

Note: This document is a translation of a part of the Japanese original. The translation is prepared and provided for the purpose of the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information.

(Stock Exchange Code 4980)

May 31, 2024

(Date of commencement of measures for electronic provision: May 24, 2024)

To Shareholders with Voting Rights:

Yoshihisa Shinya
Representative Director and President
Dexerials Corporation
1724 Shimotsuboyama,
Shimotsuke-shi, Tochigi

**NOTICE OF
THE 12TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform you that the 12th Annual General Meeting of Shareholders of Dexerials Corporation (the "Company") will be held as described below.

In convening this General Meeting of Shareholders, measures for electronic provision have been taken and matters subject to measures for electronic provision are posted on the website indicated below.

The Company's website

<https://www.dexerials.jp/ir/stock/meeting.html>

In addition to the above, the Notice is also posted on the website indicated below.

Tokyo Stock Exchange website

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Access the above website of the Tokyo Stock Exchange, enter "Dexerials" in the "Issue name (company name)" field or the Company's securities code "4980" in the "Code" field and click "Search," select "Basic information," then "Documents for public inspection/PR information," and read the Notice.

You may exercise your voting rights in advance via the Internet or in writing, instead of attending the General Meeting of Shareholders in person. If you are not attending the meeting in person, please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:45 p.m. on Monday, June 24, 2024, Japan standard time.

- If you exercise your voting rights in duplicate both via the Internet and in writing, your vote via the Internet will be treated as valid.
- If you exercise your voting rights more than once via the Internet, your last vote will be treated as valid.
- If there is no indication of approval or disapproval for the proposals in the Voting Rights Exercise Form, this will be treated as an indication of approval.

- 1. Date and Time:** Tuesday, June 25, 2024 at 10:00 a.m. Japan standard time
(The reception desk opens at 9:00 a.m.)
- 2. Place:** Reception Hall, Headquarters and Tochigi Technology Center,
Dexerials Corporation
1724 Shimotsuboyama, Shimotsuke-shi, Tochigi, Japan
- 3. Meeting Agenda:**
- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company's 12th Fiscal Year (April 1, 2023 - March 31, 2024) and results of audits by the Accounting Auditor and the Audit & Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 12th Fiscal Year (April 1, 2023 - March 31, 2024)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)
- Proposal 3:** Determination of the Amount of Remuneration for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)
- Proposal 4:** Determination of the Amount of Remuneration for Directors Serving as Audit & Supervisory Committee Members
- Proposal 5:** Partial Revision of Performance-Linked Stock Compensation Plan for Directors (Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)

- When attending the General Meeting of Shareholders in person, please submit the enclosed Voting Rights Exercise Form to the reception desk.
- The documents sent to shareholders who have made a request for document delivery do not include, in accordance with laws and regulations and Article 14 of the Articles of Incorporation of the Company, the matters listed below. Therefore, the said documents are part of the documents audited by the Audit & Supervisory Committee and the Accounting Auditor when they prepared their respective audit reports.
 - The Company's Systems and Policies,
 - Consolidated Statement of Changes in Net Assets,
 - Notes to the Consolidated Financial Statements,
 - Non-consolidated Statement of Changes in Net Assets, and
 - Notes to the Non-consolidated Financial Statements
- Should matters to subject to electronic provision require revisions, the revisions will be posted on each of the websites indicated above.
- The results of resolutions at this Annual General Meeting of Shareholders will be posted on the Company's website.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

We regard return of profit to shareholders as one of the most important management tasks. With a recognition that increasing corporate value through investment for growth is the common interest of our shareholders, we have established a basic policy that we should first give priority to business investments leading to sustainable corporate value improvement and then make shareholder returns in line with profit growth with the target total payout ratio* to consolidated profit attributable to owners of parent before amortization of goodwill of approximately 40%. We determine the actual amount of dividends by comprehensively considering factors such as the amount of investment required for growth, the estimated free cash flow, the total payout ratio including share buybacks and the importance of stable dividend distribution, while securing a sound financial base.

Based on this policy, the full-year earnings result, and the reviewed ratio of cash dividends to total shareholder return, we propose to pay a year-end dividend of 65 yen per share for the current fiscal year.

1. Type of dividend assets
Cash
2. Allotment of dividend assets to shareholders and the total amount
65 yen per share of common stock of the Company
Total amount: 3,893,375,785 yen
3. Effective date of distribution of surplus
June 26, 2024

*Total payout ratio to consolidated profit attributable to owners of parent before amortization of goodwill

= $\frac{\text{Total payout amount (Annual total dividends paid + Annual total share buyback)}}{\text{Consolidated profit attributable to owners of parent + Amortization of goodwill}} \times 100$

Reference

Annual dividend

100 yen per share (interim dividend: 35 yen, year-end dividend: 65 yen)

Total payout ratio*: 50.8%

*Total payout ratio to consolidated profit attributable to owners of parent before amortization of goodwill

Proposal 2: Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

The terms of office of all four (4) Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter, the same applies in this proposal.) will expire at the conclusion of this General Meeting of Shareholders. It is proposed to elect five (5) Directors, by increasing the number of Outside Directors by one (1) in order to further strengthen the Board of Directors' management supervisory functions and corporate governance.

The candidates for Director are as follows.

No.		Name	Age		Current positions and responsibilities at the Company	No. of years served as Director	Attendance at Board of Directors' meetings
1	Reappointment	Yoshihisa Shinya	54		Representative Director and President President and Executive Officer Officer in charge of Management and Business Operations	5 years	100% (13/13)
2	Reappointment	Toshiya Satake	64		Representative Director Senior Managing Executive Officer Officer in charge of Management and Administration	5 years	100% (13/13)
3	Reappointment	Takashi Yokokura	75	Independent Officer Outside Director	Outside Director	9 years	100% (13/13)
4	Reappointment	Satoshi Taguchi	66	Independent Officer Outside Director	Outside Director	3 years	100% (13/13)
5	New appointment	Toshihiro Hagiwara	52	Independent Officer Outside Director	-	-	-

Notes:

- Mr. Takashi Yokokura, Mr. Satoshi Taguchi, and Mr. Toshihiro Hagiwara are candidates for Outside Directors.
If their election is approved as proposed, the Company intends to designate them as Independent Officers as prescribed by the Tokyo Stock Exchange.
- The age of a candidate for Director is the age at the conclusion of this Annual General Meeting of Shareholders.

[Opinion of the Audit & Supervisory Committee]

The Audit & Supervisory Committee confirms the situation of the Nomination and Remuneration Committee's deliberation on nomination of candidates for Director (excluding Director serving as Audit & Supervisory Committee Member) and remuneration of Directors not serving as Audit & Supervisory Committee Members. As a result of careful consideration by the Audit & Supervisory Committee, it concluded that there were no particular problems with the nomination procedures for the candidates, that each candidate was selected in accordance with the "Dexterials' Basic Policy on Corporate Governance," which sets forth the Company's nomination policy, and that they are suitable to serve as Directors of the Company. Moreover, there are no particular problems with the procedures for determining remuneration, etc. for Directors, and the Company believes that the details of such remuneration is appropriate.

[Basic Policy and Procedures for Nomination of Candidates for Director]

In nominating candidates for Director (excluding Director serving as Audit & Supervisory Committee Member), the Company’s criteria for selecting candidates for Director include that persons are capable of making decisions and executing in accordance with the Company’s corporate philosophy, are of good character, have effective communication skills, and have leadership qualities. For Outside Directors, the Company seeks persons from outside the Company who have experience as corporate managers of global enterprises, knowledge of technological development, and experience and knowledge as professionals in the fields of legal affairs, finance and accounting, etc., and moreover, are highly independent.

In nominating candidates for Director serving as Audit & Supervisory Committee Member, the Company selects candidates from inside and outside the Company based on the criteria that the candidates have experience and knowledge in the fields of corporate management, finance and accounting, legal affairs, etc. and, in particular, that at least one candidate has sufficient knowledge of finance and accounting. In selecting Outside Directors, the Company determines candidates, taking into consideration the balance of knowledge, experience, specialized fields, etc. of the Board of Directors as a whole, and includes persons who have management experience at other companies, etc.

As independent Outside Directors are the majority of the Company’s Board of Directors, candidates for Director are selected from a neutral perspective. Nomination of candidates for Director is determined, reflecting deliberation and proposals by the Nomination and Remuneration Committee of which Independent Outside Directors constitute the majority and which is chaired by an Independent Outside Director.

If Proposal 2 “Election of Five (5) Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)” is approved and resolved as proposed, the composition of the Board of Directors, the areas of expertise held by the Directors, and the balance among them will be as follows.

Skills Matrix of the Board of Directors

Position	Name	Areas of expertise that Directors are particularly expected to demonstrate					
		Corporate management	Technology management	Sustainability management	Global business	Legal and compliance	Finance & accounting / Capital policy
Representative Director and President, Nomination and Remuneration Committee Member	Yoshihisa Shinya	•	•	•	•		
Representative Director, Nomination and Remuneration Committee Member	Toshiya Satake	•		•		•	•
Outside Director, Chairperson of the Nomination and Remuneration Committee	Takashi Yokokura	•	•	•	•		
Outside Director, Nomination and Remuneration Committee Member	Satoshi Taguchi	•		•	•	•	
Outside Director, Nomination and Remuneration Committee Member	Toshihiro Hagiwara	•		•			•
Outside Director, Chairperson of the Audit & Supervisory Committee, Nomination and Remuneration Committee Member	Rika Sato			•	•	•	
Director, Audit & Supervisory Committee Member	Masato Taniguchi		•	•		•	
Outside Director, Audit & Supervisory Committee Member, Nomination and Remuneration Committee Member	Tetsuyuki Kagaya			•			•

Name	Career summary	
<p data-bbox="309 253 461 282">Reappointment</p> <p data-bbox="240 315 529 353">1 Yoshihisa Shinya</p> <p data-bbox="317 389 451 472">Date of birth: July 20, 1969 Age: 54</p> <p data-bbox="229 501 541 555">No. of years served as Director: 5 years</p> <p data-bbox="188 584 579 719">Number of shares of the Company held: 81,600 shares (of which the number of shares to be granted under the stock compensation plan: 47,200 shares)</p>	<p data-bbox="608 253 715 282">Jul. 2001</p> <p data-bbox="608 320 726 349">Apr. 2005</p> <p data-bbox="608 387 726 416">Apr. 2012</p> <p data-bbox="608 454 726 483">Sep. 2012</p> <p data-bbox="608 521 726 551">Apr. 2014</p> <p data-bbox="608 589 726 618">Apr. 2016</p> <p data-bbox="608 678 726 707">Apr. 2017</p> <p data-bbox="608 768 726 797">Jan. 2019</p> <p data-bbox="608 835 726 864">Mar. 2019</p> <p data-bbox="608 925 726 954">Jun. 2019</p> <p data-bbox="608 969 726 999">Oct. 2020</p> <p data-bbox="608 1059 726 1088">Mar. 2022</p> <p data-bbox="608 1126 986 1155">[Significant concurrent positions]</p> <p data-bbox="608 1171 619 1182">-</p>	<p data-bbox="767 253 1315 320">Joined Sony Chemicals Corporation (current the Company)</p> <p data-bbox="767 320 1366 387">General Manager, Development Department, Optical Material Business Unit, Sony Chemicals Corporation</p> <p data-bbox="767 387 1339 454">Deputy Head, Optical Solutions Products Business Division, Sony Chemicals Corporation</p> <p data-bbox="767 454 1402 521">Deputy Head, Optical Solutions Products Business Unit, the Company</p> <p data-bbox="767 521 1390 589">Executive Officer, Optical Solutions Products Business Unit Head, the Company</p> <p data-bbox="767 589 1402 678">Executive Officer, Product Development Division Head, Business Unit Group Deputy-Head, Corporate R&D Division Deputy-Head, the Company</p> <p data-bbox="767 678 1362 768">Senior Executive Officer, Product Development Division Head, Automotive Devices Business Group Head, the Company</p> <p data-bbox="767 768 1307 835">Senior Executive Officer, Automotive Solutions Business Unit Head, the Company</p> <p data-bbox="767 835 1294 925">President and Executive Officer (to present), Automotive Solutions Business Unit Head, the Company</p> <p data-bbox="767 925 1331 969">Representative Director and President (to present)</p> <p data-bbox="767 969 1299 1059">Representative Director and President Officer in charge of Management and Business Operations (to present)</p> <p data-bbox="767 1059 1350 1088">President and CEO, Kyoto Semiconductor Co., Ltd.</p>
<p data-bbox="188 1189 735 1218">[Special interest relationship with the Company]</p> <p data-bbox="188 1229 199 1240">-</p>		
<p data-bbox="188 1290 783 1319">[Reasons for nomination as a candidate for Director]</p> <p data-bbox="188 1323 1404 1440">Mr. Yoshihisa Shinya is playing a central role in product development with regard to the Company's entry to new business fields and has deep insight about technology and a wealth of experience in business operations. The Company judges that he is capable of appropriately fulfilling his duties as a Director and therefore nominates him as a candidate for Director.</p>		
<p data-bbox="188 1453 759 1482">[Directors and officers liability insurance contract]</p> <p data-bbox="188 1487 1404 1603">The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability.</p> <p data-bbox="188 1608 1404 1637">If reelection of Mr. Yoshihisa Shinya is approved as proposed, he will be insured under the insurance contract.</p>		

Name	Career summary	
<p style="text-align: center;">Reappointment</p> <p style="text-align: center;">2 Toshiya Satake</p> <p style="text-align: center;">Date of birth: June 29, 1959 Age: 64</p> <p style="text-align: center;">No. of years served as Director: 5 years</p> <p>Number of shares of the Company held: 36,100 (of which the number of shares to be granted under the stock compensation plan: 34,000 shares)</p>	<p>Apr. 1983</p> <p>Apr. 2006</p> <p>Jun. 2009</p> <p>Apr. 2012</p> <p>Jun. 2013</p> <p>Apr. 2014</p> <p>Jun. 2014</p> <p>Jun. 2019</p> <p>Oct. 2020</p> <p>Jun. 2021</p> <p>[Significant concurrent positions]</p> <p>-</p>	<p>Joined Hokkaido-Tohoku Development Finance Public Corporation (current Development Bank of Japan Inc.)</p> <p>Deputy Head of Business Development Department, Head of Transaction Services Group, Development Bank of Japan Inc.</p> <p>Director, General Manager, Planning Department, Skynet Asia Airways Co., Ltd. (current Solaseed Air Inc.)</p> <p>Head of Regional Planning Department, Development Bank of Japan Inc.</p> <p>Head of Regional Planning Department, Head of PPP/PFI Promotion Center, Development Bank of Japan Inc.</p> <p>Advisor, the Company</p> <p>Standing Audit & Supervisory Board Member, the Company</p> <p>Representative Director and Senior Managing Executive Officer (to present) Officer in charge of Internal Audit, the Company</p> <p>Representative Director and Senior Managing Executive Officer Officer in charge of Management, Administration, and Internal Audit Representative Director and President, Dexerials Precision Components Corporation</p> <p>Representative Director and Senior Managing Executive Officer Officer in charge of Management and Administration (to present)</p>
<p>[Special interest relationship with the Company]</p> <p>-</p>		
<p>[Reasons for nomination as a candidate for Director]</p> <p>Mr. Toshiya Satake has a wealth of experience and deep insight gained through his involvement in investment and financing business at financial institutions and as a manager of a company. He is contributing to enhancement of corporate governance and corporate value of the Company in the course of his service as a Representative Director. The Company judges that he is capable of appropriately fulfilling his duties as a Director and therefore nominates him as a candidate for Director.</p>		
<p>[Directors and officers liability insurance contract]</p> <p>The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability.</p> <p>If reelection of Mr. Toshiya Satake is approved as proposed, he will be insured under the insurance contract.</p>		

Name	Career summary
<p style="text-align: center;">Reappointment Outside Director Independent Officer</p> <p style="text-align: center;">3 Takashi Yokokura</p> <p style="text-align: center;">Date of birth: March 9, 1949 Age: 75</p> <p style="text-align: center;">No. of years served as Director: 9 years</p> <p>Number of shares of the Company held: -</p>	<p>Apr. 1971 Joined Tokyo Optical Co., Ltd. (current TOPCON Corporation)</p> <p>Jun. 2002 Executive Officer, TOPCON Corporation</p> <p>Jun. 2003 Director, TOPCON Corporation</p> <p>Jun. 2006 President and Representative Director, TOPCON Corporation</p> <p>Dec. 2012 Governor, Tokyo University of Science</p> <p>May 2015 Outside Director, the Company (to present)</p> <p>Jul. 2020 Outside Director, KIKUCHI SEISAKUSHO CO., LTD. (to present)</p> <p>[Significant concurrent positions] Outside Director, KIKUCHI SEISAKUSHO CO., LTD.</p>
<p>[Special interest relationship with the Company] -</p>	
<p>[Reasons for nomination as a candidate for Director and overview of expected role] Having served as the President and Representative Director of a global company, Mr. Takashi Yokokura has deep insight into corporate management. The Company judges that he can provide useful advice for the Company's management from an objective and professional perspective and contribute to strengthening of the Company's technology development and business development, and therefore nominates him as a candidate for Outside Director. In light of the independence standards stipulated by the Tokyo Stock Exchange and the Company's independence standards, none of the attributes that may cause conflict of interest with general shareholders applies to Mr. Yokokura. Thus, if his reelection is approved as proposed, the Company intends to continue his designation as an Independent Officer as prescribed by the Tokyo Stock Exchange.</p>	
<p>[Directors and officers liability insurance contract] The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If reelection of Mr. Takashi Yokokura is approved as proposed, he will be insured under the insurance contract.</p>	
<p>[Limited liability agreement] In order to enable Directors (excluding Executive Directors, etc.) to fulfill their expected roles, the Company's Articles of Incorporation allow the Company to enter into agreements (limited liability agreement) with Directors (excluding Executive Directors, etc.) that limit their liabilities for damages stipulated in Article 423 Paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. The Company has entered into a limited liability agreement with each of the incumbent Directors (excluding Executive Directors, etc.). If reelection of Mr. Takashi Yokokura is approved as proposed, the Company intends to continue the said contract with him.</p>	

Name	Career summary	
<p data-bbox="288 210 485 293">Reappointment Outside Director Independent Officer</p> <p data-bbox="248 327 520 365">4 Satoshi Taguchi</p> <p data-bbox="304 400 464 483">Date of birth: August 11, 1957 Age: 66</p> <p data-bbox="229 510 541 566">No. of years served as Director: 3 years</p> <p data-bbox="188 593 580 647">Number of shares of the Company held: -</p>	<p data-bbox="608 210 724 239">Apr. 1981</p> <p data-bbox="608 275 724 304">Apr. 2013</p> <p data-bbox="608 369 715 398">Jul. 2013</p> <p data-bbox="608 463 724 492">May 2015</p> <p data-bbox="608 557 724 586">Apr. 2016</p> <p data-bbox="608 622 724 651">Apr. 2017</p> <p data-bbox="608 687 724 716">Jun. 2017</p> <p data-bbox="608 752 724 781">Jun. 2018</p> <p data-bbox="608 817 724 846">Jun. 2020</p> <p data-bbox="608 882 724 911">Apr. 2021</p> <p data-bbox="608 911 724 940">Jun. 2021</p> <p data-bbox="608 976 987 1010">[Significant concurrent positions]</p> <p data-bbox="608 1010 620 1039">-</p>	<p data-bbox="767 210 1310 271">Joined Nippon Oil Corporation (current ENEOS Corporation)</p> <p data-bbox="767 275 1342 369">Executive Officer and General Manager of General Administration Department, JX Nippon Oil & Gas Exploration Corporation</p> <p data-bbox="767 369 1374 463">Executive Officer and General Manager of General Administration Department, JX Nippon Oil & Energy Corporation (current ENEOS Corporation)</p> <p data-bbox="767 463 1342 557">Executive Officer and General Manager of Legal & Corporate Affairs Department, JX Holdings, Inc. (current ENEOS Holdings, Inc.)</p> <p data-bbox="767 557 1366 622">Director and Senior Vice President, JX Nippon Oil & Energy Corporation (current ENEOS Corporation)</p> <p data-bbox="767 622 1406 687">Director and Senior Vice President, JXTG Nippon Oil & Energy Corporation (current ENEOS Corporation)</p> <p data-bbox="767 687 1358 752">Director and Senior Vice President, JXTG Holdings, Inc. (current ENEOS Holdings, Inc.)</p> <p data-bbox="767 752 1390 817">Statutory Outside Corporate Auditor, Nippon Shokubai Co., Ltd.</p> <p data-bbox="767 817 1326 882">Senior Vice President, ENEOS Holdings, Inc. and ENEOS Corporation</p> <p data-bbox="767 882 1102 911">Advisor, ENEOS Corporation</p> <p data-bbox="767 911 1254 940">Outside Director, the Company (to present)</p>
<p data-bbox="188 1046 735 1075">[Special interest relationship with the Company]</p> <p data-bbox="188 1075 201 1104">-</p>		
<p data-bbox="188 1144 1129 1173">[Reasons for nomination as a candidate for Director and overview of expected role]</p> <p data-bbox="188 1173 1406 1330">Having held important posts at global companies, Mr. Satoshi Taguchi has deep insight into corporate management. The Company judges that he can provide useful advice for the Company's management from an objective and professional perspective, and that he can contribute to strengthening of the Company's risk management and strengthening of supervision of business execution. Therefore the Company nominates him as a candidate for Outside Director.</p> <p data-bbox="188 1330 1406 1460">In light of the independence standards stipulated by the Tokyo Stock Exchange and the Company's independence standards, none of the attributes that may cause conflict of interest with general shareholders applies to Mr. Taguchi. Thus, if his reelection is approved as proposed, the Company intends to continue his designation as an Independent Officer as prescribed by the Tokyo Stock Exchange.</p>		
<p data-bbox="188 1467 759 1496">[Directors and officers liability insurance contract]</p> <p data-bbox="188 1496 1406 1621">The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability.</p> <p data-bbox="188 1621 1406 1650">If reelection of Mr. Satoshi Taguchi is approved as proposed, he will be insured under the insurance contract.</p>		
<p data-bbox="188 1666 517 1695">[Limited liability agreement]</p> <p data-bbox="188 1695 1406 1879">In order to enable Directors (excluding Executive Directors, etc.) to fulfill their expected roles, the Company's Articles of Incorporation allow the Company to enter into agreements (limited liability agreement) with Directors (excluding Executive Directors, etc.) that limit their liabilities for damages stipulated in Article 423 Paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. The Company has entered into a limited liability agreement with each of the incumbent Directors (excluding Executive Directors, etc.).</p> <p data-bbox="188 1879 1406 1944">If reelection of Mr. Satoshi Taguchi is approved as proposed, the Company intends to continue the said contract with him.</p>		

Name	Career summary
<p data-bbox="288 210 485 293">New appointment Outside Director Independent Officer</p> <p data-bbox="220 327 549 365">5 Toshihiro Hagiwara</p> <p data-bbox="309 400 459 483">Date of birth: August 1, 1971 Age: 52</p> <p data-bbox="229 510 542 562">No. of years served as Director: -</p> <p data-bbox="188 591 580 642">Number of shares of the Company held: -</p>	<p data-bbox="608 210 1394 723"> Apr. 1996 Joined RECOF Corporation Aug. 2004 Joined Cerberus Japan K.K. Apr. 2006 Managing Director, Cerberus Japan K.K. Jan. 2017 The Asahi Shimbun Company (Corporate Planning Office, Strategic Investment Division) May 2019 Managing Executive Officer (in charge of Management), TechnoPro Holdings, Inc. Director and Senior Executive Officer, TechnoPro, Inc. (to present) Jul. 2019 Managing Executive Officer (in charge of Management) and CFO, TechnoPro Holdings, Inc. Sep. 2019 Director (in charge of Management), Managing Executive Officer and CFO, TechnoPro Holdings, Inc. Director, TechnoPro Construction, Inc. (to present) Jul. 2021 Managing Director and CFO, TechnoPro Holdings, Inc. (to present) </p> <p data-bbox="608 757 1235 882"> [Significant concurrent positions] Managing Director and CFO, TechnoPro Holdings, Inc. Director and Senior Executive Officer, TechnoPro, Inc. Director, TechnoPro Construction, Inc. </p>
<p data-bbox="188 889 735 918">[Special interest relationship with the Company]</p> <p data-bbox="188 920 1404 1070">TechnoPro, Inc. where Mr. Toshihiro Hagiwara serves as Director and Senior Executive Officer and the Company have a business relationship in which the Company receives engineering personnel services from TechnoPro, Inc. However, the amount of transactions related to these services is less than 0.2% of the Company's consolidated net sales in the most recent fiscal year, and therefore, these transactions do not affect his independence.</p>	
<p data-bbox="188 1084 1129 1113">[Reasons for nomination as a candidate for Director and overview of expected role]</p> <p data-bbox="188 1115 1404 1422">Having held important posts at a foreign investment fund, an M&A advisory firm, and technology-related human resource service companies, Mr. Toshihiro Hagiwara is well versed in each field of corporate acquisitions, finance, accounting and tax affairs. He also has deep insight into corporate management with an awareness of capital markets and has abundant practical experience. The Company judges that he can provide useful advice for the Company's growth strategy, capital policy, etc. from an objective and professional perspective. Therefore the Company nominates him as a candidate for Outside Director. In light of the independence standards stipulated by the Tokyo Stock Exchange and the Company's independence standards, none of the attributes that may cause conflict of interest with general shareholders applies to Mr. Hagiwara. Thus, if his election is approved as proposed, the Company intends to designate him as an Independent Officer as prescribed by the Tokyo Stock Exchange.</p>	
<p data-bbox="188 1435 759 1464">[Directors and officers liability insurance contract]</p> <p data-bbox="188 1467 1404 1646">The Company has entered into a directors and officers liability insurance contract with an insurance company pursuant to Article 430-3, Paragraph 1 of the Companies Act. The insurance contract covers damages that may arise when the insured assumes liability for the execution of his or her duties or receives a claim related to the pursuit of such liability. If election of Mr. Toshihiro Hagiwara is approved as proposed, he will be insured under the insurance contract.</p>	
<p data-bbox="188 1659 517 1688">[Limited liability agreement]</p> <p data-bbox="188 1691 1404 1944">In order to enable Directors (excluding Executive Directors, etc.) to fulfill their expected roles, the Company's Articles of Incorporation allow the Company to enter into agreements (limited liability agreement) with Directors (excluding Executive Directors, etc.) that limit their liabilities for damages stipulated in Article 423 Paragraph 1 of the Companies Act to the minimum liability amount stipulated by laws and regulations. The Company has entered into a limited liability agreement with each of the incumbent Directors (excluding Executive Directors, etc.). If election of Mr. Toshihiro Hagiwara is approved as proposed, the Company intends to enter into the said contract with him.</p>	

(Reference)

Independence Standards for Outside Directors

If none of the following attributes applies to an Outside Director or a candidate for Outside Director, the Company judges that such Outside Director or candidate for Outside Director is independent from the Company.

1. A person who currently serves as Director (excluding Outside Director, with the same applying hereinafter), Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Member, with the same applying hereinafter), Executive Officer or employee of the Company or subsidiaries of the Company (hereinafter referred to as the “Dexerials Group”) (hereinafter referred to collectively as “Director, etc.”) or served as such in the 10 years prior to his/her appointment.
2. A second-degree or closer relative of a Director, etc. of the Dexerials Group
3. A major shareholder of the Company (or if the shareholder is an organization, such as a corporation, a person who belongs to it) (*1)
4. A person who belongs to an organization of which the Company is a major shareholder
5. A major business partner of the Dexerials Group (or if the business partner is a corporation, etc., a person who belongs to it) (*2)
6. A major lender to or creditor of the Dexerials Group (or if the lender or creditor is an organization, such as a corporation, a person who belongs to it) (*3)
7. A person who has received a donation amounting to 10 million yen or more in the current fiscal year from the Dexerials Group (or if the person receiving such donation is an organization, such as a corporation or an association, a person who belongs to such organization or belonged to such organization in the most recent five years)
8. A person who has received remuneration amounting to 10 million yen or more in the current fiscal year for providing professional services concerning law, finance, tax affairs, etc. or consulting services to the Dexerials Group (or if such person is an organization, such as a corporation, a person who belongs to it)
9. The company where a person serves as a Director, etc. and the Dexerials Group have a relationship of interlocking outside officers. (*4)

Notes:

1. “Major shareholder” means a person who directly or indirectly holds 10% or more of the total voting rights.
2. “Major business partner” means a person who received from the Dexerials Group or paid to the Dexerials Group an amount equal to 2% or more of annual consolidated sales of the said business partner or the Dexerials Group.
3. “Major lender” means a lender from which the Dexerials Group borrows an amount equivalent to 2% or more of consolidated total assets.
4. “Relationship of interlocking outside officers” means receiving an outside officer from a company where a Director, etc. of the Dexerials Group serves as an outside officer.

Note: About “Number of shares of the Company held” in Proposal 2

The number of shares of the Company held by each candidate includes the number of shares to be granted under the stock compensation plan during his/her term of office and at the time of retirement, which is indicated within the parentheses. Moreover, although the Company has established an officers’ shareholding association for Directors, etc. (including Outside Directors and Directors serving as Audit & Supervisory Committee Members). The number of shares substantially held by individuals in the name of the officers’ shareholding association is not included in the number of shares of the Company held by each candidate.

(Explanation on shares to be granted under the stock compensation plan)

The Company has introduced a stock compensation plan for the Company's Directors, etc. (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members). The number of shares to be granted to each of the candidates under the said plan indicated corresponds to the number of shares to be granted upon their retirement, which was determined on the day of the Annual General Meeting of Shareholders for the fiscal year ended March 31, 2021 and the number of points that have already been awarded and will be determined on the day of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024. The number of points to be determined on the day of Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024 varies according to the relative growth rate of the total shareholder return (TSR) and the actual ROE during the applicable period and therefore, has yet to be adjusted, and is subject to change.

The voting rights for the shares to be granted under the said plan will not be exercised until future granting of the shares to each candidate in question.

Proposal 3: Determination of the Amount of Remuneration for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members)

At the 9th Annual General Meeting of Shareholders of the Company held on June 18, 2021, it was resolved that the amount of remuneration for Directors (excluding Directors serving as Audit & Supervisory Committee Members; hereinafter the same applies in this Proposal) be no more than 300 million yen a year (including the amount of remuneration for Outside Directors of no more than 40 million yen) and the amount has been unchanged to date.

The Company has decided to revise its officers' remuneration systems to make it a more effective incentive plan as well as to strengthen the competitiveness of remuneration in realizing growth as a global company, with the aim of achieving sustainable growth through the implementation of each measure in the basic policy set forth in the Mid-term Management Plan "Achieving Evolution" starting from fiscal 2024 and further accelerating the motivation of Directors, etc. to contribute to improving the Company's performance and corporate value over the medium to long term. It is proposed that, taking into consideration a possible increase in the number of Directors in the future, the amount of remuneration for Directors be no more than 450 million yen a year (including the amount of remuneration for Outside Directors of no more than 70 million yen), separately from the maximum amount of remuneration concerning the performance-linked stock compensation plan, which is proposed in Proposal 5 "Partial Revision of Performance-Linked Stock Compensation Plan for Directors (Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)." It is proposed that the specific amount for each Director, the timing of the payment, the method, and other details be determined by resolution of the Board of Directors.

If this proposal and Proposal 5 "Partial Revision of Performance-Linked Stock Compensation Plan for Directors (Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)" are approved, the Company intends to change the "Policy on Determination of Details of Remuneration, etc. for Individual Directors of the Company" to the one stated below, following deliberation by the Nomination and Remuneration Committee of which Independent Outside Directors constitute the majority, in order to ensure its consistency with the content of those proposals. The Company believes that this proposal is appropriate because objectively it is necessary for determining the details of remuneration for each Director in accordance with the policy after the change.

Moreover, it is proposed that employee salaries for Directors who also serve as employees be excluded from the above amount of remuneration, as previously.

The Company has received a report from the Nomination and Remuneration Committee of which Independent Outside Directors constitute the majority, that the content of this proposal is appropriate in view of the purpose of the review of the officers' remuneration systems and other factors. The Audit & Supervisory Committee has expressed its opinion that the content of this proposal is appropriate in view of the purpose of the review of the officers' remuneration systems and the decision-making process for this proposal, including the report from the Nomination and Remuneration Committee.

If Proposal 2 is approved as proposed, the number of Directors eligible for the remuneration based on this proposal will be five (5), including three (3) Outside Directors.

Policy on Determination of Details of Remuneration, etc. for Individual Directors of the Company

1. Basic Policy

Remuneration of the Company's Directors is determined based on a comparative examination of the Company's current remuneration systems and levels with those of companies of similar size, type, and industry. This information is derived from executive compensation survey data provided by external research organizations.

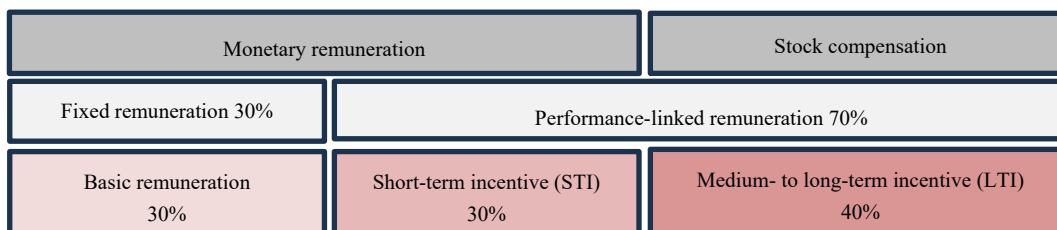
Remuneration of Directors (excluding Outside Directors) is determined by resolution of the Board of Directors following deliberation by the Nomination and Remuneration Committee based on the amount calculated according to the job title, the degree of achievement of results for the fiscal year and medium- to long-term targets, etc., in view of the basic approach for determining officers' remuneration described below.

Also, remuneration for Audit & Supervisory Committee Members is determined through consultation among Directors serving as Audit & Supervisory Committee Members.

(Basic approach for determining officers' remuneration)

- Officers' remuneration shall correspond to the role, responsibilities, and performance of each officer.
- Officers' remuneration shall be designed such that it reflects the medium- to long-term management strategy and also strongly incentivizes sustainable growth.
- The composition of officers' remuneration shall be such that officers share interests and risks with shareholders, are aware of shareholders' perspective, and are more strongly motivated to enhance corporate value.
- The level of remuneration shall be appropriate for attracting and retaining excellent human resources globally.
- The remuneration determination process shall be objective and highly transparent.

Composition of remuneration for Representative Directors



Remuneration for Outside Directors and Directors serving as Audit & Supervisory Committee Members is 100% basic remuneration.

2. Basic Remuneration

Amounts are determined according to the job title in accordance with internal rules (weighted allocation according to job responsibilities), and a fixed monthly amount of remuneration is paid.

Only basic remuneration is provided to Outside Directors and Directors serving as Audit & Supervisory Committee Members.

3. Performance-linked Remuneration

Performance-linked remuneration comprises "performance remuneration," which is paid according to performance during the fiscal year, and "stock compensation," which is intended to foster the awareness that Directors share interests with shareholders and to provide motivation for achieving objectives over the medium to long term. Performance-linked remuneration is designed to motivate the Company's Executive Directors to manage with an awareness of performance and share prices not just in a single fiscal year, but also over the medium to long term.

For "performance remuneration," net sales and EBITDA, which correspond to earnings capabilities, are set as evaluation indicators. The evaluation by the Nomination and Remuneration Committee, of which Outside Directors constitute the majority is also used as an evaluation indicator. Regarding the above performance indicators, performance remuneration is calculated at the ratio of 50% consolidated net sales and 50% EBITDA and the amount determined is divided by 12 and the divided amount is paid monthly from the month following the conclusion of the Annual General Meeting of Shareholders.

The stock compensation plan is set separately from basic remuneration for the purpose of increasing

awareness of contributions to medium- to long-term continuous improvements in financial results and increases in corporate value. Specifically, the plan is designed to ensure Directors share interests with shareholders and to ensure that not only the benefit of the increase in the share price, but also the risk of the decrease in the share price is shared among the Directors and the shareholders, thereby strengthening the Directors' awareness of their contribution to sustainable growth and enhancement of corporate value. Money is contributed to a trust for every five consecutive fiscal years for acquisition of the shares necessary for provision to Directors. Shares acquired through the trust will be provided separately: Restricted Stock (RS) for which one (1) share is granted for one (1) point corresponding to the number of points awarded based on the job title, and Performance Share Unit (PSU) for which one (1) share is granted for one (1) point corresponding to the number of points awarded, reflecting the performance compared to the Mid-term Management Plan. Directors will enter into transfer restriction agreements under which the Directors are restricted from transferring or otherwise disposing of the shares granted until they leave their position as Director. Directors, by completing the specified procedure for the determination as beneficiaries, in principle, receive from the trust the number of shares corresponding to the number of points awarded, at a certain time each year. Notwithstanding the foregoing, if Directors satisfy the specified requirements, in respect of a certain percentage of the points awarded to them, they will receive the amount of cash equivalent to the market value of the Company's shares, at the time of retirement from their position as Director, in principle, in lieu of granting of the Company's shares.

As for evaluation indicators used for determining the performance-linked portion of PSU, in addition to total shareholder return (TSR), the degree of achievement of the sustainability strategy target will be reflected in order to provide motivation for the Company's sustainable growth and enhancement of corporate value. The sustainability strategy target is the degree of achievement of the key performance indicators concerning "Technology and Human Resources," which constitute materiality indispensable for sustainable growth of the Company, and is linked to the officers' remuneration systems as strong motivation should be provided to management for implementation.

Specifically, the performance-linked portion of PSU benefits is determined based on the degree of achievement of the following indicators during the period covered by the Mid-term Management Plan.

Table: Performance indicators for medium to long-term incentive performance-linked remuneration

Evaluation indicators		Weight
Total shareholder return (TSR)	TSR for five years (compared to benchmark companies)	80%
Sustainability strategy target	The degree of achievement of key performance indicators concerning "Technology and Human Resources," which constitute materiality indispensable for sustainable growth	20%

In addition, as minimum performance targets to be achieved as an aspect of corporate responsibility, if the average ROE during the period for performance-linked remuneration does not reach a certain level, or if a certain level of CO₂ reduction is not achieved in regard to climate change, which is a social issue, the PSU benefits will be reduced in full or in part.

4. Decision-Making Process

In order to guarantee appropriate remuneration for officers and transparency of decision-making processes, the Company has established a Nomination and Remuneration Committee as an advisory body to the Board of Directors.

The decision-making process of the Board of Directors shall involve referral to and deliberation by the Nomination and Remuneration Committee for matters relating to the composition of remuneration of Directors, evaluation of the appropriateness of the design of the performance-linked remuneration system, setting of targets and evaluation of performance, etc.

The remuneration of individual Directors shall be discussed by the Nomination and Remuneration Committee and shall be determined by resolution of the Board of Directors, within the range of remuneration determined by resolution of the General Meeting of Shareholders in advance.

The remuneration of individual Directors serving as Audit & Supervisory Committee Members shall be determined through consultation among Directors serving as Audit & Supervisory Committee Members, within the range of remuneration determined by resolution of the General Meeting of Shareholders in advance.

Proposal 4: Determination of the Amount of Remuneration for Directors Serving as Audit & Supervisory Committee Members

At the 9th Annual General Meeting of Shareholders of the Company held on June 18, 2021, it was resolved that the amount of remuneration for Directors serving as Audit & Supervisory Committee Members shall be no more than 50 million yen a year and the amount has been unchanged to date.

It is proposed that, taking into consideration their duties and the economic situation and other circumstances, the amount of remuneration for Directors serving as Audit & Supervisory Committee Members shall be no more than 70 million yen a year. It is proposed that the specific amount for each Director serving as Audit & Supervisory Committee Member, the timing of the payment, the method, and other details shall be determined through consultation among Directors serving as Audit & Supervisory Committee Members.

The Company believes that this proposal is appropriate as the content of this proposal was determined following deliberation by the Nomination and Remuneration Committee, of which Independent Outside Directors constitute the majority.

The number of Directors serving as Audit & Supervisory Committee Members eligible for the remuneration based on this proposal is three (3).

Proposal 5: Partial Revision of Performance-Linked Stock Compensation Plan for Directors (Excluding Directors serving as Audit & Supervisory Committee Members and Outside Directors)

1. Reasons for the proposal and for its appropriateness

At the 4th Annual General Meeting of Shareholders of the Company held on June 23, 2016, the Company gained approval for introduction of the performance-linked stock compensation plan for Directors of the Company (excluding Outside Directors), namely the “Board Benefit Trust, or BBT” (hereinafter referred to as the “Current BBT Plan”). Subsequently, at the 9th Annual General Meeting of Shareholders of the Company held on June 18, 2021, the Company gained approval for revision of the provisions on persons eligible for the Current BBT Plan in line with the transition to a company with an audit and supervisory committee, and the timing for the eligible persons to be granted shares of the Company’s stock and money converted at the market value of those shares (hereinafter referred to as “Company’s Shares, etc.”) (the resolutions at the above General Meetings of Shareholders are hereinafter referred to as the “Initial Resolutions.”)

This proposal is to request approval for revision of the Current BBT Plan to the performance-linked stock compensation plan “Board Benefit Trust-Restricted Stock (BBT-RS)” (hereinafter referred to as the “Plan”) as described in 2. below (hereinafter referred to as the “Revision”).

The Company believes that this proposal is appropriate for the following reasons: the proposed Plan has the same purpose as the Initial Resolution, namely, to further clarify the linkage between remuneration of Directors (excluding Directors serving as Audit & Supervisory Committee Members, and other Directors who are Outside Directors; hereinafter the same applies, unless otherwise specified), financial results of the Company and the value of the Company’s shares to ensure that not only the benefit of the increase in the share price, but also the risk of the decrease in the share price is shared among the Directors and the shareholders, thereby strengthening the Directors’ awareness of their contribution to the medium- to long-term improvement in financial results and corporate value, and additionally, the content of this proposal is consistent with the Policy on Determination of Details of Remuneration, etc. for Individual Directors of the Company, which is scheduled to be changed as stated in Proposal 3 “Determination of the Amount of Remuneration for Directors (Excluding Directors Serving as Audit & Supervisory Committee Members) (please refer to Pages 14 and 15 of this Notice.)

Specifically, it is proposed that the specific calculation method for the amount of compensation and its specific details be approved in order to grant stock compensation under the Plan to Directors, separately from the maximum amount of remuneration proposed in Proposal 3 (no more than 450 million yen a year (including the amount of remuneration for Outside Directors of no more than 70 million yen), excluding employee salaries for Directors who also serve as employees). The Company proposes that the details of the Plan be entrusted to its Board of Directors within the framework of 2. below.

Regarding the Revision, the Company has received a report from the Nomination and Remuneration Committee, of which Independent Outside Directors constitute the majority, that the Revision is appropriate in view of the purpose of the Plan and the effect of incentives given for medium- to long-term performance improvement. The Audit & Supervisory Committee has expressed its opinion that the introduction of the Plan is appropriate in view of the purpose of the Plan and the decision-making process for this proposal, including the report from the Nomination and Remuneration Committee.

If Proposal 2 is approved as proposed, the number of Directors eligible for the Plan will be two (2).

In line with the Revision, granting of the Company’s Shares, etc. corresponding to the points awarded to Directors by the fiscal year ended March 31, 2021 under the Current BBT Plan shall be carried out at a certain point in time after their retirement, in principle, as previously, in accordance with the Initial Resolution. Regarding the points awarded to Directors in the period from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024, on the condition that this proposal is approved and resolved, for a certain proportion of the points, the Company’s shares shall be granted to the Directors at a time separately specified by the Company after this Annual General Meeting of Shareholders, and for the remaining points, cash equivalents of the Company’s shares converted at the market value shall be provided to the Directors upon retirement from their position as Director. In the case that Directors receive the Company’s shares during their terms of office in accordance with such transitional measure, the Directors shall enter into transfer restriction agreements with the Company prior to the grant of the Company’s shares, as stated in 3. below. Accordingly, the Company’s shares granted to Directors during their terms of office shall be subject to restrictions on transfer and other disposal until retirement from their position as Director.

2. Details of the Revision (Specific calculation method for the amount of compensation, etc. under the Plan and its specific details)

The details of the Current BBT Plan will be partially revised as below.

(1) Overview of the Plan

The Plan is a stock-based compensation plan whereby the Company's shares are acquired through a trust using funds contributed by the Company (hereinafter, such trust established pursuant to the Current BBT Plan is referred to as the "Trust." After the Revision, the Trust shall be continued as the trust under the Plan.), and the Company's Shares, etc. are granted through the Trust to the Directors pursuant to the Officer Stock Distribution Rules established by the Company. In principle, the Directors shall receive the Company's shares at a certain point each year and the Directors shall receive cash equivalents of the Company's shares converted at the market value upon retirement from their position as Director. In the case that Directors receive the Company's shares during their terms of office, the Directors shall enter into transfer restriction agreements with the Company prior to the grant of the Company's shares, as stated in 3. below. Accordingly, the Company's shares granted to Directors during their terms of office shall be subject to restrictions on transfer and other disposal until retirement from their position as Director.

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

Within the scope approved by the Initial Resolution, the Company established the Trust by contributing 110 million yen for the Trust and made an additional contribution of 1,000 million yen in 2022, to acquire the Company's shares.

On the condition that this proposal is approved, the Company will change the current BBT Plan to the Plan and continue the Plan for a period of five fiscal years from the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2029 (hereinafter, the said period of the five fiscal years shall be referred to as the "Initial Applicable Period for BBT-RS." The Initial Applicable Period for BBT-RS and each period of five fiscal years to start after the passage of the Initial Applicable Period for BBT-RS shall be collectively referred to as the "Applicable Period.") and subsequent Applicable Periods. After the Revision, the Company's shares and funds remaining in the trust assets of the Trust established under the Current BBT Plan will be allocated to the compensation under the Plan.

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

After the lapse of the Initial Applicable Period for BBT-RS, the Company will rationally estimate the number of shares required for the Directors' compensation under the Plan and provide the Trust with additional funds deemed necessary for the advance acquisition by the Trust for, in principle, each Applicable Period until the termination of the Plan. In the case of providing such additional funds, if the Company's shares (those corresponding to the number of points awarded to Directors for each Applicable Period until the most recent one, excluding the shares yet to be granted to Directors) and funds remain in the Trust assets (hereinafter collectively referred to as the "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 announce any decision to provide additional funds in a timely and appropriate manner.

(3) Method of acquisition of the Company's shares by the Trust and 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 the stock market or by underwriting the disposition of the Company's treasury shares. The maximum number of points to be awarded to the Directors will be 330,000 points for each Applicable Period. Therefore, the maximum number of the Company's shares to be acquired by the Trust for each Applicable Period will be 330,000 shares. The Company plans to conduct a share split at a ratio of three (3) shares for one (1) share of the Company's common stock, effective October 1, 2024. After the share split, the maximum number of points to be awarded to the Directors will be 990,000 points for each Applicable Period and the maximum number of the Company's shares to be acquired by the Trust for each Applicable Period will be 990,000 shares.

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

For each fiscal year, the Directors shall be awarded points, the number of which is to be decided, taking into consideration the job title, performance indicators, etc. based on the Officer Stock Distribution Rules. The total number of points awarded to the Directors for each Applicable Period will be up to 330,000 points. The Company has determined this number, taking into consideration the current level of officers' remuneration,

the trend of the number of the Directors and future prospects, etc. in a comprehensive manner and the Company considers such number appropriate.

Each point awarded to the Directors will be converted into one (1) share of the Company's common stock at the time of the granting of the Company's Shares, etc. as described in section (5) below (the maximum number of points, the number of points already granted, and the conversion ratio will be rationally adjusted in proportion to the relevant ratio, etc. in the event that a share split, allotment of shares without contribution, or consolidation of shares, etc., is carried out after the approval of this proposal. The Company plans to conduct a share split at a ratio of three (3) shares for one (1) share of the Company's common stock, effective October 1, 2024. After the share split, the maximum number of points to be awarded to the Directors will be 990,000 points for each Applicable Period.).

For reference, multiplying the number of shares (330,000) corresponding to the maximum number of points awarded to the Directors for each Applicable Period (five fiscal years) by the closing stock price on May 10, 2024, of 5,898 yen results in approximately 1,946 million yen.

Moreover, the number of voting rights (3,300) of the shares corresponding to the maximum number of points awarded to the Directors for each Applicable Period (five fiscal years) as a percentage of the number of voting rights (589,919) of the total shares outstanding (as of March 31, 2024) is approximately 0.56%.

The number of points held by the Directors that becomes the basis of the Company's Shares, etc. to be granted pursuant to section (5) below is, in principle, the cumulative total number of points awarded to the Directors by the point in time when the right to receive benefits (beneficiary right) is confirmed as described in section (5) below. (The number of points calculated in this manner shall be hereinafter referred to as the "Final Number of Points.").

(5) The specific method of calculating the number of the Company's Shares, etc. and the amount of compensation, etc.

Directors who meet the beneficiary requirements receive the Company's shares after completing a certain procedure for the determination 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 each year. The Directors who meet the requirements specified in the Officer Stock Distribution Rules, may receive the amount of cash equivalent to the market value of the Company's shares in lieu of the Company's shares, upon their retirement from the position as Director, in principle. The Company may sell the Company's shares through the Trust to acquire funds for such monetary compensation.

In the case that Directors receive the Company's shares during their terms of office, the Directors shall enter into transfer restriction agreements with the Company prior to the receiving of the Company's shares, as stated in 3. below. Accordingly, the Company's shares granted to Directors during their terms of office shall be subject to restrictions on transfer and other disposal until retirement from their position as Director.

Any Director who has been awarded points will lose the entitlement to receive the compensation in whole or in part, if a resolution to dismiss that Director has been passed at the General Meeting of Shareholders, if the Director resigns for his/her personal reasons, or if any matters apply that are similar to dismissal. The amount of compensation, etc. to be received by the Directors will be determined by multiplying the total number of points awarded to the Directors by the book value per share of the Company's shares held by the Trust (the amount will be rationally adjusted in proportion to the relevant ratio, etc. in the event of a share split, allotment of shares without contribution, or consolidation of shares, etc.). In an exceptional case of providing money pursuant to the Officer Stock Distribution Rules, the amount will be added to the compensation if it is deemed appropriate.

(6) Handling of dividends

Dividends on the Company's shares in the Trust account will be received by the Trust and will be used for acquisition of the Company's shares and to pay the trust fee, etc. pertaining to the Trust to the trustee. In the event of termination of the Trust, the dividends, etc. remaining in the Trust will be distributed to the Directors in office at that point in time on a pro rata basis according to the number of points held by each Director, in accordance with the provisions of the Officer Stock Distribution Rules.

(7) Treatment upon termination of the Trust

The Trust shall terminate in the event of delisting of the Company's shares, the abolition of the Officer Stock Distribution Rules, etc.

Of the residual assets of the Trust upon termination of the Trust, all of the Company's shares will be acquired by the Company without consideration and then cancelled by a resolution of the Board of Directors. Of the residual assets of the Trust upon termination of the Trust, the Company will receive the remaining

amount of cash, excluding the cash to be paid to the Directors in accordance with section (6) above.

3. Overview of the transfer restriction agreement pertaining to the Company's shares to be granted to Directors

If Directors receive the Company's shares during their terms of office, each Director shall, prior to receiving the Company's shares, enter into a transfer restriction agreement with the Company (hereinafter the "Transfer Restriction Agreement") that includes the terms and conditions as summarized below (each Director shall receive the Company's Shares on condition that he/she enters into the Transfer Restriction Agreements.).

i) Details of transfer restrictions

During the period from the date the Company's shares are granted to the date of retirement from all positions as an officer of the Company, Directors may not transfer, create security rights over, or otherwise dispose of the Company's shares granted.

ii) Acquisition by the Company without consideration

In the event of certain acts of misconduct, etc., or in the event that the requirements for lifting of the restrictions on transfer as described in (iii) below are not satisfied, the Company shall acquire the shares concerned without consideration.

iii) Lifting of the transfer restrictions

If a Director retires from all of his/her positions as an officer of the Company for justifiable reasons or due to death, the transfer restrictions shall be lifted at that point in time.

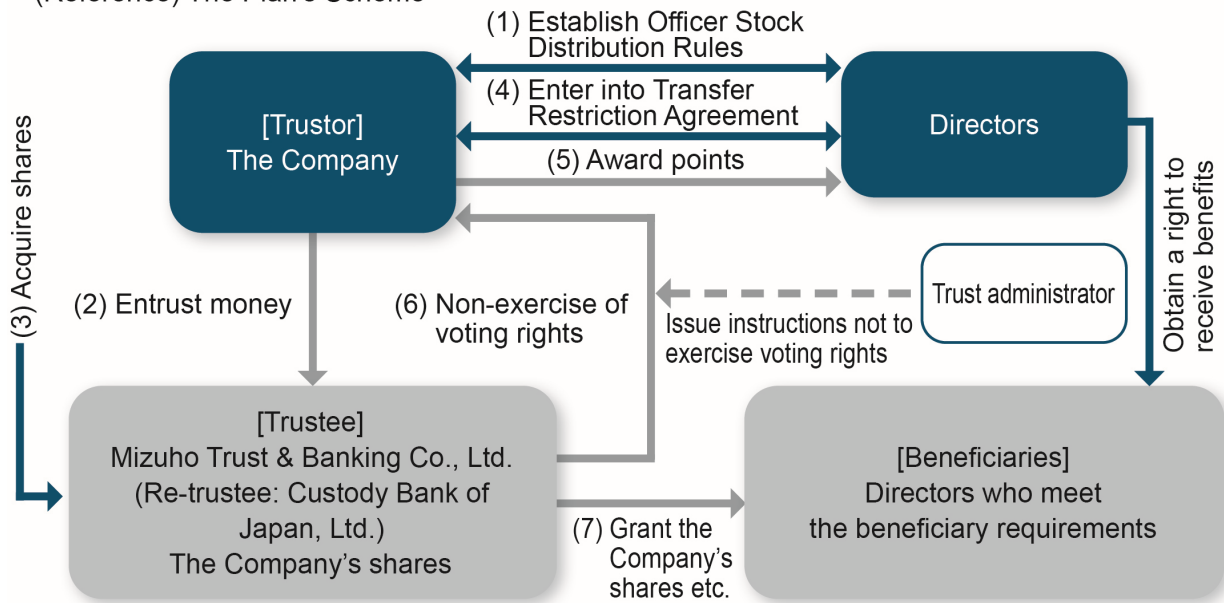
iv) Treatment during reorganization, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company is the dissolving company or some other reorganization is approved at the Company's General Meeting of Shareholders, the transfer restrictions shall be lifted by a resolution of the Company's Board of Directors at the time immediately preceding the business day immediately preceding the effective date of the said reorganization, etc.

The Company's shares subject to the transfer restrictions under the Transfer Restriction Agreement will be managed during the transfer restriction period in a dedicated account opened by each of the eligible Directors at a securities company designated by the Company so that he/she cannot transfer, create security rights over, or otherwise dispose of such shares during the transfer restriction period.

In addition to the above, the method for expressing intentions and giving notification under the Transfer Restriction Agreement, the method for amending the Transfer Restriction Agreement, and other matters to be determined by the Board of Directors shall be set out in the Transfer Restriction Agreement.

(Reference) The Plan's Scheme



- (1) The Company shall stipulate the Officer Stock Distribution Rules within the framework approved by means of approval of this proposal.
- (2) The Company shall entrust money within the limit approved by means of approval of this proposal.
- (3) The Trust shall acquire the Company's shares through the stock market or by underwriting the disposition of the Company's treasury shares, using as the funds money entrusted in the manner set forth in (2).
- (4) Directors will enter into Transfer Restriction Agreements with the Company, which include a provision to the effect that disposal by transfer, etc. of the Company's shares they will receive during their terms of office until retirement from their position as Director shall be restricted in principle, and a clause about the Company's acquisition of such shares without consideration under certain conditions, etc.
- (5) The Company shall award points to the Directors based on the Officer Stock Distribution Rules.
- (6) In accordance with the instructions issued by the independent trust administrator, the Trust shall not exercise the voting rights for the Company's shares in the Trust's account.
- (7) The Trust shall grant the Company's shares to Directors who meet the requirements for the beneficiary stipulated in the Officer Stock Distribution Rules (hereinafter referred to as the "Beneficiaries") in proportion to the number of points awarded to the said Beneficiaries. However, if the Directors meet the requirements separately stipulated in the Officer Stock Distribution Rules, in respect of a certain percentage of the points awarded to them, they may receive the amount of cash equivalent to the market value of the Company's shares in lieu of the Company's shares upon their retirement from their position as Director.