

FY24H1 Financial Results

November 13, 2024

Dexerials Corporation

The company has adopted International Financial Reporting Standards (IFRS) from FY24Q1. In addition, financial figures for FY23H1 have been reclassified to conform to IFRS for purposes of comparative analysis.

■ FY24H1 Financial Results Summary

■ FY24 Earnings Forecast

Disclaimer with respect to earnings and other forecasts

The forward-looking statements including earnings forecasts contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that such statements will prove to be correct. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors.

Highlights

FY24H1 Results

- Sales and profits increased year on year on both H1 cumulative (six-month period) and Q2 (three-month period) bases.
- Sales and profits increased even after excluding the impact of the discontinuation of phosphor films.
- Efforts continued to be made to facilitate the penetration and de facto standardization of differentiating technology products from the perspective of technology, such as the global expansion of the sales of Particle-arrayed Anisotropic Conductive Films (ACF).
- Sales of Anti-reflection films for automotive remained strong by acquisition of new projects etc, and efforts continued to be made to expand the business portfolio.

FY24 Forecast & Shareholder returns









- Excluding the impact of FX, business results were almost in line with expectations toward the achievement of the full-year plan.
- No revisions have been made to the annual earnings forecast, the assumed FX rate for H2 (140 JPY/US\$) or the annual dividend.
- Shareholder returns will be implemented based on the probability of achieving annual results and the status of the balance sheet.
 - Total amount of interim dividends: 4.7 billion yen (dividend per share before the share split implemented on October 1, 2024: 78 yen)
 - Total amount of share buyback: 5.0 billion yen (all of the repurchased treasury shares will be canceled)

Financial Results Summary

FY24H1 (April 1, 2024 - September 30, 2024)



FY24H1 Market Trends in Major Final Products and of Dexerials (YoY)

Final products	Market Trend Image	Trend of Dexerials	
Tablets			<ul style="list-style-type: none"> • Overall, the market remained at the level of the previous year. • Sales of the Company's Phosphor films have ended due to the adoption of Organic Light Emitting Diodes (OLEDs) for customers' final products.
Laptop PCs			<ul style="list-style-type: none"> • The market recovered in Q2, but in H1 it remained almost unchanged from the previous year. • Reflecting the solid high-end product market conditions, sales of Anti-reflection films expanded.
Smartphones			<ul style="list-style-type: none"> • The market swung upward, mainly reflecting the solid performance of smartphone manufacturers in Greater China and Korea in particular. • Demand for the Company's Particle-arrayed Anisotropic Conductive Films (ACF) continued to expand due to the incorporation of flexible OLEDs in mid-price range products.
Automotive			<ul style="list-style-type: none"> • The finished automotive market trend remained almost flat. • Acquiring new projects, adoption of the Company's Anti-reflection films grew.

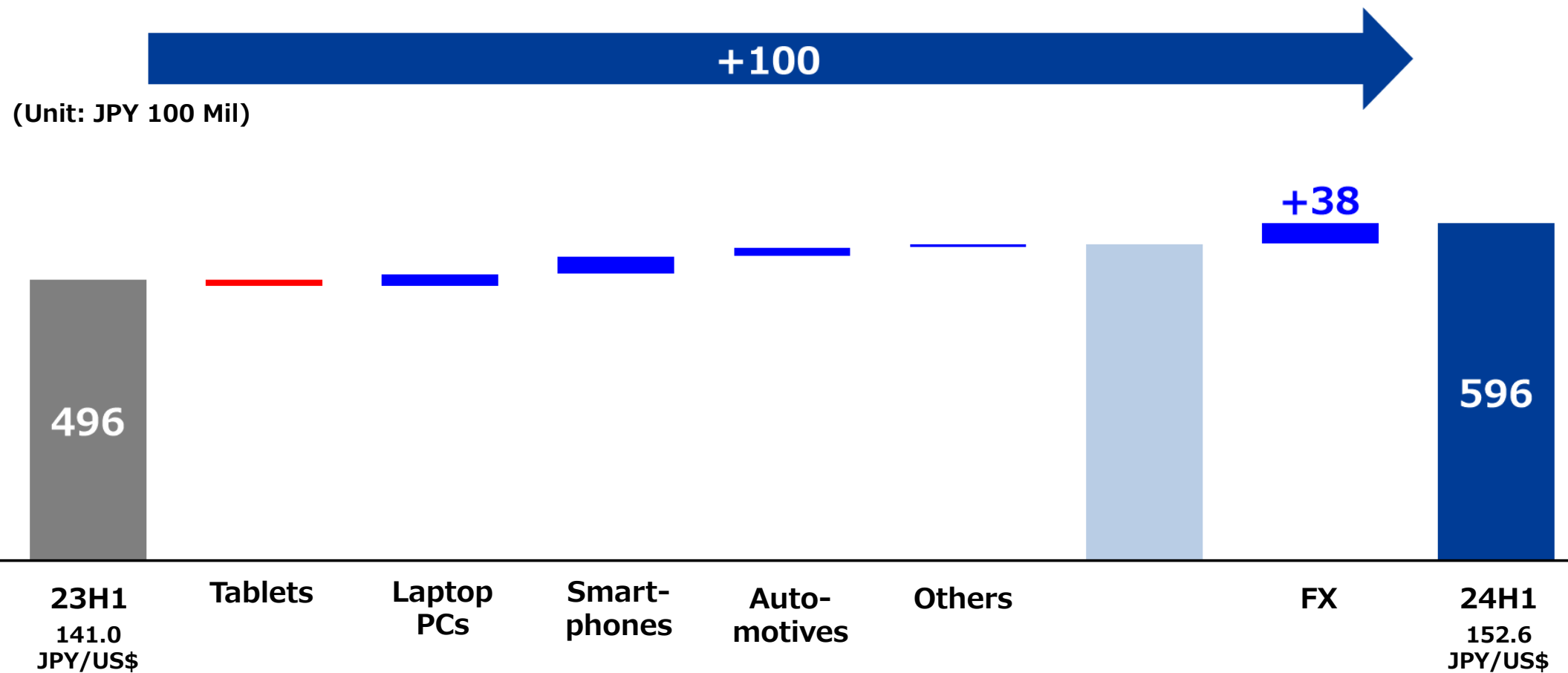
FY24H1 Financial Results Summary

(Unit: JPY Mil)	23H1	24H1	YoY Change	
				Excluding FX Effects
Net Sales	49,595	59,635	+20.2%	+12.5%
Business Profit	16,146	22,320	+38.2%	+17.8%
Profit*	10,398	15,856	+52.5%	
Profit* per Share	59.73 Yen	92.27 Yen	+54.5%	
EBITDA**	18,815	25,564	+35.9%	+18.3%
EBITDA Margin	37.9%	42.9%	+4.9%Pt	+1.9%Pt

* Profit shall be read as Profit attributable to owners of parent

** EBITDA=Business profit + Depreciation expense recorded as cost of sales and selling, general and administrative expenses

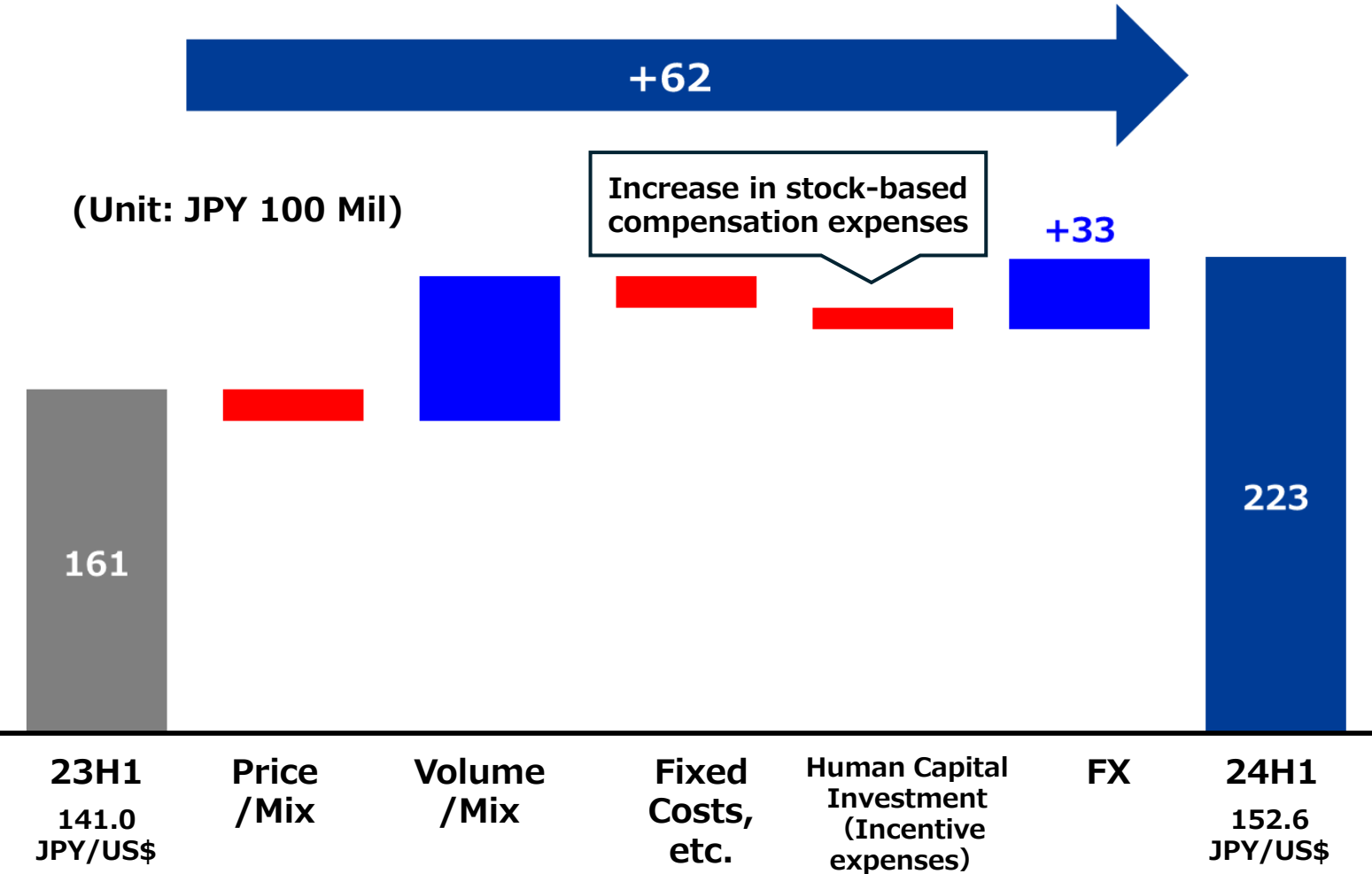
FY24H1 Changes in Sales by Application (YoY)



(Note) Includes estimates

(Note) Laptop PCs include Desktop monitors

FY24H1 Business Profit Analysis (YoY)

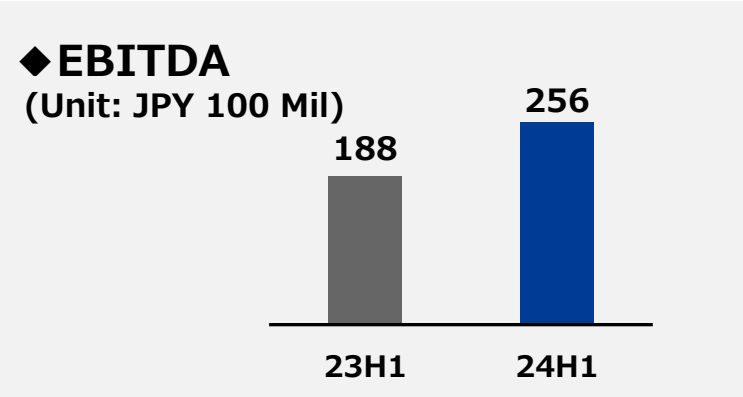


Price /Mix

- Negative Contributors :
 - Anti-reflection films
 - Smart precision Adhesives
 - Surface mounted type fuses

Volume /Mix

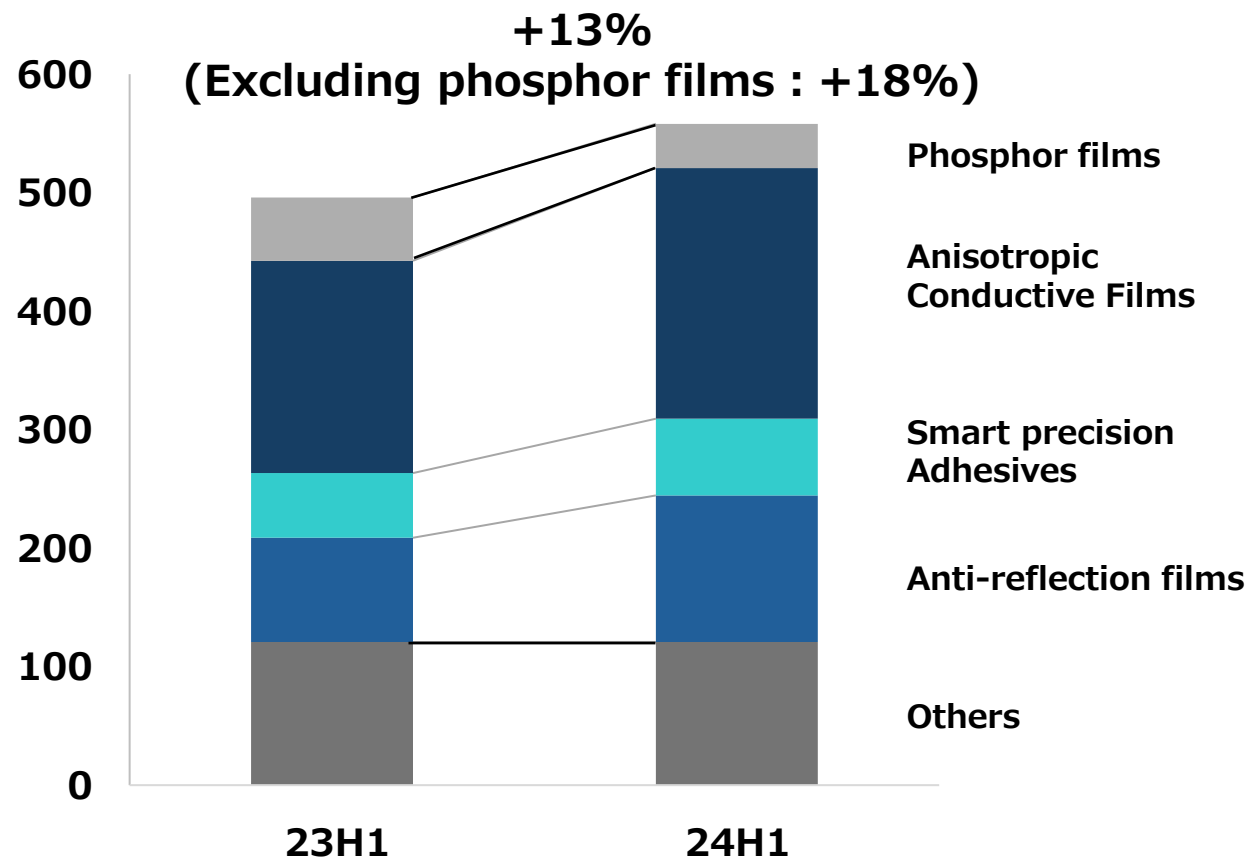
- Positive Contributors :
 - Anti-reflection films, ACF,
 - Smart precision Adhesives



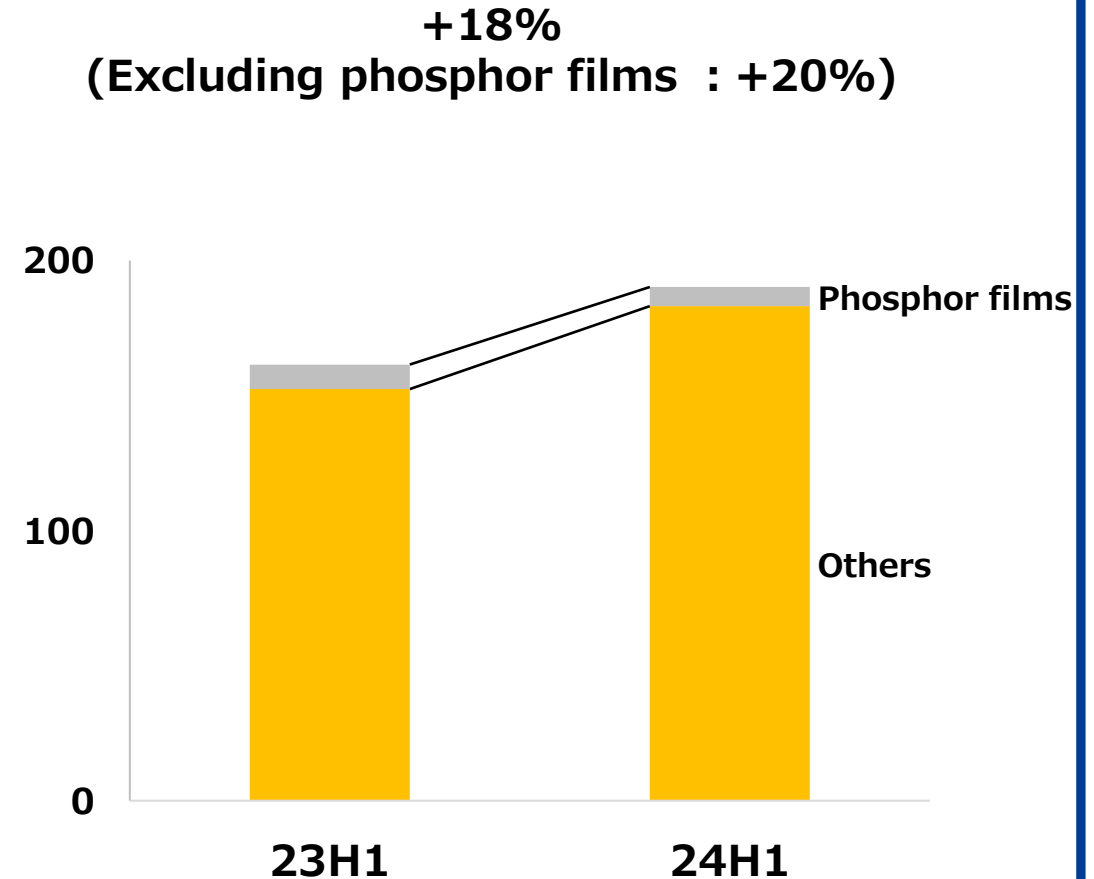
H1 Performance comparison excluding Phosphor Films (Constant FX rate basis : 141.0 JPY/US\$*)

(Unit: JPY 100 Mil)

Net Sales



Business Profit



*FX rate of 23H1

Segment Summary

FY24H1 Optical Materials & Components

◆ Sales and YoY Change by Category

(Unit: JPY 100 Mil)

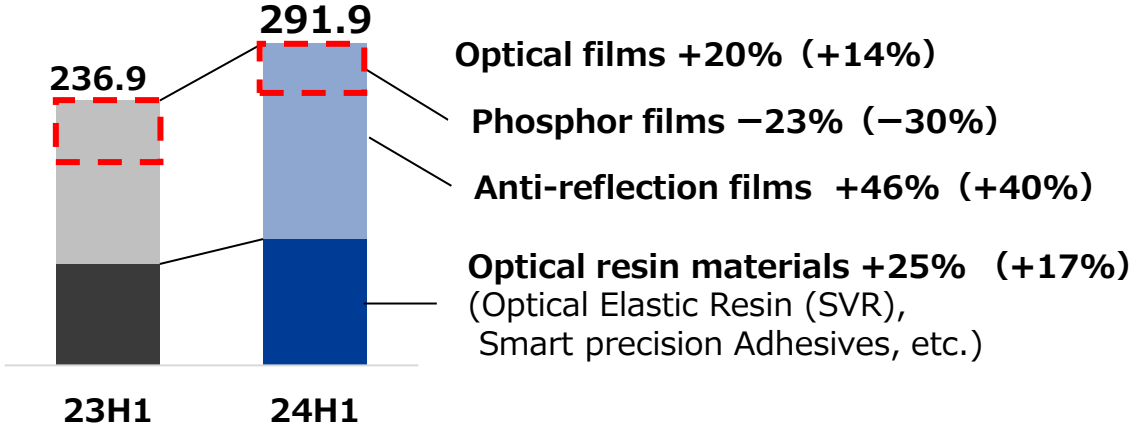
YoY

Net Sales **291.9** +23%
Excluding FX Effects (+16%)

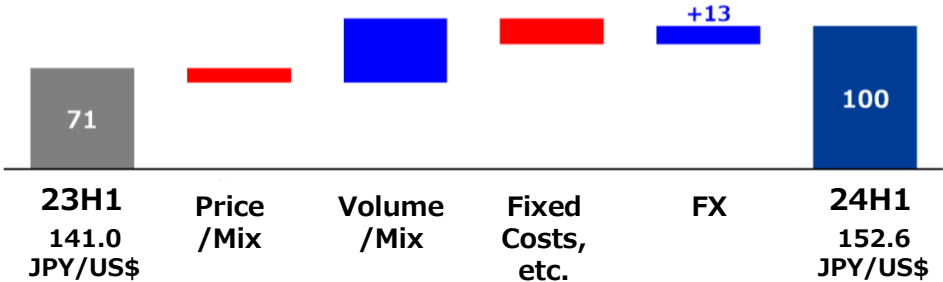
◆ Business Profit Analysis (YoY)

YoY

Business Profit **99.8** +42%
Excluding FX Effects (+23%)
EBITDA **116.6** +41%

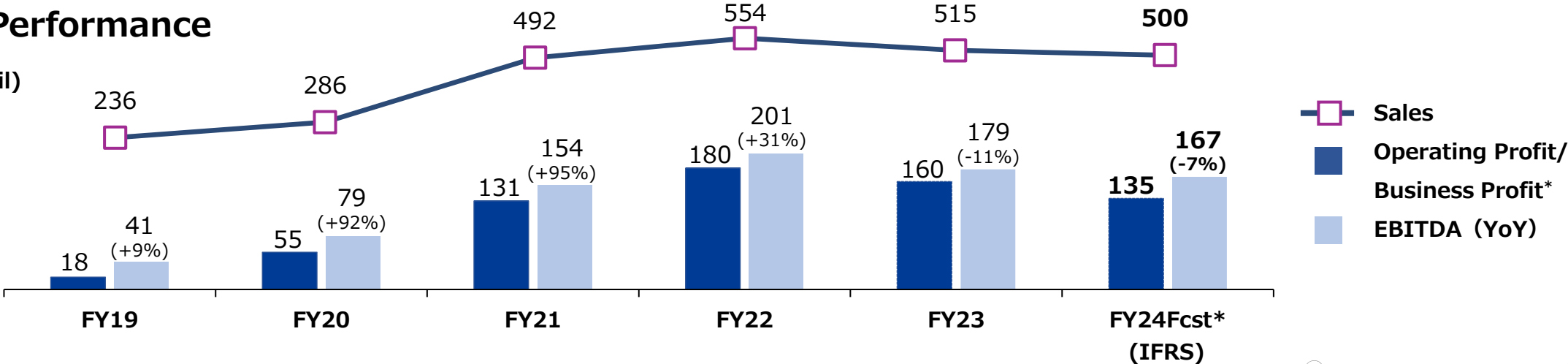


(Unit: JPY 100 Mil)



◆ Financial Performance

(Unit: JPY 100 Mil)



(Notes) Net sales of the Optical M&C segment include inter-segment transactions.

Segment Summary

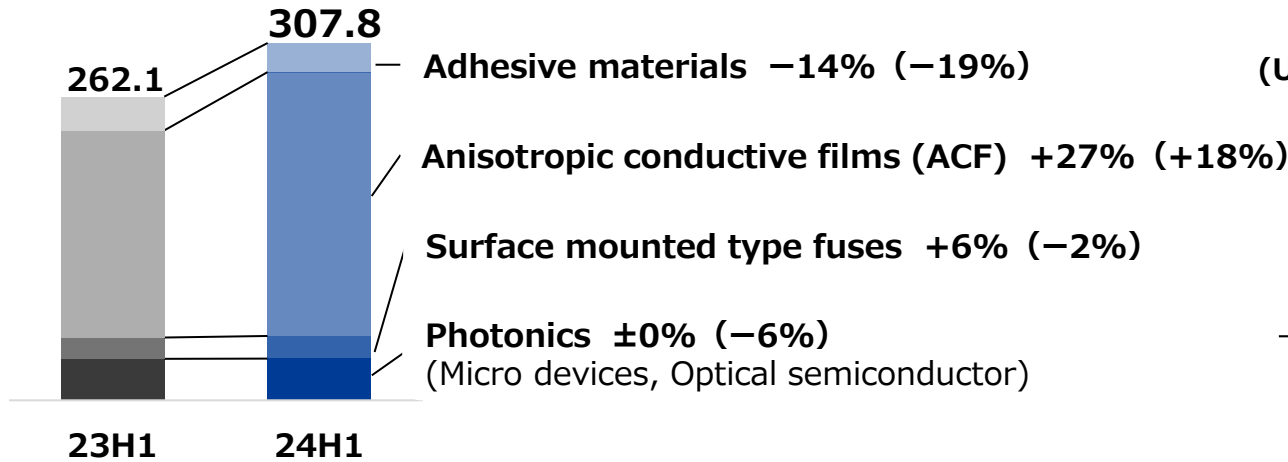
FY24H1 Electronic Materials & Components

◆ Sales and YoY Change by Category

YoY

Net Sales **307.8** +17%
 Excluding FX Effects (+9%)

(Unit: JPY 100 Mil)

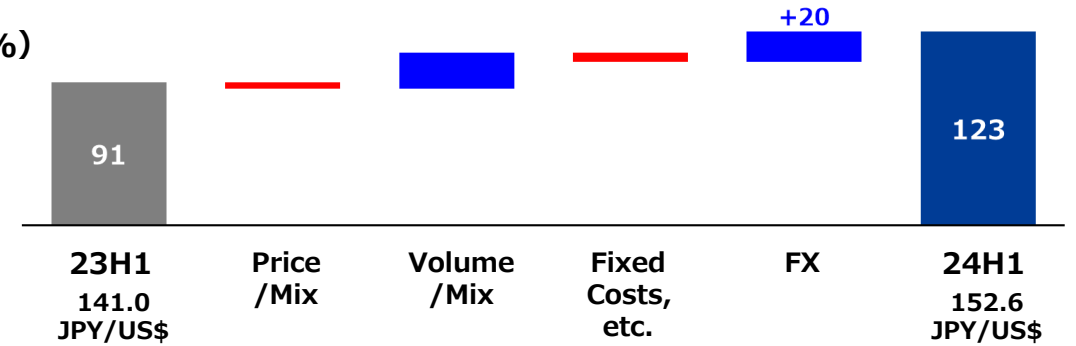


◆ Business Profit Analysis (YoY)

YoY

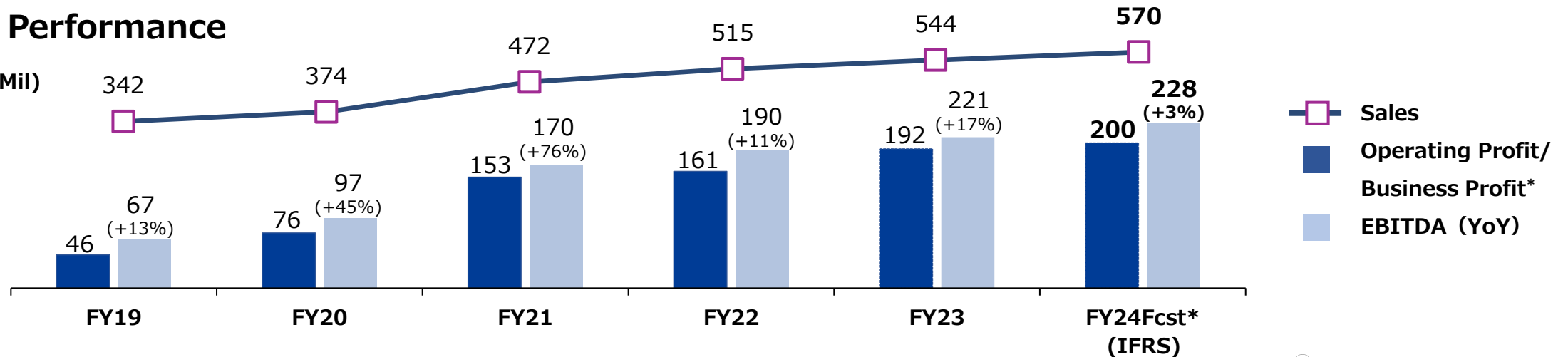
Business Profit **123.3** +36%
 Excluding FX Effects (+14%)
 EBITDA **138.9** +32%

(Unit: JPY 100 Mil)



◆ Financial Performance

(Unit: JPY 100 Mil)



(Notes) Net sales of the Electronic M&C segment include inter-segment transactions.

Earnings Forecast

FY24 (April 1, 2024 - March 31, 2025)



FY24 Earnings Forecast : No Change

(Unit: JPY Mil)	FY23	FY23	FY24 Fcst	YoY Change	
	144.6 JPY/US\$ JGAAP	144.6 JPY/US\$ IFRS*	H2 140.0 JPY/US\$ IFRS		Excluding FX effects
Net Sales	105,198	105,198	107,000	+1,802	+4,807
Operating Profit	33,421	—	—	—	—
Business Profit(IFRS)	—	34,086	33,500	-586	+2,121
Profit Before Tax(IFRS)	—	—	32,000	—	—
Ordinary Profit	30,028	—	—	—	—
Net Profit	21,382	22,575	23,000	+425	—
Net Profit per Share	368.71 Yen	—	132.20 Yen	—	—
(Reference) Before Amort. of Goodwill	408.08 Yen	—	—	—	—
Dividend per Share	100 Yen	—	Interim 78 yen Year-end 26 yen	—	—
Total Value of Share Buyback	5,999	—	—	—	—
Total payout ratio (Before Amort. of Goodwill)	50.8%	—	—	—	—
DOE	7.3%	—	9.8%	—	—
EBITDA	40,024	39,214	39,500	+286	—
ROIC	22.3%	22.0%	18.8%	-3.2%Pt	—
ROE	27.1%	29.5%	25.5%	-4.0%Pt	—
(Reference) Before Amort. of Goodwill	30.0%	—	—	—	—

(Notes) Net profit shall be read as net profit attributable to owners of the parent company (FY23 IFRS, FY24 forecast).

EBITDA(FY23 JGAAP)= Operating profit + Depreciation expense recorded as operating expenses + Amortization of goodwill,

EBITDA(FY24 forecast)=Business profit + Depreciation expense recorded as cost of sales and selling, general and administrative expenses

ROIC(FY23 JGAAP)=(Operating profit x (1-Effective tax rate)) / (Capital + Interest-bearing debt) x 100, ROIC(FY24 forecast)=(Business profit x (1-Effective tax rate)) / (Capital + Interest-bearing debt) x 100

ROE(FY23 JGAAP)= Net profit / Capital x 100, ROE (FY23 IFRS, FY24 forecast)= net profit attributable to owners of the parent company / Capital x 100

Total payout ratio (Before amortization of goodwill) = (Total dividend payment + Total share buyback) / (Net profit + Amortization of goodwill) x 100

As for the dividends for FY24 forecast, the interim dividend amount is the amount before the stock split implemented in October 2024, and the year-end dividend amount is the amount considering the stock split.

*FY23 IFRS data have been adjusted additionally from the figures disclosed on May 13th, as part of the reclassification from JGAAP to IFRS.

Balancing Growth Investment and Shareholder Returns

◆ Summary of Consolidated Balance Sheet

(Unit: JPY Mil)

	As of Mar 2024	As of Sep 2024	Amt Change
Cash and cash equivalents	35,328	42,307	+6,978
Current Assets	69,442	78,985	+9,543
PP&E	37,390	47,262	+9,871
Non-current Assets	70,931	82,117	+11,185
Total Assets	140,373	161,102	+20,728
Interest-bearing Debt	23,198	21,536	-1,662
Total Debt	55,251	63,510	+8,259
Total equity	85,122	97,591	+12,469
Total liabilities and equity	140,373	161,102	+20,728

Steady business results progress during H1

Progress in expansion work for the Kanuma Plant No. 2

◆ Dividends and Share buyback according to the shareholder return policy

- Total amount of interim dividends: 4.7 billion yen (dividend per share before the share split: 78 yen)
- Total amount of share buyback: 5.0 billion yen (all of the repurchased treasury shares will be canceled)

Appendix

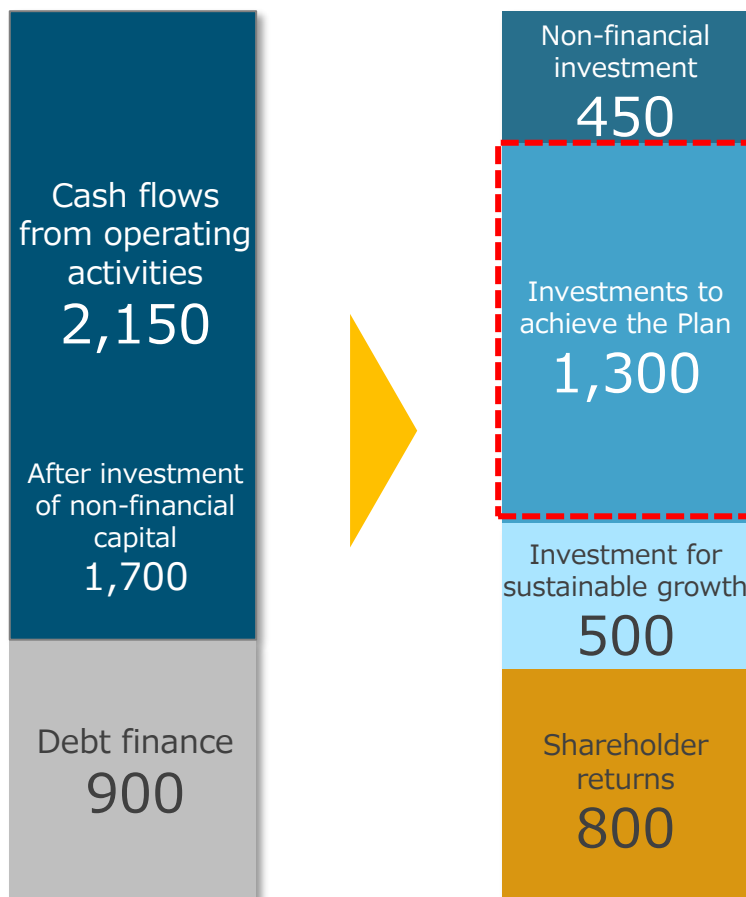


Initiatives Towards Sustainable Growth

Capital Allocation

From the 2024-2028 Mid-Term Management Plan "Achieving Evolution"

Cumulative total for the five-year period of the Mid-Term Management Plan



Cash-In

Cash-Out

(100 million yen)

Non-financial investment

Investments to achieve the Plan

Investment for sustainable growth

Shareholder returns

Financial Strategy

- Invest in **people and technologies**, which are material issues.

- Plan to invest **approx. 3 times** more than during the previous Mid-term Management Plan

- ROIC target: Around 14%

- Expanding businesses in growth domains (**Automotives / Photonics**)
- Strengthening businesses qualitatively in existing domains
- Reinforcing management foundations (**sales functions**, etc.)

- Secure an **additional investment budget** for cases where the probability has increased.

- If there are no investment opportunities, consider increasing shareholder return.

- Provide return targeting a total payout ratio of **60%** (cumulative total over five years).

- A policy of aiming for a dividend payout ratio of 40% with a lower limit of 7% for DOE

- Target net D/E of 0.45x and capital to asset ratio of 50% (FY28)

Globally expanding design-in/spec-in activities in the automotive industry

Investment in SemsoTec (Germany)



Optical Solution Center (Cham)

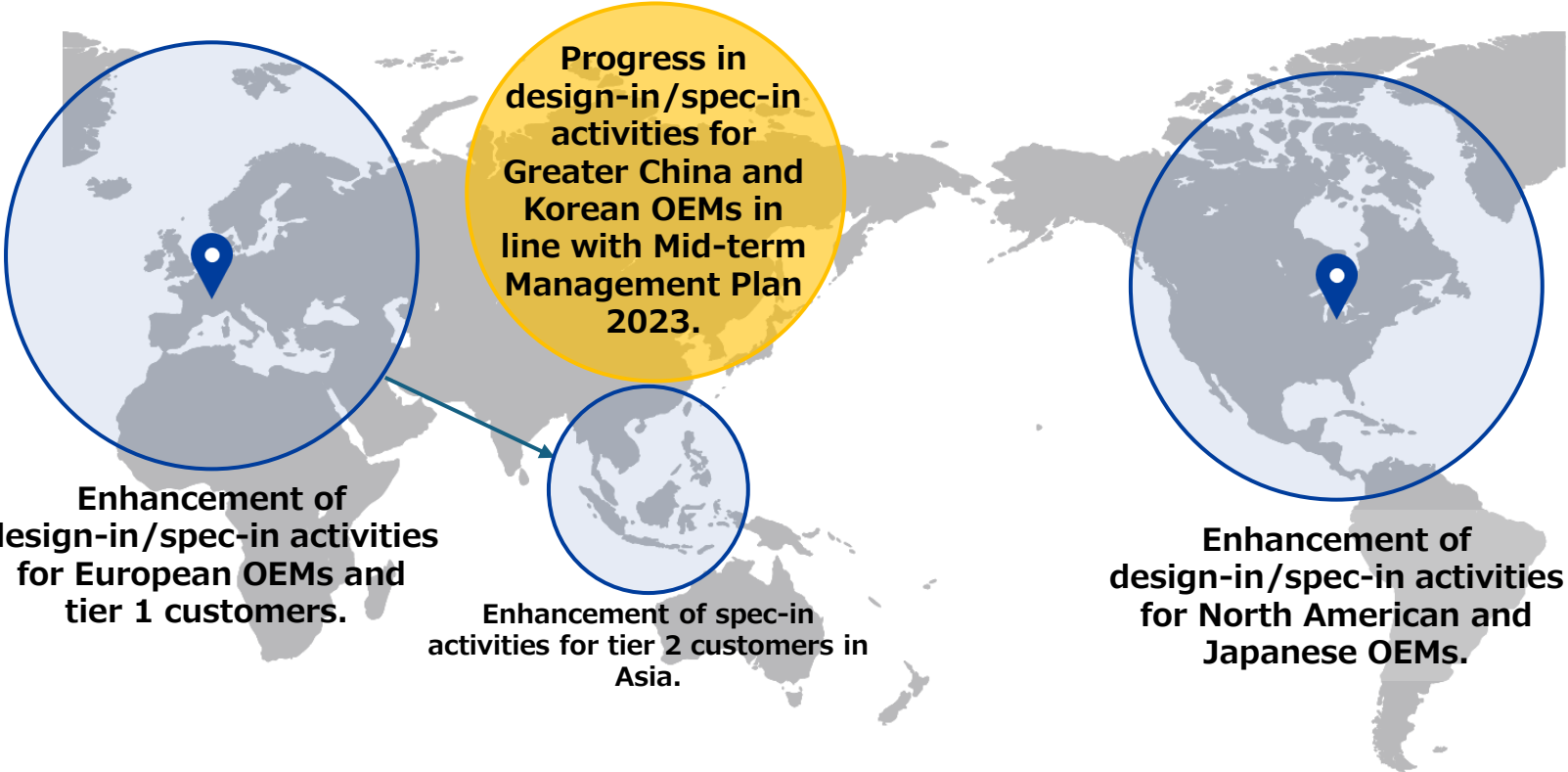
- Dispatch of human resources (sales, etc.)
- Support in material technologies, etc.
- Sharing of sales networks
- Enhancement of production infrastructure

Establishment of the Detroit Office (US)



Detroit Office (Novi City, Michigan)

- Area with a concentration of potential customers
- Enhancement of the engineering marketing



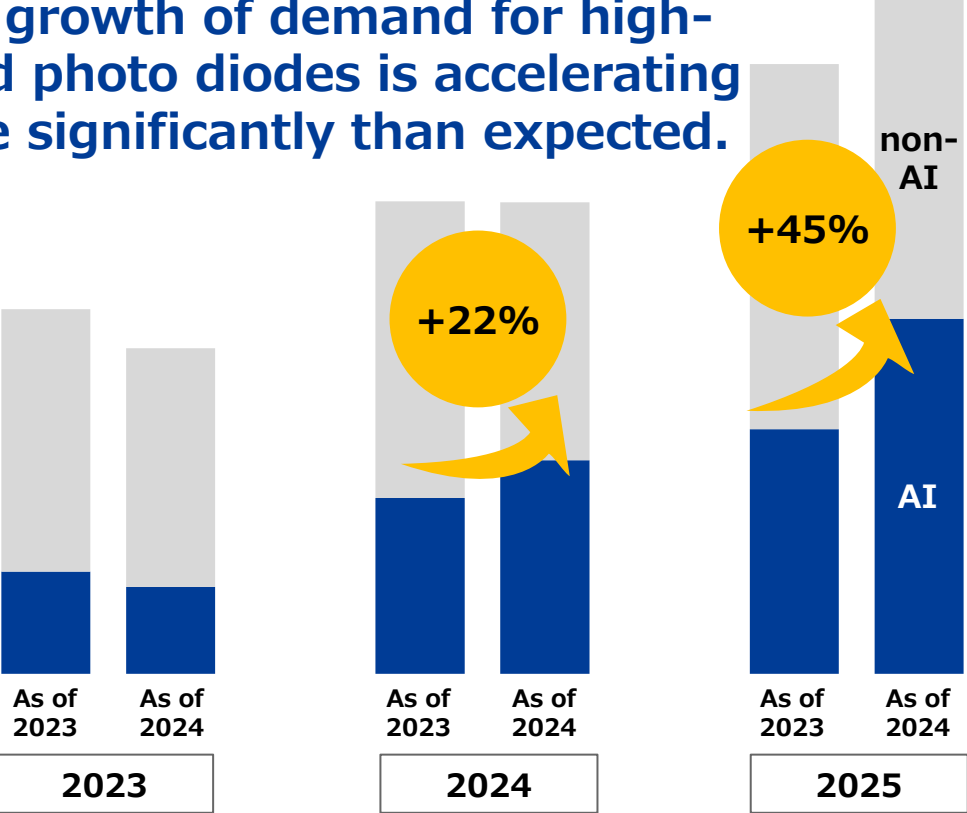
Progress of the Mid-term Management Plan 2028

Photonics

Market: The growth of data communications for generative AI is accelerating. The pace of growth in demand for generative AI is exceeding expectations.

- ◆ Shipments' amount of transceivers for data communications

The growth of demand for high-speed photo diodes is accelerating more significantly than expected.



* Source: Market analysis information from LightCounting

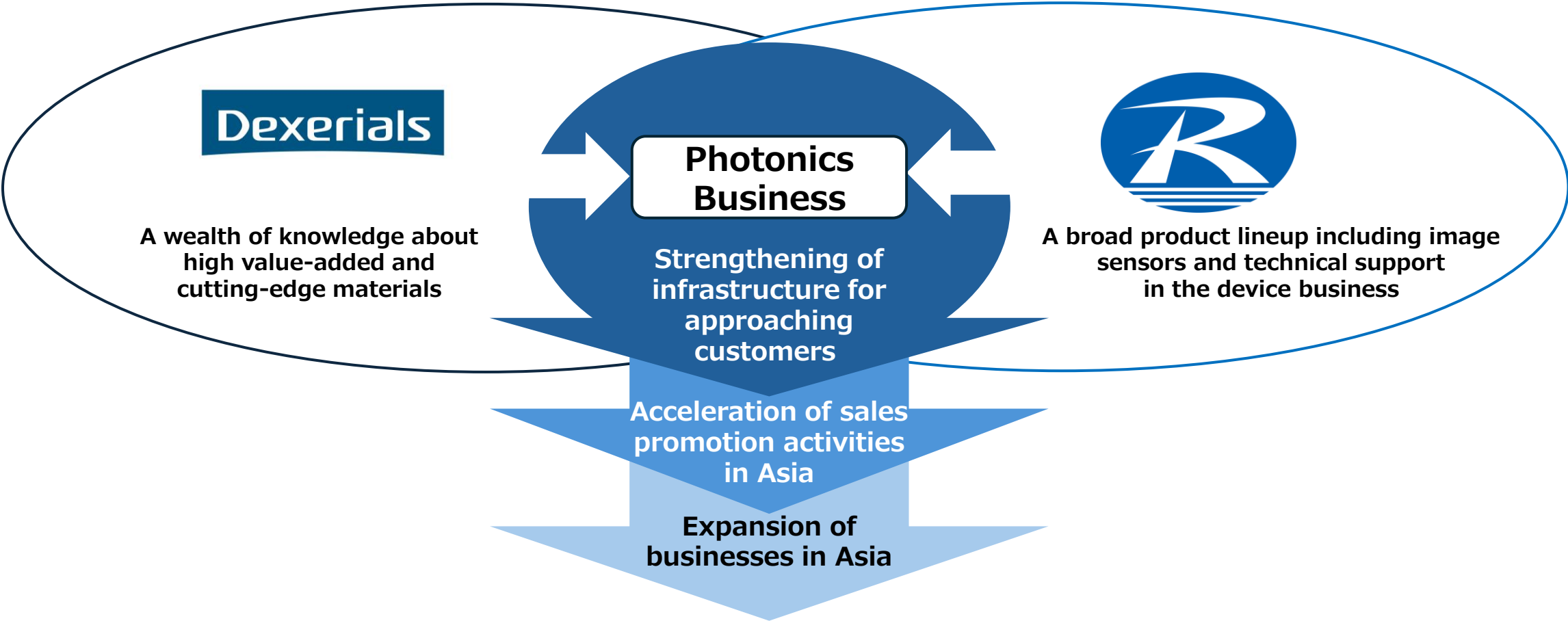
Dexerials: Efforts are being made to catch up to the accelerated market growth.

- ◆ Acquisition of additional projects from customers and the acquisition of new customers
- ◆ Efforts to increase capacity
- ◆ Steady progress in the development of next-generation high-speed photo diodes



Evolution of the Management Base : Enhancing the Sales Functions

Commenced activities to promote sales of the Company's high value-added products through the strong network of Restar Corporation.



Contribution to the Expansion of our Business Portfolio

FY24H1 Sales and Operating Profit by Segment

(Unit: JPY Mil)	23H1	24H1	YoY Change
Optical Materials and Components			
Net Sales	23,691	29,197	+23.2%
Business Profit	7,053	9,984	+41.6%
Margin	29.8%	34.2%	+4.4%Pt
EBITDA	8,274	11,666	+41.0%
Electronic Materials and Components			
Net Sales	26,218	30,785	+17.4%
Business Profit	9,092	12,335	+35.7%
Margin	34.7%	40.1%	+5.4%Pt
EBITDA	10,540	13,897	+31.8%
Consolidated Total			
Net Sales	49,595	59,635	+20.2%
Business Profit	16,146	22,320	+38.2%
Margin	32.6%	37.4%	+4.9%Pt
EBITDA	18,815	25,564	+35.9%

(Note) Net sales of the segment include inter-segment transactions.

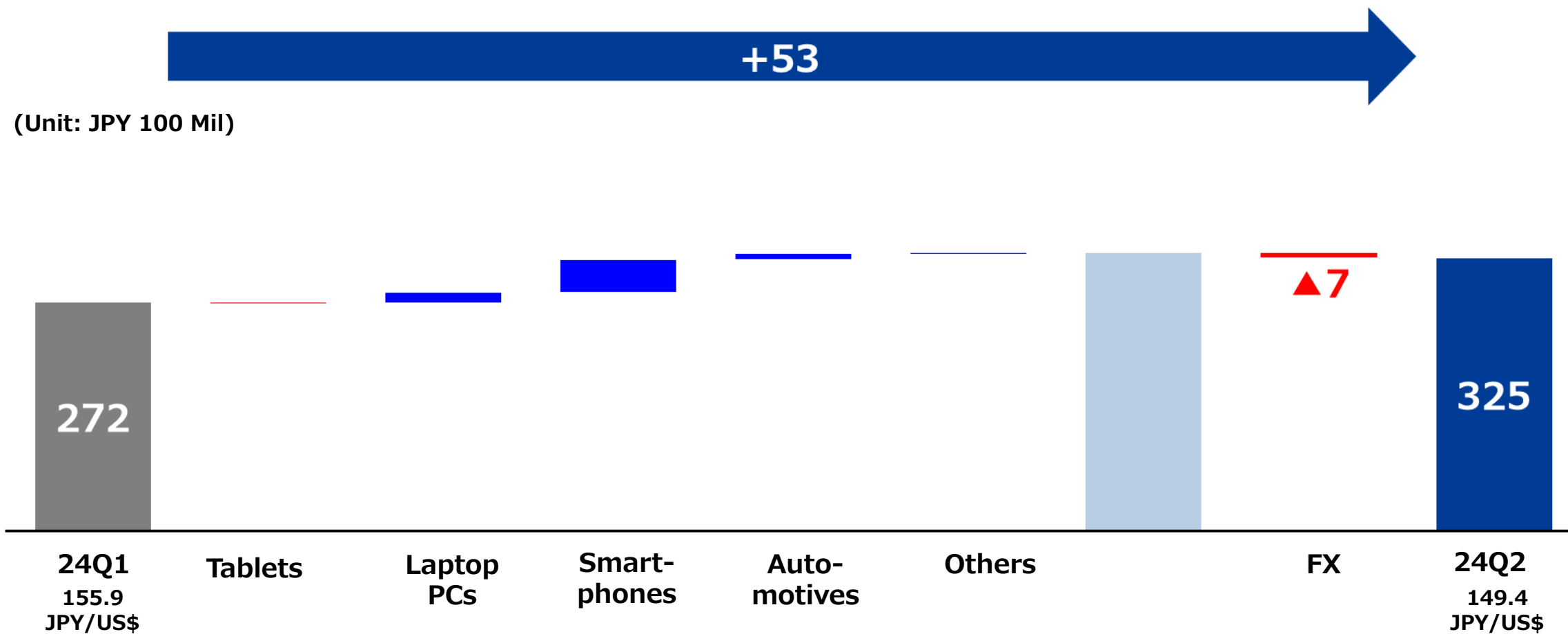
FY24 Sales and Operating Profit by Segment : No Change

(Unit: JPY Mil)	FY23 JGAAP	FY24 Fcst IFRS
Optical Materials and Components		
Net Sales	51,453	50,000
Operating Profit	16,040	—
Margin	31.2%	—
Business Profit(IFRS)	—	13,500
Margin	—	27.0%
EBITDA	17,887	16,700
Electronic Materials and Components		
Net Sales	54,387	57,000
Operating Profit	19,167	—
Margin	35.2%	—
Business Profit(IFRS)	—	20,000
Margin	—	35.1%
EBITDA	22,135	22,800
Consolidated Total		
Net Sales	105,198	107,000
Operating Profit	33,421	—
Margin	31.8%	—
Business Profit(IFRS)	—	33,500
Margin	—	31.3%
EBITDA	40,024	39,500

(Notes) Net sales of the segment include inter-segment transactions.

(FY23)The difference between the total amount of segment Operating Profit and the Consolidated Operating Profit is equal to the amount of amortization of goodwill that does not belong to any reportable segment.

FY24Q2 Changes in Sales by Application (QoQ)



(Note) Includes estimates

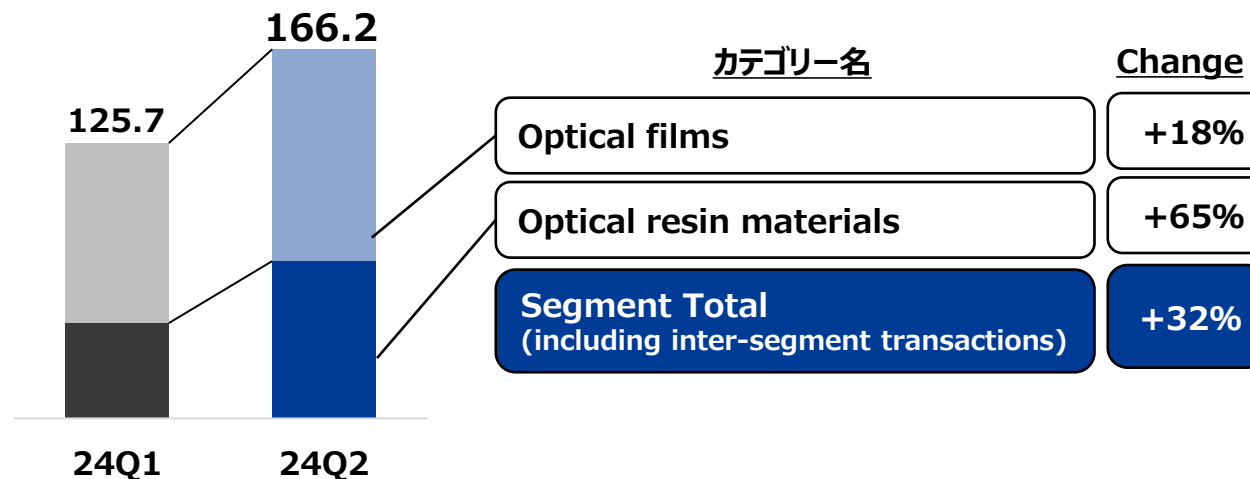
(Note) Laptop PCs include Desktop monitors

FY24Q2 Segment Summary (QoQ)

◆ Optical Materials & Components (QoQ Change by category)

(Unit: JPY Mil)

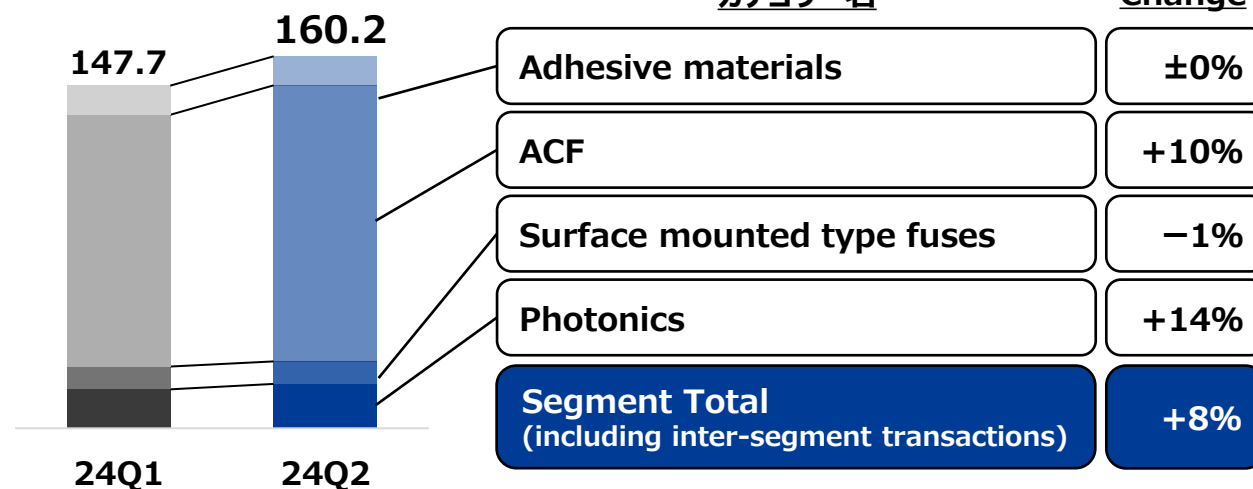
	24Q1	24Q2	Change
Net Sales	12,573	16,624	+32.2%
Business Profit	3,641	6,342	+74.2%
EBITDA	4,489	7,176	+59.9%



◆ Electronic Materials & Components (QoQ Change by category)

(Unit: JPY Mil)

	24Q1	24Q2	Change
Net Sales	14,765	16,019	+8.5%
Business Profit	5,953	6,381	+7.2%
EBITDA	6,715	7,183	+7.0%



Summary of Consolidated Financial Condition as of September 30, 2024

◆ Summary of Consolidated Balance Sheet

(Unit: JPY Mil)

	As of Mar 2024	As of Sep 2024	Amt Change
Cash and cash equivalents	35,328	42,307	+6,978
Current Assets	69,442	78,985	+9,543
PP&E	37,390	47,262	+9,871
Non-current Assets	70,931	82,117	+11,185
Total Assets	140,373	161,102	+20,728
Interest-bearing Debt	23,198	21,536	-1,662
Total Debt	55,251	63,510	+8,259
Total equity	85,122	97,591	+12,469
Total liabilities and equity	140,373	161,102	+20,728

Capital to Asset Ratio	60.6%	60.6%	-0.1%pt
Net D/E Ratio	-0.14	-0.21	-0.07

FY24H1 Summary of Consolidated Cash Flows

(Unit: JPY Mil)

	23H1	24H1	Amt Change
Operating Cash Flow	7,841	19,711	+11,869
Investing Cash Flow	-6,358	-5,133	+1,224
Free Cash Flow	1,483	14,577	+13,093
Cash Balance	25,281	42,307	+17,025

(Reference) FY24H1 Net Sales by Region

(Unit: JPY Mil)

	23H1		24H1		Amt Change
	Composition		Composition		
Japan	22.5%	11,135	26.6%	15,855	+4,720
China	31.8%	15,754	27.5%	16,425	+671
South Korea	16.0%	7,924	14.3%	8,528	+603
Taiwan	17.7%	8,780	18.6%	11,063	+2,283
Other	12.1%	6,000	13.0%	7,761	+1,760
Outside Japan	77.5%	38,460	73.4%	43,779	+5,318
Net Sales	100.0%	49,595	100.0%	59,635	+10,039

(Reference) Quarterly Data

(Unit: JPY Mil)

	JGAAP										IFRS				
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY23	23Q1 (rf.)	23Q2 (rf.)	Q1	Q2	FY24 Fcst
Net Sales	26,775	31,422	29,029	18,940	106,167	20,858	28,737	31,121	24,480	105,198	20,858	28,737	27,176	32,458	107,000
Operating Profit**	8,303	11,286	9,710	2,987	32,288	4,864	10,180	11,612	6,762	33,421	5,378	10,767	9,595	12,724	33,500
Margin**	31.0%	35.9%	33.4%	15.8%	30.4%	23.3%	35.4%	37.3%	27.6%	31.8%	25.8%	37.5%	35.3%	39.2%	31.3%
Net Profit*	4,660	7,799	6,186	2,039	20,685	3,224	6,251	7,367	4,538	21,382	3,684	6,713	6,689	9,167	23,000
Net Profit* per Share	–	–	–	–	129.77 Yen	–	–	–	–	136.03 Yen	–	–	–	–	132.20 Yen
Dividend per Share	–	–	–	–	21.7 Yen	–	–	–	–	33.3 Yen	–	–	–	–	52 Yen
Total Value of Share Buyback	–	–	–	–	8,999	–	–	–	–	5,999	–	–	–	–	–
Total payout ratio (Before Amort. Of Goodwill)	–	–	–	–	56.6%	–	–	–	–	50.8%	–	–	–	–	–
Management Indices															
EBITDA	9,979	12,981	11,430	4,709	39,101	6,534	11,848	13,244	8,396	40,024	6,709	12,106	11,204	14,360	39,500
ROIC	–	–	–	–	24.4%	–	–	–	–	22.3%	–	–	–	–	18.8%
ROE	–	–	–	–	30.3%	–	–	–	–	27.1%	–	–	–	–	25.5%
(Ref.) Before Amort. Of Goodwill	–	–	–	–	33.6%	–	–	–	–	30.0%	–	–	–	–	–
Capex	2,233	1,323	1,627	8,742	13,926	1,413	1,294	1,735	3,039	7,482	1,413	1,294	1,321	2,261	20,000
Depreciation	1,120	1,138	1,163	1,192	4,615	1,147	1,144	1,107	1,111	4,510	1,379	1,386	1,623	1,650	6,000
Amort. of Goodwill	570	570	570	570	2,283	570	570	570	570	2,283	–	–	–	–	–
R&D Expenses	1,020	1,069	1,117	1,066	4,274	1,122	1,122	1,227	1,233	4,706	1,122	1,122	1,208	1,317	6,200
FX Rate (JPY/US\$)	129.6	138.4	141.6	132.3	135.5	137.4	144.6	147.9	148.6	144.6	137.4	144.6	155.9	149.4	146.3

* Net profit shall be read as net profit attributable to owners of the parent company.

** Business profit and its margin are shown instead of operating profit from FY24.

(Notes) Amounts of Net profit per share and Dividend per share are the amount considering the stock split.

Net sales of the segment include inter-segment transactions.

The difference between the total amount of segment Operating Profit and the Consolidated Operating Profit is equal to the amount of amortization of goodwill that does not belong to any reportable segment(FY22,23).

(Reference) Quarterly Data by Segment

(Unit: JPY Mil)

	JGAAP										IFRS				
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY23	23Q1 (rf.)	23Q2 (rf.)	Q1	Q2	FY24 Fcst
Optical Materials and Components															
Net Sales	13,231	17,432	15,446	9,273	55,384	9,186	14,504	15,898	11,863	51,453	9,186	14,504	12,573	16,624	50,000
Operating Profit*	4,303	6,620	5,355	1,690	17,969	1,989	5,084	5,853	3,113	16,040	1,961	5,091	3,641	6,342	13,500
Margin*	32.5%	38.0%	34.7%	18.2%	32.4%	21.7%	35.1%	36.8%	26.2%	31.2%	21.4%	35.1%	29.0%	38.2%	27.0%
EBITDA	4,838	7,160	5,900	2,240	20,142	2,496	5,568	6,287	3,534	17,887	2,604	5,670	4,490	7,176	16,700
Electronic Materials and Components															
Net Sales	13,693	14,201	13,779	9,820	51,495	11,810	14,407	15,400	12,768	54,387	11,810	14,407	14,765	16,019	57,000
Operating Profit*	4,447	5,112	4,802	1,744	16,106	3,322	5,543	6,205	4,096	19,167	3,416	5,675	5,953	6,381	20,000
Margin*	32.5%	36.0%	34.9%	17.8%	31.3%	28.1%	38.5%	40.3%	32.1%	35.2%	28.9%	39.4%	40.3%	39.8%	35.1%
EBITDA	5,140	5,821	5,529	2,469	18,958	4,038	6,280	6,956	4,860	22,135	4,104	6,436	6,715	7,183	22,800
Consolidated Total															
Net Sales	26,775	31,422	29,029	18,940	106,167	20,858	28,737	31,121	24,480	105,198	20,858	28,737	27,176	32,458	107,000
Operating Profit*	8,303	11,286	9,710	2,987	32,288	4,864	10,180	11,612	6,762	33,421	5,378	10,767	9,595	12,724	33,500
Margin*	31.0%	35.9%	33.4%	15.8%	30.4%	23.3%	35.4%	37.3%	27.6%	31.8%	25.8%	37.5%	35.3%	39.2%	31.3%
EBITDA	9,979	12,981	11,430	4,709	39,101	6,534	11,848	13,244	8,396	40,024	6,709	12,106	11,204	14,360	39,500

* Business profit and its margin are shown instead of operating profit from FY24.

(Notes) Net sales of the segment include inter-segment transactions.

The difference between the total amount of segment Operating Profit and the Consolidated Operating Profit is equal to the amount of amortization of goodwill that does not belong to any reportable segment(FY22,23).

(Reference) FY24 FX Sensitivity

	FY24 Fcst		
Net Sales (JPY 100 Mil)	6.1		
Business Profit (JPY 100 Mil)	5.4		
rf.) Assumed FX rate (JPY/US\$)	H1 Act	H2 Fcst	FY24 Fcst
	152.6	140.0	146.3

ESG Initiatives

Philosophy	2024	May	Formulated Purpose “Empower Evolution. Connect People and Technology.”
E Environment	2021	May	Established long-term CO2 emissions reduction targets, aiming to achieve net zero CO2 emissions by FY2030, from power consumption for businesses
		Sep	Declared support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and Joining the Japan TCFD Consortium
		Mar	Capital participation in R Plus Japan, Co., Ltd., a joint venture developing a business to recycle used plastics
	2023	Nov	Information Disclosure Based on TCFD (released calculations results of Scope 3 newly)
S Society	2020	Apr	Established “Declaration of Health and Productivity Management” and started the initiatives for what to be by 2030
	2021	Apr	Established telecommuting system and promoted workstyle diversification
	2024	Apr	Introduction of a Job-Type Personnel System for general employees of Dexerials Corporation and all employees of the Dexerials Group companies including those inside and outside Japan
G Governance	2019	Jul	Established the Nomination and Compensation Committee, introduced a delegated Executive Officer system and enhanced the delegation of authority
	2021	Jun	Switched to a company with an Audit and Supervisory Committee, revised policy on determination of officer remuneration, status of all executive directors changed to delegation agreement-based, enhanced the delegation of executive authority
		Jul	Relocated the head office to Shimotsuke city, Tochigi and Tokyo Office to Kyobashi, Chuo-ku, Tokyo
	2024	Jun	Revisions to Officer Remuneration System (Raise the ratio of stock compensation, and reflect the achievement level of its sustainability strategic targets, etc.)
Information transmission	2024	Nov	“Dexerials Integrated Report 2024 (Japanese) ” to be published

ESG External Rating & Others

FTSE Blossom Japan Sector Relative Index*

June 2024 Selected consecutively as a constituent



FTSE Blossom Japan Sector Relative Index

An ESG investment index provided by UK-based FTSE Russell targeting Japanese companies that meet global standards

JPX-Nikkei index 400

August 2023 Selected as a constituent for two consecutive years



JPX-NIKKEI 400

The index is calculated jointly by the Tokyo Stock Exchange, Inc. and Nikkei Inc.


[MSCI Japan ESG Select Leaders Index]**
[MSCI Japan Empowering Women Index (WIN)]**

June 2024 Selected consecutively as a constituent **2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX**

June 2024 Selected consecutively as a constituent **2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)**

SOMPO Sustainability Index

June 2024 Selected consecutively as a constituent



Active index uniquely set by Sompo Asset Management Co.,Ltd. **Sompo Sustainability Index**

2024 Health & Productivity Management Outstanding Organization (Large Enterprise Category)

April 2024 Selected as a constituent for four consecutive years



2024 健康経営優良法人
Health and productivity

JPX Prime 150 Index

September 2024 Selected as a constituent for the first time



Stock price index that is positioned as “Japanese companies that are estimated to create value”

IR Website Surveys

January 2024 Achieves High Ratings in Three Major IR Website Surveys





2023 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan

IR Site Ranking SILVER 2023

Internet IR Commendation Award 2023 Daiwa Investor Relations

*FTSE Russell confirms that Dexerials Corporation has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products

**The inclusion of Dexerials in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Dexerials by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Treasury Shares Held as of September 30, 2024

Items	Percentage of the number of shares issued	Number of shares
Number of issued shares	100.0%	180,672,600
Common stock (excluding treasury shares)	95.3%	172,270,107
Treasury shares	4.7%	8,402,493
Number of treasury shares held except for the incentive plans	0.0%	0
Number of treasury shares possessed for incentives	4.7%	8,401,458
Employee Stock Ownership Plan ("J-ESOP")	4.0%	7,214,400
Board Benefit Trust (BBT)	0.2%	315,300
With restrictions on transfer	0.5%	871,758
Others	0.0%	1,035

(Note) The number of shares after considering the stock split is shown.

(Reference) Comparison of JGAAP and IFRS

JGAAP

Net sales

Gross profit

Selling, general and administrative expenses

Operating profit

Other income and expenses

Share of profit (loss) of entities accounted for using equity method

Net financial income

Ordinary profit

Extraordinary income (loss)

Profit before tax

Total Income taxes

Net profit

IFRS

Net sales

Gross profit

Selling, general and administrative expenses

Business profit

Other income and expenses

Operating profit

Net financial income

Share of profit (loss) of entities accounted for using equity method

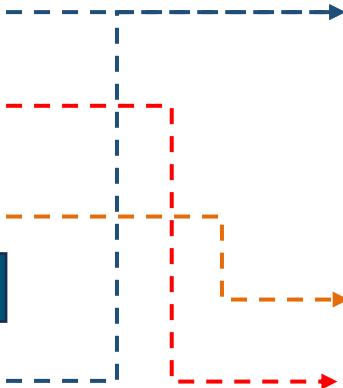
Profit before tax

Total Income taxes

Net profit

Business profit as a Profit Indicator

- Indicating profit from ongoing operations, equivalent to operating profit under JGAAP (without Amort. Of Goodwill)



Our Purpose & Sustainability

Purpose

Empower Evolution.

Connect People and Technology.

Materiality

Strengthening Technology and Human Capital

What we want to be in ten years

- Contributing to the evolution of digital technologies in a wider range of domains
- Achieving sustainable growth by creating social value and economic value

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.

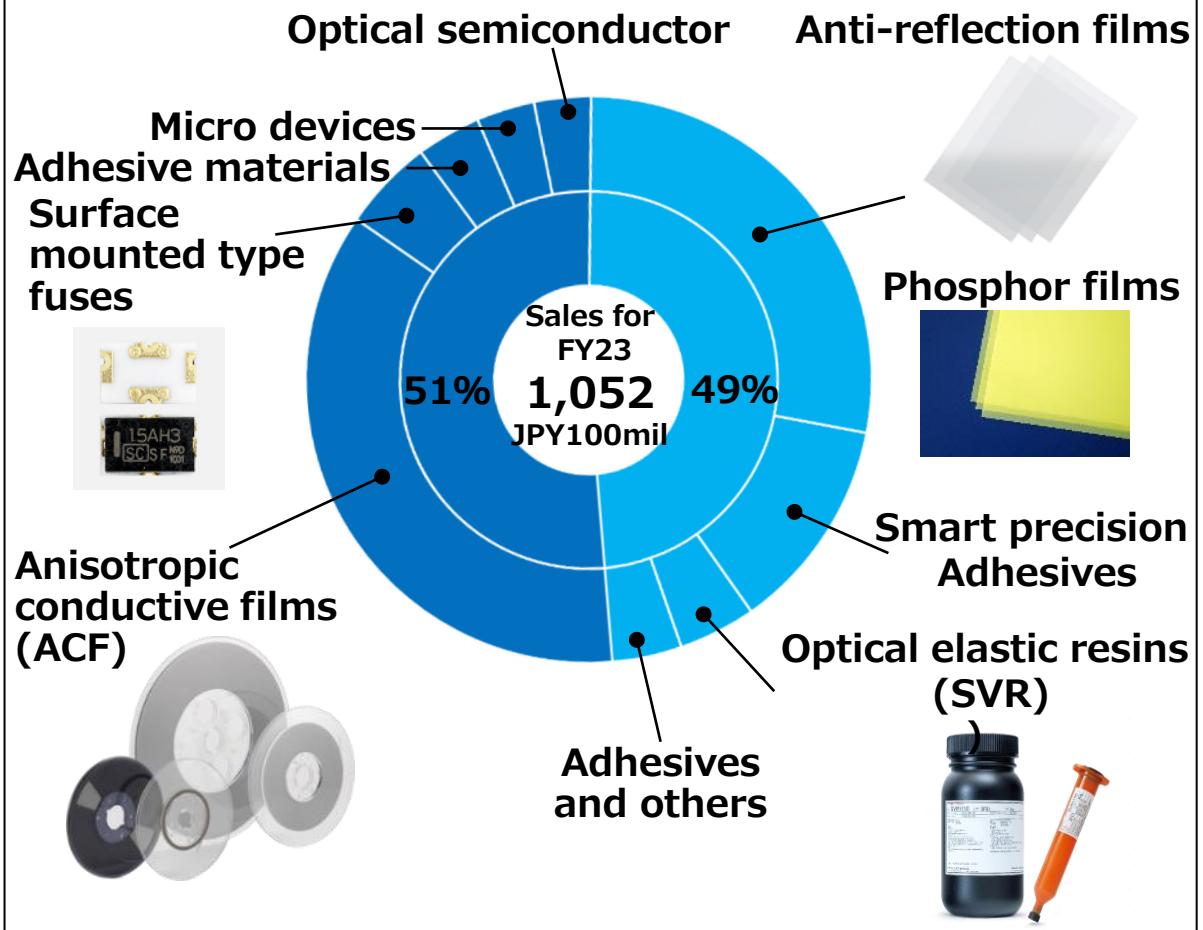
Every day, we embrace the challenge of creating a society that's more prosperous and efficient. Our aim is to strive for a world where all stakeholders can enjoy sustainable and comfortable lives.

Sales Composition

■ Sales by Category (FY23)

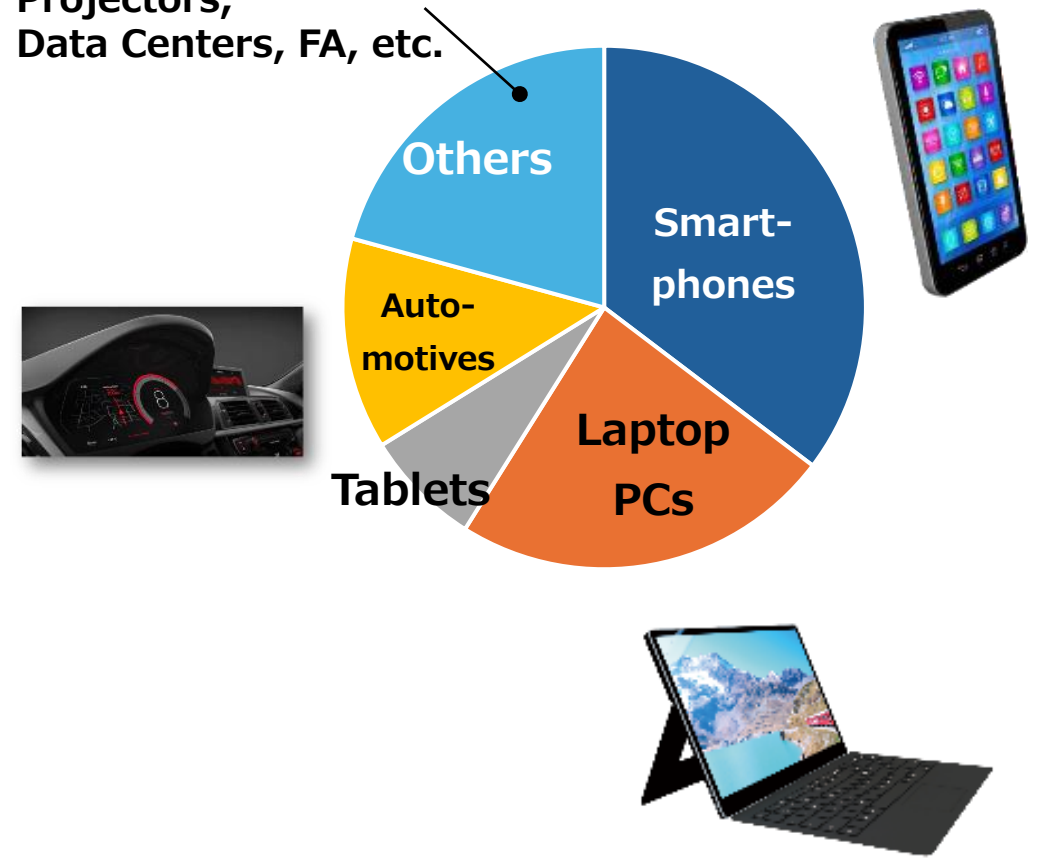
Electronic Materials and Components Segment

Optical Materials and Components Segment



■ Sales by Application (FY23)

Power tools, E-Scooters, Projectors, Data Centers, FA, etc.



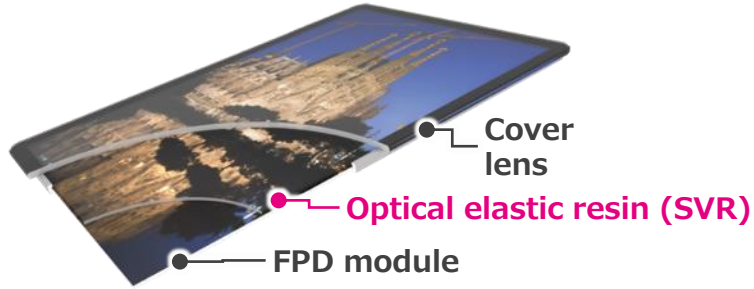
Final Products Incorporating Dexerials' Products

Anti-reflection films



These are optical films designed to prevent the deterioration of visibility by suppressing the reflection of light on the surfaces of optical devices such as laptop PCs displays

Optical elastic resins (SVR)



This is a UV-curable elastic resin that fills the air gap inside the displays of smartphones, tablets, and laptop PCs, suppressing light refraction and reflection.

Smart precision Adhesives



Camera module

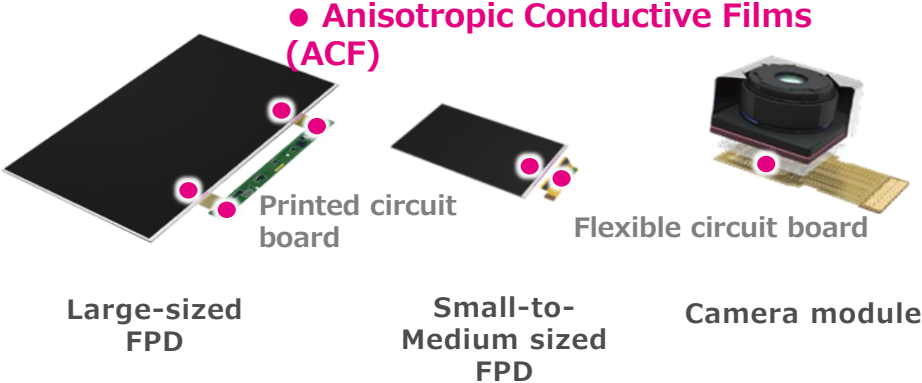


Optical pickup

Adhesives cured with UV, heat, and UV heat accomplish low-temperature fast curing and low shrinkage and are ideal for precision affixing during assembly.

Final Products Incorporating Dexerials' Products

Anisotropic Conductive Films (ACF)



ACF is a de facto standard adhesive material used for almost all the flat panel displays. This is a conductive adhesive film with conductive particles dispersed in thermo-curable resin. It conductively connects driver ICs or sensor modules to circuit boards.

Surface mounted type fuses



These are secondary protection fuses for the safe operation of electronic devices equipped with lithium-ion batteries. In the event of overcurrent, overcharging of lithium-ion batteries, the fuse element melts. This improves the safety of the batteries.

Final Products Incorporating Dexerials' Products

Anisotropic Conductive Films (ACF)



Optical elastic resins (SVR)



Anti-reflection films



Automotive display



Boasting high anti-reflection and stain-resistant performance, Dexerials' anti-reflection films are increasingly being adopted amid the trend towards electronic displays and larger, higher-resolution screens. In addition, sales of Optical elastic resins (SVR), Anisotropic conductive films (ACF) and others increased for automotive display applications.

Smart precision Adhesives



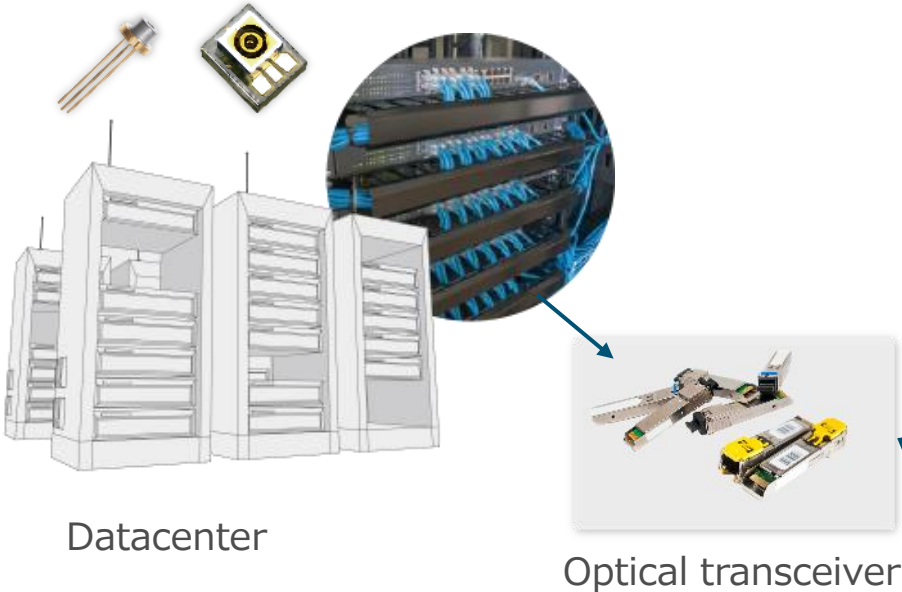
Sensors for Automotives



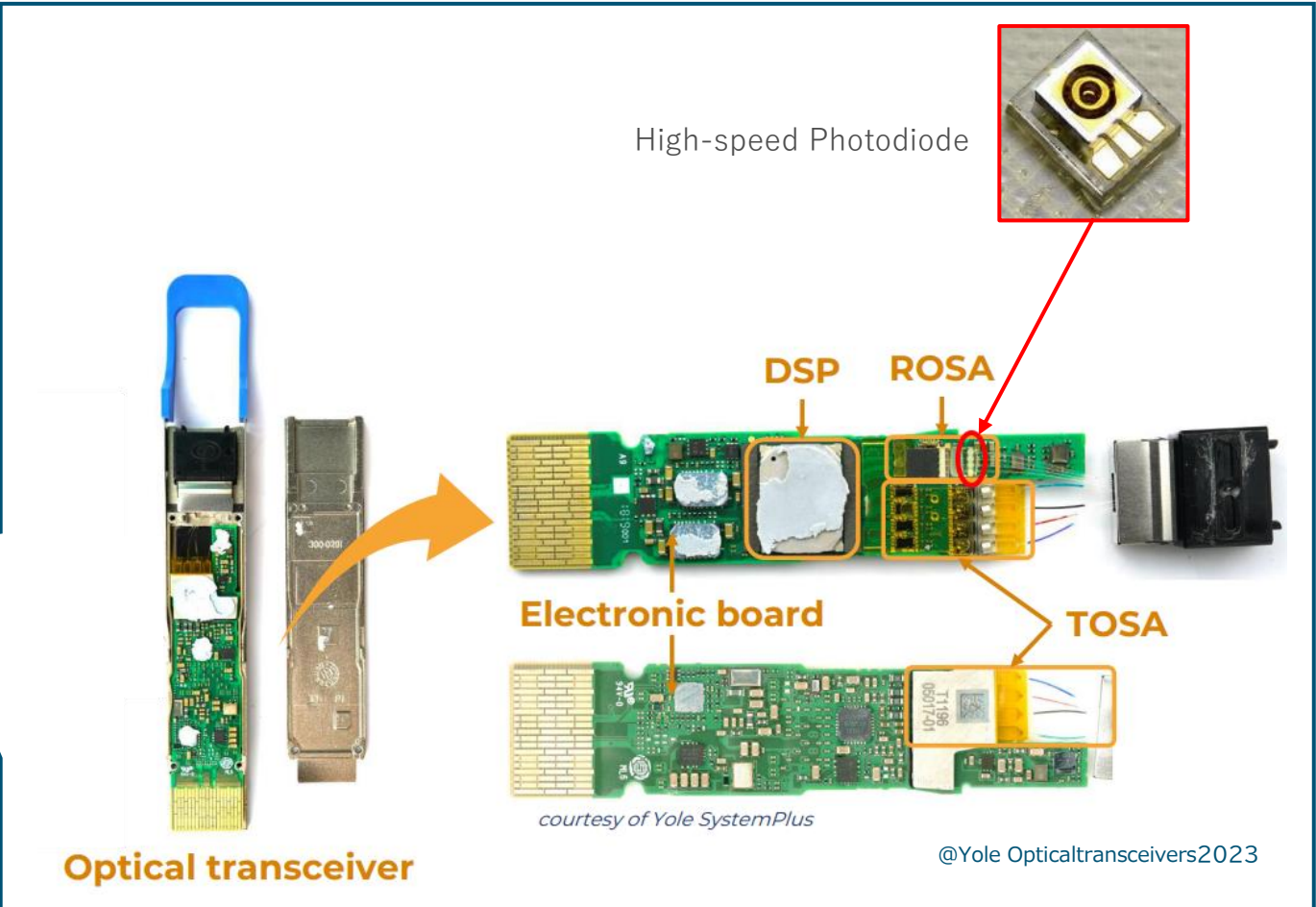
With the sophistication of advanced driver-assistance systems (ADAS), more and more automotive sensors are being mounted on vehicles. Dexerials' Smart precision Adhesives are finding increasing application for sensor modules.

Final Products Incorporating Dexerials' Products

Optical semiconductor elements and module



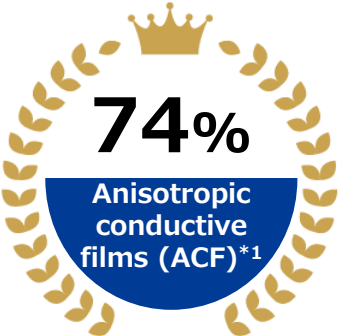
Semiconductor elements that convert electricity into light and vice versa are generically referred to as optical semiconductors. Electronic parts incorporating these elements are optical semiconductor devices. Dexerials' products are adopted in optical transceivers for data centers.



High Market Share in the Niche Markets

Mainstay products with **Global No.1** share in the niche markets.

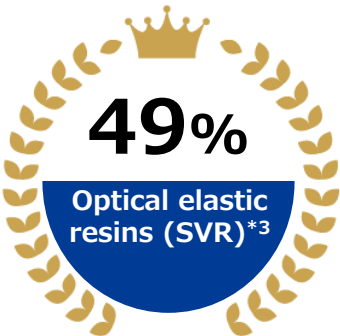
Functional materials with top global market share are the source of stable growth.



Anisotropic conductive films (ACF)

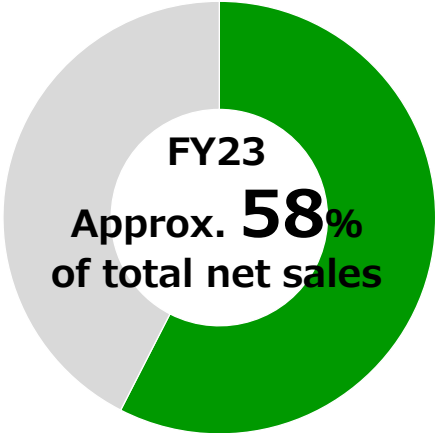


Anti-reflection films



Optical elastic resins (SVR)

Sales of 3 mainstay products

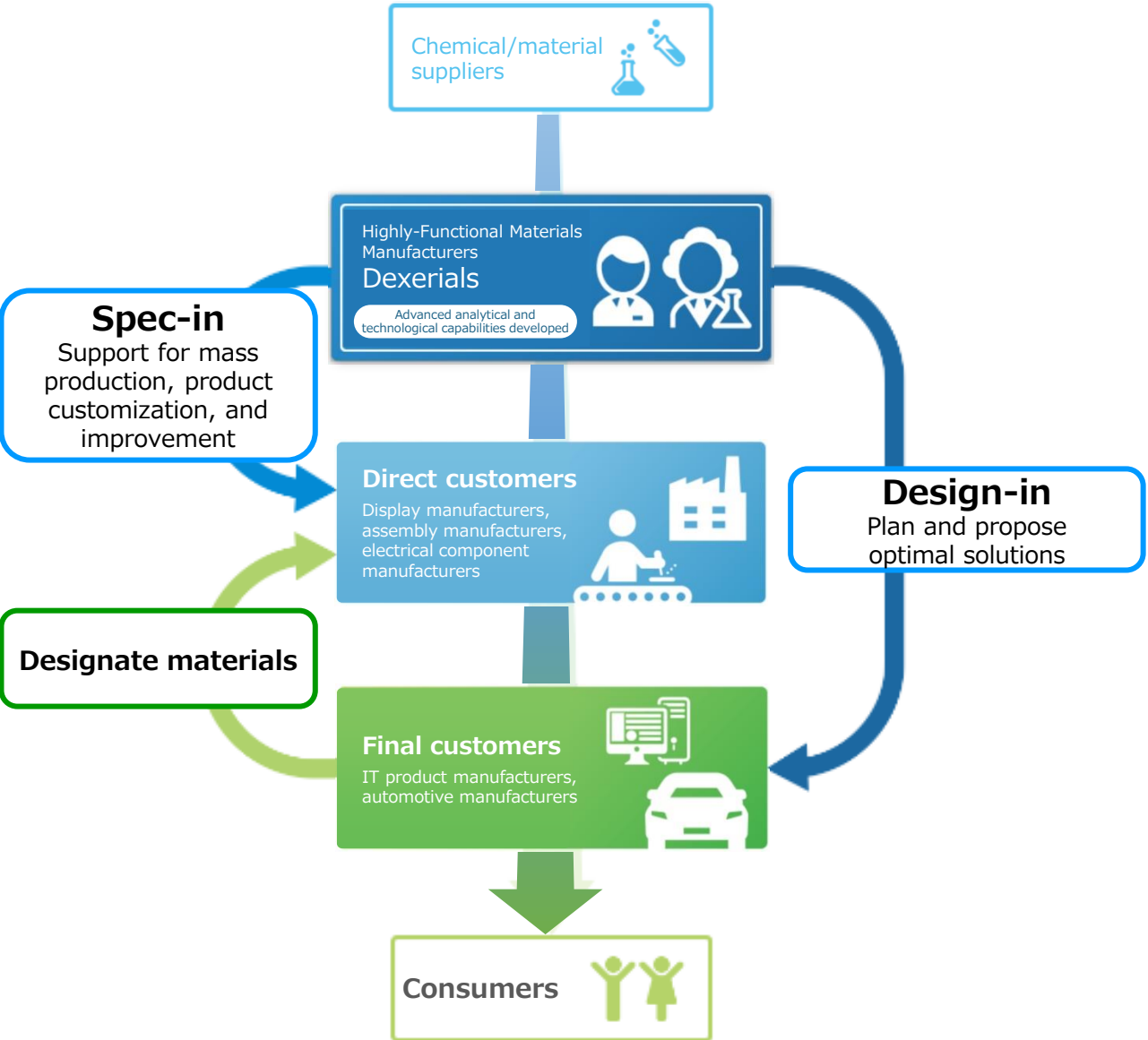


Overseas sales ratio (FY23)

Approx. 78%

※1: The 2023 share for value amount of ACF for large-sized and small-to medium-sized displays according to the "Reality and Future Prospect of Display Related Market 2024" issued by Fuji Chimera Research Institute, inc.
※2: The 2023 share for value amount of surface treatment film(dry coating) according to the "Reality and Future Prospect of Display Related Market 2024" issued by Fuji Chimera Research Institute, inc.
※3: The 2023 share for value amount of optically clear adhesives (OCR/LOCA) according to the "Reality and Future Prospect of Display Related Market 2024" issued by Fuji Chimera Research Institute, inc. Optical elastic resins (SVR) is the product name for Dexerials' optically clear adhesives.

Dexerials' Business Model – Creating Single-Sourced Products



Design-in: Unique Approach to Create Single-sourced Products

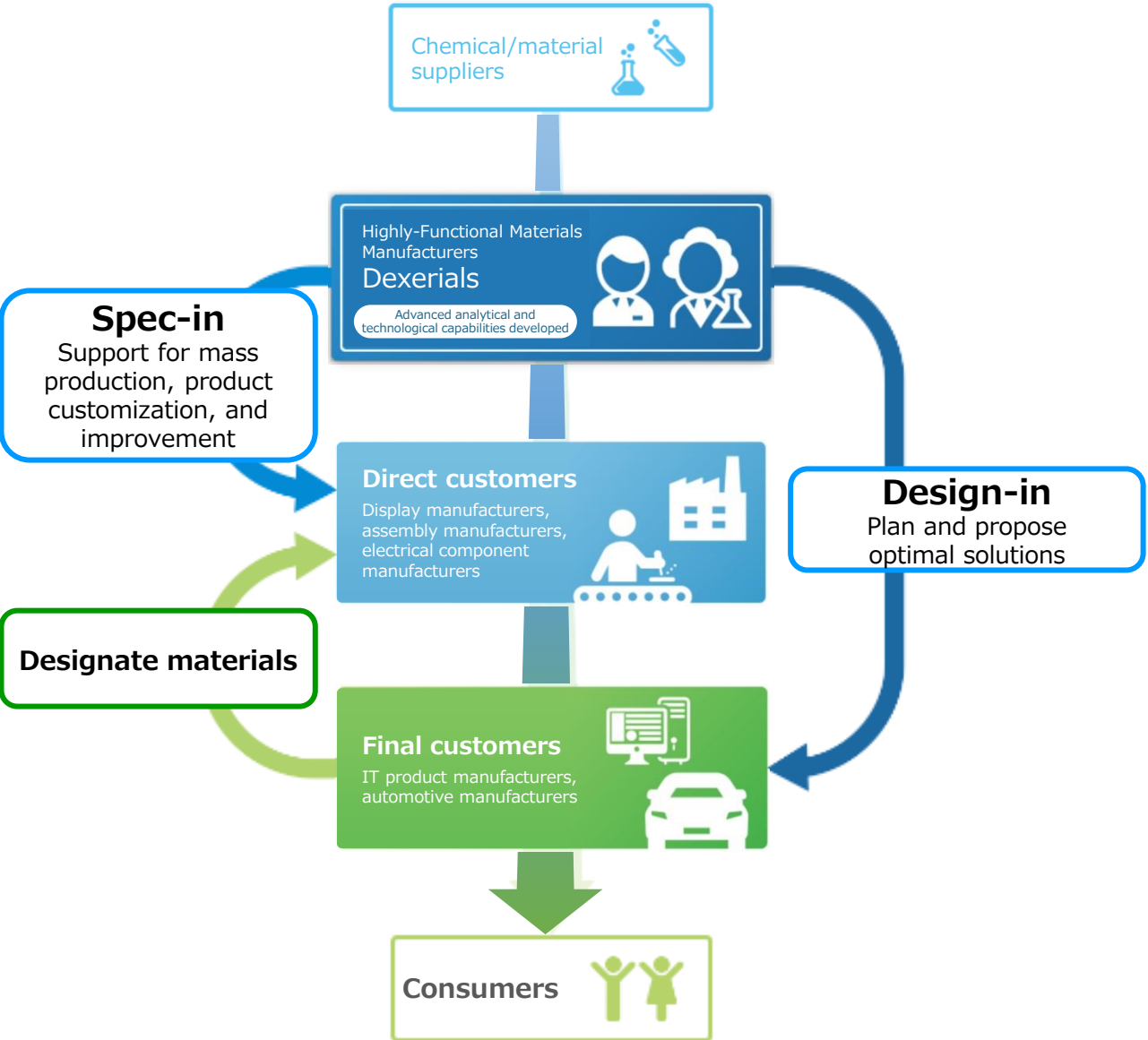
- Discuss with final product customers on future technologies/models
- Develops and proposes solutions anticipating technological trends & issues
- Final customers designate our highly customized, single-sourced products to direct customers



Expansion of Single-sourced Products

- Creates New markets
- Helps achieve highly-profitable growth with pricing power

Dexerials' Business Model – Applying to New Domains for Sustainable Growth



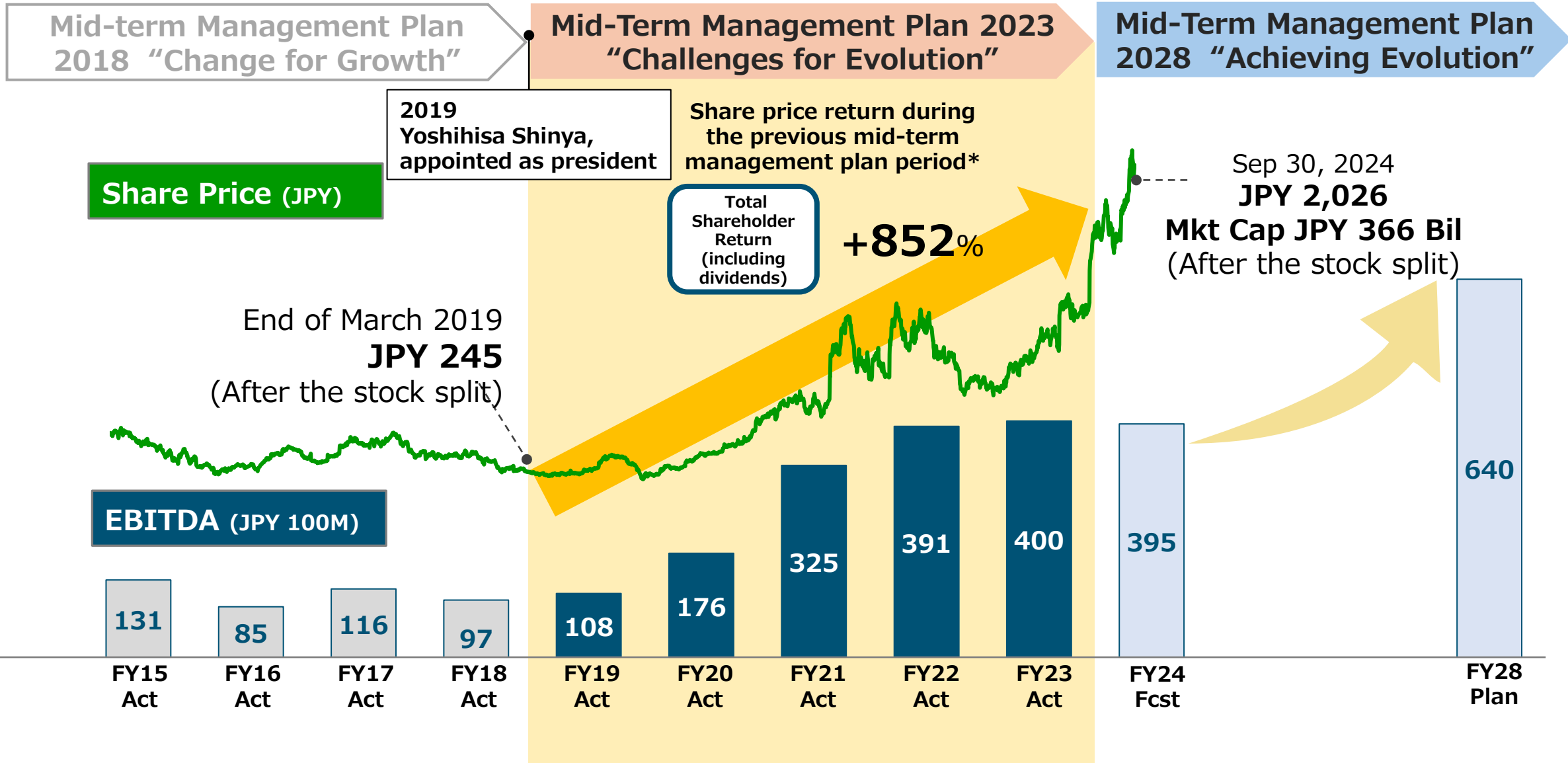
Solution Created by the Business Model

- Essential to evolution of technology for enhancing efficiency of society
- Creating both economic & social value, which are core of our sustainable growth

Applying to New Domains to Realize Sustainable Growth

- Automotive and photonics are the domains where a technological evolution is needed for enhancing efficiency of society

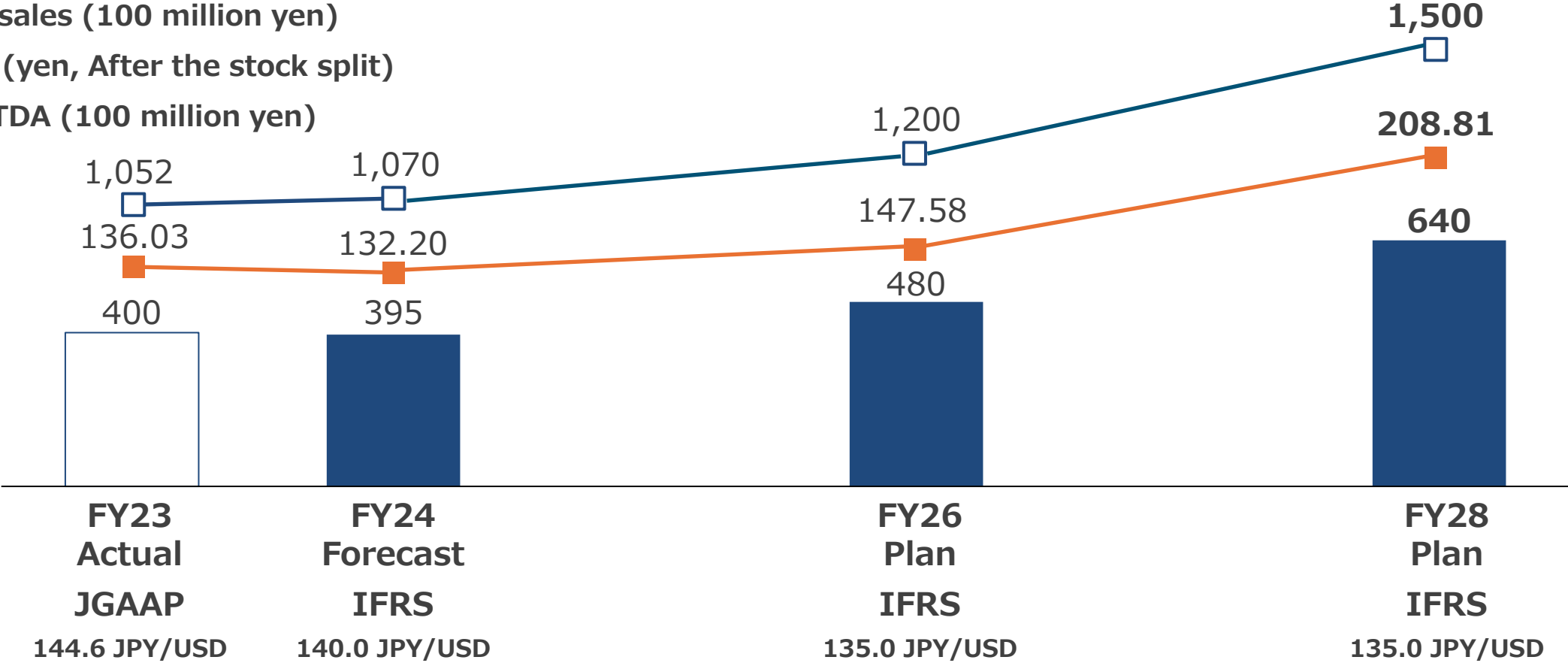
Share Price and EBITDA



Mid-term Management Plan 2028 "Achieving Evolution"

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

- Net sales (100 million yen)
- EPS (yen, After the stock split)
- EBITDA (100 million yen)



ROE 27.1% 25.5%

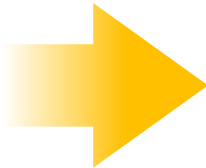
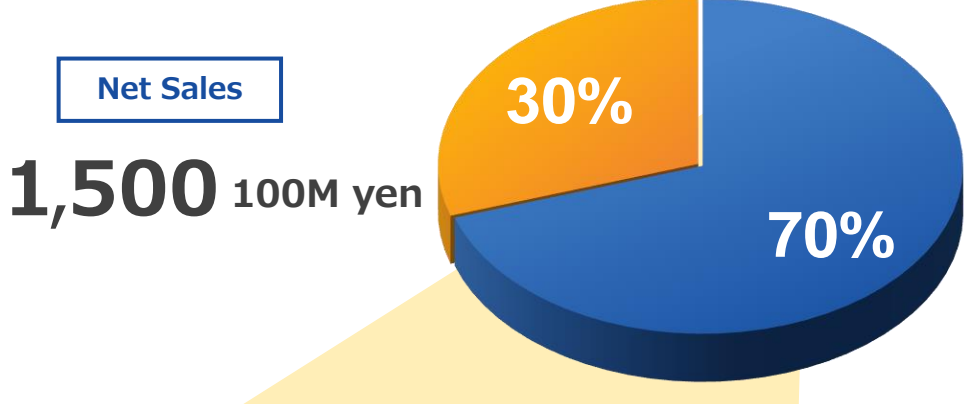
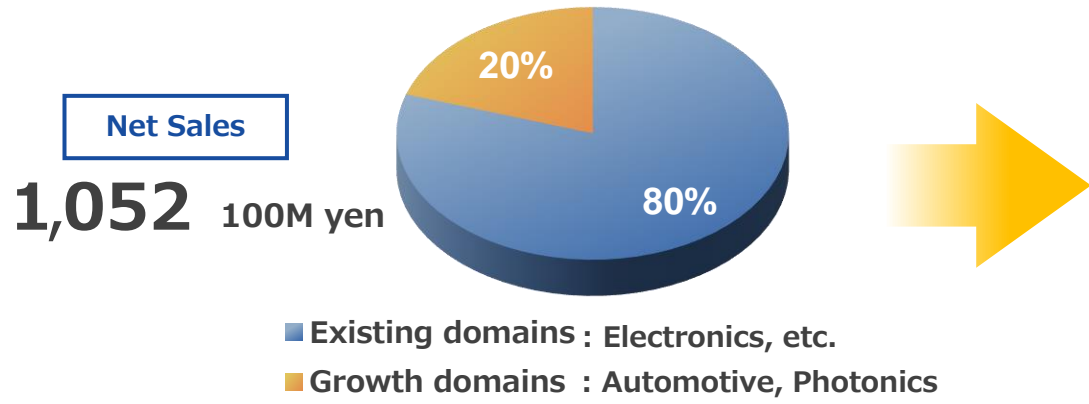
* EPS before goodwill amortization

Approximately 25% throughout the period of the mid-term management plan "Achieving Evolution"

Domain Growth in Mid-Term Management Plan 2028 “Achieving Evolution”

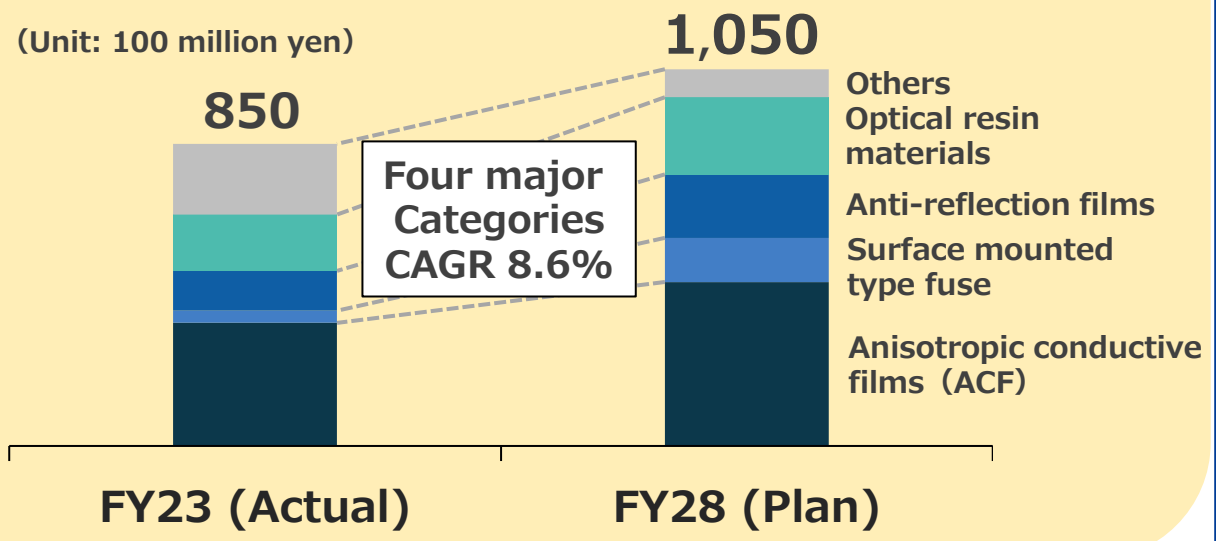
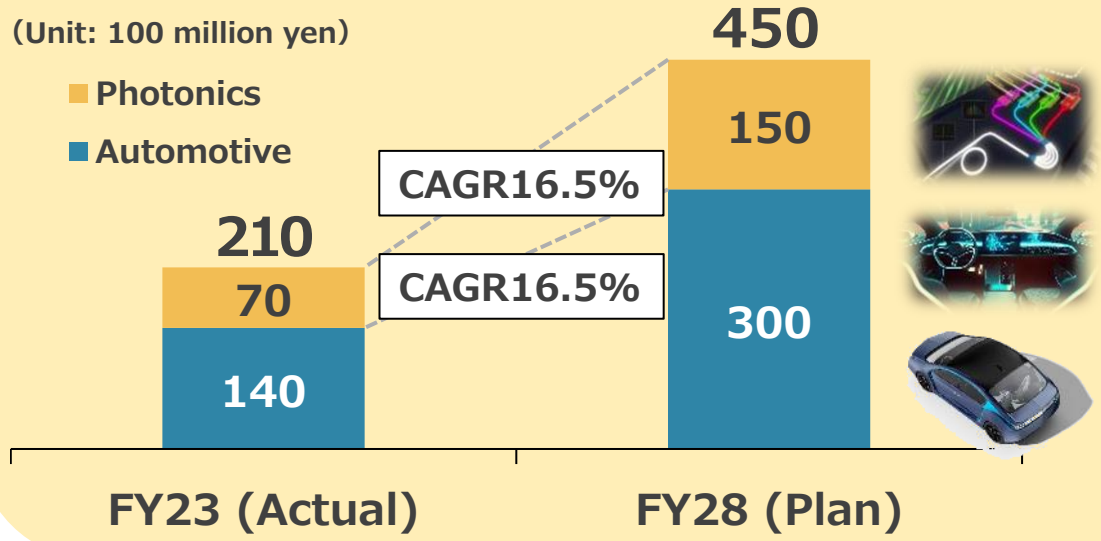
FY23 (Actual)

FY28 (Plan)



Scale of the businesses in growth domains (net sales)

Scale of businesses in existing domains (net sales)



Advanced Corporate Governance System

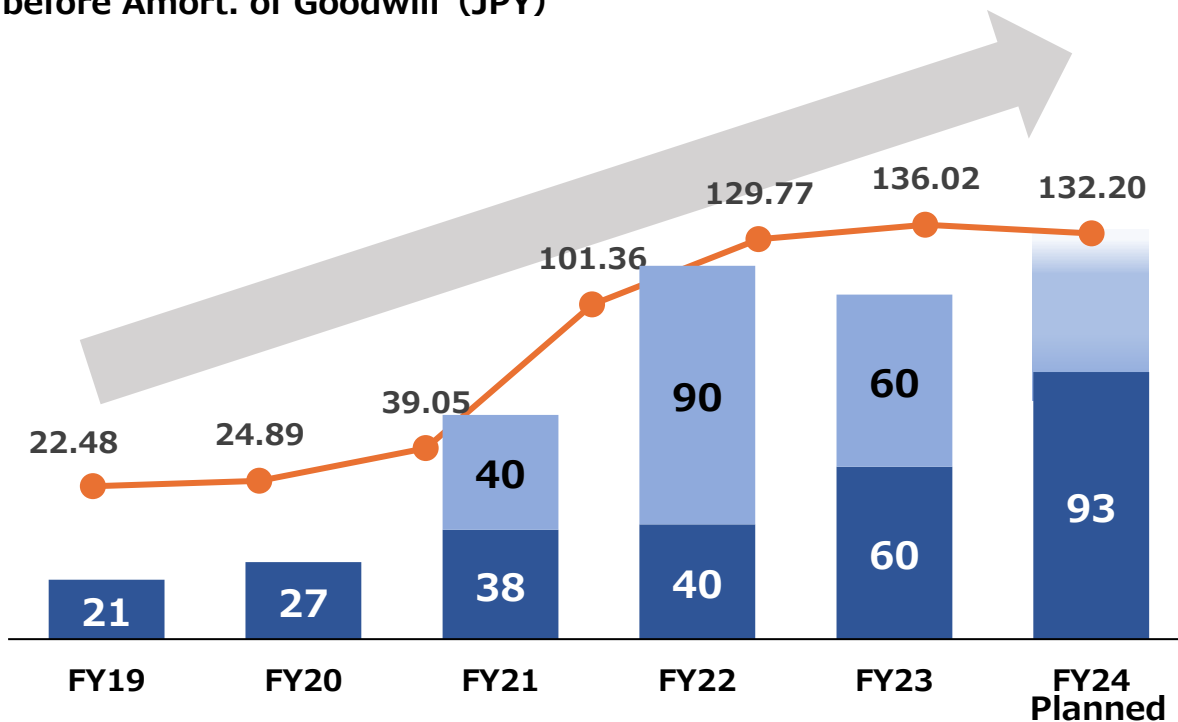
- ✓ In 2019:
 - Established a Nomination and Remuneration Committee
- ✓ In 2021:
 - Transition to a company with an Audit & Supervisory Committee
 - Adopted TSR in the evaluation criteria of directors' remuneration
- ✓ In 2024:
 - Application of restricted stock to stock compensation plan
 - Enhanced composition of remuneration for Representative Directors

Monetary remuneration		Stock compensation
Fixed remuneration: 30%	Variable remuneration: 70%	
Basic remuneration: 30%	STI: 30%	LTI: 40%
Before: 50%		Before: 20%



Shareholder Returns

- Total dividends (JPY 100 Mil)
- Total Value of Share Buyback (JPY 100 Mil)
- EPS before Amort. of Goodwill (JPY)



◆ Returns policy

Total payout ratio at 60% of net profit
 Target consolidated payout ratio of approx. 40%
 Lower limit of DOE at 7%*

◆ Stock split

Purpose:
 Increasing the liquidity of the Company's stock and expanding its base of investors

Effective date: October 1, 2024

Split ratio: 3 for 1

	FY19	FY20	FY21	FY22	FY23	FY24 Planned
EPS before Amort. of Goodwill*	24.89 Yen	39.05 Yen	101.36 Yen	129.77 Yen	136.02 Yen	132.20 Yen
Annual Dividend	11.3Yen	14.7Yen	20.0Yen	21.7Yen	33.3Yen	52.0Yen
Dividend payout ratio	75.6%	50.3%	21.8%	18.5%	27.1%	39.3%
DOE	4.2%	5.2%	6.2%	5.6%	7.3%	9.8%
Total payout ratio (Before Amort. of Goodwill)	45.6%	42.2%	42.3%	56.6%	50.8%	—

➢ Interim dividend at 78 yen (before stock split, after stock split:26yen)
 ➢ With a year-end dividend of 26 yen, the annual dividend is expected to be 52 yen

To be provided with a target cumulative amount for the period of Mid-term Management Plan being equivalent to a total payout ratio at 60% of net profit, with cash dividends and flexible share buybacks

(Notes) Net income for EPS before Amort. of Goodwill calculation is based on net income attributable to owners of the parent (FY19-FY23) and net income attributable to owners of the parent (FY24 planned).

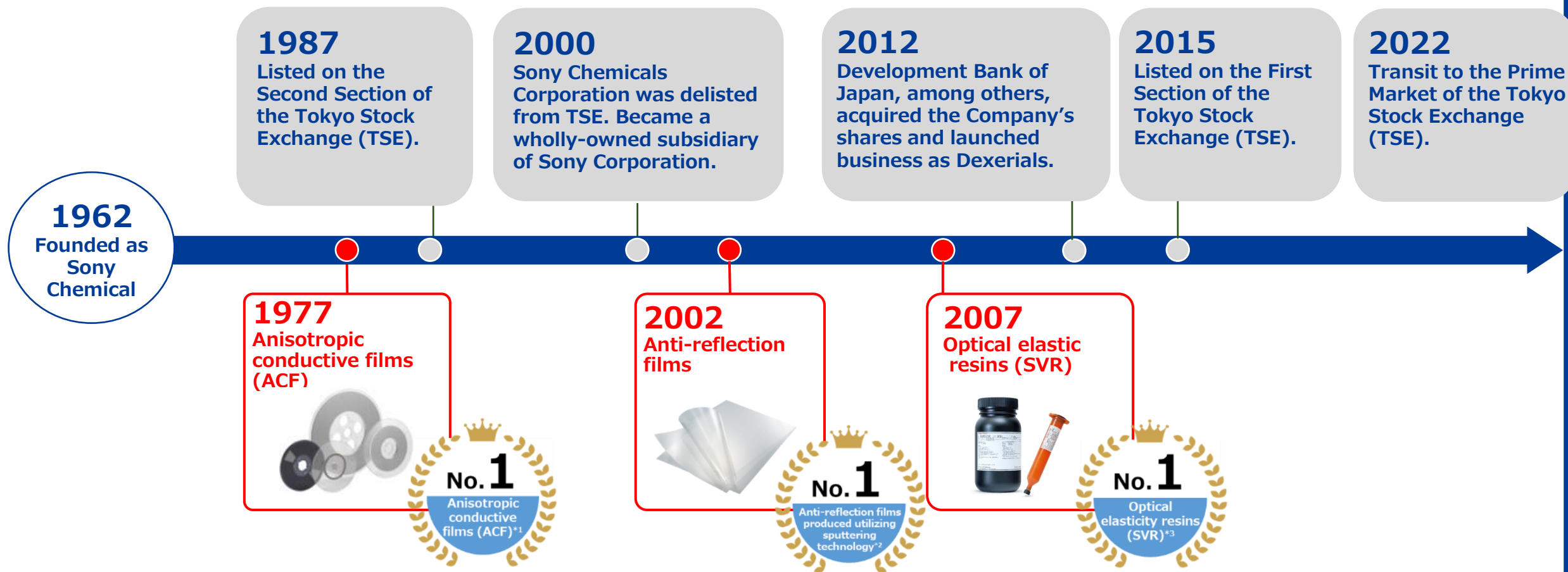
Dividend payout ratio is taken from after Amort. Of Goodwill until FY23.

EPS before Amort. of Goodwill and annual dividends are calculated assuming a stock split at the beginning of FY19.

* 7% of net assets as of the end of the previous fiscal year

History

Became independent from Sony in 2012. Listed in 2015.



※1: The 2023 share for value amount of ACF for large-sized and small-to medium-sized displays according to the “Reality and Future Prospect of Display Related Market 2024” issued by Fuji Chimera Research Institute, inc.
※2: The 2023 share for value amount of surface treatment film(dry coating) according to the “Reality and Future Prospect of Display Related Market 2024” issued by Fuji Chimera Research Institute, inc.
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Connect People and Technology.

