

President's Message



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

Representative Director & President

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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.

(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.

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

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.

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.

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

