

Financial Results for FY2021 Third Quarter

January 31, 2022



(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.

Financial Results for FY2021 Third Quarter

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Financial Results for FY2021 Third Quarter

Unit; Billions of yen

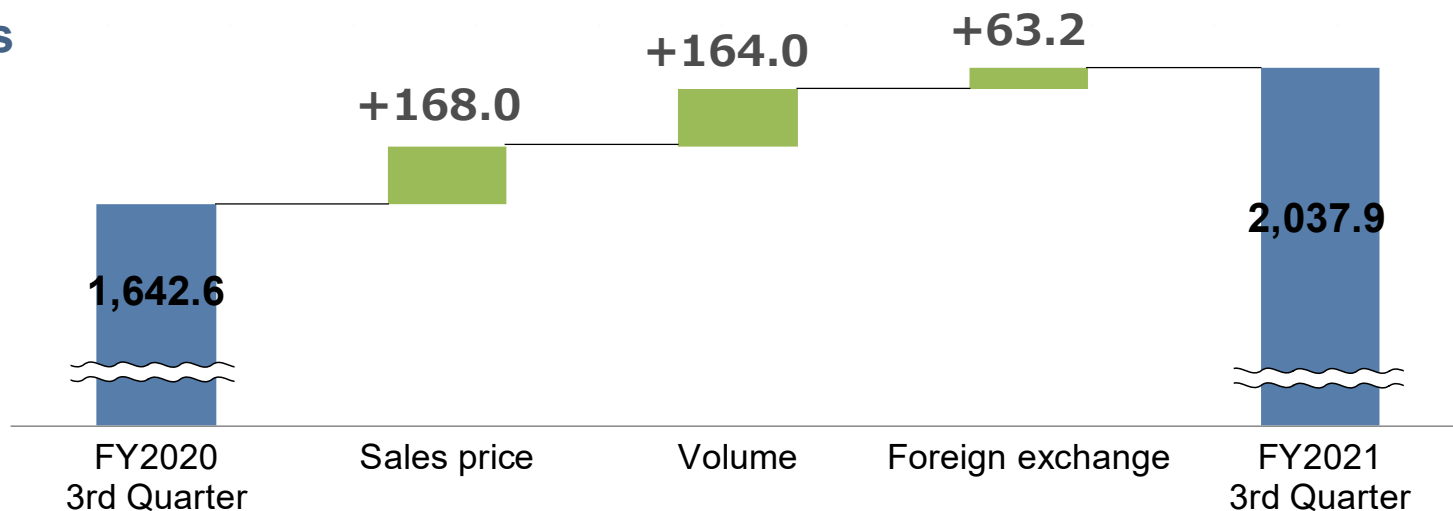
	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference	Ratio
Sales revenue	1,642.6	2,037.9	395.3	24.1%
Core operating income	106.1	205.7	99.6	93.8%
(Equity in earnings)	(-21.9)	(33.3)	(55.2)	-
Non-recurring items	9.7	-7.7	-17.4	-
Operating income	115.8	197.9	82.2	71.0%
Finance income/expenses	-23.5	11.6	35.1	-
(Gain/loss on foreign currency transactions)	(-18.8)	(15.6)	(34.4)	-
Income tax expenses	-39.8	-53.9	-14.0	-
Net income attributable to non-controlling interests	-32.2	-22.0	10.2	-
Net income attributable to owners of the parent	20.2	133.7	113.4	560.8%
ROE	2.2%	12.4%		
Exchange rate(yen/\$)	106.11	111.14		
Naphtha price(yen/KL)	28,800	53,900		
Overseas sales revenue ratio	68.8%	68.0%		

※ During FY 2020, we finalized the provisional accounting treatment for business combinations.
As a result, figures for FY 2020 3rd Quarter are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Unit; Billions of yen

	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	408.4	625.0	216.6	53.0%	154.0	44.1	18.4
Energy & Functional Materials	175.4	226.7	51.3	29.3%	19.5	28.3	3.5
IT-related Chemicals	324.3	352.1	27.8	8.6%	-10.5	23.8	14.5
Health & Crop Sciences	282.4	331.0	48.5	17.2%	10.5	25.4	12.6
Pharmaceuticals	417.5	456.3	38.7	9.3%	-5.5	30.1	14.2
Others & Adjustments	34.6	46.9	12.3	35.6%	0.0	12.3	0.0
Total	1,642.6	2,037.9	395.3	24.1%	168.0	164.0	63.2

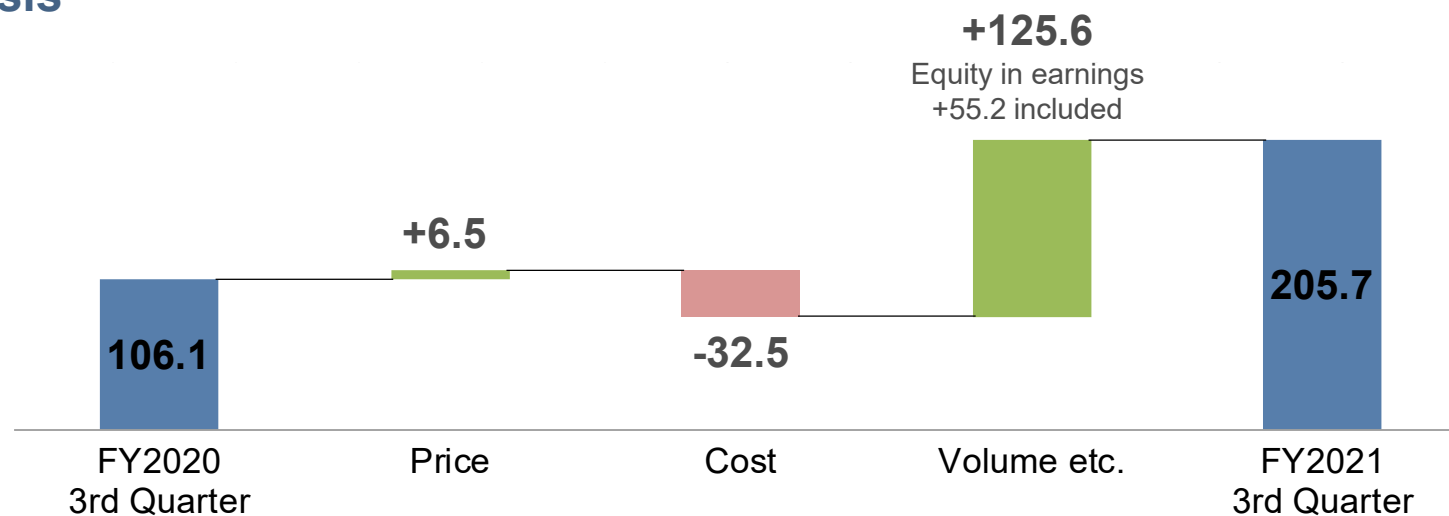
Analysis



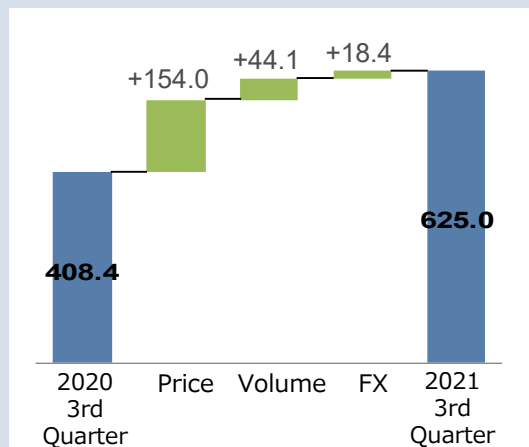
Unit; Billions of yen

	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference	Price variance	Cost variance	Shipping volume variance and other
Petrochemicals & Plastics	-27.9	52.0	79.9	22.0	-3.0	60.9
Energy & Functional Materials	15.6	18.6	3.0	-3.5	0.5	6.0
IT-related Chemicals	31.8	46.0	14.1	-10.5	-1.0	25.6
Health & Crop Sciences	11.3	27.8	16.5	4.0	1.0	11.5
Pharmaceuticals	74.7	62.5	-12.3	-5.5	-30.0	23.2
Others & Adjustments	0.5	-1.2	-1.7	0.0	0.0	-1.7
Total	106.1	205.7	99.6	6.5	-32.5	125.6

Analysis



Sales Revenue



Total ¥625.0 billion (+216.6 from FY2020 3rd Quarter)

Sales price
+154.0

- Higher market prices

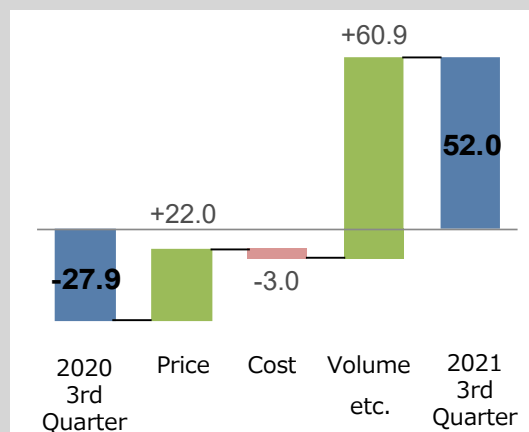
Volume
+44.1

- Increase in shipments of Rabigh products due to periodic shutdown maintenance in the same period of previous fiscal year.
- Recovery of shipments from the lower sales volume in the same period of previous fiscal year due to the COVID-19 pandemic.

Foreign exchange
+18.4

Core Operating Income

Total ¥52.0 billion (+79.9 from FY2020 3rd Quarter)



Price variance
+22.0

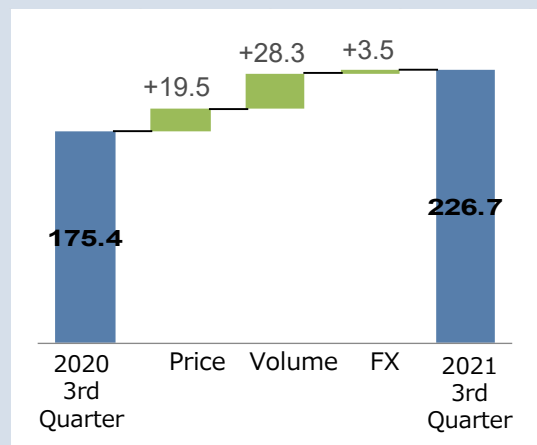
- Increase in profit margin on raw materials for synthetic fibers and synthetic resins

Cost variance
-3.0

Volume variance etc.
+60.9

- Increase in equity in earnings from investments in affiliates
- Recovery of shipments from the lower sales volume in the same period of previous fiscal year due to the COVID-19 pandemic.

Sales Revenue



Total ¥226.7 billion (+51.3 from FY2020 3rd Quarter)

Sales price

+19.5

- Higher selling price of aluminum
- Higher selling price of cathode materials

Volume

+28.3

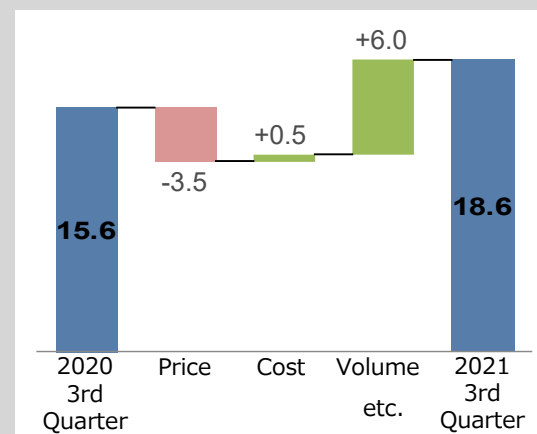
- Increase in shipment of lithium-ion secondary battery separator
- Recovery of shipments from the lower sales volume in the same period of previous fiscal year due to the COVID-19 pandemic.

Foreign exchange

+3.5

Core Operating Income

Total ¥18.6 billion (+3.0 from FY2020 3rd Quarter)



Price variance

-3.5

- Decrease in profit margin due to higher feedstock prices

Cost variance

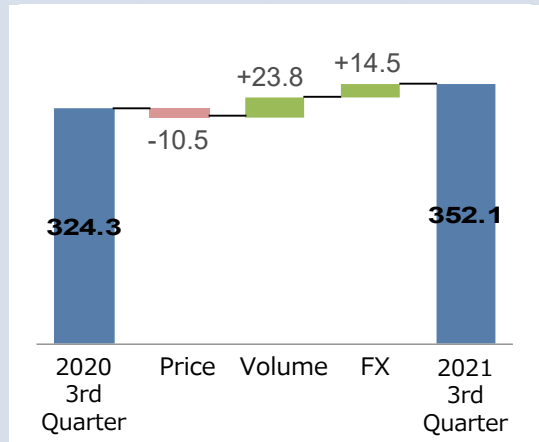
+0.5

Volume variance etc.

+6.0

- Increase in shipment of lithium-ion secondary battery separator
- Recovery of shipments from the lower sales volume in the same period of previous fiscal year due to the COVID-19 pandemic.

Sales Revenue



Total ¥352.1 billion (+27.8 from FY2020 3rd Quarter)

Sales price

-10.5

- Decline in the selling price of polarizing film

Volume

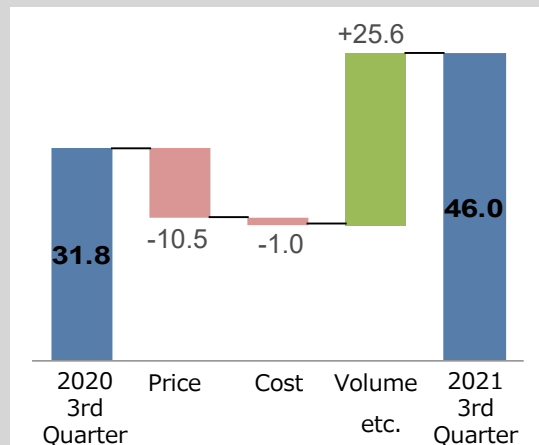
+23.8

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

Foreign exchange

+14.5

Core Operating Income



Total ¥46.0 billion (+14.1 from FY2020 3rd Quarter)

Price variance

-10.5

- Decline in the selling price of polarizing film

Cost variance

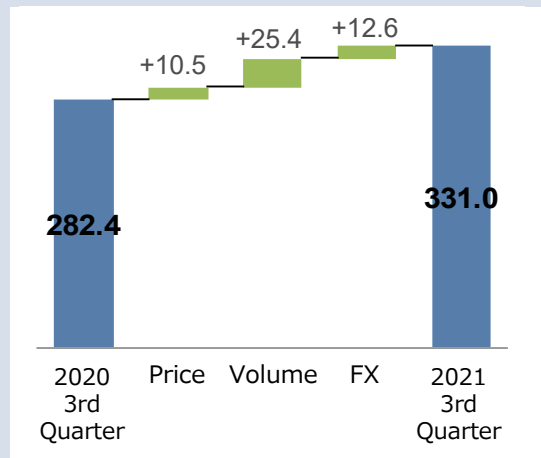
-1.0

Volume variance etc.

+25.6

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

Sales Revenue



Total ¥331.0 billion (+48.5 from FY2020 3rd Quarter)

Sales price

+10.5

- Higher market price for feed additive methionine

Volume

+25.4

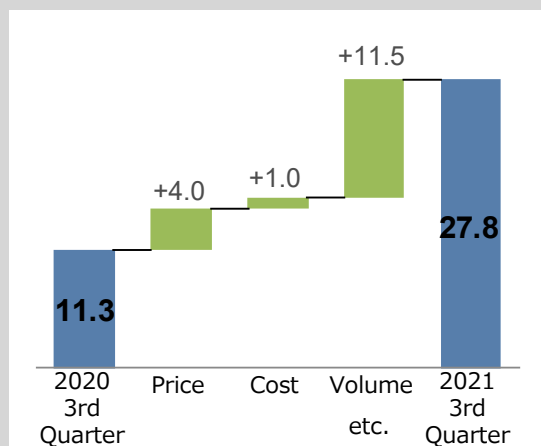
- Increase in shipments of crop protection products in North America, South America and India

Foreign exchange

+12.6

Core Operating Income

Total ¥27.8 billion (+16.5 from FY2020 3rd Quarter)



Price variance

+4.0

- Increase in profit margin on feed additive methionine

Cost variance

+1.0

- Rationalization of manufacturing cost of methionine

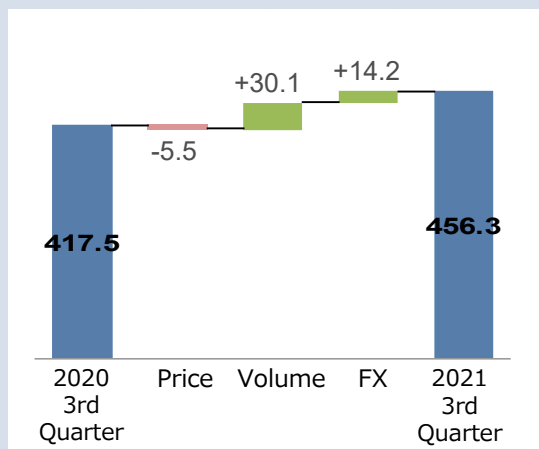
Volume variance etc.

+11.5

- Increase in shipments of crop protection products in North America, South America and India

Sales Revenue

Total ¥456.3 billion (+38.7 from FY2020 3rd Quarter)



Sales price

-5.5

- NHI price revisions in Japan

Volume

+30.1

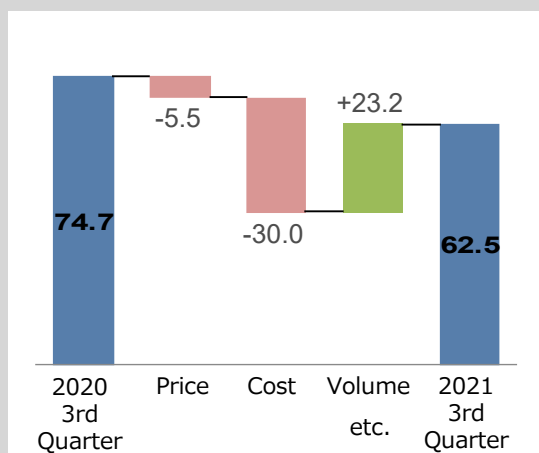
- Lump-sum revenue from a collaboration and license agreement
- Increase in shipments for Sumitovant
- decrease in shipments of Brovana® and Latuda® in North America

Foreign exchange

+14.2

Core Operating Income

Total ¥62.5 billion (-12.3 from FY2020 3rd Quarter)



Price variance

-5.5

- NHI price revisions in Japan

Cost variance

-30.0

- Increase in SG&A expenses of Sumitovant

Volume variance etc.

+23.2

- Lump-sum revenue from a collaboration and license agreement
- Increase in shipments for Sumitovant
- Decrease in shipments of Brovana® and Latuda® in North America

Unit; Billions of yen

	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference
Restructuring charges	-3.7	-4.3	-0.6
Impairment loss	-1.7	-3.4	-1.7
Changes in fair value of contingent consideration	-0.4	-0.2	0.1
Gain on sale of property, plant and equipment	18.6	0.6	-18.0
Others	-3.1	-0.4	2.8
Non-recurring items	9.7	-7.7	-17.4

				Unit; Billions of yen			
	31-Mar-21	31-Dec-21	Difference		31-Mar-21	31-Dec-21	Difference
Current assets	1,584.5	1,799.4	214.9	Liabilities	2,508.1	2,622.6	114.5
Cash and cash equivalents	360.9	390.4	29.5	Trade and other payables	522.9	570.3	47.4
Trade and other receivables	652.6	701.9	49.3	Interest-bearing Liabilities	1,351.1	1,416.9	65.8
Inventories	511.5	630.6	119.1	Others	634.2	635.4	1.2
Others	59.4	76.4	17.0	Equity	1,482.1	1,606.8	124.7
Non-current assets	2,405.8	2,430.1	24.3	Shareholders' equity	962.8	1,072.1	109.3
Property, plant and equipment	793.5	803.1	9.6	Other components of equity	56.4	58.4	2.0
Goodwill and Intangible assets	670.5	675.3	4.8	Non-controlling interests	462.9	476.3	13.4
Others	941.8	951.7	9.9				
Total	3,990.3	4,229.4	239.2	Total	3,990.3	4,229.4	239.2
				Equity attributable to owners of parent to total assets	25.5%	26.7%	1.2%
				D/E ratio (times)	0.9	0.9	0.0

Unit; Billions of yen

	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference
Cash flows from operating activities	273.4	99.0	-174.4
Cash flows from investing activities	-159.9	-85.1	74.9
Free cash flows	113.5	13.9	-99.5
Cash flows from financing activities	103.1	4.5	-98.7
Effect of exchange rate changes on cash and cash equivalents	6.8	11.1	4.3
Net change in cash and cash equivalents	223.4	29.5	-193.9
Cash and cash equivalents at end of period	404.1	390.4	-13.6

(Reference: Segment Information)

Unit: Billions of yen

	FY2020				FY2021			FY2021(Estimates)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	108.2	135.4	164.8	180.9	199.5	200.0	225.5	399.5	410.5
Energy & Functional Materials	48.3	56.9	70.1	69.9	74.4	74.1	78.2	148.5	156.5
IT-related Chemicals	103.8	109.4	111.0	107.6	109.3	118.4	124.4	227.7	222.3
Health & Crop Sciences	88.9	97.2	96.4	140.6	103.1	106.4	121.5	209.4	260.6
Pharmaceuticals	140.8	135.4	141.4	128.9	139.2	170.4	146.7	309.6	300.4
Others & Adjustments	10.1	12.3	12.1	16.5	13.6	17.0	16.4	30.6	34.4
Total	500.2	546.6	595.8	644.4	639.0	686.2	712.7	1,325.2	1,384.8

Unit: Billions of yen

	FY2020				FY2021			FY2021(Estimates)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	1st Half	2nd Half
Petrochemicals & Plastics	-19.9	-11.4	3.4	15.9	23.8	18.2	10.0	42.0	22.0
Energy & Functional Materials	2.0	2.8	10.8	4.7	6.7	5.9	6.1	12.6	10.4
IT-related Chemicals	9.9	12.3	9.7	7.9	13.5	16.0	16.4	29.5	18.5
Health & Crop Sciences	3.6	5.8	2.0	20.3	10.3	8.2	9.4	18.5	24.5
Pharmaceuticals	24.5	24.5	25.7	-3.1	9.6	40.3	12.5	50.0	17.0
Others & Adjustments	-0.2	-0.3	1.0	-4.1	-2.3	-1.4	2.5	-3.7	3.7
Total	19.9	33.6	52.6	41.5	61.7	87.2	56.8	148.9	96.1

※ During FY 2020, we finalized the provisional accounting treatment for business combinations.

As a result, figures for FY 2020 are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Company	Sales Revenue		Profit Trends
	FY2020 3rd Quarter	FY2021 3rd Quarter	
The Polyolefin Company (Singapore) (Millions of USD)	669	942	↗ Despite periodic shutdown maintenance in the current quarter, profit margins improved.
Petrochemical Corporation of Singapore (Millions of USD)	1,455	2,071	↘ Due to periodic shutdown maintenance and a deterioration in profit margins.
Rabigh Refining and Petrochemical Company (Millions of SAR)	13,820	32,522	↗ Largely due to periodic shutdown maintenance in last fiscal year, and improved margins on oil refining and petrochemical products.
Dongwoo Fine-Chem (Billions of KRW)	1,930.0	1,917.1	↘ Decrease in profit due to a change in product mix.
Valent U.S.A. and Subsidiaries (Millions of USD)	464	539	↗ Profit increased due to higher shipment volume and other factors.

Unit; Billions of yen

	FY2020 3rd Quarter	FY2021 3rd Quarter	Difference	Reasons for Change
Japan	43.9	45.3	1.4	<ul style="list-style-type: none"> ▪ Increases in product selling prices due to higher feedstock prices ▪ Increases in shipments of herbicides and others
North America	30.4	38.3	7.8	<ul style="list-style-type: none"> ▪ Increase in shipments due to the decrease of distribution inventories ▪ Foreign currency conversion variance
Central & South America	76.1	93.0	16.8	<ul style="list-style-type: none"> ▪ Increase in shipments due to market growth in Brazil and others ▪ Foreign currency conversion variance
Asia (including India)	36.3	39.8	3.5	<ul style="list-style-type: none"> ▪ Increase in shipments in India ▪ Foreign currency conversion variance
Europe & Others	11.6	14.8	3.3	<ul style="list-style-type: none"> ▪ Increase in shipments due to the decrease of distribution inventories ▪ Foreign currency conversion variance
Total	198.3	231.1	32.8	