



January 9, 2026

To whom it may concern,

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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

Hosokawa Micron Corporation ("the Company") announces that it resolved, at the Board of Directors meeting held on January 9, 2026, to dispose of its treasury shares (hereafter referred to as the "Disposal of Treasury Shares") as described below.

1. Overview of Disposal

(1) Allotment date	February 6, 2026
(2) Class and number of shares to be disposed of	6,300 common shares of the Company
(3) Disposal price	¥ 5,720 per share
(4) Total disposal amount	¥ 36,036,000
(5) Method of fulfillment of capital contribution	Contribution in kind of monetary compensation claims
(6) Allottees, number of allottees, and number of shares to be allotted	4 Directors (exclusive of outside directors) 4,500 shares 6 Corporate officers 1,800 shares
(7) Others	A Securities Notification Form has been filed pursuant to the Financial Instruments and Exchange Act regarding this Disposition of Treasury Shares.

2. Purpose and reason for the Disposal of Treasury Shares

At the Board of Directors meeting held on November 27, 2020, the Company resolved to introduce a restricted share compensation plan (hereafter referred to as "the Plan") for its directors exclusive of outside directors (hereafter referred to as the "Eligible Directors") and corporate officers (hereafter referred to as the "Eligible Directors and Officers"). This initiative is designed to provide incentives for the sustainable enhancement of the Company's corporate value and to further advance value sharing with our shareholders. In addition, the 76th Annual General Meeting of Shareholders held on December 17, 2020, approval was granted for the following matters regarding the Plan for the Eligible Directors: granting monetary compensation claims to Eligible Directors for the purpose of delivering restricted stock based on the Plan, up to an annual limit of ¥50 million and delivering restricted stock up to an annual limit of 5,000 shares. As announced in our press release entitled "Notice Regarding Stock Split, Partial Amendment to the Articles of Incorporation, and Partial Amendment to the Shareholder Benefit Program" dated August 6, 2021: Effective October 1, 2021, our common share was split at a ratio of two shares for one share. Consequently, from October 1, 2021, the total number of common shares of the Company to be newly issued or disposed of as restricted stock to the Eligible Directors under the Plan shall be an annual limit of 10,000 shares. Overview of the Plan and related matters is as described below.

[Overview of the Plan and related matters]

The Eligible Directors and Officers shall contribute all monetary compensation claims provided by the Company under the Plan as property in contribution in kind and shall receive issuance or disposal of the common shares of the Company.

The total amount of monetary compensation claims to be provided by the Company to the Eligible Directors under the Plan shall not exceed ¥50 million per year, and the total number of common shares of the Company to be issued or disposed of shall not exceed 10,000 shares per year. [However, in the event of a stock split (including the gratuitous allotment of the Company's common shares) or a consolidation of shares, or any other event that requires an adjustment to the total number of common shares to be issued or disposed of as restricted stock, the Company shall adjust such total number within a reasonable range.]

The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors resolution (or the closing price of the most recent preceding trading day if no transaction is effected on that day), within a range that is not particularly advantageous to the Eligible Directors and Officers who subscribe for the restricted stock.

In connection with the issuance or disposal of shares of common shares of the Company under the Plan, a restricted stock allotment agreement shall be concluded between the Company and the Eligible Directors and Officers. This shall include the following provisions: i) The Eligible Directors and Officers shall be prohibited from transferring, creating a security interest in, or otherwise disposing of the common shares of the Company allotted under the allotment agreement for a predetermined period. ii) The Company shall automatically acquire the allotted shares without consideration in the event that certain specified grounds occur.

The Company has decided to grant a total of ¥ 36,036,000 in monetary remuneration claims (hereafter referred to as the "Monetary Claims") and 6,300 shares of common shares. The purpose of this grant is to provide the Eligible Directors and Officers with incentives for sustainable enhancement of the Company's corporate value and to further advance value sharing with our shareholders.

Under this system of Disposal of Treasury Shares, the 10 Eligible Directors and Officers who are the planned allottees shall contribute all the Monetary Claims held against the Company as properties contributed in kind and shall receive the disposal of common shares of the Company. The summary of the restricted stock allotment agreement to be entered into between the Company and the Eligible Directors and Officers in connection with this Disposal of Treasury Shares is as described in Section 3 below.

3. Overview of restricted stock allotment agreements

(1) Transfer Restriction Period

The Transfer Restriction Period shall be from February 6, 2026, until the date on which the Eligible Directors and Officers resign or retire from their position. During this period, the Eligible Directors and Officers may not transfer, create a security interest in, or otherwise dispose of the common shares of the Company allotted to them (hereafter referred to as the "Allotted Shares").

For the purposes of this agreement, "resignation or retirement" refers to stepping down from the position of Director. However, this should not include cases where: The individual resigns as a director but concurrently assumes the position of corporate officer of the Company and the individual, who concurrently served as both director and executive officer, resigns as a director but continues to remain in office as an executive officer.

(2) Lifting transfer restrictions

The Company shall lift the transfer restrictions on all the Allotted Shares upon the expiration of the transfer restriction period, on the condition that the Eligible Directors and Officers resign or retire due to reasons set forth in the Allotment Agreement, such as expiration of the term of office or other justifiable reasons. However, if the Eligible Directors or Officers resign or retire before the expiration of a certain period specified in the Allotment Agreement due to reasons set forth therein, the Company shall reasonably adjust the number of Allotted Shares for which the transfer restrictions are to be lifted.

(3) Acquisition by the Company without consideration

The Company shall automatically acquire, for no consideration, all the Allotted Shares for which the transfer restrictions have not been lifted at the time of expiration of the transfer restriction period, effective as of the time immediately following such expiration. In addition, if any events providing for acquisition without consideration as set forth in the Allotment Agreement occur during the transfer restriction period, the Company shall automatically acquire, for no consideration, the number of Allotted Shares specified in the Allotment Agreement.

(4) Management of the Allotted Shares

To ensure that the Allotted Shares may not be transferred, subjected to security interests, or otherwise disposed of during the transfer restriction period, the Eligible Directors and Officers shall open and maintain dedicated accounts at a securities company designated by the Company. The designated securities company shall be Daiwa Securities Co. Ltd.

(5) Handling of the organizational restructuring, etc.

In the event that, during the transfer restriction period, a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or any other matters related to organizational restructuring, etc., are approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company where such organizational restructuring, etc., does not require approval by a General Meeting of Shareholders), the Company shall, by resolution of the Board of Directors, lift the transfer restrictions on a number of the Allotted Shares reasonably determined in light of the period from the commencement date of the transfer restriction period to the effective date of such organizational restructuring, etc., prior to the effective date of the said restructuring.

Furthermore, in such a case, the Company shall automatically acquire for no consideration all Allotted Shares, for which the transfer restrictions have not been lifted as of the time immediately following the lifting of transfer restrictions as described above.

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

Regarding the disposal price for the Disposal of Treasury Shares to the planned allottees, the Company has determined it to be ¥ 5,720, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors. This price was chosen to ensure that objectivity by eliminating any potential for arbitrariness.

The Company believes that the disposal price for this Disposal of Treasury Shares is reasonable and is not particularly favorable to the planned allottees.