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Notice Concerning Disposal of Treasury Shares as Restricted Share-based Remuneration

NIPPON FINE CHEMICAL CO., LTD. (the “Company”) hereby announces that it resolved at a meeting of its Board of Directors held on today to dispose of treasury shares (the “Disposal of Treasury Shares” or “Disposal”).

1. Summary of Disposal

(1)	Date of Disposal	July 23, 2025
(2)	Type and number of shares of Disposal	9,700 of the Company’s ordinary shares
(3)	Disposal value	¥2,415 per share
(4)	Total amount of Disposal	¥23,425,500
(5)	Allottees, number of allottees, and number of shares of Disposal	Directors of the Company (excluding Outside Directors) 3 6,100 shares Corporate Officers not serving concurrently as Directors of the Company 4 3,600 shares

2. Purpose and reason for Disposal

The Company resolved at its Board of Directors meeting held on April 28, 2022 to introduce a restricted share-based remuneration plan (the “Plan”) as a new remuneration plan to Directors (excluding outside Directors) of the Company (“Target Directors”) and Corporate Officers not concurrently serving as Directors (collectively “Target Directors, etc.”) to promote their further sharing of value with shareholders and provide them an incentive to increase the Company’s corporate value over the medium and long term. In addition, the Company acquired approval at the 154th Annual General Meeting of Shareholders held on June 23, 2022 to pay monetary claims of not more than ¥50 million per year to Target Directors (provided, however, that employee salary and bonuses paid to Directors concurrently serving as employees are not included) as remuneration for property contributed in kind for restricted share-based remuneration based on the Plan (“Restricted Share-based Remuneration”), and to issue or dispose of ordinary shares of the Company of not more than 100,000 shares per year, and also set a transfer restriction period for the restricted shares that shall be the period from the date on which the allotment of ordinary

shares of the Company in accordance with the restricted share allotment agreement concluded between the Company and the Target Directors until the time directly following the retirement of the Target Director from an officer or employee position at the Company or one of its subsidiaries that has been determined by the Board of Directors of the Company.
The outline of the Plan is as follows.

Outline of the Plan

Target Directors, etc. shall pay all monetary claims paid by the Company based on the Plan as property contributed in kind, and shall receive the issuance or disposal of ordinary shares of the Company. The amount to be paid for each share shall be determined by the Board of Directors, within a scope such that it is not an amount that is particularly advantageous for the Target Directors, etc. who will receive the ordinary shares, based on the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on the business day preceding the date of each resolution of the Board of Directors (in the event that there are no transactions on the date, it shall be the closing price on the most recent day with transactions before that date).

In addition, upon the issuance or disposal of the ordinary shares of the Company under the Plan, the Company and the Target Directors, etc. shall enter into a restricted share allotment agreement, which shall include, among other restrictions, that (i) the Target Directors, etc. shall not transfer, pledge or otherwise dispose of the ordinary shares of the Company allotted under the restricted share allotment agreement for a certain period and (ii) the Company shall acquire such ordinary shares without consideration upon the occurrence of certain events.

After consulting with the Nomination and Remuneration Committee, and taking into consideration the purpose of the Plan, the Company's business conditions, the scope of responsibilities of each Target Director etc., and various circumstances, the Company has decided to grant a total of ¥23,425,500 in monetary claims (the "Monetary Claims") and 9,700 ordinary shares to further motivate each Target Director, etc.

In the Disposal of Treasury Shares, the seven Target Directors, etc. who are the scheduled allottees will pay all of the Monetary Claims to the Company as property contributed in kind and will receive ordinary shares of the Company's (the "Allotted Shares") for disposal under the Plan. An overview of the restricted share allotment agreement (the "Allotment Agreement") to be entered into between the Company and the Target Directors, etc. in connection with the Disposal of Treasury Shares is set forth in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

The transfer restriction period shall be the period from July 23, 2025 (the "Disposal Date") to the time directly following the retirement from any of positions as Director, or Corporate Officer not serving concurrently as a Director at the Company.

(2) Conditions for lifting transfer restrictions

The transfer restrictions of all of the Allotted Shares shall be lifted at the expiration of the transfer restriction period on the condition that the Target Director, etc. continuously hold the position of Director or Corporate Officer not concurrently serving as Director at the Company during the period from the starting date of execution of duties until directly before the time of closing of the annual general meeting of shareholders that first falls thereafter (the "Service Period").

- (3) In the event that a Target Director, etc. retires due to the expiration of his/her term of office or other justifiable reasons during the Service Period, the following will apply

(i) Time of lifting transfer restrictions

In the event that a Target Director, etc. retires from any of positions as Director or Corporate Officer not serving concurrently as Director at the Company due to the expiration of his/her term of office or any other justifiable reasons (including retirement due to death), the transfer restrictions shall be lifted as of the time immediately following such retirement of the Target Director, etc.

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

The number of shares shall be the number obtained by multiplying the number of the Allotted Shares held by the Target Director, etc. at the time of his/her retirement as specified in (i) above by an adjustment factor derived by dividing the number of months from the month that contains the Disposal Date to the month that contains the date of retirement of the Target Director, etc., by the number of months of the Service Period (12) (provided, however, if this produces a number exceeding 1, the adjustment factor shall be 1); (any fraction less than 1 share resulting from the calculation shall be rounded down).

(4) Acquisition by the Company at no cost

If a Target Director, etc. commits an act in violation of laws and regulations during the transfer restriction period or falls under any other specified reasons stipulated in the Allotment Agreement, the Company shall automatically acquire all the Allotted Shares at that time without consideration. The Company shall automatically acquire without consideration the Allotted Shares for which the transfer restrictions are not lifted at the time of expiration of the transfer restriction period or at the time of lifting of the transfer restrictions stipulated in (3) above.

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

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes a defunct company, a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (provided, however, in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company, by the Board of Directors of the Company), then, effective the date directly before the previous business day of the effective date of the organizational restructuring, etc., the transfer restrictions shall be lifted with respect to the number of shares obtained by multiplying the number of the Allotted Shares held as of that time by an adjustment factor derived by dividing the number of months from the month that contains the Disposal Date to the month that contains the date of the aforementioned approval by the number of months of the Service Period (12) (provided, however, if this produces a number exceeding 1, the adjustment factor shall be 1); (any fraction less than 1 share resulting from the calculation shall be rounded down). In addition, the Company shall automatically acquire without consideration all the Allotted Shares for which the transfer restrictions have not been lifted as of the time immediately following the lifting of the transfer restrictions.

(6) Share management

The Allotted Shares shall be managed in an exclusive account opened by the Target Directors, etc. at Nomura Securities Co., Ltd. during the transfer restriction period so that the Allotted Shares may not be transferred, pledged or otherwise disposed of during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in

relation to the management of the account for the Allotted Shares held by each of the Target Directors, etc. in order to ensure the effectiveness of the transfer restrictions, etc. of the Allotted Shares. The Target Directors, etc. shall also agree to the terms and conditions of the management of this account.

4. Grounds for calculation of the amount paid in and its specific details

The Disposal of Treasury Shares to the scheduled allottees will be made with the monetary claims paid as Restricted Share-based Remuneration for the Company's 157th fiscal year under the Plan as the assets to be contributed. To eliminate arbitrariness, the disposal price is set at ¥2,415, the closing price of the Company's ordinary shares on the Prime Market of the Tokyo Stock Exchange on June 23, 2025 (the business day prior to the date of the Board of Directors' resolution). This is the market share price immediately prior to the date of the Board of Directors' resolution and we believe that it is reasonable and does not constitute a particularly favorable price.