



## We will resolve social issues by strengthening our “outside-in” technology strategy.

Executive Officer  
Corporate Strategy Division Head

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### Profile

Joined Dexerials in July 2020. As Business Strategy Office Head, Engaged in technology and product strategy, alliance strategy planning, and digital transformation (DX) promotion. In the current position since April 2021.

### Review of fiscal 2020 and recognition of challenges

In fiscal 2020, we experienced sudden changes in the business environment due to the spread of COVID-19 and were forced to respond to an unexpected circumstances. Internally, I believe that we were able to minimize the negative impact throughout the year by quickly establishing a policy of prioritizing safety to protect our employees and other stakeholders from infections, and by taking prompt action. On the businesses front, we were able to capture the trend of digitalization accelerated by the emergence of new lifestyles, and achieve a result that exceeded targets. The efforts we have made over the past two years, such as launch of new products and the improvement of the yield at the production site, have blossomed and resulted in a significant increase in profits.

In existing business, we will continue to strengthen them while making qualitative changes. We will focus efforts particularly on products that can provide high added value, and thoroughly improve differentiating technology with the goal of making them the de facto

standard. In addition, we will actively invest in increasing production capacity as we see an increase in demand for our high value-added products from new customers, new applications and areas.

On the other hand, the results of the management team renewal and HR policies are being seen in the form of faster management decisions and in order to seize these changes as opportunities, it is necessary to further promote an awareness of reform throughout the company without fear of change.

### System to promote development in new domains

As part of the organizational reform in October 2020, Business Innovation Division was dissolved, and newly established the Corporate Strategy Division and Dexerials Innovation Group (DIG) along with Global Sales & Marketing Division, are now in charge of promoting business growth in new domains.

The Corporate Strategy Division, which I currently head, took over from the Business Strategy Office and serves the function of connecting the overall

organization to formulate growth strategies and develop growth roadmaps. It also plays the role of acquiring technology and talent outside the Company through external alliances.

DIG will promote not only “inside-out” technology strategy, in which we develop products based on themes defined from our perspective and provide them to society, but also “outside-in” technology strategy, in which we consider and develop products that we can provide to resolve future social issues. Our role is to envision business development that integrates ESG /SDGs measures with the aim of contributing to a sustainable society, and we will incorporate themes determined from a societal perspective into our technology development roadmaps. To ensure the “outside-in” new business strategy takes root, we need to establish a process to translate the strategy to the technology development roadmap that is based on quantification and analysis to make sure it is not dependent on the expertise of a single individual, and testing of each process.

The Global Sales & Marketing Division collects and analyzes fresh information on partners and customers

in order to realize the technology development roadmap presented by DIG. The Corporate R&D Division is responsible for research and development, but rather than doing everything on its own, it proactively considers acquiring technology and specialized talent from external sources when necessary.

In order to accurately grasp the growth opportunities that can be found in solving social issues and to grow as a company that is resilient to change, it is crucial for these divisions to collaborate organically to promote and cultivate new businesses.

### Updating “Challenges for Evolution” measures

We have a number of products with top share in global niche markets. Therefore, simply increasing the market share of existing products will not be enough for a growth strategy. Strengthening profitability by qualitatively changing existing businesses and achieving growth through transforming our business portfolio will be the key. We also need to develop a system for strengthening the management base and invest in human resources.

The Mid-term Management Plan “Challenges for Evolution” has been refreshed (revised) due to the achievement of the operating income target ahead of schedule and the essential changes in the business environment caused by COVID-19 pandemic.

See Pages 24-26 for the details of the updated Mid-term Management Plan.

For existing business domains, we will conduct regular business assessments and make qualitative changes focusing on what is important. We will also optimize production bases and improve production costs. And as I mentioned earlier, we will proactively invest in areas where we can provide high added value and areas no one else can handle but us.

I explained that for new business domains, going forward, we will focus more on resolving social issues with “outside-in” approach. On the other hand, our automotive business, which we had already been working on as a new business, is growing as expected. Accelerating the automotive business and ensuring it grows is an important theme for us. From there, we will consider expanding into technological fields such as IoT, 5G, and AI, and aim for sustainable growth by expanding businesses in new domains.

Facilitating DX and developing human resources are the key for strengthening our management base. Over the next two years until fiscal 2022, we will accelerate the digitalization of business operations to the extent possible and establish a system to rapidly apply acquired information to the management. In the next phase, we will identify issues from digitized information and plan, and implement projects that will lead to the creation of customer value. The first thing we need to do to strengthen the management base and create customer value through DX is to recognize what issues we face ourselves. And the key to this is instilling a mindset in employees to try to resolve these issues with digital technology. In order to develop such talent, we provided DX training to 600 employees.

See Page 27 for the details of DX initiatives.

### Creating further innovation

Expertise is an important element in creating innovations to resolve social issues. However, you need more than just expertise. Just as some of our high value-added products are the result of flexibly combining existing technologies, the elements of innovation are often right in front of you. It is also important to change our way of thinking by clarifying the required goal. And by not limiting ourselves by doing only what we are capable of, but making up for what we lack with external capabilities to meet application needs, we can bring about innovation with



synergy. We plan to obtain knowledge on applications and strengthen open innovation activities.

Going forward, we will also consider introducing new technology development methods such as AI-based development simulations and materials informatics (materials development using information processing technology).

### In conclusion

We consider the current Mid-term Management Plan as a step to create the foundation for the next Mid-term Management Plan and we recognize that our true value will be tested by our subsequent growth. We will strive to carefully disseminate information and formulate communication in order to make our future growth visible to our stakeholders and become a company whose value is properly recognized.