Corporate Governance Report
CORPORATE GOVERNANCE
Dexerials Corporation

Last Update: July 3, 2026

Dexerials Corporation
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The corporate governance of Dexerials Corporation ("the Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Views Update

The Company recognizes that establishing corporate governance is an extremely important management priority for achieving our purpose, balancing economic and social value, and continuing to achieve sustainable growth and enhance corporate value.
The Company's top management will determine the direction of management in the BANI(*) era and continue to maintain and improve a management structure that supports swift and decisive decision-making (risk-taking), while evolving corporate governance to be more effective and transparent.
Furthermore, since our listing, independent outside directors have constituted a majority of our Board of Directors, ensuring transparency and objectivity in management.
* BANI… Brittle, Anxious, Non-Linear, Incomprehensible

(For Reference) About Our Purpose
Dexerials Formulates Purpose and Statement | Dexerials

Reasons for Non-compliance with the Principles of the Corporate Governance Code

The Company fully implements all principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code Update

(Principle 1-4) Policy on Holding Strategic Shareholdings and Criteria for Exercising Voting Rights Related to Such Shares

The Company currently does not hold any listed shares as strategic shareholdings.

(Principle 1-7) Policy on Transactions with Related Parties

The Company carefully reviews information regarding business partners prior to entering into transactions, and if it is determined during the process that a business partner qualifies as a related party, the Company will, as necessary, seek a resolution from the Board of Directors.

(Supplementary Principle 2-4-1) Ensuring Diversity Among Core Personnel

Through high-value-added products, technologies, and solutions, the Company aims to enrich the lives and societies of diverse people around the world by realizing its corporate vision— "Value Matters: Unprecedented innovation , unprecedented value ." —To achieve this, we believe it is essential to integrate diverse knowledge, experiences, and cultures, and we are actively promoting the recruitment and advancement of a diverse workforce, including women, foreign nationals, and people with disabilities.

We will expand work environments and flexible work arrangements that allow each employee to thrive and fully utilize their abilities, thereby creating value from diverse perspectives. In Japan, we established an action plan in fiscal year 2021 to increase the proportion of women in management positions and are working toward this goal.

Furthermore, under our Mid-term Management Plan 2028 "Achieving Evolution", which begins in 2024, we will implement human resources initiatives to foster female and foreign executives (executive officers) at an early stage. To maintain and promote an environment where diverse talent can thrive, and to foster a culture that encourages retention, we conduct diversity management training and cross-cultural communication training for managers. We will continue to further strengthen our diversity and inclusion initiatives.

□ Total Employees: 1,344 (Women: 248 (18.5%), Foreign nationals: 28 (2.1%)
□ Executives and Managers: 2 female executives, 22 female managers, 1 foreign executive, and 2 foreign managers
(Note: Employee and manager figures are as of the end of March 2026; officer figures are as of June 23, 2026; both are on a non-consolidated basis.)

(Principle 2-6) Fulfilling the Role of Asset Owner for the Corporate Pension Plan

In 2024, the Company revised its retirement benefit system and transferred a portion of its "defined benefit corporate pension plan" to a "defined contribution pension plan."

Regarding pension assets under the "Defined Benefit Corporate Pension Plan," we have established a "Pension Committee" composed of the executive officers in charge of human resources and finance, department heads, and individuals designated by the executive officers. To ensure the stable management of pension assets, we have formulated the "Basic Policy on the Management of Pension Assets" and have established a framework for the management and administration of these assets. Under this framework, we receive explanations of annual investment plans from our investment managers and monitor performance through quarterly reports on investment status.

(Principle 3-1) Various Policies and Measures for Achieving Effective Corporate Governance

Guided by our Corporate Philosophy, "Integrity" and our Corporate Vision , "Value Matters," we have consistently engaged with our customer's challenges—and the broader societal issues that lie beyond them—as well as with all our stakeholders with sincerity and dedication. We have created and provided value that supports the evolution of society through unprecedented ideas.

Looking toward the present and the future, we are working to realize our Purpose— "Empower Evolution. : Connect People and Technology."—which was formulated through the united efforts of our employees worldwide, as well as our vision for where we want to be in 10 years. We are taking on the challenge of continuously enhancing corporate value over the long term, contributing to the evolution of digital technology across a broader range of fields, generating both economic and social value, and achieving a prosperous and efficient society alongside our own sustainable growth.

To this end, as outlined in Section I. of this report— "1. Basic Views," above, we have positioned the establishment of corporate governance as one of our key management priorities and are striving to continuously strengthen both our organizational structure and operations. We are implementing measures and improvements through the PDCA cycle, including the establishment of corporate governance initiatives within our medium-term " ESG Key Issues" and the annual "Evaluation of the Effectiveness of the Board of Directors ," which we conduct every fiscal year, to implement measures and improvements through the PDCA cycle.

Meanwhile, regarding Executive Remuneration, the "Nomination and Remuneration Committee"—chaired by an outside director and comprising a majority of outside directors—holds repeated discussions on the future corporate governance framework and the ideal structure of an Executive Remuneration system that contributes to sustainable growth and the enhancement of corporate value. Based on these discussions, the Board of Directors establishes the policy for determining Executive Remuneration. For details on Executive Remuneration, please refer to Section II. of this report— "1. Organizational Composition and Operation"— [Director Remuneration].

[The Company's Sustainability Initiatives, etc. (including Supplementary Principle 3-1-3)]

Recently, various social issues have come to the fore. One driving force behind solving these issues is the evolution of digital technology, which serves as the foundation for achieving greater social efficiency. By creating the materials, devices, and solutions that are indispensable to this evolution, we aim to contribute to the realization of a sustainable society.

The key to achieving this lies in our business model's— "Design-In" and "Spec-In" approach—which are our core strengths. Specifically, these involve our ability to identify challenges that customers have not yet recognized, as well as our capacity to develop and propose solutions.
The most important issues (Materiality) for sustaining these strengths is the enhancement of "Technology"—which combines various technologies and intellectual property to create unprecedented value—and the "Human capital" that masterfully utilizes them; we have incorporated this into our Mid-term Management Plan and are actively promoting it.

Furthermore, with the aim of accelerating the motivation of directors and executive officers to contribute to business performance and the enhancement of corporate value over the medium to long term, we have incorporated the achievement of key indicators related to "Technology" and "Human capital"—defined as "the sustainability strategic targets"—as one of the metrics for executive performance- Based Remuneration. We are also identifying and advancing " ESG Key Issues" that require attention to enhance corporate value from multiple perspectives.

Based on our "Purpose"—which represents our reason for being in society and forms the foundation of our corporate activities—we will pursue sustainability in a manner unique to Dexerials while taking on the challenge of balancing "social value" and "economic value," aiming for further sustainable growth and enhanced corporate value.

(Reference) About Our Sustainability Management
https://www.dexerials.jp/asset/pdf/en/sustainability/download/Dexerials_Report_2025_E.pdf#page=65

<Investment in Human Capital and Talent>
To realize our corporate vision, “Value Matters: Creating what has never existed before—things that become global assets,” we believe that the growth of each and every employee is of the utmost importance. We encourage our employees to act autonomously by “learning on their own, thinking for themselves, taking initiative, and continuing to grow.” By providing the support and career development environment necessary for them to achieve this, we clearly demonstrate our belief that employee growth leads to company growth. In addition to specialized training and basic skills training, we are working to create an environment where every employee, regardless of background, can experience the “joy of growth” by expanding our self-development support programs.
Separate from our standard recruitment and development efforts, we have established a “Strategic Talent Investment Budget.” We implement the “Next-Generation Leadership Development Program” to cultivate future leaders from within, and we actively recruit highly specialized professionals and management talent, thereby continuously investing in our people to drive the company’s sustainable growth.

As the foundation for executing our human capital strategies, we have introduced a “JOB-Based HR Management System” that meets global standards across all Group companies, both in Japan and overseas.

Furthermore, we are promoting company-wide digital transformation (DX) through initiatives such as the adoption of IoT in manufacturing facilities, system investments, and the development of DX talent, with the goal of maximizing the added value generated by our employees through improved productivity and operational efficiency.

We are actively investing in human capital, believing that each employee’s desire to grow and their actions toward that end contribute to the company’s growth, which in turn leads to improved employee engagement.

(Reference) On the Source of Value Creation (“Human Capital”)
https://www.dexerials.jp/asset/pdf/en/sustainability/download/Dexerials_Report_2025_E.pdf#page=34

<Investment in Intellectual Property, etc.>
We view intellectual property as a vital management resource for achieving sustainable business growth and enhancing corporate value. As part of our intellectual property strategy under one of the basic policies of our Mid-term Management Plan, “Strengthening Technology and Human Capital,” we are working to strengthen our intellectual property portfolio and enhance business competitiveness by utilizing IP landscapes*.

*IP Landscape: When formulating management or business strategies, 1) conducting analyses that incorporate intellectual property information into management and business information, and 2) Share the results (overview of the current situation, future outlook, etc.) with management and business leaders.

(1) Initiatives to Strengthen Business Competitiveness

We enhance our business competitiveness by building strong barriers to entry through our intellectual property (IP) portfolio and by deterring counterfeit products and infringing patents held by other companies. Using IP landscape analysis, we analyze the intellectual property competitiveness of both our company and competitors by business category, and maintain and enhance our intellectual property competitiveness in our core businesses. Furthermore, for growth and new businesses, we are working to reduce risk by increasing our own patent applications while deterring competitors’ patents.

The intellectual property competitiveness of individual businesses, as analyzed, is incorporated into the company-wide business evaluation metrics conducted periodically.
Furthermore, to realize our business model’s (“Design-In” and “Spec-In” approach), we ensure the legal security of our business by globally protecting our inventions and know-how—such as the functional materials, devices, and manufacturing methods we manufacture and sell—and by conducting thorough patent searches on competitors’ patents. The proportion of overseas patents we hold exceeds 60%, contributing to our global business expansion and ensuring our competitive strength in each country.

(2) Building and Utilizing a Lean Patent Portfolio

We are working to enhance our intellectual property competitiveness not only by strengthening our own patent applications but also by acquiring or licensing intellectual property from other companies as needed. Furthermore, we are promoting the effective utilization of patents and building a lean portfolio by selling or licensing out our own unused patents to other companies.
Furthermore, as a company committed to addressing environmental challenges, we are participating in “WIPO GREEN” (a matching platform for environmental technologies and intellectual property promoted by the World Intellectual Property Organization) to promote open innovation regarding environmental patents and make the most of our own patents.

(3) Intellectual Property Investment

Our intellectual property investment policy focuses primarily on strengthening our overseas patent portfolio (ratio of registered overseas patents: 65.9%), diversifying our IP mix (protection of designs, trademarks, know-how, etc.), and actively investing in the digital transformation (DX) of intellectual property. Furthermore, we are contributing to sustainable business growth by increasing the filing of “differentiating technologies” in new fields (such as photonics and semiconductor integration).

(Supplementary Principle 3-1-3) Enhancing Disclosures Based on the TCFD Framework

We recognize addressing climate change as a critical issue that is a prerequisite for realizing a sustainable society and ensuring business continuity. In 2021, we expressed our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are promoting initiatives aimed at achieving carbon neutrality by 2050 while timely and appropriately identifying the risks and opportunities posed by climate change. Furthermore, through scenario analysis targeting our major business categories, we are evaluating the impact of climate change on our business and exploring countermeasures. Moving forward, through initiatives such as promoting energy conservation, utilizing renewable energy, and transitioning to low-carbon fuels, we aim to reduce Scope 1 and 2 emissions by 46% (compared to fiscal year 2019) and achieve net-zero Scope 2 emissions by the end of fiscal year 2030.

(Reference) Response to Climate Change
https://www.dexerials.jp/asset/pdf/en/sustainability/download/Dexerials_Report_2025_E.pdf#page=80

[Basic Approach and Basic Policies on Corporate Governance]

As described in this report Section 1, "Basic Views," above.

[Policies and Procedures for Determining Executive Remuneration]

The Company's policies for determining Executive Remuneration are described in this report Section II.— "1. Organizational Composition and Operation"— [Director Remuneration].

[Basic Policy and Procedures for the Appointment and Removal of Directors (Including Supplementary Principle 4-11-1)]

The Board of Directors as a whole selects candidates with due consideration for balance in terms of knowledge, experience, and areas of expertise, as well as diversity in terms of gender, nationality, and other factors.

When nominating candidates for directors (excluding directors who are members of the Audit and Supervisory Committee), the Company selects candidates based on criteria such as the ability to make sound judgments and take decisive action in line with the Company's corporate philosophy and strategic direction, as well as excellent character, communication skills, and leadership qualities. Furthermore, with regard to outside directors, we recruit individuals from outside the company who possess not only experience as executives at global companies, expertise in technology development, and experience and expertise as "professional experts" in fields such as legal affairs and financial accounting, but also a high degree of independence.

For candidates for directors who are members of the Audit and Supervisory Committee, we select candidates from both inside and outside the company based on the criteria that they possess experience and knowledge in specialized fields such as corporate management, financial accounting, and legal affairs that align with the company's direction, and that at least one candidate has sufficient knowledge of finance and accounting in particular.

In addition, the "Skills Matrix" outlines the specialized fields and their balance that the Board of Directors should possess, and this matrix is reviewed periodically. Most recently, Mr. Toshihiro Hagiwara, an outside director, was added following a review because he possesses legal knowledge and experience regarding alliance activities, including cross-border ones, as well as a track record as a corporate executive; we expect him to contribute his expertise in "Legal Affairs, Compliance, and Risk Management" and exercise sound judgment in these areas. The latest Skills Matrix for the Board of Directors is set forth in Section V of this report— "2. Other Matters Concerning the Corporate Governance Framework, etc." of this report.

Since independent outside directors constitute a majority of the Company's Board of Directors, the system is designed to ensure that candidates for directors are selected from a more neutral standpoint.

Furthermore, decisions regarding the appointment and dismissal of senior management and the nomination of candidates for directors are made based on deliberations and recommendations by the "Nomination and Remuneration Committee," in which independent outside directors constitute a majority and the chairperson is an independent outside director.

[Reasons for the Appointment of Current Directors]

The reasons for the appointment of the Company's current directors (excluding outside directors) are as follows (for outside directors, please refer to Section II. of this report — "1. Organizational Composition and Operation"— [Director] in this report).

・Yoshihisa Shinya, Representative Director and President
He was selected as Representative Director because he has played a central role in product development as the Company expands into new business areas and possesses deep technical expertise and extensive experience in business operations.

・Katsushi Kitajo, Representative Director
He was selected as Representative Director because, in addition to his experience in corporate management and investment and financing operations as a director and executive officer at a financial institution, he possesses extensive experience and profound insight as a business leader, gained through his tenure as a top executive overseas and his service as an outside director at other companies.

・Masato Taniguchi, Outside Director (Standing Audit and Supervisory Committee Member)
We have selected him as a Director (Standing Audit and Supervisory Committee Member) based on our determination that he can conduct objective and proper audits. This is due to his deep understanding of our business, gained from having served as General Manager of the Technology and Manufacturing Divisions and held key positions at overseas manufacturing facilities, which enables him to conduct audits from a professional perspective through smooth communication with the front lines; and his extensive experience and knowledge of audit practices gained as a member of our Audit Department and as a Corporate Auditor of our subsidiaries.

(Supplementary Principle 4-1-1) Overview of the Scope of Delegation from the Board of Directors to Management

By introducing an executive officer system, the Company has established a structure that separates "business execution" from "supervisory functions." Based on this, the Board of Directors establishes basic management policies, management strategies, and business strategies; regarding business execution based on these, the Board delegates broad discretionary authority from the Executive Directors to the executive officers, thereby aiming to expedite decision-making and clarify management responsibilities.

(Supplementary Principle 4-1-3) Succession and Development Plans for the President and Representative Director and Other Senior Management

Regarding succession and development plans for senior management, including the Representative Director and President, we are conducting discussions within the "Nomination and Remuneration Committee" to ensure these plans are developed through a highly transparent process.

Specifically, after reviewing the qualities, abilities, and ideal profile required of successors, we assess individual suitability through measures such as interviews with members of the Nomination and Remuneration Committee and assessments conducted by outside experts.

(Principle 4-8) Policy on the Appointment of Independent Outside Directors

As the Company operates globally and has a wide variety of stakeholders, we believe it is necessary to ensure a higher level of management transparency and neutrality; therefore, we have adopted a structure in which independent outside directors constitute a majority of the Board of Directors.

(Principle 4-9) Criteria for Determining the Independence of Independent Outside Directors

As described in this report, Section II.— "1. Organizational Composition and Operation" — [Matters Concerning Independent Directors].

(Supplementary Principle 4-10-1) Independence, Authority, and Roles of the Nomination and Remuneration Committee

The Company has established a "Nomination and Remuneration Committee" chaired by an independent outside director, with independent outside directors constituting a majority of its members.

Decisions regarding the appointment and removal of officers; succession planning and development plans for senior management, including the Representative Director and President; the level and composition of Executive Remuneration; the evaluation of the appropriateness of the performance- Based Remuneration system design; the setting of target values; and performance evaluations are made by the Board of Directors following discussion within this committee.

Furthermore, details regarding the composition, authority, and roles of this committee are described in this report, Section II.— "1. Organizational Composition and Operation" — under [Voluntary Established Committee(s)] and [Director Remuneration] in this report.

(Supplementary Principle 4-11-2) Concurrent Positions Held by Officers

The status of concurrent positions held by the Company's officers who also serve as officers of other listed companies is as described in this report, Section II.— "1. Organizational Composition and Operation" —[Directors].

(Supplementary Principle 4-11-3) Summary of the Results of the Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

With the aim of achieving sustainable growth and enhancing corporate value over the medium to long term, the Company has continuously conducted annual evaluations of the effectiveness of the Board of Directors since fiscal year 2015, using the results to drive further strengthening and improvement.

The methodology used for the analysis and evaluation conducted at the end of fiscal year 2025, as well as a summary of the evaluation results, are as follows.

1. Analysis and Evaluation Methodology

To ensure the objectivity and transparency of the evaluation, a third party conducts individual interviews with all directors based on a questionnaire prepared by the Board of Directors Secretariat, and analyzes and summarizes each director's responses.
Based on these findings, the Board of Directors reviewed and summarized the activities of fiscal year 2025 and discussed and formulated the "Action Plan" for fiscal year 2026.

2. Evaluation Results (Summary) and Action Plan

(1) Summary

Based on the summary from an objective third-party perspective, the Company's Board of Directors was assessed as functioning effectively overall.
Furthermore, based on the responses from each director, the following points were identified as the Board's strengths and areas of improvement compared to the previous fiscal year:

1) Establishing a Board of Directors capable of engaging in constructive discussions aimed at enhancing corporate value
2) Organizing the risk management department and establishing a framework for collaboration with the internal audit department and the "Audit and Supervisory Committee"
3) Revising the composition of the "Nomination and Remuneration Committee" to enhance its effectiveness and clarifying its roles in "requests for consultation" and "making recommendations"

Furthermore, the following points were cited as strengths of the Company's "Audit and Supervisory Committee" and areas of improvement compared to the previous fiscal year:

1) Enhanced effectiveness of the "Audit and Supervisory Committee" following a review of the composition of the "Nomination and Remuneration Committee"
2) Substantial information sharing from Standing Audit and Supervisory Committee Member

(2) Action Plan for Improving Effectiveness in Fiscal Year 2026

Based on the evaluation results in (1) above and multiple discussions at the Board of Directors, we have decided on the following action plan for fiscal year 2026:

"Monitoring the Implementation of Growth Strategies in an Era of High Uncertainty and Promoting Board Succession with an Eye Toward Medium- to Long-Term Management Direction"

1) Discussions on board and executive succession to realize medium- to long-term strategies and direction
2) Prioritizing monitoring items to achieve sustainable growth and the renewal of the Mid-term Management Plan
3) Monitoring of agile business operations in response to changes in the external environment
4) Monitoring of concrete action plans aimed at ensuring effective future collaboration and division of roles between the "Audit and Supervisory Committee" and the corporate risk management organization, as well as improving the quality of both audit and operational functions
5) Further improving the provision of information and expanding opportunities for discussion to deepen understanding of the Company
(On-site inspections of key locations, expansion of flexible discussion forums, hosting of study sessions for board members led by outside experts, and operational improvements to enhance the quality of discussions)

(Supplementary Principle 4-14-2) Policy on Training for Directors

The Company periodically conducts initiatives-such as facility tours for outside directors—to deepen their understanding of the Company's business operations, products, technologies, and organizational structure.
In addition, we conduct training sessions as appropriate to share information necessary for the performance of their duties.

(Principle 5-1) Policy on Systems and Initiatives to Promote Constructive Dialogue with Shareholders

The Company has established the Public Relations and Investor Relations Department to serve as the point of contact for dialogue with shareholders; this department responds to inquiries from shareholders and conducts individual financial results briefings for securities analysts, institutional investors, and individual investors.
As a general rule, we appoint directors and executive officers to attend events such as financial results briefings.
Furthermore, opinions and concerns identified through dialogue with shareholders, securities analysts, and investors are reported to the Board of Directors and the Executive Officers' Meeting to discuss appropriate measures.
In addition to the Public Relations and Investor Relations Department, the Corporate Planning, Finance, Accounting, and Legal departments collaborate to support dialogue with shareholders and investors as needed.
We take the utmost care to ensure that no insider information is disclosed. As part of this effort, we designate the period from the day after the fiscal year-end to the date of the financial results announcement as a "quiet period," during which we refrain from engaging in dialogue regarding financial results.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	available
Date of Disclosure Update Update	July 3, 2026

Explanation of Actions Update

Based on figures derived from generally accepted calculation methods such as the CAPM, and through dialogue with securities analysts and institutional investors, we recognize that the cost of equity currently required of the Company is estimated to be approximately 8–10%.

In response, we will steadily implement measures based on the "Three Basic Policies" outlined in our Mid-term Management Plan, which was updated in May 2026. As a result, we expect ROE to consistently and stably exceed the cost of equity throughout the plan's coverage period—from the fiscal year ending March 2025 through the fiscal year ending March 2029 (a five-year period)—with an ROE of approximately 31% projected for the final fiscal year.

Furthermore, we aim to reduce the cost of equity and maintain and expand a positive equity spread over the medium to long term. To this end, we will achieve stable and sustainable growth by expanding our business portfolio in areas with long product cycles and promising future growth, such as the automotive and photonics sectors. Furthermore, we will work to reduce the volatility of our business performance through initiatives such as reducing foreign exchange sensitivity.

To achieve these objectives, we will pursue medium- to long-term growth by executing investments to meet the Mid-term Management Plan targets and investments for sustainable growth beyond that, in accordance with the capital allocation announced in the Mid-term Management Plan. Regarding shareholder returns, we aim for a total return ratio of 60% over the medium-term plan period (five-year cumulative total) and a dividend payout ratio of 40% for each fiscal year. Furthermore, with a focus on stable dividends and capital efficiency, we will introduce a "dividend payout ratio attributable to owners of the parent" (with a lower limit set at 7%) to achieve a balance between proactive growth investments and a high level of shareholder returns. We will strive to deepen shareholders' and investors' understanding of these business growth prospects and capital policies through IR meetings.

Meanwhile, we revised the Remuneration structure for directors in 2024, significantly increasing the proportion of stock-Based Remuneration from 20% to 40% to further align the interests of management and shareholders. Additionally, in 2022 and 2025, we granted Company shares to domestic employees to enhance their sense of participation in management and align their interests with those of shareholders. Furthermore, in 2024, we implemented a 3-for-1 stock split. This stock split aims to create an environment where it is easier for investors to invest by lowering the price per investment unit. Through this, we seek to improve the liquidity of our stock while expanding the base of investors who share our management philosophy, purpose, and vision for sustainable growth.

By fostering an understanding of these initiatives and the progress of our Mid-term Management Plan through engagement with shareholders and investors, we aim to enhance the market's evaluation of our company and foster expectations for our future growth.

(Reference) About our Mid-term Management Plan 2028 "Achieving Evolution" (Current period: 2024–2028; to be refreshed [updated] in 2026)

https://ssl4.eir-parts.net/doc/4980/ir_material2/228848/00.pdf
https://ssl4.eir-parts.net/doc/4980/ir_material2/278124/00.pdf

2. Capital Structure

Foreign Shareholding Ratio	**30% or more**

Status of Major Shareholders Update

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,696,700	17.08
STATE STREET BANK AND TRUST COMPANY 505001	16,906,667	9.72
Custody Bank of Japan, Ltd.(Trust Account)	13,324,300	7.66
Custody Bank of Japan, Ltd. (Trust Account E)	6,376,964	3.67
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	6,267,100	3.60
Dai Nippon Printing Co., Ltd.	4,687,500	2.70
STATE STREET BANK AND TRUST COMPANY 505103	2,484,399	1.43
JP MORGAN CHASE BANK 385781	2,352,528	1.35
Misaki Engagement Master Fund	2,288,500	1.32
BNP PARIBAS PARIS/2S/JASDEC/CDC AVOIRS CLIENTS AIFM	2,127,000	1.22

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	―――
Name of Parent Company, if applicable	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Chemicals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	100 billion yen or more, but less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	11
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kazuo Hosoya	From another company											
Toshihito Hagiwara	From another company								△			
Kyoko Matsuba	From another company											
Tetsuyuki Kagaya	Academic											
Yoshiko Nakayama	Lawyer											

***Categories for "Relationship with the Company".**

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2) Update

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazuo Hosoya		○	Mr. Hosoya concurrently serves as a director of the following companies other than our company: JAPAN POST INSURANCE Co., Ltd. Outside Director	Having served as Representative Director and Chairman at a global corporation, he possesses deep insight into corporate management. We have appointed him as an outside director in the expectation that he will contribute to strengthening our growth strategy and business development by providing useful advice on our management from an objective and professional perspective. Furthermore, in accordance with the Company's "Criteria for Determining the Independence of Outside Directors," he has been designated as an independent director.
Toshihiro Hagiwara		○	Mr. Hagiwara served as a director and senior managing executive officer of TechnoPro ,Inc. until September 2025. While there is a business relationship between that company and our company whereby we receive technical personnel, but since the transaction amount related to these services was less than 0.6% of our consolidated net sales for the most recent fiscal year, we have determined that this does not pose a risk to his independence.	Having held key positions at foreign investment funds, M&A advisory firms, and technical staffing service companies, he is well-versed in the fields of corporate acquisitions, finance, accounting, and taxation. Furthermore, given his deep insight and extensive practical experience in corporate management with a focus on capital markets, we have appointed him as an outside director in the expectation that he will provide useful advice from an objective and professional perspective on our growth strategy, capital policy, and other matters. Furthermore, in accordance with the Company's "Criteria for Determining the Independence of Outside Directors," he has been designated as an independent director.
Kyoko Matsuba		○	Ms. Matsuba concurrently serves as a director of the following companies other than our company: FINDEX Inc. Outside Director	Based on her experience as an executive officer (including Head of the Strategic Business Division) at a major foreign-affiliated company, as well as her many years of involvement in university hospital management and consulting in the United States, she possesses a high level of insight into global corporate management. We have appointed her as an outside director in the expectation that she will provide useful advice on our management from an objective and professional perspective, thereby contributing to our growth strategy, business expansion, and the strengthening of our corporate governance. Furthermore, in accordance with the Company's "Criteria for Determining the Independence of Outside Directors," she has been designated as an independent director.
Tetsuyuki Kagaya	○	○	Mr. Kagaya is a professor at the Graduate School of Hitotsubashi University, a National University Corporation.	As a university professor, he possesses deep expertise in financial accounting, corporate valuation, and risk analysis.We have appointed him as an outside director serving on the Audit and Supervisory Committee in the expectation that he will contribute to strengthening audit and supervisory functions from an objective and professional perspective and provide valuable advice on promoting ESG management. Furthermore, in accordance with the Company's "Criteria for Determining the Independence of Outside Directors," he has been designated as an independent director.

Yoshiko Nakayama	○	○	Ms. Nakayama is an attorney. She also holds the following concurrent positions at companies other than ours: KLA Corporation Senior Counsel	As a lawyer and corporate legal officer, she possesses deep insight and practical experience in corporate legal affairs, particularly international law. We have appointed her as an outside director serving on the Audit and Supervisory Committee in the expectation that she will contribute to strengthening audit and supervisory functions from an objective and professional perspective and provide valuable advice on compliance and corporate governance. Furthermore, in accordance with the Company's "Criteria for Determining the Independence of Outside Directors," she has been designated as an independent officer.

[Audit and Supervisory Committee]

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	1	2	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Audit Department has been established as an organization directly under the Audit and Supervisory Committee, and operates under the direction and supervision of the Audit and Supervisory Committee to carry out audit operations. Furthermore, decisions regarding the appointment and transfer of employees belonging to the Audit Department require the consent of the Audit and Supervisory Committee, thereby enhancing their independence from the executive directors and ensuring the effectiveness of the Audit and Supervisory Committee's instructions.

Cooperation among Audit and Supervisory Committee, Accounting Auditor and Internal Audit Department

The Audit and Supervisory Committee meets monthly, with the Audit Department in attendance, to review audit findings and exchange opinions.
In addition, regarding significant matters related to internal controls identified through internal audits, the Audit & Supervisory Committee provides information to the external auditors and receives guidance and advice as necessary. Furthermore, a "Tripartite Audit Meeting," consisting of the Audit & Supervisory Committee, the external auditors, and the Internal Audit Department, is held quarterly to share information on audit-related issues.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Remuneration Committee	5	0	2	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination & Remuneration Committee	5	0	2	3	0	0	Outside Director

Supplementary Explanation

In determining the appointment, dismissal, and Remuneration of officers, the Company has established a "Nomination and Remuneration Committee" as an advisory body to the Board of Directors

This committee consists of three independent outside directors and two representative directors, excluding directors who are members of the Audit and Supervisory Committee, and is chaired by Kazuo Hosoya, the lead outside director.

The process for succession planning and training programs for senior management, including the President and Representative Director; the level and composition of Executive Remuneration; the evaluation of the appropriateness of the performance-Based Remuneration system design; the setting of target values; and performance evaluations is such that these matters are decided by the Board of Directors following discussion within this committee.

Matters Concerning Independent Directors

Number of Independent Directors	5

Other Matters Concerning Independent Directors

We designate and report all outside directors who meet the requirements for independent directors established by the Tokyo Stock Exchange as independent directors.

The Company has established the following criteria for determining the independence of independent outside directors and selects candidates for independent outside directors based on these criteria.

Criteria for Determining the Independence of Outside Directors

The Company deems an outside director or a candidate for outside director to be independent from the Company if the Company determines that such outside director or candidate for outside director meets all of the requirements set forth in the following items.

1. The individual has not served as a director (excluding outside directors; the same applies hereinafter), auditor (excluding outside auditors; the same applies hereinafter), executive officer, or employee (hereinafter collectively referred to as "Directors, etc.") of the Company or its subsidiaries (hereinafter referred to as the "Dexerials Group") either currently or during the 10 years prior to assuming the position.
2. The individual must not be a relative within the second degree of kinship of any director, etc., of the Dexerials Group.
3. The individual must not be a Major shareholder of the Company (in the case of a corporate entity or other organization, a person belonging to such entity or organization). (Note 1)
4. The individual must not be a person belonging to an organization in which the Company is a Major shareholder. (Note 1)

5. The individual must not be a Major business partner of the Dexerials Group (in the case of a corporate entity or other organization, a person belonging to such entity or organization). (Note 2)
6. The individual must not be a Major lender or other major creditor of the Dexerials Group (or, in the case of a legal entity or other organization, a person affiliated with such entity or organization). (Note 3)
7. The individual must not have received a donation of 10 million yen or more from the Dexerials Group during the current fiscal year (if the recipient of such a donation is a legal entity, partnership, or other organization, this refers to individuals belonging to such an organization and those who belonged to it within the most recent five-year period).
8. The individual must not be a person who, in the current fiscal year, has received remuneration of 10 million yen or more from the Dexerials Group in exchange for providing professional services or consulting services related to law, finance, taxation, etc. in the current fiscal year in exchange for providing professional services or consulting work related to legal, financial, or tax matters, etc., to the Dexerials Group (in the case of a corporation or other organization, this refers to a person affiliated with that organization).
9. The individual must not be in a "Mutual appointment relationship for outside directors" between the company where the individual serves as a director or in a similar capacity and the Dexerials Group. (Note 4)

(Note 1) "Major shareholder" refers to a person who directly or indirectly holds 10% or more of the total voting rights.
(Note 2) "Major business partner" refers to a company for which the amount paid to or received from the Dexerials Group accounts for 2% or more of the consolidated net sales of either the Dexerials Group or the business partner.
(Note 3) "Major Lender" refers to a lender from whom the amount borrowed is equivalent to 2% or more of consolidated total assets.
(Note 4) "Mutual Appointment of Outside Directors" refers to the appointment of an outside director from a company where a director or other officer of the Dexerials Group currently serves as an outside director.

Incentive

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

Please refer to this report, Section II.— "1. Organizational Composition and Operation" — Director Remuneration.

Persons Eligible for Stock Options	

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

In accordance with applicable laws and regulations, we disclose the total amounts by category for directors (excluding Audit and Supervisory Committee members and outside directors), directors (full-time Audit and Supervisory Committee members), and outside directors.
Furthermore, if there are individuals whose total Remuneration, etc., is 100 million yen or more, the amounts by category are disclosed in the Business Report in addition to the individual disclosures in the Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Basic Policy

The remuneration of the Company's directors is determined by comparing and verifying the Company's current remuneration system and levels with those of companies similar in size, industry, and business model, based on Executive Remuneration survey data from external research organizations.

The Remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors) is determined based on amounts calculated according to factors such as position, annual performance, and the degree of achievement of medium- to long-term goals, in accordance with the "Basic Approach to Determining Executive

Remuneration” outlined below. This determination is made following discussions by the “Nomination and Remuneration Committee” and a resolution by the Board of Directors.

In addition, the Remuneration for members of the Audit and Supervisory Committee is determined through consultation among the directors who serve on the Audit and Supervisory Committee.

(Basic Principles for Determining Executive Remuneration)
・Executive Remuneration shall be commensurate with their roles, responsibilities, and performance
・The Remuneration structure shall reflect the medium- to long-term management strategy while strongly incentivizing sustainable growth
・The Remuneration structure shall be designed to share profits and risks with shareholders, take the shareholder perspective into account, and provide stronger incentives to enhance corporate value
・Remuneration levels shall be set at a level appropriate for securing and retaining top global talent
・The Remuneration determination process shall be objective and highly transparent

The Remuneration structure for the Representative Director (upon achievement of performance-based targets) is as follows:
・Fixed Remuneration (base pay) 30%: Performance- Based Remuneration 70% (of which, short-term incentives 30%, medium- to long-term incentives 40%)

2. Base Remuneration
Amounts are determined based on internal regulations according to position (with a weighted allocation based on job responsibilities) and are paid as monthly fixed Remuneration. Note that outside directors and directors serving on the Audit and Supervisory Committee receive only Base Remuneration.

3. Performance- Based Remuneration
Performance- Based Remuneration consists of “performance-based pay,” which is paid based on the fiscal year’s performance, and “stock- Based Remuneration,” which is designed to align interests with shareholders and motivate the achievement of medium- to long-term goals “stock- Based Remuneration,” designed to motivate the Company’s executive directors to manage the business with a focus on performance and stock price not only on a single-year basis but also from a medium- to long-term perspective.

Performance-based pay is calculated and determined based on evaluation indicators reflecting “earning power”—namely, net sales and EBITDA (50% consolidated net sales: 50% EBITDA)—as well as an evaluation by the “Nomination and Remuneration Committee,” and is paid monthly in 12 equal installments starting the month following the conclusion of the Annual General Meeting of Shareholders.

The stock-based remuneration plan is established separately from basic compensation; funds necessary to acquire shares to be granted to directors are contributed to a trust every five consecutive fiscal years, and shares are acquired. Shares are granted based on points assigned according to position, divided into: (1) RS (Restricted Stock), granted at a rate of one share per point, and (2) PSU (Performance Share Unit), granted at a rate of one share per point based on performance against the medium-term management plan. However, if certain requirements are met, a specified percentage of the shares may be replaced, in principle, with a cash payment equivalent to the market value of the Company’s shares at the time of retirement. Furthermore, the shares are subject to transfer restrictions until the director’s retirement.

PSUs are determined based on the degree to which the following indicators are achieved during the medium-term plan period.
・Total Shareholder Return (TSR) 5-year TSR (vs. benchmark companies) - 80%
・The sustainability strategic targets Degree of achievement of key indicators for “Technology” and “Human capital,” which are Materiality to sustainable growth - 20%

4. Decision-Making Process
The level and composition of director’s Remuneration, the assessment of the appropriateness of the performance- Based Remuneration system design, the setting of target values, and the evaluation of actual performance are determined by the Board of Directors following discussions within the “Nomination and Remuneration Committee.”

The Remuneration for individual directors (excluding directors who are members of the Audit and Supervisory Committee) is determined by the Board of Directors following deliberation by the “Nomination and Remuneration Committee,” within the Remuneration limit approved in advance by the General Meeting of Shareholders.

Furthermore, the Remuneration for individual directors who are members of the Audit and Supervisory Committee is determined through consultation among those directors, within the Remuneration limit previously approved by the General Meeting of Shareholders.

Support System for Outside Directors

(Outside Director)
We have established a Board of Directors Secretariat, which handles the convening of Board meetings, the advance distribution of meeting materials, and the provision of advance explanations of agenda items.

(Outside Directors Who Are Members of the Audit and Supervisory Committee)
We have established an Audit Department that carries out audit duties under the direction of the Audit and Supervisory Committee. Employees belonging to the Audit Department handle administrative tasks such as convening the Audit and Supervisory Committee, distributing meeting materials in advance, and providing advance explanations of items to be discussed.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ Position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
―――	―――	―――	―――	―――	―――

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	0

Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Update

(Directors and Board of Directors)
The Company's Board of Directors consists of a total of eight members—five independent outside directors and three inside directors—with independent outside directors constituting a majority. The President and Representative Director serve as Chairperson based on a resolution of the Board of Directors. The Board of Directors meets regularly (generally once a month) to pass resolutions on statutory matters, determine important management policies and strategies, appoint candidates for executive positions, determine the individual remuneration amounts for directors who are not members of the Audit and Supervisory Committee, and supervise business operations. All independent outside directors possess extensive experience and deep insight as business executives and experts, and they play a role in strengthening oversight functions from an independent standpoint.

(Audit and Supervisory Committee)
The Audit and Supervisory Committee consists of three members: two independent outside directors and one inside director. Mr. Tetsuyuki Kagaya, an independent outside director, serves as Chair of the Audit and Supervisory Committee, and Mr. Masato Taniguchi, an inside director, has been appointed as a standing member of the committee.

(Executive Officers' Meeting)
The Company has appointed eight executive officers (two of whom also serve as inside directors), and has established a system in which extensive discretionary authority is delegated from the directors in charge of business execution, enabling swift decision-making and clarifying responsibility for business execution. The Company has entered into delegation agreements with its executive officers regarding business execution. The Executive Officers' Committee, chaired by the President, meets regularly (in principle, twice a month, with the eight executive officers as regular members) to review the status of business operations and identify challenges, as well as to discuss important matters in advance.

(Business Execution, Oversight, and Internal Control Mechanisms)
While the Company's Board of Directors makes decisions regarding management policies and strategies, it delegates broad discretionary authority for business execution to management in order to pursue efficiency and transparency through the separation of management and business execution, and oversees the status of such business execution.

Furthermore, with regard to internal controls, we have established an internal control system based on the "Basic Policy on Internal Controls" adopted by resolution of the Board of Directors. The Audit and Supervisory Committee conducts audits from a neutral standpoint and is structured to be able to provide feedback to management.

(Status of Internal Audits)
The Audit Department strives to conduct audits effectively and efficiently. It audits the Company and its group companies regarding the establishment of internal control systems, compliance, and adherence to risk management frameworks.

Furthermore, based on the results of internal audits, the department periodically verifies the status of improvements and reports the findings to the Audit and Supervisory Committee, the Representative Director, and relevant departments.

(Financial Audits)

We have entered into an audit agreement with PricewaterhouseCoopers Japan LLC, which conducts financial audits in accordance with the Companies Act and the Financial Instruments and Exchange Act.

There are no special conflicts of interest between the firm and the Company, nor between the firm and the partners of the firm engaged in the Company's audit. Furthermore, the firm has implemented measures to ensure that the same partner does not participate in the Company's financial audit for more than a specified period. In addition to Mr. Naoyuki Suzuki and Mr. Kenji Murata of PwC Japan Limited Liability Audit Corporation, 12 individuals—including six certified public accountants—serve as assistants, bringing the total number of personnel involved in the financial audit to 18. PwC Arata Limited Liability Audit Corporation has been our continuous auditor for 14 years.

(Contents of the Liability Limitation Agreement)

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with non-executive directors to limit their liability for damages under Article 423, Paragraph 1 of the same Act; the maximum liability limit under these agreements is set at the minimum liability limit prescribed by law.

3. Reasons for Adoption of Current Corporate Governance System

With regard to management oversight, since our listing in 2015, we have consistently maintained a structure in which independent outside directors—who possess a high degree of independence and expertise—constitute a majority of the board, thereby ensuring transparency and objectivity.

Furthermore, regarding the process for nominating and determining Executive Remuneration, we established a voluntary "Nomination and Remuneration Committee" in 2019. This committee discusses matters such as the evaluation of executive officers, executive succession plans, and Executive Remuneration structures, thereby ensuring the transparency and soundness of management. Additionally, to expedite decision-making, we have further delegated authority through the introduction of a "delegated executive officer system."

In 2021, we transitioned our corporate governance structure from a "company with a Board of Auditors" to a "company with an Audit and Supervisory Committee." We are promoting a "monitoring model" to achieve a clearer separation between management oversight and execution. Furthermore, in 2024, to more vigorously advance the sustainable growth and enhancement of corporate value outlined in our Mid-term Management Plan, we revised our Executive Remuneration system to further enhance incentive effects and strengthen the alignment of interests with our shareholders.

Going forward, it will be essential for us to expand our business portfolio—one that responds to significant environmental changes and contributes to the evolution of digital technology—and to achieve a balance between economic and social value. To this end, we believe it is essential to define the company's direction, maintain and improve a management structure that supports swift and decisive decision-making, and evolve our corporate governance to ensure greater effectiveness and transparency.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	Notices are mailed no later than three weeks prior to the date of the General Meeting of Shareholders and are disclosed on the Company's website and the Tokyo Stock Exchange website prior to mailing.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	We schedule the General Shareholders Meeting to avoid peak dates.
Electronic Exercise of Voting Rights	We have introduced a system for exercising voting rights via the Internet.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We participate in the voting platform for institutional investors operated by ICJ , Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of the Notice of Convocation (Summary) is posted on our website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	We disclose our basic policies and other information on our website. https://www.dexerials.jp/en/ir/disclosure/index.html	
Regular Investor Briefings held for Individual Investors	We hold regular company information sessions. Additionally, we disclose recordings and materials from these sessions on our website. https://www.dexerials.jp/ir/individual/seminar.html* **There is no English version of this webpage; only the Japanese version is available here.*	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold earnings briefings every quarter.	Held
Regular Investor Briefings held for Overseas Investors	We conduct individual meetings with major institutional investors to provide explanations.	Held
Online Disclosure of IR Information	We disclose financial results presentation materials and other information on our website along with the disclosure of quarterly financial results. https://www.dexerials.jp/en/ir/library/	
Establishment of Department and/or Placement of a Manager in Charge of IR	PR and IR Department, Corporate Strategy Division conducts activities aimed at shareholders and investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company has established the “Dexerials Group Code of Conduct” as a set of rules to be observed by all officers and employees within the Group. This Code stipulates that the Company shall take stakeholders’ interests into consideration and strive to conduct sound business activities, while also accurately disclosing corporate information and fulfilling its accountability obligations. Dexerials Group Code of Conduct｜Sustainability｜Dexerials
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We practice careful communication with our business partners based on the principle of coexistence and mutual prosperity. With the resolution of external diseconomies (social issues) as a prerequisite, and guided by the “Dexerials Group Sustainability Policy,” we are working to contribute to the realization of a sustainable society across the entire value chain by identifying and addressing medium- to long-termpriority issues from an ESG perspective (climate change, diversity and respect for human rights, corporate governance, compliance, and risk, among others) and are actively addressing them. In addition, to revitalize the communities where our business operations are based and to pass on a better environment to future generations, we are carrying out various social contribution initiatives both in Japan and overseas. https://www.dexerials.jp/en/sustainability/management/index.html#mgmt01
Formulation of Policies, etc. on Provision of Information to Stakeholders	As described in the section above titled “Provisions Regarding Respect for Stakeholders’ Perspectives in Internal Regulations, etc.”

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company has established an internal control system based on the following basic policies for internal control, which were adopted by resolution of the Board of Directors.

1. System to Ensure That the Execution of Duties by Directors and Employees of the Group Complies with Laws, Regulations, and the Articles of Incorporation

1) The Company has established the “Dexerials Group Code of Conduct,” which sets forth provisions regarding legal compliance and corporate ethics. The Company shall ensure that all employees of the Company and its subsidiaries (hereinafter referred to as the “Group”)are made aware of this Code and shall deepen their understanding through training and other measures as necessary.
2) The Group operates the “Dexerials Whistleblower Program” as a means for employees to directly report conduct that may raise legal concerns. Furthermore, the Group strictly prohibits any adverse treatment of employees who submit reports through this program.
3) The Company shall strive to establish a Group-wide compliance framework by periodically verifying the status of legal compliance within the Group through internal audits and other means.

2. System for the Preservation and Management of Information Related to the Execution of Directors’ Duties

Documents related to various important meetings, including those of the Board of Directors, shall be properly preserved and managed in accordance with laws, regulations, and internal rules; furthermore, the Company shall establish an environment in which directors can access these documents at any time.

3. Regulations and Other Systems Concerning the Management of Risk of Loss within the Company Group

1) The Company shall establish a Risk Management Committee in accordance with its risk management regulations and shall endeavor to monitor and manage risks within the Company Group.
2) If a risk materializes, it shall be reported to the Risk Management Committee in accordance with the Company’s established rules for information dissemination, and the appropriate response shall be discussed at a meeting of the Executive Officers.
3) Risks that could have a significant impact on the Company Group shall be reported to the Board of Directors.

4. System to Ensure the Efficient Execution of Duties by Directors and Other Officers of the Group

1) The Company has introduced an executive officer system and, by delegating authority to executive officers, has established a structure that enables rapid decision-making.
2) The Board of Directors shall resolve on company-wide goals shared by all employees, and the officers in charge of each business unit and department shall establish efficient methods for achieving those goals, including specific targets and the allocation of authority. Furthermore, progress toward the aforementioned goals shall be regularly reviewed through performance reports and other means presented to the Board of Directors.
3) The Company formulates management policies and business strategies for the Group as a whole and communicates them to its subsidiaries.

5. System for Reporting to the Company on Matters Related to the Performance of Duties by Directors and Other Officers of the Company's Subsidiaries

1) The Company's subsidiaries shall report to the Company as appropriate on matters specified in the regulations regarding subsidiary management formulated by the Company.
2) The Company's internal audit department shall conduct internal audits of subsidiaries as appropriate and report the results of such audits to the Audit and Supervisory Committee.
3) The Company shall establish a system to ensure that information from subsidiaries is shared with the Company as appropriate by dispatching officers to subsidiaries as necessary.
4) While respecting the autonomy of subsidiaries, the Company shall consult with them in advance regarding decisions on important matters at the subsidiaries in order to manage the Group appropriately and efficiently.

6. Matters concerning employees assigned to assist the Audit and Supervisory Committee in its duties, matters concerning the independence of such employees from the directors (excluding directors who are members of the Audit and Supervisory Committee), and matters concerning ensuring the effectiveness of instructions given to such employees

1) To enhance the effectiveness of the Audit and Supervisory Committee's audits and to ensure the smooth execution of audit operations, the Company's internal audit department shall conduct audit operations under the direction and supervision of the Audit and Supervisory Committee. Employees belonging to the internal audit department shall be deemed employees assigned to assist the Audit and Supervisory Committee in its duties, and in performing their duties, they shall not be subject to the direction or supervision of directors (excluding directors who are members of the Audit and Supervisory Committee) or their executive management organization.
2) The Company's internal audit department shall report the results of its audits to the Audit and Supervisory Committee. Furthermore, the Audit and Supervisory Committee shall, as necessary, report the audit results from the internal audit department to the Board of Directors.
3) Decisions regarding the appointment, transfer, or other personnel matters concerning employees belonging to the Company's internal audit department shall be made with the consent of the Audit and Supervisory Committee.

7. System for Directors, etc., and Employees of the Company's Group to Report to the Company's Audit and Supervisory Committee, and Other Systems Related to Reporting to the Audit and Supervisory Committee

1) Members of the Company's Audit and Supervisory Committee may attend important meetings regarding corporate management and express their opinions.
In addition, they may request that directors and other officers of the Company Group allow them to inspect accounting documents, approval request documents, and other materials necessary for auditing purposes.
2) The Company's internal audit department shall report to the Audit and Supervisory Committee on the status of internal audits conducted within the Group.
3) Directors and other officers of the Company's subsidiaries shall report on the Group's management status and other matters to the Audit and Supervisory Committee as appropriate.
4) Significant incidents reported through the "Dexerials Whistleblower Program," as well as significant internal misconduct and legal violations, shall be reported to the Audit and Supervisory Committee.
5) Officers in charge of auditing at the Company's subsidiaries shall report the status of internal audits conducted within the Group to the Audit and Supervisory Committee as appropriate.
6) Directors and employees of the Group, as well as officers in charge of auditing at the Company's subsidiaries, shall immediately report to the Audit and Supervisory Committee upon discovering any facts constituting or potentially constituting a violation of laws and regulations, or any facts that could cause significant damage to the Group. Furthermore, any adverse treatment of the reporter in connection with such reports to the Audit and Supervisory Committee is strictly prohibited.

8. Matters Concerning Policies for Handling Expenses or Liabilities Arising from the Performance of Duties by Audit and Supervisory Committee Members

1) With regard to expenses related to audits of an annual budget shall be formulated and approved in advance by the Audit and Supervisory Committee.
2) When the Audit and Supervisory Committee requests necessary expenses—such as for seeking advice from attorneys, certified public accountants, or other outside experts, or for entrusting investigations, appraisals, or other tasks—in order to conduct an audit, such requests shall not be refused, unless the expenses in question are deemed unnecessary for the performance of the Audit and Supervisory Committee's duties.

9. Other Systems to Ensure the Effective Conduct of Audits by Auditors

1) The Audit and Supervisory Committee shall hold regular meetings with the Representative Director to exchange views in order to ensure the effective conduct of audits.
2) The Audit and Supervisory Committee shall hold regular meetings with the accounting auditors to strengthen cooperation.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company respects the "Guide to the Implementation of the Charter of Corporate Behavior" and the "Guidelines for Companies to Prevent Damage Caused by Antisocial Forces," published by Japan Business Federation (KEIDANREN), as its fundamental principles. In 2013, established the "Dexerials Group Code of Conduct" and the "Basic Regulations for the Exclusion of Antisocial Forces." In 2014, the Company launched an internal control system and distributed the "Compliance Handbook," among other measures, to continuously ensure thorough awareness and understanding of these policies. Through these initiatives, all officers and employees understand that maintaining a complete separation from antisocial forces is an extremely important issue.
In terms of our internal structure, the Risk Management Committee has designated the department responsible for general affairs as the unit overseeing matters related to antisocial forces, and we have established the "Manual for Dealing with Antisocial Forces" as a practical guide.
Furthermore, we ensure strict compliance by including clauses to exclude anti-social forces in contracts with all business partners.
With regard to collaboration with external organizations, we seek advice from the police, the Center for the Promotion of the Movement to Eradicate Violence, our legal counsel, and external specialized firms, and take appropriate action accordingly.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

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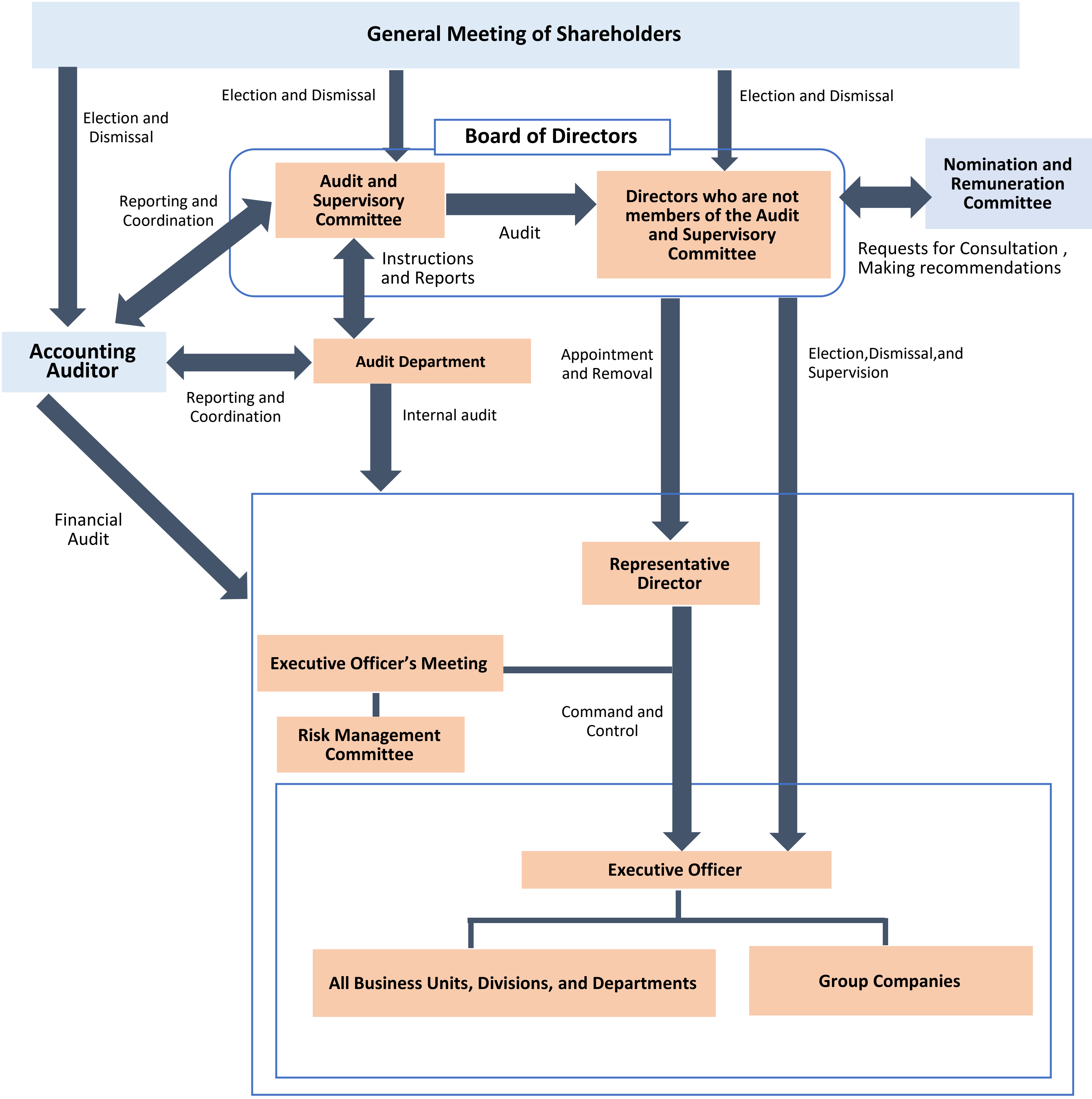
2. Other Matters Concerning the Corporate Governance Framework, etc.

(Dexerials' Corporate Governance Structure)



Skill Matrix of the Board of Directors

		Areas of expertise that Directors are particularly expected to demonstrate					
		Corporate Management	Technology Management	Sustainability Management	Global Business	Legal & Compliance Risk Management	Finance & Accounting / Capital Strategy
Representative Director and President, Nomination and Remuneration Committee Member	Yoshihisa Shinya (Male)	●	●	●	●		
Representative Director, Nomination and Remuneration Committee Member	Katsushi Kitajo (Male)	●		●	●		●
Outside Director, Chairperson of the Nomination and Remuneration Committee	Kazuo Hosoya (Male)	●	●	●	●		
Outside Director, Nomination and Remuneration Committee Member	Toshihiro Hagiwara (Male)	●		●		●	●
Outside Director, Nomination and Remuneration Committee Member	Kyoko Matsuba (Female)	●		●	●		
Outside Director, Chairperson of the Audit and Supervisory Committee	Tetsuyuki Kagaya (Male)			●			●
Director, Standing Audit and Supervisory Committee Member	Masato Taniguchi (Male)		●	●		●	
Outside Director, Audit and Supervisory Committee Member	Yoshiko Nakayama (Female)			●		●	

(Reference: The ratio of female Directors under the above structure of Directors is at 25%.)
(Reference: The average tenure of the above offices is 2.5 years.)