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April 24, 2025

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Notice Concerning Disposal of Treasury Shares for Restricted Stock Compensation

DAIICHI KIGENSO KAGAKU KOGYO CO., LTD. (hereinafter, the "Company") hereby announces that it has resolved at a meeting of the Board of Directors held on April 24, 2025 to dispose of treasury shares for restricted stock compensation (hereinafter, the "Disposal") as described below.

1. Overview of the Disposal of Treasury Shares

(1) Date of disposal	May 9, 2025
(2) Class and number of shares to be disposed of	9,078 shares of common stock of the Company
(3) Disposal price	674 yen per share
(4) Total value of disposal	6,118,572 yen
(5) Allottees, the number thereof, and the number of shares to be allotted	9,078 shares to three Executive Officers who do not concurrently serve as Director

2. Purpose and reasons of the Disposal

In addition to the incentive system for the Company's employees using restricted stock, which was introduced pursuant to a resolution of a meeting of the Board of Directors held on September 13, 2018, the Company resolved at a meeting of the Board of Directors held on May 21, 2019, to introduce a restricted stock compensation plan (hereinafter, the "Plan") for the purpose of providing the Company's Directors other than Outside Directors (hereinafter, "Eligible Directors") with an incentive to sustainably enhance the corporate value of the Company and enabling all officers and employees of the Company to further promote value-sharing with shareholders. Furthermore, the Company resolved at a meeting of the Board of Directors held on July 9, 2020 to apply the Plan to its Executive Officers who do not concurrently serve as Director.

With regard to the maximum amount and the effective period of the Plan, it was approved at the 63rd Annual General Meeting of Shareholders held on June 25, 2019 that monetary compensation claims not exceeding 100 million yen per year shall be granted to Eligible Directors as monetary compensation that serves as property to be contributed for acquisition of shares specified as restricted stock in accordance

with the Plan (hereinafter, the "Restricted Stock Compensation") and that the transfer restriction period of the restricted stock shall be 30 years.

The outline of the Plan is as follows.

<Outline of the Plan>

Eligible Directors and Executive Officers who do not concurrently serve as Director (hereinafter collectively referred to as "Eligible Directors, etc.") shall make in-kind contributions of all of the monetary compensation claims granted by the Company under the Plan and shall receive issuance or disposal of shares of the Company's common stock. The total number of shares of the common stock to be issued or disposed of to Eligible Directors, etc. by the Company under the Plan shall be limited to 100,000 shares per year, and the amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which each resolution is made at the Board of Directors meeting (hereinafter, the "Date of Resolution of the Board of Directors") (or, the closing price on the trading day immediately prior thereto if there is no trading on the relevant business day), to the extent that is not particularly advantageous to Eligible Directors, etc. who receive such shares.

In addition, for the purpose of issuing or disposing of shares of the Company's common stock under the Plan, the Company and Eligible Directors, etc. shall enter into a restricted stock allotment agreement that includes, among others, the following provisions: (i) Eligible Directors, etc. shall not be able to transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock allotted to them for a certain period of time, and (ii) the Company may acquire the said shares of common stock without consideration if certain causes or events occur.

With due consideration of various factors, including the purpose of the Plan, business conditions of the Company, the scope of responsibility of each of the Eligible Directors, etc. and other circumstances, and with a view to securing talented people for officers and other positions as well as increasing the motivation of all Eligible Directors, etc., the Company has decided to grant a total sum of 6,118,572 yen of monetary compensation claims (hereinafter, the "Monetary Compensation Claims") and 9,078 shares of the Company's common stock. Furthermore, in order to achieve the objective of the Plan, which is to promote value-sharing with shareholders over as long a period as possible, the transfer restriction period was set at 30 years.

Regarding the Disposal, three Eligible Directors, etc., being the planned allottees, will make in-kind contributions of all of the Monetary Compensation Claims to the Company in accordance with the Plan and will receive the disposed shares of the Company's common stock (hereinafter, the "Allotted Shares"). The outline of the restricted stock allotment agreement (hereinafter, the "Allotment Agreement") to be entered into by and between the Company and the Eligible Directors, etc. in connection with the Disposal is as described below.

<Outline of the Allotment Agreement>

(1) Transfer restriction period

Eligible Directors, etc. shall not transfer, create a security interest on, or otherwise dispose of the Allotted Shares during the period from May 9, 2025 to May 8, 2055.

(2) Conditions for lifting transfer restrictions

On the condition that an Eligible Director, etc. had served as Director, Audit & Supervisory Board Member, or Executive Officer not concurrently serving as Director of the Company continuously during the transfer restriction period, the Company shall lift the transfer restrictions on all of the Allotted Shares upon expiration of the transfer restriction period.

(3) Handling in cases of resignation or retirement of an Eligible Director, etc. during the transfer restriction period due to expiration of the term of office, mandatory retirement age, or any other justifiable reasons

i) Timing of lifting of transfer restrictions

In the event that an Eligible Director, etc. resigns or retires from office of Director, Audit & Supervisory Board Member, or Executive Officer not concurrently serving as Director of the Company due to expiration of the term of office, mandatory retirement age, or any other justifiable reasons (including resignation or retirement due to death), transfer restrictions shall be lifted immediately after the resignation or retirement of the said Eligible Director, etc.

ii) Number of shares subject to lifting of transfer restrictions

The number of shares subject to lifting of transfer restrictions shall be determined by dividing by 12 the number of months from the Date of Resolution of the Board of Directors concerning the Eligible Director, etc. to the month in which the resignation or retirement of the Eligible Director, etc. occurred (if the resulting quotient exceeds 1, the value used shall be 1), and then multiplying this quotient and the number of Allotted Shares held at the time of the resignation or retirement set forth in i) above (any fractions of a share in the resulting product shall be discarded).

(4) Acquisition of Allotted Shares without consideration by the Company

The Company shall rightfully acquire without consideration any Allotted Shares on which transfer restrictions have not been lifted at the time of expiration of the transfer restriction period or at the time of lifting of transfer restrictions set forth in (3) above.

(5) Management of shares

Throughout the transfer restriction period, the Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by the Eligible Directors, etc. in order to prevent transfer to a third party, creation of security interest on or any other disposal of the said shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by the Eligible Directors, etc. to ensure the effectiveness of the transfer restrictions and other relevant matters pertaining to the Allotted Shares. The Eligible Directors, etc. shall consent to the details relating to the management of the accounts.

(6) Handling in cases of reorganization, etc.

In the event that, during the transfer restriction period, a merger agreement in which the Company is the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matter concerning reorganization, etc. is approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if approval at the Company's General Meeting of Shareholders is not required for the said reorganization, etc.), the Company shall, based on a resolution of the Board of Directors, lift the transfer restrictions for a quantity of shares determined by dividing by 12 the number of months from the Date of Resolution of the Board of Directors to the month in which the said approval occurred (if the resulting quotient exceeds 1, the value used shall be 1), and then multiplying this quotient and the number of Allotted Shares held at that point (any fractions of a share in the resulting product shall be discarded). The timing of such lifting shall be immediately before the preceding business day of the effective date of reorganization, etc. Furthermore, for any Allotted Shares on which transfer restrictions have not been lifted at the time immediately after the lifting of the transfer restrictions, the Company shall rightfully acquire all such Allotted Shares without consideration.

3. Basis of calculation of the payment amount and details thereof

The Disposal shall be conducted using the Monetary Compensation Claims granted for Restricted Stock Compensation in accordance with the Plan for the Company's 68th fiscal year, with the said claims serving as the property to be contributed for acquisition of shares. To eliminate any arbitrariness in pricing, the disposal price shall be the closing price of the common stock of the Company on the Prime Market of the Tokyo Stock Exchange on April 23, 2025 (the business day immediately preceding the Date of Resolution of the Board of Directors), which was 674 yen. This price is deemed to be rational and not particularly favorable, because it is the market share price on the day immediately preceding the Date of Resolution of the Board of Directors.