

Sumitomo Chemical Announces Variances between its Financial Forecast and Actual Results for the Full Year Ended March 31, 2023

Sumitomo Chemical Co., Ltd. announces variances between its consolidated financial forecast for the full year ended March 31, 2023, previously announced on February 1, 2023, and the actual results for the same period announced today as detailed below.

Variations between Consolidated Financial Forecast and Actual Results

(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) | 2,999,000 | 120,000 | 0 | 0 | 0.00 |
| Results for full year ended March 31, 2023 (B) | 2,895,283 | 92,752 | -30,984 | 6,987 | 4.27 |
| Variance in amount (B-A) | -94,717 | -27,248 | -30,984 | 6,987 | |
| Variance in percentage (%) | -3.2 | -22.7 | - | - | |
| Results for full year ended March 31, 2022 | 2,765,321 | 234,779 | 215,003 | 162,130 | 99.16 |

* 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 Variances

Sales revenue and core operating income were lower than the previous forecast. In Pharmaceuticals Sector, gross profit declined due to lower sales, and selling, general and administrative expenses and research and development expenses increased due to the expenses associated with the study of the combination of group companies. Moreover, in the Health & Crop Sciences Sector, shipments of crop protection products were lower than expected and the market price of methionine (feed additives) remained at a low level.

Although operating income was lower than the previous forecast due to the decline of core operating income, net income attributable to owners of the parent was higher than the previous forecast because financial income increased due to the weaker yen on March 31, 2023, than was assumed.

Information:

Financial Results by Segment for the Full Year Ended March 31, 2023

(Millions of yen)

| | | Previous Forecast (A) | Results for Full Year Ended March 31, 2023 (B) | Variance in Amount (B-A) | Results for Full Year Ended March 31, 2022 |
|--------------------------------|-----------------------|-----------------------|--|--------------------------|--|
| Essential Chemicals & Plastics | Sales revenue | 880,000 | 852,916 | -27,084 | 842,511 |
| | Core operating income | -33,000 | -34,197 | -1,197 | 53,515 |
| Energy & Functional Materials | Sales revenue | 360,000 | 342,460 | -17,540 | 316,386 |
| | Core operating income | 18,000 | 15,239 | -2,761 | 20,058 |
| IT-related Chemicals | Sales revenue | 425,000 | 431,219 | 6,219 | 473,742 |
| | Core operating income | 41,000 | 47,601 | 6,601 | 57,827 |
| Health & Crop Sciences | Sales revenue | 645,000 | 598,390 | -46,610 | 473,778 |
| | Core operating income | 67,000 | 57,277 | -9,723 | 42,253 |
| Pharmaceuticals | Sales revenue | 590,000 | 584,873 | -5,127 | 591,709 |
| | Core operating income | 37,000 | 16,168 | -20,832 | 61,712 |
| Others & Adjustments | Sales revenue | 90,000 | 85,425 | -4,575 | 67,195 |
| | Core operating income | -10,000 | -9,336 | 664 | -586 |
| Total | Sales revenue | 2,990,000 | 2,895,283 | -94,717 | 2,765,321 |
| | Core operating income | 120,000 | 92,752 | -27,248 | 234,779 |