

## **Announcement of Impairment Loss at Subsidiary**

Sumitomo Chemical announces that it will post an impairment loss of its consolidated subsidiary, Sumitomo Dainippon Pharma, in the fourth quarter of the fiscal year ending March 31, 2021, as detailed below.

### 1. Details of the impairment loss

As announced by Sumitomo Dainippon Pharma, Sumitomo Chemical's consolidated subsidiary, it has been decided that all of ongoing Phase 1 and Phase 2 studies of napabucasin, an investigational anticancer agent for colorectal cancer, will be discontinued, after it failed to meet the primary endpoints in Phase 3 study as announced by the subsidiary on February 9. As a result, Sumitomo Chemical will write off all of the intangible assets (in-process research and development) relating to napabucasin and report an impairment loss in the amount of ¥26.9 billion (US\$254 million) in the fourth quarter of the fiscal year ending March 31, 2021. With the discontinued development of napabucasin, Sumitomo Chemical will post a reversal of expenses under changes in the fair value of contingent consideration in the amount of ¥17.5 billion (US\$165 million).

### 2. Impact on the financial results

The above-mentioned impairment loss has been factored in the "Sumitomo Chemical Announces Revisions to Its Financial Forecast for the Full Year Ending March 31, 2021" reported on February 12, 2021.