

Acquisition of Printed Wiring Board Business of Showa Denko Materials Co., Ltd.
and Its Subsidiaries

Polaris Private Equity Fund V, L.P., etc., managed by Polaris Capital Group Co., Ltd. (“Polaris”) have recently signed an agreement with Showa Denko Materials Co., Ltd. (“Showa Denko Materials”) to acquire all the shares outstanding of a new company (the “Newly-established Company”) established to succeed Printed Wiring Board (“PWB”) business operated by Showa Denko Materials and its subsidiaries (the “Target Business”).

Based on its excellence in R&D and technical capabilities developed through its more than 50 years of operations in the global PWB market, Target Business offers a wide range of products with unique strengths, including ultra-high-density Multi Wiring Boards (“MWB”) (used for probe card for high-end DRAM testing) holding a dominant market share, high precision module PWB (used for RF module for 5G smartphone, etc.), Multilayer printed wiring Boards (“MLB”) for high-speed application (used for 400Gbps switch for data center, etc.), and aluminum-based PWB (used for automotive LED lighting, etc.). Target Business has won high customer satisfaction and therefore built strong relationships with leading players in various industries, leveraging its high yield rate and low defect rate, which are essential for winning in the high-end markets. Target Business maintains the leading position in the global PWB market backed by five manufacturing sites in Japan and Singapore, each of which owns a solid client base and strong technological competence.

Target Business is expected to enjoy significant growth derived from (i) strong business outlook that PWB market for IT infrastructure is supposed to expand along with the worldwide trend of evolving IoT and 5G needs, (ii) cross-selling potential by capitalizing on high customer satisfaction in the ultra-high-density MWB, and growth potential of MLB through bolstering product design as well as sales capabilities, (iii) further expansion of overseas business supported by Singapore’s geographical advantage to avoid uncertainties arisen from US-China trade friction, and (iv) enhancement of its presence in the domestic PWB market by utilizing the competitive advantage of “Made in Japan”.

Leveraging its deep insight and expertise, which have been accumulated through a number of

precedent projects in the areas including, among others, semi-conductor/5G industries and a number of carve-out to date, Polaris will help Target Business enhance corporate functions and excel operational transformation with an continuous effort to strengthen business management system, implement organizational/personnel policies, and to provide support for development/execution of growth strategies. In a bid to achieve disruptive growth path, Polaris will also engage in initiation and execution of inorganic growth strategies, such as M&A and business alliance in the high-end markets where not only technological capabilities but also client relationships founded by reliability and track records are critical success factors.

Polaris will implement its work plan together with the incumbent business managers as well as employees of Target Business to solidify its business franchise and make every possible effort to maximize its corporate value to pursue for the future security listing. The plan includes key initiatives such as arranging appointment of full-time permanent officers/employees who are supposed to be a key role in strengthening its independent business foundation, dispatching several outside directors, and providing a number of business/financial supports.

This transaction is expected to be completed on September 1, 2021, subject to the completion of anticipated corporate split transaction to create the Newly-established Company and customary regulatory approvals, etc.

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