

[Notes]

(1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : Yes

New: 1 Company(Company name: KAWASUMI LABORATORIES, INC.) , Exempt: - (Company name: -)

(2) Changes in accounting policies and changes in accounting estimates

a) Changes in accounting policies required by IFRS : None

b) Changes in accounting policies other than a) : None

c) Changes in accounting estimates : None

(3) Number of outstanding shares

(Shares)

a) Number of outstanding shares (including treasury shares)

As of December 31, 2020	49,590,478	As of March 31, 2020	49,590,478
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b) Number of treasury shares

As of December 31, 2020	2,532,487	As of March 31, 2020	2,531,481
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c) Average number of outstanding shares during the period
(excluding treasury shares)

April 2020 - December 2020	47,058,549	April 2019 - December 2019	47,059,836
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(Information on implementation status of quarterly review)

This "Summary of Consolidated Business Results" is not subject to quarterly review procedures by certified public accountants or audit firm.

(Information on appropriate use of forecasts)

The forecasts stated in this summary are based on information which is currently available to Sumitomo Bakelite Co., Ltd. and certain assumptions regarded to be reasonable. Since they do not guarantee future performance, there are possibilities that actual results may differ due to various factors.

Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Millions of yen)

	March 31, 2020	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	65,771	95,897
Trade and other receivables	44,828	52,651
Other financial assets	38	33
Inventories	36,478	37,911
Other current assets	3,417	3,907
Total current assets	150,533	190,399
Non-current assets		
Property, plant and equipment	90,388	98,888
Right-of-use assets	3,944	5,786
Goodwill	2,205	2,219
Other intangible assets	2,534	2,660
Investments accounted for using equity method	9,203	-
Other financial assets	21,264	28,479
Retirement benefit asset	1,094	909
Deferred tax assets	1,553	1,423
Other non-current assets	604	218
Total non-current assets	132,790	140,583
Total assets	283,322	330,982

(Millions of yen)

	March 31, 2020	December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	24,368	50,920
Trade and other payables	42,892	43,781
Other financial liabilities	1,013	1,420
Income taxes payable	1,710	2,212
Provisions	1,008	696
Other current liabilities	689	772
Total current liabilities	71,680	99,799
Non-current liabilities		
Borrowings	21,256	25,719
Other financial liabilities	2,026	2,892
Retirement benefit liability	2,719	4,598
Provisions	550	563
Deferred tax liabilities	5,726	6,985
Other non-current liabilities	212	524
Total non-current liabilities	32,489	41,280
Total liabilities	104,168	141,079
Equity		
Share capital	37,143	37,143
Capital surplus	35,359	35,362
Treasury shares	(6,780)	(6,783)
Other components of equity	449	2,182
Retained earnings	110,967	120,055
Total equity attributable to owners of parent	177,138	187,959
Non-controlling interests	2,016	1,944
Total equity	179,154	189,903
Total liabilities and equity	283,322	330,982

(2) Condensed Quarterly Consolidated Statements of Income and Comprehensive Income
(Condensed quarterly consolidated statements of income)

(Millions of yen)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Revenue	157,687	149,035
Cost of sales	(110,431)	(103,803)
Gross profit	47,257	45,232
Selling, general and administrative expenses	(34,891)	(33,707)
Business profit	12,366	11,525
Other income	163	8,247
Other expenses	(1,035)	(1,212)
Operating profit	11,494	18,560
Finance income	1,256	1,024
Finance costs	(242)	(5,032)
Share of profit (loss) of investments accounted for using equity method	198	(37)
Profit before tax	12,706	14,515
Income tax expenses	(2,725)	(2,672)
Profit	9,981	11,843
Profit attributable to:		
Owners of parent	9,987	11,793
Non-controlling interests	(6)	50
Profit	9,981	11,843
Earnings per share		
Basic earnings per share (Yen)	212.22	250.60
Diluted earnings per share (Yen)	—	—

(Condensed quarterly consolidated statements of comprehensive income)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit	9,981	11,843
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	605	2,068
Remeasurements of defined benefit plans	(0)	(1)
Share of other comprehensive income of investments accounted for using equity method	231	17
Total items that will not be reclassified to profit or loss	836	2,084
Items that may be reclassified to profit or loss		
Cash flow hedges	76	77
Exchange differences on translation of foreign operations	(2,420)	(364)
Share of other comprehensive income of investments accounted for using equity method	52	77
Total items that may be reclassified to profit or loss	(2,291)	(210)
Other comprehensive income, net of tax	(1,455)	1,874
Comprehensive income	8,526	13,717
Comprehensive income attributable to:		
Owners of parent	8,524	13,646
Non-controlling interests	2	71
Comprehensive income	8,526	13,717

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

(Millions of yen)

	Total equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations			
Balance at beginning of current period	37,143	35,359	(6,775)	106,399	9,362	-	(239)	(2,431)	6,692	1,816	180,635
Profit	-	-	-	9,987	-	-	-	-	-	(6)	9,981
Other comprehensive income	-	-	-	-	821	15	76	(2,375)	(1,463)	8	(1,455)
Comprehensive income	-	-	-	9,987	821	15	76	(2,375)	(1,463)	2	8,526
Dividends from surplus	-	-	-	(3,882)	-	-	-	-	-	(125)	(4,007)
Purchase of treasury shares	-	-	(5)	-	-	-	-	-	-	-	(5)
Change due to new consolidation of subsidiaries	-	-	-	-	-	-	-	-	-	352	352
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	(457)	472	(15)	-	-	457	-	-
Total transactions with owners	-	-	(5)	(4,340)	472	(15)	-	-	457	227	(3,660)
Balance at end of current period	37,143	35,359	(6,779)	112,046	10,655	-	(163)	(4,806)	5,686	2,046	185,501

For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

(Millions of yen)

	Total equity attributable to owners of parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity				Total		
					Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Cash flow hedges	Exchange differences on translation of foreign operations			
Balance at beginning of current period	37,143	35,359	(6,780)	110,967	7,222	-	(203)	(6,570)	449	2,016	179,154
Profit	-	-	-	11,793	-	-	-	-	-	50	11,843
Other comprehensive income	-	-	-	-	2,105	(23)	77	(307)	1,853	21	1,874
Comprehensive income	-	-	-	11,793	2,105	(23)	77	(307)	1,853	71	13,717
Dividends from surplus	-	-	-	(2,824)	-	-	-	-	-	(96)	(2,920)
Purchase of treasury shares	-	-	(3)	-	-	-	-	-	-	-	(3)
Change due to new consolidation of subsidiaries	-	-	-	-	-	-	-	-	-	61	61
Acquisition of non-controlling interests	-	3	-	-	-	(1)	-	(0)	(2)	(108)	(106)
Transfer from other components of equity to retained earnings	-	-	-	119	(143)	24	-	-	(119)	-	-
Total transactions with owners	-	3	(3)	(2,705)	(143)	23	-	(0)	(120)	(143)	(2,969)
Balance at end of current period	37,143	35,362	(6,783)	120,055	9,184	-	(126)	(6,877)	2,182	1,944	189,903

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Cash flows from operating activities		
Profit before tax	12,706	14,515
Depreciation and amortization	8,373	8,943
Gain on bargain purchase	-	(8,101)
Interest and dividend income	(1,182)	(807)
Interest expenses	242	263
Loss (gain) on step acquisition	-	4,598
Decrease (increase) in trade and other receivables	(1,810)	(2,898)
Increase (decrease) in trade and other payables	(2,832)	(3,864)
Decrease (increase) in inventories	(250)	2,979
Others, net	411	768
Subtotal	15,658	16,396
Interest received	622	300
Dividends received	625	588
Interest paid	(220)	(239)
Income taxes paid	(2,818)	(2,200)
Net cash provided by (used in) operating activities	13,868	14,845
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,089)	(6,647)
Proceeds from sale of property, plant and equipment	153	256
Purchase of investment securities	(119)	(327)
Proceeds from sale of investment securities	142	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(4,543)
Others, net	(2)	(592)
Net cash provided by (used in) investing activities	(7,915)	(11,852)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(202)	146
Increase (decrease) in commercial papers	9,000	4,500
Proceeds from long-term borrowings	-	27,023
Repayments of long-term borrowings	(6,425)	(245)
Repayments of lease liabilities	(525)	(620)
Dividends paid	(3,882)	(2,824)
Dividends paid to non-controlling interests	(125)	(96)
Others, net	(5)	(109)
Net cash provided by (used in) financing activities	(2,164)	27,775
Effect of exchange rate changes on cash and cash equivalents	(977)	(642)
Net increase (decrease) in cash and cash equivalents	2,813	30,126
Cash and cash equivalents at beginning of period	59,640	65,771
Cash and cash equivalents at end of period	62,453	95,897

Segment Information

Major products and services categorized in each reportable segment are as follows:

Reportable segments	Major products and services
Semiconductor materials	Epoxy resin molding compounds for encapsulation of semiconductor devices, Positive-type photosensitive coating resins for semiconductor wafers, Pastes for die bonding, Semiconductor substrate materials
High-performance plastics	Phenolic molding compounds, Phenolic resins for industrial use, Molded parts and molding dies, Synthetic resin adhesive, Phenolic resin copper-clad laminates, Epoxy resin copper-clad laminates, Aerospace interior components
Quality of life products	Medical devices and pharmaceuticals, Melamine resin decorative laminates and sheets, Polyvinyl chloride sheets and multilayered films, Freshness preserving films, Polycarbonate resin plates, Polyvinyl chloride plates, Design and construction of sheet waterproof system, Biotechnology related products

For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	37,924	64,532	54,729	501	157,687	-	157,687
Intersegment	-	97	0	-	97	(97)	-
Total revenue	37,924	64,629	54,730	501	157,784	(97)	157,687
Segment profit (loss)	6,269	3,393	4,978	85	14,725	(2,359)	12,366

(Note) "Segment profit (loss)" is "Business Profit" which is defined as "Revenue" less "Cost of sales" and "Selling, general and administrative expenses".

For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	41,034	51,139	56,448	413	149,035	-	149,035
Intersegment	-	110	0	-	110	(110)	-
Total revenue	41,034	51,249	56,449	413	149,145	(110)	149,035
Segment profit (loss)	6,648	1,904	5,164	(20)	13,695	(2,171)	11,525

(Note) "Segment profit (loss)" is "Business Profit" which is defined as "Revenue" less "Cost of sales" and "Selling, general and administrative expenses".

Reconciliation from "Segment profit (loss)" to "Profit before tax"

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Segment profit (loss)	12,366	11,525
Other income	163	8,247
Other expenses	(1,035)	(1,212)
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