

**Sumitomo Chemical Reports
Consolidated Financial Results
For the Nine Months Ended December 31, 2020**

For the nine months ended December 31, 2020, the Sumitomo Chemical Group reported consolidated sales revenue of ¥1,642.6 billion, decrease of ¥8.1 billion year on year, core operating income* of ¥107.0 billion, operating income of ¥116.6 billion, and net income attributable to owners of the parent of ¥21.9 billion; all lower 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 of investments accounted for using the equity method.

The financial results by business segment for the nine-month period 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 ¥109.9 billion from the same period of the previous year to ¥408.4 billion. Core operating income suffered a loss of ¥27.9 billion, declined by ¥55.2 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 (including separators for lithium-ion secondary batteries and synthetic rubber) decreased. As a result, sales revenue dropped by ¥15.3 billion from the same period of the previous year to ¥175.4 billion, and core operating income declined by ¥2.1 billion from the same period of the previous year to ¥15.6 billion.

IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased driven by growing demand for these items. 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 ¥19.3 billion from the same period of the previous year to ¥324.3 billion, and core operating income increased by ¥13.2 billion from the same period of the previous year to ¥31.8 billion.

Health & Crop Sciences

Sales of crop protection products increased year on year after the acquisition of four South American Subsidiaries of Nufarm in April 2020. Shipment in India also performed well. Market prices of methionine (feed additive) increased from the same period of the previous year. As a result, sales revenue increased by ¥63.9 billion from the same period of the previous year to ¥282.4 billion. Backed by the improved margins of methionine and increased international shipment of crop protection products, core operating income recovered from a year earlier loss to ¥12.2 billion, increase of ¥25.8 billion from the same period of the previous year.

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 ¥35.3 billion from the same period of the previous year to ¥417.5 billion. Core operating income increased by ¥7.2 billion from the same period of the previous year to ¥74.7 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 ¥1.5 billion from the same period of the previous year to ¥34.6 billion, and core operating income increased by ¥2.4 billion from the same period of the previous year to ¥10.3 billion.

Summary of Consolidated Results

(1) Results of Operations:

	9 Months ended December 31, 2020		9 Months ended December 31, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	1,642,610	15,870,628	1,650,733
Core operating income	106,974	1,033,565	116,271
(Share of profit of investments accounted for using the equity method)	(21,927)	(211,855)	(19,776)
Operating income	116,645	1,127,005	127,662
Income before taxes	93,505	903,430	126,775
Net income	54,130	522,995	66,514
Net income attributable to non-controlling interests	32,194	311,053	28,933
Net income attributable to owners of the parent	21,936	211,942	37,581
Net income per 1,000 shares	Yen 13,417	USD* 130	Yen 22,985
Comprehensive income	Yen (Millions) 17,251	USD (Thousands)* 166,676	Yen (Millions) 34,926

(2) Financial Position:

	As of December 31, 2020		As of March 31, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,890,180	37,586,280	3,654,087
Total equity	1,391,399	13,443,469	1,392,592

(3) Cash Flows:

	9 Months ended December 31, 2020		9 Months ended December 31, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	273,426	2,641,797	63,612
Cash flows from investing activities	(159,933)	(1,545,246)	(418,971)
Cash flows from financing activities	103,141	996,531	463,915
Cash and cash equivalents at end of period	404,081	3,904,164	309,058

(4) Results of Operations by Business Segment:

	9 Months ended December 31, 2020		9 Months ended December 31, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	408,390	3,945,797	518,319
Energy & Functional Materials	175,369	1,694,386	190,648
IT-related Chemicals	324,269	3,133,034	304,946
Health & Crop Sciences	282,443	2,728,918	218,497
Pharmaceuticals	417,530	4,034,106	382,222
Others	34,609	334,387	36,101
	1,642,610	15,870,628	1,650,733
Core operating income			
Petrochemicals & Plastics	(27,870)	(269,275)	27,372
Energy & Functional Materials	15,585	150,580	17,650
IT-related Chemicals	31,839	307,623	18,675
Health & Crop Sciences	12,168	117,565	(13,594)
Pharmaceuticals	74,739	722,116	67,561
Others	10,286	99,382	7,873
Adjustments	(9,773)	(94,426)	(9,266)
	106,974	1,033,565	116,271

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥103.50 = \$1 prevailing on December 31, 2020.