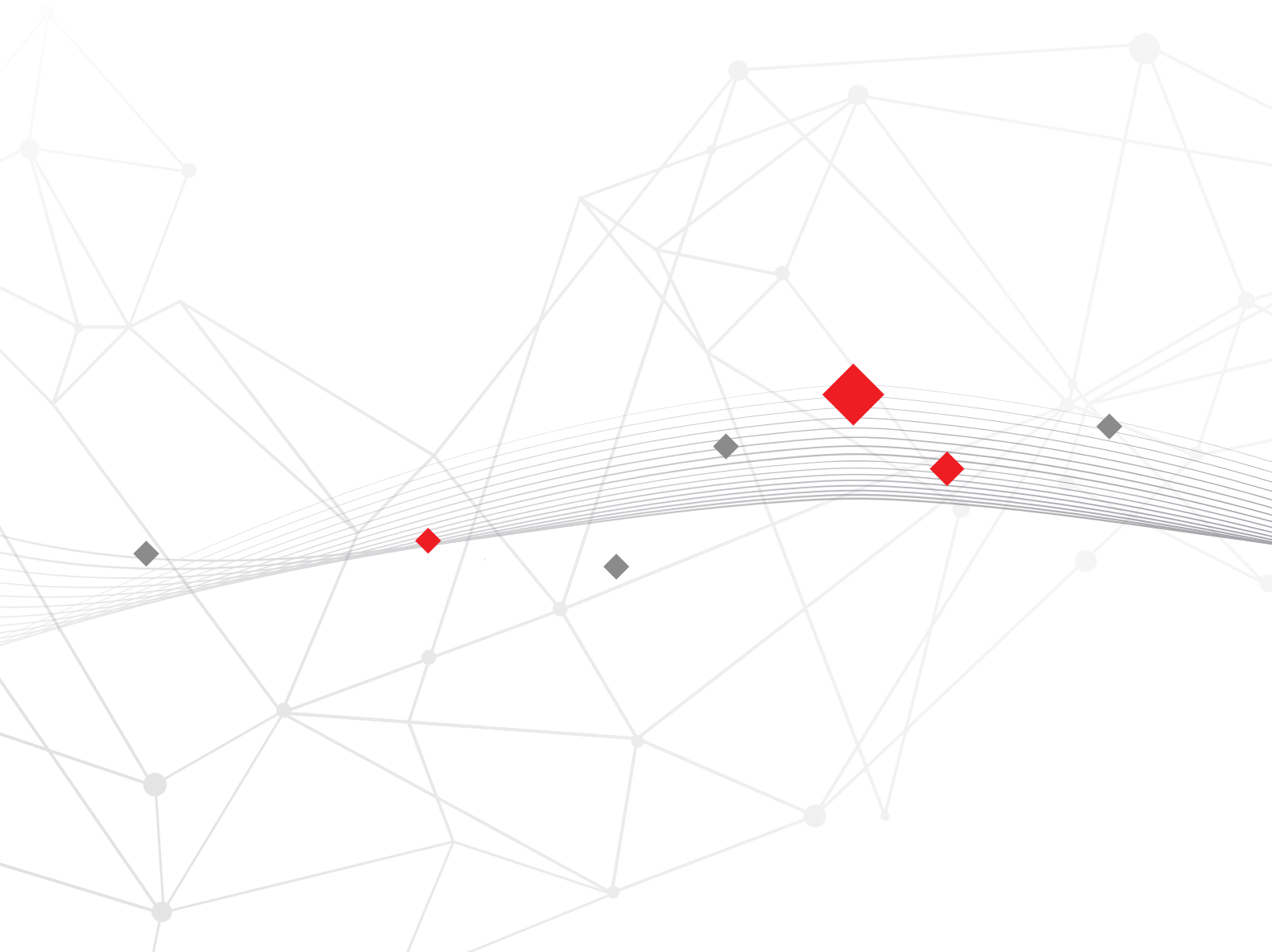


Leap Beyond

Leap higher, beyond today

Integrated Report 2025

SUMITOMO CHEMICAL

In Publication of Integrated Report 2025

Key Points of Integrated Report 2025

Our company publishes three reports: Integrated Report, Investors' Handbook, and Sustainability Report. We include cross-reference links in them to enhance the linkage across the reports and improve accessibility for each publication. This will provide smooth and easy access to necessary information and relevant content, so that you can gain a deeper understanding of our initiatives.

The Integrated Report is structured around the key messages we wish to convey. This year, it highlights our growth strategy, focusing on a return to a growth trajectory following a V-shaped recovery in performance and a further leap toward the next stage of growth. Through this report, we wish to show our strong potential for achieving sustainable value creation by introducing our value creation flow leveraging our strengths and the semiconductor-related business, which is expected to grow, and other topics.

Growth Strategy and the Vision for the Future

President's Message FY2025-2027 Corporate Business Plan

Strategies for Growth Driving Businesses

Sumitomo Chemical's Semiconductor-Related Business

Direction of the Financial Strategy

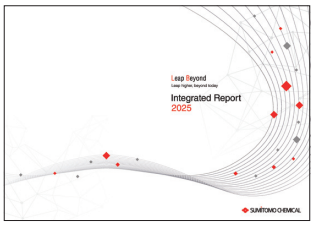
CFO's Message

Recommendations on Governance and Management

Message from Outside Director

Information Disclosure System

Three Reports



Integrated Report

This integrated report summarizes our business strengths, strategies, issues, and performance with the aim of conveying our company's value creation story to a wide range of stakeholders, including our shareholders and investors, in a way that is easy to understand.

Investors' Handbook

This handbook provides a detailed explanation of our wide range of businesses and products, including market trends.

Sustainability Report

This report contains a wide range of information about our sustainability from the perspectives of the environment, society, and corporate governance.

Website

Investor Relations Sustainability

SNS

LinkedIn Official Account Corporate YouTube Channel

/@sumitomochemical_official

Forward-looking Statements

Statements made in this integrated report with respect to plans, strategies, and future performance that are not historical facts are forward-looking statements involving risks and uncertainties. Sumitomo Chemical cautions that a number of factors could cause actual results to differ materially from such statements including, but not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

Financial Statements in This Document

Beginning in FY2017, the Sumitomo Chemical Group began adopting international financial reporting standards (IFRS) in place of Japanese GAAP, which it previously used, and is therefore restating figures for FY2016 using IFRS for comparative analysis.

Financial Statements in This Document

The Guidance for Collaborative Value Creation, put forth by the Ministry of Economy, Trade and Industry, is a handbook that serves as a shared language connecting companies and investors, systematically and comprehensively laying out the information that companies ought to convey to investors in order to raise the quality of information disclosure and of dialogue with investors. In this report, the guidance primarily references the flow of value creation.

Environment
Social
Governance
Guidance for Collaborative Value Creation

CONTENTS

President's Message

Looking Beyond Renewed Growth Toward the Future to Leap Toward New Heights

Representative Director & President

水户信彰

Nobuaki Mito

Toward an Organization that Continually Takes on Challenges with Full Swings at All Times

"See It through to the End": Demonstrating Tenacity

In April 2025, I was appointed President, and with the approval of the General Meeting of Shareholders and the Board of Directors in June 2025, I assumed the office of Representative Director & President. I will devote myself fully to carrying on the performance improvement and structural reforms advanced by former President Iwata and to contributing to the enduring development of our businesses.

I joined the company 40 years ago in 1985. I spent many years engaged in R&D, primarily in the agricultural and living environment fields, focusing on pesticide development at the research institute in Takarazuka City, Hyogo Prefecture. I also served as General Manager of Intellectual Property Dept. and General Manager of the Corporate Business Development Dept. In the Intellectual Property Department, I gained exposure to the company's broad research activities, and in the Corporate Business Development Department, I was involved in collaborations with new technologies and startups, which provided valuable opportunities to expand my knowledge and experience. In subsequent years, I assumed a leadership role overseeing the Health & Crop Sciences Sector and I found great fulfillment in taking on business responsibilities and was able to culminate my career.

Through this career path, I have learned the importance of persevering to the end without giving up. In particular, my experience of achieving success by continuing to take on challenges tenaciously with conviction in R&D work, even while accumulating many failures, has become a great source of confidence for me. In steering management from here on, I will make it my own motto not to give up easily and to see things through to the end, and I would like our employees likewise to demonstrate such tenacity.

Due to the deterioration in the petrochemicals market conditions, which hurt the performance of the Company and of Petro Rabigh, and the continuing impact of the patent cliff at Sumitomo Pharma, we recorded a large loss in FY2023. From there, in FY2024 we achieved a V-shaped recovery thanks to the success of "Immediate-term, concentrated measures to improve business performance" and "Fundamental structural reforms". However, the return to a growth trajectory is still in progress, and I recognize the need to continue sharing that sense of urgency firmly with employees. Going forward, we will not only aim to achieve the performance targets set out in the Long-term vision and the Corporate Business Plan, but also place emphasis on near-term performance, as we strive for achievement as a "commitment", not merely as numerical forecasts. This is the management approach we intend to practice.

Commitment to the "Three Leaps Forward" Shared with Employees

Upon assuming the presidency, I communicated the message of the "Three Leaps Forward" within the company. This message was intended to convey to each employee the "leaps" forward I hoped to accomplish during my tenure as President, while also embodying our commitment to the corporate culture and values we should cherish.

The first leap forward is the certain return of Sumitomo Chemical to its growth trajectory and the leap to even greater heights. As mentioned earlier, although we achieved a V-shaped recovery in FY2024, we have not yet fully returned to our inherent potential. By completing structural reforms and expanding growth areas, we will return to a growth trajectory as a company with a strong presence.

The second leap forward is toward becoming a reborn global company that has inherited our good corporate culture. While our overseas sales ratio has already reached nearly 70%, we wish to make a further leap forward to become a global company in the true sense. Although some may view Sumitomo Chemical as a typical traditional Japanese company, in my work with group members overseas, I have often heard high praise for our distinctly Japanese corporate culture. This includes aspects like making decisions after hearing opinions from various people and then having everyone move forward in the same direction once a decision is made. The aspects of emphasizing management stability and the development of people and organizations are perceived as good elements of corporate culture that should be carried on. On the other hand, there is still room for improvement in areas such as agile responses to threats and opportunities, so we will pursue both inheritance and improvement simultaneously.

The third leap forward is toward a dynamic organization born from lively debate that transcends barriers of position and age. We will eliminate a tendency described as having an "elephant in the room," typified by averting our attention from issues everyone senses or refraining from proactively offering opinions even while recognizing opportunities, and transform into an organization where anyone can state opinions without reserve and discuss anything. We aim to avoid the loss of entrepreneurial spirit often seen in large corporations, and instead cultivate a startup mentality within our company.

Shigeo Nagashima, a legendary Japanese baseball player often referred to in Japan as "Mr. Pro Baseball," who passed away on June 3, 2025, thrilled fans throughout his illustrious career with his fearless full-swing style, unafraid of striking out. We at Sumitomo Chemical also aim to become an "organization that constantly takes on challenges with full swings", following the example of Nagashima's earnest dedication.

Focusing on Innovation and Winning Businesses to Chart a Sustainable Growth Strategy

Identifying Our Strengths and Concentrating Resources for a Focused Breakthrough

"Innovative Solution Provider", which we put forward as our long-term vision, represents a company that solves societal issues with innovative technologies. While it is fundamental for a company to address societal issues and contribute to society through its business as a responsible member of society, articulating this vision clarifies our approach to sustainable growth and ensures it permeates and is shared throughout the organization.

The specific social issues we raise, Realize regenerative agriculture, Innovate IT, Spread leading-edge medicine, and Reduce environmental impact are all essential for society. While none are novel concepts, we need to consider where our company will carve out its competitive edge. I intend to issue various messages on this point going forward.

One such message concerns innovation, a keyword I want everyone to pursue with particular dedication. A manufacturing company like ours cannot achieve sustainable growth unless it continues to create new products rooted in innovation. However, because that takes time, even if profits are rising at present, any interruption in our efforts toward innovation would result in a major setback five or ten years down the road.

Another message is to focus relentlessly on winning businesses. The Company does not have abundant resources to devote to R&D, so each business sector must rigorously focus on winning businesses to drive R&D and expand its operations. We must identify areas in which we can truly be beaten by no one, and concentrate resources there for a breakthrough at a single point. Such efforts will be required going forward.

Establishing Two Time Horizons for Sustainable Growth

To embody the approach described above, we reorganized the previous structure consisting of five sectors; Essential Chemicals & Plastics, Energy & Functional Materials, IT-related Chemicals, Health & Crop Sciences, and Pharmaceuticals, and as of October 2024 launched a four-business-sector structure; Agro & Life Solutions

(AGL), ICT & Mobility Solutions (ICTM), Advanced Medical Solutions (ADM), and Essential & Green Materials (EGM).

The Company has established two time horizons for sustainable growth as a roadmap to its long-term vision. Going forward, we will return to a growth trajectory aligned with this vision and evolve into a reborn specialty chemicals company.

Specifically, on the time horizon for returning to the growth trajectory, AGL and ICTM will serve as growth drivers through 2030 and achieve high growth and profitability. Subsequently, on the time horizon extending to 2035, we will establish ADM, for which market takeoff is expected, as a new growth area, while at the same time shifting EGM, a core domain, from petrochemicals to the creation of environmental value.

The reorganization into four business sectors involved rebranding and partial recombination of the former five business divisions, and while at first glance the business system may appear unchanged, clarifying the strategic positioning of each division has enabled us to break away from parallel uniform initiatives and to draw a growth scenario along the two time horizons.

The key lies in focusing on winning businesses, so we will alter the eclectic elements within each business sector and concentrate resources to drive growth. The Company possesses several winning businesses where we hold advantages, and we believe organic synthetic chemistry and assembly/processing technologies form the core of these winning businesses.

For example, pesticide and environmental health products in AGL, photoresists in ICTM, small-molecule and nucleic-acid pharmaceutical ingredients and CDMO in ADM, and catalysts in EGM are all outputs that utilize organic synthetic chemistry technologies, while polarizing films for OLED and heat-resistant separators in ICTM are the distilled fruits of the assembly/processing technologies possessed by Group companies. By thoroughly refining our core technologies, each business sector can chart growth strategies aligned with winning businesses, so we will be mindful of our strengths and concentrate resources there.

Regarding the two time horizons, as mentioned earlier, we position AGL and ICTM as growth drivers through 2030. In the new Corporate Business Plan to be explained later, approximately 80% of our strategic investments over the next three years will be allocated to these two areas. While ADM and EGM will receive only about 20% of the allocation, by focusing on winning businesses, we expect to generate substantial outcomes even from these limited strategic investments.

While the new three-year Corporate Business Plan and the six-year period through 2030 will prioritize resource concentration on AGL and ICTM, this does not mean efforts for ADM and EGM will stagnate. We intend to pursue a range of initiatives over the next six years with a long-term perspective, aiming to develop these businesses into divisions that will lead our growth beyond 2030.

The Path to a Reborn Sumitomo Chemical through “Leap Beyond”

Upgrading Business Portfolio with Growth Strategy

The newly formulated and launched three-year Corporate Business Plan (FY2025–FY2027) adopts “Leap Beyond” as its slogan. Over these three years, we will return to a growth trajectory and chart a course for further growth.

The foremost basic policy of this plan is “Upgrade business portfolio with new growth strategy.” While overlapping with previous explanations, this plan involves concentrating resources for capital investment and R&D investment on AGL and ICTM as growth drivers to propel overall company performance, while simultaneously nurturing ADM and EGM from a long-term perspective.

Total business investment (capex, loans and investments) over the three years is set at 450 billion yen, and of this, 220 billion yen is for maintenance and infrastructure investment, 230 billion yen is for strategic investment. The overall cap of 450 billion yen is due to establishing a discipline of keeping within the scope of depreciation expense from the standpoint of prioritizing financial restructuring. As previously mentioned, of the 230 billion yen in strategic investments, roughly 80%, or 180 billion yen, will be allocated to AGL and ICTM as growth drivers, with the remaining 50 billion yen allocated to ADM and EGM.

The main focus areas in AGL are developing new biorationals, expanding sales of two new blockbuster crop protection chemicals, and developing the next generation of products. Building on these pillars, we will further deepen and expand our business operations. In ICTM, we will focus on world-leading fields such as high-purity chemicals for semiconductors, immersion ArF photoresists, and organic molecular resists, a new technology in EUV lithography, to continuously generate innovations and upgrade our business portfolio.

Building a Stronger Group through Continued Structural Reforms

The current plan identifies “Build greater resilience by executing continued structural reforms” as its second basic policy. Specifically, Petro Rabigh, Sumitomo Pharma, and

the restructuring of petrochemical operations in Japan and Singapore are targets for structural reform.

Regarding Petro Rabigh, we jointly announced a restructuring plan with our joint venture partner, Saudi Aramco, aimed at fundamentally improving profitability, in August 2024. As part of the financial improvement plan, both companies will implement a combined 1.5 billion dollar debt waiver within FY2024 to reduce accumulated losses and alleviate interest burdens. Moreover, we plan* to review the capital structure and sell a portion of our shares to Saudi Aramco at an early stage, reducing our equity stake from 37.5% to 15%. The proceeds from this sale will be contributed to Petro Rabigh, with Saudi Aramco contributing an equal amount, thereby reducing total debt by 1.4 billion dollar. To strengthen the profitability of the company's operations, it is crucial to steadily implement short-term and medium-to-long-term restructuring measures, primarily focused on oil refining, in addition to these financial improvement measures. Since the agreement in August 2024, operations have transitioned to a Saudi Aramco-led structure. Short-term initiatives include reducing sulfur content in diesel and upgrading light naphtha to gasoline, while medium-to-long-term fundamental measures, such as upgrading heavy oil, are also being explored with Saudi Aramco's expertise.

Sumitomo Pharma, having achieved a total of 200 billion yen in streamlining in FY2024 and worked to expand sales of three core products in North America, returned to profitability from the first quarter and secured 40 billion yen in core operating income, thus achieving a recovery in performance. Going forward, to create new products for medium to long-term growth, we will steadily advance the development of two new agents in the oncology area. The regenerative medicine/cell therapy business will prepare for business expansion from 2030 onward through two joint ventures in which the Company holds a majority stake.

As for the petrochemicals restructuring in Japan and Singapore, market conditions continue to deteriorate against a backdrop of oversupply in China, making the operation of our petrochemical complex challenging. Assuming the deterioration in market conditions is difficult to reverse or may be irreversible, it is necessary to pursue structural reforms. Particularly in Japan, in order to fulfill our supply responsibility as a manufacturer to respond to demand, we will take measures including collaboration with other companies, while we will reinforce our footing with an eye to a future conversion to a complex with a reduced environmental impact.

*Interview conducted in June 2025

ROE of 8% and ROIC of 6% as Mandatory Targets

For the final year of the plan (FY2027), we have set performance targets of sales revenue of 2.4 trillion yen, core operating income of 200 billion yen, net income of 100 billion yen, ROE of 8%, and ROIC of 6%. We will shift the internal mindset toward prioritizing ROE, and in securing profit, we are committed to not only increasing core operating income but also delivering solid net income. Considering the average ROE for companies in Japan is around 10%, our target of 8% remains relatively low. Similarly, our ROIC target of 6% is below 7% assumed from our cost of capital.

Therefore, the performance targets of ROE of 8% and ROIC of 6% represent the minimum level for the Company and must be achieved as a commitment. From FY2025 onward, we anticipate that the reduction in equity method losses due to the decrease in our equity interest in Petro Rabigh will contribute to improved profitability and capital efficiency. Simultaneously, we will make company-wide efforts to ensure that initiatives in each business sector yield positive results, thereby boosting earnings based on our fundamental capabilities.

In FY2025, the first year of the plan, the external environmental factors, such as the impact of U.S. tariff policies, are a concern. Given the ongoing high level of uncertainty, we will need to swiftly gain an understanding of changes in economic conditions and market trends and respond with agility and flexibility. Based on this approach, we will adhere uncompromisingly to the stated performance targets and, for example, if we cannot meet the targets through sales growth, we will maintain a strong resolve to secure profit by cutting expenses.

Leveraging Our Strengths and Focusing on World-Leading Businesses

Governance Expected of Sumitomo Chemical Going Forward

We have now transitioned from a Company with Board of Audit & Supervisory Board Members to a Company with Audit & Supervisory Committee. We have worked to enhance the effectiveness of the Board of Directors and expand corporate governance through means such as increasing the number of outside directors and establishing the Nomination Advisory Committee and the Remuneration Advisory Committee as voluntary advisory bodies. Furthermore, with this transition, we intend to further strengthen the monitoring function of the Board of Directors and, by building a collaboration framework between the Audit and Supervisory Committee and the

Internal Audit Department, enhance the effectiveness of audits.

Furthermore, regarding matters for deliberation and reporting at the Board of Directors, we will shift more than ever toward management policy and medium- to long-term management strategy, put in place a framework for deeper discussion, and also seek to enhance the functions that verify and evaluate investment effectiveness. We recognize this as the creation of a highly important framework for the Group to evolve into an “Innovative Solution Provider”.

Into the Future Together with Our Stakeholders

Returning profits to our shareholders is our most important management priority. For the three years of the current Corporate Business Plan, we envisage using a total of 70 billion yen as the source for returns and implementing returns with a target dividend payout ratio of over 30%. For FY2025, we plan to raise the dividend from the FY2024 level of 9 yen per share annually (3 yen interim / 6 yen year-end) to 12 yen (6 yen interim / 6 yen year-end). We view this as the minimum return level and aim to achieve an annual dividend of 24 yen per share or more at an early stage.

In addition, while we have implemented various measures toward a V-shaped recovery and structural reform, our stock price has not reached a satisfactory level. We believe this is primarily due to the current low levels of ROE and ROIC. No matter how advanced our technologies are, if capital efficiency is not improved, the stock price will not respond. Alongside completing fundamental structural reforms, we will steer the Company with a relentless focus on enhancing capital efficiency.

Finally, while Sumitomo Chemical’s diverse business portfolio may make our corporate image somewhat difficult to grasp at first glance, we take pride in being a company with many globally leading products, world-class technologies, and high reliability. By leveraging this technological expertise and concentrating on businesses that lead the world, we are confident we can leap ahead as an “Innovative Solution Provider” and make even greater contributions to society.

We hope our stakeholders will look forward to the future that Sumitomo Chemical seeks to realize, and that they will continue to provide us with their strong support.

Corporate Philosophy and History

Sumitomo Chemical has its origin in the business of the Sumitomo, a family with a history spanning about 400 years, and the company has upheld Sumitomo's fundamental principles for business management to this day. In its Business Philosophy, Sumitomo Chemical articulates the essence of its corporate vision, mission, and values, founded on the Sumitomo Spirit.

The Framework of Sumitomo Chemical's Corporate Philosophy

The Sumitomo Spirit

Jiri-Rita Koushi-Ichinyo*

"Our business must benefit society at large,not just our own interests."

* This means that Sumitomo's business must not only advance its own interests but also contribute to the nation and society

The Sumitomo Business Principles

1. Sumitomo's business should seek to thrive and prosper by putting trust first and building on reliability.
2. Sumitomo's business should closely watch the changing of the times and carefully weigh opportunities and risks and should never chase short-term gains in good times and bad.

The Sumitomo Chemical Group: JIRI-RITA ACTION

We believe it is essential that all management executives and employees share the corporate philosophy, have a deep understanding of sustainability, and work together to carry out initiatives. As an effort to engage all management executives and employees and promote this "participation by all" principle, we have run the Global Project since 2014. In 2023, the 10th year since the start of this initiative, we changed its name to JIRI-RITA ACTION to better communicate the idea that each action a Group employee takes should be imbued with the spirit of "Jiri-Rita Koushi-Ichinyo," and we are advancing activities under this new name.

Business Philosophy

1. We commit ourselves to creating new value by building on innovation.
2. We work to contribute to society through our business activities
3. We develop a vibrant corporate culture and continue to be a company that society can trust.

Basic Principles for Promoting Sustainability

Principle 1 Creating economic value which helps create social value (Promoting "Jiri-Rita Koushi-Ichinyo")
Principle 2 Contribution to solving globally vital issues
Principle 3 Active participation in global initiatives
Principle 4 Collaboration with stakeholders
Principle 5 Top management commitment and participation by all
Principle 6 Enhancing corporate governance

Charter for Business Conduct

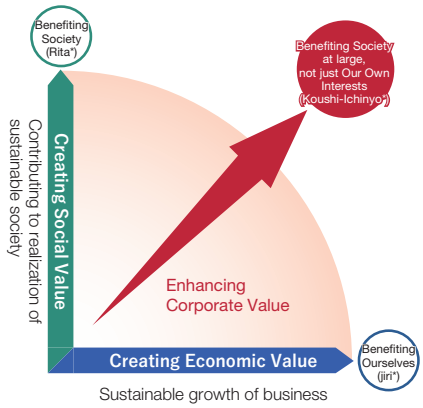
1. We will respect Sumitomo's business philosophy and act as highly esteemed good citizens.
2. We will observe laws and regulations, both at home and abroad, and will carry out activities in accordance with our corporate rules.
3. We will develop and supply useful and safe products and technologies that will contribute significantly to the progress of society.
4. We will engage in voluntary and active initiatives to achieve zero-accident and zero-injury operations and preserve the global environment.
5. We will conduct business transactions based on fair and free competition.
6. We will endeavor to make our workplaces sound and energetic.
7. Every one of us will strive to become a professional and achieve advanced skills and expertise in our field of responsibility.
8. We will actively communicate with our various stakeholders, including shareholders, customers, and local communities.
9. As a corporate member of an international society, we will respect the culture and customs of every region of the world and contribute to the development of those regions.
10. We will strive for the continued development of our Company through business activities conducted in accordance with the guiding principles described herein.

Implementing Jiri-Rita Koushi-Ichinyo

Sumitomo Chemical's Approach to Enhancing Corporate Value Based on Corporate Philosophy

The Sumitomo Spirit of "Jiri-Rita Koushi-Ichinyo" means that "Sumitomo's business must contribute not only to its own development but also to society," a concept that the Sumitomo Chemical Group has valued since its foundation and is also consistent with Creating Shared Value. We will achieve sustainable growth of our group (Benefiting Ourselves) and create value for society (Benefiting Society) while constantly transforming our business. By doing so, we aim to create economic value and social value in an integrated manner (Benefiting society at large, not just our own interests), thereby enhancing corporate value.

Image of Enhancing Corporate Value



1915-1940

Building the foundation as a chemical manufacturer

For about 30 years after its establishment, the company focused on "building the foundation as a chemical manufacturer." Sumitomo Fertilizer Manufacturing was originally founded to prevent smoke damage from copper smelting and initially produced sulfuric acid and superphosphate. The company then actively pursued the introduction and development of new technologies, expanding its business into industrial chemicals such as ammonia, nitric acid, methanol, and formalin, thereby solidifying its foundation as a chemical manufacturer.

Calcium superphosphate warehouse

Origin

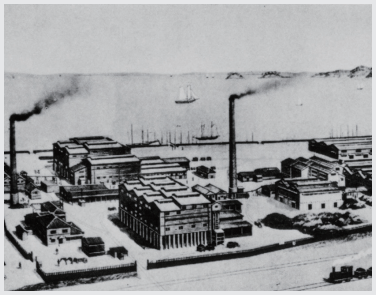
Case 1

Sulfuric acid and fertilizer manufacturing business

Societal Issue	The problem of air pollution associated with the copper smelting business	The copper smelting operations at the Besshi Copper Mine by the Sumitomo Group released sulfur dioxide gas, causing damage to the crops in nearby villages.

1915 Commencement of operations at the Sumitomo Fertilizer Manufacturing

Sulfuric acid was produced from the sulfur dioxide gas emitted during the roasting of sulfide ores used for copper, and superphosphate (fertilizer) was then produced from the sulfuric acid.



Sumitomo Fertilizer Manufacturing

Value Creation

Social Value

- By reducing the sulfur content in sulfide ores, the emission of sulfur dioxide gas during smelting was decreased, contributing to the mitigation of smoke pollution.
- By supplying manufactured fertilizers to farmers, we contributed to the development of both industry and agriculture.

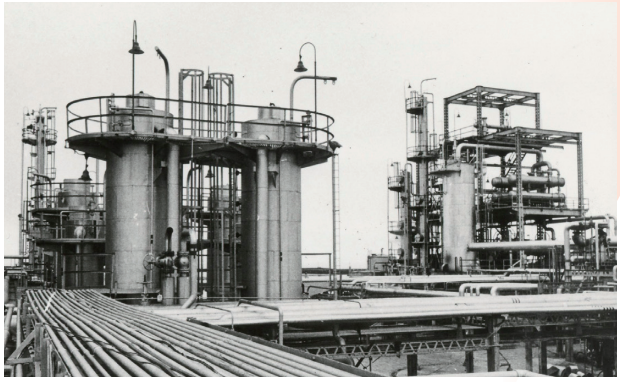
Economic Value

- Although the first year of operations resulted in a loss, the company generated a profit of 38,000 yen in 1916 and 220,000 yen in 1917.

1941-1970

Growth into a diversified chemical manufacturer

For about the next 30 years, the company entered the era of “growth into a diversified chemical manufacturer.” The merger with the Japan Dyestuff Manufacturing Company in 1944 brought the fine chemicals business to the company. The launch of the household insecticide “PYNAMIN” in 1953 marked the beginning of our agricultural chemicals business. By 1958, the completion of an ethylene plant in the Ohe area of Ehime. Furthermore, in 1965, we began construction of a large-scale ethylene plant in the Chiba area, expanding our business alongside Japan’s rapid economic growth.



Ethylene plant

1971-2000

Active internationalization of all business operations

From the 1970s for about 30 years, the company experienced an era of “active internationalization of all business operations.” During this period, the external environment was marked by severe changes, including oil shocks, the strong yen recession, and the collapse of the economic bubble. In response to these shifts in the global economy and societal frameworks, the company actively pursued globalization across all its business areas, including expansion into the petrochemical business in Singapore and the international development of specialty chemicals, such as agricultural chemicals.

Dongwoo Semiconductor Chemicals (Currently, Dongwoo Fine-Chem) (South Korea)

Growth

Case 2

Infectious Disease Control Materials Business

Societal Issue	Malaria Infection Issue	In Africa, malaria was widespread, and due to poverty and financial difficulties, adequate measures could not be taken. This created a vicious cycle where contracting malaria led to the loss of employment and educational opportunities, making it impossible to escape poverty.

1995 Launch of Olyset™net sales

We developed and marketed the Olyset™net, a long-lasting insecticidal mosquito net that incorporates insecticide into synthetic resin, gradually releasing it to control malaria-transmitting mosquitoes. After receiving WHO certification, we provided the technology free of charge to a mosquito net manufacturer in Tanzania, assisting in the establishment of local production and the operation of a new factory.

Olyset™net

Value Creation

Social Value	● Saving a cumulative total of approximately 2.7 billion person-years from infectious diseases ● Creating employment opportunities and improving working conditions for women through the establishment of local production systems ● Enhancing educational environments by using a portion of the profits to support educational initiatives
Economic Value	● Sold a cumulative total of approximately 300 million long-lasting insecticidal nets, including Olyset™net, primarily in Africa

2001-2012

Deepening of global management

For the next decade, the company focused on “deepening of global management.” In the 2000s, the intensity of mega-competition increased, and from FY2004, the Corporate Business Plan set the theme of “Aiming to be a True Global Chemical Company.” Accordingly, the company promoted globalization across the group through initiatives such as the Rabigh Project and expansion of the IT-related Chemicals sector. As a result, the consolidated overseas sales ratio surpassed 50% by the end of March 2011, and the overseas production ratio also exceeded 40%.

Petro Rabigh (Saudi Arabia)

2013-

Enhancement of business portfolio

Since FY2016, we have implemented various measures based on fundamental policies such as “enhancing the business portfolio” and “accelerating the development of next-generation businesses.” We have steadily advanced initiatives, including the establishment of agricultural chemicals business structures in India and South America and active investment in semiconductor- and display-related businesses. Since FY2022, we have been promoting business renewal and working to establish competitive advantages. In October 2024, to embark on a new growth trajectory, we reorganized our five existing business sectors into a new four-business-sector structure.

Latin America Research Center (Brazil)

Outlook

Case 3

Carbon Resource Recycling Business

Societal Issue	Climate Change and Plastic Waste Issues	The issues of climate change and plastic waste have made the reduction of greenhouse gas (GHG) emissions and the recycling of plastic products made from fossil resources —from production through disposal—an urgent global challenge.

Late 2020s

Social implementation of innovative chemical recycling technology

In collaboration with other companies and external organizations, including government agencies, we aim to implement chemical recycling technology that produces chemicals from waste plastics and carbon dioxide as alternatives to fossil resources.

Contribute to Recycling Resources

Pilot facility for producing methanol from CO_2

Value Creation

Social Value

- Reducing the use of fossil resources and the GHG emissions generated during the incineration of waste plastics
- Contributing to the efficient use of limited resources and the prevention of global environmental degradation, including climate change

Economic Value

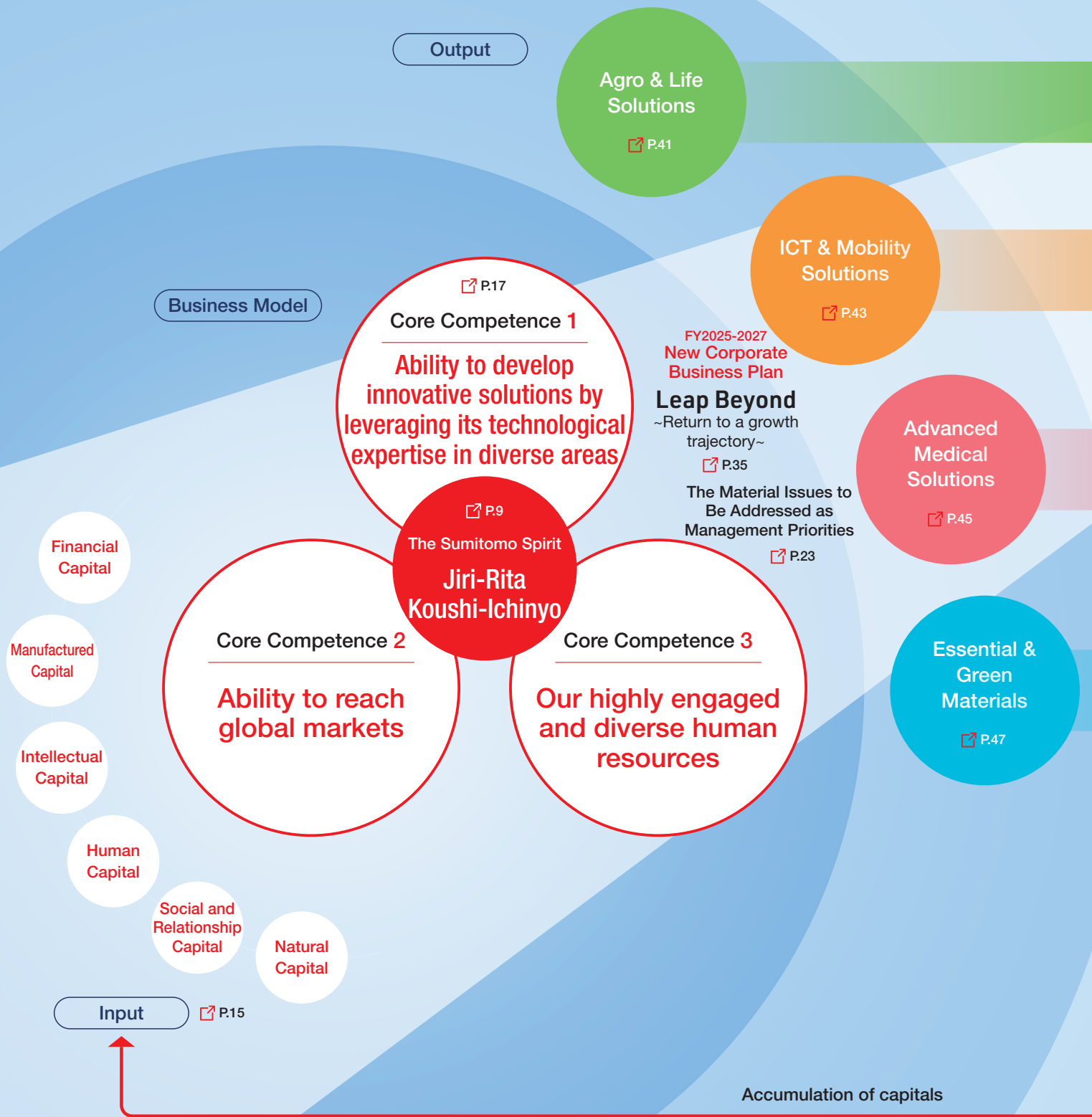
(Example) Implementing the ethanol-to-propylene technology for 1% of the global production capacity of 200 million tons/year*1→Contribution value exceeds 40 billion yen/year*2

*1 Based on data from Chemical Market Analytics, our estimate of the production capacity in 2030

*2 Contribution to CO_2 reduction: 4 million tons × carbon price of 10,000 yen

Flow of Value Creation

Sumitomo Chemical has grown its business over the past 100 years in line with the Sumitomo spirit and other corporate philosophies. As we evolved from a fertilizer company to a chemical company and then to a diversified chemical company, we strengthened and accumulated our management capitals and established our core strengths, which are embodied in three core competencies. Drawing on these core competencies, we will provide innovative technological solutions to four societal issues, creating both economic and social value. We aim to realize our long-term vision of becoming an Innovative Solution Provider by sustaining a virtuous cycle of value creation and resource accumulation.



Long-term vision

P.27

Innovative Solution Provider

A company that solves social issues with innovative technology

Outcome

Rita Creation of Social Value

P.23

Food Contribute to regenerative agriculture

Ensuring food security and harmony with the environment

ICT Innovate IT

Realization of an inclusive society using ICT

Healthcare Spread leading-edge medicine

Ensuring healthy lives for people around the world

Environment Reduce environmental impact

Recovery of the global environment and realization of a world where people and nature coexist in harmony

Jiri Creation of Economic Value

P.25

KPI	FY2024 Actual	FY2025 Forecast	Where we want to be
ROE	4.1%	4.2%	Over 10%
ROIC	2.2%	3.3%	Over 7%
D/E ratio	1.2 times	—	Approx. 0.7 times
Dividend Payout Ratio	38.2%	49.1%	Approx. 30%

*Figures announced on May 14, 2025

Management Capitals

Type of Capital	Financial Capital	Manufactured Capital	Intellectual Capital
Major Indicators	• Total equity ¥1,074.4 billion • Interest-bearing liabilities ¥1,286.1 billion • D/E ratio 1.20 times	• Number of research and manufacturing sites* (As of April 1, 2025) Overseas: 62 Japan: 12 * Including sales facilities • Capital expenditures ¥131.7 billion	• Number of patents held 13,540 patents • Research and development expenses ¥145.2 billion
Analysis of Current Situation	**V-shaped recovery in performance, while financial soundness remains key** Our total equity at the end of FY2024 was 1,074.4 billion yen, while interest-bearing liabilities decreased by 18% from the previous fiscal year to 1,286.1 billion yen. Although interest-bearing liabilities decreased compared with the previous fiscal year-end as a result of the immediate-term, concentrated measures to improve business performance, the D/E ratio was 1.20 times. Restoring financial soundness, weakened by large-scale strategic investments during the previous Corporate Business Plan and by deteriorating performance, remains a challenge.	**Manufacturing system that places top priority on safety** We maintain a stable production framework with 74 manufacturing sites in Japan and overseas. Capital expenditures for FY2024 totaled 131.7 billion yen, a 17% decrease from the previous fiscal year. Guided by our principle of “Making safety our first priority,” we aim for zero severe industrial accidents. To realize “smart equipment management,” we are linking our equipment management and enterprise resource planning systems to eliminate accidents and operational troubles, thereby stabilizing plant operations, improving productivity, and ensuring stable quality.	**Broad technological expertise and R&D capabilities** Our R&D expenses for FY2024 reached 145.2 billion yen (5.6% of sales revenue), and our patent portfolio comprises 13,540 patents. Backed by our technological expertise in diverse areas, our R&D capabilities form one of our core competencies. Our R&D and intellectual property activities have earned high external recognition, including being selected as a Clarivate Top 100 Global Innovator for four consecutive years.
Strengthening Efforts	**Improving financial standing through cash generation** To ensure financial flexibility, we will continue working to reduce interest-bearing liabilities through cash generation measures, including business restructuring, with the aim of achieving our target D/E ratio in the 0.7x range at an early stage. Prioritizing the strengthening of our weakened financial standing, we will keep investments within the scope of depreciation and amortization expenses and concentrate them in the two growth drivers.	**Enhancing manufacturing by balancing safety and efficiency** Reduction of risks associated with aging equipment and other factors is our top priority. We will promote a series of initiatives using the PDCA cycle by transitioning to data-driven reliability maintenance across all sites. We will also accelerate our existing DX Strategy 1.0 and 2.0 initiatives to build a sustainable manufacturing system that is highly competitive, built on a foundation of robust safety and stability.	**Focused investments and enhancing business competitiveness** We will focus our R&D expenses on the growth driver fields of agrochemical and ICTM, and promote innovative technological development in these areas. In our intellectual property activities, we will pursue a “offense” strategy to build a patent portfolio that creates competitive advantages and a “defense” strategy to protect our business, while also promoting “co-creation and collaboration” with various players. Through these initiatives, we will leverage the strengthening of our intellectual capital to enhance business competitiveness.
References	Financial Data Highlights CFO’s Message	Bolster Competitiveness Leveraging DX Occupational Safety and Health / Industrial Safety and Disaster Prevention (Sustainability Report)	Intellectual Property Strategy Innovation Strategy

Human Capital

- Number of employees
  29,279 people
- Engagement score
  (Positive response rate for engagement-related indicators)
  61%

Diversity and High engagement

Our engagement score for FY2025 stood at 61%, above the average of other companies (59%). Highly engaged and diverse human resources constitute one of our core competencies and serve as a source of our competitiveness. To further strengthen our competitiveness, we are stepping up our efforts, including reviewing our human resource systems and initiatives, toward a target engagement score of 70%.

Securing and developing human resources for sustainable growth

To advance the securing and development of human resources from a long-term perspective, we will diversify recruitment channels and explore human resources measures that respond to changes in the social environment. Furthermore, to support employees in learning and growing on their own initiative, we will promote self-directed career development through initiatives such as systems that allow self-paced skill development and internal side jobs.

Securing and Developing Human Resources
Human Resources Management (Sustainability Report)

Social and Relationship Capital

- Number of consolidated subsidiaries and equity method investees
  195 companies
- Number of overseas sites
  (As of April 1, 2025) 62

Robust global network

As of the end of FY2024, the number of consolidated companies stood at 195, with 62 overseas locations. The global network we have built is one of our core competencies. Furthermore, by conducting numerous community contribution activities both domestically and internationally, we are strengthening our relationships of trust with local communities. By building such positive relationships with our stakeholders, we aim to enhance our corporate social value.

Co-creating and strengthening trust relationships with stakeholders

Both domestically and internationally, we will expand our community contribution activities, including educational support and environmental protection initiatives, to deepen our ties with local communities. We will also prioritize dialogue with stakeholders and ensure highly transparent disclosure of information to strengthen relationships of trust. Through these efforts, we will enhance our social and relational capital, fulfill our corporate social responsibility, and create value together with diverse stakeholders.

Communication with Stakeholders
Respect for Human Rights
Contributions to Communities (Sustainability Report)

Natural Capital

- GHG emissions
  (Scope1+2) 5.55 million tons
- SSS (Sumika Sustainable Solutions)
  ¥554.3 billion

P.66

Conservation and restoration of natural capital to ensure business sustainability

Companies, including ours, utilize diverse forms of natural capital through their business activities. To ensure the sustainability of our business operations, we are promoting the conservation and restoration of natural capital by integrating responding to climate change and promoting recycling resources.

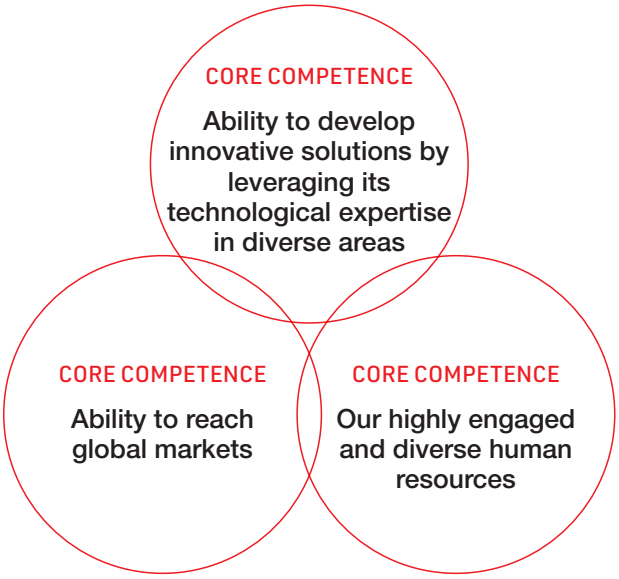
Transition to businesses that reduce environmental impact

We will explore the use of clean fuels and other measures to further reduce GHG emissions, aiming for the sustainable conservation and restoration of natural capital. We will also promote initiatives to restrain the use of virgin materials derived from fossil, such as promoting recycling resources in chemical products like plastics and using bio-based raw materials. In parallel with these efforts, we will accelerate the development and adoption of SSS, further advancing the transition to businesses that reduce environmental impact.

Climate Change Mitigation and Adaptation
Contribute to Recycling Resources
Sustainable Use of Natural Capital

Core Competence

Sumitomo Chemical recognizes three of our core competencies, which we have developed over our 100-year history: “Ability to develop innovative solutions by leveraging its technological expertise in diverse areas,” “Ability to reach global markets,” and “Our highly engaged and diverse human resources”. By making the best use of these resources, we are striving to solve social issues such as environmental and food problems, and to improve people’s quality of life.

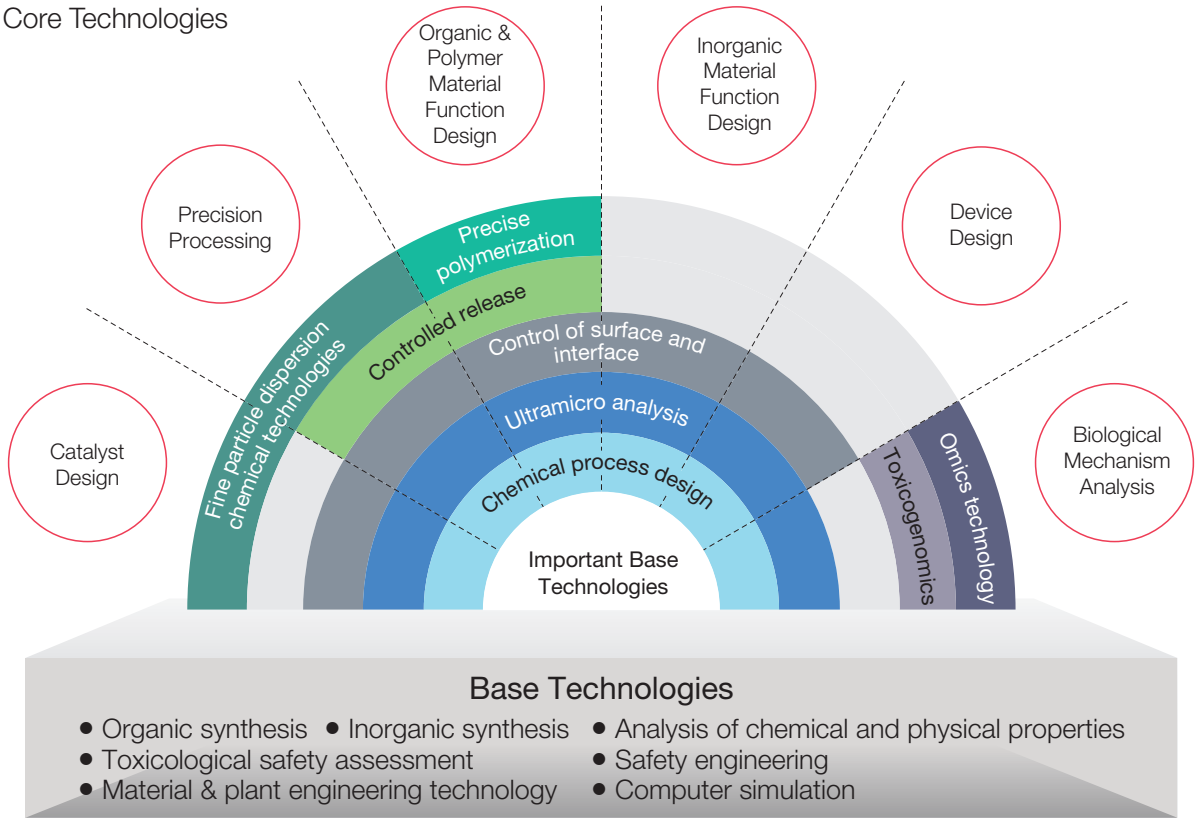


Ability to develop innovative solutions by leveraging its technological expertise in diverse areas

A source for creating new value

Sumitomo Chemical has continued to challenge new areas with its relentless spirit of inquiry and creative technologies. Through our extensive research activities over the years, we have established six core technologies. We are engaged in research and development to create new solutions to social issues and trends around the world by utilizing these core technologies. Based on our belief that “creative R&D is what will build a new era,” we will continue to strengthen our solution development capabilities.

Six Core Technologies



Three X’s and Six Core Technologies

Ability to reach global markets

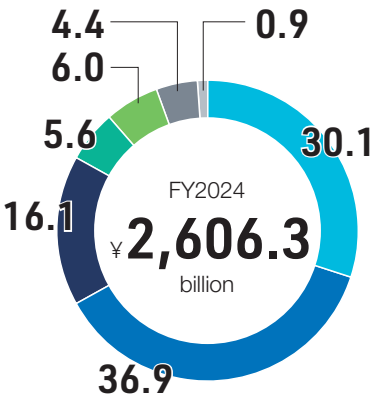
Highly competitive power in global markets

The Sumitomo Chemical Group has expanded its business globally through the combination of best-suited technologies, locations, partners, and human resources, with the aim of strengthening the Sumitomo Chemical brand worldwide. Currently, the Group's overseas sales revenue ratio has reached approximately 70%. We intend to continue to aggressively expand the Group's competitive businesses to markets around the world to achieve sustainable growth.

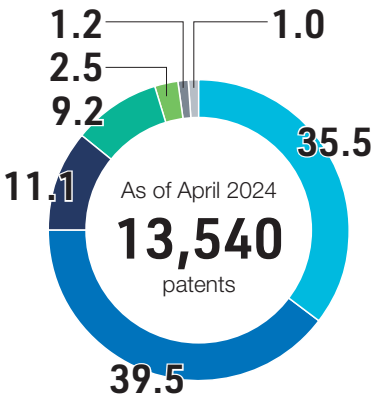
Number of overseas bases
(As of April 2025)
62

Information by Region

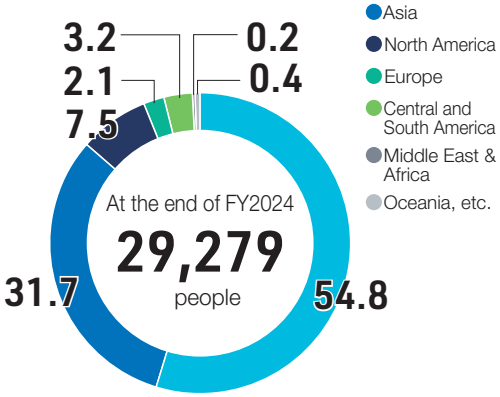
Sales Revenue by Region (%)



Number of patents held by region (SC-only) (%)



Number of employees by region (%)



Our highly engaged and diverse human resources

The power to shape the future

Among our major strengths are a high level of engagement, which reflects the connection between employee mindset and business activities, and the diverse backgrounds of our human resources. A company-wide employee awareness survey conducted in FY2025 showed that 72% of employees felt that the company's future direction, along with the policies and strategies to achieve it, was being shared, indicating progress in embedding the management vision and policies. The positive response rate for these engagement-related indicators was 61%, compared with the average among other companies at 59%. We will continue to enhance our human resource systems and initiatives to further strengthen employee engagement. In addition, we will promote the creation of a workplace where employees can work with enthusiasm and peace of mind, aiming for continued advancement.

Securing and Developing Human Resources

Employee awareness survey at Sumitomo Chemical (FY2025, average for all employees)

Engagement score*

61%

Average among other companies
59%

The company's future direction and the policies and strategies to achieve it are shared.
72%

I am satisfied with working at this company.
71%

*Positive response rate for engagement-related indicators

Three X's and Six Core Technologies

Here, we introduce the three X's and six core technologies that will serve as vital assets for creating new value as we pursue our long-term vision of becoming an Innovative Solution Provider.

Organic & Polymer Material Function Design

By precise control of molecular structures, this technology endows materials with advanced functionality. For example, COMFORMER™ is a heat storage resin that absorbs and releases heat by using the latent heat of phase change, and it is a unique material that can be spun into fibers while maintaining its solid state. This technology overcomes the leakage risk, a challenge of conventional liquid heat storage materials, and enables comfort and energy savings across a wide range of fields, including apparel, construction materials, and automobiles.

Resin-based heat storage material "COMFORMER™"

©Sumitomo EXPO 2025 Promotion Committee

T-shirt using "COMFORMER™"

Catalyst Design

Through the precise design of catalysts that enable highly efficient chemical reactions, we have developed innovative processes that achieve both reduced environmental impact and strong economic performance. One of our key achievements is the propylene oxide-only process, which has received high international recognition. This process utilizes our proprietary, high-performance epoxidation catalyst to deliver a low carbon footprint while maintaining strong competitiveness. We will continue to advance our catalyst design technology as a driving force for shaping a sustainable future.

Propylene oxide manufacturing plant (Chiba Works)

Automobile seats with cushion materials made using propylene oxide as a raw material

Biological Mechanism Analysis

This technology involves elucidating the mode of action at the molecular level in living organisms and serves as a crucial method for the scientific evaluation of chemical safety. Leveraging this expertise, our company has long been engaged in the safety assessment of chemical substances. In particular, safety assessment is indispensable in the development of agrochemicals. By utilizing this technology, we are able to design pesticides with high selectivity for target organisms*, thereby minimizing the impact on the environment and non-target organisms. Through the application of this technology, we are committed to developing products that contribute to sustainable agriculture and to ensuring safe and prosperous lives for people.

*Target organisms: Organisms affected by pesticides (such as pests, pathogens, weeds, crops, etc.)

Various crop protection products, including insecticides and herbicides

Inorganic Material Function Design

This is our proprietary technology for suppressing crystal defects in inorganic compounds and controlling film thickness. Specific examples include highly uniform gallium nitride crystal growth technology developed through metal-organic vapor phase epitaxy (MOVPE), and thick film formation technology achieved using hydride vapor phase epitaxy (HVPE). These technologies provide self-supporting substrates and high-efficiency materials essential for the practical application of 5G communications and power devices, contributing to the realization of a sustainable society.

Compound Semiconductor Materials

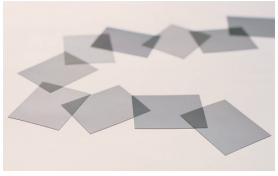
Device Design

Our company has developed proprietary technologies that enable high-performance devices through integrated design capabilities spanning material development, structural design, and manufacturing processes. These technologies are applied to develop touch sensor panels for organic EL displays and transparent LED displays. For touch sensors, we have achieved structural designs that combine thinness, high sensitivity, and flexibility, contributing to next-generation devices such as smartphones. In transparent LED displays, our designs combine high transparency with excellent display performance, contributing to the creation of new markets such as advertising and mobility solutions.

Transparent LED displays

Precision Processing

This technology enables control of material microstructures at the nanoscale, achieving advanced functionality. It has delivered remarkable results in the development and manufacturing of polarizing films, which are essential for liquid crystal displays. By employing advanced precision processing techniques such as coating, stretching, and lamination, we manufacture high-quality polarizing films on a mass scale. This enables us to ensure the stable supply of optical components optimized for high-definition displays in smartphones, televisions, and other devices, thereby contributing to the advancement of the information society.



Polarizing films "SUMIKARAN™"

High-end smartphone (for illustration purposes)

Accumulation

Over **50** Years of Research Achievements (Since the 1970s)

Starting from the Takarazuka Research Institute (1971-1984), biotechnology has been accumulated through research in agrochemicals and pharmaceuticals

Human Resource Strength

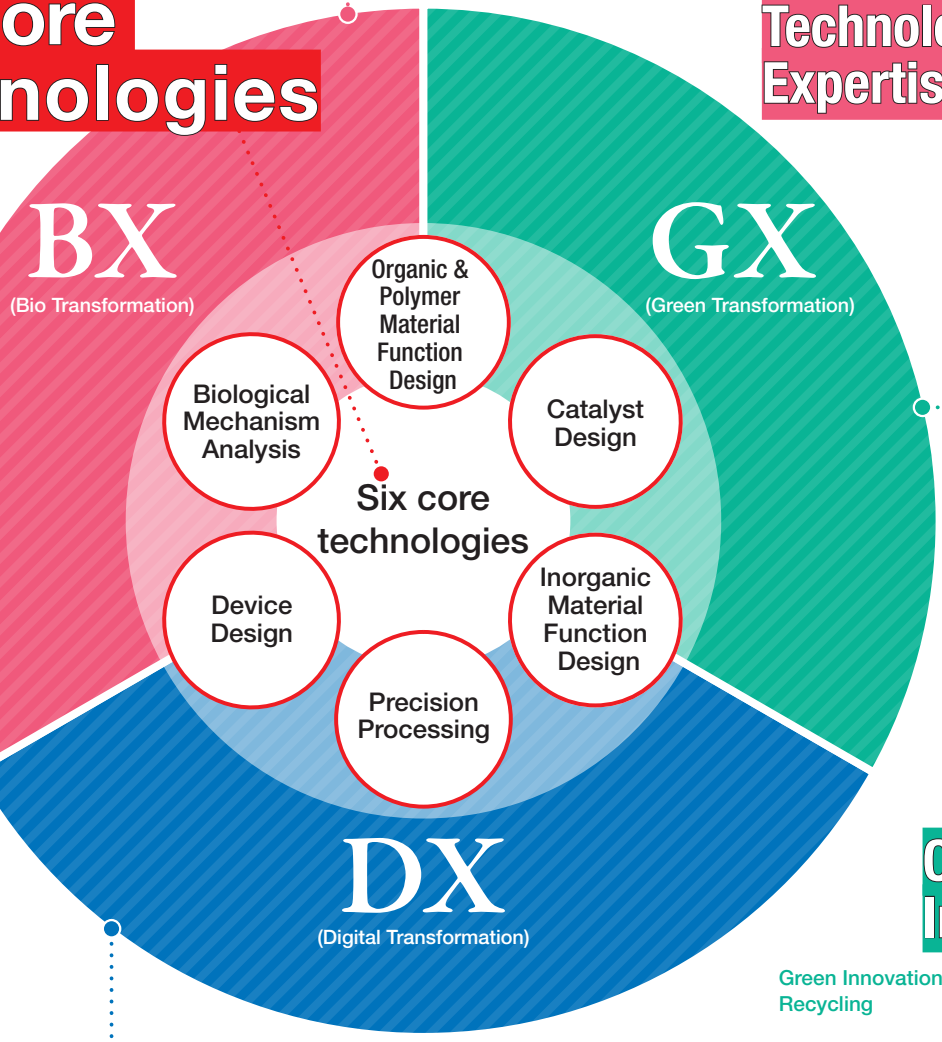
Over **280** PhD in Biotechnology (FY2024)

Actively recruiting PhD level talent with advanced expertise.

Open Innovation

Accelerating collaboration with leading startups (Conagen, Ginkgo Bioworks) to develop high-performance chemicals using synthetic biology.

ore nologies



Technological Expertise

Over **200** BX-related Patent Families

Analytical Techniques	• Biological Mechanism Analysis • Comprehensive Omics Analysis • Microbiome Analysis
Synthetic Techniques	• Development of Biocatalysts
Cellular Techniques	• Early Initiation of ES/iPS Cell Research • Advanced Differentiation Induction Techniques

Promoting Carbon Neutrality

First comprehensive chemical manufacturer to receive SBT certification in 2018.

GHG Reduction Goal for 2030

50% reduction

compared to FY2013 levels.

- Committed to carbon neutrality through both “Obligation” and “Contribution.”
- Achieved a 42% reduction by FY2024.

Open Innovation

Green Innovation (GI) Fund for Chemical Recycling

Approx. **50** billion yen

(project scale)

Development of innovative technologies through industry-academia collaboration
(e.g., Ethanol to Propylene)

Technological Expertise

Catalyst and Process Technology Licenses

Approx. **70**

- Technologies enabling the production of low environmental impact chemicals (e.g., PO-only Process, Hydrogen Chloride Oxidation Process)
- Numerous awards, including the JCIA Technology Award “Grand Prize” (2022)

Accumulation

Over **50** Years of Research Achievements (Since the 1970s)

Developed a drug design system using computational science as early as the 1980s, laying the foundation for computer chemistry and contributing to the advancement of materials informatics (MI).

Technological Expertise

Selected as a Clarivate Top 100 Global Innovator for

4 Consecutive Years

Deepening the Utilization of Informatics (BI, CI, MI) by the Data Scientist Team

Human Resource Strength

DX Core Talent:

Approx.
1,700 People

- Developed through proprietary educational programs
- Enhanced digital literacy across the company through corporate events (DX Repository)

Human Resource Strength

Establishing development centers for technologies that reduce environmental impact (Innovation Center MEGURU)

Innovation Center
MEGURU

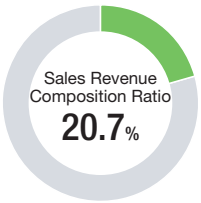
Four Business Areas

In October 2024, we reorganized our five existing business sectors and launched a new four-business-sector structure: Agro & Life Solutions, ICT & Mobility Solutions, Advanced Medical Solutions, and Essential & Green Materials.

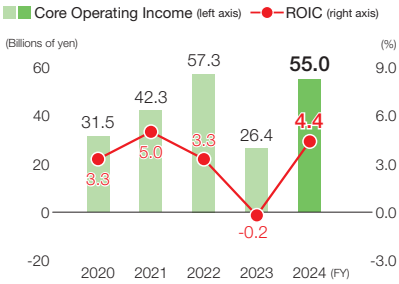
Agro & Life Solutions

Main Products and Services

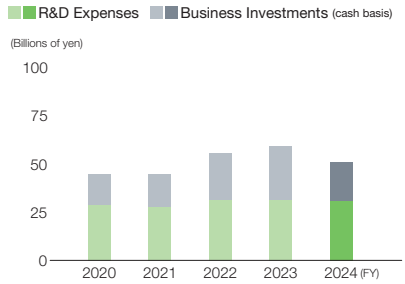
AgroSolutions Business	Environmental Health Business	Animal Nutrition Business
• Chemicals • Biorationals	• Household pesticides	• Methionine



Core Operating Income*1 and ROIC*2



R&D Expenses*1 and Business Investments*1 (cash basis)



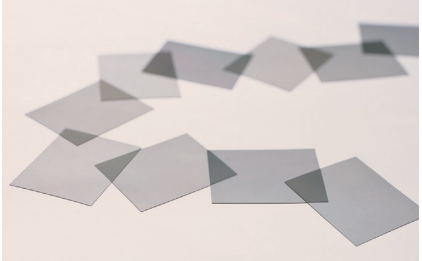
*1 Data up to FY2022 represents Health & Crop Sciences Sector
*2 Data up to FY2023 represents Health & Crop Sciences Sector

Technological base

Superb new product development capabilities in both chemicals and biorationals

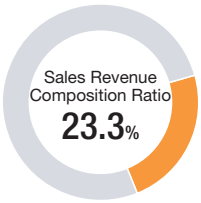
Chemical crop protection			Biorationals		
Organic compound functional design	×	New product development capabilities	Organic compound functional design	×	BX (Natural compound synthesis)

ICT & Mobility Solutions

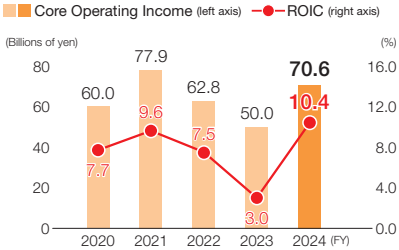


Main Products and Services

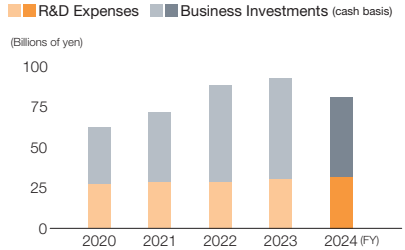
Semiconductor materials-related business	Display Materials-related Business	Mobility-related Business
• Photoresists • Processing chemicals for semiconductors • Compound semiconductor materials	• Polarizing films • Touch-sensor panels	• Super engineering plastics • Resorcinol • High-purity Inorganic materials • Battery separators



Core Operating Income*3 and ROIC*4



R&D Expenses*3 and Business Investments*3 (cash basis)



*3 Data up to FY2022 represents IT-related Chemicals Sector and Energy & Functional Materials Sector
*4 Data up to FY2023 represents IT-related Chemicals Sector and Energy & Functional Materials Sector

Technological base

Deepen core technologies in semiconductor materials and accelerate innovation

Advances in AI and other technologies will require miniaturization and new types of semiconductors

Photoresist			Semiconductor chemicals		
Compounding design Organic synthesis technology	×	Proprietary molecular design Synthesis technologies	High purity and analysis technology supporting cutting-edge	×	Chemical design Process technology

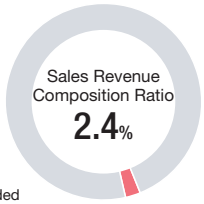
Advanced Medical Solutions

Main Products and Services

CDMO*1 Business

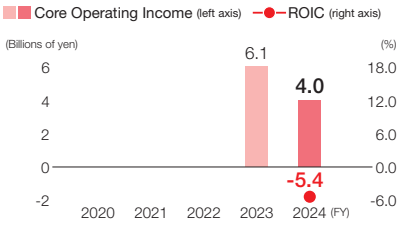
- Advanced small molecule APIs*2 CDMO
- Oligonucleotides*3 CDMO
- Regenerative medicine/cell therapy CDMO

Regenerative Medicine/Cell Therapy Business (R&D)

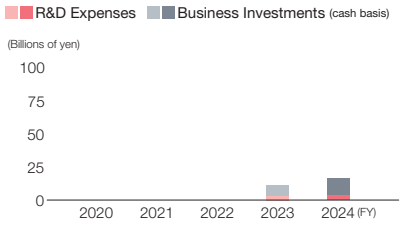


* The expenses related to regenerative medicine/cell therapy (R&D) will continue to be recorded as corporate shared expenses for the time being
*1 CDMO: Contract Development and Manufacturing Organization
*2 APIs: Active Pharmaceutical Ingredients
*3 Nucleic acids required for cutting-edge genome-editing therapies. A typical example is gRNA exceeding 100 mer, which is much longer than typical nucleic acid drugs. The necessity of high-purity products for medical applications has been highlighted.

Core Operating Income and ROIC



R&D Expenses and Business Investments (cash basis)



Technological base CDMO business backed by advanced synthesis capabilities/ Frontrunner in the practical application of iPS cells

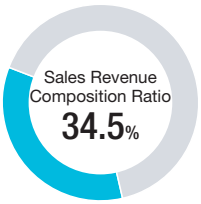
CDMO (Small molecules and oligonucleotides)		Regenerative medicine/cell therapy	
Functional design of organic materials	× Chemical process design	Development and production technologies	× BX (ES/iPS cell technologies)

Essential & Green Materials

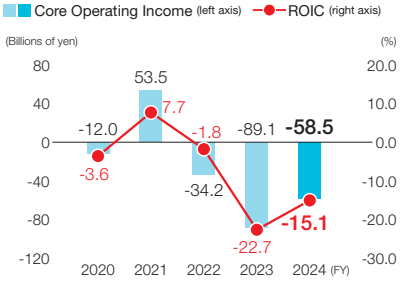
Main Products and Services

Polyolefin Business | Methyl Methacrylate (MMA) Business | Licensing Business

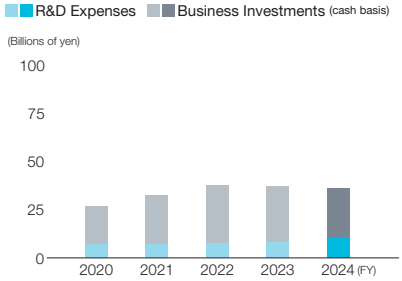
- Polyethylene (PE)
- Polypropylene (PP)



Core Operating Income*4 and ROIC*5



R&D Expenses*4 and Business Investments*5 (cash basis)



*4 Data up to FY2022 represents Essential Chemicals & Plastics Sector *5 Data up to FY2023 represents Essential Chemicals & Plastics Sector

Technological base Accelerate commercialization leveraging catalyst design and other elemental technologies and a wealth of experience in deployment

Licensing Business	Businesses that Reduce Environmental Impact

Others	Sumitomo Pharma (small molecule drug discovery-related), etc.

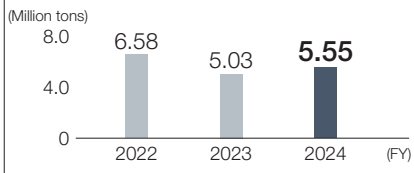
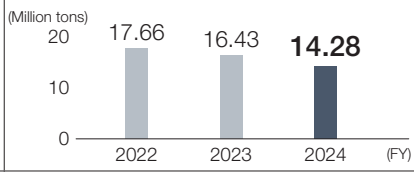
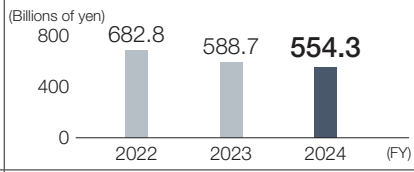
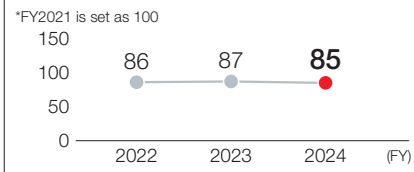
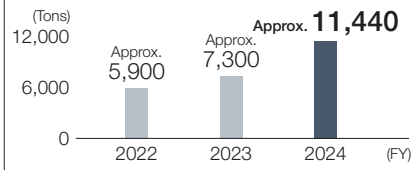
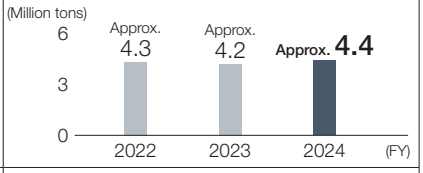
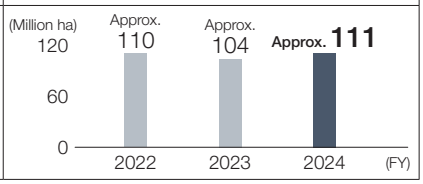
The Material Issues to Be Addressed as Management Priorities and KPI

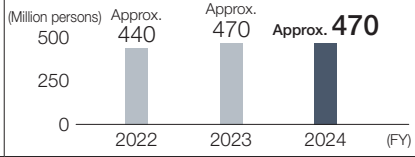
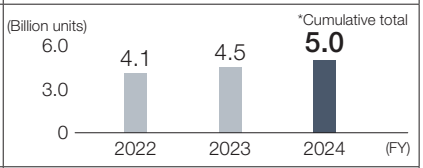
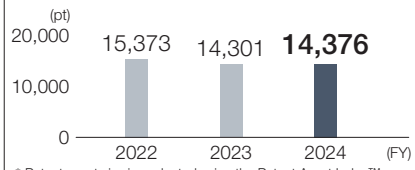
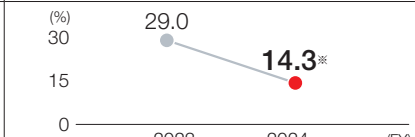
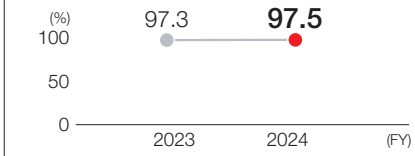
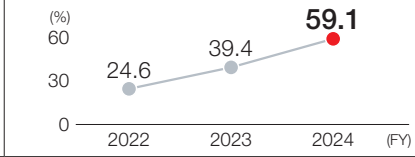
Sumitomo Chemical had identified the material issues to be addressed as management priorities in FY2018. These material issues were identified through deliberation and approval by management based on overall evaluation of the group's contribution to sustainability. And these were reviewed again in FY2021 based on subsequent changes in social conditions. The material issues are classified into "material issues for sustainable value creation" and "foundation for business continuation". Of the "material issues for sustainable value creation", issues that lead to the creation of business opportunities are positioned as "material issues for social value creation", and resources that serve as the driving force for the creation of business opportunities are positioned as "material issues for the creation of future value". Key Performance Indicators (KPI) have been set for each initiative. With the use of KPIs, we will continue to manage and disclose the progress of those initiatives, while also promoting dialogues with stakeholders in and outside the company, to enhance and accelerate our sustainability efforts.

For details on the process of identifying and reviewing key issues, as well as information on each KPI, please refer to the Sustainability Report.

The Material Issues to Be Addressed as Management Priorities (Sustainability Report)

Material Issues for Sustainable Value Creation

		KPI	Targets	Results
Material Issues for Social Value Creation	Contribute to the Environment	Amount of Group's GHG emissions (Scope1 + 2) * Scope1: Direct greenhouse gas emissions from operators themselves (fuel burning and industrial processes) *Scope2: Indirect emissions from purchases of power and heat from outside the factory	Reduce by 50% by 2030 (vs.FY2013) (4.77 million tons)	
		Contribution to reducing GHG emissions throughout the product life cycle (Batteryrelated materials)	Contribution to reducing GHG emissions throughout the product life cycle by developing and supplying products	
		Sales revenue of Sumika Sustainable Solutions designated products **Metrics and Targets (Opportunities)**	Sales revenue of 1,200 billion yen by FY2030	
		Unit energy consumption	Will achieve improvement of 3% or more per each Corporate Business Plan period as a group (FY2021 level as baseline)	
		Number of petrochemical technology licenses (SC only)	Helping to reduce environmental impact through technology licensing	FY2024 13 licenses
		The amount of recycled plastics used in manufacturing processes	200k tons/year by 2030	
	Contribute to the Food Supply	Effect of increasing production of animal protein including poultry	Continuously improving the production of animal protein, including poultry, by developing and providing feed additives	
		Agricultural land area where agrosolution products are used	Ensuring the stable supply of food by developing and providing agrosolution products	

		KPI	Targets	Results
Material Issues for Social Value Creation	Contribute to Healthcare	Number of people protected by vector control products	Protection from vector-borne diseases through the development and dissemination of vector control products such as Olyset™ net	
		Sustainable creation of innovative pharmaceuticals and medical solutions to meet diverse medical needs	Targets and KPIs for Material Issues Click here for details Sumitomo Pharma Website	New Drugs Approved Click here for details Sumitomo Pharma Website
	Contribute to ICT	Number of mobile devices using polarizing films	Advancing technological innovation for diversified workstyles and improved productivity through the provision of materials for mobile devices	
Material Issues for Future Value Creation	Advance Innovation	Patent asset size	Maintain a high level of patent assets	 * Patent asset size is evaluated using the Patent Asset Index™, generated using the patent analysis tool LexisNexis PatentSight™. * The Patent Asset Index™ is an index for comprehensively assessing the status of legally active patents based on quantity (number of patents) and quality (countries of registration and number of citations)
	Bolster Competitiveness Leveraging DX	Digital maturity level	Sustained leveling up of digital maturity	FY2022: 3.5 Points FY2023: 3.7 Points FY2024: – *The achievement level for 12 items, including IT system construction, is evaluated in four stages. Through initiatives that have been ongoing since fiscal 2019, we are seeing a steady increase in our maturity level, including the building of foundational systems. We are therefore reviewing our present KPI and are evaluating new metrics.
	Human Resources DE&I*, Development & Growth, Health * Diversity, Equity & Inclusion	Percentage of employees promoted to managerial positions (equivalent to section manager) filled by female employees (SC only)	Over 15% on average over the 5 years between FY2023 and FY2027	 * Percentage of women among the total number of managerial staff appointed from FY2023 to FY2024
		Percentage of male employees who have taken childcare leave or other childcare-related leave due to birth of a child (SC only)	Over 90% during FY2024	
		Percentage of employees who have taken self-selected training programs, etc. (SC only)	50% or more of all employees by FY2024	
		Maintain certification as a Health & Productivity Management Outstanding Organization (White 500) (SC only)	Maintain certification	Maintained certification over the past 8 years since FY2017 2025 健康経営優良法人 KENKO investment for Health 大規模法人部門 ホワイト500

Foundation for Business Continuation

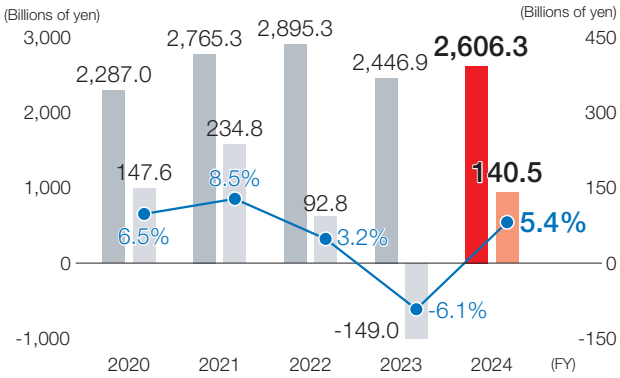
- **Occupational Safety and Health / Industrial Safety and Disaster Prevention**
  - Occupational Safety and Health / Industrial Safety and Disaster Prevention (Sustainability Report)
- **Respect for Human Rights**
  - Respect for Human Rights (Sustainability Report)
- **Compliance**
  - Compliance (Sustainability Report)
- **Product Safety and Quality Assurance**
  - Product Stewardship / Product Safety / Quality Assurance (Sustainability Report)
- **Cybersecurity**
  - Cybersecurity (Sustainability Report)
- **Anti-Corruption**
  - Anti-Corruption (Sustainability Report)

Financial Data Highlights

Sales Revenue (left axis)
Core Operating Income (right axis)
Core Operating Income to Sales Revenue

¥140.5 billion
(Core Operating Income)

vs. FY2023
+¥289.6 billion ↗

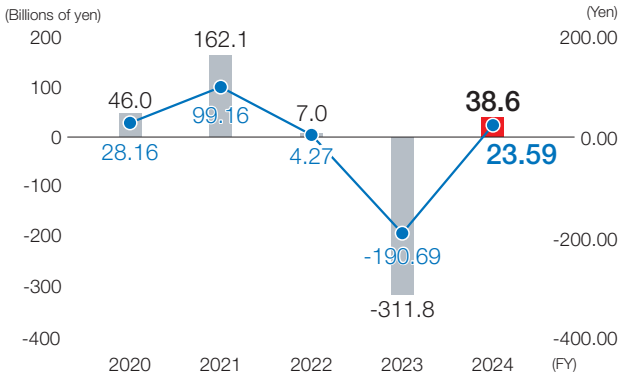


Sales revenue increased by ¥159.4 billion compared to the previous fiscal year, driven by increased pesticide shipments, primarily in South America, within the Agro & Life Solutions Sector, as well as by increased sales of Sumitomo Pharma's three key products. Core operating income improved by ¥289.6 billion compared to the previous fiscal year. This was due to business divestitures under the immediate-term, concentrated measures to improve business performance, increased sales of Sumitomo Pharma's three key products, and reduced fixed costs.

Net Income Attributable to Owners of the Parent (left axis)
Basic Earnings per Share (right axis)

¥38.6 billion
(Net Income Attributable to Owners of the Parent)

vs. FY2023
+¥350.4 billion ↗

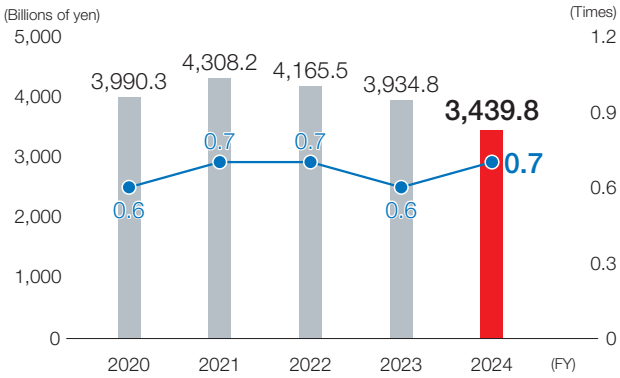


Net income attributable to owners of the parent improved by ¥350.4 billion compared to the previous fiscal year, reaching ¥38.6 billion. This was driven by a significant improvement in core operating income and a substantial decrease in impairment losses.

Total Assets (left axis)
Asset Turnover (right axis)

¥3,439.8 billion
(Total Assets)

vs. FY2023
−¥495.0 billion ↘

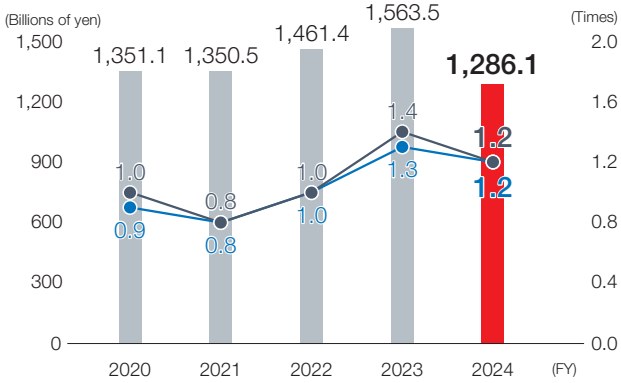


Total assets decreased by ¥495.0 billion compared to the previous fiscal year, reaching ¥3,439.8 billion. This was primarily due to the sale of cross-shareholdings and other assets as part of immediate-term, concentrated measures to improve business performance, as well as reductions in inventories and the write-off of loans to Petro Rabigh.

Interest-bearing Liabilities (left axis)
D/E Ratio*1 (right axis)
Net D/E Ratio*2 (right axis)

¥1,286.1 billion
(Interest-bearing Liabilities)

vs. FY2023
−¥277.4 billion ↘



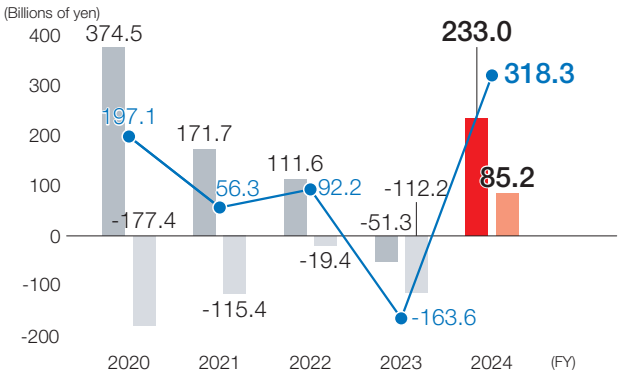
By allocating cash generated through immediate-term, concentrated measures to improve business performance to repay interest-bearing liabilities, the outstanding balance of interest-bearing liabilities decreased by ¥277.4 billion compared to the previous fiscal year.

*1 D/E Ratio=Interest-bearing liabilities/Total equity
*2 Net D/E Ratio=Net interest-bearing liabilities (Interest-bearing liabilities-Cash and cash equivalents)/Equity attributable to owners of the parent

Cash Flows from Operating Activities
Cash Flows from Investing Activities
Free Cash Flow

¥318.3 billion (Free Cash Flow)

vs. FY2023 **+¥481.8 billion** ↗

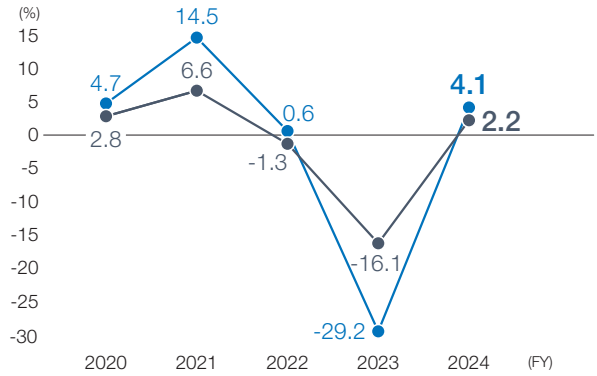


Cash flows from operating activities increased by ¥284.3 billion due to a significant improvement in pre-tax income. Cash flows from investing activities improved by ¥197.5 billion to ¥85.2 billion due to increased proceeds from the sale of cross-shareholdings and business divestitures. As a result, free cash flow improved by ¥481.8 billion to ¥318.3 billion.

ROE ROIC

4.1% (ROE) vs. FY2023 **+33.3pt** ↗

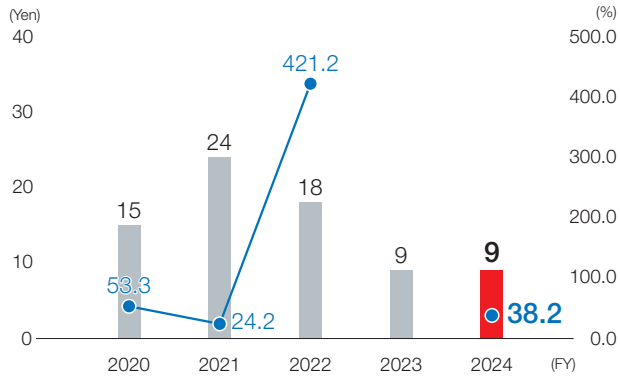
2.2% (ROIC) vs. FY2023 **+18.3pt** ↗



Due to the significant improvement in net income attributable to owners of the parent, both ROE (Return on Equity) and ROIC (Return on Invested Capital) recovered significantly from the previous fiscal year.

Cash Dividends per Share (left axis)
Dividend Payout Ratio (right axis)

¥9 per share (annually) vs. FY2023 **±¥0** →



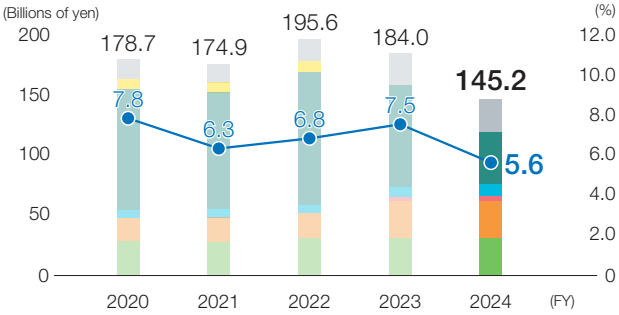
For FY2024, the annual dividend per share was set at 9 yen per share. The dividend payout ratio was 38.2%.

(Note) The dividend payout ratio has not been calculated for FY2023, as we recorded a net loss during this period.

Research and Development Expenses (left axis)
Agro & Life Solutions (Health & Crop Sciences)
ICT & Mobility Solutions (IT-related Chemicals)
Advanced Medical Solutions
Essential & Green Materials (Essential Chemicals & Plastics)
Sumitomo Pharma (Pharmaceuticals) Energy & Functional Materials Others
Ratio of R&D Expenses to Sales Revenue (right axis)

¥145.2 billion (Research and Development Expenses) vs. FY2023 **−¥38.8 billion** ↘

(Note) Data up to FY2022 represents figures prior to the organizational restructuring.



R&D expenses decreased by ¥38.8 billion compared to the previous fiscal year, amounting to ¥145.2 billion. This was primarily due to advancing the selection and concentration of R&D investments at Sumitomo Pharma.

Long-term Vision

Based on the principle of "Jiri-Rita Koushi-Ichinyo," we have defined our long-term corporate vision as becoming an "Innovative Solution Provider." To achieve this, we have identified four societal issues we should address—Food, ICT, Healthcare, and Environment—chosen based on our technological strengths and business assets. We have reorganized our business sectors to address these four issues. We will continuously create innovative solutions and deliver them widely to society by drawing on six core technologies that we have cultivated over more than 100 years of history, and by using the three X's (GX, DX, and BX) born from them as key assets.

Long-term Vision

Innovative Solution Provider

Become a company that leverages innovative technologies to solve society's challenges

Food
Contribute to regenerative agriculture

ICT
Innovate IT

Healthcare
Spread leading-edge medicine

Environment
Reduce environmental impact

Products and services as solutions

- Low environmental impact agrochemicals
- Biorationals and botanical products
- Cutting-edge photoresist and Semiconductor performance chemicals, Polarizers for OLED
- Regenerative medicine & cell therapies
- Small molecule drugs CDMO
- Various GX technologies

Agro & Life Solutions

ICT & Mobility Solutions

Advanced Medical Solutions

Essential & Green Materials

Assets for solutions

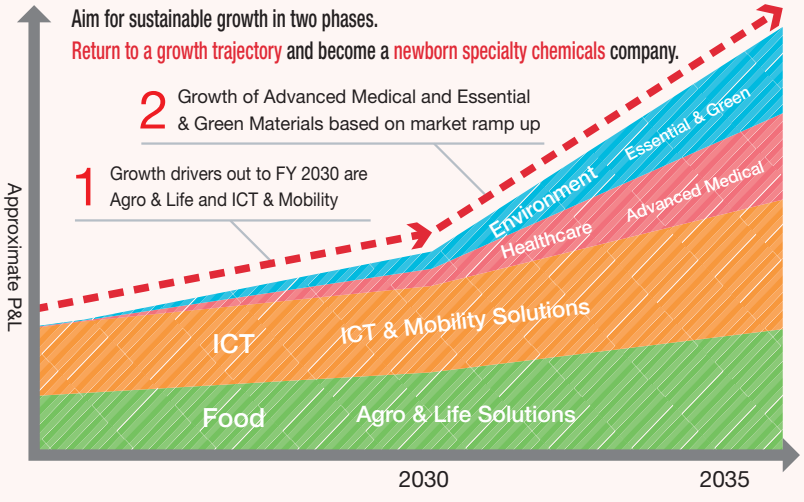
BX -Bio-
DX -Digital-
GX -Green-

6 core technologies

- Biological Mechanism Analysis
- Precision Processing
- Organic & Polymer Material Function Design
- Inorganic Material Function Design
- Device Design
- Catalyst Design

Long-term growth scenario

Until 2030, the Agro & Life Solutions Sector and ICT & Mobility Solutions Sector will drive growth in our portfolio. From 2030 onward, we will introduce solutions in the healthcare and environmental fields to help address the four critical societal issues. These initiatives will put us back on a growth trajectory and help us to remain a prominent global company. As a reborn specialty chemicals enterprise, our focus will be on enhancing sustainable corporate value.



Contributions to Four Key Areas through Our Businesses

We will contribute to address societal issues by offering solutions developed with innovative products and technologies in four key areas, building on our strengths. Our approach to addressing challenges within each of these areas is outlined below.

Contributions in the field of Food

Through the realization of regenerative agriculture, we aim to address challenges such as improving agricultural productivity and solving environmental issues.

Society's challenges

- Growing demand for food driven by population growth
- Stagnant growth in cultivated acreage
- Impact on biodiversity
- Soil erosion and GHG emissions from agricultural activities

We need new and sustainable agricultural systems

Direction for solutions

Realize and spread regenerative agriculture that recovers natural capital while also maintaining and enhancing agricultural productivity

Contributions in the field of ICT

In order to address challenges such as improving energy efficiency, we will contribute to the advancement of next-generation technologies by offering innovative solutions based on our proprietary core technologies and accumulated expertise.

Society's challenges

- Technological development designed to enable the realization of societal reforms
- Increased energy consumption resulting from the spread of generative AI

Advanced technological innovations **Further increased energy efficiency**

Direction for solutions

Fuse our proprietary core technologies and developed know-how to contribute to "new" industrial revolutions driven by total solutions that accelerate customer innovations

Contributions in the field of Healthcare

In response to the growing demand for diverse medical needs and personalized medicine, we will provide regenerative medicine and cell therapy solutions centered on iPS cells.

Society's challenges

- Increase in lifestyle-related diseases
- Multiple comorbidities in aging society
- Individual differences in treatment effects
- Progression of resistance to medicines

Supporting diversification of medical needs **Supporting individualized medicine**

Direction for solutions

- Development of cutting-edge medical technologies such as regenerative medicine & cell therapies
- Supporting diverse treatment and pharmaceutical modalities
- Longer life spans and enhanced quality of life

Contributions in the field of Environment

Our goal is to implement technologies that reduce environmental impact on a social level, such as recycling and biomass usage.

Society's challenges

- Greenhouse gas emissions (during manufacture and incineration)
- Depletion of petroleum resources
- Release of plastics into the ocean

We need technologies that can leverage diverse carbon sources in a circular manner including recycling and biomass

Direction for solutions

Establish and spread chemical products manufacturing technologies that achieve a reduced environmental impact, including mechanical recycling, high-efficiency chemical recycling, and the use of biomass

CFO's Message

Endeavoring to Enhance Corporate Value From Both the Perspectives of Financial Soundness and Sustainable Growth

Representative Director & Senior Managing Executive Officer
Keigo Sasaki

Doing Everything to Achieve Sustainable Business Growth Following a V-Shaped Recovery

Balancing Financial Soundness and Growth Investment

I have built my career mainly in accounting, finance, and corporate communications, and I have also served as General Manager of Corporate Planning Office from this fiscal year. I am responsible for everything from formulating management strategies to sharing information with external parties. As the person responsible for the supervision of Corporate Communications and Finance, I have many opportunities to interact with shareholders, investors, and the media, which has allowed me to gain insight into how people outside the company perceive us. Through such communication with market participants, I have developed the ability to see things from the perspective of investors. Drawing on my experience up until now, I will formulate management strategies that will enable the Company to achieve sustainable growth, while remaining sufficiently aware of external evaluations and expectations.

With a long career in accounting and finance, I tend to be more aware of defense, which can lead to a cautious stance toward investment with an emphasis on risk. However, while financial soundness is an urgent issue for our company, investment for future growth is also essential, so I intend to strike a balance between the accelerator and the brakes so as not to stifle growth by focusing too much on the finances, thereby achieving both financial soundness and sustainable growth.

Achieved a V-Shaped Recovery in FY2024 by Overcoming the Crisis

Since FY2022, the performance of Petro Rabigh, a joint venture with Saudi Aramco, and Sumitomo Pharma, a consolidated subsidiary, has deteriorated significantly. In FY2023, Sumitomo Pharma recorded impairment losses on some of its pharmaceutical patents due to poor sales, and the petrochemical business also recorded impairment losses, resulting in a consolidated net loss of over 300 billion yen. Amid this crisis, we launched immediate-term, concentrated measures to improve business performance and fundamental structural reform from mid-FY2023.

Under former President Iwata's leadership, company-wide efforts for V-shaped recovery delivered a consolidated net profit of 38.6 billion yen in FY2024, an improvement of roughly 350 billion yen from FY2023. In addition, although our balance sheet and business portfolio have improved significantly, they are still not yet at a satisfactory level, and we recognize that further recovery and reinforcement are necessary. Fundamental structural reforms continue, and we will accelerate efforts to return to a growth trajectory.

Reorganized into Four Business Sectors and Clarified Positioning

Despite Increasing Uncertainty, We Will Improve Results with Momentum from a V-shaped Recovery

The world is currently buffeted by U.S. high-tariff policies, and geopolitical risks remain unresolved, resulting in greater uncertainty than ever before. However, we have faced many uncertainties in the past, and I consider it our responsibility to carry out fundamental structural reforms and strive for profit growth, regardless of the circumstances. We will maintain the momentum gained from the V-shaped recovery through immediate-term, concentrated measures to improve business performance and steadily achieve further performance growth.

Concentrating Management Resources on Two Growth Drivers

Under the slogan "Leap Beyond: Return to a growth trajectory," our current Corporate Business Plan sets financial targets for the final fiscal year of FY2027, including core operating income of 200 billion yen, ROE of 8%, ROIC of 6%, and a D/E ratio of 0.8 times. One of the five basic directions for achieving these targets is "upgrading the Company's business portfolio with new growth strategy."

First, we have reorganized our business segments into four business sectors aligned with the themes we have long identified as social challenges: Food, ICT, Healthcare, and Environment. Furthermore, we have clarified the positioning of each business sector, designating Agro & Life Solutions (AGL) and ICT & Mobility Solutions (ICTM) as near-term growth drivers, while developing Advanced Medical Solutions (ADM) and Essential & Green Materials (EGM) from a long-term perspective.

We will concentrate management resources such as capital investment and R&D investment on these two growth drivers, and allocate approximately 80% of strategic investments to these two segments during the current Corporate Business Plan period. AGL sells biorational products such as naturally-derived microorganism-based protection products in North and South America, and there is significant potential for expanding sales channels in Europe and other regions worldwide. The Company has acquired overseas manufacturers of natural agricultural materials, and we will continue to strengthen the business with M&As in view. We are also developing new crop protection chemicals with lower environmental impact. In addition, ICTM is focusing on expanding its manufacturing facilities for semiconductor-related businesses and expanding business areas. We are building a semiconductor chemical factory in the United States to pursue business development in that country, and we have also begun to move into the growing Indian market.

Furthermore, as part of our portfolio enhancement measures, we plan to establish an Business portfolio review committee. By building a framework under which the committee's deliberations are reported to the Board of Directors on an ongoing basis, we will sustain discussion in light of changes in the external environment and flexibly revise the portfolio. In FY2024, every division across the Group tackled business restructuring with a firm commitment to achieving a V-shaped recovery, but what is essential is that we continue to foster a shared understanding across the company of the need to constantly review our business portfolio. As General Manager of the Corporate Planning Office, I will continue to lead the enhancement of our portfolio.

Improving Financial and Capital Efficiency Through ROIC-Oriented Management, Disciplined Growth Investment, and Financial Soundness

Reinforcing ROIC-Oriented Management to Improve Investment Efficiency

In the current Corporate Business Plan, "improving financial and capital efficiency" is also a basic policy, and as a measure to achieve this we will pursue our long-standing ROIC-oriented management more forcefully. In order to reduce interest-bearing debt and strengthen our financial position, we have no choice but to generate profits with less capital investment, and we need to reinforce ROIC-oriented management. Thanks to measures such as immediate-term, concentrated measures to improve business performance, in FY2024 we succeeded in reducing invested capital by about 20% from the end of FY2022, but it remains necessary to institutionalize more efficient business operations.

In the current Corporate Business Plan, we are focusing on two factors: optimizing invested capital and strengthening earning power. For optimizing invested capital, we aim to complete over the next three years the fundamental structural reforms that remain an ongoing task. At the same time, we plan to dispose of low-profit assets and reduce inefficient operations within the headquarters section. Regarding strengthening earning power, we will work to launch and expand sales of new products at AGL, as mentioned earlier, and expand semiconductor-related businesses at ICTM.

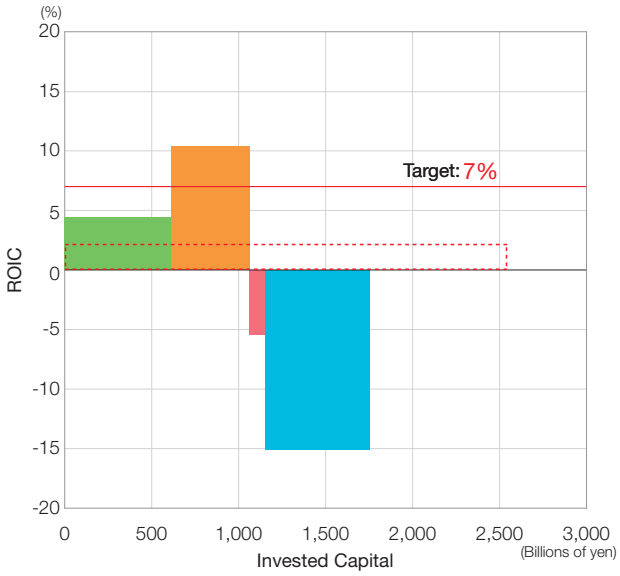
Enhancing Investment Discipline and Achieving Financial Soundness

In pursuing our Corporate Business Plan, we focus on disciplined growth investment. We are also beginning to review our investment review process by analyzing past impairment cases and building a system that can respond swiftly and flexibly when signs emerge that could affect investment assumptions. At the same time, it is important not only to hit the brakes but also to press the accelerator at the appropriate moments, and for investments necessary for future growth, we will provide full support within a range that preserves financial soundness, while taking into account our earnings performance and cash-flow position.

In parallel with disciplined growth investment, we will continue to focus on strengthening our financial position and reducing interest-bearing debt. Under the current Corporate Business Plan, we aim to bring the D/E ratio down to the 0.8 times range by holding capital expenditures and investments to 450 billion yen (within the level of depreciation) and by generating 200 billion yen in cash through business restructuring and working-capital improvements.

The chemical industry requires significant expenditures to maintain and renew facilities, while investment in growth areas is also essential. We also intend to actively pursue shareholder returns from the perspective of distributing profits to our shareholders. Considering these varied uses of funds comprehensively, it is extremely important to maintain flexible funding capacity to respond effectively to changes in the business environment and diverse funding needs, and we will continue working to further strengthen the financial soundness that underpins that capacity.

Invested capital by business sector, ROIC (FY2024 results)



Working to Improve Capital Efficiency in Order to Enhance Corporate Value

Heightening Our Awareness of the Cost of Capital in a World with Interest Rates

Judging from indicators such as PBR, our stock price remains undervalued. I view this as a result of our capital efficiency improvements still being a work in progress, and our performance not yet meeting the expectations of our investors. Even in FY2024, when we achieved a V-shaped recovery in earnings, ROE was only around 4%. It is desirable for investors that ROE exceeds the cost of capital, and to achieve this, it is necessary to implement measures both to improve ROE and to reduce the cost of capital.

We aim to improve ROE by enhancing profitability through the improvement in ROIC described above. Regarding the cost of capital, we consider that fluctuations in performance due to market conditions are having a negative impact, and we will stabilize performance by transforming our business portfolio to reduce the cost of capital. Moreover, we consider it extremely important to continue constructive dialogue with our stakeholders, including shareholders and investors, and through this dialogue, we will strive to reduce the cost of capital by deepening their understanding of our future vision and management policies. Beyond that, dialogue with external parties helps us recognize issues that internal discussions alone may not fully reveal, which will lead to better management decisions.

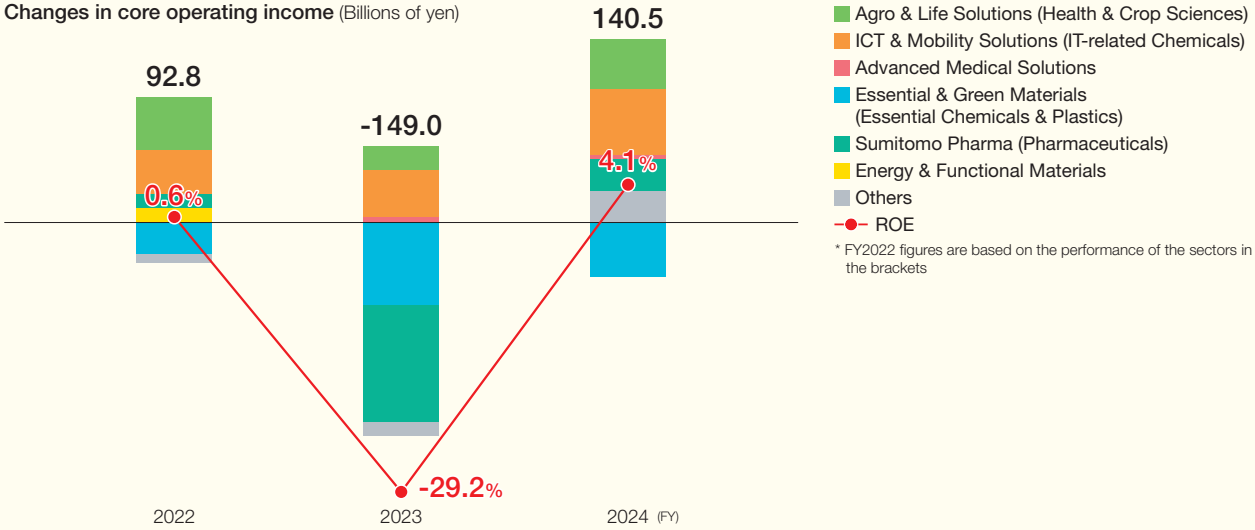
We recognize that heightening our awareness of the cost of capital and improving capital efficiency are more important than ever in a world with interest rates. We consider the period from now, following our V-shaped recovery, to be a critical phase, and we will strive to meet the expectations of our shareholders by ensuring the achievement of the Corporate Business Plan starting this fiscal year and realizing sustainable growth in corporate value.

FY2025-2027 Corporate Business Plan

—Review of the previous Corporate Business Plan (FY2022-2024)—

The performance of Petro Rabigh, an equity-method affiliate, has deteriorated significantly since FY2022, due to sluggish petroleum refining margins and petrochemical product trading conditions. In addition, at our subsidiary Sumitomo Pharma, sales of Latuda (an atypical antipsychotic and a blockbuster product) declined significantly following the expiration of its exclusive sales period, resulting in the Company recording its largest-ever loss in FY2023. In FY2024, we carried our business restructuring following the immediate-term, concentrated measures to improve business performance and implemented fundamental structural reforms to rebuild Petro Rabigh and Sumitomo Pharma. This has led to an increase of core operating income of approximately 290 billion yen from FY2023, achieving a V-shaped recovery.

Changes in core operating income (Billions of yen)



* FY2022 figures are based on the performance of the sectors in the brackets

Factors Behind the Performance Deterioration and Our Response

Both external and internal factors contributed to the deterioration in performance. External factors included the accelerated commodification of technologies beyond expectations and the construction of new and expanded large-scale plants in China and other countries. Internal factors included the dispersion of management resources as all five business sectors sought growth, and a lack of discernment and development capabilities in pharmaceuticals. In light of these factors, we have promptly implemented a series of measures. First, we implemented the immediate-term, concentrated measures to improve business performance scheduled for completion in March 2025, and the fundamental structural reforms. Through these initiatives, we focused on strengthening our financial standing through cash generation, while also formulating a long-term strategy for sustainable growth, including setting out the Company's long-term vision. In the Corporate Business Plan launched in FY2025, we also identified concentration of resources in growth drivers, strengthening of investment governance, and thorough re-implementation of ROIC-oriented management as our basic directions.

Factors behind the performance deterioration		Structural reforms measures and initiatives incorporated in the current Corporate Business Plan
External factors	Accelerated commodification of technologies	Business rebuilding: Shrink commodity businesses (Commodity P&P, large LCD polarizers, methionine)
	Major new plants in China	Revival strategy: Review drug development pipeline
	Increasing difficulty of new drug development	Revival strategy: Re-position Sumitomo Pharma
Internal factors	Management resources spread across diversified business	New growth strategy: Concentrate resources in growth drivers
	Insufficient focus and development capabilities in pharmaceuticals	New growth strategy: Strengthen investment governance
	Insufficient competitiveness in growth drivers	New growth strategy: Thoroughly re-implement ROIC-oriented management

Immediate-term, Concentrated Measures to Improve Business Performance

To achieve a V-shaped recovery in FY2024 and to strengthen our financial standing for fundamental structural reforms, we launched in the fall of 2023 the immediate-term, concentrated measures to improve business performance, which comprised business restructuring, reduction of inventories, more selective investments, and the sale of other assets.
In the area of business restructuring, we applied the best owner perspective to noncore business dispositions, and in the area of achievement of more selective investments, we narrowed down the list of investment projects from the initial plan. We also worked on cash generation by reducing inventory through DX, selling cross-shareholdings and health and wellness facilities, and using group finance.
These efforts resulted in progress exceeding expectations. We generated 700 billion yen in cash while the initial target was 500 billion yen. This enabled us to reduce interest-bearing liabilities far more than the initial forecast.

Results over 2 years (FY2023～2024)

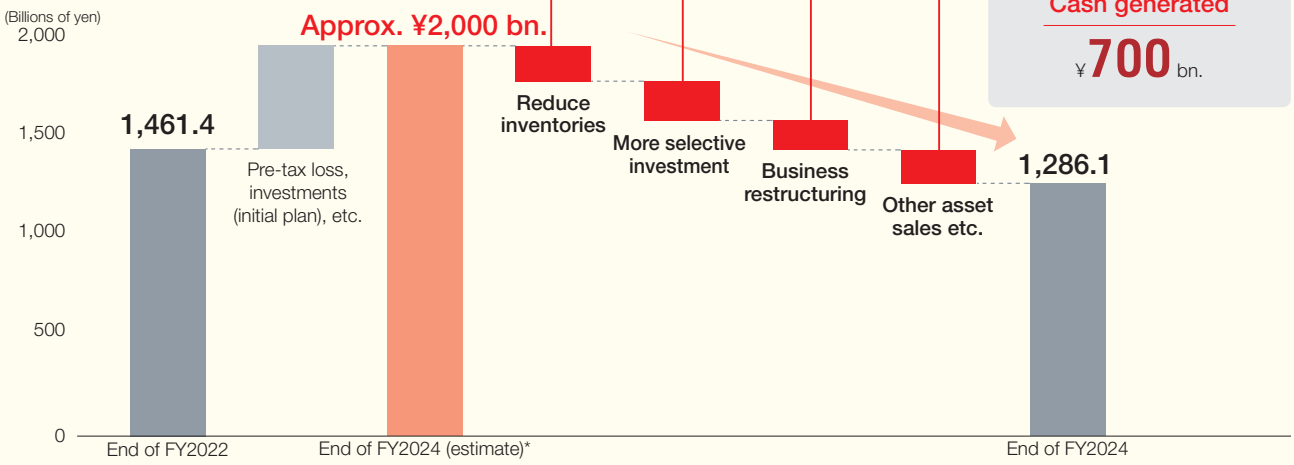
Reduce inventories
¥180 bn.
Balance of inventories
¥800 bn.
▼
End of March 2025
¥625.2 bn.

More selective investments
¥200 bn.
FY2022-2024 cumulative investment plan (cash basis)
¥700 bn.
▼
Reduced to ¥500 bn.

Rebuild businesses
¥150 bn.
Apply best owner perspective to business dispositions
✓ Nihon Medi-Physics Co., Ltd.
✓ Sumitomo Bakelite Co., Ltd.
✓ Engineering subsidiary, etc.

Other asset dispositions etc.
¥170 bn.
✓ Disposition of cross shareholdings
✓ Disposition of health and wellness facilities
✓ Leverage surplus funds

Interest-bearing liabilities



Cash generated
¥700 bn.

*Theoretical value assuming we had never implemented the immediate-term measures to improve business performance.

Fundamental structural reforms (Revival Strategy)

Under the Revival Strategy, we worked on rebuilding of Sumitomo Pharma and Petro Rabigh and restructuring of the petrochemical business.
Sumitomo Pharma is focusing on sales expansion of the three key products while working on cost reduction. Regarding Petro Rabigh, we have reached an agreement with Saudi Aramco on a financial restructuring plan. In petrochemical business restructuring, we have reached an agreement with Maruzen Petrochemical on the optimization of the upstream ethylene plant in Japan.

■···Response

Sumitomo Pharma
- Measures to stop the bleeding
- 3 key products
  - Small molecule drugs (drug discovery)
  - Rebuilding aimed at sustainable growth

Petro Rabigh
- Financial restructuring
- Measures to improve earnings

Petrochemical business restructuring
- Japan upstream (cracker)
- Japan downstream (polyolefins)
- Singapore

FY2025-2027 Corporate Business Plan

—Company-Wide Management Strategies—

Our goal is to become an Innovative Solution Provider that delivers solutions developed with innovative products and technologies to address issues faced by society. As the first step in the Corporate Business Plan starting in FY2025, we adopted the slogan "Leap Beyond—Return to a growth trajectory—." Guided by this, we will advance initiatives aligned with five basic directions of the Plan, including upgrading business portfolio with new growth strategy, building greater resilience by executing continued structural reforms, and improving financial and capital efficiency. Through these efforts, we aim to return to a growth trajectory and achieve sustainable growth.

Slogan

Leap Beyond

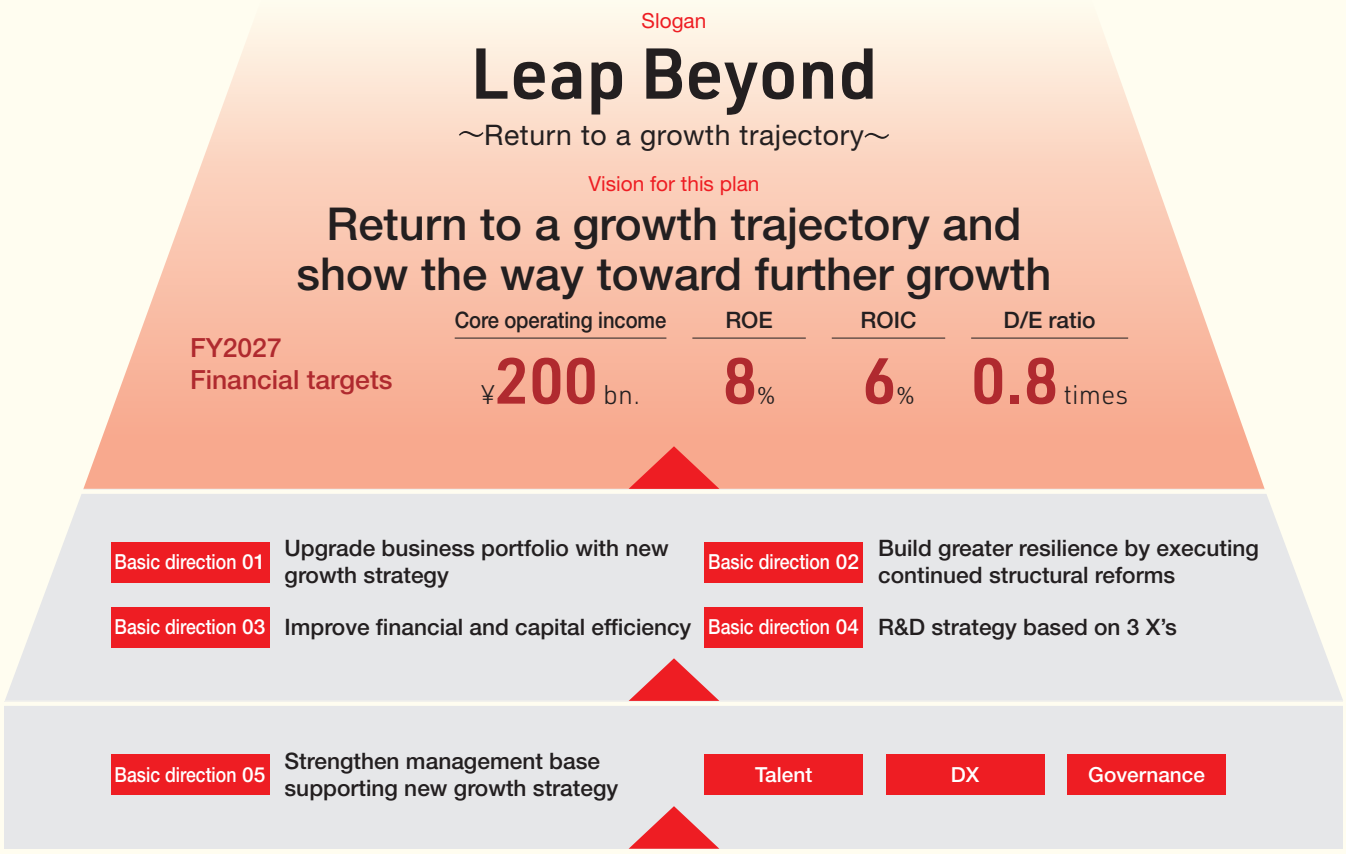
(Leap higher, beyond today)

～Return to a growth trajectory～

What the slogan means to us

This slogan embodies our aspiration to leap higher with new ideas, which take us beyond conventional businesses, technologies, and ways of thinking, return to a growth trajectory, and then achieve sustainable growth. It describes our determination to achieve sustainable growth and value creation by continuing to pursue innovation as a reborn Sumitomo Chemical.

Overview



FY2027 performance target

Our financial targets for FY2027 are core operating income of 200 billion yen, net income attributable to owners of the parent of 100 billion yen, an ROE of 8%, and an ROIC of 6%. By advancing initiatives in line with the five basic directions set out in the Corporate Business Plan, we will ensure that we achieve these targets and strive for further growth.

(Billions of yen)

	FY2024 result	FY2027 target	Change
Sales Revenue	2,606.3	**2,400.0**	-206.3
Core Operating Income	140.5	**200.0**	59.5
Net Income Attributable to Owners of the Parent	38.6	**100.0**	61.4
ROE	4%	**8%**	4pt
ROIC	2%	**6%**	3pt

FY2027 core operating income target by sector

The core operating income target by sector is 80 billion yen for Agro & Life Solutions and ICT & Mobility Solutions. These sectors will be the growth drivers to drive corporate business performance.

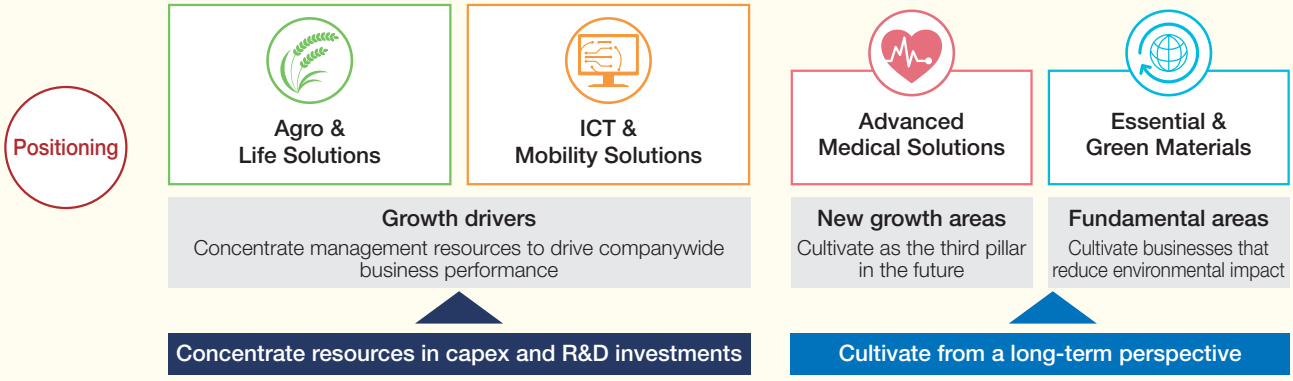
(Billions of yen)

	FY2024 result	FY2027 target	Change
Agro & Life Solutions	55.0	**80.0**	25.0
ICT & Mobility Solutions	70.6	**80.0**	9.4
Advanced Medical Solutions	4.0	**10.0**	6.0
Essential & Green Materials	-58.5	**25.0**	83.5
Sumitomo Pharma	35.3	**5.0**	-64.5
Head office and others	34.2		
Total	140.5	**200.0**	59.5

Basic direction 01 Upgrade business portfolio with new growth strategy

We reaffirmed the positioning of each business sector within the corporate portfolio. We positioned Agro & Life Solutions and ICT & Mobility Solutions as near-term growth drivers and will allocate management resources, including capital expenditures and R&D, to these businesses.
At the same time, we will develop Advanced Medical Solutions as a new growth area and nurture it into the third pillar of earnings in the future. Essential & Green Materials will undertake a major shift from petrochemicals to businesses that reduce environmental impact. These two sectors are positioned to be developed with a long-term perspective, in view of the time required for market establishment and technology development.

Upgrade business portfolio by clarifying the positioning of each sector and appropriately allocating resources



Concentrate resources in growth drivers

Business investments (capex, loans and investments)

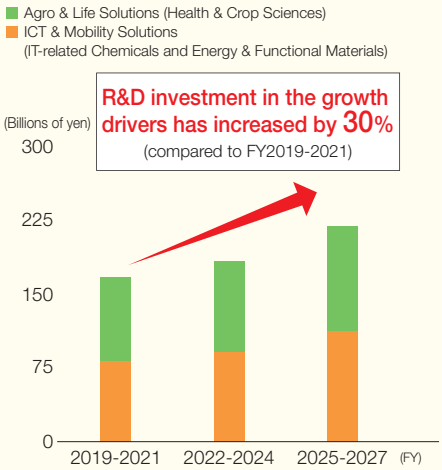
With an emphasis on financial discipline, we plan to invest 450 billion yen over the three-year period, kept within the range of depreciation and amortization expenses.

Of the 450 billion yen, 230 billion yen has been earmarked for strategic investments, concentrated in the two growth drivers. We will actively allocate capital, with M&A also considered as an option.

R&D investments

Technological development capability plays a more important role in the agrochemical and ICT sectors than traditional commodity sectors. In the current Corporate Business Plan, we are concentrating R&D expenses on the two growth drivers: advancing the development of new agents in the agrochemical sector and next-generation products in the ICT sector.

R&D investment in the two growth drivers



(Note) Data up to FY2022 represents the performance of the segments in the brackets

Main R&D themes

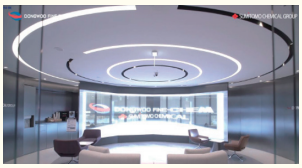
Agro & Life Solutions

- Contribute to regenerative agriculture (no-till farming, carbon storage)
- Accelerate the drug development of next-generation pipeline
- Expand countries where B2020 & A2020 are registered
- Differentiate biorationals and expand botanicals

ICT & Mobility Solutions

- Develop cutting-edge photoresists such as organic molecular resist
- Upgrade quality and productivity of high-purity chemicals
- Develop semiconductor back-end process materials
- Create long-term earnings stream from OLED and automotive polarizers

Agro & Life Solutions Research Center



Pangyo Next Generation Center (South Korea)
Opened October 2024

Basic direction 02 Build greater resilience by executing continued structural reforms

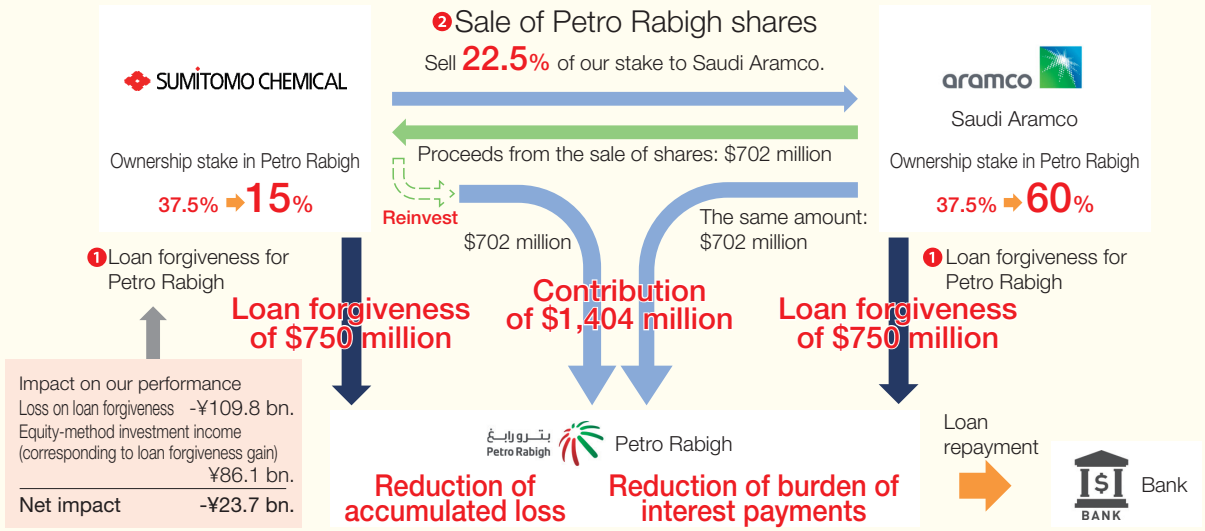
Petro Rabigh

Financial improvement plan

To improve the financial condition of Petro Rabigh, a joint venture with Saudi Aramco, ❶ Sumitomo Chemical and Saudi Aramco implemented a waiver of loans extended to Petro Rabigh in FY2024. (On a consolidated basis, we recorded a loss of approximately 24 billion yen, reflecting the loss on loan forgiveness and the gain on loan forgiveness recorded by Petro Rabigh, which was reflected in our equity-method investment income.) In addition, ❷ we have decided to sell a por-

tion of the Petro Rabigh shares we own and contribute the proceeds to Petro Rabigh. As a result, Petro Rabigh's interest-bearing liabilities are expected to decrease, significantly reducing its interest payment burden. At the same time, the sale of shares will lower our equity stake from 37.5% to 15%, making Saudi Aramco the largest shareholder with a 60% stake. Through these actions, we will strengthen Petro Rabigh's business foundation and implement various initiatives to strengthen earnings power under the leadership of Saudi Aramco.

Overview of the Petro Rabigh financial improvement plan



Tasks	Key action plans of the current Corporate Business Plan
Strengthening earnings power (near term)	**Execute the following near-term measures focused mainly on strengthening earnings power of petroleum refinery** ✓ Increase olefin production through de-bottlenecking of ethane cracker and HOFCC ✓ Strengthen feedstock competitiveness by changing crude oil types, etc. ✓ Measures to reduce sulfur content and increase margins in petroleum refinery products ✓ Continue to implement measures aimed at strengthening plant reliability, enhancing utilization rates and otherwise improving earnings
Strengthening earnings power (medium-to-long term)	**Accelerate studies of mid- to long-term measures, including upgrades to petroleum refinery equipment**

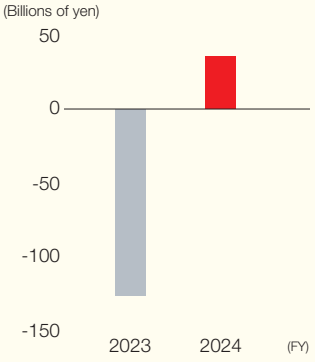
Sumitomo Pharma

In FY2024, Sumitomo Pharma achieved a significant recovery from the substantial loss of FY2023 and returned to profitability. This recovery was attributable to the sales expansion of the three key products, as well as steady progress in cost reduction initiatives, including organizational restructuring and curbing of investments.

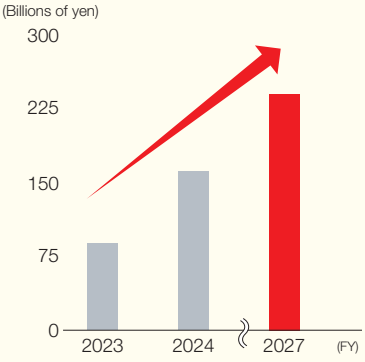
Sales of the three key products are expected to continue expanding and reach the mid-200 billion yen range in FY2027. Leveraging these cash inflows to repay interest-bearing liabilities, we will further strengthen the company's financial standing.

With regard to Sumitomo Pharma's small molecule drug discovery business, we will consider all options that contribute to the company's sustainable growth, based on the recognition that synergies with chemical business are limited.

Changes in Sumitomo Pharma's core operating income



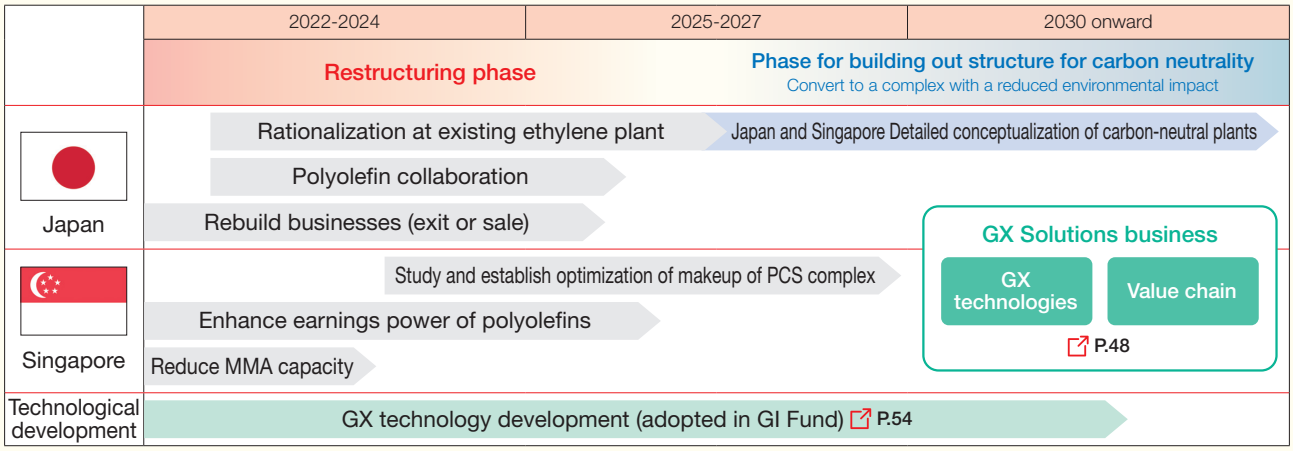
Sales of the three key products



Restructuring of the petrochemical business in Japan and Singapore

As part of restructuring efforts for the upstream petrochemical business in Japan, we reached an agreement with Maruzen Petrochemical on the optimization of operations, including changes to the product off-take ratio, to improve the utilization rates and competitiveness of Keiyo Ethylene. In the downstream petrochemical business, we will steadily pursue collaboration in the polyolefin business and reorganize and rationalize unprofitable and non-core businesses. In Singapore, we will proceed with an examination of optimizing the configuration of the PCS complex and implement measures to enhance earnings power of the polyolefin business.

Alongside structural reforms, we will pursue the materialization of the future vision for the Keiyo Coastal Industrial Complex and new business model concepts, all premised on carbon neutrality.

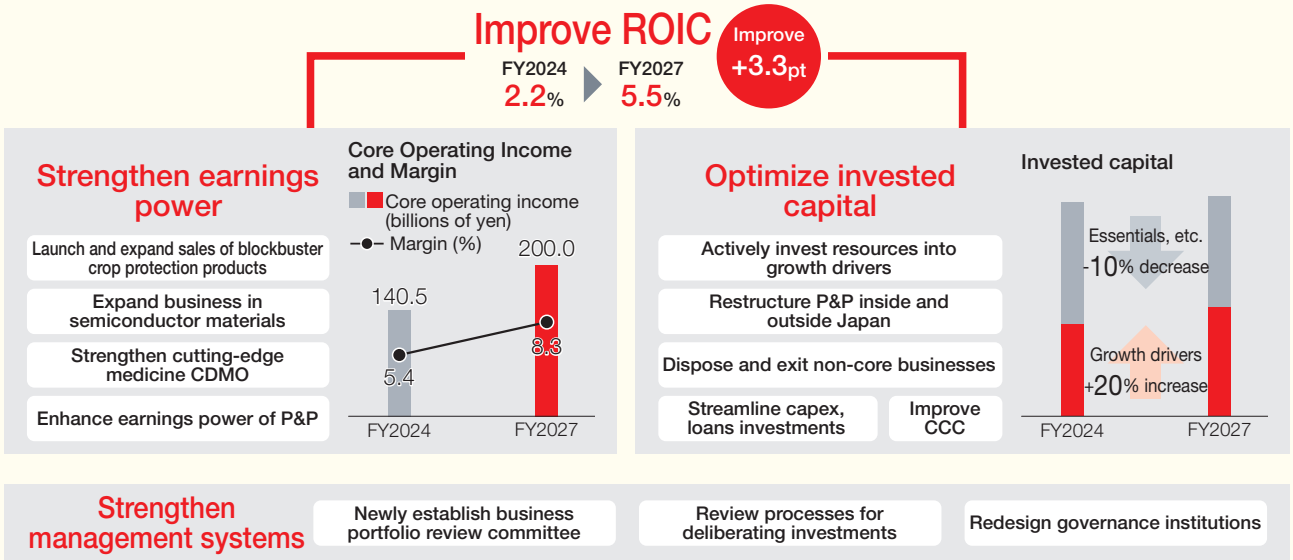


Basic direction 03 Improve financial and capital efficiency

Thoroughly re-implement ROIC-oriented management

We aim to achieve an ROIC of 6% in FY2027 through measures to strengthen earnings power and optimize invested capital. To strengthen earnings power, we will launch and promote blockbuster crop protection products such as INDIFLIN and Rapidicil, and expand semiconductor-related businesses, including photoresists and processing chemicals for semiconductors. To optimize invested capital, we will concentrate resources on growth drivers and pursue structural reforms in the petrochemical business.

In addition, we will establish a new business portfolio review committee to continuously review and upgrade the business portfolio, and we will review the processes for deliberating investments to strengthen risk assessment and monitoring. Through these efforts, we will further reinforce ROIC-oriented management from a management systems perspective.



Cash allocation

We will secure 1.13 trillion yen from operating cash flows and additional cash generation measures, and allocate 920 billion yen to capital expenditures, loans and investments, and R&D. At the same time, as financial measures, we will use 70 billion yen for shareholder returns and 140 billion yen for loan repayments.

(3-year total) Approx. ¥1.13 trillion

Operating cash flows, etc.

(Before deducting R&D expenditures)

¥930 bn.

Cash generation measures

(Effects from asset sales, compression of cash and deposits, and structural reforms)

¥200 bn.

<Investment> Approx. ¥920 bn.

Capex, loans and investments : ¥450 bn.

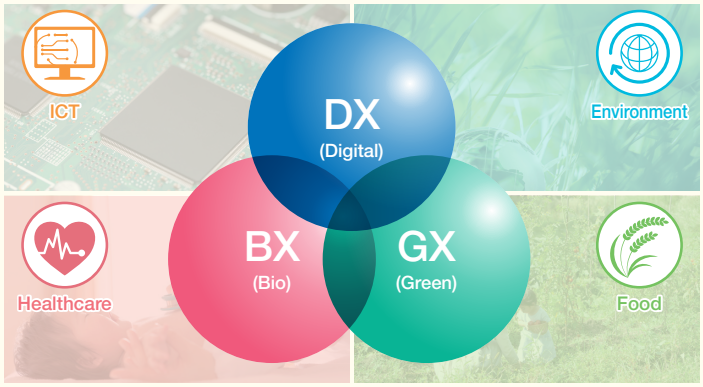
R&D expenses : ¥470 bn.

<Financial measures> Approx. ¥210 bn.

Shareholder returns : ¥ 70 bn.

Loan repayments : ¥140 bn.

Basic direction 04 R&D strategy based on 3 X's



We will fully leverage the assets we have accumulated over the years to advance R&D, focusing on Green Transformation (GX), Bio Transformation (BX), and Digital Transformation (DX). We aim for long-term, sustainable growth by implementing the R&D strategy with these three X's as the core.

Basic direction 05 Strengthen management base supporting new growth strategy

Employ and develop human resources for sustainable growth

Human resources are the most important management resources. We believe it is extremely important to secure human resources with diverse knowledge and skills and develop them so that they can demonstrate their abilities to the fullest.

Against this backdrop, under the current Corporate Business Plan, we will secure and develop human resources with a long-term perspective and strengthen our management foundation by pursuing structural reforms and sustainable growth across the Group through enhanced engagement.

- Human resources systems and measures aimed at strengthening competitiveness
- Optimize personnel structures that align with our new growth strategy
- Strengthen and elevate our ability to attract talent
- Encourage development and support autonomous career formation

Leverage DX to strengthen competitiveness and create new value

During the period of the previous Corporate Business Plan, we worked on improvement of operational efficiency and creation of new value under the DX Strategy 1.0 through 3.0. The current Corporate Business Plan sets forth "DX NEXT empowered by AI" in which we integrate the DX Strategies with AI as the new pillar and move on to the next stage.

- Transform into an AI-native company
- Strengthening business competitiveness through AI and IT
- Create and promote data monetization business
- IT infrastructure to enhance responsiveness to change

Strategy by Business Sector:

Agro & Life Solutions

Agro & Life Solutions (Investors' Handbook)

Vision

We contribute to realization of regenerative agriculture and sustainable society by delivering unique products and solutions to global market

Businesses

AgroSolutions Business

Chemicals

- Insecticides effective against a range of insects causing damage to crops
- Herbicides for a variety of crops
- Fungicides for controlling crop diseases

Biorationals

- Products such as microorganism-based crop protection, plant growth regulators, rhizosphere microbial materials, and biostimulants, all derived from natural sources

Various crop protection chemicals, including insecticides and herbicides

Environmental Health Business

Household pesticides

- Household insecticides for indoor and outdoor use (such as mosquito coils, mosquito repellents, and aerosols)
- Pyrethroid agents used in insect-repellent resin, and other devices

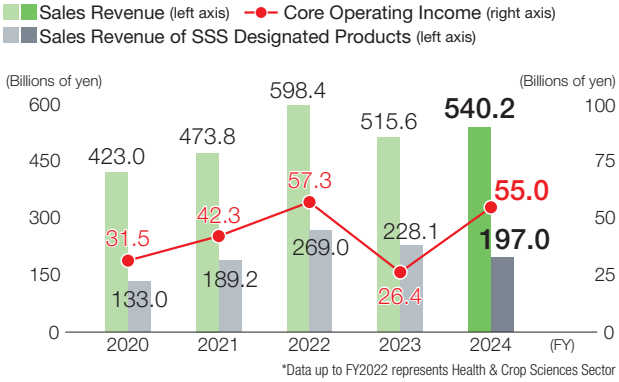
Animal Nutrition Business

Methionine

- Methionine mainly used in poultry feed (Methionine is one of the essential amino acids and acts to promote the growth of animals being raised.)

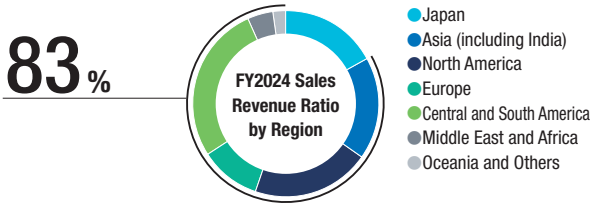
FY2024 Performance-Related Data

Sales Revenues and Core Operating Income/Sales Revenue of SSS Designated Products

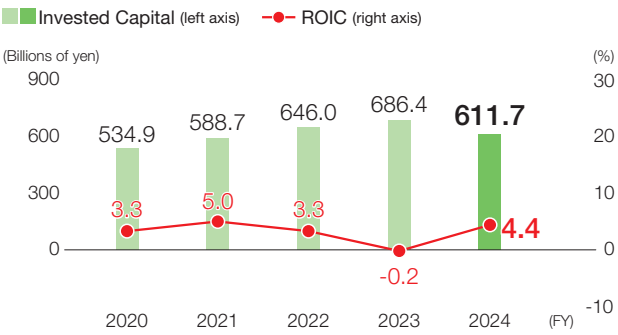


*Data up to FY2022 represents Health & Crop Sciences Sector

Overseas Sales Revenue Ratio



Invested Capital / ROIC



*Data up to FY2023 represents Health & Crop Sciences Sector

Transition to Date

We have continued to proactively invest in the sector as a future growth driver of Sumitomo Chemical. In FY2023, it was negatively impacted by the sales price decrease of post patent products and bad weather conditions. However, due to sales increase of new products, such as INDIFLIN™, and a recovery in the market conditions for the methionine business, the sector's ROIC for FY2024 was 4.4%.

Future Measures

In the chemical domain, we will promote the launch and sale of new products such as INDIFLIN™ and Rapidicil™. At the same time, we aim to further expand our biorational and botanical businesses to strengthen profitability. We will also reduce invested capital by decreasing inventories and compressing receivables and payables, thereby promoting business operations with a focus on capital efficiency.

Our recognition of the current business environment

AgroSolution and Environmental Health Areas

- Market growth is expected to continue, particularly in Brazil and India; however, competition in the market is intensifying due to increased supply from Chinese companies.
- Globally, registration and regulatory requirements are becoming more rigorous, resulting in higher expectations and demand for sustainable products.

Animal Nutrition Areas

- The need for a stable and sustainable supply of meat remains strong, and demand for methionine is projected to grow at an average rate of 3-4%.
- There is also increasing demand for advanced and sustainable livestock technologies, such as resource-efficient animal husbandry through improved feed efficiency and antibiotic-free production.

With market growth and intensifying competition, we are accelerating sustainable business development.

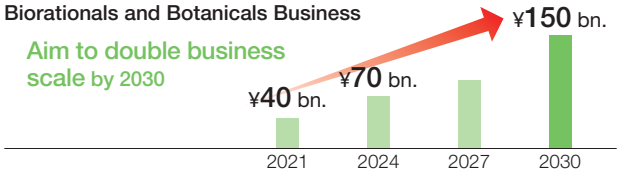
FY2025 - 2027 Corporate Business Plan

FY2027 Financial targets Core Operating Income : **80** bn. yen ROIC : **8**%

Solid execution of growth strategy

We will drive global expansion in new business areas such as biostimulants, pursue synergies with existing products, and accelerate the growth of our biorational and botanical businesses, where we have particular strengths.

Biorationals and Botanicals Business

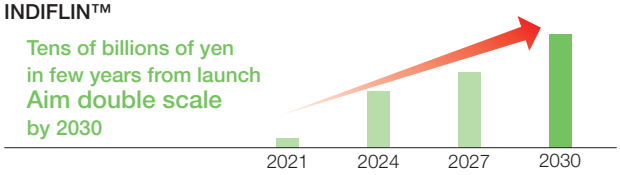


We will leverage our dedicated biorational teams in each country to accelerate sales expansion particularly in Brazil, India, Europe, and the U.S. By 2030, we aim to achieve sales revenue of 150 billion yen from our biorational and botanical business.

New product expansion & pipeline acceleration

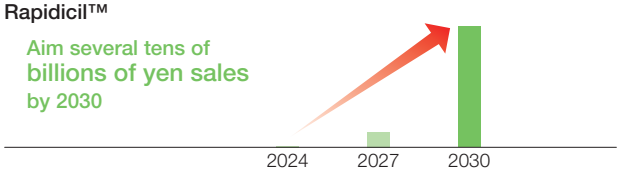
We will promote the launch and sales expansion of the new fungicide INDIFLIN and the new herbicide Rapidicil, both of which are potential blockbuster crop protection products. We will at the same time accelerate development of next generation pipelines to follow these two products.

INDIFLIN™



For INDIFLIN, the fungicide currently sold in North and South America and other countries, we aim to double the sales by 2030 through expanding our product portfolio including mixture products and exploring new business opportunities.

Rapidicil™



We are pursuing registration of Rapidicil, our herbicide first launched globally in Argentina in 2024, in various North and South American countries. Furthermore, by expanding product lineup through developing mixture products, we aim to achieve sales in the tens of billions of yen by 2030.

We aim to achieve a sales level of 150 billion yen in 2030 with our strategic product portfolio launched since 2020, including the two products mentioned above.

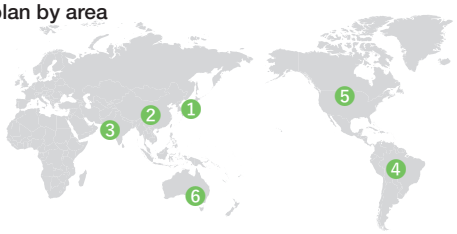
Progress of Main Pipelines

Compound	Application	Current situation
INDIFLIN™ (Inpyrfulxam)	Agricultural fungicide for soybean rust, etc.	Launched in 6 countries (Brazil in 2022)
PAVECTO™ (Metyltetraprole)	Agricultural fungicide for septoria, etc.	Launched in 2022 (Japan)
Alles™ (Oxazosulfyl)	Agricultural insecticide for major pests of paddy rice	Launched in 2022 (Japan)
Fuseki™ (Pyridachlomethyl)	Agricultural fungicide for field crop and vegetable	Launched in 2024 (Japan)
Accede™ (ACC)	Agricultural plant growth regulator	Launched in 2022 (the United States)
Rapidicil™ (Epyrifenacil)	Herbicides for next-generation weed control systems	Launched in 2024 (Argentina)
Pipeline A	Botanical insecticide for agricultural and household pest control	In Development
Pipeline B	Agricultural fungicide	In Development

Strengthening supply systems & enhancing cost and capital efficiency

We will optimize our supply systems both domestically and internationally to ensure stable and competitive supply capabilities. In addition, we will work to reduce working capital, optimize inventory, and enhance manufacturing cost competitiveness.

Action plan by area



1. We will establish a manufacturing framework at Oita Works mainly for new crop protection products, and at Misawa Works mainly for environmental health products. While taking product lifecycle into consideration, we are exploring reorganizing the manufacturing operations by, for example, outsourcing the production of some existing products from our plants.
2. We will seek low-cost procurement of products, including post-patent products for South America, by consolidating purchasing functions in China.
3. We will expand and strengthen the production capabilities in India, including production of crop protection active ingredients and intermediates, and fully utilize them on a global scale.
4. We will further increase production capacity and expand capability to support the sales expansion of new products and biorational products in Central and South America. We will also accelerate production and export to other regions, utilizing the plants as formulating bases to support global sales.
5. We will strengthen the competitiveness of the VBS Osage plant as a base supporting global biorational business, and will increase production capacity in line with sales expansion. We will also strengthen the competitiveness of the MGK Chaska plant as a base for the global botanical business (in the Environmental Health and AgroSolution areas) and Environmental Health Business in North America.
6. We will strengthen the competitiveness and increase the product capacity of the plant as a production base for natural pyrethrin that supports the global botanical business (in the Environmental Health and AgroSolusions areas).

Strategy by Business Sector:

ICT & Mobility Solutions

ICT & Mobility Solutions (Investors' Handbook)

Vision	By integrating proprietary innovative technologies with accumulated expertise, we aim to contribute to the advancement of next-generation technology through total solutions that accelerate customer innovation

Businesses

Semiconductor materials-related Business

Photoresists

Photoresists are photosensitive resins used in the process of creating highly dense/highly integrated circuit patterns on semiconductors and print substrates.

Processing chemicals for semiconductors

High-purity, functional chemicals used for cleaning and other processes in semiconductor circuit pattern formation and chip assembly.

Compound semiconductor materials

Semiconductor made from a compound of multiple elements, which offer high frequencies and good voltage endurance characteristics.

Display Materials-related Business

Polarizing films

Reduces refections from sunlight on displays, enabling vibrant color reproduction.

Touch-sensor panels

These are locational input components installed in devices such as smartphones.

Mobility-related Business

Super engineering plastic

Liquid crystal polymer (LCP), Polyether sulfone (PES)

A polymer, which features excellent heat resistance, fluidity, and dimensional stability.

Resorcinol

Raw materials for various ne chemicals, including adhesives for rubber products, wood adhesives.

High-purity Inorganic materials

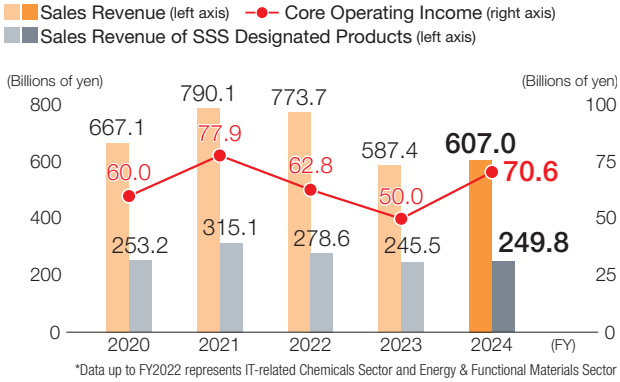
Ultra-high purity alumina and aluminum

Battery separators

Safety components that separate positive and negative electrodes of lithium-ion secondary batteries, retain the electrolytes, and enable ion conductivity.

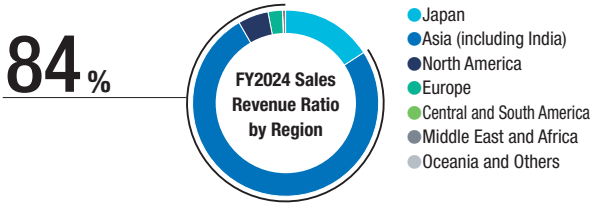
FY2024 Performance-Related Data

Sales Revenues and Core Operating Income/Sales Revenue of SSS Designated Products

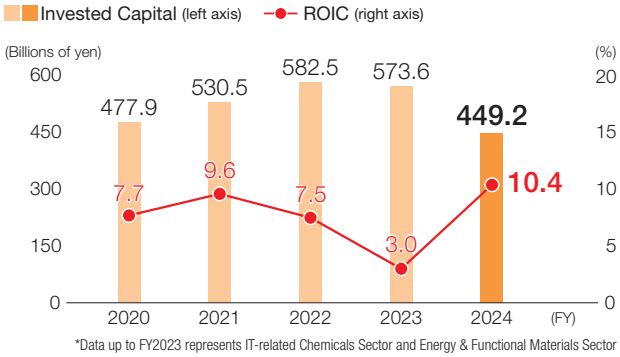


*Data up to FY2022 represents IT-related Chemicals Sector and Energy & Functional Materials Sector

Overseas Sales Revenue Ratio



Invested Capital / ROIC



*Data up to FY2023 represents IT-related Chemicals Sector and Energy & Functional Materials Sector

Transition to Date

We have been actively investing in ICT & Mobility Solutions as Sumitomo Chemical's future growth driver, including installation of new equipment and upgrading for the semiconductor-related business. After FY2022, the business sector's performance was affected by the decline of the post-COVID-19 demand rebound resulting in inventory adjustment. Performance improved, however, in FY2024 and reached 10.4% ROIC due to the demand increase in the display material-related business and recovery of the semiconductor market.

Future Measures

In the semiconductor-related business, we plan to expand the area of business on a global scale by, for example, strengthening the supply system in South Korea and starting operation of a new plant in the U.S. In the display material-related business, we will upgrade our portfolio by focusing on the OLED and automotive areas. The whole division will work together to implement earnings improvement measures for future growth.

Our recognition of the current business environment

Semiconductor Materials-related Areas

The silicon semiconductor market will continue to grow in a stable fashion, driven by expanded AI applications, further advances in IoT, and the spread of autonomous driving and smart mobility Should become an even larger market. Increased demand for new technologies such as 3D to drive greater sophistication and diversification in materials technologies and needs.

Display Materials-related Areas

Smartphone market has matured. Meanwhile, shift to OLED progresses in tablets and notePCs in the late 2020s.Technological innovations drive spread of next-generation displays for XR fusing real and virtual worlds. Greater demand for larger screens and higher performance in automotive applications.

FY2025 - 2027 Corporate Business Plan

FY2027 Financial targets Core Operating Income : **80** bn. yen ROIC : **11** %

Semiconductor materials-related business

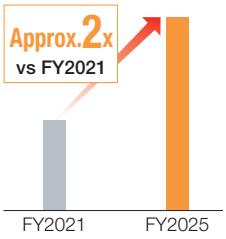
Photoresists

By proactively committing to upfront investments in cutting-edge fields in line with the advancement of semiconductors, we will deepen our unique core technologies and enhance the global supply and development systems.

Established a two-site supply system in Japan and S.Korea

Operation time	Recent investments	Location
FY2024	Completion of the new research/mass production evaluation building	Osaka
	Commencement of the new cutting-edge photoresist plant operation • Mass production of EUV photoresist /immersion ArF photoresists	South Korea
FY2026	Expand the cutting-edge photoresist evaluation equipment • Enhancement and introduction of cutting-edge lithography systems	Osaka

Strengthening of our cutting-edge photoresist production capacity



New platform for next-generation EUV Begin performance validation of "organic molecular resist "

- Design and mass-produce resist materials at molecular size to support ultra die shrink of semiconductors
- Concentrate R&D resources and accelerate development of next-generation platform

Aim for a 20% share by volume in the cutting-edge resist

Sumitomo Chemical's Semiconductor-Related Business

Semiconductor chemical

Semiconductor process chemical works in South Korea

We will strengthen our capabilities in cutting-edge fields for further expansion of our business coverage. We will also achieve the top global level business scale by using the supply system we have strengthened through upfront investments, including the land for the new plant we acquired in South Korea, and strengthening of process technology as well as the evaluation and analysis infrastructure.

Semiconductor back-end materials

- By leveraging the front-end process knowledge and key materials as well as the core technologies that we have developed over time, our group as a whole will accelerate the development and commercialization process to enter the cutting-edge back-end material market.
- We are promoting development while advancing industry-academia collaboration on a global scale centered on the Pangyo Next Generation Development Center in South Korea.

The Next Generation Development Center in the Pangyo Techno Valley (South Korea), a global R&D hub for tech companies

Display materials and mobility-related business

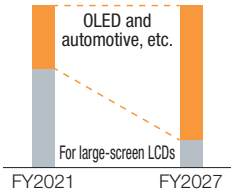
Shift toward high performance areas

We will promote development and strengthening of elemental technologies to make the business sustainable. By doing so we will increase development man-hours in the high performance areas including polarizers for mobile and automotive use to secure earnings power. We will also continuously deliver solutions that match the technological trends of our key customers.

Completion of the polarizer business structural reform

We will downsize or withdraw from low profitability businesses by for example selling the large-screen LCD polarizer business in China. At the same time, we will develop a business centered on high performance areas such as materials for OLED mobile, automotive, and next-generation displays.

Sales makeup by product



Polarizers for OLED

- Keep No 1 position with proprietary technologies
- Strengthen cost competitiveness to realize sustainable growth

Automotive polarizers

- Differentiate products by applying proprietary high-endurance design
- Increase market share by quickly shifting to OLEDs

Automotive polarizer target share

FY2024	FY2027
21%	30%

New businesses

We aim to establish the business by the late 2020s, following the semiconductor-related business and the display materials business, mobility-related business.

High performance antennas

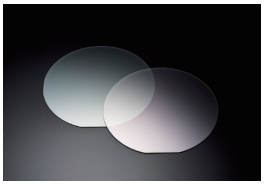
The high performance antennas are designed for high-speed communication and can be placed on a display. They contribute to downsizing of mobile communication repeaters.

Glass transparent displays

This is a high-resolution display compared to existing film types, it offers superior transparency and reliability. it contributes to the realization of signage on glass structures.

Next-generation power device materials

This is a gallium nitride substrate for next-generation power devices, which enables the miniaturization and loss reduction of power conversion circuits used in applications such as EVs. It contributes to carbon neutrality through energy saving.



Strategy by Business Sector

Advanced Medical Solutions

Advanced Medical Solutions (Investors' Handbook)

Vision	Leverage "the power of chemistry and biology" to support the health and the future of people worldwide through solutions that draw from advanced manufacturing, management and analysis technologies

Businesses

Advanced small molecule APIs*1 CDMO*2

We are a CDMO of APIs and their intermediates for Japanese and foreign pharmaceutical companies.

Oligonucleotide*3 CDMO

We provide a CDMO service for the production of long-chain nucleic acids required in genome-editing therapies.

Regenerative medicine/cell therapy CDMO

Combining Sumitomo Pharma's expertise in regenerative medicine/cell therapy with our contract manufacturing knowledge, we are conducting the CDMO business for regenerative medicine/cell therapy products at S-RACMO Co., Ltd.

Regenerative medicine/cell therapy (R&D)

We operate drug discovery business for regenerative medicine/cell therapy products at RACTHERA Co., Ltd. by bringing together Sumitomo Pharma's expertise including development of formulations for regenerative medicine/cell therapy and our knowledge about foundational iPS/ES cell technologies.

*The expenses related to regenerative medicine/cell therapy (R&D) will continue to be recorded as corporate shared expenses for the time being

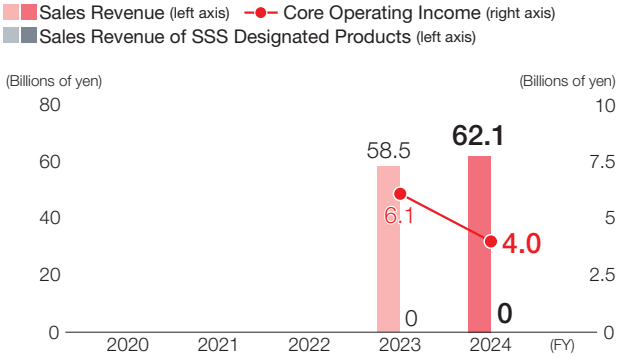
*1 APIs: Active Pharmaceutical Ingredients

*2 CDMO: Contract Development and Manufacturing Organization

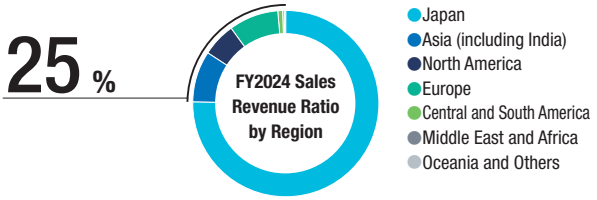
*3 Nucleic acids required for cutting-edge genome-editing therapies. A typical example is gRNA exceeding 100mer, which is much longer than typical nucleic acid drugs. The necessity of high-purity products for medical applications has been highlighted.

FY2024 Performance-Related Data

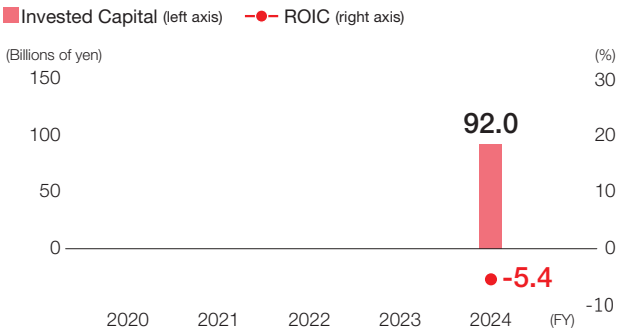
Sales Revenues and Core Operating Income/Sales Revenue of SSS Designated Products



Overseas Sales Revenue Ratio



Invested Capital / ROIC



Transition to Date

Advanced Medical Solutions is a new business division established as a result of organizational restructuring in October 2024. The ROIC for the division was -5.4% since, despite strong API and intermediate shipments, impairment losses were recorded by a subsidiary for its fine chemical manufacturing facility.

Future Measures

We will expand our business and strengthen profitability by transforming the advanced small molecule APIs CDMO business into a high-margin operation, broadening the customer base in the oligonucleotide CDMO business, and enhancing manufacturing facilities in the regenerative medicine/cell therapy CDMO business.

Our recognition of the current business environment

Advanced small molecule APIs CDMO

- It is a solid market occupying the mainstream of drug discovery modalities.
- There is increased importance of comprehensive capabilities to respond to stricter GMP requirements.
- There is a tendency in which high-level synthetic techniques are required due to higher complexity of chemical structures and higher molecular weights.

Oligonucleotide CDMO

- The business is gaining momentum for expansion due to full-scale implementation of gene therapy and increased market entry by American biotech venture firms.
- There is higher global demand for high-purity gRNA. (Purity of at least 80% is recommended by the U.S. FDA.)

Regenerative medicine/cell therapy CDMO

- Rapid expansion of CDMO business is expected, spanning from investigational drug manufacturing to commercial production, against the backdrop of active development by companies toward full-scale industrialization (annual growth rate of the CDMO market: 15%).
- Development and strengthening of domestic CDMO business is gaining momentum.

Regenerative medicine/cell therapy (R&D)

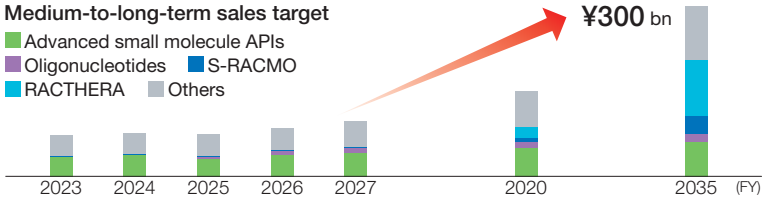
- The global market value has already passed about 2 billion US dollars and is expected to grow by at least 10% annually.
- Development of various iPS cell products has led to stronger momentum for practical application.

FY2025 - 2027 Corporate Business Plan

FY2027 Financial targets Core Operating Income : **10** bn. yen ROIC : **7** %

Medium-to-long-term policy

We aim to achieve the medium-to-long term sales revenue target of 300 billion yen by 2035 by promoting organic business growth and concretizing and executing the breakthrough growth strategy in the advanced medical area such as regenerative medicine/cell therapy.



Advanced small molecule APIs CDMO

Strategy

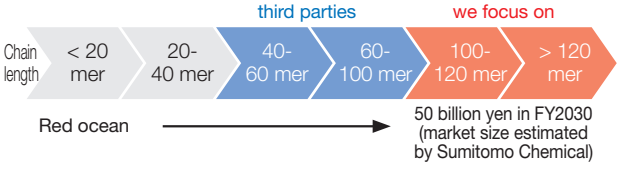
- The main target customers are pharmaceutical companies in Japan, which need our comprehensive capabilities
- Advance highly prioritized promotions through multifaceted analysis of customer pipelines and development and buyout directions
- Encourage growth into a high-profit business with a focus on new drug CDMO
- Stable supply of high-quality generic APIs that leverage manufacturing technologies, which are one of our strengths

New Plant for small molecule APIs (Oita)

Oligonucleotide CDMO

Target

- Focus on high-purity long gRNA (over 100 mer) that is extremely difficult to produce



Strategy

- Enhance our engagement with U.S. customers by using SC-AMSA*, the CRO base in the U.S.
- Promote standardization of our proprietary high purity, quality, and analysis technology for gRNA

*Sumitomo Chemical Advanced Medical Solutions America LLC

Oligonucleotide plant (Oita)

Regenerative medicine/cell therapy CDMO

Strategy

- Accelerate project acquisition by using our strengths, which include high-level production technology, manufacturing method development know-how, and regulatory capabilities
- Further expand the business through manufacturing facility expansion
- Promote strengthening our organizations and building our business infrastructure in the U.S. for tremendous future growth

*Cell Processing Center

S-RACMO New CPC* "CRAFT"

Regenerative medicine/cell therapy (R&D)

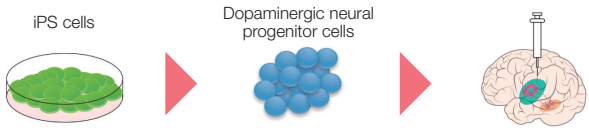
Target

- iPS cells set as the target are pluripotent stem cells with diverse differentiation potential like ES cells
- iPS cells can resolve ethical issues associated with ES cells whose derivation involves destruction of fertilized eggs

Strategy

- Apply for approval and receive approval for the world's first iPS cell-derived cell therapy for the treatment of Parkinson's disease in FY2025
- Establish a leading position through the quick advancement of our first three products (a cell therapy for Parkinson's disease and cell therapies for retinal disease)

Therapy for Parkinson's Disease Using iPS Cells



Apply for approval and receive approval for the world's first iPS cell-derived cell therapy for the treatment of Parkinson's disease in FY2025

Strategy by Business Sector

Essential & Green Materials

Essential & Green Materials (Investors' Handbook)

Vision

Establish position as a Solution Provider that maintains stable supply of materials essential to society and contributes to a reduced environmental impact

Businesses

Polyolefin Business

Polyethylene (PE)

- Synthetic resin that is exible, highly water- and chemical-resistant, and easy to process (Used in a wide range of products, including packaging materials, such as plastic wrap and food-safe tubes, wire coatings, and plastic lm used for greenhouses)

Various products made using polyethylene

Polypropylene (PP)

- Synthetic resin with a number of superior properties, including light weight, great workability, durability, heat resistance, and chemical resistance (Used in a wide range of applications, including automobile bumpers, instrument panels, food trays, and home appliances)

Methyl Methacrylate (MMA) Business

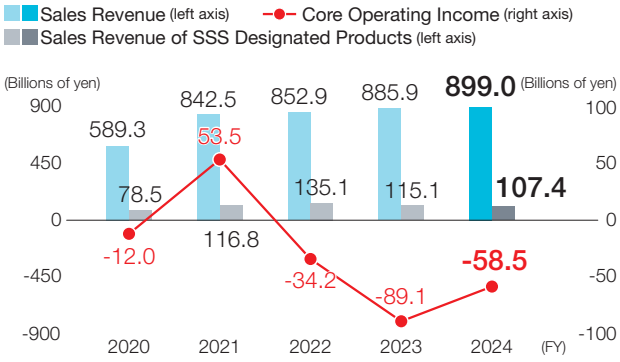
- Materials with outstanding transparency and weather resistance (Widely used in optical components such as light guide plates for LED TVs, automotive components,display cases, and outdoor advertisements)

Licensing Business

- Provision of licenses and sales of catalysts for production methods and technologies cultivated at our plants in Japan and at related companies outside Japan
- A lineup of technologies including not only the propylene oxide-only (PO-only) process for manufacturing PO, but also a hydrochloric acid oxidation process that signicantly reduces energy costs and whose byproducts can be recycled as raw materials.

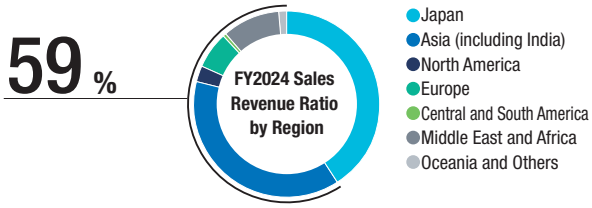
FY2024 Performance-Related Data

Sales Revenues and Core Operating Income/ Sales Revenue of SSS Designated Products

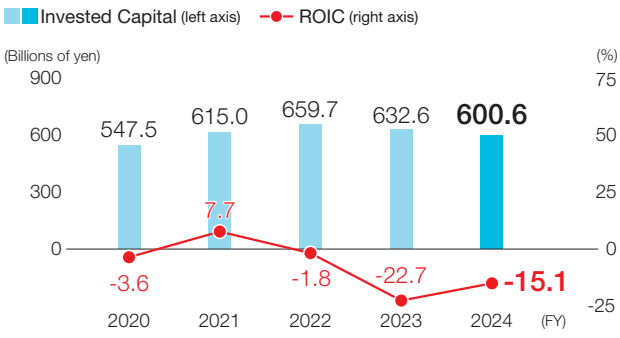


Data up to FY2022 represents Essential Chemicals & Plastics Sector

Overseas Sales Revenue Ratio



Invested Capital / ROIC



*Data up to FY2023 represents Essential Chemicals & Plastics Sector

Transition to Date

The invested capital has been declining since investments outside business maintenance have been limited, and business restructuring is underway. NOPAT has been sluggish due to the weak petrochemical product market, equity-method income/losses from Petro Rabigh, and so on. It however showed improvement in FY2024 from the previous fiscal year since the trading conditions improved for products including MMA, leading to cost reduction and consequently ROIC improvement.

Future Measures

In Japan and Singapore, we will optimize the business structure using collaboration with other companies and develop and expand sales of high-margin products. As for Petro Rabigh, we aim to fundamentally improve its profitability by implementing the restructuring plan under the leadership of Aramco. We will also focus on licensing and catalyst business to achieve a business structure unaffected by the market condition.

Our recognition of the current business environment

Outlook of the petrochemical product market

Given the continued weak supply-demand balance across all products, we do not anticipate a significant market recovery and therefore expect conditions to remain subdued.

Demand side

- Domestic demand is predicted to remain low.
- Overseas demand is expected to increase slowly with economic growth.

Supply side

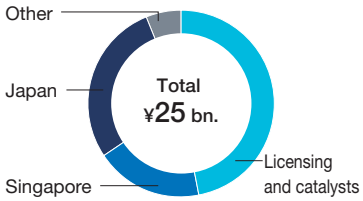
- The operating rate of the ethylene plant in Japan has been low.
- Construction and expansion of ethylene plants continue outside Japan, mainly in China.

We will complete the business restructuring, strengthen the licensing and catalyst business, and accelerate strengthening of the business base for delivering solutions that reduce environmental impact.

FY2025 - 2027 Corporate Business Plan

Financial targets Core Operating Income: 25 bn. yen ROIC: 4%

Approximation of contributions by business to FY2027 core operating income

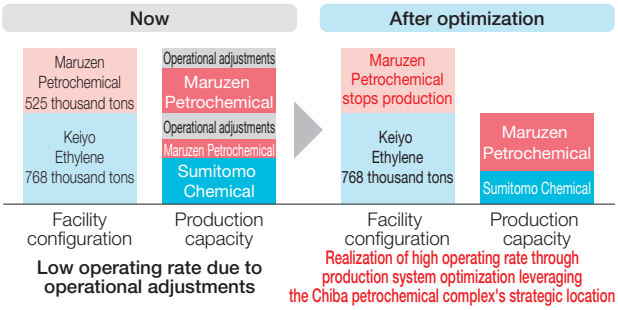


Complete rebuilding of the businesses

Rationalization at existing ethylene plant

Rapid improvement of the supply-demand balance is not expected for the future due to the increased production capacity in China and other countries and sluggish domestic demand. Optimization of the domestic supply system has been an issue shared by petrochemical manufacturers.
Under these circumstances, in April 2025, we reached an agreement with Maruzen Petrochemical on operational optimization of Keiyo Ethylene including changes in the product off-take ratio. The product off-take ratio will be 64% for Maruzen Petrochemical and 36% for Sumitomo Chemical (aiming for FY2026).

Image of Ethylene Production Optimization in the Chiba Area



Strengthening of the licensing and catalyst business

We will work on stable revenue generation and sustainable business expansion, aiming to contribute to revenue generation as the sector's key business by FY2027.

Basic strategy

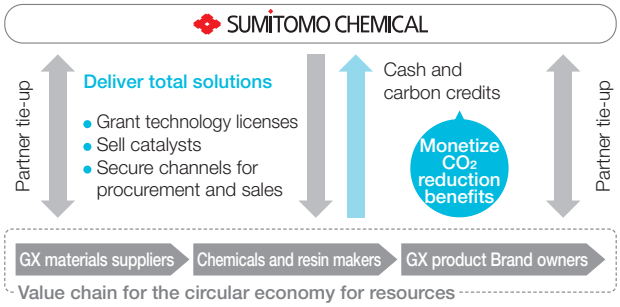
Establish stable revenue base	Expand portfolio	Brush up technology
• Expand capacity to supply catalysts • Expand opportunities to contact potential customers	• Expand the lineup for licensing of technologies that reduce environmental impact	• Bolster competitiveness in processes • Extend catalyst life and improve costs

Strengthening of the base for the environmental impact solutions business

We will strengthen the business base by promoting concentration of research resources to establish technologies and activities to expand the market as well as broadening our efforts to secure non-fossil feedstock. We will build a resource recycling value chain based on licensing of GX product manufacturing to deliver solutions that reduce environmental impact.

Business overview

With our competitive GX licensing technologies as a foundation, we build a resource recycling value chain. We offer a total solution covering not only technology licensing and catalyst sales but also securing of procurement and sales channels.



We plan to generate revenue by in-house manufacturing of green essential chemical products and widely licensing established GX technologies. In addition, we are considering a business model for the future in which we receive a fee equal to the value of GHG reduction helped by our technologies.
By 2035, we aim to add to GHG reduction by 2.5 million tons and generate business profit of 40 billion yen as core operating income.

Goals for the GX Solutions Business
Core Operating Income :
approx. 25 bn. yen
CO_2 reduction contribution :
Equivalent to approx. 2.5 million tons/year
(Equivalent to 0.8 million tons of EtEP etc.)

EtEP: Production of ethylene and propylene from ethanol

Innovation Center MEGURU (Chiba)

Sumitomo Chemical's Semiconductor-Related Business

Semiconductor manufacturing process and our products

Sumitomo Chemical has established state-of-the-art product design and evaluation technologies, building on the organic synthesis expertise developed through its fine chemicals business. We offer photoresists that support the miniaturization of advanced semiconductors, along with ultrapure chemicals, and we are also focusing on expanding performance chemicals required for advanced and back-end processes. Through these efforts, we provide a diverse lineup of high-quality products for semiconductor manufacturing.

Photoresist
Deepening proprietary core technologies, Strengthen global supply and development structure

semiconductor chemical
Establish world-class business scale with supply capabilities built

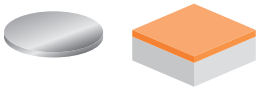
Semiconductor back-end materials
Enter back-end process material market leveraging our know-how in front-end process materials and proprietary performance materials and processing technologies.

Front-end process

Ingot production

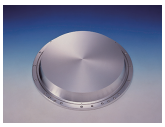
Wafer fabrication

Wafer cleaning and thin film layer deposition
Impurities on the wafer surface are removed, and an oxide layer is formed.



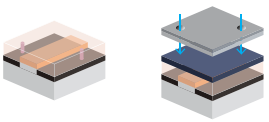
Our product **IPA, sulfuric acid, ammonium-hydroxide, and hydrogen peroxide solution (high purity chemicals)**
High-purity chemical for removing impurities and cleaning and drying semiconductor substrates. We have a global supply system and cutting-edge technologies (purification process and high-sensitivity analysis).

Our product **Aluminum target**
Our metallic material used for depositing a thin layers through sputtering. Our aluminum target is the only one in the world manufactured through an integrated process from raw material to final product ensuring high quality.

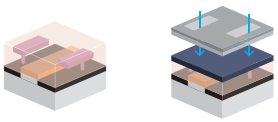


Our product **Photoresist**

Photoresist coating, patterning, cleaning, and contact formation



Interlayer dielectric formation, photoresist coating, patterning, cleaning, and metallization

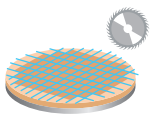


Inspection

Wafer bonding
Two wafers are bonded together to form a single unit.

Wafer backgrinding
The back side of a wafer is ground for thinning.

Wafer dicing
A wafer is diced into chips.



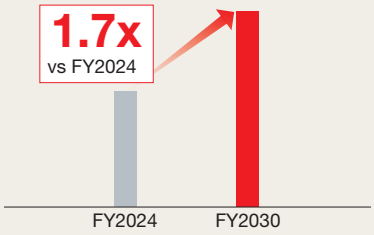
Our product **Wafer protection agent**
It protects the surface of semiconductor chips during the dicing and etching processes. Our product is equipped with superior film properties to prevent mechanical and chemical damage, it delivers high reliability.

Back-end process

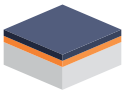
Semiconductor Business environment

The silicon semiconductor market will continue to grow in a stable fashion, driven by expanded AI applications, further advances in IoT, and the spread of autonomous driving and smart mobility Should become an even larger market. Increased demand for new technologies such as 3D to drive greater sophistication and diversification in materials technologies and needs.

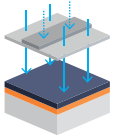
Semiconductor market size



Photoresist coating
A photoresist is uniformly coated over the wafer surface.

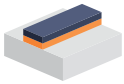


Exposure
The circuit pattern is transferred by exposing light through a photomask.



Development
The developer removes the unnecessary photoresist area.

Etching
The unnecessary material is removed along the photoresist pattern by etching.



Our product **Photoresist**

Our photoresist is a photosensitive material that precisely forms highly dense and highly integrated patterns for semiconductor circuits. Furthermore, by utilizing proprietary polymers and photosensitive materials developed with advanced organic synthesis technology, our photoresist achieves both high resolution and high quality. We offer a broad lineup ranging from i-line to EUV.

Our product

Selective etchant (performance chemical)

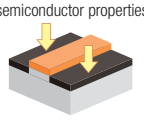
A functional chemical used for formation of gate interconnects that also selectively removes unnecessary material. It precisely controls the solubility of each material and achieves high selectivity with the surface protection technology.

Our product

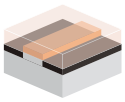
IPA, sulfuric acid, ammonium-hydroxide, and hydrogen peroxide solution (high purity chemicals)

Photoresist stripping and cleaning
The residual photoresist is removed and the wafer is cleaned.

Ion implantation
Ions are implanted to induce desired semiconductor properties.

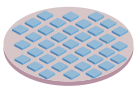


Insulating film formation
An insulating film is formed to electrically isolate circuits from each other.



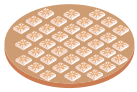
A circuit is formed through repeated processing

Pick and place
Diced chips are picked up and placed into a package.



Encapsulation
The chip is encapsulated with material such as resin to protect it from the external environment.

Redistribution layer
It is used to route wiring within the package and connect the chip to external terminals.



Our product **In-process cleaner (performance chemical)**

Our product is a functional chemical for removing adhesives (glue) used in wafer bonding process.It is designed to have high solubility for adhesives while preventing damage to semiconductor chips.

Our product **Photoresist for the back-end process**

This photoresist used for advanced packaging such as chiplets. Characterized by a thick film, high resolution, and high sensitivity.

Growth strategy for the key products

Photoresist

For cutting-edge photoresists, we will deepen core technologies and strengthen the global supply and development structure.

Deepening core technologies

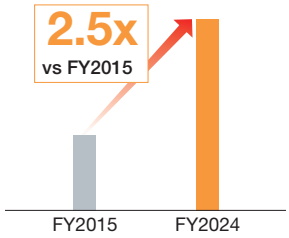
- Control technology for dissolution rate contrast
- Material design and synthesis capabilities

Contributing to higher functionality as a top runner

Since steady demand growth is expected for immersion ArF photoresists, in which we possess world-leading technological capabilities, as well as thick-film i-line photoresists for high aspect ratio applications, we will further advance our technologies.

At the same time, we will focus on developing products for next-generation EUV photoresists, such as our proprietary organic molecular resists, and work to further expand our cutting-edge photoresist-related business.

Photoresist sales



Next-generation EUV photoresist

We will design and mass-produce resist materials at molecular size to support ultra die shrink of semiconductors.

We will also accelerate development of next-generation platform by concentrating R&D resources.

	Next-generation (high NA)	Existing type
Platform	Made from organic molecules	Main ingredient is polymer
Size	Molecule size: < 1 nm	Polymer: < several nm

Strengths

- Metal-free → Affinity with existing processes
- Molecule size: < 1 nm → Achieve die shrink
- High development contrast design

Target market share 20% share by volume in cutting-edge resist

High-purity chemicals

We have established world-class business scale with supply capabilities built from upfront investments. Also, we are strengthening process technology and evaluation and analysis infrastructure to ensure the stable supply of high-quality products tailored to cutting-edge technologies.

Dongwoo Fine-Chem Iksan Plant

Dongwoo Fine-Chem Iksan Research Laboratory

Increase staff in manufacturing engineering and R&D. Set up a clean room for cutting-edge materials
and Expansion of the process validation line have been decided.

South Korea
Capacity expansion at existing plant
Secure site for new plant

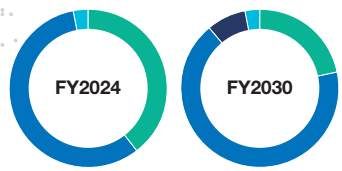
China
Changzhou
Xi'an

Japan
Support cutting-edge quality

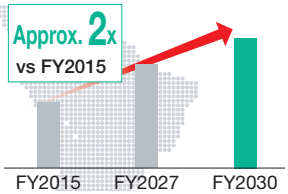
US
Texas
Begin operations early 2025

Sumika Semiconductor Materials Texas Inc.

Sales plan by Region



Sales plan



Strengthen global supply and development structure

proactively commit ourselves to upfront investments in cutting-edge fields in line with the advancement of semiconductors.

Established a two-site supply system in Japan and S.Korea

Positioning of each plant

Kasugade: mother plant; accumulation and global deployment of manufacturing technology know-how
South Korea (Iksan): supply site for Korean customers; stable supply through dual-site operations

1997
Building of a new plant at the South Korean subsidiary, Dongwoo Fine-Chem

2015
Expansion of production capacity ArF photoresist: fivefold between 2010 and 2020

2024
Building of a new research/mass production evaluation building in the Osaka area

2030
Further enhancement of the evaluation system

2025-26
Expansion of the cutting-edge photoresist evaluation facility in the Osaka area

1983
Launch of the g-line photoresist

2023
Addition of a cutting-edge photoresist manufacturing line in the Osaka area

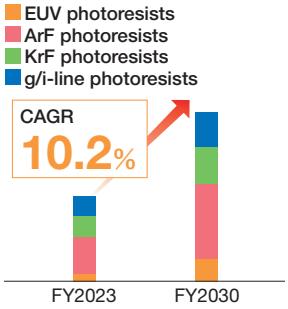
2024
Commencement of operations of the new cutting-edge photoresist plant in the Iksan area, South Korea

1989
Launch of the i-line photoresist (world's first mass produced i-line photoresist)

2009
Building of a new plant of immersion ArF photoresists in the Osaka area

Stable supply of a rich product lineup for various light sources over 40 years

Photoresist market demand forecast



Semiconductor back-end materials

As the formation of cutting-edge back-end markets begin against the backdrop of major technological innovations in semiconductor processes, we will make a market entry leveraging our know-how in front-end process materials, proprietary performance materials, and processing technologies.

Market trends

Device die shrink and complexity progresses.	▶ Major front-end device makers lead process development	▶ **We will bring together our elemental technologies to accelerate development and commercialization.**
Heat generation increases substantially. Greater need for energy efficiency.	▶ Increased importance of thermal management	

Sumitomo Chemical's strengths

Photoresist	Performance chemicals	High-purity chemicals
High precision	High-purity precision and trace amount analysis	
Functional molecular design		Quality management *Impurities at the ppt level management technologies
Photosensitive material design	Process suitability	

×

Key materials	Cutting-edge inorganic materials Highly thermal conductive filler (alumina) Ultrafine particle processing	Performance materials Functional resin design
Core technologies	Display films Roll to Roll precision lamination and coating Cutting-edge optical inspection technologies	

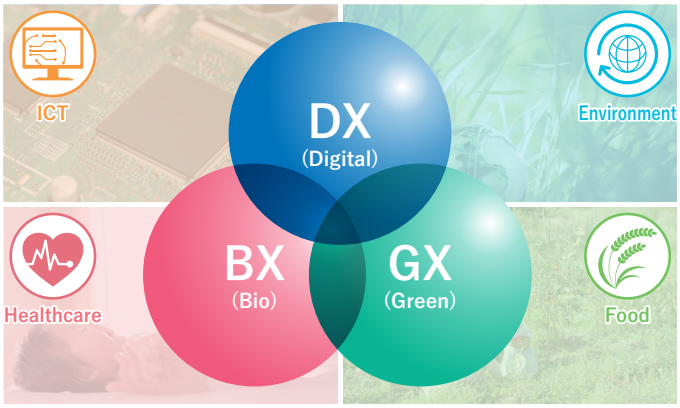
We aim to generate 10% of total semiconductor material sales after FY2030.

Innovation Strategy

As an Innovative Solution Provider aiming to solve societal issues with innovative technologies, we have designated “advance innovation” as one of the material issues to be addressed as management priorities. Leveraging our technological expertise in diverse areas, we strive to address societal issues by delivering solutions (value) across four areas: food, ICT, healthcare, and the environment.

Research and Development

Amid increasing uncertainty in the business environment surrounding our company, the role played by the chemical industry in solving societal issues, such as climate change, food security, and infectious diseases is significant, and our business opportunities are expanding. Through extensive research activities over the years, we have acquired six core technologies and cultivated research and development assets in the three areas of Green, Digital,and Bio. Through our businesses, we will contribute to solving societal issues by implementing an R&D strategy centered on the three areas of transformation—Green Transformation (GX), Bio Transformation (BX), and Digital Transformation (DX)—and providing innovative solutions.

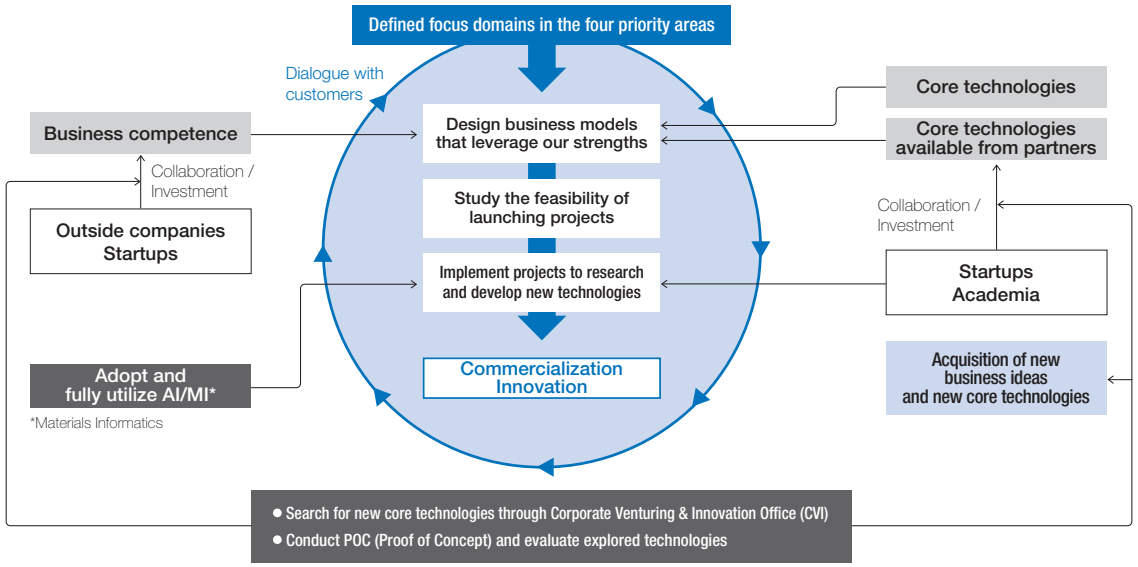


Three X’s and Six Core Technologies

Sumitomo Chemical’s Innovation Ecosystem Accelerates the Creation of Next-Generation Business

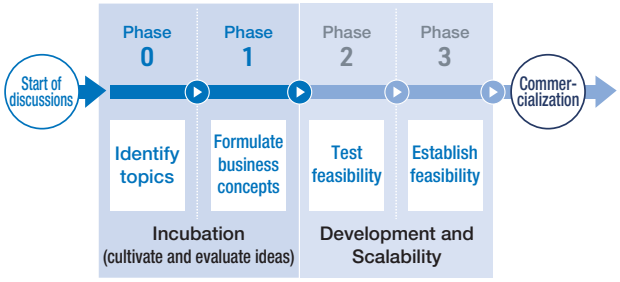
Our company is building an innovation ecosystem (a system that continuously creates innovation) to steadily link R&D and business development to the creation of next-generation businesses. In each of the four priority areas, we have defined focus domains for our efforts within four priority areas, have identified core technologies that we own and core technologies that we do not own, and we are acquiring non-owned technologies through collaboration with startups and academia. As for business competence, we are also supplementing the lacking areas with alliances and investments with outside companies and startups, considering designing a business model that leverages our strengths and thematizing. At each stage of promoting themes, we communicate closely with relevant internal departments, external partners, and customers, and appropriately reflect their feedback to promote research and development. In addition, we will incorporate new ideas and technologies that emerge in the course of theme promotion and dialogue with partners, and link this to the continuous creation of innovations.

Innovation Ecosystem



Stage-gate Management System

We have implemented the Stage-Gate Management System that oversees the development of research themes in four stages, from the idea stage to commercialization. We will proactively incorporate internally proposed themes in the idea stage while also clarifying the requirements for passing through the gate in each phase. We will determine whether or not to pass through the gate through deep discussions not only with the research division but also with the business divisions. This has enabled us to promptly create new themes and make decisions on discontinuation of projects, taking into account their future potential.



Promising development theme examples

White bio

- Cut GHG emissions with bio-based manufacturing that does not use petrochemical resources
- Target: Convert our products to bio-based input materials Bio-manufacturing of rare bio-derived products

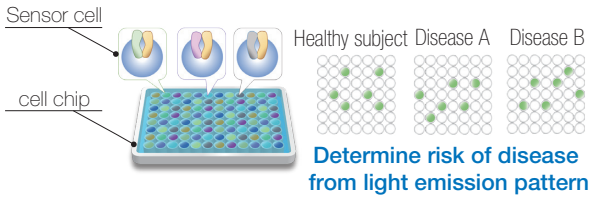
Bacteria design	Process design	Scale up	Production

Broad coverage at multiple of our research centers, including our Bio-Science Research Center

Disease risk testing kits

- Realize determination of disease risk using our proprietary cell chips embedded with a diverse range of high-sensitivity receptors
- In 2027, enter testing business for consumers※

※Testing developed based on clinical needs at medical facilities, health and wellness testing sites, etc.



Compound semiconductors

- Focusing on next-generation power devices (GaN) to address the increasing data volume and energy consumption resulting from advances in AI
- Targeting the expansion of our business to a tens of billions of yen level by the 2030s, when full-scale growth in power semiconductor demand is expected.

Semiconductor back-end process materials

Performance chemicals	Packaging material	Wiring materials
•In-process cleaners Adopted in mass production •Wafer protectant Adopted in mass production •High throughput solutions Under development with customer	•Next-generation thermal management materials Under development with customer	•For next-generation processes Photosensitive materials Under development with customer

For details, see “Sumitomo Chemical’s Semiconductor-Related Business”

Organic molecular resist

For details, see “Sumitomo Chemical’s Semiconductor-Related Business”

Regenerative medicine/cell therapies

For details, see “Advanced Medical Solutions”

Technologies that reduce environmental impact (Green Innovation Fund)

Leverage the GI Fund to promote the development of technologies that reduce environmental impact

Development themes		Progress to date	Targets under the new plan (out to 2027)	Commercialization target
Chemical recycling	①Production of olefins by direct cracking of waste plastics	•Achieved 60% yield of targeted olefin yield in bench trials •Began design of pilot facilities	Build and launch pilot facilities	Early 2030s
	②Highly efficient alcohol production from CO_2	•Achieved 80% methanol yield in pilot (compared to about 20% under conventional methods) •Began design of demonstration facilities	Build and launch demonstration facilities	
	③Olefin production from alcohols	•Achieved 80% yield of targeted olefin yield in bench trials •Pilot facilities are under construction and scheduled for completion in the first half of FY2025.	Establish technological feasibility of pilot facilities and design commercial-scale equipment	
Membrane-based CO_2 separation		•Reclaimed CO_2 of 90%+ purity from multiple types of CO_2 emission sources	Demonstrate on pilot facilities	Around 2030
Cathode direct recycling		•Achieved 98% battery capacity recovery in direct-recycled products on bench equipment	Study scale up for continuous operations	Early 2030s

(Equipment scale-up order: bench → pilot → demonstration)

Standardization Initiatives

We have established a task force dedicated to standardization strategy. By addressing carbon-neutrality challenges and participating in ISO working groups on chemical recycling, we are promoting a standardization strategy aimed at the early societal implementation and widespread adoption of new technologies.

Intellectual Property Strategy

Intellectual property activities are a key element in supporting the sustainable growth of our company. We promote our intellectual property activities with a focus on “defensive” measures to protect our business and secure freedom to operate, “offensive” efforts to build and leverage a strong patent portfolio with an awareness of entry barriers, and “co-creation and collaboration” with various players to address societal issues, including environmental impact reduction.

Our Vision

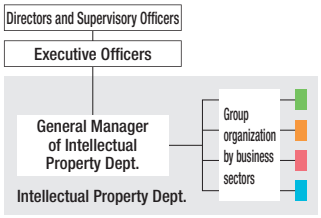
Building the foundation for business competitiveness, achieving business growth, and enhancing corporate value by proactively advancing intellectual property activities that encompass “offense” and “defense” strategies, as well as “co-creation and collaboration.”

Basic Policy

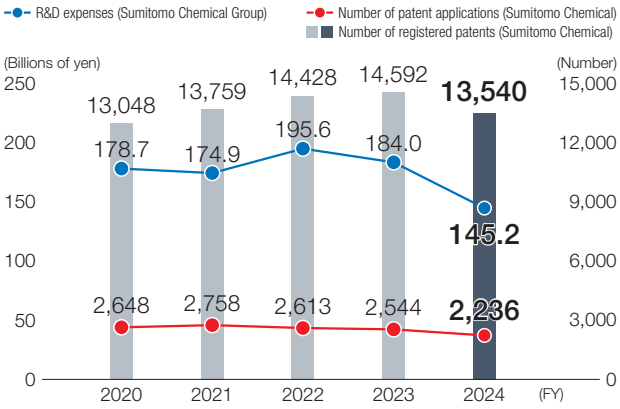
1. Promote activities in line with our business strategies
2. Create global business value
3. Strive to utilize all technological development accomplishments
4. Respect rights and comply with the law

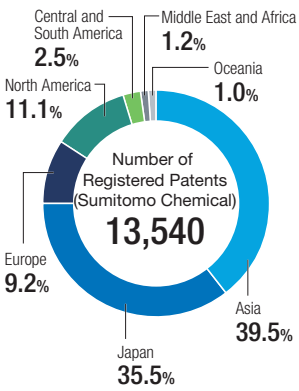
Implementation Structure Closer to the Business

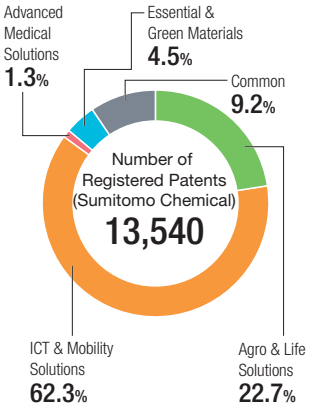
The Intellectual Property Department organizes teams tailored to each business sector. It works in coordination with intellectual property teams within business divisions and research institutes to formulate intellectual property strategies, manage patent portfolios, handle patent applications and rights acquisition, and conduct research and analysis.



Intellectual property-related achievements



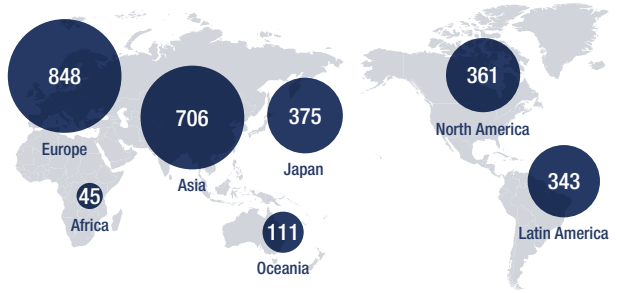




Building a Patent Portfolio that Supports Business Competitiveness

The value and role of intellectual property vary significantly depending on the business environment and the country or region. We are strengthening our patent filings in key areas, particularly in the agrochemical-related and ICTM-related fields, which we have identified as our growth areas, while selectively refining them through analysis of business value and cost data to build a leaner and more robust patent portfolio.

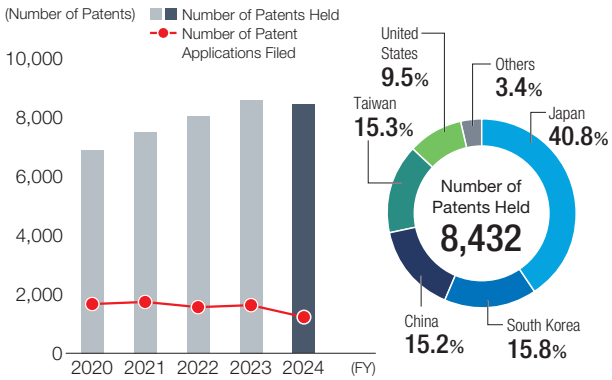
Number of Agrochemical-related Patents Held (As of May 2025)



- Covering the global agricultural market with a focus on the United States, South America, Asia, and Europe
- Securely obtaining substance patents for active ingredients in pesticides
- Strategically patenting surrounding technologies such as formulations, manufacturing processes, and applications to establish strong barriers of entry
- Utilizing patent term extension systems to maintain and expand market share and profit margins, thereby contributing to the maximization of business value

ICTM-related Patent Portfolio

(Left: Number of Patents Over Time, Right: Patent Holdings by Country Ratio)



- Acquired numerous high-quality patents with significant influence over rival companies in key manufacturing and sales countries, including Japan, South Korea, China, Taiwan, and the United States
- Leveraged early examination systems to swiftly build a patent portfolio in line with the development speed

Maximizing Business Value through the Integration of Technology and Branding

By combining our "technological capabilities"—which enable us to create high-performance products and technical services that meet customer needs—with the "trust" we have built over many years of stable product supply and high-quality assurance capabilities, we are continuously enhancing the sustainable value of our business.

Brand (Trademark): Meguri™

Meguri CIRCULARITY FOR ALL × Chemical/Mechanical Recycling Technology

Contribute to Recycling Resources

Brand (Trademark): Natural Products

Natural Products × Biorational (Microbial Cultivation Technology)
Botanical (Plant Extract Research and Development Technology)

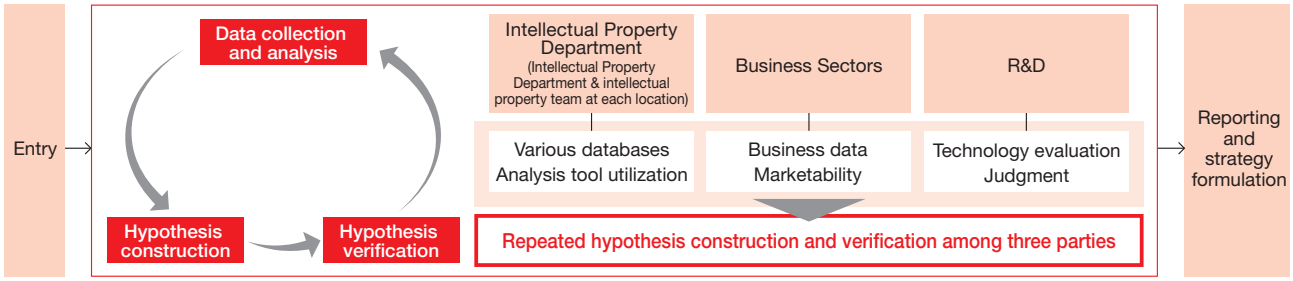
Brand (Trademark): Biondo™

Biondo × Advanced Analytical Technology
Extensive Natural Resources Data

DX Initiatives in the IP Field and Enhanced Use of IP Information

We are proactively using rapidly advancing generative AI technology to enhance the efficiency of our intellectual property operations. As various AI implementation tools are being released, we are collaborating with relevant departments to efficiently select and evaluate them, thereby streamlining patent application operations and reducing the burden of literature searches and reviews. The Intellectual Property Department, in collaboration with business divisions and research institutes, is promoting activities (IP landscape) involving integrated analysis and visualization of intellectual property and markets to support management and business strategies. IP landscape can be applied in various contexts, but we place particular emphasis on new business creation and the expansion of existing businesses, where it can deliver the greatest impact. Specifically, we are enhancing its effectiveness by prioritizing themes and resources that support the exploration of partners, customers, and applications, as well as the development of business models.

Overview of IP landscape



Property Training: Human Resource Development and System Building

At our company, we conduct intellectual property training tailored to different job roles and positions. The aim is not only to acquire basic knowledge and skills related to intellectual property but also to develop personnel and systems capable of strategically utilizing information, including IP landscape analysis. Last fiscal year, we held two expert lectures for those involved in business planning as part of our awareness-raising activities. The lectures covered business model-related patents and IP landscape.

Training Overview

	For early-career researchers	For the mid-career level
Participants	Young researchers with a few years of experience: Basic Research; approximately 100 per year Applied Research; approximately 80 per year	Approximately 50 team leaders every other year.
Main Content	• Overview of the IP system, inventions and discoveries, investigation, and application examination response activities • Importance of IP in business	• Planning and execution of intellectual property strategies that contribute to the business, contracts, disputes, and information utilization (IP landscape).

TOPICS

Winner of the Clarivate Top 100 Global Innovators 2025 Award
～ Selected as one of the Top 100 Global Innovators for four consecutive years ～

For the fourth consecutive year, our company has received the Clarivate Top 100 Global Innovators 2025™ Award, which is selected by Clarivate, a U.S.-based global leader in providing trusted information and insights that accelerate innovation. This recognition is a testament to our strong research and development capabilities, as well as our intellectual property activities. We will continue to further advance these efforts.

Sumitomo Chemical Receives Clarivate Top 100 Global Innovators 2025 Award (Japanese only)

Bolster Competitiveness Leveraging DX

The Corporate Business Plan launched in FY2025 establishes “strengthen management base supporting new growth strategy” as one of its basic directions. The plan positions the strengthening of competitiveness and the creation of new value through digital transformation (DX) as key initiatives.
DX has an extreme importance in our management strategy, then DX will not only help us to improve operational efficiency and accelerate technological development, but also support flexible responses to rapid environmental changes and new challenges. In anticipation of these benefits, we aim to transition to the next stage of DX initiatives, “DX NEXT,” by integrating AI technologies, including the rapidly advancing field of generative AI, into our business processes. From FY2025 onward, we will begin to review our organization to drive DX and enhance its functions in order to achieve sustainable transformation.

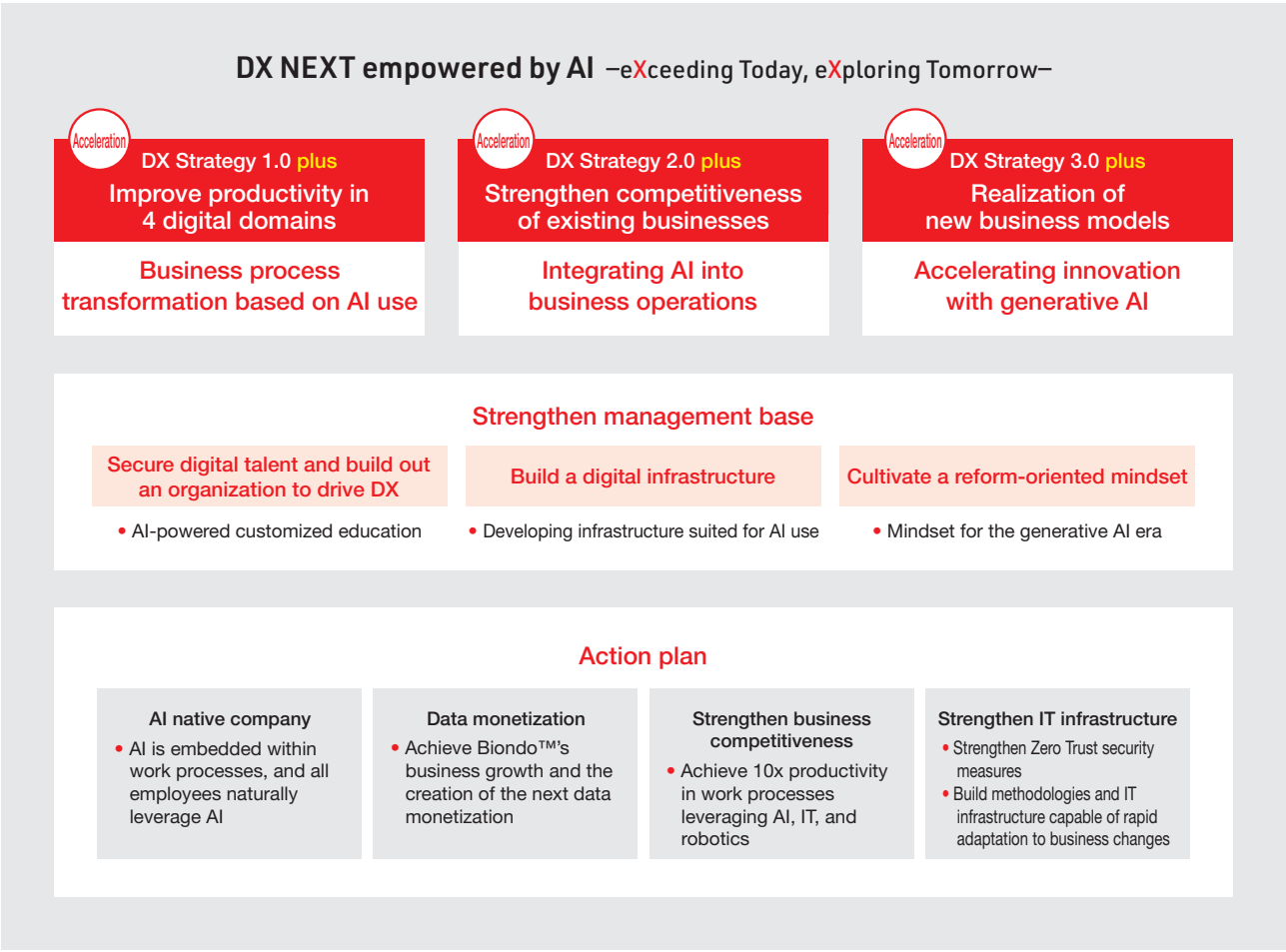
DX Strategy

In a rapidly changing business environment, we position DX as the engine that drives our transformation and growth. By strengthening this engine, we aim to achieve the reinforcement of our management base that support the new growth strategy, enhance our business competitiveness, and accelerate the creation of new value.

We have formulated three DX strategies: DX Strategy 1.0 focused on improving productivity in manufacturing, R&D, supply chain, and back-office operations, which has already yielded significant results. DX Strategy 2.0 aims to enhance the competitive advantage of our business, and DX Strategy 3.0 focuses on creating value through new business models.

In recent years, alongside changes in the business environment, there has been remarkable progress in AI technology. Using AI in our DX Strategies 1.0, 2.0, and 3.0 will help us to evolve each strategy and further accelerate our DX initiatives.

Overview of the DX Strategy



Strengthen the DX Promotion Framework

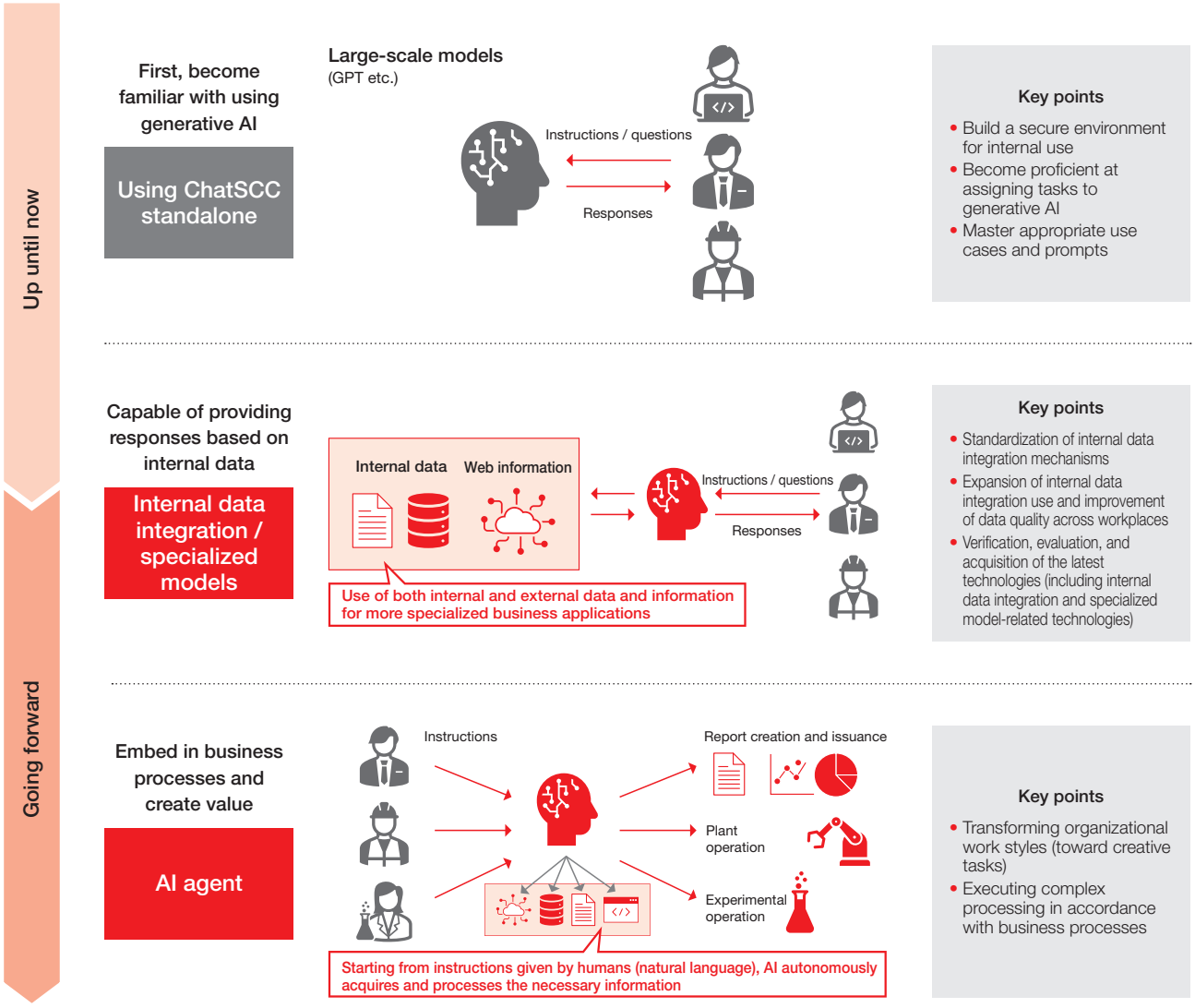
We have promoted DX primarily by its business units, and the Digital and Data Science Innovation Department has supported data usage, while the IT Innovation Department has been responsible for building the IT infrastructure. With the aim of further accelerating company-wide DX initiatives, we merged the Digital and Data Science Innovation Department and IT Innovation Department to form the new DX Acceleration Office in April 2025.

To accelerate DX initiatives across each business unit, we have appointed a DX Leader in each unit and established the DX Executive Meeting to support company-wide strategic decision-making and reviews. We have also launched a DX Working Group to swiftly implement DX strategies and are strengthening DX promotion capabilities by leveraging the performance evaluation of middle management. Through these measures, we aim to address challenges that transcend divisions such as manufacturing, sales, research, and indirect operations.

Leverage Generative AI

In FY2023, we introduced ChatSCC, a secure Sumitomo Chemical version of ChatGPT, a generative AI, ensuring that input information does not leave our system. To further build on our strengths and maximize the use of accumulated data, in July 2024 we added functionality that links the vast knowledge accumulated across internal organizations with ChatSCC. This aims to streamline internal enquiry operations, accelerate knowledge searches and foster innovation through the effective use of knowledge.

Going forward, we will introduce and utilize AI agents with diverse capabilities, including natural language processing, machine learning, image recognition, speech recognition, and decision support. These agents will dramatically accelerate the standardization, systematization, and automation of business processes, achieving unprecedented efficiency. Through these initiatives, we will create next-generation working methods that will pioneer the future.



Strengthen competitiveness of existing businesses

We will achieve the strengthening of business competitiveness by continuously implementing the initiatives outlined in DX Strategy 1.0 and 2.0. To develop and supply products that focus on what our customers value most, we are concentrating on strengthening the “engineering chain” and the “supply chain,” which are the core components of the manufacturing industry, through the power of DX.

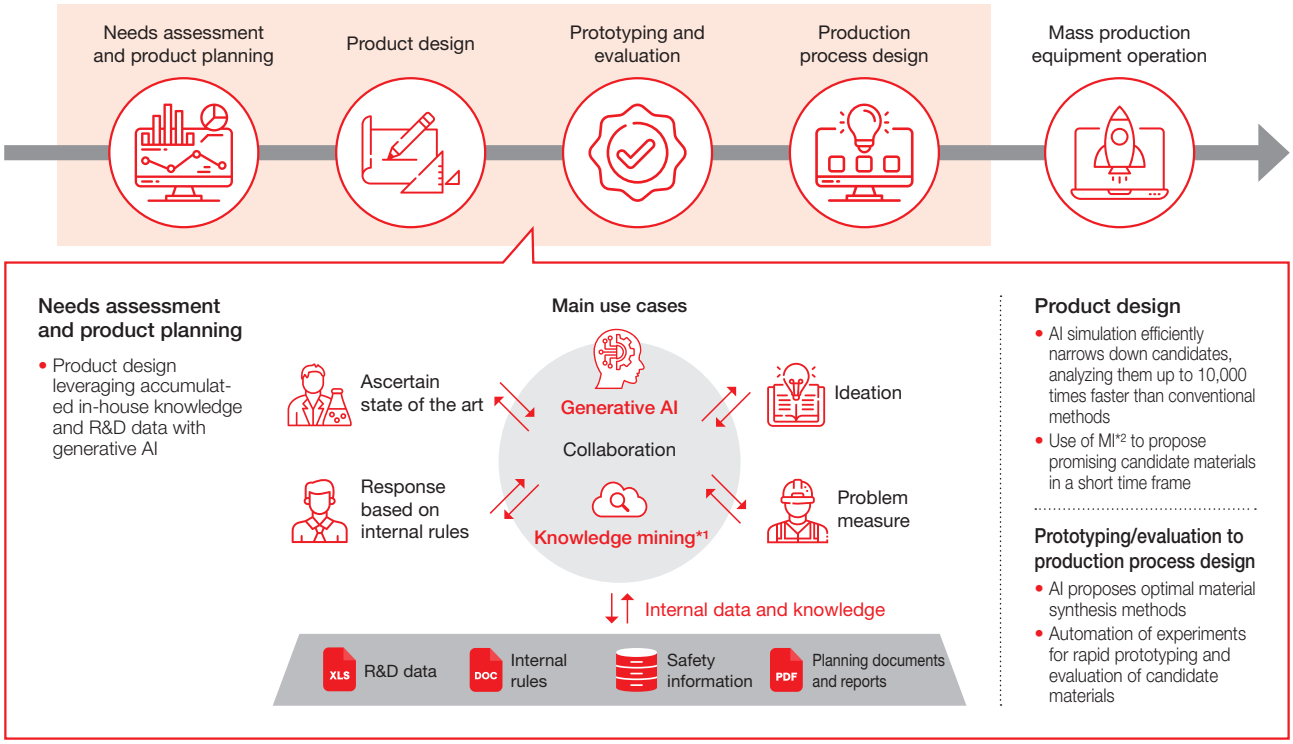
Accelerating engineering chain

By integrating AI technology into every stage of the R&D process, we have increased efficiency and improved the quality of our manufacturing processes. For instance, we use AI-driven simulations and data analysis. This allows us to swiftly select optimal materials and structures from the initial product design stage. During the prototyping and testing process, AI analyzes vast amounts of data to detect defects at an early stage and propose improvements, thereby shortening development cycles and reducing costs.

Furthermore, AI can analyze the market and customer feedback in real time, enabling us to quickly capture changing needs. We have established a system that provides products which better align with customer needs in a timely manner, thanks to these capabilities.

We will continue to evolve the entire manufacturing process through DX to create new value.

Engineering chain



*1 Knowledge mining: The process of discovering and extracting valuable information and knowledge from vast volumes of data
*2 MI: Materials Informatics

Optimization of supply chain

We are advancing the visualization of product inventory status and theoretical inventory values in order to reduce inventory levels. This initiative is being implemented through collaboration between our trained business DX core personnel and data scientists. Going forward, we will also promote the use of AI technology for demand forecasting and production planning.

Dashboard for inventory visualization (for illustration purposes)

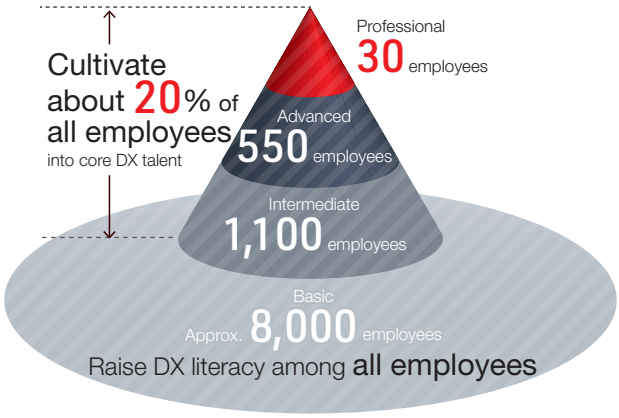
Strengthen management base

In strengthening our management base, we are particularly focused on “developing digital talent” and “enhancing our data infrastructure,” which serve as the foundation for promoting DX. By developing digital talent, we aim to establish a framework where employees themselves can accurately define operational challenges and drive the advancement and efficiency of operations through DX, as well as transform business processes. Also, by strengthening our data infrastructure, we aim to use the data necessary for decision-making and service enhancement.

The development of digital talent

To realize business process transformation through DX, we are focusing on developing core DX personnel and enhancing DX literacy among all employees. With the aim of training approximately 20% of all employees as core DX personnel, we are assigning personnel specialized in each department’s operations to lead company-wide transformation.

Furthermore, we launched an e-learning educational program for all employees, starting in June 2022. This program enables employees to learn at any time and in any location, supporting the improvement of DX literacy.



*As of the end of FY2024. Further increases are expected in FY2025

Enhancement of data infrastructure

To maximize the use of AI, the data fed into it is critically important. We therefore accumulate data through various methods, such as organizing and digitizing past performance and internal knowledge, as well as creating new data through experiments and simulations. In particular, our initiatives using the supercomputer “Fugaku” generate data for solubility prediction, which is indispensable to materials development. By feeding the data obtained from large-scale simulations using Fugaku into AI, we can improve prediction accuracy and open up new possibilities for materials development. Strengthening our data infrastructure in this way will improve the quality of our products and services and contribute to future technological innovation.

Realization of new business models

We aim to create new business models through DX. Leveraging our core technologies and data accumulated over many years, we are promoting the launch of new businesses through data monetization.

The first theme of DX Strategy 3.0, Biondo™, was released to the general public in July 2024. We are working to increase the number of service users while incorporating user feedback to improve and expand the service.

Preparations and discussions are also underway for the second phase—a data monetization business theme following Biondo™—in preparation for its launch. We are also inviting submissions for themes for the third phase and beyond, as we fully begin our efforts towards the Corporate Business Plan target of launching five digital products.

Biondo

Leverage Sumitomo Chemical’s advanced chemical analysis technology and wealth of data to identify excellent functional ingredients included in natural materials and build out a database of materials identified to have new value. This is a platform where materials sellers and buyers can easily connect with each other.

Climate Change Mitigation and Adaptation

Sumitomo Chemical regards climate change as a social issue that chemical companies should take the lead in addressing, and has been making various efforts to solve it from early on. In recent years, as the movement toward carbon neutrality has gained momentum around the world, in december 2021, our company formulated and publicized its "grand design to achieve carbon neutrality," setting out a direction for its initiatives aimed at realizing carbon neutrality by 2050. In line with this, we will push ahead with initiatives that address both our obligation to bring our own greenhouse gas (GHG) emissions close to zero and the contribution we can make to promoting carbon neutrality for society as a whole through our technologies and products.

Grand Design toward Achieving Carbon Neutrality

Obligations Approach zero greenhouse gas emissions for the Sumitomo Chemical Group*1

Contributions Reduce global greenhouse gas emissions through the Sumitomo Chemical Group's products and technologies

the Sumitomo Chemical Group way

Both fulfill obligations related to and contribute toward the achievement of carbon neutrality

Greenhouse gas emissions (Scope 1+2)*2 at the Sumitomo Chemical Group

- 50%*3 Reduction by 2030
- Reach net zero by 2050

Contribute to GHG reductions in society through products and technologies from the Sumitomo Chemical Group

Work with a variety of stakeholders to be the first to deploy into society products and technologies that contribute to global greenhouse gas reductions

Three perspectives

Provide products and solutions that contribute to carbon neutrality	Drive the development of technologies that contribute to carbon neutrality and their rapid deployment into society	Take on long-term challenges, including the development of carbon negative technologies
• Provide proprietary manufacturing technologies and products that contribute to GHG reductions • Build a structure to evaluate CFP*4	• Build a carbon resources recycling system • Develop low-GHG emitting process technologies in membrane-based separation and wastewater treatment	• Develop carbon negative technologies • Develop CCUS*5 technology

*1 Referring to Sumitomo Chemical Co., Ltd. and its consolidated subsidiaries in and outside Japan *2 Scope1：Greenhouse gases directly emitted by plants, such as in the use of fuels and in manufacturing products Scope2：Greenhouse gases emitted indirectly, such as through the purchase of electric power or steam from outside the Company's plants *3 Compared to FY2013 *4 CFP：Carbon Footprint of Products *5 CCUS：Carbon dioxide Capture, Utilization and Storage

Disclosure in Line with TCFD Recommendations

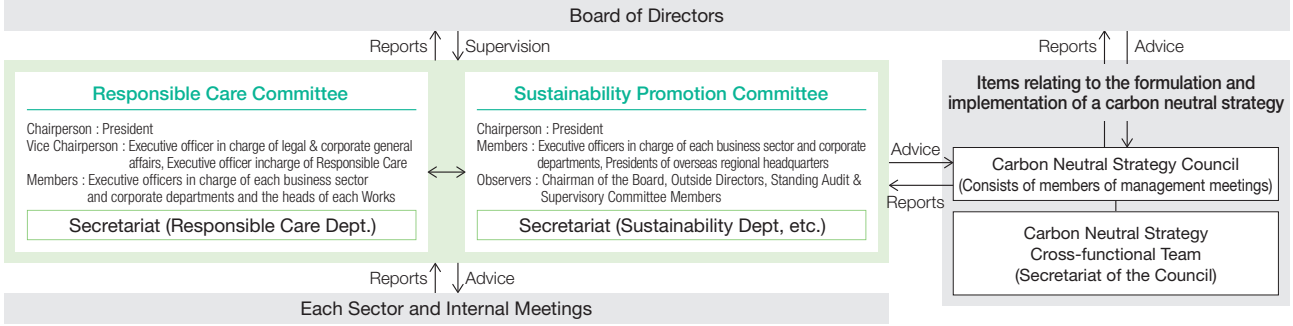
We expressed its support for the TCFD recommendations when they were published in June 2017. In line with the four recommended disclosure items, "Governance," "Risk Management," "Strategy," and "Metrics and Targets," the Group's efforts to address climate change issues are introduced on pages 61-66. Please refer to the Sustainability Report for other information on climate-related information.

Climate Change Mitigation and Adaption (Sustainability Report)

Governance

Our company has established meetings and committees to deliberate important matters related to the management of the Group from a broad and diverse perspective in order to enhance its business execution and supervisory functions. Through these meetings and committees, the Company reports to the Board of Directors at least once a quarter on issues related to the promotion of sustainability, including climate change.

Structures for Responding to Climate Change



Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding a system relating to risk management so that we can promptly and properly address risks when they emerge.

Climate change issues are positioned as one of the Group's major medium- to long-term risks through, for example, an assessment from the perspective of the likelihood of their occurrence and impact, and are integrated into the Group's overall risk management process.

Risk Management (Sustainability Report)

Strategy

In December 2021, Sumitomo Chemical formulated a grand design for achieving carbon neutrality by 2050. We will promote efforts to mitigate climate change from the perspectives of both **"Obligation"** (to bring the Group's GHG emissions close to zero) and **"Contribution"** (to reduce global GHG emissions through the Group's products and technologies).

In addition, as part of our efforts to adapt to climate change, we are striving to provide solutions adapted to global environmental changes in agriculture and infectious diseases, and to strengthen new product development.

Investments to achieve carbon neutrality

Starting in FY2019, in order to contribute to the realization of carbon neutrality for society as a whole, we calculate economic indicators reflecting internal carbon pricing (10,000 yen per ton) when GHG emissions are expected to increase or decrease for individual investment projects, and make investment decisions.

Investment scale

We expect to invest a total of approximately 200 billion yen between FY2013 and FY2030 in carbon neutral-related investments.

Scenario analysis

Scenario analysis, with regard to climate change, is a method in which we consider multiple scenarios, predict the impact of climate change and changes in the business environment due to long-term policy trends, and study the potential impact of these changes on our business and management. Currently, Sumitomo Chemical analyzes both risks and opportunities with respect to both a scenario in which a variety of measures are taken to limit average global temperature increase to 1.5°C above the pre-industrial revolution levels, and a scenario in which countermeasures are not taken and temperatures increase by 4°C, evaluating both the impacts on our businesses and future actions that need to be taken.

Scenario Analysis (excerpt)

Scenario	Risks and Opportunities	Impact on our Company	Risks	Opportunities	Our Response
Common	Increasing Demands for Disclosure of Information	• Improvement of reputation among stakeholders through enhanced information disclosure • Increased cost of compliance	●	●	• Formulate and release our Grand Design for achieving carbon neutrality • Promote wider use of the carbon footprint calculation tool (CFP-TOMO™) ➡ **P.64** • Disclosure of quantitative GHG reduction contributions through our products and technologies (Science Based Contributions) ➡ **P.66**
1.5°C (Reduced GHG Emissions)	Contributing to the Mitigation of Climate Change	• Increase in demand for Sumika Sustainable Solutions (SSS)-designated products due to expansion of the market for products and technologies that contribute to GHG emission reductions, as well as expansion of needs for technological development of future SSS-designated candidate products		●	• Development and diffusion of products that contribute to GHG emission reductions ➡ **P.66** • Develop plastic recycling technology ➡ **P.64** • Develop products that contribute to negative carbon emissions ➡ **P.64** • Promote licensing of technologies that contribute to reducing GHG emissions ➡ **P.48** • Promote the feedstock shift to green ammonia.
	Increased Regulation on GHG Emissions	• Increased operational costs due to higher energy taxes including carbon prices* • Phasing out subsidies for fossil fuels and requests from customers to promote the use of renewable energy	●		• Consider carbon-neutral petrochemical complexes and ports ➡ **P.64** • Switch to renewable energy ➡ **P.63** • Switch fuel to LNG ➡ **P.63** • Consider transition to clean fuels such as hydrogen and ammonia ➡ **P.63**
4°C (Business as Usual)	Increased Demand for Products and Technologies adaptable to Climate Change	• Increased demand for SSS-designated products and growing needs for technological development of future SSS-designated candidate products due to the expanding market for crops that are resistant to environmental changes such as rising temperatures and drought, etc.		●	• Provide solutions that respond to global changes in the environment for agriculture and infectious diseases
	Intensified Climate Disasters due to Temperature Rise	• Decrease in cost competitiveness of factories due to increased costs for disaster countermeasures such as sea level rise, storm surge damage, flood damage, heat wave generation, etc. • Decreased demand due to lower agricultural productivity	●		• Manage and respond to risks from a business continuity planning perspective • Expand and diversify the regions in which we do business

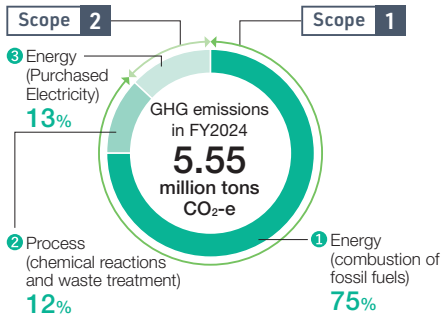
*Assuming that carbon prices in developed countries will rise to $140/ton in 2030 and $250/ton in 2050 (based on World Energy Outlook 2024), the total GHG emissions of the Group in FY2050 will be approximately 5.55 million tons/year (Scope 1+2), the same level as in FY2024, and the carbon price will be 22,000~39,000 yen/t-CO_2, an increase in burden of 130~220 billion yen per year.

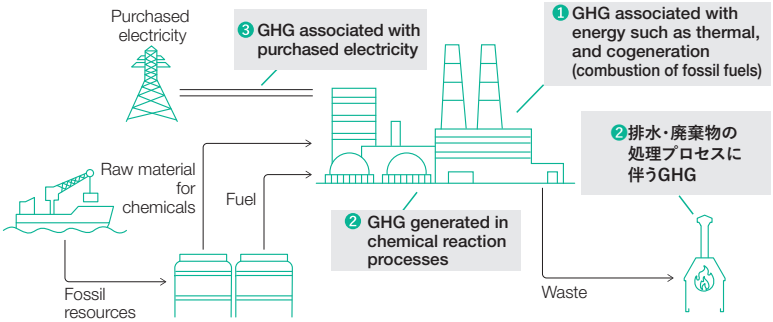
The full scenario analysis (Sustainability Report)

Specific Initiatives for "Obligation"

Major sources of GHG emissions from chemical plants

The chemical industry is an industry in which raw materials are converted into products through chemical reactions that are driven by electricity, heat from steam, and other forms of energy. In FY2024, 75% of our GHG emissions came from ❶ **Energy (combustion of fossil fuels)**, 12% from ❷ **Process (chemical reactions and waste treatment)**, and 13% from ❸ **Energy (purchased electricity)**. We aim to reduce GHG emissions by focusing on the conversion to clean energy for energy-derived GHG and on the development of necessary technologies for process-derived GHG.





❶ Reduction of GHG from energy (combustion of fossil fuels): Fuel conversion

Transition from Coal, Petroleum Coke, and Heavy Oil to LNG

- In FY2022, started operation of thermal power plant using LNG instead of existing fossil fuels in Ehime region

- In FY2023, we discontinued the existing petroleum coke power generation facilities and commenced operations of a high-efficiency gas turbine power generation facility using LNG in the Chiba region.

	Ehime region	Chiba region
Fuel	Coals and heavy oil ▶ LNG	Petroleum coke ▶ LNG
Amount of CO_2 reduction	650,000 tons/year	240,000 tons/year

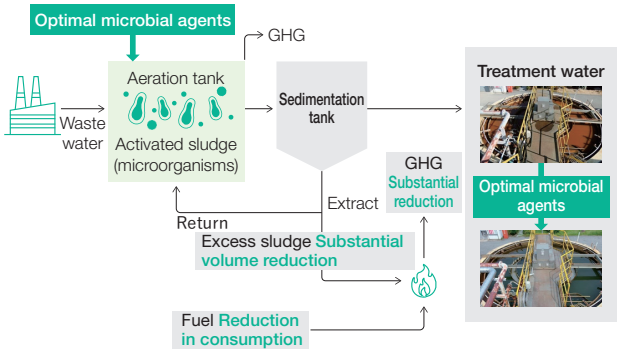
Transition to Clean Fuels

Hydrogen and ammonia are gaining attention as clean fuels that do not emit CO_2 during combustion, with ammonia also being recognized as a hydrogen carrier. We are continuing to secure a stable supply of ammonia, and focusing on clean ammonia by the most effective use of the existing large tanks in the Niihama area of Ehime Prefecture. We are also participating in regional collaboration initiatives to build a supply chain for ammonia and hydrogen for future fuel applications.

Initiatives through Regional Collaboration

❷ Reduction of GHG from process (chemical reaction and waste treatment): Innovation in wastewater treatment technology

Our company is promoting biotechnological wastewater treatment. Wastewater treatment is an essential initiative to prevent water pollution and promote the recycling and reuse of water resources, however there was the issue that it requires a lot of energy and causes GHG emission when incinerating excess sludge. To address this issue, we have improved wastewater treatment capacity while reducing the amount of sludge generated, GHG emissions associated with wastewater treatment, and fuel consumption through the use of optimal microbial agents.



❸ Reduction of GHG from energy (purchased electricity): Use of renewable energy

At our Oita Works, we have achieved GHG reductions of approximately 20% by converting 100% of purchased electricity to renewable energy, and approximately 10% by switching from heavy oil to city gas, resulting in a total GHG reduction of approximately 30% of the Oita Works' emissions compared to FY2013.

Reduction of GHG from energy (Sustainability Report)

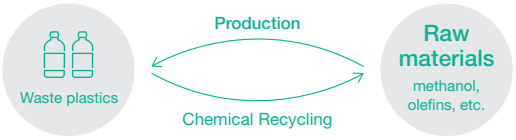
Specific Initiatives for "Contribution"

Establishment of carbon resource recycling system

We are developing chemical recycling technologies to convert garbage and waste plastics into basic raw materials for chemicals, such as methanol, ethanol, and olefins, and to use them as raw materials for new plastics.

Contribute to recycling resources

Recycling of carbon resources

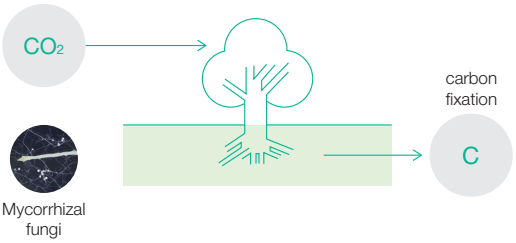


Reduction of GHG from energy (combustion of fossil fuels): Fuel conversion

We are developing a technology whereby attaching useful microorganisms existing in soil to the roots of plants and allowing them to coexist, we not only promote the absorption of CO_2 by plants through photosynthesis, we also fix CO_2 in the ground in the form of carbon compounds. This will enable ordinary fields, forests, and other natural spaces to absorb and fix even greater amounts of CO_2, contributing a net negative amount of carbon to the atmosphere.

Sustainable use of natural capital

Utilizes the power of nature to promote absorption of atmospheric CO_2 and its fixation in the ground



External Cooperation Initiatives

Dissemination efforts of Carbon Footprint of Products (CFP)* calculation tool

Although the evaluation of product CFP is essential to reduce GHG emissions in society, it is not easy to analyze the CFP of chemical products due to the complexity of their manufacturing processes. In response, we have developed our own automated calculation tool and calculated the CFP of approximately 20,000 products. We provide the tool free of charge to other companies. It is now used by many companies via collaboration with the Japan Chemical Industry Association. Additionally, we are considering expanding the use of CFP-TOMO™ for assessing environmental impacts other than GHG emissions, such as water.

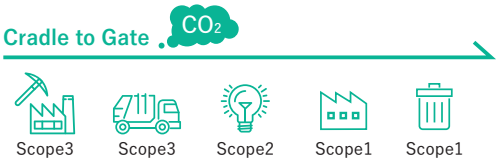
*Greenhouse gas emissions from each stage of the product lifecycle, from procurement of raw materials to manufacturing, use, and disposal, expressed in terms of CO_2 emissions. In chemical companies, it is common practice to conduct assessments within the scope of "Cradle to Gate," covering everything from raw material procurement to manufacturing.

External Cooperation Initiatives (Sustainability Report)

Our original calculation tool speeds up the calculation of CFP for our products

Created the original automatic CFP calculation tool

- Built based on commercially available software (Microsoft Access/Excel)
- Prepared multiple calculation models accounting for the characteristics of chemical manufacturing processes (co-products, by-product fuels, steam generation, etc.) (Choose from the pull-down menu of models and execute calculation)
- Can easily calculate carbon footprint for each stage (intermediates or final product). E.g., raw material to Intermediate A to Intermediate B ... to final product.



Initiatives through Regional Collaboration

Since there are limits to what individual companies can do to achieve carbon neutrality, it is necessary to accelerate regional collaboration with external parties such as companies outside our group and government agencies. In addition to participating in the Keiyo Coastal Industrial Complex Council on Carbon Neutrality, which was established in November 2022 mainly in Chiba Prefecture, we are also studying ways to achieve carbon neutrality, such as securing biomass feedstock and recovering waste, in cooperation with Maruzen Petrochemical Co. Ltd. and Mitsui Chemicals, Inc. Additionally, in the Shikoku and Setouchi regions, we are collaborating on efforts to construct a clean ammonia supply chain by participating in the Council for Utilizing Namikata Terminal as a Hub for Introducing Fuel Ammonia, which was launched primarily by Mitsubishi Corporation and Shikoku Electric Power Company.

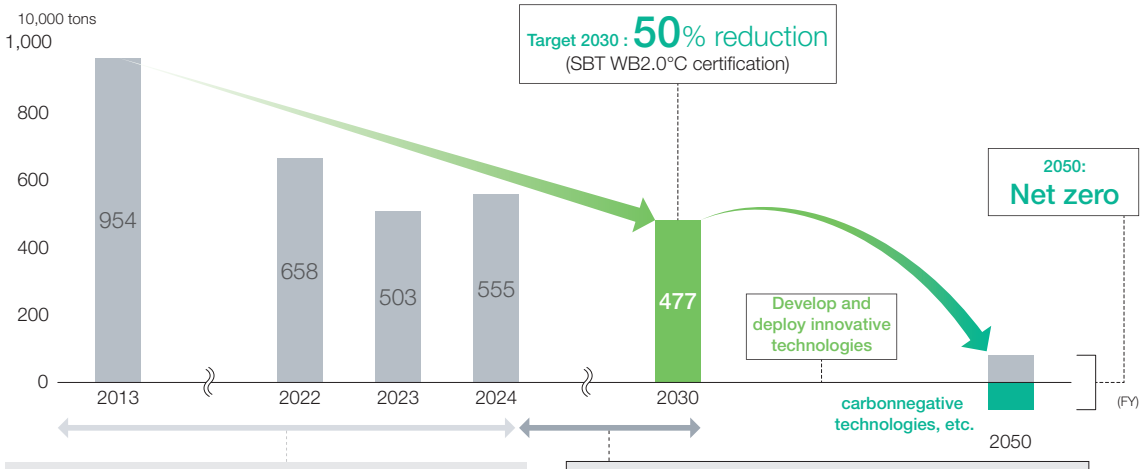
Metrics and Targets (Risk)

As a metric for climate-related risks, we are the first diversified chemical company in the world to utilize GHG emission reduction targets certified as Science Based Targets (SBT). Our group's*1 GHG emissions (Scope 1 + 2) reduction target for 2030 is 50%*2, and has been certified under SBT's Well Below 2.0°C standard. Until 2030, we aim to achieve this goal by utilizing the best available technology (BAT) in the manufacturing process at existing plants and by making thorough energy conservation and fuel switching in the manufacturing process.

On the other hand, to reach net-zero emissions by 2050, it will be difficult to respond only with existing technologies, and innovative technologies such as carbon-negative emissions and CCUS*3 will be necessary. We will continue to study the development of them and their early implementation.

*1 Sumitomo Chemical + domestic and overseas consolidated subsidiaries
*2 Compared to FY2013
*3 Capture, effective utilization, and storage of CO_2 emitted from plants, etc.

Scope 1+2 GHG Emissions Trends and Reduction Targets



Past Initiatives

- Energy conservation and rationalization in manufacturing processes
- Restructuring of Chiba Works and Ehime Works (Ethylene plant shutdown, liquid-phase caprolactam shutdown, etc.)
- Fuel conversion (introduction of LNG, etc. at Ehime and Chiba), introduction of renewable energy power

Initiatives for FY2030

- Thorough energy conservation and rationalization of manufacturing processes (use of BAT)
- Optimization of fuel and energy supply and demand (in regions such as Ehime and Chiba) through structural reforms and the promotion of external collaborations
- Promotion of introduction of renewable energy sources
- Avoided GHG emissions other than CO_2, etc.

Scope 3 Supplier Engagement Initiatives

Reduce GHG emissions
(Scope 3 (Categories 1 and 3))
of major Group companies by

14% from the FY2020 level by FY2030

(SBT WB2.0°C certification)

We are promoting climate actions through dialogue with our suppliers, and at the same time setting reduction targets for indirect GHG emissions (Scope 3) across the supply chain by 2030, together with reduction targets for GHG emissions from our business activities (Scope 1 and 2). Through these initiatives, we have renewed our certification under the Science Based Targets (SBT) initiative at the "well-below 2°C" level. As one example, we explain our group's efforts to achieve carbon neutrality to our key domestic suppliers annually while requesting their cooperation in reducing GHG emissions. In recognition of these efforts, the company has been selected as a "Supplier Engagement Leader," the highest rating in the Supplier Engagement Rating conducted by CDP, an international NGO, for six consecutive years.

Supplier Engagement Leader
CDP
2024

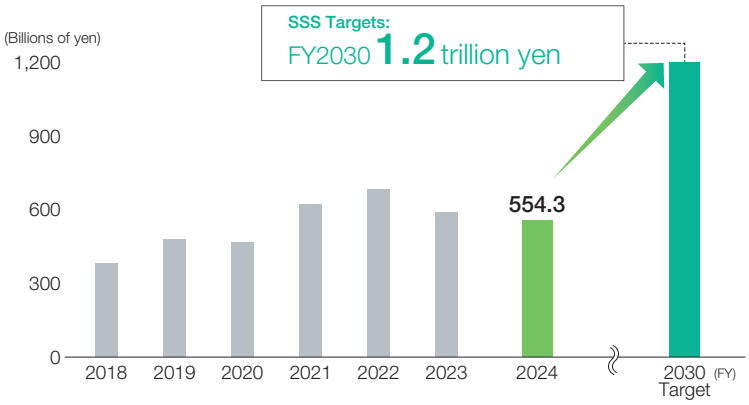
Metrics and Targets (Opportunities)

Sumika Sustainable Solutions (SSS) is used as a metric for climate-related opportunities. SSS is an initiative in which we designate those of our Group's products and technologies that contribute to the fields of climate change mitigation and adaptation, contribute to recycling resources, and sustainable use of natural capital in order to promote their development and spread. The sales revenue from certified products for FY2024 reached 554.3 billion yen. We will continue to advance our efforts towards achieving the FY2030 target of 1.2 trillion yen.

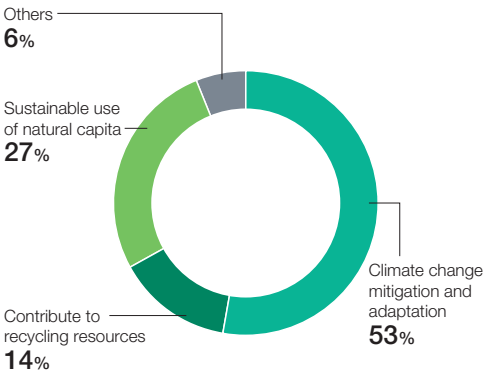
Contribution through Business Sumika Sustainable Solutions (Sustainability Report)

Sumika Sustainable Solutions

Sales revenue targets



Percentage of products and technologies in each certified field (FY2024)



*Number of SSS-designated products and technologies :89

Science Based Contributions-Contribution to GHG Reduction Across Society Through the Utilization of SSS-Designated Products and Technologies-

We have established the "Science Based Contributions (SBC)" as a metric to more clearly demonstrate the contribution of our products and technologies towards achieving carbon neutrality. The SBC quantitatively and scientifically calculates the amount of GHG reductions achieved in society through the use of SSS-designated products and technologies that we have sold and provided. The figures are calculated based on the product CFP and sales volume of the subject products and the production capacity of the licensed plants, etc. The calculation method is validated by external experts.

We will strive to promote understanding of the contribution of our products and technologies to society through active disclosure of information to our stakeholders using the SBC, and promote efforts to realize CN around the world.

SBC results

Item	Beneficiaries	FY2023 (million tons)	FY2024 (million tons)
SSS Technology (Propylene oxide (PO)-only process, Hydrochloric acid oxidation process)	Licensees	2.7	2.9
SSS End Products (Methionine, Flumioxazin, etc.)	Users	4.4	3.7
SSS Materials & Components (Components for secondary batteries and aircraft, etc.)	Users	Not applicable (under consideration)	
Total		7.1	6.6

Calculation method

SSS are classified into the three categories of technology, end products, and materials/ components, and CFP is calculated from the difference by comparing the CFP of SSS with that of technologies and products in widespread use as of 2013. (Based on single-year sales volume)

SSS Technology

- PO-only process is compared to the average of other PO manufacturing processes, such as the chlorine process, and hydrochloric acid oxidation process is compared to the salt electrolysis process. Calculation of reduction contribution by licensees.

SSS Products

- Methionine is compared to feed without additives. The contribution to the reduction of N_2O in poultry waste was calculated.
- Regarding the Flumioxazin, contributions to emissions reduction achieved by no-till farming in the U.S. were calculated by comparing no-till farming for soybean cultivation with the conventional farming method.

Contribute to Recycling Resources

For sustainable use of resources, it is essential to reduce resource consumption and create a system to efficiently recycle currently available resources. In addition to waste management and effective use of resources at our offices and Works, Sumitomo Chemical is working on the development and social implementation of recycling technologies for carbon resources such as plastics.

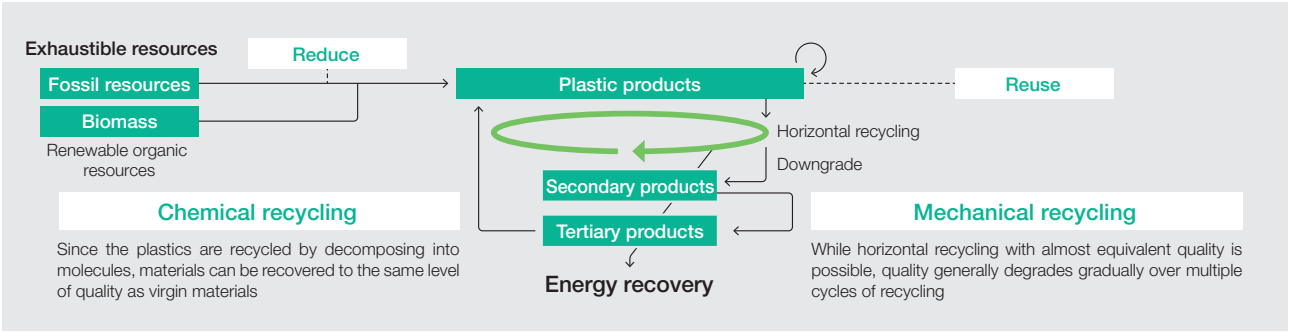
Contribute to Recycling Resources (Sustainability Report)

Initiatives to Achieve Carbon Resource Recycling

Overview of Carbon Resource Recycling, including Plastics

To achieve carbon resource recycling such as for plastics, it is important to make 3R efforts (reduce, reuse, and recycle (mechanical and chemical recycling)) at each stage of the plastics value chain.

Overall picture of circular system for plastics



KPIs for Carbon Resource Recycling

KPI	The amount of recycled plastics utilized in manufacturing processes
Target	200k tons/year by FY2030
Results	FY2024 11,440 tons

Development of the Meguri™ Brand

Meguri™ is a brand of plastic products and chemicals that can be obtained through recycling technology and contribute to reducing environmental impact. We will expand the Meguri™ product lineup and increase production and sales of these products, thereby playing a role in realizing a circular economy.

Meguri
CIRCULARITY FOR ALL

Circular System for Plastics Website

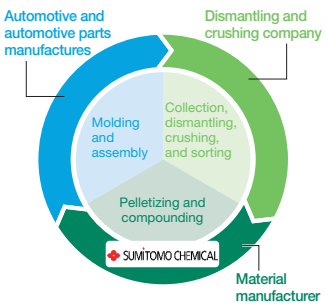
Initiatives toward Mechanical Recycling

We are promoting the development of various technologies to achieve mechanical recycling for plastic products.

PP (Polypropylene) Mechanical Recycling

Our mechanical recycling initiatives include collaboration with REVER CORPORATION. In this partnership, we are developing technology to produce high-quality recycled plastics for use in automobile parts, made from waste plastics recovered from end-of-life vehicles.

Since 2024, we have been providing Noblen™ Meguri™, produced through our mechanical recycling technology, for use in the front grille of the electric vehicle N-VAN e:, marketed by Honda Motor Co., Ltd.



In 2022, we made a decision to introduce a pilot-scale mechanical waste processing facility that performs an integrated process of high-precision sorting and removal of foreign matter according to the type and characteristics of waste plastics.

In addition, we will work towards the acceleration of business development.

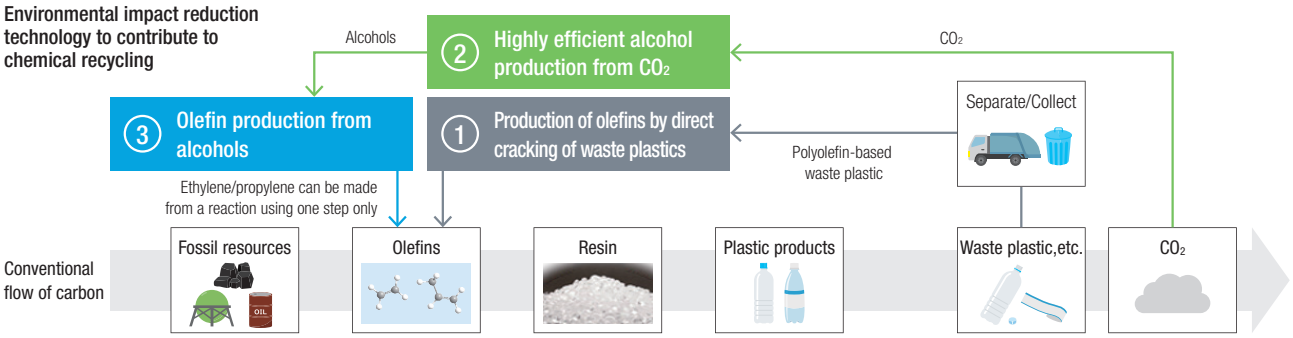
Release of "Nobren™ Meguri™" in 2024

Honda N-VAN e: Front grille

Photograph provided by Honda Motor Co., Ltd.

Initiatives for Chemical Recycling

We promote development of chemical recycling technologies through multiple routes in parallel, by combining our catalyst design and chemical process design technologies, in collaboration with external parties.



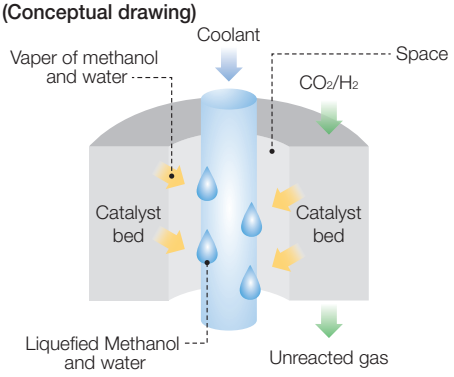
Technology for Highly Efficient Production of Methanol from CO_2

We have completed the construction of a pilot facility to establish a highly efficient process for producing methanol from CO_2 at our Ehime Works and have commenced operations at the facility. In pilot testing, we achieved 80% methanol yield under certain conditions (conventional method: about 20%). Carbon capture and utilization (CCU) technology is expected to serve as a game-changing solution to fight global warming and achieve a circular economy for carbon by recovering CO_2 and utilizing it in products, and we are accelerating the development and spread of various new CCU processes. We will establish the technology and work toward its commercial production and licensing to other companies in the 2030s.

Features of This Technology

- Separating generated methanol within the reactor, which leads to improved yield, smaller equipment, and higher energy efficiency
- Separating by-product water, mitigating catalyst degradation

Principle of the Internal Condensation Reactor (Conceptual drawing)



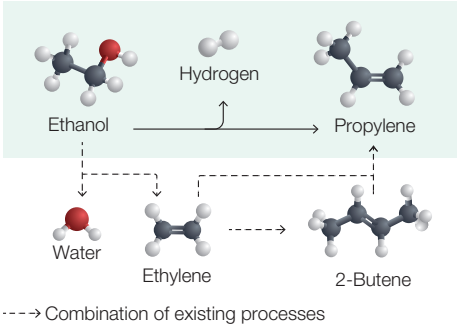
Technology for olefin production from alcohols

We are developing technology to produce olefins directly from ethanol, which has been attracting attention as a sustainable chemical raw material. Since we achieved 80% yield of targeted olefin yield in bench trials, we began designing of pilot facilities for demonstration.

Features of This Technology

- Producing olefin directly from ethanol
- A newly-developed compact and low-cost process
- Producing hydrogen as a by-product, in addition to olefin

Our direct production process



For the future, we are envisioning a business model in which we will reduce fossil fuel resource use, waste plastic generation, and GHG emissions from waste plastic incineration through social implementation of these technologies and will receive fees through value conversion of the amount of GHG emission reduction enabled by our technologies.

Strengthening of the base for the environmental impact solutions business

STEP1

Technology development out to 2030

Quickly develop and validate innovative technologies that achieve GX

STEP2

Commercialization out to 2035

Exhibit concrete environmental value at commercial scale and accelerate commercialization

STEP3

Global deployment

Expand solutions business through licensing overseas

Sustainable Use of Natural Capital

Sumitomo Chemical has set biodiversity conservation and sustainable use of natural capital as material issues in the Nature Positive area. We have formulated Sumitomo Chemical's Commitment to the Conservation of Biodiversity. To realize Nature Positive, we are promoting a variety of initiatives from the perspectives of both obligation and contribution, in an integrated manner with carbon neutrality and a circular economy.

The Sumitomo Chemical Group's Commitment to the Conservation of Biodiversity (Sustainability Report)

Disclosure in Line with TNFD Recommendations

We have registered as a TNFD Adopter and endorsed the TNFD Recommendations, which were published in September 2023 by the Taskforce on Nature-related Financial Disclosures (TNFD). Please see the Sustainability Report for details of our disclosures in the TNFD recommended disclosure areas: Governance, Risk Management, Strategy, and Metrics and Targets.

Sustainable Use of Natural Capital (Sustainability Report)

Governance

The Sumitomo Chemical Group has set conservation and regeneration of biodiversity and natural capital as one of the material issues to be addressed as management priorities. The Board of Directors supervises this matter by receiving reports on nature-related dependencies, impacts, risks, and opportunities, and by providing recommendations and instructions through management meetings, the Carbon Neutral Strategy Council, and the Internal Control Committee. Please see the Sustainability Report for details.

Governance (Sustainability Report)

Strategy

The Sumitomo Chemical Group assesses nature-related dependencies and impacts, as well as risks and opportunities, based on the LEAP approach recommended by the TNFD, and incorporates the results into the formulation of the Group's strategy.

Summary of the LEAP approach

❶ Scoping	❷ Locate	❸ Evaluate	❹ Assess	❺ Prepare
•Development of a hypothesis on the potential interface with nature	•Narrowing down potential nature-related interfaces •Setting priorities	•Identification of interface-related impact drivers •Identification and assessment of the dependencies and impacts	•Identification of risks and opportunities	•Performance management •Strategy and target setting for the future
•We have set the Agro & Life Solutions business (AGL business) as the important nature-related interface.	•Water risks are a significant factor in the crop protection product manufacturing phase in the crop protection product sector under the AGL business. •India has relatively high water risks among crop protection product manufacturing sites.	•Water stress is relatively high in relation to water intake for crop protection product manufacturing in India. •Major impact drivers include increased demand for agricultural water in the surrounding area and decreased precipitation, among others.	•We will identify and set priorities of risks and opportunities based on the result of the Evaluate step.	•We will continue to monitor environmental parameters and evaluate our progress against annual goals. •We plan to develop a long-term transition plan and roadmap.

Strategy (Sustainability Report)

Risk & impact management

The Sumitomo Chemical Group has a system in place to manage risk assessment items evaluated in the above-mentioned LEAP approach together with their impacts.

Promotion of Group-wide Priority Risk Assessment and Countermeasures (Sustainability Report)

Cross-organizational Risks and Crisis Response (Sustainability Report)

Metrics & targets

With respect to metrics for nature-related dependencies and impacts on a global scale, targets are set and managed both on a standalone basis for Sumitomo Chemical and on a consolidated basis including Group companies. With respect to metrics at the local level, targets are set and managed by each manufacturing site and Group company.

Environmental Activity Goals and Results (Sustainability Report)

Example of Initiatives

Examples of Initiatives for “Obligation” and “Contribution”(Sustainability Report)

Obligation

We aim to continuously reduce the environmental impact of our business activities and endeavor to conserve and restore biodiversity and natural capital by taking characteristics of local communities into consideration and cooperating with stakeholders in our supply chains

- Reduction of greenhouse gas (GHG) emissions from energy and processes
- Appropriate chemical substance management
- Reduction of waste emissions
- Effective use of water resources
- Promotion of sustainableprocurement initiatives

Specific initiatives for “Obligation”

Effective use of water resources: Initiative in Bhavnagar Plant of Sumitomo Chemical India Ltd.

Sumitomo Chemical India Ltd.’s Bhavnagar Plant serves as a crop protection product manufacturing site in India. The plant used to purchase river water from the local municipality to secure water for production. However, in recent years, securing the water required for production has become difficult due to population growth in the surrounding area, rising demand for agricultural water, and a decline in annual precipitation.

The plant then began purchasing a portion of household wastewater to be treated by surrounding municipalities, treating it in-house with earthworm farming technology, and using it in its production processes. By doing so, the plant resolved the long-standing challenge of securing a stable supply of water necessary for production. It also reduced the amount of river water traditionally purchased from the municipality by more than 70%, thereby cutting water purchase costs by nearly half.

Wastewater treatment

Treatment using earthworm farming technology instead of the common activated sludge method to suit the characteristics of household wastewater, which contains relatively high levels of nutrients

Contribution

We contribute to conserving and restoring biodiversity and natural capital across our value chain through development and provision of technologies, products, and services

- Provision of products and technologies that promote regenerative agriculture
- Development and implementation in society of technologies that contribute to recycling plastics and other resources
- Provision of products, technologies, and services that contribute to GHG emissions reduction

Specific initiatives for “Contribution”

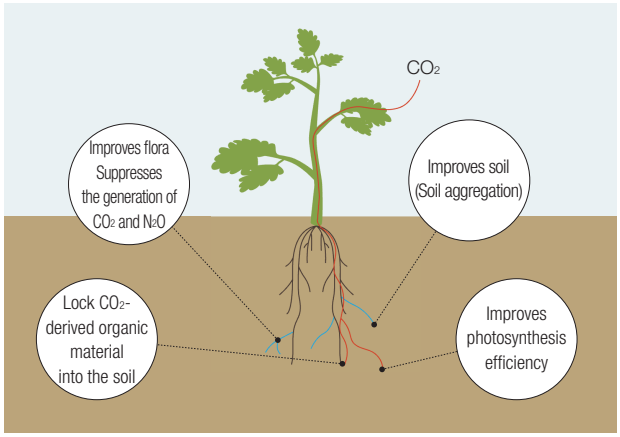
Provision of products and technologies that promote regenerative agriculture: Spread of no-till farming

No-till farming is an agricultural method of growing crops without tilling, and is attracting attention from the perspective of reducing greenhouse gas (GHG) emissions by contributing to the reduction of CO_2 emissions from the ground, in addition to its significant environmental benefits such as soil protection and organic matter conservation. We have several herbicides suitable for use before sowing crops, and we will contribute to the spread of this farming method by ensuring the convenience of no-till cultivation through the promotion of these herbicides.

Provision of products, technologies, and services that contribute to GHG emissions reduction: Soil fertility by mycorrhizal fungi

Mycorrhizal fungi, a type of soil-dwelling microorganism that lives in symbiosis with plant roots, stimulates plant growth. These fungi receive carbon compounds produced by plants through photosynthesis, which increases the amount of carbon compounds in the soil and promotes carbon fixation, thereby reducing atmospheric CO_2 and contributing to soil fertility. We are working on the development of technology utilizing mycorrhizal fungi to achieve carbon neutrality and solve food problems.

Benefits of mycorrhizal fungi (including some hypotheses undergoing validation)



Securing and Developing Human Resources

“People” are a major source of corporate competitiveness, and securing and developing human resources is a critical issue for our future value creation.
We will promote the securing and development of human resources, which we consider to be our most important management resource, from a long-term perspective and achieve structural reform and sustainable growth of our Group through enhanced engagement, thereby enhancing our corporate value.

Basic philosophy

With a history spanning more than 100 years, we have consistently held the view that people are the most important management resource, and we continue to adhere to the three elements of securing human resources, fair treatment, and development and growth as our unchanging human resource philosophy.Guided by this human resource philosophy, the Group has been developing our human resource strategy based on the concept, to “employ, develop and leverage human resources for sustainable growth,” aiming to strengthen the management foundation to support our new growth strategy.

Securing human resources | Fair treatment | Development and growth

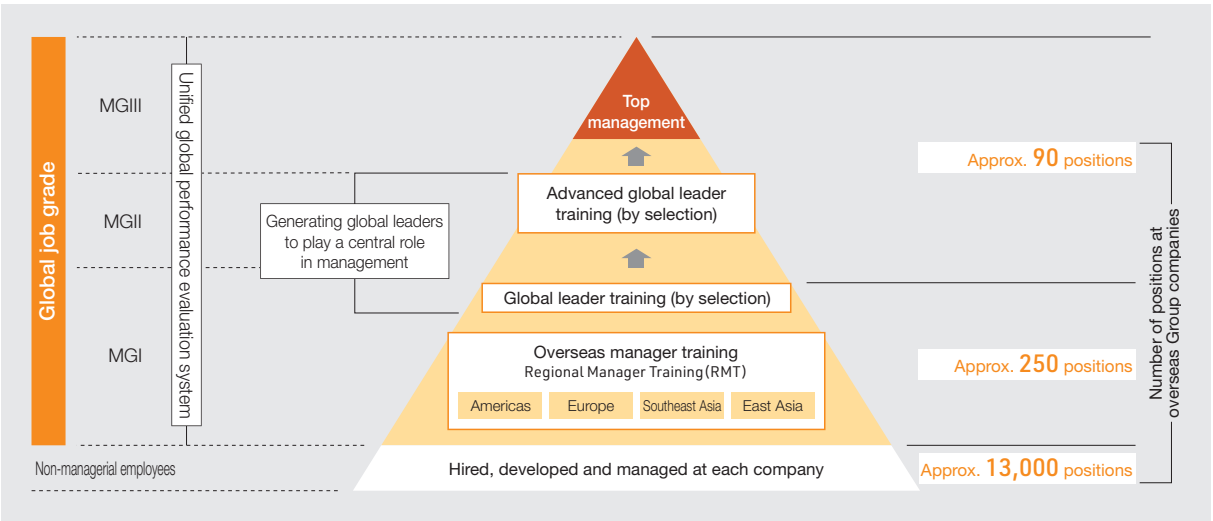
→ **Securing and developing human resources for sustainable growth**

Human Resource System

Evaluations in our human resource system are based on the roles, scale of responsibilities, and the achievements of each individual, taking also into account the abilities and actions they have demonstrated in the process. The system enables those willing and capable employees to aspire to higher roles at an early stage, and to build their self-motivated desire to grow in their career process. In addition, to enhance personnel who support the global business development of Group companies, we have introduced a personnel system common to Sumitomo Chemical managerial employees for managers at overseas Group companies, to share values based on our corporate philosophy and promote opportunities for development, growth and success.

Development of global talent

To systematically develop the next generation of leaders, including global leaders who will play a central role in management, we implement a step-by-step, selective training program for employees of Sumitomo Chemical and domestic and overseas Group companies.



Corporate Business Plan

Direction under the new plan

From a long-term perspective, advance the securing and development of talent, our most important management resource. At the same time, strengthen engagement to achieve structural reforms and sustainable growth within our corporate group.

Human resources systems and measures aimed at strengthening competitiveness

- We will review the human resource systems and measures as necessary to ensure we can secure human resources into the future.
- In the review, we try to capture changes in the social environment involving work styles, such as personnel shortages, a dual-income households, and younger generation's changing views on labor, and make the systems and measures adaptable to such changes.

Target of engagement score*

70% (61% at present)

*Percentage of positive responses on engagement-related indicators in the employee awareness survey

Optimize personnel structures that align with our new growth strategy

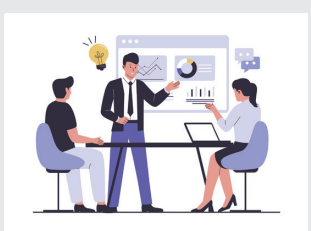
- We allocate necessary personnel in priority areas for growth and development under our ongoing structural reforms.
- We aim to build an organization with high profitability by reviewing work processes and reducing administrative and indirect tasks through utilization of DX, AI, etc.

Strengthening DX and AI utilization
Reducing administrative and indirect tasks

20%

Strengthen and elevate our ability to attract talent

- For new graduate recruitment, we enhance our career website and deliver videos via social media to proactively share a wide range of information of high interest to students, such as career opportunities and job satisfaction. We also focus on promoting mutual understanding by offering more opportunities for direct dialogue with our employees, such as company briefings, internships, and workshops for PhD holders.
- Aiming to sustainably strengthen our recruiting capabilities, we are working to diversify our recruitment sources and increase the ratio of experienced hires to the total number of hires. Furthermore, by supporting new hires in their early adaptation to the work environment and creating an environment where diverse talent can fully demonstrate their experience and abilities, the Sumitomo Chemical Group as a whole will accelerate the advancement of innovation by leveraging its diversity.

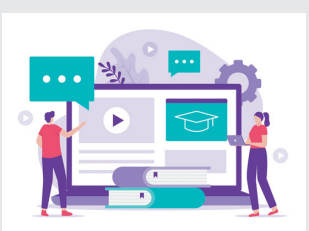


Target ratio of experienced hires

40% (10% at present)

Encourage development and support autonomous career formation

- We encourage self-motivated skill development, focusing not only on current work but also on future careers, and provide the necessary support from supervisors. In addition, we take initiatives leading to a virtuous cycle of work and learning. For example, employees who have grown through the work they are engaged in or skill development programs will take up the challenge of higher-level work by capitalizing on their growth.
- We have long been promoting initiatives such as dual internal roles (22 cases in FY2024), where willing employees can experience work in a variety of departments and positions, and internal open recruitment for specific positions, where motivated individuals are invited to apply from across the Company. By further enhancing these initiatives, the Company will provide strong support for individual employees to autonomously build their own careers.



Employees involved in development of capabilities, knowledge or skills

100%

Dual internal roles in 3 years:

150 success cases

(Double vs. today)

Human Resource Development and Growth

In line with the current human resource system, which upholds the basic philosophy of "development and growth," we have implemented a variety of measures.

We have established the "SUMIKA Learning Square," an education system by purpose and employee category. It includes basic programs for all employees, job responsibility education and career education for each level, management skills enhancement programs, and language skills improvement programs to support global business development.

In addition, to support employees' voluntary learning and growth, we offer a "Self-Selected Training," which allows employees to select and take courses of their own choice so that they can develop their knowledge and skills at the time they need them.

Educational System "SUMIKA Learning Square"

	Non-managerial employees	Managerial employees
Sumika Management		1. Next generation Leader training 2. Strengthening of Management Skills
SUMIKA Knowledge	1. Acquisition of job-related knowledge • Chemicals • Plant operation • Quality/Safety • Intellectual property • DX (Digital Transformation) • Marketing • Corporate Philosophy, etc. 2. Supporting personal growth • Sumitomo Chemical Academy • Self-improvement courses (language studies, DX, etc.)	Self-Selected Training
Sumika Basic	Essentials • Compliance • Information systems • Human rights, etc. Awareness of job duties / Knowledge and skills • New employees • Upon promotion • The Company's roots in Niihama, etc. Language study and understanding other cultures • English • Training prior to working abroad	Management skills • New line managers • New department managers • Team leaders, etc. Career • Career development, etc. Production technology and knowledge • Common Training for Production Departments • Company-wide Safety Training

Utilization of Diverse Human Resources

The Sumitomo Chemical Group has established the Group Basic Principles for DE&I (Diversity, Equity & Inclusion) Promotion and works to utilize diverse human resources. Under the Basic Principles, we respect the differences in personalities and attributes of diverse employees, and accept and utilize each other's diverse knowledge and experience, thereby enabling each employee to fully demonstrate their aptitudes and abilities and to grow together as a whole Group. Moreover, we have been working to deepen understanding of DE&I through a variety of measures and educational opportunities to achieve these goals.

Approximately 100 major Group companies in Japan and overseas set specific KPIs tailored to the circumstances of each country and company, thereby promoting DE&I initiatives across the entire Group.

TOPICS

Promoting the Hiring of Persons with Disabilities

We actively employ people with disabilities to help realize a society of normalization where people with and without disability work together. To help people with disabilities work in a safe and supportive environment, we are improving workplace conditions and providing support such as establishing a dedicated consultation desk. We also offer educational opportunities for all employees.

Furthermore, we established a special subsidiary Sumika Partners Co., Ltd. in August 2017, to support participation of persons with disabilities in society and to provide more employment opportunities. Sumika Partners has established a system to enable each employee to thrive, by utilizing his or her abilities and characteristics through tasks such as printing and bookbinding, cleaning, and administrative support.

Promotion of Employee Health

We promote various support measures to solve and improve employees' health issues so that they can lead healthy lives both mentally and physically and realize prosperous lives. Focusing on the five areas of diet, exercise, sleep, quitting smoking, and mental health, we are working on specific action items such as holding walking events for the purpose of establishing an exercise routine, expanding affiliated gyms, and supporting employees who are trying to quit smoking.

In cooperation with the Sumitomo Chemical Health Insurance Association, we also promote specified health guidance aimed at the prevention of lifestyle-related diseases, and implement the prevention of severe diseases project, which recommends consultations at medical institutions and provides advice on how to improve lifestyle and self-care for those at high risk of developing severe hypertension, diabetes, and dyslipidemia.

TOPICS

Health Support for Expatriate Employees

During overseas medical tours, occupational physicians meet individually with expatriates to assess their health conditions and also conduct site visits to review the local living environment and medical infrastructure. Using such information gathered on site, we provide concrete and practical advice by anticipating the health risks that expatriates are likely to face. For example, we check the food items locally available and propose nutritionally balanced diets. In some cases, medicines that require prescriptions in Japan are sold over-the-counter overseas; therefore, we provide expatriates with easy-to-understand information on OTC medicines, their dosage and precautions by visiting pharmacies in the neighborhood and collecting information.

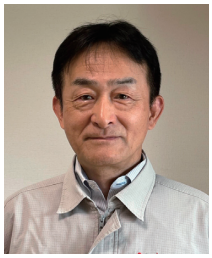
Through these efforts, we help expatriates and their families adapt to the local environment and develop a system for proactively managing their own health.

Message from Employees

Taking on the Challenge of "Leap Beyond"

The slogan of the new Corporate Business Plan, "Leap Beyond," embodies our strong motivation to leap higher with new ideas which takes us beyond conventional businesses, technologies, and ways of thinking. Guided by the concept of Leap Beyond, each and every employee is willing to take on the challenge of a new framework, beyond the boundaries of conventional operation in this unpredictable world.

Sumitomo Chemical Academy (Company-wide Opt-in Workshop)



Voice of the chairperson who led the workshop

The workshop provided a valuable opportunity to learn the importance of maximizing the added value of technological innovation focusing on problem solving, as we considered the potential for new business in the life science field from a multifaceted viewpoint. We expect the participants to leverage the expertise and network they gain here for their future growth and challenges.
(Environmental Health Science Laboratory)

Participant feedback

It was a great opportunity to learn deeply about the concept of discovering new business prospects through the open and lively exchange of opinions and positive feedback on ideas, as well-experienced chairs and enthusiastic members from various departments gathered together.
(Process & Production Technology & Safety Planning Dept.)

* Sumitomo Chemical Academy: Intended to provide fertile soil for innovation, this Company-wide workshop discusses technical issues related to the Company's businesses beyond the organizational boundaries and serves as a forum in which people can gain new ideas, knowledge, and perspectives aimed at realizing solutions.

Promotion of DX at the Manufacturing Site

Voice of engineer working on DX

I am currently promoting DX in the manufacturing process through the launch of new processing equipment in semiconductor substrate manufacturing. By leveraging the knowledge of "production-related data engineers" acquired through in-house training, we analyze equipment logs and operating conditions to improve quality and prevent equipment failures. We also focus on improving the data acquisition environment, as additional equipment logs and more efficient recording methods are needed to expand this activity throughout the plant. In addition, by leveraging ChatSCC, our in-house generative AI, to gather information and improve operational efficiency, we are driving innovation and enhancing productivity in our manufacturing operations. Through these practical actions, we aim to improve the profitability and sustainable growth of the plant.
(Manufacturing Support Team, Manufacturing Dept., Ibaraki Works)

Respect for Human Rights

Sumitomo Chemical regards respect for human rights as part of the foundation for business continuation. We are continuing to make a Group-wide effort to address this as a material issue to be addressed as management priorities, and provide disclosures on our measures and progress. In 2019, Sumitomo Chemical fomulated the Sumitomo Chemical Group Human Rights Policy, based on the United Nations Guiding Principles on Business and Human Rights (UNGPs) At the same time, we established the Human Rights Promotion Committee, a committee tasked with promoting our human rights initiatives. Since then, under the initiative of the Committee, the entire Group has been working together to promote efforts to respect human rights throughout the value chain.

Respect for Human Rights (Sustainability Report)
Sumitomo Chemical Group Human Rights Policy (Sustainability Report)

Management System

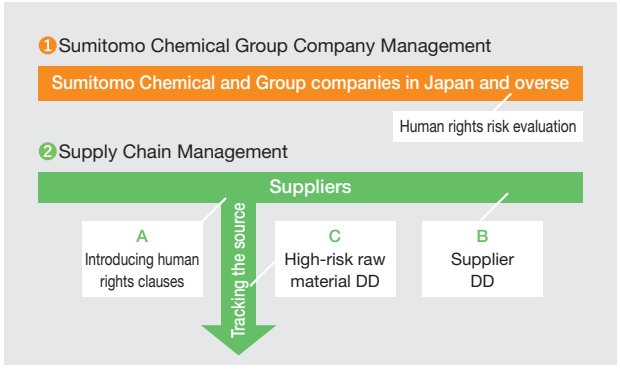
Sumitomo Chemical has established the Human Rights Promotion Committee as its organization for promoting activities in compliance with the Human Rights Policy. In order to plan and implement measures to respect human rights across the entire value chain, this committee consists of members from a broad range of related departments and functions. The senior executive officer in charge of corporate departments serves as chair, while from the business sectors, executive officers in charge of the Planning & Coordination Offices of their respective departments participate as committee members.

Human Rights Promotion Committee

Human Rights Due Diligence

With the aim of promoting respect for human rights in its business activities, the Sumitomo Chemical Group has established a system for human rights due diligence in accordance with (UNGPs) Human rights due diligence is an initiative to identify, mitigate, and prevent human rights risks for each of the ① Sumitomo Chemical Group and ② supply chain. (① Sumitomo Chemical Group Company management and ② supply chain management) Furthermore, in ② supply chain management, we track suppliers of raw materials that have a high risk of having a negative impact on human rights (high-risk raw materials) down to their sources.

Human Rights Due Diligence Overview of Initiatives



Grievance Mechanisms

We have grievance mechanisms in place in the form of the Speak-Up System (whistle-blowing channels) in order to address concerns about activities that may adversely impact human rights or any other concerns raised about our business activities. These channels are available for anyone involved in Sumitomo Chemical Group's business activities, including their business partners as well as Sumitomo Chemical Group Personnel and their families.

Major Initiatives

Sumitomo Chemical and Group companies in Japan and overseas

❶ Sumitomo Chemical Group Company Management

Group Company Risk Evaluation

Based on our risk approach policy, we are undertaking an overview of human rights due diligence over the past three years.

FY2022	• Human rights risk evaluations (risk mapping) conducted by external specialists
FY2023	• Conducted written surveys and detailed surveys of Group companies thought to have relatively high levels of risk in the human rights risk evaluations (risk mapping) conducted in fiscal 2022
FY2024	• Regarding written survey responses that indicate concerns about human rights violations, we confirmed actual conditions at each company • Studied and implemented countermeasures for matters pointed out in detailed surveys conducted by external specialists

Results of the three-year evaluation

In the human rights due diligence conducted from FY2022 to FY2024, the Group companies that underwent written and detailed surveys were taking measures in compliance with the laws and regulations of the countries in which they operate, and no major risks were found that would be in conflict with international norms such as the International Labour Organization (ILO) Core Labour Standards. We will continue to conduct human rights risk evaluations for the Company and Group companies in Japan and overseas, as it is important to regularly conduct risk evaluations in response to changes in social conditions.

Suppliers

❷ Supply Chain Management

A. Introducing Human Rights Clauses into Contracts

We have formulated contract clauses that request understanding and cooperation with our efforts to respect human rights, and included them in our contracts with our business partners, including raw material suppliers, materials and equipment suppliers, logistics providers, and contract manufacturers. We will also respond in line with the procedures defined in these human rights provisions when negative impacts on human rights occur in our supply chain, or under the apprehension that such an impact has occurred.

B. Supplier Due Diligence

To accurately recognize the status of risks in the supply chain, we send the Sumitomo Chemical Group Supplier Code of Conduct to our major business partners, collect the Sumitomo Chemical Group Sustainable Procurement Check Sheets filled out by each company, and confirm the status of initiatives. Furthermore, from fiscal 2021, we are conducting detailed investigations of our major business partners using questionnaires specialized for human rights (the human rights questionnaire). By analyzing the responses and taking improvement measures as necessary, we have been broadly promoting sustainable procurement throughout our supply chain.

C. Hi-risk Raw Material Due Diligence

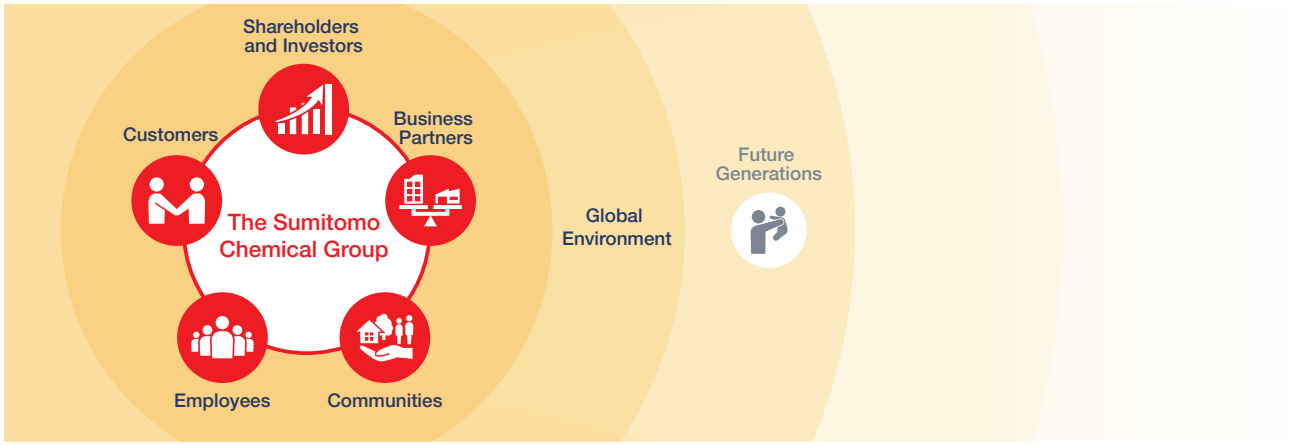
In line with the Sumitomo Chemical Group Policy for Responsible Procurement of Minerals/Raw Materials formulated in 2020, we conduct surveys at our Group companies in Japan on the use of raw materials that have a high risk of having a negative impact on human rights (high-risk raw materials). We do this in order to prioritize due diligence on their suppliers. For business partners that handle high-risk raw materials, we request reports based on the RMI* and steadily promote risk assessments.

※Responsible Minerals Initiative

Communication with Stakeholders

Sumitomo Chemical values the relationships of trust with diverse stakeholders, including shareholders, investors, customers, business partners, employees, and local communities. We offer a variety of opportunities for communications to earnestly listen to their opinions and expectations and reflect them in our business activities.

Stakeholder Engagement



Opportunities to Communicate with Stakeholders

Stakeholders	Measures
Shareholders and Investors	• General meetings of shareholders • Meetings, including corporate strategy briefing meetings and financial results conference calls • Briefing meetings for individual investors • Publications, including the Integrated Report • Disclosure via the Company's website and social media
Customers	• Customer support including communication in sales activities and quality assurance • Providing information via the Company's website and other communication media • Customer support by the customer support center
Business Partners	• Communication through purchasing activities • Information exchange meetings with business partners • Monitoring using our Sustainable Procurement check sheets • A dedicated team provides support, answering the inquiries of business partners
Employees	• Central labor-management meetings and operation-site labor-management meetings • Establishment of a labor-management committee to promote the Sumika "Let's Do This Declaration" • Various training programs • Information provided via the Company's internal newsletters and intranet
Communities	• Participating in international initiatives (Including UNGC) • Information provision through websites and other channels • Holding opinion exchanges with local communities, plant tours, and more • Community contribution activities

Engaging in Dialogue to Enhance Corporate Value

To facilitate understanding by shareholders and investors in Japan and overseas of our management policy, business strategy, and performance trends toward sustainable growth and enhancement of corporate value over the medium to long term, our top management takes the initiative in proactive information disclosure and interactive communications to fulfill our accountability, maintain and raise market confidence in the Company, while striving to ensure proper stock price formation and enhance corporate value.

During the first half of FY2024, we took the opportunity to provide explanations mainly on the progress of structural reforms, such as the progress of various measures to achieve a V-shaped recovery and the announcement of Petro Rabigh's financial restructuring measures. In the second half of the fiscal year, we held briefing sessions on the two businesses that drive our growth and on the new Corporate Business Plan, in an effort to show our vision for the long-term growth trajectory after the structural reform. In addition, we visited overseas institutional investors and held a plant tour for investors, engaging in constructive dialogue with our shareholders and investors.

Main Themes of Dialogue

Immediate-term, concentrated measures to improve business performance
- Business restructuring
- Sale of cross-shareholdings

Fundamental structural reforms
- Revitalization of Sumitomo Pharma
- Revitalization of the Petrochemical Business including Petro Rabigh

Medium- to long-term growth strategies
- FY2025-2027 Corporate Business Plan
- Business portfolio from 2030 onward

Major Dialogue Events in FY2024

Briefing Sessions

	Speakers	Times Held	Attendees
Investors' Meeting for the Current Priority Management Issues and Business Strategy	President	1	1,496
Special Briefing on the Press Release regarding Petro Rabigh	President	1	269
Investors' Meeting for FY2024 1st Half Financial Results, Management Priorities and Business Strategies	President	1	553
Investors' Meeting for the Business Strategy (Agro & Life Solutions, ICT & Mobility Solutions)	Heads of business sectors	1	267
Conference on Establishment of RACTHERA, the Regenerative Medicine and Cell Therapy Business Joint Venture	President,President of Sumitomo Pharma	1	72
FY2025-FY2027 Corporate Business Plan	President	1	528
Conference call on earnings report	Managing Executive Officer in charge of IR	3	1,286

Interviews with Investors

	Persons who Deal with This	Times Held	Attendees
Interviews with Investors	President, Managing Executive Officer in charge of IR, General Manager in charge of IR, etc.	—	647
Of which,interviews with those with decision-making authority and ESG interviews	President, Managing Executive Officer in charge of IR, General Manager in charge of IR, etc.	—	47

Small Meetings

	Persons who Deal with This	Times Held	Attendees
Held by the President	President, Heads of business sectors	1	23
Held by the heads of business sectors and other departments	Heads of business sectors, Managing Executive Officer in charge of IR, General Manager in charge of IR, etc.	1	72

Individual Investors' Meetings

	Persons who Deal with This	Times Held	Attendees
Individual Investors' Meetings (Including streaming)	Managing Executive Officer in charge of IR, General Manager in charge of IR	5	—

Internal Feedback and Examples of Improvements

Our company actively provides feedback to various internal levels based on the opinions and suggestions received from analysts and investors during our IR activities. By sharing external perspectives on our business strategies, business plans, and corporate value, we aim to enhance our competitiveness and improve management practices.

Feedback	Content
Board of Directors Report	Opinions and evaluations of our company gathered from earnings briefings, investor meetings and other such opportunities are shared with the Board of Directors.
IR and Public Relations Coordination Meetings	Once a quarter, we share investor reactions and opinions regarding earnings announcements and briefings with department heads across various business sectors and headquarters sections. Additionally, we exchange views on the planning of events aimed at investors and the media.

Examples of Communication Opportunities

Shareholders and investors

Organized a plant tour

In February 2025, we organized a plant tour for investors and analysts for the first time since the COVID-19 pandemic. The tour visited the Osaka Works, the main domestic base of the ICT & Mobility Solutions Sector, to observe the manufacturing and evaluation facilities for photoresists, a key product of the semiconductor business. We believe this first-hand experience of our technological expertise and commitment to quality has stimulated expectations for the future development of our business. We also visited the facilities of S-RACMO Co., Ltd., a subsidiary of the Advanced Medical Solutions Sector, which we are developing as a future pillar of the Company. Here, we provided an opportunity to feel the potential of our new growth areas through a tour of commercial production facilities for regenerative and cell therapy products, among others.

Plant tour (Kasugade)

Business partners

Held a supplier information exchange meeting

We periodically hold information exchange meetings with our major business partners to introduce the Sumitomo Chemical Group's sustainability activities. In FY2024, 51 major suppliers in Japan participated in the meeting. At the information exchange meetings, we explained our efforts to reduce GHG emissions and requested each company to cooperate with our efforts and information sharing. We also explained our sustainable procurement initiatives and requested their cooperation, and introduced CFP-TOMO™, our Carbon Footprint of Products calculation tool. Leveraging these cooperative relationships, we will continue to contribute to the realization of a sustainable society.

Message from Outside Director

Offering Opinions from a Risk-Management Perspective to Contribute to Sustained Growth After a V-Shaped Recovery

Outside Director
Yumiko Noda

Recognizing the Signs of Change, Adjusting Our Course Responsively

A Tradition of Challenge for Business and the Common Good

I have built a career in a wide range of fields, including finance, consulting, government, and environmental sectors such as water treatment and waste management. When someone like me with such experience faced Sumitomo Chemical, my candid first impression was that, precisely because the chemical industry is a massive, equipment-intensive process industry, there would be significant challenges to achieving swift decision-making and agile management.

The product range is extremely broad, from general-purpose basic chemicals to specialty chemicals, and in petrochemical complexes there is a complicated web of interdependencies with other companies in raw materials, fuels, and products. In the midst of such a multilayered business structure, I recognized that pursuing rapid management reforms while responding to a market environment characterized by oversupply, which is primarily driven by China, would be a significant challenge.

At the same time, I was impressed that the Sumitomo Spirit of “Jiri-Rita Koushi-Ichinyo” has indeed been handed down to the present day. The stance of the company not limiting itself to the pursuit of profit, but positioning contribution to the nation and society as its mission and developing diverse businesses based on that philosophy is truly impressive. Although there are constraints inherent in the nature of B-to-B business, I believe it is desirable to make the value creation process more visible and communicate it effectively both inside and outside the company, showing how this noble mission is being realized through specific products and solutions.

Another major strength of Sumitomo Chemical is that a mindset of taking on new challenges has been fostered. Although not all challenges will be successful, the company’s willingness to take on new challenges without hesitation for the sake of its own development and contribution to society is valuable. Maintaining and developing this forward-looking corporate culture will lead to greater innovation in the future.

That said, the critical aspect of sustained challenge-taking is rapidly adapting to external changes in the times and environment. As the investment in Petro Rabigh in Saudi Arabia shows, it is common for things not to go as originally planned. The important thing is to make flexible adjustments and revisions when the actual performance deviates from the original plan. As an Outside Director, I intend to actively advise to this front.

Achieving Sustained Growth beyond V-Shaped Recovery Remains Paramount

Steadily Delivering Results in the Two Growth-Drivers is Essential

I assumed my position immediately following Sumitomo Chemical's performance deterioration, joining the Board of Directors at a critical juncture requiring a turnaround. Achieving V-shaped recovery was the top priority, and I sensed unified company-wide determination to pursue this objective. As an Outside Director, I have objectively monitored the initiatives toward performance recovery. The management's steady execution of stated targets, culminating in remarkable V-shaped recovery, represents highly commendable achievement.

Nevertheless, I recognize substantial room for improvement with respect to the financial position. As Japan's economy shifts from a long-standing low-interest environment to a world where interest rates matter, debt reduction should be addressed with utmost priority. Realizing sustainable growth requires balancing steady debt reduction with growth investment, demanding more strategic and vigorous cash management.

The most important challenge for the Company is to achieve sustainable growth. In a difficult market environment where multiple chemical companies compete, we face two strategic imperatives. First, establishing distinctive competitive advantage and achieving effective differentiation. Second, identifying which business areas should serve as growth drivers and constructing an optimal business portfolio. I actively raise these management issues at the Board meetings.

Chemical companies supported the development of manufacturing industries by providing a wide array of materials in the mass production and mass consumption society of the 20th century. However, in today's era, characterized by demands for sustainable economic models such as carbon neutrality and circular economy, the significance of the chemical industry is being redefined. Based on this recognition and following discussions at the Board of Directors, the Corporate Business Plan establishes resource focus on the Agro & Life Solutions Sector and ICT & Mobility Solutions Sector as growth drivers. Now that we have achieved V-shaped recovery, we believe strategic resource allocation, continuous challenges for next-generation growth, and steady achievement of results are essential.

Leveraging Risk Management Experience

Companies Serve Five Stakeholders

Companies have five important stakeholders: planet earth, customers, shareholders, employees, and local communities. While viewing the planet earth as a stakeholder may be uncommon, we believe it represents an essential stakeholder for companies that utilize the Earth's resources in their business activities. It is important to realize continuous value creation for all five of these stakeholders for a company's sustainable growth.

Appropriate risk management is fundamental to achieving sustainable growth and creating value for these five stakeholders. From this perspective, one important role I can fulfill as an Outside Director is contributing to enhanced risk management. In the financial sector, particularly in project finance, I have accumulated experience in managing various risks for large-scale overseas infrastructure projects. In a constantly evolving business environments, it is extremely important to conduct thorough risk analysis when making investment decisions, especially regarding worst-case scenarios, countermeasure formulation when risks materialize, and flexible implementation of these measures.

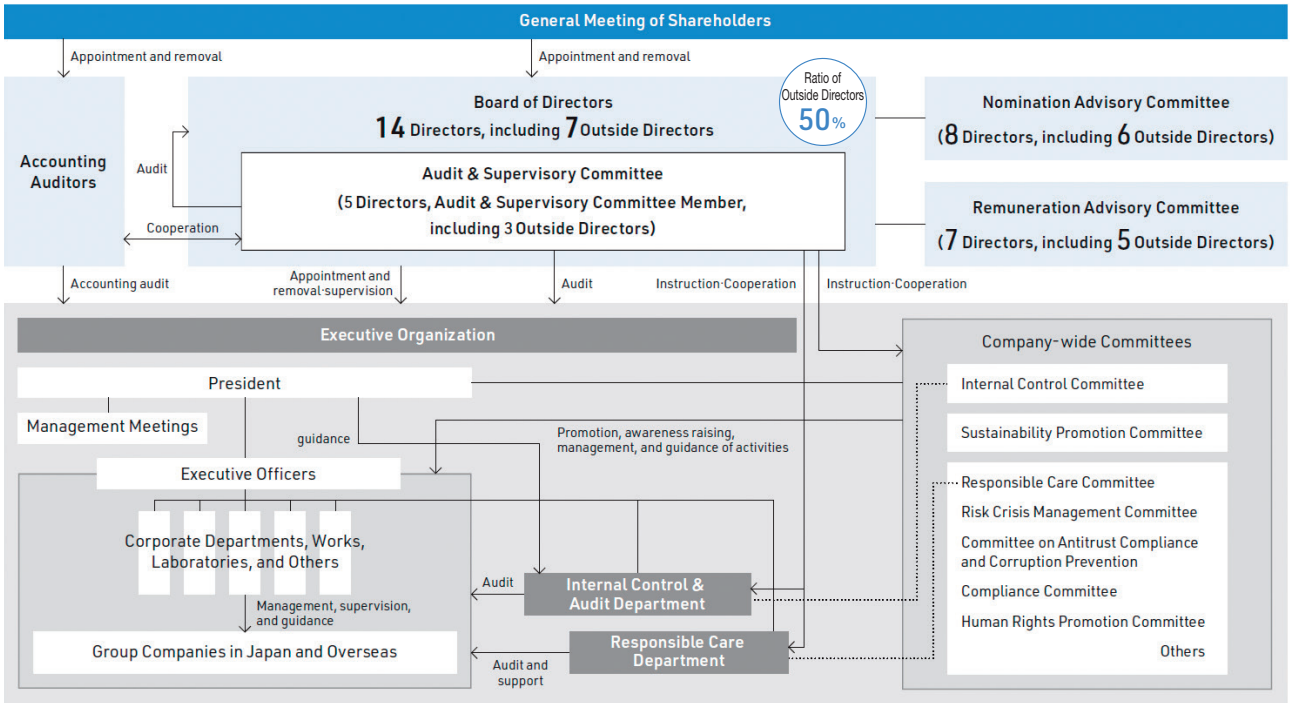
The 2024 V-shaped recovery represents merely a milestone in our ongoing journey of challenges. As an Outside Director, I will leverage my experience to the fullest extent and dedicate myself to the company's further development as we strive toward the higher and more challenging goal of sustainable growth.

Corporate Governance

Sumitomo Chemical makes continual improvements to ensure that the company's governance structures serve their appropriate functions, including with respect to executive nomination and remuneration, and that the Board of Directors is highly effective, with the aim of further improving corporate governance.

After continuously discussing and exploring the design of the corporate structure from the perspective of further enhancing the Board's monitoring capabilities, including management supervision as well as the deliberation and evaluation of the Company's medium- to long-term management strategies and policies, the Company has transitioned to a company with an Audit & Supervisory Committee in June 2025, aiming to transforming itself into an Innovative Solution Provider, a vision it aspires to achieve over the long term, and further strengthening its corporate governance system as an essential foundation for all these efforts.

Corporate Governance Organization (As of July 1, 2025)



TOPICS

Transition to a Company with an Audit & Supervisory Committee

In FY2024, we spent time engaging in repeated discussions, mainly at the Directors and Audit & Supervisory Board Members Discussion Meetings to prepare for the transition to a company with an Audit & Supervisory Committee. In the course of the study, we had discussions from various angles, including the ideal design of corporate structure based on the future management direction of the Company, the composition of the Committee and system of instruction and cooperation between the Committee and the Internal Control and Audit Department etc. from the perspective of ensuring the effectiveness of audits by the Committee after the transition, the support system for the Committee, the agenda setting and matters to be deliberated and resolved by the Board of Directors after the transition. Based on these discussions, the executive functions presented a response plan for further discussions, and eventually the Board of Directors approved and resolved the transition to a company with an Audit & Supervisory Committee.

POINT

❶ Increasing the Board's supervisory capabilities

- Increasing the Board's supervisory capabilities by designating Audit & Supervisory Committee Members, who are responsible for, among others, auditing Directors' performance of duties, as members of the Board.

❷ Enhancing the effectiveness of audits on business execution

- Enhancing the effectiveness of audits related to business execution by strengthening the system of instruction and cooperation between the Audit & Supervisory Committee and the Internal Control and Audit Department, etc.

❸ Further deepening deliberations and accelerating decision-making by the Board

- Deepening the Board meeting discussions about management policies and strategies by enabling the Board to broadly delegate its decisions on business execution to Directors.
- Realizing accelerated and more agile management decisions while also maintaining the Board's monitoring capabilities.

Corporate Governance Organization

Corporate Governance (Sustainability Report)

Board of Directors	Chairperson: Chairman of the Board (The Chairman of the Board does not concurrently serve as Executive Officer.) The Sumitomo Chemical Board of Directors decides management policy, business strategies, and other important matters concerning the company's management, in accordance with the law, the Articles of Incorporation, and the Board of Directors' own rules. It also receives reports from Directors and others on the performance of duties, the financial situation, and operating results, and oversees the performance of duties by each Director. In accordance with the Nomination Advisory Committee's advice, candidates for Director are nominated by the Board of Directors and are elected once a year at the General Meeting of Shareholders.
Audit & Supervisory Committee	Constituent members: Directors, Audit & Supervisory Committee Members The Audit & Supervisory Committee Members play a vital role in our corporate governance by auditing the performance of duties by Directors in accordance with the law and the Articles of Incorporation. The results of audits and the objective views of Outside Directors who are Audit & Supervisory Committee Members are appropriately reflected in internal audits, Audit & Supervisory Committee's audits, and accounting audits, so as to raise the effectiveness and efficiency of auditing. The Audit & Supervisory Committee's Office has been established with staff dedicated to providing assistance in auditing functions under the direction of Audit & Supervisory Committee Members.
Nomination Advisory Committee	Chairperson (FY2025): Chairman of the Board Constituent members: Outside Directors and the Chairman of the Board, and the President An advisory committee of the Board of Directors relating to the selection of senior management*1 and the nomination of Directors and Audit & Supervisory Committee Members. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when selecting executives, with the aim of ensuring even greater transparency and fairness in executive selection and also clarifying the process of executive selection. *Senior management means Executive Officers above Senior Managing Executive Officer, and Managing Executive Officers who are immediately under the President, supervising certain functions
Remuneration Advisory Committee	Chairperson (FY2025): Ms. Muraki, Outside Director Constituent members: Outside Directors and the Chairman of the Board, and the President An advisory committee of the Board of Directors relating to the remuneration system and remuneration levels for Directors and Executive Officers, as well as other related issues. The committee, whose members are directors (the majority of whom are outside directors) makes recommendations to the Board of Directors when determining systems for and levels of executive remuneration, among other issues, with the aim of further increasing transparency and fairness. In addition, upon authorization by the Board of Directors, the committee determines the amount of compensation for each individual senior management and Directors (excluding Directors, Audit & Supervisory Committee Members) in accordance with the policies for determining compensation of senior management and Directors.

Measures to Date for Strengthening Corporate Governance

Date	Major Initiatives	Board Composition	Appointment of Board Members	Executive Remuneration	Other
2003 June	Interoduced Executive Officer system (reduced number of Directors from 25 to 10)	●			●
July	Established Compliance Committee				●
2004 June	Eliminated system of retirement benefits for Directors and Audit & Supervisory Board Members			●	
2007 May	Established Internal Control Committee				●
September	Established Remuneration Advisory Group			●	
2010 September	Established Nomination Advisory Group		●		
2011 November	Drew up standards for appointment of Independent Outside Directors	●	●		
2012 June	Appointed 1 Outside Director	●			
2015 June	Selected 3 Outside Directors (increased by 2)	●			
October	Established Remuneration Advisory Committee in plase of Remuneration Advisory Group			●	
	Established Nomination Advisory Committee in plase of Nomination Advisory Group		●		
2016 December	Formulated Sumitomo Chemical Corporate Governance Guidelines				●
2018 June	Selected 4 Outside Directors (including 1 woman) (increased by 1)	●			
2021 June	Board of Directors consisting of more than 1/3 Outside Directors	●			
2022 June	Introduction of a restricted stok compensation plan for Internal Directors and Executive Officers			●	
2024 June	Reviewed the composition of Board of Directors and selected 5 Outside Directors (including 2 woman)	●			
2025 June	Transition to a Company with an Audit & Supervisory Committee				●

Efforts to Substantively Strengthen Corporate Governance

Changes in the Method of Operation of the Board of Directors

Sumitomo Chemical has, since prior to its transition to a company with an Audit & Supervisory Committee, been continuously improving the operation of the Board of Directors and various corporate governance measures with the primary objectives of further strengthening the Board's monitoring functions and enhancing the transparency and objectivity of management. In particular, we place great importance on maximizing the effectiveness of Outside Directors and to this end, we have implemented various measures to reduce the information asymmetry between internal and outside directors. As a result of these improvements, the operation of the Board of Directors and its associated meetings is as shown in the diagram below.

A few days prior to the Board of Directors meeting

Advance briefing

Day of the Board of Directors meeting

Board of Directors
*Standard flow

Around 8:00	Resolutions
10:00	Reports ・Head office monthly report ・Business sector monthly report ・Report on important proposals
11:15	Rotation report
12:00	End

More than 2/3 of the time in meetings of the Board of Directors is used for discussions

Upon completion of the Board of Directors meeting

Meetings

Expanded Advance Briefings for Outside Directors Organic Coordination with the Board of Directors

- The roles of advance briefings and meetings of the Board of Directors have been clarified, ensuring sufficient time for discussion in the Board of Directors meeting
- The content of advance briefings, including points of discussion, are reflected in the deliberations of the Board of Directors

Report on the Summary of Internal Discussion at a Management Meeting

- Report the summary of discussions held in internal meetings for important agenda items and how the views expressed in those discussions are reflected in the agenda items

Report to Board of Directors before Deciding on a Major Proposal

- For important agenda items, such as the management direction, M&A, and other major projects, reports (including progress reports) are made to the Board of Directors from the early stages of consideration so that they can reflect the Board's intentions

Each Sector Sets Aside a Block of Time to Make Comprehensive and Systematic Reports

- Assign a sector to make a report on the overview of business, strategy, and the progress of various measures and R&D (Main sectors of the Head Office are also subject to the assignment.

Opportunities for Informal Discussions

(Each held several times a year)

- Directors Discussion Meetings
- Study Sessions on Important issues for Outside Directors
- Discussion Meetings between Outside Directors and the Heads of Key Group Companies
- Discussion Meetings for Outside Directors Only
- Discussion Meetings between Outside Directors and Key Departments

Visits to Production Sites

- Outside Directors visit to our business offices, and Group companies outside Japan (twice a year)

TOPICS

Toward Achieving V-shaped Recovery

In FY2024, the Board of Directors has thoroughly monitored the executive function's implementation of management measures, aiming to achieve a V-shaped recovery by steadily implementing immediate-term, concentrated measures to improve business performance and promoting fundamental structural reforms. Specifically, the Board has checked the progress of performance improvement in a timely manner, clarified the reasons for any gaps between plans and actual results, and requested prompt and concrete actions, thereby providing strong support for the efforts of the executive function. For improving Petro Rabigh's financial position and Sumitomo Pharma's management restructuring, the Board members confirmed and discussed the direction and details at an increased frequency through extraordinary Board meetings and informal discussion sessions.

In the course of these discussions, the members pointed out the need for the Board to share awareness of issues and discuss them at an earlier stage given the increasing complexity of management issues, suggested the need to periodically assess the strategic importance of group companies in view of the business portfolio, and expressed the opinion that the governance of listed subsidiaries should be discussed on an ongoing basis.

After the transition to a company with an Audit & Supervisory Committee, the agenda setting and operation of the Board of Directors will incorporate these suggestions and opinions.

Assessing the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors is assessed in terms of its composition, operational status, deliberation/reports at its meetings, auditing status on its business execution, and the operations of the non-mandatory Nomination Advisory Committee and Remuneration Advisory Committee. The company conducts surveys of each Director and Audit & Supervisory Board Members about their assessing the effectiveness of the Board of Directors. Based on the results of these surveys, there is then a frank exchange of views in meetings of the Board of Audit & Supervisory Board Members, in informal meetings with Outside Directors and Outside Audit & Supervisory Board Members, and in management meetings, after which the Board of Directors then conducts a review of its own effectiveness in one of its meetings based on the views expressed in the prior meetings.

Issues Identified in FY2023	Fulfillment of the Board of Directors' functions for sustainable growth	Further reinforcement of Group Governance	Design of the corporate structure
Initiatives for FY2024	Flexibly provided opportunities for discussion as needed, including informal meetings in addition to Board of Directors meetings.	Reassessed the strategic importance of group companies, incorporating the perspective of the best owner and the business portfolio that the Group is aiming to achieve.	Continued discussions and reviews by Directors and Audit & Supervisory Board Members.
Evaluation of Initiatives for FY2024	Deepened discussions on the direction and specifics of immediate-term, concentrated measures to improve business performance and fundamental structural reforms, made speedy management decisions, and monitored progress to support a V-shaped recovery.	Promoted optimization of the group structure	Decided to transition to a company with an Audit & Supervisory Committee
	(Tasks for the next fiscal year) • Need to further improve the monitoring by the Board, considering the shortfall of the targets of the previous Corporate Business Plan. • Need to systematically set the agenda for the Board meetings after the transition.		
Initiatives for FY2025	**Reviewing and verifying the monitoring process at the Board of Directors**	• Verify the Board's monitoring of past management initiatives, etc. • Further improve the Board's monitoring capabilities through efforts in conjunction with the various initiatives associated with the transition to a company with an Audit & Supervisory Committee.	
	Setting agenda for strengthening monitoring functions	• Taking the opportunity of the change in the corporate structure, reduce the number of items submitted to the Board, use the saved time for preliminary discussions on priority management topics at the Board or other meetings, and plan the agenda for the year, thereby strengthening the monitoring capabilities.	
	Enhancing of corporate value by leveraging market evaluations	• Analyze market valuations in more detail than before, and deepen discussions on capital policy and shareholder return policy. • Aim to maximize shareholder value by further enhancing engagement with the market and through easy-to-understand disclosure of information on various initiatives.	

Policies and Procedures for Reshuffling Senior Management and Nominating Candidates for Directors and Directors, Audit & Supervisory Committee Members

Appointment Policy

- Performance, knowledge, experience, personality, and the insight of a candidate are comprehensively considered from the standpoint of having "the right person in the right place" as well as ensuring a proper and prompt decision-making process, so as to select a person suitable for the respective duties.
- According to the criteria set forth by the Company, the person who has reached a certain age set for retirement will resign, in principle, upon completion of his or her tenure.
- For the nomination of candidates for Outside Directors and Outside Directors, Audit & Supervisory Committee Members, if a candidate also serves as an executive officer of other listed companies, the number of these companies must be less than five, including our company. This rule is to ensure that the candidate can properly fulfill his/her responsibility as our Director or Audit & Supervisory Committee Members.

Appointment Procedures

Candidates Selected by Representative Directors	Representative Directors select candidates suitable for the positions of senior management, Directors and Audit & Supervisory Committee Members in accordance with the Appointment Policy.
Discussion by the Nomination Advisory Committee	The results of the nomination will be deliberated at the Nomination Advisory Committee and recommended to the Board of Directors.
Decision by the Board of Directors	The Board of Directors will deliberate based on the advice and make a decision

Dismissal Policy and Procedures

- The Board of Directors will deliberate and decide on its response if senior management commits a wrongful, inappropriate, or treasonous act, or if there is a cause that is deemed unsuitable to be committed by a member of senior management

Remuneration

Remuneration for Directors (excluding Directors, Audit & Supervisory Committee Members and Outside Directors) and Executive Officers shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. In addition, the remuneration for Directors, Audit & Supervisory Committee Members and Outside Directors shall consist of Basic Compensation. The remuneration shall be set at levels which are designed to be objectively competitive to attract and retain outstanding talent while comprehensively taking into consideration such factors as the scale and content of the Company's business and external evaluations of ESG and other non-financial factors. Based on surveys by a third-party organization and other materials, such levels shall be checked annually whether or not to be objectively appropriate.

Executive Compensation Structure

Mechanisms of each remuneration element

❶ Basic Compensation

Based on the factors for determination described below, the company will change the amount of remuneration when it is determinable that the company's position has changed from a comprehensive and medium- to long-term perspective.

Factors for Determination	Major Indicators
Growth	Sales revenue
	Total assets
	Market capitalization
Earnings capacity	Current income (belonging to the parent company)
	ROE
	ROIC
	D/E ratio
Outside evaluations	Credit ratings
	ESG index selected by GPIF

(Note) The amount to be paid to each person will be determined by each position.

❷ Bonuses

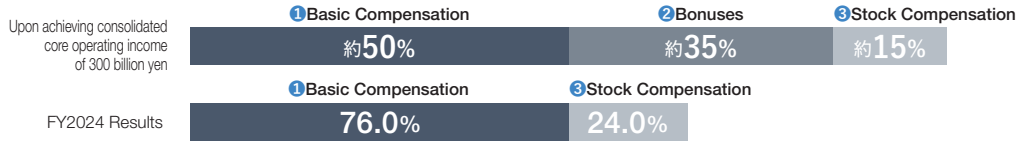
Consolidated performance indicator	Calculation formula
Core operating profit plus financial profit and loss	Consolidated performance indicator×Coefficient*

*The Company will arrange so that the higher the position,the larger the coefficient will be.
(Note) If a consolidated performance indicator does not exceed a particular level, bonuses will not be paid.

❸ Stock Compensation

Stock Compensation shall be restricted stock compensation. Restricted stocks shall be allocated at a certain time after the ordinary general meeting of shareholders each year according to the amount determined for each position, and it shall be obligatory to hold the stocks during the term of office. In addition, the Company shall set the ratio of stock Compensation to total remuneration so that it will get larger as the position of a person gets higher.

Image diagram of composition of remuneration of directors (excluding Directors, Audit & Supervisory Committee Members and Outside Directors)



Directors' and Audit & Supervisory Board Members' compensation (FY2024)

(Millions of yen)

Title	Number of people	Total amount of compensation	Total amounts of compensation by type		
			Basic compensation (fixed remuneration)	Bonuses (performance-linked remuneration)	Stock compensation (non-monetary compensation)
Directors (Of which, Outside Directors)	14 (5)	500 (70)	397 (70)	—	103 (—)
Audit & Supervisory Board Member one (Of which, Outside Audit & Supervisory Board Members)	5 (3)	119 (42)	119 (42)	—	—
Total	19	619	516	—	103

(Note) The number of people and the total amount of compensation listed above include 4 Directors who retired during FY2024.

Expertise and Experience of Directors

Our management requires expertise and business experience in a variety of fields. In light of these business characteristics, the Company's Board of Directors, in principle, consists of a diverse range of members, including those with extensive knowledge and experience in corporate management, the Company's business, finance and accounting, legal, compliance, and internal controls, etc., as well as international experience.

		Position	Corporate Management	Business Strategy/ Marketing	Technology/ Research	Global	ESG/ Sustainability	Finance/ Accounting	Human Resources and Labor	Legal/ Compliance/ Internal Control	Knowledge of Other Specialized Fields
Board of Directors	**Keiichi Iwata**	Chairman of the Board	●	●		●					
	Nobuaki Mito	Representative Director & President	●		●	●					
	Keigo Sasaki	Representative Director				●		●			● (Corporate Communications)
	Hiroshi Niinuma	Director					●		●	●	
	Takanari Yamaguchi	Director		●	●						● (IT・DX)
	Motoshige Itoh	Outside Director				●					● (International Economics) ● (IT・DX)
	Atsuko Muraki	Outside Director					●		●	●	
	Akira Ichikawa	Outside Director	●			●	●				
	Yumiko Noda	Outside Director	●			●		●			
Audit & Supervisory Committee Members	**Kunio Nozaki**	Standing Audit & Supervisory Committee Member				●		●			
	Kenji Ohno	Standing Audit & Supervisory Committee Member					●			●	
	Yoshitaka Kato	Outside Audit & Supervisory Committee Member				●		●		●	
	Michio Yoneda	Outside Audit & Supervisory Committee Member	●				●				● (Financial Markets)
	Masamichi Kamimura	Outside Audit & Supervisory Committee Member					●			●	

(Note) In the table above, each person's main areas of expertise and experience, up to a maximum of three areas, are designated with a ●.

Listed Company with Listed Subsidiaries

Our Thinking Regarding Listed Companies with Listed Subsidiaries

For a publicly listed subsidiary, the advantages of being publicly listed include better employee morale, enhanced ability to recruit employees, greater trust from customers, and greater influence within the industry. In addition, the parent company can expect to benefit from synergies in collaboration and cooperation with its subsidiaries. Because of these benefits, in seeking to maximize the overall corporate value of the Sumitomo Chemical Group, we think that holding listed subsidiaries is one of the effective options based on premise of preserving each subsidiary's autonomy and respecting the rights of minority shareholders.

Our company is currently promoting structural reforms aimed at returning to a path of growth. We believe that establishing the best growth model for each of our listed subsidiaries is of utmost importance. Accordingly, we will review the relationships between our company and each subsidiary, including our equity holdings, in alignment with the direction of our structural reforms.

Sale of Shares of Listed Associates

As part of the immediate-term, concentrated measures to improve business performance in FY2024, the Company sold a portion of shares held in our equity method associates Sumitomo Bakelite Co., Ltd., and Inabata & Co., Ltd., and all shares held in Shinto Paint Co., Ltd.

The Significance of Being Listed Companies with Listed Subsidiaries

Company Name	History	Position in Group	Synergies
Sumitomo Pharma Co., Ltd.	Sumitomo Chemical's pharmaceutical business began with the acquisition of the Japan Dyestuff Manufacturing Company in 1944. After being spun off as the subsidiary Sumitomo Pharmaceuticals in 1984, it merged with Dainippon Pharmaceutical in 2005 to become Sumitomo Dainippon Pharma (currently Sumitomo Pharma).	The company's core pharmaceuticals business is a pillar of Sumitomo Chemical's life sciences business, along with the agricultural chemicals business, and is a source of innovation. In the current Corporate Business Plan, it has positioned "healthcare" as one of the priority areas in making efforts for acceleration of the development of next-generation businesses, and further innovation is expected in next-generation pharmaceuticals such as regenerative medicine and cell therapies in the future.	• Research at the Bioscience Research Laboratory, which consolidates and integrates parts of the research organizations of the company and Sumitomo Chemical • Contract Development and Manufacturing Organization in regenerative medicine and cell therapies (combines the company's expertise in regenerative medicine and cell therapy with Sumitomo Chemical's expertise in the CMO business) • Having locations on Sumitomo Chemical's premises enables close collaboration in such areas as quality and production management, reducing indirect expenses • Strengthening governance through the deployment of multiple management personnel, and promoting thorough streamlining with full group support, including financial assistance through debt guarantees.
Koei Chemical Co., Ltd.	Sumitomo Chemical invested capital in 1951 for relationship-building because the company was Sumitomo Chemical's largest customer for methanol. Thereafter, when the company ran into a financial crisis, the collaboration was strengthened in order to rebuild the company, including dispatching executives from Sumitomo Chemical.	Through production outsourcing in both directions for such items as catalysts and electronic materials based on the unique organic synthesis technologies of the company, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	• Optimization of the Sumitomo Chemical Group's production of active pharmaceutical ingredients and intermediates through a new multi-purpose manufacturing equipment (multi-plants) approach • Joint research from the earliest stage into such areas as battery materials and additive agents • Having locations on Sumitomo Chemical's Works enables close collaboration in such areas as quality and production management, reducing indirect expenses
Taoka Chemical Co., Ltd.	In 1955 Sumitomo Chemical invested capital in the company, a leader in the dye business, to strengthen its own dye business.	Through production outsourcing in both directions for such items as electronic materials and pharmaceutical and agrochemical intermediates based on the various organic synthesis technologies and numerous multi-plants held by the company, the company has contributed to the expansion of the Sumitomo Chemical Group's business in the field of fine chemicals.	• Expanded contract manufacturing of pharmaceutical and agrochemical intermediates with numerous multi-plants of the company
Tanaka Chemical Corporation	Sumitomo Chemical invested capital in the company in 2013 and began joint development of high-capacity cathode materials for automobiles. Afterwards, in light of the smooth progress in joint development work, and in light of expectations that, in line with the future growth of the environmentally friendly vehicles market, there would be significant medium- to long-term growth in the market for lithium-ion secondary batteries, the company was converted to a majority-owned subsidiary in 2016.	Through integration of the technologies relating to precursors held by the company and the findings related to cathode materials held by Sumitomo Chemical, the company accelerates joint development of new products and contributes to the full-scale market entry and expansion of the Sumitomo Chemical Group's cathode materials business.	• Contribute to a drastic rationalization of the manufacturing process and optimization of research and development through integration of the technologies of both companies • Sumitomo Chemical's capital investment and guidance has improved the company's management level in such areas as labor accidents and internal control

Building an Effective Governance System

When Sumitomo Chemical and its listed subsidiaries jointly work on maximizing group synergy, Sumitomo Chemical respects independent decision making by listed subsidiaries and, at the same time, makes its best efforts to establish an effective governance system in order to avoid any conflicts of interests with minor shareholders.

With respect to the listed subsidiaries, we are taking the following measures to ensure appropriate supervision of such areas as transactions with the parent company and nomination of officers and remuneration of officers, from an independent and objective position.

- Electing a sufficient number of Outside Directors
- Establishing committees for nomination of officers and remuneration of officers, the majority of the members of which are Outside Directors.
- **Establishing and reliably operating committees, which aim to monitor and supervise transactions conducted between subsidiaries and the parent company and which is composed of Outside Directors only.**

Design of the Organization, Composition of Outside Directors and Establishment of Non-mandatory Committees in Each Company

Company Name	Design of Organization	Composition of the Board	Non-mandatory Committees Established	
		Ratio of Outside Directors	Nomination/Remuneration	Monitoring and Supervision of Such Areas as Transactions with the Parent Company
Sumitomo Pharma Co., Ltd.	Company with an Audit and Supervisory Committee	50% (5/10) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Koei Chemical Co., Ltd.	Company with an Audit and Supervisory Committee	44% (4/9) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Taoka Chemical Co., Ltd.	Company with an Audit and Supervisory Committee	36% (4/11) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies
Tanaka Chemical Corporation	Company with an Audit and Supervisory Committee	57% (4/7) 	Nomination Remuneration	Supervising for Conflict of Interests Arising from Transactions Conducted among Group Companies

Internal Control

At Sumitomo Chemical, the Board of Directors has established the “Basic Policy for the Enhancement of the Internal Control System” as a framework to ensure the proper conduct of operations as stipulated by the Companies Act. The Internal Control Committee, chaired by the President, plays a central role in deliberating on various policies based on this basic policy. The company continuously reviews and strengthens the internal control system to ensure its effectiveness, adapting to changes in business and the environment.

In addition, information that may affect investors’ investment decisions is managed by the Corporate Communications Department, which, in collaboration with relevant departments, ensures timely and continuous disclosure of such information.

Internal Control (Sustainability Report)

Risk Management

To achieve sustainable growth, Sumitomo Chemical makes an effort to detect, at an early stage, various risks that may hinder the achievement of its business objectives, and takes proper measures. We focus on building and expanding a system relating to risk management so that we can promptly and properly address risks when they emerge.

Risk Management (Sustainability Report)

Directors & Senior Management As of July 1, 2025

Board of Directors

Chairman of the Board **Keiichi Iwata**

Birth Date: October 11, 1957

■ 384,550 ◆ 17/17 times (100%)

1982 Joined Sumitomo Chemical Co., Ltd.
2025 Chairman of the Board (current)

Representative Director & President **Nobuaki Mito**

Birth Date: August 4, 1960

Advanced Medical Solutions Sector

■ 132,523 ◆ —/— times (—%)

1985 Joined Sumitomo Chemical Co., Ltd.
2025 Representative Director & President (current)

Representative Director & Senior Managing Executive Officer **Keigo Sasaki**

Birth Date: February 11, 1963

Corporate Communications, Corporate Planning, Accounting, Finance

■ 95,523 ◆ —/— times (—%)

1986 Joined Sumitomo Chemical Co., Ltd.
2025 Representative Director & Senior Managing Executive Officer (current)

Director & Executive Vice President **Hiroshi Niinuma**

Birth Date: March 5, 1958

General Affairs, Legal, Sustainability, Human Resources, Osaka Office Administration, Procurement, Logistics

■ 209,816 ◆ 17/17 times (100%)

1981 Joined Sumitomo Chemical Co., Ltd.
2022 Director & Executive Vice President (current)

Outside Director **Akira Ichikawa**

Birth Date: November 12, 1954

■ — ◆ 17/17 times (100%)

2022 Outside Director, Sumitomo Chemical Co., Ltd. (current)

Outside Director **Yumiko Noda**

Birth Date: January 26, 1960

■ — ◆ 13/13 times (100%)

2024 Outside Director, Sumitomo Chemical Co., Ltd. (current)

Director, Audit & Supervisory Committee Member **Kunio Nozaki**

Birth Date: October 29, 1956

■ 98,400 ◆ 17/17 times (100%)
● 15/15 times (100%)

1979 Joined Sumitomo Chemical Co., Ltd.
2025 Director, Audit & Supervisory Committee Member (current)

Director, Audit & Supervisory Committee Member **Kenji Ohno**

Birth Date: December 10, 1963

■ 97,023 ◆ —/— times (—%)
● —/— times (—%)

1987 Joined Sumitomo Chemical Co., Ltd.
2025 Director, Audit & Supervisory Committee Member (current)

Executive Officers (excluding persons concurrently serving as directors)

Executive Vice President **Masaki Matsui**	ICT & Mobility Solutions Sector
Senior Managing Executive Officer **Seiji Takeuchi**	Essential & Green Materials Sector, Business Development for Circular Carbon Economy
Managing Executive Officer **Hirokazu Murata**	Ehime Works
Managing Executive Officer **Koichi Ogino**	Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Responsible Care
Managing Executive Officer **Juan Ferreira**	AgroSolutions Div. – International
Managing Executive Officer **Akira Nakanishi**	Sumitomo Chemical Advanced Technologies LLC, Sumika Semiconductor Materials Texas Inc.
Managing Executive Officer **Masao Shimizu**	Internal Control and Audit, Legal Dept., Human Resources Dept., Osaka Office Administration Dept.
Managing Executive Officer **Kanako Fukuda**	Sustainability Dept.
Managing Executive Officer **Hiroyoshi Mukai**	Planning & Coordination Office, Advanced Medical Solutions Sector, Pharma Solutions Div.
Managing Executive Officer **Satoshi Honda**	Semiconductor Materials Div., Advanced Inorganic Products Div., Ibaraki Works
Managing Executive Officer **Yoshihiro Ino**	Planning & Coordination Office, Essential & Green Materials Sector
Managing Executive Officer **Tetsuo Takahashi**	Planning & Coordination Office, Rabigh Business, Essential Materials Div.
Managing Executive Officer **Takeo Kitayama**	Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div., MMA Div.
Managing Executive Officer **Noriaki Oku**	Chiba Works
Managing Executive Officer **Junpei Tsuji**	Research Planning and Coordination Dept., Business Development Office for Circular Carbon Economy

■ Number of shares held (as of March 31, 2025) ◆ Number of attendances at Board of Directors meetings for FY2024 ● Number of attendances at Board of Audit & Supervisory Board Members meetings for FY2024

Director & Senior Managing Executive Officer **Takanari Yamaguchi**

Birth Date: June 1, 1962

Research Planning and Coordination, DX Acceleration, Intellectual Property, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory

■ 93,323 ◆ —/— times (—%)

1991 Joined Sumitomo Chemical Co., Ltd.
2025 Director & Senior Managing Executive Officer (current)

Outside Director **Motoshige Itoh**

Birth Date: December 19, 1951

■ — ◆ 16/17 times (94%)

2018 Outside Director, Sumitomo Chemical Co., Ltd. (current)

Outside Director **Atsuko Muraki**

Birth Date: December 28, 1955

■ — ◆ 17/17 times (100%)

2018 Outside Director, Sumitomo Chemical Co., Ltd. (current)

Outside Director, Audit & Supervisory Committee Member **Yoshitaka Kato**

Birth Date: September 17, 1951

■ — ◆ 17/17 times (100%)
● 15/15 times (100%)

2025 Outside Director, Audit & Supervisory Committee Member, Sumitomo Chemical Co., Ltd. (current)

Outside Director, Audit & Supervisory Committee Member **Michio Yoneda**

Birth Date: June 14, 1949

■ 2,000 ◆ 17/17 times (100%)
● 15/15 times (100%)

2025 Outside Director, Audit & Supervisory Committee Member, Sumitomo Chemical Co., Ltd. (current)

Outside Director, Audit & Supervisory Committee Member **Masamichi Kamimura**

Birth Date: March 8, 1961

■ 500 ◆ —/— times (—%)
● —/— times (—%)

2025 Outside Director, Audit & Supervisory Committee Member, Sumitomo Chemical Co., Ltd. (current)

Managing Executive Officer **Tadashi Katayama**	Agro & Life Solutions Sector
Executive Officer **Toshihiro Yamauchi**	Accounting Dept.
Executive Officer **Kyoko Odawara**	Environmental Health Science Laboratory
Executive Officer **Shinichi Takemura**	Display Materials Div., ICT & Mobility Solutions Research Laboratory
Executive Officer **Sawa Matsubara**	Finance Dept.
Executive Officer **Masao Inoue**	AgroSolutions Div. – Japan, Environmental Health Div.
Executive Officer **Jongchan Lee**	Dongwoo Fine-Chem Co., Ltd.
Executive Officer **Kazunori Itabashi**	Planning & Coordination Office, Agro & Life Solutions Sector
Executive Officer **Yuji Kato**	Corporate Planning Office, Business Development, Planning & Coordination Office, Advanced Medical Solutions Sector
Executive Officer **Shigenori Saito**	Corporate Planning Office, Strategic Planning
Executive Officer **Kunishige Edamatsu**	Planning & Coordination Office, ICT & Mobility Solutions Sector
Executive Officer **Koji Yano**	Osaka Works
Executive Officer **Toshiaki Taki**	Oita Works, Okayama Works, Gifu Works
Executive Officer **Atsushi Iwata**	Planning & Coordination Office, Agro & Life Solutions Sector, Agro & Life Solutions Research Laboratory
Executive Officer **Akihiko Hiraoka**	General Affairs Dept., Procurement Dept., Logistics Dept.

Details of Biographies, etc. of Directors & Senior Management ▶ Our Website: Directors & Senior Management

Long-term Data Highlights

J-GAAP

(FY)	2007	2008	2009	2010	2011	2012	2013	2014
Sales revenue*1	1,896,539	1,788,223	1,620,915	1,982,435	1,947,884	1,952,492	2,243,794	2,376,697
Core operating income	—	—	—	—	—	—	—	—
Operating income Note 1	102,397	2,114	51,455	87,957	60,688	45,016	100,842	127,346
Ordinary income (loss)	92,790	(32,624)	34,957	84,091	50,714	50,252	111,109	157,414
Net income (loss) attributable to owners of the parent	63,083	(59,164)	14,723	24,434	5,587	(51,076)	36,977	52,192
Total assets	2,358,929	2,022,553	2,383,906	2,367,314	2,336,953	2,472,091	2,788,507	2,880,396
Equity attributable to owners of the parent*2	768,110	544,366	575,368	522,473	486,235	496,500	643,297	791,319
Total equity*3	1,006,046	775,628	821,436	758,886	720,901	747,482	934,506	1,118,216
Cash flows from operating activities	156,578	78,428	132,872	176,228	124,491	171,595	194,362	260,854
Cash flows from investing activities	(182,679)	(206,237)	(269,402)	(155,987)	(123,975)	(165,772)	(135,177)	(56,628)
Free cash flow	(26,101)	(127,809)	(136,530)	20,241	516	5,823	59,185	204,226
Cash flows from financing activities	7,090	112,539	168,709	17,985	2,054	(36,009)	(59,084)	(151,465)
Capital expenditures (billions of yen)	142.5	134.1	103.2	98.7	155.1	116.1	143.4	84.2
Depreciation and amortization expenses (billions of yen)	125.0	140.7	116.1	147.0	114.9	115.5	115.7	119.2
Research and development expenses (billions of yen)	105.4	131.1	117.3	138.1	122.3	125.0	141.3	147.9
Core operating income to sales revenue (%)*4	5.4	0.1	3.2	4.4	3.1	2.3	4.5	5.4
Net income to sales revenue (%)*5	3.3	(3.3)	0.9	1.2	0.3	(2.6)	1.6	2.2
Research and development expenses to sales revenue (%)*6	5.6	7.3	7.2	7.0	6.3	6.4	6.3	6.2
Interest-bearing liabilities (billions of yen)	673.9	795.4	997.9	1,040.3	1,053.0	1,060.6	1,074.6	980.2
D/E ratio (times)	0.7	1.0	1.2	1.4	1.5	1.4	1.1	0.9
Equity attributable to owners of the parent to total assets (%)*7	32.6	26.9	24.1	22.1	20.8	20.1	23.1	27.5
Ratio of interest-bearing debt to cash flow (times)	4.3	10.1	7.5	5.9	8.5	6.2	5.5	3.8
Interest coverage ratio (times)	13.2	6.5	11.0	13.7	10.2	13.2	15.0	19.0
Net interest expenses (billions of yen)	(2.8)	(2.7)	(5.0)	(6.3)	(4.7)	(5.4)	(4.9)	0.7
Return on equity (%)	8.1	(9.0)	2.6	4.5	1.1	(10.4)	6.5	7.3
Return on invested capital (%)	5.4	(2.6)	2.1	2.6	1.2	(1.9)	3.2	3.8
Return on assets (%)	2.7	(2.7)	0.7	1.0	0.2	(2.1)	1.4	1.8
Basic earnings per share (yen)*8	38.20	(35.84)	8.92	14.86	3.42	(31.25)	22.62	31.93
Equity attributable to owners of the parent per share (yen)*9	465.21	329.74	348.52	319.61	297.45	303.74	393.58	484.17
Cash dividends per share (yen)	12.00	9.00	6.00	9.00	9.00	6.00	9.00	9.00
Dividend payout ratio (%)	31.4	—	67.3	60.6	263.3	—	39.8	28.2
Price-to-earnings (P/E) ratio (times)	16.7	—	51.2	27.9	102.9	—	16.8	19.4
Price-to-book value (P/B) ratio (times)	1.4	1.0	1.3	1.3	1.2	1.0	1.0	1.3
Number of employees	25,588	26,902	27,828	29,382	29,839	30,396	30,745	31,039
Number of research and development employees	3,392	3,511	3,764	3,933	3,989	3,951	3,952	3,913
Number of consolidated subsidiaries	116	126	143	146	145	162	164	167
Exchange rate (yen/$)	114.44	100.71	92.89	85.74	79.08	82.91	100.17	109.76
Naphtha price (yen/kL)	61,500	58,900	41,200	47,500	54,900	57,500	67,300	63,500
Growth rate of the global economy (%) Note 2	5.3	2.9	(0.4)	5.2	4.1	3.4	3.4	3.5
Overseas sales revenue by region (billions of yen)*10								
Asia	591.7	550.5	539.5	744.3	716.3	736.4	883.0	964.0
North America	46.1	46.1	75.0	165.4	159.9	176.3	233.0	257.3
Europe	67.6	80.4	71.8	90.5	82.9	78.8	106.7	96.6
Middle East and Africa	44.1	37.3	21.8	33.2	25.7	24.2	29.7	61.9
Central and South America	17.1	18.2	12.3	13.6	14.4	18.8	29.3	36.3
Oceania and others	22.2	17.3	8.5	9.7	9.7	9.4	11.2	12.2
Total	788.8	749.8	728.9	1,056.7	1,009.0	1,043.8	1,292.9	1,428.4
Overseas sales revenue ratio (%)*11	41.6	41.9	45.0	53.3	51.8	53.5	57.6	60.1

Account titles of J-GAAP are as follows:
*1 Net sales; *2 Shareholders' equity; *3 Net assets; *4 Operating margin (%); *5 Net income ratio to net sales (%); *6 Research and development expenses ratio to net sales (%); *7 Shareholders' equity ratio (%); *8 Net income (loss) per share (yen); *9 Net assets per share (yen); *10 Overseas sales by region (billions of yen); *11 Overseas sales ratio (%)

IFRS

Millions of yen

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
2,101,764	1,939,069	2,190,509	2,318,572	2,225,804	2,286,978	2,765,321	2,895,283	2,446,893	2,606,281
—	184,547	262,694	204,252	132,652	147,615	234,779	92,752	(149,049)	140,519
164,446	126,467	250,923	182,972	137,517	137,115	215,003	(30,984)	(488,826)	193,033
171,217	—	—	—	—	—	—	—	—	—
81,451	76,540	133,768	117,992	30,926	46,043	162,130	6,987	(311,838)	38,591
2,662,150	2,878,193	3,068,685	3,171,618	3,654,087	3,990,254	4,308,151	4,165,503	3,934,818	3,439,784
766,874	812,612	927,141	998,702	923,990	1,019,230	1,218,101	1,171,192	965,753	900,790
1,090,776	1,115,903	1,252,214	1,351,886	1,392,592	1,482,119	1,701,977	1,489,189	1,164,366	1,074,415
261,172	185,776	293,250	208,143	106,012	374,464	171,715	111,621	(51,317)	233,027
(53,678)	(205,697)	(154,520)	(180,837)	(499,670)	(177,389)	(115,421)	(19,411)	(112,240)	85,229
207,494	(19,921)	138,730	27,306	(393,658)	197,075	56,294	92,210	(163,557)	318,256
(177,956)	(523)	(94,264)	(60,866)	373,542	(39,974)	(81,394)	(178,502)	49,246	(300,778)
103.8	136.3	158.8	163.7	116.3	112.7	119.5	141.1	158.4	131.7
116.6	110.3	107.1	112.5	131.7	136.0	156.7	168.0	157.5	131.6
155.8	158.0	165.3	163.5	174.3	178.7	174.9	195.6	184.0	145.2
7.8	9.5	12.0	8.8	6.0	6.5	8.5	3.2	(6.1)	5.4
3.9	3.9	6.1	5.1	1.4	2.0	5.9	0.2	(12.7)	1.5
7.4	8.1	7.5	7.1	7.8	7.8	6.3	6.8	7.5	5.6
831.5	884.1	842.2	839.5	1,304.7	1,351.1	1,350.5	1,461.4	1,563.5	1,286.1
0.8	0.8	0.7	0.6	0.9	0.9	0.8	1.0	1.3	1.2
28.8	28.2	30.2	31.5	25.3	25.5	28.3	28.1	24.5	26.2
3.2	4.8	2.9	4.0	12.3	3.6	7.9	13.1	(30.5)	5.5
22.6	16.4	27.8	19.0	8.3	23.6	11.1	5.1	(1.8)	8.5
(2.7)	(2.2)	(0.5)	0.2	(1.6)	(7.7)	(6.1)	(3.7)	(7.1)	(12.9)
10.5	9.8	15.4	12.3	3.2	4.7	14.5	0.6	(29.2)	4.1
5.9	5.9	8.9	7.3	2.4	2.8	6.6	(1.3)	(16.1)	2.2
2.9	2.8	4.5	3.8	0.9	1.2	3.9	0.2	(7.7)	1.0
49.84	46.81	81.81	72.17	18.91	28.16	99.16	4.27	(190.69)	23.59
469.25	496.96	567.04	610.82	565.13	623.39	745.03	716.26	590.44	550.37
14.00	14.00	22.00	22.00	17.00	15.00	24.00	18.00	9.00	9.00
28.1	29.9	26.9	30.5	89.9	53.3	24.2	421.2	—	38.2
10.2	13.3	7.6	7.1	17.0	20.4	5.7	104.2	—	15.3
1.1	1.3	1.1	0.8	0.6	0.9	0.8	0.6	0.6	0.7
31,094	32,536	31,837	32,542	33,586	34,743	34,703	33,572	32,161	29,279
3,831	4,010	4,034	3,937	4,221	4,372	4,223	4,213	3,546	3,224
160	170	178	184	218	224	210	203	184	168
120.15	108.34	110.85	110.92	108.70	106.10	112.39	135.50	144.59	152.62
42,800	34,700	41,900	49,400	42,900	31,300	56,900	76,600	69,100	75,800
3.4	3.3	3.8	3.7	2.9	(2.7)	6.6	3.6	3.5	3.3
819.8	741.1	842.6	936.4	880.7	884.6	1,076.5	1,015.6	913.8	962.2
306.2	305.8	366.9	380.4	384.0	404.4	433.7	491.8	326.5	419.1
82.3	69.1	85.9	95.1	93.1	95.4	120.2	134.9	130.5	146.5
30.3	22.4	37.4	42.3	46.9	52.4	86.3	99.9	108.4	115.0
37.9	34.4	39.5	43.1	45.8	113.2	140.5	211.4	160.4	155.4
12.7	10.7	12.4	8.5	10.2	11.4	14.4	13.3	25.2	23.2
1,289.2	1,183.4	1,384.7	1,505.7	1,460.7	1,561.4	1,871.5	1,966.9	1,664.8	1,821.4
61.3	61.0	63.2	64.9	65.6	68.3	67.7	67.9	68.0	69.9

(Notes) 1. Operating income had been presented under J-GAAP up to FY2015, and under IFRS from FY2016 onward.
2. Figures for the growth rate of the global economy were created by Sumitomo Chemical based on the IMF World Economic Outlook, April 2024.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Fiscal years ended March 31, 2025 and 2024

Millions of yen

	FY2024	FY2023
Assets		
Current assets:		
Cash and cash equivalents	**209,838**	217,449
Trade and other receivables	**593,836**	620,022
Other financial assets	**45,015**	31,338
Inventories	**625,243**	709,637
Other current assets	**49,993**	79,077
Subtotal	**1,523,925**	1,657,523
Assets held for sale	**59,209**	18,359
Total current assets	**1,583,134**	1,675,882
Non-current assets:		
Property, plant and equipment	**759,266**	796,526
Goodwill	**257,811**	263,757
Intangible assets	**239,319**	272,921
Investments accounted for using the equity method	**287,977**	319,988
Other financial assets	**177,405**	412,747
Retirement benefit assets	**72,618**	110,390
Deferred tax assets	**34,608**	37,070
Other non-current assets	**27,646**	45,537
Total non-current assets	**1,856,650**	2,258,936
Total assets	**3,439,784**	3,934,818
Liabilities and equity		
Liabilities		
Current liabilities:		
Bonds and borrowings	**252,892**	585,905
Trade and other payables	**488,132**	543,384
Other financial liabilities	**81,364**	77,610
Income taxes payable	**10,627**	8,545
Provisions	**89,711**	90,919
Other current liabilities	**109,360**	129,087
Subtotal	**1,032,086**	1,435,450
Liabilities directly associated with assets held for sale	**6,661**	8,037
Total current liabilities	**1,038,747**	1,443,487
Non-current liabilities:		
Bonds and borrowings	**1,033,236**	977,581
Other financial liabilities	**91,157**	100,144
Retirement benefit liabilities	**24,841**	30,589
Provisions	**25,974**	46,059
Deferred tax liabilities	**111,048**	121,146
Other non-current liabilities	**40,366**	51,446
Total non-current liabilities	**1,326,622**	1,326,965
Total liabilities	**2,365,369**	2,770,452
Equity		
Share capital	**90,059**	89,938
Capital surplus	**—**	237
Retained earnings	**640,611**	578,175
Treasury shares	**(8,361)**	(8,355)
Other components of equity	**174,871**	304,033
Other comprehensive income associated with assets held for sale	**3,610**	1,725
Equity attributable to owners of the parent	**900,790**	965,753
Non-controlling interests	**173,625**	198,613
Total equity	**1,074,415**	1,164,366
Total liabilities and equity	**3,439,784**	3,934,818

Consolidated Statement of Income

Fiscal years ended March 31, 2025 and 2024

Millions of yen

	FY2024	FY2023
Sales revenue	**2,606,281**	2,446,893
Cost of sales	**(1,880,805)**	(1,947,198)
Gross profit	**725,476**	499,695
Selling, general and administrative expenses	**(601,074)**	(887,124)
Other operating income	**97,341**	27,935
Other operating expenses	**(49,349)**	(71,934)
Share of profit (loss) of investments accounted for using the equity method	**20,639**	(57,398)
Operating income (loss)	**193,033**	(488,826)
Finance income	**17,650**	72,997
Finance expenses	**(152,590)**	(46,963)
Income (loss) before taxes	**58,093**	(462,792)
Income tax expenses	**(15,405)**	(2,657)
Net income (loss)	**42,688**	(465,449)
Net income (loss) attributable to:		
Owners of the parent	**38,591**	(311,838)
Non-controlling interests	**4,097**	(153,611)
Net income (loss)	**42,688**	(465,449)
Earnings per share:		
Basic earnings (loss) per share (yen)	**23.59**	(190.69)
Diluted earnings per share (yen)	**23.58**	—

Consolidated Statement of Comprehensive Income

Fiscal years ended March 31, 2025 and 2024

Millions of yen

	FY2024	FY2023
Net income (loss)	**42,688**	(465,449)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of financial assets (equity instruments) measured at fair value through other comprehensive income	**(32,471)**	42,622
Remeasurements of defined benefit plans	**(20,432)**	(3,387)
Share of other comprehensive income of investments accounted for using the equity method	**1,742**	3,644
Total items that will not be reclassified to profit or loss	**(51,161)**	42,879
Items that may be subsequently reclassified to profit or loss		
Remeasurements of financial assets (debt instruments) measured at fair value through other comprehensive income	**(58)**	—
Cash flow hedge	**(180)**	925
Exchange differences on conversion of foreign operations	**(49,682)**	104,619
Share of other comprehensive income of investments accounted for using the equity method	**3,771**	15,023
Total items that may be subsequently reclassified to profit or loss	**(46,149)**	120,567
Other comprehensive income, net of taxes	**(97,310)**	163,446
Total comprehensive income	**(54,622)**	(302,003)
Total comprehensive income attributable to:		
Owners of the parent	**(53,967)**	(187,380)
Non-controlling interests	**(655)**	(114,623)
Total comprehensive income	**(54,622)**	(302,003)

Consolidated Statement of Changes in Equity

Millions of yen

Fiscal year ended March 31, 2025	Equity attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent		
					Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on conversion of foreign operations	Total				
Balance as of April 1, 2024	**89,938**	**237**	**578,175**	**(8,355)**	**83,448**	**—**	**319**	**220,266**	**304,033**	**1,725**	**965,753**	**198,613**	**1,164,366**
Net income	**—**	**—**	**38,591**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**38,591**	**4,097**	**42,688**
Other comprehensive income	**—**	**—**	**—**	**—**	**(25,304)**	**(22,303)**	**(232)**	**(40,803)**	**(88,642)**	**(3,916)**	**(92,558)**	**(4,752)**	**(97,310)**
Total comprehensive income	**—**	**—**	**38,591**	**—**	**(25,304)**	**(22,303)**	**(232)**	**(40,803)**	**(88,642)**	**(3,916)**	**(53,967)**	**(655)**	**(54,622)**
Issuance of new shares	**120**	**120**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**240**	**—**	**240**
Purchase of treasury shares	**—**	**—**	**—**	**(6)**	**—**	**—**	**—**	**—**	**—**	**—**	**(6)**	**—**	**(6)**
Disposal of treasury shares	**—**	**(0)**	**—**	**0**	**—**	**—**	**—**	**—**	**—**	**—**	**0**	**—**	**0**
Dividends	**—**	**—**	**(9,818)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9,818)**	**(11,695)**	**(21,513)**
Changes resulting from additions to consolidation	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(154)**	**(154)**
Changes resulting from loss of control of subsidiaries	**—**	**—**	**115**	**—**	**—**	**—**	**—**	**—**	**—**	**(115)**	**—**	**(7,869)**	**(7,869)**
Change in interest due to transactions with non-controlling interests	**—**	**(1,413)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1,413)**	**(4,615)**	**(6,028)**
Transfer from other components of equity to retained earnings	**—**	**—**	**34,604**	**—**	**(56,907)**	**22,303**	**—**	**—**	**(34,604)**	**—**	**—**	**—**	**—**
Others, net	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Transfer to other comprehensive income associated with assets held for sale	**—**	**—**	**—**	**—**	**(51)**	**—**	**—**	**(5,865)**	**(5,916)**	**5,916**	**—**	**—**	**—**
Transfer of negative balance of other capital surplus	**—**	**1,056**	**(1,056)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total transactions with owners	**120**	**(237)**	**23,845**	**(6)**	**(56,958)**	**22,303**	**—**	**(5,865)**	**(40,520)**	**5,801**	**(10,996)**	**(24,333)**	**(35,329)**
Balance as of March 31, 2025	**90,059**	**—**	**640,611**	**(8,361)**	**1,186**	**—**	**87**	**173,598**	**174,871**	**3,610**	**900,790**	**173,625**	**1,074,415**

Fiscal year ended March 31, 2024	Equity attributable to owners of the parent											Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent		
					Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on conversion of foreign operations	Total				
Balance as of April 1, 2023	89,810	—	891,552	(8,349)	81,869	—	(539)	116,500	197,830	349	1,171,192	317,997	1,489,189
Net income (loss)	—	—	(311,838)	—	—	—	—	—	—	—	(311,838)	(153,611)	(465,449)
Other comprehensive income	—	—	—	—	24,972	(4,940)	858	103,568	124,458	—	124,458	38,988	163,446
Total comprehensive income	—	—	(311,838)	—	24,972	(4,940)	858	103,568	124,458	—	(187,380)	(114,623)	(302,003)
Issuance of new shares	128	128	—	—	—	—	—	—	—	—	256	—	256
Purchase of treasury shares	—	—	—	(5)	—	—	—	—	—	—	(5)	—	(5)
Disposal of treasury shares	—	0	—	0	—	—	—	—	—	—	0	—	0
Dividends	—	—	(19,628)	—	—	—	—	—	—	—	(19,628)	(5,954)	(25,582)
Changes resulting from additions to consolidation	—	—	—	—	—	—	—	—	—	—	—	54	54
Changes resulting from loss of control of subsidiaries	—	—	(290)	—	—	—	—	1,923	1,923	(349)	1,284	—	1,284
Change in interest due to transactions with non-controlling interests	—	109	—	—	—	—	—	—	—	—	109	1,139	1,248
Transfer from other components of equity to retained earnings	—	—	18,453	—	(23,393)	4,940	—	—	(18,453)	—	—	—	—
Others, net	—	—	(74)	—	—	—	—	—	—	—	(74)	—	(74)
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	—	(1,725)	(1,725)	1,725	—	—	—
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	—	—	—	—	—	—	—
Total transactions with owners	128	237	(1,539)	(5)	(23,393)	4,940	—	198	(18,255)	1,376	(18,058)	(4,761)	(22,819)
Balance as of March 31, 2024	89,938	237	578,175	(8,355)	83,448	—	319	220,266	304,033	1,725	965,753	198,613	1,164,366

Consolidated Statement of Cash Flows

Fiscal years ended March 31, 2025 and 2024

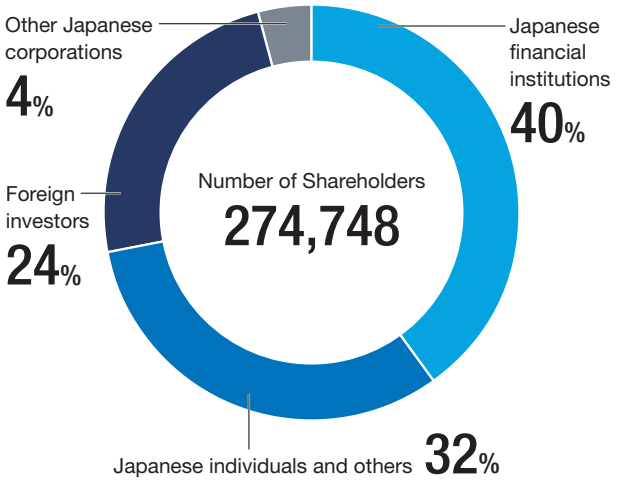
Millions of yen

	FY2024	FY2023
Cash flows from operating activities:		
Income (loss) before taxes	**58,093**	(462,792)
Depreciation and amortization	**131,597**	157,522
Impairment losses	**26,312**	269,389
Share of (profit) loss of investments accounted for using the equity method	**(20,639)**	57,398
Interest and dividend income	**(15,831)**	(22,139)
Interest expenses	**28,704**	29,234
Restructuring costs	**23,583**	48,397
Changes in fair value of contingent consideration	**(2,427)**	1,562
(Gain) loss on sale of property, plant and equipment, and intangible assets	**(14,339)**	(1,215)
(Increase) decrease in trade receivables	**(21,964)**	34,798
(Increase) decrease in inventories	**56,532**	78,554
Increase (decrease) in trade payables	**(6,113)**	(32,251)
Increase (decrease) in unearned revenue	**(23,064)**	(11,543)
Increase (decrease) in provisions	**(326)**	(50,143)
Others, net	**53,416**	(67,240)
Subtotal	**273,534**	29,531
Interest and dividends received	**20,659**	26,812
Interest paid	**(27,478)**	(28,060)
Income taxes paid	**(10,090)**	(48,333)
Restructuring costs paid	**(23,598)**	(31,267)
Net cash provided by (used in) operating activities	**233,027**	(51,317)
Cash flows from investing activities:		
Net (increase) decrease in time deposits	**(6,968)**	3,336
Net (increase) decrease in securities	**2,910**	(3,953)
Purchase of property, plant and equipment, and intangible assets	**(130,465)**	(152,873)
Proceeds from sales of property, plant and equipment, and intangible assets	**16,816**	1,959
Purchase of investments in subsidiaries	**(196)**	(1,019)
Purchase of other financial assets	**(4,117)**	(5,273)
Proceeds from sales and redemption of other financial assets	**179,970**	97,963
Increase in loan receivables	**(86)**	(67,825)
Proceeds from sale of subsidiaries	**39,671**	20,701
Payments for sale of subsidiaries	**(11,614)**	(2,469)
Others, net	**(692)**	(2,787)
Net cash provided by (used in) investing activities	**85,229**	(112,240)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	**(226,165)**	26,405
Net increase (decrease) in commercial paper	**(37,000)**	29,000
Proceeds from long-term borrowings	**153,978**	67,113
Repayments of long-term borrowings	**(132,253)**	(39,083)
Proceeds from issuance of bonds	**99,161**	39,836
Redemption of bonds	**(120,000)**	(30,000)
Repayments of finance lease liabilities	**(19,201)**	(18,619)
Proceeds from sale and leaseback transactions	**6,700**	—
Cash dividends paid	**(9,866)**	(19,639)
Cash dividends paid to non-controlling interests	**(11,698)**	(5,965)
Payments for acquisition of subsidiaries' interests from non-controlling interests	**(5,330)**	—
Others, net	**896**	198
Net cash provided by (used in) financing activities	**(300,778)**	49,246
Effect of exchange rate changes on cash and cash equivalents	**(6,823)**	28,736
Increase (decrease) in cash and cash equivalents	**10,655**	(85,575)
Cash and cash equivalents at the beginning of the year	**217,449**	305,844
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	**(18,266)**	(2,820)
Cash and cash equivalents at the end of the period	**209,838**	217,449

Corporate and Investor Information (As of March 31, 2025)

Paid-in Capital	¥90.1billion
Number of Employees	Non-consolidated 6,669 Consolidated 29,279
Common Stock	Authorized 5,000,000,000 shares Issued 1,657,217,608 shares
Settlement Date	March 31
Stock Transaction Units	100-share units
Ordinary General Meeting of Shareholders	Within three months from the next day of the settlement date
Number of Shareholders	274,748
Listings	Tokyo Stock Exchange Prime Market
Transfer Agent and Registrar	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Division, 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan
Independent Certified Public Accountants	KPMG AZSA LLC

Distribution of Shareholders



Major Shareholders

Name of Shareholders	Number of Shares Held (in thousands)	Shareholding Ratio (%)*
The Master Trust Bank of Japan, Ltd. (Trust Account)	251,986	15.39
Custody Bank of Japan, Ltd. (Trust Account)	102,373	6.25
Sumitomo Life Insurance Company	71,000	4.33
Nippon Life Insurance Company	41,031	2.50
Sumitomo Chemical Employee Stock Ownership Plan	31,212	1.90
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	30,995	1.89
JPMorgan Securities Japan Co., Ltd.	29,422	1.79
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Ltd. Retrust Account / Sumitomo Life Insurance Company Employee Pension Trust Account)	29,000	1.77
STATE STREET BANK AND TRUST COMPANY 505001	24,344	1.48
The Norinchukin Bank	21,825	1.33

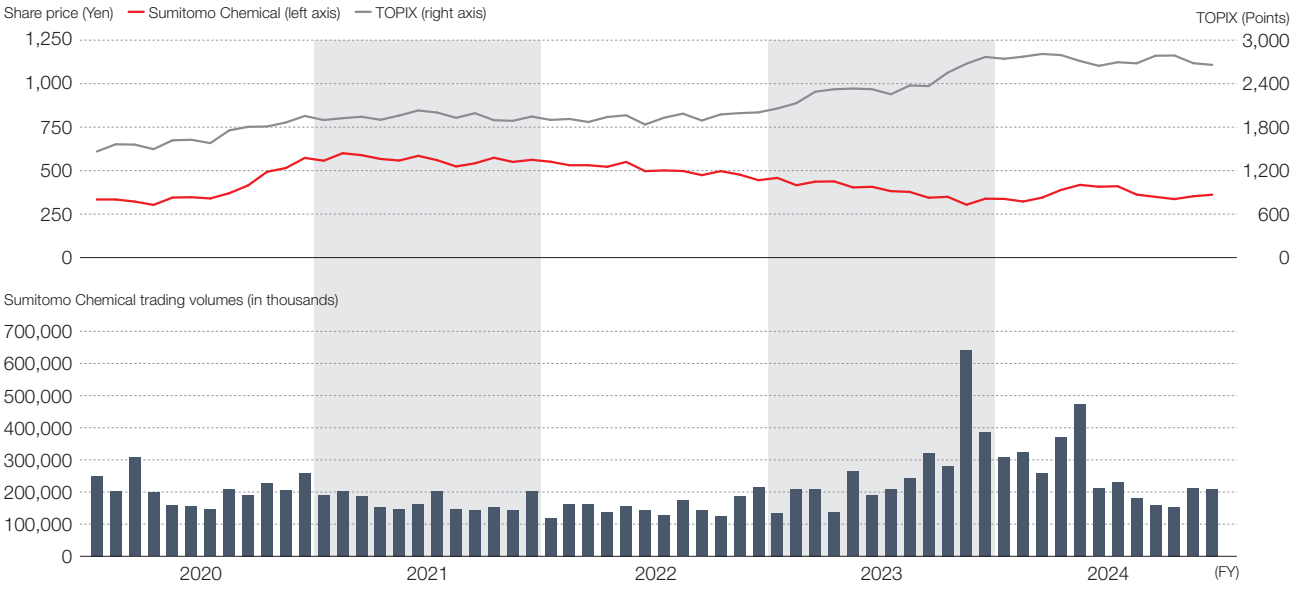
*% of Shares Held (excluding treasury shares)

Dividend Policy

We consider shareholder return as one of our priority management issues and have made it a policy to maintain stable dividend payment, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors. We aim to maintain a dividend payout ratio of around 30% over the medium- to long-term.

The full-year dividend for FY2024 was ¥9 per share, which is the same amount as for FY2023.

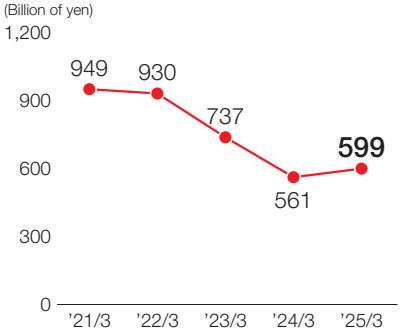
Stock Performance



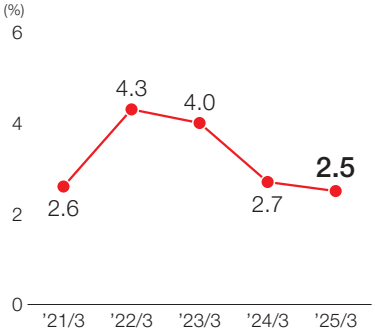
Fiscal Year	2020	2021	2022	2023	2024
Share price high (yen)	593	631	589	464	**458.3**
Share price low (yen)	285	488	426	293.6	**308.2**
Share price at year-end (yen)	573	562	445	338.6	**361.4**
Cumulative trading volume (in thousands)	2,508,242	2,038,226	1,855,984	3,231,586	**3,087,748**

Fiscal Year-End	2020	2021	2022	2023	2024
Shares issued (in thousands)	1,655,446	1,655,446	1,655,860	1,656,449	**1,657,217**
Market capitalization (billions of yen)	949	930	737	561	**599**
Basic earnings per share (yen)	28.16	99.16	4.27	(190.69)	**23.59**
Equity attributable to owners of the parent per share (yen)	623.39	745.03	716.26	590.44	**550.37**
Price-to-earnings (P/E) ratio (times)	20.4	5.7	104.2	—	**15.3**
Price-to-book value (P/B) ratio (times)	0.9	0.8	0.6	0.6	**0.7**
Cash dividends per share (yen)	15	24	18	9	**9**
Dividend payout ratio (%)	53.3	24.2	421.2	—	**38.2**
Total shareholder return (TSR) (%)	117.5	120.0	100.8	81.9	**136.0**
Ratio of shares owned by foreign investors to shares outstanding (%)	26.8	29.9	26.5	19.5	**23.9**

Market Capitalization



Dividend Yield



Price-to-book value (P/B) ratio