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Press Release

FOR IMMEDIATE RELEASE

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Tokyo Stock Exchange Prime Market, Sapporo Stock Exchange
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Notice Regarding Disposal of Treasury Stock as Restricted Stock Incentive for the Employee Shareholding Associations

Kanamoto Co., Ltd. (the "Company") hereby announces that, at the Board of Directors' meeting held today, the Company has resolved to implement a Restricted Stock Incentive Plan (hereinafter, the "Plan") for the Kanamoto Employee Shareholding Associations (hereinafter, the "ESA")and to dispose of treasury stock as restricted stock (hereinafter, "Disposal of Treasury Stock" or "Disposal") as follows by designating the ESA as the scheduled allottee.

1. Overview of the Disposal

(1)	Disposal date	October 21, 2024
(2)	Class and number ofshares to be disposed of	The Company's common stock 248,640 shares (Note)
(3)	Disposal value	2,570yen per share
(4)	Total value of disposal	639,004,800yen (Note)
(5)	Allottees andnumber thereof,number of shares to be allotted	By way of third party allotment, on the condition that applications for the ESA to be the recipient are made, the number of shares allotted to the ESA will be within the number of shares to be disposed of in (2) above, which is the number of shares the ESA designated as available for application (the number of allotted shares and the number of shares to be disposed of are the same). (The ESA:248,640 shares)
(6)	Other	The Disposal of Treasury Stock is conditional upon the taking effect of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act.

(Note) The figures for the "number of shares to be disposed of" and the "total value of disposal" represent the maximum amount as calculated with the assumption that there are 4,144 employees of the Company and its subsidiaries, with each employee limited to 60 shares of the Company's restricted common stock. The actual number of shares to be disposed of and the total value of disposal will be determined by promotional initiatives to increase ESA members and the number of employees from the Company and its subsidiaries who agree to the Plan after their agreement is verified ("Eligible Employees") (a maximum of 4,144 employees). Specifically, as in (5) above, the number of shares available for application as established by the ESA will be the "number of shares to be disposed of" and the total value of disposal will be the disposal value of each share multiplied by the number of shares. The Company and its subsidiaries shall provide monetary claims in the amount of 154,200 yen to each Eligible Employee. The Company will allocate 60 shares to each Eligible Employee through the ESA

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2. Purposes and Reasons for the Disposal

At the Board of Directors' meeting held today, the Company resolved to introduce the Plan for the Eligible Employees among employees of the Company and its subsidiaries who are members of the ESA as a measure for enhancing the benefits of the Eligible Employees, aiming to support the wealth-building of the Eligible Employees by providing opportunities to acquire restricted stock that the Company issues or disposes of through the ESA, and also to give an incentive to the Eligible Employees to make continuous improvements to the corporate value, while also further promoting shared value with the Company's shareholders.

The outline of the Plan is as follows.

[Outline of the Plan]

In the Plan, the Company and its subsidiaries shall provide monetary claims as a special incentive for granting restricted stock ("Special Incentive") to the Eligible Employees at 60 shares per person, and the Eligible Employees shall contribute their Special Incentive to the ESA. Subsequently, the ESA shall provide to the Company the Special Incentive contributed by the Eligible Employees by way of in-kind contribution, and in turn shall receive the disposal of the Company's common stock as the restricted stock.

The amount per share to be paid for the Company's common share in cases where such common share is to be newly issued or disposed of based on the Incentive Plan shall be determined by the Board of Directors to the extent that it is not particularly favorable for the ESA (and by extension for 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 the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

In issuing or disposing of the Company's common share based on the Incentive Plan, the Company and the ESA will execute a restricted stock allotment agreement, the outline of which includes (1) the ESA are prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted share to a third party during a certain restriction period (hereinafter the "Restriction"), and (2) the Company shall make acquisition of the allotted share without payment of any contribution if certain events occur. Furthermore, the Incentive Bonus will be paid to the Eligible Employees on the condition that the restricted stock allotment agreement is executed between the Company and the ESA.

Moreover, concerning the Eligible Employees' member equity interest pertaining to the allotted shares to be held by the Eligible Employees in proportion to the monetary claims contributed to the ESA (the "Restricted Stock Equity Interest" or "RS Equity Interest"), the Eligible Employees shall be restricted from withdrawing the restricted stock corresponding to the Restricted Stock Equity Interest until the Transfer Restrictions are lifted based on the rules and management regulations of the ESA (the "ESA Rules") (Note).

(Note) Soon after the Board of Directors' meeting pertaining to the treasury stock disposal, the ESA will hold an administrative board meeting where, in anticipation of the Disposal, a resolution to revise the ESA Rules in accordance with the Plan is expected. After the administrative board meeting, ESA members will be informed of the revisions in accordance with the ESA Rules. It is expected that two weeks after the ESA members are informed, those in opposition will amount to less than one third of the ESA members, making the revisions effective.

In the Disposal of Treasury Stock, the Company's common stock ("Allotted Shares") shall be disposed of to the ESA as a result of it being the scheduled allottee that contributes to the Company all of the Special Incentive contributed from the Eligible Employees by way of in-kind contribution based on the Plan. In the Disposal of Treasury Stock, the outline of the restricted stock allotment agreement to be executed between the Company and the ESA ("Allotment Agreement") is as described in "3. Outline of Allotment Agreement" below. While the number of shares to be disposed of in the Disposal of Treasury Stock is expected to become fixed at a later date as described in (Note) of 1. above. If all the 4,144 employees of the Company and its subsidiaries, the maximum number of Eligible Employees under the Plan, join the ESA and approve of the Plan, 248,640 shares will be disposed of. The scale of dilution due to the Disposal of Treasury Stock is, when based on the foregoing maximum amount, 0.64% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 38,742,241 shares, the total number of issued shares as of April 30, 2024. The scale of dilution due to the Disposal of Treasury Stock is 0.70% against the total number of voting rights of 353,139 voting rights as of April 30, 2024.

The Company considers that by introducing the Plan as a measure of enhancing the benefits of the Eligible Employees, it will support the wealth-building of the Eligible Employees by providing opportunities to acquire restricted stock that the Company issues or disposes of through the ESA, and also give an incentive to Eligible Employees to make continuous improvements to the corporate value, while also contributing to further promote shared value with the Company's shareholders. Accordingly, the Company deems that the number of shares to be disposed of and the scale

of dilution due to the Disposal of Treasury Stock is reasonable and that this dilution will have negligible impact on the market.

Moreover, the Disposal of Treasury Stock shall be carried out on the condition that the revision to the ESA Rules, which is to be carried out before the date of disposal for the Disposal of Treasury Stock, becomes effective, and the Allotment Agreement is entered into between the Company and the ESA during the application period.

3. Outline of Allotment Agreement

(1) Transfer restriction period

October 21, 2024 – October 31, 2029

(2) Condition for lifting of Transfer Restrictions

On the condition that an Eligible Employee had been a member of the ESA on a continuing basis during the transfer restriction period, the Transfer Restrictions shall be lifted as of the expiration of the transfer restriction period for all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee who satisfied such condition.

(3) Treatment upon terminating membership of the ESA

If an Eligible Employee terminates their membership of the ESA during the transfer restriction period because they are appointed as an officer (excluding cases where they do not forfeit their eligibility to ESA membership), retire at the retirement age, end their employment due to the expiry of their contract period, or get reassigned to a group company (excluding group companies included in the scope of rules of the ESA), or other valid reason (refers to cases where the Eligible Employee forfeits their eligibility to ESA membership or cases where an application to terminate membership is made, and includes termination of membership due to death), the transfer restrictions of all of the number of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by that Eligible Employee on the date the Eligible Employee's application to terminate membership is received by the ESA (or in the case the ESA eligibility was forfeited, the date that eligibility was forfeited (in the case of membership termination due to death, the date of death), hereinafter the "Membership Termination Application Receipt Date") shall be lifted on the Membership Termination Application Receipt Date.

(4) Treatment in the case of non-residents of Japan

If a decision is made by the Company or one of its subsidiaries during the transfer restriction period that causes an Eligible Employee to become a non-resident of Japan through being reassigned overseas, the transfer restrictions of all of the number of Allotted Shares corresponding to the Restricted Stock Equity Interest held by that Eligible Employee on the date that decision is made (hereinafter the "Overseas Reassignment Decision Date") shall be lifted on the Overseas Reassignment Decision Date.

(5) Acquisition by the Company for free of charge

If an Eligible Employee terminates their membership of the ESA during the transfer restriction period for a reason other than because they are appointed as an officer (excluding cases where they do not forfeit their eligibility to ESA membership), retire at the retirement age, end their employment due to the expiry of their contract period, or get reassigned to a group company (excluding group companies included in the scope of rules of the ESA), or other valid reason, or if they suspend their contributions to the ESA (excluding cases where such suspension of contribution is due to circumstances caused by the Company or one of its subsidiaries, or cases based on unavoidable circumstances on the side of the Eligible Employee), or if they have violated laws and regulations or their action falls under other grounds stated in this Allotment Agreement, the Company shall acquire, by rights, for free of charge, all or part of the number of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by that Eligible Employee at that time. Moreover, the Company shall acquire, by rights, for free of charge the Allotted Shares for which the Transfer Restrictions have not been lifted at the time the transfer restriction period expires, or the time the transfer restriction period is lifted as provided for in (3) and (4) above.

(6) Administration of shares

During the transfer restriction period, the Allotted Shares shall be administered in a dedicated account opened at Nomura Securities Co., Ltd. by the ESA to ensure that the ESA neither transfers, nor creates any security interest on, nor otherwise disposes of the Allotted Shares during such period. In addition, the ESA shall register and administer, pursuant to the provisions of the ESA Rules, the Restricted Stock Equity Interest to be held by the Eligible Employees in relation to the Allotted Shares separately from the member equity interest held by the Eligible Employees in relation to the shares acquired by the ESA not based on the Plan ("Ordinary Equity Interest").

(7) Treatment in the event of organizational restructuring, etc.

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (however, in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company, by the Board of Directors of the Company), the Transfer Restrictions shall be lifted, by a resolution of the Board of Directors, as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., for all of Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESA on the date of such approval.

4. Basis of calculating the disposal price and other specific details

The Disposal of Treasury Stock to the ESA as the scheduled allottee is conducted by the Eligible Employees contributing to the ESA the Special Incentive provided to the Eligible Employees for the granting of restricted stock by way of in-kind contribution. The company determined the disposal price to be 2,570 yen, the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on June 6, 2024 (the business day prior to the date of the resolution of the Board of Directors), in order to eliminate any arbitrariness in such price. As this is the market price immediately prior to the date of the resolution of the Board of Directors, the Company believes that it is rational and not a particularly an advantageous price.

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

Term	Average closing price of the Company shares (less than 1 yen is rounded down)	Deviation rate
One month (May 7, 2024 – June 6, 2024)	2,649 yen	-2.98%
Three months (March 7, 2024 – June 6, 2024)	2,667 yen	-3.64%
Six months (December 7, 2023 – June 6, 2024)	2,753 yen	-6.65%

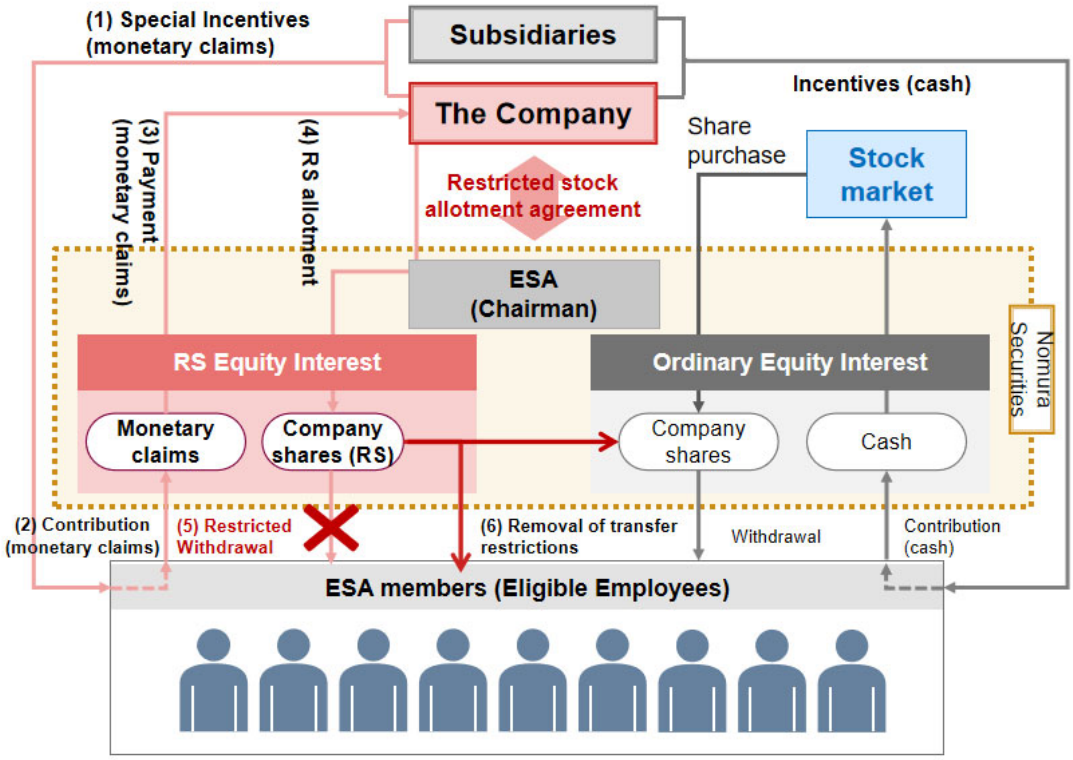
All five Corporate Auditors (including three Outside Corporate Auditors) who attended the Board of Directors meeting held today expressed an opinion that the disposal price above does not fall under an amount that is particularly favorable to the scheduled allottee and followed due process in light of the fact that it is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the business day prior to the date of a resolution of the Board of Directors.

5. Matters related to procedures under the code of corporate conduct

Concerning the Disposal of Treasury Stock, as (1) the dilution rate is less than 25% and (2) it does not involve the change of the controlling shareholder, there is no need to take procedures for obtaining the opinion of an independent third party and confirming the intention of shareholders as set forth in Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange

(Reference)
[Structure of the Plan]

(1) The Company and its subsidiaries pay the monetary claims to their Eligible Employees who agreed to the Plan as Special Incentives for the granting of restricted stock
(2) The Eligible Employees contribute the monetary claims to the ESA
(3) The ESA pays the monetary claims collectively for allotment to the Company
(4) The Company allots the Allotted Shares to the ESA as restricted stock (“RS” in the chart below)
(5) The Allotted Shares are held in a dedicated account opened by the ESA through Nomura Securities, and withdrawal by the ESA’s members will be restricted during the transfer restriction period
(6) The Allotted Shares are transferred to the Ordinary Equity Interest or a securities account in the name of the Eligible Employee after the removal of transfer restrictions



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