

FY2025-2027

# Corporate Business Plan

March 4, 2025

Keiichi Iwata – President

 SUMITOMO CHEMICAL

Section  
01

FY2022-2024 **Review of the Corporate Business Plan** 4

Section  
02

**Long-term vision** 10

Section  
03

FY2025-2027 **Overall strategy under the new  
Corporate Business Plan** 21

Basic direction 1. Upgrade business portfolio with new growth strategy 29

Basic direction 2. Build greater resilience by executing continued structural reforms 32

Basic direction 3. Improve financial and capital efficiency 36

Basic direction 4. R&D strategy based on 3 X's 44

Basic direction 5. Strengthen management base supporting new growth strategy 49

Section  
04

FY2025-2027 **Sector strategies under the new  
Corporate Business Plan** 52

- In FY2024 we advanced immediate-term business performance improvements and fundamental structural reforms and **expect a v-shaped recovery**.  
**Core Operating Income will recover approx. 250 bn. yen year-on-year and the balance sheet and business portfolio have vastly improved.**
- Our new Corporate Business Plan slogan is: **Leap Beyond ~Return to a growth trajectory~**  
Leap higher, beyond today and return to a growth trajectory. FY 2025 will become a new start for a **reborn Sumitomo Chemical**.
- **Management resources will be allocated with priority to our two growth-driver sectors at the same time we continue to implement structural reforms.**
- In the final year of the new plan (FY2027), as a mid-point in the return toward a growth trajectory, we aim for **200 bn. yen in Core Operating Income, 8% ROE, and 6% ROIC**.
- Achieve sustainable growth beyond FY2030.  
As a long-term goal, we strive for **350 bn. yen in Core Operating Income, over 12% ROE, and over 10% ROIC by FY2035.**



FY2022-2024

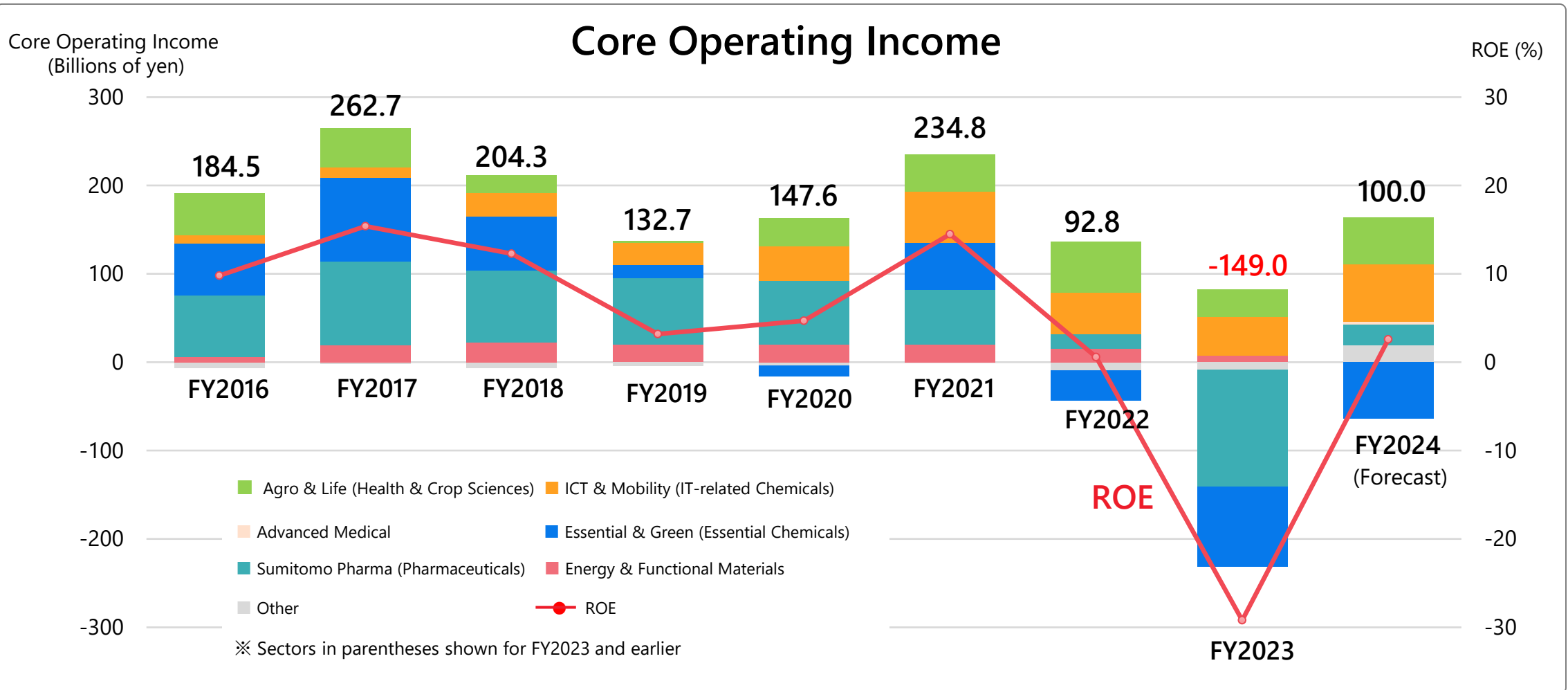
Section

01

# Review of the Corporate Business Plan

Since FY2022, business performance at Sumitomo Pharma and PetroRabigh deteriorated substantially, and in FY2023 we booked the largest losses in our history.

In FY2024, we expect a v-shaped recovery on immediate-term, concentrated measures to improve business performance and fundamental structural reforms.

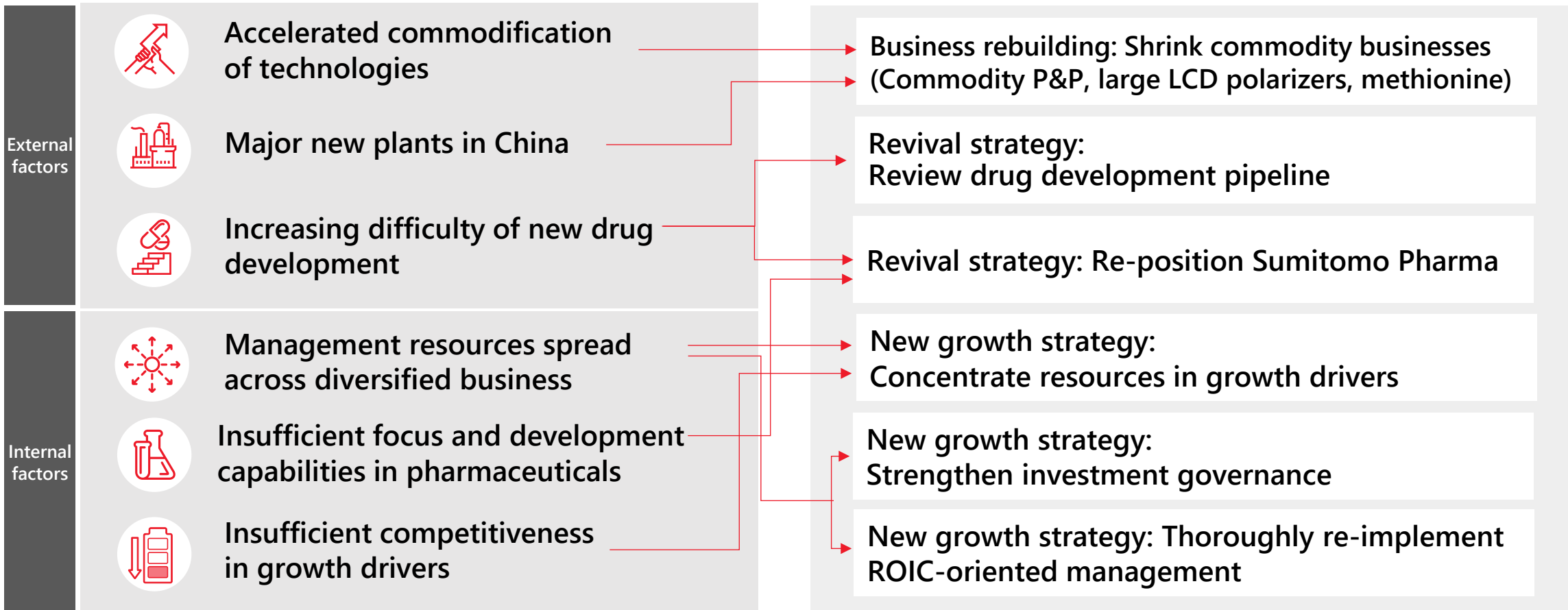


# Reasons for and responses to business performance deterioration

Reasons for business performance deterioration were reflected in measures incorporated into structural reforms and the new plan

## Reasons for business performance deterioration

## Measures and responses incorporated into structural reforms and the new plan



## Immediate-term, Concentrated Measures to Improve Business Performance

Expected results over 2 years (FY2023~2024)

Cash generation: **700 bn. yen**



Rebuild businesses

**185 bn. yen**

Apply best owner perspective to business dispositions

- ✓ Chinese polarizers
- ✓ Chinese LCD chemicals
- ✓ Nihon Medi-Physics
- ✓ Sumitomo Bakelite etc.



Reduce inventories

**150 bn. yen**

800 bn. yen



650 bn. yen as of the end of March 2025



More selective investments

**200 bn. yen**

FY2022-2024 cumulative investment plan (cash basis)

700 bn. yen



Streamline to 500 bn. yen



Other asset dispositions etc.

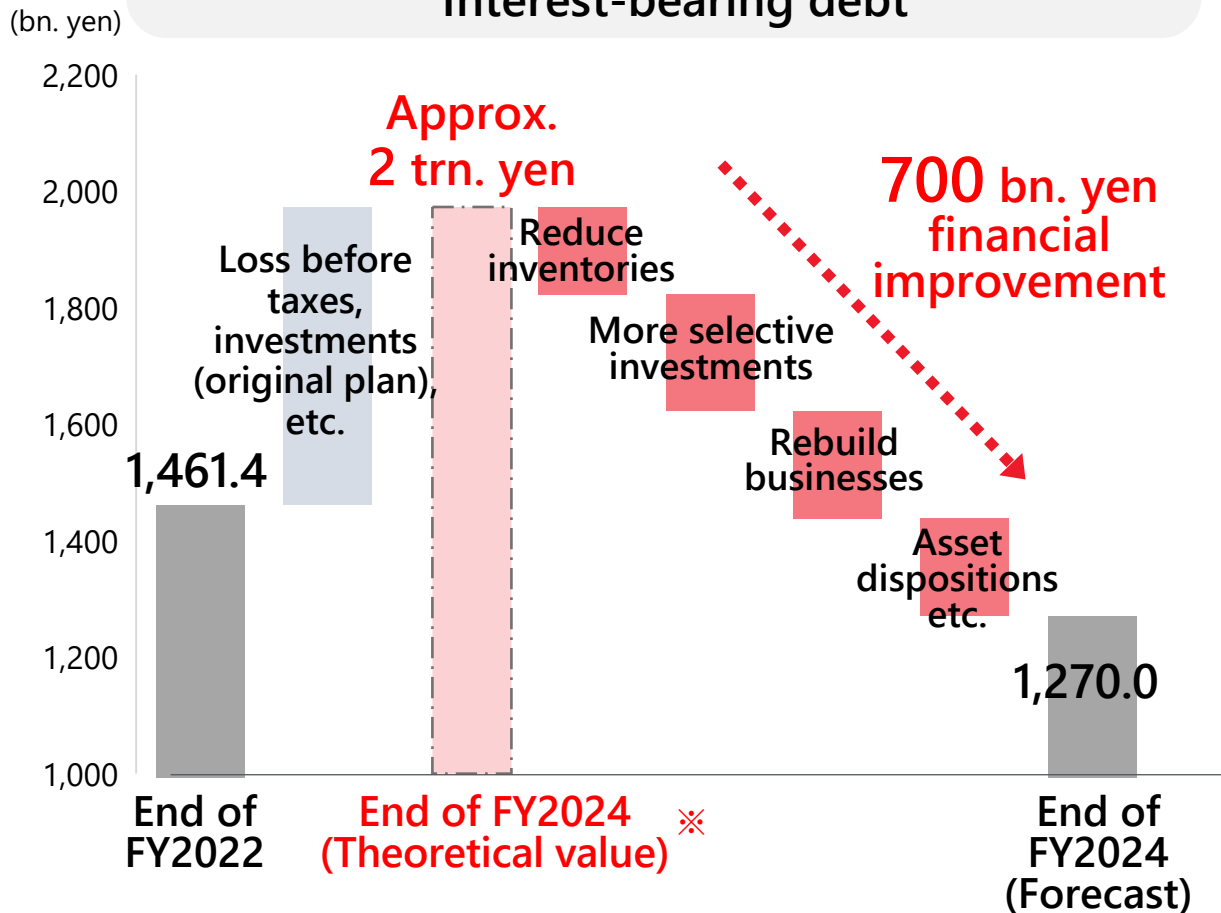
**170 bn. yen**

- ✓ Disposition of cross-shareholdings
- ✓ Disposition of health and wellness facilities
- ✓ Leverage surplus funds

# Immediate-term, Concentrated Measures to Improve Business Performance

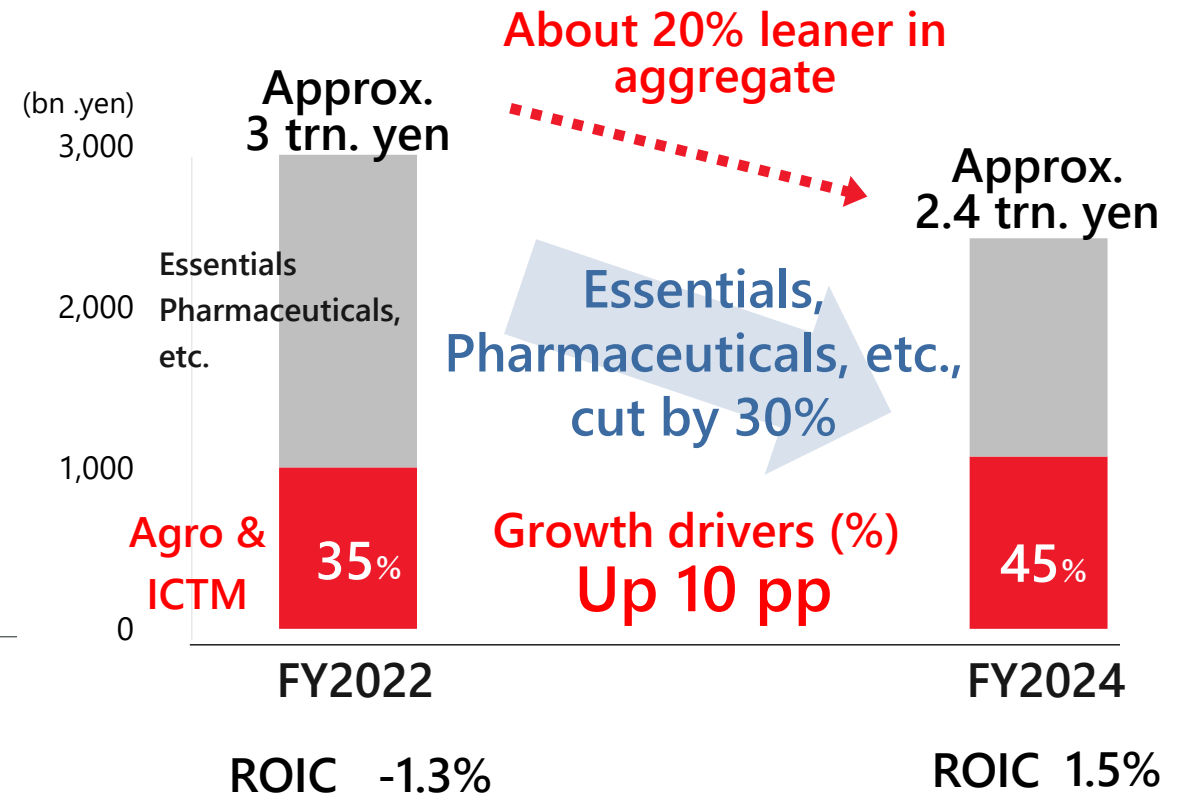
Entire company worked together to complete immediate-term measures.  
Balance sheet and business portfolio improved significantly.

## Interest-bearing debt



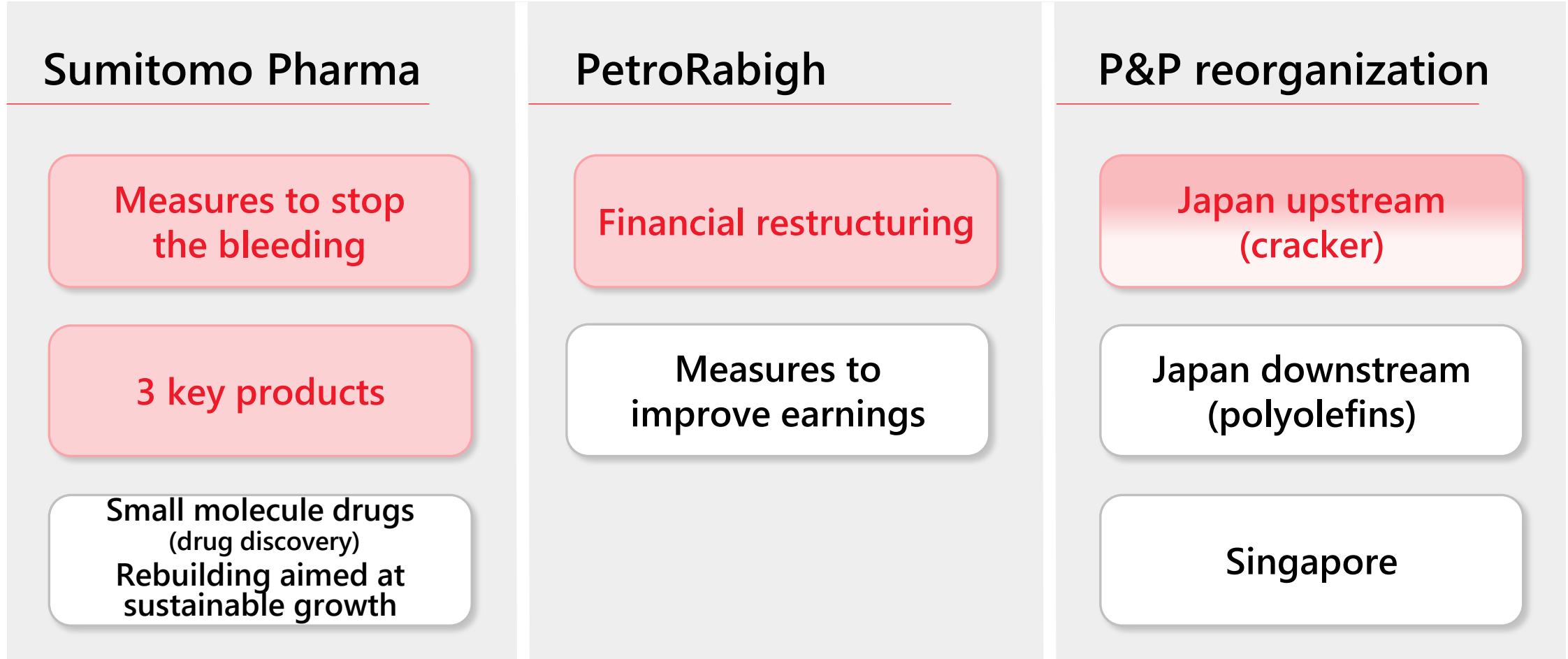
※ Theoretical value assuming we had never implemented the immediate-term measures to improve business performance.


## Invested capital





By now, we have set the direction for multiple difficult challenges. Under the new plan, we will continue to work on remaining challenges.



 : Response



Section

02

# Long-term vision

# Innovative Solution Provider

Become a company that leverages innovative technologies to solve society's challenges



Food



ICT



Healthcare



Environment

Contribute to regenerative agriculture

Innovate IT

Spread leading-edge medicine

Reduce environmental impact

Products and services as solutions

Low environmental impact  
agrochemicals

Biorationals and botanical products

Cutting-edge photoresist and  
Semiconductor performance  
chemicals, Polarizers for OLED

Regenerative medicine & cell  
therapies

Small molecule drugs CDMO

Various GX technologies

Agro & Life Solutions

ICT & Mobility Solutions

Advanced Medical Solutions

Essential & Green Materials

DX -Digital-

BX -Bio-

Assets for solutions

GX -Green-

6 core technologies

- Bio-mechanism analysis
- Precision machining
- Organic and polymer material functional design
- Inorganic material functional design
- Device design
- Catalyst design

## Food

### ⚠ Society's challenges

Growing demand for food driven by population growth



Stagnant growth in cultivated acreage



Impact on biodiversity



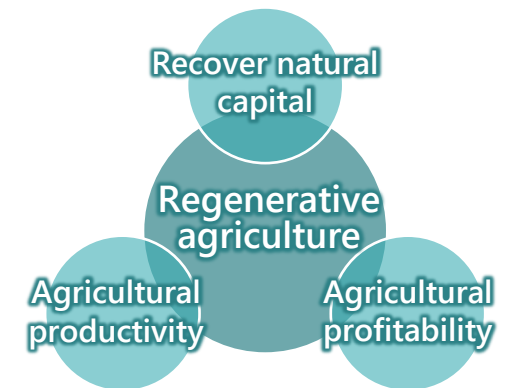
Soil erosion and GHG emissions from agricultural activities



We need **new and sustainable agricultural systems**

Direction for solutions

Realize and spread regenerative agriculture that recovers natural capital while also maintaining and enhancing agricultural productivity



## Agro & Life Solutions Sector



### Strengths

#### Technological assets

- A technological base in organic chemistry such as **chemical synthesis, chemical analysis, biochemistry, and environmental science**
- **Strong drug discovery capabilities** leveraging the latest science and technology and AI



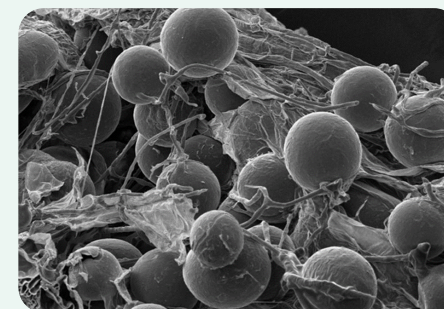
#### Business assets

- **Global footprint** covering major agricultural markets in the Americas, India and other parts of the world
- **60+ year** track record in the biorationals and botanicals business
- **Services and DX platforms** that fuse our business experience with our unique technologies



### Solutions we provide

- Herbicides that align with carbon storage and soil health recovery, including no-till farming and cover crop systems\*
- Rhizosphere materials that contribute to suppressing climate change through carbon storage

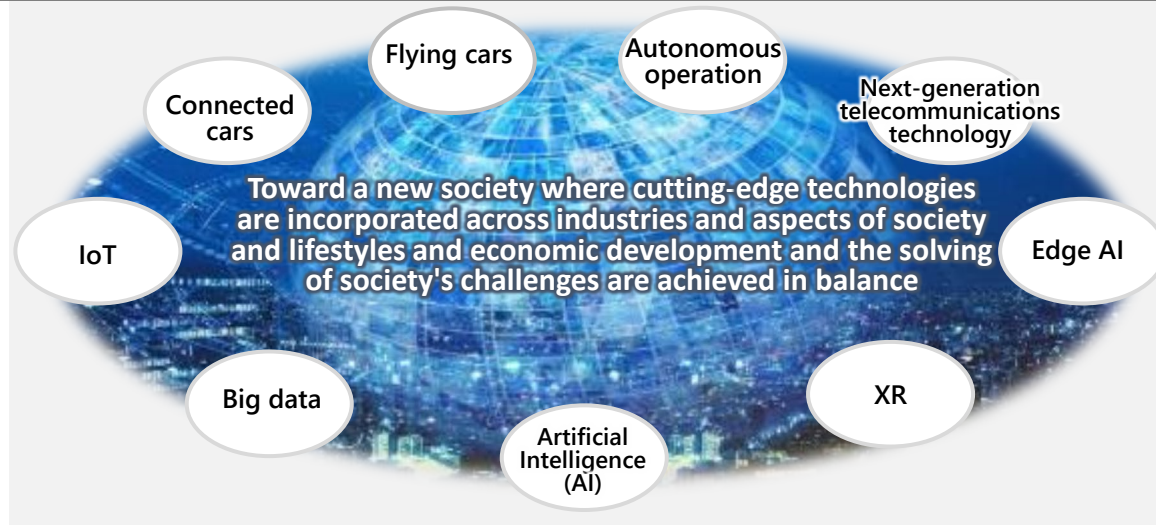


\*Cover crop: A crop grown not for harvest, but to protect the soil.



# ICT

## ! Society's challenges



## Cutting-edge technologies for ultrasmart societies where people lead fulfilling lives

Technological development designed to enable the realization of societal reforms

Increased energy consumption resulting from the spread of generative AI

Advanced technological innovations

Further increased energy efficiency

Direction for solutions

Fuse our proprietary core technologies and developed know-how to contribute to "new" industrial revolutions driven by total solutions that accelerate customer innovations

### Total solutions

Proprietary core technologies

Developed know-how

## ICT & Mobility Solutions Sector

### Strengths

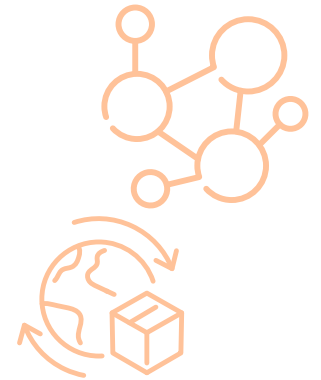
#### Technological assets

- Miniaturization and higher purities
- Thin-film forming and ultrafine particle processing
- Photosensitive material design and performance resin design
- Development team of 1,000 people globally



#### Business assets

- Global supply and development infrastructure in Japan, South Korea, China, and the US built on upfront investments
- High value-added portfolio achieved through structural reforms
- Capturing growth opportunities through market-in strategy



### Solutions we provide

Semiconductor  
-related  
materials

- Cutting-edge photoresist and cleaning agents that support cutting-edge applications
- Semiconductor chemicals and back-end process materials that support diverse needs of semiconductors

Display  
materials

- Display materials that support our proprietary ultra thin film and higher resolutions (OLED and automotive, etc.)



## Healthcare

### ⚠ Society's challenges

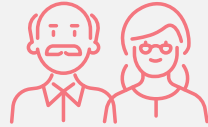
Increase in lifestyle-related diseases



Multiple comorbidities in aging society



Individual differences in treatment effects



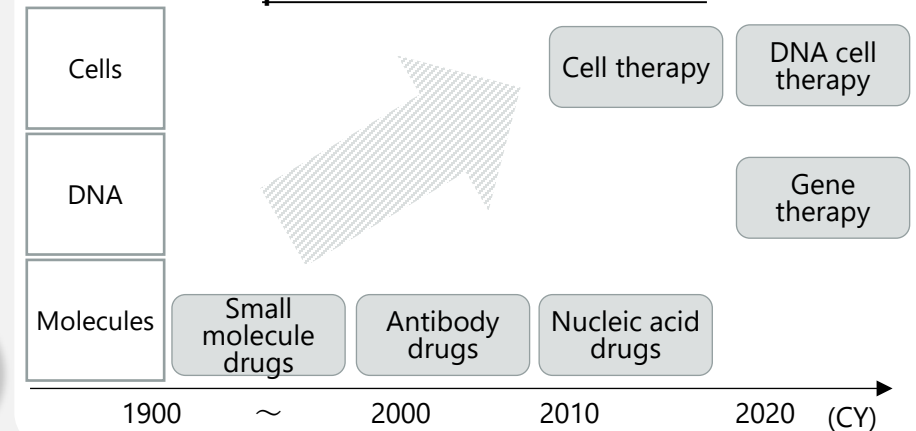
Progression of resistance to medicines



Supporting diversification of medical needs

Supporting individualized medicine

### Diversification of treatment and pharmaceutical modalities



Direction for solutions

- Development of cutting-edge medical technologies such as regenerative medicine & cell therapies
- Supporting diverse treatment and pharmaceutical modalities
- Longer life spans and enhanced quality of life





## Advanced Medical Solutions Sector



### Strengths

#### Technological assets

- Strong synthesis capabilities in advanced small molecule drugs
- Synthesis technology in high-purity long-chain nucleic acids
- Leveraging bio-technology in cutting-edge technology inducing stem cell differentiation



#### Business assets

- Comprehensive capabilities developed in the Life Science business (development, production technology, regulatory affairs, quality management, analysis)
- Flexible support of demand
  - Advanced small molecule and oligonucleic acid CDMO with 3 plants in Japan (Okayama, Gifu, Oita)
- Front-runner in commercialization of iPS cells
  - Drug discovery: RACTHERA
  - CDMO: S-RACMO



### Solutions we provide

- Regenerative medicine & cell therapies including world's first iPS cell-derived product
- CDMO business leveraging strong synthesis capabilities (advanced small molecule, oligonucleic acid, and regenerative medicine & cell therapies)

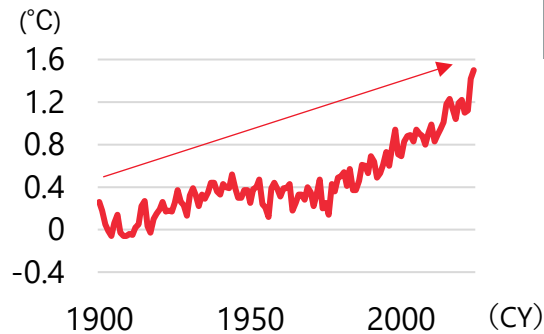


New nucleic acid plant (Oita)

## Environment

### ⚠ Society's challenges

#### Global average temperatures (1900-2024)



#### Impacts from rising temperatures

- Intensification of weather-related damages
- Abnormal weather patterns
- Loss of biodiversity, etc.

#### Various challenges posed by petrochemical products

Greenhouse gas emissions  
(during manufacture and incineration)



Depletion of petroleum resources



Release of plastics into the ocean



We need technologies that can leverage diverse carbon sources in a circular manner including recycling and biomass

Direction for solutions

Establish and spread chemical products manufacturing technologies that achieve a reduced environmental impact, including mechanical recycling, high-efficiency chemical recycling, and the use of biomass



## Essential & Green Materials Sector



### Strengths

#### Technological assets

- Catalyst design technology
- Process development technology
- Organic and polymer material functional design technology
- Participation in Green Innovation Fund projects  
(Largest scale in chemical industry)



#### Business assets

- Capabilities bringing together supply chains for a circular economy for resources
- Track record and alliances with third parties in the licensing business
- Capabilities running large-scale projects
- Meguri® branding of environmentally friendly products



### Solutions we provide

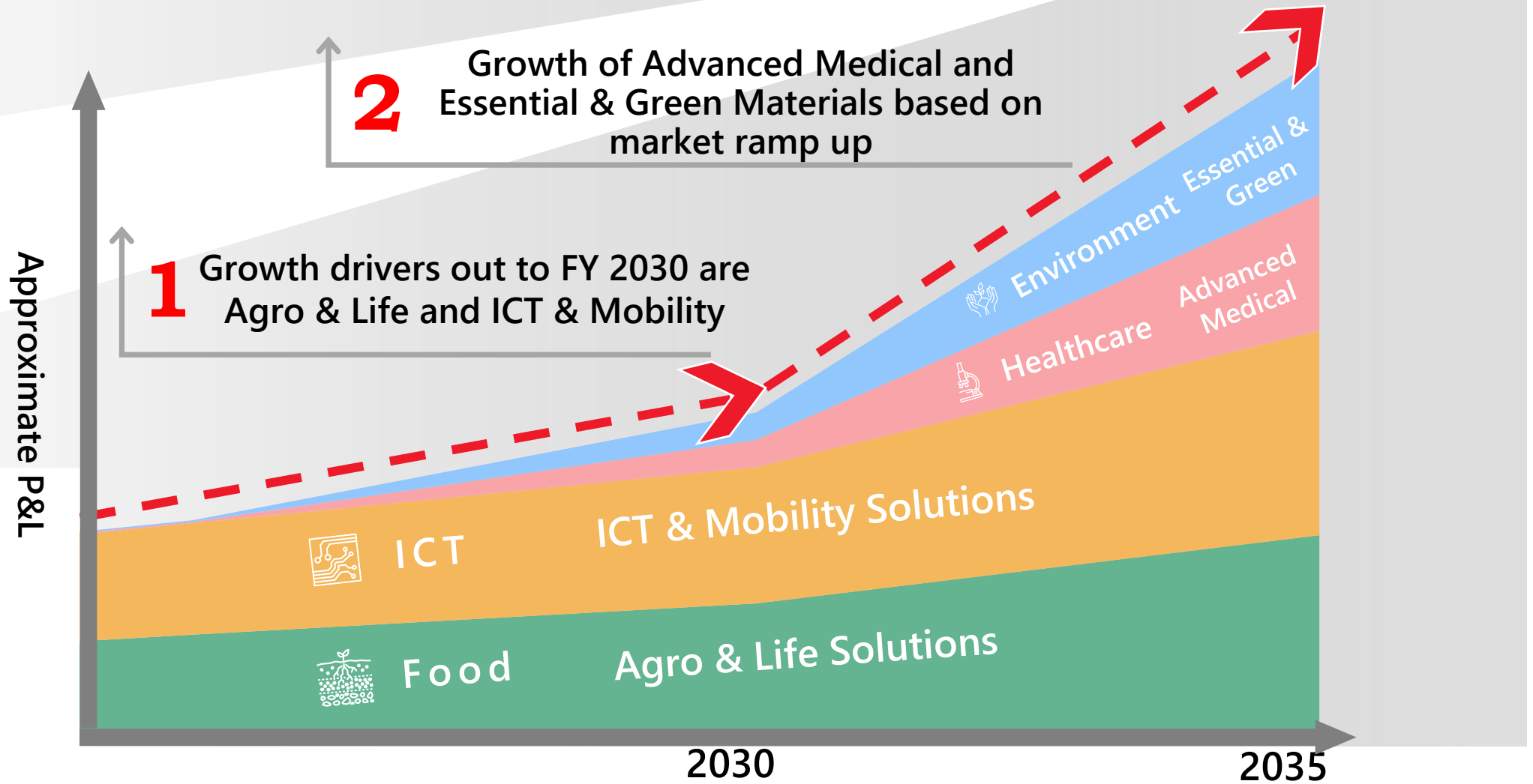
- Innovative technologies that reduce environmental impact
  - Ethanol to propylene
  - CO<sub>2</sub> to methanol
  - PMMA chemical recycling



Pilot facilities manufacturing methanol from CO<sub>2</sub>

Aim for sustainable growth in two phases.

Return to a growth trajectory and become a **newborn specialty chemicals** company.





Section

03

FY2025-2027

# Overall strategy under the new Corporate Business Plan



# Leap Beyond

(Leap higher, beyond today)

~Return to a growth trajectory~

What the slogan means to us

We are strongly motivated to leap to higher ground on new ideas, which take us beyond conventional businesses, technologies and ways of thinking, and return to a growth trajectory. It expresses our commitment to continue to pursue innovation as a reborn Sumitomo Chemical and realize value creation for sustainable growth.

Slogan

# Leap Beyond

~Return to a growth trajectory~

Vision for this plan

## Return to a growth trajectory and show the way toward further growth

FY2027  
Financial targets

Core Operating  
Income  
**200** bn. yen

ROE  
**8%**

ROIC  
**6%**

D/E ratio  
**Approx. 0.8X**

Basic  
direction  
**01**

Upgrade business portfolio with new growth strategy

Basic  
direction  
**03**

Improve financial and capital efficiency

Basic  
direction  
**05**

Strengthen management base supporting new growth strategy

Basic  
direction  
**02**

Build greater resilience by executing continued structural reforms

Basic  
direction  
**04**

R&D strategy based on 3 X's

Talent

DX

Governance

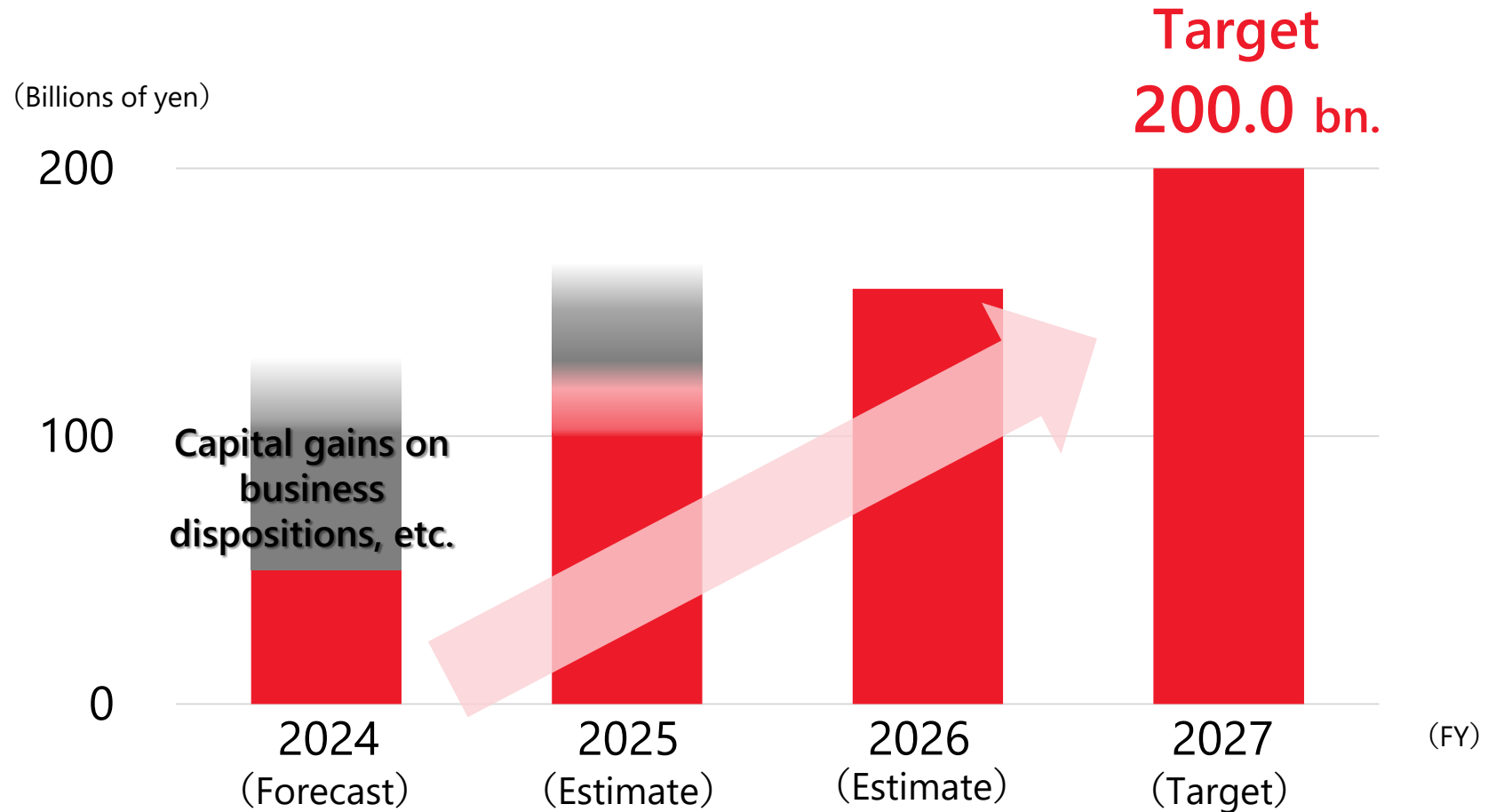
(Billions of yen)

	FY2024 Forecast	FY2027 Target	Change
Sales Revenue	2,600.0	2,400.0	-200.0
Core Operating Income	100.0	200.0	100.0
Net Income Attributable to Owners of the Parent	25.0	100.0	75.0
ROE	3%	8%	6pp
ROIC	2%	6%	4pp



## Underlying performance improves year by year towards FY2027

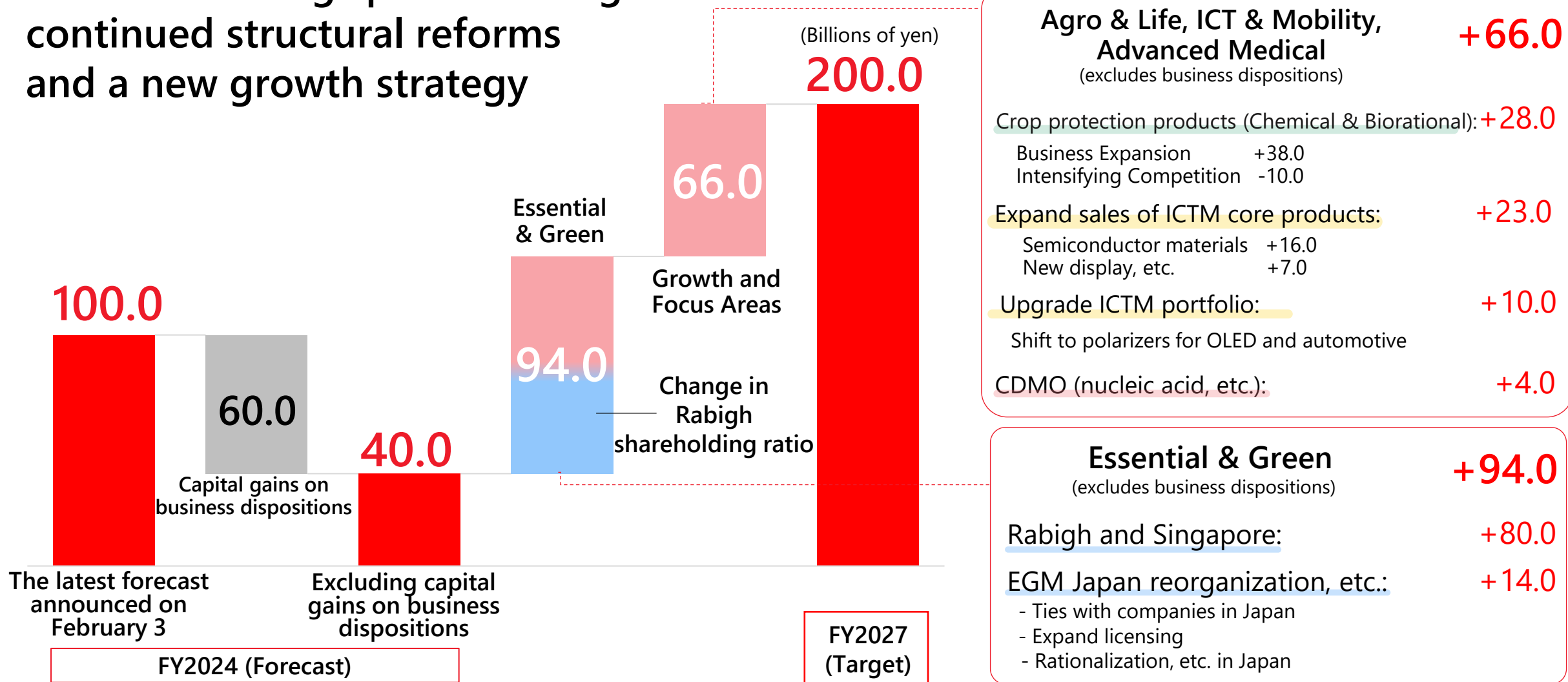
### Core Operating Income



(Billions of yen)

	FY2024 Forecast	FY2027 Target	Change
Agro & Life Solutions	53.0	80.0	27.0
ICT & Mobility Solutions	65.0	80.0	15.0
Advanced Medical Solutions	3.0	10.0	7.0
Essential & Green Materials	-64.0	25.0	89.0
Sumitomo Pharma	24.0	5.0	-38.0
Others	19.0		
<b>Total</b>	<b>100.0</b>	<b>200.0</b>	<b>100.0</b>
(Excluding capital gains on business dispositions)	40.0	200.0	160.0

Enhance earnings power through continued structural reforms and a new growth strategy



Basic  
direction  
01

Upgrade business portfolio with  
new growth strategy

Basic  
direction  
02

Build greater resilience by executing  
continued structural reforms

Basic  
direction  
03

Improve financial and capital efficiency

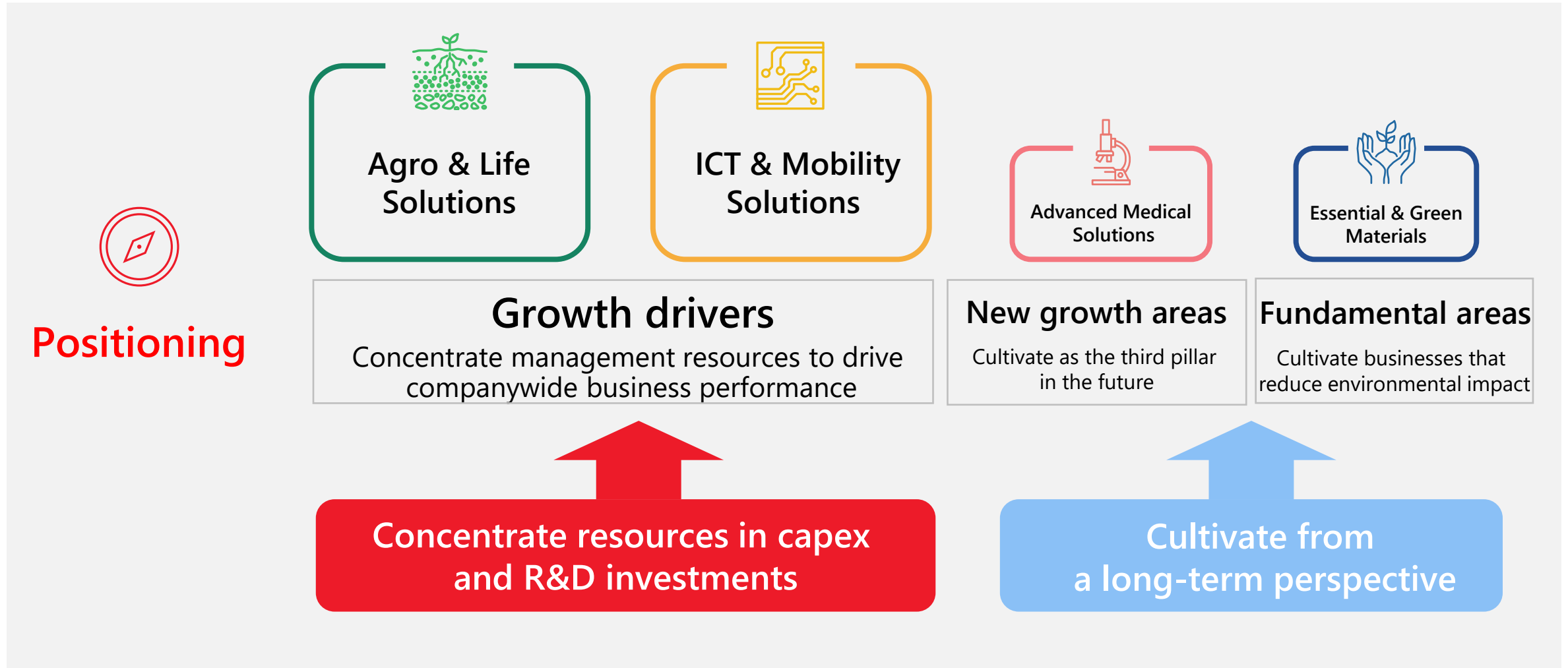
Basic  
direction  
04

R&D strategy based on 3 X's

Basic  
direction  
05

Strengthen management base  
supporting new growth strategy

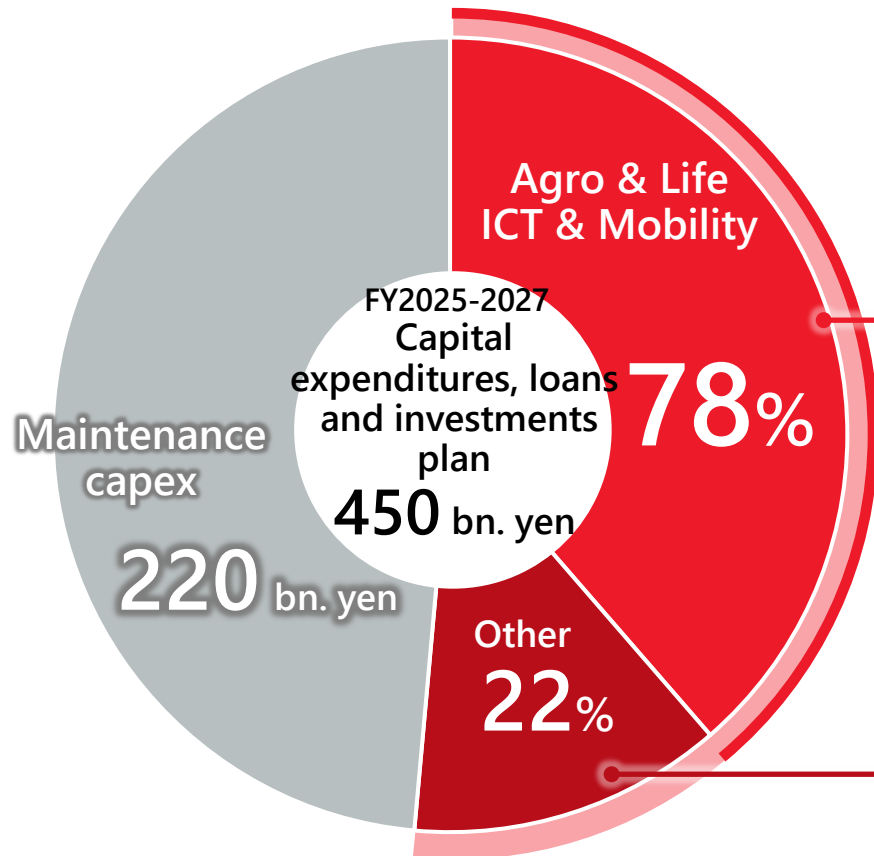
## Upgrade business portfolio by clarifying the positioning of each sector and appropriately allocating resources



# Concentrate resources in growth drivers

## Business investments (capex, loans and investments)

Under new plan, prioritize financial discipline of 450 bn. yen (within scope of D&A) and appropriately allocate strategic investments, with approximately 80% into growth drivers.



Strategic investments **230** bn. yen

Agro & Life  
ICT & Mobility

**78%**  
approx.  
**180** bn. yen

Major investments

- Agrosolutions M&A
- Agrosolutions new products support
- Added capacity in semiconductor chemicals
- Next-generation displays

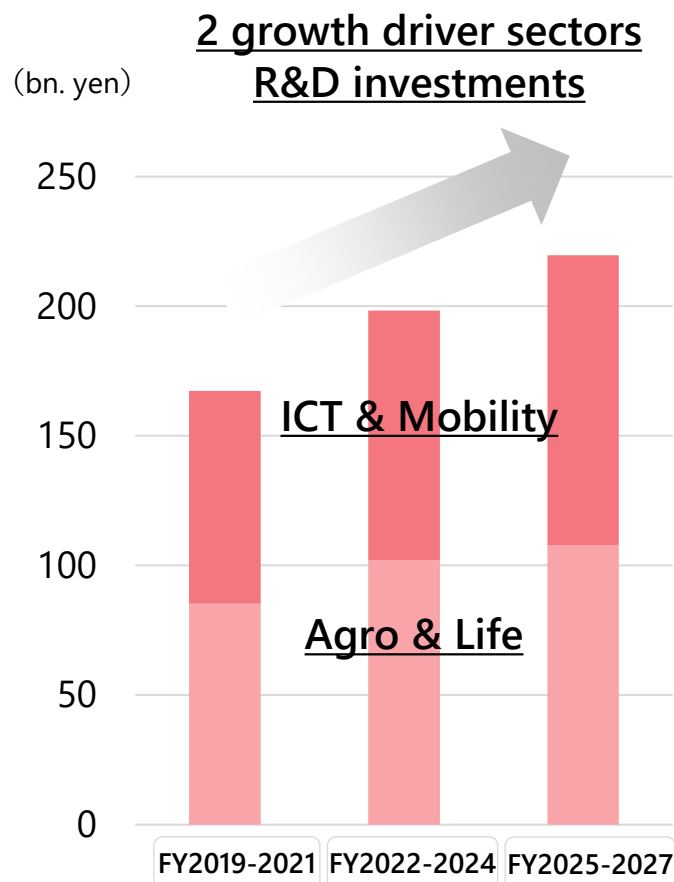
Advanced Medical  
Essential & Green  
Other

**22%**  
approx.  
**50** bn. yen

Major investments

- Technologies that reduce environmental impact

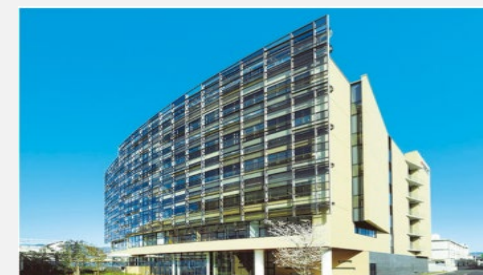
R&D investments / R&D investments in growth drivers increased by 30% (compared to 2019-2021).



## Main R&D themes

### Agro & Life solutions

- Contribute to regenerative agriculture (no-till farming, carbon storage)
- Accelerate the drug development of next-generation pipeline
- Expand countries where B2020 & A2020 are registered
- Differentiate biorationals and expand botanicals



Agro & Life Solutions Research Center

### ICT & Mobility Solutions

- Develop cutting-edge photoresists such as organic molecular resist
- Upgrade quality and productivity of high-purity chemicals
- Develop semiconductor back-end process materials
- Create long-term earnings stream from OLED and automotive polarizers



Pangyo Next Generation Center  
(South Korea)  
Opened October 2024

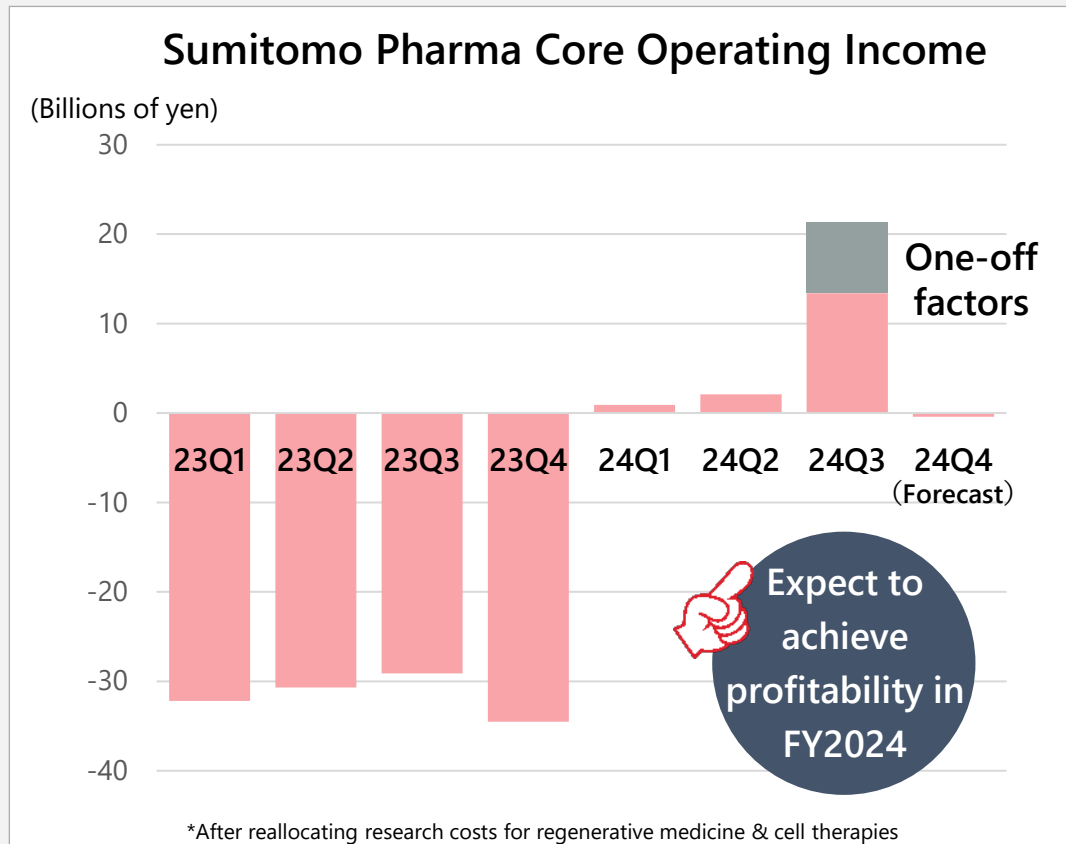
In addition to the agreed upon financial improvement plan, execute Aramco-led rebuilding plan and strengthen fundamental earnings power.

Challenges		Major action plans under new plan
Financial improvement (Near-term)	Agreed	<ul style="list-style-type: none"> <li>◆ <u>Reduce cumulative losses and interest-bearing debt</u> <ul style="list-style-type: none"> <li>✓ Contribute (alongside an equal contribution from Saudi Aramco) to Rabigh \$702 million proceeds from sale of equity Rabigh to use those funds to pay down debt and reduce interest costs</li> <li>✓ Reduce our equity stake from 37.5% to 15% through the sale of shares to Saudi Aramco</li> </ul> </li> </ul>
Strengthen earnings power (Near-term)	Under way Under study	<ul style="list-style-type: none"> <li>◆ <u>Execute the following near-term measures focused mainly on strengthening earnings power of petroleum refinery</u> <ul style="list-style-type: none"> <li>✓ Increase olefin production through de-bottlenecking of ethane cracker and HOFCC</li> <li>✓ Strengthen feedstock competitiveness by changing crude oil types, etc.</li> <li>✓ Measures to reduce sulfur content and increase margins in petroleum refinery products</li> <li>✓ Continue to implement measures aimed at strengthening plant reliability, enhancing utilization rates and otherwise improving earnings</li> </ul> </li> </ul>
Strengthen earnings power (Mid- to long-term)	Under study	<ul style="list-style-type: none"> <li>◆ <u>Accelerate studies of mid- to long-term measures, including upgrades to petroleum refinery equipment</u></li> </ul>





## Recent business performance



### 3 key products

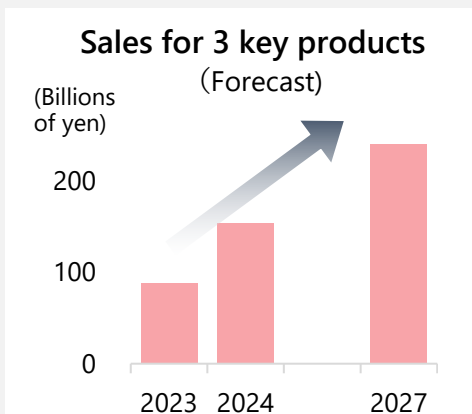
- **ORGOVYX®**: Sales grew substantially on reduced patient burden and promotional successes
- **MYFEMBREE®**: Pursued product profitability improvements through exclusive sales
- **GEMTESA®**: Steady growth amid launch of rival generics

### Cost reductions

- Effects from business structure improvements and narrower focus of R&D investments
- Cut more than 100 bn. yen in costs year on year



## Future growth and Improve financial standing



### 3 key products

#### ORGOVYX® (Advanced Prostate Cancer)

- Expanding share within ADT\* market as the only oral agent \*ADT: Androgen Deprivation Therapy

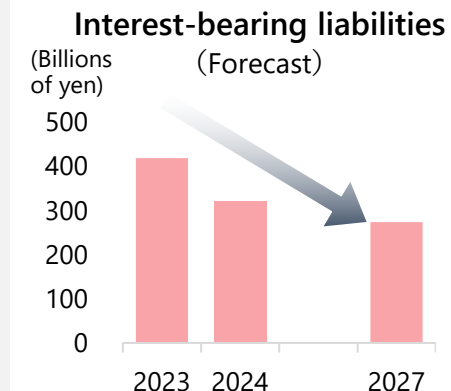
#### GEMTESA®

- Overactive Bladder
- Overactive Bladder with Benign Prostatic Hyperplasia **NEW**

- Aim to expand sales by increasing the range of indications

#### MYFEMBREE® (Uterine Fibroids/Endometriosis)

- Gaining share in endometriosis



### Interest-bearing liabilities reductions

- Substantially reduced borrowings on sales of Roivant shares
- Improve financial standing leveraging operating cash flows from growth in 3 key products



## Small molecule drugs (drug discovery) business positioning

- ✓ Limited synergies in field of small molecule drugs.
- ✓ Strongly support the company's reconstruction through the dispatch of executives, etc.
- ✓ At the same time, consider the best partners who can contribute to the company's sustainable growth.



## Regenerative medicine & cell therapy

SUMITOMO CHEMICAL



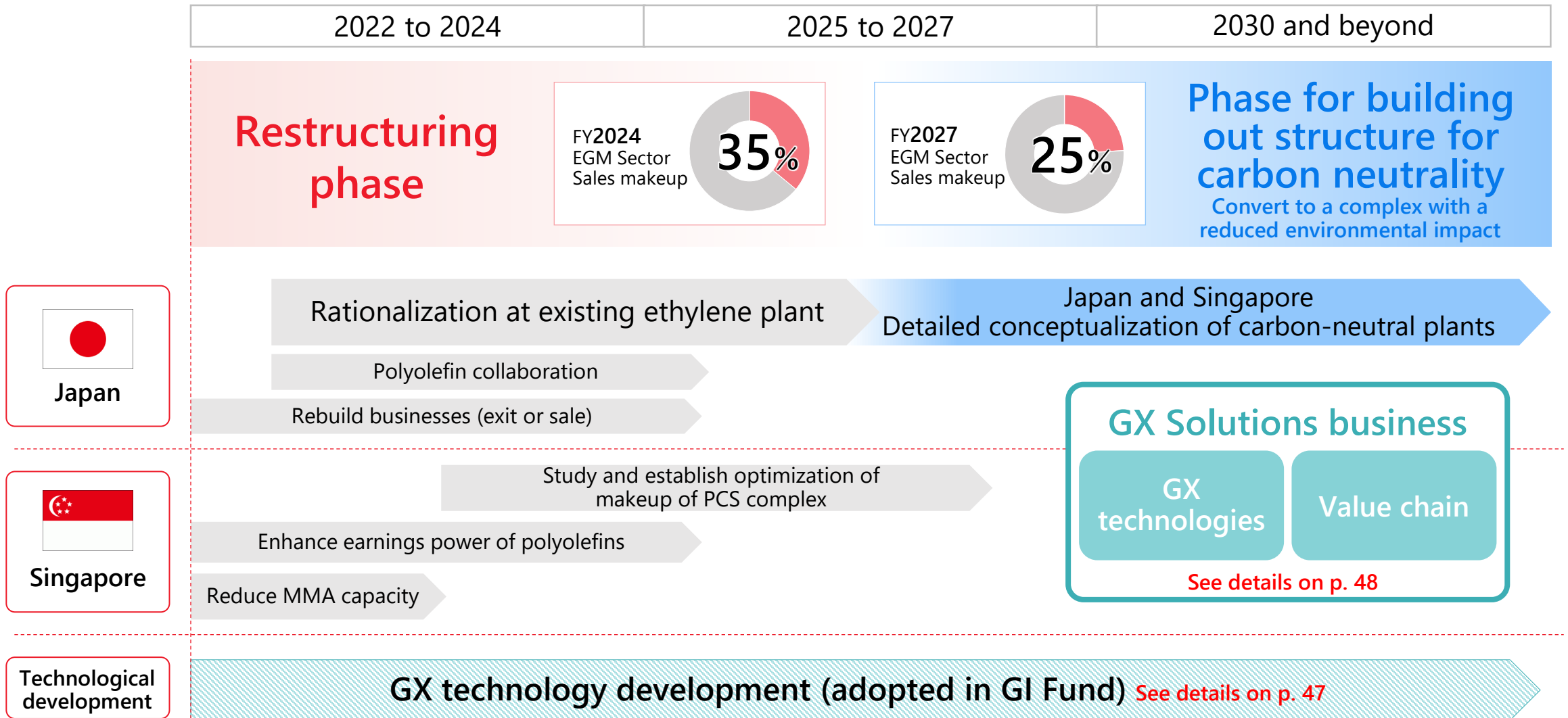
Sumitomo Pharma

- ✓ Sumitomo Pharma's technology and advanced knowledge as a front-runner in regenerative medicine and cell therapy
- ✓ Our expertise in industrial engineering, analysis and evaluation, and quality management

The entire Sumitomo Chemical Group is promoting development and business expansion.

# Japan and Singapore P&P reorganization

Complete structural reforms under the new plan.  
Solidify standing aimed at commercializing businesses that reduce environmental impact



# Thoroughly re-implement ROIC-oriented management

Thoroughly re-implement ROIC-oriented management.  
Enhance capital efficiency toward medium- to long-term goals.

	Positioning	FY2027 (Target)	FY2035 (Goal)
Agro & Life Solutions	<b>Growth drivers</b> Concentrate management resources to drive companywide business performance	8%	11%
ICT & Mobility Solutions		11%	15%
Advanced Medical Solutions	<b>New growth areas</b> Cultivate as the third pillar in the future	7%	} over 10%
Essential & Green Materials	<b>Fundamental areas</b> Cultivate businesses that reduce environmental impact	4%	

# Thoroughly re-implement ROIC-oriented management

Simultaneously advance both strengthening of earnings power and optimization of invested capital while we also strengthen management systems. Enhancement of enterprise value.

## Improve ROIC

FY2024 1.5% → FY2027 5.5% **Improve +4.0pp**

**Improve +2.3pp**

### Strengthen earnings power

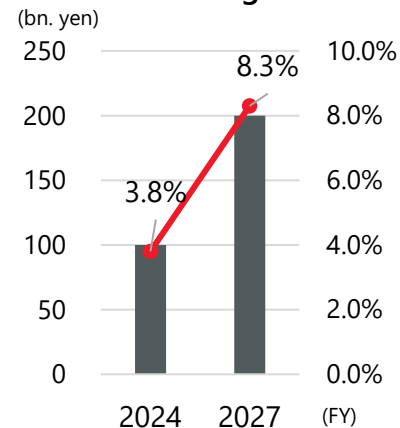
Launch and expand sales of blockbuster crop protection products

Expand business in semiconductor materials

Strengthen cutting-edge medicine CDMO

Enhance earnings power of P&P

Core Operating Income and Margin



**Improve +1.7pp**

### Optimize invested capital

Actively invest resources into growth drivers

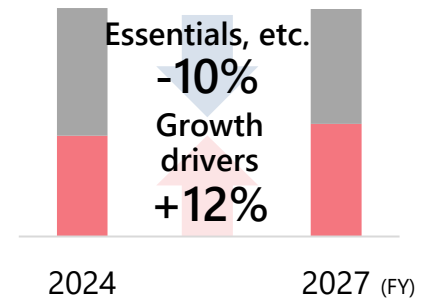
Restructure P&P inside and outside Japan

Dispose and exit non-core businesses

Streamline capex, loans and investments

Improve CCC

Invested capital



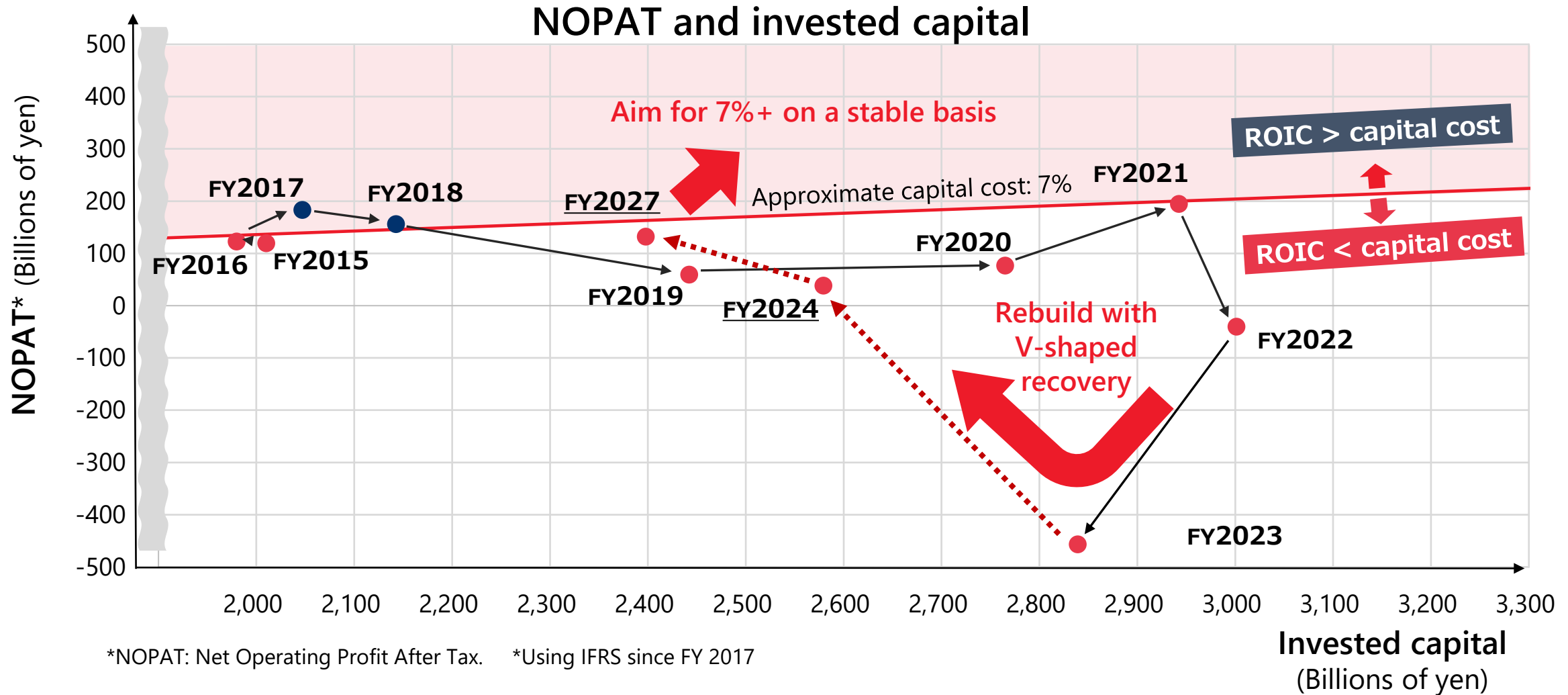
### Strengthen management systems

Newly establish business portfolio review committee

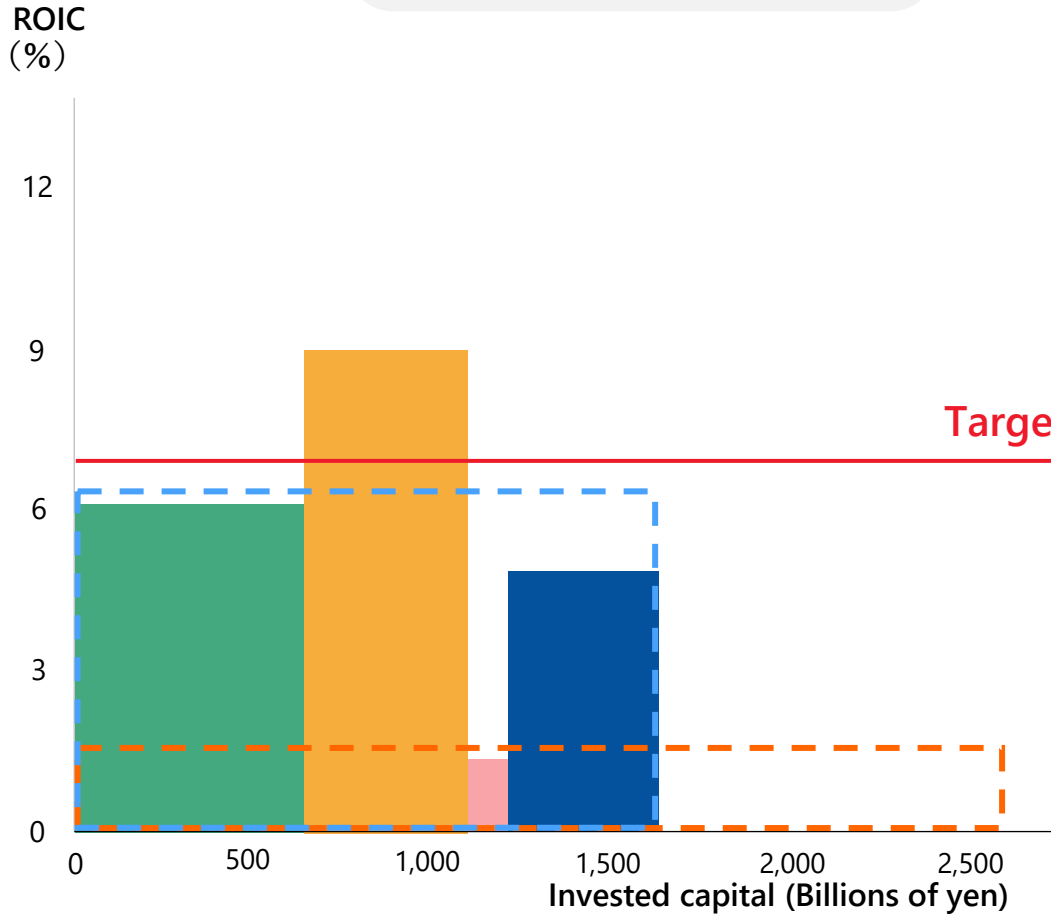
Review processes for deliberating investments

Redesign governance institutions

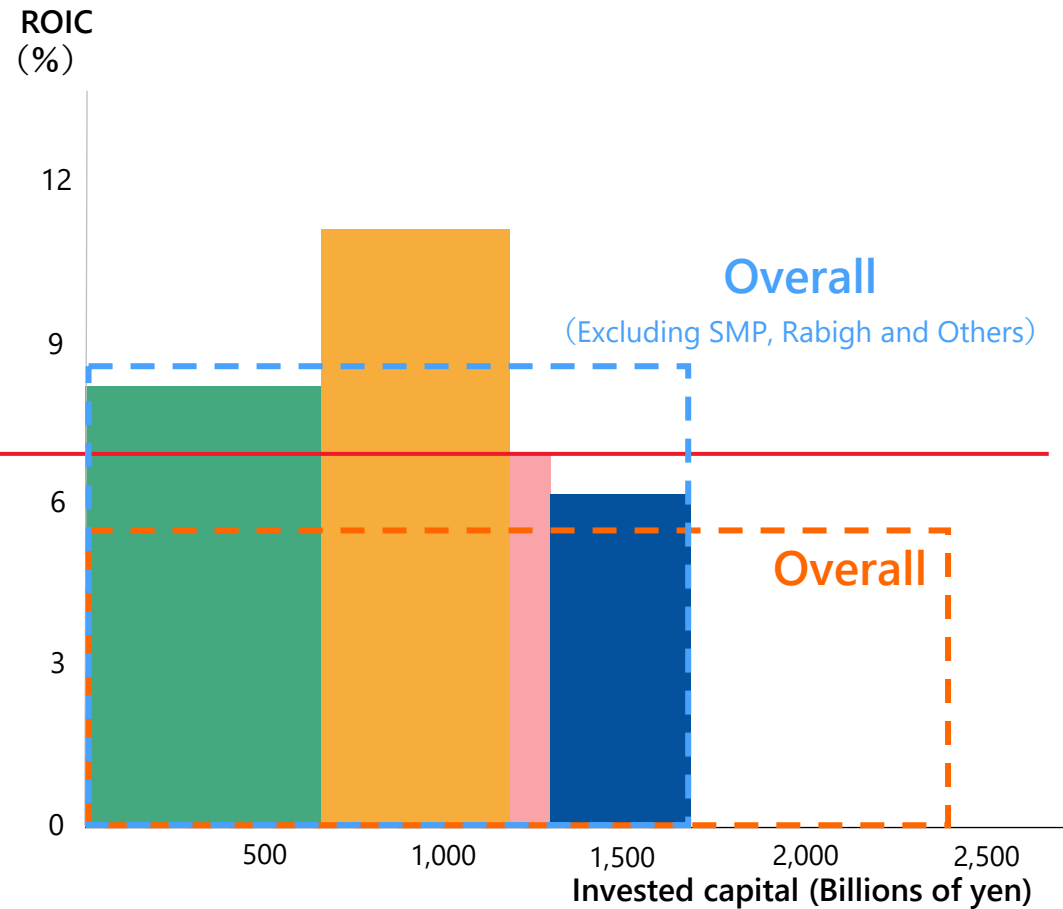
V-shaped recovery at the same time we substantially rein in invested capital.  
Aim for a stable ROIC of 7%+ after the period under the new plan.



FY2024 (Forecast)



FY2027 (Target)



- Agro & Life
- ICT & Mobility
- Advanced Medical
- Essential & Green (Excluding Rabigh)
- Overall
- Overall (Excluding SMP, Rabigh and Others)

# Cash allocation

Total: Approx. **1.13** trillion yen

## Operating cash flows, etc.

(Before deducting R&D expenditures)  
3-year cumulative

**930** bn. yen

## Cash generation measures

(Effects from asset sales,  
compression of cash and deposits,  
and structural reforms)

**200** bn. yen

## Business investment:

Approx. **920** bn. yen

Capex, loans and investments: **450** bn. yen

R&D expenses: **470** bn. yen

## Financial measures:

Approx. **210** bn. yen

Shareholder returns: **70** bn. yen

Loan repayments: **140** bn. yen



# Cash generation measures

Continue to generate cash under the new plan.  
New target of 200 bn. yen along with resilience benefits from continued execution of structural reforms.



## Rebuild businesses

**Generate**  
**70 bn. yen**

Advance sale of noncore businesses from the perspective of best owner

- ✓ Projects that were not completed in FY 2024
- ✓ New rebuilding projects



## Improve working capital

**Cut**  
**50 bn. yen**

Inventory reduction: 40 bn. yen  
(including effects of business rebuilding)

Strengthen asset & liability management: 10 bn. yen



## Asset dispositions and leverage surplus funds

**Generate**  
**40 bn. yen**

Disposition of cross-shareholdings: 20 bn. yen  
Disposition of other assets: 10 bn. yen  
Surplus funds: 10 bn. yen

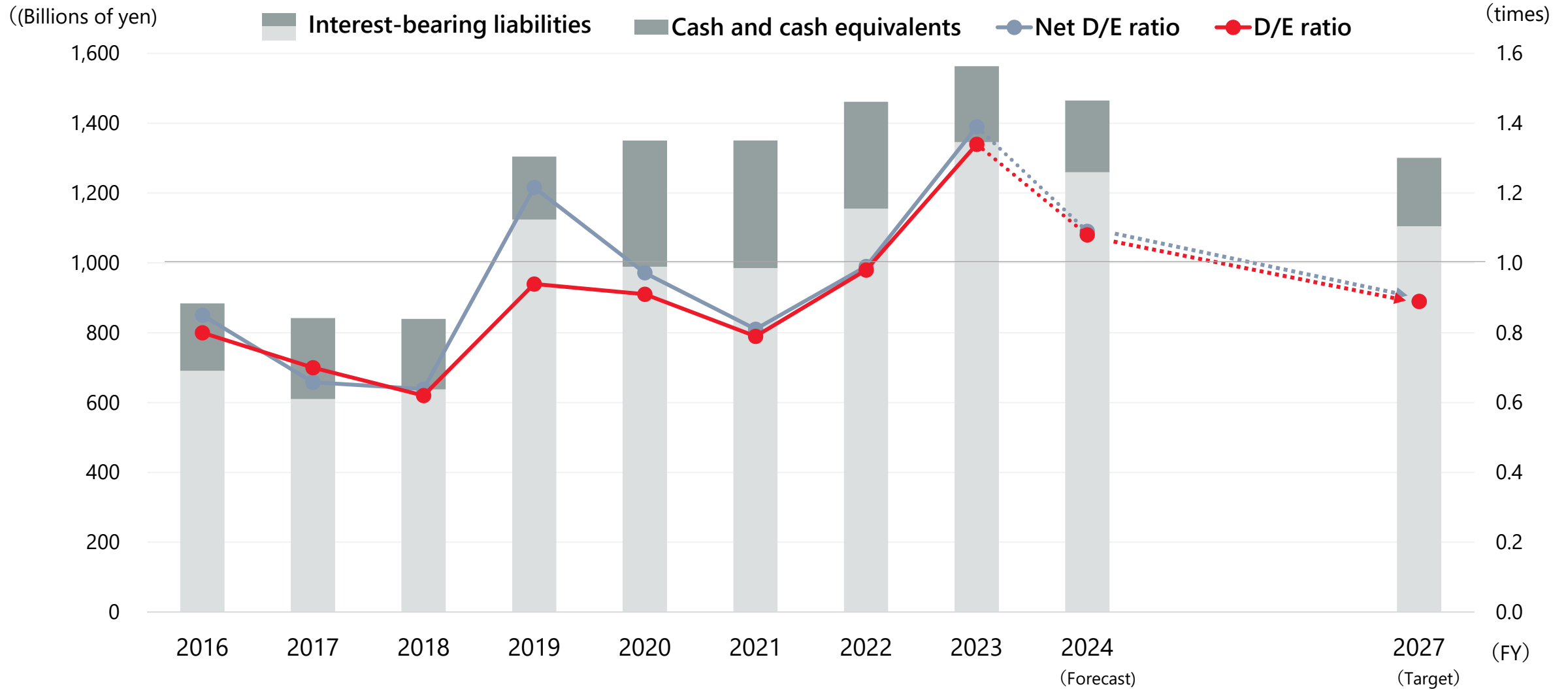


## Improvement effects from executing continued structural reforms

**Generate**  
**40 bn. yen**

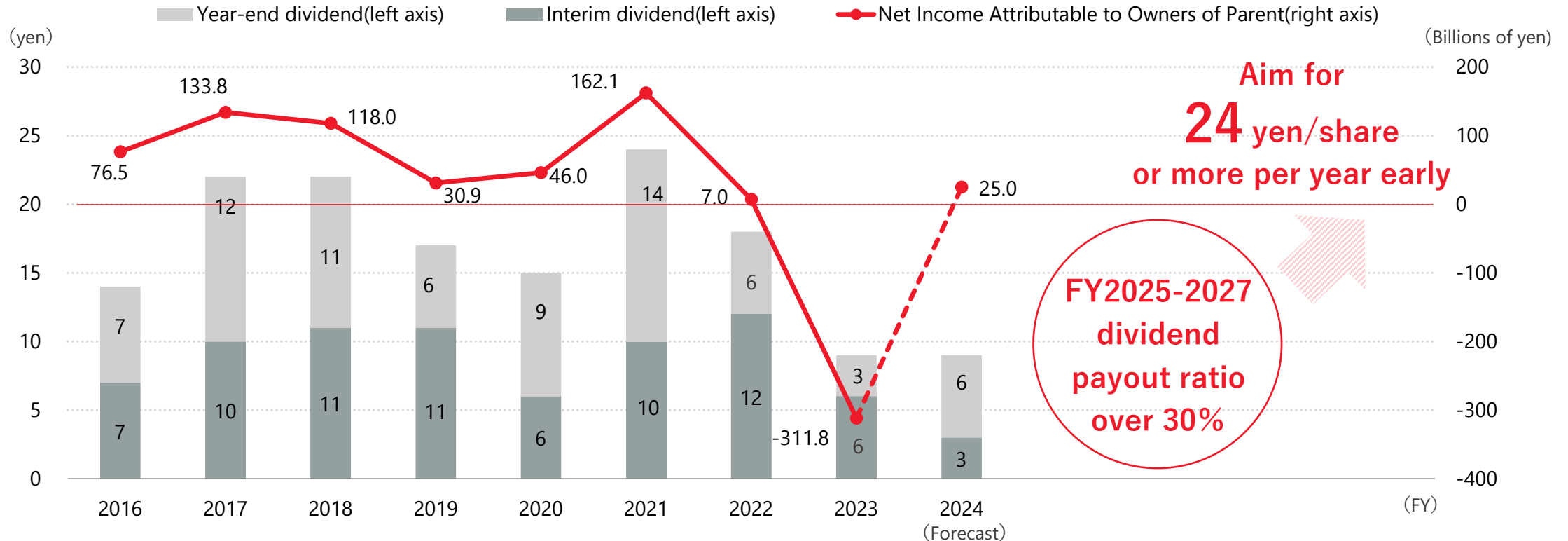
Effects from structural reforms outside of growth drivers

## Interest-bearing liabilities



## Shareholder returns

Dividend payout ratio during the period under the new plan is expected to be over 30%.

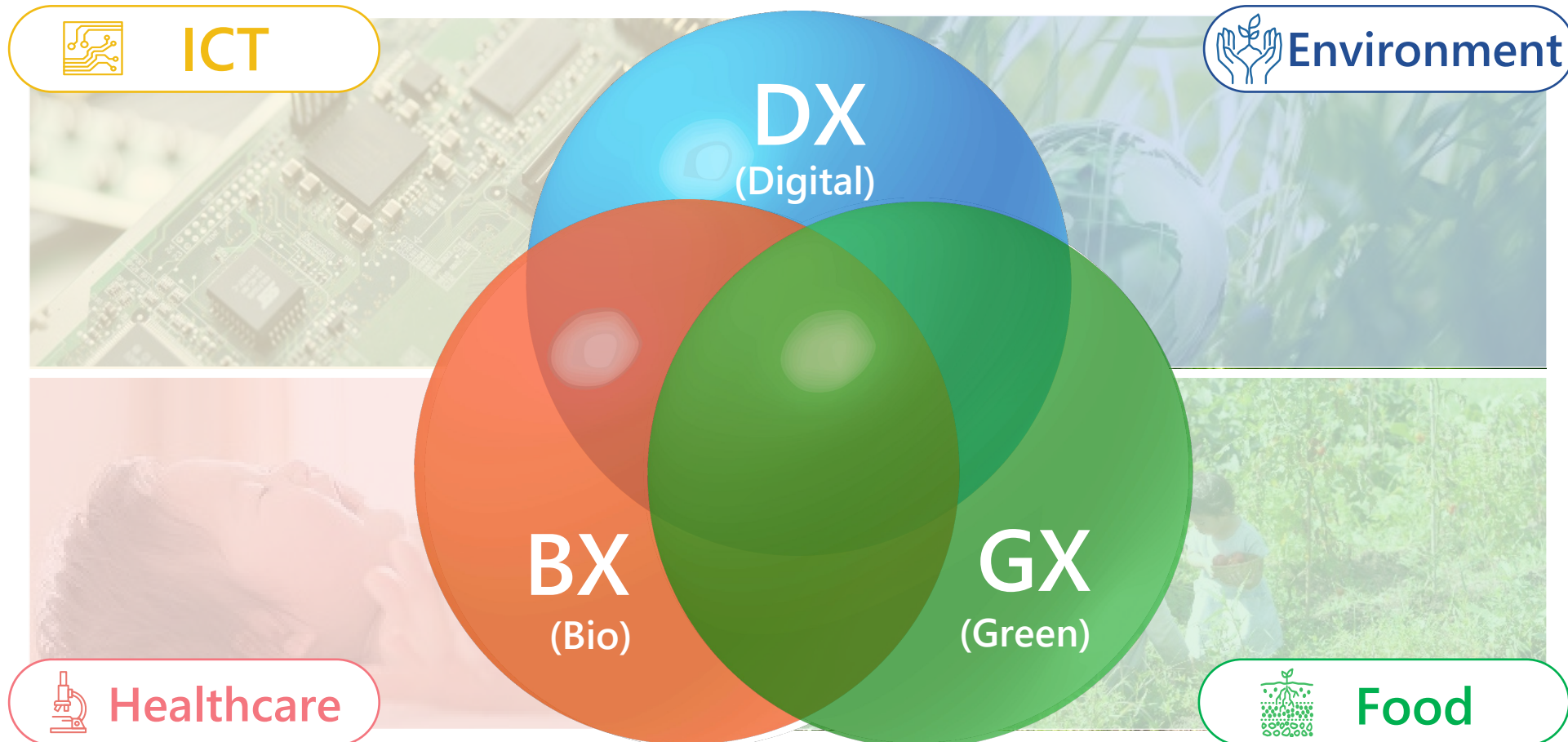


**FY2025-2027**  
dividend  
payout ratio  
over 30%

**Aim for**  
**24 yen/share**  
or more per year early

29.9	26.9	30.5	89.9	53.3	24.2	421.2	—	58.9	Dividend payout ratio (%)
1.24	1.09	0.84	0.57	0.92	0.75	0.62	0.57		PBR

Take a long-term view and deliver solutions  
in the 3 X's (GX•BX•DX) to solve society's challenges through our business





## Leverage biotechnology to create value for both society and the economy

### White bio Grow to a 50 bn. yen business in 203X

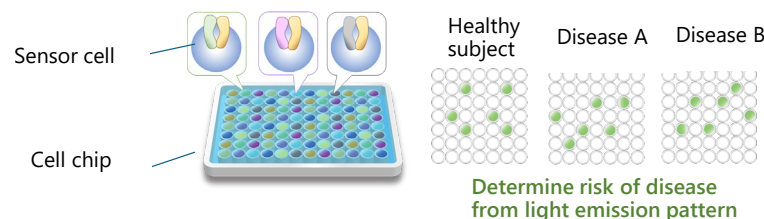
- ✓ Cut GHG emissions with bio-based manufacturing that does not use petrochemical resources
  - ✓ Target: Convert our products to bio-based input materials
- Bio-manufacturing of rare bio-derived products**

Bacteria design   Process design   Scale up   Production

Broad coverage at multiple of our research centers, including our Bio-Science Research Center

### Disease risk testing kits Grow to a 50 bn. yen business in 203X

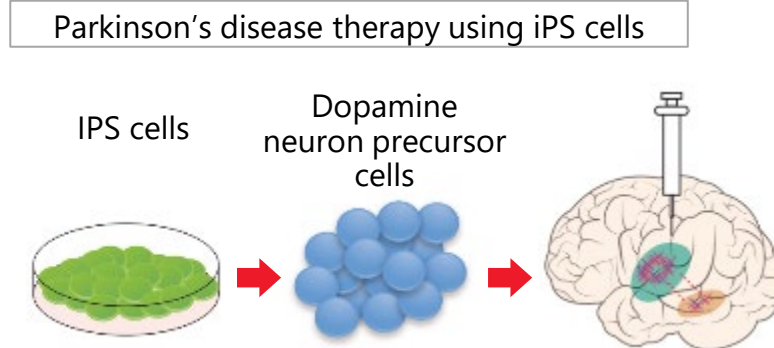
- ✓ Realize **determination of disease risk using our proprietary cell chips** embedded with a diverse range of high-sensitivity receptors
- ✓ In 2027, enter testing\* business for consumers



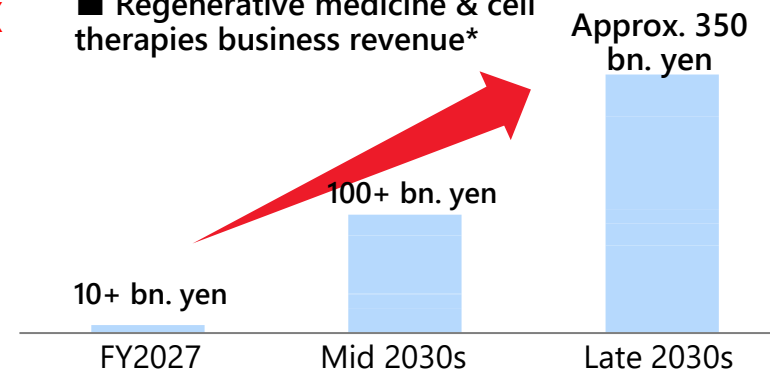
\* Testing developed based on clinical needs at medical facilities, health and wellness testing sites, etc.

### Regenerative medicine & cell therapies Grow to a 350 bn. yen business in 203X

- ✓ Expand treatment and CDMO businesses in US and Japan mainly in our first 3 products treating Parkinson's disease and retina
- ✓ Preparing filing in FY 2025 to be approved as world's first IPS cell derived product



#### Regenerative medicine & cell therapies business revenue\*



\*Before adjusting for success rates and assuming the launch of multiple products under development



## Innovate sought-after semiconductor technologies as we further promote DX

### Organic molecular resist

- ✓ Design and mass-produce resist materials at molecular size to support ultimate miniaturization of semiconductors
- ✓ Concentrate R&D resources and accelerate development of next-generation platform

#### Strengths

**Metal-free**

**Molecule:  
<1nm**

**Contrast**

Affinity with  
existing  
processes

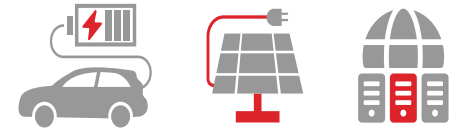
Achieves miniaturization

**Target 20%** share by volume in  
cutting-edge resist

### Compound semiconductors

#### Next-generation power devices (GaN)

Support increases in data volumes and energy consumption resulting from advances in AI



**Grow to a business of several tens of billions of yen in 203X, when power semiconductor demand fully ramps up**

### Semiconductor back-end process materials

Performance chemicals	Packaging materials	Wiring materials
<ul style="list-style-type: none"> <li>In-process cleaners</li> <li>Wafer protectant</li> <li>High throughput solutions</li> </ul>	<ul style="list-style-type: none"> <li>Next-generation thermal management materials</li> </ul>	<ul style="list-style-type: none"> <li>For next-generation processes Photosensitive materials</li> </ul>
<p>Adopted in mass production</p>		<p>Under development with customer</p>
<p>Under development with customer</p>		<p>Under development with customer</p>

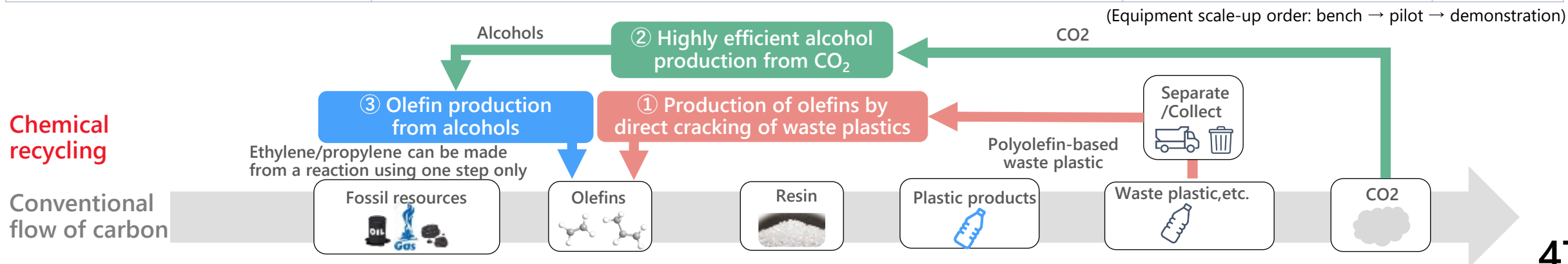
**In 2030 and beyond, aim for 10% of total sales to be semiconductor materials**



## Technologies that reduce environmental impact (Green Innovation Fund)

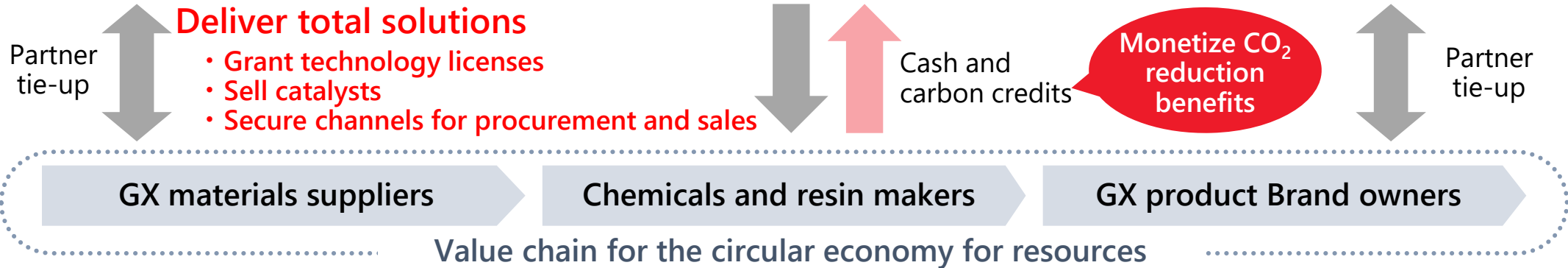
Leverage the GI Fund to promote the development of technologies that reduce environmental impact

Development themes		Progress to date	Targets under the new plan (out to 2027)	Commercialization target
Chemical recycling	① Production of olefins by direct cracking of waste plastics	<ul style="list-style-type: none"> <li>Achieved <b>60% yield of targeted olefin yield</b> in bench trials</li> <li>Began design of pilot facilities</li> </ul>	Build and launch pilot facilities	Early 2030s
	② Highly efficient alcohol production from CO <sub>2</sub>	<ul style="list-style-type: none"> <li>Achieved <b>80% methanol yield</b> in pilot (compared to about 20% under conventional methods)</li> <li>Began design of demonstration facilities</li> </ul>	Build and launch demonstration facilities	
	③ Olefin production from alcohols	<ul style="list-style-type: none"> <li>Achieved <b>80% yield of targeted olefin yield</b> in bench trials</li> <li>Pilot facilities under construction. To be completed first half of 2025.</li> </ul>	Establish technological feasibility of pilot facilities and design commercial-scale equipment	
Membrane-based CO <sub>2</sub> separation		<ul style="list-style-type: none"> <li>Reclaimed CO<sub>2</sub> of <b>90%+ purity</b> from multiple types of CO<sub>2</sub> emission sources</li> </ul>	Demonstrate on pilot facilities	Around 2030
Cathode direct recycling		<ul style="list-style-type: none"> <li>Achieved <b>98% battery capacity recovery</b> in direct-recycled products on bench equipment</li> </ul>	Study scale up for continuous operations	Early 2030s





# Create GX Solutions Business based on the licensing of GX technologies

 SUMITOMO CHEMICAL


## Summary of the GX Solutions Business

- Deliver solutions that form a value chain for the circular economy for resources, based on granting licenses for the manufacture of GX products
- Leverage competitive technologies to forge strong relationships with Brand owners, etc.
- In the future, receive carbon credits for CO<sub>2</sub> reduction benefits at customers

### Our strengths

- ✓ Lineup of GX products and technologies. Track record of adoption in the GI Fund.
- ✓ Catalyst sales where we project stable earnings over the long-term

## 2035: Anticipated business earnings

### Goals for the GX Solutions Business

Core Operating Income    Approx. **40 bn. yen**

CO<sub>2</sub> reduction contribution    Approx. equivalent of **2.5 million tons/year**

(Equivalent to 0.8 million tons of EtEP etc.)

EtEP: Production of ethylene and propylene from ethanol

## Direction under the new plan

From a long-term perspective, advance the employment and development of talent, our most important management resource. At the same time, strengthen engagement to achieve structural reforms and sustainable growth within our corporate group.

## Human resources systems and measures aimed at strengthening competitiveness



- Strengthen engagement through systems and measures that address difficulties securing talent, working couples, changes in how younger generations perceive work, and other factors

Positive responses in employee surveys

70%

(Average of other companies 56%)

## Strengthen and elevate our ability to attract talent



- Diversify employment sources and channels, improve communications, etc.

Employment of experienced hires

Targets 40%

(Currently 10%)

## Optimize personnel structures that align with our new growth strategy



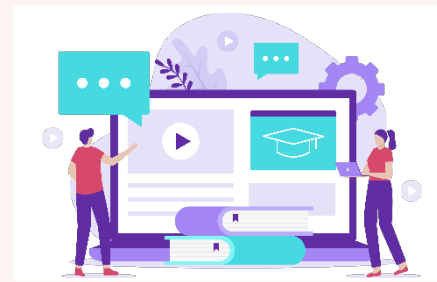
- Build organizations with strong earnings power and prioritize deployment into growth and development areas

Strengthening DX and AI utilization

20%

Reducing administrative and indirect tasks

## Encourage development and support autonomous career formation



- Encourage development and assist autonomous career formation by clarifying cycles of work and learning

Employees involved in development of capabilities, knowledge or skills

100%

Dual internal roles in 3 years:

150

(Double vs. today)

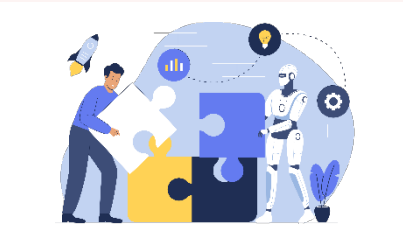
# Strengthen management base supporting new growth strategy Leverage DX to strengthen competitiveness and create new value

## Direction under the new plan

### DX NEXT empowered by AI



#### AI native company



- AI is embedded within work processes and all employees organically leverage AI

Active users of  
generative AI **100%**

#### Data monetization



- Achieve Biondo's business growth and the creation of the next data monetization business.

Digital product launches **5**

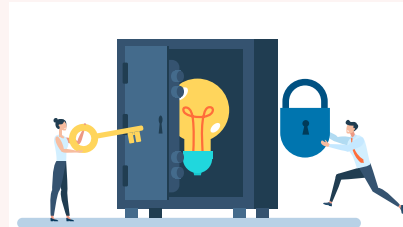
#### Strengthen business competitiveness



- Achieve 10X productivity improvement in work processes leveraging AI, IT and robotics

Rationalization effect  
from DX **10**  
bn. yen

#### Strengthen IT base

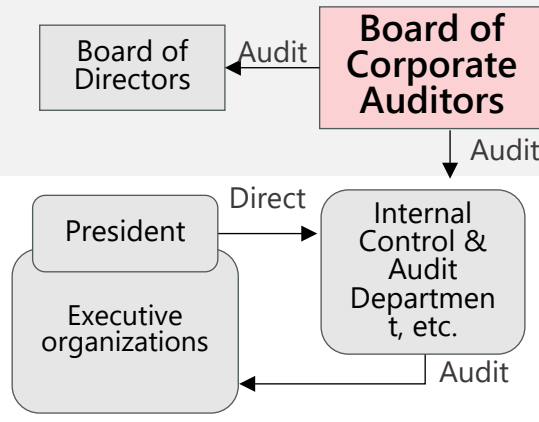


- Strengthen zero trust security countermeasures
- Build method and IT infrastructure that can rapidly respond to changes in the business environment

# Transition to a company with an Audit and Supervisory Committee

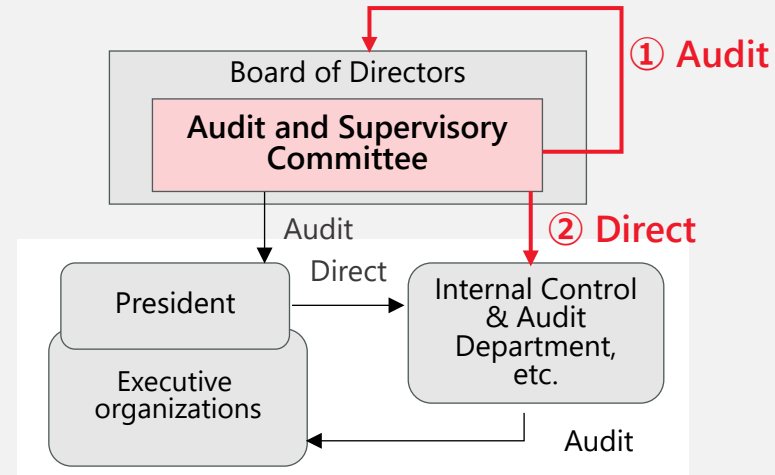
Strengthen governance structures and deepen discussions of management strategies and the like by redesigning institutions

## Before



Strengthen  
governance  
and  
supervisory  
functions

## After



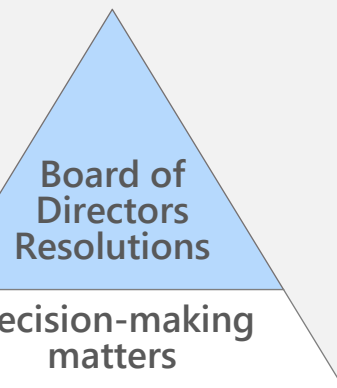
### Point ①

- Auditing by Audit and Supervisory Committee Members who are Directors

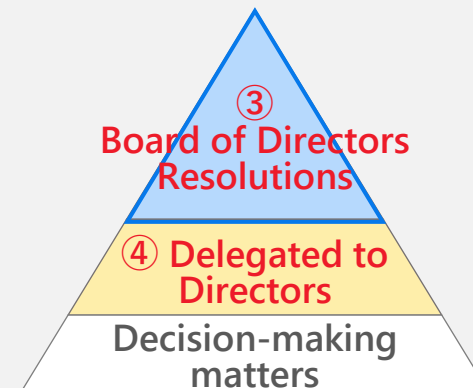
### Point ②

- Enhance effectiveness of auditing

Governance structures



Deepen  
discussions of  
management  
strategies,  
etc.



### Point ③

- Board of Directors can concentrate more on deliberation of priority matters

### Point ④

- Speeds up decision-making

Discussions and  
decision-making



Section

04

FY 2025 - 2027

# Sector strategies under the new Corporate Business Plan

## Sector Direction

Contribute to the realization of a regenerative society leveraging chemicals, biorationals and botanicals

## Business Environment



### Crop protection and lifestyle environment areas

Increasingly stringent regulatory requirements and growing demand for sustainable products.  
Reformative shift from modern to regenerative agriculture



### Animal nutrition Business domain

Increased demand for livestock businesses that conserve resources and leverage antibiotic-free and other advanced and sustainable technologies

## Priority Initiatives



### Solidly execute growth strategy

Globally deploy biostimulants and other new business areas, pursue synergies with existing products, and accelerate sales expansion of biorationals and botanicals



### Strengthen product supply regime

Optimize supply regime inside and outside Japan and secure supply capacity that is stable and competitive



### Launch and expand sales of new products and promote pipeline development

Launch and expand sales of INDIFLIN and Rapidicil, expand synergies with existing businesses, and promote development of next-generation pipeline



### Pursue cost competitiveness and capital efficiency

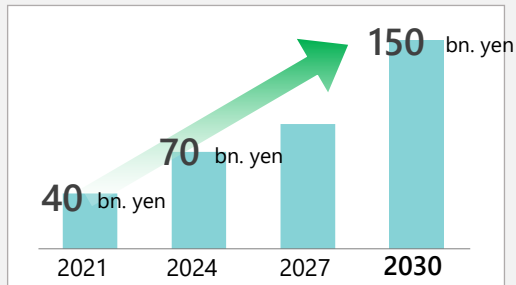
Compress working capital, optimize inventories, and strengthen manufacturing cost competitiveness



## Expand biorationals and botanicals and focus on expanding sales of blockbusters INDIFLIN and Rapidicil



### Biorationals and botanicals business



**2x**  
business scale by  
2030

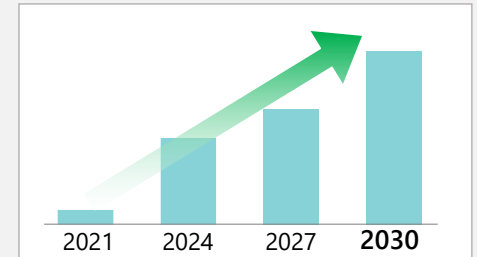
- Accelerate sales expansion leveraging dedicated organizations for biorationals in each country
  - ⇒ Expand business size mainly in Brazil, India, Europe, and US
  - ⇒ Expand sales of botanicals in crop protection, PCO (pest control operators) and other areas
- Launch new products, deploy to other countries and pursue PLCM<sup>※</sup> (new applications, formulations and mixture products)
- Global deployment of biostimulants and pheromones business
  - ⇒ Accelerate registration and launch in each country. Pursue synergies with existing products, including mixtures
- Continue to pursue M&A opportunities to further expand business

※PLCM : Product Life Cycle Management

### INDIFLIN<sup>®</sup>

Tens of billions of yen  
just a few years from  
launch

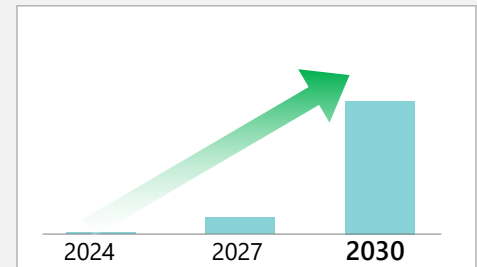
**2x**  
by 2030



- Expand product portfolio (mixtures, etc.)
- Develop new business opportunities (countries, crops indicated, applications)

### Rapidicil<sup>®</sup>

**Sales of several tens of  
billions of yen  
by 2030**



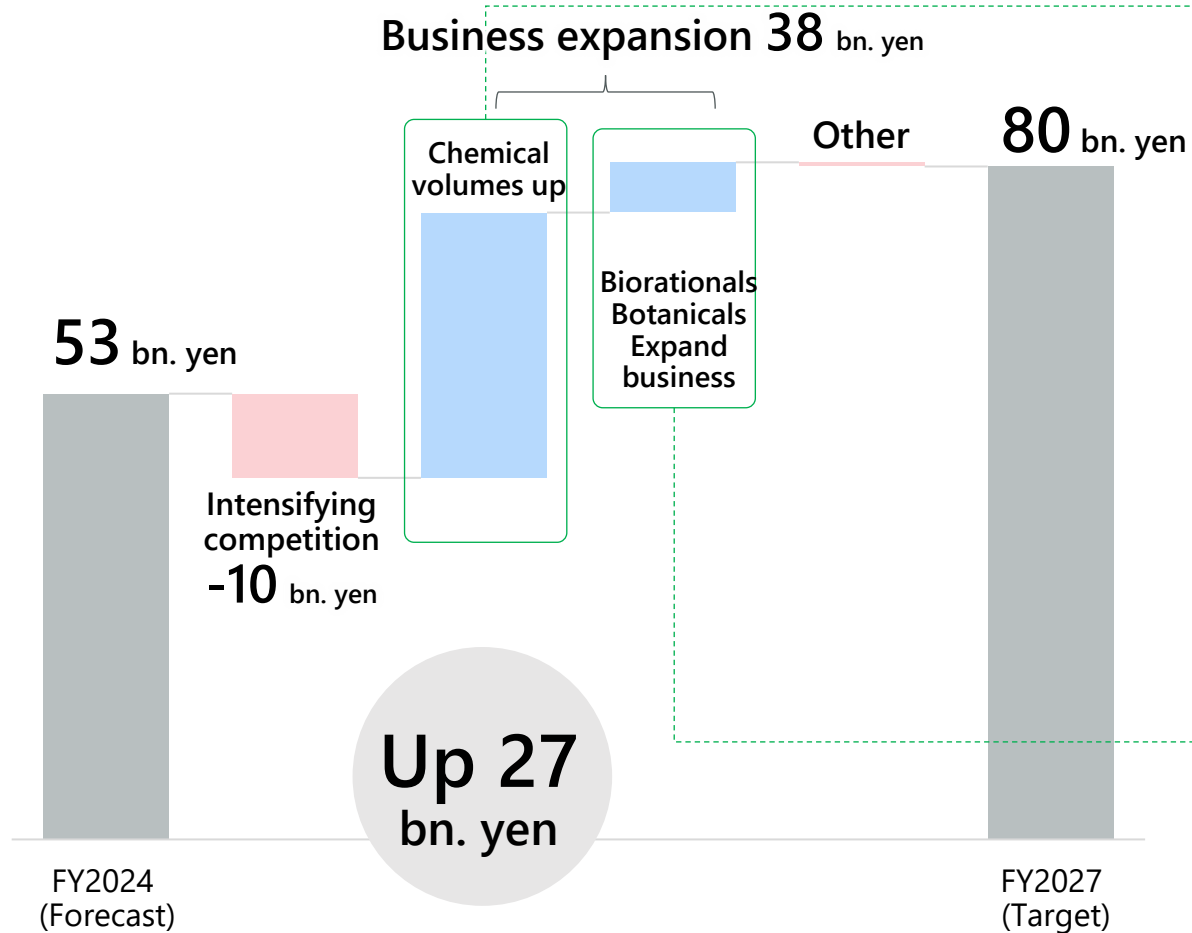
- Advance registration in countries in North and South America. Expand product lineup by developing mixture products.
- Build structures for PPO-tolerant crops and next-generation herbicide-resistant weeds

**With the strategic product group<sup>※</sup> including the above two drugs, aim for a sales level of 150 billion yen by 2030.**

※ Products launched since 2020 (B2020, A2020)



## Core Operating Income Targets



### Chemicals: Expand sales of blockbusters

#### INDIFLIN

- Expand sales further in Brazil and broaden product portfolio (mixture products, etc.)
- Develop new business opportunities (countries, crops indicated, applications)

#### Rapidicil

- Advance registration in countries in North and South America. Expand product lineup by developing mixture products.
- Build structures for PPO-tolerant crops and next-generation herbicide-resistant weeds



### Expand biorationals and botanicals business

- Accelerate global deployment of biostimulants and pheromone products acquired under the current plan
- Expand sales of botanicals in crop protection, PCO and a variety of other areas
- Launch multiple pipeline products in animal nutrition

## Sector Direction

- Maximize efficient use of management resources toward expansion of semiconductor-related businesses
- Maximize earnings in existing businesses by converting business structures and expanding business geographies
- Accelerate commercialization of items in advanced development phases

## Business Environment



## Semiconductor materials

- Stable growth on expanded use of AI and further advances in IoT, etc.
- Increased demand for new technologies such as 3D to drive greater sophistication and diversification in materials technologies and needs



## Display materials

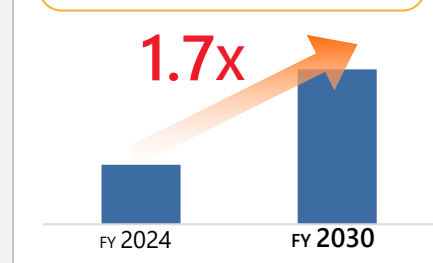
- Smartphone market matures. Meanwhile, adoption of OLED advances mainly in tablets and notebooks



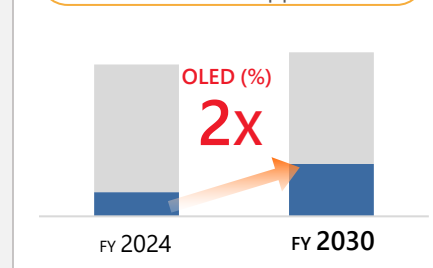
## Mobility

- Advances the spread of autonomous driving and smart mobility

Semiconductor market size



Adoption of OLED in mobile, IT, and automotive applications



## Business Strategy

## Semiconductor materials-related business

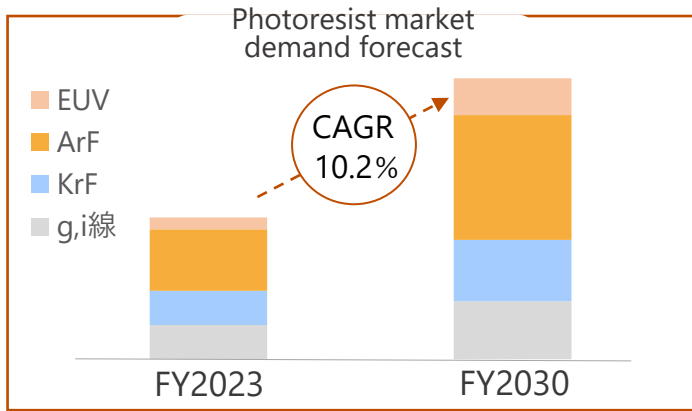
- **Cutting-edge photoresist** : Delve deeper in proprietary core technologies and expand the global supply and development regime
- **Semiconductor chemicals** : Build supply capabilities and establish world-class business scale
- **Semiconductor back-end process materials** : Enter back-end leveraging our knowledge in front-end processes, proprietary performance materials and processing technologies

## Display materials and mobility-related business

- **Polarizers for OLED** : Keep No 1 position with industry-leading proprietary technologies
- **Automotive polarizers** : Design proprietary high durability and rapidly support shift to OLED

## Cutting-edge photoresist

Thoroughly implement upfront investments into cutting-edge areas as semiconductors advance



**FY2024** Osaka: Completed construction of new building for research and mass production

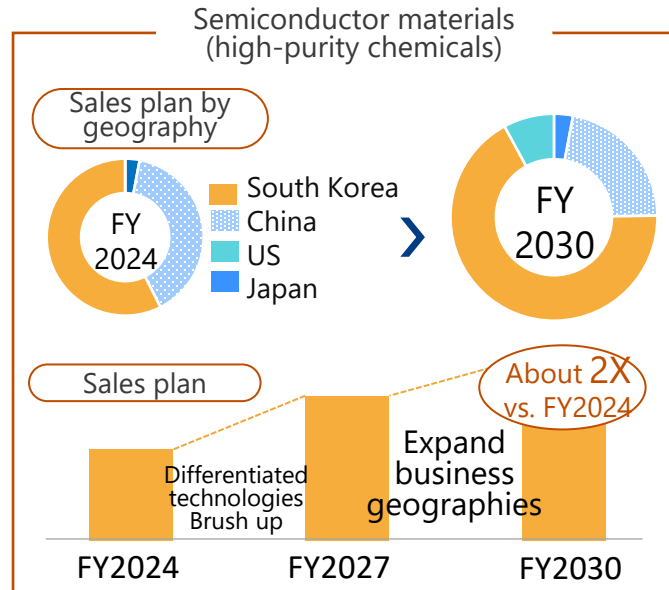
” South Korea: Launched new plant for photoresist

**NEW** **FY2026** Osaka: Added capacity for ArF immersion lithography tools

Expand leading share by further improving development precision and speed

## Semiconductor chemicals

Further expand business geographies  
Strengthen support of cutting-edge



**FY2024** South Korea: Substantially expand plant site

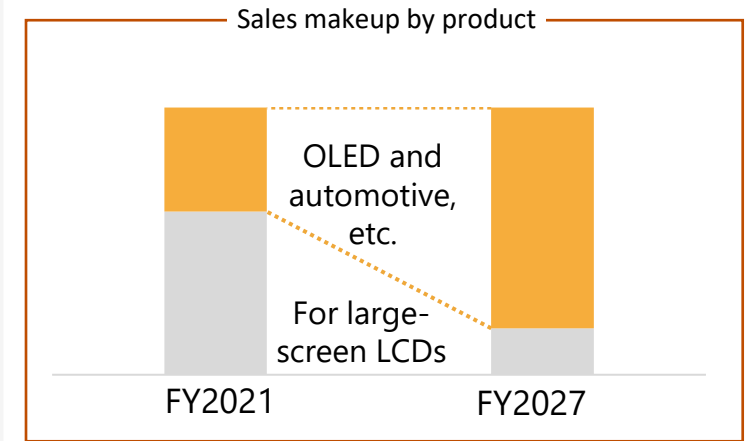
” Ehime: Support cutting-edge for high-purity sulfuric acid

**NEW** **H2 of FY2024** US: Begin prototype production at new Texas plant

Enter budding India market

## Display materials

Complete structural reforms to polarizers  
Shift toward high performance areas



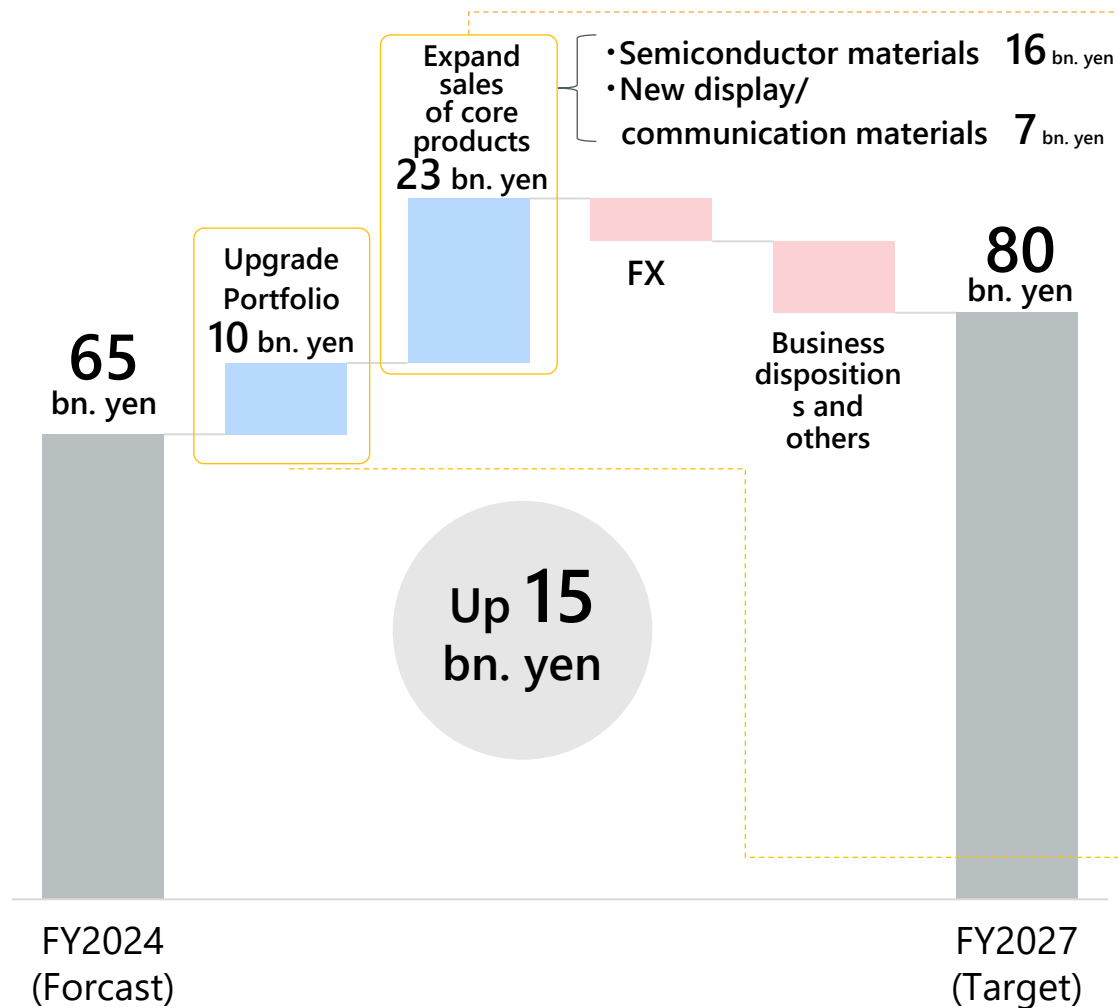
**From FY2023** Halt in succession lines for large-screen LCDs

**NEW** **FY2024** China: Sell polarizer business for large-screen LCDs

**NEW** **FY2026** South Korea: Convert line to OLED and automotive

Expand again with technologies that support ultra thin film and high resolution

## Core Operating Income Targets



## Photoresist

- Increase share with our proprietary new high-performance materials
- Ramp up operations at new cutting-edge photoresist plant in South Korea



## Semiconductor chemicals

- High-purity chemicals: Grow earnings by expanding business geographies
- Performance chemicals: Deploy into global niches



## Semiconductor back-end process materials

- Enter market leveraging knowledge, key materials, and core technologies from front-end processes



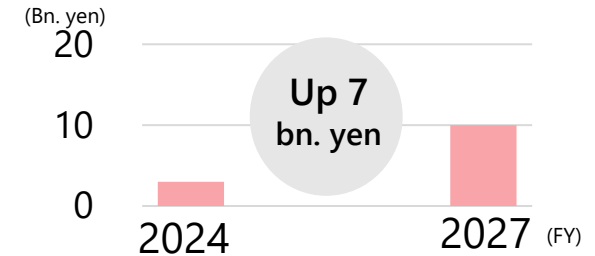
## Display materials

- Shift toward high performance types

### Sector Direction

Advance organic business growth while we make concrete steps toward an explosive growth strategy in the field of cutting-edge medicine.

### Core Operating Income Targets



### Business Environment



#### CDMO

Advanced small molecule drugs, long-chain nucleic acids, and regenerative medicine & cell therapies are all areas of high difficulty where tremendous growth is expected



#### Regenerative medicine & cell therapies

The global market has surpassed \$2 billion and is expected to grow 10% to 15% annually

### Business Strategy

#### Advanced small molecule drugs CDMO

- Our main target customers will be Japanese semi-major and mid-sized pharmaceutical companies that require our comprehensive capabilities
- Advance highly prioritized promotions through multi-faceted analysis of customer pipelines and development and buyout directions
- Encourage growth into a high-profit business with a focus on new drug CDMO

#### Long-chain nucleic acids CDMO

- Promote our quality standardization in the field of gRNA for genome-editing therapies leveraging our strengths in high-purity long-chain gRNA, advanced analytical technology, and internal sourcing of key materials

#### Regenerative medicine & cell therapies CDMO

- Expand business by enhancing production equipment
- Strengthen organizations and build out a base in the US in preparation for explosive future growth

## Sector Direction

Rebuild existing businesses and establish earnings foundations insulated from market fluctuations at the same time we establish technological feasibility and prepare structures to support the delivery of solutions that reduce environmental impact in 2030 and beyond

### Business Environment



#### Supply & demand trends for petrochemical products

Demand within Japan remains stagnant while softness is to continue overseas despite a pause in new capacity



#### Market outlook for overseas product

Not expecting a substantial recovery given prolonged softness in the balance between supply and demand

### Business Strategy

#### Complete rebuilding of the businesses

- Optimize business makeup leveraging corporate ties between Japan and Singapore and further clean up unprofitable or non-core businesses

#### Higher profitability on improve product mix

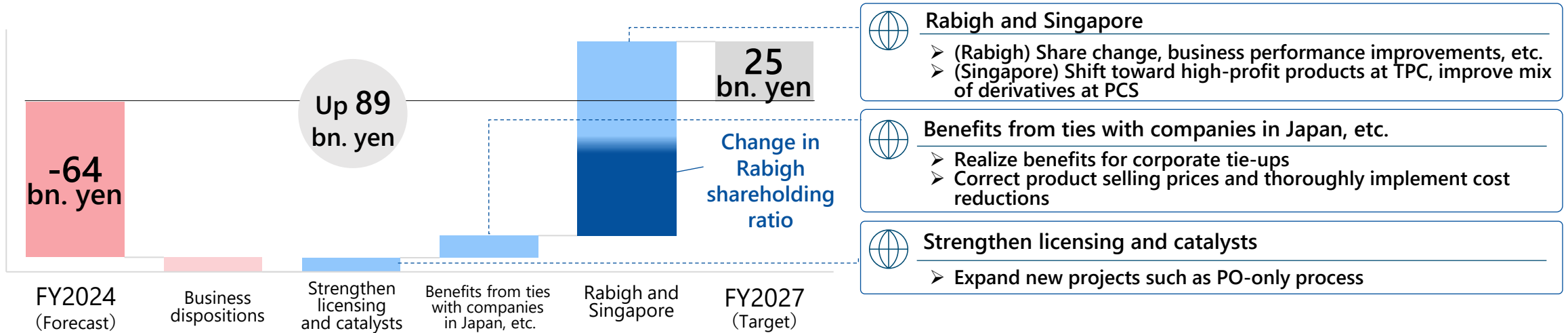
- Develop and expand sales of high-earning products, such as PP for batteries at TPC

#### Build a base for delivering solutions that reduce environmental impact

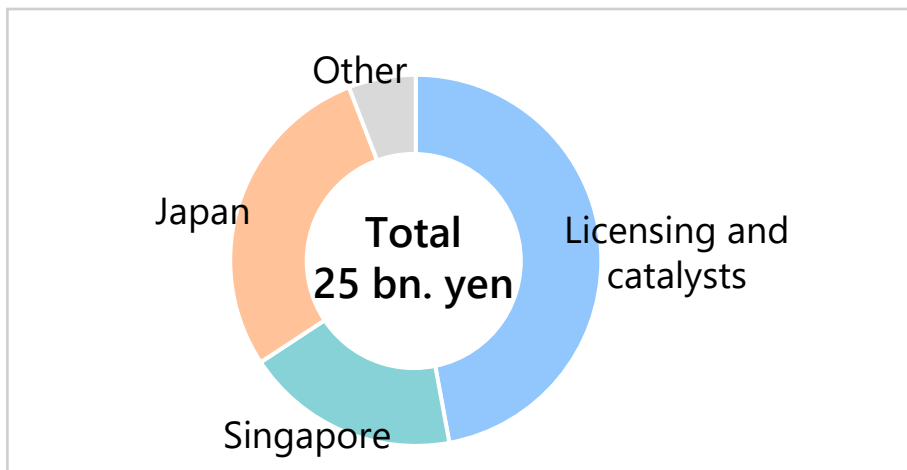
- Concentrate research resources in establishing technological feasibility, promote activities aimed at expanding markets, and strengthen initiatives to secure input materials not derived from petrochemicals

## Turn profitable on Rabigh capital restructuring and structural reforms in Japan and Singapore Aim to improve core operating income approx. 90 bn. yen

### Core Operating Income Targets



### Approximation of contributions by business to FY2027 core operating income



### Medium-term positioning of each business

#### Licensing and catalysts

- Strengthen business base through collaboration with Lummus and KBR, cultivate main businesses, and become a licensor with a presence in global markets

#### Singapore

- Strengthen earnings power by optimizing PCS derivative mix and shifting toward higher-profit grades at TPC

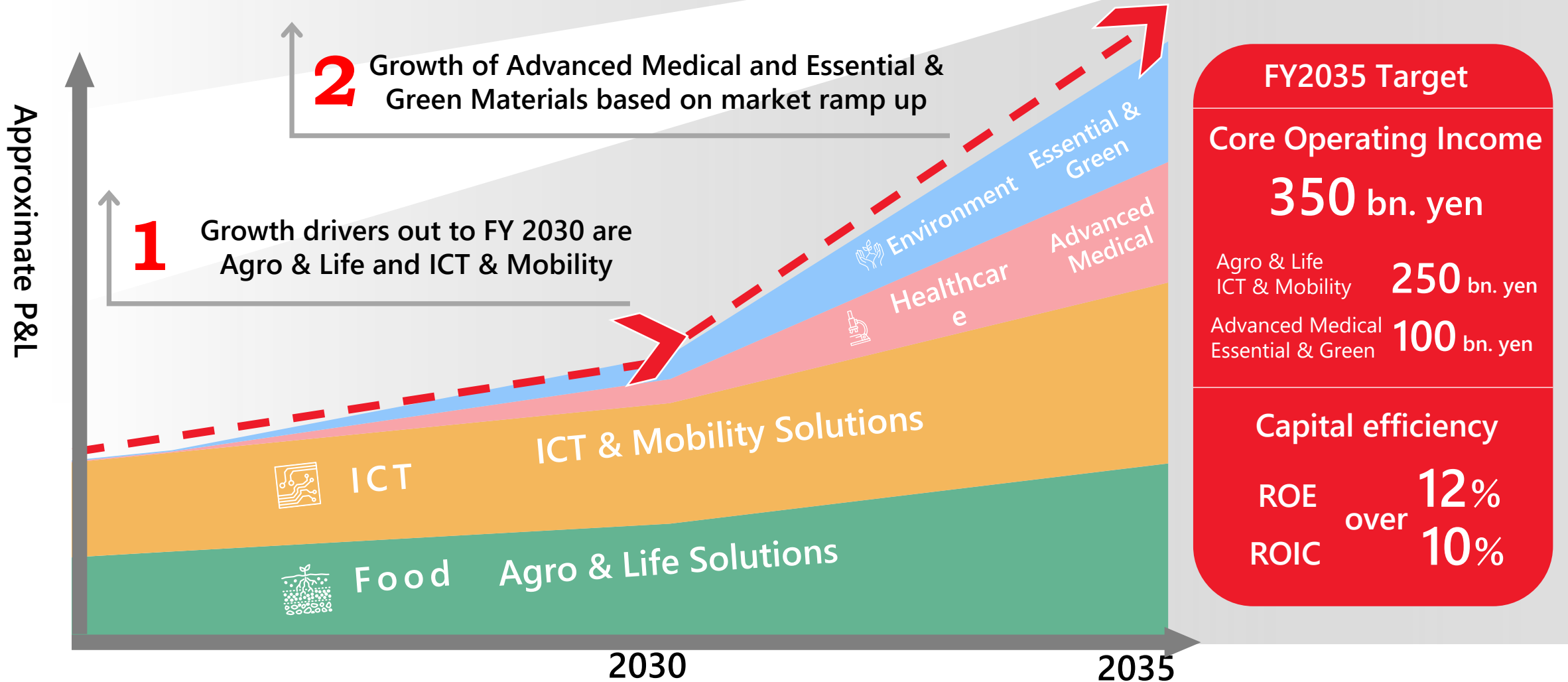
#### Japan

- Maximize benefits of corporate ties upstream and downstream and secure stable earnings through business rationalization



Aim for sustainable growth in two phases.

Return to a growth trajectory and become a **newborn specialty chemicals** company



### 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.