

Financial Results for 2nd Quarter of FY2023

November 6, 2023

Sumitomo Bakelite Co., Ltd.

Outline of Financial Results for 2nd Quarter of FY2023

Financial Results for 2nd Quarter of FY2023 (Y/Y)

[Unit: Billion yen]

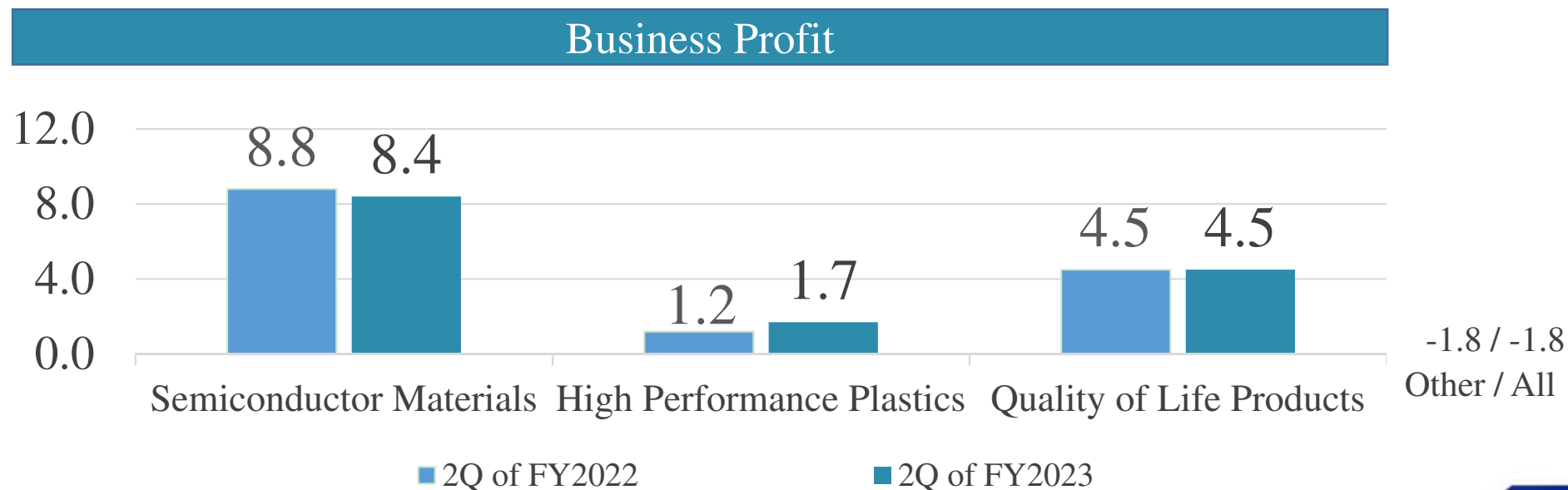
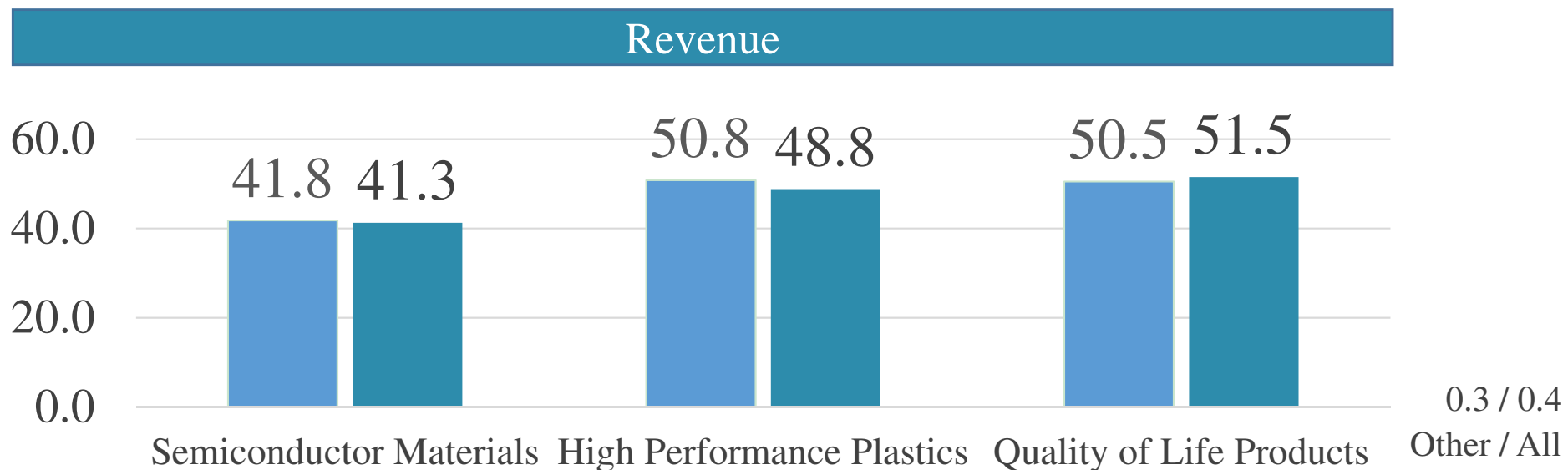
	2Q of FY2022	2Q of FY2023	Variance (Y/Y)	
	(1)	(2)	(2)-(1)	Ratio
Revenue	143.5	141.9	-1.5	-1.1%
Business Profit	12.7	12.8	0.1	1.1%
Operating Profit	12.5	12.6	0.1	1.0%
Profit attributable to owners of parent	9.2	11.1	1.8	20.0%

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

FOREX	2Q - FY2022	2Q - FY2023
JPY / USD	133.46	141.31
JPY / EUR	138.79	153.51

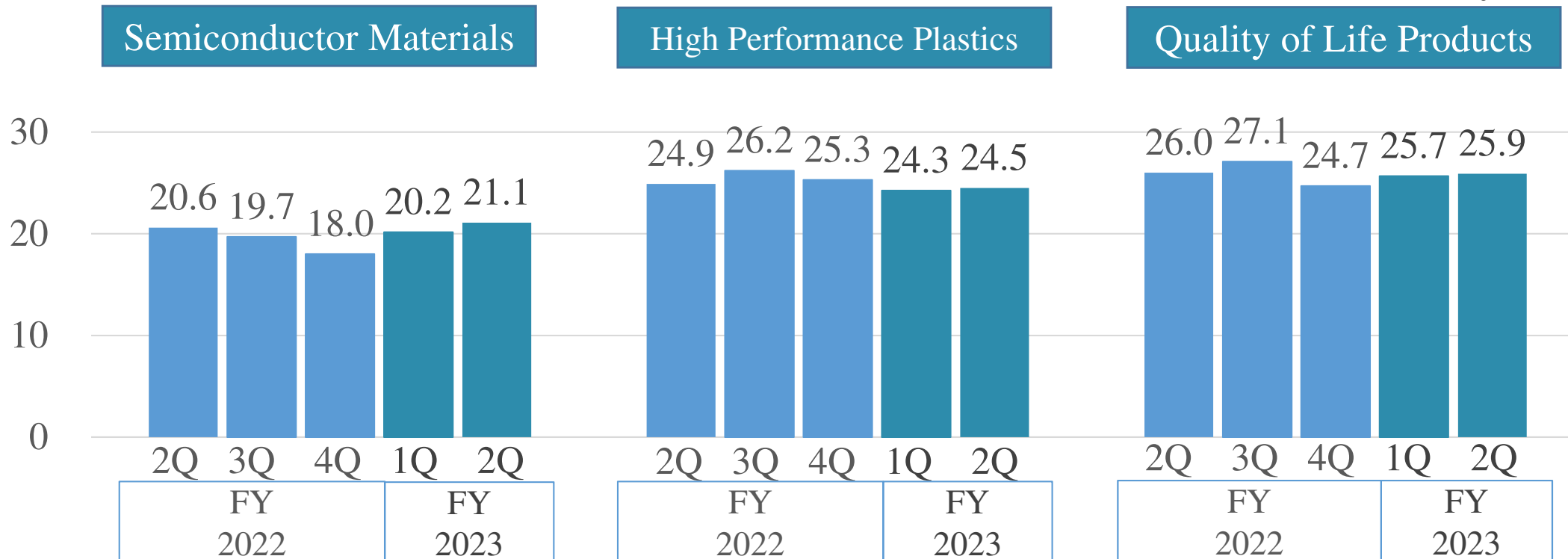
Revenue and Business Profit by Business Segment (Y/Y)

[Unit: Billion yen]



Quarterly Revenue by Business Segment

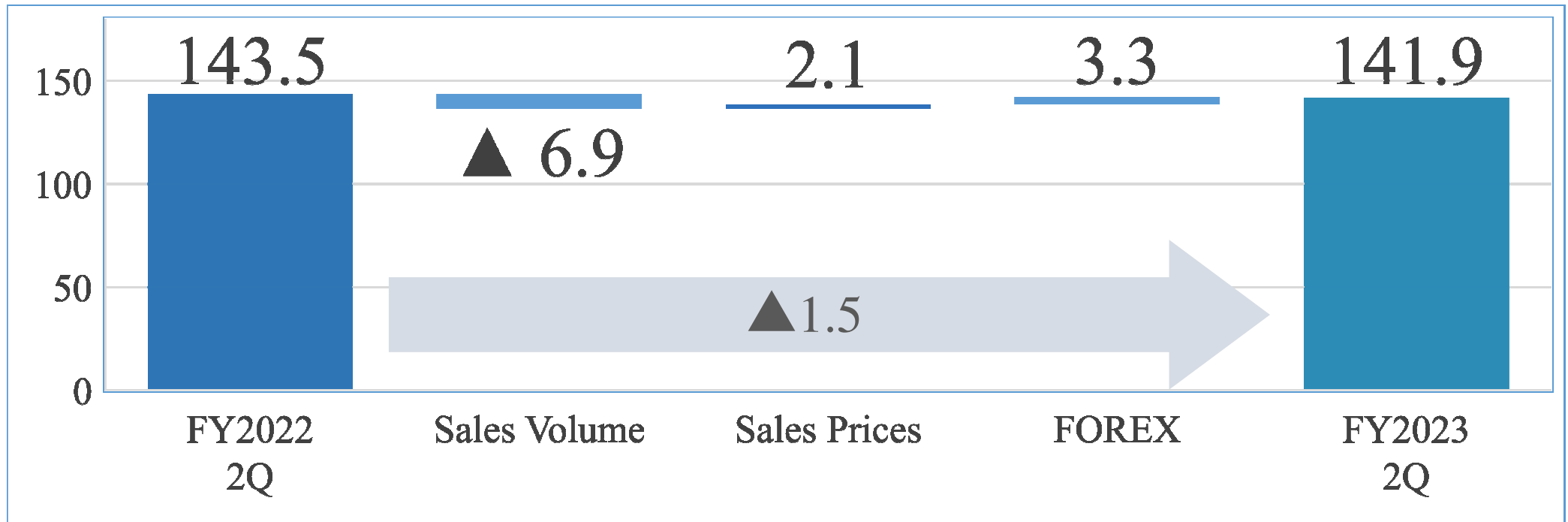
[Unit: Billion yen]



- Semiconductor Materials : Sales revenue in three strategic products for mobility is going up.
- High Performance Plastics : The impact of inventory adjustment in consumer applications is significant.
- Quality of Life Products : Sales revenue remains strong in films & sheets products and healthcare-related products.

Analysis of Revenue (Y/Y)

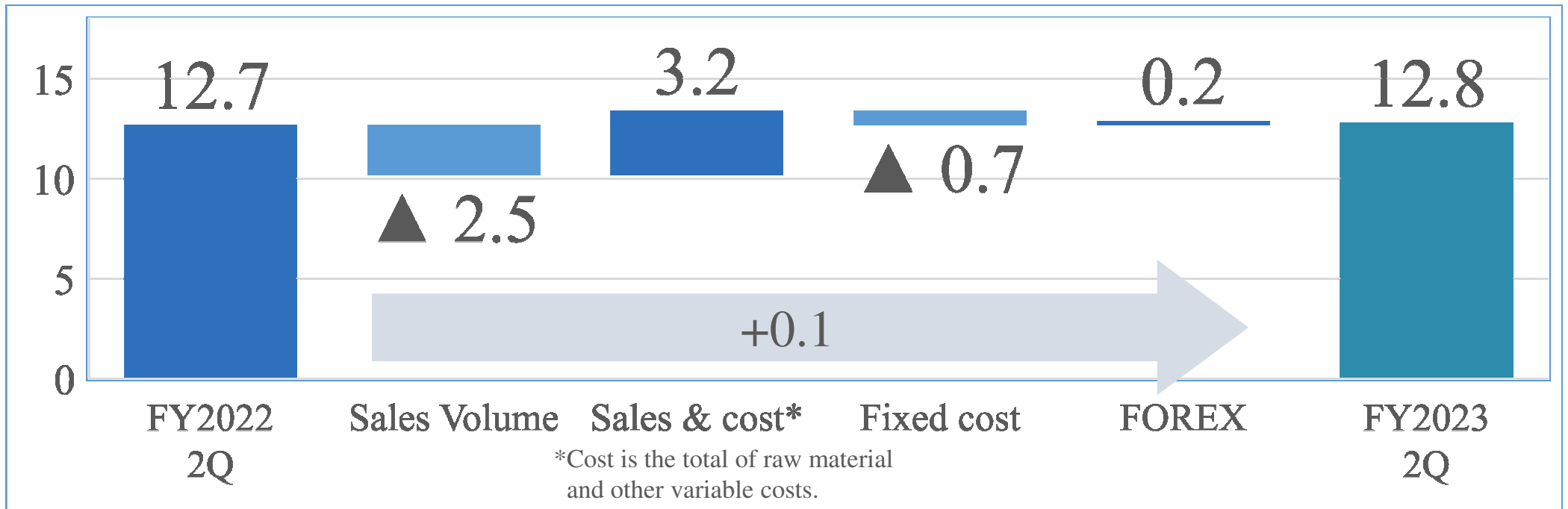
[Unit: Billion yen]



Segment	Sales Volume	Sales Prices	FOREX	Total
Semiconductor Materials	▲1.6	+0.1	+0.9	▲0.6
High Performance Plastics	▲4.7	+0.6	+2.1	▲2.0
Quality of Life Products	▲0.7	+1.4	+0.3	+1.1

Analysis of Business Profit (Y/Y)

[Unit: Billion yen]



Segment	Sales Volume	Sales & cost	Fixed cost	FOREX	Total
Semiconductor Materials	+0.0	▲0.4	▲0.1	+0.1	▲0.4
High Performance Plastics	▲1.8	+2.7	▲0.4	+0.1	+0.6
Quality of Life Products	▲0.8	+0.9	▲0.1	+0.0	+0.1
Others	+0.0	0.0	▲0.1	0.0	▲0.1

Financial Forecasts for FY2023

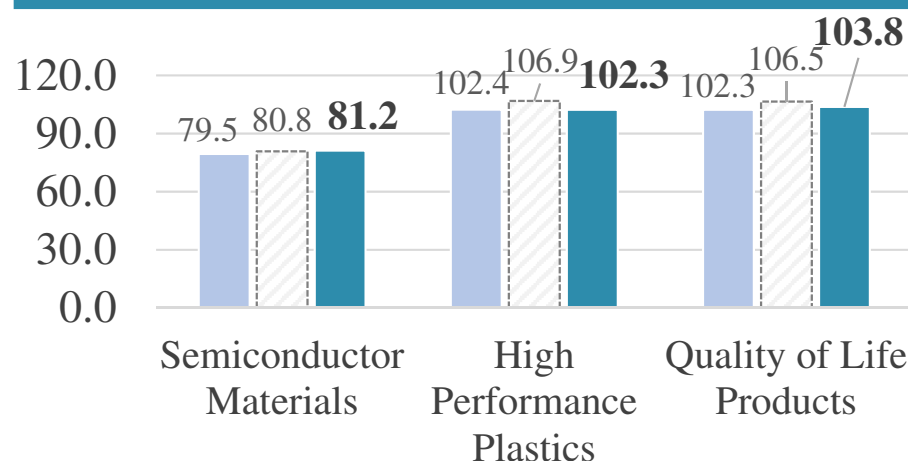
Financial Forecasts for FY2023 (Y/Y)

[Unit: Billion yen]

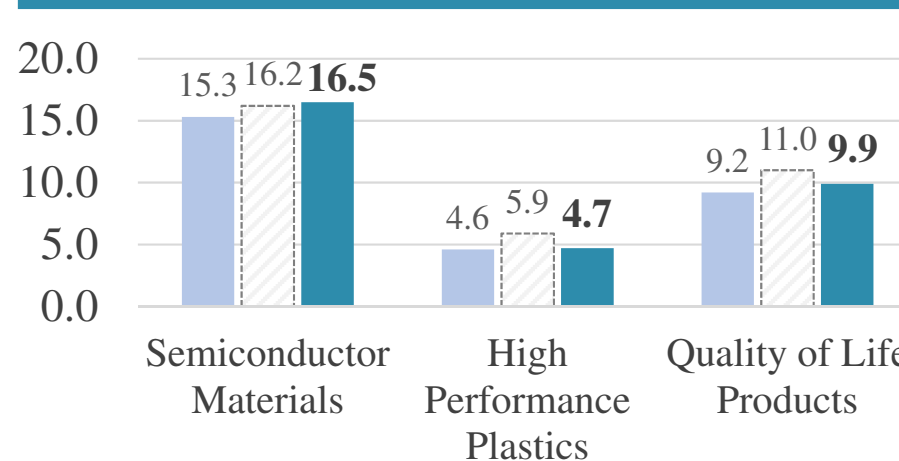
	FY2022 Result	FY2023		Variance	
		Previous Forecast(1) Announced on 15th May	Latest Forecast (2) Announced on 6th Nov	(2)-(1)	Ratio
Revenue	284.9	295.0	288.0	-7.0	-2.4%
Business Profit*	25.4	28.5	27.0	-1.5	-5.3%
Profit attributable to owners of the parent	20.3	21.5	21.5	-	-

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

Revenue



Business Profit



FY2022

FY2023 (Previous Forecast)

FY2023 (Latest Forecast)

Shareholder Returns

- Dividends Forecast (FY2023): 140.00 yen per share (interim 70 yen / Year-end 70 yen)
Dividends per share forecast is increased by 10 yen from FY2022
- Repurchases of own shares: Repurchase of 3 billion yen of own shares announced in May, 2023 has completed in September, 2023 as scheduled.
- Cancellation of own shares: 2,711,500 shares (5.47% of the total number of shares issued before cancellation) was cancelled on 31st October, 2023

■ FY2019-23 Dividends (Actual and Forecast)

*There is no change from Announcement on May 15, 2023.

Dividends (yen) /share	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast*)
Interim	37.50	45.00	50.00	60.00	70.00
Year-end	37.50	30.00	60.00	70.00	70.00
Total	75.00	75.00	110.00	130.00	140.00
Dividend payout ratio	39%	27%	28%	30%	30%

1st Half Summary and 2nd Half Initiatives in Each Segment

Semiconductor Materials

Market conditions recovered modestly. Initiatives were strengthened for highly integrated semiconductors and mobility.

(Billion yen)

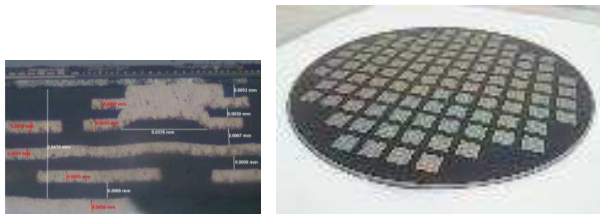
	Revenue	Business profit
1st half result	41.3	8.4
2nd half forecast	39.9	8.1
Full-year forecast	81.2	16.5

[1st half summary]

- Demand for products for consumer applications recovered gradually after hitting the bottom.
- While there was an increase in adoption of materials for highly integrated semiconductors, demand for final products was stagnant.
Molded underfill, granular materials, rewiring materials
- Expansion of power semiconductor materials in the Chinese market
High thermal conductivity and high-insulation encapsulating materials, high thermal conductivity die-bonding paste
- Three strategic products for mobility remained strong.

[2nd half initiatives]

- Increasing market share of materials for highly integrated semiconductors
Expanding the products to new customers and new applications, aiming for sales expansion
- Maintaining strong results for three strategic products for mobility, aiming for further expansion
Starting mass production with new lines in Europe, strengthening worldwide cooperation, and enhancing open labs
- Cultivating the Indian market
Paying attention to India as a growth market and starting marketing activities



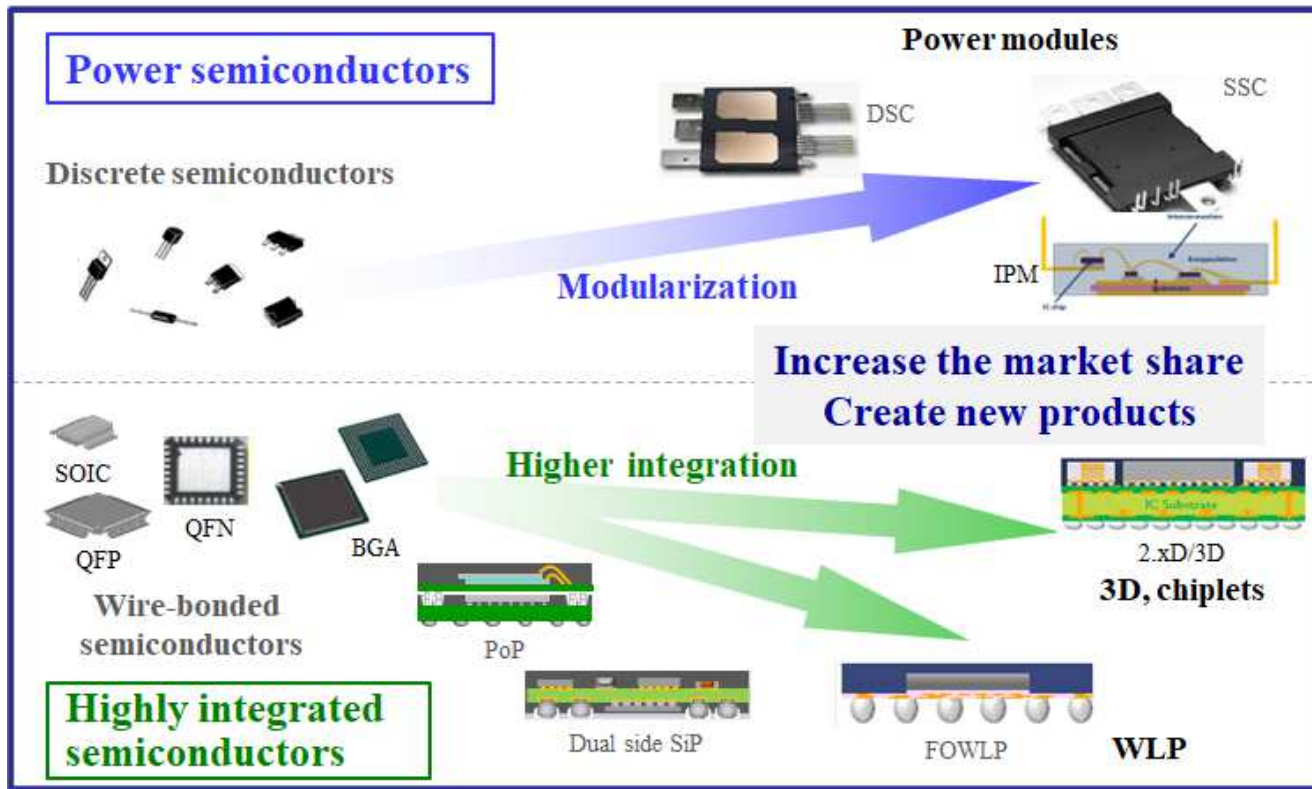
Photosensitive rewiring material (for WLP)



Enhancing open labs

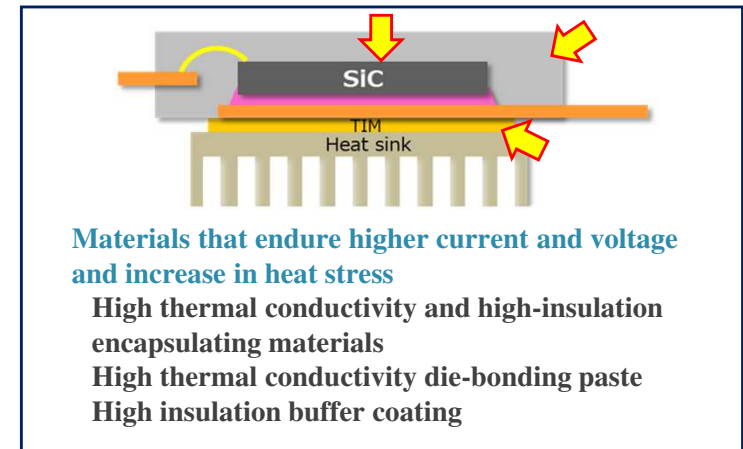
Semiconductor Materials (Electronics)

Strengthening development of materials required for highly integrated semiconductors and power semiconductors

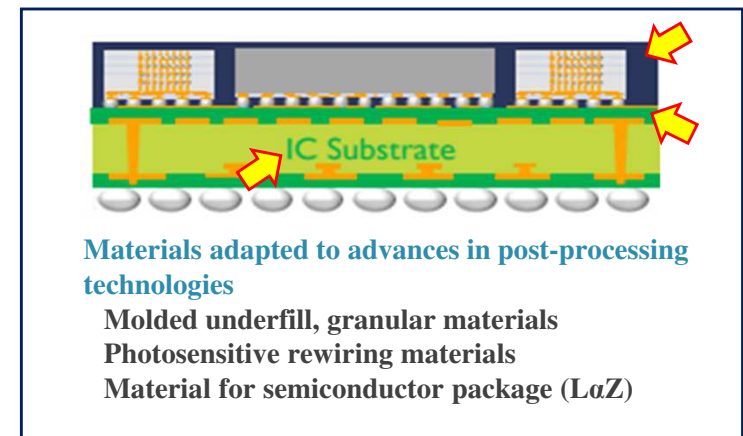


Trends in semiconductor technologies

Responding promptly to trends in the semiconductor market by taking advantage of local production for local consumption, a strength enabled by our global network of sites



Products for power semiconductors



Products for highly integrated semiconductors

Semiconductor Materials (Mobility)

Expanding market steadily, with initiatives enhanced for making our technology a de facto standard

■ Encapsulating materials for securing motor magnets

Expanding sales to large motors, next-generation motors and new customers

■ Molding compounds for power modules

Developing high thermal conductivity materials for EV batteries

■ ECU direct molding compound

Making direct molding a de facto standard through the handling of diverse projects

■ Driving the development of applications for next-generation mobility

Building a track record of mass-producing encapsulating materials for stators and increasing the number of these projects



Encapsulating materials for securing motor magnets



ECU direct molding compound

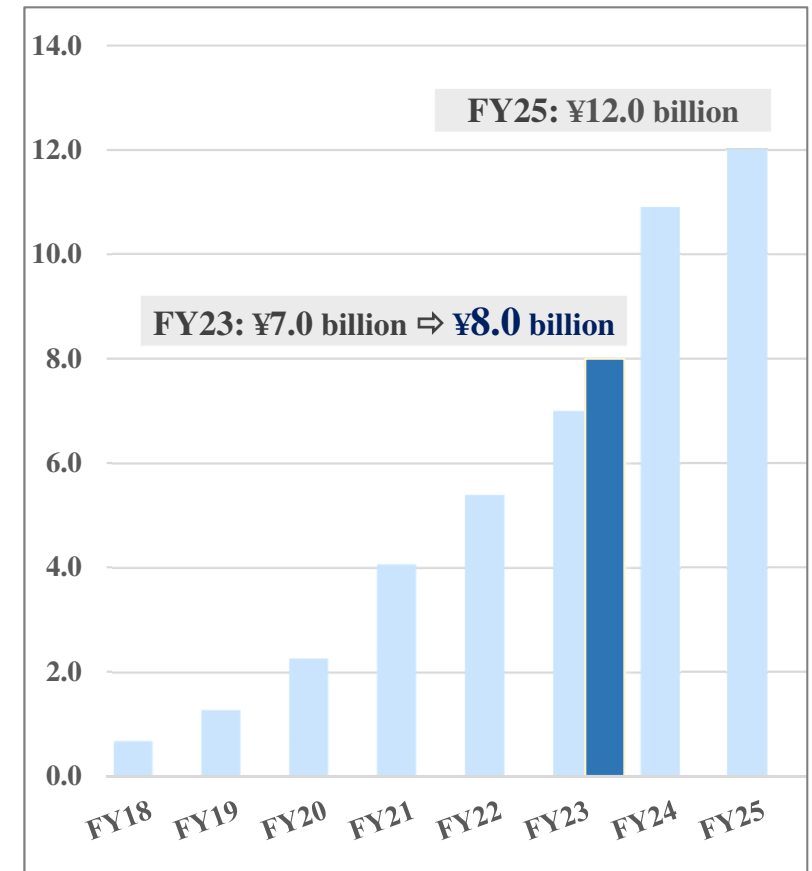


Molding compounds for power modules



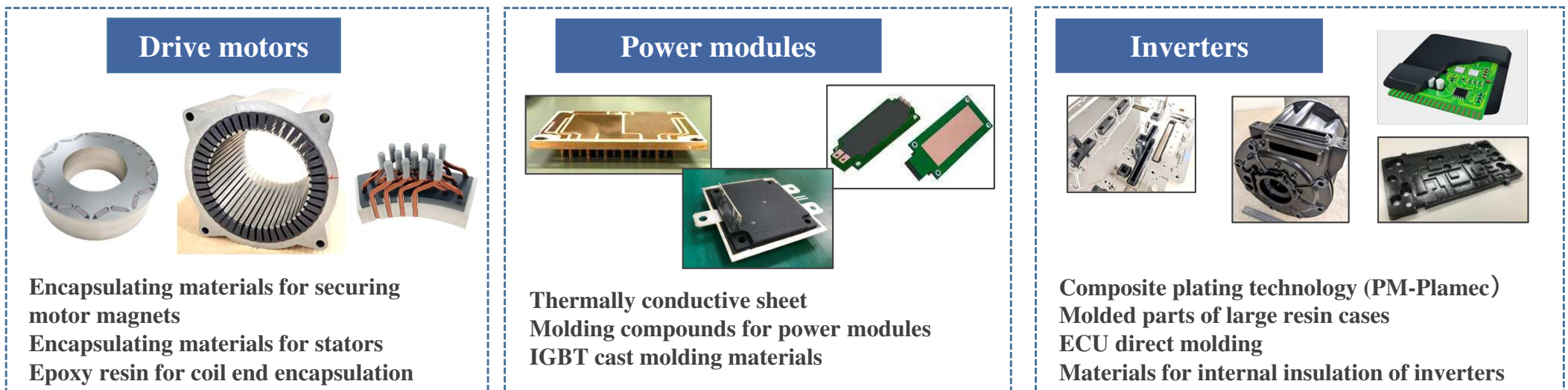
Encapsulating materials for stators

(Billion yen/year)



Sales plan for three strategic products for mobility

Verifying resinification effects and driving proposal of materials based on real data



Creating customer value by suggesting various materials through **One Sumibe** beyond the framework of business segments

High Performance Plastics

Aiming for business expansion in the three growth fields in response to prolonged downturn in the market of products for consumer applications

(Billion yen)

	Revenue	Business profit
1st half result	48.8	1.7
2nd half forecast	53.5	3.0
Full-year forecast	102.3	4.7

[1st half summary]

- **Prolonged downturn in the market of products for consumer applications and prolonged inventory adjustment by customers in the market**
Slowdown in electrical and electronic materials in the Asian market in terms of quantity
- **A decline in demand for tires, thermal insulation materials, and others in Europe and the United States reflecting inflation and high interest rates**
- **A track record built with cast molding materials for power modules**
- **Aircraft interior components remained strong.**

[2nd half initiatives]

- **Building a flexible production system in anticipation of a recovery in demand**
- **Improving profitability by taking steps to control fixed cost worldwide**
Driving production DX to improve productivity at major plants
- **Expanding business of products for Europe with aircraft interior components**
A new order received for cargo liner for Airbus of Europe
- **Building a global development system for environmentally friendly products**



Energy and the environment



Mobility and transportation



Telecommunications and control

Concentrating development resources on three growth fields

High Performance Plastics

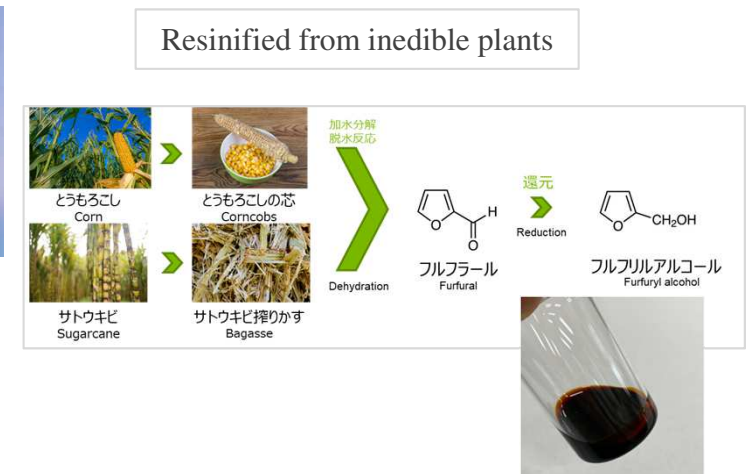
Moved into the black with aircraft interior components. Expanding business in Europe.



Cove Light Panel



Main deck cargo liner



Environmentally friendly material (furan resin)

- Moved into the black in the 2nd half of FY2022, with strong results maintained in the 1st half of FY2023
- Aircraft production quantity was on a trend of modest recovery from the COVID-19 pandemic.
- Expanding business targeting Airbus of Europe

A new order received for main deck cargo liner for A350F, with our track record for Cove Light Panel earning high marks (Delivery planned to commence in 2024)

Producing synergy between Sumitomo Bakelite Co., Ltd.'s resin technology and Vaupell's assembly and manufacturing technology

Strengthening development of aircraft interior components using an environmentally friendly material (furan resin)

Quality of Life Products

Demand has remained strong. We will aim for further profitability improvement.

(Billion yen)

	Revenue	Business profit
1st half result	51.5	4.5
2nd half forecast	52.3	5.4
Full-year forecast	103.8	9.9

[1st half summary]

- Strong results of blood bags and blood collection kits for overseas markets
- Strong results of pharmaceutical packaging and food packaging films
- Favorable results of polarizers and automotive insulation materials, offsetting the stagnation of construction materials
- Brisk results of sheet waterproofing for urban residences, with profitability improvement through reform of waterproofing work

[2nd half initiatives]

- **Medical devices:** Taking sales expansion measures appropriate for regions, developing the field of minimally invasive treatment
- **Developing environmentally friendly pharmaceutical packaging and food packaging films**
Starting mass production of biomass products, entering the European monomaterial product market, expanding sales of skin packaging films
- **Expanding sales of functional optical sheets**
Strong results of products for sunglasses in the European market. Having our products for HUDs adopted for more car models.
- **Sheet waterproofing:** Expanding business by offering sets with solar anchors
Expanding sales of anchors for solar panels with waterproofing functions that are compatible with government measures on net zero energy house (ZEH)



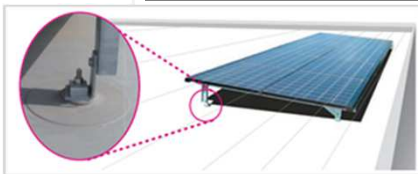
Blood bags



Insulation between components



Materials for insulation between high-voltage EV components



Fixing panels with solar anchors

Quality of Life Products (Healthcare)

Driving sales expansion appropriate for each region and measures to increase market share in growth fields globally



Blood collection kit



Blood bags

■ Strong results of blood bags and blood collection kits for overseas markets

Blood bags: Expanding sales in the Asian market

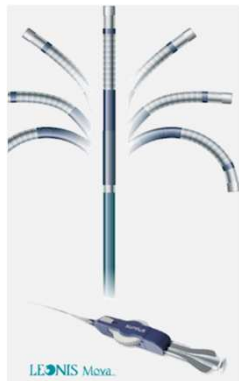
Blood collection kits: Strengthening marketing activities in the U.S. market to increase market share



Biliary stent



Stent graft



Active catheter

■ Increasing market share in the field of minimally invasive treatment

Enhancing product lineup in the fields of gastrointestinal and intravascular treatment

Accelerating development by using Tonomachi Medical Research Laboratory “MediSky”

Expanding sales at priority facilities by improving our sales capabilities

Quality of Life Products (Films & Sheets)

Expanding the market with skin packaging films through a range of promotional activities

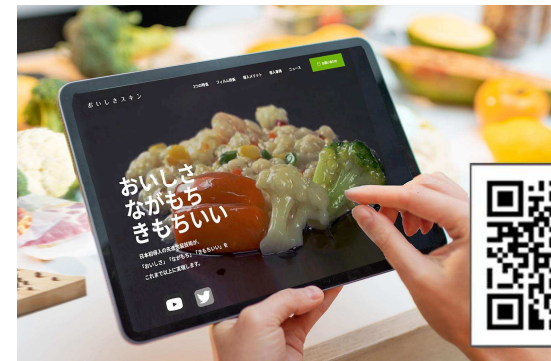


Wagyu wrapped in a skin packaging film

Aiming to develop markets by enhancing promotional activities, such as holding the Skin Packaging Marche (June 29 to July 1)



Holding Skin Packaging Marche



A dedicated website* opened

*Japanese version only

This presentation material contains forward-looking statements that are based on management's estimates, assumptions and projections as of November 6, 2023.

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 FY2023 runs from April 1, 2023 through March 31, 2024.*