

September 25, 2024

Company Name: Dexerials Corporation
Security Code: 4980
Listing: Prime, Tokyo Stock Exchange
Representative: Yoshihisa Shinya, Representative Director and President
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Notice of Change in Specified Subsidiaries (Share Transfer)

As announced in the timely disclosures 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,” on February 5, 2024 titled “Notice of Change in Specified Subsidiaries (Share Transfer),” and on July 1, 2024 titled “(Update of Previous Disclosure) Notice of Completion of Transfer of Specified Subsidiary (Share Transfer) and Change of Trade Name and Representative Name,” 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 Taiwan Corporation and Dexerials Korea Corporation, specified subsidiaries of the Company, into joint ventures and subsequently concluded these agreements with Restar Corporation (Headquarters: Minato-ku, Tokyo; Representative Director Chairman and President CEO: Kunihiro Konno; hereinafter, “Restar,” and together with Dexerials, collectively, the “both parties”). In conjunction with the share transfer (hereinafter, the “Share Transfer”) in accordance with these agreements, Dexerials Taiwan Corporation and Dexerials Korea Corporation will be no longer consolidated subsidiaries and specified subsidiaries of the Company. Instead, they will become equity-method associates. The details are shown as follows.

1. Reasons for the change in specified subsidiaries

As announced in the timely disclosures previously, the Company has reached a conclusion that the efficiency of its sales operations in the Asian region can be optimized by collaborating with Restar 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 both parties have already formed Restar Dexerials Hong Kong Limited (Formerly Dexerials Hong Kong Limited) as a joint venture and have started collaboration with it. As part of the establishment of a cooperative system for such sales operations, the Company decided the Share Transfer to make Dexerials Taiwan Corporation and Dexerials Korea Corporation joint ventures in Taiwan and South Korea as well.

2. Outline of the Share Transfer

The Company will transfer the businesses related to the sales and marketing functions of Dexerials Taiwan Corporation and Dexerials Korea Corporation to its wholly owned subsidiaries, respectively, and then transfer 51% of the shares of Dexerials Taiwan Corporation and Dexerials Korea Corporation, which operate the businesses related to the sales functions, to Restar, respectively, in the following manner, thereby turning both companies into joint ventures.

The Share Transfer is subject to the approval of the relevant authorities in accordance with the competition laws of each country and region, among other conditions.

- (1) The Company will establish a new wholly owned subsidiary in Taiwan (the “New Taiwan Subsidiary”) and transfer 51% of the shares of Dexerials Taiwan Corporation held by the Company to Restar, after transferring the business related to the sales and marketing functions of Dexerials Taiwan Corporation to the New Taiwan Subsidiary through a business transfer.
 - (2) The Company will transfer the business related to the sales and marketing functions of Dexerials Korea Corporation in South Korea to a newly established wholly owned subsidiary of the Company through a method of spin-off under Korean law, and then transfer 51% of the shares of Dexerials Korea Corporation held by the Company to Restar.
3. Outline of the specified subsidiaries subject to the change

Dexerials Taiwan Corporation

(1) Name	Dexerials Taiwan Corporation		
(2) Location	3F, No.167, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan		
(3) Name and job title of representative	Yasushi Bando, Managing Director		
(4) Description of business	Optical Materials and Components Business and Electronic Materials and Components Business		
(5) Share capital	TWD20,000,000		
(6) Date of establishment	August 29, 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, 2022	March 31, 2023	March 31, 2024
Net assets	1,952	2,966	3,141
Total assets	8,955	6,657	8,299
Net assets per share (Yen)	976.38	1,483.15	1,570.90
Net sales	23,734	25,313	21,598
Operating profit	1,149	1,134	956
Ordinary profit	1,171	1,304	1,194
Profit	937	993	955
Basic earnings per share (Yen)	468.56	496.52	477.97
Cash dividends per share (Yen)	294.60	-	504.95

Dexerials Korea Corporation

(1) Name	Dexerials Korea Corporation	
(2) Location	10F Serveone Gangnam Building, 2621 Nambusunhwan-ro, Gangnam-gu, Seoul, 06267, Korea	
(3) Name and job title of representative	Koichi Hirose, President	
(4) Description of business	Optical Materials and Components Business and Electronic Materials and Components Business	
(5) Share capital	KRW5,000,000,000	
(6) Date of establishment	August 23, 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, 2022	March 31, 2023	March 31, 2024
Net assets	1,840	2,669	3,883
Total assets	4,692	5,272	7,625
Net assets per share (Yen)	1,840.33	2,669.93	3,883.92
Net sales	16,315	20,591	23,496
Operating profit	945	965	1,073
Ordinary profit	943	1,044	1,219
Profit	737	801	953
Basic earnings per share (Yen)	737.89	801.56	953.04
Cash dividends per share (Yen)	218.35	–	–

(Note) Even after the above two subsidiaries will be converted into joint ventures, Dexerials intends to sell certain products directly to its own distributors without going through the joint ventures.

4. Outline of the companies after joint ventures

Outline of Dexerials Taiwan Corporation after becoming a joint venture

(1) Name	TBD
(2) Location	3F, No.167, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (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	TWD20,000,000 (unchanged)
(6) Shareholding ratio	Restar: 51.0%; Dexerials: 49.0%
(7) Fiscal year-end	March 31 (unchanged)

Outline of Dexerials Korea Corporation after becoming a joint venture

(1) Name	TBD
(2) Location	10F Serveone Gangnam Building, 2621 Nambusunhwan-ro, Gangnam-gu, Seoul, 06267, Korea (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	KRW3,950,000,000
(6) Shareholding ratio	Restar: 51.0%; Dexerials: 49.0%
(7) Fiscal year-end	March 31 (unchanged)

(Note) As a result of the method of spin-off under Korean law, the share capital of Dexerials Korea Corporation will decrease by KRW1,050,000,000 to KRW3,950,000,000.

5. Outline of the counterparty

(1) Name	Restar 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	Sales and technical support of semiconductors and electronic components, LSI design and development, contracted reliability testing services Solutions, design, construction, and maintenance engineering for video, audio, communications, and measurement Operation and management for the introduction and diffusion of renewable energy through solar power generation	
(5) Share capital	JPY4,383 million	
(6) Date of establishment	October 1, 2009	
(7) Major shareholder and its ownership ratio	KMF Corporation: 20.04% (as of March 31, 2024)	
(8) Relationship with Dexerials	Capital	Not applicable
	Personnel	Not applicable

	Business transaction	Restar acts as a sales agent for Dexerials's products. Based on the shareholder agreement between the both parties, Dexerials and Restar are engaged in a joint venture at Restar Dexerials Hong Kong Limited, which is an equity-method affiliate of the Company.		
	Applicability of related parties	Not applicable		
(9) Operating results and financial position for the past three years				
(Millions of yen, unless otherwise indicated)				
	Fiscal years ended	March 31, 2022	March 31, 2023	March 31, 2024
	Net assets	81,657	85,095	91,024
	Total assets	241,958	269,427	291,704
	Net assets per share (Yen)	2,580.33	2,686.31	2,800.38
	Net sales	399,590	487,129	512,484
	Operating profit	7,588	14,423	15,931
	Ordinary profit	6,711	12,043	9,690
	Profit	5,957	7,085	7,004
	Basic earnings per share (Yen)	198.12	235.64	232.95
	Cash dividends per share (Yen)	100.00	115.00	115.00

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

Dexerials Taiwan Corporation

(1) Number of shares held before the transfer	2,000,000 shares (Shareholding ratio: 100.0%)
(2) Number of shares to be transferred	1,020,000 shares (Shareholding ratio: 51.0%)
(3) Transfer price	TWD126,990,000 (Approx. 0.57billion yen/ 1TWD=4.5yen, as of September 20, 2024)
(4) Number of shares held after the transfer	980,000 shares (Shareholding ratio: 49.0%)

Dexerials Korea Corporation

(1) Number of shares held before the transfer	790,000 shares (Shareholding ratio: 100.0%)
(2) Number of shares to be transferred	402,900 shares (Shareholding ratio: 51.0%)
(3) Transfer price	KRW10,208,160,000 (Approx. 1.12billion yen/ 1KRW=0.11yen, as of September 20, 2024)
(4) Number of shares held after the transfer	387,100 shares (Shareholding ratio: 49.0%)

(Note) According to the decreases in the amount of share capital of Dexerials Korea Corporation as a result of the method of spin-off under Korean law, the total number of outstanding shares of Dexerials Korea Corporation will decrease from 1,000,000 to 790,000.

7. Schedule

(1) Date of conclusion of the share transfer agreement and the shareholders' agreement	September 25, 2024
(2) Scheduled date of transfer of shares	Dexerials Taiwan Corporation January 1, 2025 (Scheduled) Dexerials Korea Corporation January 2, 2025 (Scheduled)
(3) Scheduled date of change in the specified subsidiaries	Dexerials Taiwan Corporation January 1, 2025 (Scheduled) Dexerials Korea Corporation January 2, 2025 (Scheduled)
(4) Scheduled date of commencement of operations of the joint ventures	Dexerials Taiwan Corporation January 1, 2025 (Scheduled) Dexerials Korea Corporation January 2, 2025 (Scheduled)

8. Outlook

The effect of the above transaction on the consolidated financial results for the fiscal year ending March 31, 2025 will be immaterial.

(Reference) Consolidated earnings forecast for the current fiscal year (announced on May 13, 2024) and consolidated results for the previous fiscal year

(Millions of yen)

	Net sales	Business profit	Profit before income taxes	Profit attributable to owners of parent
Consolidated earnings forecast for the current fiscal year ending March 31, 2025	107,000	33,500	32,000	23,000
Consolidated results for the previous fiscal year ended March 31, 2024	105,198	33,421	29,935	21,382

(Note) The Company has decided to adopt International Financial Reporting Standards (IFRS) on a voluntary basis from the fiscal year ending March 31, 2025. For this reason, the consolidated earnings forecast for the fiscal year ending March 31, 2025 has been prepared in accordance with IFRS, while the consolidated results for the previous fiscal year (ended March 31, 2024) show net sales, operating profit, profit before income taxes and profit attributable to owners of parent, respectively, in accordance with Japanese GAAP.

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