



[Translation]

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Notice Regarding Scheduled Commencement of Tender Offer for Shares of Honshu Chemical Industry Co., Ltd. (Securities Code: 4115)

Mitsui Chemicals, Inc. ("Mitsui Chemicals") and Mitsui & Co., Ltd. ("Mitsui & Co.," and together with Mitsui Chemicals, the "Offerors") announce that they resolved today to jointly acquire shares of the common stock (the "Target's Shares") of Honshu Chemical Industry Co., Ltd. (the "Target") through a tender offer (meaning the tender offer pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the "Act") and related laws and regulations, the "Tender Offer"), as follows:

The Offerors plan to promptly implement the Tender Offer upon the satisfaction (or waiver by the Offerors) of certain conditions, including the completion of the procedures and actions required by antitrust laws of Japan, the EU, China, Taiwan and Turkey because such procedures and actions are expected to take a certain period of time (For details, see "(II) Joint Tender Offer Agreement" under "(6) Matters concerning material agreements regarding the Tender Offer" under "1. Purposes of the Purchase" below. Such preconditions are hereinafter referred to as the "Conditions"). As of the date of this Press Release, the Offerors aim to commence the Tender Offer in or around May of 2021 based on the views of local law firms in or outside Japan on the expected time period required for the completion of the procedures with the relevant antitrust

authorities. However, as it is difficult to precisely estimate the time period required for the procedures with domestic and foreign antitrust authorities, the detailed schedule for the Tender Offer will be announced as soon as it is finalized.

1. Purposes of the Purchase

(1) Outline of the Tender Offer

As of the date of this Press Release, each of the Offerors (Note 1) holds 3,098,000 shares (Shareholding Ratio (Note 2): 26.99%) of the Target's Shares, which are listed on the Second Section of Tokyo Stock Exchange, Inc. (the "TSE"), making the Target an equity method affiliate of each Offeror.

(Note 1) As of March 31, 2020, Mitsui Chemicals did not hold any shares in Mitsui & Co., but was entitled to instruct the exercise of the voting rights pertaining to 3,592,000 shares of the common stock of Mitsui & Co. held in the name of Mitsui Chemicals, Inc. Retirement Benefit Trust Account (shareholding ratio (rounded to the second decimal place) to the total number of issued shares (excluding the treasury shares owned by Mitsui & Co.): 0.21%). As of March 31, 2020, Mitsui & Co. held 3,474,078 shares of the common stock of Mitsui Chemicals (shareholding ratio (rounded to the second decimal place) to the total number of issued shares (excluding the treasury shares owned by Mitsui Chemicals): 1.82%), and was entitled to instruct the exercise of the voting rights pertaining to 3,474,000 shares of the common stock of Mitsui Chemicals held in the name of Mitsui & Co., Ltd. Retirement Benefit Trust Account (shareholding ratio (rounded to the second decimal place) to the total number of issued shares (excluding the treasury shares owned by Mitsui Chemicals): 1.82%).

(Note 2) "Shareholding Ratio" refers to the ratio (rounded to the second decimal place) to the number of Target's Shares (11,476,846 shares) obtained by deducting the number of treasury shares owned by the Target as of September 30, 2020 (23,154 shares) from the total number of issued shares as of September 30, 2020 (11,500,000 shares), both as stated in the "Consolidated Financial Results for the Six Month Ended September 30, 2020 (Japanese GAAP)" published by the Target on November 6, 2020 (the "Target's Quarterly Earnings Briefing"). However, due to changes occurring after September 30, 2020 or other circumstances, the Shareholding Ratio calculated based on the most recent information available at the time of commencement of the Tender Offer may be different from the above figure. Hereinafter the same applies.

The Offerors entered into a joint tender offer agreement (the "Joint Tender Offer Agreement") as of the date of this Press Release, and each of the Offerors resolved to jointly implement the Tender Offer for all of the Target's Shares (excluding the Target's Shares owned by the Offerors and the treasury shares owned by the Target; hereinafter the same) as part of the series of transactions (the "Transaction") to make the Offerors the sole shareholders of the Target, with Mitsui Chemicals' and Mitsui & Co.'s voting right percentages in the Target after the privatization being 51% and 49%, respectively, subject to the satisfaction (or waiver by the Offerors) of the Conditions as provided in the Joint Tender Offer Agreement, as follows:

- (i) The special committee established by the Target issued a written report in favor of the Target (x) supporting the Tender Offer and (y) recommending the shareholders of the Target to tender in the Tender Offer and (z) implementing the Share Consolidation (as defined in (III) Establishment of independent special committee at the Target and procurement of written report from the said committee" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below; hereinafter the same), and this report has not been withdrawn;
- (ii) The Target's board of directors, excluding directors who have or may have interests with the Offerors, reached an unanimous resolution to support the Tender Offer and to recommend the Target's shareholders to tender in the Tender Offer, and this resolution was publicly announced and no resolution has been made to withdraw this opinion or that conflicts with this opinion;
- (iii) It has been confirmed that there have been no material facts concerning the Target's business (those facts stipulated in Article 166, Paragraph 2 of the Act) that have not been publicly disclosed (as defined in Article 166, Paragraph 4 of the Act) by the Target;
- (iv) The Offerors have agreed between themselves on the contents of the disclosure documents to be filed or announced jointly by the Offerors by the date of public notice concerning commencement of the Tender Offer;
- (v) Necessary procedures were performed, necessary arrangements were made, and waiting periods (if any) have lapsed (including to receive notice that no cease and desist order will be issued) pursuant to the antitrust laws of Japan, the EU, China, Taiwan, and Turkey with respect to the Transaction, and it is reasonably projected that no measures or procedures will be assumed that would prevent the implementation of the Transaction by the antitrust authorities and other judicial or administrative agencies concerning antitrust laws of those countries or regions;
- (vi) There are no filings, litigation or procedures pending at judicial or administrative agencies that seek to restrict or prohibit any of the Transaction, and there is no judgment or a concrete possibility for a judgment to be made, by any judicial or administrative agency that restricts or

prohibits any of the Transaction;

- (vii) Each company in the Target Group (as defined in "(I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer" below) has received written confirmations from the counterparties to the agreements executed by each company in the Target Group that are materially important for business stating that those counterparties will not exercise their rights upon execution and performance of the Joint Tender Offer Agreement, and these confirmations have not been rescinded;
- (viii) The Shareholders Agreement (as defined in "(II) Management policy after the Tender Offer" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer" below) is executed between the Offerors and has been effective;
- (ix) The representations and warranties made by the Offerors (for the specific details thereof, see "(II) Joint Tender Offer Agreement" under "(6) Matters concerning material agreements regarding the Tender Offer" below) under the Joint Tender Offer Agreement are true and accurate in all material respects;
- (x) All obligations that must be performed, or complied with, by the Offerors by 3 PM on the business day immediately preceding the date of public notice of commencement of the Tender Offer pursuant to the Joint Tender Offer Agreement have been performed and complied with in all material respects; and
- (xi) There has been no material change in the business or property of the Target or any of its subsidiaries, and there has been no other circumstance that would materially impede the achievement of the purpose of the tender offer as provided in the proviso to Article 27-11, Paragraph 1 of the Act.

As of the date of this Press Release, the Tender Offerors are not aware of any event that would materially impede the satisfaction of the Conditions. The Tender Offerors will perform the procedures and actions that are required by antitrust laws of Japan, the EU, China, Taiwan and Turkey for the satisfaction of Condition (v) above, following legal advice from local law firms in and outside Japan. The Tender Offerors have already proceeded with preliminary works that are necessary for such procedures and actions, and plan to consult with judicial and administrative agencies enforcing antitrust laws from today so that such procedures and actions can be performed (That said, the Tender Offerors have already started prior consultation with the Fair Trade Commission of Japan.). Based on the views of local law firms in and outside Japan, the Tender Offerors aim to complete such procedures and actions by around May of 2021. It should be noted

that the Tender Offerors do not intend to commence the Tender Offer by waiving Condition (v) above.

The Offerors have set the minimum number of tendered shares to be purchased in the Tender Offer at 1,455,200 shares (Shareholding Ratio: 12.68%), and if the total number of shares, etc. tendered in the Tender Offer (the "Tendered Shares") is less than the minimum number of tendered shares to be purchased in the Tender Offer, the Offerors will purchase none of the Tendered Shares. Meanwhile, with the intention of privatizing the Target's Shares, the Offerors have not set the maximum number of tendered shares to be purchased in the Tender Offer. If the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased in the Tender Offer, the Offerors will purchase all of the Tendered Shares. The minimum number of tendered shares to be purchased in the Tender Offer (1,455,200 shares) has been set so that the sum of the voting rights in the Target held by the Offerors upon the successful completion of the Tender Offer should be no less than two thirds (2/3) of the total number of voting rights in the Target (114,768, which is the number of voting rights pertaining to the number of shares (11,476,846 shares) obtained by deducting the number of treasury shares owned by the Target as of September 30, 2020 (23,154 shares) from the total number of issued shares of the Target as of September 30, 2020 (11,500,000 shares), both as stated in the Target's Quarterly Earnings Briefing). While the purpose of the Tender Offer is for the Offerors to be the sole shareholders of the Target, such minimum number of tendered shares to be purchased in the Tender Offer was set so that the Offerors will hold no less than two thirds (2/3) of the number of voting rights of all shareholders of the Target after the Tender Offer in order to ensure the adoption of a special resolution of the shareholders meeting of each company as provided in Article 309, Paragraph 2 of the Companies Act (Act No. 86 of 2005 as amended; hereinafter the same), which is a requirement for the implementation of the Share Consolidation under "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below.

As already mentioned, the Offerors intend to eventually set Mitsui Chemicals' and Mitsui & Co.'s respective voting right percentages in the Target at 51% and 49% through the Transaction and jointly seek to enhance the Target's corporate value. Mitsui Chemicals is considering aggressively investing business resources in the Target for research and development and production technologies by making it a consolidated subsidiary of Mitsui Chemicals. Mitsui & Co. believes that the privatization of the Target's Shares will enable it to invest business resources in the Target more aggressively, although the Target will remain an equity method affiliate of Mitsui & Co. The method of fixing the number of the Tendered Shares to be purchased by each of Mitsui Chemicals and Mitsui & Co. upon the successful completion of the Tender Offer has not been determined as of the date of this Press

Release. The Offerors will determine such method by the commencement of the Tender Offer through consultation.

If the Offerors fail to acquire all of the Target's Shares in the Tender Offer despite the successful completion of the Tender Offer, the Offerors will implement the series of procedures to make themselves the sole shareholders of the Target, as stated in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" below.

According to the "Statement of Opinion on the Tender Offer for Shares of Honshu Chemical Industry Co., Ltd. by Mitsui Chemicals, Inc. and Mitsui & Co., Ltd. and Recommendation for Tender" published today by the Target (the "Target's Press Release"), the Target resolved at its board of directors meeting held today to express its current opinion in support of the Tender Offer, if commenced, and to recommend that its shareholders tender their shares in the Tender Offer. For details of the process of decision-making by the board of directors of the Target, see the Target's Press Release and "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all auditors that they have no objection" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" below.

- (2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer
 - (I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer

Mitsui Chemicals is a new company established by the equal merger of Mitsui Petrochemical Industries, Ltd. ("MPI") and Mitsui Toatsu Chemicals, Inc. as of October 1, 1997, and it originates from the commencement of operation of the ammonium sulfate plant located at Omuta-city, Fukuoka Prefecture in April 1933 by Toyo Koatsu Industries Inc., i.e. the predecessor company of Mitsui Toatsu Chemicals, Inc. Mitsui Chemicals was listed on the Second Section of the TSE and the Second Section of the Osaka Securities Exchange Co., Ltd. ("OSE") in October 1962, and was listed on the First Section of the TSE and the First Section of the OSE in February 1965. In December 2003, Mitsui Chemicals was delisted from the First Section of the OSE. Mitsui Chemicals and its 117 consolidated subsidiaries, 8 equity method subsidiaries and 31 equity method affiliates (as of March 31, 2020) ("Mitsui Chemicals Group") are mainly engaged in the: (i) "Mobility" business

mainly engaged in manufacture and sales of automobile-related materials; (ii) "Healthcare" business engaged in manufacture and sales of vision care materials, dental materials and nonwovens; (iii) "Food & Packaging" business engaged in manufacture and sales of agrochemicals and packaging materials; and (iv) "Basic Materials" business engaged in manufacture and sales of petrochemicals and basic chemicals. The Mitsui Chemicals Group has its ratio of overseas sales reaching approximately 45% and the ratio of overseas employees reaching approximately 43%. The Mitsui Chemicals Group's corporate mission is to: "Contribute broadly to society by providing high-quality products and services to customers through innovation and the creation of materials, while keeping in harmony with the global environment." Its corporate target is: "Constantly pursuing innovation and growth to become a chemical group with an undisputed global presence." On November 16, 2016, the Mitsui Chemicals Group issued its 2025 Long-term Business Plan that envisioned targets for 2025 ("2025 Long-term Business Plan"). According to the 2025 Long-term Business Plan, the mission of the Mitsui Chemicals Group is to contribute to solving social challenges in order to realize a "cohesive society in harmony with the environment," "health and happiness in an aging society," and "industrial platforms in harmony with local communities." The Mitsui Chemicals Group is making efforts to create a better future society in five (5) business categories, namely, "Mobility," "Healthcare," "Food & Packaging," "Basic Materials," and "Next Generation Business," which creates new solutions and system businesses focused on energy solutions, agri-solutions, medical solutions and IoT (Note 1) solutions. In addition, as announced during the CEO Presentation of Business Results and Outlook on June 2, 2020, pursuant to the strategic policy of 2020, ICT (Note 2) was named as the business domain to be strengthened in the next period, and growth will be accelerated through aggressive investment.

(Note 1) "IoT" is an acronym for Internet of Things, meaning the interconnection via the Internet of computing devices embedded in everyday objects.

(Note 2) "ICT" is an acronym for Information and Communication Technology.

Mitsui & Co. was incorporated under the trade name of Daiichi Bussan Kaisha, Ltd. in July 1947. In February 1959, it changed its trade name to the current Mitsui & Co., Ltd. (Mitsui & Co. listed its shares on the TSE in May 1949, listed its shares on the Sapporo Securities Exchange, the Nagoya Stock Exchange, Inc. and the OSE in November 1954, and listed its shares on the Fukuoka Stock Exchange in February 1959. Due to the integration of the cash markets of the TSE and the OSE in July 2013, Mitsui & Co. is no longer listed on the OSE). Utilizing the global operating locations, network and information resources as a general trading company, Mitsui & Co. and its 283 consolidated subsidiaries and 223 equity method

affiliates (as of March 31, 2020) ("Mitsui & Co. Group") multilaterally pursue business in the fields of Iron & Steel Products, Mineral & Metal Resources, Energy, Machinery & Infrastructure, Chemicals, Lifestyle, and Innovation & Corporate Development. The Mitsui & Co. Group regards the Chemicals segment as one of the core business domains, and this encompasses trade and investment in a range of industries, from upstream and midstream chemicals such as basic chemicals and fertilizer and inorganic resources, to downstream chemicals that meet diverse market needs, including functional materials, electronics materials, specialty chemicals (Note 3), forestry and housing materials, fertilizers, feed additives, and flavor and fragrance chemicals. The Chemicals segment is also pursuing new initiatives in the tank terminal business (Note 4), carbon fiber, and human nutrition. The future basic strategies of the Chemicals segment are to make investments for business expansion leading to growth of existing businesses, as well as to increase profits of existing businesses through strengthening of business management capabilities, the establishment of next-generation revenue pillars in Energy Solutions and Healthcare/Nutrition (Note 5), the enhancement of trading functions given changes in market structures, and the engagement in new growth opportunities such as activities to achieve low-carbon society as stated in the "Medium-term Management Plan 2023" published on May 1, 2020.

(Note 3) "Specialty chemicals" mean materials for green chemicals, materials for detergents, surface activating agents and their materials and materials for lubricants.

(Note 4) "Tank terminal business" is a business engaged in the storage, preservation and shipment services for petroleum products and petrochemicals, which is a major infrastructure in the energy and chemical industries.

(Note 5) "Healthcare/Nutrition" is a business field expected to drive creation of multifaceted value using existing businesses as a platform in order to create multifaceted value through integration of medicine and food including hospitals and their ancillary business, medical data business, integrated facility management, nutrition/presymptomatic diseases measures.

According to the Target's Press Release, the Target was initially founded by Asajiro Yura and his partners as Yuraseiko & Company in November 1914. Asajiro Yura and his partners succeeded in industrializing the production of aniline (Note 6) and synthetic phenol (Note 7) for the first time in Japan in 1914 in order to self-produce dye after its import from Europe was halted, and full production commenced at Kozaika in Wakayama-city (the Target's current Wakayama plant). However, an application of the Corporate Rehabilitation Act for the Target was filed in 1953. Subsequently, in March 1956, the corporate

rehabilitation process of the Target was closed with the full support of one of the predecessor companies of Mitsui & Co., Daiichi Trading Co., Ltd. ("Daiichi Trading") (and the Target changed its corporate name to the current Honshu Chemical Industry Co., Ltd. in October 1955 before the decision to close the corporate rehabilitation process was made). In October 1960, the Target listed its shares on the Second Section of the OSE and in December 1961, the Target listed its shares on the Second Section of the TSE. Due to the integration of the cash markets of the TSE and the OSE in July 2013, the Target is no longer listed on the OSE.

(Note 6) "Aniline" is a type of aromatic compounds used as synthetic coating material of leather products. As of 1914, it was the main material for navy-blue *Kasuri* print. The first synthetic dye discovered is said to be coal-tar dye (aniline dye) discovered by Sir Perkins of the UK in 1856, and much research on synthetic dye was conducted in Europe thereafter.

(Note 7) "Synthetic phenol" is a type of aromatic compounds used as a material for various chemicals such as dye, surface-active agent, bactericide, agrichemical, medicine and other intermediates. The Target, which was also successful in benzene distillation in addition to synthesis of aniline as of 1914, succeeded in the production of phenol from benzene using synthesis technology.

After the change of its corporate name, the Target began domestic production of bisphenol A (Note 8; "BPA") for the first time in Japan in 1959, and also became the world's first company to industrialize synthesis cresol in 1967, and thus succeeded in the production of various basic chemicals as a pioneer in the chemicals industry. However, since these basic chemicals are significantly affected by market changes, in 1980, the Target built a plant that was able to switch and produce multiple products in order to stabilize its business, and this allowed the Target to advance and enter the fine chemicals market, which are high-performance or high value-added chemicals of various types produced in small volumes.

(Note 8) "Bisphenol A (BPA)" is a chemical mainly used as a material for plastic (polycarbonate resin and epoxy resin).

Furthermore, the Target transferred its business related to the previous major product BPA to MPI in 1988, and accelerated the change of its focus from basic chemicals to unique products for niche markets, and also drastically changed its course to become a fine chemical specialist engaged in R&D. As a result, the Target is now equipped with a system to seamlessly conduct small-volume test production to large-scale production in accordance with the demands of customers by using plants operating switchable production of multiple

products, and has achieved stable business management. In addition, for the purpose of strengthening the production of specialty bisphenol (Note 9), the Target established a joint venture company called Hi-Bis GmbH (consolidated subsidiary of the Target; "Hi-Bis") together with the Mitsui & Co. Group and other investors in 2001. In order to respond to further increase in demands, the second plant has been operating in Hi-Bis since 2014.

(Note 9) "Specialty bisphenol" is a chemical used as a material for specialty polycarbonate resin (for use in automobile components, optical and electronic components) and specialty epoxy resin (for use in semiconductor sealant, laminated plates), in order to enforce heat resistant features and optical properties.

The Mitsui Chemicals Group and the Target have built a relationship through capital relationships and business transactions through the present. Their relationship began in 1959 when the Target commenced to supply phenol to MPI, the predecessor company of Mitsui Chemicals. Thereafter, the Target continued to supply aniline, BPA and a number of other products to the Mitsui Chemicals Group. In December 1968, MPI acquired 700,000 shares of the Target's Shares (shareholding ratio based on the total number of issued shares at the time: 7.78%) from Toyo Rayon Co., Ltd. for the purpose of building an alliance on phenol, etc. For the purpose of reinforcing the relationship, MPI became an underwriter of a third party allotment by the Target in 1977. Subsequently, in 1980, MPI acquired the Target's Shares from minority shareholders of the Target. In 1987, MPI acquired 817,000 shares of the Target's Shares from Mitsui & Co. and as a result owned a total of 3,098,000 shares of the Target's Shares (shareholding ratio based on the total number of issued shares at the time: 30.98%). In 1988, MPI accepted the transfer of the Target's BPA business and also transferred production technologies, etc. of MPI's fine chemical products to the Target. After the capital increase of the Target in March 1997, the total number of issued shares of the Target increased to 11,500,000 shares and led to a decrease in the investment ratio of MPI in the Target. MPI, currently known as Mitsui Chemicals, continues to own 3,098,000 shares of the Target's Shares and its Shareholding Ratio is 26.99% (the history of investment is provided herein based on internal records). The Target is the main purchaser of phenol and meta-, para-cresol for the Mitsui Chemicals Group, while the Mitsui Chemicals Group is the main supplier of major materials, i.e. phenol and meta-, para-cresol, for the Target. Thus, these two parties have built both capital and transactional relationships.

The Mitsui & Co. Group and the Target have also built a relationship through capital relationships and business transactions through the present. As a general trading company handling chemicals, the Mitsui & Co. Group has, since its days as one of its predecessor

companies, Daiichi-Trading, conducted transactions to supply raw materials to the Target and to sell the Target products both in and outside Japan. In addition, when an application of the Corporate Reorganization Act was made for the Target in 1953, Daiichi Trading acquired a stake in the Target in order to support the rebuilding of the Target (number of acquired shares: 80,940 shares; shareholding ratio based on the total number of issued shares at the time: 20.91%). Then, it became an underwriter of multiple third party allotments by the Target and also repeatedly became a transferee and transferor of the Target's Shares. In 1987, after the transfer of 817,000 shares of the Target's Shares to Mitsui Chemicals, Mitsui & Co. owned 3,098,000 shares of the Target's Shares (shareholding ratio based on the total number of issued shares at the time: 30.98%). After the capital increase of the Target in March 1997, the total number of issued shares of the Target increased to 11,500,000 shares and led to a decrease in the investment ratio of Mitsui & Co. in the Target. Currently, Mitsui & Co. continues to own 3,098,000 shares of the Target's Shares and its Shareholding Ratio is 26.99% (the history of investment is provided herein based on internal records). Based on this capital relationship, the Mitsui & Co. Group supports new business developments of the Target in addition to acting as supplier of materials and seller of products, and is also committed to the stabilization of business base and the development and implementation of growth strategies of the Target. The Mitsui & Co. Group has also been a co-investor of Hi-Bis, the Target's subsidiary, since its incorporation. Accordingly, the Mitsui & Co. Group deems that the Mitsui & Co. Group, the Target and Hi-Bis are mutually important business partners. As of the date of this Press Release, the Target group consists of the Target and 2 subsidiaries (together with the Target, the "Target Group"), and has four (4) core businesses (i.e. Cresol Derivatives, Biphenol, Electronic Chemicals and Specialty Bisphenols).

The Target Group's management policy is to "act as Global Fine Chemical Specialist for developing and utilizing its original technologies thus creating valuable products, and thereby realizing sustainable growth in collaboration with our clients. It is also our goal to make ourselves a genuinely reliable company and to gain respect from our clients, employees, shareholders and the regional society." Currently, under this policy, the Target has four (4) core businesses; namely, (i) Cresol Derivatives (Note 10); (ii) Biphenol (Note 11); (iii) Electronic Chemicals (Note 12); and (iv) Specialty Bisphenols. Based on these products, the Target is actively operating in Japan and overseas mainly in niche markets within IT, automobile and medical industries.

(Note 10)"Cresol Derivatives" are chemicals used as materials for vitamin E (additive for animal feeds), electronic chemicals and antioxidants.

(Note 11)"Biphenol" is a chemical used as a material for liquid crystal polymers (LCP) used in components of electronic devices such as personal computers, smartphones and digital home electronic appliances, and for polyphenyl sulfone (PPSU) used in medical areas and aircrafts.

(Note 12)"Electronic Chemicals" produced by the Target Group are used in the production processes for semiconductors and flat panel displays (LC displays and organic EL displays).

In addition, in order to become a Global Fine Chemical Specialist and build a competitive, profitable and strong business base, the Target Group has set up a long-term vision for 2030 called "HCI 500." Moreover, the Target Group has developed a 4-year medium-term management plan commencing from 2020 called "Medium-term Management Plan 20" (devised in January 2020) to link the results of the 4-year medium-term management plan commencing from 2016 called "Medium-term Management Plan 16" (devised in February 2016) and to seek further growth. The Target Group aims to achieve 30 billion yen of sales and 4.2 billion yen of operating income in 2023 by development and sales of IT-related goods during the active development of materials related to 5G (Note 13), a next-generation technology standard for broadband cellular network. Also, the Target Group will newly adopt EBITDA (income calculated by adding income before taxes and interest expense and depreciation costs) as its business target, and aims to increase EBITDA from 4.5 billion yen in 2019 to 6.8 billion yen through aggressive investments, and also plans to increase the ratio of sales of new products from 10% to 15% (since the relevant Medium-term Management Plan 20 was prepared before effects of the COVID-19 pandemic became evident, future business plans and expected results are subject to change). The specific measures to be taken to enhance corporate value are: (i) to acquire production abilities, to develop new products and to strategically invest in new business domains; (ii) to be committed to IT-related goods market, including 5G, in addition to existing business domains and development topics; (iii) to promote more efficient research and accelerated development through utilization of materials informatics (Note 14) and establishment of new bench facilities (Note 15); and (iv) to be fully committed in efforts regarding ESG (Note 16) and sustainability (Note 17).

(Note 13)"5G" is a 5th generation technology standard for broadband cellular network after 4G.

(Note 14)"Materials informatics" is a method of informatics using statistical analysis in order to discover new materials from mass data.

(Note 15)"Bench facilities" refer to small-scale facilities that conduct prior test production

or necessary measurement of design data upon full production.

(Note 16)"ESG" stands for Environment, Social and Governance.

(Note 17)"Sustainability" refers to a concept to maintain a long-term good natural environment and human society without depleting or damaging any functions and systems based on three (3) perspectives, i.e. environmental, social and economic aspects.

While customer needs and market needs for materials are expected to diversify and intensify given the full commencement of 5G services in the near future, the penetration of CASE (Note 18), further advancement of digital transformation (Note 20) via AI (Note 19) and IoT, the Offerors believe that, through their past capital and transactional relationships with the Target, the Target has a high potential for growth with its various high-technologies in domains of high-performance monomer (Note 21) related to ICT, Mobility and Healthcare. However, and concurrently, in order to draw out the potential of the Target and achieve sustainable growth even in the midst of dramatic changes in the external environment, such as the progress of CASE and 5G, increased competition with competitors in China, South Korea and Taiwan, or the build-up of business alliances among competitors, the Offerors are aware that any challenges that the Target is facing or will face in each business domain must be addressed with sufficient and prompt countermeasures. Specifically, the major challenges are: (i) regarding the Target's major businesses of Cresol Derivatives, Biphenol, Electronic Chemicals and Specialty Bisphenols, while demand therefor is expected to increase on a stable basis, the capital expenditures to increase timely and competitive production power in accordance with market growth, and the acquisition of additional personnel and know-how for such purpose; (ii) regarding the mobility specialty bisphenols business of Hi-Bis, the implementation of countermeasures against lower demand and slowdown in growth as a result of a weaker global automobile markets; and (iii) regarding the whole Target Group, the acceleration of strengthening of product development abilities and production technologies and the build-up of new profit platforms in order to win over competitors.

(Note 18)"CASE" stands for Connected, Autonomous/Automated, Shared & Service, and Electric.

(Note 19)"AI" is an acronym for Artificial Intelligence, a technology that "aims to make a high level of inference accurately for a large amount of knowledge data (Prospectus of The Japanese Society for Artificial Intelligence)."

(Note 20)"Digital transformation" means any transformation of products, services and business models by companies based on customer needs and social needs in order

to respond to rapid changes in business environment and by using data and digital technology, and any transformation of business, organization, process, corporate culture and features in order to gain competitive advantages over other competitors.

(Note 21)"Monomer" means a small molecule comprising polymers (e.g. ethylene).

The Offerors have been seeking to build alliances regarding individual businesses and products with the Target. However, there are certain restrictions in efficient and aggressive investments of business resources in the Target, and mutual use of business resources and personnel exchange among the Offerors and the Target pursuant to the limited capital relationship in which the Target remains as an equity method affiliate of each Offeror. In addition, even if any support from the Offerors for the challenges stated in (i), (ii) and (iii) above is beneficial for the Target, the Offerors are forced to be cautious when considering whether such support should be provided if the question of whether such support is beneficial for the Offerors themselves remains unclear. Also, if there are any conflicts of interest between the Offerors and the Target's minority shareholders, it is difficult for the Target to completely match the interests of the Offerors and those of the Target's minority shareholders. Therefore, the Offerors must carefully consider, on a case-by-case basis, measures to avoid conflicts of interest whenever any measures to deal with the challenges listed in (i), (ii) or (iii) are implemented or any transactions between the Target and the Offerors are conducted. As a result, prompt decision-making and implementation of measures are difficult.

Under such circumstances, since both the Mitsui Chemicals Group that deems ICT as a domain of growth in terms of business strategy and the Mitsui & Co. Group that seeks to increase the profitability of the high-performance monomer business as part of existing business growth based on the basic strategy of the Chemicals segment regard the Target as a strategic investment target given its deemed high potential for growth in the ICT business domain and the high-performance monomer business, the Offerors have intermittently engaged in discussions with the Target since late August 2019 in order to resolve the abovementioned challenge of the inability of the Offerors and the Target to build sufficient alliances. Because the requirements of fairness and transparency in the corporate governance of listed subsidiaries are becoming more stringent based on the "Group Governance System Guidelines" that were issued by the Ministry of Economy, Trade and Industry on June 28, 2019, the management supervision of the Offerors and the Target having a relationship similar to a parent and subsidiary of listed companies is also expected

to be more demanding. This means that upon the decision-making of the Target, certain procedures to resolve any structural conflicts of interest between the Offerors and the Target's minority shareholders will be more time-consuming than ever, and thus, may hinder the progress of further alliance with the Target. Accordingly, each of the Offerors was aware that the review and revision of the capital relationships between the Offerors and the Target was one of the challenges. As such, Mitsui & Co. repeatedly discussed the Target in its efforts to maximize the corporate value of associated companies within the Mitsui & Co. Group, and the Offerors jointly commenced to specifically consider privatizing the Target when the Mitsui & Co. Group proposed privatizing the Target to Mitsui Chemicals, which had continued to keep the same investment ratio in the Target since 1987 in early October 2019. Mitsui & Co. is a general trading company and has limited capacity to solely offer support relating to the strengthening of research and development and production technology that are required for further growth of the Target. Therefore, Mitsui & Co. does not intend to act alone to privatize the Target. In addition, Mitsui Chemicals believes that distribution networks in and outside Japan held by Mitsui & Co. as a general trading company are essential for the operation of the Target. Therefore, Mitsui Chemicals does not intend to act alone to privatize the Target. After such consideration, in late January 2020, the Offerors decided that in order to facilitate prompt decision-making of the Target and to attain more efficient and aggressive investment and mutual utilization of business resources, the conflicts of interest with the Target's minority shareholders must be resolved. In addition, if the Offerors become the sole shareholders of the Target through the Transaction, and the trinity management system is adopted through strengthened capital relationships: (i) the Offerors will be able to maximize the use of the Mitsui Chemical Group's organic synthesis technology and development skills of polymer materials, as well as the Mitsui & Co. Group's integrated capabilities and networks in and outside Japan with global customers and partners, and will be able to support the Target more aggressively by the improvement of technical skills through personnel and information exchanges, joint research and development, joint procurement of raw materials and materials, optimization of logistics, and reinforcement of sales and marketing; and (ii) the Target will be able to resolve its lack of personnel, technical skills and functions through the abovementioned support from the Offerors, and will also be able to actively conduct various measures, including capital expenditures and M&As, that had been difficult for the Target itself to conduct given the short-term low performance risk due to deteriorating financial conditions and temporary cost increase, the stock price fluctuation risk as a result thereof, and any possible conflicts of interest with the Target's minority shareholders. Therefore, the Offerors decided that in the end, the abovementioned challenge of the

inability of the Offerors and the Target to build sufficient alliances will be resolved and the corporate value of the Target as well as the corporate value of the Mitsui Chemicals Group and the Mitsui & Co. Group will also increase. After subsequent discussions, in early April 2020, the Offerors decided to make the Target a consolidated subsidiary of Mitsui Chemicals with Mitsui Chemicals investing 51% in the Target and Mitsui & Co. investing 49% in the Target and privatize the Target, in order to enable Mitsui Chemicals to aggressively invest the business resources of research and development and production technologies to the Target. Specifically, the Offerors believe that planning and implementing medium and long-term measures including those stated in (i) through (iii) below will further enhance the corporate value of the Target. Although implementation of these measures are crucial in terms of medium and long-term growth of the Target, it is likely that there would be a need to readily conduct any prior investments that do not directly or necessarily maximize the Target's short-term profits or any efforts that accrue temporary cost increases, and there is also a risk of a decrease in the stock price due to a temporary drop in revenue. Therefore, the Offerors believe that providing a reasonable opportunity to sell shares without imposing the risk on the Target's minority shareholders meets the interests of all minority shareholders of the Target.

(i) Strengthening of existing businesses and products

Existing businesses and products will be strengthened from various angles. This includes the use of customer networks, supply chains and technical bases of the Offerors to increase distributors of the existing products and to execute long-term contracts with customers, the reinforcement of production capacity for biphenol and optical specialty bisphenol, and the development of purposes of use for specialty bisphenols business of Hi-Bis. In addition, although the ICT-related businesses developed by the Target and the Mitsui Chemicals Group respectively were similar in nature, specific alliances have hardly been formed between the two parties although the possibilities were considered because there was an issue with conflicts of interest with the minority shareholders and there were certain restrictions in efficient and aggressive investments and mutual utilization of business resources under the limited capital relationship of an equity method affiliate. When the Target becomes a consolidated subsidiary of Mitsui Chemicals through the Transaction, this will enable aggressive and mutual utilization of business resources, and offerings to customers will be expanded by intensified material designs and combination of materials. Accordingly, the Offerors believe that this will enable the group as a whole to make higher value-added offerings to customers.

(ii) Creation of new businesses and products

Based on the unique technical capabilities of the Target to promptly and stably produce high-quality new products in the high-performance monomer business domain related to ICT, Mobility and Healthcare that have been cultivated since its foundation, and by making the Offerors as the sole shareholders of the Target through the Transaction, more efficient and aggressive investment and mutual utilization of business resources, which were difficult considering the issue of possible conflicts of interest with minority shareholders under the current limited capital relationships, are possible. The investment and mutual utilization specifically refer to the aggressive utilization of a wide range of research and development and production technology base such as polymers and catalytic technologies built by the Mitsui Chemicals Group as a general chemical manufacturer, as well as the consolidation of marketing and solution proposal capacities using the global network of the Mitsui & Co. Group as a general trading company. The Offerors also believe that expansion of product lineups and entry into new business domains are possible. Furthermore, advanced technologies including AI and materials informatics that are being adopted by the Offerors will also be introduced. Specifically, the Offerors are contemplating development of new monomers for which demand is increasing in ICT-related markets, joint development using organic synthesis, polymers, simulation and materials informatics technologies and research and development supports.

(iii) Personnel development and development of basis for sustainable development

Personnel development will be conducted to win global competition through joint use of personnel development platforms and programs held by the Offerors and exchange of personnel and technology, and also to respond to social requirements on ESG and to seek to strengthen the sustainable business base by the alliance of three (3) parties.

Pursuant to such recognition, the Offerors began to specifically consider the Transactions from early October 2019 as mentioned above. In early March 2020, Mitsui Chemicals appointed Mori Hamada & Matsumoto as its legal advisor, and in early April 2020, appointed SMBC Nikko Securities Inc. ("SMBC Nikko Securities") as its financial advisor and third-party valuator independent from the Offerors and the Target. In early March 2020, Mitsui & Co. appointed Anderson Mori & Tomotsune as its legal advisor, and in early April 2020, appointed Nomura Securities Co., Ltd. ("Nomura Securities") as

its financial advisor and third-party valuator independent from the Offerors and the Target. In late May 2020, the Offerors jointly submitted an initial proposal regarding the Transaction to the Target. Subsequently, the Offerors conducted due diligence on the Target during the period from mid-July 2020 to mid-September 2020. From early July 2020 onwards, the Offerors repeatedly and fully discussed and negotiated with the Target regarding the management system and business policy after the Transaction, the terms and conditions of the Transaction and other related matters. Specifically, Mitsui Chemicals and the Target discussed the synergies on July 28, 2020, and the Offerors and the Target again discussed the synergies on August 24, 2020. On September 4, 2020, the Offerors received a request for the Transaction from the Target that included matters related to the governance system and business operation system after the Transaction ("Request Dated September 4, 2020"). Subsequently, the Offerors and the Target discussed the synergies on September 16 and September 18, 2020, and on September 23, 2020, the Offerors and the Target discussed the Request Dated September 4, 2020 received from the Target. On September 30, 2020, the Offerors submitted their answer to the Request Dated September 4, 2020 to the Target. Also on that date, Mitsui & Co. submitted an answer regarding the synergies to the Target, and Mitsui Chemicals submitted an answer regarding the synergies to the Target on October 6, 2020. In response to an additional request from the Target as of October 9, 2020 ("Request Dated October 9, 2020"), the Offerors submitted an answer thereto on October 12, 2020. In response to a further request from the Target as of October 16, 2020 ("Request Dated October 16, 2020"), the Offerors submitted an answer thereto to the Target on October 26, 2020. With regards to the price of tender offer in the Tender Offer (the "Tender Offer Price"), the Offerors proposed the Tender Offer Price as 1,550 yen per share to the Target on October 9, 2020. After a request was made by the Target to reconsider the Tender Offer Price because it failed to satisfy the level sought by the Target on October 12, 2020, the Offerors and the Target discussed and negotiated the terms and conditions of the Transaction and on October 19, 2020, the Tender Offer Price was re-proposed as 1,760 yen per share. After the Target requested that the Offerors reconsider the Tender Offer Price on October 23, 2020 because the proposed Tender Offer Price did not fully reflect the corporate value of the Target, the Offerors proposed the Tender Offer Price as 1,800 yen per share on October 26, 2020. On the same date, the Target again requested reconsideration of the Tender Offer Price due to the same reason. In response, the Offerors proposed the Tender Offer Price as 1,830 yen per share on November 5, 2020, and the Offerors and the Target have continued to discuss and negotiate the Tender Offer Price thereafter.

As a result of these discussions and negotiations, the Offerors and the Target agreed in early November 2020 that in order to adapt to the recent severe business environment as a result of diversification and intensification of customer needs, and for the Target to attain growth strategies with a sense of speed ahead of other competitors, the best ways to enhance the corporate value of the Target was to implement each of the abovementioned measures after privatizing the Target and making the Offerors become the Target's sole shareholders, through which the Offerors may jointly and more flexibly invest various business resources, and to transfer to a system where medium and long-term strategies/policies decisions and flexible management decisions are made. On November 6, 2020, the Target informed the Offerors that the Tender Offer Price of 1,830 yen per share was acceptable. Accordingly, it was decided that the Offerors would enter into the Joint Tender Offer Agreement as of the date of this Press Release, and that if the Conditions are satisfied (or waived by the Offerors), the Offerors would jointly implement the Tender Offer for all the Target's Shares as part of the Transaction because the procedures and actions required by antitrust laws of Japan, the EU, China, Taiwan and Turkey are expected to take a certain period of time.

(II) Management policy after the Tender Offer

As of the date of this Press Release, the board of directors of the Target consists of nine (9) members, and its board of auditors consists of four (4) members. The Offerors plan to newly nominate an individual to be appointed as director(s) of the Target for the purpose of building a better business structure for efficient implementation of each measure stated in "(I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer" above. Specifically, the Offerors agreed pursuant to the shareholders agreement (the "Shareholders Agreement") entered into as of the date of this Press Release, that after the completion of the Transaction: (i) the number of directors of the Target will be no more than seven (7), the Offerors are entitled to appoint three (3) directors each and one director from the Target may be appointed by respecting the opinion of the representative directors of the Target; and (ii) the number of representative directors of the Target will be two (2) and Mitsui Chemicals is entitled to appoint the President and Representative Director and Mitsui & Co. is entitled to appoint the Vice President and Representative Director. Each Offeror intends to consider and nominate the personnel who is most capable at the time to maximize the corporate value regardless of his/her department or position as the representative director of the Target. Moreover, the Offerors agreed under the Shareholders Agreement that after the completion of the Transaction: (iii) the Target's

Audit & Supervisory Board shall be abolished and shall have three (3) auditors, the Target is entitled to appoint one (1) full-time auditor and the Offerors are entitled to appoint one (1) part-time auditor each; and (iv) the Offerors shall establish a shareholder steering committee for the operation of the Target, and its members will be the responsible persons of the Offerors and the persons appointed by the Offerors.

For an overview of the Shareholders Agreement, see "(I) Shareholders Agreement" under "(6) Matters concerning material agreements regarding the Tender Offer" below.

In addition, the Offerors responded regarding the management policy of the Target after the Transaction during discussions with the Target concerning the Request Dated September 4, 2020 and the Request Dated October 9, 2020. Specifically, the Offerors responded to the Target that the main management policies after the Transaction are: (i) consideration of the adoption of a new executive officer system and transfer of business execution powers to executive officers in order to establish a framework to enable officers and employees of the Target to be independently involved in the business execution even after the Transaction (the transitional period will be subsequently discussed and determined by the Offerors and the Target); (ii) no adverse change to employee benefits directly resulting from the Transaction is expected to be made, and the Offerors believe that the Target's employees may work with pride and loyalty even after the Transaction; (iii) Mitsui Chemicals and the Target will assume roles in research and development in accordance with their specialty, Mitsui Chemicals will offer necessary support to any research and development that is independently promoted by the Target, and a cooperative structure will be built in areas mutually deemed to be required; and (iv) the Offerors will actively promote company-wide efforts to enhance the Target's corporate value in order to maximize the corporate value of the Target

The Offerors intend to implement and promote in good faith the matters provided in response to the Target concerning the relevant Requests.

(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target

According to the Target's Press Release, as stated in "(I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer" above, the Target received an initial proposal for the Transaction from the Offerors

in late May 2020.

After receiving the proposal, as stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" below, because (i) the Offerors respectively own 3,098,000 shares of the Target's Shares (Shareholding Ratio: 26.99%) as of the date of this Press Release and this Transaction constitutes the acquisition of an equity method affiliate by other associated companies of the Target that are the Target's major shareholders and top shareholders, (ii) the Offerors own a total of 6,196,000 shares (Shareholding Ratio: 53.99%) of the Target's Shares, and therefore are controlling shareholders of the Target, which could give rise to an issue of structural conflicts of interest and information asymmetry with general shareholders in the process of consideration of the Transaction by the Target, and because (iii) of the total of nine (9) directors of the Target, six (6) (Messrs. Yuji Fukuyama, Yoshiji Ohori, Hidebumi Kasuga, Katsuya Okano, Nobuyoshi Ikeda and Takuya Inagaki) were former employees of the Offerors within the most recent ten (10) years, and of the total of four (4) auditors of the Target, one (1) (Mr. Yoshinori Ashida) was a former employee of Mitsui Chemicals within the most recent ten (10) years and one (1) (Mr. Masafumi Takenaka) currently is also an employee of Mitsui Chemicals, the Target established the following structures for discussions and negotiations for the Transaction to ensure fairness of the whole process for considerations and decisions made regarding the necessity of the Transaction and the appropriateness of its terms and conditions.

On May 31, 2020, the Target appointed Nagashima Ohno & Tsunematsu as its legal advisor independent from the Offerors and the Target.

While receiving advice from Nagashima Ohno & Tsunematsu, the Target resolved at its board of directors' meeting on June 2, 2020 to establish a special committee solely comprised of independent outside officers of the Target (the "Special Committee") to exclude arbitrariness of the Target's decision-making concerning the Transaction, including the Tender Offer, to ensure fairness, transparency and objectiveness in the decision-making process and to avoid the uncertainty of conflicts of interest. For details on the composition and the activities of the Special Committee, see "(III) Establishment of independent special committee at the Target and procurement of written report from the said committee" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests" below. One of the four (4) auditors of the Target, Mr. Masafumi Takenaka, concurrently holds an

executive position at Mitsui Chemicals. In order to exclude any effects arising from the issue of structural conflicts of interests in the Transaction as much as possible, Mr. Takenaka did not participate in the discussions of the Target's meeting of the board of directors regarding the Transaction, including the above Target's meeting of the board of directors on June 2, 2020, and he also did not participate in any considerations of the Transaction in a position as the Target, or any discussions and negotiations with the Offerors concerning the Transaction.

Furthermore, on June 9, 2020, the Target appointed Deloitte Tohmatsu Financial Advisory LLC ("Deloitte Tohmatsu Financial Advisory") as its financial advisor and third-party valuator independent from the Offerors and the Target, and requested that Deloitte Tohmatsu Financial Advisory evaluate the Target's Shares as the third-party valuator.

Subsequently, the Target considered the appropriateness of the Transaction through numerous discussions and considerations with the Offerors based on the outline of the Tender Offer including the purpose of the Transaction, the effects on the Target resulting from the Transaction, the details of the management policy after the Transaction and the current stock price trend, and also while receiving advice from Nagashima Ohno & Tsunematsu and Deloitte Tohmatsu Financial Advisory. During the following process of discussions and considerations, the Target reported to the Special Committee from time to time and has been handling, pursuant to the handling policies confirmed in advance by the Special Committee and opinions, instructions and requests given by the Special Committee upon important negotiation phases.

First, regarding the initial proposal from the Offerors received in late May 2020, while receiving advice from Nagashima Ohno & Tsunematsu and Deloitte Tohmatsu Financial Advisory, the Target and the Offerors discussed on June 18, 2020 in order to confirm and analyze further details of the proposal. Thereafter, the Target submitted a questionnaire to the Offerors on June 26, 2020. Based on the answers from the Offerors thereto, since the grounds for the enhancement of the Target's corporate value were confirmed to a certain extent, the Target accepted due diligence by the Offerors from July 10, 2020 and continued further discussions and negotiations.

Next, regarding the rationality of the purpose of the Transaction, the Target repeatedly discussed with the Offerors in order to specifically confirm and analyze the synergies in the Transaction. The Target and Mitsui Chemicals discussed the synergies on July 28, 2020, and

the Target and the Offerors again discussed the synergies on August 24, 2020. Subsequently, the Offerors and the Target discussed the synergies on September 16 and September 18, 2020, and on September 23, 2020, the Offerors and the Target discussed a request for the Transaction submitted by the Target on September 4, 2020 ("Request Dated September 4, 2020"). In the end, the Target received an answer dated September 30, 2020 regarding the synergies from Mitsui & Co., and an answer dated October 6, 2020 regarding the synergies from Mitsui Chemicals.

The Target also came to acknowledge that it is crucial to ensure the independence of the management by the Target after the Transaction for the enhancement of the corporate value of the Target because having a pioneering spirit has always been the Target's basic policy while it engaged in the creation of a number of products (first in Japan) using unique technology since its foundation in 1914. Accordingly, the Target decided that there is a need to re-confirm and analyze whether independent management by the Target can be ensured even after the Transaction. During the 5th meeting of the Special Committee on August 27, 2020, the Offerors explained the rationality of the purpose of the Transaction, and the Target confirmed and discussed with the Offerors regarding the issue as to whether the independence of the management by the Target can be ensured after the Transaction in parallel with the confirmation and consideration of the synergies mentioned above. Specifically, the Target and the Offerors discussed and re-confirmed the management policy, etc. after the Transaction as envisioned by the Offerors on September 3, 2020. On September 4, 2020, the Target submitted the Request Dated September 4, 2020 to the Offerors, which included matters related to the governance system and business operation system after the Transaction.

Subsequently, on October 9, 2020, the Target submitted to the Offerors the Request Dated October 9, 2020 concerning the answer dated September 30, 2020 received from the Offerors in response to the Request Dated September 4, 2020. Afterwards, the Target received an answer dated October 12, 2020 from the Offerors in response to the Request Dated October 9, 2020. On October 16, 2020, the Target submitted the Request Dated October 16, 2020 to the Offerors, and on October 26, 2020, the Target received an answer thereto from the Offerors.

Based on the abovementioned discussions with the Offerors and the details of the abovementioned answers received from the Offerors, the Target decided that the synergies explained below can be expected and that the independent management by the Target can

be ensured even after the Transaction as stated in "(II) Management policy after the Tender Offer" above. Consequently, the Target was able to confirm the rationality of the purpose of the Transaction, and commenced specific discussions and considerations on the terms and conditions of the Transaction, including the Tender Offer Price.

The Offerors and the Target commenced to discuss and consider the specific terms and conditions of the Transaction including the Tender Offer Price, from early October 2020, and conducted ongoing discussions and negotiations.

Regarding the Tender Offer Price, the Target received an initial proposal from the Offerors of 1,550 yen per share as the Tender Offer Price on October 9, 2020. Based on the report on tentative share valuation results of the Target's Shares from Deloitte Tohmatsu Financial Advisory and the opinion of the Special Committee, and also while receiving advice from Deloitte Tohmatsu Financial Advisory, the Target requested that the Offerors reconsider the Tender Offer Price because the Tender Offer Price failed to meet the level sought by the Target on October 12, 2020. The Target discussed and negotiated with the Offerors a number of times regarding the terms and conditions of the Transaction, and the Offerors re-proposed the Tender Offer Price as 1,760 yen per share on October 19, 2020. After the Target requested that the Offerors reconsider the Tender Offer Price on October 23, 2020 because the proposed Tender Offer Price did not fully reflect the corporate value of the Target, the Offerors re-proposed the Tender Offer Price as 1,800 yen per share on October 26, 2020. On the same date, the Target again requested reconsideration of the Tender Offer Price due to the same reason. As a result, the Offerors proposed the Tender Offer Price as 1,830 yen per share on November 5, 2020. After receiving the proposal, the Target confirmed its validity with the Special Committee, and also requested further opinion from Deloitte Tohmatsu Financial Advisory. The Target carefully considered by also taking into account the share valuation report procured from Deloitte Tohmatsu Financial Advisory as of November 10, 2020 ("Share Valuation Report"). As a result, the Target decided that the relevant proposed Tender Offer Price was appropriate because a suitable premium was added to the market price, and was reasonable because it exceeded the median of the price range of the results based on the discounted cash flow method ("DCF Method") by Deloitte Tohmatsu Financial Advisory as stated below. As stated herein, the Target has continuously negotiated with the Offerors regarding the Tender Offer Price.

Furthermore, the Target received necessary legal advice from Nagashima Ohno & Tsunematsu concerning the method and process of decision-making of the Target's meeting

of the board of directors and other concerns, including procedures for the Transaction, and received a written report from the Special Committee as of November 10, 2020 ("Written Report") (for details of the outline of the Written Report and the specific activities of the Special Committee, see "(III) Establishment of independent special committee at the Target and procurement of written report from the said committee " under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest"). Based on the legal advice from Nagashima Ohno & Tsunematsu and the Share Valuation Report procured from Deloitte Tohmatsu Financial Advisory, and also giving full respect to the details of the Written Report submitted by the Special Committee, the Target carefully discussed and considered in view of whether the corporate value of the Target will increase through the Transaction and whether the interests to be enjoyed by minority shareholders can be ensured by implementing the Transaction using fair procedures.

The Target Group has built various cooperative relationships on sales to customers and research and development not only limited to its major shareholders, the Mitsui Chemicals Group and the Mitsui & Co. Group, and has gained trust from customers through its continuous efforts in research and development, production and sales/marketing in order to satisfy customer's demands based on its customer-first policy and its prompt attainment of goals. However, the business environment of the Target Group is significantly affected not only by trends of the fine chemical industry to which the Target Group belongs, but also by trends of periphery markets. In the automobile market, medium and long-term trends involve EV and automated driving, and there is a slowdown in growth due to the current decrease in travel as a result of the COVID-19 pandemic. In addition, in the IT-related goods market, competitions to establish *de facto* standards (Note 1) for various materials for 5G and ICT high-performance device are gaining speed at an unprecedented level, and customer needs and market needs of materials are diversifying and intensifying. As stated above, while the changes in the market environment of the Target Group are accelerating, and customer needs are diversifying and intensifying, the Target believes that in order to attain growth strategies with a sense of speed ahead of other competitors and gain profit therefrom, the Target must urgently build new products and new business domains and expand the production system. In order to deal with these matters, the Target is aggressively engaged in employment of professionals, utilization of external institutions and increase of open innovation, but there is a limit in investing significant resources given its current size of business.

(Note 1)"Competitions to establish *de facto* standards" mean that since existing standard

materials are unable to meet the demand functions in high-speed and large-capacity cellular market mainly related to 5G where demands are rapidly increasing, related companies are making efforts to allow their own standards to be adopted as the new standard materials in order to ensure their competitive superiority in the relevant market.

Under such circumstances, the Target figured that pursuant to the customer-first policy, in order to place various cooperative relationships regarding sales to customers and research and development as a top-priority as before without impairing such trust, and to satisfy customers' needs with more speed, it is important to obtain the following business resources through the Transaction. The Target wishes to attain the Target's sustainable growth for years to come by gaining more trust from the customers. The Target believes that the synergies listed in (i) through (iii) below as stated in "(I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer" above are expected as a result of the Transaction.

(i) Strengthening of existing businesses and products

Existing businesses and products of the Target may be strengthened from various angles. This includes more possibilities of the use of customer network, supply chains and technical base of the Offerors to increase distributors of the existing products and to execute long-term contracts with customers, the reinforcement of production capacity for biphenol and optical specialty bisphenol, and the development of purposes of use for specialty bisphenols business of Hi-Bis.

(ii) Creation of new businesses and products

Based on the unique technical capabilities of the Target to promptly and stably produce high-quality new products in the high-performance monomer business domain related to ICT, Mobility and Healthcare that it has been cultivating since its foundation, the Target believes it can expand and accelerate the development of new products including existing businesses and the development of new monomers for which demand is increasing in ICT-related markets through the aggressive utilization of a wide range of research and development and production technology base such as polymers and catalytic technologies built by the Mitsui Chemicals Group as a general chemical manufacturer, the consolidation of marketing and solution proposal capacities using the global network of the Mitsui & Co. Group as a general

trading company, as well as the introduction of advanced technologies, including AI and materials informatics, which are being adopted by the Offerors.

(iii) Personnel development and development of basis for sustainable development

Personnel development will become possible to be conducted by the Target to win global competition through joint use of personnel development platforms and programs held by the Offerors and exchange of personnel and technology, and also the Target believes it can seek to strengthen a sustainable business base that responds to social requirements on ESG by the alliance of three (3) parties.

In addition, the utilization of abundant business resources of the Offerors is expected to expand the Target's business scale through an increase in the Target's production volume, expansion of business, expansion or increase of production sites based on business continuous plan, and prompt and definite securement of necessary business resources. The Target also believes that flexible and prompt resolution of challenges that were difficult to be handled by the Target alone will be possible, and that offering of solutions and new values to various customers as before will further increase the feasibility of the Target's long-term vision "HCI 500."

In accordance with the above reasons, the Target concluded in early November 2020 that further alliance with the Offerors through the Transaction including the Tender Offer is the best option for the enhancement of the corporate value of the Target.

The Target's board of directors determined that the Transaction, including the Tender Offer, is expected to enhance the Target's corporate value, the Tender Offer Price and other terms and conditions of the Tender Offer are appropriate for all shareholders of the Target, and that the Tender Offer offers reasonable opportunities to all shareholders of the Target to sell the shares based on the following facts relating to the Tender Offer Price (1,830 yen): (i) regarding the share valuation results of the Target's Shares calculated by Deloitte Tohmatsu Financial Advisory as stated in "(II) Procurement of Share Valuation Report by the Target from an independent third-party valuator" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest," the Tender Offer Price exceeds the maximum of the price range based on the average market price method, is within the price range based on the comparable company analysis method and exceeds the median of the price range based on

the DCF Method, the price accounts for a 41.86% premium (rounded to the second decimal place; hereinafter the same in calculation of the premiums (%) over the stock prices) over the closing price (1,290 yen) of the Target's Shares on the Second Section of the TSE as of November, 10, 2020, i.e. the business day immediately prior to the date of publication of the Tender Offer, a 43.64% premium over the simple average closing price (1,274 yen) for the month ending November 10, 2020, a 42.86% premium over the simple average closing price (1,281 yen) for the three (3) months ending November 10, 2020, a 50.87% premium over the simple average closing price (1,213 yen) for the six (6) months ending November 10, 2020, and such premiums stand comparison with premiums adopted in recent transactions similar to the Transaction; (iii) measures to resolve conflicts of interest stated in "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" below are adopted and minority shareholders' interests are taken into consideration; (iv) the Tender Offer Price was determined after measures to resolve the abovementioned conflicts of interest were taken and the Target and the Offerors repeatedly discussed and negotiated (i.e. after good-faith and continuous discussions and negotiations based on the share valuation results of the Target's Shares prepared by Deloitte Tohmatsu Financial Advisory, the discussions with the Special Committee and the legal advice from Nagashima Ohno & Tsunematsu); and (v) effective increase of the proposed price for the Tender Offer took place at the request of the Special Committee.

Thus, the Target resolved at its board of directors' meeting as of the date of this Press Release with unanimous approval of all nine (9) directors of the Target who participated in the discussions and the resolution that, as the current opinion of the Target, the Target will express its opinion to support the Tender Offer if the Tender Offer is commenced and recommend its shareholders to tender their shares in the Tender Offer. Three (3) auditors of the Target (excluding Mr. Masafumi Takenaka) participated in the above board of directors' meeting and all participating auditors have given their opinion that they do not object to the above resolution.

The Offerors plan to promptly implement the Tender Offer upon the satisfaction of the Conditions (or waiver by the Offerors). As of the date of this Press Release, the Offerors aim to commence the Tender Offer in or around May 2021 based on the views of local law firms in or outside Japan on the expected time period required for the completion of the procedures with the relevant antitrust authorities. However, as it is difficult to precisely estimate the time period required for the procedures with domestic and foreign antitrust

authorities, the detailed schedule for the Tender Offer will be announced as soon as it is finalized.

Accordingly, the Target also resolved at the abovementioned meeting of the board of directors that: (i) upon the commencement of the Tender Offer, the Special Committee established by the Target shall consider whether changes should be made to the Written Report submitted to the Target's board of directors as of November 10, 2020 and shall inform the Target's board of directors that, if there is no change in its previous opinion, the fact thereof, or if there is a change in its opinion, the details of such change; and (ii) the Target shall express its opinion again regarding the Tender Offer upon the commencement of the Tender Offer based on the opinion of the Special Committee.

For details of the resolution of the Target's meeting of the board of directors as of the date of this Press Release, see "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all auditors that they have no objection" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest."

- (3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflict of interests

As of the date of this Press Release, the Target is not a consolidated subsidiary of the Offerors, and the Tender Offer does not constitute a tender offer by the controlling shareholder. However, because: (i) the Offerors respectively own 3,098,000 shares of the Target's Shares (Shareholding Ratio: 26.99%) as of the date of this Press Release, and this Transaction constitutes the acquisition of an equity method affiliate by other associated companies of the Target that are the Target's major shareholders and top shareholders; (ii) the Offerors own a total of 6,196,000 shares (Shareholding Ratio: 53.99%) of the Target's Shares, and therefore are equivalent to controlling shareholders of the Target, which could give rise to an issue of structural conflicts of interest and information asymmetry with general shareholders in the process of consideration of the Transaction by the Target; and (iii) of the total of nine (9) directors of the Target, six (6) (Messrs. Yuji Fukuyama, Yoshiji Ohori, Hidebumi Kasuga, Katsuya Okano, Nobuyoshi Ikeda, and Takuya Inagaki) were former employees of the Offerors within the most recent ten (10) years, and of the total of four (4) auditors of the Target, one (1) (Mr. Yoshinori Ashida) was a former employee of Mitsui Chemicals within the most recent ten (10) years and one (1) (Mr. Masafumi Takenaka) currently is also an employee of Mitsui Chemicals, the Offerors and the Target implemented measures below in (I) to

(VI) to ensure fairness of the Tender Offer from the stage of the Tender Offer, eliminate arbitrariness in decision-making concerning this Transaction, and to ensure fairness, transparency, and objectiveness in the decision-making process, and to avoid doubts of conflicts of interest. Among the descriptions below, the descriptions of the measures implemented by the Target are based on explanation received from the Target.

Furthermore, as of the date of this Press Release, the Offerors decided that because the Offerors own a total of 6,196,000 shares (Shareholding Ratio: 53.99%) of the Target's Shares, that if the minimum of the so-called "Majority of Minority" is set, the establishment of the Tender Offer would be rather destabilized, which in turn might not serve the interests of minority shareholders who wish to tender in the Tender Offer, and, therefore, no minimum of the so-called "Majority of Minority" was set in this Tender Offer. However, because the Offerors and the Target assumed the measures below in (I) through (VI), the Offerors and the Target believe that due consideration was given to the interests of the Target's minority shareholders.

- (I) Procurement of a Share Valuation Report from an independent third-party valuator retained by the Offerors

In order to ensure fairness of the Tender Offer Price, Mitsui Chemicals retained SMBC Nikko Securities, Mitsui Chemicals' financial advisor, to serve as a third-party valuator independent from the Offerors and the Target to calculate the share value of the Target's Shares in order to determine the Tender Offer Price. For details on the share valuation report concerning the share value of the Target's Shares (the "Share Valuation Report (SMBC Nikko Securities)") procured by Mitsui Chemicals from SMBC Nikko Securities, see "(i) Basis of calculation by Mitsui Chemicals" under "(I) Basis of calculation" under "(4) Basis of calculation of the price of tender offer" under "2. Summary of tender offer" below.

In order to ensure fairness of the Tender Offer Price, Mitsui & Co. retained Nomura Securities, Mitsui & Co.'s financial advisor, to serve as a third-party valuator independent from the Offerors and the Target to calculate the share value of the Target's Shares in order to determine the Tender Offer Price. For details on the share valuation report concerning the share value of the Target's Shares (the "Share Valuation Report (Nomura Securities)") procured by Mitsui & Co. from Nomura Securities, see "(ii) Basis of calculation by Mitsui & Co." under "(I) Basis of calculation" under "(4) Basis of calculation of the price of tender offer" under "2. Summary of tender offer" below.

(II) Procurement of Share Valuation Report by the Target from an independent third-party valuator

The Target, in expressing its opinion concerning the Tender Offer, retained Deloitte Tohmatsu Financial Advisory as its third-party valuator independent from the Target and the Offerors to calculate the share value of the Target's Shares, and procured the Share Valuation Report on November 10, 2020. Deloitte Tohmatsu Financial Advisory is not a related party of the Target and the Offerors and has no material interests in the Tender Offer. Deloitte Tohmatsu Financial Advisory will be paid a fixed fee regardless of whether the Transaction is completed and also a performance fee payable on condition that the Transaction is completed. The Target appointed Deloitte Tohmatsu Financial Advisory as its financial advisor and third-party valuator based on the above fee arrangement by also taking into account general practices in the same kind of transactions. The Target has not obtained from Deloitte Tohmatsu Financial Advisory an opinion concerning fairness of the Tender Offer Price (fairness opinion).

Deloitte Tohmatsu Financial Advisory considered multiple calculation methods to apply in calculating the share value of the Target's Shares. On the assumption that the Target is a going concern, and that multifaceted valuation of the Target's Shares is appropriate, Deloitte Tohmatsu Financial Advisory decided to apply: (i) the average market price method given that the Target's Shares are listed on the Second Section of the TSE and thus the market price thereof is available; (ii) the comparable company analysis method given that there are multiple listed companies that are engaged in business relatively similar to the Target's business, and the availability of an analogy of the share value thereof by comparison with companies that are determined to be engaged in business similar to the business of the Target; and (iii) the DCF Method to reflect the future business activities of the Target in valuation, in calculating the per share value of the Target's Shares. The share price range per share of the Target's Shares as calculated by each of the above methods is as follows.

Average market price method:	From 1,213 yen to 1,290 yen
Comparable company analysis method:	From 1,713 yen to 2,322 yen
DCF Method:	From 1,654 yen to 2,043 yen

Pursuant to the average market price method, as of the reference date of calculation on November 10, 2020, the share value range per share of the Target's Shares was calculated to be 1,213 yen to 1,290 yen, based on the closing price of 1,290 yen of the Target's Shares

on the Second Section of the TSE, the simple average closing price of 1,274 yen for the recent one month, the simple average closing price of 1,281 yen for the most recent three (3) months, and the simple average closing price of 1,213 yen for the most recent six (6) months.

Pursuant to the comparable company analysis method, the listed companies that are judged to be engaged in business similar to the business of the Target and therefore comparable with the Target were chosen for comparison, and the share value of the Target's Shares was calculated by using the EBITDA ratio against the enterprise value. For this purpose, ADEKA Corporation, Sumitomo Bakelite Company Limited, Osaka Organic Chemical Industry Ltd., Taoka Chemical Company, Limited, Hokko Chemical Industry Co., Ltd., and Koei Chemical Company, Limited were chosen as the listed companies that were judged to be engaged in business similar to the business of the Target. As a result, the share value range per share of the Target's Shares was calculated to be 1,713 yen to 2,322 yen.

Pursuant to the DCF Method, the Target's enterprise value and share value were calculated by using various elements such as the business plan from its Fiscal Year ending March 2021 to its Fiscal Year ending March 2024 prepared by the Target and information disclosed by it to the public, and by discounting by a certain rate to the present value the free cash flow projected to be generated by the Target on and after the third quarter of its Fiscal Year ending in March 2021. At this time, the discount rate of 9.20% to 10.20% was applied. In calculating the going-concern value, perpetual growth rate method was used and the perpetual growth rate of 0.70% to 1.70% was applied. As a result, the share value range per share of the Target's Shares was calculated to be 1,654 yen to 2,043 yen.

The concrete figures for the Target's financial forecast that Deloitte Tohmatsu Financial Advisory used as the basis for the calculation pursuant to the DCF Method are as follows. Deloitte Tohmatsu Financial Advisory does not project significant increase or decrease in profits in comparison with the previous years. Also, because the synergistic effects that could be expected by executing the Transaction, including the Tender Offer, are difficult to estimate at present, Deloitte Tohmatsu Financial Advisory did not take these into account in its financial forecasts. The Offerors were informed that these financial forecasts were analyzed and reviewed through several sessions of questions and answers conducted by Deloitte Tohmatsu Financial Advisory with the Target.

(Unit: million yen)

	March 2021 (6 months)	March 2022	March 2023	March 2024
Net sales	10,673	24,227	27,691	29,557
Operating income	730	3,088	3,468	4,274
EBITDA	1,477	4,896	5,839	6,927
Free cash flow	(757)	(1,802)	(1,562)	3,998

(Note 1) EBITDA is calculated by adding depreciation to operating income, and free cash flow is calculated based on the EBITDA.

(Note 2) Deloitte Tohmatsu Financial Advisory, in principle, straightforwardly used information received from the Target and information publicly disclosed by it, etc. in calculating the share value of the Target's Shares and did not independently verify their accuracy and completeness, on the basis that all such materials and information are accurate and complete and that there are no facts that were not disclosed to Deloitte Tohmatsu Financial Advisory that may materially affect the calculation of the share value of the Target's Shares. In addition, as for the information concerning the Target's financial forecast, it was assumed that such information was reasonably prepared based on the best estimate and judgment that could be currently made by the Target's management. Furthermore, Deloitte Tohmatsu Financial Advisory did not independently evaluate and assess, or retain a third party firm to appraise or assess, the Target and its affiliates' assets and liabilities (including financial derivative products, off-book assets and liabilities, and other contingent liabilities). The calculation of Deloitte Tohmatsu Financial Advisory is said to reflect the above information through November 10, 2020. Furthermore, the calculation of Deloitte Tohmatsu Financial Advisory is solely for the purpose of reference for the Target's board of directors in reviewing the share value of the Target's Shares.

(III) Establishment of independent special committee at the Target and procurement of written report from the said committee

As indicated above in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer," the Target established the Special Committee by resolution of its board of directors at the meeting of the board of directors held on June 2, 2020. Before establishment of the Special Committee, the Target, in late May 2020, directly after receiving an initial proposal for the Transaction from the Offerors, for the purpose of establishing a system to

review, negotiate, and make a judgment concerning the Transaction from the perspective of enhancing the Target's enterprise value and protecting the interests of general shareholders of the Target from an independent standpoint from the Offerors, explained to Ms. Akiko Kurokochi, Outside Director and Independent Director of the Target who has extensive experience and knowledge as a lawyer, that the Target received an initial proposal for the Transaction from the Offerors, and that it is necessary to establish the above system because the Transaction may give rise to issues of structural conflicts of interest and information asymmetry with general shareholders. The Target, with guidance from Ms. Akiko Kurokochi, explained to Mr. Masayoshi Mochizuki, the Target's former Outside Director and Independent Director, and Mr. Norihisa Nakano, the Target's Outside Auditor and Independent Officer, that the Target received an initial proposal for the Transaction from the Offerors, and that a system to review, negotiate, and make a judgment concerning the Transaction must be established from the perspective of enhancing the Target's enterprise value and protecting the interests of general shareholders of the Target from an independent standpoint from the Offerors. The Target then held discussions with all three (3) independent officers of the Target on how to proceed with the Transaction such as establishing the Special Committee, and with the advice from Nagashima Ohno & Tsunematsu, nominated three persons, Ms. Akiko Kurokochi (Outside Director and Independent Director of the Target, Representative of Kashiwagi Sogo Law Offices), Mr. Masayoshi Mochizuki (Target's former Outside Director and Independent Director, Representative of Certified Public Accountant and Tax Accountant Masayoshi Mochizuki Offices) and Mr. Norihisa Nakano (Target's Outside Auditor and Independent Officer, Representative of Nakano Certified Public Accountant and Tax Accountant Offices), as candidate members of the Special Committee.

Accordingly, the Target's board of directors established the Special Committee on June 2, 2020 comprised of Ms. Akiko Kurokochi (Outside Director and Independent Director of the Target, Representative of Kashiwagi Sogo Law Offices), Mr. Masayoshi Mochizuki (Target's former Outside Director and Independent Director, Representative of Certified Public Accountant and Tax Accountant Masayoshi Mochizuki Offices) and Mr. Norihisa Nakano (Target's Outside Auditor and Independent Officer, Representative of Nakano Certified Public Accountant and Tax Accountant Offices) as the committee members for the purpose of eliminating arbitrariness in the Target's decision-making concerning the Transaction (including the Target's board of directors to make a decision to support the Tender Offer and recommend the Target's shareholders to tender in the Tender Offer, and to consolidate the Target's Shares after the Tender Offer is completed (the "Share Consolidation")), ensuring fairness, transparency, and objectiveness in the decision-making process, and avoiding doubts relating to conflicts of interests, and requested that the Special Committee provide advice on the below matters ("Items for Advice") and submit a written report

on the Items for Advice.

- (i) whether the purpose of the Transaction is reasonable (including whether the Transaction will contribute to the enhancement of enterprise value);
- (ii) whether the terms of the Transaction (including the Tender Offer Price) are appropriate from the point of view of protecting the interests of the Target's minority shareholders;
- (iii) whether due consideration was given to protecting the interests of the Target's minority shareholders through fair procedures of the Transactions;
- (iv) whether the Target's board of directors should support or object to the Tender Offer that is the subject of the Transaction under the final terms, and whether it should recommend that the Target's shareholders tender in the Tender Offer; and
- (v) whether the Transaction (including the Target's opinion concerning the Tender Offer) is disadvantageous to the Target's minority shareholders.

The Target, at its board of directors meeting described above, made a resolution with respect to the decision concerning the Tender Offer by the Target's board of directors, that it would fully respect the judgment of the Special Committee, including the Special Committee's views on its support or objection to the Tender Offer and recommendation to tender in the Tender Offer, and in particular, that if the Special Committee determines that the purpose of the Transaction or the terms and conditions of the Transaction are inappropriate, the Target will not support the Tender Offer and will not recommend to tender in the Tender Offer. It was also resolved to grant to the Special Committee the (a) authority to negotiate the terms and conditions of the Transaction, (b) authority to approve the advisors chosen by the Target (financial advisor and legal advisor), (c) authority to appoint, if necessary and at the Target's expense, an advisor (financial advisor, legal advisor, and other advisor) to solely advise the Special Committee, and authority to seek professional advice from the Target's advisors (financial advisor and legal adviser), and (d) authority to acquire information (authority to request the Target's officers and employees and the Offerors to provide necessary information).

It was also resolved at the Target's board of directors meeting held on June 24, 2020 with respect to the members of the Special Committee that due to the resignation of Mr. Masayoshi Mochizuki from the office of the Target's outside director due to expiration of term as of the closing of the 91st annual general meeting of shareholders held on June 24, 2020, he should also resign as a member of the Special Committee on the same day, and Mr. Keiji Kabeya who was newly appointed as the Target's Outside Director (Outside Director and Independent Director, Representative of Kabeya Keiji Certified Public Accountant Offices) at the same general meeting

of shareholders would assume office as member of the Special Committee.

At the Special Committee, Ms. Akiko Kurokochi was elected as the chairman of the Special Committee through mutual election. Each member of the Special Committee will be paid consideration for serving on the committee separately from remuneration as Outside Director and Outside Auditor, in an amount obtained by multiplying a certain hourly rate by the number of hours spent on the committee work. Such remuneration as a member of the Special Committee does not include a performance fee conditional on announcement or completion of the Transaction.

The Special Committee held a total of 18 meetings from June 9, 2020 until November 10, 2020, and it also held discussions and conducted reviews as necessary inside the committee on the Items for Advice.

Specifically, at the first meeting of the Special Committee, the members confirmed that the legal advisor retained by the Target, Nagashima Ohno & Tsunematsu, and the financial advisor retained by the Target, Deloitte Tohmatsu Financial Advisory, were both professionally qualified and independent, and both would be approved as the Target's legal advisor and financial advisor, respectively, and the Special Committee had no objections to receiving professional advice from these two firms, and if the Special Committee determined it to be necessary, the Special Committee would, at the expense of the Target, retain other lawyers, certified public accountants and other advisors as necessary and seek advice therefrom. The Special Committee also confirmed that as its policy for involvement in negotiations with the Offerors, it would conduct direct negotiations through the Target and the Target's financial advisor, Deloitte Tohmatsu Financial Advisory, as the liaison, and proposals and other opinions from the Special Committee should be conveyed to the Offerors in principle through the Target or the Target's financial advisor, Deloitte Tohmatsu Financial Advisory, and if the Special Committee requested, the Special Committee shall be authorized to directly question and discuss with the Offerors, the Special Committee should receive timely reports from the Target or the Target's financial advisor, Deloitte Tohmatsu Financial Advisory, on the status of discussions with the Offerors, the Special Committee would determine the policy for negotiating the terms if necessary, and may state an opinion thereto, and the Special Committee could become substantially involved in the process of negotiation concerning the terms for the Transaction through the above arrangements.

Accordingly, the Special Committee, from and after its second meeting, based on the materials received from the Target, received explanation from the Target concerning the contents of the proposal from the Offerors, the purpose and reason for conducting the Transaction, the effect of

the Transaction to the Target's enterprise value, the Target's requests to the Offerors upon executing the Transaction, the Target's business plan (including the rationale and process of formulating the plan), the terms of the Transaction and how these terms were decided, and held a question and answer session on the foregoing. The Special Committee received an explanation from Deloitte Tohmatsu Financial Advisory concerning the calculation of the Target's share value and held a question and answer session on this issue, and received legal advice from Nagashima Ohno & Tsunematsu concerning the contents of measures to ensure fairness of the Transaction and measures to avoid conflicts of interests and other matters overall related to the Transaction and held a question and answer session concerning the foregoing. Furthermore, the Special Committee received an explanation from the Offerors concerning the purpose and reasons for conducting the Transaction, the Target's management policies after execution of the Transaction, and views towards various terms of the Transaction, including the Tender Offer Price, and held a question and answer session concerning the foregoing. The Special Committee is also receiving reports from time to time from the Target and Deloitte Tohmatsu Financial Advisory concerning the system, circumstances, and contents of discussions and negotiation on the Transaction between the Offerors and the Target and are discussing on those contents.

The Special Committee determined with respect to the fact that the Offerors expect a so-called indirect market check (Note) that while the purchase period for the Tender Offer (the "Tender Offer Period") is set to twenty (20) business days which is a statutory minimum period, there is a long period of time from the time of the announcement of the scheduled commencement of the Tender Offer until actual commencement of the Tender Offer, and it could therefore be said that a relatively long period of time is ensured after the announcement, and that no agreement will be executed that restricts competitive potential purchasers from contacting the Target, such as an agreement, etc. that contains a provision to protect the transaction by prohibiting the Target from contacting competitive potential purchasers, an indirect market check is properly functioning and fairness of the Transaction is not undermined.

(Note1) An "indirect market check" is a term used in the "Fair M&A Guidelines: Enhancing Corporate Value and Securing Shareholders' Interests" dated June 28, 2019 by the Ministry of Economy, Trade and Industry meaning an arrangement to conduct M&A by announcing the M&A and creating an environment to allow other potential purchasers to make competitive proposals after the announcement.

Furthermore, after the Target received a proposal from the Offerors on October 9, 2020 that the Tender Offer Price would be set at 1,550 yen per share, the Special Committee received a report

from time to time on the circumstances and contents of discussion and negotiation for the Transaction between the Target and the Offerors, and discussed how to proceed. On October 19, 2020, the Offerors proposed a Tender Offer Price of 1,760 yen per share, and on October 26, 2020, the Offerors proposed a Tender Offer Price of 1,800 yen per share, and based on advice from Deloitte Tohmatsu Financial Advisory from a financial perspective that includes analysis of the premium in a recent case that is similar to the Transaction, the Special Committee discussed and reviewed the proposed price and requested the Offerors to raise the Tender Offer Price, thereby involving itself in the process of negotiation with the Offerors. As a result, on November 5, 2020, the Target accepted the proposal from the Offerors to set the Tender Offer Price at 1,830 yen per share.

The Special Committee received an explanation on the Target's draft Press Release that is scheduled to be disclosed by the Target, and, having received advice from Nagashima Ohno & Tsunematsu, confirmed that detailed informative disclosure would be made concerning the Transaction.

Accordingly, the Special Committee, after carefully and repeatedly discussing and reviewing the Items for Advice, by unanimous resolution, submitted its written report substantially as described below on the Items for Advice to the Target's board of directors on November 10, 2020.

- (i) whether the purpose of the Transaction is reasonable (including whether the Transaction will contribute to enhancement of enterprise value):

(a) The Offerors' explanation of the purposes of the Transaction, the synergies of the Transaction, and the management policy after the Transaction are, in summary, as indicated above in "(I) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer" and "(II) Management policy after the Tender Offer" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer." However, the Target's view of the purposes of the Transaction and synergies of the Transaction are, in summary, as indicated above in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer."

- (b) (Concerning the purposes of the Transaction) The Target and the Offerors' views on the

present state of the business environment surrounding the Target and the Target's managerial issues are consistent with the contents of the general explanation given concerning the Target's current business content and the market environment and the contents of the explanation and the contents of the materials provided from the Target, and the Special Committee has no objections. The purposes of the Transaction are understood to be: (i) whereas in a closed capital relationship of an equity method affiliate, there are issues of conflicts of interests with minority shareholders and restrictions on efficient and proactive introduction and mutual use of managerial resources, the above issues and restrictions could be resolved by making the Offerors the sole shareholders of the Target through the Transaction, by achieving transition to a trinity management system with a more solid capital relationship, and (ii) to enhance the Target's enterprise value by creating synergy as indicated above in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer." Therefore, the purposes of the Transaction are reasonable.

(c) (Concerning synergy) The Target and Offerors' explanations concerning synergy of the Transaction are not unreasonable and they gave a concrete explanation of the basis for the Target's business content and managerial conditions. Because there are also no facts that could raise doubts from other materials provided to the Special Committee and explanations given from the Target and Offerors, the Transaction could be expected to create reasonable synergy in strengthening the Target's existing businesses and products, creation of new businesses and products, personnel development, and enhancement of a basis for sustainable development.

(d) (Concerning management system after the Transaction) In view of the Target's history and corporate culture, in order for the Target to continue to contribute to society by introducing products of value to customers, including in niche fields, it is important to ensure a certain level of independence (autonomy) for the Target and to maintain motivation of the employees, which is the source of enterprise value. Also, where Mitsui Chemicals and Mitsui & Co. will jointly operate the business after the Transaction, it is important for a system to be established to enable these two companies to conduct the Target's business smoothly and quickly, and with consistency and continuity. In this regard, the Special Committee reviewed, from the perspective of operating the business with independence, maintaining motivation of the employees, and operating business smoothly, quickly, consistently and continuously, how the privatization of the Target would affect the officers and employees' motivation while maintaining the confidentiality of the business counterparties' secrets, how the business counterparties will react towards incorporation of the Target into the Mitsui group, and how this would affect the systems, and the Special Committee

determined that reasonable measures were assumed from the perspective of business operation, and that the Target was given a certain level of freedom in its business operation, and that there are no conspicuous or detrimental disadvantages in any other aspects.

Thus, the Special Committee believes that the Transaction will contribute to enhancing the enterprise value of the Target, and that the purposes of the Transaction are reasonable.

(ii) whether the terms of the Transaction (including the Tender Offer Price) are appropriate from the view of protecting the interests of the Target's minority shareholders:

(a) (Concerning the premises for calculating the value) The method for calculating the share value per share of the Target's Shares by Deloitte Tohmatsu Financial Advisory, a third party valuator, is the typical calculation method, and the reasons given for applying each of the average market price method, comparable company analysis method, and the DCF Method are not unreasonable. Furthermore, because the results of calculation based on each of these calculation methods are by Deloitte Tohmatsu Financial Advisory, a third-party valuator with extensive experience, the results of calculation of share value per share of the Target's Shares do not seem unreasonable. There are also no unreasonable aspects with respect to financial forecast and preconditions that are the bases for applying the above calculation methods and their calculation results.

(b) (Appropriateness of the Tender Offer Price) The Tender Offer Price (1,830 yen per share of the Target's Share) exceeds the maximum of the price range based on the average market price method, is within the price range based on the comparable company analysis method and exceeds the median of the price range based on the DCF Method; (ii) the price accounts for a 41.86% premium (rounded to the second decimal place; hereinafter the same in calculation of the premiums (%) over the stock prices) over the closing price (1,290 yen) of the Target's Shares on the Second Section of the TSE as of November, 10, 2020, i.e. the business day immediately prior to the date of publication of the Tender Offer, a 43.64% premium over the simple average closing price (1,274 yen) for the month ending November 10, 2020, a 42.86% premium over the simple average closing price (1,281 yen) for the three (3) months ending November 10, 2020, a 50.87% premium over the simple average closing price (1,213 yen) for the six (6) months ending November 10, 2020, and such premiums stand comparison with premiums adopted in recent transactions similar to the Transaction." In addition, the Tender Offer Price is the price proposed as a result of repeated discussions and negotiations held among the Target and the Offerors, which was significantly increased from the initially proposed price (1,550 yen per share of the Target's

Share) from the Offerors and the price can be evaluated as having been determined through sincere negotiations. In addition, the Tender Offer Price is an amount that exceeds 1,782 yen which is the book net asset value per share as of the six months ended September 2020. Thus, the Tender Offer Price is considered to be appropriate.

(c) (Appropriateness of the terms other than the Tender Offer Price) The Offerors anticipate that the so-called indirect market check will function, and they are scheduled to set the Tender Offer Period to 20 business days, which is a statutory minimum period. However, the Offerors aim to commence the Tender Offer from around May 2021, and, because there is a long period of time from the time of the announcement of the scheduled commencement of the Tender Offer until actual commencement of the Tender Offer, the opportunities for general shareholders of the Target to make appropriate judgments as to tendering to the Tender Offer and the opportunities of parties other than the Offerors to purchase the Target's Shares are ensured. Also, the Offerors and the Target have not made any agreement containing a transaction protection clause that prohibits the Target from contacting competitive purchasers, or any agreement that restricts contacts between such competitive offerors and the Target. Accordingly, an indirect market check is correspondingly functioning for the Transaction, and fairness of the Transaction is not hindered. Furthermore, although the Offerors do not intend to set the minimum of the so-called "Majority of Minority" in the Tender Offer, the Offerors and the Target assumed the measures stated in item (iii) below, so due consideration was given to the interests of the Target's minority shareholders. In addition, this Offerors' Press Release, "Notice Regarding Scheduled Commencement of Tender Offer for Shares of Honshu Chemical Industry Co., Ltd. (Securities Code: 4115)" (the "Offerors' Press Release"), discloses that, in this Transaction, squeeze out procedures are scheduled to be conducted promptly after the settlement of the Tender Offer as a second step, and that the consideration to be issued in the Share Consolidation, i.e., the squeeze out method, to each of the Target's shareholder who did not tender in the Tender Offer is scheduled to be in the same amount as the Tender Offer Price. Accordingly, due consideration was given to prevent pressuring the Target's minority shareholders.

Accordingly, the terms of the Transaction, including the Tender Offer Price, are appropriate from the perspective of protection of interests of the Target's minority shareholders.

(iii) whether due consideration is given to protect the interests of the Target's minority shareholders through fair procedures of the Transactions:

(a) (Establishment of independent special committee) The Special Committee was

established promptly (on June 22, 2020) after receiving the proposal for the Transaction from the Offerors. The members, authority, compensation, advisory system, involvement in the course of negotiations on the terms of the Transaction with the Offerors, and the treatment of the Special Committee's decisions at the Target's board of directors' meeting are as set forth in "(III) Establishment of independent special committee at the Target and procurement of written report from the said committee."

(b) (Internal review system) At the Target, a project team comprised of seven (7) directors of the Target (excluding Ms. Akiko Kurakochi and Mr. Keiji Kabeya, who are members of the Special Committee), two (2) auditors (excluding Messrs. Norihisa Nakano, who is a member of the Special Committee, and Masafumi Takenaka, who concurrently holds an executive position at Mitsui Chemicals), and eight (8) staff in charge, conducts reviews and negotiations for the Transaction by receiving advice and opinions, etc. from the Special Committee and each of the advisors. As indicated below in "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all auditors that they have no objection," there are currently no conflicts of interests with the Target, and no possibility for conflicts to occur. Among the Target's auditors, Mr. Masafumi Takenaka, due to his concurrent position held as executive of Mitsui Chemicals, did not participate in the discussions concerning the Transaction held at the Target's board of directors' meeting, in the review of the Transaction from the Target's position, or in discussions and negotiations with the Offerors concerning the Transaction in order to eliminate the possibility of being affected by the issue of structural conflicts of interest in this Transaction. Furthermore, there are persons seconded from the Offerors among the above eight (8) staff, but those staff members are indispensable in the review of the Transaction at the Target, and as these staff engage in operations relating to the Transaction as Target's personnel, the Target explained that they will not convey the Target's business information to the Offerors, which explanation sounds reasonable.

(c) (Procurement of advice from legal advisor) As indicated below in "(IV) Advice procured by the Target from an independent law firm," the Target retained Nagashima Ohno & Tsunematsu as its legal advisor independent from the Target and the Offerors and professionally qualified. The Target is receiving necessary legal advice from the firm concerning the method and process of decision making by the Target's board of directors concerning the Transaction, including the Tender Offer and other matters that must be noted.

(d) (Procurement of Share Valuation Report from a third-party valuator) As indicated above in "(II) Procurement of Share Valuation Report by the Target from an independent third-party valuator," the Target retained Deloitte Tohmatsu Financial Advisory as its independent and

professional financial adviser. The Target requested Deloitte Tohmatsu Financial Advisory, a third-party valuator, to calculate the share value of the Target's Shares and procured the Share Valuation Report from the same on November 10, 2020.

(e) (Ensure opportunity for other purchasers to make purchase offer (market check), establishment of Majority of Minority terms) As indicated above in "(ii) whether the terms of the Transaction (including the Tender Offer Price) is appropriate from the view of protecting the interests of the Target's minority shareholders; (c)," the opportunities of general shareholders of the Target to make appropriate judgments in tendering to the Tender Offer and the opportunities of parties other than the Offerors to purchase the Target's Shares are ensured, and the Offerors and the Target have not made any agreement that would restrict contact by competitive purchasers with the Target. Accordingly, an indirect market check is correspondingly functioning for the Transaction and the fairness of the Transaction is not hindered. Furthermore, the Offerors are not scheduled to set the minimum of the so-called "Majority of Minority" in the Tender Offer, but due consideration will be given to the interests of the Target's minority shareholders because the Offerors and the Target assumed the measures in this paragraph.

(f) (Provision of detailed information to general shareholders and enhancement of transparency of the process) The Special Committee received an explanation concerning the Target's Press Release scheduled to be disclosed by the Target and the Offerors' Press Release, and having received advice from Nagashima Ohno & Tsunematsu, confirmed that a detailed informative disclosure will be made concerning the Transaction.

(g) (Elimination of pressure) As indicated below in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")," after the Tender Offer is successfully completed, the Offerors are scheduled to conduct Share Consolidation, which shall be conducted promptly after completion of settlement for the Tender Offer. Arrangements shall be made to allow the Target's shareholders who opposed the Share Consolidation to claim for the Target to purchase all fractional shares of the Target that they own at a fair price and to allow them to file with the court to determine the price of the Target's Shares. In this respect, the Offerors are scheduled to disclose in the Offerors' Press Release that the consideration to be paid to each shareholder of the Target who did not tender in the Tender Offer will be in the same amount as the Tender Offer Price.

Accordingly, due consideration was given to the interests of the Target's minority shareholders by ensuring fair procedures in the Transaction.

- (iv) whether the Target's board of directors should support or object to the Tender Offer that is the subject of the Transaction under the final terms, and whether it should recommend the Target's shareholders to tender in the Tender Offer:

Based on the decisions made above in (i) to (iii), it is considered appropriate for the Target's board of directors to support the Tender Offer under the final terms, and to recommend the Target's shareholders to tender in the Tender Offer.

- (v) whether the Transaction (including the Target's opinion concerning the Tender Offer) is disadvantageous to the Target's minority shareholders:

Based on the decisions made above in (i) to (iii), the Transaction (for the Target's board of directors to support the Tender Offer under the final terms, and to recommend the Target's shareholders to tender in the Tender Offer above in (iv)) is not disadvantageous to the Target's minority shareholders.

- (IV) Advice procured by the Target from an independent law firm

The Target, in order to ensure fairness and appropriateness in the method and process of decision-making by the Target's board of directors concerning the Transaction, including the Tender Offer, retained Nagashima Ohno & Tsunematsu as its legal advisor independent from the Target and the Offerors. The Target is receiving necessary legal advice from the firm concerning the method and process of decision making by the Target's board of directors concerning the Transaction, including the Tender Offer, and other matters that must be noted.

Nagashima Ohno & Tsunematsu is not a related party of the Target and the Offerors and has no material interests in the Transaction, including the Tender Offer. Nagashima Ohno & Tsunematsu will be paid a fee calculated by multiplying the hours of service rendered by an hourly rate regardless of whether the Transaction is executed and its fee does not include a performance fee conditioned on execution of the Transaction. The Special Committee confirmed at its first meeting that Nagashima Ohno & Tsunematsu is independent and approved this firm as the Target's legal advisor.

- (V) Unanimous approval of all disinterested directors of the Target and the opinion of all auditors that they have no objection

The Target, based on legal advice received from Nagashima Ohno & Tsunematsu, and the Share Valuation Report received from Deloitte Tohmatsu Financial Advisory, and giving full respect to the written report from the Special Committee (see above "(III) Establishment of independent special committee at the Target and procurement of written report from the said committee" concerning the members of the Special Committee and its concrete activities), carefully reviewed the terms of the Transaction, including the Tender Offer.

As a result, as indicated above in "(III) Decision-making process leading to and grounds for the opinion in favor of the Tender Offer by the Target" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer," the Target's board of directors determined that with respect to this Transaction, it could be expected that this Transaction, including the Tender Offer, will enhance the Target's corporate value, the Tender Offer Price and other terms of the Tender Offer are appropriate for the Target's shareholders, and the Tender Offer provides a reasonable opportunity for the Target's shareholders to sell their shares. At the Target's board of directors meeting held as of the date of this Press Release, the nine (9) directors of the Target who participated in the discussion and resolution unanimously resolved that the Target's current opinion is that in the event the Tender Offer is commenced, the Target will express its opinion in support of the Tender Offer and will recommend the Target's shareholders to tender in the Tender Offer. At the board of directors meeting described above, three (3) auditors of the Target (excluding Mr. Masafumi Takenaka) participated and all of the auditors who participated stated an opinion that they have no objection to the above resolution.

Of the nine (9) directors of the Target, six (6) were employees of the Offerors within the most recent ten (10) years (Messrs. Yuji Fukuyama, Yoshiji Ohori, Hidebumi Kasuga, Katsuya Okano, Nobuyoshi Ikeda, and Takuya Inagaki), and of the three (3) auditors of the Target (excluding Mr. Masafumi Takenaka), one (1) (Mr. Yoshinori Ashida) was a former employee of Mitsui Chemicals within the most recent ten (10) years. However, none of them concurrently holds offices in the Offerors nor are they in a position, or have relationships that would cause them, to receive instructions, etc. from the Offerors as officers of the Target as significant time has lapsed since they transferred to the Target, and therefore, at present, they have no conflicting interests with the Target or the Target's minority shareholders and there are no possibilities for conflicts of interest to occur. The Special Committee confirmed this point as stated above in (iii) (b) under "(III)

Establishment of independent special committee at the Target and procurement of written report from the said committee."

Mr. Masafumi Takenaka, the Target's outside statutory auditor, presently concurrently holds an executive position at Mitsui Chemicals, and, therefore, he did not participate in the discussions at the relevant board of directors meeting and refrained from stating his opinion towards the above resolution of the board of directors.

(VI) Measures to ensure purchase opportunities for other purchasers

The Offerors aim to commence the Tender Offer from around May 2021, and, therefore, a long period of time is provided until commencement of the Tender Offer. The Offerors thus believe that the opportunities of general shareholders of the Target to make appropriate judgment in tendering to the Tender Offer and the opportunities of parties other than the Offerors to purchase the Target's Shares are ensured.

In addition, the Offerors and the Target have not made any agreement containing a transaction protection clause that prohibits the Target from contacting competitive purchasers, or any other agreement that restricts contacts between competitive purchasers and the Target.

Because sufficient time is provided until commencement of the Tender Offer and opportunities are provided to allow competitive offers to be made, the Offerors are giving due consideration to ensure fairness of the Tender Offer.

(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")

As stated above in "(1) Outline of the Tender Offer," if the Offerors were unable to acquire all of the Target's Shares in the Tender Offer, then after the successful completion of the Tender Offer, the Offerors are scheduled to implement a series of procedures to make the Offerors the sole shareholders of the Target as follows.

Promptly after completion of settlement for the Tender Offer, the Offerors will request the Target to convene an extraordinary shareholders' meeting (the "Extraordinary Shareholders' Meeting") preferably in August 2021 at which the items for resolution shall include the Share Consolidation

and, on condition that the Share Consolidation takes effect, partial amendment of the articles of incorporation to abolish the provision concerning unit shares. In this regard, the Offerors intend to vote in support of both of the above proposals. If the proposal for the Share Consolidation is approved at the Extraordinary Shareholders' Meeting, then on the date on which the Share Consolidation takes effect, the shareholders of the Target will own the Target's Shares in the number corresponding to the ratio of the Share Consolidation that was approved at the Extraordinary Shareholders' Meeting. If any fraction of a share less than one share results from the Share Consolidation, the shareholder will be paid a sum payable to such shareholder by selling to the Target or to the Offerors the Target's Shares equivalent to the total number of such fractional shares (fractional shares resulting from aggregating those fractional shares shall be discarded) in accordance with the procedures stipulated in Article 235 of the Companies Act and other relevant laws and regulations. With respect to the sale price of the Target's Shares equivalent to such total number of fractional shares, the Offerors are scheduled to set this price in such a way as to make sure that, as a result of selling these shares, the amount of money to be paid to each shareholder of the Target who did not tender in the Tender Offer (excluding the Offerors and the Target) shall be the same as the price that shall be obtained by multiplying the Tender Offer Price by the number of the Target's Shares owned by such shareholder, and request the Target to file with the court to obtain permission for voluntary sale. The provisions of the Companies Act that protect the rights of the minority shareholders in connection with the Share Consolidation stipulate that when a share consolidation is implemented and fractional shares in the number of shares arise as a result of share consolidation, the shareholders of the Target may request the Target to purchase all fractional shares of the Target Company that they own at a fair price and that they may file with the court to determine the price of the Target's Shares pursuant to Article 182-4 and Article 182-5 of the Companies Act and other relevant laws and regulations. If such filing is made with the court, the purchase price will ultimately be determined by the court.

The ratio of consolidation of the Target's Shares is undecided as of the date of this Press Release, however, the Target shall be requested to decide such ratio based on the number of the Target's Shares owned by the Offerors after the Share Consolidation to result in the Offerors being the sole shareholders of the Target's Shares (excluding the treasury shares owned by the Target). The specific procedures and the time of implementation shall be agreed through discussions with the Target and are scheduled to be promptly announced by the Target as soon as they are fixed.

The Offerors are also scheduled to implement procedures so that after the Share Consolidation, Mitsui Chemicals' and Mitsui & Co.'s percentage of voting rights held in the Target after it is privatized will be 51% and 49%, respectively. The specific procedures are undecided as of the date

of this Press Release and they are scheduled to be decided by taking into account the situation of ownership, etc. of the Target's Shares by the Offerors and the Target's shareholders other than the Offerors after the Tender Offer. Regardless of which procedure is chosen, the transaction is scheduled to be implemented at a price that will not undermine uniformity of the tender offer price.

The Tender Offer is not a solicitation for the Target's shareholders to vote in support of the proposals at the Extraordinary Shareholders' Meeting. The Target's shareholders are also requested to confirm with professionals, such as tax accountants, at their responsibility concerning tax treatment for tendering in the Tender Offer or in each of the other procedures above.

(5) Possibility of delisting and reason therefor

The Target's Shares are listed on the Second Section of the TSE as of the date of this Press Release. Because the Offerors did not set a maximum number of shares to be purchased in the Tender Offer, the Target's Shares may become delisted through the prescribed procedures in accordance with TSE's delisting criteria depending on the results of the Tender Offer. Also, even if such delisting criteria are not met as of the time of establishment of the Tender Offer, if the Tender Offer is established, the Offerors intend to implement a series of procedures to make the Offerors the sole shareholders of the Target thereafter as explained above in "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" where in such case, the Target's Shares will be delisted through the prescribed procedures in accordance with TSE's delisting criteria. After the Target's Shares are delisted, the Target's Shares may no longer be traded on the Second Section of the TSE.

(6) Matters concerning material agreements regarding the Tender Offer

(I) Shareholders Agreement

As indicated above in "(II) Management policy after the Tender Offer" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer," as of the date of this Press Release, the Offerors executed the Shareholders Agreement containing the following contents concerning joint operation of the Target Group. In this regard, it is stipulated that the Shareholders Agreement, excluding general provisions and some other provisions, shall take effect when the Offerors become the sole shareholders of the Target (excluding the Target and persons who have rights to fractional shares) in

accordance with the provisions of the Joint Tender Offer Agreement.

- (i) Matters concerning the organization and operation of the Target (to provide that after the Transaction is completed: (a) the Target shall have no more than seven (7) directors, the Offerors are entitled to appoint three (3) directors respectively, and one (1) director from the Target may be appointed by respecting the opinion of the representative directors of the Target, (b) the number of representative directors of the Target will be two (2) and Mitsui Chemicals is entitled to appoint the President and Representative Director and Mitsui & Co. is entitled to appoint the Vice President and Representative Director, (c) the Target's Audit & Supervisory Board shall be abolished and the Target shall have three (3) auditors, the Target is entitled to appoint one (1) full-time auditor and the Offerors are each entitled to appoint one (1) part-time auditor, (d) the Offerors shall establish a shareholder steering committee to smoothly and appropriately operate the business of the Target, and the members of this committee shall be comprised of the responsible persons of the Offerors and the persons appointed by the Offerors, and (e) matters that are subject to agreement with the Offerors concerning operation of the Target Group, etc. (amendment of important internal regulations, M&A transactions, capital strategies, major transactions, business plans and budgets, employment of key employees, instituting and settling litigations, and other important matters), etc.);
- (ii) Matters concerning the role, etc. of each party in operating the business of the Target Group (After completion of the Transaction, for the Offerors to support the Target Group in overall management, and enforce sales and marketing inside and outside of Japan to enhance the Target Group's enterprise value and maximize its profits, etc.);
- (iii) Matters concerning rights and obligations of the Offerors ((a) the rights and obligations of the Offerors when the Target Group requires financing (for example, while the Offerors have no obligations to provide financing to the Target Group, if the Target issues shares, the Offerors shall have a preemptive right to subscribe to those shares in accordance with its respective ratio of voting rights held in the Target as at the time of issuance of those shares), (b) obligations to report when material events concerning the Target Group occur, and (c) matters concerning the Target's dividend policy); and
- (iv) Matters concerning shares, etc. of the Target (in principle, to prohibit the transfer of the Target's Shares owned by the Offerors for a certain period, and preemptive

purchase right and tag along right after lapse of a certain period, etc.).

(II) Joint Tender Offer Agreement

As indicated above in "(1) Outline of the Tender Offer," the Offerors executed the Joint Tender Offer Agreement that includes the following contents as of the date of this Press Release.

- (i) The Offerors shall consummate the Tender Offer jointly;
- (ii) The commencement of the Tender Offer shall be conditional upon satisfaction of all of the following preconditions:
 - (a) The Special Committee established by the Target issued a written report in favor of the Target (i) supporting the Tender Offer, (ii) recommending the shareholders of the Target to tender in the Tender Offer, and (iii) implementing the Share Consolidation, and this report has not been withdrawn;
 - (b) The Target's board of directors, excluding directors who have, or may have, interest in the Offerors, reached an unanimous resolution to support the Tender Offer and to recommend the Target's shareholders to tender in the Tender Offer, and this resolution was publicly announced and no resolution has been made to withdraw this opinion or which conflicts with this opinion;
 - (c) It has been confirmed that there have been no material facts concerning the Target's business (those facts stipulated in Article 166, Paragraph 2 of the Act) that have not been publicly disclosed (as defined in Article 166, Paragraph 4 of the Act) by the Target;
 - (d) The Offerors have agreed between themselves on the contents of the disclosure documents to be filed or announced jointly by the Offerors by the date of public notice concerning commencement of the Tender Offer;
 - (e) Necessary procedures were performed, necessary arrangements were made, and waiting periods (if any) have lapsed (including to receive notice that no cease and desist order will be issued) pursuant to the antitrust laws of Japan, Europe, China, Taiwan, and Turkey with respect to the Transaction, and it is reasonably projected that no measures or procedures will be assumed that would prevent the implementation of the Transaction by the antitrust authorities and other judicial or administrative agencies concerning antitrust laws of those countries or regions;

- (f) There are no filings, litigation or procedures pending at judicial or administrative agencies that seek to restrict or prohibit any of the Transaction, and there is no judgment, or a concrete possibility of a judgment, by any judicial or administrative agency that restricts or prohibits any of the Transaction;
 - (g) Written confirmations were received from the counterparties to the agreements executed by each company in the Target Group that are materially important for business stating that those counterparties will not exercise their rights upon execution and performance of the Joint Tender Offer Agreement, and these confirmations have not been rescinded (Note 1);
 - (h) The Shareholders Agreement is executed between the Offerors and has been effective;
 - (i) The representations and warranties (Note 2) made by the Offerors pursuant to the Joint Tender Offer Agreement are true and accurate in all material respects;
 - (j) All obligations that must be performed or complied with by the Offerors by 3 PM on the business day immediately preceding the date of public notice of commencement of the Tender Offer pursuant to the Joint Tender Offer Agreement have been performed and complied with in all material respects; and
 - (k) There has not been any material change in the business or property of the Target or any of its subsidiaries, nor has there been any other circumstance that would materially impede the achievement of the purpose of the tender offer as provided in the proviso to Article 27-11, Paragraph 1 of the Act.
- (iii) On condition that the Tender Offer is established and the settlement is completed, promptly as practically possible after the settlement is completed, procedures shall be assumed to cause Mitsui Chemicals and Mitsui & Co.'s percentage of voting rights held in the Target to become 51% and 49%, respectively.
 - (iv) During the period from the date of execution of the Joint Tender Offer Agreement until completion of the Transaction, the Offerors shall exercise care as prudent managers to cause the Target Group to, in principle, engage in its ordinary business that it conducted prior to execution of the Joint Tender Offer Agreement.

(Note 1) The "counterparties to the agreements that are materially important for

business" will be determined by the Offerors based on the results of due diligence that were conducted or which may be further conducted in the future by the Offerors towards the Target.

(Note 2) The Offerors made the following representations and warranties with respect to themselves in the Joint Tender Offer Agreement: (a) that they are duly and effectively established and are existing and have necessary power and authority to conduct their business; (b) that the Shareholders Agreement and Joint Tender Offer Agreement have been duly executed and procedures required thereunder have been performed; (c) that they are in compliance with laws and regulations; (d) that there are no possibilities for compulsory execution; (e) that they acquired all necessary licenses and permits; (f) that they have legitimate and effective ownership in the Target's Shares without any encumbrances; and (g) that they have no transactions with anti-social forces.

2. Summary of tender offer

(1) Summary of the Target

(i)	Name	Honshu Chemical Industry Co., Ltd.
(ii)	Location	3-9, Nihombashi 3-chome, Chuo-ku, Tokyo
(iii)	Name and title of representative	President and CEO, Yuji Fukuyama
(iv)	Description of business	Manufacture and sale of materials for high-performance resins, such as liquid crystal polymers, specialty polycarbonate resins and specialty epoxy resins, as well as various chemicals that serve as materials for electronic chemicals, pharmaceuticals and agricultural chemicals
(v)	Amount of share capital	1,500,500,000 yen
(vi)	Date of incorporation	March 23, 1949 (Note) Originating from its predecessor, Yuraseiko & Company, Honshu Chemical Industry Co., Ltd. (the "Former Company") merged with Honshu Chemical Industry Co., Ltd. (the "New Company") in July 1963 for the purpose of reducing the par value of shares. In this merger, the Former Company was the absorbed company and the New Company was the surviving company. For this reason, the date of incorporation of the Target Company as registered in its commercial register is March 23, 1949, which is the date that

		New Company was registered.																				
(vii)	Major shareholders and shareholding ratio (as of September 30, 2020) (Note)	<table border="1"> <tr> <td>Mitsui & Co., Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)</td> <td>26.99%</td> </tr> <tr> <td>Mitsui Chemicals, Inc. BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)</td> <td>26.99%</td> </tr> <tr> <td>(Standing proxy: MUFG Bank, Ltd.)</td> <td>6.53%</td> </tr> <tr> <td>Osamu Taneda</td> <td>2.87%</td> </tr> <tr> <td>BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)</td> <td>2.77%</td> </tr> <tr> <td>Japan Trustee Services Bank, Ltd. (Trust Account)</td> <td>2.43%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust account)</td> <td>2.20%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505224 (Standing proxy: Mizuho Bank, Ltd., Settlement Service Dept.)</td> <td>1.74%</td> </tr> <tr> <td>Gakko-hojin Tanaka Ikuei-kai (incorporated educational institution)</td> <td>1.22%</td> </tr> <tr> <td>BBH FOR FIDELITY GROUP TRUSTBENEFIT (PRINCIPAL ALL SECTOR SUBPORTFORIO) (Standing proxy: MUFG Bank, Ltd.)</td> <td>1.09%</td> </tr> </table>	Mitsui & Co., Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	26.99%	Mitsui Chemicals, Inc. BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	26.99%	(Standing proxy: MUFG Bank, Ltd.)	6.53%	Osamu Taneda	2.87%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	2.77%	Japan Trustee Services Bank, Ltd. (Trust Account)	2.43%	The Master Trust Bank of Japan, Ltd. (Trust account)	2.20%	STATE STREET BANK AND TRUST COMPANY 505224 (Standing proxy: Mizuho Bank, Ltd., Settlement Service Dept.)	1.74%	Gakko-hojin Tanaka Ikuei-kai (incorporated educational institution)	1.22%	BBH FOR FIDELITY GROUP TRUSTBENEFIT (PRINCIPAL ALL SECTOR SUBPORTFORIO) (Standing proxy: MUFG Bank, Ltd.)	1.09%
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(viii)	Relationships between the Offerors and the Target																					
	Capital relationship	As of the date of this Press Release, the Offerors each own 3,098,000 shares of the Target's Shares (Shareholding Ratio: 26.99%).																				
	Personal relationship	One among four auditors of the Target concurrently serves as an employee of Mitsui Chemicals. Mitsui Chemicals also dispatches four employees to the Target and Mitsui & Co. dispatches two employees to the Target.																				
	Business relationship	The Target purchases raw materials from Mitsui Chemicals and sells products manufactured by consignment to the same. The Target purchases raw materials from Mitsui & Co. and sells products to the same.																				
	Status as related party	The Target is an equity method affiliate of each of the Offerors, and constitutes a related party of the Offerors.																				

(Note) "Major shareholders and shareholding ratio (as of March 31, 2020)" is extracted from "Major

Shareholders" in the Annual Securities Report for the 91st Fiscal Year filed on June 24, 2020 (the "Target's Annual Securities Report"). Trust & Custody Services Bank, Ltd. merged with JTC Holdings, Ltd. and Japan Trustee Services Bank, Ltd on July 27, 2020 and changed its trade name to Custody Bank of Japan, Ltd.

(2) Schedule

The Offerors plan to promptly implement the Tender Offer upon the satisfaction of (or waiver by the Offerors of) the Conditions. As of the date of this Press Release, the Offerors' target is to commence the Tender Offer in or around May 2021. However, as it is difficult to precisely estimate the time period required for the procedures by domestic and foreign antitrust authorities, the detailed schedule for the Tender Offer will be announced as soon as it is finalized. The Offerors are scheduled to set the period for the Tender Offer to the statutory minimum period of 20 business days. The law provides that if the Tender Offer Period is shorter than 30 business days, the Target may request that the Offerors set the Tender Offer Period to 30 business days. However, as indicated above in "(III) Establishment of independent special committee at the Target and procurement of written report from the said committee" under "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer" under "1. Purposes of the Tender Offer," the Special Committee decided that although the Tender Offer Period is set to the statutory minimum period of 20 business days, there is a long period of time from the time of announcement of the scheduled commencement of the Tender Offer through commencement of the Tender Offer, and therefore, the opportunities for general shareholders of the Target to make appropriate judgments as to tendering to the Tender Offer and the opportunities of parties other than the Offerors to purchase the Target's Shares are ensured, so the Offerors currently do not anticipate that the Target will seek an extension of the Tender Offer Period.

(3) Price of tender offer

1,830 yen per share of the common stock

(4) Basis of calculation of the price of tender offer

(I) Basis of calculation

Mitsui Chemicals retained SMBC Nikko Securities, Mitsui Chemicals' financial advisor,

to serve as the third-party valuator independent from the Offerors and the Target to calculate the stock value of the Target's Shares in order to determine the Tender Offer Price.

SMBC Nikko Securities considered several methods to apply in calculating the share value of the Target Shares from among multiple share value calculation methods. SMBC Nikko Securities decided to apply: (i) the average market price method given that the Target's Shares are listed on the Second Section of the TSE and thus the market price thereof is available; and (ii) the DCF Method to reflect the future business activities of the Target in valuation. Mitsui Chemicals procured the Share Valuation Report (SMBC Nikko Securities) from SMBC Nikko Securities on November 10, 2020. Mitsui Chemicals has not obtained an opinion concerning fairness of the Tender Offer Price (fairness opinion) from SMBC Nikko Securities.

According to the Share Valuation Report (SMBC Nikko Securities), the range of share value per share of the Target's Shares calculated through each of the above methods is as follows:

Average market price method:	from 1,213 yen to 1,281 yen
DCF Method:	from 1,718 yen to 2,082 yen

Pursuant to the average market price method, as of the reference date of calculation on November 10, 2020, the share value range per share of the Target's Shares was calculated to be 1,213 yen to 1,281 yen, based on the simple average closing price of 1,274 yen for the most recent one (1) month through the reference date of calculation of the Target's Shares on the Second Section of the TSE (from October 12, 2020 until November 10, 2020), simple average closing price of 1,281 yen for the most recent three (3) months through the same date (from August 11, 2020 until November 10, 2020), and the simple average closing price of 1,213 yen for the most recent six (6) months through the same date (from May 11, 2020 until November 10, 2020).

Pursuant to the DCF Method, the share value range per share of the Target's Shares was calculated to be 1,718 yen to 2,082 yen, based on various elements, such as its business plan from its Fiscal Year ending March 2021 to its Fiscal Year ending March 2024 that were confirmed by the Offerors, and information generally disclosed to the public, and by discounting at a certain discount rate to the present value the free cash flow projected to

be generated by the Target from on and after its Fiscal Year ending March 2021. The Target's future financial forecast that was referenced in the DCF Method does not include any fiscal year in which a significant increase in profits is anticipated. Also, because the synergistic effects that could be expected by executing the Transaction are difficult to estimate at present, the contents of the Target's business plan do not take into account the synergies with the Offerors through the Transaction.

Mitsui & Co. retained Nomura Securities, Mitsui & Co.'s financial advisor, to serve as the third-party valuator independent from the Offerors and the Target to calculate the stock value of the Target's Shares in order to determine the Tender Offer Price.

Nomura Securities considered several methods to apply in calculating the share value of the Target's Shares from among multiple share value calculation methods. Nomura Securities decided to apply: (i) the average market price method given that the Target's Shares are listed on the Second Section of the TSE; and (ii) the DCF Method to reflect the future business activities of the Target in valuation. Mitsui & Co. procured the Share Valuation Report (Nomura Securities) from Nomura Securities on November 10, 2020. Mitsui & Co. has not obtained an opinion concerning fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

According to the Share Valuation Report (Nomura Securities), the range of share value per share of the Target's Shares calculated through each of the above methods is as follows:

Average market price method:	from 1,213 yen to 1,290 yen
DCF Method:	from 1,358 yen to 1,979 yen

Pursuant to the average market price method, as of the reference date of calculation on November 10, 2020, the share value range per share of the Target's Shares was calculated to be 1,213 yen to 1,290 yen, based on the closing price of 1,290 yen as of the reference date, simple average closing price of 1,284 yen for the most recent five (5) business days, simple average closing price of 1,274 yen for the most recent one (1) month, simple average closing price of 1,281 yen for the most recent three (3) months, and the simple average closing price of 1,213 yen for the most recent six (6) months, of the Target's Shares on the Second Section of the TSE.

Pursuant to the DCF Method, the share value range per share of the Target's Shares was

calculated to be 1,358 yen to 1,979 yen based on the Target's enterprise value and share value based on various elements such as profits projected in the Target's business plan and investment plan from its Fiscal Year ending March 2021 to its Fiscal Year ending March 2024, which were confirmed by the Offerors, and information generally disclosed to the public, and by discounting at a certain discount rate to the present value the free cash flow projected to be generated by the Target from on and after its Fiscal Year ending March 2021. As a note, the Target's financial forecast based on the DCF Method does not include any fiscal year in which a significant increase in profits is projected. Also, because the synergistic effects that could be expected by executing the Transaction are difficult to estimate at present, the contents of the Target's business plan do not take into account the synergies with the Offerors through the Transaction.

The Offerors comprehensively considered the results of valuation indicated in the Share Valuation Report (SMBC Nikko Securities) and the Share Valuation Report (Nomura Securities) respectively procured from SMBC Nikko Securities and Nomura Securities on November 10, 2020, the results of due diligence conducted towards the Target during the period from mid-July 2020 until mid-September 2020, the actual examples of premiums granted in determining the tender offer price in past tender offers, i.e., by a party other than the issuer similar to the Tender Offer (examples of tender offer for equity method affiliate on the basis of becoming delisted), the trends in market price of the Target's Shares in the most recent six (6) months, whether the Target's board of directors are in support of the Tender Offer, and the prospects on tender towards the Tender Offer, and based on the results of discussions and negotiations with the Target, decided to set the Tender Offer Price at 1,830 yen per share as of the date of this Press Release

The Tender Offer Price of 1,830 yen is the price obtained by adding a premium of 41.86% on the closing price of 1,290 yen of the Target's Shares on the Second Section of the TSE on November 10, 2020, which is the business day immediately prior to the date of the public announcement of consummation of the Tender Offer, is the price obtained by adding a premium of 43.64% on the simple average closing price of 1,274 yen for the most recent month, is the price obtained by adding a premium of 42.86% on the simple average closing price of 1,281 yen for the most recent three (3) months, is the price obtained by adding a premium of 50.87% on the simple average closing price of 1,213 yen for the most recent six (6) months.

(II) Process of calculation

(Background of decision to consummate the Tender Offer Price)

As indicated in "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer" under "1. Purposes of the Purchase," formal discussions and negotiations were conducted several times with the Target concerning the management system and business policies and terms for the Transaction since early July 2020. As a result of these discussions and negotiations, the Offerors and the Target reached the same view that in order to adapt to the difficult business environment in which customers' demands are diversifying and becoming more sophisticated, and to pursue growth strategies that have a sense of speed ahead of competitors, the best method to contribute to the enhancement of enterprise value of the Target is to have the Offerors jointly introduce various managerial resources more flexibly than in the past, and to change to a privatized system where the Offerors are the sole shareholders of the Target that allows decisions on strategies and policies and flexible managerial decisions based on middle to long-term perspective, and implement each of the above measures, and the Offerors each decided to jointly consummate the Tender Offer targeting all of the Target's Shares, and the Tender Offer Price was decided from the below circumstances.

(a) Names of third parties from whom opinion was heard in the process of calculation

Mitsui Chemicals referred to the Share Valuation Report (SMBC Nikko Securities) that was submitted from SMBC Nikko Securities, a third-party valuator independent from the Offerors and the Target in determining the Tender Offer Price. Mitsui Chemicals has not obtained an opinion concerning fairness of the Tender Offer Price (fairness opinion) from SMBC Nikko Securities.

Mitsui & Co. referred to the Share Valuation Report (Nomura Securities) that was submitted from Nomura Securities, a third-party valuator independent from the Offerors and the Target in determining the Tender Offer Price. Mitsui & Co. has not obtained an opinion concerning fairness of the Tender Offer Price (fairness opinion) from Nomura Securities.

(b) Summary of those opinions

SMBC Nikko Securities calculated the share value of the Target's Shares by applying

each of the average market price method and the DCF Method and the range of share value per share of the Target's Shares calculated through each method is as follows:

Average market price method:	from 1,213 yen to 1,281 yen
DCF Method:	from 1,718 yen to 2,082 yen

Nomura Securities calculated the share value of the Target's Shares by applying each of the average market price method and the DCF Method and the range of share value per share of the Target's Shares calculated through each method is as follows.

Average market price method:	from 1,213 yen to 1,290 yen
DCF Method:	from 1,358 yen to 1,979 yen

(c) Circumstances leading to the decision of the purchase price based on those opinions

As indicated above in "(I) Basis of calculation," in addition to the results of calculation set forth in the Share Valuation Report (SMBC Nikko Securities) and the Share Valuation Report (Nomura Securities) that the Offerors respectively procured from SMBC Nikko Securities and Nomura Securities on November 10, 2020, the Offerors comprehensively considered the results of due diligence conducted on the Target during mid-July 2020 to mid-September 2020, actual examples of premiums granted in determining the tender offer price in past tender offers, i.e., by a party other than the issuer similar to the Tender Offer (examples of tender offer for equity method affiliate or equity method subsidiary on the basis of becoming privatized), trends in market share price of the Target's Shares in the recent six (6) months, whether the Target's board of directors are in support of the Tender Offer, and prospects on tender towards the Tender Offer, and based on the results of discussions and negotiations with the Target, decided to set the Tender Offer Price at 1,830 yen per share.

(III) Relationship with valuation agencies

SMBC Nikko Securities as a financial advisor and third-party valuator for Mitsui Chemicals is not a related party of the Offerors or of the Target, and does not have any material interest in the Transaction, including the Tender Offer.

Nomura Securities as a financial advisor and third-party valuator for Mitsui & Co. is not a related party of the Offerors or of the Target, and does not have any material interest in the Transaction, including the Tender Offer.

(5) Number of shares to be purchased

Number of tendered shares to be purchased	Minimum number of tendered shares to be purchased	Maximum number of shares to be purchased
5,280,846 shares	1,455,200 shares	-

(Note 1) If the total number of the Tendered Shares is less than the minimum number of tendered shares to be purchased in the Tender Offer (1,455,200 shares), the Offerors will purchase none of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased in the Tender Offer, the Offerors will purchase all of the Tendered Shares.

(Note 2) The number of tendered shares to be purchased is the maximum number of the Target's Shares (5,280,846 shares) that the Offerors will acquire by the Tender Offer. This maximum number is obtained by deducting the number of treasury shares owned by the Target as of September 30, 2020 (23,154 shares), the number of shares owned by Mitsui Chemicals on the same date (3,098,000 shares), and the number of shares owned by Mitsui & Co. as of the same date (3,098,000 shares) from the total number of issued shares of the Target as of the same date (11,500,000 shares) as stated in the Target's Quarterly Earnings Briefing. The above number of tendered shares to be purchased is a tentative number based on information as of the same date, and this is subject to change depending on changes after the same date. Therefore, the actual number of tendered shares to be purchased, which is determined based on the latest available information as of the time of commencement of the Tender Offer, may be different from the above number of tendered shares to be purchased.

(Note 3) Shares less than one unit are also subject to the Tender Offer. If a shareholder exercises the right to claim for purchase of shares less than one unit pursuant to the Companies Act, the Target may purchase its shares during the Tender Offer Period in accordance with statutory procedures.

(Note 4) The treasury shares owned by the Target are not scheduled to be acquired through the Tender Offer.

(Note 5) The method to determine the number of Tendered Shares to be purchased respectively by Mitsui Chemicals and Mitsui & Co. if the Tender Offer is established is undecided as of the date of this Press Release. This method shall be decided by the time the Tender Offer commences through consultation between the Offerors.

(6) Change in shareholding ratio after the Tender Offer

Number of voting rights pertaining to the shares held by the Offerors before the Tender Offer	61,960	(Shareholding Ratio before the Tender Offer 53.99%)
Number of voting rights pertaining to the shares held by special related parties before the Tender Offer	To be decided	(Shareholding Ratio before the Tender Offer To be decided)
Number of voting rights pertaining to the shares held by the Offerors after the Tender Offer	114,768	(Shareholding Ratio after the Tender Offer 100.00%)
Number of voting rights pertaining to the shares, etc. held by special related parties after the Tender Offer	0	(Shareholding Ratio after the Tender Offer 0.00%)
Total number of voting rights of all shareholders of the Target	114,674	

(Note 1) "Number of voting rights pertaining to the shares held by special related parties before the Tender Offer" and their "Shareholding Ratio before the Tender Offer" are undecided as of the date of this Press Release. This will be investigated and disclosed before commencement of the Tender Offer. As the shares held by each special related party (excluding the Target's Shares held by the Offerors that mutually constitute a special related party of the other and the treasury shares held by the Target) are also subject to the Tender Offer, the "Number of voting rights pertaining to the shares, etc. held by special related parties after the Tender Offer" is indicated as 0.

(Note 2) "Total number of voting rights of all shareholders of the Target" is the number of the voting rights of all shareholders as of March 31, 2020 as indicated in the Target's Annual Securities Report. However, because less than unit shares are also subject to purchase in the Tender Offer, "Shareholding Ratio before the Tender Offer" and "Shareholding Ratio after the Tender Offer" are calculated based on the denominator of voting rights (114,768) pertaining to the number of shares (11,476,846 shares) obtained by deducting the treasury shares (23,154 shares) held by the Target as of September 30 2020 from the total number of issued shares (11,500,000 shares) as of the same day as indicated in the Target's Quarterly Earnings Briefing.

(Note 3) "Shareholding Ratio before the Tender Offer" and "Shareholding Ratio after the Tender Offer" are indicated by rounding to the second decimal place.

(7) Aggregate tender offer price (estimate) 9,663,948,180 yen

(Note) The aggregate tender offer price indicated is the amount obtained by multiplying the number of shares scheduled to be purchased in the Tender Offer (5,280,846 shares) by the Tender Offer Price (1,830 yen). The aggregate tender offer price is subject to change if any change occurs after today and the actual number of shares scheduled to be purchased changes.

(8) Other conditions and method of the Tender Offer

(I) The conditions and their contents in each item of Article 27-13, Paragraph 4 of the Act, if any

If the total number of the Tendered Shares is less than the minimum number of tendered shares to be purchased in the Tender Offer (1,455,200 shares), the Offerors will purchase none of the Tendered Shares. If the total number of the Tendered Shares is no less than the minimum number of tendered shares to be purchased in the Tender Offer, the Offerors will purchase all of the Tendered Shares.

(II) Other conditions and method of the Tender Offer

Method of settlement, date of public notice on commencement of the Tender Offer, and other conditions and method of the Tender Offer shall be announced as soon as the details are fixed. SMBC Nikko Securities is scheduled to be appointed as the tender offer agent.

(III) Others

The Tender Offer is not, and will not be, made, directly or indirectly, in or to the U.S., or by using the U.S. Postal Service or any other means or instruments of interstate or foreign commerce (including, but not limited to telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one may tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S.

In addition, the tender offer registration statement or other related documents are not, and may not be, sent or delivered by the postal service or any other means in, to, or from the

U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Each person who tenders shares in the Tender Offer (or the standing proxy in the case of non-resident shareholders) is required to represent and warrant the following: (i) the person is not located in the U.S. at the time of tendering shares or sending the tender offer acceptance form; (ii) the person did not receive or send any information regarding the Tender Offer or any document regarding the purchase within, to or from the U.S.; (iii) the person did not use, directly or indirectly, the U.S. Postal Service or any other means or instruments of interstate or foreign commerce (including but not limited to telephone, telex, facsimile, e-mail and internet communication) or facilities of a securities exchange in the U.S. with respect to the purchase or to signing or delivering the tender offer acceptance form; and (iv) the person is not acting as an attorney, a trustee or a mandatary without discretion for any other person (except for the case where the latter provides all instructions for the purchase outside the U.S.).

3. Policies after the Tender Offer and perspectives

For our policies after the Tender Offer, see "(2) Background and purposes of the Tender Offer and decision-making process leading to the consummation of the Tender Offer and management policy after the Tender Offer," "(4) Policies on the organizational restructuring, etc. after the Tender Offer (matters concerning "two-step acquisition")" and "(5) Possibility of delisting and reason therefor" under "1. Purposes of the Purchase" above.

4. Others

(1) Agreements between the Offerors and the Target or its directors and officers, and the details thereof

According to the Target's Press Release, it was resolved at the Target's board of directors' meeting held on the date of the Press Release that if the Tender Offer is commenced, the Target will express its opinion in favor of the Tender Offer and the Target will recommend the shareholders of the Target to tender in the Tender Offer. For the details of the process of decision-making by the board of directors of the Target, see "(V) Unanimous approval of all disinterested directors of the Target and the opinion of all auditors that they have no objection" under "(3) Measures to ensure the fairness of the Tender Offer, such as measures to ensure the fairness of the Tender Offer Price and measures to avoid conflicts of interest" under "1. Purposes of the Purchase" above.

(2) Other information considered to be necessary for investors to determine whether to tender their shares in the Tender Offer

(I) Publication of "Consolidated Financial Results for the Six Months Ended September 30, 2020 (Japanese GAAP)"

The Target announced its "Consolidated Financial Results for the Six Months Ended September 30, 2020" on November 6, 2020, which is summarized as follows. The contents of these financial results were not audited by an audit corporation pursuant to Article 193-2, Paragraph 1 of the Act. The following summary of the announcement is an extract from the contents announced by the Target. Please see the actual financial results for details.

(i) Consolidated profit and loss

Six month results	For the Six Months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Net sales	9,704 million yen
Cost of sales	6,763 million yen
Selling, general and administrative expenses	1,134 million yen
Non-operating income	26 million yen
Non-operating expenses	36 million yen
Net income attributable to owners of parent	1,088 million yen

(ii) Consolidated per share information

Six month results	For the Six Months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Net income per share	94.81 yen
Dividends per share	12.00 yen

(II) Publication of "Notice concerning revision of dividend forecast (no dividends to be paid) for the year ending March 31, 2021"

The Target revised its dividend forecast for the year ending March 31, 2021 as announced on November 6, 2020 at its board of directors meeting held on the date of this Press Release because the Offerors are scheduled to commence the Tender Offer for the Target's Shares and resolved that no dividends will be paid for the year ending March 31, 2021. For details, see "Announcement concerning revision of dividend forecast (to payment of no dividends) for the year ending March 31, 2021" announced by the Target on the date of this Press Release.

END

Soliciting Regulations

This Press Release is intended to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the Tender Offer Explanation Statement concerning the Tender Offer and make an offer to sell their shares at their own discretion. This press release shall neither be, nor constitute a part of, an offer or solicitation to sell, or solicitation of an offer to purchase any securities, and neither this Press Release (or a part of this Press Release) nor its distribution shall be interpreted to constitute the basis of any agreement in relation to the Tender Offer, and this Press Release may not be relied upon at the time of entering into any such agreement.

Forward-Looking Statements

This information may contain expressions concerning future prospects for business of the Offerors and other companies, including "expect," "anticipate," "intend," "plan," "strongly believe," and "project." These expressions are based on the business prospects of the Offerors at present, and are subject to change depending on the future circumstances. In respect of this information, the Offerors assume no obligation to update these expressions concerning future prospects to reflect actual performance and other circumstances, and changes in the terms.

U.S. Regulations

The Tender Offer is not and will not be made, directly or indirectly, in or to the U.S., or by using the U.S. postal service or any other means or instruments of interstate or foreign commerce (including but not limited to telephone, telex, facsimile, e-mail, and internet communication), or through any facilities of a securities exchange in the U.S. No one can tender shares in the Tender Offer by any means or instruments above, or through any facility above, or from the U.S. facilities within the U.S. The Tender Offer may not be tendered using the above methods and means, through the above facilities, or from within the U.S. Furthermore, the press release concerning the Tender Offer or other related documents are not and may not be sent or delivered by the postal service or any other means in, to, or from the U.S. Any tender of shares in the Tender Offer that directly or indirectly breaches any of the restrictions above will not be accepted.

Solicitation to purchase securities or other equivalents is not conducted to residents in the U.S. or within the U.S., and those sent to the Offerors by residents in the U.S. or from the U.S. will not be accepted.

Other Countries

The announcement, issuance, or distribution of this Press Release may be legally restricted in some countries or territories. In such case, shareholders should be aware of and comply with such restriction. The announcement, issue or distribution of this Press Release shall not be interpreted as an offer to purchase or solicitation of an offer to sell shares concerning the Tender Offer, but simply as a distribution of information.