

## Consolidated Financial Results for Fiscal Year 2019

May 15, 2020

Sumitomo Seika Chemicals Company, Ltd.

During the twelve months ended March 31, 2020 (fiscal 2019), as circumstances in Japan surrounding employment and household income continued to improve, the economy saw signs of recovery of consumer spending and observed increased capital investment by corporations. Overseas economies also generally showed a continued moderate recovery. However, in the course of the fourth quarter, there arose a mounting concern over future global economic prospects as the new coronavirus epidemic spreading violently throughout the world is anticipated to give a significantly adverse impact on the world economy.

Against this background, the Sumitomo Seika Group's financial results for fiscal year 2019 were as follows:

Net sales posted 99.701 billion yen, a 9.1% decrease compared with the previous fiscal year;

Operating income was 7.775 billion yen, a 14.3% decrease compared with the previous fiscal year;

Ordinary income amounted to 6.866 billion yen, a 20.5% decrease from the previous fiscal year, which decrease was due mainly to foreign exchange losses of 1.120 billion yen recorded with respect to foreign-currency-denominated receivables and payables associated with the parent company and the Company's overseas subsidiaries;

Net income attributable to owners of the parent increased by 3.681 billion yen to 4.285 billion yen, a 609.1% increase from the previous fiscal year owing mainly to the recording of the impairment loss of 4.040 billion yen on fixed assets at overseas subsidiaries in the previous fiscal year;

Net income per share was 310.74 yen and return on equity (ROE) was 6.7%.

The Company has decided to pay a year-end dividend of 50 yen per share. As a result, the Company's annual dividend for fiscal 2019 is 100 yen per share, including an interim dividend of 50 yen per share.

In addition, from this consolidated fiscal year, the segment name "Chemicals" has been changed to "Functional Chemicals" for the purpose of the financial statement. The change is only for the sake of renaming and has no effect on the financial information of the segment.

### 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.

### 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.

#### Gases and 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.

#### Consolidated financial forecast for the fiscal year ending March 31, 2021

The Company's fiscal 2020 full-year consolidated financial forecasts have not been determined yet at this time because it is difficult at the moment to estimate a possible economic impact of the currently spreading new coronavirus epidemic on the Company's business performance. They will be announced as soon as it becomes possible to make a reasonable estimation. Nevertheless, the Company has decided that the annual dividend forecast will remain at 100 yen per share.

# Outline of Consolidated Financial Statement

## For the Twelve Months Ended March 31, 2020 (Q4 FY2019)

May 15, 2020

Sumitomo Seika Chemicals Company, Limited

### 1. Consolidated Results

		12 months ended March 31		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2018	FY 2019		
Net Sales	Million ¥	109,634	99,701	(9,933)	-
Operating Income	Million ¥	9,072	7,775	(1,296)	-
Ordinary Income	Million ¥	8,636	6,866	(1,769)	-
Net Income attributable to owners of the parent	Million ¥	604	4,285	+3,681	-
Net Income Per Share for the Term	¥	43.82	310.74	+266.92	-
Shareholder Return on Equity for the Term	%	0.9	6.7	+5.8	-
Average Exchange Rate	¥/USD	110.92	108.75	-	-
Average Exchange Rate	¥/CNY	16.53	15.60	-	-
Naphtha Price	¥/KL	49,400	42,900	-	-

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### 2. Net Sales and Operating Income By Business Segment

		12 months ended March 31		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2018	FY 2019		
<b>Functional Chemicals</b>					
Net Sales	Million ¥	18,641	18,446	(195)	-
Operating Income	Million ¥	2,140	1,991	(149)	-
<b>Super Absorbent Polymers</b>					
Net Sales	Million ¥	74,365	65,894	(8,471)	-
Operating Income	Million ¥	4,912	3,544	(1,368)	-
<b>Gases and Engineering</b>					
Net Sales	Million ¥	16,627	15,361	(1,266)	-
Operating Income	Million ¥	2,005	2,228	+222	-
<b>(Elimination) Offsetting</b>					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	13	12	(1)	-
<b>Total</b>					
Net Sales	Million ¥	109,634	99,701	(9,933)	-
Operating Income	Million ¥	9,072	7,775	(1,296)	-

(\*) From this consolidated fiscal year, the segment name "Chemicals" has been changed to "Functional Chemicals" for the purpose of the financial statement. The change is only for the sake of renaming and has no effect on the financial information of the segment.