

Financial Results for FY2024 Second Quarter

(April 1, 2024 - September 30, 2024)

(Reference Material)

October 30, 2024



(Cautionary Statement)

Statements made in this material 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.

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1. Consolidated Financial Results for FY2024 Second Quarter

Financial Summary

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance	Variance Ratio
Sales revenue	1,241.4	1,186.9	54.5	4.6%
Core operating income (loss)	29.5	(96.7)	126.1	-
Of which equity in earnings	(33.6)	(26.9)	(6.7)	-
Total non-recurring items	91.8	(37.0)	128.8	-
Of which share of profit of investments accounted for using the equity method (non-recurring factors)	86.5	-	86.5	-
Of which gains on sales of property, plant and equipment, and intangible assets	10.7	0.8	9.9	-
Of which gains on fair value measurement of the residual interest	9.4	-	9.4	-
Of which restructuring costs	(11.7)	(22.1)	10.4	-
Of which impairment losses	(0.3)	(14.6)	14.3	-
Others	(2.9)	(1.1)	(1.8)	-
Operating income (loss)	121.2	(133.7)	254.9	-
Finance income/expenses	(151.8)	29.9	(181.7)	-
Of which gain (loss) on foreign currency transactions including gain (loss) on derivatives	(34.8)	33.6	(68.5)	-
Of which loss on debt waiver for a loan	(109.8)	-	(109.8)	-
Income (loss) before taxes	(30.5)	(103.8)	73.3	-
Income tax expenses	10.3	(3.3)	13.5	-
Net income (loss)	(20.3)	(107.0)	86.8	-
Net (income) loss attributable to non-controlling interests	13.8	30.7	(16.9)	-
Net income (loss) attributable to owners of the parent	(6.5)	(76.3)	69.8	-
ROE	(0.7)%	(6.4)%		
Exchange rate (yen/\$)	152.78	141.06		
Naphtha price (yen/kl)	77,800	65,600		
Overseas sales revenue ratio	69.0%	68.1%		

Sales Revenue by Business Segment

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance	Ratio	Sales price variance	Shipping volume variance	Foreign currency conversion variance
Essential Chemicals & Plastics	403.0	390.3	12.7	3.3%	20.0	(24.3)	17.0
Energy & Functional Materials	138.8	149.9	(11.1)	(7.4)%	2.0	(15.5)	2.4
IT-related Chemicals	224.3	203.7	20.6	10.1%	1.0	9.1	10.5
Health & Crop Sciences	238.4	241.2	(2.8)	(1.2)%	(2.5)	(9.8)	9.5
Pharmaceuticals	195.2	166.9	28.3	16.9%	(3.0)	21.7	9.6
Others & Adjustments	41.6	34.9	6.8	19.4%	0.0	6.8	0.0
Total	1,241.4	1,186.9	54.5	4.6%	17.5	(11.9)	48.9

Analysis of Variance

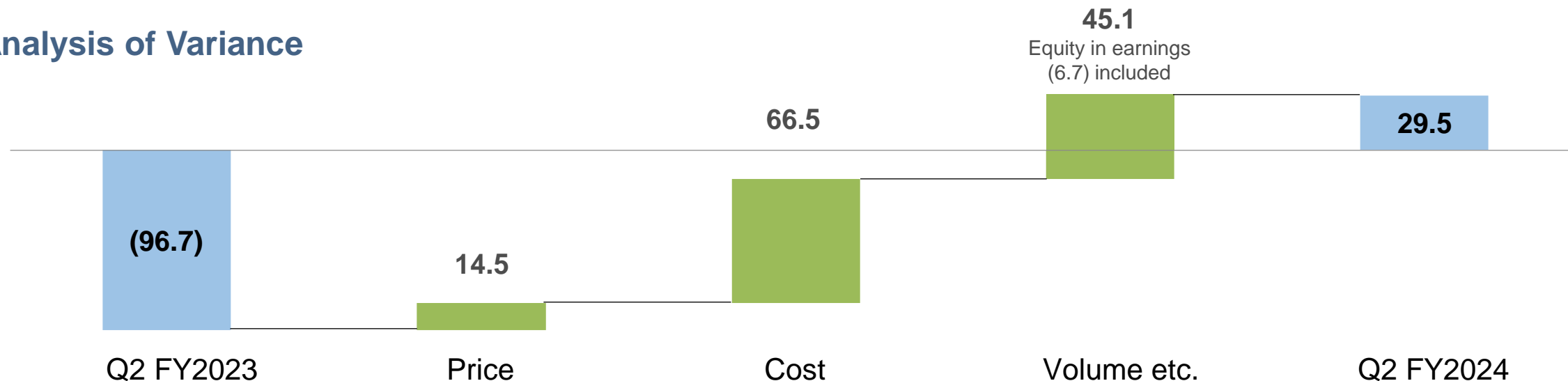


Core Operating Income by Business Segment

(Billions of yen)

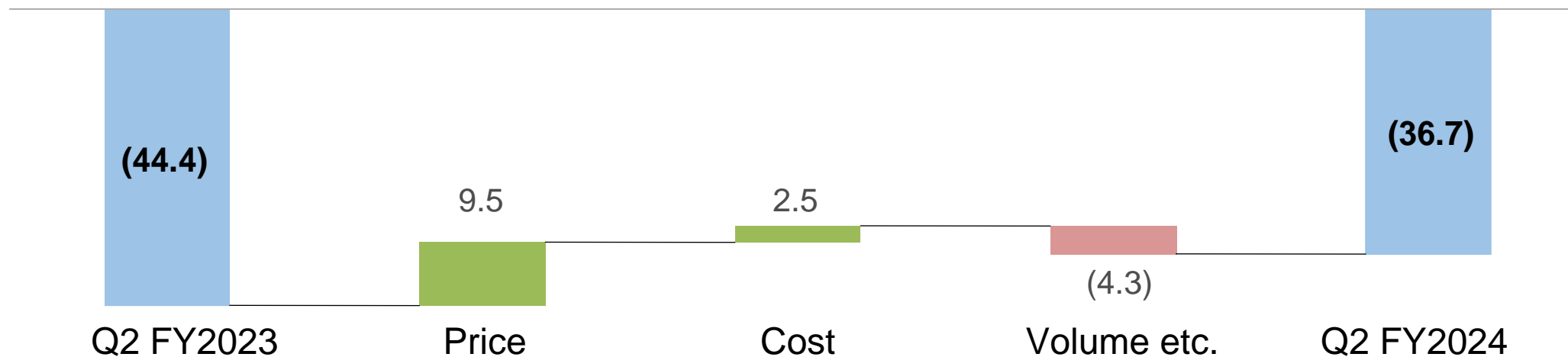
	Q2 FY2024	Q2 FY2023	Variance	Price variance	Cost variance	Shipping volume variance and other
Essential Chemicals & Plastics	(36.7)	(44.4)	7.7	9.5	2.5	(4.3)
Energy & Functional Materials	8.7	6.5	2.2	1.0	2.0	(0.8)
IT-related Chemicals	37.5	17.8	19.7	0.0	(1.0)	20.7
Health & Crop Sciences	13.6	(7.6)	21.2	7.0	1.5	12.7
Pharmaceuticals	0.5	(65.5)	66.0	(3.0)	61.5	7.5
Others & Adjustments	5.8	(3.5)	9.3	0.0	0.0	9.3
Total	29.5	(96.7)	126.1	14.5	66.5	45.1

Analysis of Variance

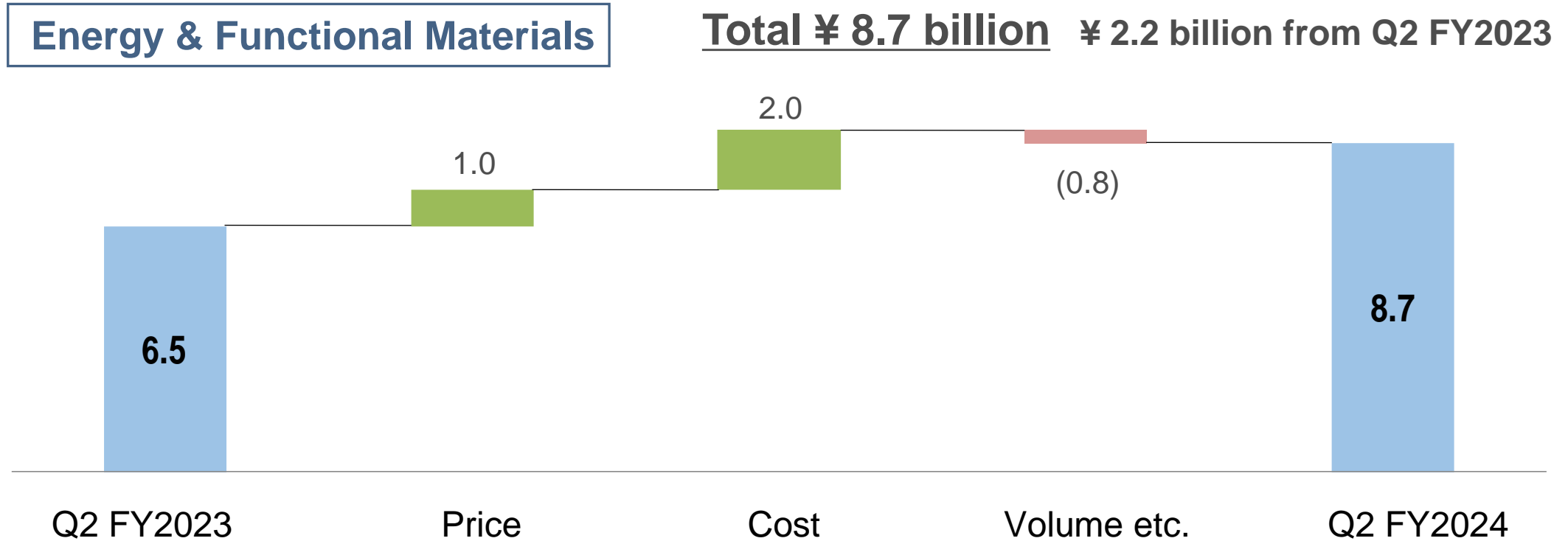


Essential Chemicals & Plastics

Total ¥ (36.7) billion ¥ 7.7 billion from Q2 FY2023



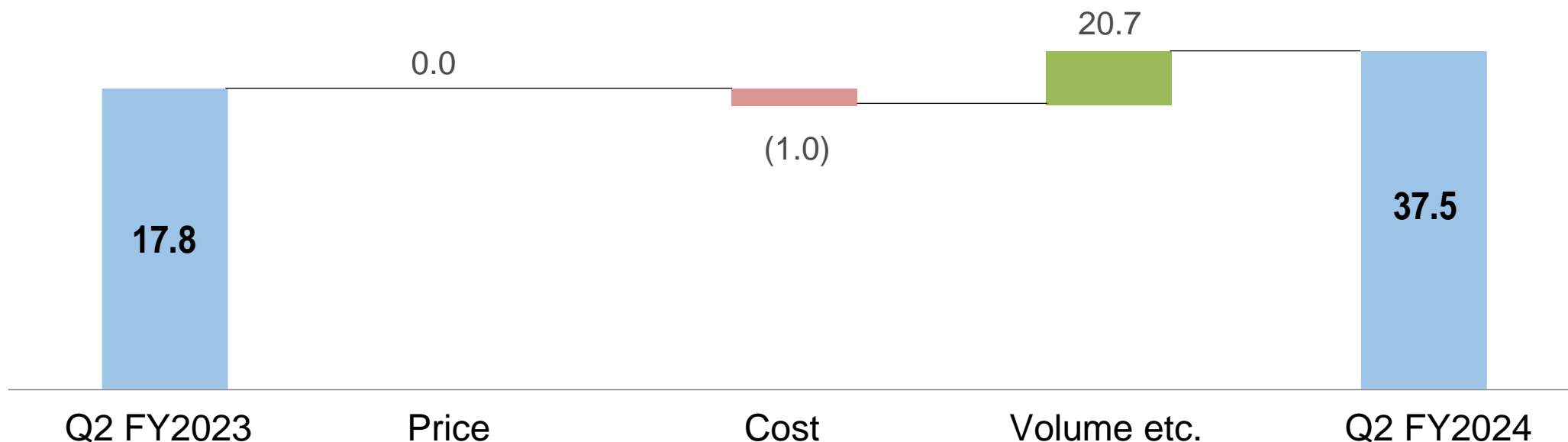
Price variance	Profit margins improved due to higher market prices of MMA and petrochemical products
Volume variance etc.	Mainly due to deterioration in the financial performance of Petro Rabigh, an affiliated company accounted for by the equity-method



Cost variance	Lower depreciation expenses, etc.
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IT-related Chemicals

Total ¥ 37.5 billion ~~¥ 19.7 billion from Q2 FY2023~~



Volume variance etc.

Displays

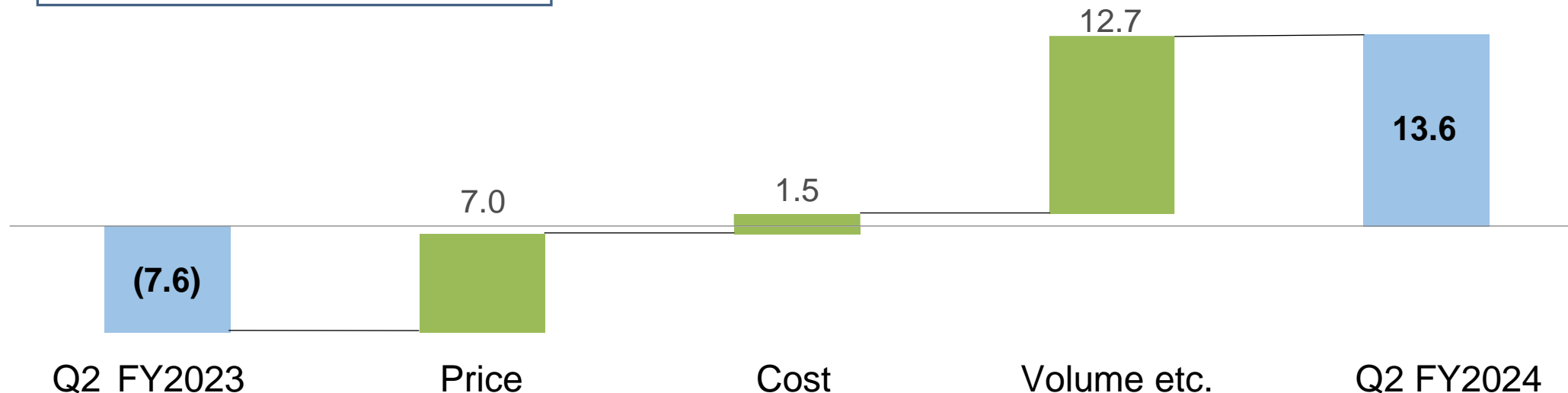
Increase in shipments for polarizing films and touchscreen panels, etc.

Semiconductors

Recovery of demand for high-purity chemicals and photoresists

Health & Crop Sciences

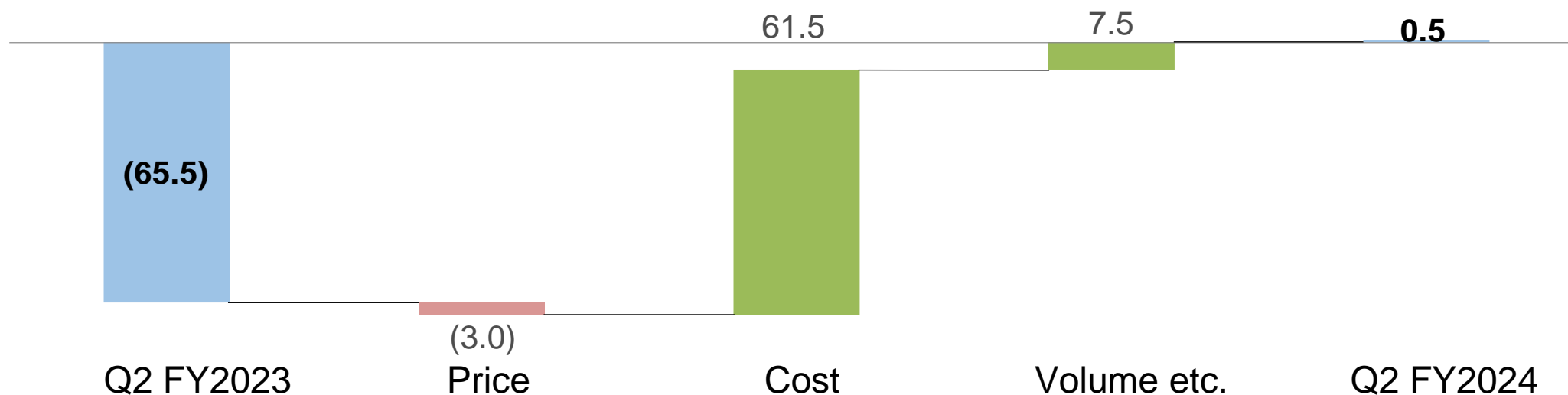
Total ¥ 13.6 billion ~~¥ 21.2 billion from Q2 FY2023~~



Price variance	Methionine	Profit margins improved due to increase in market prices
	Crop Protection	Decline in the selling prices of generic products in the Americas
Cost variance	Methionine	Lower depreciation expenses
Volume variance etc.	Crop Protection	Increase in shipments of INDIFLIN® (fungicide)
		Increase in shipments in India

Pharmaceuticals

Total ¥ 0.5 billion ¥ 66.0 billion from Q2 FY2023



Price variance	Decline in sales prices due to the impact of National Health Insurance (NHI) drug price revisions in Japan
Cost variance	Reduction in fixed costs resulting from streamlining business operations through the combination of group companies in North America
Volume variance etc.	Higher sales for the three key products

Consolidated Statement of Financial Position

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				(Billions of yen)			
	30-Sep-24	31-Mar-24	Variance		30-Sep-24	31-Mar-24	Variance
Current Assets	1,671.1	1,675.9	(4.8)	Liabilities	2,632.5	2,770.5	(137.9)
Cash and cash equivalents	273.4	217.4	55.9	Trade and other payables	527.6	543.4	(15.8)
Trade and other receivables	550.8	620.0	(69.3)	Interest-bearing liabilities	1,494.4	1,563.5	(69.1)
Inventories	712.4	709.6	2.7	Others	610.5	663.6	(53.0)
Others	134.6	128.8	5.9	Equity	1,086.5	1,164.4	(77.9)
Non-current assets	2,047.9	2,258.9	(211.0)	Shareholders' equity	683.4	660.0	23.4
Property, plant and equipment	811.4	796.5	14.9	Other components of equity	226.4	305.8	(79.4)
Goodwill and intangible assets	498.6	536.7	(38.1)	Non-controlling interests	176.7	198.6	(21.9)
Others	737.9	925.7	(187.8)				
Total	3,719.0	3,934.8	(215.8)	Total	3,719.0	3,934.8	(215.8)
				Ratio of equity attributable to owners of the parent to total assets	24.5%	24.5%	(0.1)%
				D/E ratio (times)	1.4	1.3	0.0

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance
Cash flows from operating activities	63.5	(115.3)	178.9
Cash flows from investing activities	74.4	(79.8)	154.2
Free cash flows	138.0	(195.1)	333.1
Cash flows from financing activities	(75.4)	140.2	(215.6)
Others	(7.9)	25.5	(33.4)
Increase (decrease) in cash and cash equivalents	54.7	(29.3)	84.0
Cash and cash equivalents at the end of the period	273.4	277.7	(4.3)






















2. Outlook for FY2024

Economic Conditions

- The global economy remains stable in the midst of increasing uncertainty surrounding financial markets and policy management, but low growth is expected.

Business Environment

Prev. Revised

Petrochemicals/ Raw Materials	  	With some exceptions, low margins in the petrochemical market will continue.
Automobiles	  	Conditions will remain difficult, in part due to the recent decline in the number of automobiles produced.
Displays	  	There will be strong demand for mobile device-related components.
Semiconductors	  	Demand for semiconductors will show signs of a gradual recovery.
Crop Protection	  	Inventories in the overseas distribution chain will be reduced.
Methionine	  	The improvement in market conditions from the previous year has hit a lull, and we anticipate a gradual decline in the second half of the year.
Pharmaceuticals	  	We will make firm progress on our plan to expand our three key products.

Performance Forecast for FY2024

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(Billions of yen)

	Revised forecast	Previous forecast	Variance	Variance ratio
Sales revenue	2,600.0	2,670.0	(70.0)	(2.6)%
Core operating income	100.0	100.0	-	0.0%
Non-recurring items	80.0	(30.0)	110.0	-
Operating income	180.0	70.0	110.0	157.1%
Net income attributable to owners of the parent	25.0	20.0	5.0	25.0%
ROE	2.6%	2.1%		
Exchange rate (yen/\$)	148.89 (2nd Half 145.00)	145.00 (2nd Half 145.00)		
Naphtha price (yen/kl)	76,000 (2nd Half 75,000)	75,000 (2nd Half 75,000)		
Cash dividends (yen)	Interim dividend	3.00	3.00	
	Year-end dividend	6.00	6.00	
	Annual dividend	9.00	9.00	

Sales Revenue and Core Operating Income by Business Segment

(Billions of yen)

	Sales revenue			Core operating income		
	Revised forecast	Previous forecast	Variance	Revised forecast	Previous forecast	Variance
Essential Chemicals & Plastics	840.0	900.0	(60.0)	(59.0)	(35.0)	(24.0)
Energy & Functional Materials	270.0	290.0	(20.0)	15.0	11.0	4.0
IT-related Chemicals	420.0	410.0	10.0	57.0	47.0	10.0
Health & Crop Sciences	610.0	610.0	-	62.0	62.0	-
Pharmaceuticals	370.0	370.0	-	3.0	3.0	-
Others & Adjustments	90.0	90.0	-	22.0	12.0	10.0
Total	2,600.0	2,670.0	(70.0)	100.0	100.0	-

(Reference)

Sales Revenue by Business Segment (Quarterly)

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(Billions of yen)

	FY2023				FY2024		FY2024	
	Q1	Q2	Q3	Q4	Q1	Q2	1st Half	2nd Half (Forecast)
Essential Chemicals & Plastics	192.4	197.9	206.4	177.3	201.9	201.1	403.0	437.0
Energy & Functional Materials	73.4	76.5	75.4	74.9	68.0	70.8	138.8	131.2
IT-related Chemicals	94.5	109.2	107.4	103.1	111.5	112.8	224.3	195.7
Health & Crop Sciences	102.7	138.5	125.8	179.0	113.3	125.1	238.4	371.6
Pharmaceuticals	83.0	83.9	89.5	86.3	97.9	97.3	195.2	174.8
Others & Adjustments	17.3	17.6	15.6	19.4	19.6	22.1	41.6	48.4
Total	563.1	623.7	620.0	640.0	612.1	629.3	1,241.4	1,358.6

Core Operating Income by Business Segment (Quarterly)

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(Billions of yen)

	FY2023				FY2024		FY2024	
	Q1	Q2	Q3	Q4	Q1	Q2	1st Half	2nd Half (Forecast)
Essential Chemicals & Plastics	(21.0)	(23.4)	(17.6)	(28.7)	(20.7)	(15.9)	(36.7)	(22.4)
Energy & Functional Materials	3.0	3.5	2.9	(1.5)	3.7	4.9	8.7	6.3
IT-related Chemicals	6.7	11.2	19.0	7.1	18.5	19.0	37.5	19.5
Health & Crop Sciences	(7.0)	(0.5)	6.2	32.3	5.0	8.7	13.6	48.4
Pharmaceuticals	(33.3)	(32.2)	(30.1)	(37.4)	(0.5)	1.0	0.5	2.5
Others & Adjustments	(1.9)	(1.6)	2.4	(6.9)	(0.3)	6.1	5.8	16.2
Total	(53.6)	(43.1)	(17.2)	(35.2)	5.7	23.8	29.5	70.5

Essential Chemicals & Plastics



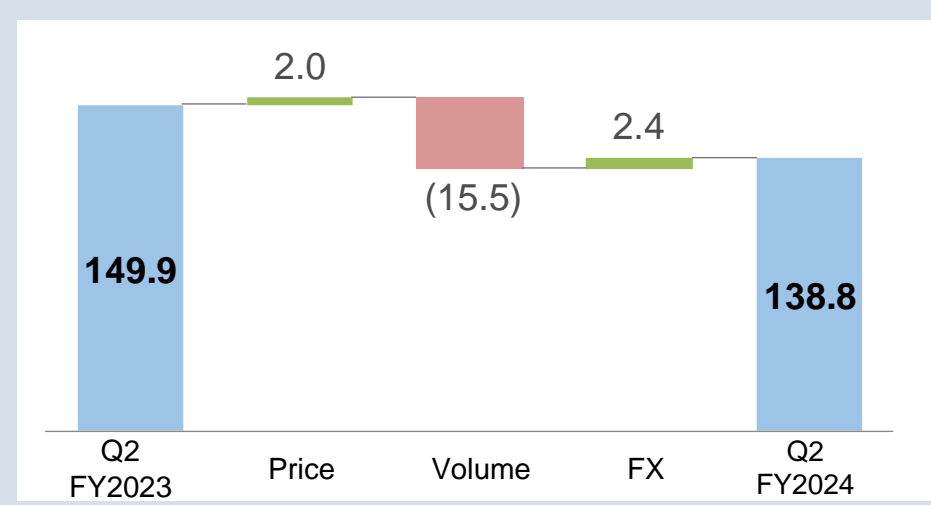
Total ¥ 403.0 billion ¥ 12.7 billion from Q2 FY2023

Sales price 20.0 □ Increase in naphtha and product prices

Volume (24.3) □ Decline in shipments

Foreign exchange 17.0

Energy & Functional Materials



Total ¥ 138.8 billion ¥ (11.1) billion from Q2 FY2023

Sales price 2.0 □ Increase in market prices, etc.

Volume (15.5) □ Changes in commercial distribution and termination of sales of some products

Foreign exchange 2.4

IT-related Chemicals



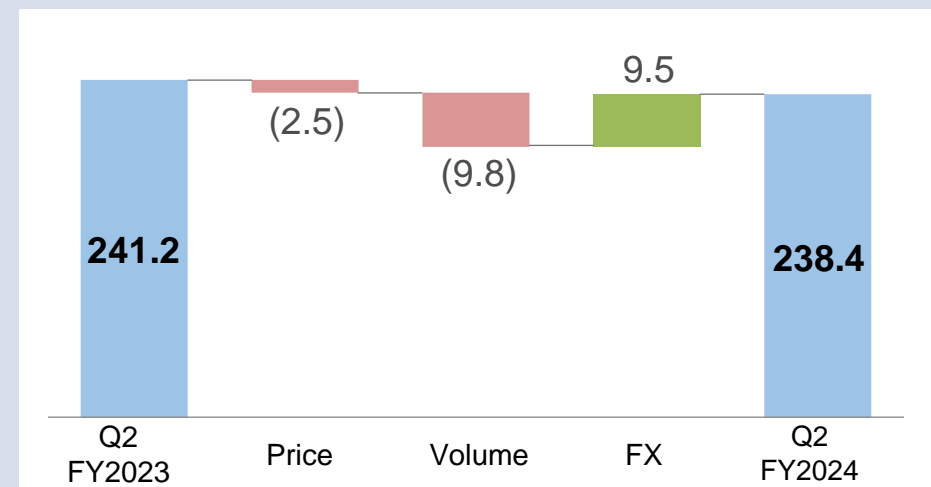
Total ¥ 224.3 billion ¥ 20.6 billion from Q2 FY2023

Sales price
1.0

Volume 9.1
 Increase in shipments for
 □ processing materials for semiconductors
 □ display-related materials

Foreign exchange
10.5

Health & Crop Sciences



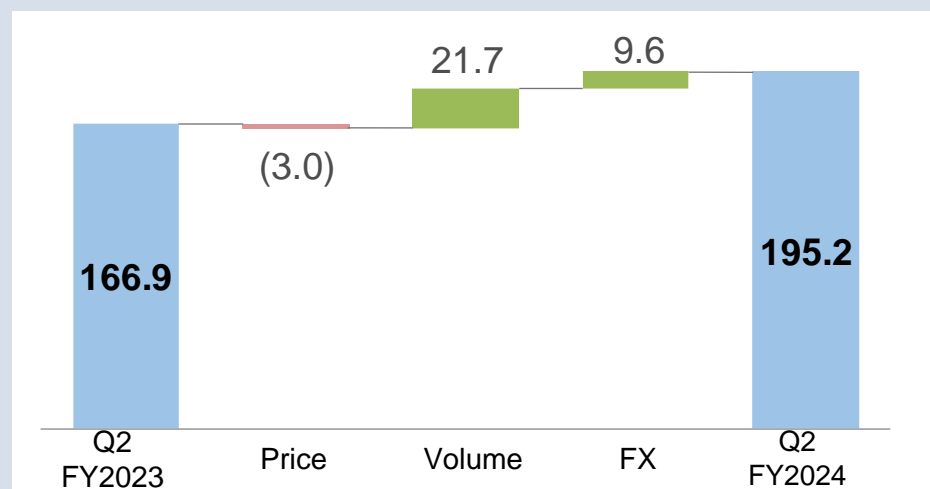
Total ¥ 238.4 billion ¥ (2.8) billion from Q2 FY2023

Sales price (2.5)
 □ Decline in the selling prices for crop protection products in the Americas
 □ Higher market prices for methionine

Volume (9.8)
 Decline in shipments for
 □ methionine
 □ crop protection products

Foreign exchange
9.5

Pharmaceuticals



Total ¥ 195.2 billion ¥ 28.3 billion from Q2 FY2023

Sales price
(3.0)

- NHI drug price revisions in Japan

Volume
21.7

- Higher sales for the three key products

Foreign exchange
9.6

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance
Capital Expenditures	81.3	77.6	3.7
Depreciation and Amortization	66.8	78.7	(11.9)
Research & Development Expenses	70.8	90.4	(19.7)
Number of Employees (as of September 30)	31,601	33,130	(1,529)

(Billions of yen)

	Capital Expenditure		Depreciation & Amortization		R&D Expenses	
	Q2 FY2024	Q2 FY2023	Q2 FY2024	Q2 FY2023	Q2 FY2024	Q2 FY2023
Essential Chemicals & Plastics	18.2	12.9	9.9	15.6	3.7	3.3
Energy & Functional Materials	8.0	11.8	8.6	9.6	4.1	4.6
IT-related Chemicals	22.7	22.1	11.9	11.6	12.8	11.2
Health & Crop Sciences	16.4	15.1	11.8	12.9	15.6	15.4
Pharmaceuticals	8.6	9.1	15.0	20.0	26.1	46.9
Others & Adjustments	7.5	6.7	9.6	9.0	8.5	9.0
Total	81.3	77.6	66.8	78.7	70.8	90.4

Company	Sales Revenue		Profit
	Q2 FY2024	Q2 FY2023	
The Polyolefin Company (Singapore) <small>(Millions of USD)</small>	443	409 →	Performance result is flat due to a deterioration in profit margin despite higher sales volume
PCS <small>(Millions of USD)</small>	1,217	992 ↗	Higher shipments than Q2 FY2023, when shut-down maintenance was implemented Profit margins improved
Rabigh Refining and Petrochemical Company <small>(Millions of SAR)</small>	17,995	21,662 ↘	Impact of unplanned shut-down of the High Olefins Fluid Catalytic Cracker units Lower margins on oil refining
Dongwoo Fine-Chem <small>(Billions of KRW)</small>	1,059.1	971.0 ↗	Increase due to higher sales volume of display-related materials
Sumitomo Chemical Brasil Indústria Química S.A. <small>(Millions of BRL)</small>	1,630	1,979 ↘	Deterioration in profit margins
Valent North America, and subsidiaries <small>(Millions of USD)</small>	358	388 ↘	Deterioration in profit margins

Crop Protection Product Sales by Region

(Billions of yen)

	Q2 FY2024	Q2 FY2023	Variance	Reasons for Change
Japan	29.7	28.8	0.9	
North America	29.8	32.3	(2.5)	Decline in product selling prices and decrease in shipment volumes due to intensified competition
Central & South America	52.9	65.3	(12.4)	Decline in product selling prices due to intensified competition
Asia (including India)	35.6	32.1	3.5	Increase in shipments due to the resolution of extreme weather in India
Europe & Others	11.4	10.1	1.3	
Total	159.4	168.6	(9.2)	