



July 18, 2024

Company name: Morinaga Milk Industry Co., Ltd.
5-2, Higashishimbashi 1-chome, Minato-ku,
Tokyo
Representative: Yohichi Ohnuki,
President & Representative Director
(Code: 2264, Prime Market of the Tokyo Stock Exchange)

Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

Morinaga Milk Industry Co., Ltd (hereafter, “the Company”) hereby announces that the Board of Directors, at its meeting held on July 18, 2024, resolved to dispose of treasury stock (hereafter, the “Disposal of Treasury Stock”) as restricted stock compensation, of which details are as follows.

1. Outline of the disposal

(1) Payment date	August 9, 2024
(2) Class and number of shares to be disposed of	23,800 shares of common stock of the Company
(3) Disposal price	3,485 yen per share
(4) Total value of shares to be disposed of	82,943,000 yen
(5) Scheduled allottees	7 Directors of the Company (*) 23,800 shares * Excluding External Directors

2. Purpose of and reasons for the disposal

At the meeting of its Board of Directors held on April 26, 2018, the Company passed a resolution to introduce a restricted stock compensation plan under which restricted shares are allotted to the Directors of the Company (excluding External Directors) (hereafter, “the Plan”), the aim of which is to promote the sharing of merits and risks of stock price fluctuations between the Directors of the Company (excluding External Directors) and the shareholders, and to provide the same with greater incentive than in the past to contribute to the rise of the Company’s stock price and enhancement of its corporate value. Additionally, at the 95th Annual General Meeting of Shareholders held on June 28, 2018, it was approved, among other things, that the total amount of monetary compensation claims to be granted to the Directors of the Company (excluding External Directors) based on the Plan shall not exceed ¥120 million per annum, that the total number of restricted stock to be allotted to the Directors of the Company (excluding External Directors) each fiscal year shall not exceed 30,000 shares (*), and that the transfer restriction period of the restricted stock shall be a period of 20 to 30 years, which shall be determined by the Board of Directors of the Company.

Based on the resolution passed at its meeting of the Board of Directors held on July 18, 2024, the Company resolved to allot 23,800 shares of the Company’s common stock as restricted stock, by granting the 7 Directors of the Company (excluding External Directors) (hereafter, the “Eligible

Officer”) monetary compensation claims of 82,943,000 yen as restricted stock compensation for the period from the 101st Annual General Meeting of Shareholders of the Company to the 102nd Annual General Meeting of Shareholders of the Company scheduled to be held in June 2025, and the Eligible Officers making in-kind contribution of all such monetary compensation claims. The amount of monetary compensation claims to each Eligible Officer shall be determined by taking various factors comprehensively into consideration, including the level of each Eligible Officer’s contribution to the Company. Furthermore, said monetary compensation claims shall be granted subject to certain conditions, including conclusion of an allotment agreement for restricted stock between each Eligible Officer and the Company (hereafter, the “Allotment Agreement”) which contains substantially the following terms.

With respect to the transfer restriction period, a period of 30 years is set in consideration of the purpose of introducing the Plan, which is to promote the sharing of the merits and risks of share price fluctuations with the shareholders and to provide greater incentive than in the past to contribute to the rise of the Company’s stock price and enhancement of its corporate value.

* The Company enacted a 2-for-1 stock split of its common stock effective December 1, 2023. The maximum total number of shares of restricted stock represents after adjusting for this stock split.

3. Outline of the allotment agreement

(i) Transfer restriction period

August 9, 2024 – August 8, 2054

The Eligible Officers shall not transfer to a third party, create a pledge, create a security interest, make an inter vivos gift, make a bequest, or otherwise dispose of the relevant restricted shares allotted during the transfer restricted period as specified above (hereafter, “the Transfer Restricted Period”).

(ii) Acquisition of restricted shares at no cost

In the event an Eligible Officer retires at any time between the date of the commencement of the Transfer Restriction Period and the day immediately preceding the first subsequent Annual General Meeting of Shareholders of the Company, the Company shall as a matter of course acquire at no cost the restricted shares allotted to said Eligible Officer (hereafter, “the Allotted Shares”) at the time of said retirement except where there is a reason which the Board of Directors of the Company deems to be justifiable (expiration of his/her term of office, etc.).

Furthermore, in the event any part of the Allotted Shares is still subject to transfer restriction pursuant to the provisions in (iii) below regarding circumstances for the removal of transfer restriction at the time of the expiration of the Transfer Restriction Period (hereafter, the “Expiration Date”), the Company shall automatically acquire at no cost said shares at a point in time immediately after the Expiration Date.

(iii) Removal of transfer restriction

On the condition that an Eligible Officer has remained in the position of Director of the Company continuously during the period from the start of the Transfer Restriction Period to the date of the first subsequent Annual General Meeting of Shareholders of the Company, the Company shall remove as of the Expiration Date transfer restriction on all of the Allotted Shares held by the Eligible Officer as of said date. However, in the event that an Eligible Officer retired prior to the expiration of the Transfer Restriction Period for a reason which the Board of Directors of the

Company deems to be justifiable (expiration of his/her term of office, etc.), transfer restriction shall be removed at a point in time immediately after said retirement with respect to the Allotted Shares the number of which shall be obtained by dividing by 12 the number of months passed from July 2024 up to and inclusive of the month of retirement from the office of Director of the Company (however when the resulting number is more than 1, the number shall be set at 1), and then multiplying this value by the number of Allotted Shares held by the relevant Eligible Officer at such point in time (any fractions less than one resulting from the calculation shall be rounded down).

(iv) Rules on the administration of shares

The Eligible Officers shall complete procedures for opening an account at SMBC Nikko Securities Inc. in the manner as designated by the Company for stating or recording matters related to the Allotted Shares, which shall be kept and maintained in said account until such time that the transfer restriction has been removed.

(v) Treatment in case of organizational restructuring, etc.

If, during the Transfer Restriction Period, any matter relating to a merger agreement in which the Company becomes the dissolving company, a share exchange agreement, or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other organizational restructuring is approved at a General Meeting of Shareholders of the Company (or, if an approval at a General Meeting of Shareholders of the Company is not required regarding the above mentioned organizational restructuring, etc., then the approval of the Board of Directors of the Company), pursuant to the resolution of the Board of Directors of the Company, the transfer restriction on the Allotted Shares of a number obtained by dividing by 12 the number of months passed from July 2024 up to and inclusive of the month in which said approval was given (however when the resulting number is more than 1, the number shall be set at 1]), and then multiplying this value by the number of Allotted Shares held by the relevant Eligible Officer as of the date of said approval (any fractions less than 1 resulting from the calculation shall be rounded down), shall be removed immediately prior to the business day preceding the effective date of such organizational restructuring, etc.

In such a case, pursuant to the provisions mentioned above, all Allotted Shares on which transfer restriction has not been removed as of the business day immediately preceding the effective date of the organizational restructuring, etc. shall be acquired as a matter of course by the Company at no cost on said date.

4. Basis of calculation of the payment amount and specific details thereof

To eliminate arbitrariness in the determination of the disposal price, said price shall be set at 3,485 yen, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors of the Company (July 17, 2024). As this is the market price of the day immediately preceding the day of resolution of the Board of Directors of the Company, we believe it is reasonable and does not represent a particularly favorable price.

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