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To whom it may concern

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Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

TOENEC CORPORATION (the "Company") hereby announces that the Board of Directors meeting held today resolved to conduct the disposal of treasury shares (hereinafter referred to as the "Disposal of Treasury Shares" or the "Disposal") as follows.

1. Outline of disposal

(1)	Date of disposal	August 21, 2026
(2)	Class and number of shares to be disposed of	11,280 shares of the Company's common stock
(3)	Disposal price	¥2,075 per share
(4)	Total disposal amount	¥23,406,000
(5)	Recipients, number of recipients, and number of shares to be disposed of	Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors.) 4 persons, 2,515 shares Executive officers who do not serve concurrently as directors of the Company: 29 persons, 8,765 shares

2. Purpose and reason for the disposal

At the Board of Directors meeting held on April 28, 2022, the Company resolved to introduce a Restricted Stock Compensation Plan (hereinafter referred to as the "Plan") for the Company's directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter referred to as "Eligible Directors"), and executive officers who do not concurrently serve as directors (hereinafter, together with Eligible Directors, collectively referred to as "Eligible Directors, etc."), as a new compensation plan for the Eligible Directors, etc. The purpose is to provide the Eligible Directors with an incentive to continuously enhance the corporate value of the Company and to further share value with shareholders.

In addition, at the 104th Ordinary General Meeting of Shareholders held on June 28, 2022, approval was obtained for the payment of monetary claims of up to 60 million yen per year to Eligible Directors and the issuance or disposition of up to

20,000 (*) shares per year of the Company's common stock as monetary compensation to be used as contributed property for the acquisition of Restricted Shares granted under the Plan (hereinafter referred to as "Restricted Stock Compensation"), and for the transfer restriction period of the Restricted Shares to be a period from the day on which the Company's common shares are allotted under the Restricted Stock Allotment Agreement concluded between the Company and the Eligible Directors, to the time immediately after the resignation or retirement from positions predetermined by the Company's Board of Directors among the positions of officers and employees of the Company or its subsidiaries.

The outline of the Plan is as follows.

- (*) On October 1, 2024, the Company conducted a stock split at a ratio of 5 shares for 1 share of common stock, and 20,000 shares were adjusted to 100,000 shares accordingly.

[Outline of the Plan]

Eligible Directors, etc. shall make payment of the full amount of the monetary claims granted by the Company under the Plan as property contributed in kind, and shall receive the issuance or disposal of common shares of the Company. The amount to be paid in per share shall be determined by the Board of Directors on the basis of the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution of the Board of Directors (or, if no transaction has been closed on the same day, the closing price of the most recent transaction day) within a range that is not particularly favorable to Eligible Directors, etc. who subscribe for the said common shares.

In connection with the issuance or disposition of the Company's common shares under the Plan, the Company and the Eligible Directors, etc. shall enter into a Restricted Stock Allotment Agreement, which shall include provisions such as [1] the Eligible Directors, etc. shall, for a certain period of time, be prohibited from transferring to third parties, creating security interests, and otherwise disposing of the Company's common shares allotted under the Restricted Stock Allotment Agreement, and [2] the Company shall acquire such common shares without compensation upon the occurrence of certain events.

After consultation with a voluntary Nomination and Compensation Committees, the Company has decided to grant monetary claims totaling 23,406,000 yen (hereinafter referred to as the "Monetary Claims") and 11,280 shares of common stock to the Directors, etc. of the Company under the Plan with the aim of sharing the benefits and risks of stock price fluctuations with shareholders and further motivating them to strive for an increase in stock price and increase in corporate value.

In the Disposal of Treasury Shares, the 33 Eligible Directors, etc., who are the scheduled allottees, will make payment of the full amount of the Monetary Claim to the Company as property contributed in kind under the Plan and will receive disposal of the Company's common shares (hereinafter referred to as the "Allotted Shares") An outline of the restricted stock allocation agreement (hereinafter referred to as the "Allotment Agreement") to be concluded between the Company and the Eligible Directors, etc. in connection with the Disposal of Treasury Shares is as described in 3. below.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

The period from August 21, 2026 (hereinafter referred to as the "Date of Disposal") until immediately after resignation or retirement from any position as a director, executive officer, executive officer who does not concurrently serve as director, employee, advisor, consultant, or any other position equivalent thereto, of the Company or its subsidiaries

(2) Conditions for Lifting the Transfer Restrictions

On the condition that the Eligible Director has continuously held the position of any position as a director, executive officer, executive officer who does not concurrently serve as director, employee, advisor, consultant, or any other position equivalent thereto, of the Company or its subsidiaries throughout the period from the day on which the Eligible Directors commenced execution of duties until immediately prior to the conclusion of the first Annual General Meeting of Shareholders following the commencement (provided, however, that in the case of an executive officer who does not concurrently serve as a director, it shall be deemed to be the period from the commencement day of the business year containing the day of the annual shareholders meeting to the last day of the current business year.

The same shall apply hereinafter; hereinafter referred to as the “Service Period”), the transfer restriction on all of the Allotted Shares shall be lifted at the expiration of the Transfer Restriction Period.

- (3) Treatment in the event that an Eligible Director, etc. resigns or retires during the Service Period due to the expiration of his/her term of office or other justifiable reasons

[1] Time of Lifting Transfer Restrictions

If the Eligible Director, etc. resigns or retires from any of the positions such as director, executive officer, executive officer who does not concurrently serve as director, employee, advisor, consultant, or any other position equivalent thereto of the Company or its subsidiaries due to the expiration of the term of office or other justifiable reasons (including resignation or retirement due to death), the restriction on transfer shall be lifted immediately after the resignation or resignation of the Eligible Director, etc.

[2] Number of Shares Subject to Lifting of Transfer Restrictions

The number of the shares shall be calculated by multiplying the number of Allotted Shares held at the time of such resignation or retirement, as specified in [1], by the number obtained by dividing the number of months from the month including the Allotment Date (provided, however, that in the case of an executive officer who does not concurrently serve as a director, the Allotment Date shall be deemed to be the beginning of the business year to which it belongs) to the month including the day of resignation or retirement of the Eligible Directors, etc., by the number of months in the Service Period (12). (If the number exceeds 1, it shall be 1.) (If a fraction less than one share occurs as a result of the calculation, such fraction shall be rounded down.)

- (4) Acquisition by the Company at no cost

If the Eligible Directors, etc. commit an act in violation of laws or regulations during the Transfer Restriction Period, or if any other event stipulated in the Allotment Agreement occurs, the Company shall naturally acquire all of the Allotted Shares held at such time without consideration. At the time of expiration of the Transfer Restriction Period or at the time of lifting of the Transfer Restriction as specified in (3) above, the Company shall naturally acquire the Allotted Shares for which the Transfer Restriction has not been lifted, without consideration.

- (5) Treatment in Reorganization, etc.

During the Transfer Restriction Period, if a merger agreement under which the Company becomes the dissolved company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or other matters related to organizational restructuring, etc. are approved at a general meeting of shareholders of the Company (or, if such organizational restructuring, etc. does not require approval at a shareholders meeting of the Company, the board of directors of the Company), then, by a resolution of the Board of Directors, the Transfer Restriction on the shares related to such matters shall be lifted immediately prior to the business day immediately preceding the Effective Date of Organizational Restructuring, etc. with respect to the number of shares obtained by multiplying the number of Allotted Shares held at such time by the number obtained by dividing the number of months from the month including the Allotment Date (provided, however, in the case of an executive officer who does not concurrently serve as a director, the date shall be deemed to be the beginning of the business year to which the Allotment Date belongs) to the month including the date of such approval by the number of months in the Service Period (12). (If the number exceeds 1, it shall be 1.) (If a fraction less than one share occurs as a result of the calculation, such fraction shall be rounded down.) In addition, at the time immediately after the lifting of the Transfer Restriction, the Company will naturally acquire without consideration all of the Allotted Shares for which the Transfer Restriction has not been lifted.

- (6) Management of shares

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the Eligible Directors, etc. at a securities company specified by the Company in order to prevent transfer, creation of security interests, or other disposition during the transfer restriction period. In order to ensure the effectiveness of the restriction on transfer of the Allotted Shares, the Company has concluded contracts with the relevant securities company concerned with the management of the accounts of the Allotted Shares held by each Eligible Directors, etc. In addition, the Eligible Directors, etc. shall consent to the details of the management of the relevant accounts.

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

The Disposal of Treasury Shares to the Scheduled Allottees will be made using monetary claims granted as Restricted Stock Compensation for the Company's 109th fiscal year under the Plan as contributed property. The disposal price has been set at ¥2,075, which was the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on July 21, 2026 (the business day immediately preceding the date of resolution by the Board of Directors), in order to eliminate arbitrariness. Since this is the market share price immediately before the date of resolution of the Board of Directors, we believe that it is reasonable and does not fall under a particularly favorable value.