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August 7, 2025

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Notice Concerning the Disposal of Treasury Shares as Share Compensation

SINKO INDUSTRIES LTD. (the “Company”) hereby announces that its Board of Directors has resolved at the meeting held on August 7, 2025 to dispose of treasury shares through third-party allotment (hereinafter, the “Disposal of Treasury Shares”) as described below.

1. Overview of the disposal

(1) Date of disposal	August 22, 2025
(2) Class and number of shares to be disposed	232,500 common shares of the Company
(3) Disposal price	1,324 yen per share
(4) Total disposal value	307,830,000 yen
(5) Scheduled disposal recipient	The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account)
(6) Other	The Company has submitted an extraordinary report in accordance with the Financial Instruments and Exchange Act regarding the Disposal of Treasury Shares.

2. Objectives of and reasons for disposal

The Company’s Board of Directors has resolved, at the meeting held on August 7, 2025, the disposal of treasury shares related to the performance-linked share-based compensation plan (hereinafter, the “Plan”) for Directors (excluding Directors who are Audit and Supervisory Committee Members, Outside Directors, and non-residents of Japan) and some Operating Officers (excluding non-residents of Japan) (hereinafter, the “Directors, etc.”) For an overview of the Plan, please refer to the “Notice Concerning the Introduction of Performance-Linked Share-Based Compensation Plan for Directors and Some Operating Officers” (Japanese only) announced on May 24, 2024.

The Disposal of Treasury Shares will be conducted to The Master Trust Bank of Japan, Ltd. (Executive

Compensation BIP Trust Account), which is a co-trustee of the share delivery trust agreement to be concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation (hereinafter, the “Trust Agreement,” and trust established under the Trust Agreement is referred to as the “Trust”).

The number of shares to be disposed of will be the number of shares expected to be delivered to the Directors, etc. during the trust period based on the Share Compensation Regulations, and the scale of dilution will be 0.30% of the total number of issued shares of 77,373,705 as of March 31, 2025 (0.33% of the total number of voting rights of 713,813 as of March 31, 2025; the figures are rounded off to two decimal places.)

The shares of the Company allocated through the Disposal of Treasury Shares will be delivered to the Directors, etc. in accordance with the Share Compensation Regulations. Since the shares resulting from the Disposal of Treasury Shares are not expected to be released into the stock market at one time, the impact on the stock market is anticipated to be minimal. Accordingly, the Company has determined that the number of shares to be disposed of and the scale of dilution are reasonable.

[Details of the Trust Agreement]

Trust type	Specified and individually operated trust of money other than money trust (third-party benefit trust)
Purpose of the trust	To provide incentives to the Directors, etc.
Trustor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Directors, etc. who satisfy the requirements for eligible beneficiaries
Trust administrator	Third party with no vested interest in the Company (certified public accountant)
Trust agreement date	August 19, 2025 (scheduled)
Trust period	August 19, 2025 to August 31, 2027 (scheduled)
Plan start date	August 19, 2025 (scheduled)
Exercise of voting	Non-exercise of voting rights

3. Grounds for calculation of the disposal price and specific details thereof

In order to eliminate any arbitrariness in pricing while taking into account recent trends in the share price, and in accordance with the “Rules Concerning Handling of Allotment of New Shares to Third Party, Etc.” issued by the Japan Securities Dealers Association, the disposal price has been set at 1,324 yen, which is the closing price of the Company’s shares on Tokyo Stock Exchange, Inc. (hereinafter, the “Tokyo Stock Exchange”) on the business day prior to the date of the Board of Directors’ resolution regarding the Disposal of Treasury Shares (August 6, 2025).

The Company has decided to use the closing price of the Company’s shares on the business day prior to the date of the Board of Directors’ resolution, as it represents the appropriate corporate value of the Company in the stock market, and the Company has determined that it is highly objective as grounds for calculation and reasonable as a disposal price.

In addition, the share price is the amount calculated by multiplying the average closing price of 1,272 yen (rounded down to the nearest yen) for a month immediately prior to the Board of Directors’ resolutions at Tokyo Stock Exchange (from July 7, 2025, to August 6, 2025) by 104.09% (deviation rate: 4.09%), the amount calculated by multiplying the average closing price of 1,235 yen (rounded down to the nearest yen) for three months immediately prior to the Board of Directors’ resolutions at Tokyo Stock Exchange (from May 7, 2025, to August 6, 2025) by 107.21% (deviation rate: 7.21%), the amount calculated by multiplying the average closing price of 1,225 yen (rounded down to the nearest yen) for six months immediately prior to the Board of Directors’ resolutions at Tokyo Stock Exchange (from February 7, 2025, to August 6, 2025)

by 108.08% (deviation rate: 8.08%). Accordingly, the Company has determined that the price is not considered particularly favorable to the recipients.

In addition, with respect to the above disposal price, the Company's Audit and Supervisory Committee has expressed its opinion that the grounds for the calculation of the disposal price are reasonable, and that the price is not considered particularly favorable to the recipients.

4. Procedures under the code of corporate conduct

Since the dilution ratio in the disposal is less than 25% and there will be no change in controlling shareholders, it is not necessary to obtain an opinion from an independent third party or confirm the intention of shareholders, as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.