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For Immediate Release

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Notice Regarding Issuance of New Shares as Restricted Stock Compensation

Sumitomo Chemical Co., Ltd. (the “Company”) hereby announces that the Board of Directors resolved at its meeting held today to issue new shares (hereinafter the “New Share Issuance” or “Issuance”) as follows:

1. Outline of the Issuance

(1) Payment date	July 22, 2022
(2) Class and number of shares to be issued	414,030 shares of the Company’s common stock
(3) Issuance price	536 yen per share
(4) Total amount of issuance	221,920,080 yen
(5) Allottees, number of allottees, and number of shares to be allotted	8 members of the Company’s Board of Directors (excluding Outside Directors): 233,326 shares 26 executive officers who are not concurrently serving as members of the Company’s Board of Directors (excluding non-residents of Japan): 180,704 shares
(6) Other	The New Share Issuance is conditional on the securities registration statement going into effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reasons for the issuance

The Company’s Board of Directors, at its meeting held on May 13, 2022, resolved to introduce the Restricted Stock Compensation Plan (hereinafter the “Plan”) to incentivize members of the Company’s Board of Directors (excluding Outside Directors) (hereafter “Applicable Board Members”) and executive officers not concurrently serving as members of the Board of Directors (excluding non-residents of Japan) (hereinafter, collectively with Applicable Board Members, “Eligible Officers”) to continually enhance the Company’s corporate value and bring the interests of the Eligible Officers into even closer alignment with shareholders. Furthermore, at the 141st Ordinary General Meeting of Shareholders held on June 23, 2022, it was approved that monetary claims of not more than 400 million yen per year shall be paid to Applicable Board Members as compensation to be used as investment funds for the acquisition of restricted stock under the Plan (hereinafter the “Restricted Stock Compensation”), that the total number of shares of the Company’s common stock newly issued or disposed of by the Company under the Plan shall be not more than one million shares per year, and that the transfer restriction period for restricted stock shall be the period from the date of allotment of shares of the Company’s common stock under a restricted stock allotment contract to be concluded between the Company and Applicable Board

Members until a point immediately after the resignation from the position of a member of the Company's Board of Directors or the position of an executive officer in the Company not concurrently serving as a member of the Company's Board of Directors.

The outline of the Plan is as follows.

Outline of the Plan

Eligible Officers shall pay in, as in-kind contribution of property, all monetary claims paid by the Company under the Plan and receive shares of the Company's common stock to be issued or disposed of. The amount of the monetary claims to be paid in per share of such shares shall be decided by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the last working day before the date of each resolution of the Board of Directors on such amount (or the closing price on the most recent previous trading day if there was no trading for the Company's common stock on that day), within such boundaries that the amount is not particularly advantageous to Eligible Officers receiving such shares.

In addition, when shares of the Company's common stock are issued or disposed of under the Plan, a restricted stock allotment contract shall be concluded between the Company and Eligible Officers, the contents of which shall include the following: (i) Eligible Officers may not transfer to a third party, create a security interest in, or otherwise dispose of in any way, shares of the Company's common stock allotted by the Company under the restricted stock allotment contract for a certain period of time; and (ii) upon the occurrence of certain events, the Company will acquire the shares of the Company's common stock without consideration.

Considering various factors, including the purpose of the Plan, the Company's business conditions and the scope of individual Eligible Officers' duties, the Company has decided to pay monetary claims of 221,920,080 yen in total (hereinafter "Monetary Claims") and grant 414,030 shares of the Company's common stock in exchange for contribution in kind of the Monetary Claims for the purpose of further enhancing individual Eligible Officers' motivation.

For the New Share Issuance, 34 Eligible Officers to whom such shares are to be allotted shall pay in, as in-kind contribution of property, all the Monetary Claims to the Company and receive such shares of the Company's common stock through an allotment (hereinafter the "Allotted Shares") under the Plan. The summary of the restricted stock allotment contract to be concluded between the Company and Eligible Officers (hereinafter the "Allotment Contract") for the New Share Issuance is provided in 3 below.

3. Summary of the Allotment Contract

(1) Transfer restriction period

In the period from July 22, 2022 (hereinafter the "Payment Date") until a point immediately after the resignation from the position of a member of the Company's Board of Directors or the position of an executive officer in the Company not concurrently serving as a member of the Company's Board of Directors (hereafter the "Transfer Restriction Period"), each Eligible Officer may not transfer, create a security interest in, or otherwise dispose of (hereafter the "Transfer Restrictions") the Allotted Shares received under the Allotment Contract.

(2) Treatment in the case of resignation

In the case of an Eligible Officer resigning from the position of a member of the Company's Board of Directors or the position of an executive officer in the Company not concurrently serving as a member of the Company's Board of Directors before the expiration of the period from the start date of the Eligible Officer's executing duties until a point immediately before the conclusion of the first Ordinary General Meeting of Shareholders held after the start date (that period, however, shall be replaced with the period from the Payment Date until the last day of the 142nd fiscal year if the Eligible Officer is an executive officer not concurrently serving as a member of the Board of Directors; the same shall apply hereinafter) (hereafter the "Service Period"), the Company will automatically acquire, without consideration, the Allotted Shares that have been allotted to such Eligible Officer for the relevant Service Period, unless there is any appropriate reason for the resignation, including, but not limited to, the expiration of the term of

office or the death of the Eligible Officer.

(3) Removal of Transfer Restrictions and acquisition without consideration

On the condition that an Eligible officer, during the Service Period, continued to be either in the position of a member of the Company's Board of Directors or in the position of an executive officer in the Company not concurrently serving as a member of the Company's Board of Directors, the Company shall remove the Transfer Restrictions from all the Allotted Shares as of the time when the Transfer Restriction Period expires.

In a case, however, in which the relevant Eligible Officer resigns from the position of a member of the Company's Board of Directors or the position of an executive officer in the Company not concurrently serving as a member of the Company's Board of Directors before the expiration of the Service Period for an appropriate reason, including, but not limited to, the expiration of the term of office or the death of the Eligible Officer, the Transfer Restrictions will be removed, at a point immediately after the resignation, for the number of Allotted Shares calculated by multiplying the number of Allotted Shares held at the time of resignation by the number obtained by dividing the number of months from the month including the Payment Date through the month including the date of resignation by the number of months pertaining to the Service Period (this shall be 12, or 9 in the case of an Eligible Officer not concurrently serving as a member of the Board of Directors) (if the quotient so obtained is greater than 1, it shall be 1) (provided that any resulting fraction of less than 1 share shall be rounded down).

In addition, at the expiration of the Transfer Restriction Period, the Company will automatically acquire, without consideration, those Allotted Shares for which the Transfer Restrictions have not been removed. Moreover, in cases that fulfill certain conditions set forth in the Allotment Contract, such as where an Eligible Officer has committed a material breach of laws or regulations, the Company's internal regulations, or the Allotment Contract, and such breach has been recognized by the Company's Board of Directors, the Company may acquire, without consideration, all the Allotted Shares, including those for which the Transfer Restrictions have already been removed.

(4) Treatment in cases such as organizational restructuring

If, during the Transfer Restriction Period, a merger contract under which the Company will be a merged company, a stock-for-stock exchange agreement under which the Company will become a wholly-owned subsidiary, a share transfer plan, or any other organizational restructuring is approved by the Company's shareholders at a General Meeting of Shareholders (or by the Company's Board of Directors in a case in which the relevant organizational restructuring does not require approval by the Company's shareholders at a General Meeting of Shareholders), then by resolution of the Company's Board of Directors, the Transfer Restrictions shall be removed, immediately before the working day before the effective date of the relevant organizational restructuring, for the number of Allotted Shares calculated by multiplying the number of Allotted Shares held at the time of approval by the number obtained by dividing the number of months from the month including the Payment Date through the month including the date of approval by the number of months pertaining to the Service Period (this shall be 12, or 9 in the case of an Eligible Officer not concurrently serving as a member of the Board of Directors) (if the quotient so obtained is greater than 1, it shall be 1) (provided that any resulting fraction of less than one share shall be rounded down). In addition, immediately after the Transfer Restrictions are removed, the Company will automatically acquire, without consideration, all the Allotted Shares for which the Transfer Restrictions have not been removed.

(5) Administration of shares

During the Transfer Restriction Period, the Allotted Shares will be administered in dedicated accounts with Nomura Securities Co., Ltd. opened by Eligible Officers so that Eligible Officers will not be able to transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the Transfer Restriction Period. The Company has concluded a contract with Nomura Securities Co., Ltd. concerning the administration of accounts for the Allotted Shares held by Eligible Officers in order to ensure the effectiveness of the Transfer Restrictions and other terms and conditions concerning the Allotted Shares. Eligible Officers shall agree on the terms and conditions for the administration of such accounts.

4. Basis for calculation of the amount to be paid in and specifics thereof

The New Share Issuance to the allottees shall be effected upon the contribution of monetary claims paid as Restricted Stock Compensation for the 142nd fiscal year of the Company under the Plan. The issuance price is set at 536 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange's Prime Section on June 22, 2022 (the working day immediately before the date of the Board of Directors' resolution), in order to exclude arbitrariness. This is the market price of the Company's common stock immediately before the date of the Board of Directors' resolution, and the Company considers the price to be reasonable and not a particularly advantageous price.