

Consolidated Financial Results for Fiscal Year 2020

Sumitomo Seika Chemicals Company, Limited.

During the twelve months ended March 31, 2021 (fiscal 2020), the world economy, including Japan, continued to be in a severe situation with economic activities substantially reduced owing to the impact of the unabated global coronavirus pandemic.

Under the circumstances, the Sumitomo Seika Group's financial results for fiscal year 2020 were as follows:

Net sales posted 103.254 billion yen, a 3.6% increase compared with the previous fiscal year;

Operating income was 10.101 billion yen, a 29.9% increase from the previous fiscal year;

Ordinary income recorded 10.375 billion yen, a 51.1% increase from the previous fiscal year;

Net income attributable to owners of the parent came to 7.119 billion yen, a 66.1% increase from the previous fiscal year, mainly reflecting the impairment loss of 0.703 billion yen recorded for certain R&D assets by taking their future operating plans into consideration;

Net income per share was 516.20 yen and return on equity (ROE) was 10.4%.

Incidentally, beginning the first quarter of fiscal 2020, the Company has changed its segment classification with respect to two of its Group companies as follows ;

- Seika Techno Services Co., Ltd., previously included in the "Functional Chemicals" segment, has been reclassified to the "Others" segment, as a result of a change in the Company's business management methods.
- Sumisei Technology (Yangzhou) Co., Ltd, previously included in the "Gases and Engineering" segment, has been reclassified to the "Others" segment, because the company discontinued manufacturing of gases products and is currently in the process of implementing a planned business transformation toward manufacturing functional chemicals.

The segment information for the previous fiscal year given below is based on the new segmental classifications incorporating the above changes.

Super Absorbent Polymers

Net sales increased by 5.0% from the previous fiscal year to 69.201 billion yen, and operating income also increased by 64.7% to 5.837 billion yen. The increase in net sales was attributable to a rise in sales volume that resulted mainly from Chinese customers having expanded their move to prioritize procurement of raw materials for sanitary products. The operating income increase was due to a fall in raw material prices as well as a rise in sales volume.

Functional Chemicals

Net sales increased by 0.7% from the previous fiscal year to 17.940 billion yen, and operating income also increased by 6.5% to 2.037 billion yen. This was attributable primarily to an increase in sales volume of latex products and pharmaceutical intermediates.

Gases and Engineering

Net sales grew by 1.9% over the previous fiscal year to 15.612 billion yen, while operating income decreased by 3.4% to 2.276 billion yen. The net sales increase was attributable to a rise in sales volume of electronics gases, etc., while the operating income decline was owing mainly to a decrease in demand for gases for food additives from restaurants that kept their operation reduced as a result of the ever spreading coronavirus infections.

Others

In addition to the above businesses, the Sumitomo Seika Group is engaged in temporary staffing agency service and other businesses. In this segment, net sales decreased by 25.5% from the the previous fiscal year to 0.499 billion yen with operating loss of 0.060 billion yen.

Outline of Consolidated Financial Statement

For the Twelve Months Ended March 31, 2021 (FY2020)

May 13, 2021

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		12 months ended March 31		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2019	FY 2020		
Net Sales	Million ¥	99,701	103,254	3,552	109,000
Operating Income	Million ¥	7,775	10,101	2,325	7,000
Ordinary Income	Million ¥	6,866	10,375	3,508	7,000
Net Income attributable to owners of the parent	Million ¥	4,285	7,119	2,833	5,000
Net Income Per Share for the Term	¥	310.74	516.20	205.46	362.53
Shareholder Return on Equity for the Term	%	6.7	10.4	3.7	6.7
Average Exchange Rate	¥/USD	108.75	106.07	-	110.00
Average Exchange Rate	¥/CNY	15.60	15.67	-	16.50
Naphtha Price	¥/KL	42,900	31,300	-	47,000

2. Net Sales and Operating Income by Business Segment

		12 months ended March 31		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2019	FY 2020		
Super Absorbent Polymers					
Net Sales	Million ¥	65,894	69,201	3,307	74,000
Operating Income	Million ¥	3,544	5,837	2,293	3,300
Functional Chemicals					
Net Sales	Million ¥	17,814	17,940	126	17,500
Operating Income	Million ¥	1,912	2,037	124	1,800
Gases and Engineering					
Net Sales	Million ¥	15,322	15,612	290	17,000
Operating Income	Million ¥	2,356	2,276	(79)	2,000
Others					
Net Sales	Million ¥	670	499	(170)	500
Operating Income	Million ¥	(49)	(60)	(10)	(100)
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	12	10	(2)	-

Total					
Net Sales	Million ¥	99,701	103,254	3,552	109,000
Operating Income	Million ¥	7,775	10,101	2,325	7,000

(*) Beginning the first quarter of fiscal 2020, the Company has changed its segment classification with respect to two of its Group companies as follows;

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