

News Release



KOA CORPORATION
June 25, 2024

Tadao Hanagata
Representative Director, President & CEO

Disposal of Treasury Shares as Restricted Stock Compensation

KOA CORPORATION (hereinafter the "Company") hereby announces that, at the meeting of the Board of Directors held today, its Board of Directors resolved to dispose of the Company's treasury shares as restricted stock compensation (hereinafter the "Disposal of Treasury Stock" or "Disposal") as detailed below.

1. Overview of the Disposal

(1)	Disposal date	July 16, 2024
(2)	Class and number of shares subject to Disposal	23,723 shares of common stock of the company
(3)	Disposal price	1,475 JPY per share
(4)	Total amount of Disposal	34,991,425 JPY
(5)	Allottees	7 Directors of the Company excluding outside directors (23,723 shares in total)

2. Purposes and reasons for the Disposal

At the 94th Annual General Meeting of Shareholders held on June 18, 2022, the shareholders approved a plan to grant restricted stock to the Company's directors (excluding outside directors) as part of a stock compensation plan (hereinafter the "Plan"). The Plan aims to align the interests of the directors with those of the shareholders by sharing the benefits and risks of stock price changes and to motivate the directors to contribute to the improvement of stock prices and corporate value. Under the Plan, the total annual monetary compensation for the directors (excluding outside directors) is capped at ¥90 million and up to 150,000 shares of restricted stock can be allocated to them each fiscal year. The restriction on transferring these shares lasts until the directors resign from their positions.

Today, the Board of Directors resolved to grant a total of ¥34,991,425 in monetary compensation claims to seven of our directors (excluding outside directors), (hereinafter the "Eligible Director(s)") as restricted stock compensation for the period from the Company's 96th Annual General Meeting of Shareholders to the 97th Annual General Meeting of Shareholders scheduled for June 2025. The Eligible Directors will contribute the entire amount of these monetary compensation claims as payment in kind, and in return, they will be allocated 23,723 shares of our common stock as restricted stock. The amount of compensation for each Eligible Directors has been determined based on their contributions and other factors, with the approval of the Nomination and Compensation Committee, which is primarily composed of independent outside directors. This compensation will be granted on the condition that the Eligible Directors sign a restricted stock allocation agreement (hereinafter the "Allocation Agreement") with the Company, which includes the following terms.

3. Overview of the Allocation Agreement

1) The Transfer Restriction Period

The transfer restriction period will start on July 16, 2024, and last until the day the Eligible Director resigns as a director of the Company (if the resignation date is on or before June 30, 2025, the restriction will last until July 1, 2025).

During this period, the Eligible Directors are not allowed to transfer, pledge, or otherwise dispose of the allocated restricted stock (hereinafter the "Allocated Shares").

2) The Company's Acquisition of the Shares at No Cost

If an Eligible Director resigns as a director of the Company before the first annual general meeting of shareholders following the start of the transfer restriction period, the Company will naturally acquire the Allocated Shares at the time of resignation, except for reasons deemed justifiable by the Board of Directors. Additionally, any Allocated Shares that remain under transfer restrictions at the end of the transfer restriction period will be naturally acquired by the Company immediately after the end of the period.

3) Removal of Transfer Restrictions

The Company will remove the transfer restrictions on all Allocated Shares at the end of the transfer restriction period, provided the Eligible Director has continuously served as a director of the Company until the date of the first annual general meeting of shareholders following the start of the transfer restriction period. However, if the Eligible Director resigns as a director before this meeting due to reasons deemed justifiable by the Board of Directors, the Company will prorate the lifting of transfer restrictions based on the number of months from July 2024 up to and including the month in which the Eligible Director resigned as a director, divided by 12, multiplied by the number of Allocated Shares held by the Eligible Director at that time (with any fractional shares being rounded down), effective immediately after the resignation.

4) Management of Shares

The Eligible Directors are required to open an account with SMBC Nikko Securities Inc., as designated by the Company, to hold and maintain the Allocated Shares until the transfer restrictions are lifted.

5) Treatment in the Event of Organizational Restructuring

In the event that the Company's shareholders approve a proposal at the Company's general meeting of shareholders (or by the Board of Directors if shareholder approval is not required) during the transfer restriction period, related to a merger where the Company ceases to exist, a share exchange where the Company becomes a wholly-owned subsidiary, or a share transfer plan or other organizational restructuring (limited to cases where the effective date of such restructuring precedes the end of the restriction period), and if the Eligible Director resigns as a director due to such restructuring, the Board of Directors will prorate the lifting of transfer restrictions based on the number of months from July 2024 up to and including the month of approval, divided by 12 (rounded up to 1 if the calculation exceeds 1), multiplied by the number of Allocated Shares held by the Eligible Director on the approval date (with any fractional shares being rounded down), effective immediately before the business day prior to the effective date of the restructuring.

Furthermore, upon approval of such organizational restructuring, the Company will automatically acquire without compensation all Allocated Shares that have not had their transfer restrictions lifted by the business day preceding the effective date of the restructuring.

4. Basis and Specifics of Calculation of Payment Amount

Regarding the disposal price in the sale of treasury shares, we have determined the price to be ¥1,475, which is the closing price of our common stock on the Tokyo Stock Exchange on the last business day before the resolution date of the Board of Directors (June 21, 2024). This price is chosen to ensure fairness and eliminate arbitrariness, reflecting the market value of our shares immediately prior to the Board of Directors' resolution date, and we believe it does not constitute an unduly advantageous or unreasonable price.

Note:

This document is a translation of the original Japanese document. In the case of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

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