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June 24, 2025

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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

SEKISUI KASEI CO., LTD. (the Company) hereby announces that, at the meeting of its Board of Directors held on June 24, 2025, it resolved to dispose of treasury shares as restricted stock compensation as outlined below (hereinafter referred to as the “Disposal of Treasury Shares” or the “Disposal”).

1. Overview of the Disposal

(1) Disposal Date	July 23, 2025
(2) Type and Number of Shares to Be Disposed	135,300 shares of the Company’s common stock
(3) Disposal Price	321 yen per share *Note: Based on the closing price on June 23, 2025
(4) Total Disposal Amount	43,431,300 yen Directors (excluding outside directors): 5 individuals, 21,66,500 yen Executive officers not concurrently serving as directors: 8 individuals, 21,763,800 yen
(5) Allottees, Number of Allottees, and Number of Shares to Be Disposed	Directors (excluding outside directors): 5 individuals, 67,500 shares Executive officers not concurrently serving as directors: 8 individuals, 67,800 shares
(6) Other	A securities registration statement has been filed in accordance with the Financial Instruments and Exchange Act with respect to this disposal of treasury shares.

2. Purpose and Reason for the Disposal

(1) Approval of the Introduction of the Plan at the Shareholders’ Meeting

At the Board of Directors meeting held on April 22, 2020, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) for its directors excluding outside directors (the “Eligible Directors”). The purpose of the Plan is to further align the interests of shareholders and directors by clarifying the link between director compensation and the Company’s stock value, and to provide incentives that contribute to the Company’s medium-to long-term performance and corporate value enhancement.

Subsequently, at the 76th Annual General Meeting of Shareholders held on June 24, 2020, shareholders approved the provision of monetary compensation claims of up to 50 million yen per year to the Eligible Directors under the Plan, to be used as contributed assets for the acquisition of restricted stock. The shareholders also approved a restriction period of 30 years for the transfer of such shares.

(2) Resolution by the Board of Directors on the Disposal of Treasury Shares

Based on the above, the Board of Directors resolved today to carry out the Disposal of Treasury Shares as described in Section 1.

The outline of the Plan is as follows:

[Outline of the Plan]

1) Issuance or Disposal of Common Shares to Eligible Directors, etc.

Under the Plan, the Eligible Directors shall contribute all of their monetary compensation claims granted by the Company as contributed assets in kind, and receive common shares of the Company through issuance or disposal. The total number of shares to be issued or disposed of under the Plan shall not exceed 150,000 shares per year. The per-share disposal price shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board resolution (or the most recent closing price if no trading occurred on that day), ensuring that the price is not particularly favorable to the Eligible Directors.

In addition to the Eligible Directors, executive officers who do not concurrently serve as directors (collectively with the Eligible Directors, the "Eligible Recipients") are also eligible to receive restricted stock compensation under the Plan, and will contribute the full amount of their monetary compensation claims as contributed assets in kind to receive common shares of the Company.

2) Execution of Restricted Stock Allotment Agreements

In connection with the issuance or disposal of common shares under the Plan, the Company will enter into restricted stock allotment agreements with the Eligible Recipients. The key terms of the agreements are as follows (for details, please refer to the attached document):

- The Eligible Recipients shall not transfer, pledge, or otherwise dispose of the allotted shares during a specified restriction period.
- In certain circumstances, the Company may acquire the allotted shares without compensation.

3) Grant of Monetary Compensation Claims, Payment, and Issuance or Disposal of Common Shares

Considering the purpose of the Plan, the Company's business performance, the scope of responsibilities of each Eligible Recipient, and other relevant factors, the Company has decided to grant monetary compensation claims totaling 43,431,300 yen and to dispose of 135,300 shares of common stock.

Under this Disposal, 13 Eligible Recipients will contribute the full amount of their monetary compensation claims as contributed assets in kind and receive the Company's common shares (the "Allocated Shares").

3. Basis for Calculation of the Disposal Price and Its Reasonableness

The Disposal of Treasury Shares to the Eligible Recipients is conducted as restricted stock compensation for the 81st fiscal year under the Plan, using the monetary compensation claims as contributed assets. To ensure the fairness of the disposal price and eliminate arbitrariness, the price has been set at 321 yen per share, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on June 23, 2025 (the business day prior to the date of the Board resolution). This price is considered reasonable and not particularly favorable to the Eligible Recipients.

[Appendix] Summary of the Restricted Stock Allotment Agreement

(1) Transfer Restriction Period

From July 23, 2025, to July 22, 2055

(2) Lifting of Transfer Restrictions

1) Upon Expiration of the Restriction Period

All transfer restrictions on the allotted shares shall be lifted at the expiration of the restriction period, provided that the Eligible Recipients have continuously held a designated position (i.e., director, executive officer not concurrently serving as a director, auditor, advisor, counselor, or employee of the Company or its subsidiaries) throughout the restriction period.

2) Upon Resignation During the Restriction Period

If an Eligible Recipient resigns from a designated position during the restriction period due to the expiration of their term, retirement age, or other legitimate reasons (including death), the transfer restrictions shall be lifted for a reasonable number of allotted shares, adjusted in proportion to the period of service. Any remaining shares for which the restrictions are not lifted shall be acquired by the Company without compensation.

3) In the Event of Organizational Restructuring

If, during the restriction period, a merger agreement under which the Company becomes a dissolved entity, a share exchange agreement under which the Company becomes a wholly owned subsidiary, or any other organizational restructuring is approved at a shareholders' meeting or Board of Directors meeting, the transfer restrictions shall be lifted for a reasonable number of allotted shares, adjusted in proportion to the period of service, prior to the effective date of such restructuring. Any remaining shares for which the restrictions are not lifted shall be acquired by the Company without compensation.

(3) Grounds for Gratuitous Acquisition

In addition to the cases described in (2) above, if an Eligible Recipient violates laws, internal regulations of the Company or its subsidiaries, or any material terms of the allotment agreement, the Company shall acquire without compensation any allotted shares for which the transfer restrictions have not been lifted.

(4) Management of Shares

To ensure that the allotted shares cannot be transferred, pledged, or otherwise disposed of during the restriction period, they shall be managed in a dedicated account opened by each Eligible Recipient. The Company shall enter into an agreement with the securities company managing such accounts to ensure the effectiveness of the transfer restrictions. Each Eligible Recipient shall agree to the management of their account as described above.