

Interim Financial Results of FY2020

November 2020

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Summary of Interim Financial Results for FY2020

Financial Results for 1st Half of FY2020 (Y/Y)

[IFRS]

(Unit: Billion yen)

	FY2019 H1 (1)	FY2020 H1 (2)	Variance	
			(2)-(1)	Ratio (%)
Revenue	105.0	90.2	-14.8	-14.0%
Business Profit*	8.5	4.8	-3.6	-42.7%
Operating Profit	8.3	3.9	-4.4	-52.6%
Profit attributable to owners of parent	7.3	3.2	-4.1	-56.6%

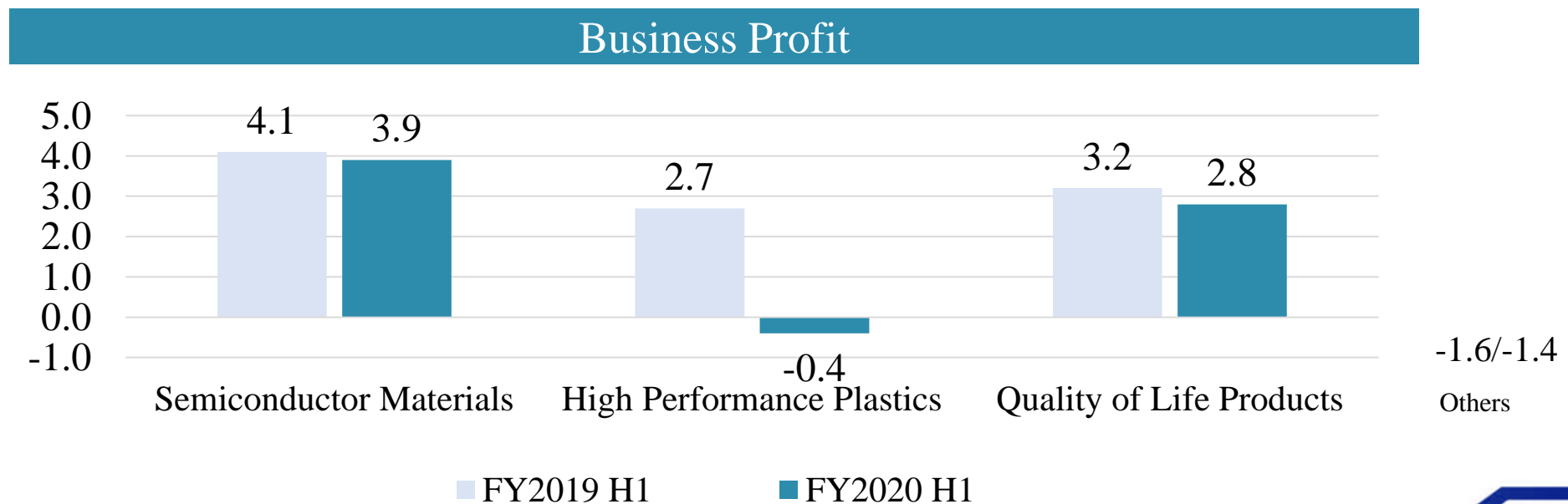
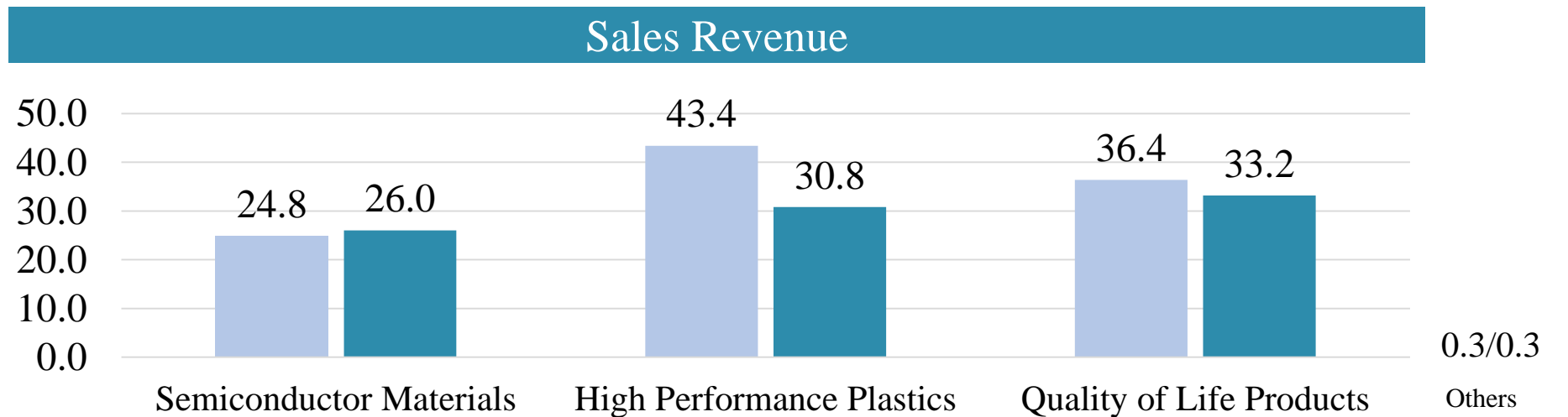
FOREX

JPY / USD	109.00	106.68	-	-
JPY / EUR	121.43	121.36	-	-

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

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

(Billion yen)

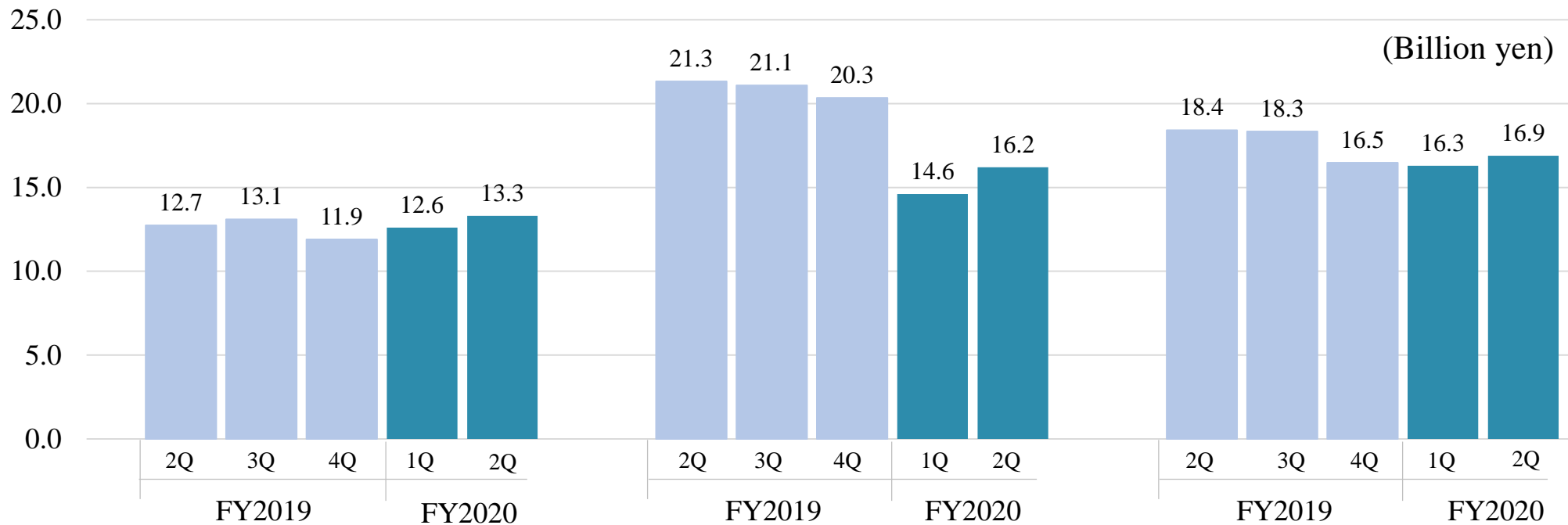


Quarterly Revenue by Business Segment

Semiconductor Materials

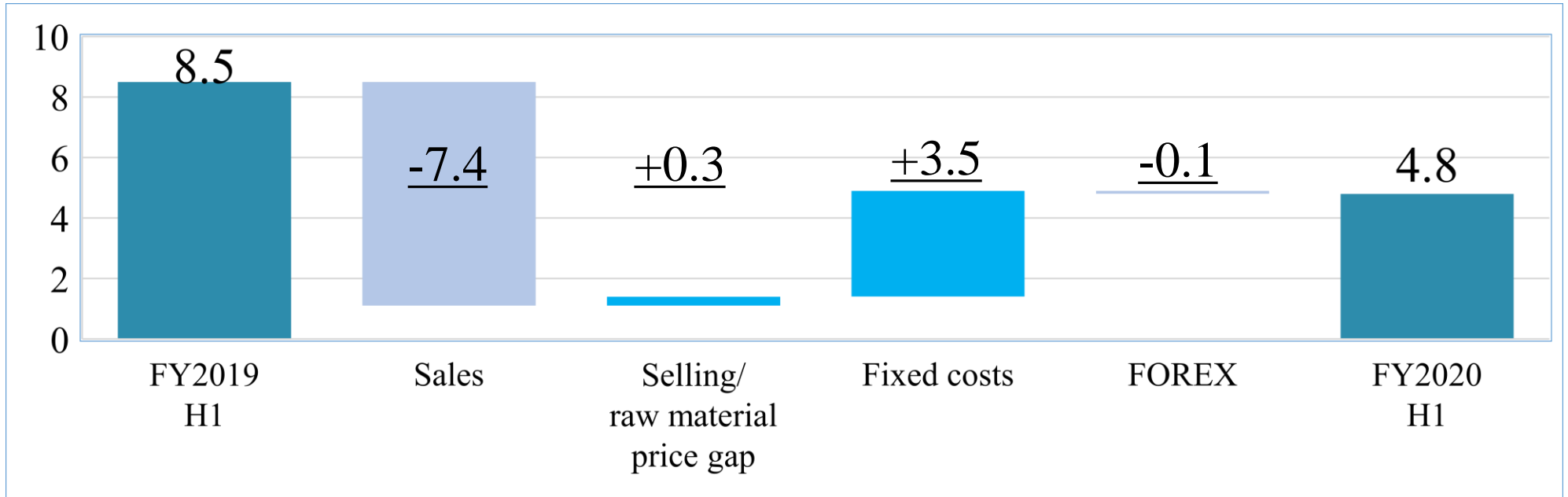
High Performance Plastics

Quality of Life Products



Analysis of Business Profit (Y/Y)

(Billion yen)



	Sales	Selling/raw material price gap	Fixed costs	FOREX
Semiconductor Materials	+0.1	-0.3	+0.0	-0.1
High Performance Plastics	-6.0	+0.4	+2.5	+0.0
Quality of Life Products	-1.5	+0.2	+0.8	+0.0
Total	-7.4	+0.3	+3.5	-0.1

Financial Outlook for FY2020

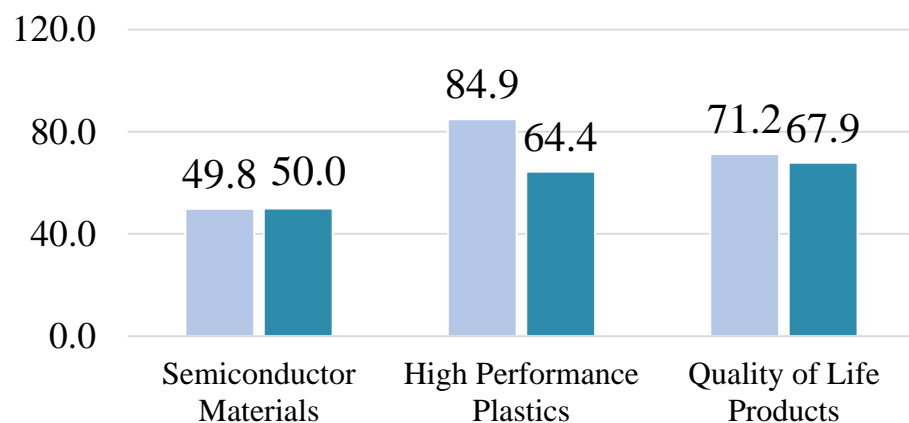
Financial Outlook for FY2020 (Y/Y)

(Unit: Billion yen)

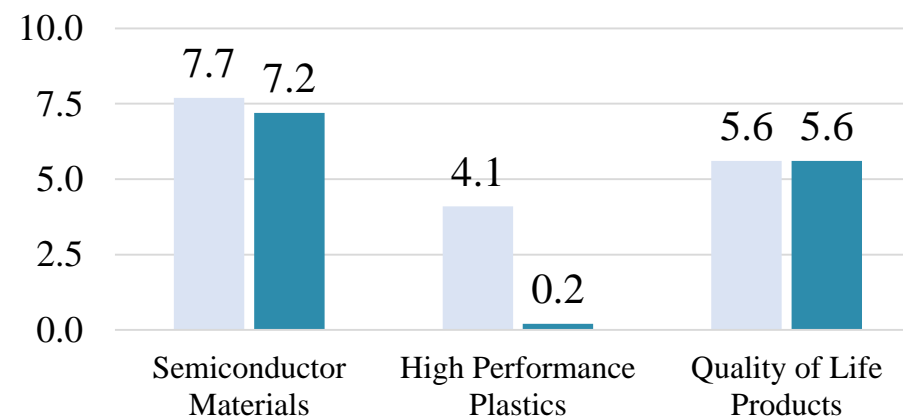
	FY2019	FY2020	Variance	
	(1)	(2)	(2)-(1)	Ratio (%)
Revenue	206.6	183.0	-23.6	-11.4%
Business Profit*	14.3	10.0	-4.3	-30.3%
Profit attributable to owners of parent	9.0	7.4	-1.6	-17.7%

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

Revenue



Business Profit

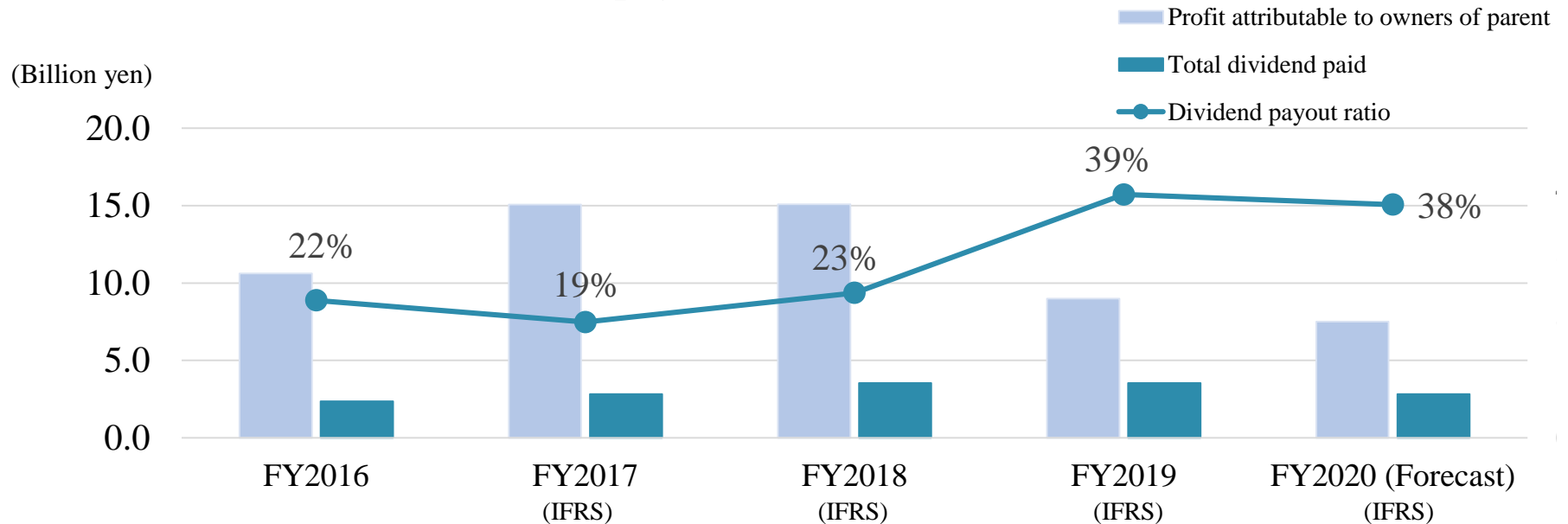


■ FY2019 ■ FY2020

Dividends

Dividend: 60.00 yen per share (Interim 30.00 yen, Year-end 30.00 yen)

Dividend policy: Stable and continuous dividend payout,
with dividend payout ratio at about 30%



(Yen per share)	FY2016	FY2017	FY2018	FY2019	FY2020 (Forecast)
Interim	5.00	6.00	37.50	45.00	30.00
Year-end	5.00	6.00	37.50	30.00	30.00
Total	10.00	12.00	75.00	75.00	60.00

* 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.

Priority Measures in 2nd Half of FY2020

Semiconductor Materials

(Advanced Materials Development and Production Increase)



■ Expand business for highly integrated device fields

▼ Expand lineup of materials for growing field of cutting-edge packaging

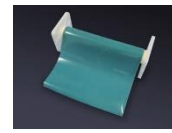
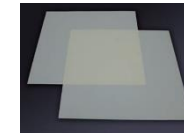
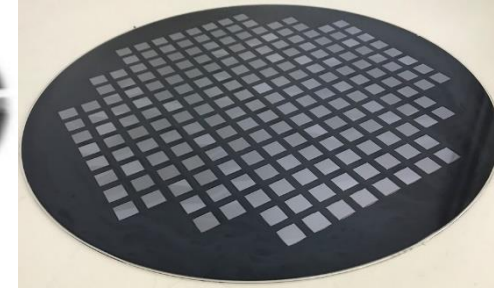
(MUF, granule-type materials for compression molding)

▼ Develop high performance materials for 5G and IoT

- Expand lineup of high-tech encapsulation materials
- Low-permittivity interposer materials (LαZ)
- Redistribution photosensitive materials (CRC)



Encapsulation materials for semiconductors



■ Make a proactive investment responding to customers' needs and increasing demand

- Invest to increase production in Suzhou, responding to Chinese market expansion
- MUF: Establish production system in our production bases in Japan, China & Taiwan, and expand capacity
- Invest to enhance quality of cutting-edge device production



Sumitomo Bakelite (Suzhou) Co., Ltd.

**Encapsulation materials for semiconductors:
grow worldwide share to 40% (2021)**

■ Strengthen 3 strategic products for mobility use ⇒ Sales target: 12 billion yen in 2025

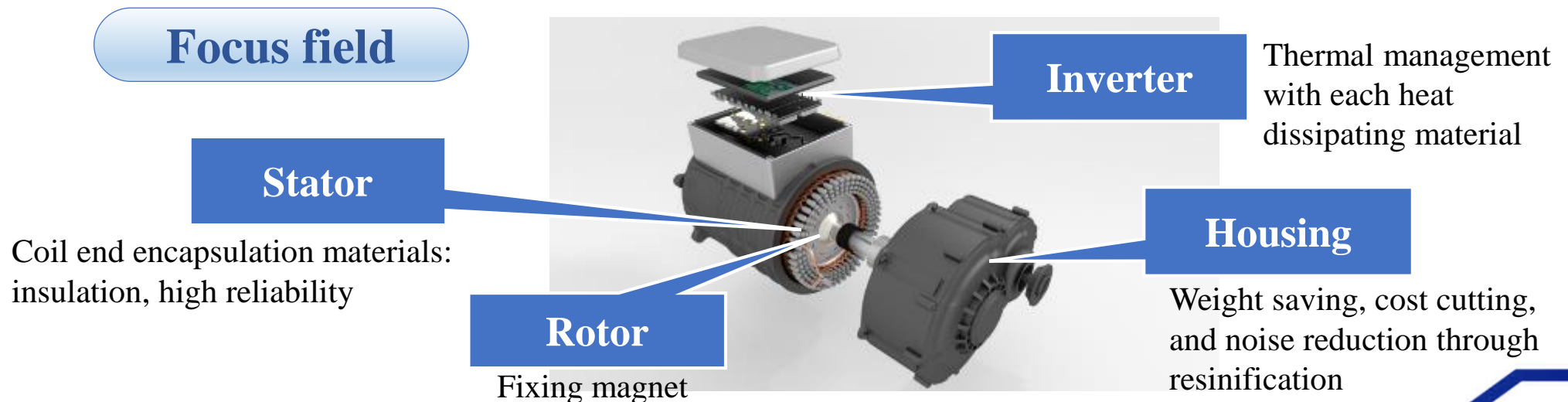
- Motor magnet fixing materials: Started production in Europe, and considering production in USA
- Power module encapsulation materials: Strengthen development for future generations (SiC compatible)
- ECU encapsulation materials: Started construction of a new production line in Europe

Accelerating electrification

⇒ Strengthen business activities according to market trends

■ “Next e-Axle Market Promotion Project” has been ongoing

- Manufacture resinification e-Axle prototypes internally and create new markets with customers' view data



High Performance Plastics (Structural Reform and Business Expansion)



Enforcing “lean management” measures corresponding to demand shift in each market

Structural Reform

▼ Fixed cost reduction worldwide

Fixed costs in 1H : Down 2.5 billion yen (Y/Y)

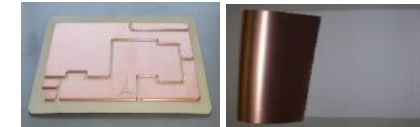
- Enforcing “lean management” measures since last year; mainly cutting labor costs (staff reduction, temporary leave, concentrated production), etc.

Business expansion and reinforcement by focusing on growing markets

Heat dissipation

■ Expand lineup of heat dissipation materials for thermal management

- Heat dissipation performance to meet customers’ needs; 12W materials to be expanded, 18W materials under development



Metal replacement

■ Accelerate development of metal alternative using superior molding materials

- High dimensional accuracy phenolic molding compound “SiON”: EPS gear pulley



Environmental compatibility

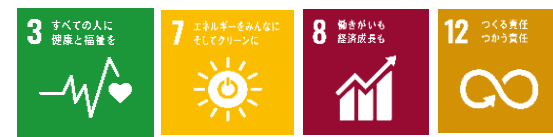
■ Create a new market with plant-derived phenolic resins

- Lignin modified phenolic resins (biomass raw materials + strength, flexibility & hardness)



Lignin modified phenolic resins

Quality of Life Products (Healthcare)



■ Focus on generating synergy with Kawasumi Laboratories, Inc.

- Growth field: Minimally invasive treatments (i.e., reducing impact on patients: stents, stent grafts, and microcatheters)
- Utilization of both companies' manufacturing & sales facilities, etc.



Focus field : Minimally invasive treatments



Aortic stent graft



Colonic stent



IT bile duct stent



Endoscopic treatment Endovascular treatment

New R&D facility will be established in Kawasaki

Kawasumi Laboratories, Inc. plans to establish a new R&D facility in Kawasaki in the fall of 2021. It will be the hub for developing products in the minimally invasive treatments field.



Located near Haneda Airport
-Easy access from Japan and overseas



Gastrointestinal stent



Endoscope clip



Steering microcatheters

Enhance market presence by expanding scale

Quality of Life Products

(Films & Sheets/Industrial Functional Materials)

Films & Sheets

Medical

- **Expand market share by bringing new, highly moisture-proof and biomass materials into the market**



Food

- **Create a new market for the new “skin packaging” product**
– cut down food waste by extending expiration dates
⇒ Sales started for raw meat

- **Shift development to environmentally compatible packaging materials**

(mono-material molding sheets, recycled materials, ultra-thin, high-rigidity materials)



Industrial Functional Materials

Automotive

- **Develop differentiated materials, utilizing optical control technology**
Achieve sales of polarizing filters for of head up displays and sensing cameras

Eye-wear

- **Increase market share of polarizers through B to B transactions with significant customers**

Expand polarizers for sunglasses in Europe/US, and for medical goggles



This presentation material contains forward-looking statements that are based on management's estimates, assumptions and projections as of 9 November 2020.

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*