

For Immediate Release

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Announcement on Petro Rabigh's Capital Reduction and Capital Increase

Sumitomo Chemical announces that the Rabigh Refining and Petrochemical Company ("Petro Rabigh"), an affiliate operating an integrated oil refining and petrochemical complex, will schedule a capital reduction followed by a capital increase by way of a rights issue. Sumitomo Chemical and Saudi Arabia Oil Company ("Saudi Aramco") hold shares in Petro Rabigh as major shareholders.

The purpose of this Petro Rabigh capital reduction and capital increase is to eliminate the accumulated losses incurred due to the large deficit in FY2020 and strengthen Petro Rabigh's financial position. Petro Rabigh will reduce its capital by SAR1,205 million (equivalent to US\$321 million), the same amount as the accumulated losses as of September 30, 2021, and then immediately increase its capital. Subscription of Sumitomo Chemical and Saudi Aramco to the rights issue is planned to be by utilizing their subordinated loan for the Rabigh Phase I Project, which will not require any cash investment.

The financial performance of Petro Rabigh for FY2021 continues to be healthy to date due to its stable operations and improvements in market conditions, such as prices for crude oil and petrochemical products. Sumitomo Chemical will continue to provide necessary support, in cooperation with Saudi Aramco, so that Petro Rabigh can continue stable operations to achieve sustained growth.

Outline of Capital Reduction

1. Amount: SAR1,205 million (equivalent to US\$321 million), of which Sumitomo Chemical's portion accounts for 37.5% (equivalent to US\$120 million)
2. Schedule: To be determined (subject to approval from Saudi government authorities and other relevant procedures)

Outline of Capital Increase

1. Method: Rights Issue
2. Amount: Up to SAR7,950 million (equivalent to US\$2,120 million), of which Sumitomo Chemical will subscribe to 37.5% (equivalent to US\$795 million)
3. Purpose: The capital raised through the subscription (equivalent to US\$530 million) by general shareholders will be utilized for repayment of loans.
4. Schedule: To be determined (subject to approval from Saudi government authorities and other relevant procedures)

Future Outlook

There will be no impact on Sumitomo Chemical's consolidated financial results.