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Crasus Chemical Group's Medium- to Long-Term Business Strategies and Targets

Crasus Chemical Inc. (President: Hirotsugu Fukuda; hereinafter, "Crasus Chemical") has been making preparations for stock listing and filed an application for a listing on the Tokyo Stock Exchange Standard Market in late April. Ahead of the listing, we hereby announce that the Crasus Chemical Group will conduct its business activities in line with the following business strategies and targets, which we have set in anticipation of the medium- to long-term business environments:

1 Management Policy

The Crasus Chemical Group, since starting operation at the Oita Petrochemical Complex in 1969, has been manufacturing and selling petrochemical products as the only corporate group that has an ethylene plant in Kyushu. We have been supplying products and services that are indispensable for society, thereby supporting the development of diverse industries and people's affluent lives.

Going forward, in line with our Purpose of "Supporting Future Living with Chemistry," we will offer a stable supply of petrochemical products and create revenue in a sustainable manner. Moreover, we will aim to sell high value-added products and develop a new business to achieve profitable growth. Furthermore, by making maximum use of our technologies, we will strive to become a next-generation petrochemical company playing a leading role in establishing a carbon-neutral and recycling-oriented society.

2 Medium- to Long-Term Business Environment

- ◆ Global demand for ethylene, which is one of the leading indicators of the petrochemical industry's business environment, will increase by around 3% annually during the period from 2026 to 2030, being driven by the growth of emerging countries. On the other hand, the growth rate of the global supply capacity for ethylene will slow down, whereas it has been exceeding the growth rate of demand due to the construction of large plants and the expansion of existing facilities, mainly in China. The supply capacity, however, will continue to exceed the size of market demand in Asia until around 2030.
- ◆ Demand for ethylene totaled about four million tons in Japan in 2025 and will remain almost flat until around 2030. By industry, demand for ethylene is showing a downward trend in the construction and retail industries, while demand remains brisk in the automobile, food and electronics industries. Also, demand is expected to expand for high value-added applications.
- ◆ Trends in the petrochemical industry include cases of suspending the operation of ethylene plants in South Korea, Taiwan, ASEAN and other regions since 2024. There are also plans being made to reduce production capacity through restructuring and the suspension of operation. In Japan, the operation of four ethylene plants among 12 will be suspended, and the domestic production capacity will thereby be

reduced to the level just enough to meet domestic demand by around 2030.

- ◆ In the business environment, specific regulations are being imposed for carbon neutrality in Japan as in other countries, including mandating participation in CO₂ emissions trading. On the other hand, the chemical industry has been exploring and implementing measures to solve environmental issues by applying the technologies, know-how and equipment that have been developed in the industry, which has led to finding new business opportunities. Specifically, the chemical industry is accelerating the development of carbon dioxide capture and utilization (CCU) technologies, while working on the use of chemical recycling in society to chemically break down plastic waste for reuse as materials. Through these initiatives, the chemical industry is expected to play an important role in a recycling-oriented society.

3 Medium- to Long-Term Business Strategies

3.1 Ethylene plant (Basic chemicals)

- ◆ Our ethylene plant at the Oita Complex boasts the second largest production capacity in Japan.¹ In 2010, we updated the aged part of the cracking furnace, which is a core component of the ethylene plant. This boosted its energy efficiency and raw material diversification capacity to make the plant even more competitive. Since 2014, the ethylene plant, due to its high-reliability equipment, has been continuing stable operation for stable product supply, never suspending operations due to failures.²
- ◆ We will continuously strive to increase the reliability of the plant equipment and save costs through higher energy efficiency, thereby enhancing the competitiveness of our ethylene derivatives in the downstream section of the supply chain. This January, Crasus Chemical's Oita Complex obtained special certification (A-Certification) as an accredited advanced safety provider.³ Accordingly, we will become the first company in Japan's chemical industry to extend the mandatory shutdown maintenance cycle from four to six years, thereby reducing repair costs and the loss of sales opportunities caused by shutdown maintenance. We will also make use of smart devices and AI technologies in the maintenance and operational management of the ethylene plant while working on cost reductions. Moreover, we will pursue operational optimization according to the size of demand for the derivatives, thereby further increasing the profitability of the plant.

3.2 Derivatives (Synthetic resins and organic chemicals)

- ◆ Derivatives made at the Oita Petrochemical Complex differ in terms of functionality and quality, have high market shares, and are made through unique manufacturing processes to be highly competitive. These products help Crasus Chemical maintain the high operational rate of its ethylene plant in a stable manner.
- ◆ For the synthetic resin polypropylene, we made SunAllomer Ltd. a consolidated subsidiary in 2016,

¹Annual production capacity for years except for scheduled shutdown maintenance years

²Except for when the operation was suspended for safety confirmation after the occurrence of a large earthquake in 2022.

³The Minister of Economy, Trade and Industry grants this special certification to companies that are managing related risks in an even more advanced manner among those accredited by the Minister as advanced safety providers under the High Pressure Gas Safety Act.

aiming to enhance the polypropylene business and expand its revenue. SunAllomer has catalysts and manufacturing processes to create differentially high value-added products.

Going forward, we will regard the food container, automobile and other sectors as strategically important sectors and focus on developing and selling high value-added products to customers. We will work to identify growing customer needs in these sectors, specifically, quality and physical property requirements for food containers, such as shock resistance and transparency, as well as the use of alternative materials to reduce the weight and cost of automobiles. Based on the identified needs, we will conduct joint development activities with customers to develop and promote sales of high value-added products.

- ◆ We carried out structural reforms for acetic acid derivatives and other organic chemicals, which included withdrawing from unprofitable businesses in the 2010s and enhancing cost competitiveness by changing the manufacturing methods. We boast a large share in the Japanese market for ethyl acetate, n-Propyl acetate and various other products, which are made through our own developed superior manufacturing processes and provide high catalyst performance based on our core catalyst technology.

In order to expand the business even more, we will continue to pursue higher catalyst performance and boost the market shares of our products in and outside Japan, taking advantage of the expansion of high value-added applications in the market. For high-purity allyl alcohol, we invested in the expansion of our production capacity in August 2024, expecting the global growth of the market. Crasus Chemical is the top manufacturer of high-purity allyl alcohol, enjoying a 60% share in the global market of the alcohol sold to external buyers.⁴ We will further increase our presence in the market by promoting sales in China and Europe.

- ◆ Also, Japan Polyethylene Corporation, which is an equity method affiliate of Crasus Chemical, manufactures high value-added polyethylene at its Oita Plant. It is sold to customers in the automobile and semiconductor industries, taking advantage of its differing catalysts and manufacturing processes to continuously enhance its competitiveness.

3.3 Creation of a new business

- ◆ In response to an increase in demand for the construction of new plants in China, India, and other countries, Crasus Chemical will focus on expanding the licensing of its manufacturing and catalyst technologies for acetic acid derivatives as a knowledge business. The licensing business requires no initial investment or cost and is expected to generate stable revenue. Also, sales of catalysts to licensees will generate sales revenue on a continual basis. For vinyl acetate, which is an acetic acid derivative, we have concluded three licensing agreements and aim to further expand the licensing business.
- ◆ Moreover, for profitable growth, we will strengthen our measures to create a new business. To this end, we will launch an internal system for the optimal distribution of managerial resources to R&D and marketing, as well as for the agile implementation of related measures. Under the system, we will start conducting surveys and exploratory research on a full scale targeting the fields, products, and materials

⁴According to a survey conducted by Crasus Chemical

that have demand growth potential. Also, we will value collaboration with external parties, not falling into the so-called “not-invented-here syndrome.” We will conduct examinations to implement measures for the creation of new value through open innovation and achieve discontinuous growth through business partnerships with other companies and M&As.

3.4 Carbon neutral strategy

- ◆ Crasus Chemical aims to reduce its CO₂ emissions (Scope 1 and 2 emissions) by 30% in 2035 relative to the 2020 level and to achieve net zero emissions in fiscal 2050. In order to achieve the reduction target for 2035, we will strive to reduce our CO₂ emissions mainly through energy conservation and a shift to the use of low-carbon fuel. Also, for the achievement of net zero emissions in 2050, we will aim for a shift to the use of decarbonized fuel and the practical use of CCU technologies.
- ◆ For CCU, we are developing a separation agent and a system to separate and recover low-pressure, low-concentration CO₂ from factory exhaust gas. We are also developing innovative technologies to manufacture chemicals by using the CO₂ recovered through the separation and recovery system.⁵ In addition, we will start conducting examinations to build a system to expand the use of biomass feedstock and develop the practical use of chemical recycling in Kyushu for the reuse of local plastic waste as materials.
- ◆ Recycling CO₂ through CCU and using chemically recycled materials will give a driving force for a shift to a carbon circulation-oriented business model based on local production and local consumption and will enhance business continuity. Recently, risks posed by dependence on imports have been becoming apparent for raw materials and fossil fuel amid rising tensions in the region surrounding Iran, and using recycled materials helps reduce such risks. We can also add newly created environmental value to our products and sell them to customers who are working to reduce their CO₂ emissions across their supply chains. We will thereby develop a new business growth driver for our profitable growth.

4 Capital Allocation Policy

- ◆ We will optimize our capital allocation in consideration of the importance of strategic investment and financial soundness while giving priority to making production equipment maintenance and renewal investments for stable product supply as well as to ensuring stable stakeholder returns.
- ◆ In capital investments for next four to five years, we will focus on maintaining and updating our manufacturing equipment (mainly aged facilities) with a view to retaining and increasing our operational excellence as a strength. In strategic investments, we are planning to invest in R&D mainly for CCU and will continue to develop CCU technologies as we aim for commercialization in the 2030s. Concerning other carbon neutrality-related investments, we will mainly invest in energy conservation, which will help reduce our CO₂ emissions and also save costs, but for the time being we have no large-scale investment

⁵This project is implemented as one of the New Energy and Industrial Technology Development Organization (NEDO) Green Innovation Fund Projects.

plans in this area.

- ◆ In shareholder returns, we will ensure the stable payment of dividends, setting our DOE⁶ target at 5%. Crasus Chemical has been stably creating cash flow in the unique cyclical market of the petrochemical industry. After the listing, we will make use of our strengths, achieve profitable growth and work to continuously increase shareholder returns along with the improvement of our performance, cash flow and financial status.
- ◆ Regarding financial soundness, we will make effective use of interest-bearing debt while striking a balance with investments and shareholder returns and ensuring that these initiatives will not substantially impact our external ratings or net D/E ratio.

5 Business Targets

The Crasus Chemical Group aims to raise its ROIC⁷ to about 10% on a long-term basis as a petrochemical manufacturer with top-level competitiveness in the Japanese petrochemical industry. Based on the business outlook and strategies as mentioned above, we have set the following business targets.

	2024 results ⁸	2025 results ⁹	2026 targets	2027 targets	Targets for around 2030
Operating profit	8.6 billion yen	4.2 billion yen	Under review	About 9.0 billion yen	10 to 12 billion yen
Profit attributable to shareholders of the parent company	5.0 billion yen	3.1 billion yen		About 6.0 billion yen	7.0 to 7.5 billion yen
ROE ¹⁰	7.8%	4.7%		About 8%	About 9%
ROIC ¹¹	4.5%	2.4%		About 5.0%	About 6.0%
Amount of dividend	-	-		About 3.0 billion yen	

- ◆ As preconditions to set the targets, we assumed the exchange rate of 145 yen per USD and the domestic naphtha price of 64,000 yen per kiloliter.
- ◆ We are currently reviewing the targets for the year ending December 31, 2026, as the continued conflict in the Middle East is making the outlook for the supply of naphtha—which is used as a material for our products—and our customers' demand unclear, and their impact on our business plan unpredictable. Our business targets in and after 2027 are as of December 2025 and may be changed due to changes in the business environment.

⁶DOE stands for dividend on equity. Total dividend amount / Average equity during the term

⁷ROIC stands for return on invested capital and is calculated according to the following formula: (Operating profit — tax) / (Working capital + fixed assets)

⁸The 2024 results are values calculated for Resonac's Petrochemical Business Unit on a management accounting basis.

⁹The 2025 results are values calculated based on Crasus Chemical's consolidated, unaudited data.

¹⁰ROE stands for return on equity. Profit attributable to the parent company / Shareholders' equity (Net assets — Non-controlling interests). The 2024 and 2025 results were calculated by using term-end balance data.

¹¹The 2024 and 2025 results were calculated by using term-end balance data.

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