

August 8, 2025

Company name: Takasago Thermal Engineering Co., Ltd.
Name of representative: Kazuhito Kojima,
President and Representative Director
(Securities code: 1969; Tokyo Market)
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Notice Regarding Disposal of Treasury Shares as Stock-Based Compensation

Takasago Thermal Engineering Co., Ltd. (the “Company”) hereby announces that, at the Board of Directors meeting held on August 8, 2025, to dispose of treasury shares as stock-based compensation (hereinafter referred to as the “Disposal of Treasury Shares”), as outlined below.

1. Overview of the Disposal

(1) Disposal Date	August 28, 2025
(2) Type and Number of Shares to be Disposed	26,200 shares of common stock
(3) Disposal Price	7,924 yen per share
(4) Total Disposal Amount	207,608,800 yen
(5) Planned Allottee	The Master Trust Bank of Japan, Ltd. (ESOP Trust Account)
(6) Other	A statutory report has been submitted under the Financial Instruments and Exchange Act regarding this disposal.

2. Purpose and Reason for the Disposal

The Company has resolved at its Board of Directors meeting held today to introduce a stock compensation system utilizing an ESOP Trust for officers and employees of overseas subsidiaries who meet certain eligibility criteria (hereinafter, “Eligible Personnel”). This initiative aims to enhance their sense of participation in management and motivate them toward achieving the Takasago Group’s Long-Term Vision 2040 and further increasing corporate value.

For details on the ESOP Trust, please refer to the “Notice Regarding Introduction of Stock Compensation System for Officers and Employees of Overseas Subsidiaries” released today.

This disposal of treasury shares is conducted in accordance with the ESOP Trust agreement to be entered into between the Company and Mitsubishi UFJ Trust and Banking Corporation, with The Master Trust Bank of Japan, Ltd. acting as co-trustee (ESOP Trust Account).

The number of shares to be disposed is based on the estimated number of shares to be granted to Eligible Personnel during the trust period under the stock compensation rules. The expected dilution is 0.04% of the total number of issued shares (rounded to the third decimal place), and 0.04% of the total voting rights as of March 31, 2025 (667,810 voting rights).

The shares allocated through this disposal will be granted to Eligible Personnel in accordance with the stock

compensation rules and are not expected to be immediately released into the market. Therefore, the impact on the stock market is considered minimal, and the scale of dilution is deemed reasonable.

3. Basis and Details of the Disposal Price

The disposal price is 7,924 yen set at the closing price of the Company's shares on the Tokyo Stock Exchange on the business day prior to the Board resolution date (August 7, 2025), in order to eliminate arbitrariness and ensure objectivity based on recent stock price trends.

All Audit and Supervisory Committee members (four in total, including three outside directors) who attended the Board meeting expressed the opinion that the basis for calculating the disposal price is reasonable and does not constitute a particularly favorable price.

4. Procedures under Corporate Governance Code

Since the dilution ratio resulting from this disposal is less than 25% and there is no change in controlling shareholders, procedures such as obtaining opinions from independent third parties or confirming shareholder intent, as stipulated in Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations, are not required.

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