

Mitsui Chemicals and Sanyo Chemical establish a Limited Liability Partnership (LLP) for PPG Production

Mitsui Chemicals, Inc. (Head Office: Chuo-ku, Tokyo; President & CEO: Osamu Hashimoto) and Sanyo Chemical Industries, Ltd. (Head Office: Higashiyama-ku, Kyoto; President & CEO: Akinori Higuchi) are pleased to announce that the establishment of a 50-50 Limited Liability Partnership (LLP) on May 15, 2023 for the aim of solving common issues in the production of polypropylene glycols (PPGs)*, such as improving productivity and securing future supply stability in Japan.

*Includes production of polymer polyols (POP) with polymer particles dispersed in PPG.

Objectives and Background

PPGs are chemical materials obtained through polymerization of alkylene oxides such as propylene oxide (PO) and ethylene oxide (EO) to polyhydric alcohols. PPGs are one of the main raw materials for polyurethanes. Polyurethanes are used in a wide range of applications, including automotive parts, furniture and bedding, heat-insulating construction materials, paints, and adhesives. The global market for polyurethanes continues to expand. In Japan, demand for high-performance, high-value-added polyurethanes is expected to grow in response to changes in the market, such as the spread of next-generation automobiles, smart homes, and environmental responsiveness, while demand for general-purpose products is on a downward trend. In addition, the competitive environment with overseas manufacturers in both domestic and overseas markets is becoming increasingly severe.

Under these circumstances, two companies have agreed that it is necessary to cooperate with a partner who share the same recognition in order to maintain a sustainable and efficient production system and strengthen competitiveness in the PPG business strategy. Through the establishment of this LLP, two companies will work to achieve both continuous stable supply and securing of profit in the PPG business.

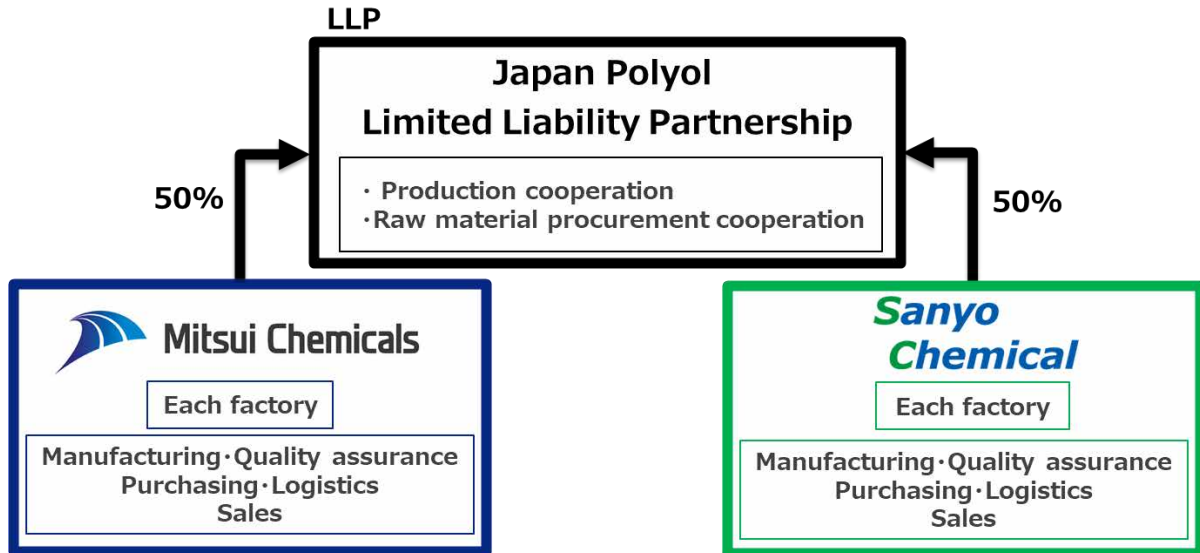
Outline of LLP

Name	: Japan Polyol Limited Liability Partnership
Office address	: 2-2-1 Yaesu, Chuo-ku, Tokyo (in Mitsui Chemicals' Head Office)
Capital contribution	: 1 million yen
Investment ratio	: Mitsui Chemicals 50%, Sanyo Chemical 50%
Date of establishment:	May 15, 2023
Executive Officer	: <ul style="list-style-type: none">• General Manager, Polyurethane Division, Basic & Green Materials Business Sector, Mitsui Chemicals, Inc.• General Manager, Polyurethane Materials Division, Sanyo Chemical Industries, Ltd.
Business	: Operational cooperation in PPG production between two companies <ol style="list-style-type: none">(1) Production cooperation<ul style="list-style-type: none">Rationalization of production through mutual utilization of both companies' production bases (swap, production outsourcing)(2) Raw material procurement cooperation

Rationalization of procurement through joint negotiation of main raw materials such as propylene oxide

* Mitsui Chemicals and Sanyo Chemical will continue to operate each production, sales, etc. on each company basis.

<Reference> Scheme of LLP (outline diagram)



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