

Sumitomo Seika Announces Posting of Extraordinary Losses, Reversal of Deferred Tax Assets and
Revision to Full-Year Consolidated Financial Forecasts

Sumitomo Seika Chemicals Co., Ltd. (the Company) will post extraordinary losses as impairment loss (consolidated), loss on valuation of stocks of subsidiaries and affiliates (non-consolidated), and provision for reserve for loss on guarantees (non-consolidated), and will also reverse a part of deferred tax assets for the fiscal year ending March 31, 2019.

As a result, the Company has revised its full-year consolidated financial forecasts for the fiscal year ending March 31, 2019 as below.

1. Extraordinary Losses

In view of repercussions from the recent deterioration in the business climate of the European market, the Company examined the future recoverability of fixed assets of its consolidated subsidiary Sumitomo Seika Europe S.A./N.V. (the Subsidiary). As a result, the Company has decided to record an impairment loss of 4.0 billion yen as an extraordinary loss for the fiscal year ending March 31, 2019. Accordingly, the Company will record 7.2 billion yen in losses on valuations of stocks of subsidiaries and affiliates and 1.3 billion yen in provision for reserve for losses on guarantees associated with the stocks of the Subsidiary on a non-consolidated basis.

The above valuation of stocks of subsidiaries and affiliates and the provision for reserve for losses on guarantees will have no impact on the Company's consolidated financial statements because they are eliminated in the consolidated financial statements.

2. Reversal of Deferred Tax Assets

The Company examined the future recoverability of the Subsidiary's deferred tax assets based on the financial forecasts for the current fiscal year and beyond and has decided to reverse deferred tax assets associated with the Subsidiary and record 1.2 billion yen under corporate income tax adjustments.

3. Revised Consolidated Forecast for the Full-Year Ending March 31, 2019

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of the parent	Net Income Per Share (Yen)
Previous Forecast (A) (Announced on Feb 5, 2019)	109,000	9,000	8,500	5,600	406.03
Revised Forecast (B)	109,000	9,000	8,500	640	46.40
Variance in Amount (B-A)	—	—	—	-4,960	
Variance in Percentage (%)	—	—	—	-88.6	
Results for Full-Year Ended March 31, 2018	105,883	9,734	9,935	6,698	485.70

4. Reasons for the revisions

The Company has revised its full-year consolidated financial forecasts for the fiscal year ending March 31, 2019 because of the posting of extraordinary losses and the reversal of deferred tax assets as stated above.

Cautionary Statement

The forecasts referred to in the above were made based on information currently available. They may, therefore, be different from the actual results to be determined later, depending on various circumstances and reasons.