

## Key Figures of Consolidated Financial Results for FY2023

May 15th, 2024  
Sumitomo Chemical Co., Ltd.  
(Billions of yen)

### 1. Financial Summary (IFRS)

	FY2023	FY2022	Variance	FY2024 (Forecast)	Variance
Sales revenue	2,446.9	2,895.3	(448.4)	2,670.0	223.1
Core operating income (loss)	(149.0)	92.8	(241.8)	100.0	249.0
Operating income (loss)	(488.8)	(31.0)	(457.8)	70.0	558.8
Net income (loss) attributable to owners of the parent	(311.8)	7.0	(318.8)	20.0	331.8
Basic earnings (loss) per share	¥ (190.69)	¥ 4.27	¥ (194.96)	¥ 12.23	¥ 202.92
Return on equity	(29.2)%	0.6%	(29.8)%	2.1%	31.3%
Cash dividends per share	¥9.00	¥18.00	¥(9.00)	¥9.00	¥0.00
Dividend payout ratio	—	421.2%	—	73.6%	—
Exchange rate (yen/\$)	144.59	135.50	—	145.00	—
Naphtha price (yen/kl)	69,100	76,600	—	75,000	—

\*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

### 2. Sales Revenue / Core Operating Income by Business Segment (IFRS)

(Billions of yen)

		FY2023	FY2022	Variance	FY2024 (Forecast)	Variance
Essential Chemicals & Plastics	Sales revenue	774.0	852.9	(78.9)	900.0	126.0
	Core operating income	(90.7)	(34.2)	(56.5)	(35.0)	55.7
Energy & Functional Materials	Sales revenue	300.3	342.5	(42.2)	290.0	(10.3)
	Core operating income	7.8	15.2	(7.4)	11.0	3.2
IT-related Chemicals	Sales revenue	414.2	431.2	(17.1)	410.0	(4.2)
	Core operating income	44.0	47.6	(3.6)	47.0	3.0
Health & Crop Sciences	Sales revenue	546.0	598.4	(52.4)	610.0	64.0
	Core operating income	30.9	57.3	(26.4)	62.0	31.1
Pharmaceuticals	Sales revenue	342.7	584.9	(242.1)	370.0	27.3
	Core operating income	(133.0)	16.2	(149.2)	3.0	136.0
Others	Sales revenue	69.8	85.4	(15.6)	90.0	20.2
	Core operating income	8.1	10.4	(2.3)	8.0	(0.1)
Adjustments	Sales revenue	—	—	—	—	—
	Core operating income	(16.1)	(19.7)	3.6	4.0	20.1
Total	Sales revenue	2,446.9	2,895.3	(448.4)	2,670.0	223.1
	Core operating income	(149.0)	92.8	(241.8)	100.0	249.0

### 3. Summary of Consolidated Statement of Income (IFRS)

(Billions of yen)

	FY2023	FY2022	Variance	Variance Ratio
Sales revenue	2,446.9	2,895.3	(448.4)	(15.5)%
Core operating income (loss)	(149.0)	92.8	(241.8)	—
Of which equity in earnings	(52.6)	(6.8)	(45.8)	—
Total non-recurring items	(339.8)	(123.7)	(216.0)	—
Of which impairment losses	(269.4)	(109.4)	(160.0)	—
Of which restructuring costs	(48.4)	(22.0)	(26.4)	—
Others	(22.0)	7.7	(29.7)	—
Operating income (loss)	(488.8)	(31.0)	(457.8)	—
Finance income/expenses	26.0	31.2	(5.2)	—
Of which gain (loss) on foreign currency transactions including gain (loss) on derivatives	32.5	35.8	(3.3)	—
Income (loss) before taxes	(462.8)	0.2	(463.0)	—
Income tax expenses	(2.7)	(47.1)	44.4	—
Net income (loss)	(465.4)	(46.9)	(418.6)	—
Net (income) loss attributable to non-controlling interests	153.6	53.9	99.8	—
Net income (loss) attributable to owners of the parent	(311.8)	7.0	(318.8)	—
ROE	(29.2)%	0.6%		
Exchange rate (yen/\$)	144.59	135.50		
Naphtha price (yen/kl)	69,100	76,600		
Overseas sales revenue ratio	68.0%	67.9%		

### 4. Summary of Consolidated Statement of Financial Position (IFRS)

(Billions of yen)

	31-Mar-24	31-Mar-23	Variance		31-Mar-24	31-Mar-23	Variance
Current assets	1,675.9	1,762.9	(87.0)	Liabilities	2,770.5	2,676.3	94.1
Cash and cash equivalents	217.4	305.8	(88.4)	Trade and other payables	543.4	515.9	27.5
Trade and other receivables	620.0	603.2	16.9	Interest-bearing liabilities	1,563.5	1,461.4	102.1
Inventories	709.6	744.5	(34.8)	Others	663.6	699.1	(35.5)
Others	128.8	109.4	19.4	Equity	1,164.4	1,489.2	(324.8)
Non-current assets	2,258.9	2,402.6	(143.7)	Shareholders' equity	660.0	973.0	(313.0)
Property, plant and equipment	796.5	829.4	(32.8)	Other components of equity	305.8	198.2	107.6
Goodwill and intangible assets	536.7	670.9	(134.2)	Non-controlling interests	198.6	318.0	(119.4)
Others	925.7	902.4	23.3				
Total	3,934.8	4,165.5	(230.7)	Total	3,934.8	4,165.5	(230.7)
				Ratio of equity attributable to owners of the parent to total assets	24.5%	28.1%	(3.6)%
				D/E ratio (times)	1.3	1.0	0.4

## 5. Summary of Consolidated Statement of Cash Flows (IFRS)

(Billions of yen)

	FY2023	FY2022	Variance	FY2024 (Forecast)	Variance
Cash flows from operating activities	(51.3)	111.6	(162.9)	160.0	211.3
Cash flows from investing activities	(112.2)	(19.4)	(92.8)	110.0	222.2
Free cash flows	(163.6)	92.2	(255.8)	270.0	433.6
Cash flows from financing activities	49.2	(178.5)	227.7	(270.0)	(319.2)
Others	28.7	27.8	0.9	0.0	(28.7)
Increase (decrease) in cash and cash equivalents	(85.6)	(58.5)	(27.1)	0.0	85.6
Cash and cash equivalents at the end of the period	217.4	305.8	(88.4)	217.4	0.0

## 6. Other Data (IFRS)

(Billions of yen)

	FY2023	FY2022	Variance	FY2024 (Forecast)	Variance
Overseas sales revenue	1,664.8	1,966.9	(302.1)	1,810.0	145.2
Overseas sales revenue ratio	68.0%	67.9%	0.1%	67.8%	(0.2)%
Capital expenditures	158.4	141.1	17.3	158.0	(0.4)
Depreciation and amortization expenses	157.5	168.0	(10.4)	152.0	(5.5)
Research and development expenses	184.0	195.6	(11.6)	154.0	(30.0)
Interest-bearing liabilities at the end of the period	1,563.5	1,461.4	102.1	1,320.0	(243.5)
Net interest expenses	(7.1)	(3.7)	(3.4)	(21.0)	(13.9)
Number of employees at the end of the period	32,161	33,572	(1,411)	31,000	(1,161)
Number of consolidated subsidiaries and equity method investees	212	232	(20)	199	(13)
Of which: subsidiaries	184	203	(19)	172	(12)



May 15, 2024

## Summary of Consolidated Financial Results for Fiscal Year 2023 (Under IFRS)

Company name: Sumitomo Chemical Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4005  
 URL: <https://www.sumitomo-chem.co.jp/english/>  
 Representative: Keiichi Iwata, Representative Director & President  
 Inquiries: Shunji Kobayashi, General Manager, Corporate Communications Dept.  
 Telephone: +81-3-5201-0200

Scheduled date of annual general meeting of shareholders: June 21, 2024  
 Scheduled date to commence dividend payments: June 3, 2024  
 Scheduled date to file annual securities report: June 21, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(All amounts are rounded to the nearest million yen.)

### 1. Consolidated Financial Results for Fiscal Year 2023 (April 1, 2023 to March 31, 2024)

#### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Sales revenue		Core operating income		Operating income		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	2,446,893	(15.5)	(149,049)	—	(488,826)	—	(465,449)	—	(311,838)	—	(302,003)	—
FY2022	2,895,283	4.7	92,752	(60.5)	(30,984)	—	(46,865)	—	6,987	(95.7)	65,627	(74.3)

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of income before taxes to total assets	Ratio of core operating income to sales revenue
	Yen	Yen	%	%	%
FY2023	(190.69)	—	(29.2)	(11.4)	(6.1)
FY2022	4.27	4.27	0.6	0.0	3.2

Reference: Share of profit or loss of investments accounted for using the equity method

FY2023: ¥ (57,398)million      FY2022: ¥ (6,797)million

Income before taxes

FY2023: ¥ (462,792)million      FY2022: ¥ 231 million

\*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

\*For diluted earnings per share for FY2023, although there are potential shares, they are not listed because they have an anti-dilutive effect.

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	yen
March 31, 2024	3,934,818	1,164,366	965,753	24.5	590.44
March 31, 2023	4,165,503	1,489,189	1,171,192	28.1	716.26

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023	(51,317)	(112,240)	49,246	217,449
FY2022	111,621	(19,411)	(178,502)	305,844

### 2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of the parent (Consolidated)
	Q1 end	Q2 end	Q3 end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022	—	12.00	—	6.00	18.00	29,437	421.2	2.5
FY2023	—	6.00	—	3.00	9.00	14,724	—	1.4
FY2024 (Forecast)	—	3.00	—	6.00	9.00		73.6	

### 3. Consolidated Financial Forecasts for Fiscal Year 2024 (April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Sales revenue		Core operating income		Operating income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First-half of FY2024	—	—	—	—	—	—	—	—	—
Full-year of FY2024	2,670,000	9.1	100,000	—	70,000	—	20,000	—	12.23

\*The consolidated financial forecast for the first-half of FY2024 is not disclosed due to difficulties with predicting.

#### Notes:

(1) Changes in significant subsidiaries during the period: Yes

Newly consolidated: —

Excluded: 9 companies (Myovant Sciences Ltd.)  
(Sumitomo Pharma Oncology, Inc.)  
(Sumitovant Biopharma, Inc.)  
(Myovant Sciences, Inc.)  
(Enzyvant Therapeutics GmbH)  
(Altavant Sciences GmbH)  
(Myovant Sciences LLC)  
(Spirovant Sciences LLC)  
(Urovant Sciences LLC)

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(3) Number of shares issued (common shares)

(i) Total number of shares issued at the end of the period (including treasury shares)

As of March 31, 2024	1,656,449,145 shares
As of March 31, 2023	1,655,860,207 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2024	20,500,922 shares
As of March 31, 2023	20,486,616 shares

(iii) Average number of shares outstanding during the period

FY2023	1,635,352,046 shares
FY2022	1,634,980,255 shares

**[Reference]**

**Non-Consolidated Financial Results for Fiscal Year 2023 (April 1, 2023 to March 31, 2024)**

**(1) Non-Consolidated Operating Results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023	809,559	(9.5)	2,439	(68.9)	53,425	(23.2)	8,704	(82.7)
FY2022	894,389	12.2	7,853	(46.0)	69,529	1.5	50,444	(18.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
FY2023	5.32	—
FY2022	30.85	—

(Note) Figures for diluted earnings per share are not listed, because there are no potential shares.

**(2) Non-Consolidated Financial Position**

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	1,899,631	370,418	19.5	226.42
March 31, 2023	1,772,927	377,999	21.3	231.14

Reference: Shareholders' equity

As of March 31, 2024: ¥370,418 million

As of March 31, 2023: ¥377,999 million

(Note) Non-consolidated results are under Japanese GAAP.

\* This summary of financial results is exempt from audit procedures.

\* Notes to appropriate use of forecasts and other special items:

Descriptions regarding forward-looking statements about the future performance of the Company contained in this summary are based on information currently available to the Company and certain assumptions judged reasonable 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 the Company's markets; demand for, and competitive pricing pressure on, the Company's products in the marketplace; rise in prices of raw materials; and fluctuations in foreign exchange rates.

For details of the forecast, please refer to "1. Summary of Operating Results for Fiscal Year 2023 (4) Outlook for Fiscal Year 2024" on page 3.

\* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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## 1. Summary of Operating Results for Fiscal Year 2023

### (1) Operating Results

For FY2023, the global economy showed a gradual deceleration due to the negative impact of factors such as the continued monetary tightening policies in Europe and the US, and the prolonged economic stagnation in China. In the petrochemical and semiconductor sectors, the business environment remained difficult, with sluggish product market conditions and a delay in the full-scale recovery of demand. In addition, in Japan's economy, economic recovery came to a standstill against the backdrop of a decline in consumption due to inflation.

In addition to these circumstances, due to the impact of the loss of exclusivity for LATUDA® in the U.S, the Group's sales revenue decreased by ¥448.4 billion compared to FY2022, to ¥2,446.9 billion. In terms of profits and losses, core operating income\* was a loss of ¥149.0 billion, operating income was a loss of ¥488.8 billion, and net income attributable to owners of the parent was a loss of ¥311.8 billion. Results in every category of income were much lower than FY2022.

\*Core operating income is a gain and loss concept that reflects recurring earning capacity by deducting gains and losses incurred by non-recurring factors from operating income, which includes the share of profits or losses from investments accounted for using the equity method.

The financial results by business segment for FY2023 are as follows:

#### Essential Chemicals & Plastics

The market prices for synthetic resins, methyl methacrylate and various industrial chemicals stayed on a low level due to a decrease in raw material prices. Shipments decreased owing to lower demand for petrochemical products resulting from the global economic slowdown and the Company's exit from the caprolactam business. As a result, sales revenue decreased by ¥78.9 billion from FY2022, to ¥774.0 billion. Core operating income posted a loss of ¥90.7 billion, lower by ¥56.5 billion from FY2022, due to the decline in market prices and impact of lower shipment volumes, as well as a deterioration in the financial performance of Rabigh Refining and Petrochemical Company, an affiliated company accounted for by the equity-method.

#### Energy & Functional Materials

The market prices of aluminum and the battery metals for cathode materials remained at a low level. In addition, shipments were sluggish, particularly for products for automotive-related applications. As a result, sales revenue decreased by ¥42.2 billion from FY2022, to ¥300.3 billion. Core operating income was ¥7.8 billion, decreased by ¥7.4 billion from FY2022.

#### IT-related Chemicals

Shipments of display-related materials and processing materials for semiconductors, such as high-purity chemicals and photoresists, decreased as consumers' sentiment deteriorated in the face of inflation concerns. As a result, sales revenue decreased by ¥17.1 billion from FY2022, to ¥414.2 billion. Core operating income was ¥44.0 billion, decreased by ¥3.6 billion from FY2022.

#### Health & Crop Sciences

Sales of crop protection products decreased since a price spike of generic products tapered off and shipments decreased due to an increase of inventories in the market in South America. Moreover, the market price of methionine (feed additives) decreased from FY2022. As a result, sales revenue decreased by ¥52.4 billion from FY2022 to ¥546.0 billion. Core operating income was ¥30.9 billion, decreased by ¥26.4 billion from FY2022, because of deteriorated market conditions of methionine and the liquidation of crop protection products inventory in the midst of weaker demand in South America.



## Pharmaceuticals

In North America, revenue showed a decrease owing to the impact of the loss of exclusivity for LATUDA® (atypical antipsychotic) in the U.S., despite an increase in sales of ORGOVYX® (therapeutic agent for advanced prostate cancer), MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis) and GEMTESA® (therapeutic agent for overactive bladder). In addition, there was a decrease in revenue due to the transfer of all shares of two consolidated subsidiaries within Japan. As a result, sales revenue decreased by ¥242.1 billion from FY2022, to ¥342.7 billion. Core operating income posted a loss of ¥133.0 billion, lower by ¥149.2 billion from FY2022, as the reduction in selling, general and administrative expenses, primarily owing to the loss of exclusivity for LATUDA® and the combination of group companies in North America, was outweighed by the decrease in gross profit on account of a revenue decline.

## Others

In addition to the above five segments, the Group supplies electric power and steam, designs chemical plants and supervises the construction of those facilities, provides transportation and warehousing, and conducts physical property analysis and environmental analysis. Sales revenue of these businesses decreased by ¥15.6 billion from FY2022, to ¥69.8 billion, and core operating income decreased by ¥2.3 billion from FY2022, to ¥8.1 billion.

## (2) Consolidated Financial Position

As of the end of FY2023, total assets decreased by ¥230.7 billion compared to the end of FY2022, to ¥3,934.8 billion. Cash and cash equivalents decreased. In addition, goodwill and intangible assets, and property, plant and equipment also decreased due to the impairment.

Total liabilities increased by ¥94.1 billion compared to the end of FY2022, to ¥2,770.5 billion. Interest-bearing liabilities increased by ¥102.1 billion compared to the end of FY2022, to ¥1,563.5 billion.

Total equity (including non-controlling interests) decreased by ¥324.8 billion compared to the end of FY2022, to ¥1,164.4 billion, owing to the large net loss despite the increase of exchange differences on conversion of foreign operations resulting from the weak yen. The ratio of equity attributable to the owners of the parent company decreased by 3.6 percentage points compared to the end of FY2022, to 24.5%.

## (3) Consolidated Cash Flows

Net cash from operating activities in FY2023 was a net outflow of ¥51.3 billion, a decrease of ¥162.9 billion from FY2022 since there was a large decline in income before taxes for the period despite there were increases in impairment losses and other non-cash profit and loss items, as well as a decline in working capital.

Net cash from investing activities was a net outflow of ¥112.2 billion, compared to a net outflow of ¥19.4 billion in FY2022, an increase of ¥92.8 billion, mainly because of proceeds from collection of loan receivables in FY2022.

This resulted in negative free cash flow of ¥163.6 billion for FY2023, compared with positive free cash flow of ¥92.2 billion for FY2022.

Net cash inflows from financing activities were ¥49.2 billion, mainly due to the increase in interest-bearing liabilities. The balance of cash and cash equivalents at the end of FY2023 decreased by ¥88.4 billion compared to the end of FY2022, to ¥217.4 billion considering the amount transferred to assets held for sale.

## (4) Outlook for Fiscal Year 2024

The global economy is expected to experience a calming of inflation that will pave the way for stable growth. On the other hand, it is anticipated that China's economy, which is the world's largest market, experiences a significant delay in its recovery, and will remain at a standstill for some time. There is still a high risk of economic downturn due to the prolonged Russian invasion of Ukraine, the conflict between the Gaza Strip and Israel, and attacks on vessels around the Red Sea.

Based on this assumption, for FY2024, the Company forecasts that sales revenue will be ¥2,670.0 billion, core operating income and operating income are projected to be ¥100.0 billion and ¥70.0 billion, respectively, and net income attributable to owners of the parent to be ¥20.0 billion, assuming an exchange rate of ¥145.00/US\$ and a naphtha price of ¥75,000/kl. The Group has made company-wide efforts to implement various measures, such as structural reforms, to achieve a V-shaped recovery in FY2024 and to strengthen its financial standing.

## **(5) Profit and Dividend Distribution Policy and Dividends for Fiscal Year 2023 and 2024**

We consider shareholder returns as one of our priority management issues and have made it a policy to maintain stable dividend payments, giving due consideration to our business performance and a dividend payout ratio for each fiscal period, the level of retained earnings necessary for future growth, and other relevant factors. We aim to maintain a dividend payout ratio of around 30% over the medium to long term.

We will use our retained earnings for investment to increase the competitiveness of our core businesses and expand our overseas businesses, and thereby seek to enhance our profitability.

Dividends are paid twice a year in principle, after closing the first half of each fiscal year and each full fiscal year. Under our Articles of Incorporation, in order to implement the distribution of profits and retained earnings to shareholders in a timely manner, the Board of Directors is authorized to decide the level of dividends paid.

Based on the severe results of FY2023 as mentioned above, and because the business environment continues to be completely unpredictable, we deeply regret to inform our shareholders that the Company has decided to pay a year-end dividend of ¥3 per share. As a result, the Company's annual dividend for FY2023 is ¥9 per share, including an interim dividend of ¥6 per share. The Company plans to pay an interim dividend of ¥3 per share and a year-end dividend of ¥6 per share, making the Company's annual dividend for FY2024 ¥9 per share (dividend payout ratio of 73.6%).

## **(6) Executive Compensation**

### **Reduction of Executive Compensation**

The Chairman of the Board and the Representative Director & President voluntarily returned 10% of their base monthly salary from November 2023 through April 2024. In addition, the executive compensation will be reduced as follows.

(i) Amount to be reduced

The Chairman of the Board and the Representative Director & President: 20% of base monthly salary

Other Directors (including Outside Directors) and Executive Officers: 5-10% of base monthly salary

(ii) Effective duration

The 5 months from May 2024 to September 2024

### **Non-payment of Director bonuses**

Officers will receive no bonuses for FY2023.

## **2. Basic Rationale for Selection of Accounting Standards**

The Group has been applying International Financial Reporting Standards (IFRS) since FY2017 ended March 31, 2018, for the purpose of improving comparability of financial information in the global capital market and improving its business management within the Group by standardizing the accounting treatment used.

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Statement of Financial Position

Millions of yen	As of March 31, 2024	As of March 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	¥ 217,449	¥ 305,844
Trade and other receivables	620,022	603,161
Other financial assets	31,338	31,237
Inventories	709,637	744,474
Other current assets	79,077	70,670
Subtotal	1,657,523	1,755,386
Assets held for sale	18,359	7,498
Total current assets	1,675,882	1,762,884
Non-current assets:		
Property, plant and equipment	796,526	829,355
Goodwill	263,757	266,868
Intangible assets	272,921	403,996
Investments accounted for using the equity method	319,988	402,980
Other financial assets	412,747	313,115
Retirement benefit assets	110,390	99,253
Deferred tax assets	37,070	39,492
Other non-current assets	45,537	47,560
Total non-current assets	2,258,936	2,402,619
Total assets	¥ 3,934,818	¥ 4,165,503

**Liabilities and equity****Liabilities**

## Current liabilities:

Bonds and borrowings	¥	585,905	¥	396,903
Trade and other payables		543,384		515,865
Other financial liabilities		77,610		74,931
Income taxes payable		8,545		31,772
Provisions		90,919		129,030
Other current liabilities		129,087		128,060
Subtotal		1,435,450		1,276,561
Liabilities directly associated with assets held for sale		8,037		1,806
Total current liabilities		1,443,487		1,278,367

## Non-current liabilities:

Bonds and borrowings		977,581		1,064,463
Other financial liabilities		100,144		98,594
Retirement benefit liabilities		30,589		26,427
Provisions		46,059		38,443
Deferred tax liabilities		121,146		101,164
Other non-current liabilities		51,446		68,856
Total non-current liabilities		1,326,965		1,397,947
Total liabilities		2,770,452		2,676,314

**Equity**

Share capital		89,938		89,810
Capital surplus		237		—
Retained earnings		578,175		891,552
Treasury shares		(8,355)		(8,349)
Other components of equity		304,033		197,830
Other comprehensive income associated with assets held for sale		1,725		349
Equity attributable to owners of the parent		965,753		1,171,192
Non-controlling interests		198,613		317,997
Total equity		1,164,366		1,489,189
Total liabilities and equity	¥	3,934,818	¥	4,165,503

## (2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

### Consolidated Statement of Income

Fiscal years ended March 31, 2024 and 2023

Millions of yen		FY2023		FY2022
Sales revenue	¥	2,446,893	¥	2,895,283
Cost of sales		(1,947,198)		(2,074,357)
Gross profit		499,695		820,926
Selling, general and administrative expenses		(887,124)		(878,261)
Other operating income		27,935		69,227
Other operating expenses		(71,934)		(36,079)
Share of profit (loss) of investments accounted for using the equity method		(57,398)		(6,797)
Operating income (loss)		(488,826)		(30,984)
Finance income		72,997		70,836
Finance expenses		(46,963)		(39,621)
Income (loss) before taxes		(462,792)		231
Income tax expenses		(2,657)		(47,096)
Net income (loss)		(465,449)		(46,865)
Net income (loss) attributable to:				
Owners of the parent		(311,838)		6,987
Non-controlling interests		(153,611)		(53,852)
Net income (loss)	¥	(465,449)	¥	(46,865)

Yen		FY2023		FY2022
Earnings per share:				
Basic earnings (losses) per share		(190.69)		4.27
Diluted earnings per share		—		4.27

## Consolidated Statement of Comprehensive Income

Fiscal years ended March 31, 2024 and 2023

Millions of yen	FY2023		FY2022	
Net income (loss)	¥	(465,449)	¥	(46,865)
Other comprehensive income :				
Items that will not be reclassified to profit or loss				
Remeasurements of financial assets measured at fair value through other comprehensive income		42,622		14,958
Remeasurements of defined benefit plans		(3,387)		8,670
Share of other comprehensive income of investments accounted for using the equity method		3,644		1,126
Total items that will not be reclassified to profit or loss		42,879		24,754
Items that may be subsequently reclassified to profit or loss				
Cash flow hedge		925		8,163
Exchange differences on conversion of foreign operations		104,619		62,572
Share of other comprehensive income of investments accounted for using the equity method		15,023		17,003
Total items that may be subsequently reclassified to profit or loss		120,567		87,738
Other comprehensive income, net of taxes		163,446		112,492
Total comprehensive income		(302,003)		65,627
Total comprehensive income attributable to :				
Owners of the parent		(187,380)		84,077
Non-controlling interests		(114,623)		(18,450)
Total comprehensive income	¥	(302,003)	¥	65,627

### (3) Consolidated Statement of Changes in Equity

Fiscal year 2023 ended March 31, 2024

Millions of yen	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	
Balance as of April 1, 2023	¥ 89,810	¥ —	¥ 891,552	¥ (8,349)	¥ 81,869	¥ —	
Net income (loss)	—	—	(311,838)	—	—	—	
Other comprehensive income	—	—	—	—	24,972	(4,940)	
Total comprehensive income	—	—	(311,838)	—	24,972	(4,940)	
Issuance of new shares	128	128	—	—	—	—	
Purchase of treasury shares	—	—	—	(5)	—	—	
Disposal of treasury shares	—	0	—	0	—	—	
Dividends	—	—	(19,628)	—	—	—	
Changes resulting from additions to consolidation	—	—	—	—	—	—	
Changes resulting from loss of control of subsidiaries	—	—	(290)	—	—	—	
Change in interest due to transactions with non-controlling interests	—	109	—	—	—	—	
Transfer from other components of equity to retained earnings	—	—	18,453	—	(23,393)	4,940	
Others, net	—	—	(74)	—	—	—	
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	—	—	
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	
Total transactions with owners	128	237	(1,539)	(5)	(23,393)	4,940	
Balance as of March 31, 2024	¥ 89,938	¥ 237	¥ 578,175	¥ (8,355)	¥ 83,448	¥ —	

	Equity attributable to owners of the parent							Non-controlling interests	Total equity
	Other components of equity			Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent				
	Cash flow hedges	Exchange differences on conversion of foreign operations	Total						
Balance as of April 1, 2023	¥ (539)	¥ 116,500	¥ 197,830	¥ 349	¥1,171,192	¥ 317,997	¥1,489,189		
Net income (loss)	—	—	—	—	(311,838)	(153,611)	(465,449)		
Other comprehensive income	858	103,568	124,458	—	124,458	38,988	163,446		
Total comprehensive income	858	103,568	124,458	—	(187,380)	(114,623)	(302,003)		
Issuance of new shares	—	—	—	—	256	—	256		
Purchase of treasury shares	—	—	—	—	(5)	—	(5)		
Disposal of treasury shares	—	—	—	—	0	—	0		
Dividends	—	—	—	—	(19,628)	(5,954)	(25,582)		
Changes resulting from additions to consolidation	—	—	—	—	—	54	54		
Changes resulting from loss of control of subsidiaries	—	1,923	1,923	(349)	1,284	—	1,284		
Change in interest due to transactions with non-controlling interests	—	—	—	—	109	1,139	1,248		
Transfer from other components of equity to retained earnings	—	—	(18,453)	—	—	—	—		
Others, net	—	—	—	—	(74)	—	(74)		
Transfer to other comprehensive income associated with assets held for sale	—	(1,725)	(1,725)	1,725	—	—	—		
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	—		
Total transactions with owners	—	198	(18,255)	1,376	(18,058)	(4,761)	(22,819)		
Balance as of March 31, 2024	¥ 319	¥ 220,266	¥ 304,033	¥ 1,725	¥ 965,753	¥ 198,613	¥1,164,366		

Fiscal year 2022 ended March 31, 2023

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Millions of yen						
Balance as of April 1, 2022	¥ 89,699	¥ 27,089	¥ 974,382	¥ (8,343)	¥ 82,682	¥ —
Net income (loss)	—	—	6,987	—	—	—
Other comprehensive income	—	—	—	—	4,550	9,163
Total comprehensive income	—	—	6,987	—	4,550	9,163
Issuance of new shares	111	111	—	—	—	—
Purchase of treasury shares	—	—	—	(6)	—	—
Disposal of treasury shares	—	0	—	0	—	—
Dividends	—	—	(42,514)	—	—	—
Changes resulting from additions to consolidation	—	—	—	—	—	—
Changes resulting from loss of control of subsidiaries	—	—	513	—	(505)	—
Change in interest due to transactions with non-controlling interests	—	(88,037)	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	13,672	—	(4,509)	(9,163)
Others, net	—	(603)	(48)	—	—	—
Transfer to other comprehensive income associated with assets held for sale	—	—	—	—	(349)	—
Transfer of negative balance of other capital surplus	—	61,440	(61,440)	—	—	—
Total transactions with owners	111	(27,089)	(89,817)	(6)	(5,363)	(9,163)
Balance as of March 31, 2023	¥ 89,810	¥ —	¥ 891,552	¥ (8,349)	¥ 81,869	¥ —

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Other comprehensive income associated with assets held for sale	Equity attributable to owners of the parent			
	Cash flow hedges	Exchange differences on conversion of foreign operations	Total					
Balance as of April 1, 2022	¥ (8,735)	¥ 61,327	¥ 135,274	¥ —	¥ 1,218,101	¥ 483,876	¥ 1,701,977	
Net income (loss)	—	—	—	—	6,987	(53,852)	(46,865)	
Other comprehensive income	8,204	55,173	77,090	—	77,090	35,402	112,492	
Total comprehensive income	8,204	55,173	77,090	—	84,077	(18,450)	65,627	
Issuance of new shares	—	—	—	—	222	—	222	
Purchase of treasury shares	—	—	—	—	(6)	—	(6)	
Disposal of treasury shares	—	—	—	—	0	—	0	
Dividends	—	—	—	—	(42,514)	(13,962)	(56,476)	
Changes resulting from additions to consolidation	—	—	—	—	—	—	—	
Changes resulting from loss of control of subsidiaries	(8)	—	(513)	—	—	—	—	
Change in interest due to transactions with non-controlling interests	—	—	—	—	(88,037)	(133,467)	(221,504)	
Transfer from other components of equity to retained earnings	—	—	(13,672)	—	—	—	—	
Others, net	—	—	—	—	(651)	—	(651)	
Transfer to other comprehensive income associated with assets held for sale	—	—	(349)	349	—	—	—	
Transfer of negative balance of other capital surplus	—	—	—	—	—	—	—	
Total transactions with owners	(8)	—	(14,534)	349	(130,986)	(147,429)	(278,415)	
Balance as of March 31, 2023	¥ (539)	¥ 116,500	¥ 197,830	¥ 349	¥ 1,171,192	¥ 317,997	¥ 1,489,189	



#### (4) Consolidated Statement of Cash Flows

Fiscal years ended March 31, 2024 and 2023

Millions of yen	FY2023	FY2022
Cash flows from operating activities:		
Income (loss) before taxes	¥ (462,792)	¥ 231
Depreciation and amortization	157,522	167,957
Impairment losses	269,389	109,417
Share of (profit) loss of investments accounted for using the equity method	57,398	6,797
Interest and dividend income	(22,139)	(18,730)
Interest expenses	29,234	22,468
Restructuring costs	48,397	22,021
Changes in fair value of contingent consideration	1,562	(3,388)
(Gain) loss on sale of property, plant and equipment, and intangible assets	(1,215)	(5,226)
(Increase) decrease in trade receivables	34,798	134,499
(Increase) decrease in inventories	78,554	(79,887)
Increase (decrease) in trade payables	(32,251)	(63,628)
Increase (decrease) in unearned revenue	(11,543)	(13,717)
Increase (decrease) in provisions	(50,143)	(13,373)
Others, net	(67,240)	(88,340)
Subtotal	29,531	177,101
Interest and dividends received	26,812	25,265
Interest paid	(28,060)	(21,768)
Income taxes paid	(48,333)	(65,529)
Restructuring costs paid	(31,267)	(3,448)
Net cash provided by (used in) operating activities	(51,317)	111,621
Cash flows from investing activities:		
Net (increase) decrease in securities	(3,953)	6,546
Purchase of property, plant and equipment, and intangible assets	(152,873)	(143,581)
Proceeds from sales of property, plant and equipment, and intangible assets	1,959	18,231
Purchase of investments in subsidiaries	(1,019)	(17,174)
Purchase of other financial assets	(5,273)	(7,692)
Proceeds from sales and redemption of other financial assets	97,963	42,974
Proceeds from collection of loan receivables	95	63,199
Increase in loan receivables	(67,825)	(1,728)
Proceeds from sale of subsidiaries	20,701	30,092
Others, net	(2,015)	(10,278)
Net cash provided by (used in) investing activities	(112,240)	(19,411)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	26,405	100,959
Net increase (decrease) in commercial paper	29,000	35,000
Proceeds from long-term borrowings	67,113	66,141
Repayments of long-term borrowings	(39,083)	(109,130)
Proceeds from issuance of bonds	39,836	—
Redemption of bonds	(30,000)	—
Repayments of finance lease liabilities	(18,619)	(16,668)
Cash dividends paid	(19,639)	(42,484)
Cash dividends paid to non-controlling interests	(5,965)	(13,982)
Payments for acquisition of subsidiaries' interests from non-controlling interests	—	(199,073)
Others, net	198	735
Net cash provided by (used in) financing activities	49,246	(178,502)
Effect of exchange rate changes on cash and cash equivalents	28,736	27,842
Increase (decrease) in cash and cash equivalents	(85,575)	(58,450)
Cash and cash equivalents at the beginning of the year	305,844	365,429
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	(2,820)	(1,135)
Cash and cash equivalents at the end of the period	¥ 217,449	¥ 305,844

## (5) Notes to Consolidated Financial Statements

### Going Concern Assumption

Not applicable.

### Changes in Accounting Policies

"Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" issued in May 2021 has been applied to the Group from FY2023. The adoption of Amendments to IAS 12 does not have a material impact on the consolidated financial statements.

### Segment Information

#### 1. Reportable Segments

The reportable segments of the Group refer to business units for which separate financial information is available and that are reviewed regularly at the Board of Directors meeting in order to determine the allocation of management resources and evaluate the business performance of each business unit.

The Group divides its operations into business sectors identified by products and services, which manage manufacturing, sales, and research in an integrated manner. Each business sector is responsible for developing comprehensive domestic and overseas strategies with respect to its products and services, and operates its business activities.

Accordingly, the Group has five reportable segments based on its products and services in accordance with its business sectors, including "Essential Chemicals & Plastics," "Energy & Functional Materials," "IT-related Chemicals," "Health & Crop Sciences," and "Pharmaceuticals."

The major products and services of each reportable segment are as follows:

Reportable Segment	Major Products and Services
Essential Chemicals & Plastics	Synthetic resins, raw materials for synthetic fibers, various industrial chemicals, methyl methacrylate products, synthetic resin processed products, etc.
Energy & Functional Materials	Alumina, aluminum, specialty chemicals, additives, synthetic rubber, engineering plastics, battery materials, etc.
IT-related Chemicals	Optical products, semiconductor processing materials, compound semiconductor materials, touch screen sensor panels, etc.
Health & Crop Sciences	Crop protection chemicals, fertilizers, agricultural materials, household insecticides, products for control of infectious diseases, feed additives, active pharmaceutical ingredients and intermediates, etc.
Pharmaceuticals	Pharmaceuticals for medical treatment, radiopharmaceuticals, etc.

#### 2. Reportable Segment Information

The accounting methods for each reportable segment are, in principle, identical to those used in the consolidated financial statements. The segment profit or loss is core operating income, which is calculated from operating income after excluding effects from non-recurring factors.

Inter-segment sales revenue is based on market prices.

Fiscal year 2023

Millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharma- ceuticals	Total	Others (Note 1)	Adjustments (Note 2)	Consoli- dated
Sales revenue:									
Sales revenues from external customers	¥ 773,979	¥ 300,264	¥ 414,150	¥ 545,965	¥ 342,736	¥ 2,377,094	¥ 69,799	¥ —	¥ 2,446,893
Inter-segment sales revenues	5,460	17,143	454	6,045	3	29,105	83,314	(112,419)	—
<b>Total sales revenue</b>	<b>779,439</b>	<b>317,407</b>	<b>414,604</b>	<b>552,010</b>	<b>342,739</b>	<b>2,406,199</b>	<b>153,113</b>	<b>(112,419)</b>	<b>2,446,893</b>
Segment profit (loss) : core operating income (loss)	¥ (90,682)	¥ 7,832	¥ 43,959	¥ 30,892	¥ (133,016)	¥ (141,015)	¥ 8,076	¥ (16,110)	¥ (149,049)
Segment assets	850,425	347,251	465,163	903,812	961,870	3,528,521	340,377	65,920	3,934,818
Other items:									
Depreciation and amortization	30,400	19,584	22,799	24,934	40,369	138,086	8,627	10,809	157,522
Share of profit (loss) of investments accounted for using the equity method	(69,679)	177	4	360	(23)	(69,161)	11,314	449	(57,398)
Impairment losses	45,724	18,118	4,814	19,847	180,878	269,381	—	8	269,389
Investment accounted for using the equity method	205,364	601	504	8,662	360	215,491	106,328	(1,831)	319,988
Capital expenditures	26,911	23,839	42,870	31,011	20,913	145,544	5,188	7,673	158,405

Note 1: "Others" represents businesses such as supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reportable segments.

Note 2: Amounts in "Adjustments" are as follows:

- (1) ¥(16,110) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥1,030 million and corporate expenses of ¥(17,140) million unallocated to each reportable segment. Corporate expenses are mainly research and development expenses for company-wide research, which are not attributed to reportable segments.
- (2) Segment assets in "Adjustments" are ¥65,920 million, which includes ¥(137,241) million in eliminations of inter-segment receivables and other assets, and ¥203,161 million of corporate assets unallocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents, investment securities, and the assets related to research and development activities for company-wide research.
- (3) Depreciation and amortization in "Adjustments" is ¥10,809 million, mainly related to the assets arising from research and development activities for company-wide research unallocated to each reportable segment.
- (4) Investments accounted for using the equity method in "Adjustments" is ¥(1,831) million, which is eliminations of inter-segment transactions.
- (5) Capital expenditures in "Adjustments" amounting to ¥7,673 million is mainly contributed by company-wide research activities that are not allocated to each reportable segment.

Fiscal year 2022

Millions of yen	Essential Chemicals & Plastics	Energy & Functional Materials	IT-related Chemicals	Health & Crop Sciences	Pharma- ceuticals	Total	Others (Note 1)	Adjustments (Note 2)	Consoli- dated
Sales revenue:									
Sales revenues from external customers	¥ 852,916	¥ 342,460	¥ 431,219	¥ 598,390	¥ 584,873	¥ 2,809,858	¥ 85,425	¥ —	¥ 2,895,283
Inter-segment sales revenues	5,694	17,473	465	5,654	15	29,301	87,323	(116,624)	—
<b>Total sales revenue</b>	<b>858,610</b>	<b>359,933</b>	<b>431,684</b>	<b>604,044</b>	<b>584,888</b>	<b>2,839,159</b>	<b>172,748</b>	<b>(116,624)</b>	<b>2,895,283</b>
Segment profit (loss) : core operating income (loss)	¥ (34,197)	¥ 15,239	¥ 47,601	¥ 57,277	¥ 16,168	¥ 102,088	¥ 10,405	¥ (19,741)	¥ 92,752
<b>Segment assets</b>	<b>872,612</b>	<b>380,186</b>	<b>464,615</b>	<b>874,037</b>	<b>1,189,289</b>	<b>3,780,739</b>	<b>371,749</b>	<b>13,015</b>	<b>4,165,503</b>
Other items:									
Depreciation and amortization	30,075	19,324	26,578	28,724	43,989	148,690	8,219	11,048	167,957
Share of profit (loss) of investments accounted for using the equity method	(18,384)	151	4	213	39	(17,977)	10,890	290	(6,797)
Impairment losses	1,805	261	1,728	19,610	86,013	109,417	—	—	109,417
Investment accounted for using the equity method	257,219	424	501	8,579	383	267,106	138,175	(2,301)	402,980
Capital expenditures	30,179	26,600	32,799	24,321	14,135	128,034	6,622	6,425	141,081

Note 1: "Others" represents businesses such as supplying electrical power and steam, providing services for the design, engineering, and construction management of chemical plants, providing transport and warehousing, and conducting materials and environmental analysis, which are not included in reportable segments.

Note 2: Amounts in "Adjustments" are as follows:

- (1) ¥(19,741) million for segment profit (loss) in "Adjustments" includes inter-segment elimination of ¥(231) million and corporate expenses of ¥(19,510) million unallocated to each reportable segment. Corporate expenses are mainly research and development expenses for company-wide research, which are not attributed to reportable segments.
- (2) Segment assets in "Adjustments" are ¥13,015 million, which includes ¥(149,681) million in eliminations of inter-segment receivables and other assets, and ¥162,696 million of corporate assets unallocated to each reportable segment. Corporate assets mainly consist of cash and cash equivalents, investment securities, and the assets related to research and development activities for company-wide research.
- (3) Depreciation and amortization in "Adjustments" is ¥11,048 million, mainly related to the assets arising from research and development activities for company-wide research unallocated to each reportable segment.
- (4) Investments accounted for using the equity method in "Adjustments" is ¥(2,301) million, which is eliminations of inter-segment transactions.
- (5) Capital expenditures in "Adjustments" amounting to ¥6,425 million is mainly contributed by company-wide research activities that are not allocated to each reportable segment.

Adjustments to income (loss) before taxes from core operating income (loss) were as follows:

Millions of yen	FY2023		FY2022	
Core operating income (loss)	¥	(149,049)	¥	92,752
Impairment losses		(269,389)		(109,417)
Restructuring costs		(48,397)		(22,021)
Share of profit (loss) of investments accounted for using the equity method (non-recurring factors)		(4,830)		—
Changes in fair value of contingent consideration		(1,562)		3,388
Gains on sale of property, plant and equipment, and intangible assets		1,215		5,226
Others, net		(16,814)		(912)
Operating income (loss)		(488,826)		(30,984)
Finance income		72,997		70,836
Finance expenses		(46,963)		(39,621)
Income (loss) before taxes	¥	(462,792)	¥	231

Note: Breakdown of share of profit (loss) of investments accounted for using the equity method included in operating income (loss) was as follows:

Millions of yen	FY2023		FY2022	
Share of profit (loss) of investments accounted for using the equity method	¥	(57,398)	¥	(6,797)
Of which resulting from recurring factors		(52,568)		(6,797)
Of which resulting from non-recurring factors		(4,830)		—

## Earnings per Share

### 1. The Basis for Calculating Basic Earnings per Share

	FY2023	FY2022
Net income (loss) attributable to owners of the parent (millions of yen)	¥(311,838)	¥6,987
Amounts not attributable to ordinary shareholders of the parent (millions of yen)	—	—
Net income (loss) used to calculate basic earnings per share (millions of yen)	¥(311,838)	¥6,987
Average number of ordinary shares (thousands of shares)	1,635,352	1,634,980
Basic earnings (losses) per share (yen)	¥(190.69)	¥4.27

### 2. The Basis for Calculating Diluted Earnings per Share

	FY2023	FY2022
Net income (loss) used to calculate basic earnings per share (millions of yen)	¥(311,838)	¥6,987
Adjustments by diluted ordinary shares of parent (millions of yen)	—	—
Net income (loss) used to calculate diluted earnings per share (millions of yen)	¥(311,838)	¥6,987
Average number of ordinary shares (thousands of shares)	1,635,352	1,634,980
Restricted stock compensation plan (thousands of shares)	—	295
Average number of ordinary shares after dilution (thousands of shares)	1,635,352	1,635,275
Diluted earnings per share (yen)	—	¥4.27
Stocks not included in the calculation of diluted earnings per share because they have anti-dilutive effect	Restricted stock 456,230 shares	—

\*For diluted earnings per share for FY2023, although there are potential shares, they are not listed because they have an anti-dilutive effect.

## Impairment of Non-Financial Assets

### Fiscal Year 2023

Impairment losses recognized for FY2023, are ¥269,389 million. Impairment losses are recognized in "Cost of sales," "Selling, general and administrative expenses" and "Other operating expenses" in the consolidated statement of income. Details of the impairment losses by reportable segments are presented in "Segment Information."

The major cash-generating units (the "CGU"s) for which impairment losses are recognized are as follows:

Location	Usage	Class of assets	Reportable segment	Millions of yen Impairment losses
U.S.	Patent of pharmaceuticals (MYFEMBREE®)	Patent	Pharmaceuticals	¥ 133,457
U.S.	Goodwill of pharmaceuticals	Goodwill	Pharmaceuticals	35,858
Chiba, Japan	Essential Chemicals & Plastics production facilities and common facilities at Chiba Works	Machinery and vehicles, etc.	Essential Chemicals & Plastics, etc.	25,381
Ehime, Japan	Methionine production facilities	Machinery and vehicles, etc.	Health & Crop Sciences	16,776
Singapore	Methacrylate production facilities	Machinery and vehicles, etc.	Essential Chemicals & Plastics	14,891
Ehime, Japan	Calcination demonstration facilities for cathode material	Construction in progress, etc.	Energy & Functional Materials	11,566

#### Details of the impairment losses

- Patent of pharmaceuticals (MYFEMBREE®) ¥133,457 million (Patent ¥133,457 million)
- Goodwill of pharmaceuticals ¥35,858 million (Goodwill ¥35,858 million)
- Essential Chemicals & Plastics production facilities and common facilities at Chiba Works ¥25,381 million (Buildings and structures ¥7,509 million; Machinery and vehicles ¥17,872 million)
- Methionine production facilities ¥16,776 million (Buildings and structures ¥1,875 million; Machinery and vehicles ¥14,603 million; Others ¥299 million)
- Methacrylate production facilities ¥14,891 million (Buildings and structures ¥2,913 million; Machinery and vehicles ¥8,666 million; Right-of-use assets ¥3,313 million)
- Calcination demonstration facilities for cathode material ¥11,566 million (Construction in progress ¥11,518 million; Others ¥48 million)

In the Pharmaceuticals segment, due to the revision of the business forecast in North America, the profitability of patent rights associated with MYFEMBREE® (therapeutic agent for uterine fibroids and endometriosis) was no longer expected. As a result, the carrying amount was reduced to the recoverable amount. In addition, regarding goodwill for the business in North America, since the recoverable amount was less than the carrying amount of the CGUs including goodwill, the carrying amount of the goodwill was impaired to the recoverable amount. The recoverable amount is calculated based on the fair value less costs of disposal measured on the basis of the approved business plan. The discount rate used in the impairment test is based on the weighted average cost of capital set by each CGU. The discount rate used in the impairment test of patent rights and goodwill were 15.8% and 14.5% (before taxes) respectively.

In the Essential Chemicals & Plastics segment, etc., the carrying amount of Essential Chemicals & Plastics production facilities and the common facilities in Chiba Works, and the methacrylate production facilities in Singapore to be impaired to the recoverable amounts of ¥9,036 million, ¥5,152 million, and ¥15,822 million respectively. It was because the profitability of the business declined due to weak demand caused by the deteriorating business environment and lower selling price. The recoverable amount of each asset was measured by its value in use, which was calculated by discounting future cashflows at a discount rate of 9.4% to 15.6% (before taxes).

Regarding the methionine production facilities in the Health & Crop Sciences segment, due to higher costs stemming from sharply higher prices for raw materials and fuel, as well as a deterioration in the demand and supply environment, which led to lower selling prices, the carrying amount was written down to the recoverable amount in FY2022. Initially, the decline in demand was expected to be temporary, but due to the economic downturn caused by global inflation, demand has remained weak for a longer period, and selling prices have not increased as much as originally anticipated. Therefore, the Company reviewed the forecast of the earnings of its methionine business, and the entire carrying amount was impaired. The recoverable amount in the impairment test uses value in use, and the discount rate is omitted because the future cash flows are negative.

Regarding the calcination demonstration facilities for cathode material in the Energy & Functional Materials segment, the Company carried out an impairment test since the profitability was expected to decline as a result of the revision of its business plan. As a result of the revision of forecasted revenue, the entire carrying amount was impaired.

The major items of individually immaterial impairment losses are related to tangible assets such as machinery, equipment, and vehicles, and intangible assets, such as in-process research and development, in the Company's business. Impairment losses are recorded because the recoverable amount was less than the carrying amount due to a decline in forecasted revenue.

### Fiscal Year 2022

Impairment losses recognized for FY2022, are ¥109,417 million. Impairment losses are recognized in "Cost of sales," "Selling, general and administrative expenses" and "Other operating expenses" in the consolidated statement of income. Details of the impairment losses by reportable segments are presented in "Segment Information."

The major cash-generating units (the "CGU"s) for which impairment losses are recognized are as follows:

Location	Usage	Class of assets	Reportable segment	Millions of yen Impairment losses
U.S.	Patent of pharmaceuticals (KYNMOBI®)	Patent, etc.	Pharmaceuticals	¥ 56,538
U.S.	Results of research and development with respect to compounds under development (dubermatinib)	In-process research and development	Pharmaceuticals	20,598
Ehime, Japan	Methionine production facilities	Machinery and vehicles, etc.	Health & Crop Sciences	15,763
U.S.	Patent of pharmaceuticals (LONHALA® MAGNAIR®)	Patent, etc.	Pharmaceuticals	4,781
U.S.	Goodwill of pharmaceuticals (oncology area)	Goodwill	Pharmaceuticals	3,523
U.S.	Property, plant and equipment and intangible assets of postharvest business	Other intangible assets, etc.	Health & Crop Sciences	3,218

#### Details of the impairment losses

- Patent of pharmaceuticals (KYNMOBI®) ¥56,538 million  
(Patent ¥55,369 million; Others ¥1,169 million)
- Results of research and development with respect to compounds under development (dubermatinib) ¥20,598 million  
(In-process research and development ¥20,598 million)
- Methionine production facilities ¥15,763 million  
(Buildings and structures ¥1,595 million; Machinery and vehicles ¥14,077 million; Others ¥92 million)
- Patent of pharmaceuticals (LONHALA® MAGNAIR®) ¥4,781 million  
(Patent ¥3,494 million; Others ¥1,287 million)
- Goodwill of pharmaceuticals (oncology area) ¥3,523 million  
(Goodwill ¥3,523 million)
- Property, plant and equipment and intangible assets of postharvest business ¥3,218 million  
(Other intangible assets ¥2,177 million; Others ¥1,041 million)



In the Pharmaceuticals segment, as the profitability of patent rights associated with KYNMOBI® and LONHALA® MAGNAIR® are no longer expected, and in-process research and development (dubermatinib) has been discontinued and its profitability is no longer expected as well, the carrying amount of these assets has been reduced to zero. In addition, an impairment loss was recorded on goodwill of the oncology area in North America of the pharmaceutical business because the recoverable amount of the CGU was less than the carrying amount of the CGU including goodwill. The discount rate used in the impairment test for goodwill is based on the weighted average cost of capital set by each CGU. The pre-tax discount rate used in the impairment test of goodwill was 20.5%.

Regarding the methionine business in the Health & Crop Sciences segment, the profitability declined due to higher costs stemming from sharply higher prices for raw materials and fuel, as well as due to a deterioration in the demand and supply environment, which led to lower selling prices. As a result of reviewing the forecast of its earnings, the carrying amount of methionine production facilities was written down to its value in use of ¥17,083 million. For the estimates of value in use, the Company made some assumptions, such as about the sales price of methionine, after mainly considering future supply and demand trends, and the purchase price of naphtha, which could have a significant effect on manufacturing costs. The value in use was calculated by discounting future cash flows at a discount rate of 11.2% (before taxes). In addition, regarding the postharvest business of a U.S. subsidiary whose profitability has declined because of a deterioration in the business environment, the subsidiary's property, plant and equipment and intangible assets have been written down to a recoverable amount of ¥407 million.

### **Significant Subsequent Events**

To improve the efficiency of assets by reviewing strategic shareholdings, Sumitomo Pharma Co., Ltd. entered into a contract with Roivant Sciences Ltd., on April 2, 2024 to transfer all the shares of Roivant Sciences Ltd. (71,251,083 shares) held by Sumitomo Pharma Co., Ltd. in exchange for 98,146 million yen. This transfer of shares will have no impact on the Group's consolidated statement of profit or loss because the changes in fair value associated with these shares have been recognized in other comprehensive income.