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For Immediate Release

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### **Recognizing Provision for Repayment of Procured Price Mischarged at a Subsidiary**

Sumitomo Seika Chemicals Co., Ltd. (“the Company”) recently came to learn that over a period of time one of its subsidiaries (“the Subsidiary”) had been charging its customer incorrectly for a certain product supplied without required prior notice of a change in the procurement source of a raw material for the product. As a result, the Company has decided to recognize the repayment of the mischarged amount for the product as an extraordinary loss.

Today, the Company announced a revision to its full year consolidated financial forecasts for the fiscal year ended March 31, 2025, which incorporates, among other things, an impact of the posting of the above extraordinary loss.

The Company deeply apologizes for any inconvenience caused to the customer of the Subsidiary and all others concerned.

#### **1. Outline of the situation**

The Subsidiary has a contractual arrangement with a certain customer under which it manufactures and sells a certain product to the customer at prices varying with agreed procurement sources of a raw material for the product. It has recently turned out that the Subsidiary at a certain point in time changed its procurement source of the raw material and, failing to so notify the customer in advance, continued to sell the product at the same price as before. As a result, the Subsidiary has received more payment than it is entitled to, which is equivalent to 1,355 million yen in total including the payment of the past years, representing the cumulative product price difference accruing from differing procurement sources of the raw material.

#### **2. Action taken**

When the above situation was found out, the Subsidiary immediately contacted the customer, offering the repayment of the excess amount received. Incidentally, there has been no reporting from the customer about any problem associated with the use of the product in question.

#### **3. Impact on the Company's financial performance**

As stated in a separate new release “Announcement Regarding Recognition of Extraordinary Losses and Revision to Full-Year Consolidated Financial Forecasts” concurrently announced today, the Company will record the above amount of 1,355 million yen, equivalent to the sum the Subsidiary has offered to repay to the customer, as an extraordinary loss for the fiscal year 2024.

#### 4. Disciplinary actions for Board members concerned

Taking this incident solemnly and to clarify the responsibility of management, the Company will take the following disciplinary actions by reducing remuneration for Board members concerned as below.

Position title	Name	Disciplinary Action	Duration
Representative Director President	OGAWA Ikuzo	50% of monthly remuneration	Two months
Representative Director Senior Managing Executive Officer	HAMATANI Kazuhiro	30% of monthly remuneration	Two months
Director Senior Managing Executive Officer	TOYA Takehiro	30% of monthly remuneration	Two months
Director Managing Executive Officer	MACHIDA Kenichiro	30% of monthly remuneration	Two months