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To whom it may concern

Company name	GUNZE LIMITED
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Notice Concerning Disposal of Treasury Shares for Restricted Stock Compensation

GUNZE LIMITED (the "Company") hereby announces that, pursuant to Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company, at the meeting of the Board of Directors of the Company, it resolved today to dispose of treasury shares as restricted stock compensation (hereinafter referred to as the "Disposal of Treasury Shares"). Details are as follows.

1. Outline of disposal of treasury shares

(1) Date of disposal	August 7, 2025
(2) Class and number of shares to be disposed of	The Company common stock 19,914 shares
(3) Disposal price	3,630 yen per share
(4) Total disposal amount	72,287,820 yen
(5) Scheduled Disposal Recipient	Directors of the Company (*) 6 persons, 10,974 shares Corporate Officer of the Company 10 persons 8,940 shares * Excluding Outside Directors.

2. Purpose and reason for disposal

At the 123rd Ordinary General Meeting of Shareholders of the Company held on June 25, 2019, the Company received approval to allocate restricted shares to the Directors of the Company (excluding Outside Directors) and to set the total amount of monetary compensation claims to be paid as compensation, etc., for restricted shares of no more

than 100 million yen per year, and to limit the total number of restricted shares to be allotted for each fiscal year to 26,000 shares (*), in order for the Directors of the Company (excluding Outside Directors) to further promote the sharing of shareholder value with shareholders, and with the objective of going beyond previous efforts to increase share price and sustainable enhancement of corporate value.

Today, by a resolution at the meeting of the Board of Directors of the Company pursuant to the Companies Act and the provisions of the Articles of Incorporation mentioned above, it was resolved that 19,914 shares of the Company common stock will be allotted as specified restricted shares by providing 72,287,820 yen in monetary compensation claims to scheduled allottees who are 6 Directors (excluding Outside Directors) and 10 Corporate Officers (hereinafter collectively referred to as "Allottees") of the Company, as restricted stock compensation for the period from the 129th Ordinary General Meeting of Shareholders of the Company to the 130th Ordinary General Meeting of Shareholders of the Company to be held in June 2026, to the Directors of the Company (excluding Outside Directors), and for the 130th fiscal year of the Company (April 1, 2025 to March 31, 2026) to Corporate Officers of the Company (the period from July 1, 2025 to March 31, 2026 to some of the Corporate Officers) and by having the Allottees contribute in kind all the monetary compensation claims. The amount of monetary compensation claim for each Allottee has been determined after deliberation by the Nomination and Compensation Committee, which is an advisory body to the Board of Directors chaired by an Outside Director, taking into consideration various matters such as the contribution of each Allottee in the Company and the details of performance indicators. In addition, the said monetary compensation claim will be provided on the condition that each Allottee shall execute a Restricted Shares Allotment Agreement (hereinafter referred to as "Allotment Agreement") with the Company, which generally includes the following details.

(*) As the Company conducted a 2-for-1 common stock split on April 1, 2025, 26,000 shares were adjusted to 52,000 shares.

3. Overview of Allotment Agreement

i Transfer restriction period

August 7, 2025 to August 6, 2055

During the transfer restriction period (hereinafter referred to as the "Transfer Restriction Period") set forth above, the Allottee may not transfer, pledge, create a transfer security interest, make a living gift, bequeath or otherwise dispose of the restricted shares allotted to the Allottee (hereinafter referred to as the "Allotted Shares") to any third party (hereinafter referred to as "transfer restrictions").

ii Acquisition of restricted shares without consideration

If the Allottee resigns or retires from the position of Director, Corporate Officer, or any other position of the Company on or before the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company (if the Allottee is a Corporate Officer of the Company, the last day of the first fiscal year of the Company after the commencement date of the Transfer Restriction Period) after the commencement date of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without consideration at the time of such resignation or retirement, unless there is a reason deemed justifiable by the Board of Directors of the Company (such as expiration of term of office).

Among the Allotted Shares, if there are shares for which transfer restrictions have not been lifted at the time of expiration of the Transfer Restriction Period (hereinafter referred to as the "time of expiration of the Period") in accordance with the provisions of the reasons for lifting the transfer restrictions in (iii) below, the Company shall automatically acquire such Allotted Shares without consideration immediately after the time of expiration of the Period.

iii Lifting the transfer restrictions

The Company will lift the transfer restrictions of all the Allotted Shares held by the Allottee at the time of expiration of the Period, on the condition that the Allottee has continuously remained in a position of Director or Corporate Officer of the Company from the commencement date of the Transfer Restriction Period until the date of convening the first Ordinary General Meeting of Shareholders of the Company (if the Allottee is a Corporate Officer of the Company, the last day of the first fiscal year after the commencement date of the Transfer Restriction Period). However, if the Allottee resigns from any position of Director and/or Corporate Officer of the Company before the expiration of the Transfer Restriction Period for reasons deemed justifiable by the Board of Directors of the Company (such as expiration of term of office), and if the delegation agreement or employment agreement with the Company terminates, or if the Allottee resigns due to his/her death, transfer restrictions shall be lifted for the number of the Allotted Shares obtained by dividing the number of months from July 2025 (or April 2025 if the Allottee is a Corporate Officer) to the month including the relevant retirement and termination date of agreement by 12 (however, if the result of the calculation exceeds 1, it shall be capped at 1.) and then multiplying the result by the number of Allotted Shares held by the Allottee (however, if the Allottee resigns or retires due to death, the heir of the Allottee) at the relevant time (however, if a fraction of less than one share occurs as a result of the calculation, such a fraction shall be rounded up.).

iv Provisions on management of shares

The Allottee shall complete the opening of an account with SMBC Nikko Securities Inc., to describe or record the Allotted Shares in the method designated by the Company, and shall store and maintain the Allotted Shares in the said account until the transfer restrictions are lifted.

v Treatment in Restructuring, etc.

During the Transfer Restriction Period, if a merger agreement under which the Company becomes the disappearing company, a share exchange agreement or share transfer plan under which the Company becomes its wholly-owned subsidiary, or any other proposal related to restructuring, etc. is approved at a General Meeting of Shareholders of the Company (however, in cases where restructuring, etc., does not require approval at a General Meeting of Shareholders of the Company, a meeting of the Board of Directors of the Company), the Company shall, by a resolution at a meeting of the Board of Directors of the Company, lift the transfer restrictions for the number of the Allotted Shares obtained by dividing the number of months from July 2025 (or April 2025 if the Allottee is a Corporate Officer) to the month including the date of such approval by 12 (however, if the result of the calculation exceeds 1, it shall be capped at 1.) and then multiplying the result by the number of the Allotted Shares held by the Allottee on the date of such approval (however, if a fraction of less than one share occurs as a result of calculation, such fraction shall be rounded up.) immediately prior to the business day immediately preceding the effective date of said restructuring, etc.

In this case, the Company shall automatically acquire without consideration all of the Allotted Shares for which transfer restrictions have not been lifted on the business day immediately preceding the effective date of restructuring, etc.

4. Basis of calculation and specific details of the amount to be paid in

The disposal price for the Disposal of Treasury Shares has been set at 3,630 yen, which is the closing price of the Company common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the meeting of the Board of Directors of the Company (July 22, 2025), in order to set the price without arbitrariness. This is the market share price immediately before the date of resolution at the meeting of the Board of Directors of the Company, and we believe that it is reasonable and is not considered a particularly favorable price.