

FY2022-FY2024

Corporate Business Plan

Change and Innovation

~ with the **Power** of Chemistry ~



Updated June 10, 2022

Today's agenda

I Overview of the Previous Corporate Business Plan (FY19-21)

- 1 Business performance
- 2 Progress on major action plans

II New Corporate Business Plan (FY22-24)

- 1 Business Environment
- 2 Basic direction and major action plans
- 3 Management numerical targets

III Business Strategy by Sector

IV Epilogue

I Overview of the Previous Corporate Business Plan (FY19-21)

Basic direction of Previous Corporate Business Plan (FY19-21)

Change & Innovation 3.0 For a Sustainable Future

Further improve
business portfolio

Accelerating the
development of
next-generation
businesses

Improve
productivity
through
digital innovation

*Basic direction of 2019-2021
Corporate Business Plan*

Build a more
robust financial
structure

Employ, develop and
leverage human
resources for
sustainable growth

Ensure full and strict
compliance and
maintain safe and
stable operations

Overcame business challenges faced at the outset of the previous plan

Cultivated post-Latuda

Secured footprint for Agrosolutions

Launched PRCII

Major initiatives

Business portfolio

Advanced selection and concentration to bolster competitiveness of each business

Capex, investments and loans

Invested 870 bn. Yen mainly in life sciences to fuel future

Next-generation businesses

Finished building out internal infrastructure and moved toward accelerating the creation of next-generation businesses

Digital innovation

Enhanced productivity by building out an infrastructure and organizations for digital domains and began DX 2.0 strategy early

Carbon Neutrality

Established a grand design and a new target of 50% reduction in GHG by FY 2030

Performance

Core Operating

Achieved solid growth in high-performance and life science fields, recovering to a point just below target despite COVID-19 headwinds

Capital

Increased capital invested on major M&A deals and solidly improved ROI

Overseas

Globalization progressed further with acquisition of business in South America, etc.

Shareholder

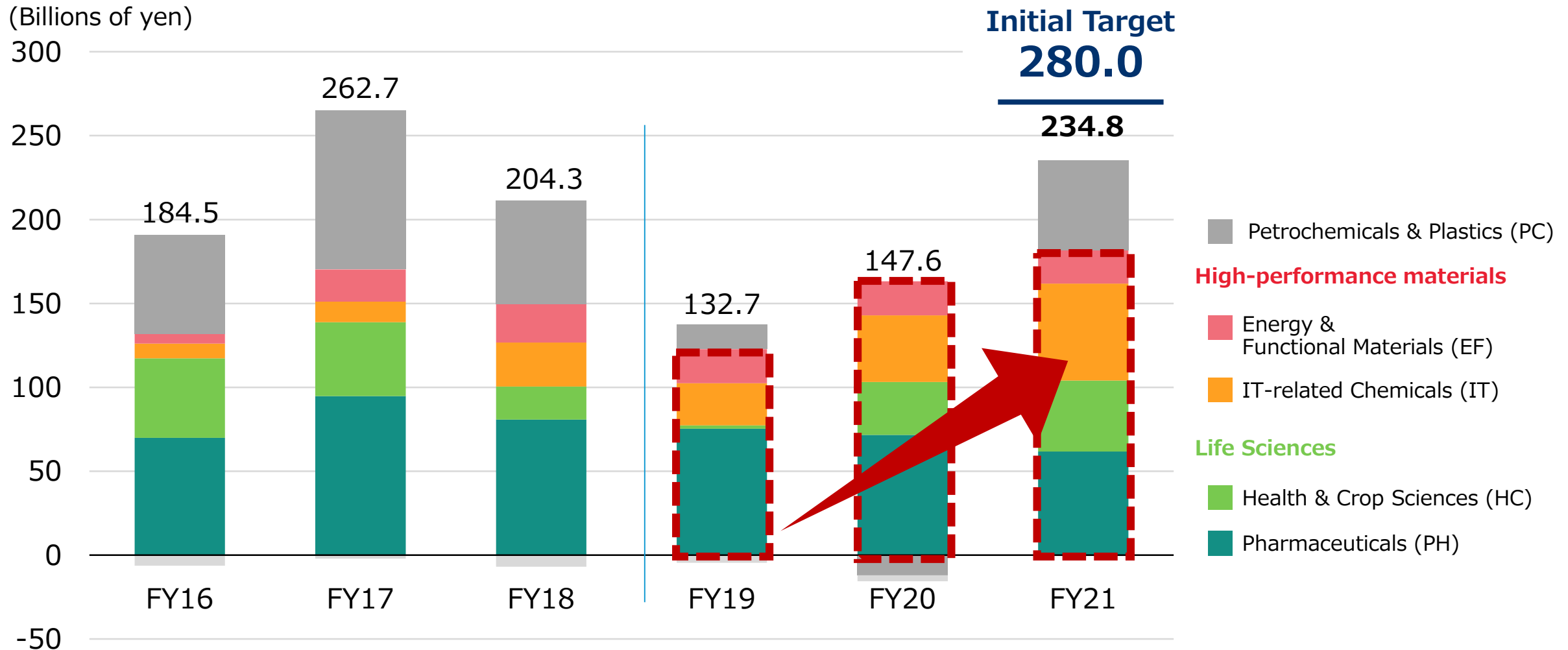
Pay out record-high 24-yen DPS in FY 21

— **1 Business performance**

— **2 Progress on major action plans**

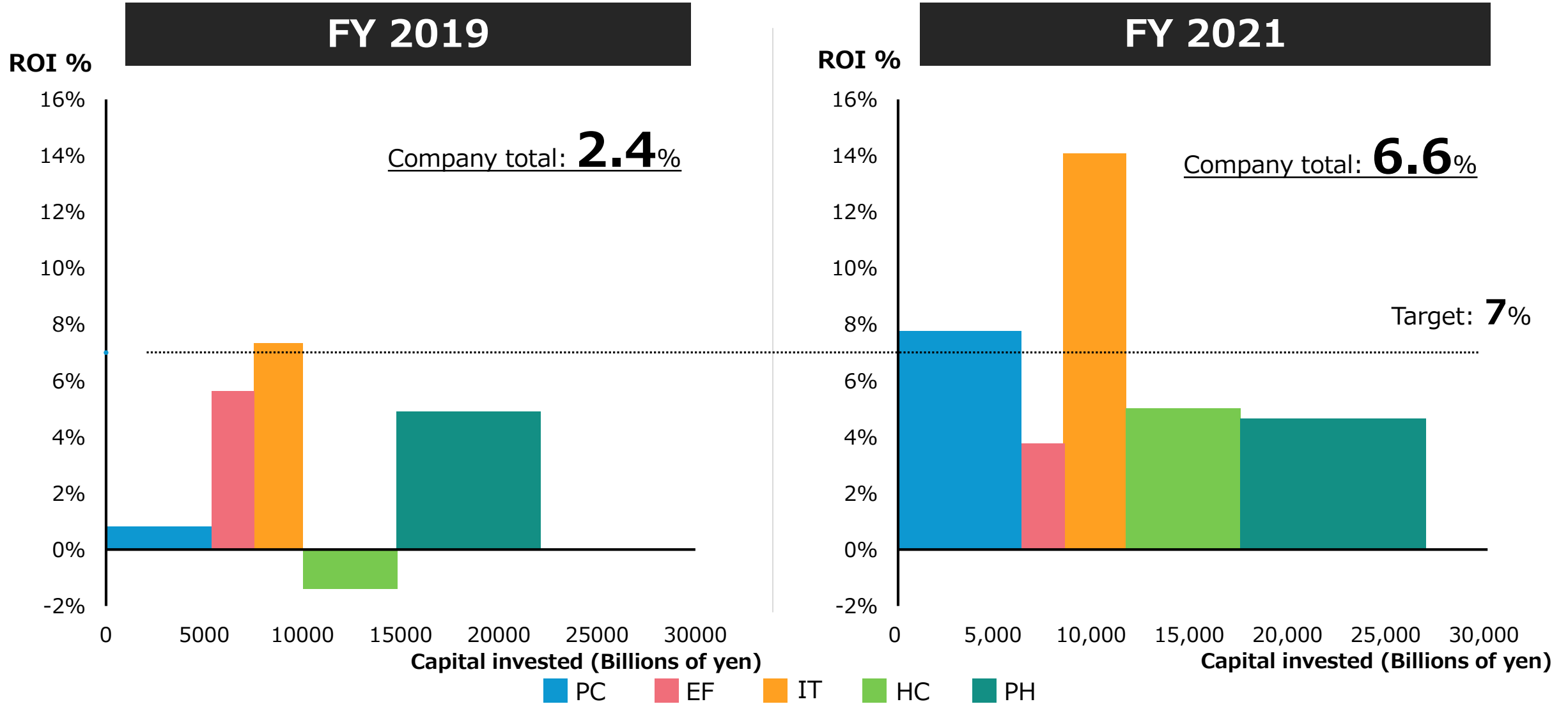
Business performance

Achieved solid growth in high-performance materials and life sciences, recovering to a point just below target despite COVID-19 headwinds



Capital efficiency

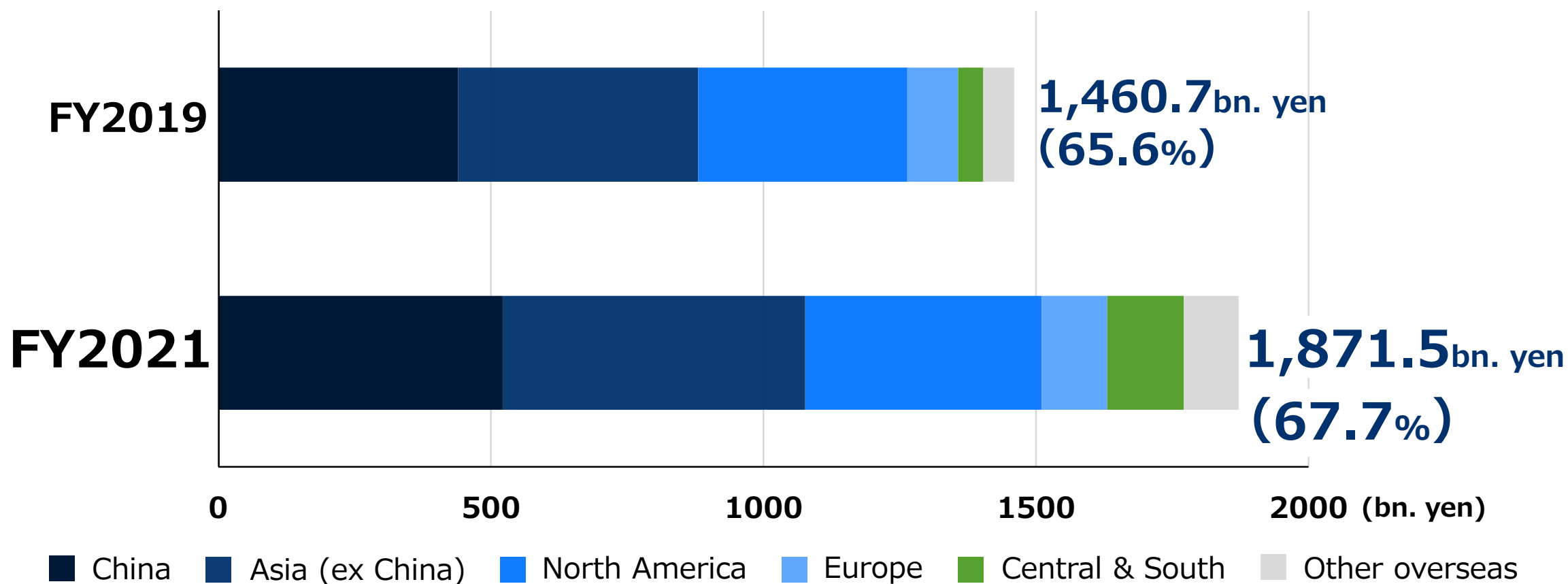
Increased capital invested on major M&A deals and solidly improved ROI



Overseas Sales Revenue

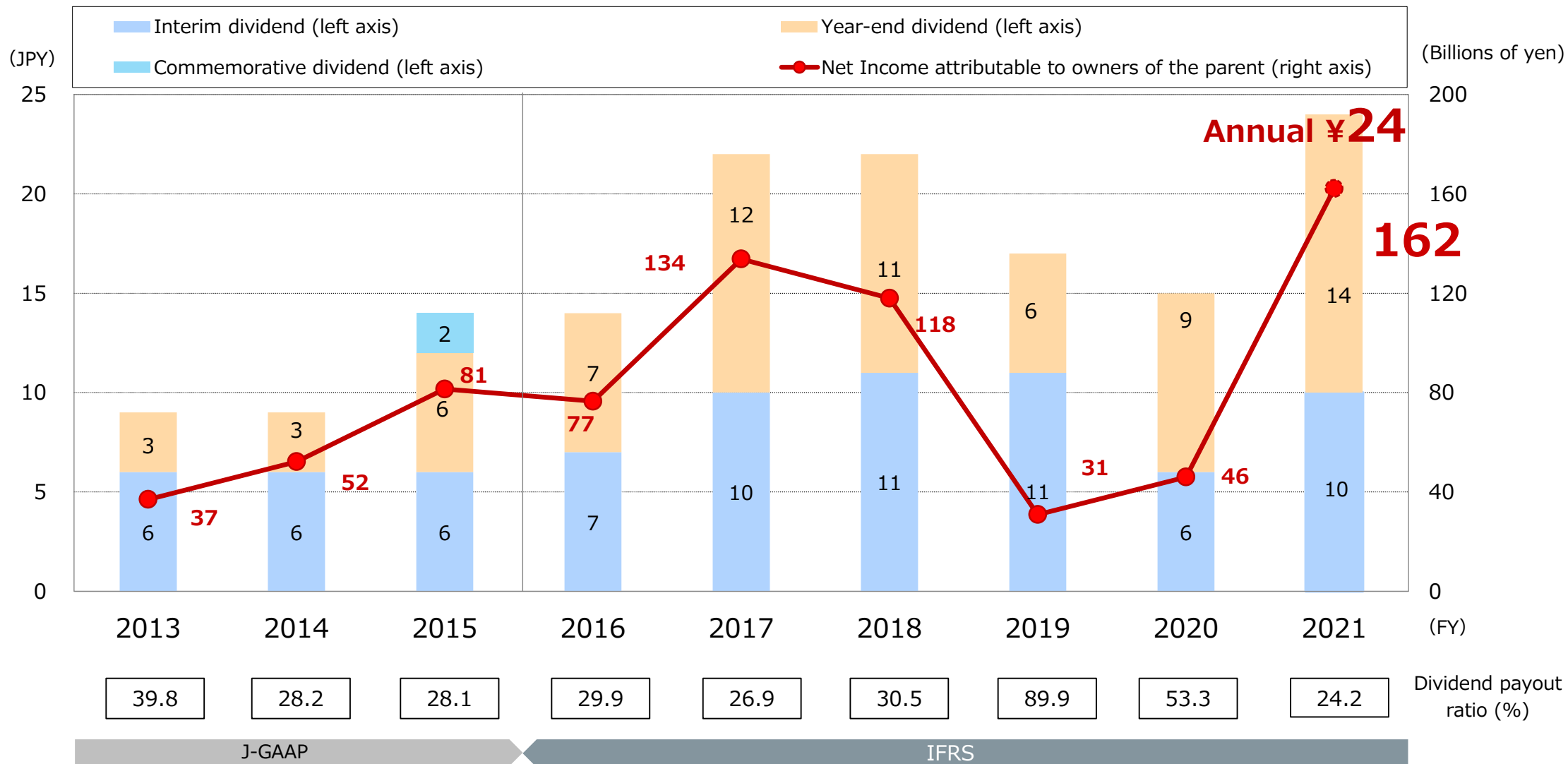
Overseas sales revenue grew on expansion of South American crop protection businesses, achieving further globalization

Overseas Sales Revenue (as a % of total revenue)



Shareholder returns

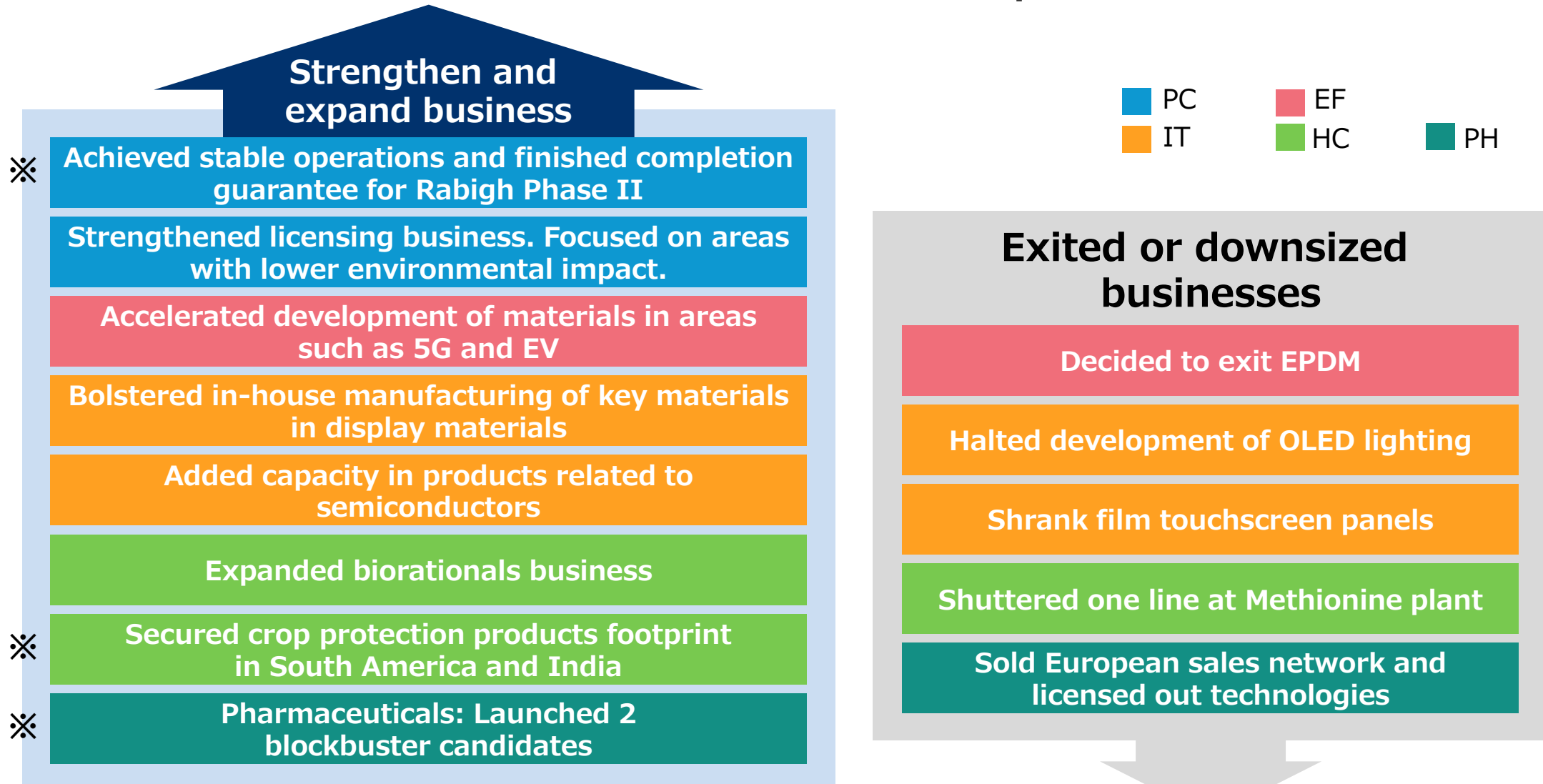
Payment of record-high ¥24 annual DPS



- 1 Business performance
- **2 Progress on major action plans**

Further improve business portfolio: Bolstering competitiveness

Advanced selection and concentration to bolster competitiveness of each business



※Overcame business challenges faced at the outset of the plan

Further improve business portfolio: Investment allocation by field

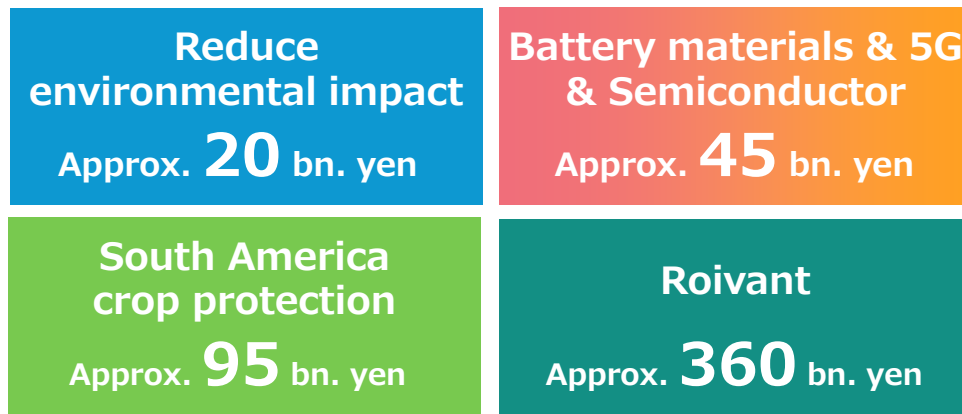
Executed investments aimed at future growth, including major M&A in life sciences

Sum of investments **Approx. 870 bn. yen**

Investment by business area

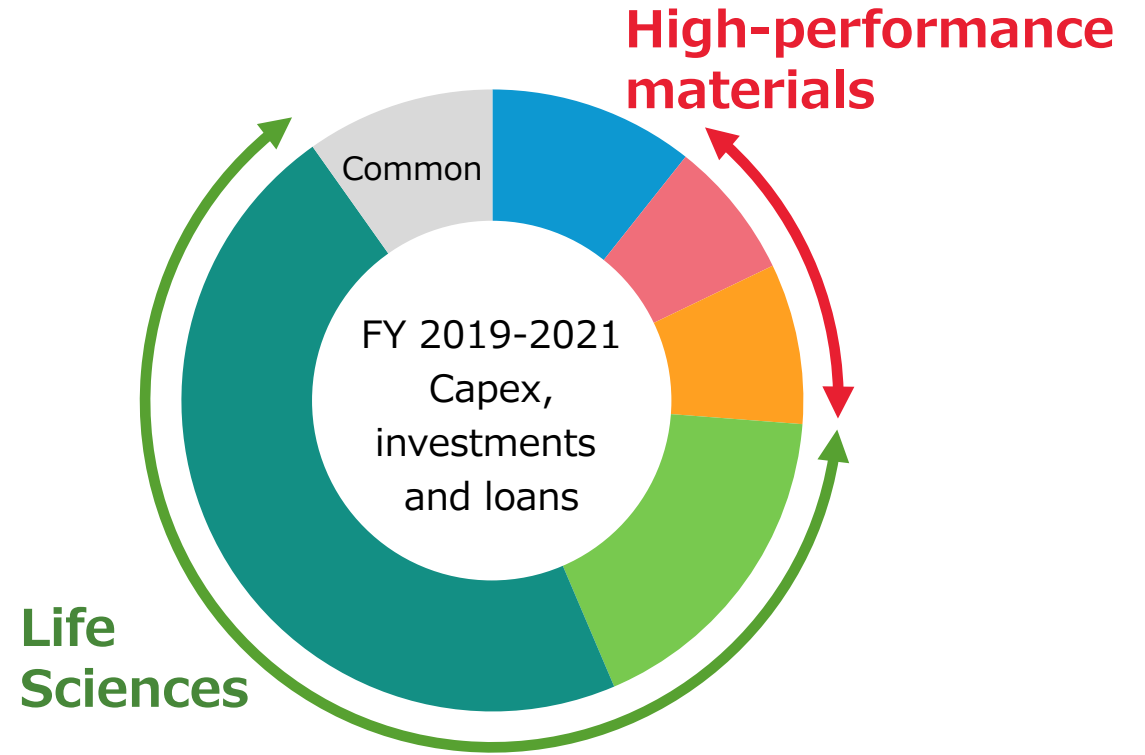
Strategic investments

Approx. **590** bn. yen



Maintain and strengthen business fundamentals
Approx. **280** bn. yen

Investment by business division



■ PC ■ EF ■ IT ■ HC ■ PH

* Based on the timing of the decision to invest.
Does not necessarily align with the timing of actual cash outlays or accounting treatments.

Accelerate the Development of Next-Generation Businesses

Finished building base for creating next-generation businesses
Accelerated development and commercialization leveraging innovation ecosystem

Established and launched CVI*

* Corporate Venturing & Innovation Office

● Cambridge, U.K. (CDT*) ● Boston, U.S.
✧ Cambridge Display Technology ● San Francisco, U.S.

Significantly increased contact
with startups

Adoption of MI

- Train at least one data engineer in each development group
- Leverage data science in majority of development groups

Researchers leverage MI on a daily basis
“MI for all”

Introduced stage-gate management system

Incubation stage (Phase0&1) → Development/Scalability stage (Phase2&3)

Increased projects in incubation stage

26

67

Decided to reorganize and strengthen research sites

Reduction of environmental impact
Development of new materials

- New research lab in China (Operations to start March 2024)

Incubation
Open innovation

- New research lab in Osaka (Operations to start Autumn of 2024)

Improving Productivity through Digital Innovation

Developed infrastructure and improved productivity in four focus areas for DX and began DX strategy 2.0 early

DX strategy 1.0 : Improve productivity in four focus areas for DX

Plant

- Deployed multiple digital technologies validated at individual plants across

R&D

- Deployed MI across all research labs
- Began leveraging MI platform

SCM

- Introduced S/4HANA
- Greater line of sight into supply chain information

Office

- Quickly moved to support remote work
- Increased operational efficiency through RPA deployment companywide

DX strategy 2.0 :
Consolidate competitiveness of existing businesses

Began initiatives early

DX strategy 3.0:
Create new business models

Create new business models leveraging services and data and our core technologies

Promotional organizations

Sumitomo Chemical

- DX strategy plan: about 10 people
- Advance data science: about 25 people
- Advance new digital: about 70 people
- Also, DX advocates in mfg, sales and R&D

Link

**SUMIKA
DX
ACCENT**

HR development

• Data scientists

Corporate Business Plan target :

20people

Actual : **16people**

• Data engineers

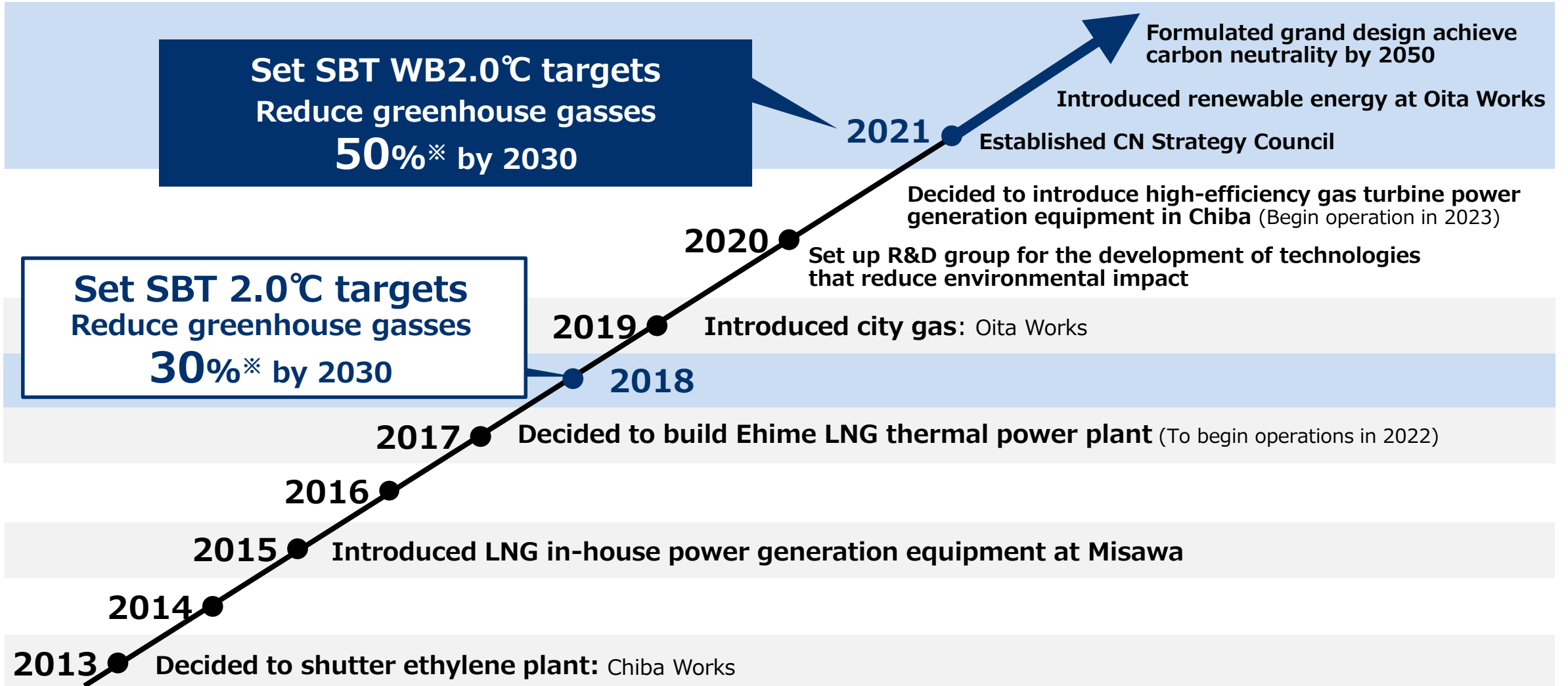
Corporate Business Plan target :

150people

Actual : **160people**

Activities aimed at becoming Carbon Neutrality

Steps taken to achieve circular systems for carbon resources to pave the way for deployment into society



II New Corporate Business Plan (FY22-24)

– 1 Business Environment

- 2 Basic direction and major action plans
- 3 Management numerical targets

Rapid and tremendous upheaval

Sustainability

- Climate change and carbon neutrality
- Protect ecosystem and strengthen environmental regulations
- Health awareness

Digital technologies

- Society5.0
- Industry structure changing from goods to solutions

Geopolitical risks

- Economic security
- Supply chain disruptions
- Emergence of protectionism

Opportunities for reform and contributions

Bringing together the power of chemistry to contribute to solving society's challenges

Direction for long-term reforms

Contribute to solving society's challenges through our business activities **by advancing Green Transformation (GX) in a broad sense**

The GX we strive to attain

GX as commonly used

Carbon neutrality

Preserving the ecosystem

Promoting health

Society's challenges that we endeavor to solve



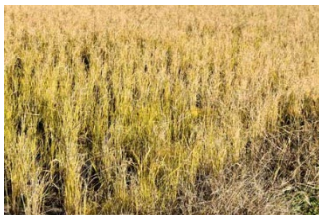
Environment

Recover the environment and achieve a world where humans and nature co-exist



Healthcare

Secure healthy lifestyles for people throughout the world



Food

Secure stable food supply and achieve harmony with the environment



ICT

Achieve an inclusive society leveraging ICT

FY2022-FY2024 Slogan of Corporate Business Plan

Change and Innovation
~ with the **Power** of Chemistry ~

with the **Power** of Chemistry

Bringing together the power of chemistry
to contribute to solving society's challenges

Sumitomo Chemical's strengths

Diversity of businesses,
technologies, geographies
and people
at Sumitomo Chemical

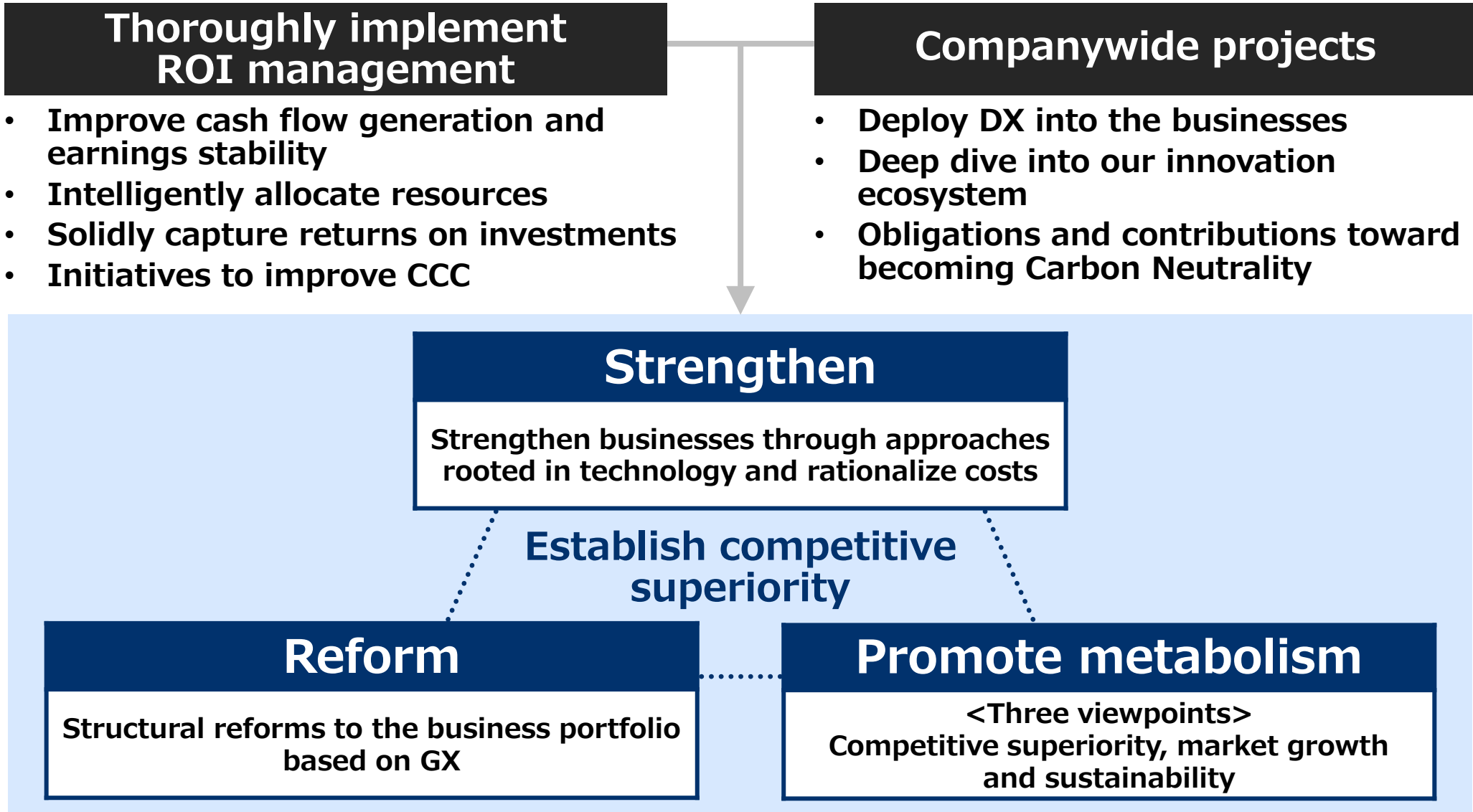


Further growth opportunities

Advancing **Green
Transformation (GX)**
in a broad sense
responded to changes
in society

- 1 Business Environment
- **2 Basic direction and major action plans**
- 3 Management numerical targets

Overview of basic policy



Change and Innovation

~ with the **Power** of Chemistry ~

— Basic Direction —

Further improve business portfolio (strengthen and reform businesses)

Improve financial standing

Accelerate the Development of Next-Generation Businesses

Obligations and contributions toward becoming Carbon Neutrality

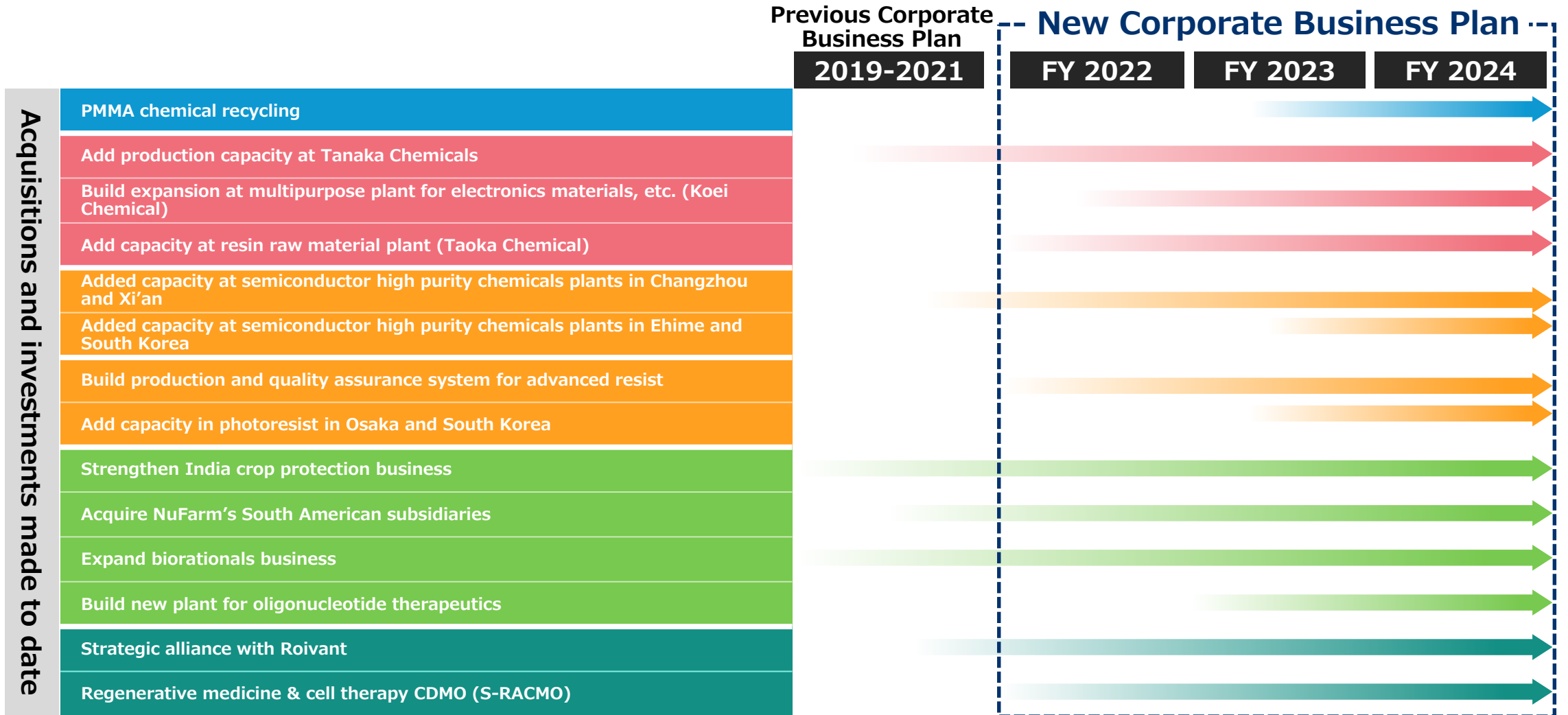
Improve productivity and strengthen businesses through digital innovation

Employ, develop and leverage human resources for sustainable growth

Ensure full and strict compliance and maintain safe and stable operations

Further improve business portfolio: Reap returns on past investments

Many investments coming into fruition during the term of the new Corporate Business Plan

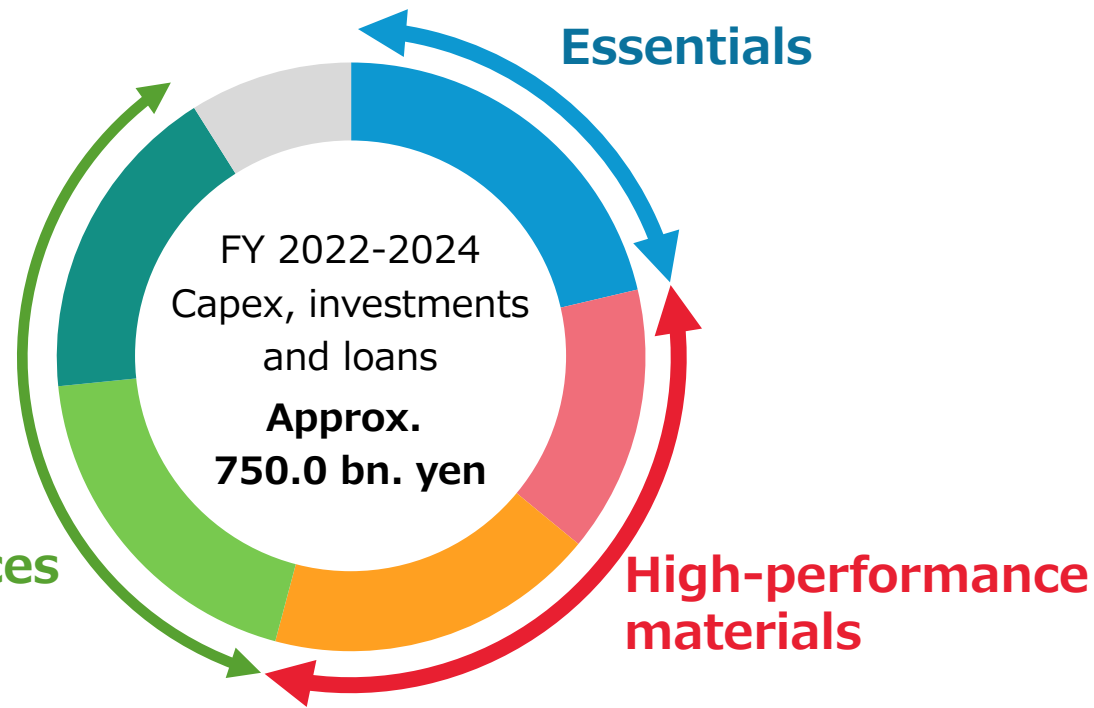
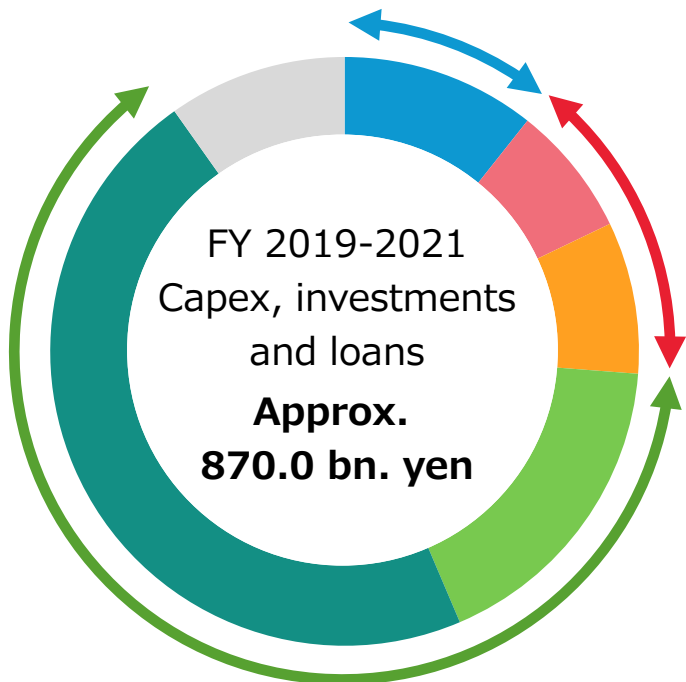


Further improve business portfolio: Capex, investments and loans by segment

Essentials field with a focus on reducing environmental impact
Also, expand investments in **high-performance materials** such as semiconductors and battery materials

FY19-21

New plan: FY22-24




- PC/Essential Chemicals & Plastics
- EF
- IT
- HC
- PH


* Based on the timing of the decision to invest.
Does not necessarily align with the timing of actual cash outlays or accounting treatments.

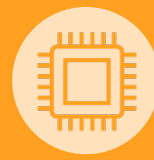
Investment plan under new Corporate Business Plan
(based on investment decisions)

Sum of investments Approx. 750 bn. yen

 **Strategic investments Approx. 450 bn. yen**

 **Reduction of environmental impact**
Approx. **30** bn. yen

 **Battery materials, Super Engineering Plastics, etc.**
Approx. **70** bn. yen

 **5G, Semiconductor, Next-generation displays, etc.**
Approx. **90** bn. yen

 **crop protection business (including biorationals)**
Approx. **90** bn. yen

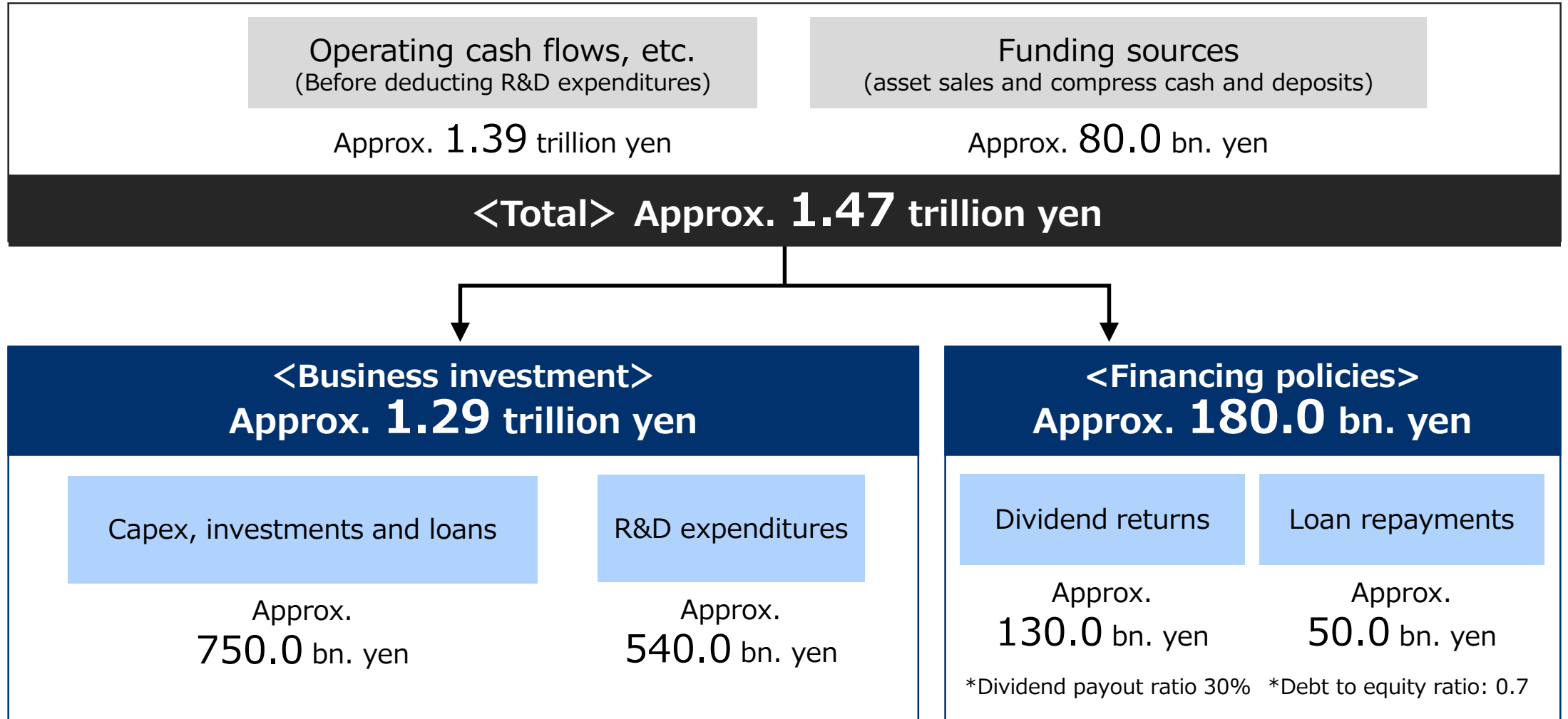
 **Pharmaceuticals**
Approx. **90** bn. yen

Others
Approx. **80** bn. yen

 **Maintain and strengthen business fundamentals** **Approx. 300 bn. yen**

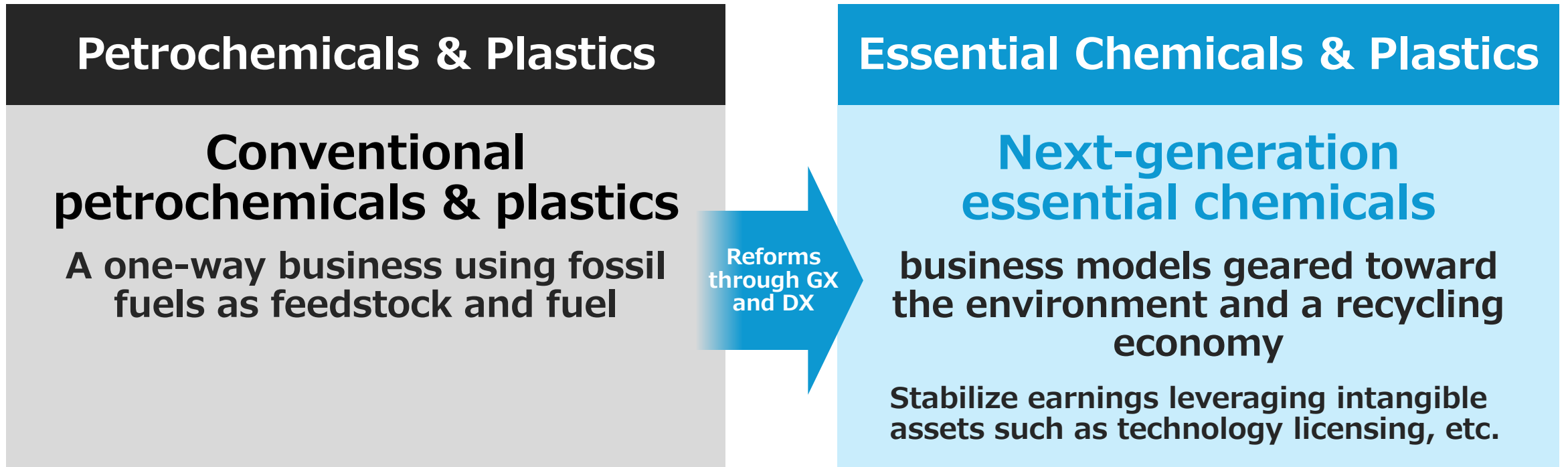
Further improve business portfolio: Assumed capital allocation

- ▶ Actively pursue business investment mainly in R&D and strategic investments
- ▶ Maintain dividend payout ratio of 30% and improve debt to equity ratio to 0.7 times



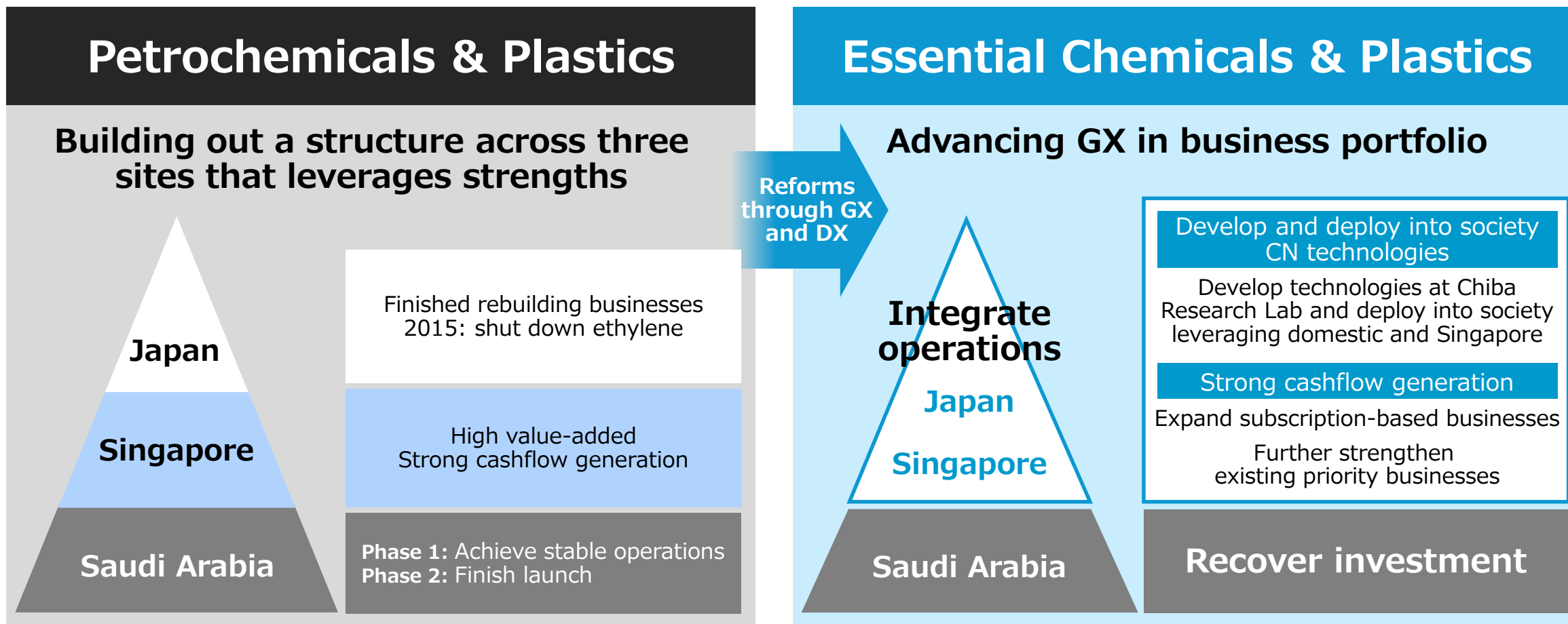
Further improve business portfolio: Change the name of the Petrochemicals & Plastics sector

- ▶ Provide materials that are **Essential** to society using manufacturing methods that are friendly to the environment and a recycling economy
- ▶ An **Essential** sector for our group in our aim to achieve carbon neutrality



Further improve business portfolio: Future direction for Essential Chemicals & Plastics

Integrate operations in Japan and Singapore to accelerate R&D and deployment into society of carbon neutral technologies and bolster earnings in existing businesses



Basic direction

Thoroughly practice ROI-oriented management

More Selective Investment

Strengthen cashflow generation capabilities

Initiatives aimed at improvement

Asset Sales

< FY 19-24 original target >

50bn.yen



< FY 19-24 projections >

100+bn.yen

Already reached 60 bn. yen

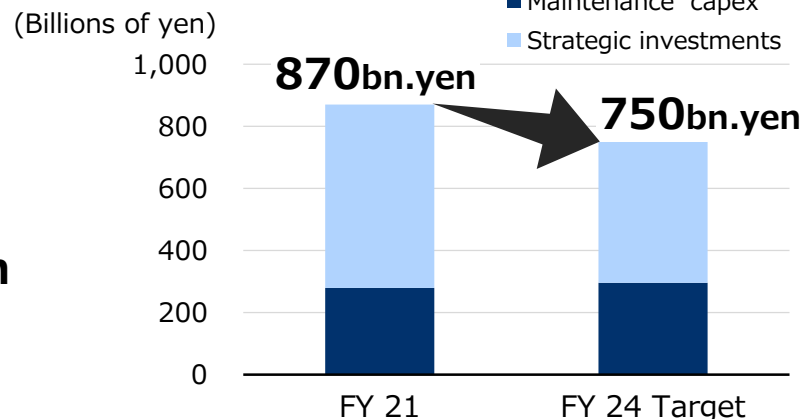
- ✓ Sold cross-shareholdings
- ✓ Sold tangible fixed assets

More Selective Investment

Selective investments in GX businesses

< FY21 → Current >

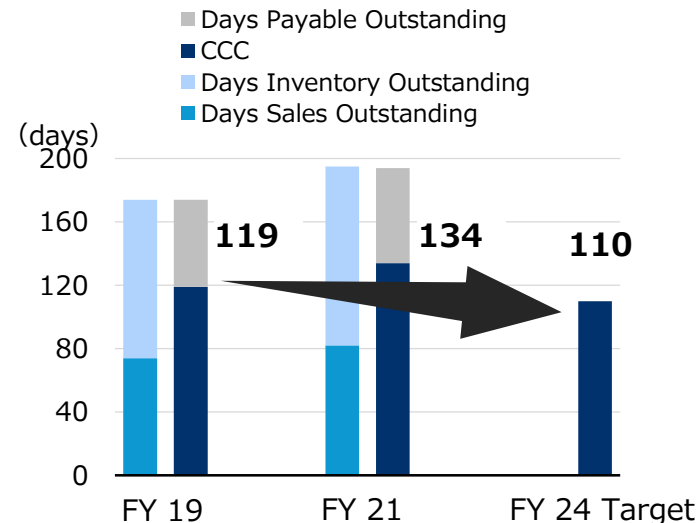
-120bn.yen



Improve CCC

< FY 19 → FY 24 >

50bn.yen



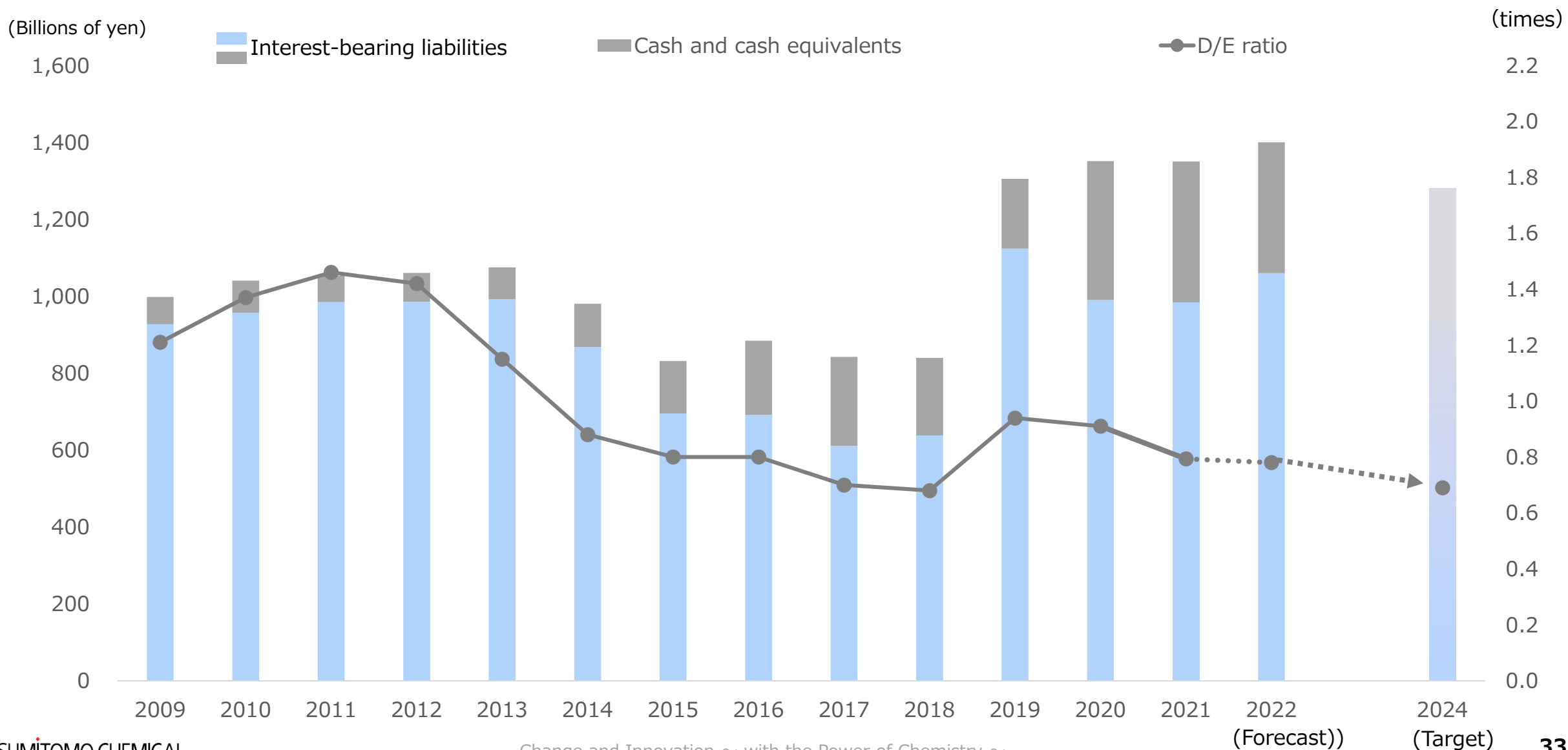
Aim for debt to equity ratio of 0.7 times by the end of FY 24

(Billions of yen)

	FY2016-2018	FY2019-2021	FY2022-2024 (Target)
Cash flows from operating activities	687.2	652.2	805.0
Cash flows from investing activities	▲541.1	▲792.5	▲655.0
Free cash flows	146.1	▲140.3	150.0

	End of FY2018	End of FY2021	End of FY2024 (Target)
Interest-bearing liabilities	839.5	1,350.5	1,280.0
D/E Ratio(times)	0.7	0.8	0.7
Net Interest-bearing liabilities	637.9	985.0	935.0

Improve financial standing : Interest-bearing liabilities and debt to equity ratio



Accelerate the Development of Next-Generation Businesses: Initiatives under the new Corporate Business Plan

Multiple projects entering commercialization stage

Environment

- Polyethylene with reduced environmental impact (Sekisui Chemical)
- High-efficiency manufacture of alcohol from CO₂ (Shimane University)
- Manufacture olefins via direct breakdown of waste plastic (Maruzen Petrochemical, Muroran Institute of Technology)
- CO₂ free hydrogen (Microwave Chemical)

Healthcare

- Regenerative medicine & cell therapy (Sumitomo Dainippon Pharma)
- Body condition monitoring (NanoScent)

Food

- High-performance feed
- New biorational products

ICT

- Polymer OLED display materials
- Materials for image sensors

During the new Corporate Business Plan

- Projects slated to advance to commercialization or validation phases
- Projects slated to reach development or commercialization

Accelerate the Development of Next-Generation Businesses: Development Highlights

Chiba

March 2024: Begin operations at new research lab

- ✓ Strengthen focus on developing technologies that reduce environmental impact
- ✓ Shift and consolidate development resources from Tsukuba and Osaka involved in highly challenging polymer materials

Strengthen R&D organization to address technologies and new materials that reduce environmental impact

Illustration



Osaka

Autumn of 2024: Begin operations at new research lab

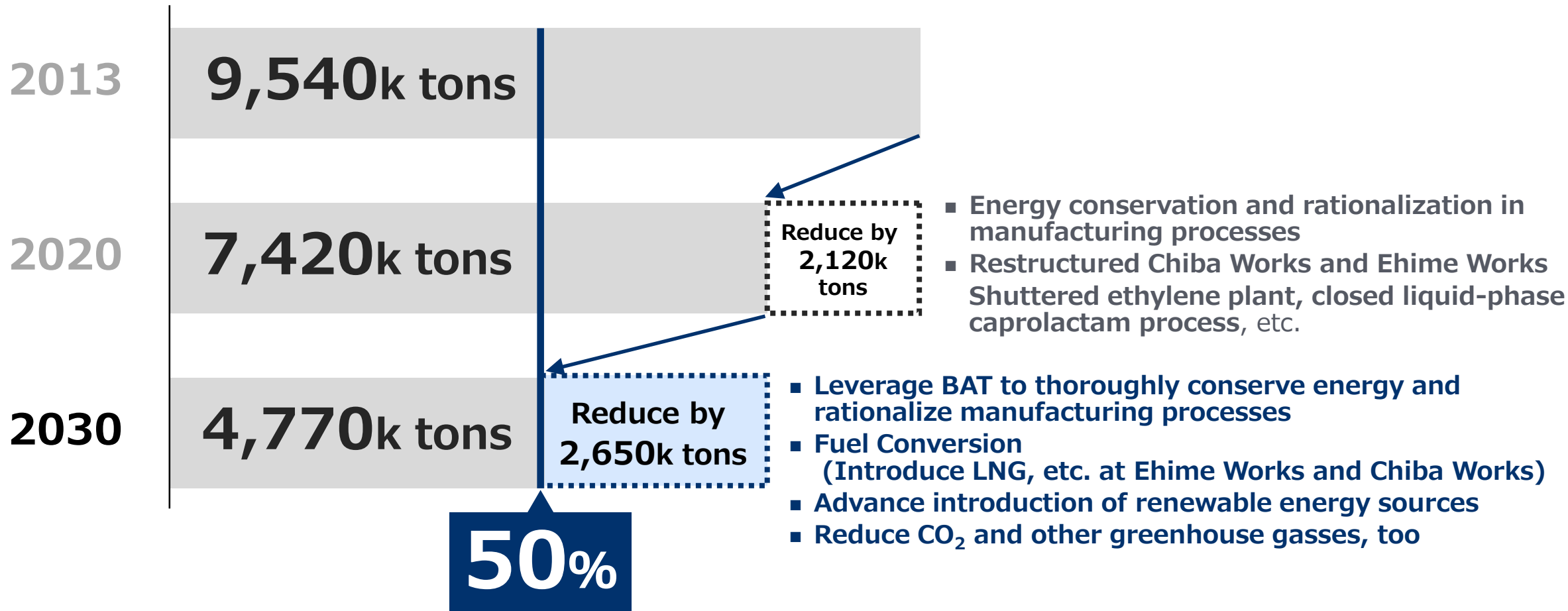
- ✓ Consolidate research functions related to basic research in ICT and life sciences, incubation and open innovation
- ✓ Establish an open laboratory

Accelerate generation of new businesses by building an end-to-end development structure, from initial research phases to commercialization

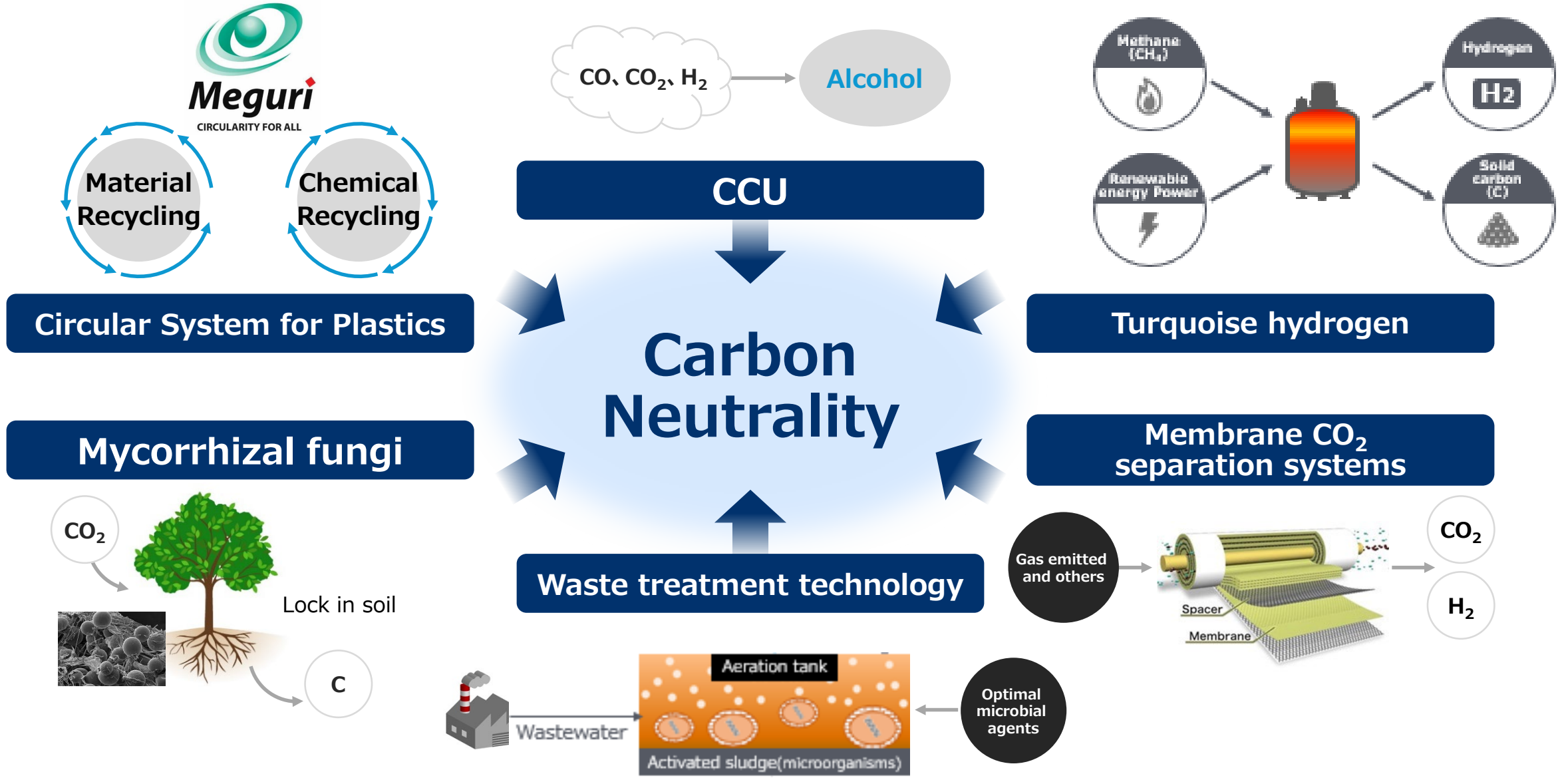


※
**Achieve 50% GHG reduction by 2030
 and zero in real terms by 2050**

※Scope 1, 2. Vs. FY 2013



Obligations and contributions toward becoming Carbon Neutrality: Contributions

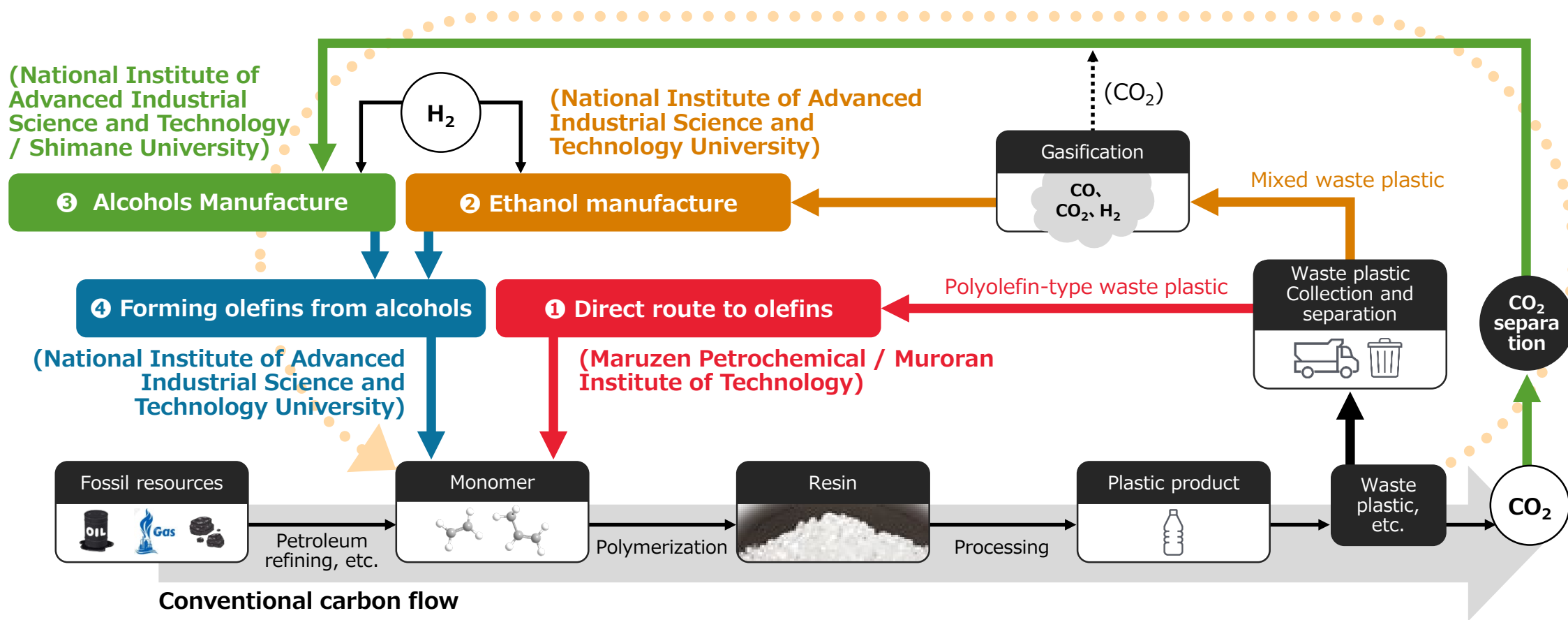


Obligations and contributions toward becoming Carbon Neutrality: Initiatives aimed at achieving carbon recycling in society

Four technology projects selected for Green Innovation Fund

Sumitomo Chemical businesses selected

(Joint development partner)

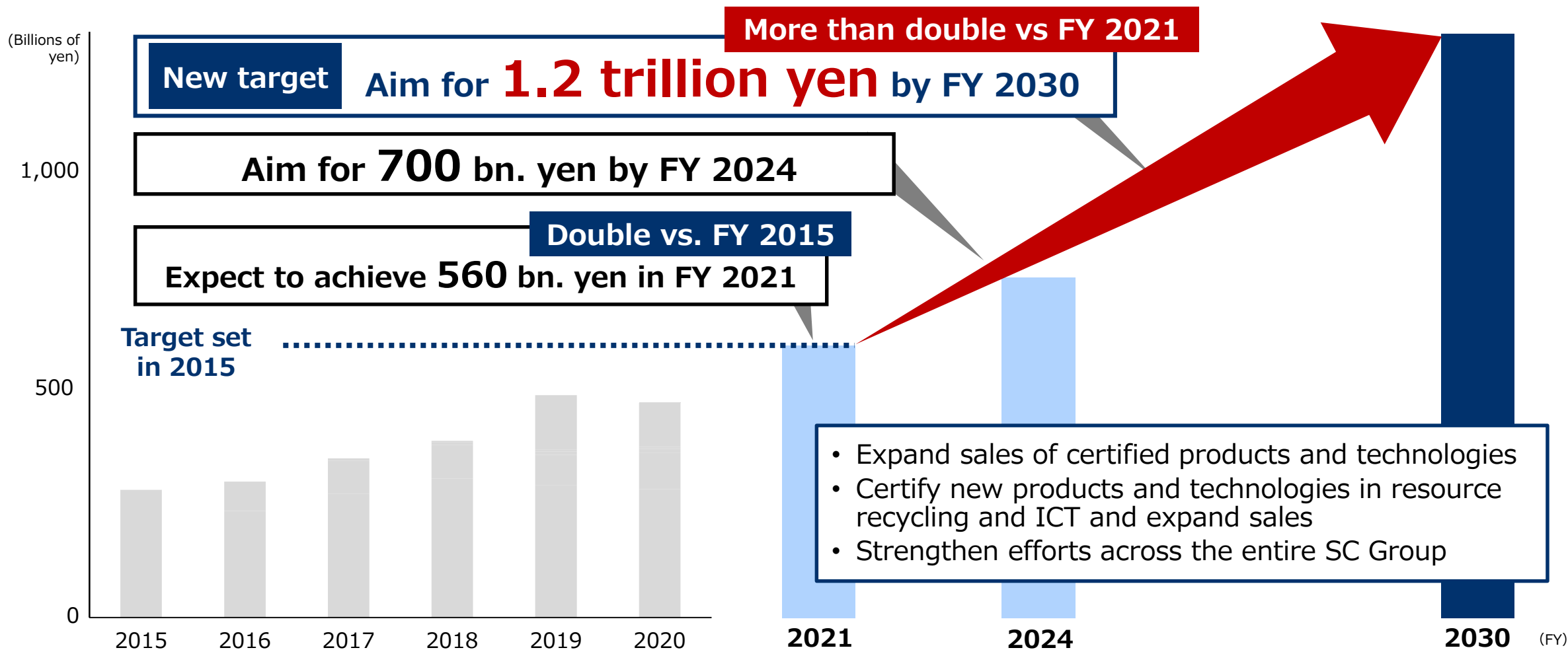


Sumika Sustainable Solutions New revenue target



Sumika
Sustainable
Solutions

Designate the SC Group's products and technologies that contribute to addressing climate change and the reduction of environmental impact over the product's entire life cycle and promote their development and widespread use



Overall strategy

Continue

**DX strategy 1.0 :
Improve productivity
in four focus areas for DX**

Continue efforts aimed at enhancing productivity and generate results

Focus

**DX strategy 2.0 :
Consolidate competitiveness
of existing businesses**

Bolster business competitiveness through **data-driven management** with a focus on **strengthening customer contact points and enhancing customer satisfaction**

Vision

**DX strategy 3.0:
Create new business models**

Create new business models leveraging services and data and our core technologies

Achieve high-quality decision-making in real time

- Respond to DX challenges according to business characteristics
- Prepare environment that makes it easy to utilize and leverage data

Collect

- Plants data
- R&D data
- Business data



Accumulate

Develop data into asset and link



Utilize and leverage

Create value by analyzing and creating line of sight into data



Securing DX talent

All levels of all sectors

Implement training to enhance DX literacy

R&D and Production

Increase talent capable of analyzing and leveraging data in day-to-day work

Data scientists : **30people** Data engineers : **300people***

Business

Begin full-scale personnel development with the aim to dispatch DX talent across all divisions

Business translators : **150people*** Business data analysts : **100people***

*** Dispatch multiple personnel to all business units, R&D groups and manufacturing departments**

Advance recruitment and development of talent—
our most important management resource—from a long-term perspective.
At the same time, achieve sustainable growth for Sumitomo Chemical Group
by strengthening engagement.

Main action plans

Secure and leverage talent amid a shrinking population

**Leverage higher-age
employees**

- Adopt 65-year retirement age and study ways to leverage talent beyond retirement age
- Implement a job-based HR system from end to end (onboarding to retirement)

**Better matching of talent to
business.
Talent with diverse abilities.**

- Expand hiring for clearly defined job descriptions, super-specialized positions in specific areas, etc.
- Achieve KPIs for leveraging female employees, increase women in executive and director positions

**Promote diversity, equity &
inclusion (DE&I)**

Current KPIs: Achieve the following by FY 2022

- Women in positions equivalent or higher than section manager: 10%+ (2014: 3.8%. 2021: 6.3%)
- Male employees taking family leave: 70%+ (2014: 9.6%. 2021: 77.6%)

**Review existing KPIs
in April 2023 and
incorporate more
DE&I**

- DE&I training (eliminate unconscious bias, diversity management, LGBTQ, etc.)

Employ, develop and leverage human resources for sustainable growth

Advance recruitment and development of talent—
our most important management resource—from a long-term perspective.
At the same time, achieve sustainable growth for Sumitomo Chemical Group
by strengthening engagement.

Main action plans

Develop and expand capabilities of employees

Increase investment in people and expand training

- Expand investment in training (Annual 320k yen per person)
- Implement re-skilling based on extended retirement age

Health-building
(in collaboration with the health insurance association)

**Strengthen rotations for developing talent and
effectively leverage an open job posting system**

Strengthen engagement

Instill management philosophies and directions across group

- Conduct engagement survey for all group companies inside and outside Japan
- Respond to decline in real contact and reinforce engagement
- Continue global HR measures

**Maintain positive relationships
between labor and management**

**Dig deeper Sumitomo Chemical's
“Let's Do This Declaration”**

Ensure full and strict compliance and maintain safe and stable operations

Aim to continue safe and stable operations across the Sumitomo Chemical group leveraging new digital technologies

Investments in maintaining and strengthening business fundamentals

2019-21
280
bn. yen



2022-24
300
bn. yen

Initiatives

Promote more sophisticated equipment preservation

- Digital innovation in equipment management

Uniform equipment management digital platform companywide

Introduce to all Sumitomo Chemical plants by 2023



Shift to more efficient preservation operations and data-driven preservation

- Respond to aging equipment, secure work safety and quality and reduce maintenance and repair expenses
- Strengthen partnerships

Promote smart factories

Smart preservation

- Leverage information and new technologies to improve preservation capabilities

Smart operations

- More sophisticated and independent operations linked with digital technologies
- More sophisticated decision-making leveraging AI and machine learning

Develop and deploy technologies that prevent accidents and mishaps

- Technologies to predict and detect faults in equipment and processes
- Technologies to assess the safety of sophisticated processes and materials

- 1 Business Environment
- 2 Basic direction and major action plans
- **3 Management numerical targets**

Management numerical targets

(Billions of yen)

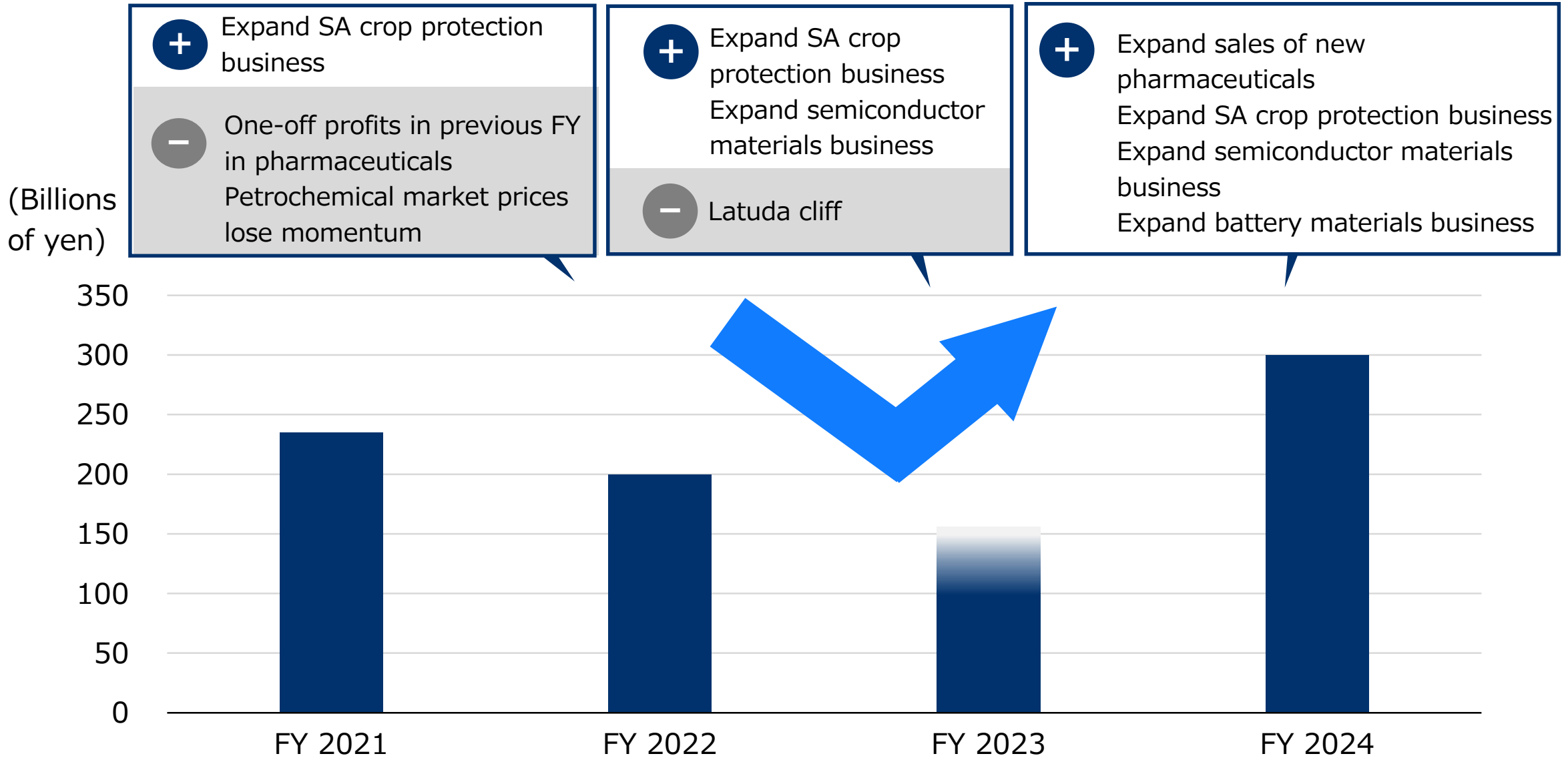
	FY2021	FY2024 Target	Change
Sales Revenue	2,765.3	3,050.0	+284.7
Core Operating Income	234.8	300.0	+65.2
Operating Income (IFRS)	215.0	285.0	+70.0
Net Income Attributable to Owners of the Parent	162.1	150.0	-12.1
Naphtha price	¥56,900/kl	¥50,000/kl	
Exchange rate	¥112.39/\$	¥110.00/\$	

Core Operating Income by Sector

(Billions of yen)

	FY2021	FY2024 Target	Change	Reasons for change
Essential Chemicals & Plastics	53.5	54.0	+0.5	
Energy & Functional Materials	20.1	31.0	+10.9	Increase in shipment volumes of battery materials
IT-related Chemicals	57.8	58.0	+0.2	
Health & Crop Sciences	42.3	84.0	+41.7	Increase in shipment volumes of overseas crop protection products
Pharmaceuticals	61.7	73.0	+11.3	Increase in shipment volumes of new products
Other	-0.6	0	+0.6	
Total	234.8	300.0	+65.2	

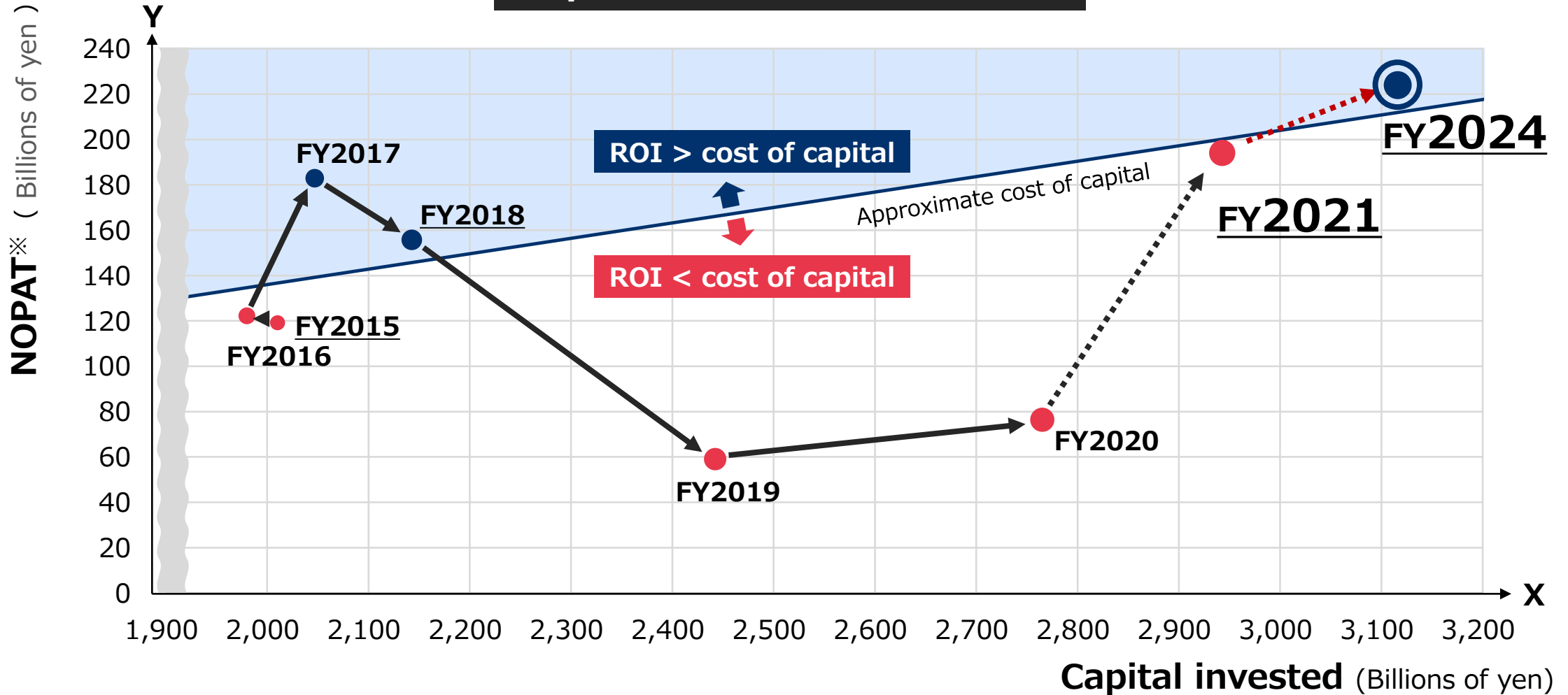
Core Operating Income out to FY 24 (approximation)



	FY2019	FY2021	FY2024 Target	Medium- to Long-term Targets Consistently achieve the following targets:
ROE	3.2%	14.5%	11.7%	Over 10%
ROI	2.4%	6.6%	7.2%	Over 7%
D/E ratio	0.9times	0.8times	0.7times	approx. 0.7times
Dividend payout ratio	90%	24%	approx. 30%	approx. 30%

Capital Efficiency

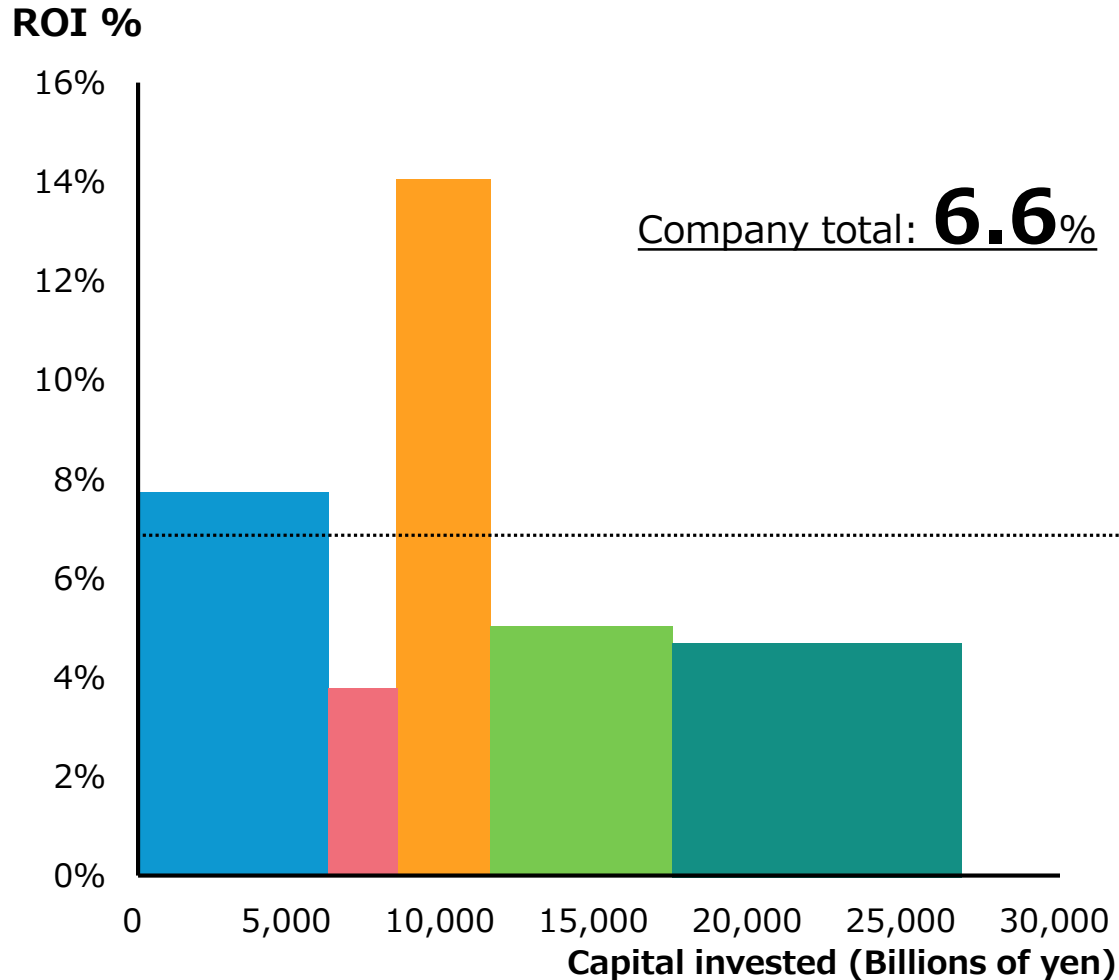
Capital invested and NOPAT



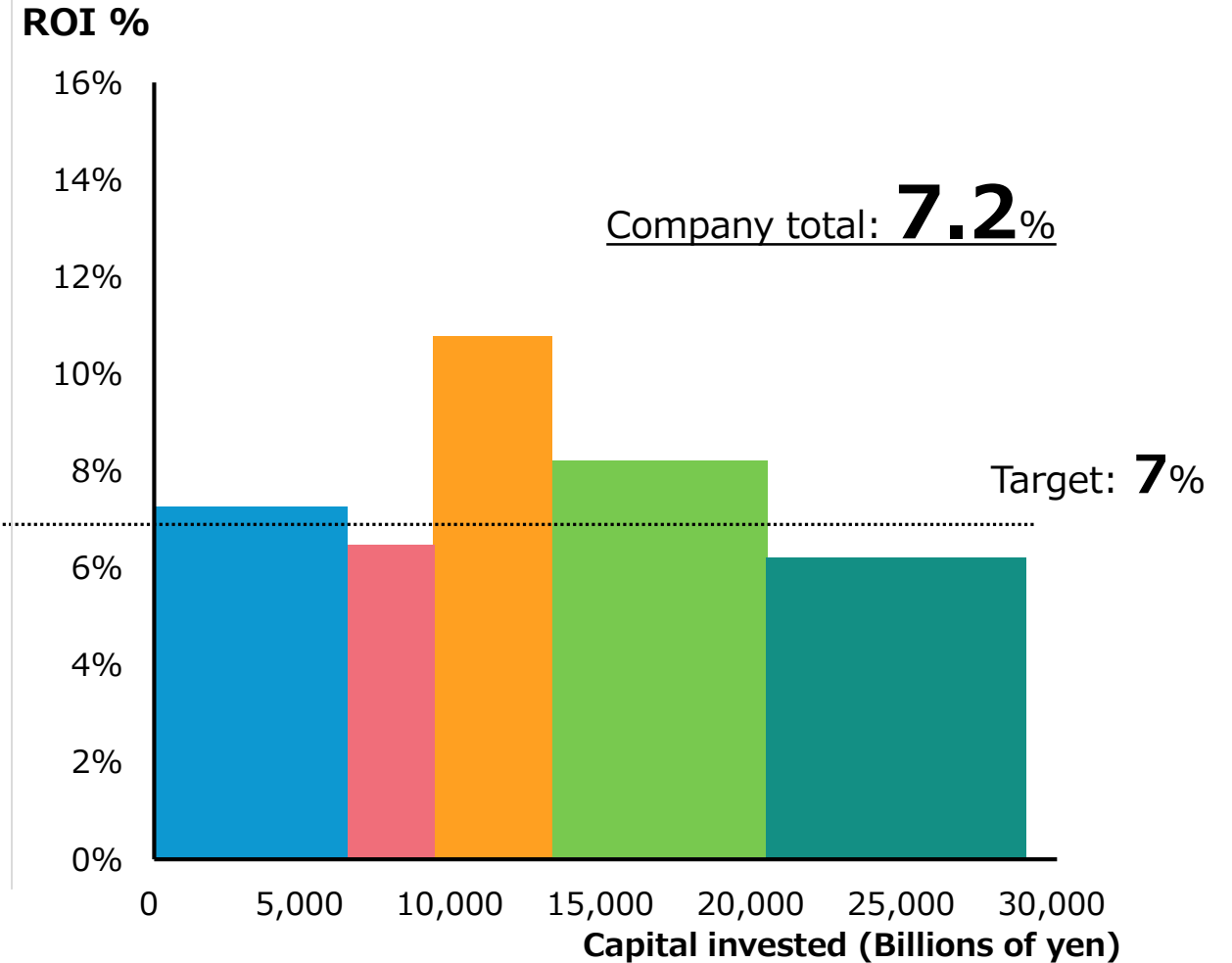
※ NOPAT : Net Operating Profit After Tax ※ IFRS from FY2017

ROI by Sector

FY 2021



FY 2024 (Target)



■ PC/Essential Chemicals & Plastics
 ■ EF
 ■ IT
 ■ HC
 ■ PH

III

Business Strategy by Sector

Direction for the business division

Activities aimed at becoming Carbon Neutrality

- ✓ Expand materials recycling business
- ✓ Pursue technology development in chemical recycling
- ✓ Practice Japanese technology leveraging infrastructure in Singapore

Secure stable revenues via licensing and catalyst business

- ✓ Expand portfolio and services
- ✓ Brush up technology

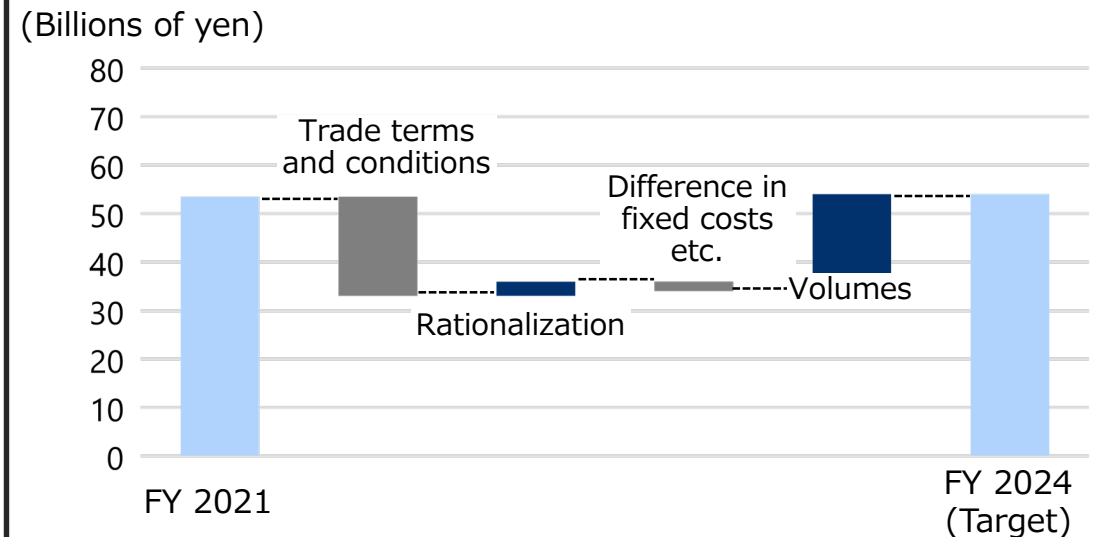
Bolster competitiveness via unified operations with Singapore

- ✓ Review and evolve structure of MMA and polyolefin businesses, etc.

FY 2024 Target

Sales Revenue	840.0 bn. yen
Core Operating Income	54.0 bn. yen

Core Operating Income Change Analysis (FY 2021 vs. FY 2024)



Basic strategy

Establish stable revenue base

- Expand capacity to supply catalysts
- Expand opportunities to contact potential customers

Expand portfolio

- Quickly establish, license and expand lineup in technologies that reduce environmental impact
- Diversify business models through operational support services

Brush up technology

- Bolster competitiveness in processes
- Catalysts: longer lifespans and cost improvements

Secure stable revenues and achieve sustainable business expansion

+

Contribute to achieving a carbon neutral society

Greenhouse gas reduction effects

**PO-only process
-30%**

**Hydrochloric acid
oxidation process
More than -90%**



PO-only process based on a comparison to industry peer. Hydrochloric acid oxidation process based on a comparison to NaCl electrolysis.

Direction for the business division

Concentrate investments and expand business in growth areas

Battery

- ✓ Separators: Development, capacity add and sales expansion in accordance with advances in battery capacity
- ✓ Cathode materials :Establish calcination technology and commercialize

Super Engineering Plastics

- ✓ LCP : Expand business with plant capacity add
Expand sales of connectors for applications in automotive and high-speed telecommunications

Decide direction for low-profit businesses

Develop next-generation businesses

- ✓ Advance development of new technologies such as solid state batteries, membrane-based separation, etc.

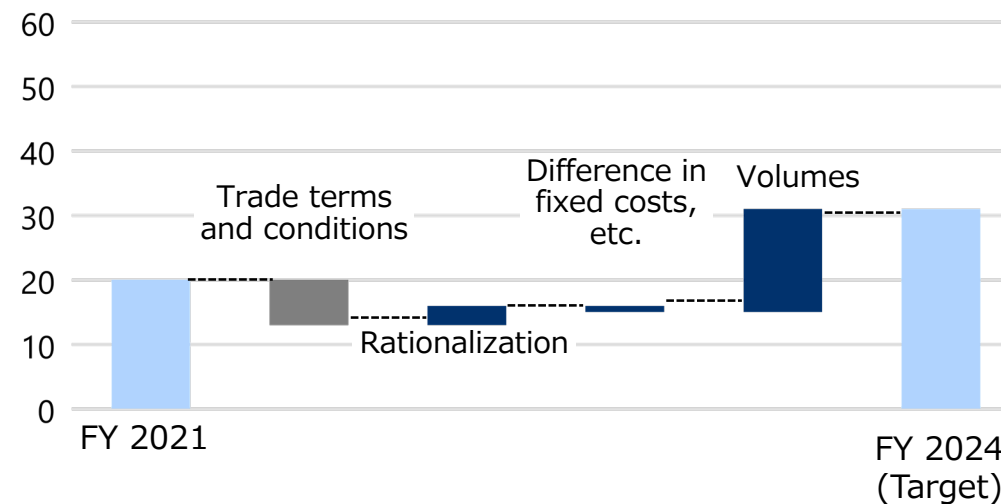
FY 2024 Target

Sales Revenue **390.0** bn. yen

Core Operating Income **31.0** bn. yen

Core Operating Income Change Analysis (FY 2021 vs. FY 2024)

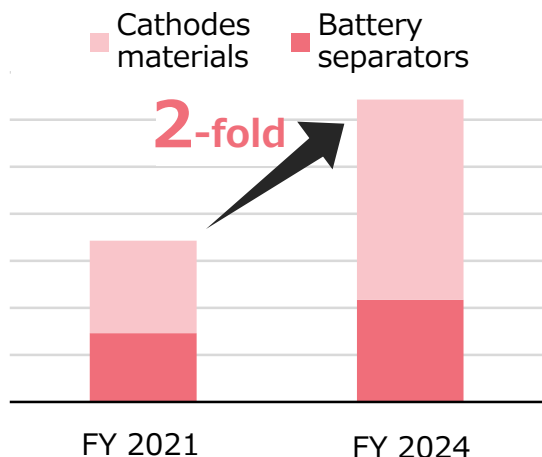
(Billions of yen)



Energy & Functional Materials Highlights: Contribute to carbon neutrality with proprietary technologies

Battery components

Revenue



Battery Separator

Support a rapidly expanding EV market with the technologies we have accumulated

High degree of safety

High capacity due to thin-film application

Achieved long life and rapid charging

- Develop and expand sales in automotive applications. Also, strengthen development for consumer electronics.
- Add further capacity to support demand.

Cathode materials

Enter market for high nickel-content Cathode materials

- Validate technology in high-productivity calcination process
- Develop sustainable cobalt-free cathode materials

Super Engineering Plastics

Production capacity

Decided to add internal capacity

Today
About
9,000 t

2023年
Add **30%**

*Based on resin. Varies depending on grade mix.

LCP (liquid crystal polymer)

Prepare production regime to support strong demand

Compounds
Design and mass
production technologies

Highly stable
quality

- Expand sales of connectors for applications in automotive and high-speed 5G telecommunications
- Expand functionality of in-house compounds
- Further capacity adds

Direction for the business division

Displays

Maintain competitive edge leveraging our own core technologies

- ✓ Capture demand for materials for next-generation displays
- ✓ Secure market share in existing high value-added areas
- ✓ Continue restructuring of commodity LCD materials business

Semiconductor materials

Acquire business opportunities in response to market expansion

- ✓ Securely capture growing demand
- ✓ Develop products that support innovations in customer processes
- ✓ Launch next-generation power device materials business and contribute to evolution in energy conservation technologies

New business

Create new businesses for the next-generation

- ✓ Establish business in materials related to telecommunications and sensors

FY 2024 Target

Sales Revenue

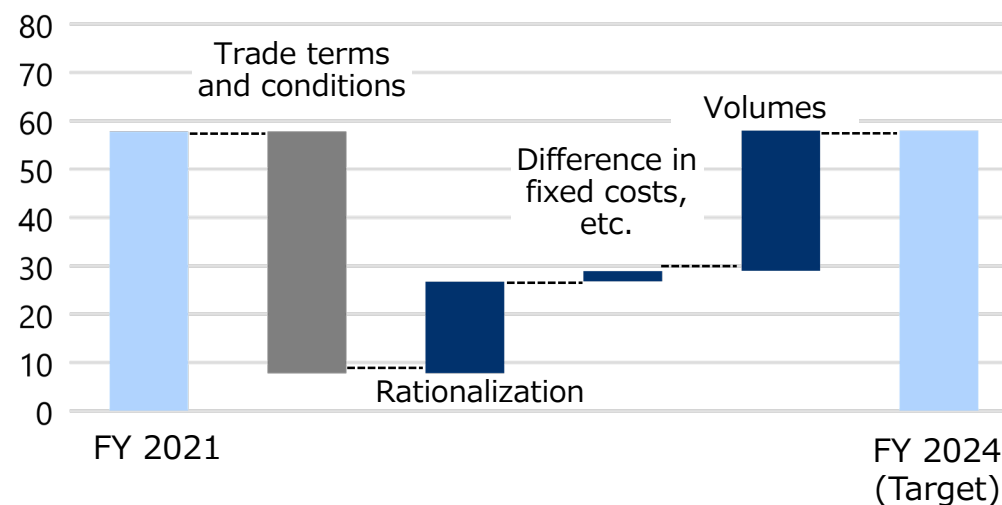
560.0 bn. yen

Core Operating Income

58.0 bn. yen

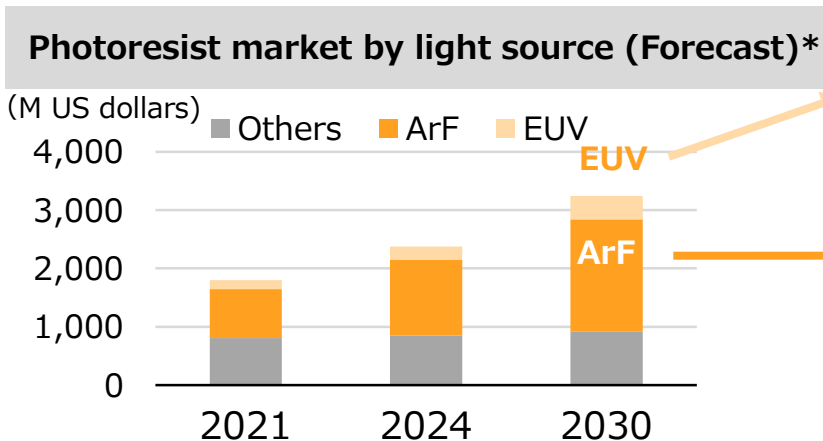
Core Operating Income Change Analysis (FY 2021 vs. FY 2024)

(Billions of yen)



IT-related Chemicals Highlights: Capture growing demand for semiconductor materials

Photoresist



Our strategy

Strengthen development of EUV photoresists for cutting-edge processes

Construct new lab for photoresist evaluation ▶ **Develop EUV photoresists that support next-generation lithography tools**

Bolster organization to supply ArF resist, which will continue to drive the market

Add capacity to manufacture cutting-edge photoresist **2019 → 2024** **About 2.5 times**

*Source: Fuji Keizai Co., Ltd. "Future Perspective and Reality of Semiconductor Materials Market 2020"
Sumitomo Chemical estimates for 2030

Compound semiconductors

● Trends

Growth in market for high-efficiency power devices and demand for even greater efficiency gains

Data center

EV

Renewable energy

Target

● Comparison of power device characteristics

Type	Operating voltage	Operating frequency	Element size	Characteristics
Silicon	△~○	△	△	Cost competitiveness
Silicon carbide	◎	△	○	Already in mass-production
GaN on Si	△	◎	○	For consumer electronics. In introduction phase.
GaN on GaN	◎	◎	◎	At the R&D stage

Our strategy

Establish technology for mass-producing large-wafer GaN substrates for power devices

Validation equipment Begin operation in FY 22 ▶ **Aim for supply for mass production to begin by FY 24**

Direction for the business division

Business portfolio reforms aimed at strengthening a group of sustainable products

- ✓ Differentiate from rivals leveraging our strengths in biorationals, botanicals, etc.
- ✓ Develop and launch products that focus on reducing environmental impact

Secure returns on investments already made

- ✓ Achieve ROIC in excess of capital cost

Strengthen global supply chain

- ✓ Achieve stability in quality and supply across expanded global footprint

Advances and efficiencies in R&D

- ✓ Invest resources in narrow group of priorities
- ✓ Actively leverage open innovation

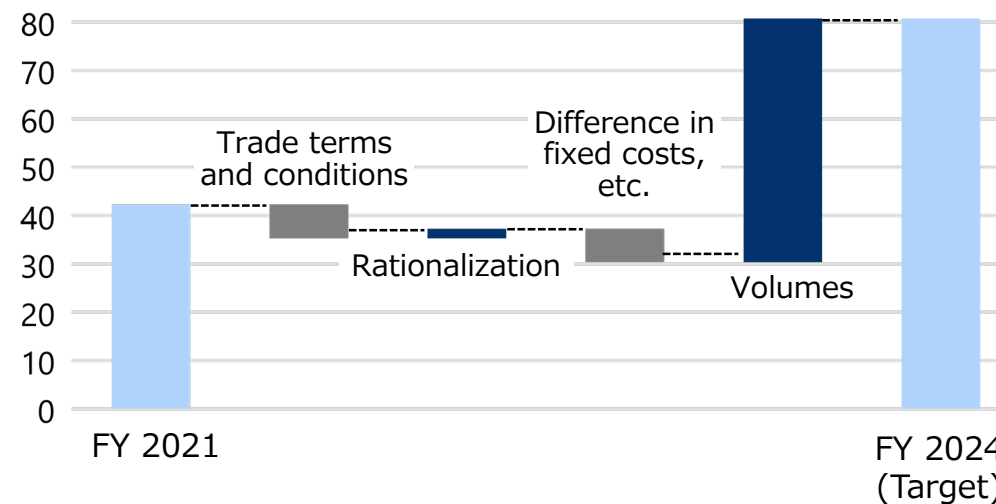
FY 2024 Target

Sales Revenue **590.0** bn. yen

Core Operating Income **84.0** bn. yen

Core Operating Income Change Analysis (FY 2021 vs. FY 2024)

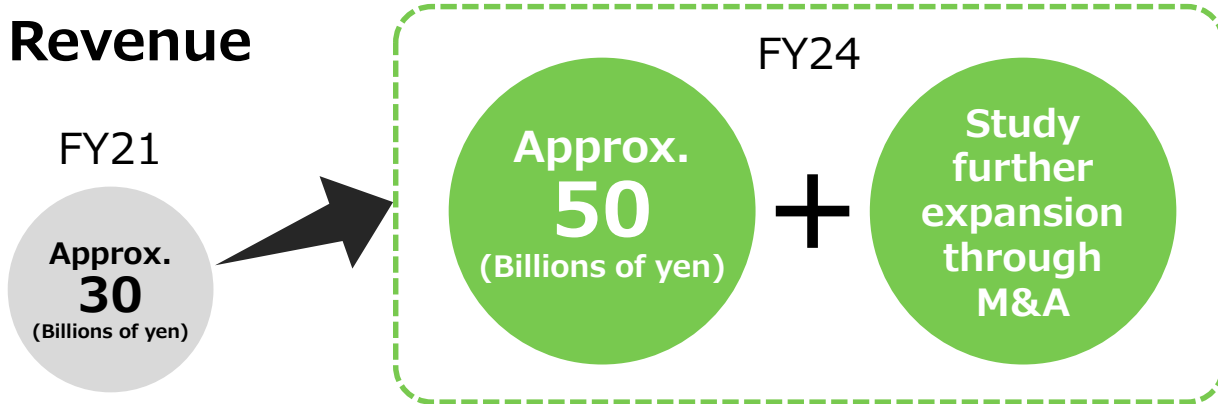
(Billions of yen)



Health & Crop Sciences Sector Highlights: Business portfolio reform

Strengthen the biorationals business

Revenue



- R&D** Accelerate pipeline development and launch
- Sales** Leverage reinforced SSBU
- Manufacture** Bolster ability to supply main products

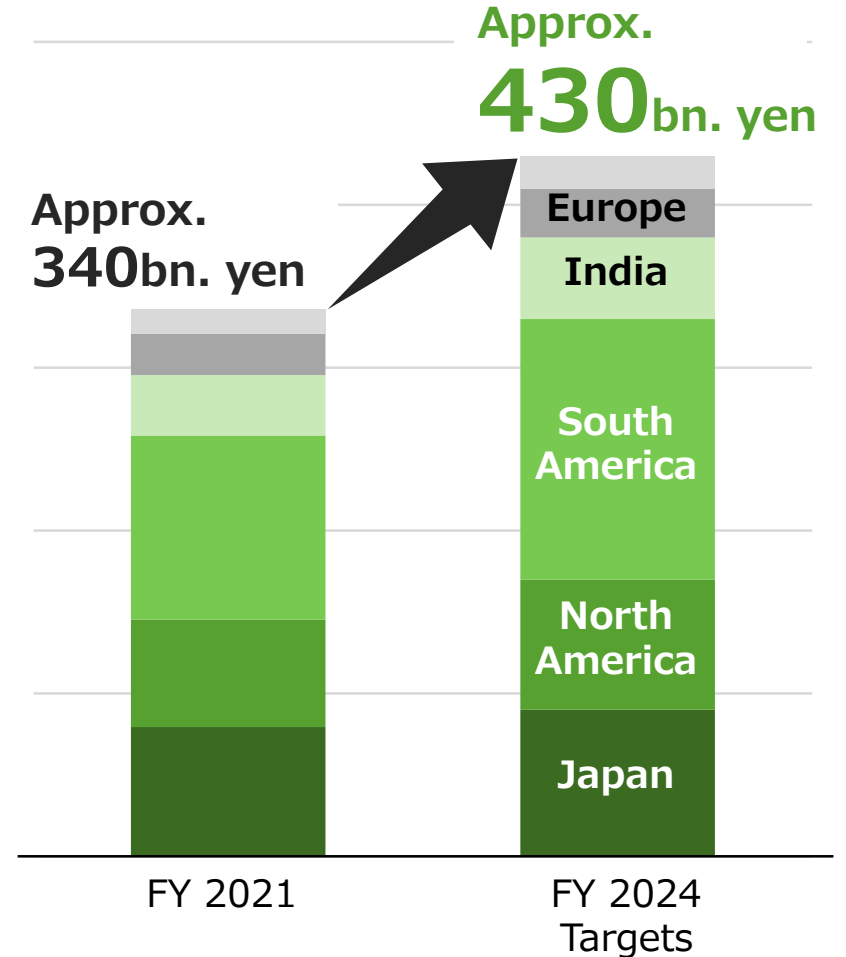
Contribute to a reduced environmental impact with chemical crop protection

Supporting no-till farming* *Agricultural technique that uses no tillage Requires clearing of weeds before seeding

Contribute to the spread of no-till farming by expanding sales of fast-acting and long-lasting herbicides applied before seeding.

Sales revenue target for crop protection business

(Excludes environmental health business)



Direction for the business division

Establish base of earnings to follow Latuda's loss of exclusivity in US

- ✓ Maximize revenues from ORGOVYX[®], MYFEMBREE[®] and GEMTESA[®]
- ✓ Improve management efficiency and optimize business costs

Lay groundwork for growth over the medium to long term

- ✓ Generate continuous psychoneurotic medicines
- ✓ Pursue faster development, lower risk and quicker maximization of product value, including actively working with external resources
- ✓ Pursue and commercialize new therapies including regenerative and cellular medicines

Strengthen CDMO business

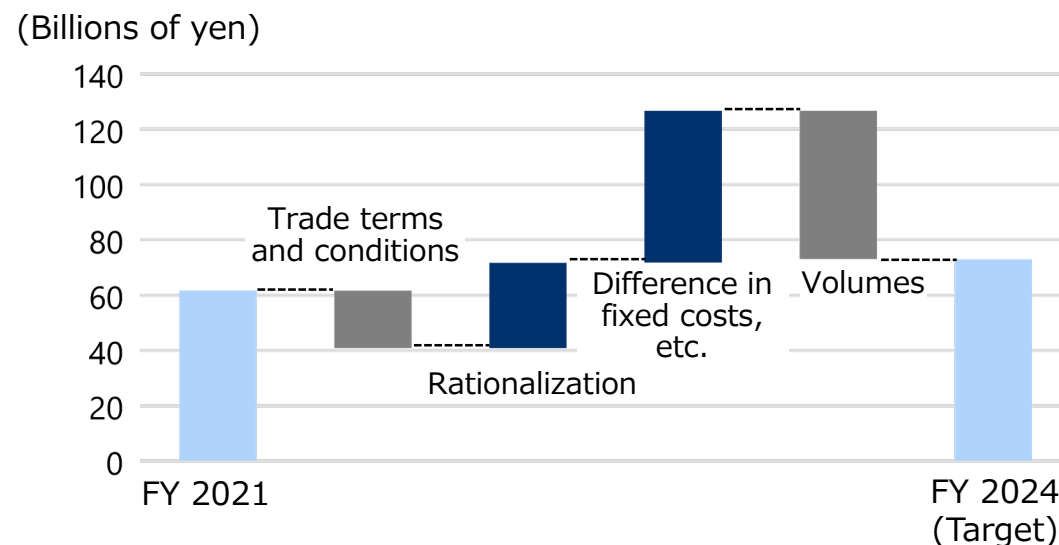
- ✓ Actively advance next-generation biopharmaceuticals including cellular medicines and alpha-ray antibody-drug conjugates (ADC)

FY 2024 Target

Sales Revenue 610.0 bn. yen

Core Operating Income 73.0 bn. yen

Core Operating Income Change Analysis (FY 2021 vs. FY 2024)



Pharmaceuticals highlights: Initiatives to maximize profits Post-Latuda

ORGOVYX[®] /MYFEMBREE[®] /GEMTESA[®]※1

Forged development and sales alliance with Pfizer ※2

- For ORGOVYX[®] and MYFEMBREE[®], conduct **joint development and joint promotion** in North America

➔ **Reduce business risk at the same time we maximize the drug's potential**

Sales and distribution tie-ups among group companies

- Conduct **joint promotion** of GEMTESA[®]
- Sunovion to **support distribution** of the three drugs to wholesalers

➔ **Pursue cost synergies by leveraging Sunovion sales infrastructure**

Aim for sales from ORGOVYX[™], MYFEMBREE and GEMTESA greater than Latuda

SEP-363856 (Ulotaront)

Forged development and sales alliance with Otsuka Pharmaceutical

Development items	Planned indications	Planned launch
SEP-363856	Schizophrenia	(US) FY 2024 (Japan and Asia) late 2020s
	Second and third indications	Under study
SEP-4199	Bipolar I disorder depression	(US and Japan) late 2020s

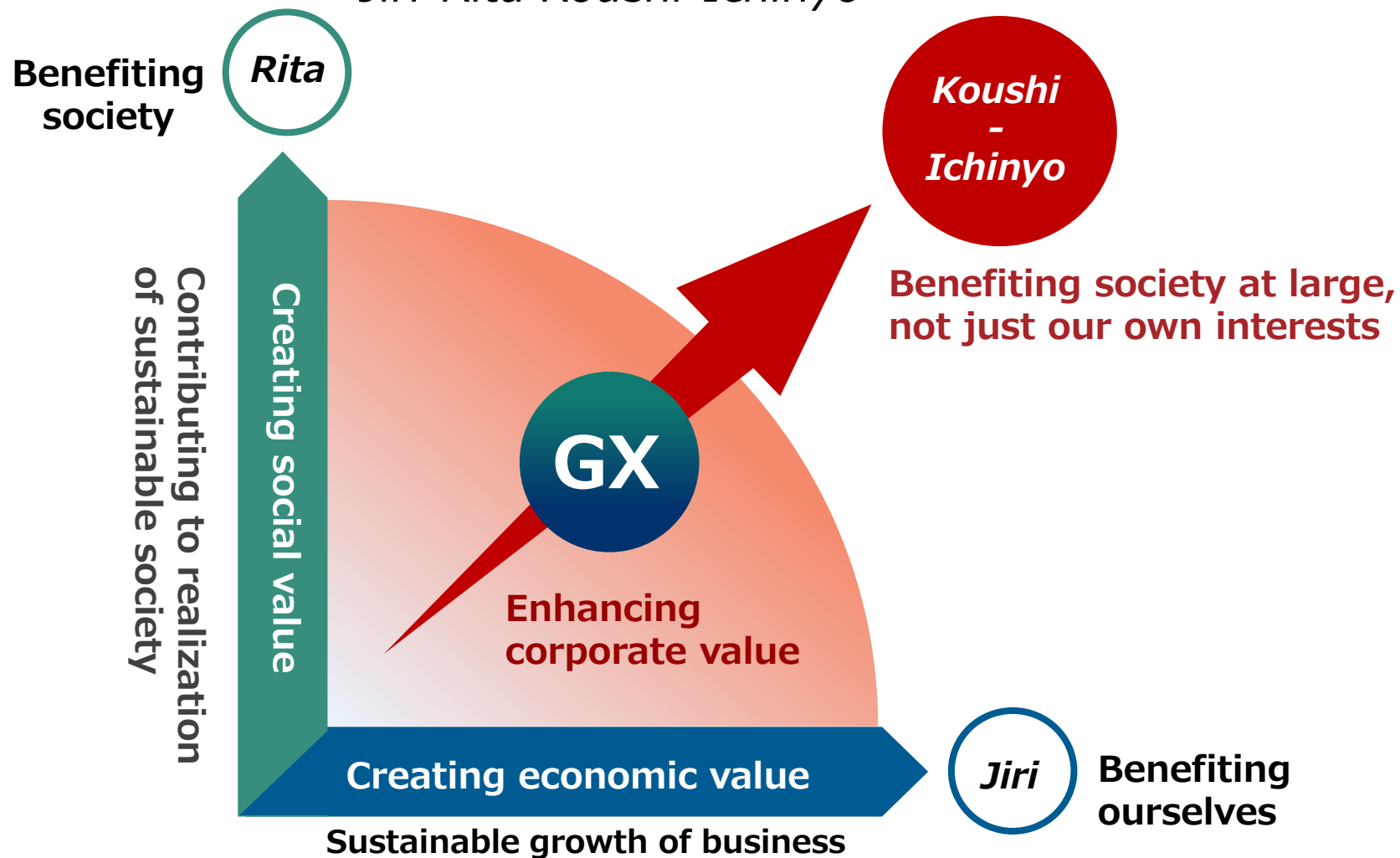
➔ **Bring together both companies' strengths in psychoneurotic field**

Cultivate into new blockbusters to drive growth over the medium to long term

※1 ORGOVYX[®] : prostate cancer treatment. MYFEMBREE[®] : uterine fibroids treatment. Filing underway in US for endometriosis for MYFEMBREE[®].
 ※2 Myovant to lead the alliance.

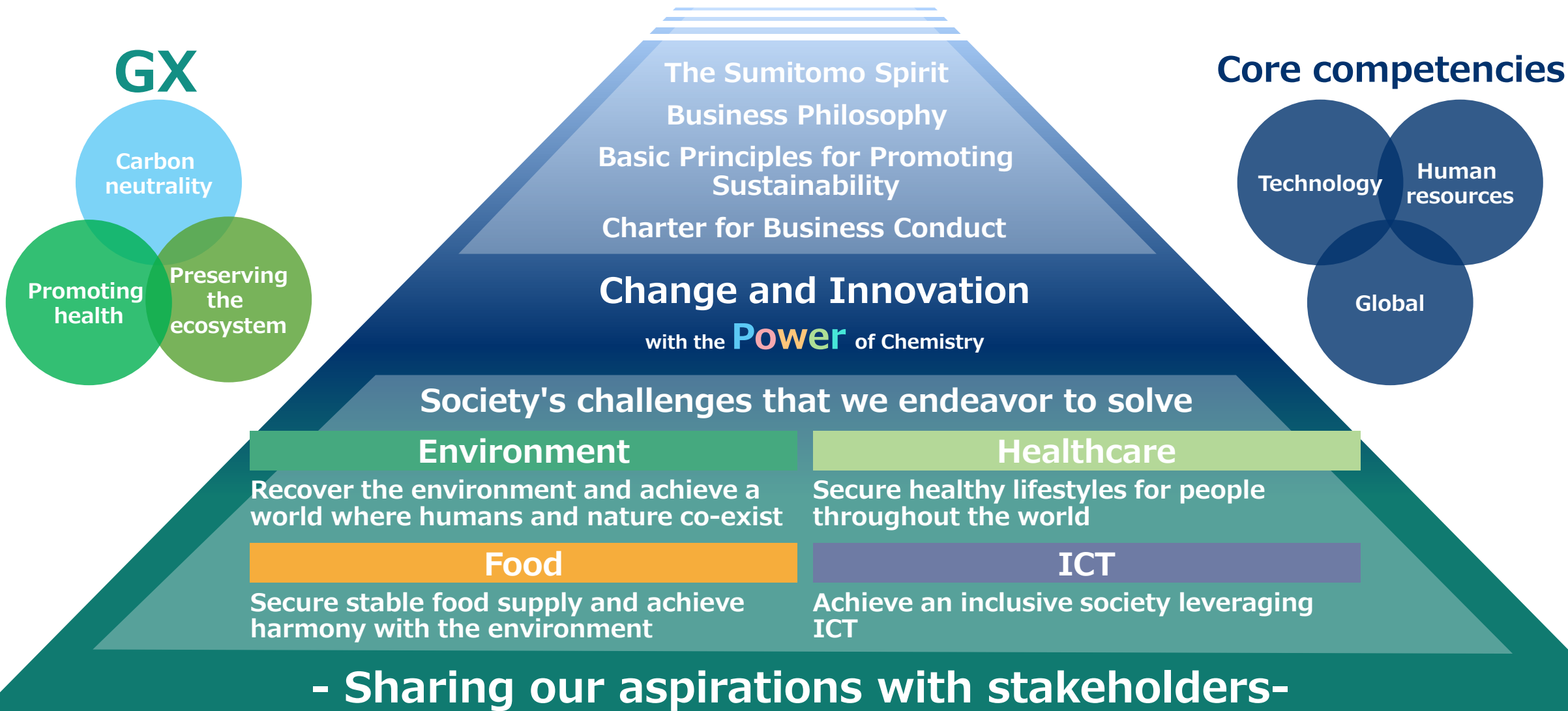
IV Epilogue

A visualization of enhancing enterprise value through
Jiri-Rita Koushi-Ichinyo



Epilogue

Achieving sustained growth for Sumitomo Chemical Group and helping build a sustainable society by creating both economic value and social value



Reference Materials

Reference Materials

- **FY2021 Result vs. Target**
- **FY2021 Core Operating Income by Sector**
- **FY2024 Sales Revenue by Sector vs. FY2021**
- **Core Operating Income Change Analysis (FY 2021 vs. FY 2024)**
- **Capital invested and NOPAT**
- **Four priority areas of focus and main business candidates**
- **Development progress and commercialization plans for pipeline of crop protection products**
- **Material Issues that We will Address as Management Priorities**

FY2021 Result vs. Target

(Billions of yen)

	FY2021	FY2021 Target	Change
Sales Revenue	2,765.3	2,950.0	-184.7
Core Operating Income	234.8	280.0	-45.2
Operating Income (IFRS)	215.0	260.0	-45.0
Net Income Attributable to Owners of the Parent	162.1	150.0	+12.1
Naphtha price	¥56,900/kl	¥51,000/kl	
Exchange rate	¥112.39/\$	¥110.00/\$	

FY2021 Core Operating Income by Sector

(Billions of yen)

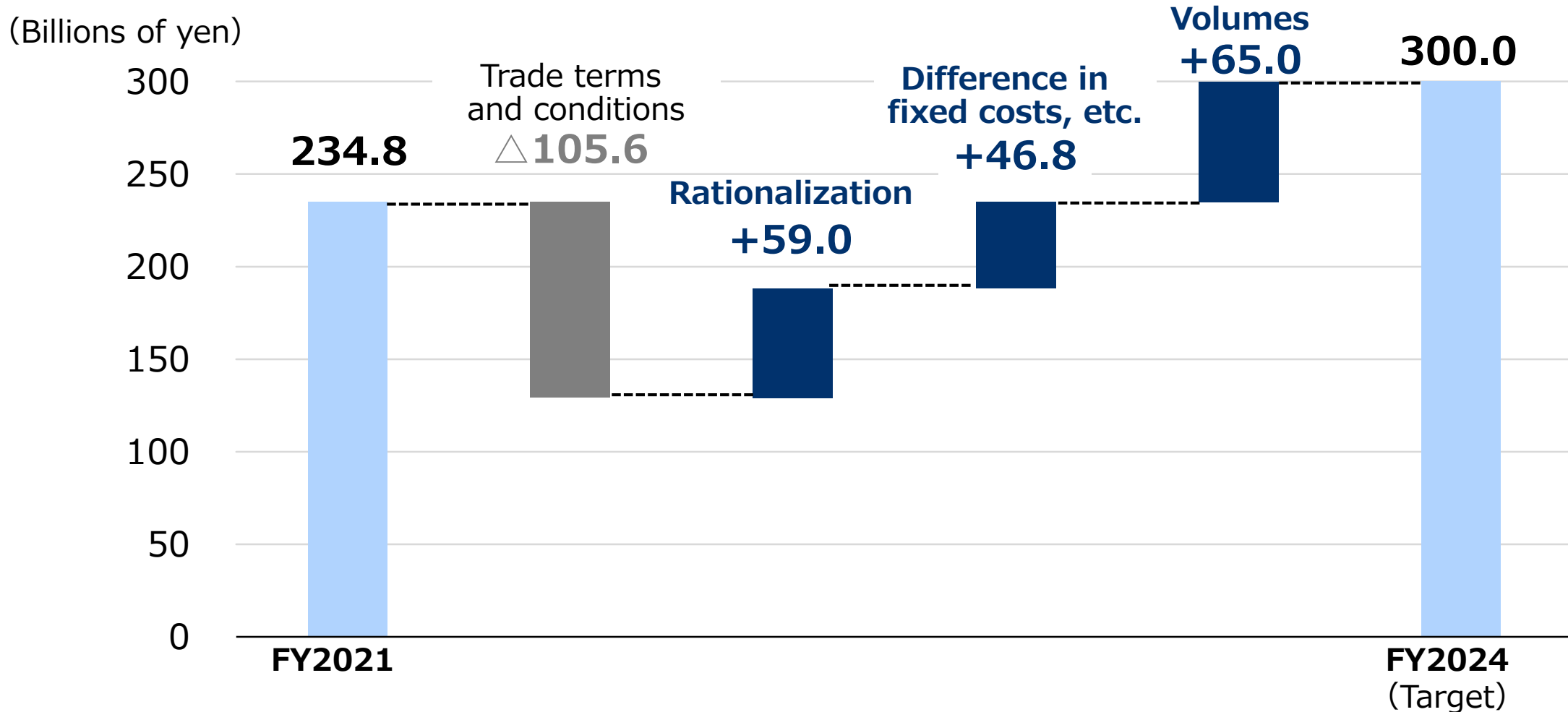
	FY2021	FY2021 Target	Change	Reasons for change
Petrochemicals & Plastics	53.5	49.0	+4.5	Market price up in petrochemicals market
Energy & Functional Materials	20.1	31.0	-10.9	Delayed launch of EV and 5G markets
IT-related Chemicals	57.8	35.0	+22.8	Increase in shipment volumes of Semiconductor materials
Health & Crop Sciences	42.3	75.0	-32.7	Depressed crop protection market and delayed recovery in methionine market prices
Pharmaceuticals	61.7	94.0	-32.3	Increased up-front expenses due to alliance with Roivant.
Other	-0.6	-4.0	+3.4	
Total	234.8	280.0	-45.2	

FY2024 Sales Revenue by Sector vs. FY2021

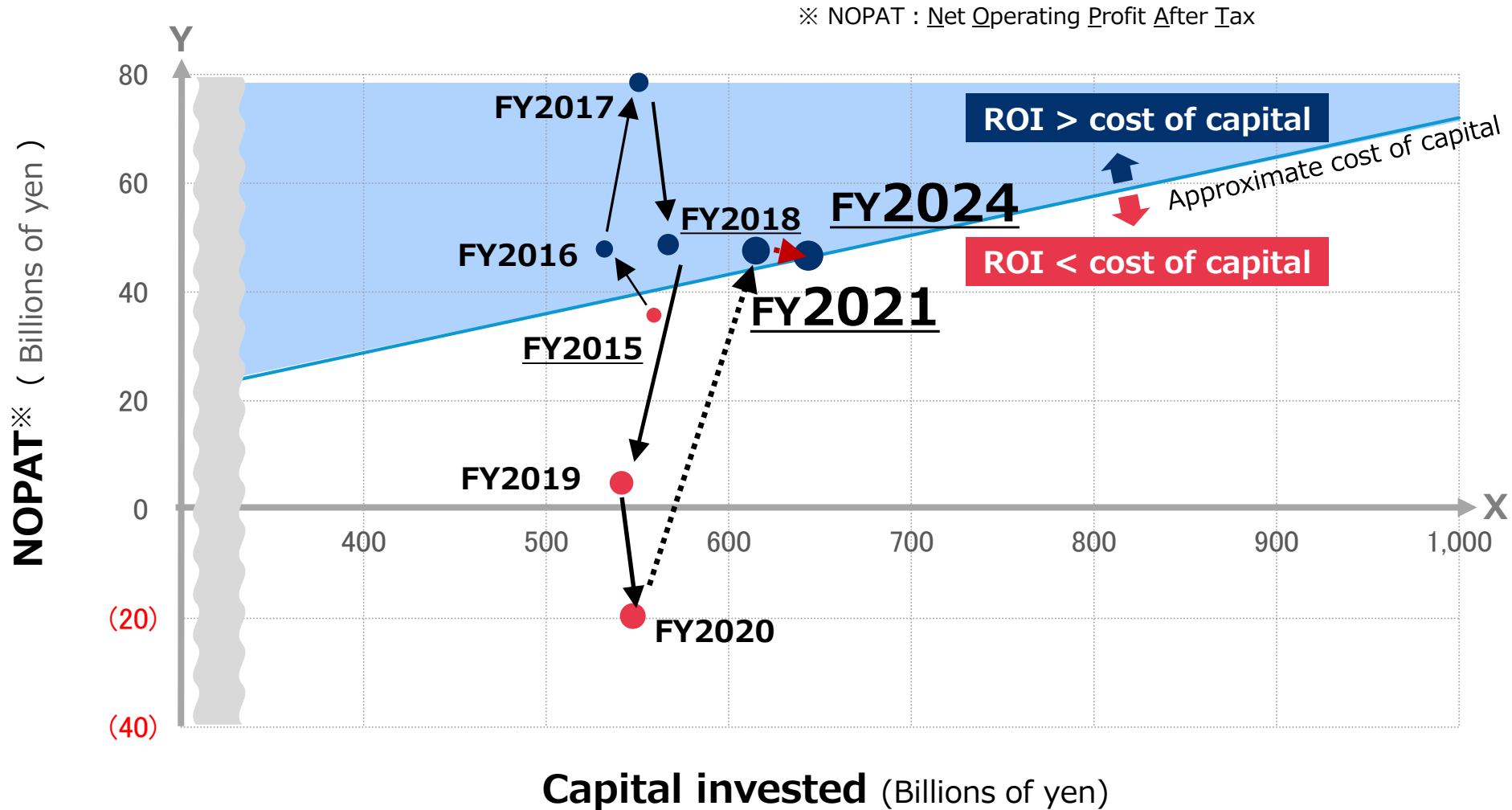
(Billions of yen)

	FY2021	FY2024 Target	Change	Reasons for change
Essential Chemicals & Plastics	842.5	840.0	-2.5	
Energy & Functional Materials	316.4	390.0	+73.6	Increase in shipment volumes of battery material, etc.
IT-related Chemicals	473.7	560.0	+86.3	Decrease in display material prices Increase in shipment volumes of Semiconductor materials, etc.
Health & Crop Sciences	473.8	590.0	+116.2	Increase in shipment volumes of overseas crop protection products
Pharmaceuticals	591.7	610.0	+18.3	Increase in shipment volumes of new drugs by Sumitovant Biopharma
Other	67.2	60.0	-7.2	
Total	2,765.3	3,050.0	+284.7	

Core Operating Income Change Analysis (FY 2021 vs. FY 2024)



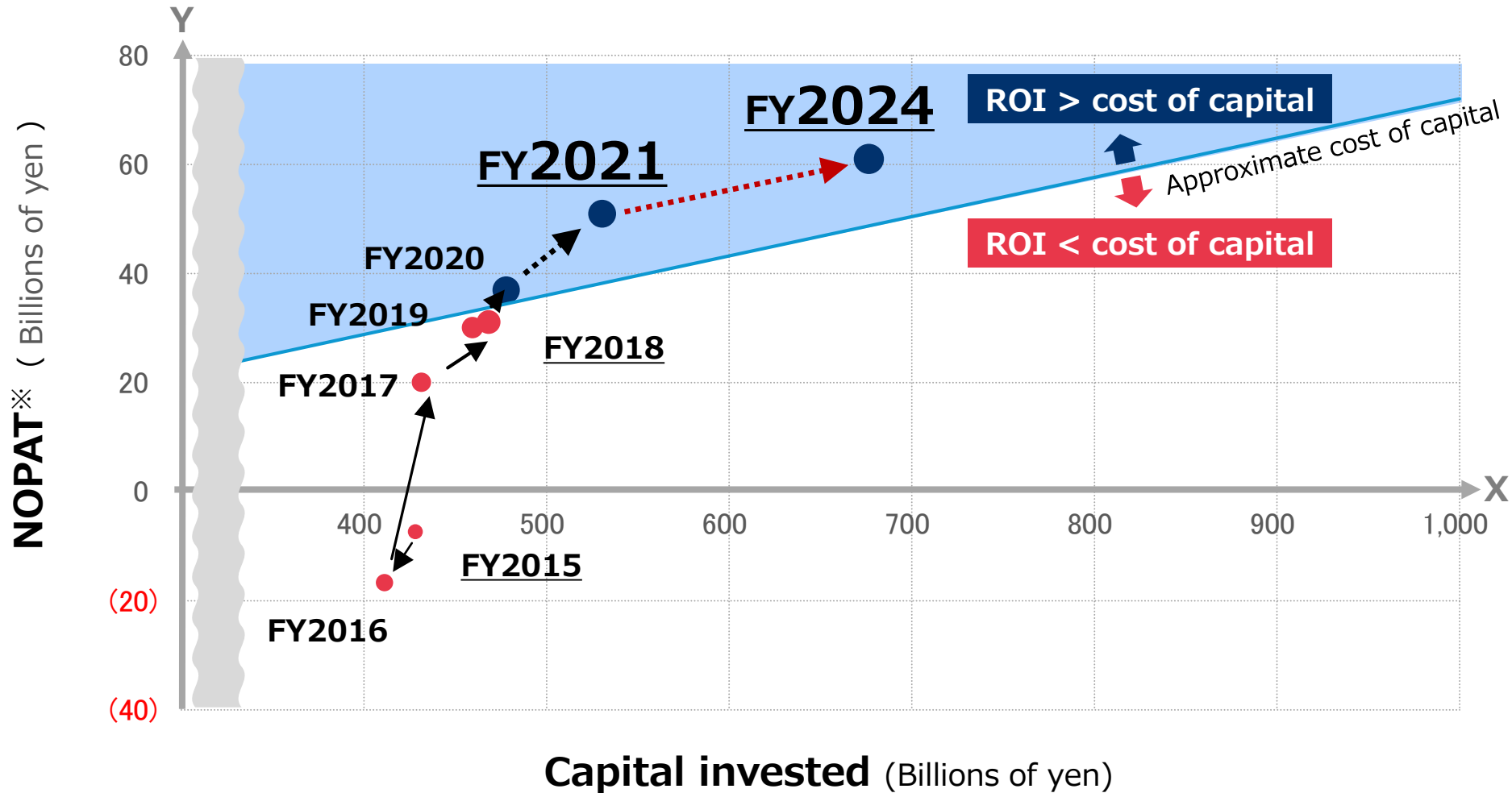
Capital invested and NOPAT (Essential Chemicals & Plastics)



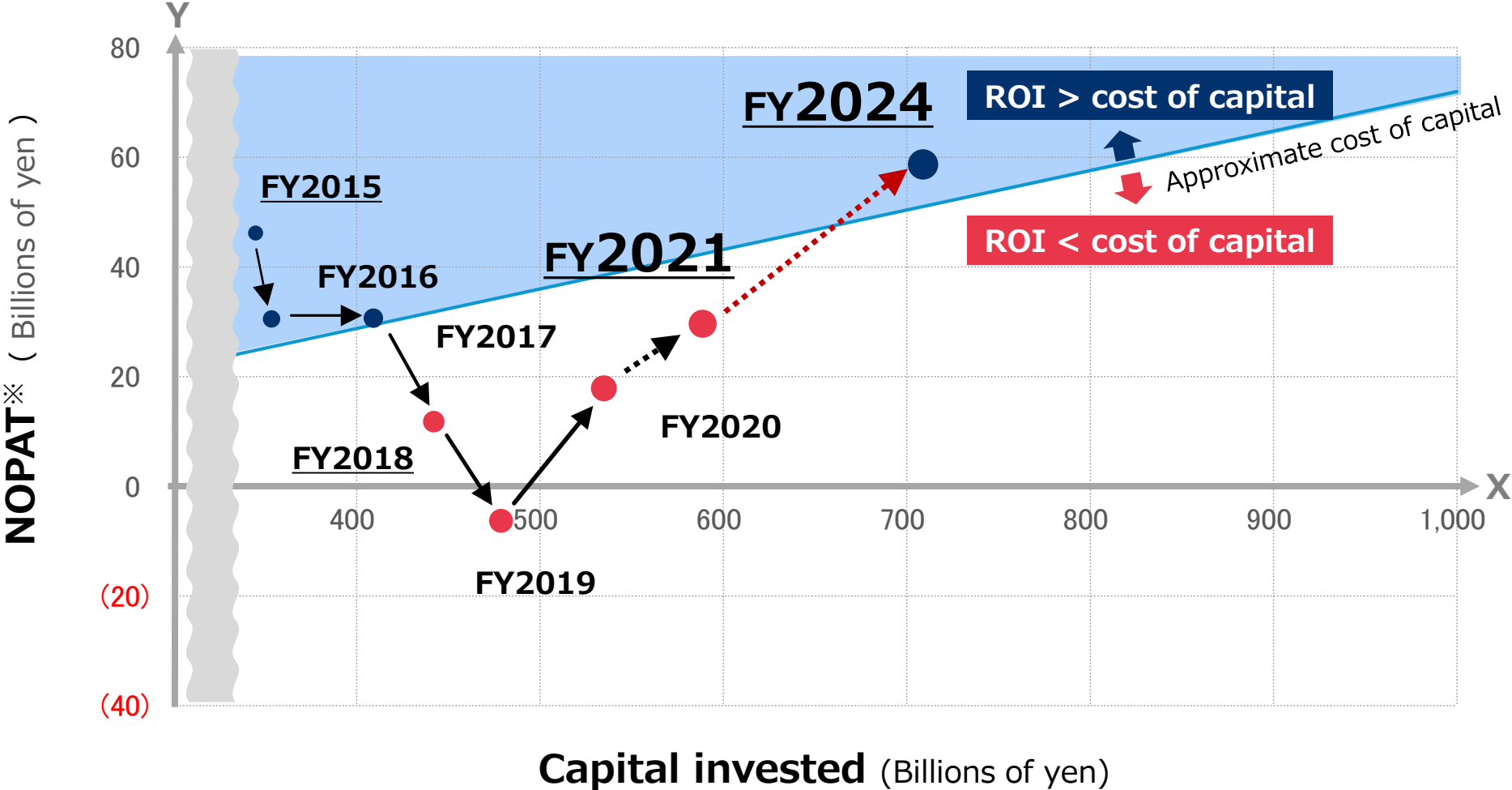
※ NOPAT : Net Operating Profit After Tax ※ IFRS from FY2017

Capital invested and NOPAT

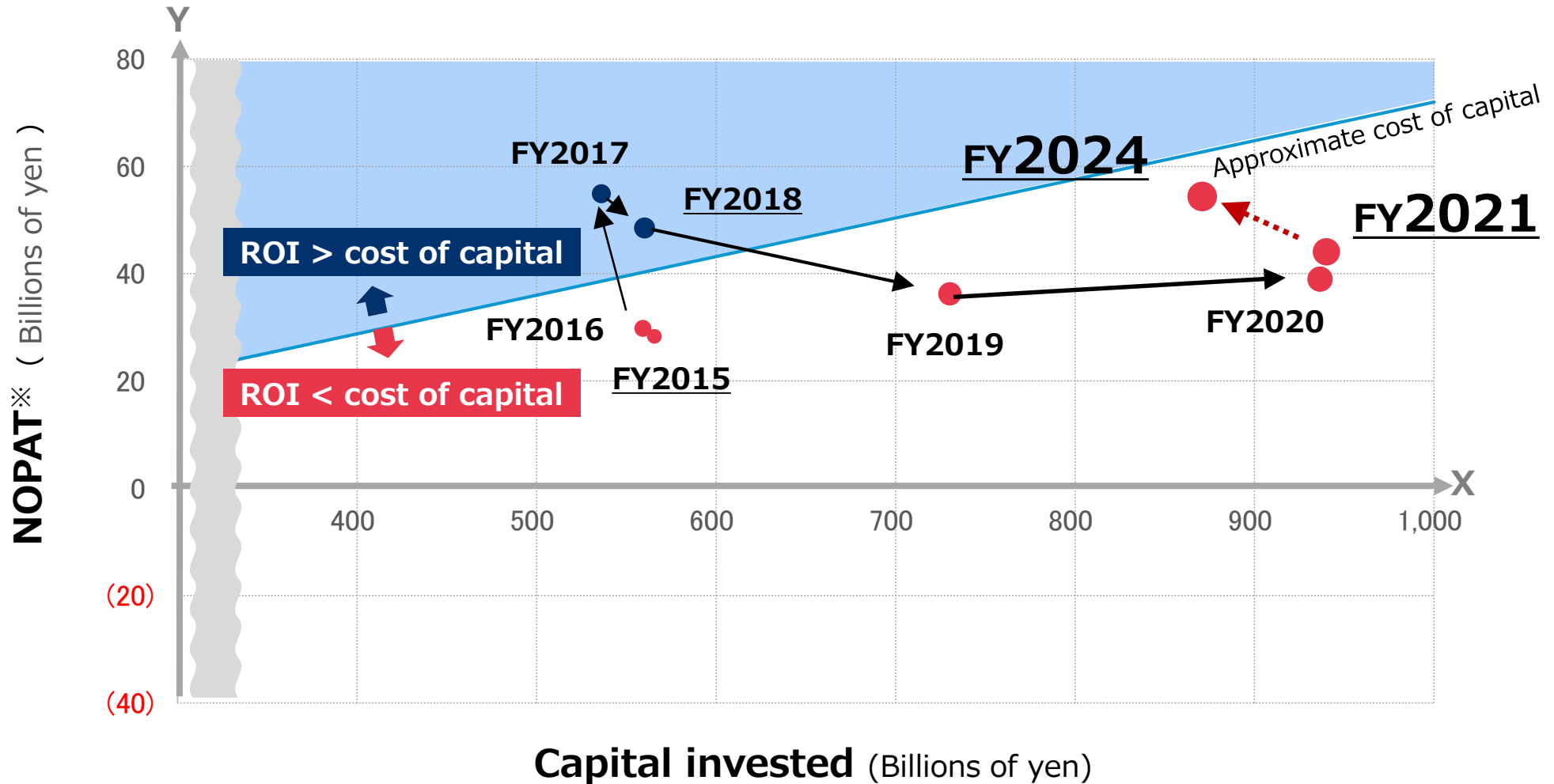
(Energy & Functional Materials + IT-related Chemicals)



Capital invested and NOPAT (Health & Crop Sciences)



Capital invested and NOPAT (Pharmaceuticals)



Four priority areas of focus and main business candidates

Environment

Area of focus

Energy Management

GHG Emission reductions

Circular systems for resources

Main business candidates

Next-generation storage battery materials

High-performance membranes

Wastewater treatment systems

Chemical recycling (circular system for plastics)

Processes that make effective use of CO₂

Food

Area of focus

Sustainable Food production

Reduce food loss

Main business candidates

High-performance feed

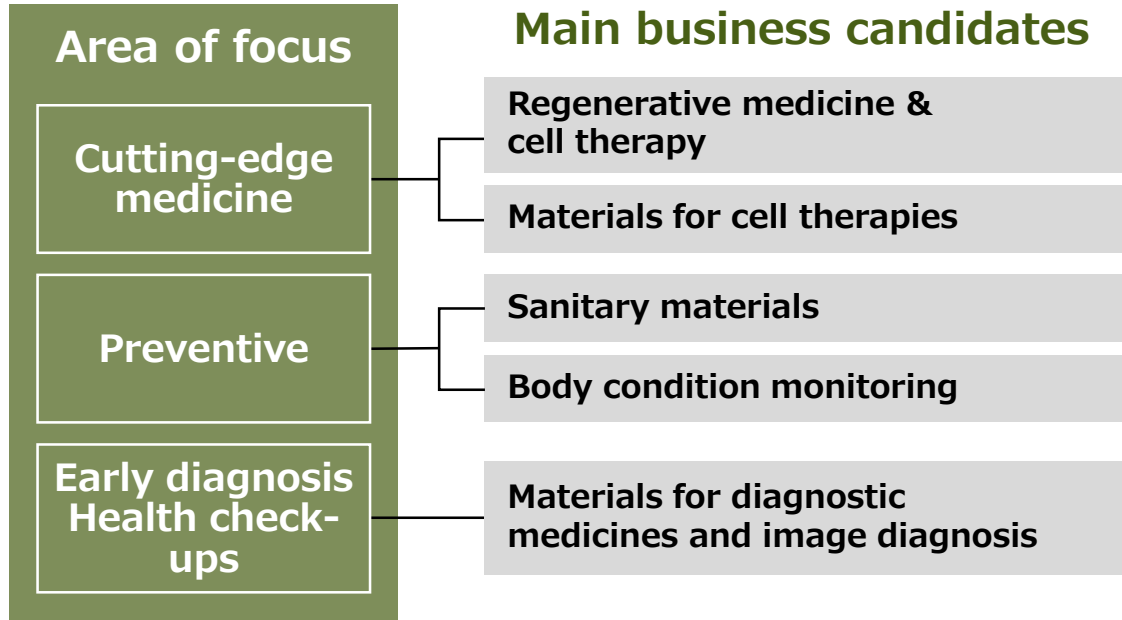
Biorational materials

Agents to preserve freshness and reduce harvesting losses

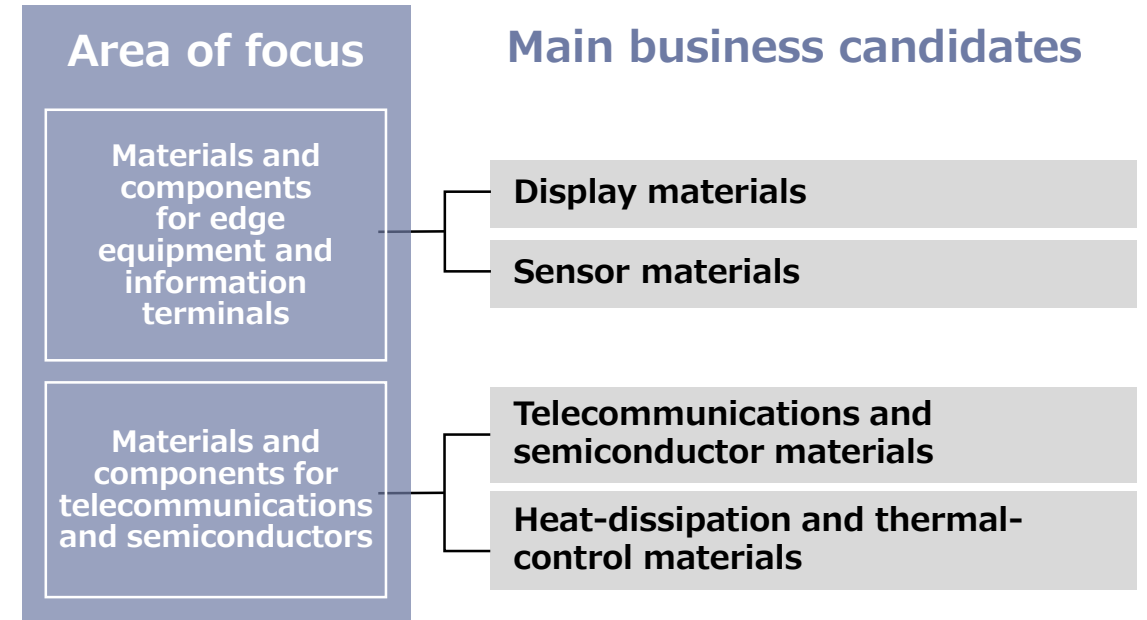


Four priority areas of focus and main business candidates

Healthcare



ICT



Development progress and commercialization plans for pipeline of crop protection products

	Compound	Use	Evaluation	Full-scale development	Registration	Market launch
B2020	INDIFLIN™ (inpyrfluxam)	Agricultural fungicide e.g. Soybean rust		✓ Completed	✓ Registered	Launched in Japan, America, and Canada in 2020 Scheduled to launch in Brazil in 2022
	PAVECTO™ (methyltetraprole)	Agricultural fungicide e.g. Septoria		✓ Completed	✓ Registered in Japan	Scheduled to launch 2022-23
	ALLES™ (oxazosulfyl)	Agricultural insecticide e.g. Major rice pests etc.		✓ Completed	✓ Registered in Japan	Launched in Japan in 2022
	FUSEKI™ (pyridaclomethyl)	Agricultural fungicide e.g. Field crop and vegetable diseases		✓ Completed	✓ Submitted	Scheduled to launch as early as 2023
A2020	Accede™ (ACC)	Agricultural plant growth regulator		✓ Completed	✓ Registered in America	Scheduled to launch in America in 2022
	Rapidicil™ (epyrifenacil)	Next-generation herbicide effective against herbicide-resistant weeds		✓ Completed	✓ Submitted	Scheduled to launch in 2025
	Pipeline C	Botanical insecticide for agriculture and household hygiene		✓ Completed	✓ Submitted	
T2030	Pipeline A	Agricultural fungicide	✓ Evaluation in progress			

Material Issues that We will Address as Management Priorities

Material Issues for Sustainable Value Creation※

Material issues for social value creation

Contribute to the environment

- Climate change mitigation and adaptation
- Contribute to recycling resources
- Sustainable use of natural capital

Contribute to the food supply

- Advance sustainable agriculture

Contribute to healthcare

Contribute to ICT

Material issues for future value creation

Advance innovation

Bolster competitiveness leveraging DX

Human resources: DE&I*, growth & development, health

*Diversity, Equity & Inclusion

Foundation for Business Continuation※

- Occupational safety and health, and operational safety and disaster prevention
- Cybersecurity

- Product safety and quality assurance
- Compliance

- Respect for human rights
- Anti-corruption

※Partially revised in March 2022

Cautionary Statement

Statements made in this document with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties.

The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.