

November 2, 2021

Consolidated Financial Results
for the Six Months Ended September 30, 2021 (Half-Year FY2021)

Sumitomo Seika Chemicals Company, Limited.

During the six months ended September 30, 2021 (Half-Year fiscal 2021), the world's economies, including Japan, were still in difficult environment due to the coronavirus pandemic impact but began to show tangible signs of recovery.

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

Net sales posted 50.200 billion yen, a 1.3% decrease compared with the same period in the previous fiscal year;

Operating income was 3.730 billion yen, a 27.0% decrease from the same period in the previous fiscal year;

Ordinary income was 3.716 billion yen, a 24.1% decrease from the same period in the previous fiscal year;

Net income attributable to owners of the parent came to 2.731 billion yen, a 25.0% decrease from the previous fiscal year.

Net income per share was 198.05 yen and return on equity (ROE) was 3.7%.

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 half-year of fiscal year 2021, net sales decreased by 0.636 billion yen, sales cost decreased by 0.486 billion yen, operating income, ordinary income and income before income taxes decreased by 0.149 billion yen respectively, compared with the previous standards.

Super Absorbent Polymers

Net sales decreased by 5.0% from the same period of the previous fiscal year to 32.435 billion yen, and operating income decreased by 66.2% to 1.153 billion yen. The decrease in net sales mainly reflected circumstances, among others, where sales volume had expanded temporarily in the Chinese market during the same period of the previous fiscal year and customers moved to make inventory adjustments in the current fiscal period. The operating income decline was due to a rise in raw material prices and logistics costs as well as a fall in sales volume.

Functional Chemicals

Net sales increased by 7.2% over the same period of the previous fiscal year to 9.468 billion yen, and operating income rose by 80.6% to 1.463 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 5.2% over the same period of the previous fiscal year to 8.057 billion yen, and operating income grew by 29.0% to 1.171 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 decreased by 2.9% from the same period of the previous fiscal year to 0.238 billion yen with operating loss of 0.061 billion yen.

Outline of Consolidated Financial Statement

For the Six Months Ended September 30, 2021 (Half-Year FY2021)

November 2, 2021

Sumitomo Seika Chemicals Company, Limited.

1. Consolidated Results

		6 months ended September 30		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2020	FY 2021		
Net Sales	Million ¥	50,877	50,200	(676)	109,000
Operating Income	Million ¥	5,108	3,730	(1,378)	7,000
Ordinary Income	Million ¥	4,897	3,716	(1,181)	7,000
Net Income attributable to owners of the parent	Million ¥	3,642	2,731	(911)	5,000
Net Income Per Share for the Term	¥	264.10	198.05	(66.05)	362.53
Shareholder Return on Equity for the Term	%	5.5	3.7	(1.8)	6.7
Average Exchange Rate	¥/USD	106.92	109.81	-	110.00
Average Exchange Rate	¥/CNY	15.26	16.99	-	17.40
Naphtha Price	¥/KL	27,600	50,600	-	55,400

(*) 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 half-year of fiscal year 2021, net sales decreased by 0.636 billion yen, sales cost decreased by 0.486 billion yen, operating income, ordinary income and income before income taxes decreased by 0.149 billion yen respectively, compared with the previous standards.

2. Net Sales and Operating Income by Business Segment

		6 months ended September 30		Y-o-y change	FY 2021 ending March 31, 2022
		FY 2020	FY 2021		
Super Absorbent Polymers					
Net Sales	Million ¥	34,136	32,435	(1,701)	73,500
Operating Income	Million ¥	3,410	1,153	(2,257)	2,400
Functional Chemicals					
Net Sales	Million ¥	8,836	9,468	631	18,000
Operating Income	Million ¥	810	1,463	653	2,300
Gases and Engineering					
Net Sales	Million ¥	7,658	8,057	399	17,000
Operating Income	Million ¥	907	1,171	263	2,400
Others					
Net Sales	Million ¥	245	238	(7)	500
Operating Income	Million ¥	(26)	(61)	(34)	(100)

(Elimination) Offsetting					
Net Sales	Million ¥	-	-	-	-
Operating Income	Million ¥	6	3	(2)	-
Total					
Net Sales	Million ¥	50,877	50,200	(676)	109,000
Operating Income	Million ¥	5,108	3,730	(1,378)	7,000

(*) 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 half-year of fiscal year 2021, net sales of Super Absorbent Polymer decreased by 0.466 billion yen, operating income of it decreased by 0.099 billion yen, net sales of Functional Chemicals decreased by 0.140 billion yen, operating income of it decreased by 0.035 billion yen, net sales of Gases and Engineering decreased by 0.029 billion yen and operating income decreased by 0.015 billion yen respectively, compared with the previous standards. Net sales and operating income of Others are no change.