

July 22, 2025

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Notice Regarding the Disposal of Treasury Shares as Restricted Stock Compensation

Osaki Electric Co., Ltd. (the “Company”) hereby announces that, the Board of Directors (the “Allotment Resolution Date”), in their meeting held on July 22, 2025, has resolved to dispose of treasury shares as outlined below (the “Disposal of Treasury Shares” or the “Disposal”).

Details

1. Outline of the Disposal

(1) Disposal date	August 7, 2025
(2) Class and number of shares to be disposed	Common shares of the Company – 61,880 shares
(3) Disposal price	¥1,034 per share
(4) Total value of shares to be disposed	¥63,983,920
(5) Persons eligible for allotment of shares and number thereof, and number of shares for allotment	Four Directors of the Company (excluding Outside Directors): 45,115 shares in total Nine Executive Officers not concurrently serving as Directors: 16,765 shares in total

2. Purpose and Reasons for the Disposal

At the Board of Directors meeting held on May 27, 2021, Osaki Electric Co., Ltd. resolved to introduce a new compensation plan in the form of restricted stock (hereinafter referred to as the “Plan”) for the directors of the Company, excluding outside directors (hereinafter referred to as the “Eligible Directors”) and Executive Officer not concurrently serving as a Director (hereinafter collectively referred to the “Eligible Directors etc.”). The purpose of the Plan is to provide incentives for improving our business performance over the medium- to long-term and to further share value with our shareholders. Furthermore, at the 107th Annual General Meeting of Shareholders held on June 25, 2021, the shareholders approved the granting of monetary compensation claims (hereinafter referred to as the “Restricted Stock Compensation”) under the Plan to the Eligible Directors, in an amount not exceeding ¥100

million per year, as consideration for the acquisition of restricted stock. The shareholders also approved the issuance or disposition of shares of the Company's common stock up to 100,000 shares per annum, and the restriction period for the transfer of such shares shall be determined by the Board of Directors and set within 30 years.

An outline of the Plan is provided below:

[Outline of the Plan]

Under the Plan, the Eligible Directors etc. shall contribute the full amount of the monetary compensation claims granted by the Company as contributions in kind and, in return, receive newly issued or disposed shares of the Company's common stock.

The per-share payment amount shall be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the relevant Board resolution (or, if no closing price is available on that date, the closing price on the most recent prior trading day).

In connection with the issuance or disposal of the Company's common stock under the Plan, the Company and each Eligible Director shall enter into a Restricted Stock Allocation Agreement. The terms of this agreement shall include the following provisions: ① For a specified period, the Eligible Directors etc. shall not transfer to Third party, pledge or otherwise dispose of the allocated shares of the Company's common stock; and ② The Company, may, under certain circumstances, acquire the allocated shares without compensation.

This time, based on the deliberations and reports of the Nomination and Compensation Committee, taking into account the objectives of the Plan, the Company's business performance, the scope of responsibilities etc. of each Eligible Director etc., and other relevant factors, and with the aim of securing talented individuals and further enhancing their motivation, the Company has resolved to grant a total of ¥63,983,920 in monetary compensation claims (hereinafter referred to as the "Compensation Claims") and allocate 61,880 shares of common stock. To ensure the long-term alignment of interests with shareholders, which is the purpose of the Plan, the transfer restriction period for this allocation has been set at thirty years.

Under the Disposal of Treasury Shares, pursuant to the Plan, the thirteen Eligible Directors etc. as planned allottees will contribute their Compensation Claims in full as contributions in kind and receive allocated shares of the Company's common stock (hereinafter referred to as the "Allocated Shares"). An overview of the Restricted Stock Allocation Agreements (hereinafter, the "Allocation Agreements") to be entered into between the Company and the Eligible Directors etc. in connection with the Disposal is provided in Section 3 below.

3. Overview of the Restricted Stock Allocation Agreement

- (1) Transfer Restriction Period from August 7, 2025, to August 6, 2055.
- (2) Conditions for Lifting Transfer Restrictions All transfer restrictions on the Allocated Shares shall be lifted at the end of the restriction period, provided that the Eligible Director etc. had continuously held any of the following positions during the restriction period: Directors of the Company or Executive Officers not concurrently serving as Director
- (3) Treatment in the Event of Resignation, Retirement due to death, or Legitimate Reasons of the Eligible Director etc. during the Restriction Period
 - ① Timing of Lifting Transfer Restrictions

If the Eligible Director etc. resigns or retires from all positions at the Company or any of its subsidiaries due to the expiration of their term, retirement due to death, or any other legitimate reason, the transfer restrictions shall be lifted immediately upon resignation of the Eligible Director etc.

② Number of Shares Eligible for Lifting of Transfer Restrictions

The number of shares shall be calculated by the number of Allocated Shares held at the time of resignation (as defined in ① above) multiplying by the number of months from the month that includes the date of resolution of the Allotment to the month that includes the resignation of the Eligible Directors etc. that dividing by 12.

Any fractional shares resulting from this calculation shall be rounded down.

(4) Acquisition without Compensation by the Company

Any Allocated Shares for which the transfer restrictions have not been lifted, either at the end of the restriction period or at the time of lifting as specified in (3), shall be automatically acquired by the Company without compensation.

(5) Treatment in the Event of Corporate Reorganization

If, during the transfer restriction period, a corporate reorganization is approved—such as a merger agreement in which the Company is the dissolving entity, a share exchange agreement or share transfer plan that results in the Company becoming a wholly owned subsidiary, or other comparable reorganization— is approved at a general meeting of shareholders (or by the Board of Directors, if such approval by the shareholders' meeting is not required), then, by resolution of the Board of Directors, the transfer restrictions shall be lifted immediately prior to the effective date of such reorganization for the number of Allocated shares held at the time of such approval multiplied by the number of Allocated Shares held at the time of resignation multiplying by the number of months from the month that includes the date of resolution of the Allotment to the month that includes the resignation of the Eligible Directors etc. that dividing by 12. (Any fractional shares resulting from this calculation shall be rounded down.) Immediately after the transfer restrictions are lifted, any remaining Allocated Shares not subject to the lifting of restrictions shall be automatically acquired by the Company without compensation.

(6) Management of Share

To prevent any transfer, pledge, or other disposition during the restriction period, the Allocated Shares shall be managed in a dedicated account established by the Eligible Director etc. at Nomura Securities Co., Ltd. To ensure enforcement of the transfer restrictions, the Company has entered into an agreement with Nomura Securities concerning the management of such accounts. The Eligible Directors etc. shall be deemed to have consented to the terms of this account management.

4. Basis and Details of the Payment Amount

The Disposal of Treasury Shares to the planned allottees will be conducted as compensation in kind, using the monetary compensation claims granted under the Plan as restricted stock compensation for the Company's 112th fiscal year. To ensure that the payment amount is not arbitrary, the disposal price has been set at ¥1,034 per share—the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on July 18, 2025 (the business day immediately preceding the date of the Board of Directors resolution). This price reflects the market value immediately prior to the resolution and is considered fair and not particularly favorable to allottees.