



June 19, 2024

For Immediate Release

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Notice of Disposal of Treasury Stock as Restricted Stock Compensation

TSUGAMI CORPORATION hereby announces that a meeting of the Board of Directors held on June 19, 2024 passed a resolution regarding disposal of the Company's treasury stock for restricted stock compensation (the "Disposal of Treasury Stock"). Details are as follows.

1. Outline of the disposal

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| (1) Payment date | July 12, 2024 |
| (2) Type and number of shares to be disposed of | Common stock of the Company 427,900 shares |
| (3) Disposal value | 1,569 yen per share |
| (4) Total disposal amount | 671,375,100 yen |
| (5) Allottee | Director of the Company (※1) 4 186,500 shares Executive Officer of the Company 15 168,400 shares Employees of the Company (※2) 7 73,000 shares ※1 Excluding Directors who are Audit and Supervisory Committee Members and Outside Directors ※2 Limited to employees equivalent to the Company's Executive Officers |
| (6) Other | The Company has submitted an extraordinary report on this Disposal of Treasury Stock in accordance with the Financial Instruments and Exchange Act. |

2. Purpose and reason of the disposal

At the 118th Annual Shareholders Meeting held on June 16, 2021, the Company's proposed implementation of a stock compensation plan (the "Plan") was approved. The Plan is to allocate restricted stock to Directors of the Company (excluding Audit and Supervisory Committee Members and Outside Directors; the "Eligible Directors") to allow them to share in more of the benefits and risks of changes in the stock price with the shareholders and to increase their motivation to contribute more to increasing the price of the Company's stock and its corporate value. The Plan includes the following: (1) The total annual amount of monetary compensation claims to be granted as compensation, etc. related to restricted shares allotted to the Eligible

Directors shall not exceed ¥80 million; (2) The total number of restricted shares allotted to the Eligible Directors in each fiscal year shall not exceed 150,000; and (3) The restricted shares shall not be transferred from the day they are delivered until the Eligible Director retires from all positions they hold as Director, Executive Officer or equivalent employee of the Company. At the 121st Annual Shareholders Meeting held on June 19, 2024, the Company's plan to replace the subscription rights to shares as stock compensation-type stock options (the "Stock Options") that have already been granted to the Eligible Directors and have not been exercised with restricted stock (the "Transition Measures") was approved. The Transition Measures enable the Directors who have not exercised their Stock Options and have been reappointed or newly appointed as Directors (excluding Audit and Supervisory Committee Members) at the 121st Annual Shareholders Meeting and continue to serve as Directors to receive restricted stock in addition to their compensation for Directors in the Plan only in the 122nd fiscal year (April 1, 2024 to March 31, 2025). The total annual amount of monetary compensation claims to be granted as compensation, etc. for allocating restricted stock shall be ¥334 million (excluding salaries for Directors who also serve as employees). The number of shares to be disposed of shall not exceed 167,000.

On June 19, 2024, following the resolution of the Company's Board of Directors and the selection of three Representative Presidents of the Company, the Company has decided to pay monetary compensation claims to 4 Eligible Directors, 9 Executive Officers, and 7 equivalent employees (collectively "Eligible Individuals I") as restricted stock compensation related to the Transition Measures ("Stock for Restricted Stock Compensation in Transition Measures") and to 4 Eligible Directors and 15 Executive Officers ("Eligible Individuals II;" Eligible Individuals I and Eligible Individuals II are collectively "Eligible Individuals") as restricted stock compensation for this fiscal year from the 121st Annual Shareholders Meeting to the 122nd Annual Shareholders Meeting to be held in June 2025 ("Stock for Current Year Restricted Stock Compensation"). The total amount of monetary compensation claims is ¥671,375,100. The Eligible Individuals will receive 427,900 shares of the Company's common stock as specific restricted stock by paying in all the monetary compensation claims by way of in-kind contribution. The amount of monetary compensation claims for each of the Eligible Individuals in the Company is decided taking into consideration various factors including contributions. This amount of monetary compensation claims will be provided to the Eligible Individuals subject to conditions including the one that each Eligible Individual executes an agreement with the Company for the allocation of restricted stock that contains the following provisions ("Allocation Agreement").

3. Overview of Allocation Agreement

(1) Transfer restriction period

The transfer restriction period is from July 12, 2024 until the day when the Eligible Individual retires from all positions as Director, Executive Officer or equivalent employee of the Company. (If the day of retirement falls on or before June 30, 2025, the last day of the period is July 1, 2025.)

During the restricted period of transfer specified above ("Transfer Restriction Period"), an Eligible Individual shall not transfer, pledge, offer as security of transfer, donate before death, bequeath or otherwise dispose of the restricted stock allotted to such Eligible Individual ("Allotted Shares") to a third party ("Restriction on Transfer").

(2) Acquisition of restricted stock without considerations

I. Stock for Restricted Stock Compensation in Transition Measures

If Eligible Individuals I retire from all positions as Directors, Executive Officers, or equivalent

employees of the Company, the Company may automatically acquire the Allotted Shares without compensation, unless the acquisition is denied for reasons that the Board of Directors acknowledges to be justifiable.

II. Stock for Current Year Restricted Stock Compensation

If Eligible Individuals II retire from all the positions they hold as Directors, Executive Officers or equivalent employees of the Company during the Transfer Restriction Period from the start date of the Transfer Restriction Period until the day before the first Annual Shareholders Meeting of the Company to be held after such start date, the Company may automatically acquire the Allotted Shares without compensation at the time of retirement, unless such acquisition is denied for reasons that the Board of Directors acknowledges to be justifiable.

In addition, if there are any Allotted Shares of stock mentioned in I and II above at the time of expiration of the Transfer Restriction Period (the “Expiration of the Period”) for which the restriction on transfer is not released pursuant to the provision of causes for release specified in the following (3) Release of restrictions on transfer, the Company will automatically acquire such Allotted Shares without considerations immediately after the Expiration of the Period.

(3) Release of restrictions on transfer

I. Stock for Restricted Stock Compensation in Transition Measures

The Company will lift the transfer restrictions on all Allotted Shares when the Transfer Restriction Period expires. However, if an Eligible Individual I retires from all positions as Directors, Executive Officers, or equivalent employees of the Company for reasons that the Board of Directors acknowledges to be justifiable, the Company will lift the transfer restrictions on all the Allotted Shares immediately after their retirement.

II. Stock for Current Year Restricted Stock Compensation

The Company will lift the transfer restrictions on all the Allotted Shares held by Eligible Individuals II when the Transfer Restriction Period ends, provided that they continue to be a Director, Executive Officer, or equivalent employee of the Company from the beginning of the Transfer Restriction Period until the Company’s first annual shareholders meeting in the period. However, if an Eligible Individual II retires from all positions as a Director, Executive Officer, or equivalent employee of the Company in the period between the start of the Transfer Restriction Period until the day before the Company’s first annual shareholders meeting in that period for reasons that the Board of Directors acknowledges as justifiable, the Company will lift the transfer restrictions on Allotted Shares immediately after their retirement. The number of Allotted Shares on which the transfer restrictions will be lifted will be calculated by multiplying the number of Allotted Shares held by the Eligible Individual II at the time of retirement by the number of months from July 2024 to the month when they retire from all positions as a Director, Executive Officer, or equivalent employee of the Company divided by 12 (the resulting number of Allotted Shares will be rounded down to the nearest integer).

(4) Provisions regarding the management of shares

Eligible Individuals shall complete the procedure to open an account at SMBC Nikko Securities Inc. to register or record the Allotted Shares in such manner as designated by the Company, and shall store and maintain the Allotted Shares in such account during a period until the restrictions on transfer is released.

(5) Handling in the event of organizational restructuring, etc.

I. Stock for Restricted Stock Compensation in Transition Measures

If, during the Transfer Restriction Period, at a Shareholders Meeting of the Company (or meeting of the Board of Directors if approval of an organizational restructuring, etc. below at a Shareholders Meeting is not necessary) a proposal concerning a merger contract under which the Company will cease to exist, a stock swap agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or any other organizational restructuring, etc. (if the effective date of the organizational restructuring, etc. precedes the expiration of the Transfer Restriction Period; “In the Event of the Approval of Organizational Restructuring, etc.”) is approved and if Eligible Individuals I retire from all positions as Directors, Executive Officers, or equivalent employees of the Company as a result of the organizational restructuring, etc., the Company will lift the transfer restrictions on all Allotted Shares immediately before the business day before the effective date of the organizational restructuring, etc. by resolution of the Board of Directors.

II. Stock for Current Year Restricted Stock Compensation

If Eligible Individuals II retire from all positions as Directors, Executive Officers, or equivalent employees of the Company as a result of the organizational restructuring, etc. In the Event of the Approval of Organizational Restructuring, etc., the Company will lift the transfer restrictions on Allotted Shares immediately before the business day before the effective date of the organizational restructuring, etc. by resolution of the Board of Directors. The number of Allotted Shares on which the transfer restrictions will be lifted will be calculated by multiplying the number of Allotted Shares held by the Eligible Individuals II on the date of approval by the number of months from July 2024 to the month in which the date of approval falls divided by 12 (if the resulting number is more than 1, the number of months shall be 1). (The resulting number of Allotted Shares will be rounded down to the nearest integer.)

In the Event of the Approval of Organizational Restructuring, etc. mentioned in I and II above, the Company will automatically acquire all the number of Allotted Shares without consideration on the business day before the effective date of such organization restructure, etc. for which the restriction on transfer is not released on the same day.

4. Calculation basis of payment amounts and relevant details

Disposal price in the Disposal of Treasury Stock shall be ¥1,569 which is the closing price of the Company's common stock at Tokyo Stock Exchange on the business day (June 18, 2024) before the date of resolution in the Board of Directors meeting to exclude any arbitrariness. This is the market price immediately before the date of resolution in the Board of Directors meeting, which the Company believes is reasonable and is not deemed an advantageous price.