



December 24, 2024

For Immediate Release

Company Name:	Sumitomo Chemical Co., Ltd.
Representative:	Keiichi Iwata President and Representative Director
Securities Code:	4005
Stock Exchange Listings:	Prime Section of the Tokyo Stock Exchange
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**Notice Regarding Changes in Consolidated Subsidiaries:
Sumitomo Chemical to Implement Fundamental Structural Reform of its Large-Size
Liquid Crystal Display (LCD) Polarizing Film Business**

Sumitomo Chemical has decided to transfer its large-size liquid crystal display (LCD) polarizing film business in China to a polarizing film manufacturer in the country in which Hubei Sunnypol Optoelectronic Technology Co., Ltd. and Beijing Phoenix Tree Jiafeng Enterprise Management Consulting Co., Ltd. have invested. As a result, Sumitomo Chemical's two consolidated subsidiaries related to this business will be excluded from the Company's scope of consolidation. The business transfer and changes in consolidated subsidiaries is scheduled to be implemented on March 31, 2025. There is no revision to Sumitomo Chemical's financial forecast for the full year ending March 31, 2025 in connection with this restructuring.

1. Reason for the transfer of equity interest

Sumitomo Chemical established Sumika Huabei Electronic Materials (Beijing) Co., Ltd. in 2009 and XUYOU Electronic Materials (Wuxi) Co., Ltd. in 2016 to meet increasing polarizing film demand driven by growth of China's large-scale LCD industry. At its peak, its large-size LCD polarizing film business in the country grew to 100 billion yen in sales revenue.

However, in view of the changes in the business environment seen in recent years, such as the

maturing of the large-size LCD polarizing film market in China, Sumitomo Chemical studied the possibility of restructuring the business by applying the best-owner principle, and it concluded that the restructuring including the transfer of its equity interest in subsidiaries to the local polarizing film manufacturer would be the best way forward.

Sumitomo Chemical is shifting the focus of its polarizing film business to areas in which the Company can leverage its technological advantages. The Company's polarizing film sales in high-performance fields such as OLED and automotive applications have significantly increased over the past several years. As high market growth is anticipated in these areas, the Company will continue to step up product development and strengthen its supply chains, and strive to further expand the polarizing film business.

2. Overview of the consolidated subsidiaries to be transferred

(1) XUYOU Electronic Materials (Wuxi) Co., Ltd.

(1)	Company name	XUYOU Electronic Materials (Wuxi) Co., Ltd.	
(2)	Principal place of business	No.61 Xin Mei Road, A New Zone, Wuxi, Jiangsu, China	
(3)	Name and title of representative	Hideki Shimomura, Chairman	
(4)	Business	Manufacturing and sale of polarizing film for large-size LCDs	
(5)	Capital	1,116 million yuan	
(6)	Year established	2016	
(7)	Equity ownership percentage	Dongwoo Fine-Chem Co., Ltd.: 50.0% Sumitomo Chemical Co., Ltd.: 45.0% Sumitomo Chemical (China) Co., Ltd.: 5.0%	
(8)	Relationship between Sumitomo Chemical and XUYOU Electronic Materials (Wuxi)	Capital relationship	Sumitomo Chemical and its subsidiaries control 100% of the voting rights of XUYOU Electronic Materials (Wuxi).
		Personnel relationship	Sumitomo Chemical has dispatched three executives to XUYOU Electronic Materials (Wuxi).

	Business relationship	Sumitomo Chemical and its subsidiaries sell products and raw materials to XUYOU Electronic Materials (Wuxi).	
(9)	The consolidated financial results and consolidated financial position of XUYOU Electronic Materials (Wuxi) over the past three years		
Fiscal year ended	December 31, 2021	December 31, 2022	December 31, 2023
Net assets	794 million yuan 13,517 million yen	807 million yuan 15,721 million yen	708 million yuan 14,034 million yen
Total assets	1,269 million yuan 21,617 million yen	978 million yuan 19,055 million yen	906 million yuan 17,952 million yen
Sales revenue	1,655 million yuan 28,181 million yen	1,017 million yuan 19,813 million yen	499 million yuan 9,897 million yen
Operating income	97 million yuan 1,645 million yen	-9 million yuan -166 million yen	-99 million yuan -1,966 million yen

(2) Sumika Huabei Electronic Materials (Beijing) Co., Ltd.

(1)	Company name	Sumika Huabei Electronic Materials (Beijing) Co., Ltd.
(2)	Principal place of business	No.21 KeChuang 10th street, BDA Beijing 100176, China
(3)	Name and title of representative	Hideki Shimomura, Chairman
(4)	Business	Manufacturing and sale of chip-cut polarizing film for large-size LCDs
(5)	Capital	292 million yuan
(6)	Year established	2009

* Certain items have been omitted as the company is immaterial by the standards of the Japanese securities listing regulations.

3. Overview of the transferee company

(1)	Company name	Hubei Sunnytomo Optoelectronics Co., Ltd.
(2)	Principal place of business	Room 305, 3rd Floor, No. 15 Huanggang Avenue, High tech Industrial Development Zone, Huanggang, Hubei, China
(3)	Name and title of representative	Mingliang Yu, Director
(4)	Business	Manufacturing and sale of polarizing film for large-size liquid crystal displays

(5)	Capital	3,136 million yuan
(6)	Year established	2024
(7)	Total assets	-
(8)	Equity ownership percentage	Hubei Sunnypol Optoelectronic Technology Co., Ltd.: 80.0% Beijing Phoenix Tree Jiafeng Enterprise Management Consulting Co., Ltd.: 20.0%
(9)	Relationship between Sumitomo Chemical and Hubei Sunnypol Optoelectronics	There is no material matter that is required to be disclosed.

(Reference) Overview of the equity holders of the transferee company

Hubei Sunnypol Optoelectronic Technology Co., Ltd.

(1)	Company name	Hubei Sunnypol Optoelectronic Technology Co., Ltd.
(2)	Principal place of business	Huanggang, Hubei, China
(3)	Name and title of representative	Mingliang Yu, General Manager
(4)	Business	Manufacturing and sale of polarizing film for displays
(5)	Year established	2023

Beijing Phoenix Tree Jiafeng Enterprise Management Consulting Co., Ltd.

(1)	Company name	Beijing Phoenix Tree Jiafeng Enterprise Management Consulting Co., Ltd.
(2)	Principal place of business	Beijing, China
(3)	Name and title of representative	Qiankun Liu, Chairperson
(4)	Business	Enterprise management consulting, technology consulting, and trade and economy consulting
(5)	Year established	2013

4. Equity interest to be transferred, selling price, and equity interest held by Sumitomo Chemical before and after transfer

(1) Equity interest held before transfer	100%
(2) Equity interest to be transferred	100%
(3) Selling price	Not disclosed pursuant to non-disclosure obligations under the contract. The selling price was determined by comprehensively considering expert opinions and the negotiations with the transferee company. The Company deems the selling price to be fair.
(4) Equity interest held after transfer	0%

5. Schedule

(1) Date of Board of Directors meeting	December 24, 2024
(2) Date of contract	Scheduled for December 25, 2024
(3) Date of equity interest transfer	Scheduled for March 31, 2025

6. Future outlook (impact on consolidated financial results)

As a result of this restructuring, Sumika Huabei Electronic Materials and XUYOU Electronic Materials will be excluded from Sumitomo Chemical's scope of consolidation. The impact of this restructuring on the Company's consolidated financial results was included in the financial forecast for the full year ending March 31, 2025 announced on October 30, 2024, and therefore, there is no revision to the financial forecast.