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July 25, 2024

Notice Regarding Issuance of New Shares as Restricted Stock Compensation

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Listing: Prime Market of Tokyo Stock Exchange
Securities code: 6315
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TOWA CORPORATION (hereinafter, the "Company") announces that at the today's meeting of the Board of Directors, the Company resolved to issue new shares as restricted stock compensation (hereinafter, the "New Share Issuance") as outlined below.

1. Overview of the Issuance

(1) Payment date	August 20, 2024
(2) Class and number of shares to be issued	2,964 shares of the Company's common stock
(3) Issue price	9,170 yen per share
(4) Total amount of issuance	27,179,880 yen
(5) Allottees	5 Directors of the Company (※) 2,260 shares 6 Executive Officers of the Company 704 shares ※ Excepting Directors, who are Audit and Supervisory Committee members, and Outside Directors

2. Purpose and reasons for the issuance

At the 44th Ordinary General Meeting of Shareholders held on June 29, 2022, it was resolved to introduce a restricted stock compensation plan (hereinafter, the "Plan") that grants restricted shares to Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) in order to provide them with incentives to continuously improve the Company's corporate value and to promote further value sharing with the Company's shareholders. Under this plan, the total amount of monetary compensation claims to be paid to Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) as compensation regarding to restricted shares is set at no more than 90 million yen and the total number of shares of restricted shares to be granted to Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) per fiscal year shall not exceed 45,000 shares and also the transfer restriction period

of restricted shares shall be from the date of grant of restricted shares to the date that the Director resigns from the Company.

Based on this plan, the Board of Directors of the Company has resolved today to grant a total of 27,179,880 yen in monetary compensation claims as restricted stock compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) from the 46th Ordinary General Meeting of Shareholders to the 47th Ordinary General Meeting of Shareholders scheduled to be held on June 2025, and as restricted stock compensation for Executive Officers of the Company for the period from July 1, 2024, to June 30, 2025, to allot 2,964 shares of the Company's common stock as specified restricted shares to the allottees by providing the entire amount of their monetary compensation claims through a method of contribution in kind. It is to be made to five Directors (excluding Directors who are Audit and Supervisory Committee members and Outside Directors) and six Executive Officers of the Company (hereinafter, "Allottee"). The amount of monetary compensation claims for each Allottee has been determined comprehensively considering various factors, such as the level of contribution of each Allottee to the Company. Furthermore, monetary compensation claims are conditional upon conclusion of the restricted stock allocation agreement (hereinafter, the "Allocation Agreement") with the Company containing following contents.

3. Overview of the Allocation Agreement

(1) Transfer Restriction Period

During the period from August 20, 2024, until the date of resignation of Allottee as a Director of the Company. However, if the date of resignation or retirement is before June 30, 2025, then until July 1, 2025. (In the case of the Allottee is an Executive Officer of the Company, until the date the Allottee resigns or retires from both position of an Executive Officer and employee of the Company)

Allottees shall not transfer, establish a pledge right, establish security by means of transfer, make a gift before death, bequeath, or otherwise dispose of the restricted shares allotted to them (hereinafter, "Allotted Shares") to any third party (hereinafter, the "Transfer Restrictions") during Transfer Restriction Period specified above (hereinafter, the "Transfer Restriction Period").

(2) Free acquisition of restricted shares

If the Allottee resigns as a Director of the Company (or resigns as an Executive Officer and retires as an employee of the Company, in the case of the Allottee is an Executive Officer of the Company) by the day before the first Ordinary General Meeting of Shareholders of the Company to arrive after the start date of this Transfer Restriction Period (In the case of the Allottee is an Executive Officer of the Company, by the day before the end of June of the following year after the start date of this Transfer Restriction Period), the Company shall unquestionably be able to acquire the Allotted Shares without compensation at the time of such resignation or retirement, except in cases where the Board of Directors of the Company acknowledges that there is a legitimate reason.

Furthermore, if there are any Allotted Shares for which the Transfer Restrictions have not been lifted based on the provisions for reasons of Cancellation of Transfer Restriction in (3) below, at the time when the Transfer Restriction Period expires (hereinafter, the "Expiration Time"), the Company shall

unquestionably be able to acquire those shares without compensation immediately after the Expiration Time.

(3) Lifting of transfer restrictions

The Company shall lift the Transfer Restrictions on all Allotted Shares held by the Allottee at the time of Expiration Time, provided that the Allottee continuously held the position of Director of the Company (or an Executive Officer or employee of the Company, in the case of the Allottee is an Executive Officer of the Company) until the date of the first Ordinary General Meeting of Shareholders of the Company to arrive after the start date of this Transfer Restriction Period (In the case of the Allottee is an Executive Officer of the Company, until end of the June of the following year of the start date of this Transfer Restriction Period). However, if the Allottee resigns as a Director of the Company (or resigns as an Executive Officer and retires as an employee of the Company, in the case of the Allottee is an Executive Officer of the Company) for a legitimate reason acknowledged by the Board of Directors of the Company, by the day before the first Ordinary General Meeting of Shareholders of the Company to be held after the start date of this Transfer Restriction Period (In the case of the Allottee is an Executive Officer of the Company, by the day before the end of June of the following year after the start date of this Transfer Restriction Period), the Transfer Restrictions on the Allotted Shares shall be lifted immediately following such resignation or retirement for the number of Allotted Shares calculated by multiplying the number of Allotted Shares held by the Allottee at that time of the date of the resignation (However, any fractional shares resulting from the calculation being rounded down) by the number obtained by dividing the number of months from July 2024 to the month inclusive of the date of resignation by twelve (In the case of the Allottee is an Executive Officer of the Company, from July 2024 to the month inclusive of the date of resignation or retirement from both the position of an Executive Officer and employee of the Company). However, in the case of the Allottee is an Executive Officer of the Company, if Allottee resigns and retires from both position of an Executive Officer and employee of the Company due to reaching the mandatory retirement age and is immediately reappointed as an Executive Officer of the Company as a contract employee or similar, the Transfer Restrictions on all Allotted Shares held by the Allottee at the time of such resignation or retirement shall be lifted immediately following such resignation or retirement.

(4) Provision regarding management of shares

Allottees shall complete the opening of an account with SMBC Nikko Securities Inc. by method specified by the Company for writing or recording of the Allotted Shares and keep and maintain the Allotted Shares in the account until the Transfer Restrictions are lifted.

(5) Treatment in reorganizations, etc.

In the case that a resolution for organizational restructuring, such as a merger agreement where the Company becomes the extinct company, a stock exchange agreement where the Company becomes a wholly-owned subsidiary, or a stock transfer plan or similar, is approved at the Ordinary General Meeting of Shareholders of the Company (However, if that approval by the Ordinary General Meeting of Shareholders of the Company is not required for such organizational reorganization, in the case that a

resolution for organizational restructuring is approved by the Board of Directors of the Company), the Company shall lift the Transfer Restrictions as of the one business day before the effective date of such organizational restructuring for the number of Allotted Shares calculated by multiplying the number of Allotted Shares held by the Allottee at the date of such approval (However, any fractional shares resulting from the calculation being rounded down) by the number obtained by dividing the number of months from July 2024 to the month inclusive of the date of such approval by twelve (However, that any calculation resulting in a number greater than one shall be treated as one).

In this case, the Company shall unquestionably be able to acquire all Allotted Shares without compensation based on the provisions above, on the same date, for which Transfer Restrictions have not been lifted as of the one business day before the effective date of such organizational restructuring.

4. Calculation basis for award amount and specific details

To eliminate any arbitrariness in the share issue price determination, it will be 9,170 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange as of the one business day before the resolution of the Board of Directors of the Company (July 24, 2024). This is the market price immediately before the date of the Board of Directors resolution of the Company and is considered to be reasonable and not particularly favorable.