

Financial Results for FY2022 Second Quarter

(April 1, 2022 - September 30, 2022)

November 1, 2022



(Cautionary Statement)

Statements made in this material with respect to Sumitomo Chemical'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.

1. Consolidated Financial Results for FY2022 Second Quarter

Key Points of Financial Results	4
Financial Summary	5
Sales Revenue by Business Segment	6
Core Operating Income by Business Segment	7
Core Operating Income Analysis by Business Segment	8
Breakdown of Non-recurring Items	13
Consolidated Balance Sheets	14
Consolidated Statements of Cash Flows	15

2. Outlook for FY2022

Key Points of Outlook	17
Performance Forecast for FY2022	18
Sales Revenue and Core Operating Income by Business Segment	19

Reference








Costs and Expenses etc.	21
Capital Expenditures by Business Segment	22
Depreciation and Amortization by Business Segment	23
Research & Development Expenses by Business Segment	24
Sales Revenue by Business Segment (Quarterly)	25
Core Operating Income by Business Segment (Quarterly)	26
Sales Revenue Analysis by Business Segment	27
Major Group Companies	30
Crop Protection Product Sales by Region	31

1. Consolidated Financial Results for FY2022 Second Quarter

Economic Conditions

- Because of the weakening yen, the profitability of exports and overseas businesses improved
- On the other hand, because of the crisis in Ukraine and high inflation, the sharp rise in raw material and fuel prices has put pressure on business results

Business Environment

Petrochemicals/ Raw Materials	Downstream demand was weak, and the market for petrochemical products was stagnant On the other hand, because the market for refined petroleum products was tight, Petro Rabigh's first-half results are strong	
Automobiles	Auto production continued to decline because of shortages in semiconductors and the lockdown in China	
Displays	Because stay-at-home demand has fallen and consumer sentiment has soured due to inflation concerns, demand for display panels sharply declined	
Semiconductors	Strong demand continued with the expansion of the market	
Crop Protection	In addition to strong demand for crop protection products, higher selling prices in South America made a solid contribution to performance in the period	
Methionine	Market prices improved, but the rise of raw material and fuel prices outpaced the improvement	
Pharmaceuticals	Sales of LATUDA® continued to be strong	

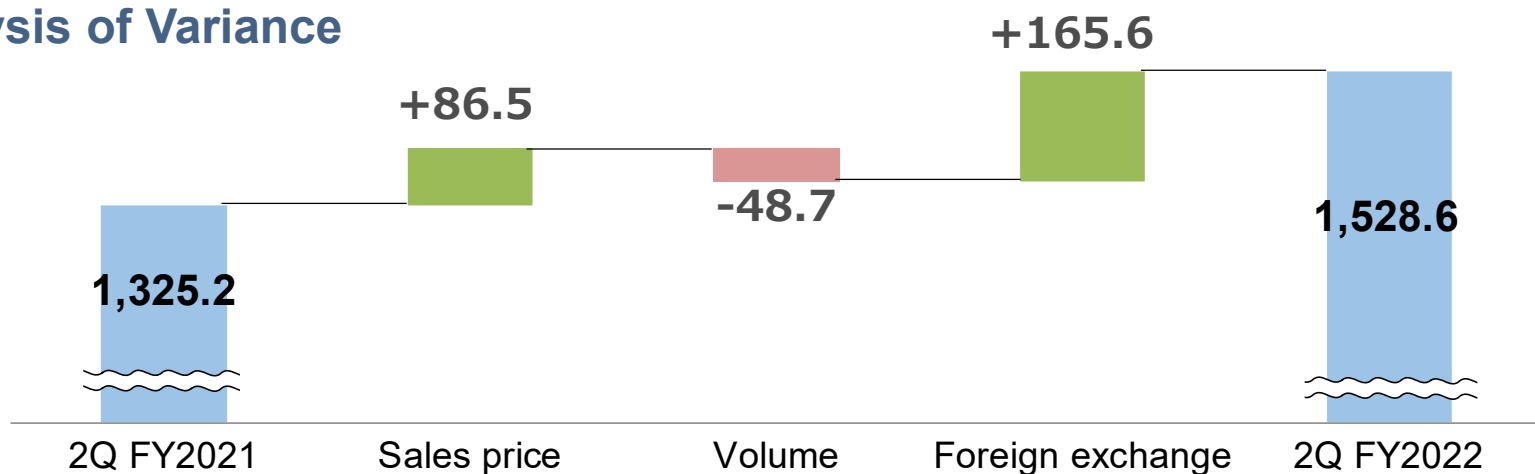
Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance	Ratio
Sales revenue	1,325.2	1,528.6	203.4	15.3%
Core operating income	148.9	115.6	-33.3	-22.3%
Of which equity in earnings	27.2	29.9	2.6	-
Non-recurring items	-4.6	-55.1	-50.4	-
Operating income	144.3	60.6	-83.7	-58.0%
Finance income/expenses	2.5	66.2	63.7	-
Of which gain/loss on foreign currency transactions	6.0	82.1	76.2	-
Income tax expenses	-39.0	-53.7	-14.7	-
Net income attributable to non-controlling interests	-18.9	8.0	26.9	-
Net income attributable to owners of the parent	88.9	81.1	-7.8	-8.8%
ROE	8.5%	6.2%		
Exchange rate (yen/\$)	109.81	134.03		
Naphtha price (yen/KL)	50,600	83,600		
Overseas sales revenue ratio	67.1%	70.4%		

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Essential Chemicals & Plastics	399.5	467.3	67.8	17.0%	45.5	-22.1	44.4
Energy & Functional Materials	148.5	173.5	25.0	16.9%	25.5	-5.8	5.3
IT-related Chemicals	227.7	222.2	-5.5	-2.4%	-5.0	-37.4	37.0
Health & Crop Sciences	209.4	293.9	84.5	40.3%	26.5	17.9	40.0
Pharmaceuticals	309.6	334.4	24.9	8.0%	-6.0	-7.9	38.8
Others & Adjustments	30.6	37.2	6.6	21.7%	0.0	6.6	0.0
Total	1,325.2	1,528.6	203.4	15.3%	86.5	-48.7	165.6

Analysis of Variance



Core Operating Income by Business Segment

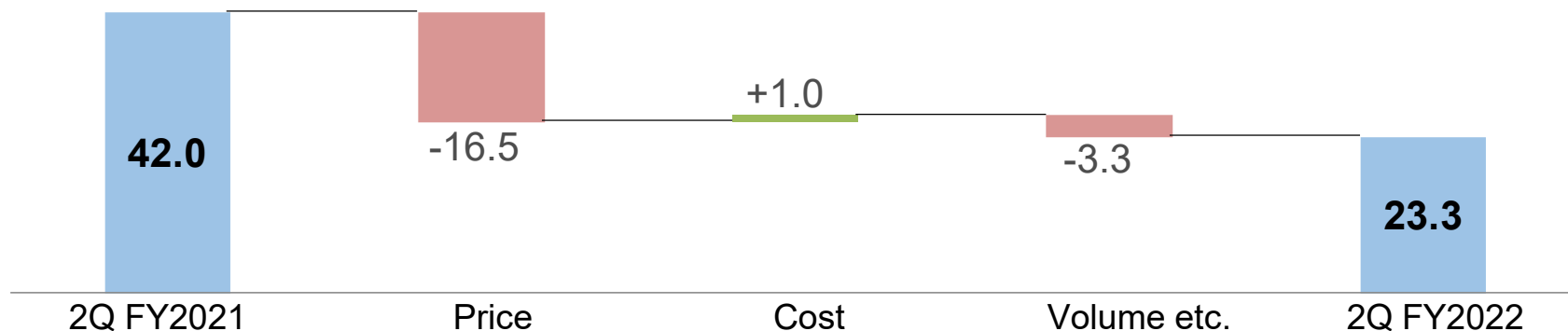
Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance	Price variance	Cost variance	Shipping volume variance and other
Essential Chemicals & Plastics	42.0	23.3	-18.8	-16.5	1.0	-3.3
Energy & Functional Materials	12.6	13.4	0.9	-1.0	-1.5	3.4
IT-related Chemicals	29.5	26.4	-3.1	-7.0	2.5	1.4
Health & Crop Sciences	18.5	36.3	17.9	0.0	-4.0	21.9
Pharmaceuticals	50.0	25.2	-24.8	-6.0	-4.5	-14.3
Others & Adjustments	-3.7	-9.0	-5.4	0.0	0.0	-5.4
Total	148.9	115.6	-33.3	-30.5	-6.5	3.7

Analysis of Variance



Core Operating Income Total ¥23.3 billion (-18.8 from 2Q FY2021)

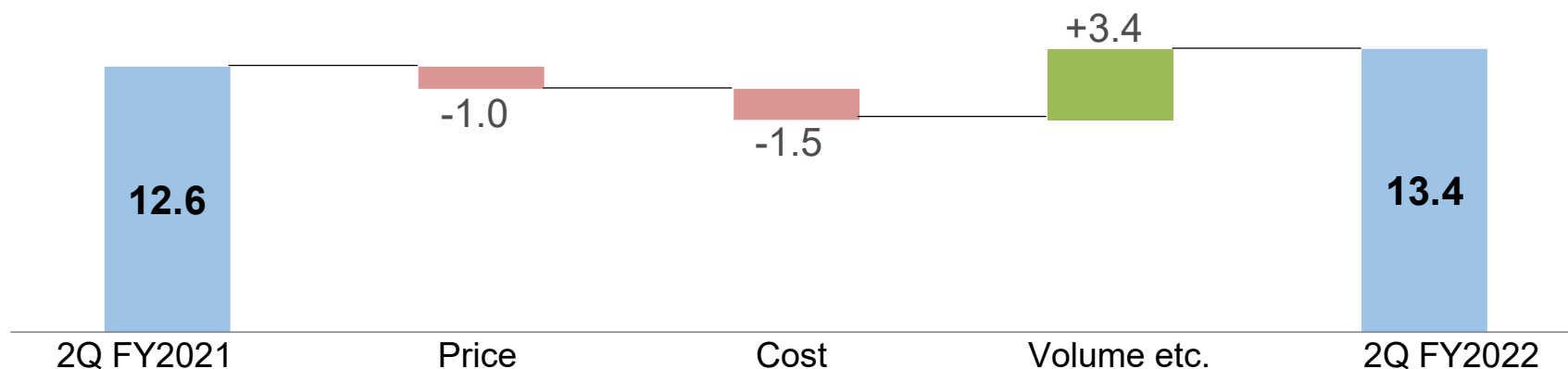


Price variance

Terms of trade have deteriorated because increases in sales prices have not kept up with increases in raw material and fuel prices for products such as synthetic resins, MMA, and various industrial chemicals.

Volume variance etc.

Shipments decreased due to a drop in demand, particularly in automotive applications, despite improvements in operations at Petro Rabigh

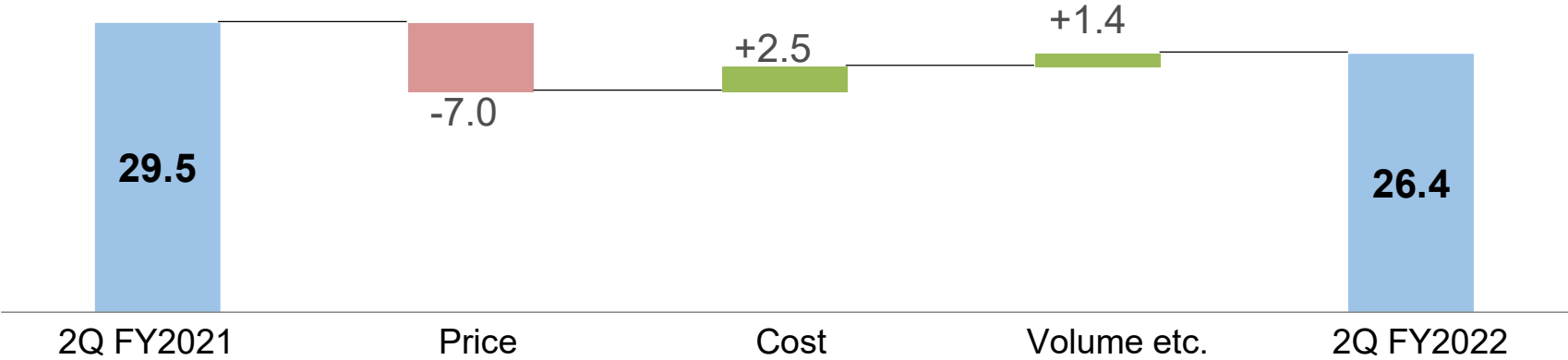
Core Operating Income Total ¥13.4 billion (+0.9 from 2Q FY2021)

Price variance

For aluminum and cathode materials, terms of trade improved in line with market prices. For other products, such as resorcinol and synthetic rubber, terms of trade deteriorated due to increases in raw material and fuel prices.

Volume variance etc.

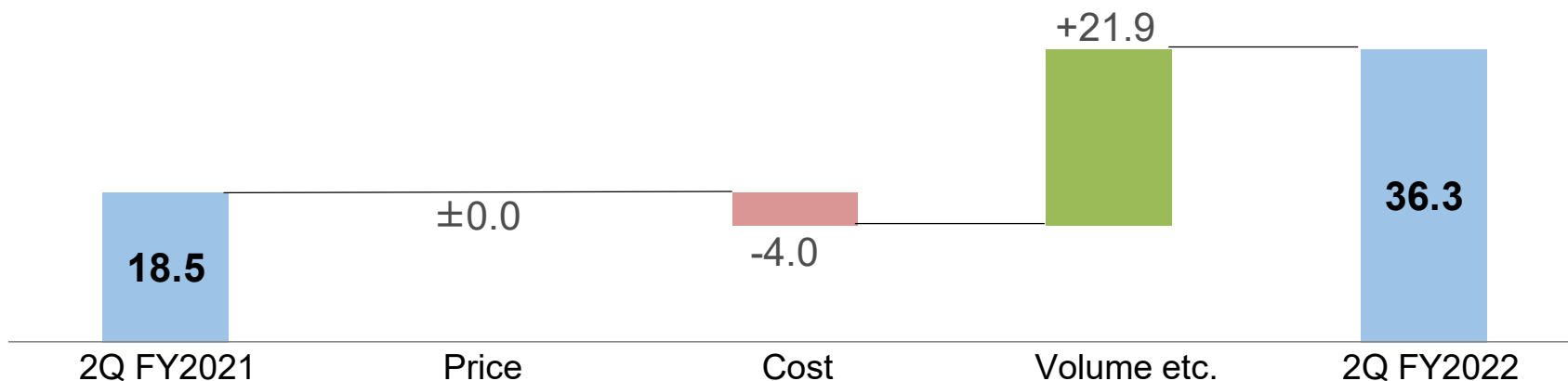
In addition to continued strong shipments of lithium-ion secondary battery separators, net income from exports increased due to the weak yen.

Core Operating Income Total ¥26.4 billion (-3.1 from 2Q FY2021)

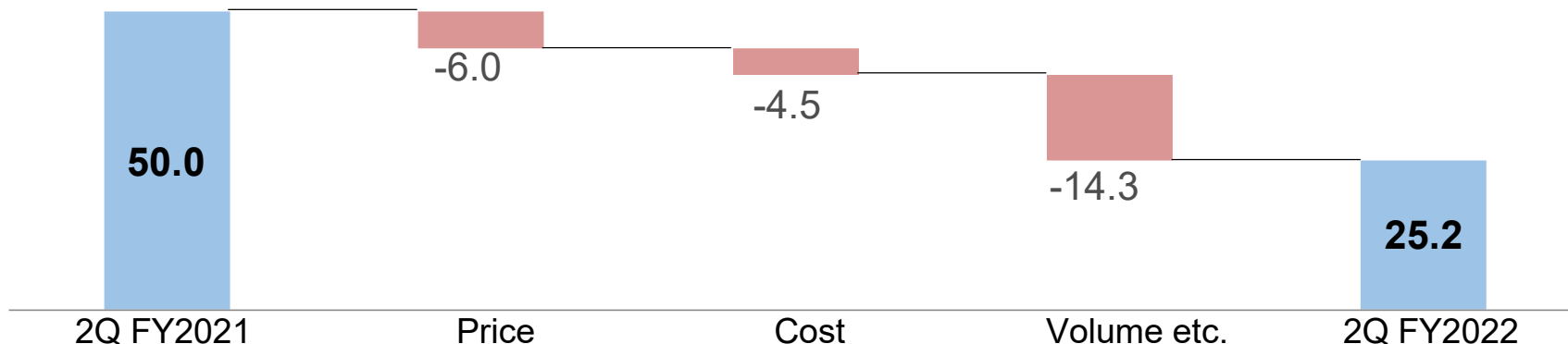


Price variance	Displays	Selling prices fell for polarizing film and touch sensor panels
Volume variance etc.	Displays	Shipments decreased due to factors such as the waning of stay-at-home demand and deteriorated consumer sentiment due to inflation
	Semiconductors	Shipments of high-purity chemicals and photoresists increased alongside increased overall demand
	Overall	Increased net income on exports and profit from foreign currency conversion due to the weak yen

Core Operating Income Total ¥36.3 billion (+17.9 from 2Q FY2021)



Price variance	Crop Protection	Improved terms of trade due to increased sales prices for generics in South America
	Methionine	Terms of trade deteriorated due to increased raw material and fuel prices, despite improved market prices
Cost variance	Crop Protection	Expenses relating to business expansion increased, such as the immediate launch of INDIFLIN® and development expenses for new pipeline products
Volume variance etc.	Crop Protection	Increased shipments in South America and India
	Overall	Increased net income on exports and profit from foreign currency conversion due to the weak yen

Core Operating Income Total ¥ 25.2billion (-24.8 from 2Q FY2021)


Price variance	Sales prices decreased due to the revisions to drug prices in Japan
Cost variance	Increases in sales expenses and general management expenses in the Sumitovant Group related to sales promotion activities for products such as ORGOVYX® and GEMTESA®
Volume variance etc.	In addition to sales growth of products such as LATUDA®, ORGOVYX®, and GEMTESA® in North America, a one-time gain was recorded on the licensing contract for sales of ORGOVYX® in Europe. On the other hand, there had been a lump-sum revenue for the collaboration and license agreement for joint development and commercialization in the same quarter last year.

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Impairment loss	-1.6	-54.5	-52.9
Restructuring charges	-3.0	-8.4	-5.4
Gain on sale of property, plant and equipment	0.2	3.5	3.4
Changes in fair value of contingent consideration	-0.1	1.3	1.4
Others	-0.0	3.1	3.1
Non-recurring items	-4.6	-55.1	-50.4

Unit: Billions of yen

	31-Mar-22	30-Sep-22	Variance		31-Mar-22	30-Sep-22	Variance
Current assets	1,812.6	2,140.5	327.8	Liabilities	2,606.2	2,793.4	187.2
Cash and cash equivalents	365.4	486.0	120.6	Trade and other payables	551.6	635.3	83.8
Trade and other receivables	720.4	738.5	18.0	Interest-bearing Liabilities	1,350.5	1,392.9	42.4
Inventories	651.4	805.2	153.9	Others	704.1	765.2	61.1
Others	75.4	110.8	35.4	Equity	1,702.0	1,888.7	186.7
Non-current assets	2,495.5	2,541.6	46.0	Shareholders' equity	1,082.8	1,147.4	64.6
Property, plant and equipment	823.0	855.8	32.8	Other components of equity	135.3	232.1	96.8
Goodwill and Intangible assets	715.6	751.4	35.8	Non-controlling interests	483.9	509.2	25.3
Others	956.9	934.4	-22.5				
Total	4,308.2	4,682.0	373.9	Total	4,308.2	4,682.0	373.9
				Equity attributable to owners of parent to total assets	28.3%	29.5%	1.2%
				D/E ratio (times)	0.8	0.7	-0.1

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Cash flows from operating activities	77.2	83.5	6.3
Cash flows from investing activities	-65.2	15.6	80.7
Free cash flows	12.0	99.1	87.0
Cash flows from financing activities	-27.1	-24.7	2.5
Effect of exchange rate changes on cash and cash equivalents	1.0	46.2	45.2
Net change in cash and cash equivalents	-14.1	120.6	134.7
Cash and cash equivalents at end of period	346.8	486.0	139.2

2. Outlook for FY2022

Economic Conditions

There are concerns about a recession because of high raw material and fuel prices and because of the policy of countries to raise interest rates

Changes in the Business Environment, First Half ⇒ Second Half

Petrochemicals/ Raw Materials	For Petro Rabigh, tight market conditions for refined petroleum products are expected to ease	
Automobiles	We anticipate a recovery in production after a sluggish period due to shortage in semiconductor	
Displays	We anticipate a sharp decline in display-related demand due to a prolonged inventory adjustment period for display panels	
Semiconductors	We anticipate an expansion of the market, but there are signs of slowdown partly in memory markets	
Crop Protection	Full-scale sales of new products will start in South America. We anticipate a period of solid demand in North America and Japan.	
Methionine	Facing a severe business environment due to raw material prices remaining high	
Pharmaceuticals	We are coming up on the loss of exclusivity for LATUDA®, but we are focusing on expanding the sales of new products	

Unit: Billions of yen

	Previous Forecast	Revised Forecast	Variance	Ratio
Sales revenue	3,120.0	3,180.0	60.0	1.9%
Core operating income	200.0	190.0	-10.0	-5.0%
Non-recurring items	-20.0	-75.0	-55.0	-
Operating income	180.0	115.0	-65.0	-36.1%
Net income attributable to owners of the parent	125.0	105.0	-20.0	-16.0%
ROE	10.0%	8.1%		
Exchange rate (yen/\$)	125.00	137.02 (2H 140.00)		
Naphtha price (yen/KL)	80,000	79,300 (2H 75,000)		
Cash dividends (yen)	Interim dividend	10.00	12.00	
	Year-end dividend	14.00	12.00	
	Annual dividend	24.00	24.00	

Sales Revenue and Core Operating Income by Business Segment 19

Unit: Billions of yen

	Sales revenue			Core operating income		
	Previous Forecast	Revised Forecast	Variance	Previous Forecast	Revised Forecast	Variance
Essential Chemicals & Plastics	1,120.0	960.0	-160.0	41.0	0.0	-41.0
Energy & Functional Materials	340.0	390.0	50.0	18.0	20.0	2.0
IT-related Chemicals	480.0	465.0	-15.0	61.0	51.0	-10.0
Health & Crop Sciences	540.0	645.0	105.0	47.5	77.0	29.5
Pharmaceuticals	580.0	630.0	50.0	33.0	36.0	3.0
Others & Adjustments	60.0	90.0	30.0	-0.5	6.0	6.5
Total	3,120.0	3,180.0	60.0	200.0	190.0	-10.0

Reference

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Capital Expenditures	51.0	69.1	18.0
Depreciation and Amortization	77.7	85.8	8.1
Research & Development Expenses	83.8	93.4	9.7
Number of Employees (as of September 30, 2022)	34,973	34,654	-319

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Essential Chemicals & Plastics	10.2	15.5	5.3
Energy & Functional Materials	11.8	11.7	-0.1
IT-related Chemicals	6.1	13.4	7.3
Health & Crop Sciences	8.5	13.1	4.6
Pharmaceuticals	8.5	6.5	-2.1
Others & Adjustments	5.9	9.0	3.1
Total	51.0	69.1	18.0

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Essential Chemicals & Plastics	13.4	14.5	1.0
Energy & Functional Materials	9.4	9.4	-0.0
IT-related Chemicals	13.8	13.7	-0.1
Health & Crop Sciences	13.4	14.3	0.9
Pharmaceuticals	19.6	23.7	4.2
Others & Adjustments	8.1	10.3	2.1
Total	77.7	85.8	8.1

Unit: Billions of yen

	2Q FY2021	2Q FY2022	Variance
Essential Chemicals & Plastics	3.4	3.5	0.1
Energy & Functional Materials	3.8	4.4	0.5
IT-related Chemicals	9.6	9.8	0.2
Health & Crop Sciences	12.2	14.5	2.4
Pharmaceuticals	46.9	51.8	4.9
Others & Adjustments	7.9	9.4	1.6
Total	83.8	93.4	9.7

Unit: Billions of yen

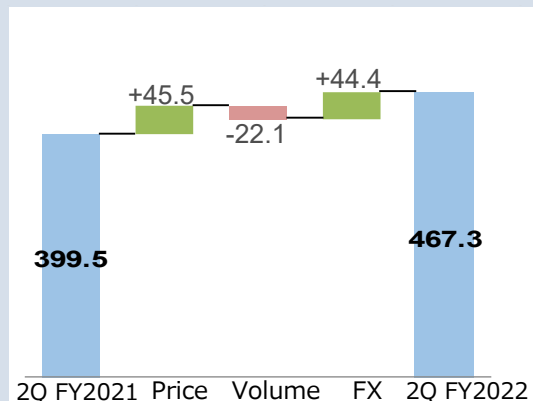
	FY2021				FY2022		FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	1st Half	2nd Half (Forecast)
Essential Chemicals & Plastics	199.5	200.0	225.5	217.6	238.6	228.7	467.3	492.7
Energy & Functional Materials	74.4	74.1	78.2	89.7	86.4	87.1	173.5	216.5
IT-related Chemicals	109.3	118.4	124.4	121.7	114.7	107.5	222.2	242.8
Health & Crop Sciences	103.1	106.4	121.5	142.8	152.6	141.3	293.9	351.1
Pharmaceuticals	139.2	170.4	146.7	135.4	167.7	166.7	334.4	295.6
Others & Adjustments	13.6	17.0	16.4	20.3	14.2	23.0	37.2	52.8
Total	639.0	686.2	712.7	727.4	774.1	754.4	1,528.6	1,651.4

Unit: Billions of yen

	FY2021				FY2022		FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	1st Half	2nd Half (Forecast)
Essential Chemicals & Plastics	23.8	18.2	10.0	1.5	10.0	13.3	23.3	-23.3
Energy & Functional Materials	6.7	5.9	6.1	1.4	6.6	6.8	13.4	6.6
IT-related Chemicals	13.5	16.0	16.4	11.9	15.8	10.7	26.4	24.6
Health & Crop Sciences	10.3	8.2	9.4	14.4	21.9	14.4	36.3	40.7
Pharmaceuticals	9.6	40.3	12.5	-0.7	14.1	11.1	25.2	10.8
Others & Adjustments	-2.3	-1.4	2.5	0.6	-4.3	-4.8	-9.0	15.0
Total	61.7	87.2	56.8	29.1	64.1	51.5	115.6	74.4

Essential Chemicals & Plastics

Sales Revenue



Total ¥467.3 billion (+67.8 from 2Q FY2021)

Sales price

+45.5

- Higher market prices

Volume

-22.1

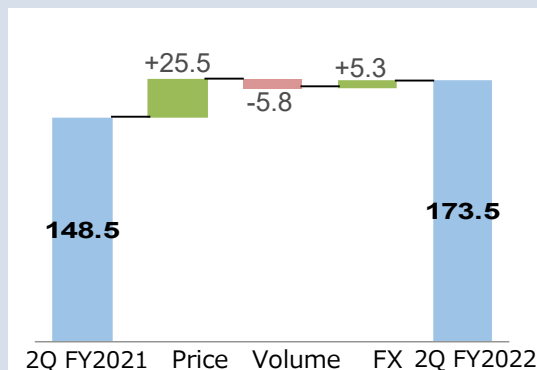
- Reduced shipments for automotive applications, others (synthetic resins, etc.)

Foreign exchange

+44.4

Energy & Functional Materials

Sales Revenue



Total ¥173.5 billion (+25.0 from 2Q FY2021)

Sales price

+25.5

- Aluminum price increases
- Cathode materials price increases

Volume

-5.8

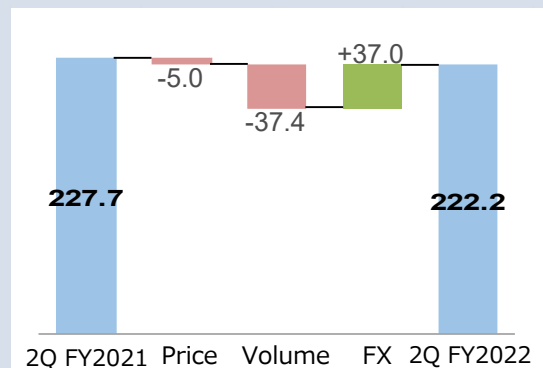
- Reduced shipments for automotive applications (aluminum, resorcinol, etc.)
- Increased shipments of lithium-ion secondary battery separators

Foreign exchange

+5.3

IT-related Chemicals

Sales Revenue



Total ¥222.2 billion (-5.5 from 2Q FY2021)

Sales price

-5.0

- Reduced prices for polarizing film

Volume

-37.4

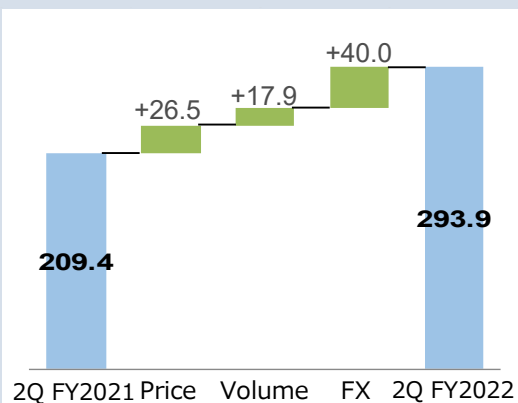
- Reduced shipments of materials for display applications
- Increased shipments of semiconductor process materials

Foreign exchange

+37.0

Health & Crop Sciences

Sales Revenue



Total ¥293.9 billion (+84.5 from 2Q FY2021)

Sales price

+26.5

- Increased prices for generic products in South America
- Increased market prices for methionine

Volume

+17.9

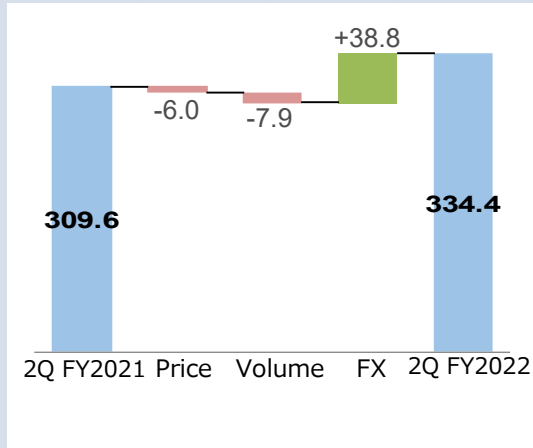
- Increased shipments of crop protection products in South America and India

Foreign exchange

+40.0

Pharmaceuticals

Sales Revenue



Total ¥334.4 billion (+24.9 from 2Q FY2021)

Sales price

-6.0

- Revisions to drug prices in Japan

Volume

-7.9

- Increased shipments of Latuda®, Orgovyx®, Gemtesa®, etc., in North America
- Recorded one-time revenues due to sales license contract for Orgovyx® in Europe
- there had been a lump-sum revenue for the collaboration and license agreement for joint development and commercialization in the same quarter last year.

Foreign exchange

+38.8

Company	Sales Revenue		Profit Trends
	2Q FY2021	2Q FY2022	
The Polyolefin Company (Singapore) (Millions of USD)	600	601	↘ A deterioration in profit margins
Petrochemical Corporation of Singapore (Millions of USD)	1,307	1,432	↘ A deterioration in profit margins
Rabigh Refining and Petrochemical Company (Millions of SAR)	21,245	32,502	↗ Improved margins on oil refining
Dongwoo Fine-Chem (Billions of KRW)	1,242.6	1,106.1	↘ Decrease due to lower sales volume of display-related materials
Valent U.S.A. and Subsidiaries (Millions of USD)	352	346	↘ Decrease in profit due to higher planned expenses

Unit; Billions of yen

	FY2021 2nd Quarter	FY2022 2nd Quarter	Difference	Reasons for Change
Japan	29.5	31.0	1.5	
North America	22.8	26.1	3.3	<ul style="list-style-type: none"> Foreign currency conversion variance
Central & South America	55.1	115.2	60.1	<ul style="list-style-type: none"> Foreign currency conversion variance Increase in shipments
Asia (including India)	27.0	37.2	10.2	<ul style="list-style-type: none"> Foreign currency conversion variance Increase in shipments in India
Europe & Others	9.2	10.6	1.4	<ul style="list-style-type: none"> Foreign currency conversion variance Increase in shipments in Europe
Total	143.6	220.1	75.0	