

Consolidated Financial Results
for the Six Months Ended September 30, 2020 (Half-Year FY2020)

November 4, 2020

Sumitomo Seika Chemicals Company, Ltd.

During the six months ended September 30, 2020 (Half-Year 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 the six months ended September 30, 2020 were as follows:

Net sales posted 50.877 billion yen, a 4.6% increase compared with the same period in the previous fiscal year;

Operating income was 5.180 billion yen, a 39.6% increase from the same period in the previous fiscal year;

Ordinary income recorded 4.897 billion yen, an 83.9% increase from the same period in the previous fiscal year;

Net income attributable to owners of the parent came to 3.642 billion yen, a 119.3% increase from the previous fiscal year.

Net income per share was 264.10 yen and return on equity (ROE) was 5.5%.

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 half 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 5.4% over the same period of the previous fiscal year to 34.136 billion yen, and operating income increased by 94.6% to 3.410 billion yen. The increase in net sales was attributable to a rise in sales volume that resulted mainly from Chinese customers having temporarily expanded their

move to prioritize procurement of raw materials for sanitary products. 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 decreased by 0.4% from the same period of the previous fiscal year to 8.836 billion yen, and operating income decreased by 3.5% to 0.810 billion yen. This was due mainly to a decrease in sales volume of functional products, etc., although fine particulate polymers, water-soluble polymers, etc. increased in sales volume.

Gases and Engineering

Net sales grew by 8.4% over the same period of the previous fiscal year to 7.658 billion yen, while operating income decreased by 16.2% to 0.907 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 27.4% from the same period of the previous fiscal year to 0.245 billion yen with operating loss of 0.026 billion yen.

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

Earlier this year, the Company stated that its fiscal 2020 full-year consolidated financial forecasts were undermined yet because of the difficulty to make a reasonable estimation of the financial forecasts in the face of continually spreading coronavirus infections that would likely affect business conditions. As shown below, the Company is pleased to announce the fiscal 2020 full-year consolidated financial forecasts, based on information available to the Company at the moment.

For details, please refer to “ Notice of Consolidated financial forecast for the fiscal year ending March 31, 2021” released today concurrently.

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Fiscal 2020	100,000	8,000	7,900	6,000

Cautionary Statement

The forward-looking statements such as the forecasts included in this document are based on information available at the time and estimates based on reasonable assumptions, and do not represent a commitment from the Company that they will be achieved. The actual results figures may differ from the forecasts due to various factors. If the forecasts come to be revised, the Company will disclose the revision without delay.

Outline of Consolidated Financial Statement

For the Six Months Ended September 30, 2020 (Half-Year FY2020)

November 4, 2020

Sumitomo Seika Chemicals Company, Limited

1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2019	FY 2020		
Net Sales	Million ¥	48,643	50,877	2,233	100,000
Operating Income	Million ¥	3,660	5,108	1,448	8,000
Ordinary Income	Million ¥	2,663	4,897	2,234	7,900
Net Income attributable to owners of the parent	Million ¥	1,661	3,642	1,981	6,000
Net Income Per Share for the Term	¥	120.45	264.10	143.65	435.03
Shareholder Return on Equity for the Term	%	2.6	5.5	2.9	9.0
Average Exchange Rate	¥/USD	108.63	106.92	-	105.96
Average Exchange Rate	¥/CNY	15.68	15.26	-	15.43
Naphtha Price	¥/KL	42,800	27,600	-	28,800

2. Net Sales and Operating Income By Business Segment

		6 months ended September 30		Y-o-y change	FY 2020 ending March 31, 2021
		FY 2019	FY 2020		
Super Absorbent Polymers					
Net Sales	Million ¥	32,372	34,136	1,764	66,000
Operating Income	Million ¥	1,752	3,410	1,658	4,600
Functional Chemicals					
Net Sales	Million ¥	8,868	8,836	(31)	18,000
Operating Income	Million ¥	839	810	(29)	1,650
Gases and Engineering					
Net Sales	Million ¥	7,064	7,658	593	15,500
Operating Income	Million ¥	1,083	907	(176)	1,800
Others					
Net Sales	Million ¥	338	245	(92)	500
Operating Income	Million ¥	(21)	(26)	(4)	(50)
(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	6	6	(0)	-
Total					

Net Sales	Million ¥	48,643	50,877	2,233	100,000
Operating Income	Million ¥	3,660	5,108	1,448	8,000

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

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