

Financial Results for 1st Quarter

August 6, 2020

Sumitomo Bakelite Co., Ltd.

1. FY2020 Q1 Financial Result Summary
2. Financial Outlook for FY2020
3. Commencement of the Tender Offer
for the Shares of Kawasumi Laboratories, Inc.

FY2020 Q1 Financial Result Summary (Y/Y)

【IFRS】

[Unit: Billion yen]

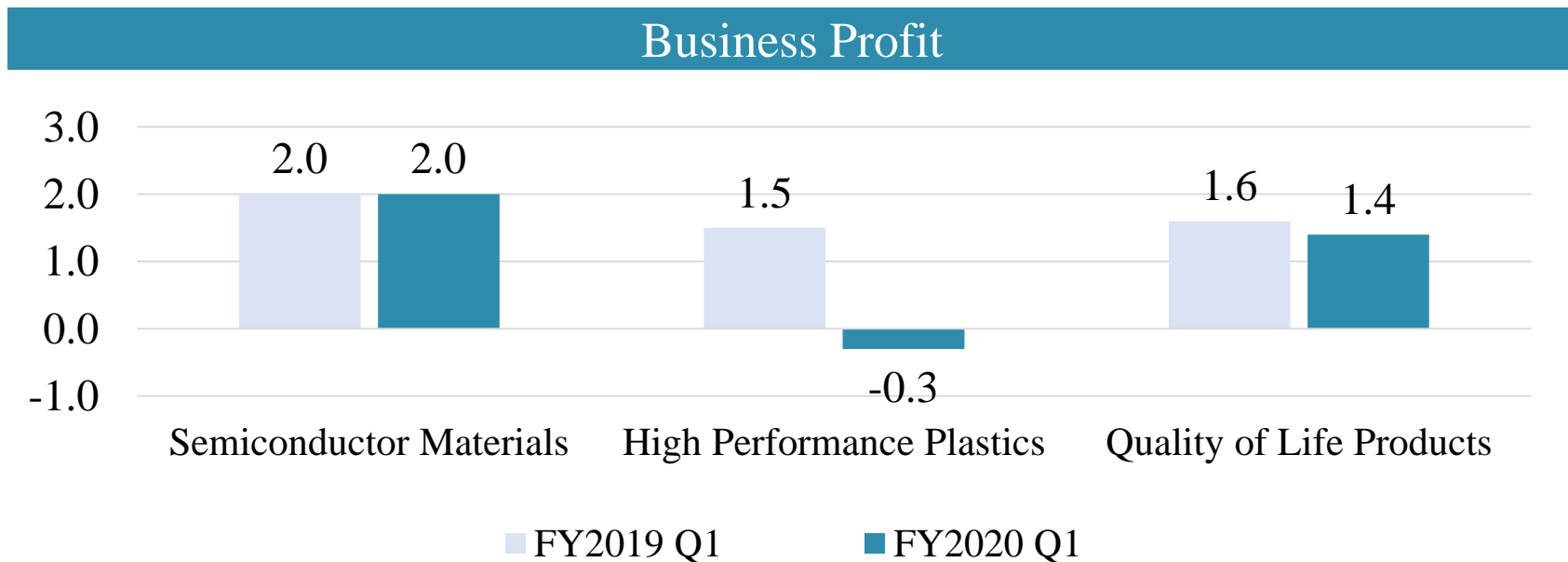
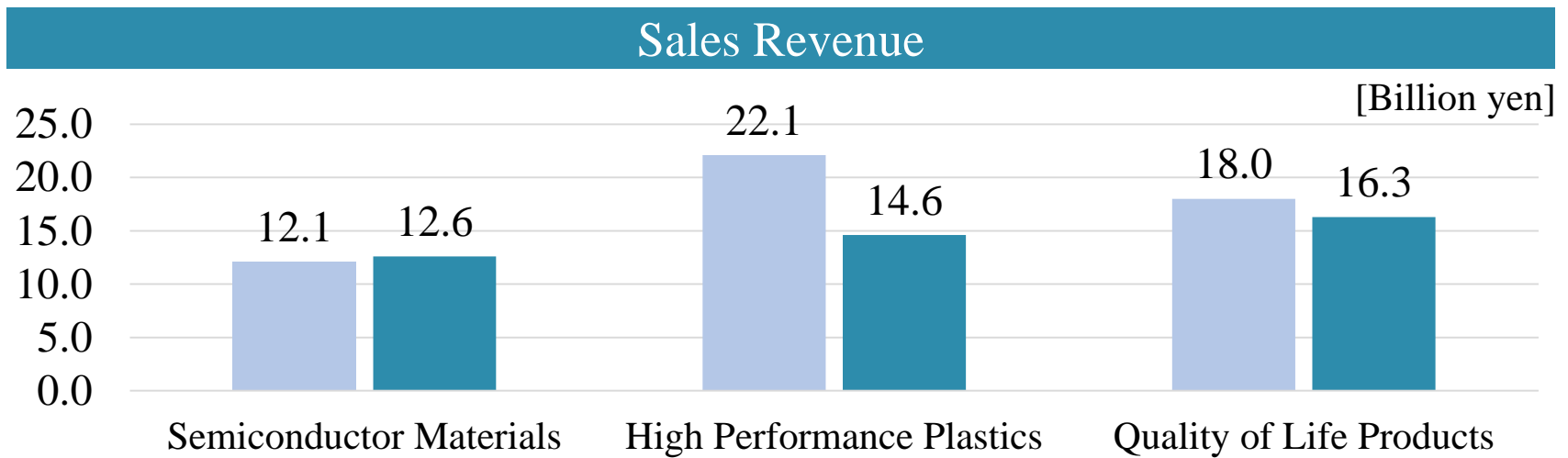
	FY2019	FY2020	Variance	
			(2)-(1)	Ratio(%)
Revenue	52.3	43.7	-8.6	-16.5%
Business Profit	4.4	2.4	-2.0	-45.7%
Operating Profit	4.4	1.9	-2.5	-57.8%
Profit attributable to owners of parent	3.9	1.9	-2.1	-52.9%

FOREX

JPY / USD	110.00	107.74	-	-
JPY / EUR	123.29	118.94	-	-

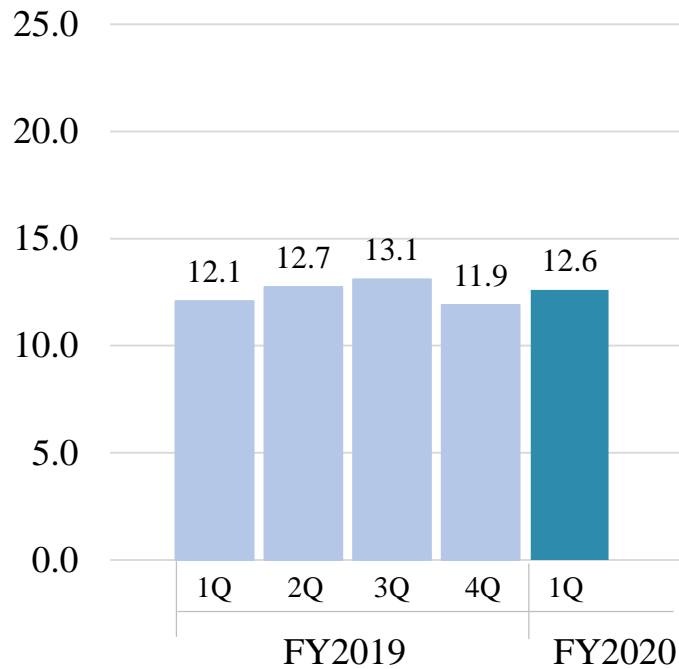
*"Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue"

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

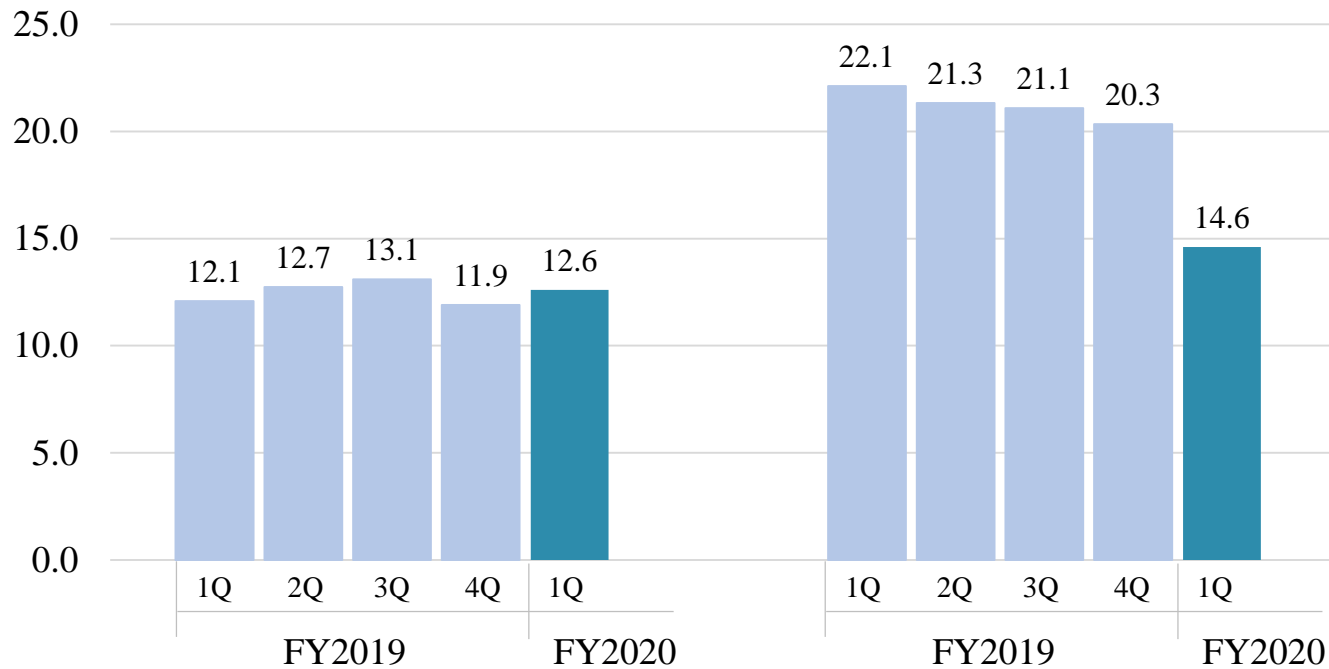


Quarterly Revenue by Business Segment

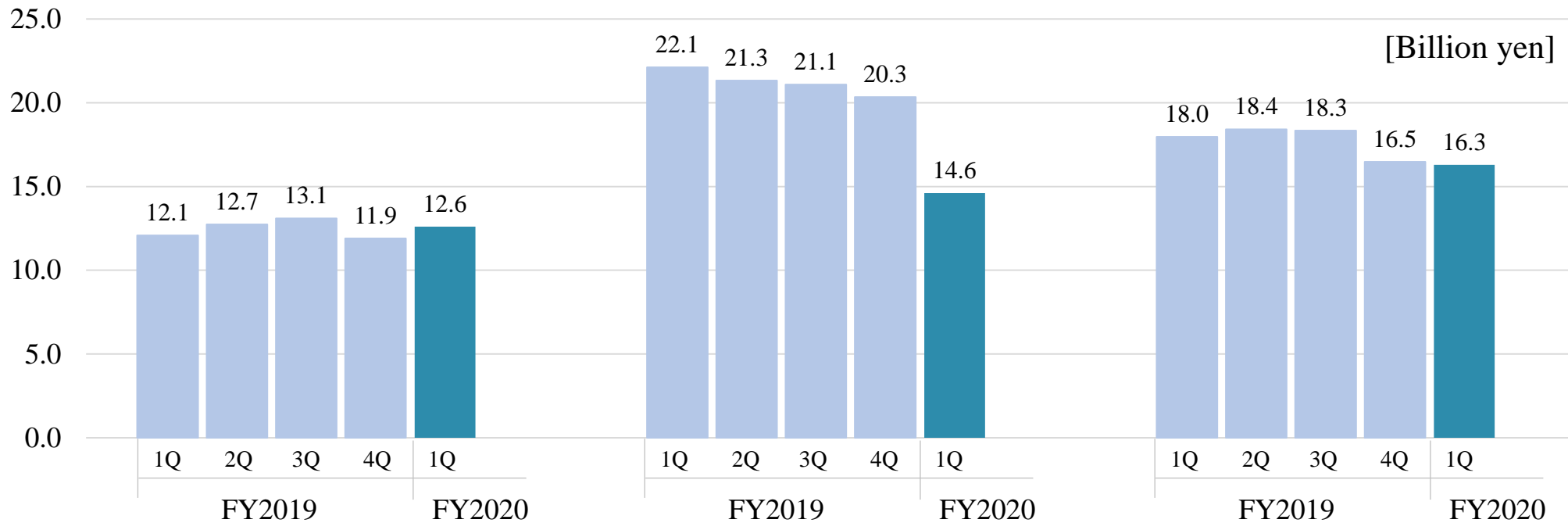
Semiconductor Materials



High Performance Plastics

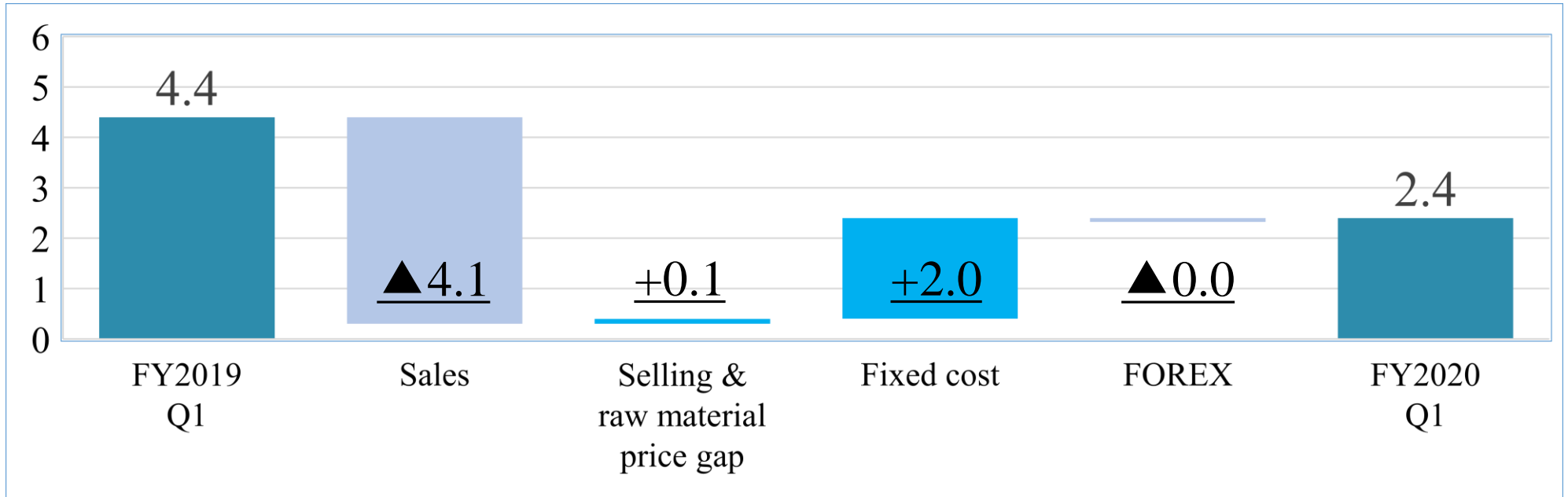


Quality of Life Products



Analysis of Business Profit (Y/Y)

[Billion yen]



	Sales	Selling & raw material price gap	Fixed cost	FOREX
Semiconductor Materials	+ 0.1	▲0.1	+0.1	▲0.0
High Performance Plastics	▲3.4	+ 0.2	+1.4	+0.0
Quality of Life Products	▲0.7	+ 0.1	+0.5	+0.0
Total	▲4.1	+ 0.1	+2.0	▲0.0

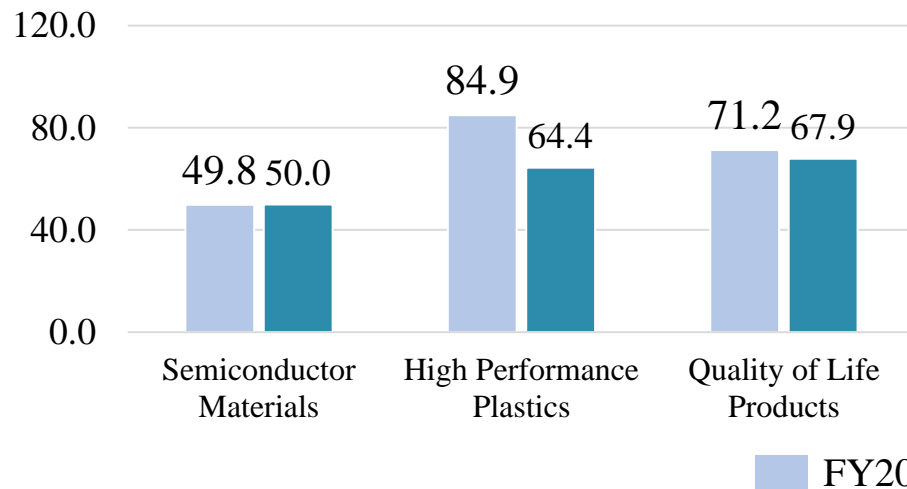
Financial Outlook for FY2020(Y/Y)

[Unit: Billion yen]

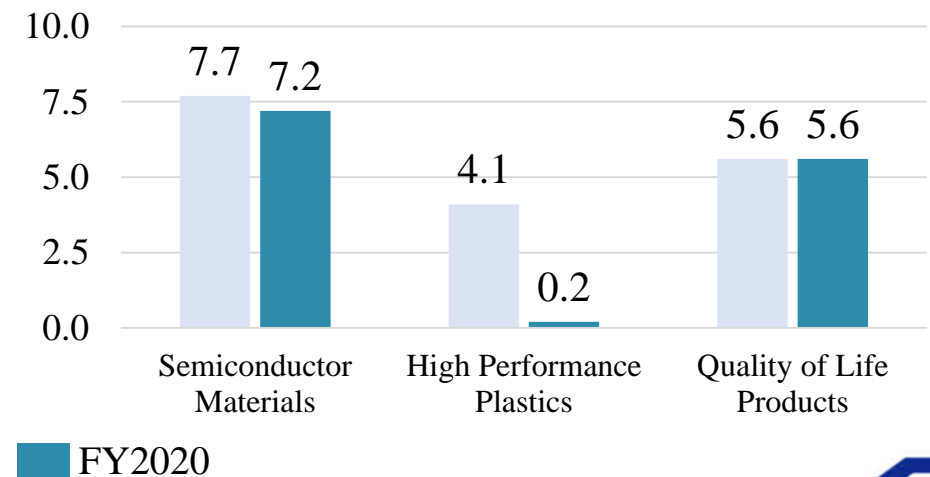
	FY2019	FY2020	Variance	
	(1)	(2)	(2)-(1)	Ratio(%)
Revenue	206.6	183.0	-23.6	-11.4%
Business Profit	14.3	10.0	-4.3	-30.3%
Profit attributable to owners of parent	9.0	7.4	-1.6	-17.7%

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

Sales Revenue



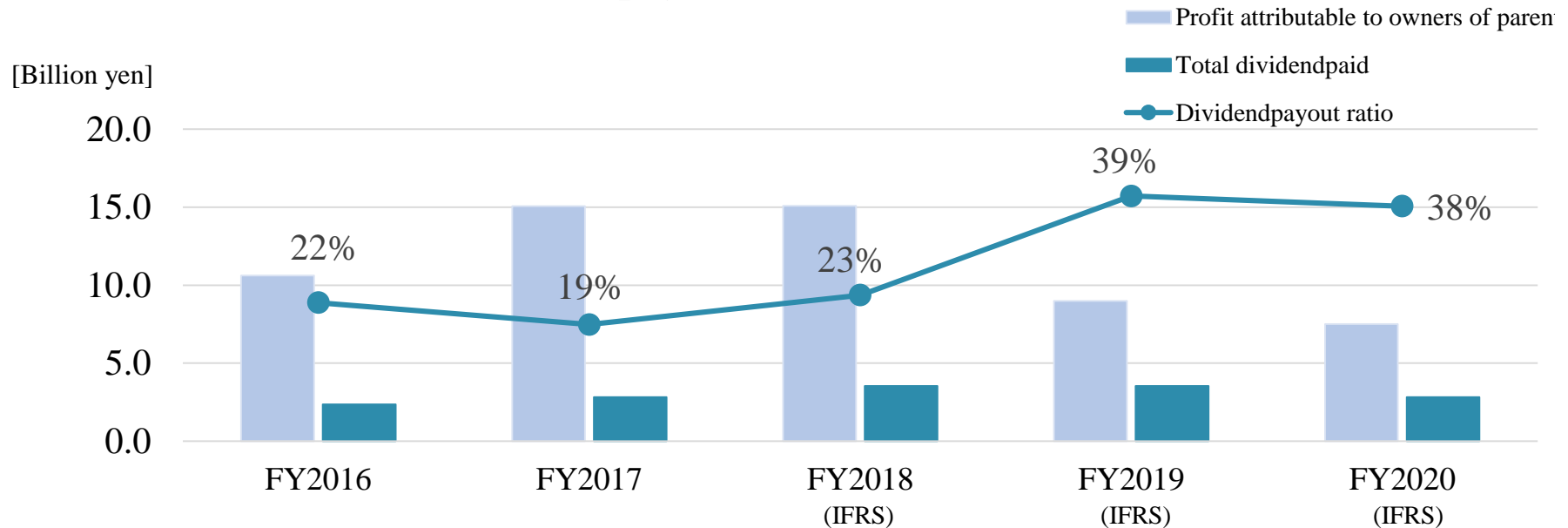
Business Profit



Dividends

Dividend: 60.00 yen per share (Interim 30.00yen, 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
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.

Management Index

		March 2020 [FY2019]		March 2021 [FY2020]	
		Q1(Apr-Jun) Results	Full year (Apr-Mar) Results	Q1(Apr-Jun) Results	Full year (Apr-Mar) Forecast
Earnings per share	(Yen)	83.63	190.96	39.40	157.25
ROA	(%)	6.8	4.0	3.4	3.2
ROE	(%)	8.9	5.0	4.2	4.1
Ratio of equity attributable to owners of parent	(%)	61.4	62.5	62.5	57.7
Capital expenditure	(Billion Yen)	3.1	10.8	2.0	9.9
Depreciation	(Billion Yen)	2.8	11.3	2.8	11.2
R&D expense	(Billion Yen)	2.6	10.3	2.4	10.0
Financial Liability balance at year end	(Billion Yen)	49.1	48.6	52.9	79.5
Net financial income and expenses	(Billion Yen)	0.4	0.9	0.5	0.9
No. of employees		6,048	5,969	5,865	5,800

Outline of the Tender Offer

Outline	<ul style="list-style-type: none">•Sumitomo Bakelite Co., Ltd. (hereinafter called as “Sumitomo Bakelite”) resolved at the meeting of its board of directors held on July 31, 2020 to implement the Tender Offer for the purpose of acquiring all the shares of Kawasumi Laboratories, Inc. (hereinafter called as “Kawasumi Laboratories”)•Kawasumi Laboratories expressed its supportive statements regarding the Tender Offer and resolved to recommend the shareholders of Kawasumi Laboratories to apply for the Tender Offer
Shares to be purchased	<ul style="list-style-type: none">•Number of shares to be purchased: 15,905 (thousands shares)•Minimum number of shares to be purchased: 9,015 (thousands shares)•Maximum number of shares to be purchased: N/A
Price for Purchase	<ul style="list-style-type: none">•JPY 1,700 per share
Aggregate Tender Offer Price	<ul style="list-style-type: none">•About 27 billion yen
Period for Purchase	<ul style="list-style-type: none">•From August 3, 2020 (Mon) through September 30, 2020 (Wed) (40 business days)
Settlement Commencement date	<ul style="list-style-type: none">•October 7, 2020 (Wed)
Methods of Financing	<ul style="list-style-type: none">•All is to be done by Sumitomo Bakelite’s Funds

If the total number of the Tendered Shares is not meeting the minimum number of shares to be purchased, then all of the Tendered Shares will not be purchased.

Business area and Focusing field



- 1) Promoting joint research and development of next-generation medical device products
- 2) Improving R&D efficiency
- 3) Improve industry presence by expanding business scale as a group
- 4) Improve business efficiency through mutual utilization and unification of domestic and overseas bases
- 5) Improvement of management efficiency through by integrating some back-office functions and operations
- 6) Optimization through mutual utilization of human resources

Financial figures of the two company (Consolidated)

Kawasumi Laboratories, Inc. The year ended March 2020 (Japanese GAAP)

Net Sales 22.3 billion yen

Operating profit 0.65 billion yen

Net profit* 1.4 billion yen

Share Capital 6.6 billion yen

Total net assets 39.0 billion yen

Total assets 44.1 billion yen

Employee number at the
end of the fiscal year 2,389 people

* Profit attributable to owners of parent

Sumitomo Bakelite Co., Ltd. The year ended March 2020 (IFRS)

Revenue 206.6 billion yen

Business Profit 14.3 billion yen

Net profit* 9.0 billion yen

Share Capital 37.1 billion yen

Total equity 179.1 billion yen

Total assets 283.3 billion yen

Employee number at the
end of the fiscal year 5,969 people