

For Immediate Release

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Sumitomo Seika Chemicals Co., Ltd.

Sumitomo Seika Chemicals enters into business collaboration with Xergi A/S in Japan

Sumitomo Seika Chemicals Co., Ltd. and Xergi A/S, headquartered in Denmark, have agreed to engage jointly in the engineering business associated with a biogas-based energy system in Japan.

Biogas, which consists mainly of methane, is produced by methane fermentation in an anaerobic digestion process involving wet organic biomass materials. It can be utilized in a gas engine cogeneration system for heat and electricity production. In recent years, biogas has been attracting increasing attention as a renewable energy source which could serve as an alternative energy source for baseload electricity. Such potentialities, coupled with the benefit of the Feed-in-Tariff scheme having commenced in July 2012 in Japan, are likely to expand the biomass-based electricity generation market further in the decades to come.

Being a technological pioneer in biogas-based electricity generation, Xergi has an extensive experience spanning over 30 years in the biogas industry with plants of more than 80 MWe cumulative capacities installed. The distinctive advantage of the Xergi's biogas technology lies in the capability of co-digesting a plurality of biomasses simultaneously. In particular, the company's proprietary pre-treatment technology makes it possible to process those biomasses that have hitherto been difficult to treat, thereby allowing various organic waste materials from agriculture, household and industrial sources to be co-digested in a single biogas plant.

Going forward, the two companies will work closely to generate as many synergies as possible from the collaboration, i.e. Sumitomo Seika's specialized know-how and expertise cultivated through many years of its gas engineering business and Xergi's technological excellence in biogas power generation. Sumitomo Seika and Xergi will together develop and promote a biogas plant engineering business in Japan, providing a full spectrum of support to clients, ranging from project planning and plant start-up through plant maintenance and related follow-up services.

Last year, Sumitomo Seika formulated its new Medium- to Long-term Business Plan "SEIKA Grand Design 2025 URUOI." Under the Business Plan, "the environment and energy" is among selected domains for news business creation, and the biogas business is one of the priority businesses in the domain. Sumitomo Seika continues to focus its vigorous efforts on exploring and developing opportunities for the biogas business in the future.

About Sumitomo Seika Chemicals Co., Ltd.

Sumitomo Seika is a chemical company offering products with unique functions. The company's flagship products are super absorbent polymers for disposable diapers, polymer products for cosmetics, electronics gases for liquid crystal and LED, fine chemicals for pharmaceutical intermediates, oxygen gas generators for steel manufacturers, and many other products. Sumitomo Seika is promoting the development of such products for various industries that make people's lives easier while paying attention to quality, environment, and safety. Sumitomo Seika had approximately 87 billion yen in revenue in fiscal 2015, with 1,196 employees.

About Xergi A/S

Xergi is a leading supplier of advanced turnkey biogas plants. The company has extensive experiences working in the biogas industry for more than 30 years, specializing in large scale plants, with any mix of feed stock, including food wastes, straw, chicken manures, swine and cow manures, deep litters, crop residues, and industrial organic wastes. Xergi had approximately 53 million euro in revenue in 2015, with 80 employees.

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