

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 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,” “we,” “our” or “us”) hereby announces as below that Dexerials and 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”) have today reached an agreement to engage in discussions (hereinafter, the “Discussions”) aimed at forming a strategic partnership (hereinafter, the “Partnership”) in the areas of sales and marketing of semiconductors, chemical materials, and other devices.

Dexerials also announces that the process of forming the Partnership will or may involve the conversion of Dexerials Hong Kong Limited, a specified subsidiary as defined in Article 19, paragraph 10 of the Cabinet Office Order on Disclosure of Corporate Affairs, into a joint venture and other changes. Following the conclusion of an agreement on the conversion, the subsidiary will no longer fall into a specified subsidiary of Dexerials.

1. Background and objectives of the Discussions

Under its corporate vision “Value Matters—Unprecedented innovation, unprecedented value,” Dexerials develops, manufactures, and distributes electronic components, bonding materials, optics materials, and other functional materials that are indispensable in smartphones, notebook PCs, and other electronic devices, as well as components for automobiles, which are increasingly becoming electronic, making electronics parts ever more indispensable. In addition, by offering state-of-the-art materials and technological solutions to society, we support the evolution of digital technology, contribute to solving social issues, and promote sustained growth.

We recognize that accelerating the transformation of our business portfolio is essential to achieve sustainable growth envisaged in our next medium-term management plan starting from fiscal 2024. Such growth also requires business growth in our new automotive and photonics domains, further expansion of our business domains, and establishment of a more efficient business operation system that underpins such growth.

Under such circumstances, we have reached a conclusion that Restar HD, a company with an extensive track record as a trading company specializing in the sales of semiconductors and electronic components in Japan and abroad, is an ideal strategic partner for us to expand the areas that our high value-added products can contribute to, and also to enhance efficiency of sales operations in the Asian region in a collaborative manner.

Meanwhile, Restar HD is a company that operates under its management vision of “Global (in view and scale) / Social Contribution / Collaboration and Innovation” with the aims to be the “Electronics Value Platformer” that accommodates all manner of stakeholder needs through a wide range of business activities, including the sale and provision of solutions for semiconductors and electronic components, the handling of video, audio, and communications equipment for broadcasters and the public, the development, manufacture, and sale of settlement and access management systems integrating NFC (Near Field Communication) technology, the planning and

operation of solar and wind power plants and other renewable energy, and the operation of vegetable factories. Restar HD's mainstay devices business is growing with a wide range of product lineup, including image sensors, and technical support capabilities as an electronics trading company handling a diverse array of semiconductors and electronic components in Japan and abroad. The business is also a growth driver for the rest of the company's businesses.

Restar HD believes that, to achieve further sustainable growth, it is essential to expand the product portfolio of its devices business. Under this belief, the company is seeking to acquire new material products and expand new distribution channels.

We believe that forming a strategic partnership with Dexerials, which has a wealth of knowledge in high value-added, state-of-the-art materials, will lead to enhancing Restar HD's chemical line cards in its devices business and strengthening its marketing activities to increase its sales of material products. Furthermore, the both parties aim to create new business opportunities and expand their local businesses in the Asian region by developing distribution channels for the automotive and photonics products of Restar HD's devices business, based primarily on the Dexerials' products.

Under the Partnership, the both parties will create new business opportunities by distributing Dexerials' high value-added products through the broad and strong sales network developed by Restar HD's devices business. The both parties also aim to transform their business portfolios and achieve sustainable growth through building a system to run highly efficient and productive sales operations in the Asian region.

2. Outline of the Discussions

- The Discussions seek to form a sales and marketing strategy and develop a collaborative sales operation system in the Asian region.
- As part of developing the collaborative sales operation system, the Discussions involve the conversion of our sales subsidiaries in Hong Kong, Taiwan, and South Korea that fall into specified subsidiaries, namely, Dexerials Hong Kong Limited, Dexerials Taiwan Corporation, and Dexerials Korea Corporation, into joint ventures with Restar HD through the transfer of shares in these subsidiaries, issuance of new shares, incorporation of new companies, or business transfers, among others.

3. Changes in specified subsidiaries

In the Discussions, the both parties are considering the conversion of Dexerials Hong Kong Limited into a joint venture, with Restar HD holding a majority stake. With a view to concluding a final agreement by February 2024, the both parties are discussing to draw up a share transfer agreement and a shareholders' agreement. When such conversion takes place, Dexerials Hong Kong Limited will no longer fall into a specified subsidiary of Dexerials.

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.

4. Outline of the specified subsidiaries under consideration for 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	Optical Materials and Components Business and Electronic Materials and Components Business			
(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

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, 2021	March 31, 2022	March 31, 2023
Net assets		1,293	1,952	2,966
Total assets		4,021	8,955	6,657
Net assets per share (Yen)		646.96	976.38	1,483.15
Net sales		10,286	23,734	25,313
Operating profit		448	1,149	1,134
Ordinary profit		387	1,171	1,304
Profit		310	937	993
Basic earnings per share (Yen)		155.03	468.56	496.52
Cash dividends per share (Yen)		145.20	294.60	-

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, 2021	March 31, 2022	March 31, 2023
	Net assets	1,319	1,840	2,669
	Total assets	2,942	4,692	5,272
	Net assets per share (Yen)	1,319.63	1,840.33	2,669.93
	Net sales	10,292	16,315	20,591
	Operating profit	590	945	965
	Ordinary profit	593	943	1,044
	Profit	464	737	801
	Basic earnings per share (Yen)	464.19	737.89	801.56
	Cash dividends per share (Yen)	356.00	218.35	-

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

5. 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) Net assets	JPY85,095 million (on a consolidated basis as of March 31, 2023)	
(8) Total assets	JPY269,427 million (on a consolidated basis 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

6. Timetable

(1) Scheduled 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 change in the specified subsidiary	June 30, 2024
(3) Scheduled date of commencement of operations of the joint venture	July 1, 2024

Note: For Dexerials Taiwan Corporation and Dexerials Korea Corporation, the both parties are currently under discussion to conclude a final agreement by the end of June 2024.

7. Effect on business performance

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