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Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

FUSO CHEMICAL CO., LTD. (the “Company”) hereby announces that, at the Board of Directors’ meeting held on July 16, the Company has resolved to dispose of treasury stock as restricted stock compensation (“Disposal of Treasury Stock” or “Disposal”), as follows:

1. Overview of the Disposal

(1) Disposal date	August 16, 2024
(2) Class and number of shares to be disposed of	The Company’s common stock 7,414 shares
(3) Disposal value	The Disposal of Treasury Stock is to dispose of the Company's common stock as compensation for the Company's directors and does not require the payment of money or the provision of property in exchange for the common stock. * The fair value of the Company’s common stock is 4,055 yen per share (total value: 30,063,770 yen); the closing price of the Company’s common stock on the Prime Market of the Tokyo Stock Exchange on July 12, 2024 (the business day prior to the date of the resolution of the Board of Directors).
(4) Allottees and number thereof, number of shares to be allotted	6 Board Directors 7,414 shares (Excluding Board Directors Who Are Audit and Supervisory Committee Members and External Board Directors)

2. Purposes and Reasons for the Disposal

The Company, at the Board of Directors’ meeting held on May 19, 2023, resolved to introduce a Restricted Stock Compensation Plan (the “Plan”) as a new compensation plan for the Company’s Directors, excluding Board Directors Who Are Audit and Supervisory Committee Members and External Board Directors (the “Eligible Directors”), aiming to offer them incentives to sustainably increase the Company’s corporate value and to further promote sharing of value with shareholders.

In addition, at the 66th Annual General Meeting of Shareholders held on June 23, 2023, the proposal regarding the Plan including the following provisions were approved:

- (1) Based on the Plan, the Company will grant restricted shares as remuneration or monetary remuneration claims for granting restricted shares as remuneration to the Eligible Directors, the transfer restriction period of which shall be from the day they receive the Allotted Shares to the day they retire or resign from Board Directors of the Company or other positions determined by the Board of Directors of the Company.
- (2) The grant of restricted shares shall be either by the method of issuing or disposing of the Company's common shares to directors without requiring payment of money or delivery of property contributed in kind as remuneration or by the method of issuing or disposing of the Company's common shares in exchange for the contribution in kind of all of the monetary remuneration claims paid to the Directors.
- (3) The total number of the Company's common shares to be issued or disposed of under the Plan shall be not more than 18,000 shares per year and the total amount of remuneration shall be not more than 60 million yen per year, which are set separately from the existing monetary remuneration limit.

At the Board of Directors' meeting held on July 16, 2024, the Company resolved to allot 7,414 shares of the Company's common shares to 6 Directors of the Company as restricted shares, taking various factors comprehensively into consideration including the purpose of the Plan and the scope of each Eligible Director's responsibility.

【Outline of the Allotment Agreement】

The disposal of the Treasury Stocks under the Plan shall be subject to the conclusion of a Restricted Share Allotment Agreement (the "Allotment Agreement") between the Company and each of the Eligible Directors including the outline described below:

(1) Transfer Restriction Period

From August 16, 2024 (allotment date) until the day the director retire from a director of the Company (if the time immediately after three months elapse from the end of the fiscal year which includes the allotment date (immediately after July 1, 2025) is later than the day the director retire, such time shall be applied), the Eligible Directors shall not transfer, use as collateral, or otherwise dispose of the relevant restricted shares allotted based on the Allotment Agreement (the "Transfer Restrictions").

(2) Conditions for lifting the Transfer Restrictions

On the condition that Eligible Directors have remained in the position of Director of the Company continuously during the period from the day of the Company's annual general meeting of shareholders immediately preceding the allotment date to the day of the Company's annual general meeting of shareholders to be held in the following year ("Service Period"), the Transfer Restrictions of the Allotted Shares shall be lifted as of the expiration of Transfer Restriction Period.

However, if the Eligible Directors resign or retire from the board directors during the Service Period due to death or any other reason deemed justifiable by the Board of Directors, the Transfer Restrictions of the Allotted Shares shall be lifted on the day following the day they resign or retire, the number of which shall be obtained by dividing the number of months from the month following the month that includes the Service Period start date up to the month including the retirement date by 12 and multiplying the number by the number of Allotted Shares (however, if any fraction less than one share arises as a result of the above calculation, the fractional share shall be discarded). In addition, if the Eligible Directors resign or retire due to death or any other reason deemed justifiable by the Board of Directors during the period between the end of the Service Period and the time immediately after three months elapse from the end of the fiscal year which includes the allotment date, the Transfer Restrictions of the Allotted Shares possessed by the Eligible Directors shall be lifted on the day following the day they resign or retire.

(3) Gratis acquisition by the Company

If the Eligible Director commits a certain illegal act between the start of the Service Period and the expiration of the Transfer Restriction Period, the Company will acquire all of the Allotted Shares without cost. In addition, when the Transfer Restriction Period expires, the Company will acquire the Allotted Shares without cost for which the Transfer Restriction has not been lifted.

(4) Administration of shares

During the Transfer Restriction Period, the Allotted Shares shall be administered in a dedicated account opened at Daiwa Securities Co., Ltd. in order to ensure that the Eligible Directors neither transfer, use as collateral or otherwise dispose of the Allotted Shares during such period.

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

In cases where, during the Transfer Restriction Period, matters relating to a merger agreement in which the Company becomes the extinct company, or a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., are approved at a general meeting of shareholders of the Company (or at a meeting of the Board of Directors in cases where approval at the Company's general meeting of shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Transfer Restrictions as of the time immediately before the business day prior to the effective date of such organizational restructuring, etc., for the number of the Allotted Shares calculated by multiplying the number of the Allotted Shares held at such time by the number obtained (if such number exceeds 1, the number shall be 1) by dividing the number of months between the month when the Transfer Restriction Period starts and the month to which the date of such approval belongs by 12 (however, if any fraction less than one share arises as a result of the above calculation, the fractional share shall be discarded).