



For Immediate Release

April 30, 2024

Announcement of Impairment Loss

Sumitomo Chemical Co., Ltd. (the “Company”) announces that impairment losses will be posted in the fourth quarter of FY2023 (from January 1, 2024 to March 31, 2024) as detailed below.

1. Posting the Impairment Loss

The Company became aware of indications of impairment for a portion of assets belonging to the Company and its consolidated subsidiaries. After consideration of the recoverable amount for those assets, the Company has reported impairment losses.

The major items recognized impairment losses are as follows.

(i) Patent rights and goodwill in Pharmaceuticals

Sumitomo Pharma Co., Ltd., the Company’s consolidated subsidiary, has revised its business forecasts in North America due to slower revenue growth for the three key products (ORGOVYX[®] (therapeutic agent for advanced prostate cancer), MYFEMBREE[®] (therapeutic agent for uterine fibroids and endometriosis), and GEMTESA[®] (therapeutic agent for overactive bladder)) compared to the financial forecasts stated in its Mid-term Business Plan 2027 (FY2023-2027). As a result, an impairment loss will be posted for a part of the patent rights related to MYFEMBREE[®], amounting to 133,457 million yen, and a part of goodwill in North America, amounting to 35,858 million yen. In addition, due to the discontinuation of development of compounds such as rodatristat ethyl and EPI-589 (both discontinued in Phase 2 study), an impairment loss will be posted for in-process research and development amounting to 10,577 million yen. Consequently, the impairment loss totaling 180,857 million yen will be recorded.

(ii) Essential Chemicals & Plastics production facilities and common facilities at Chiba Works

Regarding the Essential Chemicals & Plastics production facilities and common facilities at Chiba Works, the Company reviewed the forecast of its earnings because the profitability of the business declined due to weak demand caused by the deteriorating business environment. As a result, the carrying amount of the Essential Chemicals & Plastics production facilities and common facilities at Chiba Works will be written down to its value in use of ¥9,036 million and ¥5,152 million respectively, and an impairment loss of ¥25,381 million will be posted. In the non-consolidated financial statements, ¥21,629 million of an impairment loss will be recorded as “Extraordinary losses.”

(iii) Methacrylate production facilities in Singapore

Regarding the methacrylate business, Sumitomo Chemical Asia Pte Ltd, the Company's consolidated subsidiary, reviewed the forecast of its earnings because the profitability of the business declined due to weak demand caused by the deteriorating business environment and lower selling price. As a result, the carrying amount of methacrylate production facilities was written down to its value in use of ¥15,822 million, and an impairment loss of ¥14,891 million will be posted.

(iv) Calcination demonstration facilities for cathode material at Ehime Works

The Company carried out an impairment test for the calcination demonstration facilities for cathode material at Ehime Works since its profitability was expected to decline as a result of the revision of the business plan. As a result, the entire carrying amount of calcination demonstration facilities for cathode material will be written down and an impairment loss of ¥11,566 million will be posted. In the non-consolidated financial statements, ¥11,498 million of an impairment loss will be recorded as "Extraordinary losses."

2. Impact on the Financial Results

The above-mentioned impairment losses have been factored into a press release dated today, entitled "Sumitomo Chemical Announces Its Financial Forecast Revision for FY2023, Financial Forecast and Projected Dividend for FY2024."