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Notice Concerning Disposal of Treasury Shares for Restricted Stock Compensation

TEIKOKU ELECTRIC MFG.CO.,LTD. (the "Company") hereby announces that, at its Board of Directors meeting held on June 26, 2025, it resolved to dispose of treasury shares as restricted stock compensation (the "Disposal of Treasury Shares" or "Disposal"). Details are as follows.

1. Overview of Disposal

(1) Due date of payment	July 24, 2025
(2) Class and number of stocks to be disposed of	The Company's common stock 4,900 shares
(3) Disposal price	3,250 yen per share
(4) Total disposal price	15,925,000 yen
(5) Method of offering or allotment	Allotment of specified restricted stock
(6) Method of performance of contribution	Monetary compensation receivables
(7) Recipients of allotment of stocks, number of recipients, and number of stocks to be allotted	3 Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) 4,900 shares
(8) Other matters	The Company has submitted a securities notice in accordance with the Financial Instruments and Exchange Act for the Disposal of Treasury Shares.

2. Purpose and Reason for Disposal

At a meeting of the Board of Directors held on May 19, 2025, the Company resolved to introduce a new restricted stock compensation plan (the "Plan"), under which the restriction on transfer will be lifted upon retirement, for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; the "Eligible Directors"), with the aim of further increasing their willingness to contribute to the sustainable improvement of the

Company's corporate value by holding restricted stock until the time of retirement or resignation of Eligible Directors, and to realize value sharing with shareholders as long as possible.

At the 121st Ordinary General Meeting of Shareholders held on June 26, 2025, the Company approved the payment of receivables of up to 50,000 thousand yen per year to Eligible Directors and the issuance or disposal of up to 50,000 shares of the Company's common stock per year as compensation for investment in restricted stock under the Plan.

In line with the introduction of the Plan, the restricted stock compensation approved at the 114th Ordinary General Meeting of Shareholders held on June 28, 2018, which sets a transfer restriction period of 3 years from the time of grant of stocks, will be abolished and no stocks will be granted in the future.

3. Outline of the Plan, etc.

Under the Plan, each fiscal year, in principle, the Eligible Directors will be granted monetary compensation claims in order to allocate restricted stock, and the monetary compensation claims will be paid in as assets contributed in kind, and the shares of common stock of the Company will be issued or disposed of. Under the Plan, the total amount of monetary compensation claims for Eligible Directors shall be 50,000 thousand yen or less per year, and the Board of Directors shall decide the specific timing and allocation of payment to each Eligible Director.

The total number of common stock to be issued or disposed of by the Company under the Plan shall be not more than 50,000 shares per year to Eligible Directors, and the amount to be paid in per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange as of the business day immediately preceding the day of the resolution of each Board of Directors (if no transaction has been closed on the same day, the closing price of the most recent transaction day).

In addition, upon the issuance or disposition of the Company's common stock under the Plan, the Company and the Eligible Directors shall enter into a Restricted Stock Allotment Agreement, which shall include the following provisions: (1) Eligible Directors shall not transfer, create security interests, or otherwise dispose of the Company's common stock allotted under the Restricted Stock Allotment Agreement for a certain period of time; and (2) in case of certain events, the Company shall acquire the common stock without consideration.

Taking into consideration the purpose of the Plan, the Company's performance, the scope of responsibilities of each Eligible Directors, and various circumstances, the Company has decided to grant a total of 15,925,000 yen in monetary compensation claims and 4,900 shares of common stock of the Company to the Eligible Directors.

In addition, the transfer restriction period is until the time of retirement in order to further enhance the desire to contribute to the sustainable improvement of the Company's corporate value, which

is the purpose of introducing the Plan, and to realize value sharing with shareholders as long as possible.

Upon the Disposal of Treasury Shares, the three Eligible Directors, who are scheduled to be allotted, will distribute all of the monetary compensation claims to the Company as assets contributed in kind under the Plan and will subscribe for the common stock to be disposed of by the Company.

4. Overview of Restricted Stock Allotment Agreement

The Company and each Eligible Director will individually enter into a Restricted Stock Allotment Agreement (the "Allotment Agreement"), an outline of which is as follows.

(1) Transfer Restriction Period

During the period from the date of disposition (July 24, 2025; the "Disposal Date") until the time at which the person resigns or retires from any position as a Director, Corporate Auditor, Executive Officer or employee of the Company or the Company's subsidiary (the "Group") (however, in the case where the said time is before the expiration of a day exceeding three months after the end of the fiscal year to which the Disposal Date belongs, the time of expiration of a day exceeding three months after the end of the fiscal year to which the Disposal Date belongs) (the "Transfer Restriction Period"), the common stock of the Company allocated under the Allotment Agreement (the "Stocks") may not be transferred, pledged as security interests or otherwise disposed of.

(2) Conditions for Cancellation of Transfer Restrictions

The Company shall, in principle, cancel the transfer restriction of all of the Stocks upon the expiration of the Transfer Restriction Period on the condition that the Eligible Directors have been in any position of Director, Corporate Auditor, Executive Officer or employee of the Group continuously during the period from the day following the Ordinary General Meeting of Shareholders immediately preceding the Disposal Date to the day of the next Ordinary General Meeting of Shareholders (the "Service Provision Period").

(3) Grounds for Free Acquisition by the Company

(i) In the event that it is determined that an Eligible Director will retire or resign from any position of Director, Corporate Auditor, Executive Officer or employee of the Group without due cause such as death, expiration of term of office or retirement age, the Company shall acquire all of the Stocks without consideration.

(ii) Other reasons for free acquisition shall be stipulated in the Allotment Agreement based on the resolution of the Board of Directors of the Company.

(4) Treatment of Death and Mid-term Retirement

Notwithstanding the provisions of (1) and (2) above, if an Eligible Director retires or resigns from

any position as a Director, Corporate Auditor, Executive Officer, or employee of the Group due to death or other justifiable reasons during the Service Provision Period, the restriction on transfer shall be lifted at the time of such retirement or resignation by the number obtained by multiplying the number of the Stocks (however, if a fraction of less than one share occurs as a result of the calculation, it shall be rounded up) by the number obtained by dividing the number of months from the month including the date of the Ordinary General Meeting of Shareholders immediately prior to the Disposal Date until the month including the date of such retirement or resignation by 12 (however, if the result of the calculation exceeds 1, it shall be 1). In addition, the Company will naturally acquire the Stocks for which the transfer restrictions have not been lifted without consideration immediately after the transfer restrictions have been lifted.

(5) Treatment in Organizational Restructuring, etc.

Notwithstanding the provisions of (1) and (2) above, if a merger agreement under which the Company becomes the disappearing company, a stock exchange agreement under which the Company becomes a wholly-owned subsidiary, or a stock transfer plan or other matters related to organizational restructuring, etc. are approved at an Ordinary General Meeting of Shareholders of the Company (provided, however, that in cases where the organizational restructuring, etc. does not require approval at a shareholders meeting of the Company, the Board of Directors of the Company) during the Transfer Restriction Period, the Company shall, by resolution of the Board of Directors, cancel the transfer restrictions related to the number of the Stocks obtained by multiplying the number of the Stocks obtained by dividing the number of months from the month including the date of the Ordinary General Meeting of Shareholders immediately prior to the Disposal Date to the month including the date of such approval by 12 (however, if the result of the calculation exceeds 1, it shall be 1) by the number of the Stocks (however, if a fraction of less than one share occurs as a result of the calculation, it shall be rounded up) immediately prior to the business day immediately preceding the effective date of the organizational restructuring, etc. In addition, the Company will naturally acquire the Stocks for which the transfer restrictions have not been lifted without consideration immediately after the transfer restrictions have been lifted.

(6) Treatment in Tender Offer, etc.

Notwithstanding the provisions of (1) and (2) above, in the event that a tender offer prescribed in Article 27-2 or lower of the Financial Instruments and Exchange Act (the "Tender Offer") is commenced for the common stock of the Company during the Transfer Restriction Period, and in the event that the Eligible Directors make a written request to the Company to cancel the transfer restrictions in order to tender their shares in the Tender Offer, the transfer restrictions shall be cancelled for all the Stocks on a date separately determined by the Board of Directors of the Company.

(7) Management of Stocks

During the Transfer Restriction Period, the Stocks shall be managed in a dedicated account opened by the Eligible Directors at Nomura Securities Co., Ltd. so that the Stocks may not be transferred, pledged as security interests, or otherwise disposed of during the Transfer Restriction Period. The Company and the Eligible Directors have entered into an agreement with Nomura Securities Co., Ltd. in connection with the management of the accounts of the Stocks held by each Eligible Director in order to ensure the effectiveness of transfer restrictions, etc. of the Stocks.

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

The paid-in price for the Disposal of Treasury Shares has been set at 3,250 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on June 25, 2025 (the business day immediately preceding the date of the resolution by the Board of Directors), in order to set the price without arbitrariness. This is the market share price immediately before the date of resolution of the Board of Directors, and the Company believes that it is reasonable and does not fall under a particularly favorable value.