

July 18, 2023

To whom it may concern

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**Sumitomo Corporation Announces the Transfer of Part of the Company's Chemicals & Electronics Business Unit to a Wholly-owned Consolidated Subsidiary under a "Simple Absorption-Type Split"**

Sumitomo Corporation, at the meeting of its Board of Directors held on July 18, 2023, resolved to enter into a contract for an absorption-type split\* that will, effective October 1, 2023, transfer part of the company's Chemicals & Electronics Business Unit to Sumitomo Shoji Chemicals Co., Ltd. (hereinafter "Sumitomo Shoji Chemicals"), a wholly-owned consolidated subsidiary of Sumitomo Corporation (hereinafter "the Corporate Split").

\*Under Japanese law, an "absorption-type split" is a corporate split in which some of the assets of a company are split from the company, with ownership of those assets then transferred to a separate company.

Note that as the Corporate Split is an absorption-type split involving a wholly-owned consolidated subsidiary, some details of the disclosure will be abridged.

1. Purpose of the Corporate Split

The purpose of this Corporate Split is to transfer the businesses described below (hereinafter "the Relevant Businesses") from Sumitomo Corporation to Sumitomo Shoji Chemicals in order to gather similar corporate functions within Sumitomo Shoji Chemicals, thereby increasing the corporate value of the Group.

- (1) Trading businesses involving natural soda ash, white phosphorus, rare earth elements, high purity quartz, copper slag and other raw materials (hereinafter "inorganic chemicals")
- (2) Trading businesses involving LED elements, battery materials, raw materials for the automotive industry, and other materials (hereinafter "electronic and functional materials")

Sumitomo Corporation's Chemicals & Electronics Business Unit has previously transferred some of its businesses to Sumitomo Shoji Chemicals, and as Sumitomo Shoji Chemicals has now completed the preparations required to achieve further growth, Sumitomo Corporation has taken the decision to further transfer the Relevant Businesses. This decision is based on the conclusion that the best interests of the Group and of the Group's business partners are served by creating specialized organizations within Sumitomo Shoji Chemicals that can work to expand profitability while working to provide further added value.

2. Principal details of the Corporate Split

(1) Corporate Split schedule

Date of the resolution of the Board of Directors to conduct an absorption-type split (Sumitomo Corporation, Sumitomo Shoji Chemicals)	July 18, 2023
Date on which the contract for the absorption-type split was concluded	July 18, 2023

Deadline date for the Corporate Split (date on which the split comes into force)	October 1, 2023 (tentative scheduled date)
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(Note) The Corporate Split will be conducted without the approval of the General Meeting of Shareholders of either Sumitomo Corporation or Sumitomo Shoji Chemicals as, under the split agreement, Sumitomo Corporation, the company transferring the assets, meets the requirements for a simple absorption-type split as stipulated under Article 784, Paragraph 2 of Japan's Companies Act, and Sumitomo Shoji Chemicals, the company absorbing the assets, also meets the requirements for a simplified absorption-type split under Article 796, Paragraph 1 of Japan's Companies Act.

(2) Corporate Split method

The Corporate Split shall be conducted as an absorption-type split (simple split). Sumitomo Corporation shall be the company to be split (the company transferring the assets) and Sumitomo Shoji Chemicals shall be the company absorbing the assets.

(3) Issuance of shares / provision of other financial compensation for the assets

Sumitomo Shoji Chemicals, the company absorbing the assets, will not provide to Sumitomo Corporation any shares, cash or other assets as compensation for absorbing the Relevant Businesses under the Corporate Split.

(4) Treatment of share options or bonds with share options in relation to the Corporate Split

The Corporate Split will have no effect upon share options issued by Sumitomo Corporation. Sumitomo Corporation does not currently issue any bonds with share options.

(5) Changes to capital as a result of the Corporate Split

The Corporate Split will not result in any increases or decreases in capital.

(6) Rights and obligations transferring to the company absorbing the assets

As the company absorbing the assets, Sumitomo Shoji Chemicals will acquire the statuses specified under the contracts judged necessary to conduct the Relevant Businesses, as well as the rights and obligations arising under these contracts as specified in the absorption-type split contract.

(7) Prospects for the fulfillment of obligations

Under the Corporate Split, no liabilities are being passed from Sumitomo Corporation to Sumitomo Shoji Chemicals, the company absorbing the assets. Sumitomo Shoji Chemicals is deemed capable of fulfilling the obligations it is required to meet.

3. Summary details of the companies involved in this corporate reorganization

	The company transferring its assets (As of March 31, 2023)	The company absorbing those assets (As of March 31, 2023)
(1) Name	Sumitomo Corporation	Sumitomo Shoji Chemicals Co., Ltd.
(2) Address	3-2 Otemachi 2-Chome, Chiyoda-ku, Tokyo, Japan	2-2, Hitotsubashi 1-Chome, Chiyoda-ku, Tokyo, Japan
(3) Name and position of company representative	Masayuki Hyodo, Representative Director, President and Chief Executive Officer	Representative Director and President Rei Ito (until March 31) Representative Director and Executive President Naruyuki Ando (from April 1)

(4) Business details	General trading company	Wholesaler (trading company)
(5) Capital	220,046 million yen	900 million yen
(6) Date of company foundation	December 24, 1919	February 23, 1998
(7) Number of outstanding shares	1,251,571,867 shares (*)	22,500 shares
(8) Fiscal year-end	March 31	March 31
(9) Principal shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. 16.45% Euroclear Bank S.A./N.V. 7.52% Custody Bank of Japan, Ltd. 5.81% Sumitomo Life Insurance Company 2.50%	Sumitomo Corporation 100.0%

(10) Financial information and business performance for the prior fiscal year (unit: million yen except where specified)		
Company name	Sumitomo Corporation (consolidated)	Sumitomo Shoji Chemicals Co., Ltd.
Fiscal year	Year ended March 2023	Year ended March 2023
Net assets (Equity attributable to owners of the parent)	3,779,518	8,403
Total assets	10,106,252	64,696
Net assets per share (yen) (Equity per share attributable to owners of the parent)	3,062.59	373,505.78
Profit	6,817,872	55,792
Operating profit	-	6,189
Net profit (Profit for the year attributable to owners of the parent)	565,178	4,571
Net profit per share (yen) (Basic earnings per share)	452.51	203,176.84

(\*) At the meeting of the Board of Directors held on February 6, 2023, the Company resolved to retire treasury stock on June 2, 2023, reducing the number of outstanding shares by 21,268,200 shares to 1,230,303,667 shares.

#### 4. Summary of businesses subject to Corporate Split

##### (1) Details of businesses to be split from Sumitomo Corporation

Trading businesses involving inorganic chemicals and electronic and functional materials

##### (2) Business performance of businesses to be split (for the fiscal year ended March 2023)

Profit: 3.5 billion yen

##### (3) Assets and liabilities to be split from Sumitomo Corporation (as of the end of March 2023)

Assets		Liabilities	
Current assets	777 million yen	Current liabilities	—
Non-current assets	26 million yen	Non-current liabilities	—
Total	803 million yen	Total	—

(Note) The precise assets and liabilities to be split from Sumitomo Corporation will be determined after making changes to the amounts listed above prior to the deadline date for the Corporate Split.

#### 5. Status of Sumitomo Corporation and Sumitomo Shoji Chemicals after the Corporate Split

The Corporate Split will not result in any changes to the corporate names, addresses, names and positions of representatives, business details, capital, or financial year of either Sumitomo Corporation or Sumitomo Shoji Chemicals.

#### 6. Outlook

As this Corporate Split is a transaction with a wholly-owned subsidiary, the impact of the Corporate Split on the Group's consolidated financial statements is expected to be minor.

(Reference) Projected consolidated financial results for the fiscal year ending March 2024 (as published on May 9, 2023) and consolidated financial results for the prior fiscal year

	Profit for the year attributable to owners of the parent	Basic earnings per share
Unit	Million yen	Yen (to two decimal places)
Expected business performance for the current fiscal year (Year ending March 2024)	480,000	388.95
Business performance in the prior fiscal year (Year ended March 2023)	565,178	452.51

#### (Note) Cautionary Statement Concerning Forward-Looking Statements

This report includes forward-looking statements relating to our future plans, forecasts, objectives, expectations and intentions. The forward-looking statements reflect management's current assumptions and expectations of future events, and accordingly, they are inherently susceptible to uncertainties and changes in circumstances and are not guarantees of future performance. In light of the many risks and uncertainties, you are advised not to put undue reliance on these statements. Sumitomo Corporation is under no obligation—and expressly disclaims any such obligation—to update or alter its forward-looking statements.