

Financial Results for FY2024 First Quarter

(April 1, 2024 - June 30, 2024)

August 2, 2024



(Cautionary Statement)

Statements made in this material with respect to Sumitomo Chemical's current plans, estimates, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of Sumitomo Chemical. These statements are based on management's assumptions and beliefs in light of the information currently available to it, and involve risks and uncertainties. The important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to, general economic conditions in Sumitomo Chemical's markets; demand for, and competitive pricing pressure on, Sumitomo Chemical's products in the marketplace; Sumitomo Chemical's ability to continue to win acceptance for its products in these highly competitive markets; and movements of currency exchange rates.

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(Reference)

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1. Consolidated Financial Results for FY2024 First Quarter

Core Operating Income

(Billions of yen)

Q1 FY2023	Q1 FY2024
(53.6)	5.7

Net income attributable to owners of the parent

(Billions of yen)

Q1 FY2023	Q1 FY2024
(33.2)	24.4

- Core operating income turned positive for the first time in six quarters
- Net income attributable to the owners of the parent for the quarter turned positive for the first time in seven quarters
- Core operating income by segment was higher in all segments compared to Q1 FY2023
- Recorded an overall profit, even with the large loss in Petro Rabigh (our shareholdings for Q1: \$(137) million, approx. ¥(20.0) billion)
- Record profit in IT-related Chemicals (Q1: ¥18.5 billion)
- Sumitomo Pharma: a decline in selling, general, and administrative expenses, as well as research and development expenses of ¥ 28.9 billion, compared to Q1 FY2023






















A solid start in Q1 toward a V-shaped recovery for FY2024

Economic Conditions

- The global economy, against the backdrop of factors such as declining inflation, is expected to stabilize, but low growth is expected.
- Profitability is expected to improve in exports and overseas business due to the weak yen.

Business Environment

Prev. Revised

Petrochemicals/ Raw Materials	  	With some exceptions, low margins in the petrochemical market will continue.
Automobiles	  	The first quarter saw a decline in automotive production volume.
Displays	  	There will be strong demand for mobile device-related components.
Semiconductors	  	Demand for semiconductors will show signs of a gradual recovery. We anticipate a full-scale recovery in the second half of the fiscal year.
Crop Protection	  	The first quarter was a period of low demand. Inventories in overseas distribution chain will be reduced.
Methionine	  	Conditions in the methionine market will improve.
Pharmaceuticals	  	We will make firm progress on our plan to expand our three key products.

(Billions of yen)

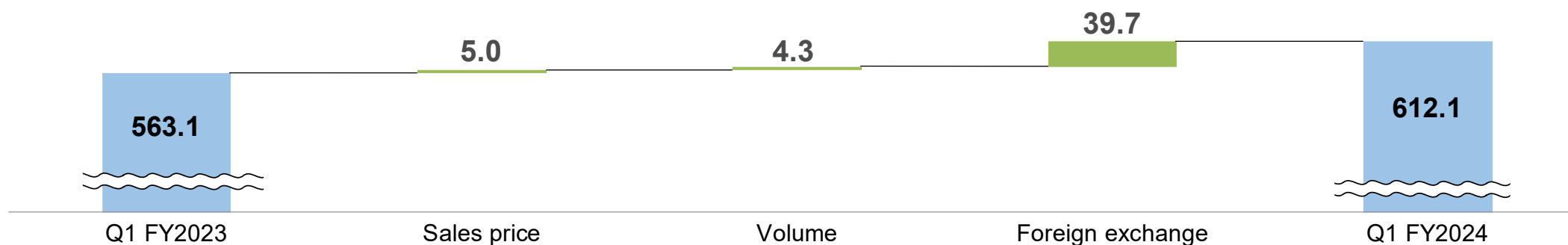
	Q1 FY2024	Q1 FY2023	Variance	Variance Ratio
Sales revenue	612.1	563.1	49.0	8.7%
Core operating income (loss)	5.7	(53.6)	59.3	-
Of which equity in earnings	(17.4)	(12.0)	(5.3)	-
Total non-recurring items	5.8	(18.1)	24.0	-
Of which gains on sales of property, plant and equipment and intangible assets	10.1	0.7	9.4	-
Of which restructuring costs	(3.5)	(19.3)	15.8	-
Others	(0.8)	0.4	(1.2)	-
Operating income (loss)	11.5	(71.7)	83.2	-
Finance income/expenses	26.0	21.9	4.1	-
Of which gain on foreign currency transactions including gain or loss on derivatives	29.0	23.8	5.3	-
Income (loss) before taxes	37.5	(49.9)	87.3	-
Income tax expenses	(3.6)	(1.3)	(2.3)	-
Net income (loss)	33.9	(51.2)	85.1	-
Net (income) loss attributable to non-controlling interests	(9.5)	18.0	(27.5)	-
Net income (loss) attributable to owners of the parent	24.4	(33.2)	57.5	-
ROE	2.5%	(2.8)%		
Exchange rate (yen/\$)	155.85	137.49		
Naphtha price (yen/kl)	79,000	67,500		
Overseas sales revenue ratio	69.2%	65.8%		

Sales Revenue by Business Segment

(Billions of yen)

	Q1 FY2024	Q1 FY2023	Variance	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Essential Chemicals & Plastics	201.9	192.4	9.5	5.0%	6.5	(10.1)	13.1
Energy & Functional Materials	68.0	73.4	(5.4)	(7.4)%	(0.5)	(6.8)	1.9
IT-related Chemicals	111.5	94.5	17.0	18.0%	(0.5)	8.8	8.7
Health & Crop Sciences	113.3	102.7	10.6	10.3%	1.0	0.8	8.8
Pharmaceuticals	97.9	83.0	14.9	18.0%	(1.5)	9.2	7.2
Others & Adjustments	19.6	17.3	2.3	13.3%	0.0	2.3	0.0
Total	612.1	563.1	49.0	8.7%	5.0	4.3	39.7

Analysis of Variance

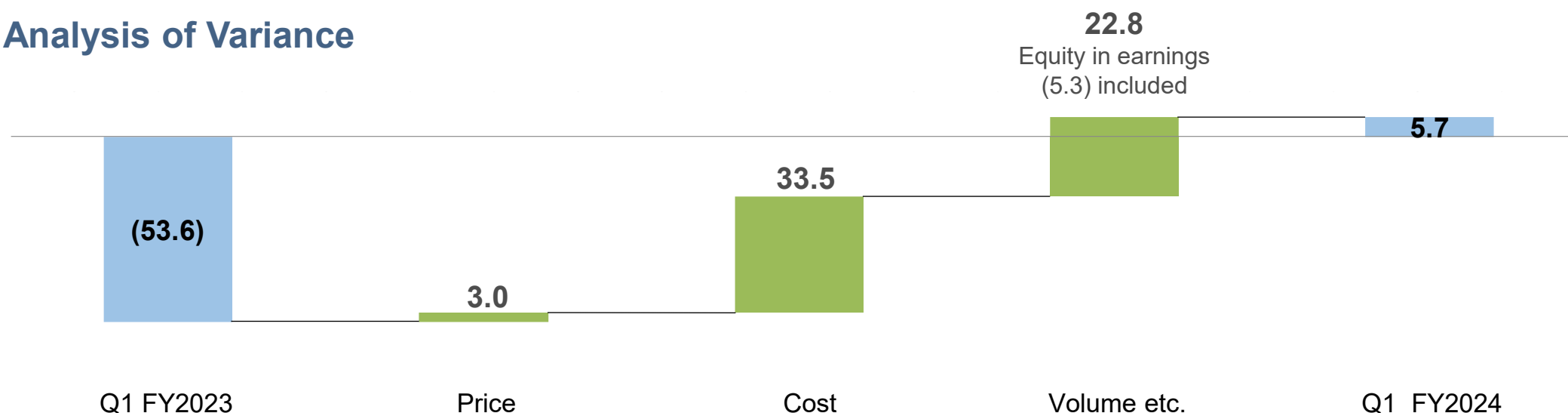


Core Operating Income by Business Segment

(Billions of yen)

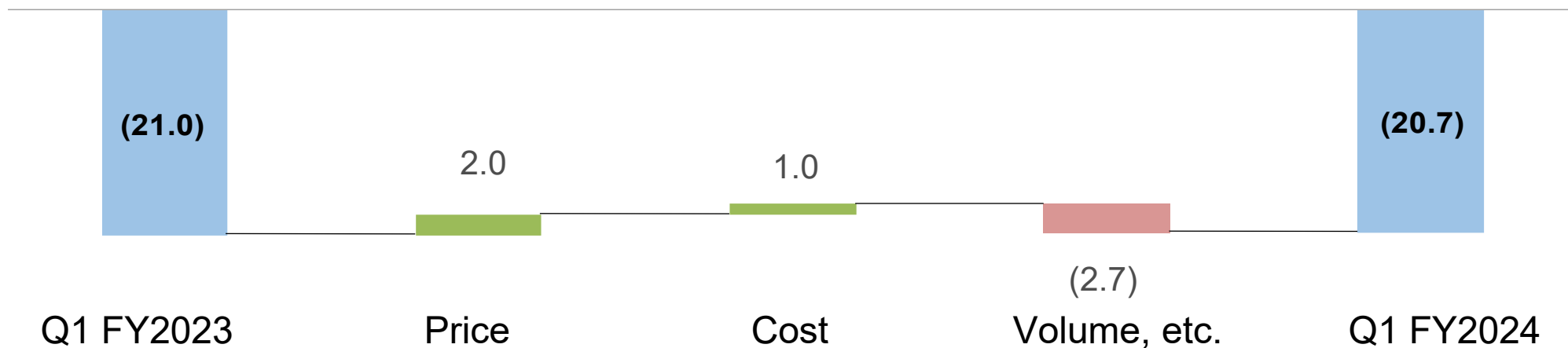
	Q1 FY2024	Q1 FY2023	Variance	Price variance	Cost variance	Shipping volume variance and other
Essential Chemicals & Plastics	(20.7)	(21.0)	0.3	2.0	1.0	(2.7)
Energy & Functional Materials	3.7	3.0	0.7	0.5	1.0	(0.8)
IT-related Chemicals	18.5	6.7	11.9	(0.5)	(1.5)	13.9
Health & Crop Sciences	5.0	(7.0)	12.0	2.5	0.5	9.0
Pharmaceuticals	(0.5)	(33.3)	32.7	(1.5)	32.5	1.7
Others & Adjustments	(0.3)	(1.9)	1.6	0.0	0.0	1.6
Total	5.7	(53.6)	59.3	3.0	33.5	22.8

Analysis of Variance



Essential Chemicals & Plastics

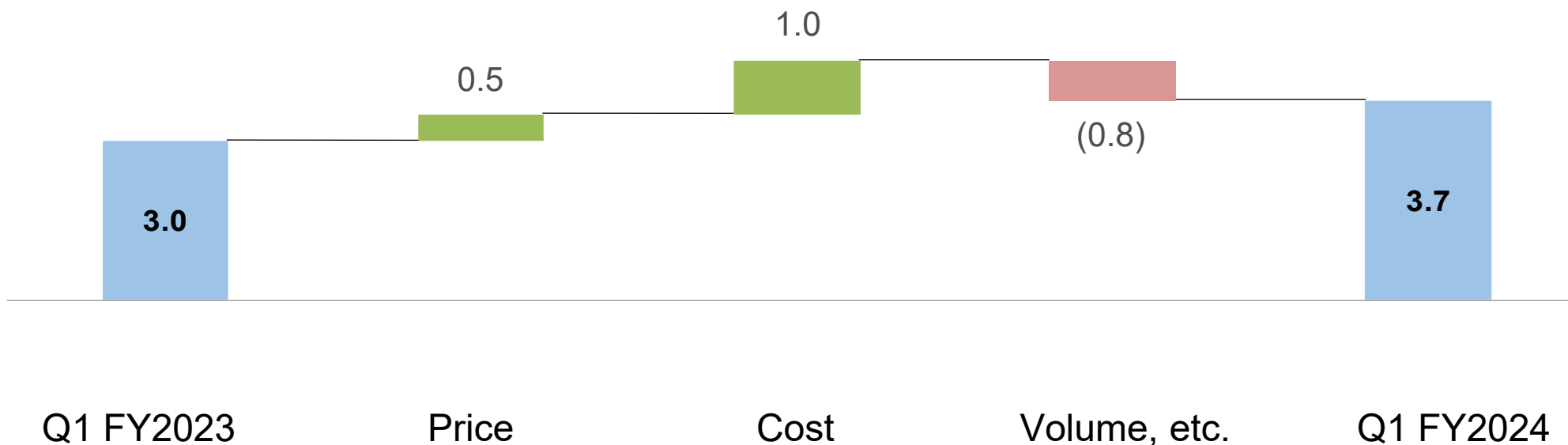
Total ¥ (20.7) billion ¥ 0.3 billion from Q1 FY2023



Price variance	Profit margins improved due to higher market prices of MMA, etc.
Cost variance	Lower depreciation expenses, etc.
Volume variance etc.	Mainly due to deterioration in the financial performance of Petro Rabigh, an affiliated company accounted for by the equity-method

Energy & Functional Materials

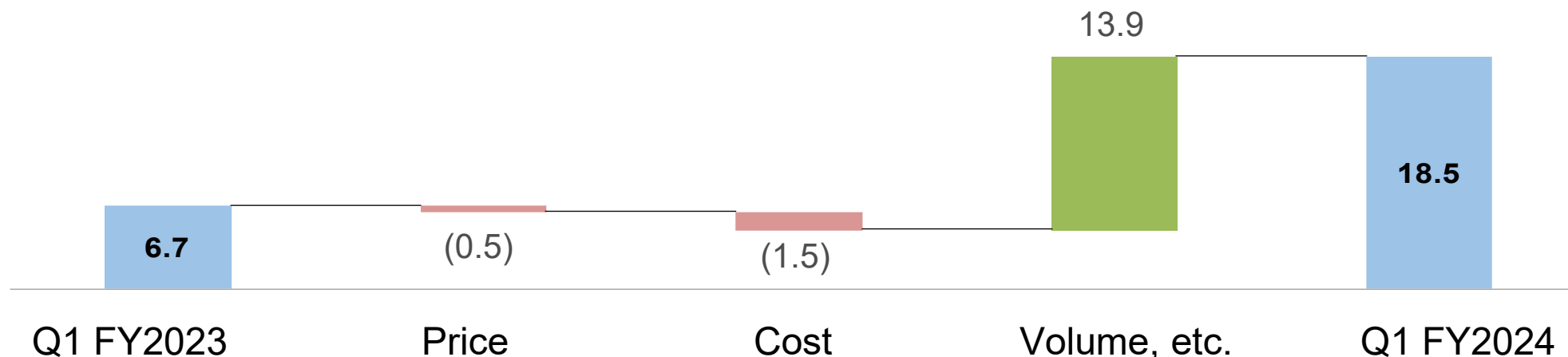
Total ¥ 3.7 billion ¥ 0.7 billion from Q1 FY2023



Cost variance	Lower depreciation expenses, etc.
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IT-related Chemicals

Total ¥ 18.5 billion ~~¥ 11.9 billion from Q1 FY2023~~



Price variance	Displays	Decline in the selling prices for polarizing films
Cost variance	Semiconductors	Higher depreciation expenses, etc.
Volume variance etc.	Displays	Increase in shipments for polarizing films and touchscreen panels, etc.
	Semiconductors	Recovery of demand for high-purity chemicals and photoresists

Health & Crop Sciences

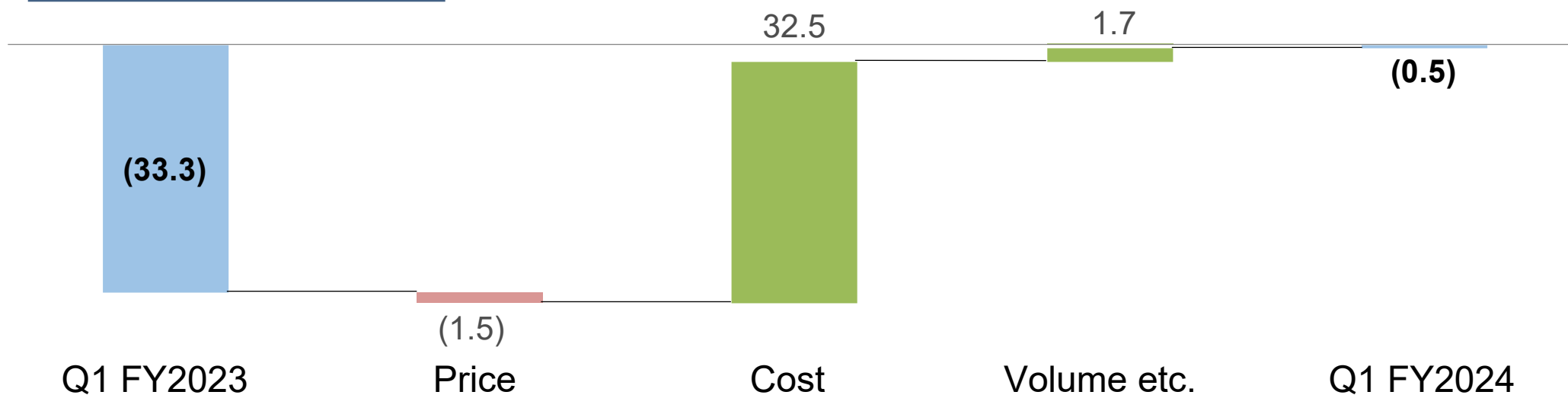
Total ¥ 5.0 billion ¥ 12.0 billion from Q1 FY2023



Price variance	Methionine	Profit margins improved due to increase in market prices
	Crop Protection	Decline in the selling prices in South America
Cost variance	Methionine	Lower depreciation expenses
Volume variance etc.	Crop Protection	Increase in shipments

Pharmaceuticals

Total ¥ (0.5) billion ¥ 32.7 billion from Q1 FY2023



Price variance	Decline in sales prices due to the impact of National Health Insurance (NHI) drug price revisions in Japan
Cost variance	Reduction in fixed costs resulting from streamlining business operations through the combination of group companies in North America
Volume variance etc.	Higher sales for the three key products

Consolidated Statement of Financial Position

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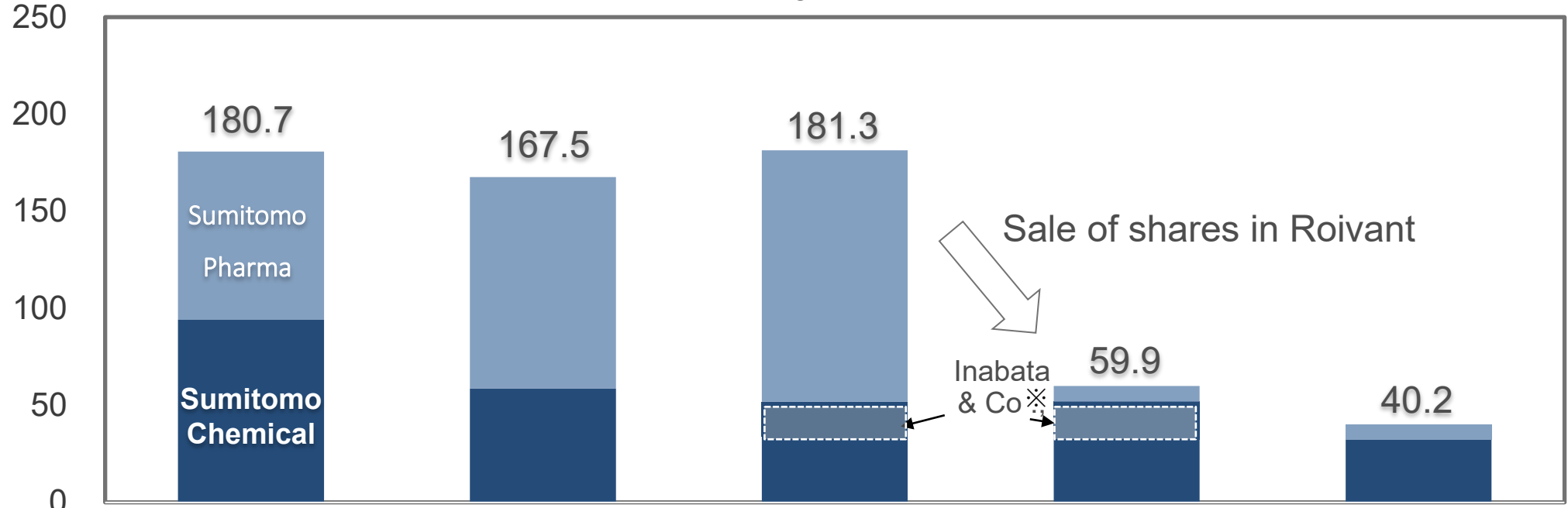
				(Billions of yen)			
	30-Jun-24	31-Mar-24	Variance		30-Jun-24	31-Mar-24	Variance
Current Assets	1,763.5	1,675.9	87.6	Liabilities	2,722.8	2,770.5	(47.6)
Cash and cash equivalents	234.3	217.4	16.8	Trade and other payables	564.3	543.4	21.0
Trade and other receivables	604.6	620.0	(15.4)	Interest-bearing liabilities	1,518.7	1,563.5	(44.8)
Inventories	760.9	709.6	51.3	Others	639.8	663.6	(23.8)
Others	163.8	128.8	35.0	Equity	1,226.9	1,164.4	62.6
Non-current assets	2,186.2	2,258.9	(72.7)	Shareholders' equity	706.4	660.0	46.5
Property, plant and equipment	819.9	796.5	23.4	Other components of equity	316.5	305.8	10.8
Goodwill and intangible assets	561.5	536.7	24.8	Non-controlling interests	203.9	198.6	5.3
Others	804.8	925.7	(120.9)				
Total	3,949.7	3,934.8	14.9	Total	3,949.7	3,934.8	14.9
				Ratio of equity attributable to owners of the parent to total assets	25.9%	24.5%	1.4%
				D/E ratio (times)	1.2	1.3	(0.1)
				Ratio of cross-shareholdings to consolidated total equity ※	15.6%	4.9%	(10.7)%

※ Cross-shareholdings (Sumitomo Chemical + Sumitomo Pharma)

Trends in Cross-shareholdings (Sumitomo Chemical + Sumitomo Pharma)

*Excluding non-listed shares

(Billions of yen)



As a % of consolidated total equity

2021	10.6%	2022	11.2%	2023	15.6%	2024Q1	4.9%
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Consolidated Statement of Cash Flows

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	(Billions of yen)		
	Q1 FY2024	Q1 FY2023	Variance
Cash flows from operating activities	(12.3)	(131.9)	119.7
Cash flows from investing activities	82.5	(13.4)	95.9
Free cash flows	70.2	(145.4)	215.6
Cash flows from financing activities	(63.0)	142.0	(205.1)
Others	6.9	19.5	(12.6)
Increase (decrease) in cash and cash equivalents	14.1	16.2	(2.1)
Cash and cash equivalents at the end of the period	234.3	323.1	(88.9)

Q1: A Steady Start to the Fiscal Year

(Billions of yen)

	FY2024		Progress (%)
	1 Q	full-year (forecast)	
Sales revenue	612.1	2,670.0	22.9%
Core operating income	5.7	100.0	5.7%
Operating income	11.5	70.0	16.4%
Net income attributable to owners of the parent	24.4	20.0	121.9%

Core operating income

Though we anticipated that FY2024 would start with a loss, we recorded a profit in Q1 FY2024, because our business performance was stronger than expected, particularly in IT-related Chemicals.

Net income attributable to owners of the parent

Net income attributable to owners of the parent exceeded our annual expectations due to foreign exchange gains from a weaker yen than anticipated, as well as a firm increase in core operating profit.

(Reference)

Sales Revenue by Business Segment (Quarterly)

(Billions of yen)

	FY2023				FY2024	
	Q1	Q2	Q3	Q4	Q1	Total (Forecast)
Essential Chemicals & Plastics	192.4	197.9	206.4	177.3	201.9	900.0
Energy & Functional Materials	73.4	76.5	75.4	74.9	68.0	290.0
IT-related Chemicals	94.5	109.2	107.4	103.1	111.5	410.0
Health & Crop Sciences	102.7	138.5	125.8	179.0	113.3	610.0
Pharmaceuticals	83.0	83.9	89.5	86.3	97.9	370.0
Others & Adjustments	17.3	17.6	15.6	19.4	19.6	90.0
Total	563.1	623.7	620.0	640.0	612.1	2,670.0

Core Operating Income by Business Segment (Quarterly)

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(Billions of yen)

	FY2023				FY2024	
	Q1	Q2	Q3	Q4	Q1	Total (Forecast)
Essential Chemicals & Plastics	(21.0)	(23.4)	(17.6)	(28.7)	(20.7)	(35.0)
Energy & Functional Materials	3.0	3.5	2.9	(1.5)	3.7	11.0
IT-related Chemicals	6.7	11.2	19.0	7.1	18.5	47.0
Health & Crop Sciences	(7.0)	(0.5)	6.2	32.3	5.0	62.0
Pharmaceuticals	(33.3)	(32.2)	(30.1)	(37.4)	(0.5)	3.0
Others & Adjustments	(1.9)	(1.6)	2.4	(6.9)	(0.3)	12.0
Total	(53.6)	(43.1)	(17.2)	(35.2)	5.7	100.0

Essential Chemicals & Plastics



Total ¥ 201.9 billion ¥ 9.5 billion from Q1 FY2023

Sales price 6.5 □ Increase in naphtha and product prices

Volume (10.1)

Foreign exchange 13.1

Energy & Functional Materials



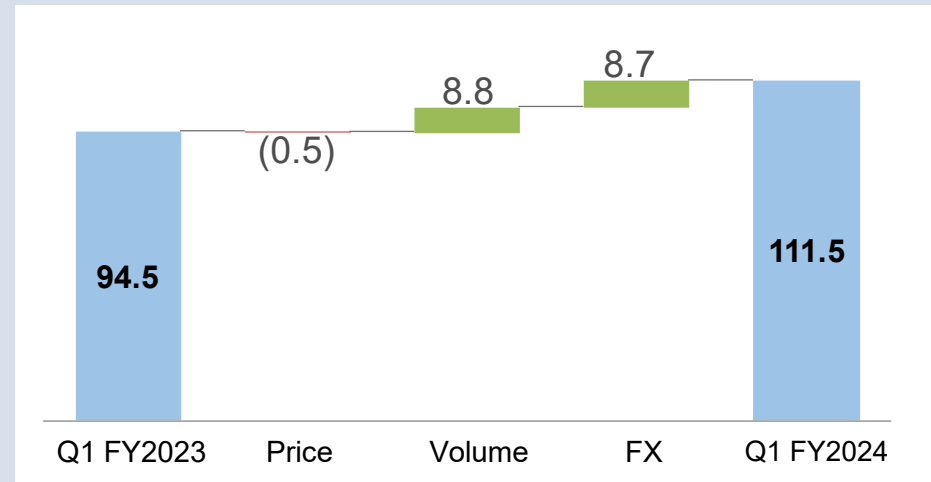
Total ¥ 68.0 billion ¥ (5.4) billion from Q1 FY2023

Sales price (0.5)

Volume (6.8) □ Changes in commercial distribution and termination of sales of some products

Foreign exchange 1.9

IT-related Chemicals



Total ¥ 111.5 billion ¥ 17.0 billion from Q1 FY2023

Sales price
(0.5)

- Decline in the selling prices for polarizing films

Volume
8.8

- Increase in shipments for display-related materials
- Recovery of demand for processing materials for semiconductors

Foreign exchange
8.7

Health & Crop Sciences



Total ¥ 113.3 billion ¥ 10.6 billion from Q1FY2023

Sales price
1.0

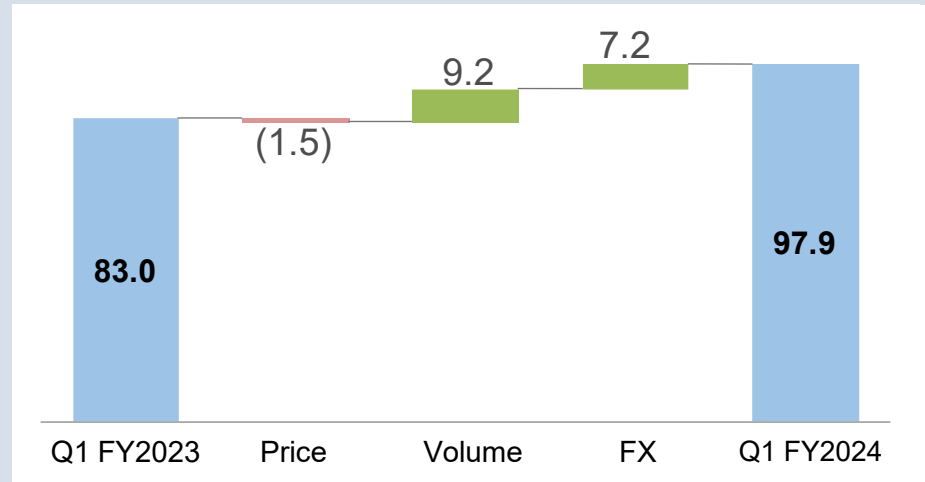
- Higher market prices for methionine
- Decline in the selling prices for crop protection products in South and North America

Volume
0.8

- Earlier shipment of insecticides, etc.
- Increase in shipments for crop protection products in India

Foreign exchange
8.8

Pharmaceuticals



Total ¥ 97.9 billion ¥ 14.9 billion from Q1 FY2023

Sales price
(1.5)

- NHI drug price revisions in Japan

Volume
9.2

- Higher sales for the three key products

Foreign exchange
7.2

Company	Sales Revenue		Profit
	Q1 FY2024	Q1 FY2023	
The Polyolefin Company (Singapore) (Millions of USD)	215	211 →	Performance result is flat due to a deterioration in profit margin despite higher sales volume
PCS (Millions of USD)	604	583 ↗	Profit margins improved
Rabigh Refining and Petrochemical Company (Millions of SAR)	7,984	10,981 ↘	Impact of unplanned shut-down of the High Olefins Fluid Catalytic Cracker units Lower margins on oil refining
Dongwoo Fine-Chem (Billions of KRW)	530.0	457.3 ↗	Increase due to higher sales volume of display-related materials
Sumitomo Chemical Brasil Indústria Química S.A. (Millions of BRL)	442	586 ↘	Deterioration in profit margins
Valent North America, and subsidiaries (Millions of USD)	190	203 ↘	Deterioration in profit margins

(Billions of yen)

	Q1 FY2024	Q1 FY2023	Variance	Reasons for Change
Japan	14.6	14.8	(0.2)	
North America	16.7	15.5	1.2	
Central & South America	16.4	19.4	(3.0)	Decline in product selling prices due to intensified competition
Asia (including India)	17.0	13.5	3.5	Increase in shipments due to the resolution of extreme weather in India
Europe & Others	6.4	4.9	1.5	
Total	71.1	68.1	3.0	