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June 18, 2025

To whom it may concern

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Securities code: 9052
Listing: Prime Market of the Tokyo Stock Exchange
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Notice Concerning Disposal of Treasury Shares Through Third-Party Allotment In Connection With Continuation of Stock-Based Remuneration System

Sanyo Electric Railway Co., Ltd. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held today, to dispose of treasury shares as stock-based remuneration (the "Disposal of Treasury Shares"), as follows.

1. Overview of disposal

(1)	Date of disposal	July 8, 2025 (Tuesday)
(2)	Class and number of shares to be disposed of	Company common shares 45,000shares
(3)	Disposal price	1,999yen per share
(4)	Total disposal amount	89,955,000yen
(5)	Scheduled disposal recipient	Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: Custody Bank of Japan, Ltd. (Trust Account))
(6)	Other matters	The Company has submitted a securities notification 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 16, 2022, the Company resolved to introduce a stock-based

remuneration system (the "System") with the aim of further clarifying the link between the remuneration of Directors who concurrently serve as Executive Officers of the Company (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors, and the value of the Company shares, and to raise awareness of contributing to the improvement of medium- to long-term business performance and the increase in corporate value by allowing Directors who concurrently serve as Executive Officers of the Company (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors to share with shareholders the benefits and risks arising from stock price fluctuations. The introduction of the System for Directors who concurrently serve as Executive Officers of the Company was approved at the 133rd Ordinary General Meeting of Shareholders held on June 17, 2022. In addition, it was approved at the 136th Ordinary General Meeting of Shareholders held today, to extend the scope of the System to Directors who concurrently serve as Executive Officers of the Company (excluding Directors who are audit and supervisory committee members and Outside Directors; hereinafter, such Directors, and Executive Officers who do not concurrently serve as Directors, are collectively referred to as "Directors, etc.") due to a transition to a company with an Audit and Supervisory Committee. (The System continues to apply to Executive Officers who do not concurrently serve as Directors.) The System has been continued to the present.

For an overview of the System, please refer to the "Notice Concerning the Introduction of Stock-Based Remuneration System for Officers" dated May 16, 2022.

The Disposal of Treasury Shares will be conducted to Sumitomo Mitsui Trust Bank, Limited (trust account), the trustee of the trust (the "Trust") that has been established for the introduction of the System (re-trustee: Custody Bank of Japan, Ltd. (trust account)).

The number of shares to be disposed of will be equivalent to the number of shares expected to be delivered to Directors, etc., based on the Share Delivery Regulations established by the Company upon introduction of the System and taking into consideration the position of and changes in composition of Directors, etc., of the Company during the extended trust period, and the scale of dilution will be 0.20% of the total number of issued shares 22,330,598 shares as of March 31, 2025 (0.20% of the total number of voting rights 221,685 as of March 31, 2025. All figures are rounded off to two decimal places.)

The Company believes that the System will clarify the link between the remuneration of Directors, etc. of the Company and the value of the Company shares, and will lead to an increase in corporate value of the Company over the medium to long term. Therefore, the Company believes that the number of shares to be disposed of and the scale of dilution resulting from the Disposal of Treasury Shares are reasonable, and that the impact on the secondary market will be minimal.

(Reference) Overview of the Trust Agreement for the Trust

Settlor	Sanyo Electric Railway Co., Ltd.
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: Custody Bank of Japan, Ltd.)
Beneficiary	Among Directors who concurrently serve as Executive Officers of the Company and Executive Officers who do not concurrently serve as Directors, those who satisfy beneficiary requirements
Trust administrator	The Company and a third party independent from the officers of the Company

Exercise of voting rights	During the period of the trust, voting rights pertaining to the shares in the Trust shall not be exercised.
Type of trust	Money held in trust other than money trusts (Third party trust)
Date of trust agreement	August 22, 2022 (Monday)
Trust period	August 22, 2022 (Monday) to the end of August 2028 (scheduled)
Purpose of the trust	Delivery of the Company shares to beneficiaries in accordance with Share Delivery Regulations

3. Basis of calculation of disposal price and specific details thereof

The disposal price has been set at 1,999yen, which is the closing price on the Tokyo Stock Exchange on June 17, 2025 (the business day immediately prior to the date of resolution at the meeting of the Board of Directors), in order to eliminate arbitrariness in light of recent stock price trends. The closing price on the business day immediately prior to the date of resolution at the meeting of the Board of Directors was determined to be the market value immediately prior to the date of resolution at the meeting of the Board of Directors and to be a highly objective and reasonable basis for calculation.

The deviation rate is $\Delta 0.15\%$ from the average closing price of 2,002yen (rounded down to the nearest yen) for the last month from the business day immediately prior to the date of resolution at the meeting of the Board of Directors (May 19, 2025 to June 17, 2025), $\Delta 0.45\%$ from the average closing price of 2,008yen (rounded down to the nearest yen) for the last three months (March 18, 2025 to June 17, 2025), or $\Delta 0.65\%$ from the average closing price of 2,012yen (rounded down to the nearest yen) for the last six months (December 18, 2024 to June 17, 2025) (All deviation rates are rounded off to two decimal places).

As a result of taking the above into consideration, the disposal price for the Disposal of Treasury Shares is not particularly favorable to the scheduled disposal recipient and is considered reasonable.

Regarding the above disposal price, the Audit and Supervisory Committee (composed of three members, of which two are Outside Directors) expressed their opinion that the basis for the calculation of the disposal price is reasonable and that the disposal price is not particularly favorable to the scheduled disposal recipient and is legitimate.

4. Matters concerning the procedure required by the corporate code of conduct

Since the Disposal of Treasury Shares (1) has a dilution ratio of less than 25% and (2) does not involve a change in controlling shareholders, the procedures for obtaining an opinion from an independent third party and confirming the intentions of shareholders as prescribed in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange are not required.