



September 29, 2025

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Notice regarding disposal of treasury shares as restricted stock to the Employees' Stockholding Association

Taki Chemical Co., Ltd. (the "Company") has introduced a program (the "Plan") to grant restricted stock to employees of the Company Group through the Taki Chemical Employees' Stockholding Association, the Company's employees' stockholding association (the "Association"), as an incentive plan. The Company hereby announces that, at the meeting of its Board of Directors held today, to commemorate the 140th anniversary of its founding, it has resolved to conduct a disposal of treasury shares as restricted stock (the "Disposal of Treasury Shares"), with the Association as the planned allottee, as described below.

1. Overview of disposal

(1)	Date of payment	December 23, 2025
(2)	Type and number of shares to be disposed of	49,400 shares of the Company's common stock (Note 1)
(3)	Disposal price	¥3,935 per share
(4)	Total amount of disposal	¥194,389,000
(5)	Method of disposal	Disposal by way of third-party allotment
(6)	Planned allottees and number thereof; number of disposed shares	49,400 shares of Taki Chemical Employees' Stockholding Association
(7)	Other	With respect to this Disposal of Treasury Shares, the Company has filed an extraordinary report pursuant to the Financial Instruments and Exchange Act.

(Note 1) The number of shares to be disposed of and the total disposal amount indicated above represent the maximum figures. The actual number of shares to be disposed of and the total disposal amount are expected to be determined in accordance with the number of employees of the Company following the enrollment campaign and confirmation of their consent to the Plan by the participants.

2. Purpose and reason of disposal

The Company has introduced the Plan with the aim of enhancing the motivation of employees of the Company Group to contribute to the improvement of corporate value and to further encourage enrollment in the Association. The

Company has now resolved to conduct the Disposal of Treasury Shares based on the Plan. The restricted stock will be granted only to employees of the Company Group who are members of the Association, who have agreed to acquire the equity interest in the shares allotted to the Association, and who are not non-residents of Japan (the “Eligible Employees”).

The outline of the Plan is as follows:

Outline of the Plan

Under the Plan, monetary compensation claims for the purpose of granting restricted shares (the “Monetary Compensation Claims”) will be provided to the Eligible Employees. The Eligible Employees will contribute the Monetary Compensation Claims to the Association, and the Association will, in turn, contribute the Monetary Compensation Claims received from the Eligible Employees to the Company as in-kind contributions, thereby receiving the issuance or disposal of the Company’s common shares as restricted stock.

When the Company newly issues or disposes of its common shares under the Plan, the amount to be paid in per share shall be determined by the Board of Directors within a range that is not particularly advantageous to the Association (and, by extension, the Eligible Employees). The amount shall be based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day prior to the date of the relevant resolution of the Board of Directors. If no trading is conducted on that day, the amount shall be based on the closing price on the most recent trading day prior to that date.

In connection with the issuance or disposal of the Company’s common shares under the Plan, the Company and the Association will enter into restricted stock allotment agreements that include, among other provisions: (i) restrictions on transfer, creation of security interests, or other disposal of the allotted shares for a certain period (the “Transfer Restrictions”); and (ii) acquisition by the Company of the allotted shares without consideration under certain circumstances. The payment of the Monetary Compensation Claims to the Eligible Employees will be conditioned upon the execution of such restricted stock allotment agreements between the Company and the Association.

Further, pursuant to the articles of the Shareholding Association (the “Articles of the Association”), the Eligible Employees will be restricted, until the Transfer Restrictions on the relevant restricted stock are lifted, from withdrawing the equity interests in restricted stock (the “Restricted Stock Interests”) corresponding to their membership interests in the Association with respect to the restricted stock acquired by the Association through issuance or disposal.

Outline of the Disposal

Based on the above, the Company has resolved to grant monetary compensation claims totaling 194,389,000 yen to the Eligible Employees, and, in exchange for the Association contributing such monetary compensation claims received from the Eligible Employees to the Company as in-kind contributions, to allot a total of 49,400 shares of the Company’s common stock (the “Allotted Shares”) to the Association.

This disposal of treasury shares is conducted by way of third-party allotment, whereby the Company grants monetary compensation claims to the members and disposes of the treasury shares to the Association upon contribution of such claims. Although the number of shares to be disposed of will be determined at a later date as described in Note 1 of “1. Overview of disposal,” the Company plans to dispose of up to 49,400 shares to the Association.

The scale of dilution resulting from this disposal of treasury shares is estimated to be 0.52% of the total number of shares issued and outstanding (9,458,768 shares as of June 30, 2025) and 0.58% of the total voting rights (84,732 units as of June 30, 2025), with both percentages rounded to the nearest third decimal place.

Outline of the restricted stock allotment agreement

The Company and the Association will enter into a restricted stock allotment agreement, as outlined below.

(1) Transfer restriction period

From December 23, 2025 (the payment date) to December 22, 2030, the Association shall not transfer, attach a security interest on, or otherwise dispose of the Allotted Shares.

(2) Conditions for lifting the transfer restriction

Provided that the Eligible Employees remain members of the Association continuously during the period from December 23, 2025 (the payment date) to December 22, 2030, the transfer restrictions on the number of Allotted Shares corresponding to the Restricted Stock Interests held by the Eligible Employees shall be released on the expiration date of the transfer restriction period. In such case, the Company shall notify the Association of the release of transfer restrictions and the number of Allotted Shares subject to such release. The Association shall, in accordance with the Articles of the Association, transfer to the ordinary interests held by the Eligible Employees (the “Ordinary Interests”) the portion of the Restricted Stock Interests for which the transfer restrictions on the corresponding Allotted Shares have been released, with respect to the shares acquired by the Association independently of the Plan.

(3) Treatment upon withdrawal from the Association

If an Eligible Employee withdraws from the Association during the transfer restriction period (meaning either withdrawal upon loss of membership qualification or withdrawal by submitting a notice of withdrawal), the Company shall acquire all of the Allotted Shares held by such Eligible Employee without consideration on the date the Association accepts the notice of withdrawal (the “Withdrawal Acceptance Date”). However, if the withdrawal is due to retirement resulting from death, mandatory retirement age, the Company’s circumstances, or any other reason deemed justifiable by the Board of Directors, the transfer restrictions shall be lifted, as of the Withdrawal Acceptance Date, on the number of Allotted Shares calculated by multiplying the Eligible Employee’s membership interests in the Association by the corresponding Allotted Shares, and then by the number of months from December 2025 to the month including the Withdrawal Acceptance Date, divided by 60 (provided that if the result exceeds 1, it shall be deemed to be 1). Any fractional shares of less than one share resulting from the calculation shall be rounded down.

(4) Gratis acquisition of Allotted Shares by the Company

The Company shall, as a matter of course, acquire without consideration the Allotted Shares for which the transfer restrictions have not been lifted at the expiration of the transfer restriction period or at any other prescribed time specified in the agreement.

(5) Administration of shares

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account for restricted stock opened by the Association at Daiwa Securities Co. Ltd., so that they cannot be transferred, attached with a security interest, or otherwise disposed of during the transfer restriction period. In addition, in accordance with the Articles of the Association, the Association shall register and manage the Restricted Stock Interests held by the Eligible Employees with respect to the Allotted Shares separately from the Ordinary Interests held by the Eligible Employees with respect to the shares acquired by the Association independently of the Plan.

(6) Treatment upon organizational restructuring or other significant events

During the transfer restriction period, if matters relating to a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other organizational restructuring are approved by the general meeting of shareholders of the Company (or by the Board of Directors of the Company in cases where such organizational restructuring does not require approval by the general meeting of shareholders), then, based on a resolution of the Board of Directors, the transfer restrictions on a portion of the Allotted Shares held by the Association shall be lifted immediately before the business day prior to the effective date of such organizational restructuring (the “Effective Date of Organizational Restructuring”). The number of shares to be released shall be calculated by multiplying the number of Allotted Shares held by the Association by the number of months from December 2025 to the month including the Effective Date of Organizational Restructuring, divided by 60 (provided that if the result exceeds 1, it shall be deemed to be 1). Any fractional shares resulting from the calculation that are less than one share shall be rounded down.

3. Basis of calculating the amount to be paid in and specific details thereof

This Disposal of Treasury Shares is carried out under the Plan by having the Eligible Employees contribute to the Association the monetary compensation claims granted to them for the purpose of granting restricted stock, with the Association contributing such monetary compensation claims to the Company as in-kind contributions. To eliminate arbitrariness, the disposal price has been set at 3,935 yen, the closing price of the Company’s common stock on the Tokyo Stock Exchange on September 26, 2025, the business day immediately prior to the date of the resolution of the Board of Directors. This represents the market price immediately before the resolution date, and, in the absence of any special circumstances that would render the most recent stock price unreliable, is considered reasonable, appropriately reflective of the Company’s corporate value, and not particularly advantageous to the Association.

In addition, the deviation (rounded to the third decimal place) of this disposal price from the average closing price of the Company’s common stock on the Prime Market of the Tokyo Stock Exchange is as follows:

Period	Average closing price (truncated to the nearest yen)	Deviation rate
1-month period (from August 27, 2025 to September 26, 2025)	¥3,810	+3.28%
3-month period (from June 27, 2025 to September 26, 2025)	¥3,335	+17.99%
6-month period (from March 27, 2025 to September 26, 2025)	¥3,162	+24.45%

The Audit & Supervisory Committee of the Company, consisting of five Audit & Supervisory Committee Members (including four Outside Directors), convened today and expressed its opinion that the process by which the Company determined that the disposal price is not particularly advantageous to the allottee, the Association, is reasonable and that such determination is lawful, in light of the fact that this Disposal of Treasury Shares is intended for the introduction of the Plan and that the disposal price is set at the closing price of the Company's common stock on the business day immediately prior to the date of the resolution of the Board of Directors.

4. Matters concerning procedures under the Corporate Code of Conduct

Since (i) the dilution ratio is less than 25% and (ii) the Disposal of Treasury Shares does not involve a change in the controlling shareholder, it is not required to obtain an opinion from an independent third party or to confirm the intent of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.

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