

NEWS RELEASE

Notice of Disposal of Treasury Shares as Restricted Stock Compensation

At a meeting held today, the Board of Directors of ITO EN, LTD. (“the Company”), resolved to dispose of its treasury shares (hereinafter the “Disposal of Treasury Shares” or the “Disposal”) as follows.

1. Summary of the Disposal

(1)	Disposal date	August 25, 2023
(2)	Class and number of shares to be disposed	22,000 shares of common stock of the Company
(3)	Disposal value	4,075 yen per share
(4)	Total disposal value	89,650,000 yen
(5)	Allottees and the number thereof and the number of shares to be disposed of	Executive Officers concurrently serving as Directors of the Company (excluding Directors not concurrently serve as Executive Officers, Directors who are Audit and Supervisory Committee Members, and Outside Directors) (6 persons) 14,800 shares Executive Officers not concurrently serve as Directors of the Company (18 persons) 7,200 shares

2. Purpose of and reason for the Disposal

At a meeting of the Board of Directors, held on May 30, 2023, the Company resolved to introduce a restricted stock compensation plan (the “Plan”) as a new remuneration plan for the Company’s Directors concurrently serving as Executive Officers (excluding Directors who do not concurrently serve as Executive Officers, Directors who are Audit and Supervisory Committee members, and Outside Directors, “Eligible Directors”), and Executive Officers who do not concurrently serve as Directors (collectively, the “Eligible Directors, etc.”), for the purpose of providing incentives to continuously improve the corporate value of the Company and to further promote value-sharing with shareholders. In addition, at the 58th Annual General Meeting of Shareholders held on July 26, 2023, it was resolved that, based on this Plan, as compensation to be used as assets to be contributed for investment in the acquisition of shares with transfer restrictions (“Restricted Stock Compensation”), the Company shall pay monetary claims of up to 200 million yen per year to Eligible Directors, and issue or dispose of up to 48,000 shares of common stock of the Company per year, and the Restricted Transfer Period of Restricted Stock shall be from the date of allotment of common stock of the Company in accordance with the Restricted Stock Allotment Agreement to be concluded between the Company and Eligible Directors, until the time immediately following the retirement or resignation of an officer or employee of the Company or its subsidiary from a position predetermined by the Board of Directors of the Company (provided, however, that if the time immediately following such retirement or resignation is before the lapse of three months after the fiscal year that includes the day on which the allotment of the Company’s common stock is to be received, the termination date of the Restricted Transfer Period may be adjusted to a reasonable extent).

The summary of the Plan and other pertinent information is provided below.

[Summary and other information of the Plan]

The Eligible Directors, etc. shall pay all of the monetary claims received from the Company under the Plan as contributions in kind and shall receive the issuance or disposal of shares of common stock of the Company. The amount to be paid per share shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately before each date of resolution by the Board of Directors (if there is no closing price on such date, the closing price on the closest

preceding trading day) or any other amount within the extent that the amount will not be particularly advantageous to Eligible Directors, etc. who subscribe the Company's common stock.

In addition, upon the issuance or disposal of shares of common stock of the Company under the Plan, the Company shall enter into a restricted stock allotment agreement between the Company and the Eligible Directors, etc., which shall include the following: (i) the Eligible Directors, etc. shall be prohibited from transferring, creating a security interest in, or otherwise disposing of the shares of common stock of the Company allotted under the restricted stock allotment agreement to any third party for a certain period; (ii) in the event that certain circumstances arise, the Company shall acquire said shares of common stock without consideration.

This time, after consultation with the Nomination & Remuneration Committee, and taking into consideration the purpose of the Plan, the business performance of the Company, the scope of responsibilities of each of the Eligible Directors, etc., and various circumstances, and with the aim of further motivating each of the Eligible Directors, etc., in accordance with the Company's policy for determining the remuneration for Directors, it was decided to provide total monetary claims of 89,650,000 yen in monetary claims (the "Monetary Claims") and grant 22,000 shares of common stock of the Company.

For the Disposal of treasury shares, 24 Eligible Directors, etc., which are the planned allottees, shall pay all of the Monetary Claims to be paid under the Plan as assets contributed in kind and receive the issuance of shares of common stock of the Company (the "Allotted Shares"). The summary of the agreement on allotment of restricted stock to be concluded between the Company and Eligible Directors, etc., for the Disposal of Treasury Shares (hereinafter referred to the "Allotment Agreement") is as described in 3. below.

3. Summary of the Allotment Agreement

(1) Transfer period

The restriction period shall be the period from August 25, 2023 (the "Disposal Date") to the time immediately following the retirement or resignation of a Director, an Executive Officer not concurrently serving as a Director, or Audit & Supervisory Board Member of the Company or any of its subsidiaries, or after August 1, 2024.

(2) Lifting of transfer restrictions

Within the period from the date of commencement of execution of duties by the Eligible Directors, etc. to the time immediately preceding the conclusion of the first Annual General Meeting of Shareholders to be held thereafter (provided, however, that if the Eligible Directors, etc. are Executive Officers who do not concurrently serve as Directors, the period shall be read as from the beginning of the fiscal year in which the date of this Disposal falls to the last day of said fiscal year. The same shall apply hereinafter) (the "Service Period"), the restriction on transfer of all of the Allotted Shares shall be lifted at the expiration of the Transfer Restricted Transfer Period on the condition that the Director, Executive Officer not concurrently serving as Director or Audit & Supervisory Board Member of the Company or any of its subsidiaries has continuously held said position.

(3) Treatment in the event an Eligible Director, etc. retires or resigns due to the expiration of the term of office or other justifiable reasons during the Service Period.

(i) Timing of lifting transfer restrictions

In the event that an Eligible Director, etc. resigns or retires from the position as a Director, Executive Officer not concurrently serving as a Director, or Audit & Supervisory Board Member of the Company or any of its subsidiaries due to the expiration of the term of office, retirement, or any other justifiable reason (including resignation or retirement due to death), the Transfer Restrictions shall be lifted at the time immediately following said resignation or retirement or after August 1, 2024, whichever comes later.

(ii) Number of shares subject to lifting of transfer restrictions

Number of shares obtained by multiplying the number of Allotted Shares held at the time of said retirement or resignation as specified in (i) above, times the number of months from the month including the date of Disposal (however, if the Eligible Director, etc. is an Executive Officer who does not concurrently serve as a Director, the date of Disposal shall be read as the beginning of the fiscal year that includes the date of Disposal) to the date of resignation or retirement of the Eligible Director, etc., divided by the number of months pertaining to the Service Period (12) (if that number exceeds 1, 1 shall be used) (however, if the calculation results in a fraction of less than one share, it shall be rounded down).

(4) Acquisition by the Company without consideration

If an Eligible Director, etc. commits an act in violation of laws and regulations during the Restricted Transfer Period or falls under any other specified reasons stipulated in the Allotment Agreement, the Company shall automatically acquire all the Allotted Shares held by the Eligible Director, etc. at said time without consideration. In addition, the Company shall automatically acquire without contribution the Allotted Shares on which the transfer restrictions have not been lifted at the time of expiration of the transfer restriction period or at the time of the lifting of the transfer restrictions as specified in (3) above.

(5) Treatment during reorganization, etc.

If, during the Restricted Transfer Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (however, if approval by a General Meeting of Shareholders of the Company is not required with respect to such reorganization, etc., the Board of Directors of the Company), transfer restriction shall be lifted with respect to all of the Allotted Shares held at that time by a resolution of the Board of Directors as of the time immediately preceding the business day immediately preceding the effective date of the reorganization, etc. ("Reorganization, etc. Effective Date"). In addition, as of the business day immediately preceding the Reorganization, etc. Effective Date, the Company shall naturally acquire all of the Allotted Shares for which transfer restrictions have not been lifted without consideration.

Notwithstanding the provisions above, if the time immediately before the business day prior to the Reorganization, etc. Effective Date falls before August 1, 2024, the Company shall automatically acquire without contribution all the Allotted Shares on the business day immediately preceding the reorganization, etc. Effective Date.

(6) Administration of shares

The Company shall have the Eligible Directors, etc. open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the transfer restriction period, so the Eligible Directors, etc. cannot transfer the shares, create security interests, or otherwise dispose of the shares during the transfer restriction period. The Company has entered into an agreement with Nomura Securities Co., Ltd. in relation to the management of the accounts of the Allotted Shares held by each of the Eligible Directors, etc. in order to ensure the effectiveness of the transfer restriction, etc. on the Allotted Shares. In addition, the Eligible Directors, etc. shall agree to the details of the management of such accounts.

4. Basis for calculation of the amount to be paid in and specific details thereof

This Disposal of treasury shares to planned allottees will be made with the monetary claims paid as Restricted Stock Compensation for the Company's 59th fiscal year under this Plan as the assets to be contributed for investment. The disposal price is set at 4,075 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on July 25, 2023 (the business day immediately preceding the date of the Board of Directors' resolution), in order to eliminate arbitrariness. This is the market share price immediately prior to the date of the Board of Directors' resolution, and is considered to be reasonable and not a particularly favorable price.