



Financial Results for 2nd Quarter of FY2021

November 8, 2021
Sumitomo Bakelite Co., Ltd.

Outline of Financial Results for 2nd Quarter of FY2021

Financial Results for 1st half of FY2021 (Y/Y)

[Unit: Billion yen]

	1H of FY2020	1H of FY2021	Variance (Y/Y)	
	(1)	(2)	(2)-(1)	Ratio
Revenue	90.2	128.3	38.1	42.3%
Business Profit	4.8	13.7	8.8	181.7%
Operating Profit	3.9	13.5	9.6	243.3%
Profit attributable to owners of parent	3.2	10.3	7.1	224.8%

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

Ref. Results of Kawasumi Laboratories for 1H

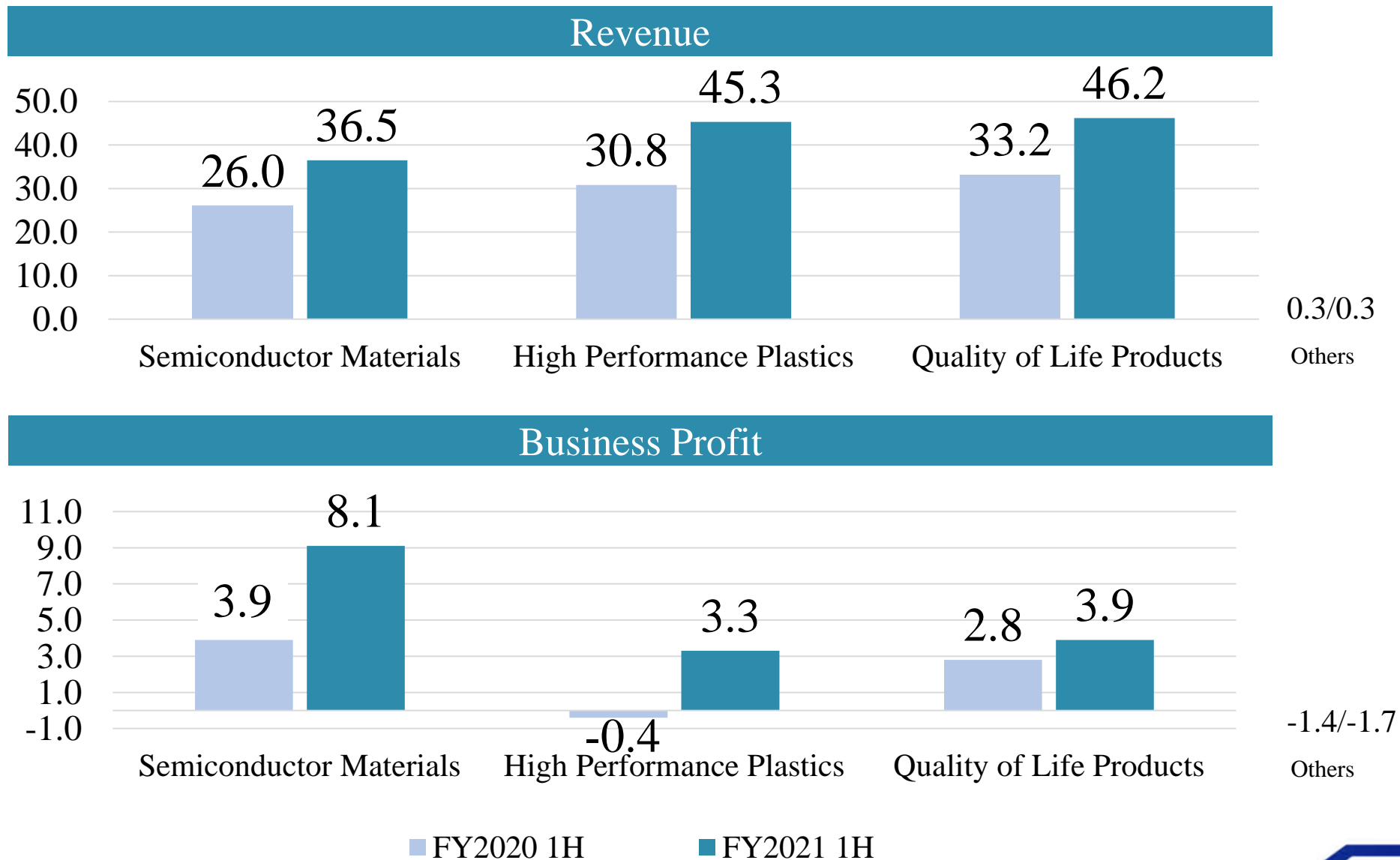
Revenue: 10.5 billion yen

Business Profit: 0.7 billion yen

FOREX	1H - FY2020	1H - FY2021
JPY / USD	106.68	110.18
JPY / EUR	121.36	130.97

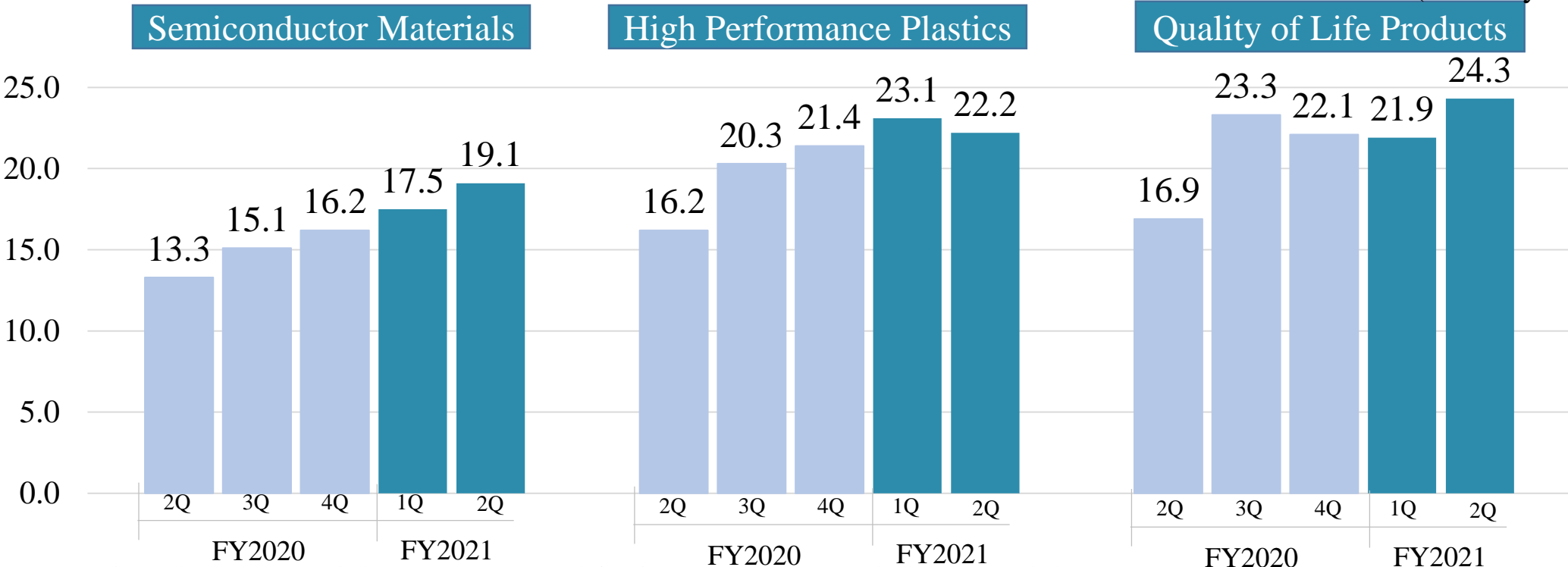
Revenue and Business Profit by Business Segment (Y/Y)

(Billion yen)



Quarterly Revenue by Business Segment

(Billion yen)



■ Semiconductor Materials

The trend for increased encapsulation material revenue continues due to grow in line with semiconductor demand worldwide.

■ High Performance Plastics

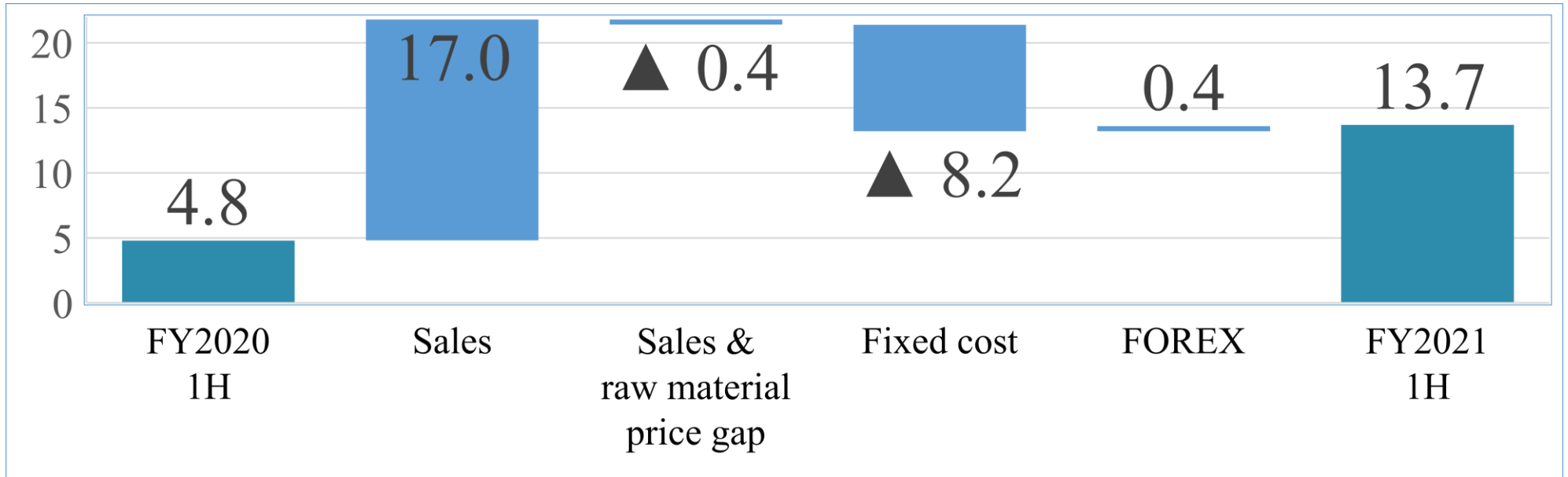
In addition to recovering automobile production and sales, there is a favorable trend for electronic and electrical applications in the Chinese market. Impact from the summer holidays in Europe and the Americas have resulted in a slight decrease in revenue for 2Q alone compared to 1Q.

■ Quality of Life Products

In addition to the new consolidation with Kawasumi Laboratories, films and sheets are performing well thanks to recovering pharmaceutical use and demand for semiconductors in the industrial use.

Analysis of Business Profit (Y/Y)

(Billion yen)



Segment	Sales	Sales & raw material price gap	Fixed cost	FOREX	Total
Semiconductor Materials	+ 4.3	+ 0.7	▲ 0.9	+ 0.1	+ 4.2
High Performance Plastics	+ 5.2	▲ 0.8	▲ 0.9	+ 0.2	+ 3.7
Quality of Life Products	+ 7.4	▲ 0.3	▲ 6.1	0.0	+ 1.1
Others	0.0	0.0	▲ 0.3	0.0	▲ 0.3

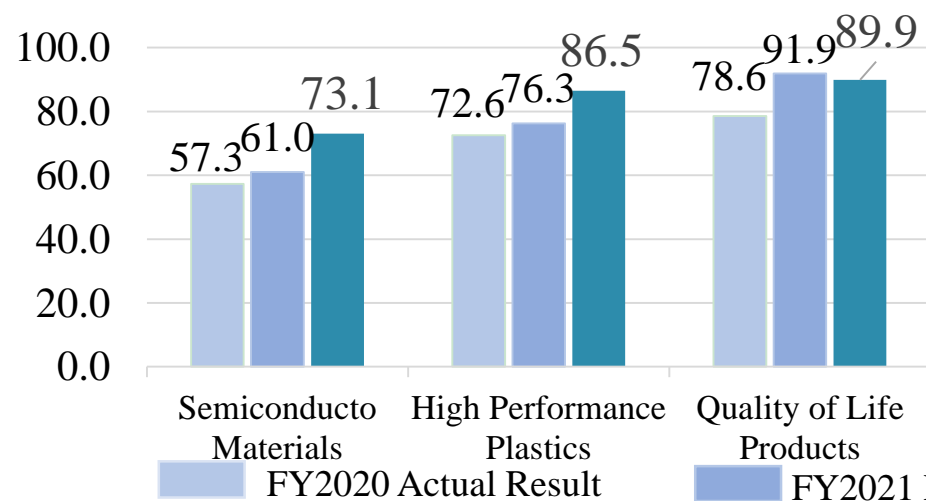
Financial Forecasts for FY2021

Financial Forecasts for FY2021 (variance from previous announcement)

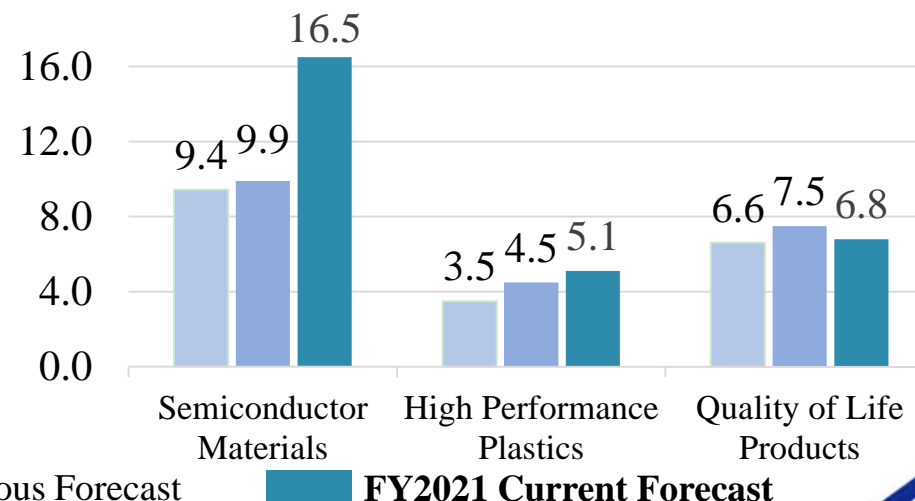
(Billion yen)	FY2020 Actual Result	FY2021 Previous Forecast (1) * May 17, 2021	FY2021 Current Forecast (2) * October 27, 2021	Variance	
				(2) - (1)	Ratio (%)
Revenue	209.0	230.0	250.0	20.0	8.7
Business Profit	16.6	19.0	25.0	6.0	31.6
Profit attributable to owners of parent	13.2	14.5	17.6	3.1	21.4

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

Revenue



Business Profit

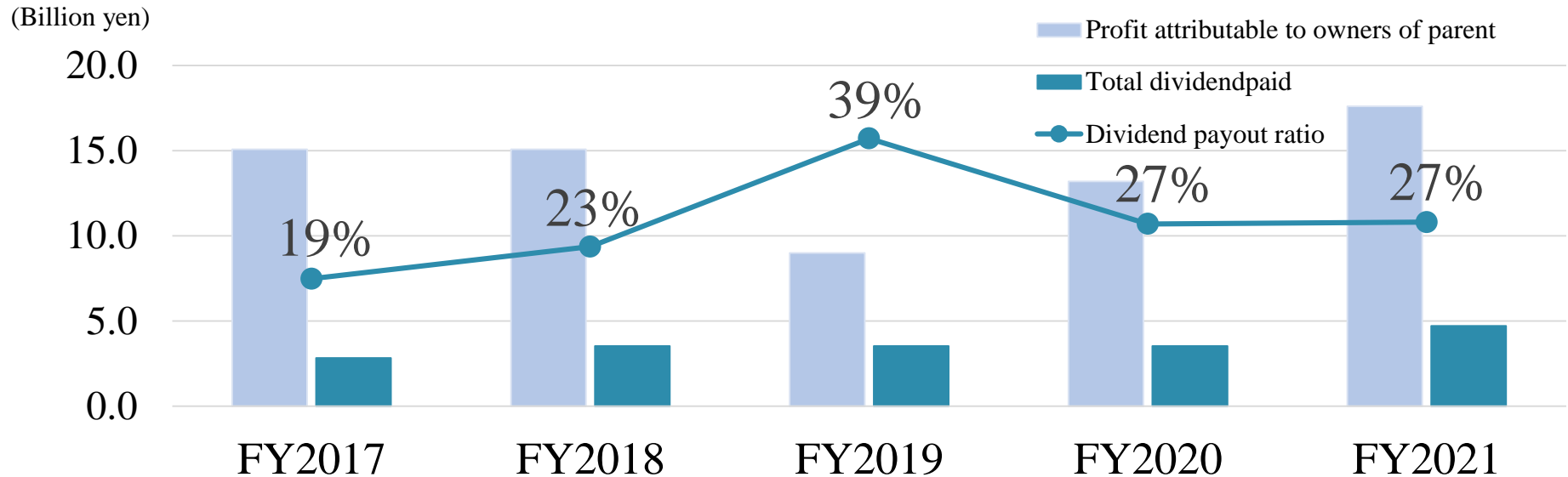


Dividends

Announced on October 27, 2021

Dividend Forecasts (FY2021): 100.00 yen per share (Interim 50 yen, Year-end 50 yen)

* Previous announcement: 90.00 yen per share (Interim 45 yen, Year-end 45 yen)



(yen per share)	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Interim	30.00	37.50	45.00	30.00	50.00
Year-end	30.00	37.50	30.00	45.00	50.00
Total	60.00	75.00	75.00	75.00	100.00

* Although we carried out a share consolidation at a ratio of one share for every five shares on 1 October 2018, figures in FY2017 and FY2018 is shown after such share consolidation.

Progress on Key Measures

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)

Carbon Neutral Initiatives

Taking on the challenge of net zero operation

2030 target

Reduce CO2 emissions by 46%

(compared to 2013)

Energy saving, MFCA activities, process streamlining reform
Introduce renewable energy

2050 target

Carbon neutrality challenge

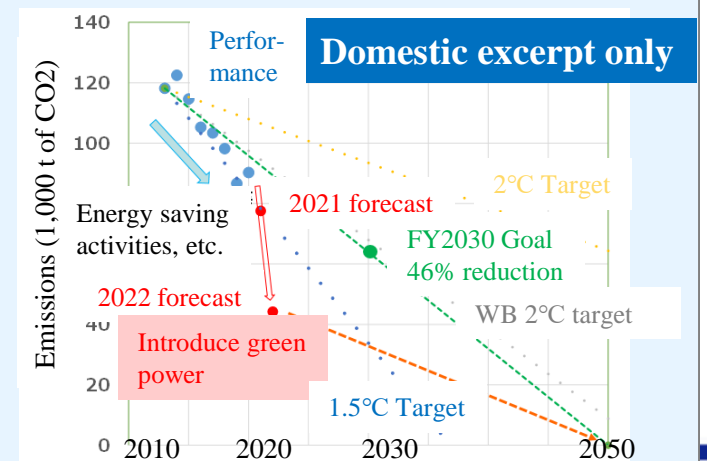
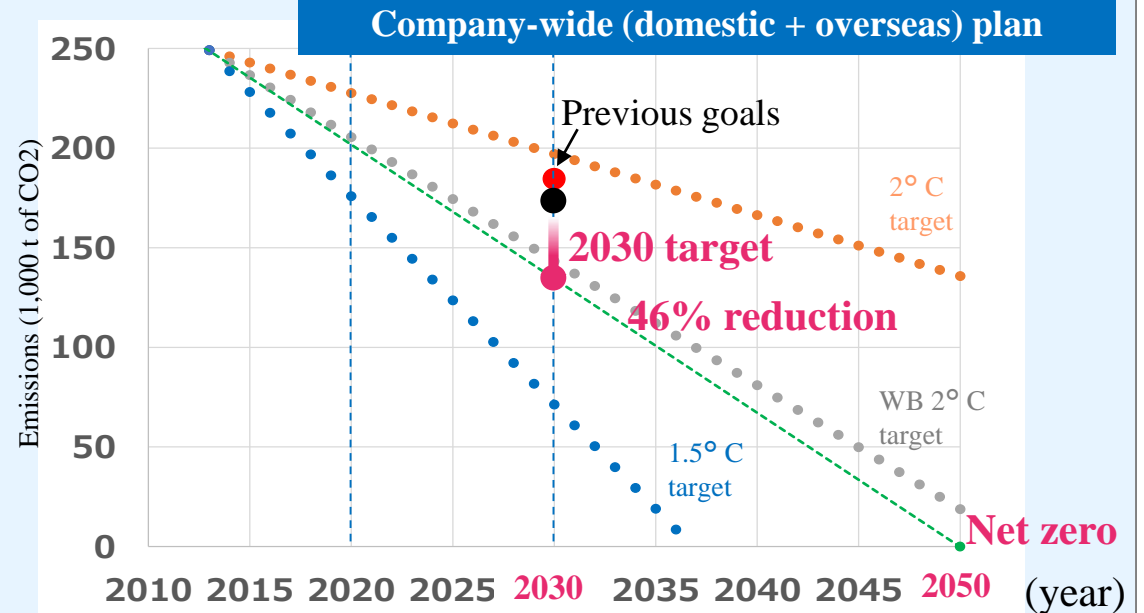
Proactive adoption of new fuel conversion technologies (hydrogen, etc.)

Starting January 2022

Switch to green power* at domestic factories and laboratories
Potential reduction of 60% or more compared to 2013

Achieved 2030 domestic goal ahead of schedule

*Power from renewable energy sources (Hydroelectric, geothermal, solar, wind power, biomass)



Increase market share through expanded sales from advanced materials to general-purpose materials

The medium- to long-term semiconductor growth scenario remains unchanged

Existing markets: Computers, smartphones, home appliances

New markets: Data centers, electric automobiles, smart devices

▶ **Grow into a 100-trillion-yen market**
(2030: Our estimate)

■ Expanding production capacity corresponding to further demand

- Taiwan factory: Double production capacity (2023 operation planned) **NEW**
- China factory: 1.5 times production capacity (January 2022 operation start)
- European region: Install new mobility material (ECU material) line (March 2022 operation start)
- North American region: Consider new mobility material (motor material) line (2022 and later)

■ Lineup of high-performance materials corresponding to the 5G and DX era

- Develop materials used for advanced packaging
MUF (molded underfill) materials, granular material for compression molding
- For next-generation communications ⇒ Control of dielectric properties, optical circuit materials

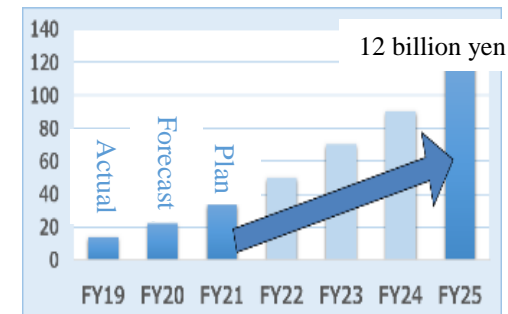


Sumitomo Bakelite (Taiwan) Co., Ltd.

Proposing new solutions to move electrification forward

■ Accelerating the adoption of the 3 strategic mobility sector products

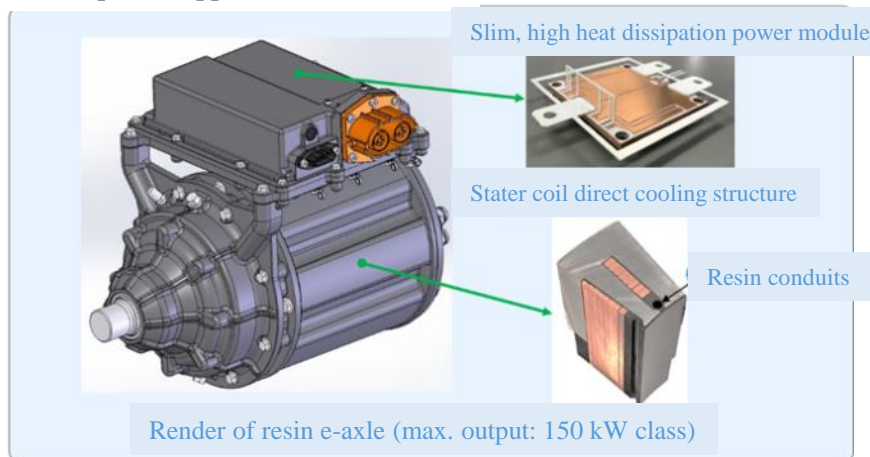
- Materials for fixing motor magnet: Worldwide application developments in countries including Japan, U.S., Europe, China, and Korea
- ECU direct encapsulation materials: Begin large sales for Europe
- Encapsulation materials for power module: High heat-resistant materials for SiC and GaN devices



■ Adoption of the NEDO decarbonization and energy-saving program "Develop resin applications for e-axes"

- Plans to assemble the 150 kW resin e-axle. Evaluate and support realization of customer value

Develop resin applications for e-axes



Development themes

- ① Stator coil direct cooling structure
- ② Slim, high heat dissipation power module
- ③ Resin housing (Inverter case, motor housing)
- ④ Development of a rotor capable of high-speed rotation
- ⑤ E-axle evaluation technology

Focus on growth markets through product portfolio transformation

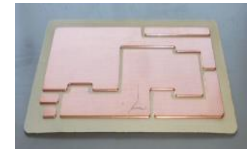
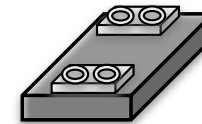
■ Increasing market shares of existing products

- Strengthening global collaboration (cross-functional team): Brake piston materials, friction materials, tire applications
- Reinforcing regional strategies (China): Materials for transformer bobbins, etc. (Europe): Large molded products for EVs, etc.

■ Growth strategies that anticipate changes in the market

- Support electrification (EV)
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 high-performance, high-resolution display elements (Color filters, resists, etc.)
- Environmentally friendly phenolic resins
Plant-derived (lignin-modified), low VOC materials (Completely water-soluble materials, sheet materials) *VOC: Volatile organic compounds

Epoxy resin cast molding materials and heat dissipating substrate materials for high heat-resistant applications on automobiles



High-dimensional precision compound "SiON"
Metal replacement for electric power steering



■ Actions on the stagnant market

- Aircraft interior components → While market conditions are recovering, bolster initiatives in Europe OE and continue reducing fixed costs
- Phenolic paper copper-clad laminate (For consumer devices) → End production and sales (To September 2022)

Improve functionality and further expand to new business fields

■ Expanding business fields with functional films (films & sheets)

- Creation of food skin packaging market
Branding strategy is moved forward ⇒ Progress in adoption at major supermarkets
- Industrial films: Expansion for Chinese semiconductors and electronic components

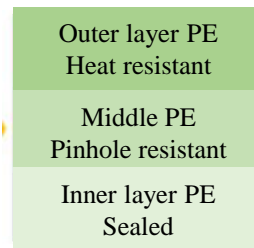


Skin packaging

Significantly extends the shelf life of raw meat, contributing to reduced food loss

■ Development of environmentally friendly films (film & sheets)

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



Formation of mono-material film segment
Mono-materialization of multi-layered film improves recyclability

■ 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-related development
- Multi-function roofing materials “SUMIROOF”: Shortens construction times, attracting attention of general contractors



Antiviral, antibacterial droplet prevention panels

(Sales began October 2021)



軽量高断熱耐火ルーフィングユニット
スミールFDN
防水性能をプラスした断熱鋼板屋根

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

■ Start of SB-Kawasumi Laboratories (October 2021)

(Integration of medical device business of Kawasumi Laboratories, Inc. and Sumitomo Bakelite Co., Ltd.)

⇒ Increasing presence in the medical device industry

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

[Sales] Restructuring the hospital and corporate sales organization

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

■ Expansion of biotechnology business

- Sales are strong for COVID-19 testing-related products
 - SB Bioscience absorbed (April 2022)
- ⇒ Incorporating the diagnostic medicine business into the main entity



New HQ of SB-Kawasumi Laboratories and Tonomachi Medical Research Laboratory

Located in Kawasaki's national strategic special zone, King Sky Front



Front



Laboratory



Micro flow path chip



Serum tubes for specimen transport

This presentation material contains forward-looking statements that are based on management's estimates, assumptions and projections as of November 8, 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 FY2021 runs from April 1, 2021 through March 31, 2022.*