



August 18, 2025

Company name: UNION TOOL CO.
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Notice Regarding Disposal of Treasury Shares as Restricted Stock

UNION TOOL CO. (the “Company”) hereby announces that it resolved at a meeting of the Board of Directors held today to dispose of treasury shares (the “Disposal of Treasury Shares” or “Disposal”), as follows.

1. Outline of the Disposal

(1)	Date of disposal	December 19, 2025
(2)	Class and number of shares to be disposed of	139,800 shares of the Company’s common stock
(3)	Disposal price	7,170 yen per share
(4)	Total value of disposal	1,002,366,000 yen
(5)	Allottees, the number thereof, and the number of shares to be disposed of	893 employees of the Company: 139,800 shares
(6)	Others	For the Disposal of Treasury Shares, the Company submitted an extraordinary report in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for the Disposal

At the meeting of the Board of Directors held today, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) for its employees (the “Eligible Employees”) for the purpose of providing them with incentives for sustainable enhancement of the Company’s corporate value even in a rapidly changing business environment and facilitating further sharing of the value with shareholders. The outline of the Plan, etc. is as follows.

[Outline of the Plan, etc.]

Eligible Employees shall make in-kind contributions of all of the monetary claims granted by the Company under the Plan and shall receive issuance or disposal of shares of the Company's common stock. 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 stock on the Tokyo Stock Exchange on the business day immediately prior to the date on which each resolution is made at the Board of Directors meeting (or, the closing price on the trading day immediately prior thereto if there is no trading on the relevant business day) to the extent that is not particularly advantageous to Eligible Employees who receive such shares.

In addition, for the purpose of issuing or disposing of shares of the Company's common stock under the Plan, the Company and Eligible Employees shall enter into a restricted stock allotment agreement that includes, among others, the following provisions: (i) Eligible Employees shall not be able to transfer to a third party, create a security interest on, or otherwise dispose of the shares of the Company's common stock allotted to them (the "Allotted Shares") for a certain period of time, and (ii) the Company may acquire the said shares of common stock without consideration if certain causes or events occur.

For the Disposal of Treasury Shares, the Company has decided to grant a total sum of 1,002,366,000 yen of monetary claims (the "Monetary Claims") and 139,800 shares of common stock to 893 Eligible Employees, who are scheduled allottees. Furthermore, in order to achieve the objective of the Plan, which is to promote value-sharing with shareholders over a long period, the transfer restriction period was set at 50 years this time.

Under the Plan, monetary claims for in-kind contributions will be provided by the Company to each Eligible Employee. Therefore, the wages of Eligible Employees will not be reduced as a result of the Disposal of Treasury Shares. In addition, the Allotted Shares will be allotted only to Eligible Employees, who wish to subscribe. Accordingly, if there are no applications for subscription, the Monetary Claims will be extinguished.

The outline of the restricted stock allotment agreement (hereinafter, the "Allotment Agreement") to be entered into by and between the Company and Eligible Employees in connection with the Disposal of Treasury Shares is as described in 3. below.

3. Outline of the Allotment Agreement

(1) Transfer restriction period

December 19, 2025 to December 19, 2075

(2) Conditions for lifting transfer restrictions

On the condition that an Eligible Employee holds the position of Executive Officer, employee, or other equivalent position of the Company continuously during the transfer restriction period, the Company shall lift the transfer restrictions on all of the Allotted Shares upon expiration of the transfer restriction period.

(3) Handling in cases of resignation or retirement of an Eligible Employee during the transfer restriction period due to mandatory retirement age or any other justifiable reasons

In the event that an Eligible Employee resigns or retires from the office of Executive Officer, employee, or other equivalent position of the Company due to mandatory retirement age or any other justifiable reasons (including resignation or retirement due to death), transfer restrictions on all of the Allotted Shares held at the time of the said resignation or retirement shall be lifted immediately after the resignation or retirement of the Eligible Employee.

(4) Acquisition of Allotted Shares without consideration by the Company

If an Eligible Employee commits a violation of laws or regulations during the transfer restriction period or falls under certain circumstances stipulated in the Allotment Agreement, the Company shall automatically acquire without consideration all of the Allotted Shares held at the time. In addition, the Company shall automatically acquire without consideration any Allotted Shares on which transfer restrictions have not been lifted at the time of expiration of the transfer restriction period or at the time

of lifting of transfer restrictions set forth in (3) above.

(5) Handling in cases of reorganization, etc.

In the event that, during the transfer restriction period, a merger agreement in which the Company is the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matter concerning reorganization, etc. is approved at a General Meeting of Shareholders of the Company (or by the Board of Directors of the Company if approval at the Company's General Meeting of Shareholders is not required for the said reorganization, etc.), the Company shall, based on a resolution of the Board of Directors, lift the transfer restrictions for all of the Allotted Shares held at the time. The timing of such lifting shall be immediately before the preceding business day of the effective date of reorganization, etc. Furthermore, for any Allotted Shares on which transfer restrictions have not been lifted at the time immediately after the lifting of the transfer restrictions, the Company shall automatically acquire all such Allotted Shares without consideration.

(6) Management of shares

Throughout the transfer restriction period, the Allotted Shares shall be managed in dedicated accounts at Nomura Securities Co., Ltd. opened by the Eligible Employees in order to prevent transfer of, creation of security interest on, or any other disposal of the said shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by the Eligible Employees to ensure the effectiveness of the transfer restrictions and other relevant matters pertaining to the Allotted Shares. The Eligible Employees shall consent to the details relating to the management of the accounts.

4. Basis of Calculation of the Payment Amount and Details Thereof

The Disposal of the Treasury Shares to scheduled allottees shall be conducted using monetary claims granted to the scheduled allottees as the property to be contributed for acquisition of shares. To eliminate any arbitrariness in pricing, the disposal price shall be the closing price of the common stock of the Company on the Prime Market of the Tokyo Stock Exchange on August 15, 2025 (the business day immediately preceding the date of resolution of the Board of Directors), which was 7,170 yen. This price is deemed to be rational and not particularly favorable, because it is the market share price on the day immediately preceding the date of resolution of the Board of Directors.