

Consolidated Financial Results
for the Three Months Ended June 30, 2020 (Q1 FY2020)

August 5, 2020

Sumitomo Seika Chemicals Company, Ltd.

During the three months ended June 30, 2020 (Q1 fiscal 2020), the world economy, including Japan, plunged into critical conditions with economic activities substantially reduced owing to an impact of the ongoing global coronavirus pandemic.

Under these circumstances, the Sumitomo Seika Group's financial results for the three months ended June 30, 2020 were as follows:

Net sales posted 27.697 billion yen, a 12.5% increase compared with the same period in the previous fiscal year;

Operating income was 3.443 billion yen, a 85.1% increase from the same period in the previous fiscal year;

Ordinary income recorded 3.316 billion yen, a 133.7% increase from the same period in the previous fiscal year;

Net income attributable to owners of the parent came to 2.349 billion yen, a 143.4% increase from the previous fiscal year;

Net income per share was 170.34 yen and return on equity (ROE) was 3.6%.

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 first quarter of the previous fiscal year given below is based on the new segmental classifications incorporating the above changes.

Super Absorbent Polymers

Net sales increased by 15.1% over the same period of the previous fiscal year to 19.056 billion yen, and operating income increased by 153.1% to 2.563 billion yen. The increase in net sales was attributable to a significant rise in sales volume that resulted mainly from a temporary expansion of the

movement for prioritizing procurement of raw materials for sanitary products in the Chinese market. The operating income improvement was due to a fall in raw material prices as well as a rise in sales volume.

Functional Chemicals

Net sales rose by 6.6% over the same period of the previous fiscal year to 4.712 billion yen, and operating income increased by 19.0% to 0.545 billion yen. This was attributable to a rise in sales volume of water-soluble polymers and fine particulate polymers.

Gases and Engineering

Net sales grew by 8.7% over the same period of the previous fiscal year to 0.386 billion yen, while operating income decreased by 12.9% to 0.343 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 have reduced operation as a result of the 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 18.1% from the same period of the previous fiscal year to 0.122 billion yen with operating loss of 0.012 billion yen.

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

The Company's fiscal 2020 full-year consolidated financial forecasts remain undetermined because it is difficult at the moment to make a reasonable estimation of the financial forecasts under the current situation of ever spreading coronavirus infections. While carefully monitoring the situation, the Company will announce the forecasts as soon as it becomes able to make such an estimation.

Outline of Consolidated Financial Statement

For the Three Months Ended June 30, 2020 (Q1 FY2020)

August 5, 2020

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		3 months ended June 30		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2019	FY 2020		
Net Sales	Million ¥	24,621	27,697	3,067	-
Operating Income	Million ¥	1,859	3,443	1,583	-
Ordinary Income	Million ¥	1,418	3,316	1,897	-
Net Income attributable to owners of the parent	Million ¥	965	2,349	1,384	-
Net Income Per Share for the Term	¥	69.98	170.34	100.36	-
Shareholder Return on Equity for the Term	%	1.5	3.6	2.1	-
Average Exchange Rate	¥/USD	109.91	107.62	-	-
Average Exchange Rate	¥/CNY	16.07	15.17	-	-
Naphtha Price	¥/KL	45,400	25,000	-	-

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2. Net Sales and Operating Income by Business Segment

		3 months ended June 30		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2019	FY 2020		
Super Absorbent Polymers					
Net Sales	Million ¥	16,549	19,056	2,506	-
Operating Income	Million ¥	1,012	2,563	1,550	-
Functional Chemicals					
Net Sales	Million ¥	4,420	4,712	292	-
Operating Income	Million ¥	458	545	87	-
Gases and Engineering					
Net Sales	Million ¥	3,501	3,806	305	-
Operating Income	Million ¥	394	343	(50)	-
Others					
Net Sales	Million ¥	149	122	(27)	-
Operating Income	Million ¥	(8)	(12)	(3)	-

(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	3	3	(0)	-
Total					
Net Sales	Million ¥	24,621	27,697	3,076	-
Operating Income	Million ¥	1,859	3,443	1,583	-

(*) 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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