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Notice Regarding Disposal of Treasury Shares as Restricted Stock Incentive for Employee Stock Ownership Plan

Mizuno Corporation (the "Company") announced the introduction of the Restricted Stock Incentive Plan for the Employee Stock Ownership Plan (the "Incentive Plan") on February 7, 2025 and hereby announces that at the Board of Directors meeting held today, it was resolved to dispose of the Company's treasury shares as restricted stock (the "Disposal of Treasury Shares" or "Disposal"), with the Mizuno Employee Stock Ownership Plan (the "Ownership Plan") as the scheduled allottee, based on the Plan as follows.

1. Overview of the Disposal

(1)	Date of disposal	August 12, 2025
(2)	Type and number of shares to be disposed of	61,000 shares of the common shares of the Company (Note)
(3)	Disposal price	2,573 yen per share
(4)	Total disposal amount	156,953,000 yen (Note)
(5)	Method of disposal (Scheduled allottee)	On the condition that an application for subscription is made by the Ownership Plan, the Company will allocate to the Ownership Plan the number of shares to be subscribed for as determined by the Ownership Plan within the range of the number of shares to be disposed of as stated in (2) above, using the method of third-party allotment (the number of shares allocated will be the number of shares to be disposed of). (Mizuno Employee Stock Ownership Plan: 61,000 shares) Partial applications for the number of shares granted from each eligible employee (as defined below) will not be accepted.
(6)	Other	With regard to the Disposal of Treasury Shares, we have submitted a special report pursuant to the Financial Instruments and Exchange Act.

(Note) The "number of shares to be disposed of" and "total disposal amount" are calculated based on the assumption that 20 shares of the Company's common shares will be granted as restricted stock to each of the 3,050 employees of the Group which is the maximum number of employees eligible for the Incentive Plan. The number of shares to be actually disposed of and the actual total disposal amount will be determined based on the number of employees (maximum 3,050 employees) of the Company and its subsidiaries (the "Eligible Employees") who agree to the Plan after recommending membership to non-members of the Ownership Plan and confirmation of consent to the Incentive Plan among the members of the Ownership Plan. Specifically, as stated in (5) above, the number of shares applied for as determined by the Ownership Plan will be the "number of shares to be disposed of," and the amount obtained by multiplying this number by the disposal amount per share will be the "total disposal amount." The Company or its subsidiaries will uniformly provide each Eligible Employee with a monetary claim of 51,460 yen, and the Company will uniformly allocate 20 shares to each Eligible Employee through the Ownership Plan.

2. Purpose and Reason for the Disposal

As stated in the "Notice Regarding the Introduction of the Restricted Stock Incentive Plan for the Employee Stock Ownership Plan" announced February 7, 2025, the Company has resolved to introduce the Incentive Plan with the aim of providing employees of the Company and its subsidiaries who join the Ownership Plan with opportunities to acquire the Company's common shares as restricted shares issued or disposed of by the Company, through the Ownership Plan, so as to support asset building of the Eligible Employees. In addition, the Incentive Plan is intended to encourage the Eligible Employees to become more aware of the Company's business performance and stock price, as well as provide a method to further share value with the Company's shareholders, which will then increase their initiative, willingness to contribute, and motivation toward the enhancement of corporate value.

An overview of the Incentive Plan is as follows:

[Overview of the Incentive Plan]

Under the Incentive Plan, the Company and its domestic subsidiaries will provide Eligible Employees with monetary claims as special incentives to grant 20 shares of restricted stock per Eligible Employee (the "Special Incentives"), and Eligible Employees will contribute the Special Incentives to the Ownership Plan. Then, the Ownership Plan will receive the issuance or disposal of the Company's common shares as restricted stock by making a contribution in kind to the Company from the Special Incentives contributed by the Eligible Employees.

Under the Incentive Plan, when newly issuing or disposing of common shares of the Company, the amount to be paid for each share of common share shall be determined by the Board of Directors within the range that is not particularly advantageous to the Ownership Plan (and consequently to the Eligible Employees) based on the closing price of the Company's common share on the Tokyo Stock Exchange on the business day immediately preceding the date of a resolution of the Board of Directors on the issuance or disposal (the closing price of the most recent trading day prior to that day if no transaction is executed on that day).

When the Company's common shares are newly issued or disposed of under the Incentive Plan, the Company and the Ownership Plan will enter into a restricted stock allotment agreement which includes provisions that (1) the Ownership Plan is prohibited to transfer to a third party, create a security interest on, or otherwise dispose of the allotted shares for a certain period of time (hereinafter, the "Transfer Restrictions") and (2) the Company shall acquire the allotted shares without contribution if certain circumstances arise. In addition, the provision of the Special Incentives to Eligible Employees will be made on the condition that a restricted stock allotment agreement is concluded between the Company and the Ownership Plan.

In accordance with the Ownership Plan Regulations and the Detailed Regulations on Operation of the Ownership Plan (the "Ownership Plan Regulations, etc.") (Note), the Eligible Employees will be restricted from withdrawing their member interests in the restricted stocks that they will hold in accordance with the monetary claims they have contributed to the Ownership Plan (the "Restricted Stock Equity Interest" or "RS Equity Interest") until the Transfer Restrictions are lifted.

(Note) Prior to the Disposal of Treasury Shares, the Ownership Plan plans to resolve to amend the Ownership Plan Regulations, etc. at its board meeting to be held promptly after the date of the resolution of the Board of Directors regarding the Disposal of Treasury Shares to align with the Incentive Plan. Such amendment is scheduled to become effective when two (2) weeks have elapsed after the notice is sent to the members of the Ownership Plan in accordance with the Ownership Plan Regulations, etc. after the board meeting and the objections from the members of the Ownership Plan are less than one-third (1/3) of the total members.

With respect to the Disposal of the Treasury Shares under the Incentive Plan, the Company's common shares (the "Allotted Shares") will be disposed of to the Ownership Plan, the scheduled allottee, in exchange for all of the Special Incentives contributed by the Eligible Employees as contribution in kind. The overview of the Allotment Agreement to be entered into by the Company and the Ownership Plan regarding the Disposal of Treasury Shares is described in "3. Overview of the Allotment Agreement" below. As described in Note of Section 1 above, the number of shares to be disposed of in the Disposal of Treasury Shares is to be fixed at a later date, but if all 3,050 employees of the Company and its subsidiaries who are eligible to participate in the Incentive Plan join the Ownership Plan and agree to the Incentive Plan, the number of shares to be disposed of is scheduled to be 61,000 shares. Please note that the scale of stock dilution based on the Treasury Stock Disposal is, when based on the foregoing number of shares disposed of, 0.08% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 79,734,729 shares as the total number of issued shares as of May 31, 2025, and is 0.08% of 763,161 voting rights as the total number of voting rights as of March 31, 2025, (The Company executed a 3-for-1 split of its common stock on April 1, 2025, that held by the shareholders recorded on the shareholder registry as of March 31, 2025. Therefore, the total number of issued shares and the total number of voting rights as of May 31, 2025, are calculated and displayed at a ratio of 3 shares for each common stock, and the dilution percentage is calculated.)

The introduction of the Incentive Plan is with the aim of providing employees of the Company and its subsidiaries who join the Ownership Plan with opportunities to acquire the Company's common shares as restricted shares issued or disposed of by the Company, through the Ownership Plan, so as to support asset building of the Eligible Employees. In addition, this is intended to enhance their awareness of the Company's performance and stock price, promote further value sharing with our shareholders, and increase motivation for improving corporate value. We believe that the Disposal of Treasury

Shares will contribute to increasing the corporate value of the Group, and have determined that the number of shares to be disposed of and the extent of dilution resulting from the Disposal of Treasury Shares are reasonable, and that the impact on the market will be minimal even considering the extent of dilution.

Please note that the Treasury Stock Disposal will be implemented on the condition that the amended Ownership Plan Regulations, etc. become effective by the day preceding the date of disposal of the Treasury Stock Disposal, and that the Allotment Agreement between the Company and the Ownership Plan will be concluded during the application period.

3. Overview of Allotment Agreement

(1) Transfer Restriction Period

From August 12, 2025 to August 9, 2030

(2) Condition for lifting of the Transfer Restrictions

On the condition that the Eligible Employees have been a member of the Ownership Plan on a continuing basis during the Transfer Restriction Period, the Transfer Restrictions shall be lifted at the expiration of the Transfer Restriction Period for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees who have satisfied such condition.

(3) Treatment upon terminating the membership of the Ownership Plan

If an Eligible Employee withdraws from the Ownership Plan due to retirement or other valid reasons during the Transfer Restriction Period (referring to cases where the Eligible Member loses eligibility or applies for withdrawal, including the case of withdrawal due to death), the Company shall lift the transfer restrictions on all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee on the date of the Ownership Plan receives the application for withdrawal application (In the event of loss of membership, the date of loss of membership (in the case of withdrawal due to death, the date of death) shall be deemed the date of withdrawal, the "Date of Receipt of Withdrawal Application").

(4) Treatment upon becoming a non-resident

In cases where the Company or its subsidiaries determine that an Eligible Employee will fall under the category of a non-resident during the Transfer Restriction Period due to overseas transfer or any other cause, effective the date on which such determination is made (the "Determination Date for Overseas Transfer"), the Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by such Eligible Employee on the Determination Date for Overseas Transfer.

(5) Acquisition without payment of any contribution by the Company

If an Eligible Employee commits a violation of laws or regulations during the Transfer Restriction Period or falls under any of the other circumstances in the Allotment Agreement in any material respect, the Company shall, at its sole discretion, acquire without payment all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee at that time. In addition, the Company shall automatically acquire, without payment of any contribution, the Allotted Shares for which the Transfer Restrictions have not been lifted at the time of the expiration of the Transfer Restriction Period or at the time of the lifting of the Transfer Restrictions as prescribed in (3) or (4) above.

(6) Management of stocks

During the Transfer Restriction Period, the Allotted Shares shall be managed in a dedicated account opened by the Ownership Plan at Nomura Securities Co., Ltd. in order to ensure that the Ownership Plan neither transfers, creates any security interest on, nor otherwise disposes of the Allotted Shares during that period. Furthermore, the Ownership Plan shall register and manage, pursuant to the provisions of the Ownership Plan Regulations, etc., Restricted Stock Equity Interests separately from other member interests held by Eligible Employees (the "Ordinary Equity Interests").

(7) Treatment upon reorganization, etc.

In cases where, during the Transfer Restriction Period, approval is obtained for a merger agreement wherein the Company becomes the extinct company, a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding reorganization, etc., at a general meeting of shareholders of the Company (however, in cases where the reorganization, etc., in question does not require approval from a general meeting of shareholders of the Company, the Board of Directors of the Company), the Transfer Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the Ownership Plan as of the date of the approval in question immediately prior the business day preceding the effective date of the reorganization, etc., based on the resolution of the Board of Directors.

4. Basis of Calculation and Specific Details of the Disposal Value

The Disposal of Treasury Shares to the Ownership Plan, the scheduled allottee, will be executed by the Eligible Employees contributing the Special Incentives provided to the Eligible Employees for the grant of the restricted stock to the Ownership Plan as contribution in kind. To eliminate any arbitrariness in the disposal value, the closing price for the Company's common stock on May 12, 2025 (the business day before the day of resolution of the Board of Directors) on the Tokyo Stock Exchange Prime Market of 2,573 yen is used as the disposal value. As this is the market share price immediately before the date of resolution of the Board of Directors, the Company believes that it is rational and not a particularly advantageous value.

Note that the deviation rate (rounded off to two decimal places) of this disposal value from the average closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price (any value less than 1 yen shall be rounded off)	Deviation rate
1 month (April 14, 2025 to May 12, 2025)	2,475 yen	3.96%
3 months (February 13, 2025 to May 12, 2025)	2,559 yen	0.55%
6 months (December 13, 2024 to May 12, 2025)	2,698 yen	(4.63)%

The Company's Audit and Supervisory Committee (comprising three members, including two outside directors) has expressed its opinion that the Disposal Value is not particularly advantageous to the Scheduled Allottees and is lawful, considering that the Disposal of Treasury Shares is for the purpose of introducing the Incentive Plan and that the Disposal Value is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors.

5. Matters related to the procedures under the Code of Corporate Conduct

For the Disposal of Treasury Shares, it is not required to acquire an opinion from an independent third party or perform procedures to confirm the intent of shareholders as set forth in Article 432 of the Securities Listing Regulations stipulated by the Tokyo Stock Exchange because (1) the dilution ratio is less than 25%, and (2) it does not result in a change of the controlling shareholder.

(Reference)

[Structure of the Incentive Plan]

- (1) The Company or its subsidiaries will provide the monetary claims to the Eligible Employees as Special Incentives to grant the restricted stock.
- (2) The Eligible Employees will contribute the monetary claims described in (i.) above to the Ownership Plan.
- (3) The Ownership Plan will collect the monetary claims contributed in (ii.) above and pay to the Company.
- (4) The Company will allot the Allotted Shares to the Ownership Plan as restricted stock (referred to as "RS" in the figure below).
- (5) The Allotted Shares will be deposited in a dedicated account opened by the Ownership Plan through Nomura Securities Co., Ltd. and the withdrawals will be restricted during the Transfer Restriction Period.
After the Transfer Restrictions are lifted, the Allotted Shares will be transferred to either the Ordinary Equity Interests or a security account under the name of the Eligible Employees.

