

**Sumitomo Bakelite Co., Ltd. Briefing on Financial Results for Second Quarter of Fiscal Year
Ending March 31, 2025
Meeting Summary — Major Questions and Answers**

Date and time: Tuesday, November 5, 2024 from 15:00 to 16:30

Presenter: Kazuhiko Fujiwara, President and Representative Director

The question-and-answer session includes supplementary explanations from executives in charge of the relevant segments.

Companywide matters

Q: You have kept the full-year business profit forecast at 30.0 billion yen. In view of the results for the first half, this means that you foresee business profit declining in the second half. What is your perspective on this?

A: At the beginning of the fiscal year, business profit was forecast to be 30.0 billion yen, and the progress rate has already surpassed 50%. It is of course possible that the business profit may be higher than forecast. However, we decided not to change the forecast to ensure that it is safely achievable in light of uncertain matters such as the global political situation. We aspire to achieve business profit of 30.0 billion yen.

Semiconductor Materials

Q: What are the changes in sales in the second half by region and by application?

A: It is difficult to foresee the future but I suppose the situation will not be significantly different from the first half. There will be fewer workdays in the fourth quarter because of Chinese new year. While the strong performance will be maintained in China, the stagnation will continue in Taiwan, as well as in Southeast Asia, where sales are mainly from automotive semiconductors. We expect granular encapsulants and MUF for advanced semiconductors used in edge AI to perform well. They are produced in our plant in Kyushu.

Q: What is the meaning of "Beginning to consider liquid encapsulants" in the presentation document for the financial results?

A: For GPUs for cloud AI, liquid encapsulants are mainly used. Our granular encapsulants are not used. Granular encapsulants will be a big advantage in the shift to larger packages. Since both edge AI and cloud AI are expected to thrive, we believe it is a good approach to have both materials. We own a product that is close to a liquid encapsulant. We have started reviewing technologies and considering if we can offer original solutions.

Q: What is your advantage in the area of power semiconductors and power modules?

A: Our big advantage is that we can propose One Sumibe solutions that combine the semiconductor materials mentioned in the presentation document for the financial results and heat dissipation materials and liquid materials from the High Performance Plastics segment to enable power semiconductors and modules to have advantages. This differentiates us from the competition.

Q: What products do you think are particularly promising?

A: Our greatest hopes are pinned on materials for power modules. Mainly in the area of electric vehicles and now in industrial machinery as well, demand for high output and energy conservation is increasing. In this context, it is believed that the SiC power device market will expand. Among AI-related products, sales of edge AI semiconductors have been steadily increasing. If the number of smartphone and computer models and units that use them increases as expected, we can anticipate yet greater sales in the next fiscal year.

High Performance Plastics

Q: What measures are you taking to improve revenue from the resin business in North America?

A: We are carrying out a structural reform. To increase profitability, for example, we are seeking to increase the prices of very unprofitable products, if possible. In this process, we may unavoidably decide to downsize the business. It is also important that we quickly release unique products like environmentally friendly products onto the market.

Q: What impact do the strike actions at US aircraft companies have on your aircraft interior parts business?

A: Sales are falling temporarily, and we are adjusting production accordingly. We are striving to reduce costs to ensure that profit in the second half is at the same level as in the first half.

Quality of Life Products

Q: The profit achievement rate was high in the first half. What was different from the forecast at the beginning of the fiscal year?

A: In the Films and Sheets business, semiconductor demand is rallying. Sales of semiconductor cover tapes, an area where we have strengths, are increasing again. They have been increasingly chosen by Chinese customers. In the medical device business, we received a request to move up the timing of sales from an overseas customer and we took

actions to respond to this.