



June 24, 2025

To Whom It May Concern:

Listed Company Name	TOTO LTD.
Representative	Shinya Tamura President, Representative Director
Code No.	5332 (Prime Market of Tokyo Stock Exchange, Premier Market of Nagoya Stock Exchange, Fukuoka Stock Exchange)
Contact Person	Takafumi Shinozaki General Manager, Management Planning Dept. (TEL: +81-3-6836-2024)

Notice Regarding Disposal of Treasury Shares as Restricted Share Compensation

At the Board of Directors Meeting held today, TOTO LTD. (the “Company”) decided to conduct a disposal of treasury shares (the “Disposal of Treasury Shares” or the “Disposal”) as described below.

1. Overview of the Disposal

(1)	Date of disposal	July 22, 2025
(2)	Class and number of shares for disposal	21,900 common shares of the Company
(3)	Disposal value	3,562 yen per share
(4)	Total disposal value	78,007,800 yen
(5)	Allottees and number thereof, and number of shares for disposal	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors), 7 persons, 21,900 shares
(6)	Other	Electronic public notices regarding the Disposal of Treasury Shares will be provided on the Company’s website from July 3 to 22.

2. Purpose and Reason for the Disposal

At the 152nd Ordinary General Meeting of Shareholders held on June 26, 2018, the 155th Ordinary General Meeting of Shareholders held on June 25, 2021, and the 156th Ordinary General Meeting of Shareholders held on June 24, 2022, the Company received approval to introduce a compensation plan for granting the Company’s Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the “Eligible Directors”) restricted shares (the “Compensation Plan”) with the objectives of making continuous improvements to the Company’s corporate value and further sharing value with shareholders. Furthermore, approval was given for payment to Eligible Directors of monetary compensation claims of up to 300 million yen per annum as monetary compensation to be used as a property contributed for acquiring restricted shares (the “Restricted Share Compensation”) based on the Compensation Plan. Also approved was a transfer restriction period for the restricted shares from 10 years to 30 years, to be determined by the Board of Directors of the Company. The Disposal of Treasury Shares will be conducted in accordance with the Compensation Plan, and all of the Restricted Share Compensation granted to Eligible Directors will be paid in as a contribution in kind. An overview of the Compensation Plan is as follows.

[Overview of the Compensation Plan, Etc.]

In accordance with a resolution of the Board of Directors of the Company, Eligible Directors shall pay in the entire monetary compensation claims to be provided based on this proposal in the form of property contributed in kind and shall receive the Company's common shares that shall be issued or disposed of by the Company. The total number of the Company's common shares to be issued or disposed of thereby shall be up to 100,000 shares per annum (however, the total number shall be adjusted within a reasonable range if either a share split of the Company's common shares (including the allotment of the Company's common shares without contribution) or a share consolidation of the Company's common shares is carried out, or if any other event where the total number of the Company's common shares to be issued or disposed of as restricted shares needs to be adjusted occurs on or after the day this proposal is approved). The amount to be paid in per share shall be determined by the Board of Directors to the extent that the amount would not be particularly favorable to Eligible Directors receiving such common shares, based on the closing price of a common share of the Company on the Tokyo Stock Exchange on the business day preceding the day of each resolution of the Board of Directors (or the closing price on the closest preceding trading day in cases where no transactions are concluded on such date). In addition, for the issuance or disposal of the Company's common shares, the Company and the Eligible Directors shall enter into an agreement on the allotment of restricted shares (the "Allotment Agreement") as described below in "3. Overview of the Allotment Agreement."

This time, it was decided to grant monetary compensation claims totaling 78,007,800yen (the "Monetary Compensation Claims") and 21,900 common shares, having considered the purpose of the Compensation Plan, the business conditions of the Company, the scope of responsibility of the Eligible Directors, and the situation in general. Furthermore, the transfer restriction period was set at 30 years to realize the Compensation Plan objective of shared common interests with shareholders over the long term and to provide an incentive to continuously increase the Company's corporate value during the period of office of the Eligible Directors.

3. Overview of the Allotment Agreement

- (1) Transfer restriction period
July 22, 2025 to July 21, 2055 (30 years)
- (2) Class and number of shares for disposal
21,900 common shares (the "Allotted Shares")
- (3) Allottees
Eligible Directors, 7 persons
- (4) Allotment method of shares for disposal
Allotment of specified restricted shares
- (5) Amount to be paid in for shares for disposal
3,562 yen per share for disposal
- (6) Total pay-in amount
Monetary compensation claims total 78,007,800 yen
- (7) Treatment at the time of retirement
When the Eligible Director retires from the position as Director (including Executive Officer of a company with Nomination Committee, etc.) of the Company before the transfer restriction period expires, the Company shall automatically acquire the Allotted Shares without contribution, except in the case of the expiration of the term of office, death, or any other good reason for such retirement.

(8) Conditions for lifting transfer restriction

The Company shall lift the transfer restriction on all of the Allotted Shares as of the expiration of the transfer restriction period, on the condition that the Eligible Director has remained in the position of Director (including Executive Officer of a company with Nomination Committee etc.) of the Company throughout the transfer restriction period. However, when the Eligible Director retires from the position as provided in above (7) for reasons of the expiration of the term of office, death, or any other good reason as provided in above (7) before the transfer restriction period expires, the number of the Allotted Shares on which the transfer restriction is to be lifted and the timing of lifting the transfer restriction shall be as follows.

(i) Number of shares subject to lifting of transfer restriction

The number of shares subject to lifting of the transfer restriction shall be equal to the number of the Allotted Shares held at the above-stipulated time of retirement multiplied by the number obtained by dividing number of months of service of the Eligible Director within the transfer restriction period divided by 12 (if said number obtained is larger than 1, it is taken as 1.) (however, if the calculation result produces odd-lot shares, these are discarded).

(ii) Timing of lifting transfer restriction

The transfer restriction shall be lifted immediately after the retirement of the Eligible Director. In the case of retirement due to death, the transfer restriction shall be lifted as of the death of the Eligible Director.

(9) Acquisition without contribution by the Company

The Company shall automatically acquire without contribution the Allotted Shares whose transfer restriction has not been lifted at the expiry of the transfer restriction period or upon the lifting of the transfer restriction stipulated in (8) above.

(10) Management of the shares

The Allotted Shares are managed in a dedicated account opened by the Eligible Director with Nomura Securities Co., Ltd. during the transfer restriction period to ensure that the shares cannot be transferred, used to create a security interest or otherwise disposed of during the period. The Company has concluded a contract with Nomura Securities Co., Ltd. related to the management of the account for the Allotted Shares held by the Eligible Director to ensure the effectiveness of the transfer restriction, etc. relating to the Allotted Shares. The Eligible Director shall consent to the management of the account.

(11) Treatment in the case of reorganization, etc.

If, during the transfer restriction period, matters relating to a merger agreement in which the Company becomes a disappearing company, a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary of another company or other reorganization, etc. are approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if the approval of the Company's General Meeting of Shareholders for the said reorganization, etc. is not required), by the resolution of the Board of Directors, the Company shall lift the transfer restriction as of the time immediately prior to the business day prior to the effective date of the reorganization, etc. for the following number of shares. This number of shares whose transfer restriction shall be lifted shall be equal to the number of the Allotted Shares held at the time of approval multiplied by the number obtained by dividing the number of months from the starting month of the transfer restriction period to the month containing the date of the approval by 12 (if said number obtained is larger than 1, it is taken as 1.) (however, if the calculation result produces odd-lot shares, these are discarded). Furthermore, immediately after the lifting of the transfer restriction, the Company shall automatically acquire without contribution all of the Allotted Shares whose transfer restriction has not been lifted.

4. Basis for Calculation of Pay-in Amount and Specific Details Thereof

The Disposal of Treasury Shares for planned allottees shall be conducted with monetary compensation claims paid as Restricted Share Compensation for the 160th business year of the Company based on the Compensation Plan to be treated as property for contribution. To avoid arbitrary pricing, the disposal value was taken as the closing price of a common share of the Company on the Tokyo Stock Exchange on June 23, 2025 (the business day preceding the date of the Board of Directors resolution), which is 3,562 yen. This is the market price of the shares immediately before the date of the Board of Directors resolution and is considered to be rational and not particularly favorable to the allottees.

End of document

<p>This notice has been translated from the original notice in Japanese. In the event of any discrepancy, the original in Japanese shall prevail.</p>
