

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

Date: Tuesday, September 8, 2026, 2:00 PM – 4:00 PM

Presenters: Chairman of the Board: Kazuhiko Fujiwara; President and CEO: Shinichi Kajiya;
Division Directors

[Company-wide Matters]

Q: Please tell us about cross-business customer proposals such as the OneSumibe initiative.

A: We leverage the customer networks that each business division has built over time and make proposals across business divisions. This initiative has been ongoing for approximately 10 years. Going forward, we intend to further strengthen networks among departments and customers on a strategic-segment basis and pursue new business opportunities.

Q: Please explain the structure of the Global Marketing Headquarters.

A: This team originated from a marketing organization established to expand semiconductor-related materials into automotive applications. Today, it includes experienced sales and technical members from all business divisions. In addition, local personnel in the U.S., Europe, and other regions have joined the organization, enabling cross-regional and cross-business activities. The team conducts highly flexible marketing activities without being constrained by individual business unit boundaries.

In our approach to the robotics field as well, the team is utilizing its global network to propose products from across the company.

Q: What is your policy on shareholder returns as cash increases?

A: Our basic policy is to maintain our existing shareholder return approach.

While this fiscal year's dividend has not yet been decided, we are considering an increase from the previous fiscal year's dividend.

Share buybacks are also an option; however, we are currently discussing this internally together with growth investments under the next medium-term business plan. In the ICT field in particular, not only the amount of investment but also speed is critical, and we therefore intend to carefully assess timing while making decisive investments where necessary.

Q: Which areas are your M&A priorities?

A: Our top priority is the ICT area. In addition, we are focusing on the healthcare area, including minimally invasive therapeutic medical devices and bio-related fields. We will also consider opportunities in other areas if they contribute to improving profitability and

competitiveness.

[Semiconductor Materials]

Q: What is the size, growth potential, and trends for power semiconductor encapsulants?

A: Power-device applications currently account for approximately 10%–20% of our overall encapsulants business, and we expect this area to nearly double in size.

By application, growth is especially strong in AI data centers. We estimate that a 1 GW data center uses 50 million power semiconductors, and demand is expected to continue expanding.

By region, growth in China is particularly strong, followed by Southeast Asia.

In addition, as devices move toward higher output and higher voltage, demand for highly heat-resistant and high-performance products is increasing. As sales of products with more demanding specifications expand, we expect profitability to improve.

Q: Why are you winning adoption for high-thermal-conductivity encapsulants?

A: Our strengths lie in advanced formulation design, as well as a broad product lineup and customization capabilities tailored to customer applications such as AI and automotive.

At present, we are achieving an almost 100%-win rate in adoption competitions.

Q: When will granules for satellite communications ramp up, and how large will the business be?

A: The space industry includes multiple applications such as satellites, ground stations, receiving antennas, and communications infrastructure. The materials discussed in this briefing are mainly for receiving antennas related to low-earth-orbit satellite communications. Since PLP has been adopted in these modules, the use of granules with superior warpage resistance is expanding.

Small-volume shipments have already begun, and full-scale mass production is expected to start in the second half of fiscal 2026.

Sales of granules are expected to double year on year in fiscal 2026, and we anticipate strong growth continuing from fiscal 2027 onward.

Q: How will you expand production capacity for granules?

A: The increase in demand for granules is being driven by expanding demand for satellite communications and AI-related memory applications.

As for production capacity, expansion in China has already been completed. In addition, by utilizing our line in Kyushu, we will respond to demand worldwide. Kyocera also sells granules mainly for memory applications, and we therefore expect supply capacity to be further

strengthened following the integration.

Since demand related to satellite communications is expected to grow in Southeast Asia, we will promptly move forward with studies on expanding our production framework there as well.

We believe that production capacity for granules will need to be at least doubled over the next two to three years.

Q: What are your future capex plans?

A: We plan to install an additional production line at our new plant in China, with operations scheduled to begin by the end of 2028. We are also considering investments that would utilize the currently unused area on the site.

Demand for MUF and granules is also increasing in Southeast Asia, and we are advancing discussions on how to address this growth.

Q: What will be the main growth driver toward 2030 in semiconductor-related materials?

A: For the time being, the largest growth drivers will be AI data centers and physical AI.

Satellite communications and robotics are also important new areas, but we expect their ramp-up to be gradual.

Within total encapsulants volume, AI-related demand accounts for a double-digit percentage, while satellites and robotics are still in the single-digit range. However, as these are high-value-added products, their impact on sales could become even more significant.

[High Performance Plastics]

Q: What is the long-term outlook for the aircraft business?

A: The aircraft market, including structural components and engines, is expected to grow at a CAGR of approximately 5%. When interiors and cabin applications are included, the growth rate is estimated to be roughly double that level.

In addition to demand for new aircraft, we also expect growth in MRO (Maintenance, Repair and Overhaul) demand, such as replacement of interior components aimed at extending aircraft service life.

Although aircraft manufacturers' production capacity could become a constraining factor, we believe sales in this business could reach approximately JPY 25–30 billion around 2030, representing roughly 1.5 times the current level.