

Financial Results for FY2021 & Outlook for FY2022

May 13, 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.

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1. Consolidated Financial Results for FY2021 Ended March 31, 2022

Unit; Billions of yen

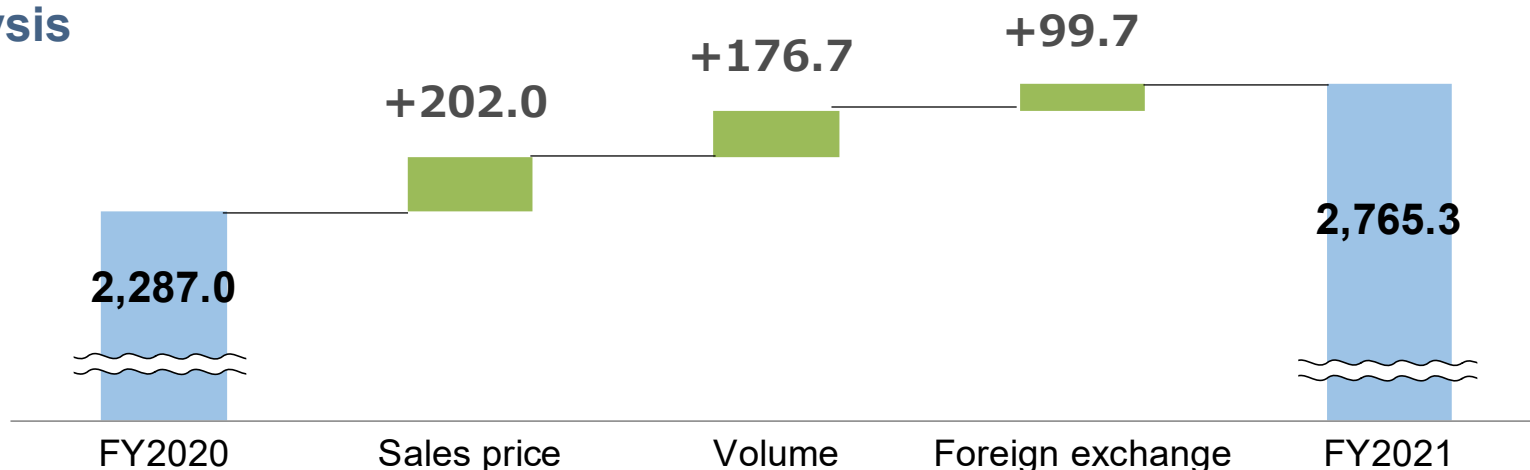
	FY2020	FY2021	Difference	Ratio	FY2021 (Estimates as of October, 2021)
Sales revenue	2,287.0	2,765.3	478.3	20.9%	2,710.0
Core operating income (Equity in earnings)	147.6 (-12.5)	234.8 (42.2)	87.2 (54.6)	59.0% -	245.0 -
Non-recurring items	-10.5	-19.8	-9.3	-	-
Operating income	137.1	215.0	77.9	56.8%	225.0
Finance income/expenses	0.7	36.1	35.4	-	-
(Gain/loss on foreign currency transactions)	(9.3)	(45.6)	(36.3)	-	-
Income tax expenses	-69.7	-64.7	5.0	-	-
Net income attributable to non-controlling interests	-22.0	-24.3	-2.3	-	-
Net income attributable to owners of the parent	46.0	162.1	116.1	252.1%	140.0
ROE	4.7%	14.5%			13.1%
Exchange rate(yen/\$)	106.10	112.39			109.91
Naphtha price(yen/KL)	31,300	56,900			50,300
Overseas sales revenue ratio	68.3%	67.7%			

Unit; Billions of yen

	FY2020	FY2021	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Essential Chemicals & Plastics	589.3	842.5	253.2	43.0%	179.0	45.2	29.0
Energy & Functional Materials	245.2	316.4	71.1	29.0%	33.0	33.6	4.5
IT-related Chemicals	431.8	473.7	41.9	9.7%	-15.0	32.4	24.5
Health & Crop Sciences	423.0	473.8	50.8	12.0%	12.5	18.6	19.7
Pharmaceuticals	546.5	591.7	45.3	8.3%	-7.5	30.8	21.9
Others & Adjustments	51.1	67.2	16.1	31.4%	0.0	16.1	0.0
Total	2,287.0	2,765.3	478.3	20.9%	202.0	176.7	99.7

※ "Petrochemicals & Plastics Sector" changed its name to "Essential Chemicals & Plastics Sector" as of April 1, 2022.

Analysis

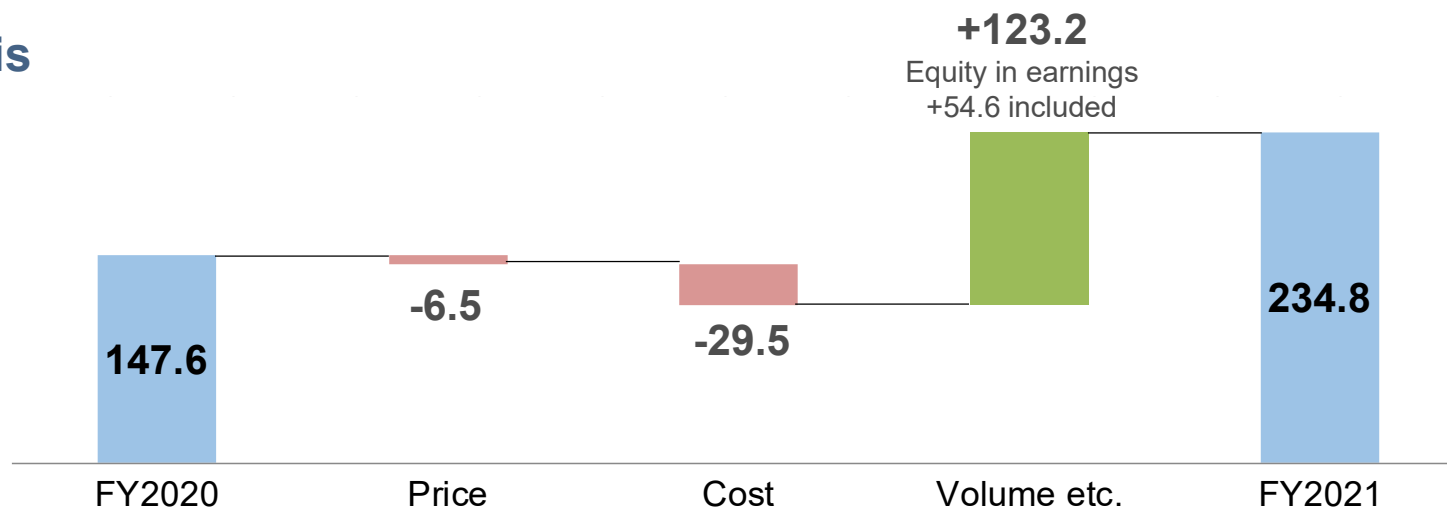


Core Operating Income by Business Segment

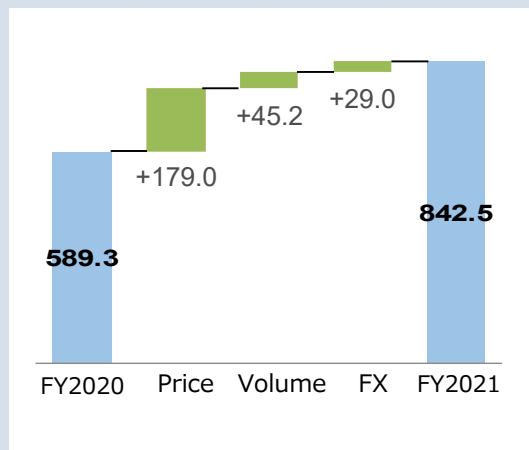
Unit; Billions of yen

	FY2020	FY2021	Difference	Price variance	Cost variance	Shipping volume variance and other
Essential Chemicals & Plastics	-12.0	53.5	65.5	18.0	-5.5	53.0
Energy & Functional Materials	20.3	20.1	-0.2	-4.5	-0.5	4.8
IT-related Chemicals	39.7	57.8	18.1	-15.0	0.0	33.1
Health & Crop Sciences	31.5	42.3	10.7	2.5	-1.0	9.2
Pharmaceuticals	71.7	61.7	-10.0	-7.5	-22.5	20.0
Others & Adjustments	-3.6	-0.6	3.0	0.0	0.0	3.0
Total	147.6	234.8	87.2	-6.5	-29.5	123.2

Analysis



Sales Revenue



Total ¥842.5 billion (+253.2 from FY2020)

Sales price
+179.0

- Higher market prices

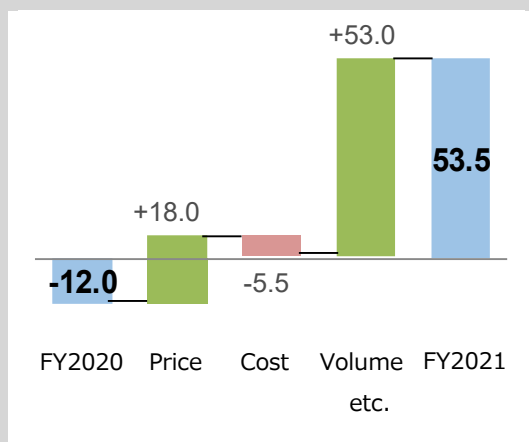
Volume
+45.2

- 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
+29.0

Core Operating Income

Total ¥53.5 billion (+65.5 from FY2020)



Price variance
+18.0

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

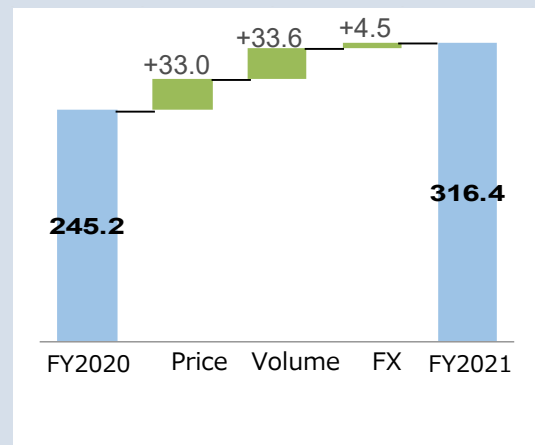
Cost variance
-5.5

- Increase in maintenance costs due to periodic shutdown maintenance

Volume variance etc.
+53.0

- 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 ¥316.4 billion (+71.1 from FY2020)

Sales price

+33.0

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

Volume

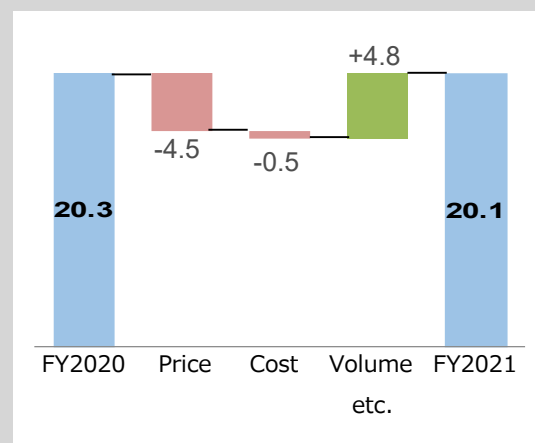
+33.6

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

Foreign exchange

+4.5

Core Operating Income



Total ¥20.1 billion (-0.2 from FY2020)

Price variance

-4.5

- Decrease in profit margin due to higher feedstock prices

Cost variance

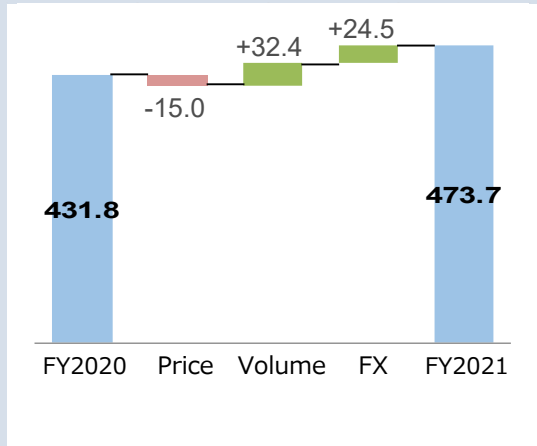
-0.5

Volume variance etc.

+4.8

- Increase in shipment of lithium-ion secondary battery separators
- 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 ¥473.7 billion (+41.9 from FY2020)

Sales price
-15.0

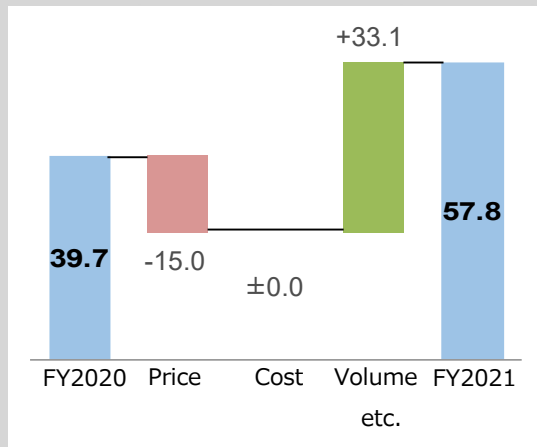
- Decline in the selling price of polarizing film

Volume
+32.4

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

Foreign exchange
+24.5

Core Operating Income



Total ¥57.8 billion (+18.1 from FY2020)

Price variance
-15.0

- Decline in the selling price of polarizing film

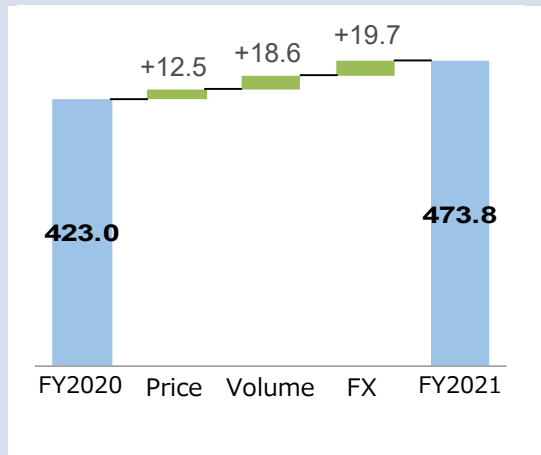
Cost variance
0.0

Volume variance etc.
+33.1

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

Sales Revenue

Total ¥473.8 billion (+50.8 from FY2020)



Sales price

+12.5

- Higher market price for feed additive methionine

Volume

+18.6

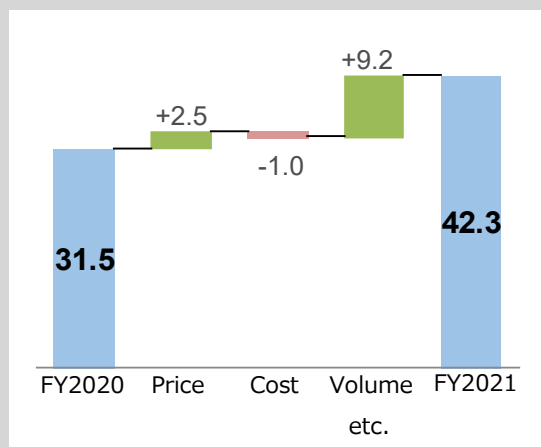
- Increase in shipments of crop protection products in North America, South America and India

Foreign exchange

+19.7

Core Operating Income

Total ¥42.3 billion (+10.7 from FY2020)



Price variance

+2.5

- Increase in profit margin on feed additive methionine

Cost variance

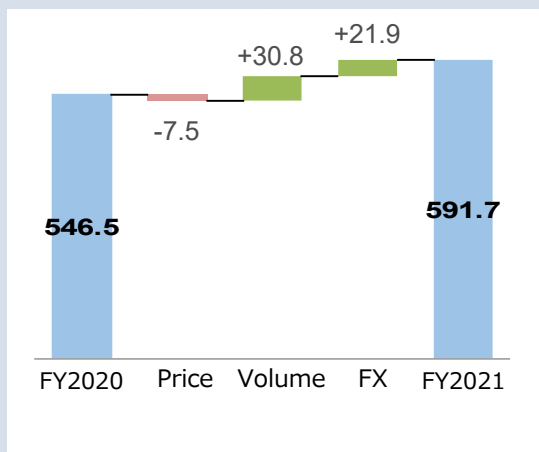
-1.0

Volume variance etc.

+9.2

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

Sales Revenue



Total ¥591.7 billion (+45.3 from FY2020)

Sales price

-7.5

- NHI price revisions in Japan

Volume

+30.8

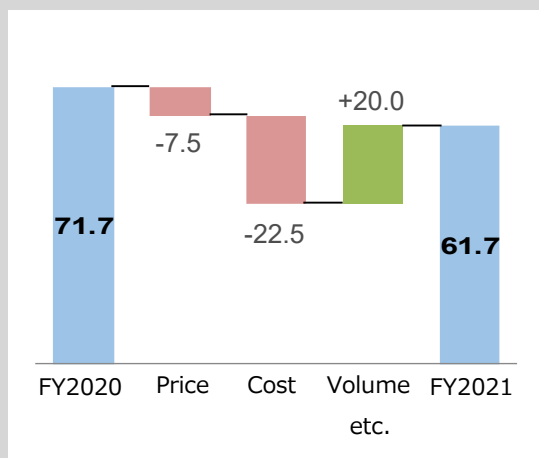
- Lump-sum revenue from a collaboration and license agreement
- Increase in shipments for Sumitovant
- Decrease in shipments of Brovana® and Latuda® in North America

Foreign exchange

+21.9

Core Operating Income

Total ¥61.7 billion (-10.0 from FY2020)



Price variance

-7.5

- NHI price revisions in Japan

Cost variance

-22.5

- Increase in SG&A expenses of Sumitovant

Volume variance etc.

+20.0

- 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	FY2021	Difference
Restructuring charges	-6.3	-10.6	-4.2
Impairment loss	-40.8	-8.1	32.7
Changes in fair value of contingent consideration	22.5	3.3	-19.2
Gain on sale of property, plant and equipment	18.7	0.7	-18.0
Others	-4.5	-5.1	-0.6
Non-recurring items	-10.5	-19.8	-9.3

				Unit; Billions of yen			
	31-Mar-21	31-Mar-22	Difference		31-Mar-21	31-Mar-22	Difference
Current assets	1,584.5	1,812.6	228.2	Liabilities	2,508.1	2,606.2	98.0
Cash and cash equivalents	360.9	365.4	4.5	Trade and other payables	522.9	551.6	28.7
Trade and other receivables	652.6	720.4	67.8	Interest-bearing Liabilities	1,351.1	1,350.5	-0.6
Inventories	511.5	651.4	139.8	Others	634.2	704.1	69.9
Others	59.4	75.4	16.0	Equity	1,482.1	1,702.0	219.9
Non-current assets	2,405.8	2,495.5	89.7	Shareholders' equity	962.8	1,082.8	120.0
Property, plant and equipment	793.5	823.0	29.5	Other components of equity	56.4	135.3	78.8
Goodwill and Intangible assets	670.5	715.6	45.2	Non-controlling interests	462.9	483.9	21.0
Others	941.8	956.9	15.0				
Total	3,990.3	4,308.2	317.9	Total	3,990.3	4,308.2	317.9
				Equity attributable to owners of parent to total assets	25.5%	28.3%	2.8%
				D/E ratio (times)	0.9	0.8	-0.1

Unit; Billions of yen

	FY2020	FY2021	Difference
Cash flows from operating activities	374.5	171.7	-202.7
Cash flows from investing activities	-177.4	-115.4	62.0
Free cash flows	197.1	56.3	-140.8
Cash flows from financing activities	-40.0	-81.4	-41.4
Effect of exchange rate changes on cash and cash equivalents	23.2	29.6	6.4
Net change in cash and cash equivalents	180.3	4.5	-175.8
Cash and cash equivalents at end of year	360.9	365.4	4.5

2. Outlook for FY2022

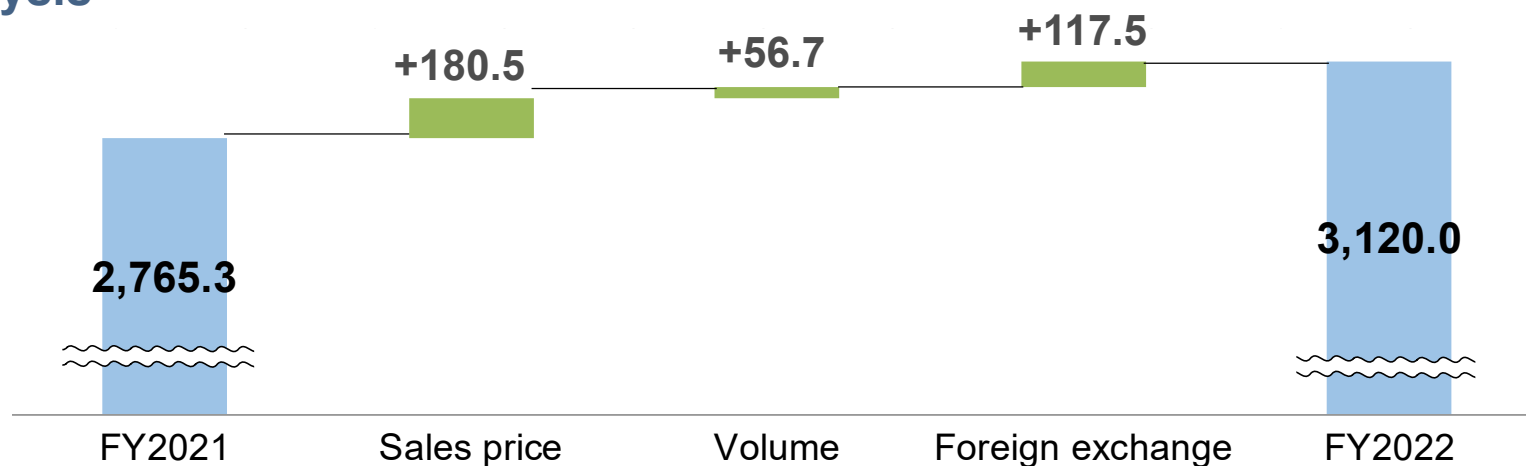
Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference	Ratio
Sales revenue	2,765.3	3,120.0	354.7	12.8%
Core operating income	234.8	200.0	-34.8	-14.8%
(Non-recurring items)	(-19.8)	(-20.0)	(-0.2)	-
Operating income	215.0	180.0	-35.0	-16.3%
Net income attributable to owners of the parent	162.1	125.0	-37.1	-22.9%
ROE	14.5%	10.0%		
Exchange rate(yen/\$)	112.39	125.00		
Naphtha price(yen/KL)	56,900	80,000		
Cash dividends (yen)	Interim dividend	10.00	12.00	
	Year-end dividend	14.00	12.00	
	Annual dividend	24.00	24.00	

Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Essential Chemicals & Plastics	842.5	1,120.0	277.5	32.9%	183.0	49.4	45.1
Energy & Functional Materials	316.4	340.0	23.6	7.5%	11.5	7.1	5.1
IT-related Chemicals	473.7	480.0	6.3	1.3%	-11.0	8.2	9.1
Health & Crop Sciences	473.8	540.0	66.2	14.0%	9.0	36.5	20.7
Pharmaceuticals	591.7	580.0	-11.7	-2.0%	-12.0	-37.3	37.5
Others & Adjustments	67.2	60.0	-7.2	-10.7%	0.0	-7.2	0.0
Total	2,765.3	3,120.0	354.7	12.8%	180.5	56.7	117.5

Analysis



Unit; Billions of yen

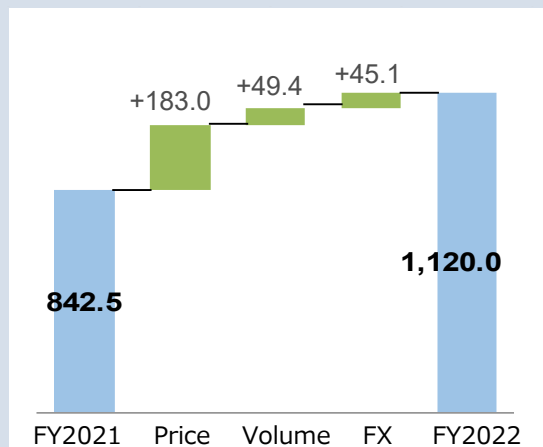
	FY2021	FY2022 (Estimates)	Difference	Price variance	Cost variance	Shipping volume variance and other
Essential Chemicals & Plastics	53.5	41.0	-12.5	-31.0	2.0	16.5
Energy & Functional Materials	20.1	18.0	-2.1	-5.0	-2.5	5.4
IT-related Chemicals	57.8	61.0	3.2	-12.0	1.5	13.7
Health & Crop Sciences	42.3	47.5	5.2	-13.5	-7.5	26.2
Pharmaceuticals	61.7	33.0	-28.7	-12.0	-2.0	-14.7
Others & Adjustments	-0.6	-0.5	0.1	0.0	0.0	0.1
Total	234.8	200.0	-34.8	-73.5	-8.5	47.2

Analysis



Sales Revenue

Total ¥1,120.0 billion (+277.5 from FY2021)



Sales price
+183.0

- Higher market prices

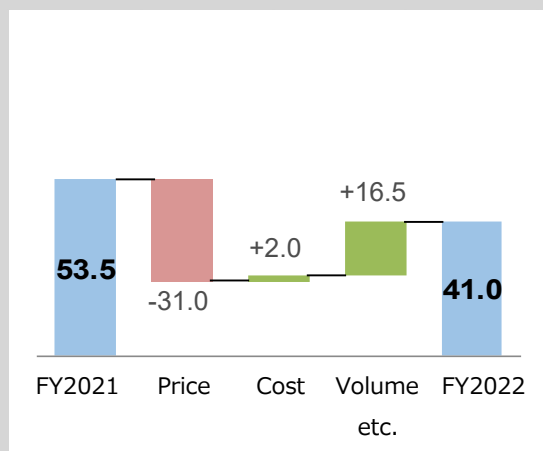
Volume
+49.4

- Increase in shipment volume after the FY2021 periodic shutdown maintenance in Chiba works and Singapore

Foreign exchange
+45.1

Core Operating Income

Total ¥41.0 billion (-12.5 from FY2021)



Price variance
-31.0

- Decrease in profit margin on synthetic resins

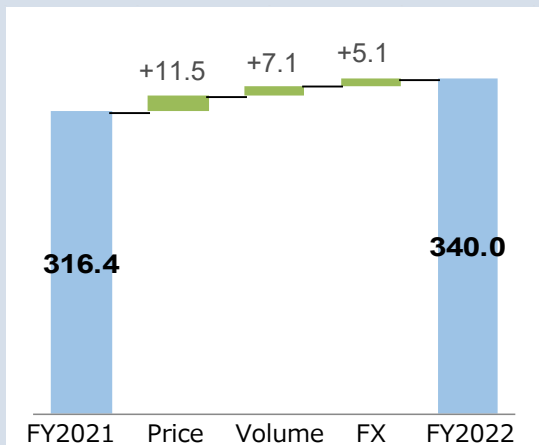
Cost variance
+2.0

Volume variance etc.
+16.5

- Increase in equity in earnings from investments in affiliates
- Increase in shipment volume after the FY2021 periodic shutdown maintenance in Chiba works and Singapore

Sales Revenue

Total ¥340.0 billion (+23.6 from FY2021)



Sales price

+11.5

- Higher selling price due to higher feedstock prices

Volume

+7.1

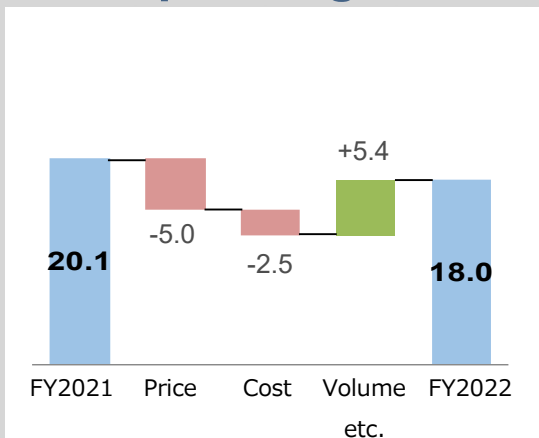
- Increase in shipment of super engineering plastics

Foreign exchange

+5.1

Core Operating Income

Total ¥18.0 billion (-2.1 from FY2021)



Price variance

-5.0

- Decrease in profit margin due to higher feedstock prices

Cost variance

-2.5

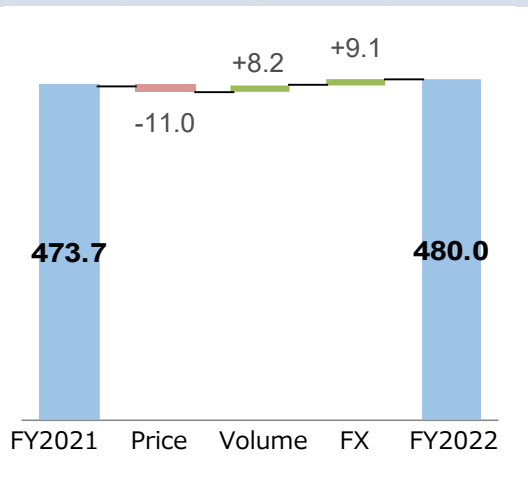
Volume variance etc.

+5.4

- Increase in shipment of super engineering plastics
- Positive effect of the weaker yen

Sales Revenue

Total ¥480.0 billion (+6.3 from FY2021)



Sales price

-11.0

- Decline in the selling price of materials for display applications

Volume

+8.2

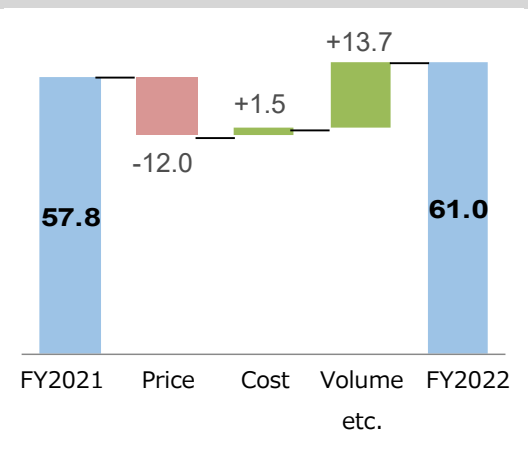
- Increase in shipments of processing materials for semiconductors

Foreign exchange

+9.1

Core Operating Income

Total ¥61.0 billion (+3.2 from FY2021)



Price variance

-12.0

- Decline in the selling price of materials for display applications

Cost variance

+1.5

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

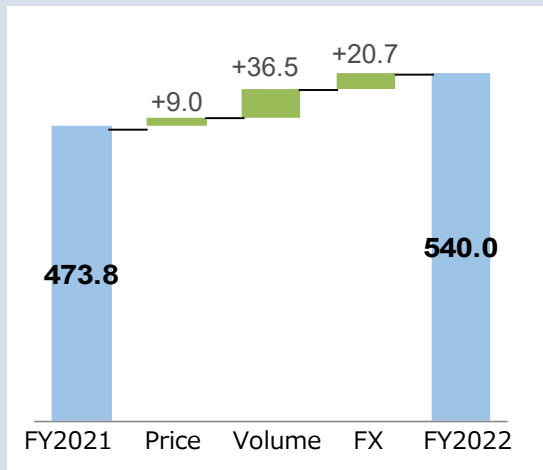
Volume variance etc.

+13.7

- Increase in shipments of processing materials for semiconductors
- Positive effect of the weaker yen

Sales Revenue

Total ¥540.0 billion (+66.2 from FY2021)



Sales price

+9.0

- Higher market price for feed additive methionine

Volume

+36.5

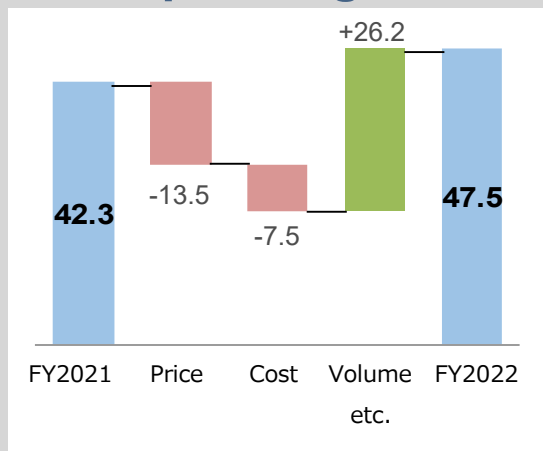
- Increase in shipments of crop protection products in North America and South America

Foreign exchange

+20.7

Core Operating Income

Total ¥47.5 billion (+5.2 from FY2021)



Price variance

-13.5

- Increase in profit margin on feed additive methionine

Cost variance

-7.5

- Increase in expenses due to business expansion

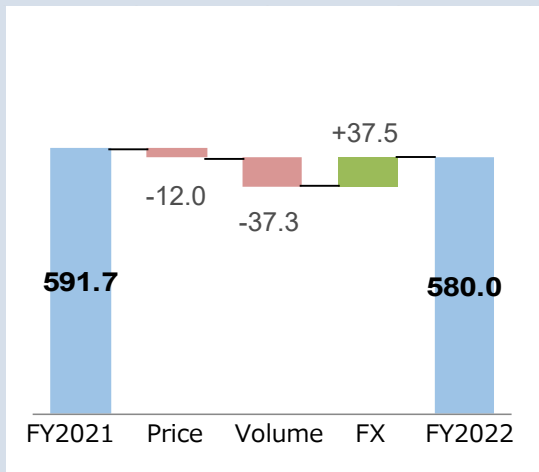
Volume variance etc.

+26.2

- Increase in shipments of crop protection products in North America and South America
- Positive effect of the weaker yen

Sales Revenue

Total ¥580.0 billion (-11.7 from FY2021)



Sales price

-12.0

- NHI price revisions in Japan

Volume

-37.3

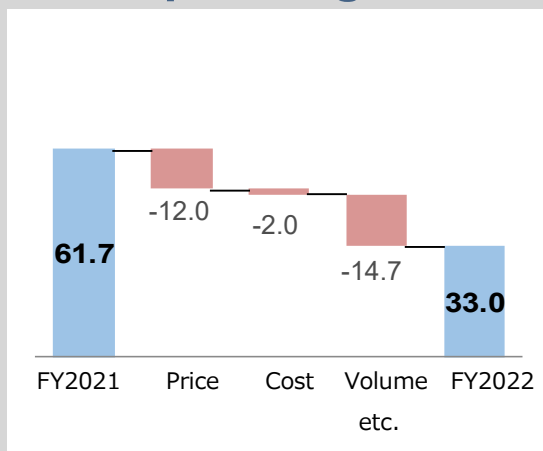
- Lump-sum revenue from a collaboration and license agreement in previous fiscal year
- Increase in shipments of newly released products in North America

Foreign exchange

+37.5

Core Operating Income

Total ¥33.0 billion (-28.7 from FY2021)



Price variance

-12.0

- NHI price revisions in Japan

Cost variance

-2.0

Volume variance etc.

-14.7

- Lump-sum revenue from a collaboration and license agreement in previous fiscal year
- Increase in shipments of newly released products in North America

Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference
Cash flows from operating activities	171.7	235.0	63.3
Cash flows from investing activities	-115.4	-240.0	-124.6
Free cash flows	56.3	-5.0	-61.3
Cash flows from financing activities	-81.4	-20.0	61.4
Effect of exchange rate changes on cash and cash equivalents	29.6	0.0	-29.6
Net change in cash and cash equivalents	4.5	-25.0	-29.5
Interest-bearing debt balance	1,350.5	1,400.0	49.5

(Reference: Segment Information)

Unit; Billions of yen

	FY2020				FY2021				FY2022(Estimates)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Essential Chemicals & Plastics	108.2	135.4	164.8	180.9	199.5	200.0	225.5	217.6	570.0	550.0
Energy & Functional Materials	48.3	56.9	70.1	69.9	74.4	74.1	78.2	89.7	170.0	170.0
IT-related Chemicals	103.8	109.4	111.0	107.6	109.3	118.4	124.4	121.7	230.0	250.0
Health & Crop Sciences	88.9	97.2	96.4	140.6	103.1	106.4	121.5	142.8	260.0	280.0
Pharmaceuticals	140.8	135.4	141.4	128.9	139.2	170.4	146.7	135.4	290.0	290.0
Others & Adjustments	10.1	12.3	12.1	16.5	13.6	17.0	16.4	20.3	30.0	30.0
Total	500.2	546.6	595.8	644.4	639.0	686.2	712.7	727.4	1,550.0	1,570.0

Unit: Billions of yen

	FY2020				FY2021				FY2022(Estimates)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1st Half	2nd Half
Essential Chemicals & Plastics	-19.9	-11.4	3.4	15.9	23.8	18.2	10.0	1.5	19.0	22.0
Energy & Functional Materials	2.0	2.8	10.8	4.7	6.7	5.9	6.1	1.4	9.0	9.0
IT-related Chemicals	9.9	12.3	9.7	7.9	13.5	16.0	16.4	11.9	30.0	31.0
Health & Crop Sciences	3.6	5.8	2.0	20.3	10.3	8.2	9.4	14.4	19.0	28.5
Pharmaceuticals	24.5	24.5	25.7	-3.1	9.6	40.3	12.5	-0.7	14.0	19.0
Others & Adjustments	-0.2	-0.3	1.0	-4.1	-2.3	-1.4	2.5	0.6	-1.0	0.5
Total	19.9	33.6	52.6	41.5	61.7	87.2	56.8	29.1	90.0	110.0

※ 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.

Unit: Billions of yen

	FY2020	FY2021	FY2022 (Estimates)
Capital Expenditures	112.7	119.5	165.0
Depreciation and Amortization	136.0	156.7	164.0
Research & Development Expenses	178.7	174.9	183.0
Number of Employees (as of March 31)	34,743	34,703	35,900

Unit; Billions of yen

	FY2020	FY2021	Difference
Essential Chemicals & Plastics	19.9	25.3	5.4
Energy & Functional Materials	23.0	26.8	3.7
IT-related Chemicals	12.2	16.6	4.4
Health & Crop Sciences	16.3	16.8	0.5
Pharmaceuticals	14.0	19.6	5.6
Others & Adjustments	27.3	14.4	-12.9
Total	112.7	119.5	6.8

Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference
Essential Chemicals & Plastics	25.3	31.5	6.2
Energy & Functional Materials	26.8	31.5	4.7
IT-related Chemicals	16.6	40.0	23.4
Health & Crop Sciences	16.8	30.5	13.7
Pharmaceuticals	19.6	17.5	-2.1
Others & Adjustments	14.4	14.0	-0.4
Total	119.5	165.0	45.5

Unit; Billions of yen

	FY2020	FY2021	Difference
Essential Chemicals & Plastics	26.6	26.3	-0.3
Energy & Functional Materials	17.8	19.1	1.3
IT-related Chemicals	25.5	26.7	1.2
Health & Crop Sciences	26.9	26.9	0.1
Pharmaceuticals	25.6	41.2	15.5
Others & Adjustments	13.5	16.5	2.9
Total	136.0	156.7	20.6

Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference
Essential Chemicals & Plastics	26.3	29.5	3.2
Energy & Functional Materials	19.1	20.5	1.4
IT-related Chemicals	26.7	25.5	-1.2
Health & Crop Sciences	26.9	27.5	0.6
Pharmaceuticals	41.2	43.0	1.8
Others & Adjustments	16.5	18.0	1.5
Total	156.7	164.0	7.3

Unit; Billions of yen

	FY2020	FY2021	Difference
Essential Chemicals & Plastics	6.9	7.1	0.1
Energy & Functional Materials	8.2	8.3	0.1
IT-related Chemicals	18.7	19.9	1.2
Health & Crop Sciences	28.6	27.8	-0.8
Pharmaceuticals	99.8	96.6	-3.3
Others & Adjustments	16.5	15.3	-1.2
Total	178.7	174.9	-3.7

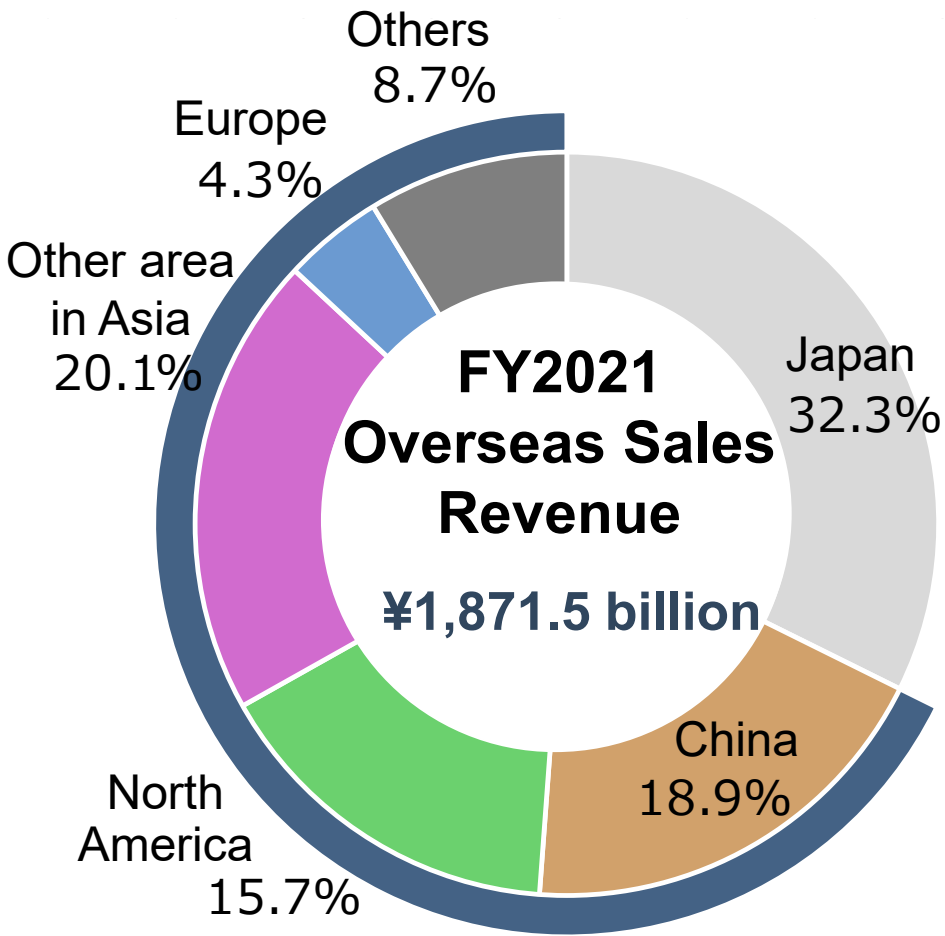
Unit; Billions of yen

	FY2021	FY2022 (Estimates)	Difference
Essential Chemicals & Plastics	7.1	7.5	0.4
Energy & Functional Materials	8.3	10.5	2.2
IT-related Chemicals	19.9	22.0	2.1
Health & Crop Sciences	27.8	34.0	6.2
Pharmaceuticals	96.6	93.0	-3.6
Others & Adjustments	15.3	16.0	0.7
Total	174.9	183.0	8.1

Company	Sales Revenue		Profit Trends
	FY2020	FY2021	
The Polyolefin Company (Singapore) (Millions of USD)	977	1,283	↗ Despite periodic shutdown maintenance in the current quarter, profit margins improved.
Petrochemical Corporation of Singapore (Millions of USD)	2,136	2,847	↘ Due to periodic shutdown maintenance and a deterioration in profit margins.
Rabigh Refining and Petrochemical Company (Millions of SAR)	21,870	45,638	↗ Largely due to periodic shutdown maintenance last fiscal year, and improved margins on oil refining and petrochemical products.
Dongwoo Fine-Chem (Billions of KRW)	2,526.8	2,599.6	↘ Decrease in profit due to a change in product mix.
Valent U.S.A. and Subsidiaries (Millions of USD)	785	854	↗ Profit increased due to higher shipment volume and other factors.

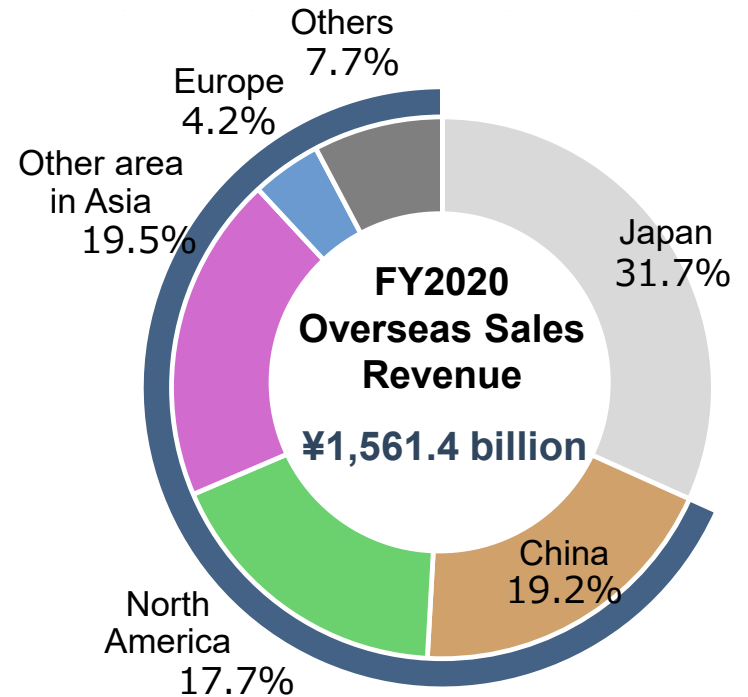
Unit; Billions of yen

	FY2020	FY2021	Difference	Reasons for Change
Japan	79.9	79.4	-0.5	
North America	58.1	66.1	8.0	<ul style="list-style-type: none"> • Foreign currency conversion variance • Increase in shipments
Central & South America	95.3	112.9	17.7	<ul style="list-style-type: none"> • Foreign currency conversion variance • Increase in shipments
Asia (including India)	46.0	51.2	5.3	<ul style="list-style-type: none"> • Foreign currency conversion variance • Increase in shipments in India
Europe & Others	25.2	26.3	1.1	<ul style="list-style-type: none"> • Foreign currency conversion variance • Increase in shipments in Europe
Total	304.5	335.9	31.4	



Overseas Sales Revenue Ratio

67.7%

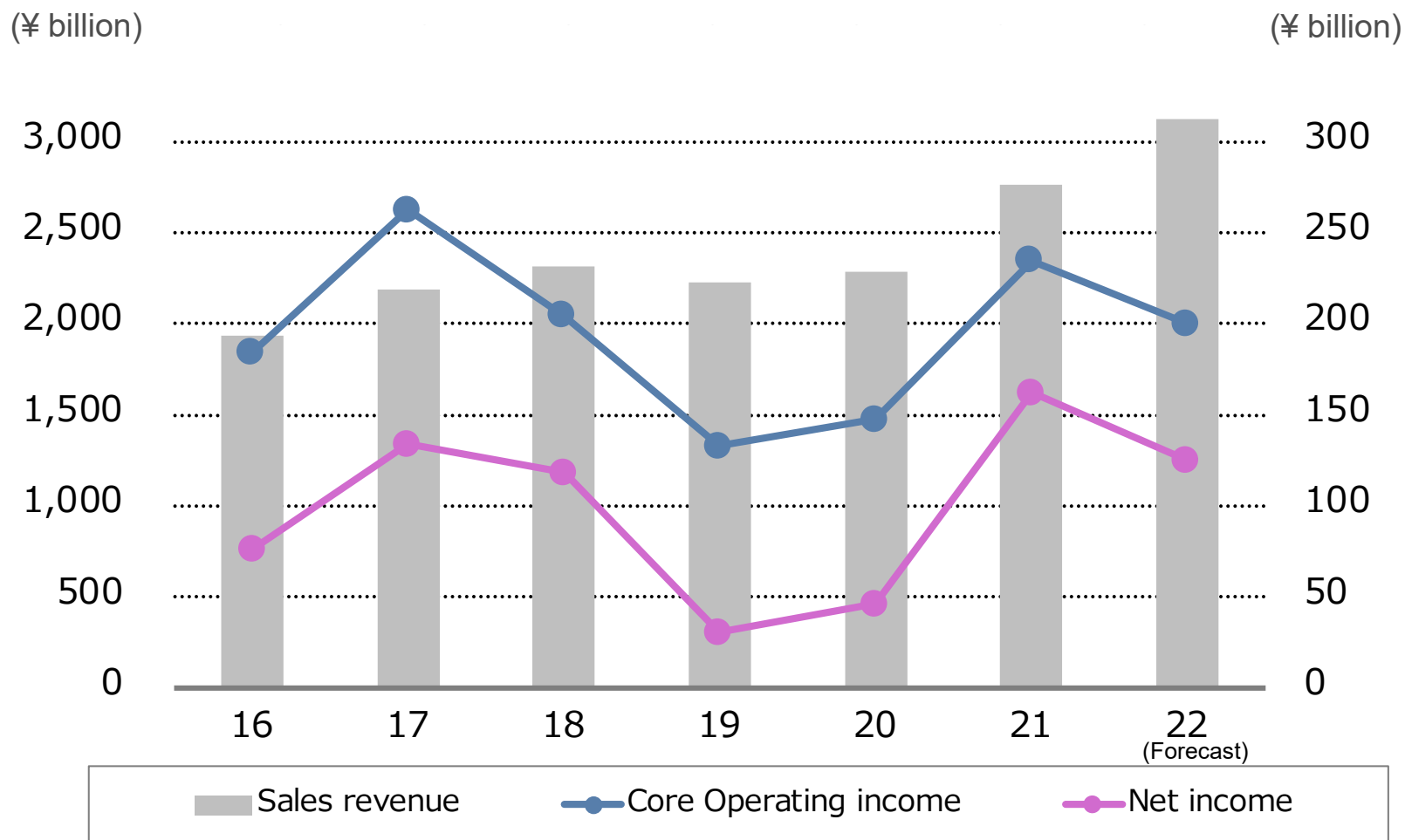


Overseas Sales Revenue Ratio

68.3%

Sales Revenue

Profit

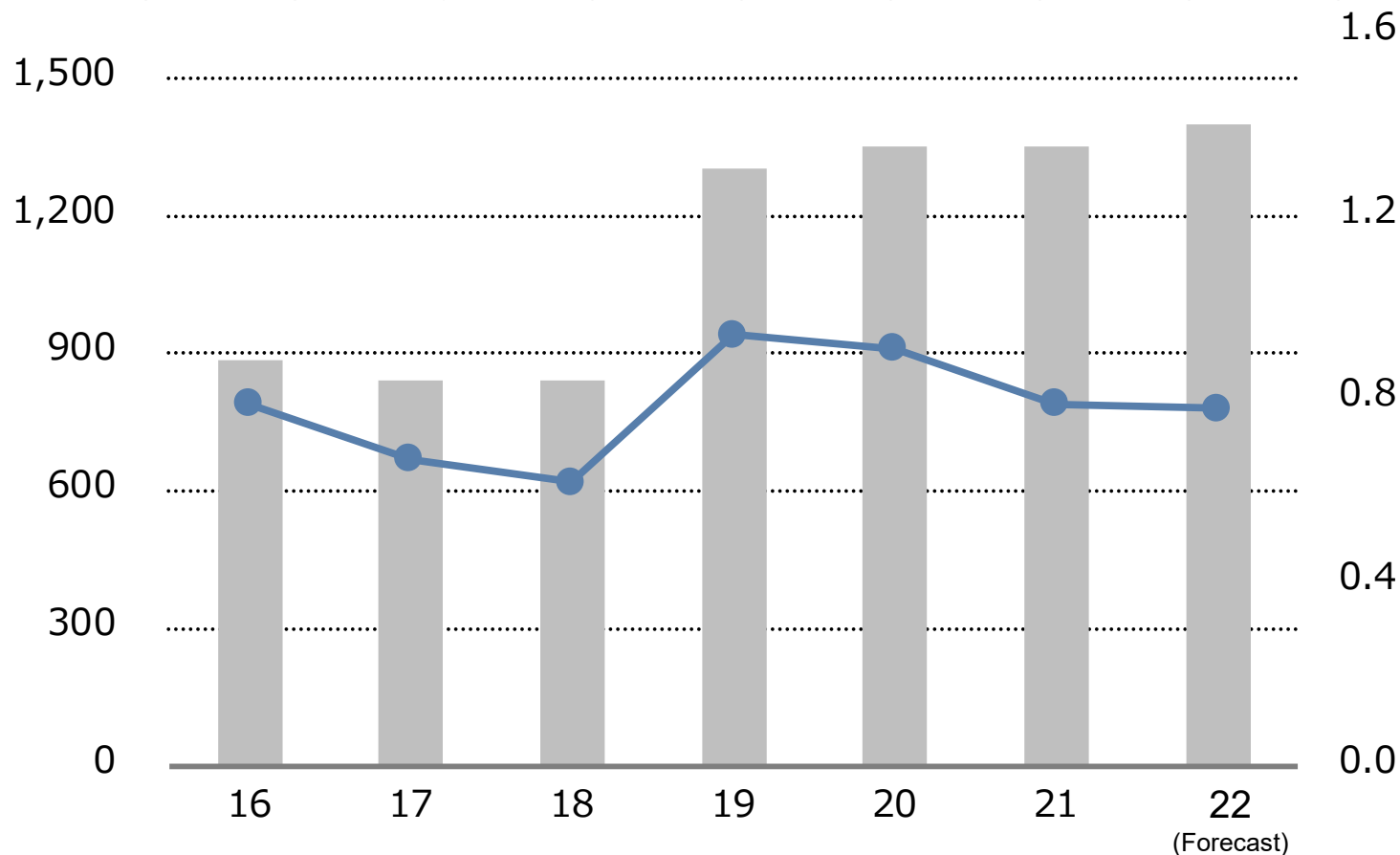


Interest-bearing Liabilities

D/E Ratio

(¥ billion)

(Times)

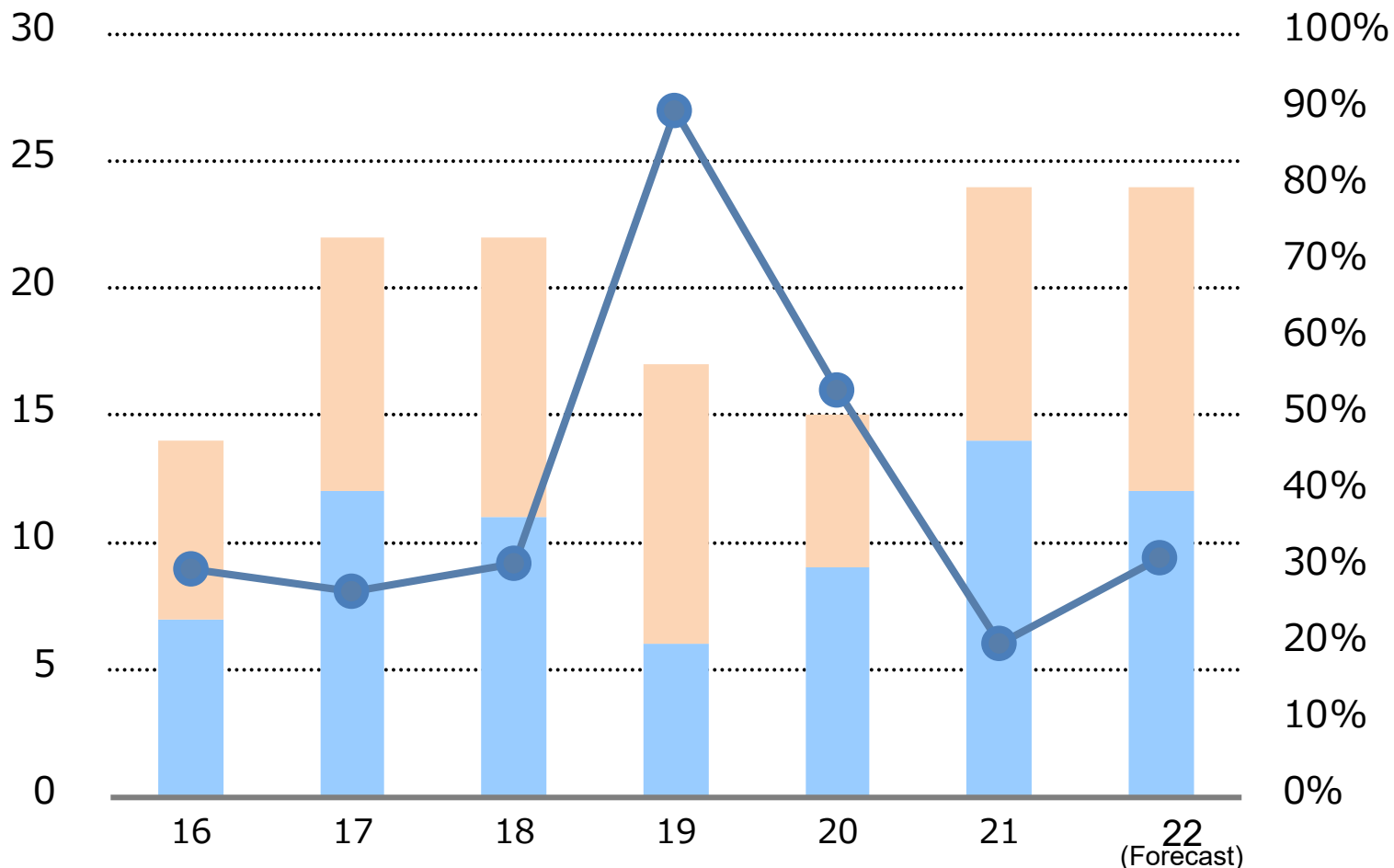


Interest-bearing liabilities D/E ratio

Dividends per share

Payout Ratio

(Yen)



Year-end dividends

Interim dividends

Payout ratio