

February 5, 2024

Company Name: Dexerials Corporation
Security Code: 4980
Listing: Prime, Tokyo Stock Exchange
Representative: Yoshihisa Shinya, Representative Director and President
Contact: Shinji Tomita, General Manager, PR&IR Department,
Business Management Division
Phone: +81-285-39-7950

Notice of Change in Specified Subsidiaries (Share Transfer)

As announced in the timely disclosure on December 27, 2023 titled “Notice of Agreement with Restar Holdings Corporation on Discussions Aimed at Forming a Strategic Partnership and Changes in Specified Subsidiaries,” Dexerials Corporation (Headquarters: Shimotsuke-shi, Tochigi; Representative Director and President: Yoshihisa Shinya, hereinafter, “Dexerials” or the “Company”) resolved, at the Board of Directors meeting held today, to conclude the share transfer agreement and the shareholders’ agreement for the purpose of converting Dexerials Hong Kong Limited, a specified subsidiary of the Company, into a joint venture and subsequently concluded these agreements with Restar Holdings Corporation (Headquarters: Minato-ku, Tokyo; Representative Director Chairman and President CEO: Kunihiro Konno; hereinafter, “Restar HD,” and together with Dexerials, collectively, the “both parties”). In conjunction with the share transfer (hereinafter, the “Share Transfer”) in accordance with these agreements, Dexerials Hong Kong Limited will be no longer a consolidated subsidiary and a specified subsidiary of the Company. Instead, it will become an equity-method associate. The details are shown as follows.

1. Reasons for the change in specified subsidiaries

As announced in the timely disclosure on December 27, 2023 titled “Notice of Agreement with Restar Holdings Corporation on Discussions Aimed at Forming a Strategic Partnership and Changes in Specified Subsidiaries,” the Company has reached a conclusion that the efficiency of its sales operations in the Asian region can be optimized by collaborating with Restar Holdings Corporation, a trading company with an extensive track record specializing in the sales of semiconductors and electronic components in Japan and abroad. In doing so, the Company has decided to transfer the shares of Dexerials Hong Kong Limited, its sales subsidiary of the Company in Hong Kong, for the purpose of converting it into a joint venture. In conjunction with the Share Transfer, Dexerials Hong Kong Limited will be no longer a consolidated subsidiary and a specified subsidiary of the Company. Instead, it will become an equity-method associate. The name of the joint venture and the name and job title of its representative will be announced as soon as they are determined.

As for Dexerials Taiwan Corporation and Dexerials Korea Corporation, the both parties are discussing to conclude by the end of June 2024 a final agreement, which includes the development of the collaborative sales operation system. Depending on the results of the discussions, these two companies may also be excluded from our specified subsidiaries following their conversion into joint ventures or other arrangements. Even if such conversion takes place, we intend to retain the sales and marketing functions of both the joint ventures within our group.

We will promptly announce any matters that require disclosure resulting from future developments of the discussions.

2. Outline of the specified subsidiary subject to the change

Dexerials Hong Kong Limited

(1) Name	Dexerials Hong Kong Limited			
(2) Location	Suites 1201-2, 12F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong			
(3) Name and job title of representative	Takashi Kasamatsu, Managing Director			
(4) Description of business	Sale of optical materials and components and electronic materials and components			
(5) Share capital	USD4,300,000			
(6) Date of establishment	August 10, 2012			
(7) Major shareholder and its ownership ratio	Dexerials: 100.0%			
(8) Relationship with Dexerials	Capital	Dexerials owns 100% voting rights of the said company.		
	Personnel	Dexerials dispatches directors to the said company.		
	Business transaction	Dexerials sells products to the said company.		
(9) Operating results and financial position for the past three years	(Millions of yen, unless otherwise indicated)			
	Fiscal years ended	March 31, 2021	March 31, 2022	March 31, 2023
	Net assets	2,224	2,787	3,620
	Total assets	4,736	5,721	6,500
	Net assets per share (Yen)	517.42	648.19	841.93
	Net sales	13,628	17,602	18,988
	Operating profit	589	823	814
	Ordinary profit	670	798	906
	Profit	571	667	767
	Basic earnings per share (Yen)	132.96	155.34	178.57
	Cash dividends per share (Yen)	164.37	76.86	31.45

(Note) Even after Dexerials Hong Kong Limited is converted into a joint venture, the majority of sales will be made not through the joint venture, but through the Company selling directly to its sales agents.

3. Outline of a company that will be formed by converting Dexerials Hong Kong Limited into a joint venture

(1) Name	TBD
(2) Location	Suites 1201-2, 12F, Tower 3, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong (unchanged)
(3) Name and job title of representative	TBD
(4) Description of business	Sale of optical materials and components and electronic materials and components (unchanged)
(5) Share capital	USD4,300,000 (unchanged)
(6) Shareholding ratio	Restar HD: 51.0%; Dexerials: 49.0%
(7) Fiscal year-end	March 31 (unchanged)

4. Outline of joint venturers

Outline of Restar HD

(1) Name	Restar Holdings Corporation	
(2) Location	Restar building, 2-10-9, Konan, Minato-ku, Tokyo	
(3) Name and job title of representative	Kunihiro Konno, Representative Director, Chairman and President CEO	
(4) Description of business	Decision of the group management strategies, creation of synergies between businesses, and business management and business support for the group companies	
(5) Share capital	JPY4,383 million	
(6) Date of establishment	October 1, 2009	
(7) Consolidated net assets	JPY85,095 million (as of March 31, 2023)	
(8) Consolidated total assets	JPY269,427 million (as of March 31, 2023)	
(9) Major shareholder and its ownership ratio	KMF Corporation: 20.04% (as of September 30, 2023)	
(10) Relationship with Dexerials	Capital	No capital relationship
	Personnel	No personnel relationship
	Business	Restar Electronics Corporation, a subsidiary of Restar HD, acts as a distributor for Dexerials' products.
	Applicability of related parties	Not applicable

Outline of Dexerials

(1) Name	Dexerials Corporation	
(2) Location	1724 Shimotsuboyama, Shimotsuke-shi, Tochigi	
(3) Name and job title of representative	Yoshihisa Shinya, Representative Director and President	
(4) Description of business	Manufacture and sale of electronic components, adhesive materials, optical materials, etc.	
(5) Share capital	JPY16,194 million (as of March 31, 2023)	
(6) Date of establishment	June 20, 2012	
(7) Consolidated net assets	JPY73,774 million (as of March 31, 2023)	
(8) Consolidated total assets	JPY126,379 million (as of March 31, 2023)	
(9) Major shareholder and its ownership ratio	The Master Trust Bank of Japan, Ltd. (Trust Account): 18.01% (as of September 30, 2023)	

5. Number of shares to be transferred, transfer price and shareholding status before and after the transfer

(1) Number of shares held before the transfer	4,300,000 shares (Shareholding ratio: 100.0%)
(2) Number of shares to be transferred	2,193,000 shares (Shareholding ratio: 51.0%)
(3) Transfer price	USD7,105,320
(4) Number of shares held after the transfer	2,107,000 shares (Shareholding ratio: 49.0%)

6. Timetable

(1) Date of conclusion of the share transfer agreement and the shareholders' agreement for the conversion of Dexerials Hong Kong Limited into a joint venture	February 5, 2024
(2) Scheduled date of transfer of shares	July 1, 2024
(3) Scheduled date of change in the specified subsidiary	July 1, 2024
(4) Scheduled date of commencement of operations of the joint venture	July 1, 2024

7. Effect on business performance

The effect of the above transaction on the consolidated financial results for the fiscal year ending March 31, 2024 will be immaterial.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on February 5, 2024) and consolidated results for the previous fiscal year

(Millions of yen)

	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent
Consolidated earnings forecast for the current fiscal year ending March 31, 2024	103,500	32,000	28,000	20,000
Consolidated results for the previous fiscal year ended March 31, 2023	106,167	32,288	30,174	20,685

(Note) The consolidated earnings forecast for the current fiscal year ending March 31, 2024 was revised on February 5, 2024. For details, please refer to the “Notice of Revised Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2024” released on the same day.