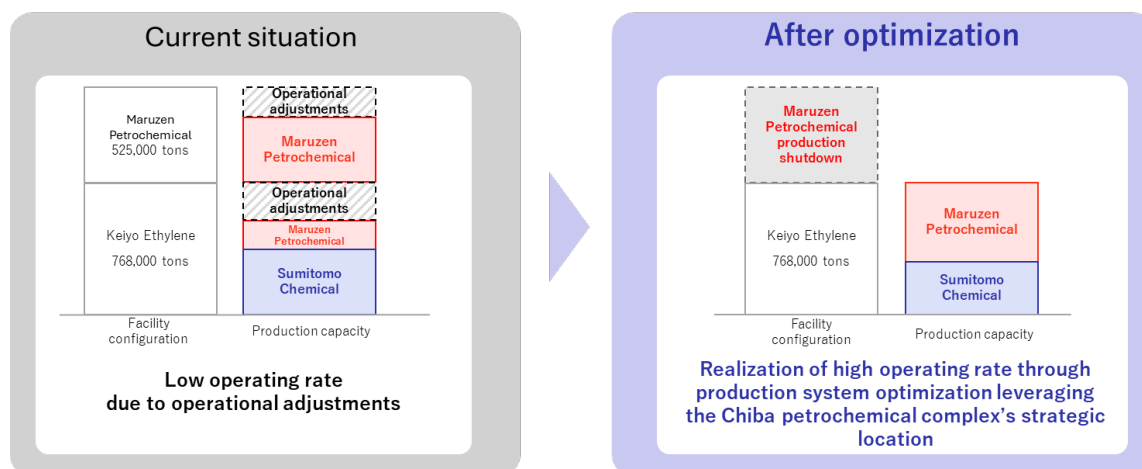
#### Optimization of Ethylene Production in the Chiba Area

(1) Target Optimization Timing: Fiscal 2026

(2) Method of Optimization: Maruzen Petrochemical will shut down its in-house ethylene production facilities and consolidate production at Keiyo Ethylene

(3) Keiyo Ethylene Shareholding Ratio: No change (Maruzen Petrochemical 55%, Sumitomo Chemical 45%)

## Image of Ethylene Production Optimization in the Chiba Area



(For reference)

### Overview of Maruzen Petrochemical's Chiba Plant Ethylene Facility

Operation Start Date: April 1969

Ethylene Production Capacity: 525,000 tons/year, 480,000 tons/year (during years in which regularly scheduled repairs are conducted)

### Overview of Keiyo Ethylene

Company Name: Keiyo Ethylene Co., Ltd.

Capital: 6 billion yen

Shareholding Ratio: Maruzen Petrochemical 55%, Sumitomo Chemical 45%

Establishment Date: September 1991

Operation Start Date: December 1994

Ethylene Production Capacity: 768,000 tons/year, 690,000 tons/year (during years in which regularly scheduled repairs are conducted)

### Related Press Releases:

Joint Press Release issued by Cosmo Energy Holdings and Maruzen Petrochemical on October 28, 2024, "Maruzen Petrochemical to Start Exploring Ways to Optimize Ethylene Production"

<https://www.cosmo-energy.co.jp/en/information/press/2024/241028-01.html>

Press release issued by Sumitomo Chemical on October 28, 2024, "Sumitomo Chemical Begins Study for Measures to Substantially Optimize the Operations of the Joint Venture Keiyo Ethylene, Including Changes to Offtake Ratio"

<https://www.sumitomo-chem.co.jp/english/news/detail/20241028e.html>