

2020 Fact Book

Sumitomo Seika Chemicals Co.,Ltd.



Company Profile

Company Profile (as of March 31, 2020)

Company Name	Sumitomo Seika Chemicals Company, Limited.
Established	July 20, 1944
Paid in Capital	9,698 million yen
Representative Director, President & CEO	Ikuzo Ogawa
Number of Employees (consolidated)	1,359
Main Business Areas	Super Absorbent Polymers, Functional Chemicals Gases & Engineering

Locations in Japan

Head Offices	Osaka, Tokyo
Works	Befu Works Himeji Works Chiba Works
Sales Offices	Osaka, Tokyo
Research Laboratories	Material Development Laboratory (Befu, Himeji) Production and Process Engineering Laboratory (Befu, Himeji)

Company History

July 1944	Sumitomo Taki Chemical Co., Ltd. is established as a joint venture between Sumitomo Chemical Co., Ltd. and Taki Fertilizer Co., Ltd. (currently Taki Chemical Co., Ltd.)
October 1989	Company name is changed to Sumitomo Seika Chemicals Company Limited.
March 1999	Begins manufacture and sales of super absorbent polymers in Singapore.
April 2006	Begins manufacture and sales of gases for electronics in Taiwan.
April 2008	Acquires super absorbent polymer business from Arkema, France.
June 2008	Begins manufacture and sales of gases for electronics in Korea.
April 2011	Begins manufacture and sales of gases for electronics in China.
August 2016	Begins manufacture and sales of super absorbent polymers in Korea.

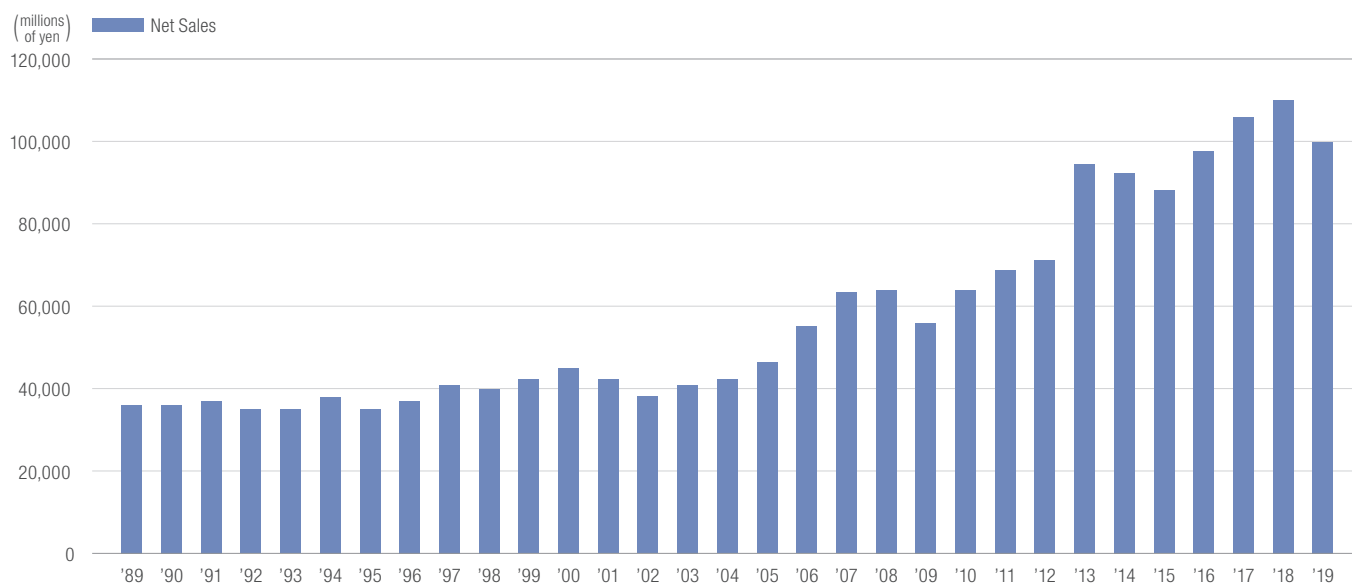
Consolidated Subsidiaries

Japan	Seika Techno Services Co., Ltd. Various Services		Sumisei Technology (Yangzhou) Co., Ltd. Manufacturing and Sales of Functional Chemical Products
			Sumisei Taiwan Technology Co., Ltd. Manufacturing and Sales of Electronics Gases
Overseas	Sumitomo Seika Polymers Korea Co., Ltd. Manufacturing and Sales of Super Absorbent Polymers	Overseas	Sumitomo Seika Trading (Shanghai) Co., Ltd. Sales of Super Absorbent Polymers and Gases Products
	Sumitomo Seika Europe S.A./N.V. (Belgium) Sales of Super Absorbent Polymers and Other Chemical Products		Sumisei Polymers Technology (Shanghai) Co., Ltd. Technical Service and Market Research
	Sumitomo Seika Singapore Pte. Ltd. Manufacture of Super Absorbent Polymers		Sumitomo Seika Asia Pacific Pte. Ltd. Sales of Super Absorbent Polymers and Other Chemical Products
	Sumisei Chemical Co., Ltd. (Korea) Manufacturing and Sales of Electronics Gases		Sumitomo Seika America, Inc. Sales of Functional Chemical Products

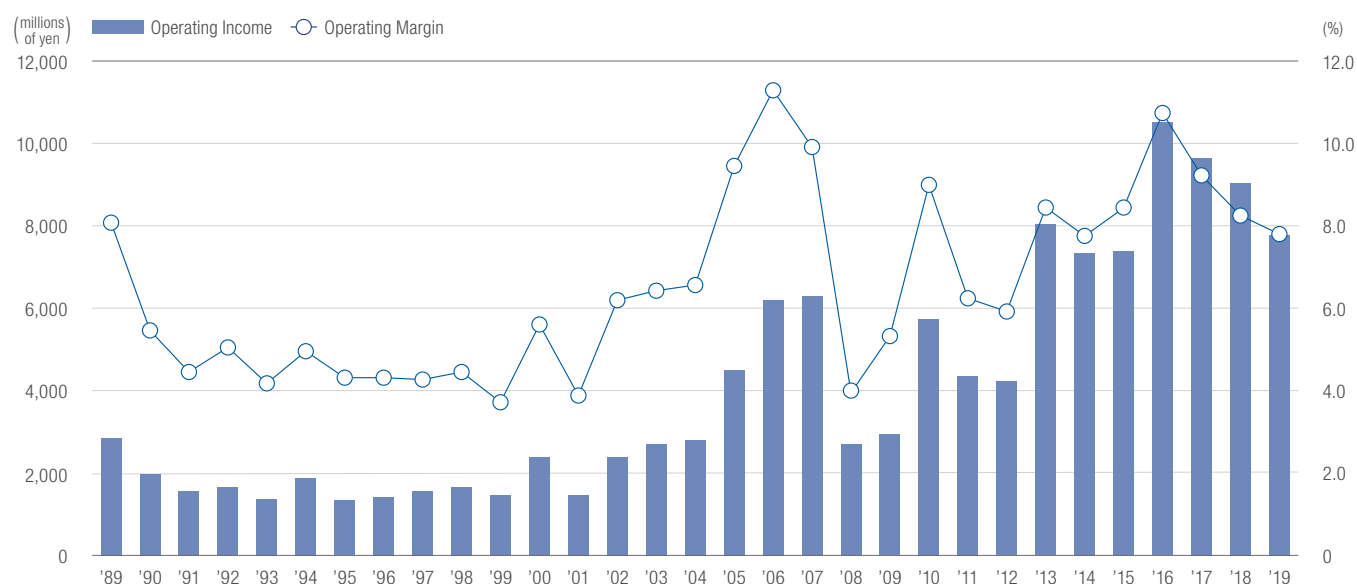
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Net Sales Trends



Operating Income & Operating Margin Trends



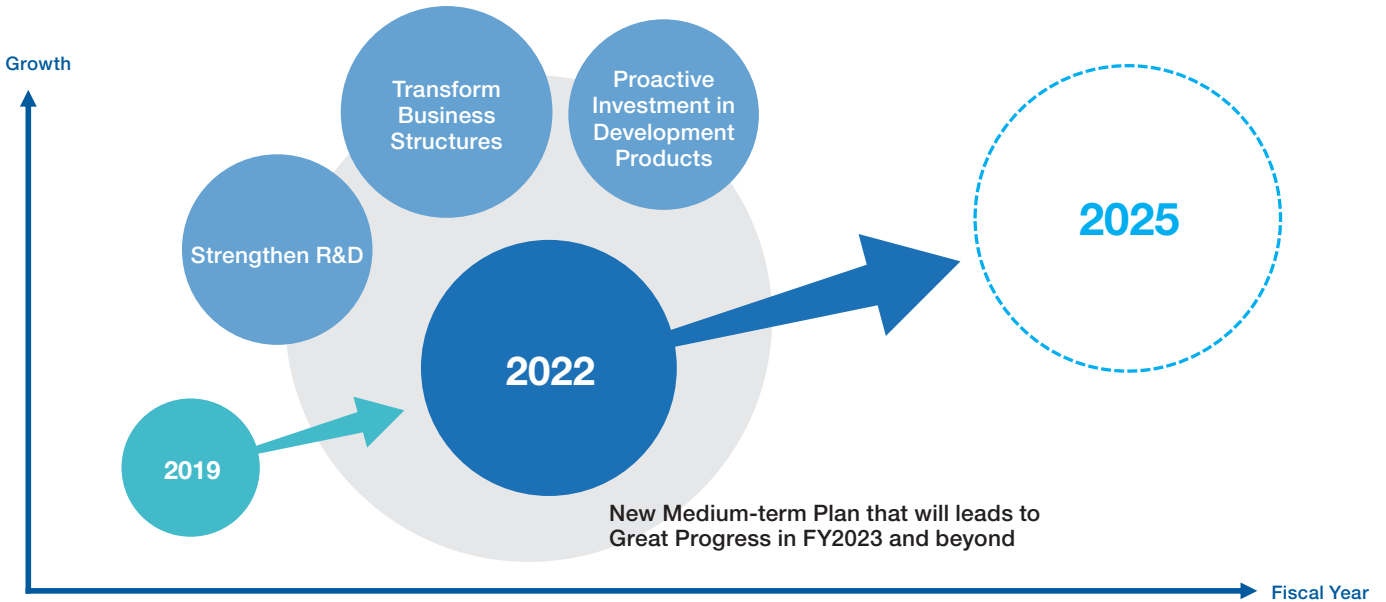
Financial Performance Trends

	(millions of yen)				
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	87,003	98,857	105,883	109,634	99,701
Super Absorbent Polymers	53,003	65,778	71,532	74,365	65,894
Functional Chemicals	18,607	17,985	18,293	18,641	18,446
Gases & Engineering	15,393	15,093	16,057	16,627	15,361
Operating Income	7,404	10,541	9,734	9,072	7,775
Super Absorbent Polymers	4,086	7,699	6,023	4,912	3,544
Functional Chemicals	2,561	1,947	1,879	2,140	1,991
Gases & Engineering	735	878	1,815	2,005	2,228
Operating Margin (%)	8.5	10.7	9.2	8.3	7.8
Ordinary Income	6,329	10,006	9,935	8,636	6,866
Net Income Attributable to Owners of the Parent	4,013	5,739	6,698	604	4,285

Corporate Business Plan for 2020 to 2022

Positioning of Our New Medium-term Business Plan

Transitioning to a Sustainable Business Structure toward Great Progress in FY2023 and beyond



Priority Measures

FY2022 Targets

Net Sales
120 billion JPY

Operating Income
8 billion JPY

ROE
8.5%

Transforming Business Structure

Super Absorbent Polymers
Focusing high value-added products/
Promoting streamlining

Functional Chemicals
Prioritized allocation of management resources/
Accelerating market launch for products under development

Gases & Engineering
Developing new products for the electronics industry

Strengthening of R&D

Proactive Investment in Development Products

New Medium-term Plan that will lead to Great Progress in FY2023 and beyond

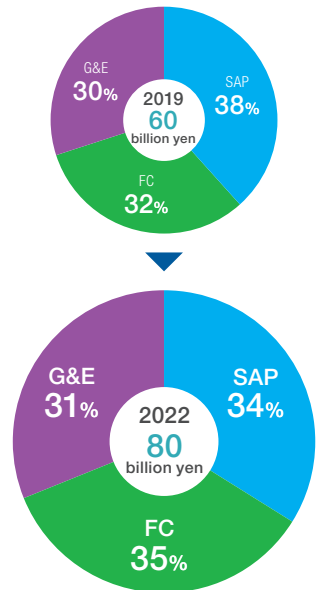
Financial Targets (Net Sales and Operating Income)

(in units of billion JPY)

Division	Forecast 2019	FY2022 Target
Super Absorbent Polymers	650	780
Functional Chemicals	190	240
Gases & Engineering	160	180
Net Sales	1,000	1,200
Super Absorbent Polymers	23	27
Functional Chemicals	19	28
Gases & Engineering	18	25
Operating Income	60	80
(Based on the following assumptions)		
JPY/CNY	15.3	15.0
JPY/USD	106.8	110.0
Naphtha Price (JPY/KL)	41,400	40,000

*The above figures are the forecasts as of November 2019.

Operating Income Portfolio

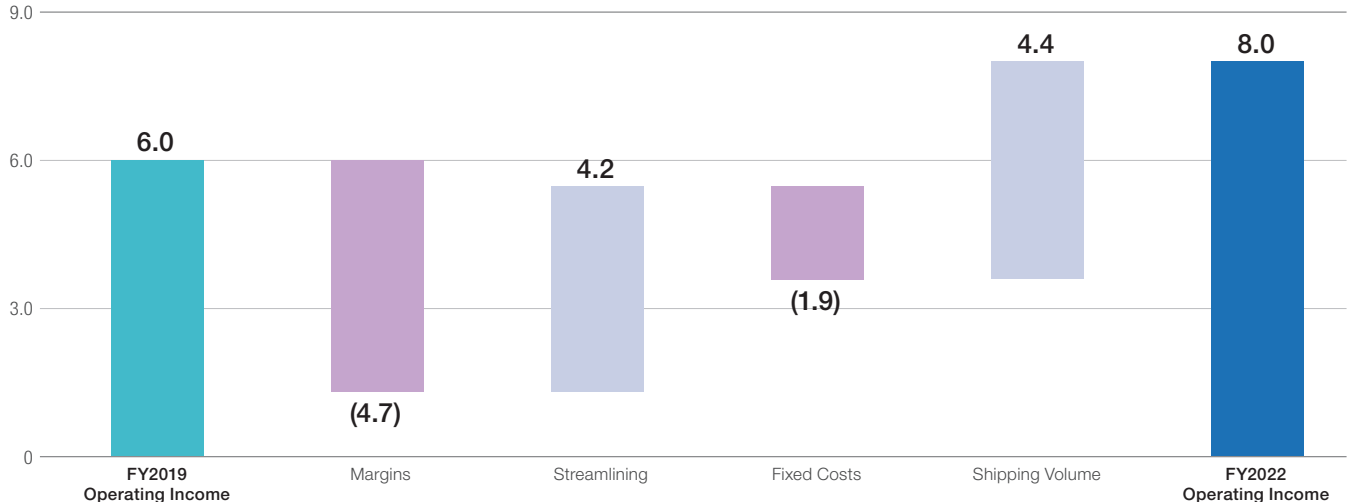


Analysis of Changes in Operating Income

Forecast 2019, **6** billion JPY

Target for FY 2022, **8** billion JPY

(billions of yen)



*The above figures are the forecasts as of November 2019.

Investment Plan (Decision-based)

Proactive Investment in Development Products with a focus on Functional Chemicals

(in units of billion JPY)

Division	FY2020 to FY2022 (3years total)	Breakdown (including regular investments)
Super Absorbent Polymers	45	CAPEX for new products *Streamlining CAPEX of 2 billion JPY to be decided in FY2019
Functional Chemicals	80	Development products / electronic materials /personal care
Gases & Engineering	20	High purity gases for semiconductors
Corporate	25	IT investments etc.
Total Investment	170	*Operating cash flow: 28.0 (3years total)

Strengthening R&D

Reexamining Our R&D System



- Super Absorbent Polymers: Lesser performance advantage over competitors; commoditization
 - Functional Chemicals: Increasing high-level client demands; growing need to reduce environmental impact
- ➔ Concentrate on speeding up development and differentiating our products



- Reexamining resources and topics as well as changing project management systems
 - Reorganization into the Material Development Laboratory and Production and Process Engineering Laboratory
- ➔ Improve R&D efficiency and accelerate operations

Our vision

● Basic & Applied Research

Address changes in customer needs and the business environment with our own scientific solutions

● Production and Process Engineering Development

Optimize manufacturing processes for existing products
Accelerate the launch of products under development

● Intellectual Properties

Clearly define R&D targets
Analyze competitors' technology and business, formulate new strategies

Strategies & Initiatives

New Product Development

Super Absorbent Polymers

- Continue developing new products that solve common issues of hygiene products such as leakage, odor, and rashes
- Develop new technologies for environmentally friendly products, and processes for reducing costs

Functional Chemicals

- Continue developing new products in the electronics and energy fields
- Apply our water-soluble polymer technologies to the fields of daily goods, medical-related chemicals, adhesives, paints and coatings

Gases & Engineering

- Expand our product lineup of high purity gases for semiconductors and promote the development of new semiconductor processing materials
- Focus on expanding the application of gases using PSA technology

Retaining evaluation technologies

Expand our investment of resources in analysis and evaluation technologies to be equal to or greater than that of our clients, with a focus on batteries, energy, and lifestyle-related goods

Harmonizing strategies of intellectual properties with those of businesses

Set R&D targets based on business and intellectual property strategies, and develop products and technologies to resolve issues early on

Fundamental Cost Reduction

Develop necessary technologies so as to seek cost reduction across the entire value chain

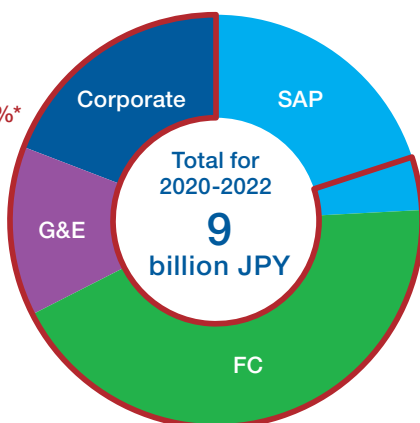
Resource Allocation and New Products Ratio

R&D Expenses

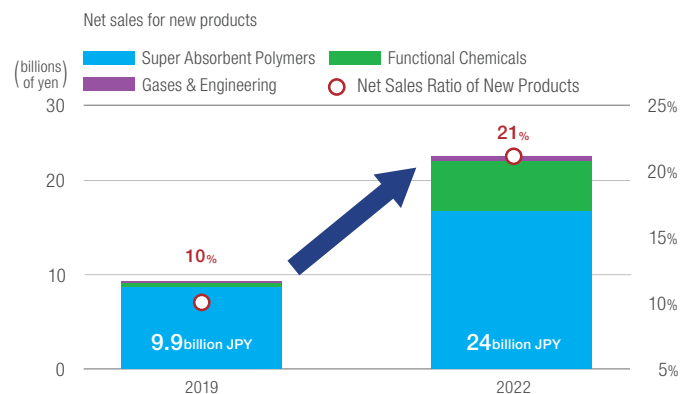
Functional Development accounts for 80%*

*Including functional development such as deodorizing ability, etc.

(reference)
Single FY2019
2.9 billion JPY

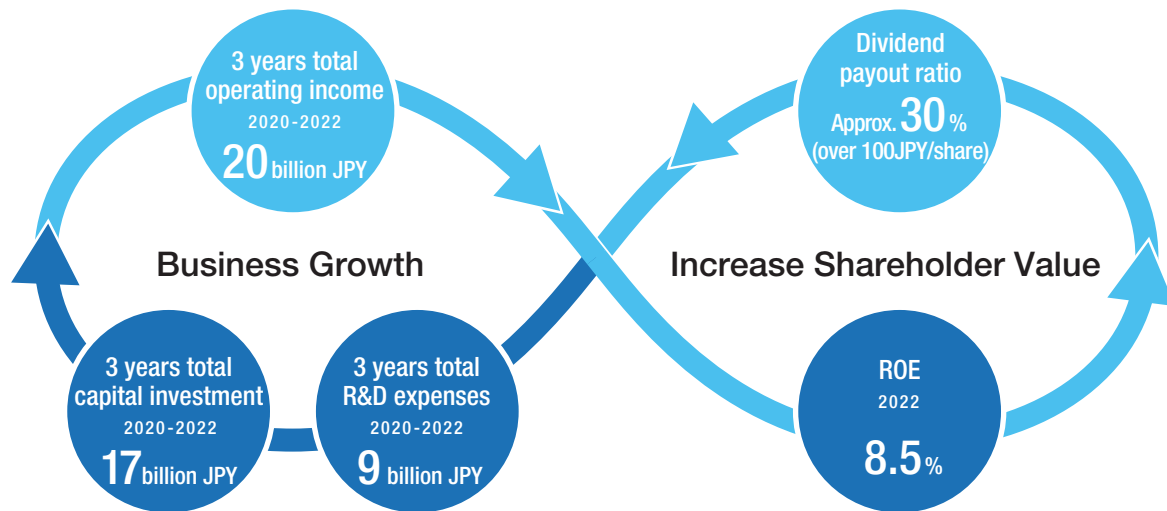


Net Sales Ratio of New Products



Definition of new products: Super Absorbent Polymer and Functional Chemical products 5 years after launch or earlier, Gases and Engineering products 10 years after launch or earlier

*The above figures are the forecasts as of November 2019.



SDG Goals Related to Our Business

In September 2015, all the UN members (193 countries) adopted the 2030 Agenda, which is a plan to eliminate extreme poverty, inequality and injustice to protect our planet and realize a better future over the next 15 years. As an action plan for people, planet and prosperity, the Agenda includes a Declaration and Goals. This is a set of 17 Goals and 169 Targets called Sustainable Development Goals (SDGs).

Under a group-wide guiding principle titled "Sumitomo Seika Group's Mission for CSR", the Sumitomo Seika Group will tackle on the Sustainable Development Goals (SDGs), globally-shared challenges, thereby contributing ultimately to the development of a sustainable society.



CSR Initiatives

CSR Goals for the Sumitomo Seika Group

(Enacted November 6, 2018)

The Sumitomo Seika Group has enacted a set of company-wide CSR goals. Our corporate group has committed to implementing various CSR initiatives, in order to contribute to the development of a sustainable society while tackling the shared global issues presented in the UN's Sustainable Development Goals.

"The Sumitomo Seika Group will tackle on the Sustainable Development Goals (SDGs), globally-shared challenges, by creating value that we alone can offer through translating our corporate philosophy into practice, thereby contributing ultimately to the development of a sustainable society. With these initiatives, we will aim to meet expectations of all our stakeholders."

Sumitomo Seika Group Basic CSR Policy

(Enacted November 6, 2018)

The Sumitomo Seika Group will engage in CSR activities according to the following policy.

1. We will provide products that will help make people's lives more comfortable, satisfy customer needs with product functionality, and supply superior products and services that will support the foundation of the industries that the Sumitomo Seika Group serves, thereby contributing to solving societal problems and developing a sustainable society.
2. We, as a chemical manufacturer, will give the highest priority to ensuring "zero accidents and zero injuries" and will strive to achieve and maintain safe and stable plant operation as well as safe shipment and delivery of products.
3. We will appropriately assess possible influences of our products and production processes on humans and the environment and take measures to ensure safety and environmental stewardship.
4. We will ensure thoroughly conducting quality management of our products and services so that our customers can use them to their satisfaction and with confidence.
5. We will provide a safe and healthy working environment to our employees and also develop a corporate culture that allows our employees to work with pride and a sense of fulfillment.
6. We, as a responsible corporate citizen, will participate in society, aiming to realize co-existence and co-prosperity with society.

Target for Reducing Greenhouse Gas Emissions

1. Medium-term Targets

We are working to achieve a 7% reduction by FY2021 and a 11% reduction by FY2022 in CO₂ emissions as compared to FY2013.

This is in keeping with the Japan Chemical Industry Association's low-carbon society action plan, which seeks to reduce FY2030 CO₂ emissions by 10.7% compared to FY2013 amounts.

2. Long-term Targets

Promote further efforts toward the Paris Accord's target of reducing CO₂ emissions in FY2030 by 26% compared to FY2013 amounts.

Initiatives to Reduce Environmental Impact

In order to reduce environmental impact resulting from business operations, we will:

1. Promote the development of technology that contributes to reducing waste (including from plastics) in final consumer goods made using our products.
2. Continue efforts to reduce the amount of waste emissions from production processes.

Super Absorbent Polymers

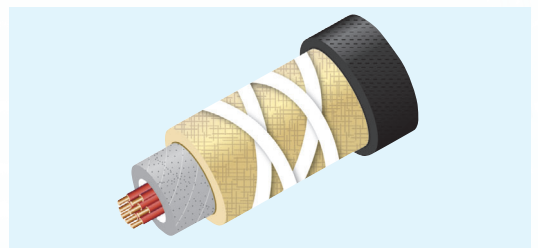


Outline

Sumitomo Seika's super absorbent polymer AQUA KEEP can absorb and retain up to several hundred times its weight in water. By applying proprietary technology created over many years of research and development, we are able to freely control AQUA KEEP's water absorption capabilities based on the user's individual needs. This technology has been

incorporated into a wide variety of products, from everyday necessities such as disposable diapers and pet sheets to industrial products, such as water repellent materials for power and optical cables. With production bases in Japan, South Korea, Singapore, and France, Sumitomo Seika has set up a system for meeting the demands of every region of the world.

Main Applications



Sanitary Materials

AQUA KEEP is used in absorbents found in a wide range of items, including disposable diapers and sanitary products. This is due to its ability to keep the absorbent's surface smooth and dry thanks to AQUA KEEP's rapid absorption and long-lasting liquid retention performance. AQUA KEEP's super absorption potential also reduces the amount of raw materials used in the absorbent, allowing for a significantly thinner and more compact construction. Sumitomo Seika began selling AQUA KEEP in the 1980s, and the product has continued to receive high acclaim among users around the world ever since. In 2014, we began the sale of our AQUA KEEP HP Series, which achieves both "higher absorption capacity" and "higher absorption capacity under load."

Water Repellent Materials

AQUA KEEP is used in water repellent materials for power and optical cables. This is due to its ability to instantly take in moisture and expand to prevent additional water from getting inside the cable when the cable's coating has been damaged. Boasting world-class absorption speeds, AQUA KEEP Series is used in water repellent materials for cables to provide high value-added functionality, earning it wide critical acclaim. Moving forward, we will continue to carry out R&D to deliver additional performance and improved quality, so we can better support the lives of people around the world.

Initiatives to Reduce Environmental Impact from Product Distribution

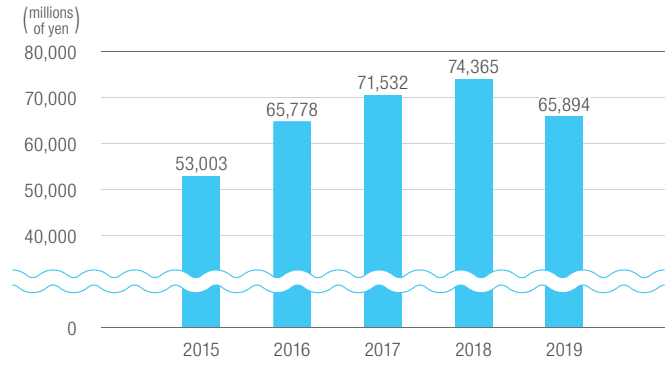
In working to achieve sustainable product distribution, Sumitomo Seika has joined with its clients and logistics partners in implementing a modal shift to railway and marine transport as part of our initiatives to reduce our environmental impact. In collaboration with logistics partners and parties receiving product shipments, we formulated and began implementing a modal shift towards more efficient and energy-conserving transport methods for the domestic distribution of our AQUA KEEP products. In September 2017, our Comprehensive Optimization Plan was approved by the Ministry of Economy, Trade, and Industry and the Ministry of Land, Infrastructure, Transport, and Tourism. The success of this same initiative was further recognized in February 2020, when we were accredited as a leading company in the promotion of eco-ship modal shift projects.



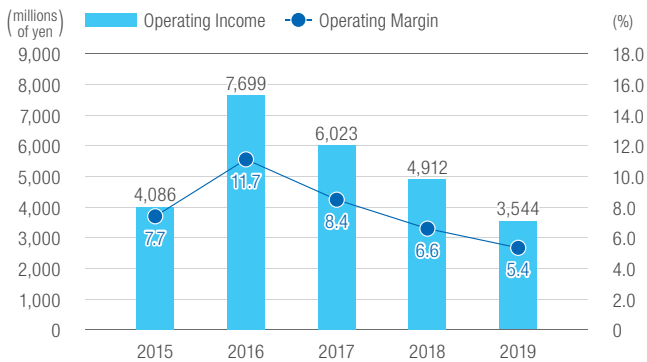
Business Performance Super Absorbent Polymers

Net sales decreased by 11.4% from the previous fiscal year to 65,894 billion yen, and operating income also decreased by 27.9% to 3,544 billion yen, which was attributable to a decrease in sales volume and also a decline in selling price as well as the impact of the weaker yuan in the Chinese market.

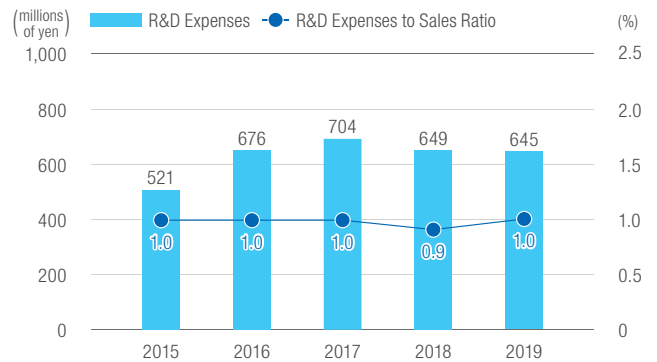
Net Sales



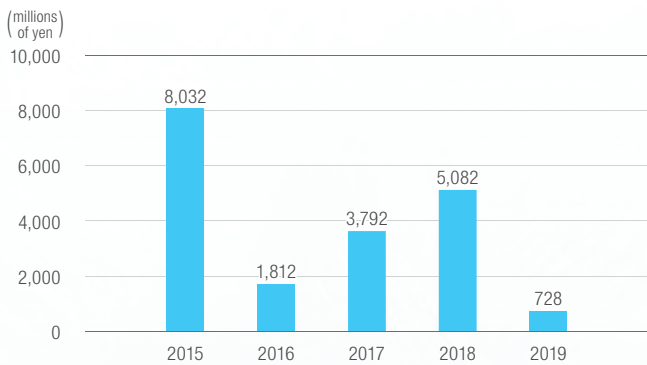
Operating Income & Operating Margin



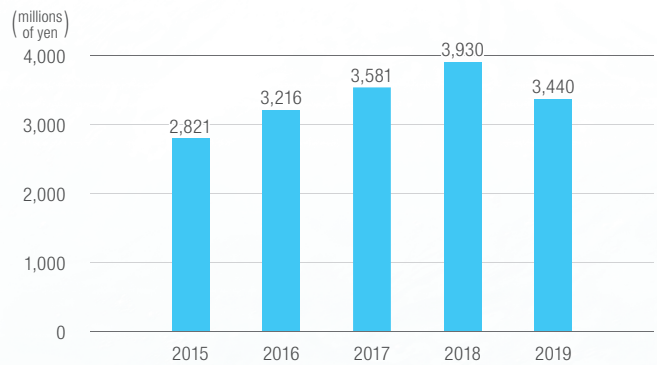
R&D Expenses / R&D Expenses to Sales Ratio



Capital Expenditure



Depreciation Expense



Financial Performance

(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	53,003	65,778	71,532	74,365	65,894
Operating Income	4,086	7,699	6,023	4,912	3,544
Operating Margin (%)	7.7	11.7	8.4	6.6	5.4
R&D Expenses	521	676	704	649	645
R&D Expenses to Sales Ratio	1.0	1.0	1.0	0.9	1.0
Capital Expenditure	8,032	1,812	3,792	5,082	728
Depreciation Expense	2,821	3,216	3,581	3,930	3,440
Japan Naphtha Price (yen/KL)	42,800	34,700	41,900	49,400	42,900

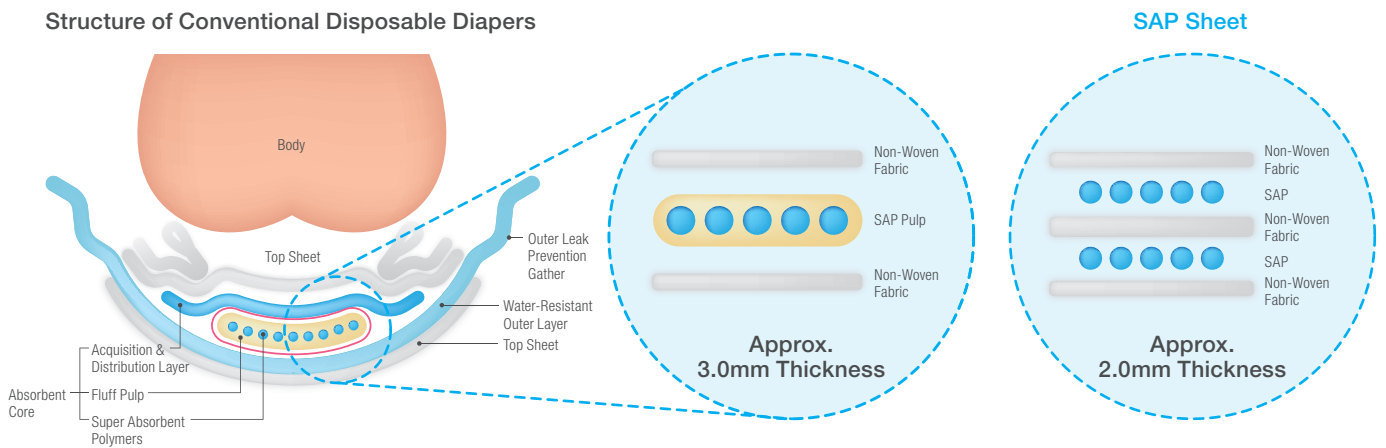
Controlled Performance through Advanced Technology and Expertise

Sumitomo Seika began researching super absorbent polymers in the 1970s, and continued to conduct R&D in order to meet the individual needs of users around the world after it began to manufacture and sell AQUA KEEP in the 1980s. By mobilizing expertise in controlling absorption performance that derived from these efforts, we succeeded in developing super absorbent polymers that deliver both instant absorption of liquids and advanced absorption performance under heavy loads. These polymers, in turn, have contributed to new product advancements, including the creation of thinner disposable diapers and the improved performance of water repellent materials for power and optical cables. The evolution of technologies for absorbing and retaining liquids has also allowed AQUA KEEP to make significant contributions to the comfort of infants, while supporting the active lives of seniors and the construction of infrastructure to provide power and other utilities. Today, these unique products and services that meet the individual needs of our clients are receiving substantial recognition worldwide.



SAP Sheets

"SAP sheets" are the sheet-like structure that make up the absorbent core in disposable diapers. Sumitomo Seika's AQUA KEEP rapidly absorbs urine, earning the product extensive praise as a super absorbent polymer ideally suited for SAP sheets. As SAP sheets use approximately 10% more super absorbent polymers than conventional diapers (*based on our survey), AQUA KEEP is supporting the creation of thinner absorbents.



Fundamental Rationalization of Operations (target amount 20 JPY/kg or more)

Cost Reduction Project launched in FY2018

Improvement of manufacturing processes	Restructuring of manufacturing plants	Optimization of supply chain
<ul style="list-style-type: none"> Strengthen cost competitiveness by introducing high-efficiency machinery Apply to overseas sites after verifying results at our Himeji Works 	<ul style="list-style-type: none"> Improve productivity and dramatically reduce fixed costs by suspending use of aging equipment; increase production by eliminating bottlenecks 	<ul style="list-style-type: none"> Rationalize the entire supply chain

Global Production Capacity

● Manufacturing ● Research and Development (R&D) ● Sales

Sumitomo Seika Europe S.A./N.V.
(Belgium)

Sumitomo Seika Europe S.A./N.V. toll manufacturing
(Arkema, France)

Sumitomo Seika Polymers Korea Co., Ltd.
(Korea)

Sumitomo Seika Chemicals Co., Ltd. (Japan)

Sumitomo Seika Trading Co., Ltd. (China)
Sumisei Polymers Technology Co., Ltd. (China)

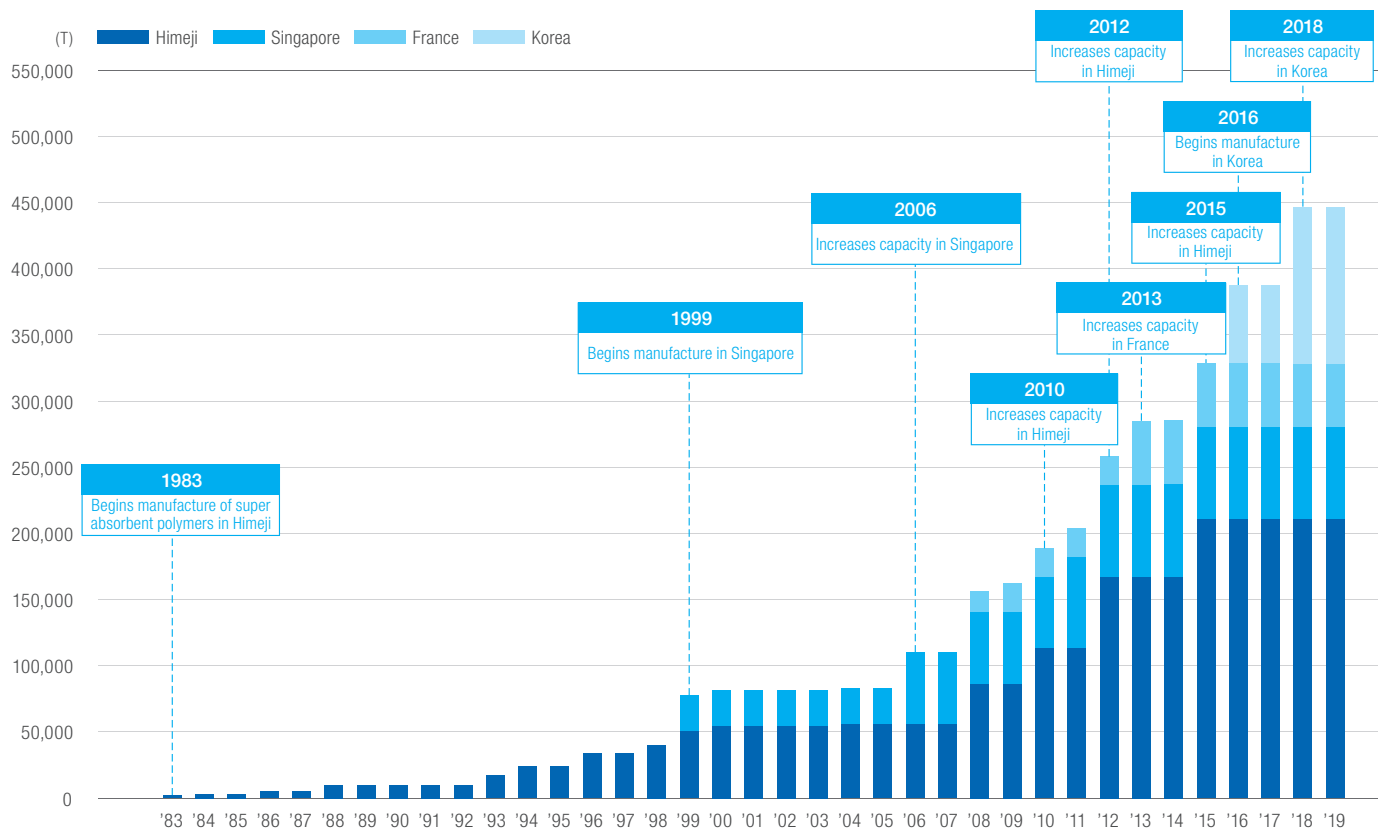
Sumitomo Seika Singapore Pte. Ltd.
(Singapore)

Sumitomo Seika Asia Pacific Pte. Ltd.
(Singapore)



France (consignment manufacturing through Arkema)	Singapore	Korea	Japan
47,000 T/year	70,000 T/year	118,000 T/year	210,000 T/year
Total			
445,000 T/year			

Production Capacity Trends by Manufacturing Location





Outline

Sumitomo Seika's Functional Chemicals Division focuses on a range of fields, including medical care, the environment, daily living, and energy. Here, we provide products and services with the aim of improving customer satisfaction and achieving our goal for sustainable development. We are expanding our business based on Sumitomo Seika's key technical strengths of advanced functionality in thickening and binding and cutting-edge technology

centered on polymerization, organic synthesis, and fine particle creation. Our products have been widely adopted in numerous everyday articles that are essential to daily life. These include medical products, such as pharmaceutical additives and gloves, cosmetics for hair and skin care, rechargeable lithium ion batteries for smartphones and electric vehicles, and coating agents and paints for fences and shopping carts.

Major Product Fields



Medical Care

We have long been involved in the production of pharmaceutical intermediates (active ingredients) in compliance with GMP, and provide a wide variety of materials used in pharmaceutical additives and the production of medical gloves. We are currently focusing on improving our pharmaceutical additives and are widely recognized by our customers for our exceptional quality and BCP.



Daily Living

We provide various materials for improving quality of life such as water-soluble thickeners that are essential for cosmetics and toiletries, as well as coating agents for increasing weather resistance on outdoor fences, etc. We are also actively working on developing new lines of environmental-friendly products.



Energy & the Environment

We research, develop, and provide the materials used in large capacity batteries that are so essential to electric vehicles. Using the proprietary technology we have cultivated over the years, we work to further contribute to the advanced technologies used in environmental and energy-related fields.

Developing New Products to Drive Growth

Electronic Materials

We develop materials that deliver new functionality to the fast-expanding electronic materials industry and continue to advance our R&D initiatives with a focus on the future of electronic materials.



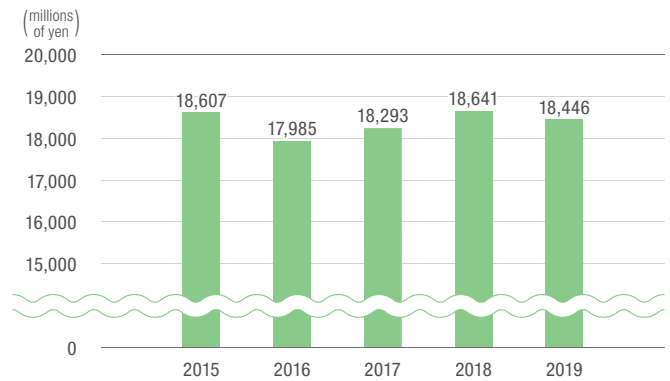
Contributing to Customer Productivity and Quality with "Aliphatic Polycarbonates"

We augmented the pilot plant at our Himeji Works. At this plant, we focus on establishing mass production technologies for aliphatic polycarbonates made from CO₂ with the application of in-house technologies. Aliphatic polycarbonate features a unique property of breaking down at relatively low temperatures, allowing for improvements in energy efficiency and reductions in the amount of energy consumed. This compound is also accelerating the development of new products in keeping with the advancements of high-speed 5G networks.

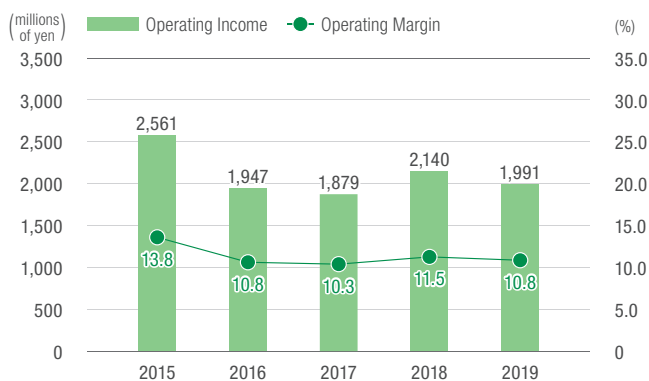
Business Performance Functional Chemicals

Net sales decreased by 1.0% from the previous fiscal year to 18,446 billion yen, and operating income also decreased by 7.0% to 1,991 billion yen. The decline in operating income was attributable to an increase in R&D expenses, among others.

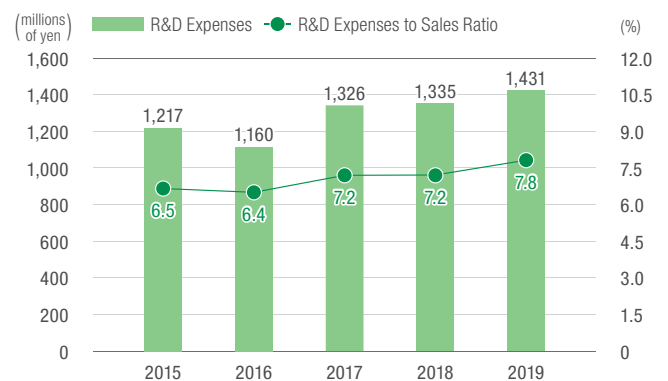
Net Sales



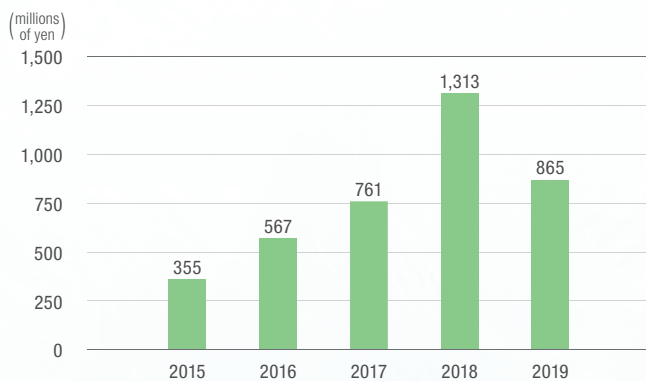
Operating Income & Operating Margin



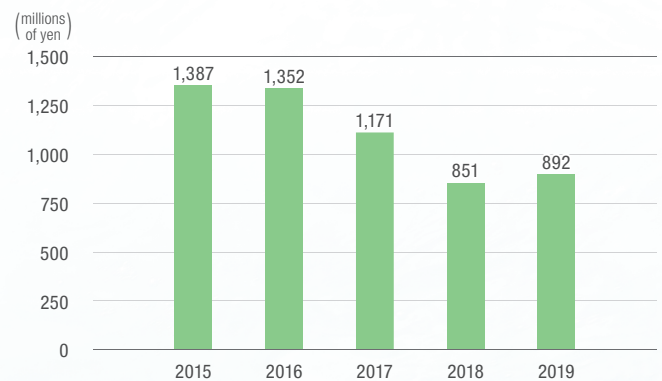
R&D Expenses / R&D Expenses to Sales Ratio



Capital Expenditure



Depreciation Expense



Financial Performance

(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	18,607	17,985	18,293	18,641	18,446
Operating Income	2,561	1,947	1,879	2,140	1,991
Operating Margin (%)	13.8	10.8	10.3	11.5	10.8
R&D Expenses	1,217	1,160	1,326	1,335	1,431
R&D Expenses to Sales Ratio	6.5	6.4	7.2	7.2	7.8
Capital Expenditure	355	567	761	1,313	865
Depreciation Expense	1,387	1,352	1,171	851	892



Outline

Sumitomo Seika's Gases & Engineering Division provides an extensive range of products. These include: electronics gases for the production of electronic components such as semiconductors; sulfur compounds used as materials for producing pharmaceuticals, agricultural

chemicals, and other compounds; standard gases that serve as analytical standards for monitoring environmental pollution; and PSA gas generators used to separate and refine gas components found in the air and chemical processes.

Major Products



■ Electronics Gases

Our high-purity special material gases are used for deposition, etching, and other processes for semiconductor devices, such as semiconductor memories and logic ICs. Our electronics gases have undergone the ultimate in refinement and impurity reduction processes and enjoy exceptional popularity worldwide thanks to their superior quality.



■ Industrial Chemicals

We produce various types of sulfur-based industrial chemicals. Sulfolane serves as a cleaning solvent for resists used in the semiconductor fabrication process and as a solvent for refining and extracting various aromatic compounds. Thiophenol and thionyl chloride are used as materials for producing pharmaceuticals, agricultural chemicals, and numerous other compounds.



■ Specialty Gases

Standard gases serve as analytical standards for various types of environmental monitoring and are pivotal in almost every industry that uses gases. Our standard gases are used in a wide variety of applications, from R&D to production, in fields aimed at controlling air pollution, factory smoke emissions, automobile exhaust, and more. They deliver a high level of reliability and consistently stable concentrations.



■ PSA Equipment

PSA gas generators utilize differences in adsorption properties among various gases to separate target gases through an alternating cycle of pressurization and decompression. We are capable of refining many types of gases using PSA gas generators. Separated gases are then applied to a wide variety of products, from food and beverages (e.g. CO₂ for beer) to industrial products such as fuel cells (hydrogen).

High-Purity C₃H₈ for Semiconductors

High-purity C₃H₈ is used in the manufacturing process of epitaxial wafers for SiC power semiconductors.

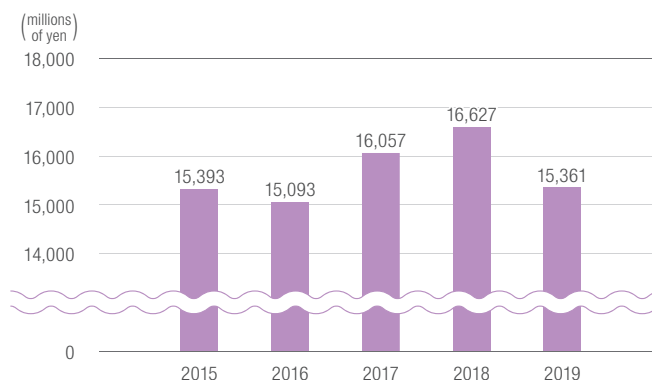
Use of SiC power semiconductors as energy-saving devices to replace silicon (Si) is growing rapidly in areas such as railway applications, server power supply units, and power conditioners for solar photovoltaic generation. SiC power semiconductors are also seeing increased adoption in the inverters that drive EV motors—an industry anticipated to expand significantly, particularly in the American, European, and Chinese markets. Accompanying this, the global SiC power semiconductor market is expected to grow five-fold between the years 2019 and 2025. In 2020, Sumitomo Seika constructed a system for mass producing top-quality, high-purity C₃H₈. By supporting the widespread adoption of SiC power semiconductors in the coming years, we will contribute to realizing a low-carbon society.



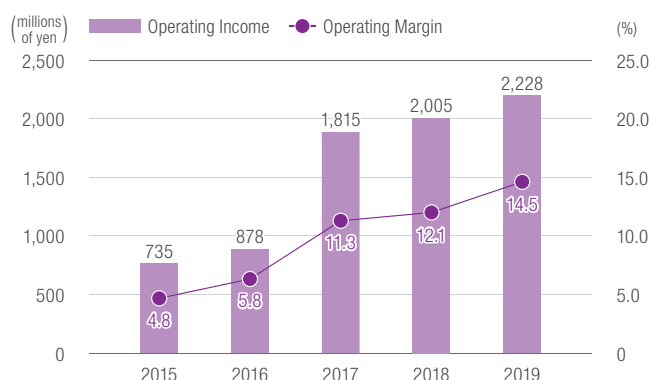
Business Performance Gases & Engineering

Net sales decreased by 7.6% from the previous fiscal year to 15,361 billion yen, while operating income increased by 11.1% to 2,228 billion yen. The net sales decline was due to a drop in sales volume of electronics gases, and the operating income increase reflected mainly improvement in the profitability of the engineering business.

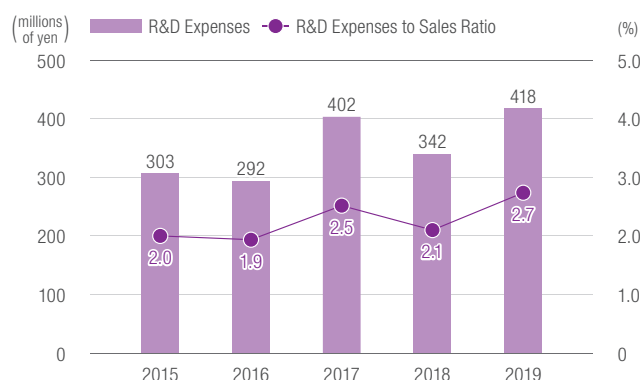
Net Sales



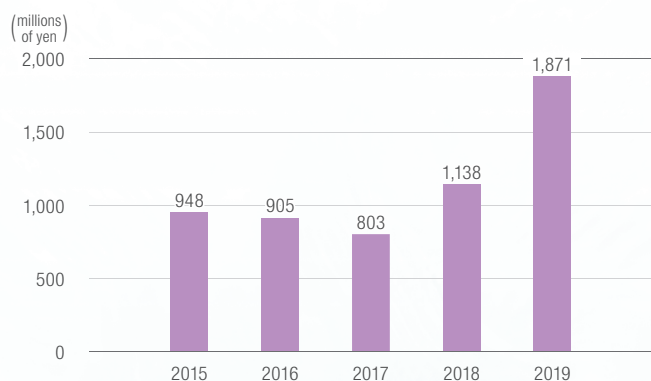
Operating Income & Operating Margin



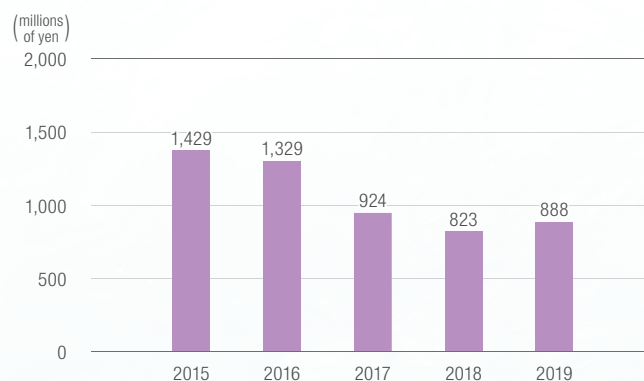
R&D Expenses / R&D Expenses to Sales Ratio



Capital Expenditure



Depreciation Expense



Financial Performance

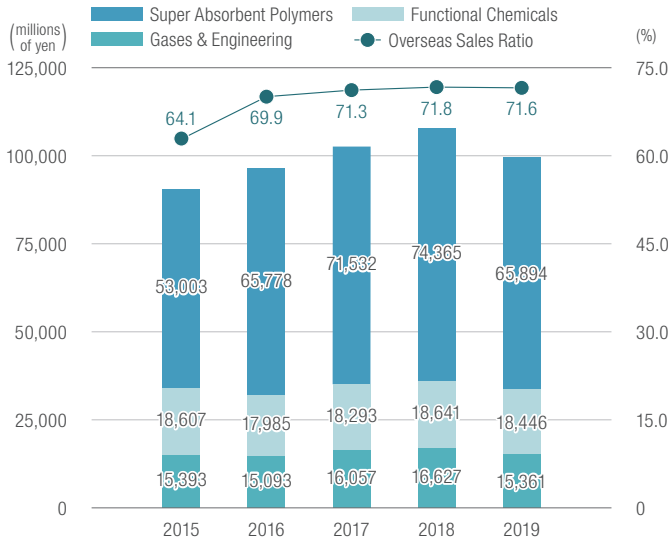
(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	15,393	15,093	16,057	16,627	15,361
Operating Income	735	878	1,815	2,005	2,228
Operating Margin (%)	4.8	5.8	11.3	12.1	14.5
R&D Expenses	303	292	402	342	418
R&D Expenses to Sales Ratio	2.0	1.9	2.5	2.1	2.7
Capital Expenditure	948	905	803	1,138	1,871
Depreciation Expense	1,429	1,329	924	823	888

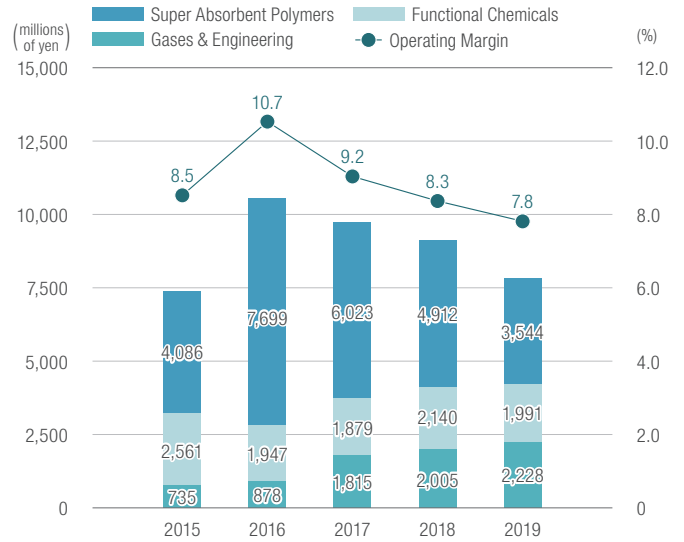
Financial Highlights

Financial Performance

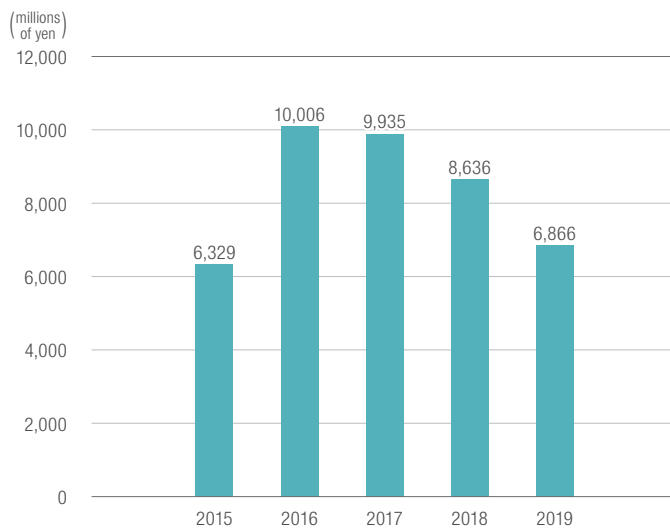
Net Sales



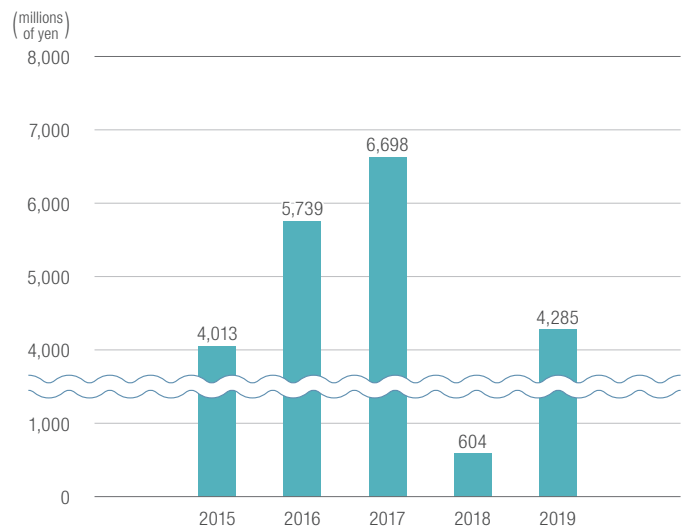
Operating Income & Operating Margin



Ordinary Income



Net Income Attributable to Owners of the Parent

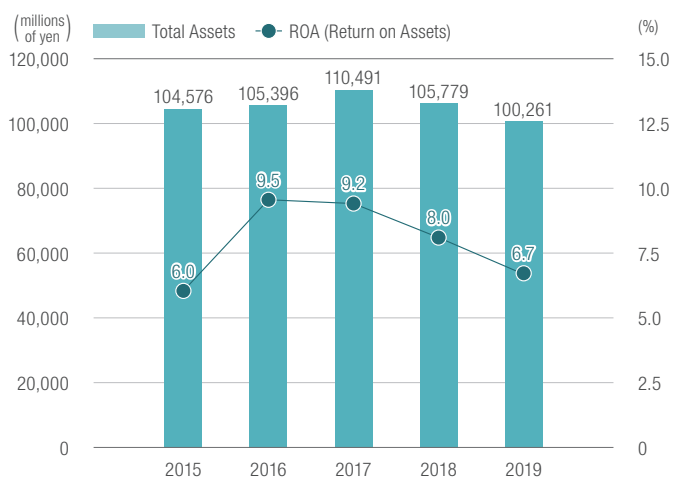


(millions of yen)

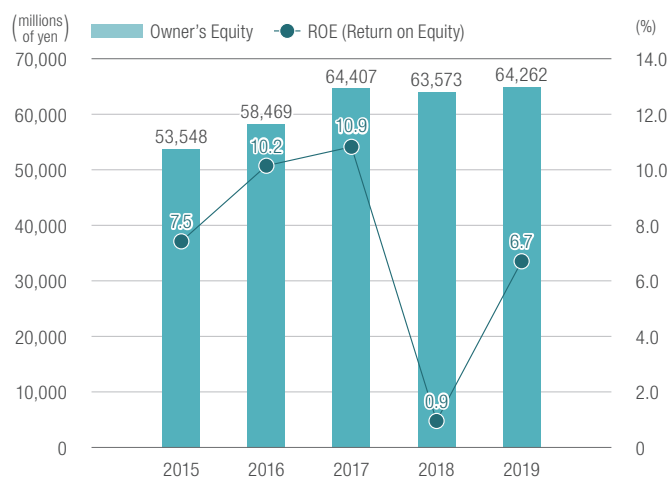
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	87,003	98,857	105,883	109,634	99,701
Overseas Sales Ratio (%)	64.1	69.9	71.3	71.8	71.6
Operating Income	7,404	10,541	9,734	9,072	7,775
Operating Margin (%)	8.5	10.7	9.2	8.3	7.8
Ordinary Income	6,329	10,006	9,935	8,636	6,866
Net Income Attributable to Owners of the Parent	4,013	5,739	6,698	604	4,285

Financial Position

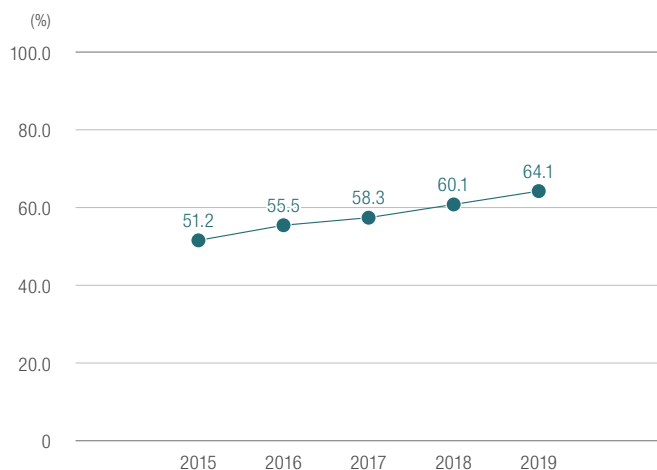
Total Assets / ROA (Return on Assets)



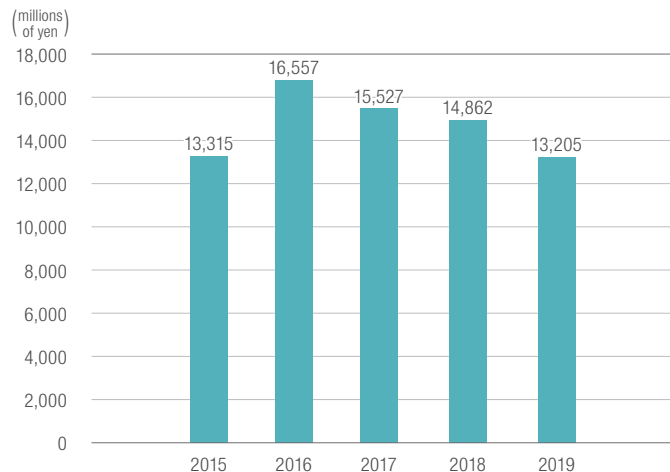
Owner's Equity / ROE (Return on Equity)



Equity Ratio



EBITDA



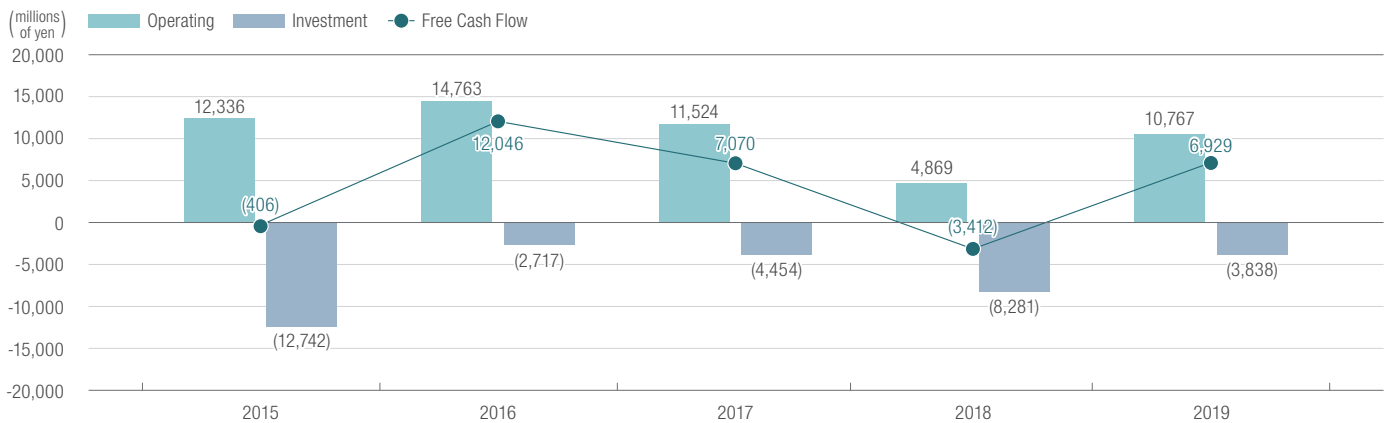
(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Total Assets	104,576	105,396	110,491	105,779	100,261
ROA (Return on Assets) (%)	6.0	9.5	9.2	8.0	6.7
Owner's Equity	53,548	58,469	64,407	63,573	64,262
ROE (Return on Equity) (%)	7.5	10.2	10.9	0.9	6.7
Equity Ratio (%)	51.2	55.5	58.3	60.1	64.1
EBITDA	13,315	16,557	15,527	14,862	13,205
Bank Borrowings Balance	31,944	25,569	21,686	19,192	14,430
Debt / Equity Ratio (times)	0.6	0.4	0.3	0.3	0.2

Financial Highlights

Cash Flow, Capital Expenditure / Depreciation & R&D Expenses

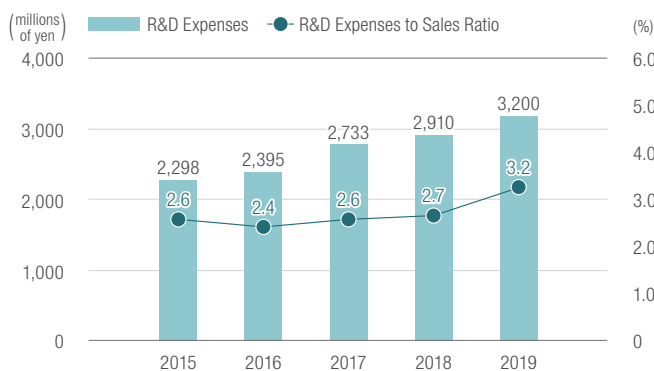
Cash Flow (Operating, Investment)



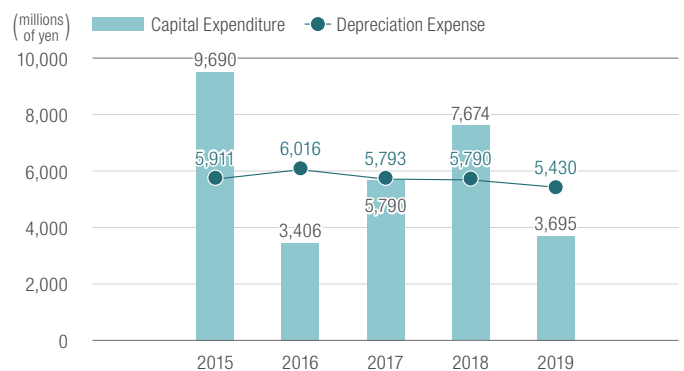
(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Cash Flow from Operating Activities	12,336	14,763	11,524	4,869	10,767
Cash Flow from Investment Activities	(12,742)	(2,717)	(4,454)	(8,281)	(3,838)
Free Cash Flow	(406)	12,046	7,070	(3,412)	6,929
Cash Flow from Financing Activities	(657)	(7,460)	(5,781)	(3,558)	(5,564)
Cash and Cash Equivalents at the End of the Year	14,318	18,401	19,229	12,788	14,279

R&D Expenses / R&D Expenses to Sales Ratio



Capital Expenditure / Depreciation Expense



(millions of yen)

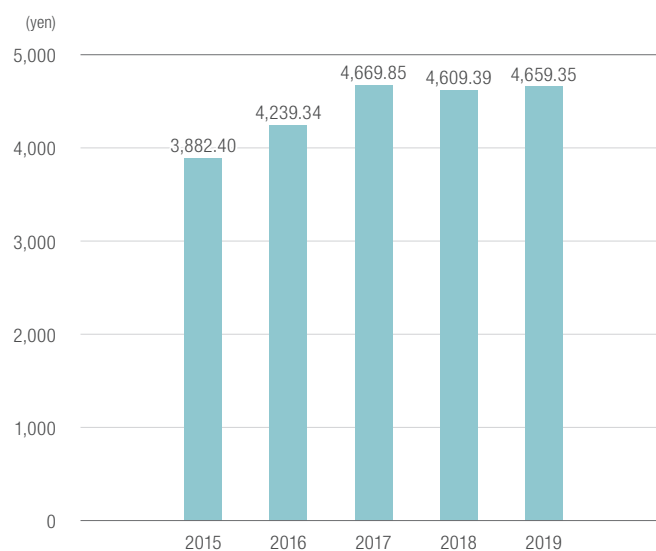
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
R&D Expenses	2,298	2,395	2,733	2,910	3,200
R&D Expenses to Sales Ratio (%)	2.6	2.4	2.6	2.7	3.2
Capital Expenditure	9,690	3,406	5,790	7,674	3,695
Depreciation Expense	5,911	6,016	5,793	5,790	5,430

Per Share Data

Net Income Per Share for the Term



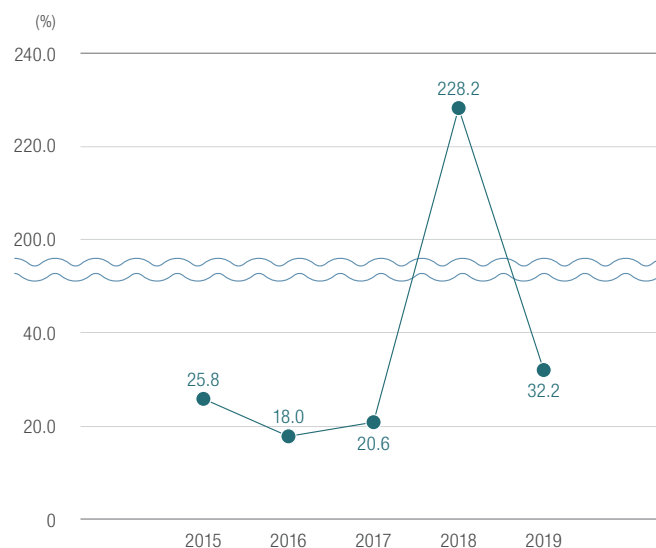
Net Assets Per Share



Dividends Per Share



Dividends Payout Ratio



	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Income Per Share for the Term (yen)	290.99	416.16	485.70	43.82	310.74
Net Assets Per Share (yen)	3,882.40	4,239.34	4,669.85	4,609.39	4,659.35
Dividends Per Share (yen)	75	75	100	100	100
Dividends Payout Ratio (%)	25.8	18.0	20.6	228.2	32.2
Total Dividends (millions of yen)	1,034	1,034	1,379	1,379	1,379

(Note) The Company consolidated every five shares into a single share on October 1, 2016 with a change in the number of shares per unit from 1,000 to 100 shares. The figures and charts for September 2016 and earlier have been adjusted to account for the share consolidation implemented at the time.

Consolidated Balance Sheet

(millions of yen)

	End of Fiscal 2015	End of Fiscal 2016	End of Fiscal 2017	End of Fiscal 2018	End of Fiscal 2019
Assets					
Current Assets					
Cash & Deposits	14,622	18,931	20,212	13,979	15,366
Notes & Accounts Receivable-Trade	19,879	23,333	24,965	26,898	23,208
Inventories	14,736	12,035	13,456	17,329	17,891
Others	3,177	3,260	3,415	3,178	2,974
Non-Current Assets					
Property, Plants & Equipment	47,272	42,559	42,496	39,752	36,576
Intangible Assets	207	322	287	219	268
Investments & Other Assets	4,679	4,951	5,656	4,422	3,975
Total Assets	104,576	105,396	110,491	105,779	100,261
Liabilities					
Current Liabilities					
Notes & Accounts Payable-Trade	10,059	12,250	14,420	13,738	11,945
Short-Term Loans Payable	10,908	10,368	15,690	15,280	10,866
Others	4,776	5,453	6,711	5,524	4,931
Non-Current Liabilities					
Long-Term Loans Payable	21,036	15,200	5,996	3,912	3,564
Others	1,662	1,235	1,092	1,321	2,220
Total Liabilities	48,445	44,512	43,914	39,777	33,530
Net Assets					
Shareholders' Equity					
Paid in Capital	9,698	9,698	9,698	9,698	9,698
Capital Surplus	7,539	7,539	7,539	7,539	7,539
Retained Earnings	34,035	38,740	44,232	43,458	46,364
Treasury Stock	(259)	(260)	(261)	(261)	(261)
Total Shareholders' Equity	51,012	55,717	61,208	60,433	63,340
Accumulated Other Comprehensive Income					
Valuation Difference on Available-for-Sale Securities	329	588	761	616	281
Foreign Currency Translation Adjustment	2,486	1,946	1,779	1,916	514
Remeasurements of Net Defined Benefit Plans	(280)	218	657	606	125
Non-Controlling Interests	2,582	2,414	2,169	2,429	2,468
Total Net Assets	56,130	60,884	66,576	66,002	66,730
Liabilities and Net Assets	104,576	105,396	110,491	105,779	100,261

Consolidated Income Statement

(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Sales	87,003	98,857	105,883	109,634	99,701
Operating Income	7,404	10,541	9,734	9,072	7,775
Non-Operating Income					
Interest Income & Dividends Income	121	150	202	257	250
Foreign Exchange Gain	-	-	13	-	-
Others	70	151	181	191	252
Subtotal	192	302	398	450	503
Non-Operating Expenses					
Interest Expenses	220	179	172	157	225
Foreign Exchange Loss	935	646	-	699	1,120
Others	111	11	25	28	67
Subtotal	1,267	837	198	885	1,412
Ordinary Income	6,329	10,006	9,935	8,636	6,866
Extraordinary Gain					
Gain on Sales of Investment Securities	30	-	38	-	-
Gain on Sales of Non-Current Assets	23	-	-	241	32
Others	-	-	-	117	-
Subtotal	54	-	38	358	32
Extraordinary Loss					
Loss on Retirement of Non-Current Assets	165	153	229	276	284
Loss on Sales of Non-Current Assets	-	16	-	-	-
Impairment Loss	-	1,179	-	4,040	176
Others	-	-	-	113	-
Subtotal	165	1,349	229	4,430	461
Income Before Income Taxes	6,218	8,657	9,745	4,564	6,437
Total Income Tax Expenses for the Period	1,887	2,747	2,934	3,804	2,054
Net Income	4,330	5,909	6,810	760	4,382
Net Income Attributable to Non-Controlling Interests	316	169	111	156	97
Net Income Attributable to Owners of the Parent	4,013	5,739	6,698	604	4,285

Consolidated Statement of Cash Flow

(millions of yen)

	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Cash Flow from Operating Activities					
Income Before Income Taxes	6,218	8,657	9,745	4,564	6,437
Depreciation Expense	5,911	6,016	5,793	5,790	5,430
Loss on Retirement of Non-Current Assets	68	74	107	88	145
Impairment Loss	-	1,179	-	4,040	176
Decrease (Increase) in Net Defined Benefit Assets	105	147	18	(113)	(172)
Increase (Decrease) in Net Defined Benefit Liabilities	(194)	75	309	245	228
Interest Income & Dividends Income	(121)	(151)	(203)	(258)	(250)
Subsidy Income	-	-	(98)	(154)	(172)
Interest Expenses	220	179	172	157	225
Loss (Gain) on Sales of Non-Current Assets	(23)	16	-	(241)	(32)
Loss (Gain) on Sales of Available-for-Sale Securities	(30)	-	(38)	-	-
Decrease (Increase) in Notes and Accounts Receivable-Trade	1,344	(3,580)	(1,447)	(2,049)	3,166
Decrease (Increase) in Inventories	(815)	2,510	(1,266)	(4,149)	(1,056)
Increase (Decrease) in Notes and Accounts Payable-Trade	1,282	2,275	2,152	(669)	(1,666)
Others	206	(143)	(751)	210	451
Subtotal	14,171	17,257	14,492	7,462	12,910
Interest and Dividends Income Received	121	150	202	258	251
Subsidy Income Received	-	-	81	172	143
Interest Expenses Paid	(216)	(178)	(171)	(173)	(228)
Others	-	-	-	99	-
Income Tax Paid	(1,741)	(2,466)	(3,080)	(2,948)	(2,308)
Total Cash Flow from Operating Activities	12,336	14,763	11,524	4,869	10,767
Cash Flow from Investment Activities					
Purchase of Non-Current Assets	(12,399)	(2,883)	(4,061)	(8,360)	(3,880)
Proceeds from Sales of Non-Current Assets	59	21	-	289	42
Proceeds from Sales of Available-for-Sale Securities	34	-	108	-	-
Others	(437)	143	(502)	(210)	0
Total Cash Flow from Investment Activities	(12,742)	(2,717)	(4,454)	(8,281)	(3,838)
Cash Flow from Financing Activities					
Net Increase (Decrease) in Short-Term Loans Payable	(1,246)	(5,840)	544	5,054	962
Proceeds from Long-Term Loans Payable	5,000	-	999	2,991	-
Repayment of Long-Term Loans Payable	(3,279)	(211)	(5,839)	(10,200)	(5,000)
Purchase of Treasury Stock	0	(1)	0	0	0
Repayments of Lease Obligations	(95)	(71)	(56)	(24)	(147)
Cash Dividends Paid	(1,034)	(1,034)	(1,207)	(1,378)	(1,378)
Cash Dividends Paid to Non-Controlling Interests	-	(301)	(220)	-	-
Total Cash Flow from Financing Activities	(657)	(7,460)	(5,781)	(3,558)	(5,564)
Effect of Exchange Rate Change on Cash and Cash Equivalents	(699)	(502)	(460)	528	126
Net Increase (Decrease) in Cash and Cash Equivalents	(1,762)	4,083	827	(6,441)	1,491
Cash and Cash Equivalents at the Beginning of the Period	16,081	14,318	18,401	19,229	12,788
Cash and Cash Equivalents at the End of the Period	14,318	18,401	19,229	12,788	14,279

Consolidated Comprehensive Income Statement

(millions of yen)

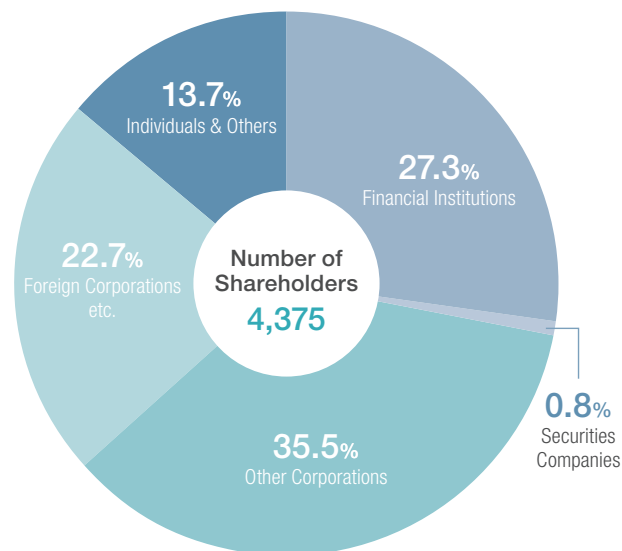
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net Income	4,330	5,909	6,810	760	4,382
Other Comprehensive Income					
Valuation Difference on Available-for-Sale Securities	(194)	258	173	(145)	(334)
Foreign Currency Translation Adjustment	(1,999)	(576)	(302)	240	(1,425)
Remeasurements of Net Defined Benefit Plans	(534)	498	438	(50)	(480)
Total Other Comprehensive Income	(2,729)	180	310	44	(2,240)
Comprehensive Income	1,600	6,090	7,120	805	2,142
(Breakdown)					
Comprehensive Income Attributable to Owners of the Parent	1,460	5,957	7,144	545	2,103
Comprehensive Income Attributable to Non-Controlling Interests	140	132	(23)	259	39

Company & Investors Information

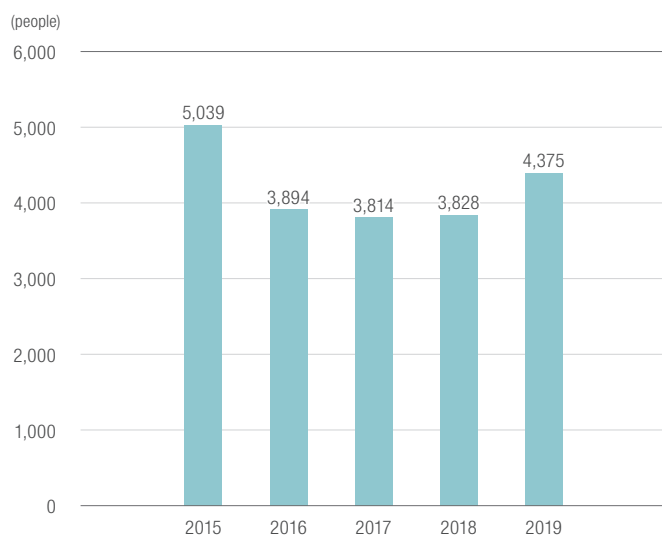
Stock Information (as of March 31, 2020)

Paid in Capital	9,698 million yen
Total Number of Shares Authorized to be Issued by the Company	40,000,000
Number of Shares Issued	13,972,970
Closing Date	March 31
Share Unit Number	100
Annual Shareholders Meeting	Held annually in June
Number of Shareholders	4,375
Traded at	Tokyo Stock Exchange (First Section)
Shareholder Registry Administrator	4-5-33 Kitahama, Chuo-ku, Osaka 541-0041, Japan Sumitomo Mitsui Trust Bank, Limited
Securities Code	4008
Credit Rating	R&I BBB+

Shareholder Distribution



Trends in Number of Shareholders



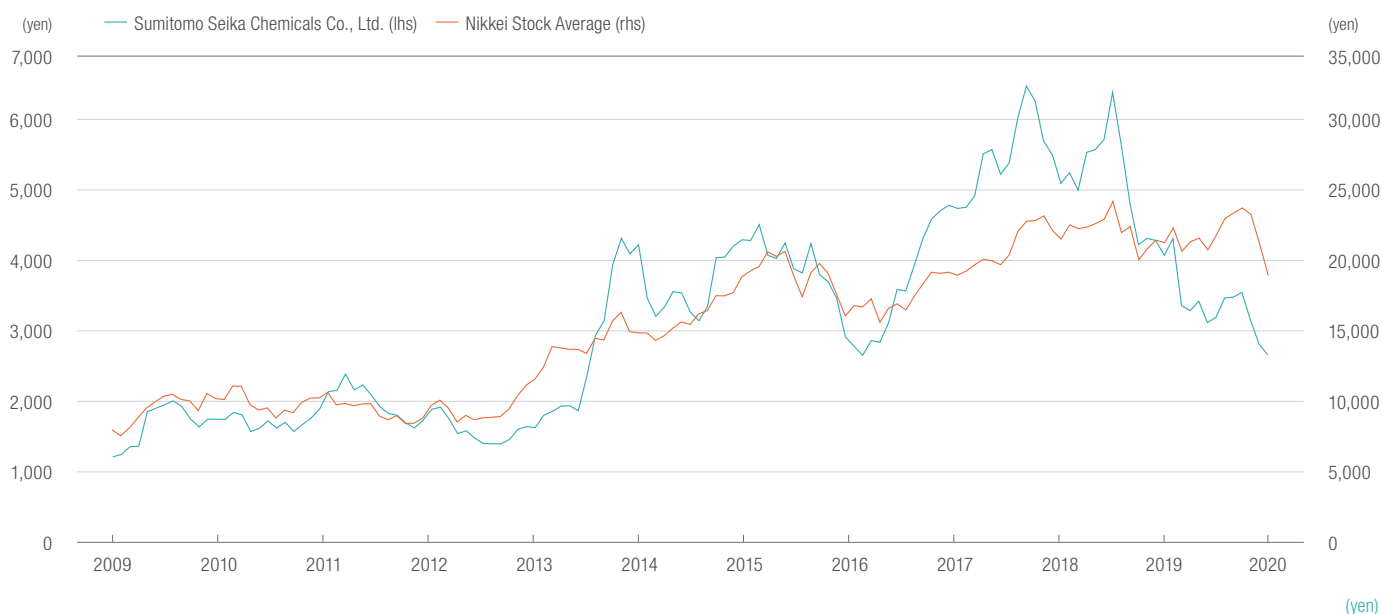
Trends in Shareholder Distribution



	End of Fiscal 2015	End of Fiscal 2016	End of Fiscal 2017	End of Fiscal 2018	End of Fiscal 2019
Trends in Number of Shareholders	5,039	3,894	3,814	3,828	4,375
Trends in Shareholder Distribution (thousands of shares)	69,865	13,973	13,973	13,973	13,973
Financial Institutions	18,884	3,787	3,698	4,094	3,815
Securities Companies	867	275	81	77	117
Other Corporations	24,969	4,979	4,971	4,969	4,955
Foreign Corporations etc.	11,195	2,858	3,372	3,019	3,175
Individuals & Others	13,949	2,074	1,851	1,814	1,912

(Note) The Company consolidated every five shares into a single share on October 1, 2016. As a result, the total number of outstanding shares decreased from 69,865,000 to 13,973,000 shares.

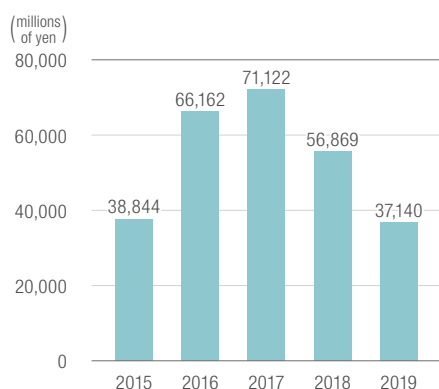
Trends in Nikkei Stock Average and Share Prices of Sumitomo Seika



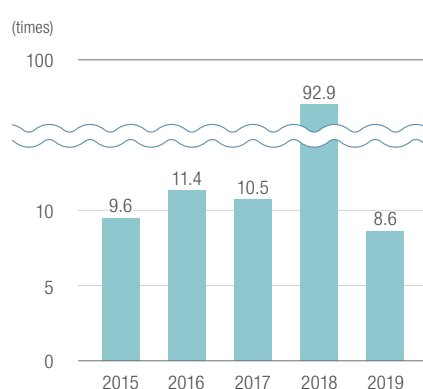
	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Annual Highest Stock Price	4,675	5,070	7,170	6,520	4,445
Annual Lowest Stock Price	2,630	2,415	4,355	3,765	2,251
Stock Price at the End of the Period	2,780	4,735	5,090	4,070	2,658
Annual Turnover (shares)	11,953,800	11,818,200	10,458,200	7,134,900	7,359,600

(Note) The Company consolidated every five shares into a single share on October 1, 2016 with a change in the number of shares per unit from 1,000 to 100 shares. The figures and charts for September 2016 and earlier have been adjusted to account for the share consolidation implemented at the time.

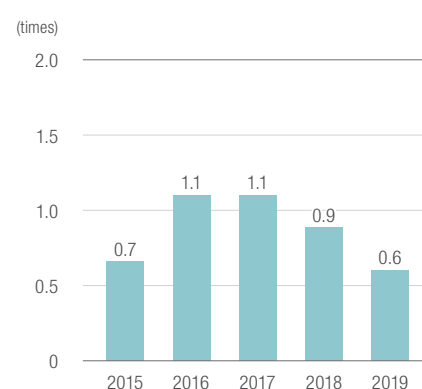
Market Capitalization



Price Earnings Ratio (PER)



Price Book-Value Ratio (PBR)



	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019
Market Capitalization (millions of yen)	38,844	66,162	71,122	56,869	37,140
Price Earnings Ratio (PER) (times)	9.6	11.4	10.5	92.9	8.6
Price Book-Value Ratio (PBR) (times)	0.7	1.1	1.1	0.9	0.6



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