



June 25, 2024

To whom it may concern,

Name of company: Toyobo Co., Ltd.
Name of representative: Ikuo Takeuchi
President and Representative Director
(Stock code: 3101, Prime Market of the Tokyo Stock Exchange)
Contact: Jun Nagai, General Manager, Legal and
Compliance Department
(TEL +81-6-6348-4208)

Notice regarding disposal of treasury shares as restricted share compensation

Toyobo Co., Ltd. (the “Company,” hereafter) hereby announces that, at its Board of Directors meeting held today, it resolved to dispose of treasury shares as restricted share compensation (the “disposal of treasury shares”).

1. Overview of disposal

(1) Payment date	July 18, 2024
(2) Class and number of shares subject to disposal	77,802 common shares of the Company
(3) Disposal value	¥1,058 per share
(4) Total disposal amount	¥82,314,516
(5) Planned allottee	28,184 shares for five Directors (excluding outside Directors) 49,618 shares for 19 Executive Officers

2. Purpose and reason for the disposal

At the 161st Annual General Meeting of Shareholders held on June 25, 2019, the Company obtained approval for the introduction of the restricted share compensation plan for Directors (excluding outside Directors, hereinafter “Eligible Director”) (hereinafter, “Plan”) in order to provide them with an incentive to sustainably increase the Company’s corporate value and to further promote shared value between shareholders and Eligible Directors. It also obtained the approval that, based on the Plan, the payment of compensation for the granting restricted shares to the Eligible Directors shall be up to ¥45 million per year and that the specific timing of the compensation payment and allocation of the restricted shares to each Eligible Director shall be left to the discretion of the Board of Directors.

The overview of the Plan is as follows:

[Overview of the Plan]

By paying to the Company, in the form of property contributed in kind, all of the monetary compensation claims granted by the Company under the Plan, Eligible Directors will receive issuance or disposal of common shares of the Company.

The total number of common shares issued or disposed of by the Company under the Plan shall be not more than 45,000 shares per year, and the amount to be paid per share shall be the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if trading did not take place on that day, the closing price for the last trading day before that).

An agreement for allocation of the restricted shares (hereinafter, the "Allocation Agreement") shall be entered into between the Company and an Eligible Director for issuance or disposal of common shares of the Company based on the Plan. The Allocation Agreement shall cover the following points:

- (1) An Eligible Director may not transfer, establish security rights, or conduct any other disposition of the Company's common shares allocated under the Allocation Agreement for a predetermined period of time (30 years)
- (2) The Company may acquire the said common shares without contribution in the event that certain grounds arise
- (3) If an Eligible Director resigns from the position of Director or another set position during the Restriction Period due to expiration of term or for any other legitimate reason, the Company may adjust the timing of lifting the transfer restrictions and other such matters
- (4) Other details including conditions for lifting the transfer restrictions that have been predetermined by the Company's Board of Directors

The Company has also introduced a share compensation plan similar to the Plan for Executive Officers.

Further, at a Board of Directors meeting held today, having considered the purpose of the Plan, the Company's operating performance, the scope of the officers' duties, and other relevant circumstances, the Board of Directors resolved to grant total monetary compensation claims of ¥82,314,516 (hereinafter referred to as the "Monetary Compensation Claims") to five Eligible Directors and 19 Executive Officers (hereinafter referred to as the "Eligible Officers") and to dispose of 77,802 common shares of the Company (hereinafter referred to as the "Allotted Shares").

[Overview of the Allocation Agreement]

The Company and an Eligible Officer shall individually enter into the Allocation Agreement. The overview of the Allocation Agreement is as follows:

- (1) Restriction period: July 18, 2024 to July 17, 2054
During the above period, an Eligible Officer shall not transfer, establish security rights, or conduct any other disposition of the Allotted Shares.
- (2) Lifting of transfer restrictions
The Company shall lift the transfer restrictions of all of the Allotted Shares held by an Eligible Officer upon expiration of the Restriction Period, on the condition that the Eligible Officer has remained in the position of Director or another set position of the Company continuously throughout the Restriction Period.
However, if the Eligible Officer retires from the position of Director or another set position of the Company before the expiration of the Restriction Period for a reason prescribed in the Allocation Agreement, the Company shall rationally adjust the timing of the lifting of the transfer restrictions and the number of shares on which this lifting applies as needed.
- (3) Acquisition without contribution
Upon the expiration of the Restriction Period, the Company shall, at a time immediately after this, automatically acquire without contribution all of the Allotted Shares on which the transfer restrictions have not been lifted.
In addition, if grounds for acquisition without contribution prescribed in the Allocation Agreement arise during the Restriction Period, the Company shall automatically acquire without contribution the number of Allotted Shares set out in the Allocation Agreement.
- (4) Management of shares

Allotted Shares will be managed in a dedicated account opened at Nomura Securities Co., Ltd. by an Eligible Officer so that the Eligible Officer cannot transfer, establish security rights, or conduct any other disposition of the shares during the Restriction Period.

(5) Treatment during reorganization, etc.

If, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its 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 may lift the Restriction on the certain number of the Allotted Shares that will be reasonably determined by resolution of the Board of Directors of the Company prior to the date on which the organizational restricting becomes effective, in view of the period from the date of commencement of the Restricted Period through the effective date of the organizational restructuring. In such a case, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted even as of the time immediately after the Transfer Restrictions were lifted under the provisions listed above.

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

In order to prevent any arbitrariness in the value, the disposal value of the disposal of treasury shares for Eligible Officers was set to ¥1,058, which was the closing price of common shares of the Company at the Tokyo Stock Exchange on the business day immediately before the date of the Board of Directors' resolution. This was the market price for the shares immediately before the date of the Board of Directors' resolution, and in the absence of special circumstances that would indicate that the most recent share price cannot be relied upon, the Company believes that this is a reasonable price appropriately reflecting the Company's corporate value and that it does not represent an amount that is particularly favorable to the Eligible Officers.