

Financial Results for FY2021 Second Quarter

October 27, 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.

1. Financial Results for FY2021 Second Quarter

Financial Summary	4
Sales Revenue by Business Segment	5
Core Operating Income by Business Segment	6
Segment Analysis	7
Breakdown of Non-recurring Items	12
Consolidated Balance Sheets	13
Consolidated Statements of Cash Flows	14

2. Outlook for FY2021

Financial Estimates for Year	16
Sales Revenue and Core Operating Income by Business Segment	17

(Reference: Segment Information)

Cost Elements etc.	19
Capital Expenditures by Business Segment	20
Depreciation and Amortization by Business Segment	21
Research & Development Expenses by Business Segment	22
Sales Revenue by Business Segment (Quarterly)	23
Core Operating Income by Business Segment (Quarterly)	24
Major Group Companies	25
Crop Protection Product Sales by Region	26

1. Financial Results for FY2021 Second Quarter

Unit; Billions of yen

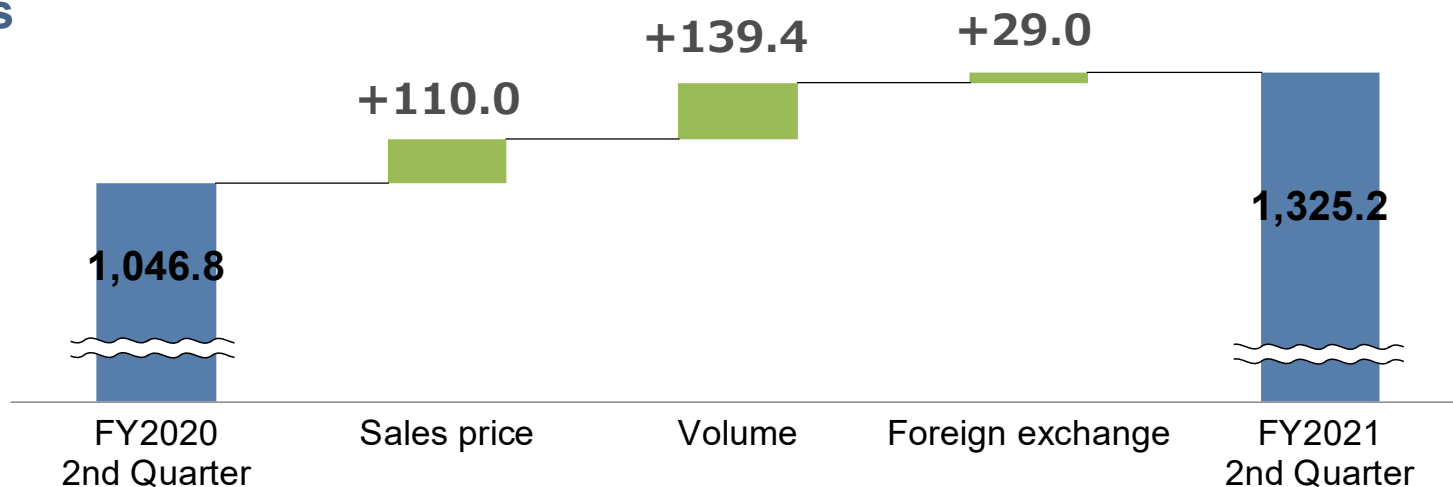
	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference	Ratio
Sales revenue	1,046.8	1,325.2	278.4	26.6%
Core operating income	53.5	148.9	95.4	178.4%
(Equity in earnings)	(-23.0)	(27.2)	(50.2)	-
Non-recurring items	-3.3	-4.6	-1.3	-
Operating income	50.2	144.3	94.1	187.5%
Finance income/expenses	-11.9	2.5	14.4	-
(Gain/loss on foreign currency transactions)	(-9.0)	(6.0)	(15.0)	-
Income tax expenses	-24.0	-39.0	-15.0	-
Net income attributable to non-controlling interests	-16.5	-18.9	-2.4	-
Net income attributable to owners of the parent	-2.2	88.9	91.1	-
ROE	-0.2%	8.5%		
Exchange rate(yen/\$)	106.93	109.81		
Naphtha price(yen/KL)	27,600	50,600		
Overseas sales revenue ratio	68.7%	67.1%		

※ During FY 2020, we finalized the provisional accounting treatment for business combinations.
As a result, figures for FY 2020 2nd Quarter are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Petrochemicals & Plastics	243.6	399.5	155.9	64.0%	105.5	42.4	8.0
Energy & Functional Materials	105.2	148.5	43.2	41.1%	10.0	31.0	2.3
IT-related Chemicals	213.3	227.7	14.4	6.8%	-7.5	16.5	5.4
Health & Crop Sciences	186.1	209.4	23.4	12.6%	5.5	11.0	6.9
Pharmaceuticals	276.1	309.6	33.4	12.1%	-3.5	30.5	6.4
Others & Adjustments	22.5	30.6	8.1	36.2%	0.0	8.1	0.0
Total	1,046.8	1,325.2	278.4	26.6%	110.0	139.4	29.0

Analysis



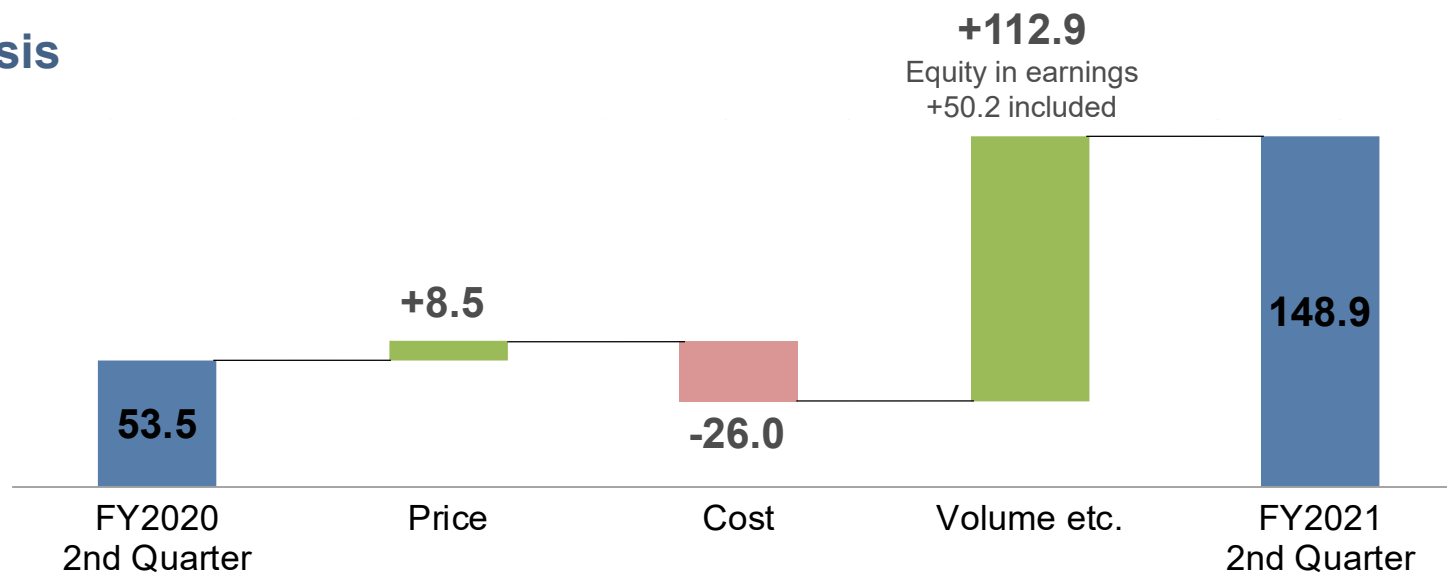
Core Operating Income by Business Segment

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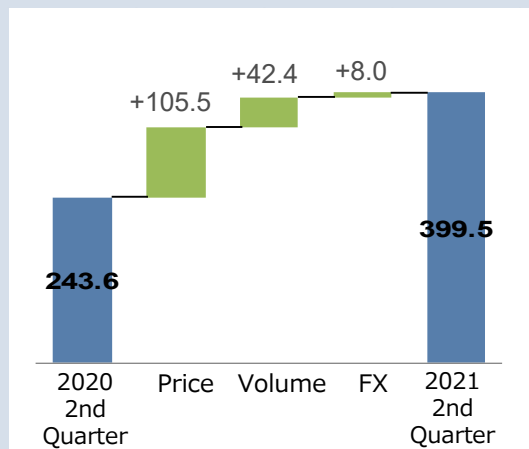
Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference	Price variance	Cost variance	Shipping volume variance and other
Petrochemicals & Plastics	-31.3	42.0	73.3	20.5	-2.5	55.3
Energy & Functional Materials	4.8	12.6	7.8	-3.0	0.5	10.3
IT-related Chemicals	22.1	29.5	7.4	-7.5	-1.0	15.9
Health & Crop Sciences	9.3	18.5	9.1	2.0	1.0	6.1
Pharmaceuticals	49.1	50.0	0.9	-3.5	-24.0	28.4
Others & Adjustments	-0.5	-3.7	-3.1	0.0	0.0	-3.1
Total	53.5	148.9	95.4	8.5	-26.0	112.9

Analysis



Sales Revenue



Total ¥399.5 billion (+155.9 from FY2020 2nd Quarter)

Sales price
+105.5

- Higher market prices

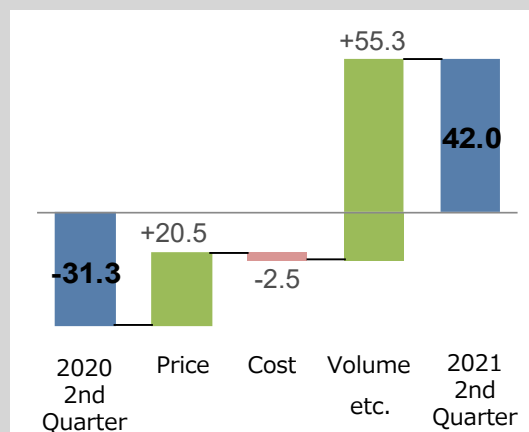
Volume
+42.4

- 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
+8.0

Core Operating Income

Total ¥42.0 billion (+73.3 from FY2020 2nd Quarter)



Price variance
+20.5

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

Cost variance
-2.5

Volume variance etc.
+55.3

- 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 ¥148.5 billion (+43.2 from FY2020 2nd Quarter)

Sales price

+10.0

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

Volume

+31.0

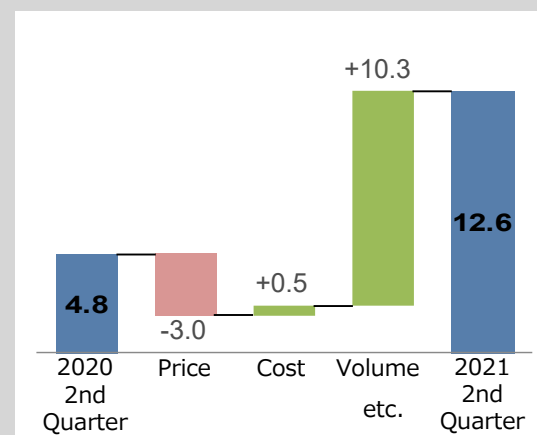
- Increase in shipment of lithium-ion secondary battery separator
- Recovery of shipments from the lower sales volume in the same period of previous fiscal year due to the COVID-19 pandemic.

Foreign exchange

+2.3

Core Operating Income

Total ¥12.6 billion (+7.8 from FY2020 2nd Quarter)



Price variance

-3.0

- Decrease in profit margin due to higher feedstock prices

Cost variance

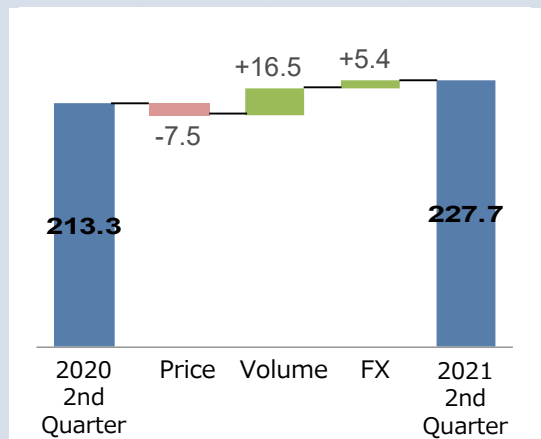
+0.5

Volume variance etc.

+10.3

- 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.

Sales Revenue



Total ¥227.7 billion (+14.4 from FY2020 2nd Quarter)

Sales price

-7.5

- Decline in the selling price of polarizing film

Volume

+16.5

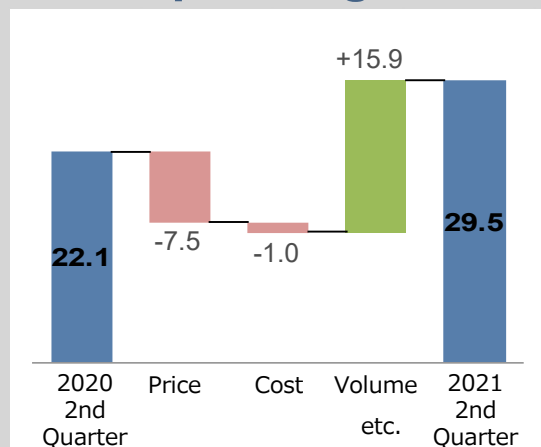
- Increase in shipments of processing materials for semiconductors
- Increase in shipments of materials for display applications

Foreign exchange

+5.4

Core Operating Income

Total ¥29.5 billion (+7.4 from FY2020 2nd Quarter)



Price variance

-7.5

- Decline in the selling price of polarizing film

Cost variance

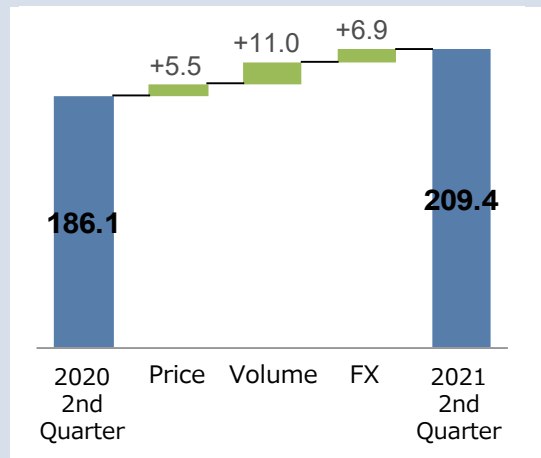
-1.0

Volume variance etc.

+15.9

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

Sales Revenue



Total ¥209.4 billion (+23.4 from FY2020 2nd Quarter)

Sales price

+5.5

- Higher market price for feed additive methionine

Volume

+11.0

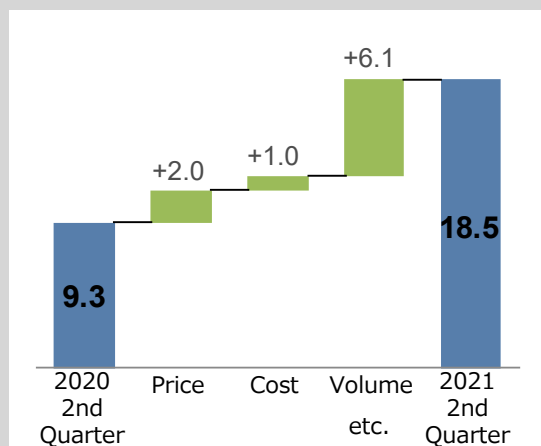
- Increase in shipments of crop protection products in North America, South America and India

Foreign exchange

+6.9

Core Operating Income

Total ¥18.5 billion (+9.1 from FY2020 2nd Quarter)



Price variance

+2.0

- Increase in profit margin on feed additive methionine

Cost variance

+1.0

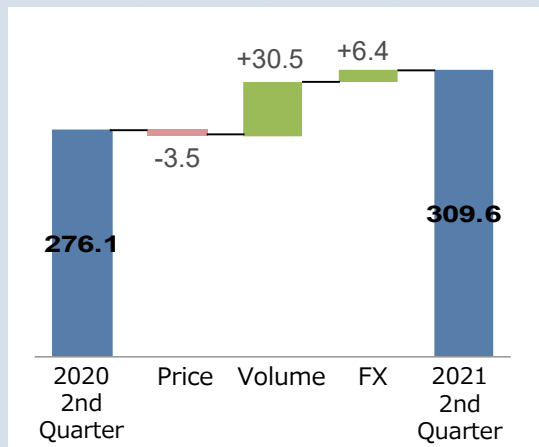
- Rationalization of manufacturing cost of methionine

Volume variance etc.

+6.1

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

Sales Revenue



Total ¥309.6 billion (+33.4 from FY2020 2nd Quarter)

Sales price

-3.5

- NHI price revisions in Japan

Volume

+30.5

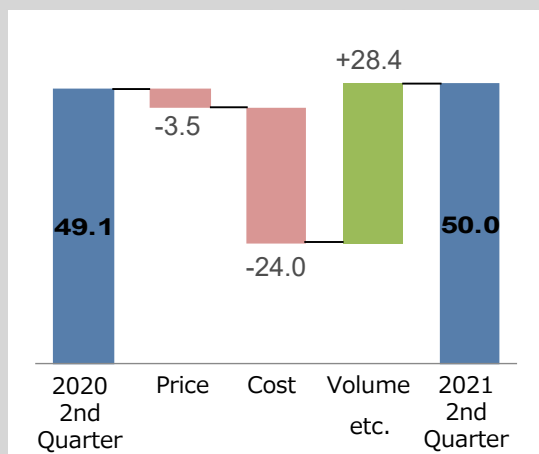
- Lump-sum revenue from a collaboration and license agreement
- Increase in shipments for Sumitovant
- decrease in shipments of Brovana® and Latuda® in North America

Foreign exchange

+6.4

Core Operating Income

Total ¥50.0 billion (+0.9 from FY2020 2nd Quarter)



Price variance

-3.5

- NHI price revisions in Japan

Cost variance

-24.0

- Increase in SG&A expenses of Sumitovant

Volume variance etc.

+28.4

- 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 2nd Quarter	FY2021 2nd Quarter	Difference
Restructuring charges	-2.6	-3.0	-0.4
Impairment loss	-	-1.6	-1.6
Changes in fair value of contingent consideration	0.1	-0.1	-0.2
Others	-0.8	0.1	0.9
Non-recurring items	-3.3	-4.6	-1.3

				Unit; Billions of yen			
	31-Mar-21	30-Sep-21	Difference		31-Mar-21	30-Sep-21	Difference
Current assets	1,584.5	1,682.4	98.0	Liabilities	2,508.1	2,535.0	26.9
Cash and cash equivalents	360.9	346.8	-14.1	Trade and other payables	522.9	540.3	17.4
Trade and other receivables	652.6	674.1	21.5	Interest-bearing Liabilities	1,351.1	1,358.1	7.0
Inventories	511.5	586.9	75.4	Others	634.2	636.7	2.5
Others	59.4	74.6	15.2	Equity	1,482.1	1,547.8	65.6
Non-current assets	2,405.8	2,400.4	-5.4	Shareholders' equity	962.8	1,042.3	79.5
Property, plant and equipment	793.5	798.0	4.5	Other components of equity	56.4	38.6	-17.9
Goodwill and Intangible assets	670.5	666.9	-3.6	Non-controlling interests	462.9	466.9	4.0
Others	941.8	935.5	-6.4				
Total	3,990.3	4,082.8	92.5	Total	3,990.3	4,082.8	92.5
				Equity attributable to owners of parent to total assets	25.5%	26.5%	1.0%
				D/E ratio (times)	0.9	0.9	0.0

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference
Cash flows from operating activities	156.6	77.2	-79.4
Cash flows from investing activities	-63.0	-65.2	-2.2
Free cash flows	93.6	12.0	-81.6
Cash flows from financing activities	97.9	-27.1	-125.1
Effect of exchange rate changes on cash and cash equivalents	9.6	1.0	-8.6
Net change in cash and cash equivalents	201.2	-14.1	-215.3
Cash and cash equivalents at end of period	381.8	346.8	-35.0

2. Outlook for FY2021

Unit; Billions of yen

	Previous Estimates	Revised Estimates	Difference	Ratio
Sales revenue	2,610.0	2,710.0	100.0	3.8%
Core operating income	200.0	245.0	45.0	22.5%
(Non-recurring items)	(-20.0)	(-20.0)	-	-
Operating income	180.0	225.0	45.0	25.0%
Net income attributable to owners of the parent	100.0	140.0	40.0	40.0%
ROE	9.6%	13.1%		
Exchange rate(yen/\$)	110.00	109.91 (2nd Half 110.00)		
Naphtha price(yen/KL)	47,000	50,300 (2nd Half 50,000)		
Cash dividends (yen)	Interim dividend	10.00	10.00	
	Year-end dividend	10.00	14.00	
	Annual dividend	20.00	24.00	

Sales Revenue and Core Operating Income by Business Segment 17

Unit; Billions of yen

	Sales revenue			Core operating income		
	Previous Estimates	Revised Estimates	Difference	Previous Estimates	Revised Estimates	Difference
Petrochemicals & Plastics	760.0	810.0	50.0	36.0	64.0	28.0
Energy & Functional Materials	280.0	305.0	25.0	19.0	23.0	4.0
IT-related Chemicals	435.0	450.0	15.0	40.0	48.0	8.0
Health & Crop Sciences	460.0	470.0	10.0	38.0	43.0	5.0
Pharmaceuticals	610.0	610.0	-	67.0	67.0	-
Others & Adjustments	65.0	65.0	-	0.0	0.0	-
Total	2,610.0	2,710.0	100.0	200.0	245.0	45.0

(Reference: Segment Information)

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference
Capital Expenditures	57.8	51.0	-6.8
Depreciation and Amortization ※	65.3	77.7	12.4
Research & Development Expenses	86.9	83.8	-3.1
Number of Employees (as of September 30)	34,750	34,973	223

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

As a result, figures for FY 2020 2nd Quarter are retrospectively adjusted to reflect the revision of the initially allocated amounts of acquisition price.

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference
Petrochemicals & Plastics	10.1	10.2	0.1
Energy & Functional Materials	14.1	11.8	-2.4
IT-related Chemicals	6.3	6.1	-0.2
Health & Crop Sciences	8.2	8.5	0.3
Pharmaceuticals	6.0	8.5	2.6
Others & Adjustments	13.1	5.9	-7.2
Total	57.8	51.0	-6.8

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference
Petrochemicals & Plastics	13.2	13.4	0.2
Energy & Functional Materials	8.4	9.4	1.0
IT-related Chemicals	12.5	13.8	1.3
Health & Crop Sciences	13.6	13.4	-0.2
Pharmaceuticals	11.0	19.6	8.6
Others & Adjustments	6.7	8.1	1.5
Total	65.3	77.7	12.4

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Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference
Petrochemicals & Plastics	3.3	3.4	0.1
Energy & Functional Materials	4.0	3.8	-0.2
IT-related Chemicals	8.9	9.6	0.7
Health & Crop Sciences	13.0	12.2	-0.9
Pharmaceuticals	50.3	46.9	-3.4
Others & Adjustments	7.4	7.9	0.5
Total	86.9	83.8	-3.1

Unit: Billions of yen

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

Unit: Billions of yen

	FY2020				FY2021		FY2021(Estimates)	
	1Q	2Q	3Q	4Q	1Q	2Q	1st Half	2nd Half
Petrochemicals & Plastics	-19.9	-11.4	3.4	15.9	23.8	18.2	42.0	22.0
Energy & Functional Materials	2.0	2.8	10.8	4.7	6.7	5.9	12.6	10.4
IT-related Chemicals	9.9	12.3	9.7	7.9	13.5	16.0	29.5	18.5
Health & Crop Sciences	3.6	5.8	2.0	20.3	10.3	8.2	18.5	24.5
Pharmaceuticals	24.5	24.5	25.7	-3.1	9.6	40.3	50.0	17.0
Others & Adjustments	-0.2	-0.3	1.0	-4.1	-2.3	-1.4	-3.7	3.7
Total	19.9	33.6	52.6	41.5	61.7	87.2	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 2nd Quarter	FY2021 2nd Quarter	
The Polyolefin Company (Singapore) (Millions of USD)	416	600	↗ Despite periodic shutdown maintenance in the current quarter, profit margins improved.
Petrochemical Corporation of Singapore (Millions of USD)	875	1,307	↘ Due to periodic shutdown maintenance and a slight deterioration in profit margins.
Rabigh Refining and Petrochemical Company (Millions of SAR)	6,768	21,245	↗ 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)	1,315.4	1,242.6	↘ Decrease in profit due to a change in product mix.
Valent U.S.A. and Subsidiaries (Millions of USD)	303	352	↗ Profit increased due to higher shipment volume and other factors.

Unit; Billions of yen

	FY2020 2nd Quarter	FY2021 2nd Quarter	Difference	Reasons for Change
Japan	28.0	29.6	1.5	Increase in shipments due to the high incidence of paddy rice diseases
North America	18.7	22.8	4.1	Increase in shipments due to the decrease of distribution inventories
Central & South America	50.9	55.1	4.2	Increase in shipments due to market growth in Brazil and others
Asia (including India)	25.5	27.0	1.5	<ul style="list-style-type: none"> ▪ Increase in shipments in India ▪ Foreign currency conversion variance
Europe & Others	7.3	9.2	1.9	<ul style="list-style-type: none"> ▪ Increase in shipments due to the decrease of distribution inventories ▪ Foreign currency conversion variance
Total	130.5	143.6	13.1	