

July 28, 2016
Dexerials Corporation

Notice regarding Integration of Production Bases in China

Dexerials Corporation (“the Company”) hereby announces that its Board of Directors resolved, at a meeting held today, the integration of two of Dexerials’ production bases in China. The details of this resolution are described below.

1. Background of integration

Based on its Medium-term Management Plan, “Change for Growth 2018,” announced on April 27, 2016, the Company is engaged in a re-examination of the existing Consumer IT Device related business (lamination of display panels) in its Optical solutions category. Looking towards the realization of improvements in both efficiency in manufacturing operations and profitability, the Company has concluded that the best approach is to integrate Dexerials (Suzhou) Co., Ltd., and Dexerials Advanced Material (Suzhou) Co., Ltd., both located in Suzhou in Jiangsu Province, China.

The present schedule will see Dexerials Advanced Material (Suzhou) Co., Ltd. integrated into Dexerials (Suzhou) Co., Ltd. around the end of June 2017, and in parallel, the Company and the two subsidiaries will coordinate the reassignment of employees and assistance of employees in retirement procedures in order to optimize the post-integration system of manufacturing operations.

2. Outline of integration

(1) Manufacturing subsidiary to be closed

- 1) Company name: Dexerials Advanced Material (Suzhou) Co., Ltd.
- 2) Main area of business: Electronic Materials and Components business (back-end production processes for Anisotropic conductive films (ACF), thermal conductive sheets)
- 3) Major shareholders and shareholding ratio: Wholly owned subsidiary of the Company
- 4) Date of closure: End of June 2017 (planned)

(2) Manufacturing subsidiary to continue post-integration

- 1) Company name: Dexerials (Suzhou) Co., Ltd.
- 2) Main area of business: Optical Materials and Components business (lamination of display

panels)

- 3) Major shareholders and shareholding ratio: Wholly owned subsidiary of Dexerials
- 4) Date of integration: End of June 2017 (planned)

(Note) The necessary merger procedures are scheduled for completion around the end of June 2017, following which Dexerials Advanced Material (Suzhou) Co., Ltd. will be dissolved, and Dexerials (Suzhou) Co., Ltd. will be the surviving company.

3. Effect on business results

This integration of Dexerials Advanced Material (Suzhou) Co., Ltd. and Dexerials (Suzhou) Co., Ltd. is expected to entail a cost of approximately 800 million yen for the fiscal year ending March 2017. (This assumes the retirement of approximately 200 employees from the two companies). The integration is expected to have the benefit of reducing fixed costs by approximately 1.1 billion yen in the following fiscal year. This will not affect the forecast for the consolidated financial results for the fiscal year ending March 2017, announced on April 27, 2016, or the targets for financial results for the fiscal years ending March 2018 and March 2019, as indicated in the Medium-term Management Plan “Change for Growth 2018,” announced on the same day.

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