May 14, 2025

News Release

TS TECH Co., Ltd.
Masanari Yasuda, Representative Director, President
(Stock code: 7313, Tokyo Stock Exchange Prime Market)
Contact: Mahoro Kurata, General Manager,
Corporate Communication Department
Tel. +81-48-462-1121

TS Tech to dispose of treasury stock as transfer-restricted share-based incentives as part of employee stock ownership plan

In its meeting held on May 14, 2025, as outlined below, the board of directors of TS TECH Co., Ltd. ("Company" hereinafter) resolved to dispose of shares of treasury stock ("Disposal" hereinafter). The treasury stock is marked for allotment to the TS Tech Employee Stock Ownership Plan ("ESOP" hereinafter) based on the system of transfer-restricted share-based incentives under the employee stock ownership plan ("System" hereinafter).

Details

1. Overview of disposal

(1)	Date of disposal	August 29, 2025
(2)	Class and number of shares marked for disposal	112,970 shares of Company common stock * (Calculations assume the allotment of 65 shares, to commemorate the 65th anniversary of the Company's founding, to each of the maximum number of eligible permanent and full-time employees: 1,738 persons)
(3)	Disposal price	1,659.0 yen/share
(4)	Total disposal amount	187,417,230 yen *
(5)	Method of disposal (assigned allotment recipient)	The ESOP will request to accept shares by third-party allotment. Shares will be allotted to the ESOP in the number of shares requested, not to exceed the number of shares marked for disposal under (2) above. (The number of shares allotted in this way will be the number of shares disposed of.) (TS Tech Employee Stock Ownership Plan: 112,970 shares) Requests from individual eligible employees (defined below) for partial allotment of the number of shares to be allotted will not be accepted.
(6)	Other matters	An extraordinary report on this Disposal has been submitted pursuant to the requirements of the Financial Instruments and Exchange Act.

* The number of shares marked for disposal and the value of the total disposal amount are calculated assuming the allotment of 65 shares to each of the maximum number of permanent and full-time Company employees who may be eligible for the System, not to exceed 1,738 persons. The actual number of shares marked for disposal and the value of the total disposal amount are to be finalized based on the number of permanent and full-time Company employees who consent to participate in the System following the implementation of various measures, including measures to encourage employees who are not members of the ESOP to join and measures to confirm the consent of ESOP members who are already participants (1,738 persons at most). Specifically, as described under (5) above, the number of shares requested by the ESOP will be the number of shares marked for disposal, while the value of the total disposal amount will be the value obtained by multiplying that number by the disposal price per share. The Company will pay to each eligible employee a uniform pecuniary claim of 107,835 yen, and the Company will allot to each eligible employee a uniform number of 65 shares, through the ESOP.

2. Purpose of and reasons for disposal

In its meeting held today, the Company's board of directors resolved to implement this System for eligible employees with the goals in mind of strengthening employee awareness of involvement in management, thereby strengthening employee engagement in contributing to sustained growth in the Company's corporate value and helping eligible employees accumulate their own assets.

A summary of the System and other information is provided below.

System summary and other information

Under the System, the Company will pay to eligible employees a pecuniary claim as a special incentive allotted as transfer-restricted shares ("Special Incentive" hereinafter). Eligible employees will contribute the Special Incentive to the ESOP. The ESOP will receive issuance or disposal of Company common stock as transfer-restricted shares through investments in kind in the Company of the Special Incentives contributed by eligible employees.

When issuing new shares or disposing of shares of Company common stock under this System, the amount paid per share of common stock will be determined by the board of directors within a scope not unduly advantageous to the ESOP (and, by extension, not unduly advantageous to the eligible employees), based on the closing price for Company common stock on the Tokyo Stock Exchange Prime Market on the trading day immediately preceding the date of each board resolution regarding such issuance or disposal (or the most recent date on which a trade took place if no trades took place on that date).

In issuing or disposing of Company common stock through the System, the Company and the ESOP will conclude an agreement governing the allotment of transfer-restricted shares. This agreement will specify provisions (1) prohibiting the transfer, pledge, or other disposal of shares allotted to any third party during a certain period of time ("restrictions on transfers" hereinafter) and (2) provisions allowing the Company to acquire shares allotted *gratis* under certain conditions. In addition, payment of the Special Incentive to eligible employees shall be conditional on the conclusion between the Company and the ESOP of such an agreement concerning the allotment of transfer-restricted shares.

At any time before the lifting of the restrictions on transfers, withdrawal by eligible employees of the transfer-restricted shares that they hold ("restricted shareholdings" hereinafter) in exchange for their pecuniary claims contributed to the ESOP based on the ESOP's membership regulations and detailed procedural rules ("ESOP Regulations" hereinafter)* shall be prohibited.

* Plans call for the ESOP, in a meeting of the ESOP board of trustees to be held in June 2, 2025 prior to receipt of this Disposal, to decide on amendments to the ESOP Regulations and in accordance with this System. Plans call for such amendments to take effect two weeks after the issuance of a notification thereof to ESOP members pursuant to the ESOP Regulations, provided that fewer than one-third of ESOP members objects to the amendments.

For the purposes of this Disposal under the System, the ESOP, as the assigned recipient of the allotment, will pay the entire Special Incentive contributed by eligible employees as in-kind investment assets; the shares of Company common stock ("Shares Allotted" hereinafter) will be disposed of by allotment to the ESOP. The agreement governing the allotment of transfer-restricted shares to be concluded between the Company and the ESOP for the purposes of this Disposal ("Allotment Agreement" hereinafter) will be as described under "3. Summary of the Allotment Agreement" below. As described in the footnote to "1" above, the number of shares marked for disposal through this Disposal will be finalized at a later date. Current plans call for this number to be 112,970 shares in the event that the maximum number of Company employees who may be eligible for the System (1,738 persons) join the ESOP and consent to participate in the System. Assuming this maximum value, the extent of the dilution of shares achieved through this Disposal would be 0.08% of the total number of 136,000,000 shares issued and outstanding as of March 31, 2025 (percentages hereinafter are rounded to two decimal places) and 0.09% of the total number of 1,192,009 voting rights extant as of March 31, 2025.

The purpose of this System is intended to improve the welfare of eligible employees and to contribute to asset formation by eligible employees by creating opportunities to acquire Company common stock issued or disposed of by the Company through the ESOP as transfer-restricted shares. It is also intended to strengthen employee awareness of and engagement in management efforts to achieve sustained growth in the Company's corporate value. We believe that this initiative will help strengthen the Company's corporate value; that the number of shares marked for disposal and the scale of dilution of shares in this Disposal are reasonable; and that the market effect of such dilution will be negligible.

Implementation of this Disposal is conditional on the amended ESOP Regulations taking effect no later than the day preceding the disposal date of this Disposal and the Company and the ESOP concluding the Allotment Agreement during the specified timeframe.

3. Summary of the Allotment Agreement

(1) Period of restrictions on transfers: August 29, 2025 through August 31, 2028

(2) Conditions for release of restrictions on transfers

Upon the end of the period of restrictions on transfers, the restrictions on transfers shall be released for all Shares Allotted in the number corresponding to the restricted shareholdings owned by eligible employees meeting the condition of having been a member of the ESOP without interruption during the period in which restrictions on transfers apply.

(3) Handling upon withdrawal from the ESOP

Should an eligible employee withdraw from the ESOP (due to loss of eligibility as a member or a request to withdraw, including withdrawal due to death) during the period in which restrictions on transfers apply on reaching retirement age, promotion to an officer position, or other valid reason, the Company shall release the restrictions on transfers for all Shares Allotted in the number corresponding to the restricted shareholdings owned by the eligible employee as of the date on which the ESOP receives the request for withdrawal by the eligible employee (the date of loss of eligibility in the case of loss of eligibility as a member or the date of death in the event of the death of the member; "date of receipt of withdrawal request" hereinafter).

(4) Gratis acquisition by the Company

During the period in which restrictions on transfers remains in force, if an eligible employee is found to be in violation of applicable laws and regulations or meets other disqualifying conditions stipulated in the Allotment Agreement, the Company shall, for that reason, acquire *gratis* all Shares Allotted corresponding to the number of restricted shareholdings owned by the eligible employee as of that time. In such cases, the Company shall also acquire *gratis* any Shares Allotted for which the restrictions on transfers are not released at the end of the period of restrictions on transfers or the time of release of restrictions on transfers described under "(3)" above.

(5) Share management

During the period in which restrictions on transfers apply, the Shares Allotted shall be managed in a dedicated account opened by the ESOP with Nomura Securities to prevent their transfer, pledge, or other disposal.

In addition, in accordance with the provisions of the ESOP Regulations, the ESOP shall register and manage restricted shareholdings apart from other ESOP member shareholdings owned by the eligible employees ("ordinary holdings" hereinafter).

(6) Handling on reorganization

During the period in which restrictions on transfers apply, if a Company general meeting of shareholders (or meeting of the Company board of directors if such reorganization does not require approval at a Company general meeting of shareholders) approves a merger agreement in which the Company would be the extinguished company, a stock swap agreement or stock transfer plan in which the Company would become a wholly-owned subsidiary, or other reorganization, all restrictions on transfers shall be released by a resolution of the board of directors as of the business day preceding the effective date of such reorganization for all Shares Allotted in the number corresponding to the restricted shareholdings owned by eligible employees among Shares Allotted held by the ESOP as of the date of such approval.

4. Calculating the value of the amount to be paid and specific details thereof

This Disposal of shares to the ESOP as the assigned recipient of allocation shall be conducted through contributions to the ESOP by eligible employees, using as investment assets the Special Incentive paid to eligible employees for the purposes of awarding transfer-restricted shares. To avoid the arbitrary determination of the disposal amount, said amount will be defined as the closing price of Company common stock on the Tokyo Stock Exchange Prime Market on May 13, 2025 (the trading day preceding the date of the board of directors resolution) of 1,659.0 yen. This method of determining the value of a share of Company stock is deemed reasonable and not unduly advantageous. Shown below are examples of deviations of the disposal amount determined this way based on the average closing price of Company common stock on the Tokyo Stock Exchange Prime Market (rounded to two decimal places).

Period	Average closing price (rounded down to the nearest whole yen)	Deviation
One month (April 14 – May 13, 2025)	1,592.0 yen	4.21%
Three months (February 14 – May 13, 2025)	1,664.0 yen	-0.30%
Six months (November 14, 2024 – May 13, 2025)	1,695.0 yen	-2.12%

The Company Audit and Supervisory Committee (consisting of four members, including three Outside Directors) has expressed its opinion that the above disposal amount is lawful and offers no undue advantages to allocation recipients. This Disposal is intended for purpose of the System and the disposal amount is the closing price of Company common stock on the Tokyo Stock Exchange Prime Market on the trading day preceding the date of the board of directors resolution.

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

Since this Disposal ① involves a dilution of less than 25% and ② involves no change in controlling shareholders, it does not require an opinion from an independent third party of confirmation by shareholders under Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.

(Reference)

Structure of the System

① The Company shall pay to eligible employees pecuniary claims as special incentives for awarding them transfer-restricted shares.

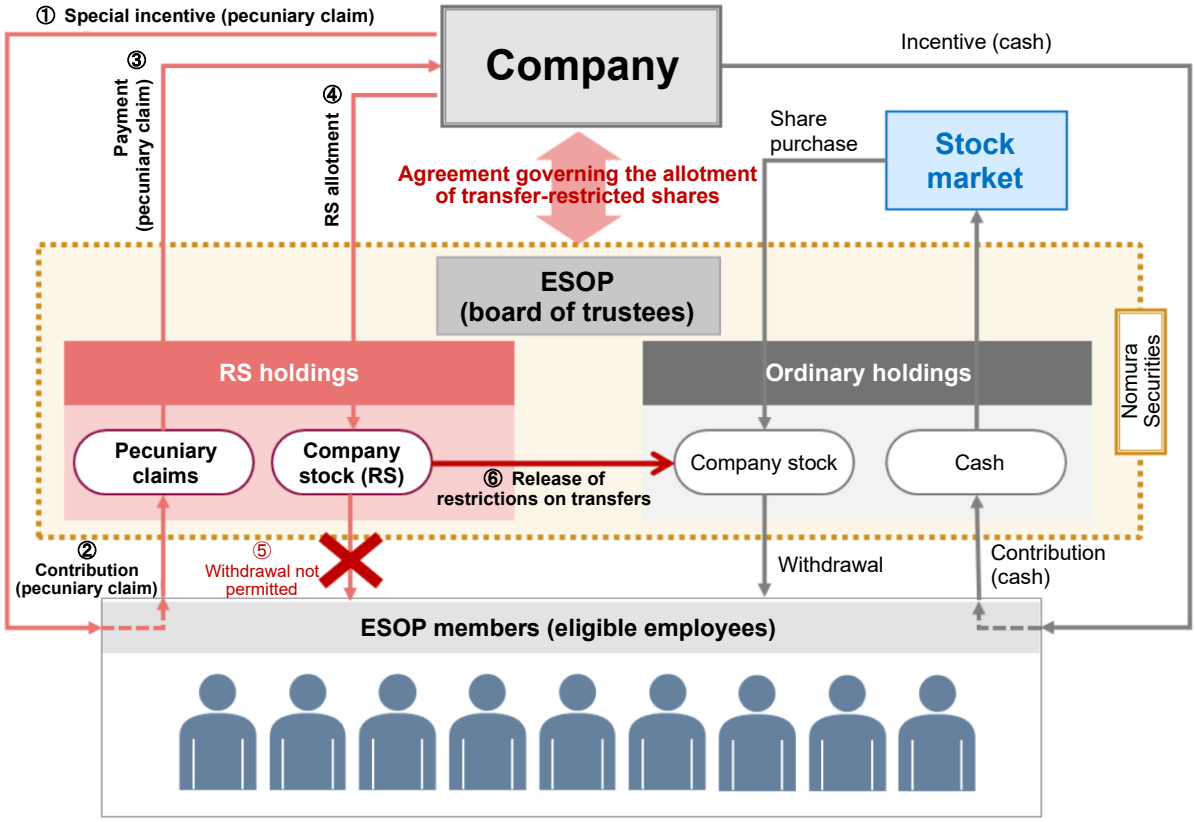
② Eligible employees shall contribute to the ESOP the pecuniary claims under ① above.

③ The ESOP shall collect the pecuniary claims contributed under ② above and pay them to the Company.

④ The Company shall allot the Shares Allotted to the ESOP as transfer-restricted shares (“RS” in the diagram below).

⑤ The Shares Allotted shall be maintained in a dedicated account opened by the ESOP through Nomura Securities from which withdrawal shall be restricted during the period for which restrictions on transfers apply.

⑥ Following the release of the restrictions on transfers, the Shares Allotted shall be transferred to ordinary holdings or to securities accounts in the names of the eligible employees.


① Special incentive (pecuniary claim)
Company
Incentive (cash)
③ Payment (pecuniary claim)
④ RS allotment
Share purchase
Stock market
Agreement governing the allotment of transfer-restricted shares
ESOP (board of trustees)
RS holdings
Ordinary holdings
Nomura Securities
Pecuniary claims
Company stock (RS)
⑥ Release of restrictions on transfers
Company stock
Cash
② Contribution (pecuniary claim)
⑤ Withdrawal not permitted
Withdrawal
Contribution (cash)
ESOP members (eligible employees)