



July 14, 2025

To Whom It May Concern

Company Name: Kandenko Co., Ltd.
Representative: Hirofumi Tamogami, President and Executive Officer
(Securities Code: 1942, Tokyo Stock Exchange Prime Market)
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Notice Concerning Disposal of Treasury Stock as Restricted Stock-Based Compensation

At a meeting of the Board of Directors held on July 14, 2025 (the "Allotment Resolution Date"), Kandenko Co., Ltd. (the "Company") resolved to dispose of treasury stock (the "Treasury Share Disposal" or the "Disposal") as outlined below.

1. Overview of Disposal

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| (1) | Disposal date | August 8, 2025 |
| (2) | Class and number of shares to be disposed | 10,106 shares of common stock of the Company |
| (3) | Disposal price | JPY 3,324 per share |
| (4) | Total value of disposal | JPY 33,592,344 |
| (5) | Allottees, number of allottees, and number of shares to be disposed | Directors (excluding outside directors): 8 10,106 shares |
| (6) | Other | The Company filed a securities registration statement for the Treasury Share Disposal in accordance with the Financial Instruments and Exchange Act. |

2. Purpose and Reason for Disposal

At a meeting of the Board of Directors held on May 24, 2021, Kandenko Co., Ltd. resolved to introduce a new restricted stock-based compensation plan (the "Plan") for Directors other than Outside Directors (the "Eligible Directors"). The Plan aims to further align the interests of Eligible Directors with those of shareholders by sharing both the risks and benefits of stock price fluctuations and to strengthen the incentive for Eligible Directors to contribute to stock price appreciation and the enhancement of corporate value. Subsequently, the 107th Annual General Meeting of Shareholders held on June 29, 2021 approved the following items. Under the Plan, the Company may grant monetary compensation claims of up to JPY100 million per year to Eligible Directors as consideration for acquiring restricted shares (the "Restricted Stock-Based Compensation") and may issue or dispose of up to 200,000 shares of the Company's common stock per year. Shareholders also approved that the transfer restriction period for the restricted shares will continue until the Eligible Director resigns from the position predetermined by the Board of Directors.

An overview of the Plan is provided below.

(Overview of the Plan)

Eligible Directors shall contribute the entire amount of the monetary compensation claims granted by the Company as in-kind contributions and receive an allotment of newly issued or disposed shares of the common stock of the Company in accordance with the Plan. The Board or Directors determines the per-share paid-in amount based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the relevant Board resolution (or the closing price on the most recent trading day prior to that date if no trading occurred on the business day in question). The amount is set within a range that is not especially favorable to the Eligible Directors receiving the Company's common stock.

The Company enters into a restricted share allotment agreement with each Eligible Director when issuing or disposing of common stock of the Company under the Plan. This agreement includes (1) a provision prohibiting the Eligible Director, for a certain period, from transferring, creating a security interest in, or otherwise disposing of the shares allotted under the agreement and (2) a provision allowing the Company to acquire the allotted shares without compensation if certain conditions are met.

The Company resolved to grant a total monetary compensation claim of JPY 33,592,344 (the "Monetary Compensation Claim") and allot 10,106 shares of its common stock to the Eligible Directors to further enhance their motivation. This decision reflects input from the Nomination and Compensation Committee and takes into account the purpose of the Plan, Company business conditions, the scope of each Eligible Director's responsibilities, and other relevant factors.

In connection with the Treasury Share Disposal, pursuant to the Plan, all eight Eligible Directors scheduled to receive the allotment will contribute the full amount of the Monetary Compensation Claim to the Company as in-kind contributions and receive an allotment of the Company's common stock (the "Allotted Shares") through the disposal. An overview of the restricted share allotment agreement (the "Allotment Agreement") to be executed between the Company and the Eligible Directors in connection with the Treasury Share Disposal is as described in Section 3 below.

3. Overview of the Allotment Agreement

(1) Restricted period of transfer

From August 8, 2025 (the Disposal date) until the time immediately following the resignation of the Eligible Director from their position as a director of the Company.

(2) Conditions for lifting the transfer restrictions

The transfer restrictions on all of the Allotted Shares will be lifted at the expiration of the transfer restriction period, provided that the Eligible Director has continuously held the position of Director of the Company during the period from the month including the Allotment Resolution Date until the time immediately before the conclusion of the first Annual General Meeting of Shareholders thereafter (the "Service Period"). However, if the Eligible Director resigns from their position as a director of the Company for any reason other than expiration of term or other justifiable grounds, the Company will automatically acquire all of the Allotted Shares without compensation.

(3) Treatment in the event an Eligible Director resigns during the transfer restriction period due to expiration of term, mandatory retirement, or other justifiable grounds

(i) Timing of lifting the transfer restrictions

If an Eligible Director resigns from their position as a director of the Company due to expiration of term, mandatory retirement, or other justifiable grounds (including resignation due to death), the transfer restrictions will be lifted at the time immediately following such resignation.

(ii) Number of shares subject to lifting of transfer restrictions

The Company calculates the number of Allotted Shares for which the transfer restrictions will be lifted by multiplying the number of Allotted Shares held by the Eligible Director at the time of resignation as defined in (i) by a fraction, the numerator of which is the number of months from the month including the Allotment Resolution Date through the month including the resignation date, and the denominator of which is twelve (provided, however, that if the result exceeds one, the figure shall be deemed to be one. Any fractional shares resulting from this calculation will be rounded down.)

(4) Acquisition by the Company without compensation

The Company automatically acquires, without compensation, any Allotted Shares for which the transfer restrictions have not been lifted, either at the expiration of the transfer restriction period or at the time the restrictions are lifted as specified in (3) above.

(5) Management of shares

Each Eligible Director manages the Allotted Shares in a dedicated account opened at Nomura Securities Co., Ltd. to ensure that the shares cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period. The Company signed an agreement with Nomura Securities regarding the management of accounts holding the Allotted Shares held by each Eligible Director to ensure the effectiveness of the transfer restrictions. Each Eligible Director agrees to the terms of this account management.

(6) Treatment in the event of organizational restructuring

The Company will lift the transfer restrictions on shares through a resolution by the Board of Directors at the time immediately before the close of business on the business day preceding the effective date of the restructuring if, during the transfer restriction period, the General Meeting of Shareholders approves a merger agreement in which the Company becomes the dissolving entity, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matter related to organizational restructuring (or, if shareholder approval is not required, the Board of Directors approves such matter). The number of shares subject to lifting is calculated by multiplying the number of Allotted Shares held at that time by a fraction, the numerator of which is the number of months from the month including the Allotment Resolution Date through the month including the date of such approval, and the denominator of which is twelve (provided, however, that if the result exceeds one, the figure shall be deemed to be one. Any fractional shares resulting from this calculation will be rounded down). The Company will automatically acquire without compensation any Allotted Shares that remain subject to transfer restrictions immediately after the transfer restrictions are lifted.

4. Basis and details of the paid-in amount

The Company will carry out the Treasury Share Disposal to the directors scheduled to receive the allotment as restricted share-based compensation for the 111th fiscal year under the Plan, using monetary compensation claims granted as in-kind contributions. The disposal price is set at JPY 3,324, the closing price of the common stock of the Company on the Prime Market of the Tokyo Stock Exchange on July 11, 2025, the business day prior to the date of the Board resolution, to eliminate arbitrariness in pricing. The Company considers this price to reflect the market value immediately prior to the date of the Board resolution and to be reasonable and not particularly advantageous.