

# SUMITOMO CHEMICAL COMPANY, LIMITED

## **Notice of the 140<sup>th</sup> 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 23, 2021 (the “Meeting”) for the following purposes:

### 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 140<sup>th</sup> fiscal period (from April 1, 2020, to March 31, 2021) (the “140<sup>th</sup> fiscal period”).
- No. 2. Reports on the Company’s non-consolidated financial statements for the 140<sup>th</sup> fiscal period.

### MATTERS TO BE RESOLVED:

- No. 1. To elect twelve Directors.
- No. 2. To elect one Corporate Auditor.

## 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 140<sup>th</sup> fiscal period.
- No. 2. Reports on the Company's non-consolidated financial statements for the 140<sup>th</sup> fiscal period.

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\* The financial statements for the 140th 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 twelve Directors.**

The term of office of all thirteen Directors will expire at the close of this Meeting. Accordingly, to further strengthen the management oversight function, the election of twelve Directors is proposed, reducing the number of Directors from within the Company by one to a total of eight and including four Outside Directors. If this proposal is approved as originally proposed, the Company plans to designate four Directors as Independent Directors as provided by Tokyo Stock Exchange, Inc. As a result, more than one third of the Company's Directors will be Independent Directors.

The candidates for Directors are as follows:

Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings
1	Masakazu Tokura (Reappointment)	Representative Director, Chairman	13 out of 13 meetings (100%)
2	Keiichi Iwata (Reappointment)	Representative Director, President & Executive President	13 out of 13 meetings (100%)
3	Noriaki Takeshita (Reappointment)	Representative Director & Senior Managing Executive Officer Supervision of Petrochemicals & Plastics Sector, Business Development for a Circular System for Plastics	13 out of 13 meetings (100%)
4	Masaki Matsui (Reappointment)	Representative Director & Senior Managing Executive Officer Supervision of IT-related Chemicals Sector	13 out of 13 meetings (100%)
5	Kingo Akahori (Reappointment)	Representative Director & Senior Managing Executive Officer Supervision of Energy & Functional Materials Sector	13 out of 13 meetings (100%)
6	Nobuaki Mito (Reappointment)	Representative Director & Senior Managing Executive Officer Supervision of Health & Crop Sciences Sector	10 out of 10 meetings (100%)

Candidate No.	Name	Current Principal Occupation and Responsibility at the Company	Attendance at the Board of Directors meetings
7	Hiroshi Ueda (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%)
8	Hiroshi Niinuma (Reappointment)	Director & Senior Managing Executive Officer Supervision of General Affairs, External Relations, Legal, Human Resources	13 out of 13 meetings (100%)
9	Koichi Ikeda (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
10	Hiroshi Tomono (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
11	Motoshige Itoh (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)
12	Atsuko Muraki (Reappointment, Outside Director, Independent Officer)	Director	13 out of 13 meetings (100%)

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 &amp;                          Managing Executive Officer April 2009      Representative Director &amp;                          Senior Managing Executive Officer April 2011      Representative Director, President &amp;                          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 assumed office as a Director &amp; Executive President in 2011. He has formulated Corporate Business Plans three times, including the current Corporate Business Plan (from April 2019 to March 2022) and 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>262,300 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 &amp;                          Senior Managing Executive Officer April 2019      Representative Director, President &amp;                          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 &amp; Functional Materials Sector in 2018. He has been working to promote the current Corporate Business Plan (from April 2019 to March 2022) as a Director &amp; Executive President since April 2019. 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>145,700 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>Noriaki Takeshita (Reappointment)</p>	<p>April 1982      Joined the Company  April 2010      Executive Officer  April 2013      Managing Executive Officer  June 2017      Representative Director &amp; Managing Executive Officer  April 2018      Representative Director &amp; Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of Petrochemicals &amp; Plastics Sector, Business Development for a Circular System for Plastics</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 and production planning in the Petrochemicals &amp; Plastics Sector 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 has been in charge of the Petrochemicals &amp; Plastics Sector since 2017. 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>July 23, 1958</p> <p>83,200 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>Masaki Matsui (Reappointment)</p>	<p>April 1985      Joined the Company  April 2013      Executive Officer  April 2017      Managing Executive Officer  June 2019      Representative Director &amp;                           Managing Executive Officer  April 2021      Representative Director &amp;                           Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of IT-related Chemicals Sector</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Masaki Matsui has mainly engaged in business planning and sales/marketing in the Fine Chemicals Sector and the IT-related Chemicals Sector. When he was responsible for business planning for optical products, he contributed to significantly expanding the business not only in Japan but also in South Korea, Taiwan, and China. He has been in charge of the IT-related Chemicals Sector since 2019. 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 3, 1960</p> <p>61,221 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 style="text-align: center;">Kingo Akahori (Reappointment)</p>	<p>April 1983      Joined the Company  April 2015      Associate Officer  April 2016      Executive Officer  April 2018      Managing Executive Officer  June 2019      Representative Director &amp;  Managing Executive Officer  April 2021      Representative Director &amp;  Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of Energy &amp; Functional Materials Sector</p> <p>Important Concurrent Post  Representative Director and President of Kaseihin Kaikan Co.,Ltd.</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Kingo Akahori has engaged in a wide range of operations such as research and development, production technology, planning, and sales, in addition to being dispatched to the Swiss Federal Institutes of Technology and working overseas in the United States. After his appointment as an Executive Officer, he was responsible for the newly established Quality Assurance Office and divisions in the Energy &amp; Functional Materials Sector, contributing to the growth and expansion of the sector. He has been in charge of the Energy &amp; Functional Materials Sector since 2019. 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 style="text-align: center;">August 2, 1957</p> <p style="text-align: center;">46,200 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 style="text-align: center;">Nobuaki Mito (Reappointment)</p>	<p>April 1985      Joined the Company  April 2014      Associate Officer  April 2015      Executive Officer  April 2018      Managing Executive Officer  June 2020      Representative Director &amp;  Managing Executive Officer  April 2021      Representative Director &amp;  Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of Health &amp; Crop Sciences Sector</p> <p>Important Concurrent Post  Chairman of Valent U.S.A. LLC  Chairman of Valent BioSciences LLC</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Nobuaki Mito has mainly engaged in research and development in the Health &amp; Crop Sciences Sector and experienced being dispatched to University of California, Davis in the United States. After his appointment as an Executive Officer, he was responsible for the pharmaceutical business and other areas in the Corporate Business Development Dept., working on the development of next-generation businesses. He has been in charge of the Health &amp; Crop Sciences Sector since 2020. 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 4, 1960</p> <p>49,500 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 style="text-align: center;">Hiroshi Ueda (Reappointment)</p>	<p>April 1982      Joined the Company  April 2009      Executive Officer  April 2011      Managing Executive Officer  April 2016      Senior Managing Executive Officer  June 2016      Representative Director &amp;  Senior Managing Executive Officer  June 2018      Director &amp; Senior Managing Executive Officer  April 2019      Director &amp; 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 &amp; Production Technology &amp; Safety Planning, Production &amp; Safety Fundamental Technology Center, Engineering, Intellectual Property, Responsible Care, Industrial Technology &amp; 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 &amp; Functional Materials Sector since 2016 and is currently in charge of Research Planning and Coordination, Digital and Data Science Innovation, Process &amp; Production Technology &amp; Safety Planning, Responsible Care, and corporate research facilities as a Director &amp; 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>122,400 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>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 &amp; Senior Managing Executive Officer  up to the present date</p> <p>Current Responsibility at the Company  Supervision of General Affairs, External Relations, Legal,  Human Resources</p> <p>Important Concurrent Post  Non-Executive Director of Sumitomo Seika Chemicals Co.,  Ltd.</p> <p>[Reason for selection as a Director nominee, etc.]  Since joining the Company, Hiroshi Niinuma has mainly engaged in the operations of administrative departments such as general affairs and human resources. After his appointment as an Executive Officer, he was also responsible for Legal, CSR, Internal Control and Audit and worked on ensuring compliance, developing and improving a corporate governance structure. As a Director &amp; Senior Managing Executive Officer since 2018, he has been in charge of General Affairs, Legal, Sustainability, Internal Control and Audit, Human Resources, Osaka Office Administration, Corporate Communications, Procurement and Logistics. 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>94,200 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;">Koichi Ikeda  (Reappointment, Outside Director, Independent Officer)</p>	<p>April 1963      Joined Asahi Breweries, Ltd. (Currently Asahi Group Holdings, Ltd.)</p> <p>March 1992      Commissioner of Asahi Breweries, Ltd.</p> <p>March 1996      Director of Asahi Breweries, Ltd.</p> <p>March 1997      Managing Director of Asahi Breweries, Ltd.</p> <p>March 1999      Senior Managing Director of Asahi Breweries, Ltd.</p> <p>March 2000      Senior Managing Executive Officer of Asahi Breweries, Ltd.</p> <p>March 2001      Senior Managing Director &amp; Senior Managing Executive Officer of Asahi Breweries, Ltd.</p> <p>January 2002    Representative Director &amp; President &amp; COO of Asahi Breweries, Ltd.</p> <p>March 2006      Representative Director &amp; Chairman &amp; CEO of Asahi Breweries, Ltd.</p> <p>March 2010      Adviser of Asahi Breweries, Ltd.</p> <p>June 2011      Outside Corporate Auditor of the Company</p> <p>July 2011        Adviser of Asahi Group Holdings, Ltd.</p> <p>June 2015      Outside Director of the Company</p> <p>up to the present date</p> <p>March 2021      Senior Alumni of Asahi Group Holdings, Ltd.</p> <p>up to the present date</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles] Koichi Ikeda 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 sales, marketing 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>April 21, 1940</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;">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 &amp; Senior Managing Executive Officer of Sumitomo Metal Industries, Ltd.</p> <p>April 2005      Representative Director &amp; Vice President of Sumitomo Metal Industries, Ltd.</p> <p>June 2005      Representative Director &amp; President of Sumitomo Metal Industries, Ltd.</p> <p>October 2012   Representative Director &amp; President &amp; COO of Nippon Steel &amp; Sumitomo Metal Corporation (Currently NIPPON STEEL CORPORATION)</p> <p>April 2014      Representative Director &amp; Vice Chairman of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>April 2015      Director &amp; Adviser of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2015      Adviser of Nippon Steel &amp; Sumitomo Metal Corporation</p> <p>June 2015      Outside Director of the Company</p> <p>up to the present date</p> <p>June 2020      Senior Adviser of NIPPON STEEL CORPORATION</p> <p>up to the present date</p> <p>Important Concurrent Post</p> <p style="padding-left: 20px;">Outside Director of Japan Nuclear Fuel Limited</p> <p style="padding-left: 20px;">Outside Director of The Kansai Electric Power Company, Incorporated</p> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>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;">11</p>  <p style="text-align: center;">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>up to the present date</p> <p>June 2018 Outside Director of the Company up to the present date</p> <p>Important Concurrent Post</p> <ul style="list-style-type: none"> <li>Outside Director of East Japan Railway Company</li> <li>Outside Director of THE SHIZUOKA BANK, LTD.</li> <li>Outside Corporate Auditor of Hagoromo Foods Corporation</li> </ul> <p>[Reason for selection as an Outside Director nominee and outline of expected roles]</p> <p>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;">12</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>Important Concurrent Post              Outside Member of the Board of ITOCHU Corporation              Outside Director of Sompo Holdings, Inc.</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>

- NOTES: 1      None of the above candidates has any conflicts of interest with the Company.
- 2      Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki are the candidates for Outside Directors.
- 3      Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko

Muraki are currently Outside Directors of the Company. Mr. Koichi Ikeda's term of office will be six years, Mr. Hiroshi Tomono's term of office will be six years, Mr. Motoshige Itoh's term of office will be three years, and Ms. Atsuko Muraki's term of office will be three years at the close of this Meeting. Mr. Koichi Ikeda assumed office as an Outside Corporate Auditor of the Company on June 23, 2011, and retired on June 23, 2015.

4 Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has designated Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki as Independent Directors who have no risk of having conflicts of interest with ordinary shareholders.

5 In December 2016, Japan Nuclear Fuel Limited, where Mr. Hiroshi Tomono has served as an Outside Director since June 2016, received an order to submit a report ("Collection of Reports") from the Nuclear Regulation Authority regarding safety violations. He was not aware of each matter related to the receipt of such an order in advance, but had always expressed his opinions from the perspective of compliance at Board of Directors meetings, etc., and even after receiving the order, fulfilled his responsibility as an Outside Director, such as instructing and providing other forms of guidance through inspections and measures to prevent reoccurrence.

6 On January 12, 2018 and July 12, 2018, ITOCHU Corporation, where Ms. Atsuko Muraki has been an Outside Member of the Board since June 2016, was sanctioned by the Japan Fair Trade Commission with a cease and desist order relating to violations of the Antimonopoly Act. In addition, on October 18, 2018, ITOCHU Corporation was sanctioned with a cease and desist order and a surcharge payment order relating to violations of the Antimonopoly Act. Ms. Atsuko Muraki was unaware of circumstances relating to the cease and desist order and the surcharge payment order before the event, but has regularly made comments at the Board of Directors meetings regarding the importance of compliance with laws and regulations. After said facts were discovered, she has actively provided advice on further compliance with laws and regulations and the formulation of plans to prevent recurrence, and has accordingly fulfilled her duties in such capacity.

7 The Company executed limitation of liability contracts with Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki 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.

8 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.

**No. 2. To elect one Corporate Auditor.**

The term of office of Corporate Auditor Mitsuhiro Aso will expire at the close of this Meeting. Accordingly, the election of one Corporate Auditor is proposed.

The Board of Corporate Auditors has given its consent to this proposal.

The candidate for Corporate Auditor is as follows:

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>Mitsuhiro Aso  (Reappointment, Outside Corporate Auditor, Independent Officer)</p>	<p>April 1975      Prosecutor October 2010    Superintending Prosecutor of the Fukuoka High Public Prosecutors Office  June 2012      Retired as Prosecutor October 2012    Registered as Attorney June 2013      Outside Corporate Auditor of the Company up to the present date</p> <p>Important Concurrent Post External Director of Sumitomo Mitsui Trust Holdings, Inc.</p> <p>[Reason for selection as an Outside Corporate Auditor nominee, etc.] Mitsuhiro Aso was continuously selected as an Outside Corporate Auditor nominee, in order to make use of his expert knowledge and abundant experience as a prosecutor over many years for the Company's audits. Although Mitsuhiro Aso only has experience with enterprise management as an outside officer, the Company has determined that he is capable of appropriately performing the duties of an Outside Corporate Auditor of the Company, due to the reasons mentioned above.</p>	<p>June 26, 1949  0 Shares</p>

- NOTES: 1      The above candidate does not have any conflicts of interest with the Company.  
2      Mr. Mitsuhiro Aso is a candidate for Outside Corporate Auditor.  
3      Mr. Mitsuhiro Aso is currently an Outside Corporate Auditor of the Company, and his term of office will be eight years at the close of this Meeting.  
4      Pursuant to the regulations of the Tokyo Stock Exchange, Inc., the Company has designated Mr. Mitsuhiro Aso as an Independent Corporate Auditor who has no risk of having conflicts of interest with ordinary shareholders.  
5      The Company executed a limitation of liability contract with Mr. Mitsuhiro Aso that limits his 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 Contract"). When he is reappointed to Outside Corporate Auditor of the Company, the Company will continue the Limitation of Liability Contract.  
6      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 the candidate is elected as a Corporate Auditor, he will be covered by the insurance contract, and the Company plans to

renew the insurance contract with the same content during his term of office.

**(Reference)**

Expertise and experience of Directors and Corporate Auditors (to be complete after the close of the 140th 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
<b>Directors:</b>									
Masakazu Tokura	○	○		○					
Keiichi Iwata	○	○		○					
Noriaki Takeshita		○		○		○			
Masaki Matsui		○				○			
Kingo Akahori		○	○	○					
Nobuaki Mito		○	○						○ (intellectual property)
Hiroshi Ueda		○	○						○ (IT/DX)
Hiroshi Niinuma					○		○	○	
Koichi Ikeda	○	○			○				
Hiroshi Tomono	○		○		○				
Motoshige Itoh				○					○ (international economics) ○ (IT/DX)
Atsuko Muraki					○		○	○	
<b>Corporate Auditors:</b>									
Kunio Nozaki				○		○			
Hiroaki Yoshida		○		○				○	
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, 2020 - March 31, 2021)

### **1. Overview of the Company Group**

#### **(1) Business Progress and Results**

During the 2020 fiscal year, the world economy received a serious shock from the global spread of COVID-19 infections, resulting in a decline in real GDP growth to around minus 3%.

After recording the highest negative real GDP growth in the postwar period in April through June of 2020, the Japanese economy showed signs of a recovery in some sectors in the latter half of the year, but then it was hit with a sudden surge in COVID-19 infections from the end of the year, resulting, overall, in a severe operating environment.

Against this backdrop, the Sumitomo Chemical Group has been implementing its Corporate Business Plan (for fiscal 2019 - fiscal 2021), centered on the basic policies of accelerating the development of next-generation businesses, improving productivity through digital innovation, raising the sophistication of the company's business portfolio, and building a more robust financial structure. The Group has come together in working to create a sustainable society and to deliver sustainable growth through dramatic growth in productivity and acceleration of innovation.

As a result, the Sumitomo Chemical Group's sales revenue for this fiscal year increased by ¥61.2 billion from the previous fiscal year, to ¥2,287.0 billion. Core operating income<sup>(Note)</sup> was ¥147.6 billion, higher than the previous fiscal year, but operating income was ¥137.1 billion, remaining almost flat compared with the previous fiscal year. Net income attributable to owners of the parent was ¥46.0 billion, higher than the previous fiscal year. The Company's non-consolidated sales amounted to ¥646.0 billion, and net income was ¥41.7 billion.

Note: "Core operating income" is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit of investments accounted for using the equity method.

In consideration of the above situation and the coming uncertain business environment, the Company has decided to pay a year-end dividend of ¥9 per share. As a result, the Company's annual dividend for fiscal 2020 is ¥15 per share, including an interim dividend of ¥6 per share.

#### **Financial Results by Business Segment**

##### **Petrochemicals & Plastics**

Amid the economic downturn due to the COVID-19 pandemic, shipments of synthetic resins declined, particularly those used in automotive applications. Impacted by a drop in market prices for raw materials, the prices of petrochemical products hovered at a low level. As a result, sales revenue declined by ¥67.6 billion from the previous fiscal year, to ¥589.3 billion. Core operating income suffered a loss of ¥12.0 billion, declined by ¥26.5 billion from the previous fiscal year, affected by lower shipment volumes and periodic shutdown maintenance at Rabigh Refining and Petrochemical Company, our equity method investee.

### Energy & Functional Materials

Impacted by the COVID-19 pandemic, shipments of materials for automotive applications (including separators for lithium-ion secondary batteries and synthetic rubber) decreased. As a result, sales revenue dropped by ¥9.8 billion from the previous fiscal year, to ¥245.2 billion, on the other hand, core operating income remained almost flat with the previous fiscal year at ¥20.3 billion due to improvements in profit margins because of a drop in market prices for raw materials.

### IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased, driven by growing demand for these items. Shipments of materials for display applications increased in the face of stay-at-home demand and demand for remote work products. As a result, sales revenue increased by ¥26.9 billion from the previous fiscal year, to ¥431.8 billion, and core operating income increased by ¥14.6 billion from the previous fiscal year, to ¥39.7 billion.

### Health & Crop Sciences

Sales of crop protection products increased year-over-year after the acquisition of four South American subsidiaries of Nufarm in April 2020. Shipments in India also performed well. Market prices for methionine (feed additives) increased from the previous fiscal year. As a result, sales revenue increased by ¥79.3 billion from the previous fiscal year, to ¥423.0 billion. Backed by the improved margins of methionine and increased global shipments of crop protection products, core operating income increased by ¥29.5 billion from the previous fiscal year, to ¥31.5 billion.

### Pharmaceuticals

In Japan, sales of Equa® and EquMet® (for type II diabetes mellitus), launched in the middle of previous fiscal year, increased since it was sold throughout this fiscal year. In North America, sales of Latuda® (atypical antipsychotic agent) increased, and revenues were recorded relating to relugolix. As a result, sales revenue increased by ¥30.6 billion from the previous fiscal year, to ¥546.5 billion. Despite the higher sales revenue, core operating income decreased by ¥3.6 billion from the previous fiscal year, to ¥71.7 billion, due to higher sales expenses, general and administrative expenses (SG&A) and research and development expenses resulting from the year-round coverage of expenses at Sumitovant Biopharma and its subsidiaries (which were acquired as part of the strategic alliance with Roivant Sciences Ltd., in the previous fiscal year).

### Others

In addition to the above five segments, the Sumitomo Chemical 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 increased by ¥1.7 billion from the previous fiscal year, to ¥51.1 billion, and core operating income increased by ¥4.0 billion from the previous fiscal year, to ¥12.8 billion.

### Capital Expenditures

In the fiscal year under review, the Companies' capital expenditures totaled ¥112.7 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 expansion of a domestic subsidiary's positive electrode materials manufacturing facilities in the Energy & Functional Materials Sector.

Major facilities under construction in the fiscal year under review include the expansion of the Company's Photoresist Quality Assurance System maintenance in the IT-related Chemicals Sector, the introduction of the Company's high-efficiency gas turbine as part of

rationalization in the Petrochemicals & Plastics Sector, the new installation and expansion of a domestic subsidiary's new multiplant in the Energy & Functional Materials Sector, and the new construction and expansion of a domestic subsidiary's power plant in the Others Sector. In addition, in the fiscal year under review, investments were made to introduce the Company's next-generation core business system "SAP S/4 HANA."

### **Financing**

To respond to financing needs during the fiscal year under review and to secure cash on hand in provision for the spread of COVID-19, 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 ¥46.4 billion from the previous fiscal year, to ¥1,351.1 billion.

### **Significant Corporate Restructuring, Etc.**

On April 1, 2020, the Company acquired all shares of Nufarm Indústria Química e Farmacêutica S.A. and three other companies through its consolidated subsidiaries, Sumitomo Chemical do Brasil Representações Ltda and Sumitomo Chemical Chile S.A. As a result, these companies became consolidated subsidiaries of the Company.

## (2) Issues to be Addressed

### **Sumitomo Chemical's Vision**

With our origins in overcoming the environmental issue of smoke pollution at the Besshi copper mine and increasing crop yields, we have unceasingly pioneered new technology and transformed our businesses while supporting abundant lifestyles for people through our businesses for over 100 years since our founding.

Sumitomo has a traditional concept: "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). The Company has embodied this business spirit and created both economic value and social value in an integrated manner.

As COVID-19 made a large impact on the whole world in 2020, it became more apparent that the chemical industry covers a wide scope of business activities and plays a role of supporting social infrastructure to meet various demands of society. Furthermore, as the awareness of sustainability is increasing and efforts to become carbon neutral are accelerating worldwide, there are growing expectations for the chemical industry as a bearer of innovative technology required to achieve the goals.

Under such circumstances, by contributing to reducing environmental impact and addressing social issues such as food shortage problems, healthcare, and technological innovation in Information and Communication Technology (ICT) through our businesses, we will aim to achieve sustained growth of the Group and realize a sustainable society.

### **Corporate Business Plan from FY2019 to FY2021**

The Group is working on a Corporate Business Plan with FY2019 as the first fiscal year. This plan is the third stage of the "Change & Innovation" project which we have been working on since FY2013. Under the slogan "Change and Innovation 3.0 for a Sustainable Future," we will accelerate innovation while promoting digital innovation to significantly improve productivity.

The basic policies are as follows:

1) Accelerating the development of next-generation businesses

We have identified Reducing Environmental Impact, Food, Health Care, and ICT as the four priority areas. We will develop next-generation technologies and create new businesses for building a sustainable society. Of these four areas, we will particularly focus on the two areas of Reducing Environmental Impact and Health Care in light of the growing social interest in climate change issues and the heightened health consciousness among the public due to COVID-19.

2) Improve productivity through digital innovation

By the expanded use of digital technologies (AI and IoT), we will realize drastic improvement in productivity in R&D, manufacturing, supply chain, sales, and indirect departments. In addition, we are proceeding with our plans ahead of schedule in response to the acceleration of digital innovation in the world as a result of COVID-19.

3) Further improve business portfolio

We will further improve our business portfolio by concentrating management resources on those businesses where we can expect sustainable market growth and technology can play a key role as a source of competitiveness.

4) Build a more robust financial structure

We will build a more robust financial structure by controlling costs and assets through more effectively managed operations.

In addition to the four points above, the Company will also work to: 5) Employ, develop

and leverage human resources for sustainable growth; and 6) Ensure full and strict compliance and maintain safe and stable operations.

## **Notable matters for FY2020**

### **Actions for COVID-19**

The Group has made every effort to fulfill its social responsibility to stably supply many products that support social infrastructure, while thoroughly implementing infection prevention measures and ensuring the safety of employees. Furthermore, the Group has been supplying acrylic plastic partitions for preventing the spread of droplets and raw materials for Remdesivir. Our efforts will continue to contribute to infectious disease control by harnessing the comprehensive power of chemistry.

### **End of the completion guarantee for the Rabigh Phase II project financing**

Rabigh Refining and Petrochemical Company (“Petro Rabigh”), the Company’s associate accounted for using the equity method, has taken bank loans in the form of project finance for the Rabigh Phase II Project. The Company was providing a completion guarantee covering 50% of the financed amount, but the completion guarantee ended in September 2020 as the specified conditions regarding the track record of continuous operation and debt repayment abilities were satisfied.

### **Outcomes of large-scale M&A transactions**

Regarding the South American agricultural chemical business acquired from Nufarm Ltd. in the Health & Crop Sciences Sector, the post-merger integration (PMI) process towards integrated operations ran smoothly, by using virtual conferences and other means even during the COVID-19 pandemic. Going forward, we will materialize group synergies in the sales of a new fungicide INDIFLIN, which is scheduled to be launched in South America.

In the Pharmaceuticals Sector, the development of relugolix and vibegron, which were acquired through a strategic alliance with Roivant Sciences, Ltd. (“Roivant”), progressed smoothly, and each of them was introduced to the market this year as “ORGOVYX,” a tablet for prostate cancer, and “GEMTESA,” a tablet for overactive bladder, respectively. The Company will successfully launch relugolix through a development and sales alliance with Pfizer Inc.

## **Activities and progress in each sector for FY2020**

### **Petrochemicals & Plastics**

The completion guarantee for the Rabigh Phase II Project ended in November 2020, and both the Phase I and Phase II projects are currently maintaining stable operations. In addition, we are developing technology for material recycling and chemical recycling with the aim of contributing to the realization of a decarbonized society and circular economy, while implementing initiatives toward the social adoption of those technological solutions.

### **Energy & Functional Materials**

In April 2020, we opened an industry-academia joint research course with Kyoto University in the field of solid-type batteries, which are attracting attention as next-generation secondary batteries. As part of the course, we are jointly developing materials and underlying technologies for solid-type batteries through sample synthesis and performance assessment.

### **IT-related Chemicals**

In the semiconductor materials business, the new factory for photoresists started operations, and a decision was made to further expand its production capacity. We also decided to build a new building to strengthen the development and evaluation system for

photoresists for cutting-edge processes. In the optically functional film business, sales of polarizing film with liquid crystal coating retardation that contributes to higher image quality of organic electroluminescence displays started on a full scale.

#### Health & Crop Sciences

The integration process of the acquired agricultural chemical business in South America steadily progressed, and a new fungicide INDIFLIN was launched in Japan and North America. We also decided to strengthen the Biorational Business by globally rolling out Sustainable Solution Business Units (SSBUs), dedicated teams specializing in the Biorational Business that covers products derived from natural sources or natural products themselves, such as microbial pesticides and plant growth regulators. With this initiative, we will further contribute to safe and secure food supply.

#### Pharmaceuticals

The development of new drugs acquired from Roivant made steady progress. Furthermore, in the Contract development and manufacturing organization (CDMO) business for regenerative medicine and cell therapy, which is expected to expand dramatically in the future, S-RACMO Co., Ltd., a joint venture with Sumitomo Dainippon Pharma Co., Ltd., was established.

### **Business environment and future performance outlook**

#### **Financial results for FY2020**

In FY2020, the business environment surrounding the Group was affected by lower demand, mainly for automobile-related applications, as a result of a decline in economic activities caused by the spread of COVID-19.

On the other hand, core operating income increased to ¥147.6 billion from the previous fiscal year in FY2020, reflecting higher sales of crop protection chemicals due to the acquisition of the South American agricultural chemical business and an increase in demand for products associated with IT-related chemicals due to “stay-at-home” demand.

#### **Outlook for FY2021**

Core operating income is projected to increase year on year to ¥200 billion as a result of recovery from the decline in shipments caused by COVID-19 and an increase in shipments of crop protection chemicals.

Going forward, we will improve business performance levels and financial structure by swiftly producing the results of large-scale acquisitions and business portfolio improvement. Our plan is to aim to achieve core operating income of about ¥280 billion in FY2024, which is the final year of the next corporate business plan currently under review.

In the medium to long term, we aim to stably achieve financial indicators such as an ROE of 10% or more, ROI of 7% or more, and a D/E ratio of approximately 0.7 times.

**(3) Assets and Income**

## 1) Trends in assets and income of the Group

Item	The 137th term (April 1, 2017 to March 31, 2018)	The 138th term (April 1, 2018 to March 31, 2019)	The 139th term (April 1, 2019 to March 31, 2020)	The 140th term (April 1, 2020 to March 31, 2021)
<b>IFRS</b>				
Sales revenue (Billions of yen)	2,190.5	2,318.6	2,225.8	2,287.0
Core operating income (Billions of yen)	262.7	204.3	132.7	147.6
Net income attributable to owners of the parent (Billions of yen)	133.8	118.0	30.9	46.0
Basic earnings per share	81.81 yen	72.17 yen	18.91 yen	28.16 yen
ROE	15.4%	12.3%	3.2%	4.7%
Equity attributable to owners of the parent (Billions of yen)	927.1	998.7	924.0	1,019.2
Total equity (Billions of yen)	1,252.2	1,351.9	1,392.6	1,482.1
Total assets (Billions of yen)	3,068.7	3,171.6	3,654.1	3,990.3

NOTE: In connection with the confirmation in the fiscal year under review of provisional accounting procedures relating to the business combination that took place in the 139th Fiscal Period, retrospective adjustments have been made to figures for the 139th period.

2) Trends in assets and income of the Company

Item	The 137th term (April 1, 2017 to March 31, 2018)	The 138th term (April 1, 2018 to March 31, 2019)	The 139th term (April 1, 2019 to March 31, 2020)	The 140th term (April 1, 2020 to March 31, 2021)
Japanese GAAP				
Net sales (Billions of yen)	708.4	723.6	678.4	646.0
Ordinary income (Billions of yen)	75.9	73.7	28.9	38.1
Net income (Billions of yen)	55.8	67.0	22.8	41.7
Net income per share	34.15 yen	40.96 yen	13.94 yen	25.52 yen
Net assets (Billions of yen)	327.2	350.3	315.5	346.2
Total assets (Billions of yen)	1,456.0	1,496.4	1,577.2	1,729.7

NOTE: “Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (Accounting Standards Board of Japan (ASBJ) Statement No. 28; February 16, 2018) have been applied from the 138th Fiscal Period, and have been retrospectively applied to the figures for the 137th Fiscal Period.

**(4) Principal Businesses** (as of March 31, 2021)

Business sector	Key products and businesses
Petrochemicals & Plastics	Petrochemical products, inorganic chemicals, raw materials for synthetic fibers, organic chemicals, synthetic resins, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina products, aluminum, specialty chemicals, additives, dyestuffs, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, semiconductor processing materials, compound semiconductor materials, touchscreen panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household and public hygiene insecticides, materials for protection against tropical diseases, feed additives, pharmaceutical chemicals, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

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, 2021)

## 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), 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), etc.

## 2) Material subsidiaries

Domestic	Sumitomo Dainippon 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 U.S.A. LLC Valent BioSciences LLC Sunovion Pharmaceuticals Inc. Sumitomo Dainippon Pharma Oncology, Inc. Myovant Sciences, Inc.
	Brazil Sumitomo Chemical do Brasil Representações Ltda Sumitomo Chemical Brasil Indústria Química S.A.
	Chile Sumitomo Chemical Chile S.A.
	United Kingdom Cambridge Display Technology Limited
	Switzerland Urovant Sciences GmbH Myovant Sciences GmbH Enzyvant Therapeutics GmbH Altavant Sciences 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, 2021)**

Company name	Capital	Ratio of voting rights (%)	Principal business
Sumitomo Chemical America, Inc.	USD 510,092 thousand	100.00	Investment in related companies in the United States and sale of chemical products
Valent U.S.A. LLC	USD 242,574 thousand	100.00 (100.00)	Development and sale of plant protection, etc.
Valent BioSciences LLC	USD 129,344 thousand	100.00 (100.00)	Research, development, manufacture and sale of biorational
Sumika Polymers America Corp.	USD 222,544 thousand	100.00 (100.00)	—
Sumitomo Chemical do Brasil Representações Ltda	BRL 2,320,990 thousand	100.00	Development, promotion and sales of crop protection chemicals, feed additives and household & public hygiene insecticides
Sumitomo Chemical Brasil Indústria Química S.A.	BRL 793,289 thousand	100.00 (100.00)	Manufacture and sale of crop protection chemicals
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 285,298 million	100.00	Manufacture and sale of process chemicals for semiconductors and displays, optical functional films, touchscreen panels, etc.
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 Petrochemical Corporation of Singapore (Pte.) Ltd.
Sumitomo Dainippon Pharma Co., Ltd.	JPY 22,400 million	51.78	Manufacture and sale of pharmaceuticals
Sumitomo Dainippon Pharma America, Inc.	USD 2,170,480 thousand	100.00 (100.00)	Investment in related companies in the United States
Sunovion Pharmaceuticals Inc.	USD 1,710,032 thousand	100.00 (100.00)	Manufacture and sale of pharmaceuticals
Sumitomo Dainippon Pharma Oncology, Inc.	USD 380,484 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Sumitovant Biopharma Ltd.	USD 506,115 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Myovant Sciences Ltd.	USD 623,067 thousand	53.45 (53.45)	Investment in affiliated companies conducting research and development of pharmaceuticals
Myovant Sciences, Inc.	USD 83,713 thousand	100.00 (100.00)	Research and development of pharmaceuticals

Company name	Capital	Ratio of voting rights (%)	Principal business
Myovant Sciences GmbH	USD 648,225 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Urovant Sciences Ltd.	USD 312,559 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Urovant Holdings Limited	USD 534,360 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Urovant Sciences GmbH	USD 538,431 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Enzyvant Therapeutics Ltd.	USD 179,925 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Enzyvant Therapeutics General Ltd.	USD 161,405 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Enzyvant Therapeutics Holdings Limited	USD 153,190 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Enzyvant Therapeutics GmbH	USD 119,890 thousand	100.00 (100.00)	Research and development of pharmaceuticals
Altavant Sciences Ltd.	USD 81,614 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Altavant Sciences Holdings Limited	USD 81,354 thousand	100.00 (100.00)	Investment in affiliated companies conducting research and development of pharmaceuticals
Altavant Sciences GmbH	CHF 77,777 thousand	100.00 (100.00)	Research and development of pharmaceuticals
XUYOU Electronic Materials (Wuxi) Co., Ltd.	RMB 1,115,757 thousand	98.00 (55.00)	Manufacture and sale of optical functional films
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 original fabrics and processed products of optical functional films
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

Company name	Capital	Ratio of voting rights (%)	Principal business
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 86,358 thousand	100.00	Sale, etc. of crop protection chemicals and feed additives
Tanaka Chemical Corporation	JPY 9,155 million	50.45	Manufacturing and sale of positive electrode materials for rechargeable batteries and positive electrode material intermediate, etc.
Sumitomo Chemical India Limited	INR 2,745,881 thousand	75.00	Development and sales of crop protection products, household & public hygiene insecticides and feed additives, and manufacturing of crop protection chemicals
Koei Chemical Co., Ltd.	JPY 2,343 million	56.34 (0.45)	Manufacture and sale of chemical products, pharmaceutical and crop protection intermediates, etc.
Taoka Chemical Co., Ltd.	JPY 1,572 million	51.56 (0.78)	Manufacture and sale of intermediates for dyestuffs and pharmaceutical and crop protection, functional materials, etc.

From the fiscal year under review, Sumitomo Chemical Brasil Indústria Química S.A., Myovant Sciences, Inc., Enzyvant Therapeutics GmbH, Altavant Sciences Ltd., Altavant Sciences Holdings Limited, and Altavant Sciences GmbH are listed as material subsidiaries.

Sumika Polymers America Corp. made investment in Phillips Sumika Polypropylene Company, which has been dissolved.

Myovant Holdings Limited, which was listed in the previous fiscal year, has been removed from material subsidiaries as its materiality was 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., CDT Holdings Limited, Cambridge Display Technology Limited, Sumitomo Dainippon Pharma America, Inc., Sunovion Pharmaceuticals Inc., Sumitomo Dainippon Pharma Oncology, Inc., Sumitovant Biopharma Ltd., Myovant Sciences Ltd., Myovant Sciences, Inc., Myovant Sciences GmbH, Urovant Sciences Ltd., Urovant Holdings Limited, Urovant Sciences GmbH, Enzyvant Therapeutics Ltd., Enzyvant Therapeutics General Ltd., Enzyvant Therapeutics Holdings Limited, Enzyvant Therapeutics GmbH, Altavant Sciences Ltd., Altavant Sciences Holdings Limited, and Altavant Sciences GmbH are shown as paid-in capital.
- 3 Boston Biomedical, Inc. changed its trading name to Sumitomo Dainippon Pharma Oncology, Inc. on July 1, 2020.
- 4 Koei Chemical Co., Ltd. changed its Japanese trading name on October 1, 2020 (English name is unchanged).

**(7) Employees** (as of March 31, 2021)

1) Employees of the Group

Business category	Number of employees (Persons)	Notes
Petrochemicals & Plastics	4,576	
Energy & Functional Materials	3,032	
IT-related Chemicals	7,982	
Health & Crop Sciences	7,473	
Pharmaceuticals	7,634	
Others	2,853	
Companywide shared	1,193	
Total	34,743	The number of employees increased by 1,157 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	
6,277	41.0	15.5	The number of employees increased by 63 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, 2021)

Source of borrowing	Amount of borrowing (Balance) (Billions of yen)
Sumitomo Mitsui Banking Corporation	88.8
The Norinchukin Bank	55.4
Sumitomo Mitsui Trust Bank, Limited	45.8
Development Bank of Japan Inc.	44.7
MUFG Bank, Ltd.	39.5

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

2 Aside from the above, there are 308.5 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, 2021)

- (1) **Total number of shares authorized to be issued** 5,000,000,000 shares
- Total number of shares outstanding** 1,655,446,177 shares  
(including 20,459,236 shares of the Company's treasury shares)
- (2) **Number of shareholders** 163,487 persons
- (3) **Major shareholders**

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
The Master Trust Bank of Japan, Ltd. (Trust account)	152,744	9.34
Custody Bank of Japan, Ltd. (Trust account)	107,940	6.60
Sumitomo Life Insurance Company	71,000	4.34
Nippon Life Insurance Company	41,031	2.50
Custody Bank of Japan, Ltd. (Trust account 4)	37,480	2.29
Custody Bank of Japan, Ltd. (Trust account 7)	31,924	1.95
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
STATE STREET BANK WEST CLIENT - TREATY 505234	24,185	1.47
Custody Bank of Japan, Ltd. (Trust account 5)	23,640	1.44
Sumitomo Chemical Employee Stock Ownership Plan	23,308	1.42

NOTE: The Company's treasury shares (20,459,236 shares) were excluded in the calculation of the percentage of shares held.

### 3. Company Officers

#### (1) Directors and Corporate Auditors (as of March 31, 2021)

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Petrochemicals & Plastics Sector Deputy Chairman of Rabigh Refining and Petrochemical Company
Representative Director (Concurrently serving as Managing Executive Officer)	Masaki Matsui	Supervision of IT-related Chemicals Sector, PLED Business Planning, Electronic Devices Development Center
Representative Director (Concurrently serving as Managing Executive Officer)	Kingo Akahori	Supervision of Energy & Functional Materials Sector
*Representative Director (Concurrently serving as Managing Executive Officer)	Nobuaki Mito	Supervision of Health & Crop Sciences Sector Chairman of Valent U.S.A. LLC Chairman of Valent BioSciences LLC
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, Intellectual Property, Responsible Care, Industrial Technology & Research Laboratory, Environmental Health Science Laboratory, Advanced Materials Development Laboratory, Bioscience Research Laboratory
Director (Concurrently serving as Senior Managing Executive Officer)	Hiroshi Niinuma	Supervision of General Affairs, Legal, Sustainability, Internal Control and Audit, Human Resources, Osaka Office Administration, Corporate Communications, Procurement, Logistics Non-Executive Director of Sumitomo Seika Chemicals Co., Ltd.
Director (Concurrently serving as Senior Managing Executive Officer)	Takashi Shigemori	Supervision of Corporate Planning, IT Innovation Director of Rabigh Refining and Petrochemical Company

Position	Name	Areas of responsibility and significant concurrent positions
Director (Outside Director, Independent Officer)	Koichi Ikeda	Senior Alumni of Asahi Group Holdings, Ltd.
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	Professor, Faculty of International Social Sciences, Gakushuin University Outside Director of East Japan Railway Company Outside Director of THE SHIZUOKA BANK, LTD. Outside Corporate Auditor of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Member of the Board of ITOCHU Corporation Outside Director of Sompo Holdings, Inc.
Standing Corporate Auditor	Kunio Nozaki	
Standing Corporate Auditor	Hiroaki Yoshida	
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 Mitsui Fudosan Co., Ltd. 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. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, and Ms. Atsuko Muraki are Outside Directors.
- 2 Of the Corporate Auditors, Mr. Mitsuhiro Aso, Mr. Yoshitaka Kato, and Mr. Michio Yoneda are Outside Corporate Auditors.
- 3 Directors marked with an asterisk (\*) were newly elected at the 139th Ordinary General Meeting of Shareholders held on June 24, 2020, and assumed office.
- 4 The Company has designated Mr. Koichi Ikeda, Mr. Hiroshi Tomono, Mr. Motoshige Itoh, Ms. Atsuko Muraki, 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.
- 5 Corporate Auditor Mr. Yoshitaka Kato is qualified as a certified public accountant, and has a significant amount of knowledge regarding finance and accounting.

- 6 Of the significant concurrent positions served by Outside Directors and Outside Corporate Auditors, although The Kansai Electric Power Company, Incorporated, ITOCHU Corporation, Sumitomo Mitsui Trust Holdings, Inc., Sumitomo Corporation, and Toyo Tire Corporation have transactions with the Company, there are no special interests with the Company, and there are no transactional relationships with any other parties served as significant concurrent positions.
- 7 Directors 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	Ray Nishimoto	

(Retired on June 24, 2020 because of the expiration of the terms of office.)

- 8 Positions, areas of responsibility and significant concurrent positions for Directors and Corporate Auditors as of April 1, 2021 are as follows.

Position	Name	Areas of responsibility and significant concurrent positions
Representative Director, Chairman	Masakazu Tokura	
Representative Director, President (Concurrently serving as Executive President)	Keiichi Iwata	
Representative Director (Concurrently serving as Senior Managing Executive Officer)	Noriaki Takeshita	Supervision of Petrochemicals & Plastics Sector, Business Development for a Circular System for Plastics Deputy Chairman of Rabigh Refining and Petrochemical Company
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)	Kingo Akahori	Supervision of Energy & Functional Materials 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

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 Senior Managing Executive Officer)	Hiroshi Niinuma	Supervision of General Affairs, Legal, Sustainability, Internal Control and Audit, Human Resources, Osaka Office Administration, Corporate Communications, Procurement, Logistics Non-Executive Director of Sumitomo Seika Chemicals Co., Ltd.
Director (Concurrently serving as Senior Managing Executive Officer)	Takashi Shigemori	Supervision of Corporate Planning, IT Innovation Director of Rabigh Refining and Petrochemical Company
Director (Outside Director, Independent Officer)	Koichi Ikeda	Senior Alumni of Asahi Group Holdings, Ltd.
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	Professor, Faculty of International Social Sciences, Gakushuin University Outside Director of East Japan Railway Company Outside Director of THE SHIZUOKA BANK, LTD. Outside Corporate Auditor of Hagoromo Foods Corporation
Director (Outside Director, Independent Officer)	Atsuko Muraki	Outside Member of the Board of ITOCHU Corporation Outside Director of Sompō Holdings, Inc.
Standing Corporate Auditor	Kunio Nozaki	

Position	Name	Areas of responsibility and significant concurrent positions
Standing Corporate Auditor	Hiroaki Yoshida	
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 Mitsui Fudosan Co., Ltd. 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

## **(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 remunerations of senior management and directors (hereinafter “Directors etc.”) shall consist of Basic Compensation and Bonuses.
- ii. Basic Compensation is designed to serve as an incentive for the actions of Directors, etc. to contribute to the Company’s sustainable growth, rather than aiming for 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 incentive to achieve the annual target of the business plans.
- iv. The remuneration shall be set at levels which are designed to be objectively competitive to attract and retain outstanding talent while taking into consideration such factors as the scale and content of the Company’s business. Based on surveys by a third-party organization and other materials, such levels shall be checked annually whether or not to be objectively appropriate.

#### **(B) Mechanisms of each remuneration element (Please refer to the following conceptual diagram of the Remunerations of Directors.)**

##### **i. Basic Compensation**

The level of Basic Compensation shall be determined based on the policy described in section (A) iv 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 “company’s size,” “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: 1) in terms of “company’s size,” sales revenue, total assets and market capitalization, 2) in terms of “earnings capacity,” net income (attributable to the parent company), ROE, ROI and D/E ratio, and 3) 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**

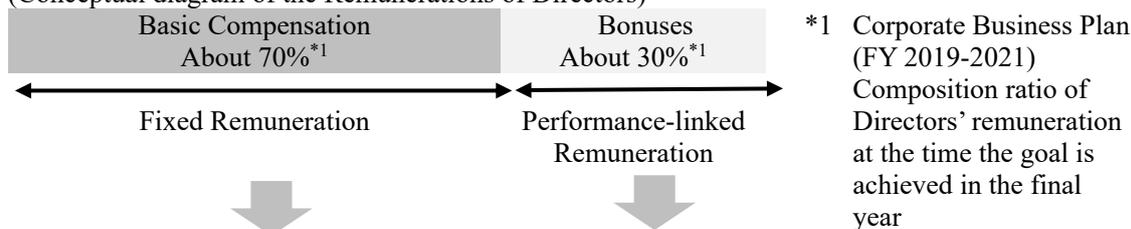
Bonuses shall be paid on the condition that performance for that fiscal year exceeds a particular level and shall be determined based on the bonus calculation formula (performance indicator × coefficient).

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.

##### **iii. Percentages of fixed remuneration (Basic Compensation) and performance-linked remuneration (Bonuses)**

The Company will design the bonus calculation formula so that the bonuses of Directors (excluding Outside Directors) accounts for roughly 30% of the remuneration when the consolidated performance goal (core operating income) for the latest fiscal year of the Corporate Business Plan (fiscal years 2019 to 2021) is achieved.

(Conceptual diagram of the Remunerations of Directors)



Based on the factors for determination described below, the Company will change the amount of remuneration when it is determinable that the Company's position has changed from a comprehensive and medium- to long-term perspective.

Factors for Determination	Major Indicators
Company's Size	Sales revenue
	Total assets
	Market capitalization
Earnings Capacity	Current income (attributable to the parent company)
	ROE
	ROI
	D/E ratio
Outside Evaluations	Credit ratings
	ESG index selected by GPIF

The amount of bonuses will be determined by the calculation formula based on the following consolidated performance indicator.

Consolidated Performance Indicator	Core operating income plus Financial profit and loss			
Calculation Formula	consolidated performance indicator	×	coefficient*2	

\*2 The Company will arrange so that the higher the position, the larger the coefficient will be.

(Note) If a consolidated performance indicator does not exceed a particular level, bonuses will not be paid.

(Note) The amount to be paid to each person will be determined by each position.

(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 Directors, etc., levels of remuneration, and other matters incidental thereto. Composed mainly of Outside Officers, the Committee shall advise the Board of Directors about the remuneration system for Directors, etc., 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 General Meeting of Shareholders held on June 23, 2006 (i.e., 1.0 billion yen or less per year).

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 specific amount of remuneration for each Director, etc. shall be determined by Director and Chairman Mr. Masakazu Tokura authorized by the Board of Directors, based on the standard suggested by the Remuneration Advisory Committee, an advisory body to the Board of Directors.

This is because the Company believes that determining the specific amount of remuneration for each Director, etc. does not fit into the discussions and deliberations of the Board of Directors, and it is more appropriate for Director and Chairman, who serves as the chairman of the Remuneration Advisory Committee and the chairman of the Board of Directors and is in a position to overview the entire Company, to make decisions based on the purpose of policies for determining compensation, etc. and deliberations and opinions

of the Remuneration Advisory Committee.

To ensure that the authority to determine the amount of remuneration for each Director, etc. is appropriately exercised by Director and Chairman, the Board of Directors' policies provide that Director and Chairman shall determine the amount of individual remuneration for Directors based on the standard suggested by the Remuneration Advisory Committee as being consistent with the Company's policy for determining remuneration, etc. As Director and Chairman determines the individual remuneration amount based on this standard, the Board of Directors has concluded that the content of the individual remuneration is in line with the determination policy.

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

Category	Number of persons	Amount of compensation	Amount of compensation by type	
			Basic compensation (fixed remuneration)	Bonuses (performance-linked remuneration)
Directors (Of which, Outside Directors)	14 persons (4 persons)	702 million yen (68 million yen)	606 million yen (60 million yen)	96 million yen (8 million yen)
Corporate Auditors (Of which, Outside Corporate Auditors)	5 persons (3 persons)	116 million yen (37 million yen)	116 million yen (37 million yen)	-
Total	19 persons	818 million yen	722 million yen	96 million yen

NOTES: 1. The above number of persons and amount of compensation includes one Director who retired during the fiscal year under review.

2. Due to a resolution by a General Meeting of Shareholders, the total amount of compensation for Directors is 1.0 billion yen or less per annum, and the total amount of 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.

3. The actual value of bonuses (performance-linked remuneration) determined by the performance indicator for the fiscal year under review is ¥148.3 billion.

## (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. The information below is not subject to audits by Corporate Auditors.

(As of May 14, 2021)

Position	Name	Areas of responsibility
Managing Executive Officer	Marc Vermeire	Engaged in Sumitomo Chemical Agro Europe, Sumitomo Chemical Europe
Managing Executive Officer	Keiichi Sakata	Engaged in Sumitomo Chemical Asia
Managing Executive Officer	Motoyuki Sakai	In charge of Inorganic Materials Div., Specialty Chemicals Div., Advanced Polymers Div., Battery Materials Div.
Managing Executive Officer	Seiji Takeuchi	In charge of Planning & Coordination Office, Petrochemicals & Plastics Sector, Responsible Care Dept., Basic Materials Div., Industrial Chemicals Div., Petrochemicals Research Laboratory
Managing Executive Officer	Naoyuki Inoue	Engaged in Rabigh Refining and Petrochemical Company
Managing Executive Officer	Keigo Sasaki	Supervision of Corporate Communications, Accounting, Finance
Managing Executive Officer	Kenji Ohno	Supervision of Sustainability, Internal Control and Audit, In charge of Legal Dept., General Manager of Sustainability Dept.
Managing Executive Officer	Shinichiro Nagata	In charge of Ehime Works, General Manager of Ehime Works
Managing Executive Officer	Yoshizumi Sasaki	In charge of Business Development Office for a Circular System for Plastics, Resin-related Business Development Dept., Polyolefins Div., Automotive Materials Div., General Manager of Automotive Materials Div.
Managing Executive Officer	Ichiro Kosaka	In charge of Planning & Coordination Office, Energy & Functional Materials Sector, Quality Assurance Office, Energy & Functional Materials Sector
Managing Executive Officer	Takanari Yamaguchi	In charge of Planning & Coordination Office, IT-related Chemicals Sector, Quality Assurance Office, IT-related Chemicals Sector

Position	Name	Areas of responsibility
Executive Officer	Andrew Lee	Engaged in Valent U.S.A., Valent BioSciences
Executive Officer	Masaya Naito	In charge of Procurement Dept., Logistics Dept.
Executive Officer	Akira Iwasaki	In charge of Planning & Coordination Office, Energy & Functional Materials Sector, Quality Assurance Office, Energy & Functional Materials Sector
Executive Officer	Hirokazu Murata	In charge of Oita Works, Misawa Works, General Manager of Oita Works
Executive Officer	Isao Kurimoto	In charge of Research Planning and Coordination Dept., Digital and Data Science Innovation Dept., Intellectual Property Dept., Industrial Technology & Research Laboratory
Executive Officer	Koichi Ogino	In charge of Chiba Works, General Manager of Chiba Works
Executive Officer	Inho Rha	Engaged in Dongwoo Fine-Chem
Executive Officer	Akira Nakanishi	In charge of Planning & Coordination Office, IT-related Chemicals Sector, Electronic Materials Div.
Executive Officer	Masao Shimizu	In charge of Human Resources Dept., Osaka Office Administration Dept., General Manager of Human Resources Dept.
Executive Officer	Hiroaki Fujimoto	In charge of AgroSolutions Div.- Japan
Executive Officer	Kanako Fukuda	Engaged in Sumitomo Chemical Europe
Executive Officer	Juan Ferreira	Engaged in Sumitomo Chemical do Brasil Representações Ltda
Executive Officer	Hiroyoshi Mukai	In charge of Planning & Coordination Office, Health & Crop Sciences Sector, Quality Assurance Office, Health & Crop Sciences Sector, General Manager of Planning & Coordination Office, Health & Crop Sciences Sector
Executive Officer	Shinsuke Shojima	In charge of AgroSolutions Div. - International, General Manager of AgroSolutions Div. - International

Position	Name	Areas of responsibility
Executive Officer	Takanori Ito	In charge of Process & Production Technology & Safety Planning Dept., Production & Safety Fundamental Technology Center, Responsible Care Dept., General Manager of Responsible Care Dept.
Executive Officer	Yoshihiro Ino	In charge of IT Innovation Dept., General Manager of IT Innovation Dept.
Executive Officer	Tetsuo Takahashi	In charge of Planning & Coordination Office, Petrochemicals & Plastics Sector, General Manager of Planning & Coordination Office, Petrochemicals & Plastics Sector
Executive Officer	Tomoyuki Hirayama	In charge of General Affairs Dept., External Relations Dept., General Manager of General Affairs Dept., General Manager of External Relations Dept.

#### 4. Outside Officers

##### (1) Main activities during the fiscal year under review

Title	Name	Main activities
Outside Director	Koichi Ikeda	Mr. Koichi Ikeda 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 oversight and advice based on an extensive view on overall management by making use of his expertise, regarding agenda items such as business strategies for core businesses, global management, important investments, and management of listed subsidiaries. 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.
	Hiroshi Tomono	Mr. Hiroshi Tomono 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 advice by making use of his technical expertise and provided oversight based on an extensive view on overall management, regarding agenda items such as 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, 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, and sustainability. She also served as a member of the non-mandatory Nomination Advisory Committee and the Remuneration Advisory Committee, and made appropriate statements in deliberations at the committees, contributing to the improvement of transparency and fairness regarding the nomination and compensation of executives.
Outside 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 accounting 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.
	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)		
<b>Assets</b>	140th term (As of March 31, 2021)	(Reference) 139th term (As of March 31, 2020)	<b>Liabilities</b>	140th term (As of March 31, 2021)	(Reference) 139th term (As of March 31, 2020)
<b>Current assets:</b>	<b>1,584,471</b>	<b>1,310,906</b>	<b>Current liabilities:</b>	<b>1,090,692</b>	<b>1,162,328</b>
Cash and cash equivalents	360,918	180,648	Bonds and borrowings	250,389	466,527
Trade and other receivables	652,616	570,413	Trade and other payables	522,887	436,070
Other financial assets	12,814	8,945	Other financial liabilities	55,913	48,769
Inventories	511,529	492,391	Income taxes payable	38,410	32,116
Other current assets	46,552	54,204	Provisions	106,968	89,862
Subtotal	1,584,429	1,306,601	Other current liabilities	116,125	88,984
Assets held for sale	42	4,305	<b>Non-current Liabilities:</b>	<b>1,417,443</b>	<b>1,099,167</b>
<b>Non-current assets:</b>	<b>2,405,783</b>	<b>2,343,181</b>	Bonds and borrowings	1,100,677	838,139
Property, plant and equipment	793,500	778,417	Other financial liabilities	81,117	92,056
Goodwill	220,295	200,416	Retirement benefit liabilities	37,179	45,770
Intangible assets	450,172	465,646	Provisions	25,115	21,491
Investments accounted for using equity method	243,803	264,054	Deferred tax liabilities	101,854	79,528
Other financial assets	528,826	488,645	Other non-current liabilities	71,501	22,183
Retirement benefit asset	80,455	61,229	<b>Total liabilities</b>	<b>2,508,135</b>	<b>2,261,495</b>
Deferred tax assets	41,406	47,191	<b>Equity</b>		
Other non-current assets	47,326	37,583	<b>Equity attributable to owners of the parent:</b>	<b>1,019,230</b>	<b>923,990</b>
			Share capital	89,699	89,699
			Capital surplus	26,882	20,784
			Retained earnings	854,538	807,959
			Treasury shares	(8,334)	(8,329)
			Other components of equity	56,445	13,877
			<b>Non-controlling interests</b>	<b>462,889</b>	<b>468,602</b>
<b>Total assets</b>	<b>3,990,254</b>	<b>3,654,087</b>	<b>Total equity</b>	<b>1,482,119</b>	<b>1,392,592</b>
			<b>Total liabilities and equity</b>	<b>3,990,254</b>	<b>3,654,087</b>

## Consolidated Statement of Profit or Loss

		(Millions of Yen)
	140th term (April 1, 2020 to March 31, 2021)	(Reference) 139th term (April 1, 2019 to March 31, 2020)
<b>Sales revenue</b>	<b>2,286,978</b>	<b>2,225,804</b>
Cost of sales	(1,515,782)	(1,519,047)
<b>Gross profit</b>	<b>771,196</b>	<b>706,757</b>
Selling, general and administrative expenses	(631,270)	(575,135)
Other operating income	26,673	11,590
Other operating expenses	(17,025)	(14,928)
Share of profit (loss) of investments accounted for using the equity method	(12,459)	9,233
<b>Operating income</b>	<b>137,115</b>	<b>137,517</b>
Finance income	19,868	13,178
Finance expenses	(19,180)	(20,215)
<b>Income before taxes</b>	<b>137,803</b>	<b>130,480</b>
Income tax expenses	(69,729)	(76,081)
<b>Net income</b>	<b>68,074</b>	<b>54,399</b>
<b>Net income attributable to:</b>		
Owners of the parent	46,043	30,926
Non-controlling interests	22,031	23,473
<b>Net income</b>	<b>68,074</b>	<b>54,399</b>

## Consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Millions of Yen)

	Equity attributable to owners of the parent			
	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2020	89,699	20,784	807,959	(8,329)
Net income			46,043	
Other comprehensive income				
Total comprehensive income	—	—	46,043	—
Purchase of treasury shares				(5)
Disposal of treasury shares		0		0
Dividends			(19,620)	
Changes due to new consolidation				
Transactions with non-controlling interests		6,098		
Transfer from other components of equity to retained earnings			20,116	
Other changes			40	
Total transactions with owners	—	6,098	536	(5)
Balance at March 31, 2021	89,699	26,882	854,538	(8,334)

	Equity attributable to owners of the parent					
	Other components of equity					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	Total	
Balance at April 1, 2020	76,115	—	184	(62,422)	13,877	923,990
Net income					—	46,043
Other comprehensive income	19,029	15,562	(3,050)	31,143	62,684	62,684
Total comprehensive income	19,029	15,562	(3,050)	31,143	62,684	108,727
Purchase of treasury shares					—	(5)
Disposal of treasury shares					—	0
Dividends					—	(19,620)
Changes due to new consolidation					—	—
Transactions with non-controlling interests					—	6,098
Transfer from other components of equity to retained earnings	(4,554)	(15,562)			(20,116)	—
Other changes					—	40
Total transactions with owners	(4,554)	(15,562)	—	—	(20,116)	(13,487)
Balance at March 31, 2021	90,590	—	(2,866)	(31,279)	56,445	1,019,230

	Non-controlling interests	Total equity
Balance at April 1, 2020	468,602	1,392,592
Net income	22,031	68,074
Other comprehensive income	5,202	67,886
Total comprehensive income	27,233	135,960
Purchase of treasury shares		(5)
Disposal of treasury shares		0
Dividends	(16,779)	(36,399)
Changes due to new consolidation	4	4
Transactions with non-controlling interests	(16,171)	(10,073)
Transfer from other components of equity to retained earnings		—
Other changes		40
Total transactions with owners	(32,946)	(46,433)
Balance at March 31, 2021	462,889	1,482,119

## Non-consolidated Financial Statements

<u>Non-consolidated Balance Sheet</u>			(Millions of Yen)		
<b>Assets</b>	140th term (As of March 31, 2021)	(Reference) 139th term (As of March 31, 2020)	<b>Liabilities</b>	140th term (As of March 31, 2021)	(Reference) 139th term (As of March 31, 2020)
<b>Current assets:</b>	<b>551,836</b>	<b>482,522</b>	<b>Current liabilities:</b>	<b>519,149</b>	<b>420,026</b>
Cash on hand and in banks	43,211	1,848	Trade notes payable	2,573	3,218
Trade notes receivable	1,307	1,605	Trade accounts payable	138,334	126,295
Trade accounts receivable	197,801	184,343	Short-term borrowing	197,074	103,784
Merchandise and finished goods	143,188	157,391	Bonds due within one year	30,000	45,000
Work in process	261	1,346	Commercial paper	-	2,000
Raw materials and supplies	48,453	43,121	Non-trade accounts payable	67,283	66,222
Non-trade accounts receivable	93,027	88,481	Accrued expenses	11,052	11,092
Other	30,148	9,536	Deposits received	46,144	37,941
Allowance for doubtful receivables	(5,560)	(5,148)	Reserve for bonuses	10,700	10,400
			Reserve for repairs	10,024	9,275
			Reserve for removal cost of property, plant and equipment	1,364	1,907
			Other	4,601	2,893
<b>Non-current assets:</b>	<b>1,177,842</b>	<b>1,094,629</b>	<b>Non-current Liabilities:</b>	<b>864,295</b>	<b>841,647</b>
<b>Property, plant and equipment:</b>	<b>261,853</b>	<b>271,892</b>	Bonds	455,000	445,000
Buildings	45,731	45,761	Long-term borrowing due after one year	354,910	351,146
Structures	28,320	29,203	Deferred tax liabilities	28,398	16,614
Machinery and equipment	116,585	124,841	Long-term deposits received	7,324	7,376
Vehicles	369	426	Long-term advances received	11,347	13,679
Tools and furniture	9,383	8,961	Reserve for removal cost of property, plant and equipment	3,120	2,618
Land	47,696	47,777	Reserve for environmental measures	1,428	1,697
Leased assets	30	19	Reserve for loss on business of subsidiaries and affiliates	794	647
Construction in progress	13,738	14,903	Reserve for repairs	539	2,202
			Other	1,433	667
<b>Intangible assets:</b>	<b>24,265</b>	<b>20,877</b>	<b>Total liabilities</b>	<b>1,383,444</b>	<b>1,261,673</b>
Patent	393	396	<b>Net assets</b>		
Software	16,252	11,703	<b>Shareholders' equity:</b>	<b>310,859</b>	<b>288,766</b>
Goodwill	1,633	2,141	<b>Common stock</b>	<b>89,699</b>	<b>89,699</b>
Other	5,987	6,637	<b>Capital surplus:</b>	<b>23,698</b>	<b>23,698</b>
<b>Investments and other non-current assets:</b>	<b>891,724</b>	<b>801,860</b>	Additional paid-in capital	23,695	23,695
Investment securities	115,496	108,491	Other capital surplus	2	2
Investments in subsidiaries and affiliates	415,443	417,396	<b>Retained earnings:</b>	<b>205,797</b>	<b>183,698</b>
Investments in capital	660	567	Legal reserve	21,361	21,361
Investments in subsidiaries and affiliates' capital	109,704	109,191	Other retained earnings	184,436	162,337
Long-term loans receivable	150,625	66,461	General reserve	130,000	130,000
			Retained earnings brought forward	54,436	32,337
Long-term prepaid expenses	14,752	15,933	<b>Treasury stock</b>	<b>(8,334)</b>	<b>(8,329)</b>
Prepaid pension expense	61,566	60,976	<b>Valuation and translation adjustments:</b>	<b>35,375</b>	<b>26,711</b>
Other	24,151	23,455	Valuation difference on available-for-sale securities	36,608	25,346
Allowance for doubtful receivables	(672)	(611)	Deferred gains on hedges	(1,233)	1,366
			<b>Total net assets</b>	<b>346,234</b>	<b>315,477</b>
<b>Total assets</b>	<b>1,729,678</b>	<b>1,577,151</b>	<b>Total liabilities and net assets</b>	<b>1,729,678</b>	<b>1,577,151</b>

**Non-consolidated Statement of Income**

	(Millions of Yen)	
	140th term (April 1, 2020 to March 31, 2021)	(Reference) 139th term (April 1, 2019 to March 31, 2020)
Net sales	645,996	678,436
Cost of sales	523,985	556,357
<b>Gross profit</b>	<b>122,011</b>	<b>122,079</b>
Selling, general and administrative expenses	135,504	134,106
<b>Operating income</b>	<b>13,493</b>	<b>12,027</b>
Non-operating income	67,323	60,958
Interest and dividend income	58,347	54,545
Foreign exchange gain	5,042	–
Other income	3,934	6,414
Non-operating expenses	15,740	20,062
Interest expense	7,896	7,793
Cost of inactive facilities	1,916	1,716
Bond issuance costs	194	2,426
Foreign exchange losses	–	3,342
Other expenses	5,734	4,786
<b>Ordinary income</b>	<b>38,089</b>	<b>28,869</b>
Special gains	20,973	3,717
Gain on sale of investment securities	19,519	3,717
Gain on sale of non-current assets	1,453	–
Special losses	9,565	5,725
Loss on disposal of property, plant and equipment	3,276	3,351
Loss on valuation of investment securities	3,111	–
Loss on related business	1,752	750
Impairment loss	1,426	1,624
<b>Income before income taxes</b>	<b>49,497</b>	<b>26,860</b>
Income taxes – current	283	(281)
Income taxes – deferred	7,495	4,357
<b>Net income</b>	<b>41,719</b>	<b>22,784</b>

## NOTES:

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