



July 18, 2024

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Notice Concerning Issuance of New Shares as Restricted Share-Based Remuneration

DISCO CORPORATION (the “Company”) hereby announces that at the Board of Directors meeting held on July 18, 2024, (“Allotment Resolution Date”), it was resolved to issue new shares as outlined below (“Issuance of New Shares” or “Issuance”).

1. Overview of Issuance

(1)	Payment date	August 2, 2024
(2)	Class and number of shares to be issued	1,800 shares of common stock
(3)	Issuance price	¥60,610 per share
(4)	Total issuance amount	¥109,098,000
(5)	Eligible Persons to be allotted shares, number of Eligible Persons, and number of shares to be allotted	The Company’s six Executive Officers, 1,800 shares
(6)	Other	The Issuance of New Shares has been reported in the Extraordinary Report submitted in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reason for Issuance

When its retirement benefit plan was abolished in 2004, the Company introduced a share remuneration-type stock option plan as a replacement plan. In addition, on January 29, 2024, the Compensation Committee decided to abolish that system and move to a restricted share-based remuneration plan for Executive Officers (including those who concurrently serve as Directors; the “Eligible Persons”) (the “Plan”). The Company aims to promote further shared value with shareholders by granting the Eligible Persons actual shares as long-term incentive remuneration and having them hold the actual shares.

Additional information, including outline of the Plan, is provided below.

Outline of the Plan

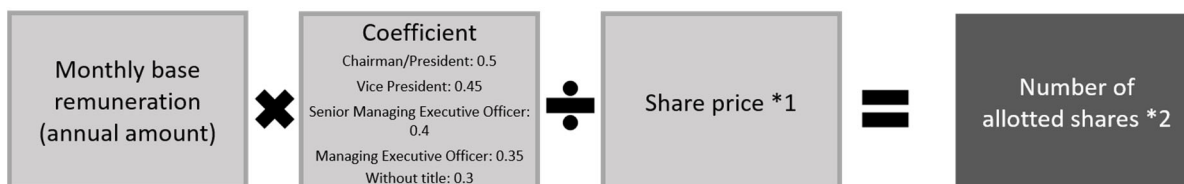
The Company shall pay monetary claims to the Eligible Persons as remuneration related to restricted shares based on a resolution of the Company’s Compensation Committee. The Eligible Persons shall pay all monetary claims in the form of property contributed in kind, and shall, in return, receive shares of the Company’s common stock that shall be issued or disposed of by the Company. The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of shares of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately before each date of the resolution by the Board of Directors concerning the issuance or disposal of the shares (if there is no closing price on such date, the closing price

on the closest preceding trading day) and not be particularly advantageous to the Eligible Persons who receive the shares of the Company's common stock. The specific timing and allocation to each Eligible Person shall be determined by the Compensation Committee.

In addition, the issuance or disposal of shares of the Company's common stock (the "Shares") under the Plan shall be conditional on the Company and the Eligible Persons entering into a restricted share allotment agreement that includes such provisions as (i) there shall be a prohibition on transferring the Shares to third parties, establishing security rights, or any other form of disposal for a certain time period (the "Restricted Period"); and (ii) in the event that certain circumstances arise, the Company shall acquire the Shares without contribution. To ensure that the Eligible Persons cannot transfer, establish security rights, or otherwise dispose of the Shares during the Restricted Period, the Shares will be managed during the Restricted Period in dedicated accounts established at Nomura Securities Co., Ltd. by the Eligible Persons.

The Restricted Period has been set to 50 years to achieve the sharing of shareholder value over a medium-to-long term period, the goal for introducing the Plan. The transfer restriction is lifted if a Director or Executive Officer retires for a reason deemed appropriate.

It was decided to grant a total of 109,098,000 yen in monetary claims (the "Monetary Claims") and 1,800 common shares based on the following calculation following resolution by the Compensation Committee.



*1 Closing price on the business day before the Allotment Resolution Date.

*2 If this calculation results in a number of shares to be allotted that is a fractional amount less than 100 shares, the number shall be rounded up 100 shares because Article 8 of the Articles of Incorporation stipulates that the Company's trading lot is 100 shares.

For the Issuance of New Shares, the six Eligible Persons expected to be allotted shares based on this Plan are allotted the Company's common shares ("Allotted Shares") when they pay all Monetary Claims to the Company as payment in kind. An outline of the restricted share allotment agreement concluded between the Company and the Eligible Persons for the Issuance of Shares (the "Allotment Agreement") is as given in 3. below.

3. Outline of Allotment Agreement

(1) Restricted Period

August 2, 2024–August 1, 2074

(2) Conditions for lifting transfer restrictions and timing of lifting

On the condition that the Eligible Persons maintain either their position of the Company's Executive Officer or Director ("Executive Officer, etc.") from the date of commencement of execution of duties until immediately preceding the conclusion of the first subsequent General Shareholders Meeting ("Service Provision Period"), the Company shall lift the transfer restrictions on all Allotted Shares upon conclusion of the Restricted Period (if an Eligible Person loses their position of Executive Officer, etc., (including retirement due to death) due to fulfilling their term of office or other reason deemed appropriate (this does not include the Eligible Persons resigning for personal reasons, which also applies below), immediately after the retirement).

If the Eligible Persons lose either of their position of the Company's Executive Officers, etc., due to fulfilling their term of office or other reason deemed appropriate (this does not include the Eligible Persons retiring for personal reasons, which also applies below) during the Service Provision Period (including retirement due to death), the Company shall lift transfer restrictions on a number of shares determined by multiplying the number stipulated in (i) below with the number stipulated in (ii) below (fractional shares shall be rounded down) immediately after retirement.

(i) Number of Allotted Shares held by the Eligible Persons at time of retirement

(ii) The number obtained by dividing the number of months between the month the Allotment Resolution Date falls in and

the month the Eligible Persons' retirement date falls in by twelve (12)

(3) Gratis acquisition by the Company

At the conclusion of the Restricted Period or immediately after lifting transfer restrictions stipulated in (2) above, the Company shall automatically acquire at no cost all Allotted Shares still subject to transfer restrictions as of that time.

(4) Malus and clawback

If it is determined that it is necessary to make revisions to financial statements because of an Eligible Person's serious violation of laws and regulations or the Company's internal rules, the Company shall take the following measures against the Executive Officer responsible for the situation ("Fact of Misconduct") (Responsible Executive Officer) whether it was done intentionally or unintentionally.

(i) Gratis acquisition (Malus)

Immediately after the determination of a Fact of Misconduct, the Company shall automatically acquire at no cost all Allotted Shares held by the Responsible Executive Officer still subject to transfer restrictions.

(ii) Return of shares after lifting of transfer restrictions (clawback)

If after a Responsible Executive Officer retires, the Board of Directors determines that the Responsible Executive Officer's conduct falls under Fact of Misconduct, and the allotment date for the Allotted Shares falls in the fiscal year in which the Responsible Executive Officer's date of retirement falls or in one of the preceding three fiscal years, the Responsible Executive Officer or their heirs shall return Allotted Shares whose transfer restrictions were lifted (if all or some of the Allotted Shares have already been sold, an amount equivalent to the proceeds from the sales of the shares shall be paid to the Company).

(5) Handling of Allotted Shares in case of reorganization, etc.

In the event during the Restricted Period that the Company's General Meeting of Shareholders (or Board of Directors meeting, unless approval at the General Shareholders Meeting is required) approves a merger agreement in which the Company becomes a dissolving company, or other reorganization which makes the Company a wholly-owned subsidiary, such as a share exchange agreement or share transfer plan, the transfer restriction shall be lifted for the number of shares obtained by multiplying the number of the Allotted Shares held at that time by the number obtained by dividing the number of months from the month including the Allotment Resolution Date to the month including the date of such approval by twelve (12) (provided, however, that the number shall be one (1) in case the number obtained by the division exceeds one (1), and any fraction less than one (1) share resulting from the calculation shall be rounded down) as of the time immediately prior to the business day before the day such reorganization becomes effective. Immediately after transfer restrictions are lifted, the Company shall automatically acquire at no cost all Allotted Shares still subject to transfer restrictions.

(6) Managing shares

To ensure that the Eligible Persons cannot transfer, establish security rights, or otherwise dispose of the Allotted Shares during the Restricted Period, the Allotted Shares will be managed during the Restricted Period in dedicated accounts established at Nomura Securities Co., Ltd., by the Eligible Persons. The Company has concluded an agreement with Nomura Securities regarding the management of accounts for the Allotted Shares held by the Eligible Persons in order to ensure the effectiveness of the transfer restrictions related to the Allotted Shares. In addition, the Eligible Persons shall agree to details of account management

4. Basis for Calculation of Amount to Be Paid In and Details

The Issuance of New Shares to persons expected to be allotted shares shall be conducted using the Monetary Claims paid as restricted share-based remuneration for the Company's 86th fiscal year under the Plan as the property contributed in kind. The issue price is set at the closing price of 60,610 yen on July 17, 2024, (the business day prior to the Allotment Resolution Date) for the shares of the Company's common stock on the Prime Market of the Tokyo Stock Exchange in order to eliminate arbitrariness. This is the market price on the day preceding the Allotment Resolution Date and is considered reasonable and does not constitute a particularly favorable price.