

July 28, 2022

Press Release

SEKISUI CHEMICAL CO., LTD.

## Announcement concerning Disposal of Treasury Shares through Third-Party Allocation in Relation to Continuation of Stock-based Remuneration System

SEKISUI CHEMICAL CO., LTD. (hereinafter “Company”) announces that at a meeting held on July 28, 2022, the Board of Directors adopted a resolution to continue the share-based remuneration system and to dispose of treasury shares through a third-party allocation in conjunction with such continuation. The details are as follows.

### 1. Overview of disposal of treasury shares

(1) Disposal date	August 29, 2022
(2) Type and number of shares to be disposed of	512,100 common shares of SEKISUI CHEMICAL
(3) Disposal price	1,870 yen per share
(4) Total disposal amount	957,627,000 yen
(5) Planned purchasers	The Master Trust Bank of Japan, Ltd. (Officer Remuneration BIP Trust Account, Account 75930) The Master Trust Bank of Japan, Ltd. (Share Allocation ESOP Trust Account, Account 75931)
(6) Other	The disposal of treasury shares is subject to the securities registration statements filed pursuant to the Financial Instruments and Exchange Act taking effect.

### 2. Purpose of and reason for the disposal

The Company’s Board of Directors adopted resolutions to continue the Officer Remuneration BIP Trust (the “BIP Trust”) and the Share Allocation ESOP Trust (the “ESOP Trust”) for the purposes of enhancing the business performance of the Group as a whole over the medium to long-term and further increasing motivation to contribute to enhancement of corporate value and increasing shareholder-oriented management awareness. These programs cover directors (excluding outside directors) and executive directors (collectively referred to as “Directors etc.”) as well as presidents of subsidiaries, executive employees of subsidiaries, and presidents of those affiliates of the Company subject to the equity method of which the Company owns more than 35% and less than 50% of voting rights ( “Executive Employees etc.”).

Disposal of treasury shares will be implemented through a third-party allocation of shares to The Master Trust Bank of Japan, Ltd. (Officer Remuneration BIP Trust Account, Account 75,930), the joint trustee under the Officer Remuneration BIP Trust Agreement (the “BIP Trust Agreement”) executed by the Company with Mitsubishi UFJ Trust and Banking Corporation and to The Master Trust Bank of Japan, Ltd. (Share Allocation ESOP Trust Account, Account 75,931), the joint trustee under the Share Allocation ESOP Trust Agreement (the “ESOP Trust Agreement”) executed by the Company with Mitsubishi UFJ

Trust and Banking Corporation in conjunction with the continuation of the BIP Trust and the ESOP Trust.

The number of shares to be disposed of is equal to the portion of the number of shares expected to be allocated to Directors etc. and Executive Employees etc. during the trust period in accordance with the Share Allocation Regulations that is insufficient to cover the remaining shares in the trusts, and the dilution will be 0.11% of the total number of shares outstanding (rounded to two decimal places; 0.12% of the total number of 4,448,178 voting rights as of March 31, 2022).

The Company shares allocated pursuant to the disposal of treasury shares will be granted to Directors etc. and Executive Employees etc. in accordance with the Share Allocation Regulations. It is not expected that the shares involved in this disposal of treasury shares will flow into the stock market at one time, and accordingly, the Company believes that the impact on the stock market will be minimal and that the number of shares to be disposed of and the scope of dilution are reasonable.

#### Details of the Trust Agreements

	Officer Remuneration BIP Trust	Share Allocation ESOP Trust
(1) Type of trust	Monetary trust other than a monitor trust for specific and sole management (other benefit trust)	
(2) Trust purpose	Provide incentives to Directors etc. who satisfy the beneficiary conditions	Provide incentives to Executive Employees etc. who satisfy the beneficiary conditions
(3) Trustor	SEKISUI CHEMICAL	
(4) Trustee	Mitsubishi UFJ Trust and Banking Corporation (joint trustee: The Master Trust Bank of Japan, Ltd.)	
(5) Beneficiaries	Directors etc. who satisfy the beneficiary conditions	Executive Employees etc. who satisfy the beneficiary conditions
(6) Trust manager	A third party who has no interests in the Company (certified public accountant)	
(7) Trust period	August 31, 2016 – Last day of August 2025 (planned)	
(9) Exercise of voting rights	Voting rights shall not be exercised for the duration of the trust period	Voting rights for the Company's shares are exercised in accordance with the instructions of the trustee, which instructions reflect the intentions of the candidate beneficiaries
(9) Type of shares acquired	SEKISUI CHEMICAL ordinary shares	
(10) Total share acquisition amount	633,930,000 yen	323,697,000 yen
(11) Method of acquisition of shares	Acquisition through third-party allocation of treasury shares	
(12) Vested rights holder	SEKISUI CHEMICAL	
(13) Residual assets	Residual assets that can be acquired by the Company as the vested rights holder will be held within the scope of the trust expense reserve, which is determined by deducting the share acquisition funds from the trust fund.	

#### 3. Basis of calculation of the disposal price and specific details

The disposal price is set at 1,870 yen (rounded down to the nearest whole yen), which is the average price of the Company's shares on the Tokyo Stock Exchange ("TSE") for the one-month period (June 28 to July 27, 2022) immediately preceding the date of the resolution of the Board of Directors concerning the disposal of treasury shares in order to eliminate arbitrariness in light of recent share price trends. The Company decided to use the average closing price of the Company's shares for the one-month period

immediately preceding the date of the Board of Directors resolution because it was determined that using the average share price over a certain period, which is a level value, is a more objective and rational basis for calculation, as it eliminates the effects of share price fluctuations rather than using one specific point in time as the basis.

The amount is equal to 1,879 yen, the closing price of the Company's shares on the TSE on the business day immediately preceding the date of the Board of Directors resolution (July 27, 2022), multiplied by 99.52% (discount rate of 0.48%); 1,821 yen, the average closing price (rounded down to the nearest whole yen) of the Company's shares for the three months immediately preceding the date of the Board of Directors resolution (April 28 to July 27, 2022) multiplied by 102.69% (premium rate of 2.69%); and 1,811 yen, the average closing price (rounded down to the nearest whole yen) of the Company's shares for the six months immediately preceding the date of the Board of Directors resolution (January 28 to July 27, 2022) multiplied by 103.26% (premium rate of 3.26%). The Company has determined that the disposal price is not particularly favorable to the Company.

All of the Company's Audit and Supervisory Board members (five members, three of whom are outside members) expressed the opinion that the basis for calculating the above disposal price is reasonable and is not particularly favorable to the Company, and therefore is lawful.

#### 4. Procedures pursuant to the Corporate Code of Conduct

Since the share dilution rate resulting from the disposal is less than 25% and there is no change in controlling shareholder, it is not necessary to obtain an independent third-party opinion and perform procedures to confirm the intent of shareholders as provided in Article 432 of the TSE Securities Listing Regulations.