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Notice of Regarding Disposal of Treasury Stock as Restricted Stock Compensation for the Employee Shareholding Association

At today's Board of Directors meeting, Toyota Boshoku Corporation resolved to introduce the Employee Stock Ownership Plan Restricted Stock Incentive Program (hereinafter referred to as "the Program"). Based on this resolution, the Company approved the disposal of treasury shares as restricted stock to the Toyota Boshoku Employee Shareholding Association (hereinafter referred to as "ESA"), the planned allocation recipient. We hereby inform you of this resolution.

1. Overview of the Disposal

(1) Disposal date	September 3, 2026
(2) Class and number of shares to be disposed	38,470 shares of common stock of the Company (Note)
(3) Disposal price	2,148 yen per share
(4) Total value of shares to be disposal	82,633,560 yen (Note)
(5) Method of disposal	By third-party allotment (ESA: 38,470 shares)

(Note) The "number of shares to be disposed of" and "total disposal amount" apply to the maximum number of employees eligible for this system, including executive management grade, senior management grade and management grade employees, who are the largest number eligible for this system. It is calculated assuming that shares will be granted as restricted stock transfers, and the actual number of shares to be disposed of and the total disposal amount will be determined by the number of shares to be disposed of after the membership promotion for non-members of this stock ownership plan and the confirmation of consent to this system among members of the stock ownership plan have been completed. Eligible employees are up to 1,369 people and the number of shares granted per person according to the qualifications and duties of employees as defined by our company (executive management grade: up to 22 people, 470 shares; senior management grade and management grade: Pattern 1: up to 9 people, 40 shares; Pattern 2: up to 101 people, 30 shares; Pattern 3: up to 1,237 people, 20 shares). The number of shares offered by the ESA is the "number of shares to be disposed of," and the total amount of disposal is multiplied by the disposal price per share by that number.

2. Purpose and Reason for the Disposal

At today's Board of Directors meeting, through this stock ownership plan, we aim to create opportunities for the company to acquire the company's issued or disposed common shares as restricted shares, thereby promoting greater value sharing with our shareholders and providing incentives for employees to continuously enhance our corporate value. We have resolved to introduce this system aimed at helping the employees build their assets.

The overview of this system is as follows.

【Overview of this system, etc.】

Under this system, the Company will grant the eligible employees' special incentives as restricted stock through monetary claims (hereinafter referred to as "this Special Incentive Fund") will be paid, and eligible employees will contribute this special incentive to ESA. Furthermore, by contributing this special incentive fund contributed by eligible employees to the company in kind, the company will receive the issuance or disposal of our common shares as restricted stock.

When newly issuing or disposing of our common shares under this system, the payment amount per share shall be based on the closing price of our common shares on the Tokyo Stock Exchange on the business day prior to the date of each board resolution related to the issuance or disposal (if no transaction is completed on that day, the closing price on the most recent trading day prior to that date). The Board of Directors will decide on the amount within a range that does not become particularly advantageous to ESA (and thus the eligible employees).

When issuing or disposing of our company's common shares under this system, the Company and ESA must: (1) prohibit the transfer of the allocated shares to third parties, the establishment of security interests, or other disposals (hereinafter referred to as "transfer restrictions") for a certain period. (2) If certain circumstances arise, the Company will acquire the allocated shares free of charge, and the agreement will be entered into a restricted stock allocation agreement. Furthermore, the payment of this special incentive to eligible employees is conditional on the conclusion of a restricted stock allocation agreement between the Company and ESA.

Until transfer restrictions are lifted, eligible employees must comply with the Shareholding Plan's Articles of Regulation and the Detailed Rules for Shareholding Plan, etc. (hereinafter referred to as "these Shareholding Association, etc.") Based on (Note), the member interest held by the eligible employee in the restricted stock held in accordance with the monetary claims contributed to this stock ownership plan (hereinafter referred to as the "Restricted Stock Interest" or "RS Interest") shall be considered. Withdrawals are restricted.

(Note) ESA, which is held promptly after the Board of Directors resolution regarding the disposal of treasury shares, plans to pass a resolution at the board of directors meeting to comply with this system at the board meeting, in accordance with this system, to amend the Articles of Incorporation and other relevant regulations. After two weeks of notification to members, if objections are less than one-third of the total number of ESA members, the regulation is expected to take effect.

In the disposal of treasury shares, under this system, the planned allocation recipient of the stock ownership association pays all the special incentive funds contributed by the eligible employees as in-kind capital assets, thereby transferring the Company's common shares (hereinafter referred to as "allotted shares") to the stock ownership plan. In this disposal of treasury shares, the restricted stock allocation agreement (hereinafter referred to as the "Allotment Agreement") concluded between the Company and ESA is summarized in the section below "3. Overview of this allotment agreement." The number of shares disposed in this treasury stock disposal is as shown in 1,ss stated in (Note), the number of employees eligible for this system will be finalized at a later date, but if all of our 1,369 employees—the maximum number eligible for this system—join this stock ownership plan and agree to this plan, the number of shares is expected to be 38,470. Assuming such number of shares to be disposed of, the scale of dilution of shares in this treasury share disposal is 0.02 % (rounded to the third decimal place). The calculation of the ratio is the same as follows. and represents 0.02% of the total voting rights as of March 31, 2026, which is 1,785,527.

The introduction of this system is intended to enhance employee welfare by creating opportunities through this stock ownership plan to acquire the company's issued or disposed common shares as restricted shares, thereby promoting greater value sharing between eligible employees and shareholders, and providing incentives to the employees to continuously enhance the company's corporate value. The purpose is to help the employees build their assets, and it is believed to contribute to the increase of our company's corporate value. The number of shares disposed and the scale of dilution in the disposal of treasury stock are reasonable, and furthermore, even considering the scale of this dilution, we judge that the impact on the market will be minimal.

It should be noted that the disposal of treasury shares will take effect of the amended Articles of Association, etc., and other relevant regulations by the day before the disposal date related to the disposal of treasury shares, and that the allotment agreement between the Company and ESA will be concluded within the prescribed period.

3. Overview of this allotment agreement

(1) Transfer Restriction Period

From September 3, 2026 to October 31, 2031

(2) Conditions for lifting transfer restrictions

Provided that the eligible employee has continuously been a member of ESA during the restriction

period, the transfer restrictions will be lifted upon expiration of all allotted shares corresponding to the restricted stock interests held by the eligible employee who meets those conditions.

(3) Handling of withdrawal from this ESA

If an eligible employee withdraws from this ESA during the transfer restriction period due to retirement age or other legitimate reasons (meaning loss of membership or withdrawal application, including withdrawal due to death), the Company shall treat the date on which this Shareholding Association accepts the withdrawal application of the target employee (if membership qualification is lost, the date of loss of such qualification; in the case of withdrawal due to death, the date of death), hereinafter referred to as the "date of withdrawal application acceptance". The transfer restrictions shall be lifted on the date of withdrawal application acceptance for all allocated shares corresponding to the restricted stock interest held by the relevant eligible employee.

(4) Handling when you become a non-resident

During the transfer restriction period, due to overseas transfers or similar reasons, all allocated shares corresponding to the restricted stock interests held by the relevant target employee shall be lifted from the transfer restrictions on the date of the overseas transfer decision.

(5) Free acquisition by our company

If an eligible employee commits a legal violation during the transfer restriction period or falls under certain circumstances specified in this allotment agreement, the company automatically acquires all the allotted shares corresponding to the restricted stock interest held by the relevant employee free of charge. Furthermore, the Company will automatically acquire these allotted shares free of charge for which the transfer restrictions have not been lifted at the time the transfer restriction period expires or at the time the transfer restrictions are lifted as specified in (3) or (4) above.

(6) Stock management

To prevent transfer, establishment of security interests, or other disposals during the restricted period, the allotted shares will be managed in a dedicated account opened by the Stock Ownership Association at Nomura Securities Co., Ltd. during the restriction period. Furthermore, in accordance with the provisions of the Articles of Association, the Stock Ownership Association shall repay the restricted stock shares held by the target employees for other member interests (hereinafter referred to as "ordinary interests") are separately registered and managed.

(7) Treatment in Organizational Restructuring, etc.

During the transfer restriction period, if matters related to the merger agreement in which the company becomes the dissolved company, a stock exchange agreement in which the company becomes a wholly owned subsidiary, or other matters related to organizational restructuring are approved by the Company's General Meeting of Shareholders (however, if approval by the General Meeting of Shareholders is not required for such restructuring, the Board of Directors), by resolution of the Board of Directors, on the date of such approval, all allowable shares held by ESA in proportion to the restricted stock interests held by the target employees shall be lifted as of the business day immediately before the effective date of organizational restructuring, etc.

4. Basis for Calculating Payment Amounts and Their Specific Details

The disposal of treasury shares to the planned allocation recipient, ESA, is carried out by the employees contributing the special incentive funds paid to eligible employees for restricted stock grants as capital assets, with the eligible employees contributing to the stock ownership plan. Regarding the disposal amount, to eliminate arbitrariness, we use 2,148 yen which is closing price of our common shares on the Tokyo Stock Exchange Prime Market on June 11 2026 (business days before the board resolution date) . This refers to the market share price just before the board resolution date and does not correspond to a reasonable or particularly favorable amount.

The deviation rate of this disposal amount from the average closing price of our common shares on the Tokyo Stock Exchange Prime Market (rounded to the nearest third decimal place) is as follows.

Period	Average closing price (any amount less than 1 yen shall be rounded off)	Deviation rate
1 month (May 12 to June 11, 2026)	2,242 yen	-4.19%
3 months (March 12 to June 11, 2026)	2,378 yen	-9.67%
6 months (December 12, 2025 to June 11, 2026)	2,565 yen	-16.26%

All 5 auditors (including 3 outside auditors) who attended today's Board of Directors meeting stated that the disposal of treasury shares is intended for the introduction of this system, and that it does not constitute a particularly favorable amount for the allotment recipient and is lawful because the disposal amount uses the closing price of our common shares on the Tokyo Stock Exchange Prime Market on the business day prior to the Board resolution date.

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

This disposal of treasury stock does not require obtaining an opinion from an independent third party or confirming the intent of shareholders as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25%, and (ii) it does not involve any change in the controlling shareholder.

