



February 3, 2025

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
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 a Consolidated Subsidiary

At the Board of Directors meeting held today, Sumitomo Chemical Co., Ltd. (“Sumitomo Chemical” or the “Company”) resolved to transfer a portion (66.6%) of the shares it holds in its wholly-owned subsidiary Sumitomo Chemical Engineering Co., Ltd. (“SCEC”) to JFE Engineering Corporation (“JFE Engineering”) as outlined below (the “Share Transfer”). The Company hereby announces that it 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.

The Share Transfer is scheduled to be implemented on March 31, 2025. After the Share Transfer, SCEC will no longer be a consolidated subsidiary of Sumitomo Chemical, and it will become an affiliate of Sumitomo Chemical accounted for using the equity method, with Sumitomo Chemical retaining an equity stake of 33.4% in SCEC.

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 fiscal 2024 and strengthening its financial position to lay the groundwork for future fundamental structural reforms. As a part of the efforts, the Company is restructuring the businesses of its affiliated companies from the best owner perspective.

SCEC was established in 1964, and since then it has demonstrated a proven track record in the design and construction of plants in and outside of Japan across a wide range of fields, including petrochemicals, fine chemicals, electronic components, and the environment. Meanwhile, JFE Engineering is a comprehensive

engineering company in the JFE Group. It has engaged in the business of engineering that supports the everyday lives of people and industries broadly in the fields of energy, the environment, and societal infrastructure, and has a strong business foundation in and outside of Japan.

As the world moves toward achieving a carbon neutral society, significant changes are anticipated in the environment surrounding the engineering business in and outside of Japan. In the midst of this, Sumitomo Chemical has resolved to implement the Share Transfer because it has determined that combining SCEC's and JFE Engineering's resources and business know-how and thereby developing business with even higher added value will contribute to the sustainable growth and increased corporate value of SCEC.

After the Share Transfer, SCEC will maintain a good relationship with the Sumitomo Chemical Group as it works to maximize its synergies with the JFE Group.

2. Overview of the Company to be Transferred

Name: Sumitomo Chemical Engineering Co., Ltd.
Location: 7-1-1 Nakase, Mihama-ku, Chiba, Japan
Established: September 1964
Capital: 1,000 million yen (shareholding ratio: Sumitomo Chemical 100%)
Business: Planning, design, procurement, construction, commissioning, and maintenance related to the construction of industrial plants, such as basic chemicals plants, functional chemicals plants, and chemical supply systems for semiconductor manufacturing

3. Overview of the Transferee Company

Name: JFE Engineering Corporation
Location: 2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo, Japan
Established: April 2003
Capital: 10,000 million yen (shareholding ratio: JFE Holdings, Inc. 100%)
Business: Engineering, procurement, and construction and operation and maintenance for environmental facilities (waste treatment plants), energy facilities (liquefied natural gas stations, gas pipelines, renewable energy generation plants, etc.), and chemical plants, as well as construction of societal infrastructure, such as bridges, and the manufacturing of various industrial machinery

4. Schedule

(1)	Date of resolution by the Board of Directors	February 3, 2025
(2)	Date of the share transfer agreement	February 3, 2025
(3)	Date of share transfer	March 31, 2025 (scheduled)

5. Impact on Financial Results

In its consolidated financial statements for the fourth quarter of the fiscal year ending March 31, 2025, Sumitomo Chemical expects to record a gain of approximately 12.0 billion yen from the share transfer in other operating income (core operating income). In addition, in its non-consolidated financial statements

for the fourth 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 13.0 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.