

Summary of Consolidated Business Results for the Six Months Ended September 30, 2023 [IFRS]

November 6, 2023

Company name : Sumitomo Bakelite Co., Ltd.
Securities code : 4203
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Date of the submission of Quarterly Securities Report : November 8, 2023
Date of the start of dividend payment : December 1, 2023
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 Six Months Ended September 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 - September 2023	141,942	(1.1)	12,795	1.1	12,604	1.0	14,718	17.9	11,074	20.0
April 2022 - September 2022	143,470	11.8	12,657	(7.4)	12,482	(7.7)	12,479	(10.6)	9,230	(10.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April 2023 - September 2023	236.39	-
April 2022 - September 2022	196.16	-

(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 September 30, 2023	411,914	282,663	280,182	68.0
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	-	70.00			
April 2023 - March 2024 (Forecasts)			-	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	288,000	1.1	27,000	6.1	21,500	6.0	459.84

(Note) Revisions of the latest consolidated financial forecasts: Yes

[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 September 30, 2023	49,590,478	As of March 31, 2023	49,590,478
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b) Number of treasury shares

As of September 30, 2023	3,024,543	As of March 31, 2023	2,535,917
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c) Average number of outstanding shares during the period
(excluding treasury shares)

April 2023 - September 2023	46,844,459	April 2022 - September 2022	47,055,385
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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, 2023	September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	99,620	113,571
Trade and other receivables	60,954	64,835
Other financial assets	1,133	852
Inventories	57,708	58,527
Other current assets	3,801	3,742
Total current assets	223,216	241,527
Non-current assets		
Property, plant and equipment	107,479	115,874
Right-of-use assets	7,603	7,925
Goodwill	1,343	1,456
Other intangible assets	2,528	2,584
Other financial assets	27,132	33,417
Retirement benefit asset	6,777	6,805
Deferred tax assets	2,134	2,115
Other non-current assets	246	211
Total non-current assets	155,242	170,387
Total assets	378,457	411,914

(Millions of yen)

March 31, 2023

September 30, 2023

Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	21,824	32,966
Trade and other payables	52,826	54,424
Other financial liabilities	1,359	1,632
Income taxes payable	2,458	2,952
Provisions	194	212
Other current liabilities	1,107	764
Total current liabilities	79,767	92,950
Non-current liabilities		
Borrowings	21,407	14,360
Other financial liabilities	4,031	4,035
Retirement benefit liability	4,031	4,315
Provisions	1,229	1,286
Deferred tax liabilities	9,773	11,777
Other non-current liabilities	527	528
Total non-current liabilities	40,999	36,301
Total liabilities	120,766	129,250
Equity		
Share capital	37,143	37,143
Capital surplus	35,137	35,170
Treasury shares	(6,799)	(9,768)
Other components of equity	34,475	54,436
Retained earnings	155,403	163,200
Total equity attributable to owners of parent	255,358	280,182
Non-controlling interests	2,333	2,482
Total equity	257,692	282,663
Total liabilities and equity	378,457	411,914

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

(Millions of yen)

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Revenue	143,470	141,942
Cost of sales	(102,502)	(100,431)
Gross profit	40,967	41,511
Selling, general and administrative expenses	(28,310)	(28,716)
Business profit	12,657	12,795
Other income	116	38
Other expenses	(291)	(230)
Operating profit	12,482	12,604
Finance income	833	2,295
Finance costs	(837)	(180)
Profit before tax	12,479	14,718
Income tax expenses	(3,056)	(3,572)
Profit	9,422	11,146
Profit attributable to:		
Owners of parent	9,230	11,074
Non-controlling interests	192	73
Profit	9,422	11,146
Earnings per share		
Basic earnings per share (Yen)	196.16	236.39
Diluted earnings per share (Yen)	-	-

(Condensed quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Profit	9,422	11,146
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(984)	3,782
Remeasurements of defined benefit plans	-	2
Total items that will not be reclassified to profit or loss	(984)	3,784
Items that may be reclassified to profit or loss		
Cash flow hedges	(6)	6
Exchange differences on translation of foreign operations	18,752	16,345
Total items that may be reclassified to profit or loss	18,746	16,351
Other comprehensive income, net of tax	17,762	20,135
Comprehensive income	27,185	31,282
Comprehensive income attributable to:		
Owners of parent	26,819	31,053
Non-controlling interests	365	228
Comprehensive income	27,185	31,282

(3) Condensed Quarterly Consolidated Statements of Changes in Equity
For the six months ended September 30, 2022 (From April 1, 2022 to September 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						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	35,137	(6,794)	139,383	9,582	-	(52)	15,114	24,915	2,352	232,136
Profit	-	-	-	9,230	-	-	-	-	-	192	9,422
Other comprehensive income	-	-	-	-	(984)	-	(6)	18,579	17,589	173	17,762
Comprehensive income	-	-	-	9,230	(984)	-	(6)	18,579	17,589	365	27,185
Dividends from surplus	-	-	-	(2,823)	-	-	-	-	-	(399)	(3,222)
Purchase of treasury shares	-	-	(3)	-	-	-	-	-	-	-	(3)
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	(3)	(2,823)	-	-	-	-	-	(399)	(3,225)
Balance at end of current period	37,143	35,137	(6,797)	145,790	8,868	-	(57)	33,694	42,504	2,319	256,096

For the six months ended September 30, 2023 (From April 1, 2023 to September 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						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	35,137	(6,799)	155,403	9,463	-	(41)	25,053	34,475	2,333	257,692
Profit	-	-	-	11,074	-	-	-	-	-	73	11,146
Other comprehensive income	-	-	-	-	3,782	2	6	16,189	19,980	156	20,135
Comprehensive income	-	-	-	11,074	3,782	2	6	16,189	19,980	228	31,282
Dividends from surplus	-	-	-	(3,294)	-	-	-	-	-	(80)	(3,374)
Purchase of treasury shares	-	-	(3,004)	-	-	-	-	-	-	-	(3,004)
Share-based payment transactions	-	32	36	-	-	-	-	-	-	-	68
Transfer from other components of equity to retained earnings	-	-	-	18	(16)	(2)	-	-	(18)	-	-
Total transactions with owners	-	32	(2,968)	(3,276)	(16)	(2)	-	-	(18)	(80)	(6,310)
Balance at end of current period	37,143	35,170	(9,768)	163,200	13,230	-	(35)	41,242	54,436	2,482	282,663

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before tax	12,479	14,718
Depreciation and amortization	6,936	6,730
Interest and dividend income	(833)	(1,891)
Interest expenses	156	180
Decrease (increase) in trade and other receivables	30	(1,503)
Increase (decrease) in trade and other payables	(632)	(99)
Decrease (increase) in inventories	(5,771)	2,154
Others, net	204	(116)
Subtotal	12,568	20,174
Interest received	421	1,214
Dividends received	611	566
Interest paid	(157)	(182)
Income taxes paid	(3,166)	(3,039)
Net cash provided by (used in) operating activities	10,277	18,733
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,861)	(9,730)
Proceeds from sale of property, plant and equipment	18	45
Purchase of investment securities	(8)	(23)
Proceeds from sale of investment securities	-	31
Payments into time deposits	(1,813)	(0)
Proceeds from withdrawal of time deposits	9	1,075
Others, net	(258)	(339)
Net cash provided by (used in) investing activities	(9,912)	(8,941)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(114)	(409)
Increase (decrease) in commercial papers	(13,000)	5,000
Proceeds from long-term borrowings	-	1,301
Repayments of long-term borrowings	(2,504)	(2,504)
Repayments of lease liabilities	(493)	(504)
Purchase of treasury shares	(3)	(3,004)
Dividends paid	(2,823)	(3,294)
Dividends paid to non-controlling interests	(399)	(80)
Net cash provided by (used in) financing activities	(19,335)	(3,495)
Effect of exchange rate changes on cash and cash equivalents	9,890	7,654
Net increase (decrease) in cash and cash equivalents	(9,080)	13,951
Cash and cash equivalents at beginning of period	109,217	99,620
Cash and cash equivalents at end of period	100,137	113,571

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 six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	41,840	50,817	50,474	339	143,470	-	143,470
Intersegment	-	75	0	-	75	(75)	-
Total revenue	41,840	50,892	50,474	339	143,545	(75)	143,470
Segment profit (loss)	8,793	1,152	4,491	88	14,524	(1,867)	12,657

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

For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)

(Millions of yen)

	Reportable segments			Others	Total	Adjustment	Consolidated
	Semiconductor materials	High-performance plastics	Quality of life products				
Revenue							
External customers	41,252	48,788	51,545	357	141,942	-	141,942
Intersegment	-	95	1	-	96	(96)	-
Total revenue	41,252	48,883	51,546	357	142,038	(96)	141,942
Segment profit (loss)	8,384	1,716	4,541	70	14,711	(1,916)	12,795

(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"

(Millions of yen)

	For the six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	For the six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Segment profit (loss)	12,657	12,795
Other income	116	38
Other expenses	(291)	(230)
Operating profit	12,482	12,604
Finance income	833	2,295
Finance costs	(837)	(180)
Profit before tax	12,479	14,718