For Immediate Release **August 4, 2020**

Sumitomo Chemical Reports
Consolidated Financial Results
For the Three Months Ended June 30, 2020

For the first quarter ended on June 30, 2020, the Sumitomo Chemical Group reported consolidated sales revenue of ¥500.2 billion, decrease of ¥53 billion year on year, core operating income* of ¥20.2 billion, operating income of ¥18.8 billion, and loss attributable to owners of the parent of ¥6.8 billion; all lower than the results from the same period of the previous year.

***: 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 of investments accounted for using the equity method.**

The financial results by business segment for the first quarter are as follows:

Petrochemicals & Plastics

Amid the economic downturn due to the COVID-19 pandemic, shipment of synthetic resins mainly for automotive use declined. Impacted by a drop in market prices for raw materials, the prices of petrochemical products hovered around at a low level. As a result, sales revenue declined by ¥69.2 billion from the same period of the previous year to ¥108.2 billion. Core operating income suffered a loss of ¥19.9 billion, declined by ¥32.8 billion from the same period of the previous year, affected by decreased shipment volume, deteriorated margins of petrochemical products, and periodic shutdown maintenance at Rabigh Refining and Petrochemical Company, our equity method investee.

Energy & Functional Materials

Impacted by COVID-19 pandemic, shipments of materials for automotive use decreased, including synthetic rubber, and separators and cathode materials for lithium-ion secondary batteries. As a result, sales revenue dropped by ¥16.6 billion from the same period of the previous year to ¥48.3 billion, and core operating income declined by ¥3.6 billion from the same period of the previous year to ¥2 billion.

IT-related Chemicals

Shipments of processing materials for semiconductors (including high purity chemicals and photoresists) increased driven by growing demand for these items. Meanwhile, shipment of polarizing film for display applications decreased in the face of COVID-19 pandemic. As a result, sales revenue increased by ¥1.4 billion from the same period of the previous year to ¥103.8 billion, and core operating income increased by ¥2 billion from the same period of the previous year to ¥9.9 billion.

Health & Crop Sciences

Sales of crop protection products increased after the acquisition of four South American subsidiaries of Nufarm in April 2020. Market prices of methionine (feed additive) increased from the same period of the previous year. As a result, sales revenue increased by ¥16.9 billion from the same period of the previous year to ¥88.9 billion. Core operating income recovered from a year earlier loss to ¥3.8 billion, increase of ¥8.4 billion from the same period of the previous year due to the improved margins of methionine and other factors.

Pharmaceuticals

Sales increased in Japan, driven by Equa® and EquMet® (for type II diabetes mellitus) launched in the previous fiscal year. In North America, sales of Latuda® (atypical antipsychotic agent) increased. As a result, sales revenue increased by ¥15 billion from the same period of the previous year to ¥140.8 billion. Core operating income increased by ¥1.5 billion from the same period of the previous year to ¥24.5 billion due to increased sales revenue despite that sales expenses, general and administrative expenses (SG&A) and research and development expenses increased after the expenses at Sumitovant Biopharma and its subsidiaries (which were acquired as part of the strategic alliance with Roivant Sciences Ltd., in the previous fiscal year) were recognized.

Others

In addition to the above five segments, the Sumitomo Chemical Group supplies electric power and steam, designs chemical plants/supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis/environmental analysis. Sales revenue of these businesses declined by ¥0.5 billion from the same period of the previous year to ¥10.1 billion, and core operating income increased by ¥0.5 billion from the same period of the previous year to ¥2.4 billion.

Summary of Consolidated Results

(1) Results of Operations:

	3 Months ended June 30, 2020		3 Months ended June 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue	500,188	4,642,547	553,219
Core operating income	20,156	187,080	44,314
(Share of profit of investments accounted for using the equity method)	((13,306))	((123,501))	(8,249)
Operating income	18,760	174,123	62,376
Income before taxes	13,871	128,745	56,880
Net income	1,953	18,127	20,390
Net income attributable to non-controlling interests	8,712	80,861	5,852
Net income (loss) attributable to owners of the parent	(6,759)	(62,734)	14,538
	Yen	USD*	Yen
Net income (loss) per 1,000 shares	(4,134)	(38)	8,892
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Comprehensive income	(1,775)	(16,475)	(15,205)

(2) Financial Position:

	As of June 30, 2020		As of March 31, 2020
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Total assets	3,762,941	34,926,128	3,650,332
Total equity	1,372,382	12,737,906	1,388,837

(3) Cash Flows:

	3 Months ended June 30, 2020		3 Months ended June 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Cash flows from operating activities	55,587	515,937	359
Cash flows from investing activities	(44,168)	(409,950)	(35,912)
Cash flows from financing activities	126,598	1,175,032	85,424
Cash and cash equivalents at end of period	329,698	3,060,126	244,829

(4) Results of Operations by Business Segment:

	3 Months ended June 30, 2020		3 Months ended June 30, 2019
	Yen (Millions)	USD (Thousands)*	Yen (Millions)
Sales revenue			
Petrochemicals & Plastics	108,243	1,004,669	177,485
Energy & Functional Materials	48,345	448,719	64,903
IT-related Chemicals	103,845	963,848	102,463
Health & Crop Sciences	88,851	824,680	71,906
Pharmaceuticals	140,766	1,306,534	125,787
Others	10,138	94,097	10,675
	500,188	4,642,547	553,219
Core operating income			
Petrochemicals & Plastics	(19,850)	(184,240)	12,957
Energy & Functional Materials	1,978	18,359	5,584
IT-related Chemicals	9,855	91,470	7,836
Health & Crop Sciences	3,844	35,678	(4,560)
Pharmaceuticals	24,531	227,687	22,999
Others	2,374	22,035	1,826
Adjustments	(2,576)	(23,909)	(2,328)
	20,156	187,080	44,314

(Note)

*:U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥107.74 = $1 prevailing on June 30, 2020.