

Sumitomo Bakelite Co., Ltd. IR Business Briefing
Main Q&A Summary

Date: Tuesday, September 9, 2025, 2:00 PM – 4:00 PM

Presenters: Chairman of the Board: Kazuhiko Fujiwara, President and CEO: Shinichi Kajiya,
Executive Vice President: Masayuki Inagaki, Division Directors

[Company-wide Matters]

Q: Transformation of the business portfolio

A: We are planning to restructure our current three business segments into four new segments based on applications: "ICT," "Mobility," "Healthcare," and "Life Innovation." However, we do not intend to integrate factories or production systems under the new segments, as doing so may risk operational inefficiencies. On the other hand, we recognize that consolidating R&D activities could facilitate smoother collaboration with customers. A project team has been set up to evaluate and discuss the detailed framework.

Q: Shareholder return policy

A: We prioritize corporate growth while balancing investments in business continuity, new ventures, and shareholder returns. We aim to provide shareholder returns similar to a progressive dividend policy, increasing dividends per share annually. Furthermore, considering the accumulation of surplus cash, we are exploring additional shareholder return measures, such as share buybacks, to procure shares directly from the market.

Q: Relationship with Sumitomo Chemical Co., Ltd.

A: While our shareholding ratio has decreased to just over 10%, Sumitomo Chemical Co., Ltd. remains our largest shareholder, and we continue to maintain a strong and positive relationship.

Q: Key new products expected to contribute substantially over the next three years

A: Our heat-dissipation sheets for power semiconductors began sales for automotive applications this year, and we anticipate increased demand from next year onward. Additionally, our cycloolefin polymer, COPLUS[®], has garnered orders for multiple applications, including AI semiconductors, and we are considering the possibility of enhancing production capacity. Both products are expected to drive significant growth.

[Semiconductor Materials Segment]

Q: Potential of the Indian market

A: The Indian market is gradually emerging, starting with consumer applications, and we expect linear growth within the next three to five years. We plan to supply the region through two bases in Singapore and Taiwan, which will cover the broader Southeast Asian market. Currently, only our materials are under evaluation in India.

Q: Future investment plans

A: Our new factory in China has space for an additional production line, and we are evaluating how to best utilize this capacity. In Taiwan, sample evaluations have started, and we plan to begin mass production next spring. Our strategy for Southeast Asia involves coordinated supply from Taiwan and Singapore. For the domestic Chinese market, we are utilizing the new factory to meet demand while monitoring customer trends to optimize the use of available space. Overall, we have secured sufficient supply capacity by adding two new production lines.

Q: Current situation and outlook for the Chinese market

A: Our business with major OSAT partners in China is performing exceptionally well. Despite geopolitical challenges, demand continues to grow. Our resins are highly valued in legacy semiconductors and mid-range applications. While there is uncertainty regarding China's economic conditions and sustainability of subsidy policies, we are seeing increased demand driven by domestic production initiatives and advancements in technology development.

Q: Why are your products used in power devices surrounding GPUs, and what types of semiconductors are they used for?

A: Our products are utilized in legacy semiconductors and power semiconductors on GPU boards. One of the reasons for the growth in China is the expansion of these semiconductors.

[High Performance Plastics Segment]

Q: Potential revenue growth and market expansion story with new products

A: While the automotive markets in Europe and North America are stagnant, we anticipate continued progress in electrification. We are developing products for electric vehicles tailored to both existing and new customers. Additionally, driven by the expanding semiconductor market, we are actively promoting new products such as COPLUS[®] and AQNOA[™], aiming for stable growth.

[Quality of Life Segment]

Q: Factors behind improved profitability in the waterproof sheet business

A: We shifted away from our initial strategy of shrinking equilibrium and focused exclusively on a business model tailored to housing manufacturers, which has driven growth. By targeting the solar panel installation business of housing manufacturers, we introduced new products with the necessary waterproofing functionality while improving installation efficiency. This approach has enhanced profitability by enabling the addition of high-value-added products, such as anchors, even for the same roof area.