



August 7, 2025

Listed Company Name: ESPEC CORP.
Representative: Satoshi Arata, President
Listed Stock Exchange: Tokyo Stock Exchanges,
Prime Market
Securities Code: 6859
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Notice Concerning Disposal of Treasury Shares Through Third-Party Allotment in Conjunction with the Introduction of a Trust-type Employee Shareholding Incentive Plan (E-Ship®)

ESPEC CORP. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on August 7, 2025, to dispose of treasury shares through a third-party allotment, as described below.

Description

1. Overview of disposal

(1)	Date of disposal	August 7, 2025
(2)	Number of shares for disposal	Common shares of the Company: 135,500 shares
(3)	Disposal price	¥3,320 per share
(4)	Total amount of disposal	¥449,860,000
(5)	Scheduled disposal recipient	The Nomura Trust and Banking Co., Ltd. (ESPEC Employee Shareholding Incentive Plan Trust Account)
(6)	Other matters	This disposal of treasury stock is conditional upon the securities registration statement filed under the Financial Instruments and Exchange Act taking effect.

2. Purpose and reason for disposal

The Company resolved at the Board of Directors meeting held on August 7, 2025, to introduce a Trust-type Employee Shareholding Incentive Plan (E-Ship®) (hereinafter the “Plan”) for the purpose of giving an incentive to the employees of the Company to enhance corporate value in the medium- to long-term, improving their benefits, and encouraging steady growth of the Company by elevating their work motivation through capital participation as shareholders.

For an overview of the Plan, please refer to the “Notice Concerning Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®),” dated today. The treasury stock will be disposed of to Nomura Trust and Banking Co., Ltd. (ESPEC Employee Shareholding Incentive Plan Trust Account) to be established for the introduction of the Plan.

The number of shares to be disposed of will be equivalent to the number of shares calculated by setting the number of shares likely to be purchased annually based on the actual purchases of the ESPEC Employee Stockholding Association (the “Shareholding Association”) (the most recent monthly purchases and actual amounts of bonus purchases and reinvestments of dividends) converted into annual purchase amounts, after which the number of shares likely to be purchased by the Shareholding Association during the trust term (approximately 2 years and 8 months) is calculated and divided by the disposal price.

Furthermore, while there will be a certain level of dilution through this disposal of treasury stock, given that the treasury stock will be gradually transferred in small amounts from the ESPEC Employee Shareholding Incentive Plan Trust Account each month, which is the allottee, to the Shareholders Association, the effects of this disposal of treasury stock are expected to be minimal and the level of dilution to be reasonable. The level of dilution will be as follows:

Number of issued shares (As of June 30, 2025)	23,781,394 shares	0.57%
Total number of voting rights (As of June 30, 2025)	220,409	0.61%

Overview of the E-Ship Trust

Trustor: The Company

Trustee: The Nomura Trust and Banking Co., Ltd.

Beneficiaries: Those who meet the beneficiary eligibility requirements (certain prescribed procedures must be completed after occurrence of the events determining the beneficial interests)

Trust administrator: To be selected from the employees of the Company

Trust contract date: August 7, 2025

Trust term: August 7, 2025, to March 29, 2028

Purpose of the trust: Stable and continuous supply of shares to the Shareholding Association and distribution of trust assets to those who meet the beneficiary eligibility requirements

Exercise of voting rights: The trustee will exercise voting rights with respect to the Company's shares, based on the instructions from the Trust Administrator.

3. Basis for calculating the amount to be paid and specific details thereof.

The purpose of this disposal of treasury stock is to introduce the Plan, which is a shareholding program for employees. To ensure non-arbitrary valuation, the disposal price shall be set at ¥3,320, the closing price of the Company's shares on the Tokyo Stock Exchange on August 6, 2025 (the business day immediately preceding the date of the resolution by the Board of Directors). This is the market price immediately preceding the resolution of the Board of Directors and in the absence of any special conditions that would indicate that the immediately preceding stock price cannot be relied on, it is considered to be a reasonable price that properly reflects the Company's corporate value and is not particularly favorable to the scheduled allottee. Note that the above method of calculating the amount to be paid is in accordance with the Rules Concerning Handling of Allotment of New Shares to Third Party of the Japan Securities Dealers Association. The rate of divergence between this price and the average daily closing price on the Tokyo Stock Exchange is as follows (rounded off to two decimal places).

	Average closing price (rounded down to the nearest yen)	Rate of divergence
1 month (July 7, 2025, to August 6, 2025)	¥3,155	5.23%
3 months (May 7, 2025, to August 6, 2025)	¥2,923	13.58%
6 months (February 7, 2025, to August 6, 2025)	¥2,645	25.52%

Regarding the above disposal price, the Audit & Supervisory Committee (consists of three members, two of whom are outside directors) unanimously expressed the opinion to the effect that the disposal price is not particularly favorable to the allottees, and the decision was legitimate, given that this disposal of treasury stock was for the purpose of introducing the Plan and that the above disposal prices was the closing price of the Company's shares immediately preceding the date of the resolution of the Board of Directors.

4. Procedure required by the corporate code of conduct

This third-party allotment does not require the procurement of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) this third-party allotment does not involve a change in controlling shareholder.