

For Immediate Release

August 3, 2021

Sumitomo Chemical Reports Consolidated Financial Results For the Three Months Ended June 30, 2021

For the first quarter ended on June 30, 2021, the Sumitomo Chemical Group reported consolidated sales revenue of ¥639.0 billion, an increase of ¥138.8 billion year on year, core operating income* of ¥61.7 billion, operating income of ¥58.3 billion, and net income attributable to owners of the parent of ¥35.7 billion; all higher 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 from investments accounted for using the equity method.

The financial results by business segment for the first quarter are as follows:

Petrochemicals & Plastics

Shipments and market prices of petrochemical products, synthetic resins and synthetic fibers performed well. Thereby sales revenue increased by ¥91.3 billion to ¥199.5 billion and core operating income recovered by ¥43.7 billion, to ¥23.8 billion, compared with the same period of the previous year, when the shipment volumes decreased due to the periodic shutdown maintenance for Rabigh Refining and Petrochemical Company, our equity method investee, and due to the impact of the COVID-19 pandemic, mainly on demand for automotive use.

Energy & Functional Materials

Shipments of separators for lithium-ion secondary batteries performed well. Market prices for aluminum and for the metal raw materials for cathode materials increased, resulting in higher selling prices. For the same period of previous year, shipments were lower, mainly for automotive use, due to the COVID-19 pandemic. As a result, sales revenue increased by ¥26.0 billion from the same period of previous year, to ¥74.4 billion. Core operating income increased by ¥4.7 billion from the same period of previous year, to ¥6.7 billion.

IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased, driven by growing demand for these items. Shipments of materials for display applications increased in the face of stay-at-home demand and telework demand. As a result, sales revenue increased by ¥5.4 billion from the same period of previous year, to ¥109.3 billion, and core operating income increased by ¥3.6 billion from the same period of previous year, to ¥13.5 billion.

Health & Crop Sciences

Shipments of crop protection products in North America, South America and India performed well. Market prices of methionine (feed additives) increased from the same period of the previous year. As a result, sales revenue increased by ¥14.2 billion from the same period of previous year, to ¥103.1 billion. Core operating income increased by ¥6.7 billion from the same period of previous year, to ¥10.3 billion.

Pharmaceuticals

In North America, Orgovyx™ (therapeutic agent for advanced prostate cancer), which was launched in the previous fiscal year, and Gemtesa® (therapeutic agent for overactive bladder) and Myfembree® (therapeutic agent for uterine fibroids), which commenced sales this quarter, contributed to the sales revenue. However, declines in sales of Brovana® (therapeutic agent for chronic obstructive pulmonary disease) caused by the expiration of the exclusive marketing period, and Latuda® (atypical antipsychotic agent) affected by an increase in shipments in the second half of the previous fiscal year caused a negative impact. In addition, in Japan, sales revenues were adversely affected by national drug price revisions. As a result, sales revenue decreased by ¥1.6 billion from the same period of the previous year, to ¥139.2 billion. Core operating income decreased by ¥14.9 billion from the previous year, to ¥9.6 billion. The reason for the decline as well as lower sales revenue was the increase in selling, general and administrative expenses due to the start of full-scale marketing activities by subsidiaries of Sumitovant Biopharma Limited.

Others

In addition to the above five segments, the Sumitomo Chemical Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses increased by ¥3.4 billion from the same period of previous year, to ¥13.6 billion, and core operating income increased by ¥0.4 billion from the same period of previous year, to ¥2.7 billion.

Summary of Consolidated Results

(1) Results of Operations:

	3 Months ended June 30, 2021		3 Months ended June 30, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	638,979	5,778,432	500,188
Core operating income	61,664	557,642	19,862
(Share of profit of investments accounted for using the equity method)	(14,742)	(133,315)	(13,306)
Operating income	58,344	527,618	18,467
Income before taxes	56,693	512,688	13,578
Net income	38,884	351,637	1,371
Net income attributable to non-controlling interests	3,225	29,164	8,712
Net income attributable to owners of the parent	35,659	322,472	(7,341)
Net income per 1,000 shares	Yen 21,810	USD* 197	Yen (4,490)
Comprehensive income	Yen (Millions) 39,232	USD (Thousands)* 354,784	Yen (Millions) (3,003)

(2) Financial Position:

	As of June 30, 2021		As of March 31, 2021
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	4,093,065	37,014,514	3,990,254
Total equity	1,503,702	13,598,318	1,482,119

(3) Cash Flows:

	3 Months ended June 30, 2021		3 Months ended June 30, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	4,690	42,413	55,587
Cash flows from investing activities	(41,274)	(373,250)	(44,168)
Cash flows from financing activities	41,457	374,905	126,598
Cash and cash equivalents at end of period	366,457	3,313,954	329,698

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2021		3 Months ended June 30, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	199,532	1,804,413	108,243
Energy & Functional Materials	74,385	672,680	48,345
IT-related Chemicals	109,266	988,117	103,845
Health & Crop Sciences	103,066	932,049	88,851
Pharmaceuticals	139,161	1,258,464	140,766
Others	13,569	122,709	10,138
	638,979	5,778,432	500,188
Core operating income			
Petrochemicals & Plastics	23,822	215,428	(19,850)
Energy & Functional Materials	6,710	60,680	1,978
IT-related Chemicals	13,480	121,903	9,855
Health & Crop Sciences	10,283	92,991	3,550
Pharmaceuticals	9,648	87,249	24,531
Others	2,747	24,842	2,374
Adjustments	(5,026)	(45,451)	(2,576)
	61,664	557,642	19,862

(Note)

*U.S. dollar amounts are translated from yen, for convenience only, at the rate of
¥110.58 = \$1 prevailing on June 30, 2021.