

FY2022 - 2024

New Corporate Business Plan

With various changes expected to affect our business environment, such as increased awareness of climate change, ecosystem conservation, and health promotion, we aim to contribute to solving social issues through our business by making long-term changes to our business portfolio from a green transformation perspective. Our new Corporate Business Plan, formulated with this in mind, began in April 2022.

FY2019-2021 Corporate Business Plan

Change and Innovation 3.0 For a Sustainable Future

Contributing to the Creation of a Sustainable Society
by Accelerating Innovation

Plan and Results

FY2021 (Targets)			FY2021 (Results)	
Sales revenue (Billions of yen)	2,950.0		Sales revenue (Billions of yen)	2,765.3
Core operating income (Billions of yen)	280.0		Core operating income (Billions of yen)	234.8
Net income attributable to owners of the parent (Billions of yen)	150.0	→	Net income attributable to owners of the parent (Billions of yen)	162.1
ROE (%)	12.5		ROE (%)	14.5
ROI (%)	7.1		ROI (%)	6.6
D/E ratio (times)	0.7		D/E ratio (times)	0.8

During the period of the FY2019-2021 Corporate Business Plan, there were major changes in the business environment, including COVID-19. Amid such circumstances, the Group carried out the improvement of its business foundation through company-wide projects and other measures, while taking proactive steps regarding the business challenges identified at the start of the Corporate Business Plan, such as the acquisition of post-LATUDA candidates through a strategic alliance with Roivant Sciences, Ltd., the acquisition of a South American agricultural chemical business from Nufarm Ltd., and the end of the completion guarantee for Rabigh Phase II project financing. These efforts paved the way for growth. As for business performance, core operating income did not reach the initial target in FY2021 due to the delayed launch of the EV and 5G markets in the Energy & Functional Materials Sector and prior investments in the Health & Crop Sciences Sector and the Pharmaceuticals Sector, but net income attributable to owners of the parent achieved the target and reached a record high, partly due to foreign exchange gains from the weaker yen.

Initiatives in the FY2019-2021 Corporate Business Plan

Improving business portfolio

Business Selection and Concentration

Large-Scale M&As Focusing on Life Sciences

Company-wide projects

Accelerating the development of next-generation businesses

Improve productivity through digital innovation

Initiatives toward carbon neutrality

Resolving business issues at the start of the FY2019-2021 Corporate Business Plan

Cultivated post-LATUDA

▶ Acquiring blockbuster candidates

Secured footprint for Agrosolutions

▶ Expand agrochemical business in South America

Launched Rabigh Phase II

▶ Completion guarantee completed, stable operation continued

FY2022-2024 Corporate Business Plan

Change and Innovation

with the Power of Chemistry

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

The slogan for the new Corporate Business Plan remains unchanged from the previous Corporate Business Plan's "Change and Innovation," and the sub-slogan was set to be "with the Power of Chemistry."

We will maximize the "Power" of Chemistry by combining our greatest strength in - the diversity of businesses, technologies, geographies and people - with the growth opportunities presented by changes in the environment surrounding the Company, such as sustainability and digital innovation.

Sumitomo Chemical's strengths

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

Further growth opportunities

Advancing Green Transformation in a broad sense responded to changes in society

Management Target

(Billions of yen)

Course	FY2021	FY2024 (Target)	Metrics	FY2021	FY2024 (Target)	Consistently achieve the following targets
Sales Revenue	2,765.3	3,050.0	ROE	14.5%	11.7%	Over 10%
Core Operating Income	234.8	300.0	ROI	6.6%	7.2%	Over 7%
Operating Income (IFRS)	215.0	285.0	D/E ratio	0.8 times	0.7 times	Approx. 0.7 times
Net Income Attributable to Owners of the Parent	162.1	150.0	Dividend Payout Ratio	24.2%	Approx. 30%	Approx. 30%

Naphtha price	¥56,900/kl	¥50,000/kl
Exchange rate	¥112.39/\$	¥110.00/\$

Sales revenue is projected to increase compared to FY2021, with higher sales in the Health & Crop Sciences Sector, the IT-related Chemicals Sector and the Energy & Functional Materials Sector.

We have set a target of 300 billion yen for core operating income, which we expect to increase compared to FY2021. We forecast that profit for petrochemical products will decline due to worsening terms of trade, while there will be higher shipments of Energy & Functional Materials, IT-related Chemicals and other high-perfor-

mance materials, as well as overseas crop protection products. With respect to pharmaceuticals, we also aim to increase profits by offsetting the drop in sales due to the end of the exclusive license to sell our main product LATUDA® in North America through the sales of new products acquired during the period of the previous Corporate Business Plan.

With regard to finance indicators such as ROE and ROI, we strive to achieve the numerical values that we have set as our goal by FY2024.

FY2022 - 2024

New Corporate Business Plan

The new Corporate Business Plan has seven basic directions, including “Obligations and contributions toward becoming carbon neutrality,” which has already been launched as a company-wide project, in addition to the six existing basic directions. Through thorough ROI management and the execution of company-wide projects, we aim to establish a competitive superiority by strengthening individual businesses, transforming our portfolio with green transformation as a backdrop, and promoting the renewal of our businesses.

Seven Basic Directions

- | | |
|---|---|
| 1 Further improve business portfolio (strengthen and reform businesses) | 5 Improve productivity and strengthen businesses through digital innovation |
| 2 Improve financial standing | 6 Employ, develop and leverage human resources for sustainable growth |
| 3 Accelerate the development of next-generation businesses | 7 Ensure full and strict compliance and maintain safe and stable operations |
| 4 Obligations and contributions toward becoming carbon neutrality | |

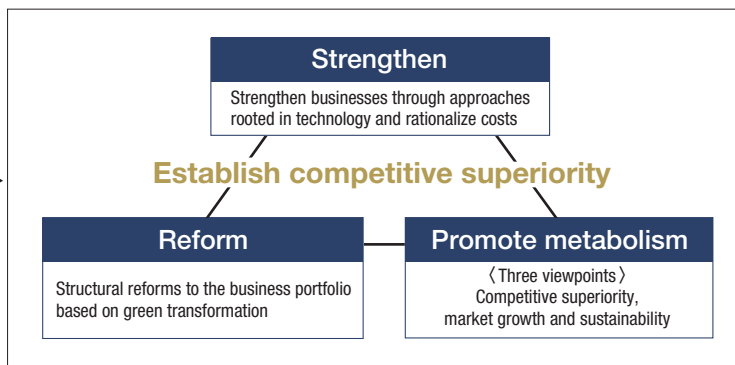
Overview of Basic Direction

Thoroughly implement ROI management

- Improve cash flow generation and earnings stability
- Intelligently allocate resources
- Solidly capture returns on investments
- Initiatives to improve CCC

Company-wide projects

- Deploy DX into the businesses
- Deep dive into our innovation ecosystem
- Obligations and contributions toward becoming carbon neutrality



Basic Directions 1

Further improve business portfolio (strengthen and reform businesses)

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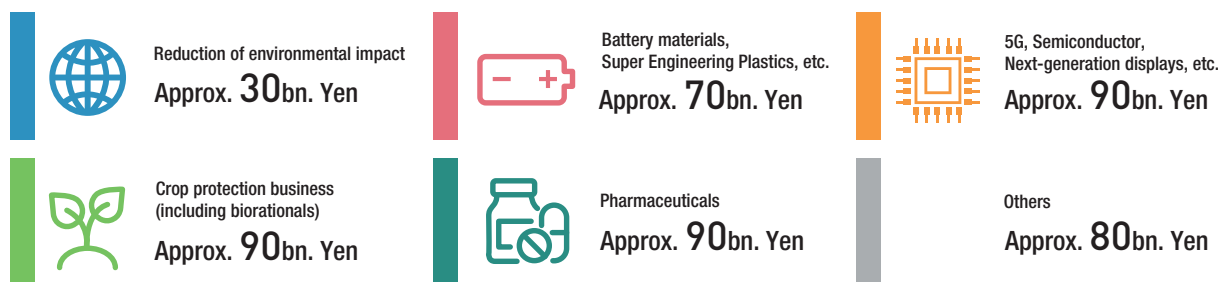
During the previous Corporate Business Plan, we made a number of investments, especially in the life science field, including major M&As such as the strategic alliance with Roivant, Ltd., and the acquisition of a South American crop protection business from Nufarm Ltd. We will maximize the results of these investments in the new Corporate Business Plan to strengthen the profitability of our business. In addition, we will take the

green transformation perspective into account when allocating future investments and actively invest in areas related to reducing environmental impact, such as carbon neutrality, while also expanding investments in high-performance materials, such as semiconductor and battery materials, to transform our business portfolio.

Capex, investments and loans by field in the FY2022-2024 Corporate Business Plan

Sum of investments Approx. 750bn. Yen

Strategic investments Approx. 450bn. yen



Maintain and strengthen business fundamentals Approx. 300bn. Yen

*Investment amount is on a decision basis

Basic Directions 2 Improve financial standing

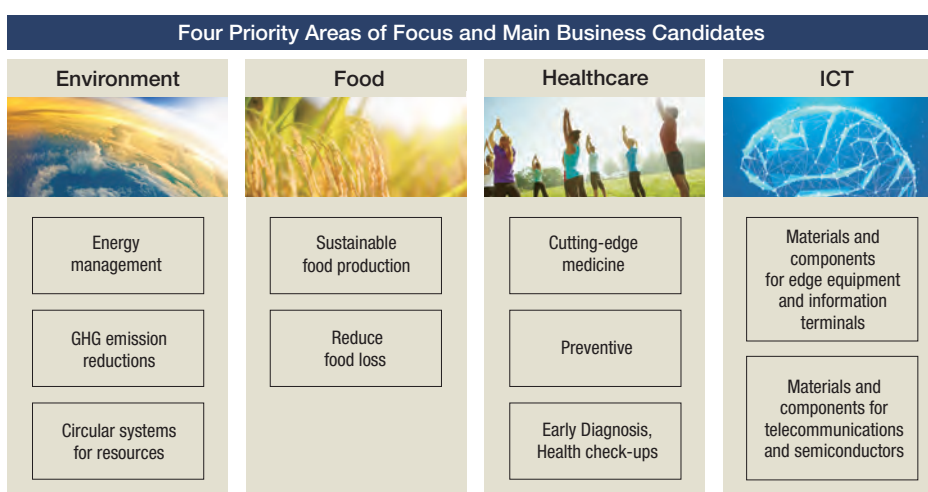
→ P. 33

The company aims to achieve a D/E ratio of 0.7 times by the end of FY2024 through the sale of assets, more selective investment, and the improvement of CCC, based on thorough practice ROI-oriented management, more selective investment, and strengthen cashflow generation capabilities.

Initiatives aimed at Improvement**Basic Directions 3** Accelerate the development of next-generation businesses

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During the previous Corporate Business Plan, we created an innovation ecosystem and established the Corporate Venturing Innovation office (CVI) for innovation search in order to steadily link R&D and business development in the four priority areas to the creation of next-generation businesses. We aim to accelerate R&D and commercialize businesses as soon as possible by leveraging the innovation foundation we have established so far.

**Basic Directions 4** Obligations and contributions toward becoming carbon neutrality

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Toward the realization of carbon neutrality in 2050, we will make efforts in terms of both "obligations" to bring our own GHG emissions closer to zero through fuel conversion and other measures, and "contributions" to society's GHG reduction through products and technologies that contribute to reducing environmental impact.

Basic Directions 5 Improve productivity and strengthen businesses through digital innovation

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In addition to continuing the productivity improvement initiatives of the previous Corporate Business Plan, we will work to strengthen the competitiveness of existing businesses through data-driven management with a focus on strengthening customer contact points and enhancing customer satisfaction. We will also continue to focus on human resource development with the goal of assigning several DX personnel to all business units, R&D groups, and manufacturing departments.

Basic Directions 6 Employ, develop and leverage human resources for sustainable growth

→ P. 55

Based on the recognition that human resources are our most important management resource, we will promote the securing and development of these resources from a long-term perspective and strengthen engagement with our employees to achieve sustainable growth of our group.

Basic Directions 7 Ensure full and strict compliance and maintain safe and stable operations

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We will once again thoroughly implement the principle of "Making safety our first priority" and actively utilize new digital technologies to maintain and improve safe and stable operations, while also striving to ensure compliance.

► Please see below for details on the strategy of each business sector.

- Essential Chemicals & Plastics P. 63
- Energy & Functional Materials P. 67
- IT-related Chemicals P. 71
- Health & Crop Sciences P. 75
- Pharmaceuticals P. 79