

## Sumitomo Chemical Announces Impairment Loss and Revisions to Its Financial Forecast for the Half-Year Ended September 30, 2022

Sumitomo Chemical Co., Ltd. (the “Company”) announces that an impairment loss of its subsidiary, Sumitomo Pharma Co., Ltd. (“SMP”), will be posted in the second quarter ended September 30, 2022. Furthermore, Sumitomo Chemical has made revisions to its consolidated financial forecast for the half-year ended September 30, 2022, previously announced on August 1, 2022, as detailed below.

### 1. Posting the Impairment Loss

It has been 2 years since the launch of KYNMOBI® in September 2020. Since KYNMOBI® has not been performing up to expectations, SMP has reviewed the forecast of its earnings and will post an impairment loss of ¥54,370 million (US\$406 million) associated with the product.

KYNMOBI® is a treatment for OFF episodes associated with Parkinson's disease, which is being marketed in the United States by Sunovion Pharmaceuticals Inc., a US subsidiary of SMP (sub-subsidiary of the Company).

### 2. Revisions to the Consolidated Financial Forecast for the Half-Year Ended September 30, 2022

(Millions of yen)

	Sales Revenue	Core Operating Income *	Operating Income	Net Income Attributable to Owners of the Parent	Earnings per Share (yen)
Previous forecast (A)	1,570,000	105,000	100,000	85,000	51.99
Revised forecast (B)	1,570,000	120,000	65,000	85,000	51.99
Variance in amount (B-A)	-	15,000	-35,000	-	
Variance in percentage (%)	-	14.3	-35.0	-	
Results for Half-Year ended September 30, 2021	1,325,210	148,897	144,272	88,884	54.36

\* 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.

#### (Reasons for the Revision)

Regarding the consolidated financial forecast for the half-year ended September 30, 2022, core operating income is forecasted to exceed the previous forecast because, in the Health & Crop Science Sector, sales of crop protection products in South America stayed firm. On the other hand,

operating income is forecasted to be lower than the previous forecast mainly due to the impairment loss mentioned above. Net income attributable to owners of the parent is the same as the previous forecast, despite lower operating income, because significant foreign exchange gains from the weak yen are expected. As a side note, the impairment loss is a non-cash item and has no impact on the Company's cash flows.

Regarding the consolidated financial forecast for the fiscal year ending March 31, 2023, it is under consideration and planned to be announced with the half-year consolidated financial results ended September 30, 2022, scheduled on November 1, 2022.

### **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 Ended September 30, 2022

(Millions of yen)

		Fiscal 2022 Previous Forecast (A)	Fiscal 2022 Revised Forecast (B)	Variance in Amount (B-A)	Results for Half-Year ended September 30, 2021
Essential Chemicals & Plastics	Sales revenue	510,000	480,000	-30,000	399,485
	Core operating income	28,000	24,000	-4,000	42,043
Energy & Functional Materials	Sales revenue	190,000	185,000	-5,000	148,477
	Core operating income	10,000	12,500	2,500	12,573
IT-related Chemicals	Sales revenue	210,000	225,000	15,000	227,656
	Core operating income	23,000	25,000	2,000	29,524
Health & Crop Sciences	Sales revenue	315,000	320,000	5,000	209,427
	Core operating income	37,000	45,000	8,000	18,456
Pharmaceuticals	Sales revenue	315,000	330,000	15,000	309,580
	Core operating income	10,000	22,000	12,000	49,963
Others / Adjustments	Sales revenue	30,000	30,000	-	30,585
	Core operating income	-3,000	-8,500	-5,500	-3,662
Total	Sales revenue	1,570,000	1,570,000	-	1,325,210
	Core operating income	105,000	120,000	15,000	148,897