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MEMBERSHIP

August 12, 2026

Company name	COSEL CO., LTD.
Listing	Tokyo Stock Exchange Prime Market
Securities code	6905
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Notice Regarding Disposal of Treasury Shares as Performance-Linked Restricted Stock Compensation

COSEL CO., LTD. hereby announces that, at a meeting of the Board of Directors held today, the Company resolved to dispose of treasury shares as performance-linked restricted stock compensation (the "Disposal of Treasury Shares"), as described below.

1. Overview of the Disposal

(1) Payment date	September 8, 2026
(2) Class and number of shares to be disposed of	13,500 shares of the Company's common stock
(3) Disposal price	JPY 1,344 per share
(4) Total disposal amount	JPY 18,144,000
(5) Allottees	Five executive directors of the Company*: 13,500 shares * Excluding directors who are Audit and Supervisory Committee Members and outside directors.

2. Purpose and Reasons for the Disposal

At the 48th Annual General Meeting of Shareholders held on August 9, 2017, the Company introduced a performance-linked stock compensation plan for its executive directors (the "Eligible Directors") (the "Plan") in order to further clarify the linkage between compensation for the Eligible Directors and the Company's performance, enhance their motivation to contribute to the medium- to long-term improvement of the performance of the Group and the increase of corporate value, and further strengthen their management awareness focused on shareholders. At the 54th Annual General Meeting of Shareholders held on August 9, 2023, the Company changed the performance conditions under the Plan and again obtained shareholder approval for matters relating to the Plan in order to grant restricted shares to the Eligible Directors under the Plan.

The Disposal of Treasury Shares will be conducted pursuant to a resolution of the Board of Directors adopted today in order to deliver shares of the Company's common stock to the Eligible Directors in exchange for in-kind contributions of monetary compensation claims granted by the Company, based on the degree of achievement of numerical performance targets and other factors during the three fiscal years from the fiscal year ended May 20, 2024 through the fiscal year ended May 20, 2026. Shares allotted pursuant to the Disposal of Treasury Shares will be subject to transfer restrictions until the date on which the relevant Eligible Director retires as a director of the Company.

Details of the Stock Compensation Plan

1) Overview of the Plan

The Plan is a performance-linked stock compensation plan under which the Company grants shares of its common stock to the Eligible Directors based on their roles, duties and positions and the degree of achievement of corporate performance indicators. Shares of the Company's common stock are granted to the Eligible Directors after the end of the performance period described in 3) below.

2) Structure of the Plan

The Plan is implemented in accordance with the procedures described below. Because shares of the Company's common stock are granted based on the degree of achievement of corporate performance indicators, whether shares will be granted, the Eligible Directors who will receive shares and the number of shares to be granted are not determined at the time the Plan is introduced.

The performance period consists of three fiscal years as described in 3) below. The Company determines a base amount of compensation claims according to the compensation standards applicable to each Eligible Director based on his or her role, duties and position, and grants shares of the Company's common stock in accordance with the degree of achievement of numerical corporate performance targets for each fiscal year in the performance period.

When granting shares of its common stock, the Company will do so by issuing new shares or disposing of treasury shares. The Eligible Directors to receive shares and the number of shares to be granted will be determined by the Board of Directors after the end of the performance period. The Company will grant monetary compensation claims to the Eligible Directors, and the Eligible Directors will acquire shares of the Company's common stock by contributing such monetary compensation claims in kind upon the issuance of new shares or disposal of treasury shares. The aggregate amount of such monetary compensation claims will be determined by the Board of Directors within the combined fixed compensation limit for directors of JPY 200 million per year and the variable compensation limit of up to 1% of net income for the preceding fiscal year, as approved at the 54th Annual General Meeting of Shareholders held on August 9, 2023, subject to a maximum of JPY 30 million per year (JPY 90 million in total over three fiscal years) and within a range that is not particularly advantageous to the Eligible Directors subscribing for the Company's common stock.

3) Performance Period

The performance period under the Plan is three fiscal years, from the fiscal year ended May 20, 2024 through the fiscal year ended May 20, 2026.

4) Number of Shares to Be Granted to Eligible Directors under the Plan

The Company determines the base amount of compensation claims according to the compensation standards applicable to each Eligible Director based on his or her role, duties and position, and multiplies that amount by prescribed factors based on the degree of achievement of the respective targets for consolidated net sales, consolidated operating profit and consolidated ROE during the performance period. This calculation determines the amount of monetary compensation claims to be granted to each Eligible Director and, ultimately, the number of shares to be granted. The number of shares to be granted is determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors subscribing for the Company's common stock. Any fractional shares of less than one trading unit resulting from the calculation will be rounded down.

Formula

Number of shares to be granted =
Amount of compensation claims (*1) × 15% × Achievement ratio (*2) / Reference share price (*3)

The total number of shares is the sum of the amounts calculated for each of the three fiscal years using the above formula.

*1 Amount of compensation claims

Annual base compensation determined each August for each fiscal year in accordance with the compensation standards applicable to each Eligible Director based on his or her role, duties and position.

*2 Achievement ratio = (a) + (b) + (c)

(a) Consolidated net sales: performance-linked coefficient × 30%
(b) Consolidated operating profit: performance-linked coefficient × 30%
(c) Consolidated ROE: performance-linked coefficient × 40%
The performance-linked coefficient is set within a range of 0.0 to 1.2 according to the degree of performance achievement, with the numerical target level defined as 100%.

*3 Reference share price

Closing price of the Company's shares at the end of each fiscal year (or the closing price on the preceding business day if the fiscal year-end date is a non-business day).

The total number of shares of the Company's common stock to be granted to the Eligible Directors is capped at 30,000 shares per year (90,000 shares in total over three fiscal years). If the total number of issued shares of the Company increases or decreases due to a share consolidation, share split, allotment of shares without contribution or other event, the cap and the number of shares to be granted to the Eligible Directors will be adjusted reasonably in accordance with the applicable ratio.

If granting the number of shares described above could result in exceeding the maximum amount of monetary compensation claims described in 2) above or the maximum aggregate number of shares to be granted, the number of shares to be granted to each Eligible Director will be reduced by a reasonable method, such as pro rata allocation, so that the applicable limit is not exceeded.

5) Requirements for Granting Shares under the Plan

Under the Plan, shares of the Company's common stock will be granted to the Eligible Directors after the end of the performance period if the following requirements are satisfied:

- The individual served as a director of the Company during the performance period.
- The individual did not engage in certain misconduct.
- Other requirements determined by the Board of Directors as necessary to achieve the purposes of the stock compensation plan.

*1 If an Eligible Director retires during the performance period for a reason deemed legitimate by the Company, the Company will grant a pro rata number of shares of its common stock based on the number of years served up to the retirement date.

*2 An Eligible Director newly appointed during the performance period will likewise receive a pro rata number of shares based on the number of years served.

6) Treatment of Shares Allotted under the Plan

Shares allotted under the Plan will be subject to transfer restrictions until the relevant Eligible Director retires as a director of the Company.

7) Numerical Targets for the Three-Fiscal-Year Medium-Term Period Ending May 20, 2026

	FY ended May 20, 2024	FY ended May 20, 2025	FY ended May 20, 2026
Consolidated net sales	JPY 38,000 million	JPY 39,500 million	JPY 41,700 million
Consolidated operating profit	JPY 5,392 million	JPY 5,680 million	JPY 6,240 million
Consolidated ROE	8.8%	9.2%	10.0%

(The numerical targets may be revised depending on changes in the business environment.)

3. Basis for Calculating the Disposal Price and Specific Details

The Disposal of Treasury Shares will be conducted by using the monetary compensation claims granted to the allottees as property contributed in kind. In order to eliminate arbitrariness in the pricing, the disposal price has been set at JPY 1,344, which was the closing price of the Company's common stock on the Tokyo Stock Exchange on August 10, 2026 (the business day immediately preceding the date of the Board of Directors' resolution). This price is the market price immediately prior to the date of the Board of Directors' resolution and, in the absence of any special circumstances indicating that reliance on the most recent market price is inappropriate, the Company believes that it reasonably reflects the Company's corporate value and does not constitute a particularly advantageous price for the allottees.

End