

**Sumitomo Chemical Reports  
Consolidated Financial Results  
For the Half-Year Ended September 30, 2020**

For the half-year ended on September 30, 2020, the Sumitomo Chemical Group reported consolidated sales revenue of ¥1,046.8 billion, decrease of ¥60.8 billion year on year, core operating income\* of ¥54.1 billion, operating income of ¥50.8 billion, and loss attributable to owners of the parent of ¥1.1 billion; all lower than the results from the same period of the previous year.

Sumitomo Chemical decided to pay an interim dividend of ¥6 per share.

\*: 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 of investments accounted for using the equity method.

The financial results by business segment for the half-year are as follows:

**Petrochemicals & Plastics**

Amid the economic downturn due to the COVID-19 pandemic, shipment of synthetic resins mainly for automotive use declined. Impacted by a drop in market prices for raw materials, the prices of petrochemical products hovered around at a low level. As a result, sales revenue declined by ¥108.6 billion from the same period of the previous year to ¥243.6 billion. Core operating income suffered a loss of ¥31.3 billion, declined by ¥48.7 billion from the same period of the previous year, affected by decreased shipment volume, deteriorated margins of petrochemical products, and periodic shutdown maintenance at Rabigh Refining and Petrochemical Company, our equity method investee.

### **Energy & Functional Materials**

Impacted by COVID-19 pandemic, shipments of materials for automotive use decreased, including synthetic rubber, and separators and cathode materials for lithium-ion secondary batteries. As a result, sales revenue dropped by ¥25.8 billion from the same period of the previous year to ¥105.2 billion, and core operating income declined by ¥7.8 billion from the same period of the previous year to ¥4.8 billion.

### **IT-related Chemicals**

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased driven by growing demand for these items. Meanwhile, shipment of materials for display applications increased in the face of stay-at-home demand and telework demand. As a result, sales revenue increased by ¥6.4 billion from the same period of the previous year to ¥213.3 billion, and core operating income increased by ¥6.8 billion from the same period of the previous year to ¥22.1 billion

### **Health & Crop Sciences**

Sales of crop protection products increased after the acquisition of four South American subsidiaries of Nufarm in April 2020. Market prices of methionine (feed additive) increased from the same period of the previous year. As a result, sales revenue increased by ¥39.7 billion from the same period of the previous year to ¥186.1 billion. Core operating income recovered from a year earlier loss to ¥9.9 billion, increase of ¥18.1 billion from the same period of the previous year due to the improved margins of methionine and other factors.

### **Pharmaceuticals**

Sales increased in Japan, driven by Equa® and EquMet® (for type II diabetes mellitus) launched in the previous fiscal year. In North America, sales of Latuda® (atypical antipsychotic agent) increased. As a result, sales revenue increased by ¥28.7 billion from the same period of the previous year to ¥276.1 billion. Core operating income increased by ¥2.2 billion from the same period of the previous year to ¥49.1 billion due to increased sales revenue despite that sales expenses, general and administrative expenses (SG&A) and research and development expenses increased after the expenses at Sumitovant Biopharma and its subsidiaries (which were acquired as part of the strategic alliance with Roivant Sciences Ltd., in the previous fiscal year) were recognized.

### Others

In addition to the above five segments, the Sumitomo Chemical Group supplies electric power and steam, designs chemical plants/supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis/environmental analysis. Sales revenue of these businesses declined by ¥1.3 billion from the same period of the previous year to ¥22.5 billion, and core operating income increased by ¥0.5 billion from the same period of the previous year to ¥5.7 billion.

## Summary of Consolidated Results

### (1) Results of Operations:

	6 Months ended September 30, 2020		6 Months ended September 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,046,771	9,893,866	1,107,558
Core operating income	54,066	511,021	84,527
(Share of profit of investments accounted for using the equity method )	( 22,973 )	( 217,136 )	( 12,211 )
Operating income	50,776	479,924	102,545
Income before taxes	38,840	367,108	96,641
Net income	15,425	145,794	50,081
Net income attributable to non-controlling interests	16,514	156,087	20,372
Net income (loss) attributable to owners of the parent	(1,089)	(10,293)	29,709
Net income (loss) per 1,000 shares	Yen (666)	USD* (6)	Yen 18,171
Comprehensive income	Yen (Millions) (9,285)	USD (Thousands)* (87,760)	Yen (Millions) (3,855)

### (2) Financial Position:

	As of September 30, 2020		As of March 31, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,774,355	35,674,433	3,650,332
Total equity	1,371,240	12,960,681	1,388,837

### (3) Cash Flows:

	6 Months ended September 30, 2020		6 Months ended September 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	156,585	1,480,009	69,930
Cash flows from investing activities	(62,963)	(595,113)	(72,791)
Cash flows from financing activities	97,937	925,681	80,297
Cash and cash equivalents at end of period	381,802	3,608,715	271,320

### (4) Results of Operations by Business Segment:

	6 Months ended September 30, 2020		6 Months ended September 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	243,630	2,302,741	352,192
Energy & Functional Materials	105,229	994,603	131,032
IT-related Chemicals	213,259	2,015,681	206,860
Health & Crop Sciences	186,050	1,758,507	146,311
Pharmaceuticals	276,141	2,610,028	247,446
Others	22,462	212,306	23,717
	1,046,771	9,893,866	1,107,558
Core operating income			
Petrochemicals & Plastics	(31,283)	(295,681)	17,402
Energy & Functional Materials	4,769	45,076	12,548
IT-related Chemicals	22,139	209,253	15,296
Health & Crop Sciences	9,914	93,705	(8,185)
Pharmaceuticals	49,054	463,648	46,874
Others	5,668	53,573	5,209
Adjustments	(6,195)	(58,554)	(4,617)
	54,066	511,021	84,527

(Note)

\*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of  
¥105.80 = \$1 prevailing on September 30, 2020.