May 10, 2021

Company Name:	Dexerials Corporation
Security Code:	4980
Listing:	First Section, Tokyo Stock Exchange
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Notice of Partial Revision of 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 today to propose partial revision (hereinafter the "Change") of the performance-linked stock compensation plan (Board Benefit Trust (BBT); hereinafter the "System") for members of the Board of Directors (excluding Outside Directors; the same shall apply hereunder unless otherwise specified) at the 9th Annual General Meeting of Shareholders scheduled to be held on June 18, 2021. The System has been maintained based on the resolution of the Board of Directors passed at a meeting on April 27, 2016 and the shareholders' approval granted at the 4th Annual General Meeting of Shareholders on June 23, 2016. Details are as follows.

Please note that the Company plans for the transition to become a company with an Audit and Supervisory Committee on the condition that the adoption is approved at the Annual General Meeting of Shareholders. In addition, as Executive Officers will become eligible for the System starting in July 2021, this addition is also reflected in the content described below.

1. Reason for the Change of the System

The Company has introduced the System for the purpose of further clarifying the link between the remuneration to Directors / Executive Officers (excluding Directors who are Audit and Supervisory Committee Members; hereinafter "Directors and other relevant personnel") and the Company's business performance/value of its shares, and ensuring that Directors and other relevant personnel share not only the benefits of higher share prices but also the risks of lower share prices with shareholders. The System is expected to incentivize Directors and other relevant personnel to contribute to continuous improvements in business performance and the enhancement of the corporate value of the Company from a medium- to long-term perspective.

The Company announced today that it reviewed the content of its Mid-term Management Plan "Challenges for Evolution" from the fiscal year ending March 31, 2022 to the fiscal year ending March 31, 2024. It also made a partial revision to the timeframes for providing the Directors and other relevant personnel with benefits in the form of the Company's shares and money in amounts equivalent to the market value of the Company's shares (hereinafter, "the Company's shares, etc.") under the System, which will be subject to the approval of shareholders. The purpose of the Change of the System is to provide the Directors and other relevant personnel with incentives to achieve the Mid-term Management Plan by aligning the applicable period for the System with the implementation period for the Mid-term Management Plan, and to contribute to sustainable growth and enhancement of corporate value by further promoting the sharing of benefits and risks of stock price linkage with shareholders through the provision and holding of the Company's shares while the Directors and other relevant personnel are in office.

2. Details of the Revision (method of calculating compensation under the Plan and the details)

The Company will revise part of the Plan as described below.

(1) Overview of the Plan

The Plan is a performance-linked stock compensation plan, under which the Company Shares are acquired through a trust (the trust established based on the Plan will be hereinafter referred to as "the Trust") using funds provided by the Company as the capital and provided to the Directors through the Trust according to the executive share-based compensation rules specified by the Company. The timing for the Company's Directors to receive the Company Shares and other benefits will be, in principle, at certain times after the end of each applicable period (after the revision) (defined in the section (2) below) or retirement from the position of Director or executive, whichever is earlier.

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

The Company has provided a sum of 110 million yen as funds for acquiring the shares provided to the Company's Directors based on the Plan and established the Trust, in which Directors who meet beneficiary requirements are designated as the beneficiaries, for the three fiscal years between the fiscal year ended March 31, 2017, and the fiscal year ended March 31, 2019 ("the Initial Applicable Period"; each of the three-fiscal-year -period following the Initial Applicable Period will be referred to as an "Applicable Period before Revision"), within the range approved at the 4th Annual General Meeting of Shareholders.

The Trust has acquired 132,000 shares of the Company for the Initial Applicable Period using the funds provided by the Company as the capital. As of now, the Trust has not additionally acquired the Company Shares for the current Applicable Period before Revision that started in the fiscal year ended March 31, 2020.

On the condition that the Proposal is approved, the Company will change the current Applicable Period before Revision to the five fiscal years between the fiscal year ended March 31, 2020, and the fiscal year ending March 31, 2024 (the period of the five fiscal years will be referred to as the "Initial Applicable Period after Revision" and each of the three-fiscal-year-period following the Initial Applicable Period after Revision will be referred to as a "Subsequent Applicable Period").

The Initial Applicable Period after Revision and the Subsequent Applicable Period after Revision will be combined and referred to as the Applicable Period after Revision.

If the Company Shares are expected to fall short of the number required for the Directors' compensation under the Plan for the Initial Applicable Period after Revision (the five fiscal years between the fiscal year ended March 31, 2020, and the fiscal year ending March 31, 2024), 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 end of the Initial Applicable Period after Revision, 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 Subsequent Applicable Period after Revision until the end of the Plan. In the case of providing such additional funds, if the Company 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 funds remain in the Trust assets ("Remaining Shares"), the Remaining Shares will be allocated to the compensation under the Plan in

each Subsequent Applicable Period after Revision and the additional funds will be calculated, taking into account the Remaining Shares.

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

(3) Method and the number of the Company Shares to acquire

The Trust will acquire the Company 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 will be 435,000 points (including 225,000 points for Directors) for the Initial Applicable Period after Revision (five fiscal years) and 261,000 points (including 135,000 points for Directors) for each Subsequent Applicable Period (three fiscal years each). Therefore, the maximum number of shares acquired by the Trust for the Initial Applicable Period after Revision will be 435,000 shares and that for each Subsequent Applicable Period after Revision will be 261,000 shares each.

(4) Maximum number of the Company Shares provided to the Directors

The Directors receive points for each fiscal year in the number determined by considering their positions, performance indicators, and other factors pursuant to the executive share-based compensation rules (The Company will use total shareholder return (TSR) and ROE as performance indicators from the fiscal year ending March 31, 2022 onwards).

The total number of points given to the Directors for the Initial Applicable Period after Revision will be up to 435,000 points (including 225,000 points for Directors) and that for each Subsequent Applicable Period after Revision will be up to 261,000 points each (including 135,000 points for Directors). The Company has determined these numbers by comprehensively considering such factors as the level of compensation currently paid to the Directors and the current and future trends in the number of the Directors, and the Company considers such numbers appropriate.

Each point given to the Directors is converted to one common share of the Company when the Company Shares 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 Shares after approval for the Proposal is given).

For reference, multiplying the number of shares (435,000) corresponding to the maximum number of points given to the Directors for the Initial Applicable Period after Revision (five fiscal years) by the closing stock price on May 7, 2021, of 2,103 yen results in approximately 915 million yen. Multiplying the number of shares (261,000 each) corresponding to the maximum number of points given to the Directors for each Subsequent Applicable Period (three fiscal years) by the closing stock price on May 7, 2021, of 2,103 yen results in approximately 549 million yen.

The number of shares (435,000) equivalent to the maximum number of points given to the Directors for the Initial Applicable Period after Revision (five fiscal years) as a percentage of the total shares outstanding (as of March 31, 2021, after deduction of treasury shares) is approximately 0.7%. The number of shares (261,000 each) equivalent to the maximum number of points given to the Directors for each Subsequent Applicable Period after Revision (three fiscal years) as a percentage of the total shares outstanding (as of March 31, 2021, after deduction of treasury shares) is approximately 0.4%.

The number of points held by the Directors that becomes the basis of the Company Shares provided as stated in the section (5) below is, in principle, the cumulative total number of points given to the Directors by a certain point in time after the end of each Applicable Period (after revision) following the fiscal year ending March 31, 2022 (the points calculated in this manner will be referred to as the "Final Number of Points").

(5) Specific method of calculating the number of the Company Shares and the amount of compensation

Directors who meet the beneficiary requirements receive the Company 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 after the end of each Applicable Period (after revision) or retirement from their position, whichever is earlier. The Directors who meet the requirements specified in the executive share-based compensation rules may receive money equivalent to the market price of the Company Shares in lieu of the Company Shares. The Company may sell the Company Shares through the Trust to acquire funds for such monetary compensation.

Any Director who has been given points will lose the entitlement to receive the compensation if a resolution to dismiss that Director has been passed at the General Meeting of Shareholders. The amount of compensation received by the Directors will generally be determined by multiplying the total number of points given to the Directors by the book value per share of the Company Shares held by the Trust (the amount will be rationally adjusted for any stock split, allotment without contribution, or reverse stock split of the Company Shares based on the ratios in such transactions). In an exceptional case of paying money pursuant to the executive share-based compensation rules, the money will be added to the compensation if it is deemed appropriate.