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June 25, 2024

To whom it may concern:

Company Name: Sumitomo Bakelite Co., Ltd.  
Representative: Kazuhiko Fujiwara  
President and Representative Director  
(Code: 4203 The Prime Market of Tokyo Stock Exchange)  
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## Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

Sumitomo Bakelite Co., Ltd. (the “**Company**”) hereby announces that the Company has decided to dispose its treasury shares as restricted stock compensation (the “**Disposal**”) at the meeting of the Board of Directors held on June 25, 2024 as follows.

### 1. Outline of disposal

(1) Disposal date	July 19, 2024
(2) Class and numbers of shares to be disposed	15,927 shares of the Company’s common shares
(3) Disposal price	4,668 yen per share
(4) Total value of shares to be disposed	74,347,236 yen
(5) Allottees of shares to be disposed	Directors (excluding outside directors): number of people - 6 8,287 shares Executive Officers: number of people - 9 7,640 shares

### 2. Purpose and reasons of disposal

At the meeting of the Board of Directors held on May 15, 2023, the Company decided to introduce a restricted stock compensation plan (the “**Plan**”) as its compensation plan for the Company’s Directors (excluding Outside Directors, hereinafter referred to as the “**Eligible Director(s)**”) in order to provide the Eligible Directors with an incentive to contribute to the Company’s sustained improvement of corporate value, while at same time share further value with the shareholders. Additionally, at the 132nd Ordinary General Meeting of Shareholders held on June 22, 2023, based on the Plan, it was approved that, as the compensation in order to grant

restricted stock to the Eligible Directors, the monetary compensation claims shall be paid up to 150 million yen per year and the Company's common shares shall be issued or disposed of up to 150,000 shares per year, which is the adjusted number by a share split effective on April 1, 2024, and the transfer restricted period of the restricted stock shall be from the date on which the allotment of the Company's common shares based on a restricted stock allotment agreement executed between the Company and the respective Eligible Directors (the "**Allotment Agreement**") was received until the date on which the Eligible Director retires from the post of Director or an Executive Officer of the Company.

The outline of the Plan, etc. is as follows.

**[Outline of the Plan, etc.]**

The Eligible Directors will contribute all of the monetary compensation claims paid by the Company based on the Plan in the form of property paid in kind to receive the issue or disposal of the Company's common shares. The amount to be paid per share shall be determined by the Board of Directors, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors for the issue or disposal (or the closing price on the trading day immediately prior thereto if there is no trading on the relevant business day) to the extent that is not particularly advantageous to the Eligible Directors.

Additionally, when issuing or disposing of the Company's common shares under the Plan, the Company and the Eligible Directors shall enter into the Allotment Agreement, which includes the following items:

- 1) An Eligible Director shall not transfer, create a security interest on, or otherwise dispose of the the restricted stock from the date on which the allotment of the restricted stock was received until the date on which such Eligible Director retires from the post of Director or an Executive Officer of the Company.
- 2) If an Eligible Director, during the period provided in above 1), has violated laws and regulations, the internal rules of the Company, the Allotment Agreement, or otherwise falls under any of the reasons set forth in the Allotment Agreement for the acquisition without consideration of such stock, the Company shall acquire such stock without consideration.

Furthermore, the Company has introduced a similar restricted stock compensation plan for the Company's Executive Officers (excluding non-residents and Executive Officers concurrently serving as Eligible Directors).

Considering the purpose of the restricted stock compensation plan, the scope of responsibilities of each Allotted Officer (defined below) and the other various factors, at the meeting of the Board of Directors held on June 25, 2024, the Company decided to pay 74,347,236 yen as a total of monetary compensation claims to six (6) of the Company's Directors and nine (9) of the Company's Officers (collectively, the "**Allotted Officer(s)**"), and dispose of 15,927 of the Company's common shares as the restricted stock on the condition that such monetary compensation claims shall be paid by the Allotted Officers in the form of property paid in kind. In addition, allotment for each Eligible Director out of the Allotted Officers has been decided at the Company's Nomination and Remuneration Committee held on June 25, 2024, which has been delegated by a resolution of the Board of Directors.

**[Outline of the Allotment Agreement]**

According to the Disposal, the Company and the Allotted Officers will enter into the Allotted Agreement. The outline of the Allotment Agreement is as follows.

(1) Transfer restriction period

An Allotted Officer may not transfer, create a security interest on, or otherwise dispose of the Company's common shares that have been allotted based on the Allotment Agreement (the "**Allotted Shares**") from July 19, 2024 (payment date) until the date on which the Allotted Officers retires from the post of Director or an Executive Officer of the Company (in case the time immediately following the expiration of three (3) months after the fiscal year that includes the date of delivery of such Allotted Shares (i.e. the time immediately following the coming of July 1, 2025) is later than such date, then until that time).

(2) Lifting of the transfer restrictions

The Company, conditional upon the Allotted Officer continuously holding the post of Director or an Executive Officer throughout the period stipulated by the Company's Board of Directors (the "**Service Period**"), shall lift the transfer restrictions on all of the Allotted Shares at the point the Transfer Restriction Period expires. Provided, however, that, if an Allotted Officer retires from the post of Director or an Executive Officer of the Company before the expiration of the Service Period for death or any reasons set forth by the Company's Board of the Directors, the number of Allotted Shares subject to the lifting of the transfer restrictions shall be adjusted, as necessary, to a reasonable extent.

(3) Acquisition without consideration by the Company

The Company shall automatically acquire without consideration any Allotted Shares remaining for which the transfer restrictions had not been lifted, at the point the Transfer Restriction Period expires.

(4) Management of shares

The Allotted Shares shall be managed in a dedicated account for the restricted stocks opened by the Allotted Officers at Daiwa Securities Co., Ltd, so that the Allotted Shares cannot be transferred, set up a security interest, or otherwise disposed of during the Transfer Restriction Period.

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

Notwithstanding the provision of (1) above, if during the Transfer Restriction Period, a merger agreement in which the Company becomes the non-surviving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc., is approved by the General Meeting of Shareholders of the Company (however, if said the organizational restructuring, etc., does not require the approval of the General Meeting of Shareholders of the Company, then the Board of Directors), the Company, by a resolution of the Board of Directors, shall lift the transfer restrictions, prior to the effective date of the organizational restructuring, etc., for the number of Allotted Shares determined reasonably taking into account the period between the commencement of the Service Period to the date on which the organization restructuring, etc., was approved. In addition, in situations described above, the Company shall automatically acquire without consideration any Allotted Shares remaining for which the Transfer Restrictions had not been lifted, at the point the Transfer Restriction Period expires.

**3. Basis for calculating the payment amount and its specific details**

The Disposal is to be implemented in the form of property paid in kind by using monetary compensation claims paid to planed allottees based on the Plan. In order to eliminate arbitrariness, the disposal price shall be 4,668 yen, which is the closing price for the Company's common shares on the Tokyo Stock Exchange on June 24, 2024 (the business day prior to the resolution of the Board of Directors). As this is the market share price immediately before the date of the resolution of the Board of Directors, the Company believes that the price is reasonable and does not constitute a particularly advantageous price for the Allotted Officers.

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