SAKAI CHEMICAL INDUSTRY CO., LTD.

Electronic Materials Business Strategy Briefing

December 1, 2025

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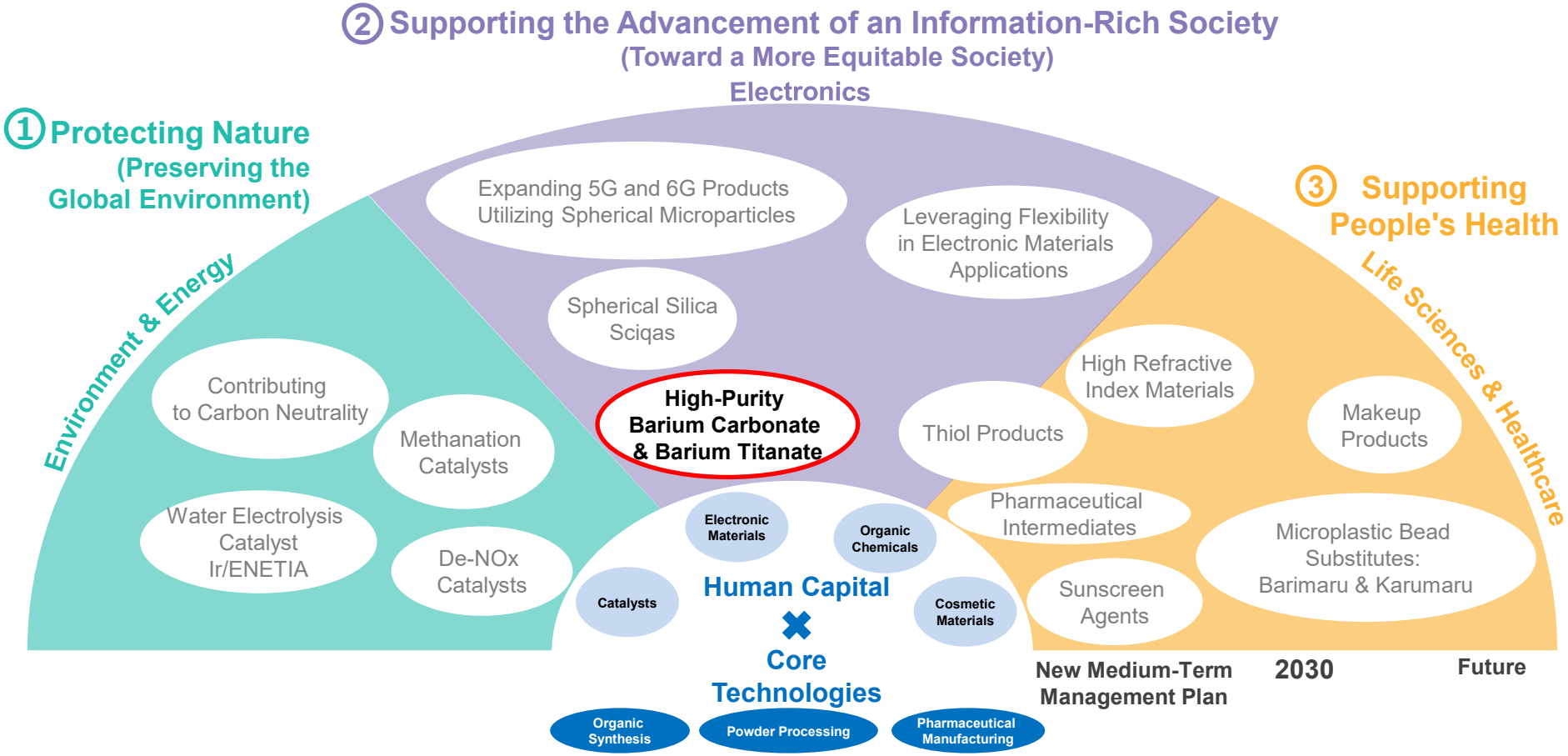
Points for Discussion

Since April 2024, we have been implementing "Transformation: BEYOND 2030," our medium-term management plan.

Through this briefing, we will introduce the distinguishing characteristics and strengths of Sakai Chemical's electronic materials business (a growth business) while providing an overview of structural changes and trends in the market.

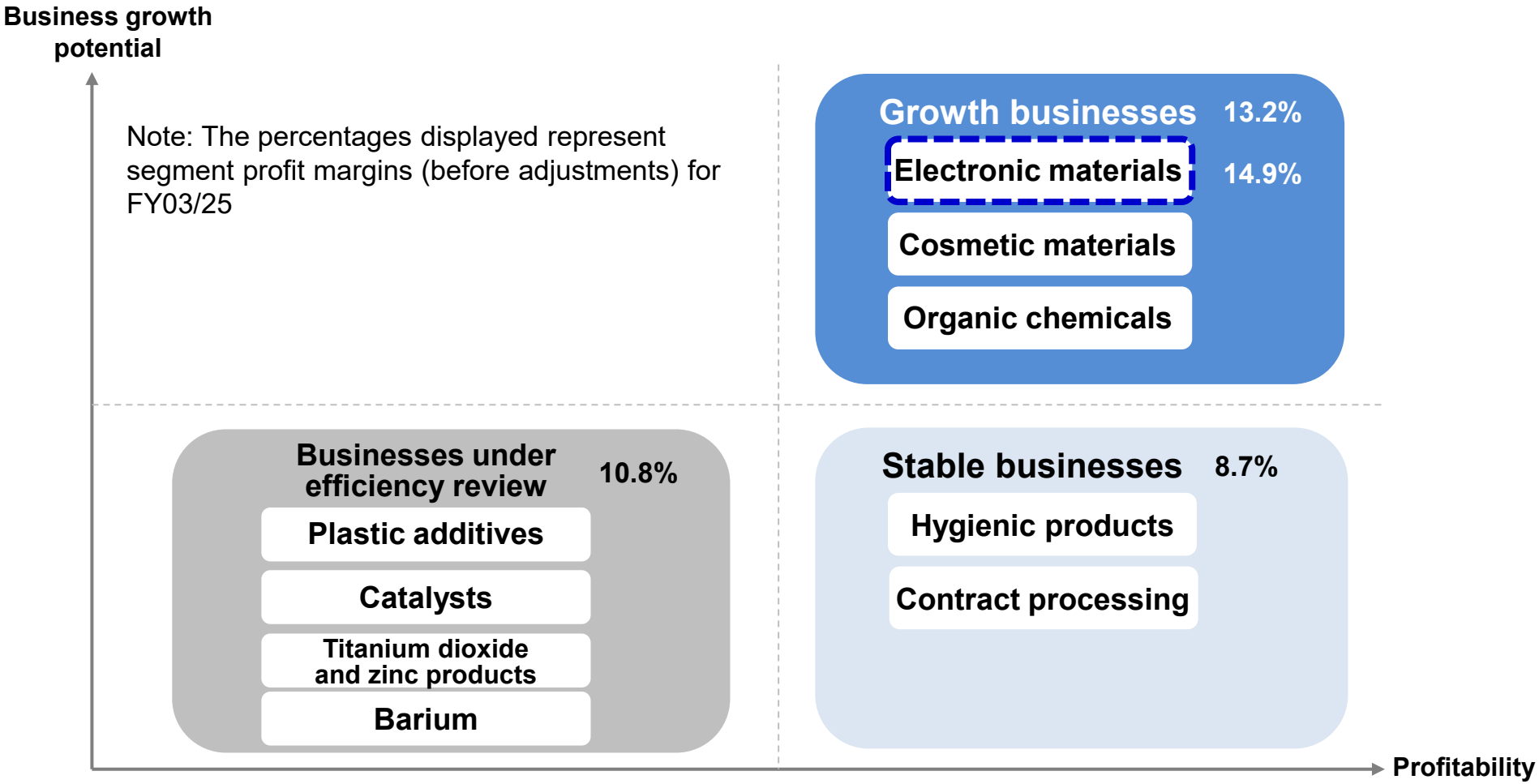
Strategic Positioning of the Electronic Materials Business

The electronic materials business is the central pillar of our activities in the electronics domain, which focus on three key objectives.



Positioning of the Electronic Materials Business Within Our Portfolio

As a core growth business, our electronic materials business will remain an area of strategic focus moving forward.



Source: Medium-term management plan "Transformation: BEYOND 2030"

Fully Leveraging the Strengths of Our Powder Processing Technology

Moving forward, we will leverage our powder processing technology to respond to changes in the market while facilitating the development of electronics in general.

<table>
<tr><th></th><th>Dielectrics</th><th>Dielectric materials</th></tr>
<tr><td>External environment</td><td colspan="2">• Change 1: Miniaturization of electronic devices → Miniaturization of MLCCs
• Change 2: Increase in functionality of electronic devices (larger capacity / higher performance) → Further miniaturization of MLCCs
• Change 3: Emergence of new electronic devices → Further enhancement of MLCC quality and reliability</td></tr>
<tr><td rowspan="2">Our strengths</td><td colspan="2">Powder processing technology capable of creating high-quality dielectrics and dielectric materials</td></tr>
<tr><td>• Ability to propose highly uniform, ultra-fine dielectric powders
Utilization of hydrothermal synthesis (ideal for ultra-fine particle production)</td><td>• High market share/Extensive product lineup
Proven ability to satisfy customer quality requirements and a track record of reliability</td></tr>
<tr><td>Our strategies</td><td>• Expand share of market for high-end MLCC dielectrics
Expand our share of the high-end MLCC market by leveraging our powder processing technology to develop dielectric powders composed of even finer and more uniform particles</td><td>• Share expansion in step with market trends
Respond to digitalization and the emergence of diverse electronic devices by leveraging our extensive dielectric material lineup and expanding our market share</td></tr>
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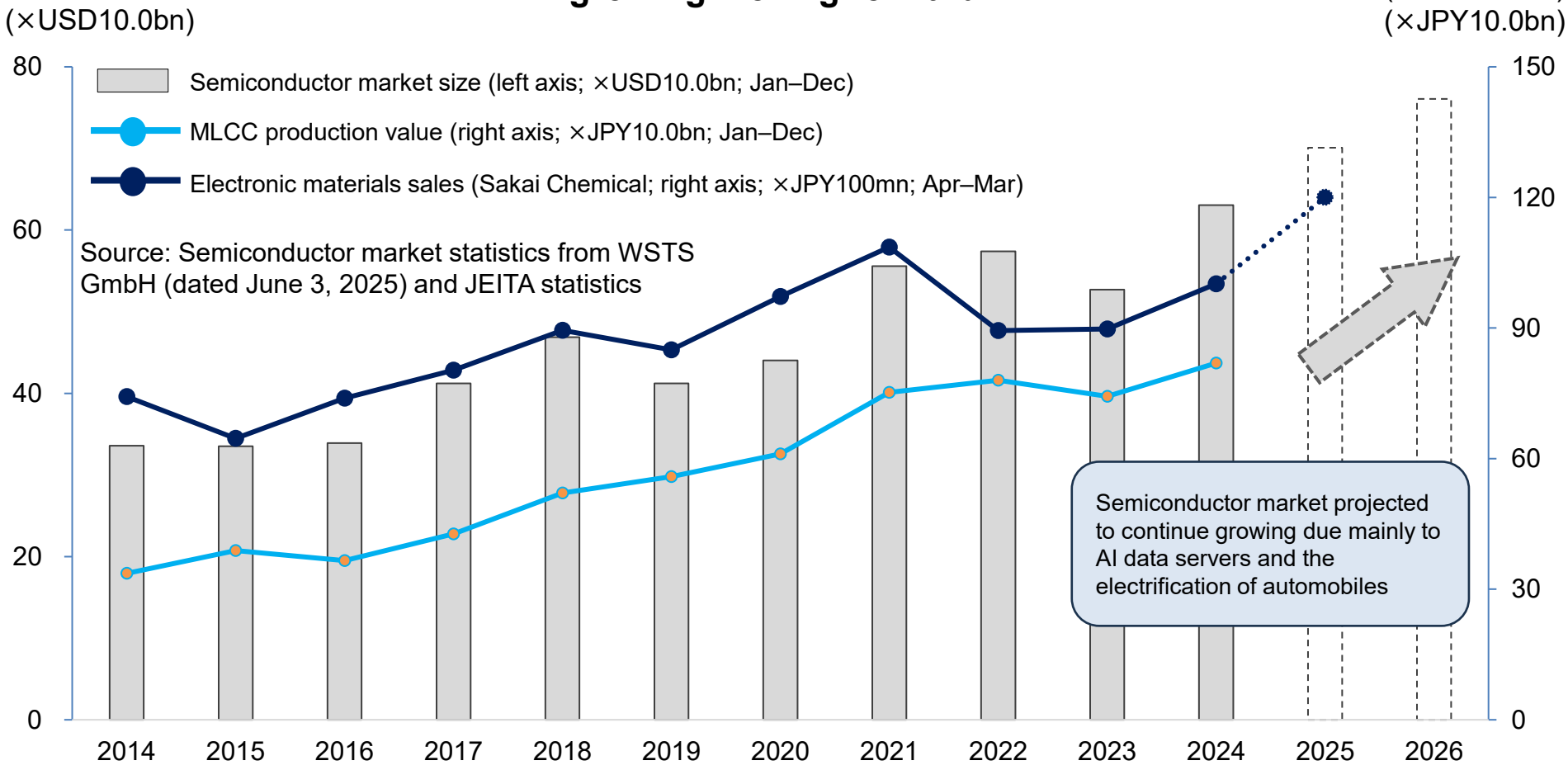
Semiconductor Market / MLCC Market / Electronic Materials Sales

Market & customers

Closely linked with trends in the semiconductor and MLCC markets, sales secured through our electronic materials business are expected to continue growing moving forward.

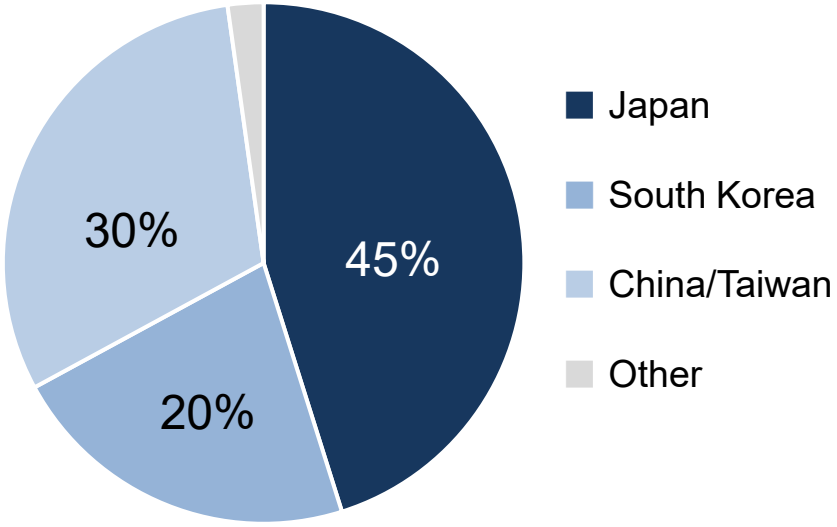


Note: Sales secured through our electronic materials business in 2024 and subsequent years reflect our new reporting segment structure.

Regional MLCC Market Share Breakdown and Supply Sectors

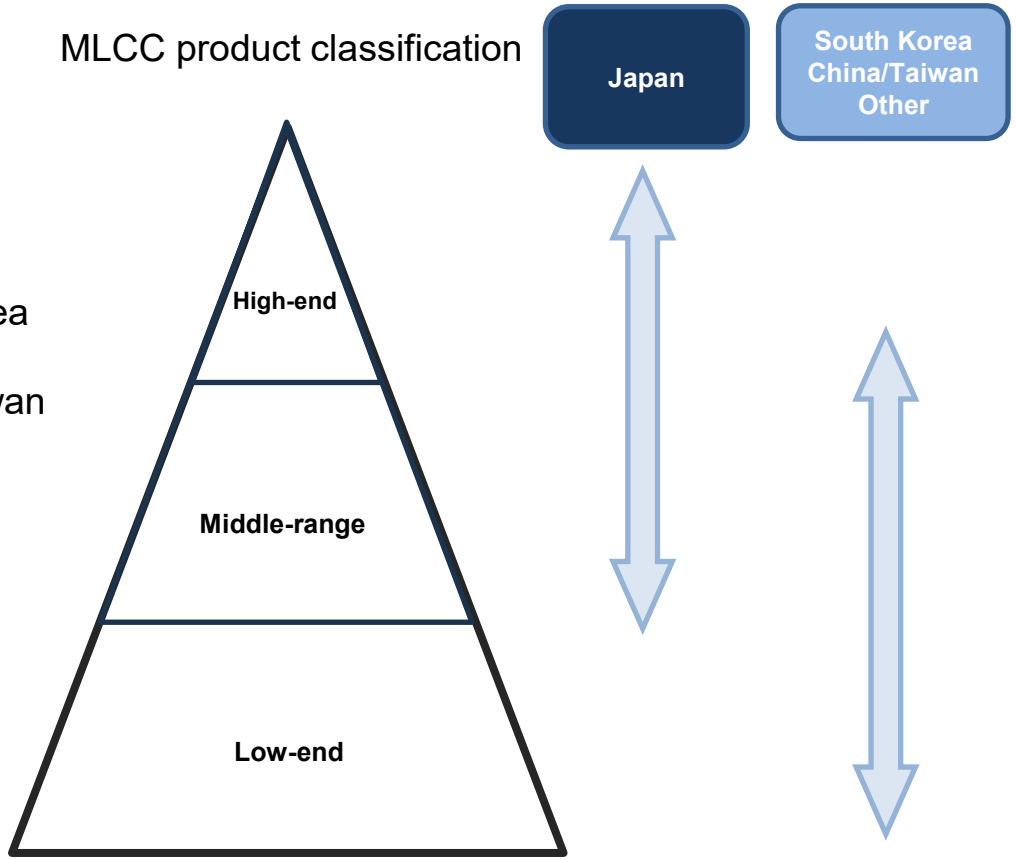
Japanese companies hold the main share and are driving the high-end segments of the market.

Regional MLCC Market Share Breakdown



Note: Percentages are estimates from Sakai Chemical and represent shares of the market's total production volume.

MLCC Market Share Breakdown by Product Grade and Region

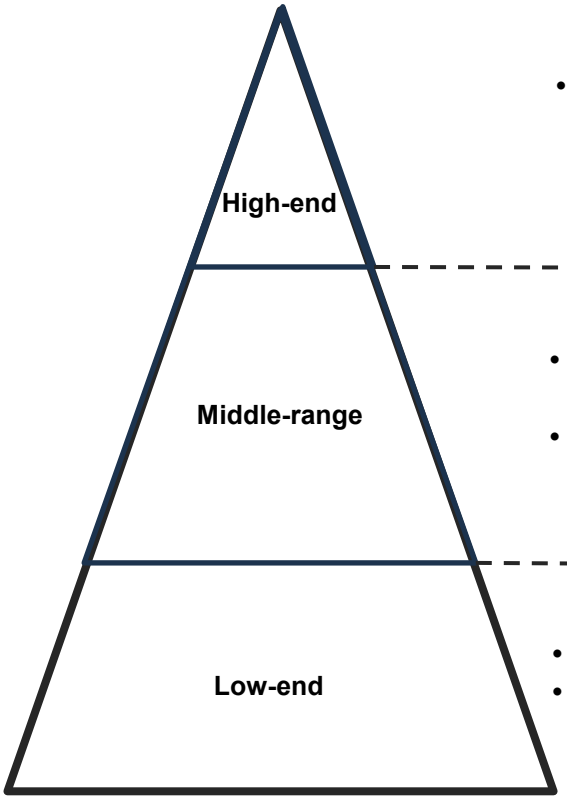


Material Property Requirements by MLCC Product Category

Market & customers

We focus primarily on the high-end and middle-range categories.

MLCC Product Categories



- Primarily for the latest generation of consumer smartphones and AI-related applications, which demand high-quality materials

- Consumer and automotive applications
- Well-balanced combination of quality, proven performance, and reliability

- Broad range of applications
- Intense price competition

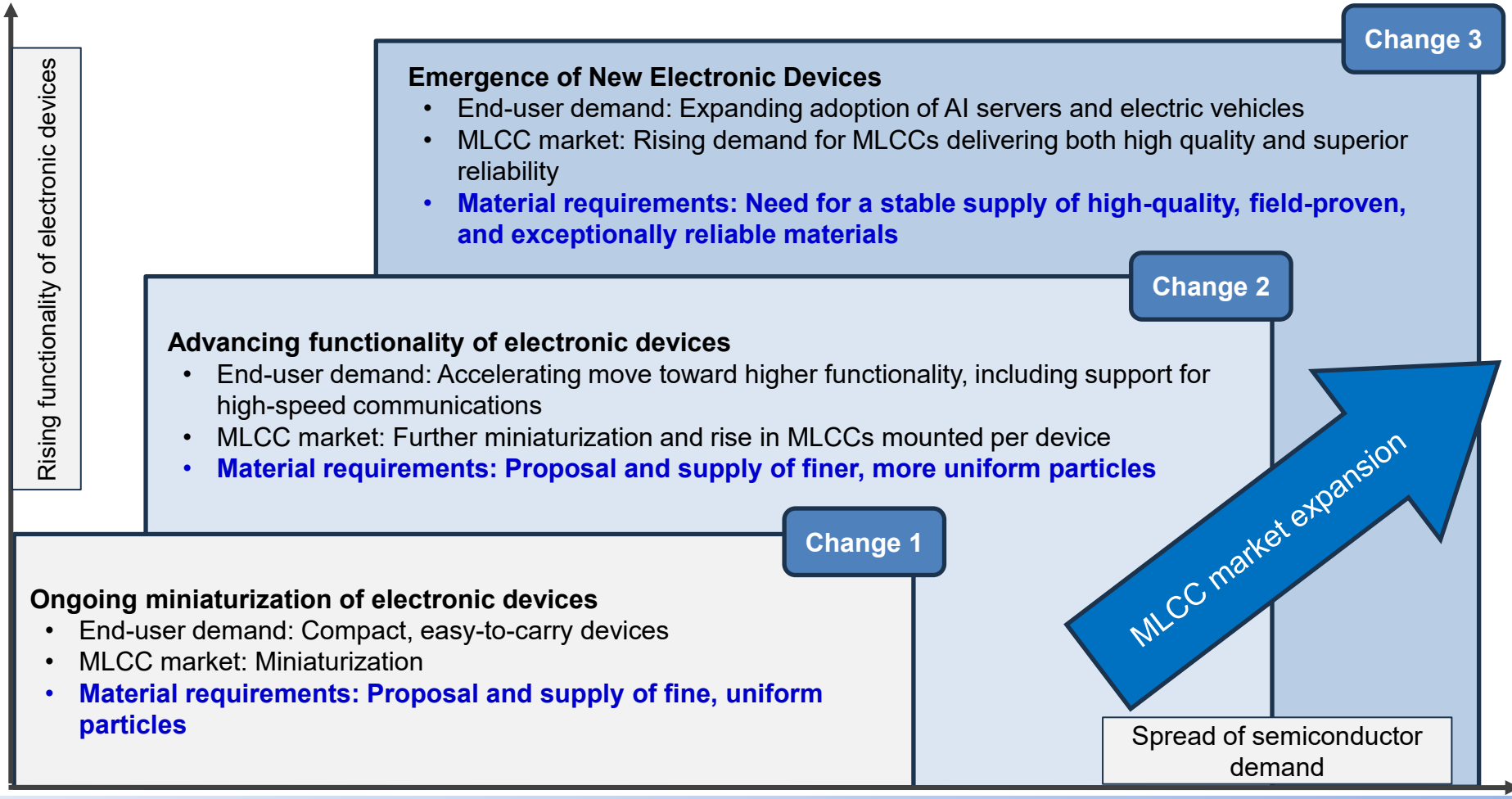
Properties Required for Dielectrics and Dielectric Materials

Particle size	Particle uniformity	Performance and reliability	Switching cost
Small	High	Good	High
		Excellent	High
Large	Low	Good	Low

Changes in the Market and Material Requirements

Market & customers

As electronic devices become more sophisticated and new devices emerge, MLCC demand is expanding while material requirements evolve.



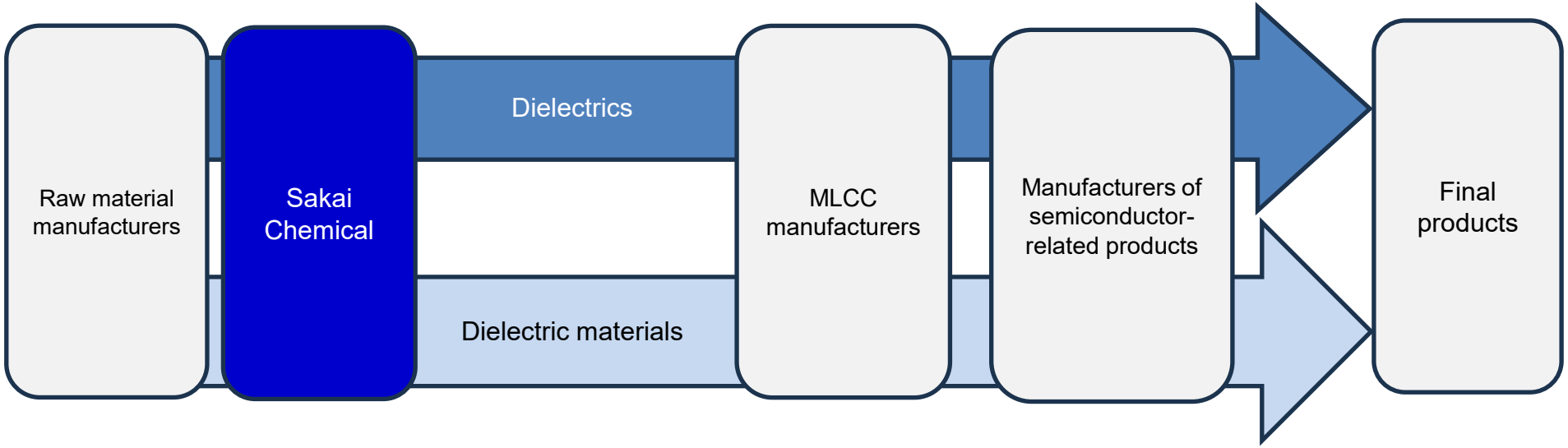
Summary of Market and Customer Trends

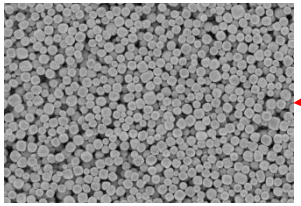
As devices become more sophisticated, demand is growing for MLCCs that are smaller, have higher capacities, and provide superior performance and reliability. Accordingly, the need for dielectrics and dielectric materials capable of fulfilling these requirements is also expanding.

	Response required from Sakai Chemical	MLCC-related developments	Major electronic device-related trends
Change one	Propose and deliver fine, uniform particles	MLCC miniaturization	Miniaturization
Change two	Propose and deliver finer, more uniform particles	Further MLCC miniaturization	Growth in functionality
Change three	Consistently deliver high-quality, field-proven products offering superior reliability	Growth in quality and reliability	Launch of new devices

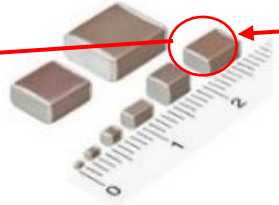
Supply Chain

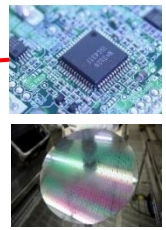
MLCCs share a close connection with semiconductors and are built into a wide range of electronic devices, including smartphones, PCs, and automotive systems.





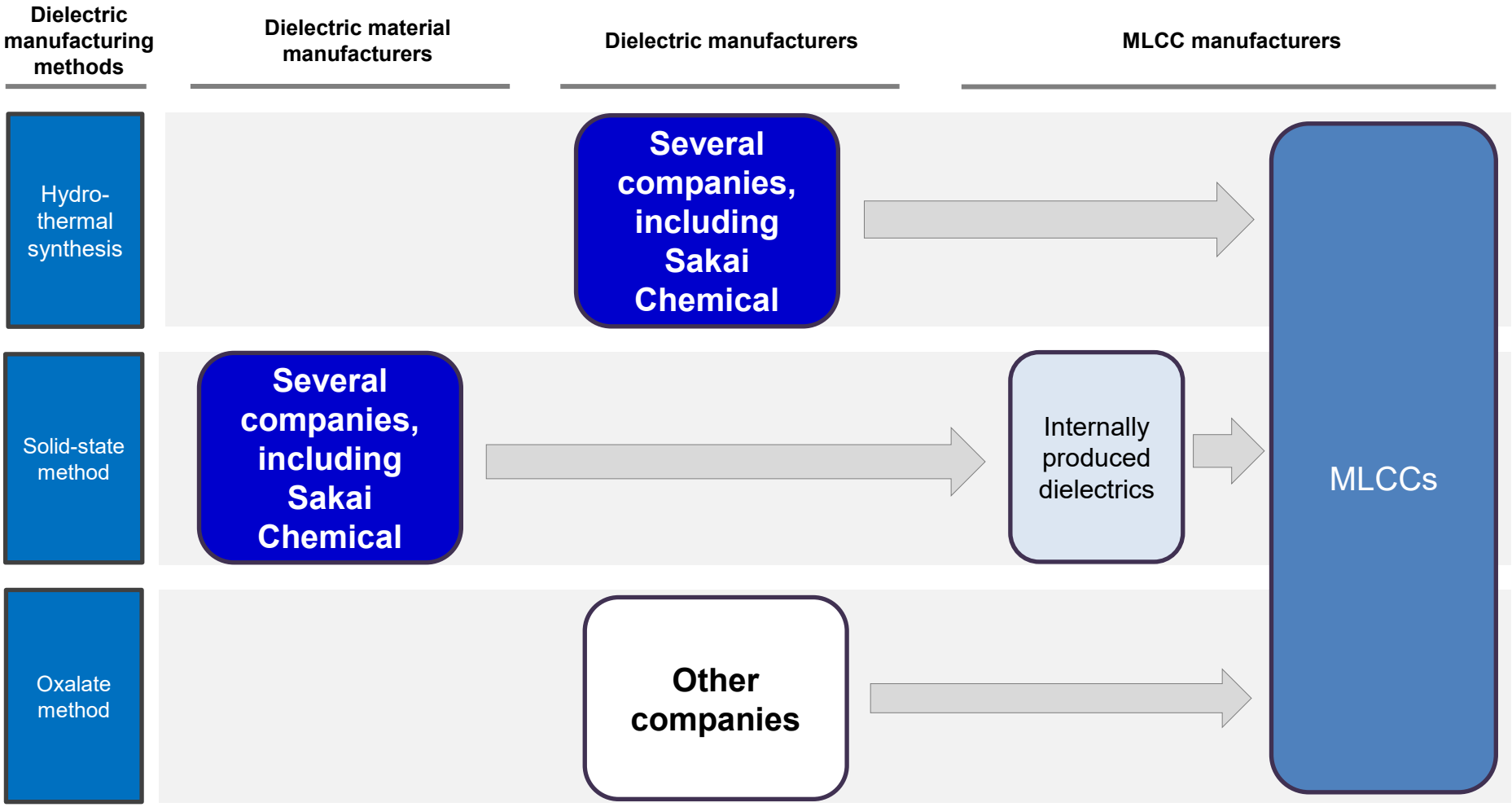
SEM image of our hydrothermally synthesized dielectric powder





Our Advantageous Handling of Both Dielectrics and Dielectric Materials

Supplying both dielectrics and dielectric materials has given us broader access to MLCC manufacturers.



Our Advantages in the Field of Electronic Materials

Our powder processing technology enables us to consistently deliver high-quality products aligned with market trends.

Strengths in dielectrics

- **Ability to develop uniform ultra-fine particles**

Our hydrothermal synthesis-based production method excels at producing highly uniform ultra-fine particles, enabling us to propose distinctively superior dielectric solutions for high-end markets.

Strengths in dielectric materials

- **High share in market for products developed through the solid-phase method**
- **Extensive product lineup**

We are expanding our market share by delivering dielectric materials used in the solid-state method, a mainstream process utilized by MLCC manufacturers, and maintaining a broad product lineup that continually aligns with industry trends.

Our Strength

Powder processing technology

By miniaturizing particles, ensuring uniformity in their size, and securing a stable supply of raw materials through Sakai Chemical Group company Sakai Trading Co., Ltd., we have established and consistently maintain strong capabilities for the reliable supply and ongoing development of each of our products.

Differences in Dielectric Manufacturing Methods

Competitive environment

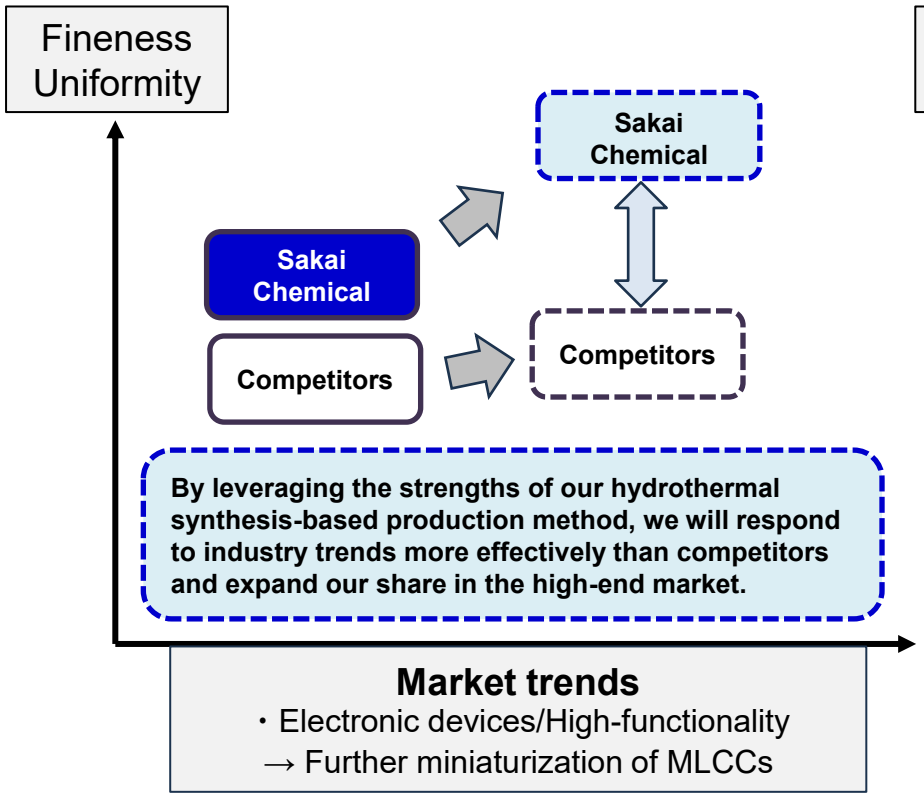
Our hydrothermal synthesis-based production method enables us to easily manufacture dielectric materials composed of ultra-fine, uniformly sized particles, which are advantageous for enhancing MLCC performance.

	Hydrothermal synthesis	Solid-state method	Oxalate method
Characteristics	Particle fineness and uniformity	Suitable for producing multi-component compositions	Compositional uniformity
Particle size	Ultra-fine to medium	Fine to large	Fine to medium
Particle size distribution (uniformity)	Excellent	Good	Excellent to good

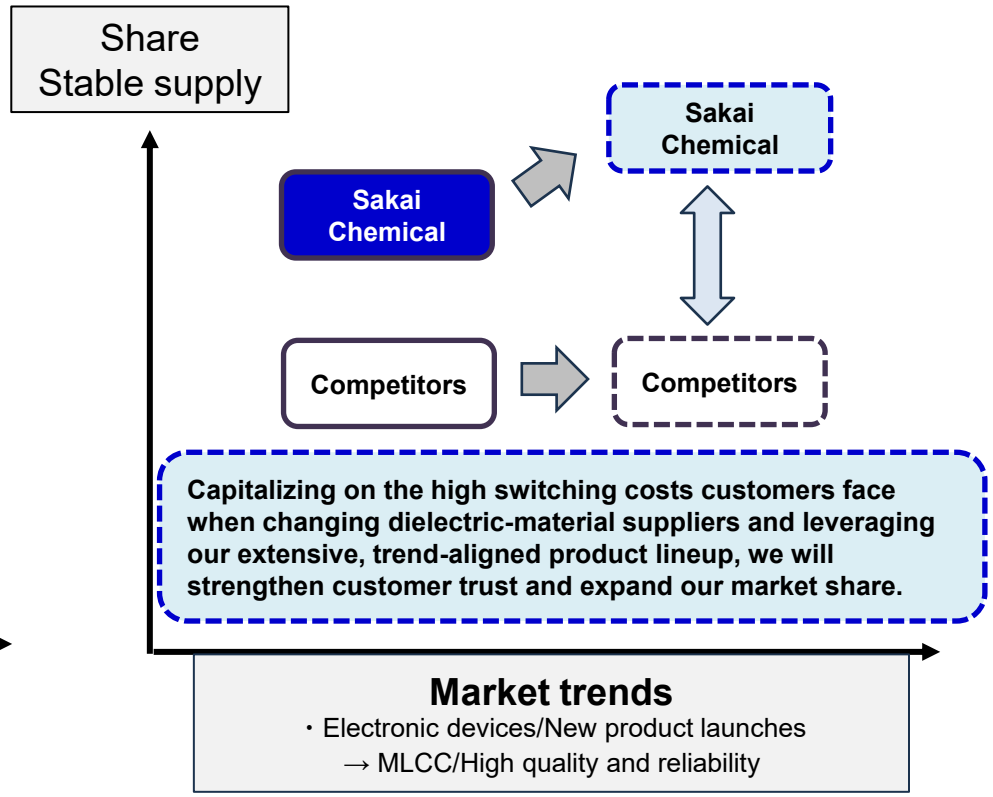
Relationships with Competitors and Competitive Advantages

By leveraging the strengths of our dielectrics and dielectric materials, we will continue responding to MLCC industry trends from a position of advantage.

Dielectrics

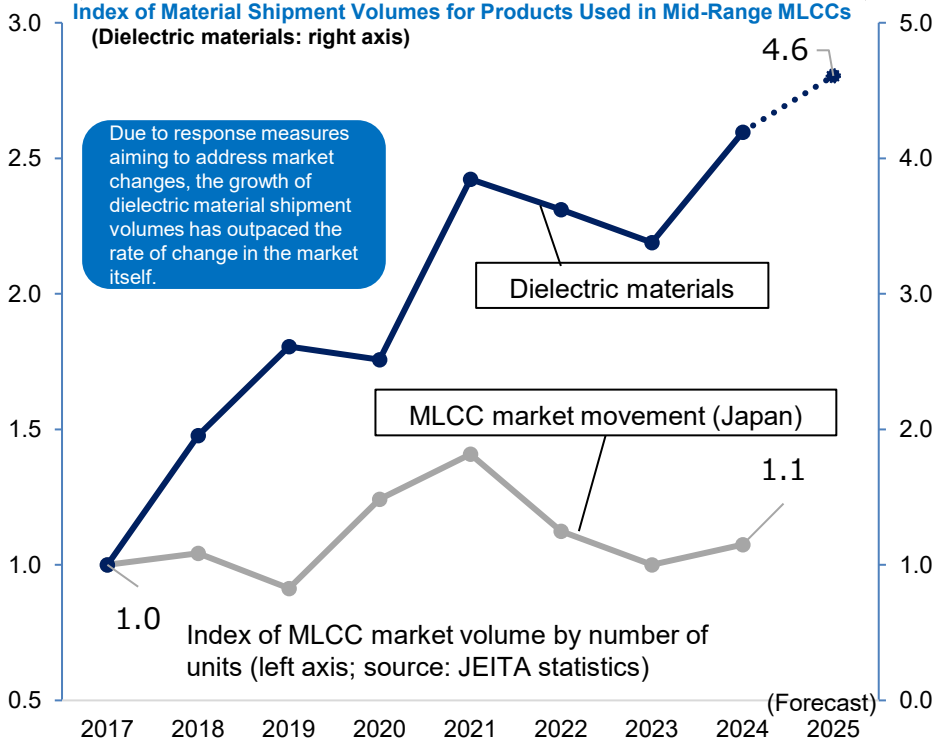


Dielectric Materials

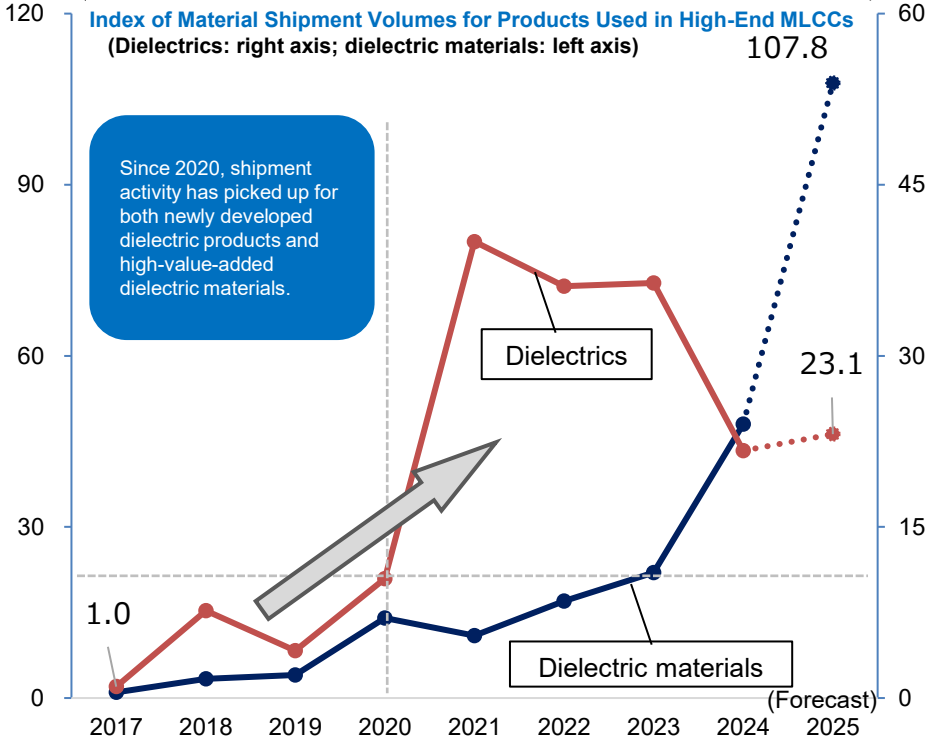


Leveraging our strength in powder processing technology, we are steadily addressing and capitalizing on market needs.

External Environmental Changes 1, 2, and 3



External Environmental Changes 2 and 3



External Environmental Changes

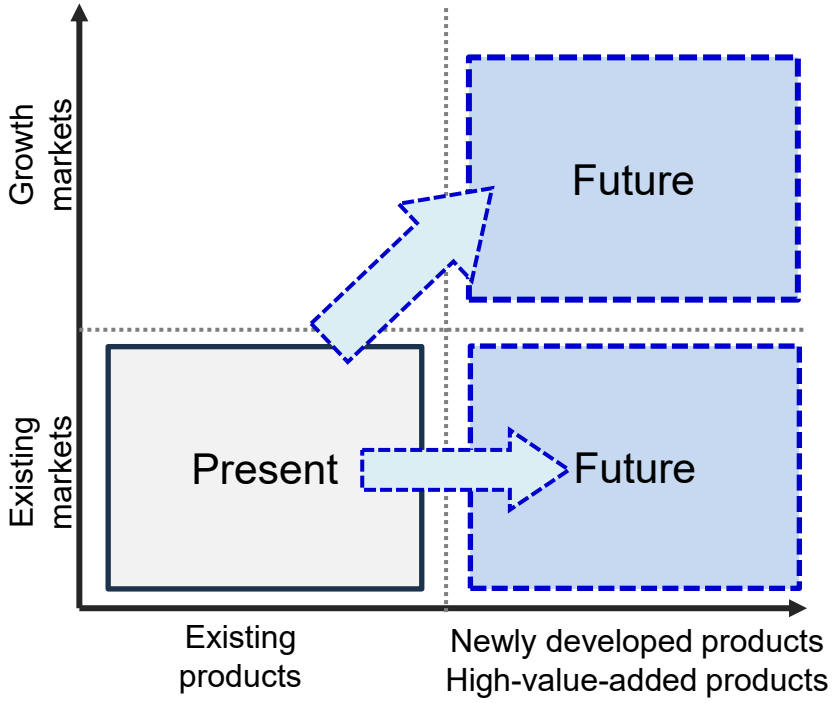
- **Change 1: Miniaturization of electronic devices → Miniaturization of MLCCs**
- **Change 2: Increase in functionality of electronic devices (larger capacity / higher performance) → Further miniaturization of MLCCs**
- **Change 3: Emergence of new electronic devices → Further enhancement of MLCC quality and reliability**

Vision for Expansion in the Electronic Materials Business

We will fully leverage both our dielectrics and dielectric materials as we aim to generate medium- to long-term sales growth.

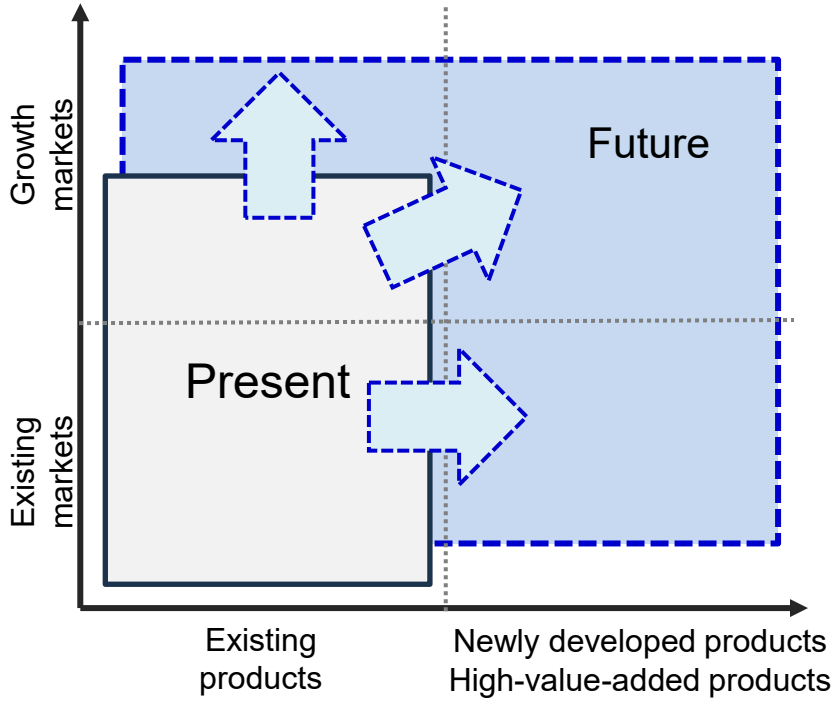
Dielectrics

Through successive launches of newly developed products that satisfy growing demand for finer and more uniform particles, we will expand our presence in the development and high-value-added product space.



Dielectric materials

By maintaining a broad lineup of dielectric materials, we will aim to serve both existing and fast-growing markets, thereby broadening our overall market share.



Note:
Growth market examples: AI-related and electric-vehicle-related fields, etc.
Existing market examples: smartphones and industrial equipment, etc.

Summary of Future Strategy Formulated Based on Changing Conditions

By leveraging our powder processing technologies and remaining aligned with market trends, we will aim to further solidify our trusted relationships with MLCC manufacturers and expand our market share.

Dielectrics
Expanding our share of the market for products used in production of high-end MLCCs

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Dielectric Materials
Consistently delivering proven, highly reliable products

→ **Expanding trust and market share**

Ongoing growth in device functionality	Emergence of new electronic devices	Steadily keeping pace with trends in the MLCC industry
• Need for further miniaturization of MLCCs due to limited mounting space → Growth in demand for materials made from finer, more uniformly sized particles • Leveraging the strengths of hydrothermal synthesis –Particle uniformity –Particle fineness	• Growing prevalence of AI data servers and vehicle electrification → Rising demand for high-quality materials providing superior reliability • Taking full advantage of our extensive and proven product lineup	• In the field of electronics, we aim to enhance customer trust and achieve growth that outpaces market expansion by contributing to the development of an advanced information society through our powder processing technology.

We appreciate your kind attention

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