

Press Release



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Position strengthened in the attractive market for fiber optical coatings

Covestro becomes sole owner of Japan Fine Coatings Co., Ltd.

- **Purchase of JSR Corporation's remaining 30 percent share in the joint venture Japan Fine Coatings Co., Ltd.**
- **Business activities including production and R&D in Japan to be continued**
- **Fiber optical market with strong potential due to 5G roll-out**

As of January 14, 2022, Covestro is now the sole owner of Japan Fine Coatings Co., Ltd. (JFC), previously managed as a joint venture (JV) with JSR Corporation (JSR). JFC is one of the leading suppliers of optical fiber coatings based in Tsukuba, Japan. Covestro previously held 70 percent and JSR 30 percent of the JV shares. With a purchase price in the mid-single-digit million euro range, Covestro has now purchased JSR's 30 percent stake to become the company's sole owner.

With the transaction, Covestro further strengthens its position in the attractive field for fiber optical coatings. "The Covestro Coatings & Adhesives business already has an outstanding position in the field of fiber optical coatings. By fully purchasing JFC, we can now develop the business independently," explains Thorsten Dreier, Head of the business entity Coatings & Adhesives at Covestro. "The market segment has tremendous growth potential, especially due to the roll-out of future 5G technology."

JFC's UV-curable coatings for optical fiber materials are mainly used in the telecommunications industry. Today's strong demand for connectivity is creating a surge in bandwidth demand for fixed and mobile network operations. High-performance fiber optical cables are needed here to enable the reliable transmission of high data rates. In addition, the increasing roll-out of 5G



technology is driving demand. Cell towers are being connected to the network via fiber optic cables to fully exploit the capabilities of the new mobile communications standard.

"Japan plays an important role in the global fiberglass market. We appreciate JSR's long-term support in establishing JFC's presence. In combination with Covestro's global network, we are using this strong base for future growth potential," explains Kimiyasu Yonemaru, President of Covestro Japan. "This also underlines Covestro's clear commitment to the Japanese market."

In April 2021, Covestro had already taken over 70 percent of the shares in JFC as part of the acquisition of DSM's Resins & Functional Materials business. Overall the JV has already been prepared for operational independence for several years, as JSR had already shifted its focus on its other strategic business areas. At JFC's business sites, both production in Tsukuba as well as research and development activities in Kanagawa will continue unchanged. In total, JFC employs around 65 people (calculated as full-time equivalents).

About Japan Fine Coatings Co., Ltd.:

In 1982, JFC was established as a 50/50 JV of Desoto (DSM's predecessor) and JSR. DSM acquired Desoto in 1990 and increased its shareholding to 70 percent in 2016.

About JSR Corporation:

JSR Corporation is a research-oriented, multinational company focused on the digital solutions, including semiconductor, and life sciences markets. Headquartered in Tokyo, Japan, JSR has facilities and offices throughout Asia, Europe and the US. JSR's customer-centric approach pursues sustainability and resilience through close collaborations, all with a focus on driving innovation to provide value to the world's leading-edge industries.

About Covestro:

With 2020 sales of EUR 10.7 billion, Covestro is among the world's leading polymer companies. Business activities are focused on the manufacture of high-tech polymer materials and the development of innovative, sustainable solutions for products used in many areas of daily life. In doing so, Covestro is fully committed to the circular economy. The main industries served are the automotive and transportation industries, construction, furniture and wood processing, as well as electrical, electronics, and household appliances industries. Other sectors include sports and leisure, cosmetics, health and the chemical industry itself. At the end of 2020, Covestro has 33 production sites worldwide and employs approximately 16,500 people (calculated as full-time equivalents).



Forward-looking statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by Covestro AG. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Covestro's public reports which are available at www.covestro.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.