

Dexerials Corporation
Summary of Questions & Answers
at Financial Results for FY2018 (ended March 31, 2019)
& Mid-term Management Plan Briefing

Date	Thursday, April 25, 2019
Attendees from the Company	Yoshihisa Shinya President and Executive Officer Naoyuki Sanada Senior Executive Officer, Deputy CFO, Corporate Planning & Control Division Head

* This document summarizes main questions and answers raised during the briefing. Some additions and revisions were made to the text to promote investors' understanding.

[Main Questions & Answers]

<On the Mid-term Management Plan>

Q1	What is the current status of the optical elasticity resins business? Also how do you turn around the business performance during the period of this Mid-term Management Plan?
A1	(Shinya) The business is struggling in the consumer IT products market, but our optical elasticity resins are widely used as lamination materials for larger-size displays such as tablet PCs. For automotive displays, we consider that our products have an advantage over other films or competitive products because lamination materials require a certain thickness to be used in larger-size displays and to absorb shocks at the time of accidents.
Q2	What is the detail of your business in the automotive domain, which is supposed to contribute to earnings starting in the late second half of fiscal year 2021?
A2	(Shinya) I refrain from providing a specific name here, but we have effectively closed a deal with a globally recognized automotive manufacturer for its global standard model. We expect shipments to start in the late second half of fiscal year 2021.
Q3	Why will the profit growth be limited, compared with the sales growth in the Optical Materials and Components segment from fiscal years 2021 to 2023?
A3	(Sanada) The significant growth in net sales is based on the signed deal mentioned earlier. The deal will also help our optical elasticity resins business grow, but at the same time, profitability will be affected by an upfront investment for the deal.
Q4	Why do you forecast that the profit growth will be limited in the Electronic Materials and Components segment from fiscal years 2021 to 2023?
A4	(Sanada) We take a conservative view on the ACF product category from fiscal year 2022 onward.

Q5	What are your plans for capital expenditures and dividends during the period of the Mid-term Management Plan?
A5	<p>(Sanada) We do not change our shareholder return policy of keeping the total return ratio at 40% based on profit attributable to owners of parent before amortization of goodwill. However, as our main battlefield is shifting from the consumer IT products market with fluctuating demand to the automotive domain and other new business domains with longer product cycles, we should consider what is the best way to design our shareholder return policy.</p> <p>Regarding capital expenditures, we currently have no plans for large investment such as spending on sputtering equipment. For three years to come, we intend to control the annual capital expenditure within the amount of annual depreciation of around 5 billion yen.</p>

<On the financial results for the fourth quarter of fiscal year 2018>

Q6	Did the anti-reflection films for laptop PCs fall short of the January forecast?
A6	<p>(Sanada) The number of laptop PCs with our anti-reflection films installed grew on a steady pace, but in the fourth quarter, the production volume fell short of both the forecast and the third-quarter result because our anticipated production was delayed until fiscal year 2019. So, the production volume is increasing into the first quarter of fiscal year 2019.</p>