

Sumitomo Bakelite Co., Ltd. FY2025 Financial Results Briefing
Main Q&A Summary

Date: Monday, May 11, 2026, 3:00 PM – 4:30 PM

Presenter: President and CEO Shinichi Kajiya

(Supplementary explanations were provided by division heads during the Q&A session.)

【Company-Wide Matters】

Q: FY2026 Earnings Forecast (Including Impact of Middle Eastern Geopolitical Issues)

A: The business profit forecast for FY2026 has been set at ¥38 billion, ¥2 billion below the mid-term plan target of ¥40 billion. Currently, the forecast reflects the time lag in passing on higher raw material costs, but it does not account for potential adverse effects stemming from prolonged geopolitical issues and subsequent economic downturns beyond July.

Segment-wise Impact Breakdown:

- Approximately half of the ¥2 billion impact is attributed to High-Performance Plastic segment.
- The remaining half is allocated almost equally between the QOL segment and the Semiconductor Materials segment.
- Price pass-through negotiations with customers are currently underway and expected to be implemented, although some delays in the timing of these changes are anticipated. From a long-term perspective, these adjustments are expected to be fully absorbed.

【Semiconductor Materials Segment】

Q: Sales Volume, Regional, and Application Growth for Encapsulants in FY2026

A: Sales Volume: Projected to grow by nearly 10%.

Region: Growth is expected to continue, primarily driven by China.

Application: AI and power-related applications are anticipated to expand, while automotive applications in Europe, which were sluggish in FY2025, are showing signs of recovery.

Q: FY2026 Outlook by Application

A: Automotive:

- EV demand in Europe had been sluggish, but a shift towards HEVs has led to a recovery in demand and consumer purchasing interest.
- Our products are utilized in HEVs as well, and we anticipate a recovery in demand.

Information & Communication (Smartphones/PCs, etc.):

- Overall, sales are expected to grow by approximately 10% YoY.
- Regarding the impact of DRAM shortages on PC and smartphone production, many major customers have secured memory supplies through contracts, and we anticipate that the actual impact will be less severe than reported.

Q: New Products in Semiconductor Materials

- Background of Entry into Liquid Encapsulants
- Usage Areas and Estimated Material Consumption per Unit for Humanoid Robots

A: Liquid Encapsulants:

- Instead of merely following existing de facto products, we have developed a solution with added value by incorporating mold underfill functionality, which enables one-step encapsulation along with over-mold. To meet diverse customer process requirements, we have expanded our product lineup to include both liquid and granular forms. We anticipate progress in customer evaluations and deliveries in FY2026.

Materials for Humanoid Robots:

- Encapsulants previously used for stators in EV applications have been repurposed for use in the joints, such as fingers, of humanoid robots. Currently, production stands at several tons per month, but we expect this to expand in the future.

Q: Timeline for Earnings Contribution from Liquid Encapsulants and Granular Encapsulants for PLP Applications

A: Liquid encapsulants have been provided to customers for evaluation, and results are expected to emerge from the next fiscal year onward. As for granular encapsulants for PLP applications, the widespread adoption of large-scale PLP processes (500 mm or larger) is projected to be several years away, with contributions similarly anticipated from the next fiscal year onward.

Q: FY2025 Results and FY2026 Outlook for Mobility Strategic Products

A: FY2025 Results: Despite a sluggish European auto market impacting ECU Encapsulation demand, overall sales exceeded the initial forecast of ¥11 billion.

FY2026 Outlook: Supported by the recovery in Europe, ECU Encapsulation has been performing well since the beginning of the fiscal year. In addition, encapsulants for motor magnet fixation in HEVs and power modules are also expected to grow, leading to further increases compared to FY2025.

Growth Rates:

- Overall Mobility Segment: +20% YoY.
- Motor Magnet Fixation: +20% YoY.
- ECU Encapsulation: +20% YoY.
- Power Modules: +30% YoY.

Q: Timing of Kyocera Chemical Business Consolidation and Expectations for Memory Field

A: Progress is on track, and the new company is expected to be launched as planned in November. Among the three major memory manufacturers, Kyocera has a strong presence with one specific company, while we are dominant with the other two. By combining the strengths of both companies, especially in the thermal conductivity field, we aim to enhance our proposal capabilities and provide complementary solutions to all three major manufacturers.

【High-Performance Plastics Segment】

Q: Factors Contributing to the Difference Between the Mid-Term Business Profit Target of ¥9 Billion and the FY2026 Forecast of ¥7 Billion. Progress of Structural Reforms, Such as the North American Phenol Resin Business, compared to the Initial Plan.

A: Factors Contributing to the Gap:

- Rising raw material costs.
- Structural reforms, including withdrawal from unprofitable products, altering product lineups.
- Supply chain shifts caused by Trump-era tariffs.

Supply chain disruptions had a significant impact in the first half of FY2025 but stabilized in the second half. However, for FY2026, the rising raw material costs caused by the middle eastern geopolitical issues add further uncertainty, making it difficult to forecast the full-year performance. Additionally, the supply chain for polymers and resins is long, with many uncertainties still lingering.

Q: Breakdown of Revenue Growth for Major Products (Industrial Resins/Compound Materials, Aircraft Applications) and Expected Contributions from New Products (COPLUS™ and AQNOA™, etc.)

A: Projected Volume Growth for FY2026

- Industrial Resins and Compound Materials: Approximately +5% each.
- Aircraft Applications: Over +10%.

Contribution of COPLUS™:

- COPLUS™ has already been adopted by certain customers, and sample evaluations are ongoing with dozens of companies. The product is being evaluated for a wide range of applications, including AI semiconductors and next-generation displays. Among the projected +3% revenue growth for industrial resins this fiscal year, COPLUS™ is expected to account for approximately 20%.

Contribution of AQNOA™:

- While specific applications are not disclosed, evaluations are progressing primarily in semiconductor fields. The product is expected to be applied in areas where usage was previously limited due to constraints related to solvents and harmful substances.

【Quality of Life Segment】

Q: FY2026 Outlook (Breakdown of Flat Sales and Profits)

- Is there a reduction in revenue due to the disposal of unprofitable businesses?
Which products are expected to grow?
- What is the reasoning behind the assessment that fixed cost improvements are difficult to achieve?

A: Rising raw material costs, particularly the impact of petrochemical-based materials, are suppressing profit growth. Healthcare segment is expected to recover as it has passed the bottom of structural reforms; however, many projects remain in the clinical trial phase, and the ramp-up of products such as stents is anticipated to occur next fiscal year or later. Other sectors are expected to remain stable.

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