

Management Capitals

Type of Capital	Financial Capital	Manufactured Capital	Intellectual Capital	Human Capital	Social and Relationship Capital	Natural 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	- Number of employees 29,279 people - Engagement score (Positive response rate for engagement-related indicators) 61%	- Number of consolidated subsidiaries and equity method investees 195 companies - Number of overseas sites (As of April 1, 2025) 62	- GHG emissions (Scope1+2) 5.55 million tons - SSS (Sumika Sustainable Solutions) ¥554.3 billion P.66
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.	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%.	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.	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.
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.	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.	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.	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.
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	Securing and Developing Human Resources Human Resources Management (Sustainability Report)	Communication with Stakeholders Respect for Human Rights Contributions to Communities (Sustainability Report)	Climate Change Mitigation and Adaptation Contribute to Recycling Resources Sustainable Use of Natural Capital