



June 18, 2025

To whom it may concern,

Corporate name: Sangetsu Corporation
Representative: Yasumasa Kondo, Representative Director,
President and CEO
(Code: 8130, Prime Market of TSE and Premier Market of NSE)
For inquiries: Shigenobu Maki, Executive Officer, General
Manager of Corporate Division
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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

On June 18, 2025, our Board of Directors resolved to dispose of treasury shares (hereinafter referred to as the "Treasury Stock Disposal" or "Disposal") as described below.

1. Outline of Disposal

(1)	Disposal Date	July 11, 2025
(2)	Class and Number of Shares to be Disposed	22,000 shares of common stock of our company
(3)	Disposal Price	¥2,925 per share
(4)	Total Value of shares to be Disposed	¥64,350,000
(5)	Allottees, the Number of Allottees, and the Number of Shares Disposed of	2 Directors (excluding Audit & Supervisory Committee Members): 10,000 shares 6 Executive Officers: 12,000 shares

2. Purpose and Reason for the Disposal

On May 12, 2017, our Board of Directors resolved to introduce a new compensation plan for our directors, excluding Audit & Supervisory Committee Members (hereinafter referred to as "Executive Directors") and Executive Officers (collectively referred to as "Eligible Directors"). This new compensation plan, known as the Restricted Stock Compensation Plan (hereinafter referred to as the "Plan"), is aimed at further aligning the interests of our Eligible Directors with those of our shareholders and providing a clear incentive for the sustainable enhancement of corporate value. Additionally, at the 65th Ordinary General Meeting of Shareholders on June 23, 2017, shareholders approved the Plan, authorizing the allocation of monetary compensation claims of up to 120 million yen per year to Executive Directors to acquire restricted stock, with a 30-year transfer restriction period.

The overview of the Plan is as follows:

【Overview of the Plan】

Under the Plan, Eligible Directors will convert all of their monetary compensation claims into in-kind contributions to subscribe for new common stock in our company. Our company will issue or dispose of up to 60,000 shares of common stock annually to these directors. The Board of Directors will determine the per-share payment price. This price will be calculated using the closing price of our company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board resolution (or the most recent trading day's closing price if there are no transactions on that day). The Board will ensure that this price is not unduly advantageous to the Eligible Directors receiving the shares.

Furthermore, for the issuance or disposal of our company's common stock under the Plan, a restricted stock allocation agreement (the "Allocation Agreement") will be concluded between our company and its Eligible Directors. The key terms of this agreement stipulate that: (1) Eligible Directors are prohibited from transferring, pledging, or otherwise disposing of our company's common stock allocated under this agreement (referred to as "Allocated Stock") for a defined period and (2) our company reserves the right to acquire the Allocated Stock without payment if specific conditions are met.

To enhance the motivation of our Eligible Directors and foster greater value alignment with our shareholders, we have decided to issue a total of 64,350,000 yen in monetary compensation claims (the "Monetary Compensation Claims") and 22,000 shares of common stock. This determination was made after considering the scope of their respective duties and the proportion of monetary versus stock compensation within their overall remuneration.

For this disposal of treasury shares, the eight Eligible Directors designated to receive allocated shares under the Plan will receive our company's common stock. They will exchange all of their monetary compensation claims with respect to our company, paid as an in-kind contribution, for an equivalent value of our company's common stock.

3. Outline of the Allocation Agreement

(1) Transfer Restriction Period

From July 11, 2025 to July 10, 2055

(2) Conditions for Lifting Transfer Restrictions

The Eligible Directors must continuously hold the position of either a Director or Executive Officer of our company throughout the entire restriction period.

(3) The handling of shares if one of the Eligible Directors retires or resigns during the restriction period due to the expiration of their term, reaching retirement age, or other legitimate reasons (collectively referred to as "retirement or the like"), or if they retire due to death.

① Timing for Lifting Transfer Restrictions

The transfer restrictions will be lifted immediately upon the retirement or the like of an Eligible Director from a Director or Executive Officer role at our company. This applies when their retirement or the like is due to the expiration of their term, reaching retirement age, other valid reasons, or in the event of their death.

② Calculation of Released Shares

The number of shares for which restrictions are lifted will be calculated by

multiplying the total number of allocated shares by a ratio that is derived by dividing the Eligible Director's length of service from the month at which their disposal date falls (in months) (for Executive Officers not concurrently serving as Directors, from the start month of their service in the fiscal year at which their disposal date falls) by 12. If the resulting ratio exceeds 1, it will be capped at 1. Any fractional shares are to be rounded down.

(4) Gratis Acquisition by our company

Any allocated shares that are not released from transfer restrictions will be automatically acquired by our company at no cost. This includes cases where the Eligible Director still holds a position as either a Director or Executive Officer of our company immediately before the transfer restriction period ends.

(5) Stock Management

To prevent any transfer, pledging, or other disposal of the allocated shares while they are still restricted, they will be managed in a dedicated account opened by the Eligible Directors at Nomura Securities Co., Ltd. Our company will enter into an agreement with Nomura Securities Co., Ltd. concerning the management of these accounts to ensure the effectiveness of the transfer restrictions on the allocated shares. Eligible Directors will also agree to the terms of this account management.

(6) Handling During Corporate Reorganizations, etc.

If, during the transfer restriction period, a merger agreement where our company is the disappearing entity, a stock exchange agreement or stock transfer plan where our company will become a wholly-owned subsidiary, or other corporate reorganization is approved by our company's shareholders (or by the Board of Directors if shareholder approval is not required for that specific reorganization), then, by Board resolution, the transfer restrictions will be lifted. The number of released shares will be determined by multiplying the allocated shares held at that time by a specific ratio that is calculated by dividing the number of months from the disposal date (or, for Executive Officers not also serving as Directors, from the start of their term in the fiscal year of the disposal date) up to and including the month of the reorganization approval date, by 12 (with a maximum value of 1). Fractional shares are to be rounded down. This release of restrictions will take effect immediately before the business day preceding the effective date of the corporate reorganization.

4. Rationale and Details of the Allotment Price

The disposal of treasury shares to the designated recipients is being executed as part of the Plan. To eliminate any arbitrariness in the disposal price, we have set it at 2,925 yen, equal to the closing price of our common stock on the Tokyo Stock Exchange on June 17, 2025 (the business day preceding the Board of Directors' resolution date). This price reflects the market valuation immediately prior to the Board's resolution and is considered both rational and not unduly favorable.