



# Financial Results of FY2021

May 16, 2022

Sumitomo Bakelite Co., Ltd.

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# Outline of Financial Results of FY2021

# Financial Results of FY2021 (Y/Y)

[Unit: Billion yen]

	FY2020	FY2021	Variance (Y/Y)	
	(1)	(2)	(2)-(1)	Ratio
Revenue	209.0	263.1	54.1	25.9%
Business Profit	16.6	26.5	9.8	59.2%
Operating Profit	19.9	24.9	5.0	25.0%
Profit attributable to owners of parent	13.2	18.3	5.1	38.6%
ROE	7.0%	8.5%	-	-

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

## Ref. Results of Kawasumi Laboratories for 2H

Revenue: 10.5 billion yen

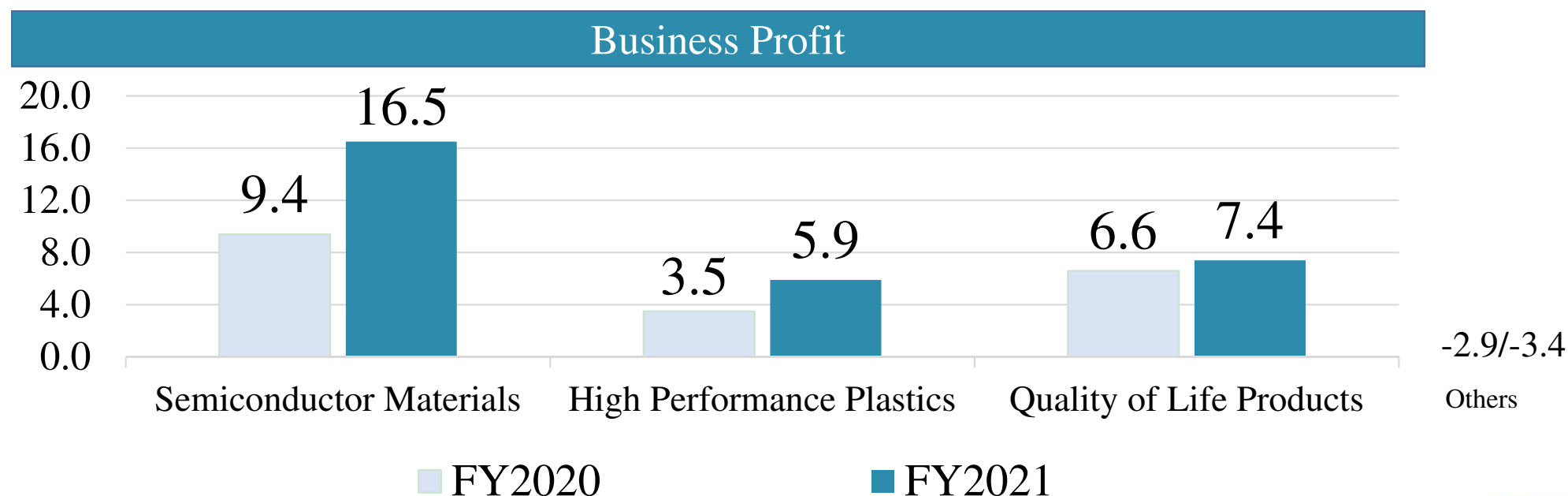
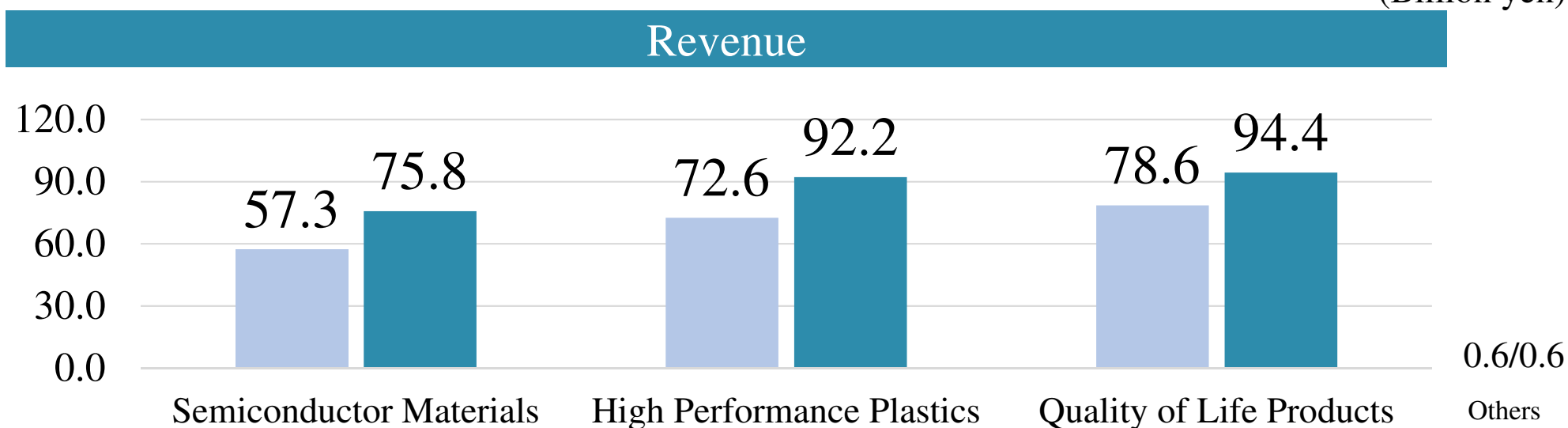
Business Profit: 0.7 billion yen

\* Consolidation of Kawasumi Laboratories, Inc.  
from 3Q of FY2020

FOREX	FY2020	FY2021
JPY / USD	106.17	112.86
JPY / EUR	123.73	131.01

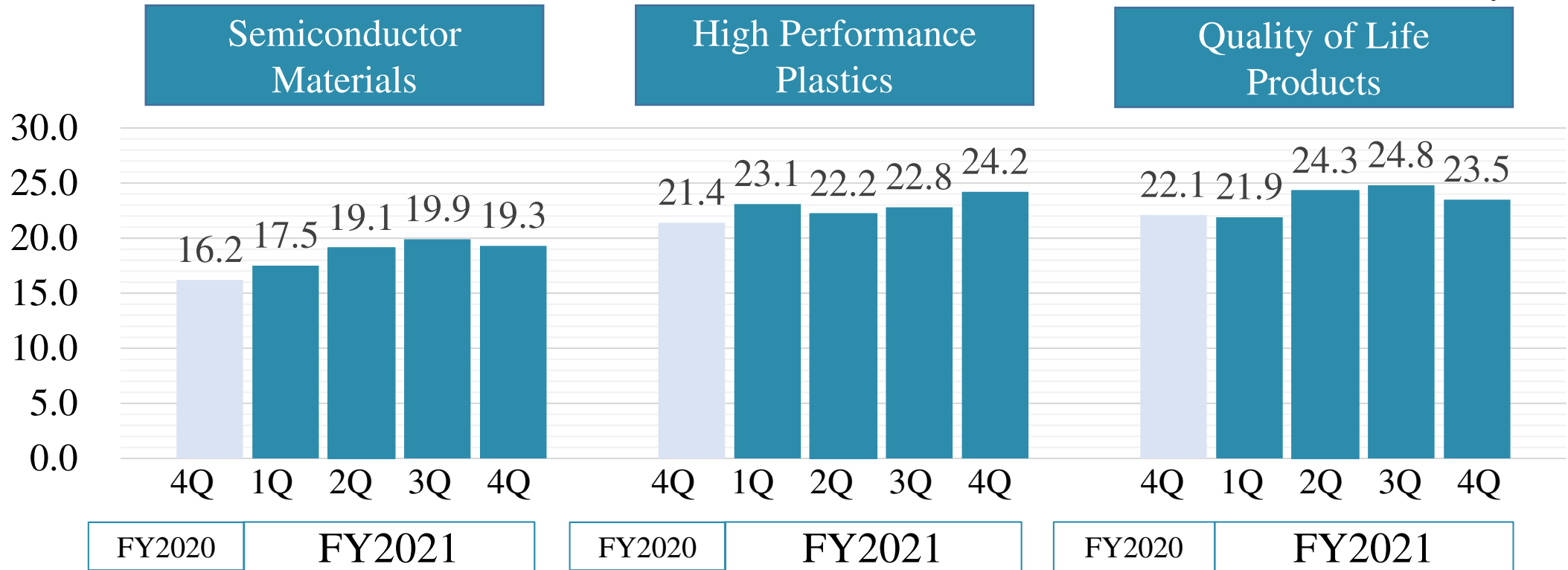
# Revenue and Business Profit by Business Segment (Y/Y)

(Billion yen)



# Quarterly Revenue by Business Segment

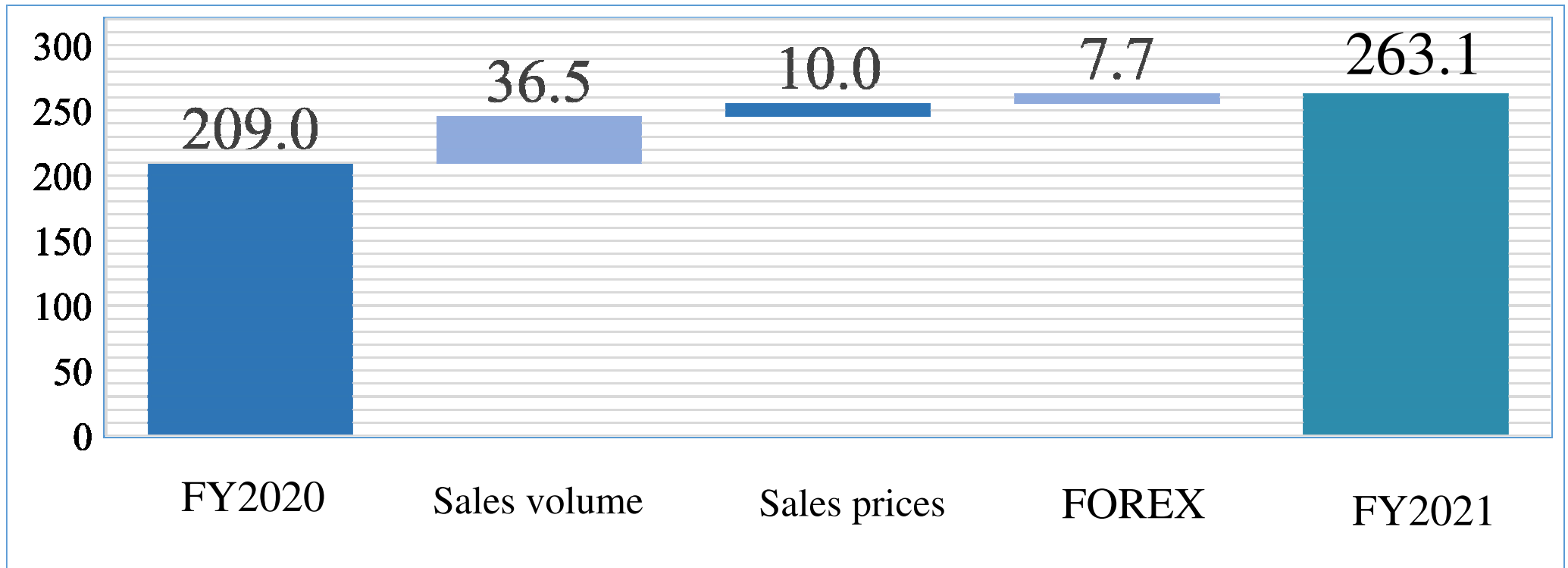
(Billion yen)



- **Semiconductor materials:** Beginning in 3Q, factors such as the parts shortage had an impact on customer production plan adjustment, but demand remained strong and performance was steady.
- **High-performance plastics:** Although there was an impact due to reduced automobile production caused by the semiconductor shortage, due to progress such as switching rising costs in raw materials to product prices, revenue increased.
- **Quality of life products:** Although healthcare and films & sheets for pharmaceutical were off to a somewhat slow start, they began transitioning to recovery in 2Q.

# Analysis of Revenue (Y/Y)

(Billion yen)

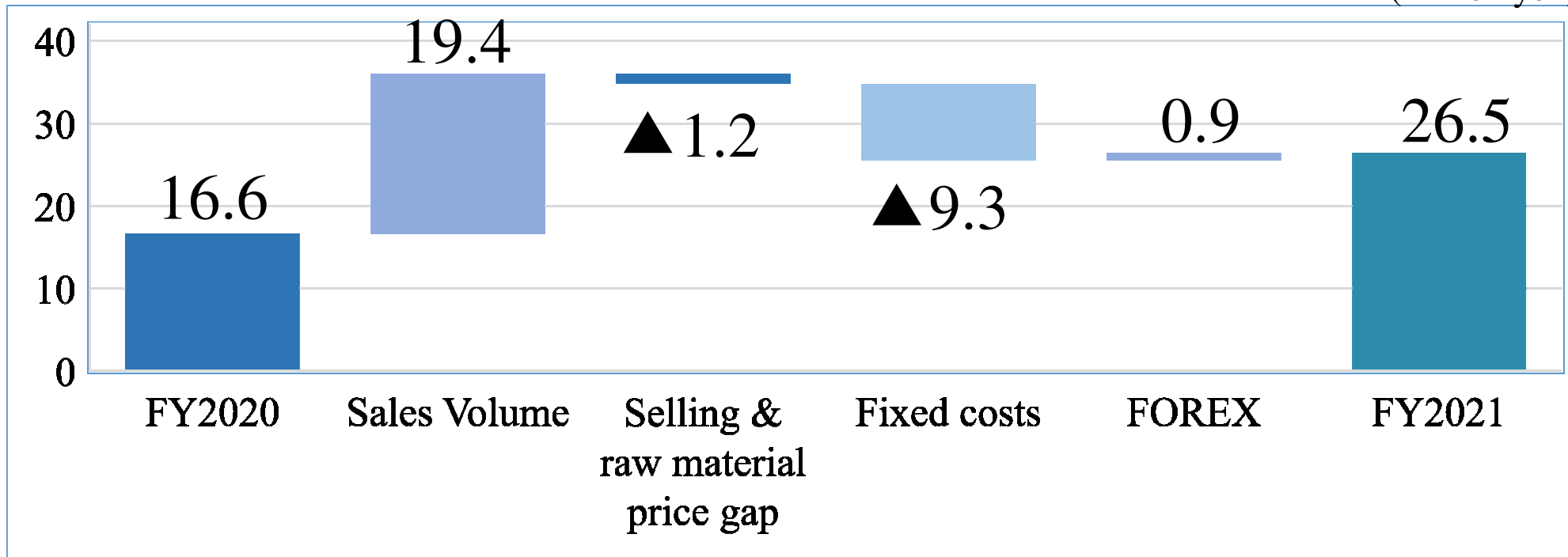


Segment	Sales Volume	Sales price	FOREX	Total
Semiconductor Materials	+ 13.2	+ 2.6	+ 2.7	+ 18.5
High Performance Plastics	+ 8.8	+ 6.7	+ 4.2	+ 19.7
Quality of Life Products	+ 14.4*	+ 0.7	+ 0.8	+ 15.9

\* included 10.5 billion yen as impact on consolidation of Kawasumi Laboratories, Inc.

# Analysis of Business Profit (Y/Y)

(Billion yen)



Segment	Sales volume	Sales & raw material price gap	Fixed costs	FOREX	Total
Semiconductor Materials	+ 6.3	+ 1.7	▲1.5	+ 0.6	+ 7.1
High Performance Plastics	+ 5.6	▲1.8	▲1.5	+ 0.2	+ 2.4
Quality of Life Products	+ 7.5*	▲1.0	▲5.7	+ 0.1	+ 0.8
Others	+ 0.1	+ 0.0	▲0.6	▲0.0	▲0.5

\* included 6.7 billion yen in “Sales volume” and ▲0.6 billion yen as impact on consolidation of Kawasumi Laboratories, Inc.

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# Financial Forecasts for FY2022

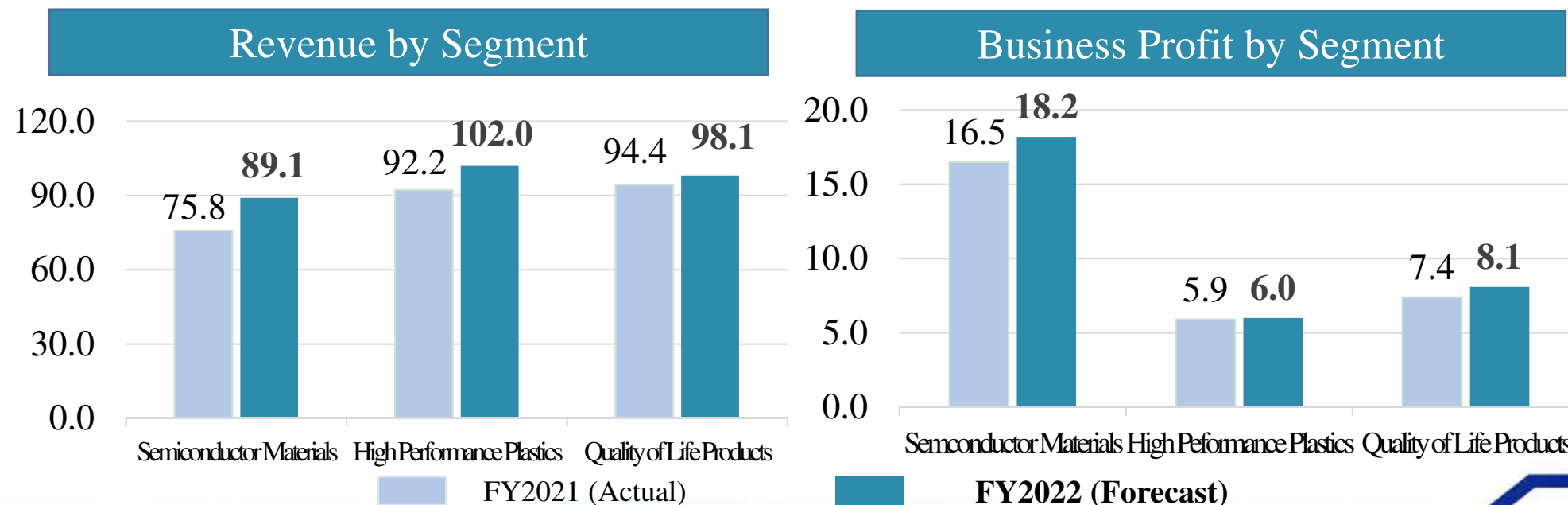


# Financial Forecasts for FY2022

(Billion yen)

	FY2021 Actual (1)	FY2022 Forecast (2)	Variance	
			(2) - (1)	Ratio
Revenue	263.1	<b>290.0</b>	26.9	10.2%
Business profit	26.5	<b>28.5</b>	2.0	7.6%
Profit attributable to owners of parent	18.3	<b>21.0</b>	2.7	14.8%

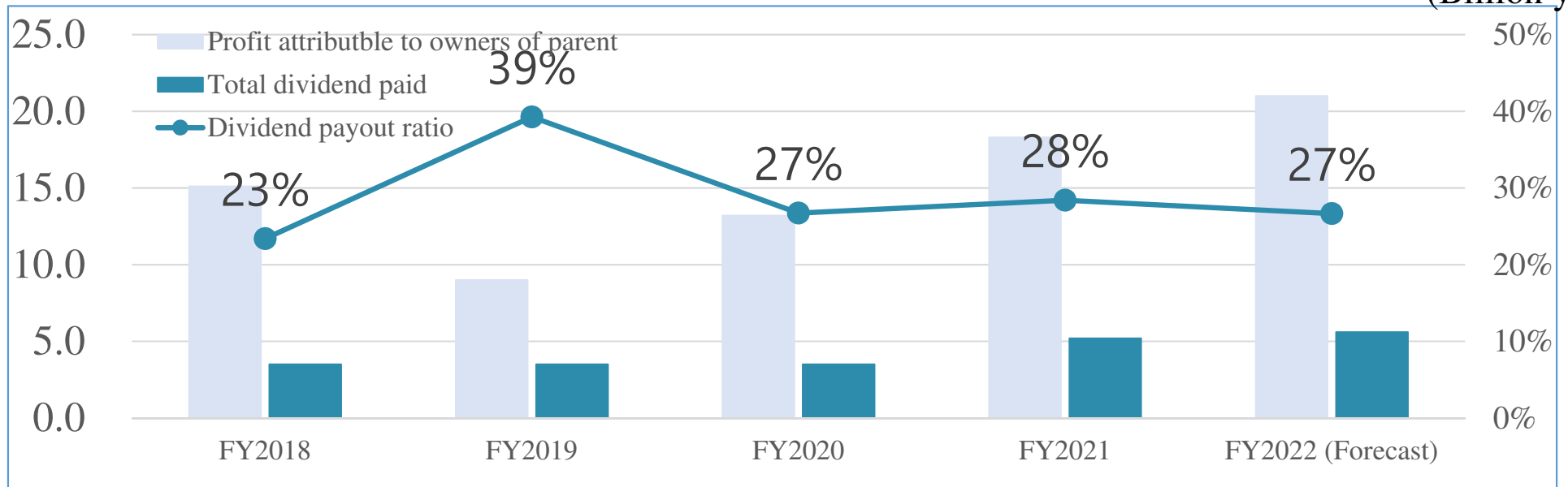
\* "Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue".



# Dividends

■ Dividends Forecast (FY2022): 120.00 yen per share (interim 60 yen / Year-end 60 yen)

**Dividends per share forecast is increased by 10 yen from FY2021** (Billion yen)



[Dividend (yen) per share]

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Interim	37.50	37.50	45.00	50.00	<b>60.00</b>
Year-end	37.50	37.50	30.00	<b>60.00*</b>	<b>60.00</b>
Total	75.00	75.00	75.00	<b>110.00*</b>	<b>120.00</b>

\*Announced on April 25, 2022

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# Review of Medium-term Business Plan

# Key Measures of the Medium-term Business Plan

Vision "A company that makes your dreams for the future a reality"

Aiming at "Top shares in niche markets"  
in the functional chemical sectors

Basic Medium-term Plan

Challenge toward  
a new business model

Evolution of organizational culture

Cross-organizational  
activities  
through One Sumibe

Management  
foundation



R&D  
Marketing function  
Manufacturing foundation



Cultivating a challenging culture  
Revision of the personnel system  
Work-style reform

DX

Key  
policy

1. Proactive investment in growth areas
2. To be a pioneer in environmental areas
3. Improve sluggish businesses
4. BCP measures

Numerical  
targets

Revenue: 250 billion yen, Business profit: 25 billion yen, ROE: 10%

Contribution to SDGs (carbon neutrality)

# Medium-term Business Plan Progress

## Products contributing to SDGs: Sales ratio target

The monthly committee continues to work toward achieving the long-term target for contributing products

**FY2020**

(Actual)

**37%**



**FY2021**

(Quick announcement)

**43%**



**FY2023**

**50% or more**



**FY2030**

**70% or more**

## Environment measures

- Carbon neutral challenge: **Switch to green power at domestic factories and laboratories. Achieve 2030 domestic goal ahead of schedule. Also, formulate a company-wide environment development roadmap up until 2035.**
- **Having obtained TCFD approval in Feb. 2021, we are now analyzing scenarios within work groups. (Announcement planned for Sept.)**

## Promotion of DX

### Development into business model: DX HR training and DX culture development

- ◆ R&D: The MI Promotion Project will promote data-driven development and improve R&D capabilities
- ◆ Manufacturing: Spread autopilot control worldwide and increase productivity
- ◆ All aspects of business: The Business Renovation WG will improve employee productivity and added value business ratio

# Revision of Numerical Targets

The final FY numerical targets for the medium-term business plan were reached at the beginning of the FY. New targets were set to **300 billion yen in revenue, and 30 billion yen in business profit.**

(Billion yen)

	Performance		Forecast	New target
	FY2020	FY2021	FY2022	FY2023
Revenue	209.0	263.1	290.0	<b>300.0</b>
Business Profit	16.6	26.5	28.5	<b>30.0</b>

**Numerical targets revised**

	Performance	Initial plan (announced June 24, 2021)		
	FY2020	FY2021	FY2022	FY2023
Revenue	209.0	230.0	-	250.0
Business Profit	16.6	19.0	-	25.0

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# Key Measures for FY2022

## Expand sales to customers, from general purpose to advanced materials by using production/sales/R&D support organizations

Data centers, electric vehicles, smart devices, etc. will lead a new semiconductor market => Although there will be some temporary confusion, our medium/long-term semiconductor growth scenario will not change

### ■ Enhancing "local production for local consumption" production capacity to handle further demand

- China: New lines added for 1.5 times production capacity (operation started in Feb, 2022)  
Extensive product line and stable quality, from volume products to high end
- Taiwan: Only encapsulation material factory on the island, 2 times the production capacity (operation planned for middle of 2023)  
Increasing investment in Taiwan OSAT due to US/China friction

### ■ Expanding lineup of high-performance materials that can be utilized in the 5G and DX era

- High speed/capacity communication ⇒ High thermal conductive MUF (mold underfill) material
- For next-generation display elements ⇒ Functional photosensitive material (highly transparent, highly light resistant, etc.)

### ■ Stable procurement of raw materials, rapid pricing shift for more expensive raw material prices





## Resin solutions for the expanding electric vehicle market

### ■ Reaching targets for 3 mobility strategy products (FY25: 12 billion yen) ahead of schedule

- Motor fixing materials: Expand sales worldwide (Japan, US, Europe, China, South Korea, etc.), and launch mass production in North America
- ECU direct encapsulation materials: Further increase share of local production for Europe
- Encapsulation materials for power module: Promote switch to mold type for EV/HEV

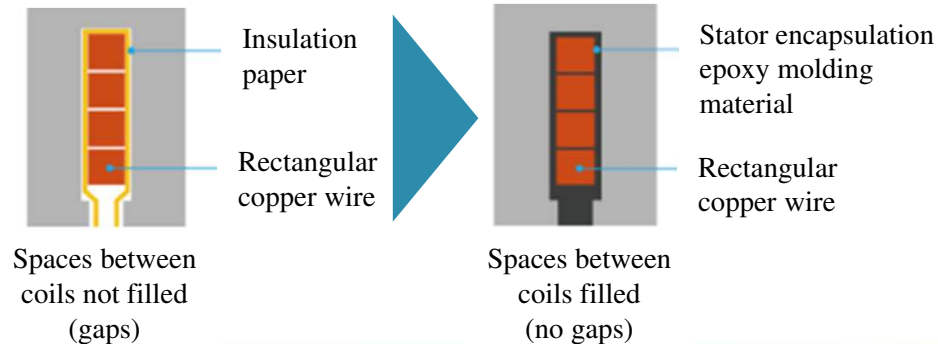
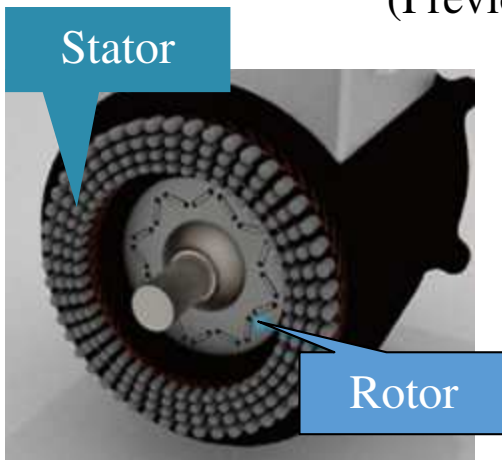
### ■ Next-generation mobility application development

- Use relationships built for motor fixing materials, to create motor-related items

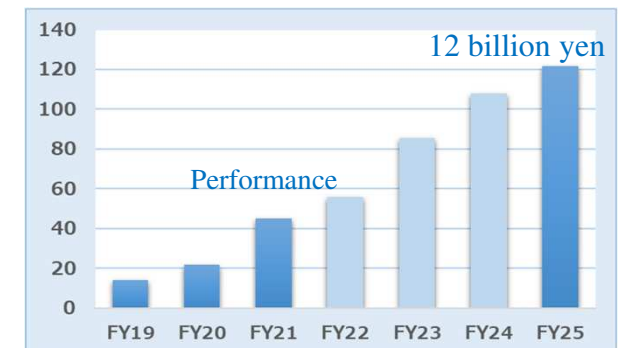
### Stator encapsulation materials

(Previous) Insulation paper + liquid resin immersion, etc.

⇒ Encapsulate with epoxy molding material for superior narrow gap filling



Sales plan for 3 mobility strategy products



- Motor cooling effectiveness improved
- Coil discharge controlled

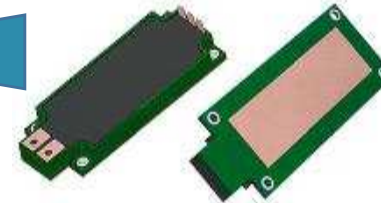
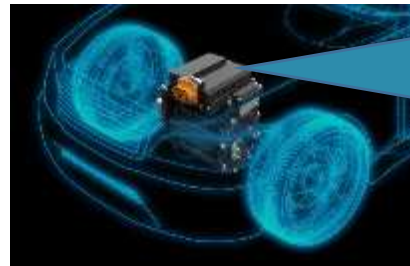
Aim for results in FY22

## Focus on growth markets and expand/strengthen business

### ■ Create new value by proposing new polymer/molding material and modularization

#### Vehicles (electric)

Drive motor coil end insulation material  
"SiON" high-dimensional precision  
compound



#### Propose setting to IGBT

- Epoxy resin cast molding material
  - High heat dissipation insulation sheet
  - Phenolic resin housing
- ... to create customer value

#### Powered devices

High heat dissipation insulation sheets, IGBT module  
cast molding materials

#### Highly integrated devices

Black matrix base materials for high-resolution display elements

#### Environmentally friendly materials

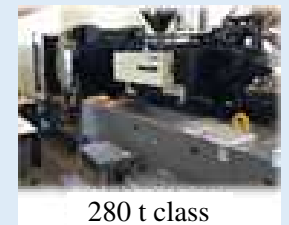
Plant-derived (lignin-modified) phenolic resins, low VOC  
materials (completely water-soluble materials, sheet materials)

#### Aircraft

Recover demand for small aircraft, integrate/rationalize sites,  
expand sales of European market from Europe/China sites

#### Develop materials for large molded products

Develop 1.5 kg class moldable materials and mold analysis technologies.  
Use resin inverter housings, battery cases, etc. to reduce weight and cost



# Develop new functions to create customer value

## ■ Expanding business domains with functional films

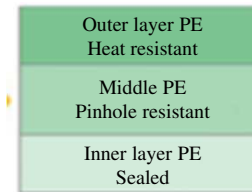
- Industrial films: Semiconductor and electronic component cover tape  
 Launch new SKUs to respond to needs of Chinese market and expand sales
- Food loss reduction ⇒ Progress in adoption at major supermarkets  
 Skin packaging for meat, freshness preserving films "P-Plus"



**Cover tape**  
Supports rapid mounting for semiconductors and electronic components

## ■ Development of environmentally friendly films

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



**Skin packaging**  
Significantly increases shelf life



**Formation of mono-material film segment**  
Mono-materialization of multi-layered film to improve recyclability

## ■ Modification of business model (industrial functional materials and waterproofing)

- Optical products: HUD promotion global
- Electrochromic technology: Begin investing in eyewear market  
 Plan to spread to future Metaverse-related devices (AR/VR)
- "SUMIROOF DN" lightweight roof material that has excellent airtightness and insulation, with waterproof performance



**Electrochromic sheets**  
Instantly adjust light with just a tiny amount of electricity  
Wide transmittance range and molding processability



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

### ■ Increasing presence in the medical device industry

(Oct. 2021: Integration of the Sumitomo Bakelite Co., Ltd. and Kawasumi Laboratories Inc. medical equipment businesses)

By sharing platforms, strengthen management foundation, and maximize synergy

#### [Research] Launch new products in the field of minimally invasive medical treatments

- Expand use of stent grafts for aorta treatments
- Expand to full lineup of alimentary canal stents (by FY23)

#### [Sales] Restructure organization for hospitals, companies, and overseas

**Global:** Expand sales of blood collection kits and blood bags for North America

### ■ OneBio: Expand biotechnology business

- Sales are strong for COVID-19 testing-related products
  - SB Bioscience Co., Ltd. absorbed (April 2022)
- ⇒ Develop and expand sales of proprietary diagnostic medicine



Endovascular treatment-related products



New SB-Kawasumi HQ / Tonomachi Medical Research Laboratory

Near Haneda Airport, convenient, expect doctors to visit



Type-O glyco preparation kit



Diagnostic medicine products

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