

June 21, 2024

ADEKA CORPORATION

## Notice of Disposal of Treasury Shares as Restricted Stock Compensation

ADEKA CORPORATION (President and Chief Executive Officer, Representative Director: Hidetaka Shirozume) has decided to dispose of treasury stock as restricted stock awards (hereinafter referred to as "Treasury Stock Disposal" or "Disposal") at the Board of Directors' meeting held on 21 June, 2024 as follows.

### 1. Overview of the Disposal

(1) Disposal date	19 July, 2024 (scheduled)
(2) Class and number of shares to be disposed	57.6 thousand shares of our common stock
(3) Disposal price	3,173 yen per share
(4) Total value of shares to be disposed	182,764,800 yen
(5) Allottees and number thereof, number of shares to be allotted	4 directors*: 22.5 thousand shares * Excluding directors serving on the Audit and Supervisory Committee and external directors  16 executive officers** : 35.1 thousand shares ** Excluding those who concurrently serve as directors
(6) Other	The Company has submitted an extraordinary report regarding the Disposal of Treasury Stock pursuant to the Financial Instruments and Exchange Act.

### 2. Purpose and reason of the disposition

At the board of Directors' meeting held on 22 May, 2017, the Company resolved to introduce a stock compensation plan (the "Plan") under which directors (excluding external directors) and executive officers (hereinafter referred to as "allocated executive officers") will be allocated restricted stock to shareholders and executive officers for the purpose of further enhancing corporate value. Under the plan, We will pay monetary compensation receivables of up to ¥150 million per year to directors for the acquisition of restricted stock, and up to 0.1 million shares per year. We have received approval for the issuance, etc. In addition, at the 159th Ordinary General Meeting of Shareholders held on 18 June, 2021, We received approval for the transition from a company with a board of auditors to a company with an audit and supervisory committee and the provision of monetary compensation receivables of up to ¥150 million per year to directors (excluding directors serving as members of the Audit and

Supervisory Committee and external directors) for the purpose of issuing shares of restricted stock, and the issuance of up to 0.1 million shares of common stock per year in accordance with this system prior to the transition. As a result, this treasury stock disposal will be implemented for those eligible for allocation as part of this system. The Overview of this system is as follows.

## **【Overview of the System】**

Under the system, We grants to the allotted companies a monetary compensation claim based on a resolution of the board of directors in order to allocate shares with restriction on transfer every fiscal year, in principle, and causes the Company to invest all such monetary compensation claims in kind as property of contribution in kind, thereby causing the allotment target person to issue or dispose of our common shares and hold them.

The total amount of monetary compensation receivable to be paid to the directors subject to the plan shall be ¥150 million per annum or less (excluding the salary for employees of a director who is also an employee). In addition, the total number of shares of common stock that we will issue or dispose of to target directors under the plan shall be no more than 0.1 million shares per year (provided, however, that in the event of a stock split of our common stock (including a free allocation of shares of our common stock) or reverse stock split, or in other cases where an adjustment in the total number of shares to be allocated in accordance with these cases is required, the total number of such restricted shares may be reasonably adjusted. Including the amount to be paid to the allocated executive officers, which is outside the scope of the director compensation limit, the total number of shares and the amount to be disposed of as described in "1. Overview of the Disposal." The amount to be paid per share shall be the closing price of our common stock on the Tokyo Stock Exchange on the business day prior to the date of resolution of each board of directors meeting (in the event that the transaction is not consummated on the same day, the closing price on the most recent trading day prior thereto). The board of directors shall determine the specific timing of payment and allocation to each allotment target person. In the course of issuing or disposing of our common shares under the plan, we shall enter into an agreement on the allotment of shares with a restriction on transfer (hereinafter referred to as the "Allotment Agreement") between the Company and the allotment target person, which shall include (i) the allocable recipients shall not transfer or mortgage or otherwise dispose of our common shares allocated under the Allotment Agreement for a predetermined period (for a period of 3 years or more), and (ii) in the event of certain events, the Company shall acquire such common shares without charge.

## **【Current restricted stock awards】**

Taking into consideration the purpose of the plan, our performance, the scope of the duties of each allocable target person and various circumstances, we have decided to grant a total of 57.6 thousand shares of our common stock, including monetary compensation

claims totaling 182,764,800 yen. In addition, in order to realize the granting of incentives and the sharing of shareholder value for the purpose of continuously increasing corporate value, which is the purpose of the introduction of this system, the transfer restriction period is 3 years or more. In the event of the disposition of treasury stock, 20 persons eligible for allotment shall be entitled to receive the disposition of the shares by paying all such monetary compensation claims to us as property of contribution in kind in accordance with the Plan.

### 3. Summary of the Allotment Agreement

(1) Restricted period 19 July, 2024 to 19 July, 2027

(2) Termination Conditions of Restriction on Transfer

Any and all Shares allotted to each allocable target person under this Allotment Agreement (hereinafter referred to as the "Allotment Shares") shall be terminated at the time of expiration of the Restriction on Transfer, provided that the Allotment Participant remained in any of the positions of the directors and executive officers of the Company during the Restriction on Transfer.

(3) Free acquisition by us

① We will naturally acquire, without charge, all Allotment Shares for which the Restriction on Transfer has not been terminated at the period of expiration of the Restriction on Transfer at the time immediately following the time of expiration of the Restriction on Transfer.

② We shall not apply to a allocable target person is made, unless: (a) he or she is sentenced to imprisonment or severer punishment during the period of restriction on transfer; (b) he or she is subject to a petition for commencement of bankruptcy proceedings; (c) he or she is subject to a disposition for delinquency of attachment, taxes or public dues; (d) he or she resigns from any of our positions as directors or executive officers; (i) he or she assumes or re-assumes any of the above positions simultaneously with his or her resignation; (ii) he or she resigns from any of the above positions due to resignation due to justifiable grounds, such as his or her resignation or illness, or any other unavoidable reason; and (iii) he or she resigns due to his or her death. All of the Allotment Shares shall be acquired without charge as of the time the allocable target person comes under any of the foregoing items.

③ If the allocable target person falls under any of the events described in paragraph ②(d)(ii) or (iii) above, we will, as a matter of course, acquire the Allotment Shares without charge in the number obtained by subtracting the number of (b) from the number of (a) below at the time the allocable target person resigns.

(a) The No. of shares of the Allotted Shares

(hereinafter referred to as the "Number of Shares")

(b) The number obtained by multiplying the number of months from the month including the disposition date of the Allotted Shares (hereinafter referred to as the "Disposition Date") by the number obtained by dividing the number of months from the month including the day on which the Allocated Shares retired from any of the positions of Directors and Executive Officers by 12 (if the calculation results in excess of 1, the number shall be 1) by the Allotted Shares (provided, however, that if the calculation results in a fraction of less than 1 share, such fraction shall be discarded).

④Where, for reasons such as relocation, it is reasonably expected that an allocable target person will fall under the category of a non-resident under the Income Tax Act, we will, as a matter of course, acquire, without charge, the Allotted Shares in the number obtained by subtracting the number of (b) from (a) below at the time when a decision is made by us to change the contents of duties, etc. that are reasonably expected to fall under the category of a non-resident with regard to the allocable target person (hereinafter referred to as the "Decision on Change of Duty, etc."):

(a) Number of Shares

(b) The number shall be the number obtained by multiplying the number of months from the month that includes the date of this disposition to the month that includes the day on which the Decision on Change of Duty, etc. was made by the number obtained by dividing the number of months from the month that includes the date of this disposition by 12 (if the calculation results in excess of 1, the number shall be 1) by the number of the Allotted Shares (provided, however, that if the calculation results in a fraction of less than 1 share, such fraction shall be rounded off).

⑤In addition to the foregoing, if any of the allocable target person (a) is approved by our board of directors to have engaged in a Competition (except with our prior written consent), or (b) is approved by our board of directors to have in material violation of laws, regulations, or our internal rules, we will also acquire, without charge, all of the Allotted Shares (provided, however, that only that part of the Allotted Shares is determined to be reasonable in the case of (b)).

#### (4) Control of shares

The Allottable Shares are managed by a dedicated account opened by the allocable target person at Mizuho Securities Co., Ltd. during the period of the transfer limit so that the Company may not transfer, create a security interest or otherwise dispose of the Shares during the period of the transfer restriction. In order to ensure the effectiveness of the transfer restrictions, etc. related to the Allottable Shares, we and the allocable target person have entered into an agreement with Mizuho Securities Co., Ltd. in

connection with the control of the account of the Allotable Shares held by the allocable target person.

(5) Treatment in organizational restructuring, etc.

In the case where, during the limited period of the transfer, the number of the month from the month including the start date of the limited period of the transfer, to the month including the effective date of the reorganization, etc. by the month including the starting date of the limited period of the transfer, etc. is divided by 12 (if the result of the calculation exceeds 1, it shall be 1) and the number of the allotted shares held by the allocable target person immediately before the effective date, etc. is multiplied by the number of the shares held by the allottee (if the result of the calculation does not require the approval of the shareholders' meeting with regard to the reorganization, etc. in the case where the matters related to the share exchange agreement, the share transfer plan, and other matters related to the reorganization, etc. in which we become a wholly-owned subsidiary are approved at our general meeting of shareholders (however, in the case where such reorganization, etc. is not required by our general meeting of shareholders), the number of the shares to be transferred as a result of the reorganization, etc. shall cancel the restriction on the transfer of the Allotted Shares at the time immediately prior to the business day before the Effective Date, etc. of such Reorganization, etc. In this case, as of the business day prior to the effective date of the organizational restructuring, we will naturally acquire, without charge, all of the Allotment Shares for which the restriction on transfer has not been terminated on the same day.

#### **4. Basis for calculating the amount to be paid and the specific contents thereof**

The disposal of treasury stock to the planned allotment will be conducted using monetary compensation claims or monetary claims paid as restricted stock awards for FY2024 under this plan as investment properties. The disposal value is the closing price of our common stock on the prime market of the Tokyo Stock Exchange on 20 June, 2024 (the business day prior to the resolution date of the board of directors), which is 3,173 yen, in order to eliminate arbitrary considerations. This is the market share price immediately prior to the date of resolution of the board of directors and is not considered to be a reasonable and particularly favorable value.

##### ■ Contacts

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