

April 24, 2023

Company name : Toagosei Co., Ltd.
Code number : 4045
Representative : Mikishi Takamura, President
Contact : Akihiko Matsuda, General Manager
Corporate Communication Dep.
Mail: irpr@toagosei.co.jp

Toagosei Announces the Completion of Payment for Disposal of Treasury Shares as Restricted Share Remuneration for Directors, etc.

Toagosei Co., Ltd. announced today that payment procedures were completed for the disposal of treasury shares as restricted shares per the resolution at the meeting of the Board of Directors held on April 24, 2023.

1. Summary of Disposal

(1) Payment date	May 24, 2023
(2) Type and number of shares for disposal	The Company's common stock: 69,500 shares
(3) Disposal price	1,231 yen per share
(4) Total cost of disposal	85,554,500 yen
(5) Allottees	5 of the Company's Directors (*1): 19,100 shares 16 of the Company's Executive Officers (*2): 38,400 shares 2 of the Company's Fellows: 4,800 shares 2 Directors of the Company's subsidiaries (*3): 4,800 shares 1 Executive Director of the Company's subsidiary: 2,400 shares *1. Excludes Directors serving as Audit & Supervisory Committee members and Outside Directors *2. Excludes non-residents *3. Excludes part-time Directors
(6) Other	The Company has submitted a securities notification regarding this disposal of treasury shares pursuant to the Financial Instruments and Exchange Act.

2. Purpose and Reason for This Disposal of Treasury Shares

The Company, at a meeting of its Board of Directors held today, resolved to carry out this disposal of treasury shares in order to provide the Company's Directors (excluding Directors serving as Audit & Supervisory Committee members and Outside Directors) (hereinafter, "Eligible Directors") and Executive Officers, and the Company's subsidiary's Directors (excluding Outside Directors) and Executive Officers (hereinafter, collectively "Eligible Directors, etc.") with an incentive to continuously enhance the Company's corporate value over the medium to long term as well as to promote the further sharing of value with shareholders. Furthermore, at the 107th Ordinary General Meeting of Shareholders held on March 27, 2020, approval was obtained for the payment of monetary remuneration claims of 100 million yen or less per year to the Eligible Directors as in-kind investment assets related to the granting of restricted shares and for the restriction period for the restricted shares to last until the resignation or retirement of position as Director, Executive Officer, or other position set forth by the Company's Board of Directors in the Company or one of its subsidiaries pursuant to the restricted share remuneration system (resolved at the meeting of the Board of Directors held on January 30, 2020; hereinafter, "the System").

A summary of the System is presented below.

Summary of the System

The Eligible Directors, etc. will pay the entire amount of monetary remuneration claims received from the Company or one of its subsidiaries pursuant to the System as in-kind investment assets and receive issuance or disposal of the Company's common stock.

The total number of the Company's common stock to be issued to the Eligible Directors or disposed of under the System shall be 80,000 shares or less per year. The payment amount per share is determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors, etc. receiving the allocation based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors (when there are no trades on that day, the closing price of the most recent day with trades preceding that).

Additionally, the Company shall conclude a Restricted Share Allocation Agreement with the Eligible Directors, etc. receiving the allocation concerning the issuance or disposal of the Company's common stock under the System. The details of said agreement shall include the following:

- i. The Company's allocated common stock shall not be transferred, pledged as collateral or otherwise disposed of during the pre-set period; and
- ii. In case of certain reasons, the Company shall acquire said common stock free of consideration.

Considering the purpose of the System, scope of duties of the allottees and other matters, total monetary remuneration claims of 85,554,500 yen (hereinafter, the "Monetary Remuneration Claims") shall be granted to (1) 5 Directors, 16 Executive Officers, and 2 Fellows of the Company, and (2) 2 Directors and 1 Executive Officer of ARONKASEI CO., LTD., a subsidiary of the Company, pursuant to the resolution of said company's Board of Directors (hereinafter, collectively, the "Eligible Allottees") for the purpose of in-kind investment for 69,500 shares (hereinafter, the "Allocated Shares") of the Company's common stock.

Summary of Restricted Share Allocation Agreement

The Company and Eligible Allottees shall individually conclude a Restricted Share Allocation Agreement (hereinafter, the "Allocation Agreement"), a summary of which is provided below.

(1) Restriction Period

The Eligible Allottees shall not be able to transfer, pledge as collateral or otherwise dispose of the Allocated Shares during the period from May 24, 2023 (payment date) to the day they lose their status as either Director, Executive Officer, or Fellow of the Company or one of its subsidiaries.

(2) Conditions for Removal of Restriction Period

The restrictions shall be removed for all of the Allocated Shares on the date of expiry of the restriction period under the condition that the Eligible Allottees remain in the position of Director, Executive Officer or Fellow of the Company or one of its subsidiaries continuously during the period from the payment date until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ending December 31, 2023. Provided, however, that if the Eligible Allottee loses his/her position as either of the above due to a reason deemed justifiable by the

Board of Directors of the Company (excluding cases of death), the restrictions shall be lifted immediately after the loss of the said position for the Allocated Shares according to a number calculated by multiplying the number of Allocated Shares by the number determined by dividing the number of months from the month of the payment date to the month of the loss of position by 11 (this number shall not exceed 1; and, if a fraction of less than 1 occurs as a result of the calculation, the number shall be rounded down). Additionally, in case any of the above positions are lost due to death of the Eligible Allottee, the restrictions shall be removed for all of the Allocated Shares on the date of said loss of position.

(3) Acquisition by the Company Without Consideration

The Company shall automatically acquire the Allocated Shares for which the restrictions have not been removed upon expiry of the restriction period or at the time prescribed in other agreements.

(4) Administration of Shares

During the restriction period, the Allocated Shares shall be managed in a special account for restricted shares opened by the Eligible Allottee at Daiwa Securities Co., Ltd. so that the Allocated Shares cannot be transferred, pledged as collateral or otherwise disposed of during the restriction period.

(5) Handling in case of Organizational Restructuring, etc.

If during the restriction period, a merger agreement in which the Company is the non-surviving company, a share exchange agreement in which it becomes a wholly owned subsidiary, or a stock transfer plan or other organizational restructuring etc. is approved by the Company's General Meeting of Shareholders (provided, however, that in cases where approval by the General Meeting of Shareholders of the Company is not required for such organizational restructuring, etc., the Board of Directors of the Company), the restriction period related to this shall be lifted immediately prior to the business day prior to the date said organizational restructuring etc. takes effect for the Allotted Shares according to a number calculated by multiplying the number of Allocated Shares held at that point in time by the number determined by dividing the number of months from the month of the payment date to the month the organizational restructuring takes effect by 11 (this number shall not exceed 1; and if a fraction of less than 1 occurs as a result of the calculation, the number shall be rounded down) by resolution of the Board of Directors.

3. Basis for Calculation of Payment Amount and Specific Details

This disposal of treasury shares will be carried out by using monetary remuneration claims provided to planned allottees pursuant to the System as an in-kind investment. The payment amount for such shall be 1,231 yen, which is the closing price of the Company's common stock traded on the Tokyo Stock Exchange on April 21, 2023 (the business day prior to the date of the resolution of the Board of Directors) in order to set a price that eliminates arbitrariness. This is the market price of shares immediately prior to the date of the resolution of the Board of Directors and, in the absence of extraordinary circumstances indicating that the most recent stock price cannot be relied upon, the Company believes that the value is reasonable and appropriately reflects corporate value and does not fall under a value that is particularly advantageous for the Eligible Allottees.