

Notice Concerning Impairment Loss and Finance Expenses (Foreign Exchange Loss)

Sumitomo Chemical Co., Ltd. has recorded impairment loss and finance expenses for fourth quarter FY2024 (January 1, 2025 to March 31, 2025) as follows.

1. Details of Impairment Loss

The Company became aware of indications of impairment for a portion of assets belonging to the Company and its consolidated subsidiaries. After consideration of the recoverable amount for those assets, the Company has reported impairment losses.

In the consolidated financial statements, impairment losses of ¥20,802 million were posted in the following accounts: "Cost of sales", "Selling, general and administrative expenses" and "Other operating expenses" for the fourth quarter.

The major items recognized impairment losses are as follows.

(i) Multi-plant structure for producing fine chemicals in Advanced Medical Solutions

Regarding the multi-plant structure for producing fine chemicals, because of an anticipated deterioration in the business environment and decline in profitability, an impairment test was performed. As a result, because the recoverable amount was less than the carrying amount, the carrying amount was impaired to the recoverable amount of ¥6,909 million and an impairment loss of ¥4,529 million was recorded.

(ii) Patent rights in Sumitomo Pharma

The profitability of patent right associated with TWYMEEG® (therapeutic agent for type 2 diabetes) was no longer expected. As a result, the entire carrying amount was impaired and an impairment loss of ¥4,175 million was recorded.

(iii) The production facilities of Ehime Works in Essential & Green Materials etc.

Regarding the production facilities of Ehime Works, because the profitability of the business declined due to weak demand and lower market prices, the entire carrying amount was impaired and an impairment loss of ¥3,248 million was recorded.

2. Details of Finance Expenses (Foreign Exchange Loss)

A foreign exchange loss of ¥26,342 million was recorded for the fourth quarter due to recent fluctuations in foreign exchange rates. This was mainly due to the valuation of assets and liabilities denominated in foreign currencies.

3. Impact on Financial Results

With regard to the impact of the above impairment loss and finance expenses on the results of the Company operations, please refer to the “Summary of Consolidated Financial Results for Fiscal Year 2024 (Under IFRS)” announced today.