

# Financial Results of FY2020

May 17, 2021

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President

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【IFRS】

[Unit: Billion yen]

	FY2019 (1)	FY2020 (2)	Variance	
			(2)-(1)	Ratio(%)
Revenue	206.6	209.0	2.4	1.2%
Business Profit	14.3	16.6	2.3	16.0%
Operating Profit	10.3	19.9	9.6	93.6%
Profit attributable to owners of parent	9.0	13.2	4.2	46.9%
ROE	5.0%	7.0%	-	-

\*"Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue"

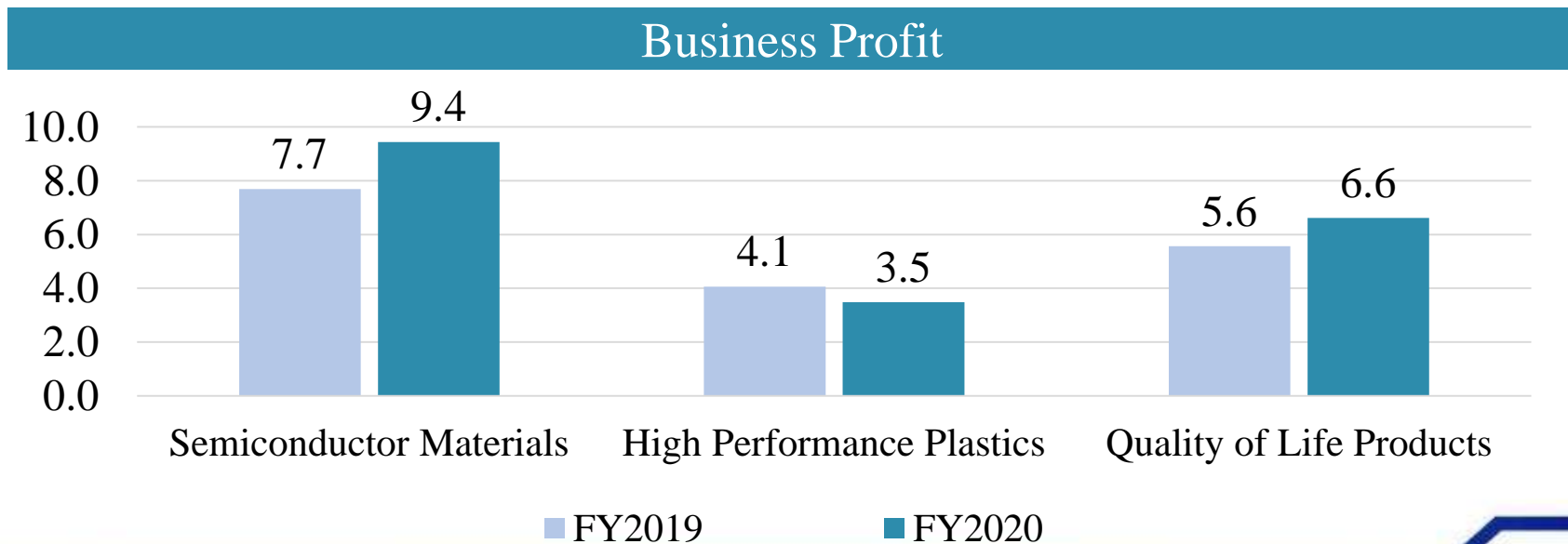
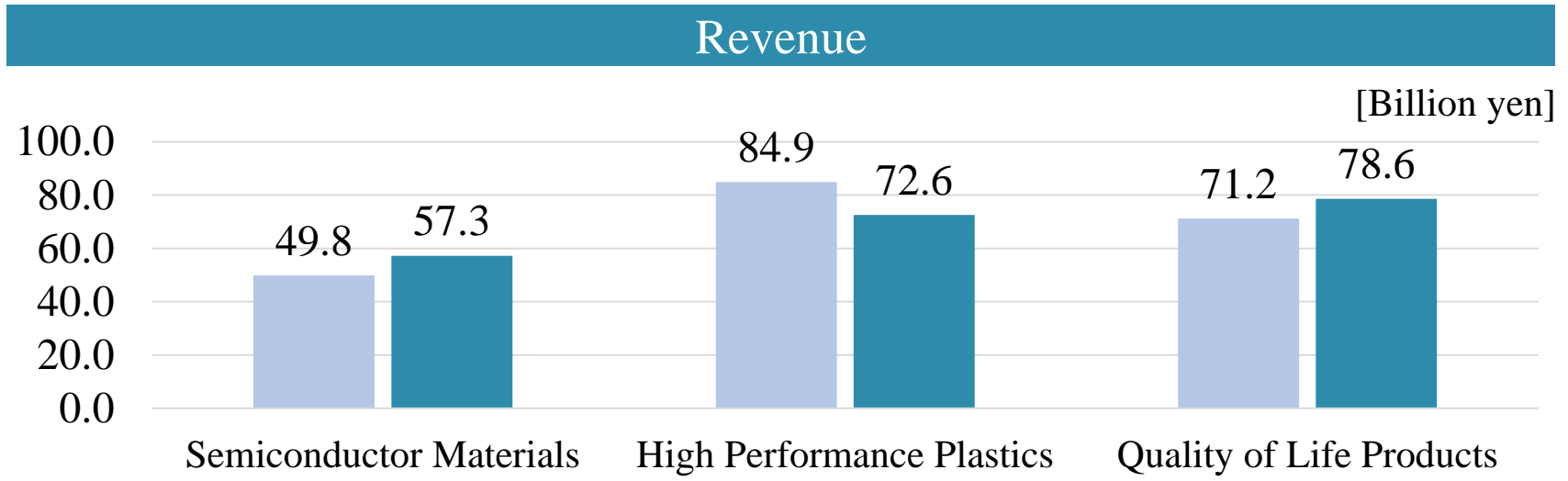
FOREX	FY2019	FY2020
JPY / USD	109.10	106.17
JPY / EUR	121.14	123.73

## Ref. Consolidation of Kawasumi Laboratories

\*Revenue/Business Profit: The financial results of Kawasumi Laboratories (Revenue: 10.3 billion yen / Business profit: 0.6 billion yen), which is consolidated in October 2020, are included in FY2020.

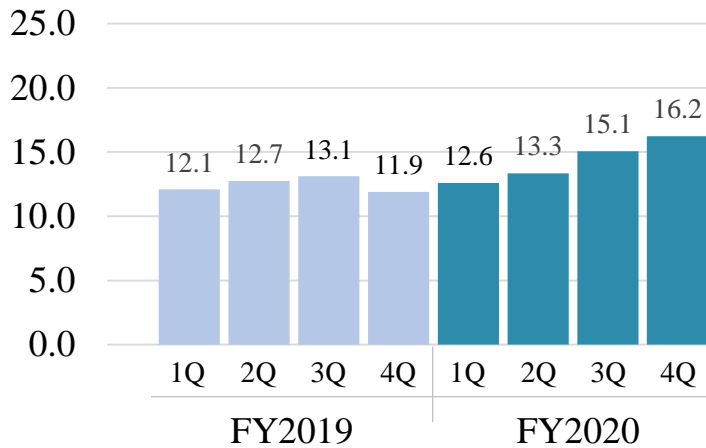
\*Goodwill: Gain on negative goodwill 8.1 billion yen (included in Other income) / Loss on step acquisition 4.6 billion yen (included in Finance costs).

# Revenue and Business Profit by Business Segment (Y/Y)

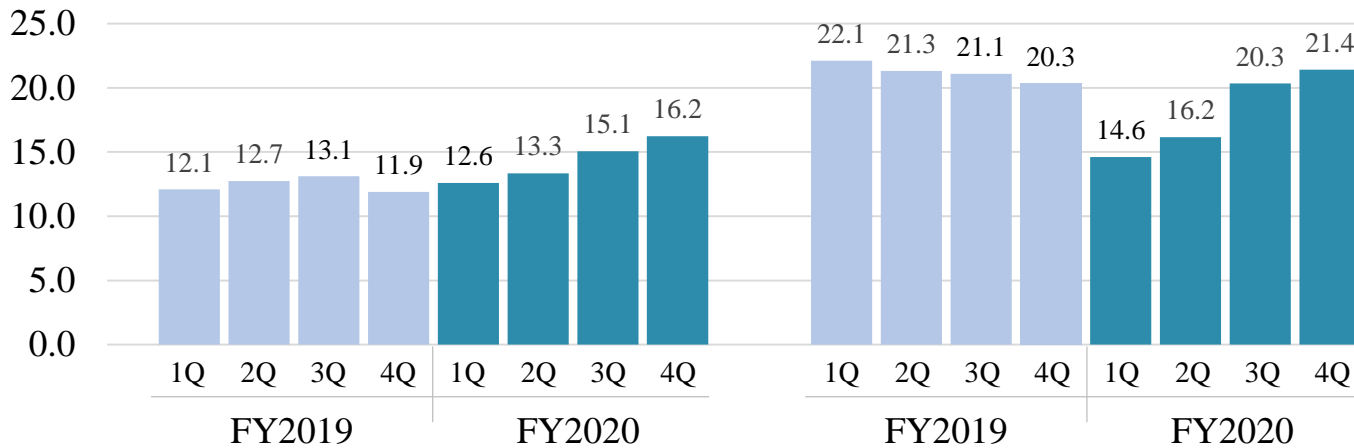


# Quarterly Revenue by Business Segment

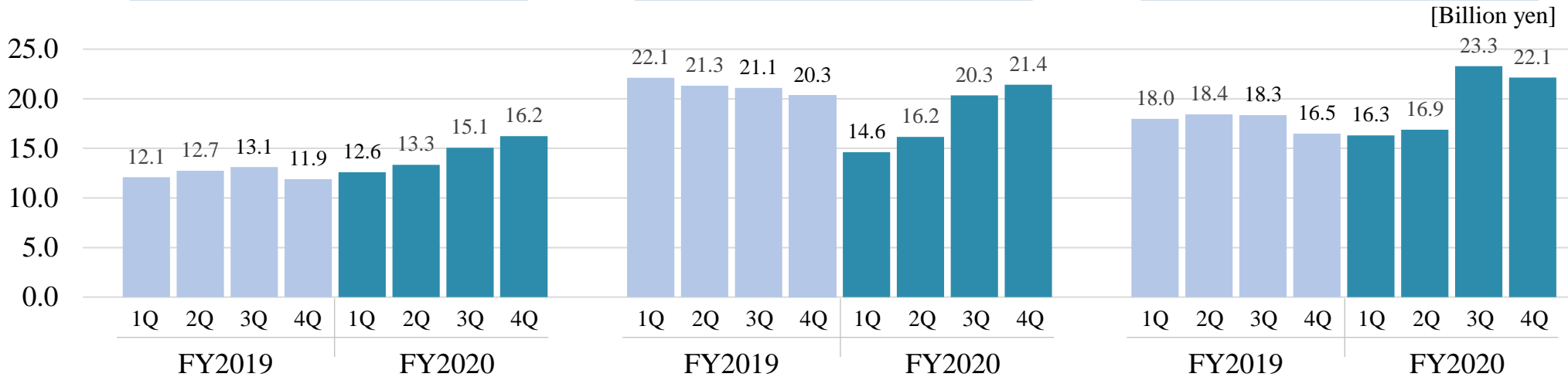
## Semiconductor Materials



## High Performance Plastics



## Quality of Life Products



### Semiconductor Materials

Sales of encapsulation materials for PCs, servers, and other information & telecommunications equipment were strong, partly due to stay-at-home requests, and sales for automotive applications recovered after 3Q, resulting in a high sales performance overall.

### High Performance Plastics

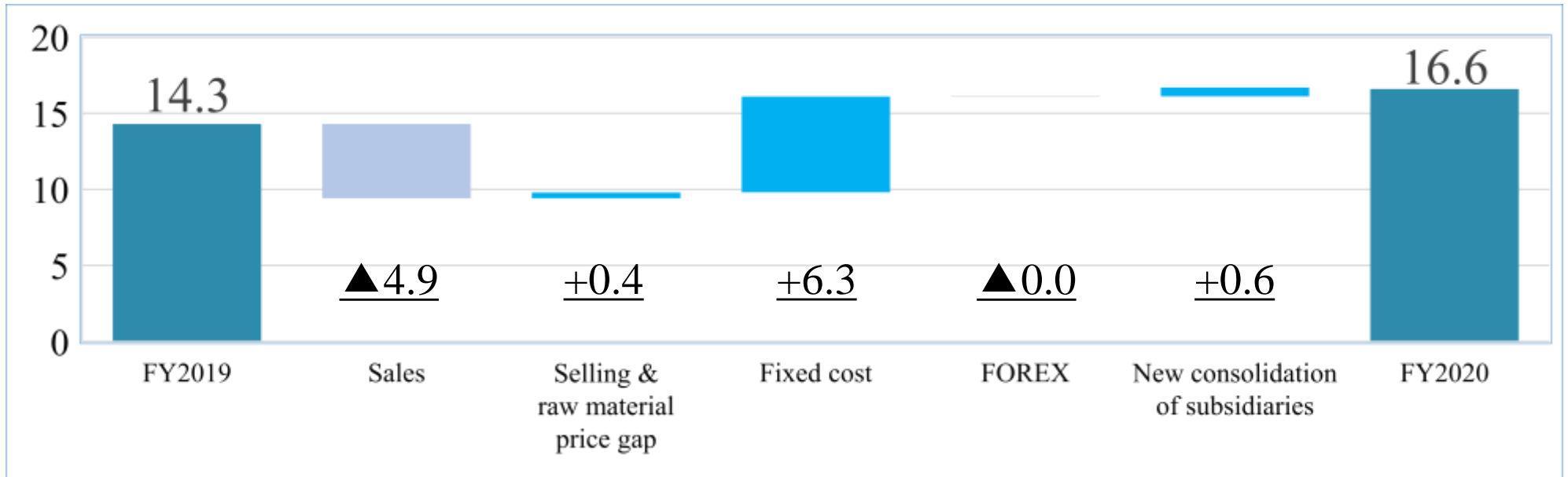
Automotive product sales fell greatly in the first half, but sharply recovered in the second half. Aircraft product sales dropped by half.

### Quality of Life Products

Kawasumi Laboratories was newly consolidated from 3Q. There was an increase in demand associated with the COVID-19 situation for some films & sheets and industrial functional materials, but also a decrease in healthcare product sales due to a general hesitation to seek medical attention.

# Analysis of Business Profit (Y/Y)

[Billion yen]



	Sales	Selling & raw material price gap	Fixed cost	FOREX	New consolidation of subsidiaries	Total
Semiconductor Materials	+ 2.5	▲0.4	▲0.3	▲0.1	-	+1.8
High Performance Plastics	▲6.0	+ 0.4	+5.0	+0.1	-	▲0.6
Quality of Life Products	▲1.4	+ 0.3	+1.5	▲0.0	+0.6	+1.0
Total	▲4.9	+ 0.4	+6.3	▲0.0	+0.6	+2.3

# Financial Outlook for FY2021

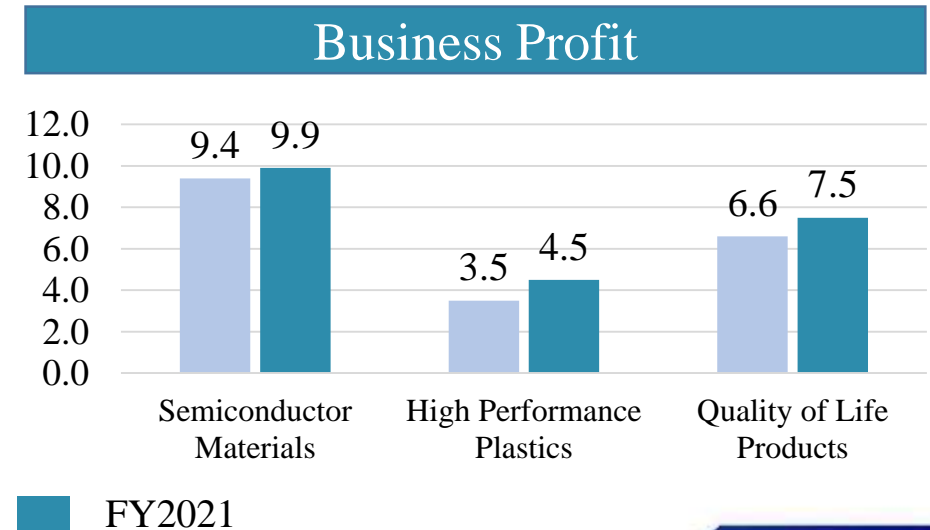
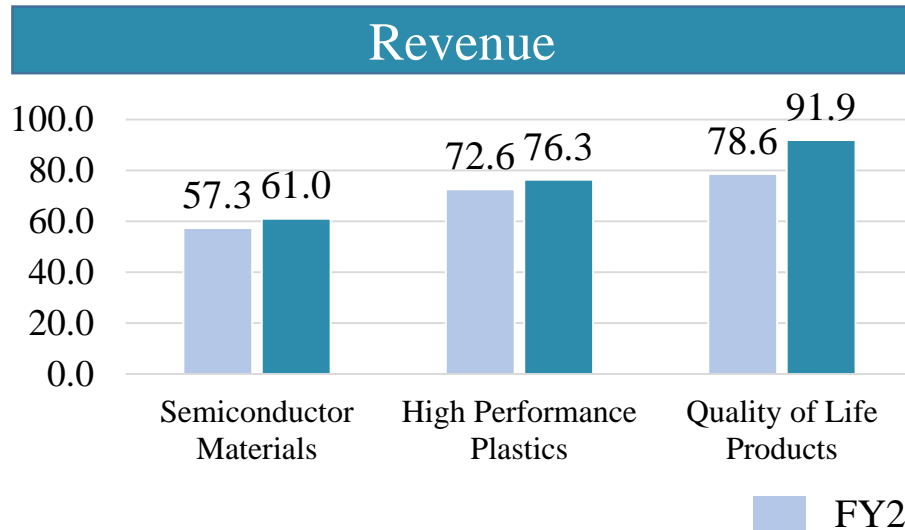
# Financial Outlook for FY2021 (Y/Y)

[Unit: Billion yen]

	FY2020	FY2021	Variance	
	(1)	(2)	(2)-(1)	Ratio(%)
Revenue	209.0	230.0	21.0	10.0%
Business Profit	16.6	19.0	2.4	14.2%
Profit attributable to owners of parent	13.2	14.5	1.3	9.9%

\*"Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue"

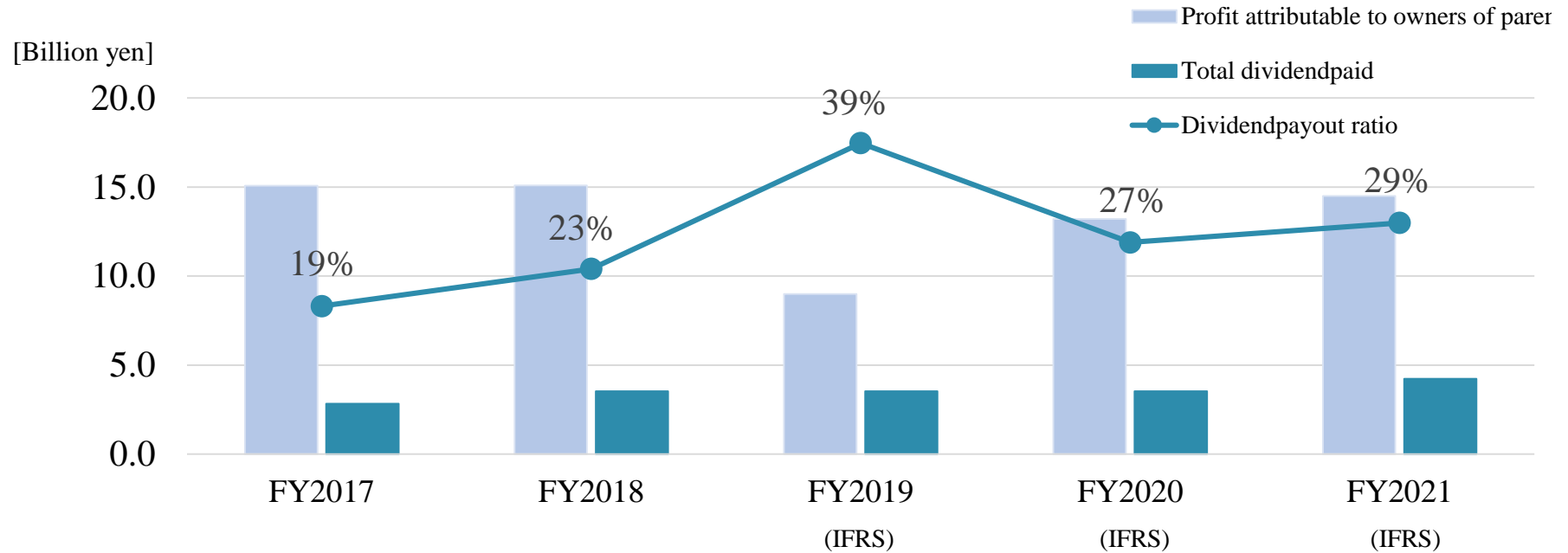
\*Sales of Kawasumi Laboratories for FY2020 is consolidated for six months.





# Dividends

Dividend (FY2021): 90.00 yen per share (Interim 45.00 yen, Year-end 45.00 yen)



(yen per share)	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Interim	6.00	37.50	45.00	30.00	45.00
Year-end	6.00	37.50	30.00	45.00	45.00
Total	12.00	75.00	75.00	75.00	90.00

\* Although we carried out a share consolidation at a ratio of one share for every five shares on 1 October 2018, figures in FY2018 is shown after such share consolidation.

# Outline of Mid-term Business Plan (FY2021-FY2023)

# Vision, Mid-Term Basic Policy and Basic Strategy

## Vision

Aiming to become "a company that makes your dreams for the future a reality" by expanding the potential of plastics and creating value for our customers.

## Mid-Term Basic Policy

Aiming to achieve "Top shares in niche markets" in the functional chemical sectors as well as expanding our business in line with the SDGs.

## Basic Strategy

- (1) Develop new products with competitive advantage, aiming at their prompt contribution
- (2) Increase profitability of existing products, expand their field  
(new clients, applications and geographical areas)
- (3) Proactive strategic investment in growth areas (M&A, DX etc.)

# Major Actions

## COVID-19 Changes in the global state of affairs

- ✓ Further increase in uncertainty
- ✓ Increased awareness regarding environmental issues
- ✓ Acceleration of the shift towards digitalization
- ✓ Changes in lifestyles and sense of values
- ✓ Changes in supply chains

## Reinforcing ESG-conscious management foundations and promoting sustainable management

- ✓ Promotion of businesses with a focus on **SDGs** priority areas
- ✓ Promotion of **DX**
- ✓ Reinforcement of **BCP**
- ✓ Change in **corporate culture**
- ✓ Improvement in “human ability”



See changes in social issues as opportunities for growth and moving management forward

# Promotion of SDGs Activities

## ■ Review of SDGs priority areas

- ✓ Working towards carbon neutrality internationally
- ✓ Green growth policies



Addition of "13 Climate Action"

Expressed support for the TCFD (February 2021)

\*Task Force on Climate-related Financial Disclosures



## ■ Sales ratio of products contributing to the SDGs

2020 fiscal year  
37%



2023 fiscal year  
over 50%



2030 fiscal year  
over 70%



## ■ Environmental vision for 2050 (CO2 reduction)

(1) We will work towards achieving "zero" CO2 emissions (Scope 1 and 2) for 2050.

- \*Reduction of CO2 emissions through energy conservation, MFCA, and process efficiency reforms
- \*Increasing the share of renewable energy in total energy use while remaining up-to-date on the electricity situation in each country

(2) We will contribute to the reduction of CO2 emissions, including in the supply chains.

- \*Product development that also aims to reduce life cycle CO2 emissions
- \*Working with the supply chains

Creating value that contributes to solving issues in a changing society

# Promotion of DX

## R&D

### MI (materials informatics)

Data analysis and MI implementation for data-driven development

## Manufacturing

### Digitalization of production technology

Utilizing IoT and AI to improve factory production efficiency by 20%

## Daily operations

### Using IT to reevaluate business processes

- Promotion of RPA introduction
- Improving efficiency and changing working styles

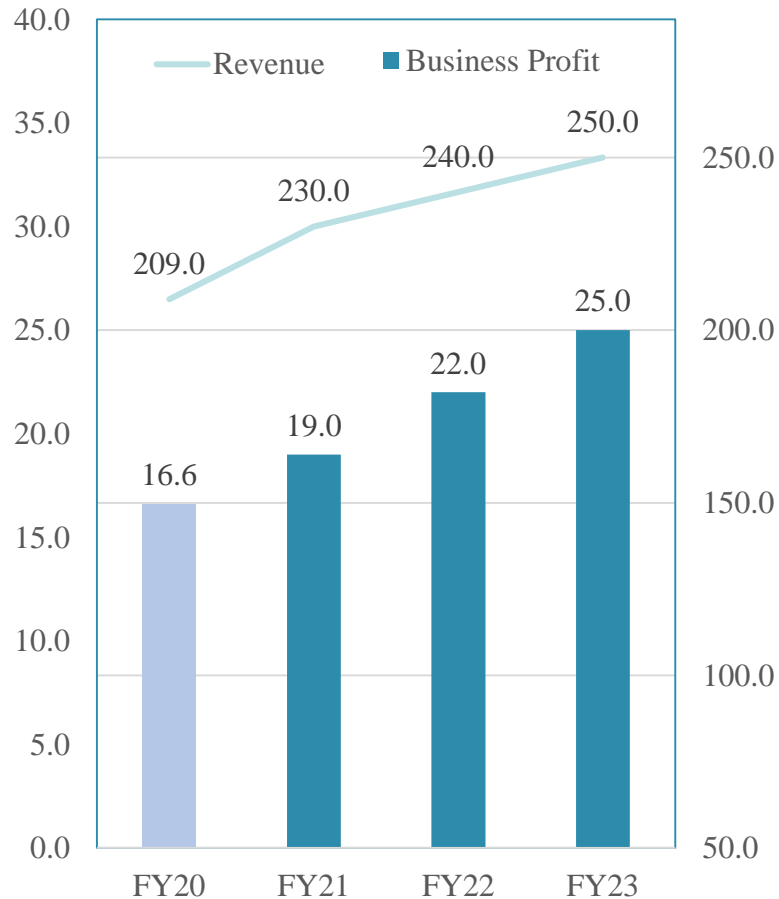
Application to sales, marketing, and business models

Training DX human resources and fostering corporate culture

Moving management forward with DX in mind and creating competitive products and services

# Mid-term Business Plan Targets

## Numerical targets (FY2023)



Revenue 250.0 Billion yen

Business Profit 25.0 Billion yen

Business Profit Ratio 10 %

ROE 10 %

# Priority Measures by Business Segment

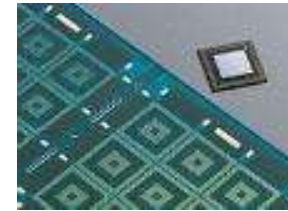


## Increasing global production by investing resources in growth areas

### ■ Business expansion in the area of highly integrated devices

Enhancing materials used for advanced packaging as advanced packaging evolves

- MUF(molded underfill) materials
- Granule-type materials for compression molding

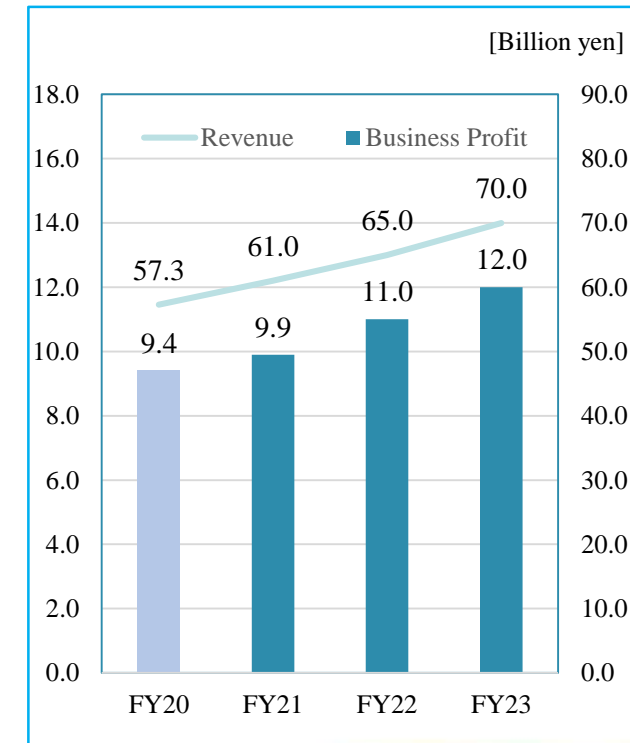


### ■ Lineup of high functional materials that can be utilized in the 5G and DX era

- For next-generation antennae: control of dielectric properties, three-dimensional circuits
- Mini/Micro LED: Photosensitive materials for rewiring (CRC)

### ■ Timely investments to meet increases in demand

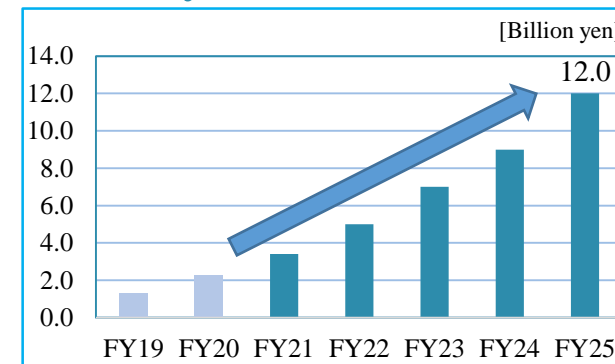
- Mobility materials:
  - Start of production in Europe, installation of new lines (2021-2022)
  - Considering production in North America (second half of 2021)
- Chinese market: Investment to increase production at Suzhou plant to respond to increased sales
- MUF materials: Establishing a standing with Japan, China, and Taiwan and further expanding their capacity



## Proposing new solutions to move electrification forward

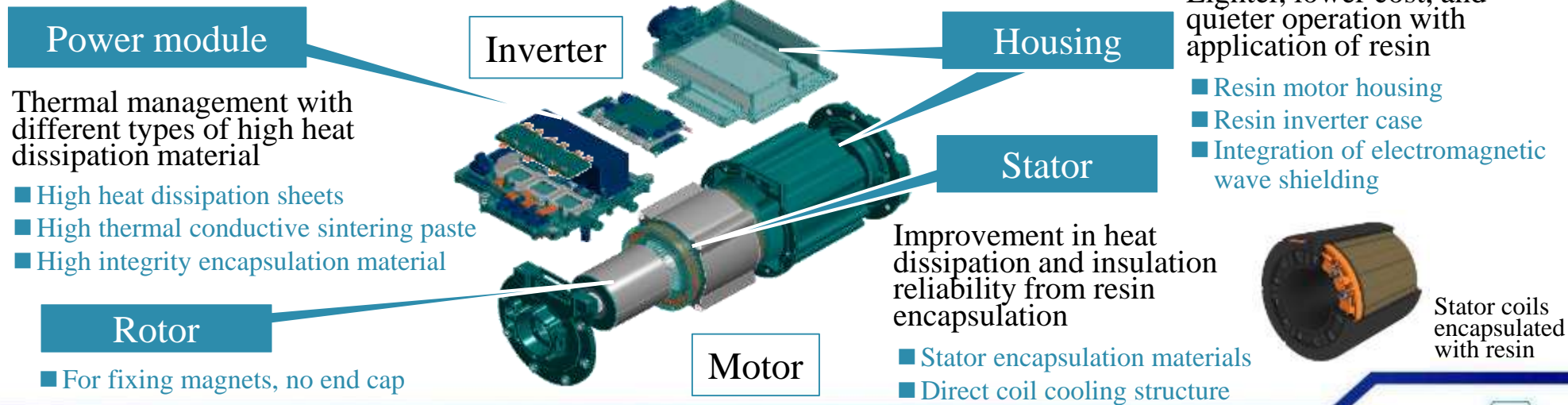
### Accelerating the adoption of the 3 strategic products for mobility field

- Materials for fixing motor magnet:  
Worldwide application in countries including Japan, U.S., Europe, China, and Korea
- Direct molding materials for ECU: Focus on European Tire1 companies
- Materials for power modules: For SiC and GaN devices



### Next e-Axle market development promotion project team

- Using our unique resin to produce and evaluate e-axes, and supporting the demonstration/realization of customer value



## Reevaluate product portfolios and focus on growing markets

### ■ Increasing market shares of existing products

- Strengthening global collaboration (cross-functional team formation): brake piston, friction material, tire applications
- Reinforcing regional strategies
  - (China): High-end commutator materials, materials for transformer bobbins, materials for e-bike pistons
  - (Europe): Large molded parts for EVs, thermal insulation materials, smart meters

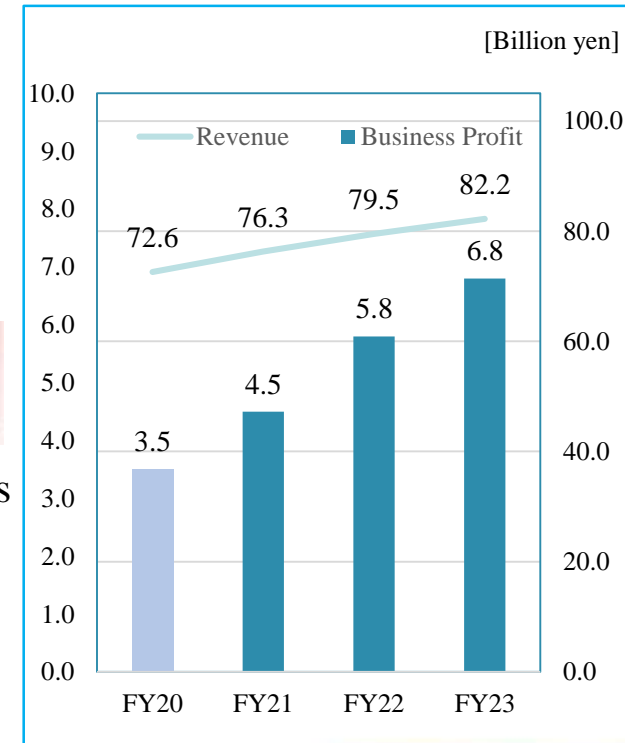
### ■ Growth strategies that anticipate changes in the market

- Working in response to the dissemination of EVs
  - : Coil-end materials, cast molding materials for IGBT, high-dimensional precision compound "SiON"
  - : Thermal management (heat dissipation materials)
- Resins for semiconductors and displays
  - Base materials for color filters, resins for resists
- Environmentally friendly products: Plant-derived lignin-modified phenolic resins



### ■ Stagnant markets: Grow to full potential through structural reform

- Aircraft market: Continue to reduce fixed costs
- North American market: Rebuild resin business and market for materials for shale gas/oil



## Expanding new business domains to further widen scope of business

### ■ Expanding business domains with functional films

- Creation of skin packaging market  
Increased visibility of food freshness: branding strategy is moved forward
- Expansion of industrial films market in China  
Taking advantage of the location of the Nantong plant to expand semiconductor and electronic component sales in China



Skin packaging has significantly extended the shelf life of raw meat

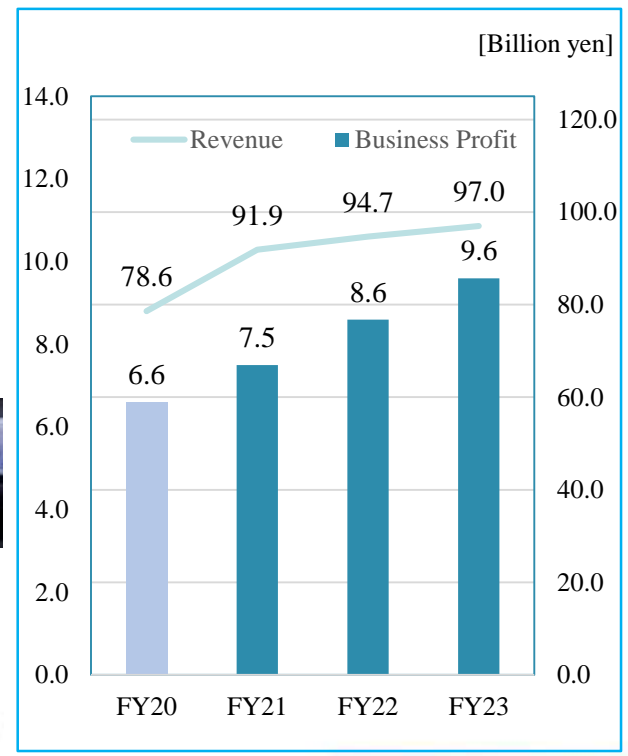
### ■ Development of environmentally friendly films

- Entry into mono-material film market
- Expansion of biomass PTP pharmaceutical packaging sheets sales



### ■ Modification of business model (Industrial functional materials and Waterproofing)

- Global distribution of optics applications  
  - Eyewear: Polarizing plates for sunglasses being sold in Europe
  - Mobility: Expansion of HUD (head-up display) and ADAS sales
- Expansion of "SUMIROOF" roofing material sales  
Expansion from roof sheet waterproofing to the roofing materials business



## Restructuring business to become a comprehensive healthcare manufacturer that provides solutions ranging from diagnosis to treatment

### ■ Increasing presence in the medical device market

Integration of our company and Kawasumi Laboratories medical device businesses

:Inauguration of SB Kawasumi (October 2021)

Launching new products in the field of minimally invasive medical treatments

:New research lab opens in Tonomachi, Kawasaki City (October 2021)

### Target Areas



Endoscopy treatment



Endovascular treatment

Creation of synergy through the utilization of the locations and human resources of both companies



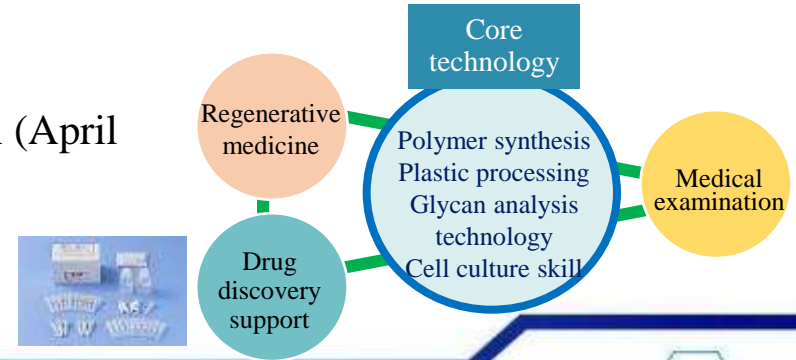
Rendering of new research lab exterior



Stent grafts

### ■ Expansion of biotechnology business

- S-BIO Business Division spins off from Healthcare Products Division (April 2021)
- SB Bioscience becomes a wholly-owned subsidiary (March 2021)
- Bio & Science Research Laboratory established (April 2021)



# Measures for Research and Development

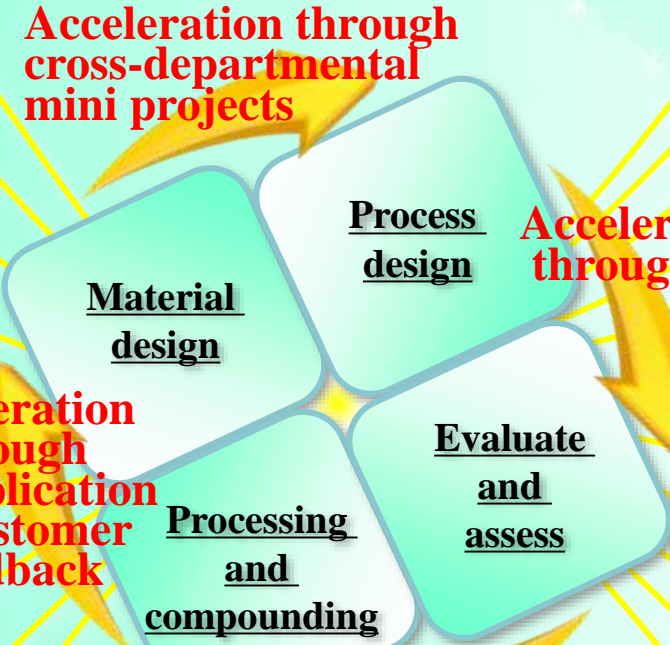
# Research and Development That Meet the Needs of Our Society and Customers

Creating new products that meet real needs in society and fostering the technology to create these products

## Needs of our society and customers

- 3 AFFORDABLE AND CLEAN ENERGY
  - 7 AFFORDABLE AND CLEAN ENERGY
  - 8 DECENT WORK AND ECONOMIC GROWTH
  - 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
  - 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
  - 13 CLIMATE ACTION
  - 14 LIFE BELOW WATER
- 5G/6G and wireless technology**
- Advanced driver assistance**
- Vehicle electrification**
- Thermal management**
- Minimally invasive medicine**
- Point-of-care**
- Response to climate change**
- Carbon neutrality**

## Core technologies



## Proposed solutions

- Low dielectric substrate
- Low dielectric Loss tangent encapsulation materials
- High heat dissipation material >20W
- Motor adhesives
- ECU/TCU encapsulation materials
- Antenna materials
- E-axle materials
- Materials for high-precision molding
- Waveguides for optical detection
- Wavelength control materials
- Flexible and stretchable wire materials
- BMI materials
- Flow catheter
- Stent grafts
- Glycan and protein analysis
- Diagnostic medicine
- Biomass and mono-material film packaging
- Lignin-based resins
- Green chemicals
- Bridge bonding materials
- Waterproof and thermal insulation roofing materials

**Acceleration through cross-departmental mini projects**

**Acceleration through DX**

**Acceleration through the application of customer feedback**

**Acceleration through external collaboration**

This presentation material contains forward-looking statements that are based on management's estimates, assumptions and projections as of 17 May 2021.

Some factors, which include, but are not limited to, the risks and uncertainty associated with the worldwide economy, competitive activity and currency fluctuation, could cause actual results to differ materially from expectations.

*\* Our FY2020 runs from 1 April 2020 through 31 March 2021*