

Consolidated Financial Results
for the Three Months Ended June 30, 2021 (Q1 FY2021)

Sumitomo Seika Chemicals Company, Limited.

During the three months ended June 30, 2021 (Q1 fiscal 2021), the Japanese economy saw some tangible signs of recovery in export and capital investment, though it remained weak mainly in consumer spending, given the continued difficult environment due to the coronavirus pandemic. Overseas, signs of the pick-up were visible likewise, but there lingered concern about possible impacts of the infections if and when resurged.

Under these circumstances, the Sumitomo Seika Group's financial results for the three months ended June 30, 2021 were as follows:

Net sales posted 25.960 billion yen, a 6.3% decrease compared with the same period in the previous fiscal year;

Operating income was 2.428 billion yen, a 29.5% decrease from the same period in the previous fiscal year;

Ordinary income was 2.443 billion yen, a 26.3% decrease from the same period in the previous fiscal year;

Net income attributable to owners of the parent came to 1.794 billion yen, a 23.6% decrease from the previous fiscal year.

Net income per share was 130.09 yen and return on equity (ROE) was 2.4%.

Incidentally, effective the first quarter of fiscal 2021, the Company has applied the revised "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No.29, March 31, 2020), etc. As a result, for the first quarter of fiscal year 2021, net sales decreased by 0.831 billion yen, sales cost decreased by 0.638 billion yen, operating income, ordinary income and income before income taxes decreased by 0.193 billion yen respectively, compared with the previous standards.

Super Absorbent Polymers

Net sales decreased by 11.3% over the same period of the previous fiscal year to 16.903 billion yen, and operating income decreased by 58.5% to 1.064 billion yen. The decrease in net sales reflected the situation of the same period of the previous fiscal year during which sales volume had expanded temporarily in the Chinese market. The operating income decline was due to a rise in raw material prices as well as a fall in sales volume.

Functional Chemicals

Net sales increased by 6.1% over the same period of the previous fiscal year to 5.000 billion yen, and operating income rose by 59.2% to 0.868 billion yen. This was attributable mainly to a rise in sales

volume of pharmaceutical intermediates, latex products and powdered plastics.

Gases and Engineering

Net sales increased by 3.3% over the same period of the previous fiscal year to 3.930 billion yen, and operating income grew by 49.9% to 0.514 billion yen. This was due mainly to a rise in sales volume of electronics gases.

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 increased by 2.8% from the same period of the previous fiscal year to 0.126 billion yen with operating loss of 0.021 billion yen.

Outline of Consolidated Financial Statement

For the Three Months Ended June 30, 2021 (Q1 FY2021)

August 6, 2021

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		3 months ended June 31		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2020	FY 2021		
Net Sales	Million ¥	27,697	25,960	(1,737)	100,000
Operating Income	Million ¥	3,443	2,428	(1,014)	7,000
Ordinary Income	Million ¥	3,316	2,443	(872)	7,000
Net Income attributable to owners of the parent	Million ¥	2,349	1,794	(555)	5,000
Net Income Per Share for the Term	¥	170.34	130.09	(40.25)	362.53
Shareholder Return on Equity for the Term	%	3.6	2.4	(1.2)	6.7
Average Exchange Rate	¥/USD	107.62	109.50	-	110.00
Average Exchange Rate	¥/CNY	15.17	16.96	-	16.50
Naphtha Price	¥/KL	25,000	47,700	-	47,000

(*) Effective the first quarter of fiscal 2021, the Company has applied the revised "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan Statement No.29, March 31, 2020), etc. As a result, for the first quarter of fiscal year 2021, net sales decreased by 0.831 billion yen, sales cost decreased by 0.638 billion yen, operating income, ordinary income and income before income taxes decreased by 0.193 billion yen respectively, compared with the previous standards.

2. Net Sales and Operating Income by Business Segment

		3 months ended June 31		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2020	FY 2021		
Super Absorbent Polymers					
Net Sales	Million ¥	19,056	16,903	(2,153)	74,000
Operating Income	Million ¥	2,563	1,064	(1,498)	3,300
Functional Chemicals					
Net Sales	Million ¥	4,712	5,000	287	17,500
Operating Income	Million ¥	545	868	323	1,800
Gases and Engineering					
Net Sales	Million ¥	3,806	3,930	123	17,000
Operating Income	Million ¥	343	514	171	2,000
Others					
Net Sales	Million ¥	122	126	3	500
Operating Income	Million ¥	(12)	(21)	(9)	(100)

(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	3	1	(1)	-
Total					
Net Sales	Million ¥	27,697	25,960	(1,737)	109,000
Operating Income	Million ¥	3,443	2,428	(1,014)	7,500

(*) Effective the first quarter of fiscal 2021, the Company has applied the revised “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan Statement No.29, March 31, 2020), etc. As a result, for the first quarter of fiscal year 2021, net sales of Super Absorbent Polymer decreased by 0.720 billion yen, operating income of it decreased by 0.143 billion yen, net sales of Functional Chemicals decreased by 0.062 billion yen, operating income of it decreased by 0.041 billion yen, net sales of Gases and Engineering decreased by 0.048 billion yen and operating income decreased by 0.007 billion yen respectively, compared with the previous standards. Net sales and operating income of Others are no change.