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April 30, 2026

To all parties concerned,

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Name of representative: Representative Director, President
Shigehiko Suhara
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# Notice on Disposal of Treasury Shares in Connection with the Introduction of a Share-Based Remuneration Plan for Management-level Employees

The Company hereby announces that, at the Board of Directors meeting held today, a resolution was passed to dispose of the Company's treasury shares (the "**Disposal of Treasury Shares**") in connection with the introduction of a share-based remuneration plan for management-level employees of the Company (the "**Management-level Employees**"), as set forth below.

Details

## 1. Overview of the disposal

| | | |
|---|---|---|
| (1) | Date of disposal | May 15, 2026 |
| (2) | Class and number of shares to be disposed of | 82,800 shares of common stock of the Company |
| (3) | Price of disposal | 2,437 JPY per share |
| (4) | Total amount of disposal | 201,783,600 JPY |
| (5) | Planned allottees of shares to be disposed of | Sumitomo Mitsui Trust Bank, Limited (Trust Account)<br>(Re-trustee: Custody Bank of Japan, Ltd. (Trust Account)) |
| (6) | Other matters | The Company has submitted an Extraordinary Report, pursuant to the Financial Instruments and Exchange Act, regarding the Disposal of Treasury Shares. |

## 2. Purpose and reasons for disposal

The Company resolved at the Company's Board of Directors meeting held on November 27, 2025 to introduce a share-based remuneration plan for Management-level Employees (the "**Plan**") to enhance the engagement of Management-level Employees and increase the Company's medium- to long-term corporate value by fostering a sense of belonging and consciousness of participating in management among Management-level Employees and heightening their awareness of the Company's performance and stock price growth.

For an overview of the Plan, please refer to the press release titled "Notice on Introduction of Share-Based Remuneration Plan for Management-level Employees" dated November 27, 2025.

The Disposal of Treasury Shares will be conducted toward the trustee of the trust, Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: Custody Bank of Japan, Ltd. (Trust Account)), which is established in connection with the introduction of the Plan (the "**Trust**").

The number of shares to be disposed of corresponds to the number of shares expected to be delivered to Management-level Employees by taking into account factors such as the composition and positions of Management-level Employees during the trust period, in accordance with the ESOP rules established by the Company in connection with the introduction of the Plan. The scale of dilution resulting from the Disposal of Treasury Shares is calculated to be 0.14% of the total number of issued shares as of December 31, 2025 (60,042,592 shares) (0.15% of the total number of voting rights as of December 31, 2025 (540,494 voting rights); with all figures rounded to the second decimal place).

The Company believes that the Plan will contribute to the enhancement of its corporate value over the medium to long term, and considers that the number of shares to be disposed of and the scale of dilution resulting from the Disposal of Treasury Shares are reasonable, and that the impact on the secondary market will be minimal.

(Reference) Overview of the Trust Agreement related to the Trust

| | |
|---|---|
| Trustor | Mitsubishi Pencil Company, Limited (the Company) |
| Trustee | Sumitomo Mitsui Trust Bank, Limited<br>(Re-trustee: Custody Bank of Japan, Ltd.) |
| Beneficiaries | Management-level Employees who satisfy the beneficiary requirements |
| Trust administrator | A third party independent of the Company and its officers is to be appointed |
| Exercise of voting rights | The trustee will exercise voting rights throughout the trust period based on instructions from the trust administrator |
| Type of trust | Trust of money other than money trust (third-party benefit trust) |
| Date of trust agreement | May 15, 2026 |
| Period of trust | May 15, 2026 to end of February 2029 (scheduled) |
| Purpose of trust | Delivering shares of the Company to beneficiaries based on the ESOP rules |

**3. Basis for calculating the disposal price and the specific details thereof**

The Company has set the disposal price at [2,277] JPY, which is the closing price on the Tokyo Stock Exchange on April 28, 2026 (the business day immediately prior to the date of resolution by the Company's Board of Directors) in light of recent stock price trends and to eliminate arbitrariness. The Company chose the closing price on the business day immediately prior to the date of the resolution of the Company's Board of Directors because it represents the market value immediately prior to the resolution date, and considers it to be highly objective and reasonable as a basis for the calculation.

End.