



April 21, 2025

Company name: Toagosei Co., Ltd.

Code number : 4045

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Toagosei Announces Disposal of Treasury Shares as Restricted Stock Compensation to Directors and Other Persons

Toagosei Co., Ltd. (the “Company”) announces that, at a meeting of the Board of Directors held today, it resolved to conduct disposal of treasury shares (the “Disposal of Treasury Shares”) as follows.

1. Overview of the Disposal

(1) Payment date	May 21, 2025
(2) Class and number of shares to be disposed of	72,900 shares of common stock of the Company
(3) Disposal price	1,340 yen per share
(4) Total value of shares to be disposed of	97,686,000 yen
(5) Scheduled allottees	<p>Directors of the Company (*1): 5, 20,100 shares</p> <p>Executive officers of the Company (*2): 17, 40,800 shares</p> <p>Fellows of the Company: 2, 4,800 shares</p> <p>Directors of a subsidiary of the Company (*3): 2, 4,800 shares</p> <p>Executive officers of a subsidiary of the Company: 1, 2,400 shares</p> <p>*1 Excluding directors who act as Audit and Supervisory Committee members and outside directors</p> <p>*2 Excluding non-residents</p> <p>*3 Excluding part-time directors</p>

2. Purpose and reasons for the disposal

At the meeting of the Board of Directors held today, the Company resolved to conduct the Disposal of Treasury Shares to its directors (excluding those act as Audit and Supervisory Committee members and outside directors) (the "Eligible Directors") and its executive officers and other persons, as well as directors (excluding outside directors) and executive officers of the Company's subsidiaries (together with the Eligible Directors, the "Eligible Directors, etc.") for the purpose of providing incentives to the Eligible Directors, etc. for the sustainable improvement of the Company's medium- to long-term corporate value and further promoting the sharing of value with the Company's shareholders. In addition, at the 107th Ordinary General Meeting of Shareholders held on March 27, 2020, approval was granted for the provision of monetary compensation claims of up to 100 million yen per year to the Eligible Directors as property to be contributed in kind for the grant of restricted shares, and for the period of transfer restriction of the restricted shares to be until the date of retirement or resignation from the position of director or executive officer of the Company or a subsidiary of the Company or any other position specified by the Board of Directors of the Company pursuant to the restricted stock compensation plan (resolved to be introduced at the meeting of the Board of Directors held on January 30, 2020; the "Plan").

The outline of the Plan is as follows.

<Outline of the Plan>

The Eligible Directors, etc. will pay in all of the monetary compensation claims provided by the Company or a subsidiary of the Company pursuant to the Plan as property contributed in kind, and receive the Company's common stock, upon issuance or disposal thereof.

The total number of shares of common stock of the Company issued or disposed of by the Company pursuant to the Plan shall be no more than 80,000 shares per year, and the amount to be paid in per share shall be determined by the Board of Directors within the scope of an amount that is not particularly advantageous to the Eligible Directors, etc. who will receive allotment of the shares, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the day of the resolution by the Board of Directors (if no transaction was concluded on that day, the closing price on the most recent trading day immediately preceding that day).

Furthermore, when issuing or disposing of the Company's common stock pursuant to the Plan, the Company and the Eligible Directors, etc. who will receive allotment of the shares shall enter into a restricted share allotment agreement, which includes provisions prescribing the following matters:

- (i) The Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of the Company's common stock allotted to them for a certain period of time.
- (ii) Under certain circumstances, the Company shall make a gratis acquisition of the common stock allotted to them.

This time, taking into account the purpose of the Plan, the scope of responsibilities of each person to whom the shares will be allotted, and other various circumstances, the Company has decided to grant monetary

compensation claims in a total of 97,686,000 yen (the “Monetary Compensation Claims”) and 72,900 shares of the Company’s common stock (the “Allotted Shares”) for the purpose of in-kind contribution to (i) five directors, 17 executive officers and two fellows of the Company and (ii) two directors and one executive officer of ARONKASEI CO., LTD., a subsidiary of the Company, in accordance with a resolution of its Board of Directors meeting (collectively, “Eligible Allottees”).

<Outline of the restricted share allotment agreement>

The outline of a restricted share allotment agreement to be executed between the Company and individual Eligible Allottees (the “Allotment Agreement”) is as follows:

(1) Transfer restriction period

The Eligible Allottees may not transfer, create a security interest on, or otherwise dispose of the Allotted Shares from May 21, 2025 (the payment date) to the date on which they cease to hold any position of director, executive officer or fellow of the Company or a subsidiary of the Company.

(2) Conditions for lifting the transfer restriction

The transfer restriction on all of the Allotted Shares will be lifted at the end of the transfer restriction period, provided that each Eligible Allottee has continued to hold the position of director, executive officer or fellow of the Company or a subsidiary of the Company from the payment date to April 1, 2026 (the “Service Provision Period,” and the period from the payment date to the end of conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2025 shall be the service provision period); provided, however, if an Eligible Allottee loses either of the above positions during the Service Provision Period due to the expiration of the term of office or other reasons deemed justifiable by the Company’s Board of Directors (excluding the case of death), the transfer restriction will be lifted with respect to the number of Allotted Shares calculated by multiplying (a) the number obtained by dividing the number of months from the month to which the payment date belongs to the month to which the date of loss of the position belongs by 11 (however, if the result of the calculation exceeds one, it shall be deemed to be one), by (b) the number of the Allotted Shares (however, any fraction less than one share resulting from the calculation shall be rounded down). In addition, if an Eligible Allottee loses either of the above positions due to death during the Service Provision Period, the transfer restriction will be lifted with respect to all of the Allotted Shares as of the date immediately following the date of loss of the position.

(3) Gratis acquisition of Allotted Shares by the Company

The Company shall automatically make a gratis acquisition of the Allotted Shares for which the transfer restriction has not been lifted at the time of the expiration of the transfer restriction period or at the time specified by the Allotment Agreement.

(4) Administration of shares

The Allotted Shares will be managed in a special account for restricted shares opened by the Eligible Allottees at Daiwa Securities Co., Ltd. during the transfer restriction period so that the Eligible Allottees cannot transfer, create a security interest on, or otherwise dispose of the Allotted Shares during the restricted transfer period.

(5) Procedures in the event of organizational restructuring, etc.

If, during the transfer restriction period, any matters with regard to a merger agreement under which the Company will become a dissolving company, a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary or any other organizational restructuring are approved by the general meeting of shareholders of the Company (or by the Board of Directors of the Company in the case where approval of the general meeting of shareholders of the Company about such organizational restructuring, etc. is not necessary), the transfer restriction shall be lifted, subject to resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., with respect to the number of the Allotted Shares calculated by multiplying (a) the number obtained by dividing the number of months from the month to which the payment date belongs to the month to which the date of approval of the organizational restructuring belongs by 11 (however, if the result of the calculation exceeds one, it shall be deemed to be one), by (b) the number of the Allotted Shares (however, any fraction less than one share resulting from the calculation shall be rounded down).

3. Basis of calculating the amount to be paid in and specific details thereof

The Disposal of Treasury Shares shall be funded by the monetary compensation claims provided to the scheduled allottees pursuant to the Plan. To eliminate arbitrariness in the disposal price, the closing price of the Company's common stock on the Tokyo Stock Exchange on April 18, 2025 (the business day immediately preceding the day of the relevant resolution of the Board of Directors) of 1,340 yen is to be designated as the disposal price. This is the market price immediately preceding the day of the relevant resolution of the Board of Directors, and in the absence of any special circumstances that would prevent reliance on the most recent share price, the Company believes that it is reasonable and appropriately reflects the corporate value of the Company, and does not constitute a particularly favorable price for the Eligible Allottees.