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March 13, 2026

Company name: Lacto Japan Co., Ltd.

Representative: Shin Kojima, President and Executive Officer

(Securities code: 3139 TSE Prime Market)

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Notice Regarding Disposal of Treasury Shares as Restricted Stock Compensation

Lacto Japan Co., Ltd. (the “Company”) hereby announces that, as described below, the Company resolved to dispose of its treasury shares at a meeting of the Board of Directors held on March 13, 2026.

1. Outline of disposal

(1)	Disposal date	April 10, 2026
(2)	Type and number of shares to be disposed	10,901 shares of common stock
(3)	Disposal price	¥3,660 per share
(4)	Total value of share disposal	¥39,897,660
(5)	Grantees of shares and number thereof; number of shares to be allotted	4 directors* and 5 executive officers 10,901 shares

*Excluding Outside Directors and Audit and Supervisory Committee Members

2. Purpose and reasons for disposal

Lacto Japan resolved to introduce a restricted stock compensation plan (hereinafter, the “Plan”) as a means of compensation for Directors other than Audit and Supervisory Committee Members and Outside Directors (hereinafter “Eligible Directors”), with the aim of providing incentives for the sustainable enhancement of the Company’s corporate value and further sharing of shareholder value. Furthermore, due to changes to the executive officer system resolved by Board of Directors on January 23, 2026, the individuals under the Plan were changed to Eligible Directors and executive officers (hereinafter “Eligible Individuals”).

Taking into account the purpose of the Plan, the Company’s business situation, the scope of duties of each of the Eligible Individuals, and various other circumstances, a total of 39,897,660 yen in monetary compensation claims (hereinafter, the “Monetary Compensation Claim”) and 10,901 shares of common stock has been granted. Additionally, in order to share value among shareholders over the medium to long term, which is one of the objectives for introducing the Plan, the transfer restriction period has been set at 30 years. In this disposal of treasury shares, the 4 Eligible Directors and 5 executive officers to whom allotment is scheduled will, based on the Plan, pay in all of the Monetary Compensation Claim owed to

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the Company as assets contributed in kind, and the common stock of the Company (hereinafter, "Allotted Shares") will be disposed of accordingly. A summary of the restricted stock allotment agreement (hereinafter, the "Allotment Agreement") to be concluded between the Company and the Eligible Individuals in this disposal of treasury shares is set out in 3. below.

3. Outline of Allotment Agreement

- (1) Transfer restricted period
From April 10, 2026 to April 9, 2056
- (2) Conditions for lifting transfer restriction
The transfer restriction shall be lifted at the expiration of the transfer restriction period for all Allotted Shares on condition that the Eligible Individuals continue to hold the position of director, executive officer, auditor, employee, or other equivalent position of the Company or any of its subsidiaries during the transfer restriction period.
- (3) Instances where an Eligible Individual resigns or retires due to expiration of term of office, age of retirement, or other justifiable reason during the transfer restriction period
 - (i) Timing for lifting transfer restriction
In the event that any Eligible Individuals resigns or retires due to the expiration of his/her term of office, retirement age, death, or other justifiable reason from any position as a director, executive officer, corporate auditor, employee, or any other position equivalent thereto of the Company or any of its subsidiaries, the transfer restriction shall be lifted immediately after the resignation or retirement of the Eligible Individuals.
 - (ii) Number of shares subject to lifting of transfer restriction
The number of shares shall be obtained by multiplying the number of the Allotted Shares held at the time of said resignation or retirement by the number obtained by dividing the Eligible Individual's period of service (in months) pertaining to the transfer restriction period by 12 (if this number is greater than 1, it shall be 1). If, however, this calculation results in a fractional share, it shall be rounded down to the nearest whole share.
- (4) Acquisition without consideration by the Company
At the expiration of the transfer restriction period or at the time the transfer restriction is lifted as specified in (3) above, the Company will, by rights, acquire, without consideration, any Allotted Shares for which the transfer restriction has not been lifted.
- (5) Administration of shares
To ensure that the Allotted Shares shall not be transferred, pledged, or disposed of during the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the Eligible Individual at Nomura Securities Co., Ltd. during the transfer restriction period. Lacto Japan has entered into an agreement with Nomura Securities with regard to the management of the accounts for the Allotted Shares held by respective Eligible Individuals to ensure the effectiveness of the transfer restrictions and other matters. Additionally, the Eligible Individuals shall consent to the management of the relevant dedicated account.
- (6) Treatment in case of organizational restructuring, etc.
If, during the transfer restriction period, a proposal for a merger agreement in which Lacto Japan is the disappearing company, or a share exchange agreement or share transfer plan by which the Company becomes a wholly-owned subsidiary of another company, or any other form of reorganization, etc., is approved at a General Meeting of Shareholders (or, in cases where the reorganization, etc. does not require approval

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at the Company's General Meeting of Shareholders, the Company's Board of Directors), the Board of Directors shall resolve to lift the transfer restriction immediately prior to the business day preceding the effective date of the reorganization, etc, with respect to the number of Allotted Shares. The number of Allotted Shares shall be calculated by multiplying the number of the Allotted Shares held on the relevant date by the number obtained by dividing the number of months from the starting month of the transfer restriction period to the month including the date of approval by 12 (if this number is greater than 1, it shall be 1). If, however, this calculation results in a fractional share, it shall be rounded down to the nearest whole share. Moreover, at the time immediately after the transfer restriction has been lifted, the Company shall by rights acquire, without consideration, all the Allotted Shares on which the transfer restriction has not been lifted.

4. Basis for calculation and specific details of payment amount

This disposal of treasury shares to the scheduled grantees shall be funded as capital assets by the monetary compensation claims provided as restricted stock compensation in the Company's 29th fiscal year under the Plan. For the avoidance of doubt, the disposal price is 3,660yen, which was the closing price of the Company's common stock on the Tokyo Stock Exchange on March 12, 2026 (the business day prior to the date of the Board of Directors' resolution). From the viewpoint that it was the market share price on the day immediately preceding the date of the resolution at the meeting of the Board of Directors, the above price is deemed to be reasonable and not particularly favorable to the grantees.

(Reference)

Outline of the Plan

Eligible Individuals will pay all monetary compensation claims provided by the Company under this Plan as property contributed in kind, receiving common stock to be issued or disposed of by the Company. In addition, the total number of common shares issued or disposed of by the Company to the Eligible Individuals under the Plan shall be no more than 30,000 shares per year, and the amount to be paid per share shall be the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution at the Board of Directors' meeting (or the closing price on the immediately preceding trading day if no transaction has been effected on said day).

With respect to the issuance or disposal of the common stock under the Plan, Lacto Japan and the Eligible Individuals shall conclude a restricted stock allotment agreement, the contents of which shall include: (1) the Eligible Individuals shall not transfer, create a security interest, or otherwise dispose of the Company's common stock that was allocated under the restricted stock allocation agreement for a designated period; and (2) under certain circumstances, the Company shall be entitled to acquire the relevant common stock without consideration.