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Notice Concerning Disposal of Treasury Shares as Restricted Stock Incentive for Employee Shareholding Association

FUTABA INDUSTRIAL CO., LTD. (the "Company") hereby announces that, at the meeting of the Board of Directors held today, the Company has resolved to dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares" or "Disposal") under the Employee Shareholding Association Incentive Plan (the "Plan"), which was established in commemoration of the 80th anniversary of the Company's founding. The disposal will be executed with the Futaba Employee Shareholding Association (the "Shareholding Association") as the intended allottee, as described below.

1. Outline of the disposal

(1) Date of disposal	March 2, 2026
(2) Type and number of shares to be disposed of	430,080 common shares of the Company (Note)
(3) Disposal price	¥962 per share
(4) Total disposal amount	¥413,736,960 (Note)
(5) Method of disposal (Intended allottee)	On the condition that the Shareholding Association submits a subscription application, the number of shares allotted to the Shareholding Association will be determined, under the third-party allotment method, based on the number of shares applied for by the Shareholding Association within the range of shares to be disposed of, specified in item (2) above, and allotted to the Shareholding Association (i.e., the number of shares allotted represents the number of shares to be disposed of). (Futaba Employee Shareholding Association: 430,080 shares) Note that partial applications for the allotted shares from any individual eligible employee (as defined below) shall not be accepted.
(6) Other	An extraordinary report regarding the Disposal of Treasury Shares has been submitted in accordance with the Financial Instruments and Exchange Act.

(Note) The "number of shares to be disposed of" and "Total disposal amount" have been calculated based on the assumption that 80 common shares of the Company will be granted as restricted shares to each of the 5,376 employees of the Company and its subsidiaries, representing the maximum number of individuals eligible under the Plan. The actual number of shares to be disposed of and total disposal amount will be determined based on the number of employees of the Company and its subsidiaries who agree to the Plan, following the completion of promotional activities for employees who are not yet members of the Shareholding Association and the confirmation of agreement to the Plan from the Shareholding Association members (the "Eligible Employees") (up to 5,376 employees). Specifically, as stated in item (5) above, the "number of

shares to be disposed of" shall be the number of shares applied for, as determined by the Shareholding Association. The "Total disposal amount" shall be calculated by multiplying this number by the disposal price per share. The Company or its subsidiaries will uniformly grant a monetary claim of ¥76,960 to each Eligible Employee. Through the Shareholding Association, the Company will make a uniform allocation of 80 shares to each Eligible Employee.

2. Purpose and reason for the disposal

At the meeting of the Board of Directors held today, the Company resolved to introduce the Plan, in commemoration of the 80th anniversary of its founding, to support the asset formation of the Eligible Employees, provide them with incentives for achieving sustainable enhancement of its corporate value, and foster greater alignment of interests between the Eligible Employees and the Company's shareholders, as a measure to enhance the benefits and welfare of the Eligible Employees who are members of the Shareholding Association and are employed by the Company or its subsidiaries, by providing them with an opportunity to acquire common shares of the Company, which is issued or disposed of by the Company, as restricted shares through the Shareholding Association.

An outline of the Plan follows.

[Outline of the Plan, etc.]

Under the Plan, the Company and its subsidiaries will provide a monetary claim (the "Special Incentive Payment") to each Eligible Employee as a special incentive for the allocation of 80 shares of restricted stock per individual. The Eligible Employees will then contribute the Special Incentive Payment to the Shareholding Association. Subsequently, the Shareholding Association will make an in-kind contribution of the Special Incentive Payment to the Company, in exchange for which the Company will issue or dispose of its common share as restricted stock.

In the event that the Company newly issues or disposes of its common share under the Plan, the paid-in amount per common share shall be determined by the Board of Directors, within a scope in which the amount is not particularly favorable to the Shareholding Association (and, by extension, the Eligible Employees). Such amount shall be based on the closing price of common shares of the Company on the Tokyo Stock Exchange on the business day immediately preceding each date of the resolution of the Board of Directors related to the issuance or disposal (or, if there is no trade on such day, the closing price on the immediately preceding day on which there is any trade).

The Company and the Shareholding Association shall enter into a restricted stock allotment agreement in connection with the issuance or disposal of the common shares of the Company under the Plan. The agreement shall include provisions such as: (1) The prohibition of the transfer of allotted shares to third party, the establishment of security interests, or any other form of disposal for a certain period ("Transfer Restrictions") (2) The Company's right to acquire the allotted shares without compensation in the event that certain conditions arise. The granting of the Special Incentive Payment to the Eligible Employees shall be subject to the execution of the restricted stock allotment agreement between the Company and the Shareholding Association.

Until the Transfer Restrictions are lifted, the Eligible Employees shall be subject to withdrawal restriction on their member equity interest in the restricted stock ("Restricted Stock Equity Interest" or "RS Equity Interest"), in accordance with Shareholding Association Regulations and Operational Rules (the "Shareholding Association rules").

(Note) Prior to the Disposal of Treasury Shares, the Shareholding Association plans to resolve at its board meeting, which shall be convened promptly following the Board of Directors' resolution on the Disposal of Treasury Shares, to amend the Shareholding Association Rules in response to the Plan. The amendment is scheduled to take effect two weeks after the notification has been sent to Shareholding Association members in accordance with the Shareholding Association Rules, provided that objections are raised by less than one-third of the members.

In the Disposal of Treasury Shares, the Company shall dispose of its common share (the "Allotted Shares") to the Shareholding Association, which is the intended allottee, in accordance with the Plan. The Shareholding Association shall make payment for the shares by contributing the entire amount of the Special Incentive Payment, which has been contributed by the Eligible Employees, as an in-kind contribution. The outline of the restricted stock allotment agreement (the "Allotment Agreement") to be concluded between the Company and the Shareholding Association in connection with the Disposal of Treasury Shares is as set forth below in "3. Outline of the Allotment Agreement." The number of shares to be disposed of in the Disposal of Treasury Shares will be determined at a later date, as stated in (Note) of 1 above. However, if all 5,376 employees of the Company and its subsidiaries, who represent the maximum number of employees for the Plan, join the Shareholding Association and agree to the Plan, the planned number of shares to be disposed of will be 430,080 shares. Assuming this number of shares, the dilution ratio resulting

from the Disposal of Treasury Shares will be 0.48% of the total number of issued shares, 89,580,827 shares, as of September 30, 2025 (rounded to the second decimal place; the same rounding method applies to all percentage calculations below.), and 0.48% of the total number of voting rights, 894,188 units, as of September 30, 2025.

The introduction of the Plan aims to enhance the benefits and welfare of the Eligible Employees by providing them with an opportunity, through the Shareholding Association, to acquire common shares of the Company, which is issued or disposed of by the Company, as restricted stock. This initiative is intended not only to support the asset formation of the Eligible Employees but also to serve as an incentive for them to contribute to the sustainable enhancement of the Company's corporate value while promoting greater value sharing with the Company's shareholders. The Company believes that this initiative will contribute to the growth of the corporate value of the Group. In addition, the number of shares to be disposed of in the Disposal of Treasury Shares and the scale of dilution are considered reasonable, and we have determined that the impact on the market will be minimal, even taking into account the scale of dilution.

This Disposal of Treasury Shares will be executed on the condition that the revised Shareholding Association rules take effect by the day immediately before the disposal date and that the Allotment Agreement is conducted between the Company and the Shareholding Association during the prescribed period.

3. Outline of the Allotment Agreement

(1) Transfer Restriction period

From March 2, 2026 to May 31, 2029

(2) Conditions for the lifting of Transfer Restrictions

Transfer Restrictions on all of the Allotted Shares corresponding to the RS Equity Interests held by the Eligible Employees who fulfill the following condition will be lifted upon the expiration of the Transfer Restriction period: the Eligible Employee must have continuously remained a member of the Shareholding Association during the Transfer Restriction period.

(3) Treatment in event of withdrawal from Shareholding Association

If an Eligible Employee withdraws from the Shareholding Association during the Transfer Restriction period owing to mandatory retirement or other legitimate reasons (including cases where an Eligible Employee loses membership status, submits a request for membership withdrawal, or withdraws due to death), the Company shall lift the Transfer Restrictions on all Allotted Shares corresponding to the RS Equity Interests held by the Eligible Employee as of the date the Shareholding Association accepts the membership withdrawal request (or, in the case of a loss of membership status, the date the status was lost, or in the case of withdrawal due to death, the date of death, hereinafter referred to as the "Membership Withdrawal Acceptance Date").

(4) Treatment in event of becoming non-resident

If the Company or its subsidiaries determine that an Eligible Employee qualifies as a non-resident during the Transfer Restriction period owing to an overseas transfer or other similar circumstances, the Transfer Restrictions on all Allotted Shares corresponding to the RS Equity Interest held by the Eligible Employee as of the date such determination is made (hereinafter referred to as the "Overseas Transfer Determination Date") will be lifted as of the Overseas Transfer Determination Date.

(5) Gratuitous acquisition by Company

If an Eligible Employee engages in acts that violate laws and regulations during the Transfer Restriction period or falls under certain conditions stipulated in the Allotment Agreement, the Company shall automatically acquire, without compensation, all Allotted Shares corresponding to the RS Equity Interest held by the Eligible Employee at that time. The Company shall automatically acquire, without compensation, any Allotted Shares for which the Transfer Restrictions are not lifted at the expiration of the Transfer Restriction period or at the time of Transfer Restriction removal as stipulated in items (3) or (4) above.

(6) Management of shares

The Allotted Shares shall be managed in a dedicated account opened by the Shareholding Association with Nomura Securities Co., Ltd., during the Transfer Restriction period so that transfers, establishment of security interests, or any other form of disposal cannot be executed. The Shareholding Association shall register and manage the RS Equity Interests separately from other membership interests (the "Ordinary Equity Interest") held by the Eligible Employees, in accordance with the provisions of the Shareholding

Association rules and other regulations.

(7) Treatment in organizational restructuring, etc.

During the Transfer Restriction period, if a matter connected with organizational restructuring, etc., such as a merger agreement under which the Company is dissolved or a share exchange agreement or a share transfer plan under which the Company becomes a wholly-owned subsidiary, is approved at the Company's general meeting of shareholders (or by the Board of Directors if approval at the Company's general meeting of shareholders is not required for such organizational restructuring), the Transfer Restrictions will be lifted as of the business day immediately preceding the effective date of the organizational restructuring, etc., on all Allotted Shares held by the Shareholding Association that correspond to the RS Equity Interests held by the Eligible Employees as of the approval date.

4. Basis for calculating the disposal price and specific details thereof

The Disposal of Treasury Shares to the Shareholding Association, which is the designated allottee, will be conducted by contribution from the Eligible Employees to the Shareholding Association, using the Special Incentive Payment granted to them for the purpose of receiving restricted stock as the contribution asset. Regarding the disposal price, it has been set at ¥962, the closing price of the common shares of the Company on the Tokyo Stock Exchange Prime Market on October 29, 2025 (the business day immediately preceding the date of resolution of the Board of Directors), to eliminate arbitrariness. This is the market price immediately preceding the date of the resolution of the Board of Directors, and the Company believes that it is reasonable and does not represent a particularly advantageous price.

The deviation rate of this disposal price from the average closing price of common shares of the Company on the Prime Market of the Tokyo Stock Exchange (rounded to the second decimal place) is as follows.

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
1 month (September 30, 2025 – October 29, 2025)	¥964	-0.21%
3 months (July 30, 2025 – October 29, 2025)	¥943	2.01%
6 months (April 30, 2025 – October 29, 2025)	¥853	12.78%

Four Audit & Supervisory Board Members including two Outside Audit & Supervisory Board Members, who were present at the meeting of Board of Directors held today, have expressed their opinion that the process in which the Company determined that the above disposal price did not constitute a particularly advantageous amount for the intended allottee is reasonable and hence that the determination is proper based on the fact that the Disposal of Treasury Shares is intended for the implementation of the Plan and that disposal price is set at the closing price of the common shares of the Company on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution.

5. Matters related to procedures under corporate code of conduct

The Disposal of Treasury Shares does not require obtaining an opinion from an independent third party or confirming shareholders' intent, as stipulated in Article 432 of the Securities Listing Regulations set by the Tokyo Stock Exchange because (i) the dilution ratio is less than 25 % and (ii) the disposal does not involve a change in the controlling shareholder.

(Reference)

[Structure of Plan]

- (1) The Company and its subsidiaries provide the Eligible Employees with monetary claims as Special Incentive Payment for the grant of restricted stock.
- (2) The Eligible Employees contribute the monetary claims received in (1) above to the Shareholding Association.
- (3) The Shareholding Association consolidates the monetary claims contributed in (2) above and pays the total amount to the Company.
- (4) The Company allots the Allotted Shares as restricted stock (referred to as "RS" in the figure below) to the Shareholding Association.
- (5) The Allotted Shares are deposited into a dedicated account established by the Shareholding Association through Nomura Securities Co., Ltd., with withdrawal restrictions imposed during the restricted transfer period.
- (6) After the restriction period is lifted, the Allotted Shares will be transferred either to the Ordinary Equity Interests or a securities account under the names of the Eligible Employees.

