

SUMITOMO CHEMICAL COMPANY, LIMITED

Notice of the 143rd Ordinary General Meeting of Shareholders

THIS DOCUMENT IS A SUMMARY OF A NOTICE AND THE ATTACHMENTS THERETO, THE ORIGINALS OF WHICH ARE IN THE JAPANESE LANGUAGE. THIS DOCUMENT IS MADE ONLY FOR THE REFERENCE PURPOSES OF SHAREHOLDERS WHO LIVE IN COUNTRIES OUTSIDE OF JAPAN AND DOES NOT CONSTITUTE A FORMAL TRANSLATION OF THE ORIGINAL NOTICE AND THE ATTACHMENTS. IN THIS SUMMARY, CERTAIN INFORMATION IS INTENTIONALLY OMITTED. THE ORIGINALS CONTAIN MORE INFORMATION, SUCH AS THE REPORTS OF THE ACCOUNTING AUDITORS AND THE BOARD OF CORPORATE AUDITORS, ETC., WHILE SOME SUPPLEMENTAL INFORMATION NOT CONTAINED IN THE ORIGINALS IS ADDITIONALLY GIVEN IN THIS SUMMARY AS FOOTNOTES WITH ASTERISKS.

To Our Shareholders:

Please take notice that Sumitomo Chemical Company, Limited (the “Company”) has called an Ordinary General Meeting of Shareholders to be held in Tokyo, Japan on June 21, 2024 (the “Meeting”) for the following purposes.

In convening this year’s Ordinary General Meeting of Shareholders, the Company has taken electronic provision measures for the information contained in the reference materials for the Ordinary General Meeting of Shareholders, etc. (“matters subject to electronic provision measures”) and posted the information on the Company’s website.

■ Company website:

<https://www.sumitomo-chem.co.jp/english/ir/stocks/meeting/>

In addition, the matters subject to electronic provision measures have been posted on the Tokyo Stock Exchange’s website. Please access the below website, enter the Company’s name or securities code (4005) to run a search, and select “Basic information” and then “Documents for public inspection/PR information” to view the information.

■ Tokyo Stock Exchange website (“Listed Company Search”):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

MATTERS TO BE REPORTED:

- No. 1. Reports on the Company's business report, consolidated financial statements, and the results of both the Accounting Auditor's and the Board of Corporate Auditors' audits of the Company's consolidated financial statements for the 143rd fiscal period (from April 1, 2023, to March 31, 2024) (the "143rd fiscal period").
- No. 2. Reports on the Company's non-consolidated financial statements for the 143rd fiscal period.

MATTERS TO BE RESOLVED:

- No. 1. To elect ten Directors.

EXPLANATION OF THE SUBJECT MATTERS OF THE MEETING

- No. 1. Reports on the Company's business report, consolidated financial statements, and the results of both the Accounting Auditor's and the Board of Corporate Auditors' audits of the Company's consolidated financial statements for the 143rd fiscal period.
- No. 2. Reports on the Company's non-consolidated financial statements for the 143rd fiscal period.

* The financial statements for the 143rd fiscal period have been audited by the Accounting Auditors (certified public accountants under Japanese law) and the Corporate Auditors of the Company pursuant to the Companies Act (*kaishahou*) (Law No. 86 of 2005).

No. 1. To elect ten Directors.

The terms of office of all twelve Directors will expire at the close of this Meeting.


The Company has decided to review the member composition for the Board of Directors with the aim of strengthening the role of the Board of Directors in monitoring functions such as “management oversight” and “deliberation and evaluation of medium- to long-term management strategies and policies.”


Accordingly, the election of ten Directors is proposed, reducing the number of internal Directors by three, for a total of five, and increasing the number of Outside Directors by one, for a total of five.


The candidates for Director are as follows:


Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings
1	Masakazu Tokura (Male) (Reappointment)	Representative Director, Chairman	13 out of 13 meetings (100%)
2	Keiichi Iwata (Male) (Reappointment)	Representative Director, President & Executive President	13 out of 13 meetings (100%)
3	Hiroshi Ueda (Male) (Reappointment)	Director & Executive Vice President Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory	13 out of 13 meetings (100%)
4	Hiroshi Niinuma (Male) (Reappointment)	Director & Executive Vice President Supervision of General Affairs, External Relations, Legal, Sustainability, Human Resources, Osaka Office Administration	13 out of 13 meetings (100%)
5	Noriaki Takeshita (Male) (New appointment)	Senior Managing Executive Officer Supervision of Corporate Planning, IT Innovation, General Manager of Corporate Planning Office	–


Candidate No.	Name		Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings	
6	Hiroshi Tomono	(Male)	(Reappointment, Outside Director, Independent Officer)	Director	12 out of 13 meetings (92%)
7	Motoshige Itoh	(Male)	(Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
8	Atsuko Muraki	(Female)	(Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
9	Akira Ichikawa	(Male)	(Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
10	Yumiko Noda	(Female)	(New appointment, Outside Director, Independent Officer)		–


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">1</p>  <p>Masakazu Tokura (Reappointment)</p>	<p>April 1974 Joined the Company June 2003 Executive Officer June 2006 Managing Executive Officer June 2008 Representative Director & Managing Executive Officer April 2009 Representative Director & Senior Managing Executive Officer April 2011 Representative Director, President & Executive President April 2019 Representative Director, Chairman up to the present date</p> <p>Important Concurrent Post Chairman of KEIDANREN (Japan Business Federation)</p> <p>[Reason for selection as a Director nominee, etc.] Masakazu Tokura served as a Director & Executive President for eight years from April 2011 to March 2019, contributing to the improvement of corporate value of the Company. He has been focusing on the operations of the Board of Directors of the Company as a Director, Chairman since April 2019. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall management of the Company, as described above.</p>	<p>July 10, 1950</p> <p>393,417 Shares</p>
<p style="text-align: center;">2</p>  <p>Keiichi Iwata (Reappointment)</p>	<p>April 1982 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer April 2018 Senior Managing Executive Officer June 2018 Representative Director & Senior Managing Executive Officer April 2019 Representative Director, President & Executive President up to the present date</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Keiichi Iwata has mainly engaged in business planning in the Fine Chemicals Sector and the IT-related Chemicals Sector and has worked abroad in Belgium. After his appointment as an Executive Officer, he experienced planning and administration as well as sales management and was in charge of the Energy & Functional Materials Sector as a Director & Senior Managing Executive Officer in 2018. He was appointed as a Director & Executive President in April 2019, and has formulated and been implementing the current Corporate Business Plan. Currently, he is also leading immediate-term, concentrated measures to improve business performance and fundamental structural reforms. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>October 11, 1957</p> <p>297,617 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">3</p>  <p style="text-align: center;">Hiroshi Ueda (Reappointment)</p>	<p>April 1982 Joined the Company June 2008 Associate Officer April 2009 Executive Officer April 2011 Managing Executive Officer April 2016 Senior Managing Executive Officer June 2016 Representative Director & Senior Managing Executive Officer June 2018 Director & Senior Managing Executive Officer April 2019 Director & Executive Vice President up to the present date</p> <p>Current Responsibility at the Company Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Hiroshi Ueda has mainly engaged in manufacturing and industrial research. In addition to them, he was responsible for business development, business planning, and safety/environment/hygiene-related operations at each plant after his appointment as an Executive Officer. He was in charge of the Energy & Functional Materials Sector as a Director & Senior Managing Executive Officer since 2016 and is currently in charge of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Engineering, Responsible Care, and corporate research facilities as a Director & Executive Vice President. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>August 5, 1956</p> <p>201,604 Shares</p>


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">4</p>  <p>Hiroshi Niinuma (Reappointment)</p>	<p>April 1981 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer April 2018 Senior Managing Executive Officer June 2018 Director & Senior Managing Executive Officer April 2022 Director & Executive Vice President up to the present date</p> <p>Current Responsibility at the Company Supervision of General Affairs, External Relations, Legal, Sustainability, Human Resources, Osaka Office Administration</p> <p>Important Concurrent Post Director of Sumitomo Pharma Co., Ltd. (scheduled)</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Hiroshi Niinuma has mainly engaged in the operations such as general affairs and human resources. In addition to them, he was responsible for a wide range of administrative departments such as Legal, CSR, Internal Control and Audit, Corporate Communications, Procurement and Logistics, and worked on ensuring compliance, developing and improving a corporate governance structure after his appointment as an Executive Officer. He is currently in charge of General Affairs, External Relations, Legal, Sustainability, Human Resources, and more as a Director & Executive Vice President. He was continuously selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>March 5, 1958</p> <p>164,704 Shares</p>


Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">5</p>  <p>Noriaki Takeshita (New appointment)</p>	<p>April 1982 Joined the Company April 2010 Executive Officer April 2013 Managing Executive Officer June 2017 Representative Director & Managing Executive Officer April 2018 Representative Director & Senior Managing Executive Officer June 2023 Senior Managing Executive Officer up to the present date</p> <p>Current Responsibility at the Company Supervision of Corporate Planning, IT Innovation, General Manager of Corporate Planning Office</p> <p>Important Concurrent Post Deputy Chairman of Rabigh Refining and Petrochemical Company</p> <p>[Reason for selection as a Director nominee, etc.] Since joining the Company, Noriaki Takeshita has mainly engaged in business planning in the Petrochemicals & Plastics Sector, also human resources department and has worked abroad in Singapore and Saudi Arabia (the Rabigh Project). After his appointment as an Executive Officer, he experienced planning and administration as well as sales management and was in charge of the Essential Chemicals & Plastics Sector from 2017 to 2023. He is currently in charge of Corporate Planning and IT Innovation as a Senior Managing Executive Officer. He was selected as a Director nominee since he has extensive business experience and advanced knowledge of the overall business of the Company, as described above.</p>	<p>July 23, 1958</p> <p>146,733 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">6</p>  <p>Hiroshi Tomono (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1971 Joined Sumitomo Metal Industries, Ltd. (Currently NIPPON STEEL CORPORATION)</p> <p>June 1998 Director of Sumitomo Metal Industries, Ltd.</p> <p>June 1999 Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2003 Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>June 2003 Director & Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2005 Representative Director & Vice President of Sumitomo Metal Industries, Ltd.</p> <p>June 2005 Representative Director & President of Sumitomo Metal Industries, Ltd.</p> <p>October 2012 Representative Director & President & COO of Nippon Steel & Sumitomo Metal Corporation (Currently NIPPON STEEL CORPORATION)</p> <p>April 2014 Representative Director & Vice Chairman of Nippon Steel & Sumitomo Metal Corporation</p> <p>April 2015 Director & Adviser of Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2015 Adviser of Nippon Steel & Sumitomo Metal Corporation</p> <p>June 2015 Outside Director of the Company up to the present date</p> <p>June 2020 Senior Adviser of NIPPON STEEL CORPORATION up to the present date</p> <p>Important Concurrent Post Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Hiroshi Tomono can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, provide well-balanced advice based on an extensive view on overall management, make recommendations based on his expertise in research, technology, manufacturing and other areas, and support appropriate risk-taking, by making use of his abundant experience and extensive knowledge as a management executive of a business corporation. Accordingly, he was continuously selected as an Outside Director nominee.</p>	<p>July 13, 1945</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">7</p>  <p>Motoshige Itoh (Reappointment, Outside Director, Independent Officer)</p>	<p>December 1993 Professor, Faculty of Economics, The University of Tokyo</p> <p>April 1996 Professor, Graduate School of Economics, The University of Tokyo</p> <p>October 2007 Dean, Graduate School of Economics, Faculty of Economics, The University of Tokyo</p> <p>April 2016 Professor, Faculty of International Social Sciences, Gakushuin University</p> <p>June 2018 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post Outside Director of Shizuoka Financial Group, Inc. Outside Director of JX Nippon Mining & Metals Corporation Outside Director of Hagoromo Foods Corporation</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Motoshige Itoh can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, and provide advice and recommendations based on his advanced expertise, by making use of his expert knowledge of economics, etc. through his long experience as a university professor and his wealth of experience and extensive knowledge of economic, social and other issues from his track record as a member of various government deliberative committees. Accordingly, he was continuously selected as an Outside Director nominee. Although Motoshige Itoh only has experience with enterprise management as an outside director or auditor, the Company has determined that he is capable of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.</p>	<p>December 19, 1951</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">8</p>  <p style="text-align: center;">Atsuko Muraki (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1978 Joined Ministry of Labour (Currently Ministry of Health Labour and Welfare)</p> <p>October 2005 Counsellor for Policy Evaluation, Minister's Secretariat of Ministry of Health Labour and Welfare</p> <p>September 2006 Deputy Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>July 2008 Director-General, Equal Employment, Children and Families Bureau of Ministry of Health Labour and Welfare</p> <p>September 2010 Director-General for Policies on Cohesive Society of Cabinet Office</p> <p>September 2012 Director-General, Social Welfare and War Victims' Relief Bureau of Ministry of Health Labour and Welfare</p> <p>July 2013 Vice Minister of Health Labour and Welfare of Ministry of Health Labour and Welfare</p> <p>October 2015 Retired from Ministry of Health Labour and Welfare</p> <p>June 2018 Outside Director of the Company up to the present date</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Atsuko Muraki can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, and provide advice and recommendations based on her advanced expertise, by making use of her wealth of experience and extensive knowledge in legal, social and other issues deriving from her employment over many years at administrative bodies as a civil servant as well as her expertise especially in human resources. Accordingly, she was continuously selected as an Outside Director nominee. Although Atsuko Muraki only has experience with enterprise management as an outside director or auditor, the Company has determined that she is capable of appropriately performing the duties of an Outside Director of the Company, due to the reasons mentioned above.</p>	<p>December 28, 1955</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">9</p>  <p style="text-align: center;">Akira Ichikawa (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1978 Joined Sumitomo Forestry Co., Ltd. June 2007 Executive Officer & General Manager of Corporate Planning Department of Sumitomo Forestry Co., Ltd.</p> <p>June 2008 Director, Managing Executive Officer of Sumitomo Forestry Co., Ltd.</p> <p>April 2010 Representative Director, President of Sumitomo Forestry Co., Ltd.</p> <p>April 2020 Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd.</p> <p>up to the present date June 2022 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd. Outside Director of Konica Minolta, Inc.</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Akira Ichikawa can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, provide well-balanced advice based on an extensive view on overall management, make recommendations based on his expertise in global operations, sustainability and other areas, and support appropriate risk-taking, by making use of his abundant experience and extensive knowledge as a management executive of a business corporation. Accordingly, he was continuously selected as an Outside Director nominee.</p>	<p>November 12, 1954</p> <p>0 Shares</p>

Candidate No. Name	Career Summary, Principal Occupation and Responsibility at the Company, and Important Concurrent Post	Birth Date The Number of Shares Owned in the Company
<p style="text-align: center;">10</p>  <p style="text-align: center;">Yumiko Noda</p> <p>(New appointment, Outside Director, Independent Officer)</p>	<p>April 1982 Joined Bank of America Corporation Tokyo Branch</p> <p>March 1996 Deputy General Manager (Head of Structured Finance Department), London Branch, The Long-Term Credit Bank of Japan, Limited</p> <p>January 2000 Partner (Head of PPP (Public Private Partnership) and Privatization), PwC Financial Advisory Services Co., Ltd. (Currently PwC Advisory LLC)</p> <p>June 2007 Deputy Mayor of Yokohama City</p> <p>January 2011 Partner (Head of PPP and Infrastructure Asia-Pacific), PwC Advisory Co., Ltd. (Currently PwC Advisory LLC)</p> <p>October 2017 President and Representative Director of Veolia Japan K.K. (Currently Veolia Japan GK)</p> <p>June 2020 Chairman and Representative Director of Veolia Japan GK</p> <p>up to the present date</p> <p>Important Concurrent Post</p> <p style="padding-left: 20px;">Chairman and Representative Director of Veolia Japan GK</p> <p style="padding-left: 20px;">Outside Director of Idemitsu Kosan Co., Ltd. (Scheduled to retire on the date of the company's Ordinary General Meeting of Shareholders this year)</p> <p style="padding-left: 20px;">Outside Director of Mizuho Financial Group, Inc.</p> <p style="padding-left: 20px;">Outside Director of East Japan Railway Company</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>Yumiko Noda can be expected to make decisions on important management matters at the Board of Directors of the Company, appropriately oversee business execution, provide well-balanced advice based on an extensive view on overall management, make recommendations based on her expertise in global management, finance and other areas, and support appropriate risk-taking, by making use of her abundant experience and extensive knowledge as a management executive of a globally expanding business corporation, as well as her deep expertise in finance at financial institutions and consulting companies. Accordingly, she was newly selected as an Outside Director nominee.</p>	<p>January 26, 1960</p> <p>0 Shares</p>

- NOTES: 1 None of the above candidates has any conflicts of interest with the Company.
- 2 Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, Mr. Akira Ichikawa, and Ms. Yumiko Noda are the candidates for Outside Director.
- 3 Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, and Mr. Akira Ichikawa are currently Outside Directors of the Company. Mr. Hiroshi Tomono's term of office will be nine years, Mr. Motoshige Itoh's term of office will be six years, Ms. Atsuko Muraki's term of office will be six years, and Mr. Akira

- Ichikawa's term of office will be two years at the close of this Meeting.
- 4 Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has designated Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, and Mr. Akira Ichikawa as Independent Directors and Ms. Yumiko Noda as a candidate for Independent Director, who have no risk of having conflicts of interest with ordinary shareholders.
- 5 The following facts were discovered by The Kansai Electric Power Company, Incorporated ("KEPCO") where Mr. Hiroshi Tomono has been serving as an Outside Director since June 2020: employees, etc. of KEPCO improperly browsed and used customer information of power producers and suppliers other than KEPCO that was managed by Kansai Transmission and Distribution, Inc. ("Kansai Transmission and Distribution"), a subsidiary of KEPCO; some employees of KEPCO used ID, etc. held by Kansai Transmission and Distribution to access and inappropriately browse a website managed and operated by the Ministry of Economy, Trade and Industry; and KEPCO had performed acts that violated Article 3 of the Anti-Monopoly Act, which prohibits unreasonable restraint of trade. Although Mr. Hiroshi Tomono was unaware of these facts until these incidents came to light, he's been fulfilling his duties by regularly making suggestions at the Board of Directors and committees, etc. in which he serves to strengthen governance and compliance and making recommendations for the verification, etc. of the implementation status of the business improvement plan aimed at preventing recurrence and the status of steps taken by the emergency response committee.
- 6 At Sampo Japan Insurance Inc. ("Sampo Japan Insurance"), a subsidiary of Sampo Holdings, Inc. ("Sampo Holdings"), where Ms. Atsuko Muraki served as Outside Audit & Supervisory Board Member and Outside Director from June 2017 to June 2021, a case involving acts that are considered to violate the Anti-Monopoly Act and acts that are inappropriate in light of the purpose of the Act, as well as a case of inappropriate handling by Sampo Japan Insurance regarding fraudulent automobile insurance claims by a used car sales company, occurred. In January 2024, Sampo Holdings received a business improvement order from the Financial Services Agency regarding its management of Sampo Japan Insurance based on the Insurance Business Act. Although Ms. Atsuko Muraki was unaware of the inappropriate fact at Sampo Japan Insurance until the incident came to light, during her tenure at Sampo Holdings, she fulfilled her duties as Outside Audit & Supervisory Board Member and Outside Director by speaking up about the importance of Group governance and legal compliance at Audit & Supervisory Board meetings and Board of Directors meetings.
- 7 Mr. Akira Ichikawa's role as Chairman of the Board at Sumitomo Forestry Co., Ltd. is mainly to oversee management. He has no area of responsibility, and his involvement in day-to-day business execution decisions is limited. The business relationship between Sumitomo Forestry Co., Ltd. and the Company represents less than 0.1% of consolidated sales for both companies, and Sumitomo Forestry Co., Ltd. is neither a major business partner nor a major shareholder.
- 8 The Company executed limitation of liability contracts with Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, and Mr. Akira Ichikawa 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 (the "Limitation of Liability Contracts"). When they are reappointed to Outside Directors of the Company, the Company will continue the Limitation of Liability Contracts. In addition, if Ms. Yumiko Noda is appointed to Outside Director of the Company, the Company will execute a contract with her with the same content as the Limitation of Liability Contracts.
- 9 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. If each candidate is elected as a Director, he or she will be covered by the insurance contract, and the Company plans to renew the insurance contract with the same content during his or her term of office.

10 Mr. Hiroshi Niinuma is scheduled to become a Director of Sumitomo Pharma Co., Ltd. on the date of said company's Annual Shareholders' Meeting to be held in June 2024.

(Reference)

Expertise and experience of Directors and Corporate Auditors (to be complete after the close of the 143rd Ordinary General Meeting of Shareholders)

	Corporate Management	Business strategy/ Marketing	Technology/ Research	Global	ESG/ Sustainability	Finance/ Accounting	Human resources and labor	Legal/ Compliance/ Internal control	Knowledge of other specialized fields
Directors:									
Masakazu Tokura	○	○		○					
Keiichi Iwata	○	○		○					
Hiroshi Ueda		○	○						○ (IT/DX)
Hiroshi Niinuma					○		○	○	
Noriaki Takeshita		○		○		○			
Hiroshi Tomono	○		○		○				
Motoshige Itoh				○					○ (international economics) ○ (IT/DX)
Atsuko Muraki					○		○	○	
Akira Ichikawa	○			○	○				
Yumiko Noda	○			○		○			
Corporate Auditors:									
Kunio Nozaki				○		○			
Hironobu Nishi		○		○	○				
Mitsuhiro Aso				○	○			○	
Yoshitaka Kato				○		○		○	
Michio Yoneda	○				○				○ (financial markets)

* The above table shows up to three of the major areas of each person's expertise and experience with ○.

(Reference)

Criteria for Designation of Independent Directors & Auditors (Revised June 23, 2015)

1. These criteria set conditions for designation of the Company's Outside Directors & Auditors (meaning Outside Directors and Outside Corporate Auditors) as "Independent Directors & Auditors" defined in the listing rules of stock exchanges in Japan.
2. If none of the conditions given in (1) to (9) below applies, a person, in principle, shall be considered to have no material interest in the Company and may be designated as Independent Directors & Auditors.

The person

- (1) Is an executor of business, i.e. someone who executes business of the Company or a company of the Company's Group (a Director (other than Outside Director), an executive officer, or an employee (by whatever name, someone having an employment relationship with the Company or with the company of the Group)).
- (2) Is an executor of business who executes business of a major client or business partner of the Company. The "a major client or business partner" means any of the following.
 - (a) A vendor providing products or services to the Company, or a customer to which the Company is providing products or services, of which the total amount of such transactions in the fiscal year nearest to the time of intended designation as an Independent Directors & Auditors exceeds 2% of their total sales or exceeds 2% of the Company's nonconsolidated sales, respectively.
 - (b) A financial institution providing loans to the Company, of which the total amount of the loans at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the Company's total nonconsolidated borrowings; provided that, even if the amount does not exceed 2%, a financial institution indicated as a lender to the Company on annual securities reports, business reports or other public documents shall be considered "a major business partner."
- (3) A consultant, certified public accountant, attorney or other expert receiving remuneration from the Company in addition to the remuneration payable to the Company's Directors, Officers, Etc., of which the total amount of the remuneration paid, other than the remuneration payable to the Company's Directors, Officers, Etc., in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 10 million yen; provided that, even if the amount does not exceed 10 million yen, the person shall be considered a recipient of a substantial amount of remuneration if it exceeds 50% of that person's annual income.
- (4) A person who works for an organization that is a consulting firm, tax accounting firm, law office, other corporate body, partnership, etc., whose sales to the Company in the fiscal year nearest to the time of intended designation as Independent Directors & Auditors exceeds 2% of the organization's total sales or 10 million yen, whichever is larger.
- (5) A shareholder of the Company whose share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the shareholder entity.

- (6) Of the companies in which the Company holds shares, an entity in which the Company's share of voting rights at the end of the fiscal year nearest to the time of intended designation as Independent Directors & Auditors is 10% or more (a total of direct and indirect holdings) or an executor of business at the entity.
 - (7) A person who works for an auditing firm that conducts statutory audits of the Company.
 - (8) A person to whom (1) above was applicable in the past or to whom any of (2) to (7) above was applicable in the past one year or equivalent period.
 - (9) A spouse or a close relative (second-degree relative or closer) of a person to whom any of the following applies.
 - (a) A person listed in (1) to (7) above.
 - (b) A person who, in the past year or equivalent period, was an executor of business of the Company or a company of the Company's Group. If an outside Corporate Auditor is to be designated as Independent Directors & Auditors, a Director not executing business or an accounting advisor (including its employees who are to perform relevant specific duties if the accounting advisor is a body corporate).
 - (c) In (a) and (b) above, "an executor of business" shall mean a person executing an important business at a company or a business partner, i.e. a Director having business execution functions, an Executive Officer or an employee having a position of department manager, its equivalent or above, and shall not include persons below the position of department manager or its equivalent.
 - (d) The above (a) notwithstanding, a person who "works for an organization" in (4) above shall not include a person who is neither an executor of important business in the organization nor, if the organization is an auditing firm, law office or other organization specializing in accounting or law, etc., a person who has specialized qualifications, such as a certified public accountant and attorney.
 - (e) The above (a) notwithstanding, a person who "works for an auditing firm" in (7) above shall include neither a person who is not an executor of important business in the firm nor a person who does not have specialized qualifications, such as a certified public accountant.
3. Even where the conditions set forth in 2. above do not apply, if there are circumstances that, in the judgment of the Company, sufficiently indicates any of Outside Directors & Auditors being incapable of performing his or her duties as Independent Directors & Auditors, that particular Outside Directors & Auditors shall not be designated as Independent Directors & Auditors.
 4. With respect to an Outside Directors & Auditors whom the Company intends to designate as Independent Directors & Auditors in accordance with the foregoing, the Company shall, upon his or her written consent, designate that Outside Directors & Auditors as Independent Directors & Auditors, and shall make notification thereof to the stock exchanges on which the Company is listed. Prior to making the notification, the matter shall be reported to the Board of Directors and the Board of Corporate Auditors.

Business Report

(April 1, 2023 - March 31, 2024)

1. Overview of the Company Group

(1) Business Progress and Results

For FY2023, the global economy showed a gradual deceleration due to the negative impact of factors such as the continued monetary tightening policies in Europe and the US, and the prolonged economic stagnation in China. In the petrochemical and semiconductor sectors, the business environment remained difficult, with sluggish product market conditions and a delay in the full-scale recovery of demand. In addition, in Japan's economy, economic recovery came to a standstill against the backdrop of a decline in consumption due to inflation.

In addition to these circumstances, due to the impact of the loss of exclusivity for LATUDA® in the U.S. As a result, the Group's sales revenue decreased by ¥448.4 billion compared to FY2022, to ¥2,446.9 billion. In terms of profits and losses, core operating income* was a loss of ¥149.0 billion, operating income was a loss of ¥488.8 billion, and net income attributable to owners of the parent was a loss of ¥311.8 billion. Results in every category of income were much lower than FY2022. The Company's non-consolidated sales amounted to ¥809.6 billion, and net income was ¥8.7 billion.

Note: "Core operating income and loss" 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 regrettably decided to pay a year-end dividend of ¥3 per share in light of the poor operating results of FY2023 described above, as well as the continuously unpredictable business environment. As a result, the Company's annual dividend for FY2023 is ¥9 per share, including an interim dividend of ¥6 per share.

Financial Results by Business Segment

Essential Chemicals & Plastics

The market prices for synthetic resins, methyl methacrylate and various industrial chemicals stayed on a low level due to a decrease in raw material prices. Shipments decreased owing to lower demand for petrochemical products resulting from the global economic slowdown and the Company's exit from caprolactam business. As a result, sales revenue decreased by ¥78.9 billion from FY2022, to ¥774.0 billion. Core operating income posted a loss of ¥90.7 billion, lower by ¥56.5 billion from FY2022, due to the declined market prices and impact of lower shipment volumes, as well as a deterioration in the financial performance of Rabigh Refining and Petrochemical Company, an affiliated company accounted for by the equity-method.

Energy & Functional Materials

The market prices of aluminum and the battery metals for cathode materials remained at a low level. In addition, shipments were sluggish, particularly for products for automotive-related applications. As a result, sales revenue decreased by ¥42.2 billion from FY2022, to ¥300.3 billion. Core operating income was ¥7.8 billion, decreased by ¥7.4 billion from FY2022.

IT-related Chemicals

Shipments of display-related materials and processing materials for semiconductors, such as high-purity chemicals and photoresists, decreased as consumers' sentiment deteriorated in the face of inflation concerns. As a result, sales revenue decreased by ¥17.1 billion from FY2022, to ¥414.2 billion. Core operating income was ¥44.0 billion, decreased by ¥3.6 billion from FY2022.

Health & Crop Sciences

Sales of crop protection products decreased since a price spike of generic products tapered off and shipments decreased due to an increase of inventories in the market in South America. Moreover, the market price of methionine (feed additives) decreased from FY2022. As a result, sales revenue decreased by ¥52.4 billion from FY2022 to ¥546.0 billion. Core operating income was ¥30.9 billion, decreased by ¥26.4 billion from FY2022, because of deteriorated market conditions of methionine and the liquidation of crop protection products inventory in the midst of weaker demand in South America.

Pharmaceuticals

In North America, revenue showed a decrease owing to the impact of the loss of exclusivity for LATUDA® (atypical antipsychotic) in the U.S., despite an increase in sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis) and GEMTESA® (therapeutic agent for overactive bladder). In addition, there was a decrease in revenue due to the transfer of all shares of two consolidated subsidiaries within Japan. As a result, sales revenue decreased by ¥242.1 billion from FY2022, to ¥342.7 billion. Core operating income posted a loss of ¥133.0 billion, lower by ¥149.2 billion from FY2022, as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA® and the combination of group companies in North America, was outweighed by the decrease in gross profit on account of a revenue decline.

Others

In addition to the above five segments, the Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses decreased by ¥15.6 billion from FY2022, to ¥69.8 billion, and core operating income decreased by ¥2.3 billion from FY2022, to ¥8.1 billion.

Capital Expenditures

In the fiscal year under review, the Companies' capital expenditures totaled ¥158.4 billion, which includes investments for new installations and the expansion of manufacturing facilities as well as renovations and rationalization of existing facilities.

Major facilities completed in the fiscal year under review include the introduction of the Company's high-efficiency gas turbine as part of rationalization in the Essential Chemicals & Plastics Sector, the new installation of an overseas subsidiary's photoresist manufacturing facilities in the IT-related Chemicals Sector, and the new construction of the Company's manufacturing plant for nucleic acid drug in the Health & Crop Sciences Sector.

Major facilities under construction in the fiscal year under review include the following: the new installation of an overseas subsidiary's semiconductor process chemical plant in the IT-related Chemicals Sector; the new construction of the Company's manufacturing plant for small molecule drugs in the Health & Crop Sciences Sector; and the new construction of the Company's research sites as part of their reorganization in the Others Sector.

Financing

To respond to financing needs during the fiscal year under review, the Company raised

funds, primarily via borrowings from banks and the issue of corporate bonds. As a result, the balance of borrowings (including corporate bonds) increased by ¥102.1 billion from the previous fiscal year, to ¥1,563.5 billion.

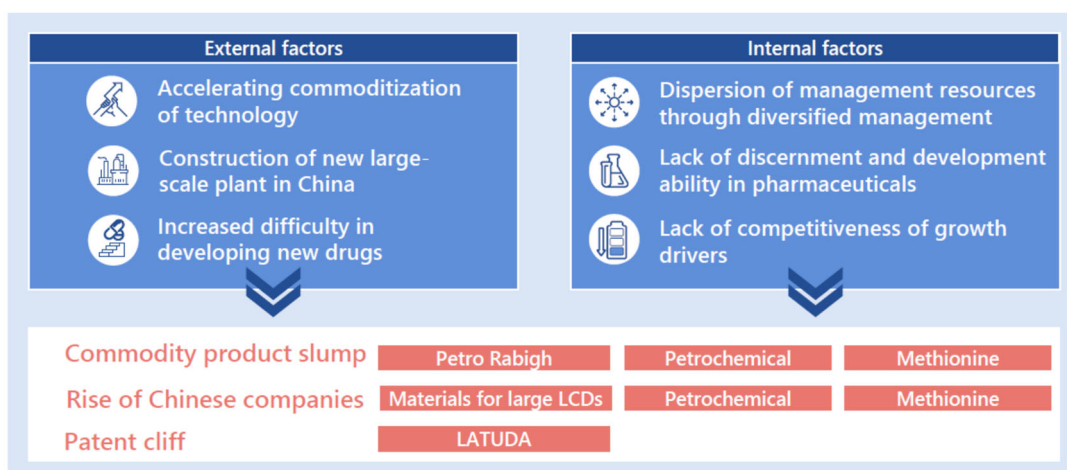
(2) Issues to be Addressed

Recognition of the Current Situation

Since the 2000s, we have promoted three core strategies: fundamentally strengthening the competitiveness of the petrochemical business, securing critical mass in the life sciences business, and developing new businesses centered on ICT, with the aim of strengthening our medium- to long-term earnings capacity. As a result, we have achieved a certain level of success in terms of global business development and specialization through the expansion of non-petrochemical businesses such as health & crop sciences and IT-related chemicals.

On the other hand, due to external factors such as the acceleration of the commoditization of technology and the construction of new large-scale plants in China and other countries, as well as internal factors such as the dispersion of management resources as the five business sectors aimed for their own growth and a lack of discernment and development capabilities in pharmaceuticals, the petrochemical business, including Petro Rabigh in particular, as well as Sumitomo Pharma Co., Ltd.'s business performance, were sluggish.





As a result, we recorded a final deficit of ¥311.8 billion in FY2023, the largest since our founding, and we recognize that our growth model based on our existing five business sectors has reached its limit.



Immediate-term, concentrated measures to improve business performance

In light of the current situation, we have been implementing immediate-term, concentrated measures to improve business performance since November of last year to increase the certainty of a V-shaped recovery in business performance in FY2024, and to strengthen our financial position in preparation for fundamental structural reforms that are being carried out alongside these measures.

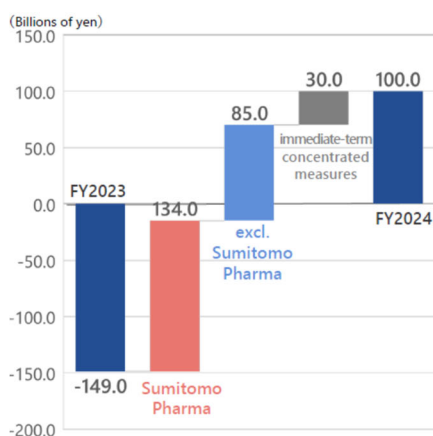
These improvement measures aimed to generate approximately ¥500.0 billion in cash by the end of FY2024 through business restructuring, inventory reduction, selective investment, asset sales, and the leverage of surplus funds, but seeing as progress has exceeded our initial expectations, we have added an additional ¥100.0 billion to the target, pushing it up to approximately ¥600.0 billion. In terms of business restructuring, we are proceeding with consecutive sales of non-core businesses from the perspective of finding the best owner, including the transfer of an LCD chemical business in China and a post-harvest business in the United States. Regarding inventory reduction, we reduced inventory by ¥75.0 billion, half of our target, by the end of FY2023. In terms of selective investment, we are expecting a cumulative reduction of ¥150.0 billion over the three years beginning from FY2022. Sales of cross-shareholdings are also progressing smoothly, with sales already exceeding the initial plan. Overall, we are currently certain that we will generate cash of approximately ¥400.0 billion.

Original targets		Current targets	
Cash generation (by the end of FY2024) About 500 bn. yen		▶ Revise upward to 600 bn. yen	
 Rebuild businesses	Cash generation: 120 bn. yen	▶ Cash generation: Raise to 150 bn. yen	
 Reduce inventories	Reduction of approx. 150 bn. yen vs. the end of FY2023 H1	▶ 75 bn. yen reduction as of the end. FY2023 Continue to target 150 bn. yen reduction by end of FY2024	
 More selective investments (cash basis)	100 bn. yen reduction vs. Plan (3-yr cum.)	▶ Achieve 150 bn. yen reduction through additional down-selection	
 Sell assets and leverage surplus funds	Sell shareholdings: 50 bn. yen Surplus funds: 70 bn. yen Sale of other assets: 30 bn. yen	▶ Raise to 60 bn. yen with additional dispositions ▶ Line of sight into achieving 70 bn. yen Look for incremental opportunities ▶ Add to 30 bn. yen with sale of wellness facilities	
Currently achieved about 400 bn. yen			

Performance Forecast for FY2024

Regarding our business performance for FY2024, we expect a V-shaped recovery and profitable core operating income of ¥100.0 billion and net income attributable to owners of the parent of ¥20.0 billion. In terms of core operating income and loss, this is a significant improvement of ¥249.0 billion year on year, and regarding Sumitomo Pharma Co., Ltd., which will account for more than half of this, we are expecting a total improvement of ¥134.0 billion mainly due to cost reduction effects of approximately ¥110.0 billion through cost curtailment, narrowing down of clinical trial costs, personnel reductions, etc., as well as maximized sales expansion of three key products. Aside from Sumitomo Pharma Co., Ltd., we expect an improvement of ¥66.0 billion due to the effects of anticipatory investments in crop protection products and semiconductor materials, business restructuring, and already implemented measures, including the effects of impairment losses. Moreover, we expect an improvement of ¥19.0 billion due to improvements in the external environment, including a recovery in the petrochemical market, as well as an improvement of ¥30.0 billion due to the contribution of immediate-term, concentrated measures to improve business performance.

(Billions of yen)		
Item	FY2023 results	FY2024 forecast
Sales revenue	2,446.9	2,670.0
Core operating income	(149.0)	100.0
Net income attributable to owners of the parent	(311.8)	20.0
ROE	(29.2)%	2.1%
ROI	(16.1)%	0.9%



Sumitomo Pharma: +134.0 bn. yen
✓ Thorough cost reduction and expand sales of 3 key products
excl. Sumitomo Pharma: +85.0 bn. yen
⟨Effects of implemented projects⟩: Total +66.0 bn. yen ✓ Contribution to existing investment effects/Sales expansion : +33.0 bn. yen ✓ Cost reduction/rationalization : +33.0 bn. yen ⟨Effects of business environment improvement, etc.⟩: +19.0 bn. yen
Immediate-term concentrated measures: +30.0 bn
✓ Contribution of immediate-term, concentrated measures to improve business performance

Fundamental Structural Reforms

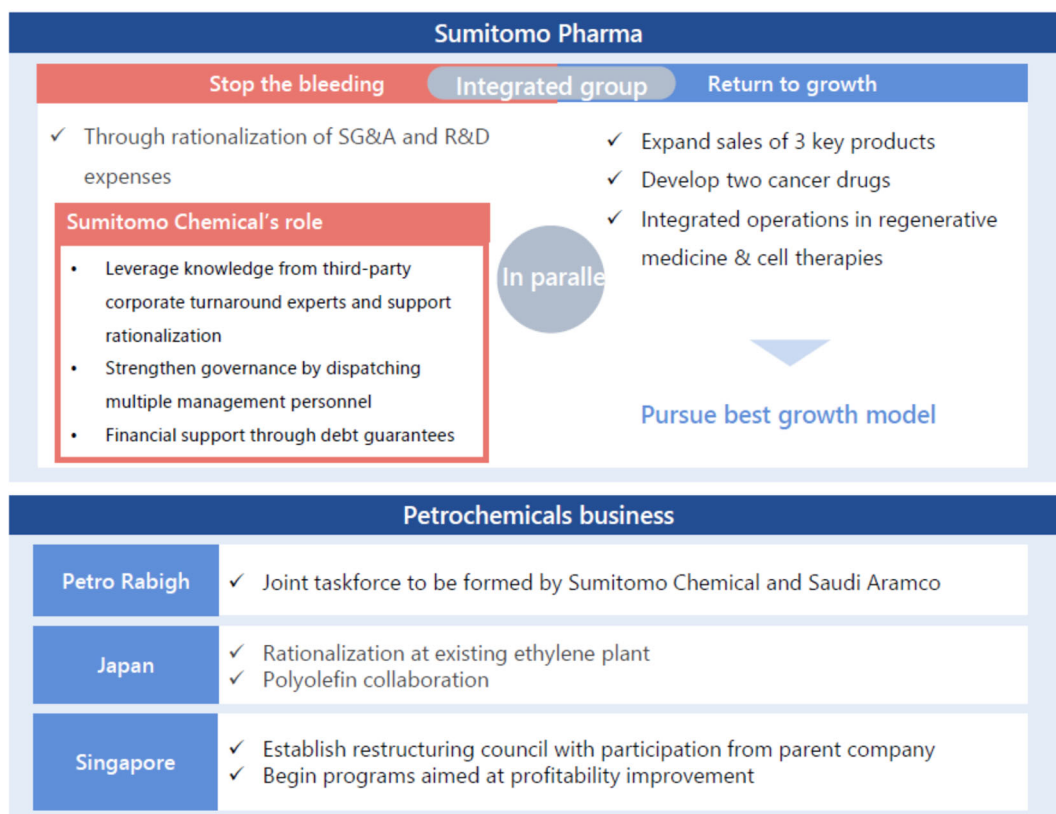
In order to achieve sustainable growth after a V-shaped recovery in FY2024, we need to come up with fundamental solutions to the structural management issues faced by the Company. Under the name of “Fundamental Structural Reforms,” we are working on a “Revival Strategy” that aims to rebuild existing businesses and a “Growth Strategy” that aims to establish a new long-term growth model and develop new growth drivers.

<Fundamental Structural Reforms (Revival Strategy)>

The Revival Strategy involves the following measures.

Sumitomo Pharma Co., Ltd.’s top priority is to curtail losses and narrow down the cost structure to one that suits its needs by thoroughly rationalizing selling, general and administrative expenses and research and development expenses. In addition, the Company will take more extensive measures than ever before, including hiring external experts in corporate revitalization, strengthening governance by dispatching multiple management human resources, and providing debt guarantees to Sumitomo Pharma Co., Ltd. We are also aiming to get business performance back on track by expanding sales of three key products, accelerating the development of two cancer drugs, establishing a new company for regenerative medicine & cell therapies, and integrating management within the Group. We will pursue all options to build a sustainable growth model.

Regarding Petro Rabigh, the Company and Saudi Aramco have formed a “joint task force” and both companies have agreed to work intensively in the short-term to resolve urgent issues, including the strengthening of earnings capacity. In the domestic Essential Chemicals business, we will work on business restructuring to ensure survival, including rationalizing ethylene plants and collaborating with companies involved in polyolefins.

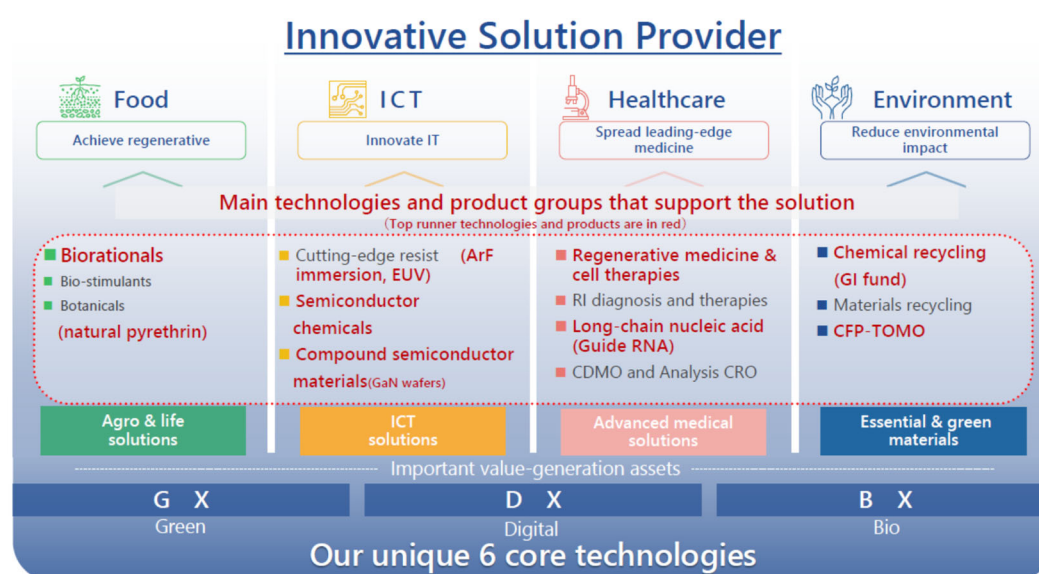


<Fundamental Structural Reforms (Growth Strategy)>

Since our founding, we have achieved growth and contributed to society based on the Sumitomo business concept 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). Even when it comes to the fundamental structural reforms currently underway, we are formulating our policies based on this idea.

As part of our policy for fundamental structural reforms (Growth Strategy), we have defined our long-term corporate vision as becoming an “Innovative Solution Provider,” and have expressed our determination to provide solutions to the issues faced by society through our innovative products and technologies.

To achieve this, we reorganized our current five business sectors into four in October of this year, and decided to address the four social issues of food, ICT, healthcare, and environment in each business area. We provide solutions to society using the various leading technologies and product groups that we have cultivated over the years, and going forward, we aim to continue to be a company with a strong global presence by leveraging important assets focused on GX, DX, and BX, and continuously creating innovative solutions.



<Positioning for New Business Area in the Growth Strategy>

In each of the four new business areas, we will clarify our strategic position and develop a well-balanced portfolio strategy.

Agriculture and ICT-related “Agro & life solutions” and “ICT solutions” have been designated as core growth drivers, and by focusing management resources on them, we aim to achieve core operating income of ¥100.0 billion in each area by 2030.

On the other hand, concerning “Advanced medical solutions,” which handles the new growth areas of leading-edge medicine business and CDMO business, and “Essential & green materials,” which is shifting focus from conventional petrochemicals to value creation centered on environmental impact reduction technologies, we aim to achieve combined core operating income of ¥100.0 billion by 2035.

<Summary>

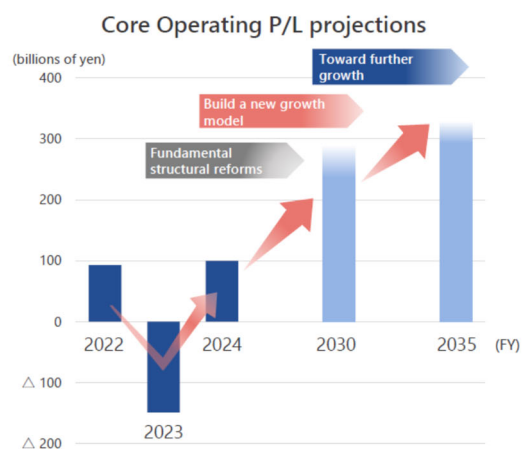
Looking ahead, our biggest management challenge is to first achieve a V-shaped recovery in business performance in FY2024. As we do this, we will also return to a growth trajectory by pursuing fundamental structural reforms, including the thorough streamlining of Sumitomo Pharma Co., Ltd. and the repositioning of Petro Rabigh.

Following this, we will strengthen our financial position, concentrate management resources on agriculture-related and ICT-related areas, and build a new growth model by

2030. Then, we will aim to achieve further growth through measures such as social implementation of environmental impact reduction technologies and full-scale development of regenerative medicine & cell therapies businesses.

Long-term targets

Financial KPI targets				
	ROE 10% or higher	ROI 7% or higher	D/E ratio approx. 0.7 times	Dividend payout ratio approx. 30%
New business sector		ROI target	Core operating income target	
Growth drivers	Agro & life solutions	11% or higher	100 bn. yen (FY2030)	
	ICT solutions		100 bn. yen (FY2030)	
New growth areas	Advanced medical solution	7% or higher	100 bn. yen (FY2035)	
Core domains	Essential & green materials	4% or higher		



(3) Assets and Income

1) Trends in assets and income of the Group

Item	The 140th term (April 1, 2020 to March 31, 2021)	The 141st term (April 1, 2021 to March 31, 2022)	The 142nd term (April 1, 2022 to March 31, 2023)	The 143rd term (April 1, 2023 to March 31, 2024)
IFRS				
Sales revenue (Billions of yen)	2,287.0	2,765.3	2,895.3	2,446.9
Core operating income (Billions of yen)	147.6	234.8	92.8	(149.0)
Net income attributable to owners of the parent (Billions of yen)	46.0	162.1	7.0	(311.8)
Basic earnings per share	28.16 yen	99.16 yen	4.27 yen	(190.69) yen
ROE	4.7%	14.5%	0.6%	(29.2)%
Equity attributable to owners of the parent (Billions of yen)	1,019.2	1,218.1	1,171.2	965.8
Total equity (Billions of yen)	1,482.1	1,702.0	1,489.2	1,164.4
Total assets (Billions of yen)	3,990.3	4,308.2	4,165.5	3,934.8

2) Trends in assets and income of the Company

Item	The 140th term (April 1, 2020 to March 31, 2021)	The 141st term (April 1, 2021 to March 31, 2022)	The 142nd term (April 1, 2022 to March 31, 2023)	The 143rd term (April 1, 2023 to March 31, 2024)
Japanese GAAP				
Net sales (Billions of yen)	646.0	797.4	894.4	809.6
Ordinary income (Billions of yen)	38.1	68.5	69.5	53.4
Net income (Billions of yen)	41.7	61.7	50.4	8.7
Net income per share	25.52 yen	37.76 yen	30.85 yen	5.32 yen
Net assets (Billions of yen)	346.2	368.8	378.0	370.4
Total assets (Billions of yen)	1,729.7	1,740.1	1,772.9	1,899.6

(4) Principal Businesses (as of March 31, 2024)

Business sector	Major products and businesses
Essential Chemicals & Plastics	Synthetic resins, raw materials for synthetic fibers, various industrial chemicals, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina, aluminum, specialty chemicals, additives, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, semiconductor processing materials, compound semiconductor materials, touch screen sensor panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household insecticides, products for control of infectious diseases, feed additives, active pharmaceutical ingredients and intermediates, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

NOTE: Aside from the above, as “Others”, the Group supplies electric power and steam, designs chemical plants/supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis/environmental analysis, etc.

(5) Principal Business Locations (as of March 31, 2024)

1) The Company

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

- NOTES: 1 Oita Works includes Okayama Plant and Gifu Plant.
2 Research laboratories are shown as corporate research facilities. There also exist business sector research laboratories, such as the Health & Crop Sciences Research Laboratory (Hyogo).

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. Valent North America LLC Valent BioSciences 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 XUYOU Electronic Materials (Wuxi) Co., Ltd. Sumika Electronic Materials (Wuxi) Co., Ltd.

(6) Status of material subsidiaries (as of March 31, 2024)

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, feed additives and household insecticides and manufacture of crop protection chemicals
Sumitomo Chemical America, Inc.	USD 663,092 thousand	100.00	Investment in related companies in the United States and sale of chemical products
Valent North America LLC	USD 382,574 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
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 290,499 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	51.78	Manufacture and sale of pharmaceuticals
Sumitomo Pharma America, Inc.	USD 1,710,032 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Sumitomo Pharma UK Holdings, Ltd.	USD 2,785,182 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development and managing outsourced production of pharmaceuticals
Sumitomo Pharma Switzerland GmbH	USD 1,015,312 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
XUYOU Electronic Materials (Wuxi) Co., Ltd.	RMB 1,115,757 thousand	100.00 (55.00)	Manufacture and sale of optical functional films

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumika Electronic Materials (Wuxi) Co., Ltd.	RMB 1,276,517 thousand	100.00 (10.00)	Processing and sale of optical functional films
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
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 and feed additives
Tanaka Chemical Corporation	JPY 9,155 million	50.46	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, feed additives and household insecticides and manufacture of crop protection chemicals
Koei Chemical Co., Ltd.	JPY 2,343 million	55.90 (0.25)	Manufacture and sale of pharmaceutical and crop protection related chemicals and functional chemicals, etc.
Taoka Chemical Co., Ltd.	JPY 1,572 million	50.61 (0.29)	Manufacture and sale of fine chemicals, functional materials, resin additives, etc.

Sumitomo Pharma America Holdings, Inc., Sumitomo Pharma Oncology, Inc., Sumitovant Biopharma Inc., Myovant Sciences Ltd., Myovant Sciences, Inc., Myovant Sciences LLC, Urovant Sciences LLC, Enzyvant Therapeutics GmbH, and Altavant Sciences GmbH, which were listed in the previous fiscal year, have ceased to exist due to the reorganization of Sumitomo Pharma's subsidiaries in the United States and Europe during the fiscal year under review.

Spirovant Sciences LLC (formerly Spirovant Sciences Inc.), which was listed in the previous fiscal year, has been removed from material subsidiaries as all the equities of the company were transferred in March 2024.

Myovant Holdings Limited, which was listed in the previous fiscal year, has been removed from material subsidiaries as its importance has decreased.

- 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., Valent North America LLC, Valent BioSciences LLC, CDT Holdings Limited, Cambridge Display Technology Limited, Sumika Semiconductor Materials Texas Inc., Sumitomo Pharma America, Inc., Sumitomo Pharma UK Holdings, Ltd., Sumitomo Pharma Switzerland GmbH, and Urovant Sciences GmbH are shown as paid-in capital.
- 3 Sunovion Pharmaceuticals Inc. changed its trade name to Sumitomo Pharma America,

Inc., Sumitovant Biopharma Ltd. changed its trade name to Sumitomo Pharma UK Holdings, Ltd., and Myovant Sciences GmbH changed its trade name to Sumitomo Pharma Switzerland GmbH.

(7) Employees (as of March 31, 2024)

1) Employees of the Group

Business category	Number of employees (Persons)	Notes
Essential Chemicals & Plastics	4,068	
Energy & Functional Materials	3,025	
IT-related Chemicals	7,437	
Health & Crop Sciences	7,899	
Pharmaceuticals	5,727	
Others	2,651	
Companywide shared	1,354	
Total	32,161	The number of employees decreased by 1,411 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	
6,706	41.6	15.7	The number of employees increased by 69 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, 2024)

Source of borrowing	Amount of borrowing (Balance) (Billions of yen)
Sumitomo Mitsui Banking Corporation	201.8
Sumitomo Mitsui Trust Bank, Limited	88.3
Development Bank of Japan Inc.	74.1
The Norinchukin Bank	63.8
MUFG Bank, Ltd.	40.6

NOTES: 1 The amount of borrowing listed above includes loans from overseas subsidiaries of the sources.

2 Aside from the above, there are 232.4 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, 2024)

- (1) **Total number of shares authorized to be issued** 5,000,000,000 shares
- Total number of shares outstanding** 1,656,449,145 shares
(including 20,500,922 shares of the Company's treasury shares)
- (2) **Number of shareholders** 277,733 persons
- (3) **Major shareholders**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	231,385	14.14
Custody Bank of Japan, Ltd. (Trust account)	98,584	6.02
Sumitomo Life Insurance Company	71,000	4.33
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	48,205	2.94
Nippon Life Insurance Company	41,031	2.50
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	1.77
Sumitomo Chemical Employee Stock Ownership Plan	28,516	1.74
Custody Bank of Japan, Ltd. (Trust account 4)	27,801	1.69
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	23,619	1.44
Sumitomo Mitsui Banking Corporation	23,073	1.41

NOTE: The Company's treasury shares (20,500,922 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 Outside Directors)	296,600 shares	8
Executive Officers (excluding non-residents of Japan)	292,338 shares	26

3. Company Officers

(1) Directors and Corporate Auditors (as of March 31, 2024)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	Chairman of KEIDANREN (Japan Business Federation)
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Masaki Matsui	Supervision of IT-related Chemicals Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Nobuaki Mito	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Motoyuki Sakai	Supervision of Energy & Functional Materials Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Seiji Takeuchi	Supervision of Essential Chemicals & Plastics Sector, Business Development for a Circular System for Plastics Director of Rabigh Refining and Petrochemical Company
Director (Concurrently serving as Executive Vice President)	Hiroshi Ueda	Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Concurrently serving as Executive Vice President)	Hiroshi Niinuma	Supervision of General Affairs, External Relations, Legal, Human Resources, Osaka Office Administration
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Senior Adviser of NIPPON STEEL CORPORATION Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated

Position	Name	Areas of responsibility and significant concurrent positions
Director (Outside Director, Independent Officer)	Motoshige Itoh	Outside Director of East Japan Railway Company 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	
Director (Outside Director, Independent Officer)	Akira Ichikawa	Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd. Outside Director of Konica Minolta, Inc.
Standing Corporate Auditor	Kunio Nozaki	
Standing Corporate Auditor	Hironobu Nishi	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney External Director of Sumitomo Mitsui Trust Holdings, Inc.
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Sumitomo Corporation
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Michio Yoneda	Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Toyo Tire Corporation

- NOTES: 1 Of the Directors, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, and Mr. Akira Ichikawa are Outside Directors.
- 2 Of the Corporate Auditors, Mr. Mitsuhiro Aso, Mr. Yoshitaka Kato, and Mr. Michio Yoneda are Outside Corporate Auditors.
- 3 The Company has designated Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, Mr. Akira Ichikawa, Mr. Mitsuhiro Aso, Mr. Yoshitaka Kato, and Mr. Michio Yoneda as Independent Directors / Auditors pursuant to the regulations of the Tokyo Stock Exchange, Inc. and has made notification to said Exchange.
- 4 Corporate Auditor Mr. Yoshitaka Kato is qualified as a certified public accountant, and has a significant amount of knowledge regarding finance and accounting.
- 5 There are no special interests between the Company and the companies where Outside Directors and Outside Corporate Auditors hold significant concurrent positions.

6 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
Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Corporate Planning, IT Innovation Deputy Chairman of Rabigh Refining and Petrochemical Company
Director	Kingo Akahori	
Corporate Auditor	Hiroaki Yoshida	

(Retired on June 21, 2023 because of the expiration of the term of office.)

7 Positions, areas of responsibility and significant concurrent positions for Directors and Corporate Auditors as of April 1, 2024 are as follows.

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	Chairman of KEIDANREN (Japan Business Federation)
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Masaki Matsui	Supervision of IT-related Chemicals Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Nobuaki Mito	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Motoyuki Sakai	Supervision of Energy & Functional Materials Sector
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Seiji Takeuchi	Supervision of Essential Chemicals & Plastics Sector, Business Development for Circular Carbon Economy Director of Rabigh Refining and Petrochemical Company

Position	Name	Areas of responsibility and significant concurrent positions
Director (Concurrently serving as Executive Vice President)	Hiroshi Ueda	Supervision of Research Planning and Coordination, Digital and Data Science Innovation, Process & Production Technology & Safety Planning, Production & Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Concurrently serving as Executive Vice President)	Hiroshi Niinuma	Supervision of General Affairs, External Relations, Legal, Sustainability, Human Resources, Osaka Office Administration
Director (Outside Director, Independent Officer)	Hiroshi Tomono	Senior Adviser of NIPPON STEEL CORPORATION Outside Director of Japan Nuclear Fuel Limited Outside Director of The Kansai Electric Power Company, Incorporated
Director (Outside Director, Independent Officer)	Motoshige Itoh	Outside Director of East Japan Railway Company Outside Director of Shizuoka Financial Group, Inc. Outside Director of JX Nippon Mining & Metals Corporation Outside Director of Haboromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	
Director (Outside Director, Independent Officer)	Akira Ichikawa	Representative Director, Chairman of the Board of Sumitomo Forestry Co., Ltd. Outside Director of Konica Minolta, Inc.
Standing Corporate Auditor	Kunio Nozaki	
Standing Corporate Auditor	Hironobu Nishi	
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Mitsuhiro Aso	Attorney External Director of Sumitomo Mitsui Trust Holdings, Inc.
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Yoshitaka Kato	Certified Public Accountant Outside Corporate Auditor of Sumitomo Corporation

Position	Name	Areas of responsibility and significant concurrent positions
Corporate Auditor (Outside Corporate Auditor, Independent Officer)	Michio Yoneda	Outside Director of Asahi Broadcasting Group Holdings Corporation Outside Director of Toyo Tire Corporation

(2) Compensation to Directors and Corporate Auditors

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

(A) Basic policy for remunerations of Directors, etc.

- i. The remuneration of senior management and Directors (excluding Outside Directors) shall consist of Basic Compensation as fixed compensation and Bonuses and Stock Compensation as variable compensation. In addition, the remuneration of Outside Directors shall consist of Basic Compensation and Bonuses.
- 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 shall largely reflect the Company's consolidated financial results for a fiscal year in order to heighten short-term incentive to achieve the annual target of the business plans.
- 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. When the consolidated performance target (core operating income) for the original final fiscal year of the Corporate Business Plan (FY2022-2024) is achieved, the remuneration of Directors (excluding Outside Directors) shall be designed so that the ratio of fixed compensation to variable compensation is approximately 1 to 1 and the ratio of short-term incentives (Bonuses) to medium- to long-term incentives (Stock Compensation) in variable compensation is approximately 7 to 3.

(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: in terms of "growth," sales revenue, total assets and market capitalization; in terms of "earnings capacity," net income (attributable to the parent company), ROE, ROI and D/E ratio; and 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.

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 to the performance indicator concerning the bonus calculation formula. In addition, the Company will set the coefficient of the calculation formula so that it will get larger as the position of a person gets higher.

<Bonus calculation formula>

$$\boxed{\text{Consolidated performance indicator (core operating income + financial profit and loss)}} \times \boxed{\text{Coefficient}}$$

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 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, a) 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, or b) 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 after the end of his or her term of office, but before the end of the transfer restriction period for any reason other than justifiable cause, 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 remunerations of Directors, etc.

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

The remuneration amount of Directors shall be set at a level not higher than the upper limit of a total remuneration prescribed by the resolution of the 125th Ordinary General Meeting of Shareholders held on June 23, 2006 (i.e., 1.0 billion yen or less per year). Furthermore, the amount of remuneration to be paid to Directors (excluding Outside Directors) for granting restricted stock shall be determined within the upper limit of 400 million yen per year set by the resolution of the 141st Ordinary General Meeting of Shareholders held on June 23, 2022.

The Board of Directors shall deliberate on and decide the method of determining remunerations of Directors, etc., based on the advice from the Remuneration Advisory Committee. Furthermore, the individual remuneration of senior management and Directors 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

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:

Masakazu Tokura (Representative Director, Chairman)
 Keiichi Iwata (Representative Director, President)
 Hiroshi Tomono (Outside Director)
 Motoshige Itoh (Outside Director)
 Atsuko Muraki (Outside Director)
 Akira Ichikawa (Outside Director)

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 (Of which, Outside Directors)	14 persons (4 persons)	634 million yen (60 million yen)	505 million yen (60 million yen)	-	129 million yen (-)
Corporate Auditors (Of which, Outside Corporate Auditors)	6 persons (3 persons)	122 million yen (43 million yen)	122 million yen (43 million yen)	-	-
Total	20 persons	756 million yen	627 million yen	-	129 million yen

- NOTES:
- The above number of persons and amount of compensation includes two Directors and one Corporate Auditor who retired during the fiscal year under review.
 - Due to a resolution by an Ordinary General Meeting of Shareholders, the total amount of monetary compensation for Directors is 1.0 billion yen or less per annum, and the total amount of monetary compensation for Corporate Auditors is 150.00 million yen or less per annum (resolved at the 125th Ordinary General Meeting of Shareholders held on June 23, 2006). The numbers of Directors and Corporate Auditors as of the close of the 125th Ordinary General Meeting of Shareholders are ten and five, respectively. In addition, the total amount of compensation paid to grant restricted stock separately from the above monetary compensation is 400 million yen or less per annum (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 is eight.
 - Bonuses (performance-linked remuneration) will not be paid in light of business performance for the period.
 - Stock Compensation (non-monetary remuneration) shows the amount charged in the fiscal year under review as restricted stock compensation.
 - In light of poor business performance, the Representative Director, Chairman and Representative Director, President voluntarily returned 10% of their monthly basic compensation from November 2023 to April 2024. From May 2024 to September 2024, the monthly basic compensation of the Representative Director, Chairman and Representative Director, President will be reduced by 20%, and the monthly basic compensation of other Directors (including Outside Directors) and Executive Officers will be reduced by 5 to 10%.

(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, Corporate Auditors, 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, 2024)

Position	Name	Areas of responsibility
Senior Managing Executive Officer	Noriaki Takeshita	Supervision of Corporate Planning, IT Innovation, General Manager of Corporate Planning Office
Managing Executive Officer	Naoyuki Inoue	Engaged in Sumitomo Chemical Asia Pte Ltd
Managing Executive Officer	Keigo Sasaki	Supervision of Corporate Communications, Accounting, Finance
Managing Executive Officer	Kenji Ohno	Supervision of Internal Control and Audit, Procurement, Logistics, In charge of Legal Dept.
Managing Executive Officer	Takanari Yamaguchi	In charge of Research Planning & Coordination Dept., Digital and Data Science Innovation Dept., Intellectual Property Dept., Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Managing Executive Officer	Hirokazu Murata	In charge of Ehime Works, General Manager of Ehime Works
Managing Executive Officer	Koichi Ogino	In charge of Process & Production Technology & Safety Planning Dept., Production & Safety Fundamental Technology Center, Engineering Dept., Responsible Care Dept.
Managing Executive Officer	Juan Ferreira	In charge of AgroSolutions Div. – International

Position	Name	Areas of responsibility
Managing Executive Officer	Shinsuke Shojima	In charge of AgroSolutions Div. – International, Environmental Health Div., Animal Nutrition Div.
Managing Executive Officer	Akira Nakanishi	In charge of Planning & Coordination Office, IT-related Chemicals Sector, Quality Assurance Office, IT-related Chemicals Sector
Managing Executive Officer	Masao Shimizu	In charge of Human Resources Dept., Osaka Office Administration Dept.
Managing Executive Officer	Hiroaki Fujimoto	In charge of AgroSolutions Div.- Japan
Managing Executive Officer	Kanako Fukuda	In charge of Sustainability Dept., General Manager of Sustainability Dept.
Managing Executive Officer	Hiroyoshi Mukai	In charge of Planning & Coordination Office, Energy & Functional Materials Sector, General Manager of Planning & Coordination Office, Energy & Functional Materials Sector
Managing Executive Officer	Satoshi Honda	In charge of Electronic Materials Div., SCIOCS Div., Ibaraki Works
Executive Officer	Yoshihiro Ino	In charge of IT Innovation Dept., Digital and Data Science Innovation Dept.
Executive Officer	Tetsuo Takahashi	In charge of Planning & Coordination Office, Essential Chemicals & Plastics Sector, Essential Materials Div.
Executive Officer	Tomoyuki Hirayama	In charge of General Affairs Dept., External Relations Dept., General Manager of External Relations Dept.
Executive Officer	Takeo Kitayama	In charge of Business Development Office for Circular Carbon Economy, Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div., MMA Div.
Executive Officer	Noriaki Oku	In charge of Chiba Works, General Manager of Chiba Works
Executive Officer	Junpei Tsuji	In charge of Research Planning & Coordination Office
Executive Officer	Toshihiro Yamauchi	In charge of Accounting Dept., General Manager of Accounting Dept.

Position	Name	Areas of responsibility
Executive Officer	Kyoko Odawara	In charge of Environmental Health Science Laboratory, Research Director of Environmental Health Science Laboratory
Executive Officer	Shinichi Takemura	In charge of Optical Materials Div., IT-related Chemicals Research Laboratory
Executive Officer	Tadashi Katayama	In charge of AgroSolutions Div. – International, General Manager of AgroSolutions Div. – International
Executive Officer	Sawa Matsubara	In charge of Finance Dept.
Executive Officer	Masao Inoue	In charge of AgroSolutions Div. - Japan, Pharma Solutions Div., General Manager of AgroSolutions Div. - Japan
Executive Officer	Jongchan Lee	Engaged in Dongwoo Fine-Chem
Executive Officer	Kazunori Itabashi	In charge of Planning & Coordination Office, Health & Crop Sciences Sector, General Manager of Planning & Coordination Office, Health & Crop Sciences Sector
Executive Officer	Yuji Kato	In charge of Corporate Planning Office (Business Development), 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)

4. Outside Officers

(1) Main activities during the fiscal year under review

Title	Name	Main activities
Outside Director	Hiroshi Tomono	Mr. Hiroshi Tomono is expected to mainly oversee management and provide advice from an experienced management perspective. He attended 12 out of 13 Board of Directors meeting held during the fiscal year under review and actively made statements from such perspective. Specifically, he provided advice by making use of his technical expertise and provided oversight based on an extensive view on overall management, regarding agenda items such as business structure reforms, important investments, business strategies for core businesses, 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.
	Motoshige Itoh	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 13 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.
	Atsuko Muraki	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 13 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 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.

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 13 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.
Outside Corporate Auditor	Mitsuhiro Aso	Mr. Mitsuhiro Aso 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 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, 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.
	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 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, 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.

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 13 Board of Directors meetings and all 14 Board of Corporate Auditors meetings held during the fiscal year under review, and actively expressed opinions from such perspective. Furthermore, in coordination with other Corporate Auditors, 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.

(2) Summary of the limitation of liability contracts

The Company has concluded limitation of liability contracts with each Outside Officer 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 Outside Officers were 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	143rd term (As of March 31, 2024)	(Reference) 142nd term (As of March 31, 2023)	Liabilities	143rd term (As of March 31, 2024)	(Reference) 142nd term (As of March 31, 2023)
Current assets:	1,675,882	1,762,884	Current liabilities:	1,443,487	1,278,367
Cash and cash equivalents	217,449	305,844	Bonds and borrowings	585,905	396,903
Trade and other receivables	620,022	603,161	Trade and other payables	543,384	515,865
Other financial assets	31,338	31,237	Other financial liabilities	77,610	74,931
Inventories	709,637	744,474	Income taxes payable	8,545	31,772
Other current assets	79,077	70,670	Provisions	90,919	129,030
Subtotal	1,657,523	1,755,386	Other current liabilities	129,087	128,060
Assets held for sale	18,359	7,498	Subtotal	1,435,450	1,276,561
Non-current assets:	2,258,936	2,402,619	Liabilities directly associated with assets held for sale	8,037	1,806
Property, plant and equipment	796,526	829,355	Non-current Liabilities:	1,326,965	1,397,947
Goodwill	263,757	266,868	Bonds and borrowings	977,581	1,064,463
Intangible assets	272,921	403,996	Other financial liabilities	100,144	98,594
Investments accounted for using equity method	319,988	402,980	Retirement benefit liabilities	30,589	26,427
Other financial assets	412,747	313,115	Provisions	46,059	38,443
Retirement benefit asset	110,390	99,253	Deferred tax liabilities	121,146	101,164
Deferred tax assets	37,070	39,492	Other non-current liabilities	51,446	68,856
Other non-current assets	45,537	47,560	Total liabilities	2,770,452	2,676,314
			Equity		
			Equity attributable to owners of the parent:	965,753	1,171,192
			Share capital	89,938	89,810
			Capital surplus	237	-
			Retained earnings	578,175	891,552
			Treasury shares	(8,355)	(8,349)
			Other components of equity	304,033	197,830
			Other comprehensive income associated with assets held for sale	1,725	349
			Non-controlling interests	198,613	317,997
Total assets	3,934,818	4,165,503	Total equity	1,164,366	1,489,189
			Total liabilities and equity	3,934,818	4,165,503

Consolidated Statement of Profit or Loss

		(Millions of Yen)
	143rd term (April 1, 2023 to March 31, 2024)	(Reference) 142nd term (April 1, 2022 to March 31, 2023)
Sales revenue	2,446,893	2,895,283
Cost of sales	(1,947,198)	(2,074,357)
Gross profit	499,695	820,926
Selling, general and administrative expenses	(887,124)	(878,261)
Other operating income	27,935	69,227
Other operating expenses	(71,934)	(36,079)
Share of profit (loss) of investments accounted for using the equity method	(57,398)	(6,797)
Operating income (loss)	(488,826)	(30,984)
Finance income	72,997	70,836
Finance expenses	(46,963)	(39,621)
Income before taxes (loss)	(462,792)	231
Income tax expenses	(2,657)	(47,096)
Net income (loss)	(465,449)	(46,865)
Net income (loss) attributable to:		
Owners of the parent	(311,838)	6,987
Non-controlling interests	(153,611)	(53,852)
Net income (loss)	(465,449)	(46,865)

Consolidated Statement of Changes in Equity

(From April 1, 2023 to March 31, 2024)

(Millions of Yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2023	89,810	—	891,552	(8,349)
Net income (loss)	—	—	(311,838)	—
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	(311,838)	—
Issuance of new shares	128	128	—	—
Purchase of treasury shares	—	—	—	(5)
Disposal of treasury shares	—	0	—	0
Dividends	—	—	(19,628)	—
Changes due to new consolidation	—	—	—	—
Loss of control of subsidiaries	—	—	(290)	—
Transactions with non-controlling interests	—	109	—	—
Transfer from other components of equity to retained earnings	—	—	18,453	—
Other changes	—	—	(74)	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—
Total transactions with owners	128	237	(1,539)	(5)
Balance at March 31, 2024	89,938	237	578,175	(8,355)

	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, 2023	81,869	—	(539)	116,500	197,830	349	1,171,192	
Net income (loss)	—	—	—	—	—	—	(311,838)	
Other comprehensive income	24,972	(4,940)	858	103,568	124,458	—	124,458	
Total comprehensive income	24,972	(4,940)	858	103,568	124,458	—	(187,380)	
Issuance of new shares	—	—	—	—	—	—	256	
Purchase of treasury shares	—	—	—	—	—	—	(5)	
Disposal of treasury shares	—	—	—	—	—	—	0	
Dividends	—	—	—	—	—	—	(19,628)	
Changes due to new consolidation	—	—	—	—	—	—	—	
Loss of control of subsidiaries	—	—	—	1,923	1,923	(349)	1,284	
Transactions with non-controlling interests	—	—	—	—	—	—	109	
Transfer from other components of equity to retained earnings	(23,393)	4,940	—	—	(18,453)	—	—	
Other changes	—	—	—	—	—	—	(74)	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	(1,725)	(1,725)	1,725	—	
Total transactions with owners	(23,393)	4,940	—	198	(18,255)	1,376	(18,058)	
Balance at March 31, 2024	83,448	—	319	220,266	304,033	1,725	965,753	

	Non-controlling interests	Total equity
Balance at April 1, 2023	317,997	1,489,189
Net income (loss)	(153,611)	(465,449)
Other comprehensive income	38,988	163,446
Total comprehensive income	(114,623)	(302,003)
Issuance of new shares	—	256
Purchase of treasury shares	—	(5)
Disposal of treasury shares	—	0
Dividends	(5,954)	(25,582)
Changes due to new consolidation	54	54
Loss of control of subsidiaries	—	1,284
Transactions with non-controlling interests	1,139	1,248
Transfer from other components of equity to retained earnings	—	—
Other changes	—	(74)
Transfer to other comprehensive income associated with assets held for sale	—	—
Total transactions with owners	(4,761)	(22,819)
Balance at March 31, 2024	198,613	1,164,366

Non-consolidated Financial Statements

<u>Non-consolidated Balance Sheet</u>			(Millions of Yen)		
Assets	143rd term (As of March 31, 2024)	(Reference) 142nd term (As of March 31, 2023)	Liabilities	143rd term (As of March 31, 2024)	(Reference) 142nd term (As of March 31, 2023)
Current assets:	709,482	611,973	Current liabilities:	646,486	554,651
Cash on hand and in banks	68,957	5,821	Trade notes payable	2,050	3,017
Trade notes receivable	738	1,772	Trade accounts payable	158,206	152,961
Trade accounts receivable	232,274	232,010	Short-term borrowing	198,316	159,361
Merchandise and finished goods	205,579	210,671	Bonds due within one year	20,000	30,000
Work in process	1,221	2,059	Commercial paper	74,000	45,000
Raw materials and supplies	64,721	66,884	Non-trade accounts payable	92,528	78,979
Non-trade accounts receivable	90,981	83,590	Accrued expenses	13,578	13,378
Other	59,845	14,939	Deposits received	67,242	47,143
Allowance for doubtful receivables	(14,833)	(5,773)	Reserve for bonuses	7,850	10,100
			Reserve for repairs	7,328	7,315
			Reserve for removal cost of property, plant and equipment	760	1,386
			Other	4,628	6,012
Non-current assets:	1,190,149	1,160,955	Non-current Liabilities:	882,728	840,278
Property, plant and equipment:	223,085	258,217	Bonds	480,000	460,000
Buildings	45,259	47,734	Long-term borrowing due after one year	344,580	333,080
Structures	23,030	28,035	Deferred tax liabilities	19,962	19,233
Machinery and equipment	69,846	88,609	Long-term deposits received	7,150	7,250
Vehicles	258	268	Long-term advances received	5,152	7,466
Tools and furniture	11,101	10,747	Reserve for removal cost of property, plant and equipment	15,387	8,692
Land	47,615	47,738	Reserve for loss on business of subsidiaries and affiliates	4,882	11
Leased assets	92	24	Reserve for repairs	2,397	1,225
Construction in progress	25,883	35,064	Reserve for environmental measures	1,300	1,304
			Other	1,918	2,017
Intangible assets:	22,964	23,660	Total liabilities	1,529,214	1,394,929
Patent	105	174	Net assets		
Software	17,403	17,301	Shareholders' equity:	338,995	349,668
Goodwill	1,324	1,422	Common stock	89,938	89,810
Other	4,132	4,762	Capital surplus:	23,937	23,809
Investments and other non-current assets:	944,100	879,078	Additional paid-in capital	23,935	23,806
Investment securities	63,266	74,387	Other capital surplus	2	2
Investments in subsidiaries and affiliates	614,423	622,637	Retained earnings:	233,475	244,398
Investments in capital	588	590	Legal reserve	21,361	21,361
Investments in subsidiaries and affiliates' capital	47,780	50,156	Other retained earnings	212,114	223,038
Long-term loans receivable	113,603	38,775	General reserve	130,000	130,000
Long-term prepaid expenses	13,187	14,043	Retained earnings brought forward	82,114	93,038
Prepaid pension expense	85,282	72,609	Treasury stock	(8,355)	(8,349)
Other	6,571	6,495	Valuation and translation adjustments:	31,422	28,330
Allowance for doubtful receivables	(598)	(615)	Valuation difference on available-for-sale securities	31,252	28,811
			Deferred gains on hedges	171	(480)
Total assets	1,899,631	1,772,927	Total net assets	370,418	377,999
			Total liabilities and net assets	1,899,631	1,772,927

Non-consolidated Statement of Income

		(Millions of Yen)
	143rd term (April 1, 2023 to March 31, 2024)	(Reference) 142nd term (April 1, 2022 to March 31, 2023)
Net sales	809,559	894,389
Cost of sales	664,331	729,734
Gross profit	145,228	164,655
Selling, general and administrative expenses	142,789	156,802
Operating income	2,439	7,853
Non-operating income	82,053	83,447
Interest and dividend income	63,530	55,028
Foreign exchange gain	14,090	21,870
Other income	4,433	6,549
Non-operating expenses	31,067	21,771
Interest expense	10,507	7,793
Derivative losses	12,093	8,928
Cost of inactive facilities	3,861	1,381
Other expenses	4,605	3,669
Ordinary income	53,425	69,529
Special gains	53,536	12,974
Gain on sale of investment securities	29,851	7,226
Gain on sale of shares of subsidiaries and associates	23,685	–
Gain on sale of non-current assets	–	4,353
Gain on extinguishment of tie-in shares	–	1,395
Special losses	96,807	30,045
Impairment loss	57,004	16,309
Loss on related business	23,182	1,829
Loss on disposal of property, plant and equipment	11,221	6,345
Loss on valuation of investment securities	5,400	4,390
Loss on sale of shares of subsidiaries and associates	–	1,173
Income before income taxes	10,154	52,458
Income taxes – current	2,547	709
Income taxes – deferred	(1,097)	1,305
Net income	8,704	50,444

NOTES:

- Business report is listed as follows:
 - Fractions less than 0.1 billion yen or 1 million yen have been rounded to the nearest 0.1 billion yen or million yen.
 - Stock prices listed in units of 1,000 are shown rounded down to the nearest 1,000 shares.
- 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.