



# Financial Results for 2nd Quarter of FY2022

November 7, 2022

Sumitomo Bakelite Co., Ltd.

# Outline of Financial Results for 2nd Quarter of FY2022

# Financial Results for 2nd Quarter of FY2022 (Y/Y)

[Unit: Billion yen]

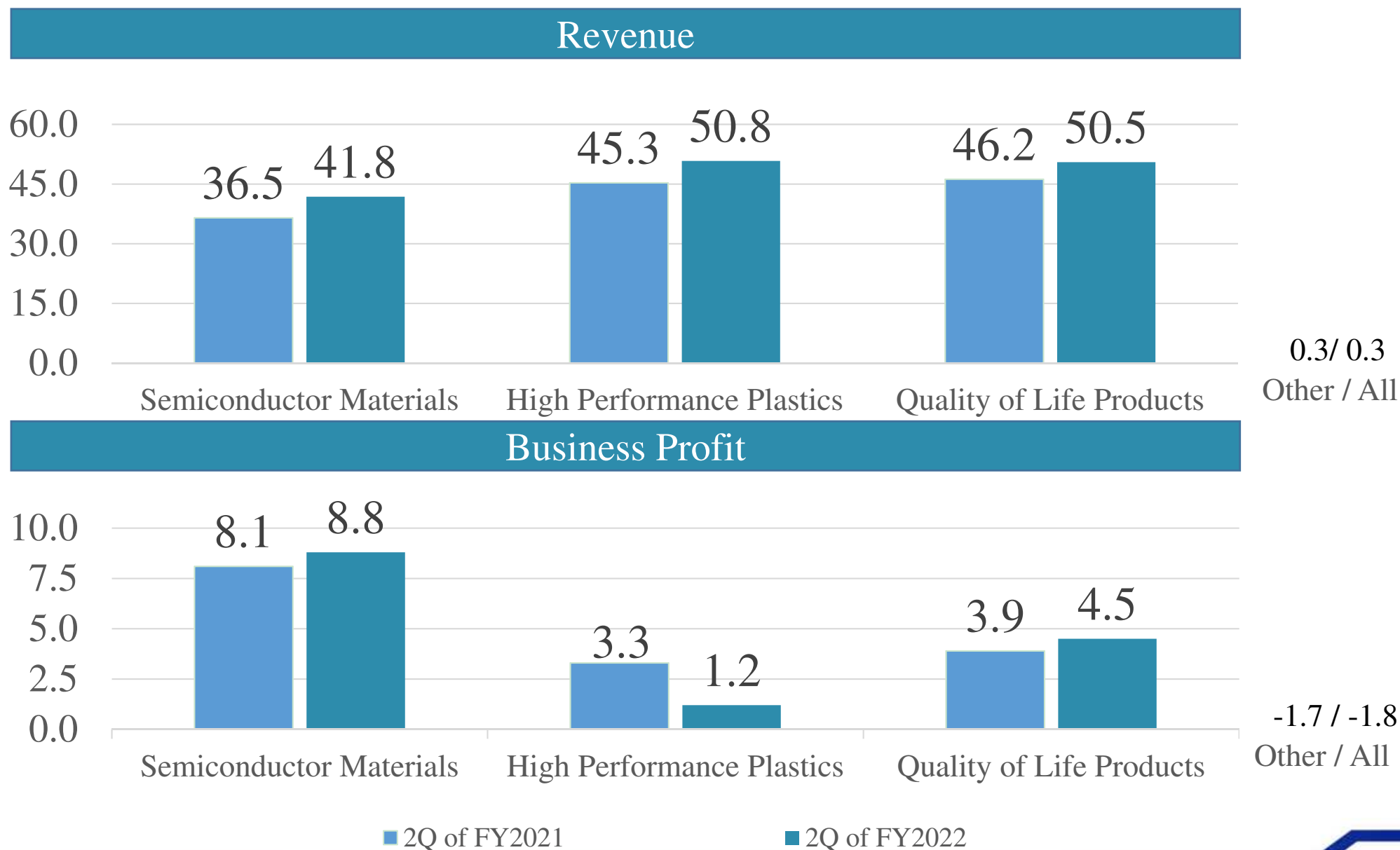
	2Q of FY2021	2Q of FY2022	Variance (Y/Y)	
	(1)	(2)	(2)-(1)	Ratio
Revenue	128.3	143.5	15.2	11.8%
Business Profit	13.7	12.7	-1.0	-7.4%
Operating Profit	13.5	12.5	-1.0	-7.7%
Profit attributable to owners of parent	10.3	9.2	-1.0	-10.2%

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

FOREX	2Q - FY2021	2Q - FY2022
JPY / USD	110.18	133.46
JPY / EUR	130.97	138.79

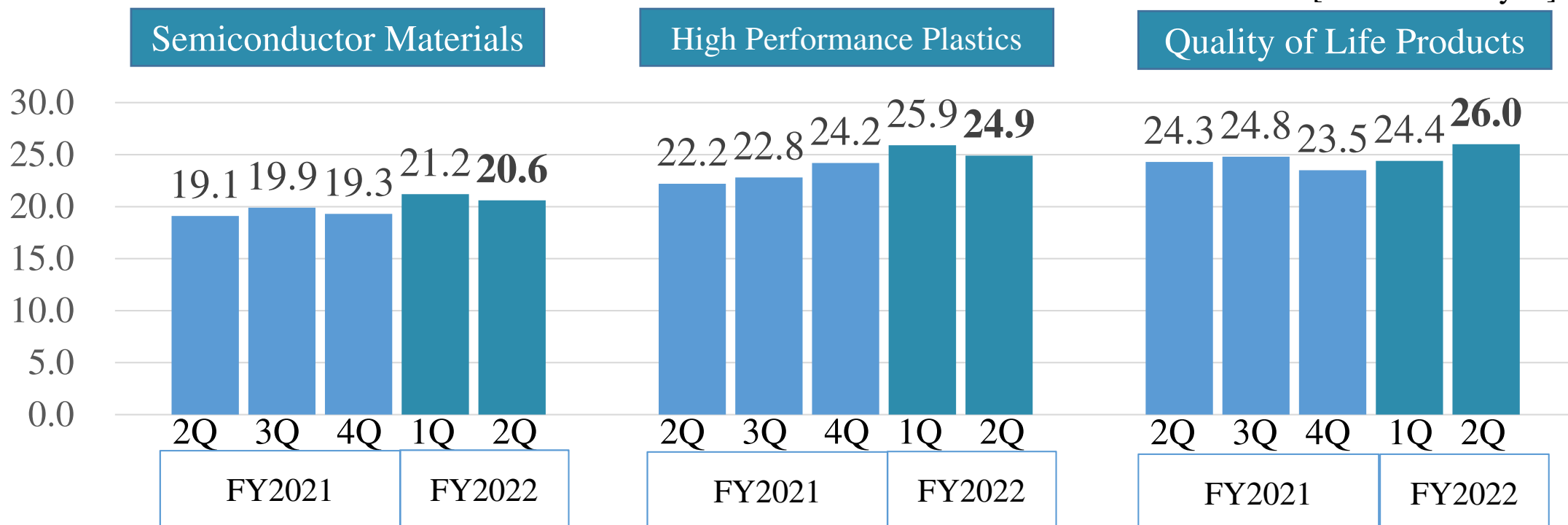
# Revenue and Business Profit by Business Segment (Y/Y)

[Unit: Billion yen]



# Quarterly Revenue by Business Segment

[Unit: Billion yen]



## ■ Semiconductor Materials

Sales for automotive IC applications were strong. However, the impact of inventory adjustment in consumer applications remained steady.

## ■ High Performance Plastics

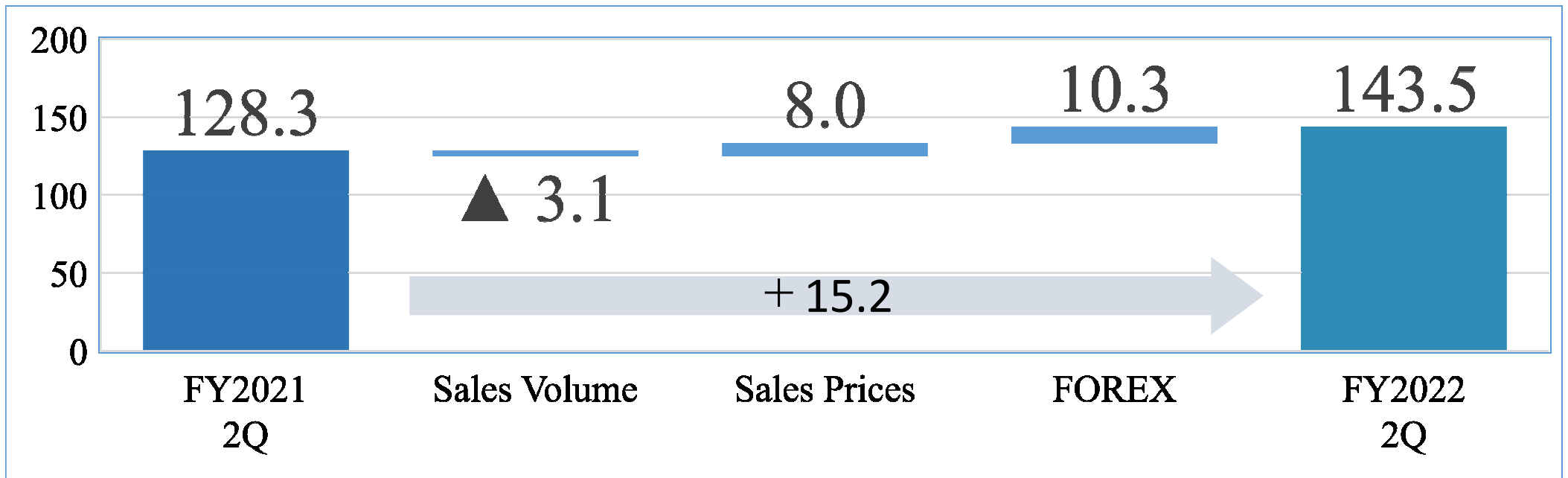
Sales volume declined due to automobile production cutbacks and lockdown in China, as well as slumping demand for consumer applications.

## ■ Quality of Life Products

Sales revenue remained strong due to continued strong performance in healthcare-related products such as blood collection kits exported to North America and films & sheets for pharmaceutical packaging. In addition, progress was made in passing on soaring raw material prices to selling prices.

# Analysis of Revenue (Y/Y)

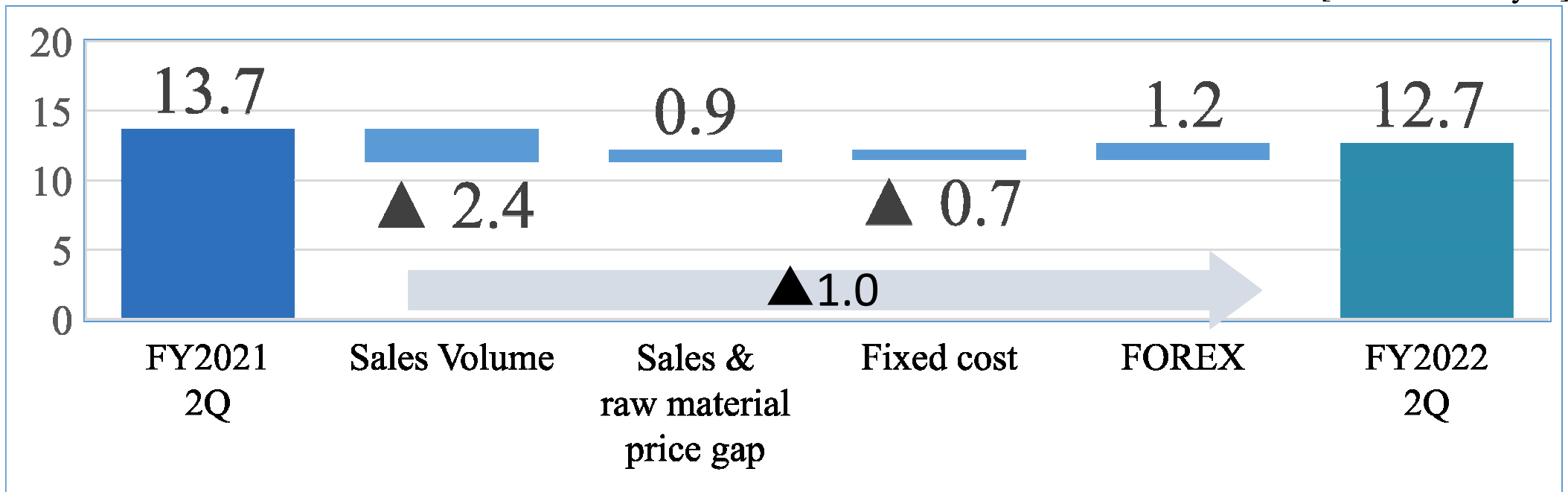
[Unit: Billion yen]



Segment	Sales Volume	Sales Prices	FOREX	Total
Semiconductor Materials	▲0.2	+ 1.3	+ 4.2	+ 5.3
High Performance Plastics	▲4.8	+ 5.4	+ 4.9	+ 5.5
Quality of Life Products	+ 1.8	+ 1.3	+1.1	+ 4.3

# Analysis of Business Profit (Y/Y)

[Unit: Billion yen]



Segment	Sales Volume	Sales & raw material price gap	Fixed cost	FOREX	Total
Semiconductor Materials	+0.1	+0.3	▲0.7	+0.9	+0.7
High Performance Plastics	▲2.8	+0.7	▲0.2	0.0	▲2.2
Quality of Life Products	+0.2	▲0.1	+0.3	+0.2	+0.6
Others	+0.1	0.0	▲0.1	0.0	▲0.1

# Financial Forecasts for FY2022

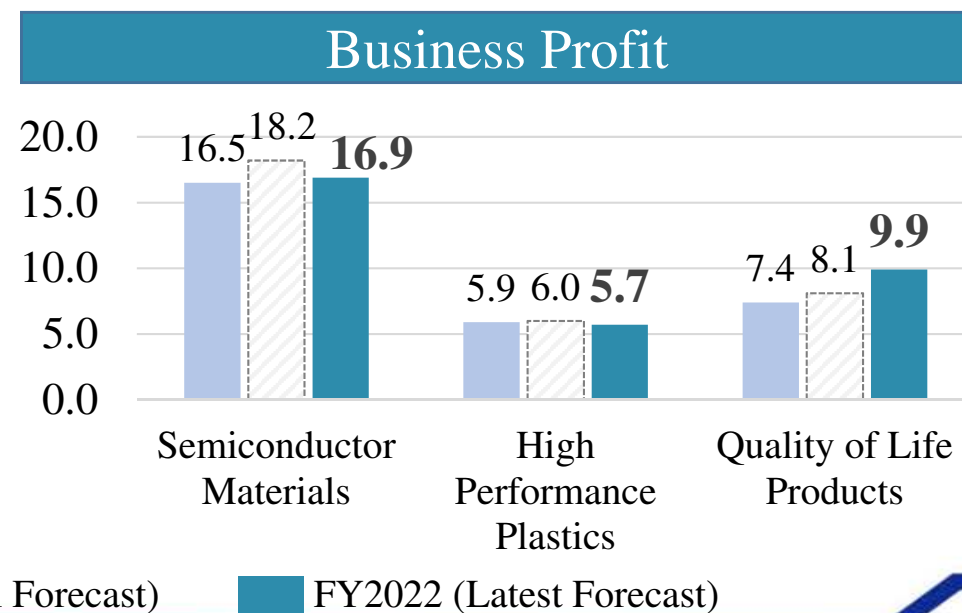
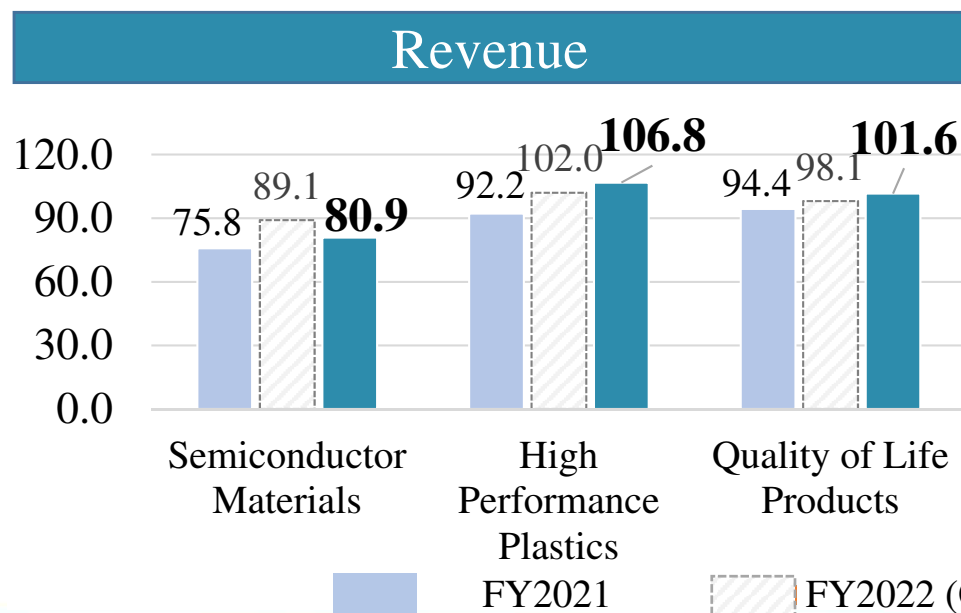


# Financial Forecasts for FY2022 (Y/Y)

No change in the forecasted figures for the entire company , but the segment figures have been revised. [Unit: Billion yen]

	FY2021 Result (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 the 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".



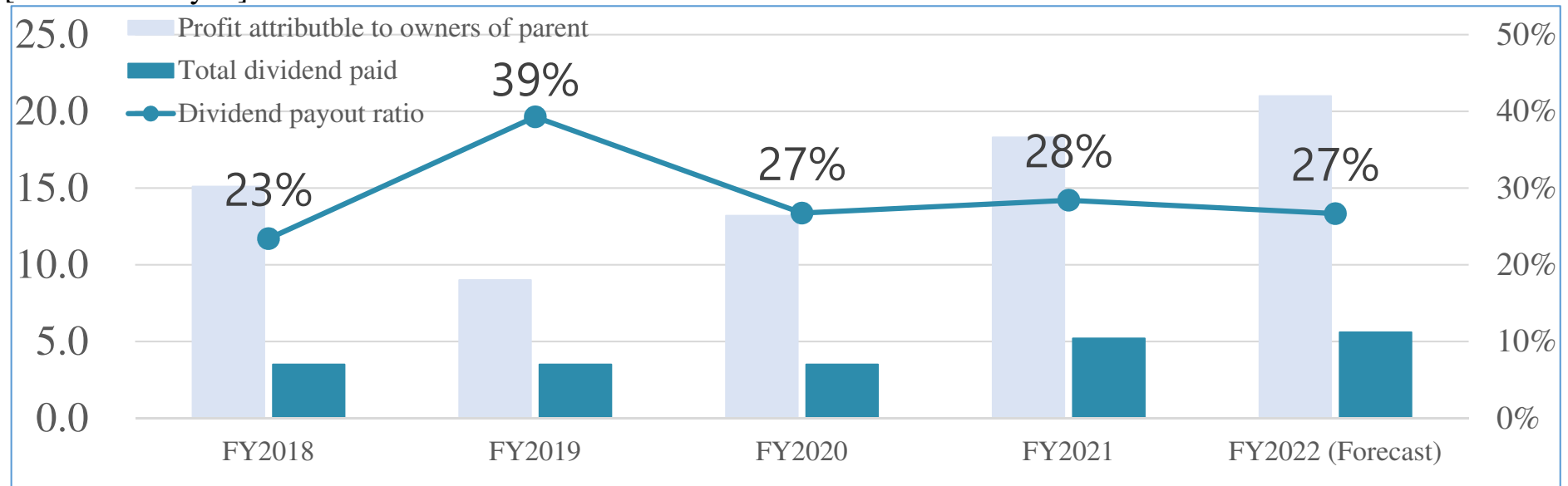
# Dividends

There is no change from Announcement on May 16, 2022.

■ 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**

[Unit: 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	60.00	<b>60.00</b>
Total	75.00	75.00	75.00	110.00	<b>120.00</b>

# Medium-term Business Plan (FY2021-FY2023)

# 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



One Sumibe  
共につなげる

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: 300 billion yen, Business profit: 30 billion yen, ROE: 10%  
(Revised on May 16,2022)

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**

(Actual)

48%



**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, **analyzing scenarios is published.**

## 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

# Progress on Key Measures

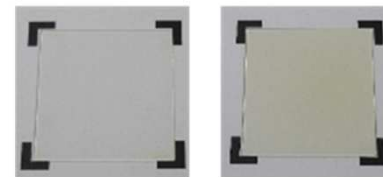
Use production/sales/R&D support organizations to expand sales to customers,  
from general purpose to advanced materials

## [Future initiatives]

- Increase share of encapsulation material market, focusing on automotive applications (ADAS, xEV conversion)
- Support rapidly expanding solar power generation and power semiconductor applications (especially in the Chinese market)
- Expand sales of high thermal conductive MUF (molded underfill) materials and granular materials in the high-speed/capacity communications field (memory, SiP, WLP, antenna modules, etc.)
  - Installed a new granular material production line in Kyushu Sumitomo Bakelite Co., Ltd. (began sample work)

◆ Appearance after LED light exposure test (500 hours)

CRX-4000 Series      Conventional product



(Sample: 10 μm-thick reinforcement coating on glass)

Functional photosensitive material  
(photo on the left)



New Suzhou factory  
(conceptual drawing)

## [Medium/long-term initiatives]

- Establishment of photosensitive materials business
  - Functional photosensitive materials to support microfabrication related to LED chips (highly transparent, highly light resistant)
- Expansion of "local production for local consumption" with an eye on the future
  - China: Construct a new factory to increase production capacity 1.3 times over (operation scheduled to begin at the start of FY2024)  
Aim to increase market share for mobility, automotive, general purpose IC, vehicle, and power applications

## Resin solutions for the expanding electric vehicle market

### ■ Expansion of worldwide sales of three strategic mobility products to increase competitiveness in growth markets

- Enhance "local production for local consumption" of motor magnet fixing material and ECU direct encapsulation material

Europe: [Motor magnet fixing material] Begin mass production within the year;  
 [ECU direct encapsulation material] Ship certification samples within the year  
 North America: Install equipment, and ship certification samples within the year

- Power module encapsulation material

Promote switch to mold type for EV/HEV, and develop materials in preparation for adopting Si/SiC power modules

### ■ Promotion of development of next-generation mobility applications

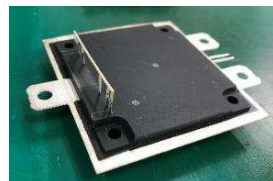
- Expand customer evaluations for stator products (improve motor cooling effectiveness, reduce coil discharge)



Motor magnet fixing material



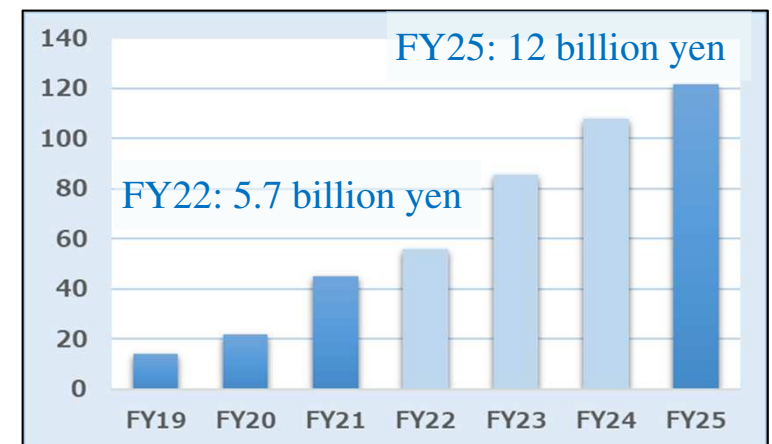
ECU direct encapsulation material



Power module encapsulation material



Stator encapsulation material



Sales plan for 3 mobility strategy products



Increase market share of existing products,  
and promote the development of next-generation growth fields

■ Increase market share of existing products through individualized customer support for each project

- Molding materials: Automobile parts for automobile (brake calipers, pistons, pulleys, commutators)
- Industrial resins: Adhesives, friction material, thermal insulation material, etc.



Commutator

■ Create new value for next-generation growth fields (electric vehicles, the environment)

• Electric vehicles

"SiON" high-dimensional precision compound, "PM-Plamec Series" composite plating technology

Long-fiber molding material, coil-end insulation material for drive motor

Heat dissipation insulation sheets for power module (12 w class)

Cast molding material for power module



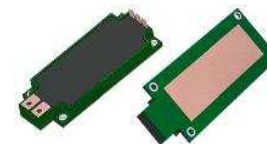
SiON

• The environment

Plant-derived (biomass) resin, low-VOC material

■ Dealing with the stagnant market

- Aircraft interior components:
  - Market conditions appear to be recovering;
  - bolster initiatives in Europe OEM and continue reducing fixed costs
  - > Significantly improve profit and loss



Cast molding material for power module



Low-VOC material



PM-Plamec

Propose solutions for heat management, downsizing/lightweight, and low vibration/noise using resin technology

Semiconductor Materials

High Performance Plastics

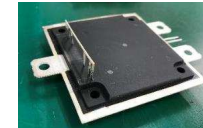
Composite plating  
technology (PM-Plamec)

Large resin case

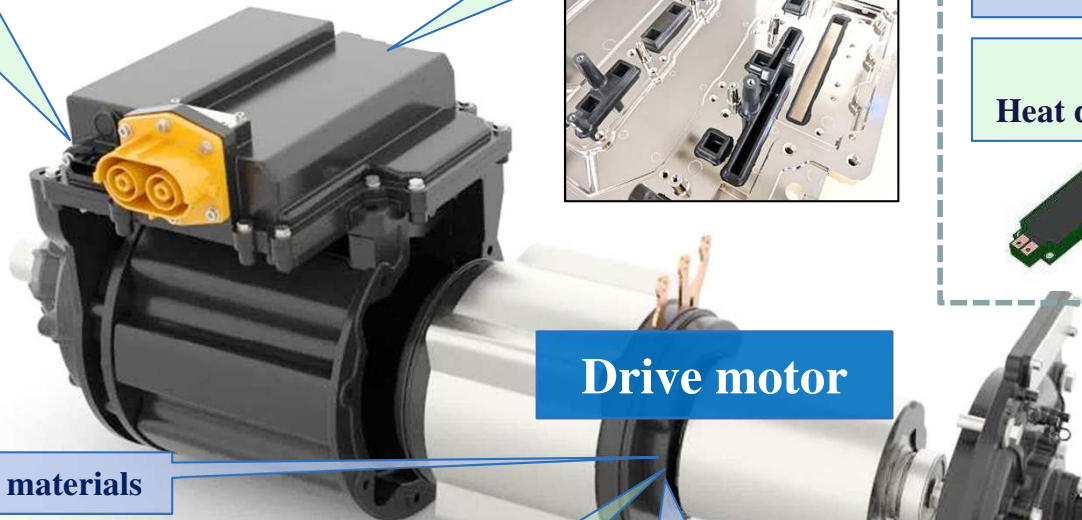
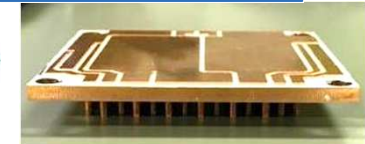
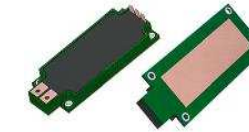
Invertor

Power module

Encapsulation  
material



Cast molding material,  
Heat dissipation and insulation sheet

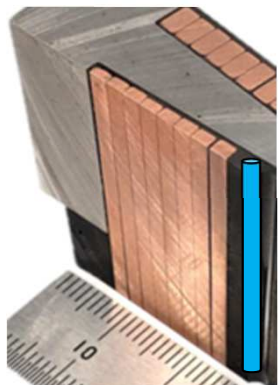


Drive motor

ECU direct  
encapsulation material



Stator encapsulation materials



Coil end encapsulation

Motor magnet fixing



**Fabricate resin e-Axle**

- Begin verifying the effect of switching to resin
- Motor output characteristics
- Vibration, noise, etc.

Determine social needs to create new value

■ Development of environmentally friendly films (Films & Sheets)

- Launch biomass PTP pharmaceutical packaging sheets to market
- Develop mono-material film for the European market



Biomass PTP pharmaceutical packaging

■ Expanding business domains with functional films (Films & Sheets)

- Industrial films: Semiconductor and electronic component cover tape  
Enhance local support and accelerate development in the Chinese market
- Food packaging film: Skin packaging for meat  
Create new value and develop a market for meat packaging applications
- Technical support from Package Innovation Center (PIC)
- Obtain third-party certification of comprehensive carbon footprint calculation system



Skin packaging

"Improved flavor," "reduced food loss"

■ Modification of business model (Industrial Functional Materials and Waterproofing)

- Optical products: Global HUD promotion
- Electrochromic technology: Propose new value in eyewear market
- Break ground for high-voltage device applications with a flame-retardant polycarbonate film that can be thinned, which has obtained only UL and tracking resistance CTI:0 from among zero-halogen products  
(Based on internal investigation)
- Develop the roofing material market with the "SUMIROOF DN" lightweight roof material with excellent airtightness and insulation features



PIC



Flame-retardant polycarbonate film



## Improve competitiveness in the healthcare field by maximizing synergy

### ■ Aim for 40 billion yen of sales revenue in FY2025 in the medical device business through the PMI development

#### [R&D]

- Centralize focus areas in Tonomachi Medical Research Laboratory, and improve involvement with customers
- Increase value through engaging in proactive business cooperation
- Expand the scope of application for endovascular treatment devices
- Expand alimentary canal stents to the full lineup

#### [Sales]

- Restructure the organization and improve operating efficiency  
North America, Asia, ASEAN:  
Expand the sales of blood collection kits and blood bags
- Japan:  
Expand the lineup of products for domestic hospitals and corporations

### ■ OneBio: Expand biotechnology business

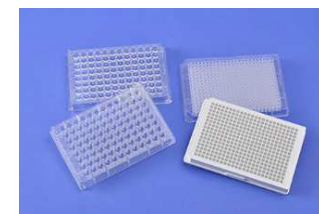
- Develop products that leverage core technologies in the regenerative medicine and antibody drug fields, and expand sales worldwide (PrimeSurface, SuperQuality)
- Expand sales of internally produced diagnostic medicine (for pancreatitis)



**New SB-Kawasumi HQ / Tonomachi Medical Research Laboratory**  
Located near Haneda Airport, convenient, and helps accelerate development speed through doctor visits



Blood bags



PrimeSurface



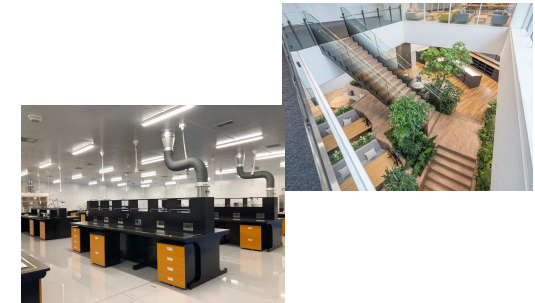
Diagnostic medicine products

## (SB-Kawasumi) PMI Initiative Status

### ■ Management integration

- Provide a clear integration vision to present clear goals

Support minimally invasive medicine and contribute to improving QOL by developing creative and advanced medical devices and by providing safe and secure products



New SB-Kawasumi HQ /  
Tonomachi Medical  
Research Laboratory

### ■ Business integration

- [All]
  - Promote business integration through the steering committee and 11 subcommittees
  - Conduct planned system integration
- [Sales]
  - Integrate redundant sales locations (Tokyo, Osaka, Fukuoka)
- [Research]
  - Consolidate developments in the field of minimally invasive medicine at Tonomachi Medical Research Laboratory and make mutual use of proprietary technologies
- [Management]
  - Consolidate common group-wide works of administrative works in SB-Kawasumi to Sumitomo Bakelite Co., Ltd.



Endovascular  
treatment-related products



Digestive system  
treatment-related products

### ■ Awareness integration

- Share vision, mission, medium/long-term goals, and basic policies
- Promote personnel exchange between SB-Kawasumi and Sumitomo Bakelite Co., Ltd.

This presentation material contains forward-looking statements that are based on management's estimates, assumptions and projections as of November 7, 2022.

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 FY2022 runs from April 1, 2022 through March 31, 2023.*