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May 12, 2025

To whom it may concern:

Company Name: Sumitomo Bakelite Co., Ltd.
Representative: Kazuhiko Fujiwara
President and Representative Director
(Code: 4203 The Prime Market of Tokyo Stock Exchange)
Contact: Tsuyoshi Ueda
Manager of Corporate Communication Dept.,
Corporate General Affairs Div.

Notice regarding Disposal of Treasury Stock as Granting of Shares
through Employee Shareholding Association

Sumitomo Bakelite Co., Ltd. (the “**Company**”) hereby announces that, at the meeting of the Board of Directors held on May 12, 2025, the Company has decided to grant shares to employees of the Company and its subsidiaries in Japan (the “**Eligible Employee(s)**”) through the employee shareholding association (the “**Scheme**”), and resolved to dispose of treasury stock to the Employee Shareholding Association of Sumitomo Bakelite Co., Ltd. (the “**Association**”) as the scheduled allottee through a third-party allotment (the “**Disposal**”), as follow.

1. Overview of disposal

(1) Date of disposal	December 12, 2025
(2) Class and number of shares for disposal	99,870 shares of the Company’s common stock*
(3) Disposal price	3,417 yen per share
(4) Total disposal value	341,255,790 yen*
(5) Method of disposal (Scheduled allottee)	By way of a third-party allotment, subject to application for subscription from the Association, a number of subscribed shares determined by the Association within the range of shares to be disposed described in (2) above will be allotted to the Association (the number so allotted is the number of shares to be disposed of). Note that the application from each Eligible

	Member (defined below) for only a part of shares to be granted will not be accepted.
(6) Other	The Disposal is scheduled to the effectiveness of a securities registration statement pursuant to the Financial Instruments and Exchange Act.

- * Following a resolution at the board meeting of the Association, the Association will conduct an entry promotion to the Eligible Employees with a sufficient announce period and solicit entry membership for the Association. Therefore, the actual number of shares for disposal and the actual total disposal value are expected to be fixed depending on the number of the Association members after the promotion (the “**Eligible Member(s)**”).

2. Purpose and reason for disposal

The Company grants an incentive to the Association members for the purpose of enhancing employee’s work motivation and supporting employee’s asset building through holding the Company’s shares. In celebration of the 70th anniversary of the Company's founding in 2025, the Company plans to expand the scope of the Association to the employees of the Company’s subsidiaries in Japan, and has decided to introduce the Scheme for the purpose of (i) rewarding contributions of the Eligible Employees to date by additionally granting the Association members to a special incentive under the Scheme, and (ii) encouraging employee’s motivation for increasing the Company group’s mid- and long term corporate value through fostering employees’ sense of participation in management. The Company also believes that the introduction of the Scheme will enable more employees to share mid- and long-term corporate value with shareholders by encouraging employees who are not yet joined the Association.

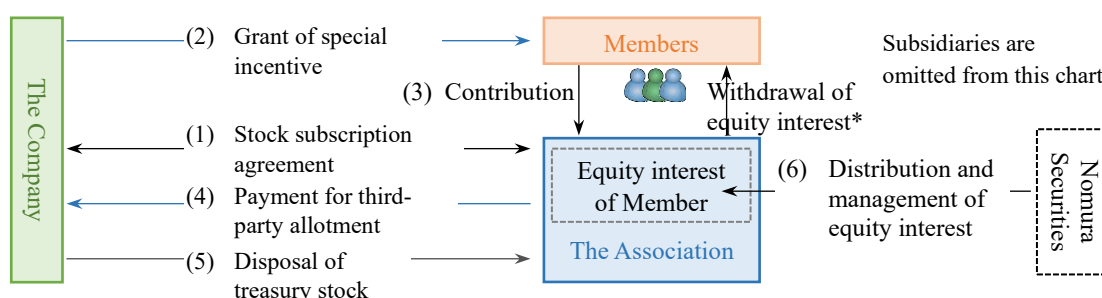
Under the Scheme, the Company grants a special incentive to the Eligible Members and dispose of the Company’s treasury stock to the Association by way of a third-party allotment in exchange for contribution of said special incentive. The number of shares for disposal will be fixed at a later date as described in the note of “1. Overview of disposal”, but will at a maximum 99,870 shares to be disposed to the Association. Granting of a special incentive to the Eligible Members is a grant of money but not a grant of monetary claims. In addition, there are no monetary contributions by the Eligible Members other than the contributions of the special incentive granted.

The scale of dilution after the Disposal will be 0.11% against 93,757,956 shares as the total number of issued shares as of March 31, 2025, and 0.11% against 875,013 voting rights as the total number of the voting rights as of March 31, 2025 (both percentages are rounded to second decimal place).

The Company believes that the introduction of the Scheme will contribute to increasing the

Company group's corporate value by enhancing work motivation of employees of the Company and its subsidiaries in Japan. Therefore, the Company has determined that the scale of dilution after the Disposal is reasonable and the impact on the market is minor given the scale of dilution.

3. Structure of the Scheme



- (1) The Company and the Association enters into a stock subscription agreement about disposal and subscription of the Company's treasury stock.
- (2) The Company grants a special incentive to the Eligible Members.
- (3) The Eligible Members contributes said special incentive to the Association.
- (4) The Association collects the special incentives contributed by the Eligible Members and pays for the third-party allotment.
- (5) The Company disposes of its treasury stock to the Association.
- (6) The allotted shares of the Company are distributed and managed as the equity interest of the Eligible Members in the Association by Nomura Securities Co., Ltd., which the Association outsources its share holding administration.

* The Eligible Members may voluntary withdraw the allotted shares of the Company to their brokerage accounts.

4. Basis of calculation and details of disposal price

The Disposal to the Association as the scheduled allottee will be funded by contributions to the Association by the Eligible Members using the special incentives granted to the Eligible Members for granting shares through the Association as payment funds. In order to eliminate arbitrariness, the disposal price is 3,417 yen, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on May 9, 2025 (the business day prior to the date of the resolution of the Board of Directors). Because this is the market price immediately before the date of the resolution of the Board of Directors and there is no particularly situation showing that the most recent market price cannot be relied upon, the Company considers that the price reasonably reflects the Company's corporate value, so is not a particularly favorable price to the scheduled allottee.

The deviation rate of this disposal price from the average closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange (rounded to second decimal place) is as follows.

Period	Average closing price (amount less than yen is rounded down)	Deviation rate
1 month (From April 10, 2025 to May 9, 2025)	3,230 yen	5.79%
3 months (From February 10, 2025 to May 9, 2025)	3,361 yen	1.67%
6 months (From December 10, 2024 to May 9, 2025)	3,568 yen	-4.23%

All four Corporate Auditors (including two Outside Corporate Auditors) who attended the meeting of the Board of Directors held today have expressed their opinion that the process that the Company determined the above disposal price is not a particularly favorable price to the scheduled allottee considering that the purpose of the Disposal is the introduction of the Scheme and the disposal price is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors is reasonable and that such determination is legitimate.

5. Matters related to procedures based on the Corporate Code of Conduct

With regard to the Disposal, acquisition of an opinion from an independent third party and confirmation of the intent of shareholders as provided in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange are not required as (i) the dilution rate is less than 25%, and (ii) the Disposal does not involve any change of the controlling shareholder.

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