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(Securities Code: 6272;
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Notice Regarding Disposal of Treasury Shares as Restricted Stock Incentives for the Employee Shareholding Association

RHEON AUTOMATIC MACHINERY CO., LTD. (the "Company") hereby announces that, at the meeting of the Board of Directors held today, the Company has resolved to dispose of treasury shares as restricted stock (hereinafter referred to as the "Disposal of Treasury Shares" or the "Disposal") under the Employee Shareholding Association Restricted Stock Incentive Plan (hereinafter referred to as the "Plan"). The disposal will be executed with the Rheon Automatic Machinery Employee Shareholding Association (hereinafter referred to as the "ESA") as the scheduled allottee, as detailed below.

1. Overview of disposal

(1)	Date of disposal	November 20, 2026
(2)	Class and number of shares subject to disposal	64,800 shares of common stock of the Company (Note)
(3)	Disposal price	1,525 yen per share
(4)	Total disposal amount	98,820,000 yen (Note)
(5)	Method of disposal (scheduled allottee)	Third-party allotment (ESA: 64,800 shares)

(Note) The "number of shares subject to disposal" and "total disposal amount" have been calculated based on the assumption that 64,800 shares of the Company's common stock will be granted as restricted stock to each of the 648 employees of the Company, representing the maximum number of individuals eligible under the Plan. The actual number of shares to be disposed of and total disposal amount will be determined based on the number of employees of the Company who agree to the Plan, following the completion of promotional activities for employees who are not yet members of the ESA and the confirmation of agreement to the Plan from the ESA members (hereinafter referred to as the "Eligible Employees") (up to 648 employees). Specifically, the "number of shares subject to disposal" shall be the number of shares applied for, as determined by the ESA. The "total disposal amount" shall be calculated by multiplying this number by the disposal price per share. Furthermore, the Company will uniformly grant a monetary claim of 152,500 yen to each Eligible Employee. Through the ESA, the Company will make a uniform allotment of 100 shares to each Eligible Employee.

2. Purpose and reason for disposal

At the Board of Directors meeting held on July 11, 2024, the Company resolved to introduce the Plan as a measure to enhance the benefits and welfare of the Eligible Employees among the employees of the Company who are members of the ESA. By creating an opportunity for the Eligible Employees to acquire the Company's common stock, which is issued or disposed of by the Company, as restricted shares through the ESA, the Plan aims to assist in their asset formation in addition to providing them with incentives to aim for sustainable growth of the Company's corporate value and to further promote the sharing of value

between the Eligible Employees and the Company's shareholders.

Furthermore, the outline and other details of the Plan are as follows.

[Outline, etc. of the Plan]

Under the Plan, the Company will provide a monetary claim (hereinafter referred to as the "Special Incentive Payment") to each Eligible Employee as a special incentive for the allotment of 100 shares of restricted stock per individual. The Eligible Employees will then contribute the Special Incentive Payment to the ESA. Subsequently, the ESA will make an in-kind contribution of the Special Incentive Payment to the Company, in exchange for which the Company will issue or dispose of its common stock as restricted stock.

In the event that the Company newly issues or disposes of its common stock under the Plan, the paid-in amount per share of the common stock shall be determined by the Board of Directors within a range not particularly favorable to the ESA (and, by extension, the Eligible Employees), based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each Board of Directors' resolution related to the issuance or disposal (if no transactions were executed on that day, the price shall be based on the closing price on the most recent trading day).

The Company and the ESA shall enter into a restricted stock allotment agreement (hereinafter referred to as the "Allotment Agreement") in connection with the issuance or disposal of the Company's common stock under the Plan. The agreement shall include provisions such as: (1) The prohibition of the transfer of allotted shares to third party, the establishment of security interests, or any other form of disposal for a certain period (hereinafter referred to as the "Transfer Restrictions") and (2) The Company's right to acquire the allotted shares without compensation in the event that certain conditions arise. Furthermore, the granting of the Special Incentive Payment to the Eligible Employees shall be subject to the execution of the Allotment Agreement between the Company and the ESA.

Moreover, with regard to their member equity interest in the restricted stock acquired by the ESA through the issuance or disposal (hereinafter referred to as "Restricted Stock Equity Interest" or "RS Equity Interest"), the Eligible Employees shall be restricted from withdrawing the restricted stock that corresponds to the Restricted Stock Equity Interest until the Transfer Restrictions in relation to the restricted stock are lifted, in accordance with the ESA Rules and the ESA Detailed Operational Rules, etc. (hereinafter collectively referred to as the "ESA Rules, etc.") (Note).

In the Disposal of Treasury Shares, the Company shall dispose of its common stock (hereinafter referred to as the "Allotted Shares") to the ESA, which is the scheduled allottee, in accordance with the Plan. The ESA shall make payment for the shares by contributing the entire amount of the Special Incentive Payment, which has been contributed by the Eligible Employees, as an in-kind contribution. The outline of the Allotment Agreement to be concluded between the Company and the ESA in connection with the Disposal of Treasury Shares is as set forth below in "3. Outline of the Allotment Agreement." The number of shares to be disposed of in the Disposal of Treasury Shares will be determined at a later date, as stated in (Note) to 1. above. If all 648 employees of the Company, who represent the maximum number of employees for the Plan, join the ESA and agree to the Plan, the planned number of shares to be disposed of will be 64,800 shares. Assuming this number of shares, the dilution ratio resulting from the Disposal of Treasury Shares will be 0.23% of the total number of issued shares, 28,392,000 shares, as of March 31, 2026 (rounded to the second decimal place; the same rounding method applies to all percentage calculations below), and 0.24% of the total number of voting rights, 269,569 units, as of March 31, 2026.

The introduction of the Plan aims to enhance the benefits and welfare of the Eligible Employees by providing them with an opportunity, through the ESA, to acquire the Company's common stock, which is issued or disposed of by the Company, as restricted stock. This initiative is intended not only to support the asset formation of the Eligible Employees but also to provide them with incentives to aim for sustainable growth of the Company's corporate value while further promoting sharing of value with the Company's shareholders. In addition, the number of shares to be disposed of in the Disposal of Treasury Shares and the scale of dilution are considered reasonable, and we have determined that the impact on the market will be minimal, even taking into account the scale of dilution.

The Disposal of Treasury Shares will be executed on the condition that the Allotment Agreement is concluded between the Company and the ESA during the application period.

3. Outline of the Allotment Agreement

(1) Transfer restriction period
From November 20, 2026 to November 30, 2028.

(2) Conditions for lifting the Transfer Restrictions
The Transfer Restrictions on all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employees who fulfill the following condition will be lifted upon the expiration of the transfer restriction period: the Eligible Employee must have continuously remained a member of the ESA during the transfer restriction period.

(3) Treatment in the event of withdrawal from the ESA
If an Eligible Employee withdraws from the ESA during the transfer restriction period due to mandatory retirement, retirement because of expiration of contract period, appointment as an officer, or other legitimate reasons (indicating cases where an Eligible Employee loses membership qualification or submits a request for membership withdrawal, and including the case of withdrawal due to death), the Company shall lift the Transfer Restrictions on all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of the date the ESA accepts the membership withdrawal request from the Eligible Employee (hereinafter referred to as the "Membership Withdrawal Request Acceptance Date").

(4) Treatment in the event of becoming a non-resident
If the Company determines that an Eligible Employee qualifies as a non-resident during the transfer restriction period due to an overseas transfer or other similar circumstances, the Transfer Restrictions on all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of the date of the determination will be lifted as of the date the Company accepts the application to lift the Transfer Restrictions (for overseas transferees).

(5) Acquisition without consideration by the Company
If an Eligible Employee withdraws from the ESA during the transfer restriction period for a reason other than mandatory retirement, retirement because of expiration of contract period, appointment as an officer, or other legitimate reasons, engages in acts that violate laws and regulations, or falls under certain conditions stipulated in the Allotment Agreement, the Company shall automatically acquire, without compensation, all Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee at that time. In addition, the Company shall automatically acquire, without compensation, any Allotted Shares for which the Transfer Restrictions are not lifted at the expiration of the transfer restriction period or at the time of Transfer Restriction removal as stipulated in items (3) or (4) above.

(6) Management of shares
The Allotted Shares shall be managed in a dedicated account opened by the ESA with Nomura Securities Co., Ltd., to ensure that the transfer, the establishment of security interests, or any other forms of disposal cannot be made during the transfer restriction period. In addition, the ESA shall register and manage, pursuant to the provisions of the ESA Rules, etc., the Restricted Stock Equity Interest separately from the ordinary equity interest held by the Eligible Employees acquired by the ESA not pursuant to the Plan.

(7) Treatment upon reorganization, etc.
If, during the transfer restriction period, a merger agreement based on which the Company becomes a disappearing company, a share exchange agreement based on which the Company becomes a wholly owned subsidiary, or any matter concerning organizational restructuring, etc., including a share transfer plan, is approved by the General Meeting of Shareholders of the Company (however, if approval of the General Meeting of Shareholders of the Company is not required for said organizational restructuring, etc., then, the Board of Directors of the Company), by resolution of the Board of Directors, the Transfer Restrictions shall be lifted, effective immediately before the close of business on the business day preceding the effective date of the organizational restructuring, on all Allotted Shares held by the ESA that correspond to the Restricted Stock Equity Interest held by the Eligible Employees, as of the approval date. In such a case, the Company shall notify the ESA of the lifting of the Transfer Restrictions and the number of the Allotted Shares for which the Transfer Restrictions will be lifted.

4. Basis and details of the disposal price calculation

The Disposal of Treasury Shares to the ESA, as the scheduled allottee, is conducted through contributions from the Eligible Employees to the ESA, using the Special Incentive Payment granted to them for the purpose of receiving restricted stock as the contribution asset. To eliminate arbitrariness in determining the disposal price, it has been set as 1,525 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on August 5, 2026 (the business day immediately preceding the date of the Board of Directors' resolution). The Company considers this price reasonable, as it reflects the market price of its stock immediately before the Board resolution date, and it is not deemed particularly advantageous.

The deviation rate of this disposal price from the average closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange (rounded to the second decimal place) is as follows:

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
1 month (July 6, 2026 – August 5, 2026)	1,518 yen	0.46%
3 months (May 7, 2026 – August 5, 2026)	1,494 yen	2.07%
6 months (February 6, 2026 – August 5, 2026)	1,511 yen	0.93%

In light of the fact that the Disposal of Treasury Shares is intended for the implementation of the Plan and that disposal price is set at the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors, all three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) who attended the Board of Directors meeting held today have expressed their opinions that the above disposal price does not constitute a particularly advantageous price for the ESA, the scheduled allottee, and is legitimate.

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

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

(Reference)

[Structure of the Plan]

1. The Company provides the Eligible Employees who have agreed to the Plan with monetary claims as Special Incentive Payment for the grant of restricted stock.
2. The Eligible Employees who have agreed to the Plan contribute the monetary claims received in 1. above to the ESA.
3. The ESA consolidates the monetary claims contributed in 2. above and pays the total amount to the Company.
4. The Company allocates the Allotted Shares to the ESA.
5. The Allotted Shares are deposited into a dedicated account established by the ESA through Nomura Securities Co., Ltd., with withdrawal restrictions imposed during the transfer restriction period.
6. After the Transfer Restrictions are lifted, the restricted stock that corresponds to the RS Equity Interest will be transferred either to the ordinary equity interest or a securities account under the names of the Eligible Employees in accordance with the provisions of the ESA Rules, etc.