

Sumitomo Chemical Announces Its Financial Forecast for the Half-Year Ending September 30, 2021

Based on recent performance trends, Sumitomo Chemical Co., Ltd. is issuing its consolidated financial forecast for the half-year ending September 30, 2021, as detailed below.

Consolidated Financial Forecast for the Half-Year Ending September 30, 2021

(Millions of yen)

	Sales Revenue	Core Operating Income *1	Operating Income	Net Income Attributable to Owners of the Parent	Earnings per Share (yen)
Previous forecast (A)	—	—	—	—	—
Current forecast (B)	1,360,000	140,000	135,000	80,000	48.93
Variance in amount (B-A)	—	—	—	—	
Variance in percentage (%)	—	—	—	—	
Results for Half-Year ending September 30, 2020 *2	1,046,771	53,477	50,188	-2,244	-1.37

*1 “Core Operating Income” excludes gains and losses from non-recurring factors from operating income.

*2 Previous half-year results were adjusted retrospectively because the temporary accounting treatment related to company combinations was finalized.

(Background to the Forecast)

In Pharmaceuticals Sector, lump-sum revenue of about 30 billion yen will be recognized according to the license agreement concluded today between the consolidated subsidiary Sumitomo Dainippon Pharma Co., Ltd. and Otsuka Pharmaceutical Co., Ltd. In addition to that, the margin of products in Petrochemical & Plastics Sector has improved due to higher sales prices, and shipments of products in IT-related Chemicals and Health & Crop Sciences Sectors have been solid. As a result, sales revenue and core operating income are expected to exceed the previous half-year results.

Operating income and net income attributable to owners of the parent are both also expected to exceed the previous half-year results because of the foreign exchange loss incurred in the previous half-year due to yen appreciation, in addition to the improvement in core operating income.

The half-year forecast indicates that considerable progress is being made in achieving the full-year forecast announced on May 13, 2021, including 70% of the full-year core operating income forecast of 200 billion yen and 80% of the full-year forecast for net income attributable to owners

of the parent of 100 billion yen. An updated full-year forecast is now being discussed and will be explained on October 27, 2021, at the time of the half-year financial results announcement.

Cautionary Statement

Statements made in this document 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.

Information:

Financial Forecast by Segment for the Half-Year Ending September 30, 2021

(Millions of yen)

		Fiscal 2021 Previous Forecast (A)	Fiscal 2021 Current Forecast (B)	Variance in Amount (B-A)	Results for Half-Year ending September 30, 2020
Petrochemicals & Plastics	Sales revenue	—	410,000	—	243,630
	Core operating income	—	41,000	—	-31,283
Energy & Functional Materials	Sales revenue	—	150,000	—	105,229
	Core operating income	—	11,000	—	4,769
IT-related Chemicals	Sales revenue	—	230,000	—	213,259
	Core operating income	—	27,000	—	22,139
Health & Crop Sciences	Sales revenue	—	225,000	—	186,050
	Core operating income	—	17,000	—	9,325
Pharmaceuticals	Sales revenue	—	315,000	—	276,141
	Core operating income	—	49,000	—	49,054
Others Adjustments	Sales revenue	—	30,000	—	22,462
	Core operating income	—	-5,000	—	-527
Total	Sales revenue	—	1,360,000	—	1,046,771
	Core operating income	—	140,000	—	53,477