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To Whom It May Concern:

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Notice of Disposal of Treasury Shares as Restricted Stock Incentive Plan for Employees' Shareholding Association

Nippon Denko Co., Ltd. ("Nippon Denko" or the "Company") hereby announces that, at the meeting of the Board of Directors held today, it has decided to dispose of treasury shares as restricted stocks (the "Disposal of Treasury Shares" or the "Disposal") according to the Restricted Stock Incentive Plan for Employees' Shareholding Association (the "Plan"), with the Nippon Denko Employees' Shareholding Association (the "Employee's Shareholding Association") being the prospective / based on the Plan, which was adopted on August 5, 2025 to commemorate its 100th anniversary for enhancing the welfare of its employees and those of its subsidiaries.

1. Summary of Disposal of Treasury Shares

(1) Deadline	December 15, 2025
(2) Type and number of shares	Nippon Denko common share: 626,470 shares (note)
(3) Price	330 yen per share
(4) Total proceeds	206,735,100 yen (note)
(5) Method (recipient of stock allocation)	Nippon Denko will use a third-party allocation of stock, assuming that the Employee's Shareholding Association submits an application to purchase this stock, to allocate the number of shares in the application, which is no more than the number in the preceding item (2). The number of shares allocated will become the number of shares sold in item (Nippon Denko Employee's Shareholding Association: 626,470 shares) Eligible employees (defined below) are not allowed to submit applications for only part of the number of shares granted.
(6) Other	Nippon Denko has submitted the Extraordinary Report regarding this Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

(note)

The number of shares sold and total proceeds are calculated by assuming that the maximum number of employees who can participate, which is the 1,027 employees of Nippon Denko and its subsidiaries, are granted 610 shares of restricted stock each. The actual number of shares and total proceeds will be determined by the number of Nippon Denko and its subsidiary employees (maximum of 1,027) who agree to participate in the Plan ("eligible employees"). The number of employees will be confirmed after measures to encourage people not currently in the Employee's Shareholding Association to join this plan and after receiving the consent of the Employee's Shareholding Association members concerning the Plan. As is explained in the preceding item (5), the number of shares sold will be the number of shares in the Employee's Shareholding Association stock purchase application. Total proceeds will be this number of shares multiplied by the price per share. Nippon Denko and its subsidiaries will give every eligible employee a monetary claim of 201,300 yen and, using the Employee's Shareholding Association, the Company will allocate 610 shares to every eligible employee.

2. Purpose and reasons for the Disposal of Treasury Shares

As announced in "Notice Concerning the Introduction of a Restricted Stock Incentive Plan for Employees'

Shareholding Association” issued on August 5, 2025, in commemoration of its 100th anniversary, as a measure to enhance the welfare of the Eligible Employees among its employees and those of its subsidiaries who have joined the Employee’s Shareholding Association, the Company decided to adopt the Plan for the purpose of providing opportunities to acquire the Company’s common shares, issued or disposed of by the Company, as restricted stock through the Employees’ Shareholding Association. The Plan aims to promote wealth accumulation of the Eligible Employees and provide incentives that encourage the sustainable enhancement of the Company’s corporate value. Furthermore, the Plan encourages the Eligible Employees to share value with the Company’s shareholders.
The following section provides an overview of the Plan.

[Overview of the Plan]
Eligible employees of Nippon Denko and its subsidiaries receive a special incentive payment in the form of a monetary claim that is submitted to the Employee’s Shareholding Association for the purpose of receiving 610 shares of restricted stock. The Employee’s Shareholding Association then submits these monetary claims to Nippon Denko as an investment in kind and the Company distributes restricted stock to employees by either issuing common share or using treasury shares. When Nippon Denko stock is issued or treasury shares are disposed of for the Plan, the price will be determined by the Nippon Denko Board of Directors within a range that does not result in an advantageous price for the Employee’s Shareholding Association (and eligible employees). The price will be based on the closing price of Nippon Denko common share on the Tokyo Stock Exchange Prime Market on the business day prior to the day of the Board of Directors resolution to issue stock or dispose of treasury shares (or the nearest prior day when Nippon Denko stock was traded if the stock was not traded on the day prior to the resolution date).
For the issuance of stock or Disposal of Treasury Shares for the Plan, the Company and the Employee’s Shareholding Association will use a restricted stock allocation contract that includes the following terms as well as other items. (1) Individuals who receive this stock are not allowed to transfer ownership, use as collateral or dispose in any other way to a third party this stock during the restriction period. (2) If certain events occur, the Company has the right to acquire at no cost the stock granted to eligible employees. In addition, special incentive payments to eligible employees can be made only after the Company and the Employee’s Shareholding Association sign a restricted stock allocation contract.
In accordance with the rules and operating guidelines (see note) of the Employee’s Shareholding Association, eligible employees are not allowed to withdraw their Employee’s Shareholding Association holdings (restricted stock holdings) during the restriction period corresponding to the restricted stock received in exchange for contributing the monetary claim to the Employee’s Shareholding Association.
(Note)
At a meeting of the directors of the Employee’s Shareholding Association held immediately after Nippon Denko Board of Directors meeting where this Disposal of Treasury Shares was approved, revisions to the Employee’s Shareholding Association rules and guidelines as needed concerning the Plan are to be approved prior to the receipt of the treasury shares by the Employee’s Shareholding Association. These revisions will become effective two weeks after Employee’s Shareholding Association members are notified of the revisions approved by the Employee’s Shareholding Association directors, as stipulated in the rules and regulations. Furthermore, effectiveness of the revisions requires that no more than one-third of the Employee’s Shareholding Association members object to the revisions.
In the Disposal of Treasury Shares, the Company’s common share (“allotted share”) shall be disposed of to the Employee’s Shareholding Association as a result of it being the scheduled allottee that contributes to the Company all special incentive payments received from eligible employees by way of in-kind contribution based on the Plan. A summary of the restricted stock allocation contract signed by the Company and the Employee’s Shareholding Association is in “3. Summary of the restricted stock allocation contract” below. As explained in the preceding note to item 1, the number of treasury shares allocated to eligible employees will be determined afterward. If all 1,027 employees of the Company and its subsidiaries that can participate in the Plan decide to join the Employee’s Shareholding Association and agree to the terms of this plan, a total of 626,470 treasury shares would be used. Regarding dilution resulting from this Disposal of Treasury Shares, based on 137,386,472 shares issued as of June 30, 2025, this number of treasury shares corresponds to 0.46% of shares issued (rounded to the third decimal place, same hereafter) and 0.46% of voting rights of 1,371,646 as of June 30, 2025.

The Company decided to adopt the Plan, as a measure to enhance the welfare of the Eligible Employees, for the purposes of providing opportunities to acquire the Company's common shares, issued or disposed of by the Company, as restricted stocks through the Employees' Shareholding Association, promoting wealth accumulation of the Eligible Employees, providing incentives that encourage the sustainable enhancement of the Company's corporate value, and encouraging the Eligible Employees to share value with the Company's shareholders, which are considered to potentially improve the Company's value. In addition, the Company believes that the number of treasury shares disposed of and the resulting dilution of stock through the Disposal of Treasury Shares are reasonable, and based on this level of dilution, the Company believes that the Disposal of Treasury Shares will have only a negligible effect on the Company's stock in financial markets.

This Disposal of Treasury Shares will require the effectiveness of revisions to the Employees' Shareholding Association rules and guidelines by no later than the day prior to the date of this disposal and the signing of the restricted stock allocation contract by the Company and the Employees' Shareholding Association within the designated time.

3. Summary of the restricted stock allocation contract

(1) Mandatory holding period

December 15, 2025 to May 31, 2030

(2) Condition for lifting of the restriction

Restrictions on transferring ownership of the restricted stock will end after the restriction period if the eligible employee was continuously a member of the Employees' Shareholding Association during this period and fulfills other requirements. At that time, eligible employees can sell all allotted shares that correspond to the restricted stock holdings.

(3) Resignation of eligible employee from the Employees' Shareholding Association

When an Eligible Employee leaves the Employees' Shareholding Association because the Eligible Employee assumes a position as an officer, reaches the mandatory retirement age, or is transferred to any of its group companies, or for any other legitimate reasons (which are cases in which an Eligible Employee has lost the membership qualification or submitted an application for withdrawal from the membership of the Employee's Shareholding Association and include resignation due to death) during the transfer restriction period, the Company will remove the stock transfer restrictions on the day when the Employee's Shareholding Association accepts the application for withdrawal from membership submitted by the Eligible Employee (or the day when the Eligible Employee loses the membership qualification if the Eligible Employee loses the qualification (or the day when the Eligible Employee dies if the Eligible Employee leaves the Employees' Shareholding Association due to death); the "Day of Withdrawal Application Acceptance") for all of the Allotted Shares given according to the equity interest of the restricted shares held by the Eligible Employee as of the Day of Withdrawal Application Acceptance.

(4) Eligible employee no longer a resident of Japan

If the Company or a subsidiary determines that an eligible employee is no longer a resident of Japan during the restriction period due to a transfer to an assignment in another country or some other reason, the transfer restriction will be canceled for all allotted share corresponding to the restricted stock holdings of that individual as of the day the individual is no longer classified as a resident of Japan due to the transfer or other reason.

(5) Acquisition of restricted stock with no payment

If an eligible employee violates a law or regulation or is involved in some other act stipulated in the restricted stock allocation contract, the Company can acquire with no payment all allotted share corresponding to the restricted stock holdings of the individual at the time of the applicable action. Furthermore, at the end of the restriction period or when the restriction is canceled as prescribed in the preceding sections (3) or (4), the Company can acquire with no payment any of the individual's allotted shares for which the restriction has not been canceled.

(6) Custody of restricted stock

To prevent the transfer of ownership, use as collateral or other disposal of the allotted share, this share will be held in an account established by the Employee's Shareholding Association at Nomura Securities Co., Ltd. during the restriction period solely for this purpose. In addition, in accordance with the rules of the Employee's Shareholding Association, Employee's Shareholding Association will register and manage the restricted stock holdings separately from the standard Employee's Shareholding Association stock holdings of the eligible employees.

(7) Organizational restructurings and similar events

During the restriction period, if shareholders (or the Board of Directors if the organizational restructuring does not require shareholder approval) approve a resolution for a merger agreement where the Company is dissolved, a share exchange agreement or share transfer plan where the Company becomes a wholly owned subsidiary, or any other organizational restructuring, then based on a resolution by the Board of Directors, the transfer restriction will be canceled immediately before the start of the business day prior to the date the organizational restructuring becomes effective. This cancelation applies to allotted share held by the Employee's Shareholding Association on the date the organizational restructuring was approved but only for all allotted shares corresponding to the eligible employees' restricted stock holdings.

4. Basis of calculating the disposal price and other specific details

For the allocation of treasury shares to the Employee's Shareholding Association, eligible employees will submit to the Plan the special incentive payments as a payment in kind for the purpose of receiving restricted stock. To eliminate any ambiguity about the purchase price of these treasury shares, the price of 330 yen is the closing price of Nippon Denko common share on the Tokyo Stock Exchange Prime Market on August 27, 2025, which is the business day before the Board of Directors resolution concerning the Disposal of Treasury Shares. The Company believes this is a reasonable price that is not significantly advantageous because the purchase price is the market price immediately before the Board of Directors resolution.

The percentages of the differences (rounded to the third decimal place) between this purchase price and the average closing prices of the Company common share on the Tokyo Stock Exchange Prime Market for the following periods are as follows.

Period	Average closing price (rounded down to the nearest yen)	Difference
One month (July 28, 2025 to August 27, 2025)	305 yen	8.20%
Three months (May 28, 2025 to August 27, 2025)	270 yen	22.22%
Six months (February 28, 2025 to August 27, 2025)	270 yen	22.22%

The Audit & Supervisory Committee of the Company (consisting of five outside directors) stated their opinion that the purchase price is not particularly favorable to the prospective allottee, and it complies with laws and regulations, when considering the facts that the purpose of the Disposal of Treasury Shares is for the adoption of the Plan and the purchase price is the closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market on the business day prior to the date of the Board of Directors resolution to determine the price.

5. Procedure concerning corporate code of conduct

Pursuant to Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, this Disposal of Treasury Shares does not require a third-party opinion or a procedure to confirm the position of shareholders because (1) dilution is less than 25% and (2) there is no change in a controlling shareholder.

(Reference)

[Structure of the Plan]

(1) Nippon Denko and its subsidiaries give eligible employees monetary claims as special incentive payments that are used to receive restricted stock.

(2) Eligible employees contribute the monetary claims described in (1) above to the Plan.

(3) The Employees' Shareholding Association uses the monetary claims contributed in (2) above for payment to the Company.

(4) The Employees' Shareholding Association receives allotted shares in the form of restricted stock (RS in the following diagram) from the Company.

(5) The allotted share is kept in an account at Nomura Securities that was established solely for this purpose by the Employees' Shareholding Association. Withdrawals of this share are restricted during the restriction period.

(6) When the transfer restrictions end, the allotted share is transferred to the standard stock holdings of the Plan or to securities accounts in the names of the eligible employees.