

This Notice is a translation of the original; “Jugyoinmochikabukai wo tsuujiita Kabushikifuyo toshiteno Jikokabushiki no Syobun ni Kansuru Oshirase” written in Japanese, for convenience purpose only, and in the event of any discrepancy, the original in Japanese shall prevail.

November 28, 2024

For Immediate Release

Company: NIPPON SHOKUBAI CO., LTD.
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Notice Regarding Disposal of Treasury Stock as Granting of Shares Through Employee Stockholding Association

NIPPON SHOKUBAI CO., LTD. (the “Company”) hereby announces that it has resolved, at the Board Meeting held today to implement a special incentive scheme as a share grant through the employee stockholding association (the “Scheme”) and resolved to dispose of treasury stock (the “Treasury Stock Disposal” or “Disposal”), with the NIPPON SHOKUBAI Employee Stockholding Association (the “ESA”) as the planned allottee, as described below.

1. Details of the Disposal

(1) Date of disposal	May 26, 2024
(2) Class and number of shares to be disposed of	114,000 shares of common stock of the Company (Note)
(3) Disposal price	1,840 yen per share
(4) Total value of disposal	209,760,000 yen (Note)
(5) Method of disposal (Planned allottee)	Provided that the ESA makes an application for subscription through the method of third-party allotment, the number of subscribed shares determined by the ESA within the number of shares to be disposed of as described in (2) above shall be allocated to the ESA (the allocated number will be the number of shares to be disposed of). (the NIPPON SHOKUBAI Employee Stockholding Association: 114,000 shares) Note that the Company will not accept any application from employee of Company for subscribing for only a part of the shares to be granted.
(6) Other	The Treasury Stock Disposal is subject to effectuation of a Securities Registration Statement pursuant to the Financial Instruments and Exchange Act.

(Note) The figures for the “number of shares to be disposed of” and “total value of disposal” are calculated based on the assumption that 30 shares of common stock of the Company will be granted to a maximum of 3,800 employees of the Company and its subsidiaries who can be eligible for this Scheme. The actual number of shares to be disposed of and the actual total value of disposal are expected to be fixed according to the number of members joining the ESA after the conclusion of promoting membership of the ESA to those who have not yet joined. Specifically, as stated in (5) above, the number of subscribed shares determined by the ESA becomes the “number of shares to be disposed of,” and the amount obtained by multiplying that number by the disposal

price per share is the “total value of disposal”. The Company will uniformly pay 55,200 yen to each eligible employee, and the Company will allocate 30 shares uniformly to each eligible employee through the ESA.

2. Purpose and Reasons for the Disposal

As a measure to improve the welfare of eligible employees, the Company will, through the ESA, create opportunities for the employees of the Company and its subsidiaries to acquire the common stock of the Company, which will be disposed of by the Company. The Company have decided to introduce this Scheme with the aim of providing incentives for sustainable improvement of our company's corporate value and promoting further sharing of value with our shareholders.

In the Scheme, the Company grants a special incentive equivalent to 30 shares of the common stock of the Company to each eligible member and disposes of treasury stock by third-party allotment to the ESA in exchange for contribution of said special incentive. As indicated in (Note) of “1. Detail of the Disposal,” the number of shares to be disposed of to the ESA will be determined at a later date, and will be a maximum of 114,000 shares. The granting of special incentives to eligible members is the granting of money and not the granting of monetary claims. Additionally, there will be no monetary contributions by eligible members other than the special incentives granted.

The Company will dispose of 114,000 shares, if a maximum of 3,800 employees of the Company and its subsidiaries who can be eligible for this Scheme join the ESA. Assuming such number of shares to be disposed of, the scale of dilution based on the Treasury Stock Disposal is 0.07% against 156,000,000 shares as the total number of issued shares as of September 30, 2024, and 0.05% against 1,519,380 voting rights as the total number of voting rights as of September 30, 2024 (both percentages are rounded off to two decimal places).

The introduction of this Scheme is aimed at improving the welfare of eligible employees, and by creating opportunities for them, acquiring company shares through the ESA, it will not only help them build assets, but also increase the company's corporate value. The purpose is to provide incentives for continuous improvement and to further share value with our shareholders. The Company believes that the introduction of this Scheme will contribute to increasing our corporate value, so the Company believes that the number of shares disposed of and the scale of stock dilution in this disposal are reasonable, and that the impact on the market will be minor even taking into account the scale of dilution.

3. Basis of Calculation and Specific Details of the Disposal Price

The Treasury Stock Disposal to the ESA as the planned allottee will be carried out by the eligible members contributing to the ESA using special incentives paid to them for the grant of shares through the ESA as paid-in funds. To eliminate any arbitrariness in the disposal price, the closing price of common stock of the Company on the Prime Market of Tokyo Stock Exchange on November 27, 2024 (the business day prior to the day of the resolution of the Board Meeting) of 1,840 yen is used as the disposition price. As this is the market price immediately prior to the day of the resolution of the Board Meeting, the Company believes that it is rational and not particularly an advantageous price.

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of common stock of the Company on the Prime Market of the Tokyo Stock Exchange is as follows.

Period	Average closing price (any amount less than 1 yen is rounded off)	Deviation rate
1 month (October 28, 2024 to November 27, 2024)	1,814 yen	1.43%
3 month (August 28, 2024 to November 27, 2024)	1,760 yen	4.55%
6 month (May 28, 2024 to November 27, 2024)	1,679 yen	9.59%

All 4 Statutory Corporate Auditors (including 2 External Statutory Corporate Auditors) who attended the Board Meeting held today have expressed their opinion that the foregoing disposal price will not be particularly advantageous to the ESA as the allottee and the price is legitimate, in light of the fact that the disposal price is the closing price on the business day immediately preceding the date of the resolution of the Board Meeting.

4. Matters related to procedures under the Code of Corporate Conduct

With regard to the Treasury Stock Disposal, since (1) the dilution rate is less than 25% and (2) it does not involve the change of the controlling shareholder, there is no need to take procedures for acquiring the opinion of an independent third party and confirming the intention of shareholders as set forth in Article 432 of the listing regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Structure of the Scheme]

- (1) The Company enters into a stock subscription agreement for disposal and subscription of treasury stock with the ESA.
 - (2) The Company provides a special incentive to the eligible members with the aim of granting shares.
 - (3) The eligible members contribute the special incentive provided to them to the ESA.
 - (4) The ESA collects the special incentives contributed by the eligible members and pays for the third-party allocation of shares.
 - (5) The Company disposes of treasury stock to the ESA.
 - (6) The allotted common stocks of the Company are distributed to and managed for the eligible members in the ESA through the outsourcing of stock administration by the ESA to Nomura Securities, Co., Ltd.
- * The eligible members may withdraw the allotted common stocks of the Company to brokerage accounts in their individual names.

