

Summary of Consolidated Business Results for the Three Months Ended June 30, 2023 [IFRS]

August 7, 2023

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Securities code : 4203
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Stock exchanges : Tokyo
URL : <https://www.sumibe.co.jp/english>

Date of the submission of Quarterly Securities Report : August 9, 2023
Date of the start of dividend payment : -
Quarterly results supplementary documents : Yes
Quarterly results briefing : Yes (For analysts and institutional investors)

(All amounts presented in million yen are rounded to the nearest million yen.)

1. Consolidated Business Results for the Three Months Ended June 30, 2023

(1) Consolidated Financial Results

(% represents year-over-year increase (decrease).)

| | Revenue | | Business profit | | Operating profit | | Profit before tax | | Profit attributable to owners of parent | |
|------------------------|-----------------|--------|-----------------|--------|------------------|--------|-------------------|--------|---|---------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| April 2023 - June 2023 | 70,254 | (2.1) | 6,562 | (4.3) | 6,499 | (3.5) | 7,564 | 19.1 | 5,712 | 21.3 |
| April 2022 - June 2022 | 71,733 | 14.5 | 6,855 | 2.8 | 6,732 | 2.3 | 6,348 | (8.0) | 4,711 | (10.2) |

| | Basic earnings per share | Diluted earnings per share |
|------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| April 2023 - June 2023 | 121.57 | - |
| April 2022 - June 2022 | 100.11 | - |

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

(2) Consolidated Financial Position

| | Total assets | Total equity | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent |
|----------------------|-----------------|-----------------|---|--|
| | Millions of yen | Millions of yen | Millions of yen | % |
| As of June 30, 2023 | 401,402 | 272,962 | 270,516 | 67.4 |
| As of March 31, 2023 | 378,457 | 257,692 | 255,358 | 67.5 |

2. Dividends

| | Annual dividends per share | | | | |
|-------------------------------------|----------------------------|-------------|-------------|-------------|--------|
| | 1st quarter | 2nd quarter | 3rd quarter | 4th quarter | Total |
| | Yen | Yen | Yen | Yen | Yen |
| April 2022 - March 2023 | - | 60.00 | - | 70.00 | 130.00 |
| April 2023 - March 2024 | - | | | | |
| April 2023 - March 2024 (Forecasts) | | 70.00 | - | 70.00 | 140.00 |

(Note) Revisions of the latest dividend forecasts: None

3. Consolidated Financial Forecasts for the Year Ending March 31, 2024

(% represents year-over-year increase (decrease).)

| | Revenue | | Business profit | | Profit attributable to owners of parent | | Basic earnings per share |
|-------------------------|-----------------|-----|-----------------|------|---|-----|--------------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| April 2023 - March 2024 | 295,000 | 3.5 | 28,500 | 12.0 | 21,500 | 6.0 | 459.84 |

(Note) Revisions of the latest consolidated financial forecasts: None

[Notes]

(1) Changes in significant subsidiaries (changes in "Specified Subsidiaries" accompanying changes in scope of consolidation) during this period : None

(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 June 30, 2023 | 49,590,478 | As of March 31, 2023 | 49,590,478 |
|---------------------|------------|----------------------|------------|

b) Number of treasury shares

| | | | |
|---------------------|-----------|----------------------|-----------|
| As of June 30, 2023 | 2,735,114 | As of March 31, 2023 | 2,535,917 |
|---------------------|-----------|----------------------|-----------|

c) Average number of outstanding shares during the period
(excluding treasury shares)

| | | | |
|------------------------|------------|------------------------|------------|
| April 2023 - June 2023 | 46,986,043 | April 2022 - June 2022 | 47,055,512 |
|------------------------|------------|------------------------|------------|

(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, 2023 | June 30, 2023 |
|-------------------------------|----------------|---------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 99,620 | 109,692 |
| Trade and other receivables | 60,954 | 63,464 |
| Other financial assets | 1,133 | 522 |
| Inventories | 57,708 | 58,720 |
| Other current assets | 3,801 | 4,825 |
| Total current assets | 223,216 | 237,224 |
| Non-current assets | | |
| Property, plant and equipment | 107,479 | 112,459 |
| Right-of-use assets | 7,603 | 7,787 |
| Goodwill | 1,343 | 1,453 |
| Other intangible assets | 2,528 | 2,593 |
| Other financial assets | 27,132 | 30,848 |
| Retirement benefit asset | 6,777 | 6,805 |
| Deferred tax assets | 2,134 | 2,011 |
| Other non-current assets | 246 | 224 |
| Total non-current assets | 155,242 | 164,178 |
| Total assets | 378,457 | 401,402 |

(Millions of yen)

March 31, 2023

June 30, 2023

| Liabilities and equity | | |
|---|----------|----------|
| Liabilities | | |
| Current liabilities | | |
| Borrowings | 21,824 | 26,525 |
| Trade and other payables | 52,826 | 52,236 |
| Other financial liabilities | 1,359 | 1,693 |
| Income taxes payable | 2,458 | 2,806 |
| Provisions | 194 | 202 |
| Other current liabilities | 1,107 | 882 |
| Total current liabilities | 79,767 | 84,343 |
| Non-current liabilities | | |
| Borrowings | 21,407 | 22,939 |
| Other financial liabilities | 4,031 | 4,013 |
| Retirement benefit liability | 4,031 | 4,277 |
| Provisions | 1,229 | 1,274 |
| Deferred tax liabilities | 9,773 | 11,066 |
| Other non-current liabilities | 527 | 527 |
| Total non-current liabilities | 40,999 | 44,097 |
| Total liabilities | 120,766 | 128,440 |
| Equity | | |
| Share capital | 37,143 | 37,143 |
| Capital surplus | 35,137 | 35,137 |
| Treasury shares | (6,799) | (7,909) |
| Other components of equity | 34,475 | 48,315 |
| Retained earnings | 155,403 | 157,829 |
| Total equity attributable to owners of parent | 255,358 | 270,516 |
| Non-controlling interests | 2,333 | 2,446 |
| Total equity | 257,692 | 272,962 |
| Total liabilities and equity | 378,457 | 401,402 |

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

(Millions of yen)

| | Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022) | Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023) |
|--|---|---|
| Revenue | 71,733 | 70,254 |
| Cost of sales | (51,046) | (49,666) |
| Gross profit | 20,687 | 20,588 |
| Selling, general and administrative expenses | (13,832) | (14,026) |
| Business profit | 6,855 | 6,562 |
| Other income | 82 | 19 |
| Other expenses | (205) | (81) |
| Operating profit | 6,732 | 6,499 |
| Finance income | 493 | 1,178 |
| Finance costs | (877) | (114) |
| Profit before tax | 6,348 | 7,564 |
| Income tax expenses | (1,522) | (1,814) |
| Profit | 4,826 | 5,750 |
| Profit attributable to: | | |
| Owners of parent | 4,711 | 5,712 |
| Non-controlling interests | 115 | 38 |
| Profit | 4,826 | 5,750 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 100.11 | 121.57 |
| Diluted earnings per share (Yen) | - | - |

(Condensed quarterly consolidated statements of comprehensive income)

| | Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022) | Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023) |
|---|---|---|
| Profit | 4,826 | 5,750 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Financial assets measured at fair value through other comprehensive income | (625) | 2,216 |
| Remeasurements of defined benefit plans | - | (7) |
| Total items that will not be reclassified to profit or loss | (625) | 2,209 |
| Items that may be reclassified to profit or loss | | |
| Cash flow hedges | (22) | 1 |
| Exchange differences on translation of foreign operations | 13,879 | 11,793 |
| Total items that may be reclassified to profit or loss | 13,857 | 11,795 |
| Other comprehensive income, net of tax | 13,232 | 14,003 |
| Comprehensive income | 18,058 | 19,753 |
| Comprehensive income attributable to: | | |
| Owners of parent | 17,767 | 19,560 |
| Non-controlling interests | 290 | 193 |
| Comprehensive income | 18,058 | 19,753 |

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(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 | | | | | | |
| | | | | | 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 | | | Total |
| Balance at beginning of current period | 37,143 | 35,137 | (6,794) | 139,383 | 9,852 | - | (52) | 15,114 | 24,915 | 2,352 | 232,136 |
| Profit | - | - | - | 4,711 | - | - | - | - | - | 115 | 4,826 |
| Other comprehensive income | - | - | - | - | (625) | - | (22) | 13,704 | 13,057 | 175 | 13,232 |
| Comprehensive income | - | - | - | 4,711 | (625) | - | (22) | 13,704 | 13,057 | 290 | 18,058 |
| Dividends from surplus | - | - | - | (2,823) | - | - | - | - | - | (399) | (3,222) |
| Purchase of treasury shares | - | - | (2) | - | - | - | - | - | - | - | (2) |
| Transfer from other components of equity to retained earnings | - | - | - | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | (2) | (2,823) | - | - | - | - | - | (399) | (3,224) |
| Balance at end of current period | 37,143 | 35,137 | (6,796) | 141,270 | 9,227 | - | (74) | 28,818 | 37,971 | 2,244 | 246,969 |

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(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 | | | | | | |
| | | | | | 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 | | | Total |
| Balance at beginning of current period | 37,143 | 35,137 | (6,799) | 155,403 | 9,463 | - | (41) | 25,053 | 34,475 | 2,333 | 257,692 |
| Profit | - | - | - | 5,712 | - | - | - | - | - | 38 | 5,750 |
| Other comprehensive income | - | - | - | - | 2,216 | (7) | 1 | 11,638 | 13,848 | 155 | 14,003 |
| Comprehensive income | - | - | - | 5,712 | 2,216 | (7) | 1 | 11,638 | 13,848 | 193 | 19,753 |
| Dividends from surplus | - | - | - | (3,294) | - | - | - | - | - | (80) | (3,374) |
| Purchase of treasury shares | - | - | (1,109) | - | - | - | - | - | - | - | (1,109) |
| Transfer from other components of equity to retained earnings | - | - | - | 8 | (16) | 7 | - | - | (8) | - | - |
| Total transactions with owners | - | - | (1,109) | (3,286) | (16) | 7 | - | - | (8) | (80) | (4,483) |
| Balance at end of current period | 37,143 | 35,137 | (7,909) | 157,829 | 11,663 | - | (40) | 36,691 | 48,315 | 2,446 | 272,962 |

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022) | Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 6,348 | 7,564 |
| Depreciation and amortization | 3,494 | 3,307 |
| Interest and dividend income | (493) | (935) |
| Interest expenses | 83 | 114 |
| Decrease (increase) in trade and other receivables | (1,024) | (732) |
| Increase (decrease) in trade and other payables | (457) | (1,875) |
| Decrease (increase) in inventories | (3,404) | 1,269 |
| Others, net | (264) | (688) |
| Subtotal | 4,284 | 8,024 |
| Interest received | 189 | 574 |
| Dividends received | 531 | 312 |
| Interest paid | (70) | (104) |
| Income taxes paid | (1,873) | (1,657) |
| Net cash provided by (used in) operating activities | 3,060 | 7,148 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (3,223) | (4,391) |
| Proceeds from sale of property, plant and equipment | 2 | 16 |
| Purchase of investment securities | (4) | (4) |
| Proceeds from sale of investment securities | - | 31 |
| Payments into time deposits | (1,806) | - |
| Proceeds from withdrawal of time deposits | 9 | 1,052 |
| Others, net | (25) | (116) |
| Net cash provided by (used in) investing activities | (5,046) | (3,412) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | (36) | (350) |
| Increase (decrease) in commercial papers | (11,000) | 5,000 |
| Proceeds from long-term borrowings | - | 1,033 |
| Repayments of long-term borrowings | (2) | (2) |
| Repayments of lease liabilities | (247) | (250) |
| Purchase of treasury shares | (2) | (1,109) |
| Dividends paid | (2,823) | (3,294) |
| Dividends paid to non-controlling interests | (399) | (80) |
| Net cash provided by (used in) financing activities | (14,510) | 948 |
| Effect of exchange rate changes on cash and cash equivalents | 6,952 | 5,388 |
| Net increase (decrease) in cash and cash equivalents | (9,543) | 10,073 |
| Cash and cash equivalents at beginning of period | 109,217 | 99,620 |
| Cash and cash equivalents at end of period | 99,673 | 109,692 |

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 three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

(Millions of yen)

| | Reportable segments | | | Others | Total | Adjustment | Consolidated |
|-----------------------|-------------------------|---------------------------|--------------------------|--------|--------|------------|--------------|
| | Semiconductor materials | High-performance plastics | Quality of life products | | | | |
| Revenue | | | | | | | |
| External customers | 21,248 | 25,889 | 24,424 | 171 | 71,733 | - | 71,733 |
| Intersegment | - | 40 | 0 | - | 40 | (40) | - |
| Total revenue | 21,248 | 25,929 | 24,425 | 171 | 71,772 | (40) | 71,733 |
| Segment profit (loss) | 4,539 | 1,127 | 2,042 | 49 | 7,757 | (902) | 6,855 |

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

For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

(Millions of yen)

| | Reportable segments | | | Others | Total | Adjustment | Consolidated |
|-----------------------|-------------------------|---------------------------|--------------------------|--------|--------|------------|--------------|
| | Semiconductor materials | High-performance plastics | Quality of life products | | | | |
| Revenue | | | | | | | |
| External customers | 20,159 | 24,252 | 25,669 | 174 | 70,254 | - | 70,254 |
| Intersegment | - | 50 | 0 | - | 51 | (51) | - |
| Total revenue | 20,159 | 24,302 | 25,669 | 174 | 70,304 | (51) | 70,254 |
| Segment profit (loss) | 4,181 | 1,052 | 2,256 | 37 | 7,527 | (965) | 6,562 |

(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 three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022) | For the three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023) |
|-----------------------|--|--|
| Segment profit (loss) | 6,855 | 6,562 |
| Other income | 82 | 19 |
| Other expenses | (205) | (81) |
| Operating profit | 6,732 | 6,499 |
| Finance income | 493 | 1,178 |
| Finance costs | (877) | (114) |
| Profit before tax | 6,348 | 7,564 |