

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 current 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)

	FY2022 Actual	FY2024 Revised plan	FY2024 Initial plan	FY2024 Difference Revised – Initial
Sales Revenue	2,895.3	3,000.0	3,050.0	-50.0
Core Operating Income	92.8	200.0	300.0	-100.0
Operating Income (IFRS)	-31.0	180.0	285.0	-105.0
Net Income Attributable to Owners of the Parent	7.0	100.0	150.0	-50.0

Naphtha price	¥76,600/kl	¥70,000/kl	¥50,000/kl
Exchange rate	¥135.50/\$	¥130.00/\$	¥110.00/\$

Core Operating Income by Sector

(Billions of yen)

	FY2022 Actual	FY2024 Revised plan	FY2024 Initial plan	FY2024 Difference Revised – Initial
Essential Chemicals & Plastics	-34.2	21.0	54.0	-33.0
Energy & Functional Materials	15.2	22.0	31.0	-9.0
IT-related Chemicals	47.6	44.0	58.0	-14.0
Health & Crop Sciences	57.3	79.0	84.0	-5.0
Pharmaceuticals	16.2	44.0	73.0	-29.0
Other	-9.3	-10.0	0.0	-10.0
Total	92.8	200.0	300.0	-100.0

In response to the deteriorating business environment and other factors, we have revised the FY2024 targets in our Corporate Business Plan. The substantial downward revision was due to worsening terms of trade in the Essential Chemicals & Plastics Sector and delays in expanding sales of new products in the Pharmaceuticals Sector. Going forward, we will aim to achieve the initial target with a delay of several years.

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

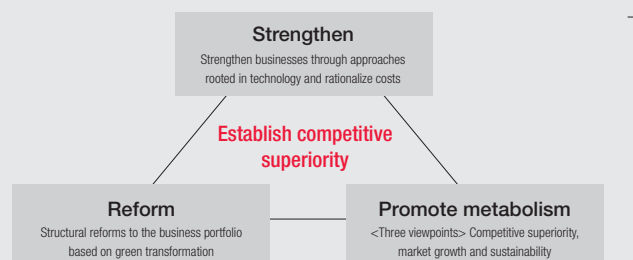
Overview of Basic Direction

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



Initiatives to improve business portfolio

Bolstering Growth Businesses

1 Overseas crop protection products

Regenerative Agriculture (Crop Protection Chemicals x Biorationals)

Agriculture that restores and improves soil health while reducing GHG emissions and maintaining and enhancing biodiversity through the use of biorationals and low environmental impact crop protection chemicals.

Product	Initiatives, characteristics, etc.
Biorationals	<ul style="list-style-type: none"> Add to the existing biorationals product group with a full-fledged entry into biostimulants (with the acquisition of FBSciences, etc.)
Flumioxazin	<ul style="list-style-type: none"> Superb long-lasting effect makes it possible to reduce treatment frequencies, and its efficacy against a broad range of weeds makes it suited to no-till farming
Rapidicil®	<ul style="list-style-type: none"> Fast-acting and plenty efficacious on low doses Its efficacy against a broad range of weeds makes it suited for no-till farming
Seed treatments	<ul style="list-style-type: none"> Contributes to reduced environmental impact through smaller treatment volumes and frequencies

New fungicide INDIFLIN™

Aim for revenue of **40+ bn. yen** in FY2024 (3X that of FY 2022) through measures such as fully leveraging the sales organization to provided detailed instruction on the timing of application and the like, expanding the production infrastructure and enhancing brand recognition

2 Products for semiconductor applications

Initiatives for FY2023 and FY2024	
Photoresist	<ul style="list-style-type: none"> Launch additional plants (Osaka in FY2023 and Korea in FY2024) Advance R&D aimed at broader adoption of ArF and EUV photoresists
High-purity Alumina	<ul style="list-style-type: none"> Expand sales of new grade (with excellent strength and chemical resistance) to support growing demand for ceramics for semiconductor production equipment

3 High-performance Materials

Initiatives for FY2023 and FY2024	
LCP (liquid crystal polymers)	<ul style="list-style-type: none"> Launch additional plant (Ehime in FY2023) Capture share in battery motor applications as EV market grows
Tanaka Chemical	<ul style="list-style-type: none"> Expand sales of cathode precursor as EV market grows
Koei Chemical	<ul style="list-style-type: none"> Actively expand contract manufacturing business in pharmaceutical precursors and catalysts at new multi-purpose plants by leveraging stronger ties across the Sumitomo Chemical group
Taoka Chemical	<ul style="list-style-type: none"> Expand sales of resin for high-performance compact camera lenses

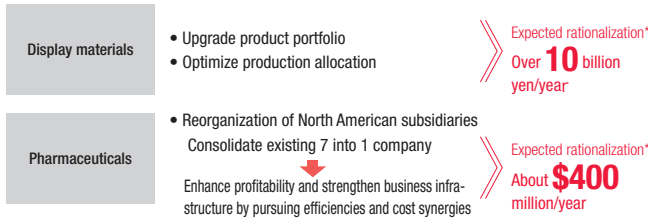
4 Pharmaceuticals

Expand sales of 3 key drugs

The Company aims to maximize the potential of its agents by maximizing the effects of its alliance with other companies in ORGOVYX®, MYFEM-BREE® and expanding the indications for GEMTESA®, aiming to achieve sales revenue of more than **200 billion yen** for the three products in FY2024.

Reform and Rationalization

1 Restructuring



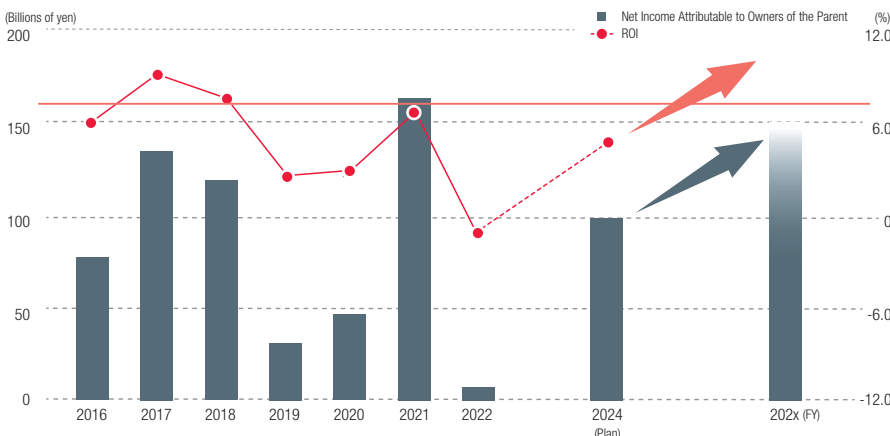
* Expected rationalization in FY2024 compared to FY2022

2 Exited or shrank

Caprolactam	Completed exit	EPDM	Decided to exit
Dyestuffs	Completed exit	Chemical fertilizer	Decided to exit
Singapore S-SBR	Decided to exit		

Toward Enhancing Corporate Value

We will improve our earning power through the initiatives in this Corporate Business Plan and further enhance it in the next corporate business plan and beyond to achieve our financial KPI targets and increase our economic value. We will also seek to enhance corporate value by integrally creating social value through our business activities.



Financial KPI targets	
achieve the following on a stable basis	
ROE	Over 10%
ROI	Over 7%
D/E Ratio	Approx. 0.7 times
Dividend payout ratio	Approx. 30%