

(Translation)

Notes:

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June 25, 2025

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 (Stock code: 6055,
 Tokyo Stock Exchange: Prime, Nagoya Stock Exchange: Premier)
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Notice Concerning Disposal of Treasury Shares for Restricted Stock Compensation

JAPAN MATERIAL Co., Ltd. (hereinafter, “the Company”) hereby announces that at the Board of Directors meeting held on June 25, 2025, the Company resolved to dispose of treasury shares for restricted stock compensation (hereinafter, the “Treasury Share Disposal”) as described below.

1. Overview of the Disposal

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| (1) | Date of disposal | July 24, 2025 |
| (2) | Type and number of shares to be disposed of | 19,100 ordinary shares of the Company |
| (3) | Disposal price | ¥1,463 per share |
| (4) | Total value of shares to be disposed of | ¥27,943,300 |
| (5) | Intended allottees | 8 Directors of the Company : 13,200 shares * Excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members |
| | | 3 Executive Officers of the Company : 2,400 shares |
| | | 9 Directors of the Company’s subsidiaries : 3,300 shares * Excluding Outside Directors |
| | | 1 Executive Officer of the Company’s subsidiaries : 200 shares |

2. Purpose and Reason for the Disposal

At the meeting of the Board of Directors of the Company held on May 13, 2021, the Company resolved to introduce a stock compensation plan to deliver restricted stock to Directors (excluding Outside Directors), Executive Officers, and certain employees of the Company and its subsidiaries (hereinafter, “the Plan”) with the aim of further increasing their motivation to contribute to an increase in the Company’s stock price and the improvement of corporate value. In addition, at the 24th Annual Shareholders’ Meeting held on June 23, 2021, the Company obtained approval for a proposal to set the total amount of monetary compensation claims to be granted as remuneration, etc. for restricted stock to Directors of the Company (excluding Outside Directors) at not more than ¥100,000 thousand per year; to limit the total number of shares of restricted stock to be allotted to Directors of the Company (excluding Outside Directors) in each fiscal year to not more than 83,000; and to set the transfer restriction period for restricted stock of up to three (3) years stipulated by the Board of Directors of the Company. The Company transitioned to a company with an Audit & Supervisory Committee as of June 29, 2022, and at the 27th Annual Shareholders’ Meeting held on June 26, 2024, the Company obtained approval for

a proposal to set the total amount of monetary claims to be paid to Directors (excluding Outside Directors and Directors serving as Audit & Supervisory Committee Members; hereinafter, the “Eligible Directors”) for granting restricted stock at the same amount as was the case before the transition to a company with an Audit & Supervisory Committee and to apply this retroactively from June 29, 2022.

The Company intends to implement the Treasury Share Disposal in accordance with the Plan by allotting 19,100 ordinary shares of its treasury shares in the form of restricted stock to eight (8) Eligible Directors and three (3) Executive Officers of the Company and nine (9) Directors (excluding Outside Directors) and one (1) Executive Officer of the Company’s subsidiaries (hereinafter, the “Allottees”). The amount of monetary compensation claims to be granted to each Allottee by the Company or any of its subsidiaries shall be contributed in kind in the amount of ¥27,943,300.

The amount of monetary compensation claims for each Allottee shall be determined by comprehensively taking into consideration various factors such as the contribution of each Allottee to JAPAN MATERIAL Group. In addition, monetary compensation claims shall be paid on the condition that each Allottee enters into a Restricted Stock Allotment Agreement with the Company whose details shall include the following (hereinafter, “Allotment Agreement”).

Furthermore, the transfer restriction period shall be set at three (3) years in order to achieve the purposes of introducing the Plan, which are to ensure that Allottees share the benefits and risks of stock price fluctuations with shareholders and to further increase their motivation to contribute to an increase in the Company’s stock price and the improvement of its corporate value.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From July 24, 2025 to July 23, 2028

An Allottee shall not transfer, establish a security interest or mortgage on, give as a gift during life or bequest to a third party, or otherwise dispose of in any way, the restricted stock allotted to the Allottee (hereinafter, the “Allotted Shares”) during the transfer restriction period stipulated above (hereinafter, the “Transfer Restriction Period”).

(2) Acquisition of restricted stock without consideration

In the event that an Allottee resigns or retires from any of the positions of Director, Executive Officer, and employee of the Company or any of its subsidiaries before the expiration of the Transfer Restriction Period, the Company shall rightfully acquire the Allotted Shares upon said resignation or retirement without consideration, except in cases where the Board of Directors finds a valid reason.

In addition, in the event that at the expiration of the Transfer Restriction Period (hereinafter, the “Expiration”) there are any Allotted Shares for which the transfer restrictions have not been lifted pursuant to the provisions of the conditions for lifting the transfer restrictions described in (3) below, the Company shall rightfully acquire the Allotted Shares without consideration immediately upon their Expiration.

(3) Lifting of transfer restrictions

The Company shall lift the transfer restrictions of all Allotted Shares held at the time by the Allottee upon the Expiration on the condition that the Allottee has served continuously as Director, Executive Officer, or employee of the Company or any of its subsidiaries during the Transfer Restriction Period. However, if the Allottee resigns or retires from any of the positions of Director, Executive Officer, and employee of the Company or any of its subsidiaries before the expiration of the Transfer Restriction Period due to reasons that the Company’s Board of Directors deems reasonable, the transfer restrictions on a number of Allotted Shares calculated by dividing the number of months from July 2025 until the month including the date on which the Allottee resigns or retires from any of the positions of Director, Executive Officer, and employee of the Company or any of its subsidiaries by 36 (however, if the calculation results in a number greater than 1, 1 shall be used) and multiplying that number by the number of Allotted Shares held by the Allottee at that time (however, if the calculation results in a fractional share of less than one share, that fractional share shall be rounded down) shall be lifted immediately upon said resignation or retirement.

(4) Provisions regarding management of shares

The Allottee shall complete the opening of an account with Tokai Tokyo Securities Co., Ltd. in which the Allotted Shares are entered or recorded in a manner specified by the Company and shall store and maintain the Allotted Shares in said account until such time the transfer restrictions are lifted.

(5) Handling in case of organizational restructuring, etc.

If, during the Transfer Restriction Period, a merger agreement whereby the Company will be a non-surviving party to the merger or a share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or any other matter relating to organizational restructuring, etc. is approved at a Shareholders' Meeting of the Company (or at a meeting of the Board of Directors of the Company if such organizational restructuring, etc. does not require approval of the Shareholders' Meeting), the transfer restrictions on a number of Allotted Shares calculated by dividing the number of months from July 2025 until the month including the date of approval by 36 (however, if the calculation results in a number greater than 1, 1 shall be used) and multiplying that number by the number of Allotted Shares held by the Allottee on the date of approval (however, if the calculation results in a fractional share of less than one share, that fractional share shall be rounded down) shall be lifted immediately prior to the business day preceding the effective date of said organizational restructuring, etc. by resolution of the Company's Board of Directors.

In such an event, the Company shall rightfully acquire, without consideration, all Allotted Shares for which the transfer restrictions have not been lifted, pursuant to the above provisions, as of the business day prior to the effective date of said organizational restructuring, etc.

4. Basis and Specific Details of the Calculation of the Amount to be Paid

The disposal price for the Treasury Share Disposal shall be set at ¥1,463, which is the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on June 24, 2025, the business day immediately preceding the date of resolution of the Company's Board of Directors, in order to eliminate arbitrariness. This price is the market price immediately preceding the date of resolution of the Company's Board of Directors, and we consider that this price is reasonable and does not constitute a particularly favorable amount.

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