

March 30, 2023

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Toagosei Co., Ltd. Announces Introduction of Employee Stock Compensation Plan

Toagosei Co., Ltd. hereby announces as follows that we resolved at a meeting of our Board of Directors held today the details of our Employee Stock Compensation Plan (hereinafter “the Plan”) which we resolved to introduce at a meeting of our Board of Directors held on January 31, 2023.

1. Purpose of introducing the Plan

The Plan will be introduced with the purpose of enhancing the welfare and benefits plan for the Company’s employees (hereinafter, the “Employees”), to further promote the execution of business operations aiming to improve business performance by further increasing the Employees’ awareness toward the Company’s business performance and increasing the share price, and to enhance the Company’s corporate value over the medium to long term.

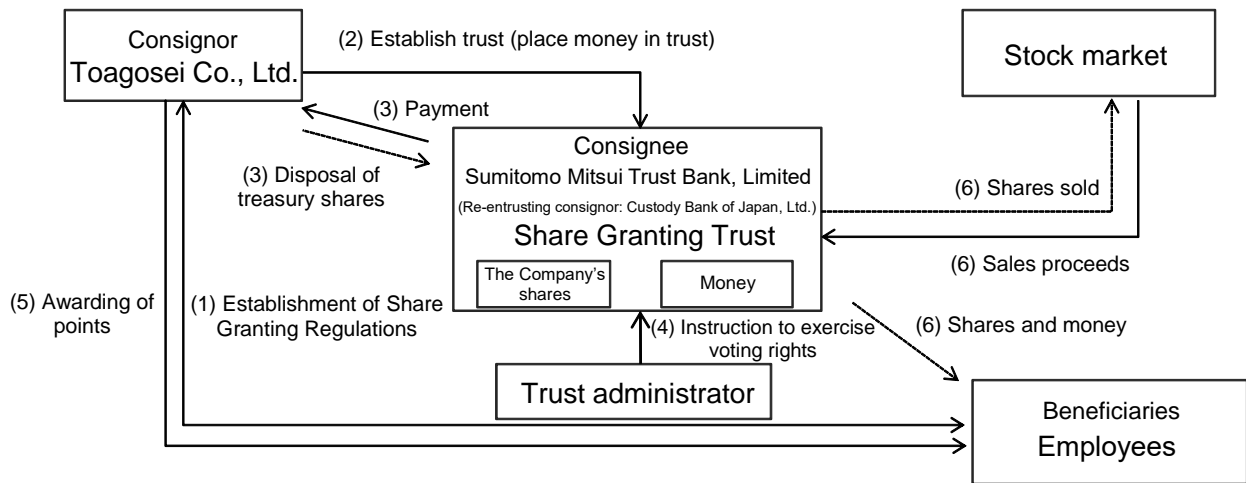
2. Overview of the Plan

The Plan is an incentive plan whereby money contributed by the Company will be used to establish a trust (hereinafter, the “Trust”), and the Trust will acquire the Common stock (hereinafter, the “Company Shares”), and then the Company Shares will be granted to the Employees through the Trust based on points awarded to the Employees who satisfy certain conditions. The points shall be awarded to the Employees based on his/her job title/duties pursuant to the Share Granting Regulations established by the Company’s Board of Directors. The number of the Company Shares to be granted to each of the Employees will be determined based on the number of points he/she was awarded.

The funds used to acquire the Company Shares by the Trust will be provided in full by the Company; thus, the Employees do not bear any burden.

By introducing the Plan, the Employees will be able to benefit economically from increases in the price of the Company Shares. This is expected to encourage the Employees to execute business operations mindful of share price and to effectively increase motivation at work.

Overview of the Plan's Structure



- (1) The Company will establish the Share Granting Regulations covering the Employees.
- (2) The Company will establish a share granting trust (third-party trust) with the Employees as beneficiaries (the Trust). At that time, the Company will contribute money equivalent to the funds to acquire the shares to the Trust for the beneficiaries.
- (3) The consignee will acquire an appropriate number of the Company Shares expected to be granted in the future all at once. (The Company Shares will be acquired from the disposal of treasury stock or from the stock market [including off-floor trading].)
- (4) The Company will designate a trust administrator (a party independent from the Company and the Company's officers) to protect the interests of the beneficiaries who will be eligible under the Share Granting Regulations and supervise the consignee throughout the trust period. Furthermore, the trust administrator will instruct the consignee to exercise voting rights for the Company Shares within the Trust and the consignee will exercise the voting rights throughout the trust period pursuant to these instructions.
- (5) The Company will award points to the Employees based on the Share Granting Regulations.
- (6) Employees who satisfy the requirements set forth in the Share Granting Regulations and the trust agreement related to the Trust shall be the beneficiaries of the Trust, and they share receive from the consignee the Company Shares based on the points he/she was awarded. Furthermore, in case of certain reasons set forth in the Share Granting Regulations and trust agreement in advance, part of the Company Shares to be granted will be sold on the stock market and granted in cash.

Furthermore, Sumitomo Mitsui Trust Bank, Limited, which will serve as the consignee under the Plan, will outsource administration (re-entrust) of the assets held in trust to Custody Bank of Japan, Ltd.

3. The Trust

(1) Name	Employee Share Granting Trust
(2) Consignor	Toagosei Co., Ltd.
(3) Consignee	Sumitomo Mitsui Trust Bank, Limited (Re-entrusted consignee: Custody Bank of Japan, Ltd.)
(4) Beneficiaries	Employees satisfying the beneficiary requirements
(5) Trust administrator	Plan to select a third party independent from the Company and its officers
(6) Exercising of voting rights	The consignee will exercise voting rights throughout the period of the trust based on instructions from the trust administrator
(7) Type of trust	Trust of money excluding money held in trust (third-party trust)
(8) Trust contract date	April 18, 2023
(9) Date on which the money will be entrusted	April 18, 2023
(10) Trust termination date	March 31, 2026 (planned)

4. Matters Relating to the Acquisition of Our Shares by the Consignee of the Trust

(1) Type of shares to be acquired	Common stocks
(2) Amount of money to be entrusted by our company as funds to acquire shares	476,464,000 yen
(3) Total number of shares to be acquired	388,000 shares
(4) Method of share acquisition	Acquisition by disposal of treasury stock
(5) Share acquisition date	April 18, 2023