



September 18, 2024

For Immediate Release

Company: Sumitomo Chemical Co., Ltd.
Representative: Keiichi Iwata
President and Representative Director
Securities Code: 4005
Stock Exchange Listing: Prime Section of the Tokyo Stock Exchange
Inquiries: Shunji Kobayashi
General Manager
Corporate Communications Dept.
(Tel: +81-3-5201-0200)

Notice Regarding the Recording of Other Operating Income in Consolidated Financial Statements and Extraordinary Income in Non-Consolidated Financial Statements due to the Transfer of a Portion of Shares Sumitomo Chemical Holds in an Associate

At the Board of Directors meeting held on today, Sumitomo Chemical Co., Ltd. (“Sumitomo Chemical” or the “Company”) resolved to transfer a portion of the shares it holds in Sumitomo Bakelite Co., Ltd. (“Sumitomo Bakelite”) to GIC Private Limited (“GIC” or the “Transferee”) (the “Share Transfer”). Sumitomo Bakelite is an associate of the Company accounted for using the equity method. The Company expects to record other operating income in its consolidated financial statements and extraordinary income in its non-consolidated financial statements due to the Share Transfer and hereby announces the details as follows. After the Share Transfer, Sumitomo Bakelite will no longer be an associate of the Company accounted for using the equity method.

1. Reason for the Share Transfer

Sumitomo Chemical is implementing its short-term intensive performance improvement measures aimed at ensuring a V-shaped recovery in the fiscal year ending March 31, 2025 and strengthening its financial position to lay the groundwork for future fundamental structural reforms. The Company is accelerating asset sale efforts as part of these measures, and has been considering transferring some of the shares it holds, including those in its associates accounted for using the equity method. The Company has decided to carry out the Share Transfer, concluding that given the strong relationship the Company and Sumitomo Bakelite have built over many years, it will be able to enhance capital efficiency by the Share Transfer while at the same time maintaining its business and close partnership with Sumitomo Bakelite going forward.

GIC is a leading global investment firm established in 1981 to secure Singapore’s financial future. As the manager of Singapore’s foreign reserves, GIC takes a long-term, disciplined approach to investing and is uniquely positioned across a wide range of asset classes and active strategies globally. These include equities, fixed income, real estate, private equity, venture capital, and infrastructure. As a result of the discussions between the parties, Sumitomo Chemical considers that GIC will be the best partner for Sumitomo Bakelite as the company strives to achieve the further growth of its business and enhance its corporate value.

After the Share Transfer, Sumitomo Bakelite will no longer be an associate of the Company accounted for using the equity method, but this will not affect the business relationship between the Company and Sumitomo Bakelite. The Company will continue to maintain a good relationship with Sumitomo Bakelite.

2. Overview of the Associate Accounted for Using the Equity Method to be Transferred

(1)	Company name	Sumitomo Bakelite Co., Ltd.
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(2)	Location	5-8 Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo 140-0002, Japan		
(3)	Representative's title and Name	Kazuhiko Fujiwara President and Representative Director		
(4)	Scope of business	Manufacture and sale of various synthetic resins and related products		
(5)	Capital	37,143 million yen		
(6)	Date of establishment	January 25, 1932		
(7)	Major shareholders and shareholding ratios (as of March 31, 2024)	Sumitomo Chemical Co., Ltd.: 22.57% The Master Trust Bank of Japan, Ltd. (Trust Account): 13.49% Custody Bank of Japan, Ltd. (Trust Account): 8.40% SSBTC CLIENT OMNIBUS ACCOUNT: 6.52% STATE STREET BANK AND TRUST COMPANY 505001: 2.09% JAPAN POST INSURANCE Co., Ltd: 2.05% Custody Bank of Japan, Ltd. (Retirement Payment Account of Sumitomo Mitsui Trust Bank): 1.41% Sumitomo Mitsui Banking Corporation: 1.40% SUMITOMO LIFE INSURANCE COMPANY: 1.12% Mitsui Sumitomo Insurance Company, Limited 1.02% Others: 39.93%		
(8)	Relationship between Sumitomo Chemical and Sumitomo Bakelite	Capital relationship	Sumitomo Bakelite is an associate of Sumitomo Chemical accounted for using the equity method. Sumitomo Chemical has a 22.57% equity stake in Sumitomo Bakelite.	
		Personnel relationship	Not applicable.	
		Business relationship	Sumitomo Chemical supplies raw materials to Sumitomo Bakelite.	
(9)	Sumitomo Bakelite's consolidated operating results and consolidated financial position for the last three years (Unit: million yen)			
	Accounting period	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
	Total assets	370,836	378,457	441,162
	Total equity	232,136	257,692	303,727
	Revenue	263,114	284,939	287,267
	Business profit	26,489	25,448	27,458
	Profit before tax	25,880	26,736	31,489
	Profit attributable to owners of parent	18,299	20,289	21,831
	Basic earnings per share	194.43 yen	215.59 yen	233.66 yen
	Dividend per share	110.00 yen	130.00 yen	150.00 yen

(Note)

1. Stated based on International Financial Reporting Standards (IFRS).
2. Sumitomo Bakelite discloses a profit called "business profit," which the company considers to be one of the important indicators that must be managed to achieve sustainable growth. "Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue."
3. Diluted earnings per share is not stated because there are no dilutive potential shares of common stock.
4. Sumitomo Bakelite conducted a 2-to-1 stock split of the shares of its common stock effective April 1, 2024.

Basic earnings per share is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022. The dividend per share represents the actual amount of the dividend per share before the stock split.

3. The Transferee

GIC Private Limited (Location: 168, ROBINSON ROAD, CAPITAL TOWER, #37-01, Singapore 068912)

Sumitomo Chemical and GIC Private Limited. have no noteworthy capital relationships, personal relationships, or business transactions.

4. Number of Shares to be Transferred, Transfer Value, and Status of Shares Held by the Company before and after the Share Transfer

(1)	Number of shares held by the Company before the Share Transfer	21,019,600 shares (Number of voting rights: 210,196; percentage of voting rights: 22.62%)
(2)	Number of shares to be transferred	6,519,021 shares (Number of voting rights: 65,190; percentage of Voting voting rights ownership ratio: 7.02%)
(3)	Transfer value	22,659 million yen
(4)	Number of shares held by the Company after the Share Transfer	14,500,579 shares (Number of voting rights: 145,005; percentage of voting rights: 15.61%)

5. Schedule

(1)	Date of resolution by the Board of Directors	September 18, 2024
(2)	Date of the share transfer agreement	September 18, 2024
(3)	Date of share transfer	September 20, 2024 (scheduled)

6. Impact on Financial Results

In its consolidated financial statements for the second quarter of the fiscal year ending March 31, 2025, the Company expects to record gains arising from the Share Transfer (core operating income items) of approximately 10 billion yen and a gain on fair value measurement of the residual interest (non-recurring factors) of approximately 6 billion yen in other operating income.

In its non-consolidated financial statements for the second quarter of the fiscal year ending March 31, 2025, the Company expects to record a gain on sale of shares of subsidiaries and associates of approximately 21 billion yen in extraordinary income.

* Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

There is no revision to the Company's financial results forecast due to the Share Transfer.

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