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FOR IMMEDIATE RELEASE

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Notice Regarding Disposal of Treasury Shares as Incentives with Transfer Restrictions for Employees Stock Ownership Association

MARUKA FURUSATO Corporation (the “Company”) hereby announces that it resolved at its meeting of the Board of Directors held today to introduce the “Incentives with Transfer Restrictions for Employees Stock Ownership Association Plan” (hereinafter the “Plan”), and pursuant with the Plan, to conduct a disposal of treasury shares (hereinafter the “Treasury Share Disposal” or the “disposal”) to provide shares with transfer restrictions (hereinafter “restricted shares”) with the MARUKA FURUSATO Group Employees Stock Ownership Association (hereinafter the “ESOA”) as the designated allottee. The details are as follows.

1. Outline of the disposal

(1) Date of disposal	December 27, 2023
(2) Number of shares to be disposed	185,000 shares of the Company’s common stock (Note)
(3) Disposal value	2,451 yen per share
(4) Total disposal value	453,435,000 yen (Note)
(5) Disposal method	Using the third-party allotment method, a number of subscription shares determined by the ESOA within the number of shares to be disposed in item (2) above shall be allotted to the ESOA under the condition that application of subscription is made by the ESOA (the allotted number of shares will be the number of shares to be disposed). (MARUKA FURUSATO Group Employees Stock Ownership Association 185,000 shares) No partial applications will be received from any individual Eligible Employee (definition provided below) targeting only the number of shares to be granted to them.



(6) Other matters	The Treasury Share Disposal is conditional on the securities registration statement filed in accordance with the Financial Instruments and Exchange Act becoming effective.
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(Note) The “Number of shares to be disposed” and the “Total disposal value” are calculated assuming that the Company’s common shares are granted as restricted shares to 2,000 employees of the Company’s subsidiaries, which is the maximum number of individuals that can be made eligible under the Plan. The actual number of shares to be disposed and total disposal value will be determined by the number of employees of the Company’s subsidiaries who agree to the Plan after association entry promotion is conducted for employees who have yet to join the ESOA and agreement regarding the plan has been confirmed among the ESOA members (hereinafter “Eligible Employees”) (maximum 2,000 persons), and the number of shares to be granted per person, which corresponds to the management position of the employee as determined by the Company’s subsidiaries (Plan A: Maximum 1,700 persons, 100 shares; Plan B: Maximum 300 persons, 50 shares). Specifically, as stated in (5) above, a number of subscription shares determined by the ESOA shall be the “Number of shares to be disposed,” and the amount equal to that number multiplied by the disposal value per share shall be the “Total disposal value.”

2. Purpose and reasons for the disposal

At the meeting of the Board of Directors, held today, the Company resolved to introduce the Plan to grant to Eligible Employees among the employees of the Company’s subsidiaries who participate in the ESOA, incentives to strive for sustainable improvement of the Company’s corporate value in addition to helping the Eligible Employees with asset formation through creating opportunities for them to acquire, through the ESOA, the Company’s common shares that the Company allots by issuance or disposal as restricted shares as a policy to promote the enhancement of employee benefits and welfare of those Eligible Employees as a “Management Integration Commemoration” as well as promote further sharing of value between the Eligible Employees and the shareholders of the Company. An overview of the Plan is provided below.

Overview of the Plan

Under the Plan, monetary claims (hereinafter “Special Rewards”) are paid to the Eligible Employees as a special reward for the purpose of granting to them restricted shares and the Eligible Employees provide their Special Rewards to the ESOA. Then the ESOA uses the Special Rewards provided by the Eligible Employees to make a contribution-in-kind transaction with the Company so that in exchange for the Special Rewards, the ESOA receives allotment of the Company’s common shares by issuance or disposal of those shares as restricted shares.

In the event of the new issuance or disposal of the Company’s common shares through the Plan, the paid-in amount per share for these common shares shall be determined by the Board of Directors, to the extent that the amount will not be particularly advantageous for the ESOA (or by extension, the Eligible Employees), based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors relating to that issuance or disposal (or the closing price on the transaction day immediately prior thereto if no



transaction is made on such business day).

For the purpose of the issuance or disposal of common shares of the Company under the Plan, the Company and the ESOA shall enter into agreements on the allotment of restricted shares (hereinafter the “Allotment Agreements”), which shall include such provisions as (1) there shall be a prohibition on transfers to third parties, creation of security interest, or any other disposal of the shares allotted to the ESOA for a certain time period (the “Transfer Restrictions”); and (2) in the event that certain circumstances arise, the Company shall acquire, without contribution, the shares allotted to the ESOA. In addition, the Company’s payment of the Special Rewards to the Eligible Employees shall be carried out on the condition that the Allotment Agreements are entered into between the Company and the ESOA.

Moreover, pursuant with the stock ownership association rules and the stock ownership management regulations for the ESOA (hereinafter the “ESOA Rules, etc.”) (Note), the membership equity of the Eligible Employees (hereinafter “Restricted Share Equity” or “RS Equity”) shall be subject to a restriction on withdrawal of the restricted shares corresponding to the Restricted Share Equity during the period until the Transfer Restrictions relating to those restricted shares has been lifted.

(Note) The ESOA plans to pass a resolution at its Board of Directors meeting to be held promptly on or after the date of the resolution by the Board of Directors to revise the ESOA Rules, etc. to make them compatible with the Plan before the allotment from the Treasury Share Disposal is received. This revision is planned to become effective when two weeks pass since notification of the revision has been sent to the members of the ESOA after the day of the meeting of the Board of Directors, and the number of members of the ESOA objecting to the revision is less than one-third of the ESOA members, in accordance with the ESOA Rules, etc.

For the Treasury Share Disposal, the ESOA, which is the designated allottee, will make a payment, as property contributed in kind, of all the Special Rewards provided to them by the Eligible Employees, and in return, the ESOA shall receive the Company’s common shares from the disposal (hereinafter the “Allotted Shares”). There are two types of Allotment Agreements entered into between the Company and the ESOA for the Treasury Share Disposal: Plan A is for indefinite-contract employees of the Company’s subsidiaries as of December 27, 2023 (hereinafter the “Date of Disposal”), and Plan B is for other employees of the Company’s subsidiaries as of the Date of Disposal. An overview of these two Allotment Agreements is as stated in “3. Overview of Allotment Agreements.” As mentioned above in the (Note) of “1. Outline of the disposal,” the number of shares to be disposed in the Treasury Share Disposal will be determined at a later date. If all 2,000 employees of the Company’s subsidiaries, which is the maximum allowable number of persons who may become eligible employees, join the stock ownership association and agree to the Plan, then the number of shares to be disposed is planned to be 185,000 shares. Assuming this as the number of shares to be disposed, the size of the dilution of shares resulting from the Treasury Share Disposal would be 0.72% (rounded to the nearest hundredth of a percent; similar rounding applied to percentages hereinafter) of the 25,563,814 total number of issued shares as of June 30, 2023, and 0.73% of the 254,074 total voting rights as of June 30, 2023. The Plan has been introduced as a “Management



Integration Commemoration” and in addition to providing incentives to strive for sustainable improvement of the Company’s corporate value in addition to helping the Eligible Employees with asset formation through creating opportunities for them to acquire, through the ESOA, the Company’s common shares that the Company allots by issuance or disposal as restricted shares as a policy to promote the enhancement of employee benefits and welfare of Eligible Employees, the Plan is considered to promote further sharing of value between the Eligible Employees and the shareholders of the Company. Accordingly, the Company judges the number of treasury shares to be disposed and the size of the dilution of shares to be reasonable, and even taking into account the size of the dilution of shares, the Company believes the impact on the market will be immaterial.

Moreover, the Treasury Share Disposal shall be carried out on the condition that the revision to the ESOA Rules, etc., which is to be carried out before the date of disposal for the Treasury Share Disposal, must become effective, and the Allotment Agreements must be entered into between the Company and the ESOA during the application period.

3. Overview of the Allotment Agreements

(1) Transfer Restriction Period

The period from the Date of Disposal to the date the Eligible Employee retires from an employee position at the Company or one of the Company’s subsidiaries for which the employee is eligible for ESOA membership (hereinafter “Transfer Restriction Period”)

(2) Conditions for the lifting of the Transfer Restrictions

On the condition that the Eligible Employee has remained a member of the ESOA continuously throughout the period from the Date of Disposal to December 27, 2033 (hereinafter the “Vesting Period”), the Company shall lift the Transfer Restrictions of all of the number of Allotted Shares corresponding to the Restricted Share Equity held by the Eligible Employee who satisfies said conditions on the date when the ESOA receives the Eligible Employee’s application to cancel membership of the ESOA (or in a case where the Eligible Employee becomes ineligible for membership, the date when membership eligibility is forfeited; hereinafter, collectively referred to as the “Membership Cancellation Application Date”) or upon expiration of the Transfer Restriction Period, whichever is earlier.

(3) Actions to be taken in case of cancelling membership of the ESOA

Plan A (for employees who are indefinite-contract employees of the Company’s subsidiaries as of the Date of Disposal)

(i) If an Eligible Employee cancels membership of the ESOA due to retirement upon retirement age during the Vesting Period (membership cancellation here means either the case of



membership eligibility being forfeited or making an application to cancel membership), the Company shall lift the Transfer Restrictions of all of the number of Allotted Shares corresponding to the Restricted Share Equity held by that Eligible Employee on the Membership Cancellation Application Date.

(ii) If an Eligible Employee cancels membership of the ESOA due to a valid reason other than retirement upon retirement age during the Vesting Period (membership cancellation here means either the case of membership eligibility being forfeited or making an application to cancel membership, and includes membership cancellation due to death), the Company shall lift the Transfer Restrictions upon the Membership Cancellation Application Date on the number obtained by first dividing “the number of months from the month directly following the month in which the Date of Disposal fell until the month in which the Membership Cancellation Application Date fell” by “the number of months of the Vesting Period (120)” (if a number greater than 1 is obtained, then the number 1 shall be the number) and multiplying that number by the number of Allotted Shares corresponding to the Restricted Share Equity held by that Eligible Employee on the Membership Cancellation Application Date (any fractions of a share that arise from this calculation shall be discarded).

Plan B (for employees other than indefinite-contract employees of the Company’s subsidiaries as of the Date of Disposal)

(i) If an Eligible Employee has remained a member of the ESOA continuously throughout the period from the Date of Disposal to December 27, 2024 and cancels membership of the ESOA due to retirement upon reaching retirement age during the Vesting Period (membership cancellation here means either the case of membership eligibility being forfeited or making an application to cancel membership), the Company shall lift the Transfer Restrictions of all of the number of Allotted Shares corresponding to the Restricted Share Equity held by that Eligible Employee as of December 27, 2024 on the Membership Cancellation Application Date.

(ii) If an Eligible Employee cancels membership of the ESOA due to a valid reason other than retirement upon retirement age during the period from the Date of Disposal to December 27, 2024 (membership cancellation here means either the case of membership eligibility being forfeited or making an application to cancel membership, and includes membership cancellation due to death), the Company shall lift the Transfer Restrictions upon the Membership Cancellation Application Date on the number obtained by first dividing “the number of months from the month directly following the month in which the Date of Disposal fell until the month in which the Membership Cancellation Application Date fell” by 12 (if a number greater than 1 is obtained, then the number 1 shall be the number) and multiplying that number by the number of Allotted Shares corresponding to the Restricted Share Equity held by that Eligible Employee on the Membership Cancellation Application Date (any fractions of a share that arise from this

calculation shall be discarded).

(4) The Company's acquisition of the shares without contribution

At the time of expiration of the Transfer Restriction Period or at the time of lifting of the Transfer Restrictions stipulated in (3) above, the Company shall automatically acquire without contribution the Allotted Shares on which the Transfer Restrictions have not been lifted.

(5) Management of shares

The Company shall have the ESOA open dedicated accounts at Nomura Securities Co., Ltd. for the management of the Allotted Shares during the Transfer Restriction Period, so the ESOA cannot transfer the shares, create security interests, or otherwise dispose of the shares during the Transfer Restriction Period. In addition, in line with the ESOA Rules, etc., the ESOA shall register and manage the Restricted Share Equity separately from the ordinary equity held by the Eligible Employees in relation to shares acquired by the ESOA not based on the Plan.

(6) Actions to be taken upon organizational restructuring, etc.

If, during the Transfer Restriction Period, matters concerning a merger agreement in which the Company becomes the disappearing company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where the approval at the Company's General Meeting of Shareholders is not required for the reorganization, etc.), the Company shall, as at the time immediately before the business day prior to the date on which the reorganization, etc. becomes effective, lift the Transfer Restrictions on the entire number of the number of Allotted Shares corresponding to the Restricted Share Equity among the Allotted shares owned by the ESOA on the date of said approval by resolution of the Board of Directors.

4. Basis for calculating the disposal amount and other specific details

For the Treasury Share Disposal for the ESOA, which is the designated allottee, the Special Rewards paid to the Eligible Employees for the granting of the restricted shares are provided to the ESOA by the Eligible Employees to be used as property for contribution in kind. In order to prevent any arbitrariness in the price for the disposal amount, the disposal amount has been set to ¥2,451, which was the closing price for the Company's common shares on the Prime Market of the Tokyo Stock Exchange on August 18, 2023 (the business day before the date of the resolution by the Board of Directors). The Company believes that this amount is reasonable and not particularly advantageous as it is the market share price on the day immediately preceding the date of the resolution of the Board of Directors.

The rates of deviation of this price from the closing price average of the Company's shares on the Prime Market of the Tokyo Stock Exchange (rounded to the nearest hundredth of a percent) are as follows.

Period	Closing price average (rounded down to nearest yen)	Rate of deviation
1 month (July 19, 2023 to August 18, 2023)	2,553 yen	△4.00%
3 months (May 19, 2023 to August 18, 2023)	2,480 yen	△1.17%
6 months (February 20, 2023 to August 18, 2023)	2,606 yen	△5.95%

All three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) who attended today's Board of Directors meeting considered the purpose of introducing the Plan with respect to the Treasury Share Disposal and the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day before the date of the resolution of the Board of Directors with respect to the disposal amount, and they expressed an opinion that the process, by which the Company judged that the disposal amount was not particularly advantageous to the ESOA, the designated allottee, was reasonable and that the judgment followed due process.

5. Matters concerning the procedure required by the corporate code of conduct

The Treasury Share Disposal does not require the procurement of an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) the Treasury Share Disposal does not involve a change in controlling shareholder.

(Reference)

Structure of the Plan

- (i) The Company and the Company’s consolidated subsidiaries grant monetary claims as the Special Rewards for the purpose of having restricted shares granted to the Eligible Employees who have agreed to the Plan.
- (ii) The Eligible Employees who have agreed to the Plan provide the monetary claims mentioned in (i) to the ESOA.
- (iii) The ESOA uses the combined amount of the monetary claims provided to them in (ii) above as the amount to be paid to the Company.
- (iv) The Company allots the Allotted Shares to the ESOA.
- (v) The Allotted Shares are deposited in dedicated accounts at Nomura Securities Co., Ltd., which are opened by the ESOA. Withdrawals are restricted during the Transfer Restriction Period.
- (vi) After the Transfer Restrictions are lifted for the restricted shares corresponding to RS Equity, depositing procedures in line with the ESOA Rules, etc., are followed by the ESOA to deposit the shares into either ordinary equity or securities accounts designated by the Eligible Employees.

