

Materials for the 165th Ordinary General Meeting of Shareholders

(Matters not provided in paper form) I

- Provisions of Articles of Incorporation of Sumitomo Chemical Co., Ltd.
- Contents of financial statements for the most recent fiscal year of Sumitomo Chemical Co., Ltd. (from April 1, 2025 to March 31, 2026)

Koei Chemical Company, Limited

This document has been translated from the Japanese-language original for reference purposes only. In the event of any conflict or discrepancy between this document and the Japanese-language original, the Japanese-language original shall prevail in all respects.

Articles of Incorporation

(June, 2025)

SUMITOMO CHEMICAL COMPANY, LIMITED

English translation (for reference only)

ARTICLES OF INCORPORATION
OF
SUMITOMO CHEMICAL COMPANY, LIMITED

CHAPTER I - GENERAL PROVISIONS

Article 1 (Trade Name)

The Company shall be called “Sumitomo Kagaku Kabushiki Kaisha” and in English, “SUMITOMO CHEMICAL COMPANY, LIMITED.”

Article 2 (Location of Head Office)

The Company shall have its head office in Chuou-ku, Tokyo.

Article 3 (Purposes)

The purposes of the Company shall be to engage in the following activities:

1. Manufacture, process, sale and purchase of the following products;
 - (1) inorganic and organic industrial chemicals, fertilizers, and gases for industrial use;
 - (2) synthetic resins, synthetic rubbers, and other petrochemical products and polymers;
 - (3) dyes and other various fine chemicals;
 - (4) insecticides, fungicides, herbicides and other pesticides;
 - (5) drugs, quasi-drugs, veterinary drugs, diagnostic products, medical equipment and appliances, medical materials, animal feeds, animal feed additives, enzymes and food additives;
 - (6) light metals, rare metals, and other various metals and rare earthes, and compounds thereof;
 - (7) carbon fibers and other various fibers, composites and ceramics, and ingredients thereof;
 - (8) electronic devices and components, and materials thereof;
 - (9) materials for civil engineering and construction, materials for housing, and materials for agriculture and horticulture;
 - (10) any materials relating to any of the foregoing products; and
 - (11) any processed goods of any of the foregoing products;
2. Export and import of the products listed in the preceding item;
3. Production, processing, sale, purchase, export and import of foods, seeds, seedlings and agricultural and marine products;
4. Research, investigation, design, manufacture, construction, sale and purchase of machinery, equipment, systems and devices for the chemical industry, food industry, nuclear industry, electronic industry, environmental protection, agriculture and horticulture and other various purposes, and undertaking of the operation, maintenance and others, and provision of the technical guidance in respect thereof;
5. Provision of the technical guidance and development, manufacture, sale and purchase of the equipment and devices in respect of medical care, healthcare and gymnastics, and management of the systems and facilities in respect thereof;
6. Chemical analysis and other various analyses, tests and examinations, and undertaking of the investigation and provision of the technical guidance in respect thereof;

7. Undertaking of the collection and processing of information, and development of the systems relating thereto, provision of the technical guidance and provision of various information;
8. Design, construction and supervision of various construction works, and provision of the technical guidance in respect thereof;
9. Sale, purchase, lease and management of land and buildings;
10. Worker dispatch businesses and job placement businesses;
11. Non-life insurance agency and life insurance solicitation;
12. Cargo transportation by truck, cargo forwarding, domestic marine transportation, harbor transportation and warehousing;
13. Collection, transportation, disposal and re-use or recycling of industrial wastes and non-industrial wastes;
14. Supply of electricity;
15. Refinement, processing, purchase and sale, and export and import of petroleum and other mineral resources and by-products thereof; and
16. Any and all businesses incidental to any of the foregoing items.

Article 4 (Governing Bodies of the Company)

In addition to the General Meeting of Shareholders and Directors, the Company shall have the following:

1. Board of Directors,
2. Audit & Supervisory Committee, and
3. Accounting Auditors.

Article 5 (Method of Public Notice)

Public notices by the Company shall be given electronically; provided, however, that if public notice cannot be given electronically due to an accident or for other unavoidable causes, it shall be given by publication in the Japanese newspaper, the *Nihon Keizai Shinbun*.

CHAPTER II - SHARES

Article 6 (Total Number of Shares Authorized to Be Issued and Number of Voting Unit (*tangen*) Shares)

- (i) The total number of shares authorized to be issued by the Company shall be five-billion (5,000,000,000) shares.
- (ii) Number of the Company's voting unit (*tangen*) shares shall be 100 shares.

Article 7 (Record Date)

- (i) The shareholders whose names are recorded on the list of shareholders (including the list of substantial shareholders hereinafter) as of the last day of each fiscal year (*jigyounendo*) shall be deemed by the Company to be the shareholders who are entitled to exercise their rights at the Ordinary General Meeting of Shareholders in respect of such fiscal year (*jigyounendo*).
- (ii) In addition to the preceding paragraph, if it is necessary, the Company may temporarily establish a record date with the prior public notice by a resolution of the Board of Directors.

Article 8 (Claim for Additional Purchase by Shareholders Having Shares Less than One Voting Unit)

The shareholder of the Company may make a claim to the Company for selling such number of shares that shall, together with the shares constituting less than one voting unit (*tangen*), constitute a voting unit (*tangen*) in accordance with the share handling regulation.

Article 9 (Administrator of Shareholders' Register)

- (i) The Company shall have an administrator of the shareholders' register.
- (ii) The administrator of the shareholders register and its place of business shall be designated by a resolution of the Board of Directors and shall be announced by public notice.
- (iii) The preparation and keeping of the list of shareholders and the register of share purchase warrants, and other affairs related thereto shall be entrusted to the administrator of shareholders register, and the Company shall not handle such affairs.

Article 10 (Handling of Shares)

The handling of the shares of the Company and commission fee thereof shall be prescribed by the share handling regulation set by the Board of Directors

CHAPTER III - GENERAL MEETINGS OF SHAREHOLDERS

Article 11 (Time of Meeting)

- (i) The Ordinary General Meeting of Shareholders of the Company shall be held in June of each year.
- (ii) In addition to the preceding paragraph, if it is necessary, an Extraordinary General Meeting of Shareholders shall be held.

Article 12 (Place of Meeting)

The General Meeting of Shareholders shall be held at the location of the head office, at a location adjacent thereto, at Osaka-shi, or at a location adjacent thereto.

Article 13 (Chairperson)

The President shall preside over the General Meeting of Shareholders. In the case of an inability of the President to so preside, any one of the other Directors shall act in his/her place in accordance with an order previously determined by resolution of the Board of Directors.

Article 14 (Measures etc., for Electronic Provision of Materials for General Meetings of Shareholders)

- (i) The Company shall, when convening a General Meeting of Shareholders, provide information contained in the reference materials for the General Meeting of Shareholders, etc. electronically.
- (ii) Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.

Article 15 (Requirements of Resolution)

- (i) Resolutions of General Meetings of Shareholders shall be made by a majority of the votes of the shareholders present, unless otherwise provided in laws or these Articles of Incorporation.

- (ii) Resolutions of General Meetings of Shareholders as provided for in paragraph 2, Article 309 of the Corporate Law shall be made by the majority of two-thirds (2/3) or more of the votes of the shareholders present, which shareholders shall collectively have not less than one-third (1/3) of the voting rights held by the shareholders having the right to vote.

Article 16 (Exercise by Proxy of a Voting Right)

Any shareholder of the Company may exercise his/her voting right by appointing one proxy who is another shareholder of the Company having the right to vote. However, such shareholder or proxy shall submit to the Company a document certifying his/her authority.

CHAPTER IV - DIRECTORS AND BOARD OF DIRECTORS

Article 17 (Number of Directors)

- (i) The Company shall have not more than ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members).
- (ii) The Company shall have not more than five (5) Directors who are Audit & Supervisory Committee Members.

Article 18 (Election of Directors)

- (i) Directors shall be elected by a resolution of a General Meeting of Shareholders, and such election shall be implemented by distinguishing between Director who are Audit & Supervisory Committee Members and other Directors.
- (ii) A resolution for the election of Directors shall be made by a majority of the votes of the shareholders present at a General Meeting of Shareholders at which the shareholders having not less than one-third (1/3) of the voting rights held by the shareholders having the right to vote shall be present.
- (iii) A resolution for the election of Directors shall not be made by cumulative voting.

Article 19 (Term of Office of Directors)

- (i) The term of office of a Director (excluding Directors who are Audit & Supervisory Committee Members) shall expire at the time of termination of an Ordinary General Meeting of Shareholders with respect to the last fiscal year ending within one (1) year from his or her election.
- (ii) The term of office of a Director who is an Audit & Supervisory Committee Member shall expire at the time of termination of an Ordinary General Meeting of Shareholders with respect to the last fiscal year ending within two (2) years from his or her election.
- (iii) The term of office of a Director who is an Audit & Supervisory Committee Member elected to fill a vacancy caused by retirement of a Director who was an Audit & Supervisory Committee Member prior to the expiration of his or her term of office shall expire at the expiry of the term of office of such retiring Director who was an Audit & Supervisory Committee Member.
- (iv) A resolution for the election of a substitute Director who is an Audit & Supervisory Committee Member pursuant to Article 329, Paragraph 3 of the Companies Act shall remain in effect until the time of commencement of an Ordinary General Meeting of Shareholders with respect to the last fiscal year ending within two (2) years from his or her election.

Article 20 (Notice to Convene Board of Directors' Meeting)

A convocation notice for each Board of Directors' Meeting shall be dispatched to each Director at least three (3) days before the scheduled date of such meeting; provided, however, that such period may be shortened in case of urgency.

Article 21 (Omission of Resolution of a Board of Directors)

In the event a Director submits a proposal with respect to a matter which is the purpose of a resolution of a Board of Directors' Meeting, if all of the Directors (limited to those who are entitled to participate in votes with respect to such matter) indicate their consent to such proposal, either in writing or by the Company that the resolution of the Board of Directors to approve such proposal has been passed.

Article 22 (Representative Directors, etc.)

- (i) The Board of Directors shall designate one (1) or more Representative Director(s) from among the Directors (excluding Directors who are Audit & Supervisory Committee Members) by its resolution.
- (ii) The Board of Directors shall designate one (1) President from among the Directors (excluding Directors who are Audit & Supervisory Committee Members) or Executive Officers by its resolution.
- (iii) The Board of Directors may appoint a Chairman and a Vice Chairman from among the Directors (excluding Directors who are Audit & Supervisory Committee Members) by its resolution.

Article 23 (Delegation of Decisions on Execution of Important Operations)

Pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate all or part of the decisions on execution of important operations (excluding matters set out in items of Article 399-13, Paragraph 5 of the Companies Act) to Directors by a resolution of the Board of Directors.

Article 24 (Remuneration, etc. of Directors)

The remuneration, etc. of the Directors shall be determined by the resolution of a General Meeting of Shareholders, and such determination shall be made by distinguishing between Directors who are Audit & Supervisory Committee Members and other Directors.

Article 25 (Outside Directors' Liability for Damages)

The Company may, pursuant to paragraph 1, Article 427 of the Corporate Law, enter into an agreement with an Outside Director to limit such Outside Director's liability for damages to the Company. However, the limit on the amount of liability under such agreement shall be the amount stipulated in applicable laws.

Article 26 (Executive Officers)

The Board of Directors may elect Executive Officers by its resolution and have them execute the business of the Company assigned to them.

CHAPTER V – AUDIT & SUPERVISORY COMMITTEE

Article 27 (Notice to Convene Audit & Supervisory Committee Meeting)

A convocation notice for each Audit & Supervisory Committee Meeting shall be dispatched to each Audit & Supervisory Committee Member at least three (3) days before the scheduled date of such meeting; provided, however, that such period may be shortened in case of urgency.

Article 28 (Standing Audit & Supervisory Committee Members)

The Audit & Supervisory Committee may appoint by its resolution one or more Standing Audit & Supervisory Committee Member(s).

CHAPTER VI - CALCULATION

Article 29 (Fiscal Year)

The fiscal year (*jigyounendo*) of the Company shall commence on the 1st day of April each year and end on the 31st day of March of the next year.

Article 30 (Decision Making Body for Distribution of Surplus Funds, etc.)

Unless otherwise provided in laws, the Company shall determine the matters provided in each item of paragraph 1, Article 459 of the Corporate Law, such as the distribution of surplus funds, by a resolution of the Board of Directors and not by a resolution of the General Meeting of Shareholders.

Article 31 (Record Date for Dividend Payment from Retained Earnings)

- (i) The record date for the year-end dividend payment by the Company shall be the 31st day of March of each year.
- (ii) The record date for the interim dividend payment by the Company shall be the 30th day of September of each year.
- (iii) In addition to the preceding two paragraphs, record dates may be set for dividend payment from retained earnings.

Article 32 (Exclusion Period of Dividends)

In the event that dividends have not been received yet when three (3) full years have passed from the date of commencement of payment, the Company shall be relieved of the obligation to make such payment.

(Supplementary Provision)

With respect to the agreements to limit the liability for damages to the Company regarding the acts of Outside Audit & Supervisory Board Members (including those who were Outside Audit & Supervisory Board Members) prior to the termination of the 144th Ordinary General Meeting of Shareholders, Article 31 of the Articles of Incorporation before the amendment thereof by the resolution of the said ordinary general meeting of shareholders shall apply.

Business Report

(April 1, 2025 - March 31, 2026)

1. Overview of the Company Group

(1) Business Progress and Results

In FY2025, the global economy maintained steady overall growth despite heightened geopolitical risks and uncertainty regarding trade policies, supported by fiscal and monetary policies implemented in various countries and strong AI-related investments. In Japan as well, the economy continued its moderate recovery despite the inflationary pressure from factors such as higher crude oil prices. This recovery was supported by stronger consumer spending amid improving income conditions, and by domestic demand underpinned by steady corporate capital investment in labor-saving initiatives and digitalization.

As a result, the Group's sales revenue declined by ¥277.8 billion compared to FY2024, to ¥2,328.5 billion. In terms of profits and losses, core operating income* was ¥208.4 billion, higher than in FY2024, but operating income was ¥151.7 billion, lower than in FY2024. Net income attributable to owners of the parent was ¥60.9 billion, higher than in FY2024. The Company's non-consolidated sales amounted to ¥758.2 billion, and net income was ¥32.1 billion.

NOTE: "Core operating income" is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating profit and loss, which includes the share of profits or losses from investments accounted for using the equity method.

The Company has decided to pay a year-end dividend of ¥7.5 per share. As a result, the Company's annual dividend for FY2025 is ¥13.5 per share, including an interim dividend of ¥6 per share.

Financial Results by Business Segment

Agro & Life Solutions

Shipments of crop protection chemicals remained steady domestically and overseas. Methionine (feed additive) faced a decline in shipments compared to FY2024. As a result, sales revenue declined by ¥21.0 billion compared to FY2024, to ¥519.3 billion. Despite the decline in sales revenue, core operating income increased by ¥1.4 billion compared to FY2024, to ¥56.3 billion, supported also by the shipments of crop protection chemicals mentioned above.

ICT & Mobility Solutions

In addition to the decline in the selling price of display-related materials due to severe price competition, there was also an impact from fundamental structural reforms implemented for the polarizing film business for large-size liquid crystal displays. Market conditions for semiconductor processing materials continue to slowly recover, and shipments have increased, but the business also faced higher fixed costs. In addition, the stronger yen decreased export income and negatively impacted sales from subsidiaries outside of Japan when converted into yen. As a result, sales revenue declined by ¥32.8 billion compared to FY2024, to ¥574.2 billion, and core operating income declined by ¥17.5 billion compared to FY2024, to ¥53.0 billion.

Advanced Medical Solutions

Oligonucleotide production and shipments increased, but due to differences in the product mix, sales revenue for active pharmaceutical ingredients and intermediates declined by ¥3.5 billion compared to FY2024, to ¥58.6 billion, and core operating income declined by ¥1.1 billion compared to FY2024, to ¥2.8 billion.

Essential & Green Materials

Shipments of the sales subsidiary declined because of the periodic shutdown maintenance at Rabigh Refining and Petrochemical Company (hereinafter, "Petro Rabigh"), an affiliated company accounted for using the equity method. In addition, shipments of aluminum and other products declined due to the Group's exit from the business in FY2024, while shipments of synthetic resins declined following the business transfer in FY2025. As a result, sales revenue declined by ¥220.2 billion compared to FY2024, to ¥678.8 billion. Core operating income increased by ¥72.9 billion compared to FY2024, to ¥14.4 billion, due to a gain on the sale of a portion of the Company's shares in Petro Rabigh, as well as improved trade terms for Petro Rabigh and for synthetic resins and other products.

Sumitomo Pharma

Sales revenue declined in Japan and Asia, but in North America there was an increase in sales of ORGOVYX[®] (therapeutic agent for advanced prostate cancer) and GEMTESA[®] (therapeutic agent for overactive bladder). Sales revenue was further increased by the recording of an ORGOVYX[®] sales milestone. As a result, sales revenue increased by ¥53.9 billion compared to FY2024, to ¥451.9 billion. Core operating income increased by ¥73.1 billion compared to FY2024, to ¥108.4 billion. In addition to the benefit of higher sales revenue, there was a reduction in selling, general and administrative expenses, including research and development expenses, resulting from the effects of business structure improvements, and there was also a gain posted on the partial divestiture of the Asian business.

Sales revenue and core operating income differ between this segment and the results reported by Sumitomo Pharma, Co., Ltd., a consolidated subsidiary of Sumitomo Chemical Co., Ltd., due to the Group's contract development and manufacturing organization business for regenerative medicine and cell therapy products not being included in this segment and because of the Group's consolidated account reporting.

Others

In addition to the above five segments, the Group supplies electric power and steam, and also provides transportation and warehousing. Sales revenue declined by ¥54.1 billion compared to FY2024, to ¥45.8 billion, due to the sale of the radiopharmaceutical business and other businesses in FY2024. Core operating income declined by ¥62.5 billion compared to FY2024, to ¥4.4 billion, due to the deconsolidation of the radiopharmaceutical business and other businesses, and the absence of non-recurring gains associated with the sale of those businesses.

Capital Expenditures

In the fiscal year under review, the Companies' capital expenditures totaled ¥121.6 billion, which includes investments for new installations and the expansion of manufacturing facilities as well as maintenance and rationalization of existing facilities.

There were no major facilities completed in the fiscal year under review.

Major facilities under construction in the fiscal year under review include the following: the new construction of an overseas subsidiary's semiconductor process chemical plant, the introduction of the Company's evaluation equipment for photoresists for use in advanced semiconductors, and the new establishment of the Company's materials production line for OLED displays and polarizing film in the ICT & Mobility Solutions Sector.

Financing

To respond to financing needs during the fiscal year under review, the Company raised funds, primarily via borrowings from banks. The balance of borrowings (including corporate bonds) decreased by ¥134.7 billion from the previous fiscal year, to ¥1,151.5 billion.

Status of the Acquisition or Disposition of Shares, Equity Interests, Share Acquisition Rights, etc., in Other Companies

The Company sold Class A ordinary shares of Petro Rabigh, representing an equity interest of approximately 22.5%, to Saudi Arabian Oil Company on October 8, 2025, and subscribed to Class B ordinary shares issued by Petro Rabigh on October 21, 2025.

(2) Issues to be Addressed

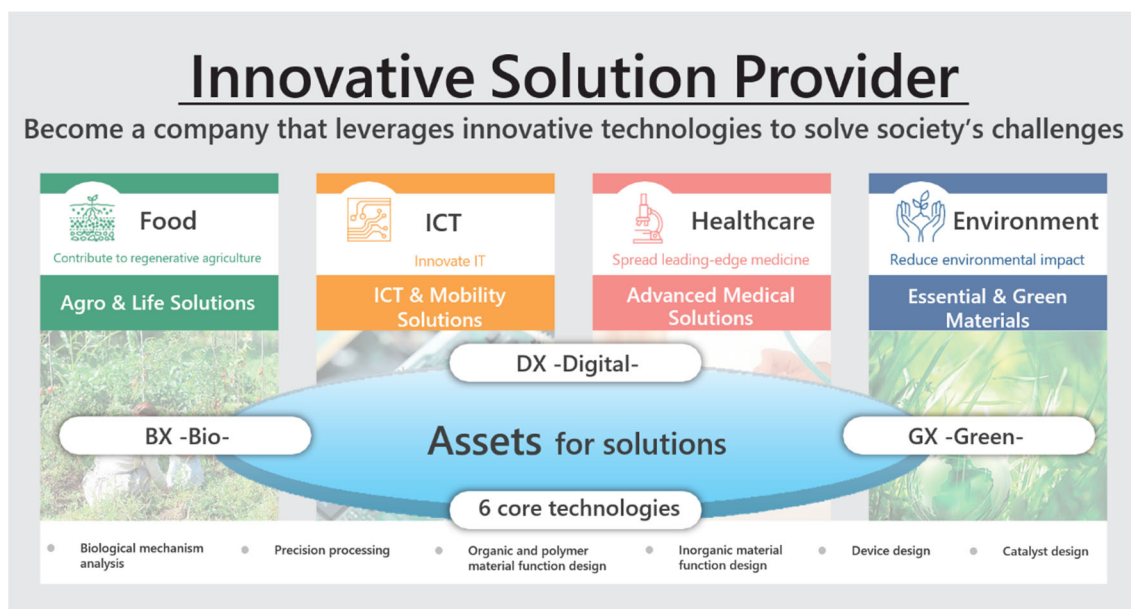
Long-term vision

Throughout its history, the Company has upheld Sumitomo's business spirit of "Harmony between the individual, the nation and society" (Sumitomo manifests this concept by seeking to benefit not only its own business, but also both the nation and society). Through this spirit, we have achieved growth while contributing to society. Based on this approach, we have established our long-term vision for the Company as an "Innovative Solution Provider" – a company that leverages innovative technologies to solve society's challenges.

To achieve this vision, we have identified food, ICT, healthcare, and the environment as societal issues we should tackle, on the basis of the technology and business assets that give the Company its distinct competitive advantages.

By leveraging the six unique core technologies that we have developed so far in each of the Company's business sectors, organized to address these issues, together with important assets focused on the three domains – GX, DX, and BX – driven by these technologies, we will generate solutions from innovative products and technologies in each of these areas and provide them broadly throughout society.

We will strive to continue to be a company with a global presence and aim for the sustainable improvement of corporate value.



FY2025–27 Corporate Business Plan: companywide policies

We launched the Group’s Three-Year Corporate Business Plan in FY2025. Under the plan, we have set forth a five-part basic policy, including “Upgrading the Company’s business portfolio through a new growth strategy,” “Increasing resilience through the continuous implementation of structural reforms,” and “Improving financial and capital efficiency.”

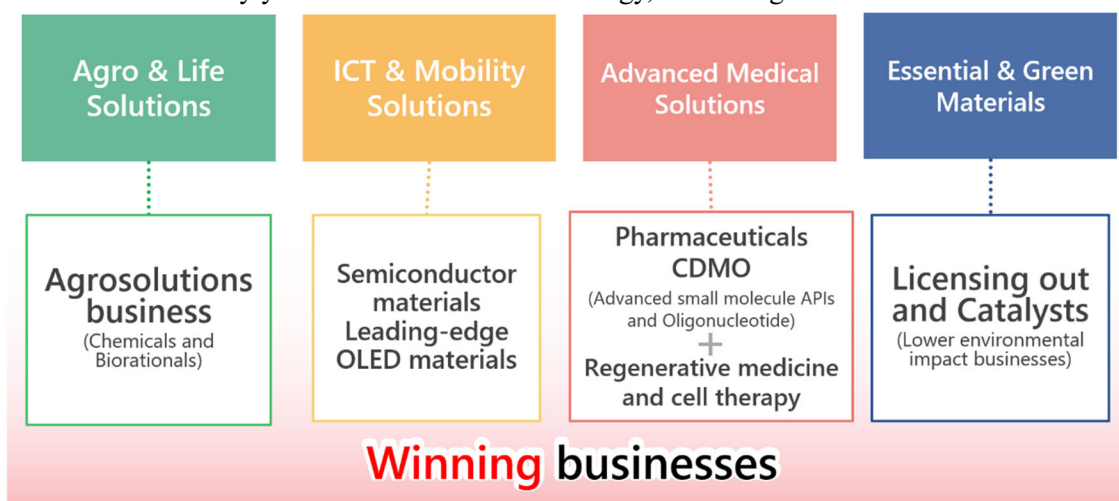
We have established the following financial performance targets for FY2027: core operating income of ¥200 billion, ROE of 8%, ROIC of 6%, and a D/E ratio of approximately 0.8.



Progress on the Corporate Business Plan

Basic Policy (1): Upgrading business portfolio with new growth strategy

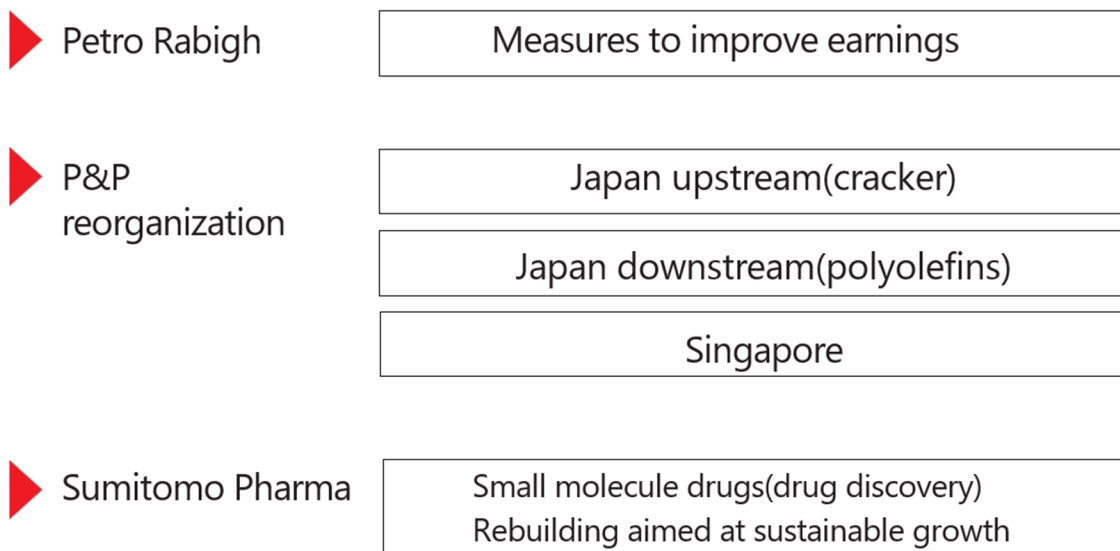
We strengthened our competitiveness across all segments and upgraded the business portfolio, centered on “winning businesses” based on our strength in organic synthesis technology. We also undertook various initiatives based on our policy of fostering the regenerative medicine and cell therapy business, in which we have a competitive advantage thanks to many years of accumulated technology, as a new growth business.



Basic Policy (2): Building greater resilience by executing continued structural reforms

We steadily promoted structural reforms in the petrochemical business, including reducing our equity stake in Petro Rabigh to 15%, agreeing on the operational optimization of existing ethylene plants in Japan and the integration of the polyolefins business. Sumitomo Pharma Co., Ltd. also improved its performance through structural reforms and increased its capital to secure the funds needed for future growth and strengthen its financial base. Although our equity stake in Sumitomo Pharma Co., Ltd. will decline as a result, it will remain a consolidated subsidiary.

Structural Reforms



Basic Policy (3): Improving financial and capital efficiency

We strengthened the investment management process, further embedding our commitment to ROIC-oriented management. By quantifying risks based on data and utilizing external insights, we enhanced the objectivity of investment decisions, and implemented these decisions under thorough risk management. In addition, we reinforced the post-investment monitoring system and promoted initiatives to maximize investment efficiency and improve ROIC by responding flexibly to changes in the environment.



Basic Policy (4): R&D strategy based on 3 X's

We reorganized our research structure to enhance research and development efficiency from a companywide perspective and enable strategic investments. We aim to facilitate decisions on strategic allocation to key areas and strengthen overall company monitoring through the establishment of a companywide research strategic committee, drive cross-company structural reform through the establishment of the Research Planning Dept., and achieve agile research and development through the formulation of a technology roadmap.

Basic Policy (5): Strengthening the management base to support new growth strategy

As part of our efforts to strengthen the management foundation, we promoted the utilization and advancement of generative AI. By monitoring its usage and providing training, we aimed to establish its routine utilization, while also implementing functions that allow the use of internal data to be customized according to specialized tasks, thereby deepening the use of internal knowledge. We worked to foster an environment where all employees use AI on a daily basis to enhance our business competitiveness.

FY2025: initiatives in each sector

Agro & Life Solutions Sector

In the crop protection and enhancement business, we pushed ahead with our efforts for potential next-generation blockbuster products in key markets. For example, we launched sales of the fungicide INDIFLIN™ to treat rice in India, in addition to its use for soybeans in South America. To further strengthen and grow the biorational business, we integrated the Group companies responsible for this business in North America and established a new structure to carry out functions such as research, manufacturing, and sales as an integrated global core base. Meanwhile, in South America, given the current challenging business environment, under a marketing policy rooted in the genuine added value of our main products, we aim to regain sales and maintain premium prices through measures such as strengthening our sales strategy for each distribution channel and expanding usage scenarios through a broader range of applications.

ICT & Mobility Solutions Sector

In the semiconductor-related business, we secured semiconductor chemical bases in Taiwan and the U.S. through the acquisition of Taiwan AUECC. We will proceed to deploy management resources to the maximum and most efficient extent, advancing the development and sales expansion of advanced materials and strengthening stable supply systems to capture the growth of the advanced semiconductor market driven by the rapid expansion of AI demand. In the display-related business, we implemented structural reforms of our operations concerning polarizing films for large LCDs and promoted a shift toward high-performance fields such as OLEDs and automotive applications. Additionally, in the mobility-related business, we consolidated our manufacturing bases for heat-resistant separators. Through these structural reforms, we aim to maximize profits and further expand the display-related and mobility-related businesses.

Advanced Medical Solutions Sector

We are pursuing business expansion by leveraging our comprehensive capabilities, from development to manufacturing and quality, with the CDMO business positioned as the core of our growth. In the field of medical oligonucleic acids, in particular, we are strengthening our customer support system using SC-AMSA, our base in the U.S., and working to expand new orders. In the regenerative medicine and cell therapy business, AMCHEPRY®, our world's first-ever iPS cell-derived product for the treatment of Parkinson's disease, received conditional and time-limited approval. Moving forward, we will strengthen our development, manufacturing, quality, and regulatory systems toward formal approval, as well as approval in the U.S. In addition, we will advance clinical trials and development for two subsequent ophthalmology products and a spinal cord injury treatment product, working to deliver innovative therapies to patients.

Essential & Green Materials Sector

In the petrochemical business, we reduced our equity stake in Petro Rabigh to 15% in October 2025. In Japan, we accelerated structural reforms, including reaching agreements with relevant parties regarding the operational optimization of existing ethylene plants and the integration of the polyolefins business. Additionally, through collaboration with other companies, we reinforced the foundations of our licensing and catalyst business, aiming to

develop it into a key business. In terms of providing solutions for reducing environmental impact, we are promoting the development of environmental impact reduction technologies, aiming for commercialization in the 2030s. This includes completing the construction of pilot facilities for chemical recycling.

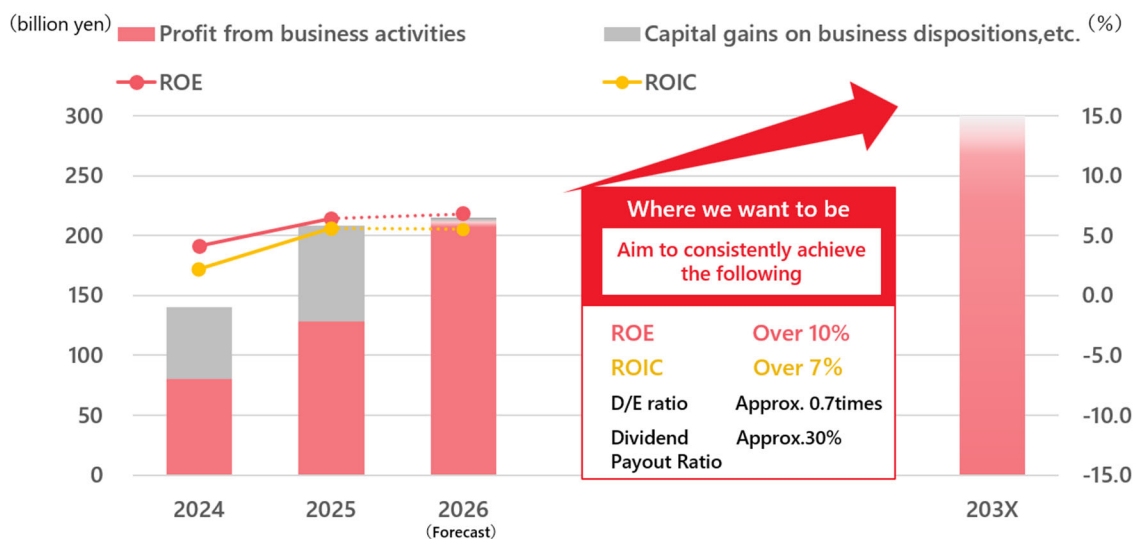
Results for FY2025

In FY2025, we reaped the fruit of Sumitomo Pharma's profit contribution, centered on the expanded sales of ORGOVYX[®], along with the results of structural reforms such as the partial transfer of our equity stake in Petro Rabigh and the sale of non-core businesses, achieving core operating income of ¥208.4 billion. Consequently, we have determined an annual dividend of ¥13.5 per share for FY2025, an increase of ¥4.5 over the annual dividend of ¥9 per share for FY2024. Additionally, by advancing the repayment of interest-bearing liabilities, we improved the D/E ratio from 1.20 at the end of FY2024 to 0.93 at the end of FY2025, improving the Company's financial position.

Outlook for FY2026 onward

In FY2026, improvements in earnings at Sumitomo Pharma, as well as financial improvements and the change in our equity stake in Petro Rabigh, are expected to contribute to the Company's overall performance, and we forecast core operating income of ¥215 billion. We anticipate a steady improvement in earnings capacity and significant growth on a practical capability basis. Looking toward FY2027 and beyond, we aim to drive performance companywide through the Agro & Life Solutions Sector and the ICT & Mobility Solutions Sector, our growth drivers, by maximizing the results of our existing investments. At the same time, we will steadily advance efforts to improve the profitability of the Essential & Green Materials Sector and to foster the swift development of the Advanced Medical Solutions Sector.

In the medium to long term, we aim to stably achieve our financial performance targets, including ROE of 10% or more, ROIC of 7% or more, and a D/E ratio of approximately 0.7.



(3) Assets and Income

1) Trends in assets and income of the Group

Item	The 142nd term (April 1, 2022 to March 31, 2023)	The 143rd term (April 1, 2023 to March 31, 2024)	The 144th term (April 1, 2024 to March 31, 2025)	The 145th term (April 1, 2025 to March 31, 2026)
IFRS				
Sales revenue (Billions of yen)	2,895.3	2,446.9	2,606.3	2,328.5
Core operating income (Billions of yen)	92.8	(149.0)	140.5	208.4
Net income attributable to owners of the parent (Billions of yen)	7.0	(311.8)	38.6	60.9
Basic earnings per share	4.27 yen	(190.69) yen	23.59 yen	37.16 yen
ROE	0.6%	(29.2)%	4.1%	6.4%
Equity attributable to owners of the parent (Billions of yen)	1,171.2	965.8	900.8	1,008.6
Total equity (Billions of yen)	1,489.2	1,164.4	1,074.4	1,236.7
Total assets (Billions of yen)	4,165.5	3,934.8	3,439.8	3,405.0

2) Trends in assets and income of the Company

Item	The 142nd term (April 1, 2022 to March 31, 2023)	The 143rd term (April 1, 2023 to March 31, 2024)	The 144th term (April 1, 2024 to March 31, 2025)	The 145th term (April 1, 2025 to March 31, 2026)
Japanese GAAP				
Net sales (Billions of yen)	894.4	809.6	856.6	758.2
Ordinary income (Billions of yen)	69.5	53.4	84.9	60.0
Net income (Billions of yen)	50.4	8.7	24.2	32.1
Net income per share	30.85 yen	5.32 yen	14.77 yen	19.57 yen
Net assets (Billions of yen)	378.0	370.4	393.9	421.6
Total assets (Billions of yen)	1,772.9	1,899.6	1,816.9	1,701.9

(4) Principal Businesses (as of March 31, 2026)

Business sector	Major products and businesses
Agro & Life Solutions	Crop protection chemicals, fertilizers, agricultural materials, household insecticides, products for control of infectious diseases, feed additives, etc.
ICT & Mobility Solutions	Optical products, semiconductor processing materials, compound semiconductor materials, touch screen sensor panels, high-purity aluminum and alumina, specialty chemicals, additives, engineering plastics, battery materials, etc.
Advanced Medical Solutions	Contract development and manufacturing organization business for polymer and small-molecule active ingredients and intermediates, medical oligonucleic acid substances, and regenerative medicine and cell therapy products, etc.
Essential & Green Materials	Synthetic resins, raw materials for synthetic fibers, various industrial chemicals, methyl methacrylate products, synthetic resin processed products, industrial alumina, synthetic rubber, etc.
Sumitomo Pharma	Small-molecule pharmaceuticals

NOTE: Aside from the above, as “Others”, the Group supplies electric power and steam, provides transportation and warehousing, etc.

(5) Principal Business Locations (as of March 31, 2026)

1) The Company

Head offices	Tokyo, Osaka
Branch offices	Tokyo, Osaka, Nagoya Branch Office, Fukuoka Branch Office
Plants	Oita Works, Misawa Works (Aomori), Osaka Works, Ohe Works (Ehime), Ibaraki Works, Okayama Works, Gifu Works, Ehime Works, Chiba Works
Research laboratories	Industrial Technology & Research Laboratory (Osaka), Environmental Health Science Laboratory (Osaka), Advanced Materials Development Laboratory (Ibaraki), Bioscience Research Laboratory (Osaka)

- NOTES: 1 Research laboratories are shown as Corporate R&D Laboratories. There also exist business sector research laboratories, such as the Agro & Life Solutions Research Laboratory (Hyogo).
- 2 On April 1, 2026, Corporate R&D Laboratories were renamed the Corporate Research Laboratories, and the Environmental Health Science Laboratory, Advanced Materials Development Laboratory, and Bioscience Research Laboratory were integrated into the newly established Advanced Research Laboratory for Fundamental Technologies.

2) Material subsidiaries

Domestic	Sumitomo Pharma Co., Ltd. (Osaka, Tokyo, Mie, Oita) Tanaka Chemical Corporation (Fukui, Osaka) Koei Chemical Co., Ltd. (Chiba, Tokyo) Taoka Chemical Co., Ltd. (Osaka, Hyogo, Ehime)
Overseas	United States Sumitomo Chemical America, Inc. Sumitomo Biorational Company LLC Valent BioSciences LLC Valent U.S.A. LLC Sumika Semiconductor Materials Texas Inc. Sumitomo Pharma America, Inc.
	Brazil Sumitomo Chemical Brasil Indústria Química S.A.
	Chile Sumitomo Chemical Chile S.A.
	United Kingdom Cambridge Display Technology Limited
	Switzerland Urovant Sciences GmbH Sumitomo Pharma Switzerland GmbH
	India Sumitomo Chemical India Limited
	Singapore Sumitomo Chemical Asia Pte Ltd The Polyolefin Company (Singapore) Pte. Ltd.
	South Korea Dongwoo Fine-Chem Co., Ltd. SSLM Co., Ltd.
	Taiwan Sumika Technology Co., Ltd.
	China Sumika Electronic Materials (Wuxi) Co., Ltd.

(6) Status of material subsidiaries (as of March 31, 2026)

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumitomo Chemical Brasil Indústria Química S.A.	BRL 3,125,762 thousand	100.00	Development, promotion and sales of crop protection chemicals and household insecticides and manufacture of crop protection chemicals
Sumitomo Chemical America, Inc.	USD 690,092 thousand	100.00	Investment in related companies in the United States and sale of chemical products
Sumitomo Biorational Company LLC	USD 409,574 thousand	100.00 (100.00)	Provision of back-office services to related companies in North America
Valent BioSciences LLC	USD 268,972 thousand	100.00 (100.00)	Research, development, manufacture and sale of biorational
Valent U.S.A. LLC	USD 81,691 thousand	100.00 (100.00)	Development and sale of crop protection chemicals, etc.
Sumika Polymers America Corp.	USD 222,544 thousand	100.00 (100.00)	—
CDT Holdings Limited	GBP 187,511 thousand	100.00	Investment in Cambridge Display Technology Limited
Cambridge Display Technology Limited	GBP 183,716 thousand	100.00 (100.00)	R&D and licenses in polymer organic light emitting diodes and devices
Dongwoo Fine-Chem Co., Ltd.	KRW 293,227 million	100.00	Manufacture and sale of process chemicals for semiconductors and displays, photoresists, optical functional films, touch screen sensor panels, etc.
Sumika Semiconductor Materials Texas Inc.	USD 130,000 thousand	100.00 (80.00)	Manufacture and sale of process chemicals for semiconductors
SSLM Co., Ltd.	KRW 280,000 million	100.00	Manufacture and sale of heat-resistant separators
Japan-Singapore Petrochemicals Co., Ltd.	JPY 23,877 million	79.67	Investment in PCS (Pte.) Ltd.
Sumitomo Pharma Co., Ltd.	JPY 22,400 million	51.81	Manufacture and sale of pharmaceuticals
Sumitomo Pharma America, Inc.	USD 2,829,359 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Sumitomo Pharma Switzerland GmbH	USD 1,015,332 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Urovant Sciences GmbH	USD 1,198,609 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Sumika Electronic Materials (Wuxi) Co., Ltd.	RMB 1,276,517 thousand	100.00 (10.00)	Processing and sale of optical functional films

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumika Technology Co., Ltd.	TWD 4,417 million	84.96	Manufacture and sale of optical functional films and sputtering targets, research and development, and sale of color resists, and sale of photoresists and other products
Sumitomo Chemical Asia Pte Ltd	USD 150,565 thousand	100.00	Manufacture and sale of petrochemical products, etc. and supervision of the Sumitomo Chemical Group in the Southeast Asia, India, and Oceania area
The Polyolefin Company (Singapore) Pte. Ltd.	USD 51,690 thousand	70.00 (70.00)	Manufacture and sale of low-density polyethylene and polypropylene
Sumitomo Chemical Chile S.A.	USD 80,388 thousand	100.00	Sale, etc. of crop protection chemicals
Tanaka Chemical Corporation	JPY 9,155 million	100.00	Manufacturing and sale of positive electrode materials for rechargeable batteries
Sumitomo Chemical India Limited	INR 2,745,881 thousand	75.00	Development, promotion and sales of crop protection products and household insecticides and manufacture of crop protection chemicals
Koei Chemical Co., Ltd.	JPY 2,343 million	55.95 (0.04)	Manufacture and sale of pharmaceutical and crop protection related chemicals and functional chemicals, etc.
Taoka Chemical Co., Ltd.	JPY 1,572 million	50.90 (0.29)	Manufacture and sale of fine chemicals, functional materials, resin additives, etc.

Sumitomo Pharma UK Holdings, Ltd., which was presented as a material subsidiary in the previous fiscal year, has been removed from material subsidiaries due to liquidation.

XUYOU Electronic Materials (Wuxi) Co., Ltd., which was presented as a material subsidiary in the previous fiscal year, has been removed from material subsidiaries due to the transfer of all equity interest in April 2025.

Valent North America LLC was renamed Sumitomo Biorational Company LLC.

- NOTES: 1 Figures contained in parentheses () for ratio of voting rights are the ratio of voting rights held by subsidiaries of the Company.
- 2 Capital for Sumitomo Chemical America, Inc., Sumitomo Biorational Company LLC, Valent BioSciences LLC, Valent U.S.A. LLC, CDT Holdings Limited, Cambridge Display Technology Limited, Sumika Semiconductor Materials Texas Inc., Sumitomo Pharma America, Inc., Sumitomo Pharma Switzerland GmbH, and Urovant Sciences GmbH are shown as paid-in capital.

(7) Employees (as of March 31, 2026)

1) Employees of the Group

Business category	Number of employees (Persons)	Notes
Agro & Life Solutions	7,016	
ICT & Mobility Solutions	9,563	
Advanced Medical Solutions	2,161	
Essential & Green Materials	3,030	
Sumitomo Pharma	3,112	
Others	1,305	
Companywide shared	1,304	
Total	27,491	The number of employees decreased by 1,788 persons year-on-year.

NOTE: The number of employees does not include employees who are temporary, part-time, contracted, or seconded outside of consolidated subsidiaries.

2) Employees of the Company

Number of employees	Average age	Average years of employment	Notes
persons		Years	
6,465	42.4	16.7	The number of employees decreased by 204 persons year-on-year.

NOTE: The number of employees does not include employees who are temporary, part-time, contracted, or seconded to other companies.

(8) Primary sources of borrowings and amounts (as of March 31, 2026)

Source of borrowing	Amount of borrowing (Balance) (Billions of yen)
Development Bank of Japan Inc.	71.0
Sumitomo Mitsui Banking Corporation	67.5
The Norinchukin Bank	51.1
Sumitomo Mitsui Trust Bank, Limited	46.8
Mizuho Bank, Ltd.	32.1

NOTES: 1 The amount of borrowing listed above includes loans from overseas subsidiaries of the sources.
2 Aside from the above, there are 119.6 billion yen in borrowings as syndicated loans, managed by financial institutions such as the Sumitomo Mitsui Banking Corporation.

2. Status of Shares (as of March 31, 2026)

- (1) **Total number of shares authorized to be issued** 5,000,000,000 shares
- Total number of shares outstanding** 1,657,914,399 shares
(including 6,500,914 shares of the Company's treasury shares)
- (2) **Number of shareholders** 278,888 persons
- (3) **Major shareholders**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	236,121	14.29
Custody Bank of Japan, Ltd. (Trust account)	91,814	5.55
Sumitomo Life Insurance Company	71,182	4.31
Nippon Life Insurance Company	41,031	2.48
STATE STREET BANK AND TRUST COMPANY 505103	34,089	2.06
Sumitomo Chemical Employee Stock Ownership Plan	31,233	1.89
JPMorgan Securities Japan Co., Ltd.	30,374	1.83
Custody Bank of Japan, Ltd. (Master trust for the Sumitomo Mitsui Trust Bank and trust account for retirement benefits for Sumitomo Life Insurance Company)	29,000	1.75
STATE STREET BANK AND TRUST COMPANY 505001	25,999	1.57
JP MORGAN CHASE BANK 385781	21,893	1.32

NOTE: The Company's treasury shares (6,500,914 shares) were excluded in the calculation of the percentage of shares held.

(4) Shares granted to Company officers and Executive Officers during the fiscal year under review as consideration for performance of duties

	Number of shares	Number of officers granted with shares
Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors)	292,161 shares	5
Executive Officers (excluding non-residents of Japan)	404,630 shares	27

3. Company Officers

(1) Directors (as of March 31, 2026)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Keiichi Iwata	
Representative Director, President (Concurrently serving as Executive President)	Nobuaki Mito	Supervision of Advanced Medical Solutions Sector
Representative Director (Concurrently Serving as Senior Managing Executive Officer)	Keigo Sasaki	Supervision of Corporate Communications, Corporate Planning, Accounting, Finance General Manager of Corporate Planning Office
Director (Concurrently serving as Executive Vice President)	Hiroshi Niinuma	Supervision of General Affairs, Legal, Sustainability, Human Resources, Osaka Office Administration, Procurement, Logistics Director of Sumitomo Pharma Co., Ltd.
Director (Concurrently serving as Senior Managing Executive Officer)	Takanari Yamaguchi	Supervision of Research Planning and Coordination, DX Acceleration, Intellectual Property, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Outside Director, Independent Officer)	Motoshige Itoh	Outside Director of Shizuoka Financial Group, Inc. Outside Director of JX Nippon Mining & Metals Corporation Outside Director of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Director of Oji Holdings Corporation
Director (Outside Director, Independent Officer)	Akira Ichikawa	Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd. Outside Director of Daiwa Securities Group Inc.
Director (Outside Director, Independent Officer)	Yumiko Noda	Chairman and Director of Veolia Japan GK Outside Director of Mizuho Financial Group, Inc. Outside Director of East Japan Railway Company

Position	Name	Areas of responsibility and significant concurrent positions
Director Standing Audit & Supervisory Committee Member	Kunio Nozaki	
Director Standing Audit & Supervisory Committee Member	Kenji Ohno	
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Audit & Supervisory Board Member of Japan Petroleum Exploration Co., Ltd.
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Michio Yoneda	Outside Director of Toyo Tire Corporation
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Masamichi Kamimura	Attorney

- NOTES:
- 1 The Company transitioned to a company with an Audit & Supervisory Committee on June 20, 2025. As a result, the term of office of Corporate Auditors Mr. Kunio Nozaki, Mr. Yoshitaka Kato, and Mr. Michio Yoneda expired, and they were appointed as Directors who are Audit & Supervisory Committee Members.
 - 2 Of the Directors, Mr. Motoshige Itoh, Ms. Atsuko Muraki, Mr. Akira Ichikawa, Ms. Yumiko Noda, Mr. Yoshitaka Kato, Mr. Michio Yoneda, and Mr. Masamichi Kamimura are Outside Directors.
 - 3 The Company has designated Mr. Motoshige Itoh, Ms. Atsuko Muraki, Mr. Akira Ichikawa, Ms. Yumiko Noda, Mr. Yoshitaka Kato, Mr. Michio Yoneda, and Mr. Masamichi Kamimura as Independent Directors pursuant to the regulations of the Tokyo Stock Exchange, Inc. and has made notification to said Exchange.
 - 4 Director who is an Audit & Supervisory Committee Member Mr. Yoshitaka Kato is qualified as a certified public accountant, and has a significant amount of knowledge regarding finance and accounting.
 - 5 The Company believes that to enhance the effectiveness of the Audit & Supervisory Committee, it is vital to share information at important internal meetings, receive regular business reports from the executive team, and maintain daily collaboration with the internal auditing and compliance departments. Therefore, the Company has appointed Mr. Kunio Nozaki and Mr. Kenji Ohno as Standing Audit & Supervisory Committee Members.
 - 6 There are no special interests between the Company and the companies where Outside Directors hold significant concurrent positions.

7 Directors and Corporate Auditors who retired in the fiscal year under review are as follows.

Position at time of retirement	Name	Areas of responsibility and significant concurrent positions at time of retirement
Representative Director, Chairman	Masakazu Tokura	
Representative Director	Hiroshi Ueda	
Director	Noriaki Takeshita	
Director	Hiroshi Tomono	Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated
Corporate Auditor	Kunio Nozaki	
Corporate Auditor	Hironobu Nishi	
Corporate Auditor	Mitsuhiro Aso	Attorney
Corporate Auditor	Yoshitaka Kato	Certified Public Accountant Outside Audit & Supervisory Board Member of Japan Petroleum Exploration Co., Ltd.
Corporate Auditor	Michio Yoneda	Outside Director of Toyo Tire Corporation

(Retired on June 20, 2025 because of the expiration of the term of office.)

8 Positions, areas of responsibility and significant concurrent positions for Directors as of April 1, 2026 are as follows.

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Keiichi Iwata	
Representative Director, President (Concurrently serving as Executive President)	Nobuaki Mito	Supervision of Advanced Medical Solutions Sector
Representative Director (Concurrently Serving as Senior Managing Executive Officer)	Keigo Sasaki	Supervision of Corporate Communications, Corporate Planning, Accounting, Finance General Manager of Corporate Planning Office
Director	Hiroshi Niinuma	Director of Sumitomo Pharma Co., Ltd.

Position	Name	Areas of responsibility and significant concurrent positions
Director (Concurrently serving as Senior Managing Executive Officer)	Takanari Yamaguchi	Supervision of Research Planning, Corporate Research Planning and Coordination, DX Acceleration, Intellectual Property, Industrial Technology & Research Laboratory, Advanced Research Laboratory for Fundamental Technologies, Assistant Supervision of Advanced Medical Solutions Sector Representative Director of S-RACMO Co., Ltd. Representative Director of RACTHERA Co., Ltd.
Director (Outside Director, Independent Officer)	Motoshige Itoh	Outside Director of Shizuoka Financial Group, Inc. Outside Director of JX Nippon Mining & Metals Corporation Outside Director of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Director of Oji Holdings Corporation
Director (Outside Director, Independent Officer)	Akira Ichikawa	Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd. Outside Director of Daiwa Securities Group Inc.
Director (Outside Director, Independent Officer)	Yumiko Noda	Chairman and Director of Veolia Japan GK Outside Director of Mizuho Financial Group, Inc. Outside Director of East Japan Railway Company
Director Standing Audit & Supervisory Committee Member	Kunio Nozaki	
Director Standing Audit & Supervisory Committee Member	Kenji Ohno	
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Audit & Supervisory Board Member of Japan Petroleum Exploration Co., Ltd.
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Michio Yoneda	Outside Director of Toyo Tire Corporation

Position	Name	Areas of responsibility and significant concurrent positions
Director Audit & Supervisory Committee Member (Outside Director, Independent Officer)	Masamichi Kamimura	Attorney

(2) Compensation to Directors and Corporate Auditors

1) Policies and procedures for determining compensation of senior management and Directors

(A) Basic policy

- i. The remuneration of senior management* and Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. The remuneration of Executive Officers who are not senior management shall be similarly composed. In addition, the remuneration of Directors who are Audit & Supervisory Committee Members and Outside Directors shall consist of Basic Compensation only.
- ii. Basic Compensation is designed according to roles and responsibilities as basic remuneration for the performance of duties so that the actions of senior management and Directors are not aimed at short-term or sub-optimal effects.
- iii. The amount of Bonuses is designed to largely reflect the Company's consolidated financial results for a fiscal year in order to heighten short-term incentives to achieve the annual target of the business plans, as well as incorporate capital efficiency.
- iv. Stock Compensation is designed to promote further value sharing with shareholders and serve as a medium- to long-term incentive for the continuous growth of the Company.
- v. 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.
- vi. The remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) shall be designed so that, if the Company achieves annual consolidated core operating income target of 200 billion yen, the ratio of fixed compensation to variable compensation is approximately 2 to 3 and the ratio of short-term incentives (Bonuses) to medium- to long-term incentives (Stock Compensation) in variable compensation is approximately 2 to 1.

* Senior management refers to Executive Officers at the level of Senior Managing Executive Officer and above, together with Executive Officers with specific titles who supervise certain functions directly under the Executive President.

(B) Mechanisms of each remuneration element

i. Basic Compensation

The level of Basic Compensation shall be determined based on the policy described in section (A) v. to vi. above.

While Basic Compensation for each year shall be fixed, the Company will adopt a mechanism where the Basic Compensation level would be changed in the event where the Company's position has changed in terms of "growth," "earnings capacity," and "outside evaluations" from a comprehensive and medium- to long-term perspective.

As main indicators for determining the change in the Company position, the Company will apply the following: (i) in terms of "growth," sales revenue, total assets and market capitalization; (ii) in terms of "earnings capacity," net income (attributable to the parent

company), ROE, ROI and D/E ratio; and (iii) in terms of “outside evaluations,” credit ratings and ESG index selected by GPIF (Government Pension Investment Fund).

The amounts to be paid to each person will be determined in accordance with the base amount set by each position.

ii. Bonuses (short-term incentive)

Bonuses shall be paid on the condition that performance for that fiscal year exceeds a particular level and shall be determined based on the bonus calculation formula.^(Note)

In order to reflect the current earnings capacity of the relevant business year (including financial activities) to the amount of bonuses, the Company will apply the combined value of consolidated core operating income and financial profit and loss (dividends received, net interest, etc.) to the performance indicator concerning the bonus calculation formula. The Company will set the coefficient of the calculation formula so that it will get larger as the position of a person gets higher. In addition, the Company will link the amount of bonuses to the achievement of ROIC targets.

$$\left\{ \begin{array}{l} \text{Consolidated performance} \\ \text{indicator (core operating} \\ \text{income + financial profit and} \\ \text{loss (dividends received, net} \\ \text{interest, etc.))} \end{array} \right\} \times \text{Coefficient} \times \left\{ \begin{array}{l} \text{Coefficient based on the} \\ \text{achievement of the} \\ \text{ROIC target} \end{array} \right\}$$

(Note) Bonuses may be specially increased for members of senior management (excluding the Executive President) who have achieved extremely outstanding results.

iii. Stock Compensation (medium- to long-term incentive)

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 level of results, 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.

<Overview of restricted stock compensation plan>

• Transfer restriction period

Until the retirement from the position of Director and Executive Officer not concurrently serving as a Director at the Company

• Removal of transfer restrictions

On the condition that the eligible person continuously served as a Director or Executive Officer not concurrently serving as a Director at the Company during his or her terms of office, the Company shall remove transfer restrictions on all allotted shares when the transfer restriction period ends.

However, if the eligible person resigns from his or her position as a Director and Executive Officer not concurrently serving as a Director at the Company before the end of his or her term of office owing to a justifiable reason, the Company shall reasonably adjust the number of allotted shares from which to remove transfer restrictions and the timing of the removal of transfer restrictions, as necessary.

• Conditions of forfeiture of shares

If the eligible person is found to be in material violation of any law, regulation or internal rule, all allotted shares, including those whose transfer restrictions have been removed, shall be forfeited (the Company shall acquire them without consideration).

(C) Procedures for determining remuneration

The Company shall establish a Remuneration Advisory Committee as an advisory body to the Board of Directors on a remuneration system for senior management and Directors, levels of remuneration, and other matters incidental thereto. Composed of Directors (a majority are Outside Directors), the Committee shall advise the Board of Directors, when

determining the remuneration system, levels of remuneration, etc., so that greater transparency and fairness can be ensured regarding the remuneration.

The Remuneration Advisory Committee consists of Representative Directors and Outside Directors, and the majority of the members are Outside Directors. The structure of the Remuneration Advisory Committee as of the end of the fiscal year under review is as follows:

Chairperson:	Atsuko Muraki	(Outside Director)
Member:	Motoshige Itoh	(Outside Director)
Member:	Akira Ichikawa	(Outside Director)
Member:	Yumiko Noda	(Outside Director)
Member:	Yoshitaka Kato	(Outside Director)
Member:	Keiichi Iwata	(Representative Director, Chairman)
Member:	Nobuaki Mito	(Representative Director, President)

The remuneration amount of Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be set at a level not higher than 1,000 million yen per annum (including up to 150 million yen per annum for Outside Directors), which is the upper limit of a total remuneration prescribed by the resolution of the 144th Ordinary General Meeting of Shareholders held on June 20, 2025. Furthermore, the amount of remuneration to be paid to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) for granting restricted stock shall be determined within the upper limit of 400 million yen or less per annum set by resolution of the 144th Ordinary General Meeting of Shareholders held on June 20, 2025.

The Board of Directors shall deliberate on and decide the method of determining the remuneration of Directors (excluding Directors who are Audit & Supervisory Committee Members) based on the advice from the Remuneration Advisory Committee. Furthermore, the individual remuneration of senior management and Directors (excluding Directors who are Audit & Supervisory Committee Members) shall be determined by the Remuneration Advisory Committee, which is authorized by the Board of Directors, in accordance with the policies for determining compensation of senior management and Directors. The Board of Directors, therefore, has concluded that the content of individual remuneration is in line with the determination policies. The individual remuneration of Directors who are Audit & Supervisory Committee Members shall be determined within the total remuneration limit set by resolution of the 144th Ordinary General Meeting of Shareholders held on June 20, 2025 (up to 200 million yen per annum) through discussion between the Directors who are Audit & Supervisory Committee Members.

2) Total amount of compensation to Directors and Corporate Auditors for the fiscal year under review

Category of Directors	Number of persons	Total amount of compensation	Total amount of compensation by type		
			Basic Compensation (fixed remuneration)	Bonuses (performance-linked remuneration)	Stock Compensation (non-monetary remuneration)
Directors (excluding Audit & Supervisory Committee Members) (Of which, Outside Directors)	13 persons (5 persons)	661 million yen (76 million yen)	389 million yen (76 million yen)	171 million yen (-)	101 million yen (-)
Directors who are Audit & Supervisory Committee Members (Of which, Outside Directors)	5 persons (3 persons)	113 million yen (46 million yen)	113 million yen (46 million yen)	-	-
Corporate Auditors (Of which, Outside Corporate Auditors)	5 persons (3 persons)	30 million yen (11 million yen)	30 million yen (11 million yen)	-	-
Total	23 persons	805 million yen	533 million yen	171 million yen	101 million yen

- NOTES: 1. Payments to Corporate Auditors relate to the period before the transition to a company with an Audit & Supervisory Committee, while payments to Directors who are Audit & Supervisory Committee Members relate to the period after the transition to a company with an Audit & Supervisory Committee.
2. The above number of persons and amount of compensation includes four Directors and five Corporate Auditors who retired during the fiscal year under review.
3. Based on a resolution adopted by the 144th Ordinary General Meeting of Shareholders held on June 20, 2025, the total amount of monetary compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) shall not exceed 1,000 million yen per annum (including up to 150 million yen per annum for Outside Directors). The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) as of the close of the 144th Ordinary General Meeting of Shareholders was nine (including four Outside Directors). The total amount of monetary compensation for Directors before the transition to a company with an Audit & Supervisory Committee was 1,000 million yen or less per annum, as resolved at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006. The number of Directors as of the close of the 125th Ordinary General Meeting of Shareholders was ten.
- In addition, the total amount of compensation paid to grant restricted stock to Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors), separately from the above monetary compensation, is 400 million yen or less per annum, as resolved at the 144th Ordinary General Meeting of Shareholders held on June 20, 2025. The number of Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) as of the close of the 144th Ordinary General Meeting of Shareholders was five. The total amount of compensation paid to

grant restricted stock to Directors (excluding Outside Directors) before the transition to a company with an Audit & Supervisory Committee was 400 million yen or less per annum, as resolved at the 141st Ordinary General Meeting of Shareholders held on June 23, 2022. The number of Directors (excluding Outside Directors) as of the close of the 141st Ordinary General Meeting of Shareholders was eight.

The total amount of compensation paid to Directors who are Audit & Supervisory Committee Members is 200 million yen or less per annum, as resolved at the 144th Ordinary General Meeting of Shareholders held on June 20, 2025. The number of Directors who are Audit & Supervisory Committee Members as of the close of the 144th Ordinary General Meeting of Shareholders was five. The total amount of monetary compensation for Corporate Auditors before the transition to a company with an Audit & Supervisory Committee was 150 million yen or less per annum as resolved at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006. The number of Corporate Auditors as of the close of the 125th Ordinary General Meeting of Shareholders was five.

4. Regarding performance-linked remuneration, the consolidated performance indicator results for the fiscal year under review was 148 billion yen and ROIC was 5.6%. (The Company does not determine bonuses based on the degree of achievement of performance targets.)
5. Stock Compensation (non-monetary remuneration) shows the amount charged in the fiscal year under review as restricted stock compensation.

(3) Outline of the directors and officers liability insurance

The Company entered into a directors and officers liability insurance contract with an insurance company, as stipulated in Article 430-3(1) of the Companies Act, to cover damages and dispute costs such as litigation costs, lawyer fees, and arbitration/settlement costs (including those arising in connection with lost shareholder derivative suits and claims for damages from the Company) that should be legally borne by the insured. The insured covered by the insurance contract includes Directors and Executive Officers. In addition, as a measure to prevent the insured's proper execution of duties from being hindered, the insurance contract includes a provision regarding deductibles and provides that damages that do not reach a certain amount shall not be covered. There are also certain exclusions, such as no coverage for any damage caused by criminal acts and acts performed by the insured with the knowledge that they are in violation of laws and regulations.

(Reference)

Executive Officers (excluding persons concurrently serving as Directors) are as follows.

(As of April 1, 2026)

Position	Name	Areas of responsibility
Executive Vice President	Masaki Matsui	Supervision of ICT & Mobility Solutions Sector
Senior Managing Executive Officer	Seiji Takeuchi	Supervision of Essential & Green Materials Sector, Business Development for Circular Carbon Economy
Senior Managing Executive Officer	Koichi Ogino	Supervision of Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Responsible Care, Procurement, Logistics

Position	Name	Areas of responsibility
Managing Executive Officer	Juan Ferreira	In charge of AgroSolutions Div. – International
Managing Executive Officer	Akira Nakanishi	Engaged in Sumitomo Chemical Advanced Technologies LLC, Sumika Semiconductor Materials Texas Inc.
Managing Executive Officer	Masao Shimizu	Supervision of General Affairs, Legal, Sustainability, Internal Control and Audit, Human Resources, Osaka Office Administration
Managing Executive Officer	Hiroyoshi Mukai	In charge of Planning & Coordination Office, Advanced Medical Solutions Sector, Pharma Solutions Div.
Managing Executive Officer	Satoshi Honda	In charge of Semiconductor Materials Div., Advanced Inorganic Products Div., Ibaraki Works
Managing Executive Officer	Yoshihiro Ino	In charge of Planning & Coordination Office, Essential & Green Materials Sector
Managing Executive Officer	Tetsuo Takahashi	In charge of Planning & Coordination Office, Rabigh Business, Essential Materials Div.
Managing Executive Officer	Takeo Kitayama	In charge of Resin- related Business Development Dept., Polyolefins Div., Automotive Materials Div., MMA Div., General Manager of MMA Div.
Managing Executive Officer	Noriaki Oku	In charge of Chiba Works, General Manager of Chiba Works
Managing Executive Officer	Junpei Tsuji	In charge of Research Planning Dept., Corporate Research Planning and Coordination Dept., Business Development Office for Circular Carbon Economy
Managing Executive Officer	Tadashi Katayama	Supervision of Agro & Life Solutions Sector
Managing Executive Officer	Toshihiro Yamauchi	In charge of Corporate Communications Dept., Accounting Dept., General Manager of Corporate Communications Dept.
Managing Executive Officer	Kyoko Odawara	Engaged in Japan Chemical Industry Association
Managing Executive Officer	Shinichi Takemura	In charge of Display Materials Div., General Manager of Display Materials Div.

Position	Name	Areas of responsibility
Managing Executive Officer	Masao Inoue	In charge of AgroSolutions Div. - Japan, Environmental Health Div.
Executive Officer	Sawa Matsubara	In charge of Finance Dept.
Executive Officer	Jongchan Lee	Engaged in Dongwoo Fine-Chem
Executive Officer	Kazunori Itabashi	Engaged in Sumitomo Chemical Brasil
Executive Officer	Yuji Kato	In charge of Corporate Planning Office (Business Development), Planning & Coordination Office, Advanced Medical Solutions Sector, General Manager of Corporate Planning Office (Business Development)
Executive Officer	Shigenori Saito	In charge of Corporate Planning Office (Strategic Planning), General Manager of Corporate Planning Office (Strategic Planning)
Executive Officer	Kunishige Edamatsu	In charge of Planning & Coordination Office, ICT & Mobility Solutions Sector, ICT & Mobility Solutions Research Laboratory
Executive Officer	Koji Yano	In charge of Ehime Works, General Manager of Ehime Works
Executive Officer	Toshiaki Taki	In charge of Oita Works, Okayama Works, Gifu Works, General Manager of Oita Works
Executive Officer	Atsushi Iwata	In charge of Planning & Coordination Office, Agro & Life Solutions Sector, Agro & Life Solutions Research Laboratory, Research Director of Agro & Life Solutions Research Laboratory
Executive Officer	Akihiko Hiraoka	In charge of General Affairs Dept., Procurement Dept., Logistics Dept., General Manager of General Affairs Dept.
Executive Officer	Shigeto Minami	In charge of Human Resources Dept., General Manager of Human Resources Dept.

4. Outside Officers

(1) Main activities during the fiscal year under review

Title	Name	Main activities
Outside Directors	Motoshige Itoh	<p>Mr. Motoshige Itoh is expected to oversee management and provide advice by making use of his expert knowledge of economics, etc. and his wealth of experience from his track record as a member of various government deliberative committees. He attended all 14 Board of Directors meetings held during the fiscal year under review and actively made statements based on such knowledge and experience. Specifically, he provided management oversight and advice based on an extensive view on overall management by making use of his expertise, regarding agenda items such as global management, business structure reforms, digital transformation, and sustainability. He also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.</p>
	Atsuko Muraki	<p>Ms. Atsuko Muraki is expected to oversee management and provide advice by making use of her wealth of experience and extensive knowledge mainly in legal, social and other issues, especially her expertise in human resources, deriving from her employment at administrative bodies as a civil servant. She attended all 14 Board of Directors meetings held during the fiscal year under review and actively made statements based on such experience, knowledge, and expertise. Specifically, she provided management oversight and advice based on an extensive view on overall management by making use of her expertise, regarding agenda items such as utilization of human resources and organizational revitalization, corporate governance, sustainability, and business structure reforms. She also served as a member of the non-mandatory Nomination Advisory Committee and the Chairperson of the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.</p>

Title	Name	Main activities
	Akira Ichikawa	Mr. Akira Ichikawa is expected to mainly oversee management and provide advice from an experienced management perspective. He attended all 14 Board of Directors meetings held during the fiscal year under review and actively made statements from such perspective. Specifically, he provided management oversight and advice based on an extensive view on overall management, regarding agenda items such global management, business structure reforms, important investments, sustainability, and risk management. He also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
	Yumiko Noda	Ms. Yumiko Noda is expected to mainly oversee management and provide advice from an experienced management perspective. She attended all 14 Board of Directors meetings held during the fiscal year under review and actively made statements from such perspective. Specifically, she provided oversight and advice based on an extensive view on overall management, regarding agenda items such as global management, business structure reforms, important investments, finance, sustainability, and risk management. She also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
Outside Directors (Audit & Supervisory Committee Members)	Yoshitaka Kato	Mr. Yoshitaka Kato is expected to conduct audits by making use of his advanced expertise, wealth of experience and advanced knowledge in corporate accounting, finance, and corporate auditing operations as a certified public accountant, and to express opinions regarding corporate management and corporate governance considerations. He attended all 14 Board of Directors meetings held during the fiscal year under review, all 4 Board of Corporate Auditors meetings held before the transition to a company with an Audit & Supervisory Committee, and all 11 Audit & Supervisory Committee meetings held after the transition to a company with an Audit & Supervisory Committee, and actively expressed opinions from such perspective. Furthermore, in coordination with other Audit & Supervisory Committee Members, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans. He also served as a member of the non-mandatory Remuneration Advisory Committee and made appropriate statements in deliberations at the committee, contributing to the improvement of transparency and fairness regarding the compensation of executives.

Title	Name	Main activities
	Michio Yoneda	Mr. Michio Yoneda is expected to conduct audits by making use of his abundant experience and advanced knowledge in capital markets and business management that he has accumulated in financial and securities market management and stock exchange management, and to express opinions regarding corporate management and corporate governance considerations. He attended all 14 Board of Directors meetings held during the fiscal year under review, all 4 Board of Corporate Auditors meetings held before the transition to a company with an Audit & Supervisory Committee, and all 11 Audit & Supervisory Committee meetings held after the transition to a company with an Audit & Supervisory Committee, and actively expressed opinions from such perspective. Furthermore, in coordination with other Audit & Supervisory Committee Members, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans. He also served as a member of the non-mandatory Nomination Advisory Committee and made appropriate statements in deliberations at the committee, contributing to the improvement of transparency and fairness regarding the nomination of executives.
	Masamichi Kamimura	Mr. Masamichi Kamimura is expected to conduct audits by making use of his expertise and experience as a lawyer and his wealth of insight and advanced knowledge regarding corporate risk management and crisis management, and to express opinions regarding corporate management and corporate governance considerations. He attended all 11 Board of Directors meetings and all 11 Audit & Supervisory Committee meetings held since his appointment, and actively expressed opinions from such perspective. Furthermore, in coordination with other Audit & Supervisory Committee Members, he conducted audits mainly over the development and operation of the Group's internal control system, risk management operations, measures taken to ensure thorough compliance, steps taken for appropriate operations regarding financial reporting, and actions for management plans. He also served as a member of the non-mandatory Nomination Advisory Committee and made appropriate statements in deliberations at the committee, contributing to the improvement of transparency and fairness regarding the nomination of executives.

(2) Summary of the limitation of liability contracts

The Company has concluded limitation of liability contracts with each Outside Director that limit their liabilities for damages to the Company pursuant to Article 423(1) of the Companies Act, up to the total of the amounts listed in the items of Article 425(1) of the Companies Act, provided that the execution of duties by the Outside Director was in good faith and without gross negligence.

5. Policy for Decisions on the Distribution of Surplus

In decision on the distribution of surplus, the Company views shareholder return as one of the most important management issues, and in comprehensive consideration of factors such as business results for each term, the dividend payout ratio, and standards for internal reserves required for future business expansion, the Company's basic policy is to continue providing stable dividends. Furthermore, over the mid- to long-term, the Company aims to achieve a stable dividend payout ratio of approximately 30%.

The Company plans to utilize internal reserves for capital investment and other loans and investments with the intent of improving competitiveness in significant businesses and enriching overseas business, utilizing these in an effort to improve profitability.

Dividends are generally provided twice per year at the interim and year-end, and to flexibly implement dividends such as profit distribution to shareholders, the Company's Articles of Incorporation state that the body to determine dividends, etc., shall be the Board of Directors.

Consolidated Financial Statements

Consolidated Statement of Financial Position

			(Millions of Yen)		
Assets	145th term (As of March 31, 2026)	(Reference) 144th term (As of March 31, 2025)	Liabilities	145th term (As of March 31, 2026)	(Reference) 144th term (As of March 31, 2025)
Current assets:	1,507,710	1,583,134	Current liabilities:	1,001,346	1,038,747
Cash and cash equivalents	208,589	209,838	Bonds and borrowings	241,422	252,892
Trade and other receivables	608,670	593,836	Trade and other payables	464,422	488,132
Other financial assets	47,551	45,015	Other financial liabilities	63,737	81,364
Inventories	595,471	625,243	Income taxes payable	7,022	10,627
Other current assets	47,429	49,993	Provisions	110,408	89,711
Subtotal	1,507,710	1,523,925	Other current liabilities	114,335	109,360
Assets held for sale	–	59,209	Subtotal	1,001,346	1,032,086
Non-current assets:	1,897,331	1,856,650	Liabilities directly associated with assets held for sale	–	6,661
Property, plant and equipment	770,688	759,266	Non-current Liabilities:	1,167,022	1,326,622
Goodwill	275,711	257,811	Bonds and borrowings	910,033	1,033,236
Intangible assets	225,334	239,319	Other financial liabilities	87,885	91,157
Investments accounted for using equity method	203,862	287,977	Retirement benefit liabilities	22,084	24,841
Other financial assets	301,222	177,405	Provisions	26,383	25,974
Retirement benefit asset	52,222	72,618	Deferred tax liabilities	78,321	111,048
Deferred tax assets	39,227	34,608	Other non-current liabilities	42,316	40,366
Other non-current assets	29,065	27,646	Total liabilities	2,168,368	2,365,369
			Equity		
			Equity attributable to owners of the parent:	1,008,644	900,790
			Share capital	90,179	90,059
			Capital surplus	1,966	–
			Retained earnings	655,384	640,611
			Treasury shares	(2,650)	(8,361)
			Other components of equity	263,765	174,871
			Other comprehensive income associated with assets held for sale	–	3,610
			Non-controlling interests	228,029	173,625
Total assets	3,405,041	3,439,784	Total equity	1,236,673	1,074,415
			Total liabilities and equity	3,405,041	3,439,784

Consolidated Statement of Profit or Loss

		(Millions of Yen)
	145th term (April 1, 2025 to March 31, 2026)	(Reference) 144th term (April 1, 2024 to March 31, 2025)
Sales revenue	2,328,515	2,606,281
Cost of sales	(1,660,247)	(1,880,805)
Gross profit	668,268	725,476
Selling, general and administrative expenses	(565,505)	(601,074)
Other operating income	127,776	97,341
Other operating expenses	(35,524)	(49,349)
Share of profit (loss) of investments accounted for using the equity method	(43,271)	20,639
Operating income	151,744	193,033
Finance income	28,100	17,650
Finance expenses	(63,776)	(152,590)
Income before taxes	116,068	58,093
Income tax expenses	(666)	(15,405)
Net income (loss)	115,402	42,688
Net income attributable to:		
Owners of the parent	60,947	38,591
Non-controlling interests	54,455	4,097
Net income	115,402	42,688

Consolidated Statement of Changes in Equity

(From April 1, 2025 to March 31, 2026)

(Millions of Yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2025	90,059	—	640,611	(8,361)
Net income	—	—	60,947	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	60,947	—
Issuance of new shares	120	120	—	—
Purchase of treasury shares	—	—	—	(6)
Disposal of treasury shares	—	(1)	—	0
Dividends	—	—	(19,645)	—
Changes resulting from loss of control of subsidiaries	—	—	1,789	—
Change in interest due to transactions with non-controlling interests	—	1,915	—	5,717
Transfer from other components of equity to retained earnings	—	—	(28,318)	—
Other changes	—	(68)	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—
Total transactions with owners	120	1,966	(46,174)	5,711
Balance at March 31, 2026	90,179	1,966	655,384	(2,650)

	Equity attributable to owners of the parent							
	Other components of equity					Total	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 translation of foreign operations				
Balance at April 1, 2025	1,186	—	87	173,598	174,871	3,610	900,790	
Net income	—	—	—	—	—	—	60,947	
Other comprehensive income	31,356	(15,635)	(301)	61,917	77,337	(18,582)	58,755	
Total comprehensive income	31,356	(15,635)	(301)	61,917	77,337	(18,582)	119,702	
Issuance of new shares	—	—	—	—	—	—	240	
Purchase of treasury shares	—	—	—	—	—	—	(6)	
Disposal of treasury shares	—	—	—	—	—	—	(0)	
Dividends	—	—	—	—	—	—	(19,645)	
Changes resulting from loss of control of subsidiaries	(1,611)	(221)	—	—	(1,832)	43	—	
Change in interest due to transactions with non-controlling interests	—	—	—	—	—	—	7,631	
Transfer from other components of equity to retained earnings	12,462	15,856	—	—	28,318	—	—	
Other changes	—	—	—	—	—	—	(68)	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	(14,929)	(14,929)	14,929	—	
Total transactions with owners	10,851	15,635	—	(14,929)	11,557	14,972	(11,848)	
Balance at March 31, 2026	43,393	—	(214)	220,586	263,765	—	1,008,644	

	Non-controlling interests	Total equity
Balance at April 1, 2025	173,625	1,074,415
Net income	54,455	115,402
Other comprehensive income	13,724	72,479
Total comprehensive income	68,179	187,881
Issuance of new shares	—	240
Purchase of treasury shares	—	(6)
Disposal of treasury shares	—	(0)
Dividends	(1,660)	(21,305)
Changes resulting from loss of control of subsidiaries	(3,176)	(3,176)
Change in interest due to transactions with non-controlling interests	(8,939)	(1,308)
Transfer from other components of equity to retained earnings	—	—
Other changes	—	(68)
Transfer to other comprehensive income associated with assets held for sale	—	—
Total transactions with owners	(13,775)	(25,623)
Balance at March 31, 2026	228,029	1,236,673

Non-consolidated Financial Statements

<u>Non-consolidated Balance Sheet</u>			(Millions of Yen)		
Assets	145th term (As of March 31, 2026)	(Reference) 144th term (As of March 31, 2025)	Liabilities	145th term (As of March 31, 2026)	(Reference) 144th term (As of March 31, 2025)
Current assets:	608,110	723,191	Current liabilities:	472,249	585,601
Cash on hand and in banks	23,827	85,714	Trade notes payable	980	1,419
Trade notes receivable	168	349	Trade accounts payable	89,387	140,273
Trade accounts receivable	223,383	233,583	Short-term borrowing	121,611	174,341
Merchandise and finished goods	176,347	188,939	Bonds due within one year	40,000	–
Work in process	2,344	1,133	Commercial paper	–	37,000
Raw materials and supplies	64,902	63,039	Non-trade accounts payable	93,395	86,244
Non-trade accounts receivable	59,365	91,640	Accrued expenses	13,734	12,296
Other	70,773	64,042	Deposits received	74,811	73,559
Allowance for doubtful receivables	(13,000)	(5,248)	Advances received	9,046	8,820
			Reserve for loss on sale of shares of subsidiaries and associates	–	22,815
Non-current assets:	1,093,752	1,093,741	Reserve for repairs	14,371	11,975
Property, plant and equipment:	240,776	239,846	Reserve for bonuses	12,100	10,950
Buildings	57,109	60,189	Reserve for business restructuring	1,400	–
Structures	22,103	23,331	Reserve for removal cost of property, plant and equipment	580	2,511
Machinery and equipment	72,809	74,444	Reserve for loss on business of subsidiaries and affiliates	–	1,794
Vehicles	315	319	Other	834	1,605
Tools and furniture	13,431	13,593	Non-current Liabilities:	808,033	837,417
Land	45,438	45,428	Bonds	440,000	480,000
Leased assets	118	132	Long-term borrowing due after one year	287,080	281,580
Construction in progress	29,453	22,410	Deferred tax liabilities	42,965	42,423
			Long-term deposits received	6,843	6,945
Intangible assets:	18,868	21,779	Long-term advances received	9,048	6,424
Patent	865	1,017	Reserve for removal cost of property, plant and equipment	13,894	11,890
Software	13,678	15,834	Reserve for business restructuring	3,000	4,360
Goodwill	1,128	1,226	Reserve for repairs	2,082	697
Other	3,197	3,703	Reserve for environmental measures	1,003	1,004
Investments and other non-current assets:	834,108	832,116	Reserve for loss on business of subsidiaries and affiliates	32	32
Investment securities	87,003	76,403	Other	2,086	2,063
Investments in subsidiaries and affiliates	584,385	601,213	Total liabilities	1,280,282	1,423,017
Investments in capital	587	587	Net assets		
Investments in subsidiaries and affiliates' capital	29,650	38,596	Shareholders' equity:	372,878	353,586
Long-term loans receivable	20	34	Common stock	90,179	90,059
Long-term prepaid expenses	5,565	6,120	Capital surplus:	25,053	24,057
Prepaid pension expense	121,705	104,137	Additional paid-in capital	24,175	24,055
Other	5,768	5,606	Other capital surplus	878	2
Allowance for doubtful receivables	(575)	(579)	Retained earnings:	260,296	247,831
			Legal reserve	21,361	21,361
			Other retained earnings	238,936	226,470
			General reserve	130,000	130,000
			Retained earnings brought forward	108,936	96,470
			Treasury stock	(2,650)	(8,361)
			Valuation and translation adjustments:	48,702	40,328
			Valuation difference on available-for-sale securities	48,702	40,328
Total assets	1,701,862	1,816,932	Total net assets	421,580	393,915
			Total liabilities and net assets	1,701,862	1,816,932

Non-consolidated Statement of Income

	(Millions of Yen)	
	145th term (April 1, 2025 to March 31, 2026)	(Reference) 144th term (April 1, 2024 to March 31, 2025)
Net sales	758,245	856,554
Cost of sales	575,181	655,552
Gross profit	183,064	201,002
Selling, general and administrative expenses	147,857	141,349
Operating income	35,206	59,653
Non-operating income	50,894	64,117
Interest and dividend income	36,502	57,095
Foreign exchange gain	6,980	–
Other income	7,413	7,022
Non-operating expenses	26,056	38,885
Interest expense	12,835	13,786
Derivative losses	4,963	3,296
Cost of inactive facilities	3,728	6,867
Foreign exchange losses	–	623
Other expenses	4,530	14,313
Ordinary income	60,044	84,885
Special gains	23,896	118,708
Gain on sale of shares and investments in capital of subsidiaries and associates	13,814	66,728
Gain on sale of investment securities	7,929	40,203
Reversal of reserve for loss on sale of shares of subsidiaries and associates	2,153	–
Gain on sale of non-current assets	–	11,777
Special losses	54,612	160,694
Impairment loss	18,014	8,015
Loss on valuation of shares of subsidiaries and associates	15,982	–
Loss on related business	10,006	25,700
Business restructuring expenses	4,822	–
Loss on disposal of non-current assets	4,009	5,168
Loss on sale of shares and investments in capital of subsidiaries and associates	1,778	5,598
Loss on waiver for a loan to subsidiaries and associates	–	111,853
Provision for business restructuring	–	4,360
Income before income taxes	29,329	42,899
Income taxes – current	527	981
Income taxes – deferred	(3,308)	17,743
Net income	32,110	24,174

NOTES:

1. Business report is listed as follows:
 - (1) Fractions less than 0.1 billion yen or 1 million yen have been rounded to the nearest 0.1 billion yen or million yen.
 - (2) Stock prices listed in units of 1,000 are shown rounded down to the nearest 1,000 shares.
2. Fractions less than 1 million yen have been rounded to the nearest million yen with respect to the Consolidated Financial Statements, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Changes in Equity, the Non-consolidated Financial Statements, and the Non-consolidated Statement of Income.

[Translation]

Independent Auditor's Report on Consolidated Financial Statements

Independent Auditor's Report Pertaining to Consolidated Financial Statements

May 12, 2026

To the Board of Directors of SUMITOMO CHEMICAL COMPANY, LIMITED

KPMG AZSA LLC

Tokyo Office

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Ayumu Nakajima

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Ryohei Tomita

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Naoto Watanabe

Audit Opinion

We audited the consolidated financial statements, i.e., the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity, and notes to the consolidated financial statements of SUMITOMO CHEMICAL COMPANY, LIMITED for the fiscal year from April 1, 2025 to March 31, 2026, in accordance with Article 444, Paragraph 4 of the Companies Act.

Our audit firm determined that the consolidated financial statements referred to above were prepared in accordance with the accounting standards that omit certain disclosures required by the International Accounting Standards as prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, and present fairly, in all material respects, the financial position and operational results of the corporate group

consisting of SUMITOMO CHEMICAL COMPANY, LIMITED and its consolidated subsidiaries for the period covered by these consolidated financial statements.

Grounds for Auditor's Opinion

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in "Auditor's responsibility for the consolidated financial statements." We are independent of the Company and its consolidated subsidiaries in accordance with professional ethics requirements in Japan (including requirements applicable to audits of the financial statements of public interest entities) and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence that we obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The "Other Information" comprises the business report and its annexed detailed statements. The management is responsible for preparing and disclosing the Other Information. Furthermore, the responsibility of the Audit and Supervisory Committee is to monitor the directors' execution of their duties in establishing and carrying out the reporting process for the Other Information.

Our audit opinion on the consolidated financial statements does not cover the Other Information, and we do not express any opinion on such Other Information.

Our responsibility in auditing the consolidated financial statements is to read the Other Information and in doing so, consider whether there are any material inconsistencies between the Other Information and the consolidated financial statements or our knowledge obtained during the audit and is to pay attention to whether there are, other than such material inconsistencies, any indications of material misstatements in the Other Information.

Based on the audit work performed, our audit firm is required to report any material misstatements in the Other Information if we determine that such misstatements exist.

We have no matters to report regarding the Other Information.

Responsibilities of management and the Audit and Supervisory Committee for the consolidated financial statements

The management's responsibility is to prepare and fairly present the consolidated financial statements in accordance with the accounting standards that omit certain disclosures required by the International Accounting Standards as prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting. This includes

establishing and carrying out the internal controls that the management deems necessary to prepare the consolidated financial statements free from material misstatements due to fraud or error and to present them fairly.

In preparing the consolidated financial statements, the management is responsible for evaluating whether it is appropriate to prepare them based on the going concern assumption. If it is necessary to disclose matters concerning the going concern based on the accounting standards that omit certain disclosures required by the International Accounting Standards as prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting, the management must disclose such matters.

The responsibility of the Audit and Supervisory Committee is to monitor the directors' execution of their duties in establishing and carrying out the financial reporting process.

Auditor's responsibility for the consolidated financial statements

The auditor's responsibility is to reasonably determine, based on the audit performed, whether the consolidated financial statements as a whole are free from material misstatements due to fraud or error and to express an opinion on the consolidated financial statements in the auditor's report in an independent capacity. Misstatements may arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably be expected to influence the decisions of the users of the consolidated financial statements.

The auditor shall, in accordance with the auditing standards generally accepted in Japan, exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- The auditor shall identify and evaluate the risks of material misstatements due to fraud or error and plan and perform audit procedures corresponding to those risks of material misstatements. The selection and application of the audit procedures shall be based on the auditor's judgment. Furthermore, the auditor shall obtain sufficient and appropriate audit evidence on which the auditor is to base its opinion.
- The purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the internal controls; however, the auditor shall consider the internal controls relevant to the audit in order to design the audit procedures so that they are appropriate in the circumstances when assessing risks.
- The auditor shall evaluate the appropriateness of the accounting policies adopted by the management and their application methods as well as the reasonableness of the accounting estimates made by the management and the adequacy of the related notes.

- The auditor shall conclude whether it would be appropriate for the management to prepare the consolidated financial statements on a going concern basis and, based on the audit evidence obtained, whether significant uncertainty exists regarding any events or conditions that may cast significant doubt on the going concern assumption. If significant uncertainty regarding the going concern assumption is identified, the auditor shall be required to draw attention to this in the notes to the consolidated financial statements within the audit report. In addition, if the notes to the consolidated financial statements regarding the significant uncertainty are inadequate, the auditor shall be required to express a qualified opinion on the consolidated financial statements. The auditor's conclusion shall be based on the audit evidence obtained up to the date of the audit report; however, future events or circumstances may prevent the entity from continuing as a going concern.
- The auditor shall evaluate whether the presentation and notes to the consolidated financial statements comply with the accounting standards that omit certain disclosures required by the International Accounting Standards as prescribed in the latter part of Article 120, Paragraph 1 of the Regulations on Corporate Accounting. In addition, the auditor shall assess the presentation, structure and content of the consolidated financial statements, including the related notes, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Regarding the financial information of the Company and its consolidated subsidiaries, on which the auditor is to form the basis for expressing its opinion on the consolidated financial statements, the auditor shall plan and perform the audit of the consolidated financial statements in order for the audit evidence to be obtained by the auditor to be sufficient and appropriate. The auditor shall be responsible for the direction, supervision and review of the audit of the consolidated financial statements. The auditor shall be solely responsible for the audit opinion.

The auditor shall report to the Audit and Supervisory Committee on the scope of the planned audit and its implementation period and significant audit findings, including material weaknesses in the internal controls identified during the audit process, and other matters required by the auditing standards.

The auditor shall report to the Audit and Supervisory Committee on compliance with the provisions of Japan's professional ethics regarding independence and on matters reasonably considered to affect the auditor's independence. If the auditor implemented measures to eliminate impediments or applied safeguards to reduce impediments to an acceptable level, the auditor shall report on the content of those measures or safeguards.

Interests in the Company

Neither our firm nor any of the engagement partners have any interest in the Company and its consolidated subsidiaries that must be disclosed herein under the provisions of the Certified Public Accountants Act.

End

Independent Auditor's Report on Financial Statements

Independent Auditor's Report Pertaining to Financial Statements

May 12, 2026

To the Board of Directors of SUMITOMO CHEMICAL COMPANY, LIMITED

KPMG AZSA LLC

Tokyo Office

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Ayumu Nakajima

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Ryohei Tomita

Designated Partners with Limited Liability

Managing Partner

Certified Public Accountant

Naoto Watanabe

Audit Opinion

We audited the financial statements, i.e., the balance sheet, income statement, statement of changes in shareholders' equity and notes to the non-consolidated financial statements and its annexed detailed statements (the "Financial Statements, Etc.") of SUMITOMO CHEMICAL COMPANY, LIMITED for the 145th fiscal year from April 1, 2025 to March 31, 2026, in accordance with Article 436, Paragraph 2, item (i) of the Companies Act.

Our audit firm determined that the Financial Statements, etc. referred to above were prepared in accordance with the generally accepted corporate accounting principles in Japan, and present fairly, in all material respects, the financial position and operational results for the period covered by the Financial Statements, Etc.

Grounds for Auditor's Opinion

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in “Auditor’s responsibility for the Financial Statements, Etc.” We are independent of the Company in accordance with professional ethics requirements in Japan (including requirements applicable to audits of the financial statements of public interest entities) and fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence that we obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The “Other Information” comprises the business report and its annexed detailed statements. The management is responsible for preparing and disclosing the Other Information. Furthermore, the responsibility of the Audit and Supervisory Committee is to monitor the directors’ execution of their duties in establishing and carrying out the reporting process for the Other Information.

Our audit opinion on the Financial Statements, Etc. does not cover the Other Information, and we do not express any opinion on such Other Information.

Our responsibility in auditing the Financial Statements, Etc. is to read the Other Information and in doing so, consider whether there are any material inconsistencies between the Other Information and the Financial Statements, Etc. or our knowledge obtained during the audit and is to pay attention to whether there are, other than such material inconsistencies, any indications of material misstatements in the Other Information.

Based on the audit work performed, our audit firm is required to report any material misstatements in the Other Information if we determine that such misstatements exist.

We have no matters to report regarding the Other Information.

Responsibilities of management and the Audit and Supervisory Committee for the Financial Statements, Etc.

The management’s responsibility is to prepare and fairly present the Financial Statements, Etc. in accordance with the generally accepted corporate accounting principles in Japan. This includes establishing and carrying out the internal controls that the management deems necessary to prepare the Financial Statements, Etc. free from material misstatements due to fraud or error and to present them fairly.

In preparing the Financial Statements, Etc., the management is responsible for evaluating whether it is appropriate to prepare them based on the going concern assumption. If it is necessary to disclose matters concerning the going concern based on the generally

accepted corporate accounting principles in Japan, the management must disclose such matters.

The responsibility of the Audit and Supervisory Committee is to monitor the directors' execution of their duties in establishing and carrying out the financial reporting process.

Auditor's responsibility for the Financial Statements, Etc.

The auditor's responsibility is to reasonably determine, based on the audit performed, whether the Financial Statements, Etc. as a whole are free from material misstatements due to fraud or error and to express an opinion on the Financial Statements, Etc. in the auditor's report in an independent capacity. Misstatements may arise from fraud or error and are considered material when, individually or in the aggregate, they could reasonably be expected to influence the decisions of the users of the Financial Statements, Etc.

The auditor shall, in accordance with the auditing standards generally accepted in Japan, exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- The auditor shall identify and evaluate the risks of material misstatements due to fraud or error and plan and perform audit procedures corresponding to those risks of material misstatements. The selection and application of the audit procedures shall be based on the auditor's judgment. Furthermore, the auditor shall obtain sufficient and appropriate audit evidence on which the auditor is to base its opinion.
- The purpose of the audit of the Financial Statements, Etc. is not to express an opinion on the effectiveness of the internal controls; however, the auditor shall consider the internal controls relevant to the audit in order to design the audit procedures so that they are appropriate in the circumstances when assessing risks.
- The auditor shall evaluate the appropriateness of the accounting policies adopted by the management and their application methods as well as the reasonableness of the accounting estimates made by the management and the adequacy of the related notes.
- The auditor shall conclude whether it would be appropriate for the management to prepare the Financial Statements, Etc. on a going concern basis and, based on the audit evidence obtained, whether significant uncertainty exists regarding any events or conditions that may cast significant doubt on the going concern assumption. If significant uncertainty regarding the going concern assumption is identified, the auditor shall be required to draw attention to this in the notes to the Financial Statements, Etc. within the audit report. In addition, if the notes to the Financial Statements, Etc. regarding the significant uncertainty are inadequate, the auditor shall be required to express a qualified opinion on the Financial Statements, Etc. The

auditor's conclusion shall be based on the audit evidence obtained up to the date of the audit report; however, future events or circumstances may prevent the entity from continuing as a going concern.

- The auditor shall evaluate whether the presentation and notes to the Financial Statements, Etc. comply with the generally accepted corporate accounting principles in Japan. In addition, the auditor shall assess the presentation, structure and content of the Financial Statements, Etc., including the related notes, and whether the Financial Statements, Etc. fairly present the underlying transactions and accounting events.

The auditor shall report to the Audit and Supervisory Committee on the scope of the planned audit and its implementation period and significant audit findings, including material weaknesses in the internal controls identified during the audit process, and other matters required by the auditing standards.

The auditor shall report to the Audit and Supervisory Committee on compliance with the provisions of Japan's professional ethics regarding independence and on matters reasonably considered to affect the auditor's independence. If the auditor implemented measures to eliminate impediments or applied safeguards to reduce impediments to an acceptable level, the auditor shall report on the content of those measures or safeguards.

Interests in the Company

Neither our firm nor any of the engagement partners have any interest in the Company that must be disclosed herein under the provisions of the Certified Public Accountants Act.

End

Audit Report by the Audit and Supervisory Committee

Audit Report

The Audit and Supervisory Committee audited the performance of the duties of the directors of SUMITOMO CHEMICAL COMPANY, LIMITED during the 145th fiscal year from April 1, 2025 to March 31, 2026 and hereby reports the method and results of such audit as follows.

1. Auditing Method and the Details Thereof

Regarding the details of the resolutions made by the Board of Directors regarding the matters listed in (b) and (c) of Article 399-13, Paragraph 1, item (i) of the Companies Act and the systems established in accordance with those resolutions (internal control systems), the Audit and Supervisory Committee periodically received reports from directors and employees, etc. on the status of the development and operating situation of such systems, including the internal control to secure the appropriateness of financial reporting, requested explanations regarding such reports as necessary, and expressed their opinions. The Audit and Supervisory Committee conducted audits via the following methods.

Regarding the internal controls over financial reporting, we received reports from the directors and KPMG AZSA LLC on the status of their evaluation and audit of such internal controls and requested explanations as necessary.

- (i) In accordance with the auditing standards established by the Audit and Supervisory Committee for the Audit and Supervisory Committee and based on the auditing policy and the assigned duties, etc., the Audit and Supervisory Committee, in collaboration with the internal control department of the Company, investigated the processes and details of decision-making at meetings of the Board of Directors and other important meetings, the details of major decision-making documents and other important documents regarding business execution, the status of the execution of duties by directors and key employees, and the status of the Company's business and assets. With respect to the subsidiaries of the Company, the Audit and Supervisory Committee took steps to facilitate communication with the directors and members of the Board of Corporate Auditors and other related people of the subsidiaries and to share

information with such individuals, and also received reports from the subsidiaries regarding their businesses as necessary.

- (ii) The Audit and Supervisory Committee monitored and verified whether the Accounting Auditors maintained their independence and performed audits in an appropriate manner. The Audit and Supervisory Committee received reports on the performance of their duties from the Accounting Auditors and requested explanations regarding those reports as necessary. The members of the Audit and Supervisory Committee also received a notification from the Accounting Auditors indicating that they had properly developed the “system to ensure the appropriate execution of their duties” (the matters listed in the items of Article 131 of Corporate Accounting Rules) in compliance with the “quality control standards relating to auditing” (Business Accounting Council) and other rules, and requested explanations on such notifications as necessary.

Based on the aforementioned method, the Audit and Supervisory Committee reviewed the business report and its annexed detailed statements, the financial statements (the balance sheet, statement of income, statements of changes in shareholders’ equity and notes to the non-consolidated financial statements) and its annexed detailed statements and the consolidated financial statements (the consolidated balance sheet, consolidated statement of profit and loss, consolidated statements of changes in equity and notes to the consolidated financial statements) for this fiscal year.

2. Results of the Audit

(1) Audit Results on the Business Report, etc.

- (i) The Audit and Supervisory Committee believes that the business report and its annexed detailed statements fairly represent the Company's condition in compliance with the applicable laws and regulations as well as the Articles of Incorporation of the Company.
- (ii) With respect to the directors' execution of their duties, we found no evidence of misconduct or material facts in violation of the applicable laws and regulations or the Articles of Incorporation of the Company.
- (iii) The Audit and Supervisory Committee believes that the content of the resolutions made by the Board of Directors regarding the internal control systems is appropriate, and furthermore, establishment and operation of the internal control systems based on the resolutions are continuously conducted in response to changes in the business environment. Furthermore, with respect to the contents of the business report concerning these internal control systems and the directors' execution of their duties, including internal controls over financial reporting, we found no matters to be pointed out.

(2) Results of the Audit of the Non-consolidated Financial Statements and Supplementary Schedules

The Audit and Supervisory Committee believes that the method employed by KPMG AZSA LLC for the audit and the results thereof are fair and reasonable.

(3) Results of the Audit of the Consolidated Financial Statements

The Audit and Supervisory Committee believes that the method employed by KPMG AZSA LLC for the audit and the results thereof are fair and reasonable.

May 13, 2026

Audit and Supervisory Committee
SUMITOMO CHEMICAL COMPANY, LIMITED
Full-time member of the Audit and Supervisory Committee
Kenji Ohno [Seal]

Full-time member of the Audit and Supervisory Committee

Kunio Nozaki [Seal]

Outside member of the Audit and Supervisory Committee

Yoshitaka Kato [Seal]

Outside member of the Audit and Supervisory Committee

Michio Yoneda [Seal]

Outside member of the Audit and Supervisory Committee

Masamichi Kamimura [Seal]

(Note 1) Members of the Audit and Supervisory Committee Yoshitaka Kato, Michio Yoneda, and Masamichi Kamimura are Outside Directors as defined in Article 2, item (xv) and Article 331, Paragraph 6 of the Companies Act.

(Note 2) The Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee, effective June 20, 2025, pursuant to a resolution at the 144th Ordinary General Meeting of Shareholders held on the same date. The status during the period from April 1, 2025 until the date of such transition are based on the matters succeeded from the former Board of Corporate Auditors.

End

Matters Concerning the Accounting Auditor

1. Name of the Accounting Auditor KPMG AZSA LLC
2. Amount of remunerations for the Accounting Auditor for the fiscal year under review

Details	Amount Paid
Amount of remunerations	227 million yen
Total amount of money and other property payable by the Company and its subsidiaries	583 million yen

- Note: 1. The audit contract between the Company and the Accounting Auditor does not distinguish between the remunerations for audits under the Companies Act and those under the Financial Instruments and Exchange Act. Furthermore, it is practically not possible to distinguish between them. Thus, the amount of remunerations paid includes remunerations for audits under the Financial Instruments and Exchange Act.
2. The Audit and Supervisory Committee verified and confirmed the content of the Accounting Auditor's audit plan, the status of performance of their duties, and the basis for calculating the remuneration estimate. After comprehensively reviewing the appropriateness of the remuneration for the audit, the Audit and Supervisory Committee consented to the Accounting Auditor's remunerations, pursuant to Article 399, Paragraph 1 of the Companies Act.
3. In addition to the above, 19 million yen was paid as remuneration for the audit for the previous fiscal year.
4. Among the Company's material subsidiaries, the following entities have received statutory audits by an audit firm other than the Company's Accounting Auditor: Sumitomo Chemical Brasil Indústria Química S.A., CDT Holdings Ltd., Cambridge Display Technology Ltd., Dongwoo Fine-Chem Co., Ltd., SSLM Co., Ltd., Sumika Electronic Materials (Wuxi) Co., Ltd., Sumika Technology Co., Ltd., Sumitomo Chemical Asia Pte. Ltd., The Polyolefin Company (Singapore) Pte. Ltd., and Sumitomo Chemical India Ltd.

3. Details of non-audit services

The Company did not entrust the Accounting Auditor with any service other than the audit and attestation services under Article 2, Paragraph 1 of the Certified Public Accountants Act for the fiscal year under review.

4. Policy for dismissal or non-reappointment of the Accounting Auditor

In addition to dismissing the Accounting Auditor as provided in Article 340 of the Companies Act, the Company's Audit and Supervisory Committee has established a policy of proposing the dismissal or non-reappointment of the Accounting Auditor to the General Meeting of Shareholders if significant doubts arise regarding the Accounting Auditor's ability to continue performing their duties, taking into account the Accounting Auditor's independence and the status of performance of their duties.

Overview of the System and Operational Status for Ensuring Proper Business Operations

1. Details of resolutions regarding the system for ensuring proper business operations
 - (1) Fundamental principles
 - (i) Based on the Sumitomo business spirit and business philosophy, the Company will conduct business activities in accordance with the “Basic Principles for Promoting Sustainability” and “Sumitomo Chemical Charter for Business Conduct” so that the business group composed of the Company and the Company Group will promote sustainability, namely, contributing to the realization of a sustainable society through our business and achieving our own sustainable growth.
 - (ii) The Company recognizes that establishing the necessary system to ensure that business is conducted properly (the “Internal Control System”) is a process required for the sound maintenance of the organization and should be undertaken proactively in order to accomplish the Company’s business objectives. Recognizing this, the Company shall establish its Internal Control System as outlined below and alter it as necessary in response to changes in the Company’s business environment, thereby conducting business operations that fulfill the interest of its shareholders and all other stakeholders. In addition, the Company shall establish a dedicated committee or committees to ensure that the above objectives are attained.
 - (2) System for ensuring that the Company’s Directors execute their duties in compliance with the law and the Company’s Articles of Incorporation
 - (i) The Company shall establish, as its corporate bodies, General Meeting of Shareholders, Directors, the Board of Directors, the Audit and Supervisory Committee, and Accounting Auditors in accordance with the law and the Articles of Incorporation. In addition, with respect to Directors, several independent Outside Directors shall be elected. In order to increase transparency and fairness in the nomination of Directors and in their remuneration, the Nomination Advisory Committee and the Remuneration Advisory Committee, of which Outside Directors constitute a majority, shall be established.
 - (ii) The Company’s Directors shall observe all applicable laws, the Articles of Incorporation and resolutions of the General Meeting of Shareholders. They shall also have an obligation to act with the due care of a prudent manager and to carry out their duties faithfully. The Board of Directors shall assume supervisory responsibility to ensure that Directors observe all applicable laws and the Company’s Articles of Incorporation, and that Directors establish and operate an adequate Internal Control System pursuant to the basic policies contained herein.
 - (iii) The Company’s Directors shall establish the necessary systems for ensuring the reliability of financial reporting and the proper and timely disclosure of information concerning the

Company.

- (3) Systems for storing and managing information regarding the execution of duties by the Company's Directors

The Company shall establish rules prescribing the method of storing, disposing of and managing business-related information handled through various media, as well as the manner of operating information systems in connection with that information, the means of ensuring its security, and the like. The Company shall store and manage information properly by establishing a management system pursuant to such rules.

- (4) System for ensuring the efficient execution of duties by Directors, etc. of the Company and its group companies

(i) The Company's Board of Directors shall properly determine the targets for important issues concerning business policies, planned business undertakings, accounting & finance, research & development, etc. of the corporate group consisting of the Company and its group companies (the "corporate group," hereinafter referred to as the "Group") and shall monitor the progress of work toward the targets.

(ii) The Company's Board of Directors shall appoint Executive Officers to promote the expeditious execution of business and more clearly define their responsibilities, and shall cause the Executive Officers to perform businesses specifically entrusted to them in their respective fields determined by the Board.

(iii) Through the use of information technology, the Company's Directors shall work to get information about management activities of the Group in a prompt and appropriate manner and shall aim to improve efficiency in the execution of their duties.

- (5) System for ensuring that the Company's employees and its group companies' Directors, etc. and employees carry out their business assignments in compliance with the law and the Articles of Incorporation

(i) The Company shall strive to ensure that all employees are fully aware of their obligation to abide by the law and to develop a sound corporate culture by educating employees about compliance with social norms and continually raising the level of business ethics, based on the principles in the "Sumitomo Chemical Charter for Business Conduct."

(ii) The Company, through an internal committee governing "compliance," shall investigate and oversee the status of compliance and, if necessary, recommend improvements.

(iii) The Company shall strive to promptly identify and rectify any violations or suspected violations of compliance through its internally established "Speak-Up Hotline," which

- provides employees with an avenue for reporting such violations or suspected violations.
- (iv) The Company shall establish a department in charge of internal auditing to verify that employees carry out their duties in a proper and effective manner. They shall also take pertinent measures to carry out special controls or auditing with regard to businesses, departments, systems, etc. that are exposed to risks that may result in significant losses (hereinafter, “Risk”). Furthermore, when certain issues have been pointed out as a result of auditing by the Audit and Supervisory Committee, Accounting Auditors, the Company’s department in charge of internal auditing, etc., the relevant departments, etc. of the Company that have been thus audited shall take appropriate remedial measures within a specified period of time.
 - (v) The Company shall clearly define the roles and functions of each department, section, etc. by designing and establishing an organization that will be most capable of conducting business activities in compliance with the law and the Articles of Incorporation.
 - (vi) In order to achieve its overall targets, the Company shall strive to ensure the fair operation of its personnel management system, whereby employees are encouraged to set their own targets to be achieved, and their performance is assessed and compensation and incentives determined on the basis of the degree to which such targets have been achieved.
 - (vii) The Company shall request its major group companies both in Japan and abroad to adopt and properly operate a compliance system equivalent to that of the Company. It shall also work to establish, maintain, and enhance the effective internal control of the Company and its group companies in their entirety by conducting internal audits.
- (6) System of the Company and its group companies for risk management rules, procedures, etc.
- (i) The Company shall establish rules for the Group to promote the development of Risk awareness, ensure early detection of Risks, prevent Risks from manifesting themselves, prepare plans to handle instances of emergency, etc.
 - (ii) The Company shall, through its internally established committee overseeing risk management of the Group, determine the Group’s policies on risk management, evaluate Risks involved, monitor and supervise the status of work on preparation and implementation of plans for the risk management and, where necessary, make recommendations on improvements to be made.
 - (iii) In the event that there occurs any incident of crisis which requires company-wide all-out efforts for resolution, the Company shall promptly work to look into the situation affected by the crisis and resolve it by setting up a task force headquarters.

- (7) System regarding reporting to the Company about business operations of the Group and matters concerning the execution of duties by Directors, etc. of the Company's group companies
- (i) The Company shall establish rules concerning operations of the Group, request its group companies both in Japan and abroad to report on their business policies, planned business undertakings, and other important matters relating to their business operations in accordance with the rules, and shall strive to deepen mutual understanding and share management strategies with those group companies.
 - (ii) The Company shall work to develop a system whereby the Company's Audit and Supervisory Committee can exchange information with Corporate Auditors and other auditing staff at its major group companies, and thereby jointly ensure the effectiveness of audits throughout the Group.
- (8) System for ensuring the effective implementation of audits by the Company's Audit and Supervisory Committee
- (i) Matters concerning employees assigned to assist the Audit and Supervisory Committee in performing their duties
The Company shall assign an employee or employees to work full-time assisting the Company's Audit and Supervisory Committee in performing its duties under its direction in accordance with the Company rules. Personnel management matters concerning such an employee shall be settled with the prior approval of the Company's Audit and Supervisory Committee.
 - (ii) Matters concerning reporting to the Audit and Supervisory Committee
 - a) The Company's Directors (excluding Directors who are Audit and Supervisory Committee members) and employees shall establish a system to ensure that Audit and Supervisory Committee members selected by the Company's Audit and Supervisory Committee are able to attend conferences on important issues of the Company or its group companies and, in addition, shall report as appropriate to the Company's Audit and Supervisory Committee on matters based on the law or on matters called for by the Company's Audit and Supervisory Committee about the Company or its group companies.
 - b) The Company's internal audit department shall obtain the approval of the Company's Audit and Supervisory Committee for the internal audit policies and plans that it will implement. Furthermore, the internal audit department shall report to the Company's Audit and Supervisory Committee on the progress of the internal audit and its results. The Company's internal committee governing "compliance" shall report to the

Company's Audit and Supervisory Committee on matters related to whistleblowing in the Company or its group companies and matters related to any violations or suspected violations of compliance.

- c) The Company shall establish a system capable of ensuring that none of the Company's Directors (excluding Directors who are Audit and Supervisory Committee members) and employees or its group companies' Directors, Corporate Auditors and employees are treated disadvantageously on the grounds of having made a whistleblowing report to the Company's Audit and Supervisory Committee.
- (iii) Matters concerning expenses arising from Audit and Supervisory Committee members' performance of their duties (limited to expenses that are related to their performance of the duties of the Audit and Supervisory Committee)

The Company shall establish a system capable of securing those of the expenses arising from the Audit and Supervisory Committee Members' performance of their duties that are required for its Audit and Supervisory Committee Members' performance of their duties.

- (iv) Other matters for ensuring the effective implementation of audits by the Audit and Supervisory Committee
 - a) The Company's senior management, such as Representative Directors, shall hold regular meetings with the Company's Audit and Supervisory Committee, to exchange views and deepen mutual understanding about tasks to be undertaken by the Company, risks confronting the Company, and the status of environmental arrangements for auditing by the Audit and Supervisory Committee.
 - b) To ensure the effectiveness of the Audit and Supervisory Committee's audits, the Company shall establish a system that enables the Company's Audit and Supervisory Committee to instruct the Company's internal audit department and the Compliance Committee regarding investigations, reports, and the like, as necessary.
- (9) System for eliminating the influence of antisocial factions and groups

The Company shall never enter into any relationship, including transactional relations, with antisocial factions and groups that threaten to disrupt the public order and safety of society, and shall take action against them across the Company in a firmly determined and uncompromising manner, working closely with outside specialized institutions.

Note: The above basic policy was established at the Board of Directors meeting held on May 15, 2006, and subsequently revised in part at the Board of Directors meetings held on March 25, 2011, March 23, 2012, March 31, 2015, March 29, 2019, and June 20, 2025.

2. Overview of the operational status of the system for ensuring proper business operations

The Company strives to inspect, maintain, and appropriately operate its internal control system in accordance with the above policy. The operational status of the system is as follows:

- (1) Initiatives to ensure the proper and efficient execution of duties
 - (i) The inspection and development of the internal control system within the Group are deliberated upon by the Internal Control Committee.
 - (ii) We have strengthened the audit and supervisory functions with respect to Directors' execution of their duties by having Audit and Supervisory Committee members who are responsible for auditing, etc. Directors' execution of their duties serve as members of the Board of Directors and by enhancing reporting to Outside Directors at the Board of Directors meetings.
 - (iii) We have strengthened guidance and support from the Compliance Committee and its Regional Legal & Compliance Office (RLCO) to establish and operate a system ensuring thorough compliance across the Group.
 - (iv) We have intensified efforts to encourage all employees of the Group to utilize the whistleblowing system. Regarding investigations based on received reports, we exercise utmost care to protect the privacy and confidentiality of whistleblowers. We conduct investigations with the utmost diligence and care, ensuring that whistleblowers who report in good faith do not suffer any disadvantage, such as dismissal, transfer, or discrimination, as a result of their report. The status of response to reports is regularly reported to the Compliance Committee and the Audit and Supervisory Committee. The status of response to any significant cases is promptly reported.
 - (v) We aim to tangibly reduce compliance risks and enhance employee compliance awareness by identifying compliance risks within each department during the compliance promotion month, formulating and implementing preventive measures for such risks, conducting employee compliance awareness surveys, and implementing various compliance training programs.
 - (vi) The Company has established a dedicated organization to conduct internal audits and evaluate internal controls related to financial reporting of the Company and its major group companies. The results are reported to the Internal Control Committee, as well as to the Board of Directors, Audit and Supervisory Committee, and other relevant bodies.
 - (vii) To expedite important decision-making and clarify business execution responsibilities, we have adopted an executive officer system. Furthermore, to enable faster and more accurate identification of management information for appropriate decision-making, we are working

to dramatically improve operational efficiency and quality through the use of digital technology.

- (viii) Information related to the execution of duties by Directors is properly stored and managed in accordance with regulations governing information management. Furthermore, as a critical infrastructure operator, we consider cybersecurity a management issue. To address the increasing cyber threats, we are further strengthening measures for risks across the entire organization, including domestic/international group companies, such as by formulating security policies regarding the information systems and the control systems and establishing risk management and incident management systems.

(2) Risk management initiatives

- (i) The Internal Control Committee deliberates on various measures, including formulating group-wide risk management policies, collecting risk information related to the foundation of business continuity, and ensuring thorough internal awareness.
- (ii) Risks requiring consideration from both opportunity and risk perspectives, including important management matters such as the Company's and Group companies' management strategies, capital investment, and investment and financing, are deliberated on, on a case-by-case basis at Management Meetings. Regarding sustainability, the Sustainability Promotion Committee makes necessary recommendations to organizations in the Group concerning medium- to long-term environmental and social issues so that the Group's management activities can contribute to achieving sustainability for both society and the Company.
- (iii) The Risk and Crisis Management Committee deliberates on policies for preventing major risks, including natural disasters, infectious diseases, and geopolitical risks, and for responding when they materialize. It implements initiatives aimed at reducing risks, accelerating crisis response when risk events occur, and minimizing damage and impact.

(3) Initiatives concerning management control of the Group

- (i) Pursuant to internal rules regarding management of the execution of duties at the Group, important matters concerning the business operations of each company of the Group are appropriately reported to the Company. Furthermore, we promote information sharing across the Group, striving to foster mutual understanding and information sharing regarding management strategies.
- (ii) The Company establishes minimum requirements that each Group company must satisfy for critical operations such as accounting, information systems and responsible care (safety, health, environment and quality) as Group Business Standards. We provide support and

guidance for Group companies to establish and operate systems compliant with these standards.

- (iii) The Company has established regional headquarters in four areas (China, Asia/Oceania, the Americas, and Europe) and through them, it promotes communication of Company policies and the collection and sharing of information. Furthermore, the Company has established a corporate branch function in each region, and it supports the resolution of issues at Group companies within each region by providing professional knowledge and offering shared services. Through these initiatives, the Company strives to further strengthen internal controls, compliance, responsible care and information security.
- (4) Initiatives to ensure the effectiveness of auditing by the Audit and Supervisory Committee
- (i) The Company's Audit and Supervisory Committee members attend the Board of Directors meetings, Management Meetings, Internal Control Committee meetings, Responsible Care Committee meetings, Compliance Committee meetings, and other important meetings. The Audit and Supervisory Committee members also exchange opinions with the Representative Directors, conduct inspections at factories and research institutes, hold hearings with headquarters and business segments, conduct hearings related to the nomination and remuneration of Directors (excluding Directors who are Audit and Supervisory Committee members), investigate domestic and overseas Group companies, and exchange opinions with Group companies' Corporate Auditors and Audit and Supervisory Committee members. Furthermore, the Audit and Supervisory Committee members consult with the Accounting Auditor on audit plans, including confirmation of the Accounting Auditor's quality management system, receive reports on audit results, exchange opinions, and receive appropriate information required by the Audit and Supervisory Committee.
 - (ii) The Company's Audit and Supervisory Committee pre-approves the internal audit policies and plans to be implemented by the internal audit departments (the Internal Control & Audit Department and the Responsible Care Department). Furthermore, the Audit and Supervisory Committee receives reports on the progress of the internal audits and their results from the internal audit departments regularly and whenever important matters arise, and gives opinions as necessary. In addition, the Audit and Supervisory Committee receives informational reports on compliance by the Company and its group companies from the compliance departments regularly and whenever important matters arise, and gives opinions as necessary.
 - (iii) To assist the Audit and Supervisory Committee in performing its duties, the Company has established the Audit and Supervisory Committee's Office as a dedicated department independent from the operational divisions, assigned full-time staff to the Audit and Supervisory Committee's Office, and has established a system where the staff who are in

charge of internal audits and investigations in the internal audit departments and compliance departments are also engaged in the operations of the Audit and Supervisory Committee's Office. The assignment and dismissal of those staff members is subject to approval by the Audit and Supervisory Committee. We have clearly stipulated in our internal rules that no employee shall be treated disadvantageously for making whistleblowing reports to the Audit and Supervisory Committee and that the necessary funds for the Audit and Supervisory Committee members' duties shall be secured, and we ensure that these rules are thoroughly implemented.

Note: The Company transitioned to the Audit and Supervisory Committee structure as of June 20, 2025, and the above are details regarding the Company's structure after the transition. However, the Company had established and operated a similar system as a company with Corporate Auditors prior to the transition.

Notes to Consolidated Financial Statements

(Notes regarding important matters to be the basis for the preparation of consolidated financial statements)

1. Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (hereinafter referred to as the "Group") are prepared in accordance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

Pursuant to the latter part of the same paragraph, certain items to be disclosed as required by IFRS have been omitted.

2. Scope of consolidation

- (1) Number of consolidated subsidiaries, etc.: 153 companies

The above includes one joint operation.

- (2) Names of major consolidated subsidiaries

Sumitomo Pharma Co., Ltd., CDT Holdings Ltd., Sumitomo Chemical Asia Pte. Ltd., Dongwoo Fine-Chem Co., Ltd., Sumitomo Biorational Company LLC, The Polyolefin Company (Singapore) Pte. Ltd., etc.

- (3) Changes in consolidated subsidiaries, etc.

Increase: 8 companies (due to acquisition, establishment, etc.)

Decrease: 24 companies (due to sale, liquidation, etc.)

3. Application of the equity method

- (1) Number of equity method companies: 22 companies
- (2) Names of major companies
Rabigh Refining and Petrochemical Company, PCS (Private) Ltd., etc.
- (3) Changes in the number of equity method companies
Increase: 3 companies (due to changes in the consolidation scope or establishment)
Decrease: 7 companies (due to sale, etc.)

4. Fiscal year of consolidated subsidiaries

If a subsidiary's fiscal year-end differs from the Group's fiscal year-end, the subsidiary's financial statements are prepared based on provisional closing as of the Group's fiscal year-end and used for consolidation.

5. Accounting policies

(1) Financial instruments

(i) Non-derivative financial assets

(A) Initial recognition and measurement

The Group initially recognizes trade receivables and other receivables at the date of occurrence. All other financial assets are recognized initially on the transaction date on which the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial assets as follows upon initial recognition:

(a) Financial assets measured at amortized cost

A financial asset is classified as a financial asset measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets measured at fair value through other comprehensive income

- Debt instruments measured at fair value through other comprehensive income

A debt instrument meeting both of the following conditions is classified as a financial asset measured at fair value through other comprehensive income.

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Equity instruments measured at fair value through other comprehensive income

For certain equity instruments held primarily for the purpose of maintaining or strengthening the business relationships with investees, the Group elects these instruments as fair value through other comprehensive income at initial recognition.

- (c) Financial assets measured at fair value through profit or loss

Financial assets designated as measured at fair value through profit or loss and other than financial assets mentioned in (a) and (b), are classified as financial assets measured at fair value through profit or loss.

Except for financial assets measured at fair value through profit or loss, financial assets are initially measured at fair value plus transaction costs.

- (B) Subsequent measurement

After initial recognition, financial assets are measured based on the following classifications:

- (a) Financial assets measured at amortized cost

These financial assets are measured at amortized cost using the effective interest method. Interest income from these financial assets measured at amortized cost is included in finance income in the consolidated statement of income.

- (b) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are measured at fair value, and subsequent changes in fair value are recognized in other comprehensive income.

However, dividends from the equity instruments that are designated as measured at fair value through other comprehensive income are recognized in finance income when the Group's right to receive payment of the dividends is established. Also, accumulated other comprehensive income in "Other components of equity" is transferred to retained earnings when the fair value of financial assets declines significantly or when financial assets are derecognized.

Interests accrued on debt instruments are recognized in finance income in the consolidated statement of income. Also, accumulated other comprehensive income in "Other components of equity" is transferred to profit or loss as reclassification adjustments when such instruments are derecognized.

- (c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value, and subsequent changes in fair value are recognized in profit or loss.

- (C) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows

from the financial asset expire, or when the Group transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(D) Impairment

At each reporting date, the Group assesses whether the credit risk on a financial asset measured at amortized cost, a debt instrument measured at fair value through other comprehensive income or a financial guarantee contract has increased significantly since the initial recognition.

The Group measures an allowance for doubtful accounts for financial assets at an amount equal to the lifetime expected credit losses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk on the financial assets has not significantly increased since the initial recognition, the Group measures an allowance for doubtful accounts for financial assets at an amount equal to 12-month expected credit losses. However, the Group always measures an allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade and other receivables without a significant financial component. When determining whether the credit risk of the financial asset has significantly increased since initial recognition, the Group evaluates by comparing the risk of a default occurring on the financial assets at each reporting date with the risk of a default occurring on the financial assets at the date of initial recognition. The Group considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions as far as it is available without excessive cost or effort. The following is this information

- (a) Internal credit rating
- (b) External credit rating (if available)
- (c) Actual or expected significant changes in the results of the borrower's performance
- (d) Actual or expected significant adverse change in the regulatory environment, economic environment or technological environment that causes a significant change in the borrower's ability to fulfill its obligation
- (e) Significant increase in credit risk of the other financial instruments of the same borrower
- (f) Significant change in the value of collateral underlying debt, third-party guarantee or credit enhancement

The Group measures a credit loss using the difference between the discounted present value of the contractual amount receivable and the estimated amount receivable, and recognizes it in profit or loss.

(ii) Derivative financial instruments and hedge accounting

The Group uses derivatives such as foreign exchange forward contracts to hedge foreign exchange fluctuation risk, etc. Derivatives are initially measured at fair value when contracts are entered into and are subsequently remeasured at fair value. Changes in fair value of derivatives are recognized in profit or loss. However, gains or losses on cash flow hedges to the extent that the hedges are effective are recognized in other comprehensive income. At the inception of the hedge, the Group formally designates and documents hedging relationships to which hedge accounting applies and the risk management objectives and strategies for undertaking the hedges. The documentation includes identifying hedging instruments, the hedged items or transaction, the nature of the risk being hedged, and how the effectiveness of hedging instruments is assessed in offsetting the exposures to the changes in fair value or cash flows of hedged items attributable to hedged risks. The Group evaluates whether a derivative used to hedge a transaction is effective to offset the change in fair value or cash flows of a hedged item at the inception of the hedge and on an ongoing basis.

(A) Fair value hedges

Changes in fair value of hedging instruments are recognized in profit or loss. Changes in fair value of hedged items attributable to the hedged risks adjust carrying amounts of hedged items and are recognized in profit or loss.

(B) Cash flow hedges

The effective portion of gains or losses on hedging instruments is recognized in other comprehensive income as cash flow hedges and the ineffective portion is recognized in profit or loss.

After that, accumulated gains and losses recognized in other comprehensive income are reclassified to profit or loss as reclassification adjustments in the same period when cash flows arising from the hedged items affect profit or loss. When the hedged items result in recognition of a non-financial asset, the accumulated gains and losses through other comprehensive income are reclassified and included directly in the initial cost of the non-financial asset.

Hedge accounting is discontinued when a forecast transaction is not highly probable to occur. Furthermore, if a forecast transaction is no longer expected to occur, the accumulated amount recognized in other comprehensive income is transferred immediately to profit or loss.

(2) Inventories

Inventories are measured at the lower of the acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make a sale. Acquisition

cost is mainly calculated by the periodic average method and comprises purchase costs, processing costs, and all other costs incurred in bringing the inventories to their present location and condition.

(3) Depreciation method for material depreciable assets

(i) Property, plant and equipment (except for right-of-use assets)

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and accumulated impairment losses.

The acquisition cost includes direct costs of acquisition, estimated costs of dismantlement, land removal and restoration, and borrowing costs to be capitalized.

Depreciation of assets other than land and construction in progress is calculated on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of major categories of assets are as follows:

- Buildings and structures: 5–60 years
- Machinery, equipment and vehicles: 4–12 years

Estimated useful lives, residual values and depreciation methods are reviewed at each fiscal year-end, and any revisions are applied prospectively as changes in accounting estimate.

(ii) Intangible assets

Intangible assets are measured at acquisition cost less accumulated amortization and accumulated impairment losses.

Individually acquired intangible assets are initially recognized at acquisition cost. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Research expenses for an internal project are recognized as cost when they are incurred. Development expenses of an internal project are recognized as intangible assets only when they satisfy all the recognition criteria.

Intangible assets are amortized on a straight-line basis over their useful lives. Intangible assets recorded as in-process research and development that are not yet available for use are not amortized, and are tested for impairment at every reporting period or whenever there is an indication of impairment. They are reclassified to patent, marketing rights, or other related accounts when marketing approval from regulatory authorities is obtained and are amortized when they become available for use. Estimated useful lives of major categories of assets are as follows:

- Patent rights: 3–20 years
- Software: 3–10 years

Estimated useful lives, residual values and amortization methods are reviewed at each

fiscal year-end, and any revisions are applied prospectively as changes in accounting estimate.

(iii) Right-of-use assets

The Group recognizes right-of-use assets and lease liabilities at the commencement date of the lease when it determines that a contract is a lease or contains a lease.

Right-of-use assets are measured at acquisition cost, less accumulated depreciation and accumulated impairment losses. The acquisition cost comprises the amount of the initial measurement of the lease liabilities adjusted for initial direct costs, etc., plus any costs including restoration obligations of the underlying assets. Right-of-use assets are depreciated using the straight-line method over the shorter of their useful lives and lease terms.

For short-term leases and leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

(4) Goodwill

Goodwill is recorded at acquisition cost, less accumulated impairment losses.

Goodwill is not amortized and is tested for impairment at every reporting period and whenever there is an indication that it may be impaired.

An impairment loss on goodwill is recognized in the consolidated statement of profit or loss and is not reversed in subsequent periods.

(5) Impairment of non-financial assets

The Group assesses whether there is any indication that a non-financial asset may be impaired at the end of each reporting date. If there is an indication of impairment, the recoverable amount of the asset is estimated. For goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, the recoverable amount is estimated annually at a consistent time in each year, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset or its cash-generating unit (hereinafter, "CGU") is the higher of its value in use or its fair value less disposal costs. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. If it is not possible to estimate the recoverable amount of each asset individually for the impairment test, such assets are integrated into the smallest CGU that generates cash inflows from continuing use that are largely independent of cash inflows from other assets or groups of assets. For the purposes of goodwill impairment testing, CGUs to which goodwill would be allocated are aggregated when necessary so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored. Goodwill acquired in a business combination is

allocated to the (group of) CGU(s) that is expected to benefit from the synergies of the business combination.

Group corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, the recoverable amount of the (group of) CGU(s) to which the corporate assets belong is measured.

If the carrying amount of assets or the (group of) CGU(s) exceeds the estimated recoverable amount, an impairment loss is recognized in profit or loss for the period. The impairment loss recognized for the (group of) CGU(s) is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and subsequently to other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill cannot be reversed. In respect of assets other than goodwill, impairment losses recognized in prior periods are assessed at the end of each reporting date as to whether there is any indication that the losses may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset or the (group of) CGU(s) is estimated. In cases in which the recoverable amount exceeds the carrying amount of the asset or the (group of) CGU(s), the impairment loss is reversed up to the carrying amount less depreciation or amortization that would have been determined if no impairment losses had been recognized in prior periods.

(6) Criteria for recognizing material provisions

Provisions are recognized when the Group has a present legal obligation or constructive obligation arising as a result of a past event; it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate can be made. Provisions are stated at the present value of the estimated future cash flows that are discounted using a pre-tax discount rate reflecting the time value of money and the specific risks of the liability. Where discounting is used, the increase in the provision to reflect the passage of time is recognized as finance expenses.

(i) Provisions for sales rebates

Provisions for sales rebates mainly related to public programs and contracts with wholesalers are provided based on the amounts expected to be paid subsequent to the fiscal year-end date.

(ii) Provisions for asset retirement obligations

Provisions for asset retirement obligations are provided based on estimated future expenditures when the Group has a legal, contractual or similar obligation associated with the retirement of property, plant and equipment.

(iii) Provisions for sales returns

Provisions for sales returns are provided based on estimated amounts of sales returns of merchandise and finished goods.

(iv) Provisions for removal cost of property, plant and equipment

Provisions for removal cost of property, plant and equipment for which removal policy has been determined are provided based on the estimated amount of removal expenditures.

(7) Accounting method for Post-retirement benefits

The Group sponsors defined benefit plans and defined contribution plans as post-retirement benefits.

The Group uses the projected unit credit method to determine the present value of its defined benefit obligation and the related current and past service costs.

The discount rates are determined by referring to the market yield of high-quality corporate bonds at the end of the period corresponding to the discount period, which is set based on the period until the estimated payment date of future benefits for each fiscal year.

The amount of the net defined benefit liability/asset is calculated by deducting the fair value of plan assets from the present value of defined benefit obligation.

However, if the defined benefit plans are overfunded, net defined benefit assets are capped at the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Remeasurements of defined benefit plans are recognized in other comprehensive income and immediately reclassified to retained earnings in the periods in which they occur.

Past service costs are recognized in profit or loss for the periods in which they are incurred.

Payments to defined contribution plans are recognized as expenses in the periods that employees render services.

(8) Revenue

(i) Revenue from contracts with customers

The Group recognizes revenue when the Group transfers promised goods or services to a customer and the customer obtains control of those goods or services based on the following five-step model:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group mainly engages in the manufacture and sale of products in such segments

as “Agro & Life Solutions,” “ICT & Mobility Solutions,” “Advanced Medical Solutions,” “Essential & Green Materials,” and “Sumitomo Pharma.” For sales of products, the performance obligation is judged to have been satisfied and revenue is recognized upon delivery of the products, because the customer obtains control over the products upon delivery. Revenue is measured at the consideration promised in a contract with a customer, less product returns, discounts, rebates and other items to the extent that it is highly probable that a significant reversal will not occur.

(ii) Interest income

Interest income is recognized using the effective interest method.

(iii) Dividend income

Dividends are recognized when a right to receive dividend payments is established.

(9) Application of the group totalization system.

The Company and some of its consolidated subsidiaries apply the group totalization system.

(Notes on Accounting Estimates)

Accounting items recorded in the consolidated financial statements for the current fiscal year based on accounting estimates that may have a significant impact on the consolidated financial statements for the following fiscal year are as follows:

1. Impairment of Non-Financial Assets

At impairment tests for property, plant and equipment, goodwill, and intangible assets, upon identifying cash-generating units, the recoverable amount is measured as the higher of the value in use for the cash-generating unit and its fair value less costs of disposal. The assumptions used to calculate the fair value less costs of disposal, or the assumptions, discount rates, etc. used to estimate future cash flows expected during the period in use and upon disposal after use of the cash-generating unit that serve as a basis for measuring the value in use, are subject to change due to uncertain future economic conditions and may have a significant impact on the amounts of property, plant and equipment, goodwill and intangible assets.

The consolidated statement of financial position at the end of the current period includes property, plant, and equipment totaling 770,688 million yen, goodwill totaling 275,711 million yen, and intangible assets totaling 225,334 million yen.

With respect to the above, the fair value less costs of disposal for the goodwill of 211,098 million yen and the intangible assets of 160,474 million yen of Sumitomo Pharma Co., Ltd., a consolidated subsidiary of the Sumitomo Pharma segment, was calculated in the impairment test by discounting estimated future cash flows to present value using a weighted average cost of capital, etc. as the discount rate, established for each cash-generating unit. Estimates of future cash flows for intangible assets after market launches include numerous assumptions, such as product revenue forecasts based on the drug price of applicable products, the number of patients in the relevant disease area, and the products' market share, as well as forecasts of fixed costs. Furthermore, estimates of future cash flows for cash-generating units, including goodwill, incorporate assumptions such as revenue forecasts for developed products taking into account the probability of success of research and development activities related to the products, in addition to the aforementioned assumptions. These assumptions and discount rates may be affected by future events and may have a significant impact on the amounts of goodwill and intangible assets.

2. Recoverability of Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable income against which deductible temporary differences are expected to be utilized will be generated. This assessment of recoverability is performed based on estimates of future taxable income for each period on the basis of the Group's business plans. These estimates of future taxable income are subject to change due to uncertain future economic conditions and may have a significant impact on the amount of deferred tax assets.

The consolidated statement of financial position at the end of the current period includes deferred tax assets totaling 39,227 million yen and deferred tax liabilities totaling 78,321 million yen.

3. Measurement of Provisions

Provisions are measured based on the best estimate at the end of the period for the cash flows expected to be required to settle obligations in the future. The cash flows expected to be required to settle obligations in the future are calculated by comprehensively considering all possible future outcomes. The assumptions used in measuring these provisions are subject to change due to uncertain future economic conditions and may have a significant impact on the amount of the provisions.

The consolidated statement of financial position at the end of the current period includes provisions totaling 136,791 million yen.

4. Fair Value of Financial Instruments

Upon measuring the fair value of certain financial instruments, valuation techniques using inputs unobservable in the market are employed. These unobservable inputs are subject to change due to uncertain future economic conditions and, if a reassessment becomes necessary, may have a significant impact on the amount of the financial instrument.

The shares of Class B common stock issued by Rabigh Refining & Petrochemical Company ("Petro Rabigh") carry no voting rights and are subject to a dividend deferral period for several years from the time of issuance as well as dividend rates that vary from year to year from 2028 onward. In addition, there are provisions regarding certain cumulative dividends and redemption with respect to shares of Class B common stock. The shares of Class B common stock are classified as financial assets measured at fair value through other comprehensive income (FVTOCI financial assets), categorized within fair value hierarchy level 3, and their fair value is calculated in accordance with the discounted cash flow method. In calculating the fair value, the total amount of future cash flows and the discount rate are used as significant unobservable inputs. The Company prepares funding forecasts based on Petro Rabigh's business plan and, within the scope of cash on hand based on such forecasts, forecasts future cash flows, including dividends, attributable to the shares of

Class B common stock. In preparing these forecasts, assumptions are adopted regarding future sales prices, margins, and other factors relating to major products. These assumptions, as well as the discount rate, are subject to change due to results from uncertain future economic conditions. The consolidated statement of financial position at the end of the current period includes the shares of Class B common stock as other financial assets totaling 99,192 million yen.

In the consolidated statement of financial position at the end of the current period, these valuation techniques are employed to measure fair value of other financial assets (including shares of Class B common stock of Petro Rabigh) totaling 173,254 million yen and other financial liabilities totaling 18,701 million yen.

5. Valuation of Investments in Affiliates

The Company assesses whether there are any indications of impairment as to its investment in Petro Rabigh (Class A common stock), an investee company accounted for by using the equity method. If such indications exist, an impairment test is performed. The recoverable amount is calculated based on fair value, which is determined using market prices. The recoverable amount is subject to change due to uncertain future economic conditions and may have a significant impact on the amount of the investment accounted for by using the equity method.

In the consolidated statement of financial position at the end of the current period, an investment in Petro Rabigh accounted for by using the equity method is included totaling 49,722 million yen.

In addition, although there is significant uncertainty regarding the outlook on the surge in raw material prices and the impact on supply chains due to heightened geopolitical risks in the Middle East region, the Company makes accounting estimates based on currently available information and certain assumptions it deems reasonable.

(Notes to the Consolidated Statement of Financial Position)

1. Assets Pledged as Collateral and Related Liabilities

Assets pledged as collateral

Investment in affiliates (Note)	49,722 million yen
Property, plant and equipment	3,698 million yen
Notes and accounts receivable	5,091 million yen
Others	108 million yen

Liabilities related to collateral

Borrowings	11,640 million yen
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(Note) Collateral is provided to secure borrowings of 34,543 million yen for affiliates.

2. Allowance for Doubtful Accounts Deducted Directly from Assets

Trade receivables and other receivables	9,463 million yen
Other financial assets (non-current)	416 million yen

3. Accumulated Depreciation of Property, Plant and Equipment 2,534,860 million yen

Note: The above accumulated depreciation includes accumulated impairment losses.

4. Contingent Liabilities

Guarantee obligations	170,193 million yen
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(Notes to the Consolidated Statement of Changes in Equity)

1. Types and the Number of Issued Shares at the End of the Current Period

Ordinary shares	1,657,914,399 shares
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2. Matters concerning Dividends

(1) Amount of dividend payment

Date of Resolution	Type of Shares	Total Dividends	Dividends Per Share	Record Date	Effective Date
May 14, 2025 Board of Directors	Ordinary shares	9,820 million yen	6.00 yen	March 31, 2025	June 2, 2025
November 4, 2025 Board of Directors	Ordinary shares	9,824 million yen	6.00 yen	September 30, 2025	December 2, 2025

(2) Dividends with a record date in the current period but an effective date in the following period

Resolution Date	Type of Shares	Total Dividends	Dividends Per Share	Record Date	Effective Date
May 14, 2026 Board of Directors	Ordinary shares	12,386 million yen	7.50 yen	March 31, 2026	June 3, 2026

(Notes on Revenue Recognition)

1. Disaggregation of Revenue

The Group's main businesses are "Agro & Life Solutions," "ICT & Mobility Solutions," "Advanced Medical Solutions," "Essential & Green Materials," and "Sumitomo Pharma." The Company's Board of Directors regularly reviews these businesses to determine allocation of management resources and evaluate business performance. Therefore, the revenue recorded in these businesses is presented as sales revenue. Revenue is also geographically disaggregated based on the location of customers. The relationship between disaggregated sales revenue and sales revenue by reportable segment is as follows.

(Millions of yen)

	Agro & Life Solutions	ICT & Mobility Solutions	Advanced Medical Solutions	Essential & Green Materials	Sumitomo Pharma	Others (Note 1)	Total
Japan	99,693	98,389	43,666	305,118	83,412	45,621	675,899
China	10,336	178,336	1,334	95,540	19,341	36	304,923
North America	111,998	32,315	2,811	20,708	322,536	31	490,399
(Of which: U.S.)	(102,468)	(31,893)	(2,806)	(16,942)	(320,655)	(31)	(474,795)
Southeast Asia	19,927	76,820	2,119	118,633	3,264	52	220,815
Others	277,302	188,302	8,671	138,801	23,380	23	636,479
Total	519,256	574,162	58,601	678,800	451,933	45,763	2,328,515
Revenue from contracts with customers	519,256	574,162	58,601	678,800	423,750	45,763	2,300,332
Revenue from other sources (Note 2)	-	-	-	-	28,183	-	28,183

- Note: 1. "Others" represents businesses such as supplying electric power and steam, and providing transport and warehousing, etc.
2. Revenue from other sources is revenue from contracts with joint partners when the counterparty is not considered customers.

2. Performance Obligations

The normal timing for the Group to satisfy its performance obligations, as well as obligations for returns and refunds, are as described in "(Notes regarding important matters to be the basis for the preparation of consolidated financial statements) 5. Accounting policies (8) Revenue." The consideration for products or services promised under contracts with customers is collected primarily within one year from the timing of satisfaction of the performance obligation and does not contain significant financing components.

3. Contract Balances

The breakdown of contract balances arising from contracts with customers is as follows:

(Millions of yen)

	Beginning of Current Period (April 1, 2025)	End of Current Period (March 31, 2026)
Receivables from contracts with customers	513,070	548,038
Contract assets	281	185
Contract liabilities	25,210	31,241

Receivables and contract assets arising from contracts with customers are included in "Trade receivables and other receivables," while contract liabilities are included in "Other current liabilities" and "Other non-current

liabilities."

Contract liabilities are primarily recognized for advance payments received from customers.

The amount included in contract liabilities (current) at the beginning of the current period was 14,460 million yen, of which, the portion not recognized as revenue in the current period is immaterial.

Furthermore, the amount of revenue recognized in the current period from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

4. Transaction prices allocated to unfulfilled performance obligations

The transaction prices allocated to the remaining performance obligation and the timing of expected revenue recognition are as follows: 18,259 million yen within one year and 15,281 million yen over one year. Transactions with an expected individual contract period of one year or less are omitted due to the use of a practical expedient. Furthermore, there are no significant amounts included in the consideration arising from contracts with customers that are not included in transaction prices.

5. Assets recognized from the costs incurred to obtain or fulfill contracts with customers

In the current period, the total amount of costs incurred to obtain or fulfill contracts with customers is immaterial.

(Notes on Financial Instruments)

1. Matters Concerning the Status of Financial Instruments

The Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk, and market price fluctuation risk) in the course of doing business. The Group performs risk management to reduce these financial risks

(1) Credit Risk

The Company regularly reassesses the dealing policies about trade receivables through monitoring the business condition, the sales turnover, and the balance of receivables of all business counterparties by sales sections of each business segment, and aims to grasp changes in customers' credit risks due to deterioration of the financial condition, etc. at an early stage and the reduction of credit risks in accordance with the Company regulation for credit management.

In the case of the consolidated subsidiaries, their sales divisions or accounting departments also manage the financial and credit conditions of their customers pursuant to their internal rules and regulations.

The Group conducts derivative transactions only with creditworthy financial institutions and trading companies to minimize the counterparty risk, and accordingly the impact on credit risk is limited.

The Group does not have significant exposure of credit risk relating to particular counterparties nor excessive concentration of credit risk that requires special attention.

(2) Liquidity Risk

Liquidity risk is the risk that the Group is unable to perform its repayment obligations of financial liabilities on the settlement date.

The Company's finance department prepares and updates funding plans timely based on each department's cash flow schedule.

While liquidity on hand is normally kept to about one day's worth of sales revenue in view of asset efficiency, the Company manages liquidity risk by signing overdraft contracts and entering into commitment line agreements totaling 150,000 million yen with financial institutions.

The balance of borrowings related to those commitment lines is zero as of the end of the current period.

In addition, the Company and its major consolidated subsidiaries are striving to minimize liquidity risk by improving the efficiency of funds within the Group through the cash management system and group financing.

(3) Foreign Exchange Risk

The Company and certain of its consolidated subsidiaries use forward foreign exchange contracts for hedging purposes against exchange rate fluctuation risks identified by currency and on a monthly basis for trade receivables, payables, and borrowings denominated in foreign currencies. The Group does not use transactions that have larger market price fluctuation ratio than the price fluctuation of the underlying transaction, such as leveraged derivatives transactions.

(4) Interest Rate Risk

The Group considers the details of funding demands, financial condition and financial environment and determines amounts, periods and methods for funding. The Group raises funds with combinations of fixed and variable interest rates to be prepared for future interest rate fluctuations, however, there is a possibility that interest expenses will increase in case of interest rate increase and adversely affect the Group's financial performance and condition.

(5) Market Price Fluctuation Risk

The Group is exposed to stock price fluctuation risk because the Group holds the stocks of business partner companies to maintain and strengthen business relationships with them. With regard to those stocks, the Group regularly monitors market price and financial conditions of the issuers (business partner companies) and reassesses the Group's stockholding status in light of relationships with business partner companies.

2. Matters Related to the Fair Value of Financial Instruments

(1) Carrying Amount and Fair Value of Financial Instruments

The fair value hierarchy of financial instruments is categorized into the following levels based on the level of the input used for the fair value measurements.

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Inputs other than Level 1, either directly or indirectly observable

Level 3: Inputs that are not based on observable market data

The carrying amount and fair value of financial instruments measured at amortized cost are as follows:

(Millions of yen)

	Carrying Amount	Fair Value
Financial Liabilities:		
Bonds	597,993	535,766
Long-term Borrowings	388,549	370,263

The above table does not include the following financial instruments for which carrying amounts are reasonable approximations of fair value.

The fair value of bonds is determined based on market prices.

The fair value of long-term borrowings is calculated based on the present value that is calculated by discounting future cash flow using a deemed interest rate assumed on new borrowings with equivalent conditions.

As for fair value hierarchy of financial instruments measured at amortized cost, bonds are classified as Level 2 and others are classified as Level 3.

Financial assets and liabilities measured at fair value as of the end of the current period are as follows.
Transfers between levels of financial instruments are recognized at the end of the reporting period in which the transfer occurs.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial Assets Measured at Fair Value Through Profit or Loss				
Derivative Assets Designated as Hedging Instruments	–	54	–	54
Derivative Assets Not Designated as Hedging Instruments	–	526	–	526
Other Financial Assets	22,164	3,615	695	26,474
Subtotal	22,164	4,195	695	27,054
Financial Assets Measured at Fair Value Through Other Comprehensive Income				
Shares and investments	121,179	–	172,559	293,738
Trade and Other Receivables	–	9,906	–	9,906
Subtotal	121,179	9,906	172,559	303,644
Total	143,343	14,101	173,254	330,698
Liabilities :				
Financial Liabilities Measured at Fair Value Through Profit or Loss				
Derivative Liabilities	–	4,478	–	4,478

Designated as Hedging Instruments				
Derivative Liabilities Not Designated as Hedging Instruments	—	4,221	2,277	6,498
Contingent Consideration	—	—	1,484	1,484
Other Financial Liabilities	—	—	14,940	14,940
Total	—	8,699	18,701	27,400

(2) Adjustment Schedule for Level 3 Financial Instruments

Changes in financial instruments classified as Level 3 from the beginning of the current period to the end of the period are as follows.

Financial assets measured at fair value through profit or loss are referred to as “FVTPL financial assets”, financial assets measured at fair value through other comprehensive income are referred to as “FVTOCI financial assets”, and financial liabilities measured at fair value through profit or loss are referred to as “FVTPL financial liabilities”.

(Millions of yen)

	FVTPL financial assets	FVTOCI financial assets	FVTPL financial liabilities
Beginning Balance	950	72,425	17,267
Total Gains and Losses	(281)	11,034	2,807
Profit or Loss (Note 1)	(281)	-	2,807
Other Comprehensive Income	-	11,034	-
Increases (Note 2)	-	92,109	-
Decreases	-	(3,395)	(1,950)
Others (Note 3)	26	386	577
Ending Balance	695	172,559	18,701

Note: 1. Gains and losses from financial assets measured at FVTPL, which are included in net income, are recorded in “Finance income” and “Finance expenses” in the consolidated statement of income. Among gains and losses related to financial liabilities measured at FVTPL, changes in fair value of contingent consideration are recorded in “Selling, general and administrative expenses” and “Other operating income,” while those related to other financial liabilities are recorded in “Finance income” and “Finance expenses” in the consolidated statement of income.

2. The increase in FVTOCI Financial assets is mainly due to the subscription for the shares of Class B common stock issued by Petro Rabigh. The shares of Class B common stock issued are subject to a dividend deferment period for several years from the time of issuance and dividend rates that vary from year to year from 2028 onward. In addition, there are provisions on certain cumulative dividends and redemption with respect to shares of Class B common stock. Among the difference of 15,982 million yen between the consideration paid of 106,642 million yen and the fair value at initial recognition of 90,660 million yen, 2,397 million yen, which represents the Company’s equity interest (15%) in Petro Rabigh, is recorded in “Investments accounted for using equity method” in the consolidated statement of financial position, and 13,585 million yen is recorded in “Finance costs” in the consolidated statement of profit or loss. The amount of the increase in the adjustment schedule represents the fair value at initial recognition. Changes in fair value arising from subsequent measurement are recognized through other comprehensive income.

3. “Others” mainly includes exchange differences of financial instruments denominated in foreign currencies. These gains and losses are recorded in “Finance income” or “Finance expenses” in the

consolidated statement of income or “Exchange differences on conversion of foreign operations” in the consolidated statement of comprehensive income.

4. Fair value measurements of financial instruments classified as level 3 are determined in accordance with valuation policies and procedures approved by appropriate authorized personnel. Valuation models are determined so that they reflect each financial instrument’s nature, characteristics and risks most appropriately. The valuator examines whether it is possible to provide reasonable explanations by comparing changes in important inputs that could affect the fair value and changes in fair value, on an ongoing basis.

Material unobservable inputs related to fair value measurements of financial instruments classified as Level 3 are as follows:

- The financial assets measured at FVTOCI are mainly comprised of unlisted equity securities. Among these financial assets, fair value of the Class B common stock issued by Petro Rabigh is calculated via the discounted cash flow method, and the Company prepares funding forecasts based on Petro Rabigh's business plan and, within the scope of cash on hand based on such forecasts, forecasts future cash flows, including dividends, in relation to the shares of Class B common stock. In preparing these forecasts, assumptions regarding future sales prices and margins of major products have been made. The material unobservable inputs in relation to the calculation of fair value are the total amount of future cash flow estimated independently by the Company (153,582 million yen as of the end of this consolidated fiscal year) and the discount rate (5.74% as of the end of this consolidated fiscal year). With respect to other unlisted equity securities, fair value is calculated by the discounted cash flow method in principle. However, for unlisted equity securities for which fair value approximates their net asset value, the fair value is mainly calculated by valuation technique based on the net asset value.
- As for financial liabilities measured at FVTPL, fair value of contingent consideration is calculated by the discounted cash flow method, and material unobservable inputs are sales revenue arising from relevant business and the discount rate. Certain consolidated subsidiaries recognize the interest of preference shares issued as financial liabilities because it is redeemable at the amount based on its net asset value at any time based on the request of holders of preference shares. Fair value of preference shares is calculated by valuation technique based on the net asset value.
- The unobservable inputs may be affected by changes in uncertain future economic conditions.

(Notes on Per Share Information)

Equity attributable to owners of the parent per share	610.78 yen
Basic earnings per share	37.16 yen

(Notes on Significant Subsequent Events)

(Issuance of New Shares and Share Offering by a Subsidiary of the Company)

On April 8, 2026, the board of directors of Sumitomo Pharma Co., Ltd. (“Sumitomo Pharma”), a consolidated subsidiary of the Company, made resolutions regarding the issuance of new shares and the offering of shares. The board of directors also determined the issue price, offering price, and other details as follows on April 20, 2026. The payment for the issuance of new shares through a public offering was completed on April 24, 2026, whereby the amount of share capital and capital reserve (capital surplus) of Sumitomo Pharma increased. Sumitomo Pharma will issue a maximum of 59,000,000 new shares by a capital increase through a public offering or other methods; however, the fact that Sumitomo Pharma is a consolidated subsidiary of the Company will not change.

1. Issuance of new shares through a public offering (domestic public offering and international offering)
 - (1) Type and number of issued shares: common shares 51,304,400 shares
 - (2) Issue price: 1,990 yen per share
 - (3) Total issue amount: 102,096 million yen
 - (4) Paid-in amount: 1,907.08 yen per share
 - (5) Total paid-in amount: 97,842 million yen
 - (6) Increased share capital and amount of increased share capital: 48,921 million yen
Amount of capital reserve (capital surplus) and amount of increased capital reserve (capital surplus): 48,921 million yen
 - (7) Payment date: April 24, 2026
2. Offering of shares of the Company’s subsidiary (offering through over-allotment)
 - (1) Type and number of shares to be offered: common shares 7,695,600 shares
 - (2) Offering price: 1,990 yen per share
 - (3) Total offering amount: 15,314 million yen
 - (4) Delivery date: April 27, 2026
3. Issuance of new shares through third-party allotment (a capital increase through a third-party allotment conducted in relation to the offering through over-allotment)
 - (1) Type and number of shares to be issued (maximum): common shares 7,695,600 shares
 - (2) Amount to be paid: 1,907.08 yen per share
 - (3) Total amount to be paid (maximum): 14,676 million yen
 - (4) Share capital to be increased and amount of share capital to be increased: 7,338 million yen

Amount of capital reserve (capital surplus) (maximum) and amount of capital reserve (capital surplus) to be increased: 7,338 million yen

- (5) Payment date: May 26, 2026
- (6) Allottee: SMBC Nikko Securities Inc.

4. Use of proceeds

With respect to the maximum total estimated net proceeds of 111,566 million yen resulting from the domestic public offering, international offering, and capital increase through a third-party allotment, by the end of March 2029, 30,000 million yen will be allocated to research and development in oncology, 10,000 million yen to research and development in neurodegenerative diseases and infectious diseases, 10,000 million yen to investments and loans for the growth of the regenerative medicine and cell therapy business, 10,000 million yen to capital expenditures for production, research and development, IT system investments, and strategic investments relating to alliances and license agreements, and the remaining amount to the repayment of interest-bearing liabilities.