



Dexerials

Integrated Report 2025

Dexerials Integrated Report 2025

The Dexerials Group Philosophy

With sincerity and honesty,
we will face customer issues, the social issues behind them, and all other stakeholders,
as we develop products and solutions that contribute to the resolution of social issues.

To facilitate ideal manufacturing for our customers,
we will continue to enhance our technologies and human capital,
skillfully combining them to create unprecedented products
and solutions that have value to the world.

Linking these efforts to further technological evolution will power
the evolution of society as a whole.

“Empower Evolution.” “Integrity” “Value Matters”
With these thoughts in mind, we will continue to move forward.



Dexerials' Purpose





Second Year of Mid-Term Management Plan Navigating an Era of Uncertainty

P. 12 Message from the President

Steps to Achieving Evolution—Staying True to Our Purpose in Uncertain Times

How will Dexerials sustain growth and navigate forward as geopolitical risks make the business environment uncertain? President Yoshihisa Shinya shares his vision for the Company's path ahead.

Message on the Publication of the Dexerials Integrated Report 2025

The Dexerials Group aspires to be a driving force behind the advancement of digital technology, guided by our corporate Purpose, “Empower Evolution. Connect People and Technology.” Under our Mid-Term Management Plan 2028 “Achieving Evolution,” we are expanding our business portfolio and building a resilient management foundation. At the same time, we are strengthening initiatives centered on our unique business model and focusing on technology and human capital as key materiality.

The Dexerials Integrated Report 2025 presents our approach to value creation and its implementation from both financial and non-financial perspectives. Through this report, we aim to share our ongoing efforts to achieve sustainable corporate growth and address social issues to foster a deeper mutual understanding with our stakeholders.

Driving Global Expansion in the Automotive Business with Proprietary Technologies and Business Model

P. 22 Special Feature 1

Evolving the business model proven in the consumer IT industry and expanding into the growth domain of the automotive industry to create new value on a global scale.



Business Expansion in Growth Domains: Leveraging Our Technologies and Business Model for the Automotive Industry

Fostering Dexerials' Value Through Stock Grant Plan (J-ESOP)

P. 40 Special Feature 2

Introducing the changes in mindset that emerged as next-generation employees explored what it means to enhance corporate value as shareholders.



J-ESOP—Creating Value for Employee Shareholders

New Steps Toward Growth—A New Board Structure as of June 2025

P. 46 Special Feature 3

Dexerials appointed three new directors to ensure continued sustainable growth and enhance corporate value. Each will draw on their own perspectives and expertise, and engage in open and constructive discussions as they fulfill their responsibilities.



Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value

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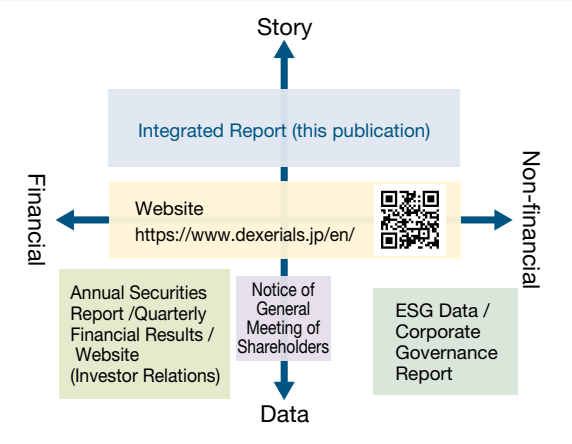
Related information is available in this integrated report.

Related information is available on TECH TIMES, our technical information media for manufacturing engineers operated by Dexerials.

Editorial Policy

This report is published to help shareholders, investors, and all stakeholders understand Dexerials' initiatives aimed at creating both economic and social value, contributing to a more prosperous and efficient society, and enhancing medium- to long-term corporate value. This year's report focuses on two key themes—our Purpose and business model, and human capital—and features insights shared by both management and employees. We welcome your candid feedback to help us improve future reports.

Communication Map



Applicable Scope and Term

Applicable Scope: This report covers Dexerials Corporation and its subsidiaries in Japan and globally.

Applicable Term: This report is based in principle upon the results of activities in fiscal 2024 (April 1, 2024–March 31, 2025); however, some reports and data may refer to past or current information.

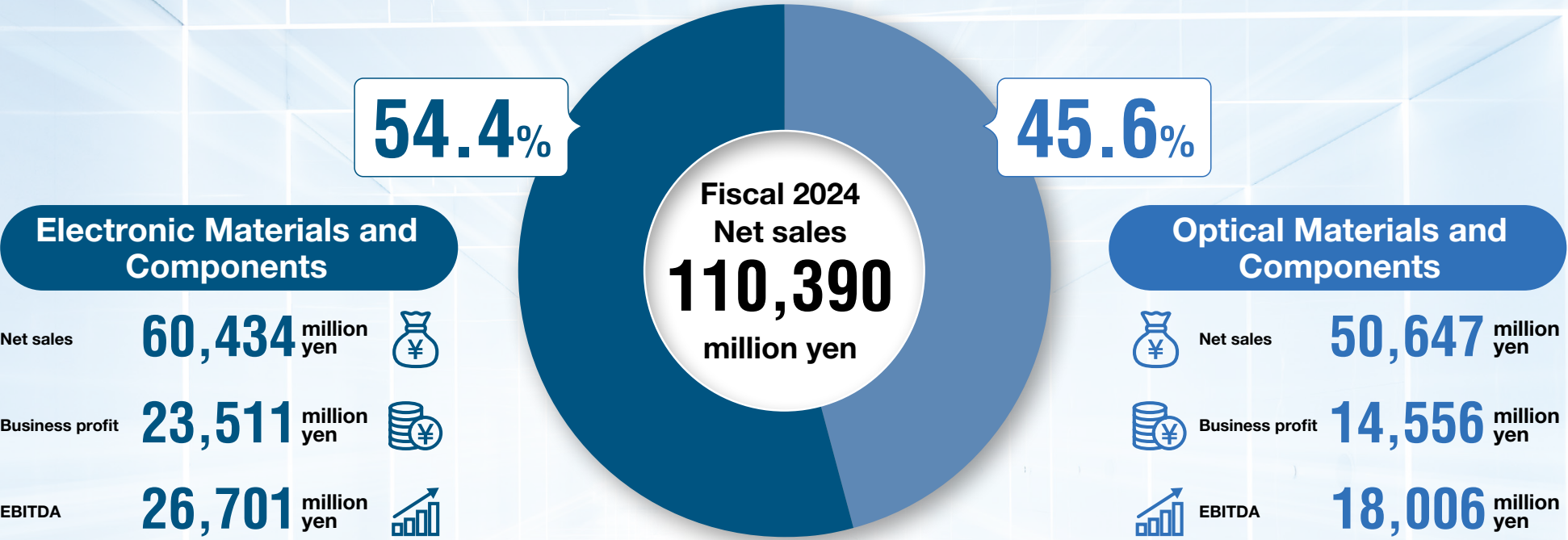
Reference Guidelines

The International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) / Guidance for Collaborative Value Creation published by the Ministry of Economy, Trade and Industry / GRI “GRI Standards” / ISO26000 / Environmental Reporting Guidelines (Fiscal Year 2018 Version) published by the Ministry of the Environment

Disclaimer on Forward-Looking Statements

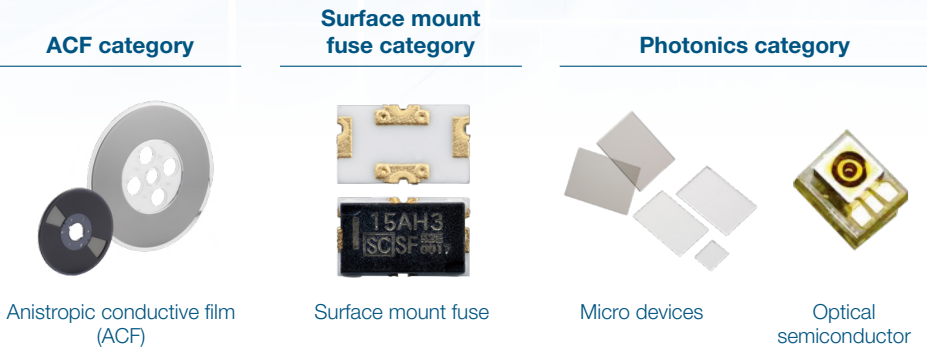
The forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and no responsibility is borne as to the accuracy or completeness of the forward-looking statements. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors, and the Company gives no assurance that such statements will prove to be correct.

Business Segments



Note: Each business corresponds to a segment for the purposes of financial disclosure, and net sales include inter-segment transactions.

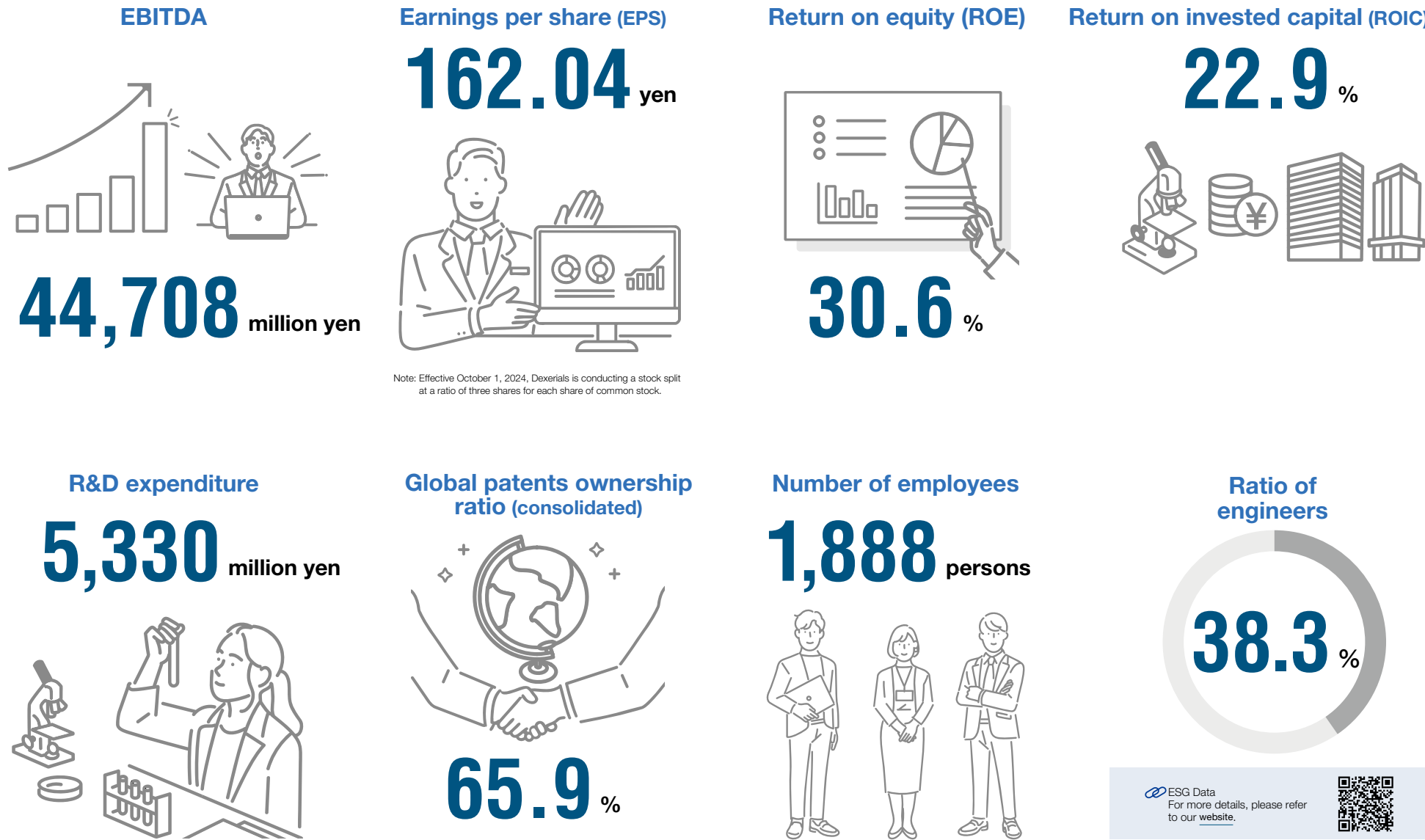
Main Products in Electronic Materials and Components



Optical Materials and Components



At a Glance (FY2024)

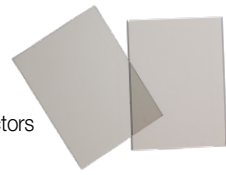


Where You Can Find Dexerials

Work and play, your way.
Dexerials products are supporting fun and enjoyment both in society's systems, in daily life, and in business, as well as in outdoor settings far from the realities of the everyday.

Inorganic polarizers

Inorganic polarizers have outstanding heat- and light-resisting properties and are supporting the realization of projectors that have both high brightness extended product lifespans.



Surface mount fuse

Installed in the lithium-ion batteries of cordless devices to interrupt circuits if abnormalities occur during charging or discharging to ensure safety.



No.1
Global share

Anisotropic conductive film (ACF)

Material essential for connecting displays, camera modules, and other electronic components.



No.1
Global share

Optical elastic resin (SVR)

Used to fill gaps between displays and surface panels to improve visibility.



No.1
Global share

Anti-reflection film (ARF; produced using sputtering technology)

The films reduce glare from external light sources on display surfaces. This allows PC users to concentrate on their work even in outdoor settings.



Smart precision adhesive

Used to secure components such as camera modules.

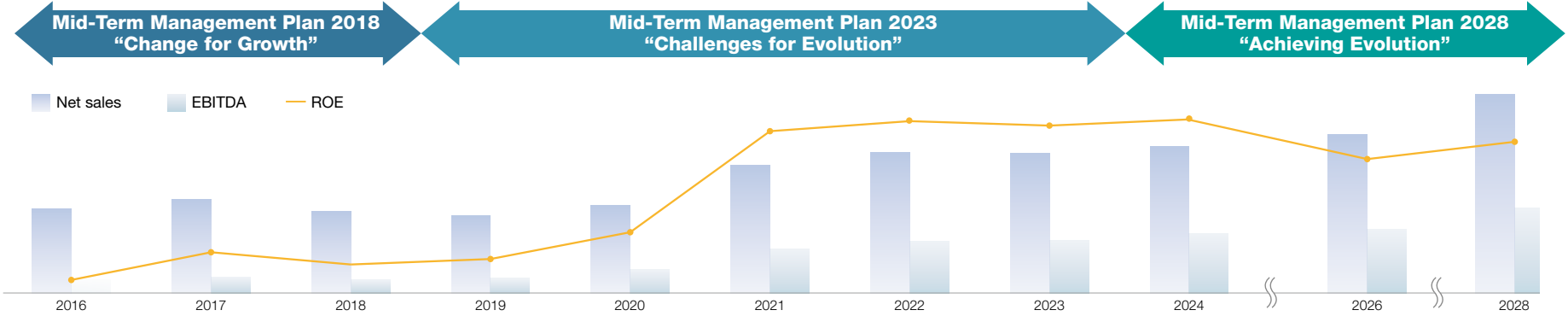


*1 The 2024 share of surface treatment films (dry coat), according to "Current Status and Future Outlook for Display-related Markets 2025," issued by Fuji Chimera Research Institute, Inc.
*2 The 2024 share for total amount of ACF for large-sized and small- to medium-sized displays, according to "Current Status and Future Outlook for Display-related Markets 2025," issued by Fuji Chimera Research Institute, Inc.
*3 The 2024 share for Optical Clear Resin (OCR) used in bonding displays, according to "Current Status and Future Outlook for Display-related Markets 2025," issued by Fuji Chimera Research Institute, Inc. Optical elastic resin (SVR) is the product name for Dexerials' optically clear adhesives.

The History of Dexerials Value Creation

—Giving Concrete Form to Society’s Changes by Embracing Technological Advances

Since our founding in 1962, Dexerials has always anticipated the trends of the times, achieving numerous innovations in electronic components, functional materials, and more based on our approach of solving society’s problems through technology. Over the years, we have always challenged ourselves to anticipate upcoming changes in addition to looking at current issues and conditions. We have maintained a firm focus at all times on building a better future together with our customers while addressing each of their challenges one at a time. Based on our corporate Purpose, “Empower Evolution. Connect People and Technology,” Dexerials will continue working together with customers to develop products and solutions that create future value.



Company

1962
Sony Chemicals Corporation established

2000
Sony Chemicals Corporation was delisted from TSE and became a wholly owned subsidiary of Sony Corporation

2012
Changed company name to Dexerials Corporation, commenced business activities

2015
Listed on the First Section of the Tokyo Stock Exchange (TSE)

2016
Commenced operation of the Tochigi Technology Center

2021
Transitioned from a company with an Audit and Supervisory Board to a company with an Audit and Supervisory Committee

2022
Kyoto Semiconductor Co., Ltd. (current Dexerials Photonics Solutions Corporation) joined the Dexerials Group

2024
• Formulated Purpose
• Started operation of Dexerials Photonics Solutions Corporation

Products

1977
Commercialized Anisotropic conductive film (ACF) ahead of industry peers
Developed material technology combining both electrical conductivity and insulation

1994
Started production of Surface mount fuse
Started mass-producing the secondary protection devices that immediately interrupt overcharge or overcurrent in lithium-ion rechargeable batteries, a first in the world

2002
Started selling of Anti-reflection film (ARF)
Adapted Sony Corporation Cathode-Ray Tube (CRT) technologies to achieve a roll-to-roll sputtering system offering outstanding mass-productivity
Released high-durability, low-reflection film on the market

2007
Started production of Optical elastic resin (SVR)
This optical resin, which has high transparency and elasticity, is used to eliminate air gaps in displays while improving screen-display visibility and contrast as well as device shock resistance, and has been used in a wide range of devices

2016
Commercialized “ArrayFIX®” Particle-Arrayed Anisotropic conductive film (ACF)
Utilizes systematic particle distribution to realize minute, stable connections

2020
Developed “HD Series” Anti-reflection film (ARF)
Includes an anti-smudge layer formed through vacuum deposition and abrasion resistance strengthened to more than 40 times that of conventional products, resulting in a high-performance film with both beautiful appearance and high usability

2023
Initiated market introductions of fast-response InGaAs* photodiode
Dexerials responded to demand for larger-volume data transmissions by providing a high-performance photodiode with sensitivity to longer wavelengths in the infrared spectrum compared with silicon variants
* Indium gallium arsenide

Societal Impacts

ACF technology drives LCD panel advances and contributes significantly to the spread of mobile devices

Dexerials safety technologies boost the reliability of mobile devices and help to popularize them

Contributes toward display usage environments offering both good screen visibility and durability in practice for mobile devices and other information-related devices

Utilized in smartphones, large display units, and more to popularize display-equipped products with excellent visibility and durability

ArrayFIX® drives the evolution of next-generation smartphones, high-definition displays, and more, while significantly contributing to the realization of thinner, higher-performance devices

The HD Series offers excellent visibility and durability for a wide range of usage environments, thus contributing to more comfortable touchscreen functionality and viewing experiences

Contributes toward faster data transmission, reduced electric power usage, and other benefits in response to increasing data-related needs

Advancing a Sustainable Future Through Light-Connecting Technologies

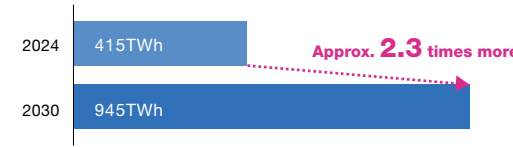
Dexerials Photonics' Vision for the Future

Societal Change and Emerging Technological Needs

Generative AI is now starting to change the way we approach things in our work and personal lives. For example, creating documents, images, or videos, or interacting by voice, is easier to do than ever. The use of generative AI is expanding across a broad range of fields that include healthcare, education, manufacturing, and transportation. Yet, behind the scenes, massive amounts of data are being processed for this near-instantaneous output. Data traffic and power consumption are rising sharply worldwide and are expected to continue increasing unabated in the future. By 2030, global data center power demand is projected to increase to approximately 2.3 times the 2024 level, raising concerns that unchecked growth could place a serious strain on social infrastructure.

One promising technology now gaining attention for its potential to resolve these societal issues is photonics technology. For data communications, optical transmission is faster and more stable than electrical transmission. It generates less heat, reducing the power needed for cooling. This makes photonics technology a foundational technology essential for the AI era.

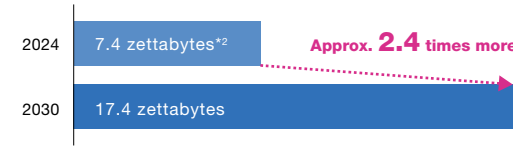
Global Data Center Power Demand Forecast



Source: International Energy Agency (IEA) "Energy & AI"
*1 Reactor equivalent: Based on an assumption that one nuclear power plant (1 GW output, 90% capacity factor) generates about 8 TWh annually, the equivalent is calculated by dividing the consumption by this amount.



Global Internet Data Traffic Forecast

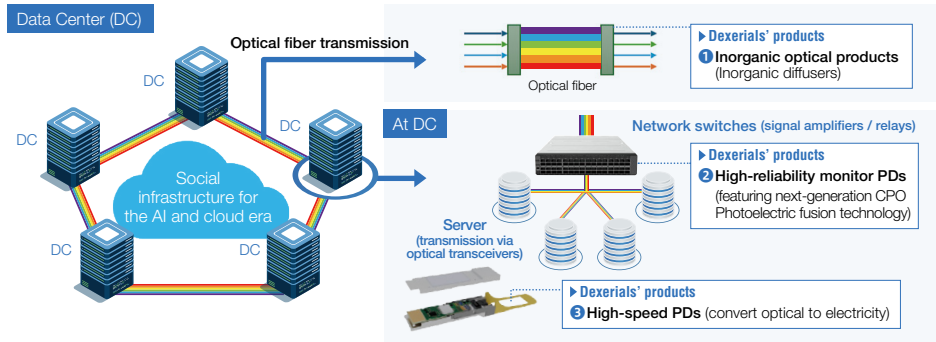


Sources: International Telecommunication Union (ITU) "Facts and Figures 2024: Internet traffic," Dexerials research
*2 Zettabyte = 1 trillion gigabytes



Dexerials' Connecting Technologies for the Next Era

Dexerials is applying the technological expertise we have developed in displays to further advance Light-Connecting Technologies for the AI era. We will focus specifically on the products and technologies shown below, aiming to build more energy-efficient and reliable social infrastructure for diverse data communication applications.



1 Inorganic optical products (Inorganic diffusers)

This refers to light-control technologies used in communication pathways that connect data centers. By combining multiple optical signals into a single line or splitting them apart, this technology enables the transmission of far greater volumes of data with limited infrastructure. In essence, it supports "traffic control" to make communications more efficient.

With excellent durability, our products also enable faster prototyping than conventional models.

2 High-reliability monitor photodiodes

Monitor photodiodes serve as the "watchdog" for light-emitting devices such as laser diodes, performing real-time monitoring of output. They help stabilize optical transmissions by constantly checking laser light intensity and prompting adjustments when fluctuations occur. Our monitor photodiodes have a long-established track record of trouble-free operation in submarine cables, and are now being adopted in next-generation network equipment.

3 High-speed photodiodes (high-speed PDs)

High-speed photodiodes are the key component used in optical transceivers within servers. They convert incoming optical signals into electrical signals—an essential function where speed and precision are critical. Our photodiodes feature extremely low standby current (dark current), minimizing power waste even in servers that operate continuously.

Empowering the Foundation of Future Society Through Technology in Pursuit of Our Purpose

Dexerials' optical communication products and technologies all support reliable connections behind the scenes. We are advancing and adapting our "connecting technologies" originally developed in the field of displays to the challenges at the core of an AI-driven society—communications and power. Combining high precision, proven reliability, and superior energy efficiency, these technologies are already at work in data centers and network equipment around the world.

Guided by our Purpose, "Empower Evolution. Connect People and Technology," Dexerials is taking on the challenge of building a sustainable future and society by providing solutions through photonics technology. Photonics technology enables high-capacity, high-speed data transmission with low power consumption, addressing the issues of increasing communication traffic and power consumption that accompany the expansion of AI and cloud computing.

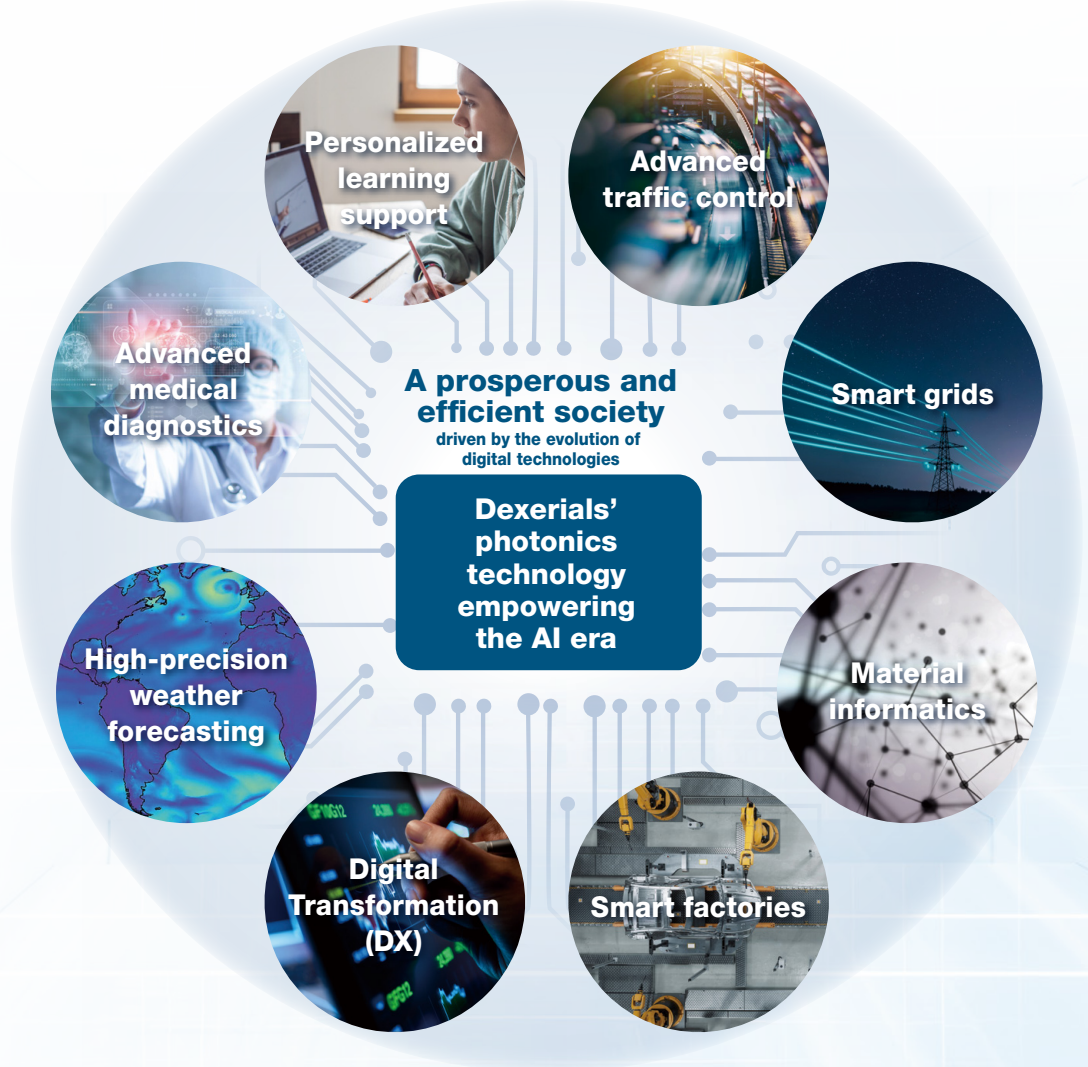
Our photonics, which leverages one of our core technologies—optical semiconductor technology—continues to advance, and by combining it with our six core technologies, Dexerials is generating new value through comprehensive photoelectric fusion solutions.

P. 20 A Business Model Born from Materiality

These technologies not only enhance the efficiency and performance of data centers and network equipment but also extend to diverse fields such as healthcare, education, transportation, and industry, delivering new value to society. Through photonics technology, Dexerials aims to help resolve social issues while achieving sustainable corporate growth, laying the groundwork for a better future for global society.

Purpose Empower Evolution.

Connect People and Technology.



With Our Purpose as Our Helm, We Are Embarking on a Voyage of Evolution

We have embarked on a new voyage under our Medium-Term Management Plan 2028, “Achieving Evolution,” starting from the fiscal year ending March 2025. This new journey reflects our determination to realize our Purpose and accelerate the next phase of Dexerials’ growth.

Amid an increasingly unpredictable global environment and intensifying geopolitical risks, we remain firmly on course. Guided by our unshakeable helm—our Purpose that never wavers even in uncertainty—we will continue to move forward with confidence and resolve.

新家由久

Yoshihisa Shinya
Representative Director and President

Building Resilience Through Uniqueness— Our Single-Source Strength

As global uncertainties deepen beyond the scope of the traditional VUCA framework, we recognize that we now operate in a truly BANl world—Brittle, Anxious, Non-linear, and Incomprehensible. In this environment, we are determined to make every management decision with uncertainty as our constant premise, maintaining agility and discipline even when conditions shift unexpectedly.

With this mindset, we must identify the risks that affect us, and among these, the ones we can control, in our day-to-day decision-making. Important risks are evaluated using simulation techniques, and at the current time, we assess that the possible impact of these risks on our business is limited.

Our portfolio of single-source products is a key factor in our resilience, as these products are unique and difficult to replicate. Dexerials is committed to delivering indispensable products that enable us to adapt to change and ensure long-term business sustainability.

Our business model enables us to continuously deliver these single-source products. We build relationships with our end customers—the industry-leading brand manufacturers who are closest to consumers—by their sharing technology roadmaps and engaging in dialogue with them. By deeply understanding the vision of our customers—the industry’s top leaders—and collaboratively devising solutions to realize it, we can swiftly produce high-quality products and ensure a single-source supply. This is the essence of our business model’s “Design-In” and “Spec-In” approach, which enables sustainable growth aligned with trends in technological evolution.

P. 20 A Business Model Born from Materiality

Our engineers sometimes ask how we can truly achieve single-source relationships. I always turn the question back to them: “If you were a brand manufacturer, what kind of value would you expect from your partner?” This reversal encourages them to think from the customer’s perspective—to explore what solutions would create real value, how to interpret customers’ priorities, and what kind of dialogue would build genuine trust. By combining technology and expertise, our engineers strive to develop proposals that help shape our customers’ future success. Through this ongoing process, they build enduring relationships based on shared technology roadmaps and open, continuous communication with end customers—relationships that naturally lead to single-source partnerships. Since 2023, we have formalized these uniquely Dexerials activities under the name “engineering marketing,” combining technical creativity with customer insight to drive co-creation.

Driving Innovation in Growth Domains— Photonics and Automotive Businesses

In fiscal 2024, we achieved record highs across key metrics: Net sales rose 4.9% from the previous fiscal year, to 110.4 billion yen, while business profit increased 11.7%, to 38.1 billion yen, and net profit surged 22.9%, to 27.7 billion yen. In

fiscal 2025 also, the strategies and initiatives outlined in our Mid-Term Plan are progressing steadily.

The ongoing Mid-Term Management Plan positions the photonics and automotive businesses as core growth domains that will power Dexerials’ evolution. These domains embody our strategy of creating long-term value through advanced materials and device technologies that address global challenges.

► Photonics Business

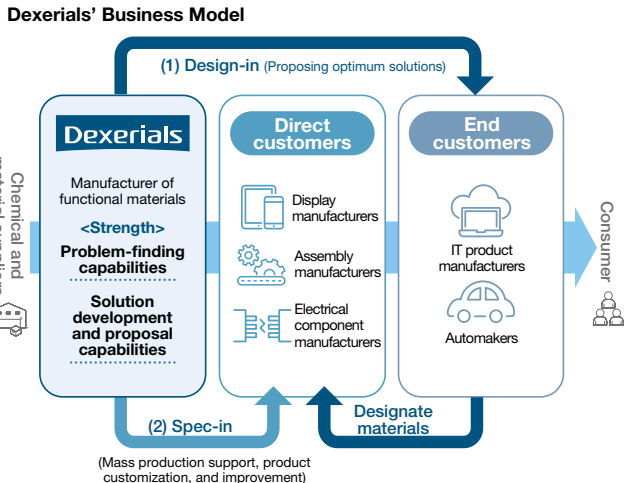
We first turned our focus to the photonics business around 2016, when it emerged as a key enabling technology for IoT and AI. In 2019, we confirmed this commitment by establishing the Dexerials Innovation Group (DIG) Promotion Department, which solidified photonics as our next major growth pillar. The COVID-19 pandemic later revealed the inefficiencies caused by delayed digitalization across society, reaffirming our recognition of AI as a critical technology for solving social challenges. Building on this awareness, we began full-scale efforts in Photonics as an enabling technology that supports and accelerates AI innovation.

P. 26 Message from the Technology Strategy Head P. 28 Innovation

We later met Kyoto Semiconductor Co., Ltd. (Kyosemi, now Dexerials Photonics Solutions Corporation), a company recognized for its unique expertise in optical semiconductor technology. In 2022, we completed our first acquisition and welcomed Kyosemi into the Dexerials Group.

For us, the aim is to contribute to the resolution of social issues in the era of AI through photonics. This M&A also represented the acquisition of the missing parts: optical semiconductors.

Within photonics, our primary focus is the data communications market. In particular, we see tremendous potential in photoelectric fusion technology to dramatically cut data-center energy consumption. Maintaining data centers requires enormous amounts of electricity. With the spread of



generative AI, energy demand is accelerating. Without the development of energy-efficiency technologies, society as a whole could collapse. Photoelectric fusion technology is garnering recognition as a promising solution to this challenge and, based on these developments, we hope to further boost this technology’s commercial potential.

📄 P. 10 Advancing a Sustainable Future Through Light-Connecting Technologies

The acquisition of Kyoto Semiconductor (now Dexerials Photonics Solutions) in 2022 represented a decisive step in strengthening our optical semiconductor capabilities. Through this integration, we filled a critical technological gap and secured a platform for scalable growth in high-value markets. We are now expanding from customized small-lot production to automation-ready mass manufacturing, ensuring that our technology can meet diverse global demand.

► **Automotive Business**

Our automotive journey began in 2010, sparked by an encounter with a European original equipment manufacturer (OEM) engineer who envisioned “cars like smartphones.” That conversation ignited our determination to bring Dexerials’ electronic-material expertise into mobility innovation.

By 2015, we committed to entering the automotive field in earnest, recognizing that the industry’s transformation toward digitalization and autonomy aligned perfectly with our capabilities. Although integrating into the Tier 1 and Tier 2 supplier networks posed challenges, our persistent dialogue with global OEMs revealed clear opportunities where our materials and device knowledge could drive value.

We are steadily expanding our global activities. In the automotive sector, design and functionality requirements differ by region, and we are advancing development tailored to each market. As part of these efforts, we have established bases in Germany and in Detroit. We are also

By continuing to provide unique, high-added-value products and solutions unique to Dexerials, we aim to increase economic and social value and become an indispensable presence in future society.

strengthening relationships with partners and customers by leveraging the unique strengths of each location.

📄 P. 22 Special Feature 1: Business Expansion in Growth Domains: Leveraging Our Technologies and Business Model for the Automotive Industry

Furthermore, we have begun exploring ways to expand our strengths into the mass market. Looking ahead, we will continue to anticipate automotive digitalization and take on new challenges, confident that these efforts will make us an indispensable presence in the automotive industry.

We are making steady progress and seeing tangible signs of growth in both our photonics and automotive businesses. This reaffirms that our proactive business model, which anticipates future trends, forms hypotheses and acts ahead of change, remains highly effective as we expand into new areas.

Strengthening the “Technology” and “Human Capital” That Create the Future: Investing for Growth

Under our current Mid-Term Management plan, we are allocating 45 billion in non-financial investments to strengthen two key focus areas: “Technology” and “Human Capital.” These investments are positioned as critical measures for achieving our Mid-Term Management Plan 2028: “Achieving Evolution,” which aims to promote long-term growth while balancing social and economic value, thereby building the foundation for sustainable management.

“Technology” and “Human Capital” are essential for Dexerials to anticipate change, develop forward-looking proposals, and combine different technologies to create new value. This investment initiative is one of the key drivers for achieving the Mid-Term Plan 2028.

► **The customer perspective and backcasting: Acquiring and promoting human resources**

Dexerials originated as part of the Sony Group, where it was natural to consider from the concept stage how to deliver value to consumers. The experience of understanding the mindset of top-brand engineers and engaging with them through a shared technical language became a major asset that continues to support us even after becoming independent.

More than a decade has passed since our independence, and as we expand into new areas, we recognize the importance of maintaining and developing the mindset of starting with a concept and predicting technology trends. To this end, we have been actively recruiting engineers and leaders experienced in leading brand manufacturers. Our goal is to embed the ability to understand end-customer mindsets and construct strategies and solutions through backcasting within the organization. The head of the DIG has this expertise as well. Dialogue with top industry leaders requires understanding and bridging multiple technological domains, thinking from the customer’s perspective, and combining diverse specializations to generate breakthrough solutions. We are beginning to see more talents that exhibits these qualities. Going forward, we will strengthen our competitiveness by actively securing talented individuals—through both external recruitment and internal development—who will drive Dexerials’ future growth.

📄 P. 26 Message from the Technology Strategy Head

► **Sustaining a culture of innovation and cultivating the next generation**

Dexerials is home to many talented individuals, and we are working to further expand opportunities for the development of our next generation of leaders.

We have always approached problem-solving at the leading edge of technological change. Although we are listed on the Prime Market, we continue to value the start-up spirit of a company that embraces new challenges. We intend to

maintain and strengthen this culture by creating an environment where curious and driven people can thrive globally. To support this goal, we are expanding our educational initiatives, including next-generation management candidate development program, and programs to cultivate leaders who can drive organizational transformation.

To better serve our global customers, we are accelerating the development of our global talents pool. By 2024, we introduced a JOB-based HR Management system for all employees worldwide, including those at our global sites.

For our Japanese employees, we are creating more opportunities for international assignments to broaden their perspectives and experiences. We are also working to establish common global standards for our global sites, such as incentive programs that foster engagement and a shared sense of purpose, progressing step by step toward this goal.

📄 P. 32 Message from the Human Resources Division Head

► **Enhancing engagement and fostering human connection**

To enhance employee engagement and provide meaningful incentives, we have implemented the Stock Grant Plan (J-ESOP). The system was introduced in 2016 and was updated in 2023 to a three-year grant cycle to encourage broader participation. By enabling more employees to hold shares, we aim to deepen their sense of ownership and connection to the company’s value. Today, when our stock price rises, employees sometimes ask, “What happened?” This reflects a deeper interest and consideration among employees regarding our corporate value.

📄 P. 40 Special Feature 2: J-ESOP—Creating Value for Employee Shareholders

From a technical standpoint, we have formed subcommittees where young engineers can interact and share ideas. These discussion forums bring together engineers from a variety of backgrounds. By sharing their

perspectives and exploring different ideas, the engineers generate fresh viewpoints that help them overcome technical barriers. Using analytical tools such as IP landscape* analysis, these exchanges often produce groundbreaking ideas that go far beyond conventional thinking. This environment is designed to refine engineers’ analytical skills and creativity. Centered around DIG, our activities are expanding globally. Although DIG is currently led by global members, their resonance with our corporate culture, technology, and growth aspirations has been a tremendous asset. As we build teams in locations such as the US and Taiwan, their methods and activities stimulate many members of the company, including those in related domestic roles. We expect this to become a driving force for spreading Dexerials’ value across the world.

Going forward, the question is how we should link and develop our human capital portfolio in conjunction with our business portfolio expansion. We consider this a key initiative to pursue during the current Mid-Term Management Plan and plan to reinforce our foundation for sustainable growth.

* IP landscape: Comprehensive analysis of patent information and technology trend data from multiple perspectives, visualizing the market environment and competitive landscape to use in planning business strategy and R&D policy

Toward the Next Phase of Growth: Evolving Our Management Structure

Since our listing, we have maintained a progressive governance framework with Outside Directors comprising a majority of Outside Directors, and we have continued to enhance our corporate governance practices. Since its establishment in 2019, the Nomination and Remuneration Committee has been chaired by an Outside Director and has engaged in extensive discussions on the role of the Board of Directors and the skills required of its members, including in the context of succession planning. As a tangible result of these discussions, three directors have recently been succeeded.

In 2021, we transitioned to becoming a company with an Audit and Supervisory Committee, which has further strengthened the Board’s oversight function. In terms of business execution, we have delegated substantial authority to the executive team to enable faster decision-making and more agile risk-taking in pursuit of growth, while the Board continues to provide appropriate monitoring and guidance. We are committed to ensuring that the Board’s operations are effective and evolve continually.

P. 46 Feature 3: Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value

We have also restructured our executive framework, establishing the Corporate Strategy Division and Corporate Risk Management Head.

The Corporate Strategy Division has consolidated the strategies that were previously managed separately by each department. This integration of business and Human Capital Strategies will accelerate growth. The Corporate Risk Management function aims to identify internal and external risks in an increasingly uncertain environment and strengthen responses. Significant risks are reported promptly to the Executive Committee and Board of Directors, enabling them to take swift and appropriate action.

P. 52 Message from the Corporate Strategy Division Head

P. 60 Message from Corporate Risk Management Head

Attempts to Solve Problems to Realize Our Purpose Give Rise to New Encounters with Technology, Companies, and Human Capital

The advance of digital technologies is transforming not only our competitive landscape but the very fabric of society and industry. We see this transformation not as disruption but as opportunity for evolution. We are determined to harness DX and AI to accelerate R&D efficiency and explore new frontiers of innovation. At the same time, we are creating an environment where every employee can actively leverage digital tools to expand the possibilities of value creation and

strengthen our long-term competitiveness—not as disruption, but as opportunity.

These initiatives go far beyond internal efficiency. They form the foundation for Dexerials to broaden its role in addressing global challenges—and to contribute sustainably to the world through technology.

P. 58 Accelerating DX to Drive Growth

In pursuit of the resolution of social issues, Dexerials has identified six key domains that demand technological advancement and has selected several as priority areas for active engagement—one of which is Photonics. We continue to ask what technological progress is required and what kinds of products will meaningfully contribute to society.

This approach is deeply connected to our corporate Purpose: “Empower Evolution. Connect People and Technology.” We believe that making society richer and more efficient requires the ongoing evolution of key technologies and digitalization. Through materials and device-based solutions that enable this evolution, we will continue contributing to the resolution of social issues—this is the essence of our Purpose.

The Purpose is not merely a slogan. It expresses the true meaning of our business activities and the vision we collectively aspire to. Formulated over two years through deep reflection by our employees, it represents a shared commitment that unites us across the organization. Each of us now works with a clear sense of ownership, linking our daily actions directly to our Purpose.

As for myself, I remain constantly attuned to signs of social change—seeking out game-changing shifts and identifying what is missing for Dexerials to evolve further. By maintaining this mindset, I believe we increase the chances of turning unexpected encounters into meaningful innovation. Going forward, with our Purpose as our helm,



we will continue to engage deeply with our end customers and refine our business model to contribute to the resolution of social issues.

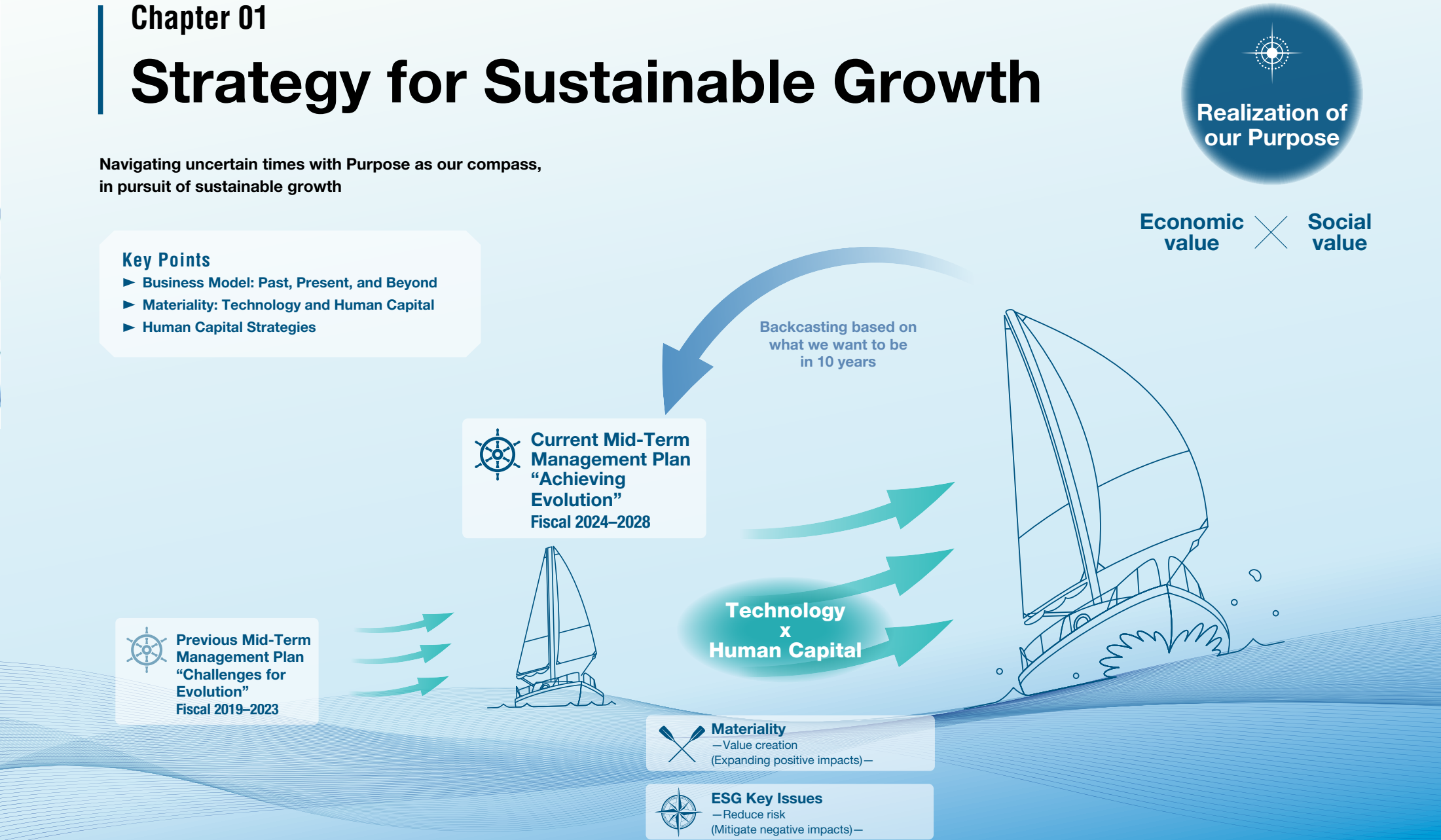
As the environment surrounding business transforms at an unprecedented pace, we see steadily expanding opportunities to both create social value and achieve sustainable growth. Dexerials marks its 10th anniversary as a listed company in 2025, and we view the Mid-Term Management Plan 2028, “Achieving Evolution,” as the beginning of our next chapter—a true starting line for sustained growth. We sincerely appreciate the continued expectations and support of all our stakeholders as we move forward on this journey.

Chapter 01
Strategy for Sustainable Growth

Navigating uncertain times with Purpose as our compass, in pursuit of sustainable growth

Key Points

- ▶ Business Model: Past, Present, and Beyond
- ▶ Materiality: Technology and Human Capital
- ▶ Human Capital Strategies



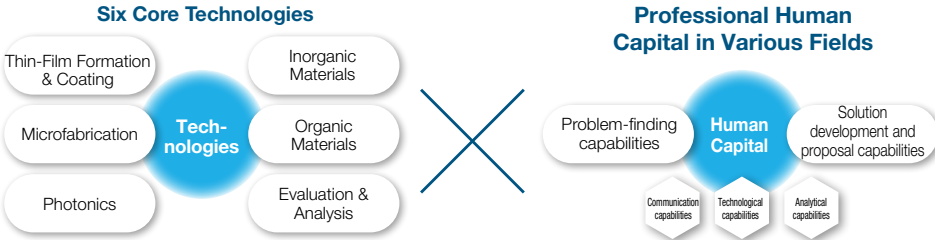


A Business Model Born from Materiality

Dominating Market Shares That Realize High-Added-Value Creation Through Foresight

Technology and Human Capital: Materiality as Source of High-Added-Value Creation

The materiality of technology and human capital are at the core of Dexerials' business model and serve as sources of high-added-value creation. The six core technologies within our organization, and our diverse and professional human capital who execute solutions by integrating these technologies, serve to support product competitiveness. By pooling knowledge from their respective fields of sales, R&D, and engineering, these professionals collaborate in pursuit of direct dialogue with customers and proposed solutions that get to the heart of issues that must be addressed.



The Process of Identifying Materiality

We identify materialities as important and indispensable factors for evolving our business model, which is essential for the creation of high added value.

- Step 1** The members of the Board of Directors (including all Outside Directors) conducted discussions on the theme of sustainability management unique to Dexerials in an era of VUCA.
- Step 2** The same members as the above engaged in more in-depth discussions on the most important issues for enhancing the business model and ensuring business continuity. The members identified technology and human capital as the source of our continued value creation and agreed to establish them as our medium- to long-term materiality.
- Step 3** We incorporated technology and human capital into our important issues and targets for non-financial investments under the current Mid-Term Plan. The Board of Directors set forth the sustainability strategy targets, among other items. In addition, upon revising the executive remuneration system, the sustainability strategy targets were adopted as one of the metrics for determining officers' performance-linked compensation.

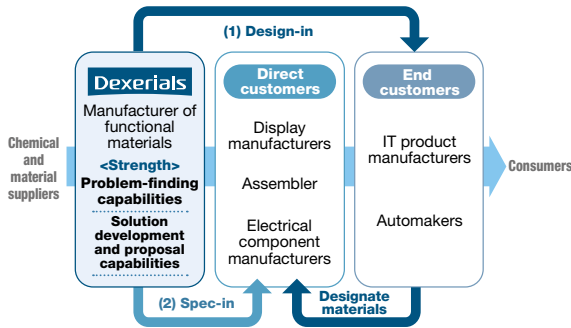
Unparalleled Global Market Shares and Competitive Strength Through Materiality and Our Business Model

A majority of our products, which are designed based on Design-in and Spec-in approaches, are mass produced as single-source products for which no alternative supplier exists in terms of product functionality, quality, and reliability. This boosts our competitiveness as a company while also contributing greatly to sustained profitability and business growth.

A Business Model That Integrates Technological Problem Discovery into Product Development

Starting from the initial stages, we engage in continual dialogue with the end customer throughout the product development process. By leveraging this Design-in approach, which takes careful consideration of factors such as design background and usage conditions, we are able to offer optimized solutions. Moreover, we even offer support for product ease-of-use and mass production processes stability among display manufacturers, companies in charge of assembly, and other parties directly involved in the actual manufacturing operations (our direct customers). Such Spec-in measures enable integrated support for the entire process, from design through to mass production. These two pillars of product creation make it possible to strengthen bonds of trust with customers while identifying new needs, forming a positive value-creation loop that benefits future product development efforts.

Dexerials' Business Model



(1) Design-in

- Discover and resolve technical issues that customers are not aware of
- Designate the use of our products for mass production of final products

(2) Spec-in

- In addition to customizing our own products, we also support process improvements to help our customers realize their ideal manufacturing

Backcasting-Rooted Manufacturing and Dialogue as Company Strengths

Dexerials does more than provide customers with products designed to specifications. We also anticipate technical problems of which the customer is not yet aware and develop solutions—this is one of our major strengths. We rapidly identify changes in the market and wider society, develop a fundamental understanding of the issues, and come up with concrete solutions using optimal technologies. Our backcasting-focused approach to manufacturing entails anticipating future issues and then working backward to find the most effective solutions. Despite our products' niche nature, this strategy has helped us establish a strong market presence. This is made possible thanks to Dexerials human capital equipped with high-level specialization, foresight, and dialogue skills, and also thanks to dialogue with the customers who serve as partners for joint value creation. Our strength lies not in the fact that we do not set out with the goal of differentiating ourselves from competitors, but instead in realizing products for which there is no competition as the result of our approaches.

Case Study

Dialogue and Technologies in Anticipation of Future Needs: Processes That Enable Single Sourcing (ARF story)

Displays on devices such as notebook PCs become harder to read when used under fluorescent lighting or in direct sunlight. By controlling the amount of light reflected off of the screen using a special film, it is possible to improve screen visibility, and it is for this purpose that Dexerials manufactures and sells Anti-reflection film (ARF). The following story about ARF development serves as a good explanation of the Company's business model.



One day, we were approached by a global-brand manufacturer whose operations include development of next-generation notebook PCs. They told us, "We want to make a display that offers visual clarity in any usage environment and maintains that level of quality over the long term. In our minds, this is the ultimate display product we hope to achieve."

To make this vision a reality, it would be necessary for the display to offer excellent color reproducibility and vividness, be anti-reflective to counter external light sources, and boast excellent surface durability. Meeting these four requirements at a high level has become an increasingly important theme in product design as displays become thinner and the frames around their screens, known as bezels, are minimized or removed completely to make them bezel-less. High-end displays in particular require that no display-color changes occur even when using the product outdoors or on the move, and no decline in display quality due to fingerprints and scratches.

One way of accomplishing these is to increase screen

luminance, which results in improved visibility, but this approach is only a temporary fix and gives rise to new problems such as increased power consumption and device heat-up. That's why Dexerials proposed the idea of reducing reflection itself—a solution that addresses the core cause of the problem using sophisticated technologies.

This solution revolved around an ARF comprising five metallic layers made using a continuous membrane fabrication method with precision controlled down to the nanometer level^{*1}.

During the prototyping phase of our ARF development, we created multiple designs with differing reflection spectra based on optical specifications for the customer's display units and carried out multiple color-reproducibility evaluations, working closely with engineers from the customer company to optimize the balance between display visibility, color expression, and durability. Thanks to these efforts, and to excellent film-surface scratch resistance as well as a top coat that enables easy wiping away of dust and dirt, we were able to harness film technologies to deliver

greater value to users through a clear and attractive screen display that stayed that way over time.

Ultimately, the partner company chose to adopt our ARF for use in their main notebook PC models, and the resulting display—which is a prominent part of the computer product as a whole—has received much praise for its visual quality and user friendliness. Currently, Dexerials' ARF based on the technologies described above boasts a 92.8% global market share^{*2}. Serving as a one-of-a-kind partner facilitating both stable mass production operations and outstanding optical performance for our customers, Dexerials will continue to pursue advances focused on the fields of mobile devices, IT equipment, automotive displays, and others.

^{*1} Ultra-thin metallic membranes (roughly one-tenth the width of a hair) are overlapped to create a film that interferes with incoming light to realize low reflectivity and prevent display-color inconsistencies. In order to mass-produce this film consistently and reliably, it is necessary to achieve uniform membrane thickness. Dexerials' continuous-fabrication sputtering technology makes it possible to achieve both consistent membrane thickness and color stability to an extremely high degree, which is difficult to accomplish using the standard vacuum deposition approach. This sputtering technology was the key to achieving both top-quality mass production and performance levels not possible through traditional methods.

^{*2} The 2024 share for value amount of surface treatment film (dry coating) according to the "Current Status and Future Outlook for Display-related Markets 2025" issued by Fuji Chimera Research Institute, Inc.

Point 1: Foresight and a Design-in Approach

When assisting in a customer project—even one in another country—our engineers visit the worksite in person and communicate (when overseas) using the local language. Our approach is to share with the customer the problems and challenges we have identified, and then have our engineers engage in discussions with theirs to seek out possible solutions. During this process, we are careful to take note of when technical drawings and samples are not effective in conveying our design concepts and product utilizations, and then factor this in when creating proposals. In addition, we take into account potential post-product-delivery conditions, and set stringent product specifications in advance while identifying problems that may be encountered when transitioning to the mass production phase. These measures enable a quicker switchover to mass production and result in product quality that far surpasses that of the competition.

Point 2: A Culture of Technology and Customer Dialogue

We take into consideration both customer and technological viewpoints, and our human capital is equipped with the foresight needed to identify potential issues that may not be obvious, making possible proposals that no other company can match. Our human capital serves as "translators" between differing technologies, harnessing highly specialized knowledge rooted in Dexerials' six core technologies, and calling upon their ability to comprehensively view and approach product structures and processes as a whole. During the customer's development phase, we pursue repeated, technology-focused dialogue with the customer, taking into consideration ideas and limitations not stated in specification documents. These skills are not dependent on experience alone. They are also rooted in a corporate culture of trial-and-error efforts in actual development worksites starting when employees are still young.

Point 3: Spec-in Approach

Dexerials develops products that have realized single sourcing and high market shares in fields such as smartphones, automotive displays, camera modules, and optical semiconductors by utilizing a problem-solving-based approach. Furthermore, we facilitate stabler mass-production processes through our Spec-in approach. Our goal is not to merely sell products, but to invest ourselves in future product creation. Based on this philosophy, we intend to continue serving as a value co-creation partner who does more than simply supply materials, working together with our customers to give concrete form to future visions.

Special Feature ①

Business Expansion in Growth Domains Leveraging Our Technologies and Business Model for the Automotive Industry

The automotive industry is digitalizing and entering an era of major transformation known as CASE*. With advances in electrification and autonomous driving, and with the expansion of network connectivity, the automobile is evolving from a means of transportation to a safe, comfortable information space. Dexerials is leveraging technologies developed for the consumer electronics and IT sectors. This, combined with its proprietary business model of creating value in collaboration with end customers, will assist in Dexerials' mission to pursue new value creation in the automotive industry as that industry advances into the future.

* CASE: Connected, Autonomous, Shared & Services, and Electric



Our Entry into the Automotive Industry, Which Is Evolving Toward the Future

Dexerials has consistently delivered innovative solutions that leverage its core technologies. Our Design-in approach is the driving force behind our ability to offer innovative value. Under this approach, we work with end customers to identify and solve challenges, aiming to realize products that are ideal for their needs. We are expanding into the automotive industry, a key growth domain, through applying this business model.

Anti-reflection film (ARF) and resin products for sensing are playing a key role in this effort. Our ARF contribute to improved visibility through high durability and excellent anti-reflection performance, and are highly evaluated from a safety perspective. As displays become larger and multiple-display systems more prevalent, we have expanded the ARF market with automotive displays and other products. Expectations are also rising for our sensing-related products, which are contributing to sensor accuracy and reliability in anticipation of the implementation of autonomous driving in society.

We must continue to consider what we can do to support the evolution of information and communication during this major automotive transformation exemplified by CASE, and for the evolution of autonomous driving technology, to realize a sustainable mobility society. We will



Our Global Strategy for the Automotive Industry, with Design-in as Our Core Approach

Kento Oshima
Executive Officer, Automotive Solutions Business Unit Head

Dexerials' strength is Design-in. Now we are seeking to apply this approach, for which we have a track record primarily in the consumer electronics and IT sectors, to the automotive industry, including global markets, starting with Europe and North America. Automotive Solutions Business Unit Head Oshima discusses the background and objectives, current initiatives, and future outlook in this regard.



Our new marketing unit in a city near Detroit, Michigan

further evolve our business model through communicating with end customers and direct customers engaged in advanced initiatives, and through collaborating with partner companies.

Entering the Automotive Industry Armed with Design-in Expertise

Dexerials' "Design-in" is a business model that conducts proposal activity not only for its direct customers, such as parts manufacturers, but with a broad scope as far reaching as to support the final product manufacturers. Our biggest strength lies in the fact that we offer solutions. We familiarize ourselves with the problems faced by our customers at all steps of the supply chain experience, and we work together to find a solution. Leveraging this approach, we have created numerous products that hold leading global market shares.

Our company originated as part of the Sony Group, which also manufactured end products. We worked hand in hand with other companies within this group, advancing designs through the continuous dialogue that took place among the engineers. In such an environment, Design-in became second nature—a practice we continually refined. Instead of being bound by industry norms, we took the initiative to visit end customers directly, showcasing our technological capabilities and unique added value. This culture

fueled our growth and continues to shape who we are today.

We always believed that the expertise and business model we cultivated in the consumer electronics and IT sectors could be applied to the automotive industry. At the same time, the automotive industry is characterized by long product lives and long development cycles. And because automobiles must protect human life, high levels of safety and reliability are essential. Thus, careful decision-making was required before we entered this industry.

Acceleration of automotive digitalization marked the emergence of a growth market, well-timed for us to pursue yet another global top market share. We took this transformation as an opportunity and decided to take on the automotive industry challenge.

Subsequently, our Anti-reflection film (ARF) have been utilized as solutions to the challenge of increasing size and diversifying forms of automotive displays. Recently, our resin products have been increasingly adopted for sensing technologies that enable autonomous driving. Since vehicles are employed over long periods in diverse environments, high quality and reliability are a must. To meet those requirements, we established a zero-defect, cross-functional quality management team and obtained IATF certification* under European standards. It goes without saying that we also fully comply with the even stricter quality standards set by Japanese automakers.

Because of these stringent requirements, the automotive

industry is a domain where the capacity for sustained technological proposals can thrive. Even with respect to long-term projects spanning multiple years, we will realize our Design-in approach and fully demonstrate our technologies and competitiveness.

* IATF certification: Guarantee of quality from the International Automotive Task Force

Delivering Innovation to the Automotive Industry Through Co-Creation with End Customers

We were prepared to meet the stringent safety requirements of the automotive industry even before we entered. Still, once we began work on projects, further challenges emerged. The long development cycles and complex decision-making processes of the automotive industry were extremely different from what we were accustomed to in the consumer electronics and IT sectors, and proved especially demanding. In particular, the automotive industry's value chain is vast, with a stepped pyramid structure extending from Tier 1 suppliers (primary suppliers delivering automotive parts directly to end customers) to Tier 2 and Tier 3 suppliers. To connect our strengths to actual business processes, we had to overcome, one after another, conventions and hierarchical barriers of the industry that had been in place for years.

In developing business with Japanese OEMs (end-customer automakers), we sometimes met with our



Vehicle-related information communication



Automotive sensor

▶ **Dexerials Products**

Smart precision adhesives

With the evolution of advanced driver assistance systems (ADAS), the number of automotive sensors per vehicle is increasing, and adoption of our smart precision adhesives for sensor modules is expanding.



Automotive displays



▶ **Dexerials Products**

Anti-reflection film (ARF)

Reduces reflections and glare, contributing to improved safety.

Optical elastic resin (SVR)

Enables curved and uniquely shaped displays.

Particle-arrayed Anisotropic conductive film (ACF)

Used in automotive displays requiring low insulation risk, high stability and reliability.





From Japan and Across Asia to Europe and North America
Creating Advanced New Technology and Expanding Markets

In parallel with our interactions with major domestic OEMs in Japan, we have also been engaged in dialogue with non-Japanese OEMs from an early stage. These activities have progressively borne fruit, and our products are now adopted in many vehicle models. A major milestone in this process was the establishment of our German Office. Europe is a region where advanced technologies and designs in the automotive industry are created, and we recognized the importance of building a solid foundation for our business there. The Sales Director of Dexerials Europe B.V. serves as an organizer for the Display Forum in Germany, and actively promotes networking with end customers and direct clients. Our European team has been promoting Design-in through dialogue with local OEMs and Tier 1 companies, while collaborating closely with our Japan team to manage projects. We are now applying experience gained from collaborating in Europe and

counterparts in North America, rather than in Japan. Even in Asia, where we had already built a certain track record, we traveled to the front lines to identify key decision makers, followed networks of contacts directly to people in multiple layers of the business, and worked diligently to convey our uniqueness and value proposition.

Our Design-in approach extended across the automotive value chain, and OEMs seeking new proposals responded positively. I sensed that the OEM engineers welcomed the opportunity to collaborate with our own engineers, who are well versed in processes and materials, and engage in discussions to realize their ideals.

Technology-driven Design-in is an important foundation for building trust with customers, and is leading progressively to future business expansion. I believe that through offering technologies and high-value-added solutions that others cannot imitate, our company can establish a position where customers will choose us for more than just price. Moreover, I believe that these initiatives will not only help us advance in a

technological sense, but will also promote the growth of our internal organization and talents, ultimately contributing to the enhancement of overall corporate value.

At the same time, “Spec-in” activities-directed customers who are procuring from us are also important. Once we have achieved the final product form through the Design-in approach, we work with customers to consider processes and conditions that will lead to improved yield rates, keeping their mass production processes in mind. Tier 1 and Tier 2 companies, our direct customers, have evaluated our efforts positively. They note that collaborating with us as part of their efforts to serve their OEMs enabled them to develop products that were both ideal and aligned with expected OEM specifications, resulting in product adoption by the OEM. Through creating win-win-win relationships with end and direct customers, we deepen trust and continue to deliver top-share products. Our business model has thus achieved validation by the auto industry and continues to evolve today.

globally to further accelerate expansion in North America.

In 2024, we established a new marketing base in a city near Detroit, Michigan, US, under our global group company, Dexerials America Corporation.

We recently entered the North American market, where building relationships with key individuals is especially important. Trade shows serve as a starting point for this effort. Unlike trade shows in Japan, those in Europe and the US are venues where professional engineers with innovative ideas gather and network. At such events, we actively engage in dialogue with engineers, offer future-oriented technical proposals, and actively avail ourselves of opportunities to find partners and end customers.

While we are expanding our network of contacts through forums and exhibitions, we are also working to create our own community and enhance our presence in Detroit, where many automotive manufacturers are located. Through approximately a year and a half of activity in North America, concrete business inquiries are increasing, and we are successfully building relationships with major OEMs in Detroit. This progress is thanks to the experience of Dexerials America Corporation members in Design-in and Spec-in for the consumer electronics and IT sectors, and the proactive culture of U.S. team members who are working closely with their counterparts in Japan.

T Dexerials Showcases Optical Materials that Maximize ADAS Performance at “AutoSens USA 2025”
For details, please refer to TECH TIMES



Evolving Design-in and Laying the Foundation to Support the Next Decade

Going forward, we will continue building a global network, with emphasis on Europe and North America. Our goal is to increase automotive business sales to ¥30 billion by 2028, from ¥14 billion in fiscal 2023.

We see this initiative not as an effort to boost sales in the short term, but as a foothold to achieving medium- to long-term growth and strengthened competitiveness. We are laying the foundation that can support the next decade. That is our intention, and full-scale efforts to achieve results are just beginning.

Our first step is to generate successful Design-in cases on a global scale, evolve the business model, and use it to expand our business portfolio. We are convinced that this initiative will become a foundation for the future of our company.

Contact Networks and Opportunities in Europe

Donald Schaffer
Dexerials Europe B.V.
Sales & Marketing Director

The European market is highly innovation driven, and it also has rapid technological innovation. It is an important position in the current global landscape. Success in this region will have great significance to the future growth of our global automotive business. What’s more, the evolution of EVs and the adoption of HMI* cockpits help us build up a brand image as an innovation provider. Based on these ideas, we have engaged from the outset in continuing discussions with higher management to formulate strategies with a long-term perspective. We continue to update this strategy in accordance with the situation in Europe.

We began our European marketing activities and participated in the Automotive Display Forums (DFF) in Germany, from an early stage, and embarked on full-scale European marketing activities. We enhanced our presence in the industry and connected with the entire value chain. We also established contact with OEMs and Tier 1 suppliers (parts manufacturers) through the European display community. These points of contact have become opportunities to understand potential needs and technical information before they appear in the market.

In Germany, we have established a system that allows swift on-site decision-making and response, one structured so that engineers can exchange opinions frankly, regardless of their rank. As an organization capable of resolving issues on the front line, we believe that promptly addressing customer needs locally promotes trust building.



* HMI: Human-Machine Interface (digitalization of displays around the driver’s seat)

Employee's Voice
Design-in Is a Good Opportunity to Create Value No One Else Can Offer



Felix Velten
Dexerials Europe B.V.

I am one of the engineers working at the front lines. Through on-site engagement with customers, we have discovered that early, hands-on collaboration is key to addressing technical challenges efficiently.

Frequent communication with our customers lets

us understand their true needs, which we can’t always grasp from specifications alone. It also helps us to accurately understand their respective priorities and constraints.

Not only does this build trust, it also helps to accelerate validation processes, which enables faster, more effective innovations.

We see the expansion of the Design-in approach as a critical enabler for creating differentiated value together with our customers. Existing initiatives go on to become new projects, and on-site innovations are also opportunities to do more business. As the display industry evolves rapidly, strengthening our Design-in capabilities will be essential to stay ahead of emerging trends and build long-term partnerships.





Materiality and Sources of Value Creation

Message from the Technology Strategy Head

Pioneering the Future Through Innovation: Technology Strategy of Dexerials

Since its establishment in 2020, the Dexerials Innovation Group (DIG) Promotion Department has been acting as the core driver of company-wide innovation. Amid the rapid progress of technological innovation, including AI, we strive to fully leverage our unique technologies to realize our purpose: “Empower Evolution. Connect People and Technology.” Executive Officer Kuo-Hua Sung, Technology Strategy Head, who leads DIG, shares his vision and initiatives.

Kuo-Hua Sung

Executive Officer and Technology Strategy Head,
Officer in charge of Dexerials Innovation Group
(DIG) Promotion Department

Driving transformation to accelerate innovation and achieve global growth

DIG embraces “Innovation” and “Creation” as core values. Striving to achieve both technological advancement and the creation of new value, we combine an inside-out approach with an outside-in approach to deliver advanced and valuable solutions.

Our mission is to transform our technology portfolio and create new business opportunities.

Through iteration of rigorous strategic reviews, we are now entering the execution phase, working to realize our Mid-Term Management Plan and the strategies that extend beyond it.

Dexerials is expanding its presence across key regions in Asia, North America, and Europe, where DIG is at the forefront of strategic talents acquisition and joint development initiatives.

These initiatives form the foundation for achieving our Mid-Term Plan objectives and lay the groundwork for future innovation and long-term development.

Supporting the evolution of technology, pioneering the future of AI with photoelectric fusion technology

AI technologies are advancing rapidly from cloud-based

systems to edge computing, and from general-purpose AI to agentic and physical AI. This evolution is driving demand for real-time, large-volume, high-speed data processing on an unprecedented scale. Rapid proliferation of new devices and applications is accelerating this trend, making large-scale data centers, advanced semiconductors, and tightly integrated solutions essential.

At the same time, this evolution comes with significant technical challenges. Signal integrity, power efficiency, and thermal management remain persistent hurdles. Moreover, escalating energy consumption and heat dissipation must be addressed. Photonics technology is expected to complement the advancement of electronic technologies, serve as an innovation supporting sustainable growth, and usher in a new era of photoelectric fusion technology.

Across industries and global alliances, photonics technologies are being integrated with existing electronic ecosystems and utilized to enhance performance and efficiency. Dexerials will establish a unique position at the leading edge of this convergence. We aim to offer unique value propositions through our deep expertise in six core technology domains (thin-film formation and coating, inorganic materials, organic materials, evaluation and analysis, microfabrication, and photonics) combined with wide-ranging specialist expertise across materials, processes, equipment, evaluation, and design.

Furthermore, by combining our long-standing track record in material technology, electronics integration, optical

design, and high-volume manufacturing with the specialized photonics capabilities of Dexerials Photonics Solutions Corporation (DXPS), we can deliver innovative and highly scalable photoelectric fusion solutions.

Through strategic partnerships and continuous technological development, we are deepening collaboration and engagement with leading global enterprises to shape the future of next-generation, energy-efficient technologies.

DIG’s strategy for balancing growth and social impact: leveraging core technologies (inside-out) and promoting strategic collaboration (outside-in)

To realize long-term value creation, DIG takes a dual approach that maximizes accumulated internal technological strengths (inside-out) and promotes collaboration with external partners (outside-in). This strategy enables us to accelerate innovation and position ourselves as a key enabler in the evolving AI-driven photoelectric-fusion era.

Our strengths are a robust foundation in photonics, high-precision integration, advanced coupling techniques, and materials science. By leveraging these capabilities, we aim to enhance the performance and scalability of modern data centers and digital infrastructure, while developing next-generation solutions that improve signal quality and thermal management.

Furthermore, we believe that combining our knowledge of materials innovation with our deep optical design expertise will empower us to use our advanced nano-fabrication technologies, a core strength, to create a new class of meta-structures that can drive improvements in optical efficiency and miniaturization, both of which are key enablers for the next generation of edge AI-based applications and devices. In addition, we are opening up new frontiers in advanced sensing and energy management by integrating nanoparticle engineering with photonics and electronic design. DIG is currently advancing the development of comprehensive solutions that integrate a wide range of fields, including photonics, electronic technology, materials, system integration, and manufacturing. Through these initiatives, we aim to offer breakthrough technologies that support infrastructure and applications powered by next-generation AI to a broad range of customers.

Furthermore, all R&D initiatives are validated through industry engagement and collaboration with strategic partners, along with iterative internal review. We are also making investments to accelerate innovation and commercialization, coordinating with the Corporate Strategy Division of Dexerials. Such investments include collaborations with startups, venture capital firms, academic institutions, and industry leaders so as to incorporate diverse perspectives and networks. DIG is committed to strengthening and expanding relationships with our global network of customers and partners, and by combining technological excellence with strategic foresight,

we aim to deliver impactful solutions that create lasting value for stakeholders and shape the future of technology.

Driving innovation with a globally integrated, cross-functional foundation

DIG is highly aware that a globally unified and strategic organizational structure is essential to further accelerate development. A robust organizational foundation that spans functions, regions, and areas of expertise is the key to supporting innovation and sustainable growth. We also make it a policy to support all of our employees, so as to enable them to perform at their best and deliver meaningful results.

Human Resources Division has implemented a JOB-based HR Management system and operates under the Human Resources Business Partner (HRBP) framework, our proprietary HR support model aimed at organizational development. HRBP enables continuous enhancement of talents and skills and optimal personnel placement, and develops next-generation leaders while responding to rapidly changing technological and business needs. We are also promoting global talents acquisition, with top-level specialists joining us in key regions in Japan (headquarters), Taiwan, North America, and Europe. These individuals are leading precision innovation and new business creation, and contributing to value delivery on a global scale.

We practice cross-departmental and cross-disciplinary collaboration routinely to ensure that technologies and expertise in every area are fully leveraged in the formulation and execution of strategic initiatives. Intellectual property strategy is also a key pillar. By protecting and utilizing innovation, we not only deliver unique value to customers, but also contribute to solving global social challenges.

These initiatives are advanced by company-wide collaboration centered on Corporate Strategy Division and involving Human Resources Division, DIG, Corporate R&D Division, and business units. We are building a framework to enable us to deliver long-term value to customers, investors, and partners as a globally competitive, sustainable, socially responsible enterprise.

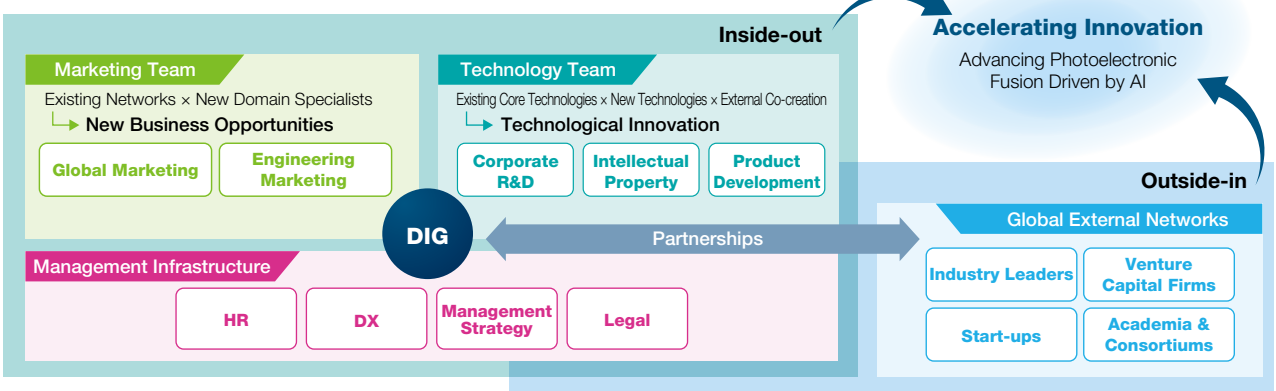
Achieving the Mid-Term Management Plan: our commitment to future value and sustainable growth creation

We are working toward the goals of our Mid-Term Management Plan with well-defined objectives and policies, providing sustainable value to our employees, customers, investors, suppliers, and partners from the foundation of innovation and integrity. Through well-defined corporate strategies, advanced technology development, and comprehensive sustainability initiatives, we are building a resilient management foundation for sustainable growth.

In addition, we are focused on closely meeting the evolving needs of our customers and industries and empowering our global talents while cultivating innovation, investing strategically, and executing technology roadmaps. With strong intellectual property strategies, active partnering, and a robust global corporate structure, Dexerials is delivering reliable value at the cutting edge of technology as a driver of AI-powered photoelectric fusion evolution.

Going forward, we will realize sustainable growth while fulfilling our social responsibilities as a trusted partner, and firmly deliver sustainable growth and reliable results to future generations and stakeholders.

Driving Innovation through the Combination of Inside-out and Outside-in Approaches





Sources of Value Creation
Innovation

The Meaning of Innovation

Innovation makes it possible for us to realize the goals of our corporate Purpose, and serves as a driving force for sustainable growth.

By leveraging core technologies in an “inside-out” manner while also adopting an “outside-in” approach through strategic partnerships, M&A, and the like, we pursue innovation for Dexerials as a whole.

By putting our global-scale business foundations, human resources, and intellectual properties to good use, we aim to achieve both solutions to society’s problems and sustainable growth for the Company.

Focus Domains

In fiscal 2024, we established a technological strategy for purposes of medium-term growth and defined the technology domains on which we would focus.

Strengthening and Creating Businesses

Photonics

Optical communications: Providing solutions to the issues of increased data traffic and power consumption

Photonic sensing: Providing solutions for high-resolution, high-sensitivity sensors used to obtain various information

Semiconductor integration solution

Providing composite optical semiconductor devices and integration solutions for compounding that can contribute to next-generation high-speed communication technologies

Next exploration activities for new business

Based on our core technologies, consider the feasibility of expanding into new technology domains to realize solutions to societal problems in areas such as energy and healthcare

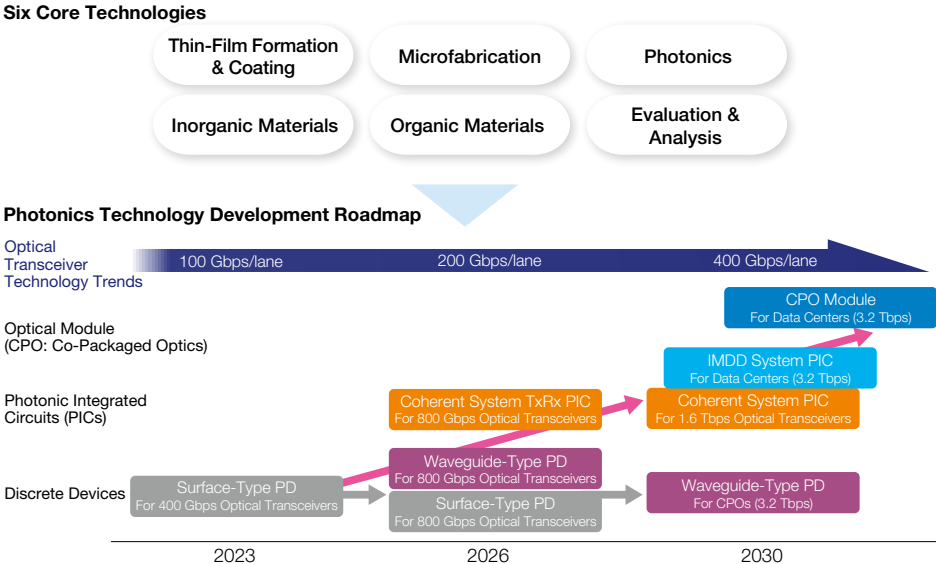
Step 1 Toward Innovation Technology Development in the Photonics Domain

In the photonics domain, Dexerials is pursuing development in stages based on our roadmap, spanning everything from commercialization of existing technologies to development of future technologies.

Starting in the second half of fiscal 2024, we launched mass production of a surface-type photodiode compatible with 400-Gbps-class optical communication and have seen positive business results.

Current Development Theme

Dexerials is moving forward with performance advances in optical semiconductor devices that are compatible with next-generation telecommunication standards. In the area of waveguide-type photodiodes in particular, we have combined a uni-traveling-carrier photodiode (UTC-PD), which offers higher sensitivity and wider bandwidths, with a waveguide-type photodetector. We are stepping up development efforts for this important device, which realizes both high sensitivity and wide bandwidth, and has the potential for use in 1.6-Tbps-class optical transceivers. Progress has already reached the verification-testing stage, and we are making plans for future commercialization.



Future Developments

Dexerials is currently developing solutions for next-generation communication modules, including photonics-compatible silicon integrated circuits, waveplates, and adhesive materials. These technologies have garnered widespread interest through customer dialogue and on the market. In addition, we take advantage of the world’s largest-scale exhibition event in the field of optical communications to actively present and promote our technologies while gathering market feedback as we pursue verification tests aimed at future practical applications.

Such development efforts enable us to achieve new elemental technologies, which can be combined with our six core technologies to provide the solutions needed at AI data centers that meet the rapidly growing needs of the AI market.

T OFC 2025 Exhibition Report: Dexerials' New Optical Devices for the 1.6T Era
For more details, please refer to our [website](#).

Step 2 Toward Innovation Next Exploration Activities for New Business Toward Future Growth

Dexerials pursues exploratory research and development with an eye to solving future problems experienced by society and discovering industry structure changes in order to lay the foundations for continuing growth in our focus domains.

Toward Deployments of Next-Generation Technologies

We are always searching for potential, new applications for our technologies in the energy field as solutions to challenges faced by society, such as achieving carbon neutrality and reliable energy supplies.

In addition, we are in the process of considering becoming members of a nuclear fusion field consortium, and we have already started verification testing to confirm the feasibility of new power-generation technologies, of which we are considering taking the first steps toward future commercial deployments.

Such next exploration activities have the potential to foster growth opportunities over the medium and long terms stemming from new value creation, and also position us to take on bold challenges in regard to both technologies and the market. It is through such challenges that we can lay the foundations for new industries and cultivate next-generation growth domains that can help solve society’s problems.



Inside-Out and Outside-In as Cross-Functional Foundations

At Dexerials, we utilize a cross-functional framework interlinking R&D, business operations, and marketing to achieve commercial applications of technologies rooted in customer and societal needs. In our fields of particular focus, such as photonics, we harness this framework to analyze the market and its responses and confirm competitive strength while moving forward with development efforts. This method forms the basis of our “inside-out” approach, which is one of Dexerials’ strengths.

In addition, we are proactive in our “outside-in” endeavors, which entail working in cooperation with outside partners, academic institutions, and startups to bring in new knowledge. By utilizing both the inside-out and outside-in approaches, we can accelerate innovation, make full use of global human resources, and connect operations with our intellectual property strategy. In these ways, we are laying the foundations for cultivating growth business fields of the future.

Topics Technology Search Support and Knowledge Structuring Using Generative AI

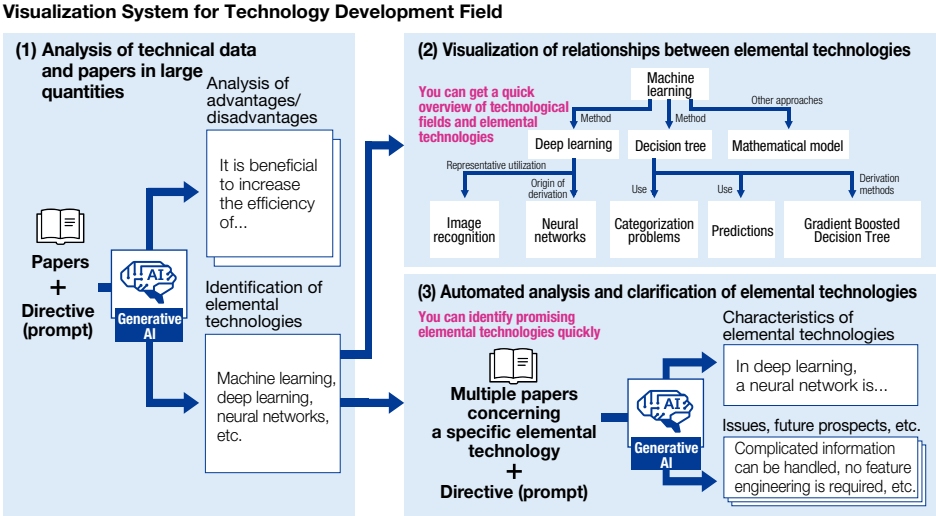
Business Creation: Building Systems to Realize Idea Creation for Comprehensive New Applications

Utilizing generative AI technology provided by Stockmark Inc., we have begun building a system that creates ideas with comprehensive new applications for purposes of stepping up next-generation product development.

When coming up with new product and technology application ideas, it is necessary to fully understand market information (needs) as well as information on the technologies that we possess (solutions), and then tie these together. However, such efforts usually require specialized human resources, and the significant time and labor demands needed to develop numerous new ideas pose major problems. By making use of Stockmark’s generative AI, it is possible to create and propose large numbers of new ideas in comprehensive and rapid fashion while still ensuring high quality, in ways that are not possible with human workers alone. These ideas can then be utilized to strengthen our product development capabilities further.

Technology Searches: Using Generative AI for Technology Search Support and Knowledge Structuring

Dexerials is currently working in collaboration with Mitsubishi Research Institute, Inc. to build the Visualization System for Technology Development Field, which utilizes generative AI technology and serves as a means of strengthening the foundations of future exploration activities overall. The system has passed the proof of concept (PoC) phase and is currently being adopted for real-life, practical applications. It analyzes and creates diagrams for massive amounts of documentary materials, generates visual representations of the interrelationships between elemental technologies, and enables quick identification of promising technologies. We can use this system to improve the speed and precision of information-gathering and theory formulation during the initial stages of technology searches, and prevent the limitation of such search operations to specific, specialized individuals. In the future, we plan to expand the system’s applications to include research and development facilities, deploying it across multiple fields as a shared R&D support resource. This will further boost both the speed and quality of “outside-in” technology searches intended to anticipate upcoming changes in society and markets.





Materiality and Sources of Value Creation
Intellectual Property Strategy

Intellectual Property (IP) Strategy Supporting Value Creation and Our Business Model

The Dexerials Group regards intellectual property as one of its most important management assets. Beyond building and optimizing our own patent portfolio, we proactively conduct IP intelligence activities*1 including IP landscape*2 and other analyses to drive new business creation and support the development of new markets and applications.

In fiscal 2025, Dexerials has been integrating IP functions in the R&D Division to establish a framework that accelerates value creation in terms of both technology and intellectual property. This aligns with our business model of anticipating future needs and proactively providing solutions. By integrating technology and intellectual property, we are promoting forward-looking value creation and contributing to sustainable growth.

*1 IP intelligence activities: Activities for systematically collecting and analyzing patents, technology trends, and market information to support decision-making for business strategy, new market development, and competitiveness strengthening
*2 IP landscape: Comprehensive analysis of patent information and technology trend data from multiple perspectives, visualizing the market environment and competitive landscape to use in planning business strategy and R&D policy

Intellectual Property Strategy

Our intellectual property strategy consists of the three stages outlined below. Stage one involves utilizing globally acquired intellectual property rights in business operations based on Business Feasibility Evaluation derived from analyzing our own and competitors' IP competitiveness. Stage two is an IP co-creation strategy that combines internal and external technologies to foster the creation of new businesses. In stage three, we will implement an IP value communication (IP-IR) strategy that strengthens investment in human capital from an IP perspective and enhances dialogue with investors.

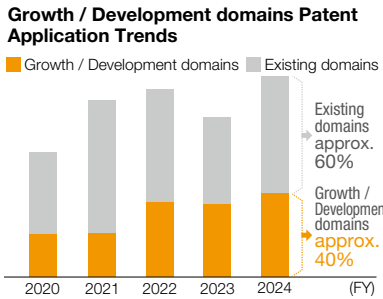
IP Strategy Roadmap



Stage 1 Core Patent Utilization Strategy: Intellectual Property Investment in Growth Domains

Dexerials promotes the acquisition and utilization of IP rights in key countries to secure differentiated technologies and strengthen global business competitiveness. As of the end of fiscal 2024 (March 2025), the global patent ownership ratio was approximately 66%, which aligns with Dexerials' global sales ratio of around 67%.

Dexerials is also actively investing in intellectual property related to photonics, a field positioned as growth domains. In fiscal 2024, patent applications in



this area accounted for 10% of total patent applications.

Dexerials is actively investing in intellectual property in development domains, with R&D-related patent applications accounting for approximately 30% of the total.

Through our Design-in and Spec-in activities, we anticipate customers' technical issues and needs, and protect the new ideas born from combining insights with Dexerials' core technologies as intellectual property. This allows Dexerials to deliver competitive solutions that reflect the technological trends, reaching a wide range of stakeholders, from direct customers to end users.

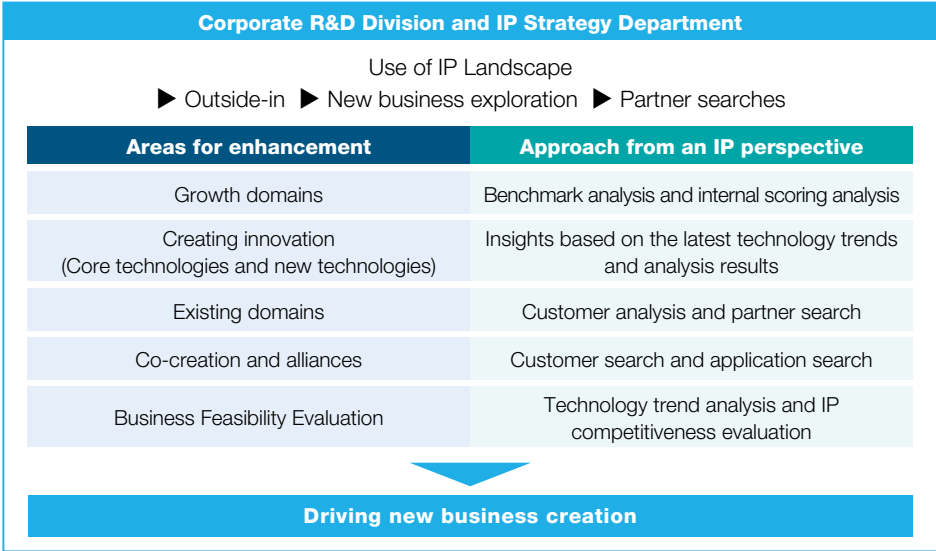
Stage 2 IP Co-Creation Strategy: IP Intelligence Activities

Dexerials promotes IP intelligence activities, utilizing Company-wide IP landscape analysis as a decision-making tool.

In existing domains, Dexerials offers information about new technologies, new markets, and competitors from an IP perspective, supporting qualitative product enhancement and market expansion. In growth domains, Dexerials' IP portfolio is compared with those of benchmark companies, and we formulate an IP strategy by back-casting from our established vision of what we want to be.

Furthermore, with respect to innovation, co-creation, and alliances, the latest technology trends and academic data are studied to identify key growth technologies and potential co-creation partners, thereby facilitating expansion into previously uncharted fields.

IP Intelligence Activities



Stage 3 IP-IR Strategy: Strengthening Measures for Materiality –Technology and Human Capital

Dexerials has identified technology and human capital together as materiality. To achieve sustainable growth, it is essential to steadily cultivate talented individuals (such as inventors) who possess advanced technical skills and a strong IP-oriented mindset.

In fiscal 2023, we introduced an incentive system called the "First Step of Invention" for first-time inventors (who apply for their first patent application after joining Dexerials, including mid-career hires). Accordingly, the initiative produced first-time inventors who are approximately 25% of all inventors.

In fiscal 2025, Dexerials began the trial implementation of two new recognition programs: the "Best Proposal Award," which honors inventors who submit exemplary invention reports to serve as role models, and the "Best Research Award," which honors inventors who conduct patent searches on their own using advanced techniques. High-quality invention reports form the basis for strong patent rights. Such reports and search skills are shared across Dexerials to strengthen and cultivate the ability to generate inventive proposals.

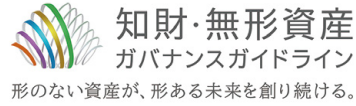
We also engage in dialogue with certain investors regarding Dexerials IP strategy and related initiatives. Through this communication, Dexerials aims to enhance the capital market's understanding of our IP strategy by demonstrating both the sustainability and competitiveness of our business model.

Promoting IP Governance and Enhancing Visibility of Intangible Asset Ratios

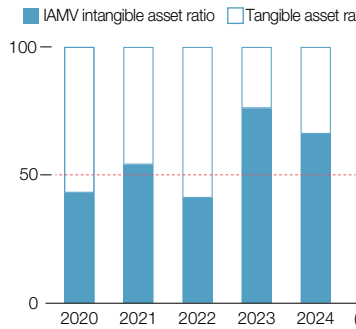
Dexerials proactively discloses IP activity information and promotes the strategic utilization of intangible assets, in line with the "IP & Intangible Assets Governance Guidelines Ver. 2.0" published by the Cabinet Office of Japan.

"The Intellectual Property Strategic Program 2025," also released by the Cabinet Office, sets a target of raising the ratio of intangible assets to more than 50% of total market capitalization in the Japanese market (Nikkei 225) by 2035. The calculation of intangible asset ratio using the IAMV model* showed that Dexerials' intangible asset ratio had reached approximate 65%, significantly exceeding this target. This result serves as an indicator that Dexerials is a company developing a high-value-added business model that leverages its intangible assets effectively.

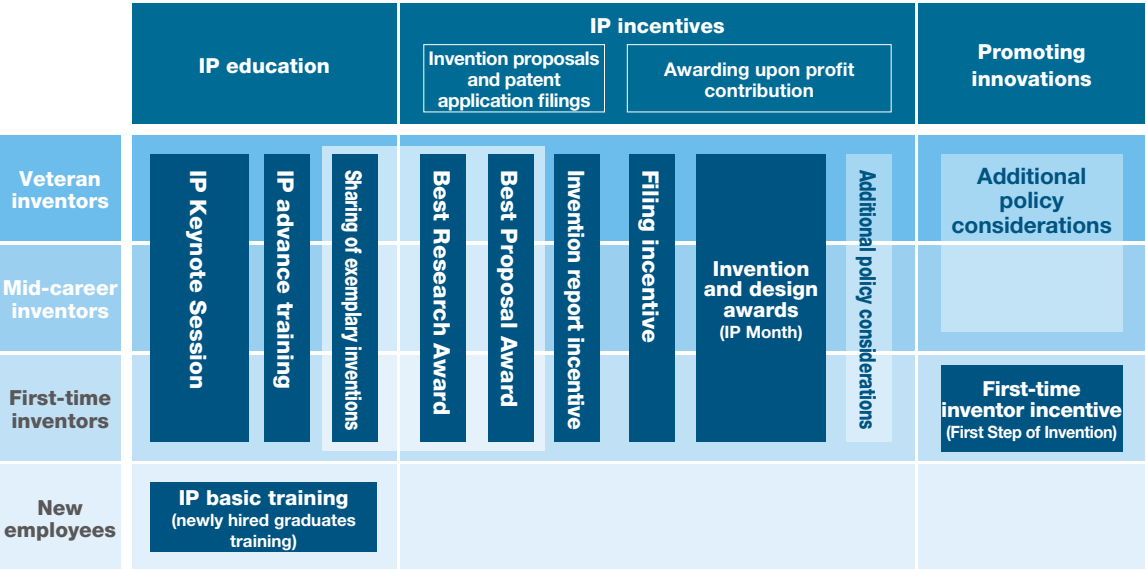
* IAMV (Intangible Asset Market Value) model: An evaluation model developed by Ocean Tomo, LLC (the United States) to calculate the proportion of intangible assets in a company's market capitalization. Dexerials' intangible asset ratio was calculated by subtracting tangible assets (the sum of current assets and tangible fixed assets recorded on the balance sheet) from the market capitalization as of April 1, 2025.



Ratio of intangible assets to market capitalization



Innovation investment combining technology and human capital as materiality



Received the Special Award at the 1st Intellectual Property and Intangible Asset Governance Awards

In March 2025, Dexerials received the Special Award at the inaugural Intellectual Property and Intangible Asset Governance Awards, organized by the Intellectual Property and Intangible Assets Governance Promotion Association (IPIAGPA). This award recognizes outstanding companies that practice intellectual property and intangible asset governance to enhance corporate value and promote activities that serve as role models for Japanese companies. Dexerials was recognized for our strategic engineering marketing approach based on intellectual property and intangible assets, which has delivered outstanding financial performance.

To further strengthen this advantage going forward, under the current Mid-Term Management Plan, Dexerials is executing 45 billion yen investment for non-financial capitals targeting our materiality focus of technology and human capital, thereby aiming for sustainable growth in corporate value.





Materiality and Sources of Value Creation

Message from the Human Resources Division Head

Empowering Employees to Grow and Embrace Challenges to Become a Globally Trusted Company

People with specialized skills and the drive to take on challenges are essential to the sustained growth of Dexerials. Dexerials has positioned technology and human capital as materiality, and under the Mid-Term Management Plan 2028 “Achieving Evolution,” Dexerials is advancing initiatives based on three Human Capital Strategies. Naoyuki Tsuda, Human Resources Division Head, explains the details.

Naoyuki Tsuda

Executive Officer,
Human Resources Division Head

Human Capital: A Key Source of Our Value Creation
Anticipating future business developments to build the right talents base

Technology and human capital are the key sources of our value creation. Understanding the mindset of end customers and proposing value that anticipates market needs requires a deep knowledge of materials and processes, the flexibility to respond swiftly to societal change, and the passion to create new value. None of these can be subtracted from the equation.

Based on the strategies outlined in our Mid-Term Management Plan 2028 “Achieving Evolution,” Dexerials is advancing people-centered strategies aligned with our business portfolio. The plan lays out three fundamental policies: Expanding businesses in growth domains, qualitative strengthening businesses in existing domains, and evolution of the management base. To explore opportunities in new domains and pursue growth in existing domains on a global scale, it is essential to build a forward-looking human capital portfolio while executing the strategies of the current Mid-Term Plan. We must cultivate and acquire the talents that will be increasingly needed both in Japan and internationally.

We are now living in what is often described as the BANI* era, a time of rapid and unpredictable change, which calls for flexibility in our Human Capital Strategies as well. When new business themes emerge, it is essential to be able to respond flexibly. That begins by identifying the technologies and human resources needed to drive growth, then deploying

the optimal talents internally or collaborating with other companies to establish an effective framework.

Against this backdrop, Dexerials has formulated three Human Capital Strategies aligned with our business strategy.

P. 34 Human Capital Strategies

* BANI: Brittle, Anxious, Non-linear, and Incomprehensible

Strategy 1: Optimizing the Human Capital Portfolio
Focusing on strengthening talents in cutting-edge technology fields to achieve mid-term targets

The first of our Human Capital Strategies is optimizing the human capital portfolio. Dexerials is working to strengthen its workforce by simulating when, where, and what kind of talents will be needed to achieve our desired business portfolio several years into the future. This is an essential measure for executing the company-wide strategy, involving not only mid-career recruitment but also shifting resources to growth divisions and strengthening priority skills.

Progress in the first year of the Mid-Term Plan has been largely in line with expectations. Emphasis has been placed on enhancing engineering and marketing talents, which directly impacts competitiveness in the global market. One such effort is strengthening talents in photonics, a cutting-edge technology field where Dexerials is focusing in particular on mid-career and new graduate recruitment, as well as in-house talents development.

Recruiting outstanding engineers is highly competitive and not so easily accomplished. But we believe that motivated candidates choose Dexerials, even in this competitive environment, because of how our Purpose and commitment to creating new value resonate

with them. As part of the recruitment process, the candidates are invited to visit actual workplaces to see Dexerials’ operations firsthand. This provides insight into Dexerials’ strengths and vision, which inspires many to join us.

Dexerials is steadily advancing initiatives to meet its target of raising the proportion of engineers to 50% of the workforce by fiscal 2028. We are also identifying essential functions and building a lean organizational structure.

P. 36 Strategy 1: Optimizing the Human Capital Portfolio

Strategy 2: Human Resources Platform as Global Basis
JOB-based HR Management system and Dexerials Way balance autonomy and collaboration while fostering boldness and passion

The second of our Human Capital Strategies is the establishment of a global infrastructure, common language, and human resources framework. From 2023 to 2024 Dexerials introduced a JOB-based HR Management system across all domestic and international sites and affiliated companies. We are now in the operational phase of implementing this system.

The primary objective of introducing the JOB-based HR Management system is to define roles and responsibilities for each position. In line with Dexerials’ strategies, we have also redesigned the organizational structure, job responsibilities, and compensation structure. With authority delegated according to job responsibilities, decision-making in the field becomes faster, and employees are empowered to make decisions at the operational level.

Although it has been just over a year since implementation began, our HR platform, on a global basis with clearer job definitions, has enabled putting the right person in the right place based on individual skills and expertise, making cross-border transfers easier. And in fact, collaboration and exchanges between our Japan and global sites, and between global sites, have steadily increased. Exposure to diverse values is broadening employees’ perspectives and knowledge. The system has also had a positive impact on recruitment, and as Dexerials works toward becoming a global company of choice, tangible results are already appearing.

A key challenge going forward will be in building an organization capable of moving in a unified way, including our global sites. Dexerials’ history began in 1962 with the founding of its predecessor, Sony Chemicals Corporation. Renamed in 2012, the company embarked on a new journey as Dexerials Corporation. For more than 60 years, Dexerials has continuously developed unique materials and transformed itself in response to changing times. This spirit of embracing transformation is what defines Dexerials and is the driving force of our sustainable growth.

To build on this history, Dexerials Way established Behavioral Principles that define the expected behaviors of employees who make Dexerials unique. Focusing on Customer, Leveraging New Tech & Expertise, Creating New and Different, Focusing on Performance, Collaborating Internally & Externally, and Optimizing Diverse Talents. These six indicators encapsulate behaviors that Dexerials has long valued and will continue to expect from employees. They are also incorporated into Dexerials’ global behavioral review system. It is crucial that each employee consciously embodies Dexerials’ processes and behaviors, rather than simply focusing on individual achievement. That is how we can carry on Dexerials’ DNA as one global team to continue to embrace transformation and drive sustainable growth. At global sites, employees have even begun voluntarily holding study sessions on Dexerials Way. This has become an effective mechanism for aligning a diverse workforce and moving together in one direction.

It is also essential to create other mechanisms that provide a motivational tailwind for employees to take on challenges.

Dexerials’ growth will halt if people stop challenging themselves. I believe that individuals are most passionate about their work when their Individual Purpose aligns with the company’s Purpose. To support this, the Human Resources Division is working to give employees the opportunity to

pursue skill development and explore their interests.

Dexerials encourages employees to continue developing by learning, thinking, and acting for themselves, adopting an autonomous work style. To promote such efforts, we have established a self-development support system and a variety of elective training programs that encourage self-directed learning.

As a mechanism to encourage taking on new challenges, Dexerials has also introduced an internal job posting system, which is now in operation across many divisions. Dexerials openly shares what roles and skill development opportunities are available. Employees can apply for any position they are interested in to actively shape their own careers.

Dexerials is also focusing on nominating and developing next-generation talents for the management team to ensure a steady pipeline of future leaders to drive the company forward. In addition to the D-BLP*1 program for managers, Dexerials launched the FIP*2 program for younger generations in fiscal 2024. To foster future management candidates, these younger employees are given opportunities to interact with those who have completed the D-BLP program. These programs are designed to cultivate transformational leaders, equipping them at an early stage with a global perspective for new value matters. They inspire young employees to take on challenges, ignite their passion, and help them develop the mindset required of future management candidates.

Participants learn alongside colleagues from Japan and other countries, gaining exposure to a range of departments. Through the program, they gain valuable experience by learning how to engage effectively with people from diverse backgrounds—an essential skill for conducting business globally. They also build internal and external networks and develop a broad-based, bird’s-eye perspective, which is indispensable in cultivating a management mindset.

P. 37 Strategy 2: Human Resources Platform as Global Basis

*1 Dexerials Business Leadership Program

*2 Dexerials Future Innovators Leadership Development Program

Strategy 3: Evolving our corporate culture
Encouraging employees’ personal growth and challenges as the starting point for engagement to drive corporate growth

Dexerials has a culture not very different from that of a startup venture. When new challenges arise with customers, we pool ideas and technologies across organizational boundaries to

generate new proposals. This flexible mindset, proactive stance, and willingness to take on challenges are defining characteristics and our greatest strengths. The third of our Human Capital Strategies is to further develop these strengths by evolving our corporate culture.

Dexerials values one-on-one meetings as a way to align employees’ Individual Purpose with the company’s Purpose. In these meetings with their supervisors, employees are encouraged to explore their career aspirations in depth. The aim is to provide people with opportunities to reflect on what is needed for individual growth and to fulfill their self-defined purpose. If they sense a discrepancy between their current situation and desired state, they can choose an elective training program offered by Dexerials to bridge that gap with the knowledge and skills they need. In fiscal 2024, we expanded support for self-development. The number of employees engaging in self-directed learning has been steadily increasing, complementing our JOB-based HR Management system.

Dexerials has many outstanding, talented employees who can discuss with end clients not only devices and processes, but also future challenges. They work with top leaders in global industries to meet their sophisticated demands, and proactively propose new value by anticipating future developments. And they work to resolve challenges faced by society by leveraging our unique technologies and ideas. This is also where employee engagement begins.

P. 39 Strategy 3: Evolving Our Corporate Culture

And Dexerials wants employees to engage further by considering and taking action proactively, with a sense of ownership of the company’s growth. To support this, Dexerials has introduced the Stock Grant Plan (J-ESOP) domestically.

This system encourages employees to approach their work with a stronger sense of ownership by highlighting the connection between their roles and the enhancement of corporate value.

P. 40 Special Feature 2: J-ESOP—Creating Value for Employee Shareholders

Dexerials’ sustained growth is driven by a diverse group of talented people with advanced skills who feel a resonance with the company Purpose. Our Human Capital Strategies is, in essence, our growth strategy. Dexerials strives for every employee to be healthy in both mind and body and motivated to take on challenges with passion and purpose. And we want the company and its people to grow together. By steadily advancing our three Human Capital Strategies, Dexerials will continue to embrace transformation in its own distinctive way.

Human Capital Strategies

Human Capital Strategies Are a Driving Force of Our Business Strategy

Addressing social issues and creating new value together with customers—these efforts are driven by nothing other than Dexerials' materiality of technology and human capital. Our organizational strength combines specialized expertise with cross-disciplinary knowledge, enabling innovation on a global scale. In partnership with a diverse range of individuals aligned with and inspired by Dexerials' Purpose, we foster a corporate culture of bold endeavor that propels our aspirations toward growth.

To implement this growth strategy, it is more crucial than ever to strengthen collaboration globally and focus on cultivating and hiring skilled engineers. So, to achieve the targets in our Mid-Term Management Plan 2028 “Achieving Evolution,” we are strategically developing and acquiring the necessary talents globally, not only in Japan, backcasting to identify the personnel we will need in the medium to long term, while pursuing growth in existing domains and entering new fields. At the same time, we are building organizations that will allow the Company to act swiftly and respond flexibly to rapid changes in society and market environments.

As we expand our business portfolio in line with our growth strategy, we are aligning and advancing our Human Capital Strategies to support that expansion. During the current Mid-Term Management Plan period, we will solidify our foundation for sustainable growth.

P. 56 Mid-Term Management Plan

Mid-Term Management Plan 2028 “Achieving Evolution”



Maximizing the Value of Human Capital to Realize Sustainable Growth

The Dexerials Group is committed to its Corporate Philosophy, Corporate Vision, and Purpose as it pursues sustainable growth through efforts to resolve challenges facing society. To further these ends, we have established a Human Capital Management Policy and the Dexerials Way behavioral principles as a global framework reflected in our HR management system to maximize the utilization of human capital.

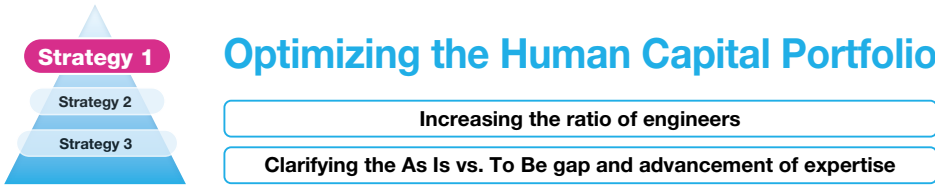
These frameworks form the corporate culture and values that we prize in our Corporate Philosophy of Integrity and our Corporate Vision of Value Matters. In other words, they are the DNA of Dexerials, elevated into a global common language for our materiality: our human capital.

Fundamental Belief	
We will place talents as the core competence of value creation. The Company and its people are equal partners, and the growth of each individual enhances corporate value.	We aim to be the company of choice for talented and motivated people globally. We will develop value-creating talents with the sense of self ownership.

Human Capital Management Policy				
People best-matched in roles to execute strategy	Fair evaluation based on duties and results	Market-competitive talents and compensation	Self-directed development of skills and career	Productive, flexible work styles and a culture of mutual respect

Dexerials Way	
The Dexerials Way sets out six Behavioral Principles that embody the Company’s DNA and define expected actions. They also serve as performance metrics to support each employee’s growth and daily work.	
Focusing on the Customer	We build strong relationships and deliver solutions from the customer’s perspective
Leveraging New Tech & Expertise	We stay current with new digital technologies and services, and build and apply our expertise
Creating New Value	We develop a global vision and strategy and create new and better approaches
Focusing on Performance	We tackle difficult challenges effectively and efficiently to deliver results
Collaborating Internally & Externally	We work across internal and external boundaries to build trust and cooperation with stakeholders
Optimizing Diverse Talents	We build teams that value diversity and balance individual careers with organizational goals

We are integrating our Human Capital Management Policy and the Dexerials Way with our global JOB-based HR Management system.



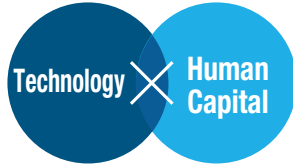
A Human Capital Portfolio Aligned with Business Strategy

In an increasingly volatile and uncertain business environment, it is essential for Dexerials to expand its business portfolio strategically. Toward that end, we must enhance both our technology and our human capital, which will allow us to stay ahead of social issues and continue coming up with effective business solutions. To achieve this, we are aligning our business portfolio with management and business strategies and developing a global human capital portfolio by backcasting from the future we envision.

First, we analyze the gap between our current state (As Is) and our targeted future state (To Be) to identify the technologies, skills, and human resources we will need for our 2030 business portfolio. Based on this analysis, we then pursue global talents development and acquisition.

Enhancing Technology and Human Capital

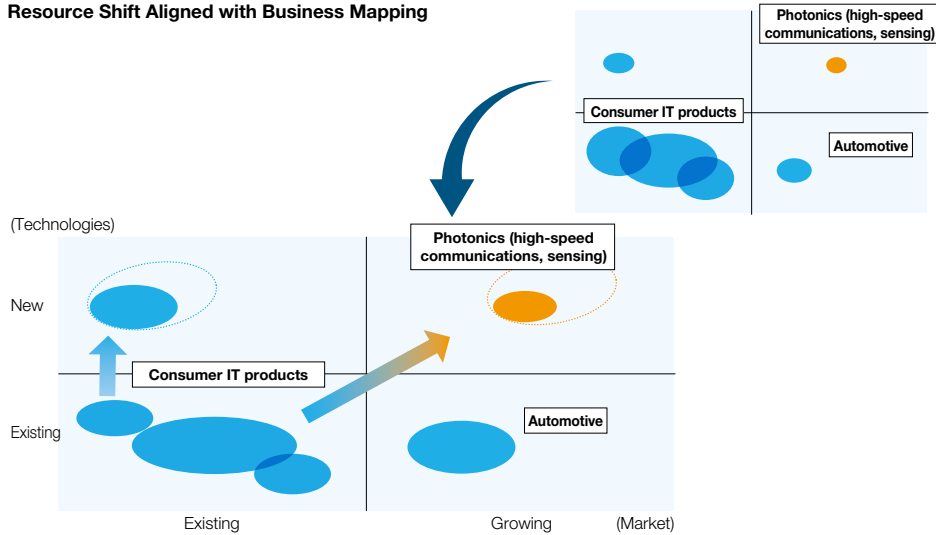
To drive technology development in new business and growth domains such as photonics and semiconductors, and to step up engineering marketing capabilities for new solution proposals, Dexerials is actively recruiting specialized engineers from outside the company globally. We are identifying the technologies that will be essential to our growth and focusing on acquiring and/or developing talents in areas where capabilities need reinforcement. Currently, engineers account for approximately 40% of our global workforce. We aim to increase this ratio to 50% by fiscal 2028, the final year of our Mid-Term Management Plan.



A Shift and Strengthening of Resources

Dexerials is shifting the focus of talents development and acquisition from consumer IT—one of our current stronghold—to automotive and photonics, and other domains where emerging technologies are expected to drive growth. Photonics and semiconductor technologies are especially essential for developing next-generation solutions, and we are actively recruiting engineers with highly specialized technical expertise globally.

Resource Shift Aligned with Business Mapping

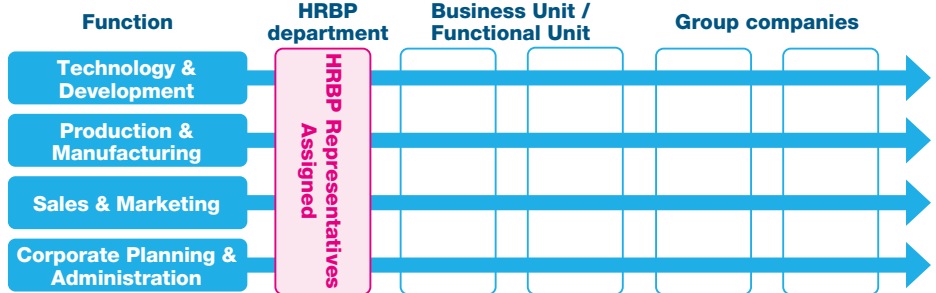


Visualizing Skills and Technologies of Our Company Materiality Through the HRBP Function

In 2023, Dexerials established the structure to provide a Human Resources Business Partner (HRBP) function to strengthen and optimize its human capital portfolio globally. For these four key functions—Technology & Development, Production & Manufacturing, Sales & Marketing, and Corporate Planning & Administration—we are visualizing current and target states of skills and technologies and taking action to close identified gaps.

Unlike conventional HR structures that assign representatives to serve as HRBPs within each business unit or division, Dexerials has built a unique HR support framework in which HR initiatives are planned and implemented across organizational boundaries—both in Japan and globally—based on skills and technologies within each function. Aiming to strengthen and qualitatively transform our human capital, we are identifying, assessing, and visualizing priority skills and technologies in line with our growth strategy.

HR Support via Dexerials' Unique HRBP Structure



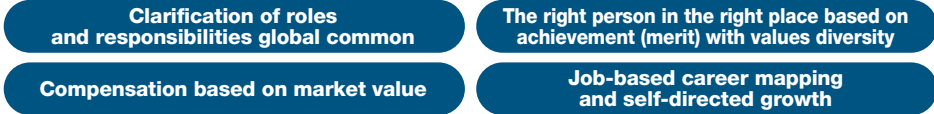
JOB-Based HR Management System

In fiscal 2024, Dexerials began the full implementation of a global-standard JOB-based HR Management system as the foundation for advancing our Human Capital Strategies.

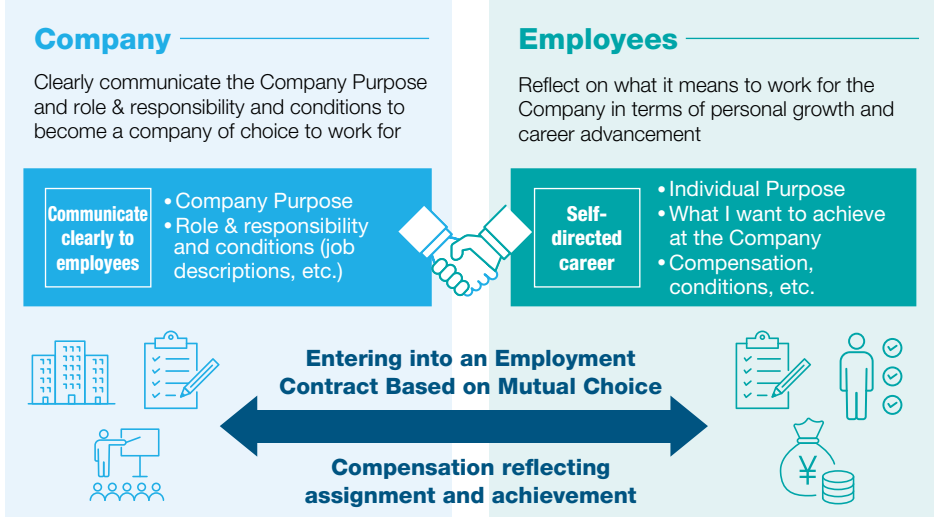
With a global sales ratio of approximately 67%, strengthening collaboration and optimizing structures across borders is essential. Toward this end, Dexerials aims to build partnerships that promote positive engagement between employees and the Company, allowing mutual growth.

By establishing a competitive HR system and practice that respects diversity and individuality, we will evolve our organizational culture and work environment, driving sustainable growth and enhancing corporate value.

Initiatives of the JOB-Based HR Management System



Building a Relationship of Mutual Engagement

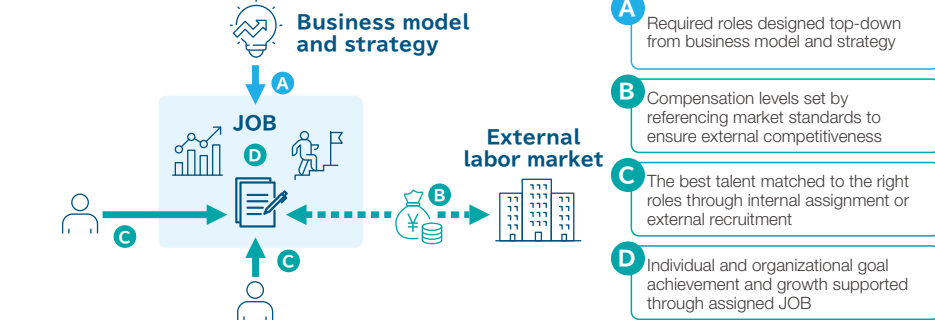


Strategic Design of Job Responsibilities and Market-Based Compensation

To achieve the targets in the Mid-Term Management Plan 2028 “Achieving Evolution,” Dexerials has designed required job responsibilities, starting with executive and upper-level positions, aligned with its business model and strategy. Each position has clear performance responsibilities, based on which a global structure with standardized grading has been established. Compensation levels by position are determined by benchmarking against companies of similar scale and industry, using government wage statistics and third-party survey databases. We then set compensation levels by country, region, and grade. By comparing these with our systems and levels, we can ensure external balance and enhance Dexerials’ recruitment competitiveness.

Through these initiatives, we will optimize our human capital portfolio and establish a foundation that supports sustainable growth.

Features of the JOB-Based HR Management System



Achieving Organizational Goals and Personal Growth

Dexerials’ evaluation system is a framework designed to promote skills development among employees based on the Dexerials Way to maximize the utilization of human capital.

At the beginning of each fiscal year, employees set goals for achievement and behaviors—two axes for balancing the achievement of organizational goals with individual growth. At the end of the year, we have performance review and evaluate both achievements and behaviors taken in line with set goals.

Through this process, employees clarify their challenges and growth opportunities, build self-development plans, and take on new challenges, while driving sustainable growth and enhancing corporate value.

Career Development Based on JOB Responsibilities

As a basis for employees to grow self-directedly and design their own careers, Dexerials is gradually making all formalized job architectures and career maps available internally for all employees. To expand career possibilities, we have also introduced an internal job posting system that allows employees to apply for any job that interests them from among a wide range of departments and positions. This system encourages employees to enhance their skills and pursue a career that they envision for themselves.

Going forward, we will further enhance our global talents management system and make active use of HR data to implement initiatives that support employees’ further growth and encourage taking on new challenges.

Talent Development Approachy

We want our employees to take proactive work style in which they are constantly learning, thinking, acting, and growing. In turn, Dexerials shall create an environment that supports this approach and clearly articulate the aim of fostering mutual growth for both employees and the Company.

Talent Development Initiatives

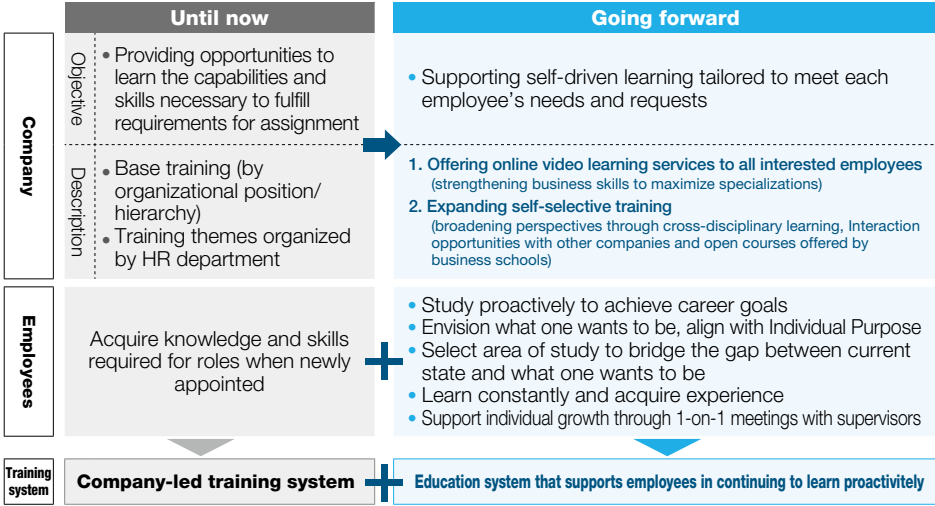
To achieve sustainable growth, we are aligning our HR systems and practices with our talents development initiatives. This approach focuses on unlocking each employee’s potential and maximizing our human capital to foster a creative and dynamic organizational culture.

We encourage employees to be self-directed in their learning and have established a system that supports their development, along with a wide range of training programs that enable every individual to rise to their full potential. We also prioritize developing the next generation of leaders to drive our business forward by providing education that fosters a management perspective and practical learning opportunities. In this way, we aim to nurture talents capable of contributing to ongoing corporate value enhancement.

We will continue to build a globally unified education and training system while advancing our organizational culture and work environment to drive sustainable growth and enhance corporate value.

Key Points

- “Company-led” and “Self-selective” (selection of content meeting individual needs)
- Linkage between growth strategy, the JOB-based HR Management system, and education and training programs



In addition to the existing training system, we are expanding opportunities that allow employees to choose what they want to learn to support their own growth. Strengthening human resources by aligning with business strategies and the JOB-based HR Management system

Programs Supporting Self-Directed Learning and Growth

Starting in fiscal 2024, we began promoting cross-disciplinary learning and interaction opportunities with other companies through open courses offered by business schools. Such opportunities expose employees to trends and diverse values from outside the company, broadening their perspectives and fostering practical learning and growth. We also offer online video learning services to all employees who wish to participate, to support their self-development, providing a structured environment for acquiring knowledge, from business fundamentals to practical skills and applications. These initiatives are building a framework that enables every employee to learn and grow independently on an ongoing basis.

Selective Next-Generation Leadership Development Program to Strengthen Our Management Base

To further strengthen our management base, we have been conducting a next-generation management candidate development program for selected members from across the Group, including global sites. The D-BLP*1 program for management-level employees, launched several years ago, hones the critical thinking, judgment, and creativity needed to address challenges from a management perspective. Participants formulate viable business proposals and gain practical experience, learning how to directly enhance business operations with support from executives, in a process that broadens their leadership perspective as next-generation management candidates.

In fiscal 2024, we also launched our FIP*2 program for non-managerial employees, designed to systematically cultivate leaders from an early stage who will drive our future transformation. Participants include diverse members from Group companies worldwide, who engage in six months of discussion and collaboration centered on the theme of strategic planning for creating new value. We designed this original program by taking into account recent changes in internal and external environments. It provides practical learning opportunities rarely available on their own assignment, such as exchanges with senior management and D-BLP graduates, dialogues with leaders active outside the company, and fieldwork focused on real business issues. Participants reflect on their leadership skills as they cultivate the capacity to deal with difficulties. After the program ends, they go on to tackle new challenges in their respective departments. We will continue to develop and expand these programs, with a commitment to cultivating a new generation of leaders.

*1 Dexerials Business Leadership Program
*2 Dexerials Future Innovators Leadership Development Program



Employee's Voice

Gaining a Broader Perspective and a New Approach to Work Through FIP

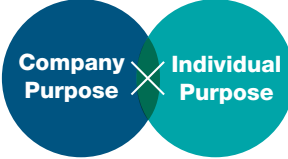
Lori Lu
Global Sales & Marketing Division,
Strategic Sales Department

Before this program, I tended to focus on tasks immediately ahead of me. I mainly wanted to do a good job on the work expected of me. However, participating in FIP taught me the importance of understanding the company’s overall direction and the purpose behind each task, which in turn significantly changed my approach to my own work. Plus, by having discussions with participants from different departments and backgrounds, I’ve become more open to diverse perspectives and now feel confident expressing my own opinion without fear of conflict. Building horizontal connections with participants I previously had no contact with was another valuable outcome. I will leverage this achievement in my work and communications going forward.



Maximizing the Alignment of Company and Individual Purpose

The Group established its Purpose in 2024 as “Empower Evolution. Connect People and Technology.” Under our JOB-based HR Management system, we have established required job duties aligned with our business model and strategy. By making job functions and career paths visible to employees, we encourage career autonomy. In a mutually engaged relationship where the company and employees choose each other, it is essential that the corporate Purpose resonates with and overlaps with employees’ individual Purposes. This aligns the company and its employees with business strategies, leading to innovation. Also, it will strengthen long-term Engagement, helping us build a more resilient and sustainable organization together.



Career Support and Dialogue Through 1-on-1 Meetings

To support employee growth and career development in the medium to long term, we actively promote regular 1-on-1 sessions with a supervisor. Even within the JOB-based HR Management system, ongoing dialogue throughout the year is vital for aligning individual and organizational goals. Through conversations between employees and their managers, we help employees pursue personal growth and find their individual Purposes. The efforts also help to foster a culture that values open dialogue.

By fiscal 2024, we had conducted 1-on-1 training on effective conversations for senior management, general managers, and managers, and have since expanded the program to include assistant managers. We will continue to strengthen our corporate culture that balances career autonomy with sustainable organizational growth through ongoing system implementation.

Career Support Through 1-on-1s



Direct Communication with Top Management

To deepen understanding of our Purpose and expand the alignment between corporate and individual Purpose, top management conducts direct communication sessions on a regular basis. These sessions are provided for managers who have been newly promoted to general manager-level or manager-level positions—key milestones in their careers. They offer opportunities for these managers to engage directly with top management, experience the company’s vision firsthand, and exchange ideas, and issues, thereby strengthening team-building between top management and frontline leaders.

Engagement Survey to Assess Mid-Term Management Plan

The Group conducts an engagement survey every two years to monitor alignment with the Mid-Term Management Plan.

In the 2024 survey, new questions were added to assess the degree of implementation of our Corporate Philosophy and Vision, and to measure employees’ empathy with Dexerials’ Purpose, aiming to achieve engagement that reflects our corporate identity. The survey revealed positive results in these areas, which underpin our corporate culture.

Against the results of the 2022 engagement survey, overall engagement among general managers and managers improved, along with categories related to goal and performance management, including supervisory practices. We attribute these improvements to the transition to a JOB-based HR Management system, which has brought increased clarity of alignment between business strategies and job or performance objectives.

Meanwhile, categories related to the acquisition, assignment, and utilization of talents remain ongoing challenges. We aim to address these by transforming our human resources to our targeted portfolio and by supporting employees in achieving Designed career by themselves. These initiatives are closely linked to our Human Capital Strategy. Following the Updating of HR platform, We will promote a PDCA cycle to tackle these challenges through the utilization (activation) phase and enhance employee engagement.

Monitoring Linked to the Mid-Term Management Plan (FY)

Previous Mid-Term Plan		Current Mid-Term Plan				
2022	2023	2024	2025	2026	2027	2028
Survey		Survey		Survey Scheduled		Survey Scheduled

Results of 2024 Engagement Survey



J-ESOP—Creating Value for Employee Shareholders

The Stock Grant Plan (J-ESOP) is a framework designed to align each employee’s personal growth with the growth of the company. In July 2025, under the J-ESOP scheme, we granted shares of our stock to all employees in Japan. By becoming shareholders, employees are encouraged to consider corporate value and connect the company’s growth with their own work. We aim to make this mindset a driving force for sustainable growth.

The perspective of being an employee-shareholder is gradually spreading into daily actions and awareness. To further strengthen this sense of ownership, we invited IR/ESG consultant Makiko Hamabe to lead a workshop with employees on the theme of “What does it mean to enhance corporate value as a shareholder?”

In this feature, we introduce the significance of J-ESOP as learned and shared by next-generation employees through these discussions, along with the changes in awareness that emerged.



What is Dexerials’ Stock Grant Plan (J-ESOP)?

J-ESOP was introduced in 2016. This system grants shares of the company’s stock to employees. As shareholders, employees receiving stock can benefit from dividends and, if the price rises, from the increase in share value. The system applies to all Japan-based employees.

From left:

Haruka Ashikawa
Global Sales & Marketing Division
Assistant Manager, Sales Promotion & Control
Section 1, Sales Strategy Administration Dept.

Yuko Kibushi
Optical Solutions Business Unit
Senior Manager, Quality Assurance Section 1,
Quality Assurance Dept.

Naoya Saito
Corporate R&D Division
Senior Manager, Development Section 2, Advanced
Integration process technology Development Dept.

Makiko Hamabe
IR/ESG consultant

Yuko Murase
Corporate Strategy Division
IR Section, PR & IR Dept.

Yuichi Tanabe
Production Strategy Division
Senior Manager, Production Control
Section 1, Production Planning Dept.

Genki Nakai
Human Resources Division
Senior Manager, Labor Affairs & Payroll
Section, HR & Labor Service Dept.

The Significance of J-ESOP as Seen by Employee Shareholders

J-ESOP is a system that enables employees to truly feel the connection between their own efforts and the company’s growth.

Kibushi J-ESOP gives me a real sense of purpose. I feel that if I work hard, the stock price may rise, and that benefit could be shared with myself and those around me.

I belong to the Quality Assurance Department. If a major quality issue occurs, the stock price will fall, so I realize that I play an important role in preventing that. Going forward, I intend to approach my work with this new perspective in mind.



Saito I’m in R&D. I’ve come to realize that if I don’t generate seeds for new businesses, the company’s value will decline, and that I need to keep moving upward to prevent that.

I also need to be aware that the efforts I make are not just what is reflected in my performance evaluations, but in contributions to the organization that shareholders and investors can see. If those efforts are rewarded with a higher stock price, I will benefit, and so will the company.

Ashikawa Receiving stock grant reminded me that I am not only part of a listed company but also one of its shareholders. This renewed my sense of belonging and strengthened my desire to contribute. If every employee shares this mindset and works to enhance corporate value, and if that ultimately benefits our stakeholders, then J-ESOP is truly an excellent system.

As a member of the Sales Promotion & Control Section responsible for product supply, I feel a strong sense of responsibility to ensure that the value we create is delivered properly to our customers.

Nakai I work in the HR & Labor Service Dept., and as a labor

and social security attorney, I’m always careful to ensure legal compliance. I think compliance in our work every day is also important from a shareholder awareness perspective.

In addition, our ability to hire people who can create new value and technology is a major challenge. We must also carefully review our talents portfolio and resource re-allocation, even at the operational stage. I feel a great responsibility to fulfill our mission, which is to create environments where employees can work productively.

Tanabe I’m in a central location in the supply chain, since I’m responsible for production management. I have always monitored the stock prices and press releases of direct and indirect customers, as well as suppliers.

But I didn’t view my daily work from a shareholder’s perspective. Adopting that perspective may change some of the decisions I make. I set goals and manage progress meticulously, but I think I can start incorporating organizational goals from a shareholder’s perspective right away.



Fostering Behavioral Change Through Shareholder Awareness

Nakai Until now, I have been setting my own mission and goals based only on the mission and objectives of the higher-level organization, such as the department or division. I’d like to elevate my perspective by adopting the shareholder viewpoint consciously, deeply understand the challenges faced by higher-level organizations, internalize them, and establish them as goals for my team.

Murase As an IR staff member, listening to your comments brings home the importance of in-house IR. From now on, I will make even greater efforts.

Saito I used to feel the pressure and anxiety of knowing that unless R&D created something new, sales wouldn’t increase. But I think the best thing is to be happy that people both inside and outside the company are watching what I do. If I tackle an entirely new challenge, my efforts are being seen and evaluated by others. I want to enjoy being recognized for what I accomplish.



Ashikawa To enhance shareholder and stakeholder satisfaction, I first need to enhance my own and my team’s sense of fulfillment. Otherwise, we won’t be able to give back effectively. The mood in my department is tense, since we are constantly engaged with customers. As such, I’m mindful of the need for operational improvements to reduce waste and needless effort, as well as to ensure psychological safety. My challenge is to promote systematic operations to enhance satisfaction on the part of my team and the people we work with. I will work to create those structures.

Kibushi I agree. In the Quality Assurance Dept., we work hard to prevent problems from occurring. When there is a problem, the psychological pressure is considerable, and a lot





When I take on something entirely new, I know that my efforts will be recognized and valued by the world.

— Naoya Saito

of additional work becomes necessary. As such, we want to systematize procedures to prevent problems at an early stage. This reduces the psychological and operational burden.

Understanding that shareholders evaluate and invest based on their grasp of our systems and initiatives, I want to work with awareness that the cumulative effect of the small tasks I handle each day ultimately contributes to our stock price.

Murase Because part of my work involves meeting with investors, I want to communicate our perspectives effectively to them, and share detailed investor perspectives with our employees. The workshop made me want to work with everyone to enhance the value of our company.

J-ESOP is a system that enables employees to internalize corporate and shareholder value as their own. By experiencing the company's growth through its stock price, employees gain a strong incentive to work toward enhancing value.

I realized that enhancing corporate and shareholder value can't be achieved without the involvement of different departments, and that each one has its own contribution to make. I want to maintain that awareness too, and enhance corporate and shareholder value together with everyone.



Enhancing corporate and shareholder value requires contributions from every employee in their own way. As one of them, I am committed to playing my part in driving value creation.

— Yuko Murase

» Workshop Report

We conducted a workshop to deepen employees' understanding and sense of ownership as shareholder-employees. Here is a glimpse of the session.

Why Do Stock Prices Fluctuate? Considering Market Capitalization and Factors in Stock Price Fluctuation with Employees



Hamabe Through the J-ESOP system, you have become Dexerials shareholders. As shareholders, the first thing you need to understand is that corporate value is not measured only by the share price but also by market capitalization, which is calculated by the share price multiplied by the number of outstanding shares.

Do you know our company's market capitalization and where it ranks in the industry?
(After learning the calculation formula, employees reviewed the market capitalization and rankings of their company and its business partners.)

Now that we understand market capitalization, let's consider one of its components: the share price. What do you think causes the price of a stock to fluctuate?

Ashikawa Looking at a chart of our stock price, I see that it rose significantly in 2021 and 2022. The reason is because the COVID-19 pandemic took place during that period. Demand for smartphones, laptops and tablets was very strong. There was demand even when airports were closed, and we had something to supply that demand. Even under those

conditions, the stock price continued to move.
Nakai Wouldn't the reason for that be announcements of business results? New product releases would probably also have an influence.

Hamabe Generally speaking, the price of a share of stock moves in response to overall movements in the stock market, and to factors specific to each company. Individual company factors can include corporate performance, expectations or concerns about future growth potential, and actions to benefit shareholders, such as dividends and buybacks. Various incidents, such as compliance issues or disasters, can also have an impact. You should therefore understand that our company's stock price moves due to a variety of different factors like those I just mentioned.

Looking at one's company from the perspective of an investor

Hamabe The fact that the company has a market capitalization and a stock price is because it is listed on a stock exchange. But not all large companies have stock listings. There are many very large companies that are unlisted. This is because there are advantages and disadvantages to listing. Can you think of some advantages and disadvantages to being listed on a stock exchange?

Tanabe Listing on an exchange raises your profile. More people will want to work at that company, and people will trust it.
Kibushi The advantages include gaining external trust and improved access to financing from financial institutions. The disadvantage is that any serious incident can lead to a decline in the stock price.
Murase If information is not communicated accurately, it can affect the stock price. In that sense, the role of investor relations (IR) is critically important.

Hamabe That's right. For listed companies, IR communication with the stock market is very important. The main advantages of a stock market listing include:
1) Securing long-term, stable funding and strengthening financial health
2) Enhancing corporate visibility and increasing social trust
3) Attracting outstanding personnel and improving employee motivation

4) Leveraging feedback from the stock market to support management decisions
The fourth advantage, in particular, cannot be achieved without effective IR activities.
On the other hand, there are disadvantages to being listed:
1) Exposure to risks such as hostile takeovers and activist investors
2) The need to gain market understanding of management policies and decisions
3) Mandatory disclosure of corporate information and performance
4) Managing a proper balance in the relationships with founders or parent companies
In other words, management must be carried out with shareholder understanding, which can pose challenges for listed companies.



Ashikawa Considering both the advantages and disadvantages of being listed, I believe introducing the J-ESOP system to give employees a shareholder perspective is a positive step for both the company and its people.

Hamabe And it's wonderful that the system is available to all Japan-based employees. So now that you have a shareholder perspective, I would like to ask once again: What do investors and shareholders see as the strengths and challenges of Dexerials?

Tanabe Probably that we manufacture unique niche products with high market shares. I am personally very proud of that.
Saito One of our strengths is the ability to align our technology focus areas with market trends.
Kibushi Another strength lies in our agility and resources, which enable us to anticipate changes and take proactive action.
Tanabe However, having many overseas customers makes us vulnerable to currency fluctuations, and the fact that our factories are located in earthquake-prone Japan may be perceived as a risk by investors.

Hamabe I'm glad to see you all taking a bird's-eye view of your company. Now I'd like to ask IR staff member Yuko Murase to explain where investors actually perceive strengths and challenges.

Murase Thank you. First of all, our business model is to develop products in collaboration not only with direct customers, but with end customers. That has enabled us to create a large number of single-source products, which is a great strength.
Investors are impressed by our technical ability to bring together diverse technologies. Investors also expect growth in areas such as the optical semiconductor and automotive business, as well as from the expansion of high value-added and highly profitable products.
Challenges range from high sensitivity to exchange rates and concerns about volatility (price fluctuations), to the short track record of business growth. There are also concerns about the potential difficulty of securing talents to continuously pursue cutting-edge technologies.
Investors may ask about everything from growth and personnel strategies, to the uniqueness of specific technologies.

Hamabe Investors are interested in all the key factors that contribute to a company's growth.
Recent years have seen significant changes in the business environment, and companies are expected to update their management methods. For example, picture yourself on a down escalator, but facing upward. If you try to climb, you'll just stay in place.
If you can climb faster than the escalator descends, you will rise slowly and ultimately achieve growth. On the other hand, if you're content to stay in one place, you'll descend rapidly. That's the tough sort of world we are in.
In such an environment, if each of you make a conscious effort to contribute to our company's growth, we will become a company that can solve customer challenges. This is what makes you different from ordinary shareholders. Each of you can help the company grow through your own efforts. Through your efforts, customers choose your company, and their choice is reflected in sales and profits that can be used for your compensation, for other investments, and for shareholder returns, enabling you to solve even more challenges. This is exactly the growth cycle that listed companies should pursue.

For Each Employee to Adopt a Shareholder Perspective and Aim for Medium- to Long-Term Enhancement of Corporate Value

In recent years, an increasing number of listed companies have been compensating their senior managers in part with stock grant. The aim is for such grant to act as an incentive to enhancing medium- to long-term corporate value, strengthening earning power, and encouraging management to be mindful of shareholder perspectives. At Dexerials, by extending this stock grant plan beyond senior management to all employees, it is understood that the company expects each of you to aim for medium- to long-term enhancement of corporate value through the incentive of stock ownership, and to approach your work from a shareholder's perspective, to be mindful of stock prices and view the company objectively.

As such, this workshop was intentionally designed and is being conducted to help participants gain a broad perspective of their company as a publicly listed enterprise, and to recognize the fact that they themselves can contribute directly to enhancing corporate value. I can sense that the awareness of our six participants has changed significantly. We hope you will each take your transformation back to your team. And as similar workshops spread further, they will lay a foundation for all employees to collaborate to enhance corporate value. The outlooks and actions of each employee will converge, forming a powerful wave that propels the company forward. I hope this workshop will be a first step toward that end.



Makiko Hamabe
IR/ESG consultant
Representative of Makiko Hamabe Office and an outside director at several publicly listed companies. In 2000, she established the IR department at Yahoo Japan Corporation (current LY Corporation), where she served successively as Head of Stakeholder Relations (SR), and Director of the President's Office and Corporate Evangelist. In 2021, after serving as Executive Officer of dip Corporation, she became independent.



Communication with Shareholders and Investors

At Dexerials, we believe that timely and appropriate disclosure to shareholders and investors is essential for ensuring transparency and fairness in decision-making and supporting effective corporate governance. Such disclosure also plays a key role in promoting understanding of Dexerials and achieving fair market valuation, which contributes to the sustainable enhancement of corporate value.

Beyond statutory disclosure, we proactively share financial and non-financial information through our website

and other channels to deepen understanding of the Company and its businesses. We also strive to maintain a highly transparent and trustworthy disclosure framework.

When holding dialogue with our investors, we designate representatives based on the investors' policies, attributes, and discussion topics. In addition, we provide opportunities for senior management, including the president, to engage directly with investors and shareholders in Japan and overseas, alongside our IR representatives.

Investor Relations Activities (FY2024)

Activity	Number of sessions	Description
Financial results briefings for analysts and institutional investors	4	Hosted a briefing session each quarter (with the president and the executive officers as speakers) Posted financial results materials (financial results, presentation, Q&A summary, video) on our website by the day after the briefing session
Meetings with analysts and institutional investors (of which, those hosted by the president and other executive officers)	380 (82)	Held 1-on-1 interviews with analysts and institutional investors in Japan and globally; conducted meetings during conferences and other events
Corporate briefings for individual investors	2	Hosted an online corporate briefing session for individual investors Posted the session video on our website
Facility visits for shareholders	1	Conducted a tour for shareholders, featuring explanations of the optical semiconductor business and technology exhibits, following the Annual General Meeting of Shareholders (June 2025; Headquarters and Tochigi Technology Center)

Internal Dissemination of Feedback

The opinions and evaluations received from our shareholders and investors are shared with our management team and widely across our organization, and the knowledge gained from the capital markets is applied to our business management and activities.

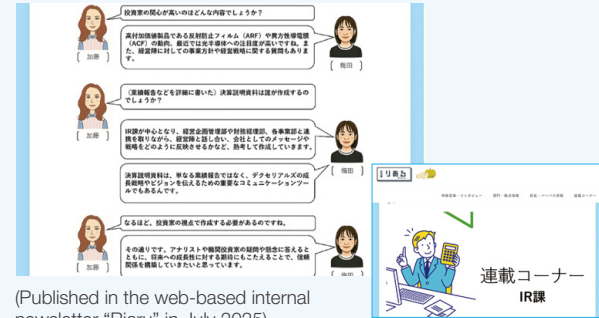
Activity	Target group	Frequency	Description
Reporting of IR activities to the Board of Executive Officers	All executive officers	Monthly	Sharing capital market insights on management improvement and corporate value enhancement; these include analyst reviews, investor opinions, and the state of share price and valuation
Sharing of analyst report summaries	All executive officers Relevant divisions	As required	Sharing summaries of the analyst reports issued by securities companies via e-mail, etc.
Reporting of financial results announcement and briefings	All employees	After the announcement of financial results	Sharing via e-mail the financial results summary, along with investors' points of interest and evaluations of the Company
Internal newsletters	All employees	Regular	Communicate of information related to our IR activities in our internal newsletter "Riaru"

Internal IR

Dexerials also conducts internal IR activities utilizing the web-based internal newsletter "Riaru."

We regularly disseminate information in easy-to-understand formats, encompassing topics that incorporate diverse perspectives. This includes information on capital market and related areas, on our Stock Grant Plan (J-ESOP) initiatives, and on the General Meeting of Shareholders.

We deploy an interview format to ensure readability and provide commentary starting from the basics in our series of articles on staff in charge of IR.



(Published in the web-based internal newsletter "Riaru" in July 2025)

Additionally, we are implementing initiatives to increase interest in Dexerials IR undertakings by including scenes from IR activities.

In the current year, we carried an article feature on a roundtable discussion with employees who participated in visits to overseas investors.



(Published in the internal web-based newsletter "Riaru" in August 2025)



Realization
of our
Purpose

Chapter 02

Setting a Strategic Course Toward Evolution

Setting a strategic course to enhance sustainable growth and the quality of corporate value anchored in new systems for corporate governance, strategy, and risk management

Key Points

- Strengthening the corporate governance structure
- New systems: Corporate Strategy Division
- Strengthening the corporate risk management structure



Special Feature ③

Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value



Our Purpose, “Empower Evolution. Connect People and Technology,” reflects our firm commitment to providing the essential materials and solutions that drive the evolution of digital technologies that support efficient societies. Through addressing social issues, we aim to expand our business and contribute to the realization of a sustainable society. Realizing this requires the Board of Directors to respond to major environmental shifts and diverse risks by facilitating rapid and decisive management of operations, while also further enhancing supervisory and monitoring functions.

In June 2025, the Board of Directors renewed and strengthened its governance framework when it welcomed three new members, while maintaining its lean organizational structure. We regard this strengthening not merely as an organizational adjustment, but as a new step toward realizing sustainable growth and enhancing corporate value. We remain committed to fulfilling our Purpose, contributing to the realization of a more prosperous and efficient society, and advancing both economic and social value, thereby driving sustainable growth and an improvement in our corporate value.

📄 P. 66 Corporate Governance

Skills Matrix of the Board of Directors

Position	Name	Appointment and selection rationale	Area of expertise held by Directors that they are particularly expected to demonstrate					
			Corporate management	Technology management	Sustainability management	Global business	Legal, compliance, and risk management	Finance and accounting / Capital policy
Representative Director and President Nomination and Remuneration Committee Member	Yoshihisa Shinya (Male)	Mr. Yoshihisa Shinya has played a central role in product development with regard to the Company's entry into new business fields and possesses deep insight into technology as well as extensive experience in business operations. The Company judges that he is capable of appropriately fulfilling his duties as Representative Director and therefore has appointed him to this position.	●	●	●	●		
Representative Director Nomination and Remuneration Committee Member	Newly Appointed Katsushi Kitajo (Male)	Mr. Katsushi Kitajo has a wealth of experience and deep insight as a manager with his experience at a financial institution in corporate management as a Director and an Executive Officer and his involvement in investment and financing business, and in addition, with his experience as top management overseas and an Outside Director of another company. The Company judges that he is capable of appropriately fulfilling his duties as Representative Director and therefore has appointed him to this position.	●		●	●		●
Outside Director Chairperson of the Nomination and Remuneration Committee	Newly Appointed Kazuo Hosoya (Male)	Having served as the Representative Director and Chairman of a global company, Mr. Kazuo Hosoya has deep insight into corporate management. The Company judges that he can provide useful advice for the Company's management from an objective and professional perspective and that he can contribute to strengthening the Company's growth strategy and business development, and therefore has appointed him as an Outside Director.	●	●	●	●		
Outside Director Nomination and Remuneration Committee Member	Satoshi Taguchi (Male)	Having held important posts at global companies, Mr. Satoshi Taguchi has deep insight into corporate management. The Company judges that he can provide useful advice for the Company's management from an objective and professional perspective and that he can contribute to strengthening the Company's risk management and supervision of business execution, and therefore has appointed him as an Outside Director.	●		●	●	●	
Outside Director Nomination and Remuneration Committee Member	Toshihiro Hagiwara (Male)	Having held important posts at a foreign investment fund, an M&A advisory firm, and technology-related human resource service companies, Mr. Toshihiro Hagiwara is well versed in each field of corporate acquisitions, finance, accounting, and tax affairs. He also has deep insight into corporate management with an awareness of capital markets and has abundant practical experience. The Company judges that he can provide useful advice for the Company's growth strategy, capital policy, etc. from an objective and professional perspective and therefore has appointed him as an Outside Director.	●		●			●
Outside Director Chairperson of the Audit and Supervisory Committee	Tetsuyuki Kagaya (Male)	Mr. Tetsuyuki Kagaya has deep insight into finance and accounting, evaluation of corporate value, risk analysis, etc. as a university professor. The Company judges that he can contribute to strengthening the audit and supervisory functions from an objective and professional perspective and provide useful advice for promoting ESG management, and therefore has appointed him as an Outside Director serving as Audit and Supervisory Committee Member.			●			●
Director Full-time Audit and Supervisory Committee Member	Masato Taniguchi (Male)	Mr. Masato Taniguchi has deep insight into the Company's business, gained through his experience of serving as general manager of engineering and manufacturing units and in key positions at overseas manufacturing sites, and a proven ability to engage in smooth communication with frontline operations. He also has a wealth of experience and insight into audit practice through his service at the Company's audit department and as an Audit and Supervisory Board Member of subsidiaries. The Company judges that he is capable of performing objective and appropriate audits from a professional perspective and therefore has appointed him as a Director serving as Audit and Supervisory Committee Member.		●	●		●	
Outside Director Audit and Supervisory Committee Member	Newly Appointed Yoshiko Nakayama (Female)	Ms. Yoshiko Nakayama has deep insight and practical experience in corporate legal affairs, mainly international legal affairs, as an attorney-at-law, and as a person in charge of legal affairs at companies. The Company judges that she can contribute to strengthening the audit and supervisory functions from an objective and professional perspective and provide useful advice on compliance and corporate governance, and therefore has appointed her as an Outside Director serving as Audit and Supervisory Committee Member.			●		●	

Note: Female representation in the above board structure is 12.5%



Introduction

Message from the President

Strategy for Sustainable Growth
Chapter 01

Setting a Strategic Course Toward Evolution
Chapter 02

Path to Steady Evolution
Chapter 03

Data Section

Feature 3 Messages from the Outside Directors

Promoting Rapid, Decisive Decision-Making with Commitment to Proactive Governance

To quickly identify customer and market needs, fully deploy our combined strengths in technology and human capital, and realize our Purpose under our unique business model, we are formulating and executing our Mid-Term Management Plan, which is our strategic scenario. Our management team effectively balances prudence in steadily expanding existing businesses and innovation in boldly pursuing new ones, while allocating resources appropriately. I believe we have a powerful, stable management team.

Executing the Mid-Term Plan is a critical near-term priority, directly tied to the interests of our shareholders and investors. As the Board of Directors, we continuously consider how best to engage with our employees executing the plan and with the customers whose response will determine its success. Working in collaboration, we monitor the progress of the Mid-Term Plan in a timely manner. I have extensive experience in corporate legal affairs, specifically in areas such as strategic legal planning, preventive legal measures, and development of governance frameworks. In my previous executive roles, I was also involved in strategic planning, formulation, and execution of initiatives across departments such as Human Resources, Public Relations, Procurement, and Information Systems.

Drawing on my accumulated knowledge and experience, **I participate in diverse meetings and strive to offer fresh perspectives and values from an external viewpoint, particularly regarding big-picture company management and operational policy issues.**

Going forward, **I will continue to take appropriate risks with transparency, strongly prioritize proactive governance for rapid, decisive decision-making, and voice my opinions actively.**

Satoshi Taguchi
Outside Director



Aiming to Balance Growth Investment and Shareholder Returns from the Investor Perspective

In our previous Mid-Term Plan, “Challenges for Evolution,” we established a foundation for growth by enhancing our ability to generate earnings and strengthening our management foundation. During the current Mid-Term Plan, “Achieving Evolution,” we anticipate even higher levels of external uncertainty than before, along with the rapid advancement and adoption of technologies. This is a time when our company’s sustainable competitive advantage, our economic moat*, and our resilience in overcoming adversity are being tested. We thus feel keenly the importance of progressing the Mid-Term Plan steadily. Around a decade ago, I served as CFO at another company that had gone public and grown to a market capitalization comparable to ours. In that role, I engaged sincerely with the capital markets and promoted constructive dialogue with investors.

It is essential that we clearly communicate our medium- and long-term growth story and our ability to execute it to potential as well as current shareholders, particularly institutional investors who plan to hold our stock for the long term. I offer quantitative and logical recommendations from an investor’s perspective to communicate how we will execute our current Mid-Term Plan, to “achieve sustainable growth and enhancement of corporate value by balancing growth investments and shareholder returns.”

The clarity and specificity of our medium- to long-term strategy has also improved. Within the Board of Directors, new members with diverse skill sets are engaging in fresh discussions focused on value creation by solving social challenges.

In addition to our internal governance functions, we leverage external market discipline to support the Company actively, while maintaining our strong appetite for growth.

* Economic moat: A barrier to entry formed from a company’s strong competitive advantage over its competitors.

Toshihiro Hagiwara
Outside Director



Strengthening the Braking Function to Manage Risk Appropriately

By developing products ahead of changes in market trends and technology, we have consistently delivered high-value products to customers and captured strong market share for numerous products. To further innovate this business model, we have progressed initiatives that include restructuring sales functions and production bases, and pursuing M&A in growth business areas. **Based on this solid management foundation, the current Mid-Term Plan must challenge us to achieve growth in new business areas. To reach the ambitious goals outlined in the Mid-Term Plan, even more rapid and dynamic decision-making and execution are required.** The Board of Directors must further strengthen its function as an engine driving realization of growth strategies, as well as its function as a brake that manages risk appropriately.

In June 2025, I was appointed to serve as the Chair of the Audit and Supervisory Committee, and have assumed a key role in strengthening the Board’s role as a check on management. Through my academic research, I studied the latest trends in corporate governance, and I will apply up-to-date practical knowledge I acquired as an educator through executive education to further support our company’s initiatives.

In addition to the high-value business domains we have built thus far, we aim to further enhance our earning power in core areas of next-generation digital technology, while contributing to economic and social development.

I will continue promoting active discussions, providing guidance toward achieving the Mid-Term Plan, and overseeing our efforts.

Tetsuyuki Kagaya
Outside Director



Feature 3 Messages from Newly Appointed Outside Directors

Contributing to the Development of High-Value-Added Business Leveraging Automotive Industry Expertise

I have worked in the automotive industry for many years. My experience spans a wide range of functions, from manufacturing and sales to overall management. **The focus of my long career has been determining which customer needs to focus on while maximizing the Company’s strengths, and ensuring the delivery of a unique value proposition that clearly distinguishes the brand from others. I believe that the perspective I have gained through my experiences can contribute meaningfully to addressing our company’s management challenges and supporting its future growth.**

Today’s world is undergoing significant changes and evolution, creating new social challenges one after another. The growing social demand to address these challenges is spreading rapidly and globally. IT, optical, and communications technologies are key tools for addressing emerging social issues, and we support the rapid advancement of these tools through innovations in advanced materials.

To maintain these efforts, it is critically important to identify future social challenges and technology needs, develop proprietary advanced technologies to address them, and secure the mass production and commercialization that will enable their widespread adoption. The role that our company plays, from the perspective of social

contribution and industrial advancement, has major value. I will provide guidance on management challenges in generating this value and oversee our initiatives by applying my experience.

Many of our products possess unique value backed by solid technological capabilities. Our value-added businesses are built on strong profitability, which generates resources for future investment and supports the development and delivery of even more high-value products. These processes are essential to ensure a cycle of returns to our stakeholders.

As an Outside Director, I am committed to enhancing the effectiveness of the Board of Directors, and devoted to further propagating this virtuous cycle.

Newly Appointed
Kazuo Hosoya
Outside Director



Prioritizing Integrity to Achieve Further Advancement

“Compliance is a matter of our company’s integrity, and must be treated as a top priority without compromise.”

As a newly qualified lawyer, I once attended a meeting involving a regulatory compliance issue at the Japanese subsidiary of a global machinery manufacturer. When the management team expressed their policy with respect to the investigation, I remember looking up the then-unfamiliar term “integrity” in the dictionary. “Integrity” was defined as an attitude of striving for what is right with sincerity and earnestness, while maintaining self-discipline. I was reassured and impressed to witness the Company’s commitment to preserving global trust as a global technology provider.

After a wide range of experiences, I now find myself serving as an Outside Director at a company that practices integrity as Corporate Philosophy, which feels like a strangely fitting coincidence, almost like fate. I believe that a company to be worthy of trust is a fundamental expectation of society and a cornerstone of sustainable growth. I hope we can continue to brighten the world by providing technology globally while proclaiming the principle of integrity.

At the same time, **our company has the capacity to adapt freely to a rapidly changing world, providing a driving force for growth. I feel that our Mid-Term Plan,**

Newly Appointed
Yoshiko Nakayama
Outside Director



which is aimed at achieving evolution, clearly outlines the policies and capabilities required to accept change and transform it into strength. I am confident that our diverse team will flexibly achieve our goals and realize significant growth in the face of future environmental shifts.

Throughout my career, **I have consistently maintained my identity as a lawyer, while gaining experience across diverse roles and observing a wide range of matters. In this changing world, nothing will bring me greater joy than to contribute to the pursuit of transformation and sound growth, while adhering to the principle of integrity.**

Feature 3 Directors and Executive Officers (As of November 2025)

Directors



Yoshihisa Shinya
Representative Director and President, President and Executive Officer
Officer in charge of management and business operations
Attendance at the FY2024 Board of Directors meetings: 14/14

Nomination and Remuneration Committee Member

Career Summary

- Jul. 2001 Joined Sony Chemicals Corporation (current Dexerials Corporation)
- Apr. 2005 General Manager, Development Department, Optical Material Business Unit, Sony Chemicals Corporation
- Apr. 2012 Deputy Head, Optical Solutions Products Business Division, Sony Chemicals Corporation
- Sep. 2012 Deputy Head, Optical Solutions Products Business Unit, Dexerials Corporation
- Apr. 2014 Executive Officer, Optical Solutions Products Business Unit Head, Dexerials Corporation
- Apr. 2016 Executive Officer, Product Development Division Head, Business Unit Group Deputy-Head, Corporate R&D Division Deputy-Head, Dexerials Corporation
- Apr. 2017 Senior Executive Officer, Product Development Division Head, Automotive Devices Business Group Head, Dexerials Corporation
- Jan. 2019 Senior Executive Officer, Automotive Solutions Business Unit Head, Dexerials Corporation
- Mar. 2019 President and Executive Officer, Automotive Solutions Business Unit Head, Dexerials Corporation
- Jun. 2019 Representative Director and President, Dexerials Corporation
- Oct. 2020 Representative Director and President and Officer in charge of management and business operations, Dexerials Corporation (to present)
- Mar. 2022 President and CEO, Kyoto Semiconductor Co., Ltd. (current Dexerials Photonics Solutions Corporation)



Satoshi Taguchi
Outside Director
Attendance at the FY2024 Board of Directors meetings: 14/14

Outside Independent Officer

Nomination and Remuneration Committee Member

Career Summary

- Apr. 1981 Joined Nippon Oil Corporation (current ENEOS Corporation)
 - Apr. 2013 Executive Officer and General Manager of General Administration Department, JX Nippon Oil & Gas Exploration Corporation (current ENEOS Xplora Inc.)
 - Jul. 2013 Executive Officer and General Manager of General Administration Department, JX Nippon Oil & Energy Corporation (current ENEOS Corporation)
 - May 2015 Executive Officer and General Manager of Legal & Corporate Affairs Department, JX Holdings, Inc. (current ENEOS Holdings, Inc.)
- Apr. 2016 Director and Senior Vice President, JX Nippon Oil & Energy Corporation (current ENEOS Corporation)
 - Apr. 2017 Director and Senior Vice President, JXTG Nippon Oil & Energy Corporation (current ENEOS Corporation)
 - Jun. 2017 Director and Senior Vice President, JXTG Holdings, Inc. (current ENEOS Holdings, Inc.)
 - Jun. 2018 Statutory Outside Corporate Auditor, Nippon Shokubai Co., Ltd.
 - Jun. 2020 Senior Vice President, ENEOS Holdings, Inc. and ENEOS Corporation
 - Apr. 2021 Advisor, ENEOS Corporation
 - Jun. 2021 Outside Director, Dexerials Corporation (to present)



Katsushi Kitajo
Representative Director and Senior Managing Executive Officer
Officer in charge of management and administration and Corporate Strategy Division Head
Attendance at the FY2024 Board of Directors meetings: —

Nomination and Remuneration Committee Member

Career Summary

- Apr. 1990 Joined the Japan Development Bank (current Development Bank of Japan Inc.)
- Jun. 2014 CEO, DBJ Singapore Limited
- Jun. 2017 Head of Business Development Department, Development Bank of Japan Inc.
- Jun. 2019 Executive Officer, Head of Human Resources Management Department, Development Bank of Japan Inc.
- Jun. 2021 Managing Executive Officer, Development Bank of Japan Inc.; Outside Director, Socionext Inc.
- Jun. 2022 Director, Managing Executive Officer, Development Bank of Japan Inc.
- Jul. 2024 Advisor, Dexerials Corporation
- Jan. 2025 Executive Officer, Corporate Strategy Division Head, Dexerials Corporation
- Jun. 2025 Representative Director, Senior Managing Executive Officer, Officer in charge of management and administration, and Corporate Strategy Division Head, Dexerials Corporation (to present)



Toshihiro Hagiwara
Outside Director
Attendance at the FY2024 Board of Directors meetings: 11/11

Outside Independent Officer

Nomination and Remuneration Committee Member

Career Summary

- Apr. 1996 Joined RECOF Corporation
 - Aug. 2004 Joined Cerberus Japan K.K.
 - Apr. 2006 Managing Director, Cerberus Japan K.K.
 - Jan. 2017 The Asahi Shimbun Company (Corporate Planning Office, Strategic Investment Division)
 - May 2019 Managing Executive Officer (in charge of Management), TechnoPro Holdings, Inc.
 - Director and Senior Executive Officer, TechnoPro, Inc.
 - Jul. 2019 Managing Executive Officer (in charge of Management) and CFO, TechnoPro Holdings, Inc.
 - Sep. 2019 Director (in charge of Management) and CFO, TechnoPro Holdings, Inc.
 - Director, TechnoPro Construction, Inc.
- Jul. 2021 Managing Director and CFO, TechnoPro Holdings, Inc.
 - Jun. 2024 Outside Director, Dexerials Corporation (to present)



Kazuo Hosoya
Outside Director
Attendance at the FY2024 Board of Directors meetings: —

Outside Independent Officer

Chairperson of the Nomination and Remuneration Committee

Career Summary

- Apr. 1982 Joined Fuji Heavy Industries Ltd. (current Subaru Corporation)
- May 2006 General Manager, Corporate Planning Department, Fuji Heavy Industries Ltd.
- Jan. 2009 Senior General Manager, Subaru Japan Sales & Marketing Division, Fuji Heavy Industries Ltd.
- Jun. 2010 President, Tokyo Subaru Inc.
- Apr. 2012 Vice President, General Manager, Human Resources Department, Fuji Heavy Industries Ltd.
- Apr. 2014 Senior Vice President, General Manager, Human Resources Department, General Manager, Career Support Office, Fuji Heavy Industries Ltd. President, Subaru Bloom Co. Ltd.
- Apr. 2015 Senior Vice President, Chief General Manager, Subaru Japan Sales & Marketing Division, Fuji Heavy Industries Ltd.
- Apr. 2016 Executive Vice President, Chief General Manager, Subaru Japan Sales & Marketing Division, Fuji Heavy Industries Ltd.
- Apr. 2018 President, Tokyo Subaru Inc.
- Jan. 2019 Deputy President, Chief General Manager, Subaru Manufacturing Division, Chief General Manager, Gunma Plant, Subaru Corporation
- Jun. 2019 Representative Director, Deputy President, Chief General Manager, Subaru Manufacturing Division, Chief General Manager, Gunma Plant, Subaru Corporation
- Apr. 2020 Representative Director, Deputy President, Chief General Manager, Subaru Manufacturing Division, Subaru Corporation
- Apr. 2021 Representative Director, Chairman, Subaru Corporation
- Jun. 2021 Director, Chairman, Subaru Corporation
- Jun. 2023 Special Advisor, Subaru Corporation
- Jun. 2024 Advisor, Subaru Corporation
- Jun. 2025 Outside Director, Dexerials Corporation (to present); Outside Director, JAPAN POST INSURANCE Co., Ltd. (to present)

Directors (Audit and Supervisory Committee Members)



Tetsuyuki Kagaya
Outside Director
Attendance at the FY2024 Board of Directors meetings: 14/14

Outside Independent Officer

Chairperson of the Audit and Supervisory Committee

Career Summary

- Apr. 2000 Lecturer, Hitotsubashi University Graduate School of Commerce and Management
- Apr. 2004 Assistant Professor, Hitotsubashi University Graduate School of Commerce and Management
- Apr. 2008 Associate Professor, Hitotsubashi University Graduate School of Commerce and Management
- Apr. 2017 Associate Professor, Hitotsubashi University School of Business Administration
- Oct. 2020 Professor, Hitotsubashi University School of Business Administration (to present)
- Jun. 2021 Outside Director (Audit and Supervisory Committee Member), Dexerials Corporation
- Jun. 2025 Outside Director (Chairperson of the Audit and Supervisory Committee), Dexerials Corporation (to present)



Masato Taniguchi
Director
Attendance at the FY2024 Board of Directors meetings: 14/14

Standing Audit and Supervisory Committee Member

Career Summary

- Apr. 1981 Joined Sony Corporation
- Aug. 1997 Transferred to Sony Chemicals Corporation (current Dexerials Corporation)
- Feb. 2005 General Manager, Engineering Department, Hybrid Circuit Board Division, Sony Chemicals Corporation
- Oct. 2008 Deputy Head, Circuit Device Division, Sony Chemicals Corporation
- Oct. 2012 General Manager, Neagari Plant, Dexerials Corporation
- Mar. 2015 Director and General Manager, Dexerials (Suzhou) Co., Ltd.
- Sep. 2019 Internal Audit Department, Dexerials Corporation; Auditor, Dexerials (Suzhou) Co., Ltd.
- Oct. 2020 Auditor, Dexerials (Shanghai) Corporation
- Oct. 2020 Audit and Supervisory Board Member, Dexerials Precision Components Corporation
- Jul. 2021 Auditor, Dexerials Korea Corporation
- Mar. 2022 Audit and Supervisory Board Member, Kyoto Semiconductor Co., Ltd. (current Dexerials Photonics Solutions Corporation)
- Jun. 2023 Director (Standing Audit and Supervisory Committee Member), Dexerials Corporation (to present)



Yoshiko Nakayama
Outside Director
Attendance at the FY2024 Board of Directors meetings: —

Outside Independent Officer

Audit and Supervisory Committee Member

Career Summary

- Apr. 1992 Registered as attorney-at-law (The Tokyo Bar Association)
- Apr. 1992 Joined Anderson & Mori (current Anderson Mori & Tomotsune)
- Nov. 2001 Joined Skadden, Arps, Slate, Meagher & Flom LLP and Affiliates
- Apr. 2004 Associate Professor (Assistant Professor), Meiji Gakuin University Graduate School of Law
- Jun. 2010 Joined Atsumi & Sakai
- Feb. 2011 Legal Division, MITSUI & CO., LTD.
- Apr. 2014 Assistant Professor, Graduate School of Law (Juris Doctor Program/Law School), Waseda University
- Mar. 2017 Joined MATSUDA & PARTNERS
- Jul. 2017 Joined Kanagawa International Law Office
- Nov. 2017 Examiner for the National Bar Examination and Examiner for the Preliminary National Bar Examination (in charge of the Commercial Code)
- Nov. 2021 General Manager, Legal Department, KLA Corporation (to present)
- Jun. 2025 Outside Director (Audit and Supervisory Committee Member), Dexerials Corporation (to present)

Executive Officers, Division Heads, Business Unit Heads

Yoshihisa Shinya
President and Executive Officer
Officer in charge of management and business operations

Katsushi Kitajo
Senior Managing Executive Officer, Officer in charge of management and administration, Corporate Strategy Division Head

Takashi Yoshida
Executive Officer, Production Strategy Division Head

Kozaburo Hayashi
Executive Officer, Global Sales & Marketing Division Head

Kuo-Hua Sung
Executive Officer, Technology Strategy Head, Officer in charge of Dexerials Innovation Group (DIG) Promotion Department

Kentaro Oshima
Executive Officer, Automotive Solutions Business Unit Head

Naoyuki Tsuda
Executive Officer, Human Resources Division Head

Kouji Yamagishi
Executive Officer, Corporate Risk Management Head

Kazuya Hayashibe
Executive Officer, Representative Director and President, Dexerials Photonics Solutions Corporation

Hiroshi Uchida
Executive Officer, Optical Solutions Business Unit Head

Kenji Kamiya
Executive Officer, Connecting Materials Business Unit Head

Yoshifumi Ueno
Corporate R&D Division Head



Message from the Corporate Strategy Division Head

Connecting Technology and Human Capital to the Future with Strategic Guidance for Sustainable Growth

Katsushi Kitajo Representative Director
Senior Managing Executive Officer, and Corporate Strategy Division Head

In January 2025, Dexerials established its Corporate Strategy Division as a central source of guidance to drive growth strategies across the company. Katsushi Kitajo, Director and Executive Officer, discusses its specific initiatives and future outlook.

As Corporate Strategy Division Head, I will apply the external experience and perspectives I have gained to drive accelerated growth and powerfully promote our value creation.
To maintain a flexible and resilient organization, I emphasize Align and Alternative to drive the company forward.

► **Building a change-resilient organization and strengthening the execution of whole-Company strategies.**

I participated in Dexerials' first acquisition as an external co-investor. During this process, I had in-depth discussions with Yoshihisa Shinya, President. I was deeply impressed by Dexerials vision of being a Japanese enterprise on the cutting edge, and contributing to the evolution of the digital society with a 10-year outlook. Their Corporate Philosophy and Purpose also resonated with me, and later I joined Dexerials. I am committed to powerfully driving our growth by drawing on my career in financial institutions and advisory experience in mergers and acquisitions across numerous industries in domestic and international markets.

Under the current Mid-Term Management Plan 2028, "Achieving Evolution," we are promoting growth initiatives. One such initiative is the use of the JOB-based HR Management system to attract and onboard specialized human resources in different fields. What is essential is that we connect the people and expertise we have acquired in this way to the execution of our business strategies, aligning them with our overall corporate direction. Clearly, strategy formulation alone does not produce results. Only when swift action can be taken on the front line and the whole Company is aligned toward a shared vision can we accelerate the speed of growth with certainty. As a command center, Corporate Strategy Division defines the vision we should pursue and enhances the organization's ability to execute strategy.

At the same time, to accelerate growth, the organization must be maintained by these processes in a state where it can deliver high performance consistently. Over-focusing on a single issue can become a burden and make it harder to perform effectively. Because of this, I believe it is important for organizations and individuals to have alternatives at all times, and remain capable of



responding to change flexibly and adaptably. This capacity becomes the driving force that allows us to pursue new challenges while maintaining the current state. We are laying this foundation to build an organization that can go on growing with agility and resilience.

► **Aligning strategies and bolstering the reliability and speed of growth**

Corporate Strategy Division functions as a command center driving overall corporate growth. It operates principally in three key areas.

First, it advances the Mid-Term Plan steadily, by driving Company-wide strategy alignment. When the entire Company moves in one direction with agility and consistency, the precision of growth strategies is enhanced and execution speed accelerates.

Second, the division aligns medium- to long-term strategies around the Company's Purpose, and depicts how our technology and human capital as materiality can contribute to enhancing corporate value and solving social challenges. Amid the accelerating evolution of digital technology, we aim to leverage our unique strengths to deliver social value and translate outcomes into sustainable growth.

Third, the division strengthens communication with stakeholders. By collaborating across functions such as management, business operations, human resources, finance, public relations, investor relations, and sustainability, we deliver a consistent message with one voice. This allows us to build strong relationships with diverse stakeholders and ensure that our progress and achievements are communicated clearly.

► **Playing a core role in business strategy and supporting the execution of our business model**

Corporate Strategy Division also plays a strategic role in supporting our business model, the source of our competitive advantage, by working closely with related departments, including Global Sales & Marketing Division and Dexerials Innovation Group (DIG) Promotion Department.

Our Design-in business model begins with direct dialogue with leading industry end customers. This leads to the formulation of approaches to emerging trends and social issues, the identification of technical challenges that must be solved to execute these approaches, and the proposal of necessary solutions. These initiatives involve an integrated team of engineers and sales professionals visiting the end customer and engaging in extensive discussion, with technology as a shared language, to propose solutions only our company can deliver.

P. 20 A Business Model Born from Materiality

Instead of treating these important processes as one-off or short-term initiatives, we aim to systematize them as businesses directly linked to future growth domains and the resolution of social issues. This will develop them into sources of long-term competitive advantage. Corporate Strategy Division is well positioned to play a vital role in this process. Insights into market trends and signs of technological change gained through customer dialogue are organized from a company-wide management perspective and accumulated as strategic business pipelines. We then connect these insights to our internal R&D, business strategies, and Human Capital Strategies, with resource allocation designed to transform them into sustainable mechanisms for generating results.

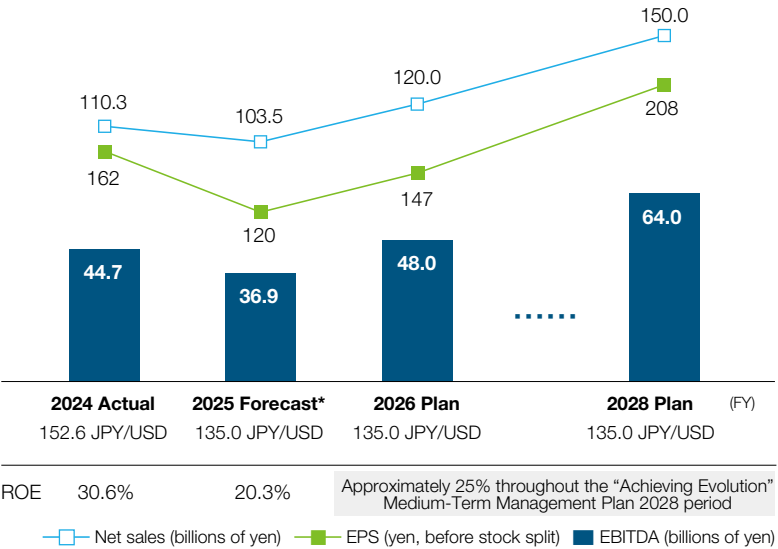
Corporate Strategy Division does not treat solutions such as increasing data-center power consumption in isolation. Instead, it works in close collaboration with business divisions and the R&D division to explore how our company might leverage strengths such as photoelectric fusion technology to turn solutions into viable business opportunities. Through this approach, the Division designs a framework that balances solutions to social challenges with the pursuit of growth strategies. This approach ultimately contributes to the sustainable enhancement of corporate value.

► **Overcoming a rapidly changing external environment, the Mid-Term Plan is progressing steadily**

Turning our attention to Mid-Term Plan progress, fiscal 2024 proceeded largely as expected, with a tailwind from a weak yen. Even amid rapid change in our environment, we maintained steady performance. We attribute this to our business approach, which includes forward-looking dialogue with customers, expansion of high-value-added products in existing domains, steady progress in growth domains, and broadening of our business portfolio.

In fiscal 2025, the second year of the current Mid-Term Plan, implementation is progressing steadily. The Mid-Term Plan is off to a smooth start, including new projects in both the automotive and photonics businesses. In particular, demand for optical semiconductors in data centers, driven by the spread of generative AI, has significantly exceeded expectations from the outset of the current Mid-Term Plan. We are fully committed to meeting this robust demand. Photonics remains an emerging technology for us, and we will continue proposing ways to promote its adoption in society.

Mid-Term Management Plan: Performance Trends

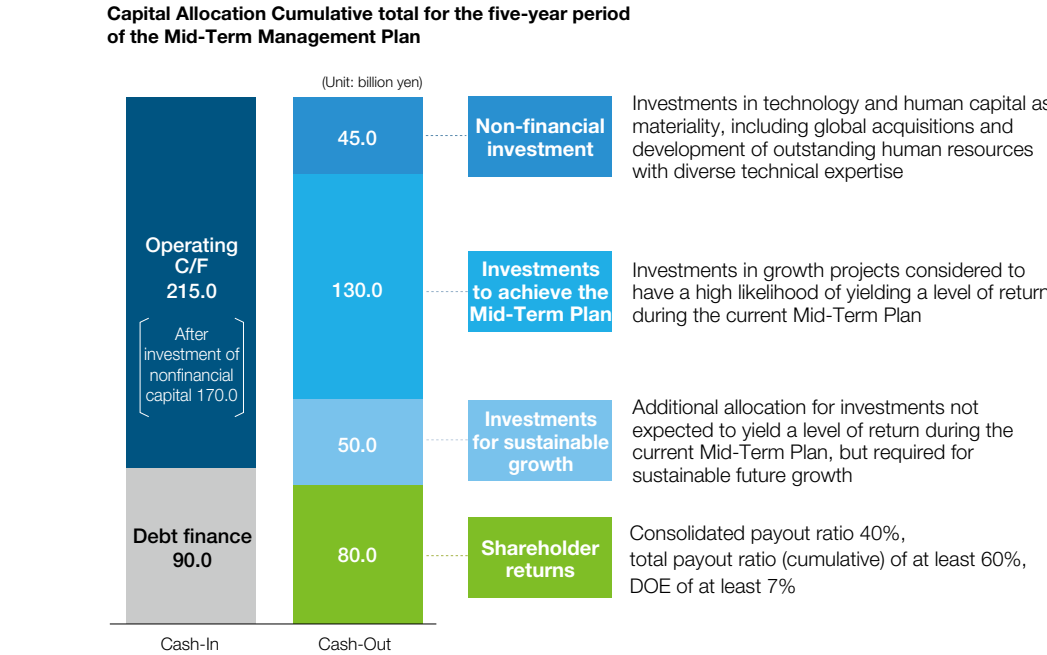


* Figures shown represent the performance trends anticipated at the initial phase of the plan



This fiscal year marks the second year of the Mid-Term Management Plan 2028, “Achieving Evolution,” and serves as a preparatory phase for the plan midpoint. We regard this as the timing to make growth investments with certainty and steady execution. The current Mid-Term Plan’s financial strategy is a five-year cumulative capital allocation of 305.0 billion yen. In cash outflow terms, 130.0 billion yen, or approximately three times the amount in the previous Mid-Term Plan, is earmarked for growth investments. A new plant is under construction to meet the anticipated rise in demand for Anisotropic conductive film (ACF), one of our core products. A further allocation of 50.0 billion yen has been secured as an investment reserve for projects deemed likely to deliver sustainable growth. Investments will be made ahead of schedule where necessary for business portfolio expansion in emerging growth domains such as the automotive and photonics business, allowing us to stay at the forefront of change and continue to deliver innovation. In parallel, we will continue to evaluate and selectively pursue individual business units based on business feasibility evaluation, while also working to build a lean and efficient organizational structure. We believe this will lead to significant growth in the latter half of the current Mid-Term Plan.

In terms of shareholder returns, we will maintain stable dividends while steadily implementing the Mid-Term Plan target of a total cumulative shareholder return ratio of 60% over five years. Balancing growth investments with return initiatives is also the responsibility of Corporate Strategy Division, and we are committed to maintaining this balance effectively.



► **Business portfolio strategy: Combining businesses with diverse product life cycles**

We continue to invest with a focus on anticipating social challenges and providing solutions, rather than being driven solely by short-term financial considerations. Within this approach, we believe it is important to have a business portfolio that not only includes a variety of product types and quantities, but also considers the varied life cycles of each product.

For example, smartphone trends change every few years, making it difficult to justify single large investments due to the short return window. By contrast, automotive manufacturers tend to produce the same product models over a longer period, despite occasional minor revisions. Slower automotive product life cycles require large investments, but the return time frame is also long, making for a long-horizon business. This was a reason for our entry into the automotive business. By combining businesses with different product life cycles, we are building a portfolio with lower overall risk.

Managing businesses with varying life cycles takes effort; however, we regularly evaluate each business’s viability by monitoring metrics such as Return on Invested Capital (ROIC) and market growth potential. Based on these evaluations, we decide whether to accelerate, ease off, or apply the brakes. Businesses lacking sufficient earning power are scaled down or phased out, with human resources and capital shifted to areas with higher growth potential. When we identify emerging market needs, we make flexible adjustments to revise our portfolio, establishing a resilient management foundation through business portfolio expansion.

► **A guiding compass for the entire company to strengthen its management foundation and enhance the effectiveness of its growth strategy**

Our distinctive Design-in and Spec-in business models are supported by unique technologies that spawn single-source products unmatched by competitors, with the human capital to apply them skillfully. These two pillars are the key drivers of our sustainable growth. Because we recognize technology and human capital as critical materialities, we will invest 45.0 billion yen in non-financial investments over the five-year span of our Mid-Term Plan.

As it strengthens these foundations, Corporate Strategy Division will connect Company-wide strategies organically and enhance the effectiveness of our growth initiatives. At the same time, we will continue to aim for sustainable enhancement of our corporate economic and social value by actualizing our purpose, reinforcing our materialities of technology and human capital, and pursuing sustainability in a manner reflecting our unique identity. Furthermore, we will convey our corporate communications consistently, with one voice, deepening empathy and trust through constructive dialogue with stakeholders in Japan and abroad.

Through these initiatives, we will go on evolving as a company that remains indispensable to society. As the corporate compass, Corporate Strategy Division will guide the whole organization, even as times change, and accelerate sustainable growth and value creation.



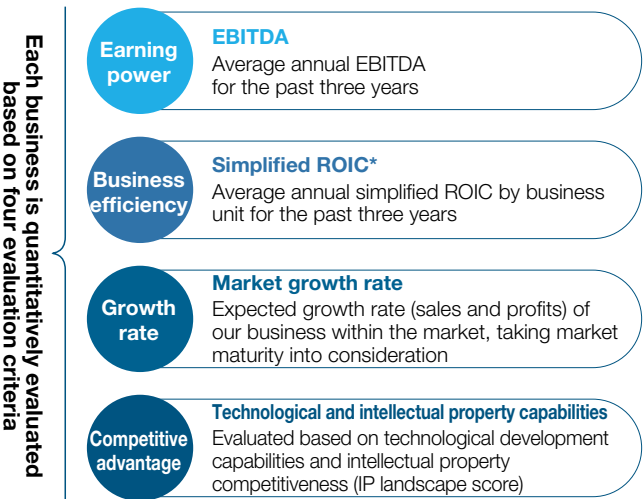
Business Feasibility Evaluation

■ **Business Feasibility Evaluation Objectives and Positioning**

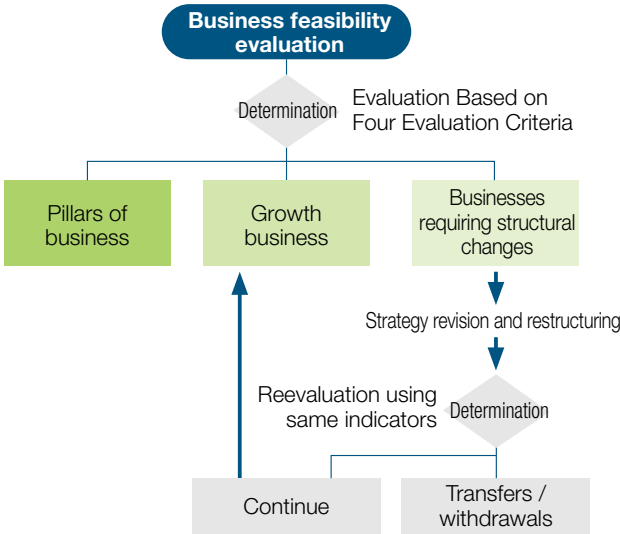
Dexerials conducts business feasibility evaluations as a mechanism to objectively evaluate all business units and facilitate selection and focus. Based on our four business feasibility evaluation axes of earning power, business efficiency, growth rate, and competitive advantage, we conduct quantitative evaluations of each business to ensure the soundness of our business portfolio and facilitate sustainable growth.

We will also promote investment and efficiency improvements for businesses requiring reinforcement in line with the results of these evaluations, while reassessing our strategies before deciding whether to continue operations, transfer them, or withdraw from those businesses requiring structural readjustment. This will allow us to turn our attention to effectively allocating management resources to growth businesses.

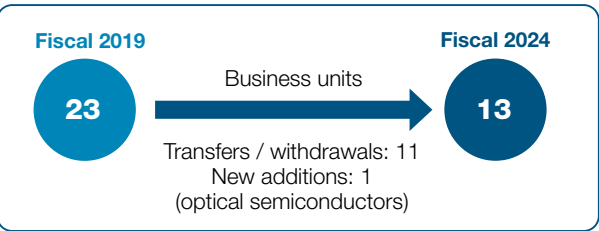
Evaluation Criteria



Business Feasibility Evaluation Mechanism



Business Feasibility Evaluation Results



■ **Transfer / Withdraw Example**

In the business feasibility evaluation, the water treatment agent business was categorized as a business requiring structural changes. After reviewing our business strategy with the aim of restructuring, Dexerials made the decision to transfer this business and related technologies to a company that can better utilize it, rather than continuing to engage in the business ourselves.

The patent rights and technical know-how related to said water treatment agents have been transferred to and taken over by a specialized company engaged in the water treatment business. Subsequently, Dexerials ended its involvement in this business.



Mid-Term Management Plan

Outline of Mid-Term Management Plan 2028 “Achieving Evolution”

Positioning

Achieve sustainable growth and enhancement of corporate value by balancing growth investments and shareholder returns

In May 2024, we announced our five-year Mid-Term Management Plan 2028, “Achieving Evolution.” To promote the expansion of our business portfolio and achieve growth while flexibly adapting to changes in the business environment, we are pursuing initiatives based on three basic policies.

Basic Policy 01

Expanding businesses in growth domains

Accelerate growth in the automotive and photonics domains, markets that are expected to expand further in the future

Business Strategy for Growth Domains

Photonics Business

- Increase in data traffic driven by the spread of generative AI
- Wider adoption of high-speed response photodiodes that fulfill the growing demand for data centers and for their higher speed

Automotive Business

- Progress in the realm of CASE, a once-in-a century transformation
- Continued expansion of Anti-reflection film (ARF) for automotive displays
- Global expansion of sales of Smart precision adhesives for sensor modules

Scale of businesses in growth domains (net sales)

	Photonics (Unit: billion yen)	Automotive (Unit: billion yen)
Fiscal 2023 (Results)	7.0	14.0
Fiscal 2028 (Plan)	15.0	30.0

CAGR 16.5% (Photonics), CAGR 16.5% (Automotive)

Basic Policy 03

Evolution of the management base

Evolve into a solid management foundation that supports sustainable growth by strengthening sales functions, enhancing human capital and technology, and improving manufacturing functions

Enhancing the Sales Functions

Further Enhancing the Business Model

- Enhancing Design-in and Spec-in activities globally
- Strengthening distribution and reducing volatility through partnerships

Enhancing the Human Capital and Technology

Stepping up actions to address materiality

- Continuing to strengthen R&D activities
- Securing engineering human capital and strengthening global talents

Enhancing the Manufacturing Functions

Efficiency improvements in anticipation of a decrease in the working age population

- Building smart factories through digital transformation (DX)
- Improving BCP functions

Basic Policy 02

Qualitative strengthening of businesses in existing domains

Expand business and maintain growth with a focus on high value-added products such as Anisotropic conductive film (ACF) and Surface mount fuse

Growth Drivers in Existing Domains

Surface mount fuse

- Diversification of applications and increase in unit volume
- Taking advantage of medium- to long-term trend such as electrification of various devices and tightening of LiB secondary protection circuit regulations

Anisotropic conductive film (ACF)

- Ongoing penetration of organic EL displays (OLED) into finished products and the continuous growth of Particle-arrayed ACF
- New application: Spec-in process underway for micro LED displays

Scale of businesses in existing domains (net sales)

	Other	Optical resin materials	Anti-reflection film (ARF)	Surface mount fuse	Anisotropic conductive film (ACF)
Fiscal 2023 (Results)	85.0 billion yen				
Fiscal 2028 (Plan)	105.0 billion yen				

Four major categories CAGR 8.6%

Fiscal 2028 Targets

Management targets

Net sales	Business profit	EBITDA margin	Business portfolio
150.0 billion yen	50.0 billion yen	43 %	Growth domain ratio*1

Shareholder returns

EPS*2	ROIC	ROE
208 JPY	Approx. 14 %	Approx. 25 %

Total payout ratio*3	Dividend payout ratio	DOE
Target of 60 %	Target of 40 %	7 % or higher

*1 Percentage of sales attributable to growth domain
*2 After stock split
*3 Cumulative total for the five years of the Mid-Term Plan

Progress in the Second Year of the Mid-Term Plan

Changes in the External Environment and Technology Trends

Amid heightened geopolitical risks, including the United States tariff policies, and ongoing volatility in foreign exchange markets, changes in the external environment and technology trends remain a significant issue for the entire Group and a key external factor that must be carefully monitored. Amid these conditions, we have exclusively developed a wide range of unique single-source products in anticipation of technology trends. Therefore, even in the event of supply chain changes, we believe the risk of substitution by competing products remains low. Although the business environment will continue to evolve, the fundamental technology trends remain unchanged, and we believe our high value-added products, which align with these trends, can continue to grow. Accordingly, we have maintained the policy of our current Mid-Term Plan announced in 2024, advancing a balance between the growth investments essential for sustainable growth and a high level of shareholder returns.

Growth Investment and Shareholder Return Plans

As part of our investments for sustainable growth, we are expanding the site of Kanuma Plant No.2 and constructing a new facility to meet the anticipated increase in demand for Anisotropic conductive film (ACF), our core product. Operations are scheduled to commence the fiscal year ending March 2027. In the growth area of the photonics business as well, demand for optical semiconductors has far exceeded the level assumed when formulating the current Mid-Term Plan. Accordingly, we are working to strengthen our supply framework through accelerated capital investment and productivity improvements. In addition, our optical semiconductors for data centers are being adopted in products that contribute to the advancement of optoelectronic fusion technologies, helping to reduce power consumption in response to the social issue of increasing data traffic and energy use driven by the spread of generative AI. With respect to shareholder returns, for the fiscal year ending March 2026 we plan an annual dividend of 58 yen, representing a dividend payout ratio of 48.2%.



Conceptual image of the completed Kanuma Plant No.2

Shaping the Future Through Photonics Technology: DXPS’s Challenges and Outlook



Kazuya Hayashibe
Executive Officer
President, Dexerials Photonics Solutions Corporation

Aiming to develop and deliver new solutions in the field of photonics, which integrates optics and electronics, Dexerials Photonics Solutions Corporation (DXPS) was launched in April 2024.

Amid growing worldwide demand for data centers, driven largely by increased use of generative AI, the accompanying surge in electricity consumption has emerged as a pressing social challenge. In the photonics field, photoelectric fusion technology is drawing attention as a way to address this social challenge.

At DXPS, we manufacture the high-speed response photodiodes that serve as key parts of the optical transceivers* used in data centers. The major trend toward faster- and higher-capacity data transmission is expected to continue, and we are working to strengthen efficient production structures to respond effectively to the robust demand. As a new production base for optical semiconductors, we are currently investing in manufacturing lines at the Tome Plant in Miyagi Prefecture, with operations projected to begin in or after 2026.

In the fiscal year ended March 2025, we had only just begun production of high-speed response photodiodes, and their contribution to sales and profits was still limited. Having secured contracts with customers engaged in cutting-edge sectors across the globe, we are now striving to drive swift growth.

In the fiscal year ending March 2026, we have also secured new customer projects and we are seeing strong confidence being placed in our specialized technologies.

Going forward, we will continue to provide solutions unique to our Group by partnering with industry leaders and aligning with their visions for future technological advancement. At the same time, we are working to build a foundation for further business growth, aiming to achieve the target of 15.0 billion yen in net sales for the photonics business set out in the Mid-Term Plan.

* Optical transceiver: A device that converts electrical and optical signals to and from each other



Building a Foundation for Growth Through DX

Accelerating DX to Drive Growth

In response to rapidly advancing digital technologies and a changing social environment, Dexerials positions digital transformation (DX) as a core management strategy for achieving sustainable growth. We view DX not merely as a means of improving operational efficiency, but as a driver of transformation to both enhance corporate value and help address societal challenges.

Delivering New Value to Society Through Technology and Human Capital

Dexerials' DX approach involves continuously updating to the latest technologies, fostering a culture where every employee becomes a driver of digital transformation, and tackling operational and business transformation and societal challenges.

Basic Policy for DX
For more details, please refer to our website.



Advancing DX in Three Phases with a 10-Year Outlook and Future Plan to Share Data Externally to Create New Value

To achieve accelerated management decision-making and address societal issues through DX, we are advancing our efforts in three steps.

Step 1	Digital platforms
	The phase of establishing digital platforms, extending to fiscal 2026; set up core systems, including an integrated data management platform for each division, and advance the integration of AI across operations
Step 2	Intelligent management
	The phase of promoting intelligent management, extending to fiscal 2028; build an environment that leverages Step 1 data for management decisions, and use digital twin technology to advance smart factory initiatives
Step 3	Delivering new value
	The phase of delivering new value, extending to fiscal 2033; deliver new value by sharing and integrating data with customers and partners

Steps Leading Toward DX



We are currently at Step 1, advancing internal system development and data accumulation, and are shifting from platform building to the data utilization phase.

Domain	Real-world examples of applied DX
Data-driven management	Strategy and decision-making based on data
Identifying customer and market insights	Detecting market changes and identifying latent customer needs to inform proposals
Accelerating R&D	Materials informatics and lab automation
Strengthening supply chain resilience	Predictive simulations of raw material risks and supply/demand fluctuations
Automating production	Process condition optimization and smart factory initiatives

Harnessing the Power of AI and IT to Drive DX and Transform the Organization Through Human-AI Collaboration

We are embracing digital technologies as they evolve rapidly and accelerating company-wide DX initiatives. To fully harness AI and the latest information technologies, we are streamlining and enhancing business processes while building a data-driven foundation for decision-making. This will spawn productivity improvements, enable rapid value creation, and establish a framework to deliver optimal solutions to our customers.

For it to succeed, DX requires not only the adoption of technology but also a transformation in people and across the organization. Dexerials positions AI as a “partner that extends human capabilities” and is working to create an environment in which every employee can use AI to generate new value. By having AI handle routine tasks and analysis, employees can focus on higher-value creative activities, strengthening the overall organization’s competitiveness. We will continue to foster an organizational culture where people can grow along with advances in AI advances, driving sustainable innovation. Looking into the future, the company aims to collaborate with artificial general intelligence (AGI) to evolve from isolated process automation to autonomous, company-wide optimization.

Company-Wide AI Promotion Framework

Dexerials has established a company-wide framework for promoting AI, led by the DX Planning & Promotion Department, serving as the secretariat. Cross-functional coordination can be ensured through the AI promotion officer of each division. We will continue to advance the integration of AI into business operations going forward.



A DX Talents Portfolio and Development Framework Supporting Corporate Growth and Value Creation

At Dexerials, human capital are the driving force behind DX. To enhance the customer experience, it is essential to foster a culture where individuals can share ideas, learn from, and grow with one another. To achieve this, we began full-scale development of DX specialists in fiscal 2023. We have set a goal to train 230 DX specialists by fiscal 2028, the final year of the Mid-Term Plan. As of fiscal 2024, we have already trained 97 individuals. These employees systematically acquire digital skills and practical capabilities through e-learning and workshops primarily through the D-Academy program, and serve as core DX personnel within their respective divisions.

Starting in fiscal 2025, Dexerials will introduce a DX Specialist Certification Program, with six skill levels defined internally based on skill comprehension and application. This system will make training outcomes visible and enable optimal personnel placement. Employees assess their own skill level through self-evaluation and autonomously set goals and manage their learning cycles, encouraging proactive self-development.

Dexerials will continue to strengthen support to ensure that DX specialists can excel in on-the-job settings. By reinforcing the PDCA cycle within the DX training program, we aim to support sustainable corporate growth and the creation of new value.

	Producer	Business Designer	Business Change Consultant	Data Scientist	Engineer
Level 6	Lead operational and business transformation through DX				
Level 5	Strengthen the competitive advantage of business units and divisions through DX				
Level 4	Actively promote operational reforms using DX skills and knowledge				
Level 3	Drive operational improvements using DX skills and knowledge				
Level 2	Gain DX skills and knowledge and apply them to business operations				
Level 1	Learn the fundamentals of DX				

DX Specialist Contributions



Employee's Voice

“I gained knowledge that helped me share goals clearly with my team and supported me in my own core responsibilities.”

Hiroaki Nakayama

Production Planning Department, Production Strategy Division

Producer (Project Leader)

Through the producer training program, I was able to systematically acquire valuable knowledge such as in project management, enabling me to accurately share and instill a clear goal within my team. I am currently working to implement a Supply Chain Management system, aiming to foster a shared awareness of the necessary transformation in the team and strengthen the project execution structure.

We are also advancing standardization of the core systems related to production planning based on common business function standards, aiming for smooth and efficient implementation. In addition, we are working to build a smart factory in collaboration with the new Kanuma Plant No. 2, and will pursue continuous improvements and optimization to establish a flexible production system that can adapt to changes in the market environment.



Employee's Voice

“I actively use digital tools in my work and take the initiative in building effective systems.”

Yosuke Onoguchi

DX Planning & Promotion Department

Business Change Consultant

Engineer

To promote Health and Productivity Management, we used to hold employee participation events, but the annual results were not collated and it was difficult to track results for employees individually. As a business transformation consultant, I leveraged digital tools to centralize the data and launched a “Health Points” initiative for visualizing employees' health status and changes over time. I also applied what I learned in my training as an engineer to build a system that employees can access themselves, creating an environment where they can take an active role in maintaining their own health.

P. 88 Health and Productivity Management

Looking ahead, we are also exploring ways to use AI and BI (business intelligence) to offer personalized health recommendations.



Message from the Corporate Risk Management Head

Integrating Risk Management with Business Strategy in a Society of Diversifying Risk

Kouji Yamagishi Executive Officer Corporate Risk Management Head

Dexerials implemented organizational reforms that took effect in fiscal 2025. As part of these reforms, the role of Corporate Risk Management Head was established, with Kouji Yamagishi appointed to the position. The Head is responsible for strengthening companywide risk management. The scope of this role includes risk management, legal affairs, ESG management, and DX planning. Yamagishi outlines his view of our external environment and the risk management framework introduced through these reforms.

Since fiscal 2025, as Corporate Risk Management Head, I have been initiating efforts to strengthen companywide governance toward the achievement of the Medium-Term Management Plan 2028, “Achieving Evolution.”

Rising external instability and the scope of risk

In a sense, rising global instability can be judged as within expectations. However, this instability has been exacerbated significantly by changes in the international order.

Our voyage to sustainability, guided by the compass of our corporate Purpose, began with the launch of the current Mid-Term Management Plan in fiscal 2024. However, amid today’s rough seas and stormy weather, we face a pressing question. Is the structure of our ship, and our equipment, in fact resilient enough?

If our company were a seagoing vessel, it would not be as large as one of the great corporate ships. Our capacity to maneuver in rough seas is therefore critical. To ensure such maneuverability, forward-looking risk management is increasingly important.

Risk dynamics surrounding corporations

In a risk environment where corporate management can be easily destabilized, we are pursuing our Mid-Term Plan, “Achieving Evolution,” and implementing our strategies with even greater aggressiveness. Naturally, in the midst of significant domestic and international changes, where hard-to-quantify risks arise frequently, it is critical that we accurately identify a wide range of risks, evaluate them in terms of our corporate strategy, and manage them by identifying those with the greatest priority.

Risk management is, in essence, a sophisticated process that requires advanced management capabilities. It involves maintaining a firm grip on emerging risks that arise from a mixture of numerous ephemeral elements and a limited number of substantive realities. To enhance our capacity to execute this task, we continuously update our risk management methods. These include not only conventional process management from risk identification and score evaluation to risk mapping and prioritization, but also refining our countermeasures through executive discussion.

Strengthening organizational functions linked to our Purpose

One of the messages our President regularly shares within the company is that “the greatest risk is not changing.” Of course, change inevitably generates its own small and medium risks, but these can be monitored and addressed appropriately. What the president is saying is that the really significant risk is to stand unchanged, even as the world and society continue to evolve. To do so leads to a dead end. This commitment to change is aligned with our Purpose, which can be expressed as “Change = Empower.” Only by holding to that course do we ultimately arrive at Evolution.

I believe that recent organizational reforms, including a new Board of Directors framework, the launch of a Corporate Strategy Division within the executive organization, and the establishment of the Corporate Risk Management Head, can be understood as transformations to drive our achievement of the Mid-Term Plan goals.

To define the scope of my responsibilities, I would like to note that there are four departments under the Corporate Risk Management Head.

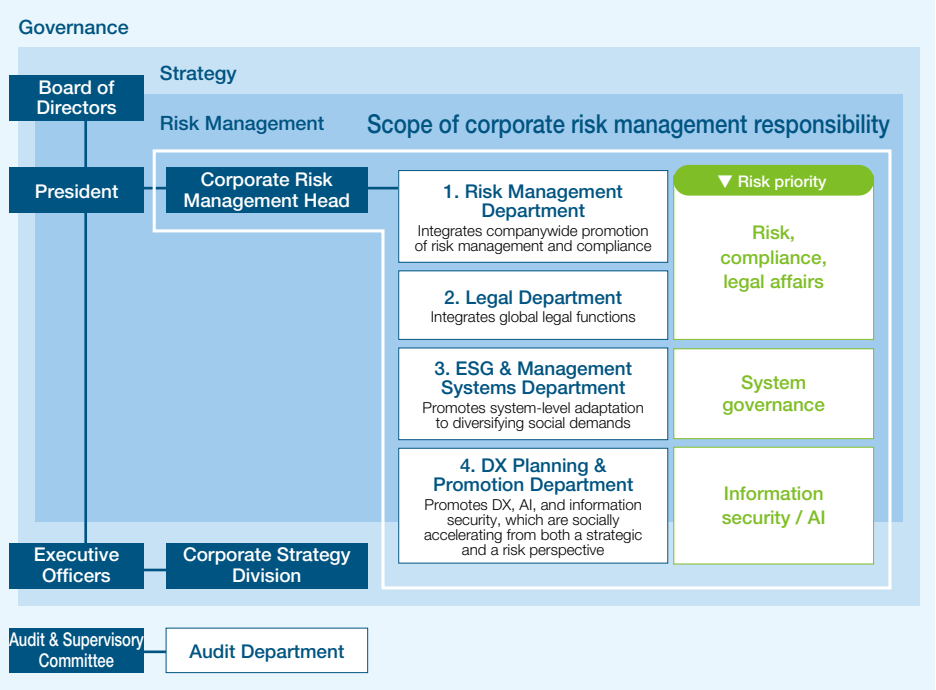
- 1. Risk Management Department: Integrates companywide risk management and compliance promotion
- 2. Legal Department: Oversees global legal functions
- 3. ESG & Management System Department: Systematically advances adaptation to diversifying social demands
- 4. DX Planning & Promotion Department: Promotes DX, AI, and information security, which are accelerating in society from perspectives of both strategy and risk

These four departments are united under a “Strengthening Governance” banner. By integrating these functional organizations, we are enhancing the effectiveness of company-wide risk control and reinforcing execution and oversight. As the first concrete initiative within this framework, we have merged our internal Risk Management Committee and Compliance Committee to enhance the flexibility of our risk management activities.

Achieving sustainable growth: linking governance, strategy, and risk management flexibly

On a personal career note, I was responsible for promoting companywide sustainability until fiscal

Governance and Risk Management Framework



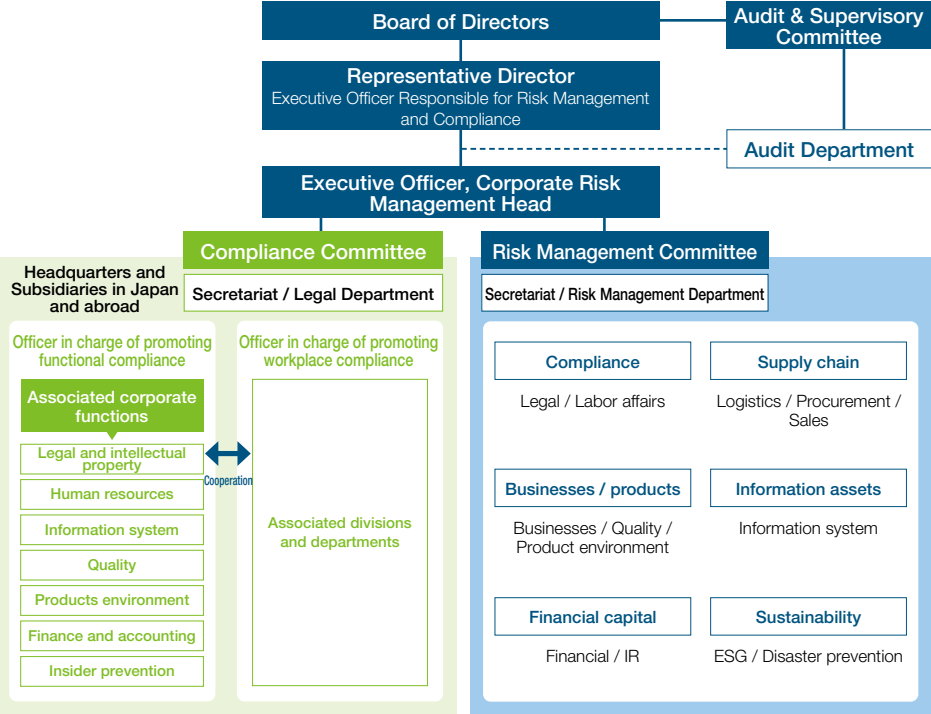
2024. Those familiar with International Integrated Reporting Framework will recognize immediately that governance, strategy, and risk management have been updated across the organization.

While integrating the former sustainability planning organization into Corporate Strategy Division, we also enhanced the organizational structure dedicated to advancing sustainability.

Our sustainability is, simply put, the very embodiment of our Purpose. Our risk management, guided by the principle “Empower Evolution. Connect People and Technology,” is not merely defensive. We believe it represents a well-balanced approach that incorporates a strategic perspective on risk-taking.

At the midpoint of the current Mid-Term Management Plan, we will strengthen our company-wide governance structure and move aggressively to achieve our goals. Over the long term, we aim to create environments that empower employees to proceed proactively and without hesitation in the face of change, as we build a risk management framework worthy of trust by a broad range of stakeholders.

Risk management structure



As of August 2025

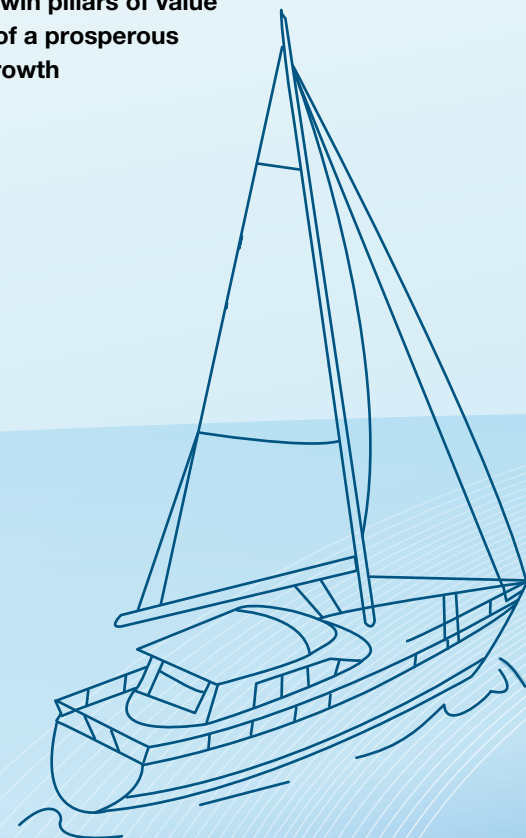
Chapter 03

Path to Steady Evolution

Pursuing sustainability distinctive to Dexerials through the twin pillars of value creation and risk reduction, to contribute to the realization of a prosperous and efficient society while achieving our own sustainable growth

Key Points

- Our approach: expanding positive impacts and mitigating negative impacts (reducing risks)
- ESG initiatives distinctive to Dexerials
- Progress toward ESG Key Issue KPIs and Goals



Realization of
our Purpose



Sustainability Management

We are aiming to realize both economic and social value and contribute to a prosperous and efficient society while pursuing sustainability unique to Dexerials, guided by our Purpose of “Empower Evolution. Connect People and Technology.”

To achieve this, we have established the Dexerials Group Sustainability Policy and are promoting initiatives aimed at sustainable growth and the enhancement of corporate value.

Dexerials Group Sustainability Policy

Basic Philosophy

At the Dexerials Group, we define our raison d’être (purpose) in society is to provide essential materials, devices, and solutions that support the evolution of digital technologies, enhancing societal efficiency. By addressing social issues, we aim to expand our business and contribute to the realization of a sustainable society. We believe that consistently achieving sustainable growth and enhancing corporate value toward this purpose while balancing economic and social value is the essence of the sustainability that Dexerials aspires for.

1. Value creation through businesses

Rooted in our corporate vision “Value Matters,” we aim to contribute to the realization of a prosperous and efficient society by constantly providing unique and highly value-added products and solutions that are indispensable to the evolution of technology, balancing both economic and social value. For this, we will combine our business model, which is our strength, with various technologies that are the source of our value creation. In this way, we will strengthen technology for developing unprecedented products and solutions and human capital for creating new value.

2. Building the foundation for value creation

We will sincerely address our ESG Key Issues to support value creation through business activities while reducing potential business risks. At the same time, we will seek to help realize a sustainable society and enhance our corporate value.

Approach to Promoting Sustainability

The Dexerials Group is promoting sustainability from the perspectives of both expanding positive impacts and mitigating negative impacts (reducing risks) to realize a sustainable society and enhance corporate value. From the perspective of value creation, we identify technology and human capital as materiality that is crucial for sustainable growth. From the perspective of risk reduction, we identify ESG Key Issues as our important non-financial challenges based on their impact on society and our business.

Value Creation (Expanding positive impacts)

Materiality initiatives

Important issues for strengthening our business model (ensuring that Dexerials remain indispensable for technological evolution)



Risk Reduction (Mitigate negative impacts)

ESG Key Issues Initiatives

Important non-financial issues in line with the impact of overall corporate activities on society and businesses

E: Environment

Addressing climate change
Resource recycling
Pollution control

S: Society

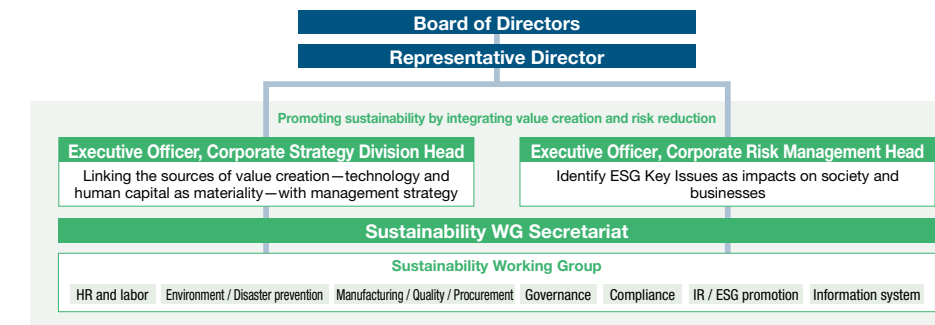
Diversity and respect for human rights
Employee health and safety
Product quality

G: Governance

Corporate governance
Compliance Risk treatment
Supply chain

Sustainability Promotion System

The Dexerials Group has established a sustainability promotion system centered on executive officers responsible for value creation and risk reduction, under the leadership of the Representative Director and President. We have also formed the Sustainability Working Group (WG) with relevant departments to promote sustainability initiatives across the entire Group.



Approach to ESG Key Issues

Basic Approach — ESG initiatives distinctive to Dexerials and essential to further growth and corporate value enhancement

Dexerials Group is committed to taking on its medium- to long-term key issues from the perspective of ESG and in line with its Sustainability Policy based on the following approach. Accordingly, we will engage in thorough communication with our business partners, focusing on coexistence and coprosperity, and contribute to the realization of a sustainable society for the entire value chain, premised on the resolution of external diseconomies (social issues).

- Many of our products are highly value-added products that meet the needs of society. They thus tend to be single-source products whose quality and stable supply must be maintained without fail. As such, we will thoroughly comply with laws and regulations and take measures to address various risks related to business continuity (information security, BCP, occupational safety, quality, etc.) and thereby build a solid business foundation while reducing potential financial risks. In our responsibility as a global company, we will reduce the environmental impact of our business activities and promote a circular economy. At the same time, we will work to improve energy efficiency and productivity through the adoption of smart factories, and contribute to the decarbonization of society.
- As we seek to boost the vitality of every employee and expand opportunities for their endeavors while operating our businesses globally, we will continue to engage in our initiatives for health and productivity management, respecting the human rights of all stakeholders, promoting active involvement of diverse human resources, and supporting our employees in maintaining sound mental and physical health.
- Our management will seek to clearly determine the direction of business management in the BANI* era, maintain and improve our management system, which underpins speedy and bold decision-making (risk-taking), and continuously work to evolve corporate governance toward greater effectiveness and transparency.

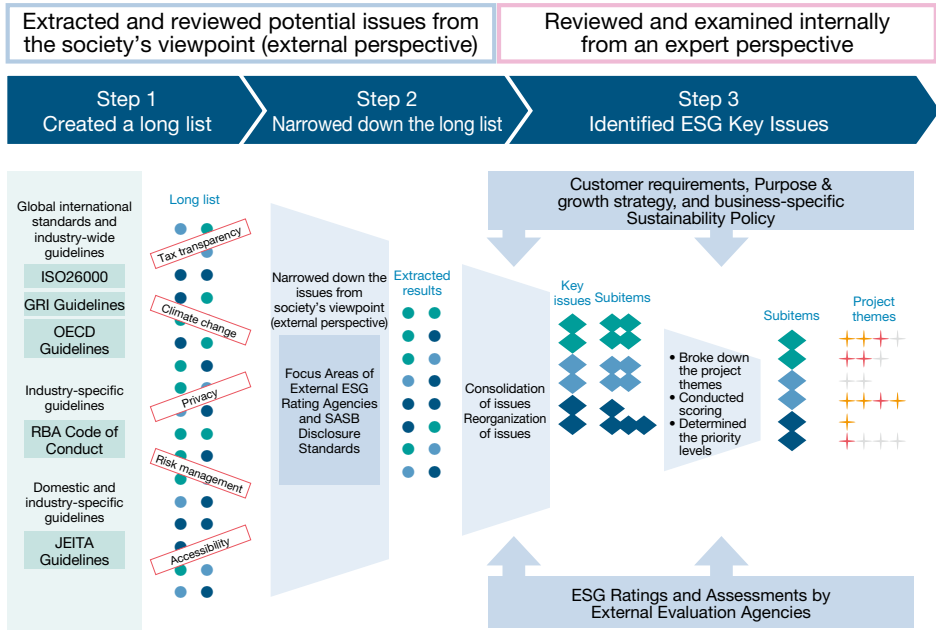
* Brittle, Anxious, Non-linear, and Incomprehensible

The Process of Identifying ESG Key Issues

The ESG Key Issues were identified in 2024 from a medium- to long-term perspective, based on our Sustainability Policy and for the resolution of external diseconomies (social issues). As a global company, we comprehensively considered international rules, standards, and guidelines, along with the requests from progressive customers and external evaluation agencies of various countries, as well as the consistency with our purpose and growth strategy.

At the start of the review process, 42 issues were extracted, with these ultimately narrowed down to 13 issues following a series of reviews taking in the diverse perspectives outlined above. Much like the Mid-Term Management Plan, KPIs and targets were set for fiscal 2028 based on our managements’ decisions. Accordingly, initiatives have been launched with the aim of accomplishing such targets.

The Process of Identifying ESG Key Issues



Updates to Policies Related to ESG Key Issues

In fiscal 2025, Dexerials Group updated its company-wide policies by organizing and reviewing the content of existing policies and regulations while ensuring alignment with our Corporate Philosophy and Corporate Vision, with this process taking as its starting point both our Purpose and Sustainability Policy.

Specifically, we have formally stipulated nine policies related to ESG Key Issues: human rights, occupational health and safety, environment, procurement, conflict minerals, prevention of corruption and bribery, taxation, information security, and multi-stakeholder engagement. In this way, we are aiming to embed these policies as a clear basis for employees’ decisions and actions.

This initiative will facilitate our responses to increasing global-level societal and customer demands while enhancing Dexerials’ credibility and trustworthiness and reducing potential risks. We will furthermore use this initiative to contribute to the creation of medium- to long-term growth opportunities.

Policies list
For more details, please refer to our [website](#).

Initiatives on ESG Key Issues

ESG Key Issues			Issues and initiatives	Fiscal 2024 results	KPIs / Goals to fiscal 2028	Reference	
Governance	Corporate governance	Non-Consolidated	Maintenance and enhancement of the management system	Discussions on skills matrix for our vision of the ideal Board of Directors; implementation management succession	- Discussions on revising the skills matrix at the Nomination and Remuneration Committee - Deliberation and implementation of Board successions - Regular monitoring of succession plans for management at the Nomination and Remuneration Committee	(1) Regular reviews of the skills matrix and implementation of the succession process (2) Discussions on the skills matrix and monitoring of the succession plan	 P. 66 Corporate Governance
			Evolution of corporate governance toward greater effectiveness and transparency	Steadily implement and improve the evaluation of Board of Directors' effectiveness (every fiscal year) Consistently maintain a highly transparent determination process for the executive remuneration system and implement system review by the Remuneration Committee	Steadily improved effectiveness through the implementation of the fiscal 2024 action plan finalized by the Board of Directors Maintained a transparent decision-making process for the executive remuneration system at the Board of Directors and Nomination and Remuneration Committee toward the upkeep of remuneration governance	Steadily implement and improve the evaluation of Board of Directors' effectiveness (every fiscal year) Consistently maintain a highly transparent determination process for the executive remuneration system and implement system review by the Remuneration Committee	 P. 46 Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value  P. 66 Corporate Governance
	Compliance	Consolidated	Compliance with laws and regulations and penetration of the Dexerials Group Code of Conduct	Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year) Improve employee awareness of compliance	Serious violations of laws and regulations: None - Launched the Compliance Committee 100% participation rate in internal training (Japan and overseas combined)	Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year) Improve scores in the Group-wide survey on compliance awareness	 P. 73 Compliance
			Strengthening information security Strengthening BCP	Prepare for the risk of dealing with significant environmental changes	Major security incidents: None - Finalized activities policy for an all-hazards approach business continuity plan and clarified challenges - Conducted BCP drill for Group company (DXPS)*1	Major security incidents: None (every fiscal year) Development and operation of a business continuity plan that adopts an all-hazards approach to counter diverse risks	 P. 72 Strengthening Information Security  P. 75 BCP Initiatives
		Supply chain	Supply chain management	Work with suppliers and have the entire supply chain fulfill its social responsibilities regarding the global environment, human rights, labor, and other matters	CSR*2 procurement assessment: 96%*3 of suppliers achieved an average score of 3 or higher	CSR procurement assessment: Average score of 3 or higher	 P. 74 Supply Chain Management (CSR Procurement)
	Environmental	Climate change	Supply chain	Reduction in CO ₂ emissions	Reduction in supply chain emissions Improve energy efficiency and productivity through measures including energy-saving and the adoption of smart factories	- CO₂ emissions (Scope 1.2): -37% versus FY2019 - CO₂ emissions (Scope 3): DXPS*1 calculation framework	- CO₂ emissions (Scope 1,2): -38% versus FY2019 - CO₂ emissions (Scope 3): Set reduction target and reduce
Consolidated					- Clarified and analyzed current statuses - Formulated implementation plan	Energy productivity (Net sales ÷ energy used): 1.5x versus FY2023	
		Resource recycling	Consolidated	Resource recycling	Reduce waste and use resources efficiently	- Percentage of waste disposed at landfills: 0.12%*4 - Chemical recycling initiatives with R Plus Japan, Ltd.	- Percentage of waste disposed at landfills: 0.5% or less (every fiscal year) - Establish chemical recycling system for waste plastic
	Pollution control	Consolidated	Reduction of environmental incidents*5	Practice strict compliance with laws and regulations for environmental conservation (including the prevention of water and air pollution)	Violation of environmental regulations: None	Violation of environmental regulations: None (every fiscal year)	 P. 83 Pollution Control
Social	Diversity and respect for human rights	Non-Consolidated	Promoting active involvement of diverse human resources	Improve ratio of female managers	Ratio of female managers: 7.9%	Ratio of female managers: 10% or higher	 P. 86 Diversity
		Supply chain	Compliance with international human rights principles	Promote human rights awareness and due diligence based on our human rights policy	Drafted human rights policy document	Promote human rights awareness and due diligence based on our human rights policy	 P. 85 Respect for Human Rights
	Employee health and safety	Consolidated	Health and Productivity Management	Create an environment where employees can continue to work safely, maintaining sound mental and physical health	Introduction of data-driven health management and a complete smoking ban covering domestic sites Serious industrial accidents, equipment-induced accidents: None	FY2030: Steady improvement based on the roadmap Serious industrial accidents, equipment-induced accidents: None (every fiscal year)	 P. 88 Health and Productivity Management  P. 89 Occupational Health and Safety
			Strengthening occupational safety				
	Product quality	Consolidated	Maintenance and improvement of product quality	Provide Dexerials Group products that are high quality, safe, and reliable	Occurrence of serious quality problems: None*6	Occurrence of serious quality problems: None (every fiscal year)	 P. 90 Product Quality

*1 DXPS: Dexerials Photonics Solutions Corporation *2 CSR: Corporate Social Responsibility *3 Scores are as of July 2025 and based on evaluations of 105 suppliers from which Dexerials Group procures key raw materials
*4 Headquarters and Tochigi Technology Center, Kanuma Plant, Tomei Operation *5 Pollution that adversely affects the environment, such as chemical substance leaks and illegal emissions
*6 Quality problems that may result in accidents, product recalls, or compensation payments due to quality defects

As of March 31, 2025



Corporate Governance

Dexerials recognizes that establishing robust corporate governance is a critical management priority for achieving our Purpose, balancing economic and social value, and continuously enhancing sustainable growth and corporate value. Our management team is committed to setting a clear strategic direction in the BANI* era and to maintaining and strengthening a governance framework that enables swift and decisive decision-making (including risk-taking), while continuously evolving toward more effective and transparent corporate governance.

* BANI...Brittle, Anxious, Non-linear, Incomprehensible

Initiatives to Strengthen and Improve Corporate Governance

In light of social trends and changes in the business environment, we have been quick to strengthen and improve both our corporate governance systems and operations.

Transition of Dexerials' Corporate Governance (Progress in Strengthening and Improving)

	2020	2021	2022	2023	2024	2025
Corporate Philosophy/ Management Strategy	Corporate Philosophy "Integrity" Corporate Vision "Value Matters"				Purpose: "Empower Evolution. Connect People and Technology."	
	Mid-Term Management Plan 2023 "Challenges for Evolution" (2019–2023)				Mid-Term Management Plan 2028 "Achieving Evolution" (2024–2028)	
Building a system to improve management effectiveness and transparency	Delegated executive officer system (2019–)					
	Company with a Board of Corporate Auditors	Company with an Audit and Supervisory Committee (monitoring board oriented, with greater delegation of authority)				
	Headquarters: Osaki, Tokyo	Headquarters: Relocated to Shimotsuke-shi, Tochigi Prefecture, to promote integration of management and front-line operations; annual shareholders' meeting also held in Tochigi (2023–)				
Strengthening management transparency and oversight	Board of Directors: independent outside directors accounting for the majority (2015–) ▶ Clarification of the Skills Matrix 📄 P. 47 Skills Matrix of the Board of Directors					
	Nomination and Remuneration Committee (2019–), Discussion about presidential succession (2018–)					
Mechanisms and initiatives to improve the effectiveness of the Board of Directors (PDCA)	Conducting evaluation of the effectiveness of the Board of Directors and formulation and implementation of the action plan (Implemented every fiscal year, 2015–)					
	CSR Targets				ESG Key Issues	
Executive officer remuneration system that contributes to sustainable growth and enhanced corporate value	Performance-linked stock compensation plan (2016–) ▶ RelativeTSR 📄 P. 69 Officers' Remuneration ▶ Addition of non-financial indicators 📄 P. 69 Officers' Remuneration					

Corporate Governance System

Board of Directors and Directors

Dexerials' Board of Directors consists of eight members, the majority of whom are independent directors (five members) who play a role in strengthening oversight from an independent and fair standpoint.

Each of the directors has diverse skills, knowledge, and expertise in their respective fields.

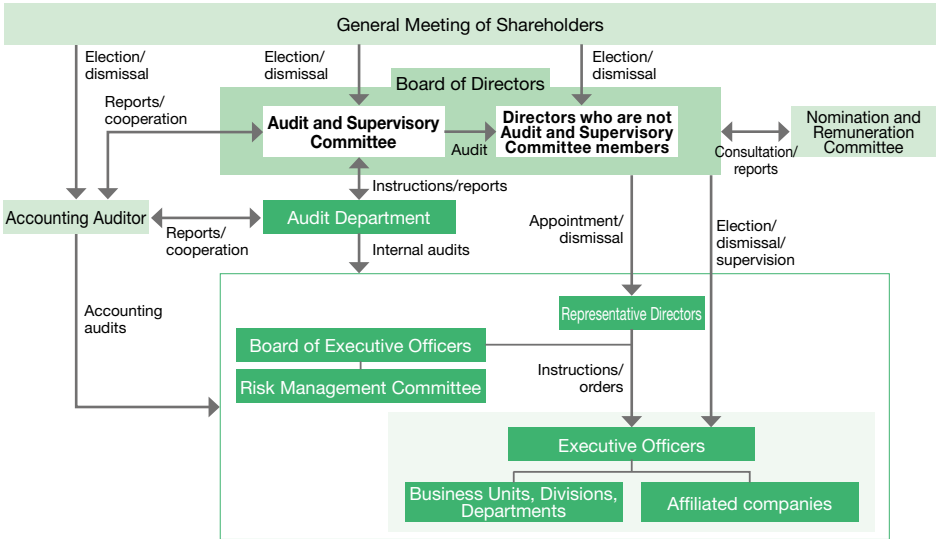
P. 46 Strengthening Corporate Governance to Achieve Sustainable Growth and Enhance Corporate Value

In principle, the Board of Directors conducts regular meetings once per month. In addition to matters to be resolved and matters to be reported (decisions on legally mandated matters, determination of major management policies and strategies, selection of officer candidates), the agenda includes discussion items. Directors engage in lively discussion, as needed, on management risks and topics that contribute to improving the effectiveness of the Board.

Off-site meetings and business site visits, including those to subsidiaries in Japan and globally, also take place, and discussions on the Board's ideal form, philosophy, and policies and important measures, as well as discussions at Audit and Supervisory Committee and Nomination and Remuneration Committee meetings, are shared throughout the Board of Directors. Furthermore, enhancement of direct communication between management and frontline operations is pursued.

These initiatives are designed to invigorate discussions at the Board of Directors meetings, while gaining understanding of the status of business execution.

Corporate Governance System



As of April 2025

Board of Directors Meeting Agenda (FY2024 Monitoring Items)

Dexerials' Board of Directors designates important measures for achieving the Mid-Term Management Plan and the single-year budget as "monitoring items" and sets the meeting agenda accordingly. At the same time, The Board operates with flexibility, discussing issues that emerge in the ever-changing business environment and in the course of discussions. In fiscal 2024, the following topics were designated as monitoring items and discussed by the Board.

Main Monitoring Items
Growth strategy, sales function reform, production strategy, sustainability management, capital allocation/capital policy, risk management

Audit and Supervisory Committee and the Members

Dexerials is a company with an Audit and Supervisory Committee. The Company's Audit and Supervisory Committee consists of three members (of whom two are outside directors) and is chaired by an outside director, which ensures transparency and independence in audits. In addition, a position for one standing Audit and Supervisory Committee Member has been created to secure the effectiveness of audits.

The Audit and Supervisory Committee deliberates and makes necessary resolutions on matters such as the formulation of audit policies and plans, preparation of audit reports, evaluation and appointment of the accounting auditor, approval of the accounting auditor's remuneration, and verification of the development and operation of the internal control system.

In accordance with the audit policy and division of duties determined by the Audit and Supervisory Committee, the committee members participate in the Board of Directors meeting and other important meetings and exchange views with the directors. Additionally, they check and exchange opinions on the audit reports provided by the Internal Audit Division and those officers in charge of subsidiary audits. At the three-way audit meeting, etc., the committee members also check and exchange opinions on the content of the accounting auditor's audit plan.

The standing committee member attends the Board of Executive Officers meetings and other meetings, and also reviews documents related to important resolutions. The member also interviews representatives from various business units, the Risk Management Department, and global subsidiaries, and exchanges views with the Internal Audit Division. Additionally, the member works to strengthen communication with the accounting auditor by confirming the progress of audits and exchanging opinions on a monthly basis.

Nomination and Remuneration Committee

The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors. Its purpose is to guarantee appropriate and transparent decision-making processes for the selection, dismissal, and remuneration of officers. The committee consists of five directors, three of whom, including the committee's chairperson, are independent outside directors, thus ensuring the objectivity and transparency of its discussions. In fiscal 2024, in addition to holding seven committee meetings, the committee engaged in communication with the next generation of leaders outside of formal meetings. In fiscal 2025, the number of committee members was reduced from seven to five, creating a leaner structure conducive to lively discussions, including on such topics as Board succession over the medium to long term.

Main Agenda and Meetings of the Nomination and Remuneration Committee (FY2024)

Main agenda	Months
● (Overall) FY2024 Nomination and Remuneration Committee annual schedule of deliberations	July
● (Nomination) Discussion about Board succession	April, July, August, November, December, February
● (Nomination) Discussion of executive structure for the next fiscal year	December
● (Nomination) Communication with the next generation of leaders in Japan and overseas	October
● (Remuneration) Review of FY2023 performance of directors and executive officers	June
● (Remuneration) Confirmation of commitments of executive officers for FY2024	July
● (Remuneration) Discussion of LTI performance-linked indicators	April

Executive Officers and Board of Executive Officers

The Company has appointed 11 executive officers (including two who concurrently serve as executive directors), all of whom serve under delegation contracts. Broad discretionary authority has been delegated from the executive directors, establishing a framework that enables prompt decision-making and clearly defines responsibility for business execution.

In principle, Board of Executive Officers meetings are held twice a month, with all executive officers serving as members. The meetings review the status of and challenges of business execution and discuss major proposals in advance in order to have meaningful dialogues at the Board of Directors meetings. In order to ensure the effectiveness of supervision of business execution and auditing, a Standing Audit and Supervisory Committee Member is always present at meetings, and the content of deliberations is regularly shared with the Board of Directors.

Internal Audits

The Internal Audit Division conducts internal audits based on the audit plan, taking into account the development and operating status of the internal control, compliance, and risk management systems of the Dexerials Group. It then evaluates an internal control reporting system (J-SOX). The Internal Audit Division reports the audit results to the Audit and Supervisory Committee and the Board of Directors (dual reporting line) and also monitors the status of the improvements being made. It reports the J-SOX evaluation results via the J-SOX secretariat, and checks the status of the improvements being made for any deficiencies detected.

Once every quarter, the Internal Audit Division holds a three-way audit meeting with the accounting auditor to exchange opinions. For any significant internal control-related events identified through internal audits, the Internal Audit Division provides information to the accounting auditor and seeks appropriate guidance and advice as necessary.

Accounting Audit

The Company has an audit agreement with PricewaterhouseCoopers Japan LLC, which conducts accounting audits in compliance with the Companies Act and the Financial Instruments and Exchange Act. To ensure stringent audits, measures have been taken so that the Company and the accounting auditor share no material interests and will not be involved in accounting audits of the Company for more than a certain period of time.

Initiatives to Enhance Corporate Governance Effectiveness

In order to realize the evolution of corporate governance toward greater effectiveness and transparency, we are addressing “ESG key issues.” We regularly identify key issues and promote the strengthening and improvement of the “Board Effectiveness Assessment” in pursuit of sustainable growth and corporate value enhancement over the medium to long term.

P. 64 Approach to ESG Key Issues

ESG Key Issues

Maintenance and enhancement of the management system (non-consolidated)

Corporate Governance

Issues and Initiatives: Discussions on skills matrix for our vision of the ideal Board of Directors; implementation of management succession

FY2024 Results

- Discussions on the review of the skills matrix at the Nomination and Remuneration Committee
- Deliberations on and implementation of Board succession
- Regular monitoring of management succession plans by the Nomination and Remuneration Committee

KPIs / Targets through FY2028

- Regular reviews of the skills matrix and implementation of the succession process
- Discussions on the skills matrix and monitoring of succession plan

ESG Key Issues

Evolution of corporate governance for effectiveness and transparency (non-consolidated)

Corporate Governance

Issues and Initiatives: Steady implementation and improvement of the evaluation of Board of Directors' effectiveness (annually); Maintaining a highly transparent determination process for the executive officer remuneration system and implementation of a system review by the Remuneration Committee

FY2024 Results

- Steady improvement of effectiveness through promotion of the Action Plan for FY2024 determined by the Board of Directors
- Maintained a highly transparent process for determining the executive officer remuneration system at the Board of Directors and Nomination and Remuneration Committee meetings to ensure governance of remuneration.

KPIs / Targets through FY2028

- Steadily implement and improve the evaluation of Board of Directors' effectiveness (every fiscal year)
- Consistently maintain a highly transparent determination process for the executive officer remuneration system and implement system review by the Remuneration Committee

Summary of the Analysis and Evaluation of the Board's Overall Effectiveness

Results of FY2024 Board of Directors Effectiveness Evaluation (Summary)

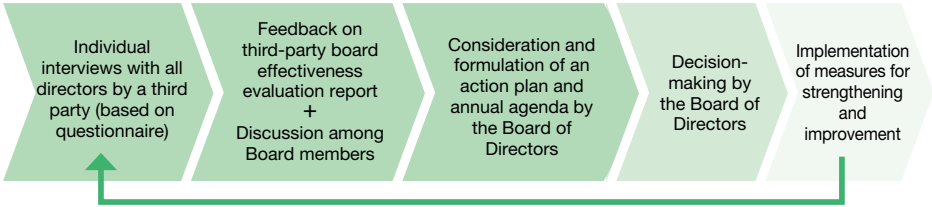
As a result of the review from an objective third-party perspective, the overall effectiveness of the Company's Board of Directors was evaluated as being of a high level. The strengths of the Board of Directors (compared to the previous year) derived from each director's responses are as follows.

- (i) Implementation of Board succession after repeated deliberations by the Nomination and Remuneration Committee
- (ii) Efficient operation of the Board of Directors, based on past effectiveness evaluations, so that the Board can focus on discussion

In addition, the key points of improvement (compared to the previous year) of the Company's Audit and Supervisory Committee are as follows.

- (i) Improved accuracy of information sharing by the Standing Audit and Supervisory Committee Member
- (ii) Enhanced effectiveness of departmental audits through collaboration with the Internal Audit Division

Process from Evaluation to Action Plan Formulation and Implementation (Overview)



FY2025 Action Plan for Enhancing the Effectiveness of the Board of Directors

Based on the results of the previous fiscal year's evaluation and multiple discussions at Board of Directors meetings, the action plan for fiscal 2025 was determined as follows.

Realize management scenarios conducive to sustainable growth and enhancement of corporate value, and enhance the effectiveness of the Board of Directors in view of environmental changes and management risks

- (i) The ideal state that the Board of Directors should aim for, with a view to achieving the medium- and long-term vision and the Mid-Term Management Plan.
- (ii) Specify and prioritize the functions and roles of the Board of Directors as well as monitoring items.
- (iii) Strengthen the corporate governance system to prepare for medium- and long-term management risks and to enhance the executive side's self-correcting capability.
- (iv) Clarify the functions and roles of the Nomination and Remuneration Committee, review its composition, and clarify advisory matters
 - Review committee structure (composition and number of members) in light of the current issues
 - Clarify “advisory” and “reports”
- (v) Clarify functions and roles expected of individual outside directors
 - Discuss the medium- and long-term vision, redefine the skills matrix in sync with the Mid-Term Management Plan, as well as the concept of successions and how to proceed.
- (vi) How best to provide information to outside directors that enhances the quality of Board discussions (discussion and practice)
 - Improve access to information necessary for decision-making, etc., share discussion points early, and improve deliberation materials and timing of prior provision

Officers' Remuneration

Basic Policy

Remuneration for the Company's directors is determined through an appropriate process based on the Policy on Determination of Officers' Remuneration, which reflects a remuneration system designed to promote sustainable growth and enhance corporate value, as discussed and approved by the Board of Directors and the Nomination and Remuneration Committee. In addition, the appropriateness of the officers' remuneration levels is verified by benchmarking against companies of similar size, industry, and business type, using executive compensation survey data from external research organizations.

Policy on Determination of Officers' Remuneration

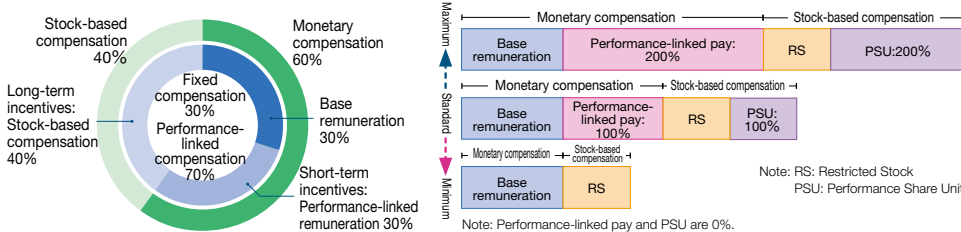
- Officers' remuneration shall correspond to the role, responsibilities, and performance of each officer.
- Officers' remuneration shall be designed such that it reflects the medium- to long-term management strategy and also strongly incentivizes sustainable growth.
- The composition of officers' remuneration shall be such that it encourages the sharing of profits and risks with the shareholders, raises awareness of the shareholders' perspective, and instills a stronger drive to enhance corporate value.
- The level of remuneration shall be appropriate for attracting and retaining excellent global human resources.
- The remuneration determination process shall be objective and transparent.

Composition of Officers' Remuneration

The Company is strengthening the linkage between officers' remuneration and business performance to further motivate directors, etc. to contribute to our sustainable growth, the medium- to long-term enhancement of corporate value, and the Company's business performance. In addition, to encourage the sharing of profits and risks with the shareholders and to instill a stronger drive to enhance corporate value, the proportion of stock-based compensation has been increased.

Regarding officers' remuneration, the maximum amount of monetary compensation for directors (excluding directors who are Audit and Supervisory Committee members) is 450 million yen annually (including 70 million yen for outside directors), and that for directors who are Audit and Supervisory Committee members is 70 million yen annually, as resolved at the Company's 12th Annual General Meeting of Shareholders (held on June 25, 2024). Outside directors and directors who are Audit and Supervisory Committee members only receive base remuneration.

Representative Director Remuneration Structure and Performance-Linked Fluctuation Range



Base Remuneration

The Company pays fixed monthly remuneration that is allocated in accordance with each director's position and responsibilities.

Performance-Linked Compensation

Performance-linked compensation comprises “performance-linked pay,” which is paid according to performance during the fiscal year, and “stock-based compensation,” which is intended to share a sense of profit awareness with shareholders and incentivize the achievement of medium- to long-term goals. This compensation structure is designed to motivate the Company's executive directors to manage the business with an awareness of performance and share prices from a medium- to long-term perspective.

- Performance-linked pay
- Stock-based compensation

Performance-linked pay is calculated at the ratio of 50% consolidated net sales and 50% EBITDA, which demonstrate the Company's earnings power, while also taking into account the evaluation by the Remuneration Committee. The determined amount is divided into 12 equal payments and paid monthly, starting from the month following the conclusion of the Annual General Meeting of Shareholders.

Stock-based compensation is set separately from monetary compensation to strengthen the recipients' awareness toward improving the Company's medium- to long-term performance and enhancing corporate value. (Maximum of 990,000 points)

Once every five consecutive fiscal years, the Company contributes to a trust the capital necessary for acquiring the shares slated to be granted to the directors.

The shares acquired through the trust are granted in two ways: RS granted according to points commensurate to the job post, with one point being equivalent to one share, and PSUs granted according to points reflecting the results versus the Mid-Term Management Plan, with one point also being equivalent to one share. (subject to transfer restrictions specified by the Company).

Evaluation Indicators to Determine the Performance-Linked Portion of PSUs

Evaluation indicators	Indicator outline	Weight
Total shareholder returns (TSR)	TSR performance over five years (versus benchmark companies)	80%
Sustainability strategy target	Level of achievement of key performance indicators for Technology and Human Capital (the materiality indispensable to our sustainable growth)	20%

Furthermore, the amount of PSUs will be reduced partially or in full if we cannot reach the minimum targets that should be met to fulfill our responsibility as a corporate entity. These include cases where the average ROE performance during the performance-linked term falls short of a certain level or where the CO₂ emissions reduction target is not achieved, which is relevant to a material social issue (climate change).

Process for Determining Each Director's Remuneration

The remuneration of individual directors (excluding directors who are Audit and Supervisory Committee members) is determined by the Board of Directors following discussion by the Nomination and Remuneration Committee. The remuneration of individual directors who are Audit and Supervisory Committee members is determined appropriately through consultation among the Audit and Supervisory Committee members.



Risk Management

The Dexerials Group regards risk management as the foundation for sustainable growth and enhancement of corporate value. In a rapidly changing environment, we view risk as “uncertainty that affects the achievement of business goals.” We not only avert risk, but also use it as an opportunity to establish competitive advantage. In order to continue providing value to stakeholders, we are building a resilient corporate constitution by practicing aggressive risk management.

P. 60 Message from Corporate Risk Management Head

Risk Management Structure

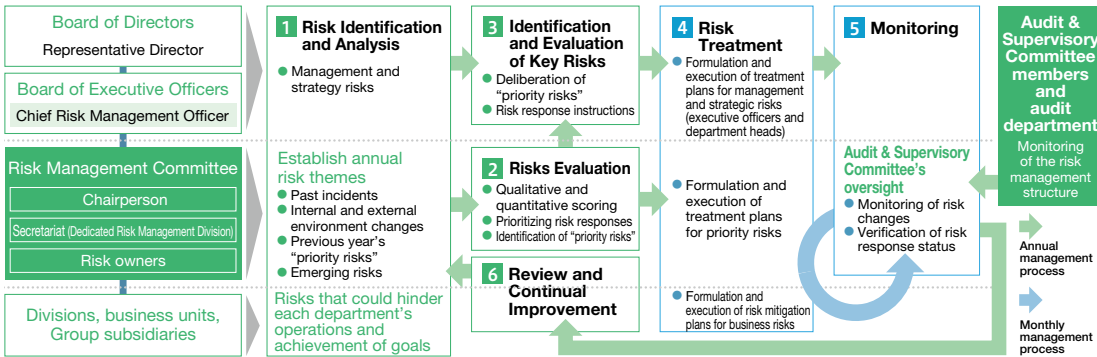
The Dexerials Group has established a structure in which the Board of Directors is the highest supervisory body and an executive officer appointed by the Representative Director is the Chief Risk Management Officer. In fiscal 2025, Dedicated Risk Management Division was reorganized as an entity under the direct control of an executive officer, which is responsible for formulating company-wide policies, unifying evaluation criteria, monitoring and supporting risk management activities, and promoting “aggressive risk management” to further enhance effectiveness.

The Dexerials Group’s risk management structure is based on the “three-line model.” As the first line of defense, business units and headquarters act as risk owners and manage risks in their daily operations. As the second line of defense, the Dedicated Risk Management Division and the Risk Management Committee are responsible for progress management and support across the board, while the Dedicated Risk Management Division carries out company-wide coordination for risks in specific areas. As the third line of defense, the Internal Audit Section evaluates the effectiveness of the structure from an independent standpoint and reports to the Risk Management Committee and the Board of Directors. As a result, a system is realized in which supervision, execution, and auditing complement one another.

Risk Management Process

Since the internal and external environment constantly changes, the Risk Management Committee spearheads risk management, following the process outlined below, so that

Risk Management Structure and Process



countermeasures can be implemented in a timely manner.

Risk Response Initiatives

In fiscal 2024, the Dexerials Group defined a “four-quadrant framework” for risk response in order to accurately respond to changes in the environment, and established a systematic risk response system. In addition to the identification and response to “priority risks” that have been implemented so far, this framework will enable effective risk response.

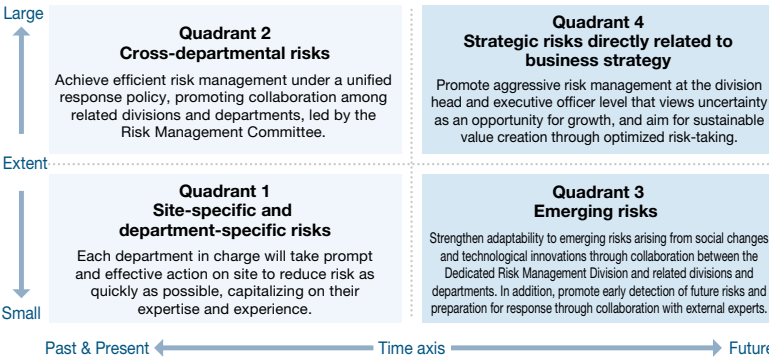
Identification of and Response to Priority Risks

The Dexerials Group designates risks that exceed a certain threshold in its risk assessment as “priority risks” and addresses them as the most important issues for the fiscal year. For priority risks, the Dedicated Risk Management Division formulates and monitors an annual risk mitigation plan, which the executive officer periodically confirms, gives instructions for corrective action, and reports to the Board of Directors. Furthermore, the Audit Division also assesses the risk situation and evaluates the effectiveness of the management system. Through these activities, we continue to strengthen management of priority risks.

Four-Quadrant Framework for Risk Response

The Dexerials Group has established a response system based on the “four-quadrant framework” described below according to the nature of risks. Site-specific and department-specific risks are handled promptly with expertise (Quadrant 1), while the Risk Management Committee is responsible for company-wide coordination of cross-functional risks (Quadrant 2). Moreover, the Dedicated Risk Management Division and external experts will work together to strengthen our ability to respond to emerging risks associated with social change and technological innovation (Quadrant 3). Strategic risks directly related to management strategy are then addressed at the division head and executive officer level (Quadrant 4). This framework promotes agile and effective risk response in a rapidly changing business environment.

Four-Quadrant Framework for Risk Response



List of Major Corporate Risks

We have identified the following risks that, if manifested, could affect the Group’s business operations, performance, and social credibility, and countermeasures for such risks. Risks are identified in conjunction with the Mid-Term Management Plan, and progress is regularly managed and reviewed as necessary.

We will strive to avert the occurrence of risks through risk management functions, and when they do occur, we will respond appropriately to minimize their impact and use them as opportunities.

Risks	Main contents	Main countermeasures	Reference page
Management and strategy risk	Market contraction and structural decline of existing businesses	● Reestablish the portfolio and M&A strategy ● Develop new business	P. 52 Message from the Corporate Strategy Division Head
	Price competition and pressure on earnings due to intensifying global competition	● Develop differentiation technology	P. 26 Message from the Technology Strategy Head
	Delayed response to decarbonization and recycling	● Carbon neutral strategy ● Introduce renewable raw materials	P. 78 Climate Change
Emerging risk	Changes in industrial structure	● Clarify ESG strategy ● Strengthen supply chain resilience	P. 63 Sustainability Management P. 74 Supply Chain Management (CSR Procurement)
	Changes in procurement structure due to regional concentration risk in the supply chain		
	Changes in product evaluation due to changes in social values and ethics	● Redefine the social significance of products and engage in dialogue with stakeholders	P. 20 A Business Model Born from Materiality
Geopolitical and macro-environmental risk	Suspension of operations and freezing of funds due to geopolitical tensions		
	Greater import/export restrictions and increased tariff burdens due to trade frictions and sanctions	● Scenario analysis of geopolitical risk ● Scenario analysis of tariff impact	P. 74 Supply Chain Management (CSR Procurement)
	Earnings fluctuations due to volatility in the foreign exchange market		
Environmental and sustainability-related risk	Changes in business models due to tighter environmental regulations in various countries		
	Need to change product design and materials due to stricter PFAS*1 regulations and other chemical substance regulations	● Develop alternative materials ● Monitor regulatory trends	P. 84 Chemical Substance Management P. 83 Pollution Control
	Environmental accidents and friction with local communities due to inadequate management of wastewater, exhaust gas, and waste		
Quality and product risk	Burden on the entire supply chain arising from mandatory Scope 3 emissions disclosure	● Collaborate with suppliers	P. 78 Climate Change
	Rapid changes in raw material and energy costs due to climate change	● Introduce renewable energy	
	Customer dissatisfaction, withdrawal of certification, and lawsuits due to serious quality problems	● Strengthen quality assurance system and safety assessment, conduct risk review prior to launch of products ● Ensure traceability ● Reinforce education and training ● Collaborate with external experts	P. 90 Product Quality
Digital and information security risk	Long-term social responsibility regarding toxicity and safety of new chemical substances		
	Brand damage due to decreased product reliability		
	Information leakage and shutdown due to cyberattack	● Introduce multi-layered defense, system redundancy, SOC*2 ● Conduct employee education and incident response training ● Manage external vendors ● Conduct risk assessment at switchover	P. 72 Strengthening Information Security
Compliance reputation risk	Security vulnerabilities revealed		
	Business interruption due to switching or aging of core systems		
	Administrative penalties and loss of social credibility due to violations of security trade and environmental laws and regulations	● Obtain information on revisions of laws early ● Deploy specialized personnel	P. 73 Compliance P. 83 Pollution Control
Human and organizational risk	Litigation and technology leakage due to infringement or violation of intellectual property rights	● Strengthen patent management system and contract management	P. 30 Intellectual Property Strategy
	Damage to corporate reputation due to harassment and human rights violations	● Operate the reporting system and provide human rights training	P. 85 Respect for Human Rights
	Decline in technical succession and competitiveness due to aging population and lack of experts	● Strengthen recruitment of human resources ● Reform the personnel system	P. 32 Message from the Human Resources Division Head P. 34 Human Capital Strategies
Business continuity and infrastructure risk	Loss of human resources and decline of productivity due to occupational accidents and health risks		P. 88 Health and Productivity Management P. 89 Occupational Health and Safety
	Manufacturing and distribution stoppages due to natural disasters and pandemics	● Reinforce preventive maintenance and utilize IoT ● Formulate facility renewal plan ● Conduct BCP drill	P. 75 BCP Initiatives
	Failure to meet supply responsibilities due to facility and infrastructure outages		
	Operational interruptions and safety incidents due to aging manufacturing facilities		

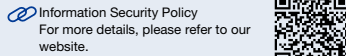
*1 PFAS: Per- and polyfluoroalkyl substances *2 SOC: Security Operation Centers



Strengthening Information Security

The business environment in which the Dexerials Group operates has changed significantly in recent years, with risks becoming increasingly diverse due to factors such as geopolitical development, digital transformation, and climate change. We recognize that strengthening information security is essential to accurately identify these risks and minimize their potential impact.

In particular, with the rapid advancement of digital technology, the risk of information leaks or losses caused by cyberattacks or malware infections—and even the suspension of business operations—is increasing. In line with its Information Security Policy, the Dexerials Group is strengthening countermeasures to address these risks and continually working to maintain and enhance information security.

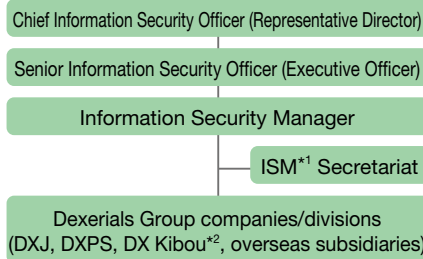


ESG Key Issues	Strengthening information security	Responding to Risks
■ Issues and Initiatives: Prepare for the risk of dealing with significant environmental changes		
FY2024 Results	KPIs / Targets through FY2028	
Major security incidents: None	Major security incidents: None (every fiscal year)	

Information Security Promotion System

Under Dexerials' information security management structure, a representative director serves as Chief Information Security Officer, while the executive officer, acting as Senior Information Security Officer, oversees company-wide initiatives. Working under their direction, Information Security Manager and ISM*¹ Secretariat promote activities to strengthen information security across the organization.

*1 ISM: Information Security Management



*2 DXJ: Dexerials Corporation, DXPS: Dexerials Photonics Solutions Corporation, DX Kibou: Dexerials Kibou Corporation

FY2024 Initiatives

Strengthening Information Security Rules

In response to the increasing sophistication and frequency of cyberattacks in recent years, as well as revisions to ISMS*³ standards, the Dexerials Group has updated its information security regulations. In addition, we have engaged an external expert organization to assess our current status and are preparing for ISMS implementation. Going forward, we will continue working to establish a system based on international standards and further enhance business continuity and reliability.

*3 ISMS: Information Security Management System

Bolstering Monitoring Systems

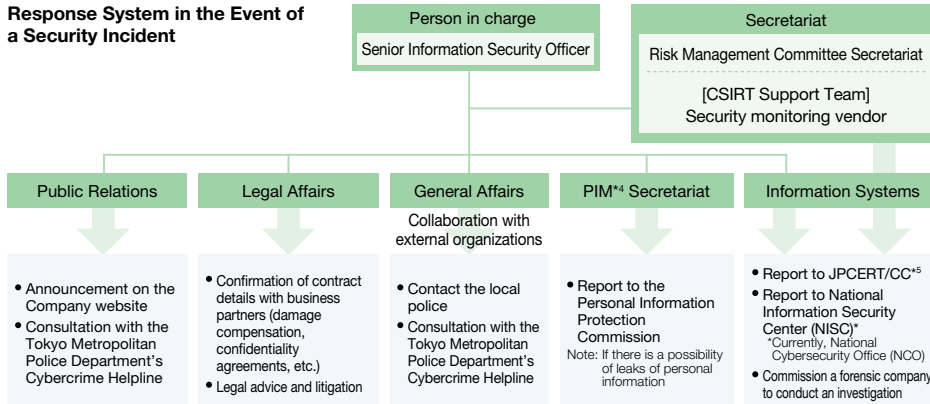
To defend against cyberattacks and prevent internal misconduct that could result in information leaks or operational shutdowns, we have strengthened our authentication system and enhanced security monitoring capabilities through a dedicated team. As a result, in fiscal 2024, we detected four security incidents at an early stage and implemented prompt countermeasures, confirming the effectiveness of our preventative measures.

Raising Employee Awareness

To foster awareness of the importance of information security, we distributed email newsletters and conducted e-learning education for all employees (100% participation rate in information security education in fiscal 2024). In addition, we conducted cybersecurity training incorporating the latest case studies, as well as drills simulating targeted email attacks. As a result, 16% of employees clicked on simulated phishing messages. We will continue to enhance the awareness of each employee and strengthen overall security through ongoing education and training.

Response System in the Event of a Security Incident and Initiatives

In fiscal 2024, the Dexerials Group established and began operating a Computer Security Incident Response Team (CSIRT). Headed by Senior Information Security Officer, CSIRT comprises the company's secretariat and an external specialist support team. The structure enables close cooperation across divisions and ensures a system for rapid and effective response to incidents. Following the launch of the CSIRT system, we conducted security incident response training involving relevant divisions. This training, based on scenarios simulating real-life responses, helped identify issues and areas for improvement. Going forward, through regular training and continuous enhancement, we will further strengthen our ability to respond to incidents and support safe and secure business operations.



*4 PIM: Personal Information Management *5 JPCERT/CC: Japan Computer Emergency Response Team Coordination Center



Compliance

The Dexerials Group's corporate philosophy—"Integrity: Have Integrity and Sincerity"—is at the core of all our activities. Practicing compliance is not only our social responsibility but also the very realization of Dexerials' corporate philosophy, and it is an essential element for sustainable growth and enhancement of corporate value.

As a company trusted by our customers and other stakeholders, we have set compliance as one of the ESG Key Issues, and are working to ensure compliance with laws and regulations globally while instilling our corporate philosophy.

Corporate Philosophy

Integrity

Have Integrity and Sincerity

ESG Key Issues	Compliance with laws and regulations and penetration of the Dexerials Group Code of Conduct	Compliance
■ Issues and initiatives: Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year) Improve employee awareness of compliance		

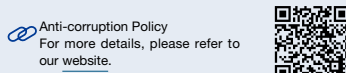
FY2024 Results	KPIs / Targets through FY2028
- Serious violations of laws and regulations: 0 cases - Establishment of the Compliance Committee 100% participation rate in in-house training (Japan and overseas combined)	- Strictly maintain zero tolerance of serious violations of laws and regulations, including violations associated with the prevention of bribery and other corruption (every fiscal year) - Improving scores in the group-wide survey on compliance awareness

System and Policy

In accordance with the Global Compliance Management Regulations established in April 2024, we established the Compliance Committee chaired by the executive officer in charge of Corporate Risk Management Head, who also serves as the Chief Compliance Officer. The committee includes officers in charge of promoting compliance according to functions and workplaces.

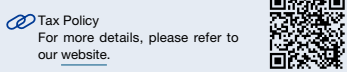
Furthermore, the Dexerials Group Code of Conduct, which sets out the fundamental principles that must be always observed, has been translated into English, Chinese, and Korean and applies to all officers and employees worldwide. Based on the Code of Conduct, we have established the Global Anti-Bribery Regulations and provide education on anti-corruption and anti-bribery globally. Additionally, in fiscal 2025, we disclosed our Anti-Corruption Policy on our website.

Based on these policies, we are earnestly advancing our initiatives.



Tax Compliance

The Dexerials Group complies with the tax laws of all countries and regions in which it operates, as well as with international rules, and fulfills its tax obligations in an appropriate and fair manner. In fiscal 2025, we formulated and disclosed our Tax Policy, which clearly prohibits the use of tax havens for the purpose of tax avoidance. Based on this policy, we are committed to properly managing tax risks and ensuring a high level of transparency in our tax practices, thereby fulfilling our social responsibility.



Compliance Hotline

The Dexerials Group has established internal and external points of contact (Hotline) for whistleblowing by employees, etc. at all Group companies in Japan and globally to detect and alleviate compliance-related issues as early as possible. The Hotline is available in Japanese, English, Chinese, and Korean and allows anonymous reporting. It is made clear that the disadvantageous treatment of whistleblowers is prohibited. This means that all employees of the Dexerials Group and employees of our business partners can use the Hotline with peace of mind.

When a report is received, the Hotline will investigate the facts, and if the report is judged to be credible as a result of the investigation, the Representative Director and President and the relevant officers are notified, and the Board of Executive Officers, etc. will deliberate on and implement measures necessary for correction and prevention of recurrence.

FY2024 Initiatives

In fiscal 2024, we established the Compliance Committee to further strengthen compliance activities across the Dexerials Group. During the annual Compliance Month in October, management demonstrated its strong commitment through a message from the President, and compliance training was conducted for all employees. Furthermore, we provided training on such themes as harassment prevention, quality compliance, and insider trading prevention. We also distributed "Compliance News" e-mail newsletters in multiple languages, which present cases of violation in an easy-to-understand format using manga and other illustrative methods.

Sharing compliance-related issues throughout the Dexerials Group, centering on the activities of the Compliance Committee, we will continue to work to instill our corporate philosophy and strengthen the PDCA cycle.

<Major results>

- Number of serious violations: 0
- Number of internal reports: 7 (11 in the previous fiscal year)
- Participation rate in compliance training: 100% (in Japan and overseas)



Supply Chain Management (CSR Procurement)

In accordance with the Basic Philosophy of Supply Chain Management, which is based on “fair business practices, transparency, and equal opportunities,” the Dexerials Group aims to achieve both economic value and social value by promoting sustainability throughout the supply chain.

As we work toward the realization of a sustainable society, we practice good communication with our suppliers based on the principle of coexistence and mutual prosperity, striving to fulfill our social responsibilities throughout the supply chain.

ESG Key Issues

Supply Chain Management

Supply Chain

Issues and Initiatives: Work with suppliers and have the entire supply chain fulfill its social responsibilities regarding the global environment, human rights, labor, and other matters

FY2024 Results*1

CSR*2 procurement assessment: 96%*3 of suppliers achieved an average score of 3 or higher

KPIs / Targets through FY2028

CSR procurement assessment: Average score of 3 or higher

*1 The latest score as of July 2025 is indicated. *2 Corporate Social Responsibility

*3 Evaluation conducted for 105 suppliers from whom our Group procures key raw materials

CSR Procurement Promotion System

Promoting Sustainable Procurement

In accordance with Basic Procurement Policy, the Dexerials Group aims to build highly transparent, fair, and sound relationships with its suppliers, pursuing mutual growth through the realization of a sustainable society and maximization of customer value. The Basic Philosophy of Supply Chain Management emphasizes the principles of “fair business practices, transparency, and equal opportunities,” and the Group is committed to compliance with laws, regulations, and social standards (including the RBA Code of Conduct*4), respect for human rights, environmental protection, anti-corruption, risk management, and information management.

We are also promoting partnerships in the supply chain to enhance technological capabilities and quality, and to achieve competitive prices.

Additionally, we request that our suppliers take action in areas such as human rights, health and safety, the environment, and ethics in accordance with the Dexerials CSR Procurement Guidelines, and we work with them to promote improvement activities.

*4 RBA Code of Conduct: A code for the electronics industry supply chain established by the Responsible Business Alliance (RBA).

Basic Procurement Policy

For more details, please refer to our website.

Dexerials CSR Procurement Guidelines (Japanese only)

For more details, please refer to our website.

Main Contents of Dexerials CSR Procurement Guidelines (Excerpt)

Human Rights and Labor—Prohibition of forced labor, child labor, etc.

Health and Safety—Safety measures, health management, etc.

Environment—Reduction of CO2 emissions sources, chemical substance management, etc.

Fair Trade and Ethics—Compliance with laws and regulations, corruption prevention, etc.

Quality and Safety—Product safety, quality control, etc.

Information Security—Cyberattack countermeasures, etc.

Supply Chain—Responsible mineral procurement, etc.

Governance—Development of management system, etc.

FY2024 / FY2025 Initiatives

- Once a year, we conduct a CSR procurement survey consisting of 39 questions (covering human rights, labor, health and safety, environment, etc.)*5. The survey includes questions on the status of initiatives outlined in the Dexerials CSR Procurement Guidelines, as well as confirmation of the sustainability and ESG-related policies implemented by each supplier.
- When entering into a new business relationship, in addition to checking for any ties with anti-social forces and reviewing the financial status, we require raw material suppliers to obtain Green Partner*6 certification.
- In response to rising raw material prices and labor costs, we are implementing pricing policies in line with government guidelines.

*5 The survey in the previous fiscal year had 48 questions, including on information security, but as it was decided to conduct a separate information security survey in September 2025, the current survey comprises 39 questions, excluding those related to information security.
*6 Green Partner: A supplier that meets the criteria based on the Management Standards for Environment-related Substances

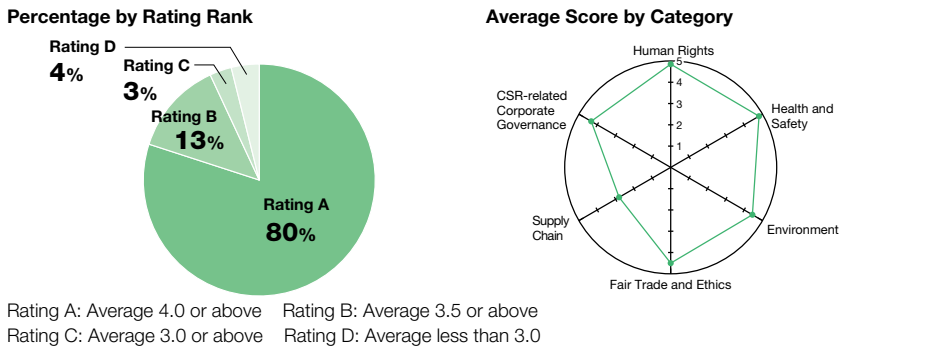
CSR Procurement Survey and Improvement Activities

We continue to conduct CSR procurement surveys and carry out improvement activities, focusing on suppliers of key raw materials.

In fiscal 2025, our survey covered 105 suppliers in total, 96% of which were evaluated as having implemented initiatives satisfying the level required by the Dexerials Group (rating C or higher). As in the previous year, we conducted interviews with suppliers from which improvements were requested (rating D). During interviews, we first assess the supplier’s current situation, then explain our policies based on the CSR Procurement Guidelines, and provide reference materials prepared by the Small and Medium Enterprise Agency. We continue to work together with these suppliers on improvement initiatives while providing educational support.

CSR Procurement Survey Results (as of July 2025)

Survey period	Number of questions	Average score for all questions
April to July 2025	39	4.3 points



Initiatives

Green Procurement

The Dexerials Group has established a set of Management Standards for Environment-related Substances with the goals of conserving the global environment and promoting a sustainable society. These Standards clearly define controlled substances as those to be banned immediately, those to be phased out, or exempt substances. We manufacture our products while preventing or minimizing the inclusion of these substances.

We also assess our suppliers in accordance with the Management Standards for Environment-related Substances, certifying those that meet the standards as Green Partners. In principle, all raw materials used in our products are sourced from Green Partners.

Management Standards for Environment-related Substances

For more details, please refer to our website.

Response to Conflict Minerals

In light of the risk that conflict minerals may finance human rights violations or armed conflict, the Dexerials Group recognizes the importance of this issue and has formulated and disclosed its Conflict Minerals Policy. Under this policy, we use the research tools of the Responsible Minerals Initiative (RMI), promoted by the Responsible Business Alliance (RBA) to trace the origins of raw materials and promote responsible mineral procurement.

Conflict Minerals Policy

For more details, please refer to our website.

Supply Chain Business Continuity Plan (BCP)

The supply chain environment is becoming increasingly challenging due to geopolitical risks and intensifying natural disasters, making it necessary to respond to risks in procurement and logistics. The Dexerials Group is taking measures, including diversifying suppliers and increasing raw material inventories even during normal times, to ensure stable business continuity. We are also promoting DX of risk monitoring based on prediction and identification of risks at suppliers both in Japan and overseas, and raising awareness of the Supply Chain BCP Guidelines.



BCP Initiatives

Recognizing the importance of supplying single-source products globally, the Dexerials Group is expanding the scope of its Business Continuity Plan (BCP) to an all-hazards BCM*1, anticipating diverse risks such as natural disasters, geopolitical risks, pandemics, and cyberattacks. We will revise the Occupational Health and Safety Policy in fiscal 2025, aiming to establish a BCM that integrates disaster prevention measures with the BCP, with the goal of creating a system capable of responding to various risks by fiscal 2028.

*1 BCM: Business Continuity Management

P. 89 Occupational Health and Safety

ESG Key Issues

Strengthening BCP

Responding to Risks

Issues and Initiatives: Prepare for the risk of dealing with significant environmental changes

FY2024 Results

Determination of an action policy for an all-hazards BCP and identification of issues

BCP drills for Group companies (DXPS*2)

KPIs / Targets through FY2028

Development and operation of a business continuity plan that adopts an all-hazards approach to counter diverse risks

*2 DXPS: Dexerials Photonics Solutions Corporation

FY2024 Initiatives

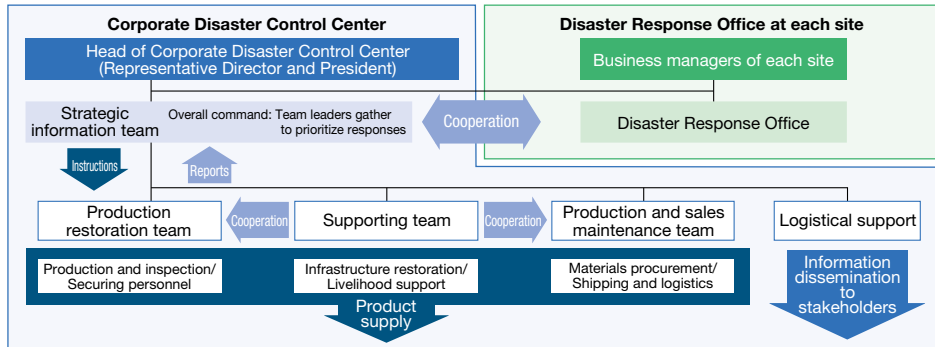
The Dexerials Group periodically conducts drills to strengthen its BCP, designing different incident scenarios each time to verify effectiveness. Having established a remote working environment, we are also enhancing collaboration across sites.

In fiscal 2024, we began developing BCM in conjunction with the strengthening of our production base under Mid-Term Plan, through a concerted effort by management and frontline teams. By clarifying the recovery time objective (RTO) for each business model, we are enhancing our ability to respond in the event of an incident. Moreover, to prepare for natural disasters and geopolitical risks, we have implemented information sharing tools at our sites in Japan and overseas, and are reinforcing the communications infrastructure through redundancy, including satellite communications equipment and emergency communications networks.

Furthermore, Dexerials Photonics Solutions Corporation, a new Group company, also conducted a BCP drill, identified issues with initial response and information-sharing systems, and rolled out improvement measures across the Group to enhance business continuity.

The Dexerials Group will continue to develop and operate an all-hazards BCP that can respond to various risks, improve the effectiveness of the BCP, protect management resources, and ensure a stable supply of products.

Recovery and Business Continuity Response in the Event of Disaster (Organizational Structure)





Environmental Initiatives

The Dexerials Group (the “Group”) engages in business and environmental conservation activities that create new value, with a focus on environmental consideration and resource recycling to ensure the sustainability of all global ecosystems, societies, and the Group itself. Under our purpose and sustainability policy—Empower Evolution. Connect People and Technology.—we will work to tackle medium- to long-term priority issues.

Dexerials Group Environmental Policy (excerpt)

Basic Approach

The Dexerials Group aims to balance its business activities with environmental conservation by practicing environmental consideration and recycling resources. It will do this by continuously improving its environmental management system. This will enable the Group to achieve global environmental conservation, coexistence with society, and sustainable growth.

- Climate Change: To achieve carbon neutrality, which is an international imperative, we contribute to the achievement of global targets by improving production efficiency and strengthening energy-saving measures, including the transition to smart factories. We also actively promote the adoption of renewable energy, such as solar power, and the shift to low-carbon fuels such as natural gas.
- Resource Recycling: we contribute to reducing environmental impact and creating a sustainable society by efficiently utilizing limited natural resources and reducing consumption of resources, through initiatives such as waste reduction, the use of renewable resources, and the recycling of plastics.
- We take environmental risk management into account, including throughout the supply chain.
- Chemical Substance Management: We thoroughly implement proper chemical substances management and compliance with laws and regulations to prevent or minimize negative impacts on the environment and human health, while providing appropriate information to stakeholders.
- Water Resources: Recognizing the importance of water resources and will pass on these finite resources to future generations through efficient use, including reducing water consumption and practicing effective wastewater management.
- Pollution Control: We are working to reduce wastewater and air pollutant emissions, and promoting the reduction of environmental impacts through regular inspections and monitoring. We strive to prevent pollution through risk management and education, while promoting health and environmental protection by complying with laws and regulations.
- Biodiversity: We will continue to prioritize environmental and biodiversity conservation through initiatives addressing climate change, resource circulation, pollution control, and protection of the natural environment.

Environmental Policy
For more details, please refer to our website.



Direction of Environmental Strategy and Key ESG Issues

Looking ahead to fiscal 2028, the final year of the Mid-Term Management Plan, we have set three key themes (ESG Key Issues)—climate change, resource recycling, and pollution control—for reducing the environmental impact of our business activities and achieving carbon neutrality by 2050. To address these issues, we have set specific targets, including KPIs, and are systematically addressing them. The background and initiatives for each theme are described below.

Climate Change

Climate change action is essential for realizing a sustainable society and is also a prerequisite for the Dexerials Group’s business continuity. Toward achieving a carbon-neutral society by 2050, in addition to steadily reducing CO₂ emissions (Scope 1 and 2), the Dexerials Group is also working to reduce CO₂ emissions throughout the supply chain, including Scope 3. By converting Kanuma Plant No. 2 and other facilities into smart factories and achieving both energy efficiency and productivity gains through energy saving, we will contribute to the realization of a decarbonized society.

Resource Recycling

As resource depletion and increasing waste due to population growth become more serious, society is shifting from a linear economy (mass production and mass consumption) to a circular economy (resource-recycling-based economy). The Dexerials Group is committed to achieving sustainable use of resources in its business activities and contributing to the development of a recycling-oriented society. In product manufacturing, we aim to maintain a landfill disposal rate (the percentage of waste disposed of in landfills) of 0.5% or less by promoting waste reduction, recycling, and the use of renewable materials. We are also advancing chemical recycling of waste plastics and have taken an equity stake in R Plus Japan, Ltd., which promotes chemical recycling of used plastics.

Pollution Control

As a global company, we recognize our responsibility to contribute to the conservation of the global environment. By ensuring compliance with environmental laws and regulations, we promote the proper handling of waste and the effective use of water resources, striving to maintain and conserve natural capital such as water and air. In particular, we work to prevent environmental incidents (pollution that adversely affects the environment, such as chemical substance leaks and illegal emissions) through regular equipment inspections, water quality tests, and exhaust gas measurement, as well as by strengthening systems through employee education, including training and e-learning. The Dexerials Group aims to maintain zero environmental incidents while promoting the conservation of natural capital.

Environmental Management

The Dexerials Group has established an environmental management system encompassing all of its sites both in Japan and overseas to promote environmental conservation activities. Our manufacturing sites have obtained ISO 14001 certification, and under the direction of the Corporate Risk Management Head, we are advancing company-wide environmental conservation activities that take into consideration the different products and facilities at each production site. ISO 14001 certification status (as of the end of August 2025)

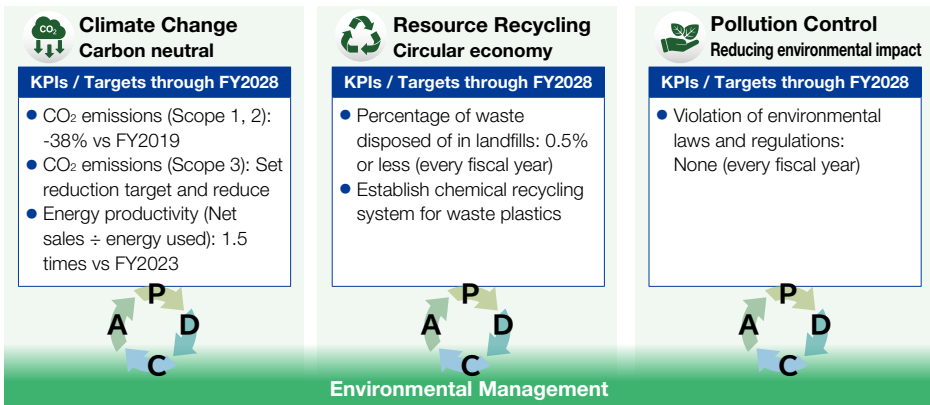
- All manufacturing sites of Dexerials Corporation (Headquarters and Tochigi Technology Center, Kanuma Plants, Tagajo Plant)
- All manufacturing sites of Dexerials Photonics Solutions Corporation (Eniwa Operation, Kamisunagawa Operation, Tome Operation)
- Dexerials (Suzhou) Co., Ltd. (Jiangsu Province, China)

FY2024 Initiatives

- Integration of two sites of Dexerials Photonics Solutions Corporation (formerly Kyoto Semiconductor Co., Ltd.) into Dexerials’ environmental management system (obtaining of certification completed in August 2024)
- Addition of methods for assessing climate change impacts and extracting environmental aspects in environmental impact assessment
- Continuation of environmental improvements (e.g., conversion from heavy oil to liquefied petroleum gas (LPG) boilers, reduction of electricity consumption, etc. through detection and repair of air leaks in facilities)

Addressing Environmental Issues

By continually addressing environmental issues, we aim to advance both environmental consciousness and resource recycling, and to achieve a balance between business activities and environmental conservation. As a global enterprise, we have set the following key issues and KPIs and are tackling them.



Resource Recycling

The Dexerials Group contributes to the creation of a circular economy by promoting sustainable resource use through its business activities.

ESG Key Issues		Resource recycling	Resource recycling
■ Issues and initiatives: Reduce waste and use resources efficiently			
FY2024 Results			KPIs / Targets through FY2028
● Percentage of waste disposed of in landfills: 0.12%*1 ● Chemical recycling initiatives with R Plus Japan, Ltd.		➤	● Percentage of waste disposed of in landfills: 0.5% or less (every fiscal year) ● Establish chemical recycling system for waste plastics

*1 Headquarters and Tochigi Technology Center, Kanuma Plants, Tome Operation

*1 Headquarters and Tochigi Technology Center, Kanuma Plants, Tome Operation

Waste Reduction and Efficient Use of Resources

The Dexerials Group is working to reduce waste generation by improving product yields while implementing efficient 3Rs (reduce, reuse, recycle). Waste generated in the production process, such as used organic solvents, acidic and alkaline waste liquids, and waste plastics, is properly sorted, collected, and put through intermediate treatment and final disposal (landfill) in accordance with the laws and regulations. In fiscal 2024, we continued monitoring waste emissions at our production sites in Japan and overseas, achieving our target landfill disposal rate of 0.5% or less, as in the previous fiscal year.

Waste Recycling

As most of the waste generated by the Dexerials Group is currently difficult to process through material recycling, in fiscal 2024 thermal recycling (heat recovery) accounted for 98.9% and material recycling for 1.1%. However, achieving a circular economy requires a shift to advanced recycling technologies such as material recycling and chemical recycling. Having taken an equity stake in R Plus Japan, Ltd., which promotes chemical recycling of used plastics, we continued to address chemical recycling of used plastics in fiscal 2024. Going forward, we aim to recycle the used plastics we generate as resources through chemical recycling, and we will continue working toward this goal.



Recycling of Industrial Waste at Dexerials*2 *2 Headquarters and Tochigi Technology Center, and Kanuma Plants

Recycling method	FY2021	FY2022	FY2023	FY2024
Material recycling (%)	0.3	0.4	0.7	1.1
Thermal recycling (%)	99.7	99.6	99.3	98.9



Climate Change

Addressing climate change is essential to realizing a sustainable society and is also a prerequisite for the business continuity of the Dexerials Group. With the goal of achieving carbon neutrality by 2050, the Group is working to reduce CO₂ emissions throughout the supply chain, while appropriately identifying risks and opportunities to enhance long-term corporate value.

ESG Key Issues	Reduction in CO ₂ emissions	Climate Change
■ Issues and Initiatives: Reduce supply chain emissions		
FY2024 Results		KPIs / Targets through FY2028
● CO ₂ emissions (Scope 1 and 2): -37% vs. FY2019 ● CO ₂ emissions (Scope 3): DXPS* ¹ established calculation		● CO ₂ emissions (Scope 1 and 2): -38% vs. FY2019 ● CO ₂ emissions (Scope 3): Set reduction target and reduce
■ Issues and initiatives: Improve energy efficiency and productivity through energy-saving and the adoption of smart factories		
FY2024 Results		KPIs / Targets through FY2028
● Identified and analyzed the current situation ● Formulated an action plan		Energy productivity (Net sales ÷ energy used): 1.5x vs. FY2023

*1 DXPS: Dexerials Photonics Solutions Corporation

Information Disclosure Based on TCFD Disclosure Framework

The Dexerials Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in September 2021, and we are working to identify the management risks and opportunities posed by climate change in a timely and appropriate manner, while also working to implement highly effective activities to help realize a sustainable society. We will promote initiatives to provide new value through our unique products and technologies and leave a rich environment to future generations, while pursuing collaboration with our stakeholders. In line with this basic approach, we will achieve long-term enhancement of corporate value through highly transparent information disclosure and initiatives to address climate change.

Strategy

To contribute to the realization of a carbon-neutral society by 2050, the Dexerials Group will steadily reduce CO₂ emissions (Scope 1 and 2) and will also actively work to reduce CO₂ emissions throughout the supply chain, including Scope 3. We will also work to improve both energy efficiency and productivity by converting our manufacturing sites, including the newly expanded Kanuma Plant No. 2, into smart factories and by reducing energy consumption throughout our sites, thereby contributing to the decarbonization of society.

To achieve these goals, we aim to reduce CO₂ emissions (Scope 1 and 2) by 38% compared with fiscal 2019 by fiscal 2028, and to set a reduction target for Scope 3 emissions and

implement reduction measures.

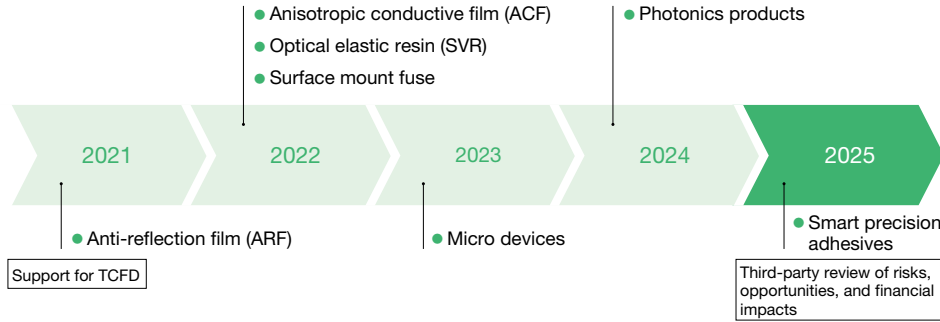
Moreover, to identify risks and opportunities associated with climate change from a long-term perspective up to 2050, the Dexerials Group is performing analyses taking into account two scenarios: a less than 2°C scenario and a 4°C scenario. Accordingly, we are sequentially expanding the scope of business units subject to scenario analysis, assessing impacts on business, and discussing countermeasures.

1) Scope of Products Subject to Scenario Analysis

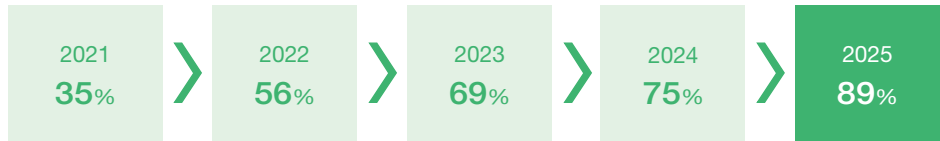
Since fiscal 2021, the Dexerials Group has conducted scenario analyses prioritizing mainstay products with a significant impact on CO₂ emissions. In fiscal 2025, we newly included smart precision adhesives in the scope of analysis, thereby completing the scenario analysis for seven business categories*² corresponding to the Group's main products.

*2 Seven business categories: Anti-reflection film (ARF), Anisotropic conductive film (ACF), Optical elastic resin (SVR), Surface mount fuse, micro devices, photonics products, smart precision adhesives. These business categories account for approximately 87% of net sales.

Status of Initiatives (FY)



CO₂ Emissions (Scope 1 + 2) Coverage Rate (Consolidated) (FY)



2) Setting of Scenarios

Having considered the impact on the Dexerials Group based on future scenarios presented by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), we estimated financial impacts and considered initiatives to address transition risks and opportunities.

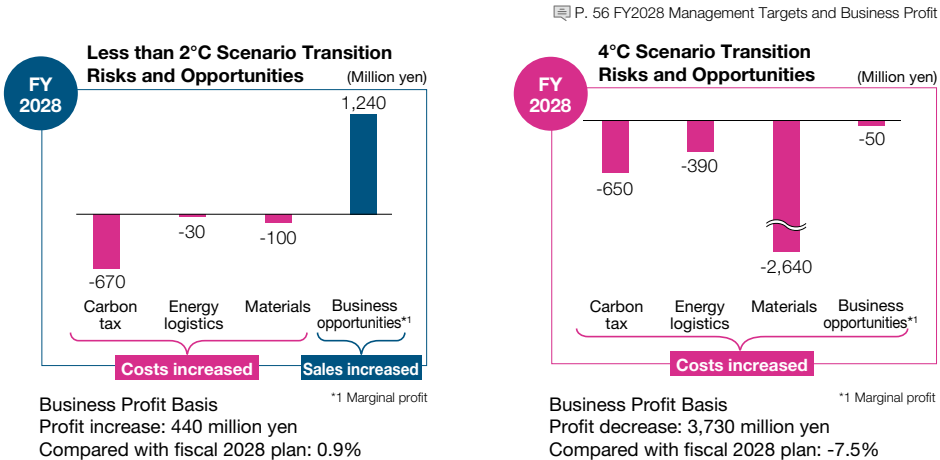
Scenarios	Overview	Reference Scenario
Less than 2°C scenario	As a result of our carbon-neutral efforts, the average temperature rises by less than 2°C by the end of this century compared with pre-Industrial Revolution levels. Movements toward the realization of a decarbonized society and a recycling-oriented society are accelerating.	● IEA World Energy Outlook Announced Pledges Scenario ● IEA World Energy Outlook Net Zero Emissions by 2050 ● IPCC AR6 WG1 SSP1-1.9 ● IPCC AR6 WG1 SSP1-2.6, etc.
4°C scenario	With only limited progress in carbon-neutral efforts, the average temperature rises 2°C or more by the end of this century compared with pre-Industrial Revolution levels.	● IEA World Energy Outlook Stated Policies Scenario ● IPCC AR6 WG1 SSP5-8.5, etc.

3) Results of Financial Impact Estimation

Taking into account the link with our growth strategies for fiscal 2025, we analyzed the financial impact based on the TCFD recommendations over the following three time frames.

- Short term: Fiscal 2028 (final year of the current Mid-Term Management Plan)
- Medium term: Fiscal 2030 (climate change mid-term target year)
- Long term: Fiscal 2033 (final year of next Mid-Term Management Plan [assumed])

Focusing on the short-term financial impact in fiscal year 2028, the main impacts and their contributing factors are summarized in the diagram below.



4) Results of Financial Impact Estimation Based on the Less than 2°C Scenario

A 0.9% increase in profit compared with the Mid-Term Management Plan is expected. Although a 0.7% decrease in profit was expected according to the estimation in fiscal 2023, we have revised the financial impact to reflect the latest forecasts of international organizations and progress in business activities. The main factors contributing to the increase in profit are as follows:

- Review of material costs: The supply of materials such as rare metals is expected to increase, mitigating the risk of rising unit prices*²
- Expansion of business opportunities: Expanding the scope of environmentally friendly materials, an increase in profit due to enhanced product value is reflected in the estimation.

On the other hand, the main factor contributing to transition risk in this estimation is the increase in business operating costs due to the introduction of a carbon tax (an issue common to all seven business categories).

We also analyzed international climate change scenarios and industry trends (risks and opportunities as perceived by customers) and organized transition opportunities based on third-party advice. As a result of this review, we identified the following opportunities:

- Growing demand for EVs and products that contribute to expansion of EV production*³
- Increase in added value of products and sales increase through environmental considerations

In addition, the Dexerials Group's photonics technology is expected to contribute to reducing power consumption in data centers. We are currently investigating the consistency with future scenarios presented by international organizations. Once this is confirmed, we will consider reflecting the sales opportunity for this technology as a "transition opportunity" in the financial impact estimation.

We will continue conducting cross-functional discussions with the Group's production and business divisions to develop measures that address these transition risks and opportunities, and we plan to link these discussions to future initiatives. P. 80 Climate-related Risks/Opportunities and Main Initiatives

5) Results of Financial Impact Estimation Based on the 4°C Scenario

Business profit under the Mid-Term Management Plan is expected to decrease by 7.5% compared with the planned figure. Although a 7.9% decrease in profit was expected according to the estimation in fiscal 2023, we have revised the financial impact to reflect the latest forecasts of international organizations and business activities. The main changes are as follows:

- Review of carbon tax rate: The carbon tax rate is expected to rise further.
- Review of material costs: The supply of materials, including rare metals, is expected to increase, mitigating the risk of rising unit prices.

Regarding business opportunities, while we anticipate a decline in sales opportunities for EV-related products due to the slower-than-expected adoption of EVs, we believe the impact on areas involving Dexerials products—such as the ongoing growth of the size of automotive displays and the advancement of autonomous driving technologies—will be limited.

Regarding physical risks, we focused on the risk of flooding resulting from increasingly severe weather events. Based on hazard maps, the expected damage from flooding was estimated to be approximately 520 million yen. Including the impact of physical risks, business profit under the Mid-Term Management Plan is expected to decrease by 8.5% compared with the planned figure.

*2 Based on future projections by the International Energy Agency and other sources, examined by our company

*3 Anti-reflection film (ARF), Surface mount fuse, Photonics-related products



【6】Climate-related Risks/Opportunities and Main Initiatives

The risks and opportunities identified have been organized from the perspective of changes in society, such as climate change, regulatory changes, and technological innovation, and countermeasures for each are being considered as follows. The importance of each issue is assessed based on two axes: “degree of impact” and “likelihood of occurrence.” Those recognized as particularly significant are reflected in the Mid-Term Management Plan and are subject to further review.

*1 Periods: Short term: FY2028 (final year of the new Mid-Term Management Plan), Medium term: FY2030 (climate change mid-term target year), Long term: FY2033 (final year of the next Mid-Term Management Plan (assumed))
*2 Financial impacts: Small: Under 1.0 billion yen, Medium: More than 1.0 billion yen, Large: More than 4.0 billion yen
*3 FEMS: Factory Energy Management System

Classification		Climate Change Risks/Opportunities	Impact on Business	Period of Impact* ¹	Financial Impact* ²	Response Policies and Countermeasures
Transition risks (less than 2°C)	Policies & legal restrictions	Rise in carbon tax due to introduction of carbon pricing	● Increased production costs	Short to long term	Small	● Energy conservation in manufacturing (improving yield and productivity) ● Improving energy productivity ● Introduction of FEMS* ³
		Tightening of regulations on reduction of greenhouse gas (GHG) emissions	● Increased costs for energy conservation and shift to renewable energy ● Increased unit prices due to rising demand for raw materials related to decarbonization	Short to long term	Medium	● Use of renewable energy and shift to low-carbon fuels ● Improving logistics efficiency through digital transformation ● Collaboration with material suppliers to reduce GHG emissions
	Technologies	Technological progress toward a decarbonized, circular society	● Loss of opportunities due to delayed actions for low-carbon/decarbonization technologies and resource recycling	Short to long term	Small–Medium	● Collecting and responding to information on low-carbon/decarbonization-related technologies ● Collecting information on biomaterials and recycled materials through communication with the upper streams of the supply chain ● Introduction in packaging materials and products
	Reputation	Changes in consumer thinking and customer policies	● Potential loss of customers and stakeholders, directly impacting sales and market share, due to inadequate climate change measures			● Visualization of GHG emissions (Scope 1, 2, 3, and product carbon footprint), transition plan disclosure
Transition opportunities (less than 2°C)	Policies & legal restrictions	Tightening of regulations on reduction of GHG emissions	● Improving environmental added value through activities to reduce power consumption in manufacturing processes ● Increasing demand for products and services that reduce environmental impacts	Short to long term	Small	● In consideration of CO ₂ emissions impacts and financial effects, set priorities and continue energy conservation activities in a planned manner
	Technologies	Technological progress toward a decarbonized, circular society	● Developing and commercializing technologies that contribute to decarbonization ● Enhancing added value by switching to environmentally friendly packaging materials	Short to long term	Small–Large	● Expanding sales of EVs and products that support their increased production ● Expanding sales of photonics products to meet power-saving needs in data centers
Physical changes (4°C)	Acute	Increasing severity of climate disasters	● Supply chain disruptions, suspension of operations due to interruption of raw material supplies, etc.	Short to long term	Small	● Participating in the Japan Technological Research Association of Artificial Photosynthetic Chemical Process (ARPCChem) contributing to the realization of carbon neutrality ● Promoting environmentally friendly packaging materials
	Chronic	Rise in average temperatures due to global warming	● Increase in costs associated with responses to rising temperatures	Short to long term	Small	● Strengthening business continuity planning (BCP) P. 75 BCP Initiatives ● Considering air-conditioning cost reductions

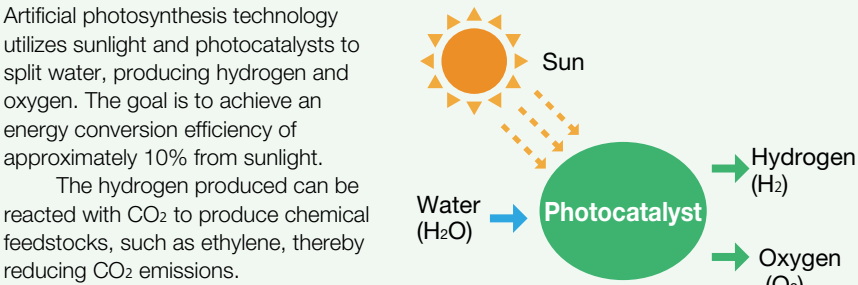
» Participating in the Japan Technological Research Association of Artificial Photosynthetic Chemical Process (ARPCChem) contributing to the realization of carbon neutrality

The use of hydrogen is regarded as key to achieving carbon neutrality by 2050. In fiscal 2025, the Ministry of the Environment launched a new Study Group on Artificial Photosynthesis with the aim of Accelerating Early Social Implementation, and nationwide efforts are underway. Dexerials has been participating in the second phase (2022–2031) of the Japan Technological Research Association of Artificial Photosynthetic Chemical Process (ARPCChem), which aims to realize artificial photosynthesis technology capable of producing CO₂-free low-cost green hydrogen. This initiative was launched as part of the Green Innovation (GI) Fund project launched by the Ministry of Economy, Trade and Industry and the New Energy and Industrial Technology Development Organization (NEDO). Japan is a world leader in this technology field, having conducted the world’s first demonstration test of artificial photosynthesis. Companies and research institutes are developing technologies with an eye toward societal implementation in the areas of catalyst development, hydrogen separation membrane development, and safety verification.



In fiscal 2024, Dexerials achieved significant progress in establishing mass-production technology for photocatalysts, particularly in the industrial sulfide and nitride manufacturing processes under our responsibility. We will continue developing technologies to improve both the conversion efficiency from solar energy to hydrogen energy and the stability of production, while advancing artificial photosynthesis technology and promoting its societal implementation.

Overview of Artificial Photosynthesis Technology



Metrics and Targets (Transition Plan)

The Dexerials Group is working to achieve the CO₂ emissions reduction targets it established in fiscal 2024 in line with international climate change standards. According to the IPCC’s Sixth Assessment Report (AR6), to limit global warming to 1.5°C, greenhouse gas (GHG) emissions must be reduced by approximately 43% by 2030 compared with 2019 levels globally. This scientific finding is consistent with the Paris Agreement and the international orientation outlined at COP28.

In light of scientific knowledge, the Dexerials Group is committed to international frameworks and has set the following medium- to long-term CO₂ emissions reduction targets.

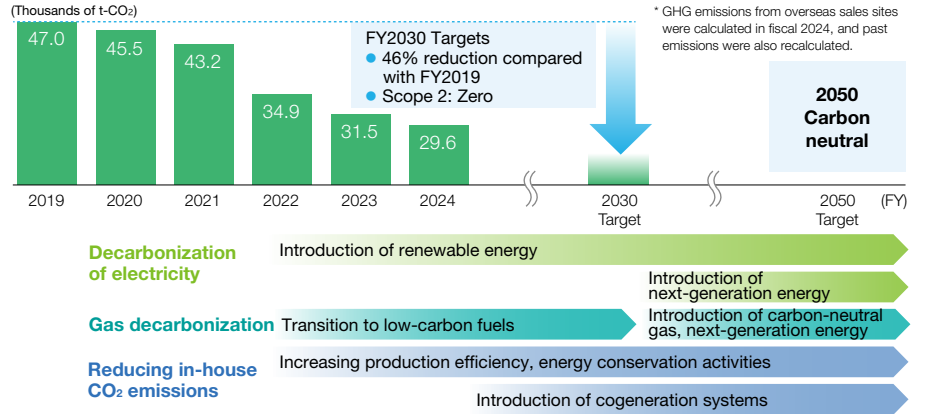
Medium- to Long-Term CO₂ Reduction Targets

- Scope 1 and 2: 46% reduction by end-fiscal 2030 compared with fiscal 2019 levels
- Scope 2: Achieve zero emissions by end-fiscal 2030

Currently, in line with the expansion of the Kanuma Plant No. 2, we are working to automate and streamline production processes through the establishment of a smart factory, and construction work has already begun. Additionally, we are considering transition to low-carbon fuels and also preparing to introduce cogeneration systems, taking business continuity planning (BCP) into consideration.

Furthermore, in light of the goal of “carbon neutrality by 2050” set forth in international frameworks such as the Paris Agreement, we are working to steadily implement a transition plan that is consistent with this goal and to strengthen the promotion system to achieve our targets.

Transition Plan for Carbon Neutrality by 2050 GHG emissions (Scope 1 and 2)*



Initiatives for CO₂ Emissions (Scope 1, 2, 3)

The Dexcelerials Group regards the reduction of greenhouse gas emissions from its business activities to be one of its most important management priorities. In addition to reducing its own Scope 1 and 2 emissions, the Group is working to identify and reduce Scope 3 emissions throughout the supply chain, thereby contributing to climate change mitigation. These initiatives, which are a key pillar of our transition plan to achieve carbon neutrality by 2050, are being implemented in accordance with international standards and guidelines.

Reduction of CO₂ emissions (Scope 1, 2)

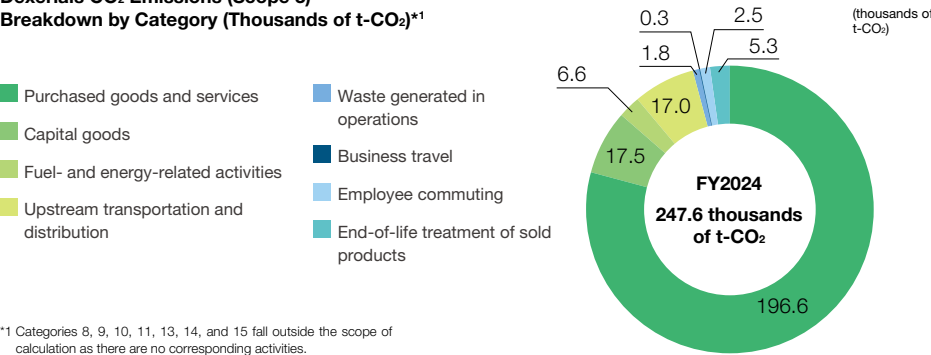
- Results for FY2024
- CO₂ emissions were 29,600 t-CO₂, a reduction of approximately 6% compared with the previous fiscal year (a reduction of approximately 37% compared with fiscal 2019).
 - All overseas sites have been added to the scope of Scope 1 and Scope 2 calculations, enabling a more comprehensive assessment of emissions.

- Major reduction measures for FY2024
- Lower energy consumption through optimal operation of production facilities
 - Purchase renewable energy certificates
 - Consider transition to low-carbon fuels and introduce cogeneration systems

Greater visualization of CO₂ emissions (Scope 3)

In fiscal 2024, in addition to Dexcelerials Corporation and the Tome Operation of Dexcelerials Photonics Solutions Corporation, which were already within the scope, all sites of Dexcelerials Photonics Solutions Corporation, as well as overseas subsidiaries Dexcelerials (Suzhou) Co., Ltd. and Dexcelerials Singapore Pte. Ltd., were included within the scope of calculation to further enhance identification of Scope 3 emissions.

Dexcelerials CO₂ Emissions (Scope 3)
Breakdown by Category (Thousands of t-CO₂)*1

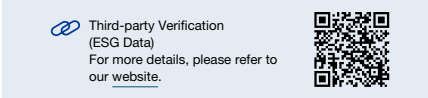


*1 Categories 8, 9, 10, 11, 13, 14, and 15 fall outside the scope of calculation as there are no corresponding activities.

Third-party Verification

Following fiscal 2023, the fiscal 2024 figures for all Scope 1, 2, and 3 emissions have been verified by a third-party organization*2 in accordance with international standards and guidelines, and the reliability and accuracy of the figures we report have been confirmed.

*2 Third-party verification by Socotec Certification Japan Co., Ltd.



Going forward, the Group will steadily promote reduction activities in each scope, while also continuing and expanding Scope 3 calculations and working to reduce emissions throughout the entire supply chain. Through these activities, we aim to achieve both business growth and a reduced environmental impact, thereby contributing to the realization of a sustainable society.

Governance

We have established a Sustainability Working Group, with the representative director and president holding ultimate authority, and relevant departments participating under the direction of the executive officer in charge of the Corporate Strategy Division and the executive officer in charge of Corporate Risk Management Head. The Group promotes activities geared toward the achievement of a sustainable society, including measures to address climate change. The Sustainability Working Group continuously monitors the CO₂ emissions reduction targets set in the ESG Key Issues and progress toward achieving them, and reports to the Board of Directors and the Board of Executive Officers. This strengthens oversight and ensures that climate change responses are integrated into the formulation and execution of management and business strategies. Further, by undertaking initiatives from an inter-divisional perspective, we aim to enhance our activities and promote in-company awareness.

P. 63 Sustainability Promotion System

In addition to these efforts, in fiscal 2024 we incorporated the achievement of CO₂ emissions reduction targets into the performance-linked stock compensation evaluation criteria for directors, thereby accelerating top-down initiatives to address climate change.

P. 69 Performance-Linked Compensation

Risk Management

In accordance with internal rules and regulations on risk management, the Group has established a Risk Management Committee. Based on the supervision of the representative director, who is also the Chief Risk Management Officer, the executive officer in charge of Corporate Risk Management Head serves as the committee chair, and the organization responsible for climate change undertakes activities and reports as necessary. We position climate change as one of the fundamental management risks and the identified key issues are reported to the Board of Executive Officers, and the Board of Directors considers countermeasures as necessary.

P. 70 Risk Management Structure and Process

Pollution Control

The Dexcelerials Group strives to maintain and conserve natural capital, such as water and air, through compliance with environmental laws and regulations and proactive steps to prevent violations.

ESG Key Issues	Reduction of environmental incidents*1	Pollution Control
Issues and initiatives: Practice strict compliance with environmental protection laws and regulations (including water and air pollution control)		
FY2024 Results	KPIs / Targets through FY2028	
Violation of environmental regulations: None	Violation of environmental regulations: None (every fiscal year)	

*1 Pollution that has a negative impact on the environment, such as leaks or illegal discharge of chemical substances

FY2024 Initiatives

The Dexcelerials Group's manufacturing sites strictly comply with legal standards to prevent water and air pollution. In fiscal 2024, we implemented proper management of wastewater and exhaust gas, strengthened equipment inspections, reviewed regulatory information, and established a compliance verification system, resulting in zero violations of water and air quality laws and regulations.

Water Pollution Control

Our voluntary management standards for wastewater from our sites are stricter than the legal limits stipulated in laws and prefectural ordinances, and we periodically conduct water quality tests. All water quality test results for fiscal 2024 satisfied the standards. Furthermore, we also conduct leak prevention training at workplaces to prepare for potential emergencies.

Air Pollution Control

We periodically carry out statutory inspections and measure emissions of the boilers emitting sulfur oxides (SOx) and nitrogen oxides (NOx) as well as equipment emitting volatile organic compounds (VOCs), and all results satisfied the standards. Additionally, we are promoting gradual transition of boiler fuel from heavy oil to gas to reduce the environmental impact.

Strengthening Environmental Compliance

We invited an external environmental law expert to review the laws and regulations that we are required to comply with from a third-party perspective. Building on this, we plan to further improve the compliance evaluation system, going forward. In addition, the same expert conducted a seminar on the fundamentals of environmental regulations tailored to our business operations. We plan to implement e-learning on this topic for all employees.

P. 84 Basic Seminar on Environmental Regulations

Aiming to maintain zero environmental incidents, while promoting digitalization of monitoring and enrichment of the education system, we will strive to conserve the environment and enhance corporate value.

Water Resource Conservation

The Group is working to use water resources efficiently and manage wastewater, aiming to realize a sustainable society while addressing increasing global water risks.

Basic Approach

Due to global population growth, industrialization, and climate change, the risk of water shortages and water stress is rising, making the conservation of limited water resources increasingly important. Recognizing the importance of water, in response to increasingly serious water risks, the Dexcelerials Group Environmental Policy commits to ensuring that these resources are available for future generations through the reduction of water usage, efficient use of water, and wastewater management. Based on this policy, the Dexcelerials Group will vigorously promote initiatives to conserve water resources while placing emphasis on environmental considerations and resource recycling.

P. 76 Dexcelerials Group Environmental Philosophy (excerpt)

Water Resource Conservation Initiatives

The Dexcelerials Group has been working to identify the amount of water used at each of its sites and encouraging reduced water usage. For wastewater from our manufacturing sites, our voluntary management standards stricter than legal limits are applied, and periodic inspections are conducted.

Furthermore, a water resource risk assessment using Aqueduct*2 has shown that our sites in Japan face low water resource risks. By contrast, some overseas sites are located in areas with high water resource risks*3, such as from water withdrawals and river flooding. This highlights the need to assess water stress at our overseas sites and define specific initiatives to address this issue.

Going forward, we will further advance water resource risk analyses at our manufacturing sites, and conduct detailed analyses of water intake categories and usage at each site. Based on these assessments, we will set appropriate targets and consider specific measures. The results of these analyses, along with established targets and measures, will be managed under the Dexcelerials Group's environmental management system and actively disclosed.

*2 Water resource risk information platform provided by the World Resources Institute

*3 The Taihu Lake Basin (Suzhou), where Dexcelerials (Suzhou) Co., Ltd. conducts business activities, is a water-stressed area.

Dexcelerials Technology Contributing to Water Resource Conservation

The Dexcelerials Group developed technology that reduces the environmental impact of wastewater treatment and transferred it to a specialized water treatment company. By applying this patented technology, we both contribute to environmental impact reduction and generate licensing revenue. We will continue to support the conservation of water resources through the effective utilization of our environmental technologies and patents.

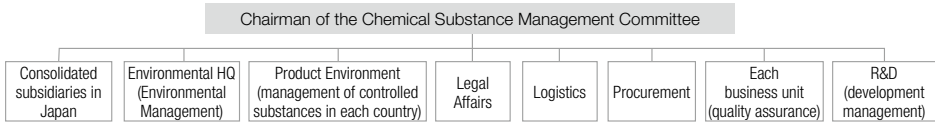


Chemical Substance Management

The Dexerials Group uses various chemical substances in its products and manufacturing processes. We manage these chemical substances to minimize any risks to, or impacts on, human health and the environment.

Chemical Substance Management System

The Dexerials Group believes that thorough compliance in the management of chemical substances is indispensable to the continued provision of safe and secure products to our customers in the future. To put this belief into practice, we have established and operate the Chemical Substance Management Committee, consisting of members from all divisions that are involved from the introduction of raw materials to product shipment. This committee shares information and considers responses regarding updates to Japanese and international chemical regulations, proper management of chemical substances used in the company, and their potential impact on products. In fiscal 2024, the committee met monthly to share the latest regulatory information and coordinate responses.



Responses to Laws and Regulations Relating to Chemical Substances

We investigate, check, and respond to laws and regulations relating to chemical substances to ensure appropriate responses to chemical substance laws and regulations in Japan and other countries. When importing or exporting chemical substances, procedures such as notification and registration may be required. We are responding appropriately to laws and regulations through local sales or manufacturing subsidiaries, consulting companies, etc. Furthermore, we continually obtain information on relevant chemical substance laws and regulations of other countries from multiple regulatory information sources, and in addition to the abovementioned system, we disclose the information on the internal portal site to ensure continued appropriate chemical substance management.

In fiscal 2024, we promptly obtained details of international treaties and proposed regulations regarding chemical substances with a significant impact on the Dexerials Group, and shared the regulatory schedule internally. We also continuously monitor and review domestic and international regulatory trends regarding organic fluorine compounds (PFAS) and take appropriate measures in response.

FY2024 Initiatives

Because chemical substances pose risks to health and the environment, we conduct risk assessments for all chemicals introduced and compile the results in a database. Assessment of the chemical substances introduced in fiscal 2024 was 100% completed. We also provide employees with e-learning and in-house training on legal requirements such as those required by the Poisonous and Deleterious Substances Control Act and on handling of chemical substances, to ensure safety.

» Basic Seminar on Environmental Regulations

In fiscal 2024, certain issues were identified with regard to our responses to environmental regulations, which required improvement. Having recognized the importance of environmental regulations afresh, we are reviewing and strengthening our compliance processes.

There are numerous environmental regulations that we must comply with, and it is necessary to correctly understand and adhere to them. Therefore, we launched a basic seminar on environmental regulations, with an external expert serving as the lecturer, to help employees acquire and refresh the necessary knowledge.

The seminar for employees engaged in work related to environmental regulations had more than 100 participants, including managers and members of the Environmental Secretariat. The participants systematically learned about the importance of environmental compliance and risks, as well as the objectives and key points of each regulation. The seminar proved to be extremely valuable. Many participants expressed a desire for regular opportunities to review regulations, as well as for deeper learning, such as sessions focusing on specific regulations and the presentation of concrete examples of initiatives that could be applied in practice.



» Forest Restoration

Environmental conservation activities to restore greenery to the mountains of Ashio

Since 2009, Dexerials has been participating in a mountain restoration initiative through tree planting to restore greenery at the former Ashio Copper Mine site. Aimed at rehabilitating the natural environment devastated by mining pollution during the Meiji era and contributing to the local community, these efforts continue as part of our commitment to a sustainable society.

In May 2025, executives, employees, and their families participated in the event, each equipped with saplings, water, and a hand hoe, carefully planting trees on the barren mountainside. The day also included a picture-story show illustrating the history of the Ashio Copper Mine and a visit to the Ashio Environmental Learning Center after the planting. The event gave those taking part an opportunity to learn from past lessons and understand the significance of environmental restoration.

These initiatives not only contribute to the restoration of the local environment but also raise employees' environmental awareness and foster cross-departmental interaction. Participants noted that the event encouraged them to reflect on their environmental responsibilities and provided a valuable opportunity to share Dexerials' initiatives with their families. We will continue advancing our initiatives toward coexistence with nature through schemes that facilitate employees' involvement on their own initiative and through collaboration with the local community.



Respect for Human Rights

Respect for human rights and ensuring psychological safety are the foundation for the workforce to take on challenges autonomously and creatively, and are fundamental to the sustainability that the Dexerials Group strives to achieve. We are fostering a corporate culture that values and embraces diverse individual backgrounds and perspectives, while continuing to build relationships of trust with a wide range of stakeholders.

ESG Key Issues	Compliance with international human rights principles	Diversity and Respect for Human Rights
■ Issues and Initiatives: Promote human rights awareness and due diligence based on our human rights policy		
FY2024 Results		KPIs / Targets through FY2028
Drafted Human Rights Policy		Promote human rights awareness and due diligence based on our Human Rights Policy

Human Rights Policy

As a global enterprise, the Dexerials Group recognizes respect for human rights as a vital responsibility. We have updated our Human Rights Policy to comply with international guidelines, including the United Nations Guiding Principles on Business and Human Rights (UNGPs), while also taking into account societal and customer expectations, the nature of our business, and our entire supply chain. Going forward, in accordance with this policy, we will progressively identify, assess, and address human rights risks, enhancing the effectiveness of our efforts to respect human rights across all corporate activities.

Initiatives to Respect Human Rights in the Supply Chain

The Dexerials Group considers respect for human rights to be an important issue not only within the Group but throughout its supply chain. As a basic framework, we have established the Dexerials CSR Procurement Guidelines and are working to promote responsible procurement and a sustainable society through collaboration with our suppliers.

☎ P. 74 Supply Chain Management (CSR Procurement)



Human Rights Education

FY2024 Initiatives

Human Rights Awareness Education

To prevent human rights violations and minimize their impact, the Dexerials Group provides human rights awareness education for the entire workforce under the theme of "business and human rights." This program explains the basic concept of human rights due diligence and human rights issues that should be considered in corporate activities, encouraging employees to incorporate respect for human rights into their daily work. Through ongoing education and awareness initiatives, we aim to cultivate a corporate culture in which the workforce takes ownership of respecting human rights.

Harassment Prevention Initiatives

To create a workplace environment where everyone can work with peace of mind, we actively promote harassment prevention measures. In fiscal 2024, harassment prevention training was expanded to include not only managers but also general employees in leadership positions. The training included sharing real-life cases and deepened participants' understanding of the impact of harassment on individuals and organizations, as well as the difference between harassment and appropriate guidance. Going forward, the Dexerials Group will continue to foster dialogue and mutual understanding in the workplace, and will provide ongoing training and environmental improvements to ensure a workplace with a high level of psychological safety.

Human Rights Due Diligence

The Dexerials Group launched its human rights due diligence initiatives in fiscal 2024, beginning with an update to its Human Rights Policy. In fiscal 2025, we are advancing to the next steps of analyzing the current situation and assessing risks in line with the updated policy. We also held briefings for managers and other persons in charge to deepen understanding of the UN Guiding Principles on Business and Human Rights (UNGPs) and the importance of companies' efforts to address human rights issues.

Human Rights Due Diligence Process (FY2025)

▼ First half of FY2025	▼ Second half of FY2025	
1. Current situation analysis Analyze the company's current human rights situation and provide input to managers and persons in charge. Foster awareness throughout the company and share the direction of initiatives.	2. Risk assessment (desktop) Conduct a desktop-based human rights risk assessment to identify potential human rights risks at each site and business activity. Clarify priority areas for further review.	3. Risk assessment (on-site) Grasp and evaluate the actual state of risks through on-site interviews, and gain a more precise understanding of both actual and potential human rights risks. Link to the creation of remedial measures, education programs, and redress mechanisms.

Human Rights Consultation and Response

To address human rights issues such as harassment, discrimination, and inappropriate working conditions, the Dexerials Group has established an internal consultation desk (EEO Office) that ensures anonymity and privacy. In addition to this internal consultation office, we have also implemented a whistleblowing system for reporting human rights concerns. This system includes not only internal contact points but also an external contact point managed by an outside attorney, and supports anonymous reporting and multiple languages. Through these channels, all consultations and reports are appropriately investigated and addressed, with corrective and preventive measures taken as necessary to enable the early detection and resolution of human rights risks across the Group.

☎ P. 73 Compliance Hotline



Diversity / Diverse Work Styles

Based on our Human Capital Management Policy, the Dexerials Group respects diversity from a global perspective—gender, nationality, disability, sexual orientation, gender identity, age, religion, cultural background, and lifestyle—and promotes the creation of a workplace where everyone can thrive. We seek to boost the vitality of every employee and expand opportunities for their endeavors, aiming to become the Company of choice for diverse talents. Furthermore, being mindful of employees’ work–life balance, we are committed to fostering a safe, secure, and empowering workplace where employees can perform at their full potential with creativity and productivity.

Integrating Diverse Human Capital to Strengthen Our Business Model

Evolving Diversity through Tradition and Independence

The Dexerials Group originated in 1962 as part of the Sony Group and became independent as Dexerials Corporation in 2012. Since becoming independent, we have continued to uphold open-minded culture that was a hallmark of the Sony Group, while also actively recruiting mid-career talents. In line with changes in our business portfolio, we are accelerating the recruitment of external talents with high expertise for our company growth. By integrating new external insights, we are working to further strengthen and evolve our unique business model.

Cultural Diversity Supporting Global Business

With global sales accounting for 67% of total net sales, it is essential for the Dexerials Group to have talents who have deep insight into local customer markets and needs when engaging in global communication. In addition to hiring at our global subsidiaries, we are actively recruiting global talents from outside Japan, through both new graduate and mid-career recruitment, thereby increasing the proportion of non-Japanese talents.

Scope: Non-consolidated	FY2022	FY2023	FY2024
Percentage of mid-career hires among all employees (%)	46.9	47.5	48.7
Percentage of global talents from outside Japan (%)	1.2	1.5	1.8

Promotion of Female Active Participation and Career Advancement

ESG Key Issues	Promoting active involvement of diverse human resources	Diversity and Respect for Human Rights
■ Issues and initiatives: Improve ratio of female managers		
FY2024 Results		KPIs / Targets through FY2028
Ratio of female managers: 7.9% (non-consolidated)		Ratio of female managers: 10% or higher (non-consolidated)
● FY2024 results: Ratio of female managers: 11.6% (consolidated)		

As part of our diversity initiatives, we are promoting female participation and career advancement. In Japan, we formulated and implemented the General Business Owner Action Plan based on the Act on Promotion of Women’s Active Engagement in Professional Life for a two-year period starting from fiscal 2024. In order to foster a workplace environment where women can fully demonstrate their capabilities, we have set three goals: 1) to raise the proportion of women among new graduate hires to at least 27%; 2) to increase the number of female managers by 1.2 times* by the end of March 2026, and 3) to achieve a 100% utilization rate for childcare leave or paid time off by the end of March 2026.

In fiscal 2024, two women were promoted, and as of the end of March 2025, 20 female employees held management positions (ratio of female managers: 7.9%).

We will continue to strengthen diversity management for management positions and create opportunities for women to demonstrate leadership, thereby expanding opportunities for women to perform to their maximum capability.

* 1.2 times the number of female managers as of March 31, 2024

Employment of People with Disabilities

In 2015, the Group established Dexerials Kibou Corporation, a certified special subsidiary that promotes the employment of people with disabilities. We are proactively fulfilling our social responsibility by promoting the employment of diverse talents to engage in roles that match their aptitudes. We have assigned qualified Employment Counselors for People with Disabilities to each workplace, creating a work environment for them with safety and peace of mind. Currently, 14 employees with disabilities are engaged in activities such as cleaning and garden management at Dexerials business sites. (Percentage of employees with disabilities on a domestic consolidated basis: 2.7%)

Meanwhile, we are creating a workplace environment in business unit and manufacturing divisions in Dexerials Corporation to enable employees with disabilities to perform a wide range of roles. For example, in workplaces where employees with hearing impairments work, their supervisors and colleagues learn sign language and fingerspelling to enhance communication. Consideration is given to the working environment as well, including the installation of indicator lights (rotating and flashing lights that visually convey warnings and alerts) for safety and accident prevention purposes.

Additionally, when new employees with disabilities are assigned to a workplace, training is conducted to enhance mutual understanding and communication at the workplace, including learning key considerations and emergency signals.

Expanding Remote Work

As part of our efforts to strengthen the management foundation, we are promoting varieties in work styles and digital transformation, aiming to ensure business continuity in a rapidly changing environment while fostering more creative and productive work styles. Accordingly, we have established a remote work system permanently.

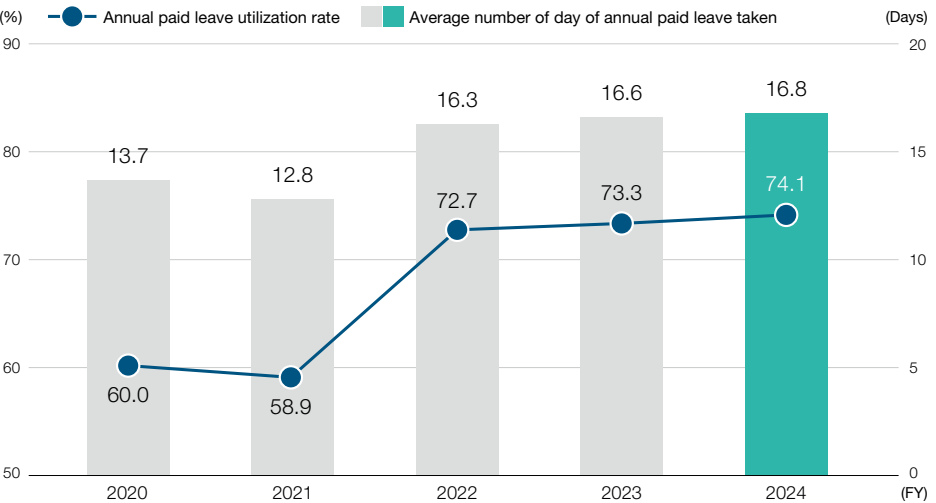
We are working to create an environment where employees can work flexibly with autonomy, thus supporting the maintenance of their physical and mental health and improving their work–life balance.

Encouraging Utilization of Paid Leave

Utilizing the working time management application system, Dexerials properly manages working hours. We have also created an environment where employees can flexibly take leave in accordance with work and life events, including a scheme that encourages planned use of annual paid leave and allows paid leave to be taken in hourly increments.

In addition, we established an accrual system that allows employees to accumulate up to 20 days of expired annual paid leave. This accumulated leave can be used for injury, illness, nursing care, volunteer activities, childcare, infertility treatments, or other life events.

Average Number of Days of Annual Paid Leave Taken and Utilization Rate (5-Year Trend)



Supporting Childcare and Nursing Care

Expansion of Supporting Systems Balancing between Work and Family Care Needs

To enable all employees to pursue work styles that suit their lifestyles, we have established systems and schemes, including support that exceeds legal requirements, promotes remote work, and facilitates an hourly paid leave system. In addition, we are expanding schemes enabling employees to work flexibly, as needed, while respecting their family and personal time.

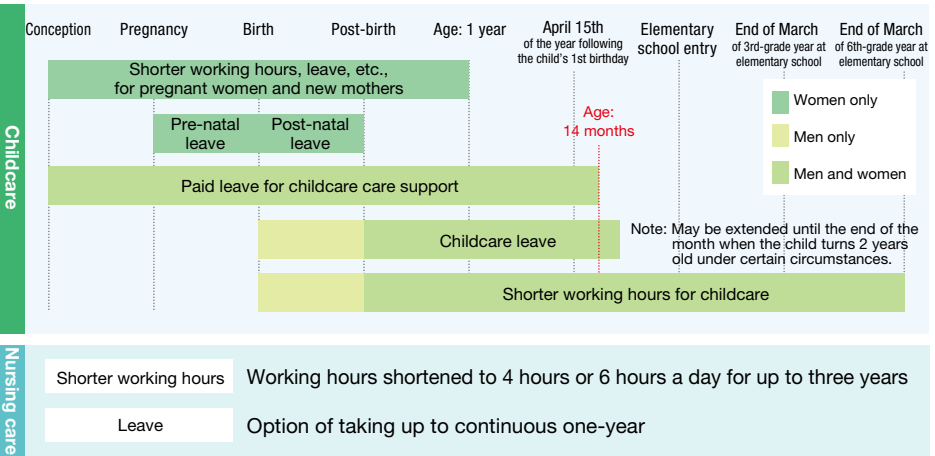
To achieve sustainable growth and enhance corporate value, a work environment where each employee can take on challenges in a positive manner is essential. We have a working system in place that enables all employees to work energetically, with diverse talents creating value in various fields.

Childcare Support

We encourage employees who are expecting a baby or whose spouse is expecting a baby to submit a “notification of expected birth” at least six months prior to expected date of delivery. Regardless of gender, employees who submit the notification are provided with detailed individual briefings on pre-natal and post-natal leave, childcare leave, and other related systems, and are encouraged to make use of these systems.

Additionally, as part of our unique initiatives, employees can also take up to 20 days of childcare support paid leave for childbirth or childcare, encouraging both male and female employees to actively participate in childcare.

Supporting Systems Balancing Work and Childcare / Nursing Care





Health and Productivity Management

Dexerials strives to create a vibrant workplace where employees can take on challenges with positivity and enthusiasm. We promote health and productivity management to ensure the well-being of every employee, corporate growth, and a happier future for society.

Guided by Declaration of Health and Productivity Management, Dexerials promotes initiatives for employees through close collaboration among management, Human Resources Division, Dexerials Health Insurance Association, and the employee representative group.

ESG Key Issues

Health and Productivity Management

Employee Health and Safety

Issues and Initiatives: Create an environment where employees can continue to work safely, maintaining sound mental and physical health

FY2024 Results

Introduction of data-driven health management and a complete smoking ban covering domestic sites

KPIs / Targets through FY2028

Steady improvement based on the FY2030 roadmap

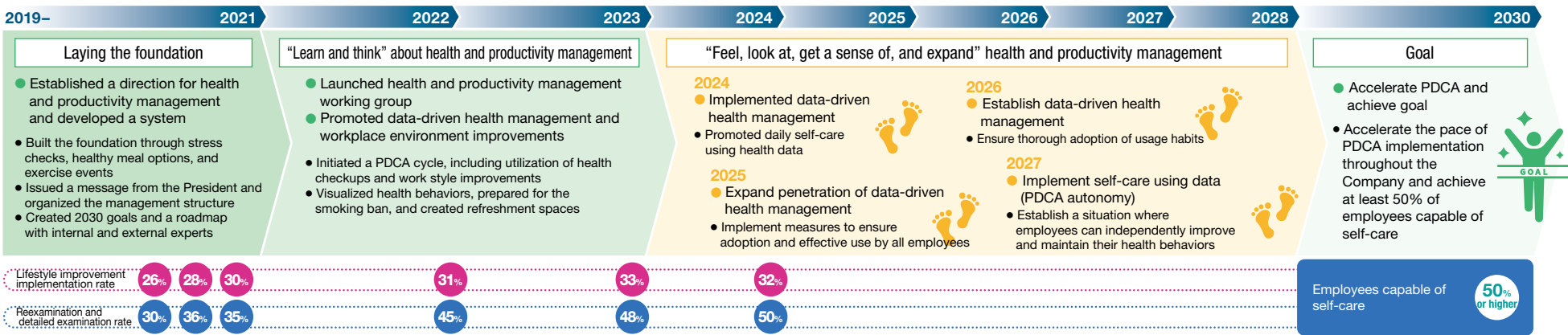
Progress on the Roadmap toward FY2030

To be a company where every employee is able to practice physical and mental self-care and work with vitality: our goal for fiscal 2030 is to increase the percentage of employees who are capable of self-care to at least 50%.

In fiscal 2024, we established a PDCA cycle system that enables employees to take ownership of their health initiatives. By visualizing health-related data, we identify issues and encourage actions for improvement.

Going forward, we will further accelerate the PDCA cycle, enhance the workplace environment to promote self-care, and implement measures tailored to identified issues.

Progress to Date and Roadmap to Fiscal 2030



FY2024 Initiatives

Based on the roadmap, in fiscal 2024 we implemented measures to promote daily self-care using health data and to ensure that all employees make use of the data.

Visualization of individual health began with the in-house health management database “Kenko no Ashiato.” Incentives are set based on points earned by individuals for engaging in health-promoting activities. The system is designed to make health promotion enjoyable while also encouraging regular use of the database.

From fiscal 2024, a complete smoking ban was implemented across all sites in Japan. To create a comfortable workplace for everyone, we established relaxation spaces at each site—catering to both smokers and non-smokers—that also serve as employee communication spaces. In recognition of our ongoing efforts, we were certified as a Health and Productivity Management Organization (Large Enterprise Category) for the fifth consecutive year since fiscal 2021.

Health Support Initiatives

We identify issues from data such as health checkups and medical interviews, and, in cooperation with the Dexerials Health Insurance Association, review them annually from a medium- to long-term perspective to design the necessary support measures. In health management, we aim for 100% attendance at reexaminations and detailed examinations. For lifestyle-related findings, we provide employees with an app and on-demand video content—accessible regardless of working hours—to help them understand their own health conditions and participate in seminars voluntarily. Events combine individual support with team participation to enhance communication. In addition, we promote a comfortable workplace by implementing stress management measures and establishing a consultation system.



Occupational Health and Safety

Creating an environment where employees can continue to work safely, maintaining sound mental and physical health, is the foundation for sustainable growth and enhancing corporate value, and is essential for the Dexerials Group to continue creating new value. Accordingly, we are promoting initiatives to maintain and improve workplaces and manufacturing sites that are safe, hygienic, healthy, and where people can work with peace of mind.

In fiscal 2025, we revised Occupational Health and Safety Policy and are implementing activities aimed at maintaining zero serious industrial accidents and fostering a culture of safety. These initiatives are coordinated company-wide by the Health and Safety Headquarters (HQ) under the representative director and president, while each site takes the initiative in promoting health and safety activities.

ESG Key Issues

Strengthening Occupational Safety

Employee Health and Safety

Issues and Initiatives: Create an environment where employees can continue to work safely, maintaining sound mental and physical health

FY2024 Results

Serious industrial accidents, equipment-induced accidents: None

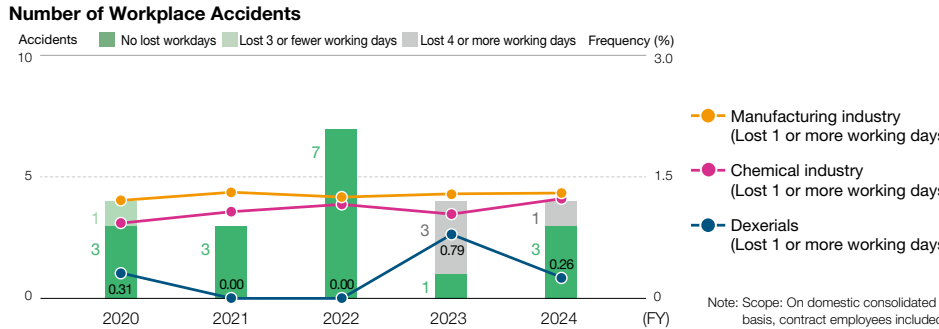
KPIs / Targets through FY2028

Serious industrial accidents, equipment-induced accidents: None (every fiscal year)

Occurrence of Workplace Accidents and Related Initiatives

Based on Occupational Health and Safety Policy, Dexerials is implementing initiatives to prevent serious industrial accidents by setting annual targets.

In fiscal 2024, the Dexerials Group had no work-related fatal accidents or occupational illnesses resulting in lost working days; however, one accident accompanied by lost workdays did occur. The cause was insufficient anticipation of risks in the work environment and procedures. In response, we reviewed equipment specifications, reinforced the use of protective equipment, and conducted retraining on operational procedures at all sites, thereby strengthening the preventative safety management system.



Health and Safety Management Activity Results (FY2024: Japan)

Category	Initiatives based on the Occupational Health and Safety Policy	Targets	Results
(1) Operational / equipment safety	Identify on-site work / equipment risks, implement mitigation measures	Accidents accompanied by lost workdays: 0	Accidents accompanied by lost workdays: 1 (Serious industrial accidents: 0) (Headquarters and Tochigi Technology Center)
(2) Working environment safety	Implement risk countermeasures and flow management for hazardous substances, improve and maintain working environment	Reduction of the rate of individuals with identified health conditions	Encouragement to quit smoking
(3) Health management	Prevent health disorders caused by remote work/excessive working hours, and support the maintenance of mental health, and improvement for individuals with identified health conditions.	Zero traffic accidents (Assault/mutual/self-injury)	Traffic accidents: 9 (Assault/mutual/self-injury)
(4) Traffic safety	Reduce occurrence of traffic accidents through traffic safety education and awareness-raising initiatives	Zero operational impacts	Zero operational impacts
(5) Disaster countermeasures	Put in place Business Continuity Management (BCM) that connects initial response with Business Continuity Plan (BCP) to protect human lives, businesses, and stakeholders		

Fostering Safety Culture and Education

- Raising awareness of accident risks through hands-on VR hazard simulation using actual equipment (for all employees); 1,321 participants
- Strengthening safety management skills through foreman training (e-learning)
- Special training for newly appointed employees (laser, forklift, etc.)
- Results: Achieved zero similar accidents related to chemical substances, after introducing VR training

Initiatives Contributing to External Evaluation

- Response to external audit: Zero findings in customer audits
- DX promotion: Completed digitalization of the health and safety management system
- Company-wide collaboration: Sharing information on workplace near misses among sites in Japan and overseas and Group companies

Workplace Accident Prevention Initiatives

- At all sites, Health and Safety Committee and workplaces collaborate to identify and analyze hazards using a risk assessment system. Evaluations are also conducted when new equipment is installed or new tasks are added, and effective measures—drawing on past cases—are systematically implemented.

We will continue striving to create a workplace environment that supports sustainable value creation by maintaining zero serious industrial accidents and fostering a robust safety culture.



Product Quality

The Dexerials Group regards “providing safe, reliable, and high-quality products and services” as part of its social responsibility. Dexerials’ products have a single source and are difficult to substitute in certain fields and play an important role in supporting our customers’ business continuity and competitiveness. Accordingly, we have positioned the maintenance and improvement of product quality as one of our ESG key issues and are striving to build a business foundation that sustainably meets society’s expectations and earns its trust.

ESG Key Issues	Maintenance and improvement of product quality	Product Quality
■ Issues and Initiatives: Provide Dexerials Group products that are high quality, safe, and reliable		
FY2024 Results		KPIs / Targets through FY2028
Occurrence of serious quality problems*1: None		Occurrence of serious quality problems: None (every fiscal year)

*1 Quality problems that may result in accidents, product recalls, or compensation payments due to quality defects.

- FY2024 Results: No major quality problems due to initiatives, such as partial automation of operations and periodic quality patrols in the manufacturing process.
- FY2025 Plan: Expand application of quality compliance risk assessment and continue to maintain zero serious quality problems.

Quality Assurance System

The foundation of the Dexerials Group’s quality maintenance and improvement is the Quality Management System (QMS), which conforms to international standards. All our manufacturing facilities are ISO 9001 certified, and certain products for the automotive industry are subject to strict quality assurance based on IATF 16949*2 and VDA standards*3. Furthermore, we have established a QMS promotion system led by top management to ensure compliance with high quality standards by continuously implementing the PDCA cycle for improvement through internal quality audits and a process responsibility system.

*2 IATF16949: sector standard for the automotive industry

*3 VDA standards: quality standard of the German Association of the Automotive Industry

 Quality Philosophy and Basic Policy
For more details, please refer to our website.



Product Safety

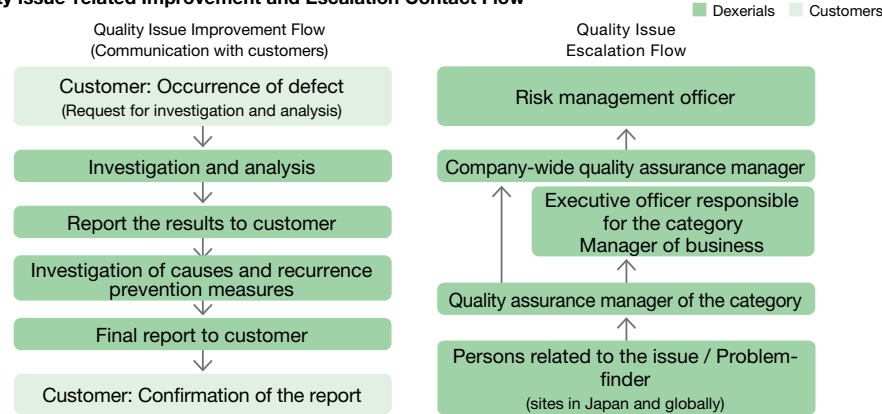
To ensure product safety, the Dexerials Group conducts conformity tests based on various product safety standards and obtains certifications. In particular, we are actively pursuing certification in accordance with UL standards*4 not only to meet customer requirements, but also from the perspective of assuring safety. We also provide Safety Data Sheets (SDS) that are compliant with laws and regulations both within and outside Japan, and have a system in place to accurately and promptly communicate product safety information. This enables us to consistently supply safe and reliable products.

*4 UL standards: Safety standards established by UL LLC, a company that enacts safety standards and conducts tests and certifications

Quality Risk and Compliance

Quality-related issues are promptly reported to management and appropriate action is taken to minimize the impact on stakeholders. Returned or recalled products are analyzed by specialist staff in Japan and overseas to identify root causes and prevent recurrence. We also conduct annual quality compliance training for all employees to raise awareness by sharing examples of quality violations and the mechanisms behind them. Furthermore, we confirm improvements based on the results of quality compliance questionnaire surveys and promote systematic improvement activities based on risk assessment.

Quality Issue-related Improvement and Escalation Contact Flow



Human Resource Development

Developing quality personnel is essential for maintaining high quality standards. In accordance with its basic human resource development policy, the Dexerials Group focuses on cultivating personnel with expertise in quality control. Based on a quality education roadmap, we have established a curriculum that combines understanding of ISO 9001 and IATF 16949 standards, mastery of quality control (QC) methods and statistical techniques, and practical exercises, thereby continuously developing the next generation of specialists.

 P. 34 Human Capital Strategies

Quality Improvement by DX

We are promoting DX in quality control by utilizing advanced technologies such as AI, IoT, and data science.

Based on the wealth of data and knowledge we have accumulated over the years, we are promoting predictive detection and process improvements to achieve innovative quality enhancements. This enables us to deliver quality that exceeds customer expectations while also strengthening our competitiveness.

 P. 58 Accelerating DX to Drive Growth

Financial Data (Consolidated)

	J-GAAP					IFRS		
	(Unit)	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023		Fiscal 2023	Fiscal 2024
Net sales	Million yen	65,830	95,712	106,167	105,198	Net sales	105,198	110,390
(Optical Materials and Components)*1	Million yen	28,572	49,159	55,384	51,453	(Optical Materials and Components)*1	51,453	50,647
(Electronic Materials and Components)*1	Million yen	37,395	47,195	51,495	54,387	(Electronic Materials and Components)*1	54,387	60,434
Business profit	Million yen	-	-	-	-	Business profit	34,086	38,068
Operating profit	Million yen	11,339	26,642	32,288	33,421	Operating profit	31,884	39,735
Operating profit margin	%	17.2	27.8	30.4	31.8	Business profit margin	32.4	34.5
Profit attributable to owners of parent	Million yen	5,329	16,669	20,685	21,382	Profit attributable to owners of parent	22,575	27,737
Capex	Million yen	3,832	5,250	13,926	7,482	Capex	7,482	9,190
Depreciation	Million yen	4,674	4,207	4,615	4,510	Depreciation	5,491	6,700
Amortization of goodwill	Million yen	1,798	1,788	2,283	2,283			
R&D expenses	Million yen	3,611	3,876	4,274	4,716	R&D expenses	4,716	5,330
Exchange rate	JPY/USD	106.1	112.4	135.5	144.6	Exchange rate	144.6	152.6
Cash flows from operating activities	Million yen	13,187	25,804	21,339	27,457	Cash flows from operating activities	28,398	40,433
Cash flows from investing activities	Million yen	(2,471)	(12,434)	(9,447)	(10,866)	Cash flows from investing activities	(11,269)	(22,316)
Free cash flow	Million yen	10,715	13,369	11,892	16,591	Free cash flow	17,129	18,117
Cash flows from financing activities	Million yen	(4,259)	(5,783)	(12,535)	(10,343)	Cash flows from financing activities	(10,734)	(21,286)
Total assets	Million yen	95,201	128,785	126,379	138,016	Total assets	140,373	151,821
Net assets	Million yen	53,305	64,576	73,774	84,953	Total equity	85,122	95,915
Interest-bearing debt	Million yen	15,486	19,433	19,712	21,736	Interest-bearing debt	23,198	21,078
Capital to asset ratio	%	56.0	49.5	57.7	61.6	Ratio of equity attributable to owners of the parent to total assets	60.6	63.2
Net D/E ratio	Times	(0.09)	(0.16)	(0.13)	(0.18)	Net D/E ratio	(0.14)	(0.14)
Net assets per share*2	JPY	291.55	354.41	419.04	495.32	Equity attributable to owners of parent per share (BPS)*2	496.30	570.77
Earnings per share (EPS)*2	JPY	29.20	91.53	116.87	122.90	Basic Earnings per share (EPS)*2	129.76	162.04
Annual dividend per share*2	JPY	14.7	20.0	21.7	33.3	Annual dividend per share*2	33.3	58.0
Dividend payout ratio	%	50.3	21.8	18.5	27.1	Dividend payout ratio	25.7	35.8
Dividend on equity ratio (DOE)	%	5.2	6.2	5.6	7.3	Dividend on equity ratio (DOE)	7.5	10.9
Total payout ratio (before amortization of goodwill)	%	42.2	42.3	56.6	50.8	Total payout ratio	53.3	73.2
Management Indices								
EBITDA	Million yen	17,590	32,478	39,101	40,024	EBITDA	39,386	44,708
Return on invested capital (ROIC)	%	11.4	22.5	24.4	22.3	Return on invested capital (ROIC)	22.9	22.9
Return on equity (ROE)	%	10.4	28.5	30.3	27.1	Return on equity (ROE) attributable to owners of parent	29.5	30.6
(Reference) Before amortization of goodwill	%	13.9	31.5	33.6	30.0			

*1 Net sales of Optical M&C and Electronic M&C include inter-segment transactions. Associated with the reclassification of results for phosphor films from Electronic Materials and Components segment to Optical Materials and Components segment in fiscal 2021, results for fiscal 2020 have also been reclassified accordingly.

*2 Effective October 1, 2024, Dexerials implemented a 3-for-1 common stock split. We have retroactively adjusted data prior to the effective date, on the assumption that the stock split had been completed.

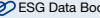
 Securities Report
(Japanese only)
For more details, please refer
to our website.



Non-Financial Data											
Governance				Unit	As of November 2025					Related Pages	
	Composition of the Board of Directors	Members	Persons	8					P. 66 Corporate Governance		
		Number of outside directors (including independent officers)	Persons	5(5)							
		Ratio of outside directors	%	62.5							
		Number of female directors	Persons	1							
	Composition of the Audit & Supervisory Committee	Members	Persons	3							
		Number of outside directors	Persons	2							
	Composition of the Nomination and Remuneration Committee	Members	Persons	5							
		Number of outside directors	Persons	3							
	Composition of the Executive Officers		Persons	11							
				Fiscal 2024							
	Amount of officers' remuneration	Directors (excluding Audit & Supervisory Committee members and outside directors)	Members	Persons	2						
			Total amount	Million yen	767						
		Directors (including Audit & Supervisory Committee members, excluding outside directors)	Members	Persons	1						
			Total amount	Million yen	19						
	Outside Officers		Members	Persons	5						
			Total amount	Million yen	68						
		Number of meetings and attendance rate	Board of Directors	Number of meetings	Times	14					
				Attendance rate	%	100					
	Attendance rate of outside directors at Board of Directors			%	100						
	Audit & Supervisory Committee		Number of meetings	Times	14						
			Attendance rate	%	100						
	Nomination and Remuneration Committee		Number of meetings	Times	7						
			Attendance rate	%	100						
						Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
	Compliance	Compliance Hotline reports	Cases	—	—	7	11	7	Consolidated	P. 73 Compliance	
				Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Applicable Scope	Related Pages
R&D Expenditure/Intellectual Properties	R&D Expenditure* ¹	Million yen	3,611	3,876	4,274	4,706	5,330	Consolidated	P. 30 Intellectual Property Strategy		
	Global patent ownership ratio (Percentage of global patents among all held patents)	%	64.9	65.9	66.2	66.0	65.9	Consolidated* ²			
¹ Figures up to fiscal 2023 are based on Japanese Generally Accepted Accounting Principles (J-GAAP), while figures from fiscal 2024 onward are based on International Financial Reporting Standards (IFRS) ² Excluding (former) Kyoto Semiconductor Co., Ltd.											
Environmental				Unit	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Applicable Scope	Related Pages
	Greenhouse Gas (GHG) Emissions* ^{1,2}	Scope 1		Thousand tons of CO ₂	9.5	9.5	7.4	6.6	6.0	Consolidated	P. 78 Climate Change
			Market standards	Thousand tons of CO ₂	36.0	33.8	27.4	24.8	23.6	Consolidated	
		Scope 2		Location standards	Thousand tons of CO ₂	35.4	34.2	32.4	33.8	33.3	
			Market standards		Thousand tons of CO ₂	45.5	43.2	34.9	31.5	29.6	
		Location standards		Thousand tons of CO ₂	44.9	43.7	39.8	40.4	39.3	Consolidated	
			Scope 1,2		Thousand tons of CO ₂	—	—	259.6	228.6	247.6	
		Category 1 Purchased goods and services		Thousand tons of CO ₂	—	—	214.8	180.0	196.6	Consolidated* ³	
			Category 2 Capital goods	Thousand tons of CO ₂	—	—	9.6	14.5	17.5	Consolidated* ³	
		Category 3 Fuel- and energy-related activities		Thousand tons of CO ₂	—	—	5.9	6.0	6.6	Consolidated* ³	
			Category 4 Upstream transportation and distribution	Thousand tons of CO ₂	—	—	16.7	17.3	17.0	Consolidated* ³	
		Category 5 Waste generated in operations		Thousand tons of CO ₂	—	—	1.8	1.9	1.8	Consolidated* ³	
			Category 6 Business travel	Thousand tons of CO ₂	—	—	0.2	0.2	0.3	Consolidated* ³	
	Category 7 Employee commuting	Thousand tons of CO ₂		—	—	2.7	2.7	2.5	Consolidated* ³		
		Category 12 End-of-life treatment of sold products	Thousand tons of CO ₂	—	—	7.9	6.1	5.3	Consolidated* ³		
	GHG emissions per net sales (Scope 1,2; market standards)* ^{1,2}			Tons of CO ₂ / Million yen	0.69	0.45	0.33	0.30	0.27	Consolidated	P. 83 Pollution Control
	Total energy consumption* ¹			MWh	124,717	124,229	110,826	112,063	107,056	Consolidated	
	Chemical Substance Management VOC emissions* ¹			Tons	36	34	31	36	32	Consolidated	
	Environmental violations Number of violations of environmental regulations			Incidents	0	0	0	0	0	Consolidated	
	Water resource management Water usage* ¹			Thousand cubic meters	271.6	314.8	299.4	307.4	302.1	Consolidated* ⁴	
Waste management Waste emissions* ¹			Thousand tons	2.6	3.0	2.7	2.6	2.9	Consolidated	P. 77 Resource Recycling	

*1 Figures have been retroactively revised to improve accuracy *2 Scope 1, 2, and 3 GHG emissions have been verified by a third-party organization, confirming their reliability and accuracy
*3 Until fiscal 2023, the figures cover Dexerials Corporation and the Tome Operation of Dexerials Photonics Solutions Corporation Starting in fiscal 2024, in addition to the scope for fiscal 2023, those for the Eniwa and Kamisunagawa Operations of Dexerials Photonics Solutions Corporation, Dexerials (Suzhou) Co., Ltd., and Dexerials Singapore Pte. Ltd. are included
*4 The scope covers Headquarters and Tochigi Technology Center, Kanuma Plant, and Tagajo Plant of Dexerials Corporation, as well as Dexerials Photonics Solutions Corporation. and major global production sites

Social	Diversity	Number of employees	Total	Persons	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024	Applicable Scope	Related Pages
			Japan	Persons	1,772	1,915	1,943	1,892	1,888	Consolidated	
		Global	Persons	1,423	1,603	1,640	1,595	1,614	Consolidated (domestic)		
		Ratio of global employees	Persons	349	312	303	297	274	Consolidated (global)		
	Number of employees (Dexerials Corporation alone)	Total	Persons	1,313	1,342	1,378	1,352	1,369	Non-consolidated		
		Ratio of female employees	%	15.8	16.1	16.3	17.5	18.2	Non-consolidated		
		Average age of employees	Age	43.1	43.6	43.7	43.9	44.3	Non-consolidated		
		Average service years of employee	Total	Years	17 years 0 months	17 years 1 months	16 years 8 months	16 years 0 months	15 years 5 months	Non-consolidated	
	Human resource development	Job turnover		%	1.3	1.5	2.4	3.1	2.6	Non-consolidated	
				Persons	19	22	17	18	33	Non-consolidated	
New graduate hires ^{*1}		Number of recruits	Persons	19	22	17	18	33	Non-consolidated		
		Retention rate after three years	%	77.5	88.0	90.9	94.7	90.9	Non-consolidated		
Mid-career hires ^{*2}		Mid-career recruits	Persons	20	40	67	34	34	Non-consolidated		
		Ratio of female managers	%	–	–	–	11.5	11.6	Consolidated		
Number of managers (consolidated)		Total	Persons	299	299	294	250	252	Non-consolidated		
		Female	Persons	11	11	15	18	20	Non-consolidated		
Number of managers (non-consolidated)		Ratio of female managers	%	3.7	3.7	5.1	7.2	7.9	Non-consolidated		
		Gender pay gap	Total	%	77.2	81.3	82.6	83.5	86.1	Non-consolidated	
Health and Productivity Management	Non-Japanese employees	Number of non-Japanese employees	Persons	10	12	17	20	25	Non-consolidated		
		Ratio of non-Japanese employees	%	0.8	0.9	1.2	1.5	1.8	Non-consolidated		
	Ratio of employees with disabilities		%	3.4	3.3	2.7	2.8	2.7	Consolidated (domestic) ^{*3}		
	Average training hours per employee		Hours	11.6	13.2	14.4	17.7	23.9	Consolidated (domestic) ^{*3}		
	Employee training expenses ^{*4}		Million yen	–	34.0	73.0	102.8	135.2	Consolidated (domestic) ^{*3}		
			Persons	1,690	1,323	1,950	2,695	3,174	Consolidated (domestic) ^{*3}		
	Number of participants in major training programs	Group training	Persons	21,420	29,486	35,347	42,549	53,093	Consolidated (domestic) ^{*3}		
		e-learning	Course hours	Hours	7,140	9,829	11,728	14,183	23,316	Consolidated (domestic) ^{*3}	
	Diverse Workstyles and Work-life Balance	Ratio of employees receiving regular physical examinations		%	100.0	100.0	100.0	100.0	100.0	Consolidated (domestic) ^{*3}	
				%	28.0	30.2	31.1	32.9	32.2	Consolidated (domestic) ^{*3}	
Diverse Workstyles and Work-life Balance	Total annual remote work implementation rate		%	70.3	75.8	74.4	72.2	75.8	Non-consolidated		
		Statutory overtime hours (monthly average)	Hours	22.8	24.2	21.9	21.7	22.0	Non-consolidated		
	Paid leave	Average rate of taking paid leave	%	60.0	58.9	72.7	73.3	74.1	Non-consolidated		
		Average number of days taken	Day	13.7	12.8	16.3	16.6	16.8	Non-consolidated		
	Childcare support	Utilization rate of childcare leave	%	17.1	32.5	50.0	50.0	44.1	Non-consolidated		
		Female	%	100.0	100.0	100.0	100.0	100.0	Non-consolidated		
	Workplace accidents	Male	%	3.3	0.0	20.0	31.8	24.0	Non-consolidated		
		Rate of return to work after childcare leave	%	100.0	100.0	91.7	100.0	100.0	Non-consolidated		
	Number of contractor fatalities	Number of accidents	Cases	4	3	7	4	4	Consolidated (domestic)		
		Frequency rate (lost one or more working days)	%	0.31	0.00	0.00	0.79	0.26	Consolidated (domestic)		
Annual rate of work-related accidents per 1,000 people		Persons	0	0	0	0	0	Consolidated (domestic)			
	All employees	–	0.00	0.00	0.00	1.57	0.49	Consolidated (domestic)			

 ESG Data Book
For more details, please refer to our website.



*1 The number of new graduates hired each fiscal year refers to the number of new employees joining on April 1 of the following fiscal year
*2 The number of hires each fiscal year refers to the number of mid-career hires joining between April 1 of that fiscal year and March 31 of the following fiscal year
*3 Figures are domestic consolidated (including special subsidiary company), Figures are non-consolidated (including special subsidiary company) from fiscal 2019 to 2021 *4 Refers to external training expenses, etc. *5 Excluding (former) Kyoto Semiconductor Co., Ltd.

FTSE Blossom Japan Sector Relative Index

2025 SOMPO Sustainability Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX
MSCI ESG Select Leaders Index**2

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)
MSCI Japan Empowering Women (WIN)**2 Select Index

JPX-PRIME 150 Index

S&P/JPX Carbon Efficient Index

2025 Health & Productivity Management Outstanding Organization (Large Organizations category)

BroadBand Security, Inc. Gomez IR Site Ranking 2024 Silver Award

Nikko Investor Relations Co., Ltd. 2024 All Markets Ranking AAA Website

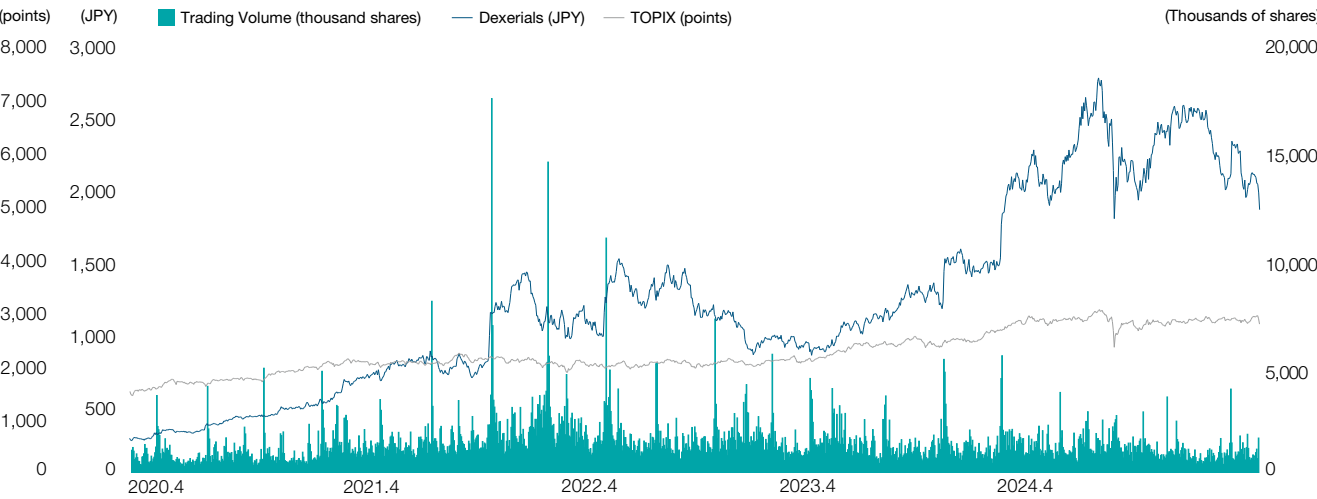
March 2025: Dexerials Integrated Report 2024 Selected for the first time as an "Excellent Integrated Report" by the Government Pension Investment Fund (GPIF) Asset Managers (78 companies selected out of approximately 1,200 candidate companies)

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Corporate Information (As of March 31, 2025)

Company name	Dexerials Corporation
Establishment	June 20, 2012
Capital stock	16,262 million yen
Headquarters	1724 Shimotsuboyama, Shimotsuke-shi, Tochigi, Japan
Representative	Representative Director and President Yoshihisa Shinya
Number of employees	1,888 (on a consolidated basis)
Listing	Tokyo Stock Exchange, Prime Market
Ticker symbol	4980
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Total number of authorized shares	300,000,000 shares
Number of shares issued	176,418,500 shares (including 872,961 treasury shares)
Number of shareholders	22,984

Stock Price and Trading Volume



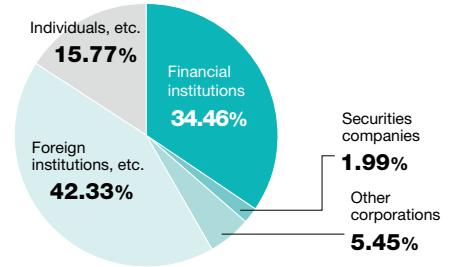
Effective October 1, 2024, Dexerials implemented a 3-for-1 common stock split. We have retroactively adjusted data prior to the effective date, on the assumption that the stock split had been completed.

Largest Shareholders (As of March 31, 2025)

Shareholders	Number of shares held (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	30,785,800	17.54
STATE STREET BANK AND TRUST COMPANY 505001	17,810,472	10.15
Custody Bank of Japan (Trust Account)	10,046,200	5.72
Custody Bank of Japan (Trust E Account)	7,502,100	4.27
The Nomura Trust and Banking Co., Ltd. (Trust Account)	6,845,900	3.90
Dai Nippon Printing Co., Ltd,	4,687,500	2.67
MISAKI ENGAGEMENT MASTER FUND	3,790,600	2.16
SEKISUI CHEMICAL CO., LTD.	3,780,000	2.15
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	2,685,300	1.53
BNP PARIBAS PARIS/2S/JASDEC/CDC/AVOIRS CLIENTS AIFM	2,669,100	1.52

Note 1: Our treasury stock of 872,961 shares is excluded from the above list and distribution.
Note 2: Custody Bank of Japan, Ltd. (Trust E Account) is commissioned to manage the trust assets related to the "Stock Grant Plan (J-ESOP)" incentive plan of employee stock grants, and the "Board Benefit Trust-Restricted Stock (BBT-RS)" performance-linked stock compensation plan for Directors.

Breakdown by Type of Shareholder (As of March 31, 2025)



Note: Our treasury stock of 872,961 shares is excluded from the above list and distribution.

Total Shareholder Return (TSR*) (As of March 31, 2025)

Holding period	1 year	3 years	5 years
Dexerials	277.4%	409.3%	843.8%
TOPIX	142.1%	153.4%	213.4%

* TSR: Total Shareholder Return. The investment return rates totalizing capital gains and dividends for 1-year, 3-year, and 5-year periods are based on the investment period starting at the end of March 2020.

Third-Party Opinion



Kentaro Noda
Professor at Rikkyo University
Graduate School of Business
Administration

Career Summary: PhD (Commercial), Graduate School of Commerce, Hitotsubashi University. Prior to current post, worked at the Development Bank of Japan. Visiting scholar at the University of California, Berkeley in 2020-2021. Specialisms include financial accounting, corporate social responsibility (CSR), and business continuity plans (BCP). Publications and papers include *Introduction to Venture Incubation Theory: Cultivating an Entrepreneurial Mindset* (Daigaku Kyoiku Shuppan, 2004); *Understanding Business Continuity Management (BCM)* (The Nikkan Kogyo Shimbun, 2006); *The Impact of BCP Disclosure on Cost of Equity Capital* (Contemporary Disclosure Research, 2012); *Business Continuity Plan-Based Corporate Analysis* (Chuo Keizai-sha, 2013); and *Strengthening Companies Through Strategic Risk Management* (Chuo Keizai-sha, 2017). Other appointments include having served as a member of the Expert Panel on Government Service Continuity Evaluation of the Cabinet Office of Japan.

I have once again had the pleasure of reading the Dexerials Integrated Report this year. I found that the content was well-structured, with a pleasing flow from the introduction through to the data section, which serves to effectively summarize your value creation story. The following points merit special mention.

First, there is a clear account of the factors behind your achievements over the past decade since becoming a listed company, as well as your future direction, in the Message from the President. Furthermore, you explain the expansion into new domains aligned with your purpose and demonstrate the potential for sustainable growth.

Second, this report provides an explanation of Dexerials' business model based on the concept of Design-in, using the automotive industry as an example to illustrate its global expansion. The aim is to promote understanding of a business model that can be somewhat difficult for the general public to grasp. Furthermore, the overview of the Mid-Term Management Plan 2028, "Achieving Evolution," highlights initiatives for expanding businesses in growth domains, enhancing the quality of existing businesses, and strengthening the management foundation. In particular, the plan emphasizes the expansion of the photonics business, a theme that attracts strong interest from investors and adds credibility to the report.

Third, in the features there are details about a workshop on the Stock Grant Plan (J-ESOP), which is indicative of your focus on enhancing engagement by involving employees.

Additionally, you indicate that the updated governance system incorporates new directors to enable the Company to enhance oversight and monitoring, while offering support for steady risk-taking, even in uncertain environments. Besides the above, the disclosure of KPIs relating to initiatives on ESG Key Issues, where fiscal 2024 results and KPIs and targets through fiscal 2028 are presented side-by-side, is also commendable.

Meanwhile, the below points could be noted for future consideration. While the report shows evidence of an ingenious approach to KPI setting throughout, further refinement would be desirable regarding the linkage with respective materialities and the mid-term KPIs. Going forward, the necessity of a response to developments from the International Sustainability Standards Board (ISSB) should also be considered likely.

The establishment of the Corporate Risk Management Head position clearly conveys your intent to enhance your response capacities from a risk management perspective. There is also likely potential to further increase a sense of security for your broad range of stakeholders by seeking to deepen your risk scenarios and enhance your capacity to adapt to environmental changes.

The development of human resources who will support Design-in is highlighted throughout your various communications, including the message from the Human Resources Division Head. You have also championed the establishment of system design at a global level, and it would be desirable that you steadily proceed with its implementation going forward.

The importance of integrated reports that demonstrate relationships with various stakeholders continues to grow in the context of intensifying uncertainty in the environment. This report presents the future direction of the Company centered on your Purpose, the convergence of technical and social value centered on Design-in, and your robust governance system, in a visually coherent and highly definitive way.

Continuing to ensure that Purpose-driven goals permeate within the Company is likely to remain crucial going forward. Strengthening these efforts can be expected to further enhance the strategic communication functions of the report, to thereby facilitate increased corporate value.

Response to Third-Party Opinion

We would like to extend our sincere gratitude to Professor Noda for again providing his broad-perspective evaluation of the Integrated Report this year, as well as for the expectations and valuable opinions he has expressed regarding our initiatives to enhance corporate value.

This year, we are focusing on the connection between our business model and Purpose as well as Human Capital Strategies to support sustainable growth, as the central nexus of our narrative.

Against this backdrop, questions are sometimes asked as to whether this growth is sustainable as we steadily proceed with our Mid-Term Management Plan, which is entering its second year. We believed that we could secure understanding on this front by focusing on the continuation of our proprietary business model, with its foundation in proven technology, and the implementation of our Human Capital Strategies to support this.

Specifically, we added case studies of Design-in activities, the outlook for our photonics business, the deployment of J-ESOP to enhance employee engagement, and a message from the outside directors who are tasked with monitoring our overall management. Your understanding and appreciation of the intentions underlying these pieces is extremely encouraging.

Meanwhile, we also received valuable hints toward achieving improvements going forward, including clarifying the link between materiality and KPIs, refining medium-term KPI setting, deepening risk scenarios, and implementing global human resources systems. We will earnestly take these suggestions on and leverage them when creating future reports.

We will continue to drive value creation centered on technology and human capital to realize our Purpose in the context of major shifts in the social and economic landscape. We aim to engage in repeated dialogues with our stakeholders and further disseminate mutual understanding and identification with our vision to ensure that our path forward is decisive. From now on, we will also continue to communicate our initiatives and evolution through the Integrated Report and would sincerely appreciate your ongoing support as we strive to achieve sustainable growth on the foundation of your trust.

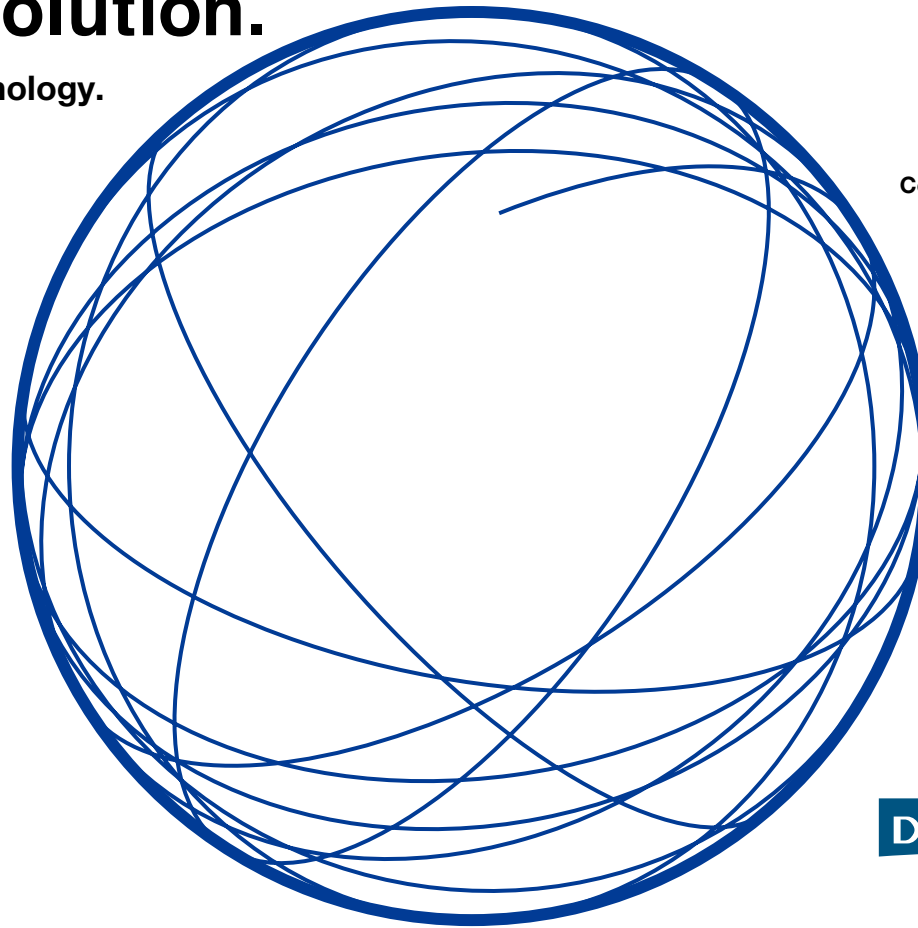
Katsushi Kitajo
Executive Officer
Corporate Strategy Division Head



Purpose

Empower Evolution.

Connect People and Technology.



Connecting people and technology.
Connecting community and hope. We craft the materials, devices, and solutions that advance digital technology, and we will continue to embark on a journey to change the world.

Together with our partners, we at Dexerials envision the future and solve every issue with innovation. Masterfully leveraging the combination of people and technology, we open new paths to evolution.

Every day, we embrace the challenge, for a society that's more prosperous and efficient. Our aim is to strive for a world where all stakeholders can enjoy sustainable and comfortable lives.

Dexerials

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UD FONT

This report uses universal design fonts that are easy to read and distinguish.