



Health & Crop Sciences Sector

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Managing Executive Officer



Health & Crop Sciences Sector



Performance Trends

03



**Contribution to the Containment of
the Infectious Disease Pandemic**

05



Vision & Growth Strategy

07



Performance Outlook

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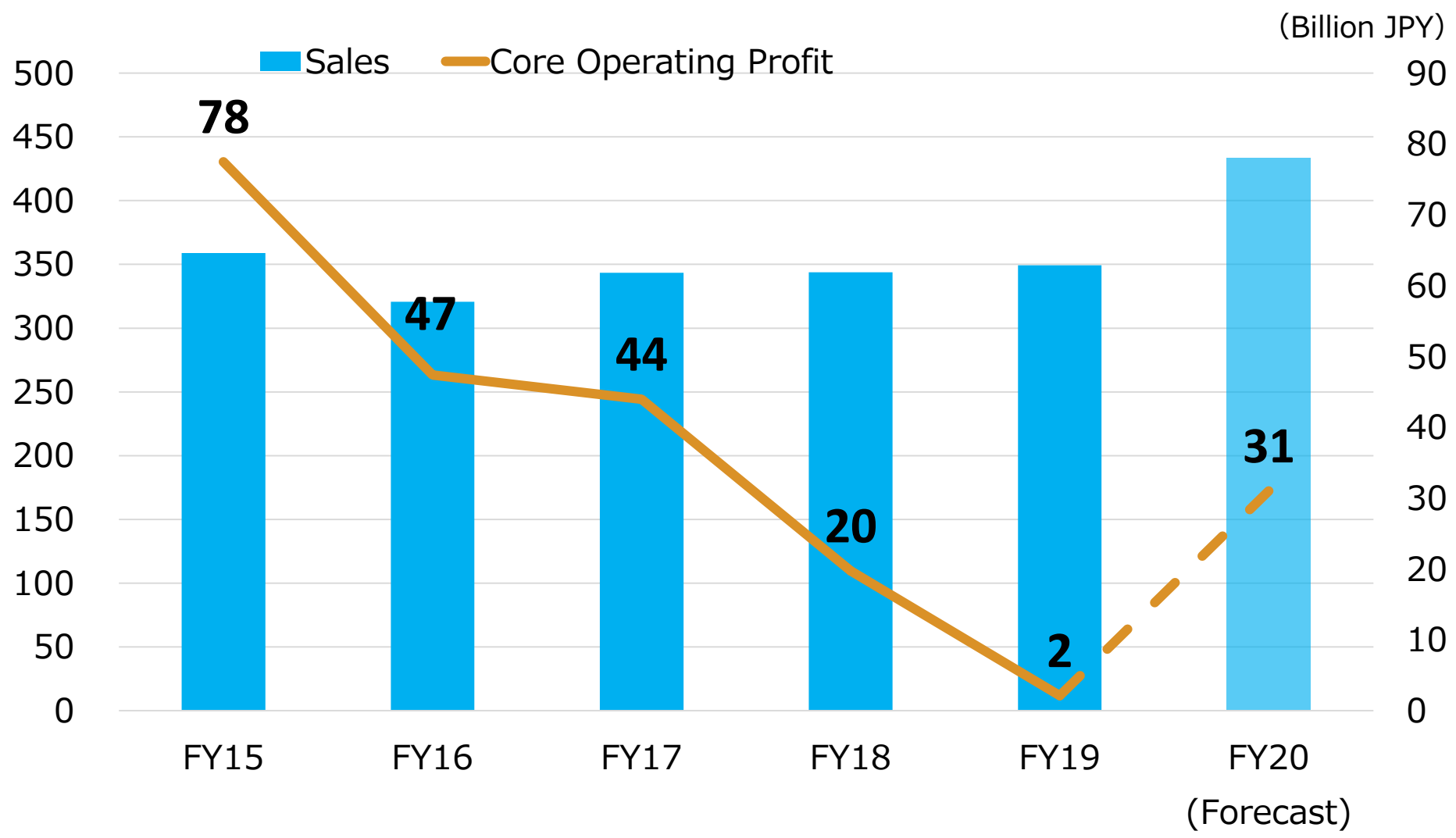
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Consolidated Performance Trends in the Health & Crop Sciences Sector



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Contribution to the Containment of the Infectious Disease Pandemic

SanTerra Co., Ltd.

Material for medical gowns (PE Film)



Contribution to solving the supply shortage of medical PPE in clinical environments

Sumitomo Chemical Garden Products Inc.

Household antiviral disinfectants spray

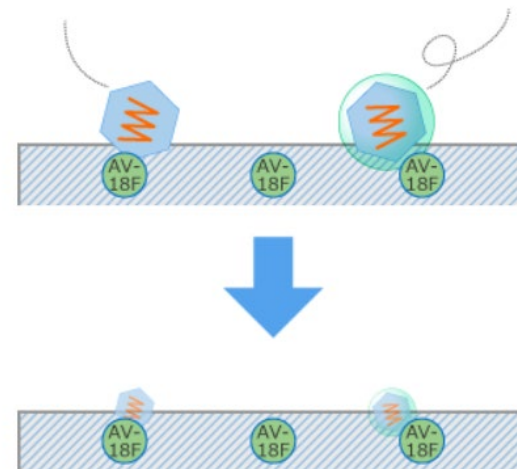


Contribution to improving household hygiene

Sumika Environmental Science Co., Ltd.

Antiviral agents

【ネオシントールAV-18F 処理製品表面】



Contribution to enhancing public health (e.g. surface treatment for buttons on a vending machine)

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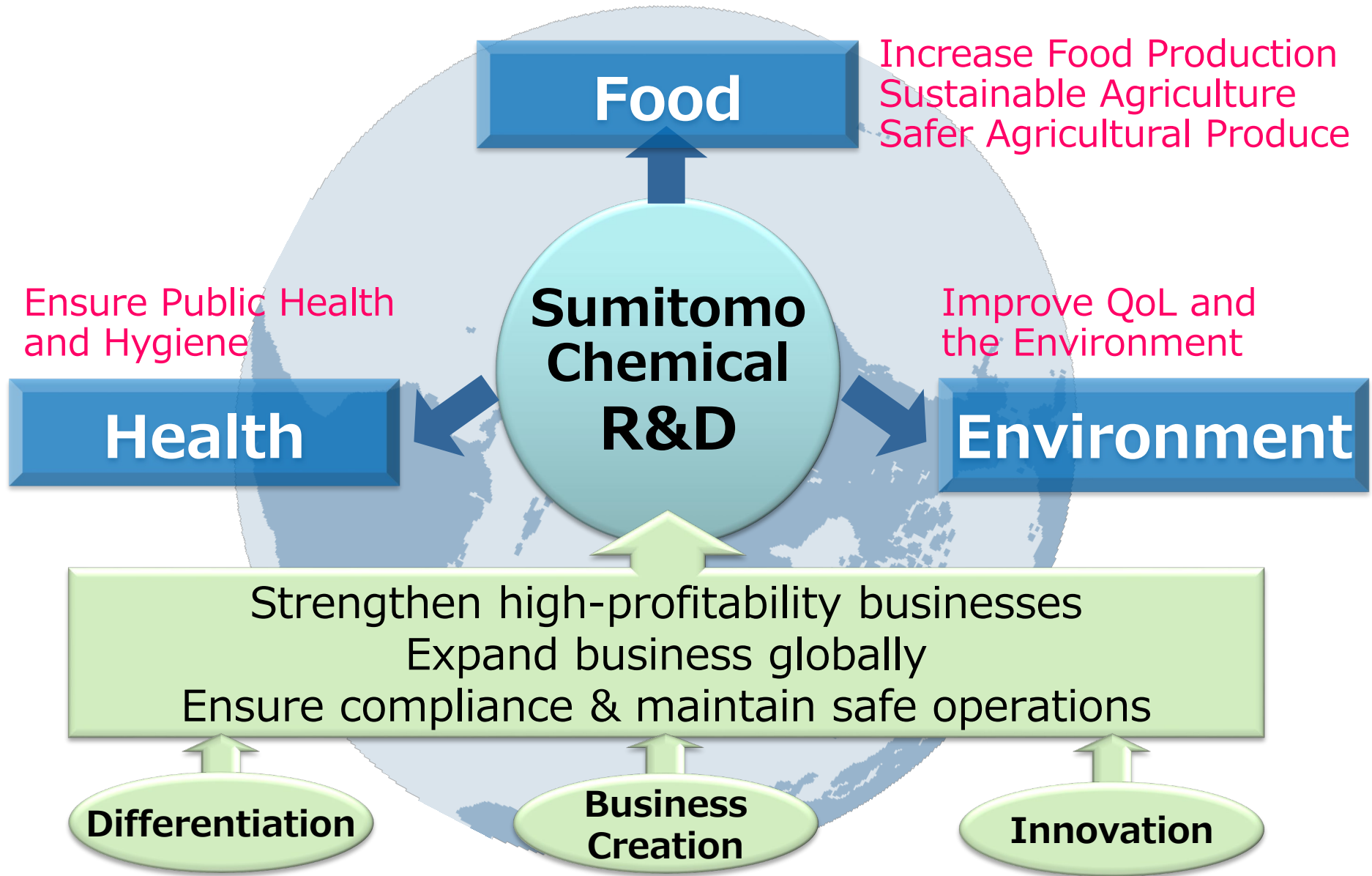
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Long-Term Vision for the Health & Crop Sciences Sector



Business Growth Strategy Aligned with Long-Term Vision

Key Words for the Growth Strategy

Global



Innovation



Differentiation



Business Creation



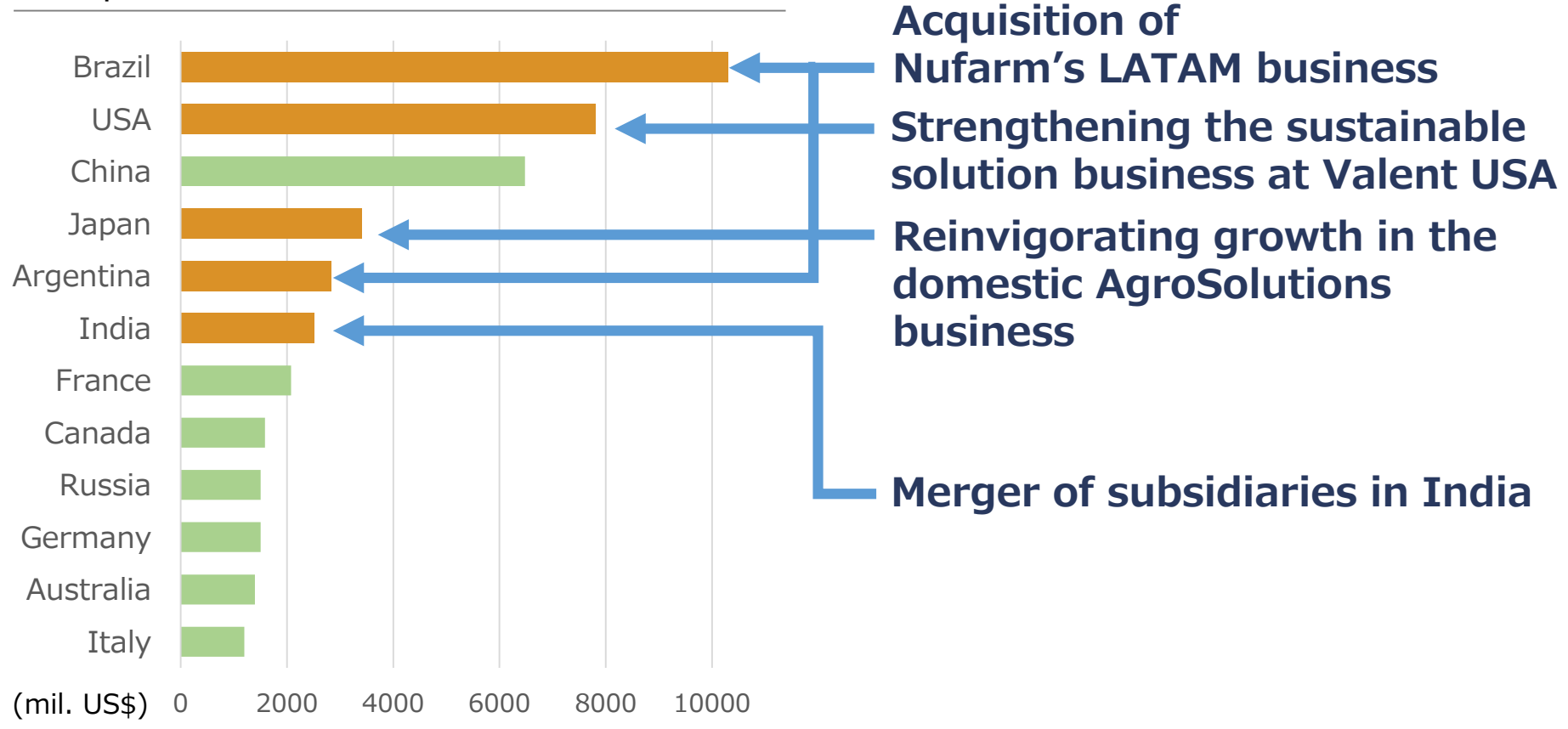
Topics covered in this presentation

- Progress update on the AgroSolutions business expansion in **LATAM & India**
- Progress update on the **AgroSolutions product development pipeline**
- Next Generation Tech-development : Access to **Synthetic Biology**
- Digital Transformation (DX)** in domestic Ag-Market
- Strengthening the **Biorational** business
- Creating and expanding an **Antiviral-product business**
- Expanding our **product portfolio in the Animal Nutrition business**
- Business development in **Nucleic Acid medicine**



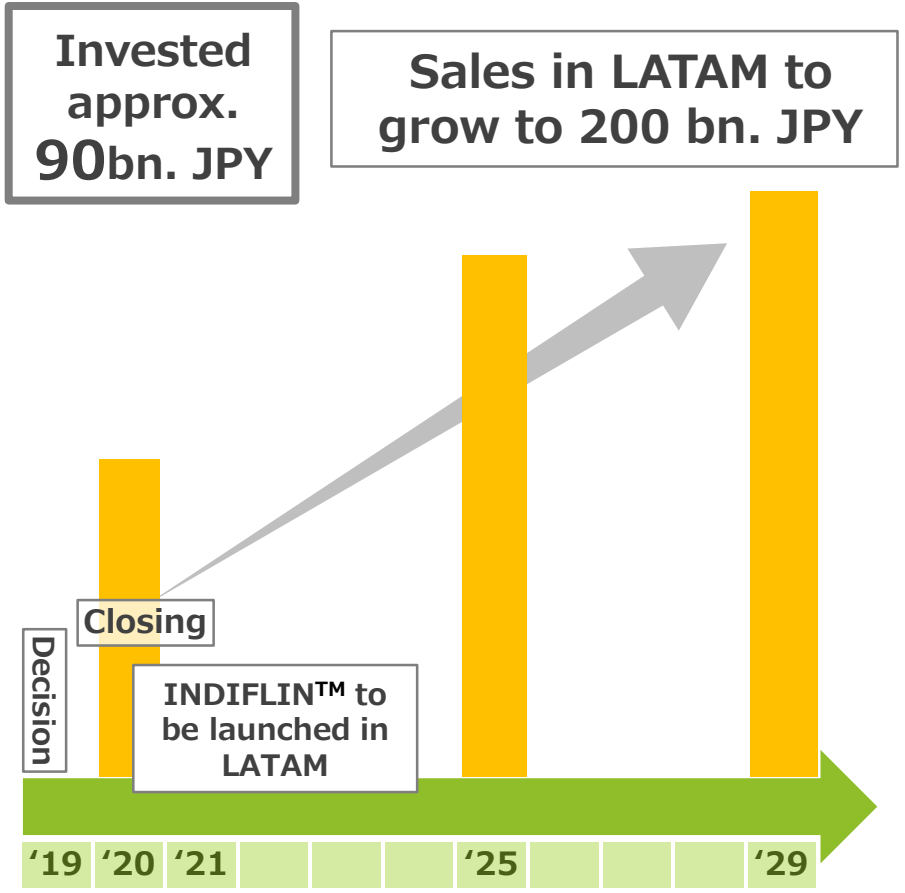
Expanding & strengthening our sales footprint in 5 of the 6 top global Ag-markets

Crop Protection Market Size (Year 2019)



Source : AgbioCrop (Oct 2020)

Acquired 4 subsidiaries of Nufarm in LATAM (Brazil, Chile, Argentina and Columbia)



*LARC: Latin America Research Center

PMI Progress

- With new management in place, integrated operations began in August 2020
- Accelerate use of Fortaleza plant— 5 new formulated products entering production



Plant in Fortaleza, Brazil

New product development

- A registration application for a new INDIFLIN™ mixture product developed by Nufarm has been submitted, following the application for an INDIFLIN™ mixture developed by SCC filed in 2017.
- Other new product development is also being accelerated by utilizing Sumitomo Chemical's LARC facility*



Completed onboarding for **over 700 employees**. **Sumitomo Chemical's history & spirit deeply shared** through active participation by SCC management



Over 10,000 stakeholders engaged in communication



Over 75 people involved in the project, divided into 20 functional working groups



Despite the Covid-19 situation and the fact that some people never met in person, **teams are highly motivated and working together well**



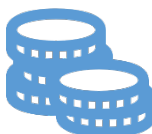
Over 200 policies and procedures were mapped and analyzed across all functional areas



Over 250 virtual meetings held across all people engaged in the integration project



174 milestones and 851 activities mapped in the integration plan – roughly half of those milestones completed



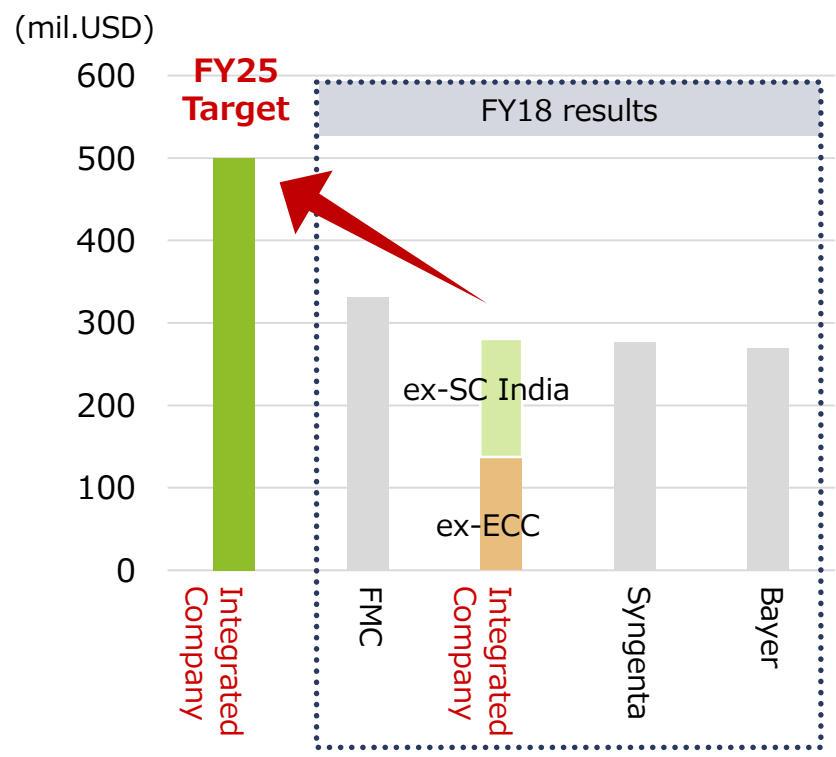
Early realization of **cost synergies & cost reduction** due to smooth integration of IT systems (SCM, CRM, etc.)



200 bp reduction in interest on loans achieved under Sumitomo Chemical's group finance scheme

AgroSolutions Market in India

Growing at 7 to 8% per year



Initiatives to achieve synergies from integration

- Develop and Launch new mixture products**
 Combine Sumitomo Chemical's proprietary products with the former ECC's generics.
- Utilize former ECC manufacturing facilities**
 Plan to manufacture some of Sumitomo Chemical's products in India to secure supply capacity in the existing plants in Japan
- Promote digital marketing**
 Expand sales in India by using social media and smartphone apps to reach end-users, many of which are small-scale farms
- Strengthen the Biorational business**
 Promote the introduction of new products by working closely with Valent BioSciences

Aiming to be a leading AgroSolution products company in India's rapidly growing market



B2020

Compound	Use	Evaluation	Full-scale development	Registration	Market Launch
INDIFLIN™ (inpyrfluxam)	Agricultural fungicide e.g. Soybean rust		☑ Completed	☑ Registered in Japan	Launched in Japan in 2020 Scheduled to be launched in LATAM in 2021
PAVECTO™ (methylnetrarprole)	Agricultural fungicide e.g. Septoria		☑ Completed	☑ Registered in Japan	Scheduled to be launched in Japan in 2021
ALLEST™ (oxazosulfonyl)	Agricultural insecticide e.g. Major rice pests etc.		☑ Completed	☑ Submitted	Scheduled to be launched in Japan in 2021
Name - TBD (pyridaolomethyl)	Agricultural fungicide e.g. Field crop & vegetable diseases		☑ Completed	☑ Submitted	

A2020

Pipeline A	Agricultural plant growth regulator			☑ Submitted	
Pipeline B	Next generation herbicide effective against herbicide-resistant weeds		Full-scale development in progress		
Pipeline C	Botanical insecticide for agriculture and household hygiene		Full-scale development in progress		
Pipeline D	Agricultural insecticide to control insecticide-resistant Pests	Evaluation in progress			

Potential sales: Approx. JPY150-200 billion in total

Introduction of new technology to strengthen core R&D capabilities

Technology development for creating new business

Discovery of new chemical substances



- AI (Docking simulation)
- Target-based screening
- Technology introduction promoted by open innovation approach



Chemical Processes

- Utilize AI
- Flow process

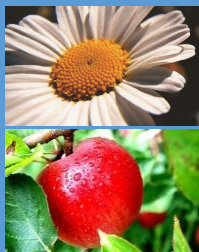


Applications



- Utilize drones
- Utilize sensing technologies
- Utilize eco-friendly materials for product design

Biorationals/Botanicals



- Evaluate & introduce natural plant-based products
- Utilize synthetic biology
- Innovative fermentation process technologies

Crops/Agriculture

- Develop a new variety of rice
- Phenotyping
- Plant growth prediction



Discovery of novel microorganisms and natural products

Innovation in fermentation processes through synthetic biology

Provide library of marine microbes



Skill in developing Biorational products

Infrastructure for, and skill in screening discovered compounds

VBC
Biorational Research Center

Sumitomo Chemical
H&CS Sector Research Lab

Sumitomo Chemical
Corporate Research Lab





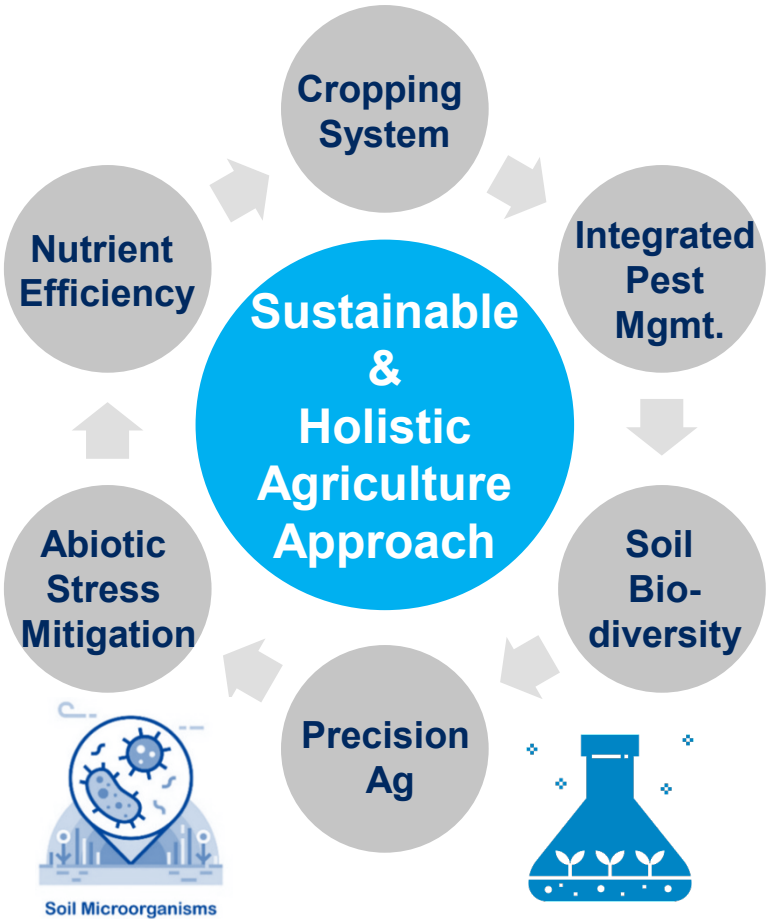
~10b People by 2050
50% More Food
Seeking Yield Boost



Consumer Demand
"Safe"/Local/Quality
Food Supply → Grower
Sustainable Ag



Climate Change
(+17% crop losses 2050)
Stress Mitigation



Non-Fertilizer Yield
Improvement
Bio Yield
Alternatives



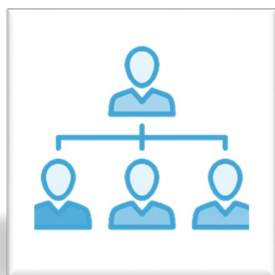
Soil Health Trend &
Awareness
Microbial
Biodiversity



Loss of Conventional
Crop Protection
Integrated Programs



Contents



Business Management Structure

- Streamline management layers to enable more swift strategic decision-making & resource allocation.
- Establish and strengthen SSBU(Sustainable Solution Business Units), dedicated teams for Biorational demand creation in key countries / markets.
 - ✓ NAFTA: Significant increase in personnel for SSBU
 - ✓ LATAM and Europe: SSBU newly established

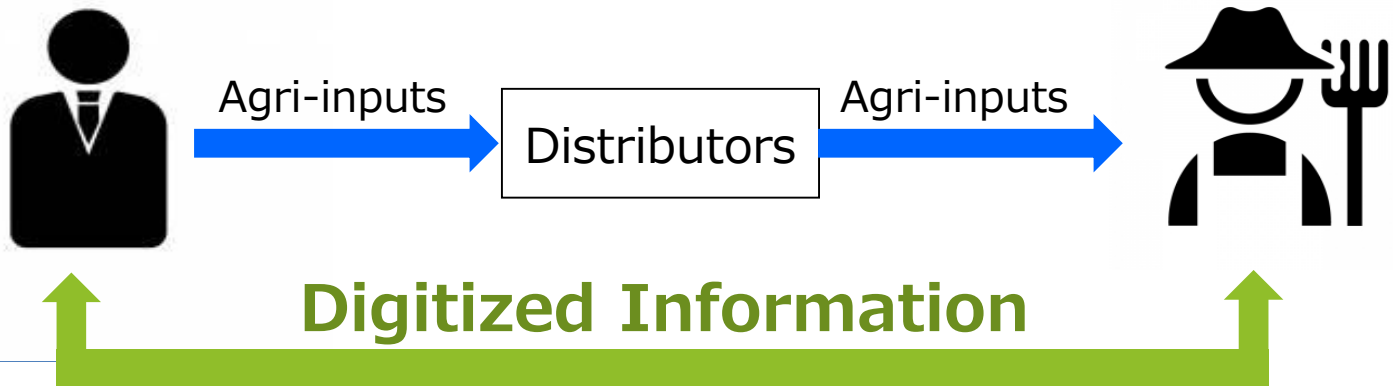


R&D

- Harness technological innovation in Synthetic Biology for Biorational R&D activities (e.g. cost-reduction projects for existing products, novel product development and launch)
- Establish Biorational Team in H&CS Sector Research Lab to accelerate pipeline development

Accelerate launch of 6 pipeline products in later development stages (PGR 4, Bioinsecticide 1, Rhizosphere 1)

We aim to build a digital information platform which can provide Japanese growers with useful & valuable information, which will enable us to find solutions for various challenges (e.g. aging population, frequent abnormal weather conditions, labor shortages, etc.) that domestic agri-business is currently facing



Create & Expand an Antiviral-product Business



Action items

- Improve quality of existing active ingredients
- Discovery / development / introduction of new active ingredients

(e.g.) Natural plant extracts



- Development of applied technology for resin / coating use
- Development of devices (e.g.)

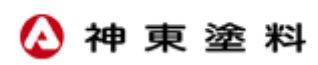


- ✓ Optical film
- ✓ Smartphone case



- ✓ General-purpose plastic films (buttons / touch panels on vending machines, elevators, etc.)

- Coordination & collaboration with Sumitomo Chemical's group companies, such as Sumika Environmental Science Co., Ltd.



Creating a new, core business pillar in the Environmental Health Division in response to societal demand for COVID-19 containment

On-going Profit Improvement Activities in the Methionine Business

Manufacturing

- Increase output with minimal CapEx
- Shut down aging facilities to save maintenance costs
- Cost reduction



Logistics

- Inventory management with DX
- Rationalization of international shipping costs



Procurement

- Reducing the purchase price of key raw materials

Sales & Marketing

- Optimization of focused sales territories / key accounts
- Efficient use of sales force

➤ The following pipeline products for animal nutrition are under development

Pipeline G

For cattle
Essential amino acids

Pipeline F

For poultry
Increased feed efficiency

Pipeline E

For hogs
Weight gain

Guanidinoacetic Acid

For poultry
Increased feed efficiency/Increase in muscle mass

Step 1
Evaluation

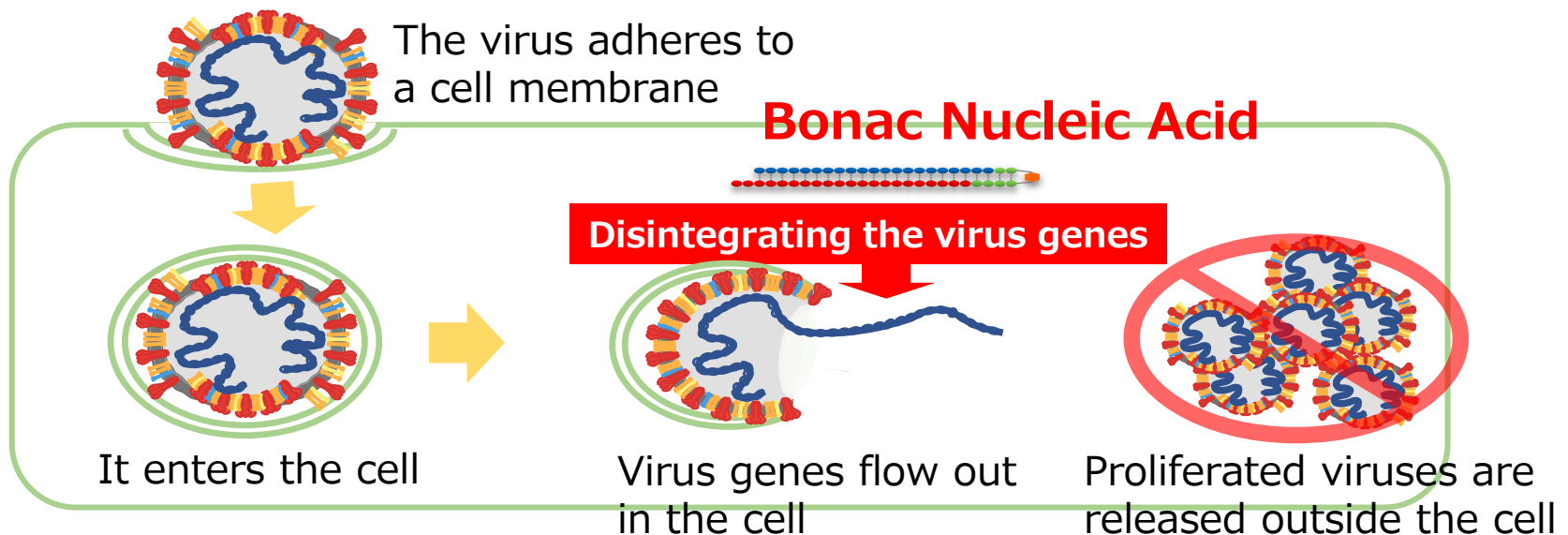
Step 2
Early Development

Step 3
Full-scale development

Step 4
Registered & Preparing to be launched

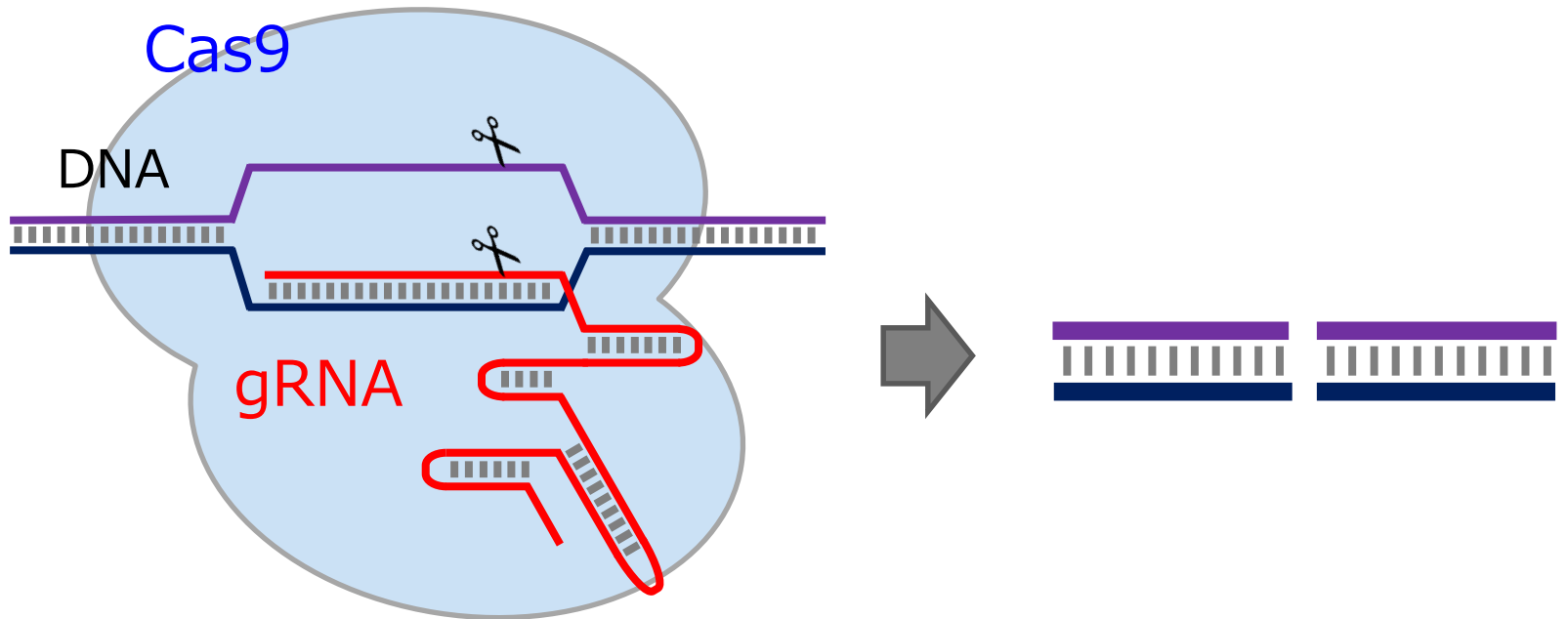
□ Supply active ingredient of nucleic acid drug for Covid-19

- Bonac Corporation and Fukuoka Institute of Health & Environmental Sciences are jointly screening candidate substances that can disintegrate virus genes
- A candidate substance will be selected by the end of 2020. Production will commence in early 2021.



Supply long-chain RNA for genome editing use

- Supply long-chain RNA for Crispr-Cas9 genome editing technology (which won the Nobel Prize in Chemistry in 2020)
- The only technology in the world that enables the manufacture of a large amount of high-purity long-chain RNA under GMP conditions



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Top-line Growth Going Forward



Global

Acquisition of ECC (India)

Acquisition of Nufarm (LATAM)

FY2014

FY2016

FY2017

FY2019

FY2021



Innovation



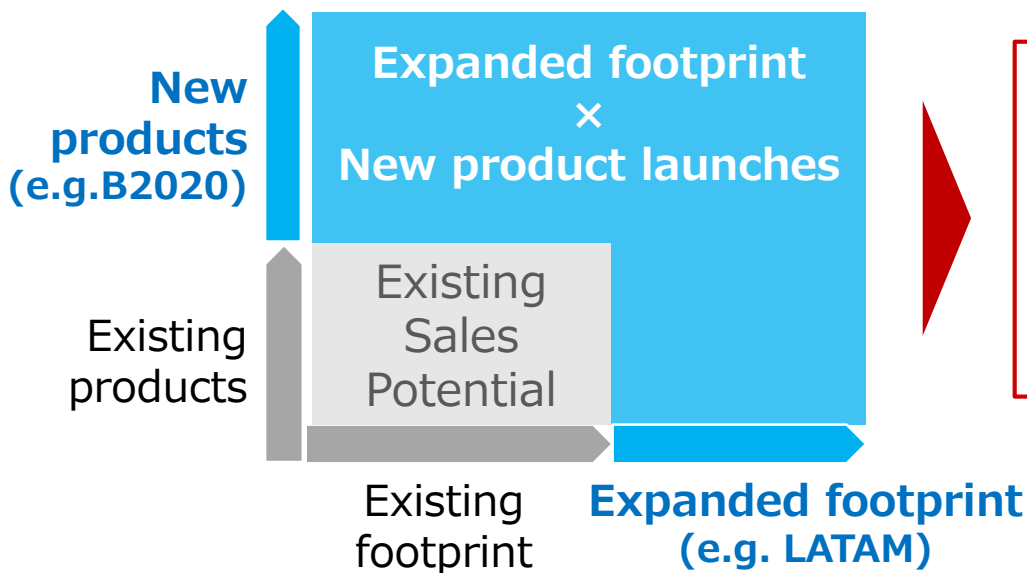
Business Creation

Acquisition of MA (US)

Acquisition of BRA (Australia)

INDIFLIN™ Launch in LATAM

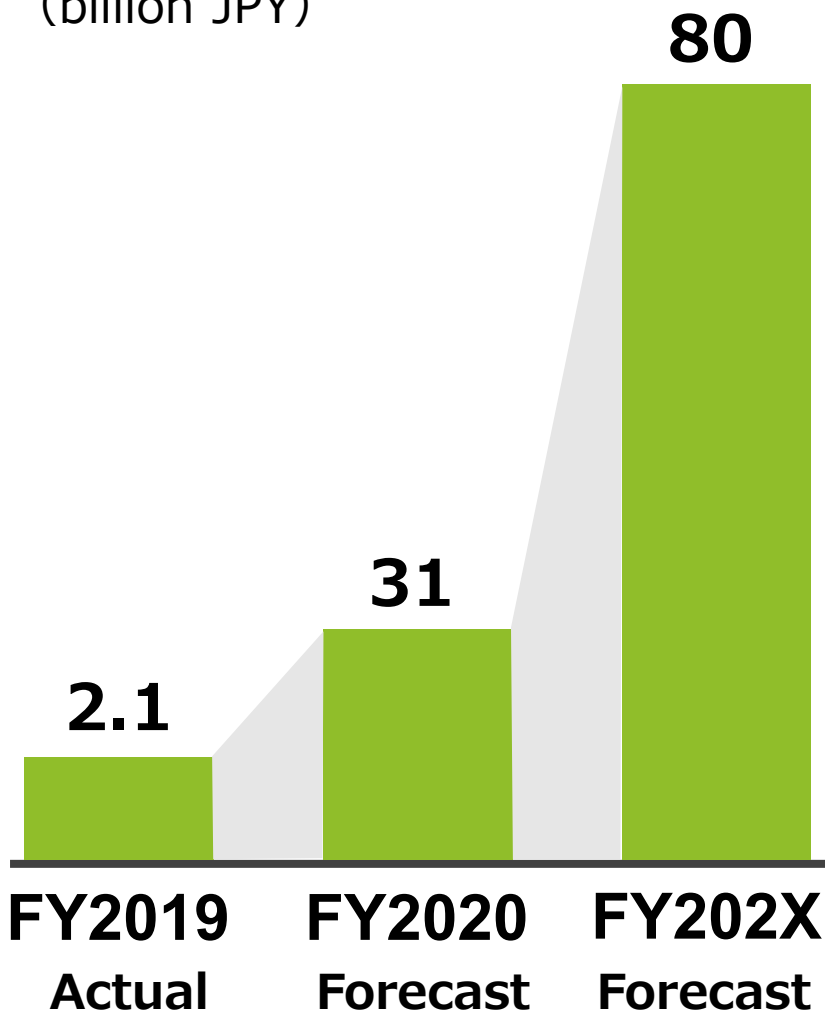
Vision for Revenue Growth



Strive to achieve strong revenue growth by leveraging past strategic investments in a multiplicative way

Performance Outlook in the Health & Crop Sciences Sector

Core Operating Profit (billion JPY)



Revenue Growth

- B2020/A2020 Launches
- Biorational Business Expansion
- Growth in LATAM / India



Profit Improvement

Revenue Growth



- Strengthen cost competitiveness of the methionine business
- Differentiate our proprietary crop protection products from generics
- Optimize operating expenses

Cautionary Statement

Statements made in this document 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.