June 21, 2024
Company Name: COPRO-HOLDINGS. Co., Ltd.
Chief Executive Officer: Kosuke Kiyokawa
(Stock code: 7059, TSE Prime, NSE Premier)
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Notice of Disposal of Treasury Shares to Directors as Restricted Stock Awards

At a meeting of the Board of Directors held today, we announced that we have resolved to dispose of treasury shares (the "treasury shares disposal") as restricted stock awards as follows.

1. Outline of the disposition

(1) Payment date	22-Jul-2024
(2) Type of shares to be disposed of and number of shares	2,321 shares of common share
(3) Disposal value	1,617yen per share
(4) Total value disposed	3,753,057yen
(5) Allottee	3 of our directors, 2,321 Shares ※Excludes outside directors.
(6) Other	—

2. Purpose and grounds for the disposition

At a meeting of the Board of Directors held on May 27, 2020, we resolved to introduce a restricted stock compensation plan (the "Plan") as a new compensation plan for our directors (excluding outside directors; the same hereafter).

The purpose of this compensation system is to provide an incentive to continuously improve our corporate value and to promote further value sharing between directors and shareholders.

At the 14th Ordinary General Meeting of Shareholders held on June 24 of the same year, we received approval under the Plan for the payment of monetary compensation receivables up to 50 million yen per annum to our directors within the framework of the existing monetary compensation limit (500 million yen per annum) as contribution-in-kind property related to the grant of restricted stock, and for the period specified by our Board of Directors for a period of not less than five years for the restricted stock.

The outline of this program is as follows.

<Overview of the System>

Our directors will pay all of the monetary compensation receivables paid by us under the Plan as investment-in-kind property and receive the issuance or disposition of our common stock.

The total number of shares of our common stock to be issued or disposed of under the Plan will not exceed 50,000 shares per year.

The amount to be paid per share will be determined by the Board of Directors based on the closing price of our common stock on the Tokyo Stock Exchange on the business day prior to the resolution of each Board of Directors meeting to the extent that it is not particularly advantageous for the directors to be allocated.

If a transaction is not completed on the business day prior to the date of resolution of each Board of Directors meeting, the closing price on the most recent trading day preceding that date shall be the closing price.

Upon issuance or disposition of our common stock under the Plan, we will enter into a restricted stock allocation agreement with the directors to be allocated.

Restricted stock allocation agreements will include the following:

a) Do not transfer, create a security interest or dispose of other shares of our common stock that have been allocated for a predetermined period of time.

b) To acquire such common stock free of charge in the event of certain circumstances

We granted total 3,753,057yen (the "Monetary Compensation Receivable") of Monetary Compensation Receivable to us to 3 of our directors (the "Applicable directors") by resolution of the Board of Directors held today.

The resolution of the Board of Directors takes into account the objectives of the System, our financial result, the scope of the responsibilities of the respective Directors and various other circumstances.

On that basis, we resolved to dispose of shares of our common stock 2,321 (the "Allotment Shares") for the purpose of the Monetary Compensation Receivable in kind contribution.

<Summary of restricted stock allocation agreement>

In conjunction with treasury shares Disposal, we and the applicable directors will individually enter into a restricted stock allocation agreement (the "Allocation Agreement").

Details of the Allotment Agreement are as follows.

(1) Period of Restriction on Transfer

The applicable directors shall not transfer, pledge or dispose of any other of the Allotment Shares from July 22, 2024 (the Payment Date) to July 20, 2029.

(2) Terms and Conditions for Termination of Restriction on Transfer

The restriction on transfer of all of the allotted shares shall be lifted on the expiration date of the restriction on transfer, provided that the applicable directors has been in the position of our director on a continuous basis for a period of time to be determined separately by our board of directors (hereinafter referred to as the "service provision period").

Provided, however, that in the event the applicable directors lose the above position due to any other reason deemed justifiable by our Board of Directors, the Transfer Restriction shall be terminated upon the time immediately following such loss with respect to the allotted shares in

the number obtained by multiplying the number of the allotted shares by the number of months from July 2024 to the month including the date of such loss divided by twelve.

The number of months from July 2024 to the month including the date of such loss divided by 12 is deemed to be 1 if it exceeds 1.

Any fraction less than one share will occur as a result of the calculation multiplied by the number of Shares Allocated.

(3) Free purchase by us

We will acquire, without charge, the Allocated Shares at the time of expiration of the Restricted Transfers other at such time as may be prescribed in the Contract, for which the Restricted Transfers have not been terminated.

(4) Management of shares

The Allocated Shares shall be managed in a dedicated account for the Shares with Restriction on Transfer opened by the applicable directors to Daiwa Securities Co. Ltd. during the Restriction Period of Transfer in order to prevent transfer, establishment of a security interest or other disposition during the Restriction Period of Transfer.

(5) Treatment of organizational restructuring, etc.

If, during the restriction period, the merger agreement under which we will become an extinguishing company, the share exchange agreement or the share transfer plan under which we will become a wholly owned subsidiary, or other matters relating to the reorganization, etc. are approved by our stockholders, the Board of Directors will, by resolution of the Board of Directors, lift the restriction on the transfer of the Allotment Shares in relation to the number obtained by dividing the number of months from July 2024 to the month ending in the month including the date of the approval of the reorganization by 12, as of the time immediately preceding the business day before the effective date of the reorganization, etc., by multiplying the number of the Allotment Shares held at such time.

If the reorganization does not require approval by our shareholders, it will be resolved by our Board of Directors.

The number calculated by dividing the number of months from July 2024 to the month including the date of approval for reorganization by 12 is deemed to be 1 if it exceeds 1.

Any fraction less than one share will occur as a result of the calculation multiplied by the number of Shares Allocated.

３．Basis for calculating the amount to be paid and the specific contents thereof

This treasury shares disposal is made based on the monetary remuneration receivables paid to the applicable directors under this plan as investment assets.

The paid-in value of this treasury shares disposal is set at 1,617yen, the closing price of our ordinary shares on the Tokyo Stock Exchange on June 20, 2024 (the business day before the resolution of the Board of Directors), in order to eliminate arbitrary matters.

This is the market share price immediately prior to the resolution date of the applicable directors, and in circumstances where there is no particular circumstance indicating that the Company cannot rely on the most recent share price, the Company believes that it is reasonable, appropriately reflecting the Company's corporate value, and that it does not constitute a particularly favorable value for the Applicable director.

４．Matters concerning transactions with controlling shareholders, etc.

Among the applicable directors to whom treasury shares Disposal will be allotted, Mr. Kiyokawa, our President and Chief Executive Officer, is a shareholder holding 56.8% of our voting rights (as of March 31, 2024), including the number of shares held by RITAMEKO. Co., Ltd., his assets Administrative Company. Therefore, the disposal of treasury shares constitutes a transaction with the controlling shareholder, etc.

(1) Measures to ensure fairness and measures to avoid conflicts of interest

This treasury shares is issued in accordance with regulations and procedures stipulated in laws and regulations.

The contents and conditions of the disposition, including the method for determining the Amount to Be Paid In, as described in "2. Purpose and Reason of Disposition" and "3. Basis for calculating the Amount to Be Paid In and its Specific Contents," do not deviate from the general contents or conditions and are appropriate.

In addition, in order to avoid conflicts of interest, Mr. Kosuke Kiyokawa, our President and Chief Executive Officer, who is the controlling shareholder, does not participate in the deliberations and resolutions of the Board of Directors regarding the disposition of treasury shares.

(2) Opinion on matters that are not disadvantageous to minority shareholders

The content of this treasury shares disposal and the appropriateness of the terms of this disposition have been deliberated by our Board of Directors and resolved by the Board of Directors as of today.

Upon the resolution of the Board of Directors, Mr. Manabu Haruma, Mr. Atsushi Okura and Mr. Norio Hayama and Mr. Masashi Fujimaki, Outside Directors, all of whom have no conflicts of interest with the controlling shareholder, expressed the opinion that the decision on the disposal of treasury stock is not unpredictable disadvantage to the minority shareholder today.

The above-mentioned Outside Auditors and Outside Directors are Independent Directors and Audit & Supervisory Board Members.

In considering the following opinions, the Company makes comprehensive judgments from the perspectives of the purpose of the transactions, adequacy of the procedures, fairness of the consideration, the impact of dilution, and the enhancement of the corporate value of listed companies.

a) Treasury shares Disposal is expected to provide applicable directors with new incentives for enhancing corporate value, promote further value sharing between applicable directors and stockholders, and expand our corporate value.

b) In order to avoid conflicts of interest, directors who fall under the category of special interested persons do not participate in the deliberations and resolutions of the Board of Directors for the disposal of treasury shares, thereby ensuring the fairness of the decision-making of the Board of Directors.

c) Treasury shares disposal is based on the fair issue value without arbitrary precedence by the closing price of our common shares on the Tokyo Stock Exchange on the business day prior to the resolution of the Board of Directors held on the date originally scheduled.

d) Our restricted stock compensation plan, which was passed by a majority of the Company's shareholders at the Annual Meeting of Shareholders held on June 24, 2020, has been confirmed to be appropriate and not to deviate from general content and conditions.

(3) Compliance with the Corporate Governance Report

The "Guidelines for Measures to Protect Minority Shareholders in Transactions with Controlling Shareholders" presented in the Report on Corporate Governance disclosed on June 22, 2023 are as follows.

This treasury shares disposal has been decided based on the following guidelines.

" The Company policy is basically to conduct no transactions with the controlling shareholder.
The Company has a special committee consisting only of independent outside directors and independent outside corporate auditors, and in the unlikely event that the Company engages in important transactions with the controlling shareholder that conflict with the interests of minority shareholders, it shall be deliberated and examined by the Special Committee and approved by the Board of Directors. When such transactions are executed, the Board of Directors will report the important facts about the transactions without delay. In addition, we will endeavor to protect minority shareholders by ensuring the appropriateness of the transactions through audits by corporate auditors as to whether or not the relevant transactions were executed based on appropriate job authority and judgment."

This treasury shares Disposition has taken the measures stated in "(1) Measures to ensure fairness and measures to avoid conflicts of interest" and "(2) Opinions on matters not disadvantageous to minority shareholders" above and is considered appropriate and in conformity with the above guidelines.

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