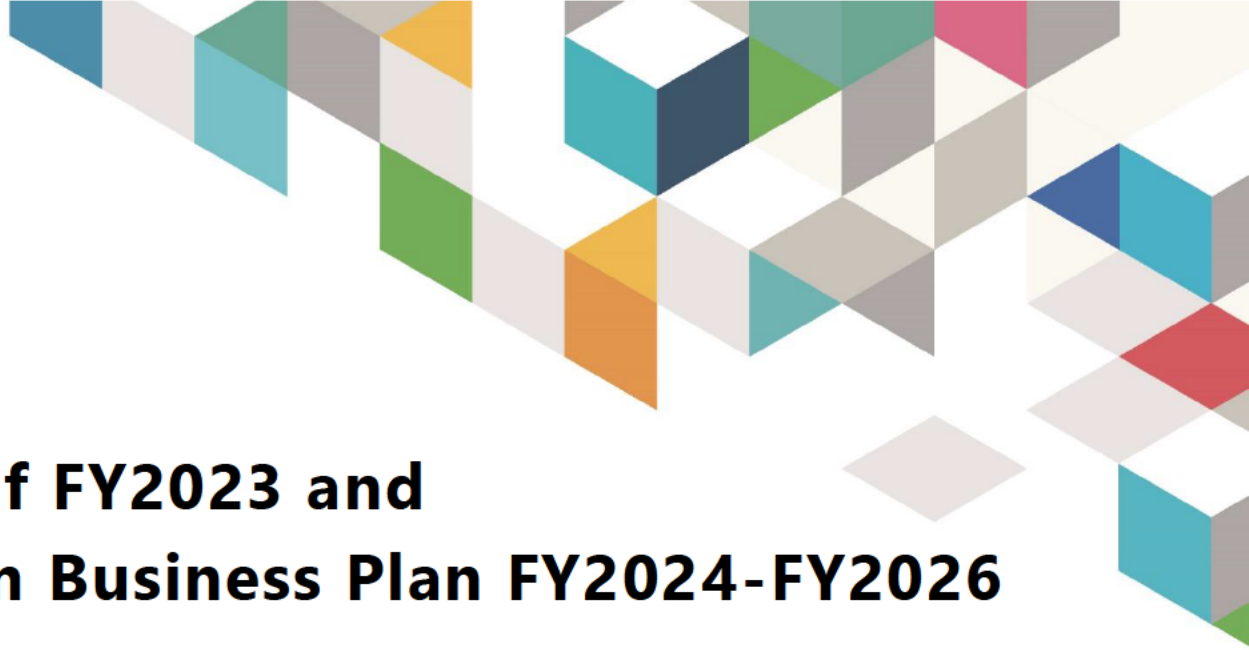




Financial Results of FY2023 and New Medium-Term Business Plan FY2024-FY2026

May 13, 2024

Sumitomo Bakelite Co., Ltd.

Representative Director, President Kazuhiko Fujiwara



Outline of Financial Results of FY2023

Financial Results for FY2023 (Y/Y)

[Unit: Billion yen]

	FY2022 (1)	FY2023 (2)	Variance (Y/Y)	
			(2)-(1)	Ratio
Revenue	284.9	287.3	2.3	0.8%
Business Profit	25.4	27.5	2.0	7.9%
Operating Profit	24.8	27.2	2.4	9.6%
Profit attributable to owners of parent	20.3	21.8	1.5	7.6%
ROE	8.4%	7.8%	-	-

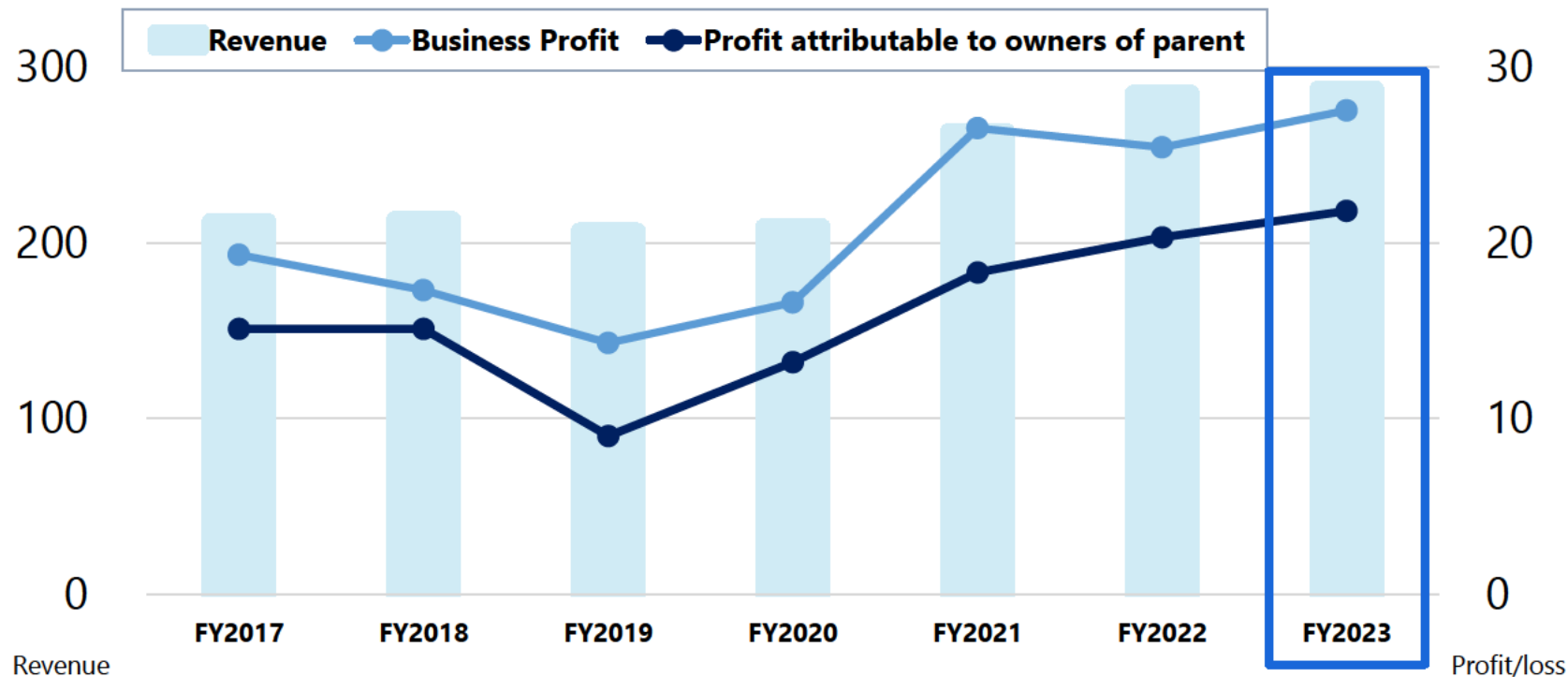
* "Business profit" is calculated by deducting "Cost of sales" and "Selling, general and administrative expenses" from "Revenue".

FOREX	FY2022	FY2023
JPY / USD	134.95	144.40
JPY / EUR	141.24	156.80

Revenue and Profit/loss (Fiscal Year Trends)

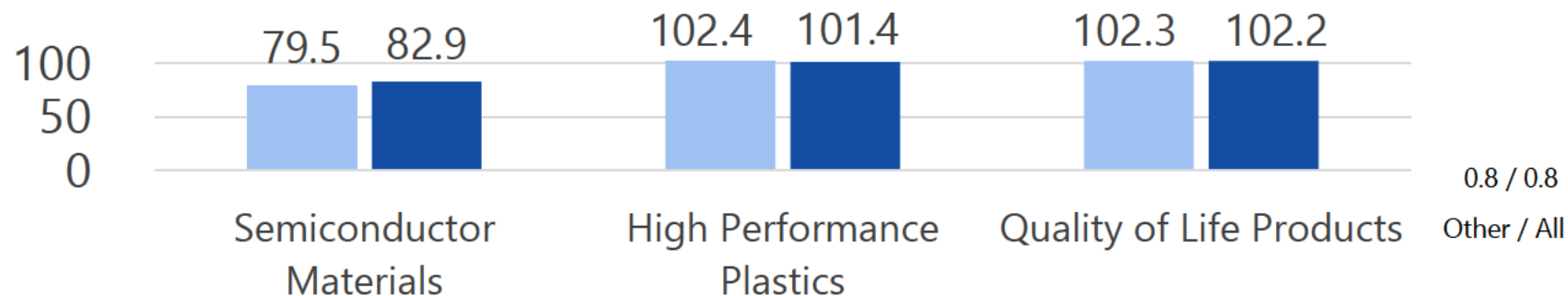
Revenue, Business profit and Profit attributable to owners of parent achieved record highs.

[Unit: Billion yen]

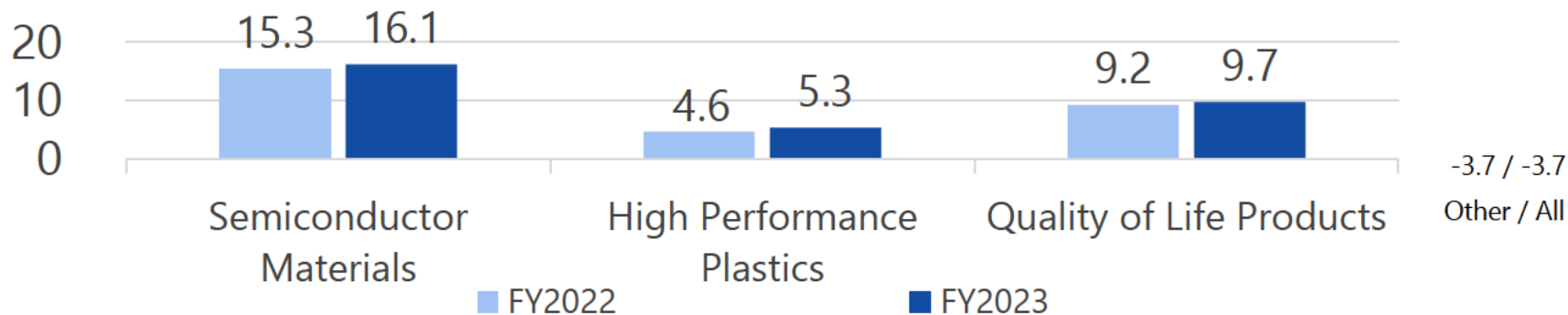


Revenue and Business Profit by Business Segment (Y/Y)

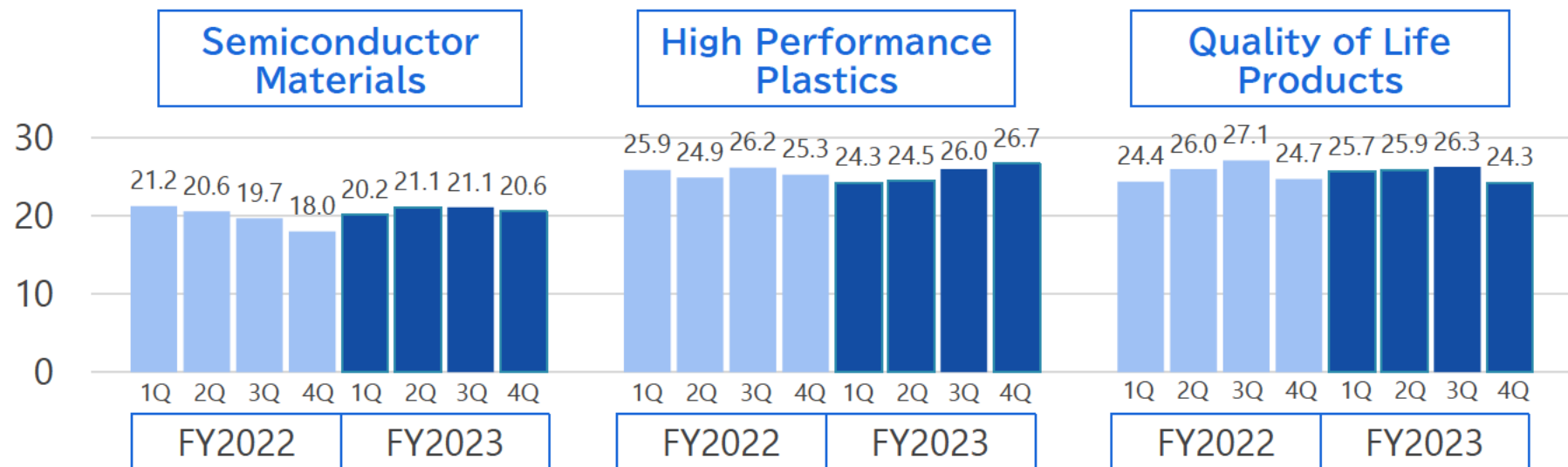
Revenue



Business Profit



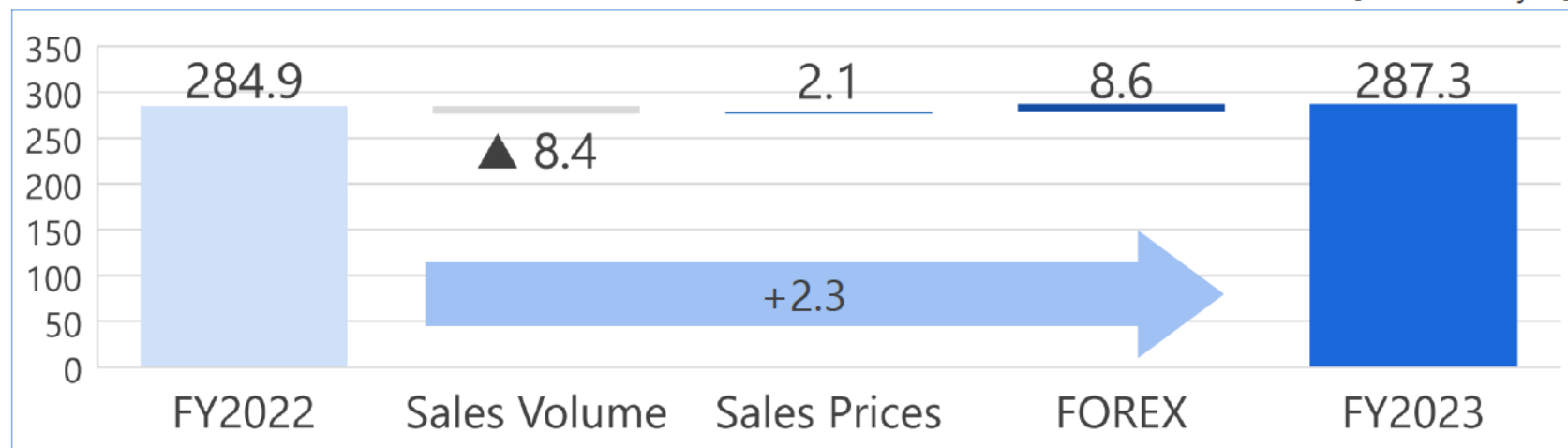
Quarterly Revenue by Business Segment



- **Semiconductor Materials** : Sales revenue declined due to the reduced operating days during Chinese New Year, but overall market conditions remain unchanged.
- **High Performance Plastics** : Inventory adjustment in consumer applications has been resolved, and the recovery is progressing mainly in Asia.
- **Quality of Life Products** : There are some seasonal factors, however, sales revenue remain firm in films & sheets and healthcare-related products.

Analysis of Revenue (Y/Y)

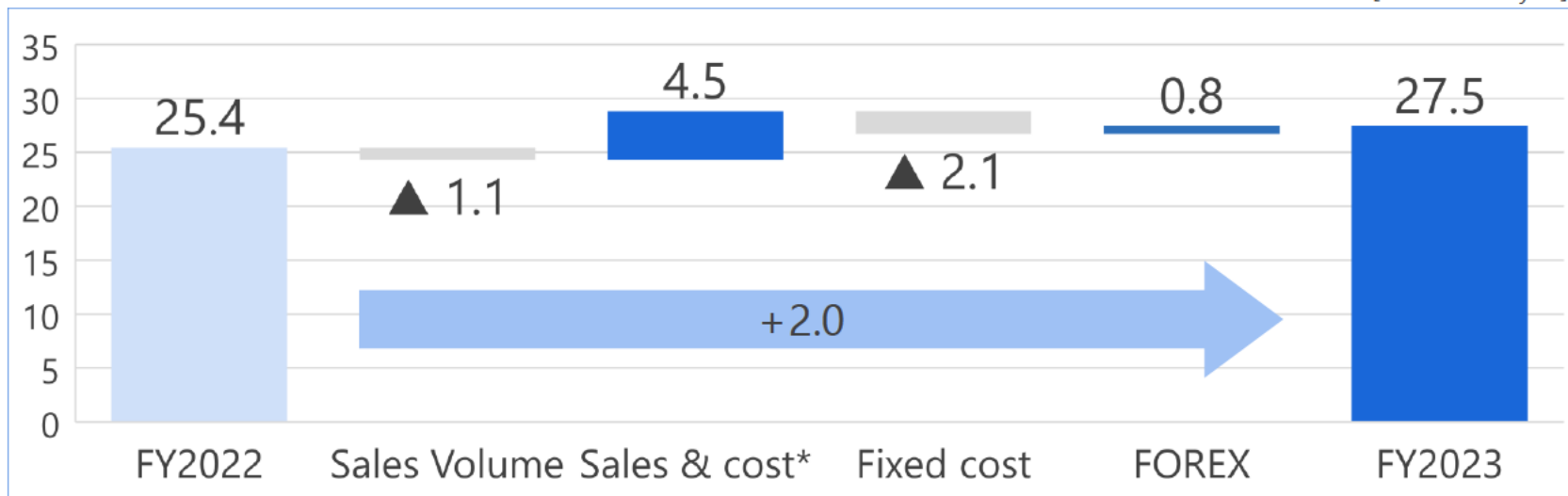
[Unit: Billion yen]



Segment	Sales Volume	Sales Prices	FOREX	Total
Semiconductor Materials	+0.5	+0.0	+2.8	+3.4
High Performance Plastics	▲5.9	▲0.1	+5.0	▲1.0
Quality of Life Products	▲3.0	+2.1	+0.8	▲0.1

Analysis of Business Profit (Y/Y)

[Unit: Billion yen]



*Cost is the total of raw material and other variable costs.

Segment	Sales Volume	Sales & cost*	Fixed cost	FOREX	Total
Semiconductor Materials	+2.1	▲1.1	▲0.6	+0.4	+0.8
High Performance Plastics	▲1.7	+3.6	▲1.5	+0.2	+0.7
Quality of Life Products	▲1.4	+2.0	▲0.1	+0.1	+0.5
Others	▲0.1	0.0	+0.1	+0.0	+0.0

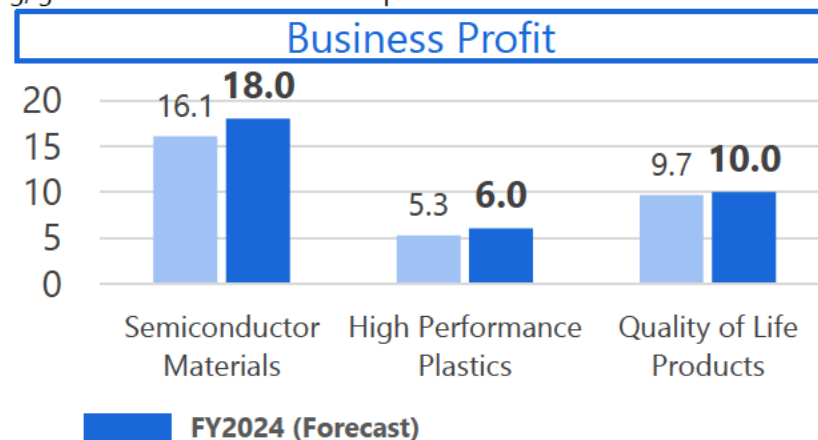
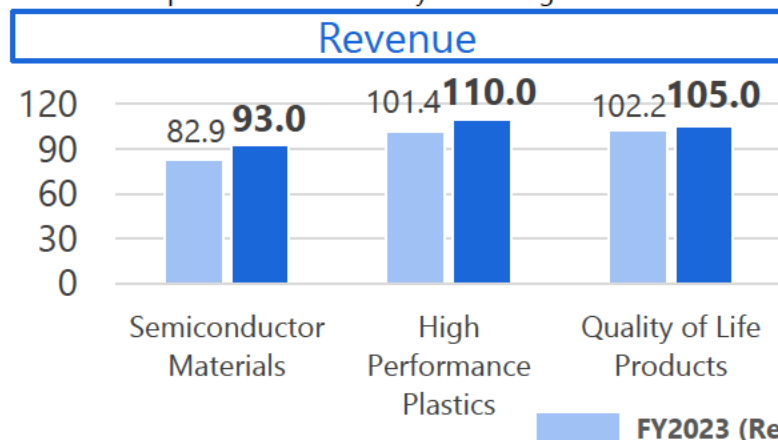


Financial Forecast for FY2024

Financial Forecasts for FY2024 (Y/Y)

	FY2023 Result (1)	FY2024 Forecast (2)	Variance	
			(2)-(1)	Ratio
Revenue	287.3	309.0	21.7	7.6%
Business Profit	27.5	30.0	2.5	9.3%
Profit attributable to owners of the parent	21.8	24.0	2.2	9.9%

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

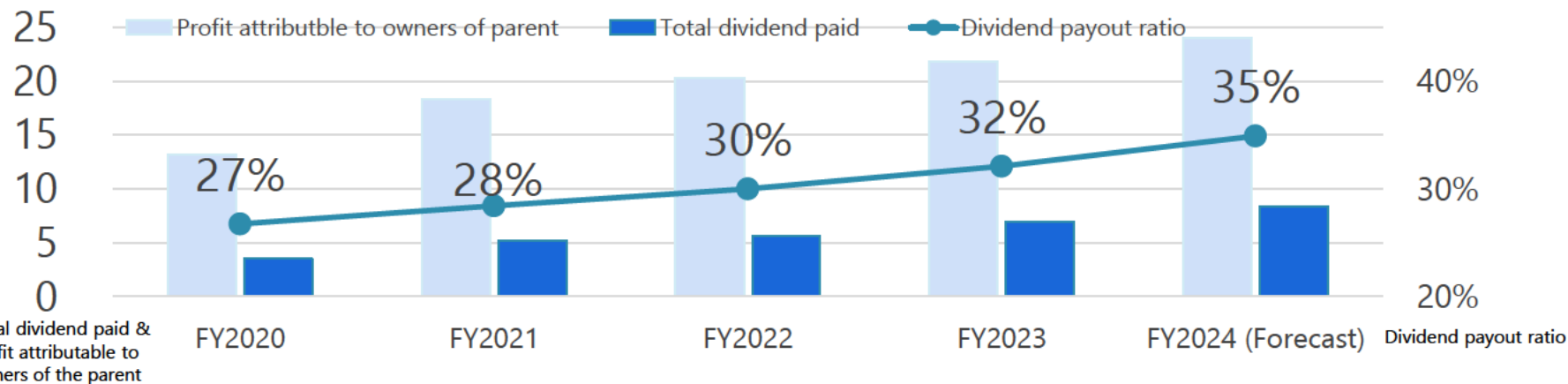


Shareholder Returns

■ Dividends Forecast (FY2024) : 90.00 yen per share (Interim 45 yen / Year-end 45 yen)

Dividends per share forecast is increased by 15 yen* from FY2023 *Split basis

[Unit: Billion yen]



Dividends (yen) /share	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)	
					Pre-split basis (Reference)	*Split basis
Interim	45.00	50.00	60.00	70.00	(90.00)	45.00
Year-end	30.00	60.00	70.00	80.00	(90.00)	45.00
Total	75.00	110.00	130.00	150.00	(180.00)	90.00

*A two-for-one common stock split was issued on April 1, 2024. The amounts before FY2023 are on a pre-split basis



Summary of the Medium-Term Business Plan 2024-26

Review of the Medium-Term Business Plan 2021-23

Overall

- Achieved initial financial targets (sales revenue of 250 billion JPY, business profit of 25 billion JPY) ahead of schedule in the first year of the plan.
- In FY2023, the final year of the plan, fell short of the upwardly revised business profit target but achieved a record high of 27.5 billion JPY.

Priority Areas (Semiconductors, Mobility, Healthcare)

- Invested in increased production in response to growing semiconductor demand. Responded swiftly on a global basis and achieved an increase in profit.
- Made investments in increased production of molding compounds for mobility, in which continued growth is expected. Achieved expanded sales of three strategic products for mobility earlier than planned.
- Made progress of integration with Kawasumi Laboratories in the healthcare domain following its acquisition.

Results		FY2020	FY2021	FY2022	FY2023	Review
Semiconductor	Sales Revenue (Billion JPY)	57.3	75.8	79.5	82.9	○ Responded swiftly to increased demand in the semiconductor market and increased our market share ○ Expanded sales of three strategic products for mobility as planned ○ Installed new production lines in China and Taiwan (starting operation in 2024)
	Business Profit (Billion JPY)	9.4	16.5	15.3	16.1	
HPP	Sales Revenue (Billion JPY)	72.6	92.2	102.4	101.4	✕ Failed to keep up with changes in the business environment following the COVID-19 pandemic leading to a delayed response ○ Launched heat dissipating materials business ○ Returned the aircraft business to profitability
	Business Profit (Billion JPY)	3.5	5.9	4.6	5.3	
QOL	Sales Revenue (Billion JPY)	78.6	94.4	102.3	102.2	○ Expanded market share in pharmaceutical packaging films ○ Expanded global business for medical devices ○ Invested in a venture fund for medical devices
	Business Profit (Billion JPY)	6.6	7.4	9.2	9.7	

Vision 2030

Designing Policy for the Plan

In line with the SDGs, set targets (financial and non-financial) to be pursued as a unified organization by backcasting from "Vision 2030".

Business Philosophy

Our company places prime importance on trust and sureness, and shall commit itself to contributing to the progress of society and enhancement of people's welfare and livelihood through its business activities

Purpose

Toward a sustainable society through expanding the potential of plastics

Vision

"We aim to be a company providing dreams for the future" through creating value with our customers

Financial Targets

Business Profit

55 billion JPY

Profit Ratio

13 %

ROE

10 %

Promotion of Sustainability

Improve the enterprise value and further strengthen our business foundation to achieve "Vision 2030"

Materiality Issues



Creation of environmental and social values

Carbon Neutral Initiatives

- Technology and product development
- Reduction of GHG emissions

Promote technology and product development in the fields of Resources, Energy Creation / Energy Conservation, Longevity, 3R, and Environmental- Friendliness

2030 GHG Emissions Reduction Target:
48% reduction from FY2021

Contribution to SDGs

Set on "6+1" priority areas and promote SDGs contribution
Sales revenue ratio of SDG-contributing Products
FY2030 Target : 70%

Value creation accelerators



Co-creation with customers



Innovation



Human capital



Digital transformation

Foundation for business continuity



Health and Safety



Cybersecurity



Product liability



Respect for human rights



Compliance



Sustainable procurement



Corporate governance

Medium-Term Policy and Strategies

Medium-Term Policy

Aiming for "niches & top market share", we take on the challenge of our portfolio transformation leading to value creation

Medium-Term Strategy (1)

Optimize the product mix to strengthen the profitability of existing businesses

- Shift to profitability-oriented management
- Shift to high value-added products to transform the product portfolio
- Improve capital efficiency utilizing SB-ROIC (internal indicator)
- Concentrate resources on the three priority areas of semiconductors, mobility and healthcare

Medium-Term Strategy (2)

Create new products and new solutions with environmental and social value based on the SDGs

- Create products that contribute to the SDGs
- Develop new products and new solutions with carbon neutral in mind aiming for niches and leading market shares
- Support challenges and implementation of proposal-oriented themes
- Strengthen collaboration with outside entities and develop the structure
- Set exploratory areas from medium- and long-term perspectives

Medium-Term Strategy (3)

Enhance individual autonomy and organizational unity to maximize companywide capabilities

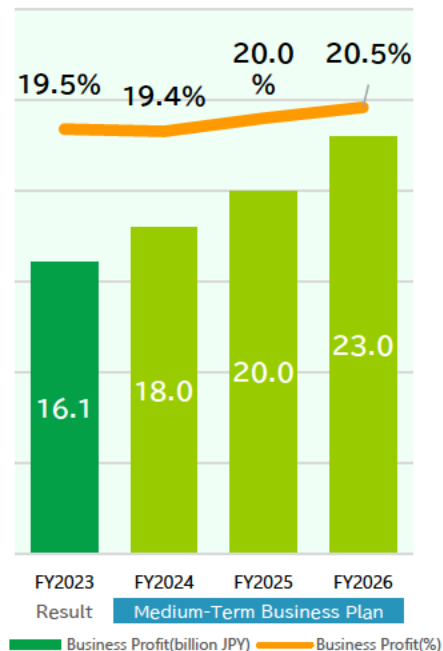
- Plan and implement various initiatives with a view to improve individual capabilities and enhance employee engagement
- Implement educational programs to enhance individual autonomy and improve organizational capabilities
- Promote CS/One Sumibe activities (voluntary collaboration across organizations)

Engage in management based on capital costs and enterprise value

Medium-Term Business Plan 2024-26

	FY2023 Result	FY2024	FY2025	FY2026	Vision 2030
Business Profit (Billion JPY)	27.5	30.0	34.0	40.0	55.0
Profit Ratio (%)	9.6%	9.7%	10.5%	11.5%	13.0%
(Sales Revenue) (Billion JPY)	(287.3)	(309.0)	(325.0)	(345.0)	(420.0)
ROE	7.8%	---	---	9.0%	10.0%

Business Strategy: Semiconductor Materials



Expand sales of the current lineup

- Establish global supply and support structure for encapsulants in anticipation of the semiconductor market recovery

Enhance and promote the development of next-generation semiconductor materials as a market leader

- HPC* (Chiplet, HBM*²), semiconductor materials for power devices (encapsulants, photosensitive materials, etc.)
- Environmental initiatives

Actively pursue collaboration with outside entities

- Enhance open labs
- Collaborate with consortiums and academia
- Improve the ability to verify hypotheses and solution-proposal

*1 HPC: High Performance Computing

*2 HBM: High Bandwidth Memory

*3 RDL: Redistributed Layers

Strengthen collaboration with outside entities

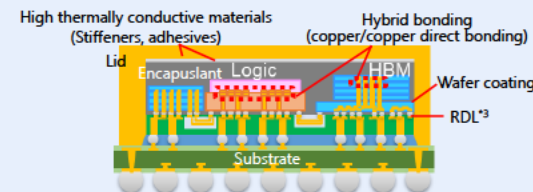
Sumitomo Bakelite Co., Ltd.
Open labs / Internal projects

Collaboration

Academia / Consortiums

Equipment and material manufactures

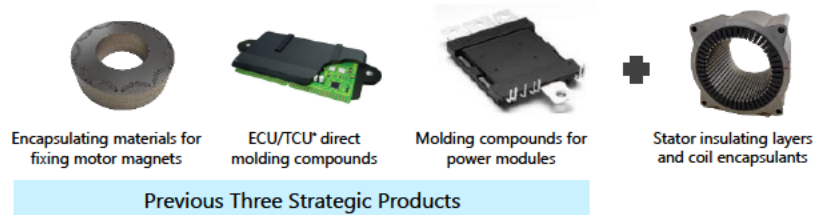
Strengthen the lineup to solve customer's issues



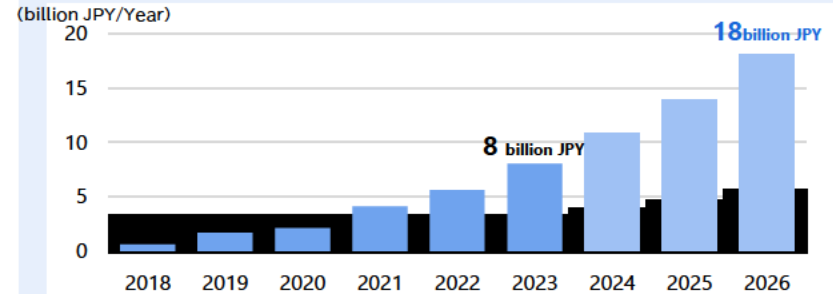
Business Strategy: Semiconductor Materials (Mobility)

Expand sales of 3+1 strategic products for mobility

- EU/US; strengthen customer support and expand sales channels production and sales research support + full-scale operation with new plants + expansion of open labs



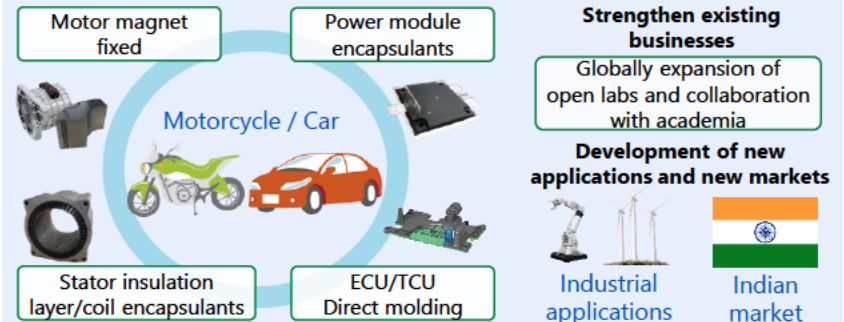
Sales plan for 3+1 strategic products for mobility



Expand into new applications and new markets

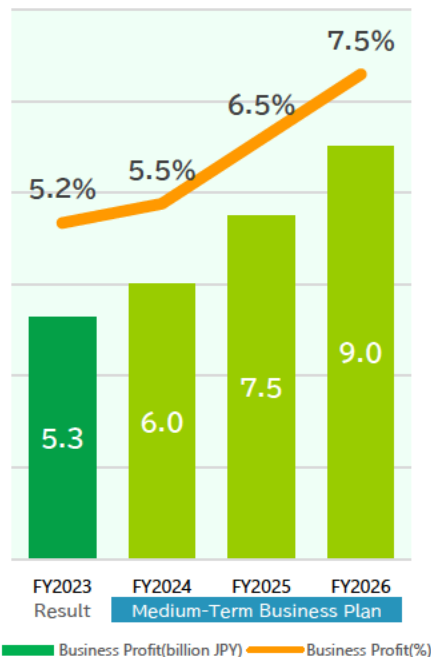
- Material development for next-generation motors
- Expand injection molding materials for sensors
- Expand from e-Powertrain for motorcycle and car to industrial applications
- Cultivate the Indian market

Strengthen our existing business + Expand new applications and new markets



*ECU: Electric Control Unit, TCU: Transmission Control Unit

Business Strategy: High Performance Plastics



Strengthen profitability of existing businesses

- Optimize production sites globally
- Improve productivity with promoting smart factory operations

Portfolio transformation with high value-added products

<Enhanced areas>

- EVs (batteries, e-Axle, various electric parts)
- Semiconductors (resist, power module, sensors)
- Aircraft (interior materials) etc.

Adapt to a circular society

- Expansion of biomass products
- Development of recycling technology for thermosetting resins

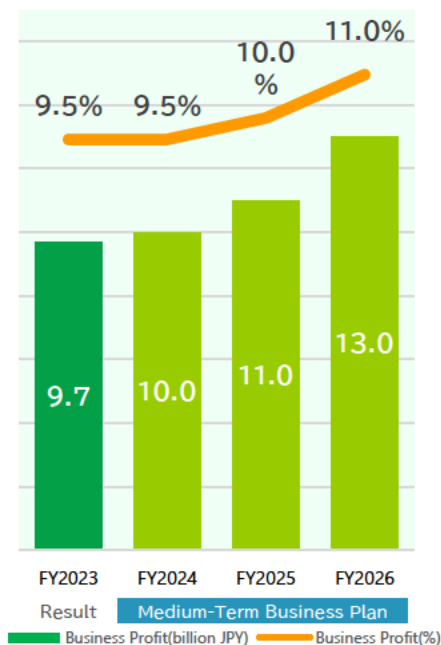
Products examples in enhanced areas



Examples of environmentally friendly Products



Business Strategy: Quality of Life Products



Medical Devices and Biotechnology Related Products

Enhancement of profitability

- Enhance the product lineup in strategic business fields (endovascular, gastrointestinal, endoscopic)
- Expand sales of cell/gene therapy support products
- Realignment of unprofitable products

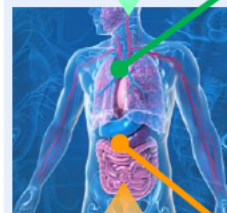
Strengthen global operations

- Expand overseas sales of main products
EU/US: minimally invasive medical devices,
Asia: Blood bag, etc.

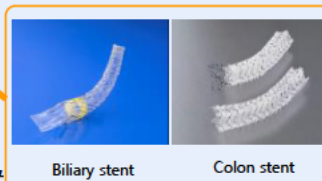
Swift business launch of the new biotechnology related products

- Business development of Microphysiological system(MPS) for drug discovery support
enabling simple multi-organ connected culture

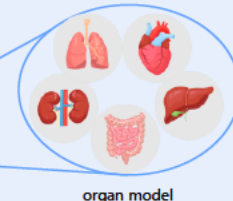
Endovascular



Gastrointestinal, Endoscopic



Microphysiological system

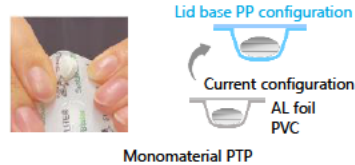


Business Strategy: Quality of Life Products

Films and Sheets

Global expansion of high-market-shared products

- Strengthen expansion in Asia for semiconductor applications
- Expand business in EU (monomaterial PTP)



Profitability enhancement

- Improve productivity with smart factory operations

New product creation

- Improve market recognition of skin pack products that contribute to food loss reduction
- Business launch of new environmentally friendly products



skin packs

Major goals of the SDGs



Industrial Functional Materials

Globally expansion of functional materials

- Optical applications (eyewear, automotive)
- Insulating sheets for EV



Eyewear products

Business launch with new value-added products

- Business launch with electrochromic sheet products

Waterproof Business Products

Strengthen business in the housing sector

- Further improvement of our market share* for the new construction field
- Business development in the growing renovation property field
- Sales expansion with waterproofing materials for solar power generating equipment



Waterproof parts for solar power generation

Major goals of the SDGs



*The market leader in Japan (Internal Survey)

Financial Targets / by Segment

Medium-Term Business Plan 2024-26

		FY2023 Result	FY2024	FY2025	FY2026	Main Products/Application Examples
Semiconductor	Business Profit (Billion JPY)	16.1	18.0	20.0	23.0	     Advanced semiconductor (Encapsulants / Photosensitive materials) Power Module/ECU (Encapsulants / Heat dissipation Materials)
	Profit Ratio(%)	19.5%	19.4%	20.0%	20.5%	
	(Sales Revenue) (Billion JPY)	(82.9)	(93.0)	(100.0)	(112.0)	
HPP	Business Profit (Billion JPY)	5.3	6.0	7.5	9.0	     Motor/Battery (Molding and insulating materials) Aircraft interior Bio-derived resin
	Profit Ratio(%)	5.2%	5.5%	6.5%	7.5%	
	(Sales Revenue) (Billion JPY)	(101.4)	(110.0)	(115.0)	(120.0)	
QOL	Business Profit (Billion JPY)	9.7	10.0	11.0	13.0	    Minimally invasive medical device Biomass / Monomaterial packaging materials
	Profit Ratio(%)	9.5%	9.5%	10.0%	11.5%	
	(Sales Revenue) (Billion JPY)	(102.2)	(105.0)	(110.0)	(113.0)	



Cell/Gene therapy support products



Eyewear



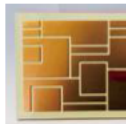
Roof waterproofing

Creation of New Products and Solutions (Medium-Term)

Promotion from Project to Business Development Dept.

- **Heat dissipating materials**

Provide highly reliable high heat dissipating materials through the blending of highly thermally conductive fillers and high reliability resins combined with production technologies



- **Optical circuit materials**

Provide optical circuit materials for ultra-high speed optical communications applied to various future applications



- **MI Promotion**

Date accumulation and utilization
Management and expansion of each IT system
Installation of advanced MI technologies
Support to solve issues companywide
Human resource development



Ongoing projects

- **e-Axle (electric axle)**

Propose electric axles with high efficiency and high energy-saving effects featuring excellent thermal control, reduced size and weight, low vibration and low noise



- **BMI* solutions**

Develop flexible dry electrodes for EEG measurement which feature low contact resistance and long-life use without discomfort



*BMI: Brain Machine Interface

- **Electrochromic sheets**

Sheets whose light transmittance or color can be freely adjusted by toggling switches.
Metaverse device applications such as eyewear and smart glasses are under development



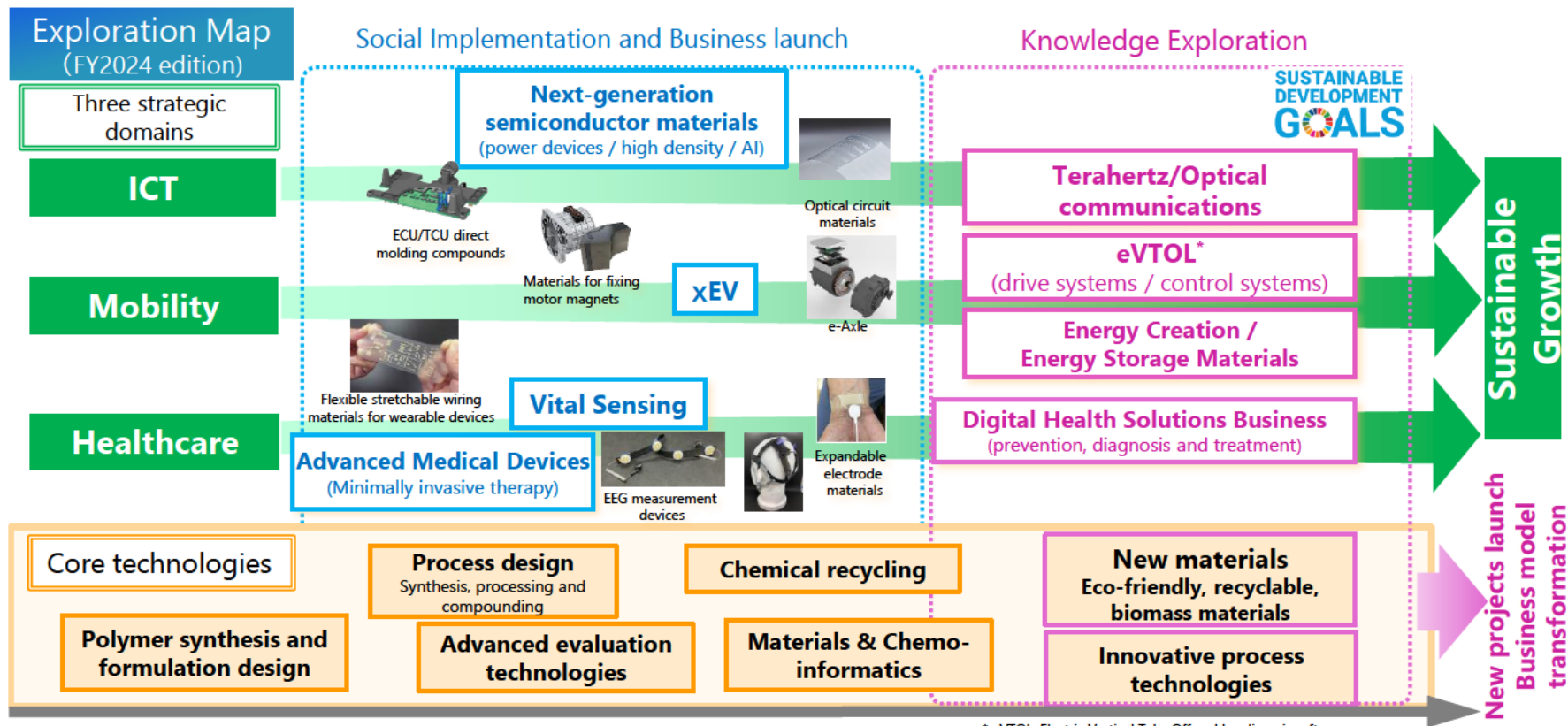
*Image

- **Development of chemical recycling technologies**

Develop and societally implement chemical recycling technologies for thermosetting resins, aiming to achieve coexistence with plastics through the realization of a recycling-oriented society



Creation of New Products and Solutions (Medium-to-Long-Term)



* eVTOL: Electric Vertical Take Off and Landing aircraft

Maximization of Organizational capability (Human Capital Management)

Individual Autonomy

Providing opportunities to take on challenges

- Overseas trainee arrangement
- Theme creation program



Prioritized issues

- Enhance internal systems enabling a diversity of human resources including women, mid-career hires and middle-aged employee
- Work style transformation (flexible working styles)
- HR systems transformation (ongoing)



Respect for diversity



SB School

(Internal education system)



Developing a pleasant workplace / new welfare facilities

Enhance individual autonomy and organizational unity to maximize companywide capabilities



Customer Satisfaction



One Sumibe

Cross-organizational Initiatives

Improved organizational capabilities

Fostering a culture of praising those who make challenges

Organizational Sense of Unity

Investment Policy and Shareholder Return

We intend to allocate management resources based on the capital cost

Cash allocation	Cash allocation plan for 2024-26
Capital investment 50 billion JPY	Strengthen the profitability of existing businesses (Medium-Term Strategy 1). Make capital investment timely to contribute to stable supply to customers
Growth investment 20 billion JPY	Promote R&D, DX and GX implementation to create new products and new solutions (Medium-Term Strategy 2)
Strategic investment 50 billion JPY	Explore for knowledge to cultivate promising projects, promote open innovation, and engage in strategic M&A contributing to business portfolio transformation
Shareholder returns 30 billion JPY	Shareholder Return Policy (FY2024-26) “The stable and continuous return of profit” Dividend payout ratio: Aiming for approximately 40% (changed from the previous target of 30% or more)



SUMITOMO BAKELITE CO., LTD.

<https://www.sumibe.co.jp/>

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