

For Immediate Release

August 1, 2022

**Sumitomo Chemical Reports  
Consolidated Financial Results  
For the Three Months Ended June 30, 2022**

For the first quarter ended on June 30, 2022, the Sumitomo Chemical Group reported consolidated sales revenue of ¥774.1 billion, an increase of ¥135.2 billion year on year, core operating income\* of ¥64.1 billion, operating income of ¥66.3 billion, and net income attributable to owners of the parent of ¥70.0 billion, all higher than the results from the same period in 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 first quarter are as follows:

**Essential Chemicals & Plastics**

Selling prices for synthetic resins, methyl methacrylate and various industrial chemicals improved due to an increase in raw material prices. The weak yen also benefited sales revenues of subsidiaries outside of Japan when converted into yen. On the other hand, shipments declined, primarily because of weak demand for products in automotive applications. As a result, sales revenue increased by ¥39.0 billion from the same period in the previous year, to ¥238.6 billion. Core operating income was ¥10.0 billion, declined by ¥13.8 billion from the same period in the previous year, because of a deterioration in margins caused by higher raw material prices and the impact of lower shipment volumes, despite an improvement in the performance of Rabigh Refining and Petrochemical Company, our equity method investee.

### **Energy & Functional Materials**

Selling prices for aluminum and cathode materials increased in good market conditions. Shipments of separators for lithium-ion secondary batteries stayed firm. The weak yen also had a positive effect. As a result, sales revenue increased by ¥12.0 billion, to ¥86.4 billion from the same period in the previous year. Core operating income was ¥6.6 billion, relatively flat with the same period in the previous year, led by higher income from exports due to the weak yen and by a decline in margins resulted from the rise in raw material prices.

### **IT-related Chemicals**

Sales revenue benefited from the weak yen's effect on the sales of subsidiaries outside of Japan in yen terms. In addition, demand growth for processing materials for semiconductors such as high purity chemicals and photoresists brought about increase of shipments. On the other hand, shipments of display-related materials declined because stay-at-home demand had run its course, and consumer sentiment was deteriorated in the face of inflation concerns. As a result, sales revenue increased by ¥5.4 billion from the same period in the previous year, to ¥114.7 billion. Core operating income was ¥15.8 billion, increased by ¥2.3 billion from the same period in the previous year, attributable to higher income from exports due to the weak yen and higher shipments of processing materials for semiconductors.

### **Health & Crop Sciences**

Sales of crop protection products in South America increased significantly, and shipments in such markets as India performed well. Moreover, market prices of methionine (feed additives) increased from the same period in the previous year. The weak yen also had a positive effect on sales from subsidiaries outside of Japan when converted into yen. As a result, sales revenue increased by ¥49.5 billion from the same period in the previous year, to ¥152.6 billion. Core operating income was ¥21.9 billion, increased by ¥11.6 billion from the same period in the previous year, driven by the increase in sales and higher income from exports as a result of the weak yen, despite higher prices for raw materials.

### Pharmaceuticals

In North America, sales growth of Latuda® (atypical antipsychotic agent), Orgovyx® (therapeutic agent for advanced prostate cancer) and Gemtesa® (therapeutic agent for overactive bladder), as well as the recognition as revenue of an upfront payment received in consideration of the exclusive license agreement to commercialize Orgovyx® (generic name: relugolix) in Europe, contributed to the sales revenue. The weak yen also benefited sales revenues of subsidiaries outside of Japan when converted into yen. On the other hand, in Japan, sales revenues were affected by the National Health Insurance (NHI) drug price revisions. As a result, sales revenue increased by ¥28.6 billion from the same period in the previous year, to ¥167.7 billion. Core operating income was ¥14.1 billion, increased by ¥4.4 billion from the same period in the previous year, as the growth of sales revenue more than offset increases in selling, general and administrative expenses and R&D expenses primarily due to the effects of forex situation.

### 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 ¥0.6 billion from the same period in the previous year, to ¥14.2 billion, and core operating income increased by ¥0.5 billion from the same period in the previous year, to ¥3.3 billion.

## Consolidated Statement of Financial Position

In millions of yen	As of June 30, 2022	As of March 31, 2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	¥ 498,600	¥ 365,429
Trade and other receivables	778,623	720,422
Other financial assets	34,793	23,991
Inventories	742,030	651,358
Other current assets	80,762	51,442
Total current assets	2,134,808	1,812,642
Non-current assets:		
Property, plant and equipment	843,883	823,022
Goodwill	269,057	244,517
Intangible assets	510,678	471,109
Investments accounted for using the equity method	318,316	289,968
Other financial assets	397,253	474,899
Retirement benefit assets	90,522	89,538
Deferred tax assets	49,567	49,121
Other non-current assets	55,803	53,335
Total non-current assets	2,535,079	2,495,509
Total Assets	¥ 4,669,887	¥ 4,308,151
<b>Liabilities and Equity</b>		
Liabilities		
Current liabilities:		
Bonds and borrowings	¥ 325,803	¥ 261,280
Trade and other payables	675,828	551,583
Other financial liabilities	77,228	84,137
Income taxes payable	33,719	24,515
Provisions	153,440	129,709
Other current liabilities	101,075	122,267
Total current liabilities	1,367,093	1,173,491
Non-current liabilities:		
Bonds and borrowings	1,091,623	1,089,190
Other financial liabilities	97,397	101,718
Retirement benefit liabilities	33,278	33,091
Provisions	37,839	36,502
Deferred tax liabilities	110,494	101,299
Other non-current liabilities	68,928	70,883
Total non-current liabilities	1,439,559	1,432,683
Total liabilities	2,806,652	2,606,174
Equity		
Share capital	89,699	89,699
Capital surplus	27,275	27,089
Retained earnings	1,026,071	974,382
Treasury shares	(8,344)	(8,343)
Other components of equity	208,555	135,274
Equity attributable to owners of the parent	1,343,256	1,218,101
Non-controlling interests	519,979	483,876
Total equity	1,863,235	1,701,977
Total Liabilities and Equity	¥ 4,669,887	¥ 4,308,151

## Consolidated Statement of Profit or Loss

In millions of yen	Three Months ended June 30,	
	2022	2021
Sales revenue	¥ 774,134	¥ 638,979
Cost of sales	(528,345)	(428,875)
Gross profit	245,789	210,104
Selling, general and administrative expenses	(195,980)	(165,551)
Other operating income	8,181	2,127
Other operating expenses	(4,379)	(3,078)
Share of profit of investments accounted for using the equity method	12,671	14,742
Operating income	66,282	58,344
Finance income	61,908	3,092
Finance expenses	(14,534)	(4,743)
Income before taxes	113,656	56,693
Income tax expenses	(28,548)	(17,809)
Net income	85,108	38,884
Net income attributable to:		
Owners of the parent	69,992	35,659
Non-controlling interests	15,116	3,225
Net income	¥ 85,108	¥ 38,884

In yen	Three Months ended June 30,	
	2022	2021
Earnings per share:		
Basic earnings per share	42.81	21.81
Diluted earnings per share	—	—

## Consolidated Statement of Comprehensive Income

In millions of yen	Three Months ended June 30,	
	2022	2021
Net income	¥ 85,108	¥ 38,884
Other comprehensive income :		
Items that will not be reclassified to profit or loss		
Remeasurements of financial assets measured at fair value through other comprehensive income	(7,173)	(13,198)
Remeasurements of defined benefit plans	(62)	(58)
Share of other comprehensive income of investments accounted for using the equity method	(811)	1,014
Total items that will not be reclassified to profit or loss	(8,046)	(12,242)
Items that may be subsequently reclassified to profit or loss		
Cash flow hedge	7,970	(1,250)
Exchange differences on translation of foreign operations	92,422	8,063
Share of other comprehensive income of investments accounted for using the equity method	14,932	5,777
Total items that may be subsequently reclassified to profit or loss	115,324	12,590
Other comprehensive income, net of taxes	107,278	348
Total comprehensive income	¥ 192,386	¥ 39,232
Total comprehensive income attributable to :		
Owners of the parent	147,880	40,313
Non-controlling interests	44,506	(1,081)
Total comprehensive income	¥ 192,386	¥ 39,232

## Consolidated Statement of Cash Flows

In millions of yen	Three Months ended June 30,	
	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Income before taxes	¥ 113,656	¥ 56,693
Depreciation and amortization	43,713	37,569
Impairment loss	—	1,579
Share of (profit) loss of investments accounted for using the equity method	(12,671)	(14,742)
Interest and dividend income	(4,321)	(2,912)
Interest expenses	5,733	4,163
Business structure improvement expenses	2,135	1,653
Changes in fair value of contingent consideration	78	88
(Gain) loss on sale of property, plant and equipment	(1,896)	(40)
(Increase) decrease in trade receivables	28,174	12,850
(Increase) decrease in inventories	(57,141)	(43,379)
Increase (decrease) in trade payables	62,567	14,700
Increase (decrease) in unearned revenue	(8,119)	10,626
Increase (decrease) in provisions	9,446	(2,645)
Others, net	(117,565)	(36,298)
Subtotal	63,789	39,905
Interest and dividends received	8,845	5,671
Interest paid	(6,013)	(4,478)
Income taxes paid	(22,864)	(35,741)
Business structure improvement expenses paid	(1,126)	(667)
Net cash provided by operating activities	42,631	4,690
<b>Cash Flows from Investing Activities:</b>		
Net (increase) decrease in securities	(10,591)	(22,188)
Purchase of property, plant and equipment, and intangible assets	(37,490)	(22,475)
Proceeds from sale of property, plant and equipment, and intangible assets	2,154	540
Purchase of other financial assets	(3,007)	(3,129)
Proceeds from sales and redemption of other financial assets	36,186	8,305
Proceeds from collection of loans receivable	59,900	518
Others, net	(1,127)	(2,845)
Net cash used in investing activities	46,025	(41,274)
<b>Cash Flows from Financing Activities:</b>		
Net increase (decrease) in short-term borrowings	46,613	32,338
Net decrease of commercial paper	40,000	74,000
Proceeds from long-term borrowings	716	33,122
Repayments of long-term borrowings	(38,873)	(64,009)
Redemption of bonds	—	(10,000)
Repayments of finance lease obligations	(4,259)	(3,881)
Cash dividends paid	(22,900)	(14,715)
Cash dividends paid to non-controlling interests	(9,707)	(5,275)
Payments for acquisition of subsidiaries' interests from non-controlling interests	—	(363)
Others, net	(67)	240
Net cash provided by (used in) financing activities	11,523	41,457
Effect of exchange rate changes on cash and cash equivalents	32,992	666
Net increase (decrease) in cash and cash equivalents	133,171	5,539
Cash and cash equivalents at the beginning of the year	365,429	360,918
Cash and cash equivalents at the end of the period	¥ 498,600	¥ 366,457

## Sales Revenue and Core Operating Income by Segment

Three Months ended June 30, 2022

In millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Total	Others	Adjustments	Consolidated
<b>Sales revenue</b>									
From external customers	¥ 238,562	¥ 86,427	¥ 114,650	¥ 152,556	¥ 167,728	¥ 759,923	¥ 14,211	¥ —	¥ 774,134
Inter-segment	1,465	4,838	116	945	6	7,370	17,457	(24,827)	—
<b>Total</b>	<b>240,027</b>	<b>91,265</b>	<b>114,766</b>	<b>153,501</b>	<b>167,734</b>	<b>767,293</b>	<b>31,668</b>	<b>(24,827)</b>	<b>774,134</b>
<b>Core operating income</b>	<b>¥ 9,987</b>	<b>¥ 6,624</b>	<b>¥ 15,770</b>	<b>¥ 21,905</b>	<b>¥ 14,076</b>	<b>¥ 68,362</b>	<b>¥ 3,275</b>	<b>¥ (7,526)</b>	<b>¥ 64,111</b>

Three Months ended June 30, 2021

In millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharmaceuticals	Total	Others	Adjustments	Consolidated
<b>Sales revenue</b>									
From external customers	¥ 199,532	¥ 74,385	¥ 109,266	¥ 103,066	¥ 139,161	¥ 625,410	¥ 13,569	¥ —	¥ 638,979
Inter-segment	1,232	2,985	110	2,374	2	6,703	14,309	(21,012)	—
<b>Total</b>	<b>200,764</b>	<b>77,370</b>	<b>109,376</b>	<b>105,440</b>	<b>139,163</b>	<b>632,113</b>	<b>27,878</b>	<b>(21,012)</b>	<b>638,979</b>
<b>Core operating income</b>	<b>¥ 23,822</b>	<b>¥ 6,710</b>	<b>¥ 13,480</b>	<b>¥ 10,283</b>	<b>¥ 9,648</b>	<b>¥ 63,943</b>	<b>¥ 2,747</b>	<b>¥ (5,026)</b>	<b>¥ 61,664</b>

Adjustments to income before taxes from core operating income were as follows:

In millions of yen	Three Months ended June 30,	
	2022	2021
Core operating income	¥ 64,111	¥ 61,664
Gain on sale of property, plant and equipment	1,896	40
Impairment loss	—	(1,579)
Restructuring charges	(2,135)	(1,653)
Changes in fair value of contingent consideration	(78)	(88)
Others, net	2,488	(40)
<b>Operating income</b>	<b>66,282</b>	<b>58,344</b>
Finance income	61,908	3,092
Finance expenses	(14,534)	(4,743)
<b>Income before taxes</b>	<b>¥ 113,656</b>	<b>¥ 56,693</b>

(Cautionary statement)

This release of financial results is exempt from audit procedures.

Statements made in this release with respect to the Company'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.