February 14, 2025

To Whom It May Concern

Company name: Kumiai Chemical Industry Co., Ltd.
President, Representative Director
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(Code number: 4996, The Prime Market of the TSE)
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Announcement of Disposal of Treasury Shares as Restricted Stock Remuneration

Kumiai Chemical Industry Co., Ltd. (hereinafter, the "Company") hereby announces that it has resolved at the meeting of the Board of Directors held on February 14, 2025 (hereinafter, "Date of Resolution on Allocation"), to dispose of treasury shares (hereinafter, the "Treasury Share Disposal" or the "Disposal") as follows.

1. Overview of the Disposal

(1) Date of disposal	March 13, 2025
(2) Type and number of shares to be disposed of	53,125 common shares of the Company
(3) Disposal price	770 yen per share
(4) Total disposal amount	40,906,250 yen
(5) Allottees, number thereof, and number of shares to be disposed of	6 Directors of the Company (excluding Outside Directors): 33,125 shares 9 Executive Officers who do not concurrently serve as Directors: 20,000 shares

2. Purposes and reason for the Disposal

At the meeting of the Board of Directors held on December 14, 2020, the Company resolved to introduce a restricted stock remuneration plan (hereinafter, the "Plan") as a new remuneration scheme for Directors of the Company, excluding Outside Directors (hereinafter, the "Eligible Directors") for the purpose of giving Eligible Directors long-term incentives and promoting shared value with shareholders. In addition, at the 72nd Annual General Meeting of Shareholders held on January 28, 2021, the Company was approved to grant monetary claims of up to 100 million yen per year to the Eligible Directors as monetary reward to be used as the property contributed to acquiring the shares with restrictions on transfer based on the Plan (hereinafter, "Restricted Stock Remuneration") and set a period of 30 years from the payment date or the disposal date as the transfer restriction period for such shares under the Plan.

Furthermore, at the meeting of the Board of Directors held on February 19, 2021, the Company resolved to introduce a plan, that is similar to the Plan designed for the Eligible Directors, for Executive Officers who do not concurrently serve as Directors of the Company (collectively with the Eligible Directors, the "Eligible Directors, etc."). The following is an overview of the Plan.

Overview of the Plan

Eligible Directors, etc. shall pay in all monetary claims granted by the Company based on the Plan, in the form of property contributed in kind and shall receive common shares of the Company through issuance or disposal. The total number of common shares of the Company to be issued or disposed of by the Company to Eligible Directors, etc. under the Plan shall not exceed 150,000 shares per year. The subscription price per common share of the Company shall be determined by the Board of Directors, within a scope in which the amount is not particularly favorable to the Eligible Directors, etc. who accept such common shares. Such amount shall be based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding each date of the resolution of the Board of Directors (or, if there was no trade on such day, the closing price on the immediately preceding day on which there was any trade).

In addition, when the Company's common shares are issued or disposed of based on the Plan, a restricted stock allotment agreement shall be concluded between the Company and the Eligible Directors, etc. Such agreement shall include provisions such as the following: (i) the Eligible Directors, etc. shall not transfer, create a security interest or otherwise dispose of the Company's common shares, the allotment of which they received based on the restricted stock allotment agreement, for a certain period of time; and (ii) if certain circumstances have arisen, the Company shall acquire the common shares without consideration.

Following consultation with the Nomination and Remuneration Committee, which is mainly composed of Outside Directors, and taking into consideration the purposes of the Plan, the business performance of the Company, the scope of work responsibilities of each of the Eligible Directors, etc. and a variety of circumstances, the Company has decided to grant monetary claims totaling 40,906,250 yen (hereinafter the "Monetary Claims") and to allot 53,125 common shares through the payment of monetary remuneration claims, for the purpose of further increasing the motivation of the Eligible Directors, etc. and to promote the further sharing of value with shareholders. To achieve the purpose of the Plan, which is to provide long-term incentives and promote shared value with shareholders, the transfer restriction period is set at 30 years.

In the Treasury Share Disposal, the 15 Eligible Directors, etc. who are the scheduled recipients of the allotment shall pay in all the Monetary Claims to the Company as property contributed in kind and receive the disposal of the Company's common shares (hereinafter the "Allotted Shares") based on the Plan. The overview of the restricted stock allotment agreement to be concluded between the Company and the Eligible Directors, etc. in the Treasury Share Disposal (hereinafter the "Allotment Agreement") is as described in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period: March 13, 2025 to March 13, 2055

(2) Conditions for lifting the transfer restrictions

The restrictions on transfer shall be lifted for all the Allotted Shares at the time when the transfer restriction period expires on the condition that the Eligible Directors, etc. hold either the position of Director, Executive Officer who does not concurrently serve as a Director, Audit & Supervisory Board Member, employee, Director,Corporate Adviser, or Executive Advisor of the Company or any position equivalent to these on a continuing basis during the transfer restriction period.

(3) Handling in cases where the Eligible Directors, etc. resign or retire during the transfer restriction period due to the expiration of their term of office, mandatory retirement age or any other justifiable reason

(i) Time when transfer restrictions are lifted

The restrictions on transfer shall be lifted at the time immediately following the resignation or retirement of the Eligible Directors, etc. in the event that Eligible Directors, etc. resign or retire from either the position of Director, Executive Officer who does not concurrently serve as a Director, Audit & Supervisory Board Member, employee, consultant, or advisor of the Company or any position equivalent to these, due to the expiration of the term of office, mandatory retirement age or any other justifiable reason (including resignation or retirement due to death).

(ii) Number of shares subject to the lifting of transfer restrictions

Number of shares obtained by multiplying the number of the Allotted Shares owned by the Eligible Directors, etc. at the time when they resign or retire as set forth in (i), by the number obtained by dividing the period of service (in months) from the month in which the Date of Resolution on Allocation falls to the month in which the date of resignation or retirement of the Eligible Directors, etc. falls by 12 (if the result of the division exceeds 1, it will be 1) (however, if a fraction less than one share unit arises as a result of calculation, this will be rounded off).

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

The Company shall automatically acquire the Allotted Shares for which the restriction on transfer is not lifted at the time when the transfer restriction period expires or when the restriction on transfer is lifted as specified in (3) above without consideration.

(5) Management of shares

The Allotted Shares are managed in a dedicated account opened by the Eligible Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that the Eligible Directors, etc. are unable to execute a transfer, create a security interest or otherwise dispose of them during the transfer restriction period. The Company has entered into a contract with Nomura Securities Co., Ltd. for the management of the account of the Allotted Shares owned by the Eligible Directors, etc. to ensure the effectiveness of the restriction on transfer, etc. of the Allotted Shares. The Eligible Directors, etc. shall agree on the content of the management of the account.

(6) Measures to be taken in relation to reorganization, etc.

If, during the transfer restriction period, a merger agreement in which the Company will become the disappearing company, a share exchange agreement or a share transfer plan in which the Company will become a wholly owned subsidiary, or any other matter concerning organizational

restructuring is approved at a general meeting of shareholders of the Company (or the Board of Directors of the Company if approval at a general meeting of shareholders of the Company is not needed), the restriction on transfer will be lifted by the resolution of the Board of Directors immediately before the business day preceding the day on which the organizational restructuring takes effect for the number of shares obtained by multiplying the number of Allotted Shares owned by the Eligible Directors, etc. at that point in time by the number obtained by dividing the number of months from the month in which the Date of Resolution on Allocation falls to the month in which the date of approval of reorganization, etc. falls by 12 (if the result of the division exceeds 1, it will be 1) (however, if a fraction of less than one share unit arises as a result of calculation, this will be rounded off). In addition, the Company shall automatically acquire all the Allotted Shares, for which the restriction on transfer is not lifted, immediately after the lifting of transfer restrictions without consideration.

4. Calculation basis of payment amounts and relevant details

The Treasury Share Disposal to the scheduled recipients is conducted by using the monetary claims granted as Restricted Stock Remuneration for the 77th fiscal year of the Company based on the Plan as the property contributed. The disposal price is set at 770 yen, which is the closing price of the Company's common shares in the Prime Market of the Tokyo Stock Exchange on February 13, 2025 (business day preceding the date of resolution of the Board of Directors), to make the disposal price a price that eliminates arbitrariness. This is the market share price immediately before the date of resolution of the Board of Directors, and the Company believes that it is reasonable and does not fall under a price that is particularly favorable.