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October 29, 2024

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Name of representative: Tsutomu Kuroki, Representative Director and President
(Securities code: 7388; Tokyo Stock Exchange Prime Market)
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Notice Regarding Disposal of Treasury Shares as Compensation for Restricted Stock

At a meeting of the Board of Directors held on October 29, 2024, the Company resolved to dispose of treasury shares as compensation for restricted stock (below, "Disposal of Treasury Shares"), as described below.

1. Outline of the disposal

(1) Payment date	November 29, 2024
(2) Class and number of shares to be disposed of	Common shares of the Company: 155,000 shares
(3) Disposal price	2,759 yen per share
(4) Total disposal price	427,645,000 yen
(5) Scheduled allottees	Operating Officers and employees: 100 persons 155,000 shares
(6) Other	A special report has been submitted for this Disposal of Treasury Shares in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

At a meeting of the Board of Directors held on October 29, 2024, it was resolved to introduce a restricted stock compensation system (below, the "System") for the Company's Operating Officers and employees (below, "Eligible Operating Officers, etc.") to provide incentives for the Eligible Operating Officers, etc. to achieve sustainable enhancement of the Company's corporate value and to promote greater value sharing with shareholders.

An outline of the System is as follows.

[Outline of the System]

The Eligible Operating Officers, etc. will provide in the full amount of the monetary compensation claims granted by the Company as in-kind contributions based on the System and will be issued or receive disposal of the Company's common shares.

The amount of monetary compensation claims to be paid to the Eligible Operating Officers, etc. under the System, the timing of payment, and the total number of the Company's common shares to be issued or disposed of under the System shall be

determined by the Board of Directors.

In order to achieve one of the purposes of introducing the System, which is to share value with shareholders over the medium to long term, the transfer of shares granted under the System is restricted for a period of 50 years from the date of grant (below, the “Transfer Restriction Period”).

The amount to be paid per share of the Company’s common shares to be issued or disposed of under the System will be determined by the Board of Directors 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 resolution of the Board of Directors (if no transaction is executed on that date, the closing price of the most recent trading day prior to that date will be used), within the scope of not being particularly advantageous to the Eligible Operating Officers, etc. who will receive the common shares.

In addition, when issuing or disposing of the Company’s common shares under the System, the Company and the Eligible Operating Officers, etc. shall enter into a restricted stock allotment agreement, and the following matters shall be included as part of the agreement.

(1) The Eligible Operating Officers, etc., are prohibited from transferring, pledging, or otherwise disposing of the Company’s common shares allotted during the Transfer Restriction Period.
(2) The Company will acquire the common shares without consideration if certain conditions arise.

At the meeting of the Board of Directors held on October 29, 2024, the Company resolved to pay a total of 427,645,000 yen in monetary compensation claims to the 100 Eligible Operating Officers, etc., taking into account the purpose of the System, the Company’s performance, individual evaluations, and other various circumstances, and to have the Eligible Operating Officers, etc. provide in full the monetary compensation claims as in-kind contributions and dispose of 155,000 shares of the Company’s common shares.

[Overview of the restricted stock allotment agreement]

In conjunction with the Disposal of Treasury Shares, the Company will enter a restricted stock allotment agreement (below, the “Allotment Agreement”) with the Eligible Operating Officers, etc., and an outline of the agreement is as follows.

（1） Transfer Restriction Period

From November 29, 2024 (payment date) to November 28, 2074

（2） Conditions for lifting the transfer restriction

The transfer restriction on all of the Company’s common shares (below, the “Shares”) allocated under the Allotment Agreement will be lifted at the expiration of the Transfer Restriction Period on the condition that the Eligible Operating Officers, etc., during the Transfer Restriction Period, continuously hold the position of Director, Audit & Supervisory Board Member, Operating Officer, or employee of the Company or its subsidiaries (excluding the position of employee based on reemployment after retirement age, below, the “Position, etc.”).

（3） Handling in the event of death or retirement due to reaching the retirement age

to mandatory retirement or other justifiable reasons during the Transfer Restriction Period

If the Eligible Operating Officers, etc. retire or resign from the Position, etc. at the Company or its subsidiaries during the Transfer Restriction Period due to death, retirement due to reaching the retirement age, or other reasons deemed legitimate by the Company's Board of Directors, the transfer restriction on all of the Shares will be lifted. As for the timing of the lifting of the transfer restriction, in the case of death or retirement due to reaching the retirement age, the transfer restriction will be lifted immediately after retirement or resignation (however, if the date of retirement or resignation is prior to March 1, 2025, the restriction will be lifted on March 1, 2025), and in other cases of retirement or resignation deemed legitimate by the Company's Board of Directors, the restriction will be lifted at a time separately determined by the Board of Directors of the Company after March 1, 2025.

(4) Acquisition by the Company without consideration

The Company will automatically acquire without consideration all of the Shares for which the transfer restriction has not been lifted at the expiration of the transfer restriction period or at the time of the lifting of the transfer restriction as stipulated in (3) or (5) above.

(5) Handling in case of reorganization, etc.

If, during the Transfer Restriction Period, matters related to reorganization, etc., such as a merger agreement where the Company is the disappearing entity or a share exchange agreement or share transfer plan where the Company becomes a wholly-owned subsidiary, are approved at the Company's General Meeting of Shareholders (or by the Board of Directors if such approval is not required at the General Meeting of Shareholders for the reorganization, etc.), the transfer restriction will be lifted by resolution of the Board of Directors, for the number of Shares (with any fractions less than one share being discarded) obtained by multiplying the number of Shares by a fraction derived by dividing the number of months from the month including the payment date to the month including the date of approval of the organizational restructuring by 600 (however, if the result exceeds 1, it shall be deemed 1), and the transfer restriction will be lifted as of the business day immediately preceding the effective date of such reorganization, etc. However, if the business day immediately preceding the effective date of such reorganization, etc. is prior to March 1, 2025, the Company will not lift the transfer restriction on the Shares, and will automatically acquire without consideration all of the Shares for which the transfer restriction has not been lifted held by the Eligible Operating Officers, etc. on the business day immediately preceding the effective date of such reorganization, etc.

(6) Management of the Shares

During the Transfer Restriction Period, the Shares shall be managed in a dedicated account for restricted stock opened by the Eligible Operating Officers, etc. at SMBC Nikko Securities Inc., in such a way that they cannot be transferred, pledged as collateral, or otherwise disposed of during the Transfer Restriction Period.

3. Basis for calculation of the amount to be paid and the specific details

This Disposal of Treasury Shares shall be conducted using the monetary compensation claims paid to the allottees under the System as property contributed, and in order to eliminate arbitrariness, the amount to be paid will be 2,759 yen, which is the closing price of the Company's common shares on the Tokyo Stock Exchange on October 28, 2024 (the business day immediately prior to the resolution date of the Board of Directors). This is the market price immediately prior to the resolution date of the Board of Directors, and in the absence of any special circumstances indicating that reliance on the most recent market price is inappropriate, it is deemed to reasonably reflect the Company's corporate value and is not considered to be a particularly favorable price for the Eligible Operating Officers, etc.

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