

Financial Results for FY2020 & Outlook for FY2021

May 13, 2021



(Cautionary Statement)

Statements made in this material 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.

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1. Consolidated Financial Results for FY2020 Ended March 31, 2021

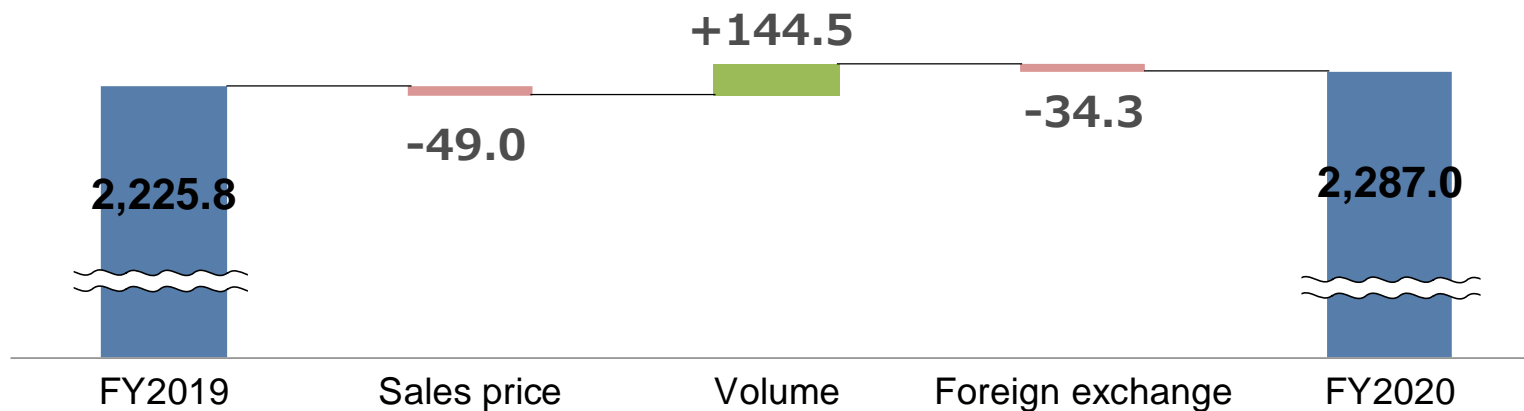
Unit; Billions of yen

	FY2019	FY2020	Difference	Ratio
Sales revenue	2,225.8	2,287.0	61.2	2.7%
Core operating income	132.7	147.6	15.0	11.3%
(Equity in earnings)	(9.2)	(-12.5)	(-21.7)	-
Non-recurring items	4.9	-10.5	-15.4	-
Operating income	137.5	137.1	-0.4	-0.3%
Finance income/expenses	-7.0	0.7	7.7	-
(Gain/loss on foreign currency transactions)	(-5.6)	(9.3)	(14.8)	-
Income tax expenses	-76.1	-69.7	6.4	-
Net income attributable to non-controlling interests	-23.5	-22.0	1.4	-
Net income attributable to owners of the parent	30.9	46.0	15.1	48.9%
ROE	3.2%	4.7%		
Exchange rate(yen/\$)	108.70	106.10		
Naphtha price(yen/KL)	42,900	31,300		
Overseas sales revenue ratio	65.6%	68.3%		

Unit; Billions of yen

	FY2019	FY2020	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	656.9	589.3	-67.6	-10.3%	-23.5	-37.7	-6.4
Energy & Functional Materials	255.0	245.2	-9.8	-3.8%	-11.0	1.5	-0.3
IT-related Chemicals	404.9	431.8	26.9	6.7%	-10.0	46.8	-9.9
Health & Crop Sciences	343.7	423.0	79.3	23.1%	2.0	88.2	-10.9
Pharmaceuticals	515.8	546.5	30.6	5.9%	-6.5	43.9	-6.8
Others & Adjustments	49.5	51.1	1.7	3.4%	0.0	1.7	0.0
Total	2,225.8	2,287.0	61.2	2.7%	-49.0	144.5	-34.3

Analysis



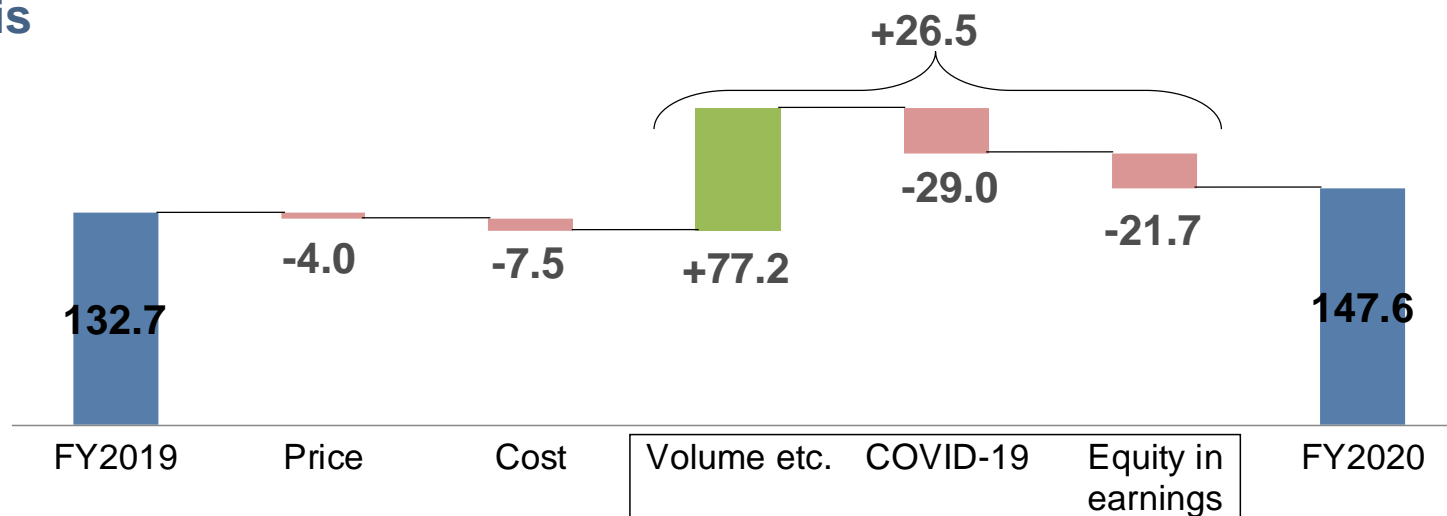
Core Operating Income by Business Segment

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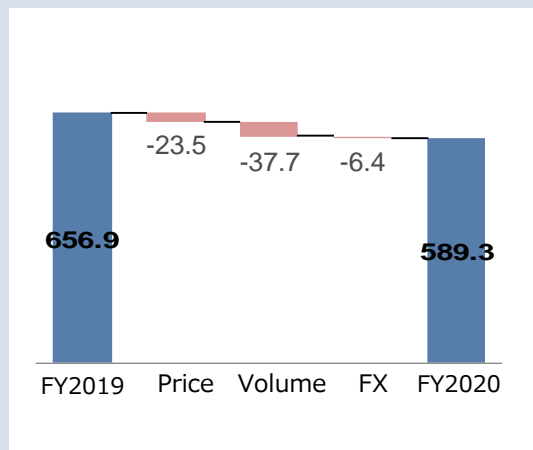
Unit; Billions of yen

	FY2019	FY2020	Difference	Price variance	Cost variance	Shipping volume variance and other
Petrochemicals & Plastics	14.5	-12.0	-26.5	5.0	0.5	-32.0
Energy & Functional Materials	20.3	20.3	-0.1	1.5	2.0	-3.6
IT-related Chemicals	25.1	39.7	14.6	-10.0	8.5	16.1
Health & Crop Sciences	2.1	31.5	29.5	6.0	11.5	12.0
Pharmaceuticals	75.3	71.7	-3.6	-6.5	-30.0	32.9
Others & Adjustments	-4.6	-3.6	1.0	0.0	0.0	1.0
Total	132.7	147.6	15.0	-4.0	-7.5	26.5

Analysis



Sales Revenue



Total ¥589.3 billion (-67.6 from FY2019)

Sales price

-23.5

- Lower market prices

Volume

-37.7

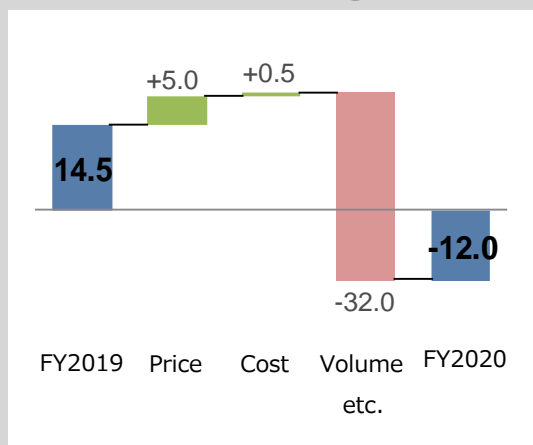
- Decrease in shipments of Rabigh products
- Decrease in shipments of synthetic resins due to the COVID-19 pandemic.

Foreign exchange

-6.4

Core Operating Income

Total ¥-12.0 billion (-26.5 from FY2019)



Price variance

+5.0

- Increase in profit margin on MMA and synthetic resins

Cost variance

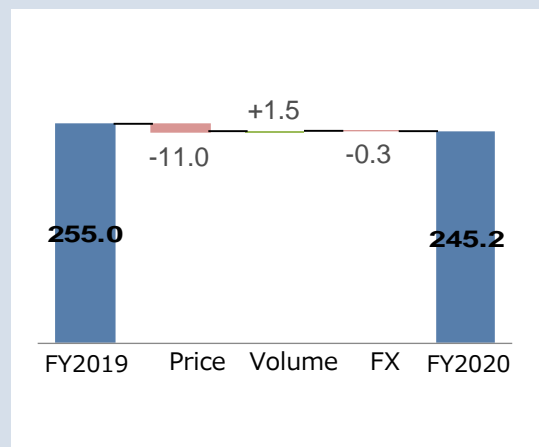
+0.5

Volume variance etc.

-32.0

- Decrease in equity in earnings from investments in affiliates
- Decrease in shipments of synthetic resins due to the COVID-19 pandemic.

Sales Revenue



Total ¥245.2 billion (-9.8 from FY2019)

Sales price

-11.0

- Decline in the selling price of aluminum
- Decline in the selling price of cathode materials

Volume

+1.5

- Decrease in shipments of lithium-ion secondary battery separators and synthetic rubber due to the COVID-19 pandemic.

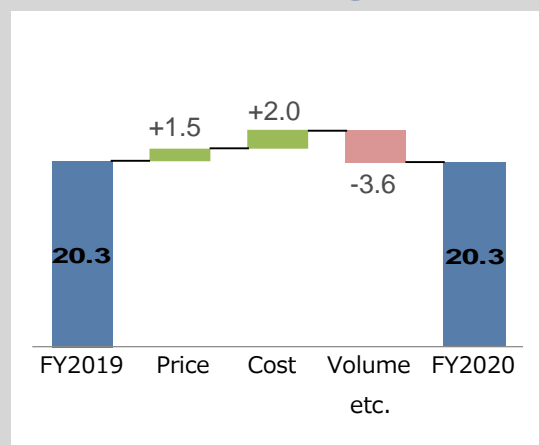
Foreign exchange

-0.3

- Increase in license revenue

Core Operating Income

Total ¥20.3 billion (-0.1 from FY2019)



Price variance

+1.5

Cost variance

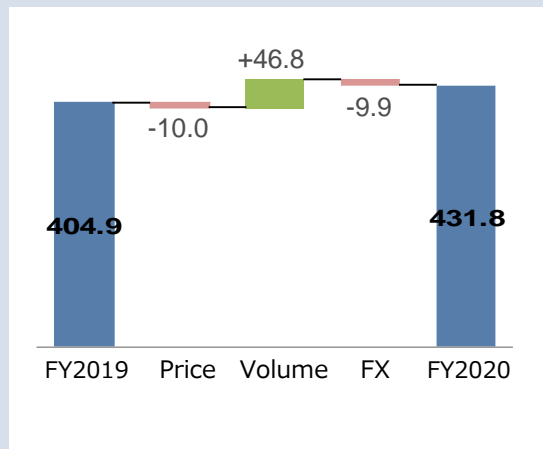
+2.0

Volume variance etc.

-3.6

- Decrease in shipments of lithium-ion secondary battery separators and synthetic rubber due to the COVID-19 pandemic.

Sales Revenue



Total ¥431.8 billion (+26.9 from FY2019)

Sales price

-10.0

- Decline in the selling price of polarizing film

Volume

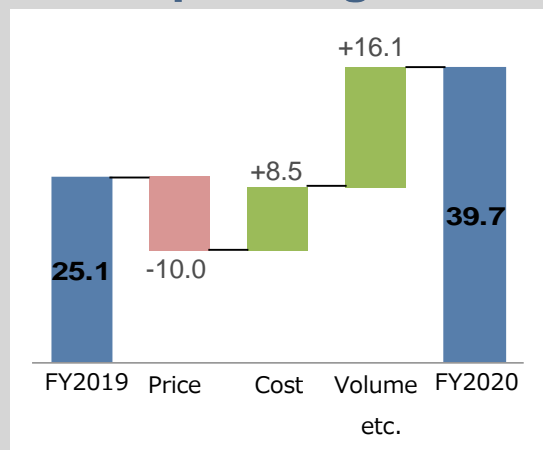
+46.8

- Increase in shipments of processing materials for semiconductors
- Increase in shipments of materials for display applications

Foreign exchange

-9.9

Core Operating Income



Total ¥39.7 billion (+14.6 from FY2019)

Price variance

-10.0

- Decline in the selling price of polarizing film

Cost variance

+8.5

- Rationalization of the use of raw materials
- Improvement of production yield

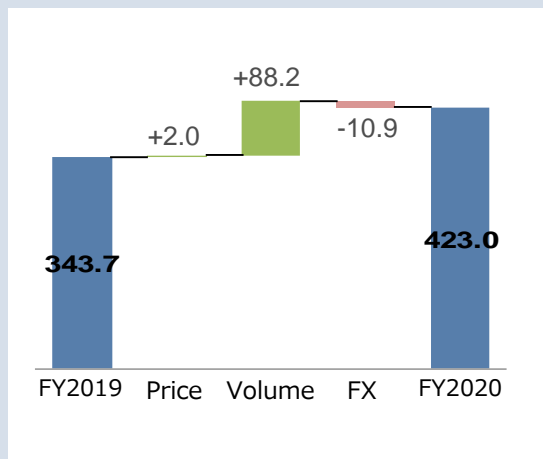
Volume variance etc.

+16.1

- Increase in shipments of processing materials for semiconductors
- Increase in shipments of materials for display applications

Sales Revenue

Total ¥423.0 billion (+79.3 from FY2019)



Sales price

+2.0

- Higher market price for feed additive methionine

Volume

+88.2

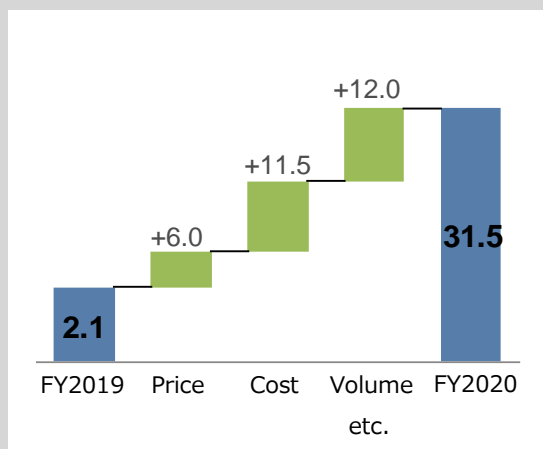
- Acquisition of South American subsidiaries of Nufarm
- Increase in shipments of crop protection products in India

Foreign exchange

-10.9

Core Operating Income

Total ¥31.5 billion (+29.5 from FY2019)



Price variance

+6.0

- Increase in profit margin on feed additive methionine

Cost variance

+11.5

- Rationalization of manufacturing cost of methionine
- Reduction of expenses

Volume variance etc.

+12.0

- Acquisition of South American subsidiaries of Nufarm
- Increase in shipments of crop protection products in India

Sales Revenue

Total ¥546.5 billion (+30.6 from FY2019)



Sales price

-6.5

- NHI price revisions in Japan

Volume

+43.9

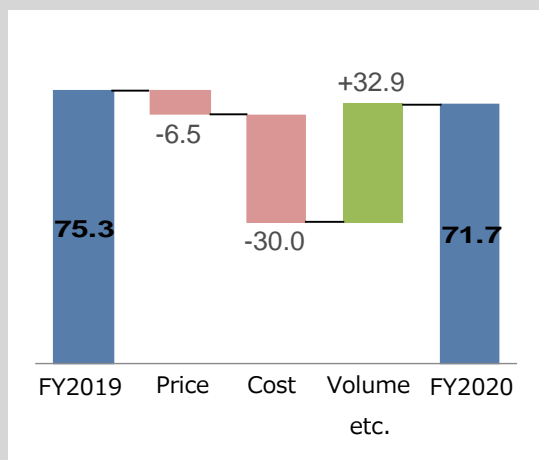
- Increase in shipments of Latuda® in North America
- Contribution of domestic sales of Equa®/EquMet® launched in 2019

Foreign exchange

-6.8

Core Operating Income

Total ¥71.7 billion (-3.6 from FY2019)



Price variance

-6.5

- NHI price revisions in Japan

Cost variance

-30.0

- Increase in SG&A and R&D expenses due to the strategic alliance with Roivant

Volume variance etc.

+32.9

- Increase in shipments of Latuda® in North America

Unit; Billions of yen

	FY2019	FY2020	Difference
Impairment loss	-37.3	-40.8	-3.5
Restructuring charges	-7.8	-6.3	1.5
Changes in fair value of contingent consideration	48.5	22.5	-26.0
Gain on sale of property, plant and equipment	0.9	18.7	17.8
Others	0.6	-4.5	-5.1
Non-recurring items	4.9	-10.5	-15.4

				Unit; Billions of yen			
	31-Mar-20	31-Mar-21	Difference		31-Mar-20	31-Mar-21	Difference
Current assets	1,310.9	1,584.5	273.6	Liabilities	2,261.5	2,508.1	246.6
Cash and cash equivalents	180.6	360.9	180.3	Trade and other payables	436.1	522.9	86.8
Trade and other receivables	570.4	652.6	82.2	Interest-bearing Liabilities	1,304.7	1,351.1	46.4
Inventories	492.4	511.5	19.1	Others	520.8	634.2	113.4
Others	67.5	59.4	-8.0	Equity	1,392.6	1,482.1	89.5
Non-current assets	2,343.2	2,405.8	62.6	Shareholders' equity	910.1	962.8	52.7
Property, plant and equipment	778.4	793.5	15.1	Other components of equity	13.9	56.4	42.6
Goodwill and Intangible assets	666.1	670.5	4.4	Non-controlling interests	468.6	462.9	-5.7
Others	898.7	941.8	43.1				
Total	3,654.1	3,990.3	336.2	Total	3,654.1	3,990.3	336.2
				Equity attributable to owners of parent to total assets	25.3%	25.5%	0.2%
				D/E ratio (times)	0.9	0.9	0.0

※ During FY 2020, we finalized the provisional accounting treatment for business combinations carried out in FY 2019. As a result, figures for FY 2019 are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Unit; Billions of yen

	FY2019	FY2020	Difference
Cash flows from operating activities	106.0	374.5	268.5
Cash flows from investing activities	-499.7	-177.4	322.3
Free cash flows	-393.7	197.1	590.7
Cash flows from financing activities	373.5	-40.0	-413.5
Effect of exchange rate changes on cash and cash equivalents	-0.9	23.2	24.1
Net change in cash and cash equivalents	-21.0	180.3	201.3
Cash and cash equivalents at end of year	180.6	360.9	180.3

2. Outlook for FY2021

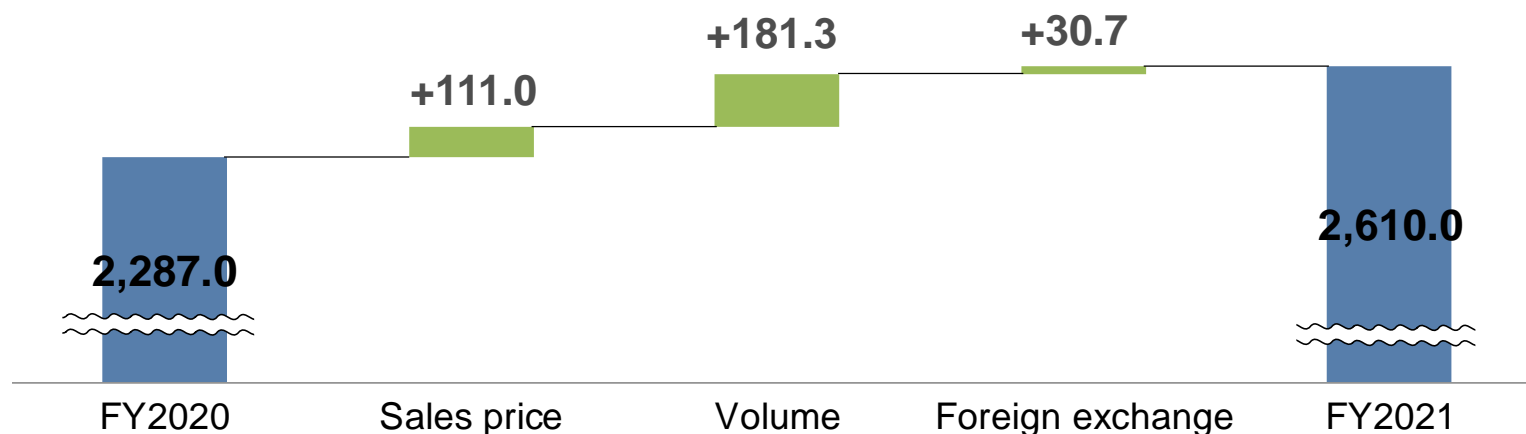
Unit: Billions of yen

	FY2020	FY2021 (Estimates)	Difference	Ratio
Sales revenue	2,287.0	2,610.0	323.0	14.1%
Core operating income	147.6	200.0	52.4	35.5%
(Non-recurring items)	(-10.5)	(-20.0)	(-9.5)	-
Operating income	137.1	180.0	42.9	31.3%
Net income attributable to owners of the parent	46.0	100.0	54.0	117.2%
ROE	4.7%	9.6%		
Exchange rate(yen/\$)	106.10	110.00		
Naphtha price(yen/KL)	31,300	47,000		
Cash dividends (yen)	Interim dividend	6.00	10.00	
	Year-end dividend	9.00	10.00	
	Annual dividend	15.00	20.00	

Unit; Billions of yen

	FY2020	FY2021 (Estimated)	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	589.3	760.0	170.7	29.0%	114.5	43.9	12.3
Energy & Functional Materials	245.2	280.0	34.8	14.2%	4.0	28.8	2.0
IT-related Chemicals	431.8	435.0	3.2	0.7%	-8.0	12.3	-1.1
Health & Crop Sciences	423.0	460.0	37.0	8.7%	7.5	24.9	4.6
Pharmaceuticals	546.5	610.0	63.6	11.6%	-7.0	57.7	12.9
Others & Adjustments	51.1	65.0	13.9	27.1%	0.0	13.9	0.0
Total	2,287.0	2,610.0	323.0	14.1%	111.0	181.3	30.7

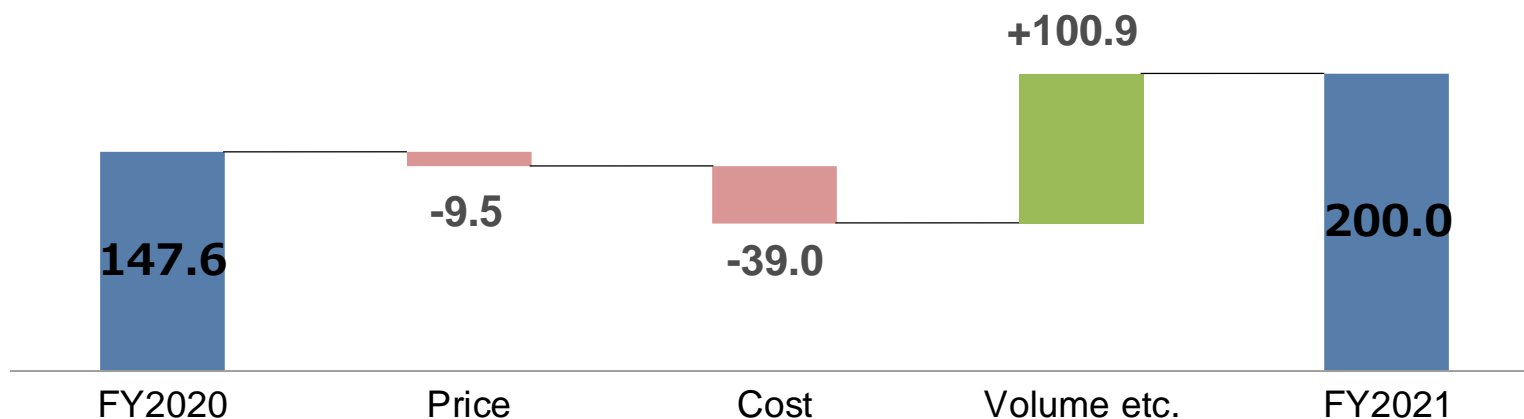
Analysis



Unit; Billions of yen

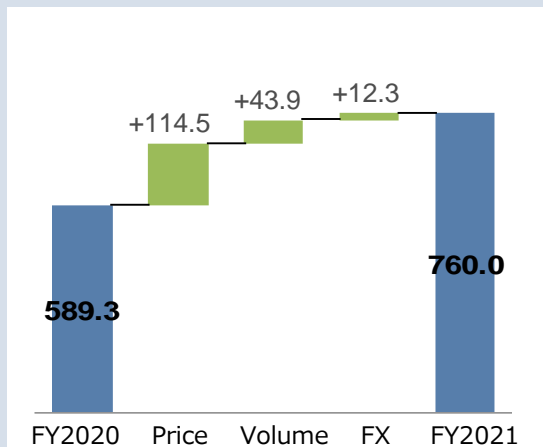
	FY2020	FY2021 (Estimated)	Difference	Price variance	Cost variance	Shipping volume variance and other
Petrochemicals & Plastics	-12.0	36.0	48.0	7.5	2.0	38.5
Energy & Functional Materials	20.3	19.0	-1.3	-3.5	-1.0	3.2
IT-related Chemicals	39.7	40.0	0.3	-8.0	4.0	4.3
Health & Crop Sciences	31.5	38.0	6.5	1.5	-4.0	9.0
Pharmaceuticals	71.7	67.0	-4.7	-7.0	-40.0	42.3
Others & Adjustments	-3.6	0.0	3.6	0.0	0.0	3.6
Total	147.6	200.0	52.4	-9.5	-39.0	100.9

Analysis



Sales Revenue

Total ¥760.0 billion (+170.7 from FY2020)



Sales price
+114.5

- Higher market prices

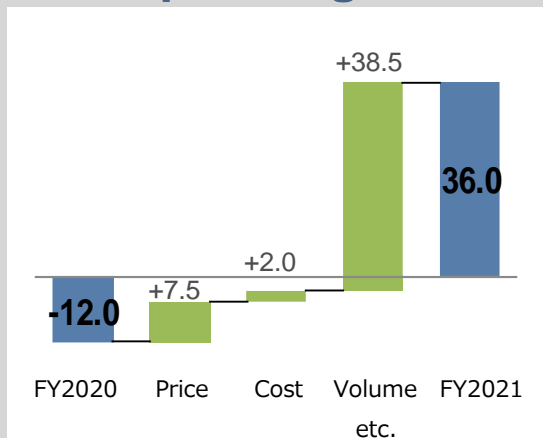
Volume
+43.9

- Increase in shipments of Rabigh products
- Increase in shipment volume due to the recovery from the COVID-19 pandemic

Foreign exchange
+12.3

Core Operating Income

Total ¥36.0 billion (+48.0 from FY2020)



Price variance
+7.5

- Increase in profit margin on petrochemical products

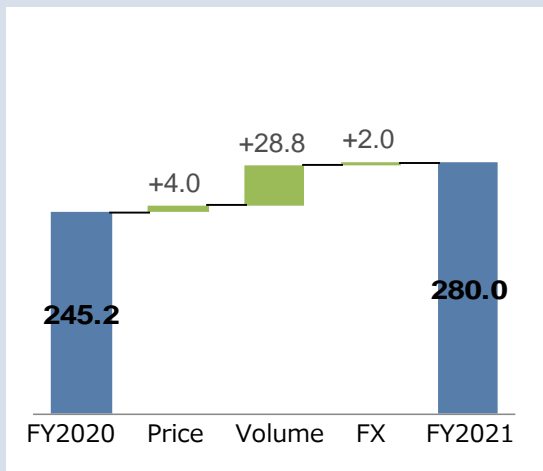
Cost variance
+2.0

Volume variance etc.
+38.5

- Increase in equity in earnings of affiliates
- Increase in shipment volume due to the recovery from the COVID-19 pandemic
- Decrease in shipments due to periodic plant maintenance in the Chiba works and Singapore

Sales Revenue

Total ¥280.0 billion (+34.8 from FY2020)



Sales price

+4.0

- Higher selling price for aluminum

Volume

+28.8

- Increase in shipment volume due to the recovery from the COVID-19 pandemic

Foreign exchange

+2.0

Core Operating Income

Total ¥19.0 billion (-1.3 from FY2020)



Price variance

-3.5

- Decrease in profit margins on advanced polymers

Cost variance

-1.0

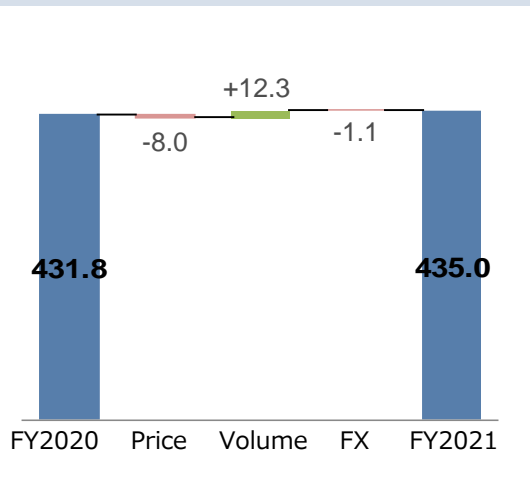
Volume variance etc.

+3.2

- Increase in shipment volume due to the recovery from the COVID-19 pandemic

Sales Revenue

Total ¥435.0 billion (+3.2 from FY2020)



Sales price

-8.0

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Volume

+12.3

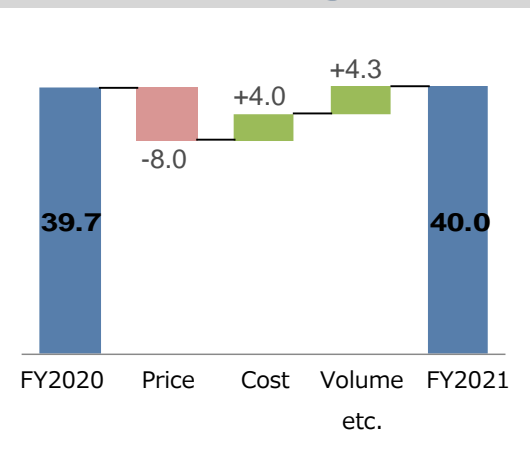
- Increase in shipments of Photoresists
- Increase in shipments of high-purity chemicals for Semiconductors

Foreign exchange

-1.1

Core Operating Income

Total ¥40.0 billion (+0.3 from FY2020)



Price variance

-8.0

- Decline in the selling price of polarizing film
- Decline in the selling price of touchscreen panels

Cost variance

+4.0

- Rationalization of the use of raw materials
- Improvement of production yields

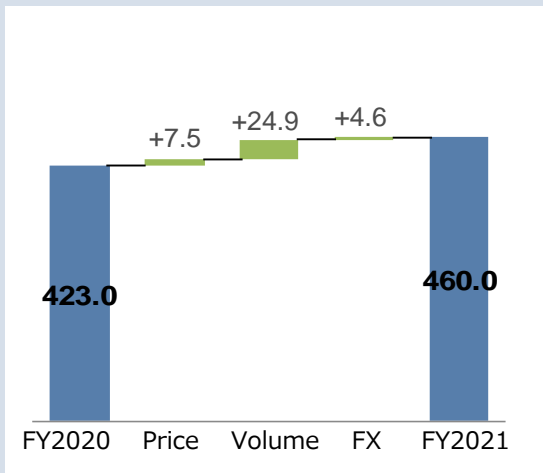
Volume variance etc.

+4.3

- Increase in shipments of Photoresists
- Increase in shipments of high-purity chemicals for Semiconductors

Sales Revenue

Total ¥460.0 billion (+37.0 from FY2020)



Sales price

+7.5

- Higher market price for feed additive methionine

Volume

+24.9

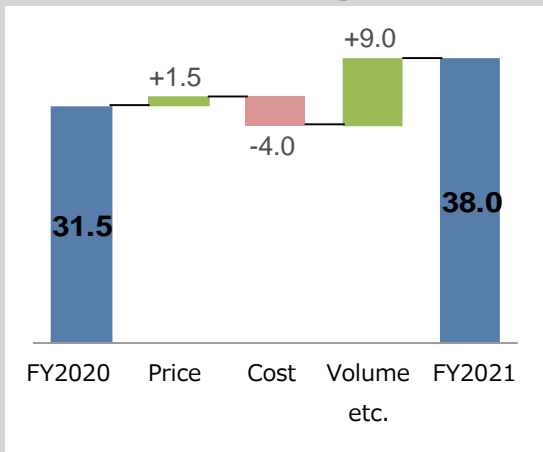
- Increase in shipments of crop protection chemicals in North America and South America.

Foreign exchange

+4.6

Core Operating Income

Total ¥38.0 billion (+6.5 from FY2020)



Price variance

+1.5

- Increase in profit margin on feed additive methionine

Cost variance

-4.0

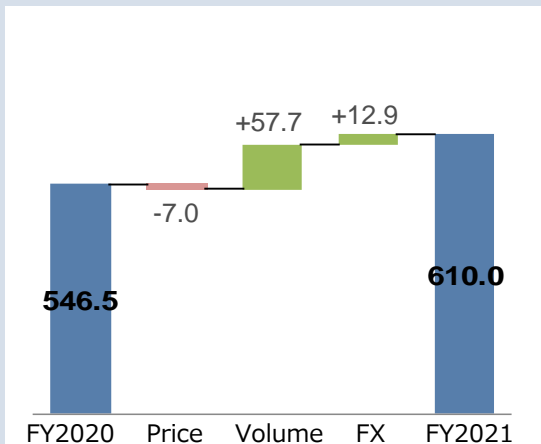
Volume variance etc.

+9.0

- Increase in shipments of crop protection chemicals in North America and South America.

Sales Revenue

Total ¥610.0 billion (+63.6 from FY2020)



Sales price

-7.0

- NHI price revisions in Japan

Volume

+57.7

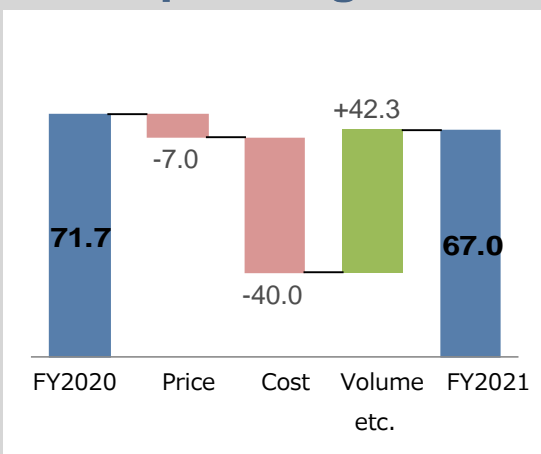
- Increase in shipments of Latuda® in North America
- Increase in revenue from Sumitovant
- Contribution of a new alliance project

Foreign exchange

+12.9

Core Operating Income

Total ¥67.0 billion (-4.7 from FY2020)



Price variance

-7.0

- NHI price revisions in Japan

Cost variance

-40.0

- Increase in SG&A expenses of Sumitovant

Volume variance etc.

+42.3

- Increase in shipments of Latuda® in North America
- Increase in revenue from Sumitovant
- Contribution of a new alliance project

Unit; Billions of yen

	FY2020	FY2021 (Estimates)	Difference
Cash flows from operating activities	374.5	220.0	-154.5
Cash flows from investing activities	-177.4	-150.0	27.4
Free cash flows	197.1	70.0	-127.1
Cash flows from financing activities	-40.0	-55.4	-15.4
Effect of exchange rate changes on cash and cash equivalents	23.2	-0.1	-23.3
Net change in cash and cash equivalents	180.3	14.5	-165.8
Interest-bearing debt balance	1,351.1	1,350.0	-1.1

(Reference: Segment Information)

Unit: Billions of yen

	FY2019				FY2020				FY2021 (Estimated)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Petrochemicals & Plastics	177.5	174.7	166.1	138.6	108.2	135.4	164.8	180.9	760.0
Energy & Functional Materials	64.9	66.1	59.6	64.4	48.3	56.9	70.1	69.9	280.0
IT-related Chemicals	102.5	104.4	98.1	99.9	103.8	109.4	111.0	107.6	435.0
Health & Crop Sciences	71.9	74.4	72.2	125.2	88.9	97.2	96.4	140.6	460.0
Pharmaceuticals	125.8	121.7	134.8	133.6	140.8	135.4	141.4	128.9	610.0
Others & Adjustments	10.7	13.0	12.4	13.4	10.1	12.3	12.1	16.5	65.0
Total	553.2	554.3	543.2	575.1	500.2	546.6	595.8	644.4	2,610.0

Unit: Billions of yen

	FY2019				FY2020				FY2021 (Estimated)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Petrochemicals & Plastics	13.0	4.4	10.0	-12.9	-19.9	-11.4	3.4	15.9	36.0
Energy & Functional Materials	5.6	7.0	5.1	2.7	2.0	2.8	10.8	4.7	19.0
IT-related Chemicals	7.8	7.5	3.4	6.4	9.9	12.3	9.7	7.9	40.0
Health & Crop Sciences	-4.6	-3.6	-5.4	15.7	3.8	6.1	2.3	19.4	38.0
Pharmaceuticals	23.0	23.9	20.7	7.7	24.5	24.5	25.7	-3.1	67.0
Others & Adjustments	-0.5	1.1	-2.0	-3.2	-0.2	-0.3	1.0	-4.1	0.0
Total	44.3	40.2	31.7	16.4	20.2	33.9	52.9	40.6	200.0

Unit; Billions of yen

	FY2019	FY2020	FY2021 (Estimates)
Capital Expenditures	116.3	112.7	138.0
Depreciation and Amortization	131.7	136.0	161.5
Research & Development Expenses	174.3	178.7	184.0
Number of Employees (as of March 31)	33,586	34,743	35,500

Unit; Billions of yen

	FY2019	FY2020	Difference
Petrochemicals & Plastics	23.8	19.9	-3.9
Energy & Functional Materials	21.4	23.0	1.6
IT-related Chemicals	21.6	12.2	-9.4
Health & Crop Sciences	19.7	16.3	-3.4
Pharmaceuticals	17.0	14.0	-3.0
Others & Adjustments	12.9	27.3	14.4
Total	116.3	112.7	-3.6

Unit; Billions of yen

	FY2020	FY2021 (Estimates)	Difference
Petrochemicals & Plastics	19.9	36.0	16.1
Energy & Functional Materials	23.0	25.5	2.5
IT-related Chemicals	12.2	22.5	10.3
Health & Crop Sciences	16.3	19.0	2.7
Pharmaceuticals	14.0	14.5	0.5
Others & Adjustments	27.3	20.5	-6.8
Total	112.7	138.0	25.3

Unit; Billions of yen

	FY2019	FY2020	Difference
Petrochemicals & Plastics	27.9	26.6	-1.2
Energy & Functional Materials	15.9	17.8	2.0
IT-related Chemicals	29.0	25.5	-3.5
Health & Crop Sciences	26.1	26.9	0.8
Pharmaceuticals	20.0	25.6	5.6
Others & Adjustments	13.0	13.5	0.6
Total	131.7	136.0	4.3

Unit; Billions of yen

	FY2020	FY2021 (Estimates)	Difference
Petrochemicals & Plastics	26.6	27.0	0.4
Energy & Functional Materials	17.8	19.0	1.2
IT-related Chemicals	25.5	25.5	-0.0
Health & Crop Sciences	26.9	27.0	0.1
Pharmaceuticals	25.6	47.5	21.9
Others & Adjustments	13.5	15.5	2.0
Total	136.0	161.5	25.5

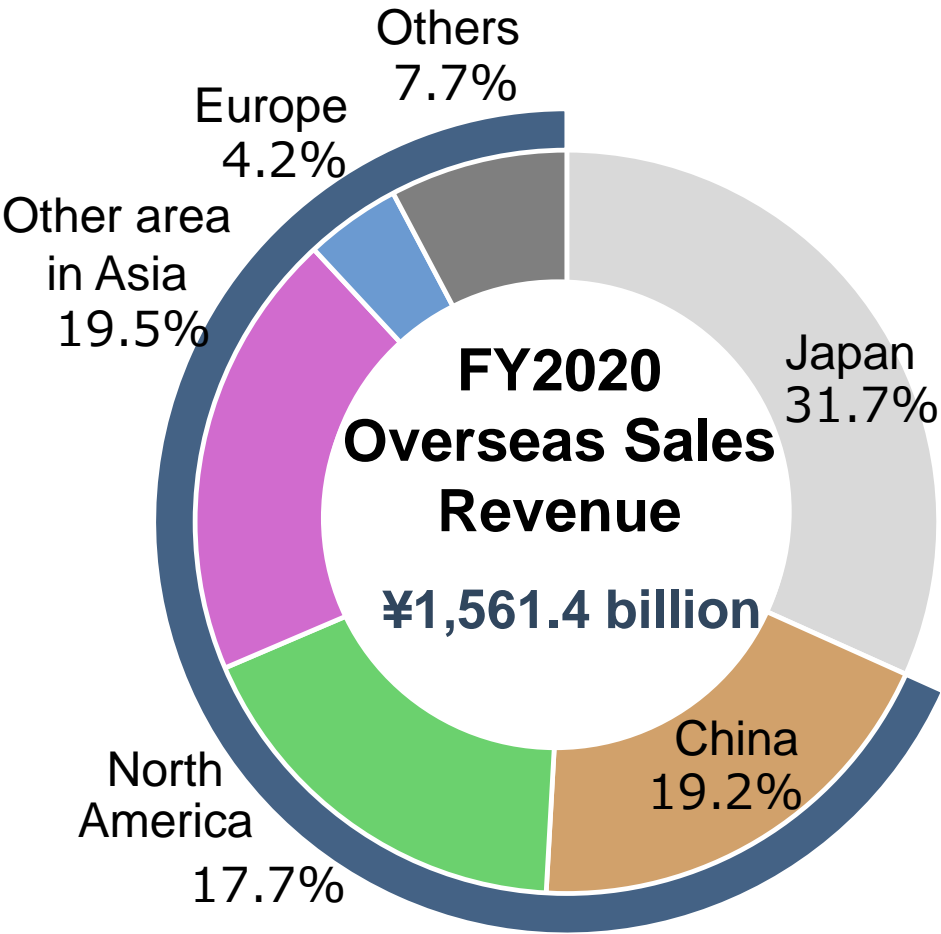
Unit; Billions of yen

	FY2019	FY2020	Difference
Petrochemicals & Plastics	7.0	6.9	-0.1
Energy & Functional Materials	7.8	8.2	0.3
IT-related Chemicals	19.1	18.7	-0.4
Health & Crop Sciences	28.9	28.6	-0.3
Pharmaceuticals	95.0	99.8	4.8
Others & Adjustments	16.5	16.5	-0.0
Total	174.3	178.7	4.3

Unit; Billions of yen

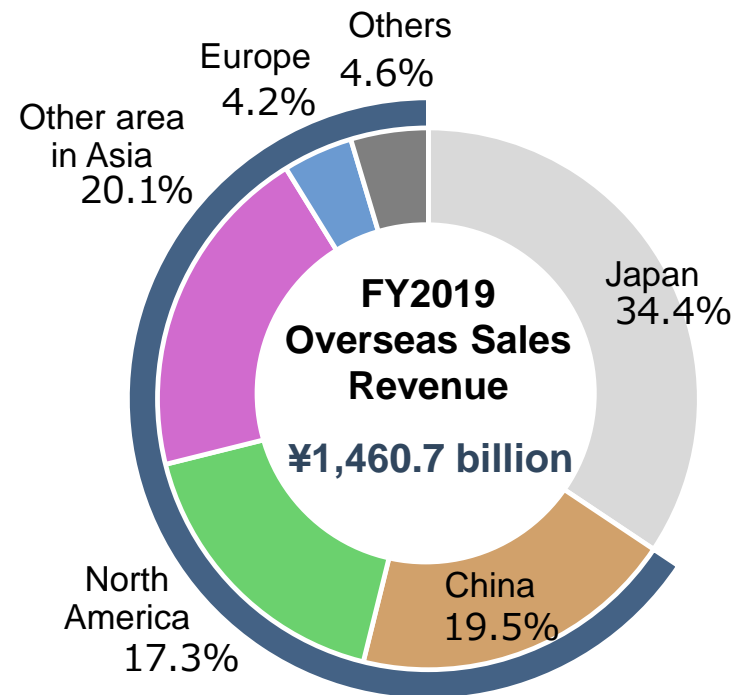
	FY2020	FY2021 (Estimates)	Difference
Petrochemicals & Plastics	6.9	7.0	0.1
Energy & Functional Materials	8.2	9.0	0.8
IT-related Chemicals	18.7	20.5	1.8
Health & Crop Sciences	28.6	31.5	2.9
Pharmaceuticals	99.8	99.0	-0.8
Others & Adjustments	16.5	17.0	0.5
Total	178.7	184.0	5.3

Company	Sales Revenue		Profit Trends
	FY2019	FY2020	
The Polyolefin Company (Singapore) (Millions of USD)	1,047	977	↗ Profit margins slightly Improved.
Petrochemical Corporation of Singapore (Millions of USD)	2,371	2,136	↗ Profit margins improved.
Rabigh Refining and Petrochemical Company (Millions of SAR)	34,062	21,870	↘ Profit declined, largely due to periodic shutdown maintenance and a drop in market prices.
Dongwoo Fine-Chem (Billions of KRW)	2,511.4	2,526.8	↗ Profit increased after a change in product mix and higher sales volume.
Valent U.S.A. and Subsidiaries (Millions of USD)	718	785	↗ Profit increased due to higher shipment volume and other factors.



Overseas Sales Revenue Ratio

68.3%

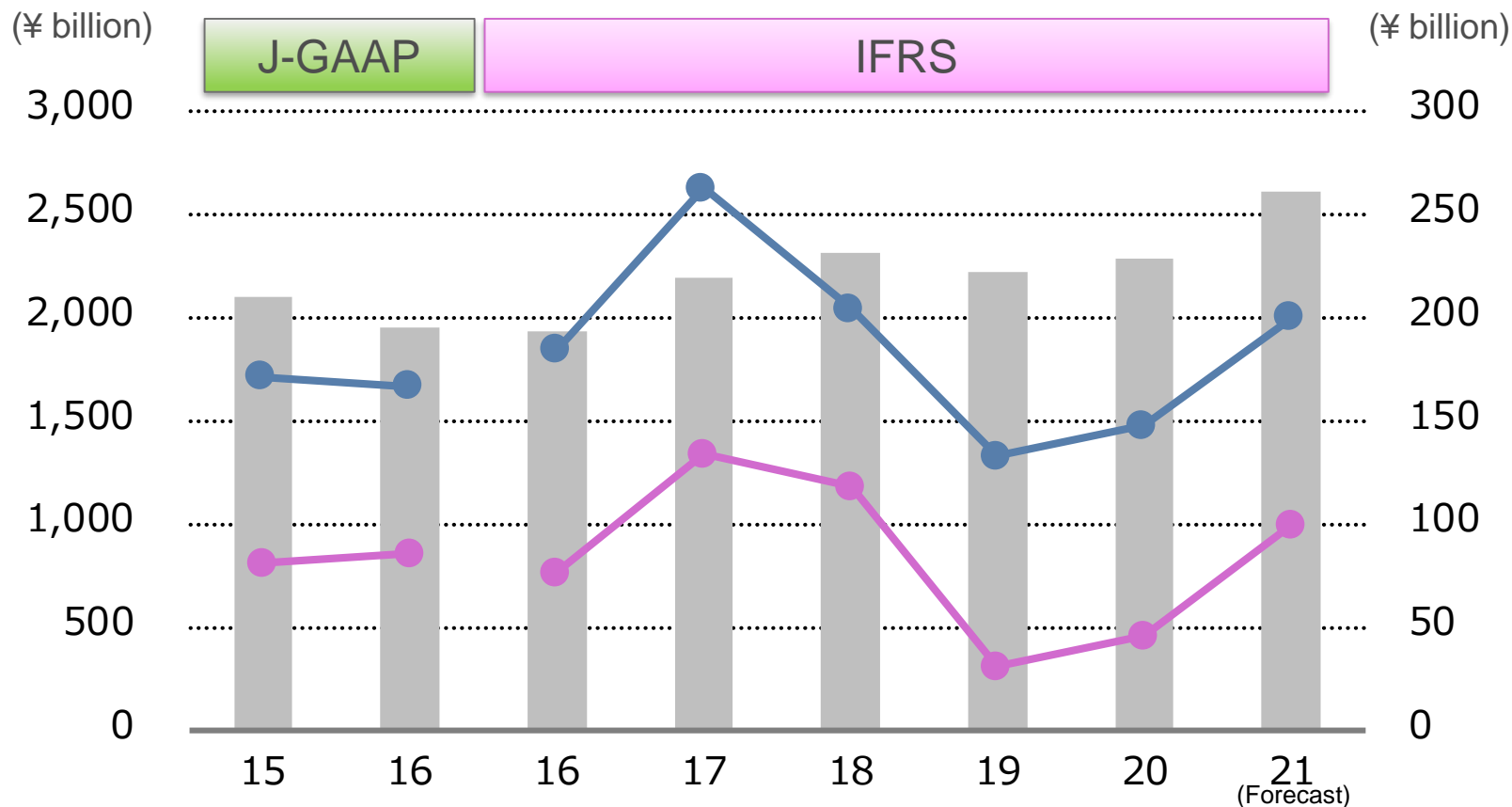


Overseas Sales Revenue Ratio

65.6%

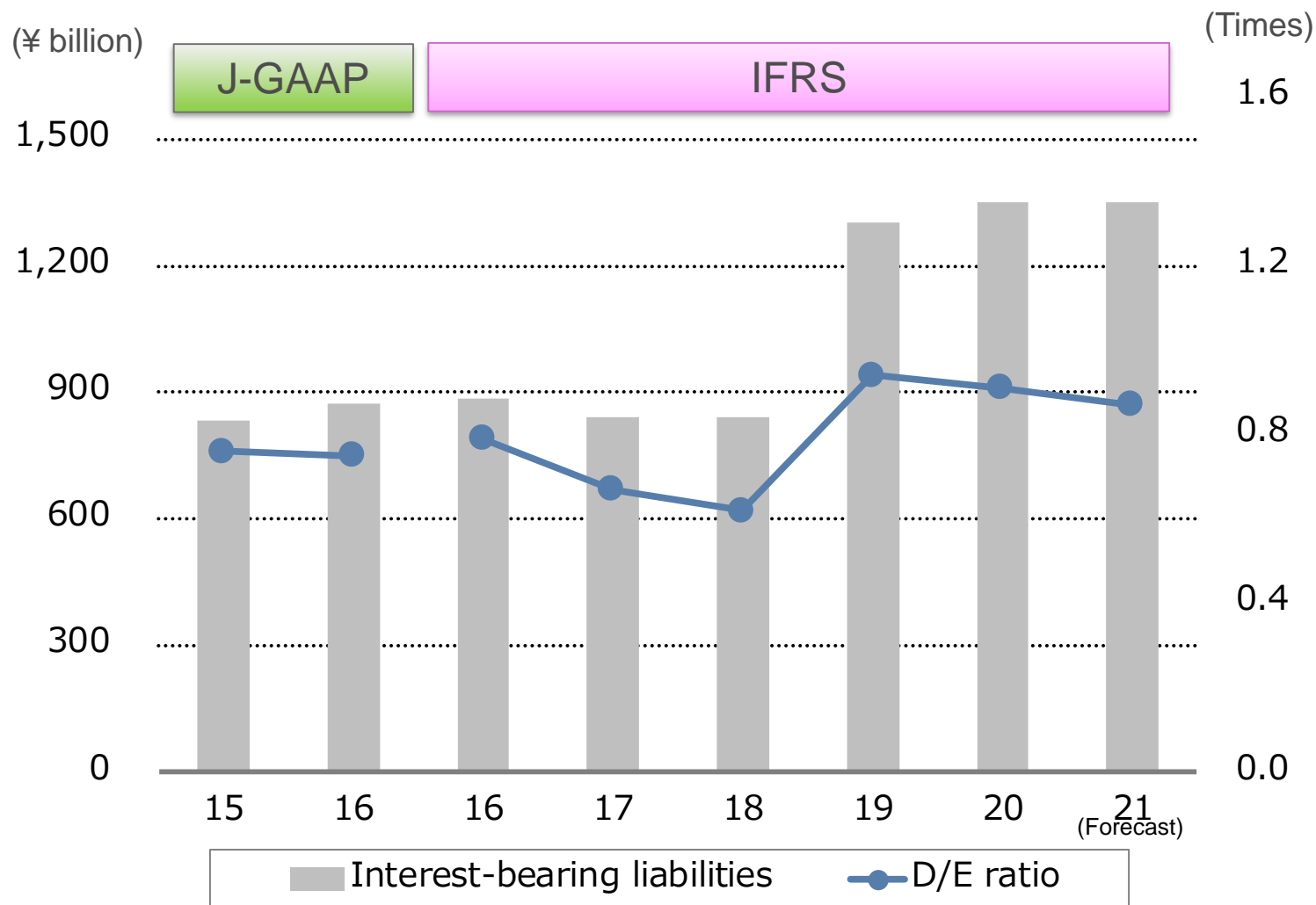
Sales Revenue

Profit



Interest-bearing Liabilities

D/E Ratio



Dividends per share

Payout Ratio

