

June 25, 2024

Company Name: Dexerials Corporation
 Security Code: 4980
 Listing: Prime, Tokyo Stock Exchange
 Representative: Yoshihisa Shinya, Representative Director and President
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Notice Regarding Disposition of Treasury Stock as Restricted Stock Remuneration

Dexerials Corporation (the “Company”) hereby announces that its Board of Directors resolved at a meeting on June 25, 2024 to dispose of treasury stock (the “Disposition of treasury stock” or the “Disposition”).

1. Outline of Disposition

(1) Date of disposition	July 31, 2024
(2) Class and number of shares to be disposed of	3,214 shares of common stock of the Company
(3) Disposal value	¥7,430 per share
(4) Total disposal value	¥23,880,020
(5) Allottees of shares and the number thereof; number of shares to be allotted	Employees of the Company: 2 employees, 3,214 shares

2. Purpose of and Reasons for Disposition

The Company and subsidiaries of the Company (the “Group”) introduced a restricted stock compensation plan (the “Plan”) which allots shares with transfer restrictions to employees hired as executive management candidates in order to provide an incentive to continuously improve the Group’s corporate value and to promote future shared value with shareholders.

At a meeting of the Board of Directors of the Company, the Company resolved today to pay monetary compensation receivables of ¥23,880,020 as the restricted stock compensation remuneration between July 1, 2023 and June 30, 2024 to the planned allottee, 2 employees of the Group (the “Allottee”), and to allocate 3,214 shares of the Company’s common stock as specified restricted shares to be paid for by the Allottee using all the monetary compensation receivables as contributed assets.

The restricted period shall be three years so that the Group can provide an incentive for the Allottee to continuously improve the Group’s corporate value and achieve the purpose to promote future shared value with shareholders.

3. Overview of the Allocation Agreement

(1) Transfer Restriction Period

July 1, 2024 to June 30, 2027.

During the above restricted period (the “Restricted Period”), the Allottee shall not transfer restricted stock allotted to him or her (the “Allotted Stock”) to a third-party, create a pledge, mortgage by transfer on, make an advancement, make a bequest, or any other disposition (the “Transfer Restriction”).

(2) Acquisition of Restricted Stock Without Compensation

If the Allottee retires or resigns from any of the positions of Director, Executive Officer, or Employee of the Group prior to the expiration of the Restricted Period, all of his or her Allotted Stock shall automatically be acquired by the Company without consideration at the time of such retirement or resignation, except in the case that the Board of Directors of the Company deems that the reason for the retirement or resignation is valid.

If the Transfer Restriction of the Allotted Stock has not been lifted at the expiration of the Restricted Period (the “Expiration of the Period”) based on the terms provided in (3) “Lifting of Transfer Restrictions” below, the Company shall automatically acquire all Allotted Stock without consideration immediately after the Expiration of the Period.

(3) Lifting of Transfer Restrictions

On the condition that the Allottee has continuously held the position of Director, Executive Officer, or Employee of the Group during the Restricted Period, the Transfer Restriction on all of his or her Allotted Stock shall be lifted by the Company at the Expiration of the Period. However, even when the Allottee retires or resigns from any of the positions of Director, Executive Officer, or Employee of the Group prior to the Expiration of the Period, if the reason the Allottee retires or resigns for is deemed valid by the Board of Directors of the Company, the Transfer Restriction on all of his or her Allotted Stock shall be lifted by the Company immediately after such retirement or resignation. The number of the Allotted Stock for which the Transfer Restriction will be lifted is calculated by dividing the number of months from July, 2024 to the month that includes the date when the Allottee retires or resigns from any of the positions of Director, Executive Officer, or Employee of the Group by thirty-six (36), then multiplying that figure by the number of the Allotted Stock held by the Allottee at the time of retirement or resignation (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down).

(4) Provision for administration of shares

The Allottee shall complete the procedures at SMBC Nikko Securities Inc. in the manner designated by the Company for stating or recording matters related to the Allotted Stock, which shall be kept and maintained in the account until such time as the Transfer Restrictions have been lifted.

(5) Procedure in the event of organizational restructuring

During the Restricted Period, if proposals relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company will become a wholly-owned subsidiary, or other organizational restructuring are approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company, where such organizational restructuring does not require approval of a General Meeting of Shareholders of the Company), the Company by a resolution of the Board of Directors, shall lift the Transfer Restriction on the Allotted Stock, the number of which is calculated by dividing the number of months from July, 2024 to the month that includes the date of the approval by thirty-six (36), then multiplying that figure by the number of the Allotted Stock held by the Allottee at the time of the approval date (if any fraction less than one share unit arises as a result of the calculation, such fraction shall be rounded down) as of the date immediately before the business day preceding the effective date of the organizational restructuring provided that the effective date of such reorganization comes before the expiry of the Restricted Period.

At the time when the reorganization is approved, the Company shall automatically acquire without compensation any of the Allotted Stock on which the Transfer Restriction has not been lifted, as of the business day immediately preceding the effective date of the reorganization.

4. Basis of calculating the amount to be paid in for the allotted shares and other specific details

To eliminate any arbitrariness in determining the value of the new shares, the issuance value shall be set at ¥7,430, which is the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors of the Company (June 24, 2024). Because this is the market price on the day immediately preceding the date of the resolution of the Board of Directors of the Company, the Company believes that it is reasonable and does not represent any particularly favorable value.

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