Dexerials' Business Strategy

Optical Solutions Business Unit

We will create value and contribute to resolving social issues by combining new technologies.

Optical Solutions Business Unit Head

Hiroshi Uchida

Profile
Joined Sony Chemicals Corporation, the predecessor of Dexerials, in 1998. After engaged in product development, where he developed wiring materials, coating materials, liquid adhesives, and other products, he has been involved in developing high-precision components fixing adhesives such as UV curing, low-temperature curing, and smartphone camera module adhesives. In the current position since April 2021.

Market environment

Optical Solutions Business Unit handles two key product categories: the optical films and the optical resin materials. In the optical films category, sales of anti-reflection films, which have a high global market share and account for a large portion of the division's sales, are steadily increasing for use in laptop PCs and in-vehicle displays, where demand has expanded due to the COVID-19 pandemic. Medical eye-shielding material (DxShield®), which is based on anti-reflection film moth-eye type, has been adopted by many medical institutions, and demand is expanding as it helps reduce eye strain among medical personnel. In the optical resin materials category, optical elastic resin (SVR) has maintained a high global share as a resin adhesive for small-to-medium-sized displays. In the high-precision bonding resins, sales for camera modules are steadily expanding against the backdrop of an increase in the number of cameras mounted on smartphones.

Growth strategy and risks

Optical Materials and Components Business accounts for about 40% of overall net sales. We have set a target of 448 million yen in net sales for the business to achieve by fiscal 2023, and we will continue to contribute to both sales and profits by improving yields and productivity through safety-first and stable production. Anti-reflection films are required to have various functions such as foldable, rollable, touch-sensor compatible, and smudge-proof fingerprint resistance. We will expand the range of functions by taking advantage of the superiority of our materials and our technological development capabilities, and will further expand the range of applications by investing in increased production. In April 2021, we launched a series of phosphor film products which has been highly evaluated for its wide color gamut and ability to reproduce images with a high degree of clarity. We are working to expand our business base by putting a mass production system in place.

We will continue to take measures to ensure stable procurement of materials while coordinating with suppliers as appropriate, based on our understanding of the risks in the entire supply chain, such as soaring material and transportation costs, as well as the occurrence of natural disasters and geopolitical risks, while assuming that we may experience a reaction to the strong demand in the COVID-19 pandemic in the future. On the other hand, personal devices and gadget-related products will continue to grow steadily as lifestyles changed, and business opportunities for us will continue to expand, including sensing devices for autonomous driving and automation, and data storage and communication devices for increased communication traffic. We will continue to create value for customers and contribute to resolving social issues by combining new technologies.

Connecting Materials Business Unit

We will enhance our ability to solve customers' challenges, and strive for growth with a healthy sense of crisis.

Executive Officer
Connecting Materials Business Unit Head

Kozaburo Hayashi

Profile
Joined Sony Chemicals Corporation, the predecessor of Dexerials, in 1992. Engaged in sales and development of thermosetting adhesive tapes, UV-curable adhesives, optical resin materials, etc. Appointed Display Materials Business Unit Head in 2016 and contributed to expand our core products such as anisotropic conductive films (ACF) and optical elastic resin (SVR). In the current position since January 2019.

Market environment

Connecting Materials Business Unit handles anisotropic conductive films (ACFs) and surface mounted type fuses as its main products, as well as adhesive materials and thermal conductive sheets.

ACF is a film material that is indispensable for bonding circuits in digital devices with display panels. We are aiming to make particle-aligned ACF, our differentiating technology product, de facto in the industry, and it is steadily becoming de facto in small-to-medium-sized OLED displays, and is also increasingly being used in displays for automotive applications.

Surface mounted type fuses protect, which Li-ion batteries from overcharging and overcurrent , is expanding in line with the growth of the market for cordless products such as power tools, as well as the

shift to working from home due to the COVID-19 pandemic, which has led to increased sales of laptop PC. This increase in demand for laptop PC has also led to strong sales of adhesive materials.

Thermal conductive sheets are expected to expand in line with the installation of 5G base stations, but decreased in fiscal 2020 due to delay in installation work caused by the pandemic.

We develop and provide functional materials as a solution provider, where our engineers provide technical support to solve the problems that our customers face in making their products more functional and building mass production systems. Our strength is our ability to provide solutions to customers' challenges. It has earned their recognition and trust, and we will continue to enhance this skill.

Growth strategy and risks

In the refresh of our Mid-term Management Plan, we revised upward our net sales target for the Electronic Materials and Components Business to 405 million yen in fiscal 2023. To achieve this target, we will make investment for more production capacity of particle-arrayed ACF and surface mounted type fuses.

In the area of particle-arrayed ACF, we will expand productivity in stages to meet the increasing demand for higher-definition displays and other products, and through the converting plants into smart factories, we will improve productivity and quality to achieve further business growth. In the area of surface mounted type fuses, we are installing new self control protector (SCP) lines and plan to bring them online in fiscal 2022. We anticipate further growth in demand for SCPs as safety regulations for Li-ion batteries are tightened, especially in Europe.

While remaining aware of geopolitical risks and semiconductor shortages, we will continue to deepen overseas collaboration and aim for long-term growth with a healthy sense of crisis, while seizing business opportunities arising from the change in behavior and heightened environmental awareness caused by the COVID-19 pandemic.

Automotive Solutions Business Unit

Steadily capture business opportunities created from decarbonization, the shift to EVs, and growth of autonomous driving.

Automotive Solutions Business Unit Head

Kentaro Oshima

Profile

Joined Sony Chemicals Corporation, the predecessor of Dexerials, in 1991, and engaged in product development of anti-reflection film, etc. Appointed Deputy Head of Automotive Solutions Business Unit in 2019 and contributed to expand our products into the automotive industry. In the current position since October 2020.

Market environment

Automotive Solutions Business Unit is working to grow the business by leveraging a variety of internal resources with a focus on applications in automobiles, such as anti-reflection films, optical elastic resins (SVR), UV curable adhesives, anisotropic conductive films (ACF), and thermal conductive sheets. The automotive market has been impacted by the decrease in production and semiconductor supply shortage caused by the COVID-19 pandemic. It is currently a seller's market where production cannot keep up with increasing demand, but since the change in the US administration in 2021, the shift to EVs has been accelerating along with the shift to decarbonization. As automakers accelerate their decarbonization efforts throughout the value chain, decarbonization efforts on the part of suppliers are also becoming a prerequisite for business.

Growth strategy and risks

We have been striving to develop new customers and raise awareness of our company in the automotive industry by taking "design-in" and "spec-in" approach, where we visit end users ourselves to find out their needs and issues, and work together to come up with technical solutions. In 2020, we began collaboration with SemsoTec Group, a German automotive design house which designs in-vehicle displays and creates concepts for the entire driver's seat. We have already installed our hybrid SVR laminating equipment at the Company's plant and have begun joint marketing activities to develop new customers in Germany. We plan to supply inkjet-compatible Jettable SVR, which will further increase awareness of Dexerials in the German automotive industry.

Although the pandemic that could disrupt the supply chain will continue to be a major risk factor in the future, the growth of EVs and autonomous driving is a great business opportunity for us, and the trend toward decarbonization is also a tailwind for our products that reduce environmental impact. For fiscal year 2023, sales in Automotive Solutions Business are expected to double from five years ago to 140 million yen, driven by anti-reflection films, whose adoption continues to grow globally. Anti-reflection films and optical elastic resins contribute directly to improving driver visibility, and will and materials for sensing, which are essential for autonomous driving also contribute to improved safety in the automotive society. We will transform our entire business portfolio through business growth while contributing to resolving social issues. Although the pressure on us, we will strive to achieve growth with courage and enthusiasm.