

May 13, 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 Regarding Partial Revision to Performance-Linked Stock Compensation Plan
for Directors of Dexerials Corporation**

Dexerials Corporation (the “Company”) hereby announces that the Board of Directors of the Company has passed a resolution at the meeting held on May 13, 2024 to propose partial revision (hereinafter the “Revision”) of the current performance-linked stock compensation plan, Board Benefit Trust (BBT) (hereinafter the “Current BBT”) for Directors of the Company (excluding Outside Directors) into a performance-linked stock compensation plan “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter the “Plan”) at the 12th Annual General Meeting of Shareholders to be held on June 25, 2024 (hereinafter, the “Shareholders’ Meeting”). (This proposal is hereafter referred to as the “Proposal.”)

The Current BBT was approved for introduction by shareholders at the 4th Annual General Meeting of Shareholders held on June 23, 2016. In addition, its revision was approved by shareholders at the 9th Annual General Meeting of Shareholders held on June 18, 2021, in conjunction with the Company’s transition to a company with an Audit and Supervisory Committee. Such revisions involves changes in the eligibility criteria for the Current BBT and the timing for providing the eligible persons with benefits in the form of the Company’s shares and cash equivalent to such shares at their market value (hereinafter collectively referred to as “the Company Shares, etc.”). (The resolutions at the above Annual General Meetings of Shareholders are referred to as “Initial Resolutions”). In addition, Executive Officers became eligible for the Current BBT in July 2021.

In line with the Revision, granting of the Company Shares, etc. according to the points awarded to Directors by the fiscal year ended March 31, 2021 under the Current BBT shall be carried out at a certain point in time after their retirement, in principle as in the past, in accordance with the Initial Resolutions. With respect to the points awarded to Directors from the fiscal year ended March 31, 2022 through the fiscal year ended March 31, 2024, a portion of the points will be granted in the form of the Company’s shares at a time separately determined by the Company after the Shareholders’ Meeting, and the remainder will be granted to Directors in the form of cash equivalent to the Company’s shares at their market value upon their retirement, subject to approval by shareholders at the Shareholders’ Meeting.

Under such transitional measures, if a Director receives benefits in the form of the Company's shares during his/her term of office, the Director shall, prior to receiving such shares, enter into a transfer restriction agreement with the Company as described in the item 3. below, pursuant to which the Company's shares received by the Director during his/her term of office shall be restricted from being transferred or otherwise disposed of until retirement from the position of Director.

1. Reason for the Revision

The Company has introduced the Current BBT for the purpose of further clarifying the linkage between the remuneration of Directors (excluding Directors serving as Audit and Supervisory Committee Members and Directors who are not Directors serving as Audit and Supervisory Committee Members but are Outside Directors; the same shall apply hereunder unless otherwise specified) and Executive Officers (hereinafter the "Directors, etc.") and the Company's financial results and the value of its shares, and sharing a common awareness of profit with the shareholders, to ensure that Directors, etc. share with the shareholders the risk of falling stock prices as well as the benefit from rising stock prices. Accordingly, the Current BBT aims to strengthen the awareness of Directors, etc. to contribute to the continuous improvement of the financial results and corporate value of the Company from a medium- to long-term perspective.

The Company has considered revising its officer remuneration system in order to achieve sustainable growth by working on various measures set forth in the basic policy of the Mid-term Management Plan "Achieving Evolution" starting from fiscal 2024, as well as to further enhance the motivation of Directors, etc. to contribute to improving business performance and medium- to long-term corporate value of the Company. After consideration, the Company has decided to propose the Revision at the Shareholders' Meeting to maximize the benefits obtained through an RS scheme, which will be added to the current medium- and long-term performance-linked stock compensation to make it a more effective incentive. The Revision is also intended to ensure that Directors, etc. have rights equivalent to those of shareholders, including exercising voting rights and receiving dividends, thereby enhancing the sharing of value with shareholders from a perspective closer to theirs.

2. Details of the Revision

The Company will revise part of the Current BBT as described below.

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan, under which the Company's shares are acquired through a trust (the trust established based on the Current BBT will be hereinafter referred to as "the Trust," which shall continue to exist as a trust under the Plan after the Revision) using funds provided by the Company as the capital, and Company's Shares, etc. are provided to the Directors through the Trust according to the Officer Stock Distribution Rules specified by the Company. The Company's Directors, etc. shall receive the Company's shares at a certain point every year, and shall receive cash equivalent to such shares at their market value upon their retirement from their position of Director, etc. If a Director, etc. receives benefits in the form of the Company's shares during his/her term of office, the Director, etc. shall, prior to receiving such shares, enter into a transfer restriction agreement with the Company as

described in the item 3. below, pursuant to which the Company's shares received by the Director, etc. during his/her term of office shall be restricted from being transferred or otherwise disposed of until retirement from the position of Director, etc.

(2) Amount of funds provided by the Company to the Trust

Within the range specified in the Initial Resolutions, the Company has provided a sum of 110 million yen as funds to establish the Trust, and an additional 1,000 million yen in 2022 to purchase the Company's shares, respectively.

Subject to approval of the introduction of the Plan at the Shareholders' Meeting, the Company will continue the Current BBT as revised to the Plan for the five fiscal years between fiscal year ending March 31, 2025 and the fiscal year ending March 31, 2029 (the period of the five fiscal years is referred to as the "BBT-RS Initial Applicable Period," and both the BBT-RS Initial Applicable Period and each five-fiscal-year-period following the BBT-RS Initial Applicable Period are collectively referred to as the "Applicable Period") and each subsequent Applicable Period. The Company's shares and cash remaining in the Trust established under the current BBT shall be used to fund the benefits under the Plan after the Revision.

If the Company's shares are expected to fall short of the number required to provide benefits to Directors, etc. under the Plan for the BBT-RS Initial Applicable Period, the Company will rationally estimate the number required and provide the Trust with additional funds deemed necessary for the advance acquisition by the Trust.

Even after the expiration of the BBT-RS Initial Applicable Period, the Company will rationally estimate the number of shares required to provide benefits to Directors, etc. under the Plan and provide the Trust with additional funds deemed necessary for the advance acquisition by the Trust, in principle, each Applicable Period until the end of the Plan. In the case of providing such additional funds, if the Company's shares (those corresponding to the number of points given to Directors for each Applicable Period until the most recent one, excluding shares yet to be given to Directors) and the funds remain in the Trust assets ("Remaining Shares, etc."), the Remaining Shares, etc. will be allocated to the compensation under the Plan in each Applicable Period and the additional funds will be calculated, taking into account the Remaining Shares, etc.

The Company will disclose any decision to provide additional funds in a timely and appropriate manner.

(3) Method of acquiring the Company's Shares and the number of shares to be acquired

The Trust will acquire the Company's shares using the funds provided pursuant to the above section (2) and through a stock exchange market or by undertaking the disposal of the Company's treasury shares. The maximum number of points given to the Directors, etc. will be 680,000 points (including 330,000 points for Directors) for each Applicable Period. Therefore, the maximum number of the Company's shares acquired by the Trust for each Applicable Period will be 680,000 shares. The Company will conduct a 3-for-1 stock split of common stock, effective on October 1, 2024. Accordingly, after the stock split, the maximum number of points given to the Directors, etc. will be 2,040,000 points (including 990,000 points

for Directors) for each Applicable Period, and the maximum number of the Company's shares acquired by the Trust for each Applicable Period will be 2,040,000 shares (including 990,000 shares for Directors).

(4) Maximum number of the Company's Shares, etc. provided to the Directors, etc.

The Directors, etc. receive points for each fiscal year in the number determined by considering their positions, performance indicators, and other factors pursuant to the Officer Stock Distribution Rules.

The total number of points given to the Directors, etc. for each Applicable Period will be up to 680,000 points (including 330,000 points for Directors). The Company has determined the number of points by comprehensively considering such factors as the level of compensation currently paid to the Directors, etc. and the current and future trends in the number of Directors, etc., and the Company considers such numbers appropriate.

Each point given to the Directors, etc. is converted to one common share of the Company when the Company's Shares, etc. are provided as stated in the section (5) below. (The maximum number of points and the number of points already given or the conversion ratio will be rationally adjusted for any stock split, allotment without contribution, or reverse stock split of the Company's shares after shareholders' approval at the Shareholders' Meeting is given. The Company will conduct a 3-for-1 stock split of common stock, effective on October 1, 2024. Accordingly, after the stock split, the maximum number of points given to the Directors, etc. will be 2,040,000 points (including 990,000 points for Directors) for each Applicable Period).

For reference, multiplying the number of shares (680,000 shares) corresponding to the maximum number of points given to the Directors, etc. for each Applicable Period (five fiscal years) by the closing stock price on May 10, 2024, of 5,898 yen results in approximately 4,011 million yen.

The number of voting rights (6,800 units) pertaining to shares corresponding to the maximum number of points given to Directors, etc. for each Applicable Period (five fiscal years) as a percentage of the number of voting rights (589,919 units) pertaining to the total number of shares outstanding (as of March 31, 2024) is approximately 1.15%.

The number of points held by the Directors that becomes the basis of the Company's Shares, etc. provided as stated in the section (5) below is, in principle, the total number of points given to the Directors, etc. by the time the beneficial entitlement is finalized (the points calculated in this manner will be referred to as the "Final Number of Points")

(5) Provision of the Company's Shares, etc. to Directors, etc.

Directors, etc. who meet the beneficiary requirements receive the Company's shares by following a certain process to be designated as beneficiary, in principle, in the number corresponding to the Final Number of Points specified in the above section (4) from the Trust at a certain point in time every year. Directors, etc. who meet the requirements specified in the Officer Stock Distribution Rules may receive cash equivalent to the Company's shares at their market value in lieu of the Company's shares at the time of retirement, in principle, for a certain percentage of the stock benefits. The Company may sell the

Company's shares through the Trust to acquire funds for such monetary compensation.

If a Director, etc. receives benefits in the form of the Company's shares during his/her term of office, the Director, etc. shall, prior to receiving such shares, enter into a transfer restriction agreement with the Company as described in the item 3. below, pursuant to which the Company's shares received by the Director, etc. during his/her term of office shall be restricted from being transferred or otherwise disposed of until retirement from the position of Director, etc.

Any Director, etc. who has been given points will lose all or part of the entitlement to receive the compensation if a resolution to dismiss that Director, etc. has been passed at the General Meeting of Shareholders, he/she resigns for his/her own reasons, or there are other relevant matters equivalent to dismissal.

(6) Dividends

Dividends related to the Company's shares held by the Trust shall be received by the Trust to acquire the Company's shares or pay for the trustee's compensation. Any remaining dividends in the Trust upon termination of the Trust will be paid to the then current Directors on a pro rata basis according to the number of points held by each of them in accordance with the provisions of the Officer Stock Distribution Rules.

(7) Termination of the Trust

The Trust shall be terminated in certain circumstances, such as when the Company's stock is delisted or when the Officer Stock Distribution Rules is abolished. Any remaining assets in the Trust upon its termination shall be processed as follows: the Company will acquire the Company's shares, if any, with no charge and cancel the said shares after being resolved at the Board of Directors meeting; and the Company will receive the remaining cash, if any, excluding amounts paid to Directors as described in (6) above.

3. Outline of the transfer restriction agreement pertaining to the Company's shares granted to Directors, etc.

If Directors, etc. receive benefits in the form of the Company's shares during their term of office, they shall, prior to receiving such shares, enter into a transfer restriction agreement with the Company (the "Transfer Restriction Agreement"). The outline of the agreement is provided below. (The Directors, etc. may receive the Company's shares subject to the conclusion of the Transfer Restriction Agreement.) However, if Directors, etc. have retired from the position by the time of the share grant, the Company may grant shares to them without concluding the Transfer Restriction Agreement with them.

(i) Detail of transfer restrictions

Directors, etc. may not, in principle, transfer, grant a security interest in, or otherwise dispose of the Company's shares they have received from the date of receipt until their retirement from all positions as Directors or officers of the Company.

(ii) Acquisition by the Company without consideration

In the event of certain acts of misconduct, etc. or if Directors, etc. fail to meet the conditions for lifting the transfer restrictions as described in (iii) below, the Company shall acquire the shares granted without consideration.

(iii) Lifting of transfer restrictions

If a Director, etc. resigns from all positions as a Director or officer of the Company for good cause, or in the event of death, in principle, the transfer restrictions shall be lifted at the time of such resignation or death.

(iv) Handling in the event of organizational restructuring, etc.

If, during the transfer restriction period, matters pertaining to a merger agreement under which the Company becomes the dissolving company, or other forms of organizational restructuring are approved at the General Meeting of Shareholders of the Company, etc., the transfer restriction shall be lifted, subject to a resolution of the Board of Directors of the Company as of the time immediately before the business day prior to the effective date of the said organizational restructuring, etc.

The Company's shares subject to the transfer restrictions under the Transfer Restriction Agreement will be managed in a dedicated account opened by the eligible Directors, etc. at a securities company designated by the Company during the transfer restriction period. This arrangement ensures that one cannot transfer, grant a security interest in, or otherwise dispose of the Company's shares during the transfer restriction period.

In addition to the above, the Transfer Restriction Agreement includes the methods for expressing intentions or providing notifications regarding the Agreement, the procedures for amending the Agreement, and other matters to be determined by the Board of Directors.