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July 22, 2026

To whom it may concern

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Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

GUNZE LIMITED (the “Company”) hereby announces that, today, at the meeting of the Board of Directors of the Company pursuant to Article 370 of the Companies Act and Article 26 of the Articles of Incorporation of the Company, disposal of treasury shares as restricted stock compensation (Hereinafter referred to as the "Disposal of Treasury Shares") was resolved. The details are as follows.

1. Outline of disposal of treasury shares

(1)	Date of disposal	August 6, 2026
(2)	Class and number of shares to be disposed of	Common stock of the Company: 21,453 shares
(3)	Disposal price	3,975 yen per share
(4)	Total disposal amount	85,275,675 yen
(5)	Scheduled disposal recipient	Directors of the Company(*): 6 persons, 12,612 shares Corporate Officers of the Company: 11 persons, 8,841 shares *Excluding Outside Directors.

2. Purpose and reason for disposal

At the 123rd Ordinary General Meeting of Shareholders of the Company held on June 25, 2019, the Company received approval to allocate restricted shares to the Company’s Directors (excluding Outside Directors), to set the total amount of monetary compensation claims to be paid as compensation, etc., for restricted shares of no more than 100 million yen per year, and to limit the total number of restricted shares to be allotted for each fiscal year to 26,000 shares(*), in order for the Company’s Directors (excluding Outside Directors) to further promote the sharing of shareholder value with shareholders, and with the objective of going beyond previous efforts to increase share price and sustainable enhancement of corporate value.

Today, by a resolution at the meeting of the Board of Directors of the Company pursuant to the Companies Act and the provisions of the Articles of Incorporation mentioned above, it was resolved that 21,453 shares of the Company’s common stock will be allotted as specified restricted shares by providing 85,275,675 yen in monetary compensation claims to scheduled allottees who are six Directors (excluding Outside Directors) and 11 Corporate Officers (hereinafter collectively referred to as "Allottees") of the Company, as restricted stock compensation for the period from the 130th Ordinary General Meeting of Shareholders of the Company to the 131st Ordinary General Meeting of Shareholders of the Company to be held in June 2027 for the Directors of the Company (excluding Outside Directors), and as restricted stock compensation for the 131st fiscal year of the Company (April 1, 2026 to March 31, 2027) for Corporate Officers of the Company, and by having the Allottees contribute all of the monetary compensation claims in kind. The amount of monetary remuneration claims to be granted to each Allottee has been determined after deliberation by the Nomination and Compensation Committee, which is an advisory body to the Board of Directors chaired by an Outside Director, taking into consideration various matters such as the contribution of each Allottee to the Company and the content of performance indicators. In addition, the said monetary remuneration claims will be provided on the condition that each Allottee shall execute a Restricted Shares Allocation Agreement (hereinafter referred to as "Allocation Agreement") with the Company, which generally includes the following details.

(*) As the Company implemented a 2 for 1 stock split for its common shares on April 1, 2025, 26,000 shares have been adjusted to 52,000 shares.

3. Overview of Allocation Agreement

(i) Transfer restriction period

August 6, 2026 to August 5, 2056

During the transfer restriction period (hereinafter referred to as the "Transfer Restriction Period") set forth above, the Allottees may not transfer, pledge, create a transfer security interest, gift inter vivos, bequeath or otherwise dispose of the restricted shares (hereinafter referred to as the "Allotted Shares") allocated to the Allottees to any third party (hereinafter referred to as "Transfer Restriction").

(ii) Acquisition of restricted shares without consideration

If the Allottee resigns or retires from the position of Director, Corporate Officer, and all other positions of the Company on or before the day immediately preceding the date of the first Ordinary General Meeting of Shareholders of the Company (if the Allottee is a Corporate Officer of the Company, the last day of the first fiscal year of the Company after the commencement date of the Transfer Restriction Period) after the commencement date of the Transfer Restriction Period, the Company shall automatically acquire the Allotted Shares without consideration at the time of such resignation or retirement, unless there is a reason deemed justifiable by the Board of Directors of the Company (such as expiration of term of office).

In addition, if there is any transfer restriction among the Allotted Shares which has not been lifted at the time of expiration of the Transfer Restriction Period (hereinafter referred to as the "Time of Expiration") in accordance with the provisions of the reasons for the lifting of Transfer Restrictions in (iii) below, the Company shall automatically acquire such Allotted Shares free of charge without consideration immediately after the Time of Expiration.

(iii) Lifting of Transfer Restrictions

The Company will lift the Transfer Restrictions of all the Allotted Shares held by the Allottee at the Time of Expiration, on the condition that the Allottee has continuously remained in a position of Director or Corporate Officer of the Company from the commencement date of the Transfer Restriction Period until the date of holding the first Ordinary General Meeting of Shareholders of the Company (if the Allottee is a Corporate Officer of the Company, the last day of the first fiscal year after the commencement date of the Transfer Restriction Period). However, if the Allottee retires from any position of Director or Corporate Officer of the Company before the expiration of the Transfer Restriction Period for reasons deemed justifiable by the Board of Directors of the Company (such as expiration of term of office), and if the delegation agreement or employment agreement with the Company terminates, or if the Allottee resigns due to their death, Transfer Restrictions shall be lifted for the number of the Allotted Shares obtained by dividing the number of months from July 2026 (or April 2026 if the Allottee is a Corporate Officer) to the month including the relevant retirement and termination date of agreement by 12 (provided, however, that if the result of the calculation exceeds 1, it shall be 1) and then multiplying the result by the number of the Allotted Shares held by the Allottee (however, if the Allottee resigns or retires due to death, the heir of the Allottee) at such time (if the number obtained by the multiplication includes a fraction less than one, the obtained number is rounded up).

(iv) Provisions on the management of shares

The Allottees shall complete the opening of an account with SMBC Nikko Securities Inc. to describe or record the Allotted Shares in the method designated by the Company, and shall store and maintain the Allotted Shares in the account until the Transfer Restriction is lifted.

(v) Treatment in corporate reorganizations, etc.

During the Transfer Restriction Period, if a proposal related to merger agreement under which the Company will become the dissolved company, a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or other matters related to the corporate reorganization, etc. is approved at the General Meeting of Shareholders of the Company (however, if the said corporate reorganization, etc. does not require an approval by a General Meeting of Shareholders of the Company, the Board of Directors of the Company), the Company shall, by a resolution of the Board of Directors of the Company, lift the Transfer Restriction for the number of the Allotted Shares obtained by multiplying the number of the Allotted Shares held by the Allottee on the date of such approval by the number obtained by dividing the number of months from July 2026 (or April 2026 if the Allottee is a Corporate Officer) to the month including the date of such approval by 12 (provided, however, that if the result of the calculation exceeds 1, it shall be 1) immediately prior to the business day immediately preceding the effective date of the said corporate reorganization, etc. (if the number obtained by the multiplication includes a fraction less than one, the obtained number is rounded up).

In this case, the Company shall automatically acquire all of the Allotted Shares for which Transfer Restrictions have not been lifted on the business day immediately preceding the effective date of the said corporate reorganization, etc. without consideration.

4. Basis of calculation and specific details of the amount to be paid in

The disposal price for the Disposal of Treasury Shares has been set at 3,975 yen, which is the closing price of the common stock of the Company on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the meeting of the Board of Directors of the Company (July 21, 2026), in order to set the price without arbitrariness. This is the market share price immediately before the date of resolution at the meeting of the Board of Directors of the Company, and we believe that it is reasonable and does not fall under a particularly favorable value.