We have been and will always be a value creation company that supports the evolution of society

Company

Products

1962
Sony Chemicals Corporation established.

1977
Commercialized Anisotropic Conductive Films (ACF) ahead of industry peers.

Succeeded in commercializing ACF ahead of the rest of the industry. ACF is a film-type conductive adhesive with uniformly dispersed conductive particles that exploit electrical properties to conduct two components vertically while keeping mechanical performance by adhesion.

1987
Listed on the Second Section of the Tokyo Stock Exchange (TSE).

1994
Started production of protection elements for Li-ion batteries.

Started mass-producing the secondary protection devices that immediately interrupt overcharge or overcurrent in Li-ion rechargeable batteries first in the world.

2000
Sony Chemicals Corporation was delisted from TSE. Became a wholly owned subsidiary of Sony Corporation.

2002
Started selling of Anti-reflection films.

Dry-type Anti-reflection films, which realize outstanding low reflection property and abrasion resistance with nano-level thin-film thickness control technology and multi-layer structure.

2006
Company name changed to Sony Chemical & Information Device Corporation.

2007
Started production of the Optical elastic resin (SVR®).

Optical clear resin is embedded in air gaps in devices such as smartphones and tablet PCs to help realize slim profiling and improved visibility of displays.

2008
Started production of Inorganic polarizer for projectors.

2012
Company name changed to Dexerials Corporation, and business launched.

Dexerials

Since the foundation of our predecessor in 1962, we have helped consumer electronics products advance by developing, manufacturing, and selling functional materials. The year 2022 marked the 10th anniversary of the foundation of Dexerials. We will stay true to our founding spirit and, with unprecedented ideas, continue to take on the challenge of creating value that helps resolve social issues.

2013

Started production of PSA-transformable Optical elastic resin (Hybrid SVR) whose adhesive properties are transformed during UV curing.

2014

Started production of eye shield material for medical use.

Moth-eye type film, which realizes anti-reflection and high transparency with its nano-level fine concavo-convex structures formed on the surface.

2015

- **Listed on the First Section of the Tokyo Stock Exchange (TSE).**
- Dexerials Kibou Corporation started business.

2016

Tochigi Technology Center started operations.

2016

Commercialized "ArrayFIX" Particle-Arrayed Anisotropic Conductive Film (ACF).

ACF is a conductive adhesive capable of stably connecting many wires even in a narrow area by arraying conductive particles in resin at targeted positions.

2020

Dexerials Precision Components Corporation established.

2020

- Developed Anti-reflection film "HD Series".
- Developed "Jettable SVR", optical elastic resin corresponding to inkjet coating.

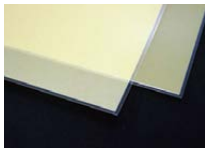
2021

- **Headquarters changed to Shimotsuke-shi, Tochigi.**
- Tokyo Office moved to Chuo-ku, Tokyo.

2021

Commercialized the Phosphor Film "PS Series".

This film achieves dynamic range expansion, wider color gamut, and slim profiling of liquid crystal displays with direct LED backlighting.



2022

- **Marked the 10th anniversary of Dexerials Corporation's founding.**
- **Kyoto Semiconductor Co., Ltd. became a subsidiary of Dexerials Corporation.**
- **Transitioned from the First Section to the Prime Market of the Tokyo Stock Exchange (TSE).**

Topics

The year 2022 marks the 50th anniversary of the establishment of the Nakada Plant

The year 2022 marked the 50th anniversary of the Nakada Plant's establishment. At the plant, Dexerials Precision Components Corporation and OSDC Corporation* operate the micro device business, manufacturing micro devices (inorganic optics and inorganic materials). The Nakada Plant started out by manufacturing magnetic heads under the Sony Group, and since then, has inherited and advanced many technologies. Since the spin-off in 2021 as part of the organizational reform to establish the current structure, we have steadily strengthened our business structure through self-reliance and cooperation to achieve sustainable growth and by taking on the challenge of advancing to even higher levels as stated in our medium-term policy. We will explore more growth opportunities in lasers, sensors, and projectors, which are becoming increasingly advanced and diverse, with our microfabrication technology and device capability to enhance our corporate value through new value creation.

*OSDC Corporation is a joint venture between Dexerials Corporation and OUTSOURCING Inc. and manufactures micro devices.

Highlights

Global market share

No.1

Anisotropic conductive films (ACF) *1

Optical elastic resins (SVR) *2

Anti-reflection films produced utilizing sputtering technology *3

Net sales

95,712 million yen

year on year +45.4%

Operating profit

26,642 million yen

year on year +135.0%

Profit attributable to owners of parent

16,669 million yen

year on year +212.8%

ROE

28.5%

year on year +18.1pt

Total payout ratio (before amortization of goodwill)

42.3%

Internal directors 3

Outside directors 4

Ratio of outside directors

57.1%

Ratio of mid-career hires

44.6%

Three-year retention rate for new graduates employed

88.0%

Number of engineers

580

Ratio to No. of employees on a consolidated basis 38.0%

*1 The 2021 share for amount of ACF for large-sized and small- to medium-sized displays according to the "2022 Current Status and Future Prospects of the Display-related Market" issued by Fuji Chimera Research Institute, Inc.
*2 The 2021 share for total amount of optical clear adhesives (OCR) used in bonding displays according to the "2022 Current Status and Future Prospects of the Display-related Market" issued by Fuji Chimera Research Institute, Inc. Optical elastic resin (SVR) is the product name for Dexerials' optically clear adhesives.
*3 The 2021 share for amount of surface treatment film (dry coating) according to the "2022 Current Status and Future Prospects of the Display-related Market" issued by Fuji Chimera Research Institute, Inc.

Business Portfolio

(Note) Each business corresponds to a segment among the disclosed results and net sales include inter-segment sales.

Optical Materials and Components Business

Contribution to net sales 51.0%

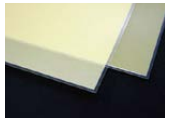
Net sales 49,159 million yen

Operating profit 13,127 million yen

This business is classified into three categories: optical films, optical resin materials, and optical solutions. These three categories include anti-reflection films, optical elastic resins, and smart precision adhesives. We have a large share of the global market because of the advanced technology and high quality of our anti-reflection films which are our mainstay products.

Anti-reflection films

The dry-type anti-reflection films realizing outstanding low reflection property and abrasion resistance with nano-level thin-film thickness control technology and multi-layer structure contribute to improved visibility of mobile devices and automotive displays such as center information displays. Moth-eye type films utilizing our microfabrication technology feature low reflectance and high visual transmittance and are used for automotive head-up displays as well as eye shielding materials for medical use.



Phosphor film

Our phosphor film “PS Series” has been developed by shaping green and red phosphors into a film. Incorporating this product into a display enables the use of blue LEDs with less variation in light emission as the light source in place of white LEDs, and also enables the production of higher quality displays than those using a direct LED backlighting.

Optical elastic resins (SVR)

Highly permeable and elastic resin is embedded in air gaps in devices such as smartphones and tablet PCs to realize slim profiling and improved visibility. Our lineup also includes a PSA-transformable optical elastic resins (hybrid SVR) for small-to-medium-sized flat panel displays (FPD) whose adhesive properties are transformed by UV curing to realize workability equivalent to that of optical clear adhesive.

UV-curable / thermo-curable adhesives

Our “SA Series” of smart precision adhesives comprises adhesives for UV curing, thermosetting, and UV + thermosetting. This series accomplishes low-temperature, fast curing, along with low shrinkage, and is ideal for precision affixing during assembly such as camera modules and optical pickups.

Electronic Materials and Components Business

Contribution to net sales 49.0%

Net sales 47,195 million yen

Operating profit 15,304 million yen

This business is classified into four categories: adhesive materials, anisotropic conductive films, surface mounted type fuses, and micro devices. Due to our advanced technology and high quality, we have a large share of the global market for anisotropic conductive films (ACF), our mainstay products, which we were the first in the industry to develop and put into mass production in 1977.

Anisotropic conductive films (ACF)

Anisotropic conductive films are conductive adhesive materials that exploit electrical properties to conduct two components vertically while keeping mechanical performance by adhesion. Widely adopted for display panels and camera modules. Our lineup also includes Particle-arrayed ACF that is mountable in narrow spaces, and pre-cut ACF that is converted into shapes that match circuit boards and the terminal layout.

Surface mounted type fuses

Self control protectors (SCP) that immediately interrupt overcharge or overcurrent in Li-ion rechargeable batteries are standard fuses for secondary protection devices. We also offer a lineup of power current protector (PCP) fuses for high current applications, which despite being thinner and smaller, protect electronic devices from overcurrent.

Thermal conductive sheets

Thermal conductive sheets conduct the heat generated from IC chips such as CPUs to the heat sink to protect device performance. We offer high performance-type sheets featuring high thermal conductivity and flexibility, high performance and insulation-type sheets, and standard-type sheets.

Inorganic polarizers / Inorganic waveplates

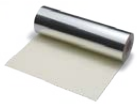
These optical devices have high durability to withstand long hours of use in high temperature and high light intensity environments, and achieve high transmittance and low reflectance with its nano-level processing technology and a unique thin-film microstructure. They boost the brightness and contrast of projectors and optical units that use laser light sources.

The application field of Dexerials products is extensive and diverse

For example **Smartphones**

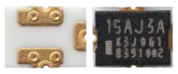
Smartphones have become thinner and more sophisticated.
To mount numerous circuit boards and components within limited space, Dexerials' functional materials are used.

Collectively performing conduction, insulation, and adhesion
Anisotropic conductive films (ACF)

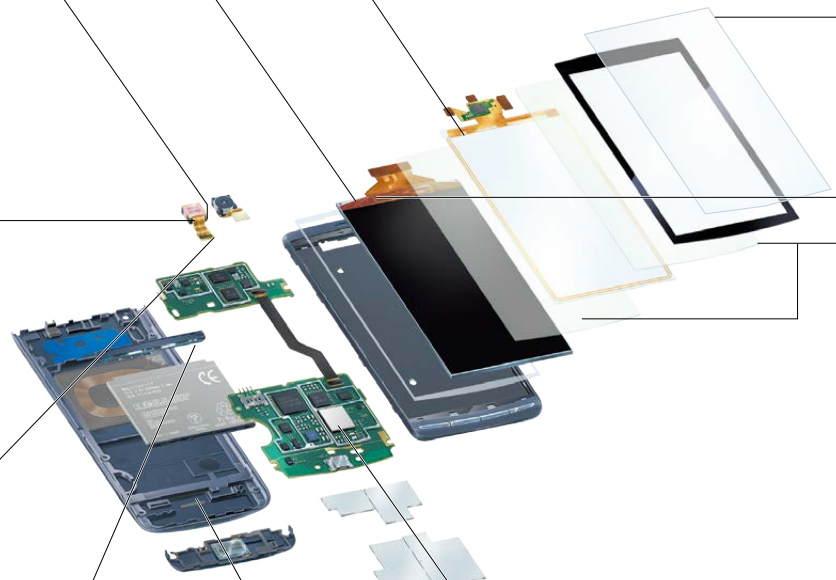


Antistatic/EMC measures
Single-coated tapes for shielding

Thermosetting tapes for fixing FPC backing materials, etc.
Thermosetting tapes for FPC



Surface mounted type fuses that protect Li-ion batteries from overcharging and overcurrent
Self Control Protectors (SCP)



Excellent low-reflectivity
Anti-reflection films

Reinforcement of FPC connection and moisture-proofing of IC chips
UV-curable adhesives

Contributing to thinner panels and improved visibility
Optical elastic resins (SVR)

Excellent thermal conductivity and flexibility
Thermal conductive sheets

Excellent sound transmission
Dustproof nets with adhesive for speakers

* For details of our products, please refer to Dexerials website.
https://www.dexerials.jp/en/products/

For example

Automobiles

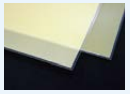
Dexerials' functional materials are used in the automotive field that require higher visibility, smoother screen operation, and higher intelligence.

In-vehicle display

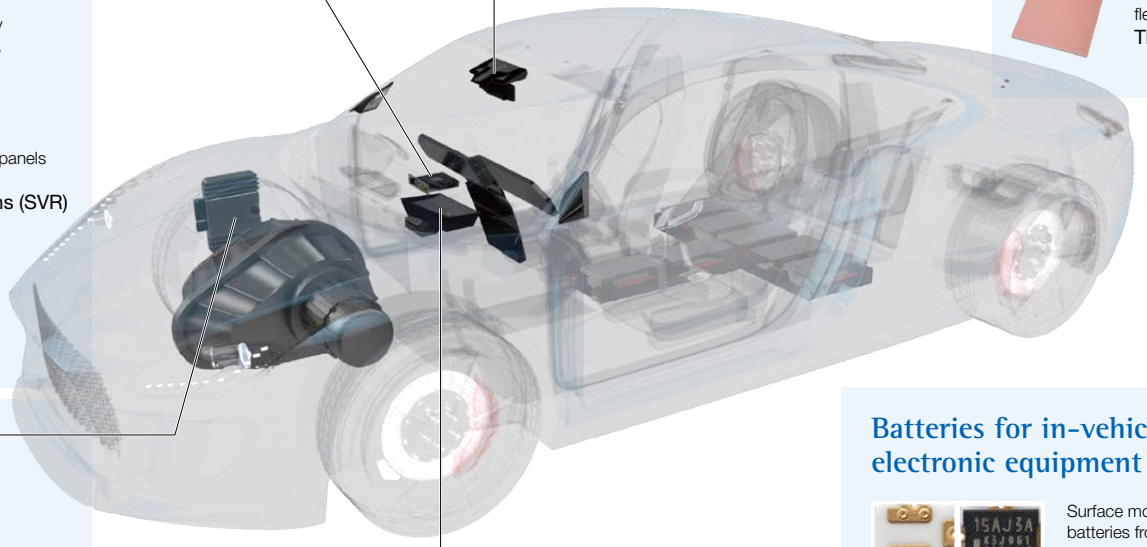
Collectively performing conduction, insulation, and adhesion
Anisotropic conductive films (ACF)

Excellent low-reflectivity
Anti-reflection films

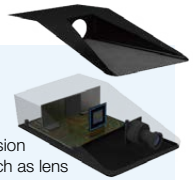
Contributing to thinner panels and improved visibility
Optical elastic resins (SVR)



Higher image quality of liquid crystal displays
Phosphor film



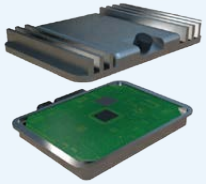
In-vehicle camera



Fixation of precision components such as lens
Smart precision adhesives

Excellent thermal conductivity and flexibility
Thermal conductive sheets

Motor inverter

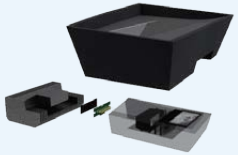


Excellent thermal conductivity and flexibility
Thermal conductive sheets

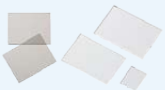
Batteries for in-vehicle electronic equipment

Surface mounted type fuses that protect Li-ion batteries from overcharging and overcurrent
Self control protectors (SCP)

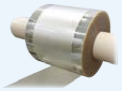
Head-up display



Low reflectance and high transparency
Moth-eye type anti-reflection films



High thermal and light resistance and excellent durability
Inorganic waveplatesreflection films

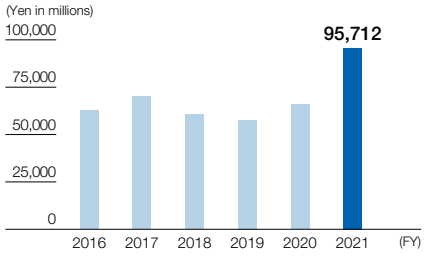


Enhanced brightness and reduced unevenness of projected moving images
Diffusive microlens array

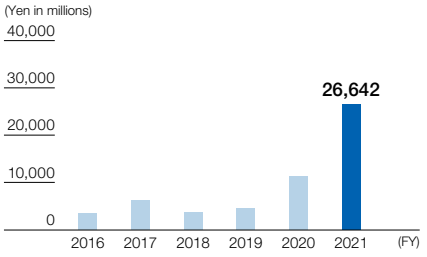
Financial and Non-financial Highlights

Consolidated financial performance indicators		FY2016	FY2017	FY2018	FY2019	FY2020	**FY2021**
Net sales	(Yen in millions)	62,598	70,079	60,580	57,710	65,830	**95,712**
Operating profit	(Yen in millions)	3,491	6,178	3,724	4,617	11,339	**26,642**
Profit attributable to owners of parent	(Yen in millions)	949	3,426	2,284	2,734	5,329	**16,669**
Earnings per share (EPS)	(Yen)	15.85	56.91	37.73	45.05	87.60	**274.61**
Total assets	(Yen in millions)	97,347	94,958	87,586	86,279	95,201	**127,410**
Capital to asset ratio	(%)	52.1	52.6	56.0	57.5	56.0	**50.0**
EBITDA	(Yen in millions)	8,543	11,561	9,680	10,786	17,590	**32,478**
ROIC	(%)	2.7	5.6	3.3	4.4	11.4	**22.5**
ROE	(%)	1.9	6.8	4.6	5.6	10.4	**28.5**

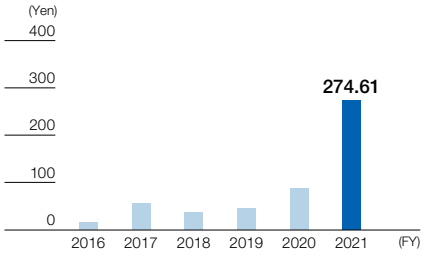
❶ Net sales



❷ Operating profit



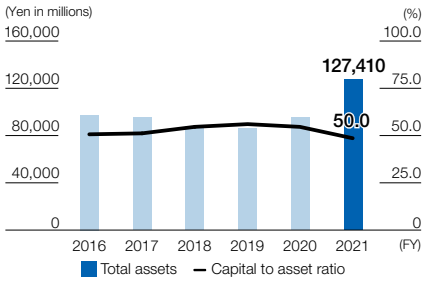
Earnings per share (EPS)



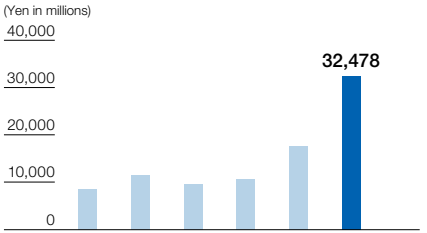
* For details, please refer to Dexerials website.

https://ssl4.eir-parts.net/doc/4980/yuho_pdf/S100O9Q6/00.pdf

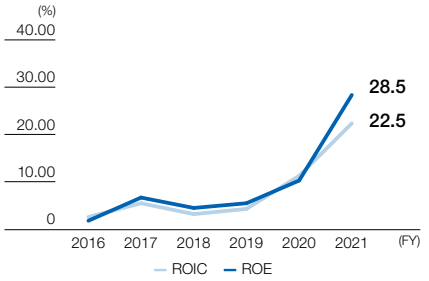
❸ Total assets / Capital to asset ratio



❹ EBITDA



ROIC / ROE



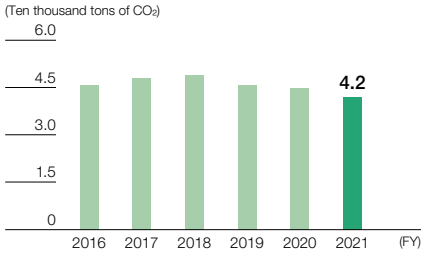
Explanation of key aspects of financial performance

❶ ❷ ❹ As a result of our efforts in developing and proposing products that anticipate technology trends, we were able to expand sales of our high value-added products, such as Anti-reflection films, Anisotropic conductive films (ACF), Smart precision adhesives, and Surface mounted type fuses. In addition to these products, our new product Phosphor film started to fully contribute to our performance from this fiscal year, leading to year-on-year increases in both sales and profits. EBITDA, an indicator of our earning power, also rose significantly.

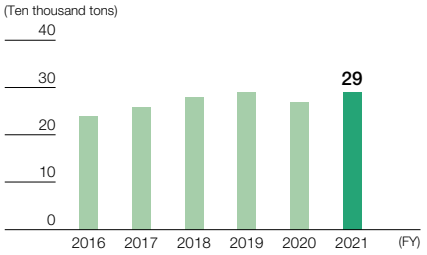
❸ We remain financially sound with a capital to asset ratio of 50.0%, although interest-bearing debts increased as a result of making Kyoto Semiconductor Co., Ltd. a subsidiary.

Non-financial indicators		FY2016	FY2017	FY2018	FY2019	FY2020	**FY2021**
CO_2 emissions	(Ten thousand tons of CO_2)	4.6	4.8	4.9	4.6	4.5	**4.2**
Water usage	(Ten thousand tons)	24	26	28	29	27	**29**
Waste emissions	(Ten thousand tons)	0.21	0.24	0.29	0.26	0.25	**0.29**
VOC emissions	(Tons)	55	42	46	37	36	**34**
Number of employees (consolidated basis)	(Persons)	2,124	1,981	2,005	1,999	1,772	**1,915**
(non-consolidated basis)	(Persons)	1,600	1,585	1,603	1,604	1,313	**1,342**
Composition of Directors and Number of Board of Directors (total / outside / female)	(Persons)	10/7/2	10/7/2	10/7/2	10/6/1	9/6/1	**7/4/1**
Percentage of employees with disabilities	(%)	3.28	3.38	3.40	3.40	3.37	**3.30**
Average rate of taking paid leave	(%)	62.4	61.8	67.2	68.4	60.0	**58.9**
Average number of days of paid leave taken	(Days)	14.4	14.2	15.3	15.7	13.7	**12.8**

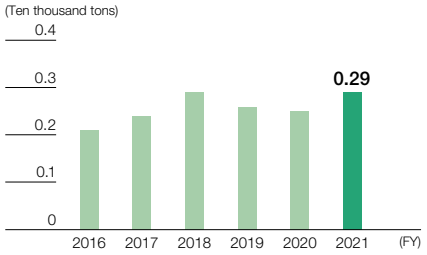
❶ CO_2 emissions



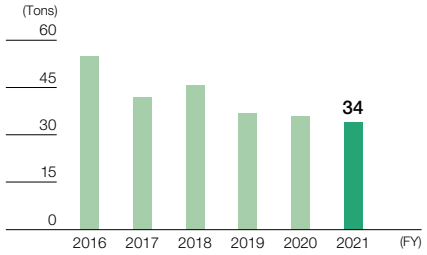
❶ Water usage



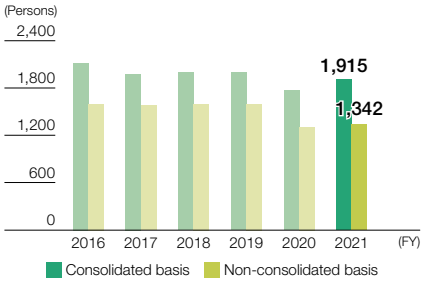
❶ Waste emissions



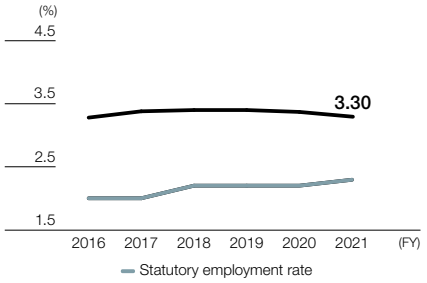
VOC emissions



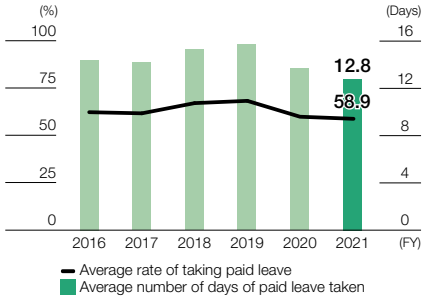
❷ Number of employees (consolidated basis / non-consolidated basis)



Percentage of employees with disabilities



Average rate of taking paid leave / Average number of days of paid leave taken



Explanation of key aspects of non-financial performance

❶ Our CO_2 emissions were less than those of the previous fiscal year due in part to the effects of our company-wide efforts to promote energy conservation (e.g. replacement of old equipment and devices with new ones and improvement of the design of production lines in terms of efficiency). However, water usage (increased use of water for cooling purposes due to seasonal factors) and waste emissions (increased production in each of our businesses) increased from the previous fiscal year.

See Pages 40–43 for the details of initiatives to reduce environmental impact.

❷ The number of employees on a consolidated basis increased as a result of making Kyoto Semiconductor Co., Ltd. a subsidiary in fiscal 2021.

Create the future together with customers

Corporate Philosophy

Integrity

Have Integrity and Sincerity

Corporate Vision

Value Matters

Unprecedented innovation, unprecedented value.

Changes in the social environment

- Progress of AI
- Spread of high-speed communication
- Progress of autonomous driving technology
- Advent of IoT society
- Climate change
- New lifestyle

Invested Capital

Financial Capital

- Shareholders' equity 60,629 million yen

Manufacturing Capital

- Capital investment amount 5,250 million yen
- Manufacturing sites 4 sites in Japan, 2 sites overseas
- Headquarters and Tochigi Technology Center where engineers from various fields gather

Human Capital

- Number of employees 1,915
- Number of engineers 580
- Ratio of new hires with engineering background to all new hires 100%

Intellectual Capital

- R&D expenditure 3,876 million yen
- Overseas patents ratio 65.6%

Social Capital

- Relationships of trust with customers based on unique technology and high quality
- Relationships with 480 Green Partners

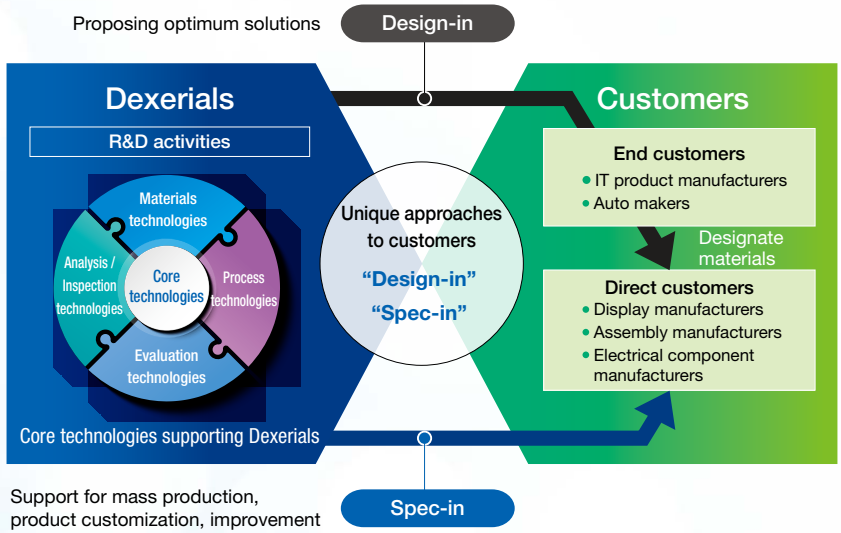
Natural Capital

- Electricity 70,944 MWh
- Water 310,000 tons

Four important challenges to be engaged in for the medium- to long-term (Materialities)

1. Creating New Value, Resolving Social Issues
2. Reinforcement of Corporate Governance and Compliance
3. Cultivation of Diverse Human Resources and Engagement
4. Ensuring Operational Safety and Business Continuity

Dexerials' Business Model



Dexerials' Management Strategy

Mid-term Management Plan 2023 "Challenges for Evolution"

<Three basic policies>

● Accelerate business growth in new domains ● Qualitatively change businesses in the existing domains ● Strengthen the management base

Returns and Value Offered to Society

Solve social issues and contribute to the realization of a prosperous society through products and services backed by unique technology

- Provision of highly functional materials and devices that support next-generation communication equipment and automobiles
- Provision of products that contribute to reduction of environmental impacts
- Creation of new value by applying electronics technology to other fields
- Creation of unique technology by vigorous investment in R&D
- Human resource development through promotion of diversity
- Proactive shareholder returns according to profit (Total payout ratio before amortization of goodwill: 40%)

Reinvestment for sustainable value creation

Business Model

We use advanced technologies and communication with customers to discover customers' key issues and provide products that will solve those issues. This has allowed us to maintain a high barrier to entry and high market share, realize stable profitability, and constantly develop new products.

Unique approach to customers

Dexerials' product development is supported by our approaches to both "direct customers" who are manufacturers of displays and components, and "end customers" who are manufacturers of end products beyond that.

Design-in

In response to products and new functions developed by the end customers, we identify issues that the customers are not aware of. We then propose new products that will resolve customers' issues. Our products, which have been approved after evaluation by the end customer, are used by the direct customer as designated materials when manufacturing the end products.
Through these activities, we grasp the cutting-edge technology trends, quickly incorporate the end customers' needs, and develop and propose numerous "products that continue to be chosen" by customers.

Spec-in

At the same time, we also provide support for mass production using our products to our direct customers. Furthermore, we are highly evaluated by direct customers for providing improved products that contribute to the customers' productivity improvements even after the establishment of the mass-production system, such as shortening of adhesion time and adhesion at low temperatures.

The key to maintaining a high market share in niche markets

"Communication capabilities" to elicit customers' issues and needs

In our communication with the customers, our engineers join our sales representatives to elicit customers' issues and needs, and then work with the development division to the true challenges by adding technical considerations.
In response to these challenges, we develop and propose unprecedented, unique and highly value-added products and solutions, and in doing so, achieve the provision of value that exceeds customers' expectations.

Advanced "technological" and "analytical" capabilities to develop products that meet customers' expectations

Our product development that exceeds customers' expectations is founded on comprehensive development capabilities generated by the four core technologies that we have accumulated since the time of our predecessor.
Combining these core technologies opens up a wide range of possibilities.

Materials technologies | **Process technologies**

Dexerials owns materials technologies for developing functional materials, such as optical materials and electronic materials used in cutting-edge electronic equipment, automobiles, etc., in addition to other technologies and know-how that bring various functions into shape, such as organic materials technology, inorganic technology, technology to form thin films, and microfabrication technology.

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Evaluation technologies | **Analysis / Inspection technologies**

Dexerials' sales, development, and production divisions work together to accurately identify customer needs, swiftly resolve their issues, and develop products, using cutting-edge equipment and evaluation technologies.