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WATAMI

June 29, 2026

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Name of representative: MIKI WATANABE, Representative Director, Chairman, President, and CEO
(Securities code: 7522; TSE Prime Market)
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Notice Regarding the Disposal of Treasury Stock as Restricted Stock Compensation

WATAMI CO., LTD. hereby announces that at the Board of Directors meeting held on June 29, 2026, it resolved to dispose of treasury stock (hereinafter the "Treasury Stock Disposal" or "Disposal") as follows.

1. Overview of the Disposal

(1) Date of disposal	July 28, 2026
(2) Class and number of shares to be disposed	10,839 shares of common stock of the Company
(3) Disposal price	918 yen per share
(4) Total disposal value	9,950,202 yen
(5) Allottees, number thereof, and number of shares to be disposed	3 Directors (excluding Directors who are Audit and Supervisory Committee Members), 10,839 shares

2. Purpose and Reasons for the Disposal

At the Board of Directors meeting held on May 24, 2019, the Company resolved to introduce a restricted stock compensation plan (hereinafter the "Plan") as a new compensation system for Directors of the Company excluding Directors who are Audit and Supervisory Committee Members and Outside Directors (hereinafter the "Eligible Directors"), as well as Executive Officers and employees not concurrently serving as Directors (collectively hereinafter the "Eligible Directors, etc."), for the purpose of providing medium- to long-term incentives and sharing shareholder value. Furthermore, at the 33rd Ordinary General Meeting of Shareholders held on June 24, 2019, it was approved that, under the Plan, the monetary compensation to serve as contributed assets for the acquisition of restricted stock (hereinafter the "Restricted Stock Compensation") granted to the Eligible Directors shall be an amount not exceeding 100 million yen per year, and the transfer restriction period for the restricted stock shall be a period of three to five years determined by the Board of Directors of the Company.

An overview of the Plan is as follows.

[Overview of the Plan, etc.]

Under the Plan, the Eligible Directors, etc. will receive the issuance or disposal of common stock of the Company by paying in the entire amount of the monetary compensation claims granted by the Company as property contributed in kind. The total number of common shares to be issued or disposed of by the Company to the Eligible Directors under the Plan shall not exceed 50,000 shares per year. The paid-in amount per share will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price on the closest preceding trading day if no trades are made on that day), within a range that is not particularly advantageous to the Eligible Directors, etc. subscribing to the common stock.

Furthermore, upon the issuance or disposal of the Company's common stock under the Plan, the Company and the Eligible Directors, etc. shall enter into a restricted stock allotment agreement. The contents of this agreement shall include provisions such as: ① the Eligible Directors, etc. are prohibited from transferring, creating a security interest on, or otherwise disposing of the allotted common shares of the Company for a certain period; and ② the condition for lifting this transfer restriction shall be the achievement of performance targets predetermined by the Company's Board of Directors, such as consolidated operating profit.

On this occasion, taking into consideration the purpose of the Plan, the Company's business conditions, the scope of responsibilities of each Eligible Director, etc., and various other circumstances, and with the aim of further enhancing the motivation of each Eligible Director, etc., the Company has decided to grant a total of 9,950,202 yen in monetary compensation claims (hereinafter the "Monetary Compensation Claims") and 10,839 shares of common stock. In addition, in order to realize the sharing of shareholder value over the medium to long term, which is the purpose of introducing the Plan, the transfer restriction period for this allotment has been set from the allotment date until the time of resignation, subject to fulfilling a three-year service requirement.

In the Treasury Stock Disposal, under the Plan, the two Eligible Directors scheduled to receive the allotment will pay in the entire amount of the Monetary Compensation Claims granted by the Company as property contributed in kind, and receive the disposal of the Company's common stock (hereinafter the "Allotted Shares"). The overview of the restricted stock allotment agreement (hereinafter the "Allotment Agreement") to be concluded between the Company and the Eligible Directors, etc. in this Treasury Stock Disposal is as described in 3. below.

3. Overview of the Allotment Agreement

(1) Transfer restriction period

From July 28, 2026, until the time of resignation, subject to fulfilling a three-year service period.

(2) Conditions for lifting transfer restrictions

The transfer restriction on all of the Allotted Shares shall be lifted at the time of resignation, provided that the Eligible Director, etc. has continuously remained in the position of Director of the Company or its subsidiaries during the transfer restriction period, or in the event the Eligible Director, etc. resigns from the Company during the transfer restriction period due to expiration of the term of office, mandatory retirement, death, or other justifiable reasons, subject to the achievement of the performance target set by the Company, which is a consolidated operating profit of 4 billion yen or more as recorded in the financial results for the fiscal year ending March 2026 announced by the Company (if this indicator is not displayed due to a revision of the financial results format, it shall be based on a reasonably calculated result regarding the said indicator), as well as fulfilling the three-year service requirement after the grant.

(3) Acquisition without consideration by the Company

The Company shall rightfully acquire without consideration any Allotted Shares for which the transfer restrictions have not been lifted at the expiration of the transfer restriction period.

(4) Management of shares

During the transfer restriction period, the Allotted Shares will be managed in dedicated accounts opened by the Eligible Directors, etc. at a securities company designated by the Company to prevent them from being transferred, having security interests created on them, or otherwise being disposed of during the transfer restriction period. In order to ensure the effectiveness of the transfer restrictions, etc. on the Allotted Shares, the Company has entered into an agreement with the designated securities company regarding the management of the accounts for the Allotted Shares held by each Eligible Director, etc. Additionally, the Eligible Directors, etc. shall agree to the details of the management of said accounts.

(5) Treatment during organizational restructuring, etc.

If matters regarding a merger agreement under which the Company becomes the disappearing company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary, or other organizational restructuring, etc. are approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if approval by the General Meeting of Shareholders is not required for the said organizational restructuring, etc.) during the transfer restriction period, the Board of Directors of the Company shall resolve to lift the transfer restrictions on a number of Allotted Shares reasonably determined based on the period from the commencement date of the transfer restriction period to the date of approval of the organizational restructuring, etc., and the achievement status of the performance targets specified in (2), prior to the effective date of the said organizational restructuring, etc. Furthermore, in the cases specified above, the Company shall rightfully acquire without consideration the Allotted Shares for which the transfer restrictions have not been lifted immediately after the transfer restrictions are lifted.

4. Basis of Calculation of the Payment Amount and Specific Details

To eliminate arbitrariness, the disposal price is set at 918 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 26, 2026 (the business day prior to the date of the Board of Directors resolution). This is the market share price immediately preceding the date of the Board of Directors resolution, and the Company believes it is reasonable and does not constitute a particularly advantageous price.