

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2021**

For the nine months ended December 31, 2021, the Sumitomo Chemical Group reported consolidated sales revenue of ¥2,037.9 billion, an increase of ¥395.3 billion year on year, core operating income* of ¥205.7 billion, operating income of ¥197.9 billion, and net income attributable to owners of the parent of ¥133.7 billion, all higher than the results from the same period of the previous year.

*Core operating income is a gain and loss concept, reflecting recurring earning capacity, and deducts gains and losses incurred by non-recurring factors from operating income. It includes the share of profit from investments accounted for using the equity method.

The financial results by business segment for the nine-month period are as follows:

Petrochemicals & Plastics

Market prices of petrochemical products, synthetic resins and synthetic fibers increased due to a recovery in demand and an increase in raw material prices. Margins also improved. Therefore, sales revenue increased by ¥216.6 billion, to ¥625.0 billion, and core operating income recovered by ¥79.9 billion, to ¥52.0 billion, compared with the same period of the previous year, when the shipment volumes decreased due to the periodic shutdown maintenance for Rabigh Refining and Petrochemical Company, our equity method investee, and due to the impact of the COVID-19 pandemic, mainly on demand for automotive use.

Energy & Functional Materials

Shipments of separators for lithium-ion secondary batteries performed well. Market prices for aluminum and for the metal raw materials for cathode materials increased, resulting in higher selling prices. For the same period of the previous year, shipments were lower, mainly for automotive use, due to the COVID-19 pandemic. As a result, sales revenue increased by ¥51.3 billion from the same period of the previous year, to ¥226.7 billion. Core operating income increased by ¥3.0 billion from the same period of the previous year, to ¥18.6 billion.

IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased, driven by growing demand for these items. Shipments of materials for display applications increased in the face of stay-at-home demand, and telework demand continued from the previous year. As a result, sales revenue increased by ¥27.8 billion from the same period of the previous year, to ¥352.1 billion, and core operating income increased by ¥14.1 billion from the same period of the previous year, to ¥46.0 billion.

Health & Crop Sciences

Shipments of crop protection products in North America, South America and India stayed firm. Market prices of methionine (feed additives) increased from the same period of the previous year. As a result, sales revenue increased by ¥48.5 billion from the same period of the previous year, to ¥331.0 billion. Core operating income increased by ¥16.5 billion from the same period of the previous year, to ¥27.8 billion.

Pharmaceuticals

In North America, Orgovyx™ (therapeutic agent for advanced prostate cancer), which was launched in the previous fiscal year, and Gemtesa® (therapeutic agent for overactive bladder) and Myfembree® (therapeutic agent for uterine fibroids), both of which commenced sales in the first quarter, as well as the recording of a lump-sum upfront payment for the collaboration and license agreement for joint development and commercialization, contributed to sales revenue. These more than offset negative impacts, such as declines in sales of drugs such as Latuda® (atypical antipsychotic agent) and Brovana® (therapeutic agent for chronic obstructive pulmonary disease), the latter of which saw its exclusive marketing period expire. On the other hand, in Japan, sales revenues were adversely affected by the National Health Insurance (NHI) drug price revisions. As a result, sales revenue increased by ¥38.7 billion from the same period of the previous year, to ¥456.3 billion. Core operating income decreased by ¥12.3 billion from the previous year, to ¥62.5 billion, because selling, general and administrative expenses increased significantly due to the start of full-scale marketing activities by subsidiaries of Sumitovant Biopharma Limited, despite the increase of sales revenue.

Others

In addition to the above five segments, the Sumitomo Chemical Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses increased by ¥12.3 billion from the same period of the previous year, to ¥46.9 billion, and core operating income increased by ¥1.9 billion from the same period of the previous year, to ¥12.1 billion.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2021		9 Months ended December 31, 2020 *2
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Sales revenue	2,037,877	17,717,588	1,642,610
Core operating income	205,669	1,788,115	106,099
(Share of profit of investments accounted for using the equity method)	(33,312)	(289,619)	((21,927))
Operating income	197,923	1,720,770	115,772
Income before taxes	209,539	1,821,761	92,264
Net income	155,665	1,353,373	52,422
Net income attributable to non-controlling interests	22,002	191,288	32,194
Net income attributable to owners of the parent	133,663	1,162,085	20,228
	Yen	USD*1	Yen
Net income per 1,000 shares	81,752	711	12,372
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Comprehensive income	160,620	1,396,453	15,484

(2) Financial Position:

	As of December 31, 2021		As of March 31, 2021
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Total assets	4,229,439	36,771,335	3,990,254
Total equity	1,606,842	13,970,110	1,482,119

(3) Cash Flows:

	9 Months ended December 31, 2021		9 Months ended December 31, 2020 *2
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Cash flows from operating activities	99,019	860,885	273,426
Cash flows from investing activities	(85,075)	(739,654)	(159,933)
Cash flows from financing activities	4,466	38,828	103,141
Cash and cash equivalents at end of period	390,439	3,394,531	404,081

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2021		9 Months ended December 31, 2020 *2
	Yen (Millions)	USD (Thousands)*1	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	624,950	5,433,403	408,390
Energy & Functional Materials	226,672	1,970,718	175,369
IT-related Chemicals	352,085	3,061,076	324,269
Health & Crop Sciences	330,961	2,877,421	282,443
Pharmaceuticals	456,266	3,966,841	417,530
Others	46,943	408,129	34,609
	2,037,877	17,717,588	1,642,610
Core operating income			
Petrochemicals & Plastics	51,997	452,069	(27,870)
Energy & Functional Materials	18,629	161,963	15,585
IT-related Chemicals	45,968	399,652	31,839
Health & Crop Sciences	27,808	241,767	11,293
Pharmaceuticals	62,459	543,027	74,739
Others	12,147	105,608	10,286
Adjustments	(13,339)	(115,971)	(9,773)
	205,669	1,788,115	106,099

(Note)

*1 U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥115.02 = \$1 prevailing on December 31, 2021.

*2 Previous nine-months results were adjusted retrospectively because the temporary accounting treatment related to business combinations was finalized.