



June 27, 2024

To all parties concerned

Company name: Murata Manufacturing Co., Ltd.
Name of representative: Norio Nakajima
President and Representative Director
(Code: 6981, Tokyo Stock Exchange Prime Market)
Contact: Mikito Yamada
General Manager of Corporate Communication Department
(Phone: 075-955-6786)

Notice Regarding Disposal of Treasury Stock as Employee Shareholding Association – Restricted Stock Compensation

Murata Manufacturing Co., Ltd. (the “Company”) announced the introduction of the Employee Shareholding Association – Restricted Stock (“ESA-RS”) Compensation Plan (the “Plan”) as of April 26, 2024, and hereby announces that at the Board of Directors meeting held today, it resolved to dispose of the Company’s treasury stock as restricted stock (the “Treasury Stock Disposal” or the “Disposal”), with the Murata Manufacturing Employee Shareholding Association (the “ESA”) as the scheduled allottee, based on the Plan as follows.

1. Overview of the Disposal

(1) Date of disposal	September 25, 2024
(2) Type and number of shares to be disposed of	1,078,770 shares of the common stock of the Company (Note)
(3) Disposal price	JPY 3,300 per share
(4) Total disposal amount	JPY 3,559,941,000 (Note)
(5) Method of disposal (scheduled allottee)	The number of shares applied for as determined by the ESA within the range of the number of shares to be disposed of as stated in (2) above will be allotted to the ESA on the condition that an application for subscription is made by the ESA using the method of third-party allotment (the number of allotted shares will be the number of shares to be disposed of). (Murata Manufacturing Employee Shareholding Association: 1,078,770 shares)
(6) Other	The Company has submitted an extraordinary report on the Treasury Stock Disposal in accordance with the Financial Instruments and Exchange Act.

(Note) The “number of shares to be disposed of” and the “total disposal amount” are calculated based on the assumption that 30 shares of the Company’s common stock will be granted as restricted stock to each of the 35,959 employees of Murata Manufacturing Co., Ltd. (the “Company”) or the Company affiliates, which is the maximum number of persons who are eligible under the Plan. The number of shares to be (collectively, the “Companies”) actually disposed of and the actual total disposal amount will be determined according to the number of employees of the Company or its affiliates who agree to the Plan (the “Eligible Employees”) after recommending membership to non-members of the ESA and confirmation of consent to the Plan among the members of the ESA. Specifically, as stated in (5) above, the number of shares applied for as determined by the ESA will be the “number of shares to be disposed of,” and the amount obtained by multiplying such number by the disposal price per share will be the

“total disposal amount.” Please note that the Company or its affiliates will uniformly provide each Eligible Employee with a monetary claim of JPY 99,000, and the Company will uniformly allot 30 shares to each Eligible Employee through the ESA.

2. Purpose of and Reason for the Disposal

As stated in the “Notice of Introduction of Restricted Stock Compensation Plan for Employees” announced as of April 26, 2024, the Company resolved to introduce the Plan for the Eligible Employees among the Company group employees who join the ESA in order to help the Eligible Employees build their assets by providing the Eligible Employees with opportunities to acquire the Company’s common stock with the Restriction (as defined below) for a certain period (restricted stock) to be issued or disposed of by the Company through the ESA. In addition, the Plan is intended to encourage the Eligible Employees to become more aware of the Company’s business performance and stock price, as well as provide a method to further share value with the Company’s shareholders, which will then increase their initiative, willingness to contribute, and motivation toward the enhancement of corporate value.

An overview of the Plan is as follows:

[Overview of the Plan]

Under the Plan, the Eligible Employees will be granted monetary claims (the “Special Incentive”) by the Company or its affiliates as a special incentive for the grant of 30 shares per employee as ESA-RS, and the Eligible Employees will contribute the Special Incentive to the ESA. The ESA will then provide to the Company the Special Incentive contributed by the Eligible Employees by way of an in-kind contribution, and in turn shall receive the disposal of the Company’s common stock as ESA-RS.

The amount per share to be paid for the Company’s common stock in cases where such common stock is to be disposed of based on the Plan shall be resolved by the Board of Directors within a scope that is not particularly advantageous to the ESA (and by extension to the Eligible Employees) based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors pertaining to the disposal.

In disposing of the Company’s common stock based on the Plan, the Company and the ESA will execute a ESA-RS allotment agreement, the outline of which will include, among other things, that (1) the ESA is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted shares to a third party during a certain restriction period (the “Restriction”), and (2) the Company shall make acquisition of the allotted shares without payment of any contribution if certain events occur. Furthermore, the Special Incentive will be granted to the Eligible Employees on the condition that the ESA-RS allotment agreement is executed between the Company and the ESA.

Moreover, until the Restriction is lifted, based on the ESA Rules, the ESA Detailed Operation Rules and other rules of the ESA (collectively, the “ESA Rules, etc.”) (Note), the Eligible Employee will be restricted from withdrawing the Eligible Employee’s member equity interest pertaining to the Allotted Shares (as defined below) to be held by the Eligible Employee in proportion to the monetary claims contributed to the ESA (the “Restricted Stock Equity Interest”).

(Note) The ESA is scheduled to resolve for amendment of the ESA Rules, etc. in order to comply with the Plan prior to receiving the Treasury Stock Disposal at the meeting of the ESA’s governing body to be held promptly after the resolution of the Board of Directors pertaining to the Treasury Stock Disposal. Such amendment is scheduled to become effective when two (2) weeks have elapsed after the dispatch of the notice to the members of the ESA in accordance with the ESA Rules, etc. after the resolution at such meeting of the ESA’s governing body, and the objections from the members of the ESA are less than one-third (1/3) of the total members of the ESA.

In the Treasury Stock Disposal, the Company’s common stock (the “Allotted Shares”) will be disposed of to the ESA as a result of the ESA, as the scheduled allottee, contributing all of the Special Incentive contributed from the Eligible Employees as a contribution in-kind based on the Plan. In the Treasury Stock Disposal, the overview of the ESA-RS allotment agreement to be executed between the Company and the ESA (the “Allotment Agreement”) is as described in “3. Overview of Allotment Agreement” below. The number of shares to be disposed of in the Treasury Stock Disposal is expected to become fixed in due course as indicated in (Note) of 1. above; however, assuming that all 35,959 employees of the Company or its affiliates, which is the

maximum number of persons who could be eligible for the Plan, join the ESA and agree to the Plan, a maximum of 1,078,770 shares will be disposed of. Please note that the scale of stock dilution based on the Treasury Stock Disposal is, when based on the foregoing number of shares disposed of, 0.05% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 1,990,612,843 shares as the total number of issued shares as of May 31, 2024 (the Company cancelled 36,830,000 shares of treasury stock in accordance with the provisions of Article 178 of the Companies Act as of May 31, 2024), and is 0.06 % of 18,885,693 voting rights as the total number of voting rights as of March 31, 2024. Furthermore, the scale of dilution including 69,085 shares to be disposed of as a result of the disposal of treasury stock related to the restricted stock remuneration for Directors as resolved on June 27, 2024 is 0.06% of 1,990,612,843 shares as the total number of issued shares as of May 31, 2024, and is 0.06% of 18,885,693 voting rights as the total number of voting rights as of March 31, 2024.

The introduction of the Plan is intended to help the Eligible Employees build their assets by creating opportunities for the Eligible Employees to acquire the Company's common stock to be issued or disposed of by the Company as restricted stock through the ESA. In addition, the Plan is intended to encourage the Eligible Employees to become more aware of the Company's business performance and stock price, as well as provide a method to further share value with the Company's shareholders, which will then increase their initiative, willingness to contribute, and motivation toward the enhancement of corporate value. The Company believes that the introduction of the Plan will contribute to increasing our the Company group's corporate value, and that the number of shares to be disposed of and the scale of stock dilution in the Treasury Stock Disposal are reasonable, and, even taking into account the scale of the dilution, the Company has determined that the impact on the market will be minor.

Please note that the Treasury Stock Disposal will be implemented on the condition that the amended ESA Rules, etc. become effective by the day preceding the date of disposal of the Treasury Stock Disposal, and that the Allotment Agreement between the Company and the ESA will be concluded during the application period.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From September 25, 2024 to September 30, 2027

(2) Condition for lifting of the Restriction

On the condition that an Eligible Employee has been a member of the ESA on a continuing basis during the transfer restriction period, the Restriction shall be lifted as of the expiration of the transfer restriction period for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee who satisfies such condition.

(3) Treatment upon terminating membership of the ESA

In cases where an Eligible Employee terminates membership of the ESA (referring to cases where the Eligible Employee loses membership qualification or applies for termination of membership, and including the case of termination of membership due to death) during the transfer restriction period due to retirement at the mandatory retirement age or any other justifiable cause (including the cases where the reemployment period for the Eligible Employee (including the reemployment period after renewal of reemployment) is terminated if such Eligible Employee is reemployed after retirement; the cases where such termination of membership is caused by the circumstances of the Company or its affiliates; and the cases where the Company or its affiliates deem that it will be difficult for the Eligible Employee to continue to perform his/her duties for any unavoidable cause, such as illness or nursing care; the same shall apply hereafter), effective the date on which the Eligible Employee terminates membership of the ESA (in the case where the Eligible Employee applies for termination of membership, the date on which the ESA receives such application; or in the case of termination of membership due to death, the date of death; the "Termination Date"), the Company will lift the Restriction for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee (in the case of termination of membership due to death, his/her heir) on the Termination Date.

(4) Treatment upon becoming a non-resident

In cases where the Company or its affiliates determine that an Eligible Employee will fall under the category of a non-resident during the transfer restriction period due to overseas transfer or any other cause,

effective the date on which such determination is made (the “Determination Date for Overseas Transfer”), the Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by such Eligible Employee on the Determination Date for Overseas Transfer.

(5) Acquisition without payment of any contribution by the Company

If a department in charge of personnel affairs at the Company or its affiliates deem that an Eligible Employee has committed any act in violation of laws and regulations, internal rules of the Company or its affiliates, the ESA Rules or the Allotment Agreement in any material respect or if an Eligible Employee falls under certain circumstances specified in the Allotment Agreement, during the transfer restriction period, the Company will automatically acquire without payment of any contribution all of such Allotted Shares by giving a written notice stating that it will acquire without payment of any contribution the Allotted Shares according to the Restricted Stock Equity Interest held by such Eligible Employee, at the time of arrival of the notice. In addition, the Company will automatically acquire without payment of any contribution the Allotted Shares for which the Restriction is not lifted as of the time immediately following the expiration of the transfer restriction period or as of the time immediately following the lifting of the Restriction prescribed in (3) or (4) above.

(6) Management of stocks

During the transfer restriction period, the Allotted Shares shall be managed in a dedicated account opened by the ESA at Nomura Securities Co., Ltd. in order to ensure that the ESA neither transfers, creates any security interest on, nor otherwise disposes of the Allotted Shares during that period. Furthermore, the ESA shall register and manage, pursuant to the provisions of the ESA Rules, etc., the Restricted Stock Equity Interest that will be held by the Eligible Employee pertaining to the Allotted Shares, separately from the ordinary equity interest held by the Eligible Employees pertaining to the Company’s stock acquired by the ESA not pursuant to the Allotment Agreement.

(7) Treatment upon reorganization, etc.

In cases where, during the transfer restriction period, approval is obtained for a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding reorganization, etc., based on the resolution of the Board of Directors, at a general meeting of shareholders of the Company (however, in cases where the reorganization, etc., in question does not require approval from a general meeting of shareholders of the Company, the Board of Directors of the Company), the Restriction shall be lifted for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESA as of the date of the approval in question immediately before the business day preceding the effective date of the reorganization, etc.

4. Basis of Calculation and Specific Details of the Disposal Amount

The Treasury Stock Disposal to the ESA as the scheduled allottee is conducted by the Eligible Employees contributing the Special Incentive to the ESA for the grant of ESA-RS as property contributed in kind. To eliminate any arbitrariness in the disposal amount, the closing price for the Company’s common stock on June 26, 2024 (the business day before the day of resolution of the Board of Directors) on the Tokyo Stock Exchange Prime Market of JPY 3,300 is used as the disposal amount. As this is the market share price immediately before the date of resolution of the Board of Directors, the Company believes that it is rational and not a particularly advantageous amount.

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of the Company’s common stock on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price (any amount less than 1 yen shall be rounded off)	Deviation rate
1 month (May 27, 2024 to June 26, 2024)	JPY 3,137	5.20 %
3 months (March 27, 2024 to June 26, 2024)	JPY 2,935	12.44 %

6 months (December 27, 2023 to June 26, 2024)	JPY 2,953	11.75 %
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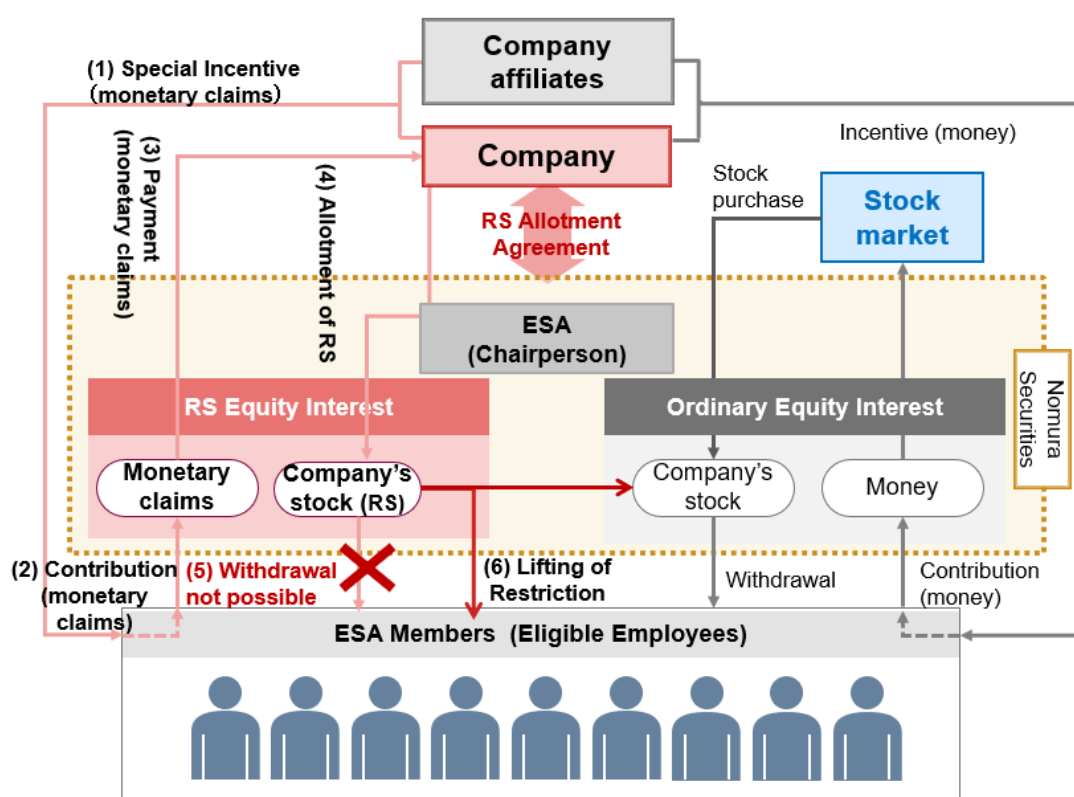
5. Matters Related to Procedures under the Company's Code of Conduct

With regard to the Treasury Stock Disposal, since (1) the dilution rate is less than 25% and (2) it does not involve a change of the controlling shareholder, there is no need to take procedures to acquire the opinion of an independent third party and confirm the intention of shareholders as set forth in Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Scheme of the Plan]

- (1) The Company and its affiliates will grant monetary claims as the Special Incentive for the grant of the restricted stock to the Eligible Employees who agree to the Plan.
- (2) The Eligible Employees who agree to the Plan will contribute the monetary claims of (1) above to the ESA.
- (3) The ESA will collect and contribute to the Company the monetary claims contributed in (2) above.
- (4) The Company will allot the Allotted Shares to the ESA as the restricted stock (referred to as “RS” in the following table).
- (5) The Allotted Shares will be deposited in a dedicated account opened by the ESA through Nomura Securities Co., Ltd, and the withdrawal of the Allotted Shares will be limited during the transfer restriction period.
- (6) After lifting of the Restriction, the Allotted Shares will be transferred to the ordinary equity interest or a securities account held under the name of the Eligible Employee.



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